



Tokio Marine Holdings

*To Be a **Good Company***

Overview of 3Q FY2020 Results

Tokio Marine Holdings, Inc.
February 10, 2021



3Q 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

3Q FY2020 Results

<Reference>

	Applied FX Rate (USD/JPY)	
	FY2019	FY2020
Domestic Non-Life and Life Business (end of Dec.)	JPY109.56 (+JPY1.43 from Mar. 31, 2019)	JPY103.50 (+JPY5.33 from Mar. 31, 2020)
International Insurance Business (end of Sep.)	JPY107.92 (+JPY3.08 from Dec. 31, 2018)	JPY105.80 (+JPY3.76 from Dec. 31, 2019)

Highlight 1: Top-Line

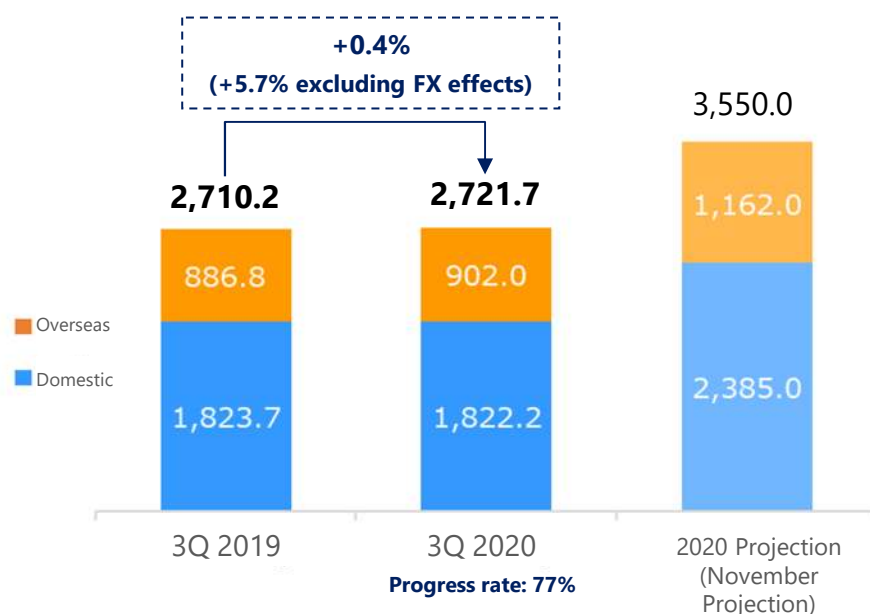
Consolidated	Domestic Life
Domestic Non-Life	International



Net premiums written increased 5.7% YoY (excluding FX effects) due to growth measures and rate increase in overseas despite a decline in domestic business due to the impacts of COVID-19 and rate cuts in CALI. Overall trends are favorable (in line with FY2020 Projection, with FX factored in).

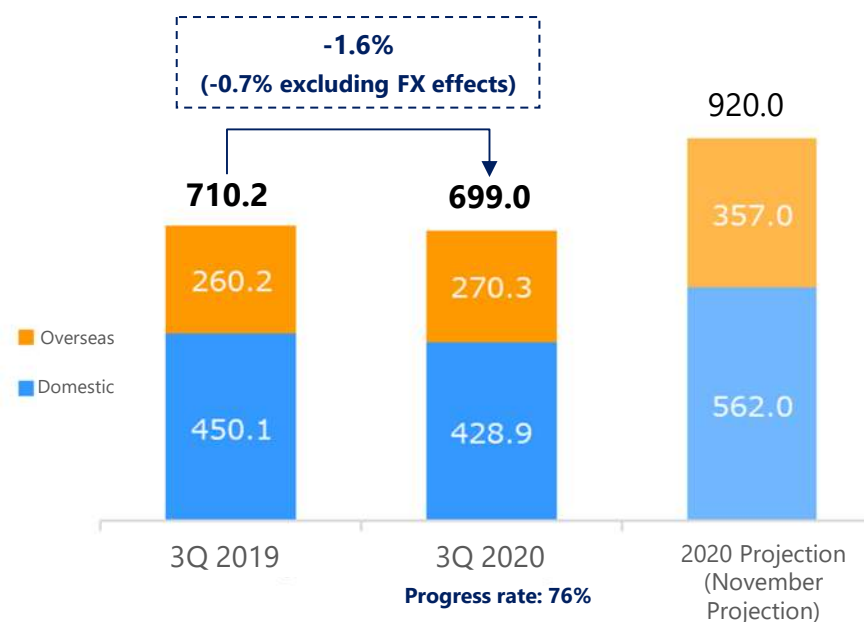
Life insurance premiums fell 0.7% YoY(excluding FX effects) due to factors such as increased surrender in corporate insurance in Japan, despite overseas growth due to rate increase in TMHCC (in line with FY2020 Projection, with FX factored in).

Net Premiums Written* (billions of JPY)



- Domestically, the decline in premiums primarily due to COVID-19 and CALI rate cuts was offset by the effects of rate revision in auto and fire insurance and higher premiums from expanded specialty insurance, and remained largely flat overall (-0.1%).
- Overseas, the decline in premiums due to COVID-19, appreciation of the yen and profitability-focused underwriting was offset with growth measures in each business and rate increase, resulting in an increase of 6.2% on a local currency basis (+1.7% when FX is factored in).

Life insurance premiums* (billions of JPY)



- Domestically, life insurance premiums fell 4.7% due to a decline in in-force policies from increased surrender in corporate insurance, despite countering the self-imposed suspension of face-to-face sales activities during COVID-19 with new medical insurance products.
- Overseas, life insurance premiums rose 6.4% on a local currency basis (+3.9% when FX is factored in) due to rate increase for TMHCC medical stop-loss and expanded underwriting, despite appreciating yen.

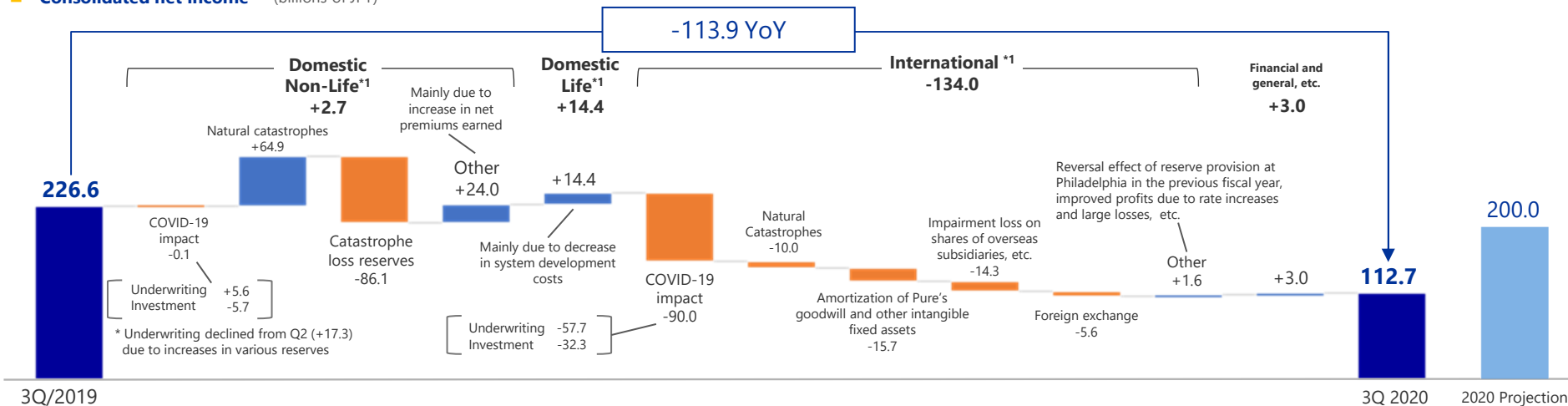
Highlight 2: Bottom-Line

Consolidated	Domestic Life
Domestic Non-Life	International

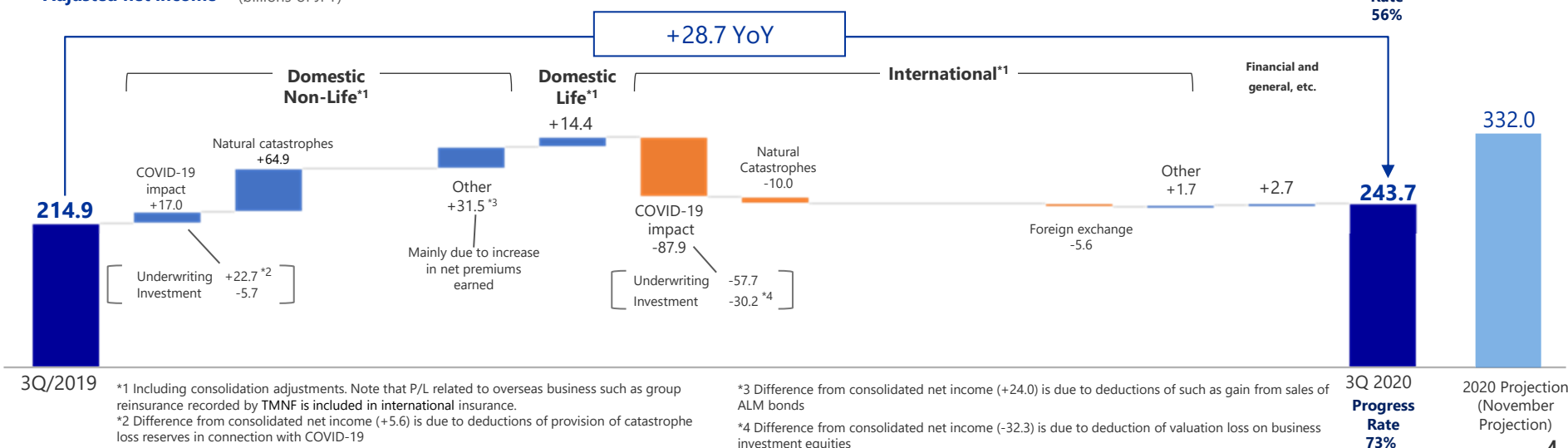


Consolidated net income was JPY112.7 billion, down JPY113.9 billion YoY primarily due to the impacts of COVID-19 and an increase in catastrophe loss reserves (due to technical factors the bottom-line is progressing slightly below FY2020 Projection). Adjusted net income deducting catastrophe loss reserves, etc. grew JPY28.7 billion YoY to JPY243.7 billion (in line with FY2020 Projection).

Consolidated net income (billions of JPY)



Adjusted net income (billions of JPY)



Impacts of COVID-19

The impacts from COVID-19 is –JPY69.4 billion, 91% of FY2020 Projection of –JPY76.0 billion.
Not expected to deviate significantly from FY2020 Projection despite up and down on each item.

■ Impacts on Adjusted Net Income (billions of JPY, projection is estimates)

		FY2020 Projection (November Projection)	FY2020 9M Results (of which the last 3 months)	Key Details
Domestic Non-Life	Underwriting	+24.0	+22.7 (+0.2)	<ul style="list-style-type: none"> Fall in net incurred losses in auto and P.A. insurance Increased provision of underwriting result for the first year in auto insurance
	Investment	-4.0	-5.7 (-1.4)	<ul style="list-style-type: none"> Lower dividends income Impairment losses in stock holdings
International	Underwriting	-65.0	-57.7 (-5.0)	<ul style="list-style-type: none"> Net incurred losses from Event Cancellation, BI and trade credit insurance
	Investment	-34.0	-30.2 (+2.5)	<ul style="list-style-type: none"> Decrease in income gains due to lower interest rates, etc. Losses on valuation and sale of stocks, default losses on credit risk assets
Domestic Life		+3.0	+1.5 (+1.1)	<ul style="list-style-type: none"> Decrease in hedge costs due to the contraction in interest rates differentials between Japan and overseas
Total		-76.0	-69.4 (-2.6)	

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

Natural Catastrophes

Net incurred losses (after tax) relating to natural catastrophes are a JPY57.3 billion YoY decrease to JPY75.8 billion (80% of FY2020 Projection of JPY95.3 billion).

Not expected to fluctuate significantly from FY2020 Projection.

■ **Net incurred losses relating to natural catastrophes (business unit profit basis, billions of JPY)**

	FY2019 9M Results	FY2020 9M Results (of which the last three months)	YoY Change*1	FY2020 Projection (November Projection)
Before tax				
Domestic Non-Life	165.9	75.7(3.2)	-90.1	86.5
International	17.1	26.7(18.0)	+9.5	42.0
Total	183.0	102.4(21.3)	-80.6	128.5
After tax*2				
Domestic Non-Life	119.6	54.6(2.3)	-64.9	62.3
International	13.6	21.2(14.4)	+7.6	33.0
Total	133.2	75.8(16.7)	-57.3	95.3

■ **Major natural catastrophes in Japan up to 3Q *Natural catastrophes larger than a certain size listed**

	Gross incurred losses*3
Typhoon Haishen	JPY33.7 billion
Heavy rains in July	JPY33.3 billion

*1 "+" means a negative for profits, while "-" means a positive for profits

*2 After-tax figures are estimates

*3 Before tax and total of Domestic Non-life

Domestic Non-Life 1: TMNF Results

Consolidated	Domestic Life
Domestic Non-Life	International



Underwriting profit decreased JPY40.0 billion YoY due to increases in various reserves, despite an increase in net premiums earned and a decrease in net incurred losses.

Net investment income and other declined JPY23.1 billion YoY, mainly due to a fall in dividends.

Net income fell JPY59.8 billion YoY to JPY96.5 billion (Progress is slightly below FY2020 projection due to an increase in catastrophe loss reserves and provision of underwriting results for the first year by the impact of COVID-19, and the increase in net incurred losses in overseas ,etc.)

	FY2019 9M Results	FY2020 9M Results	COVID-19 Impacts	YoY Change	FY2020 projection (November projection)	COVID-19 Impacts
Underwriting profit/loss	36.2	- 3.8	- 25.4	- 40.0	74.0	- 22.5
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	- 52.2	44.1		96.3	101.3	
Net premiums written (Private insurance)	1,476.2	1,504.8		28.5	1,968.5	
Net premiums earned (Private insurance)*1	1,440.5	1,484.9		44.4	1,958.3	
Net incurred losses (Private insurance)*2	- 1,005.1	- 910.0		95.1	- 1,185.6	
Natural catastrophe losses	- 153.1	- 73.6		79.5	- 80.0	
Provision/Reversal of foreign currency denominated outstanding claims reserves	1.3	5.2		3.9	2.9	
Other than above	- 853.2	- 841.6		11.6	- 1,108.6	
Business expenses (Private insurance)	- 468.4	- 466.8		1.6	- 636.8	
Provision/Reversal of catastrophe loss reserves	88.4	- 47.9		- 136.3	- 27.3	
Auto	23.1	- 26.5		- 49.6	- 4.8	
Fire	79.1	- 11.0		- 90.1	- 11.2	
Provision/Reversal of nat-cat underwriting reserves	-	- 8.9		- 8.9	- 8.5	
Provision/Reversal of underwriting result for the first year*3	- 16.8	- 53.1		- 36.3	- 28.1	
Net investment income (loss) and other	157.8	134.6	- 9.3	- 23.1	144.9	- 4.8
Ordinary profit/loss	197.0	134.3		- 62.6	222.0	
Extraordinary gains/losses	- 9.6	- 15.9		- 6.2	- 18.8	
Net income/loss	156.3	96.5	- 26.1	- 59.8	155.0	- 20.7

*1 Excluding provision for nat-cat underwriting reserves

*2 Including loss adjustment expenses

*3 Provision for the general underwriting reserves excluding provision for unearned premiums

(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

Progress rate: 62%

Underwriting Profit:

Declined JPY40.0 billion YoY to -JPY3.8 billion, mainly due to the following factors:

- Net premiums written (Private insurance) (see P.8 for details):
 - Increase in auto and fire insurance due to effects of rate revision
- Net incurred losses (Private insurance) (see P.9 for details):
 - Decrease in natural catastrophes
 - Decrease in auto and P.A. accident frequency due to COVID-19
 - Increase in net incurred losses in overseas due to COVID-19

Catastrophe loss reserves:

Decrease in takedown of reserves due to decline in natural catastrophes and lower accident frequency for auto, etc. due to COVID-19

Natural catastrophe underwriting reserves:

Increased reserves reflecting trend of rising loss ratio for fire

Provision of underwriting result for the first year:

Increase due to a drop in net incurred losses in auto

* Underwriting result for the first year is the underwriting reserve posted by deferring profit for the year of the contract to the following fiscal year

Net Investment Income and Other (see P.11 for details):

Decreased JPY23.1 billion YoY to JPY134.6 billion, mainly due to lower dividends from overseas subsidiaries and domestic stocks

Extraordinary Gains / Losses:

Decreased JPY6.2 billion YoY to JPY15.9 billion, mainly due to valuation losses of affiliate equities and a reaction to sales gains on affiliate equities in 3Q 2019

Net income:

Decline JPY59.8 billion YoY to JPY96.5 billion, mainly due to the above factors

Domestic Non-Life 2: TMNF Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



Net premiums written (private insurance) increased by JPY28.5 billion YoY to JPY1,504.8 billion, driven by an increase in auto and fire insurance due to rate revision despite a decrease in P.A. and marine due to COVID-19.

For all lines, NPW fell JPY2.0 billion YoY to JPY1,685 billion due to factors such as the impact of CALI rate reduction in April 2020 (but both NPWs are progressing in line with FY2020 projection)

(billions of JPY, except for %)

	FY2019 9M Results	FY2020 9M Results	YoY		FY2020 projection (November projection)
			Change	%	
Fire	242.6	259.1	16.5	6.8%	313.1
Marine	48.5	44.4	-4.0	-8.4%	61.9
P.A.	138.1	124.9	-13.1	-9.5%	164.8
Auto	804.6	825.5	20.9	2.6%	1,093.4
CALI	210.2	179.7	-30.5	-14.5%	235.7
Other	242.9	251.1	8.1	3.4%	335.8
Total	1,687.1	1,685.0	-2.0	-0.1%	2,205.0
o/w Private insurance Total	1,476.2	1,504.8	28.5	1.9%	1,968.5

- Fire:
 - ➡ Increased due to rate revision in October 2019
 - ➡ Increased new policies due to demand for natural catastrophes
 - ➡ Increase in premium ceded
- Marine:
 - ➡ Decrease due to reduced movement of goods due to COVID-19
- P.A.:
 - ➡ Decrease in travel insurance due to COVID-19
- Auto.:
 - ➡ Increased due to effects of rate revision in January 2020, etc.
 - ➡ Number of vehicles insured increased from steady sales measures despite a fall in new vehicle sales due to COVID-19
- CALI:
 - ➡ Fell due to rate reduction in April 2020
 - ➡ Decrease in new vehicle sales due to COVID-19
- Other:
 - ➡ Increase due to large contracts in inland marine insurance, etc.
 - ➡ Rate increase in general liability and aviation insurance (reinsurance from overseas)
 - ➡ Decrease due to event cancellation insurance, etc. due to COVID-19

Domestic Non-Life 3: TMNF Net Incurred Loss

Consolidated	Domestic Life
Domestic Non-Life	International



Net incurred losses fell JPY95.1 billion YoY to JPY910 billion, primarily due to a decline in natural catastrophes (- JPY79.5 billion) and COVID-19 (- JPY42.9 billion).

(billions of JPY, except for %)

	FY2019 9M Results	Nat-Cat losses	FY2020 9M Results	Nat-Cat losses	YoY		FY2020 projection (November projection)
					Change	%	
Fire	234.5	125.9	188.5	64.1	- 45.9	-19.6%	215.7
Marine	37.7	1.2	29.9	1.1	- 7.7	-20.6%	42.6
P.A.	71.8	-	62.7	-	- 9.1	-12.7%	80.1
Auto	506.5	14.7	447.8	5.1	- 58.7	-11.6%	636.6
Other	154.4	11.1	180.9	3.1	26.4	17.1%	210.4
Total	1,005.1	153.1	910.0	73.6	- 95.1	-9.5%	1,185.6

(Notes)

Including loss adjustment expenses in the above table

- Fire:
 - Decrease in natural catastrophes
 - Increase in overseas large losses, etc. (BI) due to impact of COVID-19, etc.
- Marine:
 - Decrease in small size losses both for hull and cargo
- P.A.:
 - Lower accident frequency due to COVID-19-related stay at home policies
- Auto:
 - Lower accident frequency due to COVID-19-related stay at home policies
- Other:
 - Increase in net incurred losses in overseas trade credit insurance due to COVID-19 impacts

Domestic Non-Life 4: TMNF Combined Ratio

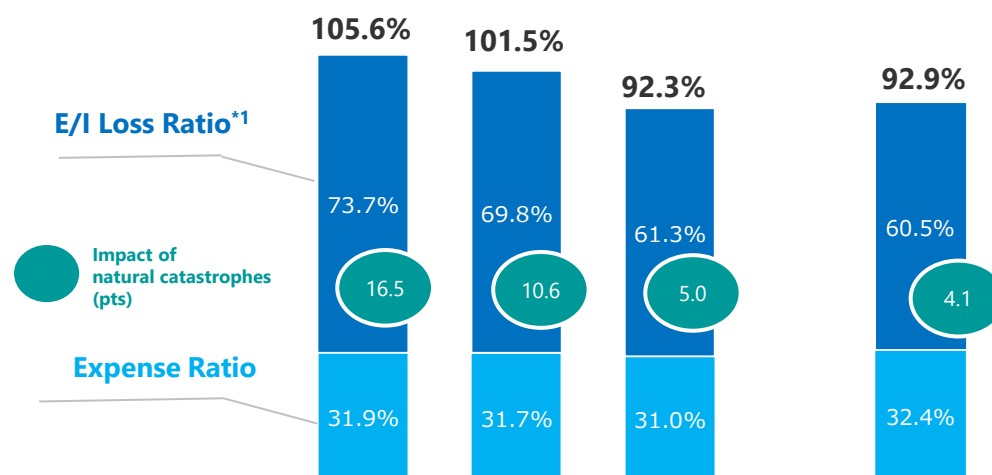
Consolidated	Domestic Life
Domestic Non-Life	International



E/I loss ratio fell 8.5 pts YoY to 61.3%, due to a decline in natural catastrophes and the effect of stay at home policies due to COVID-19, etc.

Expense ratio declined 0.7 pts YoY to 31.0% due to a falling corporate expense ratio despite a rise in agency commission ratio. Due to the above factors, combined ratio fell 9.2 pts YoY to 92.3%.

Combined Ratio(Private insurance : E/I basis)



- E/I Basis Loss Ratio:
 - ➔ Improved for all lines excluding Other due to a decline in natural catastrophes and a lower accident frequency due to stay at home policies related to COVID-19, etc.
 - ➔ Rose 7.0 pts in Other due to an increase in net incurred losses in overseas trade credit insurance in connection with COVID-19
- Expense Ratio:
 - ➔ Corporate expense ratio fell 1.1pts due to a fall in non-personnel expenses
 - ➔ Agency commission ratio rose 0.4pts due to the effect of the consumption tax hike, etc.
- Combined Ratio:
 - Due to the above factors, combined ratio improved 9.2 pts YoY to 92.3%

	FY2018 9M Results	FY2019 9M Results	FY2020 9M Results	YoY Change	FY2020 projection (November projection)
Net premiums written	1,419.5	1,476.2	1,504.8	28.5	1,968.5
Net premiums earned*2	1,414.5	1,440.5	1,484.9	44.4	1,958.3
Net incurred losses*1	1,042.6	1,005.1	910.0	- 95.1	1,185.6
Business expenses	452.6	468.4	466.8	- 1.6	636.8
Corporate expenses	167.2	168.8	155.2	- 13.6	227.1
Agency commissions	285.4	299.5	311.5	11.9	409.7

*1 Including loss adjustment expenses

*2 Excluding provision for nat-cat underwriting reserves

E/I Loss Ratio*1

	FY2019 9M Results	FY2020 9M Results	YoY Change	FY2020 projection (November projection)
Fire	109.2%	80.7%	- 28.4pt	69.8%
Marine	78.2%	61.9%	- 16.3pt	68.2%
P.A.	54.9%	50.9%	- 4.0pt	47.8%
Auto	63.2%	54.5%	- 8.7pt	58.3%
Other	63.0%	70.0%	7.0pt	64.4%
Private insurance Total	69.8%	61.3%	- 8.5pt	60.5%

Domestic Non-Life 5: TMNF Asset Management Results

Consolidated	Domestic Life
Domestic Non-Life	International



Net investment income and other decreased by JPY23.1 billion YoY to JPY134.6 billion, mainly due to a decline in dividends income from overseas subsidiaries and domestic stocks.

(billions of JPY)

	FY2019 9M Results	FY2020 9M Results	COVID-19 Impacts	YoY Change	FY2020 projection (November projection)	COVID-19 Impacts
Net investment income and other	157.8	134.6	- 9.3	- 23.1	144.9	- 4.8
Net investment income	187.9	159.7	- 9.3	- 28.2	179.1	- 4.8
Net interest and dividends income	130.3	101.0	- 9.2	- 29.2	110.7	- 12.2
Interest and dividends	159.7	128.1		- 31.6	145.5	
Dividends from domestic stocks	62.5	52.3		- 10.1	53.8	
Dividends from foreign stocks	57.4	38.3		- 19.0	39.2	
Income from domestic bonds	15.4	13.3		- 2.0	16.9	
Income from foreign bonds	3.5	1.9		- 1.5	3.3	
Income from other domestic securities*1	2.0	0.3		- 1.6	- 0.3	
Income from other foreign securities*2	10.1	12.9		2.8	20.8	
Transfer of investment income on deposit premiums	- 29.3	- 27.0		2.3	- 34.7	
Net capital gains	57.5	58.6	- 0.0	1.0	68.3	7.3
Gains/Losses on sales of securities	74.6	71.7		- 2.8	77.4	
Impairment losses on securities	- 1.4	- 6.3		- 4.9	- 2.9	
Impairment losses on domestic stocks	- 1.1	- 1.8		- 0.6	- 1.1	
Impairment losses on foreign securities	- 0.3	- 4.5		- 4.2	- 1.7	
Gains/Losses on derivatives	- 16.7	- 8.0		8.6	- 7.2	
Foreign exchange gains/losses	0.8	0.7		- 0.0	0.1	
Other investment income and expenses	0.4	0.2		- 0.1	0.5	
Others	- 0.0	0.3		0.4	0.3	
Other ordinary income and expenses	- 30.0	- 25.0		5.0	- 34.1	

*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 interest and dividends income:
 - ➡ Fall in dividends income from overseas subsidiaries
 - ➡ Fall in dividends income from domestic stocks
- Net capital gains:
 - ➡ Decrease in losses on derivatives due to lower hedging cost
 - ➡ Increase in impairment losses on securities due to impairment losses on foreign stocks

JPY71.0 billion capital gains from sales of business-related equities, JPY4.0 billion increase YoY
(Sales of business-related equities was JPY91.0 billion)

Domestic Life: TMNL Results

Consolidated	Domestic Life
Domestic Non-Life	International



ANP on new policies rose 6.6% YoY as strong sales of new medical insurance and installment variable annuities offset the impact of self-constraint on face-to-face sales due to COVID-19 (progress is in line with FY2020 projection). Net income increased JPY13.9 billion YoY to JPY31.9 billion in a rebound from increased system development costs in 3Q FY2019 and lower FX hedging costs, etc. (progress is in line with FY2020 projection, considering the dividends from assets managed by Delphi to be recorded in the 4Q results).

(billions of JPY)

	FY2019 9M Results	FY2020 9M Results	YoY		FY2020 projection (November projection)
			Change	%	
New policies ANP	28.1	30.0	1.8	6.6%	38.0
In-force policies ANP	840.5	823.4	- 17.1	- 2.0%	804.0

Progress rate: 79%

– New Policies ANP

- Strong sales of new medical insurance targeting seniors and installment variable annuities
- Impact of self-constraint on face-to-face sales due to COVID-19

– In-force Policies ANP

- For corporate insurance, the increase in new policies fell short of the decrease due to surrenders, etc. (+2.2% YoY excluding corporate insurance)

(billions of JPY)

	FY2019 9M Results	FY2020 9M Results	COVID-19 Impacts	YoY Change	FY2020 projection (November projection)	COVID-19 Impacts
Ordinary income	723.1	730.2		7.0	950.0	
Insurance premiums and other	627.7	605.4		- 22.3	836.0	
Net income	17.9	31.9	1.5	13.9	47.0	3.0
Ordinary profit	20.9	42.2		21.2	60.0	
(-) Capital gains / losses	- 8.0	- 3.5		4.5	- 4.0	
(-) Non-recurring income / losses	- 0.5	- 0.9		- 0.3	0.0	
Core operating profit	29.5	46.6	0.0	17.1	65.0	2.0

Progress rate: 68%

– Net Income

- Drop in business expenses in rebound from the increased system development costs in 3Q FY2019
- Improved capital gains due to lower FX hedging costs, etc.

International 1: Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



Net premiums written remained mostly flat YoY on a local currency basis, as the decline associated with COVID-19 (- JPY55.0 billion) and bottom line-focused underwriting was offset with favorable rate increase, etc. (in line with FY2020 projection). In the core North America segment, NPW rose 6.5% YoY on a local currency basis excluding the impact of COVID-19, capturing the hardening market.

(billions of JPY, except for %)

	FY2019 9M Results	FY2020 9M Results	YoY		(Ref.) YoY % (Excluding FX effects ⁴)	FY2020 Projection (November projection)
Applied FX rate (USD/JPY)	As of end Sep. 2019 JPY 107.9	As of end Sep. 2020 JPY 105.8	Change	%		As of end Sep. 2020 JPY 105.8
North America ^{*1}	862.7	862.2	- 0.5	- 0.1%	1.9%	1,098.0
Philadelphia	282.0	264.8	- 17.2	- 6.1%	- 4.2%	340.0
Delphi	213.6	221.8	8.1	3.8%	5.9%	281.0
TMHCC	309.3	324.9	15.5	5.0%	7.1%	404.0
Europe & Middle East & Africa ^{*2}	136.4	121.6	- 14.8	- 10.9%	- 9.2%	166.0
South & Central America	98.0	73.6	- 24.4	- 24.9%	3.0%	98.0
Asia & Oceania	132.4	128.4	- 4.0	- 3.0%	- 0.7%	168.0
Total Non-Life^{*3}	1,238.5	1,186.0	- 52.5	- 4.2%	- 0.2%	1,530.0
Life	65.6	67.3	1.7	2.6%	5.7%	91.0
Total	1,304.2	1,253.4	- 50.8	- 3.9%	0.1%	1,621.0

Progress rate: 77%

- North America (see pages 15-17 for details)
 - Philadelphia: Although premiums were raised for the renewal book (+11.3% for July-Sept.), NPW fell due to COVID-19 impacts and bottom line-focused underwriting
 - Delphi: NPW rose thanks to expanded underwriting of the non-life business
 - TMHCC: Despite the impact of COVID-19, NPW rose mainly due to expanded underwriting of segments outside the U.S. and the rate increase in medical stop-loss
- Europe, Middle East & Africa
 - NPW declined mainly due to changes to managerial accounting rules applied to Hollard (- JPY12.8 billion)
- South & Central America
 - NPW increased on a local currency basis due to expanded underwriting of corporate lines
- Asia & Oceania
 - NPW fell mainly due to a declining in new vehicle sales associated with COVID-19 and the stronger yen
- Life
 - NPW increased thanks to favorable performance in Thailand and Singapore despite COVID-19 impacts and the stronger yen

*1: North American figures include European business 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 business of TMHCC.

*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. (All of the above notes also apply to page 14)

International 2: Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



Business unit profits declined by JPY79.4 billion YoY to JPY61.2 billion, mainly due to COVID-19 impacts (- JPY86.0 billion). Progress is in line with FY2020 projection. Of the JPY86.0 billion decline, - JPY54.0 billion^{*1} was related to underwriting (mainly event cancellation, business interruption and trade credit insurance), and - JPY32.0 billion was related to investment.

(billions of JPY, except for %)

	FY2019 9M Results	FY2020 9M Results	YoY		(Ref.) YoY % (Excluding FX effects)	FY2020 Projection (November projection)
Applied FX rate (USD/JPY)	As of end Sep. 2019	As of end Sep. 2020	Change	%		As of end Sep. 2020
	JPY 107.9	JPY 105.8				JPY 105.8
North America	114.1	69.1	- 45.0	- 39.4%	- 38.2%	92.0
Philadelphia	20.8	21.5	0.7	3.6%	5.7%	31.0
Delphi	55.7	27.6	- 28.0	- 50.4%	- 49.4%	38.0
TMHCC	35.6	16.6	- 19.0	- 53.4%	- 52.4%	21.0
Europe & Middle East & Africa	6.4	- 12.5	- 18.9	- 296.5%	- 293.1%	- 15.0
South & Central America	9.2	8.2	- 0.9	- 10.4%	23.8%	9.0
Asia & Oceania	13.0	9.0	- 4.0	- 30.7%	- 25.6%	4.0
Total Non-Life	144.8	66.9	- 77.9	- 53.8%	- 50.9%	82.0
Life	5.2	- 1.2	- 6.5	- 124.1%	- 122.8%	- 3.0
Pure	-	5.6	5.6	-	-	9.0
Total	140.6	61.2	- 79.4	- 56.5%	- 53.4%	75.0

Progress rate: 82%

- North America (see pages 15-17 for details)
 - Profits decreased due to COVID-19 and an increase in natural catastrophes, despite a reaction to the past reserve provision in 3Q FY2019 and improved profits due to rate increases, etc.^{*2}
- Europe, Middle East & Africa
 - Profits shrank mainly due to COVID-19 in Europe
- South & Central America
 - Profits rose on a local currency basis thanks to a decline in car accidents associated with COVID-19
- Asia & Oceania
 - Although there was a decline in car accidents associated with COVID-19, profits were down due to an increase in reserves for trade credit insurance
- Life
 - Profits shrank due to the reaction to the rise in stock prices in Singapore in 3Q FY2019, and the impact of a fluctuating economic environment in connection with COVID-19
- Pure
 - Profits increased thanks to the new consolidation (recorded for the applicable portion of the period)

^{*1} The difference with the impact of COVID-19 on underwriting on consolidated net income and adjusted net income (both are -JPY57.7 billion) on P.4 is attributable to the impact on TMNF's international insurance business such as Group reinsurance (which was reflected in the 3Q consolidated net income and adjusted net income, and will be reflected in the 4Q business unit profits.)

^{*2} Initiatives to improve profitability such as rate increase are progressing as planned in Philadelphia as well, despite the impact of COVID-19

Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 9M Results	FY2020 9M Results	YoY		(Ref.) YoY % (Excluding FX effects ^{*2})
			Change	%	
FX rates (USD/JPY)	As of end Sep. 2019 JPY 107.9	As of end Sep. 2020 JPY 105.8			
Net premiums written	282.0	264.8	- 17.2	- 6.1%	- 4.2%
Net premiums earned	274.3	259.2	- 15.1	- 5.5%	- 3.6%
Net incurred losses	196.5	176.2	- 20.3	- 10.3%	- 8.6%
Nat-Cat losses	9.5	13.4	3.8	40.2%	43.1%
Commissions / Other Underwriting expenses	84.7	78.8	- 5.8	- 6.9%	- 5.1%
Underwriting profit	- 6.9	4.1	11.0	-	-
Net investment income / loss	28.6	20.3	- 8.2	- 28.9%	- 27.4%
Business unit profits	20.8	21.5	0.7	3.6%	5.7%
Loss ratio ^{*1}	71.6%	68.0%	- 3.7pt	-	-
Expense ratio ^{*1}	30.9%	30.4%	- 0.5pt	-	-
Combined ratio ^{*1}	102.5%	98.4%	- 4.1pt	-	-

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

International 4: Delphi

Consolidated	Domestic Life
Domestic Non-Life	International



Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 9M Results	FY2020 9M Results	YoY		(Ref.) YoY % (Excluding FX effects ²)
	As of end Sep. 2019	As of end Sep. 2020	Change	%	
FX rates (USD/JPY)	JPY 107.9	JPY 105.8			
Net premiums written	213.6	221.8	8.1	3.8%	5.9%
Net premiums earned	197.3	209.6	12.3	6.3%	8.4%
Net incurred losses	141.2	150.1	8.8	6.3%	8.4%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	54.0	59.4	5.4	10.1%	12.3%
Underwriting profit	2.0	0.0	- 1.9	- 95.7%	- 95.6%
Net investment income / loss	118.9	77.9	- 41.0	- 34.5%	- 33.2%
Business unit profits	55.7	27.6	- 28.0	- 50.4%	- 49.4%
Loss ratio ^{*1}	71.6%	71.6%	0.0pt	-	-
Expense ratio ^{*1}	27.4%	28.4%	1.0pt	-	-
Combined ratio ^{*1}	99.0%	100.0%	1.0pt	-	-

<-JPY41.0 billion 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 -JPY35.3 billion.

Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2019 9M Results	FY2020 9M Results	YoY		(Ref.) YoY % (Excluding FX effects ²)
	As of end Sep. 2019	As of end Sep. 2020	Change	%	
FX rates (USD/JPY)	JPY 107.9	JPY 105.8			
Non-life	111.9	120.1	8.2	7.3%	9.5%
Life	101.7	101.6	- 0.0	- 0.0%	2.0%
Total	213.6	221.8	8.1	3.8%	5.9%

Loss Ratio by Segment^{*1}

	FY2019 9M Results	FY2020 9M Results	Change
Non-life	70.6%	74.8%	4.2pt
Life	72.5%	68.2%	- 4.4pt
Total	71.6%	71.6%	0.0pt

*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 9M Results	FY2020 9M Results	YoY		(Ref.) YoY % (Excluding FX effects ²)
	As of end Sep. 2019	As of end Sep. 2020	Change	%	
FX rates (USD/JPY)	JPY 107.9	JPY 105.8			
Net premiums written	309.3	324.9	15.5	5.0%	7.1%
Net premiums earned	277.1	295.2	18.0	6.5%	8.7%
Net incurred losses	183.8	214.3	30.5	16.6%	19.0%
Nat-Cat losses	1.0	1.7	0.6	65.4%	68.8%
Commissions / Other Underwriting expenses	60.1	63.8	3.7	6.3%	8.4%
Underwriting profit	22.4	4.4	- 17.9	- 79.9%	- 79.5%
Net investment income / loss	20.9	16.6	- 4.3	- 20.6%	- 19.0%
Business unit profits	35.6	16.6	- 19.0	- 53.4%	- 52.4%
Loss ratio ^{*1}	66.3%	72.6%	6.3pt	-	-
Expense ratio ^{*1}	21.7%	21.6%	- 0.1pt	-	-
Combined ratio ^{*1}	88.0%	94.3%	6.3pt	-	-

<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 9M Results	FY2020 9M Results	YoY		(Ref.) YoY % (Excluding FX effects ²)
	As of end Sep. 2019	As of end Sep. 2020	Change	%	
FX rates (USD/JPY)	JPY 107.9	JPY 105.8			
Non-life : North America	126.1	122.1	- 3.9	- 3.2%	- 1.2%
A&H	105.5	113.9	8.4	8.0%	10.1%
International	77.7	88.9	11.1	14.4%	16.6%
Total	309.3	324.9	15.5	5.0%	7.1%

Loss Ratio by Segment^{*1}

	FY2019 9M Results	FY2020 9M Results	Change
Non-life : North America	66.6%	82.6%	16.0pt
A&H	78.3%	79.0%	0.7pt
International	46.6%	49.2%	2.6pt
Total	66.3%	72.6%	6.3pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

Reference



Domestic Non-Life: NF Results

Underwriting profit was JPY5.0 billion, increasing JPY5.3 billion YoY, mainly due to an increase in net premiums earned and a decrease in net incurred losses.

Net investment income and other was JPY5.1 billion, rising JPY3.7 billion YoY, chiefly owing to an increase in gains on sales of securities. As a result of the above, net income grew JPY6.7 billion, up JPY6.3 billion YoY.

	FY2019 9M Results	FY2020 9M Results	COVID-19 Impacts	YoY Change	FY2020 projection (November projection)
Underwriting profit/loss	- 0.3	5.0	1.6	5.3	6.8
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	- 4.0	6.7		10.7	7.4
Net premiums written (Private insurance)	100.1	101.6		1.5	132.7
Net premiums earned (Private insurance)*1	97.3	99.9		2.6	132.6
Net incurred losses (Private insurance)*2	- 67.0	- 56.9		10.1	- 74.4
Natural catastrophe losses	- 12.1	- 4.9		7.1	- 6.5
Other than above	- 54.9	- 51.9		2.9	- 67.9
Business expenses (Private insurance)	- 34.1	- 33.6		0.5	- 45.0
Provision/Reversal of catastrophe loss reserves	3.6	- 1.7		- 5.3	- 0.6
Auto	- 1.9	- 2.1		- 0.1	- 2.8
Fire	6.0	0.7		- 5.2	2.6
Provision/Reversal for nat-cat underwriting reserves	-	0.0		0.0	0.0
Provision/Reversal of underwriting result for the first year*3	- 0.1	- 2.6		- 2.5	- 5.7
Net investment income (loss) and other	1.4	5.1	0.0	3.7	16.7
Net investment income/loss	1.7	5.3		3.6	17.0
Interest and dividends	3.0	2.8		- 0.2	4.0
Gains/Losses on sales of securities	0.6	4.1		3.5	14.9
Impairment losses on securities	- 0.0	- 0.2		- 0.2	-
Gains/Losses on derivatives	- 0.7	- 0.2		0.4	- 0.4
Ordinary profit/loss	0.4	9.6		9.2	22.9
Extraordinary gains/losses	- 0.0	- 0.5		- 0.5	- 0.6
Net income/loss	0.3	6.7	1.1	6.3	16.0

*1 Excluding provision for nat-cat underwriting reserves

*2 Including loss adjustment expenses

*3 Provision for the general underwriting reserves excluding provision for unearned premiums

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.

Progress rate 42%

Underwriting Profit

Increased JPY5.3 billion YoY to JPY5.0 billion, mainly due to the following factors

- Net premiums written (Private insurance):
 - ➡ Increase in auto insurance due to rate revision and higher rate of policies with riders
 - Net incurred losses (Private insurance):
 - ➡ Decrease in natural catastrophes
 - ➡ Lower traffic accidents frequency due to COVID-19 related stay at home policies
 - Catastrophe loss reserves:
 - ➡ Decrease in the takedown of the reserves due to smaller claims paid for natural catastrophes
 - Provision/Reversal of underwriting result for the first year:
 - ➡ Increase due to a drop in net incurred losses in auto
- * Underwriting result for the first year is the underwriting reserve posted by deferring profit for the year of the contract to the following fiscal year.

Net Investment Income and Other

- ➡ Increased JPY3.7 billion YoY, to JPY5.1 billion, chiefly owing to an increase in gains on sales of business-related equities

Net Income

- ➡ Rose JPY6.3 billion YoY to JPY6.7 billion due to the above factors, etc.

Definition of KPIs 1

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 KPIs 2

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

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

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

$$\text{Adjusted ROE} = \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets (average balance basis)}}$$

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

*5 For some of the life insurance companies, Business Unit Profit is calculated 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.

Definition of Business Unit Profits

Non-life insurance business

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} = & \text{Net income} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} - \text{Gains or losses on sales or valuation of ALM}^{*4} \text{ bonds and interest rate swaps} \\
 & - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} - \text{Other extraordinary gains / losses, valuation allowances, etc.}
 \end{aligned}$$

Life insurance business^{*5}

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

Other businesses

Net income determined in accordance with financial accounting principles

Reconciliation of Adjusted Net Income : 3Q FY2020 Results

Adjusted Net Income for 3Q FY2020 rose JPY28.7 billion YoY, to JPY243.7 billion

● Reconciliation*1

Note: Factors positive to profit are shown with a plus sign

(billions of JPY)

	FY2019 9M Results	FY2020 9M Results	YoY Change	FY2020 projection (November projection)
Net income attributable to owners of the parent (consolidated)	226.6	112.7	-113.9	200.0
Provision for catastrophe loss reserves ^{*2}	-66.6	+36.5	103.1	+21.0
Provision for contingency reserves ^{*2}	+1.1	+1.1	-0.0	+0.0
Provision for price fluctuation reserves ^{*2}	+4.7	+5.3	0.5	+7.0
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	-2.1	+2.6	4.8	+1.0
Gains or losses on sales or valuation of fixed assets and business investment equities	+1.5	+8.6	7.1	+1.0
Amortization of goodwill and other intangible fixed assets	+56.5	+66.8	10.2	+88.0
Other extraordinary gains/losses, valuation allowances, etc.	-7.0	+9.7	16.8	+10.0
Adjusted Net Income	214.9	243.7	28.7	332.0

*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

- Provision for catastrophe loss reserves:
 - Increased mainly due to a decrease in natural catastrophes and the impact of COVID-19 in Domestic Non-life
- Gains or losses on sales or valuation of fixed assets and business investment equities:
 - Increased mainly due to impairment losses at overseas affiliated companies
- Amortization of goodwill and other intangible fixed assets:
 - Increased mainly due to the consolidation of Pure
- Other extraordinary gains or losses, valuation allowances, etc.:
 - Increased mainly due to deductions of sales and valuation losses on equities of overseas subsidiaries, etc.

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