



Tokio Marine Holdings

*To Be a **Good Company***

Conference Call Presentation

FY2019 Results and FY2020 Profits (Pre COVID-19 Basis)

May 20, 2020

Tokio Marine Holdings, Inc.

◆Abbreviations used in this material

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



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I. Highlight

FY2019 Financial Results

Consolidated	Domestic Life
Domestic Non-Life	International



Top-line

Net premiums written grew 4.1% YoY*1 on the back of strong fundamentals.

Life insurance premiums shrank 6.8% YoY mainly due to the sales suspension of some corporate products in Japan.

■ Net premiums written

¥3,598.3bn
(+4.1% YoY*1)

- Increased in all domestic lines (+3.7%), especially in fire insurance
- Grew overseas (+4.8%*1), despite a drop caused by the underwriting practice focusing on profitability, thanks to the business expansion and rate increase in each business and the new consolidation of Safety

■ Life insurance premiums

¥981.9bn
(-6.8% YoY)

- Declined 6.2% in Japan due to the sales suspension of some corporate products
- Declined 7.8% overseas mainly due to the underwriting practice focusing on profitability in North America

*1 Figure excluding the impact of the divestment of reinsurance businesses

Bottom-line

Consolidated net income shrank ¥14.8bn YoY, despite a decline in natural catastrophes in Japan and overseas and strong investment results in North America, for the provision of the domestic catastrophe loss reserve (including special provisions) and for the reserve provision in North America.

Adjusted net income rose ¥5.7bn YoY as it excludes factors such as the catastrophe loss reserve, gains/losses on sales of ALM bonds, and losses on the divestment of reinsurance businesses.

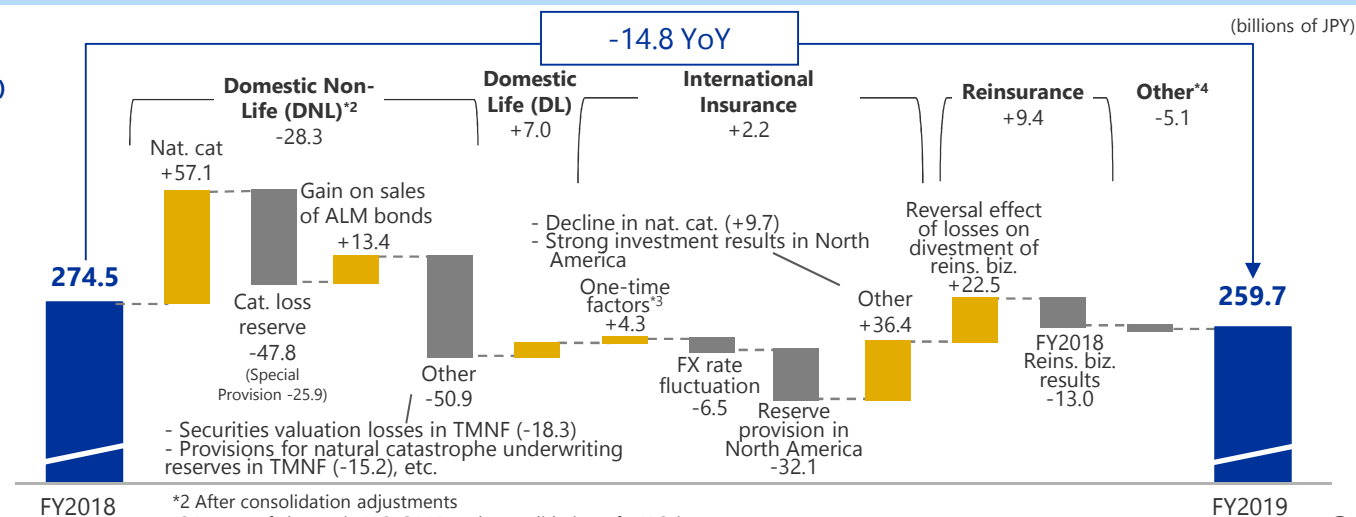
■ Consolidated net income

(net income attributable to owners of the parent)

¥259.7bn
(-¥14.8bn YoY)

■ Adjusted net income

¥286.7bn
(+¥5.7bn YoY)



*2 After consolidation adjustments

*3 Impact of change in U.S. GAAP and consolidation of a U.S. insurance agent

*4 Amortization of goodwill, purchase method adjustments, etc.

FY2020 Profits (Pre COVID-19 Basis)

Consolidated	Domestic Life
Domestic Non-Life	International

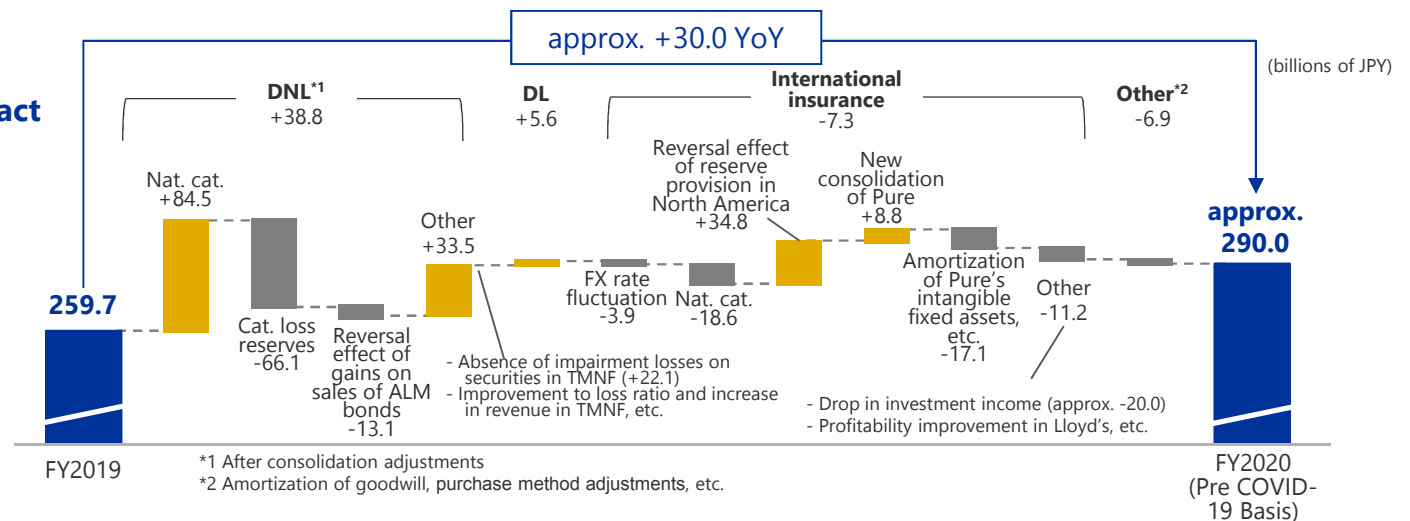


Given the difficulty in making a reasonable estimate of the impact of COVID-19, FY2020 profits are not available at present. We will promptly disclose them when it becomes possible to make a reasonable calculation.

Figures based on our actual capabilities, excluding the impact of COVID-19, are expected to improve steadily thanks to the growth of each business.

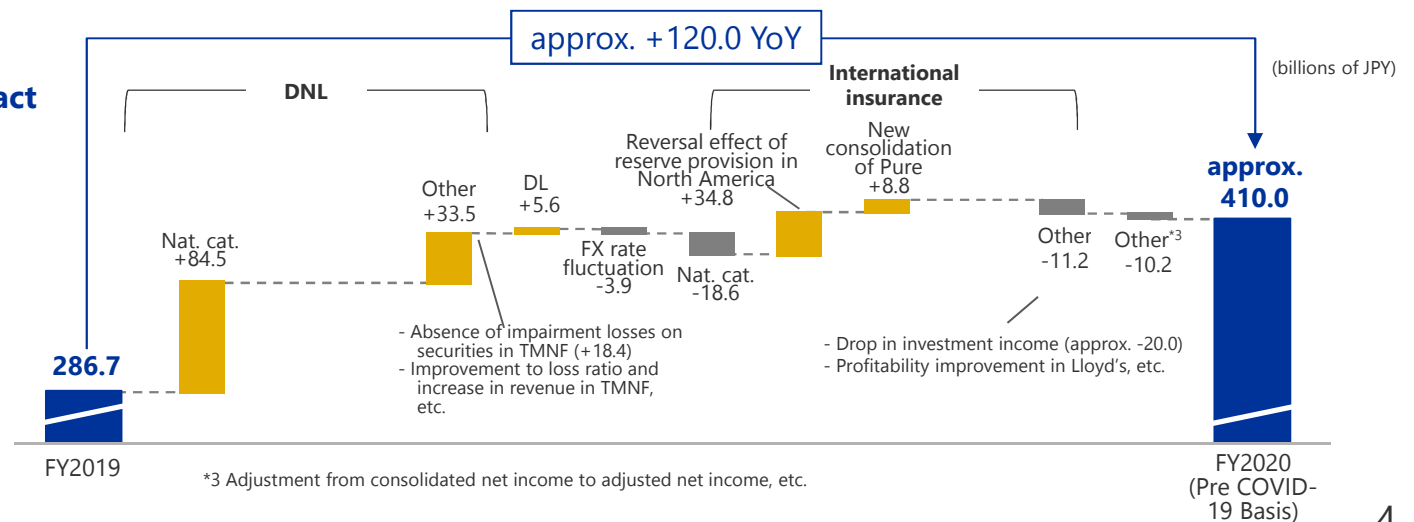
Consolidated net income (Without factoring in the impact of COVID-19)

Approx. ¥290.0bn
(approx. +¥30.0bn YoY)



Adjusted net income (Without factoring in the impact of COVID-19)

Approx. ¥410.0bn
(approx. +¥120.0bn YoY)



Net incurred losses relating to natural catastrophes (business unit profit basis)

(billions of JPY)

	(Before tax)				(After tax*1)			
	FY2019	FY2020	YoY change	FY2019 (original projections)	FY2019	FY2020	YoY change	FY2019 (original projections)
DNL	174.7	58.0	-116.7	52.5	125.9	41.8	-84.1	37.8
Overseas	21.1	49.0	+27.8	46.0	16.8	38.0	+21.1	36.0
Total	195.8	107.0	-88.8	98.5	142.7	79.8	-62.9	73.8

*1 After-tax figures are estimates.

Catastrophe loss reserves in TMNF

(billions of JPY)

	End of FY2019	End of FY2020
Fire	197.7	Approx. 220.0
Others	702.9	Approx. 690.0
Total	900.6	Approx. 910.0

FY2020 Profits (Impacts of COVID-19)



Impact of COVID-19 from January to March in 2020 is as below

Overseas (1Q in FY2020)

	Impacts on adjusted net income (estimate)	Supplemental explanations
Underwriting	-¥5.0bn* <small>*: For key entities in Europe and the U.S.</small>	<ul style="list-style-type: none"> Mainly payments for event cancellation
Investment	-¥32.0bn (Including valuation losses of stocks, etc. of -¥24.0bn)	<ul style="list-style-type: none"> Mainly valuation losses* and impairment of stocks, etc. <small>*: Market price fluctuation is recognized in PL</small>

Japan (4Q in FY2019)

Underwriting	-¥4.0bn	<ul style="list-style-type: none"> Mainly payments for special products
Investment	-¥20.0bn	<ul style="list-style-type: none"> Mainly impairment of stocks, etc.

	Main impacts	Our situation/policy
Underwriting	<p>Japan (TMNF)</p> <ul style="list-style-type: none"> • Auto: NPW will decrease due to a smaller number of new vehicle sales Meanwhile, net incurred losses will shrink as the traffic volume decreases • P.A.: NPW will shrink in travel insurance with the smaller number of travelers • Marine: NPW in cargo insurance will decline as the global distribution volume drops • Specialty: Expect payments for some riders (specific industries, etc.) that explicitly cover communicable diseases <p>Overseas</p> <ul style="list-style-type: none"> • Event Cancellation: Expect certain payments for medium and large-size events • BI: Expect payments for limited contracts that explicitly cover communicable diseases • Credit / Surety: The impact will depend on the degree of economic recessions 	<p>The impact of COVID-19 is expected to be controlled to a certain level through risk controls based on appropriate retention policy and business diversification</p>
Investment	<ul style="list-style-type: none"> • Income yield may drop due to lower interest rates • Valuation losses under U.S. GAAP due to falls in stock prices • Impairment losses to credit risk assets following the rising default rate 	<p>Continue seeking long-term, stable income based on the characteristics of insurance liabilities regardless of market fluctuations</p>

II. FY2019 Results

<Reference>

	Applied FX rate (USD/JPY)	
	FY2018	FY2019
End of Mar. (DNL/Life)	JPY110.99 (-JPY4.75 from Mar. 2018)	JPY108.83 (+JPY2.16 from Mar. 2019)
End of Dec. (International)	JPY111.00 (+JPY2.00 from Dec. 2017)	JPY109.56 (+JPY1.44 from Dec. 2018)

Consolidated Results Overview

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of JPY, except for %)

	FY2018	FY2019	YoY	
			Change	%
■ Total premiums	4,640.9	4,580.2	- 60.6	- 1.3%
Net premiums written (TMHD Consolidated)	3,587.4	3,598.3	10.9	+ 0.3%
Life insurance premiums (TMHD Consolidated)	1,053.5	981.9	- 71.6	- 6.8%
■ Ordinary profit (TMHD Consolidated)	416.3	363.9	- 52.3	- 12.6%
Tokio Marine & Nichido	315.3	223.9	- 91.4	- 29.0%
Nisshin Fire	5.0	5.7	0.7	+ 14.1%
Tokio Marine & Nichido Life	39.9	50.3	10.4	+ 26.1%
Overseas subsidiaries	189.0	175.8	- 13.2	- 7.0%
Financial and general	6.2	7.2	1.0	+ 16.1%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 95.6	- 60.6	35.0	
Purchase method adjustments	- 2.9	- 5.4	- 2.5	
Amortization of goodwill and negative goodwill	- 35.1	- 36.6	- 1.5	
Others (Consolidation adjustments, etc.)	- 5.7	3.5	9.2	
■ Net income attributable to owners of the parent	274.5	259.7	- 14.8	- 5.4%
Tokio Marine & Nichido	261.3	169.9	- 91.4	- 35.0%
Nisshin Fire	4.4	3.7	- 0.6	- 14.7%
Tokio Marine & Nichido Life	27.3	34.2	6.8	+ 25.1%
Overseas subsidiaries	155.1	144.3	- 10.8	- 7.0%
Financial and general	2.7	3.1	0.3	+ 13.5%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 95.6	- 60.6	35.0	
Purchase method adjustments	- 2.4	- 3.8	- 1.4	
Amortization of goodwill and negative goodwill	- 35.1	- 36.6	- 1.5	
Others (Consolidation adjustments, etc.)	- 43.3	5.4	48.8	

→ Total premiums grew by 1.5% and NPW rose by 4.1%, when excluding the impact of the divestment of reins. biz. (-129.7).

→ Page 3 shows Domestic Non-Life posted a consolidated net loss of ¥28.3bn. This reflects, in addition to "Elimination of dividends received by TMNF," the elimination of the impact of the divestment of reins. biz. (-13.1) and valuation losses on affiliate shares included in "Others (Consolidation adjustments, etc.)"

Changes in Major P/L Items

(billions of JPY)

	FY2018 Results	FY2019 Results	YoY Change
Underwriting profit/loss	89.1	38.4	- 50.7
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	- 42.2	- 27.5	14.7
Net premiums written (Private insurance)	1,895.0	1,969.9	74.8
Net premiums earned (Private insurance)*1	1,875.9	1,917.2	41.2
Net incurred losses (Private insurance)*2	- 1,312.7	- 1,270.8	41.9
Natural catastrophe losses	- 238.4	- 162.5	75.9
Provision/Reversal of foreign currency denominated outstanding claims reserves	- 3.8	2.0	5.8
Other than above	- 1,070.4	- 1,110.3	- 39.8
Business expenses (Private insurance)	- 611.1	- 638.2	- 27.0
Provision/Reversal of catastrophe loss reserves	131.4	66.0	- 65.4
Auto	18.7	18.0	- 0.7
Fire	123.5	41.5	- 81.9
Net investment income (loss) and other	223.5	182.0	- 41.4
Net investment income/loss	258.7	220.7	- 37.9
Interest and dividends	224.4	189.2	- 35.1
Dividends from foreign stocks	102.9	63.0	- 39.8
Gains/Losses on sales of securities	96.1	110.6	14.5
Impairment losses on securities	- 3.7	- 22.1	- 18.3
Gains/Losses on derivatives	- 19.6	- 15.7	3.9
Ordinary profit/loss	315.3	223.9	- 91.4
Extraordinary gains/losses	6.1	- 12.6	- 18.8
Net income/loss	261.3	169.9	- 91.4

*1 Excluding provision for nat-cat underwriting reserves

*2 Including loss adjustment expenses

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively
2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

Underwriting Profit

¥50.7bn drop YoY to ¥38.4bn mainly reflecting the following factors:

- Net premiums written (Private insurance) (See p.12 for details):
 - ➔ Increase in all lines mainly in fire
- Net incurred losses (Private insurance):
 - ➔ Decrease in net incurred losses relating to natural catastrophes (¥75.9bn)
 - ➔ Decrease in provision for foreign currency denominated outstanding claims reserves due to FX fluctuations
 - ➔ Increase in net incurred losses due to NPW increase and increase in large and medium size losses
- Business expenses (Private insurance):
 - ➔ Increase in agency commissions and business expenses associated with NPW increase and consumption tax increase
- Catastrophe loss reserves:
 - ➔ One-off special provision for fire insurance (-¥36.0bn)
 - ➔ Drop in takedown associated with a drop in claims paid relating to natural catastrophes, etc. (-¥32.0bn)
- Others:
 - ➔ Provision for underwriting reserves relating to natural catastrophes (-¥21.1bn)
 - ➔ Increase in provision for the general underwriting reserves (underwriting result for the first year) due to profitability improvement of auto, etc. (-¥19.3bn)

Net Investment Income and Other (See p.13 for details)

¥41.4bn decrease YoY to ¥182.0bn mainly due to the absence of dividends following reinsurance businesses divestment in FY2018 and impairment losses on securities associated with drop in market prices of business-related equities

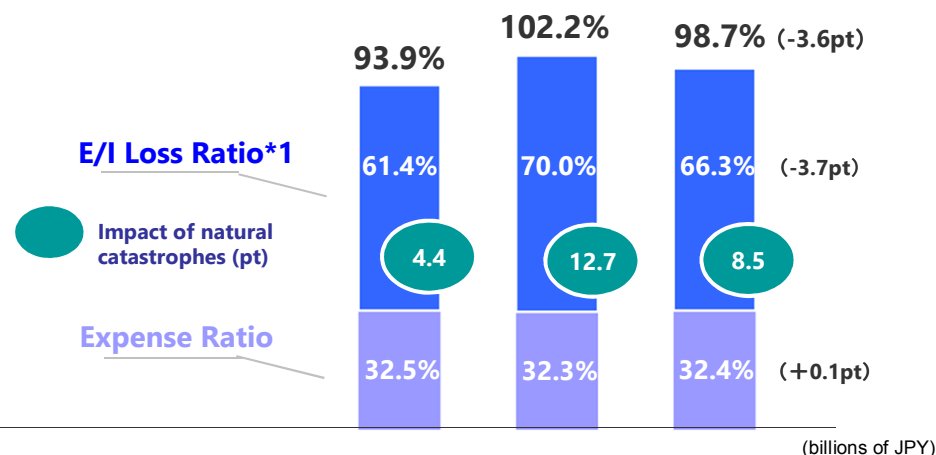
Extraordinary Gains/Losses

¥18.8bn decrease YoY to -¥12.6bn mainly due to the reversal effect of gains of reinsurance businesses divestment in FY2018 and losses on valuation of affiliate shares

Net Income

¥91.4bn decline YoY to ¥169.9bn due to the factors above, etc.

■ Combined Ratio (Private insurance: E/I basis) * (): YoY change



– E/I Basis Loss Ratio

Fell 3.7 points YoY to 66.3% mainly due to:

- Drop in net incurred losses relating to natural catastrophes (-¥75.9bn,-4.2 points)
- Decrease in provision for foreign currency denominated outstanding claims reserves due to FX fluctuations
- Increase in large and medium size losses

– Expense Ratio

Increased 0.1 point YoY to 32.4% mainly due to:

- Increase in agency commissions and business expenses caused by the consumption tax increase and other factors

– Combined Ratio

Improved 3.6 points YoY to 98.7% due to the above factors, etc.

(billions of JPY)

	FY2017 Results	FY2018 Results	FY2019 Results	YoY Change
Net premiums written	1,861.5	1,895.0	1,969.9	74.8
Net premiums earned*2	1,860.2	1,875.9	1,917.2	41.2
Net incurred losses*1	1,142.4	1,312.7	1,270.8	- 41.9
Business expenses	605.4	611.1	638.2	27.0
Corporate expenses	234.2	230.6	233.8	3.2
Agency commissions	371.2	380.5	404.3	23.7

(Reference) All lines: W/P basis

Combined ratio*1	92.7%	99.4%	96.0%	- 3.4pt
Loss ratio*1	62.0%	68.8%	65.2%	- 3.6pt
Expense ratio	30.7%	30.6%	30.8%	0.2pt

*1 Including loss adjustment expenses

*2 Excluding provision for nat-cat underwriting reserves

Net Premiums Written by Line

(billions of JPY, except for %)

	FY2018 Results	FY2019 Results	YoY	
			Change	%
Fire	281.9	321.8	39.9	14.2%
Marine	62.7	65.3	2.5	4.1%
P.A.	173.3	179.0	5.6	3.3%
Auto	1,065.1	1,078.3	13.2	1.2%
CALI	270.5	276.8	6.3	2.3%
Other	313.0	326.0	13.0	4.2%
Total	2,166.6	2,247.5	80.8	3.7%
Private insurance Total	1,895.0	1,969.9	74.8	4.0%

Major Factors of Changes in NPW

- Fire: Grew mainly due to the expanded coverage, greater number of policies written, and contract reviews before the product revision in October 2019
- Marine: Grew in hull insurance
- P.A.: Grew mainly due to an increase in the number of policies in Japan
- Auto: Grew mainly due to a rise in per-policy premiums
- CALI: Grew mainly due to an increase in the number of policies that reached maturity
- Other: Grew mainly due to the sales expansion of *Super Business Insurance*, etc.

E/I Loss Ratio by Line

	FY2018 Results	FY2019 Results	YoY Change
Fire	122.8%	91.7%	- 31.1pt
Marine	74.7%	78.2%	3.5pt
P.A.	55.0%	55.5%	0.4pt
Auto	62.3%	60.8%	- 1.4pt
Other	57.4%	65.2%	7.8pt
Private insurance Total	70.0%	66.3%	- 3.7pt

Major Factors of Changes in E/I Loss Ratio

- Fire: Improved mainly due to a drop in net incurred losses relating to natural catastrophes
- Marine: Rose, despite a drop in net incurred losses relating to natural catastrophes, due to an increase in the number of small losses and occurrence of large and medium size losses in cargo insurance
- P.A.: Rose mainly due to increases in losses from income insurance and net incurred losses relating to overseas travel insurance riders
- Auto: Improved mainly due to reductions in net incurred losses relating to natural catastrophes and in the frequency of accidents
- Other: Rose, despite a decline in net incurred losses relating to natural catastrophes, mainly due to an increase in large and medium size losses

Net Investment Income and Other

(billions of JPY)

	FY2018 Results	FY2019 Results	YoY Change
Net investment income and other	223.5	182.0	- 41.4
Net investment income	258.7	220.7	- 37.9
Net interest and dividends income	183.5	151.4	- 32.1
Interest and dividends	224.4	189.2	- 35.1
Dividends from domestic stocks	65.7	66.5	0.8
Dividends from foreign stocks	102.9	63.0	- 39.8
Income from domestic bonds	22.2	20.7	- 1.5
Income from foreign bonds	4.8	4.1	- 0.7
Income from other domestic securities*1	2.3	2.1	- 0.2
Income from other foreign securities*2	15.1	20.8	5.6
Transfer of investment income on deposit premiums	- 40.8	- 37.8	3.0
Net capital gains	75.1	69.3	- 5.7
Gains/Losses on sales of securities	96.1	110.6	14.5
Impairment losses on securities	- 3.7	- 22.1	- 18.3
Gains/Losses on derivatives	- 19.6	- 15.7	3.9
Other investment income and expenses	0.6	0.5	- 0.1
Others	1.8	- 3.8	- 5.7
Other ordinary income and expenses	- 35.2	- 38.7	- 3.5

*1 Income from domestic securities excluding domestic stocks and domestic bonds.

*2 Income from foreign securities excluding foreign stocks and foreign bonds.

Note: Plus and minus of the figures in the above table correspond to positive and negative to profit respectively.

— Net investment income and other decreased by ¥41.4bn YoY to ¥182.0bn

- Net interest and dividends income ¥32.1bn decrease YoY to ¥151.4bn mainly due to the following factors:
 - ➔ Dividends from foreign stocks:
 - ✓ The impact of loss of dividends associated with reinsurance businesses divestment despite an increase in dividends income from overseas subsidiaries
- Net capital gains ¥5.7bn decrease YoY to ¥69.3bn mainly due to the following factors:
 - ➔ Impairment losses on securities:
 - ✓ The impact of falls in market prices of business-related equities, etc.

¥78.0bn capital gains from the sales of business-related equities, ¥6.0bn decrease YoY

(Sales of business-related equities was ¥107.0bn)

Change in Major P/L Items

(billions of JPY)

	FY2018 Results	FY2019 Results	YoY Change
Underwriting profit/loss	1.5	2.7	1.2
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	- 2.4	- 0.2	2.2
Net premiums written (Private insurance)	126.4	131.7	5.3
Net premiums earned (Private insurance)*1	125.7	129.6	3.9
Net incurred losses (Private insurance)*2	- 85.3	- 80.5	4.8
Natural catastrophe losses	- 14.8	- 12.1	2.6
Other than above	- 70.5	- 68.3	2.1
Business expenses (Private insurance)	- 44.5	- 45.3	- 0.7
Provision/Reversal of catastrophe loss reserves	4.0	3.0	- 0.9
Fire	7.2	2.7	- 4.5
Auto	- 2.7	- 2.7	- 0.0
Net investment income (loss) and other	3.9	3.6	- 0.3
Net investment income/loss	4.3	4.0	- 0.3
Interest and dividends	4.4	4.7	0.2
Gains/Losses on sales of securities	1.3	3.1	1.7
Impairment losses on securities	- 0.0	- 1.2	- 1.2
Gains/Losses on redemption of securities	0.9	0.0	- 0.9
Ordinary profit/loss	5.0	5.7	0.7
Extraordinary gains/losses	0.5	- 0.0	- 0.6
Net income/loss	4.4	3.7	- 0.6
Loss ratio (Private insurance, E/I basis)*1*2	67.9%	62.1%	- 5.8pt
Expense ratio (Private insurance)	35.3%	34.4%	- 0.8pt
E/I Combined ratio (Private insurance)*1*2	103.1%	96.6%	- 6.6pt

*1 Excluding provision for nat-cat underwriting reserves

*2 Including loss adjustment expenses

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively

2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

Underwriting Profit

¥1.2bn increase YoY to ¥2.7bn mainly due to the following factors:

- Net premiums written (Private insurance)
 - Increase due to sales expansion in fire and specialty insurance
- Net incurred losses (Private insurance)
 - Decrease in net incurred losses relating to natural catastrophes
 - Decrease in losses in auto
- Catastrophe loss reserves
 - Decrease in takedown due to a decrease in claims paid relating to natural catastrophes

Net Investment Income and Other

¥0.3bn decrease YoY to ¥3.6bn due to an increase in impairment losses on securities, etc. despite an increase in gains/losses on sales of securities due to an increase in sales of business-related equities

Net Income

¥0.6bn decrease YoY to ¥3.7bn due to the above factors and a decline in extraordinary gains/losses

Annualized Premiums (ANP)

(billions of JPY)

	FY2018 Results	FY2019 Results	YoY	
			Change	%
New policies ANP	74.6	40.5	- 34.1	-45.7%
In-force policies ANP	857.7	837.2	- 20.5	-2.4%

Key Figures in Financial Accounting

(billions of JPY)

	FY2018 Results	FY2019 Results	YoY Change
Ordinary income	1,017.1	993.7	- 23.3
Insurance premiums and other	906.7	875.1	- 31.5
Net income	27.3	34.2	6.8
Ordinary profit	34.7	40.6	5.8
(-) Capital gains / losses	- 13.4	- 8.5	4.9
(-) Non-recurring income / losses	- 0.1	- 0.3	- 0.2
Core operating profit	48.4	49.5	1.1

Business Unit Profits

(billions of JPY)

	FY2018 Results	FY2019 Results	YoY Change
Increase in MCEV*	- 158.6	- 70.3	88.3
Value of new business + Existing business contribution	78.3	62.8	- 15.5

* Excluding capital transactions

— New Policies ANP

- 45.7% drop YoY mainly due to the impact of sales suspension of some insurance for corporations (Rose 5.0% YoY excluding the impact of sales suspension)

— In-force Policies ANP

- 2.4% decline YoY as an increase through new policies was smaller than a decrease through cancellation, etc. following the sales suspension

— Net Income

- ¥6.8bn increase YoY to ¥34.2bn mainly due to a decrease in agency commissions and in net provision for underwriting reserves following the sales suspension and an increase in gains on sales of securities despite an increase in system development expenses and in death benefits

— Business Unit Profits (Increase in MCEV)

- Increased by ¥88.3bn YoY to ¥70.3bn mainly due to a smaller yen interest rate decline
- "Value of new business value + Existing business contribution" fell ¥15.5bn YoY to ¥62.8bn due to a decrease in value of new business through the impact of lower interest rates and the sales suspension

International financial results (Net Premiums Written)

(billions of JPY, except for %)

	FY2018 Results	FY2019 Results	YoY		(Ref.) YoY (Excluding FX effects) ⁵
	As of end-Dec. 2018	As of end-Dec. 2019	Change	%	
	JPY 111.0	JPY 109.5			
Applied FX rate (USD/JPY)					
North America ^{*1}	1,107.9	1,124.0	16.0	1.5%	2.8%
Philadelphia	373.0	369.2	-3.7	-1.0%	0.3%
Delphi	270.7	278.2	7.5	2.8%	4.1%
TMHCC	387.2	399.1	11.8	3.1%	4.4%
Europe & Middle East & Africa ^{*2}	153.2	196.1	42.8	28.0%	24.3%
South & Central America	134.3	136.0	1.6	1.3%	6.1%
Asia & Oceania	149.3	184.5	35.1	23.6%	22.6%
Reinsurance ^{*3}	129.7	-	-129.7	-	-
Total Non-Life^{*4}	1,674.6	1,649.5	-25.0	-1.5%	-0.6%
Life	91.7	92.0	0.2	0.3%	-1.0%
Total	1,766.3	1,741.6	-24.7	-1.4%	-0.6%
Total (Except for Reinsurance)	1,636.6	1,741.6	105.0	6.4%	7.3%

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK
^{*2} Figures of "Europe, Middle East & Africa" include North American business of TMK, but not include European and Reinsurance businesses of TMHCC
^{*3} Reinsurance figures are those of the reinsurance businesses divested
^{*4} Total Non-Life figures include some life insurance figures of composite overseas subsidiaries
^{*5} Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before.

— Grew 6.4% YoY (excluding the impact of the divestment of reinsurance businesses) on the back of strong fundamentals in each business.

Major Factors of Changes

North America (See P. 18-20 for the details)

- Philadelphia: Although premiums were raised for the renewed contracts (FY2018: 3.2% → FY2019: 7.2%), NPW shrank due to a reduction of exposures of books with weak profitability and the stronger yen.
- Delphi: NPW rose thanks to the expanded underwriting of non-life insurance.
- TMHCC: Despite a smaller revenue from medical stop-loss due to the underwriting practices focusing on profitability, NPW grew thanks to the expanded underwriting of segments outside the U.S.

Europe, Middle East & Africa

- Although a focus placed on the businesses and segments with high profitability following business restructuring reduced NPW in Europe, the new contribution of Hollard (+¥48.9bn) led to an overall increase in NPW.

South & Central America

- NPW increased due to the expanded underwriting of auto and other insurance in Brazil.

Asia & Oceania

- NPW rose thanks to a growth in underwriting in India, Thailand and elsewhere, and the new consolidation of Safety (+¥21.5bn).

International financial results (Business Unit Profits)

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of JPY, except for %)

	FY2018 Results	FY2019 Results	YoY		(Ref.) YoY (Excluding FX effects) ⁵
	As of end-Dec. 2018	As of end-Dec. 2019	Change	%	
Applied FX rate (USD/JPY)	JPY 111.0	JPY 109.5			
North America ¹	153.0	147.2	- 5.7	-3.8%	-2.5%
Philadelphia	43.9	27.0	- 16.8	-38.5%	-37.6%
Delphi	58.5	76.5	18.0	30.7%	32.5%
TMHCC	45.3	41.9	- 3.4	-7.6%	-6.4%
Europe & Middle East & Africa ²	- 0.1	2.2	2.4	-	-
South & Central America	9.2	10.8	1.5	16.7%	22.4%
Asia & Oceania	12.0	16.6	4.5	38.0%	35.8%
Reinsurance ³	13.0	-	- 13.0	-	-
Total Non-Life⁴	187.8	179.0	- 8.7	-4.7%	-3.6%
Life	- 0.7	12.9	13.6	-	-
Total	176.2	179.5	3.2	1.8%	3.0%
Total (Except for Reinsurance)	163.2	179.5	16.3	10.0%	11.2%

¹ North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK
² Figures of "Europe, Middle East & Africa" include North American business of TMK, but not include European and Reinsurance businesses of TMHCC
³ Reinsurance figures are those of the reinsurance businesses divested
⁴ Total Non-Life figures include some life insurance figures of composite overseas subsidiaries
⁵ Excluding FX effects due to yen conversion

— Despite the worsening loss ratio in North America, business unit profits grew ¥16.3bn YoY (excluding the impact of the divestment of reinsurance businesses) thanks to factors such as a decline in natural catastrophes (+¥12.6bn), larger investment income, and greater profits in life insurance business.

■ Major Factors of Changes

North America (See P. 18-20 for the details)

- Philadelphia: Profits shrank due to an increase in provision for the past reserve of liability (-¥23.1bn).
- Delphi: Profits grew thanks to the improved underwriting profit and the increased investment income.
- TMHCC: Profits shrank mainly due to weaker earnings in the Non-Life in North America and A&H segments caused by the deteriorating loss ratios in crop insurance from unstable weather and other factors and in medical stop-loss from rising medical costs.

Europe, Middle East & Africa: Reinsurance

- Despite the shrinking profits in TMK non-Lloyd's operation due to large losses and so on, profits grew thanks to the improved profitability of Lloyd's business and the new contribution from Hollard (+¥1.3bn).

South & Central America

- Profits grew due to the improved profits in auto insurance and other businesses in Brazil.

Asia & Oceania

- Profits increased thanks to the improved profits in Thailand and China and the impact of equity sales gains at Safety (+¥1.8bn).

Life Insurance

- Profits rose due to factors such as the rising stock prices and lower interest rates in Singapore.

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before.

International financial results (Philadelphia)

Consolidated	Domestic Life
Domestic Non-Life	International



■ Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2018 Results	FY2019 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2018 JPY 111.0	As of end-Dec. 2019 JPY 109.5			
Net premiums written	373.0	369.2	-3.7	-1.0%	0.3%
Net premium earned	363.3	371.4	8.0	2.2%	3.6%
Net incurred losses	238.4	268.1	29.6	12.4%	13.9%
Nat-Cat losses	12.7	12.2	-0.5	-4.0%	-2.7%
Commissions / Other Underwriting expenses	111.3	113.6	2.2	2.1%	3.4%
Underwriting profit	13.5	-10.3	-23.8	-176.5%	-177.5%
Net investment income / loss	35.0	38.5	3.5	10.0%	11.5%
Business unit profits	43.9	27.0	-16.8	-38.5%	-37.6%
Loss ratio ^{*1}	65.6%	72.2%	6.6pt	-	-
Expense ratio ^{*1}	30.7%	30.6%	-0.1pt	-	-
Combined ratio ^{*1}	96.3%	102.8%	6.5pt	-	-

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

International financial results (Delphi)

Consolidated	Domestic Life
Domestic Non-Life	International



Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2018 Results	FY2019 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2018 JPY 111.0	As of end-Dec. 2019 JPY 109.5			
Net premiums written	270.7	278.2	7.5	2.8%	4.1%
Net premium earned	263.9	269.8	5.9	2.3%	3.6%
Net incurred losses	203.9	190.3	-13.6	-6.7%	-5.5%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	70.8	74.8	4.0	5.7%	7.1%
Underwriting profit	-10.8	4.6	15.5	-	-
Net investment income / loss	125.1	163.4	38.2	30.6%	32.3%
Business unit profits	58.5	76.5	18.0	30.7%	32.5%
Loss ratio ^{*1}	77.3%	70.5%	-6.8pt	-	-
Expense ratio ^{*1}	26.8%	27.8%	0.9pt	-	-
Combined ratio ^{*1}	104.1%	98.3%	-5.9pt	-	-

Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2018 Results	FY2019 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2018 JPY 111.0	As of end-Dec. 2019 JPY 109.5			
Non-life	126.0	140.2	14.2	11.3%	12.7%
Life	144.6	137.9	-6.7	-4.6%	-3.4%
Total	270.7	278.2	7.5	2.8%	4.1%

Loss Ratio by Segment

	FY2018 Results	FY2019 Results	Change
Non-life ^{*1}	70.8%	70.4%	-0.4pt
Life ^{*1}	82.5%	70.6%	-11.9pt
Total ^{*1}	77.3%	70.5%	-6.8pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

International financial results (TMHCC)

Consolidated	Domestic Life
Domestic Non-Life	International



Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2018 Results	FY2019 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2018 JPY 111.0	As of end-Dec. 2019 JPY 109.5			
Net premiums written	387.2	399.1	11.8	3.1%	4.4%
Net premium earned	377.8	385.4	7.6	2.0%	3.4%
Net incurred losses	252.6	265.5	12.8	5.1%	6.5%
Nat-Cat losses	5.8	1.3	-4.4	-76.8%	-76.5%
Commissions / Other Underwriting expenses	85.0	88.5	3.4	4.1%	5.5%
Underwriting profit	30.4	23.1	-7.3	-24.1%	-23.1%
Net investment income / loss	25.1	27.9	2.7	10.9%	12.3%
Business unit profits	45.3	41.9	-3.4	-7.6%	-6.4%
Loss ratio ^{*1}	66.9%	68.9%	2.0pt	-	-
Expense ratio ^{*1}	22.5%	23.0%	0.5pt	-	-
Combined ratio ^{*1}	89.4%	91.9%	2.5pt	-	-

Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2018 Results	FY2019 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2018 JPY 111.0	As of end-Dec. 2019 JPY 109.5			
Non-life : North America	145.5	156.8	11.2	7.7%	9.1%
A&H	157.9	142.1	-15.7	-10.0%	-8.8%
International	83.7	100.1	16.3	19.6%	21.1%
Total	387.2	399.1	11.8	3.1%	4.4%

Loss Ratio by Segment

	FY2018 Results	FY2019 Results	Change
Non-life : North America ^{*1}	67.1%	72.0%	4.9pt
A&H ^{*1}	79.1%	81.6%	2.5pt
International ^{*1}	42.3%	44.9%	2.6pt
Total ^{*1}	66.9%	68.9%	2.0pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

III. FY2020 Profits (Pre COVID-19 Basis)

<Reference>

Assumptions used for FY2020 Profits (Pre COVID-19 Basis)	
FX rate (USD / JPY)	Nikkei Stock Average
JPY108.83 (End of Mar. 2020)	JPY18,917 (End of Mar. 2020)

FY2020 Consolidated Profits (Pre COVID-19 Basis)

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of JPY)

	FY2019 Results	FY2020 Profits (Pre COVID-19 Basis)	YoY
			Change

<Group Total>

Adjusted Net Income	286.7	approx. 410.0	about 120.0
Adjusted ROE	8.2%	approx. 12.2%	about 4.0pt

<By Business Domein>

Domestic Non-Life	25.9	134.0	108.0
TMNF	26.0	124.0	97.9
Domestic Life*1	-70.3	67.0	137.3
TMNL	-70.3	66.0	136.3
International Insurance	179.5	177.0	-2.5
North America	147.2	149.0	1.7
Philadelphia	27.0	40.0	12.9
Dlephi	76.5	62.0	-14.5
TMHCC	41.9	44.0	2.0
Europe & Middle East & Africa	2.2	8.0	5.7
South & Central America	10.8	6.0	-4.8
Asia & Oceania	16.6	11.0	-5.6
International Non-Life*2	179.0	176.0	-3.0
International Life	12.9	4.0	-8.9
Pure	-	9.0	9.0
Financial & General	5.3	5.0	-0.3

*1: Excluding capital transactions

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

Key Figures (billions of JPY)

	FY2019 Results	FY2020 Profits (Pre COVID-19 Basis)	YoY Change
Net premiums written (Private insurance)	1,969.9	2,005.0	35.0
Underwriting profit/loss	38.4	91.0	52.5
Net investment income (loss) and other	182.0	153.2	- 28.7
Net income	169.9	182.0	12.0
Business unit profit	26.0	124.0	97.9

Underwriting Profit

Projected to grow by ¥52.5bn YoY to ¥91.0bn mainly due to the following factors:

- Increase in NPW (¥35.0bn) on the back of the expanded coverage of auto insurance, sales expansion of *Super Business Insurance*, etc. despite a decrease in NPW in fire due to the reversal effect of the last-minute demand in FY2019, etc. (-¥12.3bn)
- Decrease in net incurred losses relating to natural catastrophes* (¥107.5bn)
- Increase in business expenses mainly due to an increase in agency commissions associated with NPW increase and consumption tax increase, etc. (-¥19.2bn)
- Increase in provision for catastrophe loss reserves (-¥84.0bn)

*The FY2020 budget for natural catastrophes is increased by ¥5.0bn based on the occurrence of natural catastrophes and other factors.

Net Investment Income and Other

Projected to decline by ¥28.7bn YoY to ¥153.2bn mainly due to the following factors:

- Drop in dividends from overseas subsidiaries (eliminated through consolidation)
- Reaction to gains on sales of securities in FY2019
- Reaction to impairment losses on securities in FY2019

Net Income

Projected to increase ¥12.0bn YoY to ¥182.0bn reflecting the above and other factors

Business Unit Profits

Projected to increase by ¥97.9bn YoY to ¥124.0bn due to the above and other factors

■ Key Figures (billions of JPY)

	FY2019 Results	FY2020 Profits (Pre COVID-19 Basis)	YoY Change
New policies ANP	40.5	43.0	2.4
Core operating profit	49.5	61.0	11.4
Net income	34.2	40.0	5.7
Business unit profit*1	- 70.3	66.0	136.3
Value of new business + Existing business contribution	62.8	75.0	12.2

*1:Excluding capital transaction

— New Policies ANP

- Projected to increase by ¥2.4bn YoY due to the sales expansion of protection-type products and installment variable annuities, etc.

— Net Income

- Projected to increase by ¥5.7bn YoY mainly due to the reversal effect of increase in system development expenses and death benefits in FY2019

— Business Unit Profit (Increase in MCEV)

- Projected to improve by ¥136.3bn YoY mainly due to the reversal effect of smaller profit in FY2019 due to the lower interest rates (approx. ¥120.0bn)
- “Value of new business + Existing business contribution” is projected to increase by ¥12.2bn YoY to ¥75.0bn thanks to an increase in new policies, accumulation of in-force policies, etc.

FY2020 International Profits (Pre COVID-19 Basis) (NPW)

Consolidated	Domestic Life
Domestic Non-Life	International



NPWs by Business Domain (billions of JPY)

	FY2019 Results	FY2020 Profits (Pre COVID-19 Basis)	YoY		(Ref.) YoY (Excluding FX effects) ⁴
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2019 JPY 109.5	As of end-Mar. 2020 JPY 108.8			
North America ¹	1,124.0	1,147.0	22.9	2.0%	2.8%
Philadelphia	369.2	368.0	- 1.2	- 0.3%	0.3%
Delphi	278.2	287.0	8.7	3.2%	3.8%
TMHCC	399.1	417.0	17.8	4.5%	5.2%
Europe & Middle East & Africa ²	196.1	155.0	- 41.1	- 21.0%	- 11.7%
South & Central America	136.0	111.0	- 25.0	- 18.4%	6.3%
Asia & Oceania	184.5	186.0	1.4	0.8%	7.6%
Total Non-Life³	1,649.5	1,599.0	- 50.5	- 3.1%	1.3%
Life	92.0	95.0	2.9	3.3%	10.9%
Pure	-	-	-	-	-
Total	1,741.6	1,694.0	- 47.6	- 2.7%	1.8%

¹ North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK
² Figures of "Europe & Middle East & Africa" include North American business of TMK, but not include European and Reinsurance businesses of TMHCC
³ Total Non-Life figures include some life insurance figures of composite overseas subsidiaries
⁴ Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before.

NPWs are projected to grow 1.8% YoY on a local currency basis thanks to factors such as the execution of growth measures in each business and rate increases but are projected to decrease 2.7% YoY on the Japanese yen basis due to the appreciation of the yen (-¥78.1bn)

Major Factors of Changes

North America

- Philadelphia: Projected to be flat as the reduction caused by the underwriting practice focusing on profitability will be offset by rate increases for renewal books, and so on
- Delphi: Projected to grow due to the expanded underwriting of non-life insurance
- TMHCC: Projected to increase due to the contribution of a business purchased as a bolt-on acquisition, in addition to the growth in each segment

Europe, Middle East & Africa(*)

- Projected to decline due to the run-off of the company business in Europe and an increase in reinsurance to stabilize profitability

(*) Including the impact (-¥12.7bn) of the change in management accounting principles on Hollard. There is no impact on earnings

South & Central America

- Projected to decline due to the impact of the stronger yen, although the underwriting of products other than auto insurance will be expanded

Asia & Oceania

- Projected to increase due to factors such as the expanded underwriting of auto insurance in India and Thailand

Life Insurance

- Projected to increase due to factors such as an increase in sales in Thailand and India

FY2020 International Profits (Pre COVID-19 Basis) (BUP)

■ BUPs by Business Domain (billions of JPY)

	FY2019 Results	FY2020 Profits (Pre COVID-19 Basis)	YoY		(Ref.) YoY (Excluding FX effects) ^{*4}
	As of end-Dec. 2019	As of end-Mar. 2020	Change	%	
Applied FX rate (USD/JPY)	JPY 109.5	JPY 108.8			
North America ^{*1}	147.2	149.0	1.7	1.2%	1.9%
Philadelphia	27.0	40.0	12.9	48.0%	49.0%
Delphi	76.5	62.0	-14.5	-19.0%	-18.5%
TMHCC	41.9	44.0	2.0	5.0%	5.7%
Europe & Middle East & Africa ^{*2}	2.2	8.0	5.7	247.8%	298.9%
South & Central America	10.8	6.0	-4.8	-44.6%	-27.5%
Asia & Oceania	16.6	11.0	-5.6	-34.1%	-29.6%
Total Non-Life^{*3}	179.0	176.0	-3.0	-1.7%	1.1%
Life	12.9	4.0	-8.9	-69.0%	-67.2%
Pure	-	9.0	9.0	-	-
Total	179.5	177.0	-2.5	-1.4%	1.9%

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

^{*2} Figures of "Europe & Middle East & Africa" include North American business of TMK, but not include European and Reinsurance businesses of TMHCC

^{*3} Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

^{*4} Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before.

- Projected to grow 1.9% YoY on a local currency basis due to the new consolidation of Pure, a reaction to provisions for reserves in the previous fiscal year, and so on, although there are negative factors such as the assumption that natural catastrophes will be at the same level as the average year (-¥18.6bn) and a drop in investment income; projected to decline ¥2.5bn on the Japanese yen basis due to the appreciation of the yen (-¥5.7bn)

■ Main Factors of Change

North America

- Philadelphia: Despite the above-mentioned negative factors, profits will grow due to factors such as a reaction to the past reserve provision in FY2019 (+¥23.5bn)
- Delphi: Profits are expected to drop due to factors such as a smaller investment income and the worsening loss ratio of long tail products caused by the lower discount rate
- TMHCC: Despite the above-mentioned negative factors, profits are projected to rise thanks to factors such as a reaction to the reserve provision in FY2019 for crop insurance and medical stop-loss

Europe, Middle East & Africa

- In Europe, profits will rise thanks to the improved profitability of Lloyd's and a decline in large losses, despite the above-mentioned negative factors

South & Central America

- Profits are projected to shrink due to factors such as the worsening loss ratio in Brazil caused by the intensifying competition and lower income yield

Asia & Oceania

- Profits are expected to decline due to factors such as the net incurred losses of nat-cat at the level equivalent to the average year and a reaction to equity sales gains posted in Thailand in FY2019

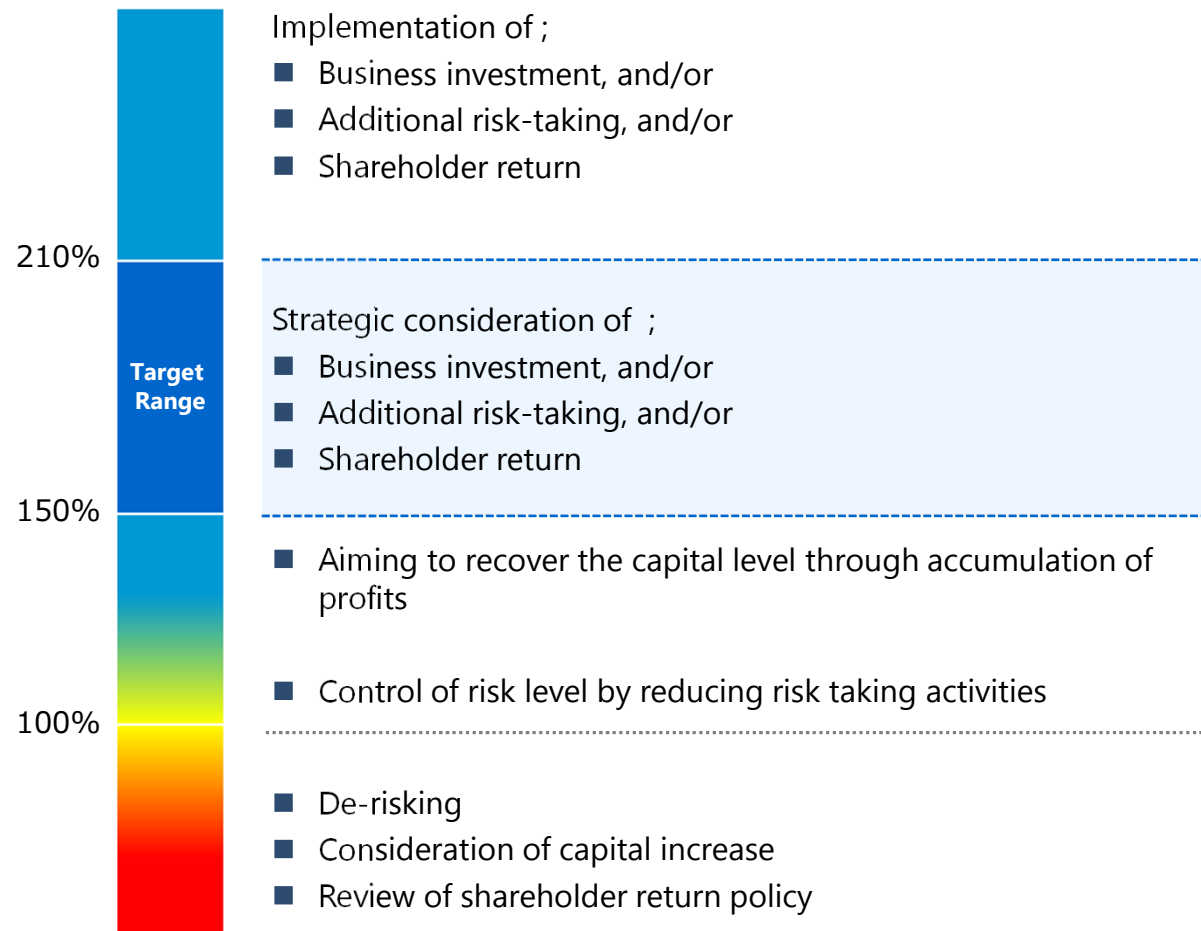
Life Insurance

- Profits are projected to decline due to factors such as a reaction to the higher stock prices and lower interest rates in FY2019 in Singapore (-¥8.1bn)

IV. Economic Solvency Ratio

Target Range of Economic Solvency Ratio (ESR)

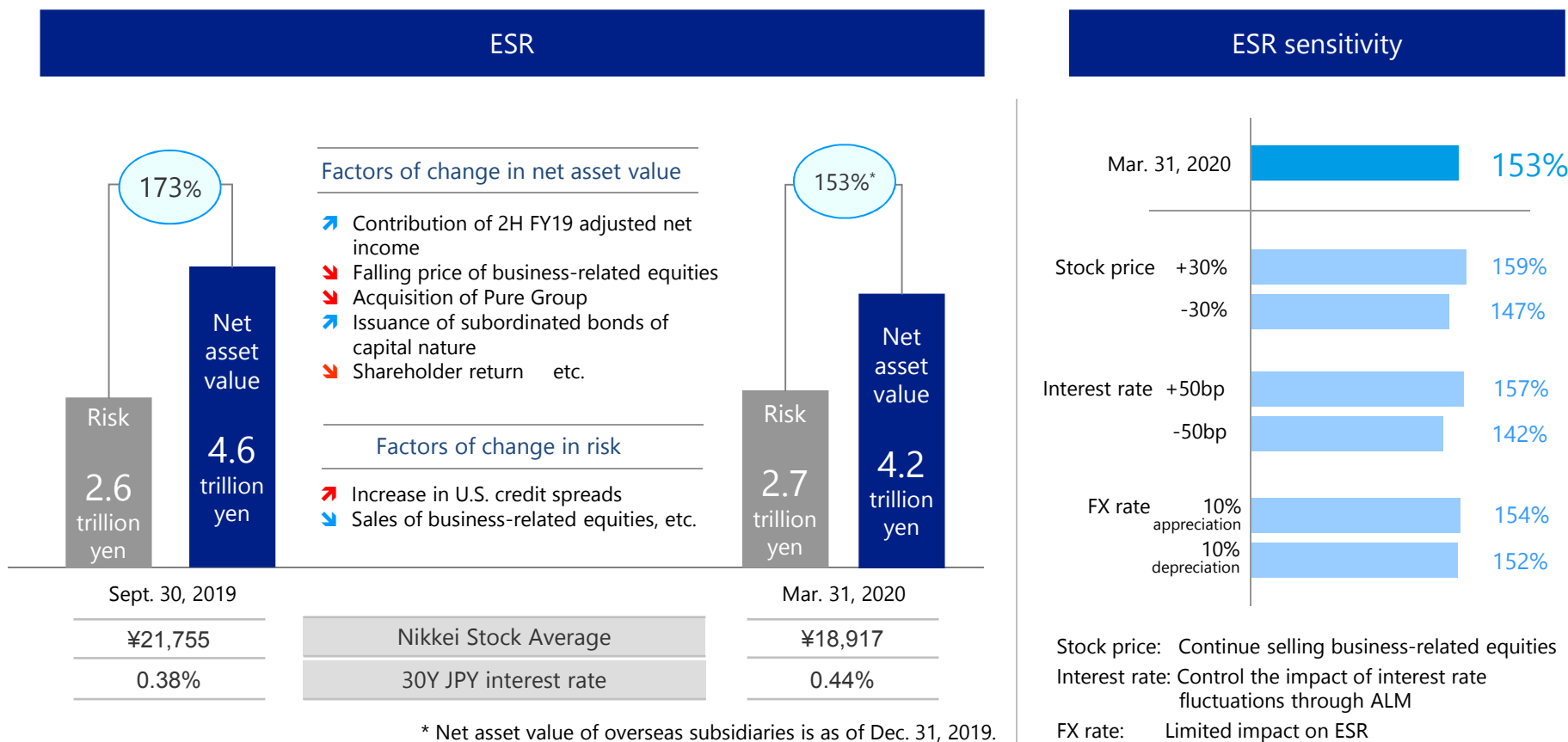
- ESR is calculated using capital model based on 99.95%VaR (equivalent to AA credit rating)
- Target Range of ESR is 150 - 210% to achieve financial soundness and profitability simultaneously



ESR and Sensitivity (as of March 31, 2020)



- ESR declined to 153% (within target range) due to larger credit spreads in the U.S., acquisition of the Pure Group, and shareholder return, etc., despite the positive impact of profit contribution in 2H FY19



(Ref.) Definition of Net Asset Value

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

Reference

Adjusted Net Income and Business Unit Profit

Adjusted Net Income (Group total)

Enhancing transparency and comparability /
Linking with shareholder return

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

Business Unit Profits

Creating long-term corporate value

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

<Main differences>

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

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

Adjusted Net Income*1

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

Adjusted Net Assets*1

$$\begin{aligned}
 \text{Adjusted Net Assets} = & \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} \\
 & - \text{Goodwill and other intangible fixed assets}
 \end{aligned}$$

Adjusted ROE

$$\begin{aligned}
 \text{Adjusted ROE} = & \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets (Average balance basis)}}
 \end{aligned}$$

Definition of Business Unit Profits

Non-life insurance business

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

Life insurance business*5

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} = & \text{Increase in EV}^{*6} \text{ during the current fiscal year} - \text{Capital transactions such as capital increase}
 \end{aligned}$$

$$\begin{aligned}
 & - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} - \text{Other extraordinary gains/losses, valuation allowances, etc.}
 \end{aligned}$$

Other businesses

Net income determined in accordance with financial accounting principles

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

*2: Net income attributable to owners of the parent

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

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

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

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

Adjusted Net Income (Group Total) : FY2019 Results



Adjusted Net Income for FY2019 rose ¥5.7bn YoY to ¥286.7bn

Reconciliation^{*1}

Note: Factors positive to profit are showed with "plus signs"

(billions of JPY)

	FY2018 Results	FY2019 Results	YoY Change
Net income attributable to owners of the parent (consolidated)	274.5	259.7	-14.8
Provision for catastrophe loss reserves ^{*2}	-97.6	-49.7	47.8
Provision for contingency reserves ^{*2}	+1.0	+0.8	-0.2
Provision for price fluctuation reserves ^{*2}	+5.7	+6.9	1.2
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	+1.2	-12.5	-13.7
Gains or losses on sales or valuation of fixed assets and business investment equities	+25.4	+8.5	-16.9
Amortization of goodwill and other intangible fixed assets	+69.7	+77.7	8.0
Other extraordinary gains/losses, valuation allowances, etc.	+0.7	-4.8	-5.6
Adjusted Net Income	280.9	286.7	5.7

— Major YoY changes in reconciliation

- Provision for catastrophe loss reserves
 - ➡ Increase mainly due to a drop in net incurred losses relating to natural catastrophes in Domestic Non-Life (increases reconciling amount)
- Gains or losses on sales or valuation of ALM bonds and interest rate swaps
 - ➡ Sales of domestic bonds for the sake of ALM-related position change to corporate bonds (decreases reconciling amount)
- Gains or losses on sales or valuation of fixed assets and business investment equities
 - ➡ The reversal effect of the deduction of loss on the divestment of reinsurance businesses in FY2018 (decreases reconciling amount)

*1 Each adjustment is on the after-tax basis.

*2 Reversals are subtracted.

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

Adjusted Net Assets / Adjusted ROE



(billions of JPY)

Adjusted Net Assets*1

	FY2018 Results	FY2019 Results	YoY Change
Net assets(consolidated)	3,574.2	3,372.1	-202.0
Catastrophe loss reserves	+741.1	+691.5	-49.6
Contingency reserves	+40.8	+41.6	0.8
Price fluctuation reserves	+78.1	+85.1	6.9
Goodwill and other intangible fixed assets	-671.3	-949.5	-278.1
Adjusted Net Assets	3,763.1	3,240.9	-522.2

*1 Each adjustment is on an after-tax basis

Adjusted ROE

	FY2018 Results	FY2019 Results	YoY Change
Net income(consolidated)	274.5	259.7	-14.8
Net assets(consolidated)*2	3,689.7	3,473.1	-216.5
Financial accounting basis ROE	7.4%	7.5%	0pt
	FY2018 Results	FY2019 Results	YoY Change
Adjusted Net Income	280.9	286.7	5.7
Adjusted Net Assets*2	3,924.7	3,502.0	-422.7
Adjusted ROE	7.2%	8.2%	1.0pt

*2 average balance basis

Reconciliation of Business Unit Profits



(billions of JPY)

● Domestic Non-Life*¹ (TMNF)

	FY2018 Results	FY2019 Results	YoY
Net income for accounting purposes	261.3	169.9	-91.4
Provision for catastrophe loss reserves ^{*2}	-93.8	-47.0	46.7
Provision for price fluctuation reserves ^{*2}	+3.9	+4.3	0.4
Gains or losses on sales or valuation of ALM* ³ bonds and interest rate swaps	+0.7	-12.6	-13.4
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	-66.0	-41.7	24.3
Intra-group dividends	-96.8	-58.6	38.1
Other extraordinary gains/losses, valuation allowances, etc	+9.5	+11.9	2.3
Business Unit Profits	18.7	26.0	7.2

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

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

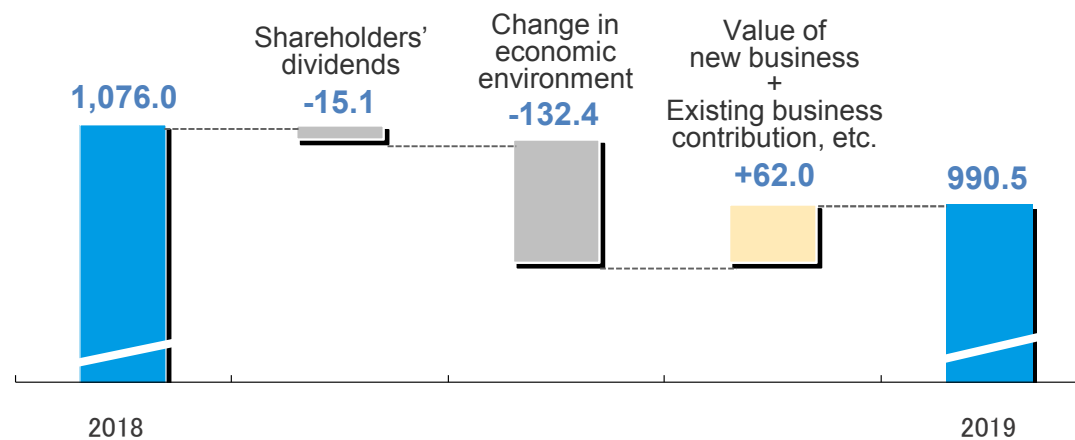
*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

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

● International Insurance*¹

	FY2018 Results	FY2019 Results
Overseas subsidiaries Net income for accounting purposes	155.1	144.3
Difference with EV (Life)	-1.2	+8.1
Adjustment of non-controlling interests	-1.5	-2.5
Difference of subsidiaries covered	-1.4	+0.6
Other adjustments* ⁴	+25.4	+28.9
Business Unit Profits	176.2	179.5

● Breakdown of Increase in MCEV^{*1} (billions of JPY)



Year-end MCEV ^{*2}	1,076.0	990.5
MCEV Increase① ^{*3}		-70.3
MCEV Increase② ^{*4}		62.0

*1: Figures are before review by an independent third party

*2: Figures are after payment of shareholders' dividends of the prior fiscal year

*3: Excluding the effects of payment of shareholders' dividends

*4: Excluding the effects of payment of shareholders' dividends and changes in economic environment

● Breakdown of MCEV Balance & Value of New Business, etc. (billions of JPY)

	FY2018	FY2019	YoY Change
Fiscal Year-end MCEV	1,076.0	990.5	- 85.4
Adjusted net worth	1,119.5	1,113.0	- 6.5
Value of in-force	- 43.5	- 122.4	- 78.9
Value of new business	59.5	37.3	- 22.2
Value of new business + Existing business contribution	78.3	62.8	- 15.5

Note: Figures are before review by an independent third party

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