Tokio Marine Holdings

*To Be a **Good Company***

2023 Integrated Annual Report

INTEGRATED REPORT SUMMARY

The Purpose Story of Tokio Marine Group

(Summary of This Integrated Report)

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

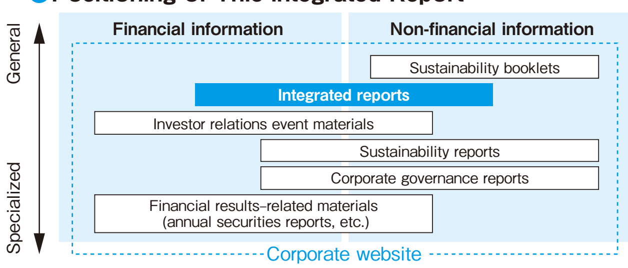
Tokio Marine Group has provided safety and security to society and contributed to its development by utilizing the knowledge and experience we have gained over the years in the insurance industry and solving various societal challenges that change with times.

We will continuously support our customers and society in times of need, endeavoring to solve societal challenges as the focus of our business and raising the Group's corporate value for ever and more, while contributing to creating a safe, secure, and sustainable future.

References

During editing, we made our best efforts to incorporate substantial information by consulting the IIRC's "International Integrated Reporting Framework" and the Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation 2.0," as well as by seeking the opinions of investors and other stakeholders.

Positioning of This Integrated Report



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

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).

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 could differ materially from the information provided in this report.

Abbreviations Used in This Material

TMNF	Tokio Marine & Nichido Fire Insurance Co., Ltd.	DFG	Delphi Financial Group
NF	Nisshin Fire & Marine Insurance Co., Ltd.	TMHCC	Tokio Marine HCC
TMNL	Tokio Marine & Nichido Life Insurance Co., Ltd.	TMK	Tokio Marine Kiln
PHLY	Philadelphia Insurance Companies	TMSR	Tokio Marine Seguradora

Tokio Marine Holdings Integrated Annual Report 2023

CONTENTS

Satoru Komiya
President and Group CEO

To Protect Our Customers and Society in Times of Need

Tokio Marine Group Purpose

Since Tokio Marine's founding in 1879, our unwavering purpose has remained: "To protect customers and society in times of need."

Our company found its beginnings in marine insurance 144 years ago. Since then, Japan has experienced many difficult periods and dramatic societal changes, such as the Great Kanto Earthquake, defeat in war, and the advance of motorization. Yet with our purpose, "To protect customers and society in times of need," as our foundation throughout our history, we have confronted societal challenges through our core insurance business and strived to provide solutions. It could be said that all of our business activities contribute to addressing societal challenges. Our employees work under the premise of "The more Tokio Marine grows, the better for society." As a result, we are confident in our continued ability to achieve sustained profit, while providing value to all our stakeholders, including customers, society, shareholders, and our employees.

In 2021, we clearly defined the next generations as an addition to the above stakeholders, based on the strong belief that we have a responsibility to pass on our shared natural environment to the next generation in a sustainable state. Of course, it is not an easy task to continuously provide value to all stakeholders. But the optimal solution is always there, waiting to be found. With this conviction, and our unwavering purpose in mind, we will continue working towards a sustainable society while addressing ever-more complex societal challenges. As a result, we will achieve growth for the Company and continue to provide value to all our stakeholders.

Business Environment Awareness

Today, 144 years since our founding, we have grown into a global company, and more than half of Group profits originate from overseas operations. For us, the issues occurring today—wherever in the world—are not simply someone else's problems.

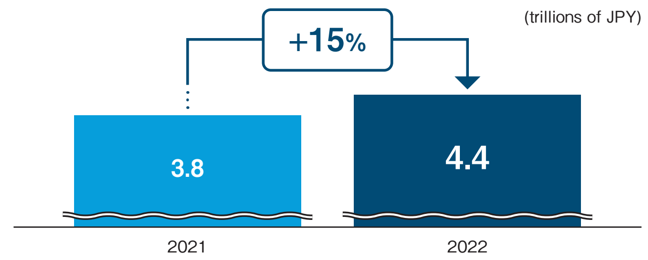
Natural catastrophes are intensifying alongside climate change. The war in Ukraine has been prolonged, further rupturing our world. Under the situation, the global supply chain continues to be reconfigured and economic security is reassessed, all at tremendous speeds. Against this backdrop, inflation is rising rapidly around the globe. The bankruptcy of some U.S. financial institutions demonstrates the tightening of monetary policy, and there is increased risk of an economic downturn. VUCA is deepening across all fields, including political, economic, and social, making it harder to outlook the future in a few weeks' time , let alone months.

Within this business environment, and in contrast to fiscal 2021, when we posted record profits, fiscal 2022 was affected by temporary factors such as natural catastrophes including typhoons and hurricanes, and COVID-19. These had a negative impact of 173.1 billion yen, a 23% year-on-year drop, and we finished at 444 billion yen. However, insurance exists to support customers in times of need. To this end, we look at fiscal 2022 as a year when we faced many moments of truth. In those moments, we demonstrated the value of our existence. Through these experiences, we believe without a doubt that we will bounce back even stronger moving forward.

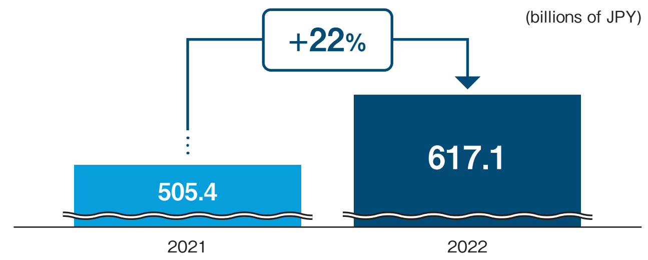
In fact, net premiums written, one of the benchmarks of client confidence in our business, saw a year-on-year increase of 15%, rising to 4.4 trillion yen despite the pandemic. Also, our normalized base profit, which excludes one-time factors, saw a year-on-year increase of 22%, rising to 617.1 billion yen. This past year gives us confidence that our underlying capabilities are stronger and will continue to be stronger as we evolve and grow.

FY2022 Performance

Net Premiums Written



Adjusted Net Profit (normalized basis*)



*: Natural catastrophes are normalized to an average annual level. Excluded in 2021 are the impact of COVID-19; capital gains in North America, etc.; and capital gains from sale of business-related equities (for part of sale exceeding 100 billion yen). In addition, 2022 excludes the war in Ukraine and South African floods.

How Tokio Marine Fulfills Its Purpose, Even in Times of VUCA

Tokio Marine Group's Approach to Value Creation: Global Risk Diversification and Global Integrated Group Management

Taking risks is a core business of Tokio Marine. We start with the premise that something will occur somewhere on the globe, and then, by managing those risks, we ensure sound business. It is our imperative in running our business that no matter the circumstances, we always keep our promises to our customers.

To achieve our goals at a high standard, it is very important to diversify risk across the globe.

Global risk diversification, the strong foundation that supports Tokyo Marine's stable management and growth, cannot be built overnight. Over these past 15 years, we have allocated capital gained from the sale of business-related equities to M&A, thereby increasing overseas insurance risk that has a low correlation with Japanese non-life risk. This approach has brought profit growth while curbing risk growth.

Our large acquisitions began with Kiln in the United Kingdom back in March 2008, followed by Philadelphia Insurance (PHLY) in the United States (December 2008), Delphi (DFG) (May 2012), HCC (October 2015), and Pure (February 2020). Simultaneously, we aggressively invested in emerging markets and pursued bolt-on acquisition to bolster our existing businesses. On the other hand, we have identified and divested certain businesses with a forward-looking view to optimize the business portfolio.

Even in years when we saw large-scale natural catastrophes and the COVID-19 pandemic, our global risk diversification has helped to keep the bottom-line impact to under 30%—although we are not yet satisfied with this level. Calculated diversification effect currently stands at 47%, and we aim to implement more initiatives that further diversify our risk profile.

In addition, we have built and are steadily evolving our unique strength of global Integrated Group Management.

Through M&As, we have acquired very "Good Companies" that fit with our corporate culture and continue to grow. Yet for Tokio Marine, our greatest achievement is welcoming talent with great expertise and knowledge. Social challenges and risks, including climate change and healthcare, continue to grow and become more complex around the world. At Tokio Marine, we intend to accurately identify these challenges, create solutions, and manage the risks. We will also balance growth and governance to a high degree. Such capabilities are required now, and we will assign appropriate talent in areas where they can address challenges and exercise our collective global expertise. This is a powerful form of corporate diversity, and it enables us to improve the quality, accuracy, and speed of our management decision-making.

We are in our eighth year of global Integrated Group Management, and by increasing the number of non-Japanese executive officers and appointing deputy CxOs, we continue to evolve. We are also seeing results reflected in quantitative terms. For example, we now offer our Japanese clients insurance products that leverage the expertise of HCC (currently TMHCC) and Kiln (currently TMK) based in the United States and in Europe. We have earned higher investment returns by allocating Group assets to U.S.-based Delphi (DFG), which has industry-leading expertise in asset management. These Group level synergy discussions are happening organically among Group Company and the synergy effect is now valued at $470 million, increasing the unique value of the Group.

Now, it is important to firmly address societal challenges, such as climate change, disaster resilience, and healthcare, by leveraging our strengths in global risk diversification and global Integrated Group Management. In doing so, our local entities in 47 countries and regions throughout the world, including Japan, will benefit from the unwavering trust of our local stakeholders.

The harder we work, the more Tokio Marine can give to our world and people. This, in turn, will allow us to realize a sustainable society more effectively, and ultimately, we too will grow in a more sustainable way. In my introduction, I touched on our purpose, and we will continue to spread the foundational initiatives rooted in our purpose across the entire Group throughout the globe.

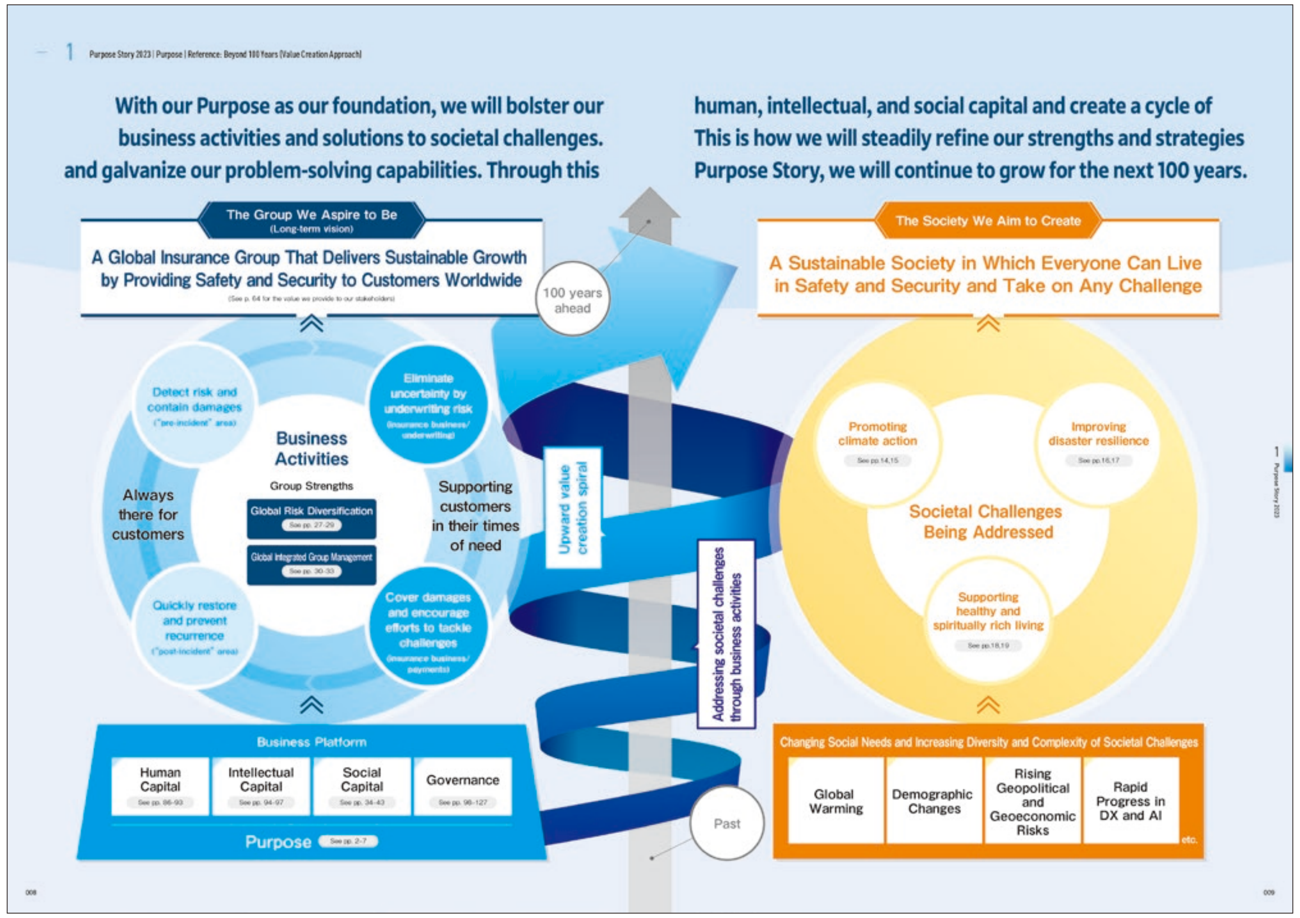
Naturally, it goes without saying that upgrading our own capabilities is essential if we are to address new social challenges. With our purpose as our foundation, we will bolster internal capital, which includes human and intellectual capital, as well as collaborate with external partners (social capital), and create a cycle of business activities and solutions to societal challenges. This is how we will steadily refine our strengths and strategies and galvanize our problem-solving capabilities. We continue to place importance on this approach, and it is our endless challenge to continue this cycle.

We already have a number of initiatives running to bolster internal capital, namely promoting and instilling diversity and inclusion and leveraging interactive AI. Our officers (CHRO on human capital, CDO on intellectual capital) will introduce these themes in more detail, so I would like to highlight just one point. I would like to introduce our latest human capital initiative, the TLI (Tokio Marine Group Leadership Institute), and this is not just because I have a long career background in HR. The TLI, established in April 2023, is a program that aims to continuously and globally nurture group-level management leaders with a deep understanding of Tokio Marine Group's purpose. There are three core points. First, fully leverage the Japanese and global talent data collected thus far, and sophisticatedly link the TLI with our talent management framework. Second, management teams in Japan and abroad are committed to passing down their vision and experiences directly to the next generation, that is, passing on the baton of our spirit—our purpose—which lives on in Tokio Marine Group. Third, gather the global wisdom of talent development of Group Company HR sections and collaborate to foster our prospective leaders on a global scale. As we go forward, we will position the TLI at the center of group-level management leader development to build our own systematic program.

Regarding collaborative creation with our external partners and in terms of disaster resilience, development of comprehensive disaster prevention and mitigation solutions will finally start in Japan this summer. This is led by CORE, a disaster prevention consortium which transcends industry boundaries. By combining the strengths, data, and know-how of participating companies, our aim is to provide end-to-end solutions for the value chain in the disaster prevention and mitigation fields. These span from ascertaining the current situation in disaster-affected areas to rebuilding daily lives, including the use of insurance. In the United States, and in tandem with the University of Hawaii, we are exploring ways to mitigate risk for deteriorating condominiums. In China, we set up a health consortium to develop cross-industry healthcare solutions that extend the healthy life expectancy of Chinese citizens. These seeds are only just sprouting, but they will grow into trees and eventually a forest. It is very encouraging to see these initiatives accelerate, not only in Japan but also around the world. I believe that the continuation of these efforts, including the strengthening of internal capital, will be the engine that propels Tokio Marine's sustainable growth for the next 100 years.

Tokio Marine Group's Approach to Value Creation

Expanded version: pp. 8,9



Steadily Moving toward the Realization of the Society and the Group We Envision

As a result of carrying out our strategies, for fiscal 2023, we forecast adjusted net income of 670 billion yen and adjusted ROE of 17.1%. Fiscal 2023 is the final year of our current Mid-Term Business Plan, and we expect to finish significantly higher than what we set out in the initial plan (adjusted net income of approximately 480 to 540 billion yen and adjusted ROE of approximately 12%). We believe that the numbers prove our capabilities, and they are steadily increasing.

As I have explained on various other occasions, we believe that business profit growth and shareholder returns should be consistent. With that in mind, we set the fiscal 2022 regular dividend at 100 yen per share, as planned at the beginning of the year. For the fiscal 2023 regular dividend, we intend to increase it by 21 yen from the previous year to 121 yen, and raise our dividend payout ratio to 50%. This represents twelfth consecutive year of a dividend increase.

This 670 billion yen profit plan for fiscal 2023 would be record high profit, but our management acknowledges that it is only a checkpoint—a milestone in our journey to fulfill our vision to achieve a sustainable society where everyone can live safely and securely, and embrace challenges, and a milestone in our journey to fulfill our purpose or long-term goal to be a global insurance group with sustainable growth by providing safety and security to customers around the world.

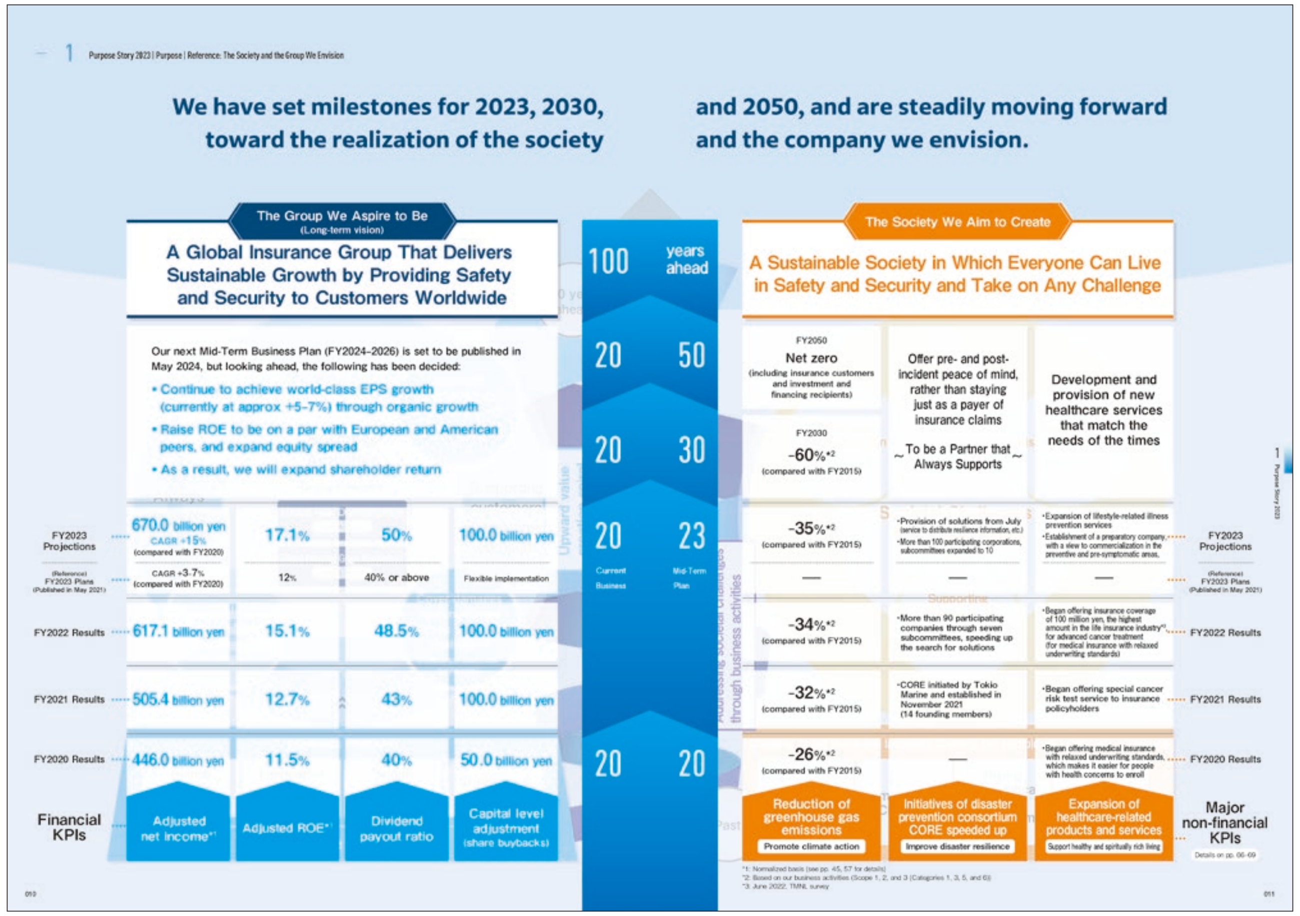
So, the question is, just how much will our profits grow? Currently, we are working to announce in May 2024, our next Mid-Term Business Plan (FY2024–2026). With an even longer perspective, following three points have been determined:

(1) Continue to achieve world-class EPS growth (currently at approx. +5–7%) through organic growth
(2) Raise ROE to be on a par with European and American peers, and expand equity spread
(3) Increase shareholder returns as a result of the above

Of course, it goes without saying that in achieving these financial targets, it is also essential to achieve our non-financial targets, including the reduction of greenhouse gas emissions and a higher representation of female directors and auditors. As such, we have set non-financial KPIs to address the social challenges that the Company faces for our own sustainable growth. For example, climate change. As highlighted in the TCFD section (pp. 72–85), climate change will lead to larger and more frequent natural disasters, which could seriously impact claims payment and business continuity. Accordingly, our own initiatives for carbon neutral are a major premise for Tokio Marine. As a responsible insurance company, institutional investor, and global corporation, we actively engage with customers in their effort to transition towards zero carbon society, with the goal to have insurance clients and investees achieve net zero by fiscal 2050.

The Tokio Marine Group's Future Vision

Expanded version on pp. 10,11



In Closing

In closing, allow me to reiterate my commitment as the CEO of Tokio Marine Group.

Once again, I would like to express my heartfelt gratitude to all of our shareholders and investors for the support which makes it possible for Tokio Marine to continue our business activities—thank you. As mentioned earlier, this is a once-in-a-hundred-year tipping point, rocked by uncertainty in global affairs and facing large-scale managerial and business environment changes. Our business is no exception. In the face of these issues, we need to act as pioneers, proactively taking action to create the future, rather than simply responding to changes.

We often host meetings where we discuss serious issues in a relaxed environment with the aim of reiterating our purpose and culture—we call this "Majikirakai." Here, I often address our employees with the following ideas: "Think deeply and challenge what you can change in your day-to-day work. What can you leave for your successors and the next generation?; What can you do to reach out and connect with the future?" and "Tokio Marine must become a company that values those who get five hits in 20 at bats with a batting average of .250, rather than two hits in three at bats and a batting average of .666. Instead of setting a limit for yourself, I want you to go up to the batter's box and swing as many times as you can."

A young employee in his 30s turned his attention to a niche market, which was not easy to access for Tokio Marine & Nichido. With the aim of creating alliances across various business partners to provide tailored insurance products and services, we created Tokio Marine X Small-Amount Short-Term Insurance Co. Ltd. The company is an example of "standing in the batter's box and swinging the bat" and exemplifies our determination to "keep swinging." In a digitally centered niche market, it is important to quickly learn and move forward through repeated trial and error. Therefore, we chose small-amount, short-term insurance for the company, as it combines life and non-life insurance and facilitates agile product development.

Small-amount, short-term insurance is subject to a maximum handling of 5 billion yen in insurance premiums. From a Group-wide perspective, the impact of this new business is small. Nonetheless, as long as it is aligned with our purpose, I want to acknowledge our employees to challenge. The team is very diverse and made up mostly of members in their 20s and 30s, with a mix of gender and a variety of careers. I do not want them to be bound by conventional thinking but rather to have a flexible mindset as they drive the business forward.

Leveraging digital technologies to create new insurance value

Team Members of Tokio Marine X Small-Amount Short-Term Insurance
(Commenced business in March 2023)
Kohei Miyatani (President), third from the left

Young employees in their 20s restructure the London branch, which was in financial crisis

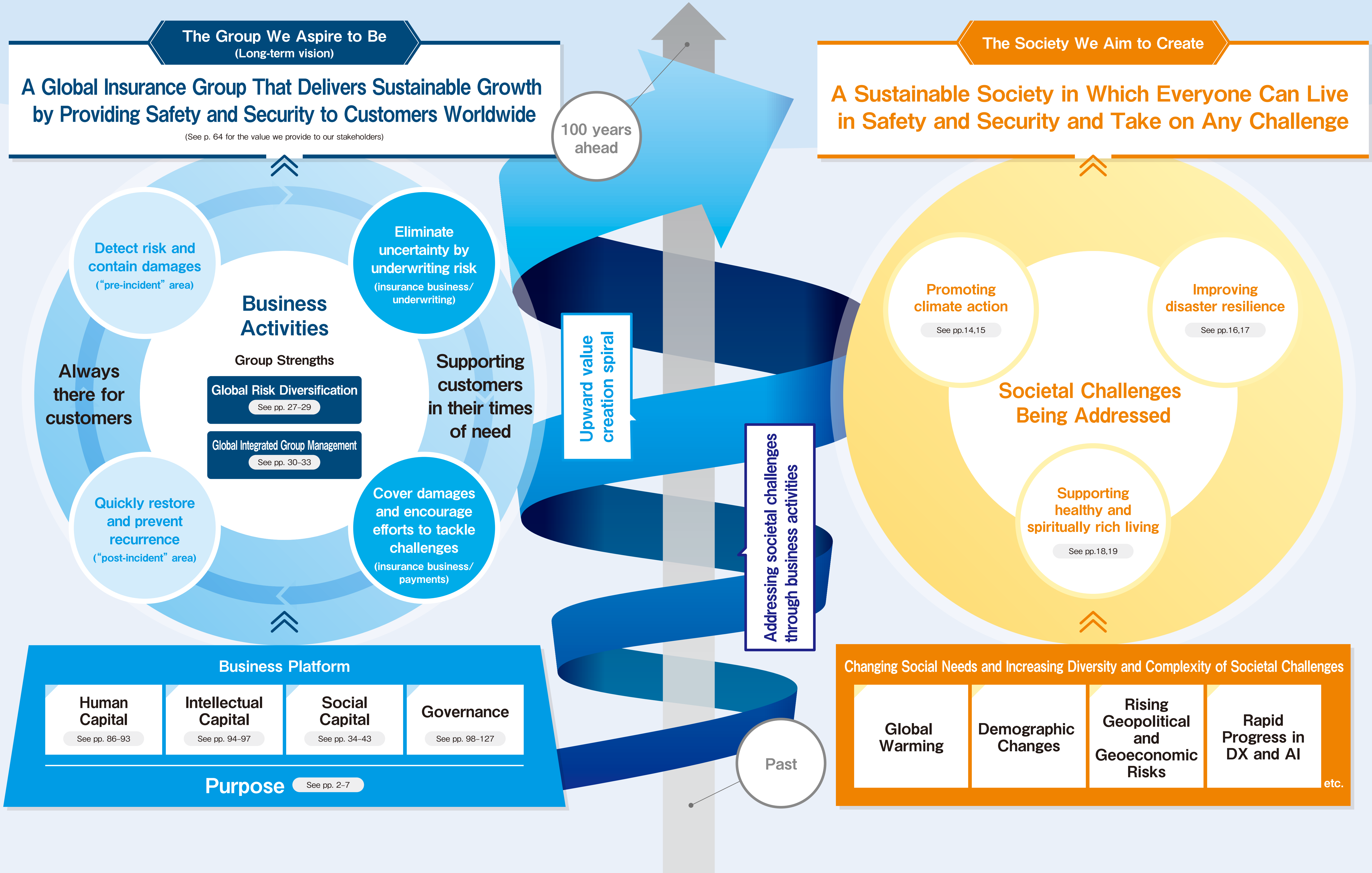
Members of Tokio Marine London Branch
Front center, Kenkichi Kagami, and front far left, Hachisaburo Hirao
(future Minister of Education)
Photograph taken around 1898

If you compare these two pictures on this page, you might think that Tokio Marine has always been supported by the young generation. However, last year, I formed the "CEO Team" that includes non-Japanese officers, with the aim of enhancing management decision-making. This year, I established the Global Communications Department to further enhance internal and external communication. I personally will not cease to take on new challenges. There are not any role models, prototypes, or right answers in our search for our unique management style. However, as Group CEO, I am happy to take the lead and continue swinging the bat. We are in uncharted waters, and predicting even a little further ahead is not easy. However, the whole Group works together for high cadence of hypotheses testing cycle to plan and execute a seamless growth strategy.

From the outset, insurance is a "people's business." As Group CEO, it is my job to nurture a culture and a climate that allows our staff to pour their passion into fulfilling our purpose. I place the utmost importance on this as I execute my responsibilities.

By continuing to serve our customers and society, we as a Company will continue to sustainably grow and increase our corporate value. This is the business management style that I want to achieve, and I am determined in my cause. I want you to keep the Company actively working, and I intend to build a future that meets everyone's expectations. Please accept my appreciation, and I kindly ask for your continued support.

With our Purpose as our foundation, we will bolster our human, intellectual, and social capital and create a cycle of business activities and solutions to societal challenges. This is how we will steadily refine our strengths and strategies and galvanize our problem-solving capabilities. Through this Purpose Story, we will continue to grow for the next 100 years.



We have set milestones for 2023, 2030, and 2050, and are steadily moving forward toward the realization of the society and the company we envision.

The Group We Aspire to Be
(Long-term vision)

A Global Insurance Group That Delivers Sustainable Growth by Providing Safety and Security to Customers Worldwide

Our next Mid-Term Business Plan (FY2024–2026) is set to be published in May 2024, but looking ahead, the following has been decided:

- Continue to achieve world-class EPS growth (currently at approx +5–7%) through organic growth
- Raise ROE to be on a par with European and American peers, and expand equity spread
- As a result, we will expand shareholder return

Financial KPIs

	Adjusted net income*1	Adjusted ROE*1	Dividend payout ratio	Capital level adjustment (share buybacks)
FY2023 Projections	670.0 billion yen CAGR +15% (compared with FY2020)	17.1%	50%	100.0 billion yen
(Reference) FY2023 Plans (Published in May 2021)	CAGR +3-7% (compared with FY2020)	12%	40% or above	Flexible implementation
FY2022 Results	617.1 billion yen	15.1%	48.5%	100.0 billion yen
FY2021 Results	505.4 billion yen	12.7%	43%	100.0 billion yen
FY2020 Results	446.0 billion yen	11.5%	40%	50.0 billion yen

100 years ahead

2050

2030

2023
Current Business
Mid-Term Plan

2020

The Society We Aim to Create

A Sustainable Society in Which Everyone Can Live in Safety and Security and Take on Any Challenge

~ To be a Partner that Always Supports ~

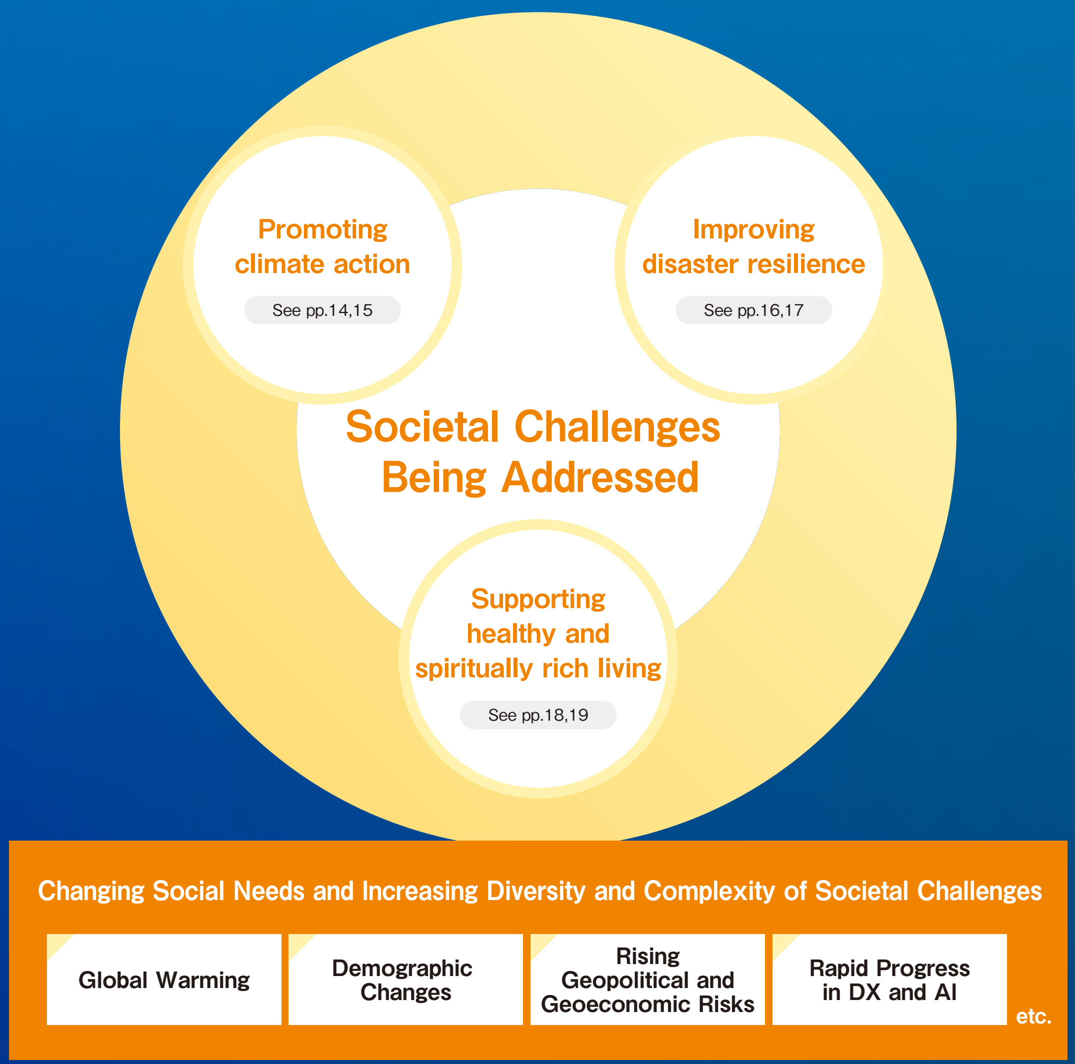
Major non-financial KPIs

	Reduction of greenhouse gas emissions (Promote climate action)	Initiatives of disaster prevention consortium CORE speeded up (Improve disaster resilience)	Expansion of healthcare-related products and services (Support healthy and spiritually rich living)
FY2050	Net zero (including insurance customers and investment and financing recipients)	Offer pre- and post-incident peace of mind, rather than staying just as a payer of insurance claims	Development and provision of new healthcare services that match the needs of the times
FY2030	-60%*2 (compared with FY2015)		
FY2023 Projections	-35%*2 (compared with FY2015)	・Provision of solutions from July (service to distribute resilience information, etc.) ・More than 100 participating corporations, subcommittees expanded to 10	・Expansion of lifestyle-related illness prevention services ・Establishment of a preparatory company, with a view to commercialization in the preventive and pre-symptomatic areas,
(Reference) FY2023 Plans (Published in May 2021)	—	—	—
FY2022 Results	-34%*2 (compared with FY2015)	・More than 90 participating companies through seven subcommittees, speeding up the search for solutions	・Began offering insurance coverage of 100 million yen, the highest amount in the life insurance industry*3, for advanced cancer treatment (for medical insurance with relaxed underwriting standards)
FY2021 Results	-32%*2 (compared with FY2015)	・CORE initiated by Tokio Marine and established in November 2021 (14 founding members)	・Began offering special cancer risk test service to insurance policyholders
FY2020 Results	-26%*2 (compared with FY2015)	—	・Began offering medical insurance with relaxed underwriting standards, which makes it easier for people with health concerns to enroll

Details on pp. 66-69

*1: Normalized basis (see pp. 45, 57 for details)
*2: Based on our business activities (Scope 1, 2, and 3 (Categories 1, 3, 5, and 6))
*3: June 2022, TMNL survey

Our aim is to drive forward climate change countermeasures and improved disaster resilience. We have marked three currently emerging societal challenges that we need to address to enable us to support healthy and enriched lives. We will implement strategies to address these challenges and enhance our company's social and economic value.



We aim to continue to protect our customers and society in times of need through solving societal challenges with our business activities based on our Purpose and, as a result, we will create and enhance our social and economic value.

In this uncertain era of VUCA, social challenges are ever-increasing, expanding, and becoming more complex. New social challenges unlike any we have ever faced are appearing. We are now in an era where what seemed like common sense in the past no longer applies. It is precisely because of this complex era that our business domains and areas of activity in the risk and underwriting business continue to expand.

There are many social challenges and domains that we would like to help address, but as far as the world and insurance companies are concerned, the immediate challenges are the advancement of climate change countermeasures, improved disaster resilience, and supporting healthy and enriched lives.

The first is climate change. The numerous adverse effects of climate change, which include the intensification of natural disasters, threaten the safety and security of people's everyday lives and are starting to hinder the sustainable development of society. As a responsible insurance company, institutional investor, and global enterprise, Tokio Marine stands ready to face this challenge head-on.

Next, improved disaster resilience. The intensification of natural disasters is already severe. As a company that was founded in Japan—a country prone to natural disasters—Tokio Marine has long been contributing to improved disaster resilience as our very purpose. As natural disasters intensify, in addition to protecting our customers and local communities in their times of need, we will strengthen and expand our business into the domains of pre- and post-incident insurance events, such as disaster prevention/mitigation and early recovery/prevention of recurrence. Through this, we will contribute to the improved resilience of society as a whole.

Finally, supporting healthy and enriched lives. As we prepare for the coming era of the 100-year life, the risks of prolonged periods of poor health and the depletion of assets during our life spans are becoming more serious. We will support this era of the 100-year life by providing higher-added-value products and services that combine life and non-life insurance, and by supporting corporate health and productivity management.

Climate Change Countermeasures

Climate change is an important social challenge in terms of global sustainability
As a responsible insurance company, institutional investor, and global enterprise, Tokio Marine stands ready to face this challenge head-on.

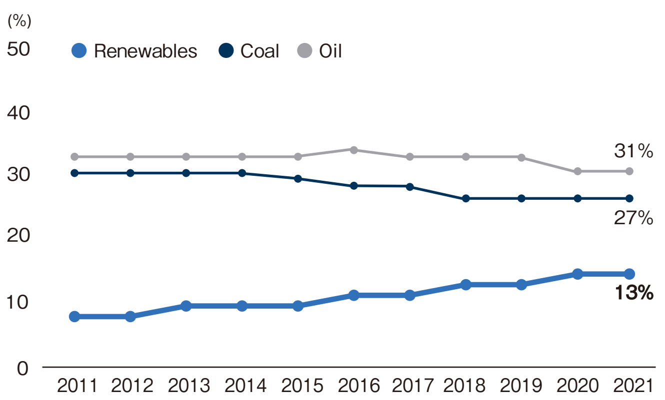
Environmental Awareness

Climate change is a multifaceted threat that is causing intensification of natural disasters, rising sea levels, changes in the ecosystem, food shortages, and health hazards. It is a significant challenge that the international community must come together to tackle. The international community brought the Paris Agreement into force in 2015 to reduce GHG emissions, the cause of climate change. Common global long-term goals agreed to include initiatives to limit the increase in global average temperature to 1.5°C*[1] and to achieve carbon neutrality by 2050. Under this international framework, each country is driving forward unique initiatives based on their own energy circumstances.

In Japan, the government announced new mixed energy standards that should significantly increase the ratio of renewable energy sources, with the aim of reducing GHG emissions by 46% by 2030 (compared with fiscal 2013). The main sources of energy are solar and wind. However, as Japan is an island nation, there are high hopes that offshore wind power could be its trump card in its effort to shift to renewable power sources as a main source of energy.

*1 Compared to pre-Industrial Revolution levels

Expansion of the Global Renewable Energy Market



Source: 2022 BP Statistical Review of World Energy

Published by the Government of Japan New Mixed Energy Standards in 2023

GW (ratio)	FY2020	2030
Solar power	61.6 (51%)	103.5–117.6 (55%–58%)
Onshore wind power	4.5 (4%)	17.9 (10%–9%)
Offshore wind power	—	5.7 (3%–3%)
Hydropower	50.0 (41%)	50.7 (27%–25%)
Other	5.6 (5%)	9.5 (5%–5%)
Total	121.7 (100%)	187.3–201.4 (100%)

Source: Agency for Natural Resources and Energy

Our Vision for Tokio Marine

As a responsible insurance company and institutional investor, we at Tokio Marine develop and provide renewable energy-related insurance products and services and support companies that promote GX through investments and loans. Additionally, by engaging on the theme of the environment, we support corporate innovation and transition for decarbonization and carbon neutrality. As a global enterprise, we will contribute to the decarbonization and carbon neutrality of society by playing a leading role in international initiatives.

To Achieve Our Vision

1. As an Insurance Company

To advance the spread of renewable energy, it is essential to establish an environment where suppliers feel comfortable investing in such business and can carry out their operations with peace of mind. One of our entities is GCube, a leading underwriting player in the global renewable energy field. GCube has access to accident data on a wide range of renewable energy sources, including solar, wind, and hydro, as well as LC and LP*[1] expertise. Through the provision of insurance products and services, risk consulting, and claims services that leverage this high-level expertise, we are supporting the development of renewable energy.

As for Japanese offshore wind power, for example, construction work at sea is not easy, and it is especially important to be prepared for typhoons. In providing insurance products and consulting for risks unique to Japan's offshore wind power generation, we are able to leverage Tokio Marine's experience and accident data from our insurance business in Japan, as well as GCube's loss prevention know-how, which is gained from a track record of underwriting numerous offshore wind power projects in Europe.

*1 LC/LP are abbreviations for Loss Control (accident mitigation) and Loss Prevention (accident prevention).

2. As an Institutional Investor

As an institutional investor, we support the development of companies that are advancing GX. For example, in 2023, we made a commitment to invest in a forest fund. By lengthening periods between deforestation and by improving forest operation and management (such as tree planting) we are contributing to an increased amount of GHG absorbed by forests. Through investment in Japan's first blue bond*[2] in 2022, we invest in and are supporting environmentally sustainable fisheries and aquaculture businesses.

As of the end of March 2023, our group balance of sustainability-related investments and loans increased by approximately 109 billion yen. We will continue supporting enterprises that are driving GX forward across a wide range of fields.

*2 Bonds that raise funds for businesses involved in marine protection.

As an Insurance Company and Institutional Investor

Through the theme of environmental engagement, as a responsible insurance company and institutional investor, we support our customers' corporate innovation and transition toward decarbonization and carbon neutrality.

As an insurance company, we engage with a wide range of over 250 business partners.*[3] For more than 120 of these companies, we leverage our advanced underwriting and risk management know-how to provide proposals and support to address the challenges of corporate decarbonization. For example, for one corporate customer that plans to achieve net-zero GHG emissions by 2050 and has started developing and looking into new technologies, we presented various proposals (participation in demos, prototype risk underwriting, loss prevention, etc.) related to the risk reduction of new technologies.

We contribute to the acceleration of GX-related customer initiatives as an institutional investor through engagement that considers the non-financial information of investment and loan customers.

Of course, in our climate change policy, we also share our thoughts on divestment (details on p. 83). However, we are not fulfilling our responsibilities just by divesting. While divestment is sometimes necessary, we are closer to corporate customer transition through engagement. "How can we contribute to the realization of a net-zero society?" While considering this question alongside our customer businesses, we want to contribute to the decarbonization and carbon neutrality of all society.

*3 FY2022 results

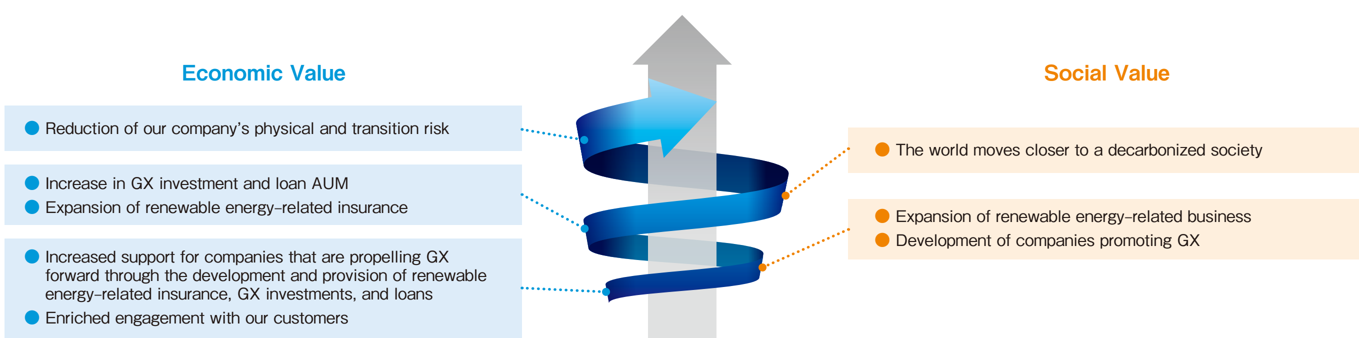
3. As a Global Company

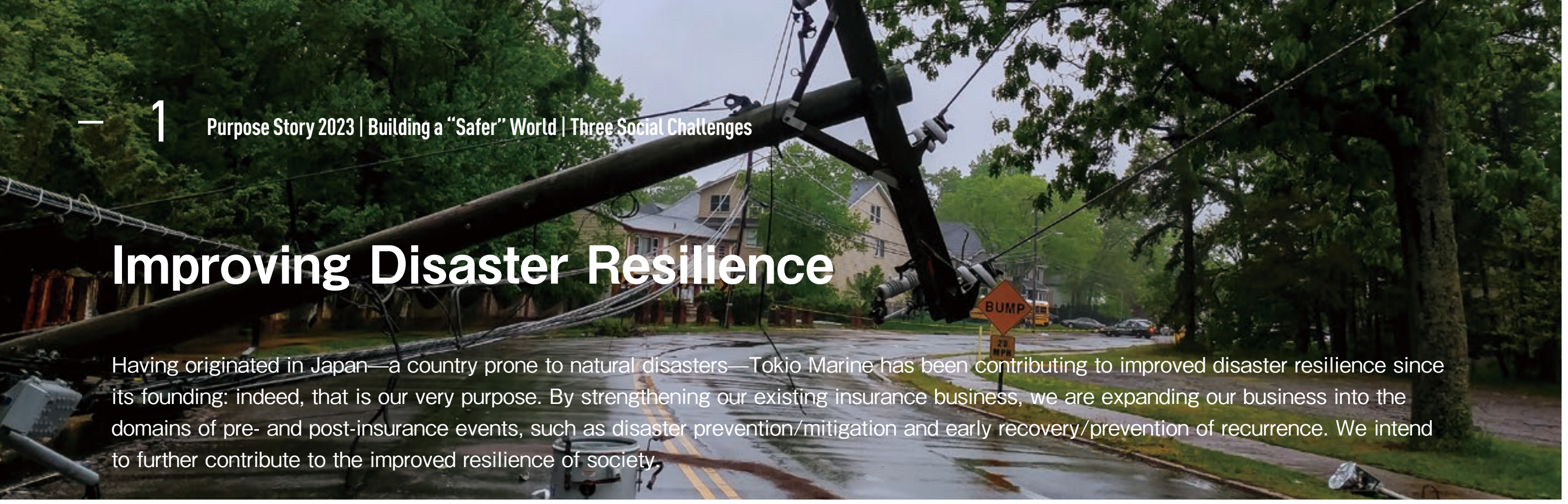
Our Group has reduced GHG emissions related to business activities by 34% compared with fiscal 2015 (2022 results). We did this by switching to electricity generated from renewable sources, purchasing electric vehicles for company use, reducing utility usage, and more. We have been planting mangroves since 1999 and are steadily increasing the amount of GHG absorption and fixation. As a result, in fiscal 2022 we achieved carbon neutrality for the 10th consecutive year.

Our Group also participates in various international climate-related initiatives, conducting surveys, research, and advocacy. For example, at the Geneva Association, an insurance industry think tank composed of chairpersons and CEOs from approximately 70 insurance companies worldwide, we co-chaired the working group "Climate Change and Emerging Environmental Issues" and lead surveys and studies on "Climate Change and the Environment," an important issue for the insurance industry. As a TCFD member involved in the founding of the TCFD Consortium in Japan, as well as giving recommendations, we contributed to the spread and promotion of climate-related information.

Upward Spiral of Our Social Value and Economic Value (image)

The more work we do, the more our social value increases.
The more our social value increases, the more our economic value increases.





Improving Disaster Resilience

Having originated in Japan—a country prone to natural disasters—Tokio Marine has been contributing to improved disaster resilience since its founding: indeed, that is our very purpose. By strengthening our existing insurance business, we are expanding our business into the domains of pre- and post-insurance events, such as disaster prevention/mitigation and early recovery/prevention of recurrence. We intend to further contribute to the improved resilience of society.

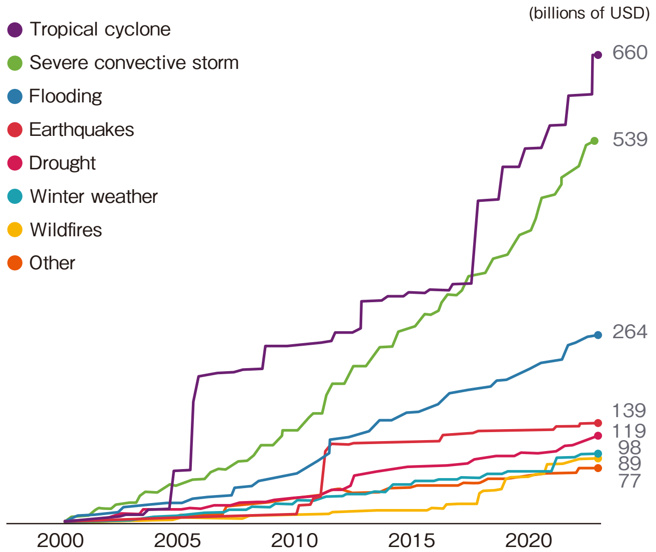
Environmental Awareness

Since 2000, economic losses attributable to natural disasters, such as hurricanes, typhoons, and torrential rain*1, have continued to grow. In fact, the global economic losses from natural disasters in 2022 amounted to some $313 billion, a level higher than the average since 2000. Within that, the amount of insurance claims paid (industry estimate) for Hurricane Ian in the United States was approximately $52.5 billion, second only to Hurricane Katrina in 2005. While the severity of natural disasters has thus become more pronounced, losses not covered by insurance (the protection gap) still stands at 58%. Closing this protection gap is critical in improving disaster resilience.

The protection gap is partly due to factors on the customer side, such as customers feeling that they do not need to be insured or cannot afford it. However, the gap can also be attributed to supply-side issues, such as risk being too great or uncertain for insurance companies to provide coverage or companies insufficiently explaining the necessity of coverage to customers. An example can be seen with earthquake insurance in Japan. The risk was thought so great that it was difficult for private non-life insurance companies alone to underwrite it, and for a long time no insurance existed. But a public-private joint insurance system was established following the major earthquakes that occurred in the 1960s. Thus, the protection gap is an issue that requires action not only by insurances companies but also by governments, research institutions, and local communities around the world. In other words, industry, academia, government, and citizens worked together to determine what is best and how to tackle the issue.

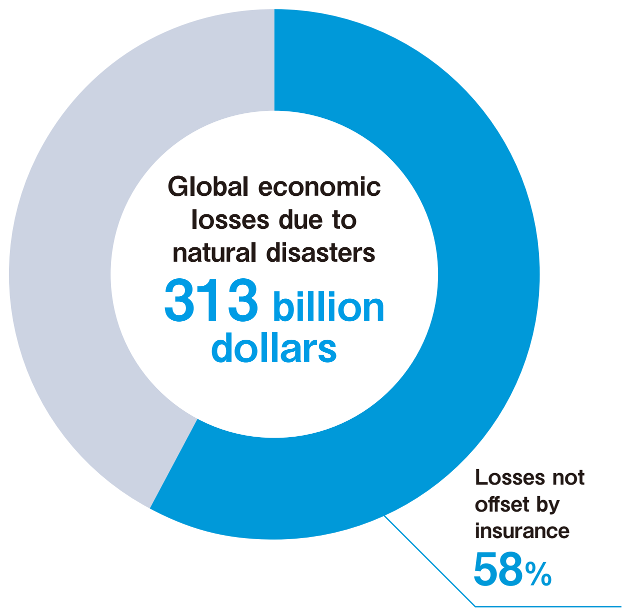
*1 Cumulative from 2020 onward

Growing Global Economic Losses (by natural disaster type)



Source: 2023 Weather, Climate and Catastrophe Insight, Aon

Protection Gap



Source: 2023 Weather, Climate and Catastrophe Insight, Aon

Our Vision for Tokio Marine

In addition to protecting our customers in their times of need, by expanding our insurance business into the domains of pre- and post-insurance events such as disaster prevention, mitigation, early recovery, and prevention of recurrence, we intend to evolve into a partner that always provides support. We are working to build a resilient world that coexists with the risks of natural disasters.

Achieving Our Vision

1. As a Partner Who Always Provides Support

Insurance claims payment is the most important function of an insurance company, but this alone does not mean that we adequately support our customers. Overall, it would be preferable if disasters did not happen. When they do, the less damage and the quicker the recovery, the better. And they should not reoccur. Our Group also strives to provide peace of mind in pre- and post-disaster insurance events, including disaster prevention, mitigation, early recovery, and prevention of recurrence. Rather than only paying insurance claims in times of need, by evolving into a partner that always supports customers, we will earn customer recognition and reduce our loss ratio.

As for disaster prevention and mitigation, for example, we believe that we can provide even better products and services not only by leveraging our own capabilities but also by working with leading companies in various industries. In November 2021, we launched CORE, the Disaster Prevention Consortium, and are working to create and implement solutions that contribute to disaster prevention and mitigation in Japan, where natural disasters are becoming more severe. Currently, over 100 corporations and organizations representing a wide array of industries are participating in the creation of solutions such as (1) resilience information services, (2) building damage cost simulations, and (3) real-time hazard maps. This summer, we will finally enter the phase of concrete business development. (Details on p. 37)

We have also long focused on services that reduce and prevent accidents and damage caused by natural disasters (LC/LP*1) by accurately ascertaining the environment and risks surrounding client companies. In fiscal 2022, Tokio Marine Nichido implemented around 1,500 loss control and loss prevention cases. These include cases for which we were able to contribute to reduced customer damage costs and accident numbers by about 30%.

*1 LC/LP = Loss Control (accident mitigation) and Loss Prevention (accident prevention)

2. Always Be There in Times of Need

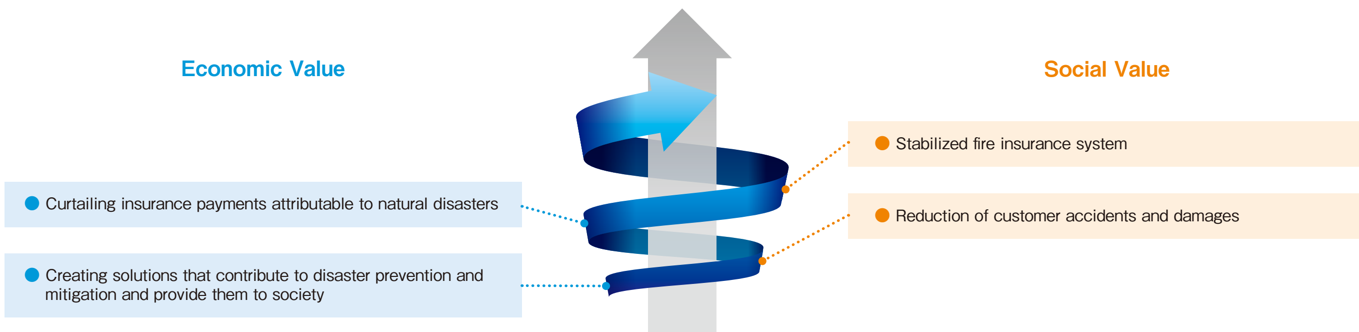
Fire insurance is an essential type of insurance that protects customers from natural disasters. Due to the intensification of natural disasters in recent years, this line of business is constantly in the red. If we are entrusted with valuable capital from our shareholders, we should not tolerate sloppy accounting just because overall business is in the black—and it is unsound from the perspective of fairness to policyholders. In addition to improving our own business efficiency (cost reduction, etc.), we will work together as a Group to flexibly revise premium rates and products and optimize reinsurance to make fire insurance sustainable and in order to always support customers and local communities in times of need. Through these comprehensive and thorough initiatives to improve profitability, we expect to secure profitability (ROR >7%) equivalent to the cost of capital in fiscal 2026. (Details on p. 135)

Our Specific Initiatives

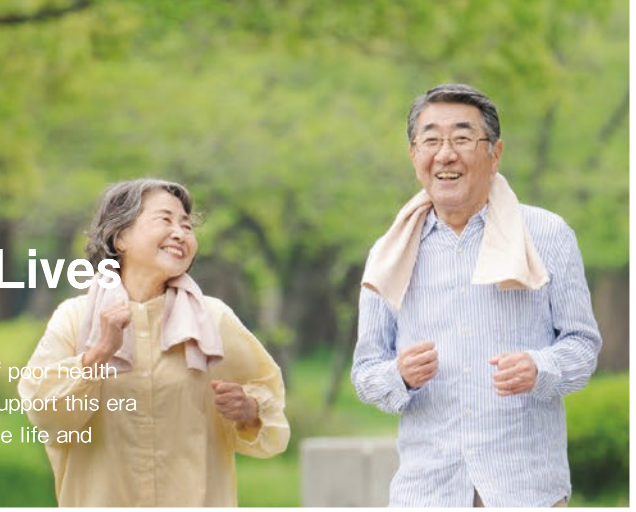
Increased Business Efficiency	First, Tokio Marine will work to significantly reduce our administrative workload by leveraging digital technology*2, thereby reducing our operating expense ratio to the 31% level*3 in fiscal 2026. *2 Reduce administrative workload by 20–30% by fiscal 2026 (compared with fiscal 2019) *3 Private health insurance base
Revision of Rates and Products	To make fire insurance profitable, we have revised rates and products for four consecutive years since 2019. Through this, we expect an improvement in earnings of approximately 60 billion yen in fiscal 2023 (compared with fiscal 2020). However, even with this measure, we are still unable to secure profitability equivalent to our cost of capital (ROR >7%). For this reason, we are also considering rate and product revisions during the next mid-term business plan (FY2024–2026). In addition, to make insurance premiums among policyholders fairer, we are examining the introduction of regional segmentation of our current nationwide uniform flood disaster premium.
Optimization of Reinsurance	In Europe and the United States, due to the effects of Hurricane Ian and reinsurer capital reductions attributable to rising interest rates, reinsurance premiums have risen sharply, and underwriting preconditions have been tightened. However, in fiscal 2023, we are able to curb increases in reinsurance premiums in Japan and overseas without increasing our risk through strategic negotiations with reinsurers using the collective strengths of our Group, reviewing earnings cover through cycle management, as well as by abolishing inefficient programs, and more.

Upward Spiral of Our Social and Economic Value (image)

The more work we do, the more our social value increases.
The more our social value increases, the more our economic value increases.



Supporting Healthy and Enriched Lives



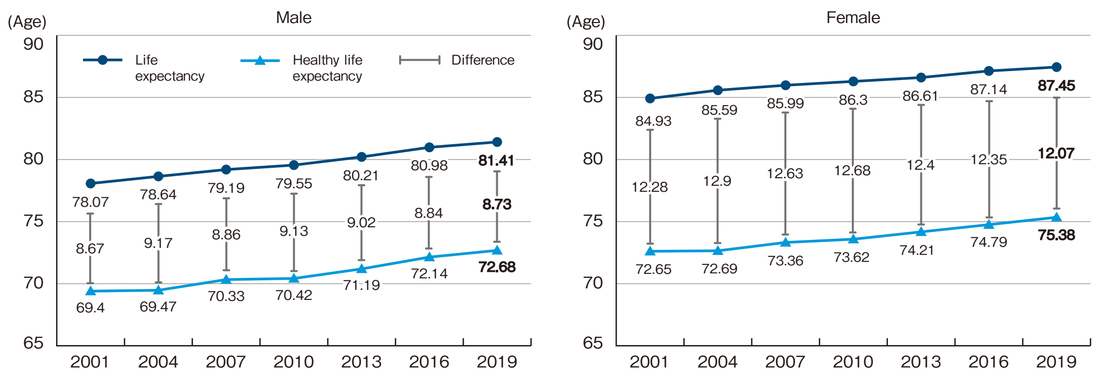
As we prepare for the coming era of the 100-year life, the risks of prolonged periods of poor health and the depletion of assets during our life spans are becoming more serious. We will support this era of the 100-year life by providing higher-added-value products and services that combine life and non-life insurance, and by supporting corporate health and productivity management.

Environmental Awareness

Japan has one of the longest life expectancies in the world, and the average life expectancy continues on an upward trend. While this itself is welcome, the difference between average life expectancy and healthy life expectancy is as much as ten years. In anticipation of the era of the 100-year life, how to reduce the difference between average life expectancy and healthy life expectancy has become an urgent issue – extending healthy life expectancy has become an important social issue. Avoiding asset depletion is also an urgent challenge, as living longer with an illness can lead to increased financial burden on the individual and their family.

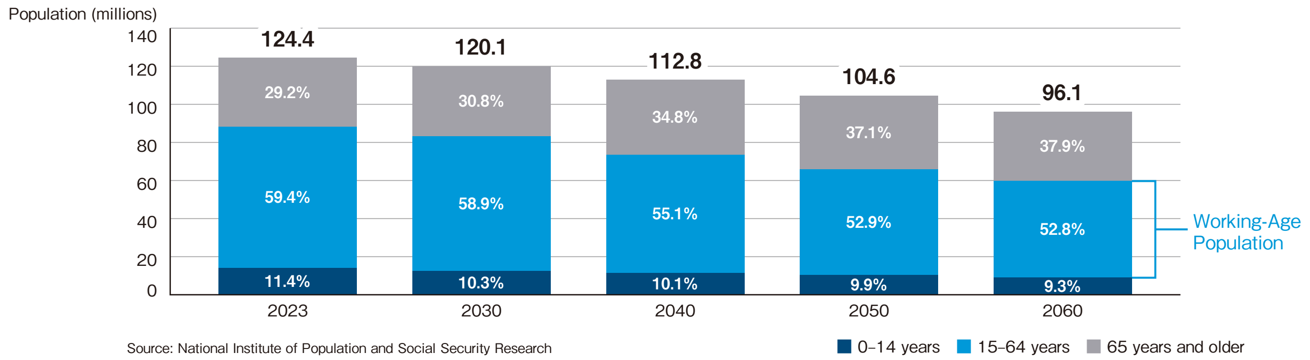
Also, due to Japan's declining birthrate, the proportion of the population of working-age (15–64 years old) is just 59.4%—the lowest level among developed countries—and this is expected to further decline to about 52.8% by 2060. As the problem of labor shortages in Japan gradually emerges, companies are entering an era in which it is difficult to maintain and improve employee recruitment and retention rates. In addition to corporate initiatives such as improving productivity through innovation, an increasing number of companies are strategically working on corporate health and productivity management as they start to regard employee health management and the promotion of health as an investment.

Average Life Expectancy and Healthy Life Expectancy Trends in Japan



Source: Ministry of Health, Labour and Welfare

Population Trends in Japan



Source: National Institute of Population and Social Security Research

Our Vision for Tokio Marine

We support people's long, healthy lives by providing products and services that support the extension of healthy life expectancy, as well as the avoidance of asset depletion. As labor shortages become more acute, through support for health and productivity management, we will support the employees of our client companies so they can work in good physical and mental health.

By helping to address challenges related to the declining birthrate and aging society in Japan and refining our solutions, we will support countries around the world that are likely to confront the same challenges as Japan in the future.

To Achieve Our Vision

1. Support for Extended Healthy Life Expectancy and the Avoidance of Asset Depletion

We leverage the latest technology and external expertise to help our customers have an extended healthy life span.

In Japan, as average life expectancy increases, the number of people suffering from lifestyle-related diseases such as cancer, heart disease, and strokes is also increasing. To prevent these lifestyle-related diseases, it is essential that we raise awareness of health-related issues and improve our lifestyles. To that end, Tokio Marine Nichido Anshin Life began offering "Anshin Healthcare" from August 2023. We support heightened customer awareness in relation to health and lifestyle through services including predicting the risk of developing hypertension, diabetes etc. from health checkup results that big data-assisted AI and providing online consultation with a nurse when customers are concerned about their health checkup results.

Among lifestyle-related diseases, some cancers, if diagnosed at an early stage, can be successfully treated in 90% of cases thanks to recent advances in medicine. Therefore, Tokio Marine Nichido Anshin Life has teamed up with Craif, a company we invested in, to offer "miSignal," a simple cancer risk test using urine samples for affordable, early detection of cancer. Serious cancer cases might require expensive treatment costs that are not covered by the public medical insurance system, leading some to give up on their desired form of treatment due to financial constraints. At Tokio Marine Nichido Anshin Life, we developed and now offer "Anshin Cancer Treatment Insurance," which provides coverage for the latest cancer treatments up to 100 million yen*1, the highest amount in the life insurance industry.

We are also taking measures to avoid customer asset depletion. Tokio Marine Nichido Anshin Life provides Market Link (regular premiums variable insurance) that supports customers' long-term asset formation through long-term and diversified investment.

As we enter an era of the 100-year life, our products and services, which accurately capture customer needs, are being evaluated favorably by customers. Thanks to that, Tokio Marine Nichido Anshin Life's top line*2 of senior healthcare and regular premiums variable insurance is steadily expanding (Senior healthcare sector: 3-year CAGR: approx. +26%. Asset formation: 3-year CAGR: approx. +39%).

*1 Tokio Marine Nichido Anshin Life survey, November 2021.
Insurance of up to 100 million yen when "Specific Cancer Treatment Insurance" is attached to "Anshin Cancer Treatment Insurance"
*2 Annualized insurance premiums for new policies

2. Supporting Corporate Health Management

Our company's corporate health management initiatives are evaluated favorably, and we are the only company in the insurance industry to have been selected as a top health management brand for eight consecutive years. We make the best use of our health management know-how to support the health management needs of our client companies.

For example, at Tokio Marine Nichido, we launched the Health Management Task Force where we have more than 200 employees working as promoters nationwide. We support the certification of small and medium-sized enterprises (SMEs) throughout Japan as Excellent Health Management Organizations by providing insurance that supports a balance between treatment/nursing care and work, and services including support for formulating a BCP to counter infectious diseases as well as countermeasures against mental health issues and workplace harassment. In fiscal 2022, we supported 2,000 companies, or 12% of all certified corporations.

The initiatives of Tokio Marine Nichido are also highly evaluated by corporate customers. Thanks to them, the top line*3 of insurance that is highly compatible with health management is growing at a five-year CAGR of +6%.

*3 Statistical insurance premiums for corporate and group insurance that compensate employees and cover work-related accident risks, unemployment risks, medical and nursing care risks, etc.

Upward Spiral of Our Social and Economic Value (image)

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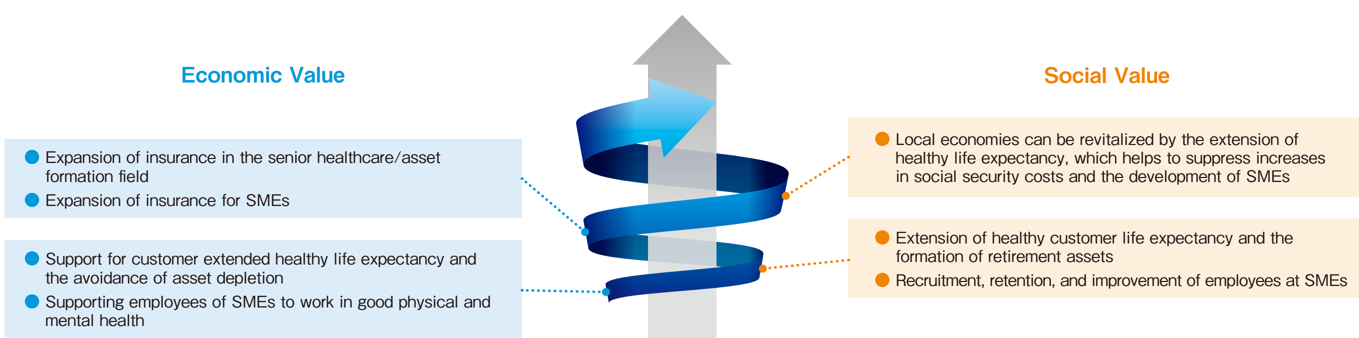
The more our social value increases, the more our economic value increases.**



Our Progress in Solving Social Challenges and Achieving Sustainable Growth

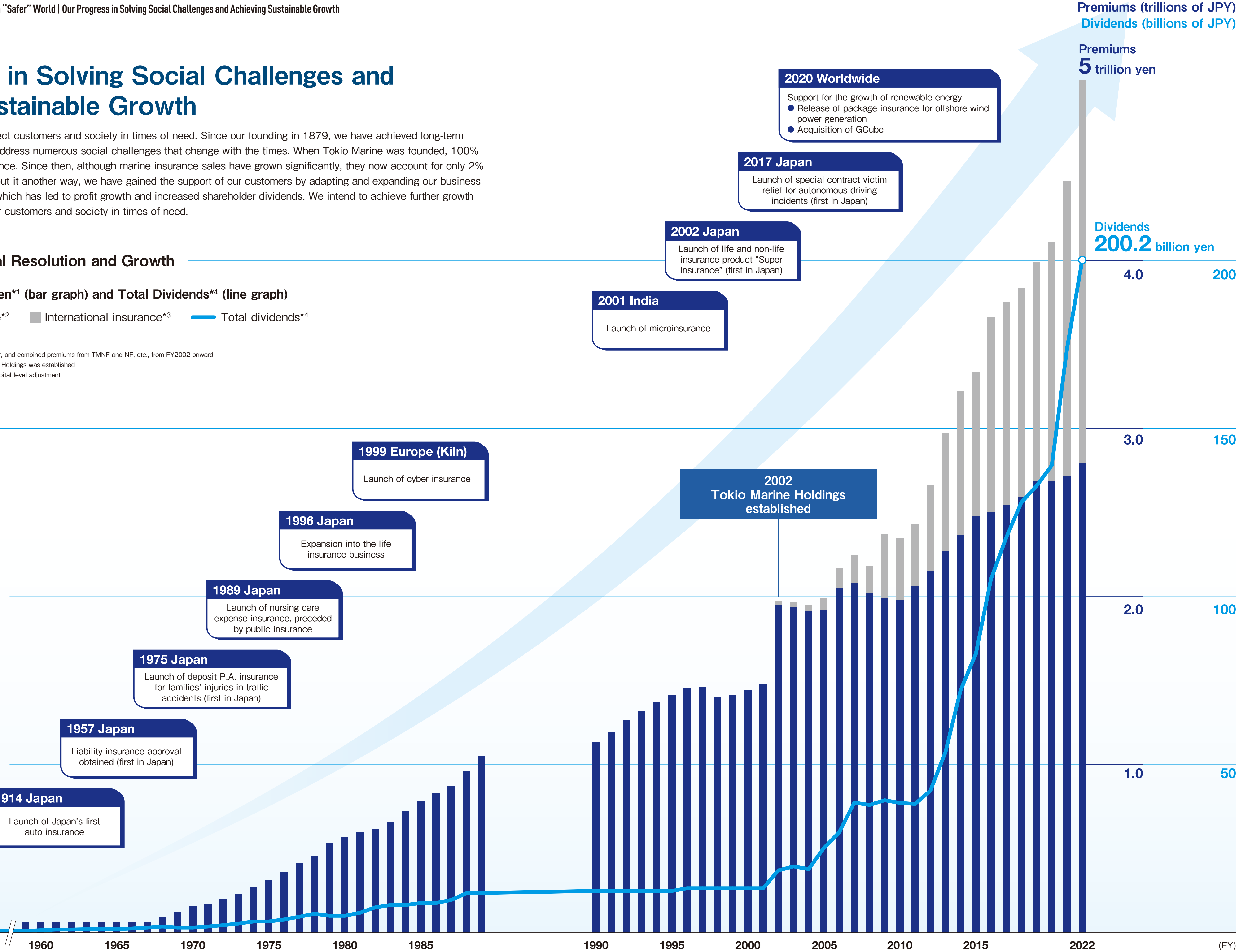
Our Company's purpose is to protect customers and society in times of need. Since our founding in 1879, we have achieved long-term sustainable growth by helping to address numerous social challenges that change with the times. When Tokio Marine was founded, 100% of our business was marine insurance. Since then, although marine insurance sales have grown significantly, they now account for only 2% of our total composition ratio. To put it another way, we have gained the support of our customers by adapting and expanding our business in response to a changing world, which has led to profit growth and increased shareholder dividends. We intend to achieve further growth so that we can always be there for customers and society in times of need.

Our History of Social Resolution and Growth

Direct Net Premiums Written[*1] (bar graph) and Total Dividends[*4] (line graph)

Domestic non-life insurance[*2] International insurance[*3] Total dividends[*4]

*1 Excludes deposit premiums from policyholders
*2 Premiums from Tokio Marine from FY2001 and prior, and combined premiums from TMNF and NF, etc., from FY2002 onward
*3 Premiums from FY2002 onward when Tokio Marine Holdings was established
*4 Does not include one-time dividends provided as capital level adjustment



We have contributed to the development of Japan's economy and society by protecting trade cargo from maritime accidents through marine insurance

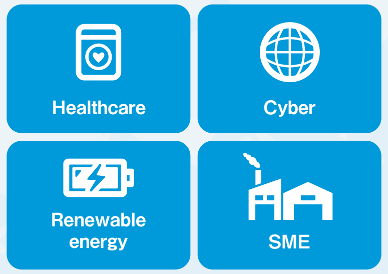
Pursuit of Deep-Rooted Sustainability Management
(recent initiatives)

At Tokio Marine, the harder we work, the more we can give to our world and people to create a sustainable society. Ultimately, we too can grow in a more sustainable way. Our aim is to realize sustainability management and drive our founding initiatives forward in Japan and around the world.

Japan

Drive Initiatives in Four Priority Areas of Social Challenges

We see healthcare, cyber, renewable energy, and support for SMEs as challenges that will persist for the next 10 to 20 years. We are driving initiatives to address social challenges in these four priority areas. (p. 136)



Japan

Advanced Natural Disaster Response

By automating the claims payment process, the time needed is reduced. Through this, we can contribute to the timely reconstruction of lives impacted by large-scale disasters.

Japan

Contributing to Improved Disaster Resilience

Centered on the CORE disaster prevention consortium, we expanded our business in a way that contributes to improved disaster resilience.

CORE 防災コンソーシアム

China

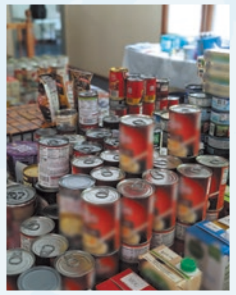
Healthcare Provision of Data Solutions

We are planning to form a health promotion consortium to provide smart city residents with health promotion insurance and services. These services are integrated with health management services using a dedicated application.

Southeast Asia

Reducing Food Waste and Promoting Donations through Insurance

We are planning to roll out cargo insurance in Southeast Asian countries that covers food products that have lost their commercial value due to damage to the outer packaging, helping to contribute to the circular economy.



U.S.

Support Employees on Leave and Their Company

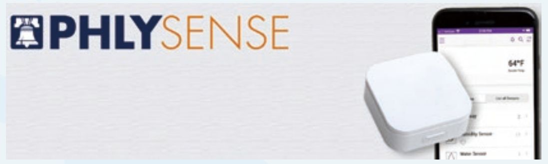
In addition to providing unemployment insurance, we are developing services to support employees on long-term leave as well as their companies, through digital technology.

reliancematrix
A MEMBER OF THE TOKIO MARINE GROUP

U.S.

Leveraging Technology to Prevent Accidents

By distributing telematics and temperature sensors free of charge, we are working to support accident prevention and loss reduction.



South Africa

Fire Insurance and Distribution of Alarms

We are helping to strengthen community resilience by promoting fire insurance and fire alarms as a set to those living in low-income housing.

Hawaii

Industry-Academia Collaboration for Improved Sustainability in Condominiums

In conjunction with the University of Hawaii, we are considering jointly providing risk mitigation programs, such as those for measures against condominium deterioration. We will work on improvements by gathering risk information and increasing usage rates.

Countries Around the World

Supporting the Spread of Renewable Energy on a Global Basis

Through GCube, a leading player in insurance underwriting in the global renewable energy sector, we are expanding insurance business activities that contribute to the spread of renewable energy.

GCube

The Current Tokio Marine Group, Which Has Constantly Solved Social Issues

By continuing to address social challenges with our purpose as our starting point, we have grown into a world-class insurance company and will continue to contribute to the creation of a safe and secure world.

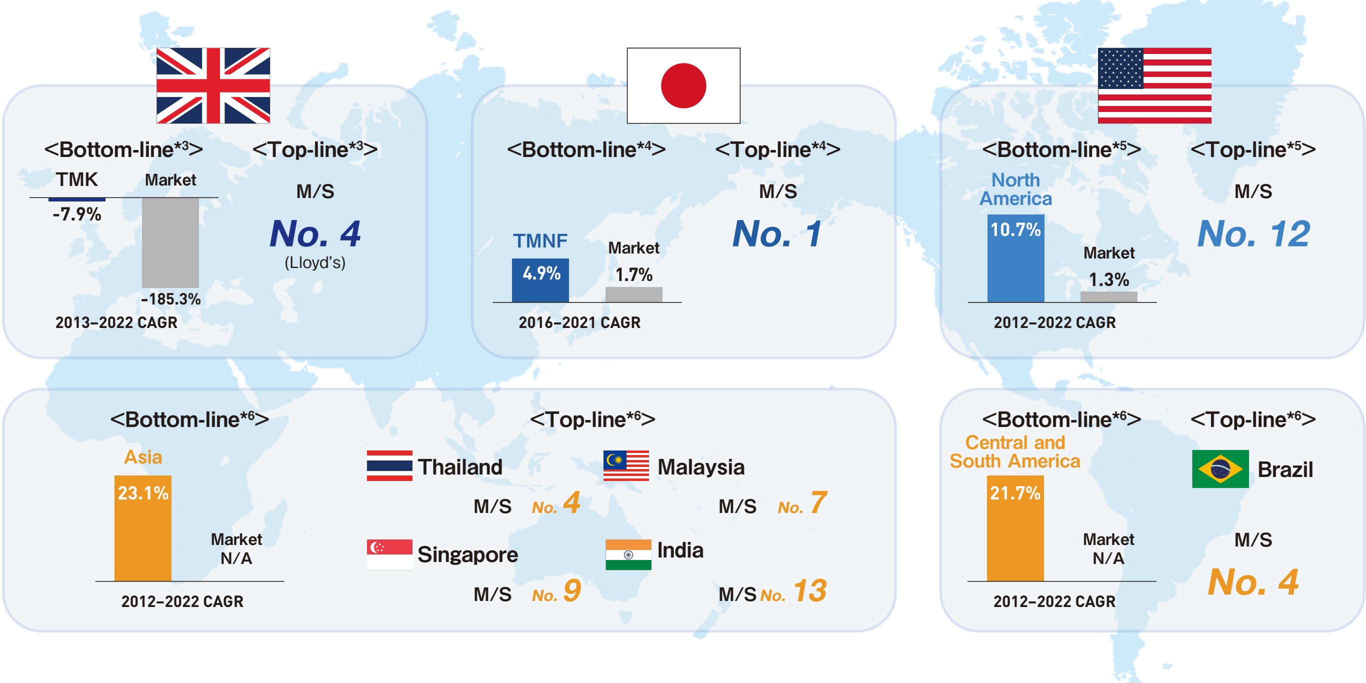
Leading Global Insurance Company

Non-Life Insurance Profit Ranking		(billions of JPY)
Ranking	Company name	Profit*1,2
1	Allianz	1,120.6
2	Chubb	745.8
3	AXA	729.5
4	Zurich	621.6
5	China Pacific Insurance	484.6
6	Progressive Corporation	472.8
7	People's Insurance Company Group of China	436.6
8	Travelers	414.2
9	Tokio Marine Holdings, Inc.	397.9
10	Allstate	357.3

Non-Life Insurance Market Capitalization Ranking		(billions of JPY)
Ranking	Company name	Market capitalization*2
1	Allianz	13,537.0
2	Chubb	11,510.8
3	Progressive Corporation	11,184.0
4	Zurich	10,313.1
5	AXA	9,769.2
6	Tokio Marine Holdings, Inc.	6,638.3
7	AIG	6,010.6
8	Travelers	5,789.3
9	People's Insurance Company Group of China	4,581.3
10	Allstate	4,136.7

*1 Adjusted net income is shown for Tokio Marine Holdings, and average net income on a financial accounting basis (IFRS, USGAAP, etc.) from FY2018 to FY2022 is shown for others.
*2 As of June 30, 2023

Source: Profit Ranking: Factset; Market Capitalization Ranking: Bloomberg



*3 Bottom line: Tokio Marine's local financial accounting profits and the market's net income on a financial accounting basis for all Lloyd's companies.
Source: Lloyd's Annual Report and S&P Capital IQ
Top line: FY2022 GWP base Source: S&P Capital IQ

*4 Bottom line: Tokio Marine's business unit profits and the market's net income on a financial accounting basis for members of The General Insurance Association of Japan.
Source: The General Insurance Association of Japan HP
Top line: FY2022 NWP base Source: Public documents from various companies

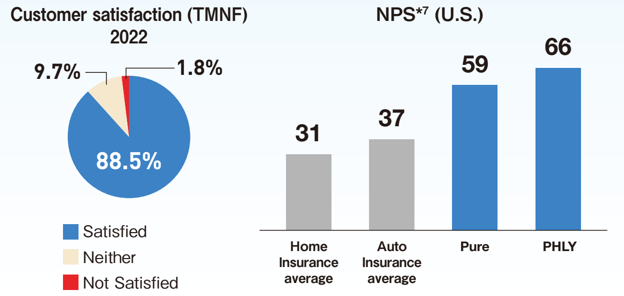
*5 Bottom line: Tokio Marine's local financial accounting profits and the market's net income on a financial accounting basis for North American damage insurance.
Source: S&P Capital IQ
Top line: FY2022 DWP base, North American damage insurance commercial event.
Source: S&P Capital IQ

*6 Bottom line: Tokio Marine's business unit profits. The market is not listed as there is no data.
Top line: FY2022 GWP base
Sources: AXCO, IRDAI, IPRB, SUSEP, Swiss Re, and FSCA (Financial Sector Conduct Authority)

"Win-Win" with stakeholders (main)

Customers

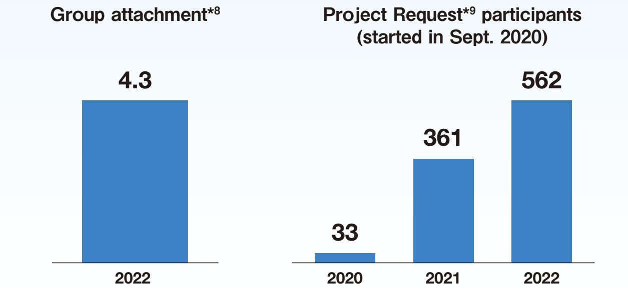
Assessment of the results of supporting those in times of need around the world



*7 Net Promoter Score (indicator of customer loyalty and intent to continuously use the services); PHLY and Pure are based on 2022 data.
Source: Customer GURU, NICE Satmetrix 2022 Consumer Net Promoter Benchmark Study

Employees

Highly motivated Group employees

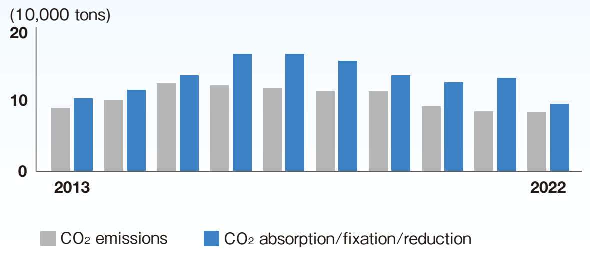


*8 Maximum 5 points (domestic and overseas Group companies and HD total)
*9 System to work on solving problems through volunteers, going beyond departmental boundaries

Society

Social contribution through sustainable business activities

Achieved carbon neutrality*10 for 10 consecutive years



*10 Emissions from in-house operations falling under Scope 1, 2, and 3 (Categories 1, 3, 5, and 6) emissions

Future Generations

Responsibility to help equip children with the skills they will need in life

Green Lessons*11: Approximately 59,000 children attended

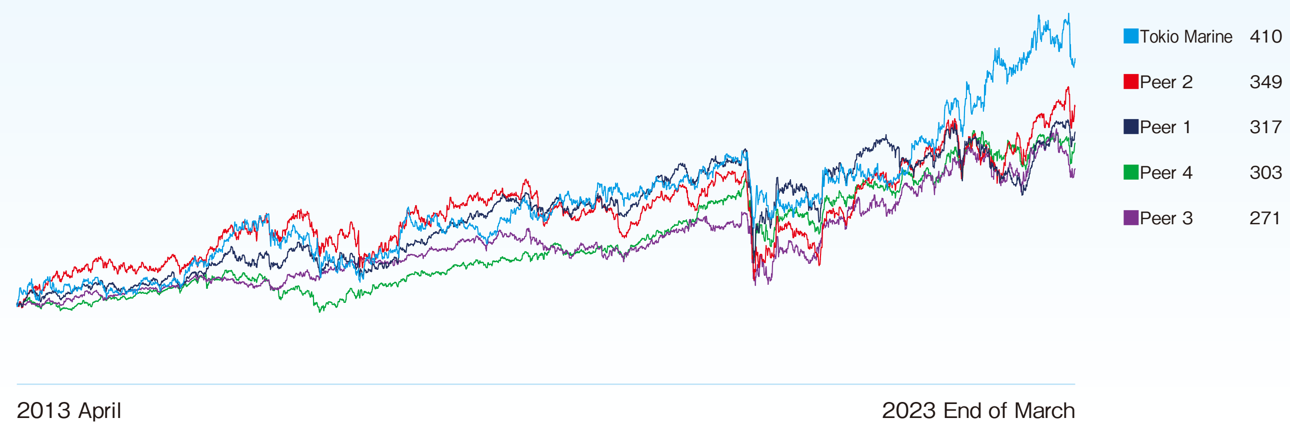
Disaster Prevention Lessons*12: Approximately 77,000 children attended

(as of March 31, 2023)

*11 An environmental awareness program on the prevention of global warming and biodiversity. Targets 4th to 6th grade elementary school students and high school students in special support schools.
*12 A disaster prevention awareness program on how earthquakes and floods occur and how to protect yourself in the event of a disaster. The targets are the same as the Green Lessons.

Shareholders

Top-class TSR*13 through growth in profits (last decade)



*13 Total Shareholder Return (TSR): Capital return after reinvesting dividends, an index setting the stock price on April 1, 2013, to 100. Peers: Allianz, AXA, Chubb, Zurich Source: Bloomberg

Our strengths are global risk diversification backed by M&A / PMI capabilities and global integrated Group management, which helps us contribute to the creation of a safe and secure world based on our Purpose.

Global Risk Diversification

As an insurance business that underwrites risks all over the world, global risk diversification is the cornerstone of our strategy to achieve business management that would remain unshaken whatever situations we face. Underpinning this strategy are our abilities to execute M&As and PMI and to manage our portfolio.

More than seven years have already passed since HCC Insurance Holdings, Inc. (TMHCC), where I was CEO, became a member of Tokio Marine Group. As a Vice President Executive Officer of Tokio Marine Holdings, I am currently playing a role in implementing integrated Group management, while leading our international insurance business as the Co-Head of International Business. Here, I would like to explain our global risk diversification strategy, which is the essence of the business management of Tokio Marine Holdings.

Vice President Executive Officer
Co-Head of International Business
Christopher Williams

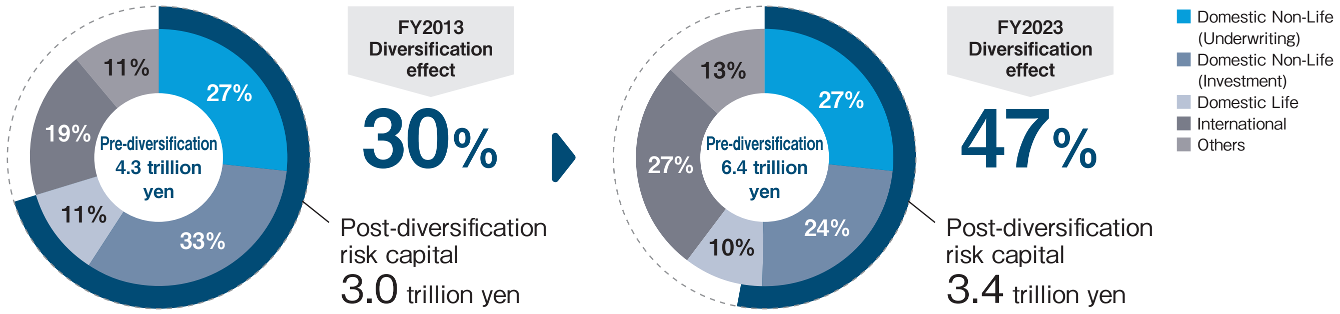
Risk Diversification Using M&As

Insurance is a business that underwrites risk. Under no circumstances can we allow the foundations of our business to be shaken. This is why the Group has spent more than 15 years working to expand its insurance business overseas where there is a low correlation with natural disasters in Japan. These efforts are intended to balance appropriate control of risk amount and sustainable growth by diversifying risks across geographic areas, businesses, and products.

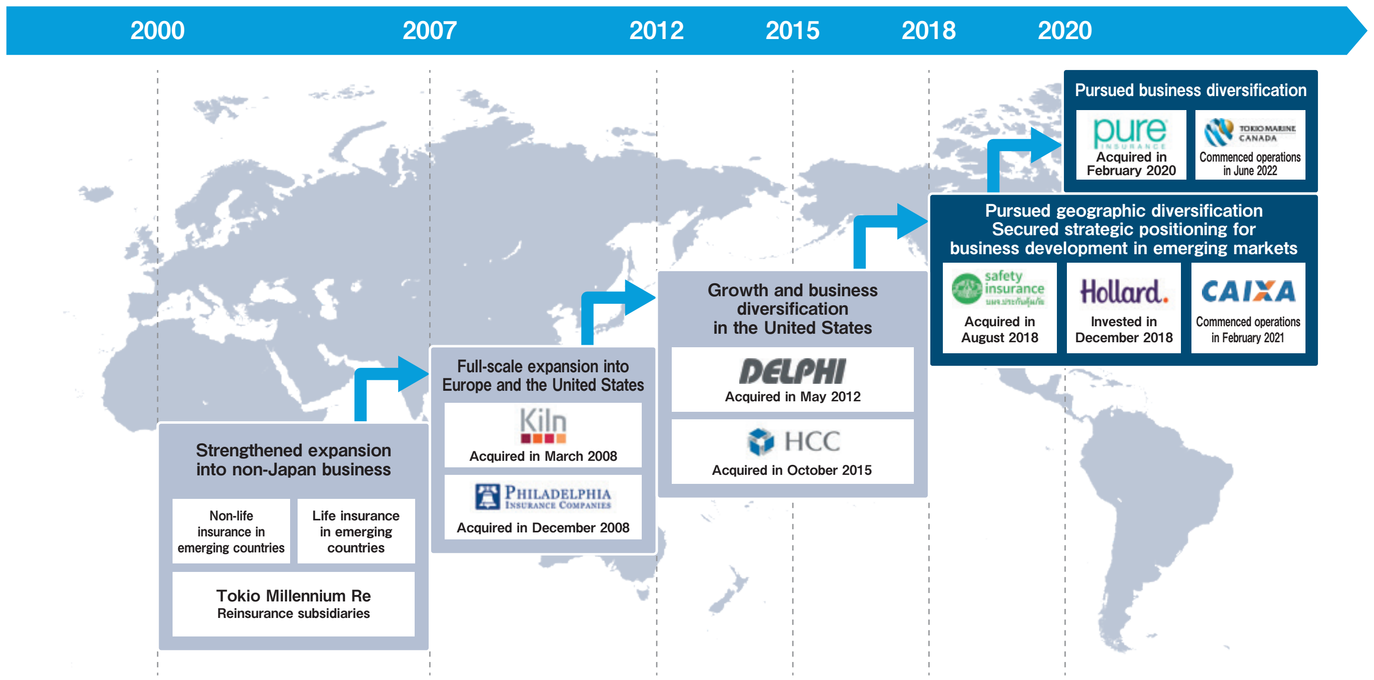
We have executed international M&As in the cumulative total value of over two trillion yen, using the capital and funds generated from the sale of business-related equities.

As a result, the diversification effects have risen to 47%, which has enabled us to control the impact of COVID-19 and large-scale natural catastrophes on our business results below 30% even in the years we experienced these events.

Effect of Risk Diversification



M&A Transactions



Domains and Companies Targeted in M&A

For Tokio Marine Group, M&A is not a goal but rather a method for global risk diversification. Aimed at achieving this goal, our main M&A targets in developed countries in Europe and North America are companies with little overlap with our existing businesses in terms of customer base and products in the field of specialty insurance while in emerging countries companies mainly with a personal line of non-life insurance in regions with large market size and high growth potential. Furthermore, while more than 80% of the profits of our overseas insurance business come from North America, our portfolio in this business is well diversified, consisting of business lines that do not have much correlation centered on specialty insurance.

Stringent Acquisition Guidelines Emphasizing Cultural Fit

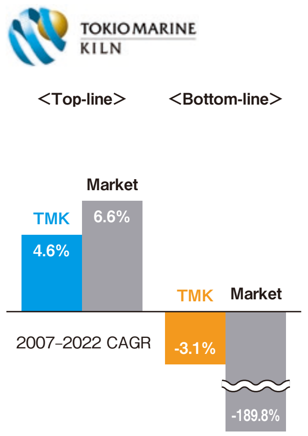
To execute M&As in a disciplined manner, we adhere to the following three principles: (1) acquire a business which has strong results and a promising outlook; (2) acquire a business whose business results are supported by a unique business model that cannot be emulated by other companies; and (3) acquire a business whose culture, business purpose, and management values are in alignment with those of Tokio Marine. Based on these principles, we have identified and acquired "good companies" that are expected to generate a good return on investment.

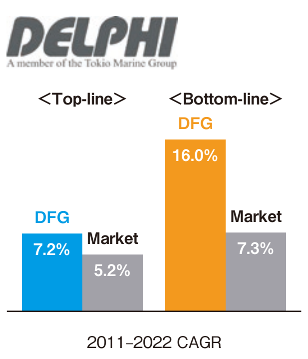
Among these, we value cultural fit the most. Looking back, culture was perhaps the single greatest factor in HCC (TMHCC) joining Tokio Marine Group.

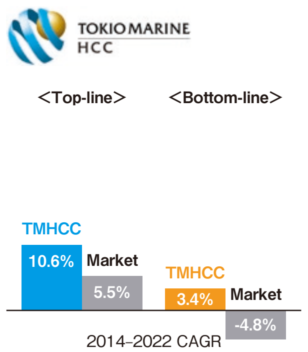
We have a market intelligence (MI) function internally that we use to identify deals and then compile long and short lists. Based on these lists, the International Executive Committee (IEC), comprised of the Group's C-level officers and head of the overseas insurance business, holds discussions to carefully screen acquisition candidates, but using quantitative metrics is not sufficient to evaluate an acquisition. When seeking a cultural fit, both parties need to feel certain through in-depth conversations that the directions of our businesses and our chemistry match.

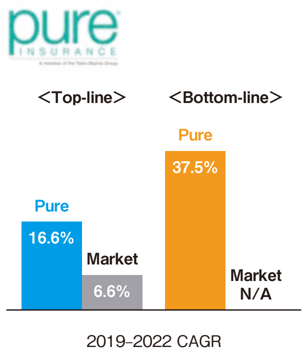
Tokio Marine has executed M&A deals giving top priority to cultural fit, so conversely, there have been several deals that did not materialize because the cultural fit was not there, even though the guideline for high profitability was met.

Growth after Joining Tokio Marine Group*1









ROI from Large-Scale M&A*2

17.2% > Capital Cost 7%

*1 Our top and bottom line are written on a local accounting basis (Pure's top line is the premiums under the management company). The markets are TMK (all Lloyd's companies) and other (North American non-life insurance).
Source: Lloyd's Annual Report and S&P Capital IQ

*2 The ROI numerator is calculated using a simple sum of forecasts by sector at the beginning of 2023, and the denominator is calculated using a simple sum of acquisition values.
(The concept differs from ROE (= RoR ÷ ESR), which reflects diversification effects).

Business Oversight Respecting the Autonomy and High Growth of Target Companies

In addition to cultural fit, another characteristic of our M&A style that remains unchanged today is that we respect the autonomy of the target company and avoid invasive acquisitions. There are few companies in the world that use a federated approach to Group business operations like Tokio Marine. I believe that our integrated approach to Group management represents a unique business model.

On occasion, I am asked about business integration of an acquired company, but this would destroy the unique DNA of these companies. Since we acquire "good companies" with a strong business model and high profitability, maintaining the target companies' autonomy and having them fully utilize their own strengths lead to further growth after they join the Group. This is something I am convinced of from my time as President of Tokio Marine HCC (TMHCC), which in many cases used bolt-on M&A. In actuality, our large acquisitions of Philadelphia Consolidated Holding Corp. (PHLY), Delphi Financial Group, Inc. (DFG), and TMHCC, which drive overseas profits, have shown growth above and beyond the market after joining the Group, and Pure joins these three companies.

Forward-Looking Business Divestments

Optimizing our business portfolio is an ongoing process of not only acquisition but also forward-looking divestments, as strategically necessary to shake up our portfolio. As in the sale of Tokio Millenium Re (TMR) in March 2019, we use the capital and funds generated through such sale to execute the next acquisitions so that we can further diversify risks and grow our business. Thanks to this approach to portfolio management, our adjusted ROE has risen to 15.1% (for fiscal 2022 on a normalized basis).

Closing

Our proven M&A track record and reputation will help us to find the next great M&A opportunity. This is one of our major strengths that few competitors can easily match.

We are able to simultaneously achieve risk diversification and business growth by acquiring "good companies" with low risk correlation and little overlap in terms of customer base and products. At the same time, we sell businesses determined to lack contributions to diversification and growth and allocate the capital and cash generated to further diversification and growth. By continually engaging in this disciplined form of portfolio management and evolving this approach based on changes in the business environment, we aim for sustainable growth while reining in risks and as a result increase the capital efficiency of the entire Company.

Stringent Acquisition Guidelines

Target (three principles of M&A)	Hurdle Rate
Cultural fit High profitability Strong business model	Capital costs (7%) + Risk premiums + Country interest rate spread

Acquired and Newly Established IN	Kiln	Philadelphia Insurance Companies	Delphi	HCC	pure	Tokio Marine Canada
	March 2008	December 2008	May 2012	October 2015	February 2020	June 2022

Forward-Looking and Disciplined Portfolio Review

Divestment/ Run-off OUT	Non-Japanese business in Europe*1	Tokio Marine TMR	Egyptian Life Takaful Company	Highland*2	TMK Reinsurance Business
	January 2019	March 2019	September 2020	August 2022	September 2022 Run-off

*1 U.K. non-Japanese business and some unprofitable non-Japanese businesses in other European regions (continuing the Lloyd's business)
*2 Agent handling construction insurance in the Tokio Marine Highland (former WNC) group owned by TMK

Global Integrated Group Management

Bringing together global insights to decide and execute important management matters
Talent acquired through M&A play an active role and contribute greatly to the growth of the Group
Dedicated to strengthening the talent pool responsible for future Group management

Culture Fit and the Right People in the Right Places through Talent Management

While we position M&A as a means of diversifying risk, we also believe that the greatest achievement of M&A thus far is the acquisition of superior talent, expertise, and knowledge that comes with it.

Tokio Marine acquires companies that have a similar culture to it from the outset. By promoting PMI while respecting the autonomy and uniqueness of the businesses we acquire, rather than leaving their jobs, employees work enthusiastically and stay highly motivated. This can be seen from high Culture & Values Survey scores. In addition to including the top management of companies we acquire into our head office management, ambitious personnel are given roles and opportunities to manage the entire Group through participation in global committees, etc., on top of their current role. This is a positive stimulus for the head office employees, and it creates synergies through friendly rivalry.

Our unique Group-wide management policy is becoming more established as we enter our eighth year of operation and is being implemented while drawing on a wide range of global expertise.

Steady Evolution and Succession

Our Integrated Group Management is also featured at Harvard Business School as a case study. When expanding overseas, as opposed to staying separate by establishing an intermediate holding company which specializes in overseas business, we dared to choose the more difficult path making our company itself international and global.

In the beginning, trial and error led to difficulties, but now we have more than 10 global committees that decide and implement important management matters on a daily basis, and it is evolving as one of our strengths. However, these mechanisms and approaches cannot end with the so-called first generation. It is important to nurture the next generation of talented management and pass the baton—and we are taking steady steps toward achieving that. We also leverage our "TLI," a Group-wide, global human resource development program launched in April, as a gateway to success for next-generation management personnel. We will continue to work on our talent development and succession planning linked to global talent management, which we have been driving forward since 2019.

Creating Synergy through Culture Fit
Employees work with enthusiasm and contribute to growth

Almost 15 years have 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.

We have been able to achieve such remarkable growth not only because we were blessed with the opportunity for a wealth of synergies that led to increased revenue and profits but also because, as the basis for this growth, Tokio Marine respected our autonomy after joining the Group, and due to this, we believe that each and every one of our employees continues to play an active role.

I have been approaching work with my "motto", "Always maintain a positive mental attitude," and the time spent with colleagues around the world working together in the culture of our company keeps me in a positive mood.

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. There is no doubt that the fact that Tokio Marine Group and our company are united by the spirit of "Good Company," that we share the same purpose, and that we were able to achieve a true culture fit, contributed greatly to our growth.

Executive Officer
President and CEO of Philadelphia Insurance Co.
John Glomb

Optimized allocation of our Talented Workforce globally to strengthen integrated group management

By increasing the number of overseas officers and the appointment of chief officers, we will bring together global insight to decide upon and execute important management matters.

Appointment of Joint Group Leaders


Donald Sherman
Executive Vice President
Co-CIO


Christopher Williams
Executive Vice President
Co-CRSO
Co-Head of Int'l Business


Robert O'Leary
Managing Executive Officer


José Adalberto Ferrara
Executive Officer


Susan Rivera
Executive Officer


Brad Irick
Executive Officer


John Glomb
Executive Officer

Leverage Group Expertise

Deputy CxO


Legal Affairs
Randy Rinicella
Deputy CLCO


Digital
Gus Aivaliotis
Deputy CDO


IT
Robert Pick
Deputy CITO


D&I
Caryn Angelson
Deputy CDIO

Utilization of Expertise


Reserving
Daniel Thomas


Internal Audit
Dawn Miller


Cyber Insurance
Daljitt Barn

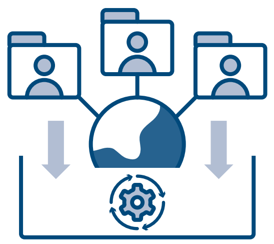

Reinsurance
Barry Cook


Auto Pricing
Allen Juang

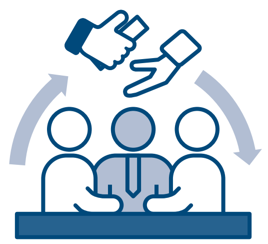
Tokio Marine Group Leadership Institute (TLI), established in April 2023

A unique training program aimed at producing management leaders who will promote the integrated group management on a stable and continuous basis

Features of TLI



- Consolidation of talent management data from Group companies
- Program design linked to talent management data



- A structure linked with global recruitment of younger generation/mid-career employees
- Commitment by current global management to the development of next-generation leaders
- Succession of our purpose and values

- Gather and utilize global wisdom on leadership development
- Strengthen cooperation with Group companies and HR departments on a global basis
- Offering experience to deal with difficulties in and out of the Group

Penetration of Our Purpose as a Foundation

We continue our efforts to instill our purpose and culture into our more than 40,000 employees worldwide. Led by our CEO, who also serves as the Group Culture Officer (CCO), we conduct physical and remote dialogues with Group employees around the world to discuss our purpose. All on-site employees contemplate the question, "What is our business for?" with sincerity while they consider how our work contributes to customers and society, and how we can address the challenges presented to us by customers and society. These present opportunities to think about the Company's purpose and reaffirm the significance of our work. In addition to the above, management's thoughts and feelings about our purpose and culture are regularly conveyed via video messages. We use these messages as tools in "Majikirakai" meetings worldwide and in workplaces, in which serious discussions take place in a relaxed atmosphere, regardless of division and position. By steadily continuing these down-to-earth initiatives that unite the management and the workplace, we aim to be a company whose purpose reaches every corner of the world, and whose passion and sense of unity are second to none.

Regular Distribution of Management Messages

Video messages from the Group CEO are distributed almost monthly and feedback is sought from employees, facilitating two-way communication

Dialogue aimed at penetration of our purpose ("Majikirakai" meetings)

Making use of remote and in-person opportunities globally, top management hold dialogue with management and employees to spread the message of the Company's purpose.

Visiting areas affected by the Great East Japan Earthquake and Tsunami

Good Company Awards 2022

Good Company Booklet for worldwide distribution

Used worldwide as a tool to help employees think about and discuss our company's purpose and culture with their co-workers

Strengthening Governance through Our Purpose

Globally, we have shared our culture of aiming to be a "Good Company" based on the spirit of "Look Beyond Profit."

"Although it's not written in the rules or manuals, we do not do things that a Good Company wouldn't do," and "we do the right thing in the right way." This stance and way of thinking reaches not only our board of directors and management, but also every employee around the world. It is one form of governance we pursue.

For us, governance that leverages the advantages of being a Japan-based company is governance based on the permeation of culture. In recent years, it has been called purpose-driven management, but in Japan, this kind of governance has been handed down since the late 1800s. This was the era of Eiichi Shibusawa, who was instrumental in the establishment of our company.

In other words, Japanese culture facilitates the control of things through the spirit of autonomy and self-control. We want to further evolve our corporate governance by combining Japanese-style governance, which is in line with our culture, social norms, strengths, and way of thinking, with the best aspects of Western-style governance. It is a big challenge, but it is what we are always aiming for, and we believe it is possible. This approach is truly an endless journey. We intend to further evolve our unique integrated group management through the penetration of our Purpose and Culture.

We will continue to refine our internal capital (human and intellectual) and broaden the areas in which we provide value through collaborative creation with social capital (our various external partners).

Expansion of Business Domains

Up to this point, we have illustrated our history of achieving our purpose and growing by addressing societal challenges, and have shown our strengths that support this growth.

To continue supporting the needs of our customers and local communities and generate further growth, we must continue to refine our internal capital (human and intellectual)—which is indispensable for future growth—and continue to create while collaborating with our social capital (various external partners). We believe that these two facets will allow us to keep expanding our business where we provide value.

Utilizing and strengthening internal capital (human and intellectual)

We have cultivated extensive expertise through our core insurance business, including claims service capabilities and data use technologies. We are now applying this know-how to new businesses (e.g., the fee business) to create new profit opportunities.

Co-creation with social capital (external partners)

To continue realizing our purpose in the future, we are expanding our business beyond insurance into the area of "pre- and post-incident." Since some elements of this are new to us, it is essential that we utilize the diversity within the Company as well as that outside the Company. We are redoubling our efforts to provide new value to our customers and local communities by bringing together the knowledge and technology of external partners, including the Disaster Prevention Consortium (CORE).

The potential of these new value-creation areas is massive, and we see this as an area that will expand to several tens of billions of yen in 10 years. We will first focus on developing our business in Japan—a country with major societal challenges—while accumulating know-how and securing a competitive advantage. We will work to make our new business a reliable source of revenue alongside our existing businesses, with a view to overseas expansion in the future.

Co-creation with social capital (external partners) | Disaster Prevention Consortium CORE

Collaborative creation in the disaster prevention and mitigation businesses by combining technologies and data possessed by companies and organizations in a broad range of industries

Disaster Prevention Consortium CORE

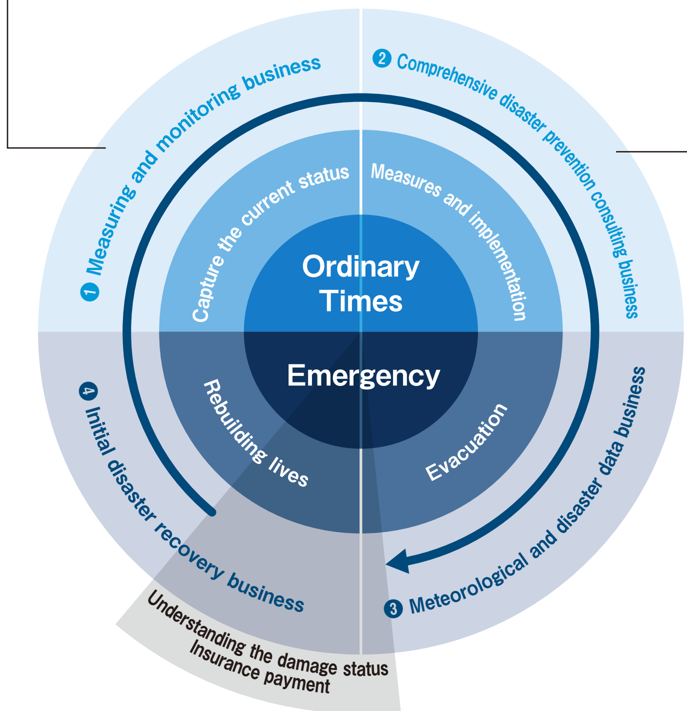
We are strengthening our efforts around "disaster prevention and mitigation" in the "pre- and post-incident areas" to support our customers and local communities. As of July 2023, more than 100 companies from a wide range of industries are involved in the consortium, and the number of subcommittees has expanded to cover 10 themes (see p. 96 for details). Thanks to the activities of the subcommittee, there has been further study of solutions directly related to the four areas within disaster prevention and mitigation (capture the current states, measures / implementation, evacuation, and rebuilding livelihoods), as well as increased collaboration among participating companies. We will finally enter the phase of concrete commercialization this summer. Particularly of note are the simulations of "real-time hazards," in which AI is used to analyze security camera footage in the event of a water-related disaster and visualize flooding in real time, and "resilience information distribution services" which visualizes weather information and centrally manages the risk status of registered locations, with a focus on local governments.

In this way, we intend to expand this business as a new profit-earning opportunity for the Group, while contributing to disaster prevention and mitigation throughout Japan, leveraging broad collaboration across industry boundaries.

The value chain and estimated business scale in disaster prevention and mitigation

Measurement and risk visualization
Geology, water quality, ground deformation, etc., can be continuously measured by sensors and satellites, etc.

Market size*1
250 billion yen



Disaster prevention measures and implementation
･Disaster risk assessment of infrastructure, etc.
･Disaster prevention consulting (including BCP)

Market size*1
1 trillion yen

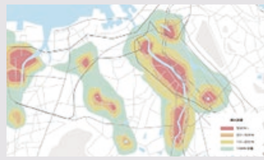
Specific examples of solution creation

Example ❶ Real Time Hazard (scheduled to start in FY2023)

Estimated amount*2: From **1** million yen/year

･AI analysis of security camera footage
Assessing the depth of flooding in real time and issuing alerts
･More effective evacuation instructions in the event of a water-related disaster

AI analysis of flood depth



Alerts (flooding map)

Example ❷ Resilient Information Distribution Service (from July 2023)

Estimated amount: From **336,000** yen/year

･Visualizing real-time weather information on a map and centrally managing risk conditions at registered locations
･Alerts sent out based on risk level

*1 Market size of businesses predicted to have synergies with insurance in 2030, according to research firms
*2 Varies depending on the number of cameras installed, including initial costs and operating costs

Using and strengthening internal capital (human and intellectual capital) | Initiatives that leverage the strengths of loss services

Extensive experience in the domestic P&C insurance business Utilizing intellectual property and know-how pertaining to loss services to contribute to addressing societal challenges New initiatives

Initiatives That Leverage the Strengths of Loss Services

Through its core insurance business, Tokio Marine Nichido has developed expertise in loss services that allows it to pay claims promptly and correctly to customers. Recently, the Company has been leveraging this expertise to address social issues along with other businesses.

For example, in 2022, we entered a business alliance with Kokumin Kyosai co-op, and in October, we established a joint venture, Kyodo Jimu Chosa Services Co.

From the moment a customer is involved in an accident until the payment of insurance or a mutual aid claim is completed, various tasks must be carried out, such as entering accident information into the system, sending claim documents, contacting the customer, calculating the amount to be paid, and making a payment decision. Utilizing Tokio Marine Nichido's expertise in these areas, Kokumin Kyosai co-op plans to review its business processes and reform its systems to make procedures more convenient and operations more efficient for its members and policyholders.

Kyodo Jimu Chosa Service K.K. will develop a mutual aid payment system to support the new business process being restructured by Kokumin Kyosai co-op, provide the system's functions to Kokumin Kyosai co-op and take care of the administrative procedures for loss investigation related to mutual aid insurance for automobiles.

Through this initiative, we aim to cooperate beyond the framework of insurance and mutual aid, while playing a role as a compensation provider on a permanent basis. This is exactly in line with our Group mission to protect our customers and local communities in times of need.

We believe that by thinking differently and utilizing intellectual property and know-how related to loss services that have been amassed over many years in the domestic P&C insurance business, we will be able to identify growth potential in the domestic market, create new income-generating opportunities, and make more effective use of our management resources.

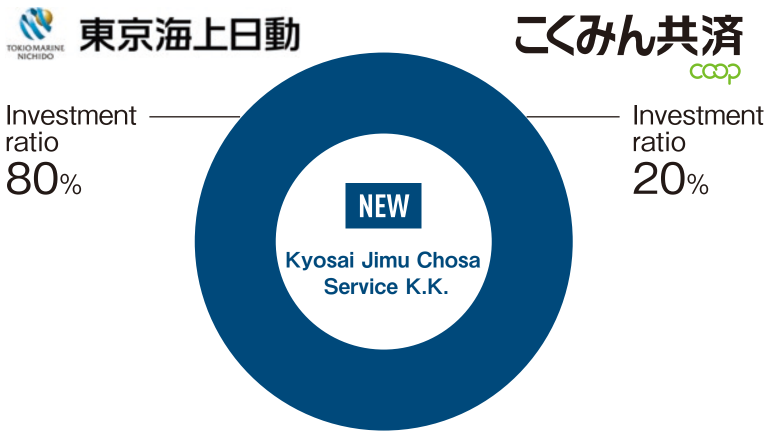
Since 2020, we have been utilizing satellite data to assess flood damage and speed up insurance payments, and we intend to use the satellite data expertise we have built up through these initiatives to work with local governments and private companies to address social issues.

Thus, we are carrying out many initiatives to leverage the strengths of our loss services, and we will continue to hone these strengths to achieve outstanding results in the future.

Initiatives that leverage the strengths of loss services

Case Study ❶ Business alliance with Kokumin Kyosai co-op

・Develop and offer mutual aid procceds payment system
・Consignment of part of auto mutual aid loss adjustment business, etc.



Expected Impact

・Bottom-line impact equivalent +6 billion yen p.a.* from fiscal 2025
・Further improve business efficiency, etc.

Expected Impact

・Fundamental reform of loss adjustment operation, reduce operation cost
・Improve convenience of members and policyholders, etc.

*Bottom-line effect from recovery of labor costs, system-related costs, etc.

Case Study ❷ Utilization of satellite data

・Tokio Marine has leveraged satellite since 2020 for prompt insurance payment for flood claims
・Currently considering selling the know-how of utilizing satellite data to local government, etc. (Projecting an average of 50 million yen per transaction)

Using and strengthening internal capital (human and intellectual capital) | Tokio Marine dR (TdR)

Our digital technology and data are the source of our competitive abilities. Starting TdR and providing unprecedented added value

Creating Solutions Centered on Tokio Marine dR (TdR)

In both the insurance business, which protects customers and local communities against increasing and increasingly complex risks, and the pre- and post-incident areas, which help with accident prevention, early recovery, and recurrence prevention, the ability to gather, analyze, and utilize data is critical for widening the areas in which we provide value. Key in this area is Tokio Marine dR (TdR), which serves as the Group's core data company.

In addition to TdR's strengths in intellectual capital (the huge amount of data and analytical capabilities accumulated through underwriting and accident response) and human capital (a team of experts with extensive, state-of-the-art capabilities), the Group's advanced digital capabilities are integrated into TdR. They are then leveraged to develop and put out a series of data-driven products centered on Tokio Marine Nichido, such as underwriting using high-tech data analysis methods, providing new data solutions, and developing embedded insurance.

Through collaboration with external partners, we will continue to provide unprecedented added value and solutions that contribute to addressing social issues, while accumulating data and offering models to our customers.

The strengths of Tokio Marine dR (TdR)

Intellectual capital	Human capital
Huge amounts of data, data analysis, solutions, and development capabilities	A group of experts possessing state-of-the-art capabilities
Accidents and disasters Risk consulting data, etc. Data analysis and processing environments such as Databricks, Snowflake*2	258 ▸ 339*1 ・Risk consultants with the relevant knowledge of engineering, science, environmental studies, sociology, etc. ・Data scientists ・System architects ・Persons experienced in insurance product development, etc.

＋

Expansion of Group capabilities

Data expansion	Expanding the models on offer
Disaster prevention and mitigation platforms	Collaboration with bolttech and others
Matching companies holding risk information with those that require it Building data platforms, customizing data, and realizing sales	Building a fully digitalized insurance offering procedure bolttech

*1: Number of employees in 2020 → Number of employees in 2022
*2: Analysis platform SaaS that enables flexible and immediate scaling of data processing volume and speed

Examples of actual solution

Case 1	Case 2	Case 3
Underwriting using advanced data analysis	Providing data solutions (insurance products and fee business)	Embedded insurance deployment
Insurance with risk mitigation services Analyze customers' facility repair data and provide integrated solutions that support optimal insurance programs and reductions in repair costs	**Wind damage risk diagnosis** Provide diagnostic services related to the risk of typhoons and other windstorms as an adjunct to fire insurance, using aerial photography and proprietary accident data	**Embedded insurance** Expanding the functionality and convenience of partner products and services while enhancing the customer experience by incorporating a wide range of digitally complete insurance policies into the usage experience and purchase path of the digital services of external partners
Financial Institutions professional indemnity liability insurance Provide compensation for a broad range of operational risks that financial institutions are exposed to by analyzing loss data and developing proprietary valuation models	**Risk visualization services** ・Natural disaster risk assessment for solar power generation facilities ・Cyber risk scoring, etc.	**Opening of TokioMarine X** We established TokioMarineX as a small amount, short term-insurance company centered on embedded insurance, which provides white-label, digitally complete insurance, systems, and marketing methods in a single package through alliances with a broad range of business partners

Co-creation with social capital (external partners) | DX investment

Incorporating external diversity into the Group and expanding our possibilities

DX Investment

To continue to address the social issues that are expected to increase and diversify along with the development of humankind, we comprehensively invest in digital companies and start-ups. By investing in promising start-ups and venture capital firms, we have been acquiring and utilizing know-how that helps us expand our value delivery area. In addition, we invest in a wide range of early-stage companies, mainly in the InsurTech area, via our corporate venture capital, launched in the United States in April 2022. The scale of our investment to date is several tens of billion yen, and 15 of our investment projects have already been launched in the form of business alliances. There is a wide range of areas in which we believe we can provide value, including healthcare, mobility, and GX. We have also invested more than 100 million yen in nurturing digital talent.

We will continue to incorporate external diversity into the Group to further expand the areas where we can provide value.

DX investments in growth areas (examples)

Healthcare
Healthians, WELMO, carna, CareNet, Splink, inc., ファミトラ, VALUE HR, CRAIF

Mobility
MaaS Tech Japan, WHILL, Mellow, Mobility, LUUP, SKYDRIVE

HR Tech
SmartHR

Green / Supply Chain
Risilience, Shippio, JEPLAN

Nat Cat
ICEYE

Deep Tech
PKSHA, GHELIA, VOXEL, TITANIAM, TrustLayer, Carefull

Insurtech / Fintech
DeCurret, metromile, MIRAIRO, bolttech, coverdash, STANDAGE, NIRVANA, Aidea, TradeWaltz, ANZEN

Green / Supply Chain Examples

Supporting the Transition to Circular Economy

Reduction of Waste and Promotion of Recycling through Insurance Business
(Recovery and Reuse of Damaged Goods in Property Insurance)

JEPLAN

- A partnership with JEPLAN, a company with proprietary chemical recycling technology that plans and operates projects to collect and recycle clothes, plastic bottles, etc.
- Development of the new insurance product to compensate for recycle and logistics costs of damaged textiles and beverage bottles in accidents instead of wasteing
- Aiming to create a society "Insurance enables Circulation"

Insurtech / Fintech Examples

Global Expansion of embedded insurance

Capital and business alliance with bolttech, one of the largest insurance exchange platform in the world

bolttech

- Development and provision of embedded insurance
  Developing and providing embedded insurance in various global markets, including platforms for e-commerce businesses in Japan and overseas
- Use of digital platforms
  Creating a new fully digital insurance enrollment process using bolttech's digital platform, which can be rapidly and flexibly customized.
- Expansion of the warranty business
  Expansion of the warranty business with a focus on Asia

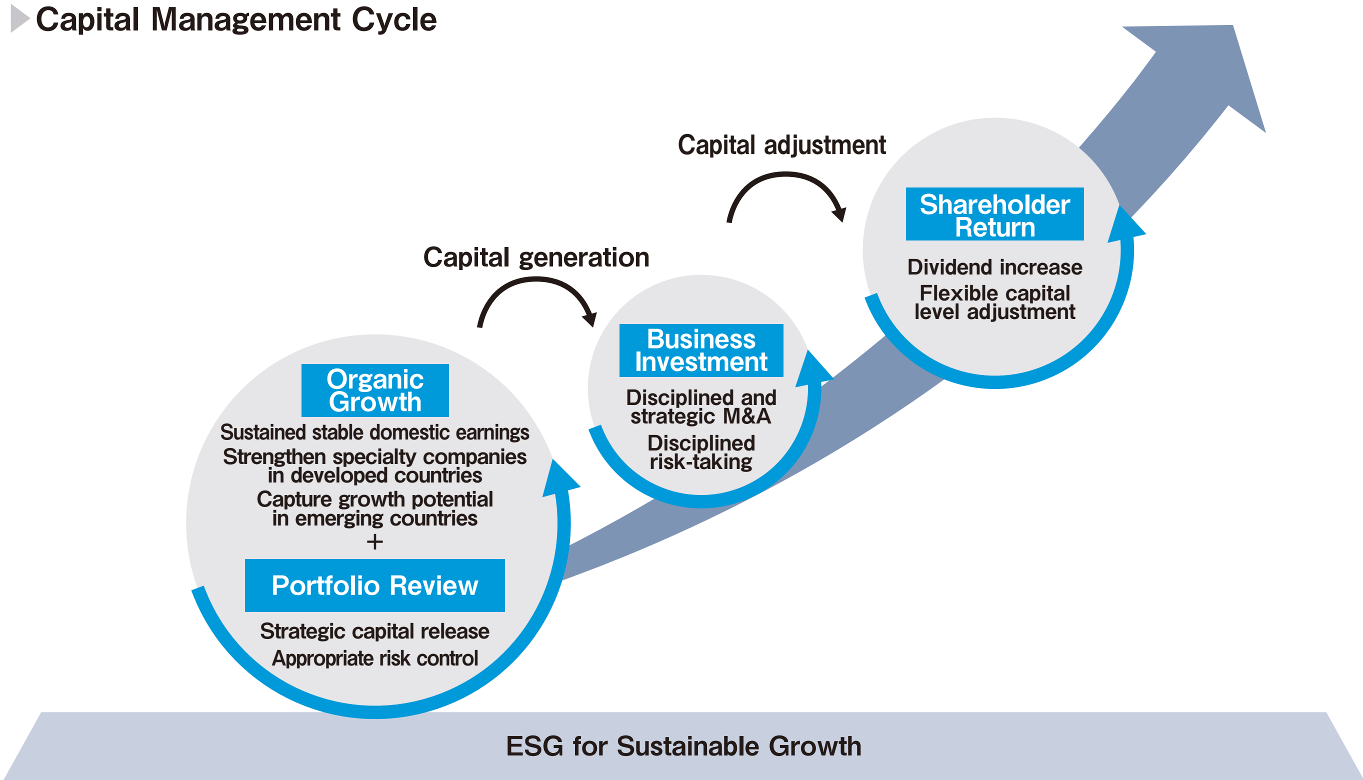
We aim to maintain the world's top-class EPS growth and lift the level of ROE equivalent to global peers through the implementation of a disciplined capital policy.

Kenji Okada
Senior Managing Director
Chief Financial Officer (CFO)

Tokio Marine Group aims to lift the level of ROE by realizing strong profit growth in both insurance underwriting and asset management, while maintaining a disciplined capital policy. Despite increasing adjusted return on equity (ROE) to 15.1% in fiscal 2022, we acknowledge that this result has been influenced by factors such as the reduction in net assets due to rising interest rates, which is applicable to the entire industry. As such, we are not content with this figure alone and are determined to enhance ROE at its core, elevating it to a level that aligns with our global peers. In my capacity as Group CFO, I am devoted to leading these efforts, particularly focusing on capital policy considerations.

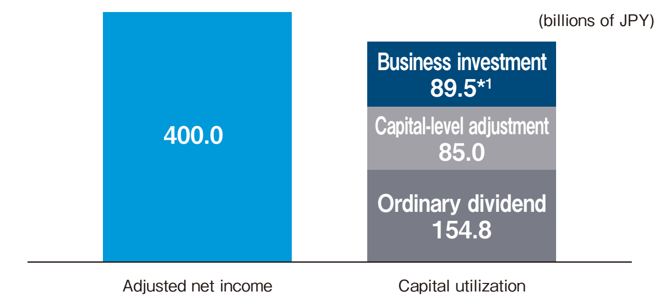
Our capital strategy is built upon a three-pronged approach. First, we will strategically review our portfolio based on organic growth and expedite the divestment of business-related equities to generate capital and funds. Second, we will channel the capital and funds into strong business investments. Third, if there are no favorable investment prospects, we will prioritize returning capital to shareholders, aiming to bolster ROE and maintain a balanced capital management cycle. In the following sections, I will provide a comprehensive explanation of each of these components.

Capital Management Cycle

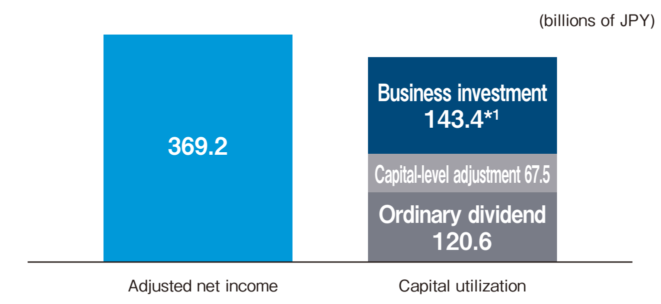


Track Record of Disciplined Capital Management

Average of the Past 5 Years (2018–2022)



Average of the Past 10 Years (2013–2022)



Increase in adjusted ROE: 10.5% | 9.9%

*1:Combined only with the amounts disclosed (acquired from Refinitiv Eikon)

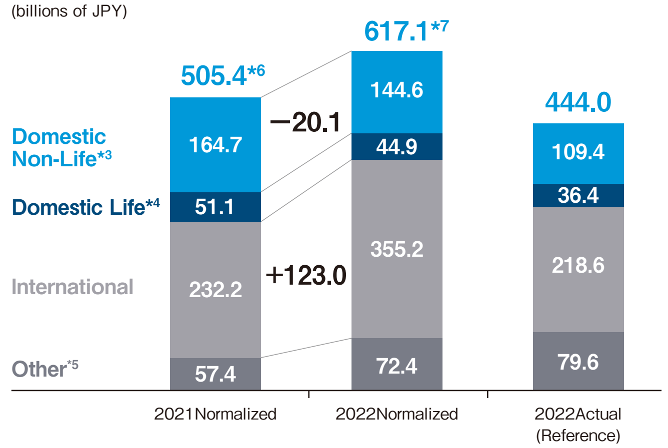
Organic Growth

Our approach does not align with the typical "shrink to grow" strategy. Instead, our key focus for boosting ROE revolves around molecular expansion, or "organic growth," specifically aiming for the world's top-class EPS growth. The characteristics of our portfolio are (1) a domestic market foundation that generates stable earnings, (2) growth of specialty companies in developed countries encompassing less correlated business lines, and (3) high growth in emerging countries such as Brazil and Asia.

In my role as Group CFO, I contribute to the growth of each business by actively engaging in the management strategies developed by each business, which are formulated based on capital allocation and other measures. For instance, I collaborate with the senior leadership of each business to address shifts in the business landscape, evaluate strategic advancements, and determine if any adjustments are warranted. Additionally, I play an active role in shaping the forthcoming Mid-Term Business Plan commencing next fiscal year.

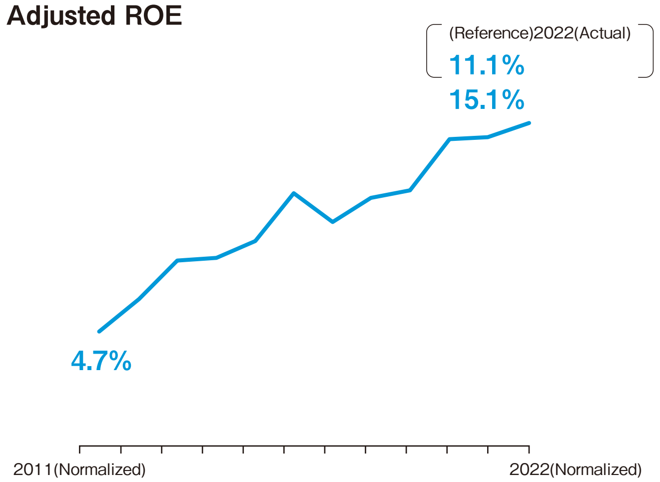
In fiscal 2022, both domestic and overseas Group entities effectively executed their management strategies, achieving growth beyond market norms in appealing sectors. Consequently, on a normalized basis, adjusted net income surged to 617.1 billion yen, a year-on-year gain of 22%, and adjusted ROE rose to 15.1%, up 2.4 percentage points year on year.

Adjusted Net Income*2



*2: The breakdown of adjusted net income is the profit of each business unit.
*3: Domestic non-life insurance = TMNF
*4: Domestic life insurance = TMNL
*5: Other domestic non-life insurance, financial, and other businesses, and gains relating to sales of business-related equities, etc., that are not included in business unit profits

Adjusted ROE



*6: The following one-time effects totaling +72.9 billion yen were excluded from the fiscal 2021 actual result of 578.3 billion yen: 1) Natural disasters: Approximately +17.0 billion yen, 2) North American capital gains, etc.: Approximately +24.0 billion yen, 3) COVID-19: Approximately +23.0 billion yen, and 4) Gains on the sale of business-related equities: Approximately +9.0 billion yen (on the portion of sales exceeding 100.0 billion yen)

*7: The following one-time effects totaling −173.1 billion yen were excluded from the fiscal 2022 actual result of 444.0 billion yen: 1) Natural disasters: Approximately −26.0 billion yen, 2) North American capital gains, etc.: Approximately −10.5 billion yen, 3) COVID-19: Approximately −134.0 billion yen, 4) Conflict: Approximately −14.0 billion yen, 5) South African floods: Approximately −4.0 billion yen, and 6) Gains on the sale of business-related equities: Approximately +15.0 billion yen (on the portion of sales exceeding 100.0 billion yen)

Portfolio Review/Business Investment

As an insurance company, we increase returns by taking risks in insurance underwriting and asset management as a key to our business. We have positioned Enterprise Risk Management (ERM) as the cornerstone of Group management. ERM takes into consideration our risk appetite, to what extent we undertake risks (risk strategy), whether return on risk is sufficient, and whether risks are appropriately diversified (see pp. 50–53). We have also established the ERM Committee to discuss ERM strategy. As the Committee's chair, I assess the growth potential and profitability of all businesses and the risks associated with each strategy in a forward-looking manner and formulate a capital allocation plan to optimize the business portfolio from a Group-wide perspective.

From the standpoint of business investment, we often receive inquiries during our dialogues with the capital market about "the next step in M&A." However, for us, M&A is a "means" for risk diversification and profit growth, rather than being an ultimate "goal." Therefore, we deliberately refrain from setting an "M&A budget" or a "profit plan dependent on M&A." In the case of large-scale M&A opportunities, we generally perceive current valuations to be inflated. Consequently, we believe that exercising patience is crucial as we engage in Market Intelligence activities, constantly monitoring long and short lists of potential acquisition targets, and carefully selecting "promising companies" that offer a sufficient return on investment (ROI). Concurrently, we proactively seize opportunities for smaller-scale bolt-on M&A, capitalizing on the experience and insights within the Group to execute these initiatives consistently.

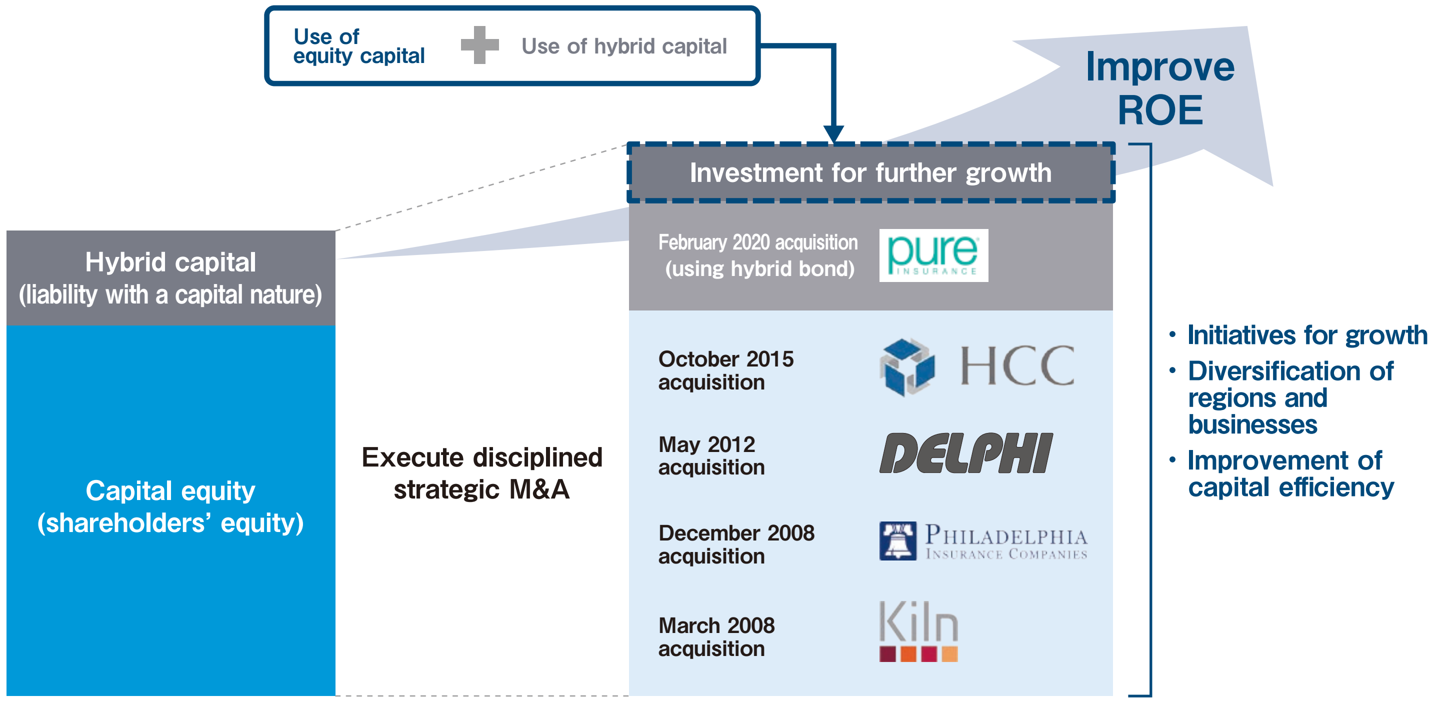
Under this guiding principle, we have pursued disciplined and strategic approaches to various entry (M&A, etc.) and exit (divestment, etc.) opportunities, considering risk diversification and future growth prospects. For instance, we have undertaken initiatives such as the acquisition of Pure Group, establishment of a local entity in Canada, and bolt-on M&A through Delphi Financial Group (Standard Security Life Insurance Company) and Tokio Marine HCC (Gulf Guaranty Employee Benefit Services, Inc.). Simultaneously, we have divested from reinsurance subsidiaries and Tokio Marine Kiln's subsidiary Highland, all aimed at achieving optimal capital allocation.

Following a review of our capital structure, we issued hybrid bonds when we acquired Pure in consideration of capital costs. In the future, we will also explore the use of hybrid bonds as necessary as one of the means for achieving the optimal capital structure while preventing equity dilution.

From a capital restructuring perspective, we have been consistently reducing business-related equities for over 20 years. Recently, we announced our intention to sell more than 600 billion yen worth of business-related equities over the next four years, to 2026. We intend to prudently utilize the capital generated from this accelerated divestment.

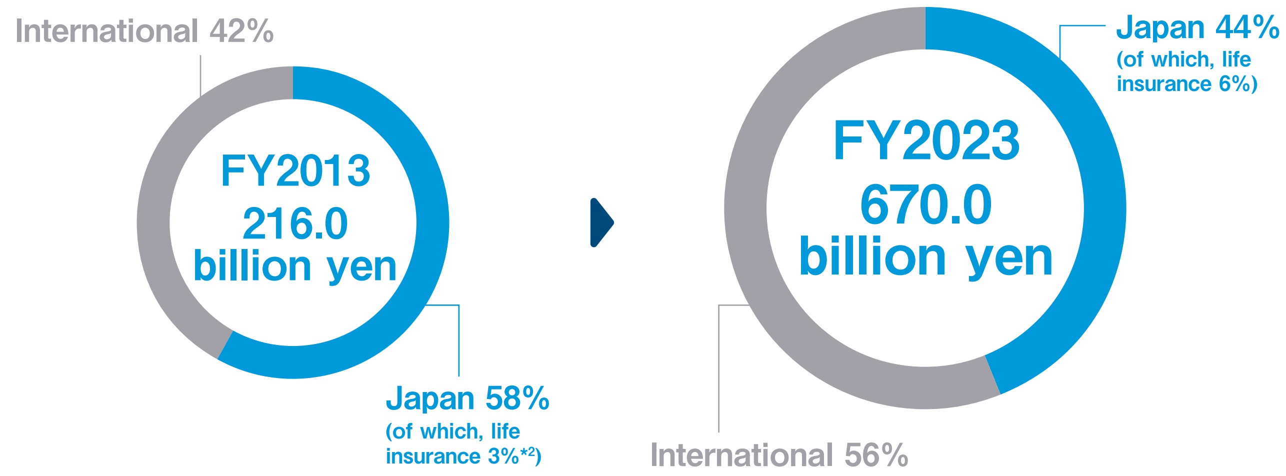
By following this approach, we have consistently enhanced our corporate value by effectively refreshing our risk portfolio. Looking ahead, we will maintain proper risk control while accelerating growth through well-considered capital allocation.

Achieving Growth through a Flexible Capital Strategy



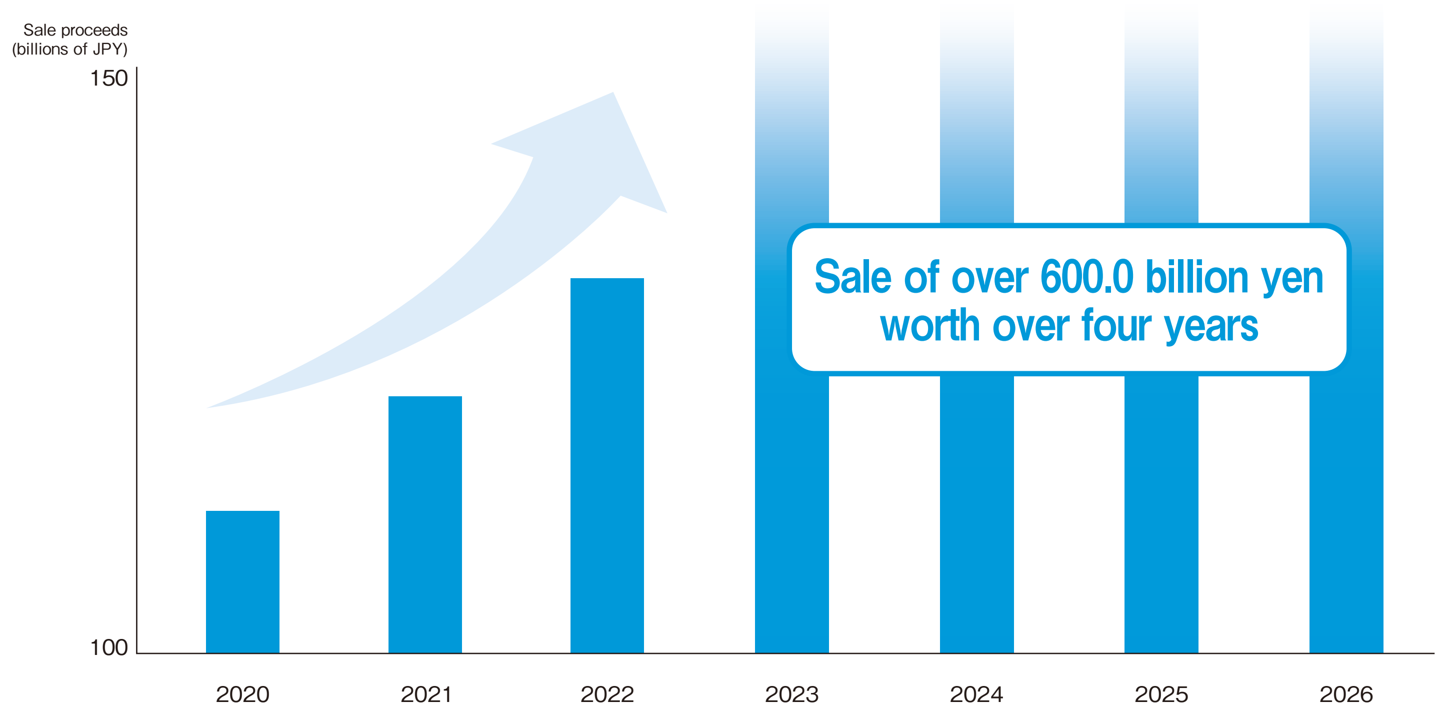
Risk diversification through the expansion of our international business

Profit Composition*1



*1 The breakdown of profit is based on the profit of each business segment (yearly plan), except "Other businesses" are included in "Japan."
*2 Profit on a financial accounting basis for TMNL

Accelerated reduction of business-related equities

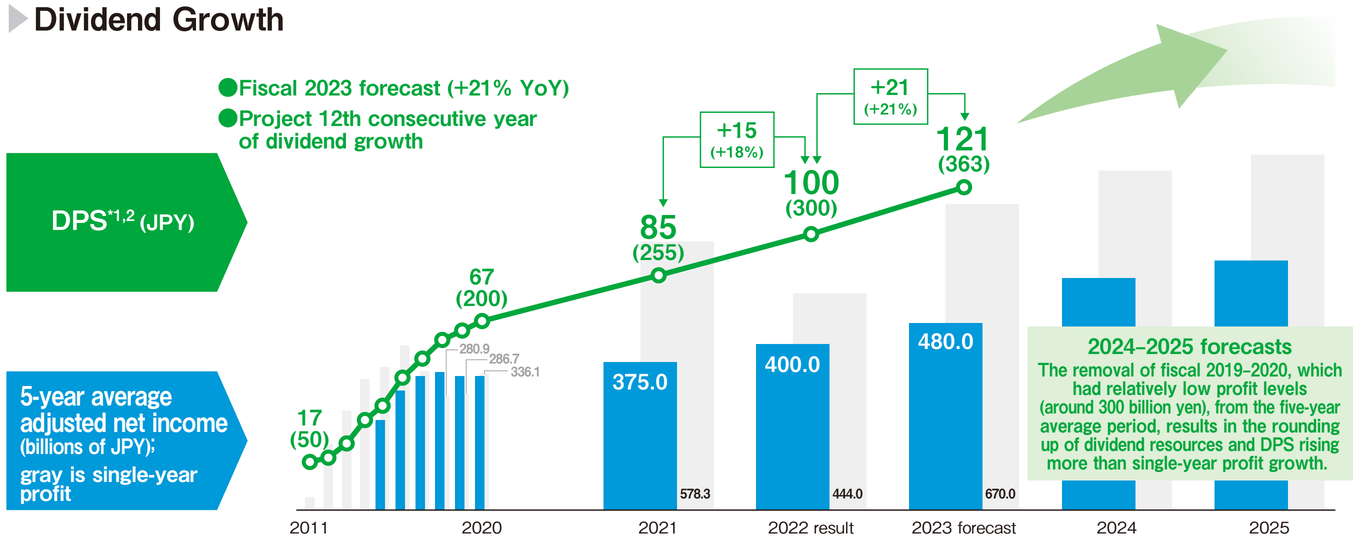


Shareholder Return

Tokio Marine Group regards dividends as the basis of shareholder returns and our basic policy is to sustainably increase dividends per share (DPS) in line with profit growth. Specifically, we calculate ordinary dividends based on our 5-year average adjusted net income to temper volatility and apply a dividend payout ratio that aligns with global peer standards. For fiscal 2023, against the backdrop of consistent profit growth, we have been steadily expanding the foundation for dividends, our 5-year average adjusted net income. As planned, by raising the dividend payout ratio to the targeted global peer level of 50%, we forecast a 21% increase in DPS compared with the previous year, marking the 12th consecutive year of dividend growth.

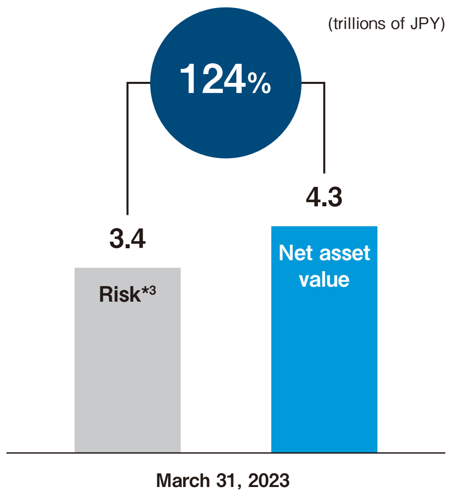
We use share buybacks as a means of adjusting capital levels and decisions will be made based on comprehensive consideration of economic solvency ratio (ESR), market conditions, opportunities for M&A, and additional risk-taking. Given our ESR of 124% as of the end of March 2023, well within the target range, our approach for fiscal 2023 is to implement a flexible share buyback plan of 100 billion yen throughout the year, with an initial resolution of 50 billion yen made in May.

Dividend Growth



*1: DPS = Five-year adjusted net income × Payout ratio / Number of shares
*2: Figures in parentheses are prior to the three-for-one stock split in October 2022.

Status of the Economic Solvency Ratio (ESR)



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

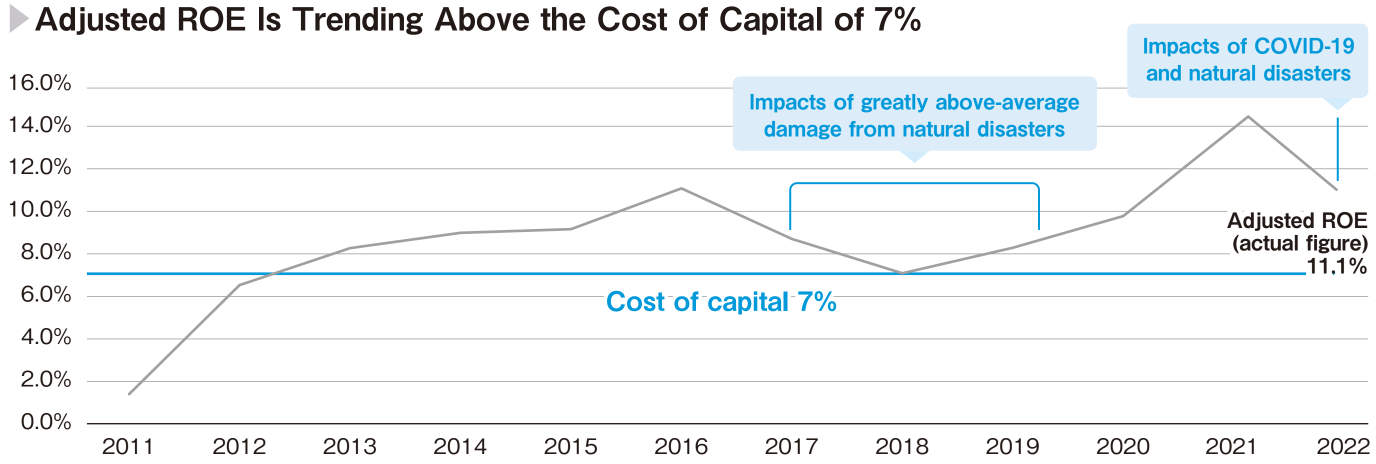
ESR		
		Implement: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
140% – 100%	Target Range	Strategically consider: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
		• Aim to recover the capital level through the accumulation of profit • Control the risk level by reducing risk-taking activities
		• De-risking • Consider capital increase • Review of the shareholder return policy

*3: Amount of risk calculated by a model using 99.95% VaR (AA-rated basis)

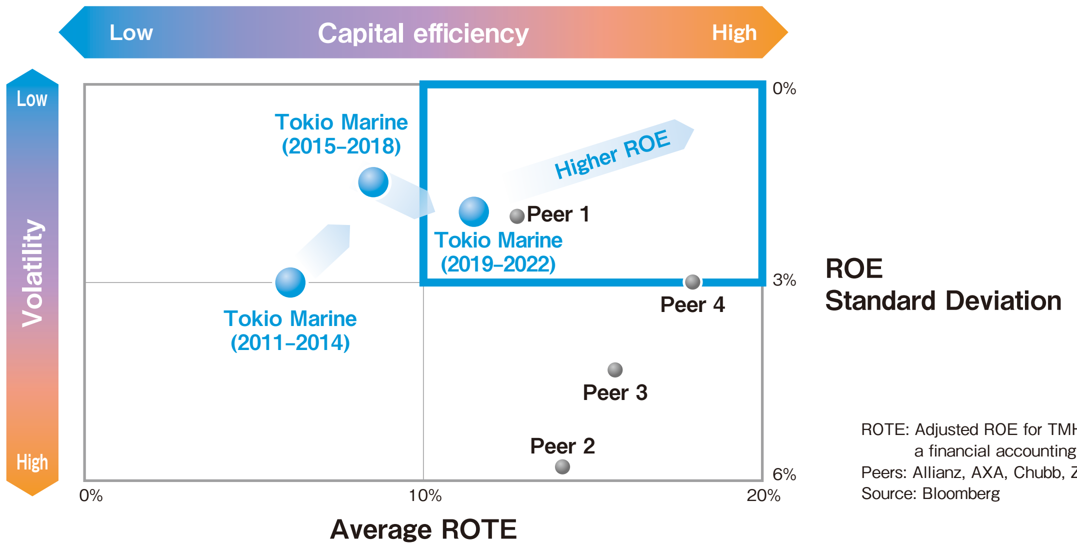
ROE

As a result of these initiatives, our adjusted ROE has been consistently above the 7% cost of capital. However, as mentioned earlier, we recognize that this level is not yet satisfactory. Our goal is to achieve the world's top-class earnings per share (EPS) growth while executing disciplined capital policies, aiming to elevate our ROE to a level on par with our global peers.

Adjusted ROE Is Trending Above the Cost of Capital of 7%

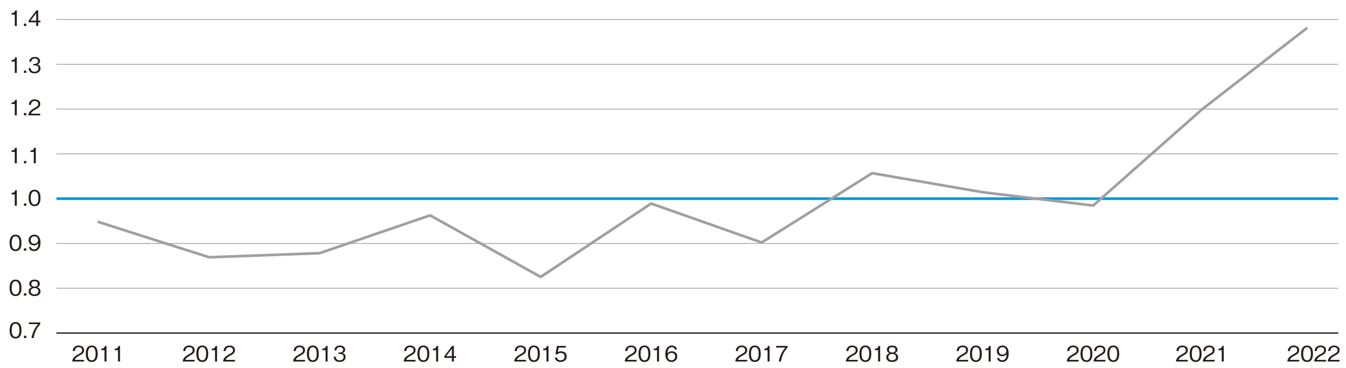


Steady Improvement in ROE



ROTE: Adjusted ROE for TMHD; Peers: average of 2019–2022 on a financial accounting basis
Peers: Allianz, AXA, Chubb, Zurich
Source: Bloomberg

Reference: Price-to-Book Value Ratio (PBR) Is Currently Above One



ERM*1 Framework

Finally, I would like to reiterate our commitment to Enterprise Risk Management (ERM), which serves as a pillar of management. In concrete terms, we always maintain a keen awareness of the interplay between "risk," "capital," and "profit" within the Group. By ensuring the adequacy of capital in relation to risks and achieving high profitability, we aim to sustainably enhance our corporate value.

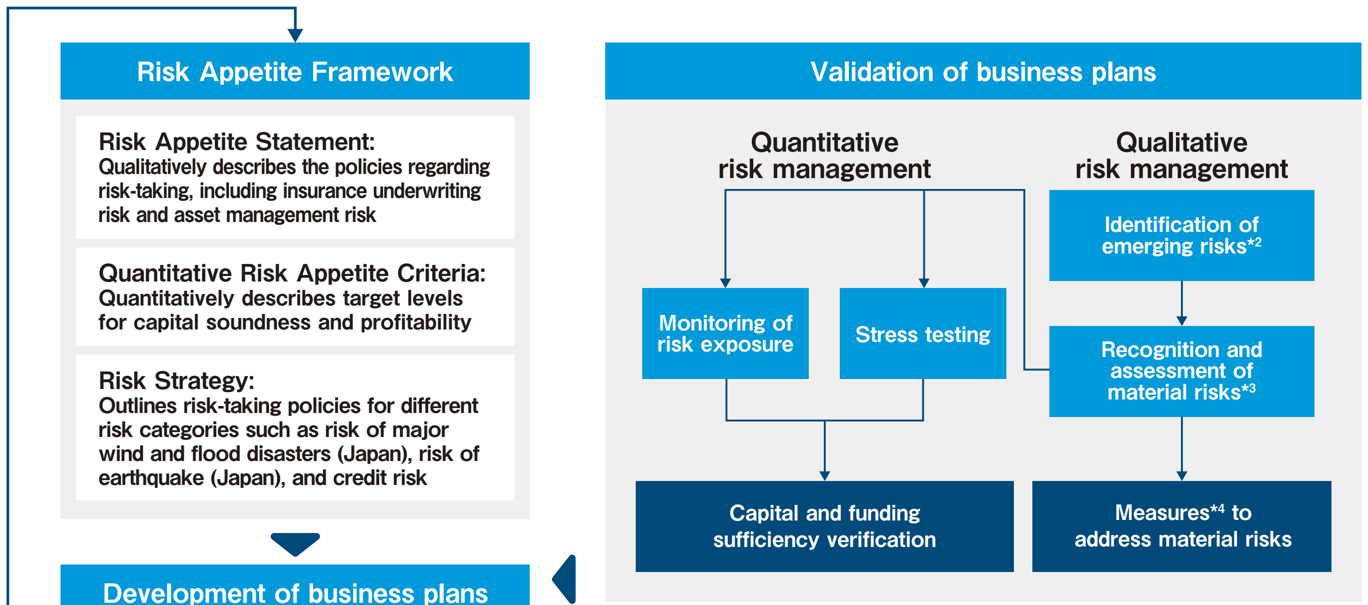
*1: Enterprise Risk Management

Tokio Marine Group's ERM Structure and Initiatives to Strengthen it

The risks surrounding Tokio Marine Group are becoming more diversified and complex due to global business development and changes in the business environment. In addition, in today's uncertain and rapidly changing political, economic, and social climate, we must constantly watch for the emergence of new risks and take appropriate action. From this point of view, we are not limited to conventional risk management for the purpose of risk mitigation and avoidance, but are comprehensively assessing risk in qualitative and quantitative ways.

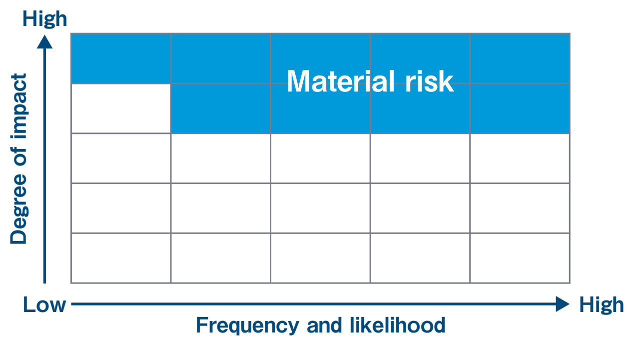
In addition, we are continuing our efforts to further strengthen the ERM structure. For instance, we are enhancing risk assessments to include risks that are difficult to quantify, such as cyber risks, and improving natural disaster risk management, including a review of our reinsurance schemes.

ERM Cycle



*2: Emerging risks are new risks that arise due to changes in the environment or other factors, encompassing those that were not traditionally recognized as risks and those that have increased markedly in severity. Specifically, these risks are identified through internal discussions, considering results from subsidiary assessments and information from external sources.

*3: Material risks refer to risks that could have a substantial impact on financial soundness, business continuity, and other critical aspects. Specifically, we focus on emerging risks as well as material risks from the previous business year within the Group. We assess the impact (evaluating economic, business continuity, and reputational impacts) and consider the frequency and likelihood to identify the most significant factors. We specify these risks using the following 5×5 matrix.



*4: For material risks, we formulate response measures (Plan), implement these measures (Do), assess the outcomes (Check), and make improvements (Act).

Reference: Qualitative Risk Management

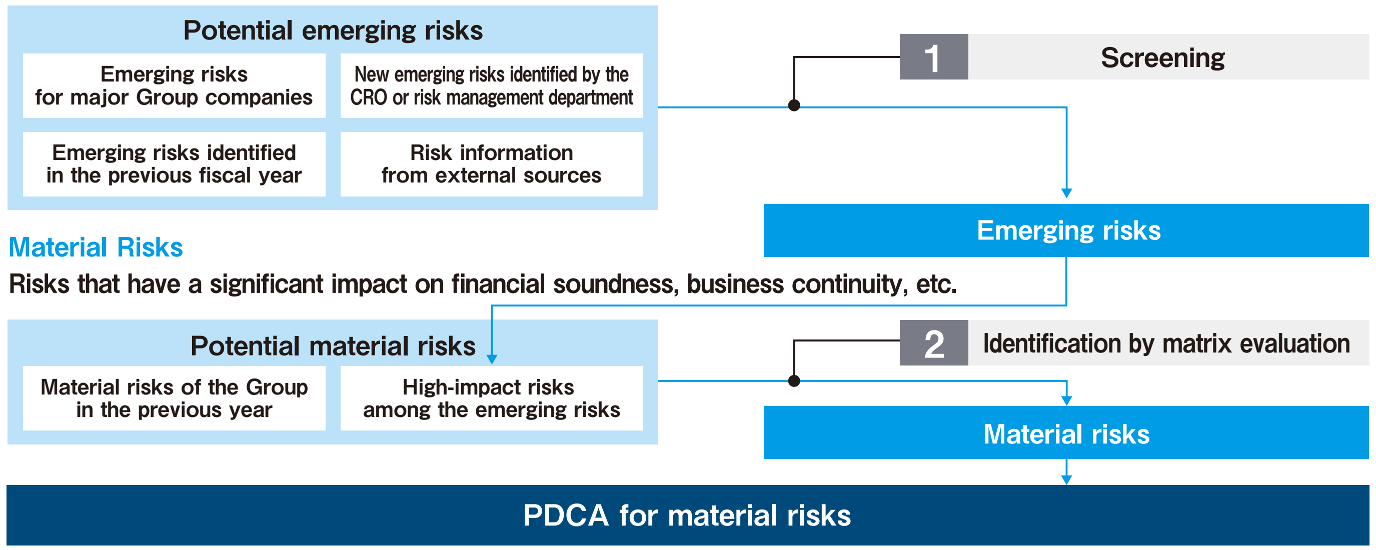
In qualitative risk management, all risks, including risks that emerge due to changes in the environment, are identified and reported to management, while risks to the Group are discussed at the management level as needed. Risks identified in this manner are evaluated not only in terms of the economic loss or frequency of occurrence but also in terms of business continuity and reputation. Risks that have a large impact on the financial soundness and business continuity of the Group or of individual Group companies are identified as "material risks." For identified material risks, we assess the sufficiency of capital through the quantitative risk management process described below, draw up control measures before the risks emerge and countermeasures*5 to be taken if the risks do emerge, and conduct PDCA management.

*5: Pre-emergence risk control measures include monitoring and risk management based on the market environment and regulatory trends, while post-emergence risk response measures include manuals (including business continuity plans) and mock drills.

Detection of Emerging Risks and the Process of Identifying Material Risks

Emerging Risks

New risks that emerge due to changes in the environment or other factors, and that have not been previously recognized as risks, or risks that have increased markedly in severity



Examples of Emerging Risks

Emerging risks/Scenarios	Examples of responses
(1) Progressive deterioration of public infrastructure and corporate facilities ○Risk that insurance payouts will increase as growing deterioration of public infrastructure and corporate facilities leads to frequent major accidents	Response to economic impact • Appropriately assess risks and develop products that meet customer needs, while generating stable profits through risk-appropriate underwriting, risk diversification, and arranging reinsurance • With respect to (4) shown at left, engage in research and analysis on the impacts of climate change
(2) Space risk ○Risk that insurance payouts will increase due to widespread power grid failures caused by geomagnetic storms and frequent communication disruptions resulting from space weather and increased space debris	
(3) Innovations in medicine and biotechnology ○Risk that insurance payouts will increase due to innovations in cancer diagnosis and genetic diagnosis technologies	
(4) Global warming (physical risks of climate change) ○Risk that insurance payouts will increase due to intensifying environmental degradation and disasters caused by global warming	
(5) Inadequate response to decarbonization (climate change transition risk) ○Risk of a decline in value of invested companies that lag behind in transitioning to a decarbonized society, impacting the value of the Group's assets ○Risk that the Group's efforts towards decarbonization are perceived as inadequate by society, damaging our reputation	Response to the impact on business continuity and reputation • Publicly disclose our fundamental approach to climate change, underwriting and investment policies, and the initiatives based on these, and exchange opinions with experts and advisors in the climate field
(6) Delayed response to stricter global focus on human rights ○Risk that Tokio Marine Group's efforts regarding respect for human rights are perceived as inadequate by society, damaging our reputation	Response to the impact on business continuity and reputation • Publicly disclose our fundamental approach to human rights, human rights basic policies, management structure for respect of human rights, guidelines for responsible procurement, and initiatives based on these, and exchange opinions with experts and advisors in the human rights field

Material Risks for Fiscal 2023

Emerging risks/Scenarios	Examples of responses
(1) Domestic or overseas economic crisis, chaos in financial and capital markets ○The value of the Group's assets may fall substantially due to a global economic crisis on the magnitude of the 2008 global financial crisis, or turmoil in financial and capital markets caused by geopolitical risk.	Response to economic impact • Investigate the impact on the market due to geopolitical risks • Control exposure through credit risk aggregation and management • Conduct stress tests to confirm capital adequacy and funding liquidity • Establish action plans for financial crises and interest rate increase risks
(2) Loss of confidence in JGBs ○The value of the Group's assets may fall substantially as Japanese government bonds plummet in value due to a decline in the government's creditworthiness or the emergence of hyperinflation.	
(3) Major earthquakes ○A major earthquake beneath Tokyo or along the Nankai Trough may lead to significant human and material losses, causing widespread disruptions to social and economic activities, including those of the Group, resulting in large insurance payouts.	Response to economic impact • Appropriately assess risks, including risk aggregation, and develop products that meet customer needs, while generating stable profits through risk-appropriate underwriting, risk diversification, and arranging reinsurance • With respect to (3), (4), and (6) shown at left, conduct stress tests to confirm capital adequacy and funding liquidity Response to the impact on business continuity and reputation • Establish crisis management systems and business continuity plans, and verify their effectiveness through emergency drills • With respect to (7) shown at left, develop cybersecurity measures, and verify their effectiveness through emergency drills
(4) Major wind and flooding disasters (including physical risks of climate change) ○Major typhoons or torrential rains may cause extensive physical damage, leading to significant disruptions in social and economic activities, including those of the Group, resulting in large insurance payouts.	
(5) Volcanic eruptions ○The eruption of Mount Fuji or similar volcanic activities could result in widespread physical damage due to volcanic ash and other effects, leading to significant disruptions in social and economic activities, including those of the Group, resulting in large insurance payouts.	
(6) Pandemics ○The widespread outbreak of a new infectious disease could result in significant insurance payouts.	
(7) Cyber risk ○A cyberattack targeting many Group customers or supply chains may lead to significant insurance payouts. ○A cyberattack targeting the Group's systems may result in the leakage of sensitive information and disruptions to business operations.	
(8) Inflation ○Due to soaring raw material costs and rapid increases in global prices, insurance payout costs rise, resulting in diminished underwriting profits from the inability to revise products in line with risks or secure reinsurance.	Response to economic impact • Analyze the impact of inflation on insurance products and undertake product revisions and underwriting commensurate with risk
(9) Disruptive innovation ○Innovations that drastically reshape industry structures through digital transformation and innovative new entrants may erode the Group's competitive advantage and lead to significant reductions in premium income and profits.	Response to economic impact • Ensure the competitive advantage of our insurance business by implementing basic strategies and executing projects for digital transformation • Expand into new businesses, primarily in areas closely aligned with our insurance operations
(10) Continued mutation of the COVID-19 virus ○The continued mutation and sustained spread of COVID-19 may lead to disruptions in business activities.	Response to the impact on business continuity and reputation • Establish crisis management systems and business continuity plans, and verify their effectiveness through emergency drills (Response to economic impact is detailed in (1) shown at left)
(11) Geopolitical risk ○Escalation of tensions between nations into military conflicts could lead to extensive human and material damages, leading to significant disruptions in social and economic activities, including those of the Group.	
(12) Conduct risk ○Deviation between industry and corporate practices and societal norms could lead to the perception that the initiatives of the Tokio Marine Group are inadequate by society, damaging our reputation.	Response to the impact on business continuity and reputation • Conduct surveys on employee awareness and behavior, and enhance the efforts of the Group by compiling and sharing best practices
(13) Violation of laws and regulations ○Non-compliance with regulations concerning personal data protection, anti-money laundering, and the reinforcement of economic sanctions related to the U.S.-China tensions and the Ukraine conflict may result in the imposition of fines and penalties and harm the Group's reputation.	Response to the impact on business continuity and reputation • Monitor domestic and international social environments, trends in government agencies, and changes in regulatory requirements, and take necessary measures accordingly

Reference: Quantitative Risk Management

In quantitative risk management, the Company measures risk amounts and conducts stress tests using risk models based on the latest knowledge available, verifying 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.

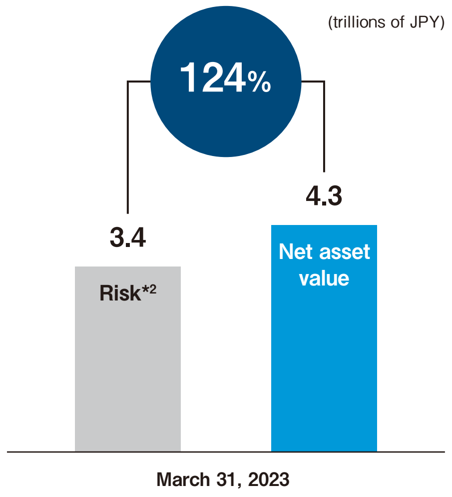
Specifically, the Company quantifies potential risks using a statistical metric called "Value at Risk (VaR)" on a 99.95% confidence level, which corresponds to an AA credit rating, and verifies its capital adequacy based on the Economic Solvency Ratio (ESR) arrived at by dividing net asset value*1 by risk capital. A 99.95% VaR is equivalent to the damage caused by an occurrence of a risk that happens once in 2,000 years. Although many insurance companies around the world use 99.5% VaR (once in 200 years), Tokio Marine Group uses a much more stringent standard to evaluate risk capital.

The target range of the Group's ESR is 100%–140%, and as of March 31, 2023, the Group's ESR was 124%, confirming that the Group is adequately capitalized.

We also conduct stress tests based on scenarios involving significant economic losses from material risks such as domestic and international economic crises, disruptions in financial and capital markets, loss of confidence in Japanese government bonds, major earthquakes, major wind and water-related disasters, and widespread outbreaks of new viruses. We also assess scenarios where multiple critical risks materialize simultaneously. Through these stress tests, we confirm separately that there are no issues regarding capital adequacy and liquidity.

*1: Calculated by adding the value of catastrophe loss reserves, deducting for goodwill, and making other adjustments to consolidated net assets on a financial accounting basis.

Status of the Economic Solvency Ratio (ESR)



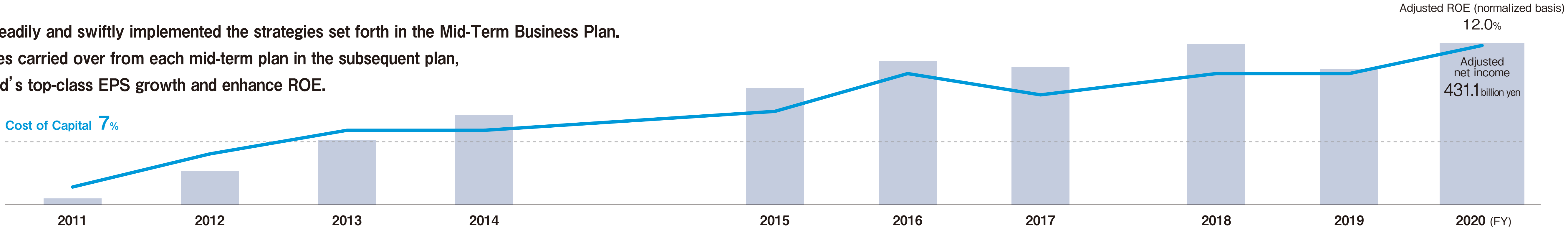
Concept of capital management based on the Economic Solvency Ratio (ESR)

ESR		
		Implement: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
140%	Target Range	Strategically consider: • Business investment, and/or • Additional risk-taking, and/or • Shareholder return
100%		• Aim to recover the capital level through the accumulation of profit • Control the risk level by reducing risk-taking activities
		• De-risking • Consider capital increase • Review of the shareholder return policy

*2: Amount of risk calculated by a model using 99.95% VaR (AA-rated basis)

Review of the Mid-Term Business Plan to Date

Tokio Marine Group has steadily and swiftly implemented the strategies set forth in the Mid-Term Business Plan. By addressing the challenges carried over from each mid-term plan in the subsequent plan, we aim to achieve the world's top-class EPS growth and enhance ROE.



Innovation and Execution 2014

Mid-Term Business Plan

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

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

Review of the Mid-Term Business Plan

Review of the Priority Strategies: Realized ROE exceeding the cost of capital (7%) through the following measures
- Significantly increased profitability in the domestic non-life insurance business, which was a major issue, led by auto insurance
- Realized stable profit growth in the domestic life insurance business by focusing on the highly profitable living protection field
- Realized strong profit growth and contributed to Group business and geographic diversification through the organic growth of the international insurance business and the acquisition of the Delphi Financial Group
- Continually reduced risk, for example, by selling business-related equities in the amount of 336 billion yen over three years

Achievement of Main KPIs:

	2014 Results	Mid-Term Business Plan (2014)	Achieved
Adjusted ROE	9.3%	7% or higher	✓
C/R (TMNF)	90.6%	95.0%	✓
EV increase (three-year total, TMNL)	357.5 billion yen	180 billion yen	✓
Adjusted earnings (international insurance business)	145.5 billion yen	100 billion yen	✓

[Issues remaining from the 2009-2011 Mid-Term Business Plan]
ROE exceeding the cost of capital
(A critical challenge is to realize profitability in the domestic non-life insurance business.)

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

「To Be a Good Company 2017」

Vision: 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 approximately 9%
- Adjusted net income of 350—400 billion yen
- Steady growth of dividends in line with profit growth

Review of the Priority Strategies: Realized sustainable profit growth and higher ROE primarily through the following measures
- Enhanced the business model mainly by strengthening life and non-life cross-selling initiatives, providing products and creating a service system that 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 the expansion of specialty insurance in Japan and the acquisition of HCC
- Enhanced the 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 Business Plan (2017)	Achieved
Adjusted ROE	10.0%*1	Approximately 9%	✓
Adjusted net income	397 billion yen*1	350—400 billion yen	✓
Annual dividend per share	160 yen	Steady growth (95 yen in fiscal 2014)	✓

[Remaining issue]
Profit growth by establishing an earnings base

「To Be a Good Company 2020」

Priority Strategies:
- Further diversification of the portfolio
- Enhancement of the business structure
- Strengthening of integrated group management

Main KPIs:
- Adjusted ROE of 10% or more
- Adjusted net income of 400—450 billion yen
- Payout ratio of 35% or higher

Review of the Priority Strategies: Steadily strengthen the earnings base primarily through the following measures
- Make strategic changes to the portfolio that include the acquisition of Pure, continued bolt-on M&A, and the sale of Tokio Millennium Re Ag (TMR)
- Enhance the business structure with the creation of claim services using satellite images and AI, the 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 the Group culture on a global basis. As a result, we have expanded more Group synergies

Achievement of Main KPIs:

	2020 Results	Mid-Term Business Plan (2020)	Achieved
Adjusted ROE	12.0%*2	10% or higher*3	✓
Adjusted net income	431.1 billion yen*2	400—450 billion yen*3	✓
Payout ratio*4	42%	35% or higher	✓

[Remaining issue]
Advancement of greater risk diversification as well as further improvement of profitability in the insurance business, and the ability to respond to an increasingly diverse range of issues

*1 Figures based on the market environment as of March 31, 2015, excluding FX effects and the one-time impact of U.S. tax reform after the impact of natural disasters normalized to an average annual level.
*2 Figures based on the market environment as of March 31, 2018, after adjusting for normal years of natural disasters and excluding the impact of the COVID-19 pandemic.
*3 Figures based on the market environment as of March 31, 2018, after adjusting for normal years of natural disasters.
*4 The payout ratio is based on five-year average adjusted net income. Based on original projections.

Current Mid-Term Business Plan 2023 —Adapt, Lead, Innovate—

Through our "2 + 1 Growth Strategy" under the Mid-Term Business Plan (MTP) 2021–2025, we set the medium- to long-term goals of a win-win situation with stakeholders, the implementation of a "Glocal × Synergy" strategy, as well as growth and stable high profit, represented by adjusted net income above 500 billion yen and adjusted ROE of around 12%.

In pursuit of these objectives, we set initial MTP targets of adjusted net income with a CAGR of +3%–7% (approximately 480–540 billion yen) and adjusted ROE of around 12%. However, for fiscal 2023, the final year of the MTP, we anticipate surpassing these targets significantly, as well as exceeding our medium- to long-term expectations with adjusted net income of 670.0 billion yen and ROE of 17.1%. These projections are underpinned by enhanced revenue from domestic fire insurance and a rise in investment income across developed nations, excluding Japan.

Long-term vision

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

Condition Realized in the Long-Term Vision

- Win-Win situation with stakeholders
- Glocal × Synergy
- Growth and stable high profit (Medium- to long-term targets of more than 500 billion yen in adjusted net income and around 12% in adjusted ROE)

2+1 Growth Strategy

New Markets × New Approach
- Precisely respond to quickly changing customer needs and implement products/services and channel strategies reflecting the market

Enhance the profitability of the insurance business
- Optimize premium rates and increase rates based on market hardening
- Streamline operations while thoroughly utilizing digitalization

+

Business investment for the next growth stage

Business Platform

Technology —Mission Driven—

ERM —Risk Culture—

Human Resources
- Expert talent development
- Global talent/management development
- Diversity & Inclusion

Integrated Group Management
- Sharing of best practices
- Synergy-inducing system
- Global management framework

Corporate Culture
- To Be a Good Company
- Resolution of issues for society/customers
- Robust and agile organization

Progress of the Current MTP

In fiscal 2022, we posted adjusted net income of 444.0 billion yen and adjusted ROE of 11.1%. On a normalized basis, excluding transient factors, adjusted net income was 617.1 billion yen and adjusted ROE was 15.1%.

For fiscal 2023, we are projecting figures above our MTP with adjusted net income of 670.0 billion yen and adjusted ROE of 17.1%.

	FY2023 Plan (announced in May 2021)	FY2023 Projections	FY2022 Results (normalized, with actual in parentheses)	FY2020 Results (normalized, with actual in parentheses)
Adjusted net income	CAGR*1 +3%–7%	CAGR*2 +15% 670.0 billion yen	617.1 billion yen (444.0 billion yen)	446.0 billion yen*3 (399.6 billion yen)
Adjusted ROE	Around 12%	17.1%	15.1% (11.1%)	11.5%*3 (11.3%)
Shareholder return				
Payout ratio*4	40% or higher ▼ 50% (revised in Nov. 2021)	50%	48.5%	40%
Capital level adjustment	Flexible execution	100.0 billion yen (set 50.0 billion yen as first step in May 2023)	100.0 billion yen	50.0 billion yen

Breakdown by Business

Business unit profits for the fiscal 2022 results and the fiscal 2023 projections have both been progressing well, centered on domestic non-life insurance and our overseas businesses.

In the domestic non-life insurance segment, the challenges posed by the increase in automobile loss costs had an impact, yet our disciplined underwriting practices, encompassing rate increases for fire insurance, led to improved revenue. In the international insurance segment, our disciplined underwriting leveraging the hard market environment combined with expansion of investment income serve as catalysts for profit growth (see pp. 133–147) .

		FY2023 Plan (announced in May 2021)	FY2023 Projections	FY2022 Results (normalized, with actual in parentheses)	FY2020 Results (normalized*3, with actual in parentheses)
Adjusted net income		CAGR*1 +3%–7%	CAGR*2 +15% 670.0 billion yen	617.1 billion yen (444.0 billion yen)	446.0 billion yen (399.6 billion yen)
Business Unit Profits, etc.	Domestic Non-Life Insurance*5	CAGR*2 +6% or higher	CAGR*2 +5% (of which, underwriting profit +10%) 161.0 billion yen	144.6 billion yen excl. FX 171.1 billion yen (109.4 billion yen)	138.5 billion yen (175.3 billion yen)
	Domestic Life Insurance*6	Stably secure 50.0 billion yen level	39.0 billion yen	44.9 billion yen excl. FX 46.0 billion yen (36.4 billion)	52.7 billion yen (52.7 billion yen)
	International Insurance	CAGR*2 around +9%	CAGR*2 +28% 376.0 billion yen	355.2 billion yen (218.6 billion yen)	180.1 billion yen (91.6 billion yen)
	Other Businesses*7	About 70.0 billion yen	94.0 billion yen	72.4 billion yen (79.6 billion yen)	74.7 billion yen (80.0 billion yen)

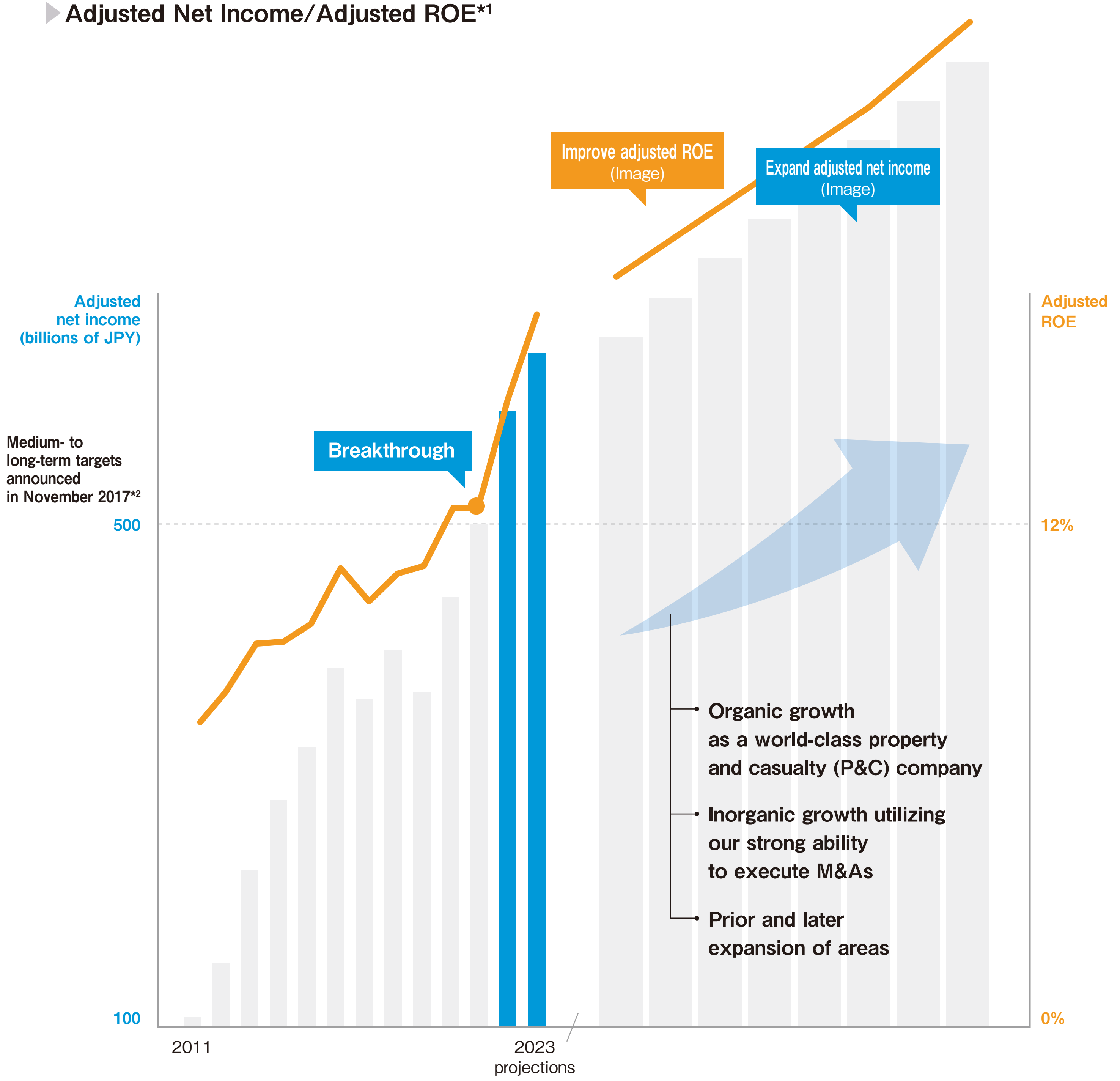
*1: Compared with FY2020. It was explained that OG was more than 5% at the IR briefing in May 2021.
*2: Compared with FY2020
*3: Launch figures to serve as starting points for the current MTP (setting impacts from natural catastrophes as the level for a normal year and excluding the impact of COVID-19 and exchange fluctuations)
*4: The payout ratio is on five-year average adjusted net income. Based on projections at the beginning of the year. The payout ratio will be boosted to 50% in fiscal 2023. DPS will be boosted with growth in profits as a key driver (dividends will not be cut, in principle).
*5: Domestic non-life insurance = TMNF
*6: Domestic life insurance = TMNL
*7: Other domestic non-life insurance, financial and other businesses, and gains on the sale of business-related equities, etc., that are not included in business unit profits

Beyond the Mid-Term Business Plan

Having surpassed our medium- to long-term targets of adjusted net income above 500 billion yen and adjusted ROE of around 12%, we are now looking beyond these goals.

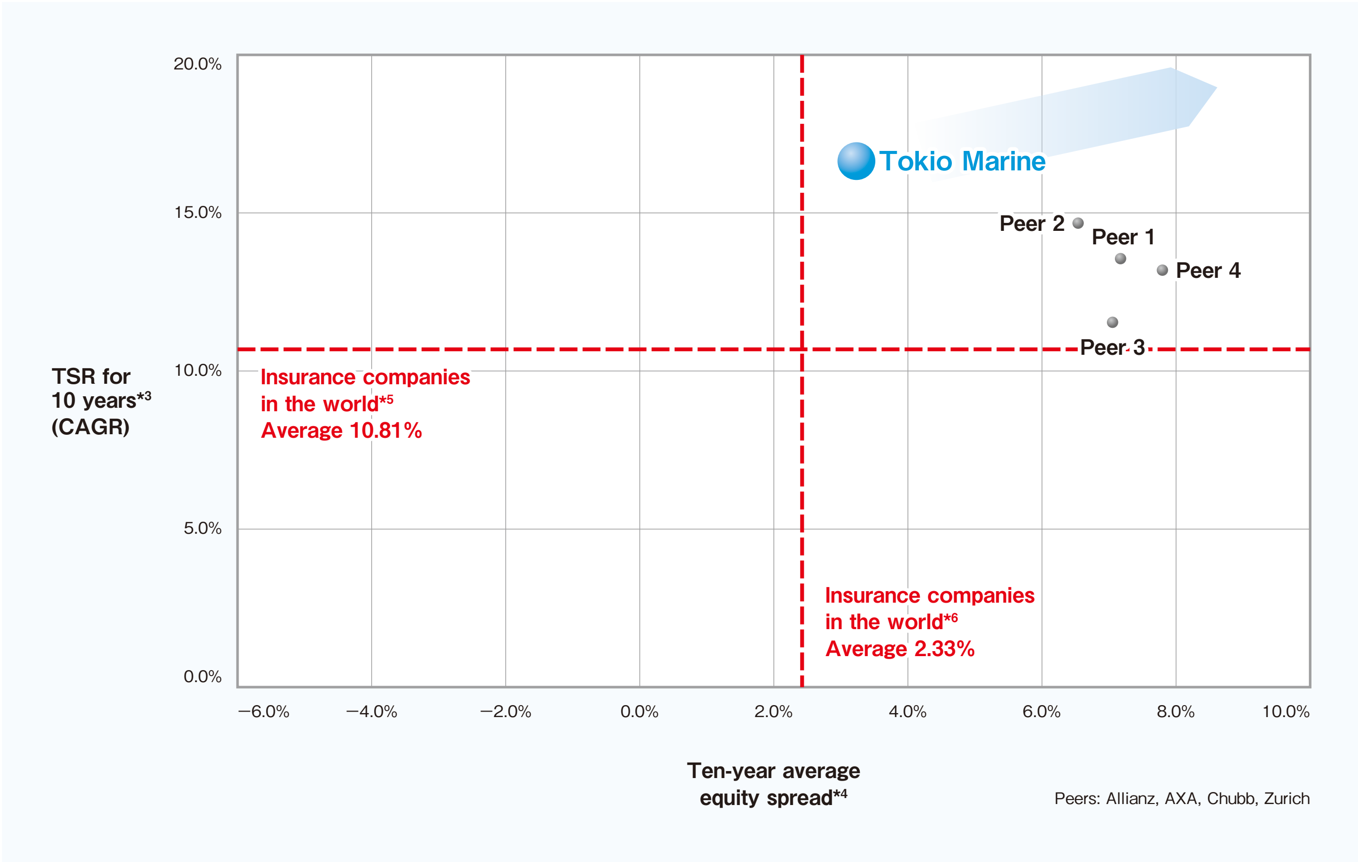
Specifically, we aim to continue achieving world-class EPS growth organically (currently at around +5–7%) and raise our ROE level slightly to be on par with our European and American peers, thus expanding our equity spread.

Adjusted Net Income/Adjusted ROE*1



*1: Adjusted for natural disasters in normal years; excludes the impact of COVID-19 in 2020, North American capital gains, etc., and gains on the sale of business-related equities (on the portion of sales exceeding 100 billion yen) in 2021, and the war in Ukraine and South African floods in 2022
*2: Adjusted ROE of 12%, adjusted net income of 500 billion yen

Improvement of the Equity Spread



*3: CAGR between April 1, 2013, and March 31, 2023. Source: Bloomberg
*4: ROTE is calculated with capital costs. We use adjusted ROE for our ROTE. The capital costs of the five listed companies are calculated with CAPM (= risk free rate + β × market risk premium), with 6% for the market risk premium. Source: Bloomberg
*5: MSCI World Insurance Index. TSR Source: Bloomberg
*6: Average of 176 listed global insurance companies

By contributing to building a better society through constantly seeking and offering solutions to ever-changing global issues as only Tokio Marine can, we will accelerate the upward spiral of resolving social issues while growing our business.

Kiyoshi Wada

Managing Director
Group Chief Sustainability Office (CSUO)

Protecting customers and society in their times of need has been Tokio Marine Group's raison d'etre since our founding, aiming to be a global insurance group that delivers sustainable growth by providing safety and security to customers worldwide. Based on this purpose, we have confronted evolving social challenges head-on and offered solutions that only we can. Our historical contributions, from supporting Japan's modernization as a trading nation through maritime insurance to aiding postwar motorization with automobile insurance and promoting renewable energy through tailored insurance packages, illustrate how our core business activities inherently address social issues and embody sustainability. The spirit of sustainability ingrained in our 40,000 employees worldwide is the very essence of our DNA, a legacy passed down through generations since our founding.

Environmental Changes Surrounding Sustainability

In this rapidly changing and unpredictable era, the environment surrounding sustainability is also undergoing constant shifts. The scope of societal issues we need to address has expanded beyond global warming and climate change and the increasing frequency and intensity of natural disasters to encompass such areas as human rights and biodiversity preservation. Against this backdrop, my mission as CSUO is to make sure we continue to embody this long-established DNA of solving social problems and directly connect that to growth for society and the Company. That is, "to continue building a sustainable society by balancing our corporate activities and the resolution of social issues." Despite the changing times, the core concept of our deeply rooted sustainability strategy has remained unchanged since our inception. We must continue to step up our efforts and capacity to solve issues. As these challenges become increasingly diverse and complex, it is important that we employ our expertise and know-how globally and mobilize as "one team" to combat them. It is imperative that we unite the individual contributions of each Group company and carry out collective activities with a greater sense of urgency.

Establishment of Promotional Framework and Penetration of Global Sustainability Strategy

To swiftly execute this strategy across the board, in fiscal 2021 we enacted the Group Sustainability Policy applicable to all Group companies and identified eight key areas (materiality) for focused initiatives based on our purpose. We also established the Sustainability Committee, which includes executives from overseas Group companies, to actively engage in discussion regarding our global sustainability strategy and initiatives.

The Sustainability Committee goes beyond discussing overarching policies; it also focuses on showcasing how social challenges are tackled through both domestic and international business operations. This approach has led to increased communication between Japanese and overseas branches and played a crucial role in expediting strategic decision-making and implementation throughout the Group. These initiatives have effectively propelled the permeation of sustainability policies and strategies across the Group. Centered on the eight key areas (materiality), efforts to address social challenges through business activities are gaining global momentum.

In addressing climate change, we are not only developing and offering products and services that contribute to the growth of renewable energy, but also engaging with more than 250 companies on climate change and environmental themes and operating a renewable energy fund to promote green investments. Furthermore, we have established the GX Round Table to foster collaboration across the Group in the green transformation (GX) field, advancing support for the global transition to a decarbonized society.

Within the domain of disaster resilience, we are actively broadening our efforts across pre-emptive and post-incident strategies, with the goals of accident prevention, mitigating burdens during incidents, and expediting recovery while averting future recurrences. Harnessing digital technology, we have established streamlined and automated insurance claim procedures, ensuring swift delivery of benefits to those impacted. In the United States, we provide accident-detection sensors free of charge, integrating digital innovation into product evolution and launch to forestall accidents and curtail losses through data-driven insights. Our commitment extends to collaborative efforts in disaster prevention and mitigation across diverse industries through CORE, a disaster prevention consortium. This consortium has generated specific solutions such as the Real Time Hazzard and resilient information delivery services, garnering support from over 100 participating companies and magnifying its societal impact.

We are also making consistent strides in other crucial domains, such as broadening Environmental, Social, and Governance (ESG) investment and financing, making contributions towards future generations, improving disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and crafting a policy for human rights due diligence.

Accelerated Integration with Business Activities and Response to New Social Challenges

These initiatives have contributed to the incremental global adoption of our sustainability strategy, and we will take steps to further refine it going forward. Specifically, we aim to create a state where exceptional ideas arising from each workplace, which contribute to solving social challenges, are transformed into unique businesses and services distinctive to the Group through effective communication among diverse employees and persistent hypothesis testing. To achieve this, we are enhancing the incorporation of our sustainability strategy into business plans and establishing a mechanism to review initiatives based on key performance indicators (KPIs). This initiative takes center stage in 2023. Furthermore, we recognize the importance of cultivating individuals who can drive the execution of strategies at each Group company. These individuals should embrace the sustainability strategy as their own, integrate it into their organizational plans, and champion its implementation by involving their peers. To this end, we are developing a systematic curriculum for talent development in the theory and practice of sustainability strategy, scheduled for implementation this fiscal year.

As new social issues related to human rights and biodiversity conservation emerge, we remain attuned to changing perspectives and societal expectations, responding promptly. Addressing human rights concerns, we have already created a human rights risk map, identifying priority areas for action among "business partners," "value chains," and "employees." In terms of biodiversity conservation, we continue to advance activities emblematic of the Group, such as mangrove planting and ocean conservation, while considering the forthcoming Taskforce on Nature-related Financial Disclosures (TNFD) framework for assessing impacts on ecosystems and natural capital resulting from business activities.

These endeavors do not operate in isolation, however. By proactively disclosing our various initiatives, such as our TCFD Report and Human Capital Report, we seek to invigorate dialogue with stakeholders, leveraging insights gained to further elevate our sustainability strategy.

Enhancing Value by Circulating Corporate Activities and the Resolution of Social Issues

Guided by our enduring purpose of protecting customers and society in times of need, we will combine the collective capabilities of the Group and take pride in our commitment to be a front-runner in solving social issues. At the same time, we will strive to increase both social value and economic value (profit growth) by circulating our corporate activities against the resolution of social issues.

We sincerely appreciate the ongoing understanding and support of all our stakeholders.

Changes in Major Areas of Activity

FY2021 (Results)

Establishment of Global Sustainability Promotion Structure

Establishment of a promotion structure	• Established the Sustainability Committee • Reflected ESG performance in executive compensation • Revised the sustainability award system
Establishment of sustainability-related policies	• Organized a basic policy structure for ESG • Established basic policies for the Group
Strengthening of the connection with business operations	• Developed sustainability strategies • Established a PDCA cycle
Strengthening of disclosures and commitments	• Revised the sustainability report • Disclosed the KPIs and enhanced the TCFD disclosures (physical risks related to underwriting) • Revised our "Basic Approach to Climate Change"

FY2022 (Results)

Global Penetration of Sustainability Strategy Initiatives in Key Areas

Penetration of sustainability strategy	• Embedded sustainability strategy and policy (released summaries and videos related to environmental and human rights policies)	• Enhanced communication with overseas sites (provided quarterly action plans)
Steady implementation of initiatives related to ongoing issues	• Clarified initiatives for future generations and executed them globally • Enhanced engagement and ensured strict compliance with our Climate Policy	• Expanded ESG investment and financing • Boosted score from key ESG rating agencies
Response to current issues given changes in the external environment	• Contributed to the establishment of an international framework for addressing climate change • Enhanced the TCFD disclosures (physical risk, transition risk)	• Started human rights due diligence initiatives • Launched Diversity & Inclusion (D&I) communities in Japan, Asia, and Europe

FY2023 (Plans)

Further integration of sustainability strategy and business operations Strengthening of efforts in key areas and strategic disclosures

Further integration of sustainability strategy and business operations	• Integrate sustainability strategy into business plans • Develop a support program for sustainability promotion officers • Establish quarterly follow-up sessions for action plans
Strengthening of efforts in key areas Response to current issues given changes in the external environment	• Take steps to realize a decarbonized society • Undertake initiatives for future generations globally • Respect human rights • Expand ESG investment and financing • Make efforts to conserve biodiversity • Invest in human capital and further promote D&I

Sustainability Strategy Promotion Structure

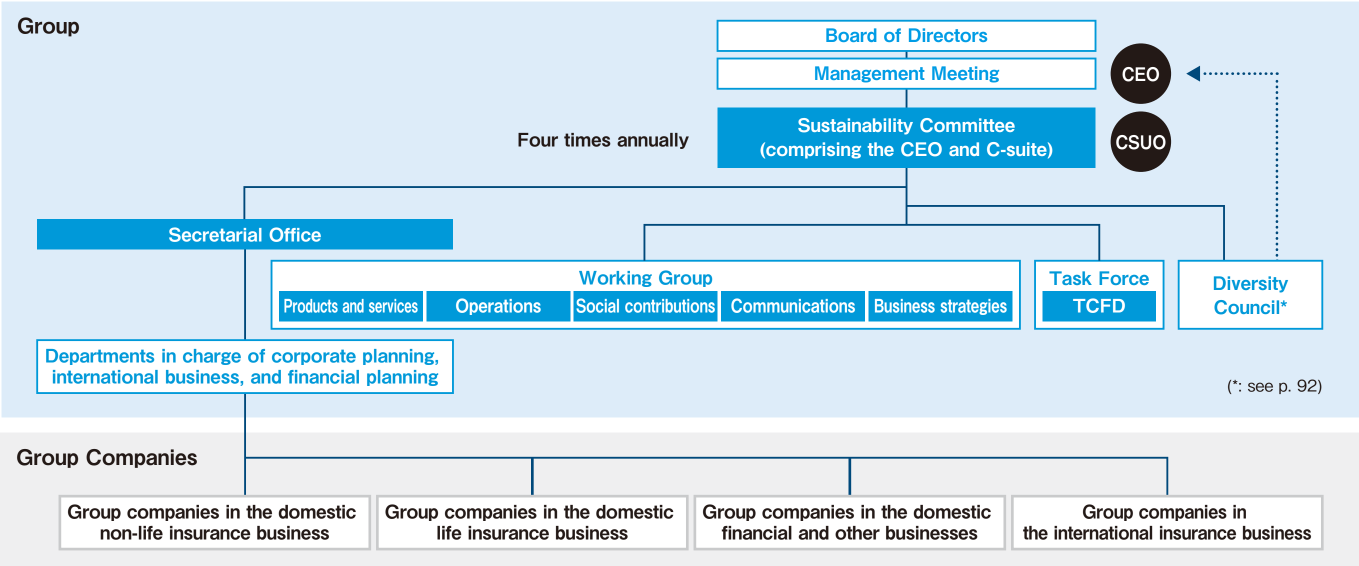
Structure for Promoting Effective Sustainability

To further embed our sustainability strategy in these rapidly changing times, every employee must understand and resonate with related policies and strategies, while at the same time considering them as their own and taking concrete actions accordingly.

To drive and support such a transformation of employee and organizational behavior, we established the Sustainability Committee led by the CSUO. Launched in 2021, this committee includes not only the CEO, CFO, CSO, and CHRO but also non-Japanese chief officers. By creating working groups and task force under this framework, we have created a flexible structure to address the very essence of social challenges and facilitate coordinated efforts on a global and Group-wide level.

The Sustainability Committee convened four times in fiscal 2022, setting plans and challenges, executing initiatives, and reviewing outcomes. Deliberations were promptly reported to the Management Meeting and Board of Directors, and the feedback obtained there has been instrumental in enhancing subsequent discussions, assessments, and strategic advancements.

Organizational Structure for Promoting Sustainability



(1) Role of the Sustainability Committee

- Deliberates on Tokio Marine Group's sustainability strategies
- Oversees the overall management and execution of sustainability strategies
- Reports to and submits matters for discussions to the Board of Directors and in relevant management meetings

Matters discussed by the Sustainability Committee in fiscal 2022	
April 2022	Review of fiscal 2021 initiatives and formulation of new plan for fiscal 2022 Overview of new initiatives for contributions to future generations
August 2022	Contributions to future generations (identification and development of initiatives) Proposed revisions to strengthen the Climate Policy
November 2022	Penetration of sustainability strategy within the Group Progress in response to key ESG rating agencies and future areas of focus
February 2023	Review of fiscal 2022 initiatives and formulation of new plan for fiscal 2023 Progress and development of human rights due diligence

(2) Roles of Other Organizations

1. Secretarial Office:
Handles administration for the committee (as well as the working groups and task force) and promotes the sustainability strategies
2. Working Groups:
Formulate and execute annual plans for each type of issue, with input from the relevant departments of Tokio Marine Holdings and members of the Group companies
3. Task force:
Organizes members of projects tasked with strengthening short-term initiatives

Strengthening the Integration of Sustainability Strategy and Business Operations through an Effective Promotion System

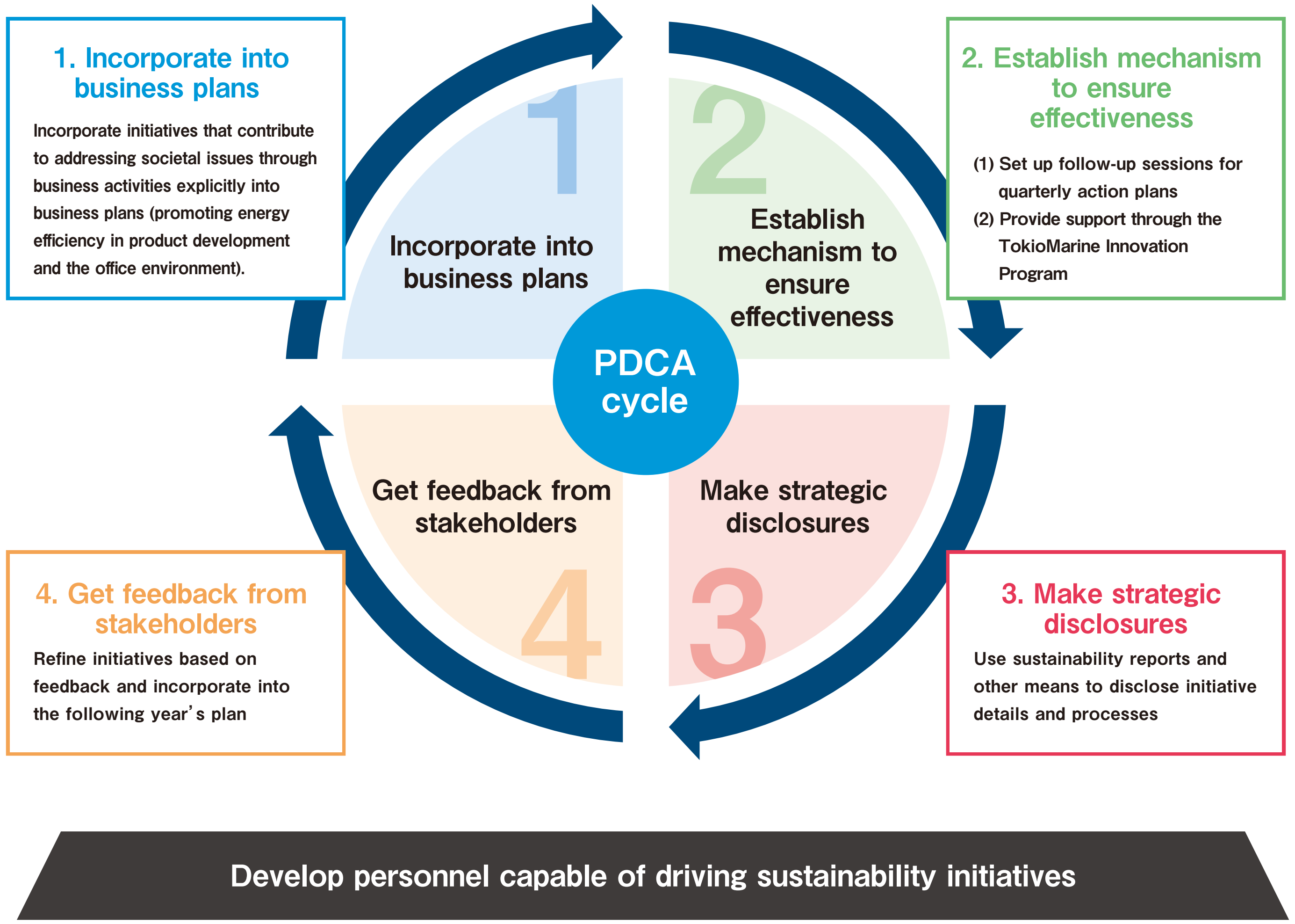
To further strengthen and accelerate the integrated management of sustainability strategy and business operations, it is imperative to establish a robust PDCA cycle anchored in our promotion framework, which includes the establishment of the CSUO position and the Sustainability Committee.

Both domestic and international Group companies are explicitly incorporating efforts to address social challenges through business activities into their business plans. We have also developed mechanisms to ensure effectiveness, such as creating a process for reviewing these initiatives and building a system to recognize outstanding ideas and initiatives into the TokioMarine Innovation Program*. Additionally, by externally disclosing specific initiatives and processes that emerge from these efforts, we aim to engage in dialogue with our stakeholders, incorporating their feedback into the following year's initiatives.

By setting this PDCA cycle in a positive feedback loop throughout the Group, we further embed our sustainability strategy and elevate the content and insights of our initiatives, enabling us to accelerate our sustainability strategy across the Group.

* An initiative where ideas from employees of Group companies are solicited for addressing social challenges through business activities, and applicants themselves bring these ideas to fruition.

Accelerating the Sustainability Strategy through a PDCA Cycle



Eight Material Issues (Materiality) and Four Priority Issues Specified

Taking into account discussions within our Sustainability Committee and advice from external experts, we identified eight material issues (materiality) and four priority issues to be addressed ("What"), beginning with our purpose ("Why"). The selection of these eight material issues was guided by the value we seek to deliver to stakeholders, considering the changing environment, and referencing key frameworks addressing social concerns. Further assessment was undertaken based on the dual axes of "stakeholder expectations and interests" and "relevance to Tokio Marine Group's business," leading us to pinpoint four priority issues that warrant focus. For each material issue, we implement diverse measures depending on their impact on the Group's operations in terms of risk and opportunity ("How"). Our strategy goes beyond risk mitigation and opportunity capture as we seek to transform risks into opportunities, thereby elevating both our "social value" and "economic value (profit growth)" toward solving social issues.

Approach

Why	What	How
Environmental changes	Important business matters	Risks and opportunities
Purpose	Materiality	Value creation

Identification Process of Materiality and Priority Issues【Why/What】

Why

STEP 1 Defining Value to Provide to Our Stakeholders

In light of recent changes in the environment, we identified the value that we provide on an individual stakeholder basis. Providing these values is indeed our raison d'etre and the ideal we hope to realize.

Stakeholders	Value Provided
For customers	• Contribute to making customers' lives healthy and enriching through products that provide security and assistance with future-oriented challenges
For society	• Contribute to building a sustainable society that can overcome any challenge and ensure the safety and security of all its members
For employees	• Help employees reach their highest potential through engagement and opportunities for them to thrive
For shareholders and investors	• Continually increase shareholder returns • Enhance the Group's value and earn the trust of shareholders and investors through timely and proper disclosure along with constructive dialogue
For future generations	• Hand down a sustainable environment and society to future generations by engaging in climate change countermeasures and the preservation of biodiversity • Support the challenges of future generations by providing education and enlightenment to children

What

STEP 2 Identifying Eight Material Issues (Materiality)

Tokio Marine Group has identified eight material issues on which the Group should focus as it works to provide value to each of the aforementioned stakeholders while referencing the scope of principal frameworks on social issues in and outside Japan, including the Sustainable Development Goals (SDGs), ISO 26000, and new industry visions.

STEP 3 Selecting Four Priority Issues

Based on an assessment along the lines of the following two axes, we selected four priority issues on which to focus from among the eight material issues.

(1) Expectations and the interest of stakeholders
Assessment based on the content of a stakeholder survey while also taking into consideration such factors as social perceptions toward each issue and status of incorporation into various ratings.

(2) Importance for Tokio Marine Group
Assessment based on the relationships with the degree of contribution to the Group's purpose, business strategy, sustainability strategy, and other factors.

What

Materiality (four designated as priority issues)	Reasons for selection
(1) Combat climate change (priority) (2) Improve disaster resilience (priority)	The adverse effects of climate change, including increasingly serious natural disasters, threaten people's safety and security, and interfere with the sustainable development of society. Tokio Marine Group recognizes the importance of addressing climate change and natural disasters because it underwrites risks in Japan, a country especially prone to natural disasters. Therefore, in its roles as an insurance provider, institutional investor, and global enterprise, the Group intends to deal with these issues head on and contribute to solutions.
(3) Support people's healthy and enriching lives (priority)	In an age in which many people live past 100, everyone hopes to lead a long and healthy life. With the aging of the population and widespread advancements in medicine, however, the financial burden on individuals, families, and society is growing each year. Tokio Marine Group intends to address this issue by fully utilizing its extensive expertise to offer high-value-added products and services while covering disease and illness through its many life and non-life insurance products.
(4) Promote and support diversity and inclusion (priority)	Amid major changes in the economic environment, social issues are becoming increasingly complex and diverse. For Tokio Marine Group to grow sustainably by offering solutions to such issues, it will be important for its more than 40,000 employees to maximize their potential and combine their individual skills into collective capabilities. Accordingly, promoting and supporting diversity and inclusion is an important management strategy for the Group, and it intends to step up the initiatives it has been carrying out for this purpose.
(5) Facilitate and foster innovation through digitalization	Rapid progress in technological innovations is driving major societal and economic changes. To realize sustainable economic growth under those circumstances, all corporations will need to create a basis for technological innovation. Tokio Marine Group is already providing insurance coverage for new types of risks that have arisen from these changes, including cyber risk. Furthermore, in addition to insurance payouts, the Group will apply digital technologies and data to provide security to clients before and after any events that might require insurance claims. In these ways, the Group will work to support corporate growth and economic development.
(6) Protect the natural environment	Tokio Marine Group understands that a sustainable society, in which everyone can live safely and securely and pursue any aspiration, depends on the natural environment, the basis for all life and people's livelihoods. Moreover, the Group recognizes its obligation to help ensure that future generations inherit a sustainable natural environment, as it is irreplaceable. Based on these principles, the Group intends to bolster the initiatives it has taken to combat climate change and protect biodiversity and wetlands through environmental conservation activities, including its Green Gift project and mangrove planting activities.
(7) Provide education to children	Education can create a foundation for the future, as each generation faces the changing challenges of the times. Having specified future generations of people as stakeholders, Tokio Marine Group has a duty to help equip children with the skills they will need in life. Therefore, the Group plans to strengthen its educational programs, including its Disaster Risk Prevention Lessons for children, which were initiated following the Great East Japan Earthquake in 2011.
(8) Disclose highly transparent and timely information	As an original participant in the Task Force on Climate-related Financial Disclosures (TCFD), Tokio Marine Group is working to properly disclose information and facilitate widespread climate-related disclosure. As part of these efforts, the Group will continue placing importance on disclosing highly transparent and timely information to earn even more trust from shareholders and investors going forward.

Metrics and Targets

How

Stakeholders	Materiality	How the Group can contribute	Value creation What are the Group's goals (qualitative or quantitative)?	Value creation Achievements so far and future plans	Progress and evaluation[*4]
For customers	1 Combat climate change (priority)	Reduce CO_2 emissions from the Group's operations and meet the RE100 criteria	Targets for fiscal 2030 1) Reduce the Group's greenhouse gas emissions by 60%[*1] compared with fiscal 2015 2) Have renewable energy account for 100% of electricity consumption at main workplaces 3) Switch all company-owned vehicles to electric vehicles[*2] (Tokio Marine & Nichido Fire, Tokio Marine & Nichido Life)	1) Fiscal 2022 results: 34% reduction (compared with fiscal 2015) 2) Adopt renewable energy at workplaces in Japan, the United States, and Europe (Tokio Marine & Nichido Fire, Tokio Marine & Nichido Life, PHLY, TMK, etc.) Fiscal 2022 result: 26% (compared with fiscal 2020) 3) Tokio Marine & Nichido Fire and Tokio Marine & Nichido Life are gradually making the shift.	○
		Realize carbon neutrality through engagement with investors and insurance underwriters	Fiscal 2050 target Net-zero greenhouse gas emissions (including insurance customers and investment and financing recipients)	Promote engagement on climate change and the environment (Tokio Marine & Nichido Fire, fiscal 2022 results: dialogue with more than 250 companies)	○
				Create decarbonization plans and strategies for underwriting and investment portfolios (fiscal 2022 initiative)	Major initiatives for fiscal 2023 (ongoing)
		Develop and offer products and services that contribute to renewable energy development	Increase written premium from green transformation (GX)-related insurance products by around 7 billion yen in fiscal 2023[*3] (Tokio Marine & Nichido Fire; compared with fiscal 2020)	Fiscal 2022 result: Increased written premium in GX-related insurance products by 6.3 billion yen (compared with fiscal 2020)	○
			Continue to facilitate green investing	Strengthened commitment to and involvement in renewable energy funds (62 billion yen committed and 45 development projects as of the end of fiscal 2022)	○
		Combat global warming and mitigate damage from environmental disasters through mangrove plantations (CO_2 fixation)	Continue to maintain carbon neutrality Surpass 300 billion yen in cumulative economic value from mangrove plantations by fiscal 2038	Achieved carbon neutrality in fiscal 2022 (10 consecutive year since fiscal 2013)	○
	2 Improve disaster resilience (priority)	Enhance response to natural disasters	Develop products and services that provide swift insurance payments in the event of a large-scale disaster	Reduce time for insurance payment by automating the payment process (from fiscal 2022)	○
		Provide security for customers before and after disasters in ways besides insurance payments	Collaborate with various industries and companies on disaster prevention and mitigation projects	The number of member companies in the disaster prevention consortium CORE has increased to 100, and the number of working groups has expanded to 10 (as of June 30, 2023)	○
		Establish sustainable fire insurance systems	Improve profitability of fire insurance by more than 45 billion yen in fiscal 2023 (Tokio Marine & Nichido Fire; business unit profit compared with fiscal 2020)	Increased revenue in fire insurance in fiscal 2022 (up by 36.6 billion yen compared with fiscal 2020); cumulative improvement of approximately 60 billion yen projected in fiscal 2023	○
			Develop and provide products and services useful for disaster prevention/mitigation, early recovery, etc.	Conducted joint research into measures for addressing issues such as aging condominiums with the University of Hawaii Plan to provide Real Time Hazzard, which captures flood depth with AI analysis of CCTV footage and sends alert information (fiscal 2023) Launched an initiative in South Africa promoting adoption of fire insurance and fire alarms bundled together for low-income housing (fiscal 2022)	○
		Assist with business continuity planning (BCP) in partnership with government bodies and businesses	Continue providing support to BCP	Cumulative number of agreements with governments (as of the end of February 2023) •42 prefectures •13 major cities •76 municipalities	○
For society	3 Support people's healthy and enriching lives (priority)	Respond to asset building and savings needs in response to longevity risk (Develop and provide new healthcare services)	Increase revenue by 20-30 billion yen in the healthcare domain in fiscal 2023[*3] (Tokio Marine & Nichido Fire) Increase the CAGR of new policy premiums by approximately 5% in fiscal 2023 (Tokio Marine & Nichido Life)	Established a preparatory company to conduct validation experiments for new business in the healthcare domain (April 2023) Expanded ancillary insurance services (including services for early detection of cancer, and direct payment of benefits to affiliated hospitals from February 2022) Developed and provide new solutions contributing to disease precursor detection (validation experiments for early detection using Apple Watch started in October 2021) Achieved CAGR of 11% in new policy annualized premiums at Tokio Marine & Nichido Life in fiscal 2022 (compared with fiscal 2020) Established a health promotion consortium in China and collaborating with Japanese and Chinese companies to develop products and services that enhance healthcare	○
		Widely promote services for facilitating Health and Productivity Management	Continued selection in the Health & Productivity Stock Selection Continue health management support (Tokio Marine & Nichido Fire)	Included in the Health & Productivity Stock Selection 2023 (for the eighth consecutive year) Provided health management support to approximately 2,000 companies (in fiscal 2022)	○

*1: Based on our business activities (Scope 1, 2, and 3 (Categories 1, 3, 5, and 6)) *2: EVs, PHVs, HVs, etc. *3: Net premiums written *4: Generally progressing well

How

Stakeholders	Materiality	How the Group can contribute	Value creation What are the Group's goals (qualitative or quantitative)?	Value creation Achievements so far and future plans	Progress and evaluation*2
For employees	4 Promote and support diversity and inclusion (priority)	Promote diversity and foster an inclusive corporate culture	Promote and support diversity and inclusion through the Diversity Council, etc. Continue to conduct the Culture & Values Survey KPIs 1) Percentage of female directors and Audit & Supervisory Board members: 30% (fiscal 2027 target) 2) Percentage of female managers at Tokio Marine & Nichido Fire: 30% (fiscal 2030 target) 3) Percentage of female sub-leaders at Tokio Marine & Nichido Fire: Maintain above 50%	Created the Diversity Council and the Group Diversity and Inclusion Officer (CDIO) position (fiscal 2021) Established D&I communities in Japan, Asia, Europe, and the United States (fiscal 2022) Scored 4.0 out of 5 in the Culture & Values Survey in fiscal 2022*1 Recent progress: 1) Percentage of female directors and Audit & Supervisory Board members: 20% (Tokio Marine Holdings, following the 2023 Ordinary General Meeting of Shareholders) 2) Percentage of female managers at Tokio Marine & Nichido Fire: 11.2% (realized 31.6% on a global basis; as of April 2023) 3) Percentage of female sub-leaders at Tokio Marine & Nichido Fire: 58.9% (as of the end of fiscal 2022)	○
		Share best practices and activities for improvement throughout the Group	Carry out human rights due diligence and improvement initiatives based on the UN Guiding Principles on Business and Human Rights	Created and published a human rights due diligence and improvement policy in line with the UN Guiding Principles on Business and Human Rights, etc. (December 2021) Further promote human rights due diligence among employees, our businesses (insurance underwriting, investment, and loans), and the value chain	Major initiatives for fiscal 2023 (ongoing)
For society	5 Facilitate and foster innovation through digitalization	Apply advancements in digitalization and data to increase security for customers in ways besides insurance payments	Accelerate data strategies through initiatives started by core data company Tokio Marine dR Co., Ltd., in July 2021 (expand provision of pre- and post-incident assurance)	Launch specific initiatives for the comprehensive disaster prevention and mitigation solutions business, such as Real Time Hazzard, with the disaster prevention consortium CORE—which began in April 2022 led by the Group—as its engine (from August 2023) Develop data-driven products in collaboration with Tokio Marine dR Started accident prevention and loss reduction efforts in the United States through the distribution of telematics and temperature sensors	○
		Address increasing cyber risks amid digital advancements	Increase written premium by around 5 billion yen through cyber risk insurance by fiscal 2023*3 (Tokio Marine & Nichido Fire; compared with fiscal 2020)	Achieve double-digit growth in cyber risk insurance each fiscal year (Tokio Marine & Nichido Fire) Started offering incident response services (from April 2022, the first in the industry) Expanded emergency hotline services and started responding to cyber-related issues 24/7 (from April 2022)	○
		Use digitalization to support small and medium-sized enterprises (SMEs)	Increase written premium by 15–25 billion yen through insurance for small and medium-sized enterprises by fiscal 2023 (Tokio Marine & Nichido Fire; same as above)*3	Promote additional compensation based on specially packaged products for small and medium-sized enterprises Launched a website (BUDDY+) that offers one-stop solutions from information provision to issue resolution, strengthening our approach to customers	○
		Improve business efficiency with digital technology	Enhance the efficiency of operations with a one-percentage-point improvement in the combined ratio by fiscal 2023 (Tokio Marine & Nichido Fire; same as above)	Combined ratio of 92.5% as per the fiscal 2023 plan (Tokio Marine & Nichido Fire, 0.9-percentage-point improvement from fiscal 2020 on a normalized basis)	○
For future generations	6 Protect the natural environment	Conserve biodiversity and wetlands through activities such as mangrove reforestation and marine protection efforts	Maintain carbon neutrality Surpass 300 billion yen in cumulative economic value from mangrove plantations by fiscal 2038	Achieved carbon neutrality in fiscal 2022 (10th consecutive year since fiscal 2013)	○
		Promote social programs such as the Green Gift Global Vitality Program	Have 100% of employees participate in social contribution activities	100% of employees participated in social contribution activities (fiscal 2022)	○
	7 Provide education to children	Provide various educational programs	Continue providing green classes	Green classes were held approximately 900 times and attended by 59,000 people (cumulative total as of March 31, 2023)	○
			Continue providing classes on disaster prevention	Disaster prevention classes were held approximately 1,195 times and attended by approximately 77,000 people (same as above) Chinese version of disaster prevention classes held 25 times and attended by approximately 1,800 people (same as above)	○
			Continue providing classes on risk and the future	Risk and the future classes held 59 times and attended by approximately 1,900 people (same as above)	○
			Continue implementing StreetWise Finance, a financial insurance education program	Approximately 170,000 participants (cumulative total as of June 30, 2023)	○
			Create pillars other than those above	Creation of new pillars to contribute to future generations (see p. 70)	○
For shareholders and investors	8 Disclose highly transparent and timely information	Properly disclose information by strengthening compliance with the TCFD and other guidelines	Disclose information based on the TCFD recommendations through comprehensive reports, sustainability reports, etc.	Held themed presentations, "Tokio Marine Group's Contribution and Growth Strategy in the Renewable Energy Market (June 2021)" and "Our Climate Strategy & the TCFD (January 2021)" Revised our "Basic Approach to Climate Change" on September 30, 2022 Released the Human Capital Report and TCFD Report 2023 (June 2023) Looked into disclosing information related to natural capital in line with the TNFD framework	○ Major initiatives for fiscal 2023

*1 Totals for Tokio Marine Holdings and its Group companies worldwide *2 Generally progressing well *3 Net premiums written

Special Feature

Initiatives for Future Generations

Based on the strong belief that "it is our duty to pass on a bright future to the next generation," we have positioned "future generations" as stakeholders and are dedicated to entrusting them with a sustainable environment through endeavors such as mitigating climate change and conserving biodiversity. In fiscal 2022, we established a cross-functional global task force to discuss initiatives for contributing to future generations, which identified three key themes and five priority initiatives to focus on. In fiscal 2023, we will promote these efforts both domestically and internationally.

Areas of focus	Outline of key initiatives
Restoration of natural capital and response to climate change	Disclosure of information on biodiversity conservation and natural capital (planting of mangrove trees and other reforestation efforts, restoration of seagrass beds)
	Investment in natural capital (ESG investment and financing) (impact investment targeting natural capital, development of general business investment and financial products)
Nurturing the leaders of tomorrow	Educational support for children and students and industry-academia collaboration (conducting educational classes and fostering talent through collaboration with educational institutions)
	Support for participation in business activities (providing opportunities for high school students to intern and young employees to participate in management)
Supporting the transition to a circular economy	Support for waste reduction and recycling through insurance (promoting regeneration and reuse of damaged goods through property insurance)

Restoration of Natural Capital and Response to Climate Change

The preservation of biodiversity and the natural environment is a global priority. Tokio Marine Group started planting mangroves in 1999, and since then we have been engaging in this distinctive endeavor as "insurance for the future of the earth" to pass down a safe and secure environment to future generations (total of 12,261 hectares as of March 31, 2023). In fiscal 2022, we initiated efforts to preserve seagrass beds, which possess a high capacity for absorbing and sequestering atmospheric CO_2, along with their water purification capabilities. Across the Group, we are committed to advancing initiatives that safeguard the global environment. Also in 2022, we established a team at TMNF dedicated to impact investments that harmonize both social and economic value, specifically targeting investments in natural capital. In addition to renewable energy funds and environmental funds, we also committed to investing in a new field, forest funds, in fiscal 2023. Through these endeavors, we are exploring approaches for disclosing information about natural capital and conducting assessments of the effects (including economic value) on ecosystems, such as mangrove reforestation. We are also looking into disclosures that align with the guidelines set forth by the Taskforce on Nature-related Financial Disclosures (TNFD).

Nurturing the Leaders of Tomorrow

Regardless of the era, it is our profound duty to educate and instill awareness in the young minds destined to shape the future. We have been conducting disaster prevention classes in Japan since 2012 to empower children with the essential skills for disaster readiness, with around 77,000 participants as of March 31, 2023. Moreover, we have recently extended comparable initiatives on a global scale. For instance, in Vietnam, we introduced an educational program addressing the prevention of water-related accidents, a critical social concern. Additionally, at TMNF, we are committed to continuing our educational and awareness initiatives for children. This includes organizing junior internships centered on addressing social challenges for high school students.

Supporting the Transition to a Circular Economy

We are engaged in efforts to reduce food waste and promote recycling through insurance. In Japan, TMNF has formed a consortium to combat food loss with three private companies, collecting data related to food waste and developing insurance policies to compensate for the costs of food recycling. In Southeast Asia, we offer cargo insurance that provides compensation for food products that have lost commercial value due to damage to outer packaging in transit with the condition of donating them. This supports the circular economy by contributing to the promotion of sustainable practices for still-edible food items.

Special Feature

Commitment to Respecting Human Rights

Tokio Marine Group is dedicated to respecting human rights across all business endeavors. Guided by principles such as the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO International Labor Standards, and the United Nations Guiding Principles on Business and Human Rights, we established the Tokio Marine Group Basic Policy on Human Rights and are actively advancing initiatives based on this. We have also established the Human Rights Subcommittee as part of a promotion structure, conducting risk assessments and impact evaluations regarding human rights issues concerning our stakeholders to clearly identify high-priority challenges. In the future, we will continue to engage in dialogue with our stakeholders, enhancing the sensitivity of our leadership and each employee towards human rights to enable swift response to human rights issues.

Steps for Initiatives	Summary of Key Initiatives
Policy formulation and establishment of promotion structure	Formulated the Basic Policy on Human Rights and established the Human Rights Subcommittee Formulated the Policy to Address Environmental and Social Risks Developed the Responsible Procurement Guidelines
Risk assessments	Formulated a human rights risk map Held human rights workshops
Impact evaluations	Conducted interviews and surveys with rights holders in the value chain Performed self-assessments using a checklist of humans rights issues within the Group
Mitigation measures	Implemented employee education and training Established a hotline (internal reporting channel)
Stakeholder dialogue	Issued the Integrated Report and the Sustainability Report Engaged in dialogue with external experts

Promotion Structure

Establishment of Policies

In December 2021, we formulated the Tokio Marine Group Basic Policy on Human Rights aligned with the United Nations Guiding Principles on Business and Human Rights, clarifying our commitment as a Group to respect human rights across employers, businesses, and the value chain. Additionally, we developed the Responsible Procurement Guidelines as a normative framework towards promoting responsible procurement and procurement practices throughout the value chain.

Risk Assessment

■Development of Human Rights Risk Map

We have identified the risks related to human rights issues of key stakeholders relevant to our business.

■Human Rights Workshop

In November 2022, a human rights workshop was organized and held by members of the Planning and Administrative Section. Taking into account the insights of external experts, we conducted an assessment of risks within our business areas (insurance underwriting and investment, value chain, and Company employees).

Key Areas of Focus for Each Business Area Identified in the Workshop

Business Areas	Areas of Focus
Insurance underwriting and investment	Insured companies and individuals as insurance customers and financing recipients
Value chain	Insurance agents Foreign technical trainees and workers engaged in automotive maintenance The Group's suppliers and service providers
Company employees	Employees

Impact Evaluation

Based on the results of the workshops, we pinpoint key areas of focus considering the impact and potential risks to our stakeholders and conduct an impact evaluation. In fiscal 2022, we focused on foreign technical trainees engaged in automotive repairs within our value chain. With guidance from external experts, we conducted interviews to gain a better understanding of the actual situation. Based on the findings, we will work on addressing the challenges identified.

As a founding member of the Task Force on Climate-related Financial Disclosures (TCFD), we will disclose information that facilitates investment decisions and contributes to the spread and promotion of climate-related information.

Masaaki Nagamura

Fellow (International Initiatives),
Tokio Marine Holdings TCFD Membership

The only Japanese national to be recognized as the "Most Influential on Climate Change in the Insurance Industry" by *Insurance ERM**

*: A magazine based in the United Kingdom focused on insurance ERM

Climate change is a global issue of human-historical proportions that threatens the safety and security of our customers and society. The growing severity of natural disasters directly affects the insurance industry. Therefore, the Group recognizes that climate change is an extremely important issue to address head on not only in terms of our core insurance business, but also as a global company and an institutional investor. This special feature section will convey the Group's initiatives using the categories of governance, strategy, risk management, and metrics and targets based on the TCFD recommendations.

Taking into account the increasing importance of climate change mitigation in the international community, in June 2023, we issued the comprehensive "TCFD Report 2023" outlining our efforts related to climate change in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The report can be found on the Tokio Marine Holdings website.

Climate-related Financial Disclosures Based on the TCFD Recommendations

Governance

Board of Directors

The Board of Directors recognizes responding to climate change as a material management issue and assumes the role of supervising our sustainability strategy and initiatives. The Board deliberates on the Group's sustainability policies encompassing climate action, as well as evaluates and determines mid-term and single-year plans. The Board also holds discussions on corporate strategy on the themes of the management environment and management issues, including climate change countermeasures, and also fully leverages the insights of outside directors and outside Audit & Supervisory Board members.

Group Chief Sustainability Officer (CSUO)

We established the new position of CSUO in April 2021 to accelerate the promotion of sustainability strategy, including climate action, across the entire Group. The CSUO, a Director, oversees the promotion and permeation of the sustainability strategy, presents related policies to the Board of Directors and the Management Meeting for discussion, and takes on the role of reporting the progress to these bodies.

Sustainability Committee

We established the Sustainability Committee in April 2021 to accelerate our sustainability strategy, including climate action, across the entire Group. Chaired by the CSUO and comprising such members as the CEO, chief officers, and management of overseas Group companies, the Sustainability Committee deliberates on details of our sustainability initiatives and policies on a global basis and monitors the progress of each initiative. The committee met four times in fiscal 2022 to promote and execute the sustainability strategy, formulate medium- to long-term targets (KPIs) related to sustainability, formulate and review annual plans, and deliberate on other items.

Division Dedicated to Promoting Sustainability

Tokio Marine Holdings has a division dedicated to the promotion of the Group's sustainability including climate action (Sustainability Division, Corporate Planning Department), which identifies major challenges related to sustainability as well as formulates and implements related Group-wide strategies, and conducts monitoring.

Compensation System for Directors and Executive Officers

In fiscal 2022, we started incorporating non-financial indicators concerning the tasks on climate action and other key issues in our sustainability strategy into the performance-linked compensation for Directors and Executive Officers. We use the progress of each task toward our vision as an indicator, and after performing the first assessment of compensation amounts at the Sustainability Committee, hold a deliberation and give a final decision at the Compensation Committee.

Strategies

Recognition of Risks and Opportunities

Tokio Marine Group anticipates an increase in climate-related risks and is identifying and assessing their impact on our operations. Climate-related risks include risks related to the physical impacts of climate change (physical risks) and risks related to the transition to a decarbonized society (transition risks). Moreover, as demand for insurance in the renewable energy sector grows, it presents potential opportunities for our business. The following are some examples of risks and opportunities in the Group's business activities.

		Examples of events	Examples of risks to the Group's business activities
Physical risks	Acute	Potential for growing frequency and scale of typhoons, floods, and other weather events	• Impact on insurance payouts • Impact on business continuity caused by damage to buildings and other facilities at bases
Physical risks	Chronic	Rising temperatures Other weather changes, such as droughts and heat waves Rising sea levels Impact on arthropod-borne infectious diseases	
Transition risks	Policies and regulations	Increase in carbon prices Strengthening of environment-related regulations and standards Increase in climate-related legislation	• Decreases in the corporate value of portfolio companies and in the value of the assets held by the Company due to higher carbon prices • Influence in liability insurance payments
Transition risks	Technology	Technological innovation toward the transition to a decarbonized society	• Decreases in the corporate value of portfolio companies that have missed the transition to a decarbonized society and in the value of the assets held by the Company • Decline in revenue due to technological innovation and inability to ascertain changes in customer needs
Transition risks	Markets	Changes in the demand for and supply of products and services	
Transition risks	Reputation	Changing customer and societal awareness of initiatives surrounding the transition to a decarbonized society	• Reputational damage due to the Company's efforts being deemed inadequate
Opportunities	Resource efficiency, energy sources, products and services, markets and resilience	Demand for products and services aligned with changes in energy sources and designed to increase resilience; changes in public awareness	• Drastic increase in the need for insurance for renewable energy projects • Increase in investment and financing opportunities on the back of companies' increasing funding needs associated with response to decarbonization • Increase in disaster prevention and mitigation needs toward increasing resilience against disasters

As is described in the "risk management" items below, we identify the "risk of major wind and flood disasters" as a "material risk" that will have an extremely large impact on our financial soundness and business continuity. We believe such risks could increase in frequency and severity, owing to the effects of climate change.

Scenario Analysis

Scenario analysis is the process of identifying and evaluating the potential impact of climate change based on certain scenarios. The Group believes it can be flexible and resilient to these impacts, as most non-life insurance policies are relatively short term and the Group's assets under management are highly liquid financial assets.

(1) Physical Risks

Physical risks are those related to physical impacts of climate change. Climate change increases the frequency and intensity of natural disasters, which could impact claims payments and business continuity. We conduct a scenario analysis of physical risks as part of our efforts to identify and assess their impact. The Group takes part in the United Nations Environment Programme Finance Initiative (UNEP FI). Using analysis and assessment tools developed by UNEP FI's climate change impact assessment project, we have created the following assessment of the impact of changes in the intensity (wind speed) and number of tropical cyclones on our insurance payments under the IPCC's Representative Concentration Pathway (RCP) 8.5 scenario forecast as of 2050.

Changes in Insurance Payments in 2050

	Intensity (wind speed)	Number
Japan (typhoons)	+5% to +53%	-30% to +28%
United States (hurricanes)	0% to +37%	-36% to +30%

* The figures above reflect economic losses, assuming the same impact on insurance payments.
* The figures above show the rate of change from current weather conditions (1980–2000) to those in around 2050.

The Tokio Marine Research Institute, a Group company, began conducting research in 2007 to evaluate and calculate the impact on insurance loss of changes in wind disaster risk associated with typhoons under future climate conditions (impact under the IPCC's RCP4.5 and RCP8.5 scenarios) and changes in flood risk due to increased rainfall (impact resulting from temperature increases of 2°C and 4°C). Referring to the results of this scenario analysis, we assess the impact on underwriting of natural disasters resulting from increasingly severe climate change.

Future projections of climate change scenarios are subject to uncertainties, as described later (see p. 77). In assessing the impact of climate change, it is also important to evaluate not only weather phenomena but also the vulnerability of society to disasters as well as the extent to which real estate and personal properties will be concentrated in areas exposed to natural disaster risk in the future and the extent to which their asset values will increase (in other words, the extent to which asset concentration will change). The basis for these projections and assessments is indicated in the following pages.

a. Change in Weather Events

How a weather event will change due to the impact of climate change and the degree of confidence of such an impact forecast will vary depending on the type of weather event. Figure 1 shows the confidence of climate change impact projections by weather event type. Notably, the confidence in impact projections is greater for extreme rainfall compared to tropical cyclones, such as typhoons and hurricanes. However, the impact on extreme rainfall entails more uncertainty compared to temperature variations such as extreme heat or extreme cold.

For extreme rainfall and tropical cyclones (typhoons in Japan and hurricanes in the United States), which are two weather events that considerably affect Tokio Marine Group, we consider the impact of climate change as follows.

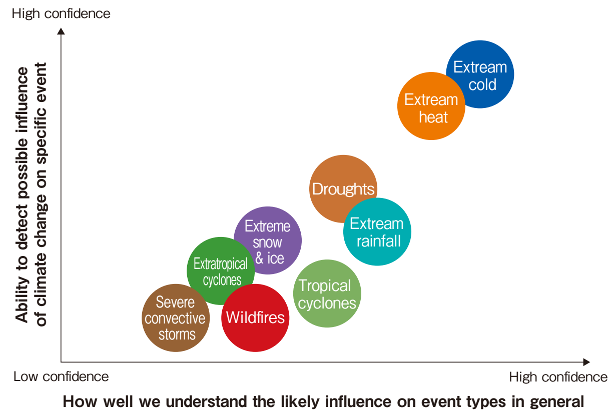


Figure 1: Confidence of impact forecasts of climate change
Source: Created by Tokio Marine Holdings based on material prepared by the U.S. National Oceanic and Atmospheric Administration

Impact of Climate Change on Heavy Rains

In Japan, the frequency of heavy rains has been on the rise since 1900 (Figure 2). The IPCC Sixth Assessment Report released in August 2021 states that heavy rains will become more severe in the future in step with a temperature rise and that for every temperature rise of about 1°C, the intensity (precipitation) of heavy rains will increase by approximately 7%.

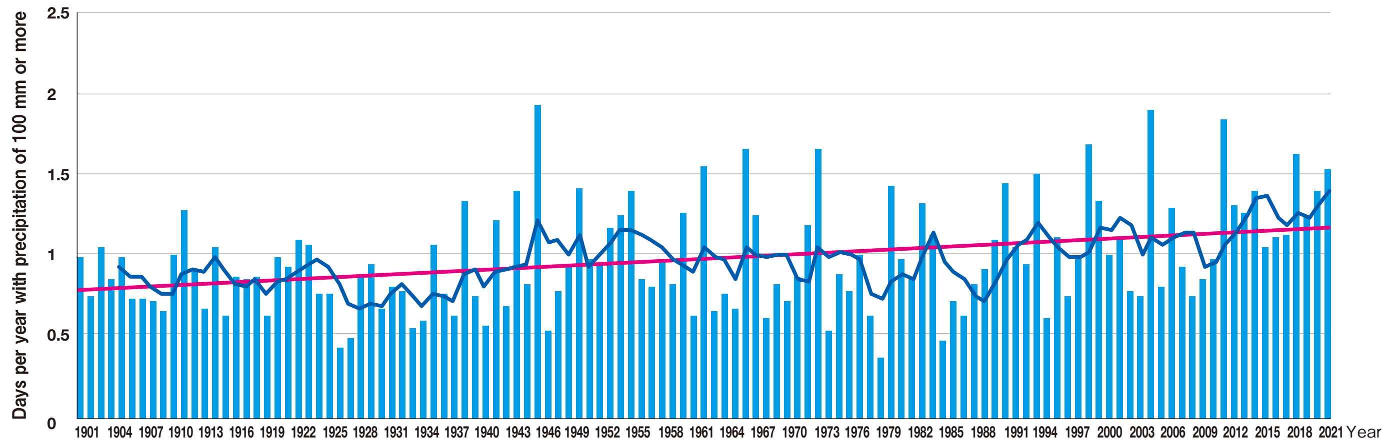


Figure 2: Days per year with precipitation of 100 mm or more Source: Tokio Marine Holdings based on materials from the Japan Meteorological Agency (website)

Impact of Climate Change on Tropical Cyclones

Atmospheric and oceanic large-scale circulations (e.g., El Niño and monsoons) are closely related to the formation, development, and movement of tropical cyclones. As climate change affects each of these factors, the impact of climate change on tropical cyclones consequently becomes more uncertain. Looking at past trends, the IPCC Sixth Assessment Report reported an increase in the number of strong typhoons in Japan. However, the certainty level is not yet high, and longer-term, higher-quality observations will be needed to monitor changes in long-term trends (Japan Meteorological Agency).

As for hurricanes making landfall in the United States, even though the ratio of intense hurricanes has risen over the past 40 years, a longer-term survey covering the period from 1900 revealed that there is no discernible trend either in the number of hurricanes or the intensity of those hurricanes (IPCC Sixth Assessment Report).

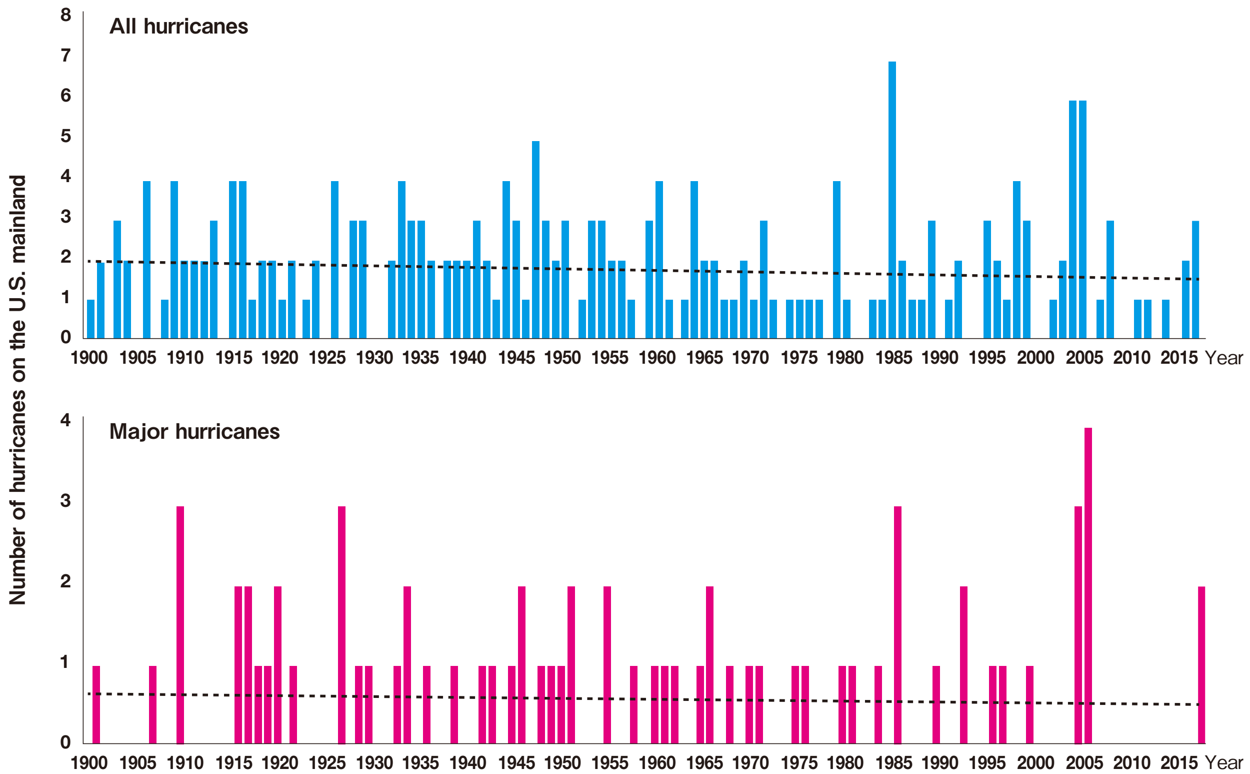


Figure 3: Number of hurricanes in the United States Source: Created by Tokio Marine based on Klotzbach et al. 2018*

*: Philip J. Klotzbach, Steven G. Bowen, Roger Pielke Jr., and Michael Bell, 2018: Continental U.S. hurricane landfall frequency and associated damage. *Bull. Amer. Meteor. Soc.*, 99, 1359–1376, https://doi.org/10.1175/BAMS-D-17-0184.1 (© American Meteorological Society. Used with permission.)

In the future, while the number of tropical cyclones is expected to level off or decrease overall, the ratio of intense tropical cyclones is forecast to increase. As such, there are both decrease and increase projections for the number of intense tropical cyclones (IPCC Sixth Assessment Report).

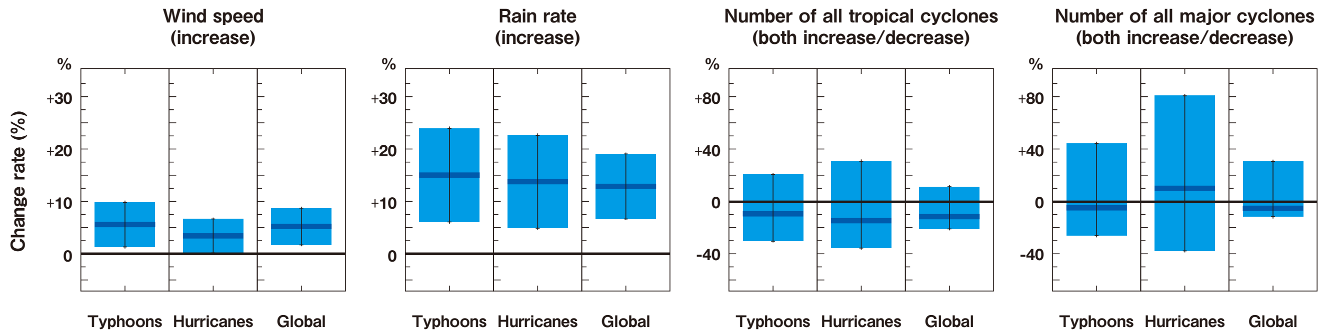


Figure 4: Changes in tropical cyclones due to a temperature change of +2°C Source: Created by Tokio Marine Holdings based on Knutson et al. 2020*

*: Thomas Knutson, Suzana J. Camargo, Johnny C. L. Chan, Kerry Emanuel, Chang-Hoi Ho, James Kossin, Mrutyunjay Mohapatra, Masaki Satoh, Masato Sugi, Kevin Walsh, and Liguang Wu, 2020: Tropical cyclones and climate change assessment part II: Projected response to anthropogenic warming. *Bull. Amer. Meteor. Soc.*, 101, E303–E322, https://doi.org/10.1175/BAMS-D-18-0194.1 © American Meteorological Society.Used with permission.

b. Changes in Vulnerabilities in Society and Asset Exposure

As shown in Figure 2 on p. 75, the frequency of heavy rains in Japan has been increasing since 1900. Figure 5 below, on the other hand, shows a declining trend for flooded areas. This is because Japan's disaster prevention infrastructure, including embankments, has improved since the mid-19th century and is effectively reducing the occurrence of floods during heavy rains.

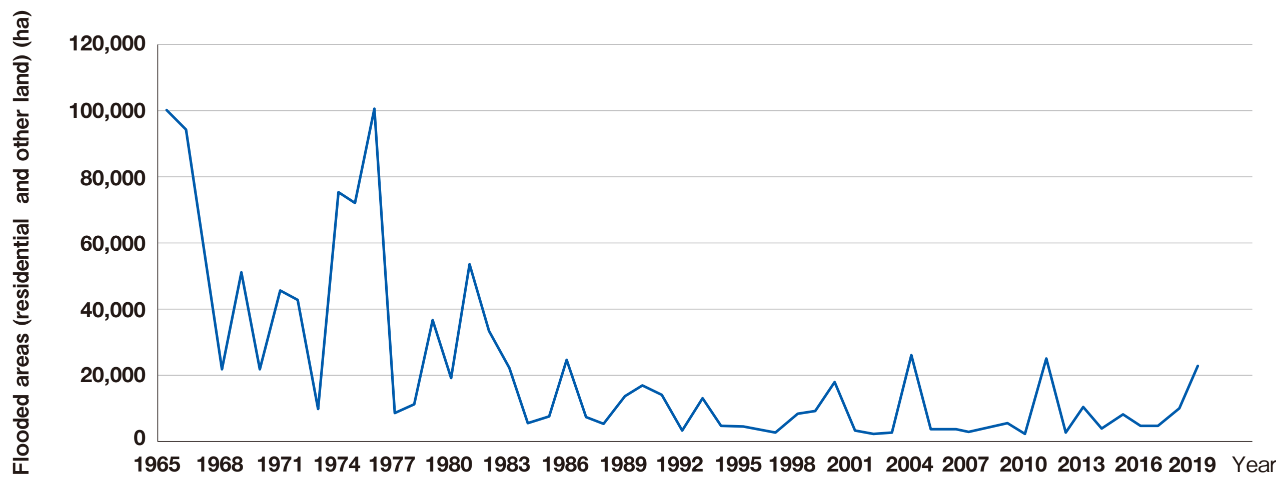


Figure 5: Areas inundated by floods (ha) Source: Tokio Marine Holdings based on materials from the Ministry of Land, Infrastructure, Transport and Tourism (flood statistics)

The amount of damage will vary significantly if there is a change in asset exposure, that is, a change in the degree of concentration of assets or in the value of assets in areas exposed to natural disaster risk. In this way, we recognize that identifying changes in weather events themselves, such as heavy rains and typhoons, as well as society's vulnerabilities to disasters and changes in asset exposure are essential in predicting damage due to natural disasters.

Change of Vulnerabilities in Society

In Japan, revisions to the Building Standards Act have proved to directly translate into the better resilience of society. In fact, revisions made in 1981 to the seismic building codes and in 2000 to the wind pressure resistance building codes have greatly contributed to the improved resistance of buildings against natural disasters. More recently, Typhoon Faxai, which made landfall in 2019 and caused damage to the roofs of many houses, has prompted revisions to the standards for roofing on countermeasures against intense winds that were enacted in January 2022. In addition, the Ministry of Land, Infrastructure, Transport and Tourism has announced its policy that the anticipated intensification of natural disasters should be considered in improving disaster prevention infrastructure in the future, making its recommendations for rivers in 2019 and for high tides in 2020.

Overseas, efforts to increase resilience throughout society have also been under way. The United States, for example, has improved its disaster prevention infrastructure and revised building codes following huge natural disasters, including Hurricanes Katrina in 2005, Sandy in 2012, and Irma in 2017.

In keeping with the move toward strengthening resilience in and outside Japan, Tokio Marine Group has been contributing to greater resilience of the entire society by supporting customers to cope with disasters through the dissemination of disaster information.

Recognition of Changes in Asset Exposure

In Japan, an influx of people into urban areas is expected to continue in the future. Over the period from 2015 to 2040, even though the number of households in the country is projected to decline 4.8% on a national average, an increase is expected in some prefectures, including Tokyo. As such, the trend of changes in asset exposure varies from region to region.

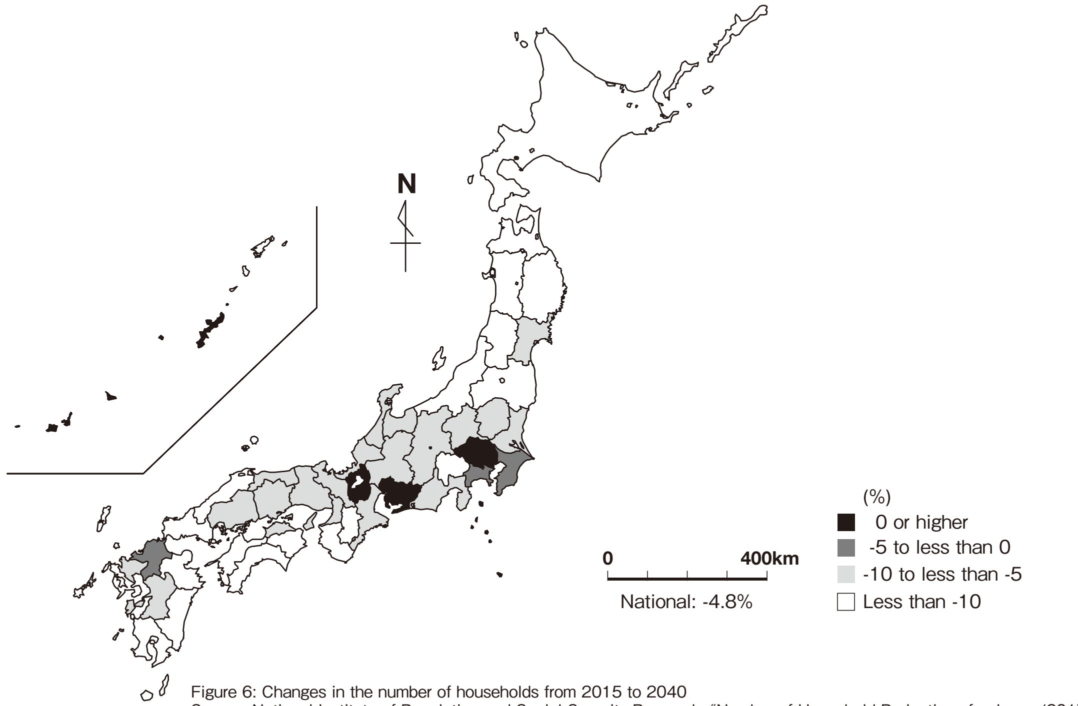


Figure 6: Changes in the number of households from 2015 to 2040
Source: National Institute of Population and Social Security Research, "Number of Household Projections for Japan (2017 Estimates)"

From the viewpoint of damage due to natural disasters, an important factor is the exact location of assets (whether within a hazardous area). In response to the frequent occurrence of natural disasters in recent years, Japan's Ministry of Land, Infrastructure, Transport and Tourism has stated that it is important to consider flood risk reduction when determining the locations of housing districts and city functions. Accordingly, Tokio Marine Group is monitoring the policy trends of the national and local governments.

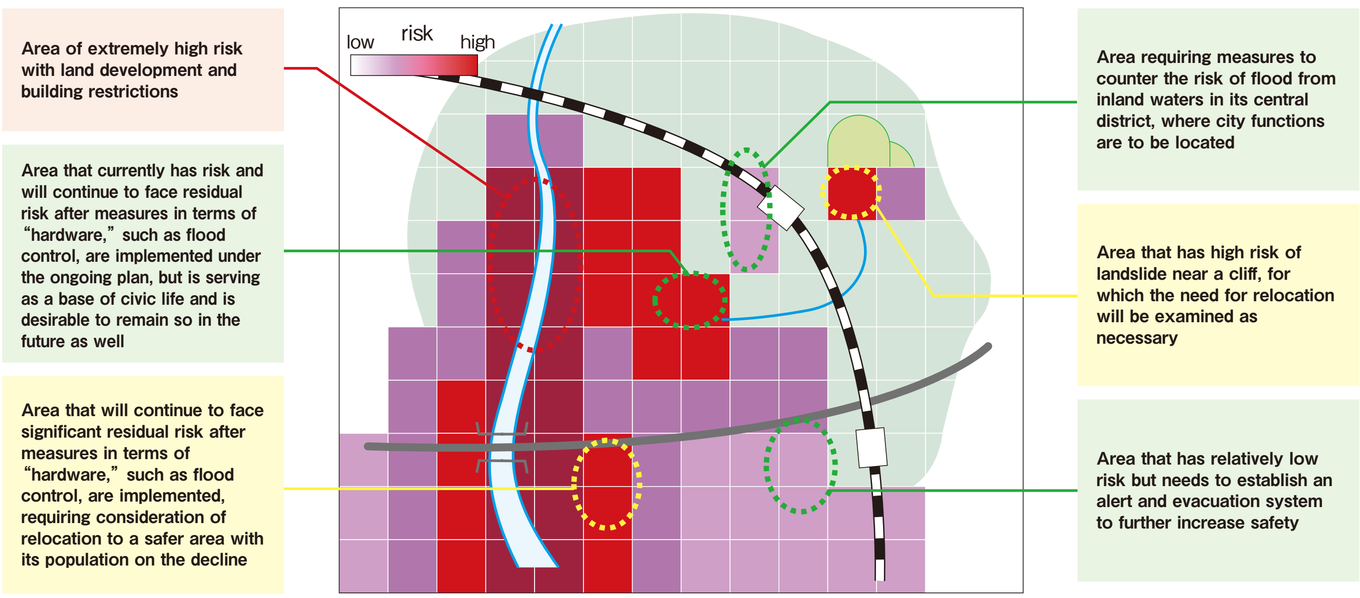


Figure 7: Direction of urban development based on the risk of water-related disasters
Source: Tokio Marine Holdings based on materials from the Ministry of Land, Infrastructure, Transport and Tourism (website)

The importance of changes in asset accumulation when considering the damages caused by natural disasters is a common factor, both domestically and internationally. While it is known that the economic losses from past hurricanes have been on the rise in the United States, adjusting for the influence of asset accumulation reveals a reduced trend of significant changes. This emphasizes that the increase in economic losses is largely attributed to asset accumulation.

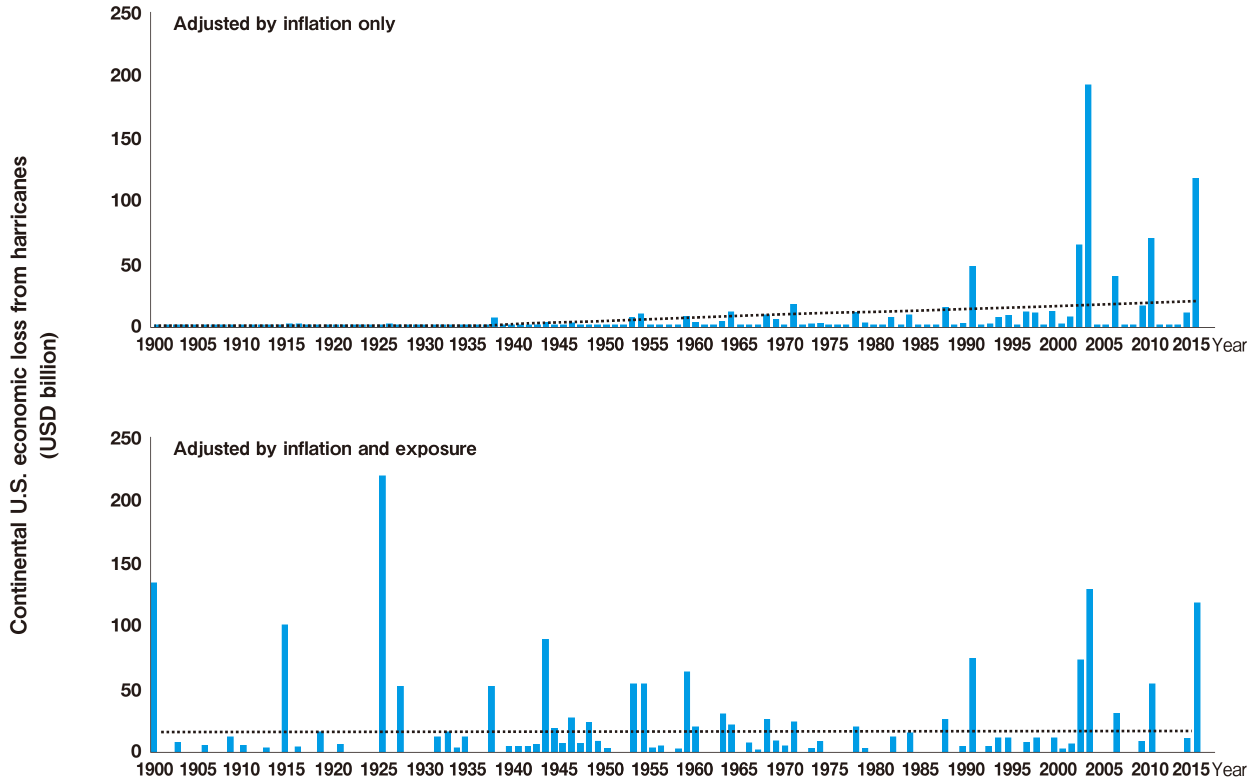


Figure 8: Economic loss due to hurricanes on the U.S. mainland Source: Created by Tokio Marine based on Klotzbach et al. 2018*

*: Philip J. Klotzbach, Steven G. Bowen, Roger Pielke Jr., and Michael Bell, 2018: Continental U.S. hurricane landfall frequency and associated damage. *Bull. Amer. Meteor. Soc.*, 99, 1359–1376, https://doi.org/10.1175/BAMS-D-17-0184.1 (©American Meteorological Society. Used with permission.)

c. Impact on Business Continuity: Promoting Climate Change Adaptation Measures

Tokio Marine Group uses multiple scenarios*1 to perform analysis and evaluation*2 on the impact of climate change risk on our operations using holistic and context-specific approaches. By doing so, we are promoting climate action and initiatives to increase resilience against disasters.

*1 Including IPCC's Shared Socioeconomic Pathway (SSP) 5-8.5, SSP3-7.0, SSP2-3.5, SSP1-2.6, SSP1-9, RCP8.5, RCP6.0, RCP4.5, and RCP2.6 scenarios
*2 Climate change risk analysis and evaluation conducted in collaboration with Risilience Limited of the United Kingdom

Holistic Approach

Based on a holistic approach, we use multiple scenarios to analyze and evaluate, both quantitatively and qualitatively, the impact of an increase in weather disasters (such as heavy rains and floods) on our operations and have been implementing related measures. On the whole, we have concluded that an increase in weather disasters will not have a profound impact on our operations as compared to the manufacturing and other industries for a number of reasons. For example, insurance products represent an intangible service and do not necessarily require physical sales bases, and their development and production involve minor supply chain risks in the procurement of raw materials.

Context-Specific Approach

Based on a context-specific approach, we use multiple scenarios to analyze and evaluate, both qualitatively and quantitatively, the impact of an increase in weather disasters (such as heavy rains and floods) on our operations and have been promoting initiatives to protect our own assets from weather disasters, which are expected to become more severe due to climate change.

Specifically, we are implementing measures against flood disasters, such as installing emergency power generators and more water bars at our major bases.

(2) Transition Risks

Transition risks are risks associated with the transition to a decarbonized society. As the global momentum toward decarbonization accelerates and the transition to a decarbonized society progresses, we anticipate more stringent regulations, technological innovation, asset value fluctuations and changes in the investment environment as well as in customer needs, which could affect the Group's businesses.

Transition risks include impact on the corporate value of investee companies and the value of assets held by the Company due to increased costs associated with GHG emissions resulting from climate change. To reduce the impact of these factors, we are decreasing total holdings of business-related equities and promoting engagement with investee companies.

We have estimated the impact of transition risks on assets under management by Tokio Marine Group (equities, corporate bonds, commercial mortgage-backed securities (CMBS), and government bonds) using "Aladdin Climate," a model provided by BlackRock Solutions. With the model, we have quantified the impact on corporate value due to changes in scenario variables (carbon prices, energy demand, fuel prices, emissions, etc.) based on scenarios provided by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS). More specifically, the quantification of the impact on corporate value has been conducted by comparing the scenario where current policies continue to 2050 (NGFS's Hot House World–Current Policies scenario, assuming limited policy changes and a 3.3°C temperature rise at the end of this century) with the following two scenarios, also of NGFS.

(1) Orderly: Net Zero 2050 (assuming a temperature rise suppressed to 1.5°C and net zero CO_2 emissions both by 2050)
(2) Disorderly: Delayed Transition (assuming a 1.8°C temperature rise by 2050 due to delayed policy changes)

The following shows the results of the model-based estimates of transition risks of assets (equities, corporate bonds, CMBS, and government bonds) (impact analysis on asset prices based on scenarios up to 2050) held by Tokio Marine Group as of March 31, 2023.

	Transition risks	
	Orderly	Disorderly
Total	-1.5%	-1.3%
Equities	-7.7%	-5.6%
Corporate bonds	-2.4%	-1.8%
CMBS	-0.0%	-0.2%
Government bonds	-0.0%	-0.4%

* The Aladdin Climate analytics of BlackRock Solutions contained in this report should not be construed as a characterization of the materiality or financial impact of the corresponding information. The Aladdin Climate analytics include non-financial metrics and involve measurement uncertainties resulting from limitations inherent to the nature of the corresponding data and the methods used for determining such data.
The Aladdin Climate analytics are not fixed and are likely to change and evolve over time. The Aladdin Climate analytics rely on relatively new analysis methods, and there are limited peer reviews or comparable data available. BlackRock Solutions does not guarantee and shall not be responsible for the content, accuracy, timeliness, non-infringement, or completeness of the Aladdin Climate analytics contained herein or have any liability resulting from the use of the Aladdin Climate analytics in this report or any actions taken in reliance on any information herein.

It should be noted that the model results used by Tokio Marine Group do not separately calculate the positive effects (market superiority or business opportunities) generated by technically implementing climate change mitigation and adaptation measures as we transition to a low-carbon society. Moreover, we believe that this and other quantification models of climate change are still in the development stage, undergoing upgrades based on the latest research findings. We thus have no plan, at this point, to use the data in our management decision-making process, but will continue to carry out research and investigations to explore more appropriate ways to utilize such quantification modeling methods.

Implementation of Climate Change Strategy

(1) Initiatives of Tokio Marine Group

Tokio Marine Group assumes the roles of an insurance company, institutional investor, asset manager, global company, and good corporate citizen. In every role, we are promoting the creation of a safe, secure, and sustainable future to protect our customers and local communities in times of need even 100 years from now. In the following sections, we describe our initiatives in each role.

a. Initiatives as an Insurance Company (Insurance Products and Services)

Tokio Marine Group engages in the development and provision of insurance products and services that support the transition to a decarbonized society. As one example, we provide insurance related to renewable energy. There is momentum toward decarbonization worldwide and a shift to renewable energy in major countries for a more efficient electricity supply. In building and expanding the use of offshore wind power generation plants, for example, insurance is indispensable as project financing will not be extended without insurance. However, offshore construction work is never easy, and there is also a need to reduce work errors and prepare for typhoons. It thus represents a challenging domain requiring high levels of underwriting and claims services capabilities.

Tokio Marine Group has acquired GCube Insurance Services, Inc., a leading company offering insurance to renewable energy operators. Based on its advanced underwriting and claims services capabilities, we are driving the more widespread use of renewable energy on a global basis through insurance underwriting and insurance payments, seamlessly covering everything from the construction phase to the operational phase after the launch.

In February 2021, Tokio Marine & Nichido (TMNF), a Group company, established the company-wide Green Transformation (GX) Task Force to support customers' efforts to become carbon neutral and transition to a decarbonized society and contribute to the growth and development of the industry.

The Task Force is engaging in the development and provision of insurance products and solutions that will contribute to the more widespread use of renewable energy, including offshore wind power and solar power, the spread of storage batteries, and the promotion of the use of hydrogen. Specific efforts to contribute to customers' transition to a decarbonized society are multifaceted. They include developing defect warranty insurance for the liability of contractors constructing offshore wind power generation plants; undertaking an initiative to support local communities in achieving decarbonization by utilizing a solar power purchase agreement (PPA) model; developing insurance products to help electricity retailers to stabilize their management and secure a power supply capacity; and providing a service to support information disclosures based on the TCFD recommendations.

We believe that engagement on the theme of the environment with business partners is essential to shift to a decarbonized society and realize carbon neutrality. To date, TMNF has made engagement and held dialogue with more than 250 companies. Of these, the company has offered solutions to resolve various issues to more than 120 companies while leveraging its expertise.

As one engagement example, TMNF has been holding dialogue with power plants for which the company has provided insurance. The company encourages them to consider the environment through the adoption of innovative high-efficiency power generation technologies and carbon dioxide capture, utilization, and storage technologies (CCUS/carbon recycling) that reduce GHG emissions and supports their transition by providing relevant products and consulting services.

In November 2022, TMNF also launched, jointly with MUFG Bank, Ltd., a service to support disclosures of climate change risks and opportunities and other related information in accordance with the TCFD recommendations as a service solution to help companies promote GX.

b. Initiatives as an Institutional Investor (Investment and Financing)

As a signatory to the United Nations Principles for Responsible Investment (PRI) through Group companies TMNF and Tokio Marine Asset Management, we have established a policy concerning environmental, social, and governance (ESG) investment and financing, considering not only financial information but also ESG elements. By incorporating climate-related elements into the investment decision-making process, we are supporting the transition to a decarbonized society.

Specifically, we are undertaking ESG engagement to support increased corporate value and the sustainable growth of investee companies through constructive and purposeful dialogue that considers non-financial factors including ESG elements in addition to their financial data as well as ESG integration where both financial data and non-financial data are used in the investment decision-making process.

In fiscal 2022, TMNF established a team to carry out impact investment that generates both social and economic value and has made investment commitments to renewable energy, environmental, and other funds conducive to countering climate change. In fiscal 2023, the company committed to investment in a new field, specifically a forestry fund, to promote the passing down of valuable forest resources to future generations.

As for our ongoing themed investment and financing efforts, such as those related to green bonds and sustainability bonds, we are also promoting the creation of social and economic value in new fields. In fiscal 2022, we invested in Japan's first blue bonds to support the investee companies' efforts related to environmentally sustainable fishery and aquafarming businesses. We have also invested in transition bonds issued by gas, iron and steel, and other companies. In this way, we have been providing a broad range of support for the realization of a decarbonized society in the investment and financing field.

The total balance of ESG-themed investments and financing, including green bonds, sustainability bonds, and green loans, was about 109 billion yen as of March 31, 2023, for TMNF, TMNL, and NF. In fiscal 2022, TMNF started making impact investments in funds with measurable social returns, such as renewable energy funds. Such commitments amounted to approximately 13 billion yen as of March 31, 2023.

We have also begun using data providers to conduct quantitative analyses of the GHG emissions of our investee companies.

c. Initiatives as an Asset Manager (Fund Formation)

Tokio Marine Asset Management has been operating a renewable energy fund targeting investments in solar power plants since 2012, effectively backing initiatives aimed at the transition to a decarbonized society.

Performance of renewable energy funds (total as of March 31, 2023)

Amount committed	Approx. 62 billion yen
Units installed	45
Power generation capacity (DC)	Approx. 280 MW

d. Initiatives as a Global Company (Leading Discussions at International Climate Change Conferences)

As climate change is an important social issue that needs to be addressed by the entire world, Tokio Marine Group actively engages in dialogue with international organizations, governments, industries, academic communities, NPOs, and NGOs.

We have led discussions at international conferences, which includes co-chairing a climate change–related working group for the Geneva Association since 2008. We have also joined the Association's climate change task force and have been engaging in the formulation of scenario analysis and stress test guidelines to perform forward-looking impact assessment of climate change.

In July 2018, TMNF became a founding member of the insurer pilot group, launched by the United Nations Environment Programme Finance Initiative (UNEP FI) under the Principles for Sustainable Insurance (PSI) framework to examine and develop methodologies and analytical tools for the insurance industry to make climate-related disclosures based on the TCFD recommendations. The company has contributed to the publication of the final report of the UNEP FI pilot project, titled "Insuring the climate transition," in January 2021.

Tokio Marine Kiln(TMK) and Tokio Marine HCC International from Tokio Marine Group have joined ClimateWise, a climate change–related international initiative in the insurance industry. They have been carrying out studies and research on various risks and opportunities related to climate change jointly with about 30 leading insurers in the world.

TMK is also a member of the Sustainable Markets Initiative, an insurance industry task force envisioned by the then Prince Charles of England and established in June 2021.

In Japan, the then Chairman of the Board of Tokio Marine Holdings worked as one of the founders and contributed to the establishment of the TCFD Consortium in May 2019. Since the establishment, Tokio Marine Holdings has been a member of the Planning Committee to deliberate on the consortium's course of action. We have contributed to the creation of the three versions of the TCFD Guidance released in December 2018, July 2020, and October 2022, respectively, and "A Guide to Flood Risk Assessments for Enhanced TCFD Disclosures" released by the Ministry of Land, Infrastructure, Transport and Tourism in March 2023. We also participate in discussion on effective ways for companies to disclose climate-related information and how to link the disclosed information to appropriate investment decision-making of financial and other organizations.

UN environment programme finance initiative
Principles for Sustainable Insurance
THE GENEVA ASSOCIATION
TCFD Consortium

Additionally, through industry-academia collaboration with The University of Tokyo, Nagoya University, Kyoto University, and Tohoku University, we engage in research on climate change and natural disaster risks in an effort to gain deeper scientific insight into disaster prevention and mitigation and to raise the sophistication of measuring methods through risk modeling to ascertain risk volume in even greater detail. Our efforts in this area include development of a stochastic risk assessment approach. We believe that in addition to providing products and services in developed countries it is also important to disseminate the ideas of an insurance mechanism and risk management practices in developing countries and regions particularly vulnerable to the impact of climate change and natural disasters in accordance with the Sendai Framework for Disaster Risk Reduction 2015–2030, which provides new world guidelines for disaster risk reduction.

Tokio Marine Group is contributing to the creation of international rules and the progress in research on climate change and natural disaster risks through these initiatives.

e. Initiatives as a Good Corporate Citizen (Social Contribution)

Mangrove forests have an effect on the prevention and mitigation of global warming by absorbing and fixing a significant volume of CO_2. Under the concept of "Insurance for the Future of the Earth," TMNF has engaged in the Mangrove Planting Project since 1999. As of March 31, 2023, approximately 12,261 hectares of mangrove forest have been planted through this project in nine countries, primarily in Asia. In addition to TMNF, other Group companies are now planting mangroves. We have also announced the Mangrove-Based Value Co-creation 100-Year Declaration, which aims to create value through the blessings of nature brought by mangroves in collaboration with forestry NGOs. Under the declaration, we will continue to undertake this project in the future.

In 2022, we launched activities to protect eelgrass beds. Eelgrass is a type of seagrass, which grows in sandy, shallow waters with sunlight and gentle waves. It has a high ability to absorb and fixate CO_2 from the atmosphere as well as purify water. Together with mangroves, we will promote this initiative as an effort to protect the global environment.

At every age, educating and enlightening children who will lead the future is a great responsibility adults must assume. Around the world, Tokio Marine Group is visiting schools to provide Green Lessons and Disaster Prevention Lessons to children to raise their environmental awareness and disaster preparedness.

With our strong belief that "it is our responsibility to pass on a bright future to future generations," Tokio Marine Holdings has positioned future generations as its stakeholders in addition to customers, society, employees, shareholders, and investors since 2021. We will step up our tree planting, education, and other efforts to pass on a sustainable environment and society to these future generations.

(2) Policies Concerning Insurance Underwriting as well as Investment and Financing

Our basic policy on climate change is to support the decarbonization of customers and local communities through insurance products and services as well as investments and financing through constructive dialogue with stakeholders. We individually set up a policy on each transaction for the areas that could cause significant, negative impacts on the environment or society.

At the end of September 2020, we published "Tokio Marine: Our Climate Strategy," which we revised at the end of September 2021 and the end of September 2022. The following sections describe our policies concerning insurance underwriting as well as investment and financing to achieve the goals of the Paris Agreement.

a. Insurance Underwriting

Tokio Marine Group has not provided new insurance underwriting capacities to coal-fired power generation projects since September 2020 or thermal coal mining projects since September 2021, regardless of whether they are newly constructed. However, we might grant exceptions after careful consideration for projects with innovative technologies and approaches, such as CCS/CCUS*1 and mixed combustion, aiming to achieve the goals of the Paris Agreement.

Since September 2022, Tokio Marine Group has also strengthened its commitment by protecting the environment and supporting the transition to a decarbonized society by no longer providing new insurance underwriting capacities to oil and gas company extraction projects*2 in the Arctic Circle (all areas north of latitude 66°33, including the Arctic National Wildlife Refuge, ANWR) and oil sands mining.

*1 Carbon dioxide capture and storage/Carbon dioxide capture, utilization, and storage
*2 Exemptions for projects/companies with decarbonization plans that are aligned with the Paris Agreement

b. Investment and Financing

With respect to investment and financing, Tokio Marine Group will not provide new financing for coal-fired power generation projects or thermal coal mining projects. However, as with our insurance underwriting policy, we might grant exceptions after careful consideration for projects with innovative technologies and approaches, such as CCS/CCUS and mixed combustion, aiming to achieve the goals of the Paris Agreement.

In aligning with our insurance underwriting policy, we also no longer provide new financing for oil and gas extraction projects in the Arctic Circle and oil sands mining and are stepping up our efforts to support the protection of the natural environment and transition to a decarbonized society.

Risk Management

Managing Climate-Related Risk Based on Enterprise Risk Management (ERM)

Tokio Marine Group conducts enterprise risk management (ERM), which includes the management of climate risks. Through the ERM cycle, we comprehensively identify and assess risks, using both qualitative and quantitative approaches. In the insurance business, which pursues profit through risk-taking, risk assessment is the foundation of our business. The Group has been working for many years to assess material risks (including those due to natural disasters) both quantitatively and qualitatively. Specific initiatives are as follows.

(1) Qualitative Risk Management

We identify all forms of risks comprehensively, including those for natural disasters such as major storms, and emerging risks due to environmental changes. Of these risks, we define risks that will have an extremely large impact on our financial soundness and business continuity as “material risks.” We include the risk of major wind and flooding disasters (including climate change physical risks) in the “material risks” category, which we believe could become more frequent and severe due to the effects of climate change. For these material risks, we also formulate control measures prior to risk emergence and response measures for after risks occur.

(2) Quantitative Risk Management

For material risks, through measuring risk amounts and implementing stress tests, we are able to perform a multifaceted review of the adequacy of capital relative to the risks held for the purpose of maintaining ratings and preventing bankruptcy. We calculate risk amounts posed by natural disasters using a risk model (for Japan, a risk model we developed in-house based on engineering theory and the latest knowledge of natural disasters, and for overseas, models provided by outside vendors). We independently analyze past tropical cyclones (typhoons in Japan and hurricanes in the United States), torrential rains, and other changing trends and incorporate this data as necessary in order to properly assess current weather phenomena. Furthermore, within material risks, we conduct stress tests based on scenarios in which extreme economic losses are expected and scenarios where multiple material risks occur at the same time. As for risks involving major wind and flood disasters, for example, we assume these scenarios to be on a much larger scale than the major typhoons that hit the Greater Tokyo Area in 2018 and 2019 causing extensive damages. We update scenarios continuously while taking into account stress tests released by regulatory authorities of every country, the latest knowledge (including that of climate change), and recent case studies.

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, business, and product risk diversification through M&A overseas. In addition, reinsurance, as a hedge against risk, is also an effective way to protect our capital and stabilize profits. The Group utilizes reinsurance to prepare for natural disasters (capital events) that occur once every few centuries, and we determine earnings coverage from the standpoint of economic rationality and take necessary measures.

Acquisition of Knowledge (Industry-Academia Collaboration, etc.)

Tokio Marine Group is deepening collaboration with both inside and outside experts to acquire knowledge about risks. Tokio Marine Research Institute collaborates with The University of Tokyo, Nagoya University, and Kyoto University, among others, to carry out impact analysis based on the possibility for increased insurance losses associated with natural disasters that are becoming more severe in nature. Moreover, Tokio Marine dR and a team of experts in natural disasters working in Atlanta, the United States, are leading efforts to upgrade natural disaster risk management across the entire Group, including various evaluations of natural disaster risk models.

Metrics and Targets

While Tokio Marine withdrew from the international initiative, the Net-Zero Insurance Alliance (NZIA), in May 2023, our commitment to contributing to the transition towards a decarbonized society based on the Paris Agreement remains unchanged.

Metrics and Targets for Fiscal 2050

- **Reduction of GHG emissions**
  Aiming to reduce GHG (CO_2) emissions from Tokio Marine Group to net zero by fiscal 2050 for our own operations (including insurance customers and investment and financing recipients)[*1,2]

Metrics and Targets for Fiscal 2030

- **Reduction of GHG emissions**
  Reducing GHG emissions (CO_2) for operations from Tokio Marine Group by 60% (vs. 2015)[*3]
- **Renewable electricity use**
  Using 100% of renewable electricity at Tokio Marine Group’s major business facilities
- **Electrification of company-owned vehicles (TMNF, TMNL, and NF)**
  Switching all vehicles owned by TMNF, TMNL, and NF to electrified vehicles (EV, PHV, HV, etc.)

Metrics and Targets for Fiscal 2023 (Increase or Improvement vs. Fiscal 2020)

- **Increase in insurance products that will contribute to green transformation (GX)**
  Increasing income from insurance premiums on GX-related insurance products by around 7 billion yen (TMNF)
- **Improvement of profitability of fire insurance**
  Improving profitability of fire insurance by more than 45 billion yen[*4] (TMNF)

*1: Medium-term targets still under consideration
*2: Scope 3, Category 15, based on the GHG Protocol standards
*3: Associated with our own business activities (Scope 1 [direct emissions] + Scope 2 [indirect emissions] + Scope 3 [other indirect emissions; Categories 1, 3, 5, and 6] based on the GHG Protocol standards)
Scope 3 includes categories of importance to the Group for which numerical values can be obtained.
*4: Supposing natural catastrophe claims in an average year

GHG Emission Reduction Record

Achieve Carbon Neutrality in Business Activities

- **Reduction of GHG (CO_2) emissions from Tokio Marine Group operations[*5]: 80,201 tons (34% reduction vs. fiscal 2015) (Scope 1: 13,362 tons; Scope 2: 41,190 tons; Scope 3[*6]: 25,649 tons)**
- **Amount of GHG (CO_2) fixed and reduced: 93,000 tons**

Tokio Marine Group is working to reduce the environmental impact (domestic and international) and become carbon neutral by (1) conserving energy and using energy more efficiently, (2) planting mangroves to absorb and fix CO_2, (3) using renewable energy (such as by procuring green electricity), and (4) amortizing carbon credits. As a result of these efforts, in fiscal 2022 we achieved carbon neutrality for the tenth consecutive year (since fiscal 2013) thanks to the absorption and fixation effects of mangrove planting and the use of carbon credits outperforming the CO_2 emissions generated by the Group’s overall business activities.

GHG Emissions for Investment Portfolio

To assess the climate change–related risks and opportunities of its investee companies and financing recipients, TMNF has performed analysis of total GHG emissions and weighted average carbon intensity (WACI) on its domestic listed equity and bond portfolios as of March 31, 2022, the disclosure of which is recommended by the TCFD (see p. 26 of the TCFD Report). We will continue to urge our investee companies to fully disclose climate change–related information and work toward a decarbonized society through engagement, while also making use of this analysis.

*5: Associated with our own business activities (Scope 1 [direct emissions] + Scope 2 [indirect emissions] + Scope 3 [other indirect emissions; Categories 1, 3, 5, and 6] based on the GHG Protocol standards)
*6: Amount of paper used, etc. (Categories 1, 3, 5, and 6)

Tokio Marine Group regards people as the driving force of growth and as our most valuable asset, and we are committed to pursuing sustainable growth by actively embracing human capital management.

Kenichi Kitazawa

Senior Managing Executive Officer
Group Chief Human Resources Officer (CHRO)
Group Chief Wellness Officer (CWO)

People, the Driving Force of Growth and Our Greatest Asset

Human Resources Empowering Our Competitive Edge

As CHRO, my role is to maximize the potential of the people who drive our business strategy, creating an environment where over 40,000 global employees can continuously enhance their abilities and perform at their best. The insurance business, being a "People's Business," thrives on the trust forged by individuals, and I firmly believe that maximizing this strength is key to realizing our Purpose. Since our establishment in 1879, we have positioned human capital as the driving force for growth and our most valuable asset, wholeheartedly embracing human capital management. In June 2023, we released the Human Capital Report to share our vision and concrete initiatives. Here, I will provide an overview of its essence.

Human Resources Strategy Aimed at Facilitating Business Strategy

Our human resources strategy is designed to enhance the probability of realizing the goals of our business strategy and propel Group growth. Of particular importance are the building of a talent portfolio aligned with business concepts and the establishment of an organizational environment where the potential of such talent can be fully realized. As a result, our human resources strategy is built upon "People" and "Corporate culture," working in harmony to create synergies that uphold and further enhance our distinctive capability of "Integrated Group Management."

By constructing a strategically aligned talent portfolio and fostering high engagement among individuals, we aim to achieve growth in each business. Strengthening our Group management structure enhances management decision-making, enabling more effective execution of "In/Out" strategies. The foundation of this lies in nurturing an organizational culture and Group unity to further drive the growth of each business and elevate the quality of decision-making. This virtuous cycle embodies our vision for human capital management and serves as a force for improving our ROE to match global peers.

"People" Supporting Integrated Group Management

For human resources, we identify the capabilities required to execute and realize our business strategy. We then evaluate the disparities between these capabilities and reality, taking steps to bridge these gaps. Looking ahead, we have identified areas to strengthen: "Group management talent," "highly specialized professionals," and "globally adept individuals." Our focus is on recruiting and nurturing talent in these areas. For instance, to consistently produce global management talent to steer the future of integrated Group management, we actively advance talent management across the Group, drawing from the human resource system introduced to Tokio Marine Holdings in 2019. We routinely hold discussions concerning diverse global talent, and in April, we established the unique development program, Tokio Marine Leadership Institute (TLI), to nurture future Group management leaders as we look to expand training beyond borders. Fostering unity through such programs fuels synergies across the Group.

Consistent with efforts to strengthen expertise throughout the Group, which we recognize is the wellspring of new added value, we take care in ensuring that the right human resources brought into the Group through M&As and other means are assigned to the right place on a global basis.

In addition, Chief Officers work closely together to hire highly specialized personnel in the field of corporate functions and to develop data scientists internally.

The Human Capital Report Released in June 2023

"Corporate Culture" Supporting Integrated Group Management

Central to all human capital management endeavors is each employee's alignment with the Group's Purpose. Our Purpose acts as a guiding light for the entire Group, providing a sense of direction. To unite our diverse workforce of over 40,000 individuals worldwide and unleash their full potential, the CEO spearheads initiatives as Chief Culture Officer (CCO), driven by a strong belief in embedding these principles.

Moreover, a "culture of growth" has taken root wherein each individual actively pursues self-improvement and positively influences others. This culture has thrived due to our history and continued efforts in addressing social challenges since our inception. It stands as our unique advantage, fostered by the ongoing sharing of these values among our employees. Through initiatives that embed our Purpose, we share the role we have played in addressing social issues and the genuine aspirations of our employees, making the Purpose a personal commitment. Employees who internalize the Purpose then experience a sense of societal trust through their work and derive the motivation to contribute to future problem-solving. This cycle, we believe, also contributes to enhancing overall organizational engagement.

However, in today's rapidly changing business landscape with increasingly complex societal issues, it is vital to leverage the knowledge and experiences of our diverse employees in management. We have positioned the promotion of Diversity and Inclusion (D&I) as part of our growth strategy and are taking related steps. To cater to varied work preferences, we have introduced new work styles, including remote work to overcome location restrictions, flexible hours for individual scheduling, internal side jobs for cross-departmental project participation based on interest, and external side jobs that allow employees to bring the growth gained from new networks and experiences, which might not be accessible within the Company, back to their work tasks. The aim is to bolster employee growth by enhancing satisfaction and optimizing time.

Within this context, we conduct employee perception surveys to regularly gauge employee and organizational status, following a PDCA cycle to identify challenges and enact solutions. We prioritize employee satisfaction, motivation, and organizational culture. These factors are set as Key Performance Indicators (KPIs) in the executive compensation evaluations. Management leads efforts to boost employee engagement and nurture an organizational culture, actively driving these initiatives forward.

Achieving Sustainable Growth through the Synergy of "People" and "Corporate Culture"

The concepts of "People" and "Corporate culture" I have discussed are closely intertwined. Our corporate culture, built on Group unity and increased engagement, helps attract and retain valuable talent. Meanwhile, appropriate human resource recruitment, development, and placement generates both personal and corporate growth, further enriching Group unity and employee engagement. Through ongoing efforts, we will sustain this synergy and virtuous cycle to foster lasting growth. Irrespective of how much global conditions and the business environment change, the fact remains that people are the cornerstone of our competitiveness. We will continue to invest in our human resources, practicing human capital management to ensure we support customers in times of need for the next century.

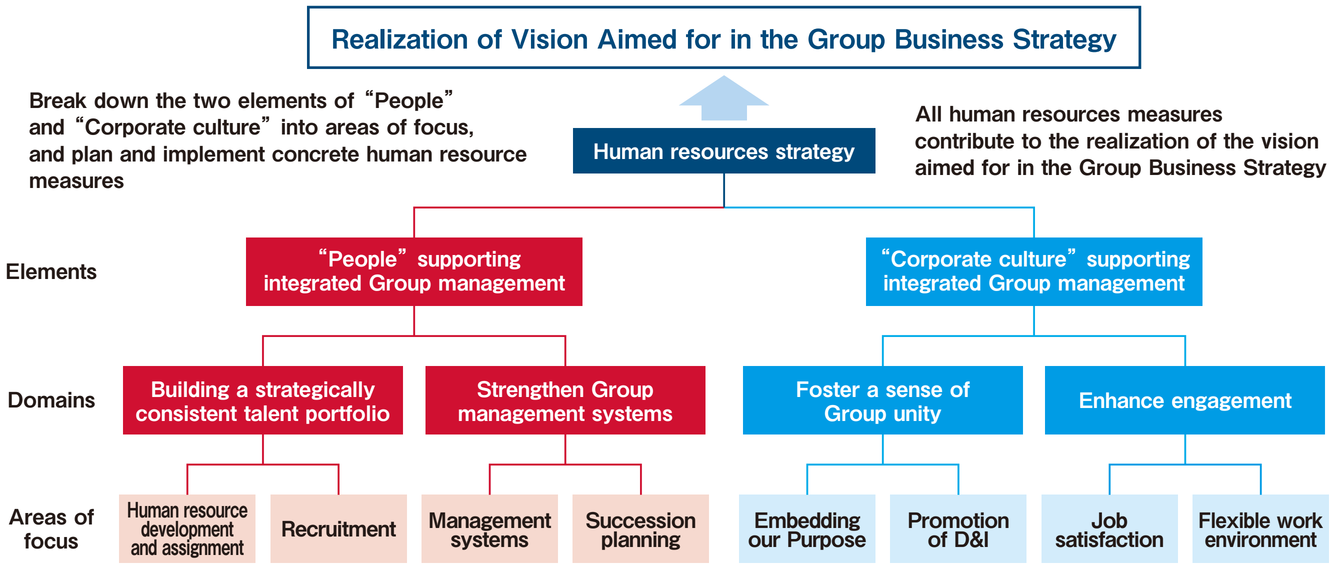
Tokio Marine Group — Our People (Our Philosophy on Human Resources)

- **Our people are the most valuable 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 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 endless journey to be a Good Company.**

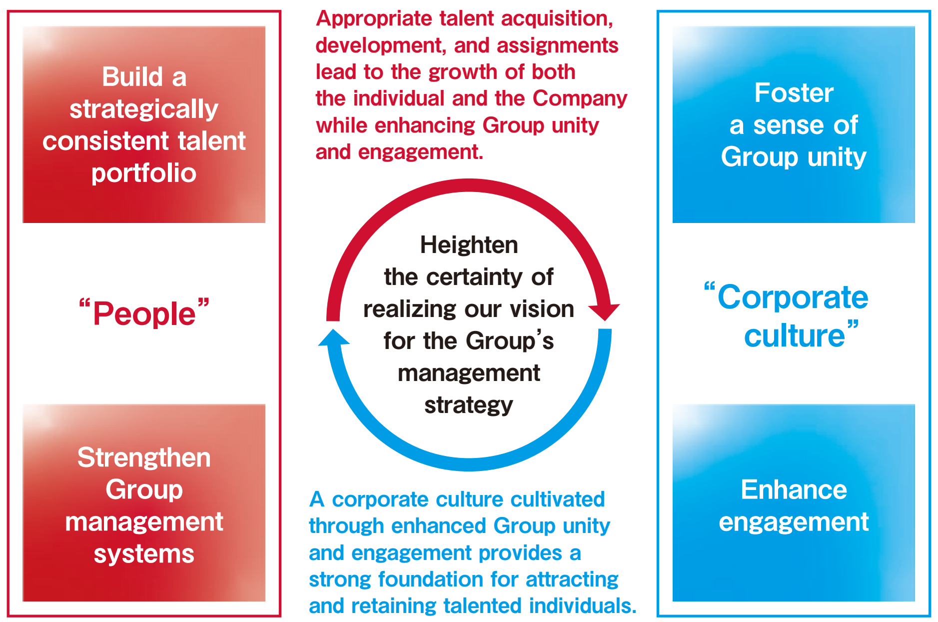
Overview of Human Capital Management (Human Resources Strategy)

Outline of Human Resources Strategy for Enhancing Corporate Value

Our human resources strategy consists of two pillars: "People supporting integrated Group management" and "Corporate culture supporting integrated Group management." This is based on the belief that building a talent portfolio aligned with business concepts and establishing an organizational environment where the potential of such talent can be fully realized are both essential elements of our human resources strategy to achieve our business strategy.



Synergy between "People" and "Corporate Culture" in Our Human Resources Strategy



People Supporting Integrated Group Management

We are working to strengthen integrated Group management, including succession planning, by securing and developing diverse human resources, including mid-career hires, and ensuring appropriate placements, to build a human resource portfolio that increases the likelihood of realizing our business strategy.

Build a strategically consistent talent portfolio

Human resource development and assignment	• Develop human resources with specialized expertise (through MAP, DX-focused human resource development, etc.) • Provide opportunities for upskilling and development (various training programs, self-learning tools, etc.) • Offer career challenge opportunities (JOB request system, project request system, etc.)
Recruitment	• Recruit new graduates in specific SPEC fields* • Recruit mid-career hires with specialized skills

Strengthen Group management systems

Management systems	• Appoint executives gained from M&A to oversight positions in the Group • Leverage expertise and insights through global committees
Succession planning	• Develop future leaders (Tokio Marine Group Leadership Institute) • Strategic development of CxO and similar roles (talent management meetings, etc.)

For details of each initiative mentioned, see our Human Capital Report 2023.
https://www.tokiomarinehd.com/en/ir/download/2023.html (Japanese only)

Corporate Culture Supporting Integrated Group Management

We are striving to integrate our Purpose, leveraging the skills and experiences of diverse talents to strengthen the collective capacity of the organization, and cultivate an inclusive organizational culture, all while enhancing employee engagement.

Foster a sense of Group unity

Embedding our Purpose	• Conduct a CEO world tour • Messages by top management • Hold "Majikirakai" meetings worldwide • Implement PDCA using the Culture & Values Survey
Promotion of D&I see p. 92	• Establish Group Chief Diversity & Inclusion Officer (CDIO)/ Diversity Council • Focus on the Four "Free" (gender, age, borders, work style) • Conduct Project Mizu

Enhance engagement

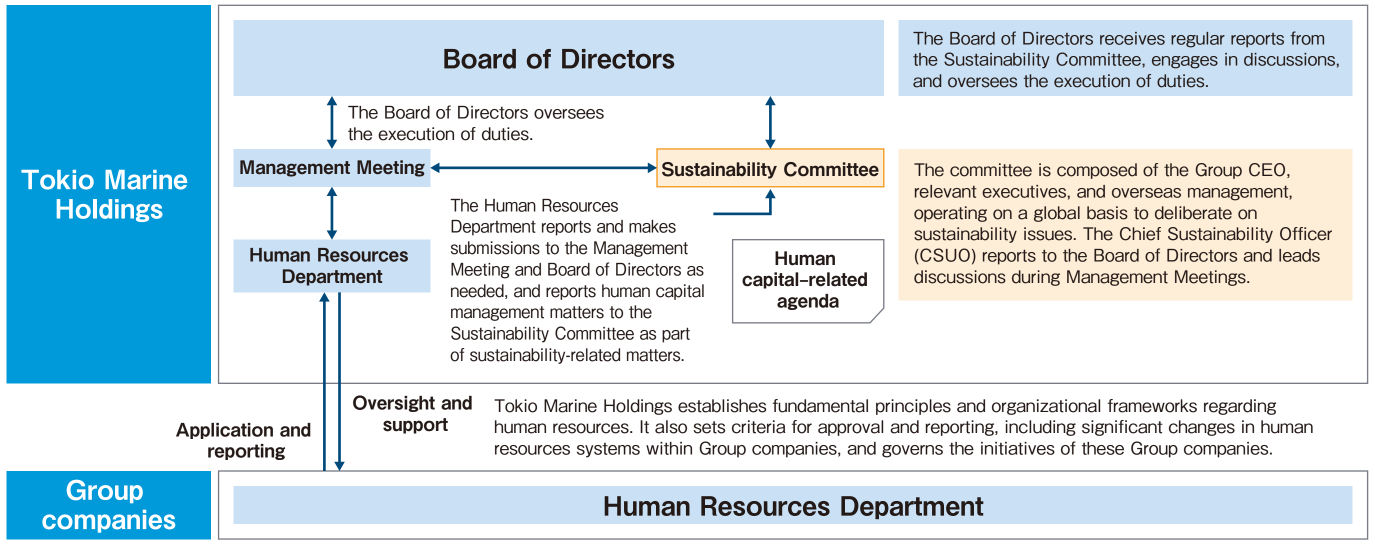
Job satisfaction	• Initiate organization-level PDCA practices based on engagement surveys • Establish dedicated teams for improving engagement (TMNF)
Flexible work environment	• Promote initiatives related to health and productivity management • Introduce flexible work rules • Enhance various infrastructures

*: Actuarial science, financial engineering, asset management, etc.

Governance Structure for Effective Human Capital Management (Human Resources Strategy)

Initiatives related to human capital are reported and discussed regularly with the Sustainability Committee, enabling a diverse range of perspectives to be considered. The Board of Directors oversees the execution of these initiatives.

As part of governance across the Group, we established the Basic Policies for Internal Controls as well as a basic policy for human resource matters. Tokyo Marine Holdings' Human Resources Department oversees the human resources departments and initiatives of each Group company in accordance with these policies.



Introduction of Non-Financial indicators for Executive Compensation

To establish and strengthen a management framework committed to human capital management, particularly the enhancement of employee engagement, we added employee engagement indicators to help determine executive compensation in fiscal 2022.

Moreover, to strengthen the correlation between executive compensation and employee engagement, we raised the proportion of employee engagement indicators from 5% in fiscal 2022 to 10% in fiscal 2023.

Indicator items	Assessment items
Employee engagement indicators	Status of the Culture & Values Survey score improvements
Indicators relating to sustainability strategy	Progress of efforts to address the four main issues targeted by the sustainability strategies

Key Reference Indicators for Human Capital Management (Human Resources Strategy)

We will set specific indicators for each of the eight main themes (areas of focus) in our human resources strategy and assess the progress to ensure the continuous improvement and enhancement of our initiatives.

Elements	Domains	Areas of focus	Executive	Desired outcome	Direction of response	Reference indicator	
"People" supporting integrated Group management	Building a strategically consistent talent portfolio	Human resource development and assignment	CHRO	Promote individual initiatives for autonomous career development	Promote options for development and opportunities for career advancement	Status of training in the digital domain	–
		Recruitment	CHRO	Secure talent in areas of focus through new graduate and mid-carrer recruitment	Clarify requirements and diversify recruitment channels	Number of new graduate hires in specific areas of focus	①
	Strengthen Group management systems	Management systems	CHRO	Realize management systems for achieving Group synergy	Ensure diversity among Group management members	Percentage of female directors and Audit & Supervisory Board members	②
		Succession planning	CHRO	Build a talent pool to sustain a diverse management team	Develop career and training plans to fulfill CxO requirements	Implementation status of next-generation leadership development programs	–
"Corporate culture" supporting integrated Group management	Foster a sense of Group unity	Embedding our Purpose	CCO	Further penetrate our Purpose throughout the Group	Continue dialogue between the executive team, including CCO, and frontline personnel	Results of Culture & Values Survey	③
		Promotion of D&I	CDIO	Utilize the right people in the right positions regardless of age, gender, or nationality	Promote diverse talent to key positions Deepen support for childcare	Percentage of female managers Total fertility rate for the period	④
	Enhance engagement	Job satisfaction	CHRO	Maintain and enhance high engagement levels	Establish the Engagement Design Team	Engagement score	⑤
		Flexible work environment	CHRO CWO	Provide a workplace environment that accommodates new ways of working	Diversify options for work styles	Organization's vibrancy level	⑥

Performance of Reference Indicators (FY2020–FY2022)

We have made steady progress in general in the key reference indicators (① to ⑥) over the past three years, as follows.
Among these, particularly in the case of diversity-related indicators (② and ④), we are accelerating our efforts, including strengthening the pipeline.

No	Reference Indicators	Unit	FY2020	FY2021	FY2022	Progress Assessment (Targets)
①	Number of new graduate hires in specific areas of focus*1	People	12	16	11	○ (Ongoing implementation)
②	Percentage of female directors and Audit & Supervisory Board members	%	11.1	15.8	15.8	Increase to 30% by FY2027
③	Results of Culture & Values Survey	–	4.3	4.3	4.4	○ (Maintain/enhance)
④	Percentage of female managers*2	%	8.8	9.5	10.4	Increase to 30% by FY2030
	Total fertility rate for the period*3	–	1.56 (1.33)	1.55 (1.30)	1.62 (1.26)	○ (Maintain/enhance)
⑤	Engagement score*4	–	61.1	62.1	61.4	○ (Maintain/enhance)
⑥	Organization's vibrancy level*5	–	2.97	2.97	Scheduled for disclosure in September 2023	○ (Maintain/enhance)

*1: The number of hires for comprehensive positions (actuarial and financial engineering, asset management, IT strategy, innovation, Global Business) in specific departments at TMNF, with an expectation of high expertise
*2: Indicates TMNF figures; refers to "Management and above" including director, Audit & Supervisory Board member, and executive officer
*3: Total birth rate for female employees at TMNF aged 15–49 years old during the period (January to December). Figures in parentheses represent Japan's total fertility rate for the same period.
*4: Measured from Link and Motivation Inc.'s Motivation Cloud.
*5: Measured using a scale for sense of unity from the new Brief Job Stress Questionnaire (highest rating of 4.0)

Special Feature

Promotion of D&I

One of the primary focuses within our human resources strategy is the promotion of diversity and inclusion (D&I). We consider this to be a key success factor for achieving continued growth in an unpredictable business landscape, and under the guidance of the CCO and CDIO, we are executing a diverse array of initiatives to this end.

Promotion of D&I as a Key Success Factor for Growth

Through the promotion of D&I and the enhancement of workforce diversity, we strive to achieve the evolution and strengthening of factors crucial for our future growth, including "competitive advantage," "productivity," "collective Group strength," and "talent acquisition."

Satoru Komiya

Group CEO
Group Chief Culture Officer (CCO)

Caryn Angelson

Group Deputy CDIO

Tokio Marine Group's Purpose

Group Chief Diversity & Inclusion Officer (CDIO)

Mika Nabeshima

D&I Promotion Structure (Diversity Council)

The Diversity Council, a global committee led by the Group CEO, was established in April 2021. It includes outside directors representing external stakeholders and a diverse group of employees from various backgrounds, regardless of gender, nationality, age, or career level who engage in discussions on D&I from various perspectives.

Snapshot of the second session of the Diversity Council in February 2022

Closing the Gender Gap

At Tokio Marine Group, women are already thriving in various roles and opportunities, with the female manager ratio exceeding 30% on a global Group level. However, we recognize the need for further improvements, particularly in Japan. Currently, we have set qualitative and quantitative goals and are actively pursuing initiatives. Our focus lies on strengthening the pipeline to expand the pool of candidates for leadership positions by enhancing training programs that foster mindset shifts among both genders and refining structural aspects, primarily through our human resource system.

Quantitative Targets

	2023	Target
Female directors and Audit & Supervisory Board members[*1]	20.0%	Increase to 30% by FY2027
Female managers[*2]	11.2%	Raise the ratio of female managers or higher position at TMNF to 30% by FY2030
Female associate leaders[*3]	58.9%	Maintain above 50%

*1: Female directors and Audit & Supervisory Board members: Tokio Marine Holdings
*2: Female managers: Managers at TMNF, 49.0% for major overseas consolidated subsidiaries (2022)
*3: Female associate leaders: Assistant managers and above at TMNF

Fostering an Inclusive Culture

"Project Mizu" was launched in fiscal 2020 at Tokio Marine Holdings with the goal of creating an inclusive culture where diverse talents can fully contribute. This initiative aims to enhance mutual understanding among Group companies and continue efforts to establish an environment where diverse team members can collaborate effectively, serving as a foundation for the evolution of integrated Group management.

Project Mizu

2020
Identification of key issues through information gathering from employees worldwide

2021
Documentation of organizational structure and roles in both Japanese and English

2022
Development of collaboration standards for global communication, and implementation of onboarding support for career recruits

2023
Completion and effective utilization of a job library detailing the required qualities and experiences for key positions in each department

Toward a united Group culture

TOKIO MARINE GROUP

Key Project Themes

Culture Foster an open and inclusive workplace culture aligned with our Purpose	**Organization** Create an energetic organization that continues to grow globally
Roles Provide roles that are clear, challenging, and offer each individual a sense of growth	**Employee experience** Build enhanced relationships through collaboration among employees

Origin of the Project Name

Inspired by the proverb "fish cannot see the water they swim in," which suggests that we often overlook the things familiar to us, we aspire to cultivate an inclusive Tokyo Marine Holdings. Our aim is to preserve the positive aspects of our current culture while creating an environment where diverse individuals—akin to both saltwater and freshwater fish in the proverb—can coexist harmoniously.

We aim to leverage intellectual capital in the form of the Group's data and digital technology as a source of competitive advantage to evolve into a company that always supports its customers and transforms internal business processes.

Masashi Namatame
Managing Executive Officer
Group Chief Digital Officer (CDO)

Amid an era of profound change and escalating global uncertainties, we are broadening our scope to deliver enhanced value and bolster support to both customers and society.
As CDO, my objective is to harness our intellectual assets, encompassing the Group's exclusive data and digital technology, as a source of competitive advantage. In addition to the drive towards global digital synergies, I aim for evolving into a company that always supports its customers and streamlining internal business processes.

Over the course of many years, we have amassed, analyzed, and effectively utilized extensive volumes of data through our underwriting and claims services. Leveraging this intellectual capital, Tokyo Marine dR Co., Ltd. (TdR), plays a pivotal role as our data-centric subsidiary (see p. 41), enabling us to unlock its full potential. Its endeavors encompass novel domains such as advanced data-driven underwriting, data solutions, and embedded insurance. Moreover, the reach of data goes beyond our internal resources; strategic partnerships with external entities can extend data and distribution models, leading to innovative value generation. By continually honing our intellectual capital and fostering collaboration as part of our social capital, we strive to broaden the horizons of our value proposition.

Evolve into a Company That Always Supports Its Customers, Creating New Profit Streams

To continue fulfilling our Purpose of protecting customers and society in their times of need, we aim to go beyond mere insurance payouts during emergencies to cover both preventive and responsive measures and expand the domains we provide value in. This includes preventing accidents, alleviating burdens in case of incidents, facilitating swift recovery, and preventing recurrences. We are intensifying efforts in disaster prevention and mitigation, focusing on both pre- and post-disaster domains by sharing expertise to drive novel business ventures through the CORE, disaster prevention consortium (see pp. 37, 96), together with over 100 partners. Several ventures have already progressed to the commercialization phase, and in the coming decade, we intend to nurture these into substantial profit streams of several billion yen, alongside our existing businesses.

Reform of Internal Business Processes

Over the course of approximately two decades, we have diligently pursued enhanced operational efficiency by undertaking substantial process reforms. In line with this, the ongoing Mirai Project at TMNF is seen as an extension of these efforts, aimed at digitally streamlining the operational workflows of our insurance business. Within the framework of the Mirai Project, improvements in contract procedures and the automation of insurance claims processes are anticipated to yield a reduction in administrative burden by approximately 15%, from the end of fiscal 2019 (equivalent to a profit contribution of 20-25 billion yen annually) by fiscal 2023. As of the end of fiscal 2022, this effect had reached 9%.

In addition, we are actively exploring the application of generative AI, which has gained significant attention across diverse fields. Generative AI demonstrates competence in understanding text and generating responses, presenting opportunities for enhancing operational productivity and elevating customer service standards within the insurance industry. Nevertheless, the insurance industry, characterized by intricate dialogues laden with specialized terminology, poses specific hurdles for the practical integration of generative AI. Additionally, harnessing this technology necessitates the mitigation of various risks, encompassing concerns related to data leaks and potential copyright violations.

To tackle these obstacles, we have partnered with PKSHA Technology Inc. and Microsoft Japan Co., Ltd., to create safeguards against external data leaks and secondary usage of input information. Leveraging our extensive repository of manuals and insurance policy terms, we are in the process of crafting a dedicated interactive AI tailored to the insurance domain.

By conducting a trial operation of this interactive AI, initiated in June 2023, our objective is to continue gathering insights and address any remaining risks. Our aim is to roll out this feature for widespread employee usage by the end of fiscal 2024. In addition, we will explore and pursue new use cases that maximize the potential of generative AI, aiming to enhance operational productivity and customer service excellence.

Our commitment lies in driving additional growth by channeling the time generated from these endeavors into creating novel profit opportunities.

Foundation Underpinning Our Intellectual Capital Strategy

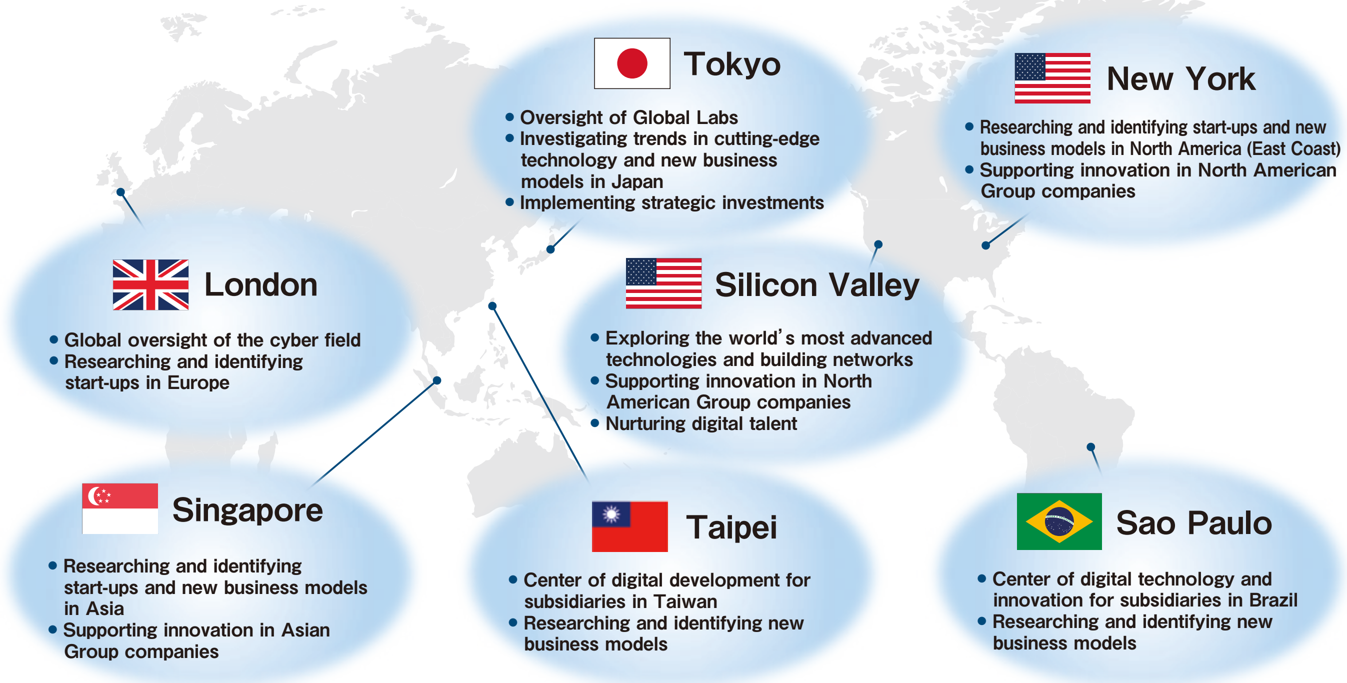
(1) Global Synergies (Development of Global Labs)

In addition, we are dedicated to strengthening collaboration both domestically and internationally in the digital realm. We are actively engaged in fostering digital synergy globally. Through our network of seven Global Labs and the Digital Roundtable that brings together overseas Group companies, we are facilitating the sharing of diverse knowledge and expertise from around the world. This is accelerating digital transformation (DX) across the Group.

(2) Investment in and Development of DX Personnel

In order to expedite these efforts, investing in and nurturing talent with strong DX skills is crucial. We have brought on board approximately 100 dedicated digital experts, encompassing engineers and designers. Graduates from our internal DX talent development program, known as Data Science Hill Climb, are equipped to lead digitalization efforts as proficient data scientists. Additionally, our Project Request System (see p. 89) enables enthusiastic employees nationwide to contribute to projects across corporate departments at the head office. Through these initiatives, we are fostering a united organization-wide approach to propel our DX strategy.

Global Synergies (Development of Global Labs)



Investment in and Cultivation of DX Talent

Development of the Data Science Hill Climb program for training data scientists internally and advancing the in-house development of AI through its graduates

Data Science Hill Climb → **In-house development of AI for analyzing and proposing phone call content**

Data Science Hill Climb:
- Conducting comprehensive training supervised by Professor Yutaka Matsuo of The University of Tokyo, totaling over 260 hours
- A program aimed at nurturing skilled data scientists
- Collaborating with three companies experienced in educating data science personnel: NABLAS Inc., ALBERT Inc., and SKILLUP AI, Ltd.

In-house development of AI for analyzing and proposing phone call content:
- Development by graduates of Data Science Hill Climb
- AI utilizing voice mining technology to analyze call content for accident response operations
- Significantly improves the quality of accident response tasks and greatly reduces record entry time

External Evaluation (DX Stock 2023)

Tokio Marine was again selected as a Digital Transformation Stock (DX Stock) in 2023 following on from our selection in fiscal 2022, marking the first time in the insurance industry to receive the honor two years in a row. This is in recognition of ongoing efforts in the digital domain and is a strong endorsement that empowers us to further accelerate our digital strategy.

Moving forward, we will maximize our intellectual property and further collaborate with external partners in order to boldly take on challenges focused on expanding our presence in the "pre- and post-incident" field.

DX銘柄2023
Digital Transformation

Our efforts to reduce accidents using digital technology and to develop embedded insurance were recognized with selection as a DX Stock 2023.

Evolve into a Company That Always Supports Its Customers

Disaster Prevention Consortium CORE: Working Group Initiatives

	Working group's subject
1	Extraction of infrastructure maintenance and management risks through the utilization of remote sensing
2	Disaster forecast to support an evacuation
3	Real time hazard maps
4	Speeding up damage surveys and rehabilitation / reconstruction by leveraging digital technology
5	All hazards risk assessment and its utilization for town development / disaster prevention measures
6	Research on a new disaster prevention information system and consideration of disaster prevention business by applying the system
7	Preventing disaster and maintaining functions at disaster base hospitals, etc. by utilizing timeline during a flood disaster
8	Considering a BCP for drug supply during a disaster from a regional perspective
9	Comprehensive resilience support services for buildings and the use of buildings
10	Information provision services for the maintenance of logistics functions and corporate business continuity during a water-related disaster

Purpose / content of initiative (examples)

[Working Group 4]
- Reduce the time to rebuilding livelihoods and victims' burden by making most of digital technology
- Focus on disaster prevention DX, such as "Increasing efficiency / saving manpower of damage surveys using sensors, satellite, etc." and "Simplification of various application/review through public-private information collaboration / PUSH type services"

[Working Group 6]
- Research and development of livelihood rebuilding support services for evacuees at home during a disaster
- Study a new disaster prevention information system, which links customers to service companies, and aim to achieve "a private sector partnership disaster prevention," which complements public disaster prevention

[Working Group 7]
- Establish a method for devising an evidence-based, effective timeline disaster prevention plan, which is helpful in maintaining medical functions during a disaster
- Share information among various organizations engaged in disaster medical care, and aim to build mechanisms and digital foundations that enable smoother collaboration

Examples of Partner Platform Utilization and Integration into Products

Launch of Tokio Marine X

Establish a digital small-amount short-term insurance company focusing on embedded insurance
Form alliances with a broad range of business partners and provide a bundled white label type, fully digitalized insurance, system, and marketing method

Launch the first fully digitalized product through collaboration with Lawson (since March 2023)

- Jointly with Lawson, provide "motorcycle theft insurance," a fully digitalized insurance designed for motorcycle users

Collaboration with bolttech Holdings Limited

Utilize a fully digitalized innovative platform for buying insurance
Leverage the bolttech digital platform enabling quick and flexible customization to build a new fully digitalized process for buying insurance

Deploy embedded insurance using the bolttech platform (since March 2023)

- Utilize the bolttech platform that has been applied in 30 countries globally and has already produced successful results in Asia to accelerate deployment

Collaboration with Finatext Ltd.

Leverage a SaaS-type core insurance system
Use "Inspire," a SaaS-type system infrastructure provided by Finatext to build a new fully digitalized process for buying insurance

Provide Embedded Insurance to GA Technologies Co., Ltd.'s real estate platform (since May 2023)

- Provide fire insurance embedded in real estate on "RENOSY," an online marketplace for investment property

Reform of Internal Business Processes

Domestic Initiatives

Rigorously reduce internal administration work through the thorough use of digital technology

Efficient contract procedures
- Have 80% use the online bank transfer system that started in 2021
- Introduce Smart Share Box for digital uploading and cloud storage of contract documents (since October 2022)
- Introduce electronic signatures for corporate contracts (since October 2022)

Automate insurance payout process
- Roll out a fully automated system (STP) to all branches covering from initial procedures to insurance payouts online (since August 2022)
- Detect misconduct using AI and improve digital tool functionality (since August 2022)
- Start trial of AI chatbot aiming for impact during the next MTP (June 2023～)

Overseas Initiatives

Top-line initiatives (growth and increased efficiency for underwriting)

Asia

Initiative
- Alliance with InsurTech company bolttech, etc.

Impact
- Acquire expertise and technology in the embedded insurance area, which has significant room for growth
- Expand sales through collaboration with platformers that have a customer sales network

Brazil

Initiative
- Develop and provide "Super APP" that links with systems provided by other industries

Impact
- Enhance the customer base by offering various value-added services including app-based contract procedures, management, customer services, and special offers for using services provided by other industries

United Kingdom/United States

Initiative
- Introduce a system that automatically reads necessary information from paper and PDF format broker documents for a more efficient underwriting process

Impact
- Reduce costs for underwriting department
- Reduce errors from manual operation and promote appropriate underwriting

Bottom-line initiatives (improve loss ratio/reduce administration costs)

United States

Initiative (1)
- Distribute various sensors free of charge to utilize IoT and telematics technology, etc.

Impact
- Improve the loss ratio by preventing accidents and reducing losses

Initiative (2)
- Use AI in disability insurance to automate claim adjustments

Impact
- Reduce costs for the claims department
- Improve the loss ratio by applying resources created to support an early return to work for the insured

Initiative (3)
- Accelerate reduction in administration by combining automation technologies, including robotic process automation (RPA), with outsourcing

Impact
- Reduce costs for the entire company
- Utilize resources created to expand sales

Directors and Audit & Supervisory Board Members

Directors

01 Chairman of the Board
Tsuyoshi Nagano

02 Representative Director and President & Group CEO
Satoru Komiya

03 Representative Director and Senior Managing Director
Kenji Okada

04 Senior Managing Director
Yoichi Moriwaki

05 Representative Director and Senior Managing Director
Kichiichiro Yamamoto

06 Managing Director
Yoshinori Ishii

07 Managing Director
Kiyoshi Wada

08 Director
Shinichi Hirose

09 Outside Director
Takashi Mitachi

10 Outside Director
Nobuhiro Endo

11 Outside Director
Shinya Katanozaka

12 Outside Director
Emi Osono

13 Outside Director
Kosei Shindo

14 Outside Director
Robert Alan Feldman

15 Outside Director
Haruka Matsuyama

Audit & Supervisory Board Members

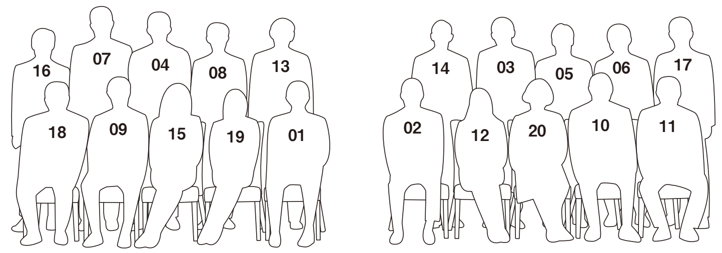
16 Audit & Supervisory Board Member (Full-Time)
Hirokazu Fujita

17 Audit & Supervisory Board Member (Full-Time)
Takayuki Yuasa

18 Outside Audit & Supervisory Board Member
Akihiro Wani

19 Outside Audit & Supervisory Board Member
Nana Otsuki

20 Outside Audit & Supervisory Board Member
Junko Shimizu



Board of Directors' Contribution to Key Issues and Challenges for Further Enhancement of Corporate Value

Corporate Governance Dialogue

with the Chairman of the Board, Chairman of the Nomination Committee, and Chairman of the Compensation Committee

Tsuyoshi Nagano
Chairman of the Board

Shinya Katanozaka
Outside Director
Chairman of the Nomination Committee

Nobuhiro Endo
Outside Director
Chairman of the Compensation Committee

The three directors who support the corporate governance of the Tokio Marine Group gathered together to give their opinions on the Board of Directors' contribution to recent key issues and challenges for further enhancement of corporate value.

Board of Directors' Contribution to Key Issues

The COVID-19 losses in Taiwan were a key issue in fiscal 2022. What was the discussion in the Board of Directors?

Secretariat: The COVID-19 losses at the Tokio Marine Taiwanese joint venture announced in August 2022 came as a major surprise. Initially, there were critical voices from the capital markets, asking if it was really necessary to respond to the capital increase and if there would be similar problems at other small, medium, and minor entities. In this context, the capital markets show a strong interest in the content of discussions by the Board of Directors.

Nagano: First of all, as Chairman of the Board, I would like to apologize for causing concern to the people of the capital markets regarding this matter. As explained by our executives so far, this event occurred due to the change in Taiwan from a zero COVID-19 policy to a coexisting with COVID-19 policy and impacted the whole of the Taiwanese market. However, the loss based on the Tokio Marine equity was about 100 billion yen, and I take it seriously as management because of its scale.

Katanozaka: I took the stage at the IR conference in May 2023, where I received questions directly from an analyst about this issue. I answered the question of why the Board of Directors of the Company decided to increase the capital when Tokio Marine, which was a minority at the time, was not legally obligated to cover the excess liabilities as follows.

- With regard to the portion of the capital increase to be allocated to the payment of claims, the Board of Directors believes that it is the insurer's responsibility to pay the claims and bear an appropriate burden for that purpose, and made its decision in consideration of its global reputation.
- With regard to the portion to capture future growth in the Taiwanese market, based on detailed figures and facts, we discussed the future of the Taiwanese market and the growth strategies of the Taiwanese joint venture, and evaluated that the economic rationale was comparable to other M&A deals that Tokio Marine has implemented to date.

Nagano: A total of five Board of Directors meetings were held to fully share information and discuss this matter. We spent a lot of time not only on the decision concerning the capital increase that Mr. Katanozaka explained, but also on identifying the true cause of the situation and on the growth strategy of the Taiwanese joint venture and strengthening our Group-level structure based on the true cause. Outside Directors and outside Audit & Supervisory Board members pointed out many things and gave very useful advice from various angles ranging from management of overseas subsidiaries to geopolitical risks.

This is something I always try to do, and I want to be open to Outside Directors and outside Audit & Supervisory Board members, even regarding embarrassing topics, and to engage in candid discussions. By putting this into practice, I think we were able to make the right management decisions, from identifying the true cause of the problem, to increasing our capital and acquiring a major share, and then to formulating measures to strengthen our management structure.

Endo: When a problem arises, as in this case, it is easy to get caught up in the idea of solidifying local top management with people from the headquarters side. While this does not negate the value of having members of the headquarters on the ground, including more sophisticated risk controls and better reporting to headquarters, it is important to understand that local people will always be needed to fully understand the local context and possibly to engage in tough negotiations with stakeholders.

In that regard, after Tokio Marine acquired a major share, it dispatched the Chairperson of the Board as well as an expert in risk control from Tokyo as a CRO as a matter of course, but it appointed as the President a local person who was familiar with the local insurance market. I think that was the right decision.

In addition, market events such as infectious diseases and natural catastrophes can occur anywhere in the world, and from the perspective of taking advantage of the lessons learned this time, it is also worthy of praise that initiatives to advance ERM management at small, medium, and minor entities (see p. 125) are accelerating on a global basis.

Katanozaka: I offered the advice that to strengthen our cultural fit with local partner companies, it is important to have closer communication with top management and to reform the workplace culture. Under the Tokio Marine Group Purpose, front-line workers and top management, as well as the partner company and Tokio Marine, need to forge stronger ties and turn problems into opportunities.

I think it was very positive for the future that Mr. Komiya, the CEO, visited the site in person and deepened communication with the top management of the partner company.

Nagano: As you said, I think it is really important to continue our efforts to spread our corporate culture, even at our small, medium, and minor entities.

Katanozaka: I also raised a few other questions and issues. For example, in Asian regions where various issues such as politics and ethnicity are interwoven, it is essential to improve a wide range of intelligence that goes beyond areas directly related to Tokio Marine operations.

Endo: I agree, and to continuously develop the Taiwanese joint venture in the future, we need to evolve so that we can firmly grasp changes that are difficult to predict, such as changes in COVID-19 policy, and build a strategy based on that.

Nagano: I would like to thank the Outside Directors and outside Audit & Supervisory Board members again for their advice and judgment on this matter from a high-level perspective. But what's really important is the execution phase. We will make steady efforts toward the sustainable growth of the Taiwanese joint venture, including reforming our corporate culture and enhancing our intelligence. We hope that Outside Directors and outside Audit & Supervisory Board members will continue to make fact-based judgments while receiving status reports from the executive officers.

Tsuyoshi Nagano

Tokio Marine announced in May 2023 that it would accelerate the sale of business-related equities. What was discussed by the Board of Directors?

Secretariat: Even before the establishment of the Corporate Governance Code, Tokio Marine had positioned the reduction of business-related equities as an important management task and has been promoting the sale of business-related equities for the 20 years from fiscal 2002. In May 2022, the policy was revised, and it was announced that they would continue to be sold. Subsequently, we announced in November 2022 that we would accelerate the pace of the sale, and in May 2023 that we would front-load the acceleration (600 billion yen or more over the four years from fiscal 2023 to fiscal 2026). These initiatives have been well received by the capital markets.

On the other hand, there are various opinions on business-related equities. For example, some shareholders are opposed to the appointment of the top management when the amount of business-related equity exceeds a certain level of net assets. Please tell us about the "Evaluation of Tokio Marine's Stance and Initiatives for the reduction of business-related equities" and "Discussions by the Board of Directors."

Katanozaka: As the secretariat explained, Tokio Marine has taken a series of measures to meet the expectations of investors regarding the sale of business-related equities. All directors unanimously agree with this policy and direction. Tokio Marine also owns shares in ANA Holdings, of which I am Chairman, and I myself believe that accelerating sales is the right direction, and of course shares of ANA are no exception.

The Board of Directors discussed not only the pros and cons of the revision of the Guidelines, but also the feasibility of accelerating sales. Specifically, what impact the new policies would have on our client companies, what kind of message would be appropriate to negotiate reductions without damaging our business relationship, and would the sales departments involved in sales negotiations face considerable difficulties were discussed.

Outside Directors and outside Audit & Supervisory Board members are usually strict, but I was a little surprised at the fact that they made a lot of comments on the executive side, ha ha.

Endo: I was one of them, ha ha. The most important thing in business is the balance among stakeholders. While reduction is a major premise, for customers who are concerned about the impact on the stock price, we should listen to their requests as carefully as possible, such as to proceed with the sale within a time frame and try to respond accordingly.

Nagano: When I was CEO, I remember being told in a dialogue with investors that they decide whether to take equity risks from other companies, so they wanted us to take risks in our core business. We cannot deny the views of our customers we heard from Mr. Endo or the views of those investors. As Mr. Endo pointed out, we must listen carefully to the opinions of our stakeholders and continue to engage in careful dialogue with them as we move steadily forward with sales.

Katanozaka: At an in-house meeting in October 2022, the directors in charge expressed gratitude to the sales department managers who were responsible for day-to-day operations, including sales negotiations. I think it's tough on the front line,

Shinya Katanozaka

but I think they can work with a sense of security that they have approval from the executives.

Endo: Another important aspect of the sale of business-related equities is the question of how to use the capital and funds generated from the sale.

Nagano: It has been discussed many times in Board of Directors' meetings and strategy discussions. You are exactly right. To date, Tokio Marine has used the capital and funds generated through the sale of business-related equities in overseas M&A, and we have realized global risk diversification and sustainable profit growth by shifting equity risk to overseas insurance risk, which has a low correlation with domestic non-life insurance. Although it goes without saying that overseas M&A will continue to be one of the candidates for the use of capital and funds in the future, in addition to this, we will further diversify risk and achieve sustainable profit growth by making greater use of our human and intellectual capital and more capital-efficient fee businesses that contribute to the realization of our Purpose, such as disaster prevention and mitigation. As a result, we will increase returns to our customers and shareholders.

At Tokio Marine, we believe it is our management responsibility to continue to demonstrate to our stakeholders that we will do what needs to be done to improve Tokio Marine's corporate value and that we will follow the right path.

In the era of VUCA, what are the challenges for Tokio Marine, as a global company, to further increase corporate value?

Secretariat: With our Purpose as our starting point, Tokio Marine has been able to solve social issues and increase corporate value as a result. Although these strategies will not change in the future, please tell us your thoughts on what Tokio Marine, as a global company, needs to do to further increase its corporate value in an era when social issues are expanding and becoming increasingly complex.

Katanozaka: Steady progress has been made in global risk diversification (see pp. 27–29), one of the strengths of Tokio Marine. As Mr. Nagano mentioned earlier, by expanding both our domestic and international businesses, which have a low correlation with each other, we have increased the diversification effect from 30% in fiscal 2013 to 47% in 10 years. In the unprofitable domestic fire insurance markets, we have been able to implement comprehensive measures over the past four years, including rate increases, product revisions, and reinsurance cycle management. Even amid the materialization of unexpected risks such as natural catastrophes and COVID-19, I think there has been sufficient speed in responding to risks to Tokio Marine.

On that basis, if I were to raise one issue, it would be the issue of residential fire insurance in the United States. An increasing number of insurance companies are withdrawing from California, where wildfires are growing in scale. We also hear that the number of so-called "insurance refugees" who cannot get insurance as a result of soaring insurance premiums is increasing in Florida, where hurricane damage is worsening.

Nagano: Insurance serves as "social infrastructure." However, if the economic value of an insurance company is damaged, it will not be able to run its business, and as a result, it will not be able to fulfill its role as "social infrastructure." In this era of VUCA, we are confronted with the difficulty of balancing the "social value" and "economic value" of insurance companies.

Endo: This is a very difficult problem, but I think one solution lies in data. VUCA is a result of being unable to see the future, so if you can use the power of "data" to figure out the true cause, you can see the future. This ability to see ahead is the method to escape from VUCA. At the end of the day, the insurance business is a human business. Of course, the situation differs depending on the country or region, but there must be many things in common across the world. Accordingly, I would like to see Tokio Marine further strengthen its systems and capabilities to accumulate and analyze information on a global basis, including industry-academia collaboration, and continue to protect our customers and society in times of need on a global basis.

In addition to strengthening our core insurance business, Tokio Marine plans to expand its business into preparation and recovery areas such as preventing and mitigating disasters, preventing disease, and promoting early recovery and preventing recurrence. I believe that data will be a key success factor in these areas as well.

Nagano: That's right. To achieve our Purpose, Tokio Marine is looking to go beyond the framework of traditional insurers and into the preparation and recovery of insured events, but this is unknown territory that no insurer in the world has touched. To create new value, in addition to the data mentioned by Mr. Endo, we believe that diversity of human resources is essential. I am aware that one of the most important issues for the future is how to match Tokio Marine's strategies with human resources strategy.

Endo: To create innovation, it is essential to accept a variety of differences, such as age, gender, nationality, and the presence or absence of disabilities, to discuss, and to make use of the diversity of discussions. To take full advantage of this diversity, I think we should put even more effort into building a corporate culture that respects individual independence and a personnel system that values that.

Katanozaka: By individual independence we mean someone focused who can say "no" to the company or the president. What kind of employee were you, Mr. Nagano?

Nagano: Now that you mention it, I might have been a little like that. When we acquired PHLY of the United States in 2008, I was unofficially told by Mr. Sumi, the president at the time, to oversee this deal as the director in charge of corporate planning. At the time, I said that in the middle of the subprime crisis, a deal worth 500 billion yen was risky, and it was time to solidify our position. In the end, I was persuaded by him to focus on PMI with an emphasis on cultural fit so that I could fulfill my roles. And you know the results of the acquisition. It was the second successful large-scale M&A after TMK.

Endo: If you look at the results alone, you might say, "Mr. Sumi was right," but the important thing in this discussion is whether there is an environment in which individuals can say what they think to anyone, even the president. In other words, to make the most of diversity, it is important to have a culture that allows for failures and mistakes. I want to leave big and difficult work where people expect mistakes to young people, more and more, and I want them to firmly inherit a "focus" like Mr. Nagano.

Nagano: I believe that the essence of global management lies in diversity and culture.

First, we must create new value by incorporating diversity into our business. For example, in fiscal 2022, two top executives of acquired companies were newly appointed as Executive Vice Presidents and asked to participate and play active roles at the Group level. They and the Japanese C-suite led by the CEO, Mr. Komiya, discuss priority issues of the entire Group about twice a week.

However, the more diversity you incorporate, the more difficult it is to determine the direction in which the members are heading.

Therefore, through the spread of culture, we can unite various members as a team.

Tokio Marine's global integrated group management (see pp. 30–33) is now in its eighth year, and we believe it has evolved into the best for Tokio Marine. However, I hope that Tokio Marine will continue to evolve agilely in line with the changes of the times and the direction it is heading.

Nagano: The Company's Board of Directors and Audit & Supervisory Board were reorganized in July 2023. With the addition of three outside directors, including one foreign director, and one outside Audit & Supervisory Board member, the Company now has a total of 20 officers, half of which are internal officers and half external. Mr. Katanozaka is the chairman of the Nomination Committee, and Mr. Endo is the chairman of the Compensation Committee.

As I have mentioned, in the era of VUCA, of course, the content of the discussions by the Board of Directors will change from time to time, but the roles of the Board of Directors in Tokio Marine have not changed at all.

As a spokesperson for stakeholders, the Board of Directors is the last stronghold to answer the questions of if Tokio Marine will solve social issues through its corporate activities, and if the results will lead to sustainable improvements in corporate value, and whether Tokio Marine leads businesses and society to the future through the realization of its Purpose.

We have been and will continue to engage in substantial discussions toward the realization of our Purpose and the enhancement of corporate value.

Secretariat: Thank you for taking time out of your busy schedule today.

Nobuhiro Endo

Nobuhiro Endo

After joining NEC Corporation, Nobuhiro Endo served as General Manager of the Mobile and Wireless Operations Division, President (Representative Director), and Chairman of the Board. He is currently Executive Advisor of NEC Corporation. He has held his position as a director at Tokio Marine Holdings since June 2019.

Tsuyoshi Nagano

After joining Tokio Marine, Tsuyoshi Nagano was engaged mainly in domestic and overseas sales, corporate planning, and product planning operations. He subsequently serves as CEO of Tokio Marine and Tokio Marine Holdings, and as Chairman of Board.

Shinya Katanozaka

After joining ALL NIPPON AIRWAYS CO., LTD., Shinya Katanozaka served as General Manager of the Human Resources Department, President and Representative Director of ANA HOLDINGS INC., and currently serves as Chairman and Representative Director of the said company. He has held his position as a director at Tokio Marine Holdings since June 2020.

Corporate Governance

A Hybrid Governance Structure That Combines Management and Monitoring Functions

The corporate governance system of the Company is designed as a hybrid structure whereby the Nomination Committee and the Compensation Committee are established in addition to the structure of a company with an Audit & Supervisory Board.

As an insurance holding company, the Company determines significant business execution by resolution of the Board of Directors and emphasizes making high-quality decisions that reflect the insight of Outside Directors and outside Audit & Supervisory Board members.

Moreover, to increase the monitoring function of the Board of Directors, the rate of outside directors should generally exceed 1/3, with 47% currently being outside directors. Furthermore, the Nomination Committee and the Compensation Committee, which ensure transparency in the process of determining the nomination and remuneration of Directors, consist of a majority of outside officers and are both chaired by an outside officer.

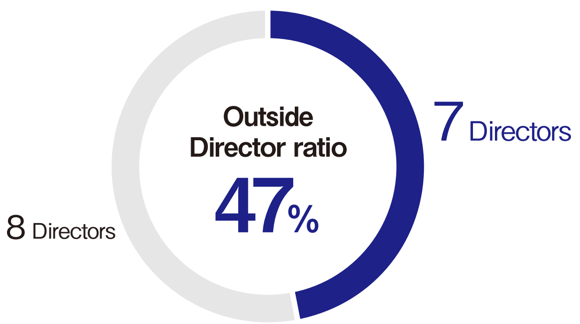
Since its founding in 2002, the Company has worked to improve its corporate governance. In this way, we have determined that the current system, which emphasizes management functions while also ensuring monitoring functions, is optimal at this point in time.

However, we also believe that we must be in constant pursuit of the most optimal solutions to improve monitoring functions, including ways of institutional designing, increasing the number of non-Japanese directors, and increasing the ratio of outside directors and female directors.

Corporate Governance System

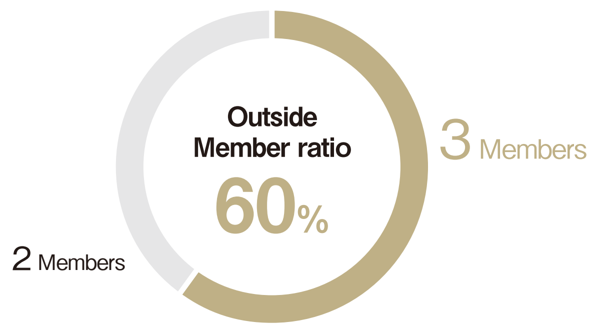
Board of Directors

- Determines significant business execution, supervises Director performance



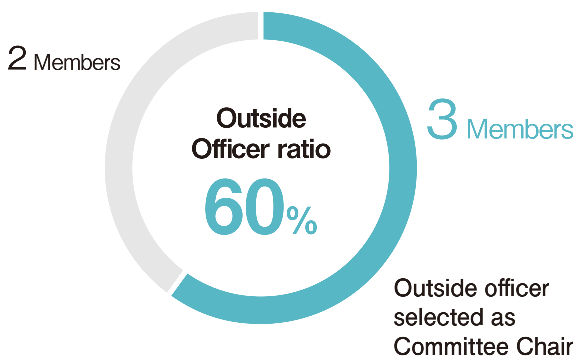
Audit & Supervisory Board

- Audits Director performance



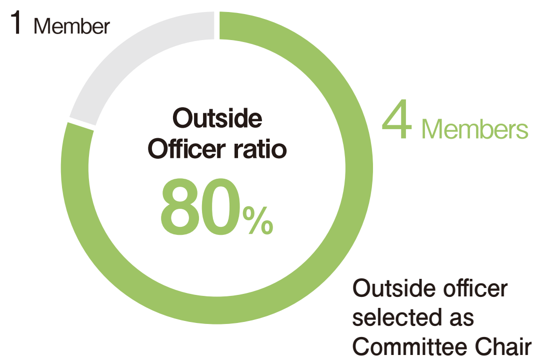
Nomination Committee

- Deliberates appointment and dismissal of CEO, Directors, and Audit & Supervisory Board Members; reports to the Board of Directors
- Deliberates CEO successor plan and supervises the development of successor candidates



Compensation Committee

- Deliberates policies related to Director and Executive Officer performance evaluations, compensation systems and levels, and determination of officer compensation; reports to the Board of Directors



Record of Measures to Strengthen Corporate Governance

	FY2002	FY2004	FY2005	FY2011	FY2013	FY2015	FY2016	FY2017	FY2018	FY2019	FY2021	FY2022	FY2023
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 the Board of Directors (surveys administered to all Directors and Audit & Supervisory Board Members) commenced								November The first evaluations of effectiveness of the Board of Directors by a third-party organization	
Membership: Outside Directors	3						June 4			June Ratio of Outside Directors raised to one-third			June First non-Japanese Outside Director appointed
Membership: Outside Audit & Supervisory Board Members	2	3 (decreased in fiscal 2005)											
Membership: Non-Japanese Executive Officers					June First non-Japanese Executive Officer appointed		August 4	June 6	April 5	April 6 June 5		April 6	April 7
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	July Stock ownership plan introduced	July Non-financial indicators added to performance-linked bonuses	

Diversity in the members of the Board of Directors and Audit & Supervisory Board is accelerating.

	Fiscal 2022	Fiscal 2023
Ratio of Outside Directors and Outside Audit & Supervisory Board Members (compared with July 1, 2022)	47% (9 out of 19)	50% (10 out of 20)
Ratio of Female Directors and Audit & Supervisory Board Members (compared with July 1, 2022)	16% (3 out of 19)	20% (4 out of 20)
Ratio of Non-Japanese Directors and Audit & Supervisory Board Members (compared with July 1, 2022)	0% (0 out of 19)	5% (1 out of 20)

Skills of Directors and Audit & Supervisory Board Members

Tokio Marine Group is conducting business globally as an insurance group. As part of that, the Company, as the insurance holding company taking charge of the Group, is building highly sound and transparent corporate governance and internal control as well as administering Group companies as appropriate. The Board of Directors in this company with an Audit & Supervisory Board makes important business decisions as well as supervises the work of the directors.

For the Board of Directors to properly fulfill its role, the board needs to possess the necessary skills on the bases of the business content, business development, governance structure, and so forth of Tokio Marine Group. Moreover, the necessary skills will differ depending on changes in the business environment. To facilitate important business decisions and proper supervision in the Company, board members first need to deeply understand the business, which means having a thorough understanding of the "insurance business." Moreover, the basis of all decision-making is skills in "financial economics," "financial accounting and finance," "legal compliance," "human resources strategy," and "governance and risk management." Moreover, as the planet's environment and technological innovation have become issues for society, the importance of skills pertaining to "environment" and "technology" is growing as well.

In addition, Directors are expected to have skills relating to "internationality" and "business administration." Considering our global business reach, insights from global environmental awareness and business administration are extremely beneficial for Tokio Marine Group.

We also consider it preferable for the Audit & Supervisory Board members to have skills similar to those of the members of the Board of Directors, so that they can properly audit the work of the Board of Directors. Skills in "financial accounting and finance" are thought of as especially important.

Based on this direction, we appoint as outside directors not only four with business administration experience (of whom one has extensive experience as a business administration consultant) but also one with experience in scholarship, as an economist, and as a lawyer. Moreover, the outside directors also include a lawyer, an analyst, and an academic expert. Most of the outside directors have rich international experience. In this way, the Board of Directors and the Audit & Supervisory Board consist of members with diverse skills. Within the framework of the Board of Directors, etc., the outside directors provide advice about the management of the Company based on these skills. In addition, from a gender perspective, we have appointed two female directors and two female Audit & Supervisory Board members so that the ratio of female members of the Board of Directors and the Audit & Supervisory Board is 20%.

Name	Positions and key responsibilities		Skills and experience									
			Corporate Management	Finance & Economy	Accounting	Legal & Compliance	Environment	Human Resources Strategy	Governance & Risk Management	Technology	Internationality	Insurance Business
Tsuyoshi Nagano	Chairman of the Board		○	○					○		○	○
Satoru Komiya	President & Chief Executive Officer	Group CEO (Group Chief Executive Officer) Group CCO (Group Chief Culture Officer)	○	○				○			○	○
Kenji Okada	Senior Managing Director	Group CFO (Group Chief Financial Officer)		○	○	○			○		○	○
Yoichi Moriwaki	Senior Managing Director	Group CSO (Group Chief Strategy and Synergy Officer)		○	○		○	○		○		○
Kichiichiro Yamamoto	Senior Managing Director	Head of International Business Co-Head of International Business		○	○				○		○	○
Yoshinori Ishii	Managing Director	Group CLCO (Group Chief Legal and Compliance Officer)				○		○	○			○
Kiyoshi Wada	Managing Director	Group COO (Group Chief Operating Officer) Group CSUO (Group Chief Sustainability Officer)		○	○		○				○	○
Shinichi Hirose	Director		○	○				○				○
Takashi Mitachi	Outside Director		○	○	○		○		○	○	○	
Nobuhiro Endo	Outside Director		○	○					○	○	○	
Shinya Katanozaka	Outside Director		○	○				○	○		○	
Emi Osono	Outside Director		○				○		○		○	
Kosei Shindo	Outside Director		○	○			○	○			○	
Robert Alan Feldman	Outside Director		○	○	○		○		○	○	○	
Haruka Matsuyama	Outside Director			○	○	○			○			
Hirokazu Fujita	Audit & Supervisory Board Member (full-time)			○	○				○		○	○
Takayuki Yuasa	Audit & Supervisory Board Member (full-time)		○	○	○	○			○			○
Akihiro Wani	Outside Audit & Supervisory Board Member			○	○	○			○		○	
Nana Otsuki	Outside Audit & Supervisory Board Member			○	○		○		○		○	
Junko Shimizu	Outside Audit & Supervisory Board Member			○	○		○		○		○	

Principal Activities

In order to build the Board of Directors for sustainable improvement of corporate value, we appoint Outside Directors in consideration of the overall skills composition of the Board of Directors and the balance of their terms in office, so that these Outside Directors can provide highly effective supervision and advice.

Name	Current term in office	Attendance at board meetings, etc.	Major activities including the remarks made at board meetings, etc.
Akio Mimura (outside director)	12 years and 9 months	He attended nine out of 10 meetings of the Board of Directors in fiscal 2022.	He has fulfilled his supervisory functions by presenting inquiries and remarks at the Board of Directors' meetings based on his insight as a specialist in business management acquired through many years of experience in a management role. In addition, as the chair of the Nomination Committee and the Compensation Committee, he has contributed to the fulfillment of supervisory functions through nominations, performance evaluations, and the establishment of an appropriate compensation system of directors, etc.
Masako Egawa (outside director)	7 years and 9 months	She attended all 10 meetings of the Board of Directors in fiscal 2022.	She has fulfilled her supervisory functions by presenting inquiries and remarks at the Board of Directors' meetings based on her insight into corporate management 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. In addition, as a member of the Nomination Committee and the Compensation Committee, she has also contributed to the fulfillment of supervisory functions through nominations, performance evaluations, and the establishment of an appropriate compensation system of directors, etc.
Takashi Mitachi (outside director)	5 years and 9 months	He attended all 10 meetings of the Board of Directors in fiscal 2022.	He has fulfilled his supervisory functions by presenting inquiries and remarks at the Board of Directors' meetings based on his insight as a specialist in business management acquired through many years of experience in a consulting firm and a management role. In addition, as a member of the Nomination Committee and the Compensation Committee, he has also contributed to the fulfillment of supervisory functions through nominations, performance evaluations, and the establishment of an appropriate compensation system of directors, etc.
Nobuhiro Endo (outside director)	3 years and 9 months	He attended all 10 meetings of the Board of Directors in fiscal 2022.	He has fulfilled his supervisory functions by presenting inquiries and remarks at the Board of Directors' meetings based on his insight as a specialist in business management acquired through many years of experience in a management role. In addition, as a member of the Nomination Committee and the Compensation Committee, he has also contributed to the fulfillment of supervisory functions through nominations, performance evaluations, and the establishment of an appropriate compensation system of directors, etc.
Shinya Katanozaka (outside director)	2 years and 9 months	He attended all 10 meetings of the Board of Directors in fiscal 2022.	He has fulfilled his supervisory functions by presenting inquiries and remarks at the Board of Directors' meetings based on his insight as a specialist in business management acquired through many years of experience in a management role. In addition, as a member of the Nomination Committee and the Compensation Committee, he has also contributed to the fulfillment of supervisory functions through nominations, performance evaluations, and the establishment of an appropriate compensation system of directors, etc.
Emi Osono (outside director)	1 year and 9 months	She attended all 10 meetings of the Board of Directors in fiscal 2022.	She has fulfilled her supervisory functions by presenting inquiries and remarks at the Board of Directors' meetings based on her insight into corporate management acquired through many years of research into corporate strategy, etc. In addition, as a member of the Nomination Committee and the Compensation Committee, she has also contributed to the fulfillment of supervisory functions through nominations, performance evaluations, and the establishment of an appropriate compensation system of directors, etc.
Akinari Horii (outside Audit & Supervisory Board member)	11 years and 9 months	He attended all 10 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board in fiscal 2022.	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)	8 years and 9 months	He attended all 10 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board in fiscal 2022.	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)	4 years and 9 months	She attended all 10 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board in fiscal 2022.	She has fulfilled her audit functions by presenting inquiries and remarks based on her insight which was acquired through many years of experience as an analyst in financial institutions.

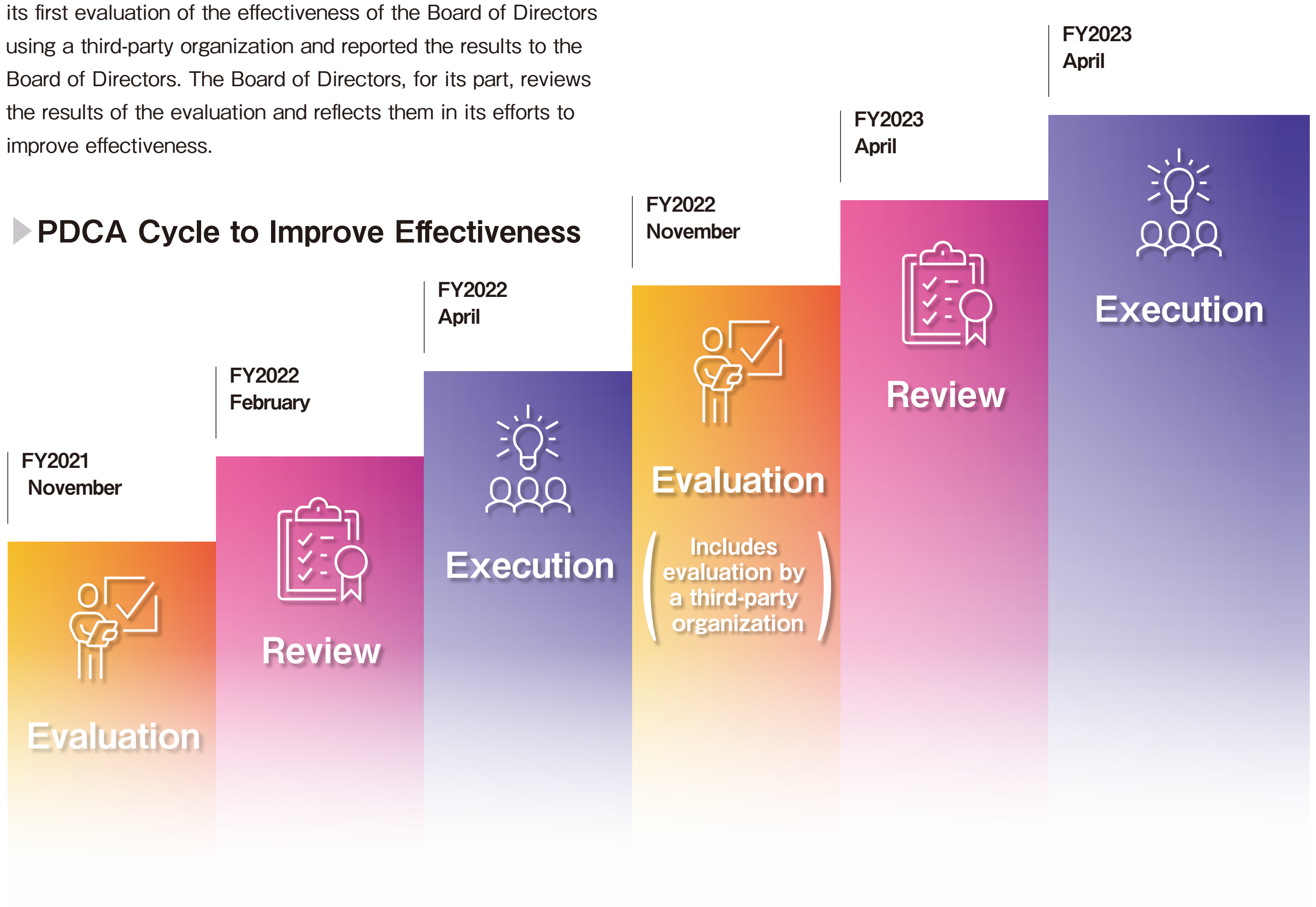
Note 1: As of March 31, 2023
2: Descriptions in the "Attendance at board meetings, etc." and "Major activities including the remarks made at board meetings, etc." include attendance at Audit & Supervisory Board meetings and major activities including the remarks made at Audit & Supervisory Board meetings of outside Audit & Supervisory Board members.
3: All 10 Board of Directors' meetings held during fiscal 2022 were ordinary meetings. All 10 Audit & Supervisory Board meetings held during fiscal 2022 were ordinary meetings.

Initiatives to Improve the Effectiveness of the Board of Directors

Method of Effectiveness Evaluations

Once a year, the Company evaluates the effectiveness of the Board of Directors covering all Directors and Audit & Supervisory Board members. In fiscal 2022, with the aim of further fulfilling the functions of the Board of Directors, the Company conducted its first evaluation of the effectiveness of the Board of Directors using a third-party organization and reported the results to the Board of Directors. The Board of Directors, for its part, reviews the results of the evaluation and reflects them in its efforts to improve effectiveness.

PDCA Cycle to Improve Effectiveness



Fiscal 2022 Evaluation method by a third-party organization

Period	November 2022 to January 2023
Target	All directors and auditors
Main contents	(1) Roles and functions of the Board of Directors (2) Response to the results of last year's evaluation of effectiveness (3) Composition, roles, and operation status of the Nomination Committee and the Compensation Committee (4) Support system for Outside Directors (5) Governance system of the Company and overall effectiveness of the Board of Directors (6) Self-evaluation of the functioning of the Board of Directors and Audit & Supervisory Board members

Fiscal 2022 Evaluation of Effectiveness and Fiscal 2023 Operation Policy

The Company has been conducting evaluations of effectiveness of the Board of Directors using surveys prepared in-house. However, with the aim of (1) avoiding complacency and (2) eliciting the true feelings of Outside Directors and outside Audit & Supervisory Board members, this year, we conducted an evaluation of effectiveness of the Board of Directors using a third-party organization. The third-party organization has evaluated that the Board of Directors and the Audit & Supervisory Board members appropriately fulfill their respective roles and functions, thereby ensuring the high effectiveness of the Board of Directors.

Fiscal 2022 evaluation of effectiveness and fiscal 2023 operation policy

(Report to the Board of Directors in April 2023)

(1) Overall evaluation

A third-party organization evaluated the Company's Board of Directors as an organization where many important management issues were discussed under appropriate agenda setting and management, with the chairperson, internal and outside Directors, and Audit & Supervisory Board members fulfilling their roles and functions appropriately. The Board of Directors also conducted a review of the evaluation results of the third-party organization and confirmed again that the functions of the Board of Directors had been fully demonstrated, as was the case with effectiveness evaluations results based on the in-house survey. The main review results of the Board of Directors are as follows.

- Free and open-minded discussions are taking place and governance functions well.
- Consider securing more discussion time and opportunities to discuss medium- to long-term strategies and directions and to enhance discussions to realize them.

(2) Main proposals from third-party organizations and future policies

(Proposal 1)
Although there are time constraints in the Board of Directors meetings, it is desirable to secure discussion time and opportunities for enhancing deliberations on medium- to long-term themes.
(Response 1)
Add Board of Directors meeting slots and work to secure time for discussions.

(Proposal 2)
It would be better to report the details of the discussions by the Nomination Committee and the Compensation Committee to the Board of Directors.
(Response 2)
After clarifying the content to be shared with the Board of Directors, we will work to enhance the content of reports to the Board of Directors.

(3) Operation policy for fiscal 2023

It is extremely important for the Board of Directors to fulfill its expected roles in enhancing corporate value. In order to further improve the effectiveness of the Board of Directors, we will steadily respond to the proposals from the third-party organization and continue to study this matter.

Leveraging Outside Officers' Expertise

When discussing and formulating business strategies for sustainable corporate growth and corporate value improvement over the medium to long term, the Company seeks to make the most of insights from outside directors and Audit & Supervisory Board members. It is for this purpose that the Board of Directors holds "Discussions on Corporate Strategy," which are discussions about themes such as the current management environment and management challenges. The themes are selected based on questionnaire responses from directors and Audit & Supervisory Board members as well as themes that come up at "independent officers' meetings."

The following themes were discussed in fiscal 2022, and similar discussions will be held in fiscal 2023.

The Company also holds one meeting a year that is attended by independent officers only. It is entirely conducted by independent officers, including establishing agenda items. Opinions are exchanged objectively and from broad perspectives. In fiscal 2022, discussions were held on corporate culture, compliance, and other issues, with recommendations made based on these discussions.

"Discussions on Corporate Strategy" Themes

Fiscal Year	Themes
FY2022	(1) Direction of the formulation of the next Mid-Term Business Plan We back-casted from our medium- to long-term vision and discussed the changes in our operating environment and strategies based on them. (2) Domestic non-life insurance strategies We discussed the medium- to long-term impact of environmental changes on domestic non-life insurance businesses and the roles of each company based on these factors. (3) Human resource strategies We discussed what Tokio Marine Group values, the competencies of human resources we seek, and personnel strategies based on the management strategies. (4) Cybersecurity Discussions were held on the environment and the overall picture of issues and measures in the Tokio Marine Group related to cybersecurity. (5) Exchange of opinions with management of overseas subsidiary The CEO of Pure (United States) gave a presentation on his company's business conditions, etc., and we exchanged opinions by asking various questions.
FY2021	(1) Exchange opinions with overseas subsidiary heads CEOs from TMSR (Brazil) and TMHCC (US) gave presentations on the current state of their respective companies, exchanging opinions through a Q&A format. (2) Asia non-life insurance business strategies Held discussions on Asia non-life insurance business strategies with the participation of the Executive Officer in Charge of Asia and the CEO of our local subsidiary in Thailand. (3) Tokio Marine Group new business strategies Held discussions regarding risks and opportunities of new business.
FY2020	(1) The next Tokio Marine Group Mid-Term Business Plan; (2) exchanging opinions with overseas subsidiary heads; (3) Tokio Marine Group domestic life and non-life insurance business strategies; (4) Tokio Marine Group digital strategies; and (5) direction of human resource strategies
FY2019	(1) Tokio Marine Group CSR/Sustainability initiatives and SDGs; (2) exchanging opinions with overseas subsidiary heads; and (3) Tokio Marine Group digital strategies
FY2018	(1) Tokio Marine Group domestic life and non-life insurance business strategies; (2) direction of human resource strategies; (3) exchanging opinions with overseas subsidiary heads; and (4) Tokio Marine Group digital strategies

(Reference) Provision of Information to Outside Directors

- We held a meeting to exchange opinions between Outside Directors and mid-level employees.

Succession Management

Roles of the Nomination Committee

1. The Company shall establish the Nomination Committee 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) Appointment and dismissal of the President, Directors, Audit & Supervisory Board Members, and Executive Officers
   (2) Appointment requirements and dismissal policies for the President, Directors, Audit & Supervisory Board Members, and Executive Officers
3. The Nomination Committee shall deliberate on the succession plan for the President, and appropriately supervise the operation of the plan so that the development of successor candidates is carried out in a planned way.
4. The Nomination Committee shall specify the skills, etc., required of Directors and Audit & Supervisory Board Members and use that as a reference for deliberations on the appointment and dismissal under Paragraph (2), Item (1).

CEO Selection Criteria

- Having the qualities to lead the business to sustainable growth and medium- to long-term improvements in the corporate value of the Group
- Good understanding of the Company's business conditions
- Broad knowledge needed for corporate management
- Sufficient decision-making ability
- Properly exercising one's competencies as an officer, past achievements and experiences, personal character, etc.

Likewise, regarding the succession of others on the management team (including foreign national officers) who are not the CEO, discussions are held at talent management meetings where principal officers participate, while training plans and other matters are reported to the Nomination Committee.

In April 2023, the Group established TLI, a Group-wide global human resource development program to foster future management candidates (see pp. 30, 31 for details). In addition, specific training measures are implemented in a planned way so that the managerial capabilities of candidates are honed, for example, by dispatching them to external executive programs (training) where they study together with management from other companies.

Nomination Committee Members

The majority of the Nomination Committee consists of outside officers, and the Chairman is elected from the outside officers.

Chairman	Shinya Katanozaka	Outside Director
Members	Emi Osono	Outside Director
	Kosei Shindo	Outside Director
	Tsuyoshi Nagano	Chairman of the Board
	Satoru Komiya	President and CEO

The number of meetings differs by fiscal year; there were two in fiscal 2021 and two in fiscal 2022 with three planned in fiscal 2023. Moreover, all members attended all meetings of the Nomination Committee in fiscal 2022.

Overview of the Nomination Committee in Fiscal 2022

Fiscal Year	Themes
First meeting (October 19, 2022)	• Evolution of skill matrix utilization • Clarification of terms in office standards for Outside Officers • Improvement of ratio of females on the Board of Directors
Second meeting (January 23, 2023)	• Directors and executive officers, FY2023 • Succession planning and candidates for CEO

Appointment of Outside Directors

Diversity of the Board of Directors has become more important from the perspective of enhancing supervisory functions and in light of the further acceleration of the Company's global expansion. Based on this policy, in appointing new Outside Directors, the Company strives to diversify their skills, experience, and background, including their international nature, experience in corporate management, and deep knowledge of governance. At the same time, the composition of the members of the Board of Directors is designed to achieve an optimal balance.

Officer Compensation to Improve Corporate Value

Policy

The policy for determining compensation for officers is as follows:

- Ensure "transparency," "fairness," and "objectivity" regarding compensation for officers.
- The Board of Directors shall set the level of compensation for Directors and Executive Officers according to the responsibilities of each, after setting the standard amount for each position, taking into consideration factors such as the business performance of the Company and the level of compensation in other companies.
- Of the different types of compensation for Directors and Executive Officers, fixed compensation and performance-linked bonuses shall be paid monthly, while share compensation shall be delivered upon resignation.
- The Board of Directors shall determine the content of compensation for individual Directors and Executive Officers and other important matters concerning compensation for Directors, Audit & Supervisory Board Members, and Executive Officers. Decisions on any matter requiring consultations with the Compensation Committee shall be made after obtaining the opinions of the said Committee.

Determination Process

The Compensation Committee is an advisory body to the Board of Directors and, in fiscal 2023, consisted of five members (chaired by an Outside Director), including four Outside Directors.

Members of the Compensation Committee

Chairman	Nobuhiro Endo	Outside Director
Members	Takashi Mitachi	Outside Director
	Robert Alan Feldman	Outside Director
	Haruka Matsuyama	Outside Director
	Satoru Komiya	President and CEO

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, as well as the president of its principal business subsidiaries.
- The compensation system for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its principal business subsidiaries and the level of compensation for Directors (full-time) and Executive Officers of the Company and its principal business subsidiaries.
- Policy for determination of compensation for Directors, Audit & Supervisory Board Members, and Executive Officers

The number of meetings was three in fiscal 2021 and fiscal 2022, with three planned in fiscal 2023 as well. For fiscal 2022, all committee members attended all Compensation Committee meetings held during their term of office.

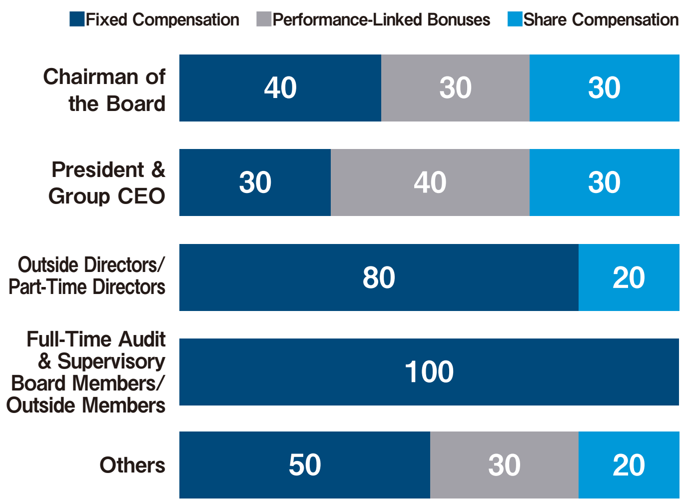
Overview of the Compensation Committee in Fiscal 2022

Fiscal Year	Theme
First meeting (May 20, 2022)	• Officer compensation systems and levels that apply in July 2022 or later • Discussion and reporting on corporate performance evaluation in fiscal 2021 • Discussion and reporting on individual performance evaluation in fiscal 2021 • CEO individual performance evaluation and briefing on task achievement progress in fiscal 2021
Second meeting (July 20, 2022)	• CEO individual performance evaluation and setting the first targets for the period
Third meeting (December 21, 2022)	• Officer compensation levels that apply in July 2023 or later (including validation) • Change in jobs subject to additional allowance based on responsibility • Non-financial indicators for officer compensation systems that apply in July 2023 or later

Compensation System for Directors and Auditors

The compensation structure for Directors and Audit & Supervisory Board Members consists of fixed compensation, performance-linked bonuses, and share compensation, and the proportions for each director's responsibilities are as follows:

Ratios of Compensation by Responsibility



(1) Performance-linked compensation

Performance-linked bonuses have been introduced to provide greater incentives to improve corporate value. Bonuses are linked to achievement levels for each of the Company's and the individual's targets. Evaluation is determined based on the previous fiscal year's performance, and monetary consideration is paid in reflection of this evaluation (bonuses are adjusted within a range of 0% to 200% based on the evaluation).

a. Individual targets: Set according to the responsibilities of each director (including ESG and medium- to long-term strategic targets*).
b. Company targets: Set based on financial indicators and non-financial indicators.

In fiscal 2023, we increased the proportion of non-financial indicators to 20%, with the aim of further promoting employee engagement and sustainability.

* Further globalizing and strengthening the functions of management, strengthening human resources and the organization, etc.

Targets and Results for Fiscal 2022

Item		Composition ratio	Targets	Results
Financial Indicators	Adjusted Net Income	55%	550 billion yen	444.1 billion yen
	Adjusted ROE	35%	12.5%	11.1%
Non-Financial Indicators	Employee engagement indicators	5%	Improvement in employee engagement scores	No major fluctuations (100%)
	Indicators relating to sustainability strategy	5%	Comprehensive evaluation of efforts in the fields listed as priority issues	Satisfactory results (100%)

Targets for Fiscal 2023

Item		Composition ratio	Targets
Financial Indicators	Adjusted Net Income	50%	670 billion yen
	Adjusted ROE	30%	17.1%
Non-Financial Indicators	Employee engagement indicators	10%	Improvement in employee engagement scores
	Indicators relating to sustainability strategy	10%	Comprehensive evaluation of efforts in the fields listed as priority issues

Reference: Officer compensation to promote ESG initiatives

For Tokio Marine Group, our initiatives for sustainability and ESG are part of our business aims themselves. It is our belief that we can realize sustainable growth for the Company as a result of solving social issues through our business.

To further advance our ESG initiatives, for example, in officer compensation governance, the Compensation Committee has continuously discussed whether to have compensation reflect performance in ESG initiatives, based on the thinking that the degree to which initiatives are accomplished ought to serve as incentives.

As a result, while we have had a system where appropriate incentives applied to officers by setting targets for their individual performance linked to their officer compensation, from fiscal 2022 we are introducing "employee engagement indicators" and "sustainability indicators" as KPIs to determine corporate performance compensation, thereby creating a system that reflects compensation linked with performance.

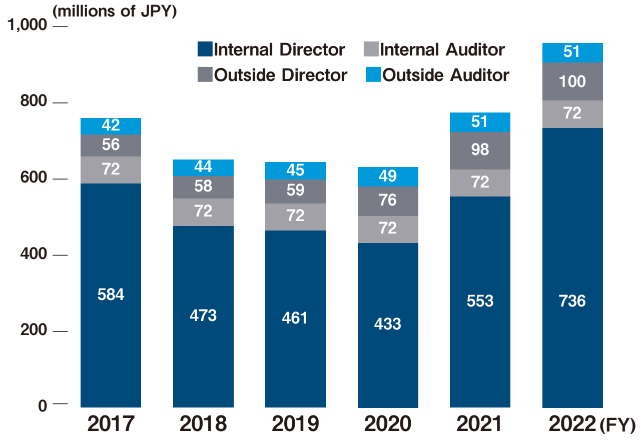
In the future, we will aim to continuously raise the level and realize high and consistent incentive accountability based on new developments in internal discussions about sustainability strategies and trends in the maturation and establishment of ways to evaluate non-financial indicators in the market.

(2) Stock-based compensation

Share compensation has been introduced with the aim of allowing shareholders and directors to share the returns from stock price movements on the same ship and constitutes more than 20% of Director compensation.

Amount of Compensation

The Compensation of Directors and Auditors is as follows:

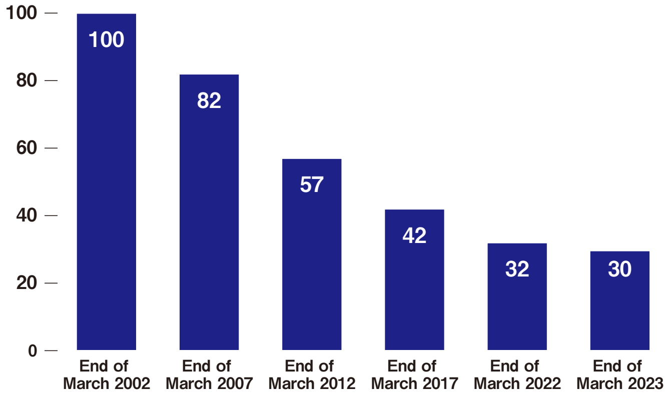


Reduction of Business-Related Equities

Efforts to Reduce Total Volume

We commenced efforts to reduce our business-related equities since 2002, long before the Corporate Governance Code was made public. A total of 2.5 trillion yen worth of business-related equities (based on the market value at the time of sale) have been sold, and their book value reduced by 70% (compared with March 31, 2002).

Trends in Book Value of Business-Related Equities (TMNF)*1



*1: Indexed to the end of March 2002 as 100

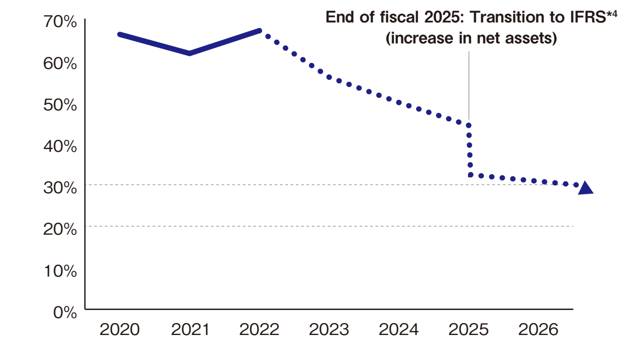
Under the current Mid-Term Business Plan, we had set a goal of sales of at least 100 billion yen annually. In May 2022, we revised our Fundamental Corporate Governance Policy and declared that we would continue to sell. Subsequently, we announced in November 2022 that we would accelerate the pace of sales*2, and in May 2023 that we would further accelerate it (by 600 billion yen or more over the four years from fiscal 2023 to 2026). As a result, the ratio to net assets under IFRS is expected to be around 30% by the end of fiscal 2026. Since we will continue to sell beyond that point, the ratio to net assets of 20% is just a "milestone."

*2: At the IR conference held in November 2022, the Company explained that it would consider accelerating the divestment to 120-150 billion yen in fiscal 2023 and to about 1.5 times the current level from fiscal 2024.

Content of Revisions to Fundamental Corporate Governance Policy

Before Revision	(Policy relating to business-related equity holdings) Article 3 Business-related equities are implemented by a portion of the Company's business subsidiaries (companies at which the Company directly holds a majority of voting rights. The same shall apply hereinafter.) with the intent of strengthening transaction relationships, and held with the intent to improve the corporate value of the Group. However, the Company will continue to improve its capital to items that are not easily affected by fluctuations in share price, and from the viewpoint of improving capital efficiency, continue to work to reduce the total amount.
After Revision	(Policy on business-related equity holdings) Article 3 The Company will review the Group's risk portfolio and reduce the amount of equities it holds as business-related equities in order to redirect capital toward areas such as resolving social issues and growing business fields.

Ratio of Holdings to Net Assets*3

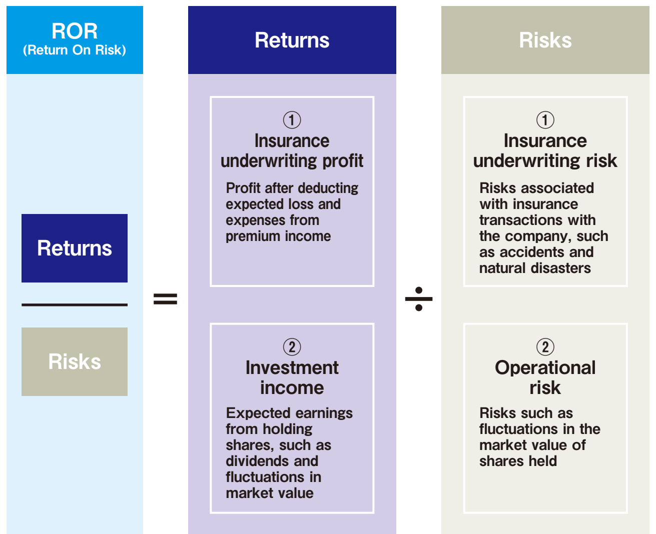


*3: Net assets for fiscal 2023 and after are estimates for each fiscal year
*4: Scheduled for disclosure in May 2026

At meetings of its Board of Directors, the Company verifies the risk and returns associated with holding such shares on an individual basis, as well as the portfolio as a whole, and, confirms the economic rationality of holding the business-related equities. The economic rationality is determined by comparing the ROR (Return on Risk)*5 calculated from risks and returns of both insurance transactions and equity investments to the Company's cost of capital.

At the meeting of its Board of Directors held in October 2022, the Company reviewed the economic rationality as of the end of March 2022, and confirmed that the ROR of the whole portfolio is above the cost of capital. As for respective companies with an ROR less than the cost of capital, the Company works to improve returns from these companies through discussion regarding their business policies, and improvement and new proposals of their insurance programs.

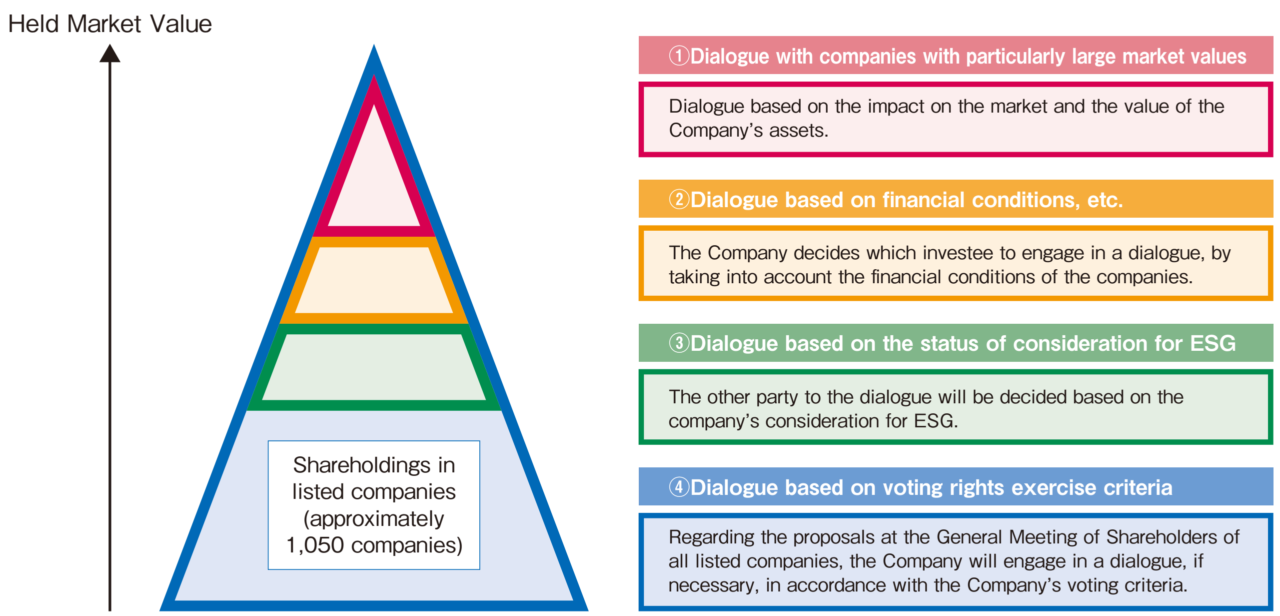
*5: ROR (Return on Risk) is an indicator calculated by dividing insurance underwriting profit and dividends, etc., obtained from the owned corporate group concerned by the calculated amount of risk relating to insurance underwriting and stock price fluctuations calculated based on the Company's risk management risk model.



Dialogue Based on the Stewardship Code

Throughout the year, the Tokio Marine Group holds four types of dialogues: dialogues with companies with particularly large market values; dialogues based on financial conditions, etc.; dialogues based on the status of consideration for ESG; and, in the process of scrutinizing proposals for general meetings of shareholders of the companies in which the Company invests, dialogues based on voting rights exercise criteria.

Overview



Examples of Dialogues with Investees

	Content of the Dialogue	Responses of Investees
E	• We asked a leading company that is committed to achieving carbon neutrality by 2030 about its concrete initiatives and progress.	• We received a response that in terms of specific initiatives, in the short term, the company is steadily expanding the use of renewable energy and switching power generation facilities to LNG. In addition, in the long term, carbon offsets are being considered. • Subsequently, it was announced that 100% of the electricity used at major manufacturing sites in Japan had been converted to renewable energy.
E	• We confirmed internal initiatives and future policies on CO_2 reduction for a company with little disclosure on information related to ESG activities.	• We received a response to the effect that the company has been promoting CO_2 reduction by setting up a promotion organization within the company, but the company is aware that from now on, it is necessary to make efforts not only within this organization but also across the company. • In the Mid-Term Business Plan, which was subsequently announced, specific policies for initiatives such as the renewal of sustainable energy-saving facilities and the use of renewable energies were presented.
S	• For a company that has expressed their commitment to fair business practices in the supply chain, we confirmed the details of their specific initiatives.	• We received a response to the effect that the company would formulate CSR Procurement Guidelines that take into consideration the human rights of workers involved in the supply chain and seek cooperation from suppliers. • Subsequently, the company announced its participation in the world's largest federation of companies promoting social responsibility in global supply chains.
G	• We asked a company listed on the Prime Market that has an Independent Outside Director ratio of less than 1/3 about its future responses.	• We received a response that the company is considering increasing the number of Outside Directors aiming for a ratio of 1/3 or more. • The number of outside directors was increased in a subsequent ordinary general meeting of shareholders to meet the Prime Market criteria.

For other dialogue case studies and results from the exercising of voting rights, please refer to the Overview of Stewardship Activities (Japanese only) https://www.tokiomarine-nichido.co.jp/company/about/policy/stewardship.html

Dialogue with Stakeholders

Fundamental Policy

The Company will strive to enhance trust by providing information to the capital markets 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 accurate 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 lead to the improvement of management itself and further enhance corporate value.

In April 2023, we established the Global Communications Department as an organization responsible for interdepartmental operations of IR, SR, and PR, with the aim of further strengthening dialogue with a wide range of stakeholders, including capital markets, shareholders, the media, and employees.

Dialogue with Investors

Dialogue with Institutional Investors

Organizing financial results conference calls, IR conferences, and theme-focused strategy conferences, the Company holds these both onsite and on the Internet (broadcast live across the globe) and is thereby engaging in dialogue with shareholders and investors around the world.

At the IR conference held in May 2023, Outside Directors, who serve as representatives of minority shareholders, took the stage and gave objective responses to questions about the Board of Directors discussions and Tokio Marine Group from the perspective of outside directors. Participants commented that they had further deepened their understanding of the Company's management and the opportunity to hear the voices of outside directors was valuable, and that they would like to see such opportunities offered in the future.

We also continuously hold briefings focusing on topics of high interest in capital markets. In fiscal 2022, Special IR Meetings were held in London and New York City, where presentations were made by the CEOs and executives of major subsidiaries in Europe and the United States, and Q&A sessions were held with participants. In Japan, we also held two special briefings on overseas subsidiaries, featuring the CEOs of overseas subsidiaries as speakers, and received favorable responses.

We have also resumed face-to-face dialogue, including overseas IR activities in North America, Europe, and Asia. In fiscal 2022, we held dialogues with approximately 530 company investors in Japan and overseas while improving the quality of these dialogues.

(May 2023 IR conference video)
https://webcast.net-ir.ne.jp/87662305e/index.html


May 2023 IR conference

Dialogue with Individual Investors

We hold conferences for individual investors every year, featuring the Group CEO. Since fiscal 2022, we have held briefings in Osaka, Fukuoka, and Aichi, in addition to Tokyo. The Company also provided easy-to-understand explanations of the "Group's management strategy" and "shareholder return," which are of great interest to individual investors. These explanations received about 90% participant satisfaction rate.

Also, in response to requests from many individual investors for stock splits, in October 2022 we implemented a three-way stock split. We will continue to engage in careful dialogue with investors with the aim of expanding our base of investors and expanding our Tokio Marine fan base.

(Conference video, Japanese only)
https://webcast.net-ir.ne.jp/8766ko2209/index.html

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. Many of our employees have no contact with the capital markets in their daily work, but through the IR activity reporting sessions, they understand the voices of the capital markets, the evaluation of the Company, and the connection between their work and the capital markets. This has a positive impact on their own motivation and growth and, as a result, a virtuous circle of company growth is also created.

In fiscal 2022, we also used remote tools to share and interact with 2,748 Group employees.

Awards Related to Disclosure

As a result of these efforts, we have received various awards.

2nd Nikkei Integrated Report Award 2022 Semi-Grand Prix

General Meeting of Shareholders

Presentation by the Group CEO

In order to promote a deeper understanding of the Company's management and business, the Group CEO routinely conducts presentations. At the 20th Ordinary General Meeting of Shareholders (June 26, 2023), under the theme of "Business Strategy of Tokio Marine Group," the Group CEO gave an easy-to-understand presentation in recognition of the current environment and on our strategy for sustainable future growth.
(Presentation video)
https://www.tokiomarinehd.com/en/ir/event/movie/2023_meeting.mp4

Results of Exercise of Voting Rights

The results of the exercise of voting rights at the 21st Ordinary General Meeting of Shareholders are as follows:

Details of the Resolutions

Item 1: Appropriation of Surplus
Matters regarding the distribution of dividends and its aggregate amount
Amount of cash dividend per common share of the Company: 50 yen
Aggregate amount of cash dividends: 99,661,077,600 yen
Item 2: Election of Fifteen (15) Directors
Election of the following fifteen individuals as directors: Tsuyoshi Nagano, Satoru Komiya, Kenji Okada, Yoichi Moriwaki, Yoshinori Ishii, Kiyoshi Wada, Shinichi Hirose, Takashi Mitachi, Nobuhiro Endo, Shinya Katanozaka, Emi Osono, Kosei Shindo, Robert Alan Feldman, Kichiichiro Yamamoto, and Haruka Matsuyama
Item 3: Election of One (1) Audit & Supervisory Board Member
Election of the following individual as an Audit & Supervisory Board member: Junko Shimizu

Results of the Resolutions

Item	Number of Affirmative Votes	Number of Negative Votes	Number of Abstentions	Approval Ratio (%)	Result of the Resolution
Item 1	16,109,839	7,146	707	98.28	Approved
Item 2					
Tsuyoshi Nagano	13,516,871	2,596,417	3,995	82.46	Approved
Satoru Komiya	13,597,511	2,516,857	2,909	82.95	Approved
Kenji Okada	15,502,469	540,903	73,923	94.57	Approved
Yoichi Moriwaki	15,584,931	458,440	73,923	95.08	Approved
Yoshinori Ishii	15,584,846	458,525	73,923	95.07	Approved
Kiyoshi Wada	15,585,186	458,185	73,923	95.08	Approved
Shinichi Hirose	15,584,117	459,254	73,923	95.07	Approved
Takashi Mitachi	15,945,563	168,828	2,909	97.28	Approved
Nobuhiro Endo	15,944,453	169,938	2,909	97.27	Approved
Shinya Katanozaka	14,768,606	1,312,390	36,286	90.10	Approved
Emi Osono	15,988,524	125,868	2,909	97.54	Approved
Kosei Shindo	14,742,554	1,338,446	36,286	89.94	Approved
Robert Alan Feldman	16,008,738	103,637	4,925	97.66	Approved
Kichiichiro Yamamoto	15,499,462	543,911	73,923	94.55	Approved
Haruka Matsuyama	16,099,657	14,735	2,909	98.22	Approved
Item 3	16,106,074	8,795	2,909	98.25	Approved

(Reference) Status of Dialogue between the Management and Shareholders and Investors (FY 2022)

In fiscal 2022, we held dialogues with many shareholders and investors through face-to-face meetings, the Internet, and telephone calls.

Distribution to Capital Markets

The number of participants is as of March 31, 2023.

	Activities	Participants	Summary
For institutional investors and analysts	IR conference	187 companies	Explanation of management strategies, etc., by CEO Komiya and directors in charge (face-to-face/online hybrid session)
	Financial results conference calls	208 companies	Explanation of financial results by CEO Komiya, CFO Okada, the IR team, and related departments (conference call)
	Theme-focused conferences	171 companies	Presentations by the top management of PHLY, TMK, and TMHCC to explain the businesses of each company (online)
	Domestic IR	330 companies	CEO Komiya, CFO Okada, and the IR team conduct one-on-one and group meetings (face-to-face, conference call, and online)
	Overseas IR	156 companies	CEO Komiya, CFO Okada, and the IR team conduct one-on-one and group meetings (face-to-face, online)
	Conferences hosted by securities companies	44 companies	CFO Okada and the IR team conduct one-on-one and group meetings (face-to-face, conference call, and online)
Other	Conferences for individual investors	521 people	CEO Komiya conducts presentations on the Company's management strategies (face-to-face meetings in Tokyo, Aichi, Osaka, and Fukuoka, and video streaming)
	Integrated Report	–	Future-oriented, easy-to-understand explanation of our Purpose, vision, and the strengths and strategies to achieve it, with climate change as a main topic

Analysis of Feedback from Capital Markets and Internal Feedback

Activities	Participants	Summary
Report on IR activities (Board of Directors meetings, management meetings, in-house briefing sessions)	1,622 people	CFO Okada and the IR team share investors' opinions obtained through IR activities within the company (online and rebroadcasts) Lectures by outside analyst also held at the same time
In-house seminars	1,126 people	Shareholding Association Seminar by the IR team (co-hosted with the Human Resources Department of TMNF and held online)

(Reference) Matters of Interest to Shareholders and Investors

Topics of interest to shareholders and investors obtained through dialogue with the capital market are fed back to directors and employees through management meetings, Board of Directors meetings, and in-house seminars.

These areas of interest are not only utilized in IR strategies including the content of financial results, materials for business strategies and integrated reports, and disclosure methods, but also used to advance Group strategies, such as the formulation of KPI targets and discussions on capital policy.

Management in general

- **Path to the realization of our growth story**
  What is our specific path (initiatives and timeline) toward the realization of our growth story which aims for "world-class EPS growth and our global peers' level of ROE"?
- **Respond to the current volatile business environment**
  Will we be able to respond adequately to the current environment, including rapid inflation, interest rate hikes, rising reinsurance costs due to frequent natural catastrophes, and heightened concerns about geopolitical risks and recession, and continue to boost earnings and corporate value?
- **Room for growth in future underwriting profit**
  Given the current high level of earnings growth, will we be able to continue growing the insurance underwriting profit, which will have a major impact on the stock price valuation of insurance companies? In particular, what is the growth potential of our domestic operations in the Japanese market, which is generally viewed as a low-growth market?
- **Accelerating trends in the sale of business-related equities**
  Under the circumstances where business-related equities are a factor hindering ROE improvement, what is the speed and feasibility of our sales of them?
- **Shareholder returns**
  What is the angle and accuracy of DPS growth going forward? Opportunities for large-scale M&As are likely to be limited, but what is the scope for expanding share buybacks?

Domestic non-life insurance

- **Profit improvement for fire insurance**
  Amid continued severe conditions such as the intensification of natural catastrophes, rising reinsurance costs, and inflation, what are the results and progress of improving earnings (securing profitability higher than that of capital costs) through rate and product revisions?
- **Profitability in auto insurance**
  Focusing on the frequency of accidents, including the impact of the resumption economic activities following COVID-19, and trends in price per claim considering inflation, etc., what is the current situation and future outlook of automobile insurance profits, which are currently on a worsening trend, and what is our response policy?
- **Specialty insurance and expansion of Pre- and Post-incident areas**
  What are our specific initiatives, progress relative to plans, and scope for further growth with respect to specialty insurance and expansion of Pre- and Post-incident areas which are key to growth in our domestic non-life insurance operations?
- **Improving expense ratio**
  What is the status of expense reductions, including the use of digitalization, such as the expected effects of the Mirai Project (see p. 94)?

International insurance

- **Sustainability of high profit growth**
  What is the status of rate increases centered on the North American base, which is a growth driver? Can it continue to be a growth driver? What is the impact of rising loss cost due to inflation (economic and social) and rising reinsurance costs?
- **M&A strategy and pipeline**
  What is our M&A strategy (appetite and scale), including the current pipeline?
- **Lessons learned from the COVID-19 outbreak in Taiwan**
  As overseas operations expand, are events occurring at small, medium, and minor business sites a structural problem? What are the lessons learned and how do we address them?

Asset management

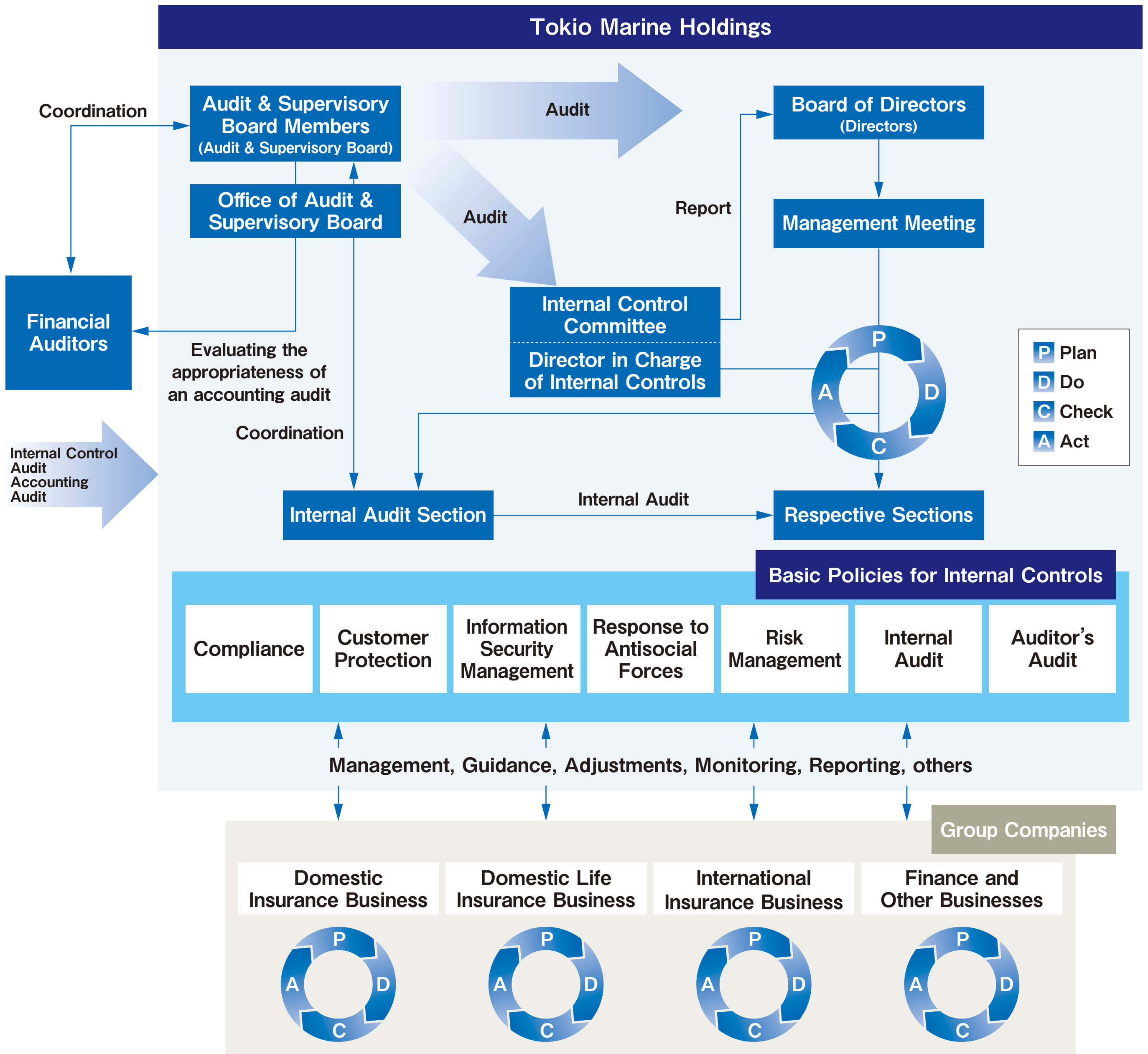
- **Status of DFG credit investment**
  What are the risks and sustainability of DFG's high investment performance in light of the rapid rise in interest rates and the possibility of a future recession in the U.S. economy?

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 considering 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



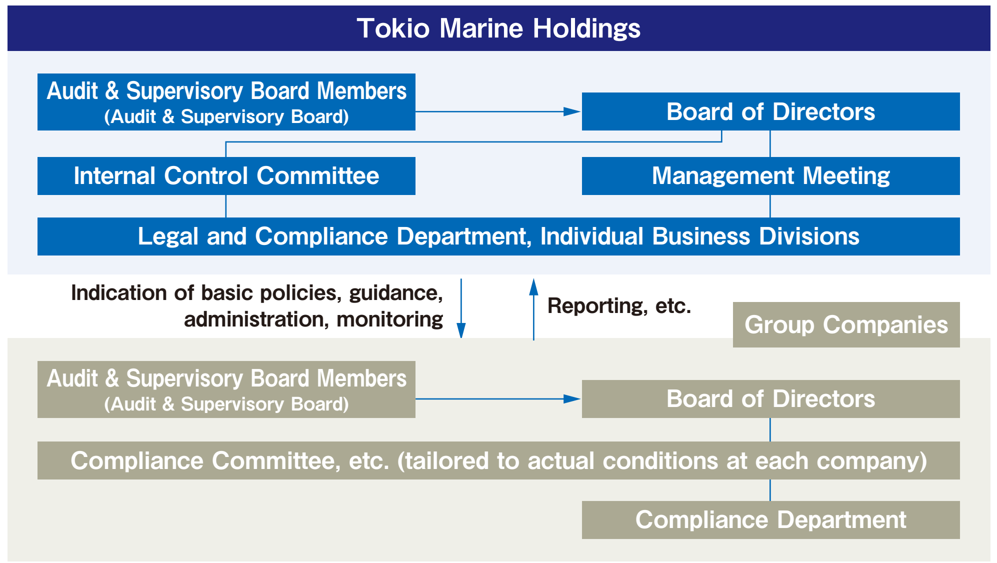
Compliance

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 Group-wide based on this framework. Also, the Company has built a structure to ensure Group-wide 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.

In order to prepare for cases in which it is not appropriate to report compliance issues through the organization's usual reporting channels, we have established various internal and external hotlines (whistleblowing hotlines) to accept reports and consultations from executives and employees of Group companies. As regards the number of reports and consultations received by the Group in fiscal 2022, there were 316 cases (110% compared with fiscal 2021). We ensure that these reports and consultations are appropriately investigated and responded to, leading to the early detection of problems and the implementation of corrective and recurrence prevention measures.

Also, each Group company in Japan is putting in place the necessary systems for responding to whistleblowers based on the Amended Whistleblower Protection Act, which came into effect on June 1, 2022.

Compliance System



Crisis Management System

We have established a crisis management system, emergency action, etc., to minimize economic losses and other impacts incurred in an emergency and immediately restore ordinary business operations.

Also, we provide support, instructions, and guidance to Group companies, and Group companies report to, communicate, and consult with us. In this way, Group companies are also developing crisis management systems and emergency action in peacetime and are working to respond quickly and appropriately for recovery and business continuity in the event of an emergency.

In addition, we conduct simulated trainings for natural catastrophes, cyberattacks, and other events that could become an emergency, in order to enhance our practical and applied skills in emergencies.

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 Section. 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.

Information Security and Cybersecurity Management

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 Policies for Information Security Management."

With regard to the revised Personal Information Protection Law, which came into effect on April 1, 2022, we are taking necessary measures, including the revision of our privacy policy.

Based on the "Tokio Marine Group 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.

Cybersecurity Management

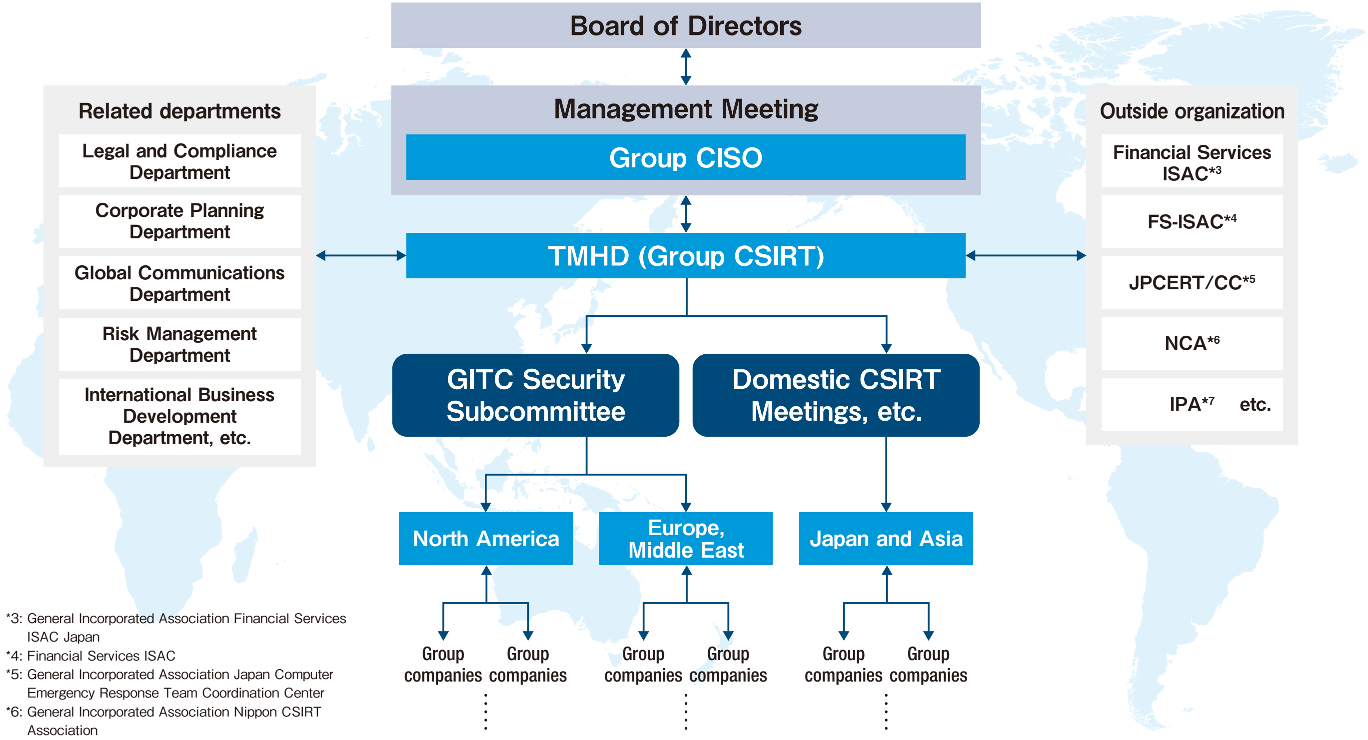
Recognizing cybersecurity as one of the important management issues, with the Group Chief Information Security Officer (CISO) as the supervisor under the leadership of management, the Group companies in Japan and overseas are unitedly maintaining a management system. Reports and discussions are also held twice a year by the Board of Directors, where outside directors with IT expertise also participate.

Specifically, we are promoting countermeasures by adopting global standard frameworks and standard architectures such as ISO 27001*1 and NIST SP800. The Tokio Marine Group's basic ideas and compliance standards are determined from the perspective of people, processes, and technologies, and include constant monitoring, log analyses, periodic vulnerability-scanning, penetration tests, and risk assessments. Furthermore, in order to prevent, detect, and respond to cyberattacks that are becoming more sophisticated year by year, we use the PDCA cycle to formulate and execute improvement plans in response to issues identified in this process, while taking into account the amount of risk at each Group company, intelligence gained from inside and outside the Group, and the application of new technologies.

Under the Tokio Marine Group CSIRT*2, the entire Group has also been divided into three regions, North America, Europe, and Japan/Asia, and we are consolidating our organization and standardizing our technologies and processes at a high level. Each region carries out regular countermeasures such as employee training, including security monitoring on a daily basis, cyber drills (conducted multiple times a year mainly for relevant parties), targeted e-mail drills (conducted multiple times a year for all employees), etc. Also, in the event of a cyber incident, each region strives to establish an efficient and effective system by identifying the scope of the impact, and promptly implementing initial responses, recovery, and recurrence prevention measures to prevent the spread of damage while cooperating with other regions.

A Group-wide committee made up of security experts gathers knowledge from around the world and promotes advanced security measures to support our customers and society in times of need.

*1: Tokio Marine&Nichido Systems, the core systems company of the Tokio Marine Group, acquired ISO27001 certification
*2: Abbreviation of Computer Security Incident Response Team



*3: General Incorporated Association Financial Services ISAC Japan
*4: Financial Services ISAC
*5: General Incorporated Association Japan Computer Emergency Response Team Coordination Center
*6: General Incorporated Association Nippon CSIRT Association
*7: Independent Administrative Agency Information-technology Promotion Agency, Japan

(Reference) Enhancement of ERM Management at Small to Medium-Sized Entities and Minority Investments in Light of Losses from the COVID-19 Outbreak in Taiwan

In fiscal 2022, our Taiwanese JV suffered a major loss due to a market event caused by COVID-19 insurance. Based on this experience, in order to prevent such a situation from occurring in the future, we will strengthen Tokio Marine Holdings support, including for small to medium-sized entities and minority investments, and strive to enhance ERM on a global basis. In this way, we will balance growth and risk management at a high level.

Group-Based Initiatives

- **Established the Chief Audit Officer position as a new C-suite position (April 2023)**
- **Appointed a business executive with governance responsibility for the overseas business (April 2023)**
- **Carried out to send top management messages relative to cultivating a Group-wide risk culture, enhancing risk sensitivity, strengthening training, and so on**

Enhancement of Individual Entities

- **Enhance entities with effective measures corresponding to their maturity and independence**

(Example) Taiwan

✓ **Became the majority shareholder**
✓ **Appointed Chair of the Board and CRO from TMHD**
✓ **Newly appointed President from outside the Company (from June 2023)**

(Example) Minority investments

✓ **Confirmed concerns that could lead to capital events (mainly management for underwriting risk aggregation, and new product approval process, etc.) and prepared such action plans**

(Reference) Regarding Premium Adjustment in Tokio Marine & Nichido Fire Insurance (June 2023)

An insurance premium adjustment with another non-life insurance company occurred in Tokio Marine & Nichido Fire Insurance and the misconduct was reported to the Financial Services Agency. After the incident was discovered, external lawyers were hired to conduct an investigation. News releases were issued on June 20 and August 4, 2023. We will continue to analyze the causes and make efforts to prevent recurrence of such cases.

June 20, 2023
Tokio Marine & Nichido Fire Insurance Co., Ltd.

Regarding the series of reports on Tokio Marine & Nichido Fire Insurance

As reported in a series of media reports, Tokio Marine & Nichido Fire Insurance Co., Ltd. (President: Shinichi Hirose; hereinafter "TMNF") has filed a misconduct report with the Financial Services Agency regarding an incident in which TMNF conducted premium adjustments with other non-life insurance companies under a coinsurance contract concluded between a customer (one corporation) and multiple non-life insurance companies including TMNF, and received a report submission order from the Financial Services Agency regarding this incident.

We sincerely apologize for the inconvenience and concern caused to our customers and related parties due to the inappropriate behavior of our employees. We will respond sincerely to the requests of the report submission order and strive to prevent recurrence of such cases.

1. Outline of the case

In this case, a coinsurance contract between a customer (one corporation) and multiple non-life insurance companies, including TMNF, involved an "adjustment of insurance premiums" led by our employees.

The coinsurance contract was a non-life insurance contract that was bid on by multiple non-life insurance companies at the customer's request. However, the customer had doubts about the insurance premium levels offered by each non-life insurance company at the time of bidding, so the bids were redone, and the bidding was conducted again. Therefore, in the end, the insurance contract was not underwritten with an unreasonable premium caused by a premium adjustment. However, in light of the circumstances, TMNF submitted a report of misconduct to the FSA as inappropriate business conduct, and subsequently received a report submission order from the FSA under the Insurance Business Act.

2. Background of the discovery

As stated in 1. Outline of the case above, on December 20 of the previous year, the customer had doubts about the level of insurance premiums of each non-life insurance company, and confirmed with TMNF's sales department in charge whether there was any inappropriate act which made us aware of the case. Subsequently, we engaged external lawyers to conduct data analysis (forensic investigation) of e-mails, mobile phone records, etc., in order to confirm facts with persons in charge of the contract and related parties in TMNF and investigate if there are any other cases. The results were reported to the FSA on March 24 of the current year.

In addition, although this case did not result in underwriting with an unreasonable premium caused by the premium adjustment, we will also report it to the Fair-Trade Commission.

3. Future initiatives such as measures to prevent recurrence

In response to this incident, we have established a Special Investigation Committee, which has appointed several outside lawyers, and are working to confirm the facts. At this point in time, we are not aware of any other similar cases, but we take it very seriously that any inappropriateness concerning the Anti-monopoly Act has occurred, and we will continue to investigate whether there are any similar cases within the company, and if cases of inappropriateness are discovered, we will respond strictly.

In addition, TMNF will endeavor to prevent such incidents by analyzing the cause of the incident and formulating and steadily implementing measures to prevent recurrence through governance and thorough implementation of employees' basic behaviors based on the causes.

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For more information, please refer to the news releases dated June 20 and August 4, 2023. (Japanese only)
https://www.tokiomarine-nichido.co.jp/company/release/pdf/230620_01.pdf
https://www.tokiomarine-nichido.co.jp/company/release/pdf/230804_01.pdf

(Reference) Tokio Marine & Nichido Fire Insurance's Response to Customers Regarding "Fraudulent Insurance Claims by BIGMOTOR Co., Ltd." (August 2023)

Tokio Marine & Nichido Fire Insurance Co., Ltd., issued a news release on August 1, 2023, in connection with fraudulent insurance claims by the sheet metal division of BIGMOTOR Co., Ltd.* We will place the highest priority on the recovery of the damage suffered by customers due to this incident, etc., and will take measures to eliminate the concerns of customers who have had their cars repaired by BIGMOTOR Co., Ltd., and to recover the damage to customers who have received unauthorized repairs.

Three companies: BIGMOTOR Co., Ltd., BM Holdings Co., Ltd., and BM Hanaten Co., Ltd.

1. Basic Policies of Response by Tokio Marine & Nichido Fire Insurance Co., Ltd. (hereinafter referred to as "TMNF") regarding the Incident

- We understand that the recent fraudulent insurance claims by the sheet metal division of BIGMOTOR Co., Ltd. betrayed the relationship of trust between insurance companies and the auto repair shop and defrauded insurance money, and it is truly regrettable. We sincerely apologize for the inconvenience and concern we have caused to customers and related parties in being unable to prevent such fraudulent claims, for introducing customers who were involved in accidents to BIGMOTOR Co., Ltd.'s auto repair shop for the repair of their important vehicles, and for including BIGMOTOR Co., Ltd. as an insurance agent for TMNF.
- We have positioned the recovery of the damage of the affected customers as our top priority. We are continuing to strongly urge BIGMOTOR Co., Ltd. to take the necessary measures to recover the damage, but we do not yet have a full picture of the situation.
- Based on the above, TMNF will take the following actions for customers who have suffered or may have suffered damage from unauthorized repairs by BIGMOTOR Co., Ltd. that led to fraudulent claims, to eliminate any concerns about the results of the repairs, and to recover the damages of customers who have actually received unauthorized repairs.

2. TMNF's response to customers who have suffered or may have suffered unauthorized repairs

(1) Establishment of a dedicated call center for customers

In response to this incident, we set up a dedicated customer contact (call center) on July 28 in consideration of the concerns about customers' vehicles and the complaints we have received about this incident.

(2) Contacting customers who were introduced to BIGMOTOR Co., Ltd.'s auto repair shops through TMNF

We will contact all customers who had their vehicles that were involved in accidents repaired at BIGMOTOR Co., Ltd.'s auto repair shops sequentially in writing. It is expected that it will take some time to clarify the entire picture of the fraudulent insurance claim by BIGMOTOR Co., Ltd. and the damage to individual customers, etc. Until then, we will consider measures so that customers, etc., who feel worried or anxious can drive their cars with peace of mind (for example, help to confirm the safety of the car, explanation of the repair details, etc.).

(3) Response to the unauthorized repair cases that have already been revealed by the Special Investigation Committee of BIGMOTOR Co., Ltd.

At the present time, no information has been disclosed regarding cases of unauthorized repairs pertaining to individual customers that have already been identified by the investigation conducted by the Special Investigation Committee established by BIGMOTOR Co., Ltd. Therefore, in order to expedite the recovery of our customers' damage, we strongly request BIGMOTOR Co., Ltd. and the Special Investigation Committee to disclose information on such cases, especially at an early stage, and we will sequentially contact our customers as soon as the information is disclosed.

(4) Contacting customers to confirm the auto insurance contract grade for those who suffered damage from unauthorized repairs

Customers who would not have used the auto insurance for repair if BIGMOTOR Co., Ltd. had not made a padded claim will be contacted after we have confirmed the net difference between the "insurance premiums if no claims were made" and the "insurance premiums actually paid" as well as the "correct amount for repair" when a padded claim is found. We will take steps to correct the auto insurance grade for customers who think, based on the information we provide, that they would not have needed to make an insurance claim had the correct repairs had been made.

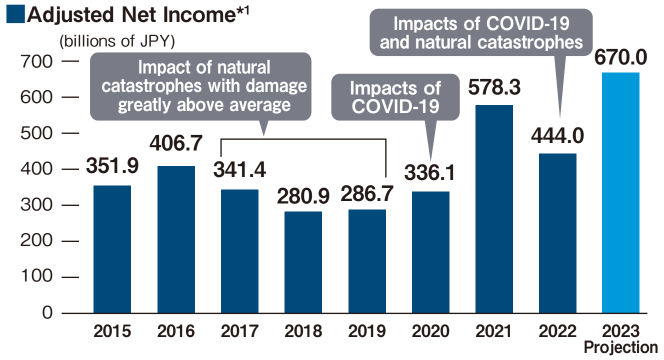
For details, please refer to the news release dated August 1, 2023. (Japanese only)
https://www.tokiomarine-nichido.co.jp/company/release/pdf/230801_01.pdf

Financial Highlights

Promoting risk diversification and generating stable profits

As a result of diversifying risk globally and achieving sustainable growth in both domestic and overseas businesses with low correlations, we have been able to generate stable profits even in the past few years of major natural catastrophes and COVID-19. (Please refer to p. 57 for the progress of the current MTP.)

■Adjusted Net Income*1

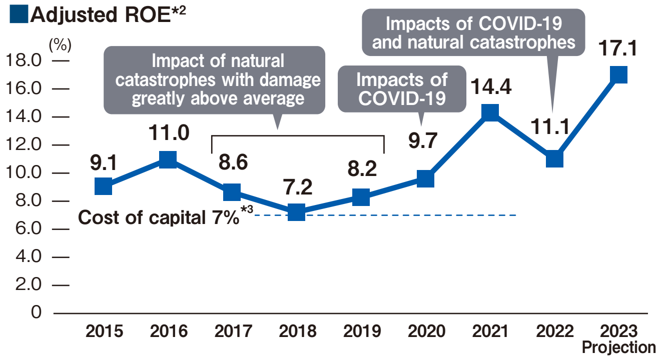


*1: Indicator used for business plans and shareholder return; please see p. 156 for details.

Pursuit of higher capital efficiency

We are aiming to improve capital efficiency by revising our business portfolio, strengthening control of natural catastrophe risks, and accelerating the sales of business-related equities in addition to our world-class EPS growth. (Please refer to p. 57 for the progress of the current MTP.)

■Adjusted ROE*2

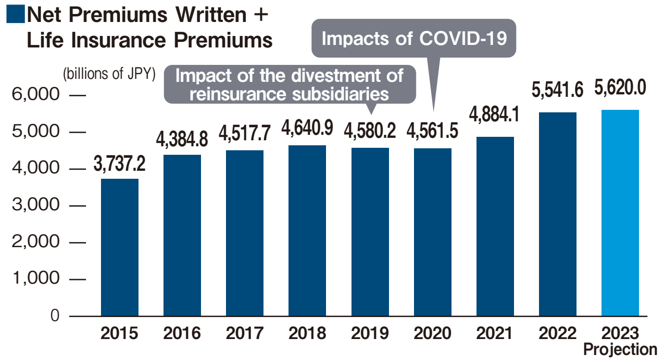


*2: Indicator used for business plans and shareholder return; please see p. 156 for details.
*3: Return expected by investors; calculated using the capital asset pricing model (CAPM).

Steady expansion of the top-line

Excluding the impact of the divestment of reinsurance subsidiaries in the amount of approximately 130 billion yen in fiscal 2019 and COVID-19 in fiscal 2020, insurance premiums are steadily increasing due to organic growth and the disciplined execution of M&A.

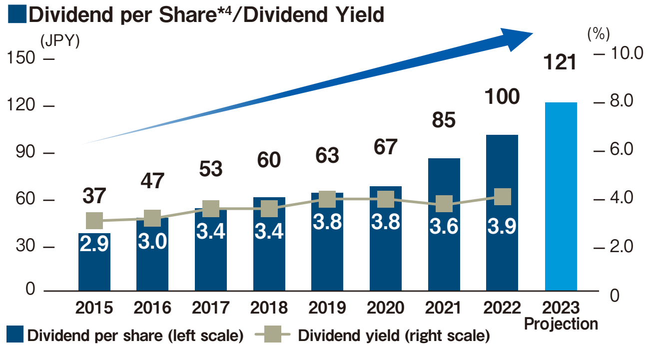
■Net Premiums Written + Life Insurance Premiums



12 consecutive years of higher dividends projected

The dividend per share for fiscal 2023 is expected to increase by 21 yen to 121 yen due to the expansion of dividend resources in line with profit growth and an increase in the dividend payout ratio (from 48.5% at the beginning of 2022 to 50.0% at the beginning of 2023).

■Dividend per Share*4/Dividend Yield

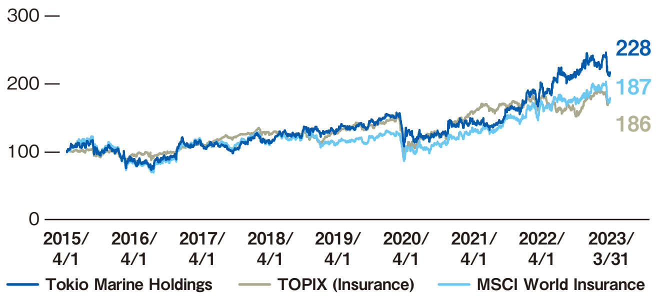


*4: Stock split implemented in October 2022. Figures for fiscal 2021 and before are recalculated based on the stock split.

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.

■TSR*5

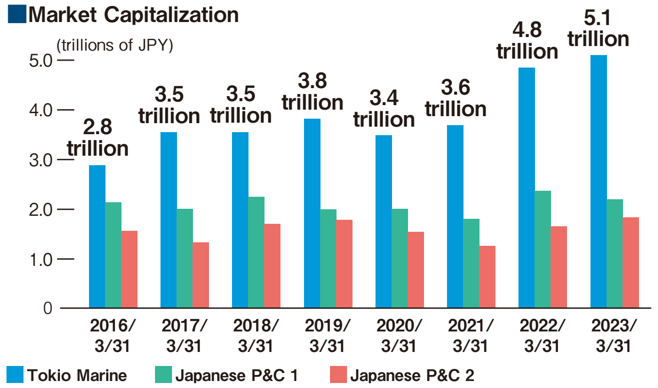


Source: Bloomberg
*5 Stock prices on April 1, 2015 are set at an index value of 100.

Steady growth in corporate value

As a result of evaluations from the capital markets, Tokio Marine Group's PBR has exceeded 1 and its market capitalization doubled in the past few years, greatly exceeding other insurance groups in Japan. (Please refer to p. 49 for PBR.)

■Market Capitalization



Non-Financial Highlights

Eight Material Issues (Materiality) ★: Priority Issues (See pp. 64, 65)	
Combat climate change (★)	Facilitate and foster innovation through digitalization
Improve disaster resilience (★)	Protect the natural environment
Support people's healthy and enriching lives (★)	Provide education to children
Promote and support diversity and inclusion (★)	Disclose highly transparent and timely information

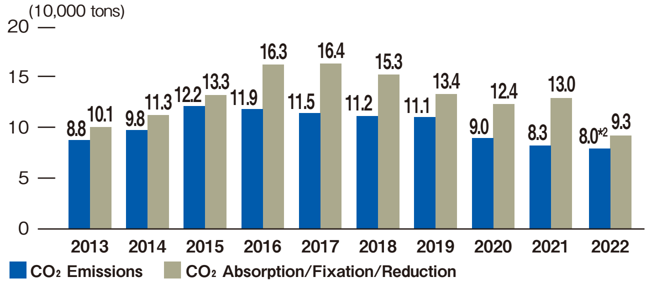
Combat climate change | Protect the natural environment

Achieved carbon neutrality for 10 years running and established climate change action targets

Tokio Marine Group has achieved carbon neutrality in its business activities for 10 years running since fiscal 2013 through its mangrove planting activities.

Targets toward fiscal 2030

1. CO_2 emissions associated with our own business activities reduction target*1: reduce by 60% compared with fiscal 2015
2. Renewable energy introduction rate target: 100% at main business locations
3. Company-owned vehicles: switch all company-owned vehicles of TMNF and TMNL to EVs



*1 Scope 1 [direct emissions] + Scope 2 [indirect emissions] + Scope 3 [other indirect emissions, Categories 1, 3, 5, and 6] based on the GHG Protocol standards
*2 CO_2 emissions for FY2022 reflect a CO_2 reduction effect of 14,000 tons from buying green power

Improve disaster resilience

Contributing to local communities through assistance for BCP formulation

We are contributing to building a disaster-resilient society while working closely with local governments.

■Cumulative Total of Collaboration Agreements with Local Governments*3

Prefectures	42
Ordinance-designated cities	13
Other cities	76

*3 Collaboration agreements on regional revitalization including BCP formulation assistance, etc. As of the end of February 2023.

Support people's healthy and enriching lives

Selected for inclusion in the Health & Productivity Stock Selection program for eight years running

We continue to work on health and productivity management across the Group, knowing that this forms an important element of our corporate philosophy to be a "Good Company."

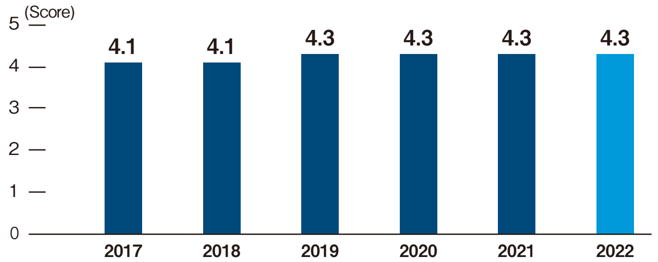
2023
健康経営銘柄

Promote and support diversity and inclusion

Group of highly motivated employees

Scores on the Culture & Values Survey conducted at Group companies inside and outside of Japan are positive. We are now working on further improvements at the Group level with the involvement of Tokio Marine Holdings.

■Group Attachment*4



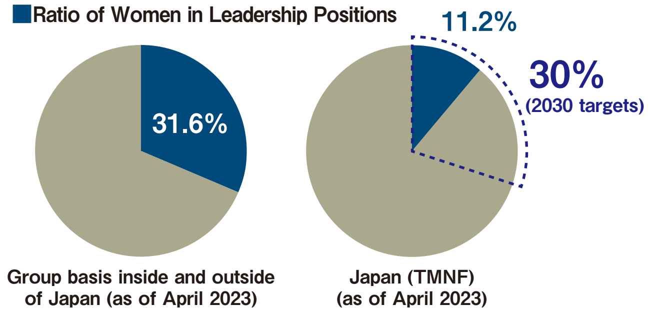
*4: Score of 5 (total for domestic and overseas Group companies and HD)

Promote and support diversity and inclusion

Eliminating the gender gap

We are actively working to eliminate the gender gap as part of our growth strategy. We have set qualitative and quantitative targets to promote such initiatives to further expand the scope of our activities. (See p. 93 for details.)

■Ratio of Women in Leadership Positions

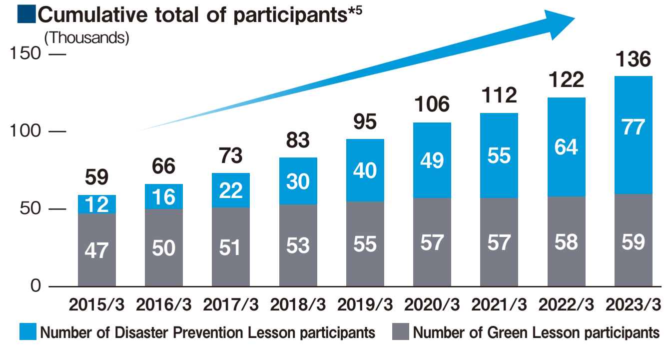


Improve disaster resilience | Protect the natural environment | Provide education to children

Active participation in social contribution activities

We are also actively holding Green and Disaster Prevention lessons as part of efforts to provide education to children.

■Cumulative total of participants*5



*5 Number of participants is an approximation.

Global Insurance Market

Further profit growth in the United States, which has the world's largest insurance market, and stable growth in Japan, which has the world's third-largest market, are the key.

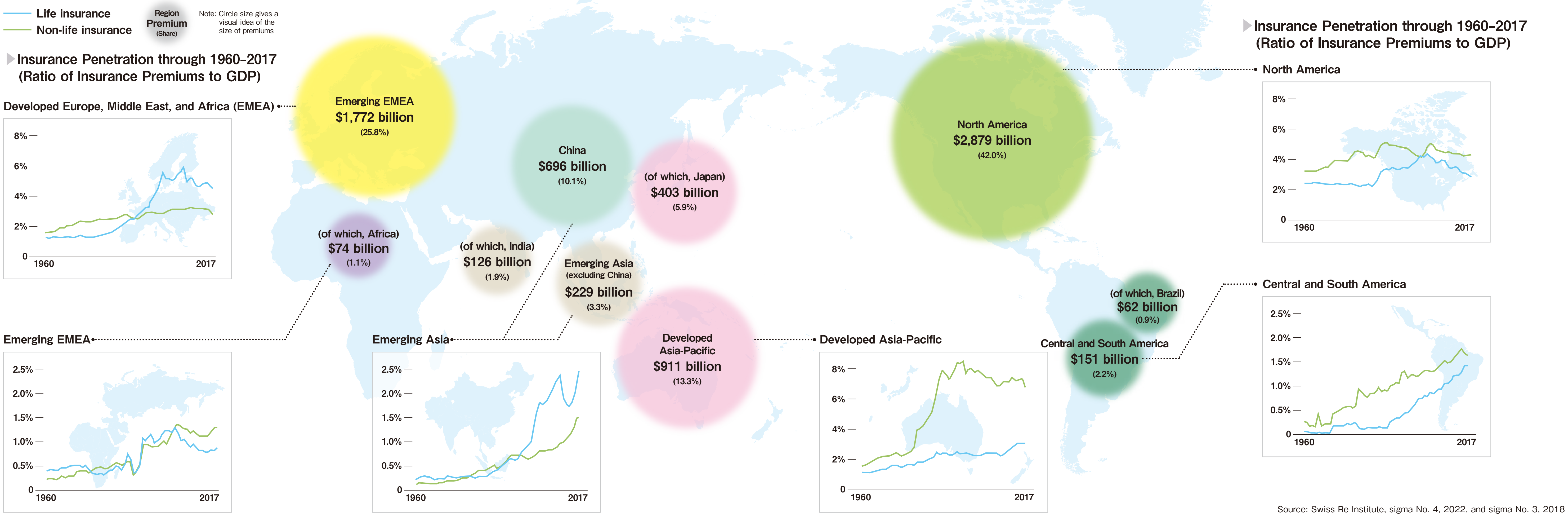
The global insurance market in 2021 was worth 6.86 trillion dollars, with the United States in first place for both life and non-life insurance.
Japan was in third place with the sixth largest non-life insurance and the third largest life insurance markets.

Ten Largest Insurance Markets in Direct Premiums Written for Life Insurance and Non-Life Insurance in 2021 (millions of USD)

Ranking	Country	Life premiums	Non-life premiums	Total premiums		
				Amount	Change against 2020 (%)	Share of the global total (%)
1	United States	609,642	2,109,057	2,718,699	8.1	39.6
2	China	365,456	300,672	696,128	6.1	10.1
3	Japan	295,850	107,741	403,592	-2.6	5.9
4	United Kingdom	284,284	114,858	399,142	17.0	5.8
5	France	185,445	110,935	296,380	24.0	4.3
6	Germany	109,961	165,818	275,779	6.0	4.0
7	South Korea	101,866	91,142	193,008	1.5	2.8
8	Italy	146,001	46,480	192,481	11.5	2.8
9	Canada	64,917	96,372	161,289	15.8	2.4
10	India	96,679	30,296	126,947	13.5	1.9

Source: Swiss Re Institute, sigma No. 4, 2022

Life and Non-Life Insurance Premiums in 2021 and Penetration through 1960–2017 (Ratio of Insurance Premiums to GDP)

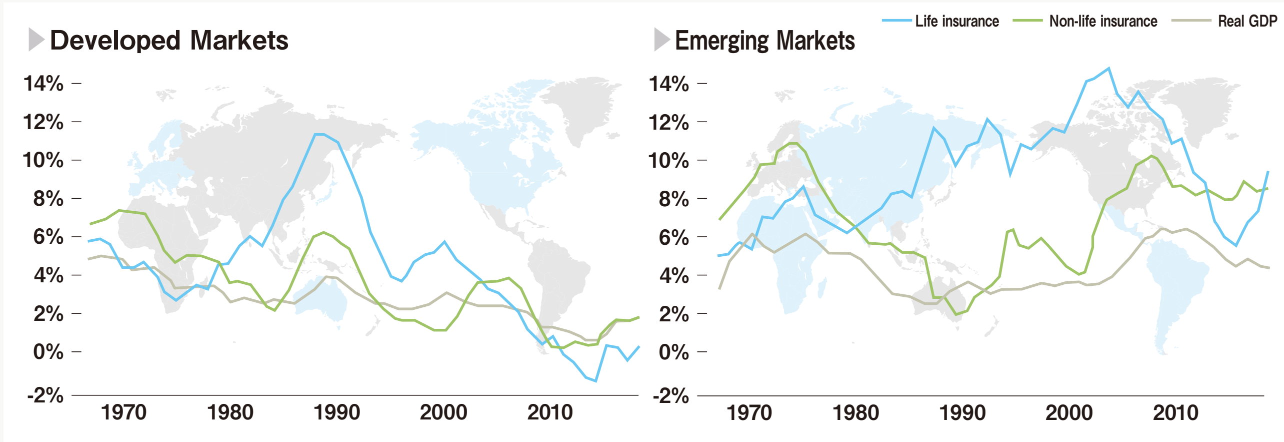


Source: Swiss Re Institute, sigma No. 4, 2022, and sigma No. 3, 2018

Reference: 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 population, 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 necessarily 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

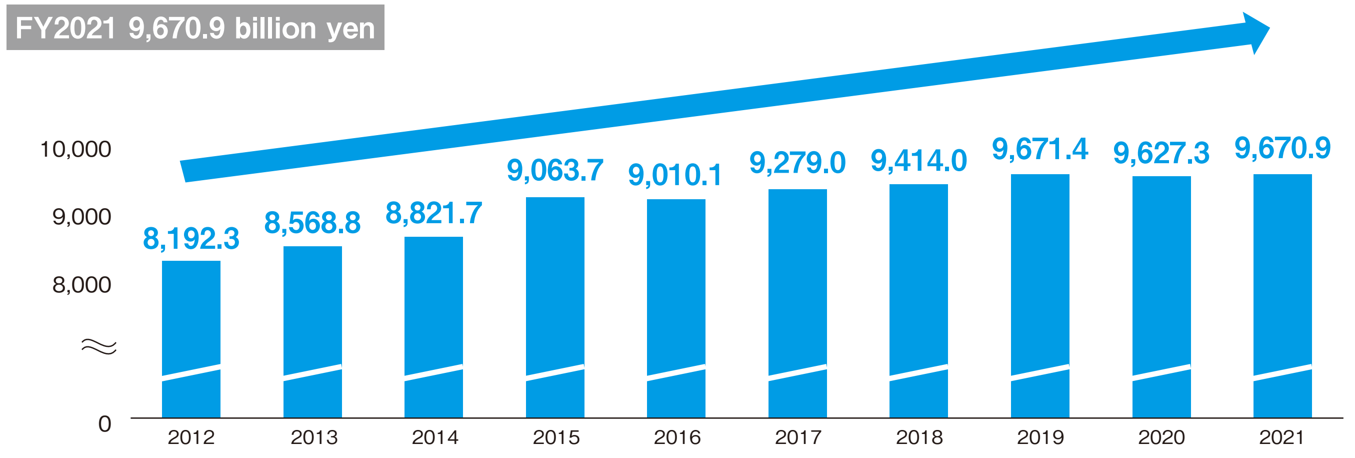
Potential of the Japanese Non-Life Insurance Market

The Japanese non-life insurance market is steadily growing, and profitability is stable over the long term. Although there are various factors for deterioration in earnings such as the intensification of natural catastrophes and inflation, we will continue to achieve stable C/R through prompt and proactive revisions of premiums and products.

Growth of Japan's Non-Life Insurance Market

Direct Premiums Written (including deposit premiums from policyholders)*1

(billions of JPY)

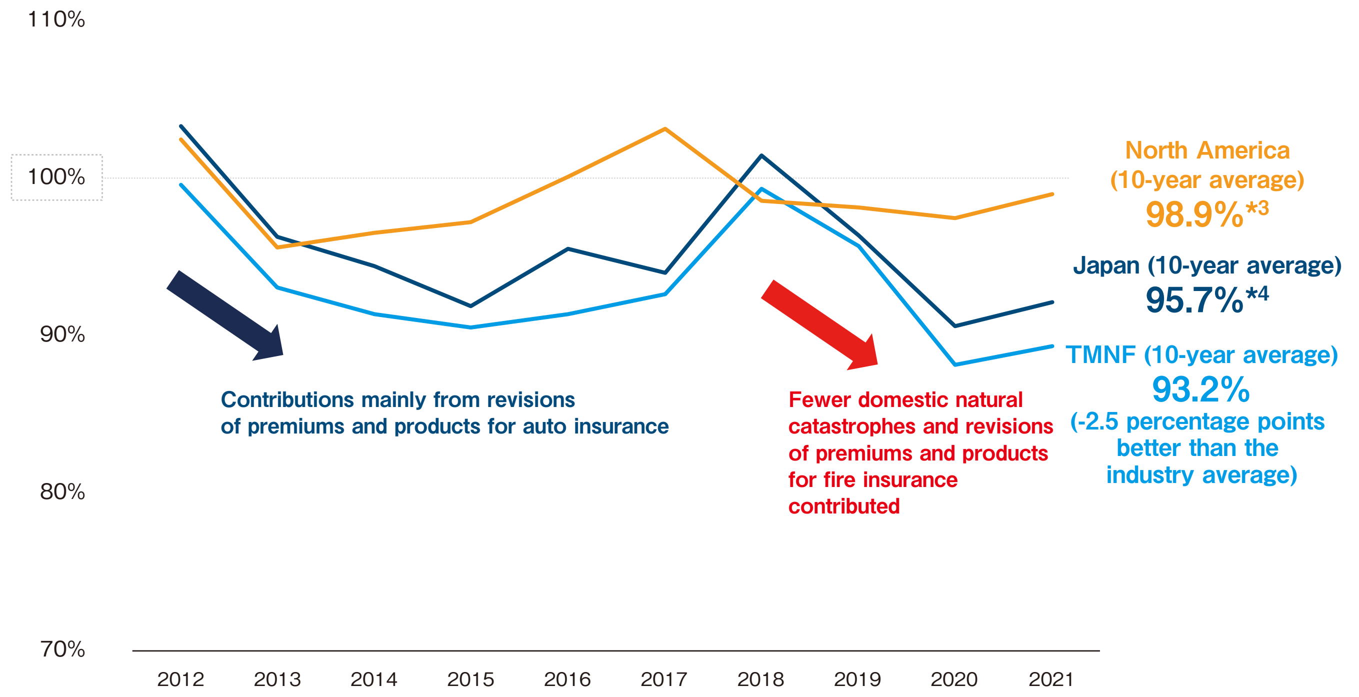


*1: Indicates revenue from direct insurance contracts with policyholders. Direct premiums written-refunds (excluding maturity refunds to policyholders)

Source: The General Insurance Association of Japan, "Fact Book 2022," based on member companies of the General Insurance Association

Revenue Stability of the Japanese Non-Life Insurance Market

Combined Ratio (C/R)*2



*2: Based on W/P for all items
*3: Source: S&P Capital IQ
*4: Source: The General Insurance Association of Japan website

Progress of Current Mid-Term Business Plan by Business Unit

Looking at individual business units under the current Mid-Term Business Plan (MTP), we aim to achieve a CAGR of +6% or more in domestic non-life insurance through improvements in the profitability of fire insurance together with the growth of specialty insurance. Outside Japan, we aim to achieve a CAGR of +9% or more through improvements in underwriting profit fueled by rate increases and risk selection, growth in emerging countries, and investment income expansion. In the domestic life insurance business, plans are in place to secure an annual stream of stable profits around the 50 billion yen level.

In fiscal 2023, the final year of the current MTP, we expect overseas profit growth to significantly exceed that of the plan and lead the Group as a whole. As for domestic non-life insurance, while the improvement of profitability in fire insurance is making steady progress, the deterioration of loss cost in auto insurance and the hardening of the reinsurance market, among other factors, mean results are projected to be as planned. In addition, the domestic life insurance business is expected to fall short of the plan due to an increase in the first-year burden associated with top-line growth.

	FY2020 Results (normalized*4, actual in parentheses) Starting numbers for the current medium-term plan	Road Map for Achieving the Mid-Term Business Plan See pp. 134–147 for details of each measure	FY2023 Plan (released in May 2021)	FY2023 Projection	FY2022 Results (normalized, actual in parentheses)
Adjusted net income	446 billion yen (399.6 billion yen)		CAGR +3–7%*5 (around 480-540 billion yen)	CAGR +15% 670 billion yen	617.1 billion yen (444 billion yen)
Business unit profits, etc. — Domestic Non-Life Insurance*1	138.5 billion yen (175.3 billion yen)	● Auto profit -10 billion yen p. 134 ● Fire profit +45 billion yen p. 135 ● Specialty insurance growth +10 billion yen p. 136 ● Other (e.g., digital investment) p. 137	CAGR +6% or more (around 160 billion yen or more)	CAGR*6 +5% (insurance underwriting profit +10%) 161 billion yen	144.6 billion yen (109.4 billion yen)
Business unit profits, etc. — Domestic Life Insurance*2	52.7 billion yen (52.7 billion yen)	p.138	Secure a stable stream of profits around the 50 billion yen level	39 billion yen	44.9 billion yen (36.4 billion yen)
Business unit profits, etc. — International Insurance	180.1 billion yen (91.6 billion yen)	● Developed market underwriting +12 billion yen p. 139 ● Pure growth +13 billion yen p. 144 ● Emerging market strategies +15 billion yen p. 145 ● Investment p. 146	CAGR around +9% (around 230 billion yen)	CAGR +28% 376 billion yen	355.2 billion yen (218.6 billion yen)
Business unit profits, etc. — Other Businesses*3	74.7 billion yen (80 billion yen)		Around 70 billion yen	94 billion yen	72.4 billion yen (79.6 billion yen)

*1: Domestic non-life insurance = TMNF
*2: Domestic life insurance = TMNL
*3: Other domestic non-life insurance, financial and other businesses, and sales of business-related equities not included in business unit profit, etc.
*4: Starting numbers for the current MTP (the impact of natural catastrophes is assumed to come in at around the annual average, and the impact of COVID-19 and FX rate fluctuations is deducted).
*5: As outlined at an IR presentation in May 2021, organic growth was projected to come in at 5% or higher.
*6: Compared with FY2020

Road Map for Achieving the Current Mid-Term Business Plan

Domestic non-life insurance | Maintaining Auto Insurance Profit

Current MTP Targets

Under the current MTP, plans are in place to secure top-line growth and offset the impact of rate decreases in January 2022 through such initiatives as expanded coverage. In this manner, steps are being taken to limit the decline in profit to around -10 billion yen compared with fiscal 2020 and maintain a stable stream of profits.

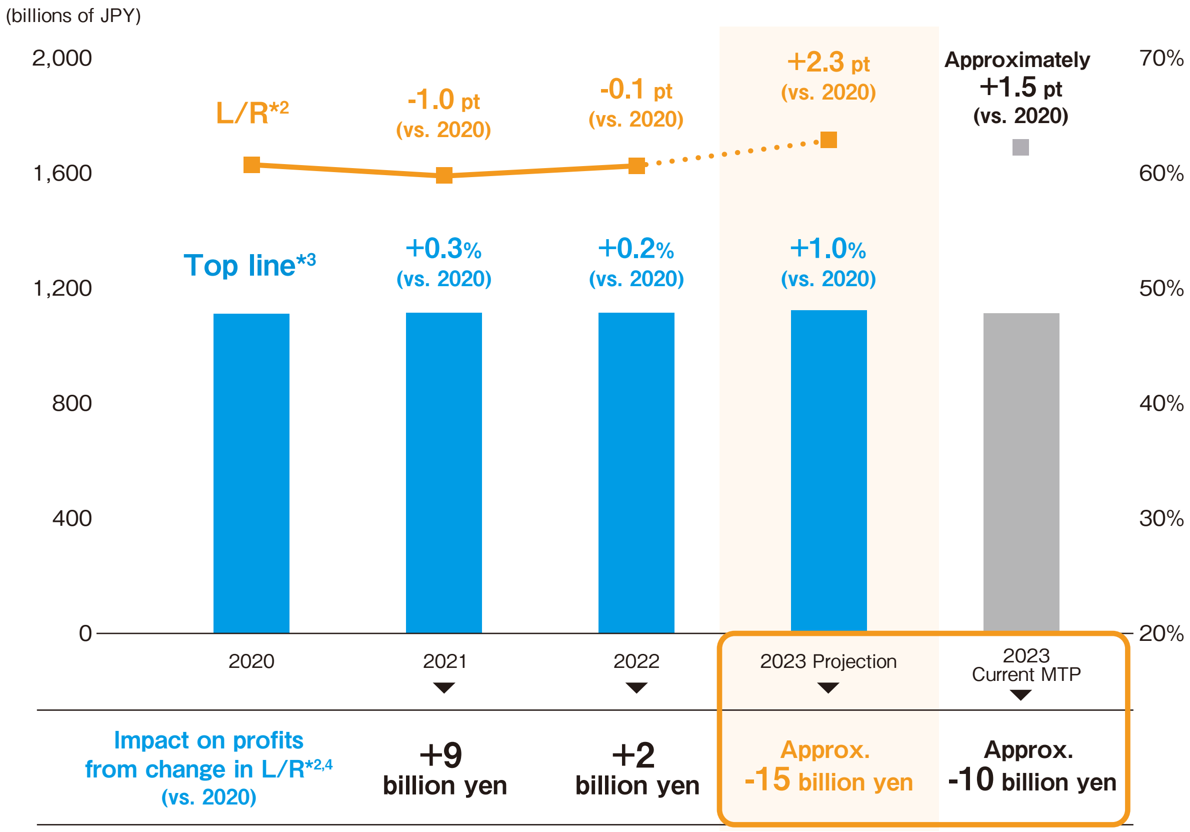
Key Measures

Maintain the top and bottom lines by implementing the following measures.

Measure	Approach
(1) Increase market share (M/S)	• Expand coverage through product revisions • Strengthen digital contact points for customers, establish early contacts, etc.
(2) Generate sustainable and stable earnings	• Push forward initiatives to improve profitability through Drive Agent Personal (DAP)[*1] and other proposals • Flexibly review premium levels considering loss cost, etc.

Progress Status

- The top-line fiscal 2022 result was +0.2% (vs. fiscal 2020), as the impact of the rate revisions (rate cut) in April 2022 was offset by coverage expansion, etc. The fiscal 2023 projection is +1.0% (vs. fiscal 2020).
- Regarding the bottom line, we planned to limit the decline in profits to about 10 billion yen in the current MTP, but due to inflation and an increase in loss cost from revenge drives, the decline in profits is expected to be around 15 billion yen.
- In response to the increase in loss cost, we plan to conduct rate and product revisions in January 2024, and will continue to work toward the generation of sustainable and stable earnings.



*1 Drive Agent Personal (DAP), a drive recorder provided by Tokio Marine as a set with insurance
*2 Natural catastrophes are normalized to an average annual level and the impact of COVID-19 is excluded (normalized basis).
*3 NWP
*4 After tax, estimation

Road Map for Achieving the Current Mid-Term Business Plan

Domestic non-life insurance | Improving Fire Insurance Earnings

Current MTP Targets

Aim to improve profitability by more than 45 billion yen through rate revision etc. for the current MTP targets.

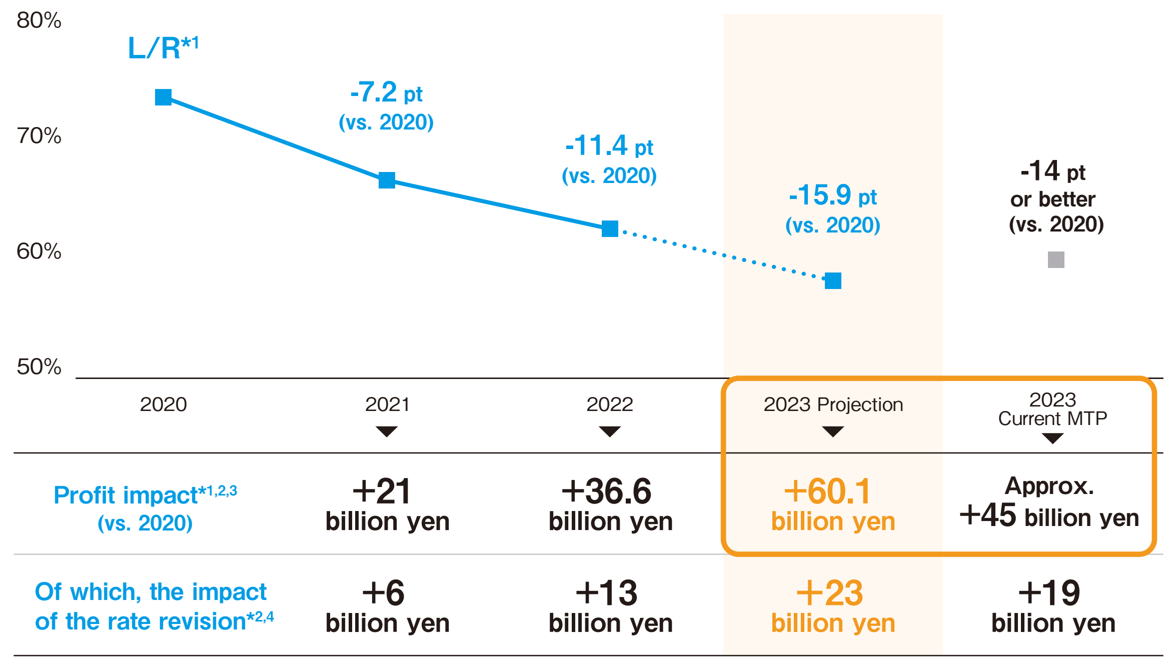
Key Measures

By implementing the following measures, focusing on rate and product revisions, we aim to achieve the targets of the MTP and "secure profitability equivalent to that of capital costs (RoR >7%)" by fiscal 2026.

Measure	Approach
Thorough improvement of profitability	• Rate and product revisions (conducted in October 2019, January 2021, October 2022, and January 2023) • Strengthen disciplined underwriting • Strengthen disaster prevention, mitigation, and early recovery efforts • Ensure appropriate reinsurance arrangements • Improve business efficiency, etc.

Progress Status

- Through the implementation of key measures, we expect to achieve +60.1 billion yen in fiscal 2023 (vs. fiscal 2020) compared with the target of +45 billion yen in the current MTP.
- We will continue to monitor the impact of natural catastrophes, inflation, and rising reinsurance costs, and, depending on the situation, we will steadily implement measures such as additional rate and product revisions and strengthening of results measures.



*1: Natural catastrophes are normalized to an average annual level and the impacts of COVID-19 and exchange rates are excluded. In addition to the above, the impact of the flooding in South Africa (approximately 3 billion yen) was excluded in fiscal 2022.
*2: After tax, estimation
*3: The impact of inflation has been reflected in projections.
*4: Cumulative value of the profit improvement impact actualized in the relevant year from product revisions, etc.

Road Map for Achieving the Current Mid-Term Business Plan

Domestic non-life insurance — Specialty Insurance Growth

Current MTP Targets

Aim to achieve revenue growth of over 100 billion yen over three years by providing specialty insurance and other products that help resolve increasingly complex and diverse social issues, and by creating new markets for the current MTP targets.

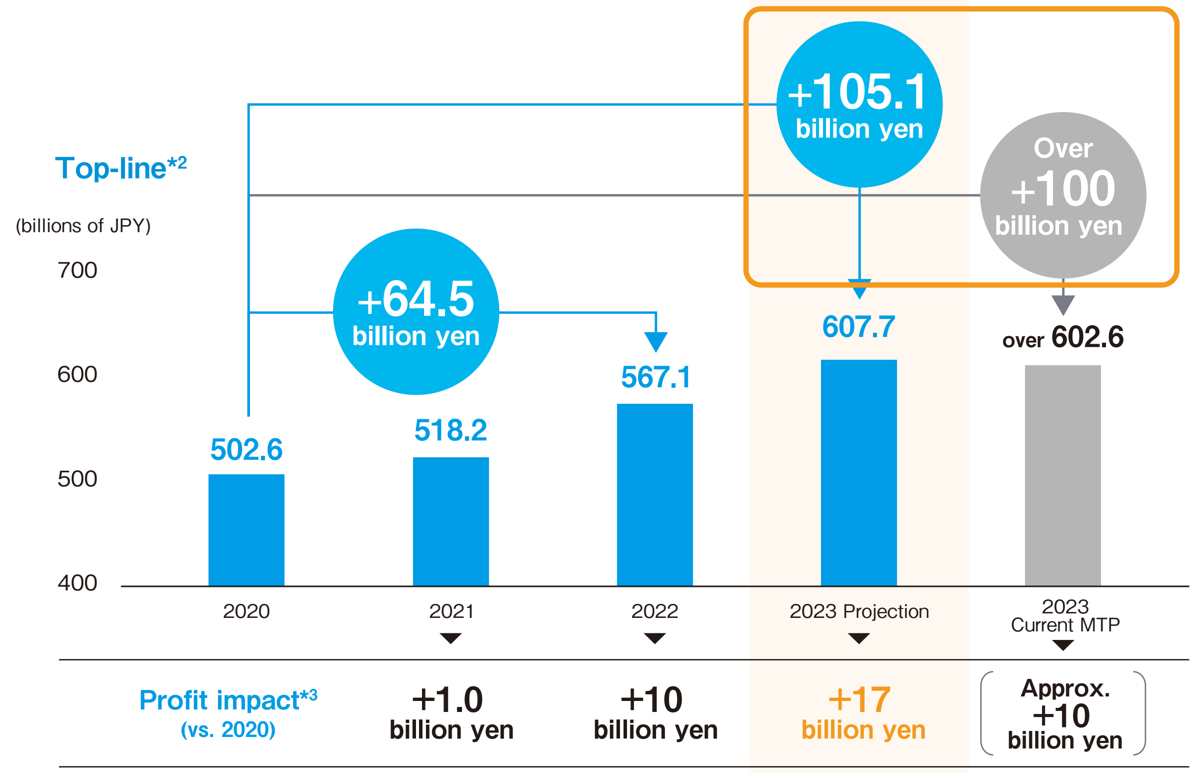
Key Measures

Aim to achieve the goals of the current MTP by implementing measures centered on the expansion of initiatives in four priority areas of social issues (healthcare, SME, renewable energy, and cyber).

Measure		Approach
Expansion of initiatives in four priority areas of social issues	Healthcare	• Accelerate initiatives for commercialization in the presymptomatic and preventive area (established a preparatory company in April 2023) • Increase revenue through new sales models and digital application procedures
	SME	• Strengthen digital contact points with the SME market • Increase revenue through compensatory upgrades of SME exclusive package products
	Renewable energy	• Increase revenue by enhancing Group-based initiatives including utilization of the abundant expertise of GCube • Construct a business support model using the solar PPA model*1
	Cyber	• Develop promotions based on the strength of the 24/7 emergency hotline service • Establish an insurance agency specializing in cyber insurance
Response to New Risks		• Establish insurance programs in cooperation with overseas Group Companies • Create new markets by leveraging the strengths of the Group's core data company, Tokio Marine dR Co., Ltd.

Progress Status

- The top-line fiscal 2022 results were +64.5 billion yen (vs. fiscal 2020), mainly due to expansion of initiatives in four priority areas of social issues, which are growth drivers. The fiscal 2023 projection is +105.1 billion yen, and the current MTP target of +100 billion yen is achievable.
- We will continue to firmly capture the expanding market due to the increasingly diverse and complex social issues.



*1: A system that enables the introduction of solar power generation systems without initial and maintenance costs
*2: Including P.A. *3: After tax, estimation (including rate revision effects)

Road Map for Achieving the Current Mid-term Business Plan

Domestic non-life insurance — Initiatives to Improve the Combined Ratio (C/R)

Current MTP targets

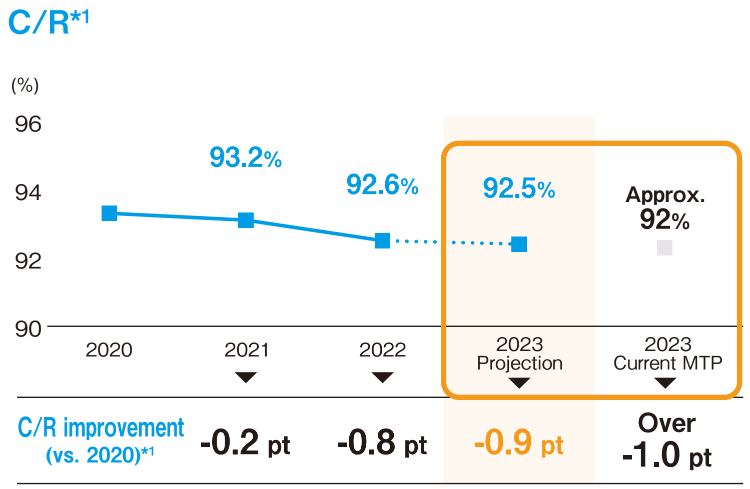
Invest about 40 billion yen in digital technology to rigorously reduce internal administration work. Improve the C/R ratio to around 92% by not only reducing business expenses but also redistributing the generated load to increase strategic execution capability for the current MTP targets.

Key Measures

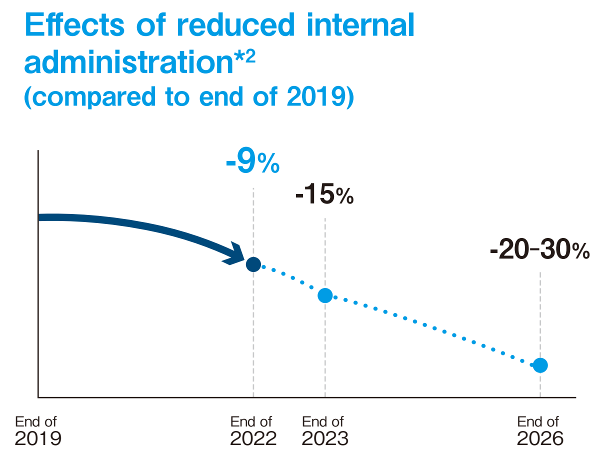
Measure	Approach
(1) Rigorously reduce internal administrative work through the thorough use of digital technology	• Business expense related: Digitize customer contacts, increase automation, and improve the efficiency of administrative work • Loss adjustment expense related: Improve efficiency using AI, online procedures, etc.
(2) Initiatives that utilize the time created	• Achieve top-line growth mainly in specialty insurance • Improve fire insurance earnings through disaster prevention and mitigation, as well as via countermeasures, etc.

Progress Status

- In fiscal 2022, although the E/R declined due to top-line growth, the C/R was 92.6% due to the deterioration of the L/R in fire and specialty insurance, etc. In fiscal 2023, despite the deterioration of the L/R in auto insurance, our C/R projection is 92.5%, close to the target of the current MTP, due to various measures such as the improvement of profitability in fire insurance and the expansion of specialty insurance.
- As of the end of fiscal 2022, we had reduced our internal administrative work by 9%, against the target of 15% reduction by the end of fiscal 2023 (vs. the end of fiscal 2019, with a 20%–30% reduction targeted by the end of fiscal 2026).



*1: Natural catastrophes are normalized to an average annual level, and the impacts of COVID-19 and exchange rates are excluded. In addition to the above, the impact of the flooding in South Africa (approximately 3 billion yen) was excluded in fiscal 2022.



*2: Virtual calculation of the reduction effect compared to the actual results as of the end of fiscal 2019

Road Map for Achieving the Current Mid-Term Business Plan

Domestic life insurance: Contributing to the Group's risk diversification and long-term growth

Current MTP Targets

Under the current MTP, plans are in place to secure stable top-line growth of around +5% CAGR and bottom-line growth of around 50 billion yen per year by expanding sales of highly profitable products.

Key Measures

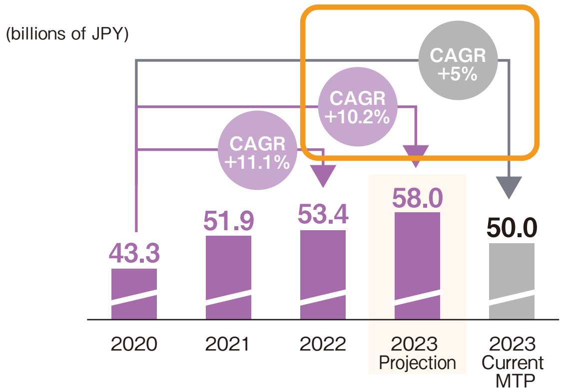
Introduce highly profitable products that focus on the three areas of seniors, healthcare, and asset formation. In addition, aim to achieve the current MTP targets using digital technology to expand our business model that establishes direct contact between TMNL and existing non-life insurance policyholders and connects them with sales agents who can provide consulting services.

Measure	Approach
(1) Focus on growth areas (seniors, healthcare, and asset formation)	• Introduce new products focusing on nursing care and cancer and expand sales of variable insurance with installment plans • Expand such supplementary services as dementia prevention and early cancer detection
(2) Promote the cross-selling of life and non-life products	• Expand the use of apps that provide comprehensive insurance diagnosis services • Expand the division of labor model in which direct contacts with existing non-life insurance policyholders are established and they are referred to life insurance agents

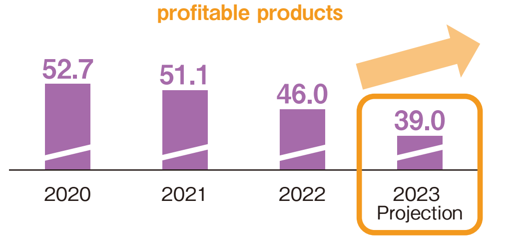
Progress Status

- The top-line fiscal 2022 result was 53.4 billion yen (CAGR +11.1% vs. fiscal 2020). The fiscal 2023 projection is 58 billion yen (CAGR +10.2% vs. fiscal 2020), exceeding the current MTP target (CAGR +5%).
- The bottom-line 2022 result (excluding one-off effects) was 46 billion yen due to an increase in hedging costs, etc. Under the current MTP, plans were to secure a stable stream of profits around the 50 billion yen level, but the fiscal 2023 projection is lower than the plan due to an increase in the first-year burden associated with top-line growth and an increase in hedging costs.

Top-line (New Policies ANP)



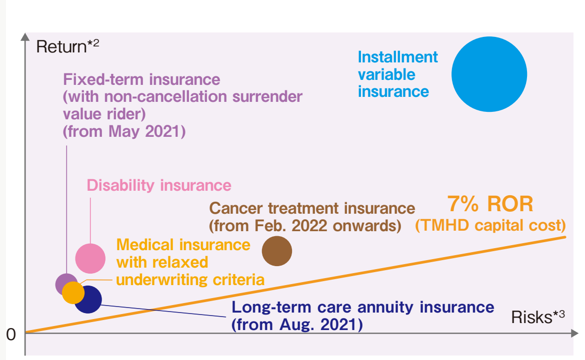
Bottom line



(Reference) Medium- to Long-Term Growth Driver

Current main and new products have RORs that exceed the cost of capital and will serve as a driver of future profit growth.

ROR*1 for TMNL's main products (image)



*1: The size of the bubble indicates annualized new policy net premium (FY2023 projection)
*2: Value of new business and future release of cost of non-hedgeable risks (FY2023 projection)
*3: Sum of the present value of required capital for each future fiscal year (FY2023 projection)

Road Map for Achieving the Current Mid-Term Business Plan

International insurance: Underwriting Profits Increase in Advanced Markets

Current MTP Targets

Under the current MTP, we plan to boost underwriting profit (15 billion yen before tax) compared with fiscal 2020 by generating robust growth in the top line with a CAGR of approximately 5% while maintaining a C/R that compares well to our global peers of approximately 93%.

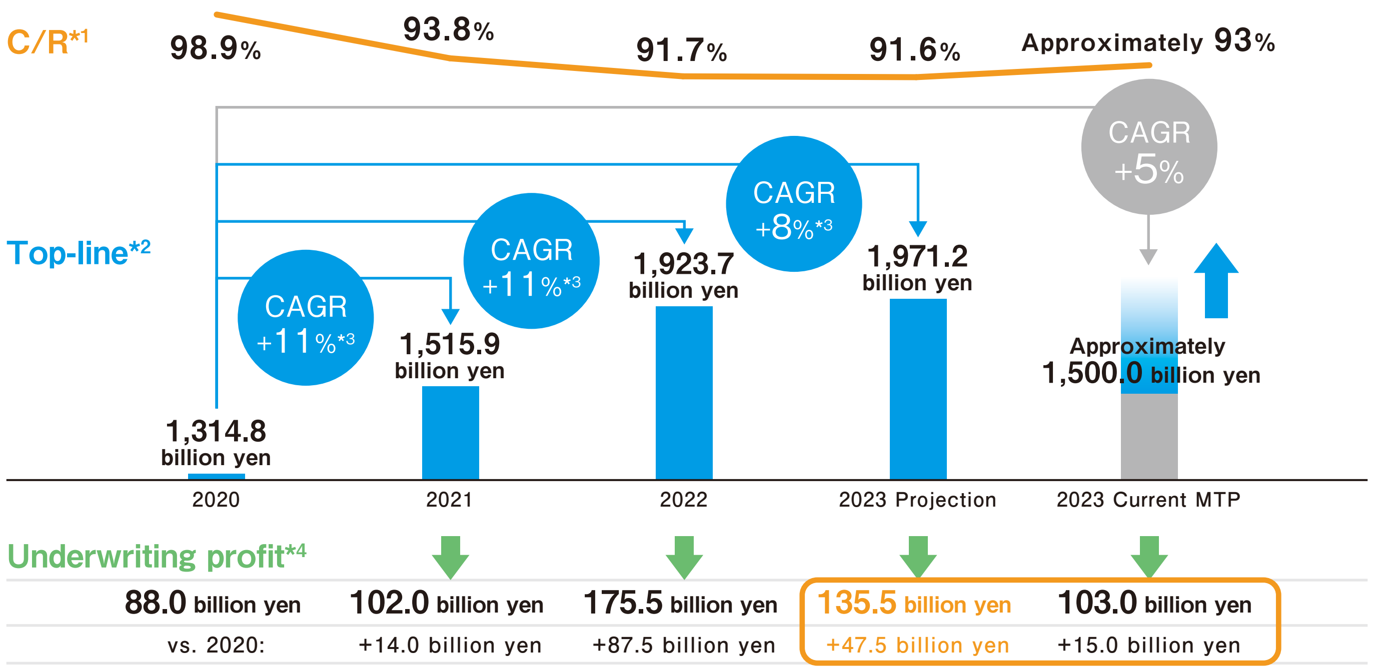
Key Measures

In consistently focusing on the bottom line and harnessing our strength in underwriting and risk underwriting, we will work to achieve targets identified under the current MTP by realizing appropriate underwriting while ascertaining the profitability of each business line via a forward-looking approach.

Measure	Policy Initiatives
(1) Top-line growth	• Leverage the strengths of each Group company and achieve rate increases above market level and exceeding loss cost • Through portfolio management, engage in new risk-taking in lines where high returns are expected while ensuring profitability • Implement bolt-on M&As
(2) Maintain strong profitability	• Build a strong underwriting portfolio by maintaining strict underwriting discipline while paying close attention to trends in profitability including rising social inflation • Promote efforts to improve operation efficiency through such measures as administrative process improvement and work to reduce operating expenses, etc.

Progress Status

- We are steadily implementing and realizing the effects of a variety of measures including rate increases that take advantage of the hard market environment and disciplined underwriting, as well as such bolt-on M&As (see p. 143) as SSL's acquisition by DFG (most recently, GGEBS's acquisition by TMHCC (July 2023)).
- As a result, actual underwriting profit in fiscal 2022 increased 87.5 billion yen compared with fiscal 2020 (including take down of prior year loss reserves) and is projected to climb 47.5 billion yen in fiscal 2023 compared with fiscal 2020. This is due to top-line growth at a pace that exceeds plans and steady improvements in the C/R. As a result, trends in underwriting profit substantially exceed the target of the current MTP (a 15 billion yen increase compared with fiscal 2020).



*1: North America + Europe segments. Include policies with a high C/R such as DFG's excess workers' compensation and life insurance.
Exclude transient effects such as natural catastrophes and COVID-19, the currency-adjusted C/R was 93.3% in 2020, 93.0% in 2021, and 89.2% in 2022
*2: Total NWP of the North America + Europe segments. For the 2020 and 2023 current MTP, the foreign exchange rate is as of March 31, 2021
*3: The foreign exchange rate is as of March 31, 2021
*4: Estimated with the top line × (1-C/R) (before tax). Adjusted C/R in *1 above used for 2020, 2021, and 2022, excluding foreign exchange.

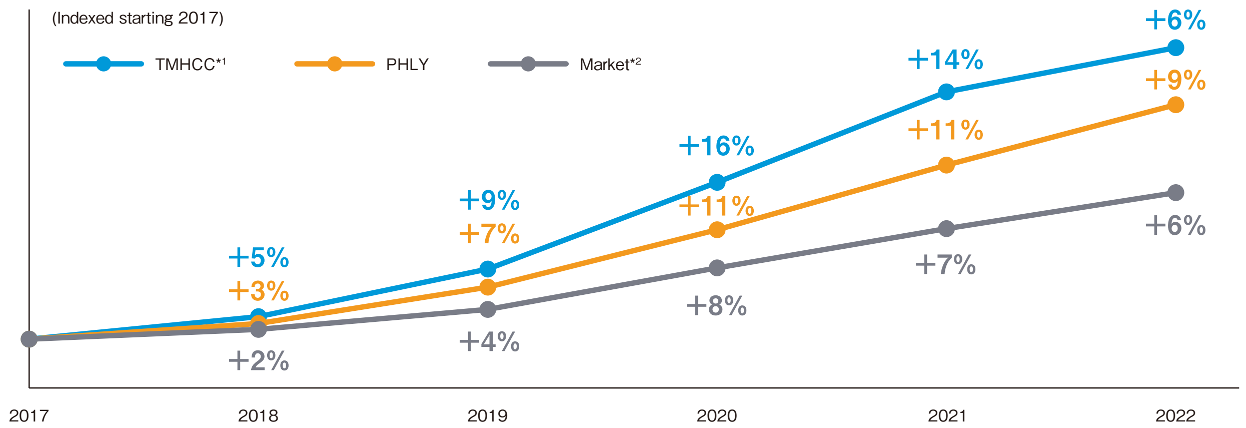
Reference: Capacity to support sustainable expansion in underwriting profits in advanced markets

(1) Rate increase capacity

Through forward-looking rate increases, we have realized rate increases that exceed not only the loss cost but also those in the market. This is because of the superior strength of our Group Companies compared to competitors in their respective markets.

For example, since its foundation, TMHCC has built up expertise and brand power by specializing in the North American specialty insurance field and has high price bargaining power as a market leader. In addition, PHLY has achieved high customer satisfaction through a strong sales network, detailed services through specialized products that meet the specific needs of niche sectors such as nonprofit organizations, and highly specialized claim services provided by experienced staff.

Examples of rate increases (figures in the graph are YoY rate increase)



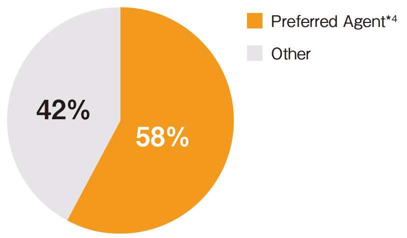
Strengths of Tokio Marine Group Companies That Enable Above-Market Rate Increases

Strong Competitive Advantage of TMHCC

- **Highly specialized underwriting and claims service expertise built as a specialty insurance company since establishment in 1974**
- **Trusted by customers/brand recognition**
- **Strong price negotiation as the market leader**

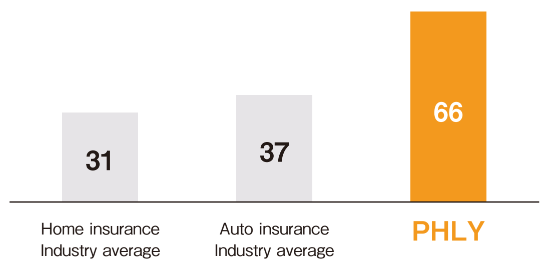
PHLY's Strong Sales Network*3

- **Strong relationships with leading agents/brokers to enable disciplined U/W**



Net Promoter Score*5 of PHLY Significantly Higher than the Market

- **Provides highly specialized and high-quality products and services to meet customer needs**



*1: Excluding A&H, Surety and Credit
*2: Source: Willis Towers Watson
*3: Results of PHLY's underwriting of new contracts in fiscal 2022 (GWP base)
*4: PHLY's Preferred Agent and equivalent brokers
*5: Indicator to measure customer loyalty and customer willingness to use products/services continuously. PHLY based on 2022 data
Source: Customer GURU, NICE Satmetrix 2022, Consumer Net Promoter Benchmark Study

(2) Expansion of highly profitable business lines

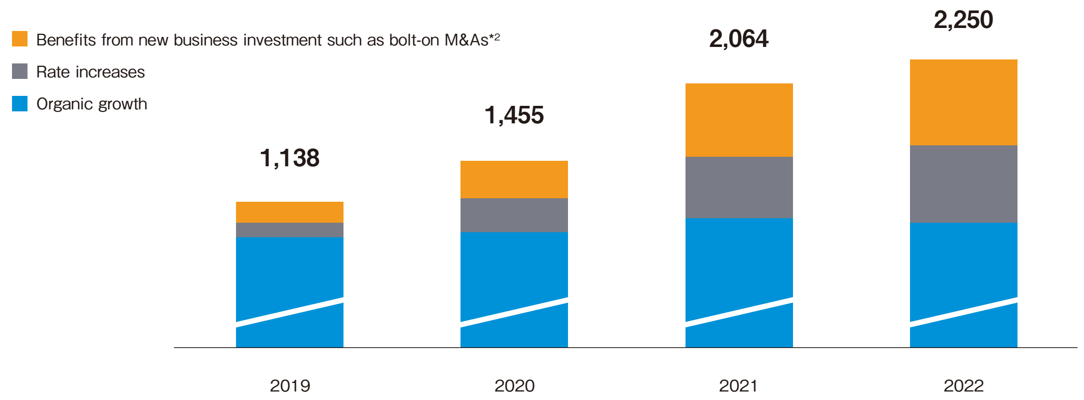
We are improving the profitability of our entire portfolio not only by increasing rates but also by strategically expanding highly profitable business lines. TMHCC, for example, has recently expanded its highly profitable International segment through bolt-on M&As and new underwriting.

In addition, PHLY is expanding underwriting while continuously improving the profitability of the entire portfolio through a disciplined underwriting strategy for each product group (Tiers) according to profitability.

Example of efforts (1)

Expansion of TMHCC's International Segment

TMHCC International segment top-line*1 (millions of USD)

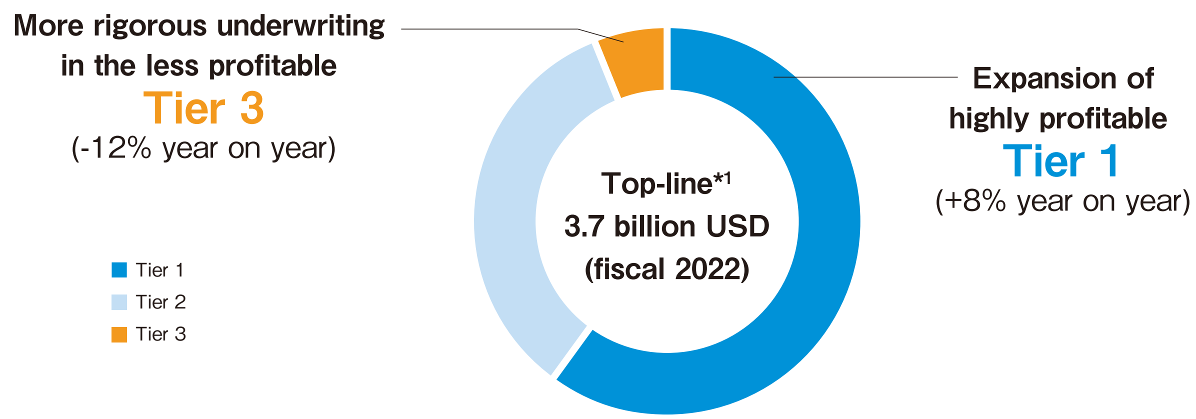


	2019	2020	2021	2022
Bolt-on M&As		GCube		
Launched/ Established	Marine Liability	Delegated Property Marine Cargo		

Example of efforts (2)

Portfolio Management Based on Profitability at PHLY

- **Classifying products into Tiers 1–3 based on profitability**
- **Improving the profitability of the entire portfolio by implementing a disciplined underwriting strategy for each Tier and repeating the cycle of reviewing the content of each Tier every year**



*1: GWP for TMHCC, NWP for PHLY
*2: Written premium generated from business investment such as bolt-on M&As implemented since 2018.

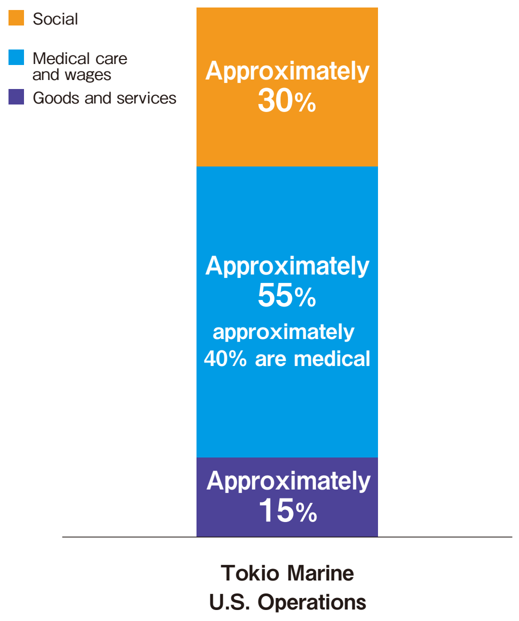
(3) Resistance to inflation

There are three major types of inflation: (1) economic inflation (goods and services), in which the price of goods rises; (2) economic inflation (medical care and wages), in which medical care costs and wages rise; and (3) social inflation, in which legal costs and damages rise as a result of a growing tendency to hold corporations more strictly accountable. For sustainable earnings growth, it is important to appropriately control rises in the loss cost due to inflation. Among them, economic inflation (goods and services) has a particular impact on loss cost in fire insurance and auto insurance, which are traditional insurance lines. However, Tokio Marine's U.S. operations, which are centered on specialty insurance, are relatively resistant to this impact.

However, in specialty insurance, which is one of our strengths, loss cost in medical stop-loss insurance and excess workers' compensation, for example, are susceptible to economic inflation (medical care and wages), while liability insurance is susceptible to social inflation. In response to these developments, we have strengthened our resilience to inflation by proactively implementing measures such as rate increases, reviewing underwriting, and reducing the number of lawsuits by promoting early settlements.

By continuing this proactive approach, we will continue to improve our ability to respond to sudden environmental changes and generate stable profits.

Loss Reserve Ratio by Inflation Type for Our U.S. Business*1



Tokio Marine Strategies by Inflation Type

Social inflation	✓ Identify high-risk contracts potentially deteriorating future performance in advance, and proactively take measures by reviewing underwriting details, etc. ✓ As a result of significantly reducing high limit policies of 10 million USD or more, which are often targeted by lawsuits, more than 90% of all in-force policies*2 have a limit less than 5 million USD ✓ Reduced number of lawsuits by approximately 60%*3 through early settlement efforts ✓ Rate increases in light of rising loss cost ✓ Loss reserves in select liability lines strengthened and prior year reserves have developed favorably since fiscal 2019
Economic inflation (medical care and wages)	✓ Although there are impacts on excess workers' compensation and medical stop-loss due to increases in medical expenses and wages, etc., they are controlled through proactive rate increases and increases in self-insurance retention, etc.
Economic inflation (goods and services)	✓ Increasing rates in light of increased loss cost due to inflation ✓ We have a structure that is relatively resistant to the impact of economic inflation due to centering on specialties (low proportion of fire and automobile insurance, etc.) ✓ The current inflation index for goods and services (flexible CPI, construction price index, etc.) has declined since peaking in 2021, and the risk of inflation on goods and services has relatively decreased

*1: Tokio Marine North U.S. subsidiaries loss reserves by inflation type as of the end of fiscal 2022
*2: Umbrella insurance with many high-value limit contracts
*3: Compared with Q2 of fiscal 2020 when the Company commenced early settlement initiatives

(4) Ability to execute bolt-on M&As

We are executing bolt-on M&A deals and forward-looking divestments with the aim of strengthening existing businesses, diversifying risk, and stabilizing C/Rs.

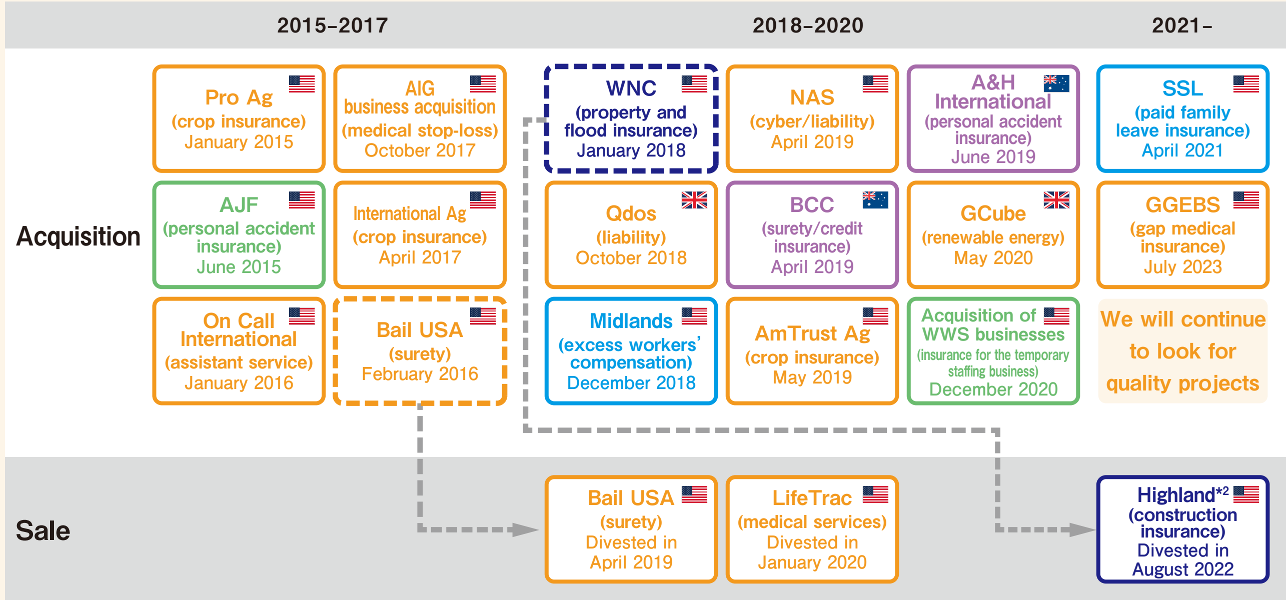
Bolt-on M&As are distinguished by their high rate of success. This is because we have predominantly targeted companies and businesses with which we have had a long-standing business relationship, in-depth knowledge of their business, and enjoy relationships of trust with their management. In addition, we are steadily implementing PMI*1 based on our wealth of experience and robust framework. Meanwhile, our well-diversified portfolio has allowed us to stabilize C/Rs, which has contributed to profit growth, even as our business expands.

Under the proactive governance of Tokio Marine Holdings, we will further enhance the quality of our bolt-on M&A deals and accelerate growth by utilizing, within each Group company, TMHCC's know-how developed through more than 60 successful bolt-on M&A deals.

*1: Abbreviation of Post Merger Integration, which refers to the integration process after an M&A

Advantages of bolt-on M&As

- High success rate : In-depth understanding based on a long-term business relationship
- Accumulated know-how : Experience of executing more than 60 bolt-on M&As
- Disciplined M&As : Strategic portfolio adjustment taking the future business environment into consideration



Colors indicate acquired companies TMHCC TMK PHLY DFG TMMA (Australia)
*2: Agents handling construction insurance in the Tokio Marine Highland (formerly WNC) Group, affiliated with TMK

Latest M&A Deals

- Provides gap medical insurance*3 for small to medium-sized businesses, which are expected to increase in the United States
- Aims to capture the growth of the gap medical insurance market and further diversify the business by leveraging support from TMHCC's nationwide sales network

Acquired by TMHCC in July 2023 (Acquisition price: Below 10 billion yen)

- Provides paid family leave insurance, a market that is expected to expand throughout the United States
- Expects to become a top three company in the industry in the state of New York and achieve after-tax profit of 1.5–2 billion yen after the M&A
  Will further expand insurance for employee benefits through cross-selling synergies with DFG

Acquired by DFG in April 2021 (Acquisition price: Around 19.8 billion yen)

*3: A generic term for ancillary insurance to cover medical expenses that are not covered by primary health insurance arranged by employers for employees.

Road Map for Achieving the Current Mid-Term Business Plan

International insurance — Driving Growth for Pure

Current MTP Targets

Under the current MTP, we are taking advantage of the customer loyalty rate that is well above the industry average to accelerate the pace of growth and have achieved major growth. Through the creation of synergies that leverage the Company's North American-based sales platform, we plan to expand business unit profits by 13 billion yen.

Key Measures

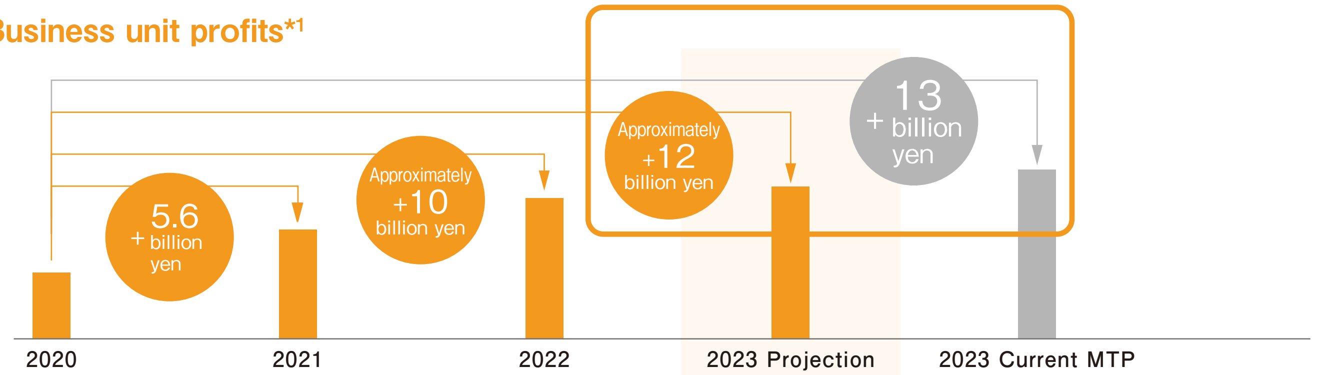
We aim to achieve the goals of the current MTP by expanding our business scale and earnings through measures such as rate increases and the geographical diversification of our portfolio based on high customer loyalty.

Measure	Approach
(1) Implement growth strategies	• Focus on the high-net-worth market, which is a source of high growth potential • Diversify our portfolio, including expanding into Canada • Maintain and enhance strong customer loyalty • Increase rates that take advantage of the hard market environment, etc.
(2) Demonstrate Group synergies	• New business relation with PHLY's leading agents holding high net worth clients • Joint marketing to agents in Hawaii with Hawaiian subsidiary FICOH • Joint development of cyber insurance products with TMHCC for individual clients, etc.

Progress Status

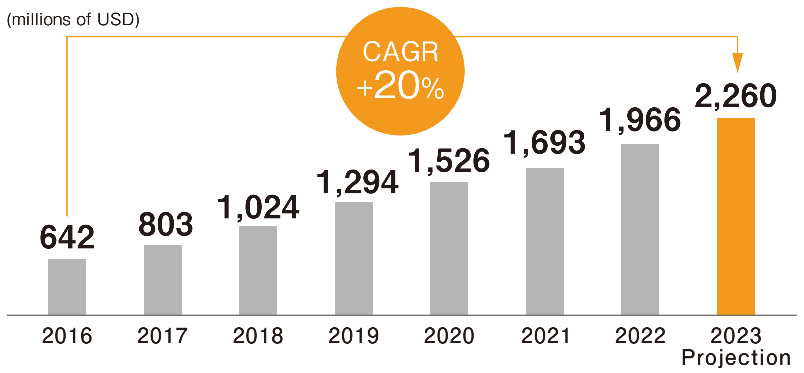
- As a result of the steady implementation of our key measures, business unit profits in fiscal 2022 increased 10 billion yen and fiscal 2023 projections are an increase of 12 billion yen compared with fiscal 2020. This is generally in line with the current MTP target (a 13 billion yen increase compared with fiscal 2020).

Business unit profits*1



Premiums under management company

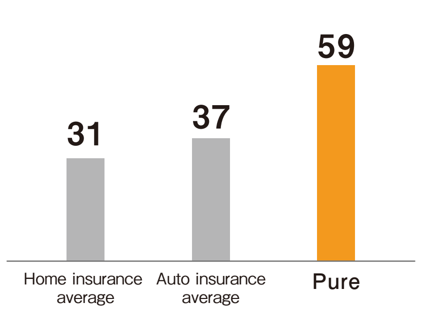
(millions of USD)



*1: The foreign exchange rate is as of March 31, 2021. For 2020, 2021, and 2022, natural catastrophes are normalized to an average annual level and the impact of COVID-19 is excluded.

Strong customer loyalty

■Net Promoter Score*2



*2 Indicator to measure customer loyalty and customer willingness to use products/services continuously. Data for Pure are from 2022.
Source: Customer GURU, NICE Satmetrix 2022 Consumer Net Promoter Benchmark Study

Road Map for Achieving the Current Mid-Term Business Plan

International insurance — Emerging Countries Strategy

Current MTP Targets

Under the current MTP, we are implementing a growth strategy with the goal of diversifying geographical risk and capturing markets with high growth potential. Plans are in place to secure a CAGR of at least +10% (+15 billion yen) through profit growth.

Key Measures

In emerging markets, made up of a variety of countries, we will strategically develop businesses and implement growth strategies considering conditions in each country. Through these means, we will work to achieve current MTP targets and develop pillars of future growth.

Measure	Approach
Strategic business development based on conditions in each country	• Capture Brazilian mortgage-related insurance needs that offer high growth and profitability potential through the establishment of a joint venture with Caixa, Brazil's largest banking group • Expand our market share in the Thai automobile market through integration with Safety Insurance acquired in Thailand

Progress Status

- Business unit profits in fiscal 2022 increased 49% and fiscal 2023 projections are an increase of 38% compared with fiscal 2020, excluding transient effects. Progress is substantially beyond the current MTP (over 10% increase).
- In particular, the bottom line in Tokio Marine Seguradora in Brazil has grown to a scale of more than 10 billion yen in actual profits, as a result of its high insurance underwriting capacity and the implementation of digital transformation.

Major regions of non-life insurance business in emerging countries

India

- IFFCO-TOKIO General Insurance (49.0%)

	2022	2023 Projection
Profit	0.3 →	1.5 billion yen
M/S	No. 13 (4%)	

Thailand

- Tokio Marine Safety Insurance (Thailand) (99.3%)

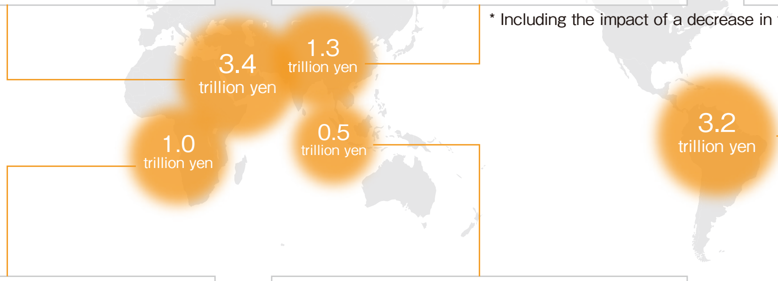
	2022	2023 Projection
Profit	6.8* →	4.9 billion yen
M/S	No. 4 (8%)	

Brazil

- Tokio Marine Seguradora (98.5%)

	2022	2023 Projection
Profit	12.7 →	15.6 billion yen
M/S	No. 4 (7%)	

* Including the impact of a decrease in traffic volume



South Africa

- Hollard Group (22.5%)

	2022	2023 Projection
Profit	1.0 →	1.5 billion yen
M/S	No. 2 (12%)*1	

Malaysia

- Tokio Marine Insurans (Malaysia) (100%)

	2022	2023 Projection
Profit	3.3 →	3.8 billion yen
M/S	No.7 (6%)	

Growth exceeding the market

Non-life premiums*2

2016–2021 CAGR

8.3%

vs. market +0.5 pt

Profits: Business unit profits
Sources for M/S: AXCO, IRDAI, IPRB, SUSEP, Swiss Re, FSCA Financial Sector Conduct Authority
Figures in brackets by the company name: Ownership ratio as of March 2023
Figures in circles: GWP of each country as of FY2021 Source: Swiss Re

*1: M/S of P&C business (2021)
*2: NWP for TMHD, GWP for market Source: Swiss Re

Road Map for Achieving the Current Mid-Term Business Plan

International insurance

Increase Investment Income by Leveraging Our Strength in Credit Management

Current MTP Targets

Under the current MTP, we plan to increase investment income utilizing the ability to spot good investment targets in the credit market.

Key Measures

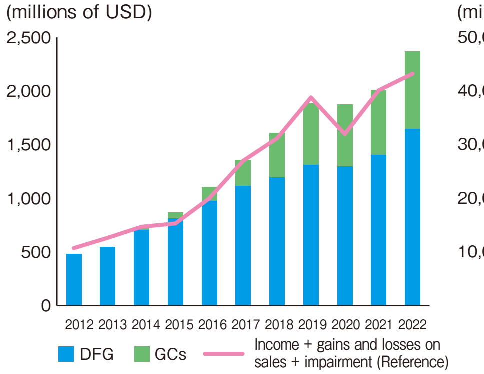
Under appropriate risk control based on the characteristics of insurance liabilities, we will work to achieve the current MTP targets by achieving high returns relative to risks through various measures including investments in credit assets in the United States that utilize DFG's asset management prowess.

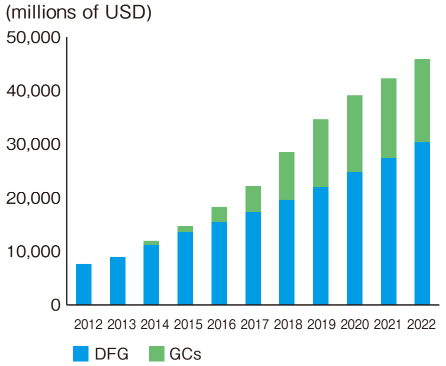
Measure	Approach
(1) Credit management utilizing the strengths of DFG's investment team	• Leverage long-term, predictable investment fund characteristics and pursue excess profits that tolerate liquidity risk • Execute agile asset allocation according to the investment environment by data gathering and analysis leveraging a broad network • Undertake investments that require expertise in such areas as CLOs and CRE loans
(2) Collaboration with Tokio Marine Group companies	• Control credit risk appropriately within our Group-wide ERM framework • Develop specialized investment personnel through personnel exchanges within the Group, etc.
(3) Demonstrate Group synergies	• Entrust the assets of Group companies to DFG while expanding profits by utilizing the DFG investment team's capabilities • Execute R&D in new fields such as ESG investment on a Group-wide basis

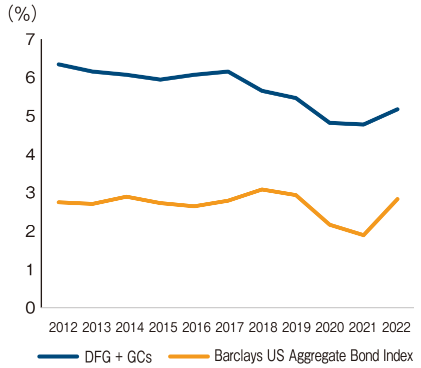
Progress Status

• Assets under management (AUM) of the entire Group have increased significantly mainly due to the strong performance in insurance underwriting. DFG, which excels at credit management, has managed part of this, and has achieved stable income revenue exceeding the benchmark, and made good progress.

Stable growth of investment income (DFG-managed *1) = Increase of AUM due to business growth and increase in managed assets (DFG-managed*1) × Stable acquisition of a higher income yield compared to the index



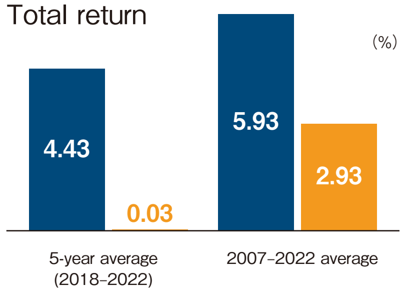




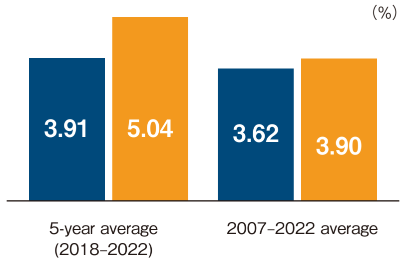
*1: Assets entrusted to DFG by major Group Companies (TMNF, AL, NF, PHLY, TMAIC, TMHCC)

Results compared to index

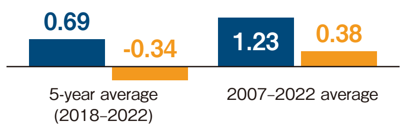
Total return



Volatility



Sharpe ratio*2



■ DFG ■ Barclays US Aggregate Bond Index

*2: Indicator for measuring investment return per unit of risk. Calculated by total return minus risk-free rates divided by volatility. Risk-free rates: LIBOR6M

Reference: DFG's strengths in CRE loan management

One of the strengths of DFG's credit management is its CRE loan investment that utilizes its high level of expertise. DFG has implemented appropriate measures even in the recent financial turmoil, and the negative impact has been limited.

Nature of the market's concerns

Increase in vacancy rate of office properties	Rise in U.S. interest rates	Tightening of bank lending
Background Post-pandemic telecommuting, large-scale layoffs, etc.	Background Federal Reserve monetary tightening	Background Decline in liquidity due to the outflow of deposits from commercial banks triggered by the failure of SVBs, etc.
Risk of property price declines	**Borrower's risk of default on interest payments**	**Default risk at maturity**
■ Decrease in rent, the basis of calculating property price ■ Decline in present value due to rise in discount rate	■ Decrease in rent revenue as a source of interest payment ■ Increase in interest payment burden due to rise in interest rates	■ Decline in property prices ■ Difficulty in refinancing due to tightening of bank lending

DFG's strengths (initiatives) in response to these concerns

Selective financing based on ability to identify properties and sponsors	Portfolio dominated by stand-alone projects	DFG's investment resources based on long-term, predictable insurance liabilities
• Select projects where the property value can be increased through renovation, etc. • In addition to the above, utilize experienced, specialist teams from the perspective of the sponsor's real estate investment experience, financial soundness, and tenant quality, etc. • 99%*1 of the portfolio successfully pays interest	• Allow emergency measures, including workouts (collection), at our own discretion In actual workouts, we have made steady progress in recovery efforts, for example, by gaining profits from the sale of seized properties	• Can hold the position until market recovery, including extension of maturity

Limited impact on PL from the 2008 financial crisis

\+

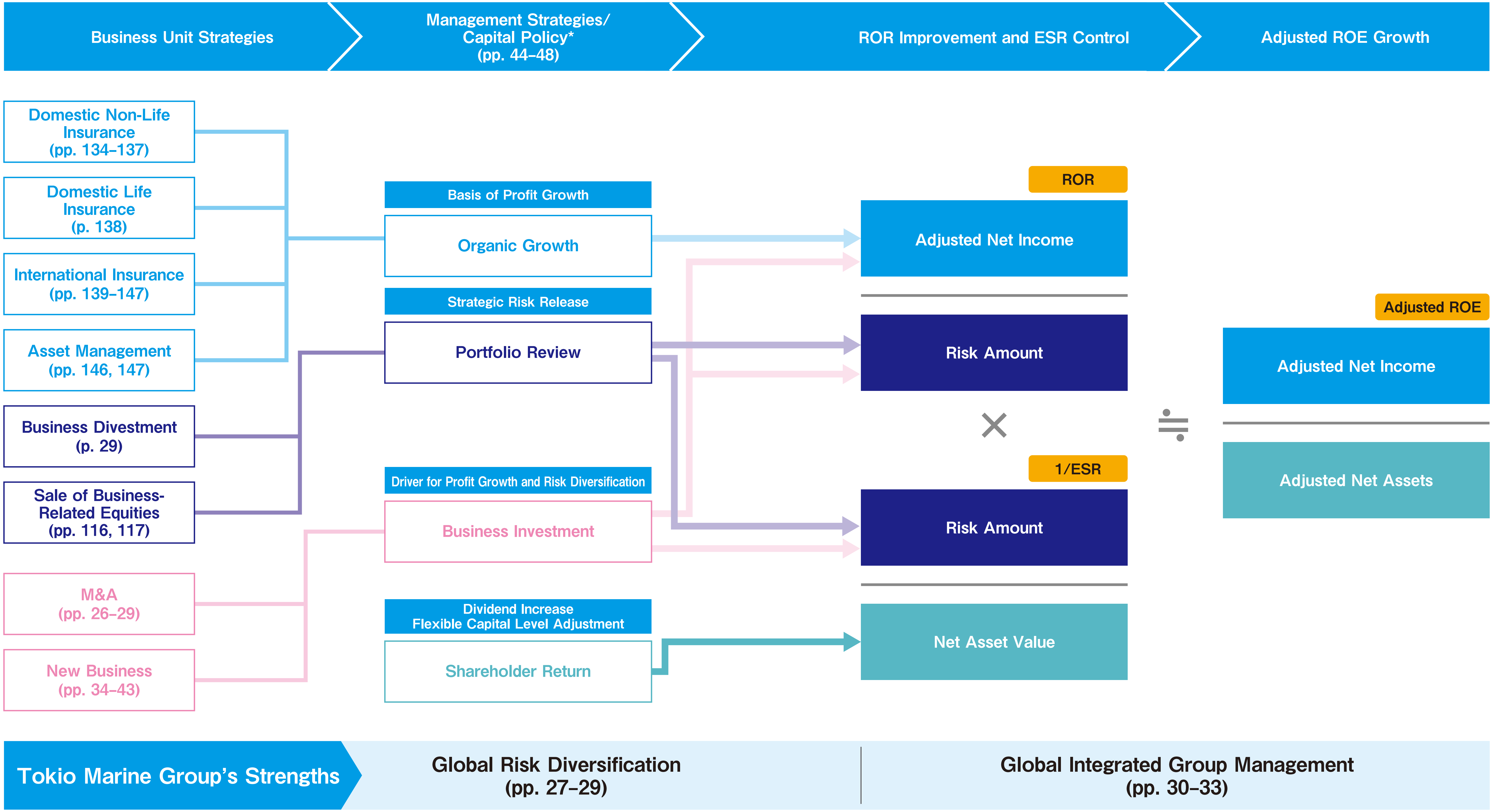
In addition to the above strengths

• Confirmed that the CRE loan impairment amount calculated in the stress test*2 can be recovered from the asset within six months due to the high income return from the asset
• Compared to the 37.5% decline in real estate prices*3 during the 2008 financial crisis, the average LTV*4 of the portfolio was approximately 60%

*1: Balance as of March 31, 2023 *2: Calculated based on a conservative assumption that certain losses will occur, with reference to the probability of default at the time of the 2008 financial crisis. *3: Refer to the CPPI Index. *4: Loan to Value = Loan balance/collateral value

Toward Adjusted ROE Growth

We will secure adjusted ROE growth by steadily implementing business unit strategies based on our strengths.



*: Arrows from Management Strategies and Capital Policy are drawn toward the components of ROR and ESR that are especially affected. For example, while a portfolio review attributable to the sale of business-related equities increases adjusted net income owing to the gain on sale of business-related equities, an arrow is not drawn toward adjusted net income because the primary objective is to eliminate the risk amount.

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

- Joined in 2005 and continued declaration of support
- In fiscal 2022, participated in the "Disaster Prevention and Mitigation Working Group," "WEPs Working Group," etc.

Sustainable Finance and Insurance Frameworks

United Nations Environment Programme and Finance Initiative (UNEP FI)

- Participated in the Insurance Committee as a representative director of the Asia region
- Participated in the Asia-Pacific Roundtable 2021 (June 2021)

Principles for Financial Action for the 21st Century

Principles for Sustainable Insurance (PSI)

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

Sustainable Investment

United Nations Principles for Responsible Investment (PRI)

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

Japan Sustainable Investment Forum

Climate-Related Information Disclosure

- PCAF
- United Nations International Strategy for Disaster Risk Reduction/ Private Sector Alliance for Disaster Resilient Societies
- The Geneva Association
- ClimateWise
- Asia-Pacific Financial Forum
- Insurance Development Forum (insurance industry-spearheaded international public-private partnership)
- CDP
- Task Force on Climate-related Financial Disclosures
- Taskforce on Nature-related Financial Disclosures
- Sustainable Markets Initiative

ESG Evaluations and External Awards

Tokio Marine Group has been highly evaluated and has 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 Indexes that include Tokio Marine Holdings

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

- Globally recognized ESG Index Series jointly developed by S&P Dow Jones Indices LLC and RobecoSAM AG in 1999
- Tokio Marine Holdings included for 14 consecutive years beginning in 2009

FTSE4Good / FTSE Blossom Japan / ETHIBEL Sustainability Index / ISS ESG Corporate ESG Performance Prime / S&P/JPX Carbon Efficient Index / STOXX Platinum Career Index / Morningstar GenDi J Japan ex-REIT Gender Diversity Tilt Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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Awards for ESG Initiatives

- Tokio Marine included in the 2023 "Health & Productivity Stock Selection program" (eighth consecutive year)
- Tokio Marine selected as an Excellent Enterprise of Health & Productivity Management (Large Enterprise Category) together with 13 Group companies, of which five were recognized as White 500 enterprises

- Selected as a DX Stock for 2023 in the Digital Transformation Stock (DX Stock) listing (second consecutive year)

- Tokio Marine won the Silver Award (Minister of the Environment Award) in the Environmentally Sustainable Company category of the "ESG Finance Awards Japan"

- Tokio Marine was selected as the Supplier Engagement Leader which is the highest rating in the 2022 "Supplier Engagement Rating (SER)" by the international environmental nonprofit organization CDP

- Overseas Group companies named among the "Best Workplaces in Brazil" (10th consecutive year) and among the "Best Places to Work in Insurance" in the United States

The material social issues to be addressed by Tokio Marine Group are indicated on pp. 64–65. 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 Themes	Major Initiative	Relevance to the 17 Sustainable Development Goals (SDGs) 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
E Environmental	Promoting environmental management	Reduction of environmental impacts of business activities and achievement of a carbon-neutral												●	●				
	Preserving biodiversity through products and services	Promotion of web-based insurance contracts and omission of issuing issuance policies												●	●				
		Mangrove planting project, "Green Gift," and conservation and restoration activities for eelgrass beds				●		●					●	●	●	●	●		
		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							●		●				●				
		Promotion of green transformation (GX)							●						●				
		Supporting the decarbonization of business partners and recipients of investments and financing							●		●				●				
	Providing environmental awareness	Implementation of "Green Lessons" and "Marunouchi Citizens Environmental Forum"				●		●					●		●	●	●		
E Environmental / S Social	Making society resilient to natural catastrophes	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 catastrophes	●							●	●		●		●				●
		Provision of business continuity plan (BCP) formulation support programs, and disaster education and training services								●			●		●				
		Improvement of products and services that respond to increasingly serious natural catastrophes								●			●		●				
		Development of claim services that utilize satellites and drones	●							●	●		●		●				
		Establishment of the disaster prevention consortium CORE									●		●		●				
S Social	Creating a society based on health and longevity	Provision of highly original medical and cancer insurance ("Life Insurance Revolution to Protect One's Living")			●					●									
		Provision of services for facilitating Health and Productivity Management			●					●									
		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			●						●		●						
	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 LGBTQ+ community								●		●							
		Partnership with the Special Olympics Nippon Foundation and the Japan Deafblind Association, etc.				●				●		●						●	●
		Collaboration with the Japanese Para-Sports Association and the 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	●							●	●		●						●
		Execution of lessons on risk and the future				●					●		●						
		Contribution to the development of society through sports								●	●	●							●
	Increasing employee motivation	Promotion of diversity and inclusion				●				●		●							
		Promotion of work-style reforms, and health and productivity management			●					●	●	●							
		Human resources development that leverages the Group's collective strengths				●				●									
G Governance	Enhancing corporate governance	Appointment of outside directors with diverse expertise, and adoption of hybrid corporate governance structure																●	
		Linkage between executive compensation and the results of ESG initiatives																●	
		Enhancement of governance through the execution of the PDCA cycle that is based on the evaluation of effectiveness					●											●	
		Strengthening integrated group management								●								●	
	Implementing internal controls	Formulation of various basic policies and conducting regular monitoring																●	
		Execution of compliance training and introduction of a hotline system										●						●	
	Practicing risk management	Enhancement of enterprise risk management and convening the ERM Committee								●								●	
		Formulation of Tokio Marine Group's Basic Policies for Risk Management and Tokio Marine Group Basic Policy for Crisis Management, and conducting regular monitoring											●					●	

Business Conditions

Main Financial and Non-Financial Data

(Yen in millions unless otherwise indicated)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	**FY2022**
Performance Indicators (Consolidated)											
Ordinary income	3,857,769	4,166,130	4,327,982	4,579,076	5,232,602	5,399,115	5,476,720	5,465,432	5,461,195	5,863,770	**6,648,600**
Net premiums written	2,558,010	2,870,714	3,127,638	3,265,578	3,480,478	3,564,747	3,587,400	3,598,396	3,606,548	3,887,821	**4,469,989**
Ordinary profit	207,457	274,386	358,182	385,825	387,659	344,939	416,330	363,945	266,735	567,413	**503,907**
Net income attributable to owners of the parent	129,578	184,114	247,438	254,540	273,856	284,183	274,579	259,763	161,801	420,484	**376,447**
Comprehensive income	548,251	442,277	997,024	(14,543)	169,603	500,528	42,871	2,737	465,071	590,780	**(116,412)**
Financial Indicators (Consolidated)											
Net assets	2,363,183	2,739,114	3,609,655	3,512,656	3,569,760	3,835,536	3,603,741	3,426,675	3,722,780	4,072,625	**3,657,849**
Total assets	18,029,442	18,948,000	20,889,670	21,855,328	22,607,603	22,929,935	22,531,402	25,253,966	25,765,368	27,245,852	**27,699,816**
Capital ratio (%)	12.98	14.32	17.13	15.94	15.67	16.59	15.86	13.35	14.22	14.76	**13.11**
Return on equity: ROE (%)	6.2	7.3	7.9	7.2	7.8	7.7	7.4	7.5	4.6	10.9	**9.8**
Consolidated solvency margin ratio (%)	737.0	728.4	781.3	791.4	897.3	879.3	854.2	845.8	896.5	827.3	**627.5**
Stock-related Information											
Net assets per share (Yen)	1,017	1,178	1,580	1,539	1,574	1,748	1,686	1,610	1,761	1,977	**1,823**
Net income per share—Basic (Yen)	56	79	107	112	121	127	127	123	77	204	**187**
Dividends per share (Yen)	18	23	32	37	47	53	60	63	67	85	**100**
Dividends total (100 million yen)	422	537	722	830	1,053	1,176	1,280	1,330	1,391	1,739	**2,002**
Number of shares outstanding at year-end (Thousands)	2,413,572	2,308,572	2,272,572	2,272,572	2,259,072	2,244,072	2,130,000	2,106,000	2,092,500	2,040,000	**2,002,500**
Share price at year-end (Yen)	883	1,032	1,512	1,267	1,565	1,578	1,787	1,650	1,755	2,376	**2,547**
Price-to-earnings ratio: PER (Ratio)	15.69	12.91	14.01	11.27	12.92	12.37	14.00	13.39	22.68	11.62	**13.60**
Price-to-book value ratio: PBR (Ratio)	0.87	0.88	0.96	0.82	0.99	0.90	1.06	1.02	0.99	1.20	**1.39**
Key Performance Indicators											
Adjusted net income (100 million yen)	1,631	2,437	3,233	3,519	4,067	3,414	2,809	2,867	3,361	5,783	**4,440**
Business unit profits											
Domestic non-life insurance	483	340	1,225	1,260	1,676	1,443	189	259	1,279	2,167	**1,079**
Domestic life insurance	1,103	1,045	1,398	(1,881)	3,735	984	(1,586)	(703)	2,052	511	**364**
International insurance	692	1,369	1,455	1,318	1,695	1,441	1,762	1,795	1,011	2,523	**2,186**
Financial and other	(187)	25	40	73	66	72	68	53	73	69	**70**
Adjusted net assets (100 million yen)	27,465	31,725	41,034	35,993	38,124	40,864	37,631	32,409	36,924	42,240	**37,991**
Adjusted ROE (%)	6.5	8.2	8.9	9.1	11.0	8.6	7.2	8.2	9.7	14.4	**11.1**
Adjusted BPS (Yen)	1,193	1,378	1,812	1,589	1,694	1,877	1,775	1,547	1,775	2,077	**1,908**
Adjusted EPS (Yen)	70	105	141	155	179	153	130	136	160	281	**221**
Adjusted PBR (Ratio)	0.74	0.75	0.83	0.80	0.92	0.84	1.01	1.07	0.99	1.14	**1.33**
Environmental, Social and Governance (ESG) Information											
Number of employees	33,006	33,310	33,829	36,902	38,842	39,191	40,848	41,101	43,260	43,048	**43,217**
Number of employees outside Japan	8,687	9,102	9,640	12,612	13,525	13,803	15,557	15,814	17,811	17,936	**18,394**
CO_2 emissions (Tons)	93,311	87,971	98,317	122,280	119,420	115,244	111,509	111,172	89,894	83,483	**80,201**
CO_2 fixation/reduction effect (Tons)	84,360	100,951	113,310	133,447	163,459	163,521	153,335	133,617	123,531	130,003	**93,000**

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. Number of employees is staff head-count currently at work.
3. 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.
4. Dividends per share for FY2018, FY2019, and FY2020 do not include one-time dividends of approximately JPY50.0 billion, JPY25.0 billion, and JPY25.0 billion, respectively.
5. A stock split was implemented (a ratio of three shares per share) in October 2022. The "BPS," "EPS," "DPS," "Number of shares outstanding at year-end," and "Share price at year-end" for FY2021 and earlier fiscal years have been recalculated based on after the stock split.
6. The Key Performance Indicators have been newly defined in FY2015 and figures for FY2012 and thereafter have been restated. FY2021 onward is based on new definition.
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). The CO_2 emissions for the fiscal year ended March 31, 2023 reflects a CO_2 reduction effect of 14,074 tons from green power purchases.

Business Conditions

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

Adjusted Net Income[*1] = Net Income (consolidated)[*2] + Provision for catastrophe loss reserves[*3] + Provision for contingency reserves[*3] + Provision for price fluctuation reserves[*3] + Provision for nat-cat underwriting reserves[*3*4] + Provision for underwriting result for the first year[*5*6] − Gains or losses on sales or valuation of ALM[*7] bonds and interest rate swaps + 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.

Adjusted Net Assets[*1] = Net assets (consolidated) + Catastrophe loss reserves + Contingency reserves + Price fluctuation reserves + Natural catastrophe underwriting reserves[*4] + UW reserves related to underwriting result for the first year[*5] − Goodwill and other intangible fixed assets

Adjusted ROE = Adjusted Net Income[*1] ÷ Adjusted Net Assets (average balance basis)[*1*8]

Definition of Business Unit Profits

Non-life insurance business

Business Unit Profits[*1] = Net Income + Provision for catastrophe loss reserves[*3] + Provision for price fluctuation reserves[*3] + Provision for nat-cat underwriting reserves[*3*4] + Provision for underwriting result for the first year[*5*6] − Gains or losses on sales or valuation of ALM[*7] 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[*9]

Business Unit Profits[*1] = Net Income + Provision for contingency reserves[*3] + Provision for price fluctuation reserves[*3] − Gains or losses on sales or valuation of ALM[*7] 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.

Other businesses

Net income determined in accordance with financial accounting principles

Definition of Net Asset Value

Net Asset Value[*1] = Net assets (consolidated) + Catastrophe loss reserves + Contingency reserves + Price fluctuation reserves − Goodwill and other intangible fixed assets − Planned distribution to shareholders + Value of life insurance policies in-force + Other

*1: Each adjustment is on an after-tax basis.
*2: Net income attributable to owners of the parent in the consolidated financial statements.
*3: In case of reversal, it is subtracted from the equation.
*4: Unearned fire insurance premiums corresponding to large natural catastrophe risk.
*5: Premiums, minus a portion of net incurred losses and business expenses, to be carried forward in preparation for an insured event in the following year.
*6: Provision for the general underwriting reserves excluding provision for unearned premiums.
*7: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities.
*8: Average balance basis
*9: For the overseas life insurance companies, Business Unit Profit is calculated by using the definition in Other businesses.

Overview of Business Results

1. Consolidated Results of Operations

During the fiscal year 2022, the world economy remained on the recovery path that started in the fiscal year 2021. The pace of recovery, however, slowed due to record price inflation caused by such factors as surging energy prices and supply constraints. The Japanese economy gradually recovered, mainly driven by personal consumption, despite the impact of price inflation, due to the gradual relaxation of restrictions relating to the spread of the novel coronavirus (COVID-19) and the ongoing normalization of economic activities.

Under these circumstances, as a result of our efforts to expand our domestic and overseas business, which is centered on non-life insurance and life insurance, our consolidated results of operations for the fiscal year 2022 were as follows:

Ordinary income increased by 784.8 billion yen to 6,648.6 billion yen from the previous fiscal year, the main components of which were Underwriting income of 5,634.8 billion yen and Investment income of 875.4 billion yen. Ordinary expenses increased by 848.3 billion yen to 6,144.6 billion yen from the previous fiscal year, the main components of which were Underwriting expenses of 4,666.0 billion yen, Investment expenses of 203.9 billion yen, and Operating and general administrative expenses of 1,135.6 billion yen.

As a result, Ordinary profit decreased by 63.5 billion yen to 503.9 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 44.0 billion yen to 376.4 billion yen from the previous fiscal year.

Domestic Non-Life Insurance Business

In the Domestic non-life insurance business, Ordinary income increased by 190.5 billion yen to 3,040.6 billion yen from the previous fiscal year. Ordinary profit decreased by 18.0 billion yen to 284.5 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)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	530,932	18.65	7.25	495,041	17.82	0.94
Hull and cargo	95,380	3.35	18.59	80,431	2.89	18.35
Personal accident	249,177	8.75	3.60	240,526	8.66	0.62
Voluntary automobile	1,233,670	43.33	(0.69)	1,242,298	44.71	0.93
Compulsory automobile liability	223,400	7.85	1.21	220,727	7.94	(7.36)
Others	514,270	18.06	2.97	499,451	17.98	2.27
Total	2,846,830	100.00	2.46	2,778,476	100.00	0.85
Deposit premiums from policyholders	50,480	1.77	(19.99)	63,091	2.27	(3.12)

Note: 1. The figures represent amounts before the elimination of internal transactions between 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

Net premiums written

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023) Amount	Composition ratio (%)	Rate of change (%)	FY2021 (April 1, 2021 - March 31, 2022) Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	438,566	17.13	14.42	383,292	15.54	1.78
Hull and cargo	85,019	3.32	15.57	73,565	2.98	19.75
Personal accident	192,583	7.52	10.72	173,932	7.05	4.04
Voluntary automobile	1,228,971	48.01	(0.60)	1,236,399	50.11	0.84
Compulsory automobile liability	225,269	8.80	(3.18)	232,657	9.43	(8.14)
Others	389,614	15.22	6.05	367,379	14.89	2.76
Total	2,560,025	100.00	3.76	2,467,227	100.00	1.03

Note: The figures represent amounts before the elimination of internal transactions between segments.

Net claims paid

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023) Amount	Composition ratio (%)	Rate of change (%)	FY2021 (April 1, 2021 - March 31, 2022) Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	273,740	18.85	22.65	223,186	17.35	(1.45)
Hull and cargo	39,386	2.71	(1.16)	39,847	3.10	4.78
Personal accident	102,314	7.04	25.78	81,342	6.32	0.75
Voluntary automobile	664,930	45.78	10.55	601,476	46.74	2.16
Compulsory automobile liability	157,832	10.87	(7.73)	171,063	13.29	(8.49)
Others	214,307	14.75	26.19	169,826	13.20	8.86
Total	1,452,510	100.00	12.88	1,286,743	100.00	0.77

Note: The figures represent amounts before the elimination of internal transactions between segments.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2023 Amount	Composition ratio (%)	As of March 31, 2022 Amount	Composition ratio (%)
Bank deposits	452,953	6.04	457,568	6.00
Receivables under resale agreements	999	0.01	3,999	0.05
Monetary receivables bought	28,475	0.38	46,634	0.61
Money trusts	8,000	0.11	—	—
Securities	5,297,550	70.68	5,574,688	73.15
Loans	481,547	6.43	387,837	5.09
Land and buildings	204,537	2.73	204,524	2.68
Total investment assets	6,474,064	86.38	6,675,254	87.59
Total assets	7,494,722	100.00	7,620,856	100.00

Note: The figures represent amounts before the elimination of internal transactions between segments.

Securities

(Yen in millions)

	As of March 31, 2023 Amount	Composition ratio (%)	As of March 31, 2022 Amount	Composition ratio (%)
Domestic government bonds	1,220,504	23.04	1,322,222	23.72
Domestic municipal bonds	61,876	1.17	79,139	1.42
Domestic corporate bonds	520,867	9.83	571,797	10.26
Domestic equity securities	2,438,251	46.03	2,561,525	45.95
Foreign securities	1,030,826	19.46	1,013,321	18.18
Others	25,223	0.48	26,682	0.48
Total	5,297,550	100.00	5,574,688	100.00

Note: The figures represent amounts before the elimination of internal transactions between segments.

Yield

Income yield

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023) Income	Average balance	Annual yield (%)	FY2021 (April 1, 2021 - March 31, 2022) Income	Average balance	Annual yield (%)
Bank deposits	194	433,821	0.04	78	520,287	0.02
Call loans	—	2	0.00	—	2	0.00
Receivables under resale agreements	0	1,987	0.02	1	9,081	0.01
Monetary receivables bought	20	23,260	0.09	42	85,009	0.05
Money trusts	(0)	7,333	(0.00)	—	504	0.00
Securities	139,601	3,391,674	4.12	125,267	3,400,815	3.68
Loans	18,003	410,926	4.38	11,380	359,976	3.16
Land and buildings	5,693	207,706	2.74	7,763	210,223	3.69
Subtotal	163,513	4,476,713	3.65	144,533	4,585,901	3.15
Others	2,531	—	—	635	—	—
Total	166,045	—	—	145,168	—	—

Note: 1. The figures represent amounts before the elimination of internal transactions between segments.
2. Income is the sum of Interest and dividends and the amount equivalent to the Interest and dividends that is included in Gains on money trusts in the consolidated statement of income.
3. Average balance is, in principle, calculated based on the average of balances at the end of each month (on the basis of acquisition costs or amortized costs). Meanwhile, the balances for Call loans, Receivables under resale agreements, and Monetary receivables bought are calculated based on the average of daily balances (on the basis of acquisition costs or amortized costs).

Realized yield

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023) Net investment income	Average balance	Annual yield (%)	FY2021 (April 1, 2021 - March 31, 2022) Net investment income	Average balance	Annual yield (%)
Bank deposits	9,847	433,821	2.27	10,174	520,287	1.96
Call loans	—	2	0.00	—	2	0.00
Receivables under resale agreements	0	1,987	0.02	1	9,081	0.01
Monetary receivables bought	20	23,260	0.09	42	85,009	0.05
Money trusts	293	7,333	4.00	44	504	8.77
Securities	244,208	3,391,674	7.20	215,483	3,400,815	6.34
Loans	31,242	410,926	7.60	24,365	359,976	6.77
Land and buildings	5,693	207,706	2.74	7,763	210,223	3.69
Derivatives	(59,617)	—	—	(37,182)	—	—
Others	2,905	—	—	6,350	—	—
Total	234,594	4,476,713	5.24	227,042	4,585,901	4.95

Note: 1. The figures represent amounts before the elimination of internal transactions between 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 balance is, in principle, calculated based on the average of balances at the end of each month (on the basis of acquisition costs or amortized costs). Meanwhile, the balances for Call loans, Receivables under resale agreements, and Monetary receivables bought are calculated based on the average of daily balances (on the basis of acquisition costs or amortized costs).

Business Conditions

Domestic Life Insurance Business

In the Domestic life insurance business, Ordinary income decreased by 14.7 billion yen to 699.6 billion yen from the previous fiscal year. Ordinary profit decreased by 17.8 billion yen to 51.7 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, 2023		As of March 31, 2022	
	Total	Rate of change (%)	Total	Rate of change (%)
Individual insurance	**28,386,051**	**(1.13)**	28,711,080	(0.95)
Individual annuities	**1,878,882**	**(4.32)**	1,963,806	(4.48)
Group insurance	**1,912,540**	**(3.35)**	1,978,781	(6.29)
Group annuities	**2,768**	**(9.96)**	3,074	(0.73)

Note: 1. The figures represent amounts before the elimination of internal transactions between 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)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	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	**2,123,212**	**2,123,212**	**—**	2,216,007	2,216,007	—
Individual annuities	**—**	**—**	**—**	—	—	—
Group insurance	**25,092**	**25,092**	**—**	18,856	18,856	—
Group annuities	**—**	**—**	**—**	—	—	—

Note: 1. The figures represent amounts before the elimination of internal transactions between 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, 2023		As of March 31, 2022	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	**74,581**	**0.85**	62,773	0.67
Securities	**8,238,754**	**94.23**	8,999,053	95.50
Loans	**254,472**	**2.91**	231,505	2.46
Land and buildings	**833**	**0.01**	912	0.01
Total investment assets	**8,568,641**	**98.00**	9,294,245	98.63
Total assets	**8,743,102**	**100.00**	9,423,469	100.00

Note: The figures represent amounts before the elimination of internal transactions between segments.

Securities

(Yen in millions)

	As of March 31, 2023		As of March 31, 2022	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Domestic government bonds	**7,130,635**	**86.55**	7,941,635	88.25
Domestic municipal bonds	**5,610**	**0.07**	4,811	0.05
Domestic corporate bonds	**528,776**	**6.42**	502,226	5.58
Domestic equity securities	**151**	**0.00**	155	0.00
Foreign securities	**385,454**	**4.68**	382,393	4.25
Others	**188,125**	**2.28**	167,832	1.87
Total	**8,238,754**	**100.00**	8,999,053	100.00

Note: The figures represent amounts before the elimination of internal transactions between segments.

Yield

Income yield

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Income	Average balance	Annual yield (%)	Income	Average balance	Annual yield (%)
Bank deposits	**0**	**85,026**	**0.00**	0	61,534	0.00
Securities	**105,631**	**8,254,471**	**1.28**	105,577	8,628,882	1.22
Loans	**13,885**	**243,558**	**5.70**	10,821	219,698	4.93
Land and buildings	**—**	**1,025**	**0.00**	—	629	0.00
Subtotal	**119,517**	**8,584,081**	**1.39**	116,398	8,910,745	1.31
Others	**—**	**—**	**—**	—	—	—
Total	**119,517**	**—**	**—**	116,398	—	—

Note: 1. The figures represent amounts before the elimination of internal transactions between segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.
2. Income represents Interest and dividends in the consolidated statement of income.
3. Average balance is, in principle, calculated based on the average of balances at the end of each month (on the basis of acquisition costs or amortized costs).

Realized yield

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	**61**	**85,026**	**0.07**	60	61,534	0.10
Securities	**140,138**	**8,254,471**	**1.70**	108,082	8,628,882	1.25
Loans	**13,822**	**243,558**	**5.68**	10,816	219,698	4.92
Land and buildings	**—**	**1,025**	**0.00**	—	629	0.00
Derivatives	**(19,356)**	**—**	**—**	(3,601)	—	—
Others	**—**	**—**	**—**	—	—	—
Total	**134,665**	**8,584,081**	**1.57**	115,358	8,910,745	1.29

Note: 1. The figures represent amounts before the elimination of internal transactions between 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 balance is, in principle, calculated based on the average of balances at the end of each month (on the basis of acquisition costs or amortized costs).

Business Conditions

International Insurance Business

In the International insurance business, Ordinary income increased by 699.9 billion yen to 2,964.7 billion yen from the previous fiscal year. Ordinary profit decreased by 25.9 billion yen to 159.5 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)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	379,239	19.86	41.26	268,462	18.90	19.64
Hull and cargo	89,271	4.67	30.52	68,398	4.81	40.53
Personal accident	35,347	1.85	11.78	31,623	2.23	5.96
Voluntary automobile	437,383	22.90	57.16	278,296	19.59	15.37
Others	968,777	50.72	25.19	773,867	54.47	24.74
Total	1,910,019	100.00	34.45	1,420,648	100.00	21.99

Note: The figures represent amounts before the elimination of internal transactions between segments.

Net claims paid

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	153,486	18.25	2.35	149,966	22.42	29.48
Hull and cargo	34,184	4.06	29.56	26,385	3.95	35.26
Personal accident	14,713	1.75	(2.33)	15,065	2.25	17.57
Voluntary automobile	223,401	26.56	50.01	148,923	22.27	6.76
Others	415,272	49.38	26.43	328,448	49.11	9.90
Total	841,058	100.00	25.76	668,789	100.00	14.03

Note: The figures represent amounts before the elimination of internal transactions between segments.

Investment
Investment assets

(Yen in millions)

	As of March 31, 2023		As of March 31, 2022	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	307,035	2.63	290,414	2.82
Monetary receivables bought	1,835,348	15.75	1,583,889	15.38
Securities	4,951,147	42.48	4,712,188	45.76
Loans	2,011,498	17.26	1,521,656	14.78
Land and buildings	121,875	1.05	74,062	0.72
Total investment assets	9,226,906	79.17	8,182,211	79.45
Total assets	11,654,160	100.00	10,298,239	100.00

Note: The figures represent amounts before the elimination of internal transactions between segments.

Yield
Income yield

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Income	Average balance	Annual yield (%)	Income	Average balance	Annual yield (%)
Bank deposits	3,071	298,727	1.03	1,885	299,932	0.63
Monetary receivables bought	90,030	1,759,258	5.12	55,205	1,395,272	3.96
Securities	174,658	4,817,815	3.63	150,587	4,005,751	3.76
Loans	140,078	1,767,610	7.92	91,914	1,354,823	6.78
Land and buildings	1,000	97,969	1.02	787	68,800	1.14
Subtotal	408,839	8,741,382	4.68	300,381	7,124,579	4.22
Others	2,088	—	—	1,133	—	—
Total	410,927	—	—	301,515	—	—

Note: 1. The figures represent amounts before the elimination of internal transactions between 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. Income represents Interest and dividends in the consolidated statement of income.
3. Average balance is calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortized costs).

Realized yield

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	31	298,727	0.01	330	299,932	0.11
Receivables under resale agreements	2,531	—	—	—	—	—
Monetary receivables bought	81,777	1,759,258	4.65	54,088	1,395,272	3.88
Securities	142,084	4,817,815	2.95	177,482	4,005,751	4.43
Loans	127,133	1,767,610	7.19	87,057	1,354,823	6.43
Land and buildings	1,000	97,969	1.02	787	68,800	1.14
Derivatives	(13,254)	—	—	1,683	—	—
Others	2,466	—	—	9,944	—	—
Total	343,770	8,741,382	3.93	331,373	7,124,579	4.65

Note: 1. The figures represent amounts before the elimination of internal transactions between 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 balance is calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortized costs).

(Reference) Total for All Businesses

Direct premiums written (including deposit premiums from policyholders)

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	1,097,688	21.39	18.49	926,362	20.39	12.23
Hull and cargo	218,315	4.25	23.87	176,248	3.88	28.54
Personal accident	288,737	5.63	4.56	276,149	6.08	2.80
Voluntary automobile	1,665,800	32.46	8.45	1,536,050	33.81	3.64
Compulsory automobile liability	223,400	4.35	1.21	220,727	4.86	(7.36)
Others	1,637,835	31.92	16.40	1,407,059	30.97	15.41
Total	5,131,778	100.00	12.97	4,542,598	100.00	8.92
Deposit premiums from policyholders	50,480	0.98	(19.99)	63,091	1.39	(3.12)

Note: 1. Figures are amounts after 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

Net premiums written

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	**817,805**	**18.30**	**25.48**	651,754	16.76	8.45
Hull and cargo	**174,291**	**3.90**	**22.77**	141,964	3.65	28.94
Personal accident	**227,923**	**5.10**	**10.89**	205,548	5.29	4.34
Voluntary automobile	**1,666,353**	**37.28**	**10.01**	1,514,695	38.96	3.23
Compulsory automobile liability	**225,269**	**5.04**	**(3.18)**	232,657	5.98	(8.14)
Others	**1,358,345**	**30.39**	**19.03**	1,141,201	29.35	16.70
Total	**4,469,989**	**100.00**	**14.97**	3,887,821	100.00	7.80

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

Net claims paid

(Yen in millions)

	FY2022 (April 1, 2022 - March 31, 2023)			FY2021 (April 1, 2021 - March 31, 2022)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	**427,226**	**18.63**	**14.49**	373,153	19.08	9.02
Hull and cargo	**73,482**	**3.20**	**11.07**	66,158	3.38	15.15
Personal accident	**116,804**	**5.09**	**21.35**	96,257	4.92	3.11
Voluntary automobile	**888,330**	**38.74**	**18.38**	750,399	38.38	3.04
Compulsory automobile liability	**157,832**	**6.88**	**(7.73)**	171,063	8.75	(8.49)
Others	**629,573**	**27.45**	**26.35**	498,275	25.48	9.55
Total	**2,293,251**	**100.00**	**17.28**	1,955,306	100.00	4.95

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

2. Cash Flows

Cash flows for the fiscal year 2022 were as follows:

Net cash provided by operating activities decreased by 94.6 billion yen to 1,007.5 billion yen compared to the previous fiscal year, mainly due to an increase in claim payments. Net cash provided by investing activities increased by 683.6 billion yen to 18.1 billion yen, mainly due to an increase in Proceeds from sales and redemption of securities. Net cash used in financing activities increased by 504.5 billion yen to 1,009.2 billion yen, mainly due to a decrease in Change in cash collateral under securities lending transactions for procurement of funds.

As a result, Cash and cash equivalents at end of year was 985.3 billion yen, an increase of 73.1 billion yen from that as of March 31, 2022.

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, 2023	As of March 31, 2022
Assets			
Cash and bank deposits	*4	**871,993**	848,819
Receivables under resale agreements		**999**	3,999
Monetary receivables bought	*4	**1,863,824**	1,630,523
Money trusts		**8,000**	—
Securities	*2*4*6	**18,489,522**	19,288,018
Loans	*3*4*7	**2,576,446**	2,008,708
Tangible fixed assets	*1	**399,817**	344,703
Land		**132,547**	133,930
Buildings		**204,194**	155,392
Construction in progress		**4,919**	5,650
Other tangible fixed assets		**58,155**	49,729
Intangible fixed assets		**1,165,860**	1,082,579
Software		**224,927**	157,580
Goodwill		**428,601**	453,433
Other intangible fixed assets		**512,330**	471,565
Other assets		**2,262,950**	1,996,932
Net defined benefit assets		**3,717**	4,523
Deferred tax assets		**77,800**	46,252
Customers' liabilities under acceptances and guarantees		**1,759**	1,878
Allowance for doubtful accounts		**(22,876)**	(11,089)
Total assets		**27,699,816**	27,245,852
Liabilities			
Insurance liabilities		**20,807,869**	19,246,028
Outstanding claims	*4	**4,287,286**	3,609,687
Underwriting reserves	*4	**16,520,582**	15,636,341
Corporate bonds		**222,811**	219,795
Other liabilities		**2,376,340**	2,945,481
Payables under securities lending transactions		**461,324**	1,157,261
Other liabilities	*4*10	**1,915,015**	1,788,219
Net defined benefit liabilities		**255,437**	259,198
Provision for employees' bonus		**97,559**	85,893
Provision for share awards		**3,401**	3,410
Reserves under special laws		**132,394**	138,331
Reserve for price fluctuation		**132,394**	138,331
Deferred tax liabilities		**137,746**	264,754
Negative goodwill		**6,645**	8,453
Acceptances and guarantees		**1,759**	1,878
Total liabilities		**24,041,966**	23,173,226
Net assets			
Shareholders' equity			
Share capital		**150,000**	150,000
Retained earnings		**2,042,054**	1,954,445
Treasury stock		**(28,056)**	(13,179)
Total shareholders' equity		**2,163,998**	2,091,265
Accumulated other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		**954,650**	1,835,605
Deferred gains (losses) on hedge transactions		**(8,755)**	(1,551)
Foreign currency translation adjustments		**535,662**	110,335
Remeasurements of defined benefit plans		**(14,471)**	(15,011)
Total accumulated other comprehensive income		**1,467,085**	1,929,376
Stock acquisition rights		**33**	33
Non-controlling interests		**26,731**	51,949
Total net assets		**3,657,849**	4,072,625
Total liabilities and net assets		**27,699,816**	27,245,852

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

Consolidated Financial Statements

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

Consolidated Statement of Income

(Yen in millions)

	Notes No.	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Ordinary income		6,648,600	5,863,770
Underwriting income		5,634,811	4,988,607
Net premiums written		4,469,989	3,887,821
Deposit premiums from policyholders		50,480	63,091
Investment income on deposit premiums		32,893	34,238
Life insurance premiums		1,071,645	996,288
Other underwriting income		9,802	7,167
Investment income		875,494	738,186
Interest and dividends		690,474	560,082
Gains on money trusts		293	44
Gains on trading securities		—	22,553
Gains on sales of securities		184,521	131,947
Gains on redemption of securities		2,932	3,962
Investment gains on separate accounts		—	13,533
Other investment income		30,164	40,301
Transfer of investment income on deposit premiums		(32,893)	(34,238)
Other ordinary income		138,295	136,976
Amortization of negative goodwill		1,807	10,229
Other ordinary income		136,487	126,747
Ordinary expenses		6,144,693	5,296,357
Underwriting expenses		4,666,080	4,184,455
Net claims paid		2,293,251	1,955,306
Loss adjustment expenses	*1	171,018	160,775
Agency commissions and brokerage	*1	850,155	748,881
Maturity refunds to policyholders		153,472	180,516
Dividends to policyholders		2	3
Life insurance claims		521,666	436,693
Provision for outstanding claims		297,831	219,809
Provision for underwriting reserves		373,599	477,046
Other underwriting expenses		5,081	5,421
Investment expenses		203,996	88,364
Losses on trading securities		4,578	—
Losses on sales of securities		63,483	23,326
Impairment losses on securities		15,816	13,176
Losses on redemption of securities		1,292	2,069
Losses on derivatives		92,197	38,946
Investment losses on separate accounts		2,369	—
Other investment expenses		24,259	10,845
Operating and general administrative expenses	*1	1,135,646	1,002,477
Other ordinary expenses		138,970	21,060
Interest expenses		13,953	8,398
Increase in allowance for doubtful accounts		11,646	71
Losses on bad debts		394	339
Equity in losses of affiliates		104,887	3,034
Other ordinary expenses		8,088	9,215
Ordinary profit		503,907	567,413
Extraordinary gains		34,035	3,470
Gains on disposal of fixed assets		7,840	3,470
Reversal of reserves under special laws		5,936	—
Reversal of reserve for price fluctuation		5,936	—
Other extraordinary gains	*2	20,258	—
Extraordinary losses		8,584	16,611
Losses on disposal of fixed assets		4,616	3,374
Impairment losses on fixed assets	*3	3,740	764
Provision for reserves under special laws		—	10,324
Provision for reserve for price fluctuation		—	10,324
Other extraordinary losses	*4	228	2,148
Income before income taxes and non-controlling interests		529,358	554,272
Income taxes–current		176,548	180,191
Income taxes–deferred		3,179	(36,333)
Total income taxes		179,727	143,858
Net income		349,630	410,414
Net income (loss) attributable to non-controlling interests		(26,817)	(10,070)
Net income attributable to owners of the parent		376,447	420,484

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

Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note No.	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Net income		349,630	410,414
Other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		(890,153)	(79,398)
Deferred gains (losses) on hedge transactions		(7,203)	(4,339)
Foreign currency translation adjustments		437,698	258,238
Remeasurements of defined benefit plans		562	(1,295)
Share of other comprehensive income of affiliates accounted for by the equity method		(6,947)	7,161
Total other comprehensive income	*	(466,042)	180,366
Total comprehensive income		(116,412)	590,780
Comprehensive income attributable to:			
Owners of the parent		(85,843)	601,393
Non-controlling interests		(30,569)	(10,613)

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

(3) Consolidated Statement of Changes in Shareholders' Equity

FY2022 (April 1, 2022 – March 31, 2023)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,954,445	(13,179)	2,091,265
Changes during the year				
Dividends		(192,151)		(192,151)
Net income attributable to owners of the parent		376,447		376,447
Purchases of treasury stock			(111,691)	(111,691)
Disposal of treasury stock		0	688	688
Cancellation of treasury stock		(96,126)	96,126	—
Changes in the scope of consolidation				—
Changes in equity resulted from increase in capital of consolidated subsidiaries		(49)		(49)
Others		(509)		(509)
Net changes in items other than shareholders' equity				
Total changes during the year	—	87,609	(14,876)	72,732
Ending balance	150,000	2,042,054	(28,056)	2,163,998

	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	1,835,605	(1,551)	110,335	(15,011)	33	51,949	4,072,625
Changes during the year							
Dividends							(192,151)
Net income attributable to owners of the parent							376,447
Purchases of treasury stock							(111,691)
Disposal of treasury stock							688
Cancellation of treasury stock							—
Changes in the scope of consolidation							—
Changes in equity resulted from increase in capital of consolidated subsidiaries							(49)
Others							(509)
Net changes in items other than shareholders' equity	(880,954)	(7,203)	425,326	540	—	(25,217)	(487,508)
Total changes during the year	(880,954)	(7,203)	425,326	540	—	(25,217)	(414,775)
Ending balance	954,650	(8,755)	535,662	(14,471)	33	26,731	3,657,849

Consolidated Financial Statements

FY2021 (April 1, 2021 – March 31, 2022)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,788,764	(23,211)	1,915,553
Changes during the year				
Dividends		(151,661)		(151,661)
Net income attributable to owners of the parent		420,484		420,484
Purchases of treasury stock			(93,736)	(93,736)
Disposal of treasury stock		(97)	869	772
Cancellation of treasury stock		(102,898)	102,898	—
Changes in the scope of consolidation		1,540		1,540
Changes in equity resulted from increase in capital of consolidated subsidiaries		(0)		(0)
Others		(1,686)		(1,686)
Net changes in items other than shareholders' equity				
Total changes during the year	—	165,680	10,031	175,712
Ending balance	150,000	1,954,445	(13,179)	2,091,265

	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	1,908,438	2,787	(149,098)	(13,661)	2,379	56,380	3,722,780
Changes during the year							
Dividends							(151,661)
Net income attributable to owners of the parent							420,484
Purchases of treasury stock							(93,736)
Disposal of treasury stock							772
Cancellation of treasury stock							—
Changes in the scope of consolidation							1,540
Changes in equity resulted from increase in capital of consolidated subsidiaries							(0)
Others							(1,686)
Net changes in items other than shareholders' equity	(72,833)	(4,339)	259,433	(1,350)	(2,345)	(4,431)	174,132
Total changes during the year	(72,833)	(4,339)	259,433	(1,350)	(2,345)	(4,431)	349,845
Ending balance	1,835,605	(1,551)	110,335	(15,011)	33	51,949	4,072,625

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

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	Notes No.	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Cash flows from operating activities			
Income before income taxes and non-controlling interests		**529,358**	554,272
Depreciation		**112,514**	89,754
Impairment losses on fixed assets		**3,740**	764
Amortization of goodwill		**80,692**	72,152
Amortization of negative goodwill		**(1,807)**	(10,229)
Increase (decrease) in outstanding claims		**334,838**	241,282
Increase (decrease) in underwriting reserves		**491,149**	529,601
Increase (decrease) in allowance for doubtful accounts		**11,020**	(600)
Increase (decrease) in net defined benefit liabilities		**(4,914)**	2,078
Increase (decrease) in provision for employees' bonus		**3,106**	5,336
Increase (decrease) in provision for share awards		**465**	3,410
Increase (decrease) in reserve for price fluctuation		**(5,936)**	10,324
Interest and dividends		**(690,474)**	(560,082)
Losses (gains) on securities		**(120,237)**	(118,255)
Interest expenses		**13,953**	8,398
Foreign exchange losses (gains)		**(20,254)**	(26,178)
Losses (gains) on tangible fixed assets		**(3,224)**	(601)
Equity in losses (earnings) of affiliates		**104,887**	3,034
Investment losses (gains) on separate accounts		**2,369**	(13,533)
Decrease (increase) in other assets (other than investing and financing activities)		**(165,628)**	(68,773)
Increase (decrease) in other liabilities (other than investing and financing activities)		**(119,937)**	52,765
Others		**18,841**	427
Subtotal		**574,521**	775,350
Interest and dividends received		**665,382**	552,023
Interest paid		**(12,829)**	(8,788)
Income taxes paid		**(225,446)**	(223,279)
Others		**5,954**	6,934
Net cash provided by (used in) operating activities (a)		**1,007,582**	1,102,240
Cash flows from investing activities			
Net decrease (increase) in deposits		**18,569**	228
Purchases of monetary receivables bought		**(516,140)**	(625,850)
Proceeds from sales and redemption of monetary receivables bought		**296,315**	474,800
Increase in money trusts		**(8,000)**	—
Decrease in money trusts		**—**	2,421
Purchases of securities		**(2,015,966)**	(2,255,729)
Proceeds from sales and redemption of securities		**2,647,425**	2,046,983
Payments for issuance of loans		**(1,000,890)**	(864,335)
Proceeds from collection of loans		**697,998**	650,557
Others		**(95,355)**	(70,711)
Subtotal (b)		**23,956**	(641,634)
(a) + (b)		**1,031,538**	460,606
Purchases of tangible fixed assets		**(24,877)**	(29,050)
Proceeds from sales of tangible fixed assets		**18,798**	5,240
Purchases of shares of subsidiaries resulting in change in the scope of consolidation		**(26,111)**	—
Sales of shares of subsidiaries resulting in change in the scope of consolidation		**26,428**	—
Net cash provided by (used in) investing activities		**18,193**	(665,444)
Cash flows from financing activities			
Proceeds from borrowings		**15,565**	34,506
Repayments of borrowings		**(13,347)**	(42,350)
Proceeds from issuance of short-term corporate bonds		**9,999**	9,999
Redemption of short-term corporate bonds		**(10,000)**	(10,000)
Redemption of corporate bonds		**(48)**	(12,705)
Change in cash collateral under securities lending transactions		**(695,937)**	(351,789)
Purchases of treasury stock		**(111,691)**	(93,736)
Dividends paid		**(192,008)**	(151,571)
Dividends paid to non-controlling shareholders		**(707)**	(681)
Proceeds from share issuance to non-controlling shareholders		**11,091**	6,794
Purchases of shares of subsidiaries not resulting in change in the scope of consolidation		**(5,060)**	—
Others		**(17,081)**	106,903
Net cash provided by (used in) financing activities		**(1,009,226)**	(504,629)
Effect of exchange rate changes on cash and cash equivalents		**56,615**	59,659
Net increase (decrease) in cash and cash equivalents		**73,165**	(8,174)
Cash and cash equivalents at beginning of year		**912,216**	924,687
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		**—**	(4,295)
Cash and cash equivalents at end of year	*1	**985,382**	912,216

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

Notes to Consolidated Financial Statements

Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 172 companies

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

Standard Security Life Insurance Company of New York and four other companies are included in the scope of consolidation from the fiscal year 2022 due to the acquisition of shares, etc.

Chestnut Investors IV, Inc. and two other companies are excluded from the scope of consolidation from the fiscal year 2022 due to the liquidation, etc.

(2) Names of major non-consolidated subsidiaries

(Names of major non-consolidated subsidiaries)

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 non-consolidated subsidiaries and affiliates accounted for by the equity method: 9 companies

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

Newa Insurance (Cambodia) Plc. is included in the application of the equity method from the fiscal year 2022 due to the capital increase to Tokio Marine Newa Insurance Co., Ltd.

(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 one domestic subsidiary and 162 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) Accounting for insurance contracts

Accounting for insurance contracts such as insurance premiums, outstanding claims and underwriting reserves of domestic consolidated insurance subsidiaries is stipulated under Insurance Business Act and other laws and regulations.

(2) Valuation of securities

a. Trading securities are measured 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.

d. Available-for-sale securities (except for securities without a market price) are measured at fair value. Unrealized gains/losses on available-for-sale securities are included in net assets, and the costs of sales are calculated using the moving-average method.

e. Securities without a market price in available-for-sale securities are stated at original cost by the moving-average method.

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

(3) Valuation of derivative transactions

Derivative financial instruments are measured at fair value.

(4) 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.

(5) Accounting policies for significant reserves and allowances

a. Allowance for doubtful accounts

In order to prepare for the 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 deducting 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 deducting 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' bonus based on the expected amount to be paid.

c. Provision for share awards

To provide the Company's shares to Directors and Executive Officers pursuant to the share delivery rules, the Company recognizes Provision for share awards based on the expected amount of obligation as of the end of the fiscal year 2022.

d. 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.

(6) 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 gains and losses 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.

(7) 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.

Notes to Consolidated Financial Statements

(8) 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 swaps that are used to manage such risks, Tokio Marine & Nichido and Tokio Marine & Nichido Life apply deferred hedge accounting to the swaps based upon the Industry Committee Practical Guideline No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" (issued by the JICPA, March 17, 2022).

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 forwards and certain currency swaps used to reduce future currency risk such as in assets denominated in foreign currency. Assessment of hedge effectiveness is omitted because the principal terms of the hedging instruments and the hedged items are identical and the hedge is highly effective.

(9) Methods and periods of amortization of 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.

(10) Scope of Cash and cash equivalents on the consolidated statement of cash flows

Cash and cash equivalents on 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.

Significant Accounting Estimates

Items including accounting estimates that could have a significant impact on the financial condition or results of operations of the Company and its consolidated subsidiaries are as follows:

1. Outstanding claims

(1) The carrying amount shown on the consolidated balance sheet as of March 31, 2023

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Outstanding claims	4,287,286	3,609,687

(2) Information on the significant accounting estimates

a. Calculation method

Outstanding claims are estimated as the amount of claims, refunds and other benefits (hereinafter referred to as "Claims") deemed to have resulted in an obligation under an insurance contract that have not yet been paid.

b. Key assumptions used in the calculations

Outstanding claims are estimated based on the ultimate settlement of Claims by using the assumptions calculated mainly from historical payment experience.

c. Impact on the consolidated financial statements for the following fiscal year

Due to the revision of laws and regulations or court decisions, etc., the ultimate settlement of Insurance Claims may change from the initial estimate, and the amount recorded for outstanding claims may increase or decrease.

2. Impairment of goodwill

(1) The carrying amount shown on the consolidated balance sheet as of March 31, 2023

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Goodwill	428,601	453,433

(2) Information on the significant accounting estimates

a. Calculation method

Impairment of goodwill is recognized mainly in accordance with the procedures for identifying indications of impairment, assessing the recognition of an impairment loss and measuring an impairment loss for each unit to which goodwill is attributed (hereinafter referred to as "Reporting unit") whose performance is reported independently for the Company's management purpose.

First, for each Reporting unit, the Company assesses if indications of impairment are identified, such as deterioration in the latest operating results and future prospects, a significant negative deviation compared to the business plan at the time of acquisition, or significant adverse changes in the business environment including market conditions. For Reporting units for which indications of impairment were identified, an impairment loss is recognized if the total amount of undiscounted future cash flows is less than the book value of goodwill. For Reporting units for which recognition of an impairment loss is deemed necessary, the book value of goodwill shall be reduced to the recoverable amount which is calculated by discounting future cash flows, and recognizes the reduced amount as impairment loss.

b. Key assumptions for the calculations

Future cash flows and discount rates are used to calculate impairment loss on goodwill.

Future cash flows are estimated based on the latest rational business plan, taking into account the growth, etc., based on the business environment of each Reporting unit.

The discount rate is the pre-tax interest rate, which is the cost of capital plus necessary adjustments such as interest rate differentials.

c. Impact on the consolidated financial statements for the following fiscal year

An impairment loss may be incurred if undiscounted future cash flows significantly decline due to, for example, a significant deterioration in profitability from the assumption at the time of acquisition and a significant downward deviation from the business plan.

3. Market value evaluation of financial instruments

(1) The carrying amount shown on the consolidated balance sheet as of March 31, 2023

Please refer to "Information on Financial Instruments".

(2) Information on significant accounting estimates

a. Calculation method and Key assumptions for the calculations

With regards to the calculation method of the fair value of financial instruments and key assumptions for the calculations, please refer to "Information on Financial Instruments-2. Fair value of financial instruments and breakdown by input level (Note 1)".

b. Impact on the consolidated financial statements for the following fiscal year

Key assumptions may change due to changes in the market environment, and the fair value of financial instruments may increase or decrease.

Notes to Consolidated Financial Statements

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 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.

Changes in Accounting Policies

The Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021) (hereinafter referred to as "Guidance for Application of Fair Value Measurement") from the beginning of the fiscal year 2022.

In accordance with the transitional treatment set forth in Paragraph 27-2 of Guidance for Application of Fair Value Measurement, the Company has prospectively applied a new accounting policy prescribed by Guidance for Application of Fair Value Measurement.

The effect of applying Guidance for Application of Fair Value Measurement on consolidated financial statements is immaterial.

Additional Information

The Company and its major domestic consolidated subsidiaries have adopted a structure called Board Incentive Plan Trust (hereinafter, the "BIP Trust") as a stock-based compensation system (hereinafter, the "System") for its Directors and Executive Officers (hereinafter, the "Directors, etc."). The Company and its major domestic consolidated subsidiaries have applied the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Practical Solution Report No. 30, March 26, 2015) to the accounting treatment for the System.

Under the System, the Company and its major domestic consolidated subsidiaries entrust with the trustee the monies to pay for the Company's stock-based compensation to acquire the Company's shares through the trust. The Eligible Directors, etc. who meet certain beneficiary requirements will receive, after their resignation, the Company's shares in the number that is equivalent to a certain ratio of the granted points accumulated pursuant to the share delivery rules and money corresponding to the conversion value of the Company's shares through the trust.

The Company's shares remaining in the trust are recorded as treasury stock in shareholders' equity. The book value of such treasury stock is 4,272 million yen and the number of shares is 2,117,000 shares at the end of the fiscal year 2022, and 4,958 million yen and 819,000 shares at the end of the fiscal year 2021, respectively.

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, 2023	As of March 31, 2022
Accumulated depreciation	**406,178**	381,710
Advanced depreciation of tangible fixed assets	**17,313**	17,887

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

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Securities (equity)	**174,645**	187,720
Securities (partnership)	**26,229**	24,849

*3. The total amount of bankrupt or de facto bankrupt assets, doubtful assets, loans past due for three months or more, and restructured loans among the assets under the Insurance Business Acts are as follows:

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Bankrupt or de facto bankrupt assets	**8,553**	10,937
Doubtful assets	**130,647**	138,344
Loans past due for three months or more	**0**	1
Restructured loans	**1,388**	12,466
Total	**140,589**	161,748

Note: Bankrupt or de facto bankrupt assets are receivables from any debtor who has become insolvent due to the commencement of bankruptcy proceedings, reorganization proceedings or rehabilitation proceedings and receivables equivalent to them.

Doubtful assets are receivables from any debtor who has not become insolvent, but which the principal or interest according to the contract are unlikely to be collected due to deterioration in the financial condition and business performance of the debtor. Assets classified as bankrupt or de facto bankrupt assets are excluded.

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 bankrupt or de facto bankrupt assets and doubtful assets 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 bankrupt or de facto bankrupt assets, doubtful assets, 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, 2023	As of March 31, 2022
Assets pledged as collateral		
Bank deposits	**58,414**	55,217
Monetary receivables bought	**34,309**	21,159
Securities	**822,209**	730,691
Loans	**394,719**	264,866
Collateralized corresponding debt obligations		
Outstanding claims	**223,584**	170,156
Underwriting reserves	**284,953**	223,808
Other liabilities (payables under repurchase agreements, etc.)	**271,147**	240,338

5. The fair value of the commercial papers received under resale agreements which the Company has the right to dispose of by sale or rehypothecation is as follows:

They are wholly held by the Company.

(Yen in millions)

As of March 31, 2023	As of March 31, 2022
999	3,999

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

(Yen in millions)

As of March 31, 2023	As of March 31, 2022
939,517	1,558,306

Notes to Consolidated Financial Statements

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

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Total loan commitments	**1,702,132**	1,260,620
Balance of drawn loan commitments	**1,285,057**	890,702
Undrawn loan commitments	**417,075**	369,918

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, 2023	As of March 31, 2022
211,546	192,942

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

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Tokio Marine Compania de Seguros, S.A. de C.V.	**8,098**	8,569

*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, 2023	As of March 31, 2022
100,000	100,000

Notes to Consolidated Statement of Income

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

(Yen in millions)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Agency commissions, etc.	**687,846**	637,801
Salaries	**379,631**	345,670

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 2022 are primarily attributable to 18,145 million yen of Gains on sales of shares of subsidiaries and affiliates.

*3. The Company recognized impairment losses on the following assets:
FY2022 (April 1, 2022 – March 31, 2023)

(Yen in millions)

Purpose of use	Category	Location	Impairment loss			
			Land	Building	Others	Total
Properties for business use (Other business (nursing care business))	Land and buildings	3 properties, including buildings in Setagaya-ku, Tokyo	160	77	36	275
Idle properties or properties planned for sale	Land and buildings	15 properties, including buildings in Kawachi-county, Tochigi	2,295	1,169	—	3,464
Total			2,456	1,247	36	3,740

Properties are classified as follows: (a) properties for use in insurance business 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 other business (nursing care business) are grouped on an individual basis.

The total amount of projected future cash flows generated from other 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 is primarily the net sales price of each property. Net sales price is the appraisal value by qualified independent valuers.

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 qualified independent valuers appraisers less anticipated expenses for disposal of the relevant property.

*4. Other extraordinary losses for the fiscal year 2021 are primarily attributable to 1,608 million yen of Impairment losses on shares of subsidiaries and affiliates.

Notes to Consolidated Statement of Comprehensive Income

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

(Yen in millions)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Unrealized gains (losses) on available-for-sale securities		
Amount arising during the year	**(915,368)**	(7,661)
Reclassification adjustment	**(134,505)**	(98,151)
Before tax effect adjustment	**(1,049,873)**	(105,812)
Tax effect	**159,719**	26,413
Unrealized gains (losses) on available-for-sale securities	**(890,153)**	(79,398)
Deferred gains (losses) on hedge transactions		
Amount arising during the year	**(9,816)**	(5,451)
Reclassification adjustment	**(185)**	(574)
Before tax effect adjustment	**(10,001)**	(6,026)
Tax effect	**2,798**	1,686
Deferred gains (losses) on hedge transactions	**(7,203)**	(4,339)
Foreign currency translation adjustments		
Amount arising during the year	**437,698**	258,238
Remeasurements of defined benefit plans		
Amount arising during the year	**147**	(6,064)
Reclassification adjustment	**635**	4,263
Before tax effect adjustment	**783**	(1,800)
Tax effect	**(220)**	504
Remeasurements of defined benefit plans	**562**	(1,295)
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	**(6,238)**	8,302
Reclassification adjustment	**(709)**	(1,140)
Share of other comprehensive income of affiliates accounted for by the equity method	**(6,947)**	7,161
Total other comprehensive income	**(466,042)**	180,366

Notes to Consolidated Financial Statements

Notes to Consolidated Statement of Changes in Shareholders' Equity

FY2022 (April 1, 2022 – March 31, 2023)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2022	Increase during the fiscal year 2022	Decrease during the fiscal year 2022	Number of shares as of March 31, 2023
Issued stock				
Common stock	680,000	1,360,000	37,500	2,002,500
Total	680,000	1,360,000	37,500	2,002,500
Treasury stock				
Common stock	2,217	46,856	37,678	11,396
Total	2,217	46,856	37,678	11,396

Note: 1. The Company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2022.
2. The number of shares of common stock at the beginning and the end of the fiscal year 2022 respectively include 819 thousand and 2,117 thousand shares of treasury stock held by BIP Trust.
3. The increase of 1,360,000 thousand shares of common stock is entirely attributable to the stock split.
4. The decrease of 37,500 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
5. The increase of 46,856 thousand shares of common stock is primarily attributable to the acquisition of 25,914 thousand shares of treasury stock resolved at the meeting of the Board of Directors, and an increase of 20,934 thousand shares by the stock split.
6. The decrease of 37,678 thousand shares of common stock is primarily attributable to the cancellation of 37,500 thousand shares of treasury stock and the sale of 177 thousand shares of treasury stock by BIP Trust.

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

Category	Nature of stock acquisition rights	Amount as of March 31, 2023 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	33

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 27, 2022	Common stock	91,611 million yen	135.00 yen	March 31, 2022	June 28, 2022
Meeting of the Board of Directors held on November 18, 2022	Common stock	100,540 million yen	150.00 yen	September 30, 2022	December 12, 2022

Note: 1. For dividends resolved at the ordinary general meeting of shareholders held on June 27, 2022, the amount of dividends paid includes dividends for treasury stock held by BIP Trust of 110 million yen.
2. For dividends resolved at the meeting of the Board of Directors held on November 18, 2022, the amount of dividends paid includes dividends for treasury stock held by BIP Trust of 110 million yen.
3. The Company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2022, but the amount of dividends per share is presented with the amount before the stock split.

(2) Dividends of which the record date falls within the fiscal year 2022, and the effective date falls after March 31, 2023

The Company intends to obtain approval for the following dividend payment at the 21st Ordinary General Meeting of Shareholders to be held on June 26, 2023.

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 26, 2023	Common stock	99,661 million yen	Retained earnings	50.00 yen	March 31, 2023	June 27, 2023

Note: The amount of dividends paid includes dividends for treasury stock held by BIP Trust of 105 million yen.

FY2021 (April 1, 2021 – March 31, 2022)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2021	Increase during the fiscal year 2021	Decrease during the fiscal year 2021	Number of shares as of March 31, 2022
Issued stock				
Common stock	697,500	—	17,500	680,000
Total	697,500	—	17,500	680,000
Treasury stock				
Common stock	4,226	15,643	17,653	2,217
Total	4,226	15,643	17,653	2,217

Note: 1. The number of shares of common stock at the end of the fiscal year 2021 includes 819 thousand shares of treasury stock held by BIP Trust.
2. The decrease of 17,500 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
3. The increase of 15,643 thousand shares of common stock is primarily attributable to the acquisition of 14,753 thousand shares of treasury stock conducted based on resolution by the Board of Directors and the acquisition of 867 thousand shares of treasury stock by BIP Trust.
4. The decrease of 17,653 thousand shares of common stock is primarily attributable to the cancellation of 17,500 thousand shares of treasury stock and the sale of 48 thousand shares of treasury stock by BIP Trust.

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

Category	Nature of stock acquisition rights	Amount as of March 31, 2022 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	33

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 28, 2021	Common stock	69,327 million yen	100.00 yen	March 31, 2021	June 29, 2021
Meeting of the Board of Directors held on November 19, 2021	Common stock	82,334 million yen	120.00 yen	September 30, 2021	December 13, 2021

Note: For dividends resolved at the meeting of the Board of Directors held on November 19, 2021, the amount of dividends paid includes dividends for treasury stock held by BIP Trust of 104 million yen.

(2) Dividends of which the record date falls within the fiscal year 2021, and the effective date falls after March 31, 2022

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 27, 2022	Common stock	91,611 million yen	Retained earnings	135.00 yen	March 31, 2022	June 28, 2022

Note: The amount of dividends paid includes dividends for treasury stock held by BIP Trust of 110 million yen.

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)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Cash and bank deposits	871,993	848,819
Monetary receivables bought	1,863,824	1,630,523
Securities	18,489,522	19,288,018
Time deposits with initial term over three months to maturity	(103,228)	(112,006)
Monetary receivables bought not included in cash equivalents	(1,863,224)	(1,596,975)
Securities not included in cash equivalents	(18,273,503)	(19,146,163)
Cash and cash equivalents	985,382	912,216

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

Notes to Consolidated Financial Statements

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 business", "Domestic life insurance business", "International insurance business" and "Financial and other businesses".

"Domestic non-life insurance business" primarily comprises underwriting of non-life insurance in Japan and related investments. "Domestic life insurance business" primarily comprises underwriting of life insurance in Japan and related investments. "International insurance business" primarily comprises underwriting of insurance overseas and related investments. In "Financial and other businesses", 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

FY2022 (April 1, 2022 – March 31, 2023)

(Yen in millions)

	Reportable segments						
	Domestic non-life insurance business	**Domestic life insurance business**	**International insurance business**	**Financial and other businesses**	**Total**	**Adjustments (Note 1)**	**Amounts shown on the consolidated financial statements (Note 2)**
Ordinary income							
Ordinary income from external customers	3,027,923	699,523	2,961,310	73,711	6,762,469	(113,868)	6,648,600
Ordinary income from transactions with other reportable segments	12,681	124	3,411	27,073	43,291	(43,291)	—
Total	3,040,604	699,648	2,964,722	100,785	6,805,760	(157,160)	6,648,600
Segment profit	284,594	51,749	159,545	8,017	503,907	—	503,907
Segment assets	7,494,722	8,743,102	11,654,160	73,290	27,965,275	(265,459)	27,699,816
Other items							
Depreciation	35,773	2,870	73,192	678	112,514	—	112,514
Amortization of goodwill	93	—	80,599	—	80,692	—	80,692
Amortization of negative goodwill	744	—	917	145	1,807	—	1,807
Interest and dividends	166,045	119,517	410,927	27	696,517	(6,042)	690,474
Interest expenses	2,139	1,695	15,629	—	19,464	(5,510)	13,953
Equity in earnings (losses) of affiliates	—	—	(104,887)	—	(104,887)	—	(104,887)
Investments in affiliates accounted for by the equity method	—	—	110,518	—	110,518	—	110,518
Increase in tangible and intangible fixed assets	91,763	6,967	47,038	938	146,708	—	146,708

Note: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (113,868) million yen includes the transfer of Reversal of underwriting reserves of 105,718 million yen. This is included in Ordinary income of Domestic non-life insurance business segment, while it is included in Provision for underwriting reserves in the consolidated statement of income.
(2) "Adjustments" for Segment assets of (265,459) 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.

FY2021 (April 1, 2021 – March 31, 2022)

(Yen in millions)

	Reportable segments						
	Domestic non-life insurance business	Domestic life insurance business	International insurance business	Financial and other businesses	Total	Adjustments (Note 1)	Amounts shown on the consolidated financial statements (Note 2)
Ordinary income							
Ordinary income from external customers	2,839,955	713,641	2,262,031	72,883	5,888,512	(24,741)	5,863,770
Ordinary income from transactions with other reportable segments	10,087	798	2,728	29,477	43,091	(43,091)	—
Total	2,850,042	714,440	2,264,759	102,360	5,931,603	(67,832)	5,863,770
Segment profit	302,684	69,579	185,526	9,623	567,413	—	567,413
Segment assets	7,620,856	9,423,469	10,298,239	72,026	27,414,592	(168,739)	27,245,852
Other items							
Depreciation	28,696	1,481	58,697	879	89,754	—	89,754
Amortization of goodwill	96	—	71,857	198	72,152	—	72,152
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	145,168	116,398	301,515	26	563,109	(3,027)	560,082
Interest expenses	2,052	1,992	6,204	—	10,249	(1,850)	8,398
Equity in earnings (losses) of affiliates	—	—	(3,034)	—	(3,034)	—	(3,034)
Investments in affiliates accounted for by the equity method	—	—	124,690	—	124,690	—	124,690
Increase in tangible and intangible fixed assets	66,725	8,932	27,584	734	103,976	—	103,976

Note: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (24,741) million yen includes the transfer of Reversal of underwriting reserves of 21,268 million yen. This is included in Ordinary income of Domestic non-life insurance business segment, while it is included in Provision for underwriting reserves in the consolidated statement of income.
(2) "Adjustments" for Segment assets of (168,739) 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.

2. Related information

FY2022 (April 1, 2022 – March 31, 2023)

(1) Information by product and service

(Yen in millions)

	Non-Life insurance	**Life insurance**	**Others**	**Subtotal**	**Adjustments**	**Total**
Ordinary income from external customers	5,090,351	1,494,001	73,711	6,658,064	(9,463)	6,648,600

Note: "Adjustments" includes transfer of Gains (Losses) on trading securities in the consolidated statement of income.

(2) Information by region

a. Ordinary income

(Yen in millions)

Japan	**United States**	**Others**	**Subtotal**	**Adjustments**	**Total**
3,463,794	2,030,871	1,164,404	6,659,070	(10,470)	6,648,600

Note: 1. The above figures are classified by country and region based on customer location.
2."Adjustments" includes transfer of foreign exchange gains included in Other investment income and foreign exchange losses included in Other investment expenses in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	**United States**	**Others**	**Total**
246,635	115,595	37,585	399,817

(3) Information about major customers

None.

Notes to Consolidated Financial Statements

FY2021 (April 1, 2021 – March 31, 2022)
(1) Information by product and service

(Yen in millions)

	Non-Life insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	4,440,474	1,350,862	72,883	5,864,220	(449)	5,863,770

Note: "Adjustments" includes transfer of Increase (Decrease) in allowance for doubtful accounts in the consolidated statement of income.

(2) Information by region
a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,422,097	1,591,695	882,825	5,896,619	(32,848)	5,863,770

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	United States	Others	Total
247,799	62,130	34,774	344,703

(3) Information about major customers
None.

3. Impairment losses of fixed assets by reportable segments
FY2022 (April 1, 2022 – March 31, 2023)

(Yen in millions)

	Domestic non-life insurance business	**Domestic life insurance business**	**International insurance business**	**Financial and other businesses**	**Total**
Impairment losses	**3,464**	**—**	**0**	**274**	**3,740**

FY2021 (April 1, 2021 – March 31, 2022)

(Yen in millions)

	Domestic non-life insurance business	Domestic life insurance business	International insurance business	Financial and other businesses	Total
Impairment losses	525	—	194	44	764

4. Amortization and remaining balance of goodwill by reportable segments
FY2022 (April 1, 2022 – March 31, 2023)
(1) Goodwill

(Yen in millions)

	Domestic non-life insurance business	**Domestic life insurance business**	**International insurance business**	**Financial and other businesses**	**Total**
Amortization	**93**	**—**	**80,599**	**—**	**80,692**
Remaining balance as of March 31, 2023	**9**	**—**	**428,592**	**—**	**428,601**

(2) Negative goodwill

(Yen in millions)

	Domestic non-life insurance business	**Domestic life insurance business**	**International insurance business**	**Financial and other businesses**	**Total**
Amortization	**744**	**—**	**917**	**145**	**1,807**
Remaining balance as of March 31, 2023	**2,607**	**—**	**3,669**	**369**	**6,645**

FY2021 (April 1, 2021 – March 31, 2022)
(1) Goodwill

(Yen in millions)

	Domestic non-life insurance business	Domestic life insurance business	International insurance business	Financial and other businesses	Total
Amortization	96	—	71,857	198	72,152
Remaining balance as of March 31, 2022	102	—	453,331	—	453,433

(2) Negative goodwill

(Yen in millions)

	Domestic non-life insurance business	Domestic life insurance business	International insurance business	Financial and other businesses	Total
Amortization	8,917	248	917	145	10,229
Remaining balance as of March 31, 2022	3,352	—	4,586	514	8,453

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, 2023	As of March 31, 2022
As lessee:		
Due within one year	**8,545**	17,180
Due after one year	**26,412**	72,868
Total	**34,957**	90,048
As lessor:		
Due within one year	**1,922**	1,374
Due after one year	**9,774**	9,201
Total	**11,696**	10,576

Notes to Consolidated Financial Statements

Deferred Tax Accounting

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

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Deferred tax assets		
Underwriting reserves	**412,204**	422,822
Unrealized losses on available-for-sale securities	**96,616**	—
Outstanding claims	**93,274**	97,475
Net defined benefit liabilities	**74,733**	74,901
Reserve for price fluctuation	**36,962**	38,617
Impairment losses on securities	**25,746**	28,959
Net operating loss carry forward (Note 2)	**27,815**	21,012
Others	**140,596**	114,137
Subtotal	**907,948**	797,926
Valuation allowance on net operating loss carry forward (Note 2)	**(15,209)**	(13,368)
Valuation allowance on deductible temporary differences	**(115,333)**	(35,388)
Subtotal (Note 1)	**(130,542)**	(48,756)
Total deferred tax assets	**777,405**	749,169
Deferred tax liabilities		
Unrealized gains on available-for-sale securities	**(524,778)**	(685,761)
Unrealized gains on consolidated subsidiaries	**(182,665)**	(163,235)
Others	**(129,907)**	(118,673)
Total deferred tax liabilities	**(837,351)**	(967,670)
Net deferred tax assets (liabilities)	**(59,945)**	(218,501)

(Note 1) The main reason for the increase in valuation allowance is as follows:
The fair value of available-for-sale securities held by some overseas consolidated subsidiaries decreased due to a rise in interest rates and were recognized as Unrealized losses. It was decided not to schedule the expected fiscal year for the reversal of the related deductible temporary differences and not to recognize deferred tax assets arising from the deductible temporary differences.
(Note 2) Schedule by expiration of net operating loss carry forward and the corresponding deferred tax assets.

As of March 31, 2023

(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 (*)	**2,857**	**1,852**	**1,777**	**1,224**	**962**	**19,140**	**27,815**
Valuation allowance	**(2,718)**	**(1,781)**	**(1,757)**	**(1,220)**	**(919)**	**(6,810)**	**(15,209)**
Deferred tax assets	**138**	**70**	**19**	**4**	**42**	**12,330**	**12,605**

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

As of March 31, 2022

(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 (*)	1,479	2,783	1,821	1,799	1,257	11,870	21,012
Valuation allowance	(1,443)	(2,748)	(1,781)	(1,757)	(1,220)	(4,416)	(13,368)
Deferred tax assets	35	35	40	41	36	7,454	7,644

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

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, 2023	As of March 31, 2022
Japanese statutory tax rate	**30.6**	30.6
(Adjustments)		
Permanent differences such as dividends received	**(2.8)**	(2.4)
Permanent differences such as entertainment expenses	**2.2**	1.4
Equity in earnings or losses of affiliates	**6.1**	0.2
Amortization of goodwill and negative goodwill	**4.6**	3.4
Valuation allowance	**0.1**	(0.0)
Tax rate applied to consolidated subsidiaries	**(8.9)**	(4.6)
Others	**2.2**	(2.6)
Effective tax rate	**34.0**	26.0

Changes in Presentation

"Equity in earnings or losses of affiliates" was included in "Others" in the previous fiscal year, however, due to the higher materiality, it is presented separately from this fiscal year. To reflect this change in presentation, the notes from the previous fiscal year have been reclassified.

As a result, "Others" which was (2.4%) in the previous fiscal year, has been reclassified and represented to "Equity in earnings or losses of affiliates" 0.2% and "Others" (2.6%).

3. Accounting treatment of tax effect accounting for corporate and local income taxes

The Company and some of its domestic consolidated subsidiaries have adopted the Group Tax Sharing System from the fiscal year 2022. Accordingly, for the accounting treatment and disclosure of deferred tax accounting related to corporate and local income taxes, the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021) has been adopted from the beginning of the fiscal year 2022.

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. The Group thereby aims to ensure stable, long-term earnings while realizing efficient management of liquidity.

Specifically, the Group's approach entails controlling interest rate 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, the Group endeavors to ensure medium-to-long-term earnings by diversifying risks and asset management approaches 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 Group's asset portfolio.

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 risks

The Group holds financial instruments including equity securities, bonds, 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 over-the-counter 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 and collateral transfers equivalent to fair value of derivative transactions 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 - (8) Hedge accounting".

(3) Risk management structure

a. 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 reported to the Board of Directors depending on their importance.

Other consolidated subsidiaries maintain risk management structures based on the aforementioned risks.

b. 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 measured under certain assumptions, therefore it may differ under other assumptions.

Notes to Consolidated Financial Statements

2. Fair value of financial instruments and breakdown by input level

The tables below show carrying amounts shown on the consolidated balance sheet, fair value, differences of financial instruments, and fair value breakdown by input level.

Securities without a market price, and investments in partnerships are not included below. (Refer to Note 3.)

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value calculation:

Level 1: Fair value measured by the market price of the asset or liability in active markets among the observable inputs

Level 2: Fair value measured by the observable inputs other than the Level 1 inputs

Level 3: Fair value measured by unobservable inputs

If multiple inputs are used with a significant impact on the fair value measurement, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input.

(1) Financial instruments recorded at fair value on the consolidated balance sheet

As of March 31, 2023

(Yen in millions)

	Carrying amount shown on the consolidated balance sheet			
	Level 1	Level 2	Level 3	Total
Monetary receivables bought	—	1,592,732	271,091	1,863,824
Securities				
Trading securities	103,999	479,147	10,347	593,494
Available-for-sale securities	4,920,572	5,157,840	151,727	10,230,139
Loans	—	—	20,274	20,274
Derivative transactions	6,491	87,478	6,494	100,465
Assets	5,031,063	7,317,198	459,935	12,808,198
Derivative transactions	200	114,835	9,367	124,403
Liabilities	200	114,835	9,367	124,403

As of March 31, 2022

(Yen in millions)

	Carrying amount shown on the consolidated balance sheet			
	Level 1	Level 2	Level 3	Total
Monetary receivables bought	—	1,433,790	196,733	1,630,523
Securities				
Trading securities	106,365	244,308	7,915	358,589
Available-for-sale securities	5,519,401	4,383,083	131,949	10,034,434
Loans	—	—	72,145	72,145
Derivative transactions	2,245	73,669	17,325	93,240
Assets	5,628,012	6,134,851	426,069	12,188,933
Derivative transactions	511	166,815	1,172	168,499
Liabilities	511	166,815	1,172	168,499

(*) The amount of investment trusts is not included in the table above in accordance with Paragraph 27-3 of "Guidance for Application of Fair Value Measurement". The amount of such investment trusts on the consolidated balance sheet is 1,141,916 million yen.

(2) Financial instruments which are not recorded at fair value on the consolidated balance sheet

Cash and bank deposits, Receivables under resale agreements and Payables under securities lending transactions are omitted since they are mainly scheduled to be settled in a short period of time and the fair value approximates the book value.

As of March 31, 2023

(Yen in millions)

	Fair value				Carrying amount shown on the consolidated balance sheet	Difference
	Level 1	Level 2	Level 3	Total		
Securities						
Bonds held to maturity	3,780,595	1,437,539	—	5,218,135	5,116,287	101,848
Bonds earmarked for underwriting reserves	1,035,122	675,540	—	1,710,663	2,104,656	(393,993)
Loans(*)	—	—	2,538,764	2,538,764	2,554,213	(15,448)
Assets	4,815,718	2,113,080	2,538,764	9,467,563	9,775,156	(307,593)
Corporate bonds	—	210,939	—	210,939	222,811	(11,871)
Liabilities	—	210,939	—	210,939	222,811	(11,871)

(*) Carrying amount shown on the consolidated balance sheet is the loans after the deduction of Allowance for doubtful accounts earmarked for loans of 1,958 million yen.

As of March 31, 2022

(Yen in millions)

	Fair value				Carrying amount shown on the consolidated balance sheet	Difference
	Level 1	Level 2	Level 3	Total		
Securities						
Bonds held to maturity	3,968,104	1,560,872	—	5,528,977	5,112,881	416,095
Bonds earmarked for underwriting reserves	1,312,011	670,468	—	1,982,480	2,220,503	(238,023)
Loans(*)	—	—	1,935,010	1,935,010	1,934,859	150
Assets	5,280,115	2,231,341	1,935,010	9,446,467	9,268,245	178,222
Corporate bonds	—	219,359	42	219,401	219,795	(394)
Liabilities	—	219,359	42	219,401	219,795	(394)

(*) Carrying amount shown on the consolidated balance sheet is the loans after the deduction of Allowance for doubtful accounts earmarked for loans of 1,703 million yen.

(Note 1) Description of the valuation techniques and inputs used in the fair value measurement.

Monetary receivables bought

The fair value of Monetary receivables bought is measured using valuation techniques such as discounted cash flow and matrix pricing. These valuation techniques include the inputs such as yield curves, prepayment rates and market prices of similar type of securities.

The fair value is categorized within Level 2 if unobservable inputs are either not included or not significant in the valuation techniques. It is categorized within Level 3 if unobservable inputs are significant in the valuation techniques.

Securities

The fair value of securities which is measured using quoted prices in active markets is categorized within Level 1. The fair value of securities which is based on quoted prices in inactive markets is categorized within Level 2.

If quoted prices in markets are not available, the fair value of securities is measured using valuation techniques such as discounted cash flow and matrix pricing. These valuation techniques include the inputs such as yield curves, credit spreads and market prices of similar type of securities.

The fair value is categorized within Level 2 if unobservable inputs are either not included or not significant in the valuation techniques. It is categorized within Level 3 if unobservable inputs are significant in the valuation techniques.

The fair value of major investment trusts for which quoted prices in markets are not available, is based on net asset value and categorized within Level 2, as there is no significant restriction on cancellation.

Loans

With regard to floating rate loans, fair value is measured using the book value and is categorized within Level 3 as long as there are no significant changes in the credit status of the borrowers, since the fair value is considered to approximate the book value as the changes in interest rates are reflected in a timely manner in the future cash flows.

With regard to fixed rate loans, the fair value is measured using valuation techniques such as discounted cash flow. These valuation techniques include the inputs such as yield curves and credit spreads. The fair value of fixed rate loans is categorized within Level 3.

With regard to loans of which borrowers are insolvent or in bankruptcy proceedings, the fair value approximates the amount after deducting the estimated uncollectible debts from the carrying amount. Therefore, the fair value is measured with such amount and is categorized within Level 3.

Corporate bonds

The fair value of Corporate bonds is measured using quoted prices in markets and others and categorized within Level 2.

Derivative transactions

With regard to exchange-traded derivative transactions, the fair value is measured using the closing prices at exchanges and others. For over-the-counter derivative transactions, the fair value is measured using valuation techniques such as the Black-Scholes model and the discounted cash flow, using the inputs such as swap rates, forward rates, volatilities and basis swap spreads.

The fair value of derivative transactions which is measured using closing prices at exchanges and others is categorized within Level 1. It is categorized within Level 2 if unobservable inputs are either not included or not significant in the valuation techniques. It is categorized within Level 3 if unobservable inputs are significant in the valuation techniques.

Notes to Consolidated Financial Statements

(Note 2) Information on the fair value of Level 3 financial instruments which are recorded at fair value on the consolidated balance sheet

(1) Reconciliation of beginning balances to ending balances, unrealized gains and losses recognized in profit or loss for the period

As of March 31, 2023

(Yen in millions)

	Beginning balance	Transfers to Level 3 fair value (*1, *2)	Transfers from Level 3 fair value (*1, *3)	Recorded in profit or loss for the period (*4)	Recorded in other comprehensive income (*5)	Net amount of purchases, sales, issues and settlements	Ending balance	Unrealized gains (losses) on financial assets and liabilities held at the end of the period, of the amount recorded in profit or loss for the period (*4)
Monetary receivables bought	196,733	14,139	(11,431)	(13,248)	17,933	66,965	271,091	—
Securities								
Trading securities	7,915	690	—	2,025	1,081	(1,365)	10,347	1,078
Available-for-sale securities (*6)	134,508	1,484	(2,387)	8,398	16,820	(7,097)	151,727	—
Loans	72,145	—	—	(5,685)	11,089	(57,276)	20,274	(1,678)
Derivative transactions (*7)	16,153	—	—	(14,800)	2,575	(6,800)	(2,872)	(14,741)

(*1) Transfers between levels are recognized at the beginning of the period.
(*2) The fair value were transferred from Level 2 to Level 3 because the inputs became unobservable.
(*3) The fair value were transferred from Level 3 to Level 2 because the inputs became observable.
(*4) The amounts are included in "Investment income" and "Investment expenses" on the consolidated statement of income.
(*5) The amounts are included in "Unrealized gains (losses) on available-for-sale securities" and "Foreign currency translation adjustments" in "Other comprehensive income" on the consolidated statement of comprehensive income.
(*6) The amount of investment trusts has been included from the beginning of the fiscal year due to the application of the "Guidance for Application of Fair Value Measurement".
(*7) Derivative transactions recorded in Other assets and Other liabilities are collectively presented. Net receivables and payables and Gains and losses arising from derivative transactions are presented on a net basis, and Net liability or Loss are shown in parentheses.

As of March 31, 2022

(Yen in millions)

	Beginning balance	Transfers to Level 3 fair value (*1, *2)	Transfers from Level 3 fair value (*1, *3)	Recorded in profit or loss for the period (*4)	Recorded in other comprehensive income (*5)	Net amount of purchases, sales, issues and settlements	Ending balance	Unrealized gains (losses) on financial assets and liabilities held at the end of the period, of the amount recorded in profit or loss for the period (*4)
Monetary receivables bought	155,575	15,677	(4,516)	(5,940)	17,725	18,211	196,733	—
Securities								
Trading securities	4,909	104	—	1,843	556	500	7,915	1,862
Available-for-sale securities	76,033	12,731	(3,241)	9,989	9,406	27,031	131,949	—
Loans	53,093	—	—	3,505	5,909	9,636	72,145	3,136
Derivative transactions (*6)	16,258	—	—	16,386	1,927	(18,418)	16,153	6,931

(*1) Transfers between levels are recognized at the beginning of the period.
(*2) The fair value were transferred from Level 2 to Level 3 because the inputs became unobservable.
(*3) The fair value were transferred from Level 3 to Level 2 because the inputs became observable.
(*4) The amounts are included in "Investment income" and "Investment expenses" on the consolidated statement of income.
(*5) The amounts are included in "Unrealized gains (losses) on available-for-sale securities" and "Foreign currency translation adjustments" in "Other comprehensive income" on the consolidated statement of comprehensive income.
(*6) Derivative transactions recorded in Other assets and Other liabilities are collectively presented. Net receivables and payables and Gains and losses arising from derivative transactions are presented on a net basis, and Net liability or Loss are shown in parentheses.

(2) Explanation of the fair value valuation process

The Group's policies and procedures of fair value measurement are established by a department which is independent of the trading departments.

In regard to the measured fair value and the categorized levels, the Group verifies the appropriateness of the valuation techniques and inputs used for the fair value measurement.

In measuring the fair value, the valuation models are appropriately selected by nature, characteristics and risks of each financial instrument.

When using the quoted market prices obtained from third parties, the prices are verified by appropriate methods such as confirming the valuation techniques and inputs, or comparing with the prices of similar financial instruments.

(Note 3) The amounts of securities without a market price, and investments in partnerships on the consolidated balance sheet

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Securities without a market price (*1)	241,530	246,748
Investments in partnerships (*2)	199,802	169,334
Total	441,333	416,082

(*1) Securities without a market price include unlisted stock and others. These are not subject to fair value disclosure in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).
(*2) Investments in partnerships are not subject to fair value disclosure in accordance with Paragraph 24-16 of "Guidance for Application of Fair Value Measurement".

(Note 4) Maturity analysis of financial assets

As of March 31, 2023

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	147,127	12,746	—	—
Monetary receivables bought	27,201	39,067	541,623	1,495,287
Securities				
Bonds held to maturity				
Domestic government bonds	13,000	308,800	711,097	3,765,532
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	155,600
Foreign securities	13,268	17,235	16,580	25,656
Bonds earmarked for underwriting reserves				
Domestic government bonds	—	—	—	1,764,300
Domestic municipal bonds	—	—	—	2,600
Domestic corporate bonds	—	—	—	330,400
Available-for-sale securities with maturity				
Domestic government bonds	43,245	258,049	516,569	755,922
Domestic municipal bonds	12,643	36,070	4,782	6,690
Domestic corporate bonds	36,185	282,237	189,695	65,889
Foreign securities	175,508	748,478	806,781	2,493,192
Loans (*)	688,543	1,260,786	277,462	249,712
Total	1,156,722	2,963,471	3,064,593	11,113,783

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (30 million yen), and loans with no repayment schedule (8,789 million yen) are not included above.

As of March 31, 2022

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	139,114	8,517	—	—
Monetary receivables bought	41,095	25,168	467,342	1,133,727
Securities				
Bonds held to maturity				
Domestic government bonds	4,500	246,500	497,767	4,054,162
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	155,600
Foreign securities	5,543	12,635	15,370	24,978
Bonds earmarked for underwriting reserves				
Domestic government bonds	—	—	—	1,897,200
Domestic municipal bonds	—	—	—	1,800
Domestic corporate bonds	—	—	—	305,500
Available-for-sale securities with maturity				
Domestic government bonds	37,105	249,298	579,815	1,297,873
Domestic municipal bonds	9,612	41,013	18,700	7,236
Domestic corporate bonds	60,196	280,981	214,743	56,917
Foreign securities	119,714	582,696	745,114	2,034,528
Loans (*)	520,850	918,923	228,130	228,276
Total	937,734	2,365,736	2,766,983	11,200,801

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (25 million yen), and loans with no repayment schedule (8,175 million yen) are not included above.

Notes to Consolidated Financial Statements

(Note 5) Maturity schedules for corporate bonds, long-term borrowings and lease obligations

As of March 31, 2023

(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	—	—	—	—	—	223,222
Long-term borrowings	—	39,810	78,293	—	63,032	103,622
Lease obligations	12,502	11,250	9,200	7,385	6,055	24,201
Total	12,502	51,060	87,493	7,385	69,088	351,046

As of March 31, 2022

(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	42	—	—	—	—	220,128
Long-term borrowings	66,136	—	34,506	—	—	154,634
Lease obligations	3,607	2,735	1,944	1,603	1,121	3,584
Total	69,786	2,735	36,450	1,603	1,121	378,347

Securities

1. Trading securities

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Unrealized gains (losses) included in income	62,841	81,405

2. Bonds held to maturity

(Yen in millions)

		As of March 31, 2023			As of March 31, 2022		
		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	2,984,059	3,397,534	413,474	3,045,970	3,629,930	583,959
	Foreign securities	37,038	38,110	1,071	47,956	50,663	2,706
	Subtotal	3,021,098	3,435,644	414,546	3,093,927	3,680,593	586,666
Those with fair value not exceeding the carrying amount	Domestic debt securities	2,059,095	1,747,368	(311,727)	2,007,913	1,837,454	(170,459)
	Foreign securities	36,093	35,122	(970)	11,040	10,929	(111)
	Subtotal	2,095,188	1,782,490	(312,697)	2,018,954	1,848,383	(170,570)
Total		5,116,287	5,218,135	101,848	5,112,881	5,528,977	416,095

3. Bonds earmarked for underwriting reserves

(Yen in millions)

		As of March 31, 2023			As of March 31, 2022		
		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	11,200	11,371	171	5,500	5,545	45
	Subtotal	11,200	11,371	171	5,500	5,545	45
Those with fair value not exceeding the carrying amount	Domestic debt securities	2,093,456	1,699,291	(394,164)	2,215,003	1,976,934	(238,068)
	Subtotal	2,093,456	1,699,291	(394,164)	2,215,003	1,976,934	(238,068)
Total		2,104,656	1,710,663	(393,993)	2,220,503	1,982,480	(238,023)

4. Available-for-sale securities

(Yen in millions)

		As of March 31, 2023			As of March 31, 2022		
		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	1,485,564	1,366,670	118,894	2,444,299	2,185,962	258,336
	Domestic equity securities	2,361,225	448,616	1,912,609	2,477,828	466,979	2,010,849
	Foreign securities	1,833,099	1,671,956	161,142	4,098,931	3,703,787	395,144
	Others (Note 2)	256,109	223,744	32,365	674,595	613,800	60,794
	Subtotal	5,935,999	3,710,987	2,225,012	9,695,654	6,970,529	2,725,125
Those with fair value not exceeding the cost	Domestic debt securities	837,900	874,268	(36,367)	707,264	715,626	(8,361)
	Domestic equity securities	16,700	18,195	(1,494)	24,462	27,949	(3,486)
	Foreign securities	3,679,402	4,169,737	(490,335)	1,223,458	1,270,490	(47,031)
	Others (Note 3)	1,610,743	1,784,710	(173,966)	969,597	983,593	(13,996)
	Subtotal	6,144,747	6,846,911	(702,164)	2,924,783	2,997,659	(72,876)
Total		12,080,746	10,557,898	1,522,847	12,620,437	9,968,188	2,652,249

Note: 1. Available-for-sale securities without a market price, and investments in partnerships are not included in the table above.
2. "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, 2022: fair value 59 million yen, cost 58 million yen, unrealized gains 0 million yen
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
  As of March 31, 2023: fair value 248,258 million yen, cost 217,562 million yen, unrealized gains 30,695 million yen
  As of March 31, 2022: fair value 663,602 million yen, cost 606,606 million yen, unrealized gains 56,996 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, 2023: fair value 2,870 million yen, cost 2,875 million yen, unrealized losses (4) million yen
  As of March 31, 2022: fair value 5,575 million yen, cost 5,575 million yen, unrealized losses (0) million yen
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
  As of March 31, 2023: fair value 1,599,477 million yen, cost 1,772,894 million yen, unrealized losses (173,416) million yen
  As of March 31, 2022: fair value 958,904 million yen, cost 972,501 million yen, unrealized losses (13,596) million yen

5. Bonds held to maturity that were sold

None.

Notes to Consolidated Financial Statements

6. Bonds earmarked for underwriting reserves that were sold

(Yen in millions)

	FY2022 (April 1, 2022 – March 31, 2023)			FY2021 (April 1, 2021 – March 31, 2022)		
	Sale proceeds	**Gains on sale**	**Losses on sale**	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	**178,030**	**—**	**26,961**	180,066	2,799	6,895
Total	**178,030**	**—**	**26,961**	180,066	2,799	6,895

7. Available-for-sale securities that were sold

(Yen in millions)

	FY2022 (April 1, 2022 – March 31, 2023)			FY2021 (April 1, 2021 – March 31, 2022)		
	Sale proceeds	**Gains on sale**	**Losses on sale**	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	**863,570**	**64,219**	**7,271**	473,825	6,787	3,644
Domestic equity securities	**131,782**	**103,646**	**540**	118,949	93,977	397
Foreign securities	**645,110**	**16,655**	**28,709**	495,579	28,215	12,389
Others	**159,124**	**641**	**3,717**	290,211	5,035	3,909
Total	**1,799,587**	**185,163**	**40,239**	1,378,566	134,015	20,341

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 2022: proceeds 3,599 million yen
  Fiscal year 2021: proceeds 23 million yen
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
  Fiscal year 2022: proceeds 155,524 million yen, gains 641 million yen, losses 3,717 million yen
  Fiscal year 2021: proceeds 289,574 million yen, gains 4,868 million yen, losses 3,909 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 2022: 22,989 million yen (Domestic equity securities 1,367 million yen, Foreign securities 13,926 million yen, Others 7,695 million yen)
  Fiscal year 2021: 14,892 million yen (Domestic equity securities 2,059 million yen, Foreign securities 9,764 million yen, Others 3,068 million yen)
- Available-for-sale securities without a market price, and investments in partnerships
  Fiscal year 2022: 500 million yen (Domestic equity securities 26 million yen, Foreign securities 474 million yen)
  Fiscal year 2021: 620 million yen (Domestic equity securities 354 million yen, Foreign securities 266 million yen)

Impairment loss on a security with fair value is, in principle, recognized when the fair value is below its cost by 30% or more.

Money Trusts

1. Money trusts held for trading purposes

None.

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, 2023				As of March 31, 2022			
		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	**2,511**	**—**	**—**	**—**	2,675	—	—	—
	Long	**1,112**	**—**	**—**	**—**	1,028	—	—	—
Over-the-counter transactions	Foreign exchange forwards								
	Short	**827,849**	**—**	**1,685**	**1,685**	721,810	—	(28,162)	(28,162)
	Long	**43,351**	**—**	**14**	**14**	22,198	—	508	508
	Currency swaps								
	Pay foreign/Rec. yen	**12,435**	**—**	**(2,557)**	**(2,557)**	12,435	12,435	(1,075)	(1,075)
	Pay foreign/ Rec. foreign	**52,226**	**52,226**	**2,025**	**2,025**	45,029	—	(5,092)	(5,092)
Total		**—**	**—**	**1,167**	**1,167**	—	—	(33,820)	(33,820)

(2) Interest rate-related instruments

(Yen in millions)

		As of March 31, 2023				As of March 31, 2022			
		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	**8,390**	**—**	**—**	**—**	6,856	—	—	—
	Long	**748**	**—**	**—**	**—**	1,902	—	—	—
Over-the-counter transactions	Interest rate swaps								
	Rec. fix/Pay float	**1,061,210**	**1,020,166**	**(20,894)**	**(20,894)**	1,169,047	1,138,611	35,845	35,845
	Rec. float/Pay fix	**1,018,853**	**986,625**	**14,306**	**14,306**	1,052,312	1,028,614	(32,591)	(32,591)
	Rec. float/Pay float	**4,398**	**4,398**	**(75)**	**(75)**	4,696	4,696	(100)	(100)
	Rec. fix/Pay fix	**237**	**237**	**5**	**5**	339	339	11	11
	Interest rate swap options								
	Long	**1,500**	**1,500**			—	—		
		[25]	**[25]**	**21**	**(4)**	[—]	[—]	—	—
Total		**—**	**—**	**(6,636)**	**(6,661)**	—	—	3,165	3,165

Note: For option contracts, the figures below the principal amount denoted with [ ] represent option premiums.

(3) Equity-related instruments

(Yen in millions)

		As of March 31, 2023				As of March 31, 2022			
		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	**5,127**	**—**	**(175)**	**(175)**	4,757	—	(383)	(383)
	Long	**663**	**—**	**—**	**—**	2,305	—	—	—
Over-the-counter transactions	Equity index options								
	Short	**209,309**	**—**			183,131	—		
		[15,518]	**[—]**	**6,974**	**8,543**	[8,293]	[—]	19,283	(10,989)
	Long	**282,417**	**—**			251,533	—		
		[28,207]	**[—]**	**13,043**	**(15,164)**	[18,261]	[—]	35,450	17,189
Total		**—**	**—**	**19,843**	**(6,795)**	—	—	54,349	5,815

Note: For option contracts, the figures below the principal amount denoted with [ ] represent option premiums.

Notes to Consolidated Financial Statements

(4) Bond-related instruments

(Yen in millions)

		As of March 31, 2023				As of March 31, 2022			
		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	—	—	—	—	2,794	—	24	24
	Long	12,423	—	233	233	14,121	—	(80)	(80)
Over-the-counter transactions	Bond over-the-counter options								
	Short	3,084	—			—	—		
		[23]	[—]	112	(89)	[—]	[—]	—	—
	Long	3,084	—			—	—		
		[28]	[—]	0	(28)	[—]	[—]	—	—
Total		—	—	346	115	—	—	(55)	(55)

Note: For option contracts, the figures below the principal amount denoted with [ ] represent option premiums.

(5) Commodity-related instruments

(Yen in millions)

		As of March 31, 2023				As of March 31, 2022			
		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	319	—	—	—	439	—	—	—
	Long	332	—	—	—	169	—	—	—
	Commodity futures options								
	Short	190,265	438			77,822	—		
		[10,338]	[39]	6,250	(4,088)	[3,203]	[—]	2,150	(1,053)
Total		—	—	6,250	(4,088)	—	—	2,150	(1,053)

Note: For option contracts, the figures below the principal amount denoted with [ ] represent option premiums.

(6) Others

(Yen in millions)

		As of March 31, 2023				As of March 31, 2022			
		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	26,904	3,939			27,696	16,121		
		[1,937]	[289]	668	1,268	[1,386]	[851]	674	711
	Long	22,581	3,600			22,450	15,000		
		[1,086]	[110]	258	(827)	[641]	[331]	173	(468)
	Weather derivatives								
	Short	—	—			13	—		
		[—]	[—]	—	—	[1]	[—]	0	0
	Others								
	Short	152,480	—			72,019	—		
		[9,785]	[—]	6,132	3,653	[5,035]	[—]	3,249	1,785
	Long	7,686	—			14,507	—		
		[130]	[—]	464	333	[1,886]	[—]	1,734	(152)
Total		—	—	7,523	4,428	—	—	5,833	1,876

Note: For option contracts, the figures below the principal amount denoted with [ ] represent 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, 2023			As of March 31, 2022		
			Principal amount	Over 1 year	Fair value	Principal amount	Over 1 year	Fair value
Deferred hedges	Foreign exchange forwards Short	Investment in subsidiaries	324,689	—	(4,502)	290,888	—	(12,730)
Fair value hedges	Foreign exchange forwards Short	Available-for-sale securities	972,069	—	(17,770)	991,355	—	(53,037)
	Currency swaps Pay foreign/Rec. yen	Available-for-sale securities	13,886	9,934	(2,306)	13,886	13,886	(1,581)
Assignment accounting	Currency swaps Pay foreign/Rec. yen	Bonds held to maturity	12,316	12,316	(Note)	12,316	12,316	(Note)
Total			—	—	(24,580)	—	—	(67,349)

Note: As the currency swaps to which assignment accounting is applied are accounted for as an integral part of Bonds held to maturity which are treated as hedged item, the fair value of the currency swaps is included in the fair value of the Bonds held to maturity.

(2) Interest rate-related instruments

(Yen in millions)

		Hedged items	As of March 31, 2023			As of March 31, 2022		
			Principal amount	Over 1 year	Fair value	Principal amount	Over 1 year	Fair value
Deferred hedges	Interest rate swaps Rec. fix/Pay float	Insurance liabilities	110,182	110,182	(77)	259,782	259,782	6,884
Total			—	—	(77)	—	—	6,884

Notes to Consolidated Financial Statements

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.

2. Defined benefit plan

(1) Changes in retirement benefit obligations

(Yen in millions)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Beginning balance	529,706	538,203
Service costs	17,863	18,522
Interest costs	4,778	3,899
Actuarial (gains) losses arising in current year	(26,755)	(9,966)
Benefit payments	(25,235)	(23,684)
Past service costs (credits) arising in current year	0	—
Others	2,626	2,731
Ending balance	502,983	529,706

Note: The Company and some consolidated subsidiaries use the simplified method in calculation of retirement benefit obligations.

(2) Changes in plan assets

(Yen in millions)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Beginning balance	275,126	287,449
Expected return on plan assets	2,209	1,617
Actuarial gains (losses) arising in current year	(26,647)	(16,029)
Employer contribution	10,423	10,572
Benefit payments	(10,247)	(9,796)
Others	552	1,313
Ending balance	251,416	275,126

(3) Reconciliation of retirement benefit obligations and plan assets with net defined benefit liabilities and assets

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
Funded retirement benefit obligations	283,920	299,676
Plan assets	(251,416)	(275,126)
	32,503	24,550
Unfunded retirement benefit obligations	219,063	230,029
Asset ceiling adjustments	153	94
Net liabilities recognized on the balance sheet	251,720	254,674
Net defined benefit liabilities	255,437	259,198
Net defined benefit assets	(3,717)	(4,523)
Net liabilities recognized on the balance sheet	251,720	254,674

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)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Service costs	17,863	18,522
Interest costs	4,778	3,899
Expected return on plan assets	(2,209)	(1,617)
Amortization of actuarial losses (gains)	1,911	5,522
Amortization of past service costs (credits)	(1,275)	(1,258)
Others	31	528
Retirement benefit expenses	21,098	25,596

(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)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Past service costs	(1,275)	(1,258)
Actuarial differences	1,976	(499)
Others	82	(42)
Total	783	(1,800)

(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, 2023	As of March 31, 2022
Unrecognized past service costs (credits)	(12,805)	(14,080)
Unrecognized net actuarial losses (gains)	32,802	34,861
Total	19,996	20,780

(7) Plan assets

a. Components of plan assets

Percentages by major categories of plan assets are as follows:

(%)

	As of March 31, 2023	As of March 31, 2022
Debt securities	86	90
Equity securities	1	1
Cash and bank deposits	2	2
Life insurance company general accounts	5	4
Others	6	3
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, 2023, and 2% of total plan assets as of March 31, 2022.

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, 2023	As of March 31, 2022
Discount rate	0.2–1.5	0.2–1.0
Long-term expected rate of return on plan assets	0.7–1.4	0.5–1.1

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)

FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
12,463	10,318

Notes to Consolidated Financial Statements

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)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Carrying amount shown on the consolidated balance sheet		
Beginning balance	**86,795**	84,331
Change during the year	**(1,840)**	2,461
Ending balance	**84,954**	86,792
Fair value at the end of the fiscal year	**148,785**	159,382

Note: 1. Carrying amount shown on the consolidated balance sheet is the acquisition cost after the deduction of accumulated depreciation and accumulated impairment losses.
2. For the fiscal year 2022, the increase is mainly due to the acquisition of real estate properties of 8,263 million yen and renovation work of 3,415 million yen, and the decrease is mainly due to the sale of real estate properties of 14,298 million yen. In addition, for the fiscal year 2021, the increase is mainly due to the acquisition of real estate properties of 3,104 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)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Rental income	**6,654**	7,462
Direct operating expenses	**8,470**	5,862
Net amount	**(1,815)**	1,600
Others (Gains and losses on disposal by sales, etc.)	**6,379**	2,255

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)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Loss adjustment expenses	**—**	21
Operating and general administrative expenses	**—**	94

(Note) The Company and its major domestic consolidated subsidiaries has adopted a stock-based compensation system through BIP Trust in the previous fiscal year.

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: 480,300 shares	Common stock: 481,200 shares	Common stock: 479,700 shares
Grant date	July 9, 2019	July 10, 2018	July 11, 2017
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
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 4)	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: 535,200 shares	Common stock: 480,000 shares	Common stock: 581,400 shares
Grant date	July 12, 2016	July 14, 2015	July 8, 2014
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
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 4)	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: 606,300 shares	Common stock: 787,500 shares	Common stock: 666,300 shares
Grant date	July 9, 2013	July 10, 2012	July 12, 2011
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
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 4)	From July 10, 2013 to July 9, 2043	From July 11, 2012 to July 10, 2042	From July 13, 2011 to July 12, 2041

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 Company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2022. The number of stock options is converted into the numbers of equivalent shares and presented on an after-stock split basis.

Notes to Consolidated Financial Statements

3. 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 expire after the retirement date, and cannot be exercised after that date.
4. 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 2022 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	—	—	—	—	—	—
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	3,000	3,300	3,900	2,700	2,400	2,400
Vested	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited (Note)	—	—	—	—	—	—
Outstanding at the end of the year	3,000	3,300	3,900	2,700	2,400	2,400

	Stock options (July 2013)	Stock options (July 2012)	Stock options (July 2011)
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	3,000	5,100	1,800
Vested	—	—	—
Exercised	—	—	—
Forfeited (Note)	—	—	—
Outstanding at the end of the year	3,000	5,100	1,800

Note: The Company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2022. The above numbers of shares are presented on an after-stock 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)	300	300	300	300	300
Average share price at exercise	—	—	—	—	—
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)
Exercise price (Note)	300	300	300	300
Average share price at exercise	—	—	—	—
Fair value on the grant date	310,800	332,600	181,900	219,500

Note: 1. Exercise price per one stock option
2. The Company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2022. The above exercise prices are presented on an after-stock split basis.

3. Valuation technique used for the estimated fair value of stock options

There were no stock options granted during the fiscal year 2022.

4. Estimate of vested number of stock options

Not applicable, as all rights have vested.

Per Share Information

(Yen)

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Net assets per share	**1,823.65**	1,977.35
Net income per share – Basic	**187.33**	204.48
Net income per share – Diluted	**187.33**	204.42

Note: 1. Calculations of "Net income per share – Basic" and "Net income per share – Diluted" are based on the following figures.

	FY2022 (April 1, 2022 – March 31, 2023)	FY2021 (April 1, 2021 – March 31, 2022)
Net income per share – Basic		
Net income attributable to owners of the parent (Yen in millions)	**376,447**	420,484
Amount not attributable to common shareholders (Yen in millions)	**—**	—
Net income attributable to owners of the parent related to common stock (Yen in millions)	**376,447**	420,484
Average number of shares outstanding (In thousand shares)	**2,009,454**	2,056,279
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)	**27**	592
Increased number of stock acquisition rights (In thousand shares)	**27**	592

2. In the calculation of "Net income per share - Basic" and "Net income per share - Diluted", the Company shares outstanding in BIP Trust which are recognized as Treasury stock in Shareholders' equity are included in treasury stock deducted from Average number of shares outstanding (fiscal year 2022: 2,212 thousand shares, fiscal year 2021: 1,506 thousand shares). In addition, in the calculation of "Net assets per share", such shares are included in treasury stock deducted from the number of total shares outstanding (fiscal year 2022: 2,117 thousand shares, fiscal year 2021: 2,458 thousand shares).
3. The Company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2022. "Net assets per share", "Net income per share - Basic" and "Net income per share - Diluted" are calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

Notes to Consolidated Financial Statements

Subsequent Events

On May 19, 2023 the Company's board of directors resolved repurchases of its own shares, pursuant to Article 156 of the Companies Act which is applicable in accordance with Article 165, Paragraph 3 of the Companies Act, as detailed below.

1. Reason for the repurchase of shares
   The Company intends to repurchase its own shares in order to implement flexible financial policies.
2. Class of shares to be repurchased
   Common stock of the Company
3. Aggregate number of shares to be repurchased
   Up to 30,000,000 shares
4. Aggregate purchase price of shares
   Up to 50 billion yen
5. Period in which repurchases may be made
   From May 22, 2023 through September 22, 2023

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.	First series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	Dec. 24, 2019	200,000	200,000	0.96	N/A	Dec. 24, 2079
Delphi Financial Group, Inc.	Subordinated Bond in USD	May 23, 2007	19,753 (USD 171,737 thousand)	22,811 (USD 171,902 thousand)	3.35–7.80	N/A	May 1, 2067
Privilege Underwriters Reciprocal Exchange	Surplus Note	Jun. 13, 2007	42 (USD 370 thousand)	—	1.52	N/A	Jun. 13, 2022
Total		—	219,795	222,811	—	—	—

Note: 1. The figures denoted with ( ) in the columns for beginning balance and ending balance are the amounts denominated in foreign currency.
2. There is no redemption schedule within five years after the consolidated closing date.

(Schedule of borrowings)

	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Average interest rate (%)	Maturity date
Short-term borrowings	23,579	30,521	4.4	—
Long-term borrowings to be repaid within 1 year	66,136	—	—	—
Lease obligations to be repaid within 1 year	3,384	12,180	3.2	—
Long-term borrowings other than those to be repaid within 1 year	189,078	278,379	3.0	Apr. 30, 2024 to Jan. 1, 2046
Lease obligations other than those to be repaid within 1 year	10,815	52,675	3.2	Jan. 1, 2024 to Aug. 31, 2042
Total	292,993	373,756	—	—

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	39,810	78,293	—	63,032
Lease obligations	11,250	9,200	7,385	6,055

(Schedule of asset retirement obligations)

Detailed information is omitted due to its immateriality.

Solvency Margin Ratio

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, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**4,947,004**	5,953,649
Shareholders' equity less adjusting items	**1,150,128**	1,129,262
Reserve for price fluctuation	**132,394**	138,331
Contingency reserve	**64,711**	61,869
Catastrophe loss reserve	**1,136,120**	1,145,489
General allowance for doubtful accounts	**3,505**	3,411
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**1,248,244**	2,313,740
Unrealized gains (losses) on land	**286,856**	273,658
Total amount of unrecognized actuarial difference and unrecognized prior service costs before tax effect deductions	**(20,010)**	(20,759)
Excess of premium reserve, etc.	**287,390**	294,676
Subordinated debt, etc.	**300,000**	300,000
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	**783**	628
Deductions	**156,141**	159,990
Others	**513,019**	473,330
(B) Total amount of risks $\sqrt{(\sqrt{R_1^2+R_2^2}+R_3+R_4)^2+(R_5+R_6+R_7)^2}+R_8+R_9$	**1,576,526**	1,439,272
General insurance risk on non-life insurance contracts (R_1)	**486,054**	411,122
Life insurance risk (R_2)	**39,691**	34,923
Third sector insurance risk (R_3)	**66,602**	51,776
Insurance risk of Small Amount and Short Term Insurers (R_4)	**10**	10
Assumed interest rate risk (R_5)	**19,663**	21,431
Minimum guarantee risk on life insurance contracts (R_6)	**2,188**	2,235
Asset management risk (R_7)	**976,083**	959,700
Business administration risk (R_8)	**39,711**	35,940
Catastrophe risk on non-life insurance contracts (R_9)	**395,276**	315,825
(C) Solvency margin ratio on a consolidated basis [(A)/{(B) × 1/2}] ×100	**627.5%**	827.3%

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.

Solvency Margin Ratio

(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, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**5,287,626**	5,384,523
Shareholders' equity less adjusting items	**1,421,939**	1,365,291
Reserve for price fluctuation	**108,000**	115,167
Contingency reserve	**9,578**	7,546
Catastrophe loss reserve	**1,081,242**	1,085,378
General allowance for doubtful accounts	**202**	183
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**1,772,797**	1,948,640
Unrealized gains (losses) on land	**260,134**	249,460
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**200,000**	200,000
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**590**	—
Others	**434,321**	412,854
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	**1,231,234**	1,276,937
General insurance risk (R_1)	**208,993**	205,776
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**13,762**	15,485
Asset management risk (R_4)	**1,023,509**	1,055,088
Business administration risk (R_5)	**27,831**	28,688
Catastrophe risk (R_6)	**145,286**	158,078
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**858.9%**	843.3%

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)
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

Solvency margin ratio (non-consolidated) for Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**133,868**	145,459
Shareholders' equity less adjusting items	**60,574**	60,483
Reserve for price fluctuation	**5,048**	4,896
Contingency reserve	**—**	—
Catastrophe loss reserve	**53,926**	56,981
General allowance for doubtful accounts	**20**	42
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**4,009**	12,863
Unrealized gains (losses) on land	**2,461**	2,402
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	**7,826**	7,790
(B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	**22,542**	23,361
General insurance risk (R_1)	**14,448**	14,614
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**639**	719
Asset management risk (R_4)	**5,972**	6,572
Business administration risk (R_5)	**543**	567
Catastrophe risk (R_6)	**6,110**	6,461
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**1,187.6%**	1,245.2%

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, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**12,988**	15,484
Shareholders' equity less adjusting items	**12,037**	12,354
Reserve for price fluctuation	**—**	—
Contingency reserve	**—**	—
Catastrophe loss reserve	**950**	3,129
General allowance for doubtful accounts	**0**	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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	**4,666**	4,784
General insurance risk (R_1)	**4,205**	4,312
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**—**	—
Asset management risk (R_4)	**359**	427
Business administration risk (R_5)	**145**	151
Catastrophe risk (R_6)	**300**	300
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**556.6%**	647.2%

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, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**555,469**	648,429
Shareholders' equity less adjusting items	**126,960**	119,748
Reserve for price fluctuation	**19,346**	18,267
Contingency reserve	**55,133**	54,323
General allowance for doubtful accounts	**325**	338
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions × 90%	**17,118**	161,832
Unrealized gains (losses) on land × 85%	**—**	—
Excess of continued Zillmerized reserve	**287,390**	294,676
Subordinated debt, etc.	**100,000**	100,000
Amounts within "Excess of continued Zillmerized reserve" and "Subordinated debt, etc." not calculated into the margin	**(121,675)**	(153,442)
Deductions	**—**	—
Others	**70,870**	52,685
(B) Total amount of risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	**106,044**	114,913
Insurance risk (R_1)	**16,734**	16,652
Third sector insurance risk (R_8)	**7,011**	6,790
Assumed interest rate risk (R_2)	**5,261**	5,226
Minimum guarantee risk (R_7)	**2,188**	2,235
Asset management risk (R_3)	**93,344**	102,311
Business administration risk (R_4)	**2,490**	2,664
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**1,047.6%**	1,128.5%

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, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**1,759**	1,743
Total net assets excluding deferred assets, etc.	**1,609**	1,598
Reserve for price fluctuation	**—**	—
Catastrophe loss reserve	**10**	8
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	**140**	135
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$	**105**	101
Insurance risk	**31**	31
General insurance risk (R_1)	**5**	5
Catastrophe risk (R_4)	**26**	26
Asset management risk (R_2)	**77**	73
Business administration risk (R_3)	**2**	2
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**3,329.6%**	3,434.0%

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

Solvency margin ratio (non-consolidated) for Tokio Marine West SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**2,545**	2,014
Total net assets excluding deferred assets, etc.	**1,911**	1,530
Reserve for price fluctuation	**—**	—
Catastrophe loss reserve	**8**	6
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	**625**	477
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$	**102**	94
Insurance risk	**27**	27
General insurance risk (R_1)	**4**	4
Catastrophe risk (R_4)	**22**	22
Asset management risk (R_2)	**77**	69
Business administration risk (R_3)	**2**	1
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**4,986.5%**	4,275.9%

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 X SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2023	As of March 31, 2022
(A) Total amount of solvency margin	**486**	—
Total net assets excluding deferred assets, etc.	**486**	—
Reserve for price fluctuation	**—**	—
Catastrophe loss reserve	**0**	—
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	**—**	—
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$	**4**	—
Insurance risk	**0**	—
General insurance risk (R_1)	**0**	—
Catastrophe risk (R_4)	**—**	—
Asset management risk (R_2)	**4**	—
Business administration risk (R_3)	**0**	—
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**20,928.4%**	—

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) Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL)

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, 2023

1. MCEV as of March 31, 2023

MCEV of TMNL as of March 31, 2023, was 1,199.3 billion yen, a decrease of 10.7 billion yen from the previous fiscal year end (March 31, 2022). MCEV consisted of 48.7 billion yen of adjusted net worth and 1,150.6 billion yen of value of in-force.

(Billions of yen)

	FY2022	FY2021	FY2020
Adjusted net worth	**48.7**	542.1	854.6
Value of in-force	**1,150.6**	667.9	322.7
MCEV at fiscal year-end	**1,199.3**	1,210.0	1,177.3
New business value	**75.0**	69.4	55.0

2. Change in MCEV

During FY2022, the change in MCEV (before dividends paid) was 76.5 billion yen, which was a decrease of 2.5 billion yen from the previous fiscal year change in MCEV (FY2021). The reactionary decrease of the actuarial assumption changes and the reactionary increase in economic variances from FY2021 offset each other, and so changes in MCEV year on year were flat overall. (For details on the changes, refer to “Reconciliation Analysis of MCEV from the End of FY2021.”)

(Billions of yen)

	FY2022	FY2021
Change in MCEV (Before dividends paid)	**76.5**	79.1
(Reference) Change in MCEV (Before dividends paid and excluding economic variances)	**86.7**	125.6

Market Consistent Embedded Value (MCEV)
Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL)

Reconciliation Analysis of MCEV from the End of FY 2021

The table below shows the reconciliation analysis of MCEV as of March 31, 2023 with the MCEV as of March 31, 2022.

(Billions of yen)

	MCEV
Opening MCEV (MCEV as of March 31, 2022)	1,210.0
(1) Dividends paid	(87.3)
Adjusted opening MCEV	1,122.7
(2) New business value	75.0
(3) Expected existing business contribution (risk-free rate)	19.3
(4) Expected existing business contribution (in excess of risk-free rate)	6.5
(5) Actuarial experience variances	(22.9)
(6) Actuarial assumption changes	10.7
(7) Other operating variances	(1.9)
(8) Operating MCEV earnings ((2)–(7))	86.7
(9) Economic variances	(10.1)
(10) Other non-operating variances	—
Total MCEV earnings (before dividends paid)	76.5
Closing MCEV (MCEV as of March 31, 2023)	1,199.3

Sensitivity Analysis

The impacts of changing specified assumptions underlying the MCEV are as follows.

(Billions of yen)

Assumption	Change in assumption	MCEV	Change in amount	Rate of change
Base case: MCEV as of March 31, 2023	No change	1,199.3	—	—
(1) Interest rates	50bp decrease	1,115.3	(839)	(7.0%)
	50bp increase	1,200.5	11	0.1%
	Swap	971.0	(2,282)	(19.0%)
	Ultimate fwd rate	1,379.1	1,797	15.0%
(2) Stock/real estate market values	10% decrease	1,196.2	(30)	(0.3%)
(3) Stock/real estate implied volatility	25% increase	1,193.9	(54)	(0.5%)
(4) Interest swaption implied volatility	25% increase	1,133.8	(655)	(5.5%)
(5) Maintenance expenses	10% decrease	1,244.8	454	3.8%
(6) Surrender and lapse rates	×0.9	1,204.9	55	0.5%
(7) Mortality rates	Death protection products: ×0.95	1,221.3	219	1.8%
	A&H products and annuity products: ×0.95	1,186.4	(129)	(1.1%)
(8) Morbidity rates	×0.95	1,272.1	727	6.1%
(9) Required capital	Solvency margin ratio of 200%	1,199.3	—	—
(10) Foreign exchange rates	10% appreciation of JPY	1,200.9	16	0.1%

Assumptions

1. Risk-Free Rates

We have used government bond yields as of the end of March 2023.

The Company has made sets to the method of 1-year forward rate of government bonds in the 41st year and thereafter, assuming that adjustments were carried out based on 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 2023	End of March 2022
1 year	**(0.10%)**	(0.08%)
5 years	**0.10%**	0.03%
10 years	**0.45%**	0.23%
20 years	**1.09%**	0.73%
30 years	**1.35%**	0.95%
40 years	**1.36%**	0.95%
50 years	**1.43%**	1.03%

The sensitivity analysis in P.191 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 2023
1 year	**(0.10%)**
5 years	**0.10%**
10 years	**0.45%**
20 years	**1.09%**
30 years	**1.35%**
40 years	**1.72%**
50 years	**2.10%**

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 A&H morbidity rates, temporary impacts due to the spread of COVID-19 are excluded.
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 1,580 million yen, which is tied primarily to costs relating to response, etc. for insurance premiums and incurred claims related to COVID-19 and a portion of system development costs. And 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: 28.0%
Consumption tax rate	The consumption tax rate is set as follows: 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), inflation rates are set as shown below. 1.0%
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, 2023)

Description of Business

Tokio Marine Group is engaged in domestic non-life insurance, domestic life insurance, international insurance, and financial and other 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, 2023.

Business Diagram

Note: ◎indicates consolidated subsidiaries; △indicates equity-method affiliates

Tokio Marine Holdings, Inc.

Domestic Non-Life Insurance Business
- ◎ Tokio Marine & Nichido Fire Insurance Co., Ltd.
- ◎ Nisshin Fire & Marine Insurance Co., Ltd.
- ◎ E. design Insurance Co., Ltd.
- ◎ Tokio Marine Millea SAST Insurance Co., Ltd.

Domestic Life Insurance Business
- ◎ Tokio Marine & Nichido Life Insurance Co., Ltd.

International Insurance 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.
- ◎ Tokio Marine Life Insurance Singapore Ltd.
- ◎ Tokio Marine Seguradora S.A.
- △ IFFCO-TOKIO General Insurance Company Limited

Financial and Other Businesses
- ◎ Tokio Marine Asset Management Co., Ltd.

Major Subsidiaries

(As of March 31, 2023)

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 Co., Ltd.	Mar. 20, 1944[3]	JPY101,994 million	100	0	Tokyo, Japan	Domestic non-life insurance business
Nisshin Fire & Marine Insurance Co., Ltd.	June 10, 1908	JPY20,389 million	100	0	Tokyo, Japan	Domestic non-life insurance business
E. design Insurance Co., Ltd.	Jan. 26, 2009	JPY29,303 million	95.2	0	Tokyo, Japan	Domestic non-life insurance business
Tokio Marine & Nichido Life Insurance Co., Ltd.	Aug. 6, 1996	JPY55,000 million	100	0	Tokyo, Japan	Domestic life insurance business
Tokio Marine Millea SAST Insurance Co., Ltd.	Sept. 1, 2003	JPY895 million	100	0	Yokohama, Japan	Domestic non-life insurance business
Tokio Marine Asset Management Co., Ltd.	Dec. 9, 1985	JPY2,000 million	100	0	Tokyo, Japan	Financial and general businesses
Tokio Marine North America, Inc.	June 29, 2011	USD0 thousand	0	100	Wilmington, Delaware, U.S.A.	International insurance business
Philadelphia Consolidated Holding Corp.	July 6, 1981	USD1 thousand	0	100	Bala Cynwyd, Pennsylvania, U.S.A.	International insurance business
Delphi Financial Group, Inc.	May 27, 1987	USD1 thousand	0	100	Wilmington, Delaware, U.S.A.	International insurance business
HCC Insurance Holdings, Inc.	Mar. 27, 1991	USD1 thousand	0	100	Wilmington, Delaware, U.S.A.	International insurance business
Privilege Underwriters, Inc.	Jan. 5, 2006	USD0 thousand	0	100	Wilmington, Delaware, U.S.A.	International insurance business
Tokio Marine Kiln Group Limited	July 11, 1994	GBP1,010 thousand	0	100	London, U.K.	International insurance business
Tokio Marine Asia Pte. Ltd.	Mar. 12, 1992	SGD1,250,971 thousand THB542,000 thousand ZAR5,000,000 thousand	0	100	Singapore, Singapore	International insurance business
Tokio Marine Life Insurance Singapore Ltd.	May 21, 1948	SGD369,624 thousand	0	90.4	Singapore, Singapore	International insurance business
Tokio Marine Seguradora S.A.	June 23, 1937	BRL2,373,779 thousand	0	98.5	Sao Paulo, Brazil	International insurance business
Affiliate accounted for by the equity method						
IFFCO-TOKIO General Insurance Company Limited	Sept. 8, 2000	INR2,878,185 thousand	0	49.0	New Delhi, India	International insurance business

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

Corporate Overview

Worldwide Network of Tokio Marine Group

(As of March 31, 2023)

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, New Jersey, Los Angeles, Chicago, Atlanta, Honolulu, Philadelphia, Bala Cynwyd, St. Louis, Houston, Dallas, and San Francisco
- □ 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, and San Francisco)
- □ 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
- ■ Guam

Northern Marianas
- □ Tokio Marine Pacific Insurance Limited (Guam)

Canada
- ■ Toronto, Vancouver, and Montreal
- ● Toronto, Vancouver, and Montreal
- □ Tokio Marine Canada Ltd. (Tronto)

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)
- □ XS3 Seguros S.A. (São Paulo)

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
- □ 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)

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 sub-Saharan countries*
- ■ Johannesburg
- □ Hollard Group

* Mozambique, Zambia, Botswana, Namibia, Ghana, and Lesotho

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)

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
- □ Tokio Marine Insurance Vietnam 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

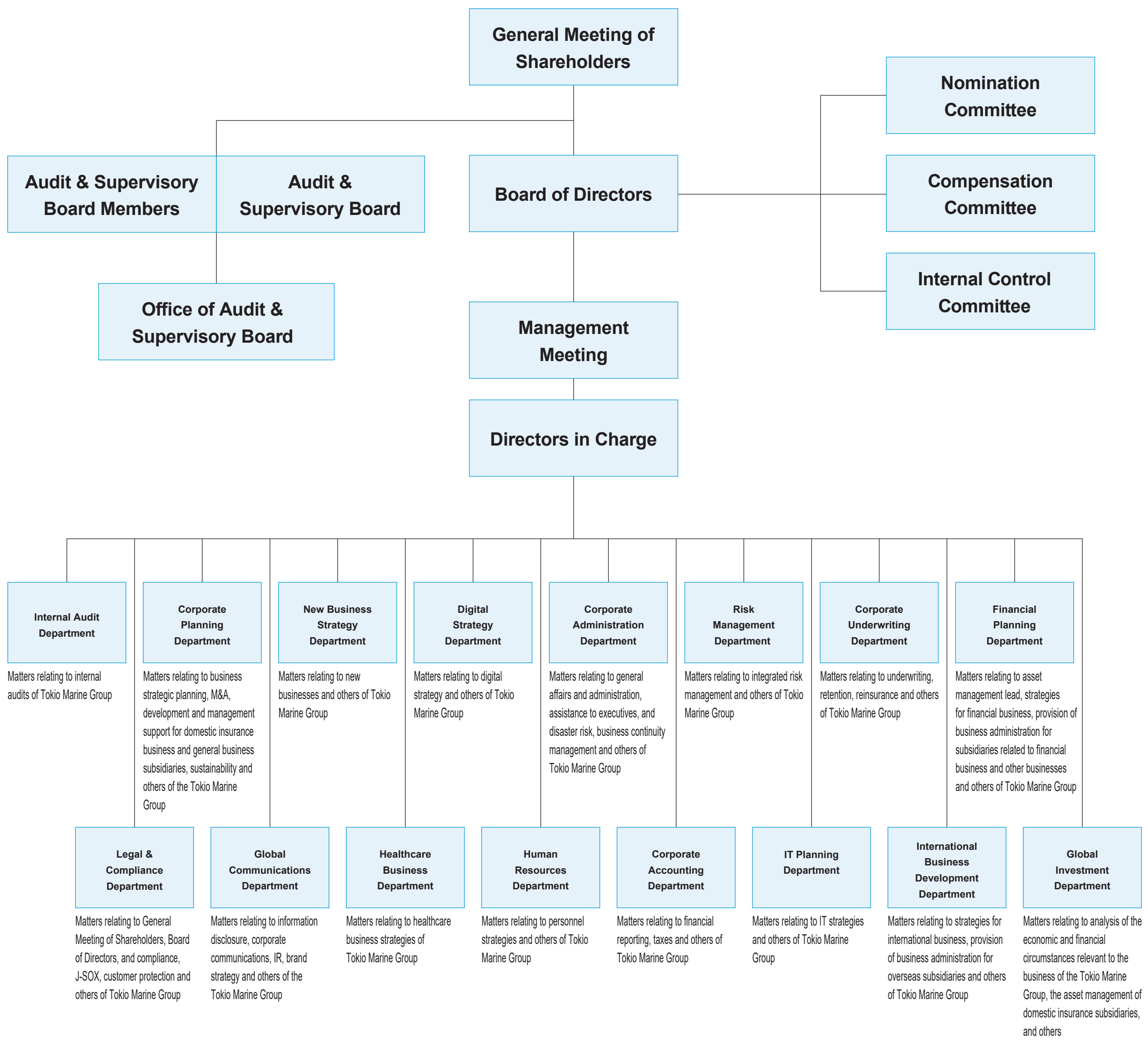
Locations of overseas bases: 46 countries and regions
Number of Japanese employees positioned overseas: 302
Number of locally hired employees: Approx. 35,000
Number of claims agents: Approx. 250 (including subagents)

- ■ 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

Corporate Overview

Organizational Chart

(As of April 1, 2023)



Employees

(As of March 31, 2023)

Number of employees	971
Average age of employees	43.2 years old
Average length of service of employees	17.5 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

The Group makes capital investments to improve customer services and streamline workflows, mainly comprising software related investment. The following is a breakdown of capital investment in the fiscal year ended March 31, 2023.

Business segment	Amount (Yen in millions)
Domestic non-life insurance business	91,763
Domestic life insurance business	6,967
International insurance business	27,653
Financial and other businesses	938
Total	127,323

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, 2023)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)				Number of employees	Rent (Yen in millions)
			Land (m2)	Buildings	Movables	Software		
Tokio Marine Holdings	**Headquarters** (Chiyoda-ku, Tokyo)	Holding company	— (—)	—	63	2,556	971	—

Domestic subsidiaries

(As of March 31, 2023)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)				Number of employees	Rent (Yen in millions)
			Land (m2)	Buildings	Movables	Software		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Domestic non-life insurance business	61,065 (136,932)	60,798	24,144	128,281	16,645	12,017
Nisshin Fire & Marine Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Domestic non-life insurance business	9,943 (18,760)	7,498	1,350	5,235	2,078	1,408
E. design Insurance Co., Ltd.	**Headquarters** (Shinjuku-ku, Tokyo)	Domestic non-life insurance business	— (—)	103	54	9,074	317	265
Tokio Marine & Nichido Life Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Domestic life insurance business	— (—)	833	489	15,979	2,229	1,959
Tokio Marine Millea SAST Insurance Co., Ltd.	**Headquarters** (Nishi-ku, Yokohama)	Domestic non-life insurance business	— (—)	13	28	171	108	93
Tokio Marine Asset Management Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	Financial and other businesses	— (—)	307	125	344	363	468

Facilities

Overseas subsidiaries

(As of March 31, 2023)

Company name	Office name (Location)	Business segment	Carrying amount (Yen in millions)				Number of employees	Rent (Yen in millions)
			Land (m2)	Buildings	Movables	Software		
Tokio Marine North America, Inc.	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance business	— (—)	3,899	822	3,026	461	426
Philadelphia Consolidated Holding Corp.	**Headquarters** (Bala Cynwyd, Pennsylvania, U.S.A.)	International insurance business	— (—)	12,374	534	14,139	1,858	1,760
Delphi Financial Group, Inc.	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance business	569 (71,876)	19,307	4,510	20,432	3,011	2,625
HCC Insurance Holdings, Inc.	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance business	592 (63,600)	12,725	6,808	9,228	3,787	3,416
Privilege Underwriters, Inc.	**Headquarters** (Wilmington, Delaware, U.S.A.)	International insurance business	— (—)	2,146	588	4,837	1,057	803
Tokio Marine Kiln Group Limited	**Headquarters** (London, U.K.)	International insurance business	— (—)	4,814	481	2,512	705	—
Tokio Marine Asia Pte. Ltd.	**Headquarters** (Singapore, Singapore)	International insurance business	— (—)	508	102	33	85	—
Tokio Marine Life Insurance Singapore Ltd.	**Headquarters** (Singapore, Singapore)	International insurance business	2,050 (214)	960	180	564	250	—
Tokio Marine Seguradora S.A.	**Headquarters** (São Paulo, Brazil)	International insurance business	234 (4,660)	1,212	586	311	2,251	316

Notes: 1. All of the above facilities are for business use.
2. Buildings and movables include leased assets.
3. Some buildings are being leased.
4. The figures presented for Tokio Marine North America, Inc., Philadelphia Consolidated Holding Corp., Delphi Financial Group, Inc., HCC Insurance Holdings, Inc., Privilege Underwriters, Inc. and Tokio Marine Kiln Group Limited include figures for subsidiaries of each company.
5. In addition to the above, main leased facilities are as follows:

Company name	Facility name	Carrying amount (Yen in millions)	
		Land (m2)	Buildings
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Osaka Tokio Marine Nichido Building (Chuo-ku, Osaka)	4,032 (5,483)	2,357
	Sino Omiya South Wing (Omiya-ku, Saitama)	3,752 (2,617)	2,679
	La Mer Sanbancho (Chiyoda-ku, Tokyo)	3,686 (2,059)	2,283
	Minato Mirai Business Square (Nishi-ku, Yokohama)	2,545 (1,588)	1,491
	Otemachi First Square (Chiyoda-ku, Tokyo)	12 (844)	1,378

New Facility Construction and Elimination Schedule

As of March 31, 2023, the schedule for new construction and elimination of major facilities is as follows.

(1) New facilities

Company name Facility name	Location	Business segment	Description	Scheduled investment		Financing method	Start and completion schedule	
				Total (Yen in millions)	Amount already paid (Yen in millions)		Start	Completion
Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tentative name) Tokio Marine Building	Chiyoda-ku, Tokyo	Domestic non-life insurance	Reconstruction	T.B.D.	3,706	Self - financing	Dec, 2024	FY2028

(2) Renovation
None planned

(3) Sale
None planned

Stock Information

Stock and Shareholder Information

Stock Information (As of March 31, 2023)

Stock issued by Tokio Marine Holdings is common stock. The total number of authorized shares is 8.0 billion shares and the total number of shares outstanding is 2,002,500,000 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 21th General Meeting of Shareholders was held on June 26, 2023. 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 2022 (April 1, 2022 to March 31, 2023)
2. Non-consolidated financial statements for fiscal year 2022 (April 1, 2022 to March 31, 2023)

Proposals acted upon

1. Appropriation of Surplus
2. Election of 15 Directors
3. Election of 1 Audit & Supervisory Board Members

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 50 yen per share as a year-end cash dividend for fiscal year 2022. As 50 yen per share was paid as an interim cash dividend (an ordinary dividend), the total amount of annual cash dividends (ordinary dividends) was 100 yen per share for fiscal year 2022. This is an increase of total annual cash dividends (ordinary dividends) of 15 yen per share from 85 yen per share paid for the previous fiscal year.

In the fiscal years 2018, 2019, and 2020, in addition to the ordinary dividends, the Company also paid one-time dividends (23 yen per share, 12 yen per share, and 12 yen per share respectively) for capital level adjustment.

Note: The Company conducted a 3-for-1 stock split on October 1, 2022. For dividends paid before the stock split, the amount per share equivalent after the stock split is shown (fractions less than 1 yen are rounded to the nearest whole number).

Capital

Date	Equity capital
April 2, 2002	¥150 billion
March 31, 2023	¥150 billion

Stock Information

Stock Ownership Distribution

As of March 31, 2023, the number of shareholders was 185,541. The percentage of major stock ownership was 39.54% and 33.57% for financial institutions and foreign shareholders, respectively.

a. Types of shareholders

(As of March 31, 2023)

Category	Number of shareholders	Number of shares	Shareholding ratio (%)
Government/Local government	1	1,500	0.00
Financial institutions	231	791,847,300	39.54
Financial instruments firms	59	130,860,268	6.53
Other domestic companies	1,851	115,014,910	5.74
Foreign shareholders	1,191	672,210,157	33.57
Individuals and others	182,207	283,287,417	14.15
Treasury stocks	1	9,278,448	0.46
Total	185,541	2,002,500,000	100.00

b. Breakdown by region

(As of March 31, 2023)

Category	Number of shareholders	Shareholder ratio (%)	Number of shares	Shareholding ratio (%)
Hokkaido	3,303	1.78	5,314,084	0.27
Tohoku	5,434	2.93	10,874,764	0.54
Kanto	87,603	47.21	1,149,611,228	57.41
Chubu	28,831	15.54	65,553,620	3.27
Kinki	37,077	19.98	66,876,744	3.34
Chugoku	7,723	4.16	9,855,832	0.49
Shikoku	4,204	2.27	7,608,703	0.38
Kyushu	10,268	5.53	14,247,625	0.71
Overseas and others	1,098	0.59	672,557,400	33.59
Total	185,541	100.00	2,002,500,000	100.00

c. Breakdown by number of shares held

(As of March 31, 2023)

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	295	407	430	5,299	6,264
Composition ratios to total number of shareholders (%)	0.16	0.22	0.23	2.86	3.38
Number of shares	1,631,959,921	95,225,478	30,017,179	101,193,683	44,097,940
Composition ratios to total number of shares (%)	81.50	4.76	1.50	5.05	2.20

Category	10 units or more	5 units or more	1 unit or more	Less than 1 unit	Total
Number of shareholders	32,651	17,344	75,102	47,749	185,541
Composition ratios to total number of shareholders (%)	17.60	9.35	40.48	25.74	100.00
Number of shares	71,931,516	11,625,821	15,597,897	850,565	2,002,500,000
Composition ratios to total number of shares (%)	3.59	0.58	0.78	0.04	100.00

Top 10 Shareholders

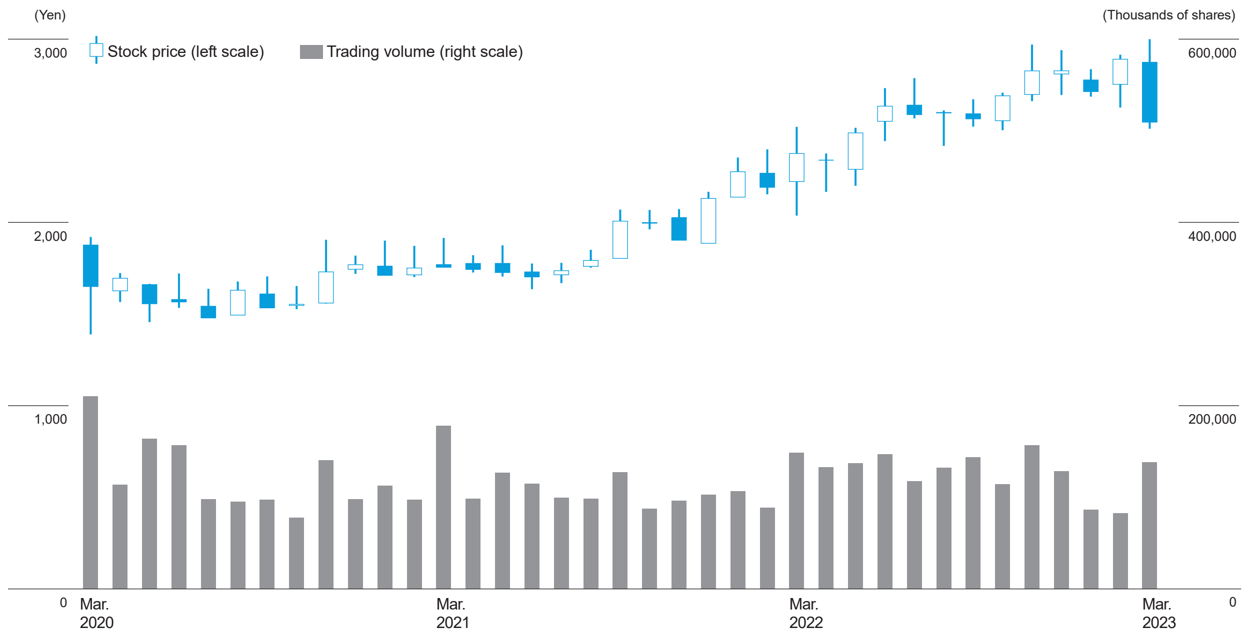
(As of March 31, 2023)

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	366,477	18.39
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	153,222	7.69
Meiji Yasuda Life Insurance Company (Custodian: Custody Bank of Japan, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	42,604	2.14
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)	33,869	1.70
JPMorgan Securities Japan Co., Ltd.	Tokyo Building 7-3, Marunouchi 2-chome, Chiyoda-ku,Tokyo	32,440	1.63
Tokai Nichido Employee Stock Ownership Plan	Tokiwabashi Tower 6-4, Otemach 2-chome, Chiyoda-ku, Tokyo Human Resources Dept. Tokio Marine & Nichido Fire Insurance Co., Ltd.	30,589	1.53
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)	27,862	1.40
JP Morgan Chase Bank 385632 (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)	26,844	1.35
Moxley & Co. LLC. (Custodian:MUFG Bank, Ltd.)	4 NEW YORK PLAZA, 13TH FLOOR, NEW YORK, NY 10004 U.S.A. (7-1,Marunouchi 2-chome,Chiyoda-ku,Tokyo)	26,839	1.35
JP Morgan Chase Bank 385781 (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)	26,512	1.33

Note: Moxley & Co. LLC. is the registered holder of shares deposited pursuant to ADR issuance.

Stock Information

Stock Price Range and Trading Volume



Note: The Company conducted a stock split (3-for-1) in October 2022. Figures for and prior to September 2022 have been recalculated based on figures after the split.

On the publication of Our Integrated Annual Report 2023

As Group CFO (Chief Financial Officer) of Tokio Marine Holdings, I would like to thank you for taking the time to read our Integrated Annual Report 2023 to its conclusion.

We published our first integrated annual report in fiscal 2015 to provide analysts and institutional investors with a balanced understanding of our sustainable value creation capabilities from both financial and non-financial perspectives. Following this initial publication, we have continued to make improvements each year through a process of trial and error, referring to the opinions of analysts and institutional investors, comments of integrated annual report rating agencies, and various guidelines, and have now published our ninth integrated annual report, focusing on the following three main areas.

(1) The addition of social issues to address and clarifying value creation:
In last year's Integrated Annual Report, we adopted promoting climate action (pp. 14–15) and improving disaster resilience (pp. 16–17) as social issues we needed to address. In this year's report, we added supporting healthy and spiritually rich living (healthcare) (pp. 18–19). We aim to further enhance your confidence in our value creation capabilities by demonstrating that we are able to create both "social value" and "economic value" through addressing these three important social issues that are currently emerging, and that these two values are not contradictory but mutually enhance each other.

(2) Strengthening human, intellectual, and social capital and connectivity with the future of Tokio Marine:
This year, we concluded our Purpose Story with the message that we will continue to expand the scope of value provided by continuing to refine internal capital (human capital and intellectual capital) and co-creating with social capital (various external partners). We have adopted a structure that introduces initiatives such as CORE, a disaster prevention consortium, as an example of strengthening social capital and TdR, the Group's core data function, as an example of strengthening internal capital. We aim to deepen your understanding of "The Expansion of Tokio Marine's Value Creation Capabilities" (pp. 34–43) by strengthening connectivity between strengthening various types of capital, which are key success factors for our sustainable value creation capabilities and our future potential.

Among the various types of capital, human capital is the foundation of Tokio Marine's management and the source of all our initiatives. For this reason, we published the Human Capital Report in June 2023, and incorporated the essence of that report into this integrated annual report. In addition, because human capital is the source of all our efforts, in last year's integrated report, the information was provided across multiple sections. In this year's report, however, to make it easier to read, information has been consolidated in the form of comments by the chief officers in charge (pp. 86–93).

(3) Enhancement of disclosure on corporate governance:
In addition to enhancing disclosure in areas of high interest to institutional investors and analysts (reduction of business-related equities (pp. 116–117), our information and cybersecurity system (p. 124), etc.), we highlighted the main initiatives recently implemented by Tokio Marine to strengthen governance (accelerating diversity on the Board of Directors and Audit & Supervisory Board (p. 107), third-party evaluations on the effectiveness of the Board of Directors (pp. 110–111), etc.). Moreover, for the first time, a dialogue on corporate governance was held between the three top governance executives (Chairman of the Board, Chairman of the Nomination Committee, and Chairman of the Compensation Committee) (pp. 100–105). Under the topic of the Board of Directors' discussion on important issues and Tokio Marine's challenges, we introduced the main points of the discussion. In addition, by disclosing the measures taken in light of the COVID-19 outbreak in Taiwan (p. 125), which caused significant losses, we aim to demonstrate the increased effectiveness of Tokio Marine's corporate governance and further improve transparency and credibility.

Finally, as the officer responsible for publishing this integrated annual report, I would like to state that it is a clear and accurate representation of our Company's ability to create sustainable value.

Tokio Marine is in the middle of a long climb to achieve our Purpose. Sometimes there is rain or fog along the way. Nevertheless, we will still be climbing mountains one hundred years from now, step by step, through the strengthening of human, intellectual, and social capital.
This is the management sentiment that I most wanted to convey in this integrated annual report, and this sentiment is also included on the cover. (If you look at the cover again, I hope you will understand the thoughts of our editors.)
We appreciate your continued support and guidance as we move ahead.

Kenji Okada
Integrated Annual Report 2023 Publication Officer
Senior Managing Director
Group Chief Financial Officer (CFO)

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