

We always aspire to be a “Good Company,” trusted by our customers and society in their times of need as a truly global insurance group.



Reflections on my first year

Whatever happens, we'll always be there for our customers and society

First, I would like to extend my heartfelt sympathies to all those affected by COVID-19 and natural disasters.

My first year in this position has been a turbulent one. Large-scale natural disasters affected significant portions of Japan's population for a second year in a row. Moreover, since the beginning of this year, COVID-19 has snowballed into a pandemic that is still claiming precious lives everywhere on Earth. The Olympic Games and other events have been postponed or cancelled and global economic activity has slowed to a crawl. Indeed, COVID-19's scale of devastation is being compared to the Great Depression of 1929. To make matters worse, July brought extreme rainfall to Kyushu and other areas.

Insurance is a business that underwrites risk and supports customers and society in times of need. Under no circumstances can we allow the foundations of our business to be shaken. A top priority of mine, therefore, is to further build on geographic, business, and product diversification. The aforementioned natural disasters and COVID-19 pandemic have only reinforced this belief.

The Group has spent some 15 years working toward risk diversification by expanding in its business overseas where there is a low correlation with natural disasters in Japan. In fiscal 2019, we acquired the PURE Group, which has posted industry-topping growth in the U.S. high-net-worth market. In Brazil, meanwhile, we have reached agreement with Caixa Group, Brazil state-owned largest mortgage lender, to launch a joint venture insurance company.

Ongoing interaction with our customers, society, shareholders and employees is very important to me. Since my appointment, I have spared no effort to engage stakeholders about the issues facing the Group, our vision, and my own views. There is still room to improve and I promise to create many more opportunities for dialogue going forward.

Tokio Marine Group's competitive advantages, strengths, and purpose

Building a well-diversified business model through M&A

Tokio Marine Group's greatest competitive advantage is its well-diversified business model. As the founding company of our Group, Tokio Marine & Nichido, Japan's largest insurance company, has continuously expanded its market share, while generating stable earnings by carefully tailoring products and services to customers' evolving needs.

Our international business outside of Japan accounts for 50%^{*1} of the Group's profits. Across the developed countries, we have established a strong specialty insurance^{*2} business platform. In the U.S., the world's largest market for insurance, we are among the top-10 corporate insurance provider, and lead the market specialty insurance.

Regarding emerging markets, we target regions of large market size and high growth potential to strategically capture that growth and geographically diversify risk. In February 2020, we launched Tokio Marine Safety Insurance (Thailand), the third largest player in Southeast Asia's richest insurance market. The new entity was formed by integrating Safety Insurance PCL, acquired in fiscal 2018, with our Thai subsidiary. In Brazil TMSR has grown to generate annual profits in the bracket of ¥10 billion and above.

These competitive advantages were driven by Group's M&A activities, whereby our disciplined execution is a strength of its own. In evaluating M&A opportunities we look for (1) cultural fit, (2) high profitability and (3) a solid business model. We target only companies that satisfy all three criteria.

Cultural fit is the most critical. Does the prospective M&A partner share our Group purpose of supporting customers and society in times of need through its business? High profitability and a solid business model in respective regions and markets alone are not, in our view, enough. These must be underpinned by a purpose, a *raison d'être*, that meshes with our own.

A shared purpose nurtures mutual respect and

learning, regardless of differences in regional focus, markets or business model. It lets partners smoothly exchange expertise and experience for the benefit of customers and society.

By optimally allocating talent in Japan and overseas, and putting such expertise and ideas at the core of Group strategy, we boost Group-wide growth potential and performance. The synergy of a highly specialized talent pool and Group's collective strength create a powerful competitive advantage.

*1. Excluding the effects of natural disasters and COVID-19
*2. Specialty insurance provided to companies, such as liability insurance and medical insurance, rather than general auto and fire insurance.

Supporting society with our core identity "To Be a Good Company"

These are volatile, uncertain, complex and ambiguous times. COVID-19 has compounded society's existing uncertainty regarding the future. Around the world, people are increasingly concerned about the sustainability of society and their future safety and security. I feel that this has led to a renewed questioning of the purpose of corporate existence.

In recent years, there have been calls for a shift to "multi-stakeholder capitalism." This has been our philosophy since our founding, as we have made it our purpose to support our customers and society in times of need. This will never change over time.

Providing all our stakeholders with all the value they seek is hardly a simple task, but we will never stop trying. The status quo is not an option; we must constantly seek improvement. Our core identity "To Be a Good Company" is embraced by the entire Group.

The experience of the Great East Japan Earthquake of March 2011 reinforced this core identity. At the time, I headed the Personal Lines Marketing Department for our retail business and arrived in Sendai a week after the disaster. When I saw how the tsunami had devastated the coast and reduced whole towns to rubble, I was at a loss for words. I reported the situation to management, knowing that we were in for a long battle. The president at the time decided that such unprecedented circumstances called for outside-the-box thinking to settle 80% of claims, about 180,000 cases, by the end of May to help those who were affected by the disaster. This meant paying out vast sums in a period of less than two months.

Frankly, I was impressed by the way our

employees and agents rose to the task. Going beyond the call of duty, everyone joined together to address the enormous challenge. They worked night and day, united in their mission of delivering on our promise to the victims as soon as possible.

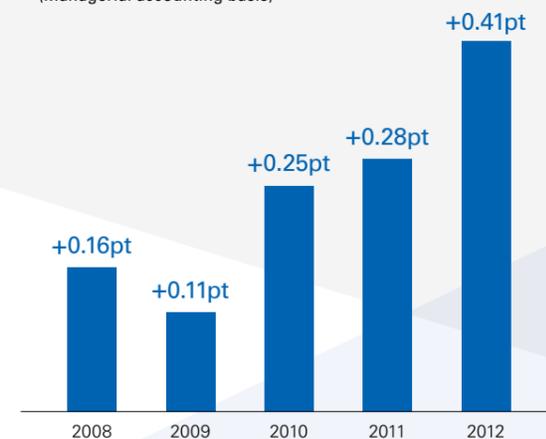
What motivated and inspired us in the face of adversity was the desire to support the communities we serve and be of service to others. From all over Japan our employees volunteered to come and help out, while the remaining workers filled in for those who came. Needless to say, selling insurance was not on our minds. We had our hands full just helping customers in their time of need.

By quickly satisfying these massive claims we earned an extra measure of support from our customers, which led to a significant increase in our market share. Timely insurance payouts in the event of accidents and disasters boost customer confidence and give people fortitude to face the future.

We take pride in supporting our customers and society to the fullest through valorous teamwork. As a result, we keep growing. This is what drives our group.

Our group-wide sense of unified purpose extends beyond national and geographical boundaries. The year before last, when Japan was hit by one of the largest natural disasters ever, the CEOs of our overseas Group companies contacted us immediately, asking how they could help. In the face of repeated hurricane damage in the U.S. in 2017, we kept communication channels open at multiple levels. This kind of

Tokio Marine & Nichido market share growth before and after the 2011 earthquake
(Managerial accounting basis)



solidarity comes naturally to our group, both at home and internationally.

For strong and healthy collaboration among global group companies, I, as CEO and CCO (Chief Culture Officer), assign great value to dialogue with our executives and employees in Japan and abroad. I prod everyone to discuss issues thoroughly; there can never be too much communication.

Through communication, I share with the management team and with all employees the meaning and value of being part of Tokio Marine Group. They, in turn, take pride in contributing to customers and society as a team so that we will be chosen again and again, which leads to more profits and higher corporate value.

Through this virtuous cycle, the Group will provide more value to all stakeholders and continue to grow over the long term.

Moving forward with our mid-term business plan

Steady strides forward despite COVID-19 and natural disasters

The three-year mid-term plan launched in April 2018 set KPI targets of ¥400 billion in adjusted net income and a 10.0% adjusted return on equity (ROE). Fiscal 2019 targets were initially ¥400 billion in adjusted net income and ROE of 10.4%, but the impacts of last year's natural disasters in Japan and this year's COVID-19 cut our results to ¥286.7 billion and 8.2%, respectively. Discounting these adverse circumstances, the Group's actual performance was on track to meet projections.

For fiscal 2020, we project adjusted net income of ¥410 billion and adjusted ROE of 12.2%, which reflects the Group's underlying capabilities excluding COVID-19 impact. Supporting factors are our solid fundamentals, both domestic and international, as well as the onetime effect of our reserve provision in North America for fiscal 2019 and contributions from the newly consolidated the PURE Group. Most of all, we believe that our ability to deliver profitable growth is in line with our plan.

Forward-looking business analysis and portfolio optimization

We have three main initiatives ahead of us: further diversification of portfolio, strengthening integrated group management, and enhancement of business structure. Implementing these will not only achieve our current Mid-term Plan KPI targets, but also enhance our ability to address social issues, with a view towards sustainable long-term growth.

First, Japan's numerous large-scale natural disasters over recent years are what drive us to further diversify our portfolio. Fiscal 2019's natural disaster related claims, industry-wide, exceeded ¥1 trillion, of which the Group paid out approximately ¥330 billion.

Our efforts toward geographical and business risk diversification to date have paid off in the Group's ability to keep net incurred losses from natural disasters exceeding our average budget to only about 20% of the whole Group's profits for fiscal 2019. In light of recent sequential natural disasters, however, I believe that 20% is still too much and that further risk diversification is well warranted.

In fiscal 2019, we acquired the PURE Group, which is delivering industry-leading growth in the U.S. high net worth market. This promises



significant synergies, derived from the acquired company's growth-supporting business model and limited overlap with the Group's existing businesses. What cinched the decision was the good culture fit: the company's management values jibed with our purpose in doing business and our value system.

The acquisition will further diversify the Group's portfolio, increase the scale and profitability of operations, and enhance capital efficiency. North America accounts for approximately 80% of the Group's overseas profits. Each US based Group company sells products tailored to its own customer segment, which is differentiated from segments targeted by other Group companies. This approach diversifies risk through a non-redundant "product mix" even though the companies may target overlapping geographical markets.

In emerging markets, we established a joint venture with Brazil's Caixa Group, which holds around a 70% share of the Brazilian mortgage loan market. This decision to enter the profitable mortgage and homeowners sectors was made with profit stabilization and geographical diversification in mind.

Optimizing our business portfolio is an ongoing

process of not only acquisition but also analysis and replacement, as strategically necessary. Our European reinsurance subsidiary TMR was a valuable launchpad for high-gear international expansion. But considering reinsurance market trends and having achieved risk diversification with our current portfolio of primary insurance companies, we executed the sale of TMR in FY2018. In the past fiscal year, we decided to divest 75% of our stake in Egyptian life insurance company TMFT.

M&A must never be an end in itself. Instead of having preconceived M&A goals of region, size or timing, we are flexible and proactive in seeking opportunities to diversify risk in terms of geography, business content and product mix. We judge prospects strictly according to our acquisition criteria mentioned above. Those that qualify enter our pipeline of long- and short-listed candidates.

Finding new pillars of growth to counter evolving and increasing risk in our lives

The situation in Japan presents its own unique challenges. Automobile insurance currently accounts for half of our insurance premiums,

making it a growth driver for the Group as a whole. Although we view automotive sector growth as sustainable over the near term, negative factors loom ahead. Japan's dwindling population, the sharing economy, automated driving and other disruptors will sharply undermine demand. Before we are affected, we must accurately identify market changes and create new growth drivers.

Disruptive technology and globalization are spawning fresh risks for corporates. This, in turn, generates opportunities for us to expand our specialty insurance offerings. Although market penetration of these lines-of-business is still slow among small and medium-sized companies, in particular, we see vast growth potential ahead.

Over the decades, we have grown and addressed social issues by creating products that meet customer needs based on a firm grasp of the changing risk environment. When the Company was founded, we provided ocean marine insurance to support international trade; during Japan's postwar economic boom, it was automobile insurance to support motorization.

What's next could be cyber-risk protection or it could be innovations in the healthcare sector. We deliver safety and security by staying close to our customers. Through this approach, we are developing businesses that will continue to fuel growth for Tokio Marine & Nichido and the Group, while optimizing our portfolio to adapt to the changing needs.

Optimally allocating global talent to create group synergies

The second important initiative is to strengthen integrated group management. We are halfway to my stated goal of energizing human resources and our organization, an initiative which has received positive feedback. To advance, we must establish a system that empowers employees to exercise their abilities and knowledge more globally. This will require boosting the organization's capabilities, including educating management on mindset and best practices.

For sustainable Group growth, each of our companies in Japan and overseas must refine its expertise to win the hearts and minds of customers in its respective market.

Insurance is called a people business because personal engagement is essential when selling and servicing high-involvement intangible products. Unless our employees demonstrate

professionalism we will not be able to give customers the value they seek. In these times of rapid change, a willingness to tackle challenges without fear of failure is another requisite.

While following through on the Group's commitment to diversity and inclusion, we focus on recruiting professionals and developing specialized expertise while nurturing each employee's potential and leveraging their experience.

Better alignment of Group companies means better teamwork. It will help us share and utilize the best practices, expertise and experience of each. This will give our Group a level of excellence and a competitive strength that our peers cannot easily replicate.

To this end, the Group is innovating a global HR system that optimally allocates talent irrespective of citizenship or company affiliation. Our goal is for each individual to exercise their management and other skills to their full potential.

In fact, former executive management of acquired companies are now exercising their expertise and experience as Co-Head of International and as Co-Chief Investment Officer of Tokio Marine Holdings. Other initiatives include inter-company and international personnel assignments to put the right person to the right place.

Our integrated Group management approach is already producing Group synergies across the four areas of revenue, investment, capital, and costs. These are quantitatively manifested as a profit contribution of approximately ¥35 billion.

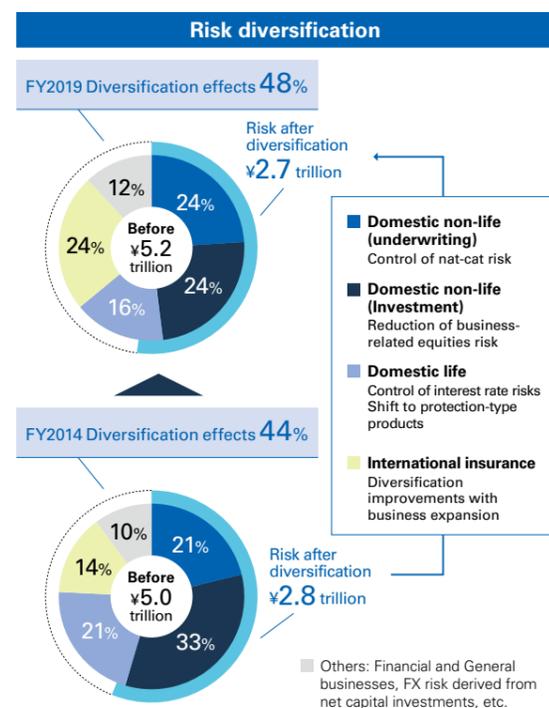
Accelerating business innovation with the use of latest technology

The third key initiative is enhancement of business structure. Here we are innovating products and services, reforming and bolstering sales channels, and raising productivity. The road to these reforms is paved with advanced technology.

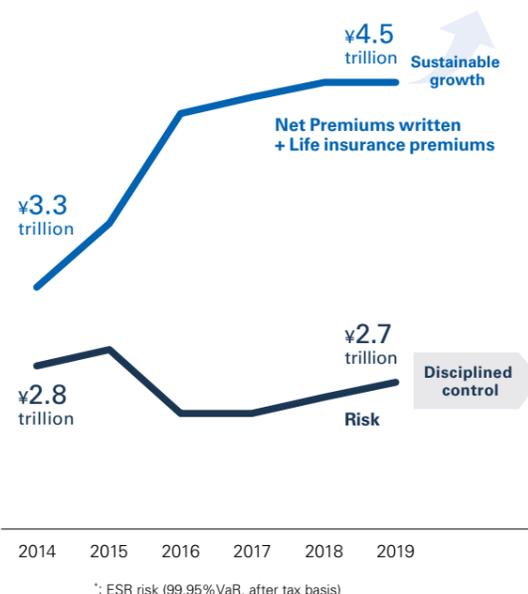
In March 2020, we launched a new consumer service application using AI and drive recorders to streamline accident response and claims processing for outstanding efficiency. This marks the first time in Japan that an insurance company has contributed to customer safety and security by lending equipment to customers as a rider on their auto insurance policy.

When a collision is detected, the new service sends the video of the scene to the operations

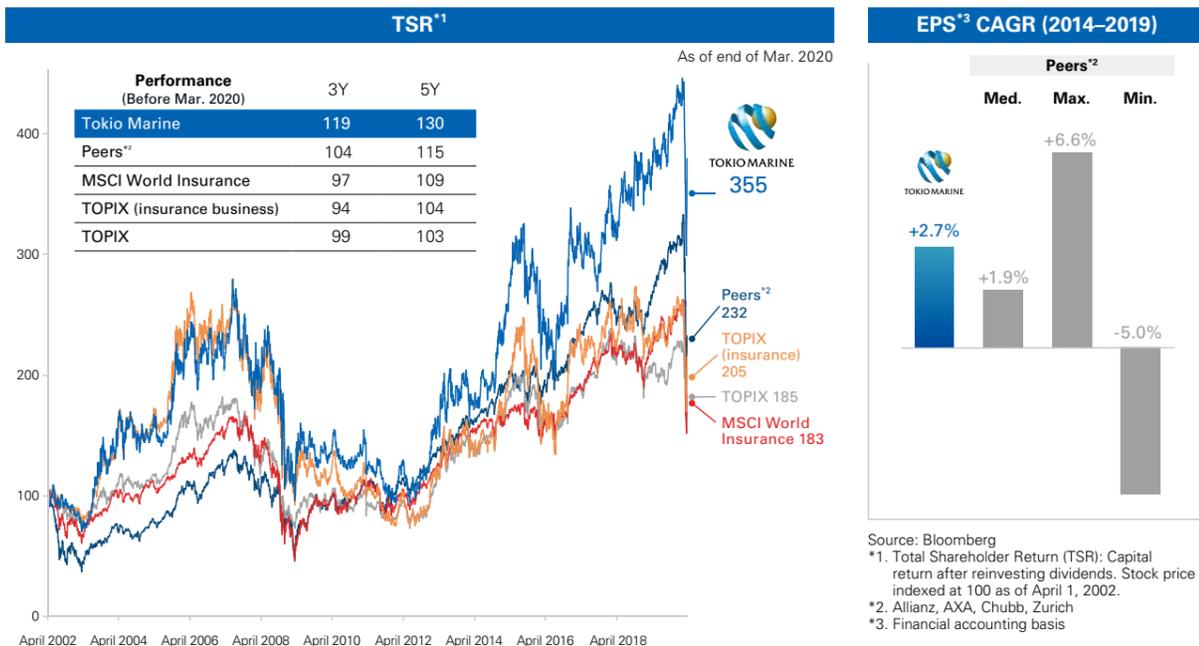
Portfolio Diversification



Trends of premiums and risk*



Strong Track Record



center where AI reconstructs the accident in about five minutes. From this it automatically determines the negligence ratio of the parties concerned based on legal precedents.

The stress of an accident can lead to confused reporting of what actually happened. This system minimizes dependence on the customer to describe details; it also slashes the time needed for Group staff to research case law to determine the negligence ratio. All this leads to quick resolution and settlement of claims.

In our ongoing technology R&D we are accelerating the hypothesis testing cycle for business transformation, new services, and new businesses.

Measures taken under our mid-term plan are steadily boosting shareholder value, outperforming both the stock market and our peers^{*4}. Taking 100 as our shareholder value on April 1, 2002, when we established our holding company, TSR of our Group on March 31, 2020 was 355, compared to 232 for our European and U.S. peers and 185 for TOPIX, respectively.

The Group's 2.7% EPS growth rate over the past five years is comparable to the median and maximum EPS growth rates for our European and the U.S. peers of 1.9% and 6.6%, respectively. I think it is fair to say that the Group has established its reputation in capital markets.

^{*4}. Allianz, AXA, Chubb, and Zurich

Toward ever-more sustainable growth

Leveraging the Group's strengths to address social issues

Corporations are increasingly addressing social issues as an integral part of business itself, particularly within the frameworks of ESG and SDGs.

For the Group, this approach is in our DNA. We have been in the business of providing safety and security for well over a century. Solving social issues through business is what we do; it is the purpose of our business.

Our support for customers and society is constantly evolving to meet the challenges of the times. We study current issues to seek insights and tailor our business to be a force for social good. This ongoing process is the key to our sustained and sustainable growth.

Climate change is exacerbating the threat of natural disasters everywhere. Our group has been tackling climate change head-on, as an insurance company and in the capacity of an institutional investor and member of the global business community.

The circumstances of recent catastrophes,



however, call for a different level of response. Prompt payment of claims is particularly important in such emergencies.

In Japan a total of some 22,000 employees of our Group did their utmost to meet this need during fiscal 2019. Using technology, we are further shortening the wait for claims payments and innovating insurance products that better address the needs of disaster victims. We are also seeking ways to prevent and mitigate catastrophic effects by providing information and other services.

In the capacity of an institutional investor we apply ESG criteria to investment decisions and are creating a fund that supports renewable energy. We are also a founding member of the domestic TCFD consortium. Carrying out our responsibility as a global corporate citizen we enlist in international initiatives, leading the way in dialogue on climate change and TCFD financial disclosure.

COVID-19 has blighted the lives and health of entire populations and disrupted economic activities around the world. It is unclear when the pandemic will end but we cannot ignore how it has accelerated change. Everyday life has evolved in many ways and will change again in the post-COVID-19 world. Government services and corporate practices are also being transformed.

In these times of rapid change and uncertainty, people are becoming more conscious of risk.

By the same token insurance companies will be playing a greater role in society. In a matter of months our Group has responded to the challenges of COVID-19 in several ways. In Japan, Tokio Marine & Nichido revised policies that covered communicable diseases to retroactively include COVID-19 under controlled underwriting discipline. Online conferences in North America and in Asia facilitated dialogue among Group company management on business threats and opportunities in the context of COVID-19. This led to valuable insights.

We also set up a global task force to examine how the business environment will change in the medium to long term in the post-COVID-19 world. We are now engaged in a Group-wide discussion on business opportunities that leverage our areas of expertise, such as risk selection.

History shows us that pandemics and natural disasters will always be with us though their shape may change. Whatever happens, our Global Group stays ready to mobilize its vast resources. Responding to catastrophic events is our job but we also use our business to address other social issues. In the process of providing safety and security to our customers and society, we secure sustainable growth for ourselves.

I value your continued support, wisdom, and encouragement.



Message from the Group CFO

Maximizing corporate value through a strategic capital policy centered on enterprise risk management

Takayuki Yuasa

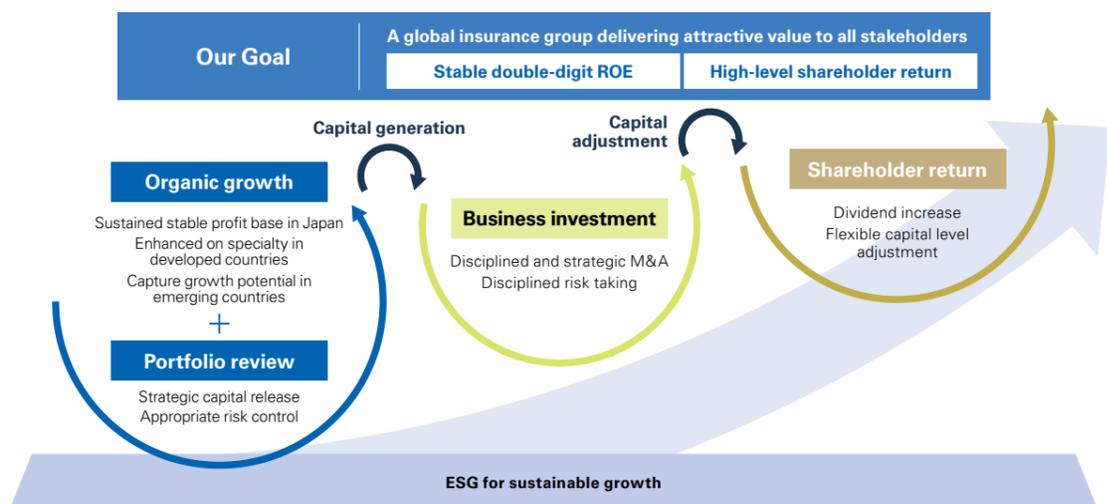
Executive Vice President
Group CFO (Chief Financial Officer)

Our goal for Tokio Marine Group is to become a global insurance group delivering attractive value to all our stakeholders. We aim to realize high-level shareholder return by setting the quantitative targets of adjusted net income of over ¥500.0 billion and adjusted ROE of around 12%. As Group CFO, I support the achievement of these targets, primarily through capital policy.

To put our capital strategy in simple terms, we

generate capital through the organic growth of each business in Japan and overseas, as well as regular strategic portfolio assessments. Capital raised is allocated for business investment, such as M&A, but in situations where there are no promising investments, we use it to provide shareholder return. We have been continuously raising corporate value by repeating this cycle.

Our Goal and Capital Strategy Cycle



Organic Growth and Portfolio Review

Organic growth is the base for the growth of the entire Group.

With regards to our portfolio, we use the market in Japan, which consistently generates stable profits, as our base.

We then incorporate the growth of specialty insurance in developed countries, which is resistant to market fluctuations, and the high growth potential of emerging countries such as Brazil and Asian countries. Our Group companies also exercise their expertise and diversity to solve social issues, which wins us overwhelming support from customers and society, and in turn produces high levels of profitability and growth in Japan and overseas. Specifically, over the last decade or so, we have realized profit growth^{*1} demonstrated by a CAGR of 6.1% in Japan and 11.6% overseas.

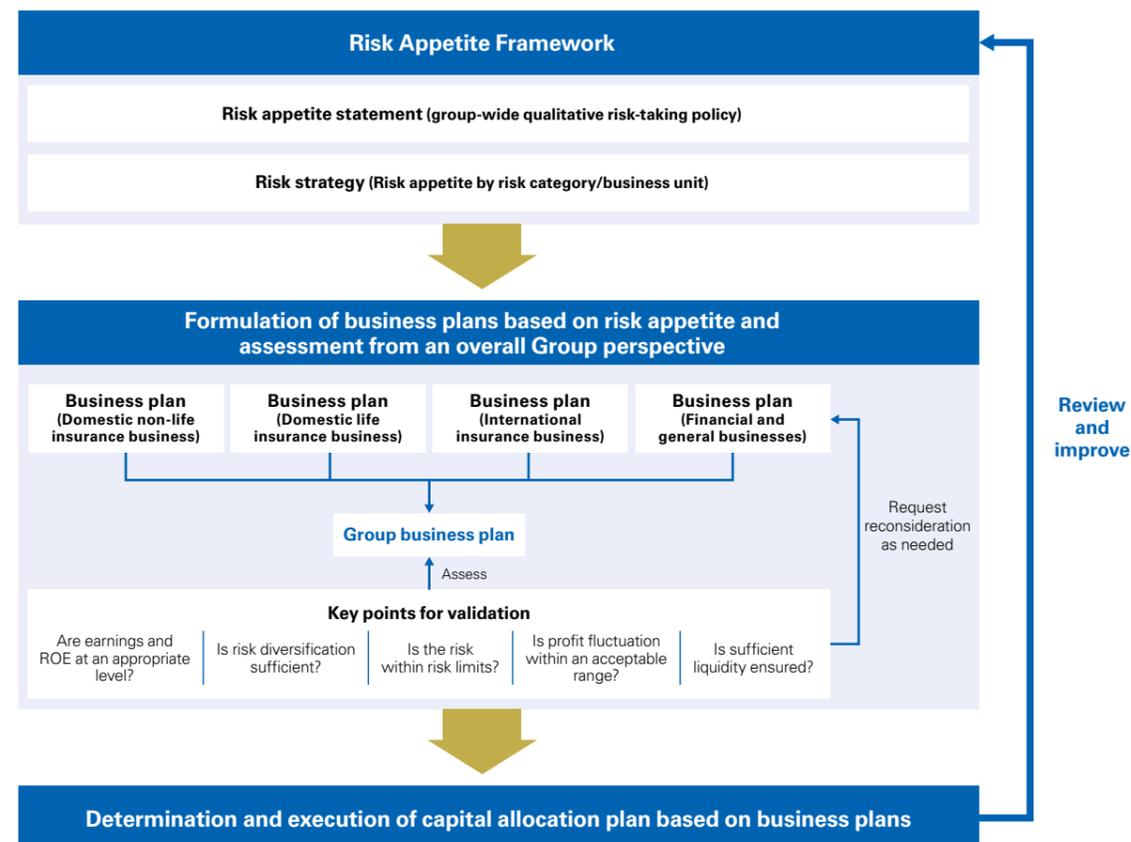
*1. Average annual growth of business unit profits from fiscal 2010 to 2019, with the impact of natural disasters normalized to an average annual level

My role is to support the growth of each business by getting deeply involved in operations, such as the execution of the mid-term business plan through capital allocation and other means. I am constantly meeting with the top management of each business to discuss whether they are responding to changes in the business environment, implementing appropriate strategies, achieving results as planned, and whether their strategy or plan needs to be reviewed. When meeting with the management of the international insurance business, we discuss themes such as the profit target for fiscal 2020, the main challenges in each country, and KPIs for its next mid-term business plan. In these discussions, I communicate any issues and my expectations related to the international insurance business I have identified from a CFO perspective.

As an insurance company, we are subject to underwriting risk in the event of automobile accidents, fires, wind and flood-related disasters, and earthquakes, as well as asset management risk related to the management of collected premiums through equity, interest, credit, and other means. Correctly taking the right risks will

Enterprise Risk Management Cycle

Tokio Marine Group's Enterprise Risk Management (ERM) Cycle Overview



lead to higher earnings, but it is important to practice proper risk control. Subsequently, we have made enterprise risk management (ERM) a fundamental part of Group management. ERM takes into consideration our risk appetite, to what extent we undertake the risks, whether return on risk is sufficient, and whether risk is appropriately diversified. We have also established an ERM Committee for discussing ERM strategy. The committee, which I chair, meets about six times a year and comprises senior management, including the CEO, CRO (risk management), CIO (investment), and CRSO (retention strategy), as well as the top management of each business. Our meetings cover issues such as individual risk strategies, our risk appetite, and how to make our ERM more sophisticated.

Based on these discussions, the Board of Directors formulates a capital allocation plan with the aim of realizing an optimal risk portfolio from a group-wide perspective. We review the results of these allocations so that we can implement improvements.

We always adopt a forward-looking approach to checking the growth potential and profitability of our businesses, and taking necessary measures when needed. While there are businesses that need capital increases for future growth, there are also businesses that need to be sold. This was demonstrated by the divestment of our Tokio Millennium Re AG (TMR), overseas reinsurance subsidiaries in fiscal 2018 and by the decision regarding the divestment of our Egyptian life subsidiary in fiscal 2019. Looking at TMR in particular, while the business had its origin in the full-scale development of our international insurance business, the decision to divest was taken from a current perspective. TMR was established to diversify risk globally through reinsurance business and learn about the management of overseas companies. Now, we have been able to diversify risk through our primary business thanks to the large-scale acquisitions of TMK, PHLI, DFG, and TMHCC. Additionally, while TMR itself had a good track record and grew into a company that was realizing profits of around ¥10 billion, the structure of the reinsurance market was being softened^{*2} by an influx of third-party capital and this showed no sign of changing in the medium- to long-term. In such an environment, unless a reinsurance business is sufficiently large, it is unlikely to survive. In consideration of these conditions, we judged that TMR had fulfilled its initial purpose, and therefore made the decision to divest.

^{*2}In a softening market, premium rates fall, and in a hardening market, they rise.

Business Investment

As an insurance company, it is important to keep commitments with our customers by strengthening our business platform so that we carry out our core business under any circumstances. We work to achieve this through risk diversification and further business growth, and any capital generated is used for M&A and to take additional risks. Our main strategy is to diversify risk both geographically and by business.

Also, for Tokio Marine Group, M&A is not a goal but a method. Our policy is that if there is a "Good company" that is compatible with our goals, then we will carefully consider M&A. We always reference our M&A strategy map when considering acquisition candidates. Using this method, for example, we acquired the PURE Group and decided to establish a joint venture company in Brazil in fiscal 2019. While this kind of M&A action is executed by each business, I review, as the Entry & Exit Office manager, whether proposed project plans are appropriate and have strategic significance, and then judge whether to go ahead or stop a deal.



While it is generally difficult to realize a successful M&A, each company we have acquired has gone on to achieve growth that exceeds market growth rate and demonstrates synergies on a group-wide basis. This is made possible through our continuous update of our acquisition longlist and shortlist, where we tirelessly whittle down potential candidates before taking action based on strict investment discipline. We also discuss matters through the International Executive Committee, which includes top management from our international companies, and other committees. Despite it being rare for companies to use actual figures to show the value of synergies, it is important to show our stakeholders in the capital markets the results in a quantitative way. This is especially true when considering the significant amount of capital we spend on M&A.

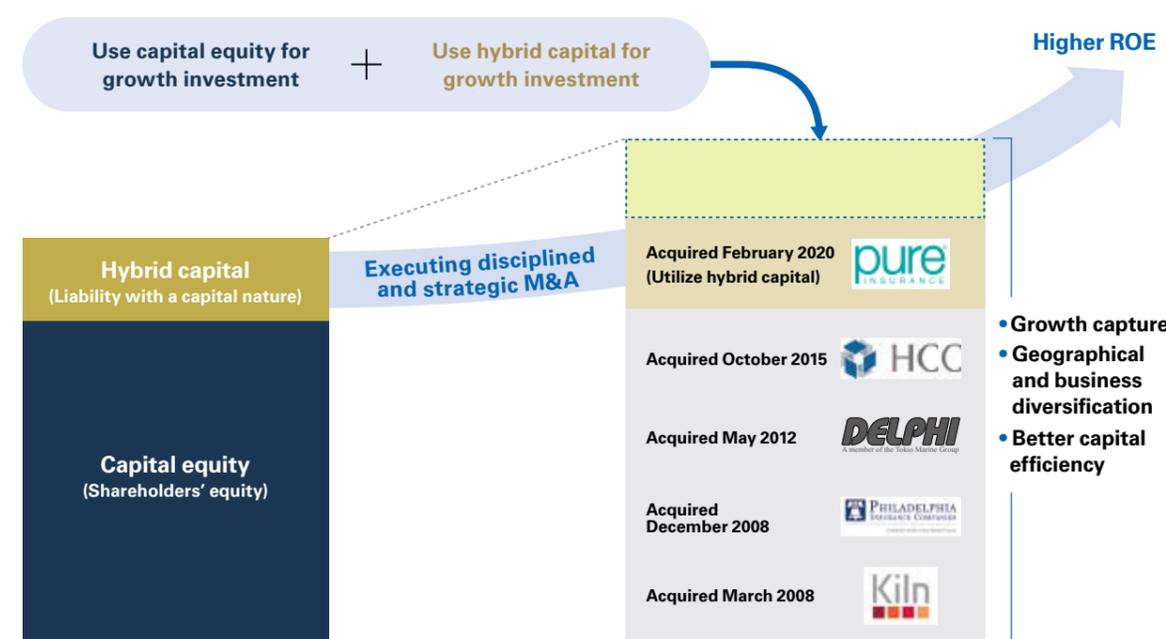
Recently we have established a global taskforce to devise a strategy in response to COVID-19, as well as a strategy after COVID-19, such as how we approach market hardening^{*2}. If this kind of market hardening manifests, we will leverage our risk-selection expertise to take good risks and increase returns.

An Optimal Capital Structure

In fiscal 2019, our capital structure was reorganized into one that is more conscious of capital cost by issuing hybrid bonds and other methods.

Hybrid bonds are useful in maintaining financial soundness and low cost in comparison with shareholders' equity. We had already considered it as an option to improve our corporate value, and, in light of these benefits, we decided to issue the bonds for the first time in coordination with our acquisition of the PURE Group. Additionally, the use of hybrid bonds enables agile capital procurement, leading to more flexibility regarding financial matters. However, we think it is financially sound to stay disciplined and strike a balance between shareholder's equity and hybrid bonds. Our goal is to raise capital efficiency through the sustainable growth of our insurance business and risk management, so we do not merely recapitalize to raise ROE. Our use of hybrid bonds is part of a financial strategy that will enable us to capture promising acquisition opportunities in the future. We believe that keeping our financial leverage low will put us in a more advantageous position financially.

A Flexible Capital Strategy



Shareholder Return

Dividends are our primary means of shareholder return, and we aim to sustainably increase dividends in line with profit growth. Based on this policy, we plan to raise dividends in fiscal 2020 for the ninth consecutive year. Our current payout ratio is 40%^{*3}, but it will be raised gradually to 50%—the level of our peers—to move us toward the future vision of the Group. Therefore, we will adjust capital levels through the agile implementation of share repurchases and other means, based on comprehensive consideration of the economic solvency ratio (ESR), market conditions, M&A, and additional risk-taking opportunities. ESR measures capital adequacy and it is an indicator commonly used

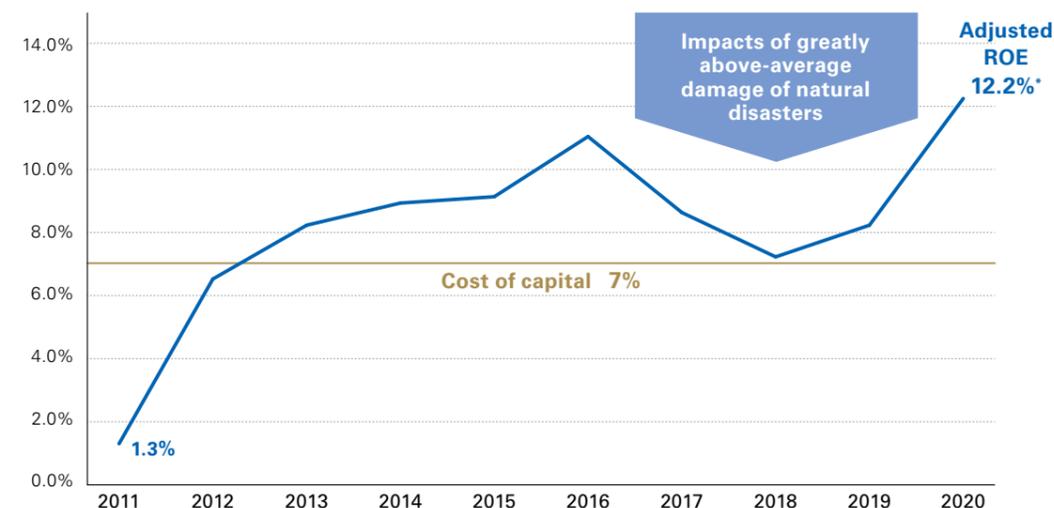
by insurance companies. Even so, we use stricter standards than most to ensure disciplined capital management. Since the current ESR is within our target range (150–210%), we will flexibly consider further business investment, additional risk taking, and shareholder return.

^{*3}. Based on a five-year average for adjusted net income, but adjusted net income for fiscal 2020 does not include the impacts of COVID-19

As a result of this approach, our ROE has been trending above a capital cost of 7%, which is calculated based on the capital asset pricing model (CAPM)^{*4}, with low volatility. Our ROE level and its stability are approaching the level of our global peers. Even though recent natural disasters and other events are having an impact, we will continue to further diversify risk to keep ROE fluctuations under control and raise ROE levels.

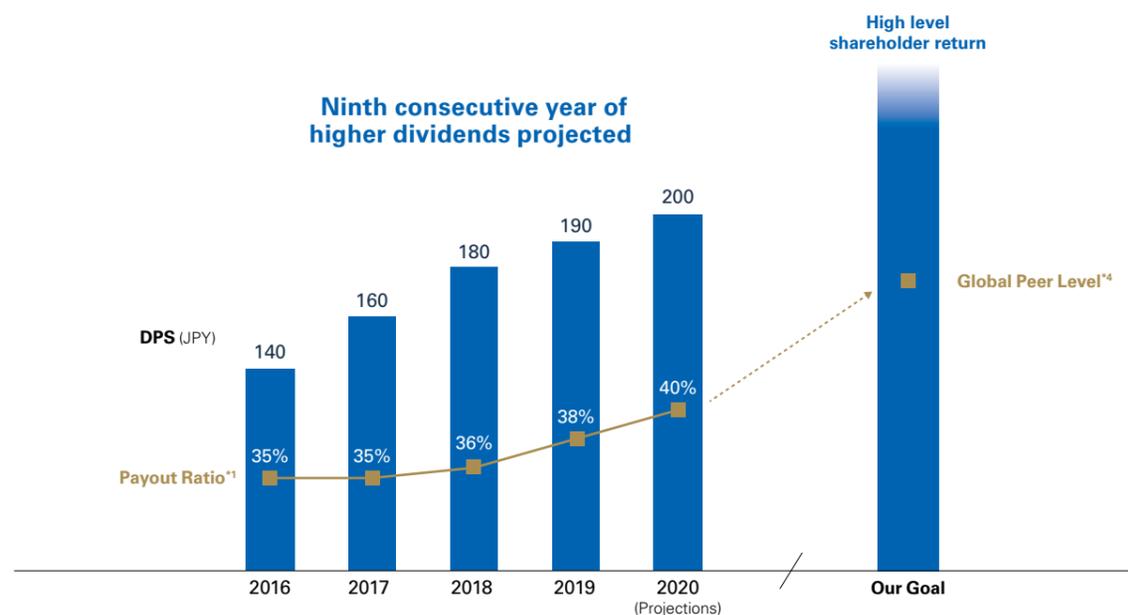
^{*4}. A method for calculating return that can be expected by investors. It is calculated as risk-free rate + beta (riskiness of an individual asset compared to the overall market) × market risk premium.

Improving ROE



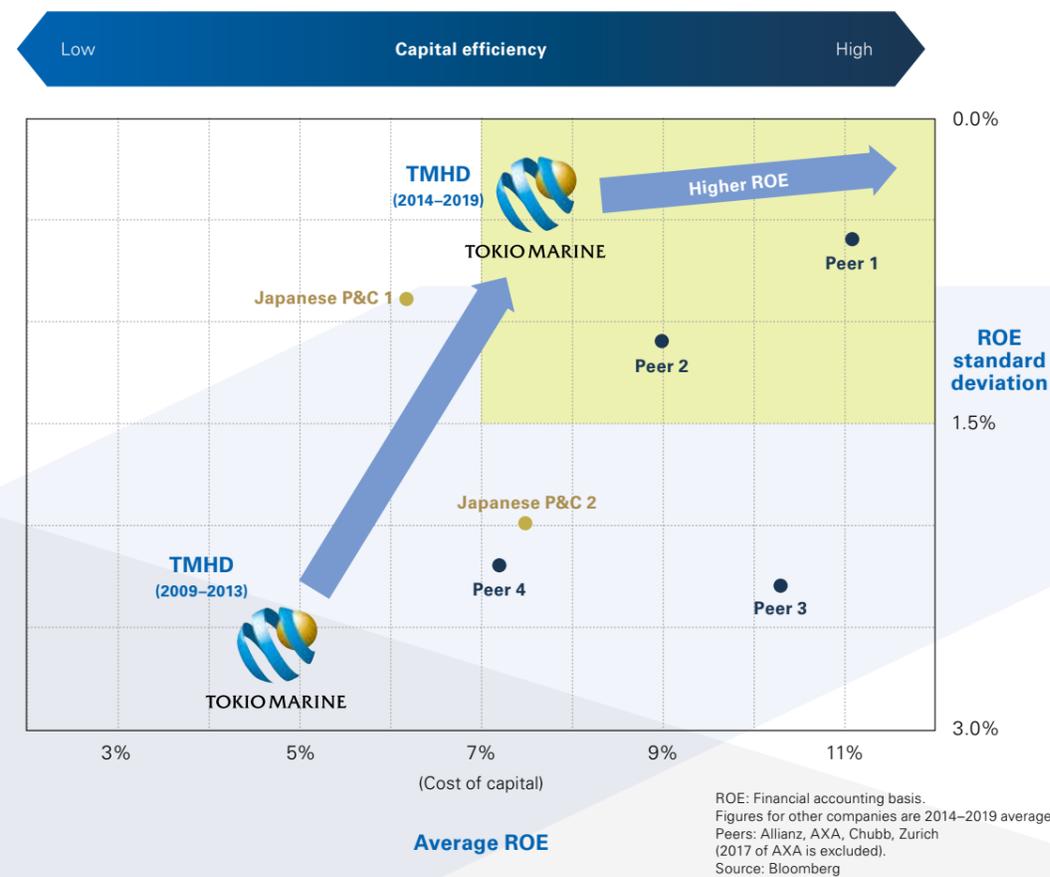
* Excluding the impact of COVID-19

Increasing Shareholder Return



Total dividends^{*2} (Billions of yen)	105.3	117.6	128.0	133.0	139.5
Capital level adjustment^{*3} (share buybacks, etc.) (Billions of yen)	50.0	150.0	125.0	50.0	TBD

^{*1}. Payout ratio based on the original projection basis.
^{*2}. The figure for 2020 (projection) is before reflecting share buybacks.
^{*3}. Total amount approved by the announcement date of financial results of each fiscal year. The figures for 2018 and 2019 include one-time dividends of approx. ¥50.0 billion and approx. ¥25.0 billion, respectively.
^{*4}. Payout ratio of global peers is currently approx. 50%.



ROE: Financial accounting basis.
 Figures for other companies are 2014–2019 averages.
 Peers: Allianz, AXA, Chubb, Zurich (2017 of AXA is excluded).
 Source: Bloomberg



Message from the Co-Head of International Business

Driving risk diversification and profit growth of Tokio Marine Group through sustainable organic growth and strategic M&A

Akira Harashima

Senior Managing Director
Co-Head of International Business

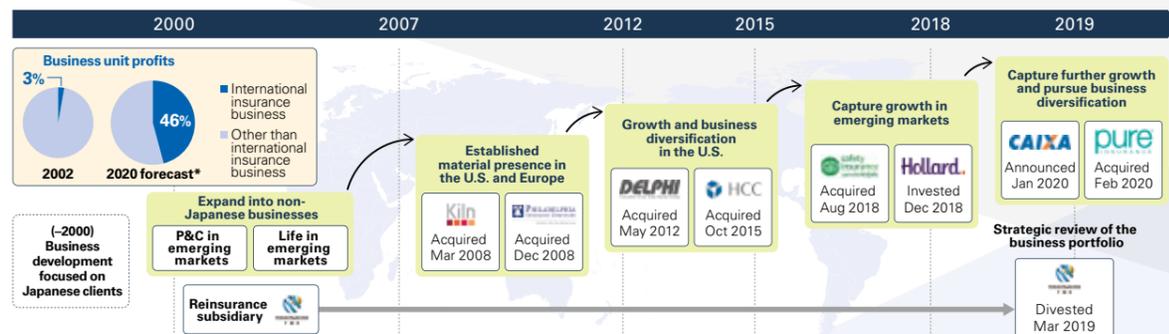
The Role of International Insurance Business

Since its foundation, Tokio Marine Group has developed overseas businesses, and our establishment of reinsurance subsidiaries in 2000 was an important first step in our international expansion. The expertise we gained in managing overseas insurance companies through these subsidiaries was later put to use in large-scale M&A with European and American insurance companies,

which further expanded our international presence. Our core overseas subsidiaries have now outperformed the market in growth, and we have taken further strategic steps, such as M&A in emerging markets and our acquisition of the PURE Group in the U.S. As a result, international insurance business now accounts for approximately half of group-wide profits.

Moving forward, we will continue to support our customers and society around the world by promoting geographical and business diversification and maintaining a well-balanced mix of growth in developed and emerging countries.

Strategic M&A to date



* Excluding the impact of COVID-19

Sustainable Organic Growth

Developed countries

We have created a strong business platform in the U.S., establishing a high level of profit growth that outperforms the market. Our focus in the U.S. is on the companies Philadelphia, Delphi, and TMHCC. These acquisitions were a major investment for the Group, with a total transaction value of around ¥1.6 trillion. As of fiscal 2019, the companies have already turned a combined cumulative profit of ¥860.0 billion.

Emerging countries

We pursue strategic business development in regions such as India, Thailand, Brazil, and South Africa, where the market is large and high growth is expected. Strategically tapping into market growth in such regions has allowed us to nurture several insurance companies that can be expected to generate stable profits on the order of ¥10.0 billion. As of fiscal 2019, profits in Brazil have already exceeded ¥10.0 billion.

Strategic M&A

Developed countries

In February 2020, Tokio Marine Holdings purchased the PURE Group for \$3.1 billion. PURE specializes in providing insurance products and services for high-net-worth (HNW) customers in the U.S. This acquisition further diversifies Tokio Marine Group's business portfolio and risks, as the PURE Group's businesses are highly complementary and has a limited overlap with our existing businesses.

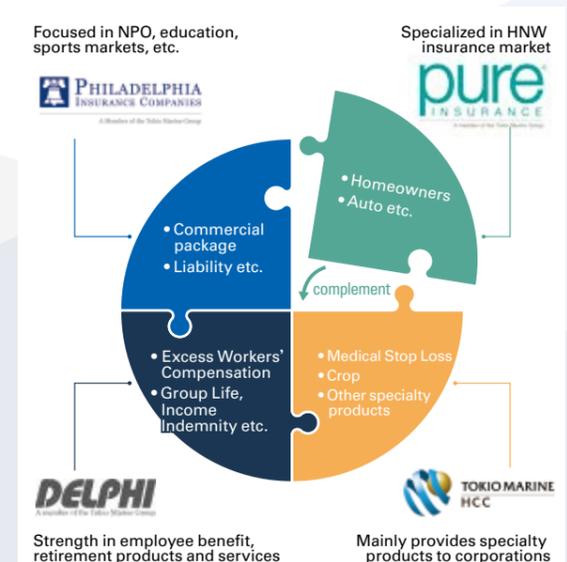
In addition to such large-scale M&A, we also actively pursue bolt-on acquisitions to supplement and strengthen the Group's businesses.

Emerging countries

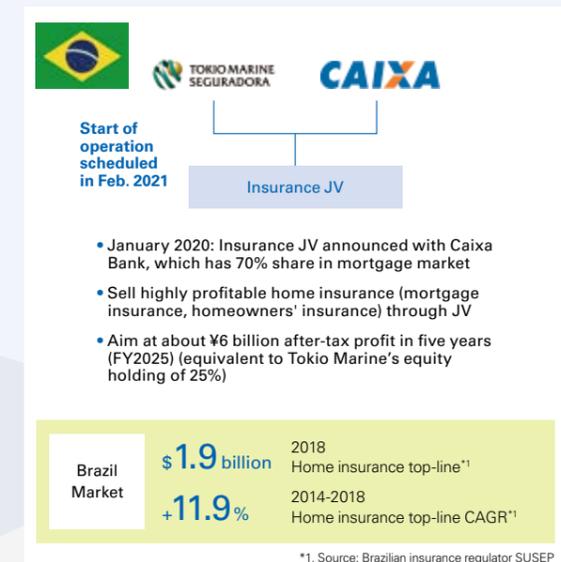
Tokio Marine Group has a sound M&A strategy for pursuing future profits in emerging countries. In fiscal 2019, we reached an agreement for a joint insurance venture with the Caixa Group, which holds a commanding position in the Brazilian mortgage loan market.

Additionally, in February 2020, we completed a merger between Safety Insurance PCL, which we acquired in fiscal 2018, and an existing local corporation in Thailand. This newly formed company boasts the third highest non-life insurance market share in Thailand.

North American business portfolio



Establish JV with Caixa Bank





Message from the Group CDO

Building lean management structure and creating new value based on Mission Driven approach

Makoto Okada

Vice President Executive Officer
Group CDO (Chief Digital Officer)

Digital Strategy

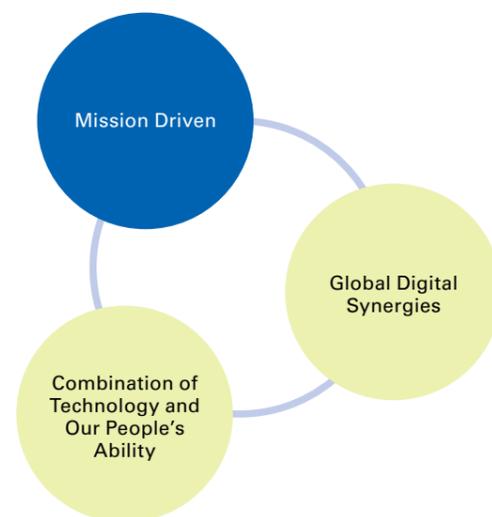
Tokio Marine Group follows three core concepts in our use of technology and data to create new value of safety and security, while building lean management structure.

The first concept is to be "Mission Driven". We strive to use cutting-edge technology and data to help solve issues faced by customers and society. Once again, using technology is not, itself, our purpose; technology is rather a tool that will be fully utilized to achieve our business purpose. We promote this mission among our global partners as we implement digital strategies for the Group.

The second concept is "Combination of Technology and Our People's Ability". Currently, we pursue automation to the greatest degree possible, and raising the value of the work that can be performed by people to the most inspiring levels.

The final concept is "Global Digital Synergies". Tokio Marine Group boasts strong global business foundations, which we use to create digital synergy at a global level.

Digital Strategy: Three Concepts



In One of the Most Disaster-Prone Countries in the World, Tokio Marine's Mission to Ensure Quick Claims Payments

In July 2020, several rivers flooded due to heavy rain in areas such as Kyushu and Chubu. To ensure quick claims payments to affected customers, Tokio Marine used satellite imagery and AI to quickly ascertain affected regions, damage to buildings, and flood depths. This mission-driven use of technology ensured timely guidance and quick payments for customers in need.



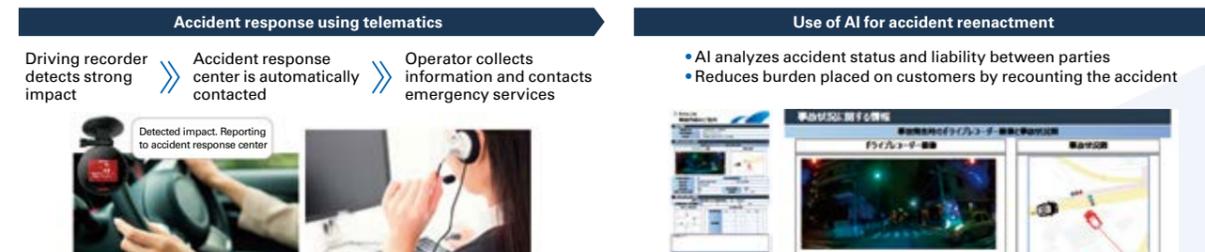
Satellite image with an overlay of AI-generated flood assessment

"Combination of Technology and Our People's Ability" by using Cutting-Edge Technology

In March 2020, we introduced the "Accident reenactment system" that utilizes driving recorder imagery and AI technology to better facilitate automobile insurance claims. This technology helps to settle investigations efficiently and ensure quick claims payments to

customers, while also streamlining operations for our company. The time saved can then be spent on accentuating processes handled directly by people, such as accident prevention and follow-up care. This further enhances the range of value we offer to customers.

Traffic Accident Response

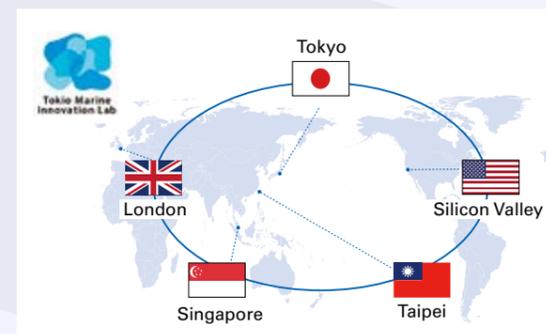


"Global Digital Synergies" through Worldwide Digital Labs

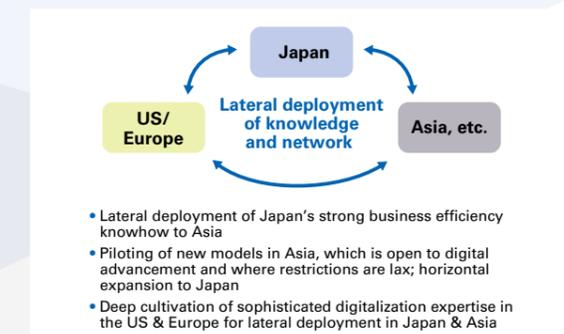
Our extensive network is built and maintained by five labs located globally. The most recent of these Labs was established in London, in April 2020, to enhance cyber area initiatives.

While the technological environments of Japan, Asia, Europe, and America differ, the knowledge we have gained and exchanged in each, has allowed us to create digital synergy at a global level.

Five labs



Global Digital Synergies





Message from the Group CHRO

Strengthening Group competitiveness by sharing our core identity, diversifying and developing human resources

Kenichi Kitazawa

Managing Executive Officer
Group Chief Human Resources Officer

Activating People and Organizations

Insurance is a people business. The bonds of trust we form with people, are the source of all of our Group's competitiveness. Since our founding in 1879, we have weathered several storms, including the Great Kanto Earthquake, Japan's defeat in the Second World War and, the recent Great East Japan Earthquake. We have done so based on the strength of our people. This year, the world has been rocked by COVID-19, and there will undoubtedly be many more challenges in the future. However, I believe we can overcome them through the power of human resources. For this reason, Tokio Marine Group must continue to recruit and develop diverse talent, both from Japan and overseas.

The business environment facing the Group is changing rapidly, with technological advancements, growing globalization, and shifting demographics. In such an uncertain environment, it is important to respond efficiently to changes and reflect them in our approach to management. Promoting diversity and inclusion is vital in this

regard. By maximizing the potential of ambitious and talented employees with a diversity of skills, experience and viewpoints, and gathering the knowledge of the Group as a whole, we can contribute to solving the issues faced by society.

At Tokio Marine our core identity—"To Be a Good Company"—unites our highly diverse talent, and it is essential that we share it as widely as possible. Each and every member of the Group must understand and implement this core identity, and we continuously roll out a variety of initiatives to that end. For example, our series of town hall meetings, held in locations around the world, focused on discussions concerning what it means "To Be a Good Company".

As a result of these initiatives, our fiscal 2019 Culture and Values Survey showed enhancing employee engagement.

Additionally, several Group companies, including Tokio Marine Seguradora S.A. of Brazil, have received Best Work Place awards.

Efforts such as these, to activate our people and organizations, are a lifelong journey. Tokio Marine Group recognizes the value of our people, and we will continue to pursue an HR approach that strengthens our people, Group's collective strength, and Group competitiveness.

Recruiting and Developing Future Management Talent

Future challenges will be solved by future human resources. As a result, we are pursuing a range of initiatives to recruit and develop large numbers of relevant talent.

New HR System to Secure Human Resources for Corporate Functions

- Introduced a new HR system in fiscal 2019 to recruit and develop top-level talent with exceptional management capabilities and specialist knowledge

Global Executive Program

- Program for senior managers from Japan and overseas
- Building strong relationships of trust among participants while also expanding Group-wide synergies

Middle Global Leadership Development Program

- Middle management training for overseas employees
- Visited Tohoku area affected by the Great East Japan Earthquake and Tsunami to understand the actions and emotions at the time of the disaster, and experience the significance of insurance and a "Good Company".

Sharing Core Identity

The Group CEO also serves as Chief Culture Officer, overseeing discussions around the world at town hall meetings, on the type of leadership required from top-level management "To Be a Good Company".



A town hall meeting being led by the Group CEO



A town hall meeting being led by the president of Tokio Marine & Nichido

Tokio Marine Group—Our People

- Our people are the most important asset of our Group and a key driver of our Good Company vision.
- We aim to attract and retain the best talent in every aspect of our business to ensure we deliver safety and security to our customers and their communities.
- Our people bring passion and a challenging spirit to their endeavors and we provide them with opportunities for career development and ongoing personal growth.
- Our people embody diversity and we value inclusion as a truly global company. We work hard to create a business environment where we can achieve our full potential as we continue our lifelong journey to be a "Good Company".

Promoting Diversity and Inclusion

Tokio Marine Group pursues a variety of initiatives geared toward ensuring a diverse set of human resources and skills for solving social issues.

Promoting Overseas Talent

- Excellent talent who join the Group through overseas M&A, are appointed to positions such as Group Co-Heads and global committee leaders (see page 66).

Promoting Success for Women

- Tokio Marine Group Women's Career College was established in September 2019 to assist female Group employees in voluntary career planning, and to ensure that women are active in their workplaces.

Promoting Success for Young Talent

- An in-house venture program was established in 2017 to support voluntary initiatives on the part of young talent who are eager to innovate. Out of 105 applications, one project has been implemented at business level and another is currently under development.

Exciting and Rewarding Work Environments

The results of Tokio Marine's HR initiatives are already being felt. For instance, thanks to its exciting and active workplace, Tokio Marine Seguradora S.A. in Brazil, now boasts the sixth highest market share in Brazil and generates ¥10.0 billion level profit.

Culture and Values Survey*
4.3 pts out of 5
(Pride felt over working at Tokio Marine Group)
*Results of fiscal 2019 survey (TMHD and overseas combined)



Received Brazil's Great Place to Work award

Special Feature (3)



Excellent Track Record in M&A

—Tokio Marine Group's Approach to M&A—

Tokio Marine Group is constantly on the lookout for M&A opportunities that heighten corporate value as one of our strategic options from the perspectives of enhancing capital efficiency and driving sustainable growth through risk diversification of regions and businesses.

In selecting candidates for M&A, we basically do not consider companies with poor performance that need to be rebuilt. Instead we seek candidates that have the characteristics of a "Good Company" and that satisfy the Group's three principles of acquisition: (1) The corporate culture must be a good fit with our own; (2) The company is highly profitable; and (3) The company has a solid business model.

The most important of these three principles to Tokio Marine Group is cultural fit. Does the company truly value its customers? Is it aiming for sustainable over short-term growth? Cultural fit is a critical determining factor discussed at length by the International Executive Committee (IEC), which includes numerous non-Japanese executives, and the Board of Directors, which includes outside officers.

The CEO of the acquired company is given the position of Group Co-Head and steps are taken to make use of the expertise of the new company across Tokio Marine Group. But on top of this, since the two companies have a similar culture, incoming personnel soon become passionate about making a contribution to Tokio Marine Group. In other words, M&A for Tokio Marine Group not only provides financial benefit in the form of risk diversification and profit expansion but also plays a key non-financial role in terms of absorbing advanced expertise and knowhow, and taking on outstanding new talent, with expectations of enhanced corporate value going forward.

In this special feature, the Co-Head of International Business, who leads the Group's M&A efforts, and the CEOs of acquired companies, share their thoughts on the importance of cultural fit and the effects of joining Tokio Marine Group.

A Good Cultural Fit Is a No. 1 Priority

Message from the Co-Head of International Business



Christopher Williams
Co-Head of International Business

My involvement with Tokio Marine Group began as CEO of HCC Insurance Holdings, Inc. One of the deciding factors for HCC joining the Group was cultural fit. When I met with Tokio Marine's management for the first time, the meeting was scheduled for only 30 minutes, but it went on for more than 90 minutes. We just clicked! I remember speaking in length about our people, our customers, and the critical success factors of our business. Through these conversations we soon realized we held very similar views. I was happy to hear later that our friends at Tokio Marine came away with the same impression.

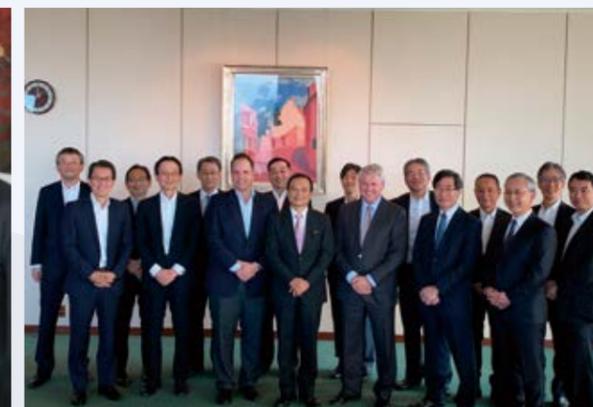
Fast forward five years, I am now leading Tokio Marine's global operations as the Co-Head of International Business. My new role is certainly challenging, but also motivating and exciting. There are others like me that joined the Group through an acquisition, who are now playing integral roles in Group management. We see all too often where acquiring companies claim cost synergies

derived by cutting its workforce. In our case, it is the opposite. We have successfully grown the business and have seen an increase in the employee count since the acquisition. I will also point to the fact that many of the management team of the acquired companies are still with us today, years after the transaction. These examples speak volumes about the importance of cultural fit.

This year, we have welcomed PURE as the latest member of our Group. I led the negotiations on behalf of Tokio Marine. Having once experienced the importance of a good cultural fit on the other side of the transaction, I conveyed the same to the PURE Group CEO, Ross Buchmueller, and placed significant emphasis on assessment of cultural fit as we went through our diligence process. We were delighted to find a good fit between the two groups, and without doubt, that became one of the deciding factors of this successful transaction. I now look forward to PURE's future growth and contributions to Tokio Marine Group.



HCC acquisition closing ceremony



PURE acquisition closing ceremony

Special Feature (3)

Views from the CEOs of Overseas Group Companies



Ross Buchmueller
President & CEO
Privilege Underwriters, Inc.

For over three decades, I've worked in the field of insurance services for high net worth individuals and families. Since founding the PURE Group in 2006, we've provided our membership with exceptional coverage and service and great value. During this time, I've grown together with the company.

The PURE Group's management philosophy is centered on a strong sense of purpose while encouraging our workforce of more than 800 people to be passionate, to "Do the right thing-Always" and to "Think about the long-term." The employees' empathy and strong intellectual curiosity has enabled great service and continued innovation. I believe the PURE culture aligns with Tokio Marine Group's core identity, "To Be a Good Company" in many respects.

Our decision to join Tokio Marine Group in 2020 was driven by our attraction to the Group's robust financial base, a successful track record of welcoming acquired companies and the potential for cross synergies with Group companies. The deciding factor, however, was the cultural fit between our companies.

The high net worth market in the United States continues to witness strong growth. By becoming a member of Tokio Marine Group, I'm convinced that the PURE Group's ambitions will become even stronger. We intend to harness the strengths of Tokio Marine Group, enhance the value we provide to our niche, achieve growth that meets everyone's expectations, while maintaining what makes PURE unique and special.

Views from the CEOs of Overseas Group Companies



Robert O'Leary
Chairman & CEO
Philadelphia Consolidated Holding Corp.

A decade has passed since we joined Tokio Marine Group in 2008. Since then, our company has more than doubled our revenue. Our workforce has increased to more than 2,000 from 1,400. Why have we been able to achieve such remarkable growth?

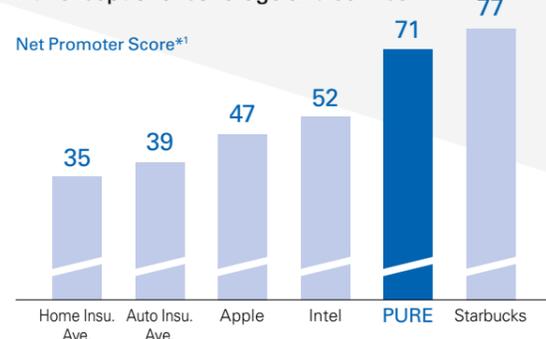
In my view, the first reason is that Tokio Marine Group respected our autonomy. Prior to PHLY's acquisition by Tokio Marine, we built a highly competitive business model which focused on several niche markets, and this style remains unchanged today. This is because Tokio Marine Group closely followed its principles of not changing an acquired company with high profitability and a strong business model. These principles will naturally apply to the newly acquired the PURE Group as well as other potential acquisitions. Why change a successful business model?

The second reason is the opportunity for a wealth of synergies. In our case, we have obtained expertise (and reinsurance support) in cyber insurance from Tokio Marine Kiln, and we've worked with Tokio Marine HCC on a program for local governments, both of which increased sales. In addition, we have benefited greatly by having Delphi manage 35% of our investment portfolio.

Finally, and needless to say, it is important to trust each other in terms of autonomy and collaboration between Group companies. The more our teams interact with one another, the better we understand each other's product appetite, which can lead to more successful synergy opportunities. I'm convinced that a solid part of our growth has been the result of the connection between our company and Tokio Marine Group in the spirit of Good Company.

Strategy

Earn strong customer loyalty with exceptional coverage and service



*1. Indicator to measure customer loyalty and their willingness to use products/services continuously. It shows how likely a customer recommends a brand to others. Source: Customer GURU, NICE Satmetrix 2019 Consumer Net Promoter Benchmark Study

Result (Pure Reciprocal Exchange)

Steady top-line growth*2



*2. Premiums under management company.

Strategy

Focusing on profitable niche markets where PHLY can be competitive



Result

High renewal ratio and rate increases



*3. Q4 results in each year. Source: Willis Towers Watson