

*To Be a Good Company*



# 2Q FY2023 Results and Full-Year Projections

Tokio Marine Holdings, Inc.

November 17, 2023



TOKIOMARINE

Tokio Marine Holdings

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#### ◆ Abbreviations used in this material

➢TMHD : Tokio Marine Holdings	➢DFG : Delphi Financial Group
➢TMNF : Tokio Marine & Nichido Fire Insurance	➢TMHCC : Tokio Marine HCC
➢TMNL : Tokio Marine & Nichido Life Insurance	➢TMK : Tokio Marine Kiln
➢PHLY : Philadelphia	➢TMSR : Tokio Marine Seguradora

## FY2023 Projections

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## Continued Strong Performance

- Progress rate for 2Q results seems slightly low due to one-off effects including Nat Cats and the impact of JPY depreciation\* on domestic non-life. However, underwriting is strong for key overseas entities, and product/rate revisions are decided to address the deteriorating loss ratio for domestic auto
- Full-year projections are revised downward by -JPY15.0bn to JPY655.0bn due to the impact of Nat Cats and capital losses in North America offsetting the strong performance by the key overseas entities and increase in capital gains from the sale of business-related equities
- Full-year projection on normalized basis excluding one-off effects is revised upwards by +JPY5.0bn to JPY675.0bn (+9% YoY), and profit growth trend remains strong

## Expansion of Disciplined Shareholder Returns Consistent with Profit Growth

- DPS in FY2023 will be unchanged at JPY121 (+21% YoY) based on the continued strong profit growth as stated above
- ESR as of September 30, 2023, remained strong at 133%. Share buyback for FY2023 will be increased from originally announced JPY100.0bn to JPY120.0bn comprehensively considering one-off profit from Group reorganization, current M&A pipeline, etc.

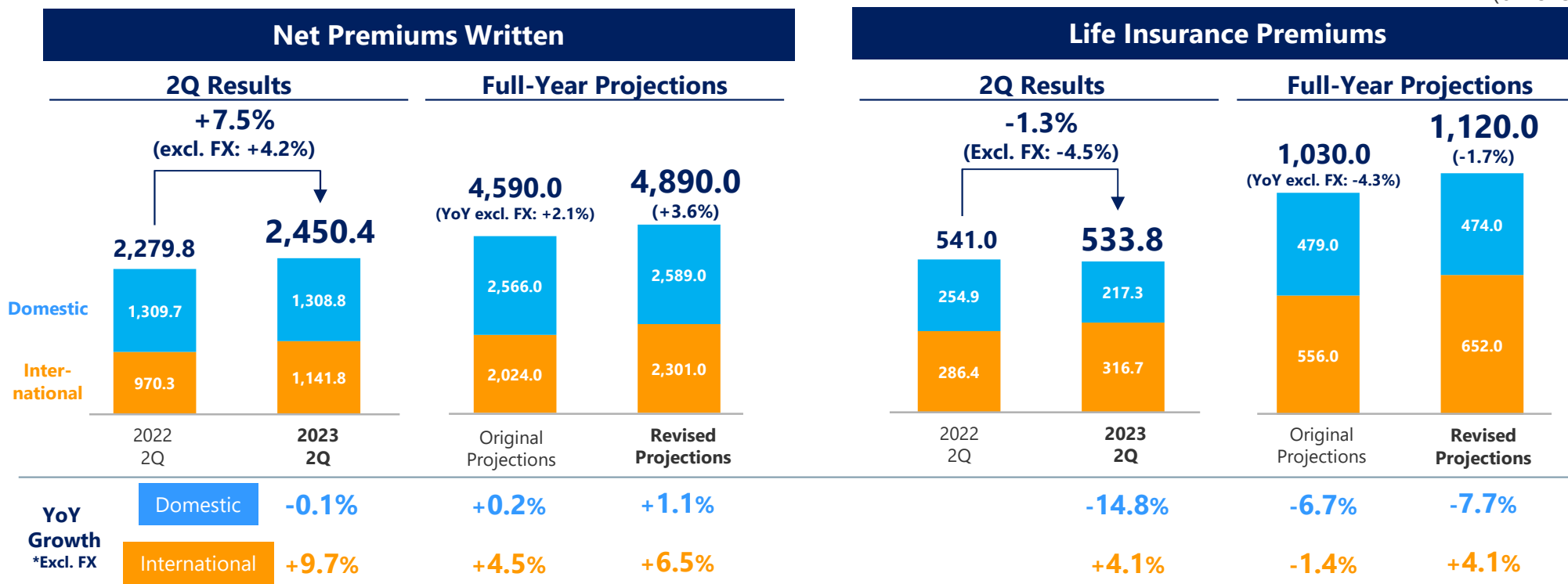
## Concerning the Incidents at TMNF

- Fraudulent insurance claims concerning BIGMOTOR: Investigation to confirm the amount of fraudulent claim, support for safety checks for customers, and insurance policy grade adjustment are being implemented. Initiative to make customer-oriented improvement to the designated workshop system is also being promoted
- Potential price-fixing among Japan non-life insurers: On-going investigation by a special committee headed by several external lawyers. Steadily implementing initiatives to prevent recurrence. TMHD will strengthen and enhance governance at Group level

# Executive Summary: Top-Line

- 2Q results were exceeded the original growth projection mainly due to increased revenue from rate increases, expanded underwriting overseas and increased sales for domestic specialty insurance, resulting in net premiums written increasing by +7.5% (+4.2% excl. FX) and life insurance premiums decreasing by -1.3% (-4.5% excl. FX)
- Considering the strong results, full-year projections for net premiums written and life insurance premiums have been revised upwards

(billions of JPY)



## [Domestic]

- Steady performance thanks to increased revenue from expansion of specialty sales and increased unit price for auto offsetting the reversal of increase in policies before the revision in October 2022, etc.
- The full-year projections were raised to +1.1% YoY (Original projections: +0.2%)

## [International]

- Steady performance thanks to strong rate increases and underwriting expansion with strict discipline mainly led by TMHCC and TMSR.
- The full-year projections were raised to +6.5% YoY (Original projections: +4.5%)

## [Domestic]

- Premiums declined due to rise in surrender & lapse of corporate owned life insurance
- The full-year projections were revised downwards to -7.7% YoY (Original projections: -6.7%)

## [International]

- Steady performance due to rate increases and underwriting expansion of mainly for MSL\* at TMHCC and group life/disability insurance at DFG
- The full-year projections were revised upwards to +4.1% YoY (Original projections: -1.4%)

\*Medical stop-loss Insurance

# Executive Summary: Adjusted Net Income 2Q Results (Actual Basis)

**[Group Results (Adjusted net income)] JPY275.5bn (41.1% vs original projections, \*5-year average progress: 44.4%)**

- Progress was slightly subdued compared to past average due to Nat Cats (-JPY81.7bn) and the impact of JPY depreciation on TMNF\*1 (c. -JPY40.0bn).
- However, underwriting performance is strong for key overseas entities\*2, and in response to the deteriorating loss ratio for domestic auto, we have decided to implement rate / product revision in Jan 2024.

## [Business Unit Profits and Assessment (all figures after tax (includes estimates))]

**[TMNF] JPY29.4bn** (18.3% progress vs original projections, \* 5Y average: 26.6%)

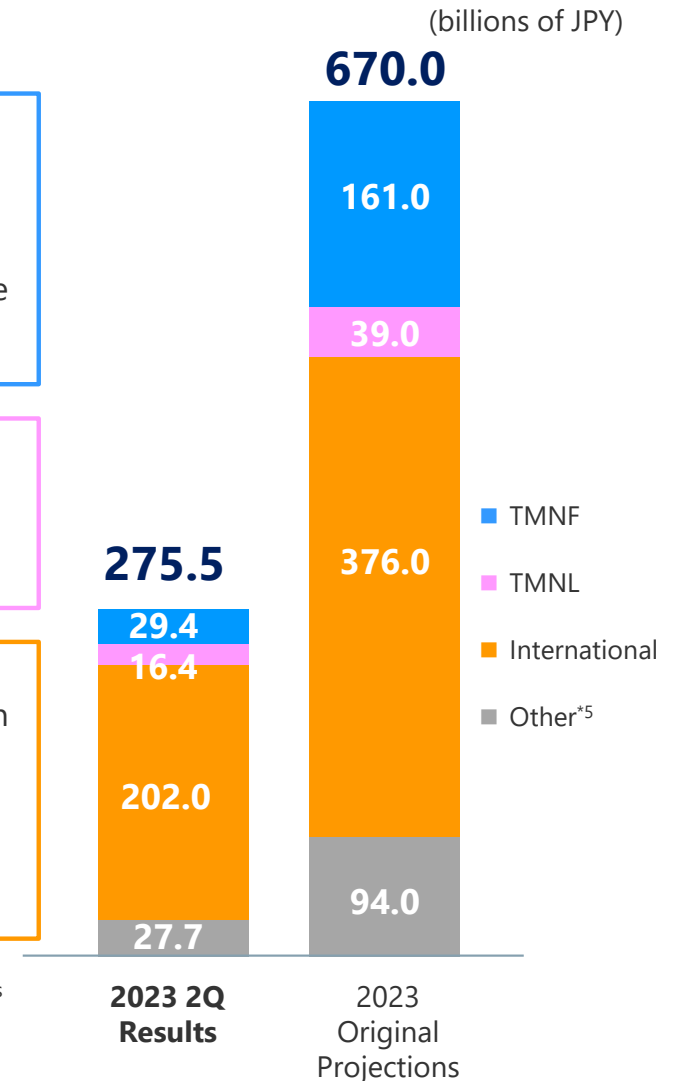
- Actual progress rate was below past average mainly due to Nat Cats (-JPY54.2bn), the effect of the JPY depreciation\*1 (c. -JPY40.0bn), and deteriorating loss ratio for auto etc.
- 58.1% progress rate excl. effects of Nat Cats and JPY depreciation is in line with the 5Y average of 57.1% based on the same measurement, thanks to the strong top line expansion etc.

**[TMNL] JPY16.4bn** (42.2% progress vs original projections, \*5Y average: 48.1%)

- Trending below 5Y average due to increased derivatives costs from the JPY depreciation, etc.

**[International] JPY202.0bn** (49.0% progress towards original projections (excl. FX) \*5Y average: 57.2%)

- Progress is in line with original plan, with the effect of Nat Cats (-JPY23.4bn\*3), capital losses in North America (c. -JPY24.0bn), and loss reserve development in overseas run-off reinsurance (c. -JPY14.0bn) offset by strong underwriting results by key entities and increase in North American investment income
- 2Q results for key entities\*2 was c. +JPY14.0bn\*4 vs local plans (of which underwriting profits c. +JPY22.0bn)



\*1: Offset by increase in international insurance profit for the full-year. \*2: PHLI, DFG, TMHCC, TMK, TMSR, Pure. Same applies hereinafter

\*3: Hawaii wildfires in August is reported as TMNF's 2Q financial accounting profit but will be transferred to international insurance for calculation of business unit profit. Due to the three-month difference in account closing periods between TMNF and international insurance, the figure will be included in international business unit profits from 3Q.

(Included in "Other: JPY27.7bn" in the graph on this page as it will be included in adjusted net income from 2Q)

\*4: Rate is as of June 30, 2023. +c. JPY13.0bn with rate as of Mar. 31, 2023, used for original projections

\*5: Domestic non-life other than TMNF or financial and other businesses, capital gains from the sale of business-related equities, etc. The same applies below.

## [Group Projections (Adjusted Net Income)] JPY655.0bn (-JPY15.0bn vs original projections)

- Adjusted net income on actual basis has been revised downward by -JPY15.0bn to JPY655.0bn due to the impact of Nat Cats and capital losses in North America, mostly offset by the robust performance notably from key overseas entities and rise in capital gains from the sale of business-related equities

### [Business Unit Profits]

#### [TMNF] JPY105.0bn (-JPY56.0bn vs original projections)

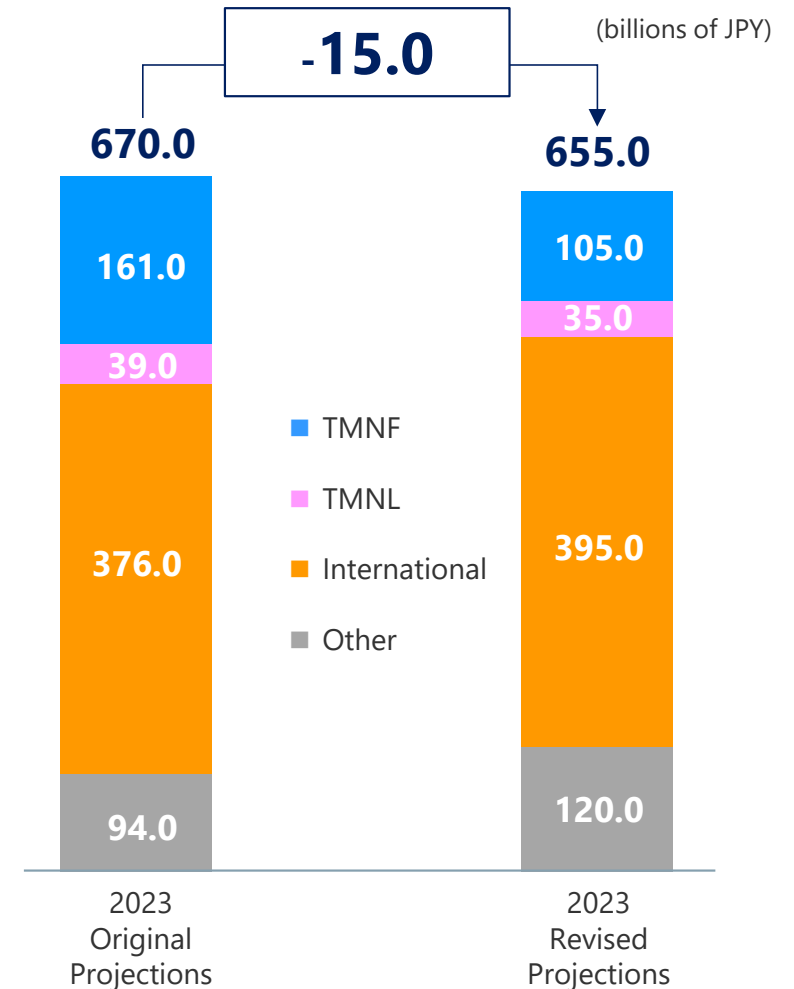
- Downward revision by -JPY56.0bn mainly due to JPY depreciation (c. -JPY40.0bn), increased Nat Cats (c. -JPY12.0bn), and deterioration of loss ratio for auto (c. -JPY15.0bn) despite the strong top line expansion

#### [TMNL] JPY35.0bn (-JPY4.0bn vs original projections)

- Downward revision by -JPY4.0bn due to increased derivatives costs from the JPY depreciation (c. -JPY2.0bn)

#### [International] JPY395.0bn (+JPY19.0bn vs original projections)

- Upward revision by +JPY19.0bn mainly driven by JPY depreciation (c. +JPY48.0bn), strong underwriting by key entities (c. +JPY29.0bn) and rise in investment income in North America (c. +JPY33.0bn), partly offset by the negative effect of increase in capital losses in North America (c. -JPY59.0bn), loss reserve development in overseas run-off reinsurance (c. -JPY19.0bn), and Nat Cats (c. -JPY16.0bn)



**[Group Results (Adjusted net income)] JPY675.0bn (+JPY5.0bn vs original projections, +9% YoY)**

- Adjusted net income on normalized basis\* is expected to rise by +JPY5.0bn vs original projection to JPY675.0bn and +9% YoY mainly driven by strong underwriting notably from key overseas entities and increase in investment income

## Business unit profit (Normalized Basis\*)

**[TMNF] JPY117.0bn** (-JPY44.0bn vs original projections)

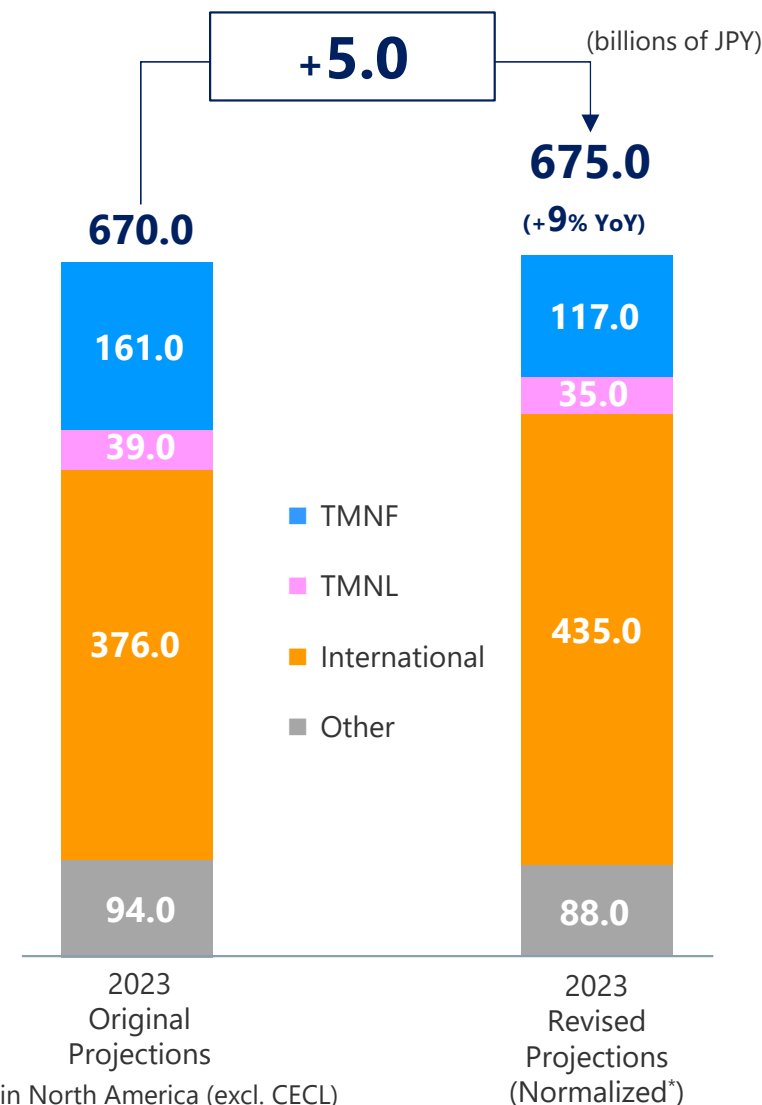
- Downward revision by -JPY44.0bn mainly due to the JPY depreciation (c. -JPY40.0bn) and deterioration of loss ratio for auto (c. -JPY15.0bn) despite the strong top line expansion

**[TMNL] JPY35.0bn** (-JPY4.0bn vs original projections)

- Downward revision by -JPY4.0bn due to increased derivatives costs due to JPY depreciation (c. -JPY2.0bn)

**[International] JPY435.0bn** (+JPY59.0bn vs original projections)

- Upward revision by +JPY59.0bn mainly led by JPY depreciation (c. +JPY48.0bn), strong underwriting by key entities (c. +JPY29.0bn) and increase in North American investment income (c. +JPY33.0bn), partly offset by the negative effect of increased CECL in North America (c. -JPY31.0bn) and loss reserve development in overseas run-off reinsurance (c. -JPY19.0bn)



\*: Normalized Nat Cats to an average annual level and excluding the impact of COVID, capital gains/losses in North America (excl. CECL) etc., and capital gains from the sale of business-related equities (for part of sale exceeding JPY150.0bn)



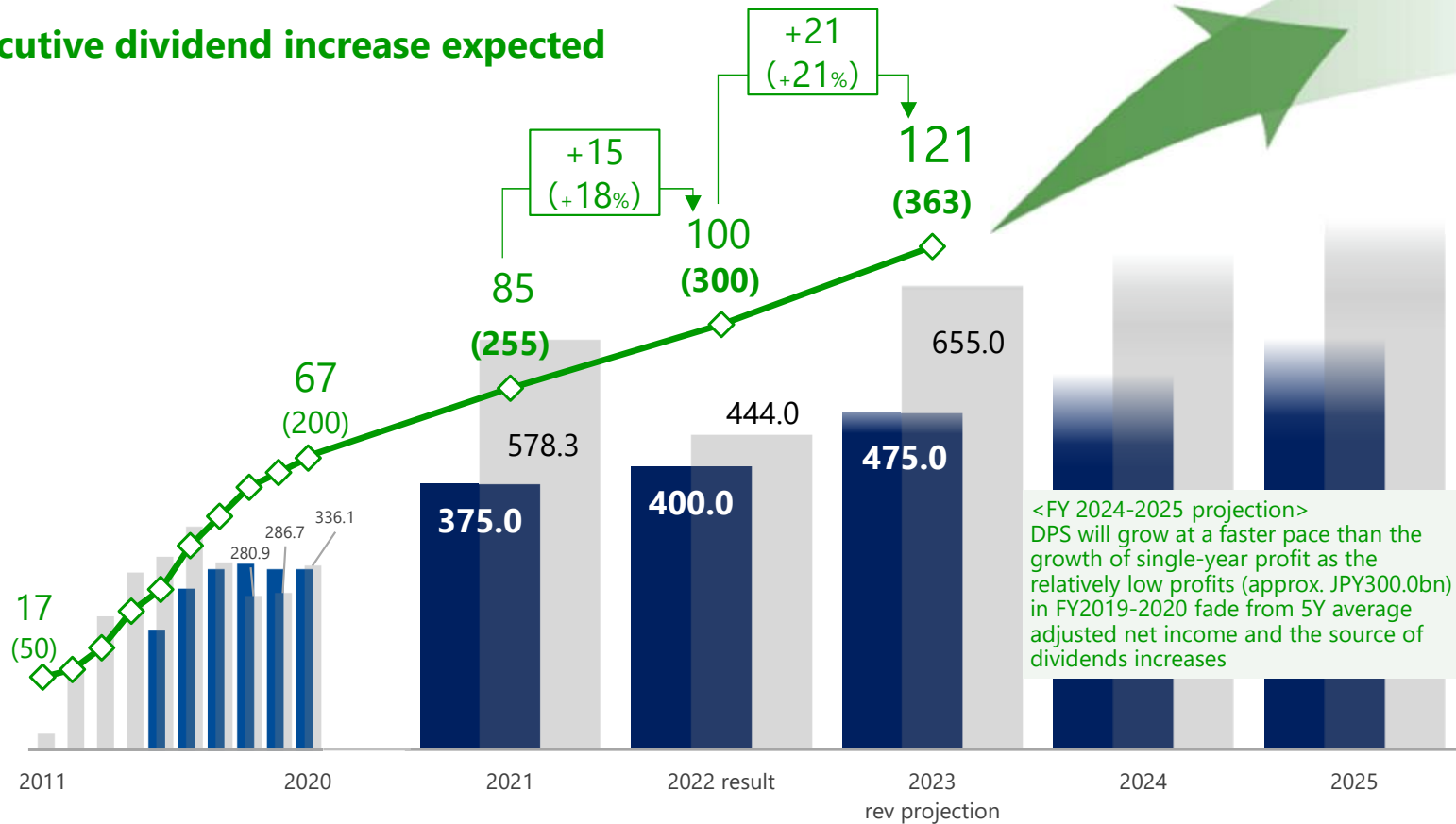
# Executive Summary: Shareholder Returns (Dividends)

- Continue to maintain DPS growth trajectory with confidence in line with EPS (profit) growth
- Maintain JPY121 DPS for FY2023 (+21% YoY) and continue to increase DPS for FY2024 and beyond based on growth in moving average of source of dividends (in principle, no decrease in dividends)

- Revised FY2023 projection (+21% YoY)
- 12th consecutive dividend increase expected

**DPS\*1,2  
(JPY)**

**5Y average  
adjusted net  
income  
(billions of JPY)**  
Gray indicates  
single year profit



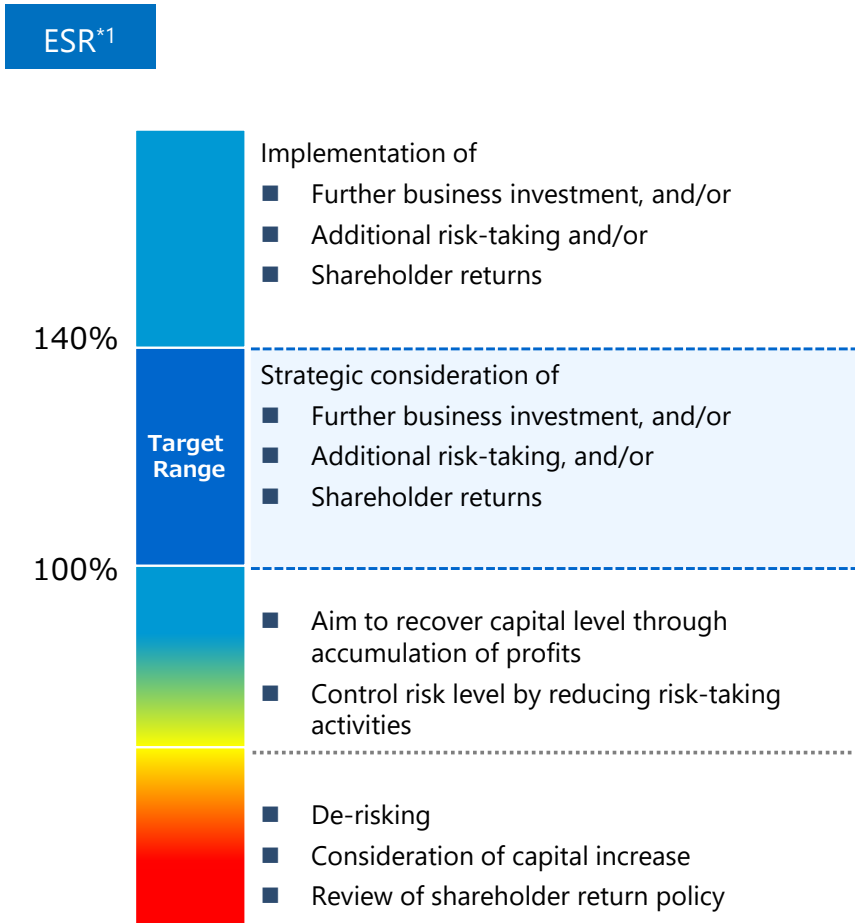
\*1: DPS is calculated by 5Y average adjusted net income \* payout ratio / number of shares

\*2: Figures in brackets are before stock split (split into three shares) in October 2022

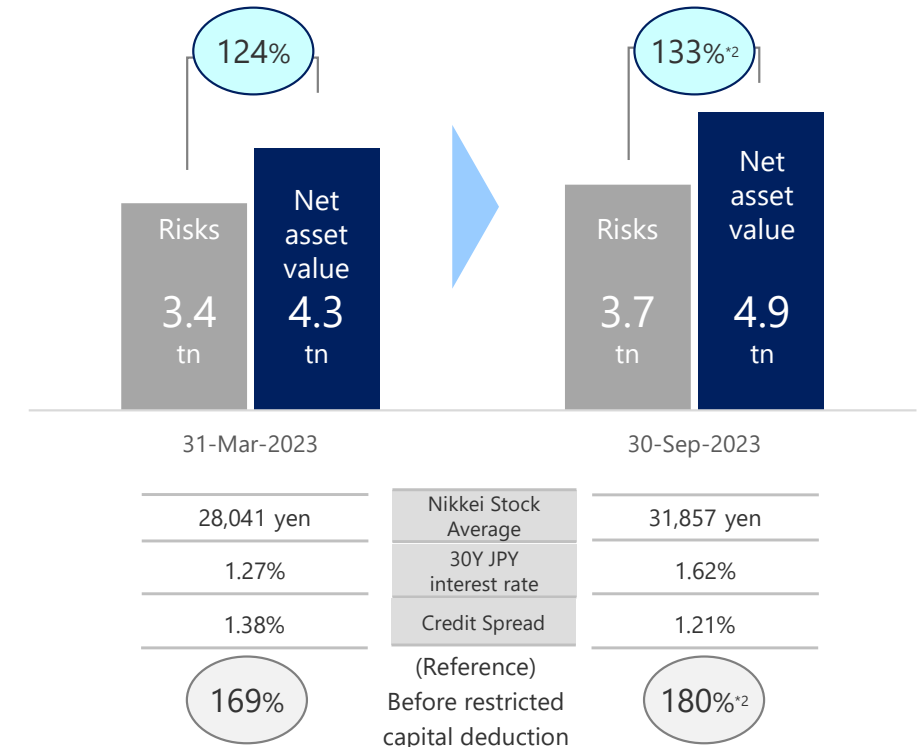
# Executive Summary: Shareholder Returns (Share Buyback)

- ESR\*1 as of September 30, 2023 stood at 133%. Share buyback for FY2023 will be increased from originally announced JPY100.0bn to JPY120.0bn comprehensively considering one-off profit from Group reorganization (P.42) and the current M&A pipeline (JPY50.0bn executed in 1H. Approved execution for JPY70.0bn)

## Target Range



## ESR\*1



\*1: Economic Solvency Ratio (Risk is calculated using a model based on 99.95%VaR (AA credit rating equivalent)).  
 Net asset value of overseas subsidiaries shows the balance as of three months earlier (Dec. 31, 2022 and Jun. 30, 2023)  
 See P.43 for sensitivity  
 \*2: ESR after the JPY70bn share buyback is 131% (178% before restricted capital deduction)

- **Fraudulent insurance claims concerning BIGMOTOR: Prioritizing recovery of customer damages, implementing investigation to confirm the amount of fraud, and insurance policy grade adjustment, etc. Initiative on customer-oriented improvement of the “designated workshop system” is also being promoted**
- **Potential price-fixing among Japan non-life insurers: On-going investigation by a special committee. Steadily implement initiatives to prevent recurrence**

## Fraudulent insurance claims concerning BIGMOTOR

### Latest Status

- Prioritizing recovery of customer damages, and implementing investigation to confirm the amount of fraud, supporting safety checks, and insurance policy grade adjustment, etc.
- Key issues identified were (i) inability to quickly identify malicious and organized fraudulent claim; and (ii) room for customer-oriented improvement in the operation of the “designated workshop system”
- Based on the above, we will (i) implement further enhancement of claims adjustment system (development / utilization of warning system for adjusters, detection of abnormalities using repair cost big data, etc.); and (ii) develop network system providing designated workshop information for customers.

## Insurance premium fixing incident

### Latest Status

- On-going investigation by a special committee headed by several external lawyers. Details of investigation cannot be discussed, but the preventative measures already implemented are stated below. We will steadily implement initiatives to prevent recurrence including these.
  - Established Fair Trade Promotion Office in TMNF Legal Department (October 2023)
  - Conducted training to spread understanding of laws, regulations, and rules, and introduced a learning tool
  - Clarified rules and procedures about contacting competitors (prohibited as a general rule) etc.

# Issue Analysis and Actions as TMHD

- Following the occurrence of several incidents, further strengthening governance at the group level will be established and executed upon as one of the key pillars of the next mid-term plan
- We will enhance integrated group management while also ensuring to bring in external perspectives and expertise to deliver high quality management that balances growth and governance

## Issue Analysis of Incidents from a Group Management Perspective

TMHD Involvement in Group Company Operations	<ul style="list-style-type: none"> <li>■ The expansion and diversification of our global business has potentially led to a variance in the implementation of internal controls in each business. There is the potential need for HD to be further involved</li> </ul>
Utilization of External Perspectives and Expertise	<ul style="list-style-type: none"> <li>■ While we have been developing and strengthening various frameworks there is the opportunity for us to more effectively utilize external perspectives and expertise</li> </ul>



## Specific Measures to Address Identified Issues to Strengthen and Enhance Internal Controls and Governance. Identified as a Key Group Strategy in the Next Mid-Term Plan

TMHD (Enhanced Framework)	<ul style="list-style-type: none"> <li>■ Further utilization of <u>external perspectives and expertise</u> on internal controls and governance</li> <li>■ Recruitment in addition to further internal development of <u>industry leading experts</u> to implement enhanced governance measures, including those listed below.</li> </ul>
Domestic Group Companies	<ul style="list-style-type: none"> <li>■ Better leverage "<u>specialized resources and knowledge sharing</u>" from TMHD functions (including governance-related) to enhance and strengthen those functions at the group company level</li> </ul>
International Group Companies	<ul style="list-style-type: none"> <li>■ Enhance internal controls aligned with the <u>maturity level</u> of each group company and provide Group Company support (resource sharing, training and secondment etc.)</li> </ul>





# 2Q FY2023 Results

[Reference]	FX Rate (USD/JPY)	
	FY2022	FY2023
End of September (Domestic Non-Life & Life)	JPY144.81 (-JPY22.42 from Mar. 31, 2022)	JPY149.58 (-JPY16.05 from Mar. 31, 2023)
End of June (International)	JPY136.68 (-JPY21.66 from Dec. 31, 2021)	JPY144.99 (-JPY12.29 from Dec. 31, 2022)

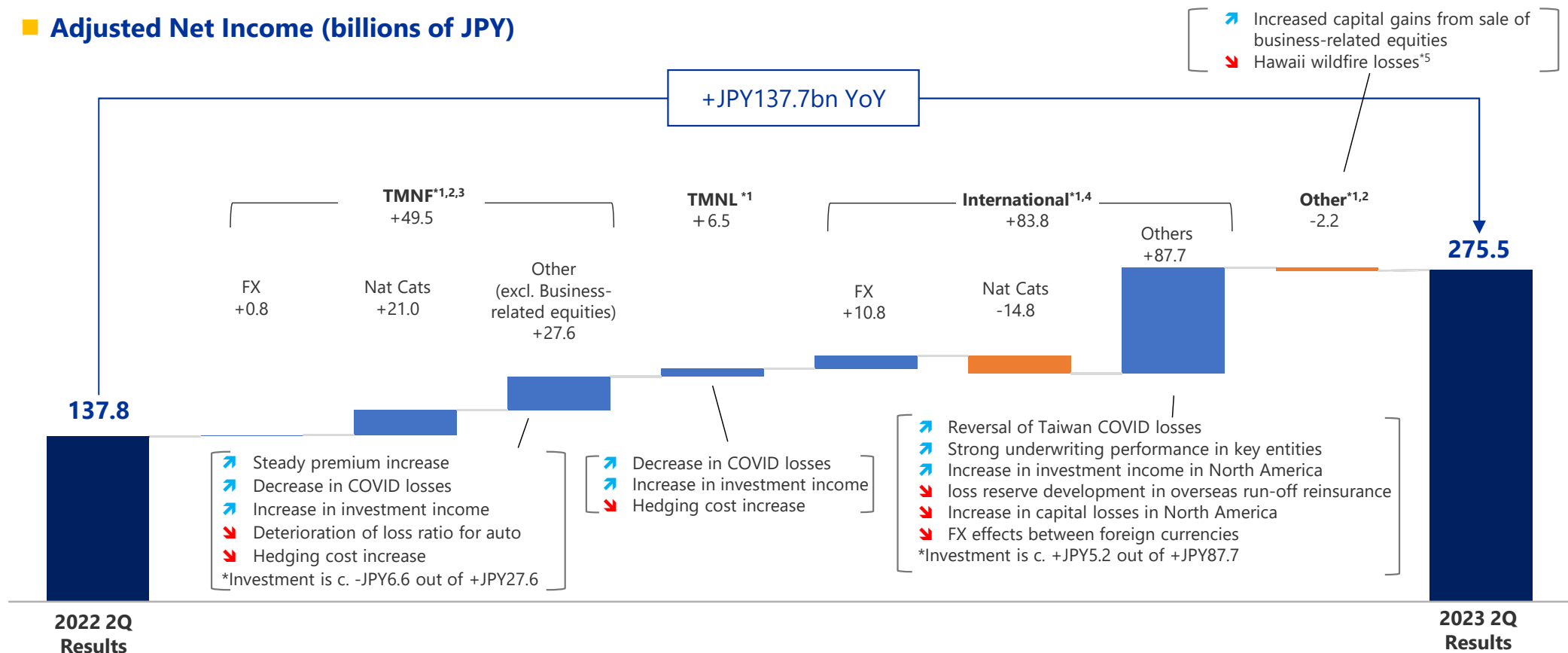
# Consolidated Results: 2Q Adjusted Net Income (Actual)

Consolidated	Domestic Life
Domestic Non-Life	International



- Actual adjusted net income increased by +JPY137.7bn YoY mainly due to the domestic and international decrease in COVID losses (reversal), strong underwriting by key overseas entities, and increase in investment income, etc.

## Adjusted Net Income (billions of JPY)



\*1: All figures are on a business unit profit basis (Other: Domestic non-life other than TMNF or financial and other businesses, capital gains from the sale of business-related equities, consolidation adjustment, etc.)

\*2: Capital gains from the sale of business-related equities are not included in business unit profits but are included in adjusted net income.

\*3: Main difference for the +JPY64.7bn YoY change in financial accounting profit comprised +JPY3.9bn reserves, +JPY13.5bn capital gains from sale of business-related equities, etc., -JPY24.3bn dividends from subsidiaries, and +JPY22.2bn other extraordinary gains / losses (see P.49 for details)

\*4: Main difference for the +JPY92.7bn YoY change in financial accounting profit comprised +JPY17.1bn difference in subsidiaries covered, -JPY7.2bn other adjustments (extraordinary gains / losses, corporate expense, etc.) (see P.49 for details)

\*5: Reported as TMNF's financial accounting profit but will be transferred to international insurance for calculation of business unit profit. Due to the three-month difference in account closing periods between TMNF and international insurance, the figure will be included in international business unit profits from 3Q (Included in "Other" in the waterfall as it will be included in adjusted net income from 2Q)

# Natural Catastrophes (2Q Actual / Full Year Projections)

Consolidated	Domestic Life
Domestic Non-Life	International



- Actual net incurred losses relating to Nat Cats for 2Q declined by -JPY8.7bn YoY to JPY110.6bn (before tax).
- Full year budget for Nat Cats is increased by +JPY50.0bn to JPY194.0bn (before tax) considering domestic and international progress rate, etc.

## ■ Net incurred losses relating to Nat Cats (business unit profit basis, billions of JPY)

Before Tax	2022 2Q Results	2023 2Q Results	YoY Change*2
Domestic Non-Life*1	109.0	80.7	-28.2
International	10.3	29.8	+19.5
Total	119.3	110.6	-8.7

FY2023 Full-Year Projections		Change*2 ((2)-(1))
(1) Original Projections	(2) Revised Projections	
76.0	96.0	+20.0
68.0	98.0	+30.0
144.0	194.0	+50.0

After Tax*3	2022 2Q Results	2023 2Q Results	YoY Change*2
Domestic Non-Life*1	78.5	58.2	-20.3
International	8.2	23.4	+15.2
Total	86.7	81.7	-5.0

54.7	69.2	+14.4
53.0	75.0	+22.0
107.7	144.2	+36.4

## ■ Major Nat Cats in 2Q (Nat Cats above a certain scale)

[Domestic*1]	Gross incurred losses*4	[International (3Q)]	Net incurred losses*4
July 2023 Gunma / Tochigi Hail Damage	JPY24.9bn	Hawaii wildfires*5 (August)	JPY38.0bn
Typhoon Mawar:	JPY10.0bn		
Typhoon Yun-yeung:	JPY7.6bn		

\*1: Combined total for TMNF, Nisshin Fire, and E.design \*2: Note that "+" means a negative for profits, while "-" means a positive for profits \*3: After-tax figures are estimates \*4: before tax  
 \*5: Hawaii wildfire related overseas reinsurance ceded to TMNF is reported as TMNF's financial accounting profit but will be transferred to international insurance for calculation of business unit profit.  
 Due to the three-month difference in account closing periods between TMNF and international insurance, the figure is not included in 2Q results in the above table (business unit profit basis), but is included in the revised full-year international business unit profits

# Domestic Non-Life 1: TMNF Results

- Business unit profit progress rate excluding one-off effects (domestic Nat Cats, FX) was 58.1% (vs 5Y average of 57.1%). Mostly in line with projection with deteriorating loss ratio for auto covered by steady expansion of top line, etc.
- Actual business unit profit was JPY29.4bn. Progress rate remained low at 18.3% due to JPY depreciation and worse than expected Nat Cats

(billions of JPY, except for %)

	FY2022 2Q Results	FY2023 2Q Results	YoY Change	FY2023 Original projection	Progress rate
<b>Underwriting profit/loss</b>	-74.2	-28.4	45.8	155.0	-
(Underwriting profit/loss: excluding (1)-(5))	78.1	82.3	4.2	240.6	34.2%
Net premiums written (Private insurance)	1,114.5	1,115.9	1.3	2,197.2	
Net premiums earned (Private insurance)*1	1,055.3	1,108.9	53.6	2,208.3	
Net incurred losses (Private insurance)*2	-770.6	-788.4	-17.8	-1,323.2	
(1)Natural catastrophe losses	-104.5	-75.2	29.2	-73.0	
(2)Provision/Reversal of foreign currency denominated outstanding claims reserves	-40.0	-33.5	6.4	-	
Other than above	-626.0	-679.5	-53.5	-1,250.2	
Business expenses (Private insurance)	-352.3	-351.0	1.2	-716.5	
(3)Provision/Reversal of catastrophe loss reserves	-34.8	-0.4	34.4	-14.0	
Auto	-10.8	18.2	29.1	23.5	
Fire	-15.2	-15.6	-0.3	-19.0	
(4)Provision/Reversal of nat-cat underwriting reserves	-3.5	4.6	8.2	-	
(5)Provision/Reversal of underwriting result for the first year*3	30.6	-6.0	-36.7	1.3	
<b>Net investment income (loss) and other</b>	159.0	137.2	-21.7	254.5	53.9%
<b>Ordinary profit/loss</b>	85.3	109.5	24.1	412.0	26.6%
<b>Extraordinary gains/losses</b>	-53.7	-1.9	51.7	-12.4	15.8%
<b>Net income/loss</b>	32.9	97.6	64.7	320.0	30.5%
<b>Reconciliation of Business Unit Profits(P.49)</b>	-53.0	-68.1	-15.1	-159.0	42.8%
<b>Business Unit Profits</b>	-20.1	29.4	49.5	161.0	18.3%
<b>Business Unit Profits (excl. One-off Effects)</b>	115.3	124.1	8.8	213.6	58.1%

\*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

## [Progress towards Original projections]

- **Underwriting Profit** (Amount before tax)  
**<excl. Effects of domestic Nat Cats and various reserves, etc.>**  
➔ Progress rate remained low despite steady top line expansion, etc., due to the Hawaii wildfires (c. -JPY26.0bn, originated from international business), loss reserve development in overseas run-off reinsurance contracts (-JPY21.3bn, international source), and deteriorating loss ratio for auto, etc.  
 (2Q progress rate: 34.2% in FY2023 vs 5Y average of 55.8%)

Mostly in line with projection excl. originated from international business which are not recognized in business unit profit for domestic non-life

## Business Unit Profits

### <excl. One-off Effects>

- ➔ Progress mostly in line with projections with strong investment income in addition to the above  
 (2Q progress rate: 58.1% in FY2023 vs 5Y average of 57.1%)

### <Actual Basis>

- ➔ Progress rate remained low due to JPY depreciation and worse than expected domestic Nat Cats  
 (2Q progress rate: 18.3% in FY2023 vs 5Y average of 26.6%)

## [Reference: Change in Reserves Year on Year]

- Provision/Reversal of catastrophe loss reserves  
➔ Auto: Increase in reversals due to higher W/P loss ratio
- Provision/Reversal of underwriting results for the first year  
➔ Reversal of takedowns in FY2022 mainly in auto



# Domestic Non-Life 2: TMNF Net Premiums Written

- Private insurance total increased by +0.1% YoY, below original projection (+1.2%)
- However, with the progress for product and rate revisions for fire and expansion in specialty sales in line with projections, together with JPY depreciation and efforts to raise unit price for auto, etc., progress exceeded projections mainly for fire, marine, and auto

(billions of JPY, except for %)

	FY2022 2Q Results	FY2023 2Q Results	YoY		FY2023 Original projections	YoY %
			Change	%		
Fire	224.2	202.1	-22.1	-9.9%	400.4	-3.5%
Marine	43.5	43.6	0.0	0.2%	78.4	-7.7%
P.A.	105.2	109.6	4.3	4.2%	210.0	12.4%
Auto	555.1	562.8	7.6	1.4%	1,123.2	0.8%
CALI	106.1	104.5	-1.6	-1.5%	201.3	-5.6%
Other specialty	186.3	197.7	11.3	6.1%	385.4	3.8%
<b>Total</b>	<b>1,220.8</b>	<b>1,220.5</b>	<b>-0.2</b>	<b>-0.0%</b>	<b>2,399.0</b>	<b>0.6%</b>
<b>o/w Private insurance Total</b>	<b>1,114.5</b>	<b>1,115.9</b>	<b>1.3</b>	<b>0.1%</b>	<b>2,197.2</b>	<b>1.2%</b>

## [Progress towards Original Projections]

- Fire
  - ➔ Progress exceeding projections despite the reversal of increase in policies before the revision in October 2022 and decrease in revenue caused by the shorter insurance period, due to JPY depreciation and increase in insurance amount for inflation adjustment, etc. (Products/rates revision effect was in line with original projections)
- Marine
  - ➔ Exceeded original projections with the impact of JPY depreciation and rate increases mostly offsetting the negative impact notably from decrease in logistics
- P.A.
  - ➔ Slightly below original projections mainly due to the weaker-than-expected recovery in overseas travel insurance, although revenue increased in healthcare and other areas
- Auto
  - ➔ Slightly exceeded original projections thanks to the progress in efforts to raise unit price incl. product revisions and the raising of the ratio of policies with physical damage coverage
- CALI
  - ➔ Slightly exceeded original projections thanks to higher revenue associated with a rise in new car sales (the impact of the rate decrease implemented in April 2023 is expected to appear from August onward)
- Other specialty
  - ➔ Slightly exceeded original projections due to steady increases in revenue in key areas including cyber insurance and partly due to an increase in revenue achieved by large contracts

# Domestic Non-Life 3: TMNF Net Incurred Losses

- Increased at a pace faster than projected mainly due to the impact of JPY depreciation (+JPY33.5bn), large losses in originated from international business (c. +JPY50.0bn), larger than expected domestic Nat Cats, and deteriorating loss ratio for auto, etc.
- Increased at a pace faster than projected excl. one-off effects (domestic Nat Cats, FX) and the impact of originated from international business, mainly due to the deteriorating loss ratio for auto

## [Progress towards Original Projections]

(billions of JPY, except for %)

	FY2022 2Q Results		FY2023 2Q Results		YoY		FY2023 Original projections	
		Domestic Nat-Cat losses		Domestic Nat-Cat losses	Change	%		YoY %
Fire	194.9	75.1	164.2	38.3	-30.6	-15.7%	234.7	-10.1%
Marine	25.9	0.0	29.4	0.1	3.4	13.4%	51.7	11.6%
P.A.	65.0	-	59.6	-	-5.4	-8.3%	118.3	6.1%
Auto	347.8	26.9	382.2	34.8	34.3	9.9%	705.8	1.4%
Other specialty	136.8	2.4	152.9	1.9	16.0	11.7%	212.4	-14.5%
<b>Total</b>	<b>770.6</b>	<b>104.5</b>	<b>788.4</b>	<b>75.2</b>	<b>17.8</b>	<b>2.3%</b>	<b>1,323.2</b>	<b>-3.0%</b>

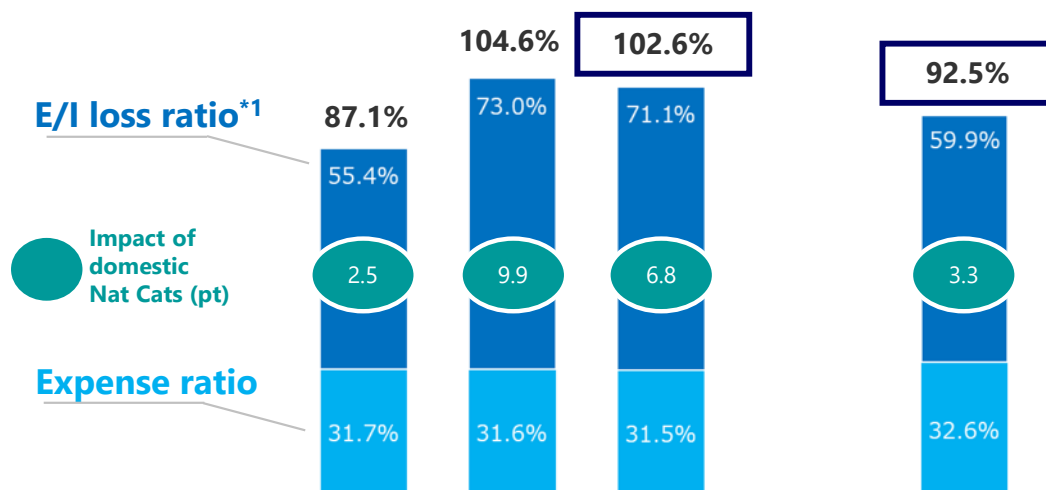
(Notes)  
Including loss adjustment expenses in the above table

- Fire
  - ➔ Exceeded projection due to the Hawaii wildfires (c. +JPY26.0bn, originated overseas) and increased provisions for foreign currency denominated outstanding claims reserves due to JPY depreciation (c. +JPY8.0bn) (in line with projections excl. the impacts of one-off effects and originated from international business)
  - Decreased YoY due to the decrease in domestic Nat Cats and rebound from Hurricane Ian (c. -JPY16.0bn) and South African floods (c. -JPY5.0bn) and COVID-19 payouts
- Marine
  - ➔ Exceeded projection due to increased provisions for foreign currency denominated outstanding claims reserves due to JPY depreciation (c. +JPY3.0bn) (in line with projection excl. one-off effects)
- P.A.
  - ➔ Exceeded projection due to loss reserve development in overseas run-off reinsurance contracts (international source) (in line with projections excl. impacts of originated from international business)
  - Decreased YoY due to rebound from COVID-19 payouts, etc.
- Auto
  - ➔ Exceeded projection due to greater-than-average Nat Cats (mainly from the hailstorms in Kanto area in July) and recent rise in loss cost (frequency / unit price) vs original projection
- Other specialty
  - ➔ Exceeded projection due to increased provisions for foreign currency denominated outstanding claims reserves due to JPY depreciation (c.+JPY22.0bn) and loss reserve development in overseas run-off reinsurance contracts (international source) (in line with projection excl. one-off effects and originated from international business)

# Domestic Non-Life 4: TMNF Combined Ratio

- E/I loss ratio exceeded original projections due to an increase in net incurred losses
- Expense ratio was slightly below original projections due to strong top-line performance
- Due to the above factors, combined ratio was above original projections

## Combined Ratio (Private insurance E/I basis)



## [Progress towards Original Projections]

- E/I loss ratio
  - ➔ Exceeded original projections due to increase in net incurred losses (see P.17) despite the strong top-line performance
- Expense ratio
  - ➔ Corporate expense ratio was slightly below original projections due to strong top-line performance, etc.
  - ➔ Agency commission ratio progressed well against the original projections
- Combined Ratio
  - ➔ Exceeded original projections due to the above factors

(billions of JPY)

	FY2021 2Q Results	FY2022 2Q Results	FY2023 2Q Results	YoY Change	FY2023 Original projections
Net premiums written	1,036.1	1,114.5	1,115.9	1.3	2,197.2
Net premiums earned <sup>*2</sup>	1,018.0	1,055.3	1,108.9	53.6	2,208.3
Net incurred losses <sup>*1</sup>	564.1	770.6	788.4	17.8	1,323.2
Business expenses	328.7	352.3	351.0	- 1.2	716.5
Corporate expenses	111.5	118.0	121.6	3.5	260.9
Agency commissions	217.2	234.2	229.4	- 4.7	455.5

\*1 Including loss adjustment expenses

\*2 Excluding provision for nat-cat underwriting reserves

## E/I loss ratio\*1

	FY2022 2Q Results	FY2023 2Q Results	YoY Change	FY2023 Original projections
Fire	105.4%	77.3%	- 28.2pt	55.8%
Marine	60.7%	64.9%	4.2pt	65.3%
P.A.	75.4%	62.6%	- 12.9pt	58.6%
Auto	62.7%	68.5%	5.8pt	63.0%
Other specialty	73.2%	77.4%	4.1pt	55.0%
<b>Private insurance Total</b>	<b>73.0%</b>	<b>71.1%</b>	<b>- 1.9pt</b>	<b>59.9%</b>

## ● Net investment income and other made steady progress towards original projections

(billions of JPY)

	FY2022 2Q Results	FY2023 2Q Results	YoY Change	FY2023 Original Projections	Progress rate
<b>Net investment income and other</b>	<b>159.0</b>	<b>137.2</b>	- 21.7	254.5	53.9%
<b>Net investment income</b>	<b>181.4</b>	<b>157.5</b>	- 23.8	292.6	53.9%
<b>Net interest and dividends income</b>	<b>139.1</b>	<b>126.1</b>	- 13.0	225.7	55.9%
Interest and dividends	154.2	140.8	- 13.3	254.5	
Dividends from domestic stocks	41.1	41.9	0.7	70.6	
Dividends from foreign stocks	78.6	58.3	- 20.3	111.3	
Income from domestic bonds	8.1	7.8	- 0.3	15.2	
Income from foreign bonds	1.1	0.8	- 0.3	1.1	
Income from other domestic securities <sup>*1</sup>	0.3	- 0.1	- 0.5	- 0.0	
Income from other foreign securities <sup>*2</sup>	18.1	22.0	3.8	40.0	
Transfer of investment income on deposit premiums	- 15.0	- 14.7	0.3	- 28.7	
<b>Net capital gains</b>	<b>42.2</b>	<b>31.4</b>	- 10.8	66.8	47.0%
Gains/Losses on sales of securities	54.5	77.7	23.2	125.7	
Impairment losses on securities	- 1.6	- 3.0	- 1.3	-	
Impairment losses on domestic stocks	- 0.5	- 0.3	0.1	-	
Impairment losses on foreign securities	- 0.9	- 2.6	- 1.6	-	
Gains/Losses on derivatives	- 56.4	- 77.2	- 20.7	- 58.9	
Foreign exchange gains/losses	42.5	33.8	- 8.7	-	
Others	3.2	0.0	- 3.1	0.0	
<b>Other ordinary income and expenses</b>	<b>- 22.3</b>	<b>- 20.3</b>	2.0	- 38.0	

### [Progress towards Original Projections]

- Net interest and dividends income
  - ➔ Proceeded steadily towards original projections
  
- Net capital gains
  - ➔ Below original projection due to an increase in derivatives cost associated with the JPY depreciation (the impact is neutral on economic value basis which combines an increase in the market values of hedged assets)
  - ➔ Hedging cost for 1H are mostly in line with projection
  - ➔ Sale of business-related equities were JPY96.0bn, and capital gains were JPY80.0bn, exceeding projections due to increase stock price

\*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.



- Annualized Premium of New Business is below original projection as sales from regular premium variable life insurance was slightly below projection while the sales of new products were mostly in line with projection
- Business unit profits are below original projection due to an increase in derivatives cost associated with the JPY depreciation, etc.

(billions of JPY)

	FY2022 2Q Results	FY2023 2Q Results	YoY		FY2023 Original Projections	YoY %
			Change	%		

	Results as of 2023/3E	Results as of 2023/9E	YoY		FY2023 Original Projections	YoY %
			Change	%		

	FY2022 2Q Results	FY2023 2Q Results	YoY		FY2023 Original Projections	Progress
			Change	%		
Insurance premiums and other	394.8	384.5	- 10.3	- 2.6%	795.0	
<b>Net income</b>	9.7	15.6	5.9	61.7%	38.0	41.3%
<b>Ordinary profit</b>	25.6	15.2	- 10.4	- 40.7%	39.0	
(-) Capital gains / losses	12.0	- 1.7	- 13.7	-114.4%	3.0	
(-) Non-recurring income / losses	- 0.3	- 0.3	0.0	-	- 1.0	
<b>Core operating profit</b>	13.9	17.2	3.2	23.6%	36.0	
<b>Business Unit Profits</b>	9.9	16.4	6.5	65.5%	39.0	42.2%

(Reference)	FY2022 2Q Results	FY2023 2Q Results	YoY		FY2023 Original Projections	Progress
			Change	%		

## [Progress towards Original Projections]

- Annualized Premium of New Business
  - ➔ Below original projection as sales from regular premium variable life insurance was below projection while the sales of new products were mostly in line with projection
- Business Unit Profits
  - ➔ Below original projection due to an increase in derivatives cost associated with the JPY depreciation, etc.  
(the impact is neutral on economic value basis which combines an increase in the market values of hedged assets)
- Value of New Business
  - ➔ Below original projection due to inflation and below projection sales from regular premium variable life insurance

# International 1: Net Premiums Written

- Exceeding projections driven by strong rate increases, etc., primarily from key entities\*
- YoY increase of +8.2% was achieved due to the steady implementation of growth measures by each entity

\* PHLY, DFG, TMHCC, TMK, TMSR, Pure

(billions of JPY, except for %)

	FY2022 2Q Results	FY2023 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*4</sup> )	FY2023 Original Projections	YoY % (Excluding FX effects <sup>*4</sup> )
	As of end Jun. 2022	As of end Jun. 2023	Change	%		As of end Mar. 2023	
Applied FX rate (USD/JPY)	JPY 136.6	JPY 144.9				JPY 133.5	
North America <sup>*1</sup>	895.4	1,002.4	107.0	12.0%	5.5%	1,776.0	0.6%
PHLY	245.4	270.3	24.8	10.1%	3.8%	494.0	- 0.2%
DFG	222.9	254.9	32.0	14.4%	7.8%	451.0	2.5%
TMHCC	367.5	413.4	45.9	12.5%	6.0%	713.0	0.2%
Europe <sup>*2</sup>	76.2	104.0	27.8	36.5%	24.2%	195.0	11.7%
South & Central America	109.4	158.6	49.2	45.0%	24.4%	257.0	6.1%
Asia & Oceania	122.9	137.4	14.5	11.8%	8.3%	263.0	5.9%
Middle East & Africa	21.6	21.0	- 0.5	- 2.8%	3.7%	40.0	3.7%
<b>Total Non-Life<sup>*3</sup></b>	<b>1,225.7</b>	<b>1,423.5</b>	197.7	16.1%	8.7%	<b>2,531.0</b>	2.5%
<b>Life</b>	<b>61.1</b>	<b>63.2</b>	2.0	3.4%	- 1.9%	<b>123.0</b>	- 8.3%
<b>Total</b>	<b>1,286.9</b>	<b>1,486.8</b>	199.8	15.5%	<b>8.2%</b>	<b>2,654.0</b>	<b>1.9%</b>

## (Ref.) Pure Reciprocal GWP

Pure	125.1	155.0	29.9	24.0%	16.9%
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The above figures for International Insurance are the total of foreign branches of TMNF, equity method investees, and nonconsolidated companies, etc., and are aligned with the disclosure format of our IR materials from before (same applies to P.23)

## [Progress towards Original Projections]

- North America (see pages 25-27 for details on the three main entities)
  - ➔ PHLY: Outperformed the plan due to favorable rate increases (2Q results: +9%) and new business expansion despite increase in reinsurance cost (in line with the plan)
  - ➔ DFG: Outperformed the plan due to strong underwriting for short / long term disability unemployment insurance, group life insurance, and paid family leave insurance, etc.
  - ➔ TMHCC: Exceeded plan with strong rate increases (2Q results: +7% (excl. A&H, Surety, Credit)), etc.
- Europe
  - ➔ Exceeded the plan due to strong rate increase (2Q results: +9%), etc.
- South & Central America
  - ➔ Significantly exceeded the plan driven by strong auto insurance
- Asia & Oceania
  - ➔ Exceeded the plan driven due to increased revenue from strong auto insurance in Malaysia and India

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

\*2: Europe figures include North America 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 FX effects due to yen conversion.

(All of the above notes also apply to P.23.)

# International 2: Business Unit Profits

- Progressed well against the plan mainly driven by strong underwriting, investment income, and JPY depreciation, partly offset by the effect of capital losses in North America (c. -JPY24.0bn) and loss reserve development in overseas run-off reinsurance (c. -JPY14.0bn)
- 2Q results for key entities\*<sup>1</sup> was c. +JPY14.0bn\*<sup>2</sup> vs local plan (of which, underwriting accounted for c. +JPY22.0bn)
- YoY profit increased substantially by +JPY83.8bn due to reversal of COVID-19 in Taiwan\*<sup>3</sup>, strong performance led by key entities\*<sup>1</sup> and JPY depreciation

\*1: PHLY, DFG, TMHCC, TMK, TMSR, Pure \*2: Rate is as of June 30, 2023. c. +JPY13.0bn with rate as of Mar. 31, 2023 used for original projections \*3: c. +JPY60.0bn

(billions of JPY, except for %)

	FY2022 2Q Results	FY2023 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects)	FY2023 Original Projections	
			Change	%		As of end Mar. 2023	Progress rate (Excluding FX effects)
Applied FX rate (USD/JPY)	As of end Jun. 2022  JPY 136.6	As of end Jun. 2023  JPY 144.9				As of end Mar. 2023  JPY 133.5	
North America	140.6	170.2	29.5	21.0%	14.1%	308.0	50.9%
PHLY	35.2	37.4	2.1	6.2%	0.1%	66.0	52.2%
DFG	58.7	78.1	19.3	33.0%	25.4%	148.0	48.6%
TMHCC	41.8	46.0	4.1	10.0%	3.7%	87.0	48.7%
Europe	7.7	15.4	7.6	99.4%	82.0%	23.0	60.6%
South & Central America	5.4	20.0	14.5	268.3%	214.2%	18.0	96.7%
Asia & Oceania	- 45.3	15.4	60.7	-	-	20.0	72.6%
Middle East & Africa	0.2	1.1	0.9	388.2%	530.1%	2.0	56.7%
<b>Total Non-Life</b>	<b>113.3</b>	<b>209.7</b> <sup>*4</sup>	96.4	85.1%	71.0%	<b>372.0</b>	51.7%
<b>Life</b>	<b>2.5</b>	<b>- 11.7</b>	- 14.2	- 567.7%	- 537.1%	<b>- 1.0</b>	-
<b>Pure</b>	<b>11.0</b>	<b>13.8</b>	2.8	26.0%	18.8%	<b>25.0</b>	51.2%
<b>Total</b>	<b>118.2</b>	<b>202.0</b>	<b>83.8</b>	70.9%	57.3%	<b>376.0</b>	<b>49.0%</b>



## [Progress towards Original Projections]

- North America (see pages 25-27 for details on the three main entities)
  - ➔ PHLY: Exceeded the plan due to rate increases, takedown of prior year reserves, and strong investment income, etc., despite increase in Nat Cats vs plan
  - ➔ DFG: Progressed well against the plan with the effect of capital losses including impairment loss (c. -JPY13.0bn) offset by strong underwriting and investment income
  - ➔ TMHCC: Progressed well against the plan with the FX effect between foreign currencies (c. -JPY3.0bn) offset by underwriting and investment income exceeding plan
- Europe
  - ➔ Exceeded the plan due to strong underwriting
- South & Central America
  - ➔ Exceeded the plan due to auto result measures and top line growth driven by underwriting expansion
- Asia & Oceania
  - ➔ Progressed according to the plan due to improved loss ratio mainly for auto in Thailand and Indonesia, etc.
- Pure
  - ➔ Progressed according to the plan due to increased fee income from top line growth

## ■ Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2022 2Q Results	FY2023 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
			Change	%	
FX rates (USD/JPY)	As of end Jun. 2022	As of end Jun. 2023			
	JPY 136.6	JPY 144.9			
Net premiums written	245.4	270.3	24.8	10.1%	3.8%
Net premiums earned	242.8	268.6	25.8	10.6%	4.3%
Net incurred losses	146.5	171.5	24.9	17.0%	10.3%
Nat-Cat losses	6.7	21.1	14.3	211.8%	193.9%
Commissions / Other Underwriting expenses	74.3	84.0	9.6	12.9%	6.5%
Underwriting profit	21.8	13.1	- 8.6	- 39.8%	- 43.3%
Net investment income / loss	22.2	34.6	12.4	55.8%	46.9%
Business unit profits	35.2	37.4	2.1	6.2%	0.1%
Loss ratio <sup>*1</sup>	60.4%	63.8%	3.5pt	-	-
Expense ratio <sup>*1</sup>	30.6%	31.3%	0.6pt	-	-
Combined ratio <sup>*1</sup>	91.0%	95.1%	4.1pt	-	-

\*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)

	FY2022 2Q Results	FY2023 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>2</sup> )
			Change	%	
FX rates (USD/JPY)	As of end Jun. 2022	As of end Jun. 2023			
	JPY 136.6	JPY 144.9			
Net premiums written	222.9	254.9	32.0	14.4%	7.8%
Net premiums earned	220.5	253.0	32.5	14.7%	8.2%
Net incurred losses	152.8	162.5	9.6	6.3%	0.2%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	58.9	72.7	13.8	23.4%	16.3%
Underwriting profit	8.6	17.6	9.0	104.3%	92.6%
Net investment income / loss	81.9	156.0	74.1	90.5%	79.6%
Income gain / loss	105.1	195.6	90.5	86.1%	75.4%
Capital gain / loss	-8.2	-20.0	-11.8	-	-
Business unit profits	58.7	78.1	19.3	33.0%	25.4%
Loss ratio <sup>*1</sup>	69.3%	64.3%	-5.1pt	-	-
Expense ratio <sup>*1</sup>	26.7%	28.8%	2.0pt	-	-
Combined ratio <sup>*1</sup>	96.1%	93.0%	-3.1pt	-	-

<The sum of underwriting profit and net investment income is not equal to business unit profits>

- There are other ordinary income/losses that are not included in the left table.
- Other ordinary income/losses mostly consist of funding cost for the annuity business, which corresponds to net investment income/loss in the left table.

## Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2022 2Q Results	FY2023 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>2</sup> )
			Change	%	
FX rates (USD/JPY)	As of end Jun. 2022	As of end Jun. 2023			
	JPY 136.6	JPY 144.9			
Non-life	105.8	118.7	12.8	12.2%	5.7%
Life	117.0	136.2	19.1	16.3%	9.7%
Total	222.9	254.9	32.0	14.4%	7.8%

## Loss Ratio by Segment<sup>\*1</sup>

	FY2022 2Q Results	FY2023 2Q Results	Change
Non-life	68.6%	65.5%	-3.1pt
Life	70.0%	63.2%	-6.8pt
Total	69.3%	64.3%	-5.1pt

\*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)

	FY2022 2Q Results	FY2023 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>2</sup> )
			Change	%	
FX rates (USD/JPY)	As of end Jun. 2022	As of end Jun. 2023			
	JPY 136.6	JPY 144.9			
Net premiums written	367.5	413.4	45.9	12.5%	6.0%
Net premiums earned	327.4	365.7	38.3	11.7%	5.3%
Net incurred losses	211.9	226.6	14.6	6.9%	0.8%
Nat-Cat losses	1.1	3.5	2.3	199.9%	182.7%
Commissions / Other Underwriting expenses	72.7	91.2	18.5	25.4%	18.2%
Underwriting profit	36.0	29.7	- 6.2	- 17.2%	- 22.0%
FX effect between foreign currency (USD/GBP/USD/EUR)	4.3	-4.0	- 8.4	- 192.4%	- 184.2%
Underwriting profit (excluding FX effect between foreign currency)	31.6	33.8	2.2	7.0%	1.3%
Net investment income / loss	16.2	28.5	12.3	75.8%	65.7%
Business unit profits	41.8	46.0	4.1	10.0%	3.7%
Loss ratio <sup>*1</sup>	64.7%	62.0%	- 2.8pt	-	-
Expense ratio <sup>*1</sup>	22.2%	25.0%	2.7pt	-	-
Combined ratio <sup>*1</sup>	87.0%	86.9%	- 0.1pt	-	-

<"Net premiums earned – net incurred losses – commissions and other underwriting expenses" is not equal to underwriting profit>

- There are other underwriting profits/losses that are not included in the left table.
- Other underwriting profits/losses include FX gains / losses between foreign currencies and expenses of the shareholding company, etc.

## Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2022 2Q Results	FY2023 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>2</sup> )
			Change	%	
FX rates (USD/JPY)	As of end Jun. 2022	As of end Jun. 2023			
	JPY 136.6	JPY 144.9			
Non-life : North America	124.1	137.3	13.1	10.6%	4.3%
A&H	111.7	124.3	12.5	11.2%	4.9%
International	130.6	151.4	20.8	15.9%	9.3%
Total	367.5	413.4	45.9	12.5%	6.0%

## Loss Ratio by Segment<sup>\*1</sup>

	FY2022 2Q Results	FY2023 2Q Results	Change
Non-life : North America	64.5%	62.3%	- 2.2pt
A&H	77.1%	76.0%	- 1.0pt
International	50.5%	45.9%	- 4.6pt
Total	64.7%	62.0%	- 2.8pt

\*1: Denominator used is net premiums earned.

\*2: Excluding FX effects due to yen conversion.



# FY2023 Projections

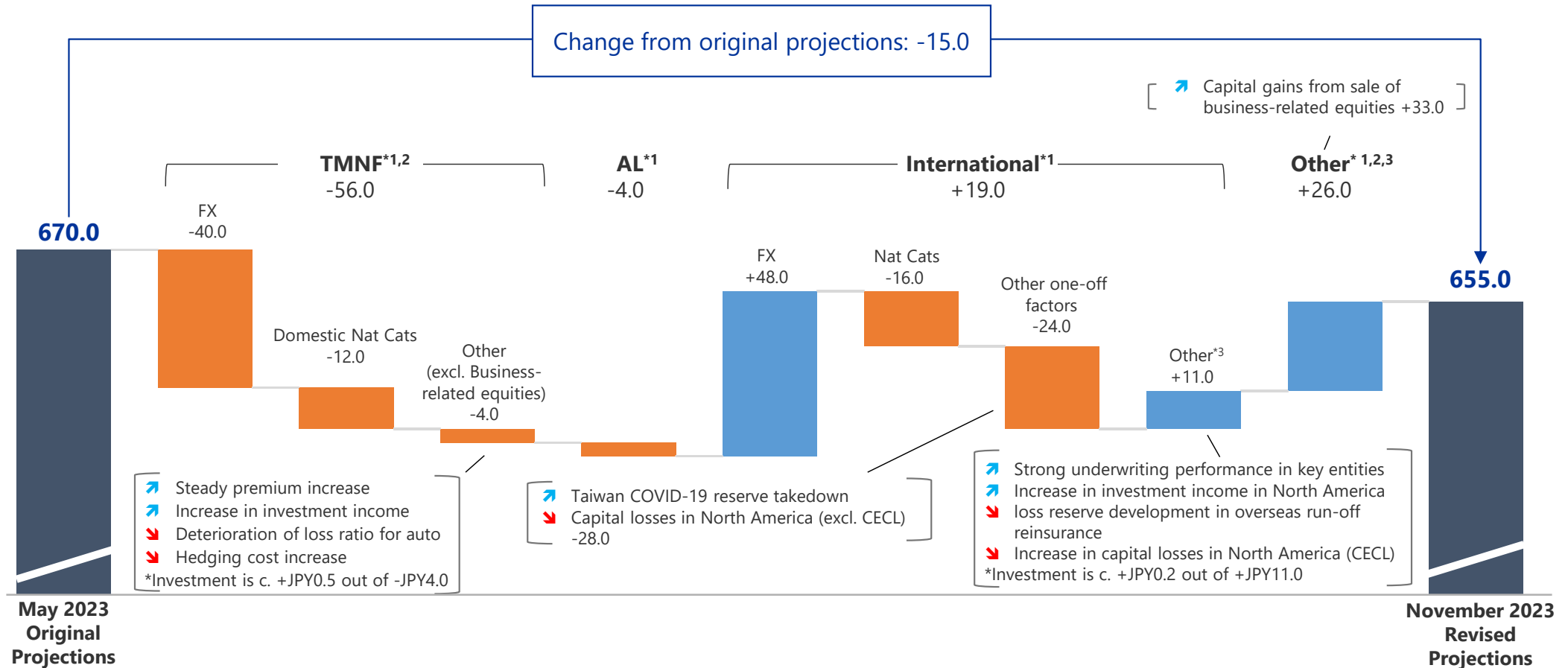
## [Reference]

	Assumptions used for FY2023 Projections	
	FX Rate (USD/JPY)	Nikkei Stock Average
Original Projections (Mar. 31, 2023 rate and stock price)	133.53 yen	28,041 yen
Revised Projections (Sep. 30, 2023 rate and stock price)	149.58 yen	31,857 yen

# Consolidated: Full-Year Adjusted Net Income Projections (Actual Basis)

- Full-year projection has been revised downward by -JPY15.0bn to JPY655.0bn due to the negative impact of increased Nat Cats losses and capital losses in North America, mostly offset by the strong performance notably from key overseas entities and increase in capital gains from the sale of business-related equities

## ■ Adjusted Net Income (billions of JPY)



\*1: All figures are on a business unit profit basis (Other: Domestic non-life other than TMNF or financial and other businesses, capital gains from the sale of business-related equities, consolidation adjustment, etc.)

\*2: Capital gains from the sale of business-related equities are not included in business unit profits but are included in adjusted net income.

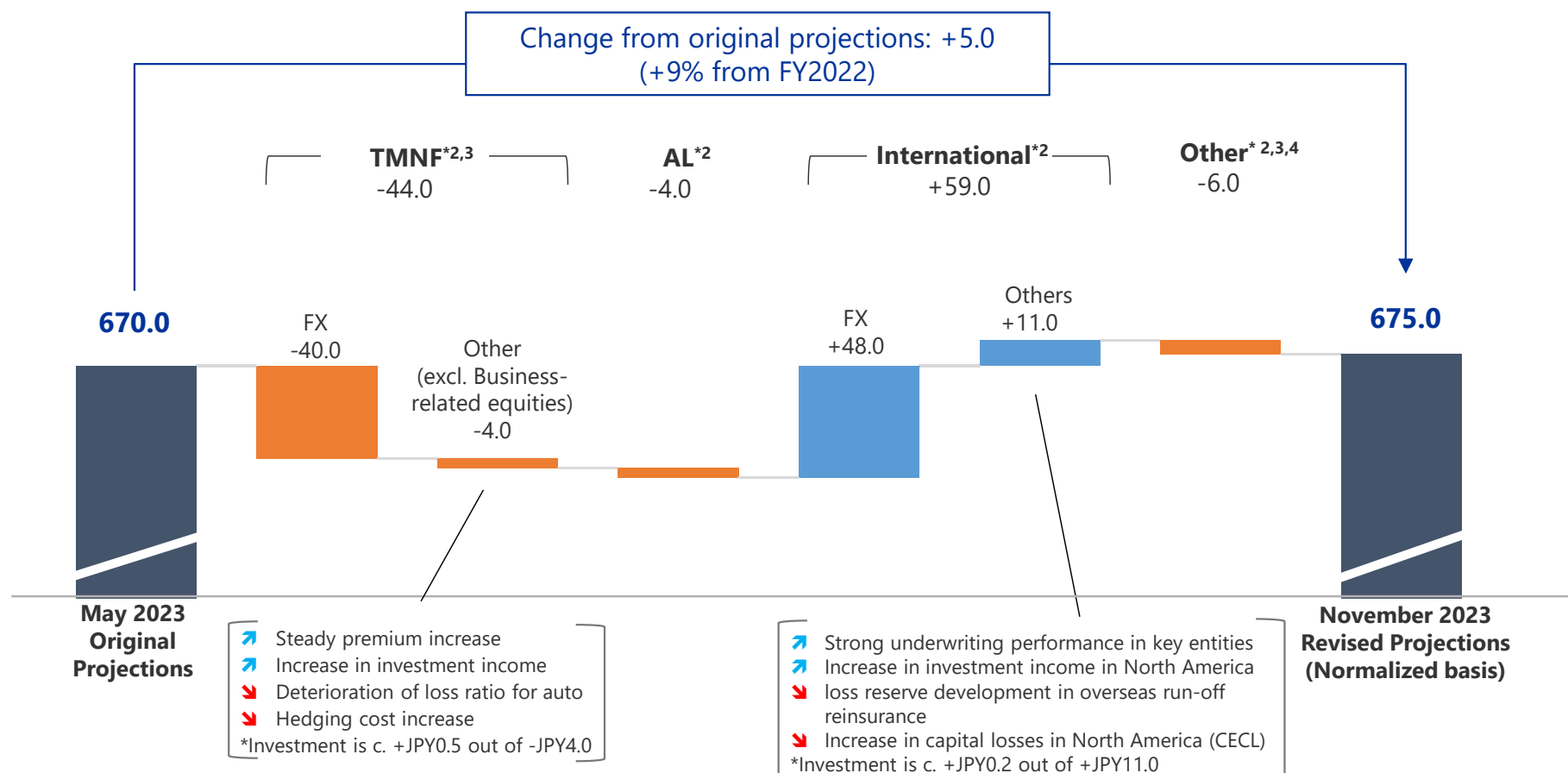
\*3: Difference with P30 is due to capital gains from sale of business-related equities (for part of sale exceeding JPY150.0bn) and rounding, etc.



# Consolidated: Full-Year Adjusted Net Income Projections (Normalized Basis)

- Adjusted net income on a normalized basis\*<sup>1</sup> is expected to rise by +JPY5.0bn vs original projections to JPY675.0bn and +9% YoY mainly driven by the strong underwriting mostly from key overseas entities and increased investment income, etc.

## Adjusted Net Income (billions of JPY)



\*1: Normalized Nat Cats to an average annual level and excluding the impact of COVID, capital gains / losses in North America (excl. CECL), etc., and capital gains from the sale of business-related equities (for part of sale exceeding JPY150.0bn)

\*2: All figures are on a business unit profit basis (Other: Domestic non-life other than TMNF or financial and other businesses, capital gains from the sale of business-related equities, consolidation adjustment, etc.)

\*3: Capital gains from the sale of business-related equities are not included in business unit profits but are included in adjusted net income.

\*4: Difference with page 29 is due to capital gains from sale of business-related equities (for part of sale exceeding JPY150.0bn) and rounding, etc.

# Domestic Non-Life 1: TMNF Financial Projections

- **Steady business unit profit excluding one-off effects. Projecting JPY157.0bn, slightly below the original projections (-JPY4.0bn) with the deteriorating loss ratio for auto (c. -JPY15.0bn) offset with the strong top-line growth, etc.**
- **Actual basis business unit profit is projected at JPY105.0bn, -JPY56.0bn from the original projection**

(billions of JPY)

	FY2022 Results	FY2023 Full-Year Projections			
		Original (a)	Revised (b)	Difference (b-a)	YoY Change
<b>Underwriting profit/loss</b>	116.4	155.0	101.0	- 54.0	- 15.4
(Underwriting profit/loss: excluding (1)-(5))	190.4	240.6	186.6	- 53.9	- 3.7
Net premiums written (Private insurance)	2,171.7	2,197.2	2,221.4	24.1	49.7
Net premiums earned (Private insurance)*1	2,138.2	2,208.3	2,221.9	13.6	83.6
Net incurred losses (Private insurance)*2	- 1,363.7	- 1,323.2	- 1,442.8	- 119.6	- 79.0
(1) Natural catastrophe losses	- 95.6	- 73.0	- 90.0	- 17.0	5.6
(2) Provision/Reversal of foreign currency denominated outstanding claims reserves	- 19.8	-	- 33.5	- 33.5	- 13.7
Other than above	- 1,248.2	- 1,250.2	- 1,319.2	- 69.0	- 71.0
Business expenses (Private insurance)	- 696.2	- 716.5	- 719.1	- 2.5	- 22.9
(3) Provision/Reversal of catastrophe loss reserves	1.1	- 14.0	31.1	45.1	30.0
Auto	15.5	23.5	68.5	44.9	53.0
Fire	- 5.4	- 19.0	- 30.4	- 11.3	- 24.9
(4) Provision/Reversal of nat-cat underwriting reserves	- 1.7	-	4.6	4.6	6.4
(5) Provision/Reversal of underwriting result for the first year*3	42.2	1.3	2.0	0.7	- 40.1
<b>Net investment income (loss) and other</b>	243.7	254.5	283.9	29.3	40.1
<b>Ordinary profit/loss</b>	362.1	412.0	387.0	- 25.0	24.8
<b>Extraordinary gains/losses</b>	- 99.2	- 12.4	- 11.5	0.8	87.7
<b>Net income/loss</b>	189.5	320.0	362.0	42.0	172.4
<b>Reconciliation of Business Unit Profits (P.49)</b>	- 80.1	- 159.0	- 257.0	- 98.0	- 176.8
<b>Business Unit Profits</b>	109.4	161.0	105.0	- 56.0	- 4.4
<b>Business Unit Profits (excl. One-off Effects)</b>	171.1	161.0	157.0	- 4.0	- 14.1

\*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

\*4 The difference with JPY117.0bn on P7 is due to the FX rate (c. JPY40.0bn).

## [Major Factors of Changes]

- **Insurance Underwriting Profit** (Amount before tax) **<excl. Effects of domestic Nat Cats and various reserves, etc.>**
  - ➔ Downward revision by -JPY53.9bn to JPY186.6bn, reflecting losses in originated from international business contracts (c. -JPY50.0bn) and deteriorating loss ratio for auto (c. -JPY20.0bn), etc., despite upward revision of the top line Slightly below original projection excl. impact from originated from international business which are not recognized in business unit profit for domestic non-life (c. -JPY3.5bn)

## Business Unit Profits

### <excl. One-off Effects>

- ➔ Investment income is mostly in line with original projection. Slight downward revision by -JPY4.0 bn to JPY157.0bn\*4, as stated above (deteriorating loss ratio for auto to be addressed with rate/product revisions in January 2024)

### <Actual Basis>

- ➔ Downward revision of -JPY56.0bn to JPY105.0bn due to the impact of JPY depreciation and worse than expected domestic Nat Cats, etc.

## [Reference] YoY Change in Reserves

- Provision/Reversal of catastrophe loss reserves
  - ➔ Auto: Increase in reversals due to higher W/P loss ratio
  - ➔ Fire: Decrease in reversals with improved W/P loss ratio
- Provision/Reversal of underwriting results for the first year
  - ➔ Reversal of takedowns in FY2022 mainly in auto.
- Net Income
  - ➔ Decrease in tax expenses due to transfer of Pure Group shares (see P.42)

# Domestic Non-Life 2: TMNF Net Premiums Written

- Private insurance total is revised upward from original projection by +JPY24.1bn to JPY2,221.4bn mainly due to upward revision to fire, auto, and marine (All lines total is revised upward by +JPY25.0bn to JPY2,424.0bn)

(billions of JPY, except for %)

	FY2022 Results	FY2023 Full-Year Projections				
		Original (a)	Revised (b)	Difference (b-a)	YoY	
					Change	%
Fire	414.7	400.4	412.4	12.0	-2.3	-0.6%
Marine	85.0	78.4	84.6	6.1	-0.3	-0.5%
P.A.	186.8	210.0	204.9	-5.0	18.1	9.7%
Auto	1,114.0	1,123.2	1,133.2	9.9	19.2	1.7%
CALI	213.2	201.3	202.2	0.8	-11.0	-5.2%
Other specialty	371.3	385.4	386.4	1.0	15.1	4.1%
<b>Total</b>	<b>2,385.2</b>	<b>2,399.0</b>	<b>2,424.0</b>	25.0	38.7	1.6%
<b>Private insurance Total</b>	<b>2,171.7</b>	<b>2,197.2</b>	<b>2,221.4</b>	24.1	49.7	2.3%

## [Major Factors of Changes]

- Fire
  - Upward revision by +JPY12.0bn from original projection due to JPY depreciation and increase in insurance amount for inflation adjustment, etc.
- Marine
  - Upward revision by +JPY6.1bn from original projection mainly due to JPY depreciation and larger than projected rate increase
- P.A.
  - Downward revision by -JPY5.0bn from original projection due to the review of overseas travel insurance recovery scenario, etc.
- Auto
  - Upward revision of +JPY9.9bn from original projections resulting from efforts to raise unit price incl. product revisions and the raising of the ratio of policies with riders
- CALI
  - Upward revision of +JPY0.8bn from original projection due to higher revenue associated with a rise in new car sales
- Other specialty
  - Upward revision by +JPY1.0bn from original projection due to JPY depreciation, etc.

# Domestic Non-Life 3: TMNF Net Incurred Losses

- Projected at JPY1,442.8bn, +JPY119.6bn greater than original projection, reflecting the impact of JPY depreciation (+JPY33.5bn), domestic Nat Cats (+JPY17.0bn), large losses in originated from international business (c. +JPY50.0bn), and deteriorating loss ratio for auto (c. +JPY20.0bn), etc.
- Greater than original projected excl. one-off effects (domestic Nat Cats, FX) and the impact of originated from international business, mainly due to the deteriorating loss ratio for auto

(billions of JPY, except for %)

	FY2022 Results	Domestic Nat-Cat losses	FY2023 Full-Year Projections				
			Original (a)	Revised (b)	Difference (b-a)	YoY	
						Change	%
Fire	261.2	63.1	234.7	261.1	26.3	-0.1	-0.0%
Marine	46.3	0.0	51.7	55.2	3.4	8.8	19.1%
P.A.	111.5	-	118.3	120.0	1.7	8.5	7.7%
Auto	696.0	28.0	705.8	760.6	54.7	64.6	9.3%
Other specialty	248.5	4.3	212.4	245.7	33.3	-2.8	-1.1%
<b>Total</b>	<b>1,363.7</b>	<b>95.6</b>	<b>1,323.2</b>	<b>1,442.8</b>	<b>119.6</b>	<b>79.0</b>	<b>5.8%</b>

## [Major Factors of Changes]

- Fire
  - Increased by +JPY26.3bn from original projection due to Hawaii wildfires (c. +JPY26.0bn, international source), increased provisions for foreign currency denominated outstanding claims reserves due to JPY depreciation (c. +JPY8.0bn), etc., despite releasing some Nat Cats fund (in line with projection excl. one-off effects and originated from international business)
- Marine
  - Increased by +JPY3.4bn from original projection due to increased provisions for foreign currency denominated outstanding claims reserves due to JPY depreciation, etc. (in line with projection excl. one-off effects)
- P.A.
  - Increased by +JPY1.7bn from original projection due to loss reserve development in overseas run-off reinsurance contracts (in line with projection excl. originated from international business)
- Auto
  - Increased by +JPY54.7bn from original projection mainly due to the review of Nat Cats fund from greater-than-average Nat Cats (mainly from the hailstorms in Kanto area in July) and recent rise in loss cost (frequency / unit price)
- Other specialty
  - Increased by JPY33.3bn from original projection due to increased provisions for foreign currency denominated outstanding claims reserves due to JPY depreciation (c. +JPY22.0bn) and loss reserve development in overseas run-off reinsurance contracts (international source) (in line with projection excl. one-off effects and originated from international business)

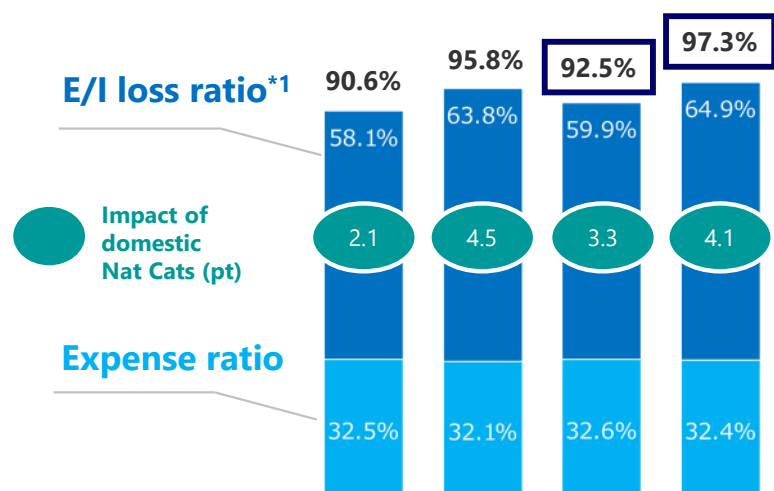
(Notes)

Including loss adjustment expenses in the above table

# Domestic Non-Life 4: TMNF Combined Ratio

- E/I loss ratio is expected to rise by +5.0pt vs original projection to 64.9% due to the upward revision of net incurred losses
- Expense ratio is expected to fall by -0.2pt vs original projection to 32.4% due to the upward revision of top line, etc.
- Due to the above factors, combined ratio is expected to increase by +4.8pt vs original projection to 97.3%

## Combined Ratio (Private insurance E/I basis)



## [Major Factors of Changes]

- E/I loss ratio
  - ➔ Expected to rise by +5.0pt from original projections due to increase in net incurred losses (see P.33) despite the strong top-line performance (of which +1.5pt from JPY depreciation, +0.8pt from domestic Nat Cats, and c.+2.3pt from originated from international business)
- Expense ratio
  - ➔ Corporate expense ratio is expected to decrease by -0.3pt vs original projection due to the upward revision of the top line and postponement of systems launch
  - ➔ Agency commission ratio was mostly in line with projection
- Combined Ratio
  - ➔ Exceeded original projection by +4.8pt due to the above factors

(billions of JPY)

	FY2021 Results	FY2022 Results	FY2023 Full-Year Projections			
			Original (a)	Revised (b)	Difference (b-a)	YoY Change
Net premiums written	2,067.9	2,171.7	2,197.2	2,221.4	24.1	49.7
Net premiums earned <sup>*2</sup>	2,054.6	2,138.2	2,208.3	2,221.9	13.6	83.6
Net incurred losses <sup>*1</sup>	1,193.7	1,363.7	1,323.2	1,442.8	119.6	79.0
Business expenses	671.5	696.2	716.5	719.1	2.5	22.9
Corporate expenses	238.6	245.8	260.9	256.8	- 4.1	10.9
Agency commissions	432.8	450.3	455.5	462.2	6.6	11.9

\*1 Including loss adjustment expenses

\*2 Excluding provision for nat-cat underwriting reserves

## E/I loss ratio<sup>\*1</sup>

	FY2022 Results	FY2023 Full-Year Projections			
		Original (a)	Revised (b)	Difference (b-a)	YoY Change
Fire	66.5%	55.8%	61.4%	5.7pt	- 5.1pt
Marine	56.5%	65.3%	64.4%	- 0.9pt	7.9pt
P.A.	62.5%	58.6%	60.2%	1.6pt	- 2.3pt
Auto	62.5%	63.0%	67.6%	4.6pt	5.1pt
Other	66.9%	55.0%	63.5%	8.5pt	- 3.4pt
<b>Private insurance Total</b>	<b>63.8%</b>	<b>59.9%</b>	<b>64.9%</b>	<b>5.0pt</b>	<b>1.2pt</b>

## ● Net investment income and other were revised upward by +JPY29.3bn

(billions of JPY)

	FY2022 Results	FY2023 Full-Year Projections			
		Original (a)	Revised (b)	Difference (b-a)	YoY Change
<b>Net investment income and other</b>	<b>243.7</b>	<b>254.5</b>	<b>283.9</b>	<b>29.3</b>	40.1
<b>Net investment income</b>	<b>285.8</b>	<b>292.6</b>	<b>324.3</b>	31.7	38.4
<b>Net interest and dividends income</b>	<b>213.9</b>	<b>225.7</b>	<b>242.1</b>	<b>16.3</b>	28.1
Interest and dividends	245.2	254.5	270.8	16.3	25.6
Dividends from domestic stocks	75.7	70.6	75.7	5.0	-0.0
Dividends from foreign stocks	99.2	111.3	114.0	2.7	14.8
Income from domestic bonds	16.5	15.2	15.1	-0.1	-1.3
Income from foreign bonds	1.9	1.1	1.5	0.3	-0.3
Income from other domestic securities <sup>*1</sup>	1.1	-0.0	-0.3	-0.2	-1.4
Income from other foreign securities <sup>*2</sup>	35.8	40.0	44.0	4.0	8.2
Transfer of investment income on deposit premiums	-31.3	-28.7	-28.7	-0.0	2.5
<b>Net capital gains</b>	<b>71.9</b>	<b>66.8</b>	<b>82.2</b>	<b>15.4</b>	10.2
Gains/Losses on sales of securities	97.5	125.7	163.9	38.2	66.3
Impairment losses on securities	-1.0	-	-3.0	-3.0	-1.9
Impairment losses on domestic stocks	-0.3	-	-0.3	-0.3	-0.0
Impairment losses on foreign securities	-0.7	-	-2.6	-2.6	-1.9
Gains/Losses on derivatives	-57.7	-58.9	-113.6	-54.6	-55.9
Foreign exchange gains/losses	30.8	-	33.8	33.8	2.9
Others	2.2	0.0	0.0	-	-2.2
<b>Other ordinary income and expenses</b>	<b>-42.0</b>	<b>-38.0</b>	<b>-40.4</b>	-2.3	1.6

\*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

### [Major Factors of Changes]

- Net interest and dividends income
  - ➔ Expected to exceed original projection by +JPY16.3bn due to the increase in dividend income from business-related equities and increase in foreign and other income from rise in US interest rates
- Net capital gains
  - ➔ Expected to exceed original projection by +JPY15.4bn due to the upward revision of sales of business-related equities despite the increase in derivatives cost (including hedging cost) due to JPY depreciation

Sales of business-related equities was revised upward to JPY195.0bn (+JPY45.0bn vs original projection) based on latest stock price trend, with capital gains of JPY170.0bn (+JPY45.0bn vs original projection)



# Domestic Life: TMNL Projections

- Annualized premium of new business is revised downwards by -JPY3.0bn to JPY55.0bn as the sales of regular premium variable life insurance was slightly below original projection
- Business unit profits are revised downward by -JPY4.0bn to JPY35.0bn due to an increase in derivatives cost associated with the JPY depreciation, etc.

(billions of JPY)

	FY2022 Results	FY2023 Full-Year Projections				
		Original (a)	Revised (b)	Difference (b)-(a)	YoY	
					Change	%
<b>Annualized Premium of New Business</b>	<b>53.4</b>	<b>58.0</b>	<b>55.0</b>	<b>- 3.0</b>	1.5	2.9%

	Results as of 2023/3E	FY2023 Full-Year Projections				
		Original (a)	Revised (b)	Difference (b)-(a)	YoY	
					Change	%
<b>Annualized Premium of Policies in-force</b>	<b>797.6</b>	<b>795.0</b>	<b>792.0</b>	- 3.0	- 5.6	- 0.7%

	FY2022 Results	FY2023 Full-Year Projections				
		Original (a)	Revised (b)	Difference (b)-(a)	YoY	
					Change	%
<b>Ordinary income</b>	<b>994.7</b>	<b>917.0</b>	<b>914.0</b>	- 3.0	- 80.7	- 8.1%
Insurance premiums and other	812.7	795.0	791.0	- 4.0	- 21.7	- 2.7%

<b>Net income</b>	<b>35.6</b>	<b>38.0</b>	<b>33.0</b>	- 5.0	- 2.6	- 7.3%
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<b>Ordinary profit</b>	<b>67.6</b>	<b>39.0</b>	<b>32.0</b>	- 7.0	- 35.6	- 52.7%
(-) Capital gains / losses	28.2	3.0	0.0	- 3.0	- 28.2	
(-) Non-recurring income / losses	- 0.9	- 1.0	-1.0	-	- 0.0	

<b>Core operating profit</b>	<b>40.3</b>	<b>36.0</b>	<b>33.0</b>	- 3.0	- 7.3	- 18.2%
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<b>Business Unit Profits</b>	<b>36.4</b>	<b>39.0</b>	<b>35.0</b>	<b>- 4.0</b>	- 1.4	- 4.0%
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(Reference)	FY2022 Results	FY2023 Full-Year Projections				
		Original (a)	Revised (b)	Difference (b)-(a)	YoY	
					Change	%
<b>Value of New Business</b>	<b>75.0</b>	<b>79.0</b>	<b>73.0</b>	<b>- 6.0</b>	- 2.0	- 2.7%

## [Major Factors of Changes]

- Annualized Premium of New Business
  - ➡ Downward revision by -JPY3.0bn to JPY55.0bn mainly due to below original projection sales of regular premium variable life insurance
- Business Unit Profits
  - ➡ Downward revision by -4.0bn to JPY35.0bn due to increased derivatives cost associated with the JPY depreciation, etc.
- Value of New Business
  - ➡ Downward revision by -JPY6.0n to JPY73.0bn due to inflation and below projection sales from regular premium variable life insurance

# International 1: Net Premiums Written

- Full-year projection is revised upwards mainly driven by the strong performance notably from key entities\* (original projection: +1.9% YoY, revised projection: +5.1% YoY)

\*: PHLY, DFG, TMHCC, TMK, TMSR, Pure

(billions of JPY, except for %)

	FY2022 Results (a)	FY2023 Full-Year Projections					(Ref.) YoY % (Excluding FX effects <sup>*4</sup> ) (c/a)
		Original (b)	Revised (c)	Difference (c-b)	YoY		
Applied FX rate (USD/JPY)	As of end-Dec. 2022	As of end-Mar. 2023	As of end-Sep. 2023		Change (c-a)	%	(c/a)
	JPY 132.7	JPY 133.5	JPY 149.5				
North America <sup>*1</sup>	1,754.3	1,776.0	2,044.0	268.0	289.6	16.5%	3.3%
PHLY	491.8	494.0	581.0	87.0	89.1	18.1%	4.9%
DFG	437.3	451.0	536.0	85.0	98.6	22.6%	8.6%
TMHCC	707.1	713.0	815.0	102.0	107.8	15.3%	2.3%
Europe <sup>*2</sup>	169.3	195.0	225.0	30.0	55.6	32.9%	16.8%
South & Central America	230.6	257.0	317.0	60.0	86.3	37.4%	16.2%
Asia & Oceania	244.1	263.0	279.0	16.0	34.8	14.3%	4.9%
Middle East & Africa	40.0	40.0	51.0	11.0	10.9	27.4%	24.5%
<b>Total Non-Life<sup>*3</sup></b>	<b>2,438.7</b>	<b>2,531.0</b>	<b>2,916.0</b>	<b>385.0</b>	<b>477.2</b>	<b>19.6%</b>	<b>6.0%</b>
<b>Life</b>	<b>131.7</b>	<b>123.0</b>	<b>128.0</b>	<b>5.0</b>	<b>- 3.7</b>	<b>- 2.8%</b>	<b>- 10.6%</b>
<b>Total</b>	<b>2,570.4</b>	<b>2,654.0</b>	<b>3,044.0</b>	<b>390.0</b>	<b>473.5</b>	<b>18.4%</b>	<b>5.1%</b>

## [Major Factors of Changes]

- North America
  - ➔ PHLY / DFG / TMHCC: Upward revision of full-year projections expecting strong 1H performance to continue in 2H
- Europe
  - ➔ Upward revision of full-year projections expecting strong 1H performance to continue in 2H
- South & Central America
  - ➔ Upward revision of full-year projections based on strong 1H results
- Asia & Oceania
  - ➔ Upward revision of full-year projections expecting increased revenue from auto and overseas travel insurance with recovery of economic activities

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

\*2: Europe figures include North America 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 FX effects due to yen conversion.

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and nonconsolidated companies, etc., and are aligned with the disclosure format of our IR materials from before.  
(All of the above notes also apply to page 39)

# International 2: Business Unit Profits

- Full-year projection is revised upwards by +JPY19.0bn to JPY395.0bn, mainly led by the strong North American investment income (c. +JPY33.0bn), underwriting (c. +JPY29.0bn) and JPY depreciation (c. +JPY48.0bn), partly offset the increased capital losses in North America (c. -JPY59.0bn), lose reserve development in overseas run-off reinsurance (c. -JPY19.0bn), and increased Nat Cats (c. -JPY16.0bn) (3Q results for key entities\*<sup>1</sup> was c. +JPY11.0bn\*<sup>2</sup> vs local plan)
- Full-year projection excluding one-off effects\*<sup>3</sup> is JPY435.0bn, an increase of +JPY59.0bn from original projections

\*1: PHLI, DFG, TMHCC, TMK, TMSR, Pure.

\*2: Preliminary figures based on local accounting standards. Rate is as of Mar. 31, 2023.

\*3: Nat Cats (c. -JPY16.0bn), capital gains / losses in North America, etc. (excl. CECL expenses) (c. -JPY28.0bn) and Taiwan COVID-19.

(billions of JPY, except for %)

	FY2022 Results (a)	FY2023 Full-Year Projections					YoY (Ref.) YoY % (Excluding FX effects) (c/a)
		Original (b)	Revised (c)	Difference (c-b)	YoY		
					As of end-Mar. 2023	As of end-Sep. 2023	
Applied FX rate (USD/JPY)	As of end-Dec. 2022 JPY 132.7	As of end-Mar. 2023 JPY 133.5	As of end-Sep. 2023 JPY 149.5				
North America	278.2	308.0	318.0 <sup>*4</sup>	10.0	39.7	14.3%	1.1%
PHLY	62.1	66.0	77.0	11.0	14.8	23.8%	9.9%
DFG	126.5	148.0	148.0	-	21.4	17.0%	3.7%
TMHCC	79.7	87.0	106.0	19.0	26.2	32.9%	17.8%
Europe	4.7	23.0	32.0	9.0	27.2	579.8%	473.8%
South & Central America	14.2	18.0	34.0	16.0	19.7	138.1%	100.1%
Asia & Oceania	- 87.3	20.0	23.0	3.0	110.3	-	-
Middle East & Africa	1.3	2.0	2.0	-	0.6	52.4%	49.0%
<b>Total Non-Life</b>	<b>214.3</b>	<b>372.0</b>	<b>391.0<sup>*5</sup></b>	19.0	176.6	82.4%	57.3%
<b>Life</b>	<b>- 0.3</b>	<b>- 1.0</b>	<b>- 4.0</b>	- 3.0	- 3.6	-	-
<b>Pure</b>	<b>22.6</b>	<b>25.0</b>	<b>29.0</b>	4.0	6.3	28.1%	13.6%
<b>Total</b>	<b>218.6</b>	<b>376.0</b>	<b>395.0</b>	<b>19.0</b>	176.3	80.6%	54.6%

\*4: Includes Hawaii wildfires

\*5: Loss reserve development in overseas run-off reinsurance is included in the total Non-Life

## [Major Factors of Changes]

- North America
  - Upward revision by +JPY10.0bn considering strong investment income and underwriting as well as JPY depreciation, partly offset by increased capital losses and effect of Hawaii wildfires
- Europe
  - Upward revision by +JPY9.0bn based on favorable loss ratio due to disciplined underwriting
- South & Central America
  - Upward revision by +JPY16.0bn based on strong underwriting and investment in 1H
- Asia & Oceania
  - Upward revision by +JPY3.0bn based on takedown of past reserves for Taiwan COVID



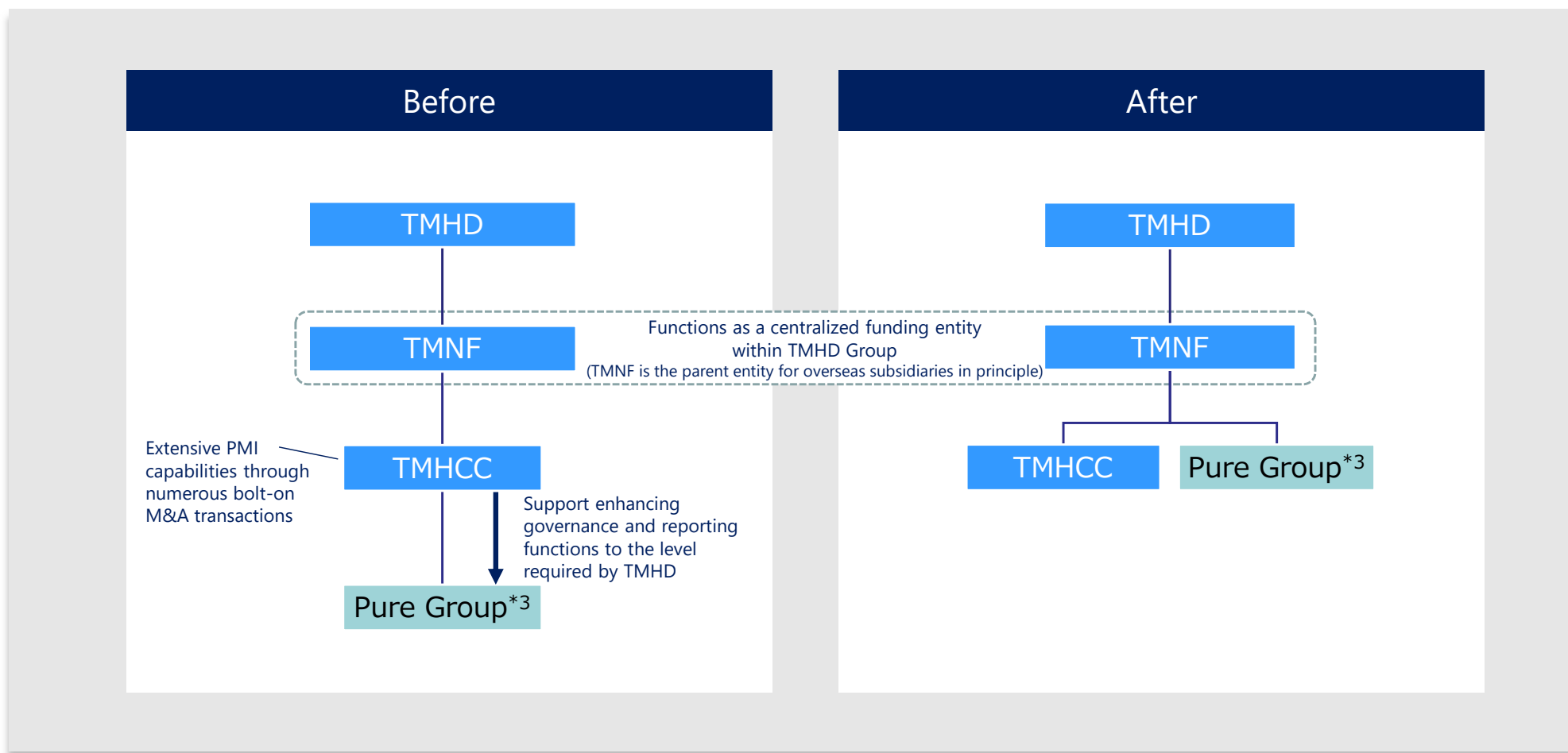
# Reference



# Reorganization of Group Company

- **Pure Group will be positioned directly under TMNF along other Group companies from Dec. 31 of FY2023 through stock transfer<sup>\*1</sup>**  
(As Pure Group's governance and reporting capabilities have reached the level required by TMHD on a stand-alone basis)
- **Financial impact<sup>\*2</sup> resulting from the transaction is +JPY40.0bn (provisional)**

## <Details of the Reorganization>



\*1: Dividend in kind from capital repayment

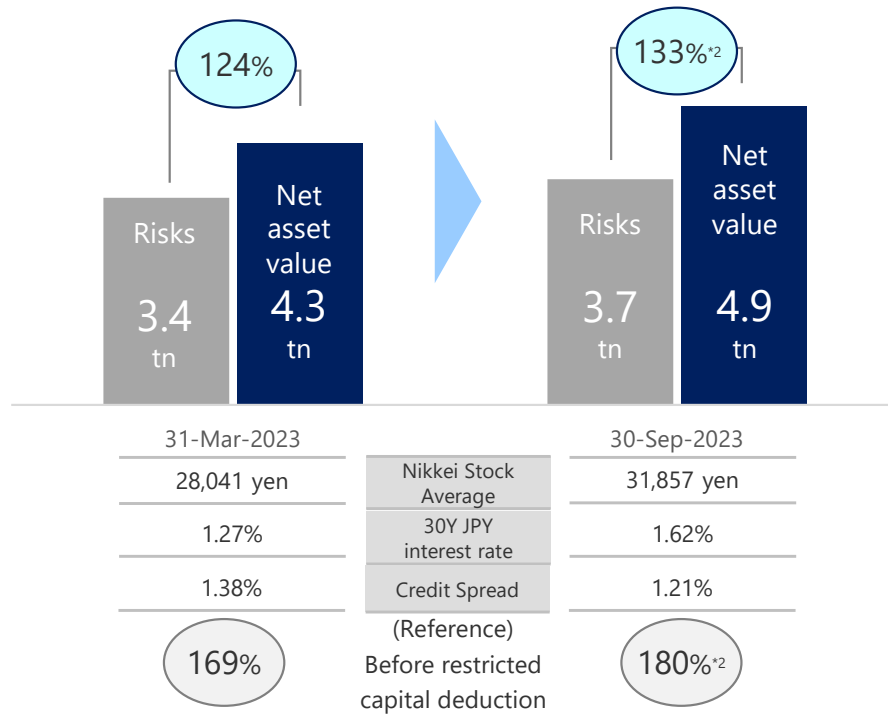
\*2: By transferring Pure stocks from TMHCC, technical tax loss etc. will be booked in FY2023 results (positive for profit).

Adjusted net Income and business unit profits will not be affected

\*3: Reciprocal's business management company and its group companies, with Privilege Underwriters, Inc. as the parent

- ESR as of September 30, 2023 stood at 133% (or 131% after share buyback), reflecting the profit contribution of 1H, increased share price, and JPY depreciation

## ESR\*1



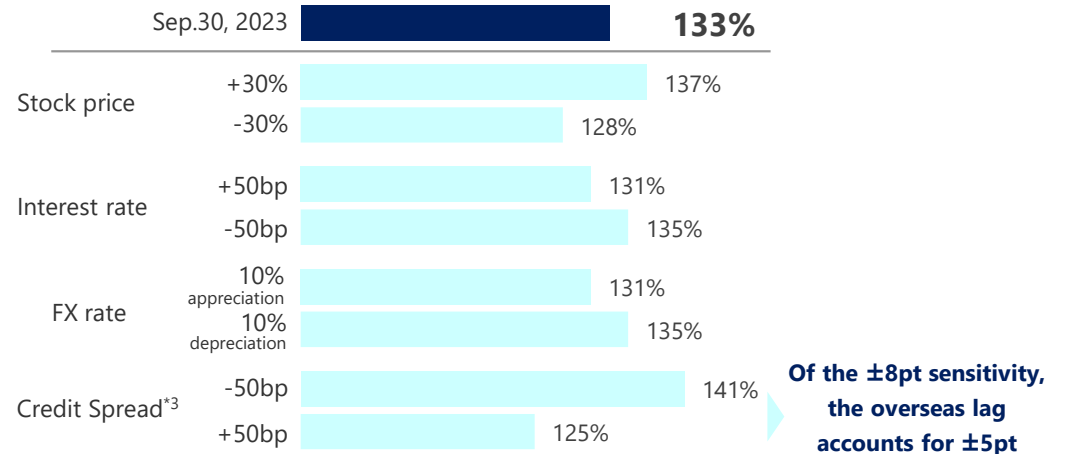
### Major factors changing NAV

- Higher share price
- JPY depreciation
- 1H adjusted net income contribution
- Shareholder return
- Early repayment of subordinated loan by TMNL, etc.

### Major factors changing risk

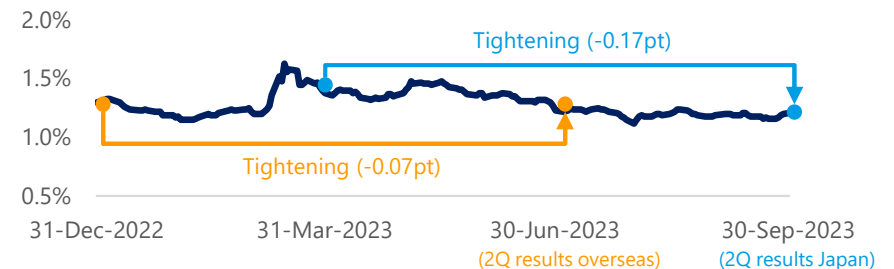
- JPY depreciation
- Higher share price, etc.

## ESR Sensitivity (based on parallel shift)



Stock price: Continue to sell business-related equities  
 Interest rate: Control the impact of interest rate fluctuations through ALM  
 FX rate: Limited impact on ESR  
 Credit: Allows risk-taking within risk limits

(Reference) Credit spread for U.S. Corporate bonds\*4



\*1: Economic Solvency Ratio (Risk is calculated using a model based on 99.95%VaR (AA credit rating equivalent)).

Net asset value of overseas subsidiaries shows the balance as of three months earlier (Dec. 31, 2022 and Jun. 30, 2023)

\*2: ESR after the JPY70bn share buyback is 131% (178% before restricted capital deduction)

\*3: The period of credit spread fluctuation reflected in ESR differs due to the different account closing periods of overseas subsidiaries (as described in \*1 above).

\*4: Source: Bloomberg

## 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

### <Main differences>

		Adjusted Net Income	Business Unit Profits
<b>Domestic Non-life</b>	Gains or losses on sale of business-related equities	Included	Excluded
	Provision for reserves of capital nature, etc.	Excluded	Excluded
<b>Other than the above</b>	Amortization expense of goodwill and other intangible fixed assets	Excluded	Excluded

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

$$\begin{aligned} \text{Adjusted Net Income}^{*1} = & \text{Net Income (consolidated)}^{*2} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for contingency reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} + \text{Provision for Nat Cats underwriting reserves}^{*3,4} + \text{Provision for underwriting result for the first year}^{*5,6} \\ & - \text{Gains or losses on sales or valuation of ALM}^{*7} \text{ bonds and interest rate swaps} - \text{Gains or losses on sales or valuation of fixed assets and business investment equities} + \text{Amortization of goodwill and other intangible fixed assets} - \text{Other extraordinary gains / losses, valuation allowances, etc.} \end{aligned}$$

$$\begin{aligned} \text{Adjusted Net Assets}^{*1} = & \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} + \text{Nat Cats underwriting reserves}^{*4} + \text{UW reserves related to underwriting result for the first year}^{*5} \\ & - \text{Goodwill and other intangible fixed assets} \end{aligned}$$

$$\text{Adjusted ROE} = \frac{\text{Adjusted Net Income}^{*1}}{\text{Adjusted Net Assets}^{*1,8}}$$

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

\*2: Net income attributable to owners of the parent in the consolidated financial statements.

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

\*4: Unearned fire insurance premiums corresponding to large natural catastrophe risk.

\*5: Premiums, minus a portion of net incurred losses and business expenses, to be carried forward in preparation for an insured event in the following year.

\*6: Provision for the general underwriting reserves excluding provision for unearned premiums.

\*7: ALM: Asset Liability Management. Excluded since it is counter-balance of ALM related liabilities.

\*8: Average balance basis.

\*9: For the overseas life insurance companies, Business Unit Profits is calculated by using the definition in Other businesses (For profit, excluding head office expenses, etc.).

## Definition of Business Unit Profits

### Non-life insurance business

$$\begin{aligned} \text{Business Unit Profits}^{*1} = & \text{Net Income} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} + \text{Provision for Nat Cats underwriting reserves}^{*3,4} + \text{Provision for underwriting result for the first year}^{*5,6} \end{aligned}$$

### Life insurance business<sup>\*9</sup>

$$\begin{aligned} \text{Business Unit Profits}^{*1} = & \text{Net Income} + \text{Provision for contingency reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} \\ & - \text{Gains or losses on sales or valuation of ALM}^{*7} \text{ bonds and interest rate swaps} - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} - \text{Other extraordinary gains / losses, valuation allowances, etc.} \end{aligned}$$

### Other businesses

Net income determined in accordance with financial accounting principles

$$\begin{aligned} & - \text{Gains or losses on sales or valuation of ALM}^{*7} \text{ bonds and interest rate swaps} - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} - \text{Other extraordinary gains / losses, valuation allowances, etc.} \end{aligned}$$

## Definition of Net Asset Value

$$\begin{aligned} \text{Net Asset Value}^{*1} = & \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} - \text{Goodwill and other intangible fixed assets} - \text{Planned distribution to shareholders} + \text{Value of life insurance policies in-force} + \text{Other} \end{aligned}$$

# Reconciliation of Adjusted Net Income: FY2023 2Q Results

## ● Reconciliation<sup>\*1</sup>

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

(billions of JPY)

	FY2022 2Q Results	FY2023 2Q Results	YoY Change
<b>Net income attributable to owners of the parent (consolidated)</b>	<b>86.5<sup>*5</sup></b>	<b>205.0</b>	<b>118.4</b>
Provision for catastrophe loss reserves <sup>*2</sup>	+22.6	-0.3	-22.9
Provision for contingency reserves <sup>*2</sup>	+0.6	+0.9	0.2
Provision for price fluctuation reserves <sup>*2</sup>	+2.7	+2.0	-0.6
Provision for nat-cat underwriting reserve <sup>*2,3</sup>	+2.1	-3.5	-5.7
Provision for underwriting result for the first year	-23.8	+4.1	28.0
Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps	+0.7	+1.6	0.9
Gains or losses on sales or valuation of fixed assets and business investment equities	-1.2	+1.7	3.0
Amortization of goodwill and other intangible fixed assets	+61.0	+63.7	2.6
Other extraordinary gains/losses, valuation allowances, etc.	-13.6	+0.0	13.6
<b>Adjusted Net Income</b>	<b>137.8</b>	<b>275.5</b>	<b>137.7</b>

\*1 Each adjustment is on after post-tax basis

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

\*3 Unearned premiums for fire insurance corresponding to the risk of large-scale Nat Cats

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

\*5 Figures for FY2022 in this slide are before retrospective application of IFRS17

# Reconciliation of Adjusted Net Income: FY2023 Projection

## ● Reconciliation<sup>\*1</sup>

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

(billions of JPY)

	FY2022 Results	FY2023 Projections Original(a)	FY2023 Projections Revised(b)	(b)-(a)
<b>Net income attributable to owners of the parent (consolidated)</b>	<b>376.4<sup>*5</sup></b>	<b>530.0</b>	<b>575.0</b>	<b>45.0</b>
Provision for catastrophe loss reserves <sup>*2</sup>	-4.9	+8.0	-27.0	-35.0
Provision for contingency reserves <sup>*2</sup>	+2.0	+2.0	+3.0	1.0
Provision for price fluctuation reserves <sup>*2</sup>	-4.2	+6.0	+6.0	-
Provision for nat-cat underwriting reserve <sup>*2,3</sup>	+0.8	-0.0	-3.0	-3.0
Provision for underwriting result for the first year	-33.2	-1.0	-2.0	-1.0
Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps	+0.1	-0.0	+5.0	5.0
Gains or losses on sales or valuation of fixed assets and business investment equities	+3.6	+5.0	-35.0	-40.0
Amortization of goodwill and other intangible fixed assets	+118.7	+117.0	+130.0	13.0
Other extraordinary gains/losses, valuation allowances, etc.	-15.3	-	+3.0	3.0
<b>Adjusted Net Income</b>	<b>444.0</b>	<b>670.0</b>	<b>655.0</b>	<b>-15.0</b>

\*1 Each adjustment is on post-tax basis

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

\*3 Unearned premiums for fire insurance corresponding to the risk of large-scale Nat Cats

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

\*5 Figures for FY2022 in this slide are before retrospective application of IFRS17





# Reconciliation of Business Unit Profits

## Domestic Non-life\*<sup>1</sup> (TMNF)

	FY2022 2Q Results	FY2023 2Q Results	YoY	FY2023 Projections (Revised)
<b>Net income for accounting purposes</b>	<b>32.9</b>	<b>97.6</b>	<b>64.7</b>	<b>362.0</b>
Provision for catastrophe loss reserves <sup>*2</sup>	+ 25.5	+ 1.0	- 24.4	- 20.9
Provision for price fluctuation reserves <sup>*2</sup>	+ 2.2	+ 2.2	0.0	+ 4.4
Provision for nat-cat underwriting reserves <sup>*2,3</sup>	+ 2.5	- 3.3	- 5.9	- 3.3
Provision for underwriting result for the first year	- 22.0	+ 4.3	26.4	- 1.5
Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps	+ 1.2	+ 1.4	0.2	+ 4.4
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	- 42.0	- 55.6	- 13.5	- 180.5
Intra-group dividends	- 78.1	- 53.8	24.3	- 102.8
Other extraordinary gains/losses, valuation allowances, etc	+ 57.8	+ 35.5	- 22.2	+ 43.0
<b>Business Unit Profits</b>	<b>-20.1</b>	<b>29.4</b>	<b>49.5</b>	<b>105.0</b>

\*1 Each adjustment is on post-tax basis

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

\*3 Unearned premiums for fire insurance corresponding to the risk of large-scale Nat Cats

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

\*5 Extraordinary gains/losses, head office expenses, etc.

\*6 Figures for FY2022 in this slide are before retrospective application of IFRS17

## Domestic Life\*<sup>1</sup>

(billions of JPY)

	FY2022 2Q Results	FY2023 2Q Results	YoY	FY2023 Projections (Revised)
<b>Net income for accounting purposes</b>	<b>9.7</b>	<b>15.6</b>	<b>5.9</b>	<b>33.0</b>
Provision for contingency reserves <sup>*2</sup>	+ 0.2	+ 0.1	- 0.1	+ 0.6
Provision for price fluctuation reserves <sup>*2</sup>	+ 0.4	+ 0.3	- 0.0	+ 0.8
Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps	- 0.4	+ 0.2	0.6	+ 0.2
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	+ 0.0	+ 0.0	0.0	+ 0.0
Other extraordinary gains/losses, valuation allowances, etc	-	-	-	-
<b>Business Unit Profits</b>	<b>9.9</b>	<b>16.4</b>	<b>6.5</b>	<b>35.0</b>

## International Insurance\*<sup>1</sup>

	FY2022 2Q Results	FY2023 2Q Results	YoY	FY2023 Projections (Revised)
<b>Net income for accounting purposes</b>	<b>120.5<sup>*6</sup></b>	<b>213.2</b>	<b>92.7</b>	<b>417.0</b>
Adjustment of non-controlling interests	+0.0	+1.0	1.0	
Difference of subsidiaries covered	+3.5	-13.6	-17.1	
Other adjustments <sup>*5</sup>	-5.8	+1.3	7.2	
<b>Business Unit Profits</b>	<b>118.2</b>	<b>202.0</b>	<b>83.8</b>	<b>395.0</b>

# Impact of FX Rate Change on the Group's Financial Results

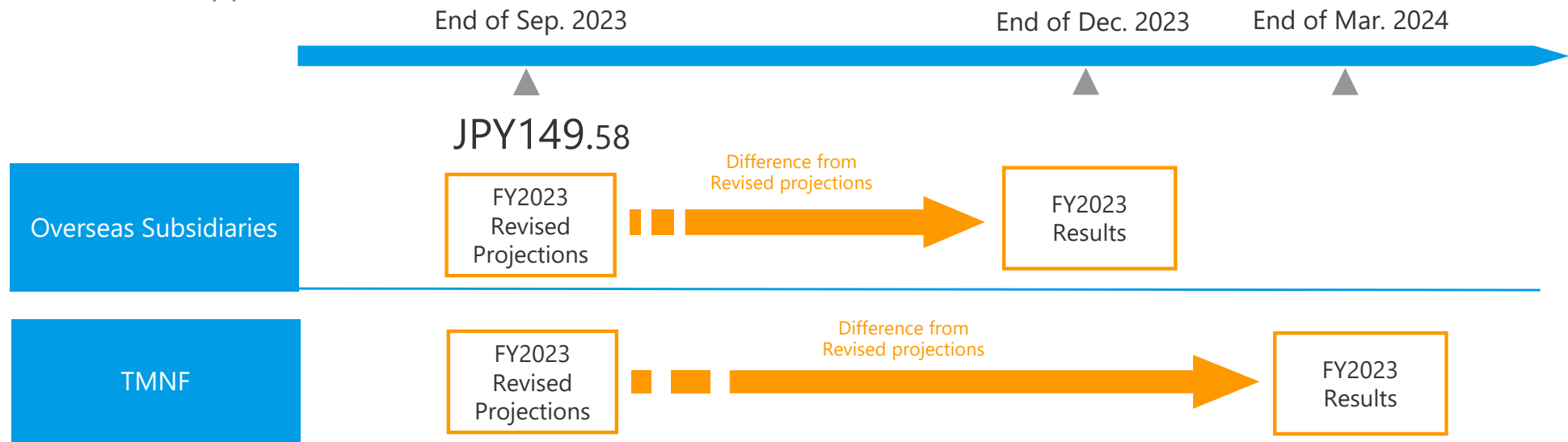
- Estimated impact of the JPY depreciation to USD by 1 yen\*1 on revised projections

Impact on net income on financial accounting basis*2		Impact on adjusted net income*2	
<ul style="list-style-type: none"> <li>■ Increase in overseas subsidiaries profit:                             <ul style="list-style-type: none"> <li>➔ Increase in profit from local subsidiaries</li> <li>➡ Increase in amortization of intangible fixed assets and goodwill</li> </ul> </li> <li>■ Change in reserves for foreign currency denominated loss reserves and FX derivatives income, etc. at TMNF:</li> </ul>	circa +¥2.1bn  circa -¥2.4bn	<ul style="list-style-type: none"> <li>■ Increase in overseas subsidiaries profit: (Of the factors stated in the left, amortization of intangible fixed assets and goodwill has no impact as it is added back to adjusted net income)</li> <li>■ Change in reserves for foreign currency denominated loss reserves and FX derivatives income, etc. at TMNF:</li> </ul>	circa +¥2.8bn  circa -¥2.4bn
<b>Total:</b>	circa -¥0.3bn	<b>Total:</b>	circa +¥0.4bn

\*1: Assumes the FX rate of each currency changes by the same margin as USD.

\*2: Estimated impact on the FY2023 projections on an after-tax basis.

- Reference: applied FX rate (USD/JPY)



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