



Tokio Marine Holdings

*To Be a **Good Company***

# Tokio Marine Group Business Strategy

May 27, 2019



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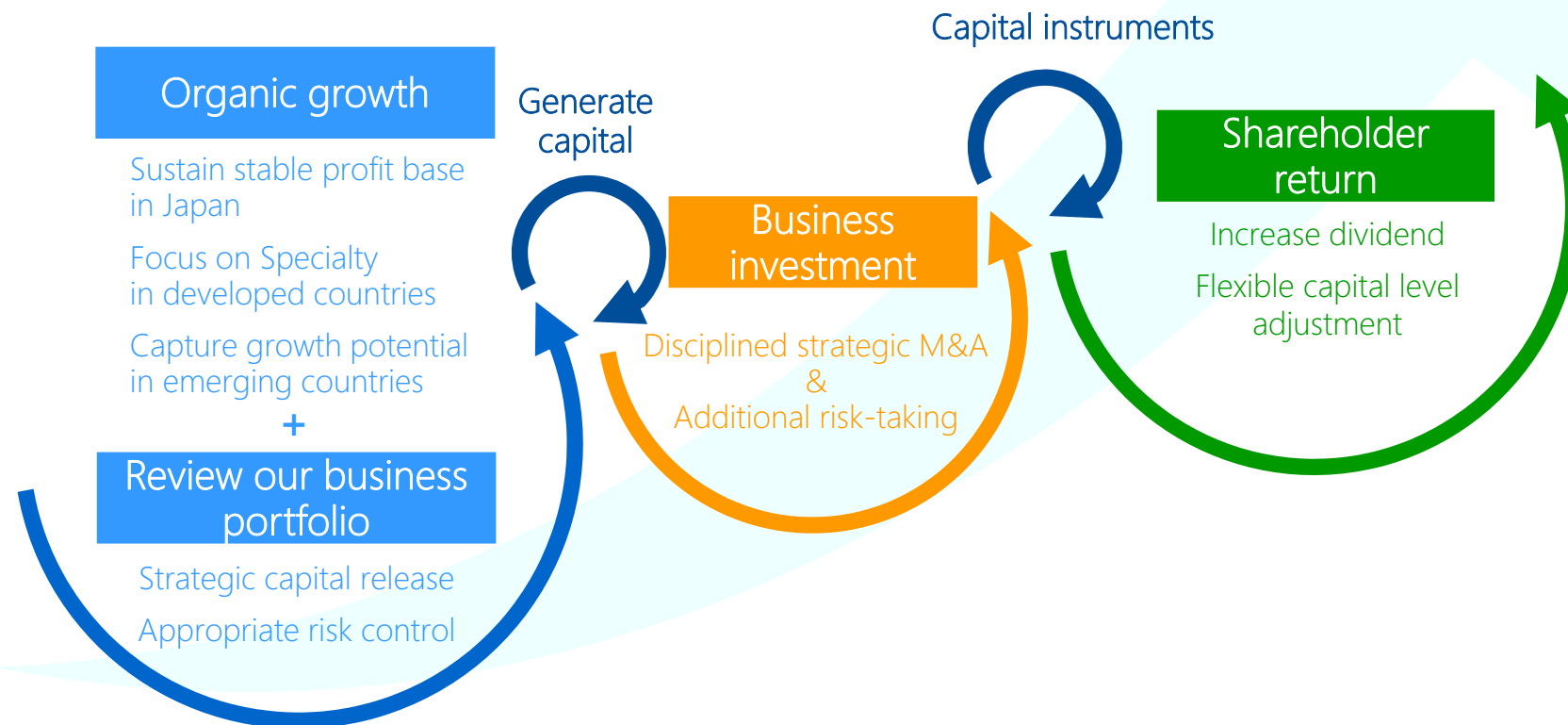
# Our Goal and Strategy

## Our Goal

Leading global insurer delivering significant value to all our stakeholders

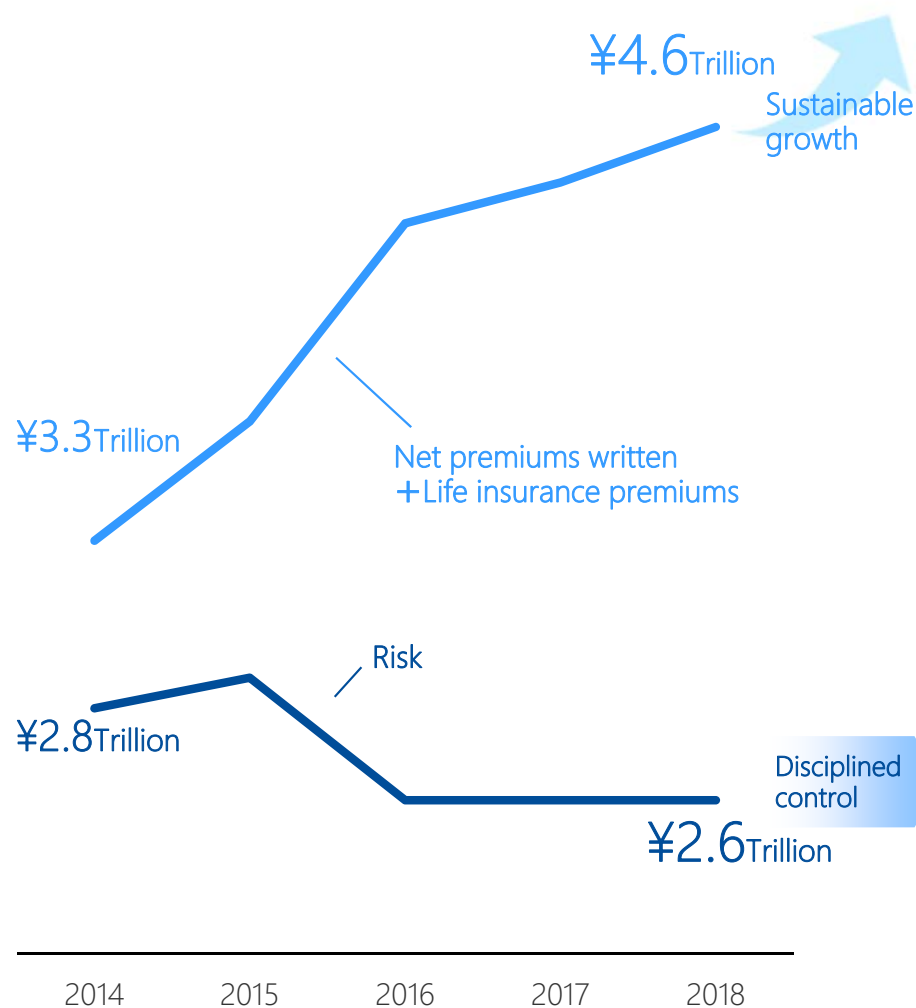
Stable double-digit ROE

High level shareholder return



# Portfolio Diversification

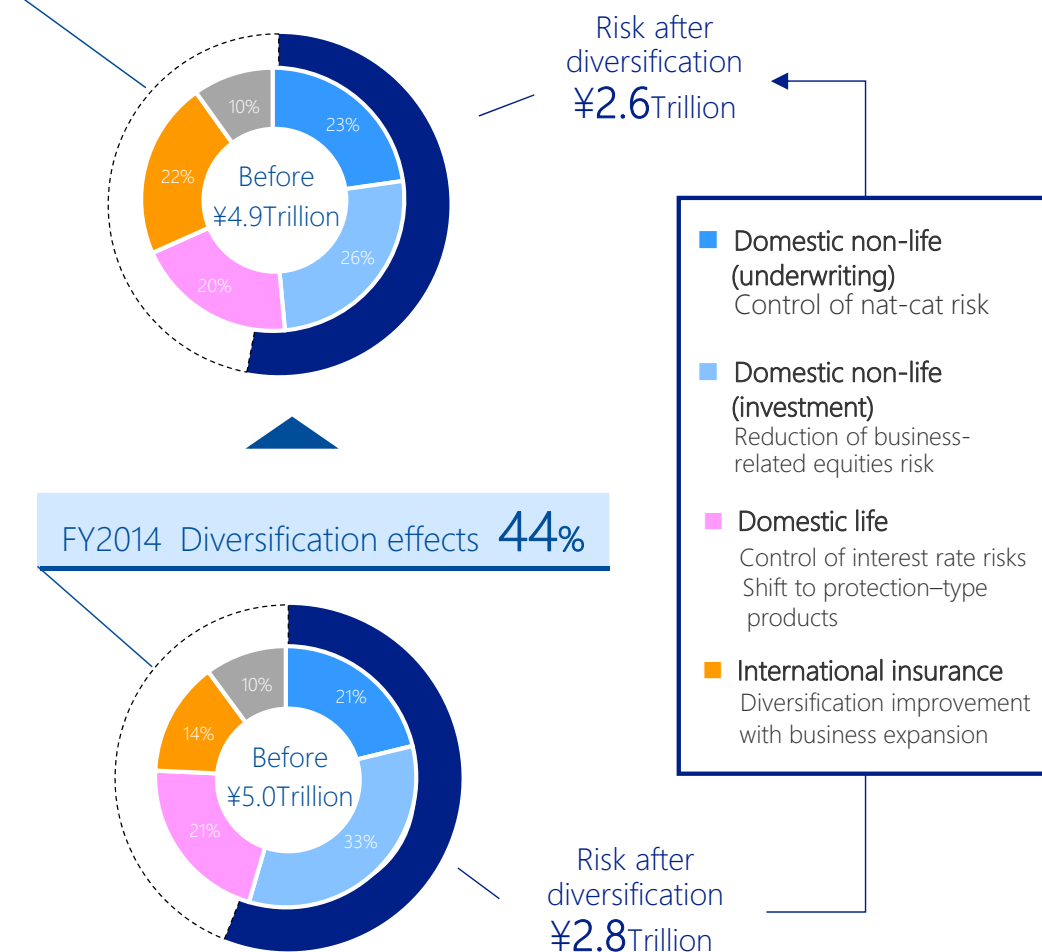
## Trends of premiums and risk\*



\*: ESR risk (99.95%VaR, after tax basis).

## Risk diversification

FY2018 Diversification effects 47%

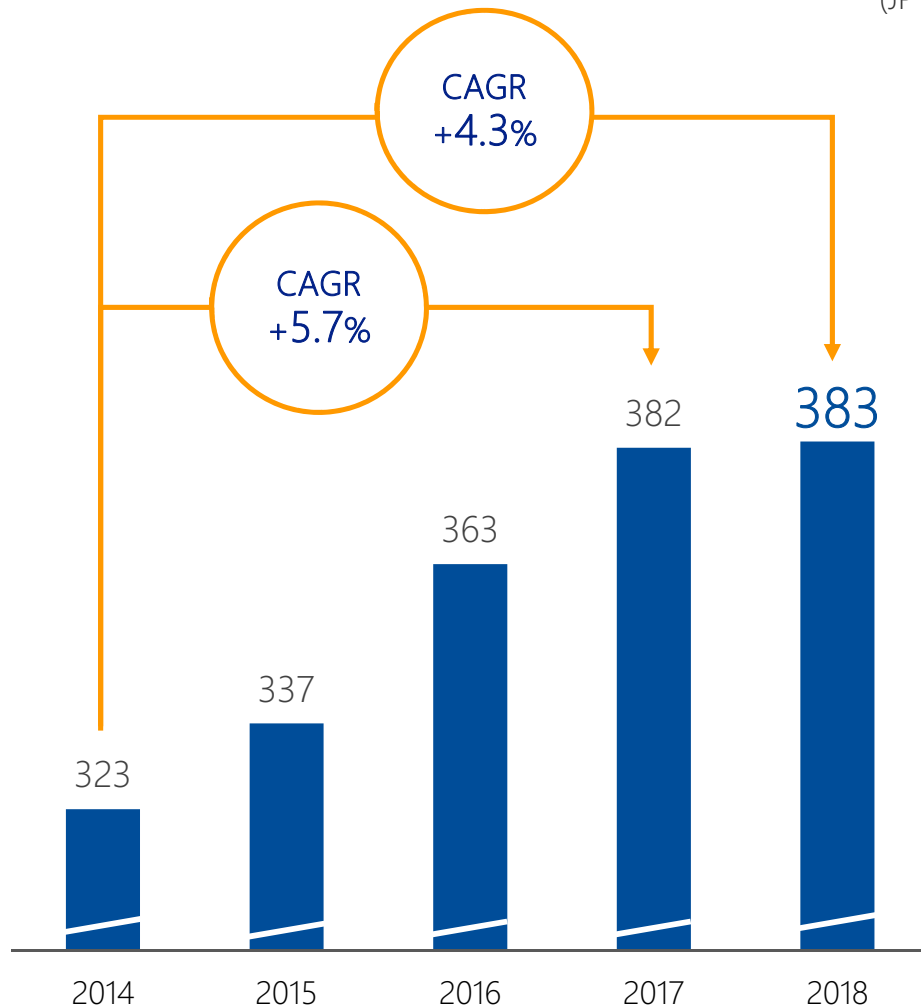


■ 'Others' includes Financial and General businesses, and FX risk derived from net capital investment, etc.

# Strong Track Records

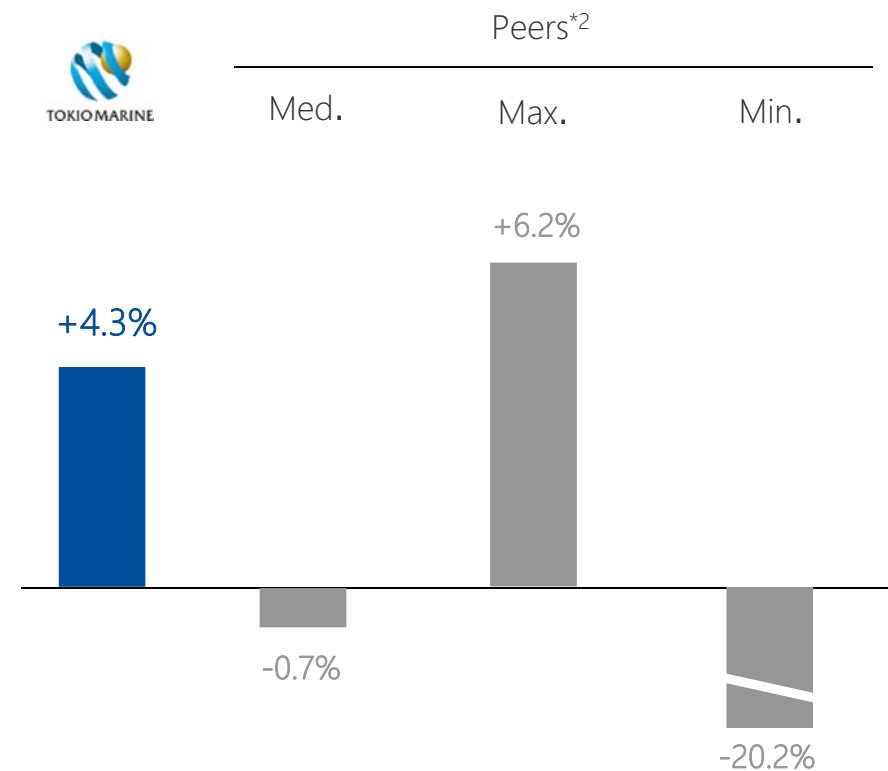
## EPS\*1 growth

(JPY)



## Comparison among global peers

EPS\*1CAGR (2014-2018)



\*1: Financial accounting basis.

\*2: Allianz, AXA, Chubb, and Zurich. Source: Bloomberg.

# Strong Track Records

Our TSR\*<sup>1</sup> outperforms the market

Performance	1Y	3Y	5Y
Tokio Marine	118	164	203
Peers* <sup>2</sup>	110	149	168
MSCI World Insurance	101	138	142
TOPIX (Insurance business)	100	142	158
TOPIX	95	131	147



As of Mar. 31, 2019


  
TOKIO MARINE
   
369

Peers  
266

TOPIX (Insurance)  
226

MSCI World Insurance  
220

TOPIX  
205

Source: Bloomberg.

\*1: Total Shareholder Return (TSR): Capital return after reinvesting dividends.

Stock price indexed at 100 on Apr. 1, 2002.

\*2: Allianz, AXA, Chubb, and Zurich.

# Our Target KPIs

	FY2020 target	Mid-Term goal
Adjusted net income	JPY400 - 450bn (CAGR 3 - 7%)* <sup>1</sup>	> JPY500bn
Adjusted ROE	≥10%	Around 12%
Shareholder Return		
Payout ratio* <sup>2</sup>	≥35%	Gradual increase to the same level as global peers* <sup>3</sup>
Capital adjustments	Flexible execution	Flexible execution

\*1: CAGR is calculated based on a normalized basis of ¥372.0bn in FY2017. See P.27 for a definition of a normalized basis.

\*2: Payout ratio is based on 5-year average of adjusted net income.

\*3: Payout ratio of global peers is currently approx. 50%.

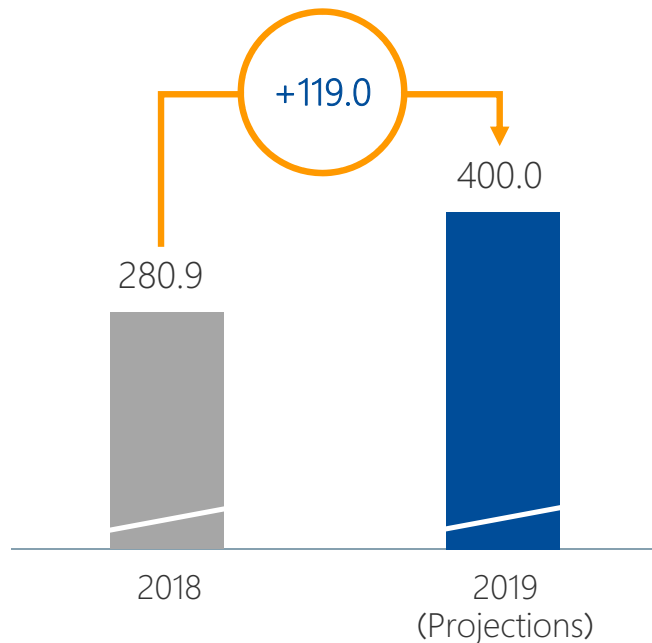


# Progress of Mid-Term Business Plan

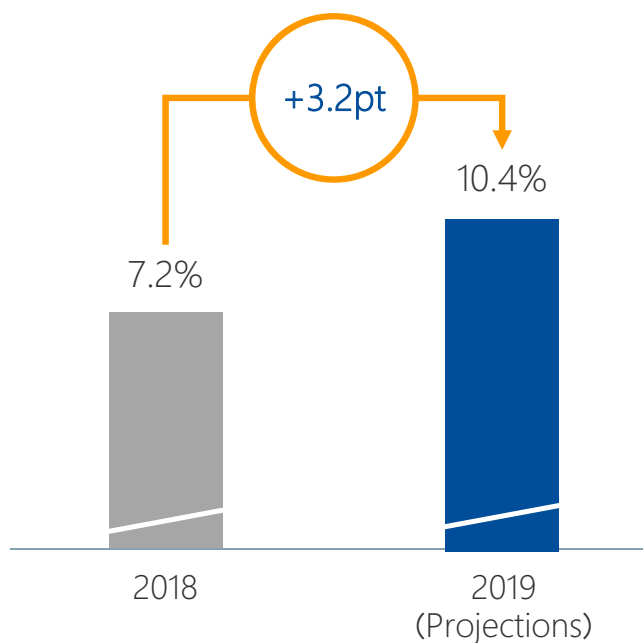
Main KPIs are on track

## Adjusted net income

(billions of JPY)

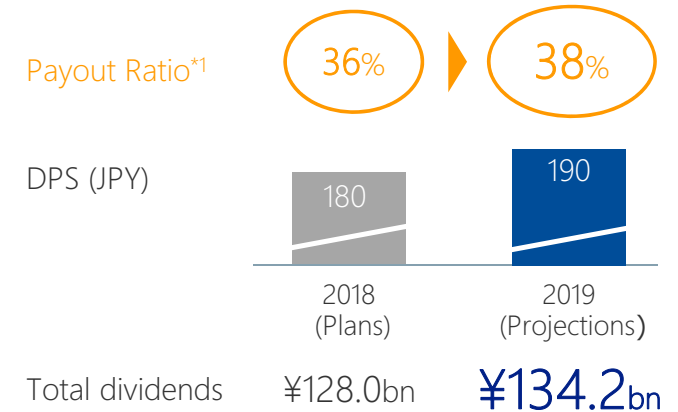


## Adjusted ROE



## Shareholder return

### Dividends



### Capital level adjustment\*2 (FY2018)

Share repurchase : ¥75.0bn

One-time dividend : ¥50.0bn

\*1: On an original projection basis. Payout ratio is based on 5-year average of adjusted net income.

\*2: Total amount approved by the announcement date of financial results of respective year.

# Robust Business Model

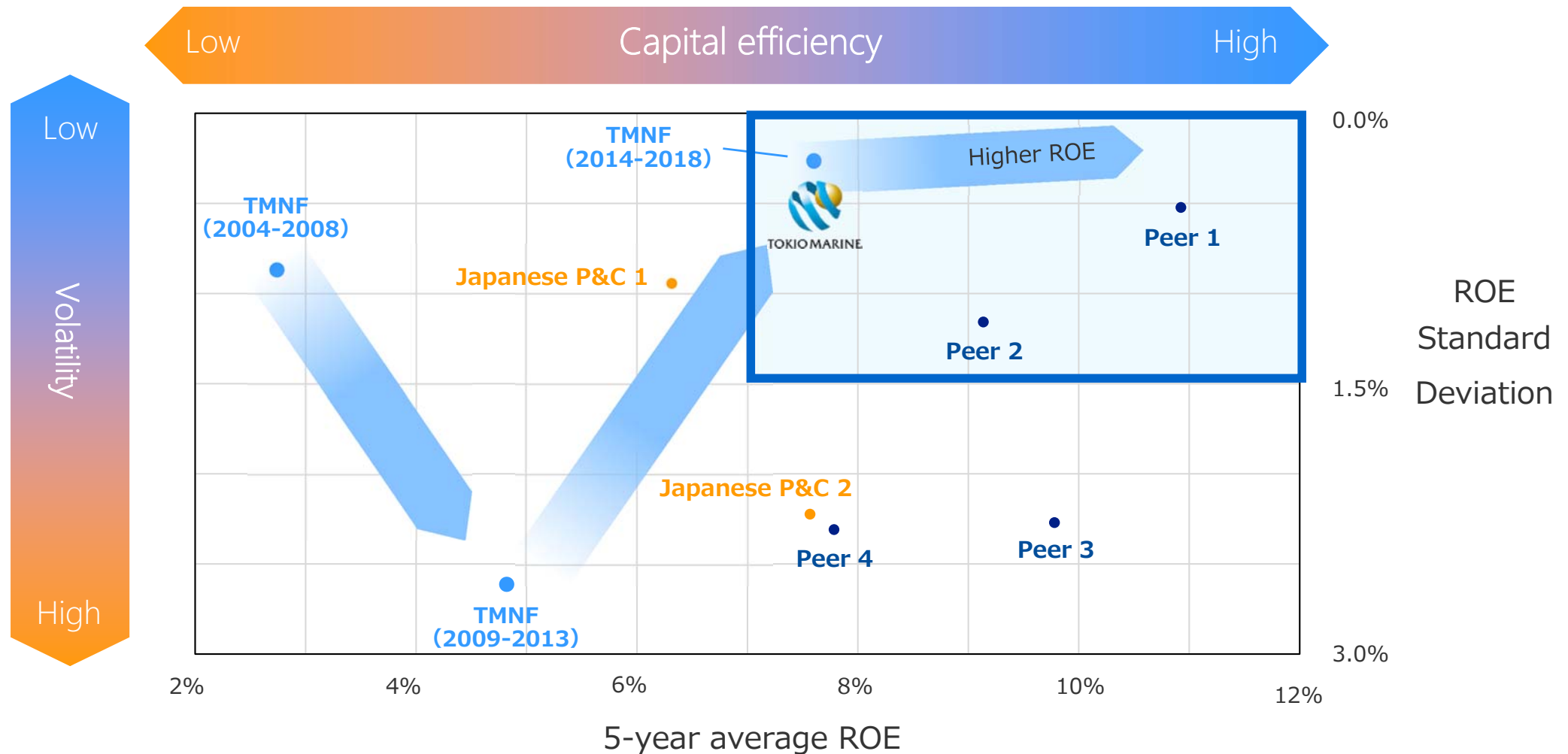
Realize further growth through well diversified business model with a stable profit base in Japan as well as a strong specialty franchise in developed countries and a business footprint capturing high market growth in emerging countries

Area	Profit Contribution*	Role	Strategy
Japan	53%	Generate sustainable and stable profits	Stable market + Competitive position
Developed countries	47%	Sustainable profit growth unaffected by market conditions	Focus on specialty insurance + Emphasize profitability
Emerging countries		Capture high market growth	Strategic regional expansion + Business platform to capture growth

\*: Ratio of business unit profit in FY2019 projections.

# Stable Business Platform

- We have increased ROE by enhancing profitability and risk diversification through large-scale M&As in the U.S. and Europe
- Aim for higher ROE toward our goal



ROE: Financial accounting basis.

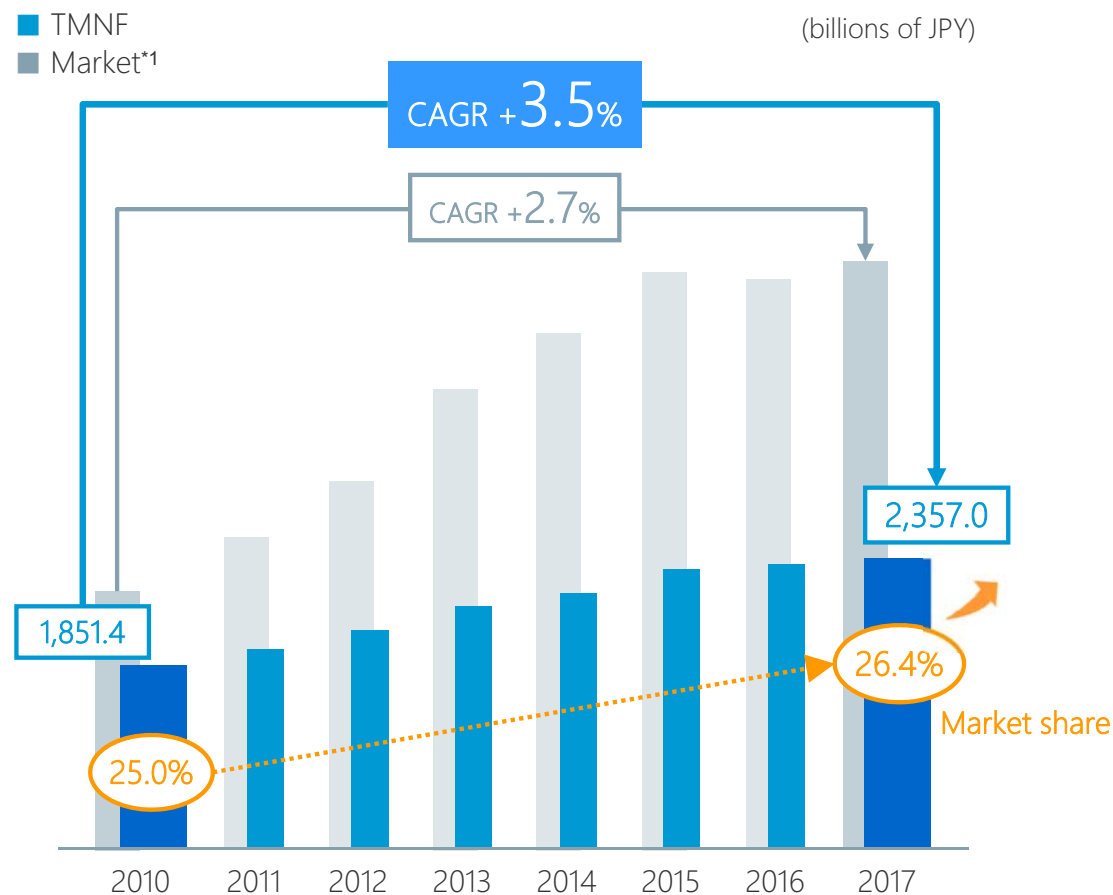
Other companies: Average of 2014-2018. Peers: Allianz, AXA, Chubb, and Zurich. Source: Bloomberg. 10

# Domestic Non-Life

Continue to beat the market with competitive business efficiency

## Growth outperforming the market

Direct net premiums written

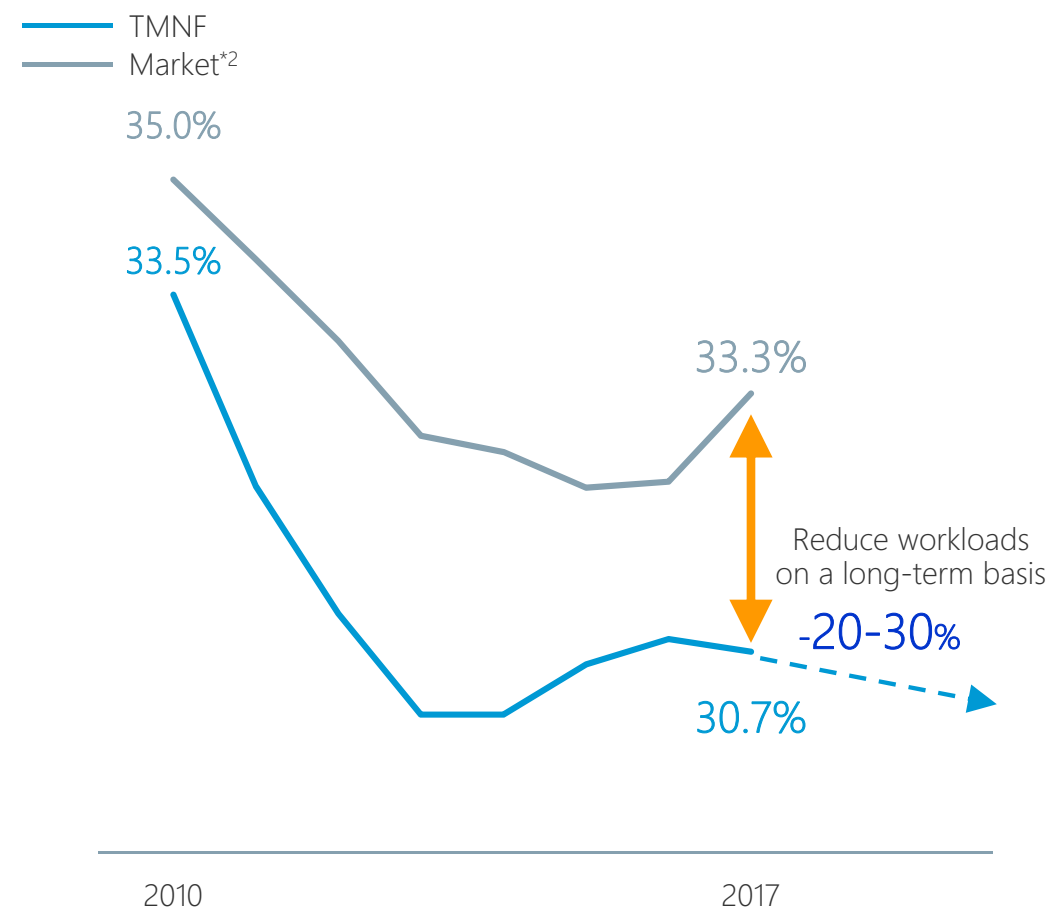


\*1: Total of the members of The General Insurance Association of Japan.  
Source: Insurance Statistics (Sonpo Toukeigo).

\*2: Total of the members of The General Insurance Association of Japan (excluding TMNF).  
Source: Website of the General Insurance Association of Japan.

## Competitive business efficiency

Expense ratio (all lines)

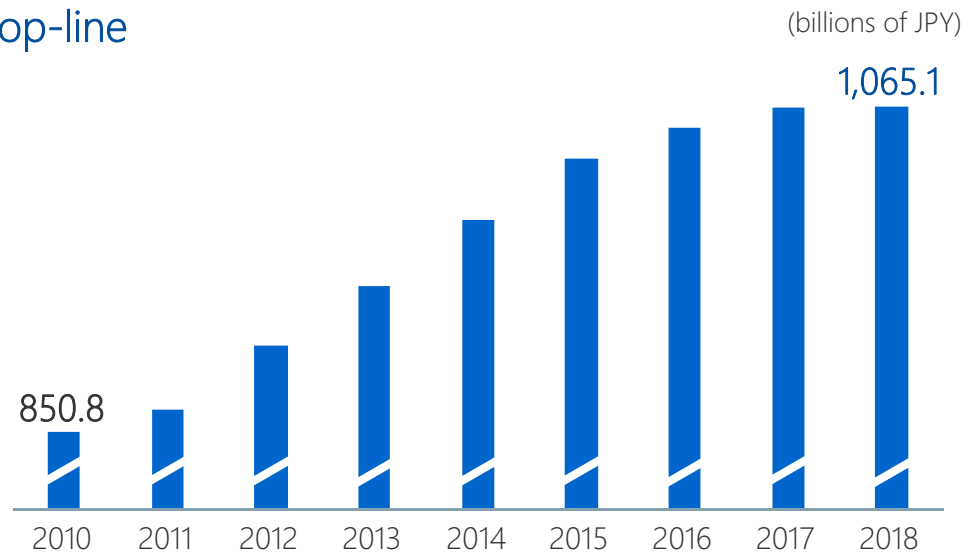


# Profitability of Automobile Insurance

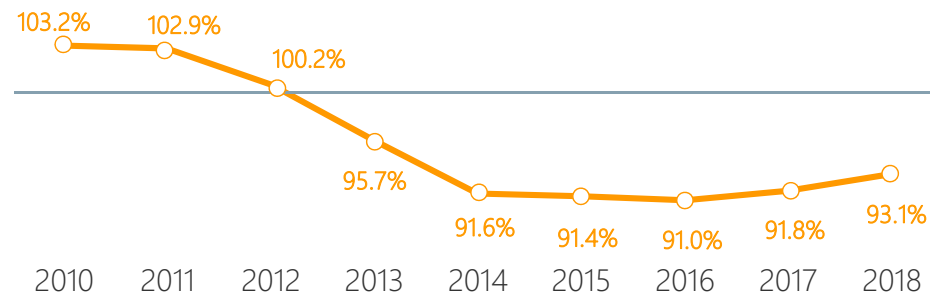
Maintain solid profitability through keeping or increasing number of policies and unit premiums while number of owned automobiles is expected to decrease over the long-term

## Automobile insurance growth & profitability (TMNF)

### Top-line



### Bottom-line (combined ratio (E/I basis))

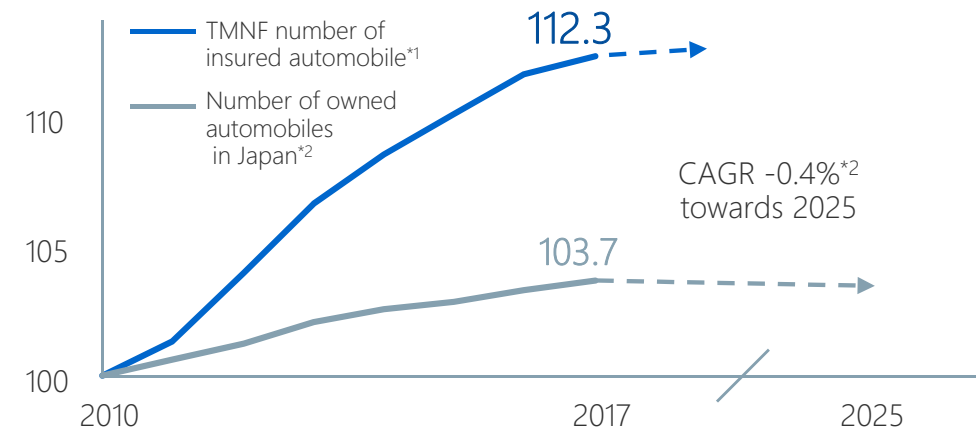


\*1: On a managerial accounting basis.

\*2: Source: Automobile Dealer Vision (FY2018).

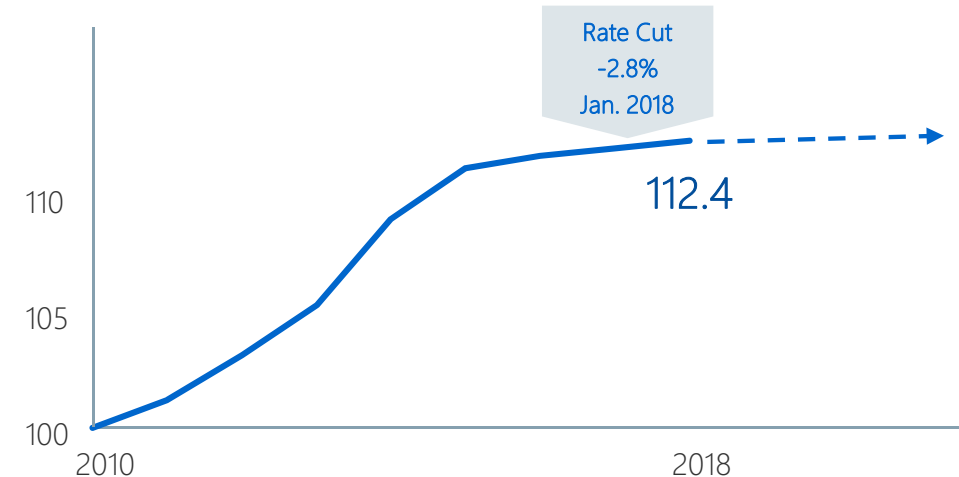
## Number of policies outperform the market

※ Growth rate, FY2010 is set at index value of 100



## Solid unit premiums growth

※ Growth rate, non-fleet unit premiums in FY2010 is set at index value of 100

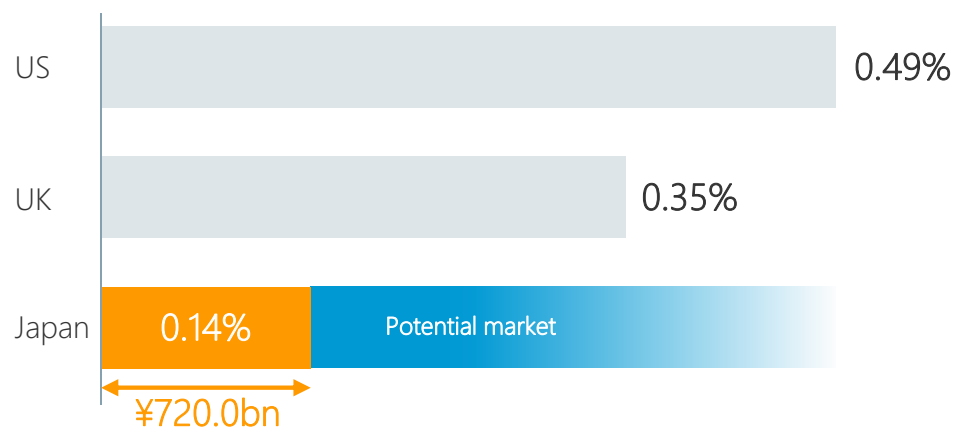


# Expansion of Specialty and Profitability Improvement of Fire

Realize sustainable profit growth through leveraging large potential of specialty insurance business and improving profitability of fire insurance

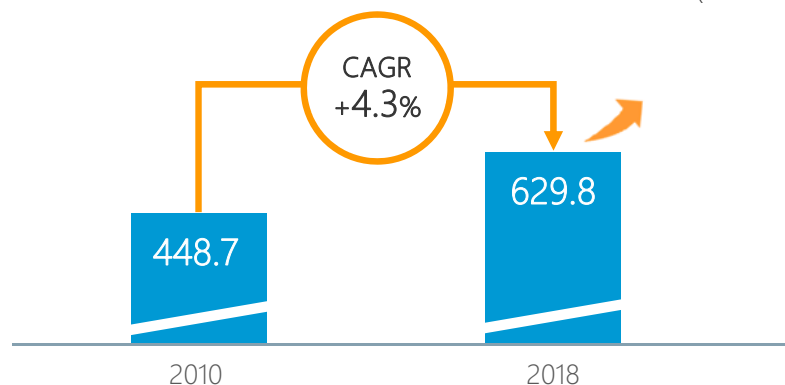
## Expansion of Specialty insurance

Penetration rate of liability and workers' compensation\*<sup>1</sup> (FY2016)



Specialty/P.A. insurance growth (TMNF)\*<sup>2</sup>

(billions of JPY)



\*1: Direct premiums written of liability/workers' compensation insurance /GDP.

Source: Created by Tokio Marine from Swiss Re: Japan's commercial insurance market 2018.

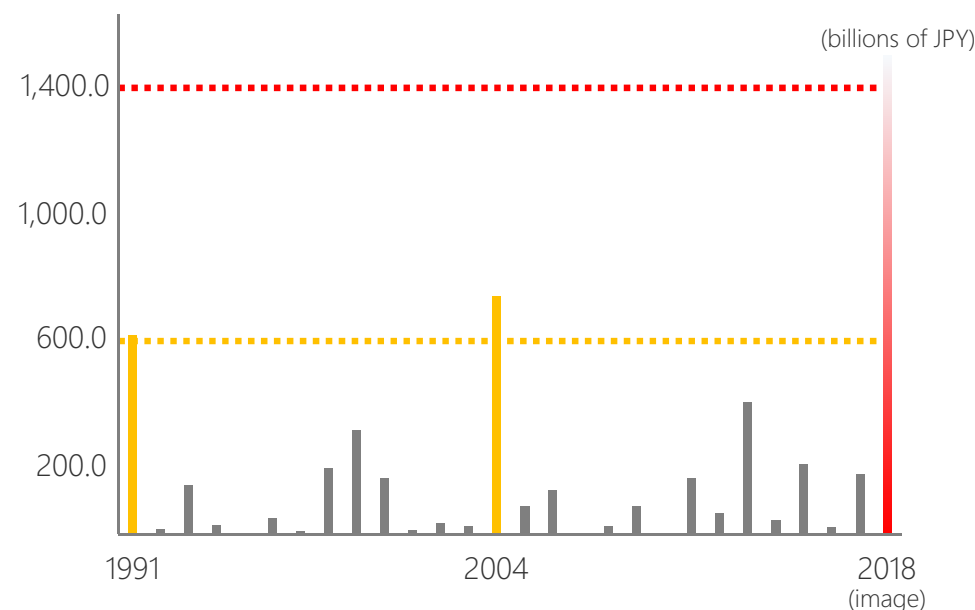
\*2: Direct net premiums written.

## Profitability improvement of fire insurance

Our measures

- +¥15.0bn profitability improvement effect through rate increase (Oct. 2019), etc.\*<sup>3</sup> (Effect: 10% in FY2019, 50% in FY2020, and 80% in FY2023)
- Aim to improve RoR continuously in the future

Major wind and flood, etc. payouts (industry total)\*<sup>4</sup>



\*3: On a pre-tax basis.

\*4: Source: The website of The General Insurance Association of Japan.

# Domestic Life

Enhance new business margin by shifting to protection-type products while achieving growth greatly exceeding the markets through innovative products

## Growth greatly exceeding the market

Number of in-force policies\*<sup>1</sup>

CAGR (1996-2017)

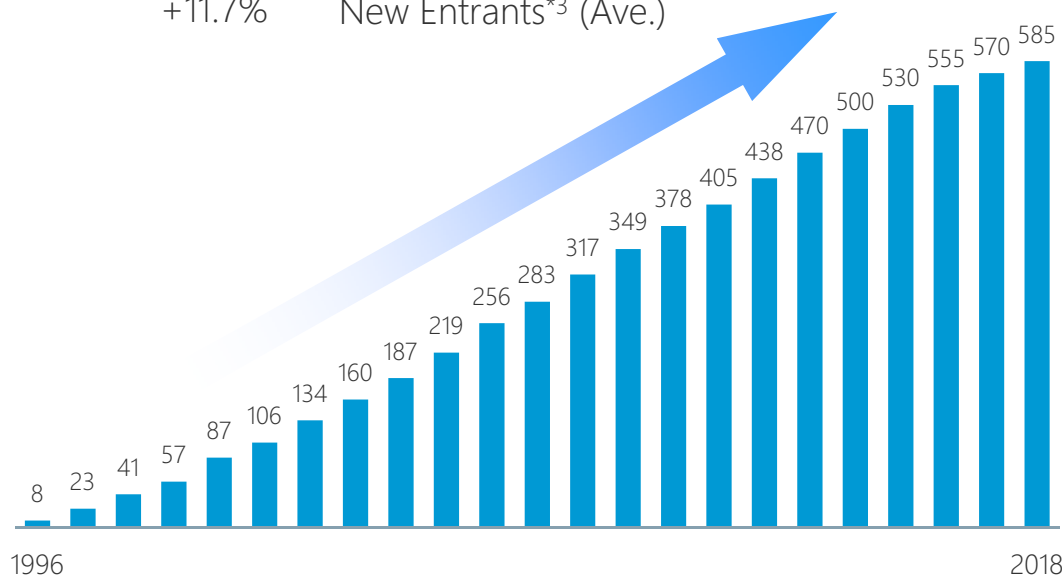
+22.1%

TMNL\*<sup>2</sup>

+11.7%

New Entrants\*<sup>3</sup> (Ave.)

(Ten thousands of policy)



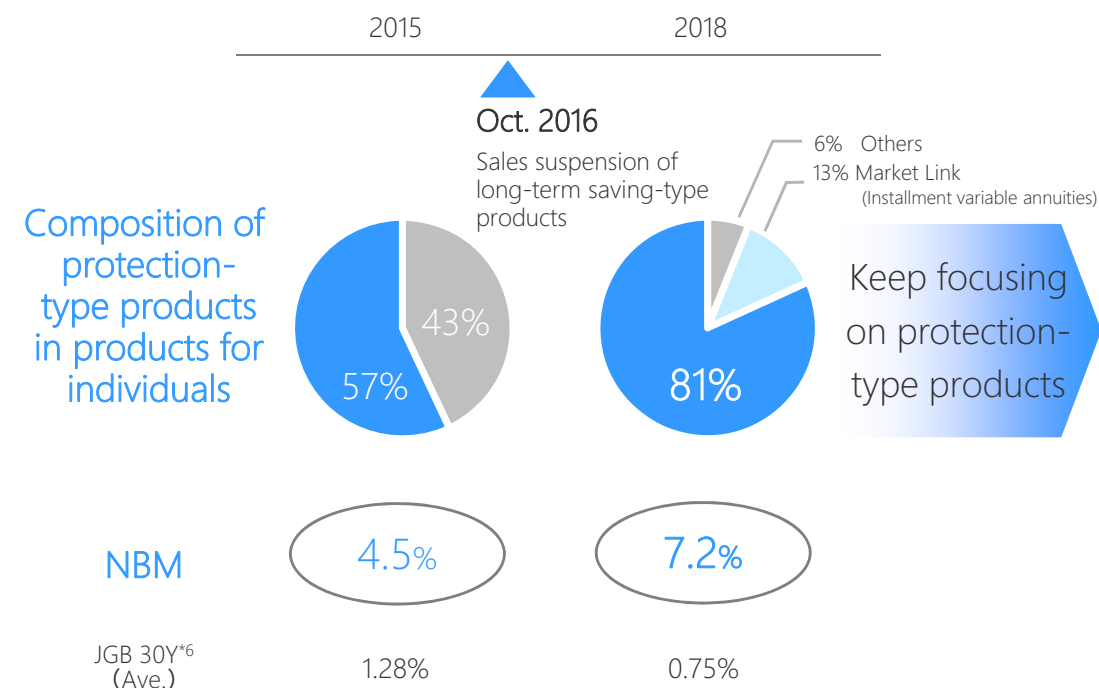
\*1: Total of individual insurance and individual annuities.

\*2: After merger basis between TMNL and former FL.

\*3: Sony, Sompo Japan Nipponkoa Himawari, ORIX, Mitsui Sumitomo Aioi, and FWD Fuji.  
Source: Insurance Statistics (Seiho Toukeigo).

## Shift to protection-type products

Composition of protection-type products\*<sup>4</sup> and new business margin\*<sup>5</sup>



\*4: New policies ANP basis, excluding business insurance.

\*5: New Business Margin (NBM): Value of new business / present value of new business premiums.

\*6: Source: Bloomberg.

# Successful Growth in Developed Market

Achieve high growth exceeding the market by establishing profitable specialty franchises

Established business platform in the U.S.



\*: The U.S. commercial P&C direct premiums written in FY2018.  
Source: S&P Global.

Top specialty insurance player in the U.S.



\*: Excess workers' compensation: direct premiums written in FY2018 (Source: S&P Global).  
Medical stop-loss insurance: direct premiums written in FY2017 (Source: NAIC).  
D&O liability insurance: direct premiums written in FY2018 (Source: S&P Global).  
Multi-peril crop insurance: Gross premiums written in FY2018 of FY2018 MPC (Multi-Peril Crop Insurance) (Source: USDA Risk management Agency).

Growth / profitability outperform the U.S. market

## ■ Top-line

CAGR  
6.1%

Comparison with market  
+0.4pt

## ■ Combined ratio

FY2018  
96.1%

Comparison with market  
3.2pt Favorable

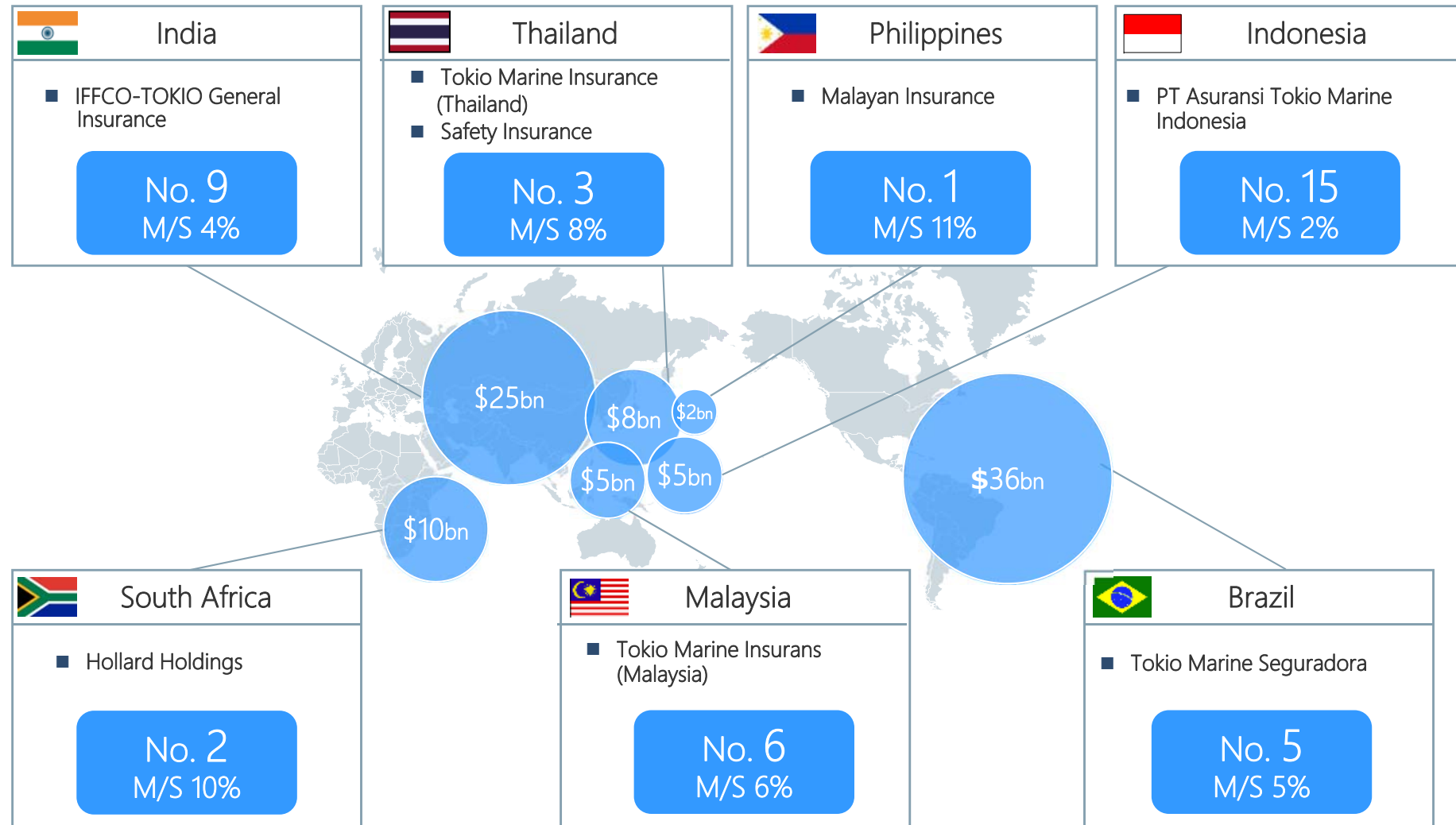
\*: CAGR: Net premiums written on a local currency basis between FY2015-FY2018.  
Source: S&P Global.



# Broad range of business expansion in emerging countries

Strategic expansion mainly in large markets with high growth potential

Our major P&C business network in emerging countries

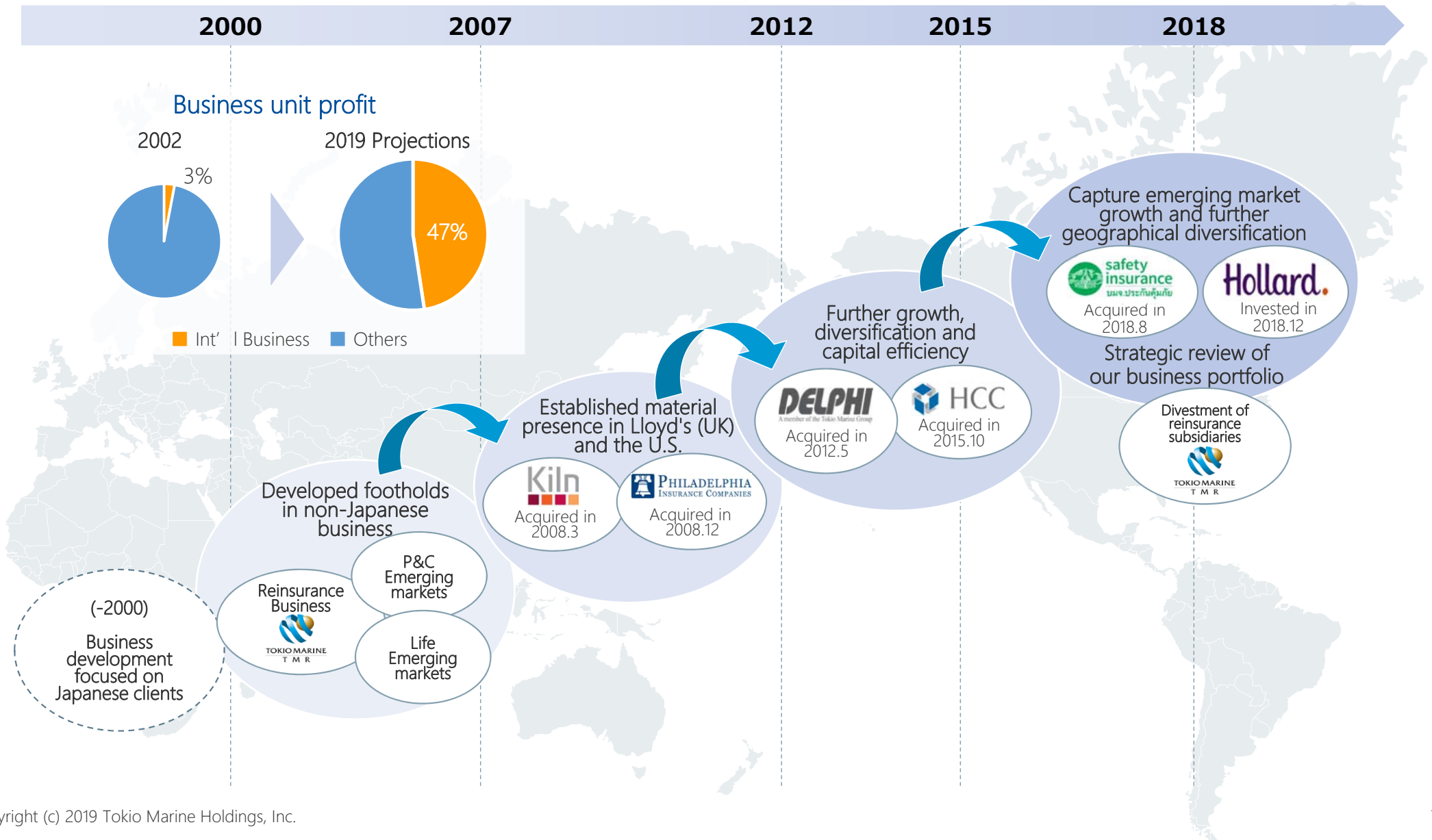


Source: AXCO, SUSEP, SWISS Re, FSCA Financial Sector Conduct Authority.

Note: The figures in circles are P&C insurance premiums in each country in FY2017, the size of circles is market size.

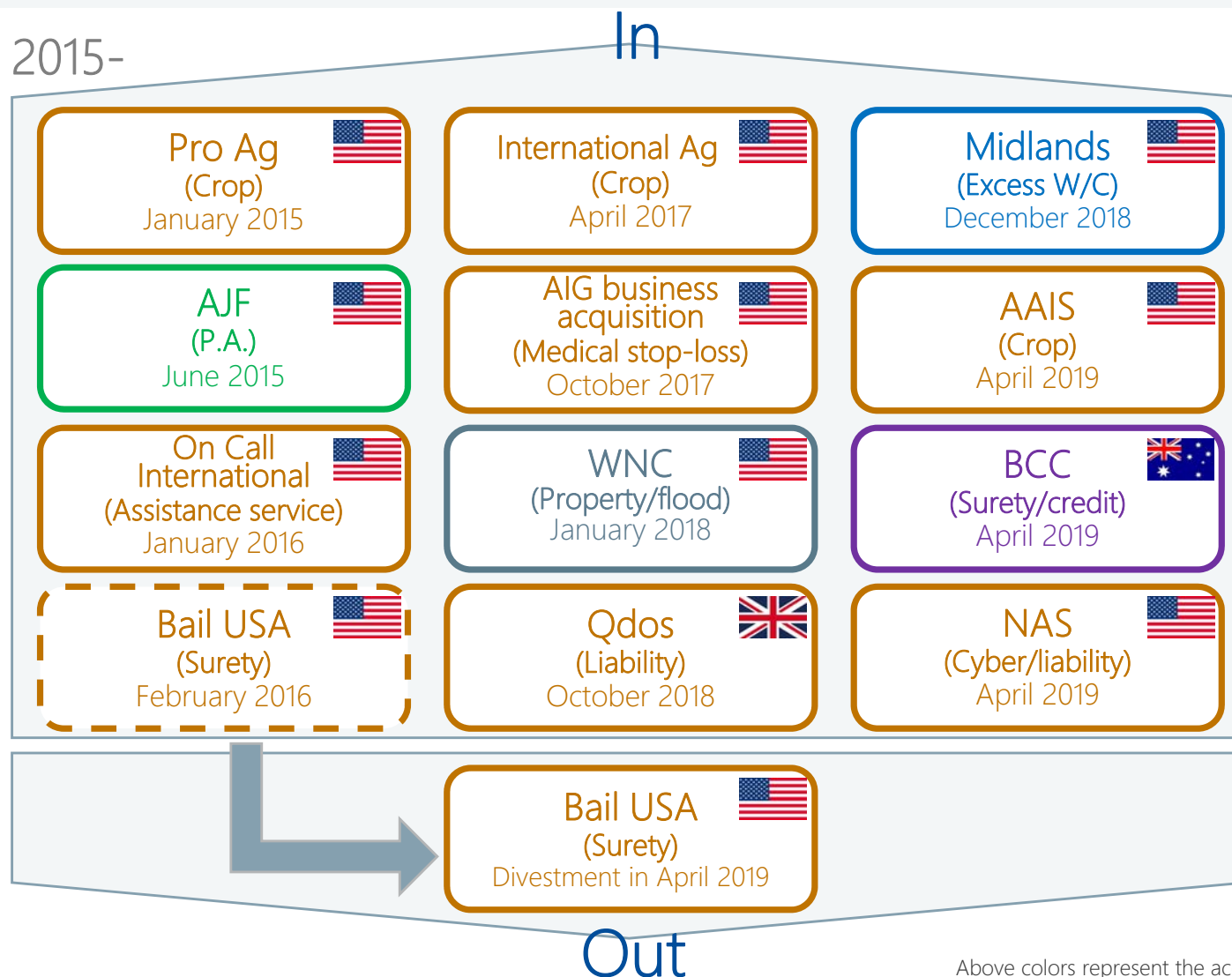
# Our M&A up to the Present

Established strong growth and profit diversification led by key cross-border M&A



# Bolt-on M&A

Execute strategic bolt-on M&A by leveraging our international Group companies' insights and expertise



## High success rate

Long-term business relationships  
and deep understandings  
of the companies

## Accumulated Know-how

TMHCC executed  
over 50 bolt-on M&As

## Disciplined M&A

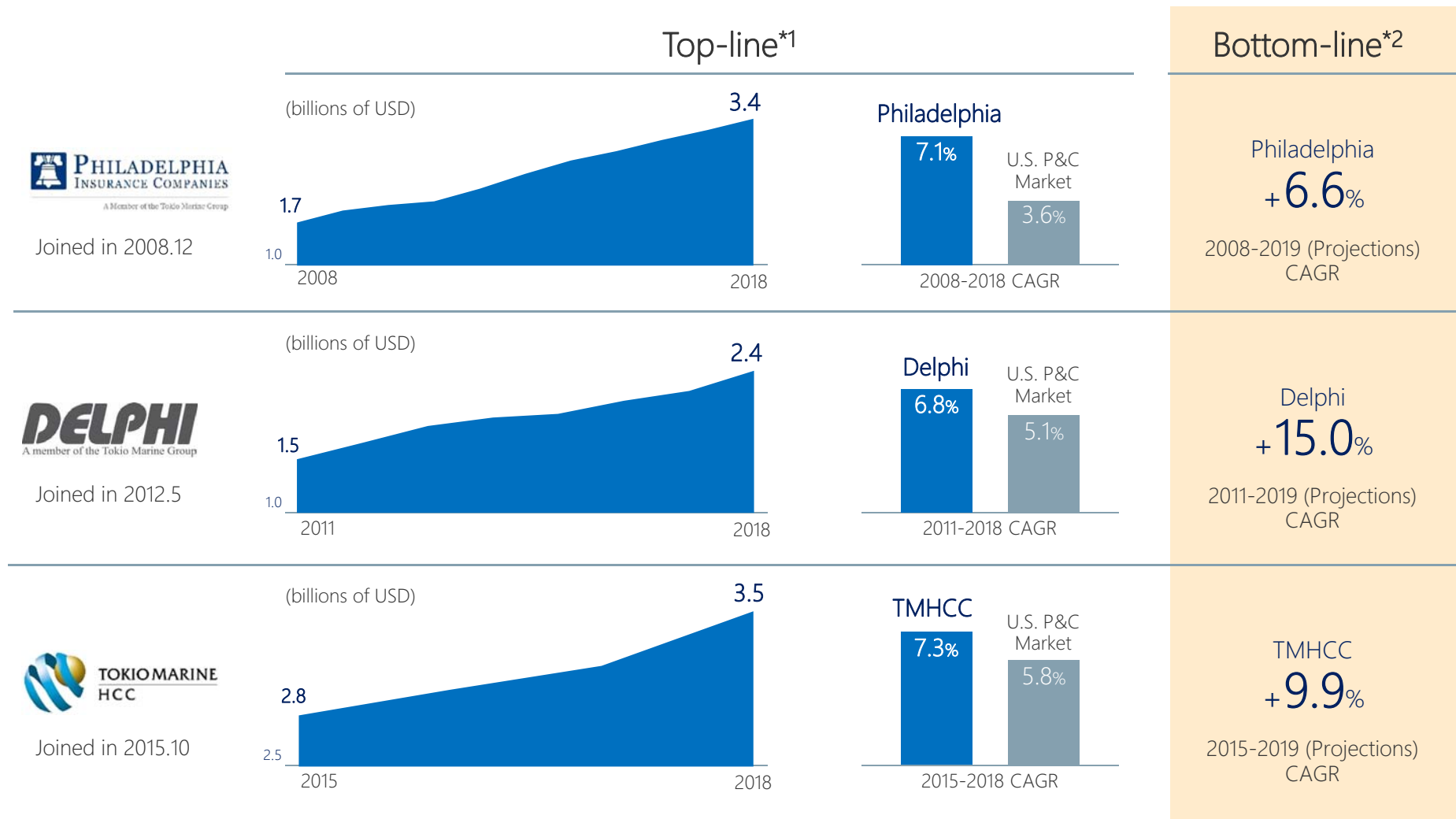
Strategic portfolio adjustment  
forecasting the future  
business environment

Above colors represent the acquiring companies.



# Strong Track Records

The U.S. 3 companies realized strong growth exceeding the market after joining Tokio Marine Group



\*1: Net premiums written on a local accounting basis. \*2: After tax profits on a local accounting basis.

# Our M&A Strategy and Criteria

Execute strategic M&A targeting emerging countries such as Asia as well as developed countries while maintaining discipline

## M&A strategy

### Developed markets

M&A including Bolt-on M&A

(Pursuing growth opportunities & risk diversification)

### Emerging markets

M&A

(Capturing high market growth & risk diversification)

## Definite criteria for self-discipline

### Target

Cultural fit

Profitability

Solid business model

### Hurdle rate

Cost of Equity

+ risk premium

+ country interest rate spread

# Our Aligned Group Management

Globally leverage excellent personnel and expertise of the Group

## Appointment as Co-Head



**Donald Sherman**

Senior Managing Executive Officer  
Co-CIO  
(Group Co-Chief Investment Officer)  
Delphi Financial Group CEO



**Christopher Williams**

Senior Managing Executive Officer  
Co-Head of International Business  
Co-CRSO  
(Group Co-Chief Retention Strategy Officer)

## Expertise across the Group

### Internal Audit



**Gary Oliver**

Chairperson of  
International Internal  
Audit Committee

### HR



**Caryn Angelson**

TMNAS (U.S.) CHRO&CLO  
(additional post: HD)

### Specialty



**Philippe Vezio**

TM Asia Deputy CEO &  
Chief U/W Officer  
(Transferred from TMHCC  
Barcelona)

### Reserving



**Daniel Thomas**

Chairperson of  
International P&C Reserving  
Actuary Committee

### Risk Management



**Thomas Weist**

Tokio Marine Technologies CEO  
(additional post: HD, TMHCC)

### Cyber Insurance



**Daljitt Barn**

Cyber Centre of Excellence  
Global Head of Cyber Risk

## (Ref.) Global Committees

ERM  
Committee

ERM

International Executive  
Committee

International  
Insurance

Global Retention  
Strategy  
Committee

Underwriting

Global Investment  
Strategy  
Committee

Investment

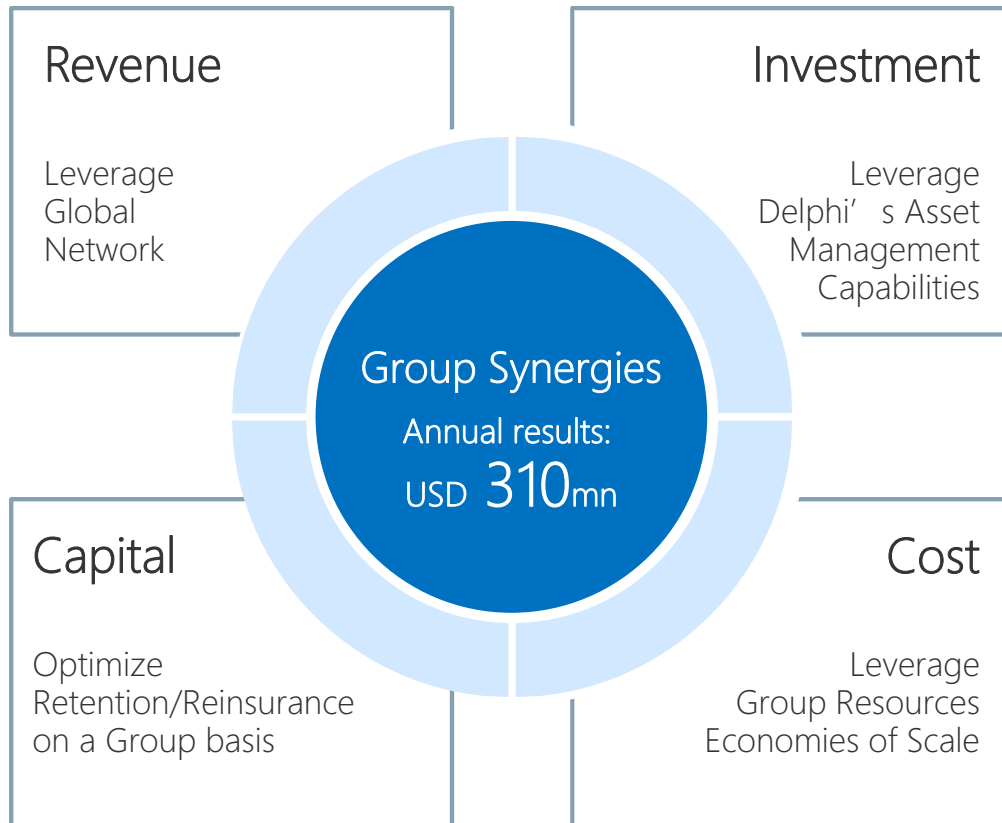
Global Information  
Technology Committee

IT

# Our Group Synergies

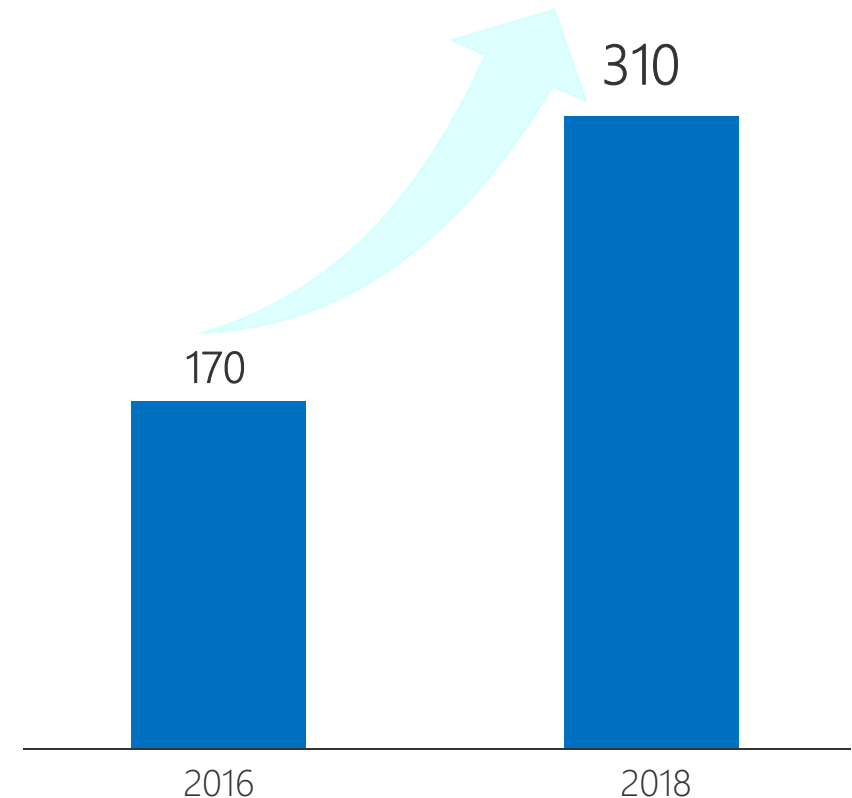
Maximizing Group synergies by leveraging global network and Group-wide expertise, etc.

## Group synergies



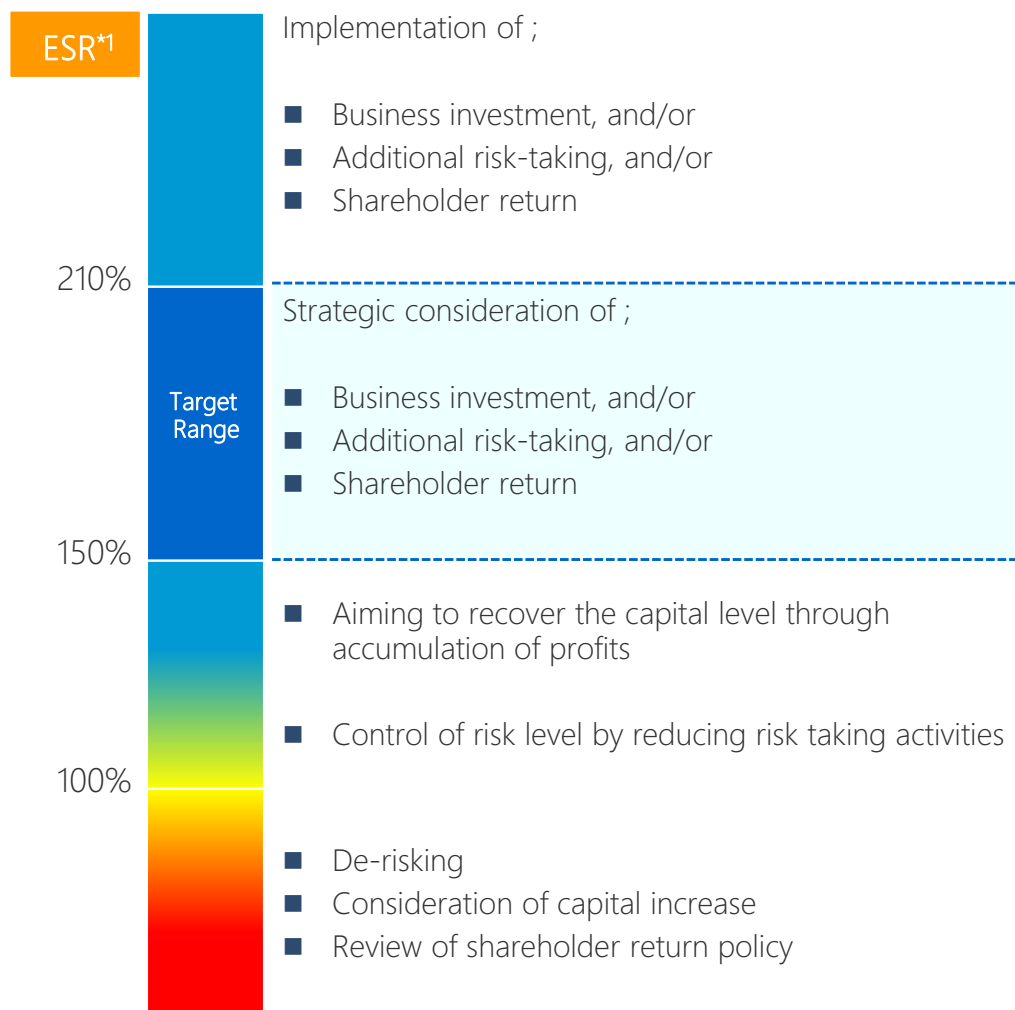
## Impact on profits from expanding Group synergies

(millions of USD)



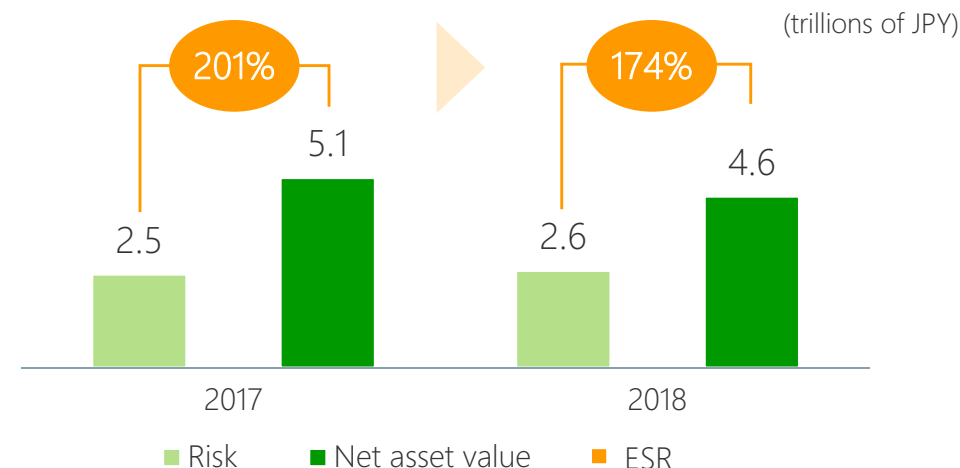
# Disciplined Capital Policy

## Capital policy based on ESR grid



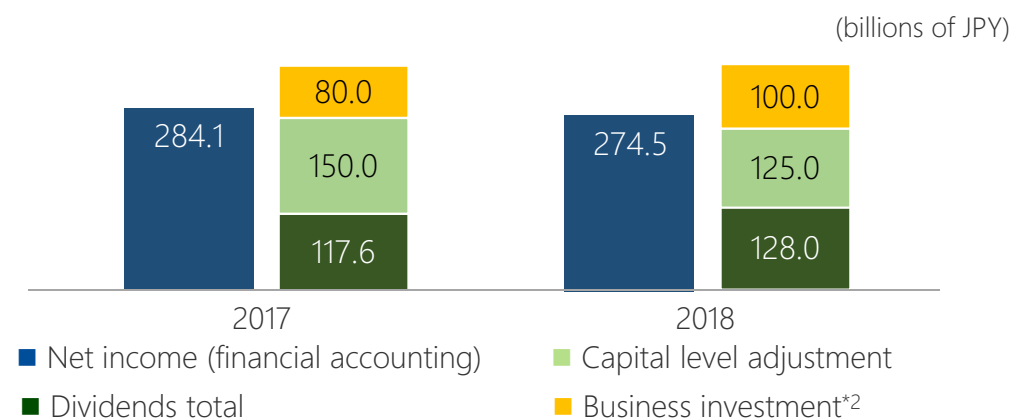
\*1: Economic Solvency Ratio

## ESR



Risk is calculated using capital model based on 99.95%VaR. (equivalent to AA credit rating)

## Level of investment & shareholder return



\*2: Aggregated major business investments.



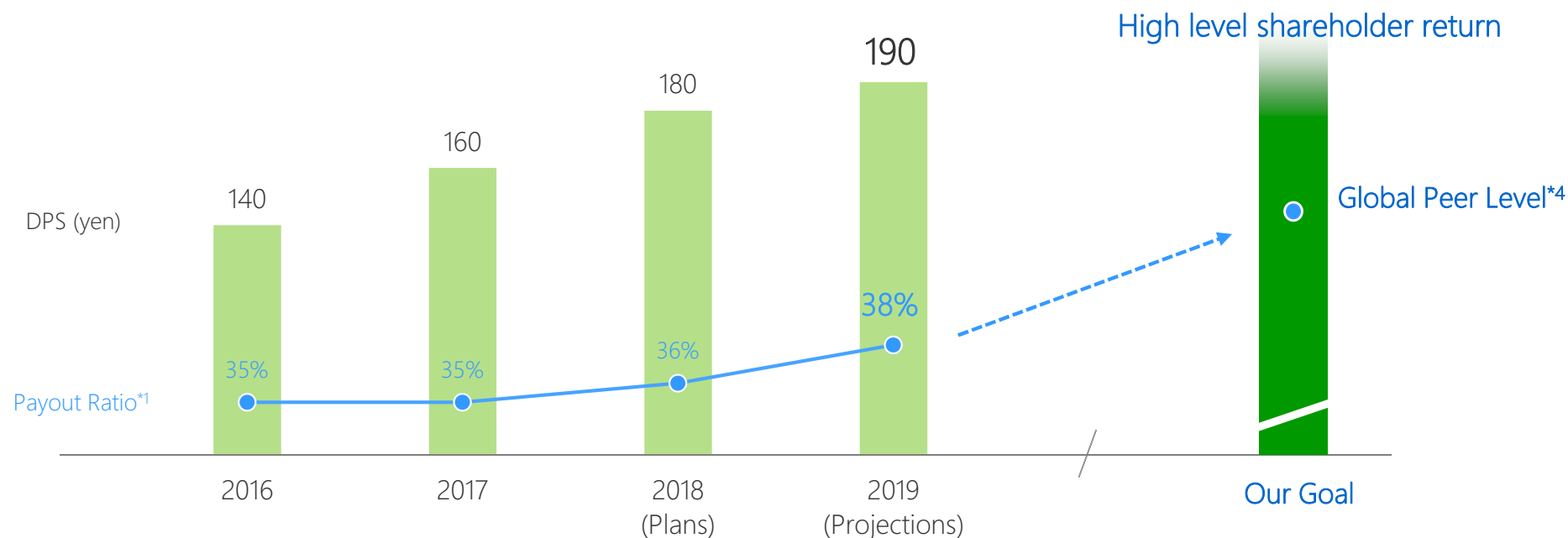
# Shareholder Return Policy

## Dividend

- Payout ratio is above 35% of 5-year average of adjusted net income
- Payout ratio\*<sup>1</sup> will be raised gradually toward our mid-term goal, the same level as global peers

## Capital level adjustment

- Adjustment of capital level will be executed with flexibility through share repurchases and other means based on comprehensive consideration of market conditions, business investment opportunities, and other relevant factors



Dividends total* <sup>2</sup> (billions of JPY)	105.3	117.6	128.0	134.2
Capital adjustment* <sup>3</sup> (share repurchases, etc.) (billions of JPY)	50.0	150.0	125.0	TBD

\*1: Payout ratio is on an original projections basis.

\*2: 2019 (Projections) is before reflecting share repurchases.

\*3: Total amount approved by the announcement date of financial results of respective years.

2018 (Plans) includes one-time dividend of ¥50.0bn.

\*4: Payout ratio of global peers is currently approx. 50%.

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- Progress of Mid-Term Business Plan
- Tokio Marine Holdings Key Statistics
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- Adjusted Net Income and Business Unit Profits
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- Reconciliation of Adjusted Net Income / Adjusted Net Assets
- Reconciliation of Business Unit Profits
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- Basic Information (Domestic Life)
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- ESG (Sustainably Enhancing Corporate Value)
- Impact of FX Rate Change on the Group's Financial Results

◆Abbreviations used in this material

TMNF	: Tokio Marine & Nichido Fire Insurance Co., Ltd.
NF	: Nisshin Fire & Marine Insurance Co., Ltd.
TMNL	: Tokio Marine & Nichido Life Insurance Co., Ltd.
TMHCC	: Tokio Marine HCC
TMK	: Tokio Marine Kiln
TMR	: Tokio Millennium Re

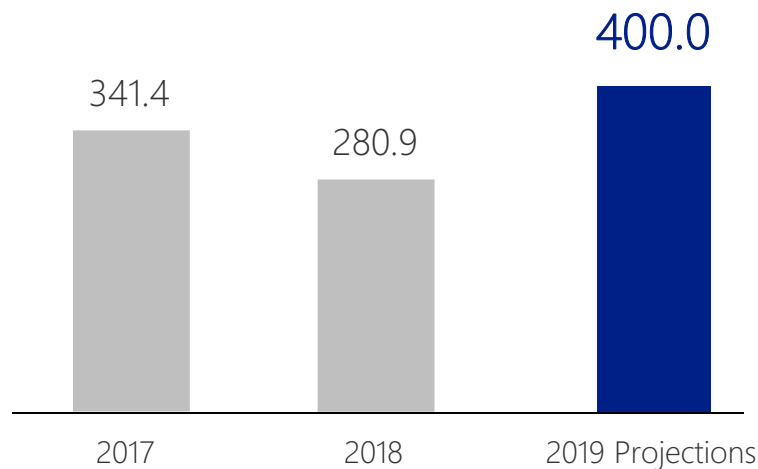
# Progress of Mid-Term Business Plan: Group total

## Favorable progress of adjusted net income and adjusted ROE

### Adjusted net income

2020 Plan JPY400 - 450bn  
(CAGR 3 - 7%)\*<sup>1</sup>

(billions of JPY)

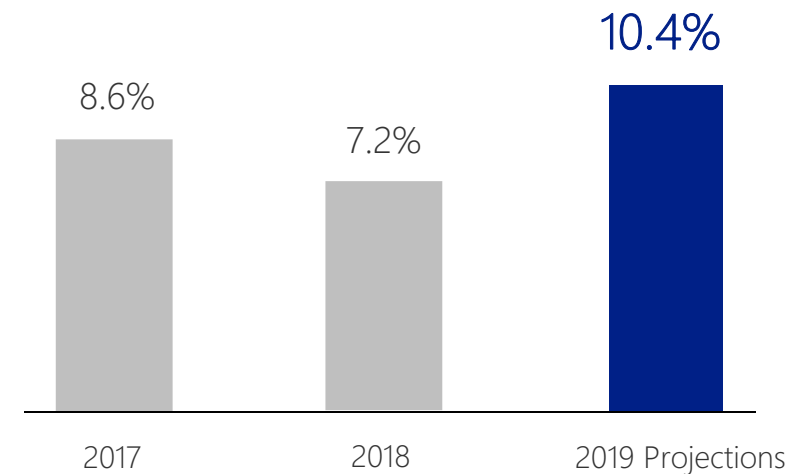


Net incurred losses  
relating to natural  
catastrophes\*<sup>2</sup>  
(billions of JPY)

Domestic non-life	76.3	251.3	52.5
International insurance	87.2	45.8	46.0
Total	163.5	297.1	98.5

### Adjusted ROE

2020 Plan  $\geq 10\%$



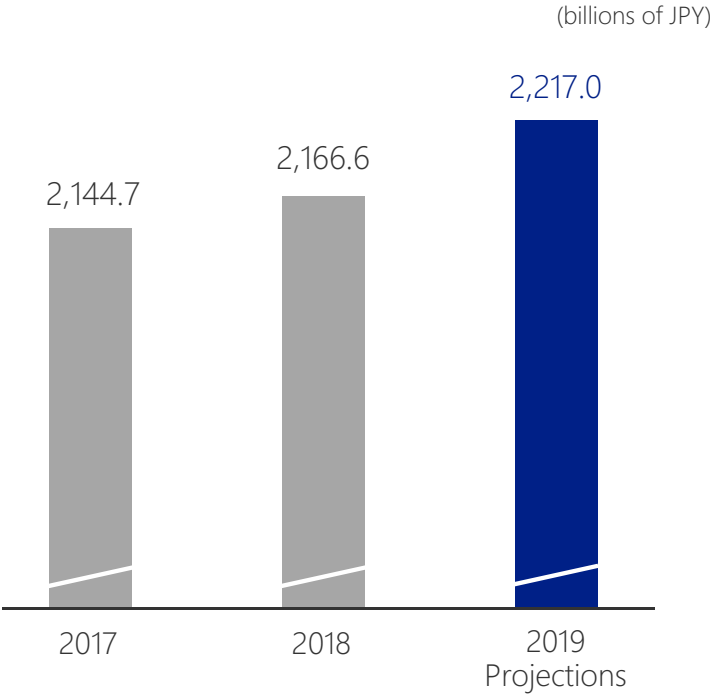
\*1: CAGR is calculated based on a normalized basis of ¥372.0bn in FY2017. Nat-cat losses are normalized to an average annual level and FX effects and one time impact of U.S. Tax Reform are excluded.

\*2: Before-tax, business unit profits basis.

## Net premiums written

2020 Plan CAGR+1% or more

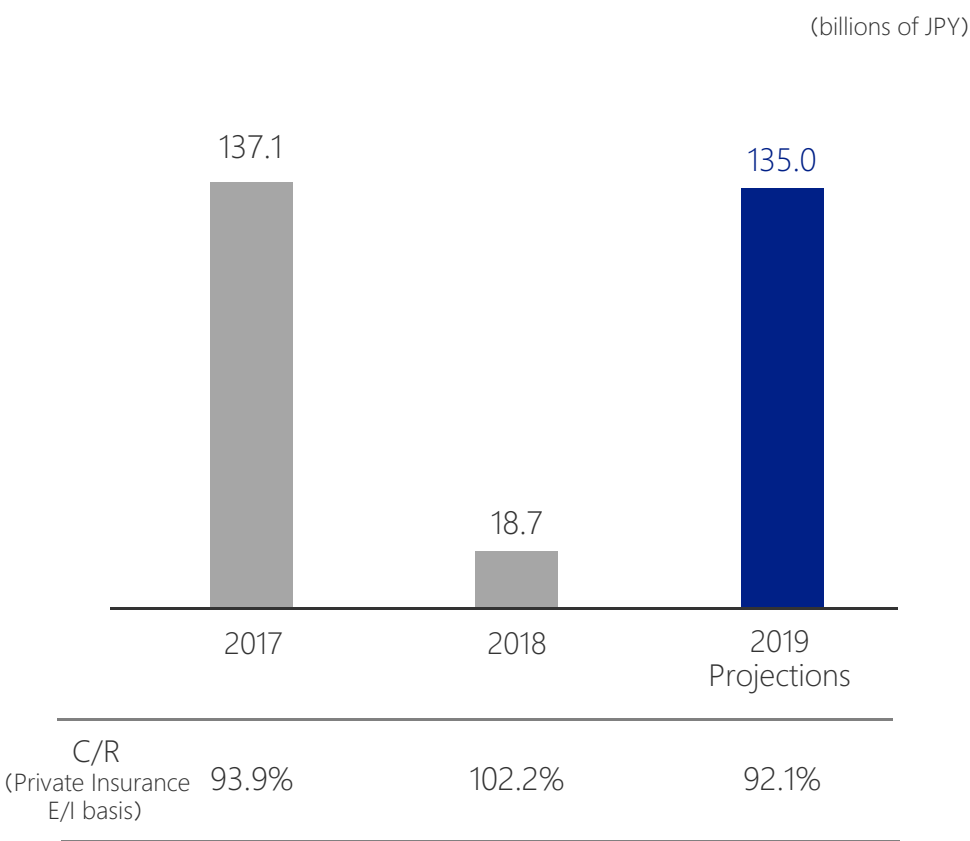
- Progress is in line with our plan through growth of specialty insurance and fire insurance



## Business unit profits

2020 Plan CAGR+1% or more\*

- Projecting improvement in profitability in FY2019 despite a significant decline in FY2018 due to the record largest natural catastrophes



\*: After-tax profit decreases by approx. ¥28.0bn and C/R worsens by approx. 2pt due to the impact of consumption tax increase and revision of law of obligation.

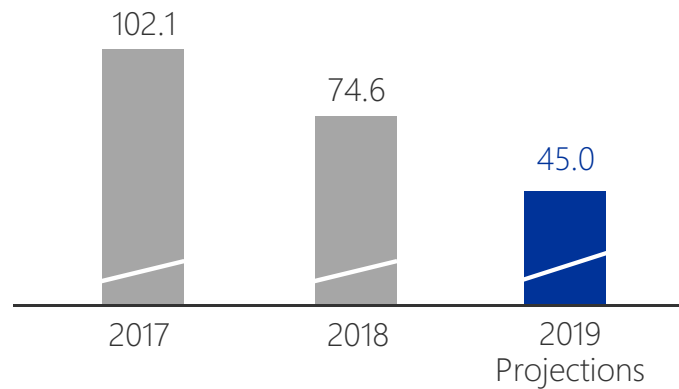
# Progress of Mid-Term Business Plan: TMNL

## New policies ANP

2020 Plan CAGR +1% or more

- Continuously promote sales of protection-type products despite sales decrease of products for corporations

(billions of JPY)



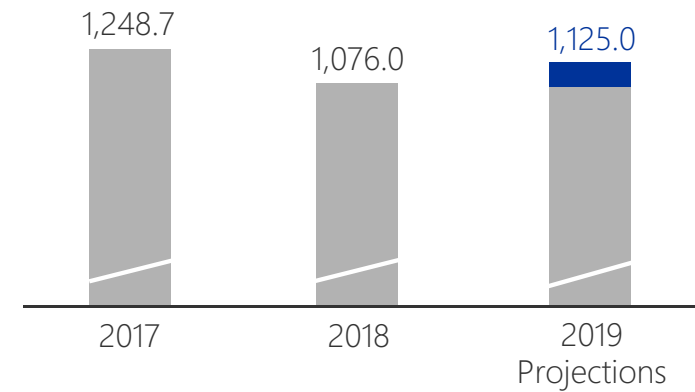
New Policies ANP	102.1	74.6	45.0
In-force policies ANP	852.7	857.7	834.0

## Business unit profits

2020 Plan MCEV growth rate  
CAGR +4% or more

- Aim to achieve mid-term plan through steady accumulation of new businesses while 2018 year-end MCEVs decreased due to economic environment change such as decline of interest rate

(billions of JPY)



\* Impact of changes in economic environment : -184.6

Year-end MCEV *1	1,248.7	1,076.0	1,125.0
Business unit profits*2	99.0	-158.6	49.0
New business value + Existing business contribution	78.0	78.3	70.0

\*1: Figures of FY2017 and FY2018 are after payment of shareholder' s dividends.  
FY2019 projections are before payment of shareholder' s dividends.

\*2: Before payment of shareholder' s dividends.

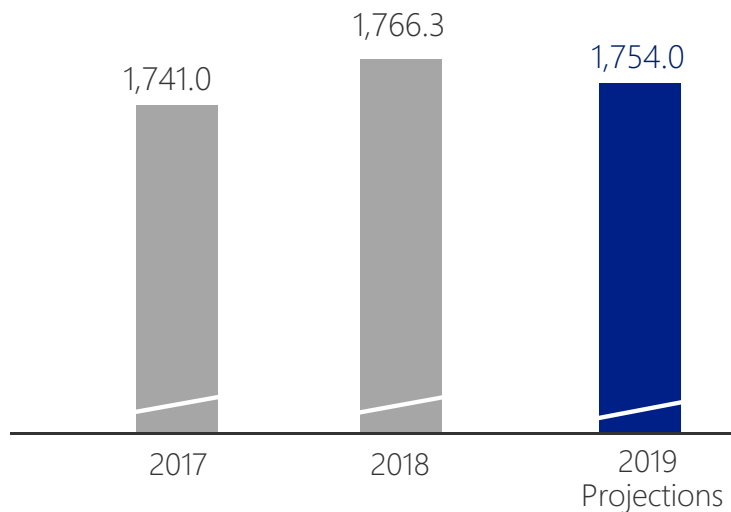
# Progress of the Mid-Term Business Plan: International Insurance Business

## Net premiums written

2020 Plan CAGR + approx. 5%

- Steadily growing despite the negative impact of the reinsurance businesses divestment

(billions of JPY)



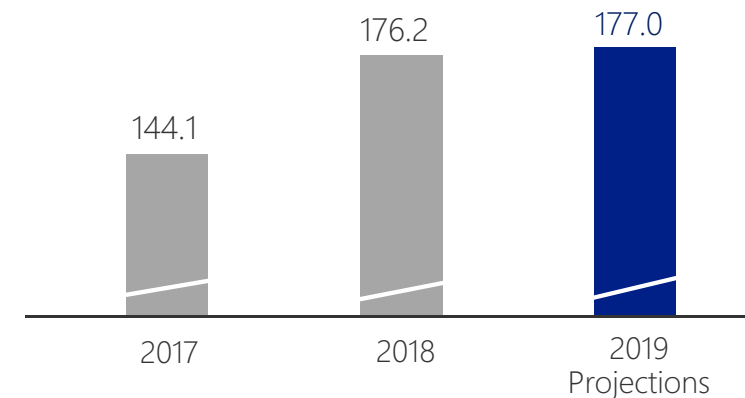
FX Rate (USD/JPY)	17.12E JPY 113.0	18.12E JPY 111.0	19.3E JPY 110.9
Excluding reins. biz.	1,594.8	1,636.6	1,754.0

## Business unit profits

2020 Plan CAGR + approx. 11%

- The progress is in line with our plan

(billions of JPY)



FX Rate (USD/JPY)	17.12E JPY 113.0	18.12E JPY 111.0	19.3E JPY 110.9
Excluding reins. biz.	160.2	163.2	177.0

# Tokio Marine Holdings Key Statistics

		FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Financial accounting basis	Net income (billions of yen)* <sup>1</sup>	23.1	128.4	71.9	6.0	129.5	184.1	247.4	254.5	273.8	284.1	274.5
	Shareholders' equity after tax (billions of yen)	1,627.8	2,169.0	1,886.5	1,839.6	2,340.7	2,712.7	3,578.7	3,484.7	3,542.1	3,805.1	3,574.2
	EPS (yen)	29	163	92	7	168	239	323	337	363	382	383
	BPS (yen)	2,067	2,754	2,460	2,399	3,052	3,536	4,742	4,617	4,722	5,245	5,058
	ROE	1.1%	6.8%	3.5%	0.3%	6.2%	7.3%	7.9%	7.2%	7.8%	7.7%	7.4%
	PBR	1.16	0.96	0.90	0.95	0.87	0.88	0.96	0.82	0.99	0.90	1.06
KPI	Adjusted net income (billions of yen)	-	-	-	30.7	163.1	243.7	323.3	351.9	406.7	341.4	280.9
	Adjusted net assets (billions of yen)	-	-	-	2,301.6	2,746.5	3,172.5	4,103.4	3,599.3	3,812.4	4,086.4	3,763.1
	Adjusted EPS (yen)	-	-	-	40	212	317	423	466	539	459	391
	Adjusted BPS (yen)	-	-	-	3,001	3,580	4,135	5,437	4,769	5,082	5,633	5,325
	Adjusted ROE	-	-	-	1.3%	6.5%	8.2%	8.9%	9.1%	11.0%	8.6%	7.2%
	Adjusted PBR	-	-	-	0.76	0.74	0.75	0.83	0.80	0.92	0.84	1.01
Business Unit Profits <sup>2</sup> (billions of yen)	Domestic non-life insurance business	5.1	46.2	20.4	-26.1	48.3	34.0	122.5	126.0	167.6	144.3	18.9
	Domestic life insurance business	-57.2	52.0	27.5	15.9	110.3	104.5	139.8	-188.1	373.5	98.4	-158.6
	International insurance business	20.8	76.5	24.8	-11.9	69.2	136.9	145.5	131.8	169.5	144.1	176.2
	Financial and general businesses	-21.1	-9.4	-0.7	2.6	-18.7	2.5	4.0	7.3	6.6	7.2	6.8
Sales of business-related equity holdings (billions of yen)		50	95	187	206	115	109	112	122	117	108	107
		2009/3E	2010/3E	2011/3E	2012/3E	2013/3E	2014/3E	2015/3E	2016/3E	2017/3E	2018/3E	2019/3E
Adjusted number of issued and outstanding shares* <sup>3</sup> (thousands of shares)		787,562	787,605	766,820	766,928	767,034	767,218	754,599	754,685	750,112	725,433	706,557
Market capitalization (billions of yen)		1,926.8	2,118.3	1,789.3	1,827.1	2,039.2	2,383.9	3,438.0	2,878.6	3,536.2	3,541.9	3,807.0
Share price (yen)		2,395	2,633	2,224	2,271	2,650	3,098	4,538.5	3,800.0	4,696.0	4,735.0	5,362.0
Percentage change		- 34.9%	9.9%	- 15.5%	2.1%	16.7%	16.9%	46.5%	- 16.3%	23.6%	0.8%	13.2%
(Reference) TOPIX		773.66	978.81	869.38	854.35	1,034.71	1,202.89	1,543.11	1,347.20	1,512.60	1,716.30	1,591.64
Percentage change		- 36.2%	26.5%	- 11.2%	- 1.7%	21.1%	16.3%	28.3%	- 12.7%	12.3%	13.5%	- 7.3%

\*1: From FY2015: The figure is "Net income attributable to owners of the parent"

\*2: Until FY2014: The figures are "Adjusted earnings" (Former KPI), domestic life insurance business is presented on TEV (Traditional Embedded Value) basis

\*3: All figures exclude the number of treasury shares held from the total number of the shares issued



# Return to Shareholders

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 Projections
Dividends per share	48yen	48yen	50yen	50yen	50yen	55yen	70yen	95yen	110yen	140yen	160yen	180yen (Plan)	190yen
Dividends total	38.7bn yen	38.0bn yen	39.4bn yen	38.6bn yen	38.3bn yen	42.2bn yen	53.7bn yen	72.2bn yen	83.0bn yen	105.3bn yen	117.6bn yen	128.0bn yen	134.2bn yen <sup>*3</sup>

Adjustment of capital level <sup>*1</sup> (share repurchases, etc.)	90.0bn yen	50.0bn yen	-	50.0bn yen	-	-	-	50.0bn yen	-	50.0bn yen	150.0bn yen	125.0bn (Plan)	TBD
Total distributions to shareholders	128.7bn yen	88.0bn yen	39.4bn yen	88.6bn yen	38.3bn yen	42.2bn yen	53.7bn yen	122.2bn yen	83.0bn yen	155.3bn yen	267.6bn yen	253.0bn (Plan)	TBD

Adjusted net income						30.7bn yen	163.1bn yen	243.7bn yen	323.3bn yen	351.9bn yen	406.7bn yen	341.4bn yen	280.9bn yen	400.0bn yen
Average adjusted net income	Adjusted net income was adopted as a new KPI in FY2015. (Figures from FY2011 to FY2014 were calculated as a reference)									220.0bn yen	295.0bn yen	330.0bn yen	340.0bn yen	355.0bn yen
Payout ratio <sup>*2</sup>										38%	36%	36%	38%	38%

<Reference : Financial accounting basis>

Net income (Consolidated)	108.7bn yen	23.1bn yen	128.4bn yen	71.9bn yen	6.0bn yen	129.5bn yen	184.1bn yen	247.4bn yen	254.5bn yen	273.8bn yen	284.1bn yen	274.5bn yen	325.0bn yen
Payout ratio	36%	165%	31%	54%	639%	33%	29%	29%	33%	39%	42%	47%	41%
Total shareholder return ratio	118%	381%	31%	123%	639%	33%	29%	49%	33%	57%	94%	92%	TBD

\*1: Total amount approved by the announcement date of financial results of respective years. FY2018 includes one-time dividend of 50bn yen

\*2: Payout ratio to average adjusted net income

\*3: Before reflecting the share repurchases basis

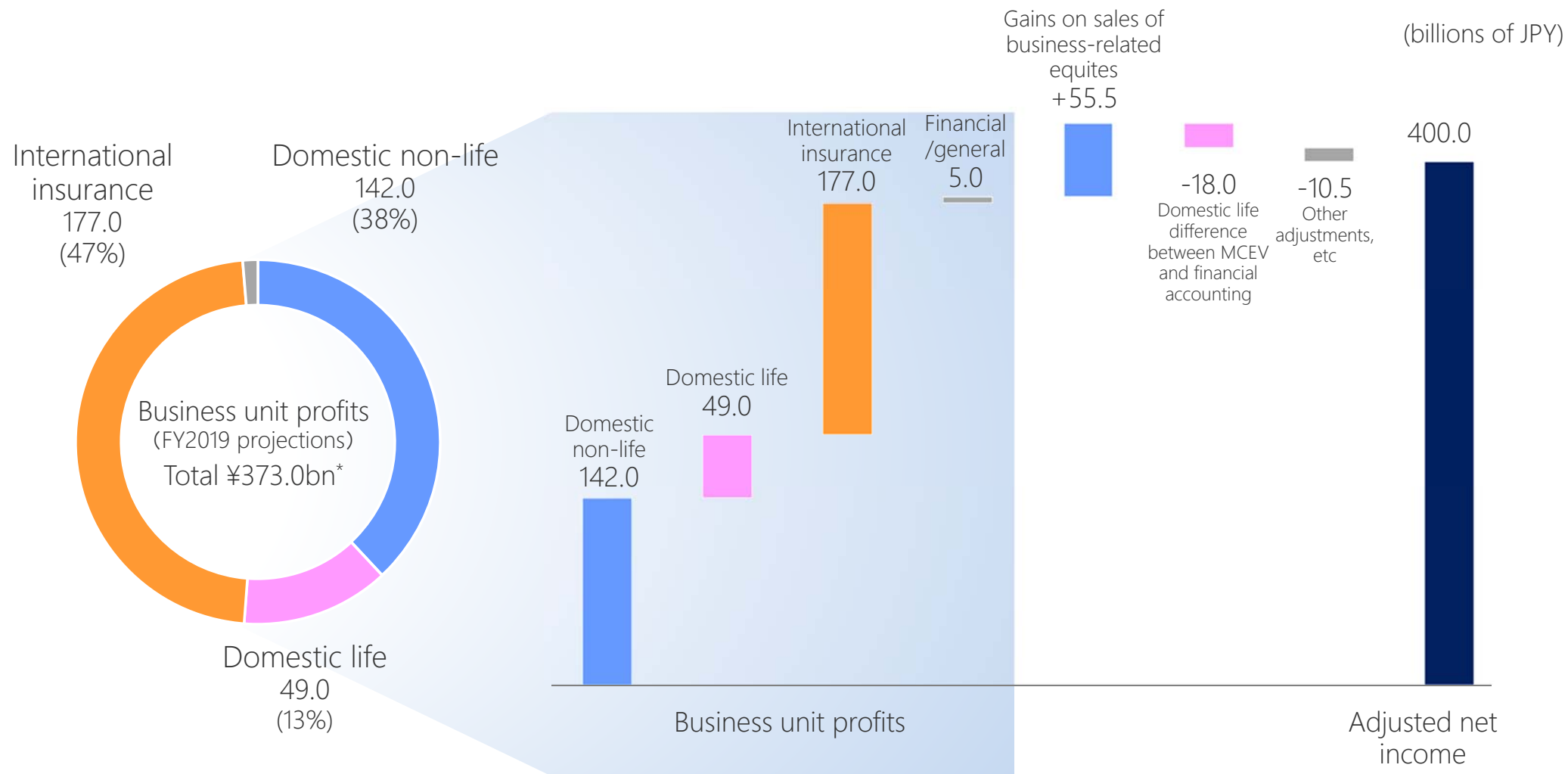
(billions of yen)

Business Domain	FY2017 Results	FY2018 Results	FY2019 Projections	YoY Change
<b>Domestic Non-Life</b>	<b>144.3</b>	<b>18.9</b>	<b>142.0</b>	<b>123.0</b>
TMNF	137.1	18.7	135.0	116.2
NF	8.3	0.7	8.0	7.2
Other	-1.0	-0.6	-2.0	-1.3
<b>Domestic Life<sup>*1</sup></b>	<b>98.4</b>	<b>-158.6</b>	<b>49.0</b>	<b>207.6</b>
TMNL	99.0	-158.6	49.0	207.6
<b>International Insurance</b>	<b>144.1</b>	<b>176.2</b>	<b>177.0</b>	<b>0.7</b>
North America	159.8	153.0	159.0	5.9
Europe & Middle East & Africa	-17.3	-0.1	7.0	7.1
South & Central America	5.0	9.2	6.0	-3.2
Asia & Oceania	13.7	12.0	12.0	-0.0
Reinsurance	-16.1	13.0	-	-13.0
International Non-Life <sup>*2</sup>	144.8	187.8	186.0	-1.8
International Life	6.3	-0.7	3.0	3.7
<b>Financial &amp; General</b>	<b>7.2</b>	<b>6.8</b>	<b>5.0</b>	<b>-1.8</b>

\*1: Excluding capital transactions

\*2: International Non-Life figures include some life insurance figures of composite overseas subsidiaries

# Reconciliation of Business Unit Profits and Adjusted Net Income



\*: Total of business profits of domestic non-life, domestic life, international insurance, financial/general businesses

## Adjusted Net Income (Group total)

Enhancing transparency and comparability / Linking with shareholder returns

- For the Group total, **Adjusted Net Income** based on financial accounting is used from the perspective of enhancing transparency and comparability as well as linking with shareholder returns
- Profit indicator for the Group total as the base for calculating capital efficiency (adjusted ROE) and source of dividends

## Business Unit Profits

Creating long-term corporate value

- For each business domain, **Business Unit Profits** is used from the perspective of accurately assessing corporate value including economic value, etc. for the purpose of long-term expansion
- Use MCEV (market-consistent embedded value) for domestic life, which reflects the economic value of the business more accurately

### Main differences

		Adjusted Net Income	Business Unit Profits
<b>Domestic non-life</b>	Gains or losses on sales of business-related equities	Included	Excluded
	Provision for reserves of capital nature, etc.	Excluded	Excluded
<b>Domestic life</b>		Adjust the financial accounting basis net income	Increase in MCEV during the current fiscal year
<b>Other than the above</b>	Amortization of goodwill and other intangible fixed assets	Excluded	Excluded

## Definition of Adjusted Net Income / Adjusted Net Assets / Adjusted ROE

$$\begin{aligned}
 \text{Adjusted Net Income}^{*1} = & \text{Net income (consolidated)}^{*2} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for contingency reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} - \text{Gains or losses on sales or valuation of ALM}^{*4} \text{ bonds and interest rate swaps} \\
 & + \text{Amortization of goodwill and other intangible fixed assets} - \text{Gains or losses on sales or valuation of fixed assets and business investment equities} - \text{Other extraordinary gains/losses, valuation allowances, etc.}
 \end{aligned}$$

$$\text{Adjusted Net Assets}^{*1} = \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} - \text{Goodwill and other intangible fixed assets}$$

$$\text{Adjusted ROE} = \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets (average balance basis)}}$$

\*1: Each adjustment is on an after-tax basis

\*2: Net income attributable to owners of the parent in the consolidated financial statements

\*3: In case of reversal, it is subtracted from the equation

\*4: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

\*5: For some of the life insurance companies, Business Unit Profits is calculated by using the definition in Other businesses (head office expenses, etc. are deducted from profits)

\*6: EV: Embedded Value. An index that shows the sum of the net present value of profits to be gained from policies in-force and the net asset value

## Definition of Business Unit Profits

### Non-life insurance business

$$\text{Business Unit Profits}^{*1} = \text{Net income} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} - \text{Gains or losses on sales or valuation of ALM}^{*4} \text{ bonds and interest rate swaps}$$

### Life insurance business<sup>\*5</sup>

$$\text{Business Unit Profits}^{*1} = \text{Increase in EV}^{*6} \text{ during the current fiscal year} - \text{Capital transactions such as capital increase} - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} - \text{Other extraordinary gains/losses, valuation allowances, etc.}$$

### Other businesses

Net income determined in accordance with financial accounting principles

## Definition of Net Asset Value

$$\text{Net Asset Value}^{*1} = \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} - \text{Goodwill and other intangible fixed assets} - \text{Planned distribution to shareholders} + \text{Value of life insurance policies in-force} + \text{Others}$$

# Reconciliation of Adjusted Net Income / Adjusted Net Assets

(billions of JPY)

## Adjusted Net Income\*<sup>1</sup>

	FY2018 Results	FY2019 Projections	YoY Change
Net income attributable to owners of the parent (consolidated)	274.5	325.0	50.4
Provision for catastrophe loss reserves <sup>*2</sup>	-97.6	-9.0	88.6
Provision for contingency reserves <sup>*2</sup>	+1.0	+1.0	-0.0
Provision for price fluctuation reserves <sup>*2</sup>	+5.7	+6.0	0.2
Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps	+1.2	+0.0	-1.2
Gains or losses on sales or valuation of fixed assets and business investment equities	+25.4	+0.0	-25.4
Amortization of goodwill and other intangible fixed assets	+69.7	+77.0	7.2
Other extraordinary gains/losses, valuation allowances, etc.	+0.7	+0.0	-0.7
<b>Adjusted Net Income</b>	<b>280.9</b>	<b>400.0</b>	<b>119.0</b>

## Adjusted Net Assets\*<sup>1</sup>

	FY2018 Results	FY2019 Projections	YoY Change
Net assets(consolidated)	3,574.2	3,688.0	113.7
Catastrophe loss reserves	+741.1	+732.0	-9.1
Contingency reserves	+40.8	+42.0	1.1
Price fluctuation reserves	+78.1	+84.0	5.8
Goodwill and other intangible fixed assets	-671.3	-595.0	76.3
<b>Adjusted Net Assets</b>	<b>3,763.1</b>	<b>3,951.0</b>	<b>187.8</b>

## Adjusted ROE

	FY2018 Results	FY2019 Projections	YoY Change
Net income(consolidated)	274.5	325.0	50.4
Net assets(consolidated)*	3,689.7	3,631.0	-58.7
Financial accounting basis ROE	7.4%	9.0%	1.6pt

\* average balance basis

	FY2018 Results	FY2019 Projections	YoY Change
Adjusted Net Income	280.9	400.0	119.0
Adjusted Net Assets*	3,924.7	3,857.0	-67.7
Adjusted ROE	7.2%	10.4%	3.2pt

\* average balance basis

\*1: Each adjustment is on an after-tax basis

\*2: In case of reversal, it is subtracted from the equation

\*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

# Reconciliation of Business Unit Profits

(billions of yen)

## Domestic Non-Life\*<sup>1</sup> (TMNF)

	FY2018 Results	FY2019 Projections	YoY
<b>Net income for accounting purposes</b>	<b>261.3</b>	<b>250.0</b>	<b>-11.3</b>
Provision for catastrophe loss reserves <sup>*2</sup>	-93.8	-11.5	82.3
Provision for price fluctuation reserves <sup>*2</sup>	+3.9	+4.0	0.0
Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps	+0.7	+0.2	-0.5
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	-66.0	-55.5	10.5
Intra-group dividends	-96.8	-62.2	34.6
Other extraordinary gains/losses, valuation allowances, etc	+9.5	+10.0	0.4
<b>Business Unit Profits</b>	<b>18.7</b>	<b>135.0</b>	<b>116.2</b>

\*1: Each adjustment is on an after-tax basis

\*2: In case of reversal, it is subtracted from the equation

\*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

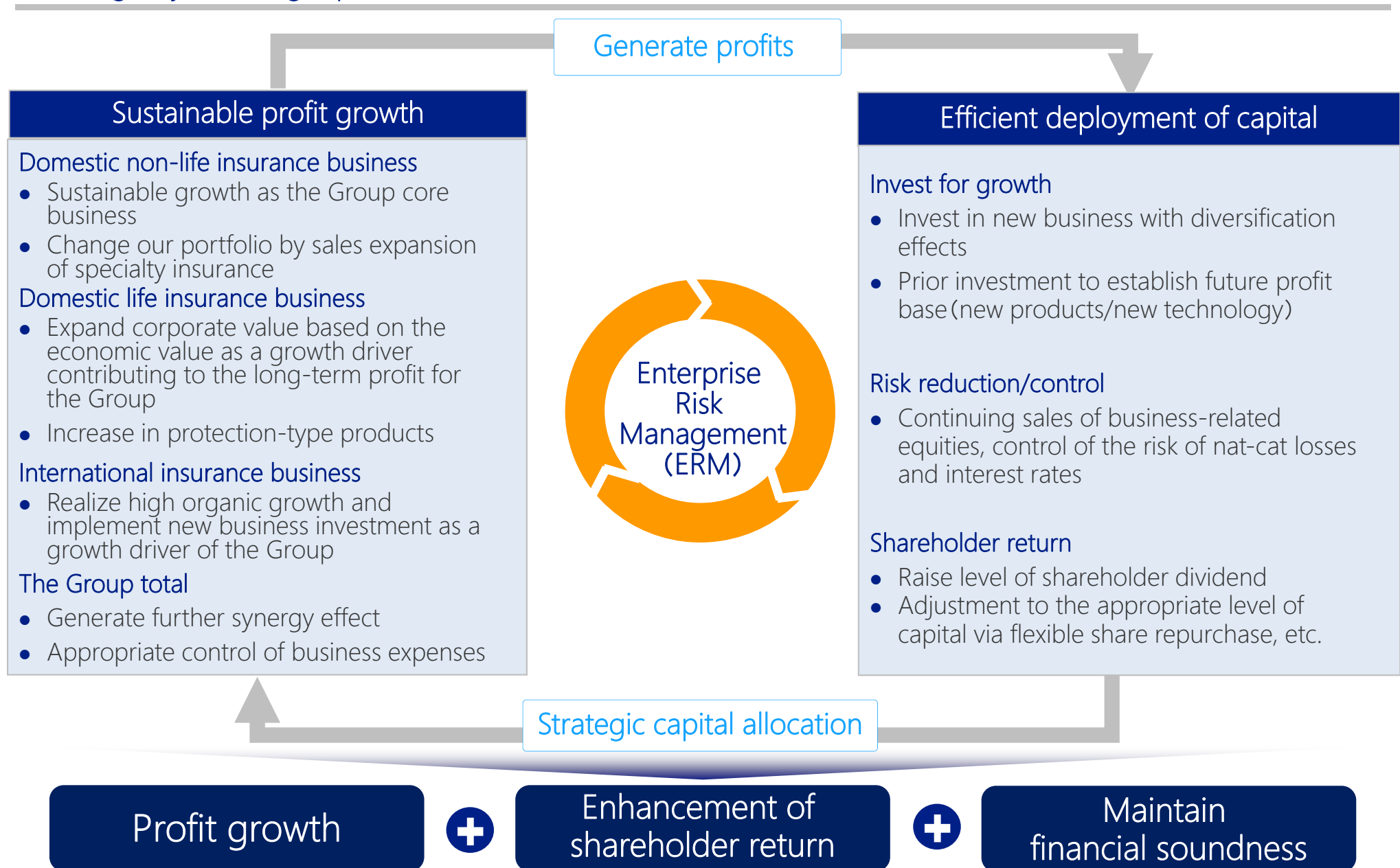
\*4: Amortization of other intangible fixed assets, head office expenses, etc.

## International Insurance\*<sup>1</sup>

	FY2018 Results	FY2019 Projections
<b>Overseas subsidiaries Net income for accounting purposes</b>	<b>155.1</b>	<b>150.0</b>
Difference with EV (Life)	-1.2	
Adjustment of non-controlling interests	-1.5	
Difference of subsidiaries covered	-1.4	
Other adjustments <sup>*4</sup>	+25.4	
<b>Business Unit Profits</b>	<b>176.2</b>	<b>177.0</b>

# Mid-Term Business Plan Group Management Framework

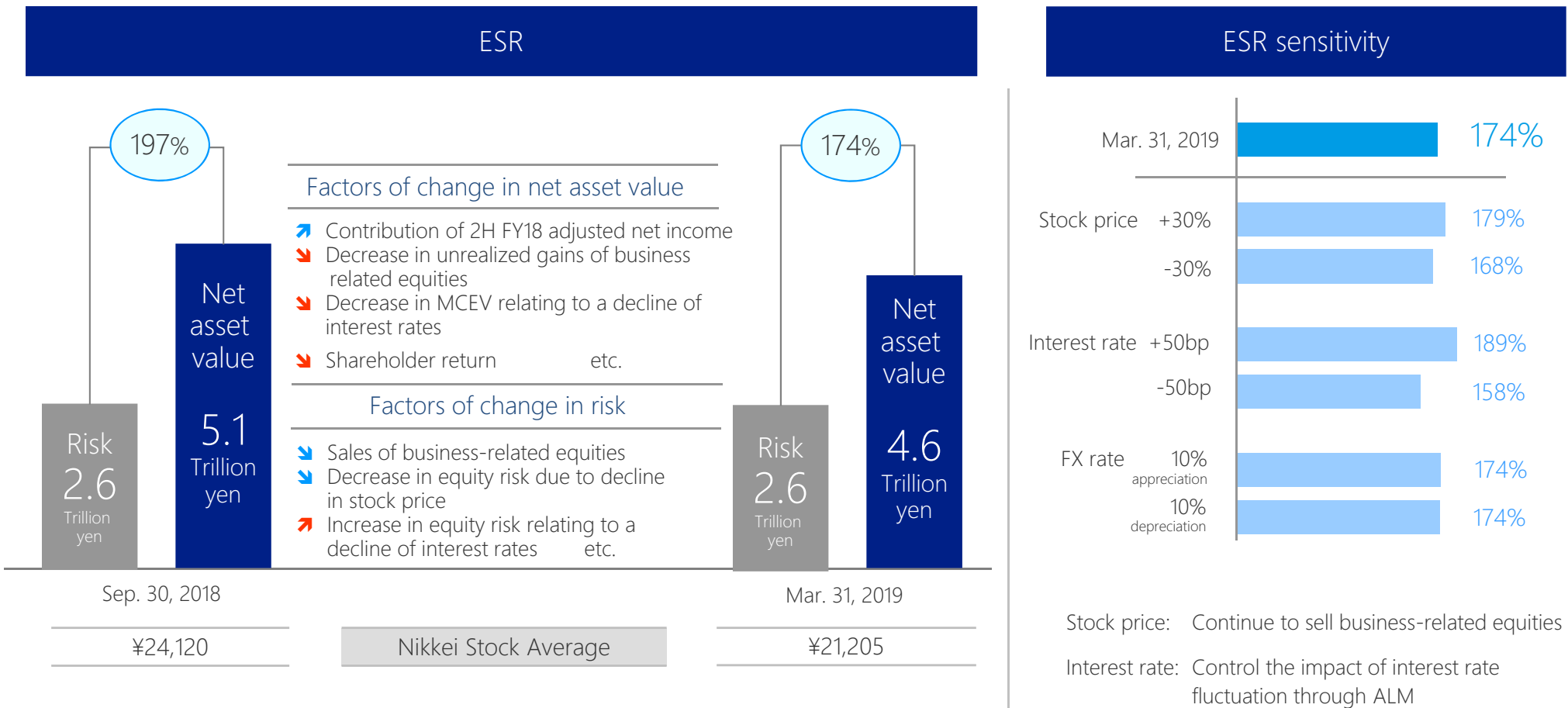
Based on ERM (Enterprise Risk Management), realize profit growth while maintaining financial soundness and strategically allocating capital





# ESR and Sensitivity

- ESR as of Mar. 31, 2019 declined to 174% (within target range) due to a decrease in net asset value and an increase in risk amount owing to decline in Yen interest rates, etc. offsetting positive impact associated with the profit contribution



## (Ref.) Definition of Net Asset Value

Net Asset Value

=

Consolidated net asset on financial accounting basis

+

Liability of capital nature (catastrophe loss reserves, price fluctuation reserves, etc.) (after-tax basis)

-

Goodwill, etc.

-

Planned distribution to shareholders

+

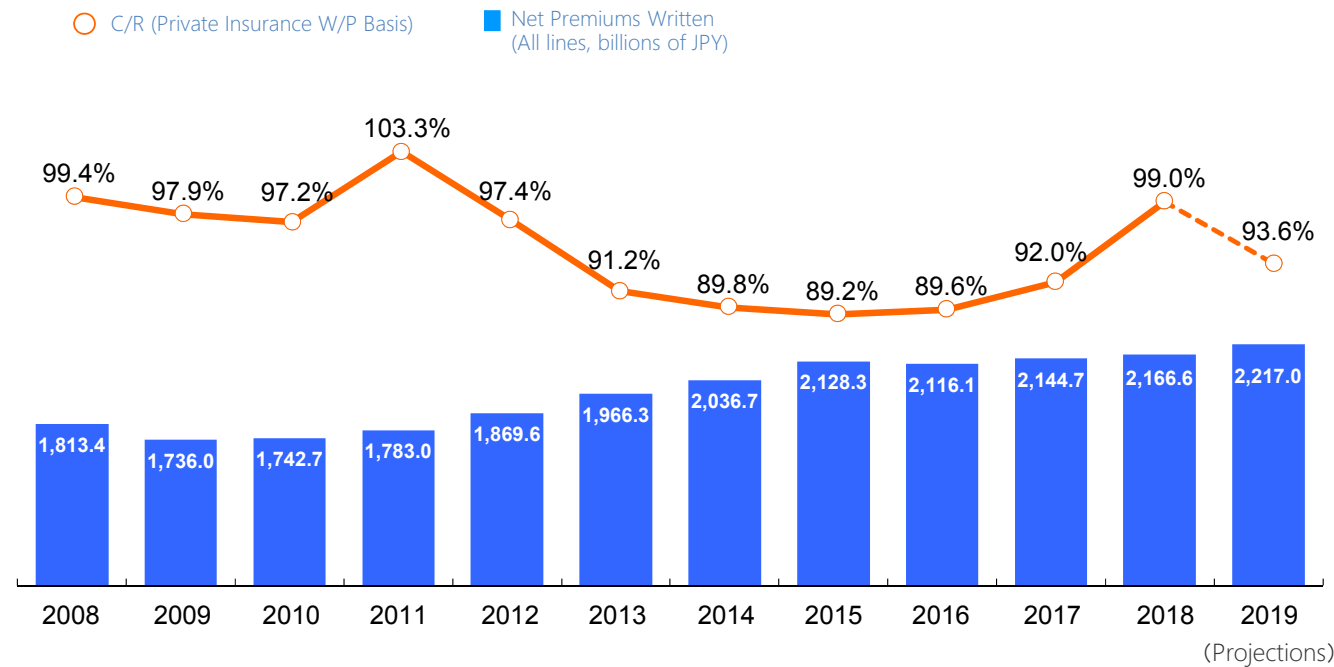
Value of life insurance policies in-force

+

Others

# Basic Information (Domestic Non-Life) - TMNF

## Trend of net premiums written and combined ratio



## Statistics of combined ratio and loss ratio (private insurance E/I Basis)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 Projections
Net E/I C/R*1	99.6%	97.2%	90.6%	92.7%	90.4%	93.9%	102.2%	92.1%
E/I loss ratio	66.8%	65.0%	58.5%	60.1%	57.7%	61.4%	70.0%	59.2%
(Excluding natural catastrophes)	62.8%	60.1%	56.9%	56.0%	54.8%	57.0%	57.3%	56.6%
Expense ratio	32.8%	32.2%	32.2%	32.6%	32.7%	32.5%	32.3%	32.9%

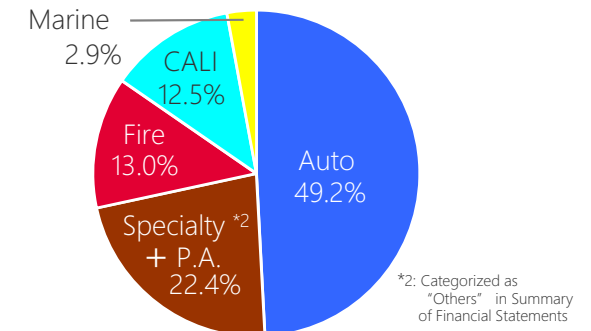
\*1: Net E/I C/R=E/I loss ratio + W/P expense ratio

\*3: Sony, American home, AXA, Mitsui Direct, Saison, SBI, E.design, Sonpo 24  
Source Insurance Statistics (Sonpo Toukeigo)

\*4: Market share of auto insurance: 7.0%

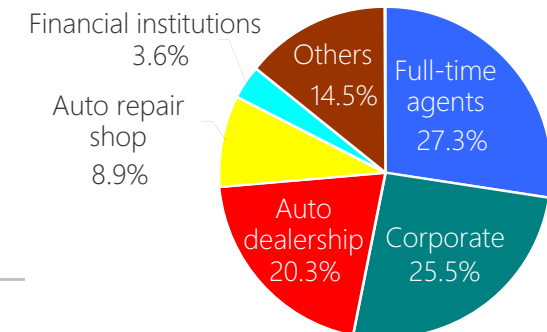
## Premium composition by line

(FY2018 net premiums written basis)



## Premium composition by sales channel

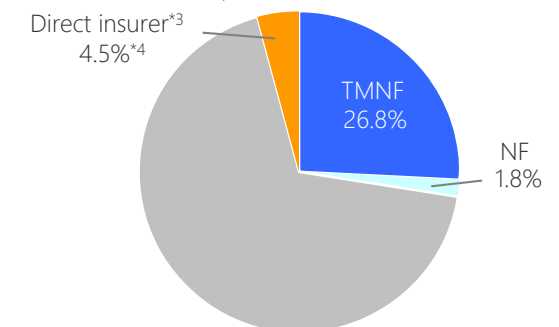
(FY2018 managerial accounting basis)



## Market share

(excluding reinsurance companies)

(FY2017 net premiums written basis)



# Basic Information (Domestic Non-Life) - TMNF

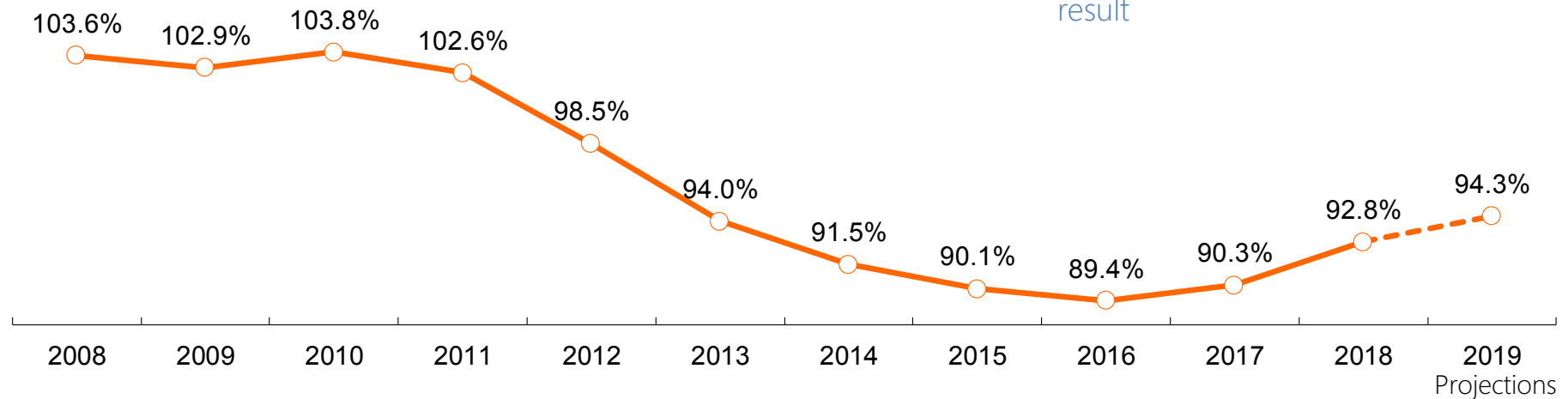
## Trend of underwriting results in auto insurance (W/P basis combined ratio)

### Factors of profitability deterioration

- Increase in senior drivers with high accident frequency
- Decrease in per-policy premiums owing to the progress of the average discount rate under the Grade Rating System
- Increasing trend in unit repair cost

### Measures to improve profitability

- Efforts to decrease business expenses such as operational streamlining
- Product and rate revisions
- Introduction of age-bracket rate plans
- Revisions of the Grade Rating System
- Other measures to improve underwriting result



## Trend of auto insurance policy renewal ratio, E/I basis combined ratio and loss ratio

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 Projections
Policy renewal ratio	95.1%	95.3%	95.6%	95.6%	95.7%	95.9%	95.8%	95.6%	—
Net E/I C/R*	102.9%	100.2%	95.7%	91.6%	91.4%	91.0%	91.8%	93.1%	94.6%
E/I L/R	70.7%	69.4%	65.3%	61.1%	60.5%	60.2%	60.8%	62.3%	62.8%

\*: Net E/I C/R = E/I loss ratio + W/P expense ratio

# Basic Information (Domestic Life) - TMNL Major Products

(Products lineup as of May 2019)

<p>Death insurance (whole life insurance/term insurance/ variable insurance)</p>	 <p>Receive benefits as if receiving monthly salary in times of needs Enhance coverage for inability to work</p> <p>プレミアムシリーズ (Premium Series)</p> <ul style="list-style-type: none"> <li>Household Income Term Insurance NEO (Disability Plan) Plus</li> </ul> <p>In addition to severe disability and death, this product offers monthly benefits in the event of the inability to work or the need for nursing care due to certain illness</p>	 <p>Variable annuities for future asset accumulation while securing coverage in time of needs</p> <ul style="list-style-type: none"> <li>Market Link</li> </ul> <p>Death, severe disability, and maturity insurance amount fluctuate based on the performance results. Ensure security of minimum coverage for death and severe disability insurance amount</p>	 <p>Whole life insurance for longevity in case of death and nursing care</p> <p>プレミアムシリーズ (Premium Series)</p> <ul style="list-style-type: none"> <li>Long-life Support Whole Life Insurance</li> </ul> <p>In addition to severe disability and death, this product benefits in case the policyholder becomes second degree nursing care or above, etc. under the public nursing care insurance system</p>
<p>Medical and cancer insurance</p>	 <p>Medical insurance with lifelong coverage for disease and injury</p> <p>プレミアムシリーズ (Premium Series)</p> <ul style="list-style-type: none"> <li>Medical Kit NEO</li> <li>Medical Kit R</li> </ul> <p>A medical insurance product, which covers hospitalization, surgery and radiation therapy due to illness or injury</p> <p>Product series with "R" function</p>	 <p>Insurance to secure coverage in case of cancer</p> <p>プレミアムシリーズ (Premium Series)</p> <ul style="list-style-type: none"> <li>Cancer Treatment Support Insurance NEO</li> <li>Cancer Insurance R</li> </ul> <p>This product offers diagnosis benefit, etc. to the policyholder</p> <p>Product series with "R" function</p>	 <p>Medical insurance that supports health enhancement which refunds a portion of insurance premiums by walking</p> <p>プレミアムシリーズ (Premium Series)</p> <ul style="list-style-type: none"> <li>Aruku Hoken</li> </ul> <p>Refund a portion of insurance premiums in response to health enhancement activities using sensing technology (wearable device)</p>

\*: Features of product series with "R" function: R (return) function = We return the balance of premiums paid excluding benefits, etc. (refund benefits to health)  
R (reserve) function= We continue to provide lifelong coverage with same premiums at the time of enrollment after paying refund benefits for health

\*: Premium series are living protection products that are unique and include extensive coverage

# Basic Information (International Insurance 1) – FY2019 Projections by regions

Net Premiums Written (billions of JPY)	FY2017	FY2018	FY2019 Projections	YOY	
	Actual	Actual	Original	FY2019 vs FY2018	
				YoY Changes	YoY %
<b>North America<sup>*1</sup></b>	1,047.0	1,107.9	1,147.0	39.0	4%
Philadelphia	359.7	373.0	377.0	3.9	1%
Delphi	252.6	270.7	271.0	0.2	0%
TMHCC	354.7	387.2	418.0	30.7	8%
<b>Europe &amp; Middle East &amp; Africa<sup>*2</sup></b>	166.1	153.2	170.0	16.7	11%
<b>South &amp; Central America</b>	148.0	134.3	139.0	4.6	3%
<b>Asia &amp; Oceania</b>	141.8	149.3	189.0	39.6	27%
<b>Reinsurance<sup>*3</sup></b>	146.2	129.7	-	▲ 129.7	▲ 100%
<b>Total Non-Life<sup>*4</sup></b>	<b>1,649.2</b>	<b>1,674.6</b>	<b>1,654.0</b>	<b>▲ 20.6</b>	<b>▲ 1%</b>
<b>Life</b>	<b>91.7</b>	<b>91.7</b>	<b>100.0</b>	<b>8.2</b>	<b>9%</b>
<b>Total</b>	<b>1,741.0</b>	<b>1,766.3</b>	<b>1,754.0</b>	<b>▲ 12.3</b>	<b>▲ 1%</b>

Business Unit Profits (billions of JPY)	FY2017	FY2018	FY2019 Projections	YOY	
	Actual	Actual	Original	FY2019 vs FY2018	
				YoY Changes	YoY %
<b>North America<sup>*1</sup></b>	159.8	153.0	159.0	5.9	4%
Philadelphia	39.2	43.9	46.0	2.0	5%
Delphi	73.0	58.5	61.0	2.4	4%
TMHCC	45.1	45.3	48.0	2.6	6%
<b>Europe &amp; Middle East &amp; Africa<sup>*2</sup></b>	<b>▲ 17.3</b>	<b>▲ 0.1</b>	<b>7.0</b>	<b>7.1</b>	<b>-</b>
<b>South &amp; Central America</b>	<b>5.0</b>	<b>9.2</b>	<b>6.0</b>	<b>▲ 3.2</b>	<b>▲ 35%</b>
<b>Asia &amp; Oceania</b>	<b>13.7</b>	<b>12.0</b>	<b>12.0</b>	<b>▲ 0.0</b>	<b>▲ 1%</b>
<b>Reinsurance<sup>*3</sup></b>	<b>▲ 16.1</b>	<b>13.0</b>	<b>-</b>	<b>▲ 13.0</b>	<b>▲ 100%</b>
<b>Total Non-Life<sup>*4</sup></b>	<b>144.8</b>	<b>187.8</b>	<b>186.0</b>	<b>▲ 1.8</b>	<b>▲ 1%</b>
<b>Life</b>	<b>6.3</b>	<b>▲ 0.7</b>	<b>3.0</b>	<b>3.7</b>	<b>-</b>
<b>Total<sup>*5</sup></b>	<b>144.1</b>	<b>176.2</b>	<b>177.0</b>	<b>0.7</b>	<b>0%</b>

Applied FX rate	FY2017	FY2018	FY2019 Projections
	Actual	Actual	Original
	As of end-Dec. 2017	As of end-Dec. 2018	As of end-Mar. 2019
USD / JPY	¥113.0	¥111.0	¥110.9
GBP / JPY	¥151.9	¥140.4	¥144.9
Brazilian Real / JPY	¥34.1	¥28.5	¥28.3
Malaysian Ringgit / JPY	¥27.8	¥26.8	¥27.1

\*1: North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

\*2: European & Middle East & Africa figures include North American business of TMK, but not include European and Reinsurance businesses of TMHCC

\*3: Reinsurance figures are those of TMR and other Reinsurance companies

\*4: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

\*5: After adjustment of head office expenses

C/R	FY2017	FY2018	FY2019 Projections
<b>North America<sup>*1</sup></b>	95%	96%	95%
Philadelphia	94%	96%	95%
Delphi	103%	104%	99%
TMHCC	89%	89%	90%
<b>Europe &amp; Middle East &amp; Africa<sup>*2</sup></b>	<b>116%</b>	<b>106%</b>	<b>97%</b>
<b>South &amp; Central America</b>	<b>99%</b>	<b>94%</b>	<b>99%</b>
<b>Asia &amp; Oceania</b>	<b>95%</b>	<b>96%</b>	<b>99%</b>
<b>Reinsurance<sup>*3</sup></b>	<b>121%</b>	<b>91%</b>	<b>-</b>
<b>Total Non-Life<sup>*4</sup></b>	<b>100%</b>	<b>97%</b>	<b>96%</b>
<b>Life</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>100%</b>	<b>97%</b>	<b>96%</b>

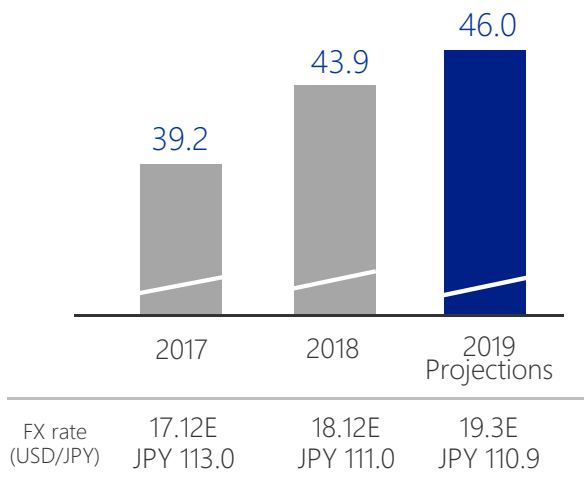


A Member of the Tokio Marine Group

## Business unit profits

2020 Plan CAGR + approx. 5%

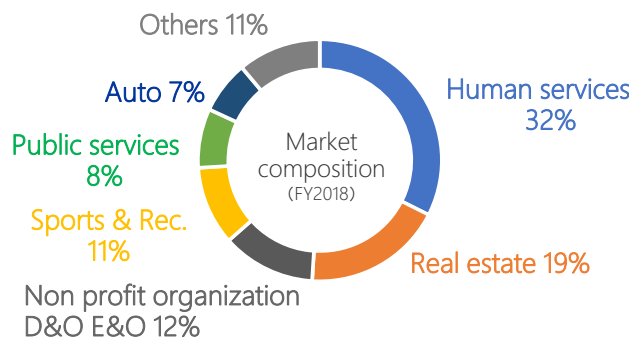
(billions of JPY)



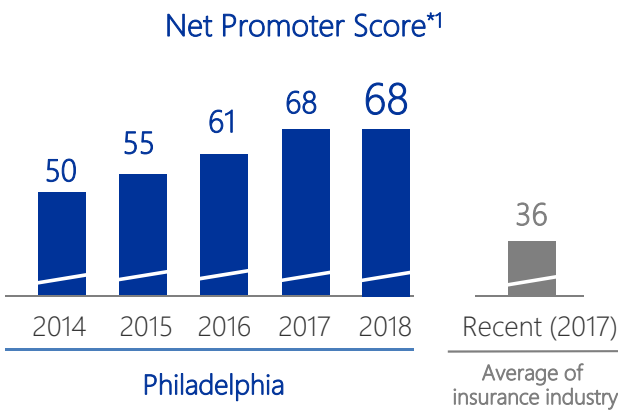
FX rate (USD/JPY)	17.12E	18.12E	19.3E
	JPY 113.0	JPY 111.0	JPY 110.9

## Strategies

### Focus on niche markets



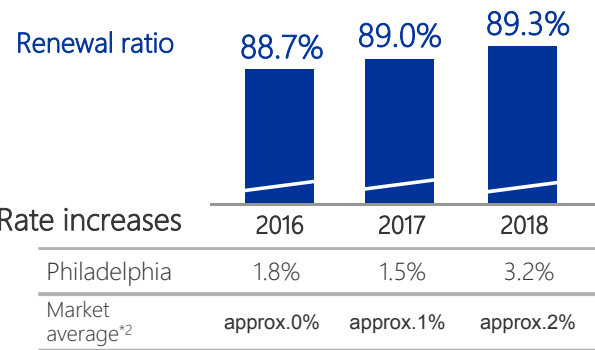
### Strong customer loyalty



\*1: Customer Loyalty: Indicator for knowing customer's intention of continuous use. Also translated as 'customer satisfaction.'

## Results

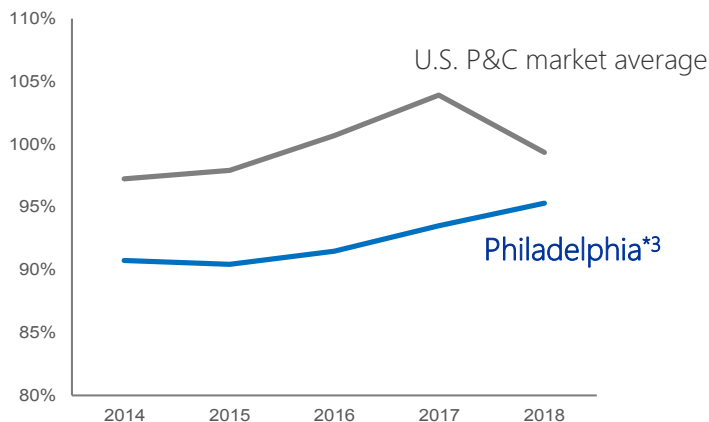
### High renewal ratio and rate increases



Philadelphia	1.8%	1.5%	3.2%
Market average*2	approx.0%	approx.1%	approx.2%

\*2: Source: Willis Towers Watson

### Combined ratio



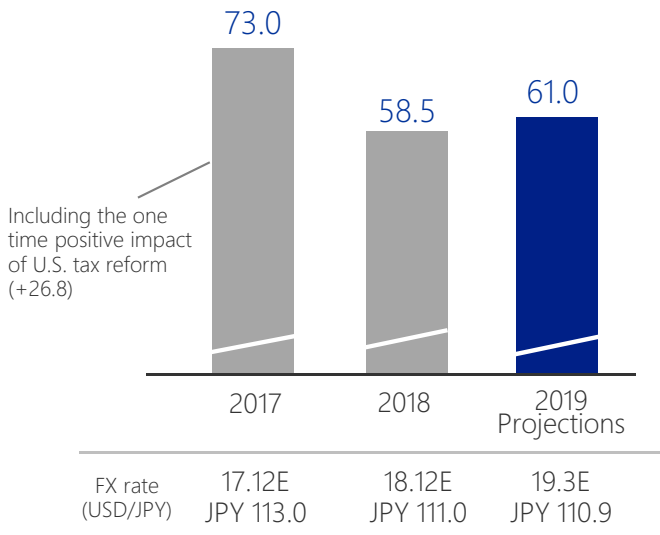
\*3: Local management accounting basis.



Business unit profits

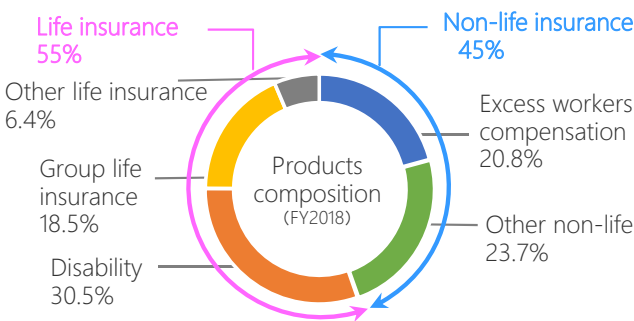
2020 Plan CAGR + approx. 11%

(billions of JPY)

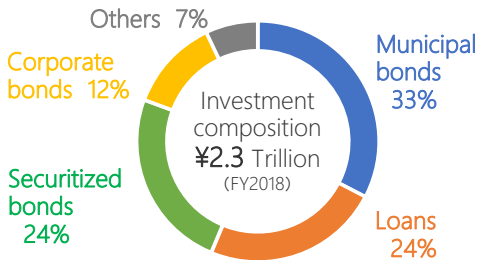


Strategies

■ Strength in employee benefits and retirement products/services



■ Diversified investment portfolio

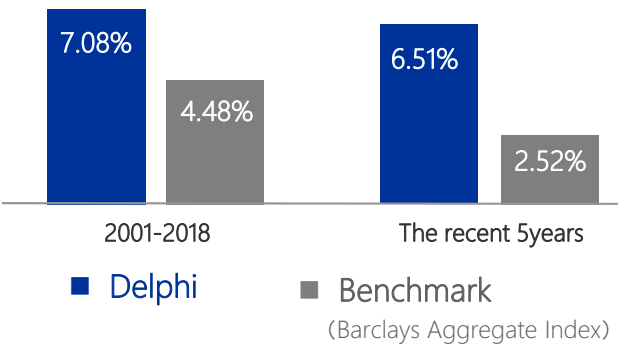


- Abilities of gathering and analyzing information, leveraging its extensive networks such as external investment managers
- Cautiously balance the investment portfolio, reflecting changes in financial environments

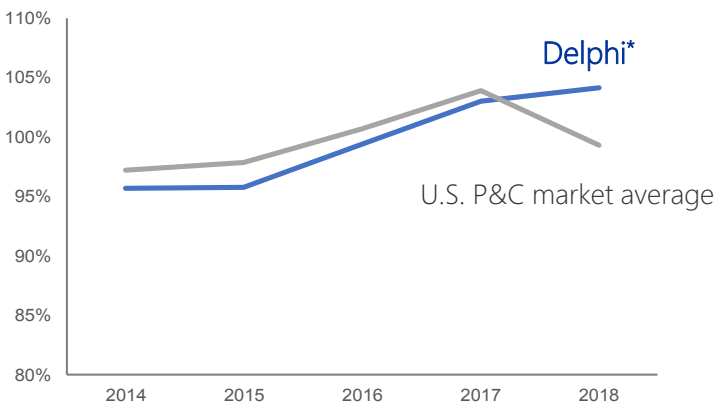
Results

■ High Investment Returns

Average Investment Return



■ Combined ratio



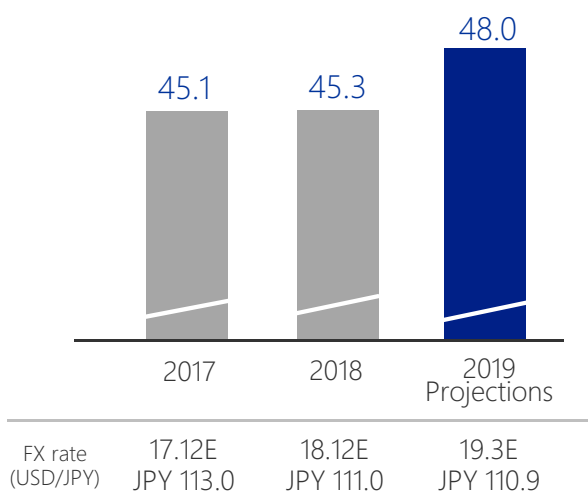
\*: Local management accounting basis.  
Temporarily increase due to reserve provision in 2018.  
C/R for Jan-Mar in 2019 has improved to 98.5%



Business unit profits

2020 Plan CAGR + approx. 7%

(billions of JPY)



Strategies

Bolt-on M&A to reinforce our strengths



- A UK-based insurance agency holdings company
- Provide Professional Indemnity and Employers and Public Liability insurance via online platform

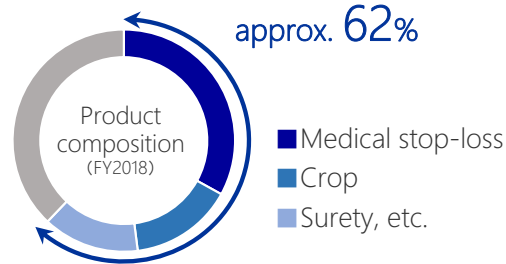


- A US-based Managing General Agent, which mainly offers cyber and professional Indemnity insurance
- Wholly owned in order to capture high profitability and growth potential



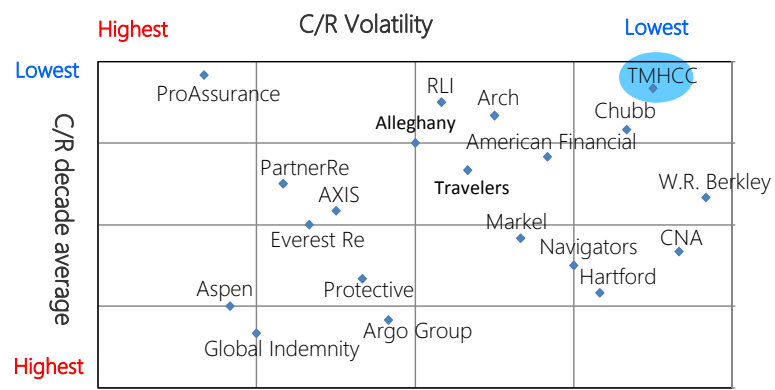
- A US-based Crop Managing General Agent of AmTrust Group
- Aim to improve profitability through the business expansion

Specialty insurance that are less dependent on the P&C market cycles

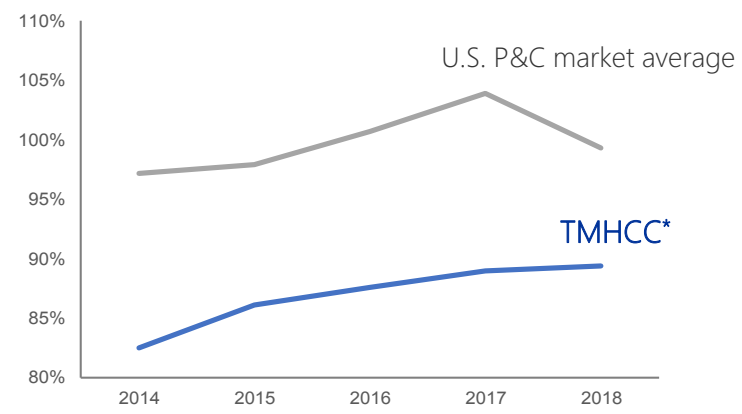


Results

Stable profitability



Combined ratio

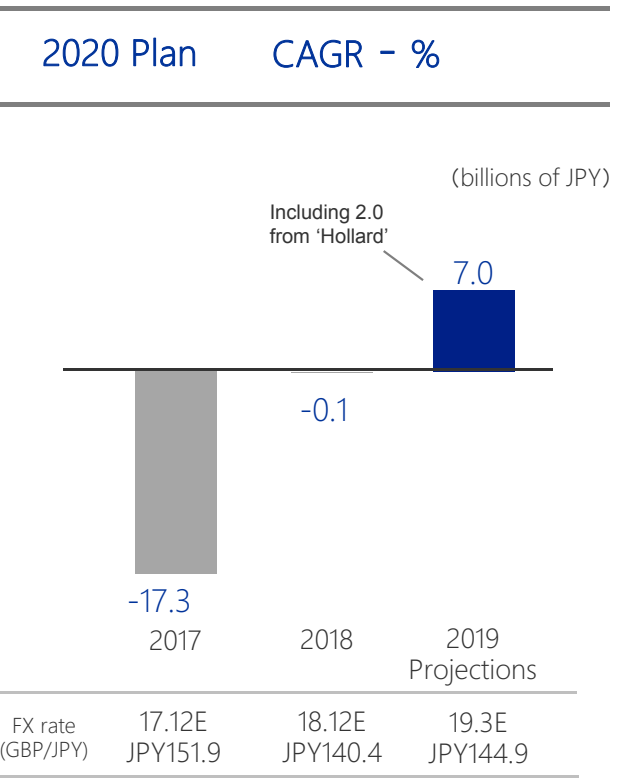


\*: Local management accounting basis.





## Business unit profits



※ Figures above are a total of Europe & Middle East & Africa.

## Strategies

■ Product portfolio to enhance stable profitability

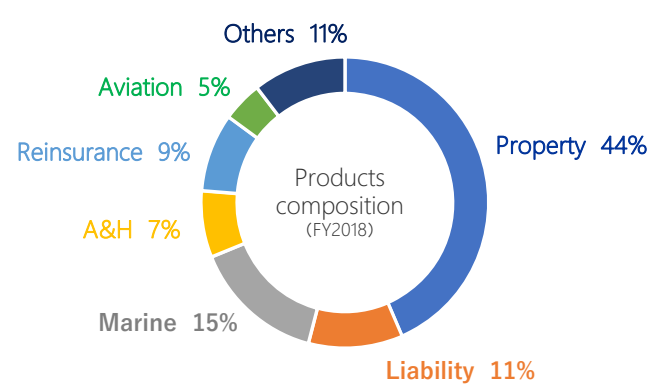
### Growth field

- Profitable U.S. cover holder business
- Our distinctive specialty insurance products such as cyber and intellectual property coverages

### Shrinkage field

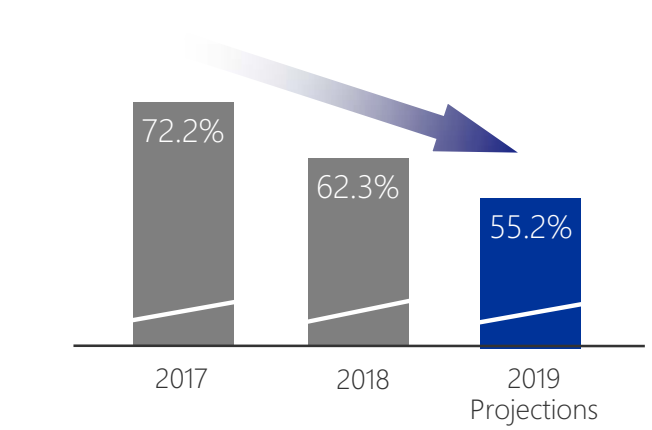
- Review and reduce underwriting of product lines/regions which are difficult to ensure profit in the mid-to-long term

■ Underwriting products in Lloyd's

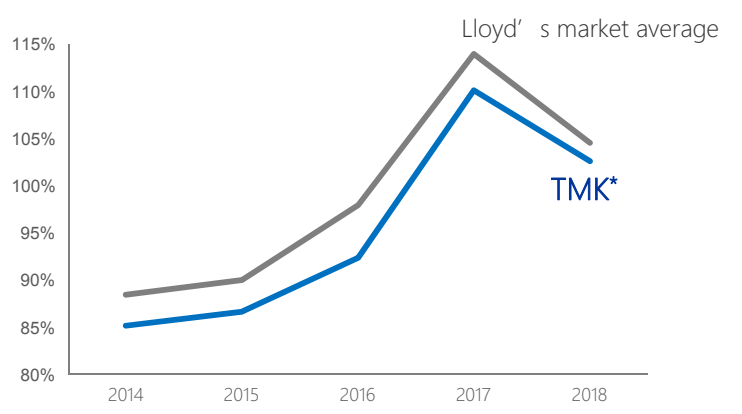


## Results

■ Improving Loss ratio



■ Combined ratio



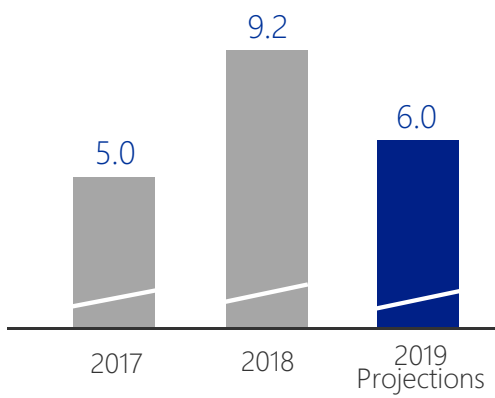
\*: Local management accounting basis



## Business unit profits

2020 Plan CAGR + approx. 8%

(billions of JPY)

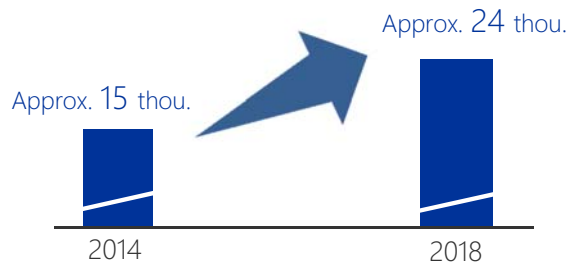


FX rate (BRL/JPY)	17.12E	18.12E	19.3E
	JPY 34.1	JPY 28.5	JPY 28.3

※Some figures above include Mexico's results.

## Strategies

### ■ Expanding the number of brokers



- Provide systems and contact centers to support sales activities of brokers

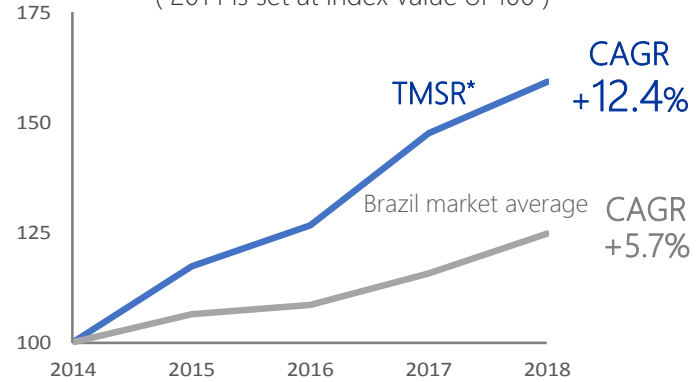
### ■ Product & Service strategies

- Realize growth with profitability by flexibly adjusting premium rates
- Utilize wireless technology to reduce theft risk and develop specialized products
- Enhance service quality by providing in-house contact center of road assistance service

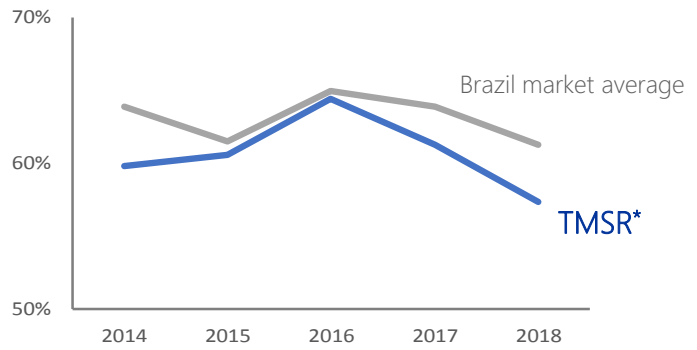
## Results

### ■ Growth exceeding the market

Growth rate of Gross Premium (2014 is set at index value of 100)



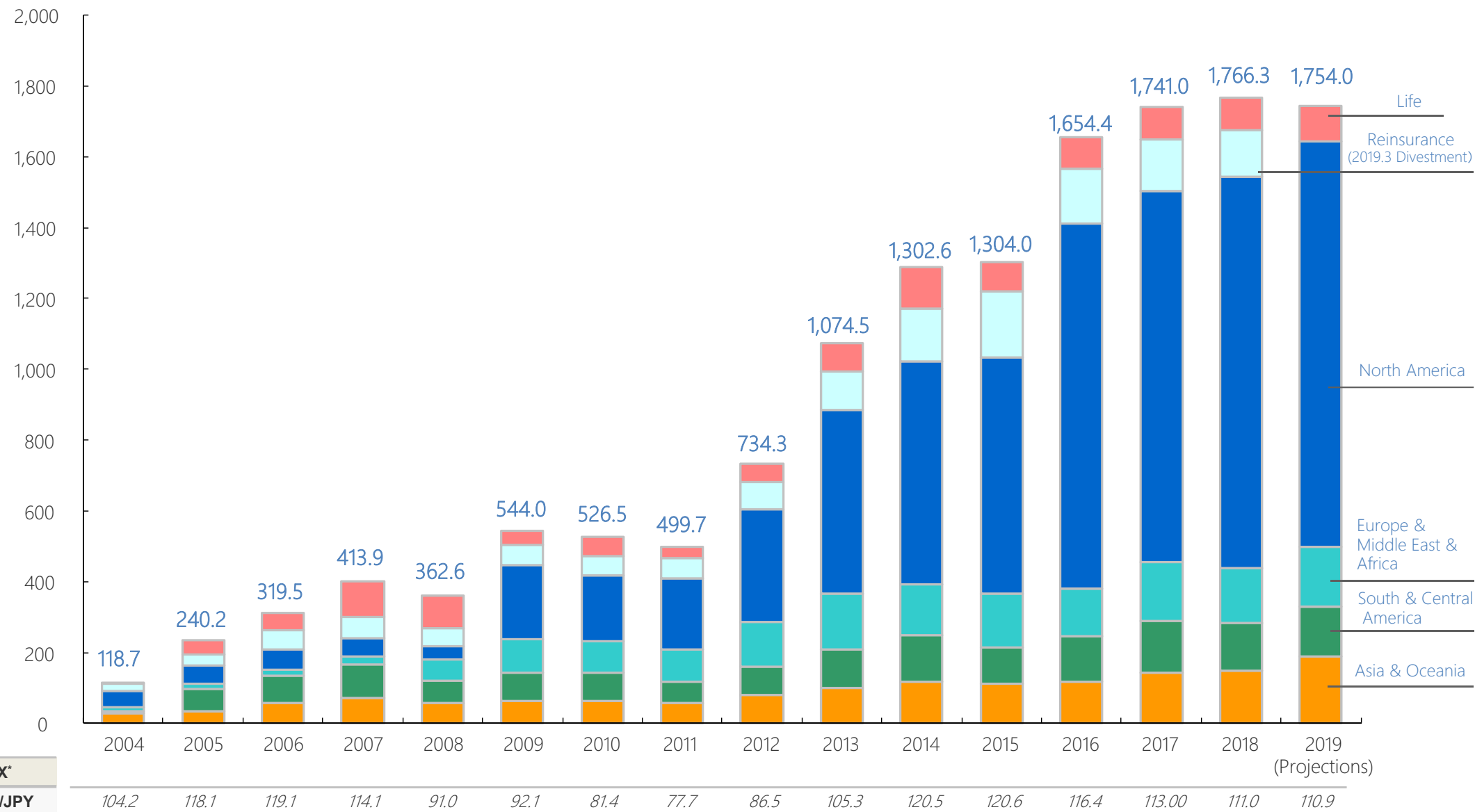
### ■ Stable performance of Auto Loss Ratio



\*: Local management accounting basis.

# Basic Information (International Insurance 3) – Net Premiums Written

● Net premiums written in international insurance business (billions of JPY)



\*: FX rates are as of Dec. 31 of each year.  
(FX rate for FY2019 Projections is as of end-Mar, 2019)

# Group Asset Management

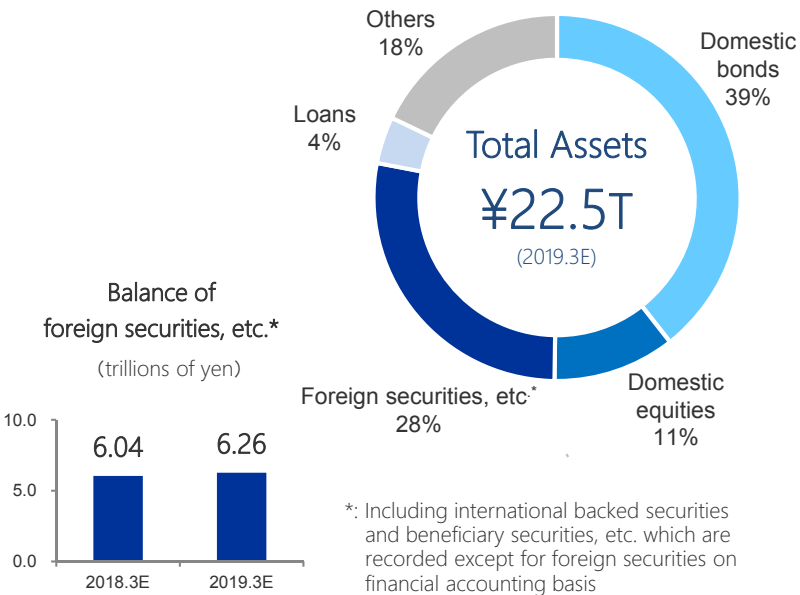
- Secure long term and stable investment income under the policy based on the characteristics of insurance liabilities with ALM at the core as well as strengthen investment structure across the Group

Steady accumulation of overseas assets based on the policy reflecting the characteristics of insurance liabilities

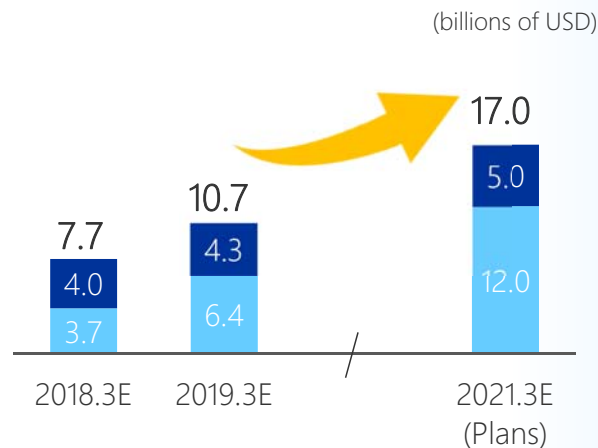
Investment synergy with Delphi

Maintain stable yield

Asset composition of TMHD (Consolidated)

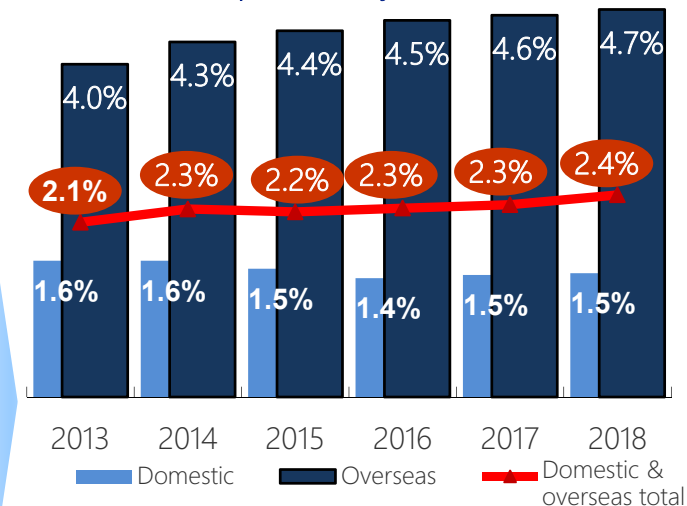


AUM in Delphi (excluding Delphi's own AUM)

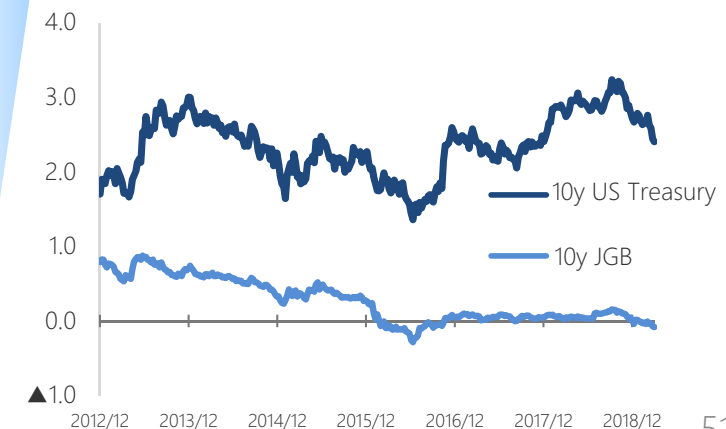


Domestic subsidiaries: TMNF, TMNL, NF  
Overseas subsidiaries: Philadelphia, Tokio Millennium Re, TMHCC, TMAIC

Group income yield



(Ref.) Open market rate



## Decision-making across the Group and strengthening of corporate functions

Aligned Group operating structure under the Group Co-CIOs

- ✓ Prompt and effective decision making on issues across the Group and domestic/overseas challenges
- ✓ Discussion on asset management strategy and market analysis, etc. at the global investment strategy committee



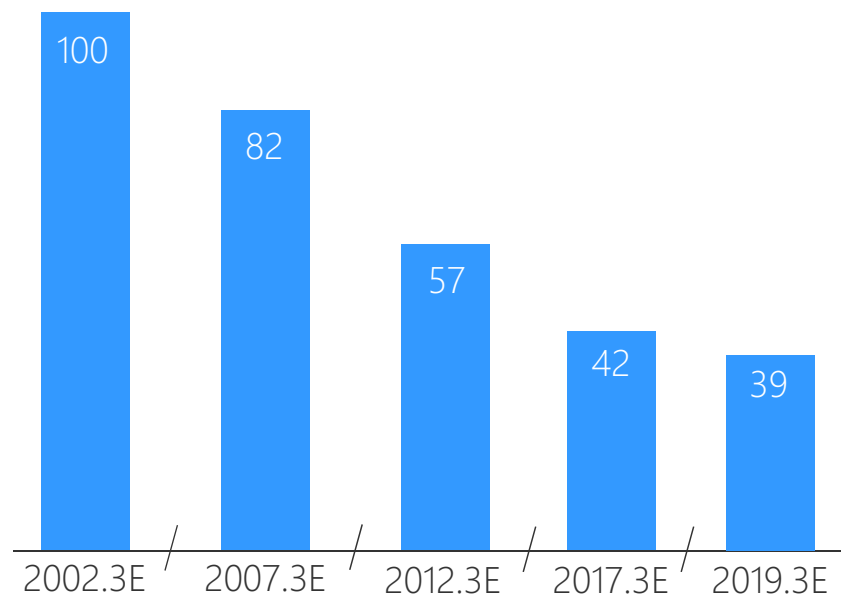
Hirokazu Fujita Donald Sherman

## Ongoing efforts to reduce business-related equities

- Book value of business-related equities declined to 39% from Mar. 31, 2002 through steady action
- Sold total amount of approx. ¥2.1 trillion yen\*<sup>1</sup> since FY2002
- In this mid-term business plan, we will also plan to sell ¥100 billion or more a year

\*1: Market price at the time of sale

### Book value of business-related equities\*<sup>2</sup>



\*2: Figure at 2002.3E is set at index value of 100

### Sales amount









- Previous mid-term business plan (2015-2017)  
Plan : Sell ¥100.0bn or more every year  
Results: Sold ¥100.0bn or more every year

FY	Sales amount
2015	¥122.0bn
2016	¥117.0bn
2017	¥108.0bn
3 years total	¥347.0bn

- Mid-term business plan (2018-2020)  
Plan: Continue to sell ¥100.0bn or more every year  
Results: Sold ¥107.0bn in FY2018

# Initiatives of Digital Strategy

Based on 3 concepts which are “Mission Driven” , “Fusion of people’ s power and technologies” and “Global Digital Synergies” , pursue new values through collaboration with our diverse partners

	Partners	Major Initiatives
Expand Customer Touch Points	 	<ul style="list-style-type: none"> <li>□ AI based insurance recommendation</li> <li>□ Explore full digitization of insurance process</li> </ul> <ul style="list-style-type: none"> <li>□ Provide high CX insurance purchase system on EC websites</li> </ul>
Enhance Claims Service	  	<ul style="list-style-type: none"> <li>□ Make quick judges of claims payment and automatize claims response by using data analysis and AI technology</li> </ul> <ul style="list-style-type: none"> <li>□ Realize prompt claims payment by using AI and satellites to specify the flooded area</li> </ul> <ul style="list-style-type: none"> <li>□ Consider to use big data analytics and AI technologies for claims service</li> <li>□ Consider to develop next generation products and services for autonomous driving age</li> </ul>
Drive R&D	  	<ul style="list-style-type: none"> <li>□ Predict employee absenteeism risks by using data analytics technologies</li> <li>□ Expand services to support company’ s health &amp; productivity management</li> </ul> <ul style="list-style-type: none"> <li>□ Develop a new products/services for diabetic patients that accounts for 10% of the population in India</li> </ul>

# ESG (Sustainably Enhancing Corporate Value) - External Evaluation -

- Tokio Marine Group has promoted ESG (Environment, Social, and Governance) through business activities, etc. and acquired high recognitions and got commendations in Japan and overseas

## SRI/ESG indices including Tokio Marine Group

 <p>2018 Constituent MSCI Japan ESG Select Leaders Index</p>	 <p><b>ROBECOSAM</b> Sustainability Award Bronze Class 2018</p>	 <p>FTSE4Good</p>	 <p>FTSE Blossom Japan</p>
 <p>2018 Constituent MSCI Japan Empowering Women Index (WIN)</p>	<p>MEMBER OF</p> <p><b>Dow Jones</b> Sustainability Indices</p>	 <p>ETHISPER SUSTAINABILITY INDEX EXCELLENCE Global</p>	 <p>MS-SRI</p>

## Japan



- Five Group companies and we received recognition under the 2019 Certified Health and Productivity Management Outstanding Organizations Recognition Program in the large enterprise category (white 500) “, and also we are selected as a “2019 Health & Productivity Stock”



- Selected as a "Nadeshiko Brand" in FY2018, following FY2013, FY2015 and FY2017



- Received “Best Resilience Award” and “Excellent Resilience Award” at the Japan Resilience Award 2019



- Received Ministerial Commendation as Model Example of Financial Institution Initiatives for Revitalizing Regional Economies for 3 consecutive years

## Overseas

- Overseas Group companies were awarded :
  - “Best Places to Work in Insurance” in the U.S.
  - “Best Workplaces for Women” in Brazil



## Disclosure



- “Sustainability Report 2018” won “Excellent Sustainability Report Award of the 22nd Environmental Communication awards” as a excellent environmental report



- Our IR site received high evaluations from external institutions





# ESG (Sustainably Enhancing Corporate Value) - Promoting ESG -


- Participate in international initiatives and conduct surveys, researches, and proposal making activities in order to contribute to a safe, secure and sustainable future
- Also, actively work on SDGs and contribute to the resolution of social issues by taking advantage of the expertise of insurance and risk consulting

## Our Group's Initiatives



**UN Global Compact**

- Signed and expressed support for the UNGC in 2005
- Participated in "Training for Tomorrow's Management", "SDGs Working Group", and "Disaster Risk Reduction Working Group " in FY2018




**Principle for Responsible Investment**

- Our Group companies, Tokio Marine & Nichido, Tokio Marine Asset Management and Tokio Marine Capital agreed with PRI and signed the principles



**United Nations Environment Programme(UNEP)/ Finance Initiative**

- Participated in the insurance committee as a representative director of Asia region
- In Dec. 2017, UNEP FI Asia Pacific Roundtable was held in Tokyo. Participated in the conference focusing on task force on Climate-related Financial Disclosures (TCFD) and insurance



**Principles for Sustainable Insurance**

- Signed in 2012 as a drafting committee member
- Joined in PSI TCFD Insurer Pilot Working Group from FY2018

<p>Principles For Financial Action for the 21<sup>st</sup> century</p>  <p>Japan Sustainable Investment Forum</p> 	<p>UNISDR Private Sector Alliance for Disaster Resilient Societies</p>  <p>The Geneva Association</p> 	<p>ClimateWise</p>  <p>Asia-Pacific Financial Forum</p> 	<p>CDP</p>  <p>Task Force on Climate-related Financial Disclosure</p> 	<p>IDF</p>  <p>Forum for Integrated Corporate Disclosure and ESG Dialogue</p> 	<p>Eco First</p>  <p>COOL CHOICE</p> 
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# ESG (Sustainably Enhancing Corporate Value) - Environment -

- Actively contribute to environmental protection, biodiversity preservation, and creation of environmental values through our business

## Examples of our approaches to environment

### ■ Creating a green society through insurance business

- Provide drone insurance to encourage broad use of drone that are environmental friendly
- Provide special insurance and services for solar power / geothermal power generation companies to contribute to the broader adoption of clean energy
- Contribute to the protection of natural environment by offering Environmental liability Insurance
- Promote web-based insurance contracts (clauses) and omission of issuing insurance policies



### ■ Creating a green society through financial business

- Provide funds\* that invest in renewable energy generation facilities to facilitate the introduction of clean energy
- Offer “Low-carbon Japanese Equity Fund” comprising shares of corporations, actively reducing CO<sub>2</sub> emissions

Performance of  
the renewable energy fund\*  
(as of the end of Mar. 2019)

The amount of commitment:

approx. **¥52.0** bn

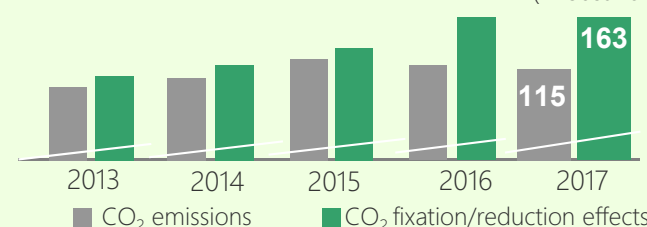
Constructions: **42** Plants

\*: TM Japan solar energy fund 2012, 2013, 2014,  
TM Japan renewable energy fund 2017

### ■ Initiatives to reduce environmental footprint

- Achieve “carbon neutral” through planting mangroves and utilizing natural energy as well as working proactively to reduce CO<sub>2</sub> emissions

“Carbon neutral” for 5 consecutive years”  
(Thousand tons)



## Contribution to sustainable environment

# ESG (Sustainably Enhancing Corporate Value) - Social -

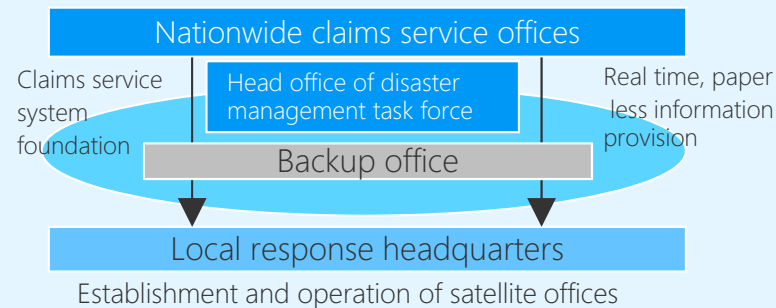
- Contribute to solve social issues by providing safety and security to customers and society through our business

## Examples of our approaches to society

### Response to large natural disasters

- Stay close to our customers in times of need and support the reconstruction of disaster areas and livelihoods
- Build a structure to concentrate on responding to victims in order to provide the earliest possible claims payment as "safety"

<Claims service structure set up after large natural disasters>



### Providing insurance products for tackling social issues

- Developed the industry's first cover that responds to the improvement of autonomous driving system
- Offer services utilizing our original drive recorder device aiming for a safe and secure car life
- Contribute to the development of agriculture and resolution of poverty problems by providing a low-cost product for farmers in India
- Support customer health improvement by *Aruku Hoken*



Accident assessment



Head office of disaster management task force



Loading relief supplies onto a truck



Check on the damage situation of customers



Contribute to solve social issues through business

# ESG (Sustainably Enhancing Corporate Value) - Social -

## Examples of our approaches to society

### ■ Promoting health & productivity management

- Implement PDCA steadily in the aim of employees' health promotion, revitalizing organization, and enhancing corporate value.
- Support our customers' health & productivity management by leveraging the know-how accumulated in the Group

### ■ Support regional revitalization

- Support to stabilize SME businesses through local governments, chambers of commerce, commerce and industry association, etc.
- Active support to both inbound business and overseas expansion of local companies

### ■ Promotion of active and equal participation

- Develop various systems that will promote active and equal participation and provide chances for female employees
- Appoint female managers and develop management candidates

### ■ Realization of an inclusive society / Development of future generations

- Conduct Disaster Prevention Lessons and seminars to enhance disaster mitigation awareness
- Hold Dementia Supporters Training Programs and provide covers that support people with dementia
- Support the Japanese Para-Sports Association, the Japan Inclusive Football Federation, and the Special Olympics Nippon

#### Health & productivity management supporting companies

FY2018 approx. **1,000** companies

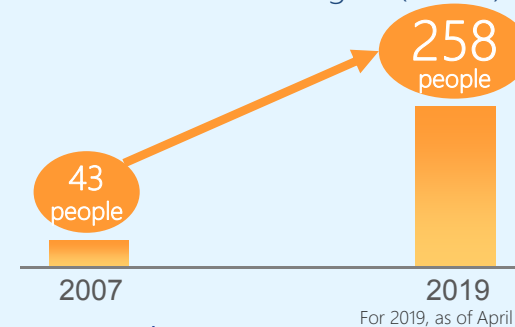
\*: Based on our survey

#### Companies TMNF assisted the formulation of BCPs

A cumulative total of  
approx. **1,500** companies

\*: FY2016-FY2017 (Based on our survey)

#### Trend of female managers (TMNF)



#### TMNF

Support Tokyo 2020 as a Gold Partner (non-life insurance) of Olympic and Paralympic Games Tokyo 2020



TOKYO 2020



TOKIO MARINE  
NICHIDO



TOKYO 2020  
PARALYMPIC GAMES

Tokyo 2020 Gold Partner (Non-life Insurance)

Contribute to solve social issues through business

# ESG (Sustainably Enhancing Corporate Value) - Governance -

- In April 2016, globalized and strengthened Group management system by establishing Group Chief Officer positions and committees as well as strengthening those functions
- Involvement of top management at overseas subsidiaries in solving Group management issues with their expertise
- More focus by the Group CEO on Group management and promote initiatives for spreading Group culture

## Globalize and Strengthen



**Group CEO / CCO**  
Chief Culture Officer

- Focus on the Group management
- Initiatives for spreading our Group culture

Group chief officers	Dept. in charge
CFO Financial	Corporate Planning
CRO Risk	Risk Management
CSSO Strategy and Synergy	Strategy and Synergy
CDO Digital	Strategy and Synergy
CRSO Retention Strategy	Global Retention Strategy
CIO Investment	Financial Planning
CHRO Human Resources	Human Resources
CWO Wellness	Human Resources
CITO Information Technology	IT Planning
CISO Information Security	IT Planning

### Committees

Top management both in Japan and overseas discuss various Group management issues

- ERM Committee
- International Executive Committee (IEC)
- Global Retention Strategy Committee (GRSC)
- Global Investment Strategy Committee (GISC)
- Global Information Technology Committee (GITC)

## Maximize the Group's comprehensive capabilities

Domestic Non-life
Domestic Life
International Insurance
Financial and General

- Create synergies across the group and roll out best practice
- Converge knowledge of the Group to solve issues across the Group
- Involvement in the Group management by overseas talent



# ESG (Sustainably Enhancing Corporate Value) - Governance -

- Strengthen global governance through promoting diversity and spreading core identity

## Diversity

### ■ Globalized and strengthened Group Chief Officer positions

- International top management has taken the posts of Group Co-CRSO and Group Co-CIO since April 2016
- Established Group CCO, CSSO, CDO, CISO, and CWO



CRSO and Co-CRSO lead underwriting/retention strategy



CIO and Co-CIO lead asset management

### ■ Enhancement of committees

- Realize optimal decision-making while considering from multiple perspectives by utilizing experts in Tokio Marine Group



## Establish a strong governance

## Core identity

### ■ Spreading "To Be a Good Company"

- Group CEO conducted townhall meetings with Group employees in Japan and overseas
- Further strengthen the Group governance by promoting the penetration of our Group culture through the meetings



Townhall meeting in Malaysia

The culture & value survey  
(75% of approx. 40,000 employees answered)

Passion toward the Group

**4.1** points out of 5

(Being proud of working for  
Tokio Marine Group)

# Impact of FX Rate Change on the Group's Financial Results

## ● Impact of 1 yen appreciation\*1 (compared with the original projections)

### Impact on net income on financial accounting basis\*2

■ Decrease in profit from overseas subsidiaries:	approx. - ¥ 1.0bn
▢ Decrease in profit from local subsidiaries	
▢ Decrease in amortization of intangible fixed assets and goodwill	
■ Change in foreign currency denominated outstanding claims reserves and derivatives at TMNF:	approx. + ¥1.2bn
<b>Total:</b>	<b>approx. + ¥0.2bn</b>

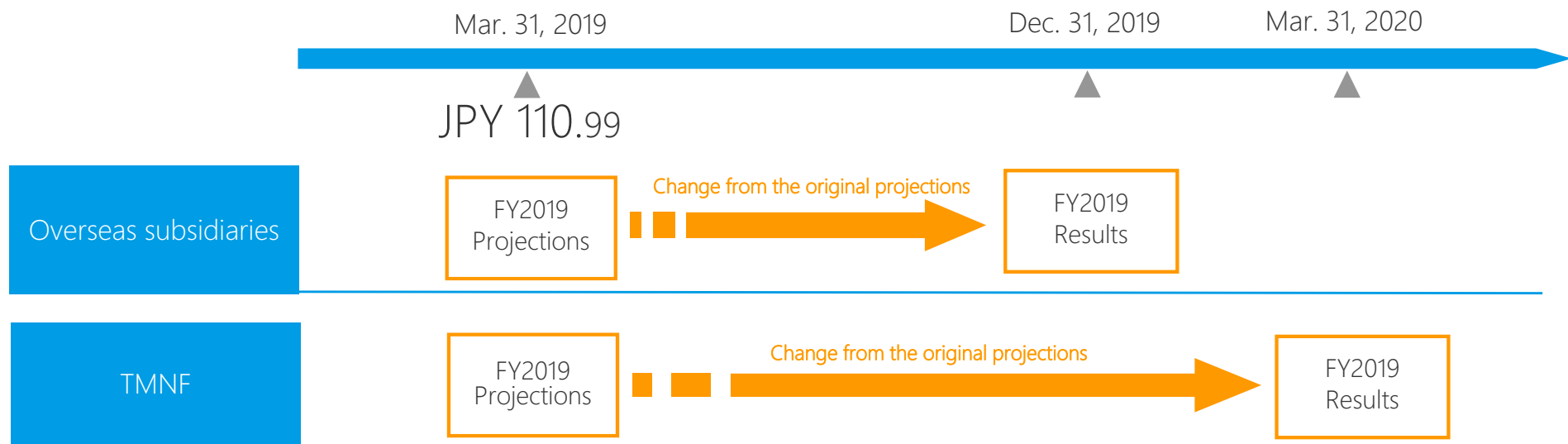
### Impact on adjusted net income\*2

■ Decrease in profit from overseas subsidiaries:	approx. - ¥1.7bn
(Of factors stated in the left column, amortization of intangible fixed assets and goodwill has no impact because it is added back to adjusted net income)	
■ Change in foreign currency denominated outstanding claims reserves and derivatives at TMNF:	approx. + ¥1.2bn
<b>Total:</b>	<b>approx. - ¥0.5bn</b>

\*1 : Assuming that the FX rate for each currency changes by the same ratio as USD

\*2 : Impact on the FY2019 projections, after tax basis

## ● Reference: applied FX rate (USD/JPY)



# MEMO

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