2020 | Integrated Annual Report

TOKIO MARINE

"To Be a Good Company"

Protecting customers and society in their times of need

Tokio Marine Holdings, Inc.

CORPORATE PHILOSOPHY

With customer trust as the foundation for all its activities, Tokio Marine Group continually strives to raise corporate value.

Through the provision of the highest quality products and services, Tokio Marine Group aims to deliver safety and security to all our customers.

By developing sound, profitable and growing businesses throughout the world, Tokio Marine Group will fulfill its mandate to shareholders.

Tokio Marine Group will continue to build an open and dynamic corporate culture that enables each and every employee to demonstrate his or her creative potential.

Acting as a good corporate citizen through fair and responsible management, Tokio Marine Group will broadly contribute to the development of society.

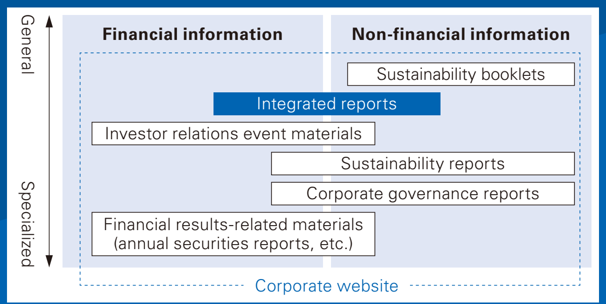
Editorial Policy

This integrated report has been compiled to provide a clear explanation of the Company's purpose and vision as well as the strengths and strategies for realizing these ideals in order to deepen understanding of the general initiatives being undertaken to drive our sustainable growth. In particular, we aimed to clarify financial and non-financial connectivity as much as possible, for instance by explaining the relationship between management plans and our ability to resolve social issues, and the impact of material social issues on the Company in terms of opportunities and risks.
In preparing this report, we have referred to the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation advocated by Japan's Ministry of Economy, Trade and Industry. We also took heed of the opinions offered by investors and other stakeholders and sought to include a more extensive range of information.

Environment Social Governance
Guidance for Collaborative Value Creation

This report is for disclosure (explanatory material regarding the status of operations and assets) and was prepared based on the Insurance Business Act (Article 271-25) and the Ordinance for Enforcement of the Insurance Business Act (Article 210-10-2).

Positioning of this integrated report



The materials listed above can be found on our website.
www.tokiomarinehd.com/en/

Forward-Looking Statements

This report contains information on forecasts, targets, and other matters that are not based on historical fact. These forward-looking statements include a certain degree of risk and uncertainty, and, accordingly, actual results and performance may differ materially from the information provided in this report.

TOKIO MARINE

Integrated Annual Report 2020

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Question

Why do we exist?

Answer

The Group's purpose is to protect our customers and society in times of need.

Tokio Marine Group was founded in 1879 as Japan's first insurance company. Eiichi Shibusawa, who was deeply involved in the establishment of the Company, espoused the union of morality and the economy in his literary work. The philosophy of companies contributing to the resolution of social issues, or, in other words, existing for the sake of society, is one that has been part of our DNA since our founding and passed down over the years.

When we were first established, our mission was to contribute to the development of Japan's economy and society by protecting trade cargo from maritime accidents through ocean marine insurance. Following that, we sought to contribute to the resolution of various social issues that change with the times by providing a series of products and services to society that take into account changes in the environment. These include auto insurance, which was crucial to Japan's postwar motorization, and cyber insurance, which currently supports the dramatic shift to working from home due to COVID-19. The purpose of our existence that we have advocated throughout our history is to protect customers and society in their times of need by providing safety and security.

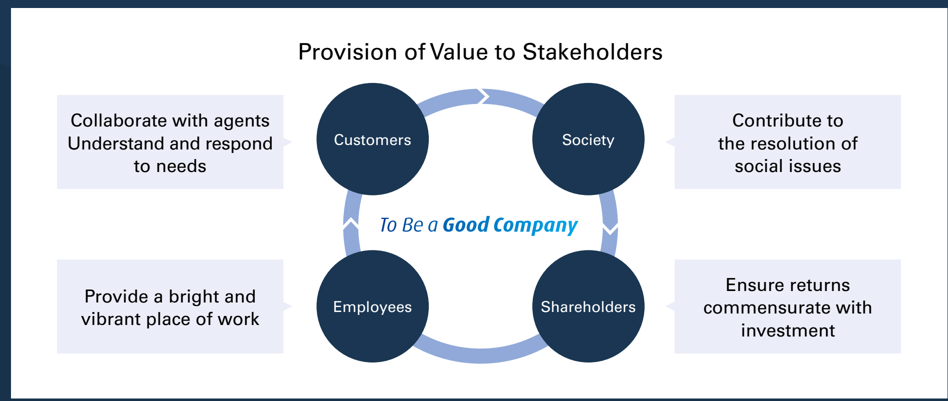
To realize this purpose, we have worked to ensure a bright and vibrant place of work for our employees and collaborated with agents to help resolve various social issues throughout our 141-year history. As a result, we have sought to achieve sustainable profit growth and return gains commensurate with investment to shareholders.

Providing all our stakeholders with value 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.

In addition, we will keep looking for new ways to protect customers and society in their times of need, especially as the world changes and evolves. In that sense, we will remain vigilant to our surroundings and take on challenges without fear of failure. By doing so, we can continue providing value as a trusted company that is chosen by people and manifests ongoing growth. I am dedicated to making Tokio Marine Group a robust and agile organization.

Satoru Komiya
President and Group CEO

Eiichi Shibusawa
(Source: Shibusawa Memorial Museum)



Question

How do we do it?

Answer

Our success is built on three strengths which we continuously strive to enhance.

We are able to achieve our purpose and enable ongoing growth on the back of three strengths that we continue to refine.

First, we have the ability to deliver safety and security. We have enjoyed consistent growth over the years through a deep understanding of the business environment as it changes with the times and of issues facing customers and society at large, and by creating and providing a diverse range of products and services that resolve these challenges.

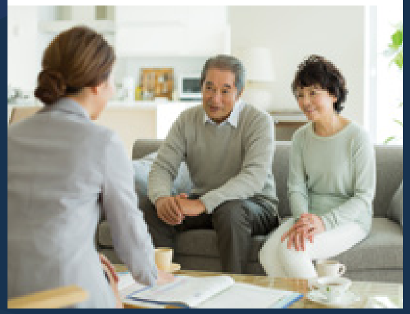
Second, we have the ability to implement successful mergers and acquisitions (M&A). As insurance is a business that underwrites risk, we therefore must diversify risk in order to stabilize our business and ensure that we are able to offer support in times of need. Through M&A, we are striving to build a robust management base by diversifying risk globally while driving growth.

Third, we have Group's collective strength. Insurance is called "a people business" because personal engagement is essential when selling and servicing high-involvement intangible products. As social issues are becoming more globalized, Tokio Marine Group leverages its collective strength through the optimal allocation of talent secured via M&A in Japan and overseas, and by putting a high level of expertise at the core of Group strategy.

01

The ability to deliver safety and security

➡ Pages 6–9



02

The ability to implement successful M&A

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03

Group's collective strength

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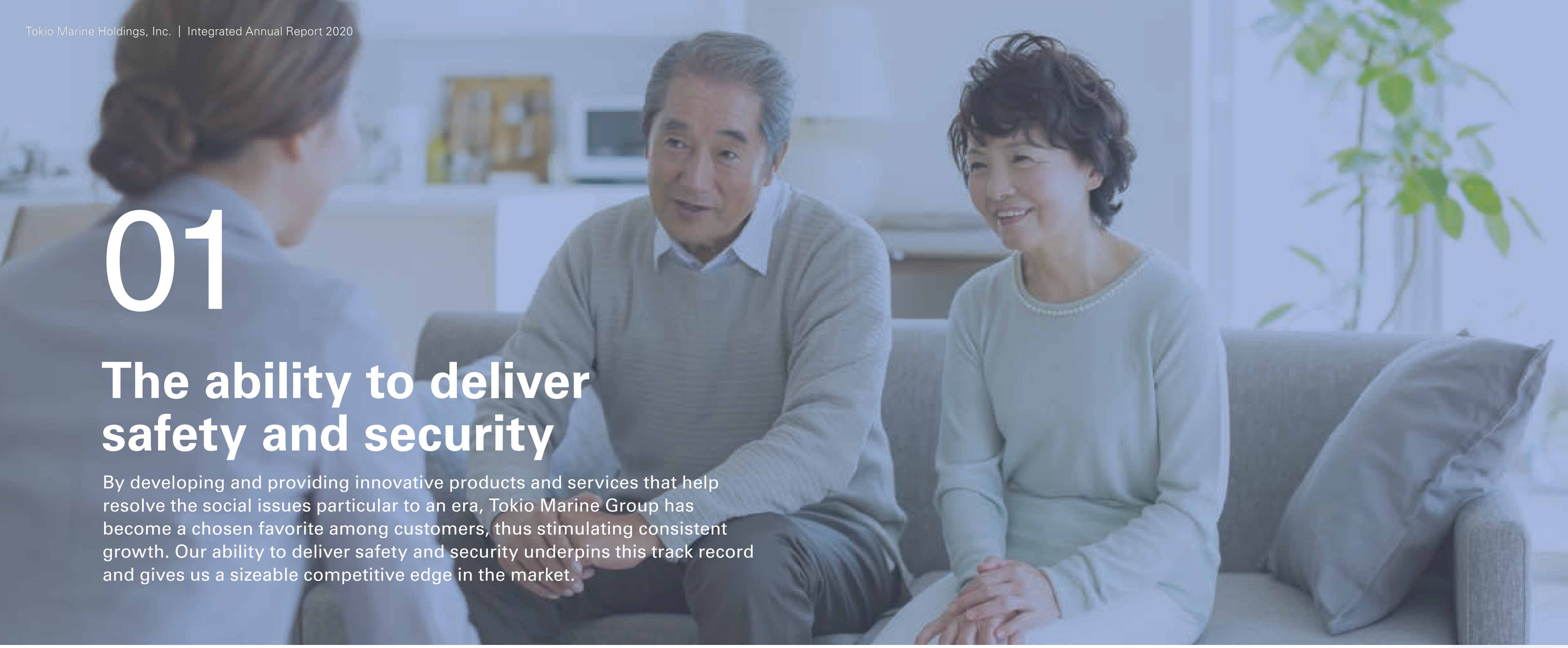


01

The ability to deliver safety and security

By developing and providing innovative products and services that help resolve the social issues particular to an era, Tokio Marine Group has become a chosen favorite among customers, thus stimulating consistent growth. Our ability to deliver safety and security underpins this track record and gives us a sizeable competitive edge in the market.

Ability to Detect Issues for Customers and Society

The world is changing at breakneck speed due to such factors as climate change, technological advancements and the spread of COVID-19, exacerbating risks for customers and society.

Under these circumstances, it is important for us to correctly identify changes in the environment and the challenges facing customers and society in order to protect them in their times of need. Tokio Marine Group shares information from the frontline, the closest proximity to the market, as well as any findings by our agents, within our group in a timely manner, with a focus on pertinent locations, articles and frontline sites. In addition to this, product and service developments and improvements are regularly brought to our attention through analysis of feedback from customers together with consumer advisors, and market research.

A medium- to long-term approach is crucial to protect customers and society from new risks. We are also making efforts in research on medium- to long-term environmental changes and the social issues that arise from them through industry-academia collaboration, group think-tanks and external research institutes.

The Ability to Develop Products and Services that Resolve Issues

With the aim of developing products and services that can clear up challenges facing customers and society, and to transform these into viable businesses, it is necessary to calculate appropriate premiums commensurate with risk and have sufficient capital to underwrite it stably.

In Tokio Marine Group, professional actuaries with a background in mathematics use probability theory and statistics to quantify risks such as the frequency of occurrence of an accident and the amount of damage to enable appropriate premium calculations. In recent years, we have taken on the challenge of further improving our analytical methods by incorporating high-end knowledge through such means as Predictive Analytics*, a tool used by overseas Group companies. We have received top-class ratings on a global scale for our capital level, which forms the basis for underwriting risk, from major rating institutions. In addition to this strong capital base, we also utilize reinsurance to appropriately control risk and build a stable system for underwriting.

*Analysis for predicting the future by applying statistical methods to data

(Please see pages 8–9, 26–31 and 80 for concrete examples of issue resolution.)

The Ability to Deliver to Customers

There is no use developing a great product or service if it never makes its way to market. Tokio Marine Group proposes optimal insurance based on detailed consulting. As an example, we work with chambers of commerce to raise risk awareness and propose specialty insurance amid diversifying risk surrounding companies, in particular since small- and medium-sized enterprises (SMEs) are less likely to take up specialty insurance such as liability insurance or cyber insurance. Also, given the heightened intensity of natural disasters in recent years, we launched a nationwide campaign to reconfirm the content of customer policies so that we can provide them with the products and services they truly need.

At the same time, the rise of digital natives—a person who has grown up in the digital age—has brought further diversification to customer needs. We aim to deliver safety and security to as many people as possible by building contact points with new customers through alliances with platform operators, or large-scale online service providers.

This initiative has been well received by customers and we have steadily increased our market share.

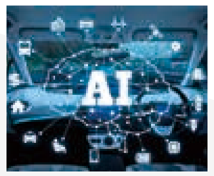
We also deliver high-quality services such as prompt claims payments and more careful support to customers in accident response and claims processing.

Prompt Claims Payments Using Satellites

It is now possible to identify the extent of damage early on, even in the case of major floods, through analysis of satellite images using AI. This allows for prompt claims payments while also enabling us to provide swift guidance to customers who are yet to make a claim without missing anyone.

Creation of a Simple, Speedy Claims Payment Process

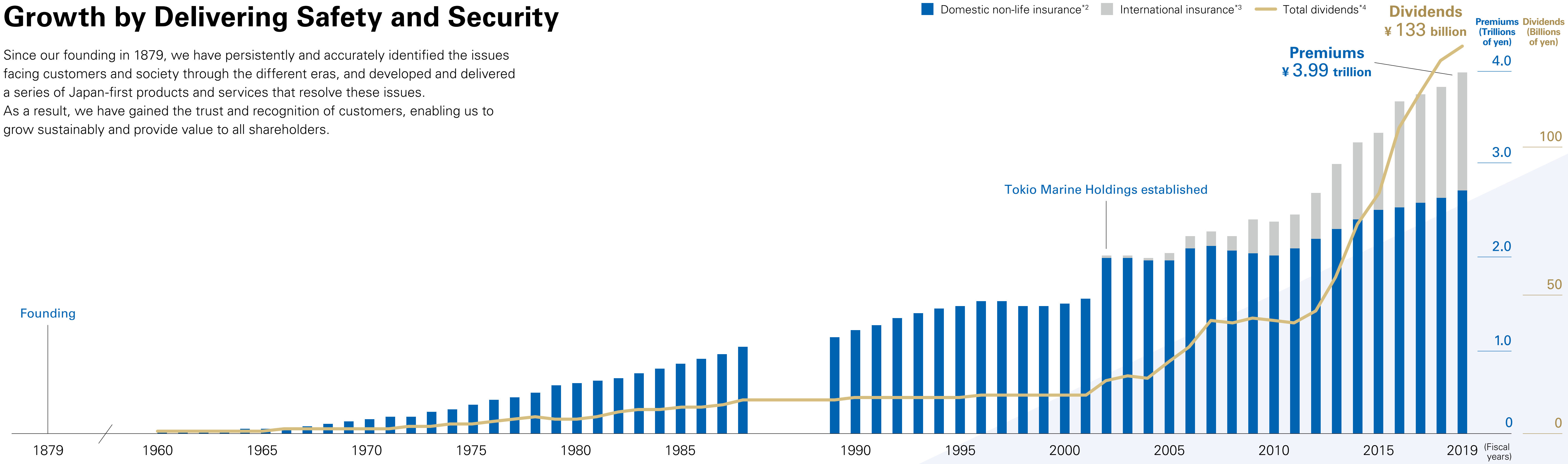
We use world-leading digital technologies to automate the claims payment process to the greatest degree possible, thereby realizing simple and speedy claims payments. We utilize the time that this creates for us to deliver high-quality services requiring a human touch, such as dealing with advanced settlement negotiations and taking close care of our customers.



History of Resolving Social Issues and Sustainable Growth by Delivering Safety and Security

Since our founding in 1879, we have persistently and accurately identified the issues facing customers and society through the different eras, and developed and delivered a series of Japan-first products and services that resolve these issues.
As a result, we have gained the trust and recognition of customers, enabling us to grow sustainably and provide value to all shareholders.

Direct Net Premiums Written[*1] (Bar Graph) and Total Dividends (Line Graph)



*1. Excludes deposit premiums from policyholders
*2. Shows premiums from Tokio Marine from fiscal 2001 and prior, and combined premiums from Tokio Marine & Nichido and Nisshin Fire, etc. from fiscal 2002 onward
*3. Shows premiums from 2002 onward when Tokio Marine Holdings was established *4. Does not include one-time dividends provided as capital level adjustment

History of Issue Resolution

1914

Supports motorization

Tokio Marine Insurance launched Japan's first auto insurance product at a time when there were only around 1,000 vehicles in Japan in anticipation of the future of motorization.

Auto insurance badge (circa 1926)

1959

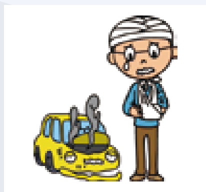
Cultivates awareness and establishes standards regarding compensation

At a time when accident victims often found themselves with no recourse other than to give up, we launched Japan's first liability insurance product, cultivating awareness regarding proper damage compensation and defining the appropriate level of compensation.

1998

Realizes sufficient compensation for victims

Tokio Marine Group launched Japan's first auto insurance with coverage for personal injury designed to compensate for all damages a policyholder may be liable for after an accident. It is now the standard for auto insurance products.



1999

Protects customers from cyber risk

Amid rising cyber risk worldwide due to technological advancements, UK-based Tokio Marine Kiln (TMK) offered cyber-related coverage from early on. Tokio Marine Group has a 5.0%[*5] share of the global market for cyber insurance, making us a leading player worldwide.

*5. Fiscal 2019 result (Source: Company estimate based on Prescient & Strategic Intelligence material)

2001

Addresses the problem of poverty through insurance

India-based IFFCO-TOKIO started providing microinsurance (insurance that can be purchased at a low price) to help farmers work with more peace of mind (Please see page 80).


Accident insurance provided as an incidental to fertilizer

2002

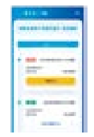
Protects customers with integrated life and non-life insurance product

Tokio Marine Group launched a globally unique integrated life and non-life insurance product called *Super Insurance* based on the concept of providing optimal compensation tailor-made to each individual that ensures protection throughout their entire life.

2020

Protects the livelihood of earthquake victims

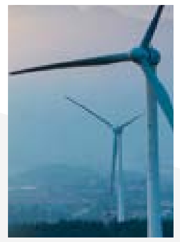
In order to protect the livelihood of people directly following an earthquake, we developed Japan's first insurance that pays out in a minimum of three days depending on the intensity of the earthquake. This new type of insurance can be handled entirely by smartphone, from contract through to claim.


Screen showing claims procedure

2020

Supports the spread of renewable energy

To support the shift to renewable energy, we acquired GCube, a global leader in the field. Also, in Japan, we developed insurance that seamlessly compensates the risk associated with offshore wind power generation projects, thereby supporting operators from the perspective of insurance.



02

The ability to implement successful M&A

The companies that we acquired have continued to grow well after joining Tokio Marine Group and we are already enjoying synergistic effects. Our ability to conduct successful M&A helps us diversify risk as well as strengthen our management base.

Cultural Fit Key to M&A

Insurance is a business that underwrites risk. Under no circumstances can we allow the foundations of our business to be shaken. Therefore, it is important to diversify risk and stabilize business. That's the aim of our M&A. We first identify M&A deals by ourselves and compile a list of potential candidates. The International Executive Committee (IEC) then holds discussions each month on progress toward M&A with these potential companies. That means if the opportunity comes, we can move quickly and with agility to execute the M&A. Specifically, we look at whether or not the target company is a good company that satisfies strict criteria regarding cultural fit, high profitability and solid business model, with a particular focus on cultural fit. In other words, we make doubly sure that the values of the target company concerning insurance business match Tokio Marine Group's core identity "To Be a Good Company" by placing value on customers and society in particular. Such a cultural fit is also the basis for creating synergies thereafter.

Tokio Marine Group's Core Identity and the Founding Philosophy of the Acquired Company

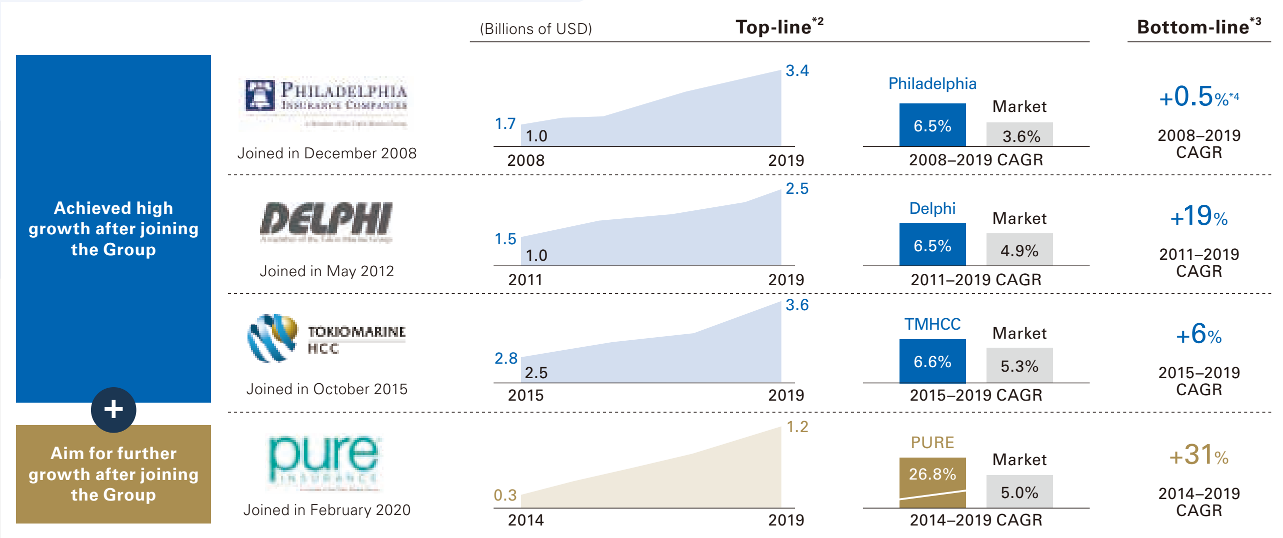
Strong Track Record

Three companies that we acquired in North America account for approximately 80% of profits in the international insurance business. In addition to their own strong capabilities, these companies have synergy with Tokio Marine Group companies, providing a more extensive product lineup, greater underwriting capacity and sales in new countries and regions. Accordingly, premiums of these companies have exceeded market growth after joining the Group and so too have profits as a result.

This has enabled us to establish a top 10 position in commercial lines for Tokio Marine Group in the North American market, the world's largest insurance market. In particular, we are a leading player in the specialty insurance field[*1].

PURE also joined our Group in fiscal 2020, driving further growth for the Company and enhancing our risk diversification.

*1. Special insurance provided to corporations such as liability insurance and medical insurance in place of general auto insurance and fire insurance



*2. Net premiums written on a local accounting basis (For PURE, premiums under management company) *3. After-tax profits on a local accounting basis
*4. Temporary slowing of growth due to increased past reserve provision in FY2019. CAGR based on FY2020 profit excluding the impact of COVID-19 is 5%.

03

Group's collective strength

Tokio Marine Group is enhancing its ability to resolve social issues through the optimal allocation of talent in Japan and overseas, including personnel acquired via M&A, in order to most appropriately implement Group strategy.

Optimal Allocation of Talent to Execute Group Strategy

Tokio Marine Group has sought to diversify risk and expand profits through M&A, with the greatest effect of this initiative being the acquisition of talent and their expertise. Based on the aim of continuing to grow as a Group, it is necessary to further refine our business. To achieve this, we are striving to build a dominant competitive advantage for each of our Group companies in their respective regions and markets as well as bring together our diverse human resources as one team and tap into their expertise and knowledge.

To that end, we are ensuring the optimal allocation of our outstanding human resources through Japan and the world so as to make the most effective use of their expertise. This involves appointing them as Group Co-Heads*1 and key positions in each specialized field.

These efforts are already generating Group synergies across the four areas of "expanding top-line," "expanding investment income," "optimizing retention/reinsurance" and "reducing costs." In quantitative terms, this has resulted in a profit contribution of approximately ¥35 billion.

*1. Tokio Marine Group has adopted a system in which its chief officers manage the strategies and policies of the entire Group for each particular field, thereby leveraging functions in a cross-organizational manner. In particular, non-Japanese executives have been appointed as Group Co-Heads to make this cross-organizational functionality more global in nature.

Non-Japanese Executives Appointed as Group Co-Heads

Donald Sherman

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

Christopher Williams

Co-Head of International Business

Co-CRSO (Group Co-Chief Retention Strategy Officer)
Former HCC Insurance Holdings CEO

Human Resources with Advanced Expertise Appointed to Key Positions in Group Strategy

Internal Audit

Desmond Yeo

TM Asia Regional Head of Internal Audit (additional post: HD)

<Main career>
Previously worked as an Internal Audit Director of a Global Insurance company. 23 years of working experience in areas of IA, ERM and IT risk management.

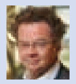
Reserving*2

Daniel Thomas

Chairperson of International P&C Reserving Actuary Committee

<Main career>
Worked as an adviser on reserving to global insurance companies for over 20 years at a major audit firm.

Specialty

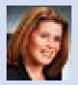


Philippe Vezio

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

<Main career>
Engaged in various senior positions in a Specialty business unit writing international business.

Legal & HR

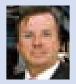


Caryn Angelson

TMNAS CHRO & CLO
(additional post: HD)

<Main career>
Leveraging her background as a lawyer at a global law firm with a focus on litigation, Caryn provides legal counsel to various global corporate functions across a broad range of issues, including in the field of employment and labor.

Reinsurance



Barry Cook

CEO of International Group at TMHCC
(TMHD Global Reinsurance Advisor)

<Main career>
Leads TMHCC's International businesses, and has over 30 years service with TMHCC and a reinsurance brokerage company Barry started that was acquired by TMHCC.

Cyber Insurance

Daljitt Barn

Cyber Centre of Excellence Global Head of Cyber Risk

<Main career>
Previously worked at a global reinsurance company where he developed the group Cyber insurance strategy. He has also built and managed the Cyber risk team within an audit firm.

*2. To estimate future payments on reported and unreported claims, with respect to insured events that have occurred

Expansion of Domains that Provide Value through Advanced Expertise

While we would rather that accidents and disasters did not occur, in the event of such dilemmas, it is of course better to minimize the damage and recover quickly. From this perspective, Tokio Marine Group brings together the advanced expertise from each of our Group companies in Japan to provide services such as prediction/prevention and early recovery that go beyond merely paying claims.

Support for Early Recovery in a Disaster

Fire or water-related disasters can cause pollutants that corrode equipment and machinery, and unless repairs are made swiftly, recovery may take a long time. Tokio Marine Group supports the quick resumption of operations by utilizing the advanced cleaning technology of BELFOR*3, a specialist property restoration firm we have a business alliance with, to remove pollutants.

Before restoration

After restoration

*3. A global disaster recovery specialist with more than 300 locations in 28 countries worldwide

BCP Formulation and Training Support Service

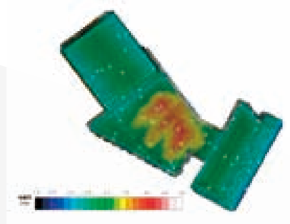
Amid a raft of natural disasters and the COVID-19 outbreak, a critical issue for companies is the strengthening of systems in preparation for an emergency. We support business continuity and early recovery for companies by helping them create a BCP*4 and providing training to improve its effectiveness.

*4. A BCP, or business continuity plan, is a plan designed to ensure a business can continue operating or recover swiftly in the event business is temporarily halted.

BCP training

Proposing Measures to Prevent and Mitigate Disaster

Amid rising risk awareness for natural disasters, we propose effective measures to prevent and mitigate such calamities that include simulating a flood based on analysis of ground height using a drone as well as damage prediction, and risk diversification and transfer.



Analysis of ground height

Question

What are we aiming for?

Answer

We seek to sustain long-term growth by providing safety and security for a sustainable society.

Since our founding, Tokio Marine Group's purpose has been to protect customers and society in their times of need by providing safety and security. Sincere efforts in this regard have resulted in continuous growth.

These are volatile, uncertain, complex, and ambiguous times. COVID-19 has merely added to the uncertainty in society. Despite this, our purpose will never change over time.

We will continue to seize opportunities that arise from changes in the environment and contribute to the resolution of social issues by leveraging the strengths we have amassed throughout our 141-year history and executing appropriate business strategies (further diversification of portfolio, enhancement of business structure, and strengthening integrated group management). By taking on such challenges, we can hone our strengths and strategies, thereby further enhancing our ability to resolve social issues, which in turn enables us to help create a sustainable society. As a result, we can also enjoy ongoing, long-term growth.

The swift execution of this cycle allows us to consistently provide value to all our stakeholders. Moving forward, we will continue aiming to be a "Good Company" that is truly deemed necessary over the next 100 years.

Our Approach to Value Creation

The Group we aim to be

A company that is still protecting customers and society in their times of need over the next 100 years

To Be a ***Good Company***

The value we provide to stakeholders

Customers and society	Shareholders	Employees
Contribute to resolution of social issues by delivering safety and security	Ensure stable double-digit ROE and a high-level shareholder return	Provide a bright and vibrant place of work, and enhance engagement

Future Group vision (financial goals)	Adjusted net income	Adjusted ROE	Payout ratio
	Over ¥500 billion	Approx. 12%	Increase to levels on par with global peers (approx. 50%)

100 years from now

Upward value creation spiral

(Enhance corporate value by continuing to resolve social issues)

The society we aim to create

A sustainable society in which everyone can live in safety and security, and take on any challenge

Material social issue (1)	Material social issue (2)	Material social issue (3)	Material social issue (4)	Material social issue (5)
Resilient world at peace with natural disaster risks	World where people have peace of mind with a longer healthy life expectancy	Safe, secure and comfortable world based on city development strategies led by Tokio Marine Group	World offering a sense of purpose and motivation to all	World of increased national strength supported by industrial and regional innovation

Provide value through resolution of social issues Pages 2–3

—Realize our purpose unchanged from time of founding—


Confirming damage following a natural disaster


Responding to customers during a natural disaster

Protect customers and society in their times of need
This is our unchanging purpose.

We provide employees with a bright and vibrant workplace and collaborate with agents to help resolve issues facing customers and society in order to realize this purpose.
We will grow as a result, enabling us to return gains commensurate with investment to shareholders.


Striving to understand customer issues

Going forward, we will seek to continue providing value to all our stakeholders.


Gathering the expertise of the Group

Approach Toward Resolving Social Issues

- Alleviate daily concerns through coverage of risks
- Identify risks before materialization to spread awareness and help mitigate said risks
- Support challenging undertakings through coverage of risks

Foundations Underpinning Value Creation

Strengths Cultivated by Tokio Marine Group

- The ability to deliver safety and security Pages 6–9
- The ability to implement successful M&A Pages 10–11
- Group's collective strength Pages 12–13

Robust and transparent corporate governance measures Pages 58–79

Hone strengths and problem-solving in order to further boost our ability to resolve issues through strategies

Present

Priority strategies for resolving social issues

Three pillars of the Mid-Term Business Plan Pages 18–19

- Further diversification of portfolio
- Enhancement of business structure
- Strengthening integrated group management

Past

History of resolving social issue in every era Pages 8–9

Examples:

- 2002 Release of *Super Insurance*, Japan's first integrated life and non-life insurance product
- 2001 Launch of microinsurance for farmers in India
- 1999 Start of provision of cyber-related coverage from early on at U.K.-based Lloyd's
- 1998 Introduction of Japan's first auto insurance with coverage for personal injury
- 1959 Release of Japan's first liability insurance
- 1914 Launch of Japan's first auto insurance
- 1879 Founded as a marine insurance company for supporting trade

Material social issues to be addressed by Tokio Marine Group Pages 22–23

Persistent core social issues

- Material social issue (1): Global climate change and increase in natural disasters
- Material social issue (2): Rising burden of nursing and medical care due to aging population and progress in medical technology
- Material social issue (3): Operating environment changes stemming from technological innovation
- Material social issue (4): Social disparity and inclusion
- Material social issue (5): Industrial foundations for supporting economic growth and innovation

Opportunities Pages 24–25

New social issues

Risks Pages 24–25

Changing social needs and increasing diversity and complexity of social issues

Global warming | Demographic changes | Changing market needs | Technological progress etc.

Promotion of Mid-Term Business Plan

Tokio Marine Group aims to strengthen our ability to resolve social issues through three strategies in order to achieve long-term financial growth.

In fiscal 2018, Tokio Marine Group launched the mid-term business plan, "To Be a Good Company 2020." The plan includes three priority strategies for realizing its goals in fiscal 2020, namely "further diversification of portfolio," "enhancement of business structure" and "strengthening integrated group management."

The goals of these strategies does not stop with the achievement of financial targets in a single fiscal year or solely for the mid-term business plan. We also seek to boost financial performance from a long-term perspective by increasing our non-financial capabilities in terms of our ability to resolve social issues. That is the true aim of carrying out these strategies.

Strengthen ability on a non-financial front to drive long-term financial growth

Financial achievement

Realize long-term growth

Strengthen non-financial capabilities

Enhance ability to resolve social issues

Achieve mid-term financial goals

Please see pages 20–21 for progress made in our mid-term business plan

Mid-Term Business Plan
To Be a Good Company 2020

Promote three priority strategies

Future Group Vision (Medium- to Long-term Goals)

	FY2020 forecast (normalized basis)*1	FY2020 target	Future Group Vision
Adjusted net income	¥410 billion	¥400–¥450 billion*2	Over ¥500 billion
Adjusted ROE	12.2%	10% or higher*2	Approx. 12%
Shareholder return Payout ratio*3	40%	35% or higher	Gradually increase to levels on par with global peers*4

Resolution of Social Issues

(Please see pages 22–25 for details on material social issues to be addressed by us and related risks and opportunities)

Important measures
- Stabilize business by diversifying risk and continue to provide insurance
- Increase capacity to underwrite new risk

Important measures
- Accelerate claims payments in the event of natural disasters by making full use of technology
- Propose optimal insurance tailored to each individual through use of AI

Important measures
- Gather global expertise to guide optimal solutions
- Create innovation by utilizing the diverse knowledge of the Group

Further diversification of portfolio
- Promote geographic and business risk diversification after ensuring risk has been appropriately controlled
- Review portfolio of existing businesses

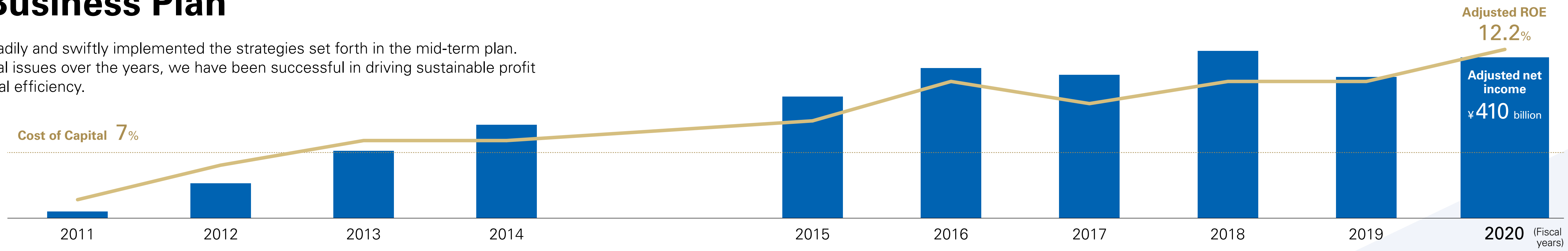
Enhancement of business structure
- Utilize new technology to:
  (1) Provide innovative products and services
  (2) Review business model for sales and claim services
  (3) Enhance productivity and reduce operating costs

Strengthening integrated group management
- Ensure optimal placement and utilization of talent globally
- Generate greater synergies among the Group
- Spread group culture

*1. Excluding the impact of COVID-19.
*2. Net incurred losses relating to natural disasters are normalized to an average annual level. In addition, FX effects and the one-time impact of U.S. tax reform have been excluded.
*3. Payout ratio is based on the five-year average for adjusted net income as well as an original projection.
*4. The payout ratio of global peers stands at approximately 50% as of the present time.

For Reference: Review and Progress of Mid-Term Business Plan

Tokio Marine Group has steadily and swiftly implemented the strategies set forth in the mid-term plan. As a result of resolving social issues over the years, we have been successful in driving sustainable profit growth and enhancing capital efficiency.



Issues remaining from 2009–2011 mid-term plan
ROE exceeding cost of capital
(A critical challenge is to realize profitability in domestic non-life insurance business.)

Innovation and Execution 2014

Mid-Term Plan

Vision

A "global insurance group" that realizes sustainable growth by offering quality that wins customers over

Priority Strategies

- Structural reform to businesses that generate profit
- Transformation into a well-balanced business portfolio

Main KPIs

- Adjusted ROE of 7% or higher
- Improve combined ratio (C/R) of domestic non-life insurance business to 95%
- Increase embedded value (EV) in domestic life insurance business by ¥180 billion (three-year total)
- Adjusted earnings of ¥100 billion in international insurance business

Review of Mid-Term Plan

Review of Priority Strategies

Realized ROE exceeding cost of capital (7%) through the following measures

- Significantly increased profitability in domestic non-life insurance business, which was a major issue, led by auto insurance
- Realized stable profit growth in domestic life insurance business by focusing on highly profitable living protection field
- Realized strong profit growth and contributed to Group business and geographic diversification through organic growth of international insurance business and acquisition of Delphi Financial Group
- Continually reduced risk, for example by selling business-related equities in the amount of ¥336 billion over three years

Achievement of Main KPIs

	2014 results	Mid-term plan (2014)	Achieved
Adjusted ROE	9.3%	7% or higher	✓
C/R (Tokio Marine & Nichido)	90.6%	95.0%	✓
EV increase (three-year total, Tokio Marine & Nichido Life)	¥357.5 billion	¥180.0 billion	✓
Adjusted earnings (international insurance business)	¥145.5 billion	¥100.0 billion	✓

Remaining issue
Build a foundation that enables sustainable profit growth and higher ROE

To Be a Good Company 2017

Mid-Term Plan

Vision (To Be a Good Company 2017 and To Be a Good Company 2020)

A global insurance group that delivers sustainable growth by providing safety and security to customers worldwide
—Our timeless endeavor to be a Good Company—

Priority Strategies

- Unlock our potential
- Pursue growth opportunities
- Capitalize on changes
- Advance our business platform

Main KPIs

- Adjusted ROE of approx. 9%
- Adjusted net income of ¥350–¥400 billion
- Steady growth of dividends in line with profit growth

Review of Mid-Term Plan

Review of Priority Strategies

Realized sustainable profit growth and higher ROE primarily through the following measures

- Enhanced business model mainly by strengthening life and non-life cross-selling initiatives, providing products and creating a service system, which is resilient to wide-area disasters
- Reinforced R&D functions by providing products and services in anticipation of changes (such as insurance designed to promote health improvement and auto insurance using drive recorders) and establishing the Digital Strategy Division
- Advanced business through both organic growth and M&A, including expansion of specialty insurance in Japan and acquisition of HCC Insurance Holdings
- Enhanced business platform by strengthening integrated group management, especially by establishing a Group Chief Officer system and launching and bolstering our global committees

Achievement of Main KPIs

	2017 results	Mid-term plan (2017)	Achieved
Adjusted ROE	10.0%*1	Approx. 9%	✓
Adjusted net income	¥397.0 billion*1	¥350–¥400 billion	✓
Annual dividends per share	¥160	Steady growth (¥95 in fiscal 2014)	✓

Remaining issue
Grow profit by establishing earnings base

To Be a Good Company 2020

Mid-Term Plan

Priority Strategies

- Further diversification of portfolio
- Enhancement of business structure
- Strengthening integrated group management

Main KPIs

- Adjusted ROE of 10% or higher
- Adjusted net income of ¥400–¥450 billion
- Payout ratio of 35% or more

Review of Mid-Term Plan

Review of Priority Strategies

Steadily strengthen earnings base primarily through the following measures

- Make strategic changes to portfolio that include acquisition of the PURE Group, continued bolt-on M&A and sale of Tokio Millennium Re Ag (TMR)
- Enhance business structure that includes creation of claim services using satellite images and AI, launch of digital labs in five locations worldwide and a system to promote the use of technology
- Strengthen integrated group management by promoting the use of talent and spreading Group culture on a global basis
As a result, we have expanded more Group synergies

Achievement of Main KPIs

	2020 forecast (normalized basis*2)	Mid-term plan (2020)	Forecast achieved
Adjusted ROE	12.2%	10% or higher*3	✓
Adjusted net income	¥410 billion	¥400–¥450 billion*3	✓
Payout ratio*4	40%	35% or higher	✓

Aim to achieve sustainable growth and enhance capital efficiency by categorizing management issues and implementing suitable corrective action

*1. Adjusted net income: Net incurred losses relating to natural disasters are normalized to an average annual level. In addition, excluding FX effects and the one-time impact of U.S. tax reform are excluded.
Adjusted net assets: Adjusted to the market conditions of March 31, 2015.
*2. Excluding the impact of COVID-19.
*3. Net incurred losses relating to natural disasters are normalized to an average annual level. In addition, one-time impact of U.S. tax reform has been excluded.
FX rates are as of March 31, 2018
*4. Payout ratio is based on initial forecast.

Addressing Material Social Issues and Their Risks and Opportunities

Tokio Marine Group identifies the risks and opportunities associated with each material social issue, and then takes the necessary steps in response.

Tokio Marine Group identified material social issues (materiality) in fiscal 2018 with the formulation of the current mid-term business plan. A total of five issues were selected from a host of issues currently facing the world, as encapsulated in the Sustainable Development Goals (SDGs), with selection criteria based on our ability to find resolution by leveraging our corporate strengths as well as potential impact on business continuity.

Each of the issues was categorized according to possible repercussions to the Group's business from the perspectives of risk and opportunity, with appropriate steps being taken. This entails minimizing the negative impact on business when risk emerges, taking advantage of opportunities to expand business and striving to translate risks into opportunities in order to realize long-term growth.

Process of Identification of Material Social Issues

STEP 1

Identification of Material Issues with Rising Impact on Society

We looked at the 17 SDGs and analyzed the issues of focus of start-ups in Japan and around the world based on investment amount and identified the issues that are increasingly impacting society.

STEP 2

Identification of Material Issues of Growing Importance to Management

We looked at the 17 SDGs and analyzed the issues of focus of global insurance companies based on investment amount and identified the issues with increasing importance to management.

STEP 3

Identification of Material Issues that Tokio Marine Group Can Help Resolve

We looked at issues with a growing impact on society and increasing importance to management and selected five material social issues that Tokio Marine Group can help resolve.

Contribution to the SDGs

SUSTAINABLE DEVELOPMENT GOALS

The SDGs were set as targets for government and corporations to strive to achieve within "Transforming Our World: the 2030 Agenda for Sustainable Development" adopted at the United Nations Sustainable Development Summit in September 2015. Tokio Marine Group aims to contribute to the achievement of the SDGs through its business activities. (Please see pages 84–85 for details).

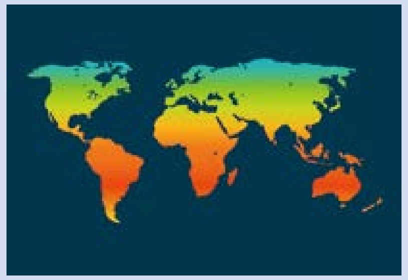
The society we aim to create	Material social issues	Reason for the identification
(1) A resilient world at peace with the risk of natural disasters	(1) Global climate change and increase in natural disasters	The various adverse effects of climate change, such as the intensification of natural disasters, pose a serious threat to people's safety and security while also hindering the sustainable development of society. Tokio Marine Group assumes responsibility for risks in Japan, a country prone to natural disasters, as its home market. That means a material social issue for us is responding to climate change and natural disasters.
(2) A society with a longer healthy life expectancy and where people can live with peace of mind	(2) Rising burden of nursing and medical care due to an aging population and progress in medical technology	While everyone hopes to live a long healthy life, a real possibility in today's world where people often live to 100, aging societies and the proliferation of advanced medical care are putting increasing economic pressure on the individual, family unit and society at large. Tokio Marine Group provides a large number of products that cover illnesses in both non-life and life sectors, and we believe that we can leverage our accumulated expertise to contribute to the resolution of these issues.
(3) A safe, secure and comfortable world based on urban strategies led by Tokio Marine Group	(3) Operating environment changes stemming from technological innovation	Technological innovation has skyrocketed in recent years on the back of the digital economy, otherwise known as Industry 4.0, driving immense change in society and the economy. Tokio Marine Group aims to cover the new risks generated by this change as well as deliver high-value-added products and services by actively utilizing digital technology.
(4) A society in which everyone is motivated to work and live	(4) Social disparity and inclusion	Many countries are now faced with growing disparities in terms of economy, income distribution and information. These disparities can also be seen from nation to nation. And such differences have led to a bevy of social issues ranging from poverty, hunger, and loss of educational opportunity. As a global group, Tokio Marine Group believes in the importance of contributing to the resolution of issues caused by these disparities.
(5) National strength through industrial and local innovation	(5) Industrial foundations supporting economic growth and innovation	In Japan, where the workforce is shrinking and people continue to shift out of rural areas, a pressing challenge is to create foundations for industry and technological innovation in order to ensure sustainable economic growth. The insurance business is closely connected to all kinds of industries, and we believe that economic advancement is a critical ingredient in the growth of the Group.

Impact of material social issues on business ● Risks ● Opportunities	Response to risks and opportunities	Related indicators (contribution to resolution of social issue)	SDGs we are addressing
(1) Global climate change and increase in natural disasters ● Increase in claims payments associated with the intensification of natural disasters and extreme weather patterns ● Growing public awareness toward the risk posed by natural disasters ● Revisions to energy policies in different countries in light of the transition to a low-carbon society ● Negative effects of global environmental destruction on society	The increasing severity of natural disasters caused by climate change is one factor behind deteriorating earnings from fire insurance in particular, owing to the rising number of claims payments. At the same time, individuals and corporations are becoming more acutely aware of the danger posed by natural disasters, stimulating demand for enhanced coverage when concluding an insurance agreement and the need for more extensive service when a disaster strikes. Accordingly, we aim to increase our earnings opportunities by boosting our dominance through such means as effectively generating demand, providing exceptional service in response to a disaster and accelerating claims payments. In addition, while there is a risk that the transition to a low-carbon society will shrink the existing insurance market in the energy sector, if we can be an early mover in supporting the growing renewable energy sector, we will be well placed to enhance our reputation and secure opportunities to cultivate the market.	✔ Net incurred losses related to natural disasters*1 amounted to ¥195.8 billion for fiscal 2019 by covering worldwide natural disaster risk. ✔ Premiums from fire insurance*2 grew by 14.2% in fiscal 2019 on the back of a review of compensation (Tokio Marine & Nichido Fire). ✔ A reduction in CO_2 emissions and mangrove planting were primary factors in achieving carbon-neutral status for the seventh consecutive year.	11 Sustainable Cities and Communities 13 Climate Action
(2) Rising burden of nursing and medical care due to an aging population and progress in medical technology ● Higher awareness in health and greater needs associated with longevity risk ● Development and expansion of new markets due to innovation in medical technology ● Increase in adverse selection*3 in underwriting risk associated with innovation in medical technology	The desire to live a longer, healthier life is increasing nowadays as expectations of surviving until 100 grow. The market for living protection is expanding as a result. Tokio Marine & Nichido Life, a Group company, is a pioneer in the field and if it can continue developing many different competitive products going forward, it will have the chance to increase premiums as well as market share. In addition, if the accuracy of predicting the incidence of diseases rises with advancements in medical technology, prevention and treatment costs will grow and a new market may be born. At the same time, there is also the risk that adverse selections will increase, and as such, we will enhance our discipline in terms of product and underwriting risk to capture market growth.	✔ In-force policies ANP for medical and cancer insurance in fiscal 2019 increased by 6.2% due to expansion of longevity risk (Tokio Marine & Nichido Life). ✔ The R series of life insurance products where policyholders can receive health reimbursement benefits topped 1 million policies in the five years since launch due to growing customer support.	3 Good Health and Well-Being 8 Decent Work and Economic Growth
(3) Operating environment changes stemming from technological innovation ● Loss of competitive advantage ● Foray into insurance market by other industry players such as digital platformers ● Emergence and expansion of new markets through the spread of innovative technologies ● Increased operational efficiency through the proliferation of AI and IoT	Technological innovation offers both risks and opportunities since it has the potential to fundamentally change the insurance business model. In addition, there is a risk that competition will intensify as other players enter the industry, including platformers, which will put downward pressure on profits. Tokio Marine Group has been able to provide innovative products and services and reduce operating costs by implementing business structure enhancement with digital technology. If we can continue to hone these efforts, we can enhance our competitive edge.	✔ More than 350,000 policies are now using *Drive Agent Personal (DAP)**4, which helps increase safety and security in driving. ✔ The uptake of cyber insurance has manifest double-digit growth*2 for the fourth consecutive year owing to an increase in cyber incidents (Tokio Marine & Nichido Fire). ✔ The expense ratio for fiscal 2018 was 30.6% (Tokio Marine & Nichido), 2.5 pt lower than the market, due to a reduction in costs by using technology.	9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities
(4) Social disparity and inclusion ● Increase in the number of people having difficulty paying premiums ● Utilization (or non-utilization) of diverse talent within the Group ● Emergence and expansion of new markets born with the establishment of an inclusive society	There is a risk we may lose earnings opportunities as poverty grows and more people find it difficult to cover premiums. As one way to address this issue, the Group provides microinsurance to farmers at low cost in India, where poverty is extreme. Also, there are critical risks and opportunities as the working population dwindles that depend on whether talent is being utilized effectively and whether an appropriate approach to inclusion is being taken. As such, we will continue to accelerate the optimal allocation of talent within the Group, which includes the use of diverse personnel acquired through M&A.	✔ The number of microinsurance policyholders in fiscal 2019 stood at approximately 19,420,000, contributing to the alleviation of poverty in India. ✔ Engagement with the Company*6 has risen to a level of 4.3 on a scale with a maximum of five (fiscal 2019) after striving to enhance employee motivation.	1 No Poverty 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities
(5) Industrial foundations supporting economic growth and innovation ● Decrease in premiums owing to the economic downturn ● Growth in the movement to support local economies and small- and medium-sized enterprises ● Emergence and growth of new needs due to the globalization of corporations	Since the premiums of many products are determined based on corporate sales, growth in GDP is essential to expand the top line for Tokio Marine Group. However, a decline in local economies and in small- and medium-sized enterprises (SMEs) has become an issue in Japan and may result in a loss of earnings opportunities for the Group. On the other hand, there is a growing movement to support local communities and SMEs, which provides the chance to increase sales of our products and services that are related to regional revitalization and health management. Going forward, we will continue to accelerate business aiming to drive corporate growth.	✔ Premiums for package products for SMEs grew 4.4-fold relative to fiscal 2010 (Tokio Marine & Nichido Fire). ✔ We supported around 1,800 companies in fiscal 2019 by promoting health management (Tokio Marine & Nichido Fire).	1 No Poverty 9 Industry, Innovation and Infrastructure

*1. On a business unit profits basis. *2. Growth rate for net premiums written. *3. People with a higher likelihood of having an accident are more likely to get insurance. *4. The Group's unique auto insurance using drive recorders. *5. All lines and markets refer to the total of members of The General Insurance Association of Japan (excluding Tokio Marine & Nichido Fire) (Source: The General Insurance Association of Japan website) *6. Internal culture and values survey (percentage of people who are proud to work for Tokio Marine Group among personnel working overseas and at Tokio Marine Holdings).

Special Feature (1)





Response to Global Climate Change and the Increase in Natural Disasters

From a social perspective, Tokio Marine Group is in a position of responsibility when it comes to climate change and natural disasters, and for that reason, we have been facing these social issues head on for some time. As an insurance company, an institutional investor and a global enterprise, we will remain deeply involved in and support the transition to a low-carbon society so that people can continue to live with peace of mind. Taking the lead in such efforts and translating the risks into opportunities will help us drive long-term growth.

● Risks and ● Opportunities for Tokio Marine Group	Key Response	
● Increase in claims payments associated with the intensification of natural disasters and extreme weather patterns	• Manage climate-related risk based on Enterprise Risk Management (ERM) • Create a sustainable fire insurance system • Appropriately control risk through risk diversification and reinsurance, etc.	Please see page 27.
● Growing public awareness toward the risk posed by natural disasters (Rising demand for greater compensation and better services when a disaster strikes)	• Enhance support for victims (accelerate claims payments, etc.) • Contribute to the creation of a disaster-resistant society by providing information on natural disasters and disaster prevention	Please see page 28.
●● Revisions to energy policies in different countries in light of the transition to a low-carbon society (shift to renewable energy)	• Provide insurance for renewable energy projects • Launch renewable energy funds and invest in green bonds (Initiatives as an institutional investor)	Please see page 29.
● Negative impacts of global environmental destruction on society	• Promote ESG investment (initiatives as an institutional investor) • Lead discussions at international climate change conferences (initiatives as a global enterprise)	

The society we aim to create:
A resilient world at peace with natural disaster risks

Initiatives as an Insurance Company

Manage Climate-Related Risk Based on ERM

Tokio Marine Group takes a wide-ranging view of risk management regarding climate-related risks and has put a lot of effort into researching the topic over the years. To give an example, we evaluate and calculate the impact on insurance loss from changes in typhoon risk and flood risk due to torrential rain based on assumed climatic conditions in the future. Enterprise Risk Management (ERM) is being implemented throughout the Group in consideration of the impact of natural disasters on underwriting that may be exacerbated by climate change, referring to the findings of these scenario analyses. In this way, appropriate measures that consider risk can be discussed by the ERM Committee before a decision is made via the Management Meeting or Board of Directors.

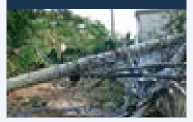
Create a Sustainable Fire Insurance System

In fiscal 2019, Japan was once again faced with large-scale natural disasters in typhoons Faxai and Hagibis. Industry-wide insurance claims related to natural disasters exceeded ¥1 trillion, which included around ¥330 billion in claims to Tokio Marine Group. Natural disasters are indeed one of the most critical social issues in Japan. Fire insurance that covers natural disasters is therefore essential here, and an urgent task is to make a sustainable product given the increased severity of these calamities in recent times.

To achieve this, it is first necessary to accurately comprehend the risk. In light of rising sea surface temperatures and the incidence of natural disasters, the Group is revising its risk model and making improvements to methods for measuring natural disaster risk.

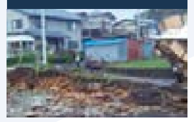
It is of course important to enhance earnings from fire insurance itself and we will look to take the appropriate steps in line with revision to Reference Loss Cost Rates*1. In addition, amid the changing environment, we will tackle the issue of policies where premiums are set for a long period of time since the effect of efforts to improve earnings are not immediately apparent. We are also looking exhaustively at "making response at a different level to before" and from multiple angles due to the recent spate of massive natural disasters and future climate change.

Typhoon Faxai



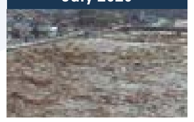
Source: Original photo taken from Kanto Regional Development Bureau website and modified

Typhoon Hagibis



Source: Original photo taken from Kanto Regional Development Bureau website and modified

Torrential rain in Northern Kyushu in July 2020



Source: Original photo taken from Kyushu Regional Development Bureau website and modified

*1. Loss cost rates are the pure premiums for covering insurance claims and loss cost rates calculated by the General Insurance Rating Organization of Japan (GIROJ) are called Reference Loss Cost Rates. Insurance companies that are members of GIROJ use these rates as reference figures when determining premiums.

Appropriately Control Risk through Risk Diversification and Reinsurance, etc.

Natural disasters are inevitable in Japan, our home market. For that reason, we have sought to control risk capital by geographic and business risk diversification through M&A overseas. Through these efforts, we managed to keep net incurred losses from natural disasters exceeding our average budget to only around 20% of the entire Group's profits for fiscal 2019.

In addition, reinsurance, as a hedge against risk, is also an effective way to protect our capital and stabilize profits. Since costs mount up when utilizing reinsurance, however, we prepare by making appropriate reinsurance arrangements and accumulating catastrophe loss reserves*2 based on economic rationale.

Going forward, we will continue to stabilize business by reducing and controlling risk.

Impact of natural disasters on adjusted net income*3

2011		2019
Approx. -80%	▶	Approx. -20%

*2. Reserves that an insurance company accumulates by using a set portion of premiums in preparation for massive natural disasters, etc.
*3. Proportion of net incurred losses related to natural disasters exceeding initial natural disaster budget

Special Feature (1)

Enhance Support for Victims (Accelerate Claims Payments, etc.)

Receiving claims payments swiftly in the aftermath of a disaster provides significant peace of mind and the impetus to move forward. We responded to the series of natural disasters during the year through a policy of "prioritizing swift claims payments above all else", mobilizing 22,000 employees from all over Japan to support affected areas in fiscal 2019.

We are also working to accelerate payments by using digital technology. Through the use of satellite images and drones, we identify the situation of a damaged area early on, enabling us to efficiently move forward on victims' insurance claims. We are also trying to automate part of the claims payment process with robotic process automation (RPA). On top of this, we are promoting a nationwide campaign to confirm the details of policies so that we can provide customers with the required compensation in the event of an emergency. By providing more careful support to customers and stimulating needs, net premiums written for fire insurance in fiscal 2019 (Tokio Marine & Nichido) grew significantly by 14.2% year on year, or approximately ¥40 billion. Further, we are preparing for the launch of Japan's first earthquake index insurance, which will enable customers to secure immediate funds in the event of a disaster.

Confirmation of customer damage after a disaster

Image overlaid onto a satellite image to show the extent of damage in a flood as analyzed with AI

Contribute to the Creation of a Disaster-Resistant Society by Providing Information on Natural Disasters and Disaster Prevention

Amid the increasing severity of natural disasters, initiatives related to disaster prevention and mitigation have become critical for creating a resilient society. Tokio Marine Group provides support that includes corporate risk evaluations, and help formulating a business continuity plan (BCP) and creating business continuity management (BCM) in collaboration with local government and financial institutions. To achieve this, we make use of knowledge and experience gained through past disaster response as well as expertise and risk consulting capabilities held within Group companies. Customers have praised us highly for providing safety through these services, which has led to a further increase in the support for us.

In addition, BCP workshops and delivery lessons—1,500 conducted to date, with around 100,000 children participating—serve to raise individual awareness of the need for disaster prevention. This also provides the opportunity for us to boost understanding of the Group more widely.

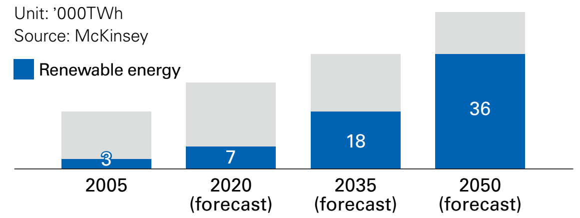
BCP workshop

A Disaster Risk Prevention Lesson (the instructor is President Hirose from Tokio Marine & Nichido)

Contribution to Environmental Sustainability (Provision of Insurance for Renewable Energy Projects)

Efforts to expand the use of renewable energy are vital to alleviate the effects of climate change, and related markets are expected to grow rapidly in the future. Tokio Marine Group has for many years provided exclusive package products to support the spread of renewable energy. In May 2020, we acquired GCube, which underwrites insurance in the renewable energy sector worldwide. By sharing and utilizing the knowledge held in GCube, a leading player in the field, we can help grow the domain even further.

Growth Potential of Renewable Energy Businesses (As a Proportion of Global Power Supply)



Initiatives as an Institutional Investor

Promote ESG investment and Launch Renewable Energy Funds

As an institutional investor, it is important to contribute to the realization of a sustainable society through our investment and loan activities.

Based on this philosophy, Tokio Marine Asset Management and Tokio Marine & Nichido pledged early commitment to the United Nations Principles for Responsible Investment (PRI) in 2011 and 2012, respectively, and since then have promoted ESG investment, including the perspective of climate change. We engage in dialogue on ESG with the companies we invest in, launch funds in support of renewable energy companies and actively invest in green bonds.

Performance of Renewable Energy Funds* (As of March 31, 2020)

Amount committed	Approx. ¥45 billion
Units installed	42

* TM Nippon Solar Energy Fund 2012, 2013 and 2014 and TM Nippon Renewable Energy Fund 2017

Initiatives as a Global Enterprise

Lead Discussions at International Climate Change Conferences

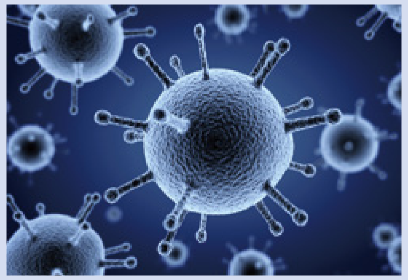
Climate change is a material social issue that needs to be addressed by the entire world on a united front. Tokio Marine Group actively engages in talks with international organizations, governments, industry, academia, NPOs/NGOs and others. We have also led discussions at international conferences, which includes a co-chairing climate change-related working group for The Geneva Association, since 2008.

We actively heed Task Force on Climate-related Financial Disclosure (TCFD) recommendations and improve our disclosure while also contributing to the formulation of such recommendations as a member of the task force. We also promote the dissemination of climate-related information in Japan in part through involvement in the launch of the TCFD Consortium.

In addition, we have taken a leading role for the entire industry as a founding member of the UNEP FI's TCFD pilot insurance group, and as a global enterprise will continue to actively take measures against climate change.

Geneva Association's Annual General Assembly (Far left is Tokio Marine Holdings Chairman of the Board Tsuyoshi Nagano)

Special Feature (2)



Response to COVID-19

The outbreak of COVID-19 has caused major disruption to people and industries the world over, and significant uncertainty remains along the road to recovery. Amid heightened unpredictability in financial, economic and social circles, corporations and individuals have become increasingly aware of the risks posed to their peace of mind, safety and stability, which has led to changes in behavior. Against this backdrop, Tokio Marine Group recognizes the growing role it has to play in the issue as well as the rising expectations of society and customers. As such, we have been promoting initiatives aimed at ensuring business continuity in our corporate community, placing the highest priority on the safety of employees and their families. These efforts are primarily being handled by the COVID-19 management task force, which is led by the CEO. We are also formulating a strategy for a post-COVID world that takes into consideration the risks and opportunities presented by the outbreak.

Efforts for Stakeholders

Customers	**Expect claims payments in the range of ¥30–¥40 billion for fiscal 2020** (As of May 2020) • The majority of this amount entails event cancellations and business interruption insurance overseas. • In Japan, we have introduced certain riders explicitly covering communicable diseases such as riders for specific industries. Note: We are providing online medical consultations in addition to extending coverage by revising product offerings.
Employees	**The number of people working at the office significantly declined due to the work-from-home policy prioritizing the safety of employees and their families** • Up to 70% of employees in Japan and 100% overseas are working from home. • In addition to distributing masks and bringing increased flexibility to working hours, pregnant women and employees with preexisting diseases are given priority in terms of working from or isolating at home depending on their intentions.
Society	**Provided or donated masks and protective clothing to medical institutions and other facilities, and set aside a budget for the Group of ¥1 billion for donations** • Tokio Marine Holdings added 50% to the amount donated by Group companies worldwide in light of the conditions and need for support in each region.
Shareholders	**Forecast an increase in dividends for the ninth consecutive period in fiscal 2020 on the back of steady growth in capabilities** • Excluding the impact of COVID-19, adjusted net income and adjusted ROE are projected to amount to ¥410 billion and 12.2%, respectively, for fiscal 2020. (Mid-term business plan: Adjusted net income of ¥400–¥450 billion and adjusted ROE of 10% or more) • The payout ratio is projected at 40% of the five-year average for adjusted net income. (Mid-term business plan: 35% or more)

Smooth Operations during COVID-19

Tokio Marine & Nichido has long used digital technology to reform its business model and work styles, which has resulted in exceptional business efficiency. This has proven to be extremely useful during the COVID-19 outbreak as well, with work being performed without any major problems despite up to 70% of employees operating from home. Going forward, we will further accelerate such initiatives as expanding infrastructure and shifting to a paperless environment so as to ensure smooth operations under even more grueling conditions and build a business model that is comfortable for our customers.

As an example of overseas endeavors, we are able to maintain excellent service quality and grow business at Tokio Marine Seguradora (TMSR) in Brazil even though every employee is working from home.

Examples of Enhanced Operational Efficiency

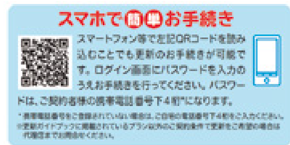
Sales

• In response to the need for social distancing, we took such measures as enabling policy renewal procedures via smartphone based on a QR code while also boosting the efficiency of administrative procedures.

• An online video conferencing system was employed, serving to eliminate travel time as well as ensure speedy customer response.

• Utilizing an AI-based inquiry response system enhanced the self-sufficiency of customers and agents while increasing the efficiency of query response.

▼Display only activated by QR code



Claim Service[*1]

• Communication methods aside from the telephone have been employed, such as allowing customers to make claims on their smartphone, in order to meet needs. We also expanded the sphere of operations that could be completed by working from home.

• A message board (chat-based communication tool) was used to enable simple, easy-to-comprehend communication, which was well received. This met the need for customers who are unable to communicate by telephone during the day.

Work performed without major problems during COVID-19

*1. Division in charge of making claim payments

Post-COVID-19 Strategy Based on Re-Examination of Measures and Competitive Advantages

The COVID-19 pandemic has raised awareness of the risks posed to corporations and people like never before. Tokio Marine Group remains committed to protecting customers in their times of need by providing safety and security, and supporting people and corporations seeking to carve out a new path toward the future. We believe we can achieve further growth as a result.

Tokio Marine Group is currently re-examining its measures and competitive advantages from the perspective of the risks and opportunities presented by the pandemic, and reviewing strategies with the view to a post-COVID-19 world. In our products and services, we recognize the need to build effective response mechanisms for communicable diseases such as COVID-19 as well as to introduce products that deal with changing work styles from both individual and corporate perspectives, which includes the increase in telework and working from home.

We have in fact already started offering such products. One example is “cloud insurance” for Microsoft Azure[*2] users in Japan launched in June 2020. This product is designed to help ensure the safe and secure use of cloud computing. In addition, we are looking into our strategy overseas at the management level based on the view that rising premium rates, particularly in North America, offer a significant business opportunity. To this end, we will study the risks closely and how we can boost our capacity for underwriting them while also trying to appropriately control the amount of risk.

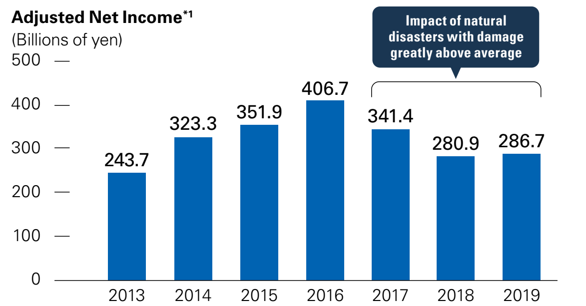
*2. A public cloud service provided by Microsoft Corporation that is used in 140 countries worldwide.

Financial and Non-Financial Highlights

Financial Highlights

Promoting Risk Diversification and Generating Stable Profits

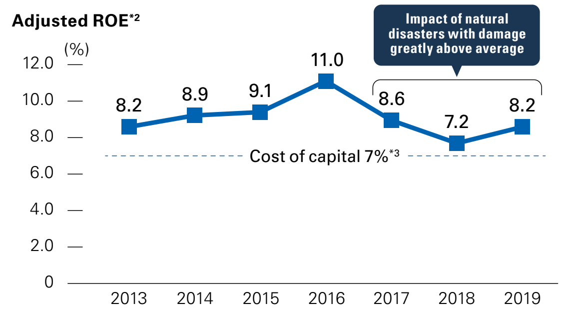
As a result of building a well-balanced business portfolio both geographically and in business terms, we have been able to generate stable profits even in the past few years that have seen a number of large natural disasters.



*1. Indicator used for business plans and shareholder return; please see page 100 for details.

Pursuit of Higher Capital Efficiency

We are aiming to improve capital efficiency by revising our business portfolio, strengthening control of natural disaster risks and continuing to sell business-related equities.

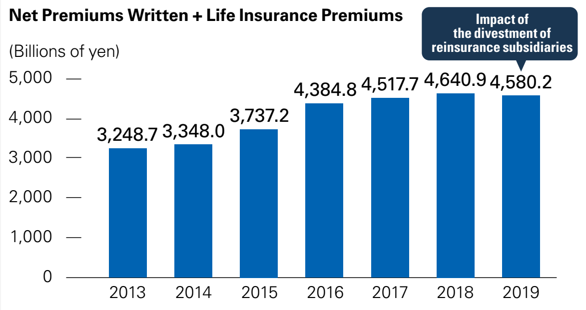


*2. Indicator used for business plans and shareholder return; please see page 100 for details.

*3. Return expected by investors; calculated using the capital asset pricing model (CAPM).

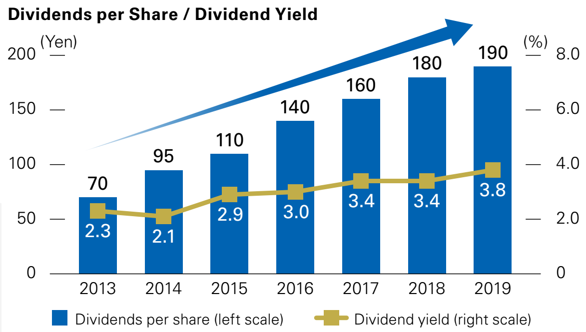
Steady Expansion of Top-Line

Excluding the impact of the divestment of reinsurance subsidiaries in the amount of approximately ¥130 billion, insurance premiums are steadily increasing due to organic growth and the disciplined execution of M&A.



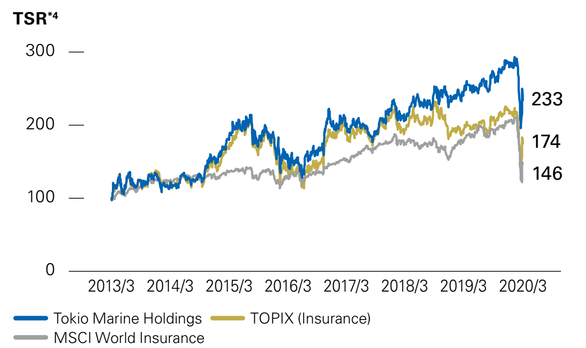
Eighth Consecutive Year of Higher Dividends

Dividends per share for fiscal 2019 were increased by ¥10 year on year to ¥190 based on a policy to enhance total dividends in line with profit growth.



Shareholder Value Growing with TSR Greatly Outperforming Market

Total shareholder return (TSR), an indicator of the capital returns achieved after reinvestment of dividends, is greatly outperforming that of peers in Japan and overseas.

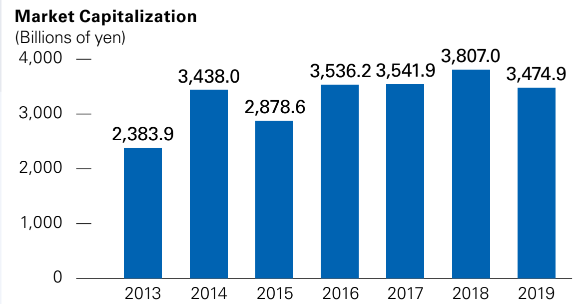


Source: Bloomberg

*4. Stock prices on March 31, 2013 are set at an index value of 100.

Steady Growth in Corporate Value

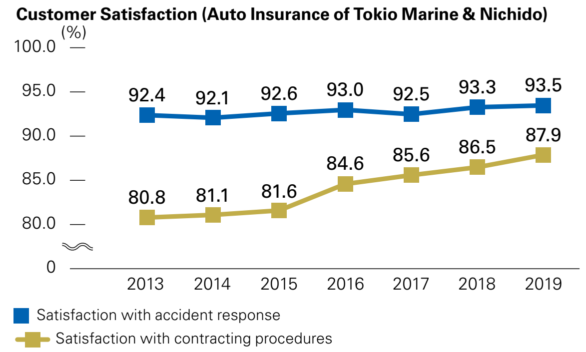
Market capitalization, an indicator of the evaluation by capital markets, is substantially higher than that of other domestic insurance conglomerates and top class on a global basis.



Non-Financial Highlights

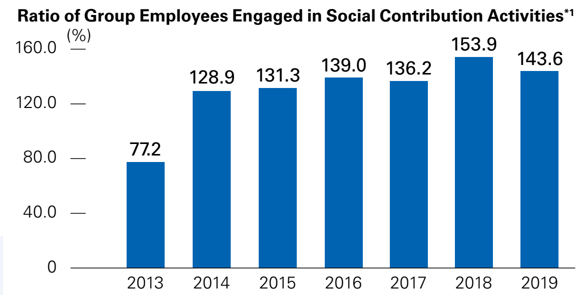
Customer Favor Gained through Comprehensive Customer-Oriented Approach

We are entrenching a customer-oriented approach and improving quality by earnestly responding to customer feedback.



Active Participation in Social Contribution Activities

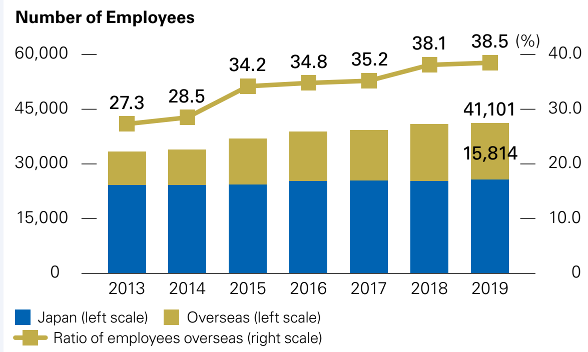
Tokio Marine Group employees are actively engaged in activities for reducing environmental impacts and preserving the environment as well as for promoting disaster-prevention awareness, supporting post-disaster restoration and assisting persons with disabilities.



*1. Total for Tokio Marine Holdings and major domestic subsidiaries; the aggregate number of participants is used for the numerator.

Worldwide Promotion of Diversity

Tokio Marine Group is drawing on its strength arising from the unique corporate cultures of Group companies and a diverse human resource pool.



High Employee Loyalty

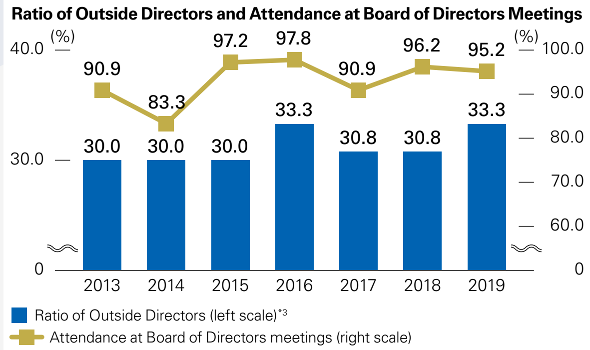
Employees are exhibiting higher engagement with Tokio Marine Group as a result of efforts to spread recognition of our core identity, "To Be a Good Company."

Tokio Marine Group Culture and Values Survey*2	Passion toward Tokio Marine Group **4.3 out of 5** (Pride felt in working for Tokio Marine Group)

*2. Fiscal 2019 survey (total of Tokio Marine Holdings and overseas businesses)

Rising Contribution of Outside Directors

Outside Directors with deep insight and extensive experience are appointed to enhance the effectiveness of the Company's corporate governance system.



*3. 38.5% in fiscal 2020.

High Evaluation from ESG Rating Institutions

Tokio Marine Group has received high evaluations from various global ESG rating institutions for its environmental, social and governance (ESG) initiatives advanced through business activities and the transparency of its information disclosure.

11 consecutive years — MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

4 consecutive years — 2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Selected as a climate change A-List company — CDP A LIST 2019 CLIMATE

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'etre*, 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.

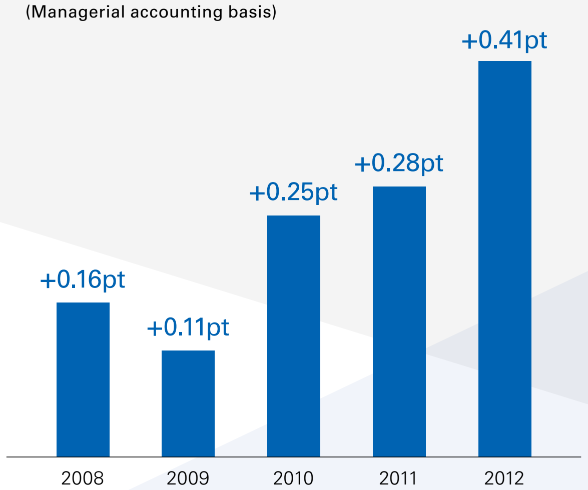
What motivated and inspired us in the face of adversity was the desire to support the communities we serve and be of service to others. From all over Japan our employees volunteered to come and help out, while the remaining workers filled in for those who came. Needless to say, selling insurance was 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 solidarity comes naturally to our group, both at home and internationally.

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



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

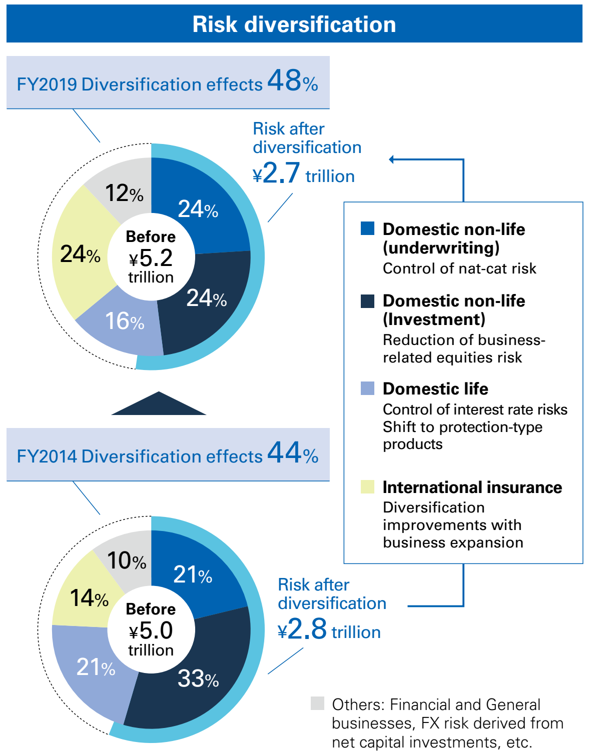
The situation in Japan presents its own unique challenges. Automobile insurance currently accounts for half of our insurance premiums, making it a growth driver for the Group as a whole. Although we view automotive sector growth as sustainable over the near term, negative factors loom ahead. Japan's 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.

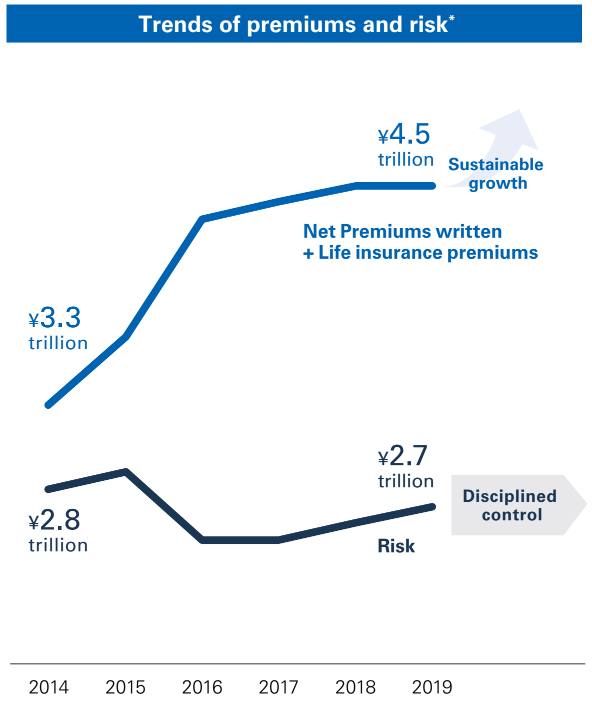
Disruptive technology and globalization are spawning fresh risks for corporates. This, in turn, generates opportunities for us to expand our specialty insurance offerings. Although market penetration of these lines-of-business is still slow among small and medium-sized companies, in particular, we see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

Portfolio Diversification





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

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.

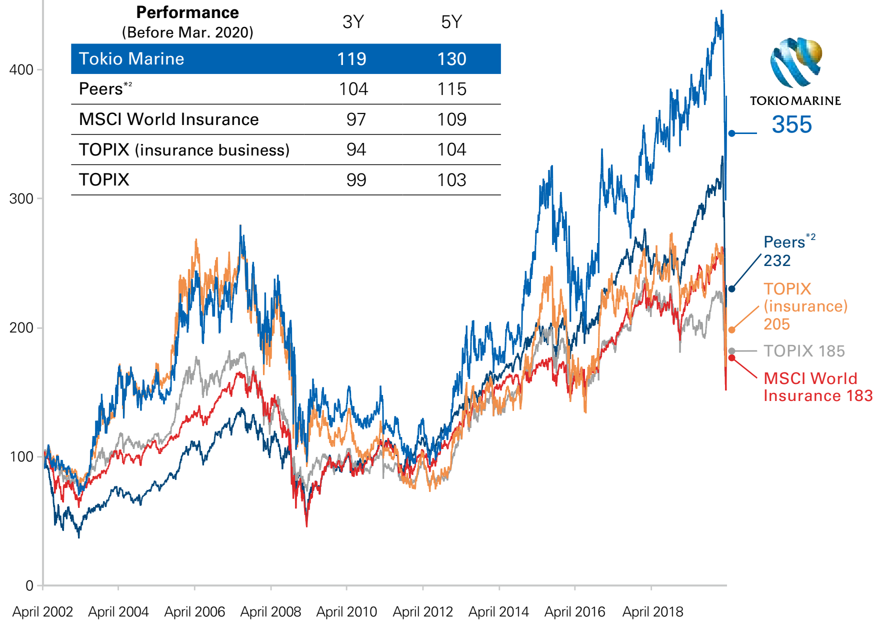
When a collision is detected, the new service sends the video of the scene to the operations

Strong Track Record

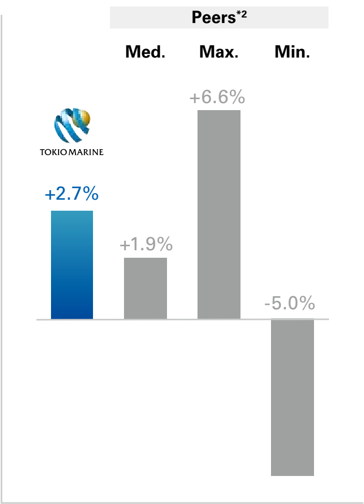
TSR[*1]

As of end of Mar. 2020

Performance (Before Mar. 2020)	3Y	5Y
Tokio Marine	119	130
Peers[*2]	104	115
MSCI World Insurance	97	109
TOPIX (insurance business)	94	104
TOPIX	99	103



EPS[*3] CAGR (2014–2019)



Source: Bloomberg
*1. Total Shareholder Return (TSR): Capital return after reinvesting dividends. Stock price indexed at 100 as of April 1, 2002.
*2. Allianz, AXA, Chubb, Zurich
*3. Financial accounting basis

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

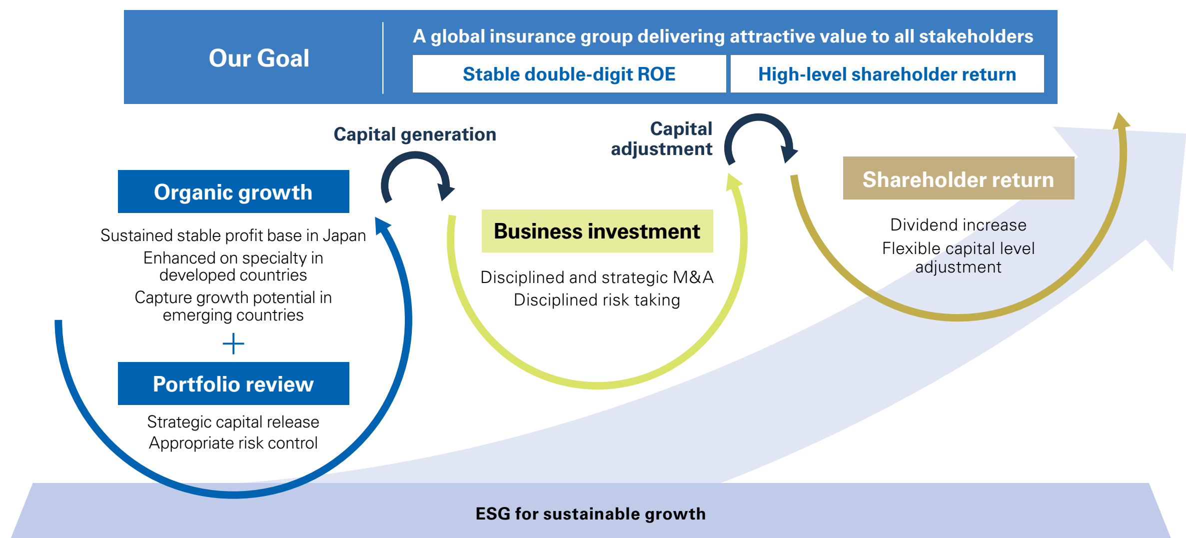
Maximizing corporate value through a strategic capital policy centered on enterprise risk management

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.

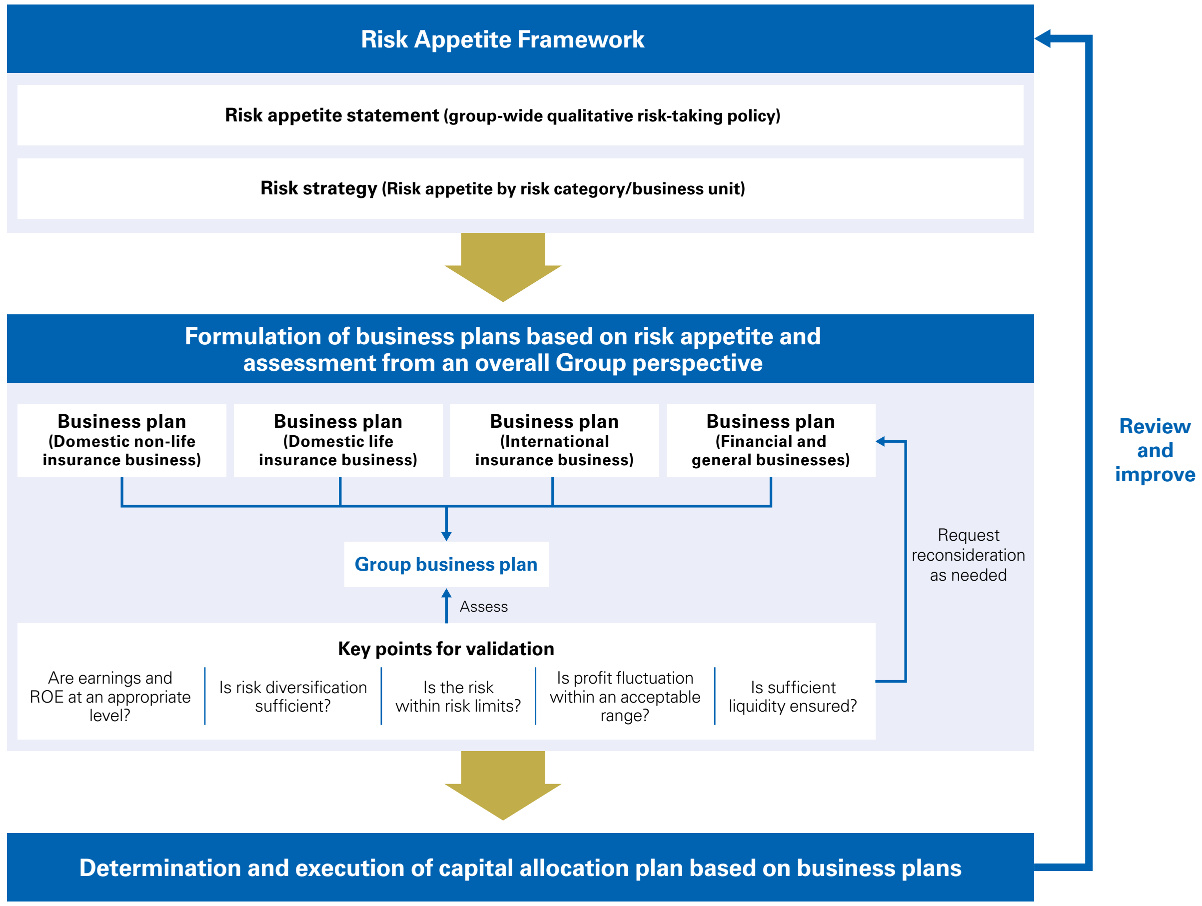
*1. Average annual growth of business unit profits from fiscal 2010 to 2019, with the impact of natural disasters normalized to an average annual level

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, PHLY, 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.

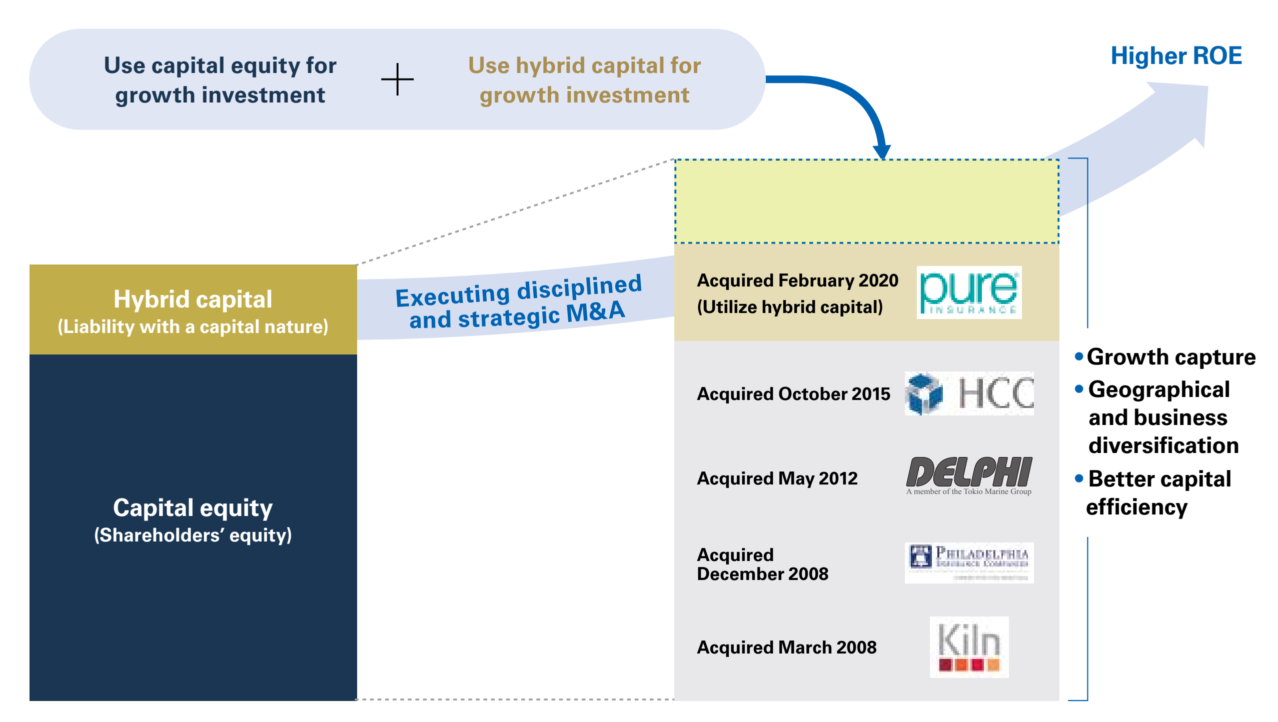
Recently we have established a global taskforce to devise a strategy in response to COVID-19, as well as a strategy after COVID-19, such as how we approach market hardening[*2]. If this kind of market hardening manifests, we will leverage our risk-selection expertise to take good risks and increase returns.

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

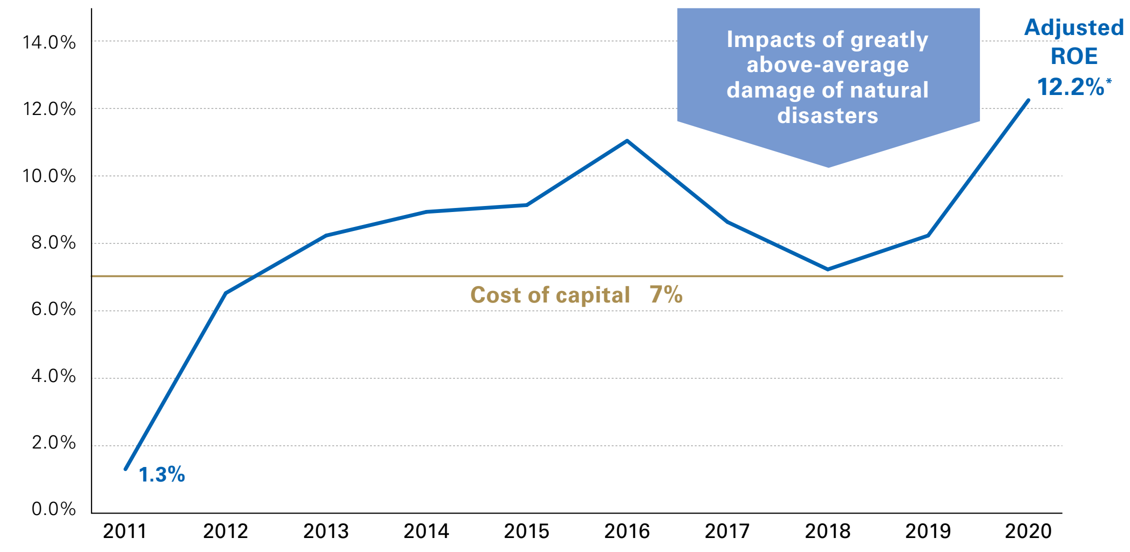
Dividends are our primary means of shareholder return, and we aim to sustainably increase dividends in line with profit growth. Based on this policy, we plan to raise dividends in fiscal 2020 for the ninth consecutive year. Our current payout ratio is 40%*3, but it will be raised gradually to 50%—the 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.

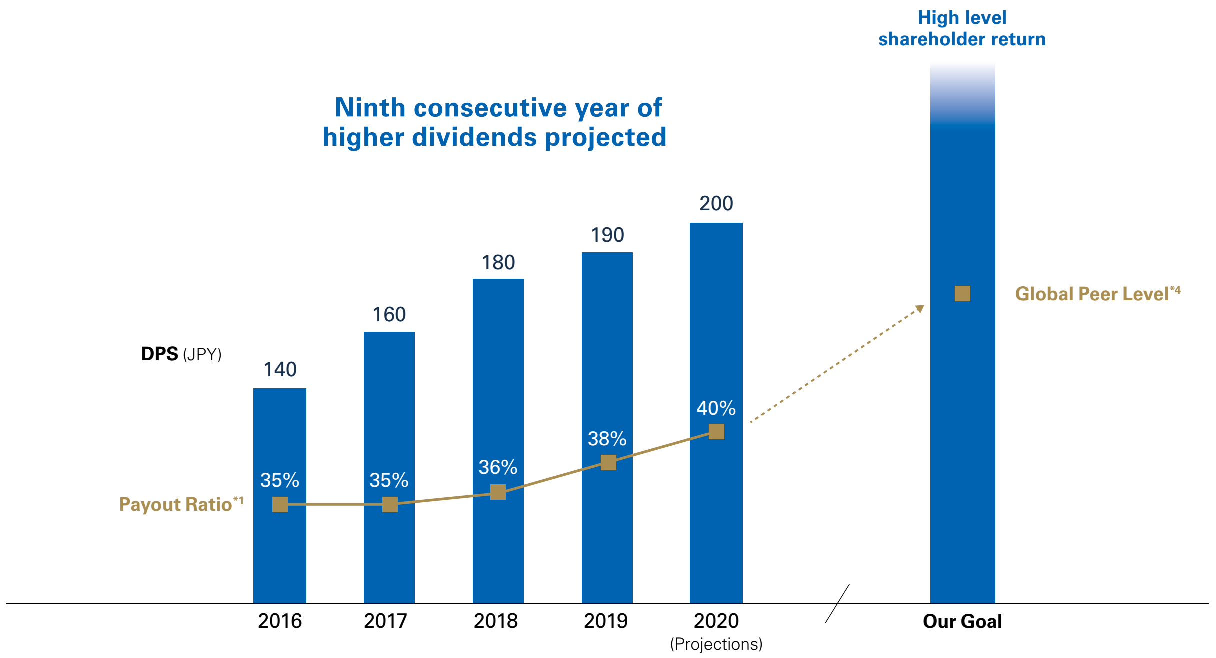
*4. A method for calculating return that can be expected by investors. It is calculated as risk-free rate + beta (riskiness of an individual asset compared to the overall market) × market risk premium.

Improving ROE



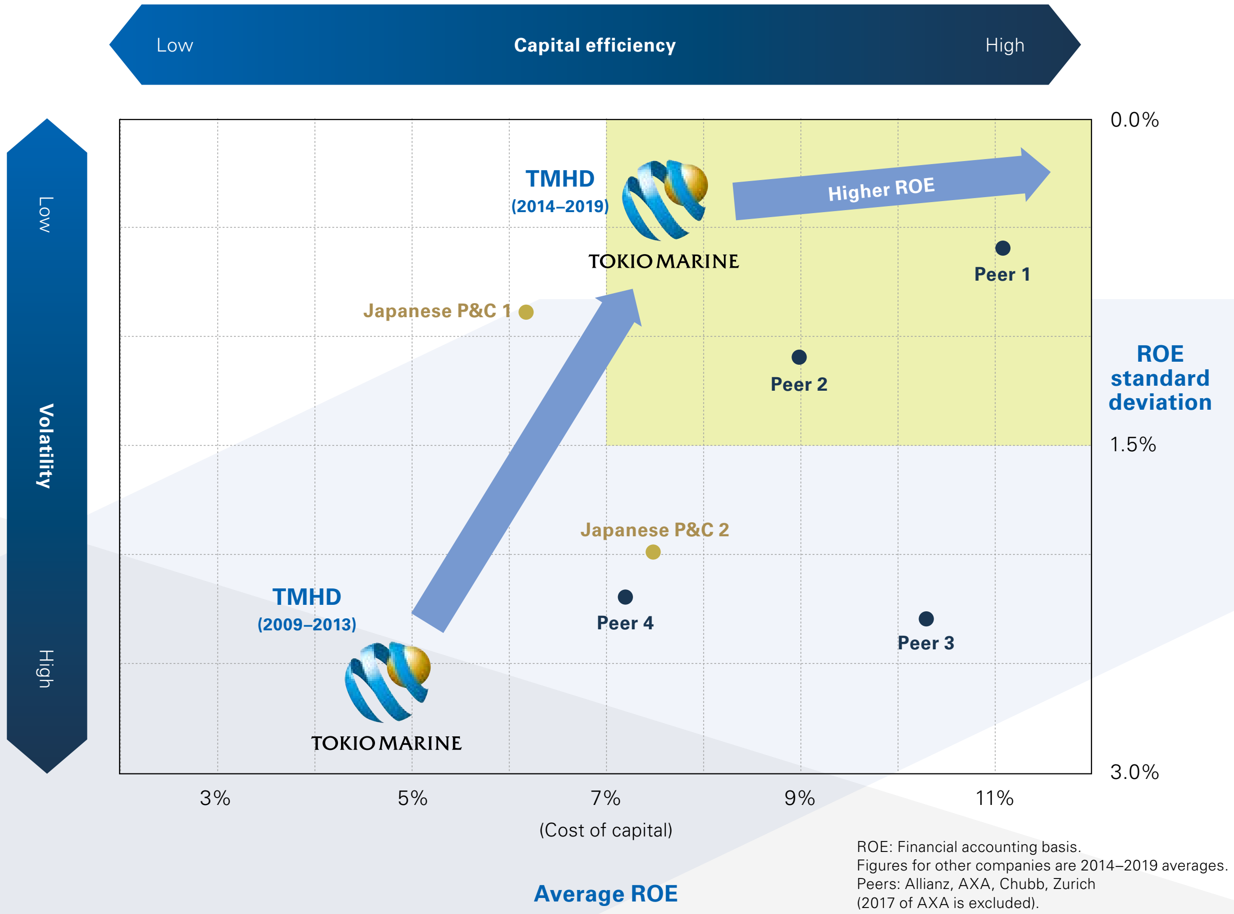
* Excluding the impact of COVID-19

Increasing Shareholder Return



	2016	2017	2018	2019	2020 (Projections)
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

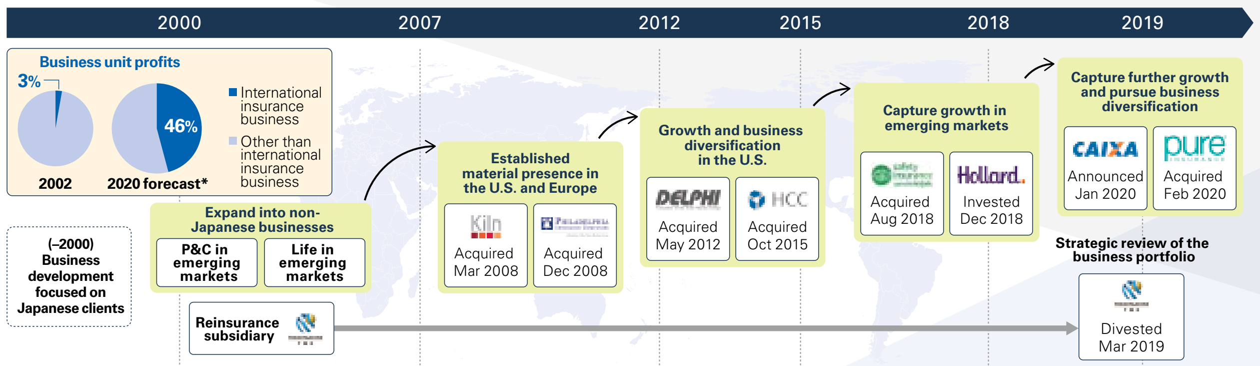
Akira Harashima
Senior Managing Director
Co-Head of International Business

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.

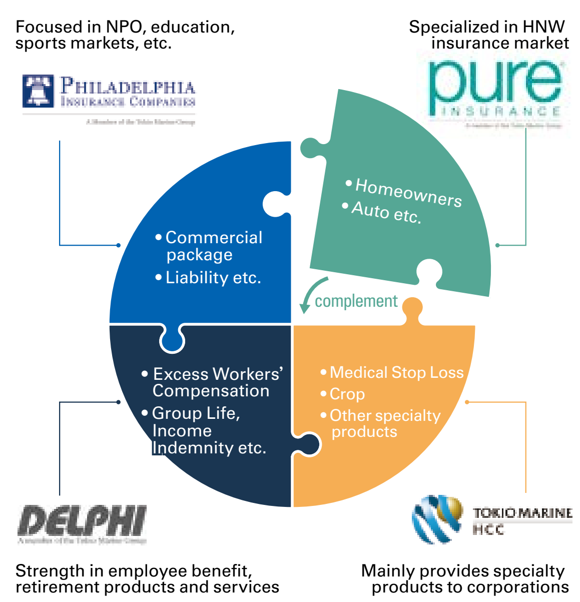
In addition to such large-scale M&A, we also actively pursue bolt-on acquisitions to supplement and strengthen the Group's businesses.

Emerging countries

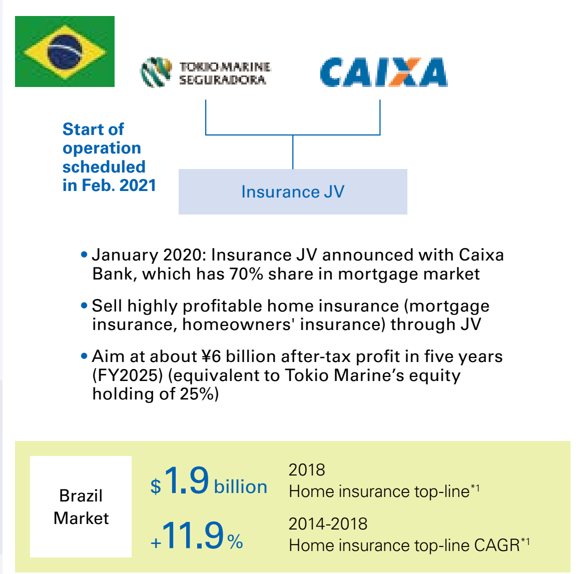
Tokio Marine Group has a sound M&A strategy for pursuing future profits in emerging countries. In fiscal 2019, we reached an agreement for a joint insurance venture with the Caixa Group, which holds a commanding position in the Brazilian mortgage loan market.

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



*1. Source: Brazilian insurance regulator SUSEP

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

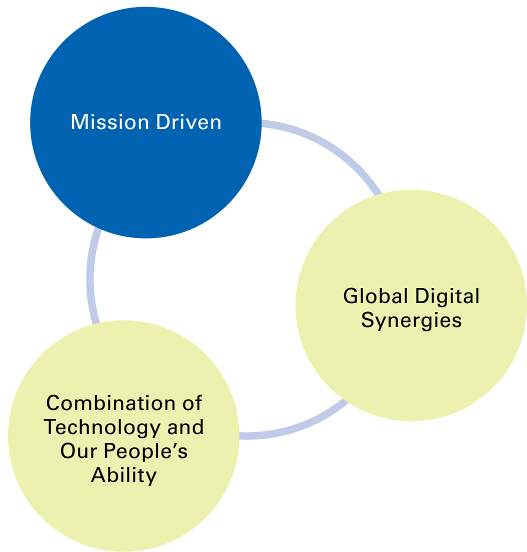
Tokio Marine Group follows three core concepts in our use of technology and data to create new value of safety and security, while building lean management structure.

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

Accident response using telematics

Driving recorder detects strong impact » Accident response center is automatically contacted » Operator collects information and contacts emergency services

Use of AI for accident reenactment

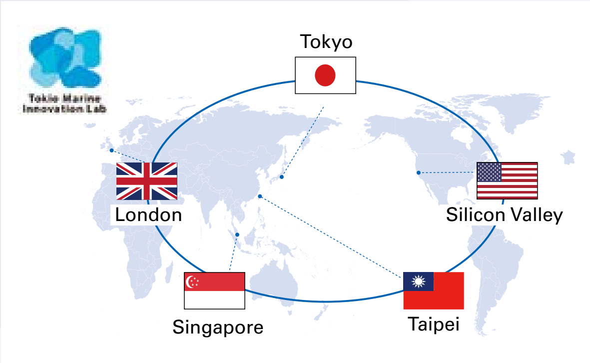
- AI analyzes accident status and liability between parties
- Reduces burden placed on customers by recounting the accident

"Global Digital Synergies" through Worldwide Digital Labs

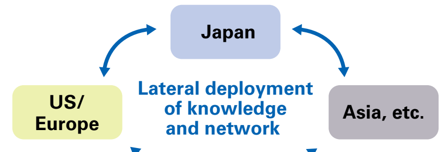
Our extensive network is built and maintained by five labs located globally. The most recent of these Labs was established in London, in April 2020, to enhance cyber area initiatives.

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



- Lateral deployment of Japan's strong business efficiency knowhow to Asia
- Piloting of new models in Asia, which is open to digital advancement and where restrictions are lax; horizontal expansion to Japan
- Deep cultivation of sophisticated digitalization expertise in the US & Europe for lateral deployment in Japan & Asia

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".

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.

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

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

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".

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.

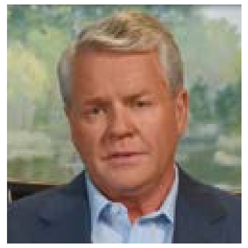
The CEO of the acquired company is given the position of Group Co-Head and steps are taken to make use of the expertise of the new company across Tokio Marine Group. But on top of this, since the two companies have a similar culture, incoming personnel soon become passionate about making a contribution 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

TOKIO MARINE



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

pure INSURANCE
A member of the Tokio Marine Group

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.

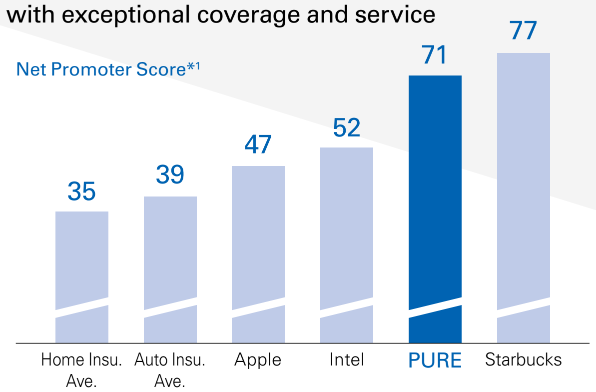
The PURE Group's management philosophy is centered on a strong sense of purpose while encouraging our workforce of more than 800 people to be passionate, to "Do the right thing-Always" and to "Think about the long-term." The employees' empathy and strong intellectual curiosity has enabled great service 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.

Strategy

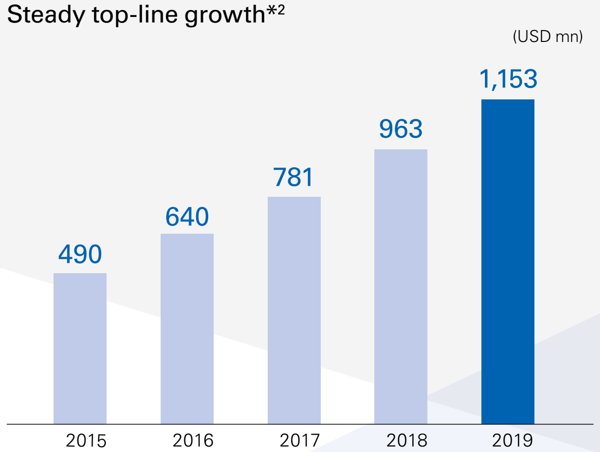
Earn strong customer loyalty with exceptional coverage and service



*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.

Views from the CEOs of Overseas Group Companies

PHILADELPHIA INSURANCE COMPANIES
A Member of the Tokio Marine Group

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?

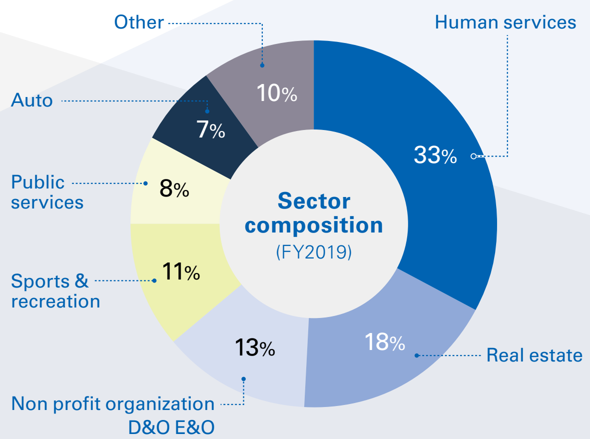
In my view, the first reason is that Tokio Marine Group respected our autonomy. Prior to PHLY's acqusition by Tokio Marine, we built a highly competitive business model which focused on several niche markets, and this style remains unchanged today. This is because Tokio Marine Group closely followed 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.

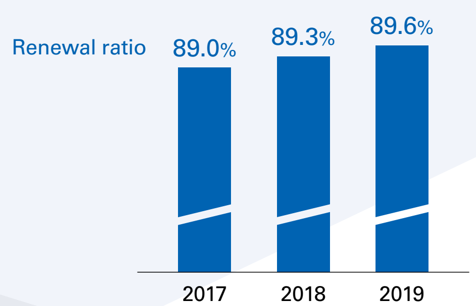
Strategy

Focusing on profitable niche markets where PHLY can be competitive



Result

High renewal ratio and rate increases



Rate increases	2017	2018	2019
Philadelphia	1.5%	3.2%	7.2%
Market Ave.*3	Approx. 1%	Approx. 2%	Over 6%

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

Profile of Directors

Tsuyoshi Nagano
Chairman of the Board

Career summary
Mr. Tsuyoshi Nagano joined Tokio Marine in April 1975. After being engaged mainly in domestic and overseas insurance underwriting, corporate planning and product planning, he served as President & CEO and Chairman of the Board of Tokio Marine & Nichido and the Company. He has been in his current position since June 2019.

Major concurrent posts
Director of Seiko Holdings Corporation (outside director)

Satoru Komiya
Representative Director and President & Group CEO

Career summary
Mr. Satoru Komiya joined Tokio Marine in April 1983. After being engaged mainly in domestic insurance underwriting, human resources, sales planning and management of the group companies, he served as head of international insurance business as Executive Officer of the Company and now leads the management of Tokio Marine Group as Group CEO. He has been in his current position since June 2019.

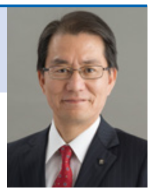
Major concurrent posts
Chairman of the Board of Tokio Marine & Nichido

Takayuki Yuasa
Representative Director and Executive Vice President

Career summary
Mr. Yuasa Takayuki joined Tokio Marine in April 1981. After being engaged in corporate planning, finance, accounting and the domestic life and non-life insurance businesses, he served as Executive Officer of Tokio Marine & Nichido and the Company responsible for risk management. His current role is head of capital strategy of the Group as Executive Vice President of the Company, which he has been in since April 2019.

Major concurrent posts
Executive Vice President of Tokio Marine & Nichido

Akira Harashima
Representative Director and Senior Managing Director



Career summary
Mr. Akira Harashima joined Tokio Marine in April 1984. After being engaged mainly in international insurance business and corporate planning, he was in charge of international insurance business in the Americas, Asia and elsewhere as Executive Officer of the Company. His current role is head of international insurance business as Senior Managing Director of the Company, which he has been in since June 2019.

Major concurrent posts
Senior Managing Director of Tokio Marine & Nichido

Tadashi Handa
Senior Managing Director

Career summary
Mr. Tadashi Handa joined Tokio Marine in April 1984. After being engaged mainly in domestic insurance underwriting, product development and corporate planning, his current role is head of business strategy and synergy of the Group as Senior Managing Director of the Company, which he has been in since June 2020.

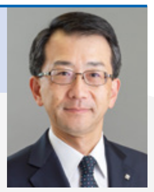
Major concurrent posts
Senior Managing Director of Tokio Marine & Nichido

Kenji Okada
Managing Director

Career summary
Mr. Kenji Okada joined Tokio Marine in April 1986. After being engaged mainly in financial planning, corporate planning and international insurance business, his current role is head of Group legal & compliance and risk management as Managing Director of the Company, which he has been in since June 2019.

Major concurrent posts
Managing Director of Tokio Marine & Nichido

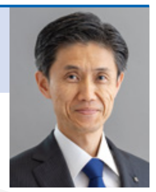
Yoshinari Endo
Managing Director



Career summary
Mr. Yoshinari Endo joined Tokio Marine in April 1987. After being engaged mainly in corporate accounting and the domestic life insurance business, he served a leadership role in the financial planning of the Group as Executive Officer and General Manager of the Financial Planning Department of Tokio Marine & Nichido and the Company. His is currently responsible for investment management of the Group as Managing Director of the Company, a role he has had since June 2020.

Major concurrent posts
Managing Director of Tokio Marine & Nichido

Shinichi Hirose
Director



Career summary
Mr. Shinichi Hirose joined Tokio Marine in April 1982. After being engaged mainly in product planning, sales planning and the domestic life and non-life insurance businesses, he served as President & CEO of Tokio Marine & Nichido Life and as Executive Officer of the Company in charge of international insurance business. He currently has a leadership role in the management of Tokio Marine & Nichido as President & CEO, which he has had since June 2019.

Major concurrent posts
President & CEO of Tokio Marine & Nichido

Akio Mimura
Outside Director

Reason for appointment
Mr. Akio Mimura is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a management role. He has been in his current position since June 2010.

Major concurrent posts
Senior Advisor, Honorary Chairman of Nippon Steel Corporation
Director of JAPAN POST HOLDINGS Co., Ltd. (outside director)
Director of Development Bank of Japan Inc. (outside director)
Director of Nisshin Seifun Group Inc. (outside director)
Chairman of The Japan Chamber of Commerce and Industry
Chairman of The Tokyo Chamber of Commerce and Industry

Masako Egawa
Outside Director

Reason for appointment
Ms. Masako Egawa is expected to fulfill her supervisory functions appropriately and provide valuable advice to the Board of Directors based on her insight into corporate management, etc. acquired through many years of experience in financial institutions, involvement in academic activities related to corporate governance and experience at The University of Tokyo as Executive Vice President. She has been in her current position since June 2015.

Major concurrent posts
Specially Appointed Professor, Graduate School of Business Administration, Hitotsubashi University
Director of Mitsui Fudosan Co., Ltd. (outside director)

Takashi Mitachi
Outside Director

Reason for appointment
Mr. Takashi Mitachi is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a consulting firm and a management role. He has been in his current position since June 2017.

Major concurrent posts
Senior Advisor of The Boston Consulting Group
Director of Rakuten, Inc. (outside director)
Director of DMG Mori Co., Ltd. (outside director)
Director of Unicharm Corporation (outside director)

Nobuhiro Endo
Outside Director

Reason for appointment
Mr. Nobuhiro Endo is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a management role. He has been in his current position since June 2019.

Major concurrent posts
Chairman of the Board of NEC Corporation
Director of Sumitomo Dainippon Pharma Co., Ltd. (outside director)
Director of Japan Exchange Group, Inc. (outside director)
Vice Chairman of Japan Association of Corporate Executives

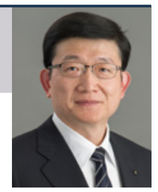
Shinya Katanozaka
Outside Director

Reason for appointment
Mr. Shinya Katanozaka is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a management role. He has been in his current position since June 2020.

Major concurrent posts
President & Chief Executive Officer, Representative Director of ANA HOLDINGS INC.
Chairman of ALL NIPPON AIRWAYS CO., LTD.
Vice Chairman of Japan Business Federation (Keidanren)

Profile of Audit & Supervisory Board Members

Shozo Mori
Audit & Supervisory Board Member (Full-Time)



Reason for appointment
After joining Tokio Marine, Mr. Shozo Mori was engaged mainly in domestic insurance underwriting and product planning. He is expected to fulfill his auditing functions appropriately by leveraging his wealth of experience and the results he has achieved being head of the Group's underwriting and retention strategy as Executive Officer of the Company. He has been in his current position since June 2018.

Hirokazu Fujita
Audit & Supervisory Board Member (Full-Time)

Reason for appointment
Mr. Hirokazu Fujita joined Tokio Marine in April 1980. After being engaged mainly in accounting, he served as Executive Officer of Tokio Marine & Nichido and the Company in charge of accounting and financial planning. He is expected to fulfill his auditing functions appropriately by leveraging his wealth of experience and the results he has achieved being head of investment management of the Group as Senior Managing Director of the Company. He has been in his current position since June 2020.

Akinari Horii
Outside Audit & Supervisory Board Member

Reason for appointment
Mr. Akinari Horii is expected to fulfill his auditing functions appropriately based on his insight acquired through many years of experience in his roles as an executive or a regular employee of the Bank of Japan. He has been in his current position since June 2011.

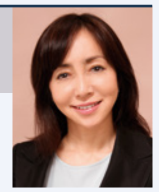
Major concurrent posts
Director and Special Advisor of The Canon Institute for Global Studies

Akihiro Wani
Outside Audit & Supervisory Board Member

Reason for appointment
Mr. Akihiro Wani is expected to fulfill his auditing functions appropriately based on his insight related to corporate legal affairs acquired through many years of experience as an attorney-at-law. He has been in his current position since June 2014.

Major concurrent posts
Attorney-at-law

Nana Otsuki
Outside Audit & Supervisory Board Member



Reason for appointment
Ms. Nana Otsuki is expected to fulfill her auditing functions appropriately based on her insight related to business management acquired through many years of experience as an analyst in financial institutions. She has been in her current position since June 2018.

Major concurrent posts
Executive Officer and Chief Analyst of Monex, Inc.
Professor, Graduate School of Division of Business Administration, Nagoya University of Commerce & Business
Director of Credit Saison Co., Ltd. (outside director)

Skills and Experiences of Directors and Audit & Supervisory Board Members

Name	Position and Major Responsibilities	Skills and Experiences								
		Corporate Management	Finance & Economy	Accounting	Legal & Compliance	Human Resource	Governance & Risk Management	Technology	Internationality	Insurance Business
Tsuyoshi Nagano	Chairman of the Board	○	○						○	○
Satoru Komiya	President & Group CEO	○	○			○			○	○
Takayuki Yuasa	Executive Vice President	○	○	○	○		○			○
Akira Harashima	Senior Managing Director	○							○	○
Tadashi Handa	Senior Managing Director		○			○				○
Kenji Okada	Managing Director		○	○			○		○	○
Yoshinari Endo	Managing Director		○	○					○	○
Shinichi Hirose	Director	○	○			○				○
Akio Mimura	Outside Director	○	○				○		○	
Masako Egawa	Outside Director		○	○			○		○	
Takashi Mitachi	Outside Director	○	○	○			○	○	○	
Nobuhiro Endo	Outside Director	○	○					○	○	
Shinya Katanozaka	Outside Director	○	○			○	○		○	
Shozo Mori	Audit & Supervisory Board Member (Full-Time)						○			○
Hirokazu Fujita	Audit & Supervisory Board Member (Full-Time)		○	○			○		○	○
Akinari Horii	Outside Audit & Supervisory Board Member		○	○			○		○	
Akihiro Wani	Outside Audit & Supervisory Board Member		○	○	○		○		○	
Nana Otsuki	Outside Audit & Supervisory Board Member		○	○			○		○	

Corporate Governance

Fundamental Policy

Tokio Marine Holdings (the "Company") is committed to the continuous enhancement of corporate value by fulfilling its responsibilities to customers, shareholders, employees, society, and other stakeholders as set forth in the "Tokio Marine Group Corporate Philosophy."

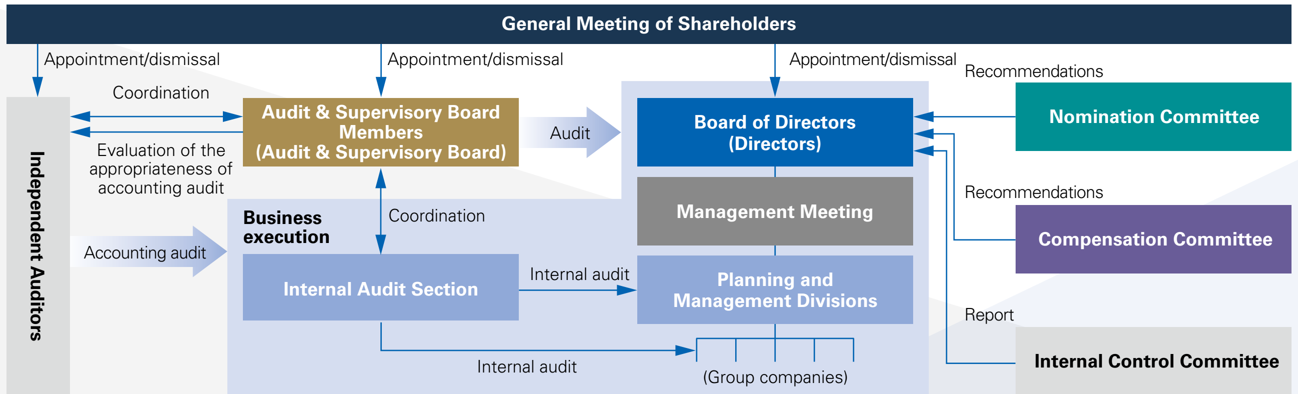
For this purpose, the Company hereby establishes a sound and transparent corporate governance system and, as a holding company, recognizes the importance of appropriate control over its Group companies and has formulated the "Tokio Marine Holdings Fundamental Corporate Governance Policy."

In this policy, the Company defines the rights of shareholders and securing fairness, and the responsibilities of the Board of Directors, etc.

Corporate Governance System

The corporate governance system of the Company is designed as a hybrid structure whereby the Nomination Committee and Compensation Committee are discretionarily established in addition to the fundamental structure of a company with an Audit & Supervisory Board. The Company believes that the above structure is optimal at this point and in light of the following measures taken: the Company determines significant business execution by resolution of the Board of Directors as an insurance holding company, and makes high-quality decisions reflecting the insight of Outside Directors and Outside Audit & Supervisory Board Members; Audit & Supervisory Board Members who hold no voting rights at the Board of Directors' meeting conduct unbiased and objective audits; and the transparency of the decision-making process of nomination and compensation of and for Directors, Audit & Supervisory Board Members, and Executive Officers is ensured by those issues being deliberated at the Nomination Committee and Compensation Committee.

Corporate Governance System



Record of Measures to Strengthen Corporate Governance

		FY2002	FY2004	FY2005	FY2011	FY2013	FY2015	FY2016	FY2017	FY2018	FY2019
Structure		April Millea Holdings (currently Tokio Marine Holdings) established as a company with an Audit & Supervisory Board		July Nomination Committee and Compensation Committee discretionally established	November Evaluations of effectiveness of Board of Directors (surveys administered to all Directors and Audit & Supervisory Board Members) commenced						
Membership	Outside Directors	3						June 4			June Ratio of Outside Directors raised to one-third
	Outside Audit & Supervisory Board Members	2	3 (decreased in fiscal 2005)								
	Non-Japanese Executive Officers					June First non-Japanese Executive Officer appointed		August 4	June 6	April 5	April June June 5 6
Policies		April Millea Group Corporate Philosophy established		May Corporate Governance Policy formulated			May Corporate Governance Policy renamed Tokio Marine Holdings Fundamental Corporate Governance Policy			November Tokio Marine Holdings Fundamental Corporate Governance Policy revised (Major areas of revision: Appointment conditions and dismissal policies for the President)	
Compensation				July Stock options introduced			July Ratios of performance-linked bonuses increased for certain officers				July Same as previous update

Well-balanced Member Composition

All of the Company's corporate governance committees feature memberships with a balanced composition representing viewpoints and specializations from diverse fields.

Board of Directors
Number of Outside Officers
5 of 13 Directors

The ratio of Outside Directors was raised to one-third in June 2019 to invigorate meetings of the Board of Directors and facilitate further enhancement of corporate governance.

Audit and Supervisory Board
Number of Outside Officers
3 of 5 Members

As an independent body entrusted by shareholders, the Audit & Supervisory Board comprises a majority of Outside Audit & Supervisory Board Members and audits the performance of Directors.

Nomination Committee
Number of Outside Officers
5 of 7 Members

Compensation Committee
Number of Outside Officers
5 of 6 Members

The Nomination Committee and the Compensation Committee comprise a majority of outside officers and both are chaired by an outside officer.

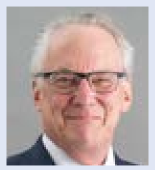
Involvement of Diverse Talent in Management

The functional global committees are staffed by diverse individuals with skills in globalization, diversity, and other areas, and through open and dynamic debate, these committees help to solve the Group management issues.

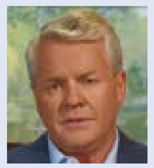
Functional Global Committees, etc.

ERM	Enterprize Risk Management Committee	Retention Strategy	Global Retention Strategy Committee
International Insurance	International Executive Committee	Investment	Global Investment Strategy Committee
Digital	Digital Round Table	IT	Global Information Technology Committee

Appointment of Overseas Top Management as Group Co-Heads



Donald Sherman
Co-CIO
(Group Co-Chief Investment Officer)
Delphi Financial Group CEO



Christopher Williams
Co-Head of International Business
Co-CRSO
(Group Co-Chief Retention Strategy Officer)

Principal Activities

Name	Current Term in Office	Attendance to Board Meetings	Major Activities Including the Remarks Made at Board Meetings
Akio Mimura, Outside Director	9 years and 9 months	Attended 10 of the 11 Board of Directors' meetings held during fiscal 2019.	He has fulfilled his supervisory functions by presenting inquiries and remarks, based on his insight as a specialist in business management acquired through many years of experience in a management role.
Masako Egawa, Outside Director	4 years and 9 months	Attended all 11 Board of Directors' meetings held during fiscal 2019.	She has fulfilled her supervisory functions by presenting inquiries and remarks, based on her insight into corporate management, etc. acquired through many years of experience in financial institutions, involvement in academic activities related to corporate governance and experience at The University of Tokyo as an Executive Vice President.
Takashi Mitachi, Outside Director	2 years and 9 months	Attended all 11 Board of Directors' meetings held during fiscal 2019.	He has fulfilled his supervisory functions by presenting inquiries and remarks, based on his insight as a specialist in business management acquired through many years of experience in a consulting firm and a management role.
Nobuhiro Endo, Outside Director	9 months	After assuming the position, attended 8 of the 9 Board of Directors' meetings held during fiscal 2019.	He has fulfilled his supervisory functions by presenting inquiries and remarks, based on his insight as a specialist in business management acquired through many years of experience in a management role.
Akinari Horii, Outside Audit & Supervisory Board member	8 years and 9 months	Attended all 11 Board of Directors' meetings and all 11 Audit & Supervisory Board meetings held during fiscal 2019.	He has fulfilled his audit functions by presenting inquiries and remarks, based on his insight acquired through many years of experience in his role as an executive or a regular employee of the Bank of Japan.
Akihiro Wani, Outside Audit & Supervisory Board member	5 years and 9 months	Attended all 11 Board of Directors' meetings and all 11 Audit & Supervisory Board meetings held during fiscal 2019.	He has fulfilled his audit functions by presenting inquiries and remarks, based on his insight acquired through many years of experience in his role as an attorney-at-law.
Nana Otsuki, Outside Audit & Supervisory Board member	1 year and 9 months	Attended all 11 Board of Directors' meetings and all 11 Audit & Supervisory Board meetings held during fiscal 2019.	She has fulfilled her audit functions by presenting inquiries and remarks, based on her insight as a specialist in business management acquired through many years of experience as an analyst in financial institutions.

Notes: 1. Current term in office is the length of the term held as of March 31, 2020.
2. Description in the "Attendance of board meetings" and "Major activities including the remarks made at board meetings" includes attendance of Audit & Supervisory Board meetings and major activities including the remarks made at Audit & Supervisory Board meetings, as well as said matters at the Board of Director's meetings.
3. All 11 Board of Directors' meetings held during fiscal 2019 were ordinary meetings. All 11 Audit & Supervisory Board meetings held during fiscal 2019 were ordinary meetings.

Evaluation of the Effectiveness of the Board of Directors

Method of Effectiveness Evaluations

The Company evaluates the effectiveness of the Board of Directors once a year in order to further enhance the functionality of the Board of Directors. To reflect the opinions of all members who participate in the Board of Directors, the Company conducts annual surveys on the operation of the Board of Directors and the performance of its functions to all Directors and Audit & Supervisory Board Members and reports the result to the Board of Directors.

Main Opinions and Action Plans

Opinion	Action Plan
Opinion 1 **Would like to have more time for discussion.**	Depending on the contents of the agenda, efforts are being made to improve the use of time by eliminating the need for explanations on the day by reading materials in advance. Efforts will be made to further promote the use of time so that time can be secured for agenda items that especially require discussion.
Opinion 2 **Would like to secure opportunities for Outside Directors and Outside Audit & Supervisory Board Members to learn more about the workplace (including opportunities for direct communication with employees).**	In addition to presenting information on the attendance of Outside Directors at the Group Joint Division Managers' Meeting already held, provide guidance on opinion exchange meetings between Inside Officers and employees, and other events to increase opportunities for observer participation by Outside Directors. (In fiscal 2019, the Company will also invite outside officers to visit overseas.)

Effectiveness Evaluation Results

The Company has determined through these evaluations that the Directors and Audit & Supervisory Board Members speak actively and engage in open and constructive discussion at the Board of Directors' meetings, and that the Board of Directors' performance of its functions is adequate. On the other hand, it is also recognized that there are opinions on areas for further improvement, and the Company considers corresponding measures to address each of these. The main opinions and measures are as follows.

Leveraging Outside Officers' Expertise

The Company intends to make full use of the knowledge and experience of its outside directors and outside auditors when considering and developing management strategies to achieve sustainable growth and increase corporate value over the medium to long term. To this end, the Board of Directors holds "discussions on corporate strategy" on themes such as the management environment and issues faced by the Company. Themes are selected based on responses to surveys from directors and corporate auditors, as well as topics that came up in independent directors/auditors' meetings.

"Discussion on Corporate Strategy" Themes

	Themes
2019	The initiatives of Tokio Marine Group for CSR/Sustainability and SDGS, exchange of views with overseas subsidiary heads, digital strategy for Tokio Marine Group
2018	The domestic life and non-life insurance business strategy for Tokio Marine Group, direction of human resource strategy, exchange of views with overseas subsidiary heads, digital strategy for Tokio Marine Group
2017	The next Mid-Term Business Plan for Tokio Maine Group, exchange of views with overseas subsidiary heads, risk-based management (ERM), talent development for global management, business strategy for Tokio Marine Group

Succession Planning

Development of Candidates for the Next President & CEO

The majority of the Nomination Committee is comprised by outside officers, and the Chairman is also elected from outside officers. The committee shall deliberate on the plans for selecting the successors of President & CEO, and shall appropriately supervise their implementation in order to ensure systematic development of the successor candidates.

Nomination Committee Members

Chairman: Akio Mimura, Outside Director

Members: Masako Egawa, Outside Director

Takashi Mitachi, Outside Director

Nobuhiro Endo, Outside Director

Shinya Katanozaka, Outside Director

Tsuyoshi Nagano, Chairman of the Board

Satoru Komiya, President and CEO

Tokio Marine Holdings Fundamental Corporate Governance Policy (excerpts)

(Responsibilities of the Nomination Committee)

Article 16 The Company shall establish a Nomination Committee to serve as an advisory body to the Board of Directors.

2 The Nomination Committee shall deliberate on the following matters and report to the Board of Directors:

(1) The appointment and dismissal of the President & Chief Executive Officer of the Company, as well as Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its principal business subsidiaries; and

(2) The criteria for the appointment and policy for the dismissal of the President & Chief Executive Officer of the Company, as well as Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its principal business subsidiaries.

3 The Nomination Committee is responsible for deliberating a successor plan for the President & Chief Executive Officer of the Company and for appropriately supervising the implementation of the plan in order to develop successor candidates systematically.

(Composition of the Nomination Committee)

Article 17 The Nomination Committee shall generally consist of approximately five members.

2 As a general rule, a majority of the members shall be selected from outside of the Company, and the chairman shall be one of the outside members.

Development of Next-Generation Talent

In order for the Company to continue to grow in a hugely changing environment, the Company must utilize all of the knowledge, know-how, and experience of the entire Group obtained by M&A and other means to confront each of the issues it faces and to solve them.

In order to do so, it is imperative to take the initiative to make the integrated group management a sustainable one by developing a large number of talent that will lead the management of the next era, and the era after that.

In this context, the Company is executing a "Global Executive Program" for its senior employees as a form of succession management. By eating and sleeping together under extreme conditions, a strong relationship of trust among the participants will be built, while at the same time fostering mindsets from a Group perspective and further expanding synergies across the Group.

In addition to the aforementioned program, the Company is enhancing the Group management sustainability by executing training programs for every employee layer on a select basis, such as the "Middle Global Leadership Development Program" for mainly overseas middle layer employees, which is aimed at experiencing the meaning of "Good Company" and the necessity of insurance by visiting disaster areas in Tohoku, the "Management Academy" for young to middle leader class in Japan to experience the process of new business development, and the "Management School" which is a nine-month intensive program for young leader class in Japan to learn global leadership.

Left: Hard training scene on the coast of Samoa
Right: Onboard accommodations

Visiting areas affected by the Great East Japan Earthquake

Discussion on leadership

Compensation for Officers

Determining Compensation for Officers

Policy

The policy for determining compensation for officers is as follows:

- Ensure "transparency," "fairness," and "objectivity" regarding compensation for officers;
- Strengthen incentives for enhancing the business performance of the Company by introducing a performance-linked compensation system;
- Enhance accountability through sharing returns with shareholders by introducing a compensation system linked to meeting the Company's business results indices based on the management strategy and Company share price; and
- Fully implement a performance-based pay system through processes designed to objectively evaluate individual performance with respect to management objectives.

Process

The Compensation Committee is an advisory body to the Board of Directors and consists of six members (chaired by an outside director), including five outside directors. The Compensation Committee deliberates and reports to the Board of Directors on the following matters:

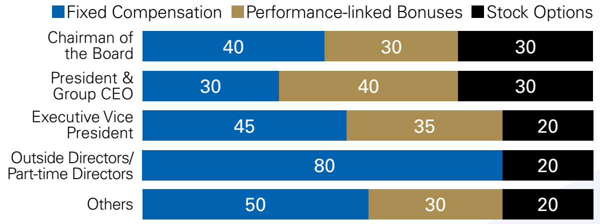
- Evaluation of the performance of directors and executive officers of the Company and its major operating subsidiaries
- Executive compensation structure and levels for the Company and its major operating subsidiaries

For fiscal 2019, all committee members attended all three Compensation Committee meetings held.

Compensation System for Directors

The compensation system for directors consists of fixed compensation, performance-linked bonuses and stock option, and the proportions for each director class are as follows:

Ratios of Compensation by Position



Performance-linked bonuses have been introduced to increase the incentive of Directors to improve the performance of the Company. Bonuses are linked to the business performance of the Company and the performance of the individual (bonuses are adjusted within a range of 0% to 200% based on the degree of accomplishment of targets).

a. Performance-linked bonuses for individual performance are decided based on coefficients linked to the degree of accomplishment of previously set individual performance targets.

b. In principle, performance-linked bonuses for company performance are decided based on coefficients linked to the degree of accomplishment of targets for the following performance indicators. In addition to the following performance metrics, the expected ROR improvement is also included.

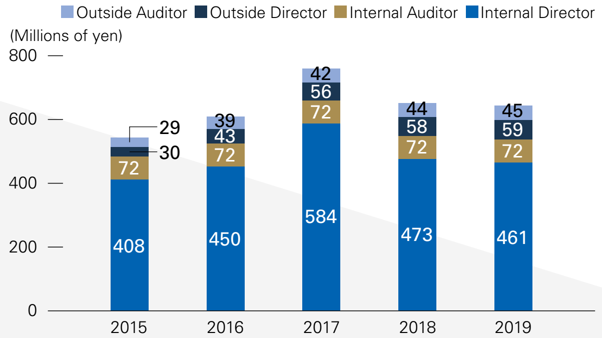
Fiscal 2019 Targets and Results for Company Performance-linked Performance Measures

Performance Indicator	Targets	Results
Adjusted ROE	10.4%	8.2%
Adjusted Net Income	¥400 billion	¥286.7 billion

(Note) Adjusted return on equity (ROE) and adjusted net income are used as indicators of Groupwide performance, as calculated including certain adjustments to financial accounting indicators, for the purpose of promoting improvements in transparency as viewed by the market.

Compensation of Directors and Auditors

The Compensation of Directors and Auditors is as follows:



Strengthening Governance Through Integrated Group Management

The Cornerstone of Governance

The cornerstone of the Company's governance lies in "promotion of diversity" and "spreading our core identity."

Promotion of Diversity

The Company takes its excellent, diverse talent acquired through overseas M&A and appoints them in Co-Heads, and leaders of global committees and specialized areas. In other words, it deploys its global expertise horizontally, or incorporates them into the strategies and policies of the entire Group, thus contributing to Group management. The Company believes that this enables the strategy or the policies of the Group to be stronger and more flexible to change.

Spreading Our Core Identity

As diversity increases, it becomes more important to have a core identity that unites diverse people as a team. We acquired companies whose cultures matched our own with our desire to make the world a better place through our business, but to further spread the Group's common culture of "To Be a Good Company," we have been implementing a variety of initiatives around the world, such as the "Majikirakai," a group that talks about serious matters very casually.

Function-Based Chief Officer System, Committees, etc.

Through the function-based chief officer system and committees, etc., the Company utilizes its global expertise and knowledge to solve the Group management issues. In addition, the Company is also promoting initiatives to spread our Group culture, led by the Group CCO. These efforts have resulted in Group synergies that contribute approximately ¥35 billion in annual profits.

Functional Chief Officer System

Globalize and enhance our management structure

Group CEO / CCO Executive/Culture	Satoru Komiya
Group Chief Officers	
CFO Financial	Takayuki Yuasa
CSSO Strategy and Synergy	Tadashi Handa
CDO Digital	Makoto Okada
CRSO Retention Strategy	Shingo Kawaguchi
Co-CRSO Retention Strategy	Christopher Williams
CIO Investment	Yoshinari Endo
Co-CIO Investment	Donald Sherman
CHRO Human Resources	Kenichi Kitazawa
CWO Wellness	Kenichi Kitazawa
CRO Risk	Kenji Okada
CLCO Legal and Compliance	Kenji Okada
CITO Information Technology	Susumu Harada
CISO Information Security	Susumu Harada

- Focus on Group management
- Initiatives to spread our Group culture

Functional Global Committees, etc.
Top management both in Japan and overseas discuss various Group management issues

ERM	Enterprise Risk Management Committee
International Insurance	International Executive Committee
Digital	Digital Round Table
Retention Strategy	Global Retention Strategy Committee
Investment	Global Investment Strategy Committee
IT	Global Information Technology Committee

Generate Group's collective strength

Domestic Non-life Insurance Business | Domestic Life Insurance Business | International Insurance Business | Financial and General Business

- Create synergies and share best practices in a cross-organizational manner
- Brings together the knowledge of the Group to solve Group-wide problems
- Involve overseas personnel in Group management

Dialogue with Shareholders and Investors

Fundamental Policy

The Company will strive to enhance the trust of the capital markets by providing information about the Company in a timely, fair and continuous manner while ensuring transparency and accountability in its disclosures, and to promote understanding of its efforts to increase corporate value and a correct assessment of the Company. Furthermore, through constructive dialogue between management and shareholders and investors, the Company will gain an appropriate understanding of how it is viewed and the state of the capital markets, and provide that understanding and feedback to management and within the Company to further enhance its corporate value.

Dialogue with Investors

Dialogue with Institutional Investors

In order to engage in dialogue with a wide range of shareholders and investors, the Company will not only hold financial results conference calls and IR conferences, but will also hold individual meetings in Japan and overseas IR meetings, and in fiscal 2019, the Company held dialogues with a total of 723 companies.

In New York, a special meeting was held with the participation of the heads of major overseas Group companies, where thorough and constructive dialogues were held on topics of interest to investors. Participating investors commented on the meeting, saying, "I gained confidence in Tokio Marine Holdings after hearing about the Company's approach and efforts in M&A and PMI from top overseas executives," and "I could feel that the integrated group management is progressing smoothly with excellent relationships among top management."

Special meeting in New York

Dialogue with Individual Investors

In fiscal 2019, the Company held a total of eight information sessions conducted by the Group CFO, Deputy CFO and the Investor Relations Department, in addition to the information sessions with the Group CEO. The Company also provides easy-to-understand explanations of the "Group's management strategy" and "shareholder return," which are of great interest to individual investors.

Individual Investor Information Session by Group CEO Komiya

Feedback

The Company is also making efforts to report the opinions obtained through dialogue with shareholders and investors widely to management and other members of the Company, and to reflect them in improvement of management. Through these efforts, employees feel more familiar with IR activities, which leads to improvements in their day-to-day work.

Role playing a meeting with investors by IR Group members

General Meeting of Shareholders

Presentation by the Group CEO

In order to promote a deeper understanding of the Company's business, the Group's CEO routinely conducts a presentation on management strategy and other matters. At the 18th Ordinary General Meeting of Shareholders, under the theme of "Business Strategy of Tokio Marine Group," the Group CEO gave an easy-to-understand presentation on topics of business performance, its business purpose and efforts to achieve them, and the future image of the Group.

Results of Exercise of Voting Rights

The results of the exercise of voting rights at the 18th Ordinary General Meeting of Shareholders are as follows:

Details of the Resolutions

Item 1: Appropriation of Surplus
Matters regarding distribution of dividends and its aggregate amount
Amount of cash dividend per common share of the Company: 95 yen
Aggregate amount of cash dividends: 66,297,684,675 yen
Item 2: Election of Thirteen (13) Directors
Election of the following thirteen individuals as directors: Tsuyoshi Nagano, Satoru Komiya, Takayuki Yuasa, Akira Harashima, Kenji Okada, Shinichi Hirose, Akio Mimura, Masako Egawa, Takashi Mitachi, Nobuhiro Endo, Shinya Katanozaka, Tadashi Handa and Yoshinari Endo.
Item 3: Election of One (1) Audit & Supervisory Board Member
Election of the following one individual as an audit & supervisory board member: Hirokazu Fujita.

Results of the Resolutions

Item	Number of Affirmative Votes	Number of Negative Votes	Number of Abstentions	Approval Ratio (%)	Result of the Resolution
Item 1	5,880,914	1,216	107	99.92	Approved
Item 2					
Tsuyoshi Nagano	5,646,430	119,713	116,111	95.94	Approved
Satoru Komiya	5,688,360	77,780	116,111	96.65	Approved
Takayuki Yuasa	5,655,540	144,404	82,310	96.09	Approved
Akira Harashima	5,664,567	135,377	82,310	96.25	Approved
Kenji Okada	5,664,401	135,543	82,310	96.24	Approved
Shinichi Hirose	5,664,534	135,410	82,310	96.25	Approved
Akio Mimura	5,459,291	365,369	57,588	92.76	Approved
Masako Egawa	5,877,656	4,498	107	99.87	Approved
Takashi Mitachi	5,852,530	29,624	107	99.44	Approved
Nobuhiro Endo	5,860,869	21,286	107	99.58	Approved
Shinya Katanozaka	5,464,783	359,878	57,588	92.85	Approved
Tadashi Handa	5,650,311	149,633	82,310	96.00	Approved
Yoshinari Endo	5,650,246	149,698	82,310	96.00	Approved
Item 3	5,781,219	85,524	15,594	98.23	Approved

Reduction of Business-Related Equities

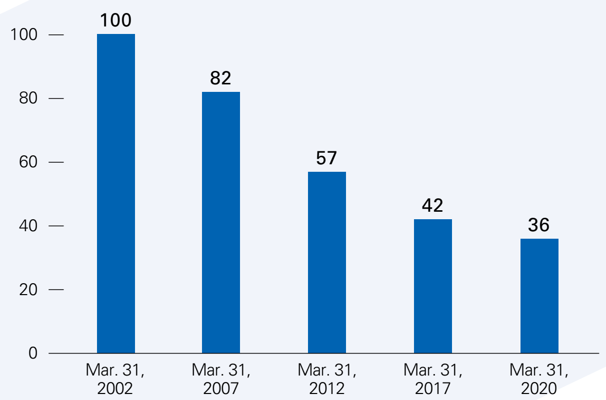
Initiatives to Reduce the Total Value

Business-related equities are held primarily to strengthen business relationships and enhance the Group's corporate value, but the Company will continue to reduce the total value of shares held with a view to improving capital efficiency.

In fact, the Company began its efforts well before the release of the Corporate Governance Code, and since fiscal 2002, the Company sold a total of 2.2 trillion yen (based on market value at the time of sale), and the book value has decreased to 36% of the March 31, 2002 level. Under the current mid-term business plan, the Company plans to sell more than ¥100 billion per year.

For listed domestic business-related equities, the Board of Directors examines the risk/return of holding these stocks, both in the overall portfolio and on an individual basis, to validate the economic rationale for holding them.

History of Book Value of Business-related Equities*

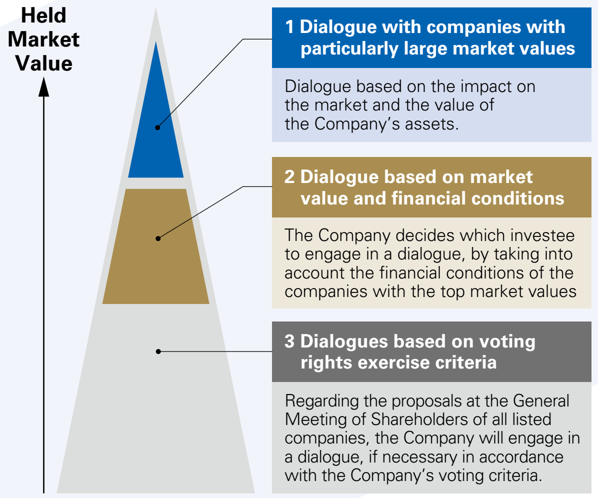


* March 31, 2002, is set at an index value of 100.

Dialogue Based on the Stewardship Code

Throughout the year, the Company holds "dialogues with companies with particularly large market values" and "dialogues based on market value and financial conditions," as well as "dialogues based on voting rights exercise criteria" in the process of scrutinizing proposals for general meetings of shareholders of the companies in which the Company invests, and exercises voting rights based on these dialogues.

Policy for Dialogue



Examples of Dialogues with Investee

Content of the Dialogue

For companies that show concerns about future cost increases as a result of increased competition and new environmental regulations, the Company has identified measures to improve profitability.

Response of Investee

The Company responded that it would seek to reduce costs and increase profits by divesting less profitable businesses and reviewing business relationships and pursuing "selection and focus." Subsequently, it was announced that the Company would pursue structural reforms to improve profitability.

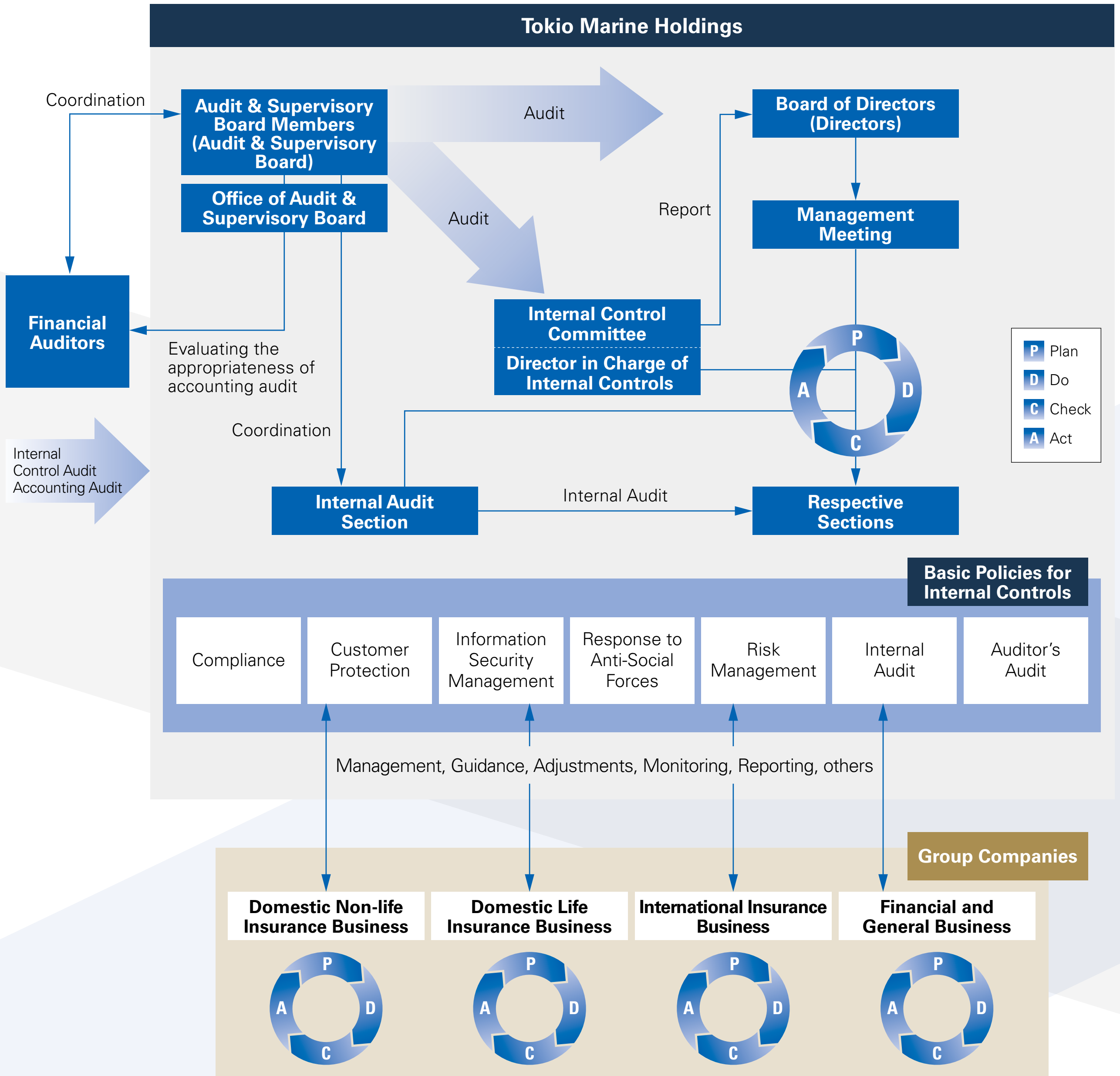
For more other dialogue examples and the results of exercises of voting rights, please refer to the overview of our stewardship activities available on Tokio Marine & Nichido's website. (Japanese only):
https://www.tokiomarine-nichido.co.jp/company/about/policy/stewardship.html

Internal Control System

Fundamental Policy

The Company has formulated "Basic Policies for Internal Controls." In accordance with these policies, the Company has established an internal control system for the entire Tokio Marine Group that encompasses structures for management control, compliance, risk management, and internal auditing of Group companies. In addition, the Company monitors the status and practical application of its internal control system. The Internal Control Committee deliberates on the results of this monitoring, and the Board of Directors confirms the details of these deliberations. Moreover, the Company continually strengthens and improves its internal control system in light of the results of this monitoring. The Internal Audit Section maintains close coordination with Audit & Supervisory Board Members to ensure the effectiveness of their audits.

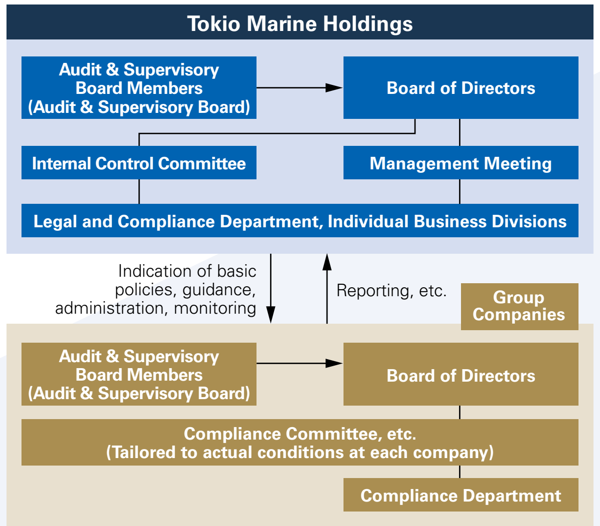
Internal Control System



Compliance

The Company has formulated the "Tokio Marine Group Basic Policies for Compliance" and the "Tokio Marine Group Code of Conduct," and a compliance system is in place Groupwide based on this framework. Also, the Company has built a structure to ensure Groupwide compliance by periodically monitoring the status of compliance within the Group; receiving reports from Group companies on important matters; discussing these matters among the Board of Directors, the Management Meeting, and the Internal Control Committee; and providing guidance and advice about the activities of Group companies when necessary.

Compliance System



Information Security Management

Tokio Marine recognizes the importance of personal information and confidential information ("information assets"). To ensure the appropriateness and trustworthiness of Tokio Marine Group's operations, we have formulated the "Tokio Marine Group Basic Policies for Information Security Management" and use appropriate methods to conduct information security management at each company in accordance with their line of business, scale, location, and other factors.

Based on the "Tokio Marine Group Basic Policies for Information Security Management," each company establishes departments to oversee information security management and formulate policies and regulations. To protect information assets from various information leakage risks, including leak, loss, and unauthorized use, we ensure the confidentiality of information assets and manage them so that they can be used when necessary. Furthermore, the Company regularly monitors the information security management of group companies, setting up structures and providing information when necessary.

Crisis Management System

Tokio Marine Group has established a crisis management system to minimize economic losses and other impacts incurred in an emergency and immediately restore ordinary business operations.

The Company has formulated the "Tokio Marine Group Basic Policy for Crisis Management" and the "Tokio Marine Group Crisis Management Manual" based on the policy, and has set forth the crisis management systems necessary for Group companies to carry out their own roles.

Group companies formulate crisis management policies in line with policies of the Group to develop crisis management systems that include establishing a department in charge of crisis management, decision-making procedures for emergency situations, and securing the chain of command. In addition to developing the crisis management system during normal conditions, the department in charge of crisis management plays the role of secretariat for response during emergency situations, including reporting to the Company.

When conditions that may develop into an emergency situation arise, in addition to each Group company determining whether or not these conditions correspond to an emergency situation, the Company determines, if necessary, whether or not these conditions correspond to an emergency situation for the Group. This system enables the Company to properly instruct Group companies and make sure necessary actions as a Group can be made.

Internal/External Audits, etc.

Regarding internal audits, there is a statutory audit conducted by Audit & Supervisory Board Members in accordance with the Companies Act and an internal audit performed by the Internal Audit Department. The internal audit is performed based on the "Internal Auditing Rules" that have been approved by the Board of Directors.

Regarding external audits, there is an accounting audit based on the Companies Act and the Financial Instruments and Exchange Act and an internal control audit based on the Financial Instruments and Exchange Act conducted by PricewaterhouseCoopers Aarata.

Tokio Marine Holdings is also subject to inspections by the Financial Services Agency of Japan pursuant to the Insurance Business Law.

A global Good Company that contributes to society

Tasked with maintaining and improving the transparency and integrity of Tokio Marine Group, three outside officers met to discuss the transparency and efficiency of Tokio Marine's governance and management approach to medium- to long-term growth.

Effectiveness of the Board of Directors

Enhancing communication to boost effectiveness

How effective is Tokio Marine Holdings' Board?

Egawa: One of the Board's strongest points is the diversity of opinions and knowledge among its members, which ensures that each agenda item receives multifaceted attention. Meetings are characterized by an open and dynamic atmosphere that leads to deep and productive discussions, with proactive contributions from both outside directors and outside Audit and Supervisory Board members.

Wani: None of the Board members are shy about sharing their opinions. This year will mark my seventh as an Audit and Supervisory Board member, and in all that time discussions have never stalled. The Chair does a very effective job of ensuring meetings are well organized and fruitful by managing the discussions at crucial points.

Egawa: The secretariat does a good job of putting together necessary and easy-to-understand documents for meetings, ensuring discussions remain focused on the key issues. The fact that priority items, such as M&A proposals, are brought to the table at an early stage and go through multiple rounds of discussion increases the efficacy of deliberations.

Endo: A crucial prerequisite in ensuring effective Board meetings is the creation of appropriate agendas. A second crucial element is deliberating upon agenda items at the right time. Moreover, preparation such as material creation and briefing is another essential element. As Ms. Egawa pointed out, Tokio Marine Holdings' attention to ensure the Board meeting effectiveness is superb.

Egawa: At the start of the fiscal year, the Group CEO explains yearly policies and targets to the Compensation Committee, and then at the end of that fiscal year, delivers a thorough summary of results and activities. I believe this engagement from Tokio Marine Holdings management ensures effective governance.

Wani: I quite agree. The members of the Board are extremely dedicated to the company, and there are no rifts between inside and outside officers, or between directors and Audit and Supervisory Board members. We are all members of a single crew, who share in a common corporate culture. However, each member honors an appropriate distance and tries to play each role in a quite professional manner.

What challenges do you face in further improving effectiveness?

Egawa: To ensure the Board engages in deep discussions, we need to fully understand the conditions of the Company. Since my appointment as an outside director, I have been able to deepen my understanding of Tokio Marine Group by attending sales strategy meetings and engaging in discussions with top management of overseas Group companies at international executive committees.

Endo: As part of Board meetings, we engage in strategic discussions, which focus on management strategies for sustainable Group growth and for improving medium- to long-term corporate value. For instance, in fiscal 2019 we held discussions on themes such as "Tokio Marine Group's CSR/Sustainability Initiatives and the SDGs," "Communicating with Overseas Subsidiary Management," and "Tokio Marine Group's Digital Strategy." In some themes, executive officers in charge join the discussion and explain details of their initiatives. While these discussions have been immensely helpful in improving our understanding of the Company, I do think increased opportunities to communicate with executive officers directly involved in the various issues at hand would help to further deepen our understanding of the company's operations.

Appropriate Managerial Decision-Making

Strengthening responsiveness to a changing environment by promoting organizational and HR diversity

How do you rate the Group's ability to make managerial decisions that reflect changes in the business environment?

Endo: Our operating environment is transforming rapidly. In this environment, pursuing an optimal portfolio, both in terms of risk analysis and capturing growth opportunities, is a prerequisite for a global insurance group. While this is no easy task, Tokio Marine Holdings is successful in this respect.

Egawa: I've witnessed many M&A among Japanese companies, including my time working at investment banks. While many companies are eager to acquire companies, when it comes to selling, the Japanese are often slow in making decisions and miss out on the timing. In contrast, Tokio Marine Holdings has made the appropriate decisions based on the changes in the business environment or future growth strategies. Examples include our divestment of reinsurance subsidiaries that served as the vanguard of our overseas development, and our partial divestment of shares in the Egyptian Life Takaful subsidiary.

Masako Egawa

Masako Egawa is currently Specially Appointed Professor at the Graduate School of Business Administration, Hitotsubashi University. She has served as an outside director at Tokio Marine Holdings since June 2015. Previously she worked at the New York Head Office of Salomon Brothers Inc., served as Executive Director, Harvard Business School's Japan Research Center, and was appointed Executive Vice President of The University of Tokyo.

Wani: Tokio Marine has a keen grasp of opportunity that differentiates it from others. Without being trapped by the past history, boldly reappraising businesses with low profitability or fields with poor growth, and not hesitating to sell them off when necessary, allows limited resources to be invested into more promising the fields. Tokio Marine's acquisition of American the PURE Group is one such example of this. A detailed explanation of the PURE Group's businesses to the Board of Directors made it clear that it's a company with a very unique business model.
Egawa: Tokio Marine Holdings' approach to risk is also one of the strong points. For instance, when COVID-19 began to spread in Japan, many companies were trying to formulate responses, while Tokio Marine was already discussing contingency plans, such as if a large earthquake or other natural disaster should occur in tandem with the pandemic. Our ability to constantly propose a range of countermeasures against worst-case scenarios is very impressive.

Are there any specific challenges you would like to mention?
Egawa: In order to further strengthen integrated Group management, which is a priority under the mid-term plan, it is important to select high potential personnel from the various Group companies, and provide opportunities to contribute in more essential positions beyond their current assignments. Currently, two senior managing executive officers and one managing executive officer at Tokio Marine have been appointed from the management of overseas subsidiaries, and many other non-Japanese members of staff have also been appointed to positions of responsibility. I would like to see such global talent management accelerate even further.
Wani: So long as Tokio Marine Holding Group strives to be a global Good Company, diversity and inclusion, both for Japanese and overseas staff, is indispensable. The Group has done extremely well so far in this respect.
Egawa: The workforce at Japanese companies can easily be homogenous, so it is vital to promote more diverse staff and make full use of their capabilities, including in management positions. Regarding the digital realm, the Group already has initiatives in place to employ highly specialized external talents and train internal staff. To accelerate digital transformation amidst a rapidly changing world, it is essential to proactively identify staff who are knowledgeable in technology and develop them as candidates for future management.
Endo: In terms of training internal staff, it can be effective to increase their level of outside exposure. This is particularly true in digital fields, but it's no exaggeration to say that challenges cannot be solely solved in-house or in-department. Tokio Marine Group staff should actively seek to absorb outside knowledge, including through outside officers such as ourselves.

Toward Long-Term Growth

Reconsidering our products and stance in response to future changes

What sort of strategy is needed for long-term growth?

Nobuhiro Endo

Nobuhiro Endo previously developed satellite communication systems at the NEC Corporation. He was appointed as General Manager, (Mobile Network Operations Unit) Mobile and Wireless Operations Division in 2003. After serving as President (Representative Director), he was appointed as Chairman of the Board in 2019. He has served as an outside director at Tokio Marine Holdings since June 2019.

Akihiro Wani

Akihiro Wani has served as an outside Audit & Supervisory Board member at Tokio Marine Holdings since June 2014. He is a practicing lawyer at law firms including Mitsui, Yasuda, Wani & Maeda, and Linklaters. He joined Morrison & Foerster in 2014.

Endo: With the recent spread of COVID-19, the future world outlook has become a hot topic. There are also many other macro-level changes occurring, such as climate change and other environmental issues, or shifting demographics. Digital and other technological revolutions are also bringing great changes to society. When discussing Tokio Marine's medium- to long-term business strategy, we should first consider what risks these changes will pose to customers and society.
Egawa: In some areas, risks will decrease, while risks will increase in other areas. Completely new risks may also arise. For instance, as assisted and automated driving technologies become more advanced, the risk of traffic accidents may decline, but over-reliance on complicated systems will only grow, magnifying the impact of any breakdowns. For networked systems, this also includes increased cybersecurity risks.
Endo: In addition to developments such as automated driving and MaaS*1, in the next five or ten years, I believe household robots will become more common. Cleaning robots have already become fairly commonplace, but there are many other electronic goods that are now networked and controlled by AI. If they become part of everyday life, then cybersecurity will unquestionably become a major risk.
Egawa: Tokio Marine Group was one of the first in the industry to offer cyber risk insurance products. The changing nature and risk of cybersecurity requires close monitoring of technological and social trends, in order to continuously improve products and services, and to develop completely new insurance products.
Endo: Looking ahead, I believe the function and role of insurance companies and products could also begin to change. For instance, medical insurance is a product meant to insure against unexpected illness and injury, but if people could improve their health and avoid injury, that would be a major benefit to both customers and insurance companies. That was the thinking behind Tokio Marine's development of *Aruku Hoken*, which not only insures against unexpected circumstances, but also supports customers in their efforts to improve their health. In terms of auto insurance, Tokio Marine offers services that utilize driving recorders that can either help prevent accidents or diagnose driving habits. Moving forward, customers may prefer products that not only prepare for risks but also help to reduce risks through risk survey and loss prevention*2.
Wani: Tokio Marine Group has a proud and talented workforce, and it's paramount that the Group comes together to consider its stance as a corporate entity, for today and tomorrow. What sort of social issues will we be facing in 50 or 100-years time? How can Tokio Marine contribute to solving them? Should the Company strictly remain as an insurance company? These questions don't necessarily require clear answers right now, but they can serve as the basis for further discussions.

Thank you for taking the time to speak with us today.

*1. MaaS=Mobility as a Service. A one-stop service for search, reservation, payment, and other procedures of transportation, including public transportation such as trains and buses as well as taxis, carsharing, rental cars, and bike sharing.
*2. Loss prevention=A service that provides what the customer should do to avoid losses through analyzing big data with statistical and other methods.

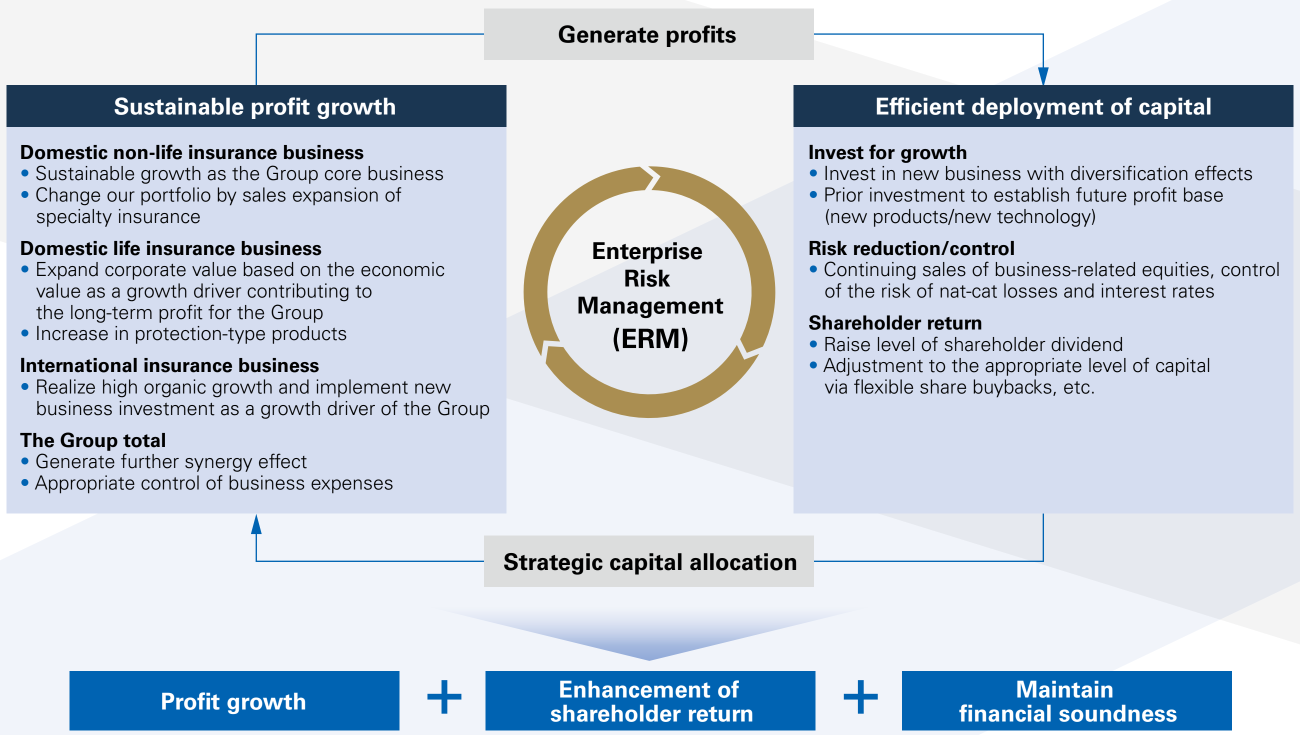
Enterprise Risk Management (ERM)

The Framework of Enterprise Risk Management

The Group is committed to Enterprise Risk Management (ERM) as the management platform for advancing its Mid-term Business Plan. Specifically, we will be constantly aware of the relationship between "risk," "capital" and "profit," and by realizing "capital adequacy" and "high profitability" in relation to risk, we will strive to achieve sustainable growth of corporate value.

The framework in the diagram below illustrates the Mid-term Business Plan from the standpoint of ERM. Through the enhancement of business structure and the fostering of Group synergies, the Group aims to achieve "sustainable profit growth," as well as to re-allocate the profits and capital generated for the "effective use of capital" while maintaining financial soundness, such as further diversifying its portfolio and enhancing shareholder returns, which will lead to further growth.

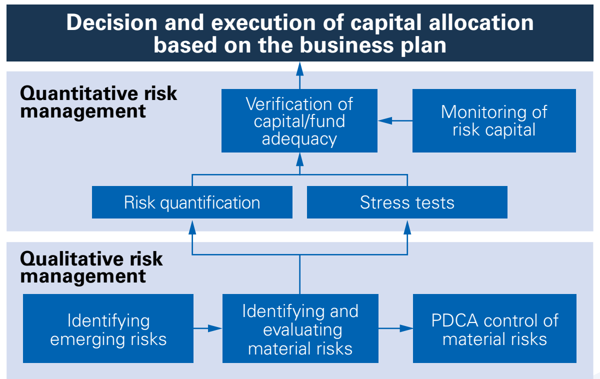
ERM Framework in the Mid-term Business Plan



The ERM Framework of Tokio Marine Group

The risks that the Group faces are getting more diverse and complex due to the expansion of global business and changes in the management environment. In addition, in the recent political, economic and social conditions which have much uncertainty and change, the Company must keep a close watch for new emerging risks and cope with them appropriately.

From this perspective, the Company is not limited to traditional risk management aimed at risk mitigation and avoidance, but also comprehensively grasps risk by both qualitative and quantitative approaches.



Qualitative Risk Management

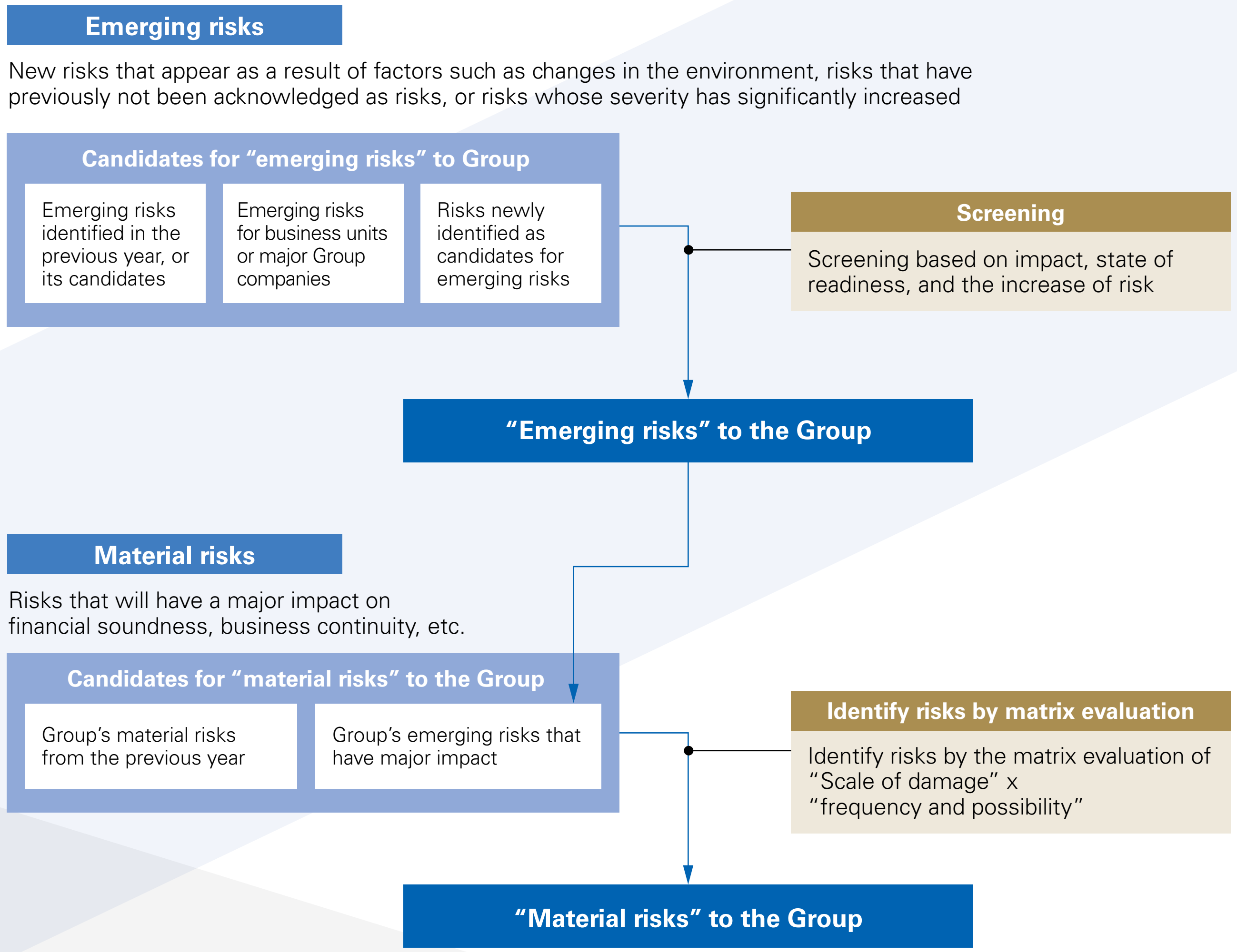
With regard to qualitative risk management, the Company has a system in place to comprehensively identify and report all risks to management, including "emerging risks" that may occur as a result of changes in the environment and other factors. The risks faced by the Group are discussed at the management level when necessary.

Through this process the Company makes comprehensive assessments of risks not limited to factors such as financial damages or frequency, but it also adds factors such as business continuity and reputation. Those risks that seriously impact the financial soundness, business continuity of the entire Group or its Group companies are defined as "material risks."

We evaluate capital adequacy in relation to material risks through quantitative risk management process mentioned below. Preventive control measures before the risk takes place as well as the countermeasures after the risk takes place*1 are formulated and controlled by the PDCA cycle.

*1. Preventive control measures before the risk manifests include monitoring and risk aggregation management taking market environment and regulation trends into consideration. Countermeasures after the risk takes place include manuals (including business continuity plan, etc.) and conducting drills.

Identifying Emerging Risks and the Process of Determining Material Risks



Material Risks for Fiscal 2020 and Main Anticipated Scenarios

Material risks (fiscal 2020)	Main anticipated scenarios
Domestic or overseas economic crisis, chaos in financial and capital markets	• Global economic crisis with the magnitude of the global financial crisis in 2008 • Chaos of financial and capital markets due to emergence of geopolitical risks
Loss of confidence in JGBs	• Crash of Japanese government bonds as a result of loss of credibility in the Japanese government
Major earthquakes	• Tokyo inland earthquake • Major ocean trough type earthquakes such as a Nankai Trough mega earthquake
Major wind and flood disasters	• Major wind and flood disasters caused by major typhoons or concentrated heavy rainfall • Multiple major hurricanes hit North American East Coast in the same year
Volcano eruptions	• Massive volcanic ash fallout caused by a major eruption of Mt. Fuji (paralysis of capital city functions)
Pandemics	• Major deaths due to the spread of a new communicable disease
Transformation of industrial structure due to new innovative technologies	• Transformation of industrial structure caused by the expansion of technologies such as the connected car, automated driving, car sharing, electric vehicles (EVs) • Erosion of the Company's business foundation by the entry of a player from a different industry • Loss of competitive superiority caused by the delay of responding to new innovative technologies
Cyber risk	• System failures in internal and agency systems due to cyber-attacks • Emergence of underwriting accumulation risk due to a sharp increase in cyber-attacks on clients
Terrorism and riots	• Major acts of terrorism and riots occurring near main locations of a Group company
Conduct risk[*2]	• Divergence between the practices of the Company or the industry and the general public (reputation risk)
Violation of laws and regulations	• The Company's transactions violate domestic or overseas laws or regulations, being subject to major fines or settlement fees

*2. The risk of damage to corporate value as a result of fraud, inappropriate responses, and divergence of internal and industry practices from the public, resulting in adverse effects on customer protection, market integrity, effective competition, and the public interest.

Quantitative Risk Management

In quantitative risk management, the Company verifies from multiple perspectives that its capital is sufficient relative to the risks it holds, with the aim of maintaining its credit ratings and preventing bankruptcy.

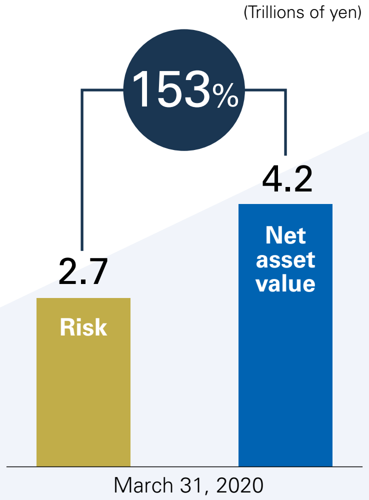
Specifically, the Company quantifies potential risks using a statistical metric called "Value at Risk (VaR)" on a 99.95% confidence level, which corresponds to an AA credit rating, and verifies its capital adequacy based on the Economic Solvency Ratio (ESR) arrived at by dividing net asset value[*3] by risk capital. A risk capital of 99.95% VaR is equivalent to the damage caused by an occurrence of a risk that happens once in 2000 years. While many insurance companies around the world use 99.5% VaR (once in 200 years), Tokio Marine Group uses much more stringent standards to evaluate risk capital.

Tokio Marine Group has set its ESR target range at 150 to 210%. As of March 31, 2020, the ESR is 153%, indicating that the Group's level of capital is adequate.

Furthermore, of the "material risks" identified in the qualitative risk management, stress tests are conducted for those risks which have major economic loss in order to validate business continuity and to ensure that there are no issues with capital adequacy or liquidity of funds.

*3. Net asset value: Calculated by adding the value of life insurance policies in-force, capital liabilities such as catastrophe loss reserves, price fluctuation reserves, etc. to consolidated net assets on a financial accounting basis, while deducting planned distribution to shareholders, goodwill, etc.

Status of Economic Solvency Ratio (ESR)



Concept of capital management based on Economic Solvency Ratio (ESR)

ESR		
Above 210%		Implementation of; • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
150%–210%	Target Range	Strategic consideration of; • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
100%–150%		• Aim to recover capital level through accumulation of profits • Control risk level by reducing risk-taking activities
Below 100%		• De-risking • Consideration of capital increase • Review of shareholder return policy

Initiatives to Strengthen ERM Framework

Tokio Marine Group continues to take steps to further strengthen its ERM framework to address increasingly diverse and complex risks. For example, the Group has established ERM Committee as one of its global committees, which includes the Group CEO, CFO, CRO and other C-level officers as well as management personnel from overseas Group companies to discuss Group ERM strategies and policies.

In fiscal 2019, in order to strengthen the Group's ERM framework, support was provided to upgrade the ERM framework in each country through the dialogue with the Group CRO and the CROs of major overseas subsidiaries. In addition, initiatives were taken to reduce interest rate risk and optimize retention and reinsurance relating to domestic natural disaster risks. Furthermore, stress tests were conducted to cope with the spread of COVID-19 at fiscal year-end, and confirmed the adequacy of capital.

Under the Group's core identity of "To Be a Good Company," Tokio Marine Group will nurture a risk-awareness culture and continue to systematically develop talent who specialize in ERM management.

Major Initiatives Addressing Social Issues

Tokio Marine's response to global climate change and the increase in natural disasters is shown on pages 26–29, and governance-related initiatives are described on pages 58–79. The following are our other major initiatives addressing social issues.

Contribution to a Safe and Secure Automobile Society

Material Social Issue 3: Addressing "Operating Environment Changes Stemming from Technological Innovation"

With the number of traffic accidents reaching around 460,000 per year, traffic accidents are becoming a material social issue in Japan. To address this issue, Tokio Marine & Nichido developed *Drive Agent Personal* (DAP) in fiscal 2017. The first such automobile insurance service in the industry, DAP utilizes an original driving recorder that automatically contacts the call center when it detects a serious collision. In addition to reporting accidents, DAP has other functions, such as dispatching an ambulance if there is no response from the policyholder involved in the traffic accident, providing customers with critical support at times of need. What is more, the video recorded by the driving recorder can be used to reduce the hassle for customers when explaining accident details, or prove useful in negotiating out-of-court settlements. At the same time, the hope is that it will help prevent dangerous tailgating and other road-rage incidents, which are becoming a social issue. For these reasons, subscribers to the DAP service already number 350,000, and it is contributing to the growth of our automobile insurance business.

Growth of the automobile insurance business
(Net premiums written between FY2010–FY2019, Tokio Marine & Nichido)
CAGR approx. +2.7%

Elimination of Poverty in Society

Material Social Issue 4: Addressing "Social Disparity and Inclusion"

India accounts for one-quarter of global poverty, and the elimination of poverty is a material issue for the country.

In 2000, Tokio Marine established IFFCO-TOKIO, a joint venture with the Indian Farmers Fertiliser Cooperative Limited (IFFCO), which has 38,000 agricultural cooperatives nationwide. Since its founding, IFFCO-TOKIO has been searching for ways to alleviate the concerns of India's farming households through the framework of insurance. This has led to the development of low-price microinsurance products.

With the strong support of customers in India, IFFCO-TOKIO had a total of 19,420,000 in-force policies in fiscal 2019. It is serving as a huge engine for Tokio Marine's growth in emerging economies.

Growth of non-life insurance in India
(Net premiums written between FY2011–FY2019)
CAGR approx. +27%

Growing Together with Local Communities

Material Social Issue 5: Addressing "Industrial Foundations for Supporting Economic Growth and Innovation"

The decline in regional consumption and economic strength is a serious social issue in Japan. With the desire to invigorate rural areas through insurance, a division dedicated to promoting regional revitalization was established in Tokio Marine & Nichido in 2016. In collaboration with local governments and others, we are providing regional revitalization solutions as well as packaged products for small- and medium-sized enterprises (SMEs). Furthermore, we have been selected for inclusion in the Health & Productivity Stock Selection program for five consecutive years, and we are leveraging that track record to support the initiatives of regional companies related to health improvement and increasing employee motivation.

Expansion of packaged products for SMEs
(Net premiums written between FY2010–FY2019, Tokio Marine & Nichido)
CAGR approx. +18%

Tokio Marine Group Wellness Charter

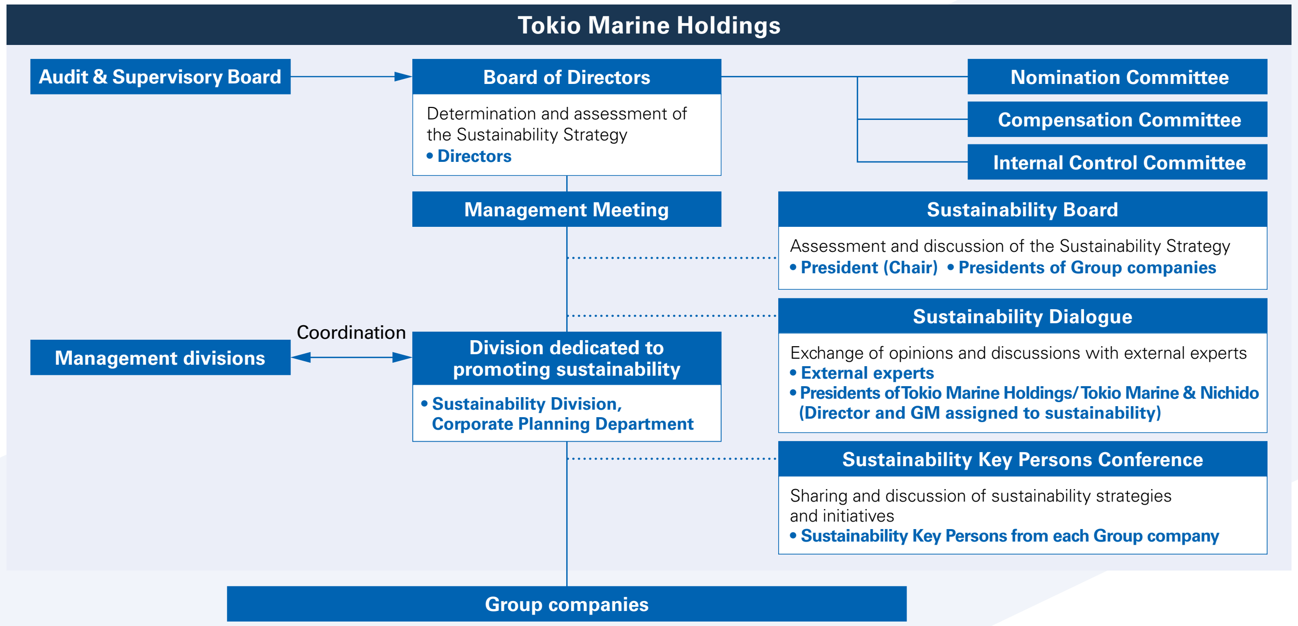
The mental and physical well-being of our employees and their families is essential in order to increase employee engagement, live up to our corporate philosophy, and therefore enhance our corporate value. With these principles in mind, Tokio Marine Group commits to promoting the following for its staff and their families.

- Tokio Marine will promote a culture in which each employee thinks about how they can incorporate well-being into their lifestyle.
- Tokio Marine will invest in wellness initiatives, establish an environment and a corporate culture that will continuously encourage the promotion of wellness.
- Tokio Marine will contribute to the realization of a healthier and more prosperous future by supporting the wellness of our customers, communities, and society as a whole.

Promotion of Sustainability

Tokio Marine has a division dedicated to the promotion of sustainability, which identifies major challenges related to sustainability as well as formulates and implements related group-wide strategies. The Board of Directors receives reports on the Group's sustainability-related activities as well as determines the strategy for the whole Group. Tokio Marine also holds the Sustainability Dialogue with external experts, NGOs, NPOs and others. It collects outside views on the Group's awareness and initiatives in relation to the challenges. The opinions and insights obtained through the dialogue are reflected in the Group's strategies and initiatives addressing individual challenges. Furthermore, the Sustainability Board, consisting of top executives from each Group company, and the Sustainability Key Persons Conference, composed of Group employees, regularly hold meetings to discuss measures to address material issues that should be shared among Group companies.

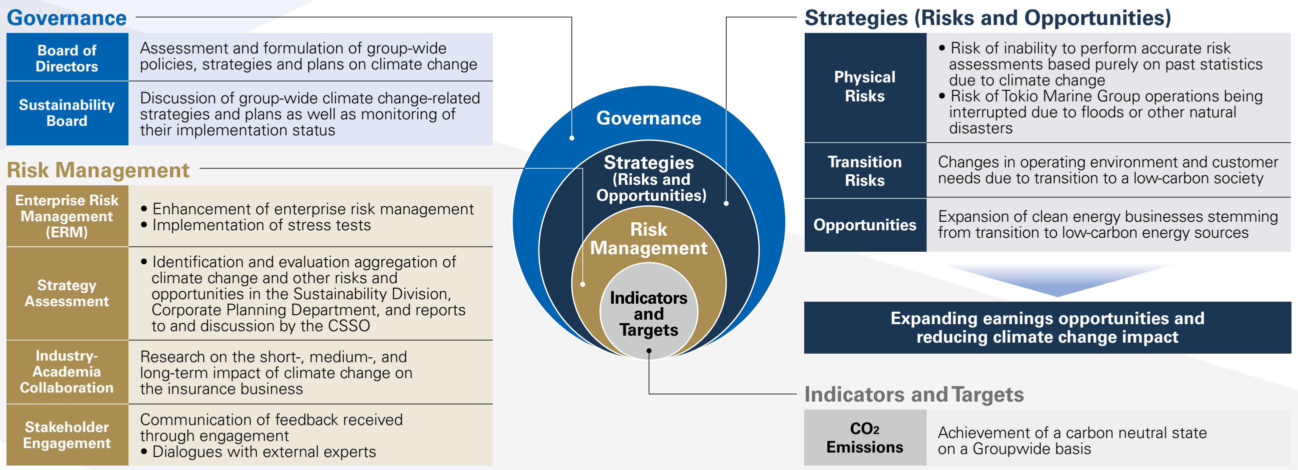
Sustainability Promotion Structure



Climate-related Financial Disclosure based on Recommendations of the TCFD

Tokio Marine proactively works to enrich the TCFD-related disclosures. Please see the Sustainability Report on our website for details.

Tokio Marine sustainability Search



Participation in International Initiatives

Tokio Marine Group participates in various international initiatives, taking part in surveys, research and making recommendations to contribute to the realization of a sustainable society.

Human Rights, Labor, the Environment, and Anti-Corruption

United Nations Global Compact

- Joining of United Nations Global Compact and declaration of support in 2005
- In fiscal 2019, participated in "Disaster Prevention and Mitigation Working Group," "Reporting Study Working Group," etc.

Sustainable Finance and Insurance Frameworks

United Nations Environment Programme and Finance Initiative

- Participated in the Insurance Committee as a representative director of the Asia region
- Attended Tokyo Dialogue (June 2019) on sustainable finance preceding 2019 G20 Osaka Summit

Principles for Financial Action for the 21st Century

Principles for Sustainable Insurance

- Signing as founding signatory in 2012 and participation in PSI TCFD Insurer Pilot Working Group in 2018 to promote the development of climate-related disclosure frameworks based on TCFD recommendations

Insurance Development Forum (Insurance industry-spearheaded international public-private partnership)

Sustainable Investment

United Nations Principles for Responsible investment

- In Tokio Marine Group, Tokio Marine & Nichido and Tokio Marine Asset Management became signatories to promote responsible and sustainable investment

Japan Sustainable Investment Forum

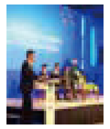
Climate-related Information Disclosure

United Nations International Strategy for Disaster Risk Reduction / Private Sector Alliance for Disaster Resilient Societies

The Geneva Association

ClimateWise

Asia-Pacific Financial Forum



CDP

Task Force on Climate-related Financial Disclosures

Eco-First Promotion Council

COOL CHOICE

ESG Evaluations and External Awards

Tokio Marine Group has been highly evaluated and received numerous awards from domestic and overseas institutions for the environmental, social, and governance (ESG) initiatives that it promotes as a part of its business and corporate social responsibility activities.

Socially Responsible Investment (SRI) and ESG Indices that Include Tokio Marine Holdings

- Globally recognized ESG index series jointly developed by S&P Dow Jones Indices LLC and RobecoSAM AG in 1999
- Tokio Marine Holdings included for 11 consecutive years beginning in 2009

Awards for ESG Initiatives

- Tokio Marine Group included in 2020 "Health & Productivity Stock Selection program" (fifth consecutive year)
- Tokio Marine Group selected as an Excellent Enterprise of Health & Productivity Management / Large Enterprise Category together with eight Group companies, of which six were recognized as White 500 enterprise

- "Special Award" at 2019 Sustainable Finance Awards hosted by the Research Institute for Environmental Finance (RIEF)

- Selected as 2019 Climate Change A List company by the international non-profit environmental organization CDP

- Included as a Nadeshiko Brand in fiscal years 2018 following 2013, 2015, 2017
- Selected as a Semi-Nadeshiko Brand in fiscal 2019

- Receipt of ministerial commendation as a model example of initiatives being promoted by financial institutions to revitalize regional economies (fourth consecutive year)

- Overseas Group companies named among the "Best Places to Work in Insurance" in the United States and among the "Best Workplaces for Women" in Brazil

ESG Initiatives and Contributions to the United Nations Sustainable Development Goals

The material social issues to be addressed by Tokio Marine Group are indicated in pages 22–25. In addition to these issues, the Group is advancing various initiatives pertaining to environmental, social, and governance (ESG) issues. We will work to contribute greatly to the achievement of the SDGs through such initiatives.

ESG Category	Initiative Theme	Major Initiative	Relevant Sustainable Development Goals																
			1 No Poverty	2 Zero Hunger	3 Good Health and Well-Being	4 Quality Education	5 Gender Equality	6 Clean Water and Sanitation	7 Affordable and Clean Energy	8 Decent Work and Economic Growth	9 Industry, Innovation and Infrastructure	10 Reduced Inequalities	11 Sustainable Cities and Communities	12 Responsible Consumption and Production	13 Climate Action	14 Life Below Water	15 Life on Land	16 Peace, Justice and Strong Institutions	17 Partnerships for the Goals
E Environmental	Promoting environmental management	Reduction of environmental impacts of business activities and achievement of a carbon neutral state												●	●				
	Preserving biodiversity through products and services	Promotion of web-based insurance contracts and omission of issuing insurance policies												●	●				
		Mangrove planting project, "Green Gift" and the Planet GENKI Program				●		●					●	●	●	●	●		
		Promotion of the use of recycled parts when repairing damage to vehicles involved in accidents												●	●				
	Preventing global warming by promoting the development of clean energy	Provision of exclusive products and services for solar, geothermal, and offshore wind power generators							●		●				●				
		Provision of products and services for environment-related operators						●			●				●	●	●		
		Promotion of the use of environmentally friendly drones through the provision of drone insurance									●				●				
		Provision of renewable energy funds, and investment in green bonds							●		●				●				
	Providing environmental awareness	Implementation of "Green Lessons" and "Children's Environmental Award program"				●		●					●		●	●	●		
S Social	Making society resilient to natural disasters	Execution of natural disaster risk research and "Disaster Risk Prevention Lessons" through industry-academia collaboration	●			●				●	●		●		●				●
		Participation in The Geneva Association and other initiatives and events related to natural disaster	●							●	●		●		●				●
		Provision of business continuity plan (BCP) formulation support programs, and disaster education and training services								●			●		●				
		Improvement of products and services that respond to the increasingly serious natural disasters								●			●		●				
		Development of claim services that utilize satellites and drones	●							●	●		●		●				
	Creating a society based on health and longevity	Provision of highly unique medical, cancer, and other insurance ("Life Insurance Revolution to Protect One's Living")			●					●									
		Provision of new products and services for the rising number of diabetes patients in India			●					●									
		Provision of specialized products for addressing dementia, and execution of courses to foster people providing support to dementia patients			●					●									
		Responding to the need for coverage for COVID-19 as well as for preventing infection			●					●			●						
	Responding to technological progress and changes in the automotive lifestyle	Provision of auto insurance compatible with autonomous driving and sharing economies			●						●		●	●					
		Provision of products and services that utilize an original driving recorder			●						●		●	●					
		Provision of one-day auto insurance (Choinori Insurance)			●						●		●						
		Provision of cyber risk insurance for corporate customers									●		●						
		Provision of claim services that utilize big data and AI technologies			●						●		●						
		Execution of "Group Work on Managing Risks and Opportunities," a career education program				●					●		●						
	Addressing the increase in foreign visitors to Japan	Development of inbound business support services for Japanese business operators										●		●					
	Eliminating poverty in society	Provision of weather insurance and microinsurance for farmers in India	●	●						●		●							
		Provision of microfinance funds	●	●						●		●							
	Realizing an inclusive society	Provision of products and services catering to the LGBT community					●			●		●							
		Partnership with Special Olympics Nippon Foundation and Japan Deafblind Association, etc.				●				●		●						●	●
		Collaboration with the Japanese Para-Sports Association and Japan Inclusive Football Federation				●				●		●						●	●
		Monetary donations made with the objective of providing logistic support for COVID-19 and large-scale natural disasters, etc.			●					●			●					●	●
	Developing industrial foundations	Support for corporate health and productivity management efforts			●					●	●		●						●
		Partnership between local governments and businesses operators to advance regional revitalization initiatives	●							●	●		●						●
		Contribution to the development of society through sports								●	●	●							●
	Increasing employee motivation	Promotion of diversity and inclusion				●				●		●							
		Promotion of working style reforms, and health and productivity management			●					●	●	●							
		Human resources development that leverages Group's collective strengths				●				●									
G Governance	Enhancing corporate governance	Appointment of outside directors with diverse expertise, and adoption of hybrid corporate governance structure																●	
		Enhancement of governance through the execution of PDCA cycle that is based on the evaluation of effectiveness																●	
		Strengthening integrated group management					●			●								●	
	Implementing internal controls	Formulation of various basic policies and conducting of regular monitoring																●	
		Execution of compliance training and introduction of a hotline system										●						●	
	Practicing risk management	Enhancement of enterprise risk management and convening of ERM Committee								●								●	
		Formulation of Tokio Marine Group's Basic Policies for Risk Management and Tokio Marine Group Basic Policy for Crisis Management, and conducting of regular monitoring											●					●	

Global Insurance Market

Profit growth in the U.S., which has the world's largest insurance market, and stable growth in Japan, which has the world's third-largest market (No. 4 in non-life insurance, and No. 3 in life insurance), are the key.

The global insurance market in 2017 was worth $4,891 billion, with the U.S. in first place for both life and non-life insurance. Following China, Japan was in third place with the fourth largest non-life insurance and the third largest life insurance markets.

Ten Largest Insurance Markets in Direct Premiums Written for Life Insurance and Non-life Insurance in 2017*1 (Unit: Millions of USD)

Ranking	Country	Life premiums	Non-life premiums*2	Total premiums		
				Amount	Change against 2016 (%)	Share of the global total (%)
1	United States*3, 4	546,800	830,315	1,377,114	2.0	28.15
2	China*5	317,570	223,876	541,446	16.2	11.07
3	Japan*4, 6	307,232	114,818	422,050	-6.5	8.63
4	United Kingdom*4	189,833	93,499	283,331	-2.6	5.79
5	France*7	153,520	88,083	241,603	1.8	4.94
6	Germany*7, 8	96,973	126,005	222,978	3.8	4.56
7	South Korea*4, 6	102,839	78,378	181,218	2.4	3.70
8	Italy*4	113,947	41,562	155,509	-2.6	3.18
9	Canada*4, 9	51,592	67,927	119,520	5.5	2.44
10	Taiwan	98,602	18,873	117,474	15.8	2.40

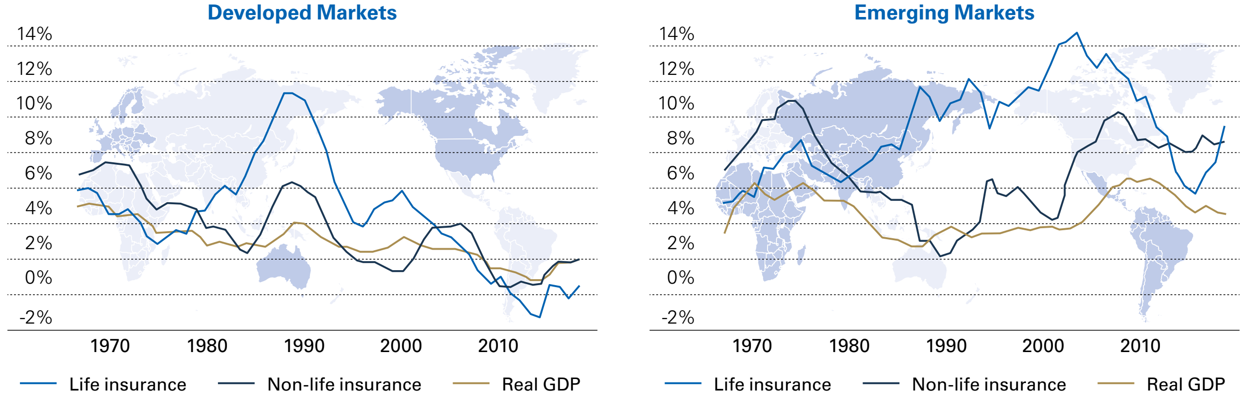
*1. Before reinsurance
*2. Includes personal accident insurance and health insurance
*3. Non-life premiums include state funds Life insurance premiums include the estimated value of group annuities premiums
*4. Estimated figures
*5. Provisional figures
*6. Fiscal year between April 1, 2017 and March 31, 2018
*7. Figure for non-life premiums is provisional
*8. Figure for life premiums is an estimate
*9. Net premiums are shown for life premium amount

Source: Swiss Re Institute, *sigma* No. 3, 2018

In addition to stable growth in developed markets, capturing booming emerging markets is the key.

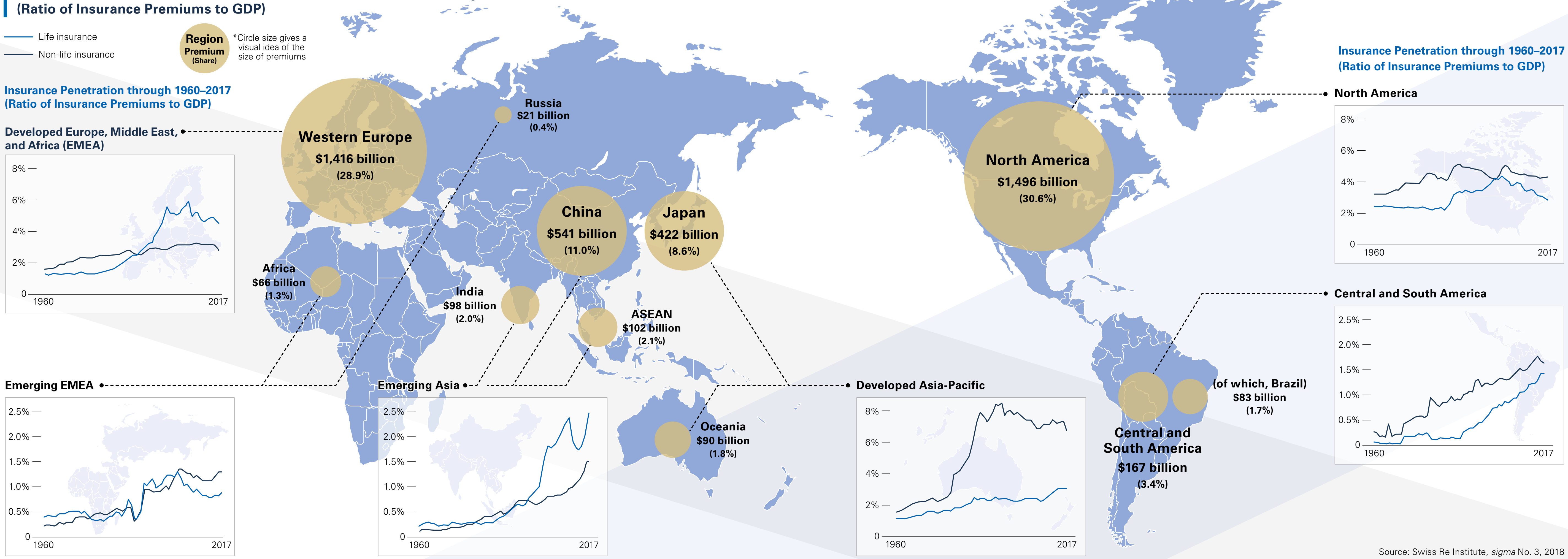
Non-life premiums grow in tandem with economic growth in developed markets. However, in emerging markets, which have low levels of insurance penetration and upward trends in populations, insurance premiums show growth that exceeds economic growth. Note that increases in life premiums are greatly impacted by such factors as interest rates, market regulations, and taxation systems, so they are not necessary linked to economic growth.

Growth in Non-life and Life Premiums, and Growth in Real GDP (Seven-Year Moving Average)



Source: Swiss Re Institute, *sigma* No. 3, 2018

Life and Non-Life Insurance Premiums in 2017, and Penetration through 1960–2017 (Ratio of Insurance Premiums to GDP)



Source: Swiss Re Institute, *sigma* No. 3, 2018

What Is Non-life Insurance?

There are three major types of insurance: life insurance, non-life insurance, and third-sector insurance.

Under Japan's Insurance Business Act, insurance that falls under neither a field specific to life insurance (so-called first-sector insurance) nor a field specific to non-life insurance (so-called second-sector insurance) is called third-sector insurance.

Life Insurance	This is a type of insurance in which the payment of insurance proceeds of an amount agreed upon in advance is made in connection to the life or death of an individual. This type of insurance can only be underwritten by a life insurance company.
Non-life Insurance	This is a type of insurance in which an insurance payout is made according to damages arising from specific, accidental events. This type of insurance can only be underwritten by a non-life insurance company.
Third-sector Insurance	This is a type of insurance that falls under neither life insurance nor non-life insurance. Both life insurance companies and non-life insurance companies can handle this type of insurance. Examples include personal accident insurance and medical insurance.

The payment of insurance proceeds of an amount agreed upon in advance is known as "fixed payment." This is based on the thinking that a price cannot be set for a person's body. Fixed payments are the basic system taken for life insurance, personal accident insurance, and medical insurance.

On the other hand, insurance payouts made in accordance with the amount of damages arising from specific, accidental events are known as the payment of actual loss or damage. Policyholders are compensated by the insurance for the actual amount of damages that they have incurred. The concept behind non-life insurance is to prevent policyholders from profiting unfairly from incurred damage or loss (so-called "getting richer after a fire" in Japan). That is why this kind of payout system is the basic method taken in non-life insurance. Life insurance companies and non-life insurance companies are prohibited from concurrently operating First Sector and Second Sector insurance businesses. However they can both underwrite Third Sector insurance.

Comparison of Various Insurance Types

	Life Insurance (First-sector Insurance)	Non-life Insurance (Second-sector Insurance)	Personal Accident, Medical, and Other Insurance (Third-sector Insurance)
Handled by	Life insurance companies	Non-life insurance companies	Both life insurance and non-life insurance companies
Insured accidents	A person's life or death	Accidental events	Personal accidents, illnesses, and other
Insurance payout	Fixed payment	Payment of actual damage	Fixed or actual damage payment*

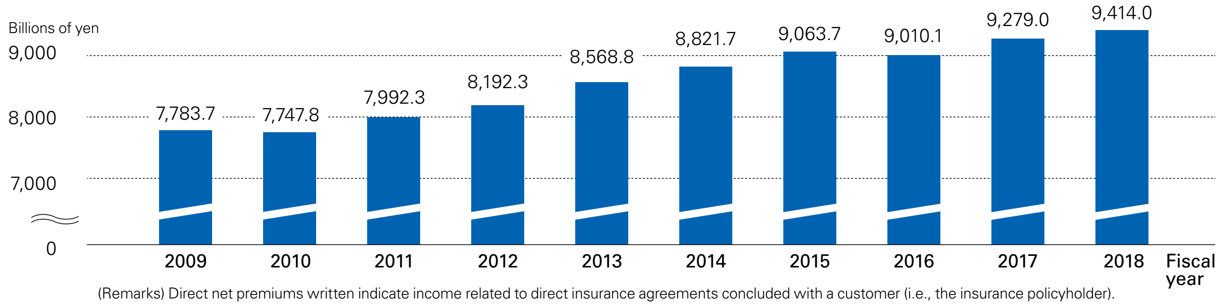
* Although fixed payment is the basic method taken, there are some products in which the method taken is the payment of actual damages with the insured amount as the limit.
Source: The General Insurance Association of Japan website

Japan's Insurance Market

Steady growth of the non-life insurance market, mainly in auto insurance

Direct Net Premiums Written (including deposit premiums from policyholders)

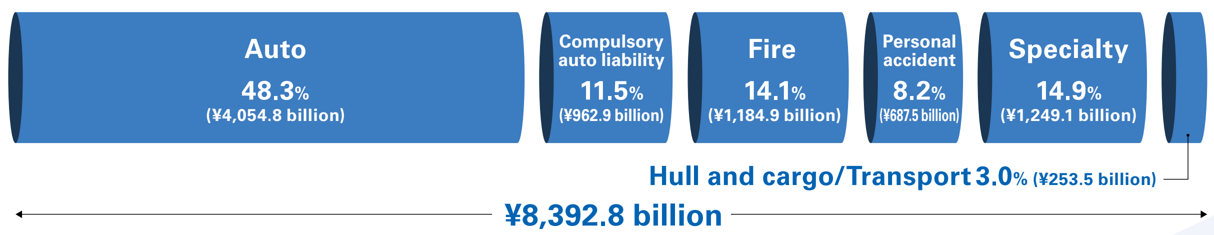
FY2018 | ¥9,414.0 billion



(Remarks) Direct net premiums written indicate income related to direct insurance agreements concluded with a customer (i.e., the insurance policyholder).
Direct net premiums written = Direct premiums written – refunds (excluding maturity refunds)

Source: The General Insurance Association of Japan "Factbook 2019," based on Association member companies

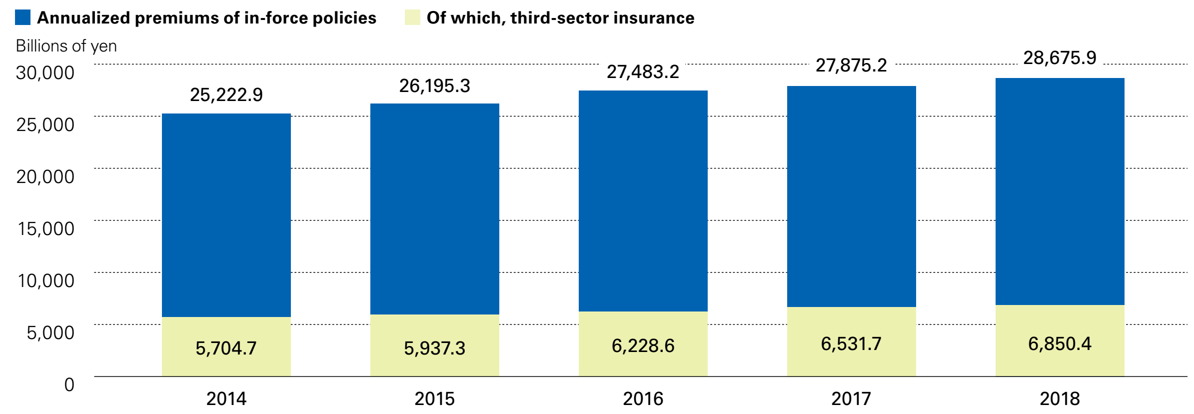
Composition Ratio of Net Premiums Written by Line of Insurance (FY2018)



Source: The General Insurance Association of Japan "Factbook 2019," based on Association member companies

Steady growth of the domestic life insurance market through increase in individual insurance

Annualized Premiums of In-Force Policies*



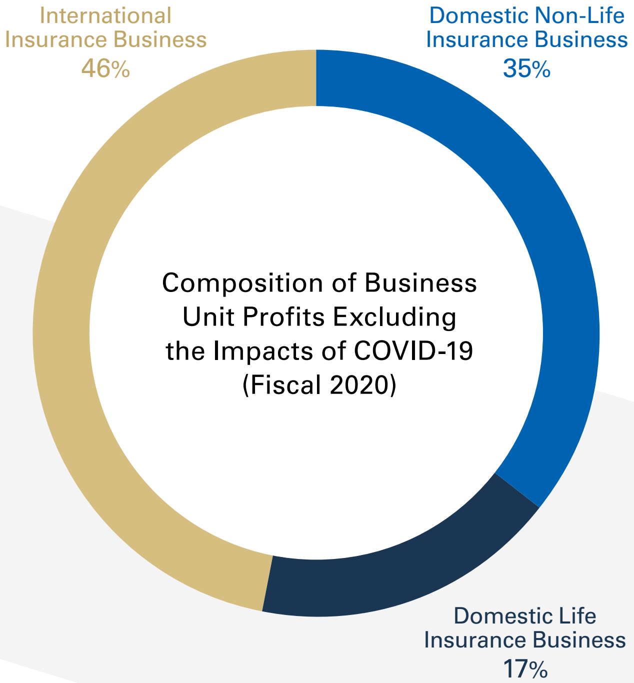
Source: The Life Insurance Association of Japan, "Trends in Life Insurance, 2019 Edition"

* Because there are now many insurance products on the market that pay little or no death benefits (e.g., medical insurance, cancer insurance, nursing care insurance, and individual annuity), there are instances when it is not appropriate to assess business performance on the basis of total in-force policy amounts (in the case of individual insurance), since they are net death benefit amounts. Annualized premiums of in-force policies are now being used as an index to complement this.
In addition to monthly premium payments, there are also yearly premium payments and lump sum payments of the full amount. Furthermore, payments may be made through the entire period of the policy, or payments may be completed after a fixed term. Annualized premiums make adjustment for such differences in payment methods, and indicate how much of an insurance premium income is obtained by a life insurance company from policies if premium payments are averaged out for the policy term.
[Example: Lump Sum Premium Payment (¥1 million) for a Policy with a 5 Year Term] Premium Income = ¥1 million, annualized premium = ¥200,000 (¥1,000,000 / 5)

Business Overview

Tokio Marine Group's business model is characterized by (1) stable and sustainable profits generated through the domestic non-life insurance business and the domestic life insurance business and (2) overseas operations that secure profits with resilience to market fluctuations by supplying specialty insurance in developed countries while also capturing the strong economic growth of emerging countries.

Our current business portfolio is effectively diversified on a global basis, with domestic and overseas operations both producing roughly half of our profits.

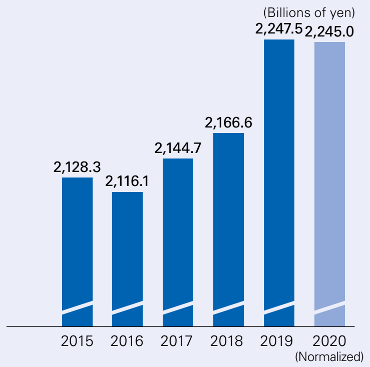


Top Line | Bottom Line | Competitiveness (Market Position)

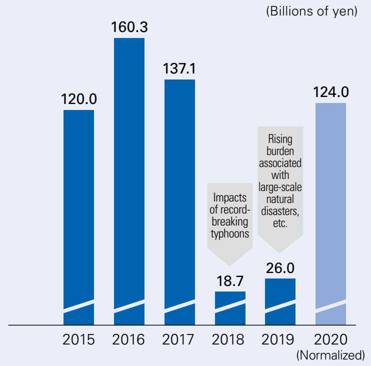
Domestic Non-Life Insurance Business
(Tokio Marine & Nichido Fire, "TMNF")

As the Group's core business, we achieve growth outperforming the market, and generate stable and sustainable profits by leveraging the strengths of our capacity to develop industry-first products and services, high-quality sales platform, and high business efficiency.

Net Premiums Written



Business Unit Profits



Direct Net Premiums Written*1

Market Share No.1

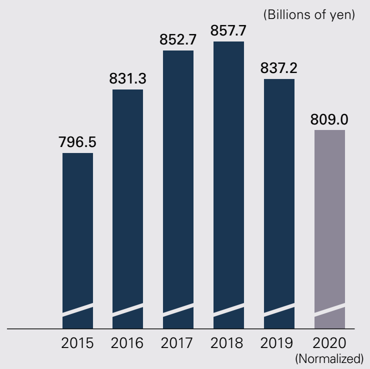
Expense Ratio (All Lines)*1

Business Efficiency No.1

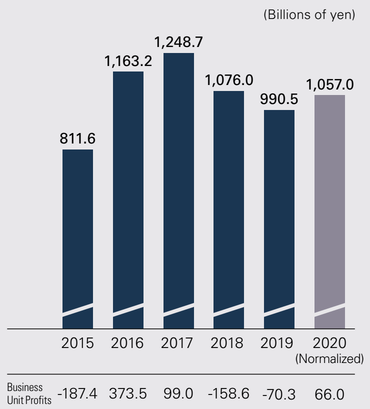
Domestic Life Insurance Business
(Tokio Marine & Nichido Life, "TMNL")

As a driver of growth that contributes to the long-term profits of the Group, we are a pioneer in the field of living protection, which is not fully covered by conventional medical insurance or death / life insurance, exploring this field ahead of our peers and delivering highly unique products to expand corporate value based on economic value.

Annualized Premiums of In-Force Policies



MCEV*2 and Business Unit Profits*3 (Change in MCEV)



New Medical Insurance Policies*4

Market Share No.6 (Of 31 companies)

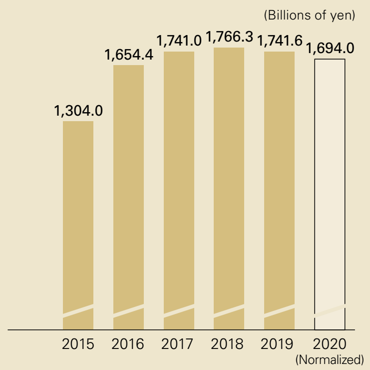
New Cancer Insurance Policies*4

Market Share No.6 (Of 22 companies)

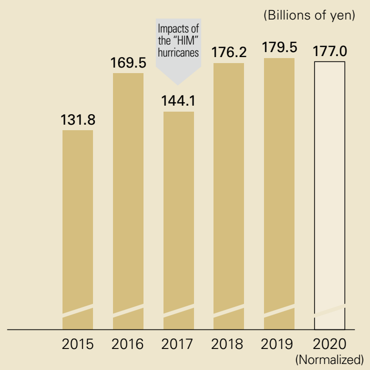
International Insurance Business

As a driver of the Group's growth, we are constructing robust specialty insurance operating foundations in the large markets of developed countries while advancing wide-ranging operations in growing emerging countries to contribute to the growth of the Group's profits.

Net Premiums Written



Business Unit Profits



Top 10 Position in Commercial Lines in the U.S.*5

Philadelphia Insurance Companies: Focus in niche markets, such as NPOs, etc.	Pure Insurance: Specialized in HNW insurance market
Delphi: Strength in employee benefits, etc.	Tokio Marine: Mainly provides specialty products

Market Shares in Major Emerging Countries*6

Brazil: No.6

Thailand: No.3

*1. Comparison with the performances of four major domestic companies in fiscal 2019
*2. MCEV is an index used to assess the value of life insurance businesses to ensure consistency with the market value of financial instruments. Future economic conditions are evaluated based on the assumption that the figures from the end of March 2020 will continue. Post-dividend amounts used for MCEV for fiscal 2015–2019; pre-dividend amounts used for MCEV for fiscal 2020 (normalized).
*3. Pre-dividend amounts used for business unit profits
*4. Based on fiscal 2018 performance (Source: Life Insurance Statistics)
*5. The U.S. commercial P&C direct premiums written in fiscal 2019 (Source: S&P Global)
*6. Non-life premiums market share in Brazil as of December 2019; non-life premiums market share in Thailand as of April 2020 (Sources: AXCO, SUSEP)

Domestic Non-Life Insurance Business (Tokio Marine & Nichido Fire)

Market Environment (Major Opportunities and Risks)

Opportunities	• Diversification of risks accompanying technological advancement, social change, etc. • Growth in new demand stemming from globalization of Japanese companies	Risks	• More widespread damages as a result of increasing scale of natural disasters • Shrinking of automobile insurance market due to progress in autonomous driving technologies

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

Through the thorough pursuit of quality in products and services, distribution channels, and business processes, we will work to achieve sustainable growth and stable profit generation, no matter how the operating environment may change.

Best quality products and services
- Reformation of product portfolio through promotion of regional revitalization and health and productivity management
- Enhancement of products and services through utilization of technologies and other means

+

Best quality sales channel
- Improvement of sales productivity through enhancement of agents' specialties and consulting capabilities
- Expansion of new sales channels through increased tie-ups with market holders

+

Best quality business processes
- Improvement of business processes and productivity through new technologies

Best quality human resources

Maximize Group's collective strength through integrated Group management

Initiative 1 Ongoing Growth Centered on Automobile Insurance and Expansion of Specialty Insurance

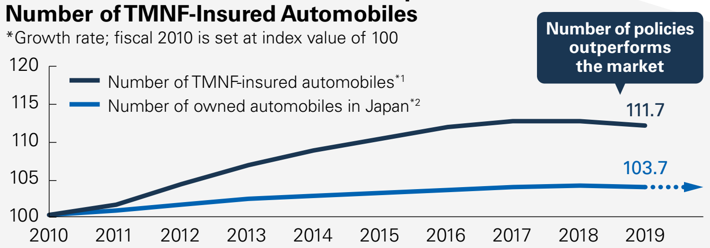
In the domestic non-life insurance business, we have continued to achieve growth outperforming the market and expansion of our market share. Our growth thus far has been driven by our core automobile insurance line, and automobile insurance has achieved its high level of growth through the steady growth in the number of policies and the expansion of coverage and services.

However, the automobile insurance market is expected to shrink gradually over the long term due to population decline and the advancement of the sharing economy. One of our strategies in the domestic non-life insurance business is to take advantage of the time remaining before the projected decline in the automobile insurance market to augment the growth potential of other lines.

The business risks facing companies are becoming more diverse as a result of changes in the operating environment and globalization. Regardless, the market penetration rate of specialty insurance in Japan is still low, representing significant room for growth. With a focus on the promotion of regional revitalization and health and productivity management, we are working together with commerce associations to expand enrollment in specialty insurance across Japan.

Number of Owned Automobiles in Japan, and Number of TMNF-Insured Automobiles

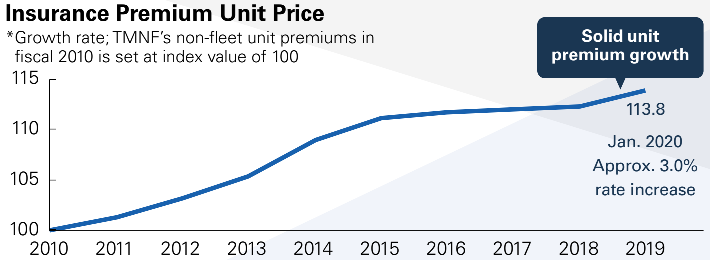
*Growth rate; fiscal 2010 is set at index value of 100



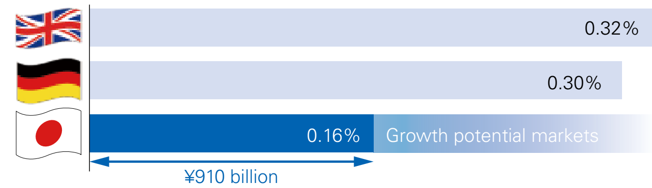
*1: Managerial accounting basis *2: Source: Automobile Dealers Vision, 2018

Insurance Premium Unit Price

*Growth rate; TMNF's non-fleet unit premiums in fiscal 2010 is set at index value of 100



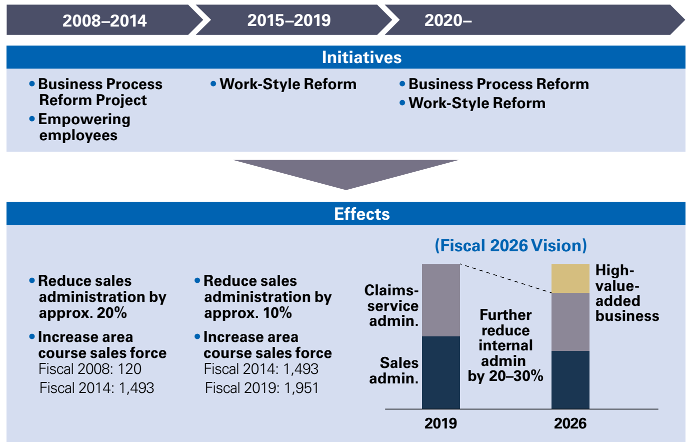
Penetration Rate of Liability and Workers' Compensation*3 (Fiscal 2018)



*3: Direct premiums written for liability/workers' compensation insurance ÷ GDP (Fiscal 2018) (Source: Created by Tokio Marine based on *Japan's commercial insurance market 2019*, Swiss Re Institute)

Initiative 2 Business Process Improvement

Promotion of Business Process and Work-Style Reforms



Since 2008, we have been implementing the Business Process Reform Project, which aims for large-scale simplification of products and administration. Through this project, which was commenced a step ahead of the reforms of competitors, we have succeeded in realizing reductions to workloads and improvements to productivity. Utilizing the time freed up through this project to redouble sales activities, we have been able to achieve top-line growth outperforming the market, along with business efficiency that is competitive in comparison to other companies. Moving forward, through increased utilization of new technologies, we will advance further business process and work-style reforms to realize reductions of 20 to 30 percent in workloads over the long term.

Mid-Term Business Plan 2020 Targets and Progress

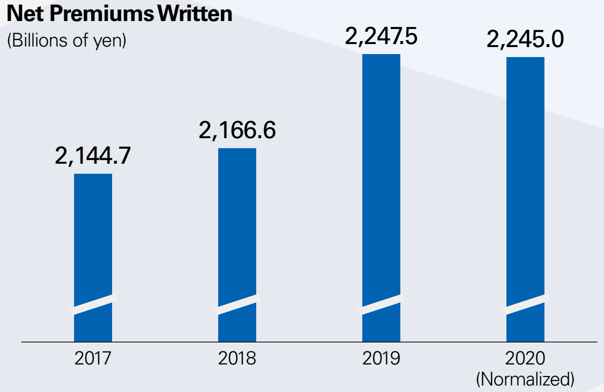
2020 Targets	Net Premiums Written	Business Unit Profits	Combined Ratio (Private Insurance E/I Basis)
	CAGR +1% or more*4	CAGR +1% or more*4, *5	Approx. 92%–93%*5

*4. CAGR based on fiscal 2017 performance; business unit profits based on ¥150.0 billion standard value calculated by excluding foreign exchange effects and normalizing natural disaster losses to an average annual level.
*5. Business unit profits down approximately ¥28.0 billion and combined ratio up approximately 2 percentage points after taxes due to the impact of the consumption tax increase and the revision of law of obligation

Progress with regard to top-line performance was favorable and in line with targets due to higher revenue largely attributable to fire insurance. Bottom-line performance in fiscal 2019 was at a low level as a result of various increased burdens due to the large-scale natural disasters that occurred for the second consecutive year. Regardless, recoveries in profits are anticipated in fiscal 2020 (excluding the impacts of COVID-19) due to increased revenue, focused on automobile and specialty insurance, and the return of natural disasters to normal levels.

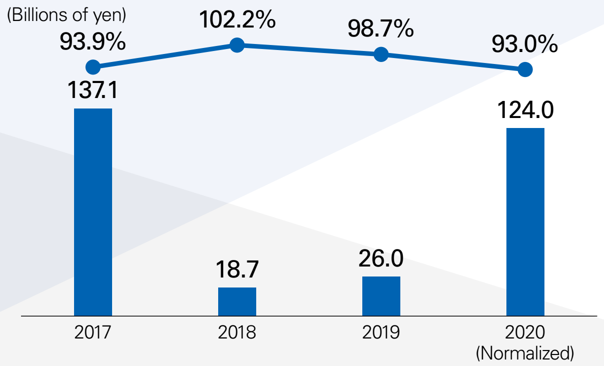
Net Premiums Written

(Billions of yen)



Business Unit Profits / Combined Ratio

(Billions of yen)



Domestic Life Insurance Business (Tokio Marine & Nichido Life)

Market Environment (Major Opportunities and Risks)

Opportunities
- Growth in new needs resulting from advancing medical technology
- Higher awareness regarding longevity risk
- Progress of technology, such as AI and big data

Risks
- Continuation of historic low interest rate environment
- Intensified competition in protection-type product field

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

With consideration for anticipated changes in the business environment over the long term, we will strive to realize sustained profit growth by enhancing products, sales, and business processes, and by advancing risk control.

Develop innovative products
- Proactively capitalize on changes in environment, advance living protection products to meet emerging needs
- Meet diverse asset accumulation needs

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Strengthen sales capabilities and sales platform
- Cultivate the market utilizing the life and non-life cross-selling business model
- Amalgamate distribution channels
- Strengthen management support capabilities for agents who will become the core of growth

+

Increase customer convenience / operational streamlining
- Further increase quality, convenience, and efficiency of business processes
- Use new technology

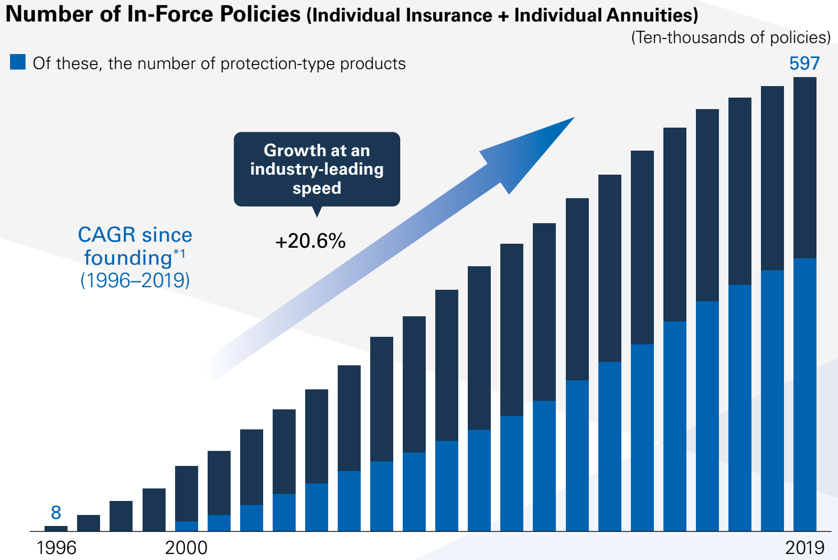
Risk control that supports sound growth

Maximize Group's collective strength through integrated Group management

Initiative 1 Robust Growth through "Life Insurance Revolution to Protect One's Living"

Advancements in medical technology have precipitated the emergence of risks pertaining to post-hospitalization treatment, the inability to work, and nursing care. Turning our attention to such areas not covered by conventional life insurance, we took action before our peers by launching initiatives under the "Life Insurance Revolution to Protect One's Living" in 2012 to address previously untapped areas. The strong customer support earned through these initiatives has contributed to growth rates, which has resulted in Tokio Marine achieving growth at an industry-leading speed.

Number of In-Force Policies (Individual Insurance + Individual Annuities)



*1. Total of Tokio Marine & Nichido Life and former Tokio Marine & Nichido Financial Life

Initiative 2 Launch of Innovative Products

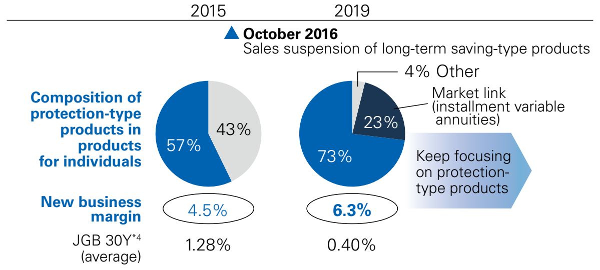
Life insurance companies are rapidly entering into the protection-type product field amid continually low interest rate levels. Nevertheless, as a frontier of this field, we continue to achieve steady growth in policy numbers by launching innovative products to provide support for customers in their times of need.

Product Line Responding to the Social Issues of Extending Healthy Life Expectancy and Asset Life Expectancy

Living Protection		Asset Accumulation
Support the untapped areas not covered by conventional medical and life insurance products	Contribute to "health incentive" by increasing future refunds by maintaining health	Support asset accumulation with long-term diversified investment using life insurance
· Household Income Term Insurance NEO (Disability Plan) Plus	· Medical Kit R · Cancer Insurance R	· Market Link
Industry-leading sales record	More than 1 million policies sold in 5 years from launch	More than 150% YoY growth

Initiative 3 Appropriate Control of Interest Rate Risks

Composition of Protection-Type Products*2 and New Business Margin*3



*2. New policies annualized premiums basis, excluding business insurance
*3. Value of new business / Present value of new business premiums
*4. Source: Bloomberg

Maintaining long-term financial soundness is crucial to life insurers because of the long duration of life insurance policies. Faced with persistently low interest rates, we have been expanding new business margins by shifting our portfolio from savings-type products to protection-type products, which place lower interest rate burdens on the Company, to control interest rate risks and increase the new business margin. Going forward, we will keep focusing on protection-type products in order to appropriately control interest rate risks and achieve steady profit growth even in the face of low interest rates.

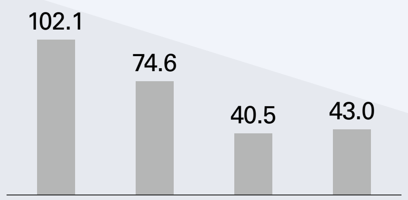
Mid-Term Business Plan 2020 Targets and Progress

2020 Targets	New Policies Annualized Premiums	Business Unit Profits
	CAGR +1% or more*5	MCEV Growth Rate CAGR +4% or more*5

*5. CAGR based on fiscal 2017 performance; fiscal 2020 MCEV is before payment of shareholders' dividends.

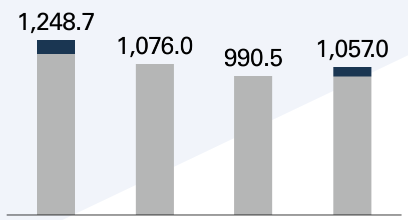
In regard to top-line performance, despite the decrease due to sales suspension of products for corporate clients, we will continue to promote sales of protection-type products and installment variable annuities (market link). Bottom-line performance improved due to such factors as a decrease in the decline of yen interest rates. In fiscal 2020, we expect to increase profits (excluding the impacts of COVID-19) through reversal effects from smaller profits in fiscal 2019 due to lower interest rates and increase in new policies.

New Policies Annualized Premiums
(Billions of yen)



	2017	2018	2019	2020 (Normalized)
New policies annualized premiums	102.1	74.6	40.5	43.0
In-force policies annualized premiums	852.7	857.7	837.2	809.0

Business Unit Profits
(Billions of yen)



	2017	2018	2019	2020 (Normalized)
Year-end MCEV*6	1,248.7	1,076.0	990.5	1,057.0
Business unit profits*7	99.0	-158.6	-70.3	66.0
Of which, new business value and existing business contribution	78.0	78.3	62.8	75.0

*6. Figures for fiscal 2017 through fiscal 2019 are after payment of shareholders' dividends; figure for fiscal 2020 is before payment of shareholders' dividends.
*7. Figures are before payment of shareholders' dividends

International Insurance Business

Market Environment (Major Opportunities and Risks)

Opportunities	Risks
• Stable growth in the U.S. and other developed countries • Economic growth and growth of the middle class in emerging countries, primarily Asia • Hardening insurance market (increase in rates) focused on North America	• More widespread damages as a result of increasing scale of natural disasters • Global economic uncertainty due to factors such as U.S.-China trade dispute • Social inflation (rising cost of insurance claims) in the U.S.

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

We will strengthen integrated group management and take steps to pursue both sustainable organic growth and strategic M&A. In this way, we will be the driver of risk diversification and sustainable profit growth for the Group.

Sustainable organic growth

• Achieve sustainable growth by companies with robust business models while also leveraging new technologies

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Strategic M&A (see page 48)

• Achieve balanced growth by diversifying risks and incorporating growth in both developed markets and emerging markets

Maximize Group's collective strength through integrated Group management

Initiative 1 Organic Growth Strategies in Developed Countries

Tokio Marine Group has earned a top 10 position[*1] in commercial lines in the United States and showed presence as a top-class player in the specialty insurance market. By building a robust specialty insurance business platform in developed countries, we are achieving rapid growth that outperforms the market, coupled with high profitability while remaining relatively unaffected by market fluctuations. Going forward, we will look to sustain this rapid growth in developed countries by further honing the strengths of Group companies and conducting bolt-on M&A.

About 80% of Tokio Marine Group's overseas profits are generated in the United States. The drivers behind these profits are the three acquired North American companies. We practice a disciplined approach toward M&A, based on the three acquisition principles of culture fit, high profitability, and strong business models. Since joining the Group, all three acquired companies have been achieving growth that outperforms the market. We will aim for further profit growth with the participation of the PURE Group, the acquisition of which was completed in February 2020.

Top-class player in U.S. specialty insurance

PHILADELPHIA INSURANCE COMPANIES Focus in niche markets, such as NPOs, etc.	pure INSURANCE Specialized in HNW insurance market
DELPHI Strength in employee benefit, etc.	TOKIO MARINE HCC Mainly provides specialty products

*1. The U.S. commercial P&C direct premiums written in fiscal 2019 (Source: S&P Global)

High profit growth and profitability exceeding the U.S. market

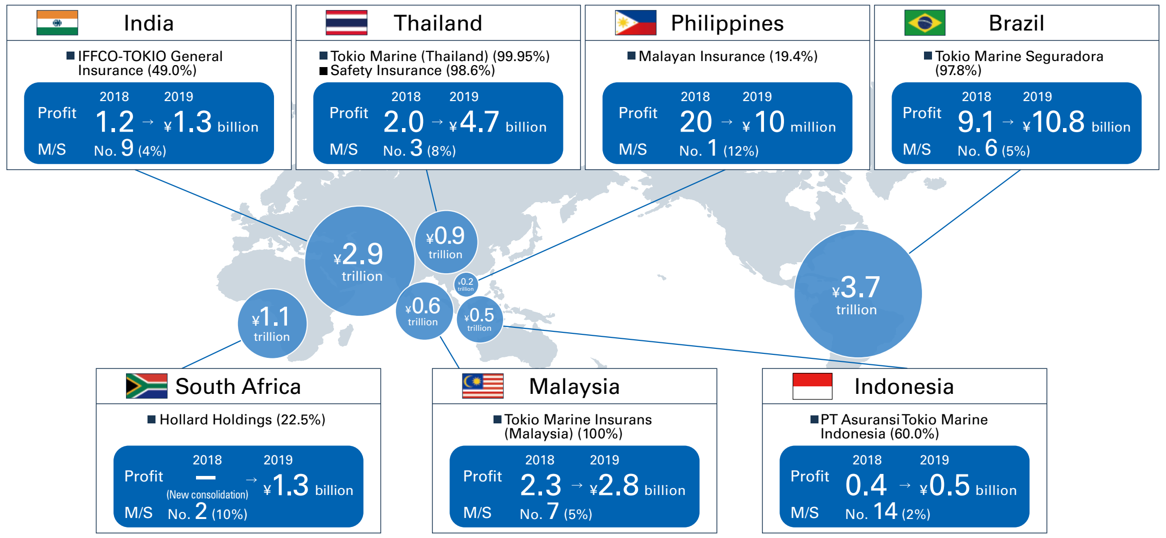
<Bottom line[*2]> 2015–2019 CAGR	<Combined ratio> 2015–2019 Average
6.6%	95.5%
vs. Market[*3] +4.7 pt	vs. Market[*3] 4.0 pt. Favorable

*2. Annual after-tax profit on a local accounting basis.
For 2017, the one-time impact of U.S. tax reforms was excluded.
*3. Source: S&P Global

Initiative 2 Organic Growth Strategies in Emerging Countries

Tokio Marine Group is also developing a wide range of businesses in emerging countries with a focus on those countries with large markets projected to experience significant growth. In fiscal 2019, we announced the establishment of a joint venture in Brazil with Caixa Bank, which has an approximately 70% share of the mortgage market there (scheduled to commence operations in February 2021). Meanwhile, we completed integration of existing subsidiaries with Safety Insurance in Thailand that was acquired in August 2018. Looking ahead, we plan to continue capitalizing on the strong growth of the emerging countries to achieve ongoing growth.

Our Major P&C Business Network in Emerging Countries



Profit: Business unit profits
Source of M/S:
Note: The percentage in parenthesis to the right of each company name represents TMHD's shareholding ratio as of Dec. 2019.
The figures in the circle are P&C insurance premiums in each country for FY2018 (estimate). The size of the circle indicates market size. (Source: Swiss Re Institute)

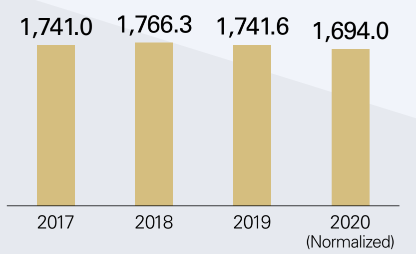
Mid-Term Business Plan 2020 Targets and Progress

2020 Targets	Net Premiums Written	Business Unit Profits
	CAGR approx. +5%[*4]	CAGR approx. +11%[*5]

*4. CAGR is calculated based on the figure of ¥1,648.0 billion, adjusting fiscal 2017 performance based on foreign exchange rates on March 31, 2018.
*5. CAGR is calculated based on a normalized basis of ¥145.0 billion in fiscal 2017.
Adjustments for producing a normalized basis included lowering natural disasters to a normal level and excluding the impacts of foreign exchange rate fluctuations and the one-time effect of the tax reforms in the United States.

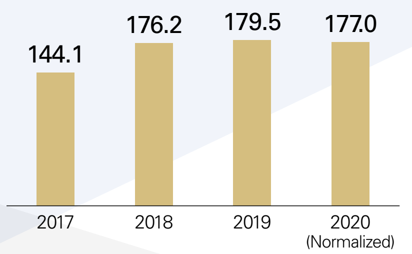
Despite the negative impact of the reinsurance businesses divestment as part of business portfolio revisions in March 2019, we worked to compensate for this negative impact to achieve profit growth. A decline in profits is anticipated in 2020 (excluding the impacts of COVID-19) due to the further rise of the yen, however, increased profits are anticipated on a local-currency basis that excludes this impact.

Net Premiums Written
(Billions of yen)



	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Mar. 31, 2020
Applied FX rate (USD/JPY)	¥113.0	¥110.0	¥109.5	¥108.8
(Reference) Excluding reinsurance business	1,594.8	1,636.6	1,741.6	1,694.0

Business Unit Profits
(Billions of yen)



	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Mar. 31, 2020
Applied FX rate (USD/JPY)	¥113.0	¥110.0	¥109.5	¥108.8
(Reference) Excluding reinsurance business	160.2	163.2	179.5	177.0

Business Conditions (Unaudited)

Main Financial and Non-Financial Data

(Yen in millions unless otherwise indicated)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	**FY2019**
Performance Indicators (Consolidated)											
Ordinary income	3,570,803	3,288,605	3,415,984	3,857,769	4,166,130	4,327,982	4,579,076	5,232,602	5,399,115	5,476,720	**5,465,432**
Net premiums written	2,292,911	2,272,117	2,324,492	2,558,010	2,870,714	3,127,638	3,265,578	3,480,478	3,564,747	3,587,400	**3,598,396**
Ordinary profit	203,413	126,587	160,324	207,457	274,386	358,182	385,825	387,659	344,939	416,330	**363,945**
Net income attributable to owners of the parent	128,418	71,924	6,001	129,578	184,114	247,438	254,540	273,856	284,183	274,579	**259,763**
Comprehensive income	—	(196,554)	(10,558)	548,251	442,277	997,024	(14,543)	169,603	500,528	42,871	**2,737**
Financial Indicators (Consolidated)											
Net assets	2,184,795	1,904,477	1,857,465	2,363,183	2,739,114	3,609,655	3,512,656	3,569,760	3,835,536	3,603,741	**3,426,675**
Total assets	17,265,868	16,528,644	16,338,460	18,029,442	18,948,000	20,889,670	21,855,328	22,607,603	22,929,935	22,531,402	**25,253,966**
Capital ratio (%)	12.56	11.41	11.26	12.98	14.32	17.13	15.94	15.67	16.59	15.86	**13.35**
Return on equity: ROE (%)	6.76	3.55	0.32	6.20	7.29	7.87	7.21	7.79	7.74	7.44	**7.48**
Consolidated solvency margin ratio (%)	—	—	717.8	737.0	728.4	781.3	791.4	897.3	879.3	854.2	**845.8**
Stock-related Information											
Net assets per share (Yen)	2,754	2,460	2,399	3,052	3,536	4,742	4,617	4,722	5,245	5,058	**4,832**
Net income per share—Basic (Yen)	163	92	7	168	239	323	337	363	382	383	**369**
Dividends per share (Yen)	50	50	50	55	70	95	110	140	160	180	**190**
Dividends total	39,380	38,597	38,346	42,187	53,705	72,197	83,015	105,342	117,633	128,054	**133,011**
Number of shares outstanding at year-end (Thousands)	804,524	804,524	804,524	769,524	769,524	757,524	757,524	753,024	748,024	710,000	**702,000**
Share price at year-end (Yen)	2,633	2,224	2,271	2,650	3,098	4,538.5	3,800	4,696	4,735	5,362	**4,950**
Price-to-earnings ratio: PER (Ratio)	16.15	24.05	290.41	15.69	12.91	14.01	11.27	12.92	12.37	14.00	**13.39**
Price-to-book value ratio: PBR (Ratio)	0.96	0.90	0.95	0.87	0.88	0.96	0.82	0.99	0.90	1.06	**1.02**
Key Performance Indicators											
Adjusted net income	—	—	30,798	163,137	243,756	323,318	351,906	406,743	341,450	280,949	**286,701**
Adjusted net assets	—	—	2,301,621	2,746,566	3,172,530	4,103,470	3,599,396	3,812,417	4,086,470	3,763,118	**3,240,906**
Adjusted ROE (%)	—	—	1.3	6.5	8.2	8.9	9.1	11.0	8.6	7.2	**8.2**
Adjusted BPS (Yen)	—	—	3,001	3,580	4,135	5,437	4,769	5,082	5,633	5,325	**4,643**
Adjusted EPS (Yen)	—	—	40	212	317	423	466	539	459	391	**408**
Adjusted PBR (Ratio)	—	—	0.76	0.74	0.75	0.83	0.80	0.92	0.84	1.01	**1.07**
Environmental, Social and Governance (ESG) Information											
Number of employees	29,578	29,758	30,831	33,006	33,310	33,829	36,902	38,842	39,191	40,848	**41,101**
Number of employees outside Japan	—	5,565	6,207	8,687	9,102	9,640	12,612	13,525	13,803	15,557	**15,814**
CO_2 emissions (Tons)	85,701	73,692	75,277	93,311	87,971	98,317	122,280	119,420	115,244	111,509	**111,172**
CO_2 fixation/reduction effect (Tons)	49,561	58,000	75,925	84,360	100,951	113,310	133,447	163,459	163,521	153,335	**133,617**

Notes: 1. With the application of "Accounting Standard for Business Conbinations" (Accounting Standards Board of Japan ("ASBJ") Statement No.21), the former Net income is Net income attributable to owners of the parent from FY2015.
2. Effective FY2010, the Company applied "Accounting Standard for Earnings Per Share" (ASBJ Statement No.2) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No.4) to calculate Net income per share – diluted.
3. Number of employees is staff head-count currently at work.
4. Figures for Comprehensive income, consolidated solvency margin ratio, and number of employees outside Japan are provided beginning with the fiscal year from which data collection and disclosure began.
5. Dividends per share for FY2018 does not include one-time dividend of approx. ¥50.0 billion and Dividends per share for FY2019 does not include one-time dividend of approx. ¥25.0 billion.
6. The Key Performance Indicators have been newly defined in FY2015 and figures for FY2011 and thereafter have been restated.
7. The main reason for the increase in CO_2 emissions from FY2015 was the expansion of coverage for calculation of Scope 3 (Other Indirect Emissions).

Business Conditions (Unaudited)

Adjusted Net Income, Adjusted Net Assets, and Adjusted ROE

Tokio Marine Group has set adjusted net income, adjusted net assets, and adjusted ROE, as defined below, as indicators for its management plans and shareholder return to enhance transparency and comparability as well as ensure linkage with shareholder return.

These are indicators that clarify profit or loss attributable to the reporting period, excluding the effect of various reserves specific to the Japanese insurance business as well as deducting special factors of the period such as gains or losses on sales or valuation of assets, etc. (Below are figures for FY2019.)

Adjusted Net Income[1]

Adjusted net income	=	Net income (consolidated)[2]	+	Provision for catastrophe loss reserves[3]	+	Provision for contingency reserves[3]	+	Provision for price fluctuation reserves[3]	−	Gains or losses on sales or valuation of ALM[4] bonds and interest rate swaps
¥286.7 billion		¥259.7 billion		¥(49.7) billion		¥0.8 billion		¥6.9 billion		¥12.5 billion
					+	Amortization of goodwill and other intangible fixed assets	−	Gains or losses on sales or valuation of fixed assets and business investment equities	−	Other extraordinary gains/losses, valuation allowances, etc.
						¥77.7 billion		¥(8.5) billion		¥4.8 billion

Adjusted Net Assets[1]

Adjusted net assets	=	Net assets (consolidated)	+	Catastrophe loss reserves	+	Contingency reserves	+	Price fluctuation reserves	−	Goodwill and other intangible fixed assets
¥3,240.9 billion		¥3,372.1 billion		¥691.5 billion		¥41.6 billion		¥85.1 billion		¥949.5 billion

Adjusted ROE

Adjusted ROE	=	Adjusted net income	÷	Adjusted net assets[5]
8.2%		¥286.7 billion		¥3,502.0 billion

1 Each adjustment is on an after-tax basis
2 Net income attributable to owners of the parent
3 In case of reversal, it is subtracted from the equation
4 ALM: Asset Liability Management. Excluded since it is counterbalance of ALM-related liabilities
5 Average balance basis

Business Unit Profits

From the perspective of accurately assessing corporate value including economic value, etc., and expanding it in the long-term, business unit profits are defined as below.

Non-Life Insurance Business

Business unit profits[1]	=	Net income	+	Provision for catastrophe loss reserves[2]	+	Provision for price fluctuation reserves[2]	−	Gains or losses on sales or valuation of ALM[3] bonds and interest rate swaps	−	Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities	−	Other extraordinary gains/losses, valuation allowances, etc.

Life Insurance Business[4]

Business unit profits[1]	=	Increase in EV[5] during the current fiscal year	−	Capital transactions such as capital increase

Other Businesses

Net income determined in accordance with financial accounting principles

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 counterbalance of ALM-related liabilities
4 For some of the life insurance companies, Business Unit Profit is calculated by using the definition in other businesses (head office expenses, etc., are deducted from profits)
5 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

Overview of Business Results (Unaudited)

1. Consolidated Results of Operations

During the fiscal year 2019, despite some positive signs such as a lull in trade frictions between the U.S. and China in the second half, the world economy slowed dramatically towards the end of the fiscal year due to the global spread of coronavirus disease 2019 (COVID-19), and financial and capital markets became increasingly unstable.

In Japan, the economy experienced a significant downturn due to the spread of COVID-19, in addition to weak foreign demand and natural disasters.

Under these circumstances, as a result of our efforts to expand our business, which is centered on non-life insurance and life insurance, our consolidated results of operations for the fiscal year 2019 were as follows:

Ordinary income decreased by 11.2 billion yen to 5,465.4 billion yen from the previous fiscal year, the main components of which were Underwriting income of 4,701.9 billion yen and Investment income of 642.2 billion yen. Ordinary expenses increased by 41.0 billion yen to 5,101.4 billion yen from the previous fiscal year, the main components of which were Underwriting expenses of 4,096.2 billion yen, Investment expenses of 82.9 billion yen, and Operating and general administrative expenses of 892.7 billion yen.

As a result, Ordinary profit decreased by 52.3 billion yen to 363.9 billion yen from the previous fiscal year.

Net income attributable to owners of the parent, composed of Ordinary profit plus Extraordinary gains minus Extraordinary losses and Total income taxes, decreased by 14.8 billion yen to 259.7 billion yen from the previous fiscal year.

Domestic Non-Life Insurance (Unaudited)

In the Domestic non-life insurance business, Ordinary income decreased by 64.6 billion yen to 2,782.5 billion yen from the previous fiscal year. Ordinary profit decreased by 48.7 billion yen to 179.5 billion yen from the previous fiscal year.

Figures pertaining to insurance underwriting and investment in the Domestic non-life insurance business are as follows.

Underwriting

Direct premiums written (including deposit premiums from policyholders)

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	**Composition ratio (%)**	**Rate of change (%)**	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	**466,568**	**16.88**	**11.93**	416,848	15.57	6.96
Hull and cargo	**71,519**	**2.59**	**5.70**	67,663	2.53	3.37
Personal accident	**265,036**	**9.59**	**2.36**	258,922	9.67	(2.79)
Voluntary automobile	**1,200,041**	**43.42**	**1.29**	1,184,723	44.26	0.36
Compulsory automobile liability	**281,885**	**10.20**	**(0.43)**	283,097	10.58	0.40
Others	**478,778**	**17.32**	**2.85**	465,531	17.39	2.52
Total	**2,763,830**	**100.00**	**3.25**	2,676,786	100.00	1.47
Deposit premiums from policyholders	**77,041**	**2.79**	**(4.41)**	80,592	3.01	(14.04)

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written including deposit premiums from policyholders = Gross premiums written - Surrender benefits of direct policies - Other refunds of direct policies (including deposit premiums from policyholders)

Business Conditions (Unaudited)

Net premiums written

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	345,980	14.25	14.17	303,045	12.95	3.19
Hull and cargo	65,307	2.69	4.12	62,725	2.68	4.68
Personal accident	185,527	7.64	2.93	180,251	7.70	2.43
Voluntary automobile	1,195,587	49.24	1.32	1,179,965	50.41	0.23
Compulsory automobile liability	294,319	12.12	2.14	288,152	12.31	(4.35)
Others	341,176	14.05	4.53	326,394	13.95	6.45
Total	2,427,899	100.00	3.73	2,340,534	100.00	1.12

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	284,835	19.53	(13.95)	331,022	22.26	91.70
Hull and cargo	44,061	3.02	10.36	39,926	2.69	13.60
Personal accident	88,836	6.09	5.99	83,812	5.64	(0.71)
Voluntary automobile	661,751	45.38	0.85	656,203	44.13	4.49
Compulsory automobile liability	203,048	13.92	(5.65)	215,209	14.47	(1.98)
Others	175,645	12.05	9.26	160,762	10.81	(8.79)
Total	1,458,179	100.00	(1.93)	1,486,935	100.00	12.98

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2020		As of March 31, 2019	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	440,558	6.10	517,253	6.60
Receivables under resale agreements	999	0.01	999	0.01
Monetary receivables bought	139,299	1.93	101,536	1.30
Money trusts	2,103	0.03	2,156	0.03
Securities	5,209,652	72.10	6,007,693	76.65
Loans	296,835	4.11	135,307	1.73
Land and buildings	211,708	2.93	215,095	2.74
Total investment assets	6,301,158	87.20	6,980,042	89.06
Total assets	7,225,925	100.00	7,837,423	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

(Yen in millions)

	As of March 31, 2020		As of March 31, 2019	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Domestic government bonds	1,449,805	27.83	1,724,668	28.71
Domestic municipal bonds	100,225	1.92	103,463	1.72
Domestic corporate bonds	725,812	13.93	675,639	11.25
Domestic equity securities	2,005,071	38.49	2,427,758	40.41
Foreign securities	900,607	17.29	1,046,310	17.42
Others	28,129	0.54	29,853	0.50
Total	5,209,652	100.00	6,007,693	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	181	450,822	0.04	360	481,168	0.07
Call loans	—	8	0.00	—	978	0.00
Receivables under resale agreements	0	1,526	0.01	0	3,533	0.00
Receivables under securities borrowing transactions	—	—	—	15	15,596	0.10
Monetary receivables bought	105	227,160	0.05	45	110,685	0.04
Money trusts	—	2,005	0.00	2,172	41,313	5.26
Securities	121,663	3,917,028	3.11	122,233	3,994,838	3.06
Loans	7,607	257,923	2.95	1,255	242,583	0.52
Land and buildings	8,532	213,296	4.00	8,512	212,667	4.00
Subtotal	138,091	5,069,771	2.72	134,596	5,103,365	2.64
Others	783	—	—	709	—	—
Total	138,874	—	—	135,305	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Interest and dividends is the sum of Interest and dividends and the amount equivalent to the Interest and dividends that is included in Gains on money trusts and Losses on money trusts in the consolidated statement of income.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	1,122	450,822	0.25	1,493	481,168	0.31
Call loans	—	8	0.00	—	978	0.00
Receivables under resale agreements	0	1,526	0.01	0	3,533	0.00
Receivables under securities borrowing transactions	—	—	—	15	15,596	0.10
Monetary receivables bought	105	227,160	0.05	45	110,685	0.04
Money trusts	(50)	2,005	(2.52)	(1,438)	41,313	(3.48)
Securities	205,836	3,917,028	5.25	213,452	3,994,838	5.34
Loans	6,309	257,923	2.45	1,323	242,583	0.55
Land and buildings	8,532	213,296	4.00	8,512	212,667	4.00
Derivatives	(16,725)	—	—	(20,330)	—	—
Others	(799)	—	—	3,845	—	—
Total	204,332	5,069,771	4.03	206,919	5,103,365	4.05

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Net investment income is the sum of Investment income and Investment income on deposit premiums in the consolidated statement of income less Investment expenses.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Domestic Life Insurance (Unaudited)

In the Domestic life insurance business, Ordinary income decreased by 31.2 billion yen to 748.1 billion yen from the previous fiscal year. Ordinary profit increased by 11.5 billion yen to 51.8 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the Domestic life insurance business are as follows.

Underwriting

Total amount of business in force

(Yen in millions)

	As of March 31, 2020		As of March 31, 2019	
	Total	Rate of change (%)	Total	Rate of change (%)
Individual insurance	**29,334,366**	**(0.77)**	29,561,288	3.71
Individual annuities	**2,146,807**	**(6.00)**	2,283,755	(8.09)
Group insurance	**2,195,007**	**(3.13)**	2,266,042	(4.91)
Group annuities	**3,161**	**(1.36)**	3,205	(1.40)

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Amounts of individual annuities represent the sums of funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and the amount of underwriting reserves for an annuity for which payments have commenced.
3. Amounts of group annuities represent amounts of underwriting reserves.

Total amount of new business

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	**2,144,067**	**2,144,067**	**—**	3,415,408	3,415,408	—
Individual annuities	**—**	**—**	**—**	—	—	—
Group insurance	**14,379**	**14,379**	**—**	7,017	7,017	—
Group annuities	**—**	**—**	**—**	—	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Amounts of individual annuities under new business represent the sums of annuity funds at the beginning of the annuity payment.
3. Amounts of group annuities under new business represent the first installment of premium payments.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2020		As of March 31, 2019	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	**119,220**	**1.30**	73,472	0.99
Receivables under securities borrowing transactions	**4,612**	**0.05**	9,084	0.12
Monetary receivables bought	**—**	**—**	138,998	1.88
Securities	**8,728,238**	**94.86**	6,934,724	93.89
Loans	**205,021**	**2.23**	96,219	1.30
Land and buildings	**421**	**0.00**	470	0.01
Total investment assets	**9,057,514**	**98.44**	7,252,969	98.20
Total assets	**9,200,998**	**100.00**	7,385,957	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

(Yen in millions)

	As of March 31, 2020		As of March 31, 2019	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Domestic government bonds	**7,823,712**	**89.64**	6,112,210	88.14
Domestic municipal bonds	**47,843**	**0.55**	25,348	0.37
Domestic corporate bonds	**414,668**	**4.75**	243,058	3.50
Domestic equity securities	**176**	**0.00**	166	0.00
Foreign securities	**340,334**	**3.90**	434,898	6.27
Others	**101,503**	**1.16**	119,042	1.72
Total	**8,728,238**	**100.00**	6,934,724	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	**1**	**77,993**	**0.00**	2	65,753	0.00
Call loans	**—**	**0**	**0.00**	—	1	0.00
Receivables under securities borrowing transactions	**0**	**3,183**	**0.02**	2	14,207	0.02
Monetary receivables bought	**4**	**48,132**	**0.01**	14	150,650	0.01
Securities	**101,128**	**7,415,148**	**1.36**	98,706	6,472,998	1.52
Loans	**8,066**	**188,713**	**4.27**	2,696	93,050	2.90
Land and buildings	**—**	**477**	**0.00**	—	527	0.00
Subtotal	**109,201**	**7,733,650**	**1.41**	101,421	6,797,189	1.49
Others	**—**	**—**	**—**	—	—	—
Total	**109,201**	**—**	**—**	101,421	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.
2. Interest and dividends represents Interest and dividends in the consolidated statement of income.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	**(9)**	**77,993**	**(0.01)**	58	65,753	0.09
Call loans	**—**	**0**	**0.00**	—	1	0.00
Receivables under securities borrowing transactions	**0**	**3,183**	**0.02**	2	14,207	0.02
Monetary receivables bought	**4**	**48,132**	**0.01**	14	150,650	0.01
Securities	**101,924**	**7,415,148**	**1.37**	87,957	6,472,998	1.36
Loans	**8,077**	**188,713**	**4.28**	2,696	93,050	2.90
Land and buildings	**—**	**477**	**0.00**	—	527	0.00
Derivatives	**(7,380)**	**—**	**—**	87	—	—
Others	**—**	**—**	**—**	—	—	—
Total	**102,617**	**7,733,650**	**1.33**	90,816	6,797,189	1.34

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.
2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

International Insurance (Unaudited)

In the International insurance business, Ordinary income decreased by 80.8 billion yen to 1,891.2 billion yen from the previous fiscal year. Ordinary profit decreased by 16.1 billion yen to 125.4 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the International insurance business are as follows.

Underwriting

Net premiums written

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	197,713	16.89	(15.08)	232,829	18.67	0.14
Hull and cargo	43,425	3.71	4.26	41,650	3.34	(10.85)
Personal accident	29,121	2.49	(11.69)	32,975	2.64	(12.79)
Voluntary automobile	254,886	21.77	(1.01)	257,479	20.65	(8.19)
Others	645,466	55.14	(5.36)	682,036	54.70	4.50
Total	1,170,614	100.00	(6.12)	1,246,972	100.00	(0.26)

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	101,547	16.93	(27.44)	139,950	22.43	2.83
Hull and cargo	23,602	3.94	8.20	21,813	3.50	(10.36)
Personal accident	15,277	2.55	(12.94)	17,548	2.81	(7.49)
Voluntary automobile	149,023	24.85	(7.74)	161,529	25.89	1.74
Others	310,326	51.74	9.67	282,964	45.36	7.55
Total	599,776	100.00	(3.85)	623,806	100.00	3.75

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2020		As of March 31, 2019	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	222,491	2.51	224,971	3.09
Monetary receivables bought	1,224,452	13.83	1,228,417	16.87
Securities	3,936,263	44.44	3,558,348	48.87
Loans	1,093,555	12.35	712,921	9.79
Land and buildings	45,892	0.52	29,582	0.41
Total investment assets	6,522,655	73.65	5,754,240	79.04
Total assets	8,856,731	100.00	7,280,533	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	2,893	223,634	1.29	2,627	258,100	1.02
Monetary receivables bought	61,279	1,201,894	5.10	57,651	1,154,976	4.99
Securities	130,982	3,492,837	3.75	136,766	3,679,255	3.72
Loans	69,993	903,571	7.75	61,330	701,554	8.74
Land and buildings	750	37,752	1.99	751	28,942	2.60
Subtotal	265,899	5,859,690	4.54	259,128	5,822,829	4.45
Others	1,253	—	—	612	—	—
Total	267,153	—	—	259,740	—	—

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Interest and dividends represents Interest and dividends in the consolidated statement of income.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	2,390	223,634	1.07	2,504	258,100	0.97
Monetary receivables bought	60,198	1,201,894	5.01	59,427	1,154,976	5.15
Securities	159,500	3,492,837	4.57	142,972	3,679,255	3.89
Loans	68,623	903,571	7.59	58,683	701,554	8.36
Land and buildings	750	37,752	1.99	751	28,942	2.60
Derivatives	11,221	—	—	(9,405)	—	—
Others	(64)	—	—	(5,922)	—	—
Total	302,620	5,859,690	5.16	249,011	5,822,829	4.28

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

(Reference) Total for All Businesses (Unaudited)

Direct premiums written (including deposit premiums from policyholders)

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	714,550	17.55	10.43	647,080	16.52	4.05
Hull and cargo	133,597	3.28	11.46	119,864	3.06	(2.36)
Personal accident	296,102	7.27	1.70	291,138	7.43	(4.60)
Voluntary automobile	1,450,761	35.64	2.55	1,414,645	36.11	0.16
Compulsory automobile liability	281,885	6.92	(0.43)	283,097	7.23	0.40
Others	1,194,195	29.33	2.82	1,161,482	29.65	5.02
Total	4,071,093	100.00	3.93	3,917,308	100.00	1.74
Deposit premiums from policyholders	77,041	1.89	(4.41)	80,592	2.06	(14.04)

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written including deposit premiums from policyholders = Gross premiums written - Surrender benefits of direct policies - Other refunds of direct policies (including deposit premiums from policyholders)

Business Conditions (Unaudited)

Net premiums written

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	**543,683**	**15.11**	**1.46**	535,865	14.94	1.84
Hull and cargo	**108,732**	**3.02**	**4.17**	104,376	2.91	(2.12)
Personal accident	**214,643**	**5.96**	**0.67**	213,219	5.94	(0.26)
Voluntary automobile	**1,450,451**	**40.31**	**0.91**	1,437,427	40.07	(1.39)
Compulsory automobile liability	**294,319**	**8.18**	**2.14**	288,152	8.03	(4.35)
Others	**986,565**	**27.42**	**(2.16)**	1,008,359	28.11	5.12
Total	**3,598,396**	**100.00**	**0.31**	3,587,400	100.00	0.64

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2019 (April 1, 2019 to March 31, 2020)			FY2018 (April 1, 2018 to March 31, 2019)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	**386,383**	**18.78**	**(17.96)**	470,973	22.32	52.53
Hull and cargo	**67,606**	**3.29**	**10.42**	61,229	2.90	2.97
Personal accident	**103,924**	**5.05**	**2.81**	101,079	4.79	(1.85)
Voluntary automobile	**810,774**	**39.40**	**(0.85)**	817,731	38.76	3.93
Compulsory automobile liability	**203,048**	**9.87**	**(5.65)**	215,209	10.20	(1.98)
Others	**485,970**	**23.62**	**9.52**	443,727	21.03	0.99
Total	**2,057,707**	**100.00**	**(2.48)**	2,109,949	100.00	10.07

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

2. Cash Flows

Cash flows for the fiscal year 2019 were as follows:

Net cash provided by operating activities increased by 52.1 billion yen to 997.6 billion yen compared to the previous fiscal year, mainly due to a decrease in paid claims. Net cash used in investing activities increased by 1,979.6 billion yen to 2,546.4 billion yen, mainly due to an increase in purchases of securities. Net cash provided by financing activities increased by 1,922.1 billion yen to 1,543.1 billion yen, mainly due to an increase in cash collateral under securities lending transactions for procurement of funds.

As a result, Cash and cash equivalents at the end of the year was 1,021.1 billion yen, a decrease of 2.1 billion yen from that as of March 31, 2019.

3. Production, Orders and Sales

There is no applicable information due to the nature of the business as an insurance holding company.

Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976, hereinafter referred to as "Consolidated Statements Regulation"). The consolidated financial statements have been also prepared in conformity with the Enforcement Regulations for the Insurance Business Act (Ministry of Finance Ordinance No. 5, 1996, hereinafter referred to as "Insurance Act Enforcement Regulations"), as stipulated under Articles 46 and 68 of the Consolidated Statements Regulation.

The Company and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Amounts of less than 1 million yen have been omitted in the consolidated financial statements. As a result, the provided total balance does not necessarily agree with the sum of the individual account balances.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Yen in millions)

	Notes No.	As of March 31, 2020	As of March 31, 2019
Assets			
Cash and bank deposits	*4	**820,873**	851,657
Receivables under resale agreements		**999**	999
Receivables under securities borrowing transactions		**4,612**	9,084
Monetary receivables bought	*4	**1,363,752**	1,468,952
Money trusts		**2,103**	2,156
Securities	*2*4*6	**17,875,998**	16,502,611
Loans	*3*4*7	**1,524,100**	932,167
Tangible fixed assets	*1	**315,216**	293,257
Land		**133,825**	134,594
Buildings		**134,346**	120,865
Construction in progress		**4,206**	651
Other tangible fixed assets		**42,837**	37,145
Intangible fixed assets		**1,101,306**	767,598
Software		**43,992**	39,810
Goodwill		**533,432**	411,681
Other intangible fixed assets		**523,880**	316,106
Other assets		**2,217,451**	1,664,969
Net defined benefit assets		**2,710**	17,515
Deferred tax assets		**33,888**	29,511
Customers' liabilities under acceptances and guarantees		**2,114**	2,230
Allowance for doubtful accounts		**(11,162)**	(11,308)
Total assets		**25,253,966**	22,531,402
Liabilities			
Insurance liabilities		**17,222,596**	16,416,905
Outstanding claims	*4	**2,995,636**	2,863,815
Underwriting reserves	*4	**14,226,960**	13,553,090
Corporate bonds		**270,536**	57,514
Other liabilities		**3,628,726**	1,692,804
Payables under securities lending transactions		**1,620,178**	197,623
Other liabilities	*4*10	**2,008,548**	1,495,180
Net defined benefit liabilities		**245,966**	254,430
Provision for employees' bonus		**70,698**	61,371
Reserves under special laws		**118,071**	108,457
Reserve for price fluctuation		**118,071**	108,457
Deferred tax liabilities		**239,668**	294,805
Negative goodwill		**28,911**	39,140
Acceptances and guarantees		**2,114**	2,230
Total liabilities		**21,827,291**	18,927,661
Net assets			
Shareholders' equity			
Share capital		**150,000**	150,000
Retained earnings		**1,800,292**	1,742,188
Treasury stock		**(23,210)**	(18,299)
Total shareholders' equity		**1,927,082**	1,873,889
Accumulated other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		**1,435,437**	1,676,369
Deferred gains (losses) on hedge transactions		**11,427**	9,472
Foreign currency translation adjustments		**8,042**	24,892
Remeasurements of defined benefit plans		**(9,840)**	(10,389)
Total accumulated other comprehensive income		**1,445,066**	1,700,344
Stock acquisition rights		**2,545**	2,479
Non-controlling interests		**51,980**	27,027
Total net assets		**3,426,675**	3,603,741
Total liabilities and net assets		**25,253,966**	22,531,402

The accompanying notes are an integral part of the consolidated financial statements.

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Yen in millions)

	Notes No.	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Ordinary income		**5,465,432**	5,476,720
Underwriting income		**4,701,979**	4,769,640
Net premiums written		**3,598,396**	3,587,400
Deposit premiums from policyholders		**77,041**	80,592
Investment income on deposit premiums		**39,466**	42,624
Life insurance premiums		**981,900**	1,053,520
Other underwriting income		**5,174**	5,503
Investment income		**642,214**	589,247
Interest and dividends		**513,041**	492,962
Gains on money trusts		**—**	101
Gains on trading securities		**18,016**	6,708
Gains on sales of securities		**142,625**	121,973
Gains on redemption of securities		**541**	2,011
Other investment income		**7,456**	8,114
Transfer of investment income on deposit premiums		**(39,466)**	(42,624)
Other ordinary income		**121,238**	117,831
Amortization of negative goodwill		**10,229**	10,229
Other ordinary income		**111,009**	107,602
Ordinary expenses		**5,101,486**	5,060,389
Underwriting expenses		**4,096,249**	4,079,779
Net claims paid		**2,057,707**	2,109,949
Loss adjustment expenses	*1	**145,299**	141,980
Agency commissions and brokerage	*1	**694,708**	707,591
Maturity refunds to policyholders		**158,337**	164,761
Dividends to policyholders		**18**	28
Life insurance claims		**412,721**	492,276
Provision for outstanding claims		**128,992**	170,883
Provision for underwriting reserves		**489,344**	287,010
Other underwriting expenses		**9,120**	5,296
Investment expenses		**82,938**	90,259
Losses on money trusts		**50**	1,540
Losses on sales of securities		**12,723**	18,967
Impairment losses on securities		**26,577**	9,835
Losses on redemption of securities		**772**	1,081
Losses on derivatives		**12,809**	29,648
Investment losses on separate accounts		**8,449**	3,530
Other investment expenses		**21,554**	25,655
Operating and general administrative expenses	*1	**892,776**	861,365
Other ordinary expenses		**29,522**	28,985
Interest expenses		**18,940**	17,039
Increase in allowance for doubtful accounts		**808**	—
Losses on bad debts		**133**	308
Equity in losses of affiliates		**4,445**	3,310
Amortization of deferred assets under Article 113 of the Insurance Business Act		**—**	3,826
Other ordinary expenses		**5,195**	4,500
Ordinary profit		**363,945**	416,330
Extraordinary gains		**9,695**	5,011
Gains on disposal of fixed assets		**173**	1,352
Gains on step acquisitions		**4,454**	2,891
Gains on sales of investment in subsidiaries and affiliates		**4,336**	431
Other extraordinary gains	*2	**731**	334
Extraordinary losses		**19,513**	35,607
Losses on disposal of fixed assets		**1,941**	1,908
Impairment losses on fixed assets	*3	**6,386**	3,248
Provision for reserves under special laws		**9,614**	7,945
Provision for reserve for price fluctuation		**9,614**	7,945
Losses on advanced depreciation of real estates		**0**	—
Losses on sales of investment in subsidiaries and affiliates		**209**	22,504
Other extraordinary losses		**1,359**	—
Income before income taxes and non-controlling interests		**354,127**	385,733
Income taxes–current		**118,662**	119,450
Income taxes–deferred		**(26,372)**	(9,437)
Total income taxes		**92,289**	110,013
Net income		**261,838**	275,720
Net income attributable to non-controlling interests		**2,074**	1,140
Net income attributable to owners of the parent		**259,763**	274,579

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note No.	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Net income		**261,838**	275,720
Other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		**(244,344)**	(188,327)
Deferred gains (losses) on hedge transactions		**1,394**	(1,357)
Foreign currency translation adjustments		**(13,968)**	(49,377)
Remeasurements of defined benefit plans		**544**	9,676
Share of other comprehensive income of affiliates accounted for by the equity method		**(2,726)**	(3,464)
Total other comprehensive income	*	**(259,100)**	(232,848)
Total comprehensive income		**2,737**	42,871
Comprehensive income attributable to:			
Owners of the parent		**(715)**	43,133
Non-controlling interests		**3,452**	(262)

The accompanying notes are an integral part of the consolidated financial statements.

(3) Consolidated Statement of Changes in Shareholders' Equity

FY2019 (April 1, 2019 –March 31, 2020)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,742,188	(18,299)	1,873,889
Cumulative effects of revision in accounting standards for overseas subsidiaries		(3,565)		(3,565)
Restated balance	150,000	1,738,622	(18,299)	1,870,323
Changes during the year				
Dividends		(154,882)		(154,882)
Net income attributable to owners of the parent		259,763		259,763
Purchases of treasury stock			(50,940)	(50,940)
Disposal of treasury stock		(321)	1,066	744
Cancellation of treasury stock		(44,962)	44,962	—
Changes in the scope of consolidation		2,272		2,272
Changes in equity resulted from increase in capital of consolidated subsidiaries				—
Others		(199)		(199)
Net changes in items other than shareholders' equity				
Total changes during the year	—	61,669	(4,910)	56,759
Ending balance	150,000	1,800,292	(23,210)	1,927,082

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans			
Beginning balance	1,676,369	9,472	24,892	(10,389)	2,479	27,027	3,603,741
Cumulative effects of revision in accounting standards for overseas subsidiaries	3,565						—
Restated balance	1,679,935	9,472	24,892	(10,389)	2,479	27,027	3,603,741
Changes during the year							
Dividends							(154,882)
Net income attributable to owners of the parent							259,763
Purchases of treasury stock							(50,940)
Disposal of treasury stock							744
Cancellation of treasury stock							—
Changes in the scope of consolidation							2,272
Changes in equity resulted from increase in capital of consolidated subsidiaries							—
Others							(199)
Net changes in items other than shareholders' equity	(244,498)	1,955	(16,850)	548	66	24,953	(233,825)
Total changes during the year	(244,498)	1,955	(16,850)	548	66	24,953	(177,066)
Ending balance	1,435,437	11,427	8,042	(9,840)	2,545	51,980	3,426,675

Consolidated Financial Statements

FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,837,908	(114,446)	1,873,461
Cumulative effects of revision in accounting standards for overseas subsidiaries				—
Restated balance	150,000	1,837,908	(114,446)	1,873,461
Changes during the year				
Dividends		(172,636)		(172,636)
Net income attributable to owners of the parent		274,579		274,579
Purchases of treasury stock			(102,318)	(102,318)
Disposal of treasury stock		(475)	1,316	841
Cancellation of treasury stock		(197,149)	197,149	—
Changes in the scope of consolidation				—
Changes in equity resulted from increase in capital of consolidated subsidiaries		(9)		(9)
Others		(28)		(28)
Net changes in items other than shareholders' equity				
Total changes during the year	—	(95,719)	96,147	427
Ending balance	150,000	1,742,188	(18,299)	1,873,889

	Accumulated other comprehensive income						
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Beginning balance	1,864,865	10,829	76,081	(20,044)	2,552	27,789	3,835,536
Cumulative effects of revision in accounting standards for overseas subsidiaries							—
Restated balance	1,864,865	10,829	76,081	(20,044)	2,552	27,789	3,835,536
Changes during the year							
Dividends							(172,636)
Net income attributable to owners of the parent							274,579
Purchases of treasury stock							(102,318)
Disposal of treasury stock							841
Cancellation of treasury stock							—
Changes in the scope of consolidation							—
Changes in equity resulted from increase in capital of consolidated subsidiaries							(9)
Others							(28)
Net changes in items other than shareholders' equity	(188,495)	(1,357)	(51,189)	9,654	(72)	(762)	(232,222)
Total changes during the year	(188,495)	(1,357)	(51,189)	9,654	(72)	(762)	(231,795)
Ending balance	1,676,369	9,472	24,892	(10,389)	2,479	27,027	3,603,741

The accompanying notes are an integral part of the consolidated financial statements.

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	Notes No.	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Cash flows from operating activities			
Income before income taxes and non-controlling interests		**354,127**	385,733
Depreciation		**60,921**	59,732
Impairment losses on fixed assets		**6,386**	3,248
Amortization of goodwill		**53,882**	49,620
Amortization of negative goodwill		**(10,229)**	(10,229)
Increase (decrease) in outstanding claims		**131,376**	169,892
Increase (decrease) in underwriting reserves		**626,117**	449,262
Increase (decrease) in allowance for doubtful accounts		**(113)**	(783)
Increase (decrease) in net defined benefit liabilities		**(3,801)**	10,432
Increase (decrease) in provision for employees' bonus		**7,865**	(942)
Increase (decrease) in reserve for price fluctuation		**9,614**	7,945
Interest and dividends		**(513,041)**	(492,962)
Losses (gains) on securities		**(129,888)**	(83,807)
Interest expenses		**18,940**	17,039
Foreign exchange losses (gains)		**5,579**	9,721
Losses (gains) on tangible fixed assets		**1,492**	555
Equity in losses (earnings) of affiliates		**4,445**	3,310
Investment losses (gains) on separate accounts		**8,449**	3,530
Decrease (increase) in other assets (other than investing and financing activities)		**(128,944)**	(77,912)
Increase (decrease) in other liabilities (other than investing and financing activities)		**90,636**	74,269
Others		**5,802**	4,364
Subtotal		**599,617**	582,023
Interest and dividends received		**519,238**	484,471
Interest paid		**(18,111)**	(17,708)
Income taxes paid		**(109,458)**	(126,421)
Others		**6,336**	23,072
Net cash provided by (used in) operating activities (a)		**997,623**	945,437
Cash flows from investing activities			
Net decrease (increase) in deposits		**(3,122)**	20,584
Purchases of monetary receivables bought		**(420,129)**	(909,156)
Proceeds from sales and redemption of monetary receivables bought		**541,277**	587,522
Purchases of money trusts		**—**	(7,980)
Proceeds from sales of money trusts		**—**	16,518
Purchases of securities		**(4,378,037)**	(2,542,065)
Proceeds from sales and redemption of securities		**2,664,749**	2,352,648
Payments for issuance of loans		**(871,923)**	(550,340)
Proceeds from collection of loans		**413,804**	605,285
Changes in cash collateral under securities borrowing and lending transactions		**(120,106)**	(65,653)
Others		**(9,772)**	(9,840)
Subtotal (b)		**(2,183,260)**	(502,475)
(a) + (b)		**(1,185,636)**	442,962
Purchases of tangible fixed assets		**(24,709)**	(23,910)
Proceeds from sales of tangible fixed assets		**1,463**	2,649
Purchases of shares of subsidiaries resulting in change in the scope of consolidation		**(340,897)**	(56,325)
Sales of shares of subsidiaries resulting in change in the scope of consolidation		**993**	13,305
Net cash provided by (used in) investing activities		**(2,546,411)**	(566,757)
Cash flows from financing activities			
Proceeds from borrowings		**24,320**	20,535
Repayments of borrowings		**(37,031)**	(23,279)
Proceeds from issuance of short-term corporate bonds		**9,999**	4,999
Redemption of short-term corporate bonds		**(10,000)**	(5,000)
Proceeds from issuance of corporate bonds		**198,783**	—
Redemption of corporate bonds		**—**	(792)
Change in cash collateral under securities lending transactions		**1,547,132**	(98,780)
Purchases of treasury stock		**(50,940)**	(102,318)
Dividends paid		**(154,799)**	(172,397)
Dividends paid to non-controlling shareholders		**(590)**	(484)
Repayments to non-controlling shareholders		**—**	(206)
Others		**16,231**	(1,341)
Net cash provided by (used in) financing activities		**1,543,105**	(379,067)
Effect of exchange rate changes on cash and cash equivalents		**3,022**	(5,017)
Net increase (decrease) in cash and cash equivalents		**(2,659)**	(5,404)
Cash and cash equivalents at the beginning of the year		**1,023,342**	1,028,747
Increase in cash and cash equivalents due to newly consolidated subsidiaries		**484**	—
Cash and cash equivalents at the end of the year		**1,021,167**	1,023,342

The accompanying notes are an integral part of the consolidated financial statements.

Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated companies: 164 companies

For details of the Company's major consolidated subsidiaries, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".

Privilege Underwriters, Inc. and 12 other companies are included in the scope of consolidation from the fiscal year 2019 due to the acquisition of shares and other events.

Safety Insurance Public Company Limited, which was a consolidated subsidiary in the fiscal year 2018, was dissolved through the merger with Tokio Marine Insurance (Thailand) Public Company Limited, and Tokio Marine Safety Insurance (Thailand) Public Company Limited was newly established as a result of the merger as a consolidated subsidiary. In addition, Bail USA, Inc. and three other companies have been excluded from the scope of consolidation due to the sales of 100% of their shares and other events.

(2) Names of major non-consolidated subsidiaries

(Names of major companies)

• Tokio Marine & Nichido Adjusting Service Co., Ltd.
• Tokio Marine Life Insurance (Thailand) Public Company Limited

(Reason for exclusion from the scope of consolidation)

Each non-consolidated subsidiary is small in scale in terms of total assets, sales, net income or loss and retained earnings. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the Group's financial condition and results of operations, these companies are excluded from the consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 7 companies

For details of major affiliates accounted for by the equity method, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".

NAS Insurance Services, LLC, which became a subsidiary due to the acquisition of additional shares, and one other company, have been excluded from the scope of application of the equity method from the fiscal year 2019.

(2) The non-consolidated subsidiaries (Tokio Marine & Nichido Adjusting Service Co., Ltd., Tokio Marine Life Insurance (Thailand) Public Company Limited, etc.) and other affiliates (Alinma Tokio Marine Company, etc.) are not accounted for by the equity method because these companies have an immaterial effect on the Company's consolidated net income or loss as well as consolidated retained earnings.

(3) The Company owns 30.1% of the total voting rights of Japan Earthquake Reinsurance Co., Ltd. through Tokio Marine & Nichido and Nisshin Fire. However, the Company does not consider Japan Earthquake Reinsurance Co., Ltd. to be its affiliate since it cannot exert a significant influence on any decision making of its policies given the highly public nature of their business.

(4) When a company accounted for by the equity method has a different closing date from that of the Company, in principle, the financial statements prepared at its closing date are used for presentation in the consolidated financial results.

3. Balance sheet date of consolidated subsidiaries

There are three domestic subsidiaries and 152 overseas subsidiaries whose balance sheet dates are December 31. The consolidated financial statements incorporate the results of these subsidiaries for the period ended December 31. Necessary adjustments for the consolidation are made for material transactions that occur during the three-month lag between the balance sheet dates of these subsidiaries and the consolidated balance sheet date.

4. Accounting policies

(1) Valuation of securities

a. Trading securities are valued at fair value, with the costs of their sales being calculated based on the moving-average method.

b. Bonds held to maturity are recorded at amortized cost based on the moving-average method (straight-line method).

c. Bonds earmarked for underwriting reserves are stated at amortized cost under the straight-line method in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Underwriting Reserve in Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (the "JICPA"), November 16, 2000.

The following is a summary of the risk management policy concerning bonds earmarked for underwriting reserves.

In order to adequately manage interest rate risk related to assets and liabilities, Tokio Marine & Nichido Life has established "part of underwriting reserve for individual insurance policies (non-participating or participating)" as an underwriting reserve subgroup. Tokio Marine & Nichido Life's policy is to match the duration of the underwriting reserve in the subgroup with the same or similar duration of bonds that are earmarked for underwriting reserves.

From the fiscal year 2019, Tokio Marine & Nichido Life has expanded the subgroup "part of underwriting reserve for individual insurance policies (non-participating)" to "part of underwriting reserve for individual insurance policies (non-participating or participating)" from the viewpoint of enhancing Asset Liability Management ("ALM"). There is no impact on the consolidated financial statements as a result of this change.

In addition, the subgroups for single payment individual annuity insurance and single payment whole-life insurance were eliminated as of March 31, 2020, and Bonds earmarked for underwriting reserves in the subgroups were reclassified to Available-for-sale securities. Since the balance of underwriting reserves pertaining to these subgroups has decreased, it has become less material to reflect the interest rate risk which is managed by matching assets and liabilities to the consolidated financial statements. The impact of this change to the consolidated financial statements is immaterial.

d. Available-for-sale securities with fair value are measured at fair value mainly based upon the market price on the closing date. Unrealized gains/losses on available-for-sale securities are included in net assets and costs of sales are calculated using the moving-average method.

e. Available-for-sale securities whose fair value cannot be measured reliably are stated at original cost by the moving-average method.

f. Investments in non-consolidated subsidiaries and affiliates that are not subject to the equity method are stated at original cost by the moving-average method.

g. Securities held in individually managed money trusts that are mainly invested in securities for trading are measured at fair value.

(2) Valuation of derivative transactions

Derivative financial instruments are measured at fair value.

(3) Depreciation methods for material depreciable assets

a. Tangible fixed assets

Depreciation of tangible fixed assets is calculated using the straight-line method.

b. Intangible fixed assets

Intangible fixed assets recognized in acquisitions of overseas subsidiaries are amortized over the estimated useful life reflecting the pattern of the assets' future economic benefits.

(4) Accounting policies for significant reserves and allowances

a. Allowance for doubtful accounts

In order to prepare for losses from bad debts, allowances are provided pursuant to the rules of asset self-assessment and the rules of asset write-off. Allowances are provided by major domestic consolidated subsidiaries as follows.

For receivables from any debtor who has legally, or in practice, become insolvent (due to bankruptcy, special liquidation or suspension of transactions with banks based on the rules governing clearing houses, etc.) and for receivables from any debtor who has substantially become insolvent, allowances are provided based on the amount of any such receivables less the amount expected to be collectible calculated based on the disposal of collateral or execution of guarantees.

For receivables from any debtor who is likely to become insolvent in the near future, allowances are provided based on the amount of any such receivables less the amount expected to be collectible through the disposal of collateral or execution of guarantees and the overall solvency assessment of the relevant debtor.

For receivables other than those described above, allowances are the amount of receivables multiplied by the default rate, which is calculated based on historical default experience in certain previous periods.

In addition, all receivables are assessed by the asset accounting department and the asset management department in accordance with the rules of asset self-assessment. Subsequently, the asset auditing departments, which are independent from other asset-related departments, conduct audits of the assessment results of the other asset-related departments. Allowances are provided based on such assessment results as stated above.

b. Provision for employees' bonus

To provide for payment of bonuses to employees, the Company and its major consolidated domestic subsidiaries recognize provisions for employees' bonuses based on the expected amount to be paid.

c. Reserve for price fluctuation

Domestic consolidated insurance subsidiaries recognize reserves in accordance with Article 115 of the Insurance Business Act in order to provide for possible losses or damages arising from fluctuation of share prices, etc.

(5) Accounting methods for retirement benefits

a. The method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the method of attributing expected retirement benefits to periods is based on the benefit formula basis.

b. The method of amortization of actuarial gains and losses and past service costs

Actuarial differences for each fiscal year are amortized proportionally from the following fiscal year using the straight-line method over a certain number of years (5 to 13 years) within the average remaining work period of employees at the time of occurrence.

Past service costs are amortized by the straight-line method over a certain number of years (7 to 13 years) within the average remaining work period of employees at the time of occurrence.

(6) Consumption taxes

For the Company and its domestic consolidated subsidiaries, consumption taxes are accounted for by the tax-excluded method except for costs such as Operating and general administrative expenses incurred by domestic consolidated insurance subsidiaries which are accounted for by the tax-included method.

In addition, any non-deductible consumption taxes, in respect of assets, are included in other assets and are amortized over five years using the straight-line method.

(7) Hedge accounting

a. Interest rate

To mitigate interest rate fluctuation risks associated with long-term insurance policies, Tokio Marine & Nichido and Tokio Marine & Nichido Life conduct Asset Liability Management ("ALM") to control such risks by evaluating and analyzing financial assets and insurance liabilities simultaneously.

As for interest rate swap transactions that are used to manage such risks, Tokio Marine & Nichido and Tokio Marine & Nichido Life apply deferred hedge accounting to the swap transactions based upon the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" (issued by the JICPA, September 3, 2002).

Assessment of hedge effectiveness is omitted because the companies group hedged insurance liabilities with the interest rate swaps that are the hedging instruments, based on the period remaining for the instruments, and the hedge is highly effective.

b. Foreign exchange

Major domestic consolidated insurance subsidiaries apply fair value hedge accounting, deferred hedge accounting or assignment accounting for certain foreign exchange forward contracts and certain currency swaps utilized to reduce future currency risk such as in assets denominated in foreign currency. Assessment of hedge effectiveness is omitted because the principal term of the hedging instruments and the hedged items are identical and the hedge is highly effective. In addition, Tokio Marine & Nichido applies deferred hedge accounting to borrowings denominated in foreign currency utilized to reduce currency risk in overseas subsidiaries. Hedge effectiveness is determined based on the change in value of hedging instruments and hedged items during the period from the inception of the hedge to the time of assessment comparing the cumulative changes in their market values.

(8) Methods and periods of amortization for goodwill

Regarding goodwill recognized as an asset on the consolidated balance sheet, goodwill in connection with Philadelphia Consolidated Holding Corp. is amortized over 20 years using the straight-line method. Goodwill in connection with HCC Insurance Holdings, Inc. is amortized over 10 years using the straight-line method. Goodwill in connection with Privilege Underwriters, Inc. is amortized over 15 years using the straight-line method. Other goodwill is amortized over 5 to 15 years using the straight-line method. Other goodwill in small amounts is amortized immediately.

Negative goodwill incurred before March 31, 2010 and recognized as a liability on the consolidated balance sheet is amortized over 20 years using the straight-line method.

(9) Scope of cash and cash equivalents included in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments such as time deposits with original maturities or redemption of three months or less at the date of acquisition.

Accounting Standards Not Yet Adopted by the Company

- Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (Practical Issue Task Force ("PITF") No. 18, September 14, 2018)
- Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No. 24, September 14, 2018)

1. Overview

The Accounting Standards Board of Japan ("ASBJ") has revised PITF No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" and PITF No. 24 "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method". The major amendments are as follows.

For overseas subsidiaries that present subsequent changes in fair value of investment in equity instruments in Other comprehensive income, when investments in the equity instruments are sold, an adjustment is to be made to recognize the difference between the acquisition cost and sales price as a gain or loss for the corresponding fiscal year within the consolidation process, in accordance with the Tentative Practical Solution of "Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidation Process".

For overseas subsidiaries that need to recognize any asset impairment, an adjustment is to be made to recognize the valuation difference as a loss for the corresponding fiscal year within the consolidation process.

2. Date of application

The Company plans to adopt the aforementioned standards from the beginning of the fiscal year following the fiscal year in which its overseas subsidiaries adopt IFRS 9 "Financial Instruments".

3. Impact of application of standards

The Company has not yet evaluated the impact of the application of the aforementioned standards at the timing of the preparation of its consolidated financial statements.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019)

1. Overview

To improve comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter referred to as "Fair Value Accounting Standards") were developed and guidance for measuring fair value was established.

The Fair Value Accounting Standards are applied to the fair value of financial instruments in "Accounting Standard for Financial Instruments".

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised to stipulate disclosure requirements for financial instruments based on their fair value levels.

2. Date of application

The Company and its domestic consolidated subsidiaries plan to adopt the aforementioned standards from the beginning of the fiscal year 2021.

3. Impact of application of standards

The Company has not yet evaluated the impact of the application of the aforementioned standards at the timing of the preparation of its consolidated financial statements.

Additional Information

Consolidated overseas subsidiaries that apply US GAAP have adopted Accounting Standards Update 2016-01: Recognition and Measurement of Financial Assets and Financial Liabilities (hereinafter referred to as "ASU 2016-01") issued by the Financial Accounting Standards Board from the beginning of the fiscal year 2019.

ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income or loss. In accordance with ASU 2016-01, the Company has recognized the changes in fair value for certain equity investments in net income or loss from the beginning of the fiscal year 2019, which were previously recognized in Other comprehensive income. The Company has reclassified Unrealized losses on available-for-sale securities (3,565 million yen) to Retained earnings at the beginning of the fiscal year 2019, and certain securities that were classified in Available-for-sale securities at the end of the fiscal year 2018 (65,355 million yen) have been included in Trading securities.

The impacts to Ordinary profit and Income before income taxes and non-controlling interests for the fiscal year 2019 are immaterial.

Notes to Consolidated Balance Sheet

*1. Accumulated depreciation of tangible fixed assets and advanced depreciation of tangible fixed assets, deducted from acquisition costs are as follows:

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Accumulated depreciation	**363,575**	366,231
Advanced depreciation of tangible fixed assets	**18,454**	18,607

*2. Securities of non-consolidated subsidiaries and affiliates, etc. are as follows:

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Securities (equity)	**163,753**	322,976
Securities (partnership)	**29,035**	33,364

*3. Amounts of loans to borrowers in bankruptcy are as follows:

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Loans to borrowers in bankruptcy	**19,589**	—
Loans past due	**36,625**	17,945
Loans past due for three months or more	**732**	11
Restructured loans	**—**	4
Total	**56,947**	17,960

Note: Loans are generally placed on non-accrual status when there is no expectation of the collection of the loans when loans are past due for a certain period or for other reasons (hereinafter referred to as "Non-accrual status loans"; any part of bad debt written-off is excluded). Loans to borrowers in bankruptcy represent Non-accrual status loans after a partial charge-off of claims is deemed uncollectible, which are defined in Article 96, paragraph 1, subparagraph 3 (a) to (e) (maximum amount transferable to allowance for doubtful accounts) and subparagraph 4 of the Enforcement Ordinance of the Corporation Tax Law (Ordinance No. 97, 1965).

Loans past due are Non-accrual status loans, other than Loans to borrowers in bankruptcy and loans on which interest payments are deferred in order to assist business restructuring or financial recovery of the borrowers.

Loans past due for three months or more are defined as loans on which any principal or interest payments are delayed for three months or more from the date following the due date. Loans classified as Loans to borrowers in bankruptcy and Loans past due are excluded.

Restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of the maturity date, forgiveness of debt) are granted to borrowers in financial difficulties to assist them in their corporate restructuring or financial recovery by improving their ability to repay creditors. Restructured loans do not include loans classified as Loans to borrowers in bankruptcy, Loans past due, or Loans past due for three months or more.

*4. The value of assets pledged as collateral and collateralized corresponding debt obligations are as follows:

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Assets pledged as collateral		
Bank deposits	**42,061**	42,170
Monetary receivables bought	**24,559**	20,089
Securities	**346,071**	302,309
Loans	**125,181**	13,345
Collateralized corresponding debt obligations		
Outstanding claims	**152,710**	149,562
Underwriting reserves	**166,587**	112,346
Other liabilities (foreign reinsurance accounts payable, etc.)	**73,658**	58,682

5. The fair value of securities and other instruments received from securities borrowing transactions with cash collateral which the Company has the right to dispose of by sale and rehypothecation is as follows:
They are wholly held by the Company.

(Yen in millions)

As of March 31, 2020	As of March 31, 2019
5,610	10,165

*6. Securities lent under loan agreements are as follows:

(Yen in millions)

As of March 31, 2020	As of March 31, 2019
1,978,262	454,358

*7. The outstanding balance of undrawn loan commitments is as follows:

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Total loan commitments	**955,147**	530,988
Balance of drawn loan commitments	**685,003**	383,059
Undrawn loan commitments	**270,144**	147,929

8. The amount of assets or liabilities in separate accounts as prescribed in Article 118 of the Insurance Business Act is as follows:

(Yen in millions)

As of March 31, 2020	As of March 31, 2019
123,242	141,276

9. Tokio Marine & Nichido guarantees the liabilities of the following subsidiary.

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Tokio Marine Compania de Seguros, S.A. de C.V.	**5,884**	17,592

*10. Subordinated term loans, included in Other liabilities, of which the repayment is subordinated to other obligations, are as follows:

(Yen in millions)

As of March 31, 2020	As of March 31, 2019
100,000	100,000

Notes to Consolidated Statement of Income

*1. Major components of business expenses are as follows:

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Agency commissions, etc.	**598,016**	577,592
Salaries	**303,785**	311,321

Note: Business expenses consist of Loss adjustment expenses, Operating and general administrative expenses, and Agency commissions and brokerage as shown in the accompanying consolidated statement of income.

*2. Other extraordinary gains for the fiscal year 2018 were reversal of impairment losses on leased assets of 202 million yen and gains on business transfer recognized by subsidiaries and affiliates of 83 million yen.

*3. The Company recognized impairment losses on the following assets:

FY2019 (April 1, 2019–March 31, 2020)

(Yen in millions)

Purpose of use	Category	Location	Impairment loss			
			Land	Building	Others	Total
Properties for business use (General business (nursing care business))	Buildings	3 properties, including buildings in Setagaya-ku, Tokyo	—	3	15	18
Properties for business use (General business (other business))	Buildings, goodwill and other intangible fixed assets	Fixtures attached to buildings in Yokohama-City, Kanagawa	—	24	3,117	3,141
Properties for rent	Land and buildings	2 properties, including buildings in Aizuwakamatsu-City, Fukushima	92	190	—	283
Idle properties or properties planned for sale	Land and buildings	6 properties, including buildings in Numazu-City, Shizuoka	242	1,159	—	1,401
Idle assets	Software	—	—	—	1,540	1,540
Total			335	1,377	4,673	6,386

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle properties, or properties planned for sale and properties for business use in general business (nursing care business) are grouped on an individual basis.

The total amount of projected future cash flows generated from general business (nursing care business) fell below the book values of the properties used for this business. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant property is calculated by discounting future cash flows at a rate of 6.0%.

The Company wrote off the excess of the book values over the recoverable amounts of Goodwill and Other intangible fixed assets arising from business acquisition classified as properties for business use in general business (other business), and recognized any such write-offs as impairment losses in Extraordinary losses, as the Company no longer expects to earn the profits assumed in the business plan. The recoverable amount of the relevant assets is determined by value in use and calculated by discounting future cash flows at a rate of 7.0%.

The Company wrote off the excess of the book values over the recoverable amount for properties for rent, mainly due to decline in property values, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant assets is the higher of the net sales price or value in use. Net sales price is the appraisal value by real estate appraisers less anticipated expenses for disposal of the relevant property.

The Company wrote off the excess of the book values over the recoverable amount for certain idle properties or properties planned for sale, mainly due to the decision to sell the properties, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount is the net sales price of each property. Net sales price is the appraisal value by real estate appraisers less anticipated expenses for disposal of the relevant property.

The Company wrote off the entire book value of idle assets that are not expected to be used in the future, and recognized any such write-offs as impairment losses in Extraordinary losses.

FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

Purpose of use	Category	Location	Impairment loss			
			Land	Building	Others	Total
Properties for business use (General business (nursing care business))	Land and buildings	3 properties, including buildings in Setagaya-ku, Tokyo	25	12	8	46
Properties for business use (General business (other business))	Buildings and other intangible fixed assets	Fixtures attached to buildings in Yokohama-City, Kanagawa	—	19	1,656	1,675
Idle properties or properties planned for sale	Land and buildings	4 properties, including training facilities in Inzai-City, Chiba	419	1,106	—	1,526
Total			445	1,138	1,664	3,248

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle properties, or properties planned for sale and properties for business use in general business (nursing care business) are grouped on an individual basis.

The total amount of projected future cash flows generated from general business (nursing care business) fell below the book values of the properties used for this business. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant property is calculated by discounting future cash flows at a rate of 6.0%.

The Company re-estimated its future cash flows regarding Other intangible fixed assets arising from business acquisition classified as properties for business use in general business (other business), since the sales continued to be lower than expected. As a result, the Company wrote off the excess of the book values over the recoverable amount of certain properties as the future cash flows are not expected to be realized as originally planned, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant assets is determined by value in use and calculated by discounting future cash flows at a rate of 7.0%.

The Company wrote off the excess of the book values over the recoverable amount for certain idle properties or properties planned for sale, mainly due to decline in property values, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount is the net sales price of each property. Net sales price is the appraisal value by real estate appraisers less anticipated expenses for disposal of the relevant property.

Notes to Consolidated Statement of Comprehensive Income

*** Reclassification adjustments and tax effects relating to Other comprehensive income**

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Unrealized gains (losses) on available-for-sale securities		
Amount arising during the year	**(254,362)**	(161,892)
Reclassification adjustment	**(96,639)**	(87,241)
Before tax effect adjustment	**(351,001)**	(249,133)
Tax effect	**106,656**	60,806
Unrealized gains (losses) on available-for-sale securities	**(244,344)**	(188,327)
Deferred gains (losses) on hedge transactions		
Amount arising during the year	**3,223**	244
Reclassification adjustment	**(1,285)**	(1,763)
Adjustments of asset acquisition cost	**—**	(361)
Before tax effect adjustment	**1,938**	(1,881)
Tax effect	**(543)**	524
Deferred gains (losses) on hedge transactions	**1,394**	(1,357)
Foreign currency translation adjustments		
Amount arising during the year	**(13,968)**	(61,990)
Reclassification adjustment	**—**	12,613
Foreign currency translation adjustments	**(13,968)**	(49,377)
Remeasurements of defined benefit plans		
Amount arising during the year	**(3,560)**	10,368
Reclassification adjustment	**4,279**	3,062
Before tax effect adjustment	**718**	13,430
Tax effect	**(174)**	(3,753)
Remeasurements of defined benefit plans	**544**	9,676
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	**(2,248)**	(3,498)
Reclassification adjustment	**(478)**	33
Share of other comprehensive income of affiliates accounted for by the equity method	**(2,726)**	(3,464)
Total other comprehensive income	**(259,100)**	(232,848)

Notes to Consolidated Statement of Changes in Shareholders' Equity

FY2019 (April 1, 2019–March 31, 2020)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2019	Increase during the fiscal year 2019	Decrease during the fiscal year 2019	Number of shares as of March 31, 2020
Issued stock				
Common stock	**710,000**	**—**	**8,000**	**702,000**
Total	**710,000**	**—**	**8,000**	**702,000**
Treasury stock				
Common stock	**3,443**	**8,886**	**8,199**	**4,129**
Total	**3,443**	**8,886**	**8,199**	**4,129**

Note: 1. The decrease of 8,000 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
2. The increase of 8,886 thousand shares of common stock is primarily attributable to the acquisition of 8,811 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
3. The decrease of 8,199 thousand shares of common stock is primarily attributable to the cancellation of 8,000 thousand shares of treasury stock.

2. Stock acquisition rights (including those owned by the Company)

Category	Nature of stock acquisition rights	Amount as of March 31, 2020 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	**2,545**

3. Dividends

(1) Amount of dividends

Resolution	Type of stock	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2019	**Common stock**	**63,590 million yen**	**90.00 yen**	**March 31, 2019**	**June 25, 2019**
Meeting of the Board of Directors held on November 19, 2019	**Common stock**	**91,292 million yen**	**130.00 yen**	**September 30, 2019**	**December 6, 2019**

Note: For dividends resolved at the meeting of the Board of Directors held on November 19, 2019, the amount of dividends per share consists of 95 yen of ordinary dividend and 35 yen of one-time dividend for the capital level adjustment.

(2) Dividends of which the record date falls within the fiscal year 2019, and the effective date falls after March 31, 2020

Resolution	Type of stock	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2020	**Common stock**	**66,297 million yen**	**Retained earnings**	**95.00 yen**	**March 31, 2020**	**June 30, 2020**

FY2018 (April 1, 2018–March 31, 2019)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2018	Increase during the fiscal year 2018	Decrease during the fiscal year 2018	Number of shares as of March 31, 2019
Issued stock				
Common stock	748,024	—	38,024	710,000
Total	748,024	—	38,024	710,000
Treasury stock				
Common stock	22,591	19,135	38,283	3,443
Total	22,591	19,135	38,283	3,443

Note: 1. The decrease of 38,024 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
2. The increase of 19,135 thousand shares of common stock is primarily attributable to the acquisition of 19,039 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
3. The decrease of 38,283 thousand shares of common stock is primarily attributable to the cancellation of 38,024 thousand shares of treasury stock.

2. Stock acquisition rights (including those owned by the Company)

Category	Nature of stock acquisition rights	Amount as of March 31, 2019 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	2,479

3. Dividends

(1) Amount of dividends

Resolution	Type of stock	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2018	Common stock	58,034 million yen	80.00 yen	March 31, 2018	June 26, 2018
Meeting of the Board of Directors held on November 19, 2018	Common stock	114,601 million yen	160.00 yen	September 30, 2018	December 11, 2018

Note: For dividends resolved at the meeting of the Board of Directors held on November 19, 2018, the amount of dividends per share consists of 90 yen of ordinary dividend and 70 yen of one-time dividend for the capital level adjustment.

(2) Dividends of which the record date falls within the fiscal year 2018, and the effective date falls after March 31, 2019

Resolution	Type of stock	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2019	Common stock	63,590 million yen	Retained earnings	90.00 yen	March 31, 2019	June 25, 2019

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents to the amounts disclosed in the consolidated balance sheet is provided as follows:

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Cash and bank deposits	**820,873**	851,657
Monetary receivables bought	**1,363,752**	1,468,952
Securities	**17,875,998**	16,502,611
Time deposits with initial term over three months to maturity	**(95,342)**	(92,183)
Monetary receivables bought not included in cash equivalents	**(1,255,686)**	(1,309,355)
Securities not included in cash equivalents	**(17,688,427)**	(16,398,340)
Cash and cash equivalents	**1,021,167**	1,023,342

*2. Cash flows from investing activities include cash flows arising from asset management relating to insurance business.

*3. Assets and liabilities of a newly consolidated subsidiary through the acquisition of shares

FY2019 (April 1, 2019–March 31, 2020)

The following table shows the main components of assets and liabilities assumed at the date of acquisition of Privilege Underwriters, Inc. ("Pure") and the connection between the acquisition cost of Pure and cash paid for the acquisition of shares (net of cash assumed).

(Yen in millions)

Total assets	**372,980**
Securities	**53,300**
Intangible fixed assets	**244,249**
Goodwill	**163,910**
Total liabilities	**(158,805)**
Insurance liabilities	**(45,980)**
Deferred tax liabilities	**(66,409)**
Non-controlling interests	**(22,127)**
Others	**(14,916)**
Acquisition cost of Pure shares	**341,041**
Foreign currency translation differences	**(1,014)**
Cash and cash equivalents held by Pure at the date of acquisition	**(9,347)**
Difference: Payments for the acquisition of Pure	**330,679**

FY2018 (April 1, 2018–March 31, 2019)

The following table shows the main components of assets and liabilities assumed at the date of acquisition of Safety Insurance Public Company Limited ("Safety") and the connection between the acquisition cost of Safety and cash paid for the acquisition of shares (net of cash assumed).

(Yen in millions)

Total assets	43,552
Cash and bank deposits	9,529
Securities	14,714
Goodwill	24,088
Total liabilities	(23,863)
Insurance liabilities	(16,313)
Others	(1,029)
Acquisition cost of Safety shares	42,747
Cash and cash equivalents held by Safety at the date of acquisition	(1,793)
Difference: Payments for the acquisition of Safety	40,953

*4. Assets and liabilities of subsidiaries that have been excluded from the scope of consolidation due to sales of shares

FY2018 (April 1, 2018–March 31, 2019)

The following table shows the main components of assets and liabilities at the date of sales of Tokio Millennium Re AG ("TMR") and Tokio Millennium Re (UK) Limited ("TMR (UK)") and the connection between the sales price and net proceeds from the sales of TMR and TMR (UK) shares.

(Yen in millions)

Total assets	550,726
Securities	247,615
Other assets	180,990
Total liabilities	(428,681)
Insurance liabilities	(326,876)
Unrealized gains (losses) on available-for-sale securities	3,274
Foreign currency translation adjustments	12,613
Losses on sales of investment in subsidiaries and affiliates	(22,504)
Others	2,269
Sales price of TMR and TMR (UK) shares	117,696
Securities received as contributions	(27,599)
Foreign exchange losses	(136)
Cash and cash equivalents that TMR and TMR (UK) held at the date of sales	(76,655)
Difference: Proceeds from sales of TMR and TMR (UK)	13,305

Segment Information

1. Segment information

(1) Outline of reportable segments

The Company, as a holding company that controls the Group's business, establishes basic policies about Group business management, formulates corporate strategies based on the surrounding business environment and promotes the Group's business activities. The Company classifies its operations into four segments following its corporate strategies: "Domestic non-life insurance", "Domestic life insurance", "International insurance" and "Financial and other".

"Domestic non-life insurance" primarily comprises underwriting of non-life insurance in Japan and related investments. "Domestic life insurance" primarily comprises underwriting of life insurance in Japan and related investments. "International insurance" primarily comprises underwriting of insurance overseas and related investments. In "Financial and other", the main businesses are investment advisory, investment trust services, staffing business, facility management business and nursing care services.

(2) Calculation of ordinary income, profit (loss), assets, liabilities and other items by reportable segments

The accounting treatment for reported operating segments is the same as described in "Significant accounting policies".

Segment profit is based on Ordinary profit. Ordinary income from transactions with other operating segments is based on prevailing market prices.

(3) Ordinary income, profit (loss), assets, liabilities and other items by reportable segments

FY2019 (April 1, 2019–March 31, 2020)

(Yen in millions)

	Reportable segments					Adjustments (Note 1)	Amounts shown on the consolidated financial statements (Note 2)
	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total		
Ordinary income							
Ordinary income from external customers	2,773,198	748,129	1,889,254	68,172	5,478,755	(13,322)	5,465,432
Ordinary income from transactions with other operating segments	9,304	16	1,992	27,506	38,819	(38,819)	—
Total	2,782,502	748,146	1,891,246	95,679	5,517,574	(52,141)	5,465,432
Segment profit	179,577	51,837	125,453	7,077	363,945	—	363,945
Segment assets	7,225,925	9,200,998	8,856,731	72,371	25,356,026	(102,060)	25,253,966
Other items							
Depreciation	12,221	344	47,345	1,011	60,921	—	60,921
Amortization of goodwill	96	—	53,416	368	53,882	—	53,882
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	138,874	109,201	267,153	63	515,293	(2,251)	513,041
Interest expenses	8,386	1,546	10,019	0	19,952	(1,012)	18,940
Equity in earnings (losses) of affiliates	—	—	(4,445)	—	(4,445)	—	(4,445)
Investments in affiliates accounted for by the equity method	—	—	99,729	—	99,729	—	99,729
Increase in tangible and intangible fixed assets	21,525	445	23,215	682	45,868	—	45,868

Note: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (13,322) million yen includes the transfer of Gains on derivatives of 11,296 million yen. This is included in Ordinary income of International insurance segment, while it is included in Losses on derivatives in the consolidated statement of income.
(2) "Adjustments" for Segment assets of (102,060) million yen is mainly to eliminate intersegment transactions.
(3) "Adjustments" for Other items is to eliminate intersegment transactions.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

	Reportable segments					Adjustments (Note 1)	Amounts shown on the consolidated financial statements (Note 2)
	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total		
Ordinary income							
Ordinary income from external customers	2,838,214	779,292	1,970,210	64,839	5,652,557	(175,837)	5,476,720
Ordinary income from transactions with other operating segments	8,903	86	1,839	27,316	38,145	(38,145)	—
Total	2,847,118	779,378	1,972,049	92,156	5,690,703	(213,983)	5,476,720
Segment profit	228,364	40,270	141,604	6,069	416,308	22	416,330
Segment assets	7,837,423	7,385,957	7,280,533	71,736	22,575,650	(44,248)	22,531,402
Other items							
Depreciation	11,052	311	47,189	1,178	59,732	—	59,732
Amortization of goodwill	96	—	49,154	368	49,620	—	49,620
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	133,133	101,421	259,740	79	494,374	(1,412)	492,962
Interest expenses	8,563	1,185	7,494	0	17,243	(203)	17,039
Equity in earnings (losses) of affiliates	—	—	(3,310)	—	(3,310)	—	(3,310)
Investments in affiliates accounted for by the equity method	—	—	112,394	—	112,394	—	112,394
Increase in tangible and intangible fixed assets	18,337	273	16,330	1,654	36,595	—	36,595

Note: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (175,837) million yen includes the transfer of Reversal of underwriting reserves of 170,995 million yen. This is included in Ordinary income of Domestic non-life insurance segment, while it is included in Provision for underwriting reserves in the consolidated statement of income.
(2) "Adjustments" for Segment profit of 22 million yen is mainly to eliminate intersegment transactions.
(3) "Adjustments" for Segment assets of (44,248) million yen is mainly to eliminate intersegment transactions.
(4) "Adjustments" for Other items is to eliminate intersegment transactions.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

2. Related information
FY2019 (April 1, 2019–March 31, 2020)
(1) Information by product and service

(Yen in millions)

	Non-Life insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	4,124,241	1,276,757	68,172	5,469,170	(3,737)	5,465,432

Note: "Adjustments" includes transfer of Gains/Losses on derivatives in the consolidated statement of income.

(2) Information by region
a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,463,350	1,285,603	728,532	5,477,486	(12,053)	5,465,432

Note: 1. The above figures are classified by country and region based on customer location.
2. "Adjustments" includes transfer of Gains/Losses on derivatives in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
255,317	59,899	315,216

(3) Information about major customers
None.

FY2018 (April 1, 2018–March 31, 2019)
(1) Information by product and service

(Yen in millions)

	Non-Life insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	4,241,055	1,320,449	64,839	5,626,344	(149,624)	5,476,720

Note: "Adjustments" includes transfer of Provision for underwriting reserves and Reversal of underwriting reserves in the consolidated statement of income.

(2) Information by region
a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,401,842	1,368,604	708,575	5,479,022	(2,302)	5,476,720

Note: 1. The above figures are classified by country and region based on customer location.
2. "Adjustments" includes transfer of Other underwriting income/expenses in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
249,533	43,723	293,257

(3) Information about major customers
None.

3. Impairment losses of fixed assets by reportable segments
FY2019 (April 1, 2019–March 31, 2020)

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total
Impairment losses	641	—	2,584	3,160	6,386

FY2018 (April 1, 2018–March 31, 2019)

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total
Impairment losses	1,069	—	457	1,722	3,248

4. Amortization and remaining balance of goodwill by reportable segments
FY2019 (April 1, 2019–March 31, 2020)
(1) Goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total
Amortization	96	—	53,416	368	53,882
Remaining balance as of March 31, 2020	296	—	531,599	1,537	533,432

(2) Negative goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total
Amortization	8,917	248	917	145	10,229
Remaining balance as of March 31, 2020	21,187	497	6,421	804	28,911

FY2018 (April 1, 2018–March 31, 2019)
(1) Goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total
Amortization	96	—	49,154	368	49,620
Remaining balance as of March 31, 2019	392	—	408,377	2,911	411,681

(2) Negative goodwill

(Yen in millions)

	Domestic non-life insurance	Domestic life insurance	International insurance	Financial and other	Total
Amortization	8,917	248	917	145	10,229
Remaining balance as of March 31, 2019	30,104	746	7,338	950	39,140

5. Gains on negative goodwill by reportable segments
None.

Related-party Transactions

There is no significant transaction to be disclosed.

Lease Transactions

Operating leases

Future lease payments related to non-cancelable operating leases

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
As lessee:		
Due within one year	**8,944**	8,934
Due after one year	**51,542**	45,209
Total	**60,486**	54,143
As lessor:		
Due within one year	**1,601**	1,643
Due after one year	**9,537**	9,557
Total	**11,138**	11,201

Deferred Tax Accounting

1. Major components of deferred tax assets and deferred tax liabilities

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Deferred tax assets		
Underwriting reserves	**350,720**	342,821
Net defined benefit liabilities	**70,320**	68,831
Outstanding claims	**59,689**	55,234
Reserve for price fluctuation	**32,957**	30,271
Impairment losses on securities	**23,126**	19,026
Net operating loss carry forward (Note)	**18,631**	19,125
Others	**110,478**	103,722
Subtotal	**665,923**	639,032
Valuation allowance on net operating loss carry forward (Note)	**(15,702)**	(16,121)
Valuation allowance on deducible temporary differences	**(30,162)**	(27,408)
Subtotal	**(45,864)**	(43,530)
Total deferred tax assets	**620,058**	595,502
Deferred tax liabilities		
Unrealized gains on available-for-sale securities	**(543,993)**	(645,722)
Unrealized gains on consolidated subsidiaries	**(186,801)**	(127,204)
Others	**(95,042)**	(87,869)
Total deferred tax liabilities	**(825,838)**	(860,796)
Net deferred tax assets (liabilities)	**(205,779)**	(265,294)

(Note) Schedule by expiration of net operating loss carry forward and the corresponding deferred tax assets

As of March 31, 2020

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Net operating loss carry forward (*)	**1,003**	**1,234**	**1,443**	**2,748**	**1,781**	**10,418**	**18,631**
Valuation allowance	**(1,003)**	**(1,234)**	**(1,443)**	**(2,748)**	**(1,781)**	**(7,489)**	**(15,702)**
Deferred tax assets	**—**	**—**	**—**	**0**	**—**	**2,928**	**2,929**

(*) The amounts of net operating loss carry forward are calculated by using statutory income tax rate.

As of March 31, 2019

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Net operating loss carry forward (*)	1,164	1,003	1,395	1,443	2,748	11,369	19,125
Valuation allowance	(1,164)	(1,003)	(1,234)	(1,443)	(2,748)	(8,526)	(16,121)
Deferred tax assets	—	—	160	—	—	2,842	3,003

(*) The amounts of net operating loss carry forward are calculated by using statutory income tax rate.

2. Reconciliation of the statutory income tax rate and the effective tax rate after the application of deferred tax accounting when there is a significant difference

(%)

	As of March 31, 2020	As of March 31, 2019
Japanese statutory tax rate	**30.6**	30.6
(Adjustments)		
Permanent differences such as dividends received	**(4.5)**	(4.4)
Permanent differences such as entertainment expenses	**0.9**	1.0
Tax rate applied to consolidated subsidiaries	**(4.9)**	(4.9)
Amortization of goodwill and negative goodwill	**3.8**	2.8
Valuation allowance	**0.7**	(0.5)
Impact of sales of investment in subsidiaries and affiliates	**—**	2.8
Others	**(0.4)**	1.1
Effective tax rate	**26.1**	28.5

Information on Financial Instruments

1. Qualitative information on financial instruments

(1) Investment policies

The core operation of the Group is its insurance business, and it invests utilizing the cash inflows mainly arising from insurance premiums. Therefore, the Group seeks to appropriately control risks based on the characteristics of insurance products primarily through ALM. We thereby aim to ensure stable, long-term earnings while realizing efficient management of liquidity.

Specifically, our approach entails controlling interest risks associated with insurance liabilities by utilizing interest rate swaps and other transactions while assuming a certain degree of credit risks by investing in bonds with high credit ratings. At the same time, we are endeavoring to ensure medium-to-long-term earnings by dispersing risks and diversifying management asset methods in Japan and overseas through the utilization of a wide range of products including foreign securities and alternative investments. Foreign exchange forwards and other derivative transactions are used to mitigate risks associated with the Company's asset portfolio. The Group also utilizes financial options as one of the ways to control risks related to variable annuities which guarantee minimum amounts of benefits which are not subject to the result of investment.

Through these approaches, the Group aims to increase investment income in order to maximize net asset value in the medium-to-long-term and maintain financial soundness.

With regard to financing, the Group issues corporate bonds and undertakes borrowings mainly to secure funds for investments. When financing is necessary, amounts and methodologies are determined based on the Group's cash flow status.

(2) Details of financial instruments and their risk

The Group holds financial instruments including equity securities, bonds, and other securities; loans and derivatives. These instruments are exposed to market risk, which refers to the risk of losses arising from fluctuations in stock prices, exchange rates, interest rates, and other market indicators. They are also exposed to credit risk, which refers to the risk of losses when the value of an investment declines or is lost due to deterioration in the financial condition of the debtor. Other risks to which these instruments are exposed include market liquidity risk, which refers to the risk of losses that may occur from being unable to make transactions due to disorderly market conditions or being forced to make transactions at extremely unfavorable prices.

Some currency risk is hedged through foreign exchange forwards, currency swaps and other such transactions. Hedge accounting is applied to some of these transactions.

Credit risk associated with derivative transactions includes the risk of losses when the counterparties fail to fulfill their obligations due to insolvency or for other reasons. In order to reduce such credit risk, netting arrangements may be used with financial institutions and other counterparties with whom there are frequent transactions. Also, interest rate risk associated with long-term insurance liabilities is hedged by interest rate swaps and other transactions for which hedge accounting is applied in some cases.

With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Significant Accounting Policies - 4. Accounting policies - (7) Hedge accounting".

(3) Risk management structure

(i) Market risk and credit risk management

Based on the "Investment risk management policy" established by the Board of Directors, Tokio Marine & Nichido executes risk management activities both quantitatively and qualitatively to control investment risk related to financial instruments, such as market risk and credit risk, at the risk management department, which is independent of trading departments.

In accordance with the policy, "Investment guidelines" are established, which set the rules for which instruments to invest in, risk limits, and actions to take when limits are exceeded for each segment set in the annual investment plan. Investment risk is quantitatively measured using VaR-like concepts. Compliance with the guidelines and investment risk and return are reported on a regular basis to directors.

Tokio Marine & Nichido appropriately manages credit risk by regularly monitoring the concentration and the status of issuers and borrowers using internal credit rating guidelines set by the "Guidelines for managing credit risk concentration".

In order to control individual investments, Tokio Marine & Nichido also executes pre-investment review and post-investment monitoring according to the "Review guidelines" and others.

Risk monitoring operations are regularly reported to the Board of Directors.

Other consolidated subsidiaries maintain risk management structures based on the aforementioned risks.

(ii) Liquidity risk management

The Group manages liquidity risk by controlling payment schedules and ensuring various ways of financing through treasury management by each consolidated subsidiary and by the Group as a whole.

(4) Supplementary information on fair value of financial instruments

The fair value of financial instruments is calculated in commonly used and recognized methodologies when market prices are not available. Such fair values are measured under certain assumptions, therefore they may differ under other assumptions.

2. Fair value of financial instruments

The table below shows carrying amounts shown on the consolidated balance sheet, fair value, and differences of financial instruments, excluding investment in non-consolidated subsidiaries and other instruments for which fair value cannot be measured reliably. (Refer to Note 2.)

As of March 31, 2020

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	**820,873**	**820,942**	**69**
(2) Receivables under resale agreements	**999**	**999**	**—**
(3) Receivables under securities borrowing transactions	**4,612**	**4,612**	**—**
(4) Monetary receivables bought	**1,363,752**	**1,363,752**	**—**
(5) Money trusts	**2,103**	**2,103**	**—**
(6) Securities			
Trading securities	**465,487**	**465,487**	**—**
Bonds held to maturity	**5,092,780**	**5,985,487**	**892,707**
Bonds earmarked for underwriting reserves	**1,859,815**	**1,870,691**	**10,876**
Available-for-sale securities	**10,133,026**	**10,133,026**	**—**
(7) Loans	**1,396,273**		
Allowance for doubtful accounts (*1)	**(3,052)**		
	1,393,221	**1,393,529**	**308**
Total financial assets	**21,136,673**	**22,040,634**	**903,960**
(1) Corporate bonds	**270,536**	**263,145**	**(7,391)**
(2) Payables under securities lending transactions	**1,620,178**	**1,620,178**	**—**
Total financial liabilities	**1,890,715**	**1,883,323**	**(7,391)**
Derivative assets and liabilities (*2)			
Hedge accounting not applied	**28,504**	**28,504**	**—**
Hedge accounting applied	**6,051**	**6,051**	**—**
Total derivative assets and liabilities	**34,555**	**34,555**	**—**

(*1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.
(*2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted. Net debits are shown in parentheses.

As of March 31, 2019

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	851,657	851,708	51
(2) Receivables under resale agreements	999	999	—
(3) Receivables under securities borrowing transactions	9,084	9,084	—
(4) Monetary receivables bought	1,468,952	1,468,952	—
(5) Money trusts	2,156	2,156	—
(6) Securities			
Trading securities	373,044	373,044	—
Bonds held to maturity	4,674,069	5,562,441	888,372
Bonds earmarked for underwriting reserves	377,030	397,151	20,120
Available-for-sale securities	10,615,751	10,615,751	—
(7) Loans	809,399		
Allowance for doubtful accounts (*1)	(2,845)		
	806,554	807,413	858
Total financial assets	19,179,300	20,088,703	909,402
(1) Corporate bonds	57,514	56,559	(955)
(2) Payables under securities lending transactions	197,623	197,623	—
Total financial liabilities	255,138	254,182	(955)
Derivative assets and liabilities (*2)			
Hedge accounting not applied	16,368	16,368	—
Hedge accounting applied	8,242	8,242	—
Total derivative assets and liabilities	24,610	24,610	—

(*1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.
(*2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted. Net debits are shown in parentheses.

(Note 1) Valuation method for financial instruments

Assets

With regard to (1) Cash and bank deposits (excluding those defined as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)), (2) Receivables under resale agreements, and (3) Receivables under securities borrowing transactions, the book value is generally deemed as the fair value since it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Regarding (4) Monetary receivables bought, (5) Money trusts and (6) Securities (including those in (1) Cash and bank deposits that are defined as securities in Accounting Standard for Financial Instruments) with quoted market prices, the quoted closing price is used for listed stock and the price of the over-the-counter transactions is used for bonds. For securities with no quoted market price, the net present value of the estimated future cash flows is applied as the fair value.

With regard to floating rate loans in (7) Loans, the book value is deemed as the fair value because the change in interest rate will be reflected in a timely manner in the future cash flows and the book value approximates the fair value as long as there are no significant changes in the credit status of the borrowers since the inception of the loans. For fixed rate loans, the fair value is measured as the net present value of estimated future cash flows. For loans of which borrowers are insolvent or in bankruptcy proceedings, the fair value is measured by deducting the estimated uncollectible debts from the carrying amount.

Liabilities

With regard to (1) Corporate bonds, the price of the over-the-counter transactions is the fair value.

With regard to (2) Payables under securities lending transactions, the book value is deemed as the fair value because it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Derivatives

Please refer to "Derivative Transactions".

(Note 2) Carrying amount shown on balance sheet of financial instruments for which fair value cannot be measured reliably

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Investment in non-consolidated subsidiaries, unlisted stock and partnership investments	321,277	459,104
Policy loans	127,827	122,767
Total	449,104	581,872

Investment in non-consolidated subsidiaries, unlisted stock and partnership investments are not included in (6) Securities, because the fair value cannot be measured reliably, as they have no quoted market price and the future cash flow cannot be estimated.

Policy loans are not included in (7) Loans, because the future cash flows cannot be estimated since policy loans are arranged under an insurance policy and the amount is limited to the repayment fund for cancellation with no contractual maturity.

(Note 3) Maturity analysis of financial assets

As of March 31, 2020

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	123,094	8,344	—	—
Monetary receivables bought	125,470	28,048	184,157	1,153,005
Securities				
Bonds held to maturity				
Domestic government bonds	17,800	67,500	349,000	4,356,729
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	152,500
Foreign securities	1,528	2,392	8,635	29,046
Bonds earmarked for underwriting reserves				
Domestic government bonds	—	—	—	1,611,700
Domestic municipal bonds	—	—	—	29,200
Domestic corporate bonds	—	—	—	191,500
Foreign securities	—	—	—	—
Available-for-sale securities with maturity				
Domestic government bonds	35,892	213,214	596,564	1,430,398
Domestic municipal bonds	1,700	57,075	30,055	21,068
Domestic corporate bonds	86,255	350,876	272,943	73,359
Foreign securities	120,939	539,978	724,495	1,497,917
Others	—	—	—	—
Loans (*)	297,310	809,534	126,464	165,833
Total	809,991	2,076,965	2,292,315	10,715,258

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (37 million yen), and loans with no repayment schedule (7,222 million yen) are not included above.

As of March 31, 2019

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	147,579	6,057	—	—
Monetary receivables bought	231,451	21,078	186,450	1,266,601
Securities				
Bonds held to maturity				
Domestic government bonds	21,100	37,300	340,300	4,015,729
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	128,500
Foreign securities	681	2,601	4,690	32,185
Bonds earmarked for underwriting reserves				
Domestic government bonds	6,596	5,275	763	294,545
Domestic municipal bonds	—	—	—	7,200
Domestic corporate bonds	—	—	—	45,500
Foreign securities	2,469	9,769	1,287	1,217
Available-for-sale securities with maturity				
Domestic government bonds	50,215	341,838	573,089	1,548,564
Domestic municipal bonds	4,190	40,327	46,670	21,288
Domestic corporate bonds	89,130	342,882	217,873	78,907
Foreign securities	90,077	554,396	753,438	1,497,798
Others	8	10	4	—
Loans (*)	249,989	518,734	32,280	4,819
Total	893,490	1,880,272	2,156,849	8,945,857

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (34 million yen), and loans with no repayment schedule (6,222 million yen) are not included above.

(Note 4) Maturity schedules for corporate bonds, long-term borrowings and obligations under lease transactions

As of March 31, 2020

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Corporate bonds	37,390	3,725	361	—	—	227,490
Long-term borrowings	319,258	32,868	49,849	—	—	100,000
Obligations under lease transactions	2,576	2,962	2,310	1,833	1,030	6,021
Total	359,225	39,555	52,521	1,833	1,030	333,511

As of March 31, 2019

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Corporate bonds	—	37,750	—	—	—	19,525
Long-term borrowings	—	325,206	33,300	44,400	—	100,000
Obligations under lease transactions	1,371	1,227	584	277	—	—
Total	1,371	364,183	33,884	44,677	—	119,525

Securities

1. Trading securities

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Unrealized gains (losses) included in income	31,176	51,208

2. Bonds held to maturity

(Yen in millions)

		As of March 31, 2020			As of March 31, 2019		
		Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)	Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)
Those with fair value exceeding the carrying amount	Domestic debt securities	4,377,309	5,291,043	913,733	4,092,382	5,013,944	921,561
	Foreign securities	41,434	45,557	4,123	20,973	21,496	522
	Subtotal	4,418,744	5,336,600	917,856	4,113,356	5,035,440	922,083
Those with fair value not exceeding the carrying amount	Domestic debt securities	673,813	648,663	(25,149)	541,476	508,118	(33,357)
	Foreign securities	223	223	—	19,236	18,882	(353)
	Subtotal	674,036	648,886	(25,149)	560,712	527,000	(33,711)
Total		5,092,780	5,985,487	892,707	4,674,069	5,562,441	888,372

3. Bonds earmarked for underwriting reserves

(Yen in millions)

		As of March 31, 2020			As of March 31, 2019		
		Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)	Carrying amount shown on balance sheet	Fair value	Unrealized gains (losses)
Those with fair value exceeding the carrying amount	Domestic debt securities	637,716	669,633	31,916	363,588	383,613	20,025
	Foreign securities	—	—	—	8,595	8,768	173
	Subtotal	637,716	669,633	31,916	372,183	392,382	20,198
Those with fair value not exceeding the carrying amount	Domestic debt securities	1,222,098	1,201,058	(21,040)	—	—	—
	Foreign securities	—	—	—	4,846	4,768	(78)
	Subtotal	1,222,098	1,201,058	(21,040)	4,846	4,768	(78)
Total		1,859,815	1,870,691	10,876	377,030	397,151	20,120

4. Available-for-sale securities

(Yen in millions)

		As of March 31, 2020			As of March 31, 2019		
		Fair value shown on balance sheet	Cost	Unrealized gains (losses)	Fair value shown on balance sheet	Cost	Unrealized gains (losses)
Those with fair value exceeding the cost	Domestic debt securities	3,186,381	2,769,396	416,984	3,763,498	3,302,105	461,392
	Domestic equity securities	1,881,839	459,550	1,422,288	2,344,866	554,813	1,790,052
	Foreign securities	3,111,673	2,860,620	251,052	2,889,655	2,747,548	142,107
	Others (Note2)	570,597	530,410	40,186	322,892	296,171	26,720
	Subtotal	8,750,490	6,619,978	2,130,512	9,320,912	6,900,639	2,420,273
Those with fair value not exceeding the cost	Domestic debt securities	465,720	469,360	(3,639)	124,160	125,274	(1,114)
	Domestic equity securities	74,568	82,976	(8,408)	38,299	43,694	(5,394)
	Foreign securities	1,395,451	1,475,784	(80,332)	1,436,148	1,485,964	(49,816)
	Others (Note3)	818,409	833,475	(15,066)	1,169,115	1,202,673	(33,558)
	Subtotal	2,754,149	2,861,596	(107,447)	2,767,724	2,857,607	(89,883)
Total		11,504,640	9,481,575	2,023,065	12,088,637	9,758,246	2,330,390

Note: 1. Available-for-sale securities whose fair value cannot be measured reliably are not included in the table above.
2. "Others" includes items as follows :
• Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
As of March 31, 2020 : fair value 560,000 million yen, cost 521,958 million yen, unrealized gains 38,041 million yen
As of March 31, 2019 : fair value 310,370 million yen, cost 285,081 million yen, unrealized gains 25,289 million yen
3. "Others" includes items as follows :
• Negotiable certificates of deposit which are presented as Cash and bank deposits on the consolidated balance sheet
As of March 31, 2020 : fair value 9,353 million yen, cost 9,353 million yen
As of March 31, 2019 : fair value 5,424 million yen, cost 5,424 million yen
• Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
As of March 31, 2020 : fair value 802,259 million yen, cost 816,814 million yen, unrealized losses (14,554) million yen
As of March 31, 2019 : fair value 1,157,090 million yen, cost 1,190,231 million yen, unrealized losses (33,141) million yen

5. Bonds held to maturity that were sold

None.

6. Bonds earmarked for underwriting reserves that were sold

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)			FY2018 (April 1, 2018–March 31, 2019)		
	Sale proceeds	Gains on sale	Losses on sale	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	1,659	108	—	2,279	103	—
Foreign securities	1,205	117	4	1,116	144	0
Total	2,865	226	4	3,395	247	0

7. Available-for-sale securities that were sold

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)			FY2018 (April 1, 2018–March 31, 2019)		
	Sale proceeds	Gains on sale	Losses on sale	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	1,011,952	21,003	1,750	276,180	2,526	1,214
Domestic equity securities	112,648	78,225	404	108,453	82,662	250
Foreign securities	819,478	43,169	10,564	1,042,227	35,438	17,502
Others	275,917	4,980	2,597	195,974	5,956	2,384
Total	2,219,997	147,379	15,315	1,622,835	126,584	21,351

Note: "Others" includes items as follows :
• Negotiable certificates of deposit which are presented as Cash and bank deposits on the consolidated balance sheet
Fiscal year 2019 : proceeds 34 million yen
Fiscal year 2018 : proceeds 3,809 million yen
• Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
Fiscal year 2019 : proceeds 275,883 million yen, gains 4,980 million yen, losses 2,597 million yen
Fiscal year 2018 : proceeds 190,113 million yen, gains 4,858 million yen, losses 2,384 million yen

8. Securities on which impairment losses were recognized

Impairment losses were recognized as follows :

• Available-for-sale securities with fair value

Fiscal year 2019: 30,060 million yen (Domestic equity securities 21,460 million yen, Foreign securities 5,053 million yen, Others 3,546 million yen)

Fiscal year 2018: 11,018 million yen (Domestic equity securities 4,322 million yen, Foreign securities 5,294 million yen, Others 1,401 million yen)

• Available-for-sale securities whose fair value cannot be measured reliably

Fiscal year 2019: 63 million yen (Domestic equity securities 63 million yen)

Fiscal year 2018: 218 million yen (Domestic equity securities 108 million yen, Foreign securities 110 million yen)

In principle, impairment loss on a security with fair value is recognized when the fair value is below its cost by 30% or more.

Money Trusts

1. Money trusts held for trading purposes

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Unrealized gains (losses) included in income	99	150

2. Money trusts held to maturity

None.

3. Money trusts other than those held to maturity or those held for trading purposes

None.

Derivative Transactions

"Principal amount" as shown in the tables is the nominal contract amount or notional principal amount of derivative transactions. The amount itself does not represent the market or credit risk of such derivative transactions.

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency-related instruments

(Yen in millions)

		As of March 31, 2020				As of March 31, 2019			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Currency futures								
	Short	1,927	—	—	—	1,903	—	—	—
	Long	873	—	—	—	122	—	—	—
Over-the-counter transactions	Foreign exchange forwards								
	Short	554,872	—	1,429	1,429	477,431	420	3,784	3,784
	Long	179,463	—	(75)	(75)	70,970	—	(366)	(366)
	Currency swaps								
	Pay foreign/Rec. yen	12,435	12,435	1,136	1,136	12,435	12,435	56	56
	Pay foreign/ Rec. foreign	45,008	—	(1,597)	(1,597)	18,932	—	(10)	(10)
Total		—	—	893	893	—	—	3,464	3,464

Note: 1. The fair value of currency futures is based on the closing prices in principal markets.
2. The fair value of foreign exchange forwards is mainly based on the prices calculated from forward markets or obtained from counterparties.
3. The fair value of currency swaps is mainly based on prices obtained from external vendors or the prices measured by discounting estimated future cash flows to present value.

(2) Interest rate-related instruments

(Yen in millions)

		As of March 31, 2020				As of March 31, 2019			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Interest rate futures								
	Short	17,341	—	—	—	272,780	162,370	(705)	(705)
	Long	1,737	—	—	—	2,061	—	—	—
Over-the-counter transactions	Interest rate swaps								
	Rec. fix/Pay float	1,510,149	1,439,332	131,746	131,746	1,251,600	1,173,768	112,273	112,273
	Rec. float/Pay fix	1,295,487	1,208,210	(117,720)	(117,720)	1,160,559	1,100,727	(97,005)	(97,005)
	Rec. float/Pay float	270,677	5,485	427	427	276,152	276,152	(349)	(349)
	Rec. fix/Pay fix	—	—	—	—	128	—	(142)	(142)
Total		—	—	14,453	14,453	—	—	14,071	14,071

Note: 1. The fair value of interest rate futures is based on the closing prices in principal markets.
2. The fair value of interest rate swaps is mainly measured by discounting estimated future cash flows to present value based on the interest rates at the end of period or is based on prices obtained from external vendors.

(3) Equity-related instruments

(Yen in millions)

		As of March 31, 2020				As of March 31, 2019			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Equity index futures								
	Short	6,977	—	(168)	(168)	14,337	—	(103)	(103)
	Long	2,179	—	—	—	1,355	—	(1)	(1)
Over-the-counter transactions	Equity index options								
	Short	111,722	—			145,488	—		
		[5,487]	[—]	14,241	(8,754)	[5,102]	[—]	929	4,172
	Long	163,099	3,000			213,915	4,500		
		[15,687]	[1,166]	29,829	14,141	[15,522]	[1,720]	3,171	(12,351)
Total		—	—	43,902	5,218	—	—	3,995	(8,283)

Note: 1. The fair value of equity index futures is based on the closing prices in principal markets.
2. The fair value of equity index options is mainly based on prices obtained from external vendors.
3. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(4) Bond-related instruments

(Yen in millions)

		As of March 31, 2020				As of March 31, 2019			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Bond futures								
	Short	5,112	—	(158)	(158)	136,101	—	(1,855)	(1,855)
	Long	152	—	0	0	38,180	—	292	292
Over-the-counter transactions	Bond over-the-counter options								
	Short	352,007	—			91,664	—		
		[2,312]	[—]	3,184	(872)	[310]	[—]	403	(93)
	Long	352,007	—			91,664	—		
		[2,231]	[—]	3,404	1,173	[338]	[—]	427	88
Total		—	—	6,430	142	—	—	(732)	(1,568)

Note: 1. The fair value of bond futures is based on the closing prices in principal markets.
2. The fair value of bond over-the-counter options is mainly based on prices obtained from external vendors.
3. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(5) Commodity-related instruments

(Yen in millions)

		As of March 31, 2020				As of March 31, 2019			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Commodity futures								
	Short	871	—	—	—	911	—	—	—
	Long	327	—	—	—	586	—	—	—
Total		—	—	—	—	—	—	—	—

Note: The fair value of commodity futures is based on the closing prices in principal markets.

(6) Others

(Yen in millions)

		As of March 31, 2020				As of March 31, 2019			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Over-the-counter transactions	Natural catastrophe derivatives								
	Short	30,313	16,121			30,929	6,519		
		[1,967]	[853]	2,145	(177)	[2,522]	[915]	1,269	1,253
	Long	19,000	15,000			19,000	4,000		
		[452]	[333]	23	(428)	[641]	[—]	(47)	(689)
	Weather derivatives								
	Short	13	—			19	—		
		[1]	[—]	0	0	[2]	[—]	2	0
	Others								
	Short	21,912	21,912			22,200	22,200		
		[2,519]	[2,519]	1,172	1,347	[2,553]	[2,553]	1,445	1,107
	Long	10,708	10,708			11,339	11,339		
		[1,133]	[1,133]	970	(163)	[1,148]	[1,148]	1,001	(147)
Total		—	—	4,313	578	—	—	3,670	1,524

Note: 1. The fair value of natural catastrophe derivatives is measured using an internal valuation model or based on option premiums.
2. The fair value of weather derivatives is measured considering weather conditions, terms of contracts, and other components.
3. The fair value of others is measured using an internal valuation model.
4. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency-related instruments

(Yen in millions)

		Hedged items	As of March 31, 2020 Principal amount	As of March 31, 2020 Over 1 year	As of March 31, 2020 Fair value	As of March 31, 2019 Principal amount	As of March 31, 2019 Over 1 year	As of March 31, 2019 Fair value
Deferred hedges	Foreign exchange forwards Short	Investment in subsidiaries	**237,105**	**—**	**(3,086)**	155,824	—	(1,021)
Fair value hedges	Foreign exchange forwards Short	Available-for-sale securities	**1,016,214**	**—**	**(6,565)**	842,663	—	(4,254)
	Currency swaps Pay foreign/Rec. yen	Available-for-sale securities	**12,632**	**11,678**	**(631)**	12,284	11,573	(582)
Assignment accounting	Currency swaps Pay foreign/Rec. yen	Bonds held to maturity	**12,316**	**12,316**	**(Note 3)**	12,316	12,316	(Note 3)
Total			**—**	**—**	**(10,284)**	—	—	(5,858)

Note: 1. The fair value of foreign exchange forwards to which deferred hedges and fair value hedges are applied is based on the prices in forward market.
2. The fair value of currency swaps to which fair value hedges is applied is mainly based on prices obtained from external vendors or the prices measured by discounting estimated future cash flows to present value.
3. The fair value of currency swaps to which assignment accounting is applied is included in the fair value of bonds held to maturity as it is accounted for with hedged items.

(2) Interest rate-related instruments

(Yen in millions)

		Hedged items	As of March 31, 2020 Principal amount	As of March 31, 2020 Over 1 year	As of March 31, 2020 Fair value	As of March 31, 2019 Principal amount	As of March 31, 2019 Over 1 year	As of March 31, 2019 Fair value
Deferred hedges	Interest rate swaps Rec. fix/Pay float	Insurance liabilities	**92,100**	**92,100**	**16,335**	134,600	134,600	14,100
Total			**—**	**—**	**16,335**	—	—	14,100

Note: The fair value of interest rate swaps is measured by discounting estimated future cash flows to present value based on the interest rates at the end of period.

Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of asset retirement obligations

Asset retirement obligations were recognized in connection with the restoration of certain leased sites to their original condition at the end of the lease term. In addition, asset retirement obligations were recognized in connection with the removal of hazardous substances from certain Company-owned properties.

2. Measurement of asset retirement obligations

In estimating asset retirement obligations, estimated useful lives of 7 to 50 years and discount rates of 0.0% to 2.3% are used.

3. Changes in balance

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Beginning balance	**4,602**	4,559
Addition by acquisitions	**17**	28
Unwinding of discount	**45**	45
Decrease by fulfillment of obligations	**(73)**	(16)
Other increases (decreases)	**32**	(13)
Ending balance	**4,624**	4,602

Retirement Benefits

1. Outline of retirement benefit plans

The Company and some consolidated subsidiaries have defined benefit plans and defined contribution plans.

Tokio Marine & Nichido has an unfunded lump-sum payment retirement plan covering substantially all employees. The corporate pension plan is a defined benefit corporate pension plan and a defined contribution pension plan. The benefits of the corporate pension plan and lump-sum payment retirement plan are based on the points which each employee acquired through service.

Additionally, some domestic consolidated subsidiaries have an employee retirement trust.

For the fiscal year 2019, some overseas consolidated subsidiaries terminated defined benefit pension plans.

2. Defined benefit plan

(1) Changes in retirement benefit obligations

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Beginning balance	**538,873**	535,858
Service costs	**19,413**	19,221
Interest costs	**3,852**	4,539
Actuarial (gains) losses arising in current year	**29,407**	5,690
Benefit payments	**(22,362)**	(23,107)
Past service costs (credits) arising in current year	**(16,646)**	20
Decrease due to partial termination of retirement benefit plans	**(9,059)**	—
Others	**154**	(3,348)
Ending balance	**543,633**	538,873

Note: Some companies use the simplified method in calculation of retirement benefit obligations.

(2) Changes in plan assets

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Beginning balance	**302,099**	288,470
Expected return on plan assets	**1,616**	2,644
Actuarial gains (losses) arising in current year	**9,219**	15,958
Employer contribution	**6,639**	7,223
Benefit payments	**(9,327)**	(9,425)
Decrease due to partial termination of retirement benefit plans	**(9,788)**	—
Others	**85**	(2,773)
Ending balance	**300,544**	302,099

(3) Reconciliation of retirement benefit obligations and plan assets with net defined benefit liabilities and assets

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Funded retirement benefit obligations	**310,764**	287,302
Plan assets	**(300,544)**	(302,099)
	10,220	(14,797)
Unfunded retirement benefit obligations	**232,868**	251,571
Asset ceiling adjustments	**166**	140
Net liabilities recognized on the balance sheet	**243,255**	236,915
Net defined benefit liabilities	**245,966**	254,430
Net defined benefit assets	**(2,710)**	(17,515)
Net liabilities recognized on the balance sheet	**243,255**	236,915

Note: "Asset ceiling adjustments" represents adjustments to reflect certain limits on the recording of net defined benefit assets at overseas consolidated subsidiaries applying the accounting standard Employee Benefits (IAS 19).

(4) Retirement benefit expenses

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Service costs	**19,413**	19,221
Interest costs	**3,852**	4,539
Expected return on plan assets	**(1,616)**	(2,644)
Amortization of actuarial losses (gains)	**4,169**	3,623
Amortization of past service costs (credits)	**75**	(544)
Others	**276**	8
Retirement benefit expenses	**26,171**	24,204

(5) Remeasurements of defined benefit plans included in Other comprehensive income
Remeasurements of defined benefit plans (before tax effect) consist of the following:

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Past service costs	**16,722**	(564)
Actuarial differences	**(16,049)**	13,916
Others	**45**	79
Total	**718**	13,430

(6) Remeasurements of defined benefit plans included in Accumulated other comprehensive income
Remeasurements of defined benefit plans (before tax effect) consist of the following:

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
Unrecognized past service costs (credits)	**(16,544)**	178
Unrecognized net actuarial losses (gains)	**30,381**	14,376
Total	**13,836**	14,555

(7) Plan assets
a. Components of plan assets
Percentages by major categories of plan assets are as follows:

(%)

	As of March 31, 2020	As of March 31, 2019
Debt securities	**93**	89
Equity securities	**1**	2
Cash and bank deposits	**0**	0
Life insurance company general accounts	**3**	6
Others	**2**	2
Total	**100**	100

Note: The retirement benefit trusts established for the corporate pension plan and the lump-sum payment retirement plan account for 2% of total plan assets as of March 31, 2020, and 2% of total plan assets as of March 31, 2019.

b. Calculation of long-term expected rate of return on plan assets
The long-term expected rate of return on plan assets is determined through consideration of present and expected allocation of plan assets and long-term expected rate of returns on the various types of assets in plan assets.

(8) Actuarial assumptions
Principal actuarial assumptions are as follows:

(%)

	As of March 31, 2020	As of March 31, 2019
Discount rate	**0.2–0.7**	0.1–0.7
Long-term expected rate of return on plan assets	**0.4–1.2**	0.6–1.5

3. Defined contribution pension plans

The contributions of the Company and its consolidated subsidiaries to the defined contribution pension plan are as follows:

(Yen in millions)

FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
8,369	8,175

Investment Property

1. Some consolidated subsidiaries own office buildings and land mainly in Tokyo, Osaka, and Nagoya, of which some properties are leased. The carrying amount shown on the consolidated balance sheet, its change during the year and the fair value at the end of the fiscal year of these investment properties are as follows:

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Carrying amount shown on balance sheet		
Beginning balance	**58,417**	60,366
Change during the year	**6,476**	(1,948)
Ending balance	**64,894**	58,417
Fair value at the end of the fiscal year	**155,629**	144,804

Note: 1. Carrying amount is the acquisition cost after the deduction of accumulated depreciation and accumulated impairment losses.
2. For the fiscal year 2019, the increase is mainly due to the acquisition of real estate properties of 8,737 million yen, the decrease is mainly due to depreciation of 1,726 million yen. For the fiscal year 2018, the decrease is mainly due to depreciation of 1,696 million yen.
3. Fair value at the end of the fiscal year is primarily based on appraisals by qualified independent valuers.

2. Income and expenses related to investment property are as follows:

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Rental income	**8,102**	8,153
Direct operating expenses	**5,984**	5,596
Net amount	**2,117**	2,557
Others (Gains and losses on disposal by sales, etc.)	**(1,296)**	(537)

Note: Rental income is included in Interest and dividends. Direct operating expenses such as depreciation, repairs and maintenance, insurance costs, and taxes are included in Operating and general administrative expenses. Others, such as gains and losses on disposal by sales and impairment losses, is included in Extraordinary gains or Extraordinary losses.

Stock Options

1. Expenses related to stock options on the consolidated statement of income

(Yen in millions)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Loss adjustment expenses	**158**	140
Operating and general administrative expenses	**640**	598

2. Details of stock options

(1) Details of stock options

	Stock options (July 2019)	Stock options (July 2018)	Stock options (July 2017)
Title and number of grantees (Note 1)	Directors of the Company: 12 Executive officers of the Company: 13 Directors of the Company's consolidated subsidiaries: 17 Executive officers of the Company's consolidated subsidiaries: 52	Directors of the Company: 13 Executive officers of the Company: 17 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 49	Directors of the Company: 13 Executive officers of the Company: 12 Directors of the Company's consolidated subsidiaries: 15 Executive officers of the Company's consolidated subsidiaries: 51
Number of stock options (Note 2)	Common stock: 160,100 shares	Common stock: 160,400 shares	Common stock: 159,900 shares
Grant date	July 9, 2019	July 10, 2018	July 11, 2017
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 10, 2019 to June 30, 2020	From July 11, 2018 to June 30, 2019	From July 12, 2017 to June 30, 2018
Exercise period (Note 5)	From July 10, 2019 to July 9, 2049	From July 11, 2018 to July 10, 2048	From July 12, 2017 to July 11, 2047

	Stock options (July 2016)	Stock options (July 2015)	Stock options (July 2014)
Title and number of grantees (Note 1)	Directors of the Company: 11 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 51	Directors of the Company: 10 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 46	Directors of the Company: 10 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 34
Number of stock options (Note 2)	Common stock: 178,400 shares	Common stock: 160,000 shares	Common stock: 193,800 shares
Grant date	July 12, 2016	July 14, 2015	July 8, 2014
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 13, 2016 to June 30, 2017	From July 15, 2015 to June 30, 2016	From July 9, 2014 to June 30, 2015
Exercise period (Note 5)	From July 13, 2016 to July 12, 2046	From July 15, 2015 to July 14, 2045	From July 9, 2014 to July 8, 2044

	Stock options (July 2013)	Stock options (July 2012)	Stock options (July 2011)
Title and number of grantees (Note 1)	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 30	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 24 Executive officers of the Company's consolidated subsidiaries: 30	Directors of the Company: 11 Executive officers of the Company: 7 Directors of the Company's consolidated subsidiaries: 22 Executive officers of the Company's consolidated subsidiaries: 31
Number of stock options (Note 2)	Common stock: 202,100 shares	Common stock: 262,500 shares	Common stock: 222,100 shares
Grant date	July 9, 2013	July 10, 2012	July 12, 2011
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 10, 2013 to June 30, 2014	From July 11, 2012 to June 30, 2013	From July 13, 2011 to June 30, 2012
Exercise period (Note 5)	From July 10, 2013 to July 9, 2043	From July 11, 2012 to July 10, 2042	From July 13, 2011 to July 12, 2041

	Stock options (July 2010)	Stock options (July 2009)	Stock options (August 2008)
Title and number of grantees (Note 1)	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 22 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 5 Directors of the Company's consolidated subsidiaries: 23 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32	Directors of the Company: 13 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 26 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 27
Number of stock options (Note 2)	Common stock: 238,600 shares	Common stock: 213,300 shares	Common stock: 122,100 shares
Grant date	July 13, 2010	July 14, 2009	August 26, 2008
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	From July 14, 2010 to June 30, 2011	From July 15, 2009 to June 30, 2010	From August 27, 2008 to June 30, 2009
Exercise period (Note 5)	From July 14, 2010 to July 13, 2040	From July 15, 2009 to July 14, 2039	From August 27, 2008 to August 26, 2038

	Stock options (July 2007)	Stock options (July 2006)	Stock options (July 2005)
Title and number of grantees (Note 1)	Directors of the Company: 12 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 19 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 8 Executive officers of the Company's consolidated subsidiaries: 21	Directors of the Company: 7 Audit & Supervisory Board Members of the Company: 2 Directors of the Company's consolidated subsidiaries: 17 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 3 Executive officers of the Company's consolidated subsidiaries: 27	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 15 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 5 Executive officers of the Company's consolidated subsidiaries: 27
Number of stock options (Note 2)	Common stock: 86,700 shares	Common stock: 97,000 shares	Common stock: 155,000 shares
Grant date	July 23, 2007	July 18, 2006	July 14, 2005
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	From July 24, 2007 to June 30, 2008	From July 19, 2006 to June 30, 2007	From July 15, 2005 to June 30, 2006
Exercise period (Note 5)	From July 24, 2007 to July 23, 2037	From July 19, 2006 to July 18, 2036	From July 15, 2005 to June 30, 2035

Note: 1. The number of directors of the Company's consolidated subsidiaries and executive officers of the Company's consolidated subsidiaries exclude those concurrently serving as directors of the Company and executive officers of the Company.
2. The number of stock options is converted into the number of equivalent shares.
3. Stock options are vested on the grant date. If directors, executive officers, or Audit & Supervisory Board Members of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
4. Stock options are vested on the grant date. If directors or executive officers of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
5. Stock options can only be exercised within ten days from the day following the retirement or resignation from the position of directors, executive officers, or Audit & Supervisory Board Members of the Company or the Company's consolidated subsidiaries.

(2) Figures relating to stock options

The number of stock options that existed in the fiscal year 2019 is converted into the number of equivalent shares and listed.

(a) Number of stock options

	Stock options (July 2019)	Stock options (July 2018)	Stock options (July 2017)	Stock options (July 2016)	Stock options (July 2015)	Stock options (July 2014)
Stock options before vesting (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	34,200	—	—	—	—
Granted	160,100	—	—	—	—	—
Forfeited	—	6,700	—	—	—	—
Vested	126,300	27,500	—	—	—	—
Outstanding at the end of the year	33,800	—	—	—	—	—
Exercisable stock options (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	123,500	125,200	119,500	72,100	62,800
Vested	126,300	27,500	—	—	—	—
Exercised	—	29,000	31,100	34,400	20,500	20,300
Forfeited	—	—	—	—	—	—
Outstanding at the end of the year	126,300	122,000	94,100	85,100	51,600	42,500

	Stock options (July 2013)	Stock options (July 2012)	Stock options (July 2011)	Stock options (July 2010)	Stock options (July 2009)	Stock options (August 2008)
Stock options before vesting (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	—
Outstanding at the end of the year	—	—	—	—	—	—
Exercisable stock options (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	37,300	30,500	22,200	14,300	11,800	4,700
Vested	—	—	—	—	—	—
Exercised	14,200	10,000	7,500	10,400	9,200	3,500
Forfeited	—	—	—	—	—	—
Outstanding at the end of the year	23,100	20,500	14,700	3,900	2,600	1,200

	Stock options (July 2007)	Stock options (July 2006)	Stock options (July 2005)
Stock options before vesting (converted into the number of equivalent shares)			
Outstanding at the beginning of the year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding at the end of the year	—	—	—
Exercisable stock options (converted into the number of equivalent shares)			
Outstanding at the beginning of the year	3,500	2,000	2,500
Vested	—	—	—
Exercised	3,200	2,000	2,500
Forfeited	—	—	—
Outstanding at the end of the year	300	—	—

Note: On September 30, 2006, the Company conducted a share split in the ratio of 500:1. The above numbers are presented on an after share split basis.

(b) Price information

(Yen)

	Stock options (July 2019)	Stock options (July 2018)	Stock options (July 2017)	Stock options (July 2016)	Stock options (July 2015)
Exercise price (Note)	100	100	100	100	100
Average share price at exercise	—	5,432	5,432	5,432	5,430
Fair value on the grant date	523,700	500,700	455,100	337,700	500,800

	Stock options (July 2014)	Stock options (July 2013)	Stock options (July 2012)	Stock options (July 2011)	Stock options (July 2010)
Exercise price (Note)	100	100	100	100	100
Average share price at exercise	5,430	5,425	5,422	5,422	5,422
Fair value on the grant date	310,800	332,600	181,900	219,500	234,400

	Stock options (July 2009)	Stock options (August 2008)	Stock options (July 2007)	Stock options (July 2006)	Stock options (July 2005)
Exercise price (Note)	100	100	100	500	500
Average share price at exercise	5,422	5,422	5,422	5,422	5,422
Fair value on the grant date	237,600	353,300	491,700	2,013,506	—

Note: Exercise price per one stock option

3. Valuation technique used for the estimated fair value of stock options

The valuation technique used for the estimated fair value of stock options granted in July 2019 in the fiscal year 2019 is as follows:

(1) Valuation technique: Black-Scholes Model

(2) Assumptions

	Stock options (July 2019)
Expected volatility (Note 1)	19.91%
Expected lives (Note 2)	2 years
Expected dividends (Note 3)	205.00 yen per share
Risk-free interest rate (Note 4)	(0.20)%

Note: 1. Calculated based on the share prices from July 10, 2017 to July 9, 2019
2. Calculated based on the average period of service of directors
3. Calculated based on the average amount of annual dividends paid in the fiscal year 2018 and the fiscal year 2019
4. Based on yields of Japanese government bonds for a term corresponding to the expected lives

4. Estimate of vested number of stock options

Only the actual number of forfeited stock options is considered because of the difficulty in rationally estimating the number of stock options that will be forfeited in the future.

Per Share Information

(Yen)

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Net assets per share	**4,832.05**	5,058.66
Net income per share–Basic	**369.74**	383.01
Net income per share–Diluted	**369.45**	382.69

Note: Calculations of "Net income per share–Basic" and "Net income per share–Diluted" are based on the following figures.

	FY2019 (April 1, 2019–March 31, 2020)	FY2018 (April 1, 2018–March 31, 2019)
Net income per share–Basic		
Net income attributable to owners of the parent (Yen in millions)	**259,763**	274,579
Amount not attributable to common shareholders (Yen in millions)	**—**	—
Net income attributable to owners of the parent related to common stock (Yen in millions)	**259,763**	274,579
Average number of shares outstanding (In thousand shares)	**702,541**	716,886
Net income per share–Diluted		
Adjustment of net income attributable to owners of the parent (Yen in millions)	**—**	—
Increased number of common stock (In thousand shares)	**565**	601
Increased number of stock acquisition rights (In thousand shares)	**565**	601

Business Combinations and Other Matters

Business combination by acquisition

The Company acquired 100% of the outstanding shares of Privilege Underwriters, Inc. ("Pure"), providing insurance products and services specialized in the U.S. High Net Worth insurance market through the Company's wholly owned subsidiary, HCC Insurance Holdings, Inc. ("HCC").

(1) Outline of the business combination

a. Name of the acquiree
Privilege Underwriters, Inc.

b. Business
Holding company of a management company, an insurance company, etc.

c. Objective of the business combination
The acquisition will allow Tokio Marine Group to enhance capital efficiency and realize sustainable profit growth by further expansion of our international business in both scale and profit as well as further diversification of our business portfolio, following the acquisition of the stable fee-based business with low capital intensity and with limited overlap and high degree of complementarity with our existing U.S. business.

d. Date of the business combination
February 7, 2020

e. Form of the business combination
Share purchase of which the consideration is cash

f. Company name after the business combination
Privilege Underwriters, Inc.

g. Voting rights acquired through the business combination
100%

h. Primary reasons for determination of controlling company
HCC is the controlling company, as HCC acquired 100% of voting rights of Pure.

(2) Period for which the acquiree's operating results are included in the consolidated statement of income of the Company

As the Company uses the acquiree's financial statements as of the date of the business combination for consolidation purposes, the acquiree's operating results are not included in the consolidated statement of income for the fiscal year 2019.

(3) Acquisition cost and breakdown by class of consideration

Consideration for Pure's shares acquired	Cash	341,041 million yen
Acquisition cost		341,041 million yen

(4) Description and amount of major acquisition-related cost

Advisory fee and others 2,310 million yen

(5) Amount, reason for recognition, period and method of amortization of goodwill

a. Amount of goodwill
163,910 million yen

b. Reason for recognition of goodwill
The acquisition cost of the acquiree, which was calculated by taking into account projections of the acquiree's future revenue as of the valuation date, exceeded the net amount of assets acquired and liabilities assumed, and the difference is recognized as goodwill.

c. Period and method of amortization of goodwill
15 years using the straight-line method

(6) Amount of assets acquired and liabilities assumed on the date of the business combination and its main components

Total assets:	372,980 million yen
Investment securities	53,300 million yen
Intangible fixed assets	244,249 million yen
Total liabilities:	158,805 million yen
Insurance liabilities	45,980 million yen
Deferred tax liabilities	66,409 million yen

(7) Amounts allocated to intangible fixed assets other than goodwill, breakdown by component and weighted average amortization period by component

Total amount allocated to intangible fixed assets other than goodwill:	242,639 million yen
Policyholder Relationships	111,751 million yen (15 years)
Broker Relationships	96,412 million yen (15 years)

(8) Allocation of acquisition cost

The Company provisionally accounted for the business combination based on relevant information available as of March 31, 2020, because the purchase price allocation has not been completed within a short period from the date of the business combination.

(9) Approximate impact on the consolidated statement of income and its calculation methods, assuming that the business combination took place on the first day of the fiscal year 2019

Ordinary income	58,750 million yen
Ordinary profit	(31,772) million yen
Net income attributable to owners of the parent	(22,966) million yen

(Calculation methods for approximate impact)

These amounts of approximate impact represent the difference between the hypothetical amounts of Ordinary income, Ordinary profit and Net income attributable to owners of the parent calculated assuming that the business combination was completed at the beginning of the fiscal year 2019, and their corresponding amounts on consolidated statement of income of the Company for the fiscal year 2019. The amortized amount of intangible fixed assets (incl. goodwill) is included in the calculation by assuming that the entire intangible fixed assets arising from the business combination was recognized at the beginning of the fiscal year 2019.

These amounts of the approximate impact and its calculation methods have been unaudited.

Subsequent Events

Not applicable.

Supplementary Schedule

(Schedule of corporate bonds)

Issuer	Series	Issue date	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon (%)	Collateral	Maturity date
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4th Unsecured Bond	Sep. 20, 2000	10,000	10,000 [10,000]	2.78	N/A	Sep. 18, 2020
	First series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	Dec. 24, 2019	—	200,000	0.96	N/A	Dec. 24, 2079
	FX Linked Coupon Bond	Aug. 9, 2007	100	100	0.00	N/A	Aug. 10, 2037
Delphi Financial Group, Inc.	Subordinated Bond in USD	May. 23, 2007	19,011 (USD 171,273 thousand)	18,781 (USD 171,423 thousand)	5.10–5.87	N/A	May 1, 2067
	Straight Bond in USD	Jan. 20, 2010	28,403 (USD 255,887 thousand)	27,441 (USD 250,473 thousand) [27,441]	7.88	N/A	Jan. 31, 2020
Privilege Underwriters Reciprocal Exchange	Surplus Note	Jun. 13, 2007 to Jan. 18, 2018	—	14,213 (USD 129,735 thousand)	1.92–9.50	N/A	Jul. 31, 2021 to Jan. 18, 2028
Total		—	57,514	270,536 [37,441]	—	—	—

Note: 1. The figures denoted with ( ) in the columns for beginning balance and ending balance are the amounts denominated in foreign currency.
2. The figures denoted with [ ] in the columns for ending balance are the amounts of corporate bonds to be redeemed within 1 year.
3. Principal amounts to be redeemed within 5 years after the closing date are as follows:

(Yen in millions)

Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
37,390	3,725	361	—	—

(Schedule of borrowings)

	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Average interest rate (%)	Maturity date
Short-term borrowings	24,975	5,695	2.8	—
Long-term borrowings to be repaid within 1 year	—	319,446	1.9	—
Obligations under lease transactions to be repaid within 1 year	1,213	2,324	5.0	—
Long-term borrowings other than those to be repaid within 1 year	503,355	182,689	1.7	Sep. 7, 2021 to Nov. 30, 2043
Obligations under lease transactions other than those to be repaid within 1 year	1,945	12,911	3.1	Jan. 1, 2021 to Oct. 6, 2031
Total	531,489	523,067	—	—

Note: 1. Average interest rate is calculated based on the interest rate as of the end of the fiscal year and the outstanding principal amount.
2. The above amount is included in Other liabilities in the consolidated balance sheet.
3. Repayment schedule of long-term borrowings and lease obligations to be repaid within 5 years (excluding the amount to be repaid within 1 year) after the closing date is as follows:

(Yen in millions)

	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
Long-term borrowings	32,868	49,849	—	—
Lease obligations	2,962	2,310	1,833	1,030

(Schedule of asset retirement obligations)

Detailed information is omitted due to its immateriality.

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tokio Marine Holdings, Inc.

Opinion
We have audited the consolidated financial statements of Tokio Marine Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.
Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

PricewaterhouseCoopers Aarata LLC
Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
T: +81 (3) 6212 6800, F: +81 (3) 6212 6801, www.pwc.com/jp/assurance

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan
Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masahiko Nara

Masahiko Nara
Designated Engagement Partner
Certified Public Accountant

August 7, 2020

Solvency Margin Ratio (Unaudited)

Sufficiency of solvency of insurance holding company and its subsidiaries, etc. to fulfill payment obligations such as insurance claims

Tokio Marine Holdings' solvency margin ratio (consolidated)

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
(A) Total amount of solvency margin	5,064,907	5,284,950
Shareholders' equity less adjusting items	891,439	1,154,895
Reserve for price fluctuation	118,071	108,457
Contingency reserve	57,854	56,705
Catastrophe loss reserve	972,525	1,041,011
General allowance for doubtful accounts	1,973	2,075
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	1,838,462	2,098,278
Unrealized gains (losses) on land	250,588	235,371
Total amount of unrecognized actuarial difference and unrecognized prior service costs before tax effect deductions	(14,213)	(14,896)
Excess of premium reserve, etc.	312,273	319,977
Subordinated debt, etc.	300,000	100,000
Amounts within "Excess of premium reserve, etc." and "Subordinated debt, etc." not calculated into the margin	—	—
Total margin of Small Amount and Short Term Insurers	299	215
Deductions	178,267	317,751
Others	513,898	500,611
(B) Total amount of risks $\sqrt{(\sqrt{(R_1^2+R_2^2)}+R_3+R_4)^2+(R_5+R_6+R_7)^2}+R_8+R_9$	1,197,647	1,237,259
General insurance risk on non-life insurance contracts (R_1)	367,085	350,053
Life insurance risk (R_2)	31,391	31,507
Third sector insurance risk (R_3)	43,714	46,925
Insurance risk of Small Amount and Short Term Insurers (R_4)	9	8
Assumed interest rate risk (R_5)	24,747	26,079
Minimum guarantee risk on life insurance contracts (R_6)	2,501	2,439
Asset management risk (R_7)	765,263	818,629
Business administration risk (R_8)	30,178	30,916
Catastrophe risk on non-life insurance contracts (R_9)	274,192	270,188
(C) Solvency margin ratio on a consolidated basis [(A)/{(B) × 1/2}] ×100	845.8%	854.2%

Note: "Solvency margin ratio on a consolidated basis" is calculated in accordance with Article 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 issued by the Financial Services Agency in 2011.

Solvency margin ratio (consolidated)

1. Most subsidiaries in Tokio Marine Group engage in non-life insurance business, life insurance business and Small Amount and Short Term insurance business. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance groups to maintain sufficient solvency in order to cover risks that exceed normal estimates, e.g. occurrences of a major catastrophe, or a significant decline in value of assets held by insurance groups.

2. (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance company groups in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates) which is calculated in accordance with the Insurance Business Act.

3. "Risks that exceed normal estimates" is composed of risks described below.
   (1) General insurance risk on non-life insurance contracts, life insurance risk, third sector insurance risk and insurance risk of Small Amount and Short Term Insurers: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk on non-life insurance contracts.
   (2) Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.
   (3) Minimum guarantee risk on life insurance contracts: risk that value of assets related to the minimum guarantee for benefits of insurance contracts, which are managed as a separate account, fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.
   (4) Asset management risk: risk that the prices of retained securities and other assets fluctuate in excess of normal estimates.
   (5) Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
   (6) Catastrophe risk on non-life insurance contracts: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan Typhoon or overseas major catastrophe occurs.

4. Subsidiaries that were excluded from the scope of consolidation in preparation of the consolidated financial statements due to immateriality were included within the calculation of the consolidated solvency margin ratio.

5. Solvency of insurance company groups in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. price fluctuation reserve, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land, etc.

6. Solvency margin ratio on a consolidated basis is one of the objective indicators used by the regulatory authority to supervise corporate groups headed by an insurance holdings company. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Sufficiency of solvency of major domestic subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Fire Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
(A) Total amount of solvency margin	4,681,376	4,891,588
Shareholders' equity less adjusting items	1,383,131	1,345,853
Reserve for price fluctuation	102,874	96,859
Contingency reserve	6,213	5,449
Catastrophe loss reserve	913,540	979,088
General allowance for doubtful accounts	196	240
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	1,424,499	1,840,342
Unrealized gains (losses) on land	230,253	216,476
Excess of policyholders' contract deposits	—	—
Subordinated debt, etc.	200,000	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	—	—
Deductions	—	—
Others	420,667	407,277
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	1,148,493	1,185,150
General insurance risk (R_1)	192,865	184,654
Third sector insurance risk (R_2)	—	—
Assumed interest rate risk (R_3)	18,765	20,092
Asset management risk (R_4)	933,404	963,630
Business administration risk (R_5)	25,922	26,522
Catastrophe risk (R_6)	151,065	157,725
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	815.2%	825.4%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency Margin Ratio (Unaudited)

Solvency margin ratio (non-consolidated)

1. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover risks that exceed normal estimates, e.g. occurrences of a major catastrophe, a significant decline in value of assets held by insurance companies.

2. (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance companies in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates), which is calculated in accordance with the Insurance Business Act.

3. "Risks that exceed normal estimates" is composed of risks described below.
   (1) (General) insurance risk, third sector insurance risk: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk.
   (2) Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.
   (3) Minimum guarantee risk: risk that value of assets related to the minimum guarantee for benefits of insurance contracts, which are managed as a separate account, fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.
   (4) Asset management risk: risk that prices of retained securities and other assets fluctuate in excess of normal estimates.
   (5) Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
   (6) Catastrophe risk: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan typhoon occurs.

4. Solvency of insurance companies in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. reserve for price fluctuation, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land, etc.

5. Solvency margin ratio is one of the objective indicators used by the regulators to supervise insurance companies. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Solvency margin ratio (non-consolidated) for Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
(A) Total amount of solvency margin	**144,640**	155,193
Shareholders' equity less adjusting items	**51,999**	48,241
Reserve for price fluctuation	**1,732**	1,516
Contingency reserve	**—**	—
Catastrophe loss reserve	**57,981**	60,962
General allowance for doubtful accounts	**51**	3
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**27,604**	41,414
Unrealized gains (losses) on land	**1,902**	1,150
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**3,368**	1,903
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	**25,936**	25,443
General insurance risk (R_1)	**13,598**	12,807
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**874**	928
Asset management risk (R_4)	**10,371**	12,488
Business administration risk (R_5)	**649**	649
Catastrophe risk (R_6)	**7,640**	6,245
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**1,115.3%**	1,219.9%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for E. design Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
(A) Total amount of solvency margin	**8,401**	10,029
Shareholders' equity less adjusting items	**7,397**	9,069
Reserve for price fluctuation	**—**	—
Contingency reserve	**—**	—
Catastrophe loss reserve	**1,004**	960
General allowance for doubtful accounts	**0**	—
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**—**	—
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	**4,585**	4,610
General insurance risk (R_1)	**4,115**	3,987
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**—**	—
Asset management risk (R_4)	**450**	453
Business administration risk (R_5)	**145**	146
Catastrophe risk (R_6)	**300**	450
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**366.4%**	435.1%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
(A) Total amount of solvency margin	**848,903**	848,530
Shareholders' equity less adjusting items	**158,605**	142,745
Reserve for price fluctuation	**13,464**	10,080
Contingency reserve	**51,641**	51,255
General allowance for doubtful accounts	**407**	462
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions × 90%	**240,250**	264,631
Unrealized gains (losses) on land × 85%	**—**	—
Excess of continued Zillmerized reserve	**312,273**	319,977
Subordinated debt, etc.	**100,000**	100,000
Amounts within "Excess of continued Zillmerized reserve" and "Subordinated debt, etc." not calculated into the margin	**(117,601)**	(132,053)
Deductions	**—**	—
Others	**89,862**	91,430
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	**111,964**	82,235
Insurance risk (R_1)	**16,672**	16,661
Third sector insurance risk (R_8)	**6,472**	6,248
Assumed interest rate risk (R_2)	**5,107**	5,059
Minimum guarantee risk (R_7)	**2,501**	2,439
Asset management risk (R_3)	**99,277**	69,400
Business administration risk (R_4)	**2,600**	1,996
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**1,516.3%**	2,063.6%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine Millea SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
(A) Total amount of solvency margin	**1,495**	1,485
Total net assets excluding deferred assets, etc.	**1,413**	1,400
Reserve for price fluctuation	**—**	—
Catastrophe loss reserve	**6**	5
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Part of reserve for dividends to policyholders excluding dividends for following period	**—**	—
Future profit	**—**	—
Tax effect	**75**	79
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$	**97**	89
Insurance risk	**25**	24
General insurance risk (R_1)	**5**	5
Catastrophe risk (R_4)	**19**	19
Asset management risk (R_2)	**75**	67
Business administration risk (R_3)	**2**	1
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**3,070.9%**	3,327.6%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency margin ratio (non-consolidated) for Tokio Marine West SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2020	As of March 31, 2019
(A) Total amount of solvency margin	**1,069**	758
Total net assets excluding deferred assets, etc.	**851**	628
Reserve for price fluctuation	**—**	—
Catastrophe loss reserve	**3**	2
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Part of reserve for dividends to policyholders excluding dividends for following period	**—**	—
Future profit	**—**	—
Tax effect	**214**	127
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$	**69**	59
Insurance risk	**17**	15
General insurance risk (R_1)	**3**	3
Catastrophe risk (R_4)	**13**	12
Asset management risk (R_2)	**54**	45
Business administration risk (R_3)	**1**	1
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**3,077.9%**	2,558.1%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Market Consistent Embedded Value (MCEV) (Unaudited) Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL) (Unaudited)

About MCEV

The current Japanese financial accounting standards focus on conservativeness and have the limitation that the profits generated from life insurance business are generally undervalued shortly after underwriting contracts in terms of the valuation and assessment of performance of life insurance business.

Embedded values (EV) are calculated as the total of the "adjusted net worth" and the "value of in-force." EV is designed to address the limitations of the financial accounting standards in order to facilitate an appropriate evaluation of value and improve performance assessment, considering the actual situation of the business performance.

While there have been various methodologies for calculation of EV, the European Insurance CFO Forum released its MCEV Principles, the European Insurance CFO Forum Market Consistent Embedded Value Principles, in June 2008, to enhance the consistency of valuation standards and unify the standards for disclosures. TMNL has been disclosing its EV in compliance with the MCEV Principles to enhance the disclosure since the fiscal year ended March 31, 2015.

MCEV as of March 31, 2020

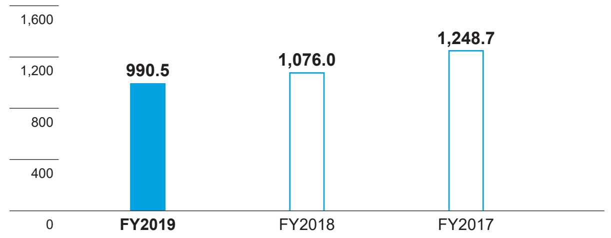
1. MCEV as of March 31, 2020

MCEV of TMNL as of March 31, 2020, was 990.5 billion yen, a decrease of 85.4 billion yen from the previous fiscal year end (March 31, 2019), mainly due to economic variances of (132.4) billion yen.MCEV consisted of 1,113.0 billion yen of adjusted net worth and (122.4) billion yen of value of in-force.

(Billions of yen)

	FY2019	FY2018	FY2017
Adjusted net worth	**1,113.0**	1,119.5	910.9
Value of in-force	**(122.4)**	(43.5)	337.8
MCEV at fiscal year-end	**990.5**	1,076.0	1,248.7
New business value	**37.3**	59.5	64.6

MCEV at Fiscal Year-End



2. Change in MCEV

During FY2019, the change in MCEV (before dividends paid) was (70.3) billion yen, which was an increase on 88.3 billion yen from the previous fiscal year change in MCEV (FY2018). This was mainly due to economic variances (132.4) billion yen resulting from a lower decline in interest rates in FY2019, compared to economic variances (184.6) billion yen in FY2018. (For details on the changes, refer to "Reconciliation Analysis of MCEV from the End of FY2018.")

(Billions of yen)

	FY2019	FY2018
Change in MCEV (Before dividends paid)	**(70.3)**	(158.6)
(Reference) Change in MCEV (Before dividends paid and excluding economic variances)	**62.0**	25.9

Market Consistent Embedded Value (MCEV) (Unaudited)
Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd.
(TMNL) (Unaudited)

Reconciliation Analysis of MCEV from the End of FY 2018

The table below shows the reconciliation analysis of MCEV as of March 31, 2020 with the MCEV as of March 31, 2019.

(Billions of yen)

	MCEV
Opening MCEV (MCEV as of March 31, 2019)	1,076.0
(1) Dividends paid	(15.1)
Adjusted opening MCEV	1,060.9
(2) New business value	37.3
(3) Expected existing business contribution (risk-free rate)	22.1
(4) Expected existing business contribution (in excess of risk-free rate)	3.3
(5) Actuarial experience variances	(21.7)
(6) Actuarial assumption changes	16.7
(7) Other operating variances	4.2
(8) Operating MCEV earnings ((2)–(7))	62.0
(9) Economic variances	(132.4)
(10) Other non-operating variances	—
Total MCEV earnings (before dividends paid)	(70.3)
Closing MCEV (MCEV as of March 31, 2020)	990.5

Sensitivity Analysis

The impacts of changing specified assumptions underlying the MCEV are as follows.
Sensitivity analysis of change in MCEV

(Billions of yen)

Assumption	Change in assumption	MCEV	Change in amount	Rate of change
Base case: MCEV at the end of March 2020	No change	990.5	—	—
(1) Interest rates	50bp decrease	809.0	(181.4)	(18.3%)
	50bp increase	1,055.3	64.7	6.5%
	Swap	489.5	(501.0)	(50.6%)
	Constant fwd rate	887.4	(103.0)	(10.4%)
	Ultimate fwd rate	1,469.8	479.3	48.4%
(2) Stock/real estate market values	10% decrease	987.8	(2.7)	(0.3%)
(3) Stock/real estate implied volatility	25% increase	988.4	(2.1)	(0.2%)
(4) Interest swaption implied volatility	25% increase	958.3	(32.2)	(3.3%)
(5) Maintenance expenses	10% decrease	1,034.9	44.4	4.5%
(6) Surrender and lapse rates	×0.9	929.1	(61.4)	(6.2%)
(7) Mortality rates	Death protection products: ×0.95	1,009.3	18.7	1.9%
	A&H products and annuity products: ×0.95	974.8	(15.6)	(1.6%)
(8) Morbidity rates	×0.95	1,069.8	79.3	8.0%
(9) Required capital	Solvency margin ratio of 200%	990.5	—	—
(10) Foreign exchange rates	10% appreciation of JPY	991.6	1.1	0.1%

Assumptions

1. Risk-Free Rates

We have used government bond yields as of the end of March 2020.

Although the 1-year forward rates in the 41st year and thereafter are usually equal to the 1-year forward rate in the 40th year, starting with the information disclosed as of the end of March 2020, the Company has changed to an estimation method that adjusts the 1-year forward rate of government bonds in the 41st year and thereafter according to the past yield fluctuations in the 40-year spot rate.We have adjusted and used Bloomberg's government bond yields as our data source.The government bond yields (spot rates) for key terms are shown below.

	JPY		
Term	**End of March 2020**	End of March 2020 (Prev. Method)	End of March 2019
1 year	**(0.14%)**	(0.14%)	(0.18%)
5 years	**(0.12%)**	(0.12%)	(0.21%)
10 years	**0.04%**	0.04%	(0.08%)
20 years	**0.35%**	0.35%	0.37%
30 years	**0.45%**	0.45%	0.55%
40 years	**0.44%**	0.44%	0.62%
50 years	**0.53%**	0.41%	0.67%

The sensitivity analysis in P.158 presented the impact of changing the extrapolation of JPY-interest rates beyond the 40th year to use an ultimate forward rate (UFR) method. This UFR method entails setting the JPY ultimate forward rate to 3.8%, extrapolating rates from year 30,and applying the Smith-Wilson method so that forward rates from the 31st year onwards approach to the UFR in 30 years. This method was established with reference to the global Insurance Capital Standard (ICS) currently in development by the International Association of Insurance Supervisors (IAIS). Representative JPY interest rates are as follows:

	JPY
Term	**End of March 2020**
1 year	**(0.14%)**
5 years	**(0.12%)**
10 years	**0.04%**
20 years	**0.35%**
30 years	**0.45%**
40 years	**0.92%**
50 years	**1.45%**

We have not included a liquidity premium in the risk-free rates given that definitions in the MCEV Principles are not clear and generally accepted practice has not yet been established. Negative interest rates are not floored at zero.

2. Insurance Assumptions

Assumptions	Basis of assumptions
Mortality and morbidity rates	Mortality and morbidity rates are developed based on claims experience of the latest 1–3 years, in principle, by type of protection, policy year, attained age, and other attributes. For policy years with no experience data, assumptions are developed with reference to industry data. We have reflected improvement trends for mortality rates and improving trends or deteriorating trends for A&H morbidity rates of some benefits. The projection period for which these trends are reflected is limited to 5 years.
Surrender and lapse rates	Surrender and lapse rates are developed based on the experience of the most recent year, in principle, by line of business, premium mode, and policy year.
Renewal rates	Renewal rates are developed based on past experience. Policies for which renewals are projected are A&H products, whose impact is large due to a high number of limited term in-force policies. For the sake of simplicity, we have not reflected future renewals for some riders.
Operating expense rates	Operating expense rates are developed from past experience based on the ratio (unit cost) of overall actual operating expenditures to the policy count or the premium separately for acquisition and maintenance expenses. Some of the operating expense rates were adjusted by removing one-off costs which are not ordinarily expected to be incurred in future periods. The removed one-off cost is 290 million yen, which is tied primarily to a portion of system development costs. With regard to system development costs for policy acquisition and maintenance, and the information technology device costs for policy maintenance, the average amount incurred over the past five years is reflected in the corresponding unit costs. An increase due to inflation is reflected in future maintenance expenses. Corporate administration costs paid to the parent company are reflected in unit costs. Other than this, there is no look-through effect with regards to other companies within the Tokio Marine Group that needs to be reflected.
Effective tax rate	The effective tax rate is set as follows: Fiscal 2019 and thereafter: 28.0%
Consumption tax rate	The consumption tax rate is set as follows: April 2018–September 2019: 8% October 2019 and thereafter: 10%
Inflation rate	With reference to the break-even inflation rate from the most recently issued inflation index-linked government bond and the past Consumer Price Index (CPI), as well as the impact of the consumption tax increase and other factors, inflation rates are set as shown below. MCEV as of March 31, 2020: 0.3%
Policyholder dividend	For products with interest dividends paid every 5 years, dividend rates are set based on the interest rate level in future periods using the method consistent with the one applied to determine the most recent dividend results.
Reinsurance	Reinsurance premiums are recorded as expenses and reinsurance claims are recorded as profit to reflect the fact that the Company cedes mortality risks on death protection insurance, third sector risks on third sector and part of the minimum guarantee risks of variable annuities. Reinsurance premiums and reinsurance claims are based on reinsurance agreements.

Caveats

Embedded values are calculated using various assumptions about the drivers of future results and the risks and uncertainties inherent in those results; future experience may deviate, possibly materially, from that underlying the forecasts used in the EV calculation. Also, the actual market value is determined as a result of informed judgments of investors and may differ materially from an embedded value. As such, embedded values should be used with sufficient caution.

Corporate Overview

Tokio Marine Holdings and Its Subsidiaries

(As of March 31, 2020)

Description of Business

Tokio Marine Group consists of Tokio Marine Holdings, Inc., 252 subsidiaries and 22 affiliates, and is engaged in the domestic non-life insurance, domestic life insurance, international insurance, and financial and general businesses.

In addition, Tokio Marine Holdings is a specified listed company. Due to the specified listed company designation, the *de minimis* standard for insider trading regulations is determined on a consolidated basis.

The following is a diagram of businesses as of March 31, 2020.

Business Diagram

Note: ◎indicates consolidated subsidiaries; △indicates equity-method affiliates

Tokio Marine Holdings, Inc.

- Domestic Non-Life Insurance Business
  - Property and casualty insurance business
    - ◎ Tokio Marine & Nichido Fire Insurance Co., Ltd.
    - ◎ Nisshin Fire & Marine Insurance Co., Ltd.
    - ◎ E. design Insurance Co., Ltd.
  - Small-amount short-term insurance business
    - ◎ Tokio Marine Millea SAST Insurance Co., Ltd.
- Domestic Life Insurance Business
  - ◎ Tokio Marine & Nichido Life Insurance Co., Ltd.
- International Insurance Business
  - International non-life insurance business
    - ◎ Philadelphia Indemnity Insurance Company
    - ◎ First Insurance Company of Hawaii, Ltd.
    - ◎ Tokio Marine America Insurance Company
    - ◎ Safety National Casualty Corporation
    - ◎ Houston Casualty Company
    - ◎ U.S. Specialty Insurance Company
    - ◎ Tokio Marine Underwriting Limited
    - ◎ HCC International Insurance Company PLC
    - ◎ Tokio Marine Insurance Singapore Ltd.
    - ◎ Tokio Marine Insurans (Malaysia) Berhad
    - ◎ Tokio Marine Safety Insurance (Thailand) Public Company Limited
    - ◎ Tokio Marine Seguradora S.A.
    - △ IFFCO-TOKIO General Insurance Company Limited
  - International life insurance business
    - ◎ Reliance Standard Life Insurance Company
    - ◎ Reliance Standard Life Insurance Company of Texas
    - ◎ HCC Life Insurance Company
    - ◎ Tokio Marine Life Insurance Singapore Ltd.
    - ◎ Tokio Marine Life Insurance Malaysia Bhd.
    - △ Edelweiss Tokio Life Insurance Company Limited
  - Other business
    - ◎ Tokio Marine North America, Inc.
    - ◎ Philadelphia Consolidated Holding Corp.
    - ◎ Delphi Financial Group, Inc.
    - ◎ HCC Insurance Holdings, Inc.
    - ◎ Privilege Underwriters, Inc.
    - ◎ Tokio Marine Kiln Group Limited
    - ◎ Tokio Marine Asia Pte. Ltd.
    - △ Hollard Holdings Proprietary Limited
    - △ Hollard International Proprietary Limited
- Financial and General Businesses
  - Investment advisory and investment trust services
    - ◎ Tokio Marine Asset Management Co., Ltd.

Major Subsidiaries

(As of March 31, 2020)

Company name	Date of incorporation	Paid-in capital	Ratio of Tokio Marine Holdings' voting rights[1] (%)	Ratio of Tokio Marine Holdings' subsidiaries' voting rights[2] (%)	Location	Major business
Tokio Marine & Nichido Fire Insurance	Mar. 20, 1944[3]	JPY101,994 million	100	0	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Domestic non-life insurance
Nisshin Fire & Marine Insurance Co., Ltd.	June 10, 1908	JPY20,389 million	100	0	3, Kanda-Surugadai 2-chome, Chiyoda-ku, Tokyo, Japan	Domestic non-life insurance
E. design Insurance Co., Ltd.	Jan. 26, 2009	JPY29,303 million	95.2	0	20-2, Nishi-Shinjuku 3-chome, Shinjuku- ku, Tokyo, Japan	Domestic non-life insurance
Tokio Marine & Nichido Life Insurance Co., Ltd.	Aug. 6, 1996	JPY55,000 million	100	0	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Domestic life insurance
Tokio Marine Millea SAST Insurance Co., Ltd.	Sept. 1, 2003	JPY895 million	100	0	2-1-1, Minatomirai 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture, Japan	Domestic non-life insurance
Tokio Marine Asset Management Co., Ltd.	Dec. 9, 1985	JPY2,000 million	100	0	Tekko Building 8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Financial and general businesses
Tokio Marine North America, Inc.	June 29, 2011	USD0 thousand	0	100	251 Little Falls Drive Wilmington, DE 19808 USA	International insurance
Philadelphia Consolidated Holding Corp.	July 6, 1981	USD1 thousand	0	100	One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA	International insurance
Philadelphia Indemnity Insurance Company	Feb. 4, 1927	USD4,500 thousand	0	100	One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA	International insurance
First Insurance Company of Hawaii, Ltd.	Aug. 6, 1982	USD4,272 thousand	0	100	1100 Ward Avenue, Honolulu, Hawaii 96814 USA	International insurance
Tokio Marine America Insurance Company	Aug. 13, 1998	USD5,000 thousand	0	100	1221 Avenue of the Americas, Ste 1500, New York, NY 10020 USA	International insurance
Delphi Financial Group, Inc.	May 27, 1987	USD1 thousand	0	100	1105 North Market Street, Suite 1230, Wilmington, DE 19801 USA	International insurance
Safety National Casualty Corporation	Nov. 28, 1942	USD30,000 thousand	0	100	1832 Schuetz Road, St. Louis, MO 63146 USA	International insurance
Reliance Standard Life Insurance Company	April 2, 1907	USD56,003 thousand	0	100	1100 E. Woodfield Road, Suite 437 Schaumburg, IL 60173 USA	International insurance
Reliance Standard Life Insurance Company of Texas	Aug. 16, 1983	USD700 thousand	0	100	7600 West Tidwell Road, Suite 111 Houston, TX 77040 USA	International insurance
HCC Insurance Holdings, Inc.	Mar. 27, 1991	USD1 thousand	0	100	1209 Orange St. Wilmington, DE 19801 USA	International insurance
Houston Casualty Company	May 27, 1981	USD5,000 thousand	0	100	1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA	International insurance
U.S. Specialty Insurance Company	Oct. 28, 1986	USD4,200 thousand	0	100	1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA	International insurance
HCC Life Insurance Company	Dec. 3, 1980	USD2,500 thousand	0	100	150 West Market Street Suite 800 Indianapolis, IN 46204 USA	International insurance
Privilege Underwriters, Inc.	Jan. 5, 2006	USD0 thousand	0	100	3411 Silverside Road Tatnall Building #104, City of Wilmington, County of New Castle, Delaware 19805 USA	International insurance
Tokio Marine Kiln Group Limited	July 11, 1994	GBP1,010 thousand	0	100	20 Fenchurch Street, London, EC3M 3BY, UK	International insurance
Tokio Marine Underwriting Limited	Oct. 27, 2008	GBP0 thousand	0	100	20 Fenchurch Street, London, EC3M 3BY, UK	International insurance
HCC International Insurance Company PLC	July 22, 1981	USD70,197 thousand GBP96,047 thousand	0	100	1 Aldgate, London, EC3N 1RE, UK	International insurance
Tokio Marine Asia Pte. Ltd.	Mar. 12, 1992	SGD1,250,971 thousand THB542,000 thousand ZAR5,000,000 thousand	0	100	20 McCallum Street, #13-01 Tokio Marine Centre, Singapore 069046, Singapore	International insurance
Tokio Marine Insurance Singapore Ltd.	July 11, 1923	SGD100,000 thousand	0	100	20 McCallum Street, #09-01 Tokio Marine Centre, Singapore 069046, Singapore	International insurance
Tokio Marine Life Insurance Singapore Ltd.	May 21, 1948	SGD36,000 thousand	0	85.7	20 McCallum Street, #07-01 Tokio Marine Centre, Singapore 069046, Singapore	International insurance
Tokio Marine Insurans (Malaysia) Berhad	April 28, 1999	MYR403,471 thousand	0	100	Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400, Kuala Lumpur, Malaysia	International insurance
Tokio Marine Life Insurance Malaysia Bhd.	Feb. 11, 1998	MYR226,000 thousand	0	100	Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	International insurance
Tokio Marine Safety Insurance (Thailand) Public Company Limited	Feb. 3, 2020	THB4,096,958 thousand	0	99.3	No. 26/5-8, 26/10-11, 26/16-19 Orakarn Building, 1st, 2nd, 4th and 6th Floors, Chidlom Road, Khwaeng Lumpini, Khet Pathumwan, Bangkok, Thailand	International insurance
Tokio Marine Seguradora S.A.	June 23, 1937	BRL965,163 thousand	0	97.8	R. Sampaio Viana, 44 CEP: 04004-902 São Paulo, SP, Brazil	International insurance
Affiliate accounted for by the equity method						
IFFCO-TOKIO General Insurance Company Limited	Sept. 8, 2000	INR2,742,183 thousand	0	49	IFFCO Sadan, C-1, Distt, Centre, Saket, New Delhi 110017, India	International insurance
Edelweiss Tokio Life Insurance Company Limited	Nov. 25, 2009	INR3,126,208 thousand	0	49	6th Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla（west）, Mumbai-400 070, India	International insurance
Hollard Holdings Proprietary Limited	Mar. 30, 1972	ZAR9 thousand	0	22.5	22 Oxford Road, Parktown, Johannesburg 2193 South Africa	International insurance
Hollard International Proprietary Limited	April 20, 2015	ZAR4,188,313 thousand	0	22.5	22 Oxford Road, Parktown, Johannesburg 2193 South Africa	International insurance

1 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings to total voting rights
2 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings' subsidiaries to total voting rights
3 Founded on August 1, 1879

Worldwide Network of Tokio Marine Group

(As of March 31, 2020)

Tokio Marine Group operates a worldwide network that spans 46 countries and regions. The Group has built a structure that can respond to the diverse needs of customers in each country, beginning with companies setting up overseas operations, as well as overseas travelers.

North America

United States
- ■ New York, Los Angeles, Chicago, Atlanta, Honolulu, Philadelphia, Bala Cynwyd, St. Louis, Houston, Dallas, San Francisco, and Ohio
- □ Tokio Marine North America, Inc. (New York and Bala Cynwyd)
- □ TMNA Services, LLC (New York, Bala Cynwyd, and New Jersey)
- □ Tokio Marine America (New York, New Jersey, Los Angeles, Chicago, Atlanta, Houston, Nashville, Dallas, San Francisco, and Ohio)
- □ TM Claims Service, Inc. (New York, Los Angeles, Honolulu, and Dallas)
- □ First Insurance Company of Hawaii, Ltd. (Honolulu)
- □ Philadelphia Insurance Companies (Bala Cynwyd and others)
- □ Delphi Financial Group, Inc. (New York)
- □ Reliance Standard Life Insurance Company (Philadelphia and others)
- □ Safety National Casualty Corporation (St. Louis and others)
- □ Tokio Marine HCC (Houston and others)
- □ Privilege Underwriters, Inc. (White Plains and others)

Guam Northern Marianas
- ■ Guam
- □ Tokio Marine Pacific Insurance Limited (Guam)

Canada
- ■ Toronto, Vancouver, and Montreal
- ● Toronto, Vancouver, and Montreal

Central & South America

Mexico
- ■ Mexico City
- □ Tokio Marine HCC México Compañía Afianzadora, S.A. de C.V. (Mexico City and others)
- □ Tokio Marine Compañía de Seguros, S.A. de C.V. (Mexico City and others)

Colombia
- ○ Tokio Marine Compañia de Seguros, S.A. de C.V. (Bogotá)

Brazil
- ■ São Paulo
- □ Tokio Marine Seguradora S.A. (São Paulo and others)

Paraguay
- □ La Rural S.A. de Seguros (Asunción and others)

Europe, Africa & Middle East

United Kingdom
- ■ London
- □ Tokio Marine Kiln Group Limited (London)
- □ Tokio Marine HCC (London, Birmingham, Bridgend, Bristol, Leicester, and Manchester)
- □ TM Claims Service Europe Ltd. (London)

France
- ■ Paris
- ○ Tokio Marine Europe S.A. (Paris, Lyon, Bordeaux, Colmar, and Nantes)

Germany
- ■ Dusseldorf
- ○ Tokio Marine Europe S.A. (Dusseldorf, Munich, and Frankfurt)

Netherlands
- ■ Amsterdam
- ○ Tokio Marine Europe S.A. (Amsterdam)
- ○ TM Claims Service Europe Ltd. (Amsterdam)

Belgium
- ■ Brussels
- ○ Tokio Marine Europe S.A. (Brussels)

Luxembourg
- □ Tokio Marine Europe S.A. (Luxembourg)

Italy
- ■ Milan
- ○ Tokio Marine Europe S.A. (Milan)

Spain
- ■ Barcelona
- ○ Tokio Marine Europe S.A. (Barcelona)

Norway
- ○ Tokio Marine Europe S.A. (Oslo)

Denmark
- ○ Tokio Marine Europe S.A. (Hellerup)

Russia
- ■ Moscow
- □ Tokio Marine Risk Management Rus, LLC (Moscow)

Switzerland
- ○ Tokio Marine HCC (Zurich)

Ireland
- ○ Tokio Marine Europe S.A. (Kildare)

Egypt
- ■ Cairo
- □ Tokio Marine Egypt General Takaful Company (Cairo, Alexandria and others)
- □ Tokio Marine Egypt Family Takaful Company (Cairo)

U.A.E.
- ■ Dubai
- □ Tokio Marine Middle East Limited (Dubai)
- ◆ Al Futtaim Development Services Company (L.L.C.) (Dubai and Abu Dhabi)

Saudi Arabia
- ■ Riyadh, Jeddah
- □ Alinma Tokio Marine Company (Riyadh, Jeddah, and Al Khobar)

Turkey
- □ Allianz Sigorta A.S. (Istanbul)
- □ Allianz Hayat ve Emeklilik A.S. (Istanbul)

South Africa and 6 neighboring countries
- ■ Johannesburg
- □ Hollard Group

Asia & Oceania

Korea
- ■ Seoul
- ● Seoul

People's Republic of China
- ■ Beijing, Shanghai, Guangzhou, Suzhou, and Hangzhou
- □ The Tokio Marine & Nichido Fire Insurance Company (China) Limited (Beijing, Shanghai, Guangzhou, Suzhou, and Hangzhou)
- □ Zhongsheng International Insurance Brokers Co., Ltd. (Beijing and others)

Hong Kong
- ■ Hong Kong
- □ The Tokio Marine and Fire Insurance Company (Hong Kong) Limited (Hong Kong)

Taiwan
- ■ Taipei
- □ Tokio Marine Newa Insurance Co., Ltd. (Taipei and others)

Philippines
- ■ Manila
- □ Malayan Insurance Company, Inc. (Manila and others)

Vietnam
- ■ Hanoi and Ho Chi Minh City
- □ Bao Viet Tokio Marine Insurance Company Limited (Hanoi and others)

Thailand
- ■ Bangkok
- □ Tokio Marine Safety Insurance (Thailand) Public Company Limited (Bangkok and others)
- □ Tokio Marine Life Insurance (Thailand) Public Company Limited (Bangkok and others)

Malaysia
- ■ Kuala Lumpur
- □ Tokio Marine Insurans (Malaysia) Berhad (Kuala Lumpur and others)
- □ Tokio Marine Life Insurance Malaysia Bhd. (Kuala Lumpur and others)

Singapore
- ■ Singapore
- □ Tokio Marine Asia Pte. Ltd. (Singapore)
- □ Tokio Marine Insurance Singapore Ltd. (Singapore)
- □ Tokio Marine Life Insurance Singapore Ltd. (Singapore)
- □ TM Claims Service Asia Pte. Ltd. (Singapore)

Brunei
- ○ Tokio Marine Insurance Singapore Ltd. (Bandar Seri Begawan)
- ○ Tokio Marine Life Insurance Singapore Ltd. (Bandar Seri Begawan)

Indonesia
- ■ Jakarta
- □ PT Asuransi Tokio Marine Indonesia (Jakarta and others)
- □ PT Tokio Marine Life Insurance Indonesia (Jakarta and others)

India
- ■ New Delhi, Mumbai, and Chennai
- □ IFFCO-TOKIO General Insurance Company Limited (New Delhi and others)
- □ Edelweiss Tokio Life Insurance Company Limited (Mumbai and others)

Myanmar
- ■ Yangon
- ● Yangon
- □ Grand Guardian Tokio Marine General Insurance Company Limited (Yangon)

Cambodia
- ■ Phnom Penh

Australia
- ■ Sydney and Melbourne
- □ Tokio Marine Management (Australasia) Pty. Ltd. (Sydney and Melbourne)

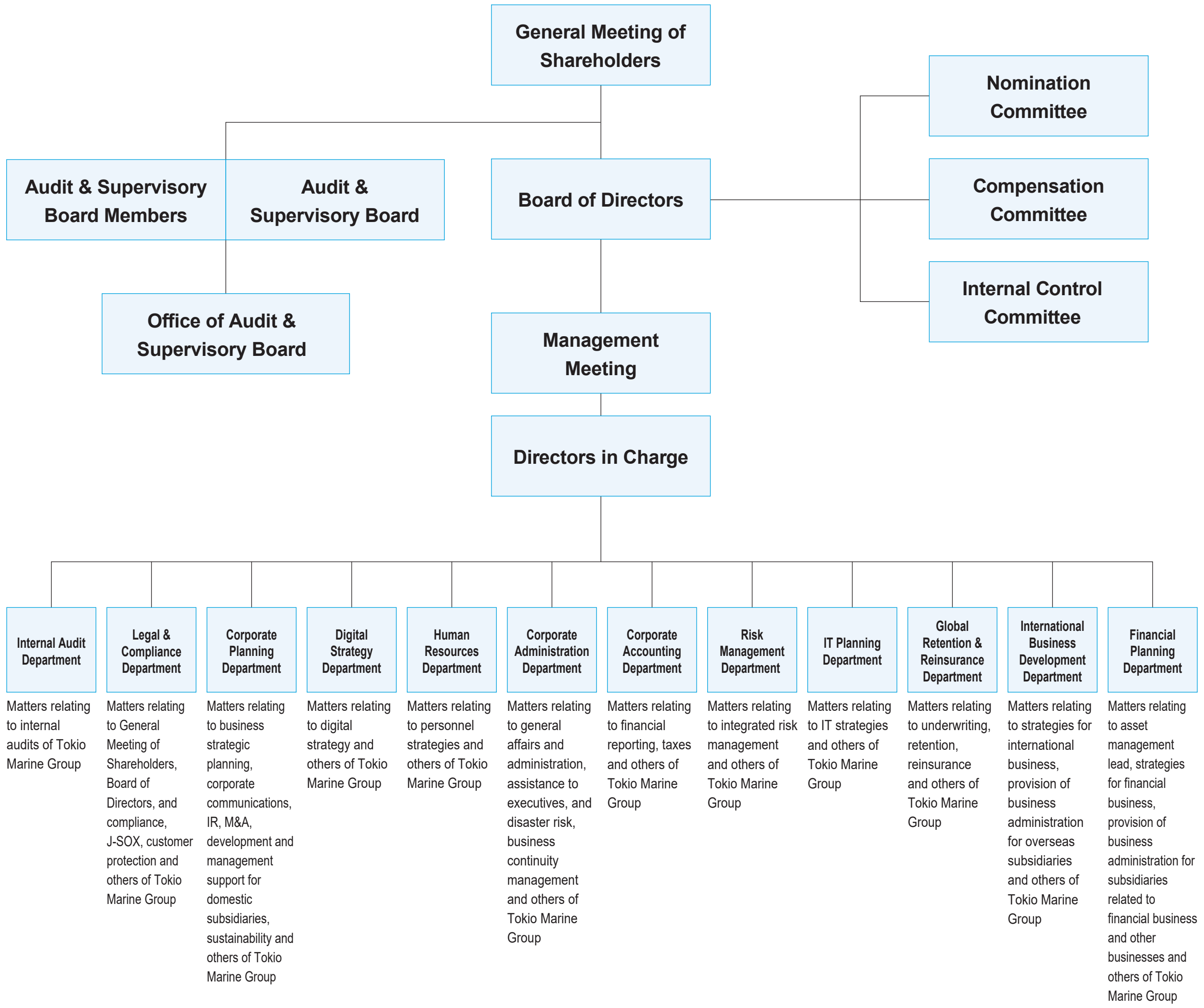
New Zealand
- ● Auckland

Locations of overseas bases: 46 countries and regions
Number of Japanese employees positioned overseas: 307
Number of locally hired employees: Approx. 34,000
Number of claims agents: Approx. 250 (including subagents)

- ■ Cities where employees of Tokio Marine & Nichido are dispatched/Representative and Liaison Offices of Tokio Marine & Nichido
- ● Branches of Tokio Marine & Nichido
- ◆ Underwriting Agents of Tokio Marine & Nichido
- □ Group Companies & Investing Companies of Tokio Marine Group
- ○ Branches of Tokio Marine Group Companies

Organizational Chart

(As of April 1, 2020)



Employees

(As of March 31, 2020)

Number of employees	752
Average age of employees	43.2 years old
Average length of service of employees	19.0 years

Note: Most employees of Tokio Marine Holdings are seconded from its subsidiaries. Average length of service includes the years of service at these subsidiaries.

Facilities

Overview of Capital Investment

Tokio Marine Group makes capital investments to improve customer services and streamline workflows. The following is a breakdown of capital investment in the fiscal year ended March 31, 2020.

Business segment	Amount (Yen in millions)
Domestic non-life insurance	21,525
Domestic life insurance	445
International insurance	23,458
Financial and general businesses	682
Total	46,111

Status of Major Facilities

The following are the major facilities of Tokio Marine Holdings and its consolidated subsidiaries.

Tokio Marine Holdings

(As of March 31, 2020)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m2)	Buildings	Movables		
Tokio Marine Holdings	**Headquarters** (Chiyoda-ku, Tokyo)	Holding company	— (—)	136	113	752	—

Domestic subsidiaries

(As of March 31, 2020)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m2)	Buildings	Movables		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo) including each Service Dept., Tokyo Corporate Division, Tokyo Automobile Division, Commercial Lines Claims Dept. 1, Claims Service Dept. 2, Tokyo Automobile Claims Service Dept., Marketing Promotion Dept. (Governmental), Government Sector Dept. 1&2, Health Care & Welfare Institution Sector Dept., Group Account Marketing Dept., and Financial Institutions Dept. and overseas branches.	Domestic non-life insurance	34,985 (65,929)	27,999	18,290	4,058	761
	Hokkaido Hokkaido Branch (Chuo-ku, Sapporo) and 6 other branches	Domestic non-life insurance	831 (6,168)	962	454	662	532
	Tohoku Sendai Branch (Aoba-ku, Sendai) and 9 other branches	Domestic non-life insurance	2,507 (10,237)	3,253	708	1,041	238
	Kanto Tokyo Chuo Branch (Minato-ku, Tokyo) and 32 other branches	Domestic non-life insurance	8,023 (13,026)	6,643	2,070	3,831	2,279
	Tokai/Hokuriku Aichi Minami Branch (Naka-ku, Nagoya) and 26 other branches	Domestic non-life insurance	3,425 (11,639)	8,323	1,311	2,337	936
	Kansai Osaka Minami Branch (Chuo-ku, Osaka) and 24 other branches	Domestic non-life insurance	5,580 (9,879)	4,965	1,495	2,275	1,641
	Chugoku/Shikoku Hiroshima Branch (Naka-ku, Hiroshima) and 14 other branches	Domestic non-life insurance	2,455 (7,211)	3,141	838	1,324	834
	Kyushu Fukuoka Chuo Branch (Hakata-ku, Fukuoka) and 13 other branches	Domestic non-life insurance	5,575 (10,487)	4,432	858	1,549	278

Facilities

Domestic subsidiaries

(As of March 31, 2020)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m2)	Buildings	Movables		
Nisshin Fire & Marine Insurance Co., Ltd.	**Head Office (Tokyo Headquarters)** (Chiyoda-ku, Tokyo) **Saitama Headquarters** (Urawa-ku, Saitama)	Domestic non-life insurance	10,330 (23,084)	7,701	1,225	2,199	1,173
E. design Insurance Co., Ltd.	**Headquarters** (Shinjuku-ku, Tokyo)	Domestic non-life insurance	— (—)	91	122	288	187
Tokio Marine & Nichido Life Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Domestic life insurance	— (—)	421	788	2,258	1,228
Tokio Marine Millea SAST Insurance Co., Ltd.	**Headquarters** (Nishi-ku, Yokohama)	Domestic non-life insurance	— (—)	12	46	103	83
Tokio Marine Asset Management Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Financial and general businesses	— (—)	388	187	318	375

Overseas subsidiaries

(As of March 31, 2020)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
			Land (m2)	Buildings	Movables		
Tokio Marine North America, Inc. and 1 other company	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance	— (—)	11	928	404	522
Philadelphia Consolidated Holding Corp. and 6 other Group companies	**Headquarters** (Bala Cynwyd, Pennsylvania, U.S.A.)	International insurance	— (—)	625	569	1,993	1,542
First Insurance Company of Hawaii, Ltd. and 5 other Group companies	**Headquarters** (Honolulu, Hawaii, U.S.A.)	International insurance	— (—)	260	198	346	402
Tokio Marine America Insurance Company and 4 other Group companies	**Headquarters** (New York, New York, U.S.A.)	International insurance	— (—)	487	157	288	524
Delphi Financial Group, Inc. and 24 other Group companies	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance	390 (71,876)	2,260	1,755	2,601	2,288
HCC Insurance Holdings, Inc. and 59 other companies	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance	459 (58,651)	2,402	5,719	3,271	2,276
Privilege Underwriters, Inc. and 5 another Group companies	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance	— (—)	—	385	819	511
Tokio Marine Kiln Group Limited and 26 other Group companies	**Headquarters** (London, U.K.)	International insurance	— (—)	6,277	1,731	722	—
Tokio Marine Underwriting Limited	**Headquarters** (London, U.K.)	International insurance	— (—)	—	—	—	—
Tokio Marine Asia Pte. Ltd.	**Headquarters** (Singapore, Singapore)	International insurance	— (—)	—	53	83	39
Tokio Marine Insurance Singapore Ltd.	**Headquarters** (Singapore, Singapore)	International insurance	1,654 (289)	760	74	228	23
Tokio Marine Life Insurance Singapore Ltd.	**Headquarters** (Singapore, Singapore)	International insurance	1,683 (214)	846	148	233	0
Tokio Marine Insurans (Malaysia) Berhad	**Headquarters** (Kuala Lumpur, Malaysia)	International insurance	— (—)	9	216	848	18
Tokio Marine Life Insurance Malaysia Bhd.	**Headquarters** (Kuala Lumpur, Malaysia)	International insurance	603 (3,614)	1,693	392	495	12
Tokio Marine Safety Insurance (Thailand) Public Company Limited	**Headquarters** (Bangkok, Thailand)	International insurance	2,540 (13,481)	253	561	1,343	—
Tokio Marine Seguradora S.A.	**Headquarters** (São Paulo, Brazil)	International insurance	254 (4,660)	1,313	613	2,003	74

Notes: 1. All of the above facilities are for business use.
2. Movables include leased assets.
3. Some buildings are being leased.

New Facility Construction and Elimination Schedule

None planned.

Stock Information

Stock and Shareholder Information

Stock Information (As of July 1, 2020)

Stock issued by Tokio Marine Holdings is common stock and the total number of authorized shares is 3.3 billion shares with the total number of shares outstanding at 702,000,000 shares.

a. The Ordinary General Meeting of Shareholders is held within three months of the end of each fiscal year.
b. Accounting period: Ends March 31
c. Share registrar: The Mitsubishi UFJ Trust and Banking Corporation
d. Record date: Ordinary General Meeting of Shareholders: March 31
Year-end dividend: March 31
Interim dividend: September 30
e. Public notice will be electronically published. (http://www.pronexus.co.jp/koukoku/8766/8766.html)
However, in the event that public notice cannot be electronically published due to an accident or other compelling reason, a notification shall be published in the Tokyo issue of the *Nihon Keizai Shimbun*.
f. Number of shares constituting one unit: 100
g. Stock listing: Tokyo Stock Exchange

Matters for the General Meeting of Shareholders

The 18th General Meeting of Shareholders was held on June 29, 2020. The items reported and the proposals acted upon were as follows:

Items reported

1. Business report, consolidated financial statements and the audit reports on consolidated financial statements prepared by the independent auditor and the Audit & Supervisory Board, respectively, for the fiscal year 2019 (April 1, 2019 to March 31, 2020)
2. Non-consolidated financial statements for the fiscal year 2019 (April 1, 2019 to March 31, 2020)

Proposals acted upon

1. Appropriation of Surplus
2. Election of Thirteen (13) Directors
3. Election of One (1) Audit & Supervisory Board Member

The proposals have been approved as proposed.

Dividend Policy

The Company seeks to improve shareholder returns on a cash dividend basis, after providing sufficient capital to meet the business needs of Tokio Marine Group and taking into consideration the business results and the expected future business environment of the Company.

In accordance with the above policy, and considering various factors, the Company paid a year-end dividend of 95.00 yen per share for the fiscal year 2019.

The Company also paid an interim dividend (ordinary dividend) of 95.00 yen per share, resulting in total dividends (ordinary dividend) for the year of 190.00 yen per share. This was an increase of 10.00 yen per share compared with total annual dividends (ordinary dividend) of 180.00 yen per share in the previous fiscal year.

In the fiscal years 2018 and 2019, in addition to the ordinary dividend, the Company also paid one-time dividends (70.00 yen per share and 35.00 yen per share respectively) in order to adjust the level of capital during the interim period.

Capital

Date	Equity capital
April 2, 2002	¥150 billion
March 31, 2020	¥150 billion

Stock Information

Stock Ownership Distribution

As of March 31, 2020, the number of shareholders was 75,979. The percentage of major stock ownership was 39.96% and 36.61% for financial institutions and foreign shareholders, respectively.

a. Types of shareholders

(As of March 31, 2020)

Category	Number of shareholders	Number of shares	Shareholding ratio (%)
Government/Local government	1	500	0.00
Financial institutions	236	280,517,818	39.96
Financial instruments firms	54	30,104,011	4.29
Other domestic companies	1,403	46,467,594	6.62
Foreign shareholders	1,020	256,993,953	36.61
Individuals and others	73,264	83,786,489	11.94
Treasury stocks	1	4,129,635	0.59
Total	75,979	702,000,000	100.00

b. Breakdown by region

(As of March 31, 2020)

Category	Number of shareholders	Shareholder ratio (%)	Number of shares	Shareholding ratio (%)
Hokkaido	1,020	1.34	1,847,814	0.26
Tohoku	1,747	2.30	3,616,902	0.52
Kanto	37,334	49.14	385,133,213	54.86
Chubu	11,230	14.78	22,031,042	3.14
Kinki	16,087	21.17	22,559,367	3.21
Chugoku	2,779	3.66	2,822,782	0.40
Shikoku	1,738	2.29	2,508,918	0.36
Kyushu	2,966	3.90	4,396,829	0.63
Overseas and others	1,078	1.42	257,083,133	36.62
Total	75,979	100.00	702,000,000	100.00

c. Breakdown by number of shares held

(As of March 31, 2020)

Category	5,000 units or more	1,000 units or more	500 units or more	100 units or more	50 units or more
Number of shareholders	167	256	200	1,340	2,272
Composition ratios to total number of shareholders (%)	0.22	0.34	0.26	1.76	2.99
Number of shares	540,920,819	58,995,222	14,250,952	25,322,321	14,753,732
Composition ratios to total number of shares (%)	77.05	8.40	2.03	3.61	2.10

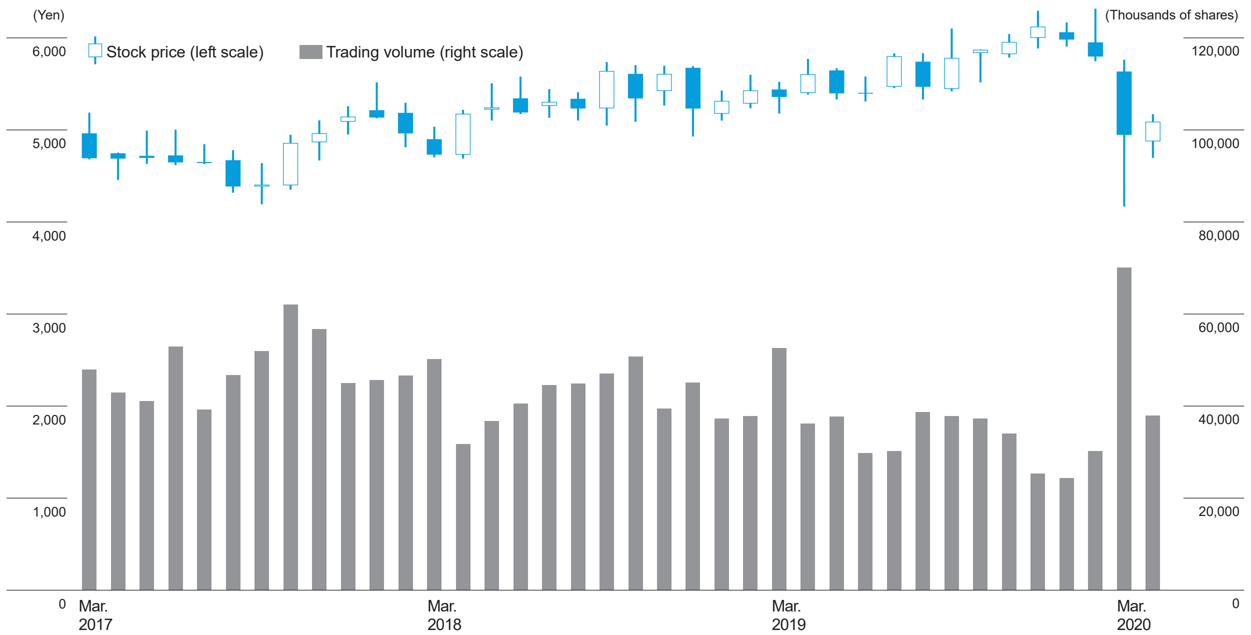
Category	10 units or more	5 units or more	1 unit or more	Less than 1 unit	Total
Number of shareholders	18,043	14,793	29,010	9,898	75,979
Composition ratios to total number of shareholders (%)	23.75	19.47	38.18	13.03	100.00
Number of shares	33,912,828	8,370,357	5,145,248	328,521	702,000,000
Composition ratios to total number of shares (%)	4.83	1.19	0.73	0.05	100.00

Top 10 Shareholders

(As of March 31, 2020)

Shareholders	Address	Number of shares held (Thousand shares)	Composition ratios to total number of shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	62,433	8.95
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	46,105	6.61
Meiji Yasuda Life Insurance Company (Custodian: Trust & Custody Services Bank, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo)	15,779	2.26
Japan Trustee Services Bank, Ltd. (Trust Account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	14,368	2.06
SSBTC CLIENT OMNIBUS ACCOUNT (Custodian: Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	13,973	2.00
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	13,499	1.93
Japan Trustee Services Bank, Ltd. (Trust Account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	13,158	1.89
JP MORGAN CHASE BANK 385151 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	11,513	1.65
The Master Trust Bank of Japan, Ltd. (Retirement Benefits Trust Account for Mitsubishi Corporation)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	10,832	1.55
STATE STREET BANK WEST CLIENT - TREATY 505234 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	9,867	1.41

Stock Price Range and Trading Volume



TOKIO MARINE

Tokio Marine Holdings, Inc.

Tokio Marine Nichido Building Shinkan, 2-1, Marunouchi
1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
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