



Tokio Marine Holdings

*To Be a **Good Company***

1Q FY2020 Results and FY 2020 Projections

Tokio Marine Holdings, Inc.
August 7, 2020



1Q FY2020 Results

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◆ 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

1Q FY2020 Results

<Reference>

	Applied FX rate (USD/JPY)	
	FY2019	FY2020
End of June (DNL/Life)	JPY 107.79 (+JPY3.20 from Mar. 2019)	JPY 107.74 (+JPY1.09 from Mar. 2020)
End of March (International)	JPY 110.99 (+JPY0.01 from Dec. 2018)	JPY 108.83 (+JPY0.73 from Dec. 2019)

Highlight 1: Top-line

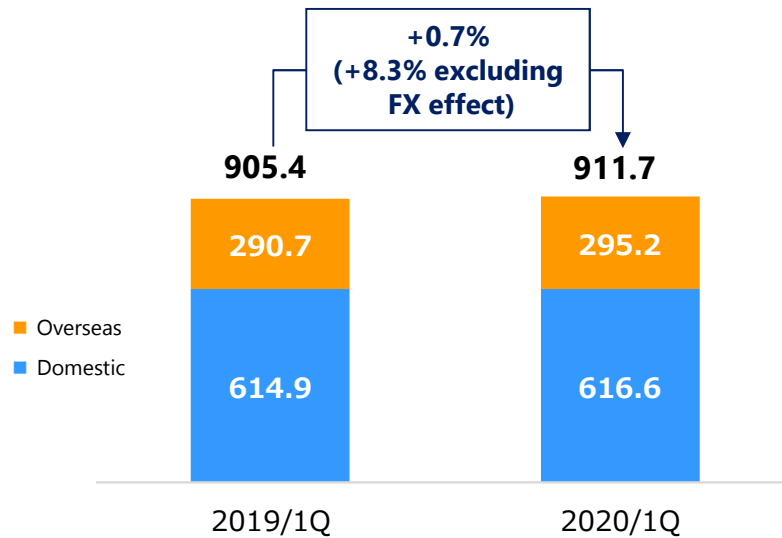
Consolidated	Domestic Life
Domestic Non-Life	International



Net premiums written grew +8.3% YoY (excluding FX effects) driven by steady domestic and overseas growth and rate increase despite the impacts of COVID-19.

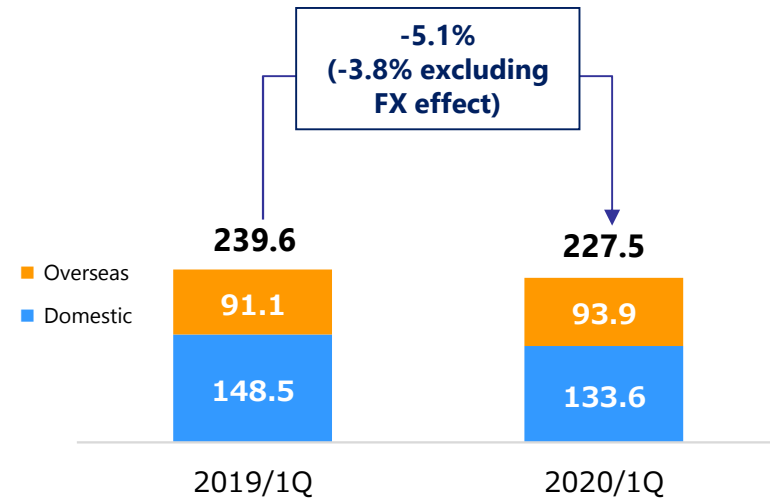
Life insurance premiums fell -3.8% YoY (excluding FX effects) due to the self-imposed suspension of face-to-face sales activities to prevent the spread of COVID-19 infections in Japan.

■ Net Premiums Written (billions of JPY)



- Domestic Non-Life NPW grew with rate revision and additional coverage for auto and fire insurance and increase in specialty insurance, covering the impacts from COVID-19 and fall in CALI
- International insurance grew with execution of growth measures for each business and rate increase, covering the fall caused by appreciating yen and impact from cautious underwriting with focusing on profitability

■ Life Insurance Premiums (billions of JPY)



- Domestic Life fell due to decrease in new policies caused by the self-imposed suspension of face-to-face sales activities to prevent the spread of COVID-19 infections and in in-force policies caused by increased surrender
- International Insurance grew from rate increase for TMHCC medical stop-loss and increased underwriting, despite appreciating yen

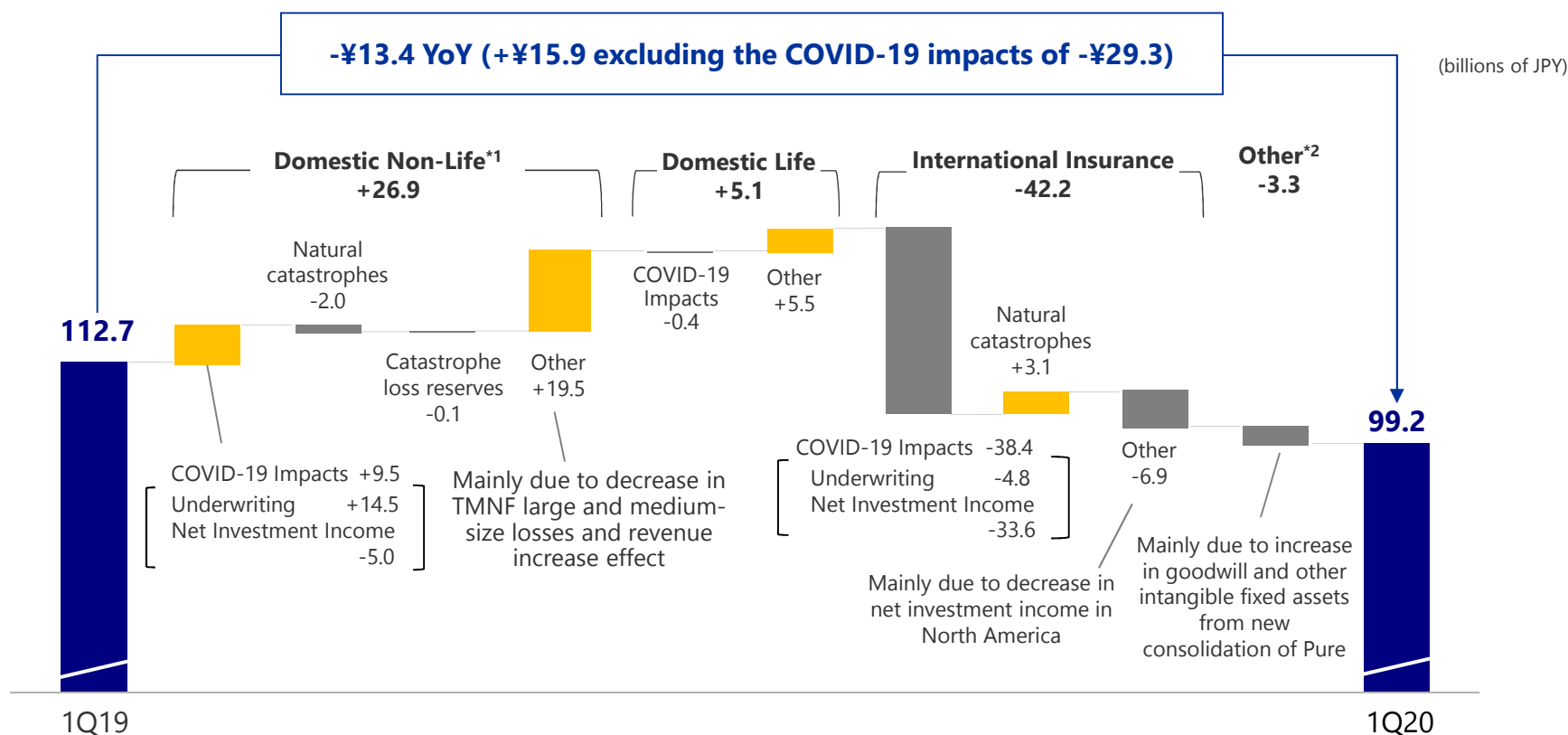
Highlight 2: Consolidated Net Income

Consolidated	Domestic Life
Domestic Non-Life	International



Consolidated net income fell by ¥13.4 bn YoY to ¥99.2bn due to the impacts of COVID-19. (-¥29.3bn: +¥9.3bn underwriting profit, -¥38.6bn net investment loss)

Excluding these impacts, grew by ¥15.9bn YoY mainly due to a decrease in large and medium-size losses for TMNF, etc. despite the fall in net investment profit expected from the beginning of the year at international insurance segment.



*1 After consolidation adjustments *2 Amortization of goodwill, purchase method adjustments, etc.

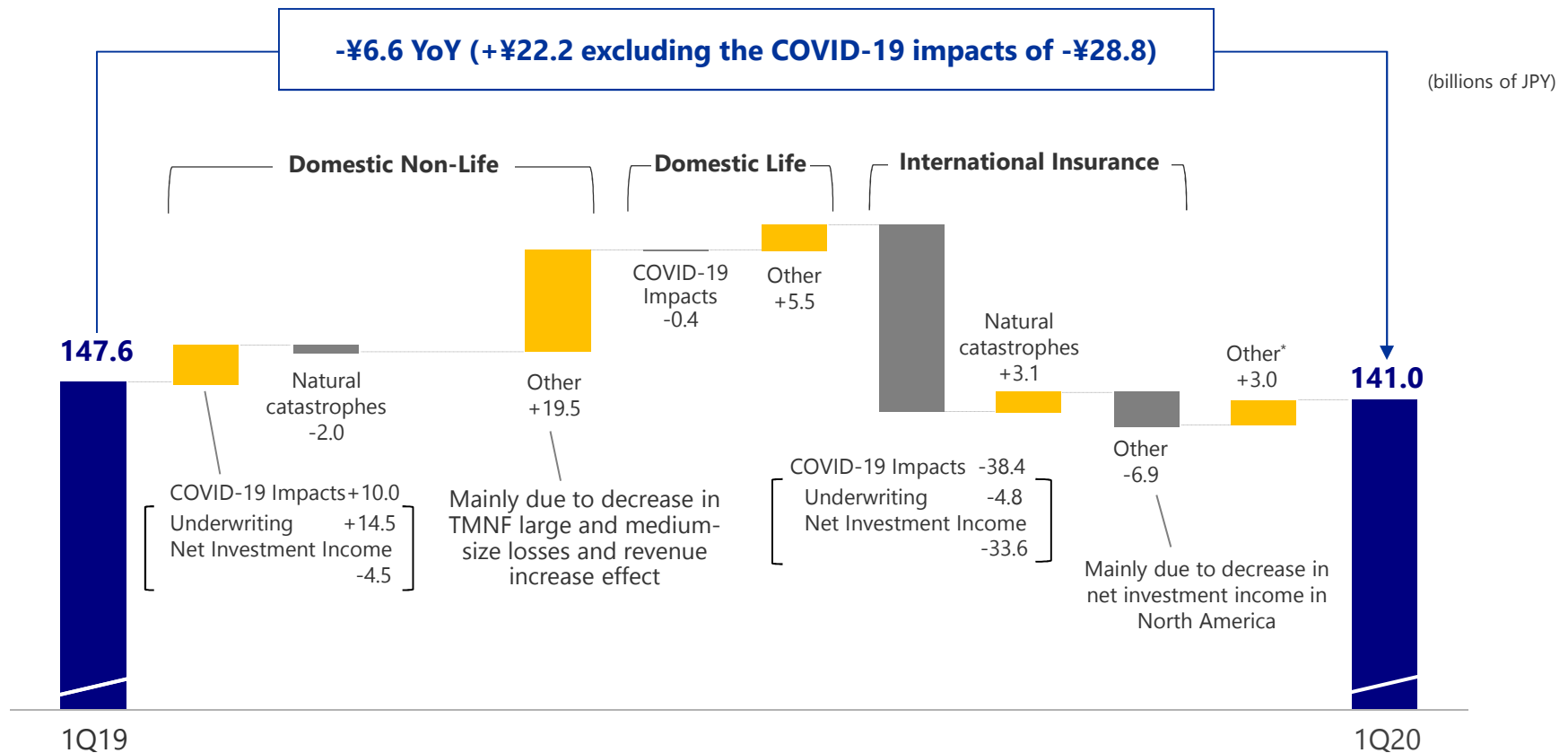
Highlight 3: Adjusted Net Income

Consolidated	Domestic Life
Domestic Non-Life	International



Adjusted net income fell by ¥6.6bn YoY to ¥141.0bn due to the impacts of COVID-19 (-¥28.8bn: +¥9.3bn underwriting profit, -¥38.1bn net investment loss) in line with financial accounting.

Profitability is steadily increasing, with growth of ¥22.2bn YoY excluding these impacts.



* Adjusted from consolidated net income to adjusted net income, etc.

Domestic Non-Life 1: TMNF Results

Consolidated	Domestic Life
Domestic Non-Life	International



Underwriting profit grew by ¥45.9bn YoY to ¥74.6bn mainly driven by decrease in net incurred losses. Net investment income and other decreased by ¥1.3bn YoY to ¥68.4bn mainly due to decrease in dividends from business-related equities. Net income increased by ¥30.8bn YoY to ¥110.0bn due to the factors above, etc.

(billions of JPY)

	FY2019 1Q Results	FY2020 1Q Results	COVID-19 Impacts	YoY Change
Underwriting profit/loss	28.7	74.6	18.0	45.9
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	49.2	95.4		46.2
Net premiums written (Private insurance)	503.9	509.7		5.7
Net premiums earned (Private insurance)*1	471.7	483.3		11.6
Net incurred losses (Private insurance)*2	- 257.9	- 223.2		34.7
Business expenses (Private insurance)	- 157.9	- 159.8		- 1.8
Provision/Reversal of catastrophe loss reserves	- 20.5	- 20.7		- 0.2
Auto	- 8.7	- 8.8		- 0.1
Fire	- 4.4	- 7.5		- 3.1
Net investment income (loss) and other	69.7	68.4	- 6.0	- 1.3
Ordinary profit/loss	100.5	145.7		45.1
Extraordinary gains/losses	- 1.5	- 2.1		- 0.6
Net income/loss	79.1	110.0	8.0	30.8

*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:

➤ Grew by ¥45.9bn YoY to ¥74.6bn mainly due to the following factors:

- Net premiums written (Private insurance) (see P.7 for details):
 - Grew mainly for auto and fire insurance rate revision
- Net incurred losses (Private insurance) (see P.8 for details):
 - Fell mainly for auto insurance due to fall in accident frequency
- Business expenses (Private insurance) (see P.9 for details):
 - Increased in agency commissions associated with consumption tax hike, etc.
- Catastrophe loss reserves:
 - Overall provisions remained flat (provision mainly for fire)

Net Investment Income and Other (See P.10 for details):

➤ Decreased by ¥1.3bn YoY to ¥68.4bn mainly due to decrease in dividends from business-related equities from COVID-19 impacts

Net Income:

➤ Increased by ¥30.8bn YoY to ¥110.0bn due to the factors above, etc.

Domestic Non-Life 2: TMNF NPW

Consolidated	Domestic Life
Domestic Non-Life	International



Net premiums written (private insurance) increased by ¥5.7bn YoY to ¥509.7bn driven by auto and fire insurance rate revision, etc. despite the fall in P.A. caused by COVID-19 impacts.

For all lines, increased by ¥1.9bn YoY to ¥570.9bn despite the fall in CALI due to decrease in the number of policies reaching maturity, etc.

(billions of JPY, except for %)

	FY2019 1Q Results	FY2020 1Q Results	YoY	
			Change	%
Fire	71.9	74.5	2.6	3.7%
Marine	16.7	18.1	1.3	8.3%
P.A.	59.1	54.1	-4.9	-8.4%
Auto	272.4	276.5	4.1	1.5%
CALI	64.6	60.9	-3.6	-5.7%
Other	83.9	86.4	2.5	3.0%
Total	568.9	570.9	1.9	0.3%
o/w Private insurance Total	503.9	509.7	5.7	1.1%

- Fire:
 - ➔ Grew for household and corporate due to increased coverage and demand for natural catastrophe and rate revision in October 2019, etc.
- Marine:
 - ➔ Grew in hull (¥0.2bn) and cargo (¥1.0bn)
- P.A.:
 - ➔ Decrease in travel insurance premiums due to COVID-19
- Auto:
 - ➔ Grew driven by rate revision in January 2020, etc.
 - ➔ Decrease in new vehicle sales due to COVID-19
- CALI:
 - ➔ Fell due to decrease in the number of policies reaching maturity
- Other:
 - ➔ Grew due to large contracts in liability insurance, etc.

Domestic Non-Life 3: TMNF Net Incurred Loss

Consolidated	Domestic Life
Domestic Non-Life	International



Net incurred losses (private insurance) fell by ¥34.7bn YoY to ¥223.2bn due to significant decrease in accident frequency for auto and P.A. due to the impacts of COVID-19 (-¥36.0bn) despite the increase in natural catastrophe losses for fire and marine insurance (+¥2.9bn).

For all lines, decreased by ¥37.2bn YoY to ¥272.1bn, including a decrease in net incurred losses for CALI.

(billions of JPY)

	FY2019 1Q Results	Nat-Cat losses	FY2020 1Q Results	Nat-Cat losses	YoY	
					Change	%
Fire	30.9	0.0	26.6	2.1	- 4.3	-13.9%
Marine	9.8	-	10.6	0.6	0.8	8.2%
P.A.	22.9	-	17.3	-	- 5.6	-24.6%
Auto	149.4	0.0	124.7	0.0	- 24.6	-16.5%
CALI	51.3	-	48.8	-	- 2.5	-4.9%
Other	44.7	0.0	43.8	0.0	- 0.8	-2.0%
Total	309.3	0.0	272.1	2.9	- 37.2	-12.0%
o/w Private insurance Total	257.9	0.0	223.2	2.9	- 34.7	-13.5%

(Notes)

Including loss adjustment expenses in the above table

- Fire:
 - Decrease in large and medium-size losses
 - Other losses decreased mainly for corporate
 - Increase in incurred losses for natural catastrophes
- Marine:
 - Increase in incurred losses for natural catastrophes
- P.A.:
 - Decrease in accident frequency due to COVID-19 related stay at home policies, etc.
- Auto:
 - Decrease in accident frequency due to COVID-19 related stay at home policies
- Other:
 - Decrease in large and medium-size losses

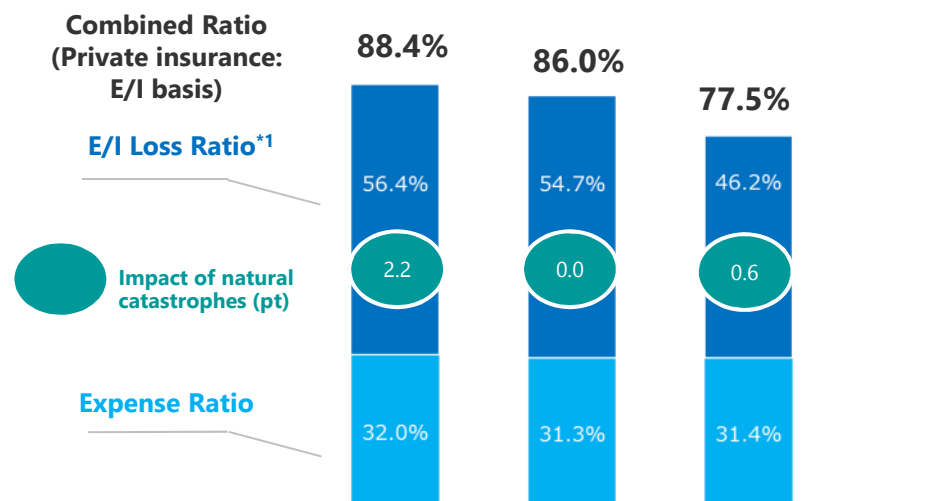
Domestic Non-Life 4: TMNF Combined Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



E/I loss ratio decreased by -8.5pt YoY to 46.2% mainly due to decrease in net incurred losses from the impacts of COVID-19. Expense ratio remained flat YoY to 31.4% as the decrease in corporate expense ratio offset the increase in agency commission ratio.

Combined ratio improved by 8.5pt YoY to 77.5% due to the factors above, etc.



- E/I Basis Loss Ratio:
 - ➔ Fell for all lines excluding marine insurance due to the impacts of COVID-19 related stay at home policies
 - ➔ Increased by 4.9pt for marine insurance mainly due to the increase in net incurred losses for natural catastrophes
- Expense Ratio:
 - ➔ Agency commission ratio increased by 0.7pt due to the effect of consumption tax hike, etc.
 - ➔ Corporate expense ratio decreased by -0.6pt due to the increase in net premiums written, etc.
- Combined ratio:
 - Combined ratio improved by -8.5pt YoY to 77.5% due to the factors above, etc.

(billions of JPY)

	FY2018 1Q Results	FY2019 1Q Results	FY2020 1Q Results	YoY Change
Net premiums written	489.9	503.9	509.7	5.7
Net premiums earned*2	467.6	471.7	483.3	11.6
Net incurred losses*1	263.7	257.9	223.2	- 34.7
Business expenses	156.5	157.9	159.8	1.8
Corporate expenses	58.9	56.6	53.9	- 2.6
Agency commissions	97.6	101.3	105.8	4.5

*1 Including loss adjustment expenses

*2 Excluding provision for nat-cat underwriting reserves

E/I Loss Ratio*1

	FY2019 1Q Results	FY2020 1Q Results	YoY Change
Fire	45.3%	37.0%	- 8.3pt
Marine	62.7%	67.6%	4.9pt
P.A.	54.2%	42.3%	- 11.9pt
Auto	56.5%	46.2%	- 10.2pt
Other	55.5%	51.7%	- 3.8pt
Private insurance Total	54.7%	46.2%	- 8.5pt

Domestic Non-Life 5: TMNF Asset Management Results

Consolidated	Domestic Life
Domestic Non-Life	International



Net investment income and other decreased by ¥1.3bn YoY to ¥68.4bn mainly because of a drop in dividends income on business-related equities due to the impacts of the COVID-19.

(billions of JPY)

	FY2019 1Q Results	FY2020 1Q Results	COVID-19 Impacts	YoY Change
Net investment income and other	69.7	68.4	- 6.0	- 1.3
Net investment income	80.9	77.7	- 6.0	- 3.1
Net interest and dividends income	45.4	45.3	- 4.0	- 0.0
Interest and dividends	55.3	54.4		- 0.8
Transfer of investment income on deposit premiums	- 9.8	- 9.1		0.7
Net capital gains	35.5	32.4	- 2.0	- 3.0
Gains/Losses on sales of securities	42.2	39.5		- 2.6
Impairment losses on securities	- 1.5	- 2.8		- 1.3
Gains/Losses on derivatives	- 2.9	- 5.8		- 2.9
Other investment income and expenses	0.1	0.0		- 0.0
Others	- 2.4	1.5		3.9
Other ordinary income and expenses	- 11.1	- 9.2		1.8

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

Net interest and dividends income:

- ↘ Decrease in dividends income from business-related equities
- ↗ Increase in dividends income from overseas subsidiaries

Net capital gains:

- ↘ Decrease in gains on sales of business-related equities
- ↘ Decrease in gains/losses on derivatives held for hedging purposes due to interest rate and FX rate fluctuations
- ↗ Increase in FX gains/losses

¥40.0bn capital gains from sales of business-related equities, ¥2.0bn decrease YoY
(Sales of business-related equities was ¥50.0bn)

New policies ANP decreased by 21.5% YoY mainly due to the self-imposed suspension of face-to-face sales activities to prevent the spread of COVID-19 infections.

Net income increased by ¥4.7bn YoY to ¥8.4bn mainly due to the reversal effect of the increase in system development expenses in 1Q FY2019 and a drop in FX hedging costs.

(billions of JPY)

	FY2019 1Q Results	FY2020 1Q Results	YoY	
			Change	%
New policies ANP	8.4	6.6	- 1.8	- 21.5%
In-force policies ANP	849.7	828.9	- 20.8	- 2.4%

(billions of JPY)

	FY2019 1Q Results	FY2020 1Q Results	COVID-19 Impacts	YoY
				Change
Ordinary income	234.0	240.1		6.1
Insurance premiums and other	207.0	198.5		- 8.4
Net income	3.7	8.4	- 0.4	4.7
Ordinary profit	4.0	11.9		7.9
(-) Capital gains / losses	- 3.4	- 2.2		1.2
(-) Non-recurring income / losses	- 0.1	- 0.0		0.0
Core operating profit	7.6	14.2	- 0.5	6.6

– New Policies ANP

- ➔ Impact of the self-imposed suspension of face-to-face sales activities to prevent the spread of COVID-19 infections

– In-force Policies ANP

- ➔ Impact of a reduction in in-force policies caused by increased surrender, etc., which exceeded an increase in new policies, in corporate insurance

– Net Income

- ➔ Decrease in business expenses due to factors such as the reversal effect of the increase in system development expenses in 1Q FY2019
- ➔ Improvement in capital gains/losses due to smaller FX hedging costs, etc.

International 1 : Net Premiums Written

NPW grew 1.6% YoY on a local currency basis thanks to the execution of growth measures in each business, exceeding the reduction caused by the underwriting practice focusing on profitability. The impacts of COVID-19 on NPW was small.

(billions of JPY, except for %)

	FY2019 1Q Results	FY2020 1Q Results	YoY		(Ref.) YoY (Excluding FX effects) ⁴
	As of end- Mar. 2019	As of end- Mar. 2020	Change	%	
Applied FX rate (USD/JPY)	JPY 110.9	JPY 108.8			
North America ^{*1}	282.1	290.7	8.5	3.0%	5.1%
Philadelphia	87.2	82.4	- 4.8	- 5.5%	- 3.7%
Delphi	76.0	80.9	4.9	6.5%	8.6%
TMHCC	101.0	110.7	9.7	9.6%	11.8%
Europe & Middle East & Africa ^{*2}	42.9	35.4	- 7.4	- 17.4%	- 7.8%
South & Central America	34.2	27.2	- 7.0	- 20.6%	7.3%
Asia & Oceania	47.1	45.7	- 1.4	- 3.0%	3.3%
Total Non-Life^{*3}	415.5	399.1	- 16.3	- 3.9%	1.4%
Life	24.0	23.4	- 0.6	- 2.7%	4.7%
Total	439.5	422.6	- 16.9	- 3.9%	1.6%

North America (See P. 14-16 for details)

- ➔ Philadelphia: Although premiums were raised for the renewed contracts (+9.0%), NPW decreased due to the underwriting practice focusing on profitability
- ➔ Delphi: NPW rose thanks to the expanded underwriting of non-life book
- ➔ TMHCC: NPW grew mainly due to rate increase in medical stop-loss and the expanded underwriting of segments outside the U.S.

Europe, Middle East & Africa

- ➔ NPW decreased due to an increase in ceding to stabilize income in Europe and the impact of changes made to the managerial accounting rules applied to Hollard (-¥2.1bn)

South & Central America

- ➔ Despite the expanded underwriting of corporate products, NPW decreased due to the impact of the stronger yen

Asia & Oceania

- ➔ NPW shrank due to the impact of the stronger yen, although NPW in Australia and elsewhere increased

Life

- ➔ Despite an increase mainly in Thailand, NPW fell due to the impact of the stronger yen

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

*2: Figures of "Europe, Middle East & Africa" include North American business of TMK, but do not include European and Reinsurance businesses of THMCC.

*3: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries.

*4: Excluding the FX impact for conversion to the Japanese yen.

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

International 2 : Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



Business unit profits shrank by ¥46.1bn YoY mainly due to the impacts of COVID-19 (-¥41.8bn). Of the ¥41.8bn reduction, -¥5.0bn was related to underwriting (mainly through event cancellation and BI payments) and -¥36.7bn^{*1} was related to investment.

(billions of JPY, except for %)

	FY2019 1Q Results	FY2020 1Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*5}
			Change	%	
Applied FX rate (USD/JPY)	As of end- Mar. 2019 JPY 110.9	As of end- Mar. 2020 JPY 108.8			
North America ^{*2}	44.6	12.3	- 32.3	- 72.4%	- 71.9%
Philadelphia	10.3	7.2	- 3.1	- 30.2%	- 28.8%
Delphi	21.2	- 3.2	- 24.4	- 115.1%	- 115.4%
TMHCC	10.9	8.7	- 2.2	- 20.3%	- 18.7%
Europe & Middle East & Africa ^{*3}	1.7	0.6	- 1.1	- 64.2%	- 61.6%
South & Central America	3.4	1.9	- 1.4	- 42.3%	- 21.9%
Asia & Oceania	3.9	4.2	0.2	6.0%	12.0%
Total Non-Life^{*4}	55.0	21.1	- 33.9	- 61.6%	- 59.9%
Life	2.7	- 9.3	- 12.1	-	-
Pure	-	0.4	0.4	-	-
Total	55.0	9.0	- 45.9	- 83.5%	- 82.7%

– North America (See P. 14-16 for details)

➡ Profits decreased mainly due to the impacts of COVID-19 (-¥30.0bn) and a drop in net investment income (-¥3.9bn) anticipated from the beginning of the year, although net incurred losses related to natural catastrophes decreased

– Europe, Middle East & Africa

➡ Although FX gains/losses improved in Europe, profits decreased due to the impacts of COVID-19 (-¥3.3bn)

– South & Central America

➡ Profits shrank mainly due to the higher loss ratio recorded in Brazil which posted strong profits in the same quarter of the previous year

– Asia & Oceania

➡ Profits grew due to factors such as the improved profitability in auto insurance in Thailand

– Life^{*6}

➡ Profits decreased mainly due to the economic environment fluctuation caused by COVID-19 (-¥7.3bn)

– Pure

➡ Profits grew thanks to the new consolidation (recorded the applicable portion of the period)

*1: The difference with the impacts of COVID-19 on adjusted net income (-¥33.6bn) is attributable to the different methods of profit calculation in life segment (business unit profits: based on an increase in EV; adjusted net income: based on financial accounting).

*2: North American figures include European and Reinsurance businesses of TMHCC, but do not include North American business of TMK.

*3: Figures of "Europe, Middle East & Africa" include North American business of TMK, but do not include European and Reinsurance businesses of TMHCC.

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

*5: Excluding the FX impact for conversion to the Japanese yen.

*6: Includes the impact of changes to the valuation method of liabilities for the purpose of managerial accounting in the Singaporean life business (-¥2.5bn).

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

■ Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 1Q Results	FY2020 1Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- Mar. 2019 JPY 110.9	As of end- Mar. 2020 JPY 108.8			
Net premiums written	87.2	82.4	-4.8	-5.5%	-3.7%
Net premium earned	93.6	90.4	-3.1	-3.4%	-1.4%
Net incurred losses	62.9	58.2	-4.6	-7.5%	-5.6%
Nat-Cat losses	5.3	1.2	-4.0	-77.1%	-76.6%
Commissions / Other Underwriting expenses	29.1	27.8	-1.2	-4.4%	-2.5%
Underwriting profit	1.5	4.4	2.8	180.0%	185.6%
Net investment income / loss	10.0	3.9	-6.0	-60.8%	-60.0%
Business unit profits	10.3	7.2	-3.1	-30.2%	-28.8%
Loss ratio ^{*1}	67.2%	64.3%	-2.9pt	-	-
Expense ratio ^{*1}	31.1%	30.8%	-0.3pt	-	-
Combined ratio ^{*1}	98.3%	95.1%	-3.2pt	-	-

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 1Q Results	FY2020 1Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- Mar. 2019	As of end- Mar. 2020			
	JPY 110.9	JPY 108.8			
Net premiums written	76.0	80.9	4.9	6.5%	8.6%
Net premium earned	66.5	71.6	5.1	7.7%	9.9%
Net incurred losses	47.7	50.0	2.3	4.9%	7.0%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	17.7	19.9	2.2	12.7%	14.9%
Underwriting profit	1.0	1.5	0.5	52.9%	55.9%
Net investment income / loss	43.7	-2.2	-45.9	-105.1%	-105.2%
Business unit profits	21.2	-3.2	-24.4	-115.1%	-115.4%
Loss ratio ^{*1}	71.8%	69.9%	-1.9pt	-	-
Expense ratio ^{*1}	26.7%	27.9%	1.2pt	-	-
Combined ratio ^{*1}	98.4%	97.8%	-0.7pt	-	-

<-¥45.9bn YoY decrease in net investment income>

Net investment income in the table on the left includes hedging gains/losses for stock price options. Excluding the impact, the YoY change in net investment income is -¥30.8bn.

Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2019 1Q Results	FY2020 1Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- Mar. 2019	As of end- Mar. 2020			
	JPY 110.9	JPY 108.8			
Non-life	40.6	45.8	5.2	12.9%	15.1%
Life	35.4	35.0	-0.3	-0.9%	1.1%
Total	76.0	80.9	4.9	6.5%	8.6%

Loss Ratio by Segment

	FY2019 1Q Results	FY2020 1Q Results	Change
Non-life ^{*1}	69.7%	72.4%	2.6pt
Life ^{*1}	73.6%	67.3%	-6.3pt
Total ^{*1}	71.8%	69.9%	-1.9pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 1Q Results	FY2020 1Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- Mar. 2019	As of end- Mar. 2020			
	JPY 110.9	JPY 108.8			
Net premiums written	101.0	110.7	9.7	9.6%	11.8%
Net premium earned	83.2	94.0	10.8	13.0%	15.3%
Net incurred losses	53.8	62.5	8.6	16.1%	18.4%
Nat-Cat losses	0.5	0.2	-0.2	-41.8%	-40.6%
Commissions / Other Underwriting expenses	19.7	21.8	2.0	10.3%	12.5%
Underwriting profit	6.2	6.7	0.5	8.9%	11.1%
Net investment income / loss	7.3	4.1	-3.2	-43.8%	-42.7%
Business unit profits	10.9	8.7	-2.2	-20.3%	-18.7%
Loss ratio ^{*1}	64.7%	66.5%	1.8pt	-	-
Expense ratio ^{*1}	23.8%	23.2%	-0.6pt	-	-
Combined ratio ^{*1}	88.5%	89.7%	1.2pt	-	-

<Expense ratio and combined ratio>

The calculation method of expense ratio for the purpose of managerial accounting was changed effective 1Q FY2020. Accordingly, the expense ratio and combined ratio for FY2019 were recalculated using the new calculation method. This has not changed the bottom-line result.

Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2019 1Q Results	FY2020 1Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- Mar. 2019	As of end- Mar. 2020			
	JPY 110.9	JPY 108.8			
Non-life : North America	33.3	34.1	0.8	2.5%	4.5%
A&H	35.2	40.4	5.1	14.7%	17.0%
International	32.4	36.1	3.6	11.4%	13.6%
Total	101.0	110.7	9.7	9.6%	11.8%

Loss Ratio by Segment

	FY2019 1Q Results	FY2020 1Q Results	Change
Non-life : North America ^{*1}	59.7%	65.9%	6.2pt
A&H ^{*1}	78.8%	78.9%	0.1pt
International ^{*1}	47.6%	46.9%	-0.7pt
Total ^{*1}	64.7%	66.5%	1.8pt

*1: Denominator used is net premiums earned

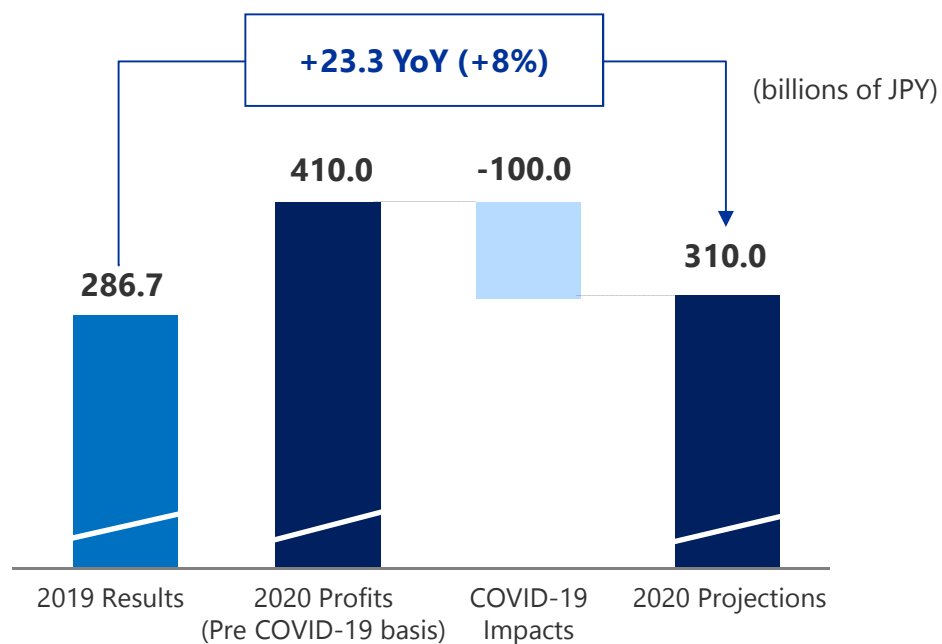
*2: Excluding FX effects due to yen conversion



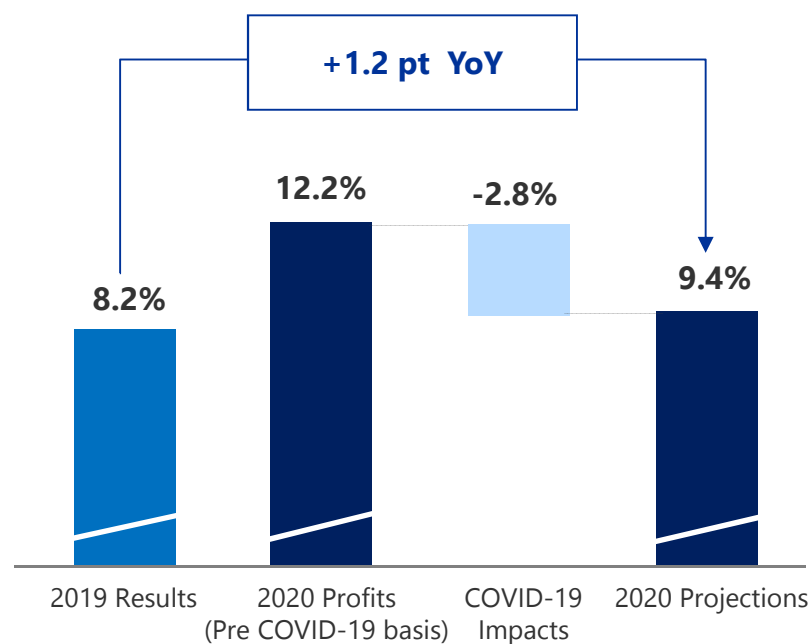
FY2020 Projections

Adjusted net income for FY2020 is expected to grow +8% YoY to ¥310.0bn, subtracting the COVID-19 impacts of -¥100.0bn from the pre COVID-19 basis profits of ¥410.0bn.

■ Adjusted net income



■ Adjusted ROE



<Consolidated net income>

259.7	290.0	-115.0	175.0
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See P. 27-28 for 2020 profits (pre COVID-19 basis) published in May.

Impacts of COVID-19



Expected negative impact of ¥100.0bn from COVID-19 mainly in the areas of international underwriting and investment.

		Impacts on adjusted net income (estimate)	Supplemental explanations
Underwriting	Domestic Non-Life	+¥5.0bn (+¥14.5bn in Apr.-Jun.)	<p>Underwriting (Japan)</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 traffic accidents will decrease due to the reduced traffic volume. (Decrease in net incurred loss is partially offset by the increase in provisions for underwriting result for the first year from improved profitability) 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: NPW will shrink for products whose premiums are proportional to sales <p>Underwriting (Overseas)</p> <ul style="list-style-type: none"> Event Cancellation: Expect certain payments for medium and large-size events BI: Expect payments for contracts that explicitly cover communicable diseases Other: Expect payments for Credit/Surety, etc. <p>Decrease in underwriting profit from decrease in premiums Uncertainties concerning Non-Damage BI (conservative estimate)</p>
	Overseas	-¥57.0bn (-¥43.3bn*1 in Jan.-Jun.) <small>*1: Net incurred loss for key entities in Europe and the U.S.</small>	
Investment	Domestic Non-Life	-¥6.0bn (-¥4.5bn in Apr.-Jun.)	<p>Investment (Japan/Overseas)</p> <p>[Income: -¥15.0bn impact. Japan: -¥3.0bn, overseas: -¥12.0bn]</p> <ul style="list-style-type: none"> Interest and Dividend Income: Considering the status as of end of June, certain decrease is expected for business-related equities and foreign bonds, etc. <p>[Capital: -¥33.0bn impact. Japan: -¥3.0bn, overseas: -¥30.0bn]</p> <ul style="list-style-type: none"> Losses on sales or valuation of stocks, etc.*2: Certain losses expected mainly for North America Impairment: Default losses expected for credit risk assets mainly for overseas <p>*2: Valuation loss of -¥8.0bn (Market price fluctuation is recognized in PL as valuation loss under US GAAP)</p>
	Overseas	-¥42.0bn (-¥32.4bn in Jan.-Jun.)	

-¥35.0bn, in line with -¥30.0bn to -¥40.0bn indicated in May

(billions of JPY)

	Indication in May	This time
DNL	+5.0	+5.0
Overseas	-35.0-45.0	-40.0
Total	-30.0-40.0	-35.0

Estimate additional losses of -¥17.0bn

Business Unit Profits



In FY2020, business unit profits are projected to increase in Domestic Non-life due to a decrease in natural catastrophes and in Domestic Life due to the improved market environment but are expected to decrease in International Insurance due to the impacts of COVID-19.

	2020 Projections (This Time)	(Reference) 2019 Results
Domestic Non-life	¥135.0bn	¥25.9bn
Domestic Life*1	¥164.0bn	-¥70.3bn
International*2	¥67.0bn	¥179.5bn

*1: Increase in MCEV *2: Increase in EV for life insurance



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

Reconciliation of Adjusted Net Income (1Q FY2020 Results)



Adjusted net income for 1Q FY2020 was ¥141.0bn, down ¥6.6bn YoY.

Reconciliation*1

(billions of JPY)

Note: Factors positive to profits are showed with a "plus" sign

	2019 1Q Results	2020 1Q Results	YoY Change
Net income attributable to owners of the parent (consolidated)	112.7	99.2	-13.4
Provision for catastrophe loss reserves ^{*2}	+15.7	+15.8	0.1
Provision for contingency reserves ^{*2}	+0.3	+0.2	-0.1
Provision for price fluctuation reserves ^{*2}	+1.4	+1.7	0.3
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	-1.3	+0.4	1.7
Gains or losses on sales or valuation of fixed assets and business investment equities	+0.1	+0.7	0.5
Amortization of goodwill and other intangible fixed assets	+18.6	+22.4	3.7
Other extraordinary gains/losses, valuation allowances, etc.	+0.0	+0.3	0.3
Adjusted Net Income	147.6	141.0	-6.6

Gains or losses on sales or valuation of ALM bonds and interest rate swaps:

- ➔ Reversal effect of deducting gains on sales of domestic bonds in the previous year for the purpose of position adjustments (increases reconciling amount)

Amortization of goodwill and other intangible fixed assets:

- ➔ Increase in the amount of amortization of goodwill and other intangible fixed assets following the acquisition of Pure (increases reconciling amount)

*1 Each adjustment is on an after-tax basis

*2 Reversals are subtracted

*3 ALM: Asset Liability management
Excluded as counter balance items against market value fluctuations of liabilities under ALM

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

(billions of JPY)

	2019 1Q Result	2020 1Q Result	YoY Change ("+" means negative for profits, while "-" means positive for profits)	FY2020 Original Full-year Projections
Before tax				
Domestic Non-life	0.0	2.9	+2.8	58.0
International	5.9	2.2	-3.7	49.0
Total	5.9	5.1	-0.8	107.0
After tax*				
Domestic Non-life	0.0	2.0	+2.0	41.8
International	4.6	1.7	-2.9	38.0
Total	4.7	3.8	-0.8	79.8

* After-tax figures are approximate calculations.

Domestic Non-Life: NF Results

Underwriting profit increased by ¥2.9bn YoY to ¥4.6bn mainly due to a reduction in net incurred losses. Net investment income and other rose by ¥0.4bn YoY to ¥0.6bn mainly due to an increase in gains on sales of securities.

As a result of the above, net income grew by ¥2.4bn YoY to ¥3.3bn.

(billions of JPY)

	FY2019 1Q Results	FY2020 1Q Results	COVID-19 Impacts	YoY Change
Underwriting profit/loss	1.6	4.6	0.4	2.9
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	2.9	5.4		2.4
Net premiums written (Private insurance)	33.6	33.3		- 0.3
Net premiums earned (Private insurance)	31.9	32.8		0.8
Net incurred losses (Private insurance)*	- 18.1	- 16.1		2.0
Natural catastrophe losses	- 0.0	-		0.0
Other than above	- 18.1	- 16.1		2.0
Business expenses (Private insurance)	- 11.3	- 11.4		- 0.1
Provision/Reversal of catastrophe loss reserves	- 1.3	- 0.8		0.4
Fire	- 0.3	0.0		0.3
Auto	- 0.7	- 0.7		- 0.0
Net investment income (loss) and other	0.1	0.6	0.0	0.4
Net investment income/loss	0.3	0.7		0.3
Interest and dividends	0.8	0.7		- 0.0
Gains/Losses on sales of securities	0.0	0.5		0.4
Gains/Losses on derivatives	- 0.2	- 0.1		0.0
Ordinary profit/loss	1.1	4.7		3.5
Extraordinary gains/losses	0.0	- 0.0		- 0.0
Net income/loss	0.8	3.3	0.2	2.4
Loss ratio (Private insurance, E/I basis)*	56.9%	49.6%		- 7.3pt
Expense ratio (Private insurance)	33.7%	34.4%		0.8pt
E/I Combined ratio (Private insurance)*	90.6%	84.1%		- 6.5pt

* 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
 - ¥2.9bn increase YoY to ¥4.6bn mainly due to the following factors
 - Net premiums written (Private insurance):
 - ↘ Decrease in new contracts and increase in premiums ceded in fire
 - Net incurred losses (Private insurance):
 - ↗ Decrease in traffic accidents due to COVID-19 related stay at home policies
 - Catastrophe loss reserves:
 - ↗ Takedown due to a rise in the W/P loss ratio in fire
- Net Investment Income and Other
 - ↗ ¥0.4bn increase YoY to ¥0.6bn mainly due to an increase in gains on sales of securities caused by an increase in the sales amount of business-related equities
- Net Income
 - ↗ ¥2.4bn increase YoY to ¥3.3bn due to the above factors, etc.

FY2020 Profits (Pre COVID-19 Basis) ①

Repost of conference call presentation on May 20

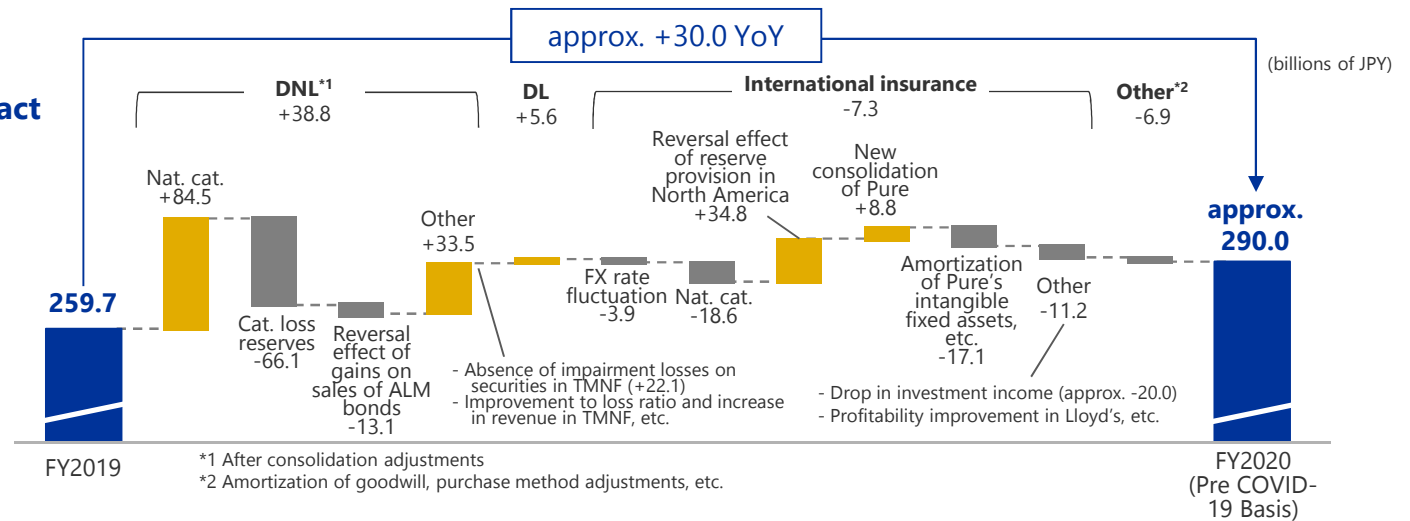


Given the difficulty in making a reasonable estimate of the impact of COVID-19, FY2020 profits are not available at present. We will promptly disclose them when it becomes possible to make a reasonable calculation.

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

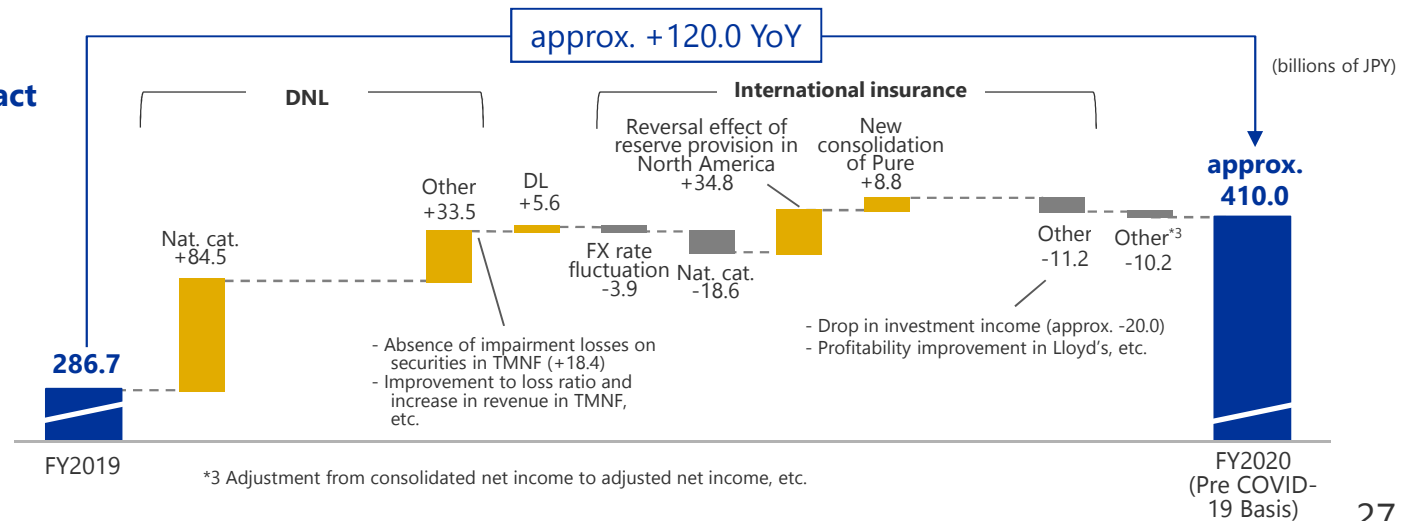
Consolidated net income (Without factoring in the impact of COVID-19)

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)



(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 (Business Unit Profit)>			
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

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