

Tokio Marine Group Business Strategy

May 27, 2021



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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.
PHLY:	Philadelphia
DFG:	Delphi
TMHCC:	Tokio Marine HCC
TMK:	Tokio Marine Kiln

I

Review of Previous Mid-Term Business Plan

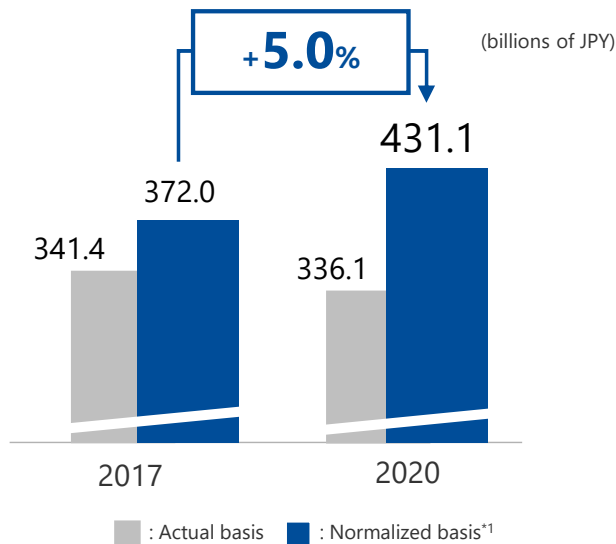
Review of Previous MTP (Quantitative)

Achieved the plan despite facing various issues including natural catastrophes and COVID-19 through steadily boosting our capabilities

Sustainable profit growth

Previous MTP Adjusted net income: 3-7% CAGR

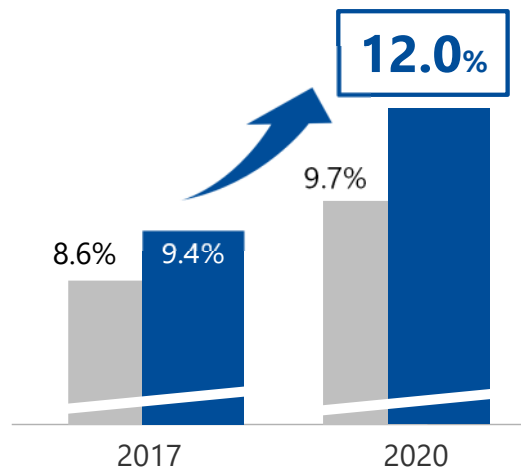
■ Adjusted net income



Enhance capital efficiency

Previous MTP Adjusted ROE: 10% or higher

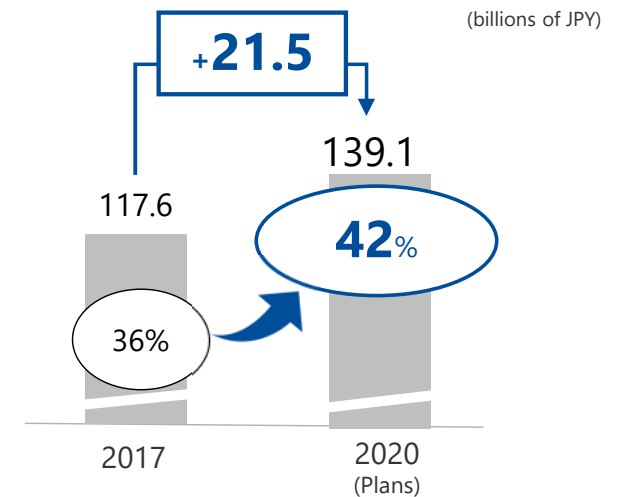
■ Adjusted ROE



Enhance shareholder return

- Previous MTP
- Sustainably increase dividends along with profit growth
 - Gradually increase the payout ratio towards future vision of the Group

■ Total dividends/payout ratio*2



*1: Excluding the impact of COVID-19, natural catastrophes over annual average, and adjusted the market condition (FX and stock price) to the same level as at the end of Mar. 2018.

*2: Payout ratio to 5-year average adjusted net income

Review of Previous MTP (Enhancement of Global Management Team)

Management team overcame various issues and further enhanced global management capabilities

Issues

Global insurance company management team

Measures implemented

**Natural
catastro
phes**

Group CEO / CCO

Culture

C-Suite includes overseas top management

CFO Financial	CWO Wellness
CSSO Strategy and Synergy	CLCO Legal and Compliance
CRO Risk	CITO Information Technology
CDO Digital	CISO Information Security
CRSO Retention Strategy	CSUO Sustainability
CIO Investment	CDIO Diversity & Inclusion
CHRO Human Resources	

Overseas top management



Donald Sherman

Co-CIO



Christopher Williams

Co-CRSO
Co-Head of International Business

Utilization of Global Committee, etc.

ERM Committee

International Executive Committee (IEC)

Digital Round Table

Global Retention Strategy Committee (GRSC)

Global Investment Strategy Committee (GISC)

Global Information Technology Committee

Sustainability Committee

Appropriate application of expertise on global basis

TMK CEO



Brad Irick

(Transferred from TMHCC)

Legal / HR



Caryn Angelson

(Additional posts: TMNAS and TMHD)

Reinsurance



Barry Cook

Specialty



Philippe Vezio

(Transferred from TMHCC to TMAsia)

Cyber Insurance



Daljitt Barn

Reserving



Daniel Thomas

- Retention / reinsurance strategy by GRSC
- Global joint purchase of reinsurance programs

- Post-COVID strategy established by Post-COVID Task Force

- Increased reserves based on detailed review by the Reserves Committee
- Forward-looking rate increase and limit reduction

- Investment synergies through GISC

Even stronger management team

COVID-19

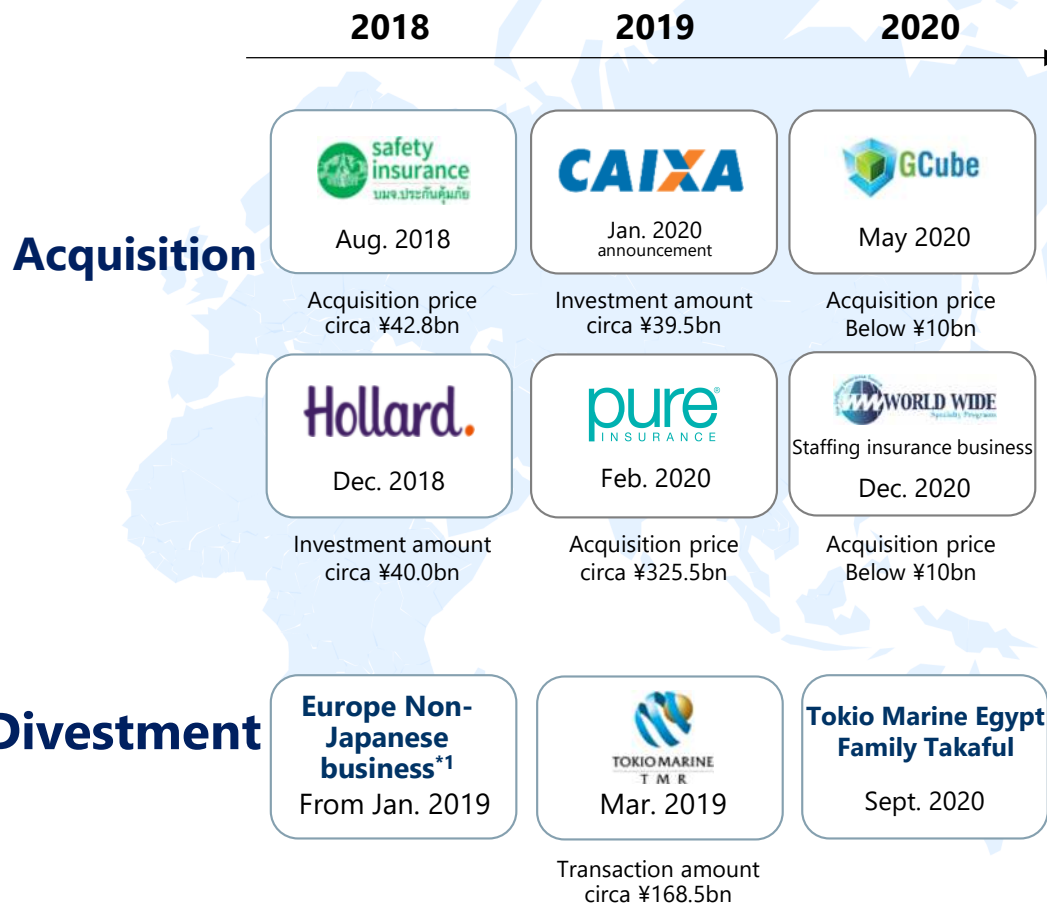
**Social
Inflation**

**Low
interest
rates**

Review of Previous MTP (Optimization of Insurance Portfolio)

- Insurance portfolio performance management is our core strength
- Conduct forward-looking reviews and invest in growth areas to optimize our diversified portfolio

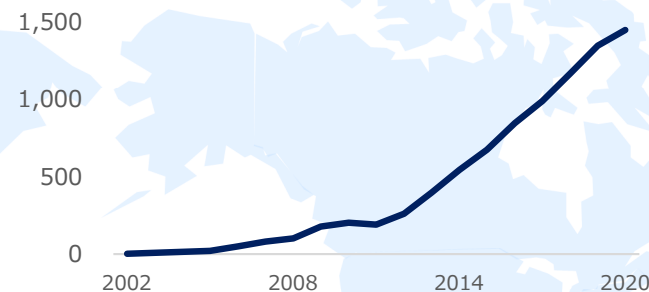
Portfolio optimization initiatives



(Reference) Results of past portfolio management

International Insurance: Cumulative profit*2

(billions of JPY)

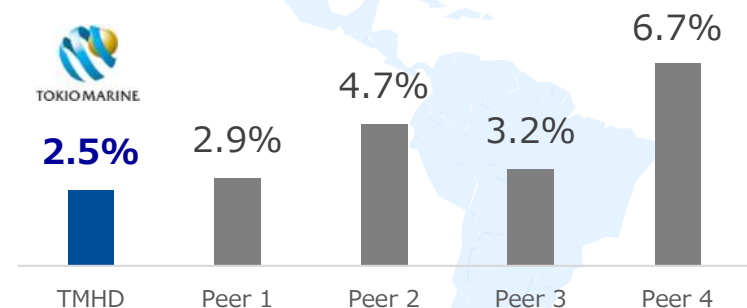


Results of five major acquisitions since 2008*3

Total acquisition cost:
¥2.1 trillion

Cumulative profit:
¥1.1 trillion

Impact of COVID-19 related losses on premium*4



*1: UK non-Japanese business and some unprofitable non-Japanese businesses in other European regions (continue Lloyd's business)

*2: Business unit profit basis.

*3: TMK, PHLY, DFG, TMHCC, Pure. Cumulative profit on business unit profit basis from time of acquisition up to FY2020.

*4: Ratio of net incurred losses for COVID-19 in FY2020 to net premiums earned in FY2019. TMHD's figure is on non-compulsory insurance basis. Net incurred loss excludes domestic auto insurance result which had a large loss ratio improvement effect from COVID-19. Peers are Allianz, AXA, Chubb, and Zurich. (Source) D&P research

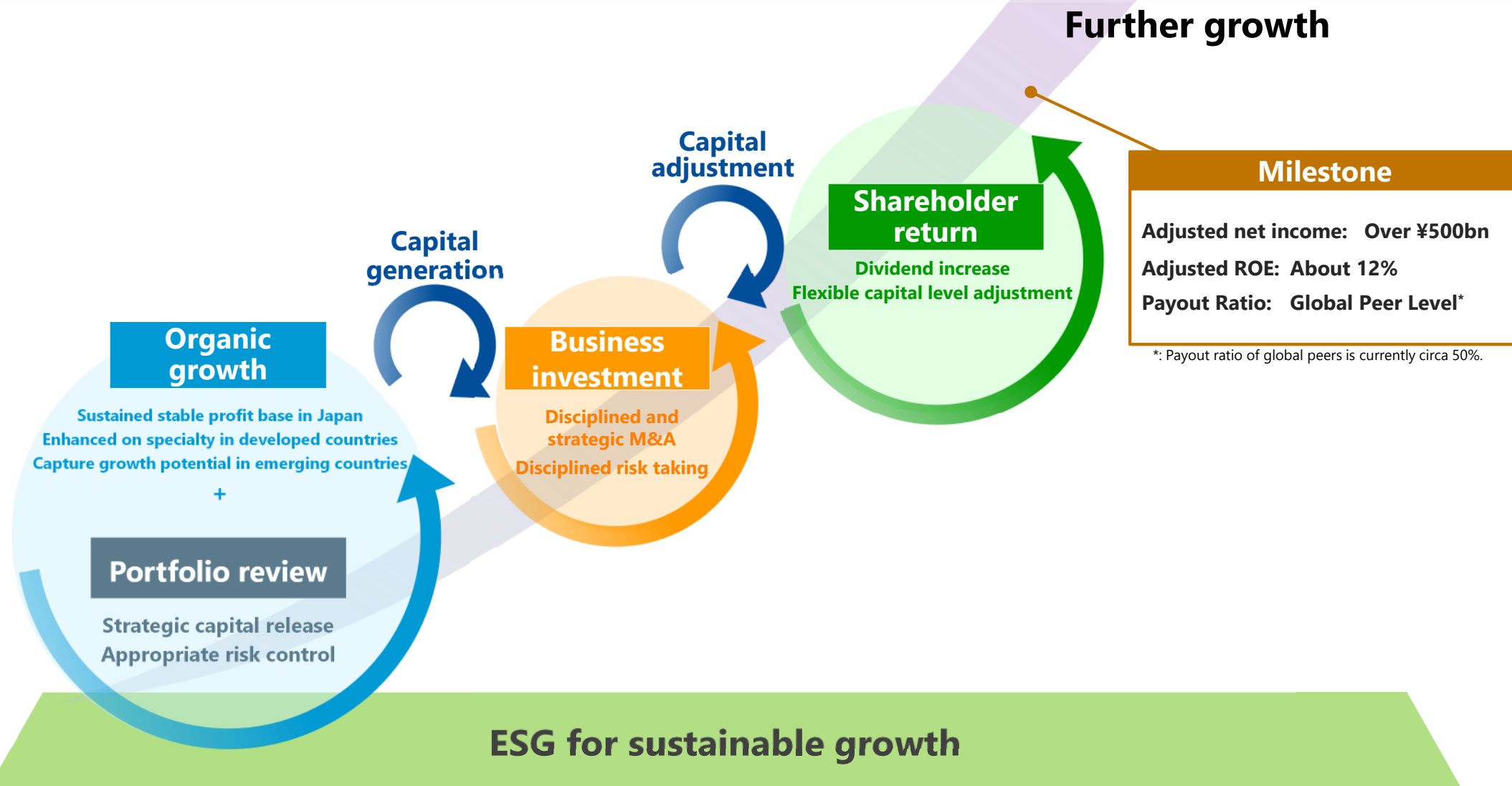


II

Strategy and Current Positioning

Milestones and Strategy

With the fast and planned implementation of management strategy, achievement of the medium- to long-term target (milestone) is within view



Strong Group franchise

Established top-class businesses in Japan and overseas through portfolio optimization together with internal growth

Region	Position	Strength
Japan	Continue generating stable income as a No.1 company in both top-line and bottom-line results	<p>Above-market top-line growth (+0.6pt)^{*1}</p> <p>Below-market expense ratio (-2.5pt)^{*2}</p>
Overseas	World-class status centered on specialty areas and achieved a high level of stable profitability	<p>US: Stable C/R that outperforms peers (-7.0pt)^{*3}</p>
		<p>UK: C/R that outperforms peers (-5.2pt)^{*4}</p>
	Strong position in high growth potential markets to capture growth	<p>Top-line growth (+2.2pt) that exceeds fast growing markets^{*5}</p>

*1: 2010-2019 CAGR

*2: 2019

*3: 2015-2020 average

*4: 2015-2020 average

*5: 2015-2019 average

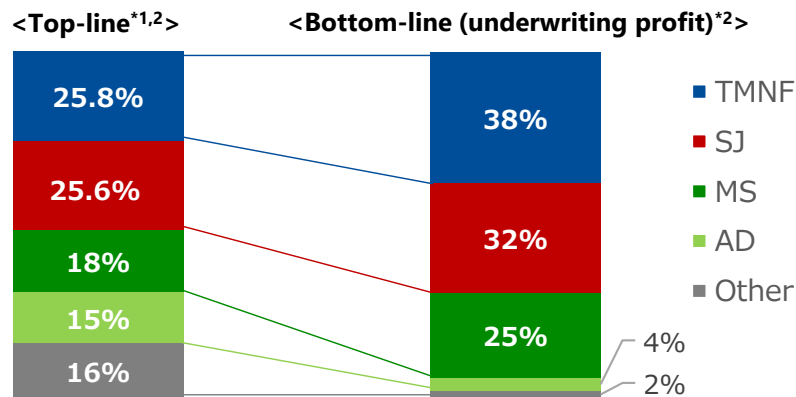
See pages 9-10 for details

(Reference) Positioning of Domestic Non-life Insurance

Continue generating stable income as a No.1 company in both top-line and bottom-line results

No.1 in top-line and bottom-line

Average FY2017-2019 (market share of each company)

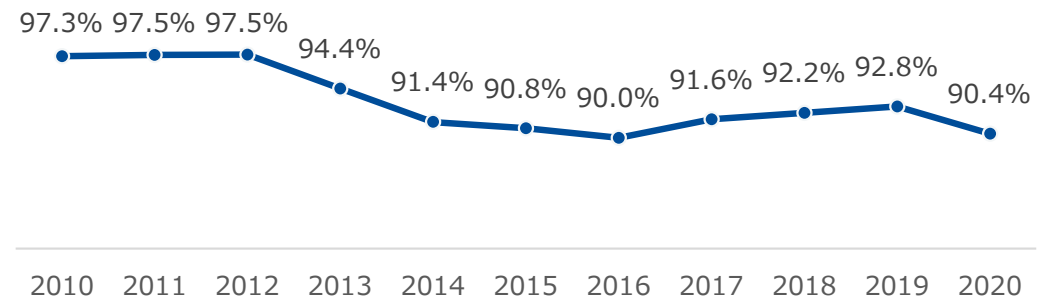


Stable profitability for more than a decade

<Combined Ratio*4>

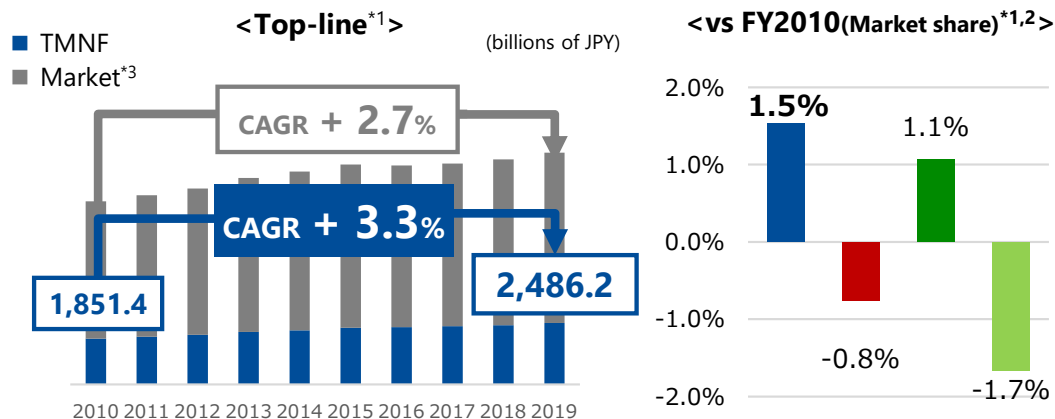
FY2010-2020
Average: 92.9%

FY2016-2020
Average: 91.4%



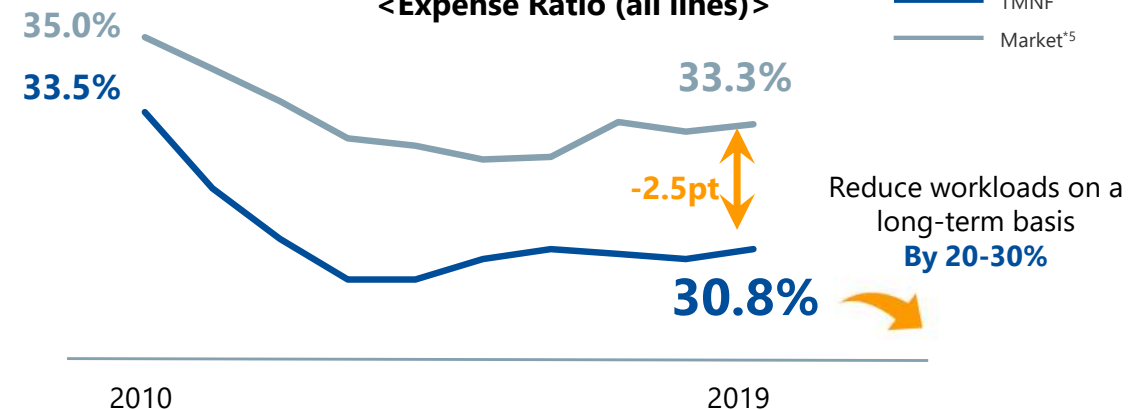
*4: Natural catastrophes normalized to an average annual level

Top-line growth outperforming the market



Superior business efficiency

<Expense Ratio (all lines)>



*1: Direct net premiums written
*2: Total of the members of The General Insurance Association of Japan. Source: Website of the General Insurance Association of Japan, company websites
*3: Total of the members of The General Insurance Association of Japan. Source: Website of the General Insurance Association of Japan, Insurance Statistics (Sompo Toukeigo)

*5: Total of the members of The General Insurance Association of Japan (excluding TMNF). Source: Website of the General Insurance Association of Japan

(Reference) Positioning of International Insurance

- **Developed markets:** World-class status centered on specialty areas and achieved a high level of stable profitability
- **Emerging markets:** Strong position in high growth potential markets to capture growth

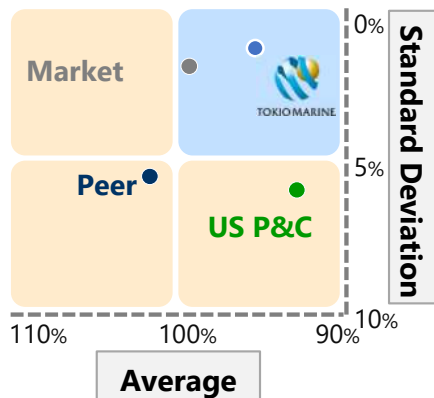
Developed markets

US Commercial^{*1}

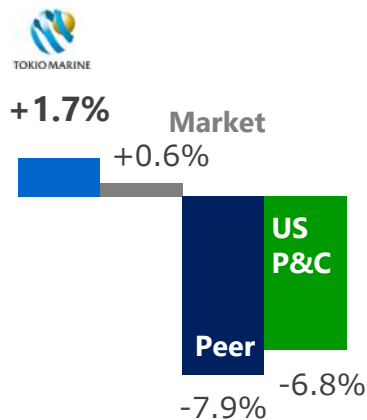
Top 10

Leading Player
in Specialty Market

Combined Ratio 2015-2020^{*2}



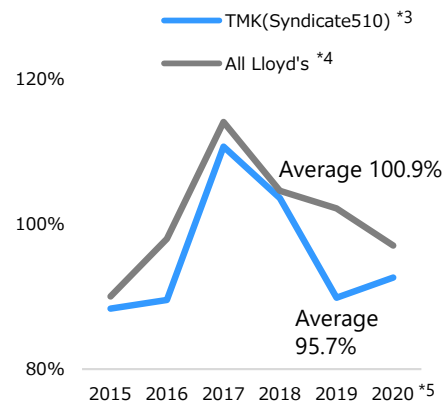
Bottom line 2015-2020 CAGR^{*2}



UK Lloyd's

Leading Player

Combined Ratio 2015-2020



Emerging markets

Emerging markets total

Top line^{*6}
2015-2019 CAGR

+9.8%
(vs Market +2.2 pt)



Brazil

Market size^{*6}
(2019)

¥3.6 trillion
(Largest in Central & South America)

Market Share^{*7}
(2019)

No. 6 (5%)

Bottom line
(2020)

¥11.0 bn
(YoY +40%^{*8})



Thailand

¥1.0 trillion
(Largest in Southeast Asia)

No. 4 (8%)

¥4.5 bn
(YoY +1%^{*8})

*1: US Commercial P&C direct premiums written in FY2020 (Source) S&P Global

*2: Tokio Marine's C/R is total C/R of North America. Bottom line is after-tax profit of PHLY, DFG, TMHCC, and Pure on a local financial accounting basis. C/R and bottom-line of the below are those of their US P&C business.

Market: All US non-life insurers

Peer: Median of Allianz, AXA, Chubb, and Zurich

US P&C: Median of non-insurers selected by Tokio Marine whose main business is US Commercial and market capitalization at or above ¥4 trillion (Chubb, Travelers, and AIG) (Source) S&P Global

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*3: Local management accounting basis

*4: (Source) Lloyd's Annual Report

*5: Excluding the impact of COVID-19

*6: Non-life premiums: NWP for TMHD and GWP for Market (Source) Swiss Re

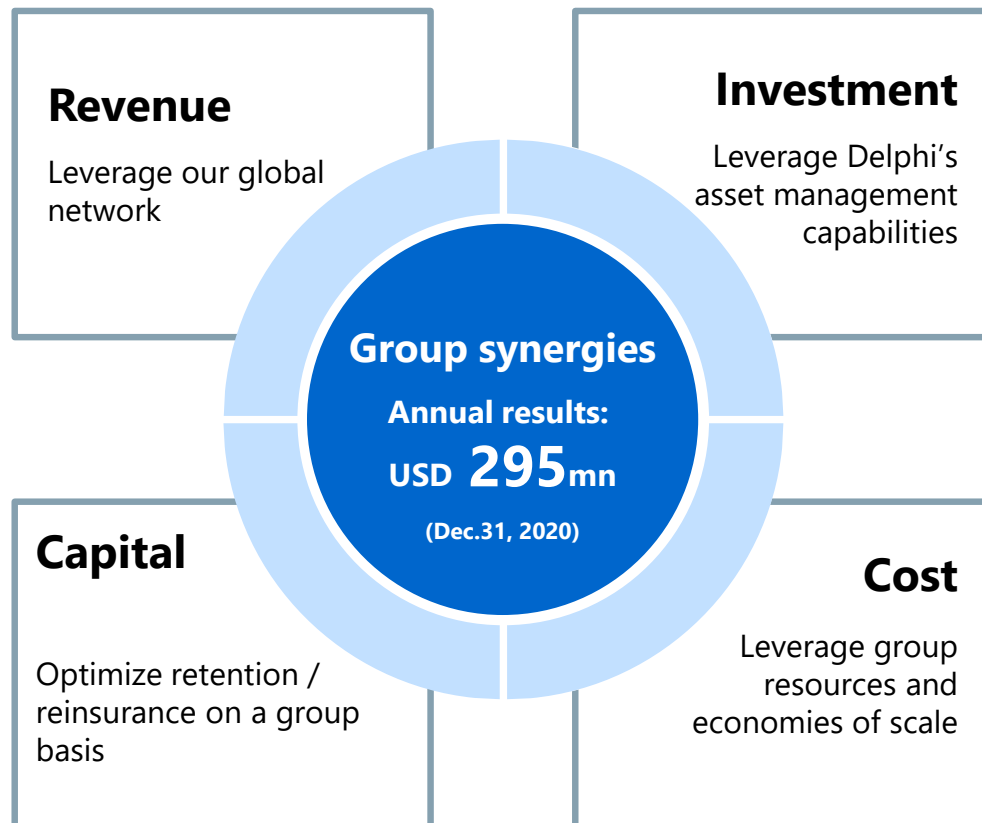
*7: Source: Brazil: SUSEP; Thailand: local insurance rating organization

*8: On a local currency basis

Group Synergy

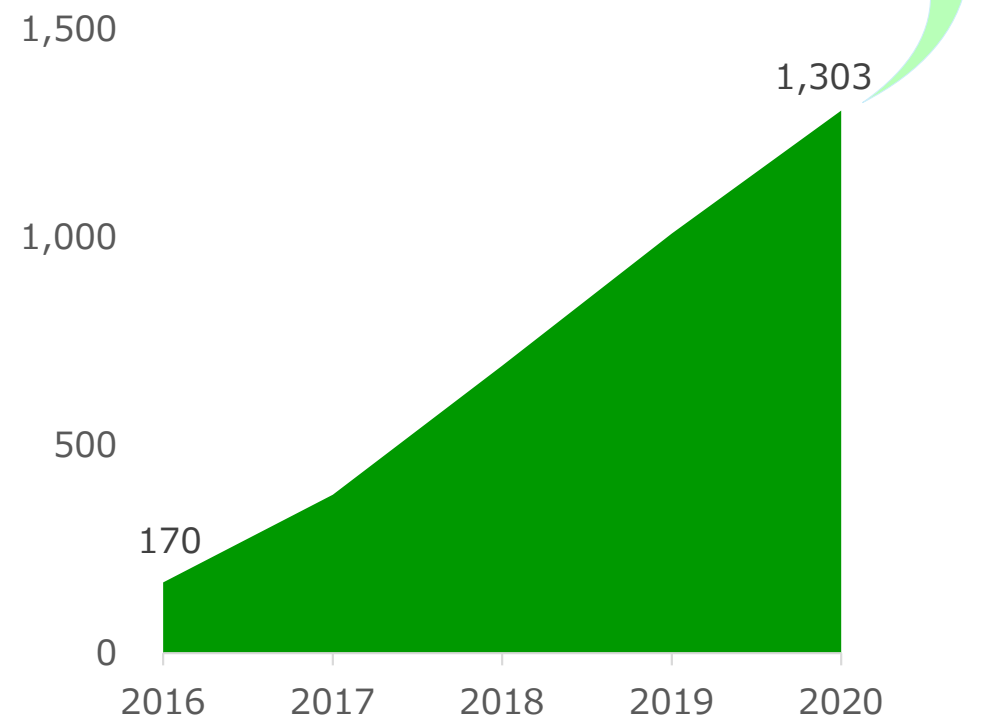
The strong global franchise enables Tokio Marine Group to create various synergies by leveraging on each Group company's network and expertise

Group synergies



Impact on profits from Group synergies (cumulative)

(USD mn)

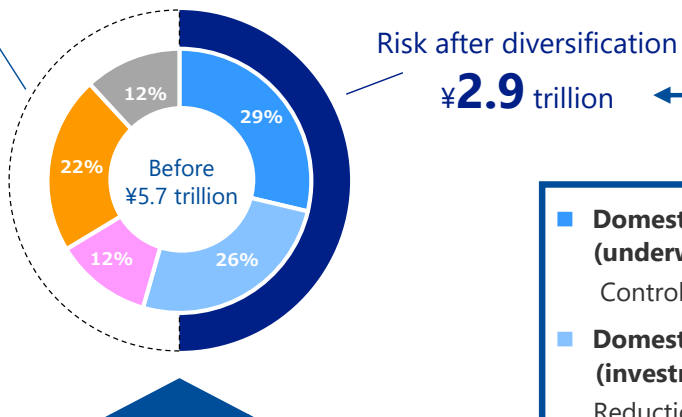


Risk Diversification and Growth

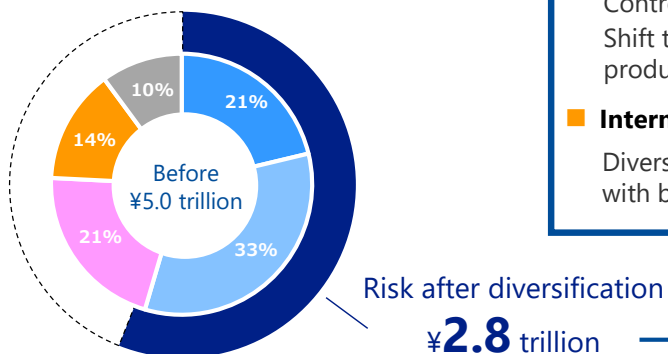
Diversify risks and sustainably expand business

Risk diversification

FY2020 Diversification effects **50%**



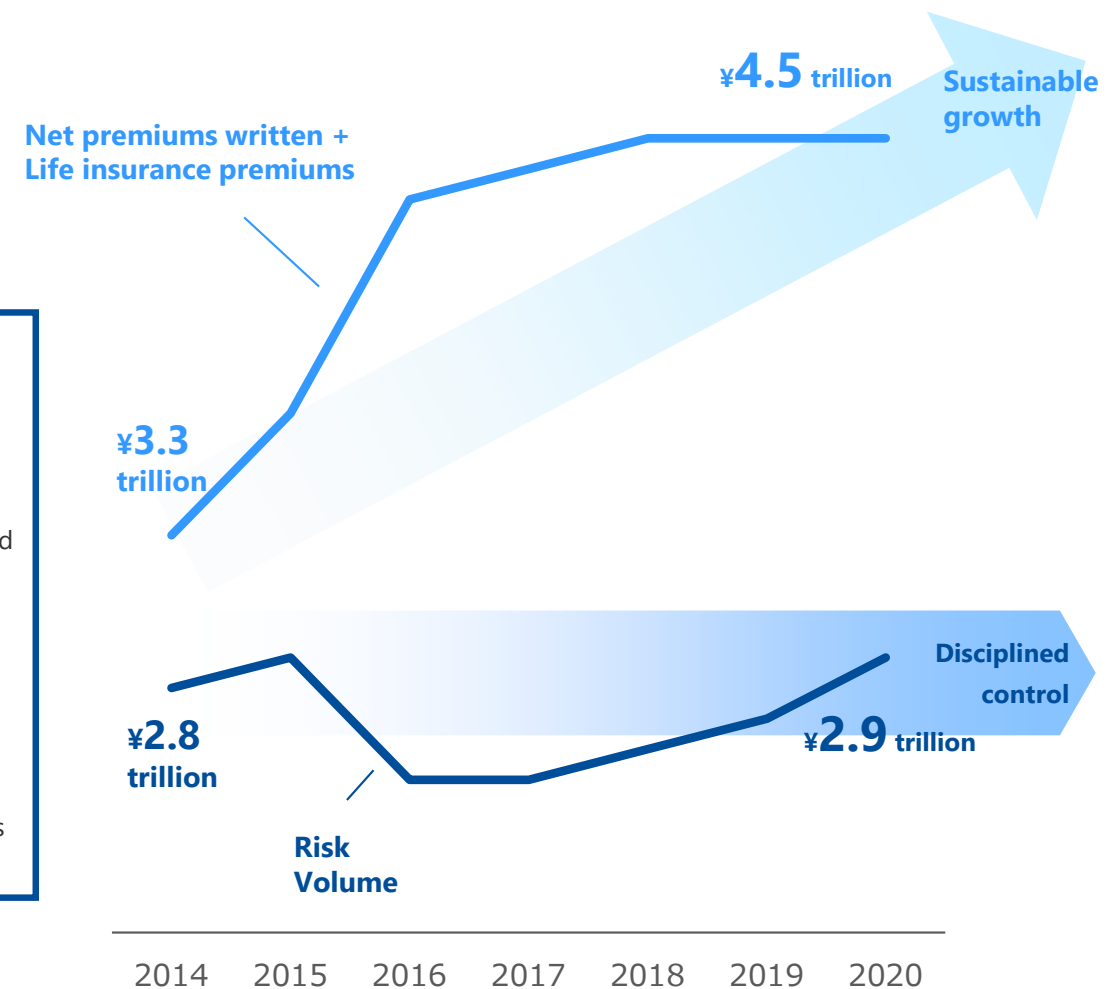
FY2014 Diversification effects **44%**



- **Domestic non-life (underwriting)**
Control of nat-cat risk
- **Domestic non-life (investment)**
Reduction of business-related equities risk
- **Domestic life**
Control of interest rate risks
Shift to protection-type products
- **International insurance**
Diversification improvements with business expansion

■ Others: Financial and General businesses, FX risk derived from net capital investments, etc.

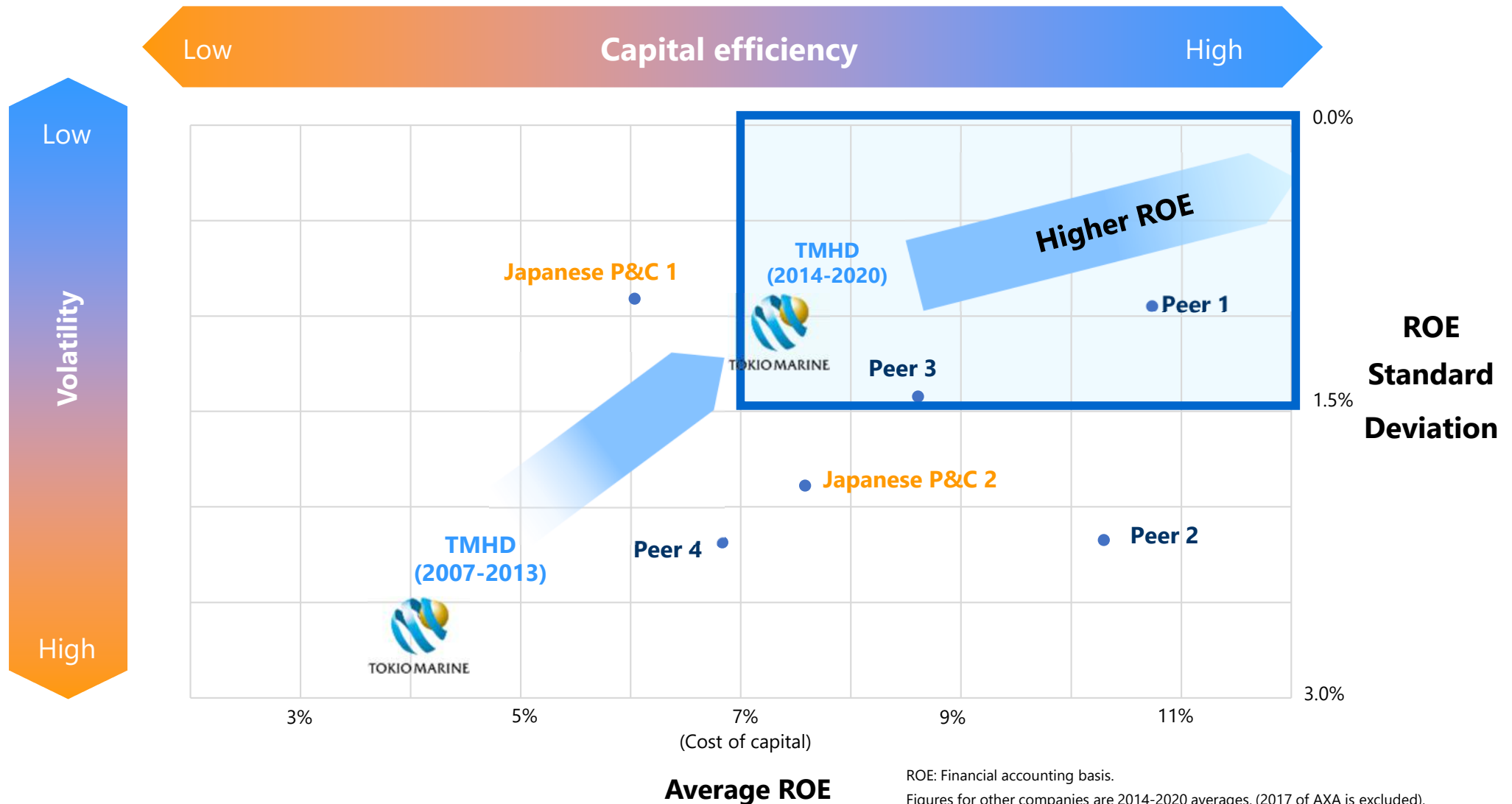
Trends of premiums and risks*



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

Stable ROE Improvement

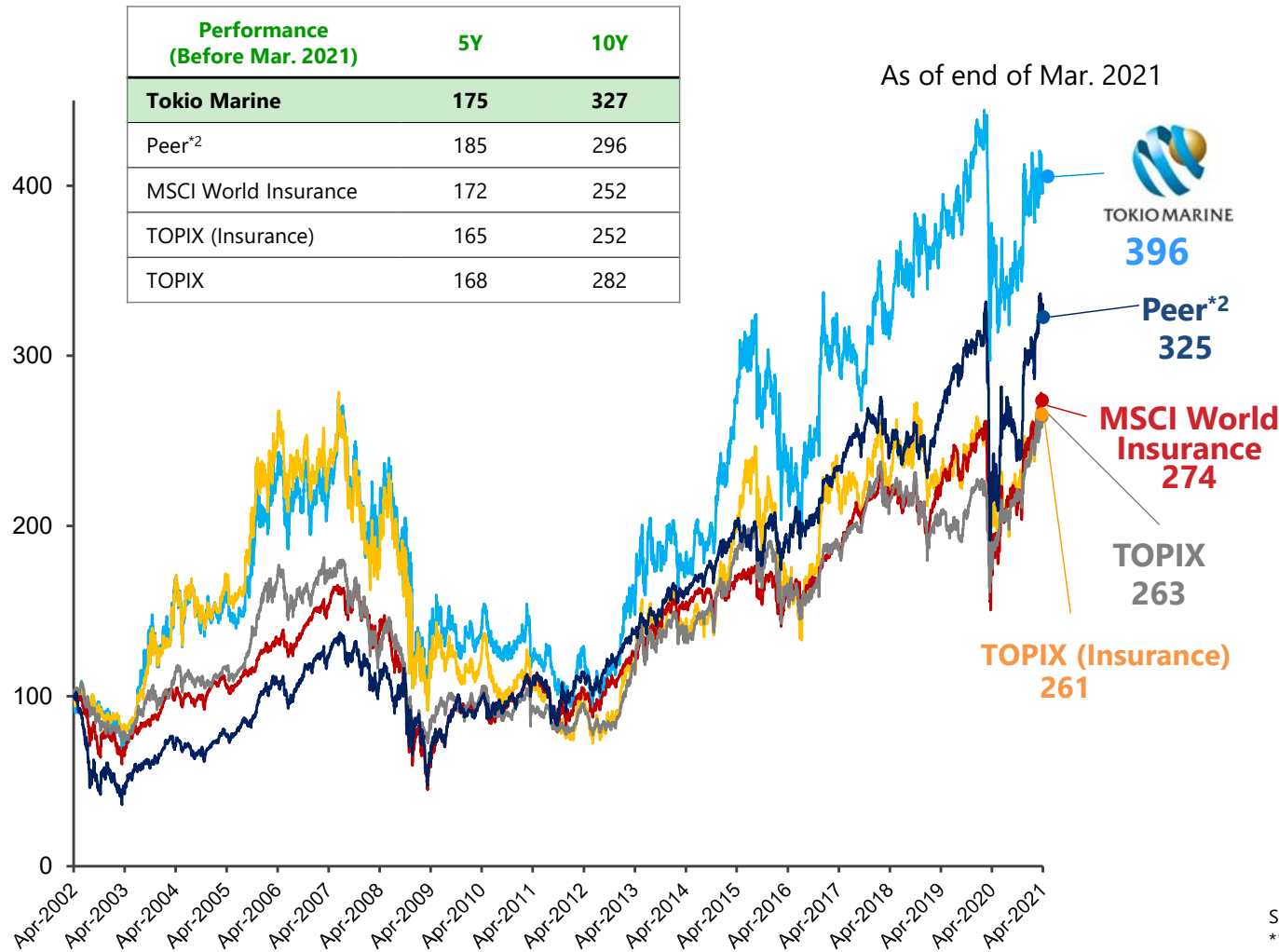
By enhancing profitability and risk diversification, ROE has stably increased to peer level



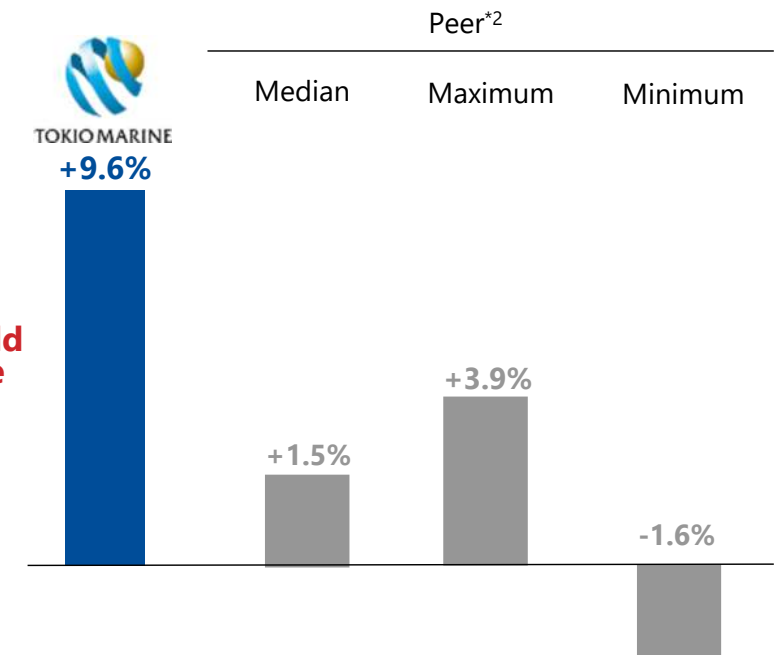
Strong Track Record

Resulted in TSR and EPS above-market and our peers

TSR*1



EPS*3CAGR (2010-2020)



Source: Bloomberg

*1: Total Shareholder Return (TSR): Capital return after reinvesting dividends.
Stock price indexed at 100 as of April 1, 2002.

*2: Allianz, AXA, Chubb, Zurich * 3. Financial accounting basis

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III



Management and Sustainability

Our Purpose (Why do we exist?)

- Since our founding, our purpose has been to “protect our customers and society in times of need,” and by contributing to resolution of various social issues that change with the eras, we have achieved sustainable long-term growth
- Our business is resolution of social issues

History of Social Issue Resolution and Growth

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

■ Domestic Non-Life*2 ■ International*3 — Total Dividends*4

Founded as the first insurance company in Japan

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



★1959 Japan
First product liability insurance in Japan

★1914 Japan
First auto insurance in Japan

★1999 Europe (Kiln)
Cyber insurance

★1996 Japan
Entered life insurance business

★2001 India
Microinsurance

★2002 Japan
First in Japan integrated life and non-life insurance product “Super Insurance”

★2017 Japan
Insurance cover for victims of accidents involving self-driving cars (first in Japan)

★2020 Japan/Europe
Support the spread of renewable energy (Developed packaged product for offshore wind power generation, acquired GCube)



Tokio Marine Holdings established

Premium
¥4.10 tn

Dividends
¥139.1 bn

1879 1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015 2020 (FY)

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

Our Purpose (What are we aiming for?)

- **Contribute to the realization of sustainable society and simultaneously enhance our social value and economic value (profit growth) by circulating business-oriented social issue resolution initiatives**
- **Established Group Sustainability Officer and Sustainability Committee (consisting of CEO and C-suite) in April 2021 to accelerate our initiatives**

Values provided to the stakeholders and Materiality

Our Vision

Materiality

For Customers

- Contributing to the realization of healthy and enriched lives of our customers by delivering safety and security and by supporting them in challenges that lead to the future

- Promote climate actions
- Support people's healthy lives
- Enhance disaster resilience
- Support and create digital-oriented innovations, etc.

For Society

- Contributing to creating a sustainable society where can live in safety and security, and take on any challenges

For Shareholders / Investors

- Sustainable growth of shareholder returns
- Working to gain the trust of shareholders / investors and improve corporate value through appropriate disclosure and constructive dialogue

- Disclosures in a timely, appropriate and transparent manner

For Employees

- Contributing to employees' high performance by providing opportunities to work brightly and vibrantly and through engagement

- Promote and penetrate D&I

For Future Generations

- Passing on a sustainable environment to the future generations

- Promote climate actions
- Educate and raise awareness of children, etc.

Our Purpose (How will we do it?)

- Derivation of 4 medium- to long-term core themes from materiality
- Create value through steady implementation




Economic value

Social value

: Main elements improved with the initiatives

Stakeholders	For Customers				For Society	
Materiality (★Core themes)	Promote climate actions(★)	Support people's healthy lives(★)	Enhance disaster resilience(★)	Support and create digital-oriented innovations		
Core Initiatives	<ul style="list-style-type: none"> • Provide and develop insurance & service that promotes use of renewable energy (Established Group-wide "Green Transformation Task Force" to accelerate the initiative) 	<ul style="list-style-type: none"> • Disseminate / promote health management supporting service further • Develop / provide new healthcare service and support asset formation / saving needs to cope with longevity risk (products / services) 	<ul style="list-style-type: none"> • Products and services that support disaster prevention / reduction and early recovery • Invest in business that works on establishing resilient environment • Support formulation of Business Continuity Plan (BCP) in collaboration with local governments and companies • Build a sustainable fire insurance system 	<ul style="list-style-type: none"> • New products and services using digital technology, etc. • Protection for increasing cyber risks (products / services) • Products and services for development of corporations such as SME support 		
Values Created	<div> <div>Economic value</div> <div>Social value</div> </div> <ul style="list-style-type: none"> • Initiatives related to renewable energy, etc.: see page 27 	<div> <div>Economic value</div> <div>Social value</div> </div> <ul style="list-style-type: none"> • Response to demands for health care services, asset formulation and savings, etc.: see pages 27, 31, 40, 57 	<div> <div>Economic value</div> <div>Social value</div> </div> <ul style="list-style-type: none"> • Contribution to disaster prevention / reduction and early recovery, and building sustainable fire insurance system, etc.: see pages 28, 40 	<div> <div>Economic value</div> <div>Social value</div> </div> <ul style="list-style-type: none"> • Products and services using digital technology, protection against cyber risks, and initiatives to support SMEs, etc.: see pages 27, 40 		

Our Purpose (How will we do it?)

<div> <div>Economic value</div> <div>Social value</div> : Main elements improved with the initiatives </div>				
Stakeholders	For Shareholders / Investors 	For Employees 	For Future Generations 	
Materiality (★ Core themes)	Disclosures in a timely, appropriate and transparent manner	Promote and penetrate D&I(★)	Promote climate actions(★)	Educate and raise awareness of children
Core Initiatives	<ul style="list-style-type: none"> Promote appropriate disclosure practices by enhancing intelligence including TCFD-related matters 	<ul style="list-style-type: none"> Promote diversity / disseminate D&I culture Share best practice across the Group Make efforts to improve operations though human rights due diligence, etc. 	<ul style="list-style-type: none"> Realize carbon neutral through engagement with investees / customers, etc. Reduce CO2 emission in Group operation (RE100 certification, etc.) Mangrove planting / forest preservation activities 	<ul style="list-style-type: none"> Green lessons Disaster prevention lessons Lessons on managing risks and the future
Values Created	<div> <div>Economic value</div> <div>Social value</div> </div> <ul style="list-style-type: none"> Enhance disclosures aligned with the TCFD recommendation and implement appropriate measures based on NGFS Sustainable growth of shareholder returns <ul style="list-style-type: none"> [Medium- to long-term target] ➤ Adjusted Net Income: Over ¥500bn ➤ Adjusted ROE: About 12% ➤ Primary means of shareholder return is dividends, which will be sustainably increased along with profit growth 	<div>Social value</div> <ul style="list-style-type: none"> Annual culture & value survey Female managers: FY2030 30% of managers in TMNF are female D&I promotion: see page 21 	<div>Social value</div> <ul style="list-style-type: none"> Reduction of our greenhouse gas (CO2/GHG) emissions: FY2030 -60% reduction (Compared to FY2015) Ratio of renewable energy usage to total electricity consumption: FY2030 100% to renewable energy at major buildings/facilities Continue to achieve carbon-neutral* (achieved for seven consecutive years) Cumulative economic value of mangrove planting by FY2038 is expected to exceed ¥300bn <p><small>*: Related to our business activities (Scope 1+2+3 (Category 1,3,5,6))</small></p>	<div>Social value</div> <ul style="list-style-type: none"> 100% total participation ratio for social contribution activities <div> Green lessons: <ul style="list-style-type: none"> About 870 lessons About 57,000 participants (Total as of end of Mar. 2021) Disaster prevention lessons: <ul style="list-style-type: none"> About 810 lessons About 55,000 participants (Total as of end of Mar. 2021) </div>

※See page 75 for the list of climate change related initiatives; page 82 for international initiatives; page 83 for external evaluation; and page 84 for ESG X SDGs

People and Culture as the Foundation

- In an era of uncertainty, promotion of diversity is critical to resolve increasingly complex social issues
- Unite diverse talents with shared corporate culture

Promotion of Diversity & Inclusion

Established Group Diversity & Inclusion Officer (**CDIO**) and **Diversity Council** chaired by the CEO in April 2021



CDIO Nabeshima

Nationality

- Excellent talent who join the Group through overseas M&A, are appointed to positions such as Group Co-Heads and global committee leaders

Gender

- Tokio Marine Group Women's Career College was established in to assist female Group employees in voluntary career planning, and to ensure that women are active in their workplaces
- Female sub-leader ratio: 54.9% (TMNF, as of April 1, 2021)
- Female corporate officer ratio: 11.5% (TMNF, as of April 1, 2021)



Generation

- An in-house venture program to support employees including young talent who are eager to innovate, relaxation of side job rules
- Turnover ratio^{*1}: 2.0% (TMNF, FY2020)

^{*1}: Calculated based on voluntary resignation, excluding resignation for mandatory age, etc.

^{*2}: FY2020 survey result (total for domestic and overseas Group companies and HD)

Spreading the core identity

- CEO held a remote world tour during the pandemic
- By penetrating the corporate culture, engrave our corporate purpose in all acts from individual action to management decision making (essence of governance)



Remote world tour by CEO Komiya (CEO Meeting)

Creation of Exciting and Rewarding Work Environment

Culture & value survey^{*2} (84% response ratio)

4.3 points out of 5
(Group Attachment)

IV

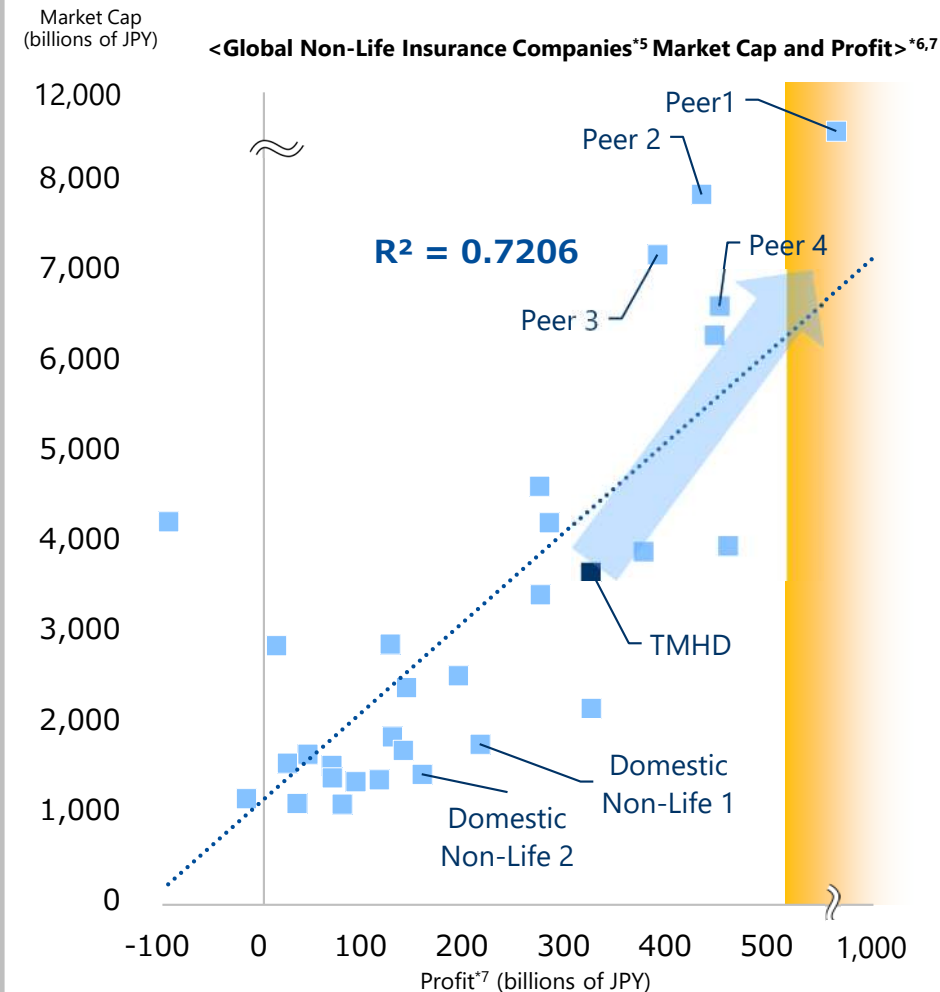
New Mid-Term Business Plan

New MTP (Target KPIs)

Steadily implement strategy to achieve medium- to long-term target

	Medium- to long-term target	FY2023 Projection	FY2020	Previous MTP Target
Adjusted net income	Over ¥500bn	CAGR: 3-7%	¥446bn ^{*1}	CAGR: 3-7% (circa ¥400-450bn)
Adjusted ROE	around 12%	around 12%	11.5% ^{*1}	10% or higher
Shareholder return				
Payout ratio ^{*2}	On par with Global Peers ^{*3}	40% or higher	40%	35% or higher
Capital level adjustment	Flexible execution	Flexible execution	¥50bn	Flexible execution

(Reference) Positioning of the Milestone “adjusted net income of over ¥500bn”



^{*1}: Based on new definition (natural disasters normalized to an average annual level, excluding impact of COVID-19 and FX) to be applied to new MTP.

Based on the previous definition applied to previous MTP, adjusted net income is ¥431.1bn (+5.0% CAGR) and adjusted ROE is 13.1%.

^{*2}: Payout ratio is on the five-year average adjusted net income. Based on original projections.

^{*3}: Payout ratio of global peers is currently circa 50%.

^{*4}: Set maximum amount (threshold) for small- to medium-sized business investment and capital level adjustment (FY2021 budget is ¥100.0bn)

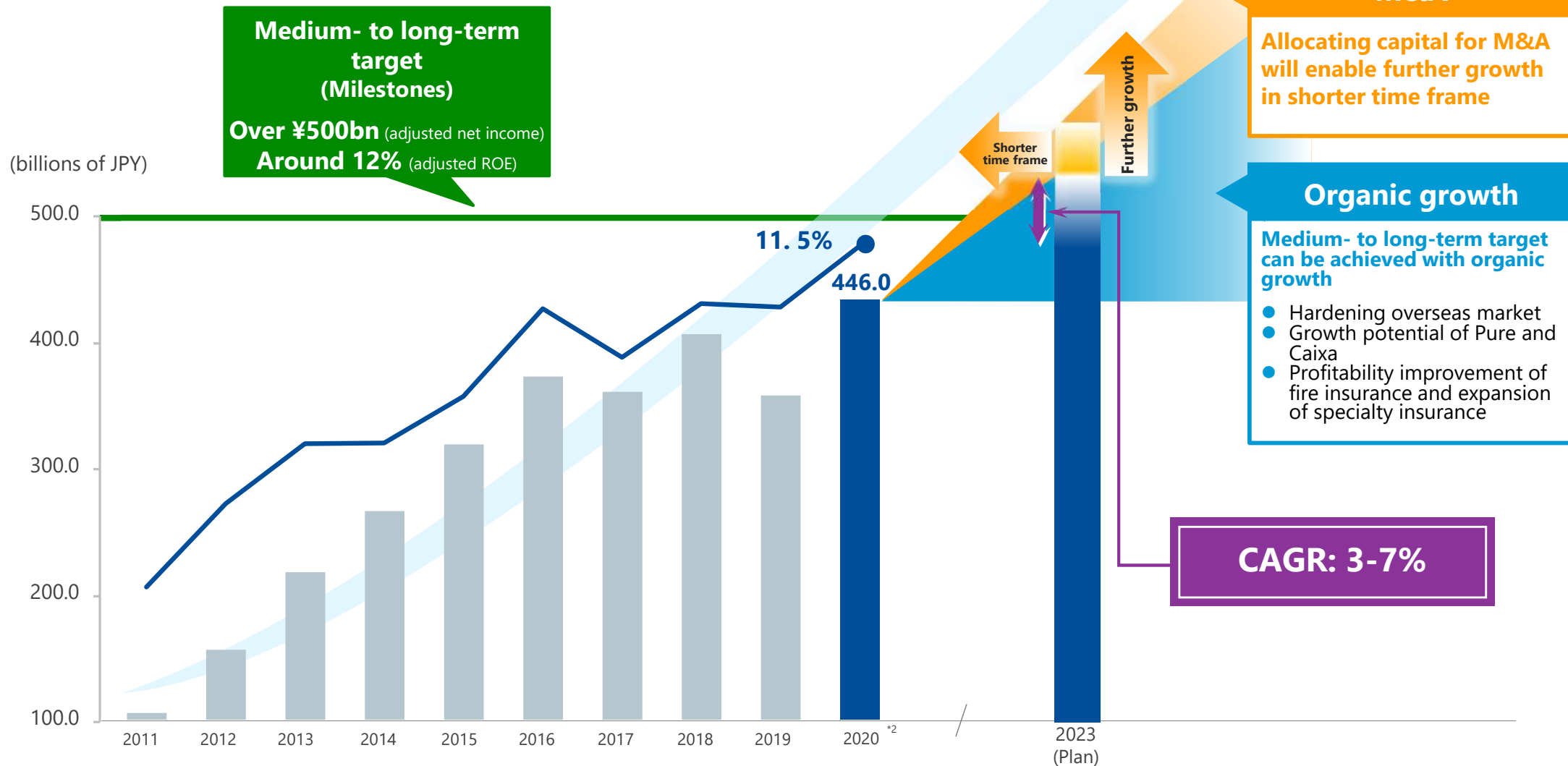
^{*5}: Plotted top 30 companies in terms of market cap mainly engaged in non-life insurance business

^{*6}: FX and market cap as of April 20, 2021

^{*7}: 2018-2020 average. Adjusted net income based on company disclosure for domestic non-life including TMHD. Others are based on financial accounting (IFRS, USGAAP, etc.)

New MTP (Profit Growth)

[Adjusted Net income/Adjusted ROE (normalized basis)*1]



*1: Natural catastrophes are normalized to an average annual level, and the impact of reinstatement premiums is excluded for 2018 and 2019.

*2: FY2020 is based on new definition (see page 88) adjusted basis excluding the impact of COVID-19 and FX.
 Under the previous definition adjusted basis, adjusted net income is ¥423.0bn and adjusted ROE is 11.2%

Strategic Direction of New MTP

To realize our long-term vision, enhance capabilities through business model reform and improving profitability of the insurance business

Long-term vision

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

Our aspirations for the long-term vision

Win-Win situation with Stakeholders

Glocal X Synergy

Growth and stable high profit
(Medium- to long-term target of over
¥500.0bn adjusted net income/around 12%
adjusted ROE)

2+1 Growth Strategy

New Markets X New Approach

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

Enhance profitability of insurance business

- Acknowledge issues including intensified natural catastrophes and low interest rates while utilizing business opportunities presented by hardening of premiums and digitalization to enhance profitability of insurance business

+

Business investment for the next growth stage

Technology
- Mission Driven -

Human Resources

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

Business Platform

Group Integrated Management

- Sharing of best practice
- Synergy inducing system
- Global management framework

ERM

- Risk Culture -

Corporate Culture

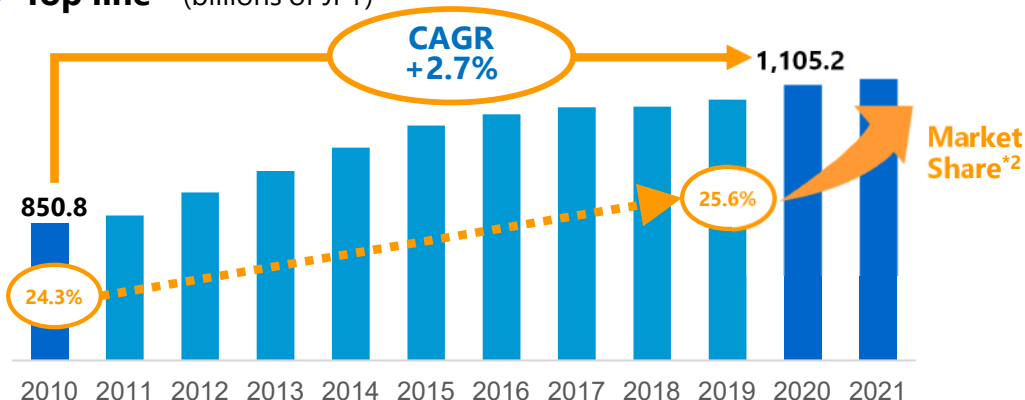
- To Be a Good Company
- Resolution of issues for society/customers
- Robust and agile organization

Presence in Auto Insurance Market (Strengthening competitiveness in existing market)

Generate stable income by steadily increasing market share with increased coverage that meets the needs of our customers

Steady growth of market share

● Top line*¹ (billions of JPY)



	TMNF	SJ	MS	AD
2010-2019 Growth Rate (%)	126.7	113.6	120.2	111.8

● No.1 in premiums on managerial accounting basis for FY2020, achieving growth despite the pandemic

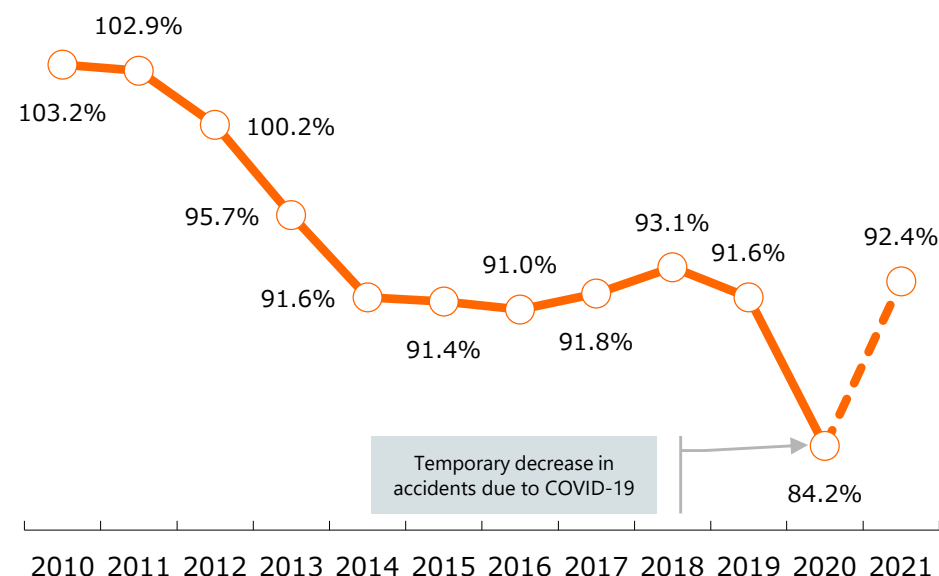
	TMNF	SJ	MS	AD
Premiums (managerial accounting basis, billions of JPY)	1,115.4	1,098.5	690.5	704.6
YoY Change (%)	102.6	100.4	102.2	103.2

● Continue to increase market competitiveness

Increase market competitiveness by increasing coverage (such as new DAP*³), implementation of early contacting, and enhancement of digital customer contact points

Generate sustainable stable income

● Combined Ratio*⁴ (Private insurance E/I basis)



● Continue to generate stable income

Generate sustainable stable income by flexibly adjusting premium rates based on loss cost, etc.

*1: Net premiums written

*2: Direct net premiums written Source: Insurance Statistics (Sonpo Toukeigo) Vol.4864

*3: Drive Agent Personal (DAP). A product using original driving recorder with communications function that provides accident prevention and collision response services.

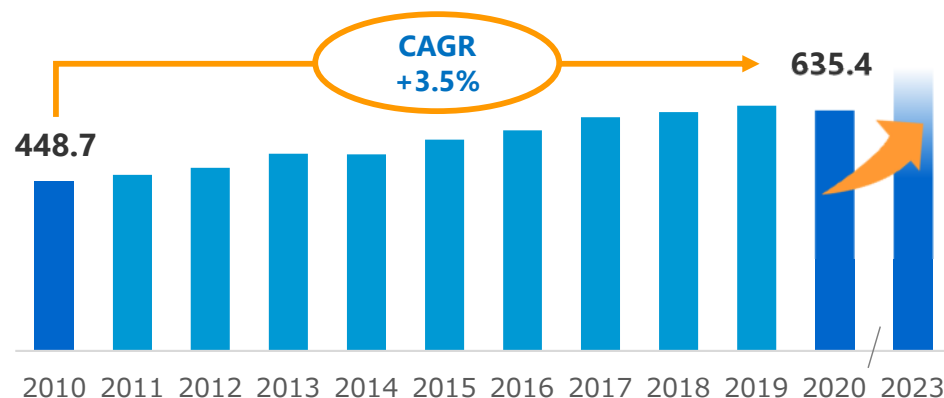
*4: C/R = E/I loss ratio + W/P expense ratio

Specialty Insurance Growth (Creation of New Markets)

Realize over ¥100bn revenue increase in 3 years by resolving social issues and strongly drive the growth of domestic non-life

Specialty insurance growth potential

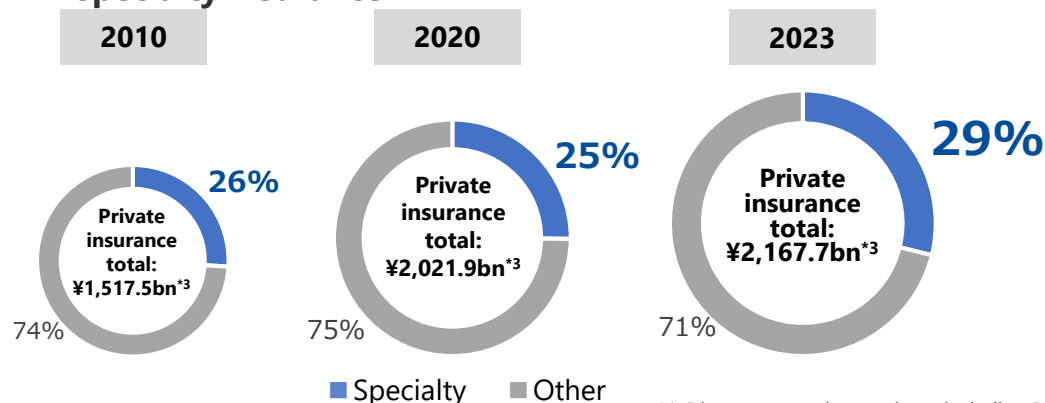
- Top line*¹ (billions of JPY): Growth driven by SME and health care



C/R	97%	90%	91%	96%	91%	92%	90%	91%	89%	95%* ²	91.4%
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(FY2010-2020 average: 92.2%, FY2016-2020 average: 91.4%)

- Transform business line portfolio with growth of specialty insurance



Creation of new markets

- Realize high growth with speedy implementation of measures and PDCA

Health care +¥20-30bn*⁴

- Respond to higher health awareness and the need for balancing treatment (nursing care) and work
- Increase revenue for wide area public sector/corporate workplace with new sales model and digital application procedures

SME +¥15-25bn*⁴

- Current market size of about ¥400bn*⁵
- Premiums*⁶ increased more than fourfold in 10 years
- Increase revenue by strengthening alliance with commerce and industry associations and improving product appeal

Offshore Wind Around +¥5bn*⁴

- Global market size in 2030: ¥200bn
- Establish "GX*⁷ Office" in June 2021
- Increase revenue by enhance Group-based initiatives including utilization of the abundant expertise of GCube

Cyber insurance Around +¥5bn*⁴

- Current market size of about ¥180bn (according to research firm)
- Double digit increase in our premiums each fiscal year
- Increase revenue by capturing stronger risk awareness and revised Personal Information Protection Law (2022)

Other New risks, etc. +¥20-30bn*⁴

- Increase revenue with coverage for various new risks including M&A, local government related area, etc.
- Create new market by leveraging on the strength of core data company Tokio Marine dR to be launched in July 2021

Profitability Improvement of Fire Insurance (Enhance Profitability of Insurance Business)

In addition to fire insurance rate revision, contribute to building a society resilient to catastrophes through product review; enhancement of underwriting; and initiatives on disaster prevention and reduction, and secure profitability matching the capital cost (3-year profitability improvement of over ¥26.0bn)

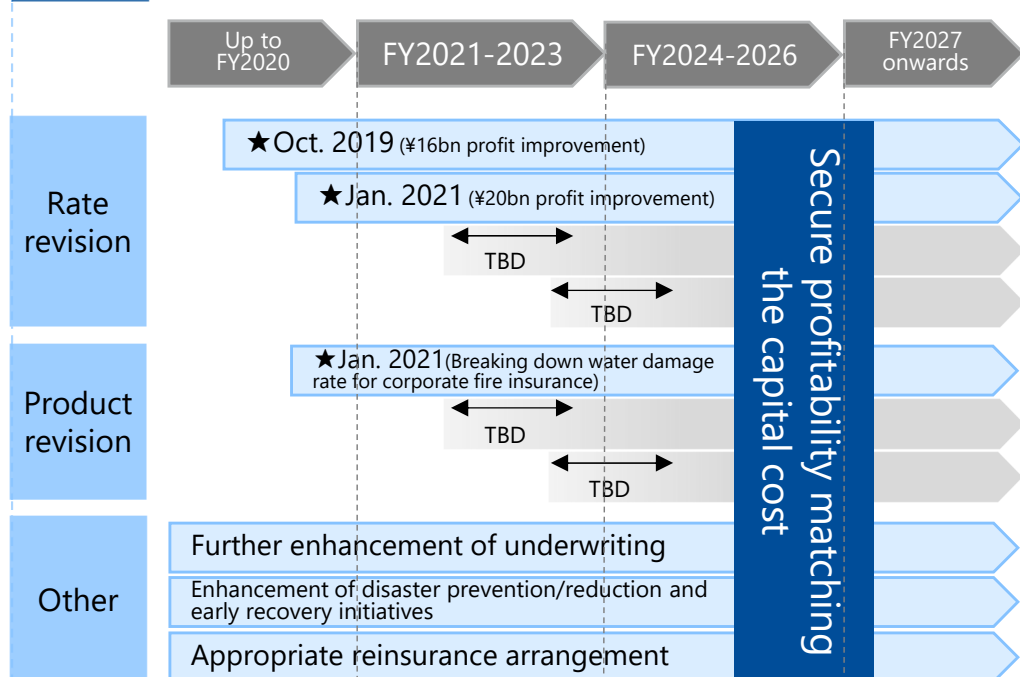
Profitability improvement of fire insurance

Issues

Increase in natural catastrophes and water leak damage in aging buildings

Our action

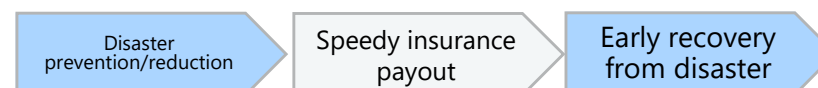
Implement comprehensive measures to secure profitability matching the capital cost



Reinsurance arrangement

- Preparation for once-in-centuries capital events
- However, perpetually cedants will lose the amount of reinsurer's margin; mainly focus on risk diversification, with earnings coverage determined based on economic rationale

From Payer to Partner



• [Disaster prevention/reduction] Flooding risk projection system

Visualize at-risk area with real time flooding area projection to support local government decision making at time of heavy rains. Minimize damage to local residents to reduce loss ratio



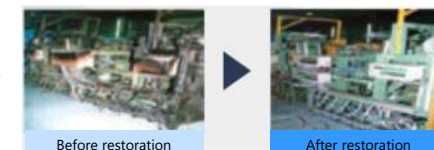
• [Disaster prevention/reduction] Total assist fire insurance x Red Feather Disaster prevention/reduction program

Donate part of the expenses saved with online contracts/policies. Donations will be used for disaster prevention/reduction activities and recovery support in the customers' community, leading to reduction of loss ratio



• [Early restoration] Restoration by BELFOR

Utilize advanced cleaning technology of a disaster recovery specialist. Support early business reopening to reduce loss ratio

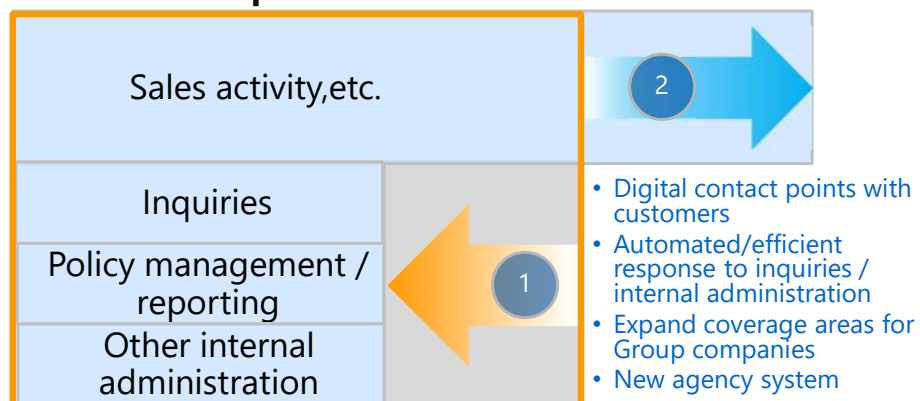


Initiatives to Improve Combined Ratio (Enhance Profitability of Insurance Business)

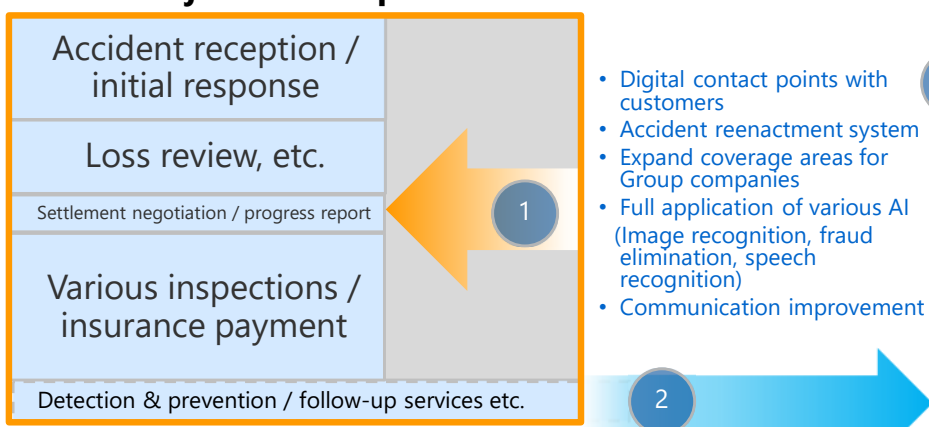
- Invest about ¥40bn during the next 3 years mainly in new agency systems and advanced AI application to reduce internal administration
- Use the time generated for improving productivity including top line growth to improve C/R by 1.0pt

Initiatives to improve business efficiency

Business expenses



Loss adjustment expenses



Expected effects

- Reduce internal administration
 ➔ **Improve expense ratio / loss ratio**

[Effects of reduced internal administration]

FY2023 -15%
 (Equivalent to ¥20-25bn p.a.)

FY2026 -20-30%
 (Equivalent to ¥30-50bn p.a.)
- Time generated by leveraging on strength of human communication and full utilization of digital tools:
 - Promote sales
 ➔ **Contribute to top line**
 - Provide safety in preparation and recovery
 ➔ **Contribute to top line**
 - ➔ **Improve loss ratio**

Key Profitability improvement Initiatives

Profitability improvement of fire
 (See Page 28)

FY2023
 C/R improvement of
1.0pt*
 (FY2020 results: 93.2% →
 FY2023 projection: 92.2%)

Key contributions to top line

Specialty insurance growth
 (See Page 27)

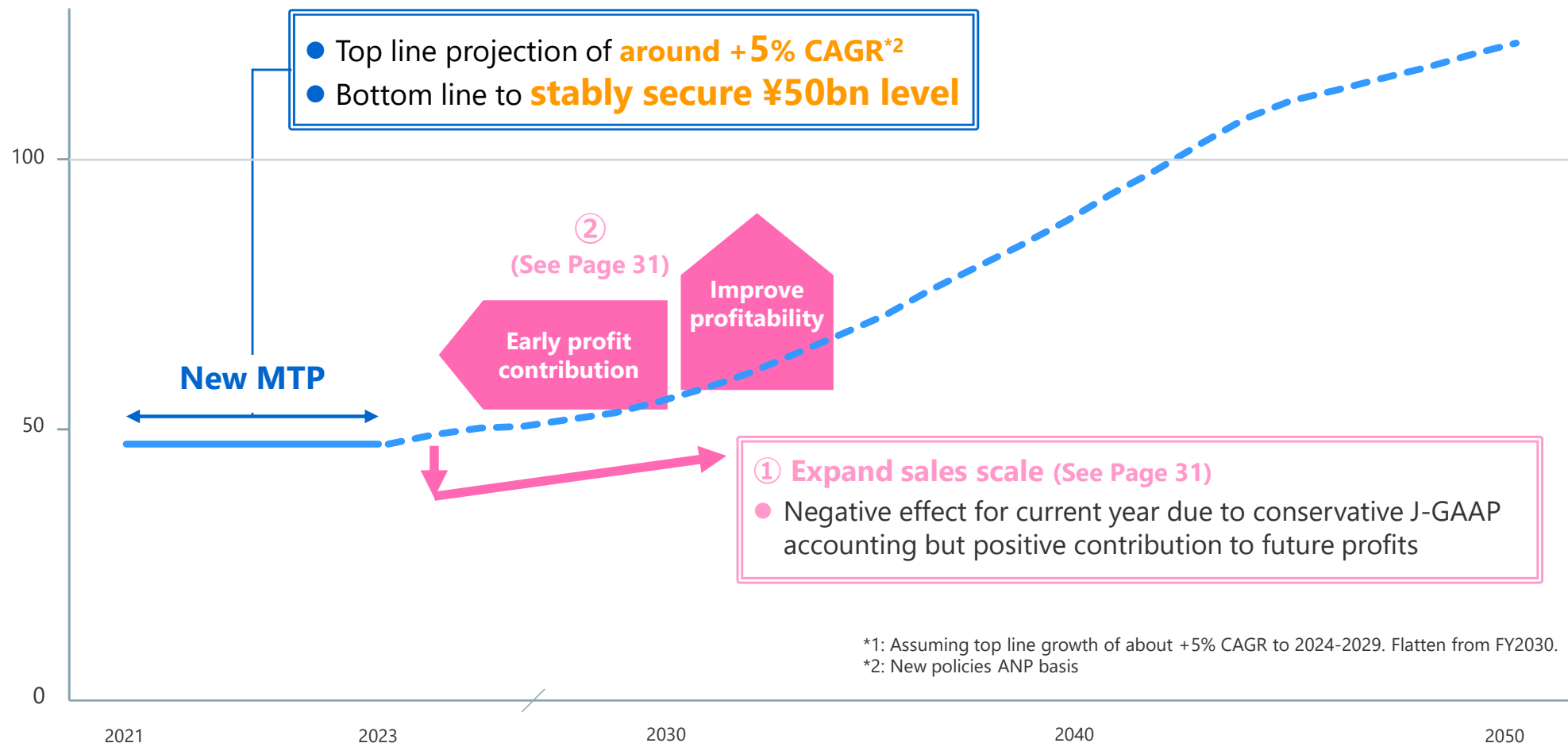
*: Private insurance. For FY2020, impact of natural disasters normalized to average annual level, and the impact of temporary deterioration in losses from COVID-19 and overseas contracts are excluded

Risk Diversification and Long-Term Growth Drivers

- Continue to grow by “facing the social issues in the 100-year life era and protecting the customers’ lives”
- Long-term profit level exceeds ¥100bn to contribute to our long-term growth and risk diversification

TMNL profit growth curve*1 (image)

Business Unit Profit
(billions of JPY)



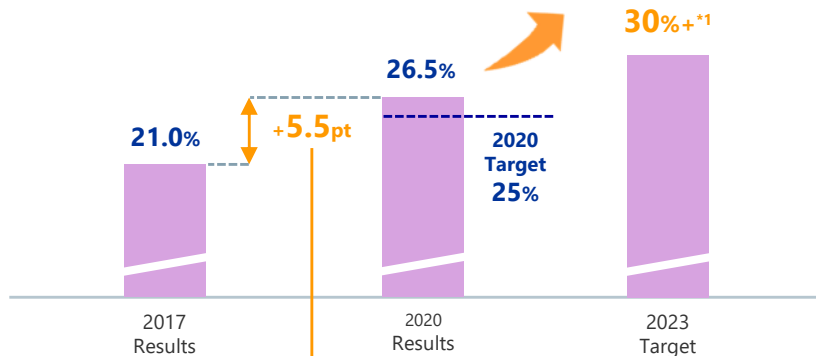
Strategies to be Incorporated in the New MTP Period

By offering innovative products with integrated business model for life and non-life, contribute to resolution of social issues such as extension of healthy life expectancy and asset life, and accelerate our profit growth

① Expand sales scale

- Focus on growth areas of **seniors, healthcare, and asset formulation**
- Further promote **cross-sell with integrated business model for life and non-life** using Super Insurance to **TMNF customer base** to improve **ratio of the number of policies with either life or third sector to 30% or higher**

<Super Insurance: Ratio of the number of policies with either life or third sector>



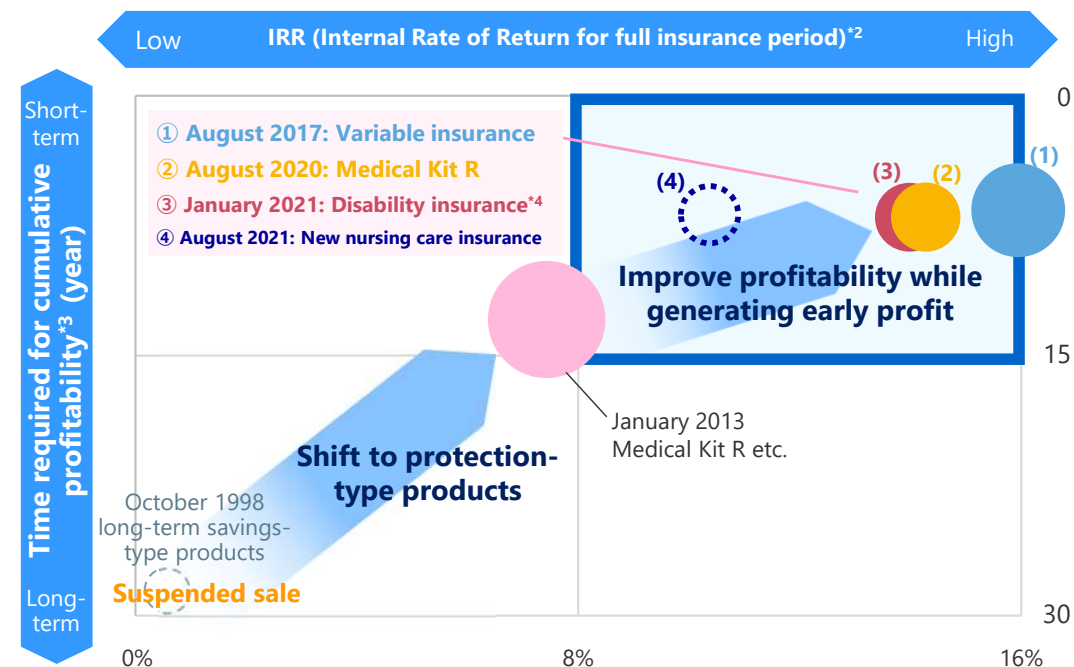
[Sample of improving ratio of the number of policies with either life or third sector]

Medical Kit Yell (Medical insurance with relaxed underwriting criteria, August 2020)

- Deep cultivation of **TMNF senior customers** with significant room for development
- Big data analysis achieved **improved product appeal and ease of sales**
 - Relaxed underwriting standard for seniors with preexisting conditions or concerns over health and simplify sales administration
 - Industry top level price competitiveness for seniors and strong coverage / services
- In the 8 months from launch, secured **industry leading sales scale** at **about 50,000 policies** (second only to the mega hit product "Medical Kit R")

② Improve profitability and accelerate profit contribution

- Mainly introduce products with **high profitability that makes early profit contribution**
- Unique and competitive **new product in nursing care area to be launched in August 2021**



*1: 35% or higher for TNP / TQ agents

*2: IRR indicates profitability as expected returns on expenses for the entire insurance period on financial accounting basis (FY2016 for long-term savings-type products, FY2020 for others)

*3: Time required for cumulative profits on financial accounting basis to turn positive
Size of the bubble indicates new policies ANP for the product (FY2020, FY2021 projection for (4))

*4: Includes household income protection with death benefit

International Insurance Strategy

Achieve +9% CAGR through growth strategies in developed and emerging markets

Business Unit Profits*1

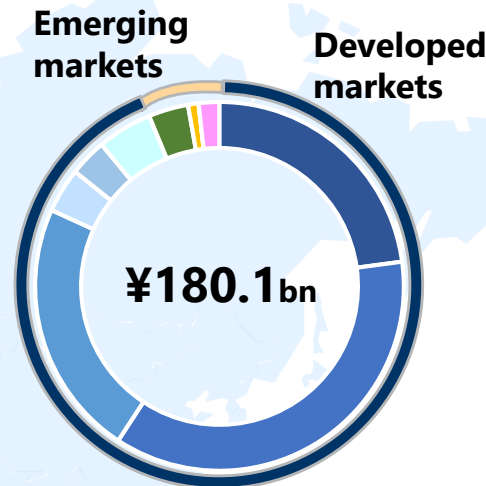


¥3.5bn

2002



2010



2020

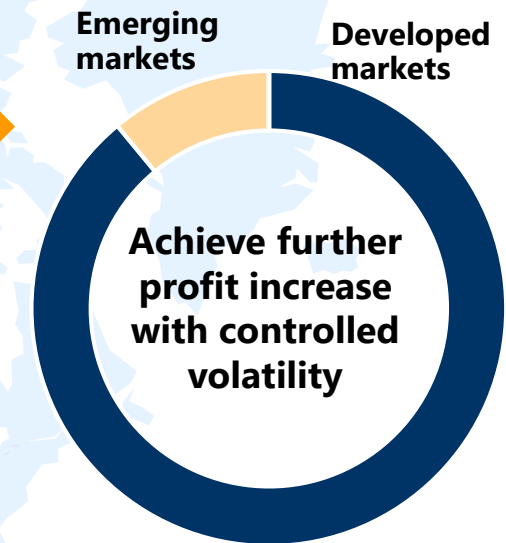
CAGR circa 9%

Developed markets

- New risk taking
- Maintain underwriting discipline
- Rates increase
- Efficient operation
- Growth of Pure
- Continue bolt-on M&A

Emerging markets

- Capture market growth
- Growth of Caixa, etc.



2023

Strengths

- Well-balanced business portfolio / strong specialty franchise
- Well-disciplined underwriting / adequate risk control
- Strong governance / integrated Group management / Group synergy

*1: 2020 and 2023 profits are calculated using FX rate as of Mar 31, 2021.

For 2010, profit is calculated before adjustment relating to natural catastrophes in 1Q 2011.

For 2020, natural catastrophes are normalized to an average annual level and the impact of COVID-19 is excluded.

Developed Markets Strategy (Further Increase Underwriting Profits)

Implement three strategies to achieve profit growth of around 6% CAGR

(1) Increase Underwriting Profits

Contribution
image



Maintain strict underwriting discipline

- Improved the quality of portfolio during the previous MTP period through rigorous efforts to reduce unprofitable business lines
- Constant effort to maintain a healthy underwriting portfolio by closely monitoring profitability and other market trends including social inflation

Premium rates increases

- Leverage strengths of each group company and achieve rate increase exceeding loss cost

<FY2020 results>

PHLY*1: +circa 11%, TMHCC *1,2: +circa 15%, TMK: +circa 10%

*1: See page 61 for rate increases of main lines

*2: Excluding A&H, Surety and Credit

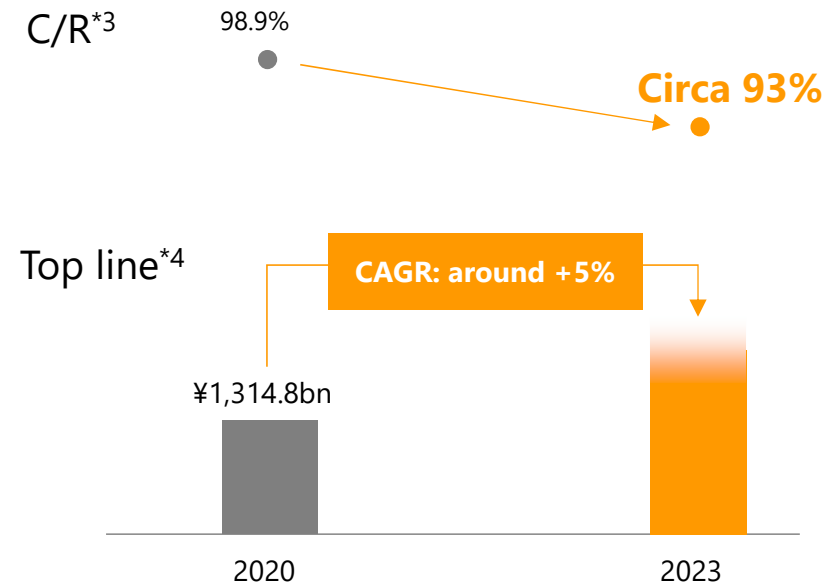
New risk-taking

- Opportunistic new risk taking (e.g., lines with the improved profitability due to market hardening)

Improve operational efficiency

- Promote administrative process improvement in each group company

- Increase underwriting profits by improving combined ratio and top-line growth



*3: North America + Europe segments. Include policies with high C/R such as DFG's excess workers' compensation and life insurance.

2020 is actual figure. Adjusted base normalizing natural catastrophes and excluding the impact of COVID-19 is 93.3%.

*4: Total NPW of North America and Europe segments. FX rate is as of Mar. 31, 2021.

Developed Markets Strategy (Growth Area Investment)

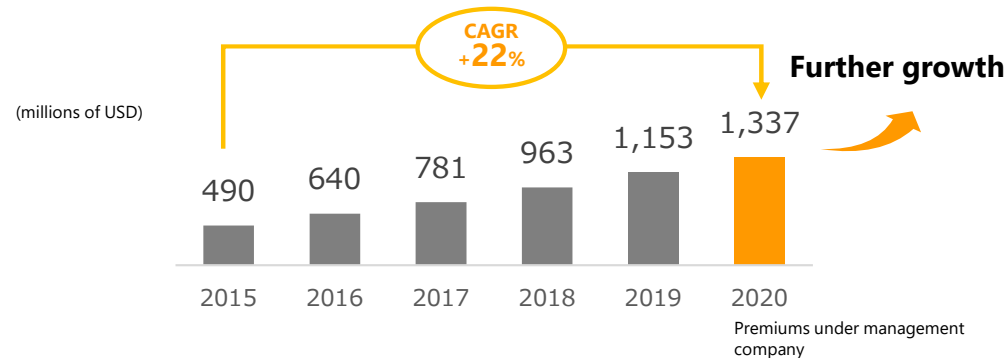
(2) Pure's growth

Contribution
image
✓ ✓ ✓

- Achieve over 20% profit growth through rating upgrade and further expansion of synergies in addition to the existing strong growth capability

Growth acceleration with AM Best rating upgrade

(Apr. 2021: A→A+)



New premium per year grew from around \$160mn to \$200mn following the rating upgrade in August 2018 (A→A), and similar effect is expected for the current upgrade

Further expansion of synergies

- New business relation with PHLY's leading agents
- Introduce RSL's blue-chip company clients to PURE
- Joint marketing to agents in Hawaii by Pure and FICOH in Hawaii
- Joint development of cyber insurance products with TMHCC for individual clients

(3) Bolt-on M&A

Contribution
image
✓ + α
(Case-by-case)

- More than 60 successful bolt-on M&As, and will continue our successful track record
- Improve the quality of bolt-on M&A through TMHD's proactive governance



Acquired by DFG in Apr. 2021
(Acquisition price: circa ¥19.8bn)

- Paid Family Leave insurance market is expected to **grow nationwide in US in the future**
- **Top 3 in NY market** (our estimate), and **after-tax profit is expected to be ¥1.5 to ¥2bn**. Cross-selling synergy with DFG is expected

- Become a **leading company** in the U.S. staffing insurance business
- **Establish overwhelming competitiveness in highly profitable markets**



Acquired by PHLY in Dec. 2020
(Acquisition price: below ¥10.0bn)

Emerging Markets Strategy

Implement growth strategies to capture strong growth potentials and to further diversify risks, thereby aiming to achieve a CAGR of 10% or more and developing pillars for future growth



Establish JV with Caixa Bank and accelerate growth

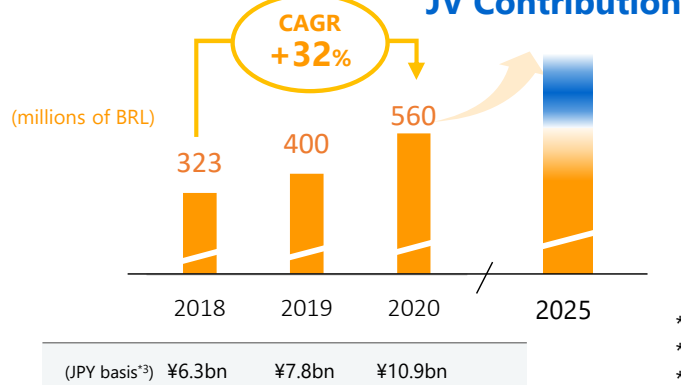
Contribution
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- TMSR has increased profitability for the mainstay auto insurance, **achieving profit growth of over 30% CAGR**
- Started operation of insurance JV with Caixa Bank for portfolio diversification and further growth in Feb. 2021
- Aim **circa ¥6.5bn in after-tax profit*2 in FY2025 (based on our 25% stake)**

**TMSR
after-tax profit**

**CAIXA
JV Contribution**



Brazil Home Insurance Market*1

2020 Home insurance market premium	\$1.5bn
2015-2020 Home insurance market CAGR	+7.5%

(Reference)
Further expansion of mortgage
market in Brazil

Circa 25 million of housing demand is expected based on new housing demand of 16.9 million by 2040 as well as current housing gap

- *1: Source: Brazilian insurance regulator SUSEP
 *2: Exchange rate at time of publication
 *3: Exchange rate as of end of Mar. 2021



Further utilize IFFCO's network and Group know-how

Contribution
Image



- Utilize IFFCO's **nationwide 36,000** branch network for sales of auto, medical, and agricultural insurance
- Utilize **IFFCO's branch network to expand sales in rural areas where the number of middle-income earners is expected to grow**, and promote utilizing Tokio Marine Group's know-how (U/W and digital)
- **In FY2023, aim to double the profit after tax compared to FY2020 to about ¥4.5bn (based on our 49% stake)**

Indian market*4

2020 Non-life insurance market premium	2015-2020 Non-life insurance market CAGR
\$27.2bn	+15.6%

*4: Source: General Insurance Council, IRDAI

Asset Management Strategy in the Low Interest Rate Environment

Given the anticipated lengthening of the low interest rate environment, increase investment income utilizing the ability to spot good investment targets in the credit market

New MTP outlook (overseas investment^{*1})

[FY2020 Results]

Overseas AUM		Income yield		Income gain
¥6.0 trillion	×	4.6%	=	¥274.9bn

[FY2023 plan]

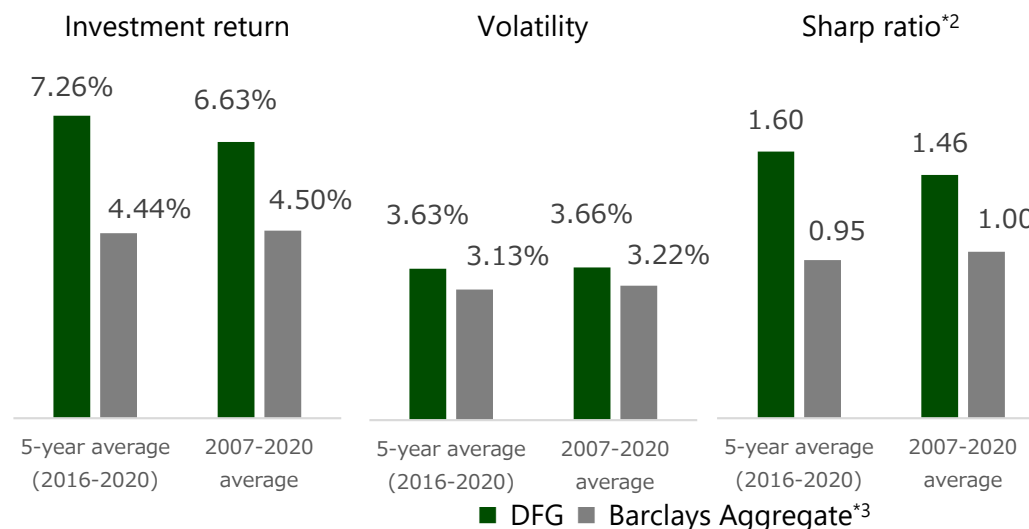
Overseas AUM		Income yield		Income gain
¥6.8 trillion	×	4.1%	=	¥279.2bn

- Steadily **increase** AUM through DFG's own growth and increase in assets entrusted by other GCs
- Despite the current uptick in interest rates, interest rates are expected to remain historically low levels
- While closely monitoring the risk of widening of credit spread, **control low income yield and increase investment income, by utilizing DFG investment team's ability to spot good investment opportunities**

(Reference) Strength of DFG investment team

- Flexibly rebalance investment portfolio in accordance with economic condition by leveraging DFG's excellent research and robust analysis by utilizing broad network
- e.g., at the timing of fire-sale during the COVID-19 crisis, a valuable investment opportunity was brought in by DFG's network, analyzed and made decision in overnight, etc.
- Team has produced stable returns compared to index

<Track record vs. index>



*1: Assets of U.S. 5 major GCs (DFG, PHLY, FICOH, TMAIC, TMHCC) + Assets entrusted by domestic 3 GCs.

*2: Measures excess return per unit of risk. Calculated as "(Investment return - risk-free rate) / Volatility".
Risk free rate: LIBOR3M

*3: Bloomberg Barclays US Aggregate Bond Index

Pursue Optimal Portfolio

- Capture further growth and pursue business diversification through various strategic options including entry to new businesses
- Make portfolio review and decision in a disciplined manner

Insurance Business

Developed markets

M&A including bolt-on M&A

Internal Market Intelligence function

Emerging markets

M&A
Partnership
(Bancassurance, etc.)

Developed / emerging markets

Additional risk taking
Establish new offices

New Business

Worldwide including Japan

M&A
JV / New
Establishment, etc.

Apr. 2021 Launched
Strategic Initiatives Division

Strict acquisition criteria to maintain discipline

Target

Cultural fit

High profitability

Solid business model

Hurdle rate

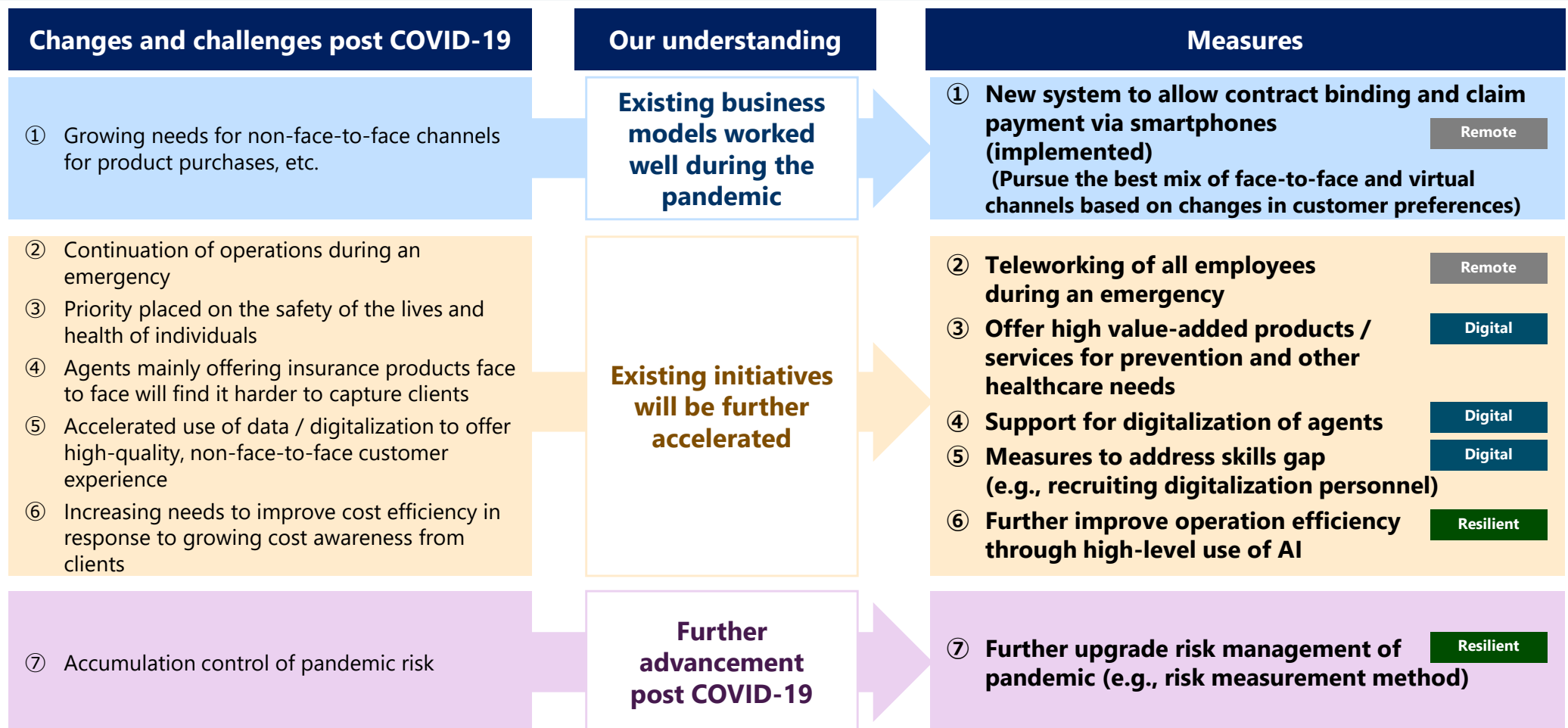
Cost of capital (7%)

+ Risk premium

+ Country interest rate spread

Post COVID-19 Strategy

- A task force including overseas top executives has identified changes and challenges post COVID-19, and reviewed strategies
- The review results are incorporated into respective Group companies' strategies to capture next growth opportunities



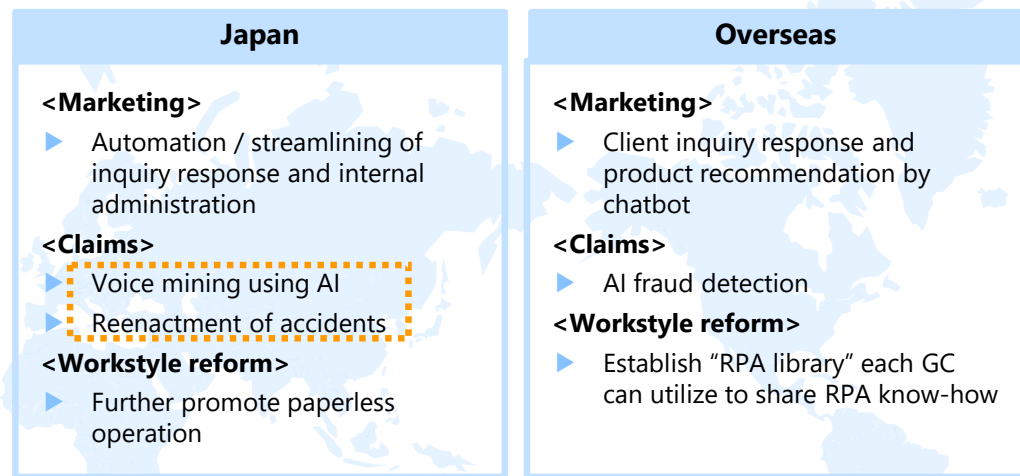
Refer to page 76 for the values we have offered to our stakeholders during the COVID-19 pandemic

Digitalization Strategy (Productivity Improvement)

Use technology and data to radically improve productivity

Step toward productivity improvement

- ① **Radically reduce internal administration** through effective use of technology, data, operation process reforms and workstyles



TMNF: **Reduce internal administration by 20-30%** by the end of FY2026
(equivalent to ¥30-50bn cost reduction a year)

Asia: Aim to **reduce internal administration by 8-10%** over the medium- to long-term
(equivalent to ¥2bn cost reduction a year)

- ② Use the hours saved to promote sales and to offer peace of mind pre and post incident, allowing **top line growth and loss ratio improvement**
- ③ **Achieve productivity improvement (improve C/R)** as a result

Case Study

Internalization of core insurance function **led to the internal accumulation of core technology know-how** and **reduction of internal administration**

■ Internal development of AI to analyze and propose telephone conversation tips

- In April 2021, **we developed proprietary AI** that analyze telephone conversation contents using voice mining technology for our claims service. **Currently applying for a patent.**
- A trial run began in March 2021 for auto accidents. A rollout to all branches is scheduled by the end of FY2021.
- It significantly reduces the time spent on inputting the contents of telephone conversations** that has been done after each call.



■ Rollout of accident reenactment system

- Currently rolling out a system for AI to reenact auto accidents using videos obtained from drive recorders, etc. and automatically calculate liabilities between parties based on the circumstance of accidents and damage to vehicles
- Quicker settlement improves client satisfaction and reduces our workload**
- Won the Nikkei Superior Products and Services Award** by Nikkei Inc. in January 2021

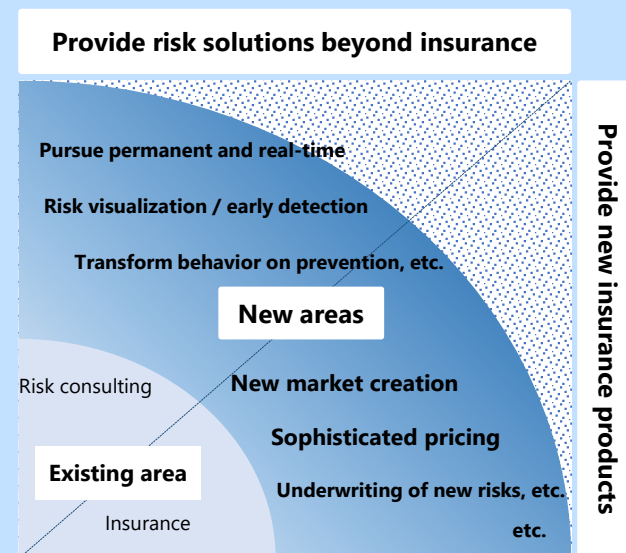


Digital Strategy (Creation of New Value)

By utilizing data to enable various risk-taking and risk solutions, promote realization of growth in the new stage for each Group company. At the same time, pursue business investment opportunities

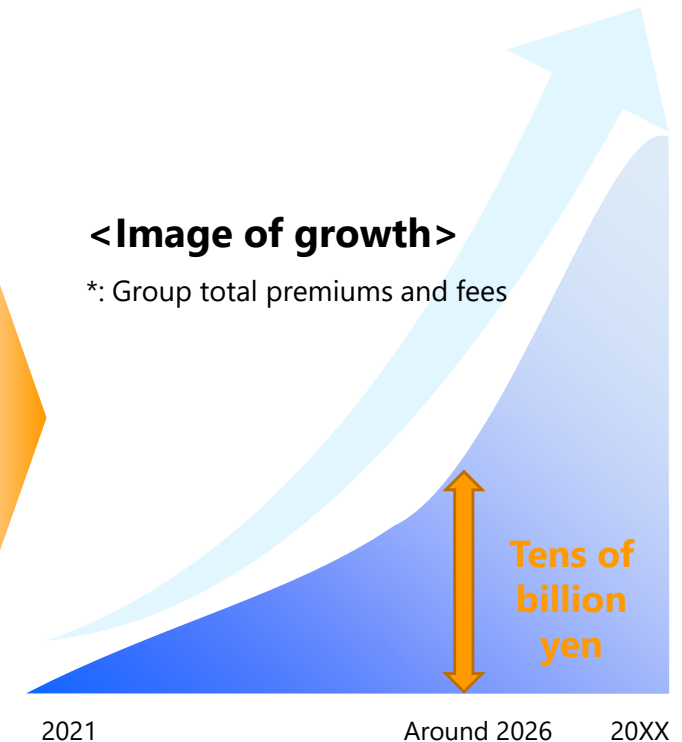
Growth in new areas

- Apply sophisticated data analysis, etc. to increasingly diverse and complex set of risks **to develop and implement products and risk solutions that undertake new risks and create new markets**
- E.g., **enhance initiatives in areas of safety in preparation and recovery in the areas of health care, cyber risks, and disaster prevention / reduction**
- Realize growth in the new stage by **evolving to a ready partner that always supports the customers in times of need**



<Image of growth>

*: Group total premiums and fees



Tokio dR

Launch of core data company Tokio Marine dR

Data strategy is positioned as the pillar of new growth strategy, and the Group's **core data company Tokio Marine dR** is to launch in July 2021

By strengthening Group data analysis and solution development capacities, accelerate **new data driven product and risk solution development** by each Group company

Disciplined Capital Policy (ESR)

- Revised ESR so that the ability to make investment and provide shareholder return can be shown in an easier-to-understand manner (excluded restricted capital)
- Current ESR is at an appropriate level
- Growth investment will be prioritized towards the medium- to long-term goal, but disciplined shareholder return will be executed if we do not see an appropriate investment opportunity

Target range under new ESR model

ESR*1

140%

100%

Target
Range

Implementation of;

- Business investment, and/or
- Additional risk-taking, and/or
- Shareholder return

Strategic consideration of;

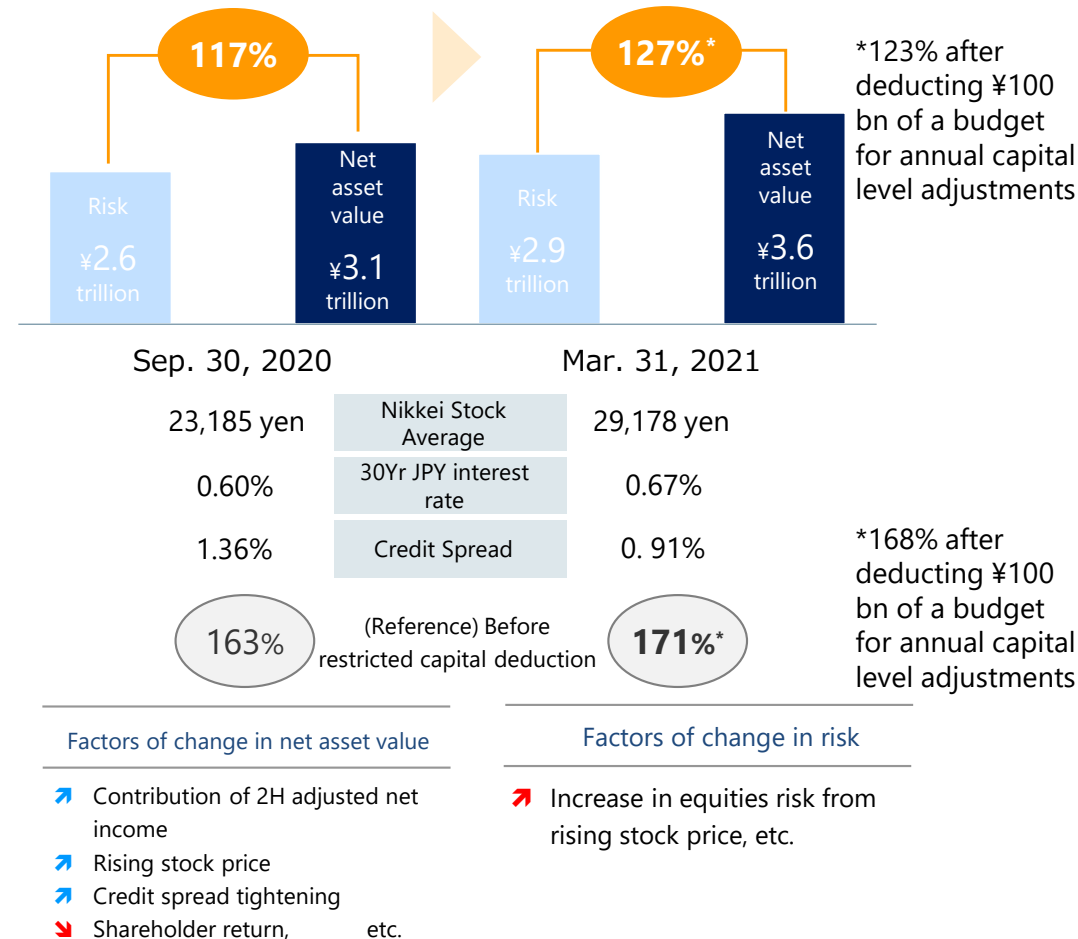
- Business investment, and/or
- Additional risk-taking, and/or
- Shareholder return

- Aim to recover capital level through accumulation of profits

- Control risk level by reducing risk-taking activities

- De-risking
- Consideration of capital increase
- Review of shareholder return policy

ESR*2



Disciplined Capital Policy (Shareholder Return)

- Primary means of shareholder return is dividends, which will be sustainably increased along with profit growth
- A budget for annual capital level adjustment is set at ¥100bn (FY2021) to ensure greater transparency

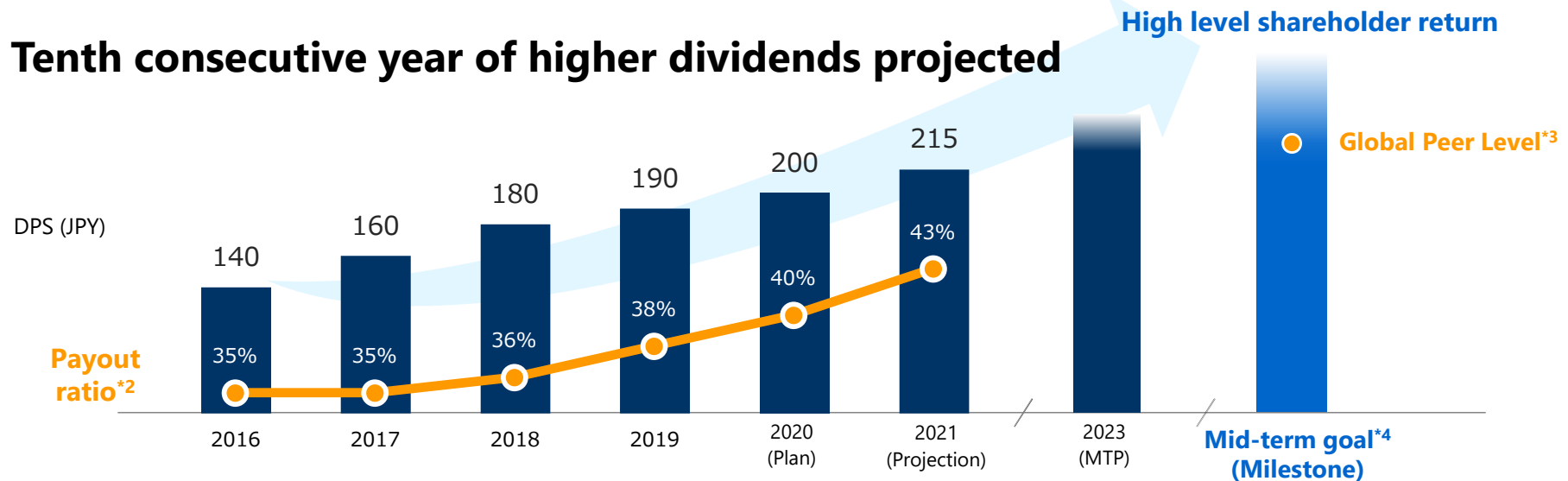
Dividends

- Primary means of shareholder return is dividends, which will be sustainably increased along with profit growth
- Payout ratio is at or above 40% of average adjusted net income^{*1}, and upon achievement of the mid-term goal, the ratio^{*2} shall be increased to levels on par with global peers^{*3}

Capital level adjustment

- A budget for annual capital level adjustment is set to ensure greater transparency
- The budget is set at ¥100bn for FY2021. As our policy is to prioritize growth investment, the amount will be aggregated with the amount of small- and medium-size growth investment (large M&A shall be executed separately, including recycling of existing investments)

Tenth consecutive year of higher dividends projected



Total dividends (billions of JPY)	105.3	117.6	128.0	133.0	139.1	149.0 ^{*5}
Capital level adjustment ^{*6} (share buybacks, etc.) (billions of JPY)	50.0	150.0	125.0	50.0	50.0	100.0 ^{*7}

^{*1}: 5-year average of adjusted net income.

^{*2}: Payout ratio based on the original projection basis.

^{*3}: Payout ratio of global peers is currently circa 50%.

^{*4}: Adjusted net income of over ¥500.0bn, around 12% adjusted ROE

^{*5}: The figure for 2021 (projection) is before reflecting share buybacks.

^{*6}: Total amount approved by the announcement date of financial results of each fiscal year.
The figure for 2018 includes one-time dividends of circa 50.0bn yen and those for 2019 and 2020 include of circa 25.0bn yen, respectively.

^{*7}: FY2021 (projection) is the total amount of small- to medium-sized business investment and capital level adjustment (guideline)

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*To Be a **Good Company***



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