

*Inspiring Confidence.
Accelerating Progress.*

Tokio Marine *Insights:*

IFRS and ICS Implementation Overview

September 30, 2025



Tokio Marine Holdings

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◆ Abbreviations used in the material:

- | | | |
|---|---------|---------------------------|
| ➤ P&C: Property & Casualty | ➤ PHLY | : Philadelphia Insurance |
| ➤ TMNF: Tokio Marine & Nichido Fire Insurance | ➤ DFG | : Delphi Financial Group |
| ➤ TMNL: Tokio Marine & Nichido Life Insurance | ➤ TMHCC | : Tokio Marine HCC |
| | ➤ TMK | : Tokio Marine Kiln |
| | ➤ TMSR | : Tokio Marine Seguradora |

New KPIs enhance comparability with global peers

- The implementation of IFRS from FY2026 aims to enhance our transparency and comparability with global peers through a transition from financial accounting-based JGAAP to an economic value-based accounting in line with ERM
- New KPIs will reflect our capabilities accurately and emphasize comparability with global peers
- Adjusted Net Income under IFRS is estimated to increase to approx. JPY805.0bn^{*1} in FY2024 and is forecasted to be JPY840.0bn^{*1} in FY2025, compared to the profit under JGAAP^{*2} (excluding gains from sales of business-related equities). Going forward, profit is expected to be less volatile under new KPI
- Adjusted ROE under IFRS is approx. 12.8%^{*1,3} in FY2024 and is forecasted to be approx. 13%^{*1,3} in FY2025

*1: Pre-audit basis (same applies to subsequent pages)

*2: Adjusted Net Income under the current definition (excluding gains from sales of business-related equities) is JPY608.9bn in FY2024 and is forecasted to be JPY700.0bn in FY2025

*3: Adjusted ROE under the current definition (excluding gains from sales of business-related equities) is 11.4% in FY2024 and is forecasted to be 13.2% in FY2025

DPS growth in line with Top-tier EPS growth

- The 3-year average of IFRS Adjusted Net Income will be applied as the source of dividends starting from FY2026
- Even though gains from the sales of business-related equities will no longer be included in Adjusted Net Income after the implementation of IFRS, DPS Growth in line with Top-tier EPS Growth will be maintained continuously through the sustainable expansion of the source of dividends, which is average Adjusted Net Income

Disciplined capital policy remains unchanged

- Share Buyback will be implemented flexibly, based on the level required to approximately boost EPS growth by +2%, while comprehensively taking into account market conditions, the M&A pipeline, and other factors
- ESR will be redefined considering comparability with global peers and alignment with the new economic value-based solvency regulations. New ESR will be treated as an indicator of financial soundness, with a target set at "190% or higher"
- Capital will be reinvested into core business with higher profitability and risk-taking to achieve further profit growth and raise ROE. In the absence of attractive investment opportunities, the enhancement of shareholder return will be considered

Executive Summary: New KPI Definition

- Adjusted Net Income and Adjusted ROE, the new KPIs post-IFRS implementation are designed to reflect our capability accurately and emphasize comparability with global peers

$$\text{IFRS Adjusted Net Income} = \text{IFRS Net Income} - \text{Capital Gains/Losses} - \text{ALM \& Hedge-Related Gains/Losses} - \text{Business Investment Related Gains/Losses}$$

Key Differences

<Accounting Standards>

- Gains/losses from sales of business-related equities not included
- Insurance liabilities evaluated on the economic value basis



<Changes in Definition>

- Capital gains/losses not included

$$\text{IFRS Adjusted ROE} = \frac{\text{IFRS Adjusted Net Income}}{\text{IFRS Net Assets} - \text{Unrealized Gains/Losses (AOCI)}}$$

Key Differences

<Accounting Standards>

- Numerator: described as above
- Denominator: Assets and liabilities evaluated on the economic value basis

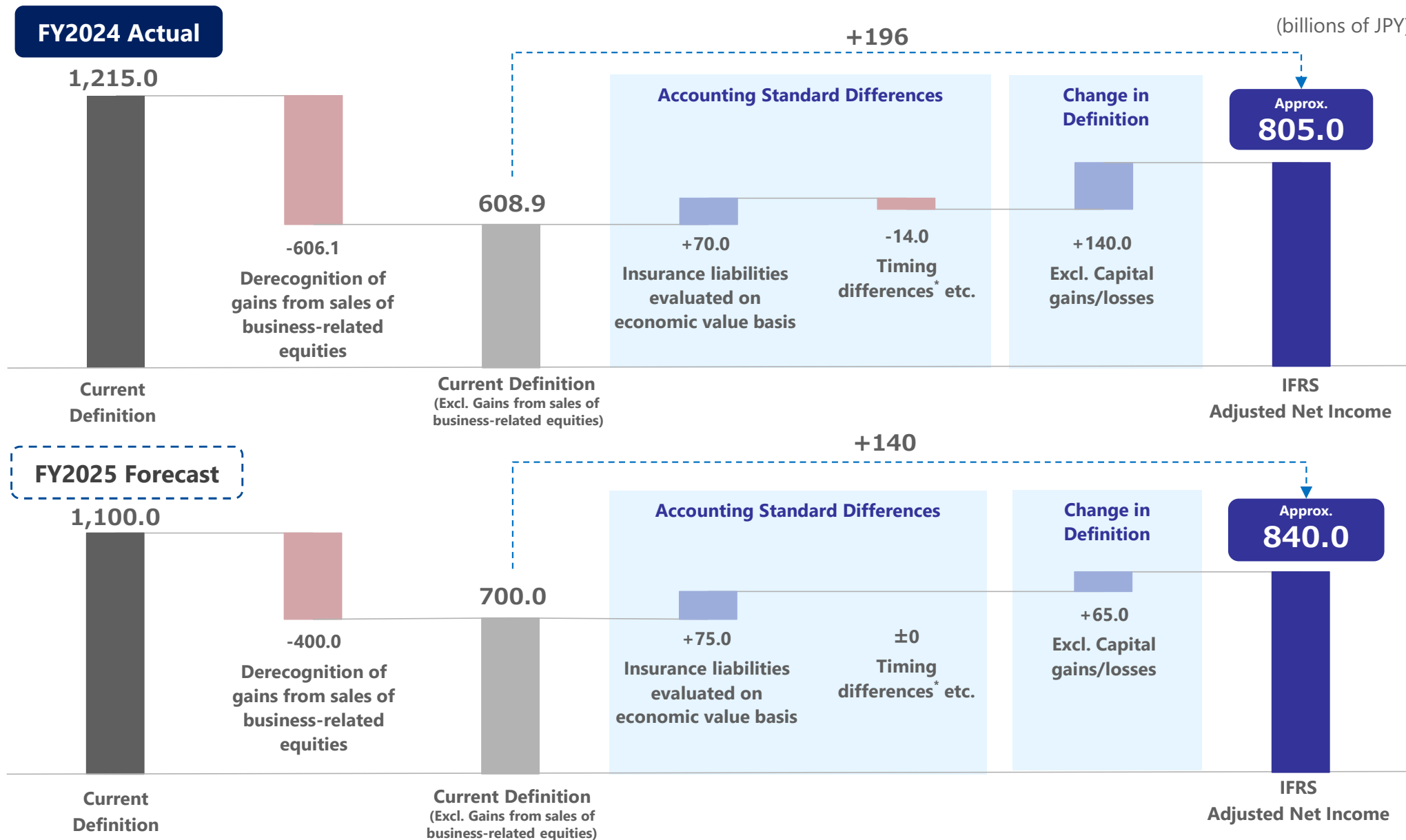


<Changes in Definition>

- Numerator: described as above
- Denominator: Unrealized gains/losses related to financial assets and insurance liabilities excluded
- Denominator: Goodwill and intangible assets included

Executive Summary: Adjusted Net Income

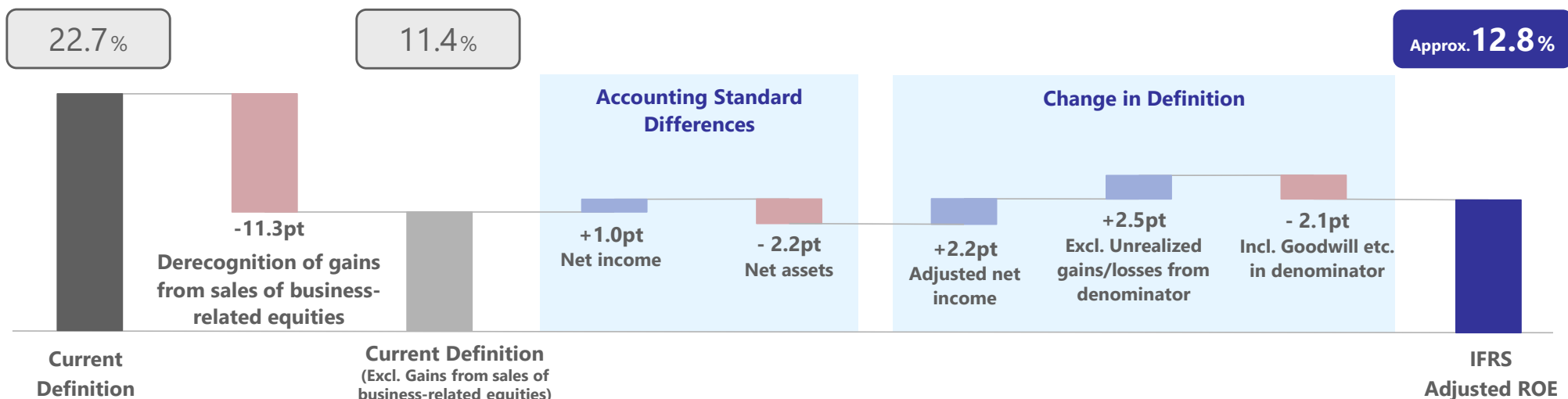
- IFRS Adjusted Net Income is raised compared to the current definition (excl. gains from sales of business-related equities) due to the impact of insurance liabilities evaluated on the economic value basis in Japan P&C / Life and the exclusion of capital gains/losses
- Profit is expected to be less volatile compared to the current definition due to the exclusion of capital gains/losses going forward



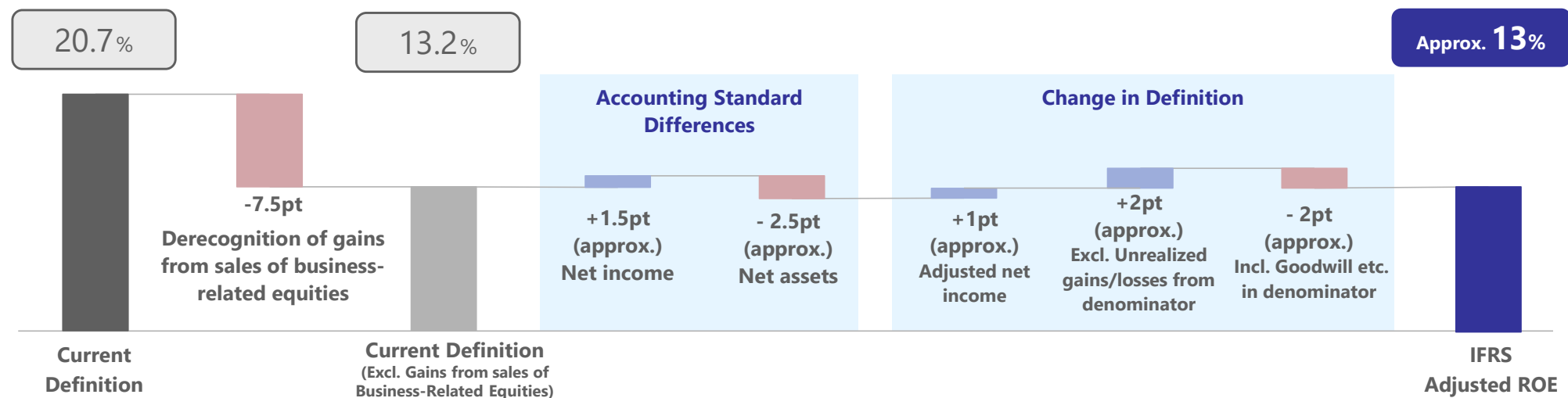
Executive Summary: Adjusted ROE

- IFRS Adjusted ROE is impacted by the increase in Adjusted Net Income and Adjusted Net Assets, respectively

FY2024 Actual



FY2025 Forecast



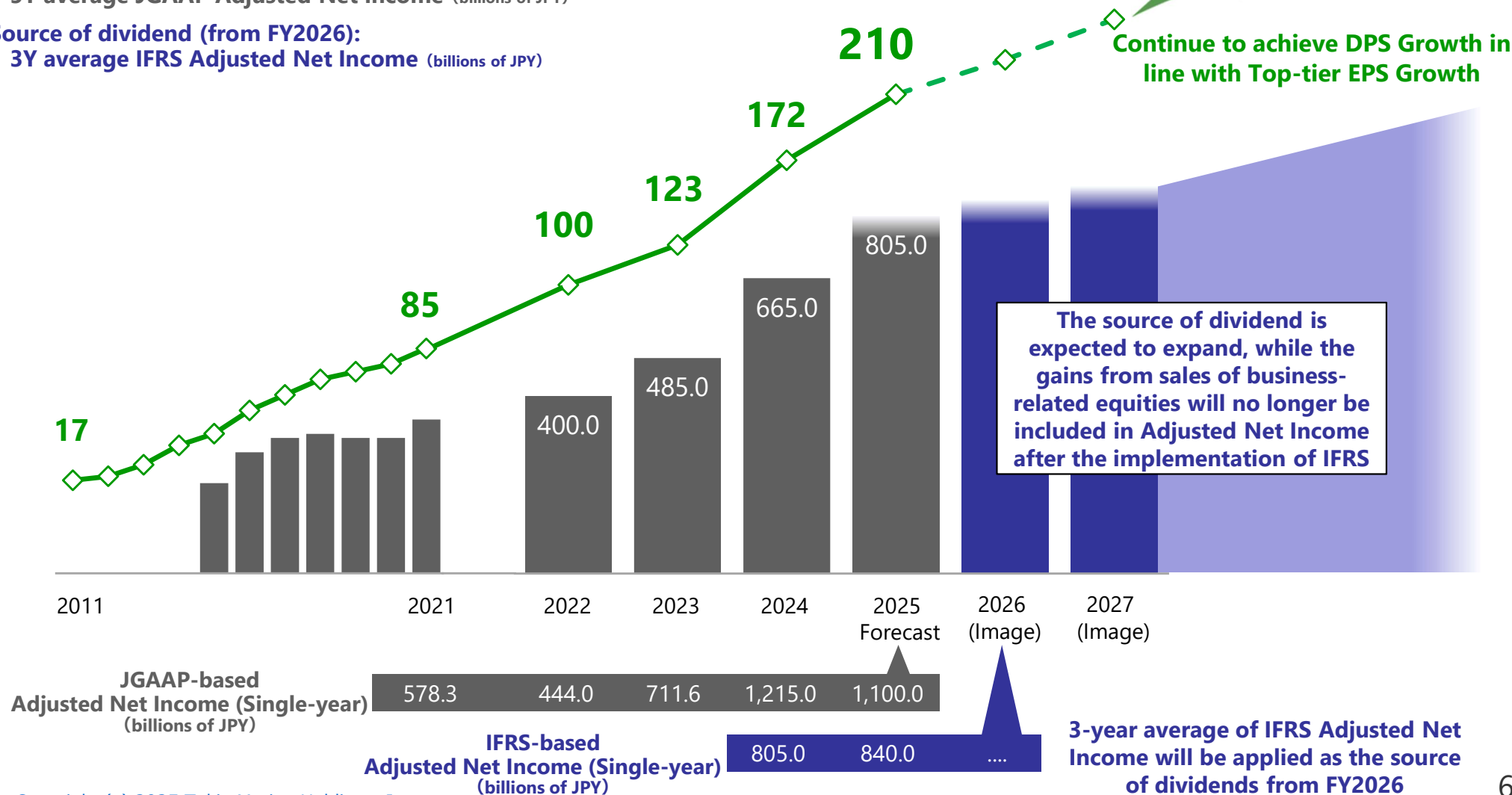
Executive Summary: Shareholder Returns

- The 3-year average of IFRS Adjusted Net Income will be applied as the source of dividends starting from FY2026
- Even though gains from the sales of business-related equities will no longer be included in Adjusted Net Income after the implementation of IFRS, DPS Growth in line with Top-tier EPS Growth will be maintained continuously through the sustainable expansion of the source of dividends, which is average Adjusted Net Income

◇ DPS (JPY)

■ Source of dividend (until FY2025):
5Y average JGAAP Adjusted Net Income (billions of JPY)

■ Source of dividend (from FY2026):
3Y average IFRS Adjusted Net Income (billions of JPY)



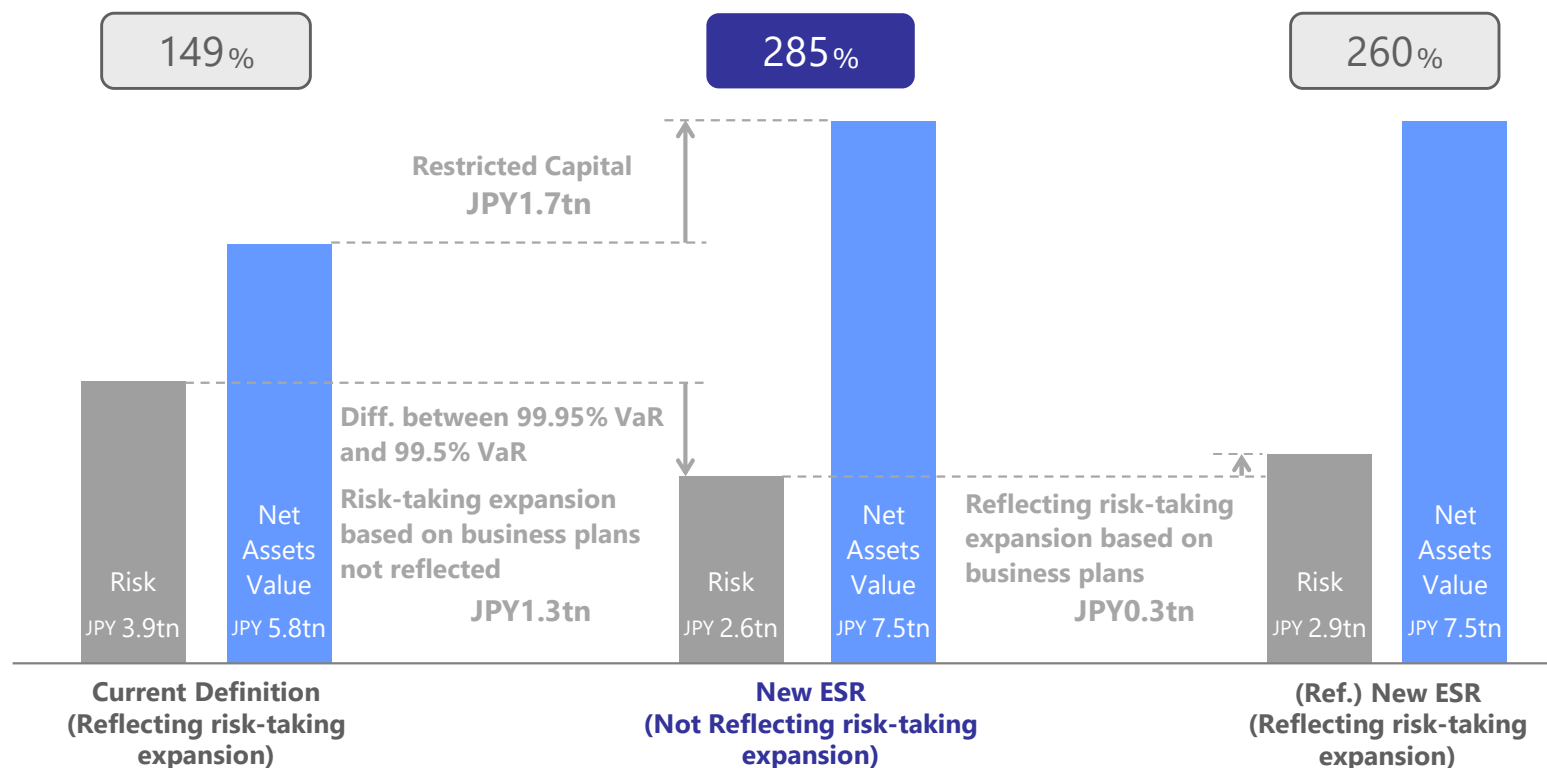
- ESR^{*1} will be redefined along with the implementation of the new economic value-based solvency regulations^{*2} considering comparability with global peers and alignment with the new regulations^{*3}

Definition of New ESR

Confidence Level for Risk Amount Calculation: 99.5% VaR
Restricted Capital: Not deducted

- Emphasis on comparability with global peers and alignment with the new economic value-based solvency regulations^{*3}
- Under the current definition, risk-taking expansion in existing businesses based on business plans (excluding new businesses and M&A) was reflected. In the new definition, this will no longer be reflected along with the treatment under the new regulations

ESR at the end
of March 2025



*1: ESR: Economic Solvency Ratio

*2: Insurance Capital Standards. It is planned to be introduced as "Economic Value-based Solvency Regulations" in Japan

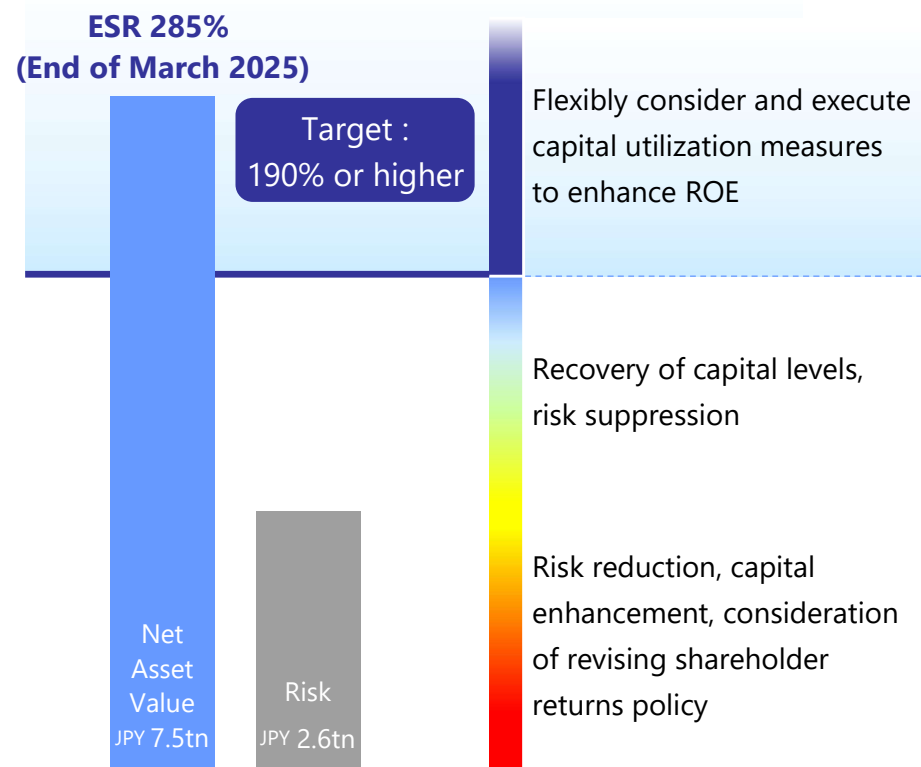
*3: Our Unique Method (Internal Model) is used for risk measurement and diversification effects. Thus, our Model does not completely align with the new economic value-based solvency regulations

- ESR is defined as an indicator of financial soundness, with a target of "190% or higher"

ESR Target

190% or higher

- Define ESR as an indicator of financial soundness and continue to maintain capital levels equivalent to AA rating. Set the lower limit of the ESR target at 190% which is equivalent to lower limit of 100% in the current definition's target range
- Capital policy remains unchanged.
 - Share Buyback will be executed flexibly, comprehensively considering the level required to boost EPS growth by +2%, market conditions, M&A pipeline and other factors.
 - Capital will be reinvested into core business with higher profitability and risk-taking to materialize further profit growth and raise ROE. In the absence of good investment opportunities, the enhancement of shareholder return is considered.



Impact of IFRS and ICS Implementation

- Business Unit KPIs will change from the current "Business Unit Profits" to Adjusted Net Income basis, which is in line with Group Adjusted Net Income^{*1}

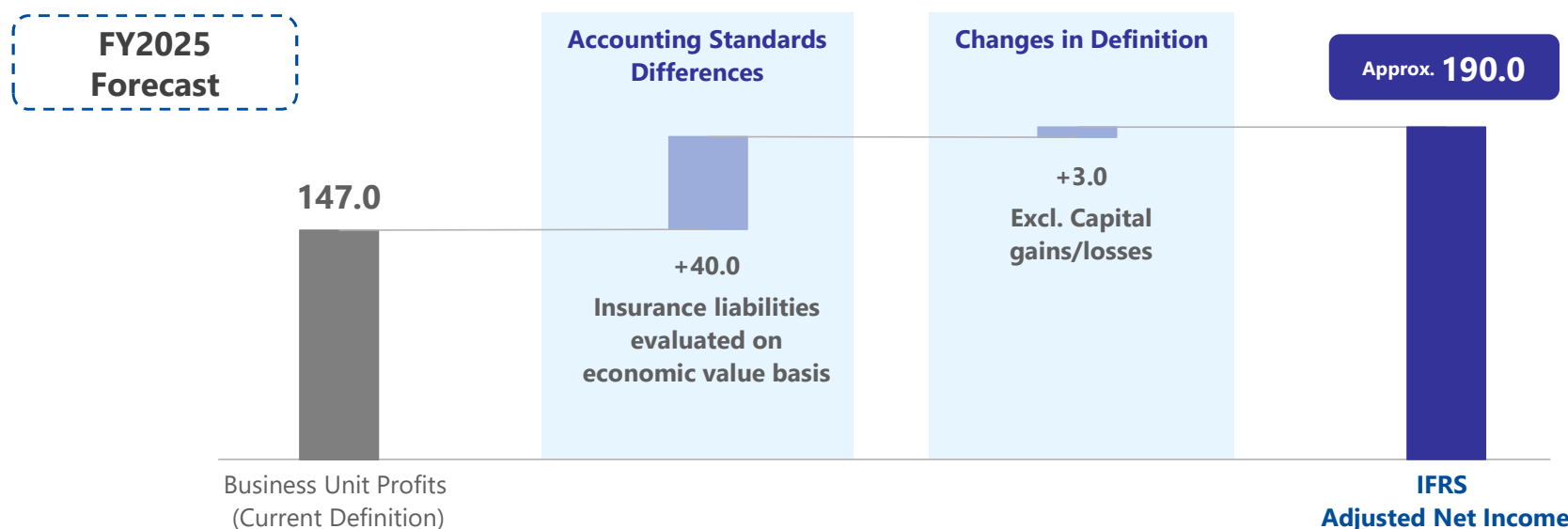
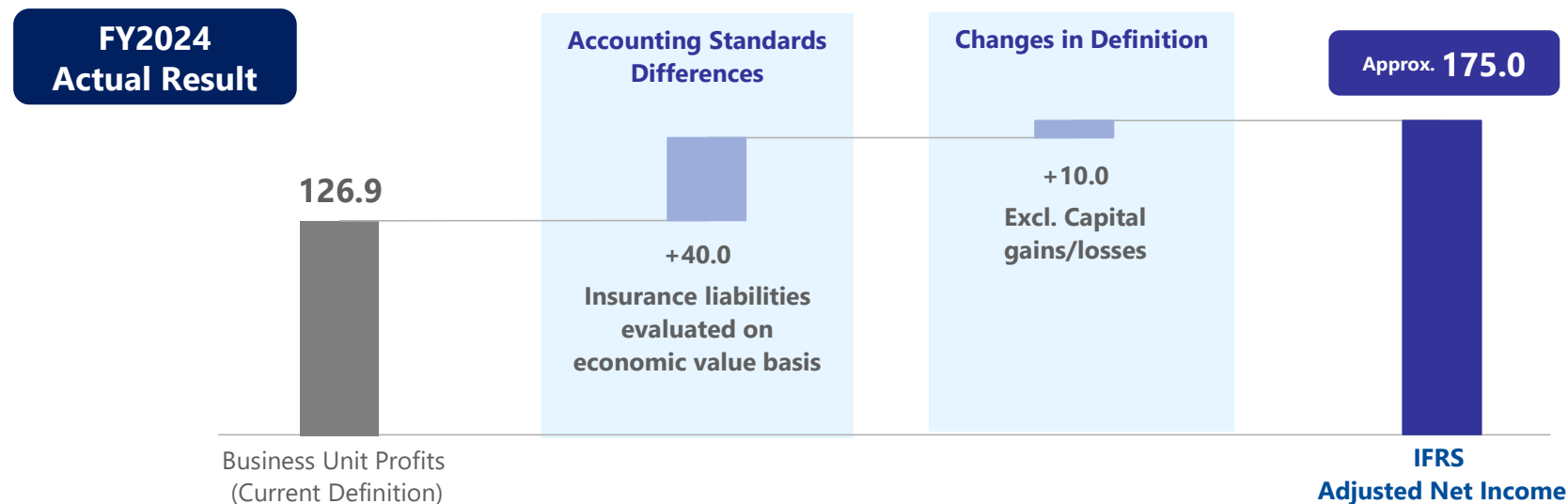
		FY2024 Actual Result			FY2025 Forecast		
(billions of JPY)		Current Definition	Increase/Decrease	IFRS	Current Definition	Increase/Decrease	IFRS
Group Adjusted Net Income		1,215.0	-410.0	Approx. 805.0	1,100	-260.0	Approx. 840.0
Group Adjusted Net Income (excl. gains from sales of business-related equities)		608.9	+196.0	Approx. 805.0	700	+140.0	Approx. 840.0
		Business Unit Profits		Adjusted Net Income by Business Unit	Business Unit Profits		Adjusted Net Income by Business Unit
Business Unit KPI	Japan P&C ^{*2}	126.9	+50.0	Approx. 175.0	147	+43.0	Approx. 190.0
	Japan Life ^{*2}	41.9	+33.0	Approx. 75.0	47	+28.0	Approx. 75.0
	International	428.4	+111.0	Approx. 540.0	477	+73.0	Approx. 550.0
	Others ^{*2}	11.5	+3.0	Approx. 15.0	29	-4.0	Approx. 25.0

^{*1}: Aligning the definitions of Business Unit KPIs and Group Adjusted Net Income eliminates the current differences between the two (e.g., gains/losses from sales of business-related equities or the scope of consolidated entities).

^{*2}: "Japan P&C" refers to TMNF, "Japan Life" refers to TMNL, and "Others" includes domestic non-life insurance other than TMNF, solution businesses, and consolidation adjustments. (same applies to subsequent pages)

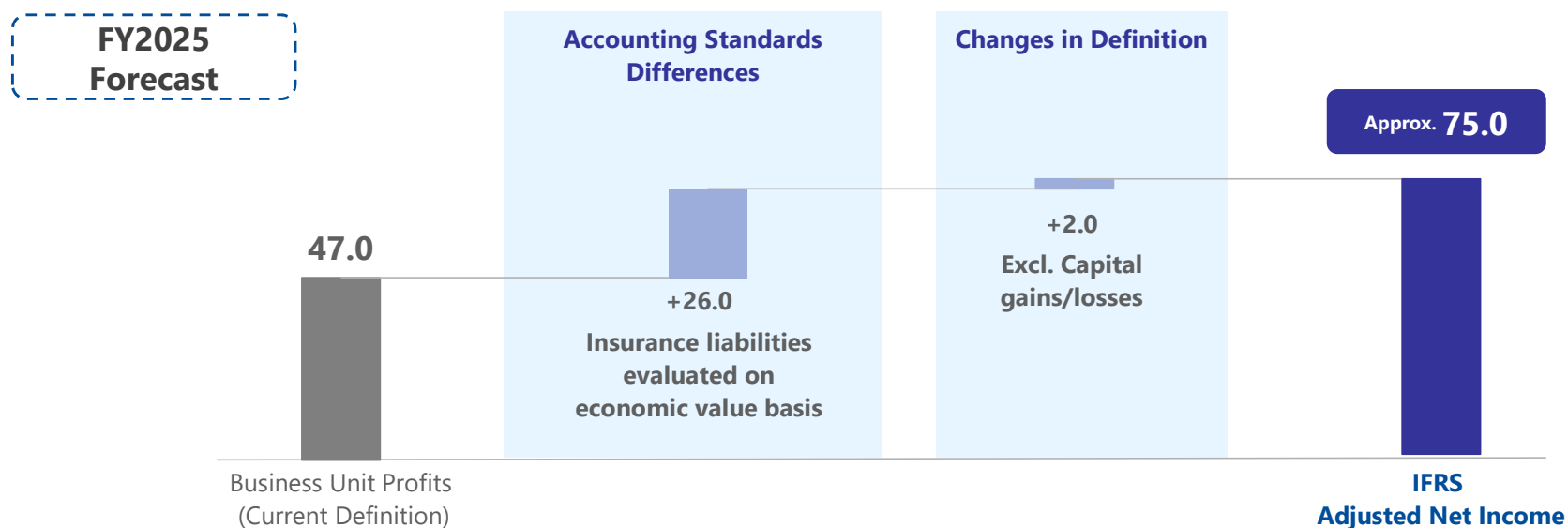
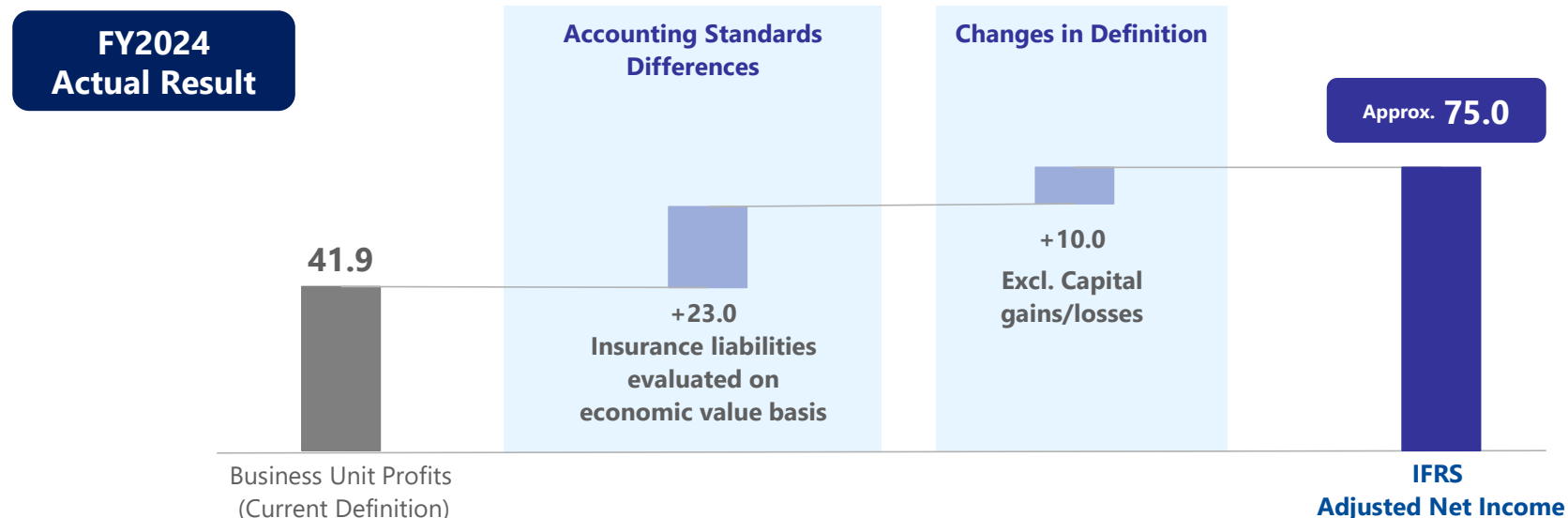
- IFRS Adjusted Net Income for the Japan P&C Business will increase primarily due to the impact of insurance liabilities evaluated on the economic value basis

(billions of JPY)



- IFRS Adjusted Net Income for the Japan Life Business will increase primarily due to the impact of insurance liabilities evaluated on the economic value basis

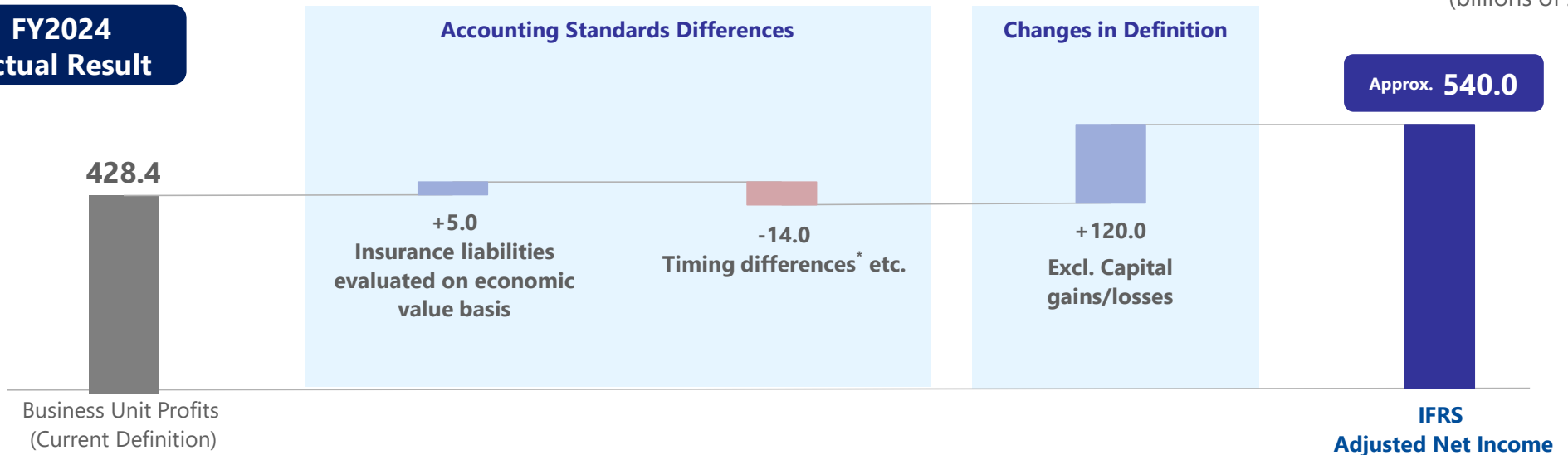
(billions of JPY)



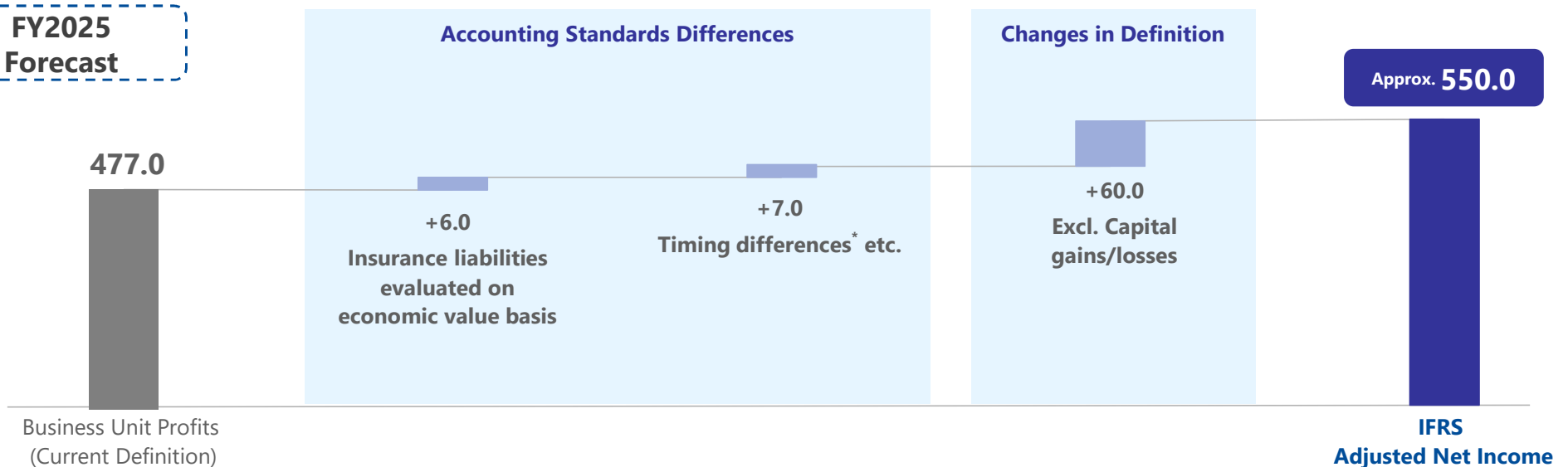
- IFRS Adjusted Net Income for the International Business will increase primarily due to the definition changes excluding capital gains/losses

(billions of JPY)

**FY2024
Actual Result**



**FY2025
Forecast**



*: Currently, our group financials fiscal year runs from April to March, while overseas subsidiaries' financials runs from January to December. Under IFRS, the time differences is resolved, and the fiscal year is unified from April to March for the group

Breakdown of Adjusted Net Income by major entities (FY2024 Results)

(billions of JPY)

	Current Definitions	Accounting Standard Differences		Changes in Definition	IFRS
		Insurance liabilities evaluated on economic value basis	Timing differences, etc.	Excl. Capital gains/losses	
International	428.4	+5.0	-14.0	+120.0	540.0
PHLY	88.6	+4.0	-3.0	+8.0	98.0
DFG	128.6	-1.0	+4.0	+110.0	240.0
TMHCC	127.0	+3.0	-13.0	+5.0	122.0
TMK	33.7	-	-6.0	-	28.0
TMSR	34.6	-	+3.0	-	38.0

Net Income impact and reconciliation to Adjusted Net Income

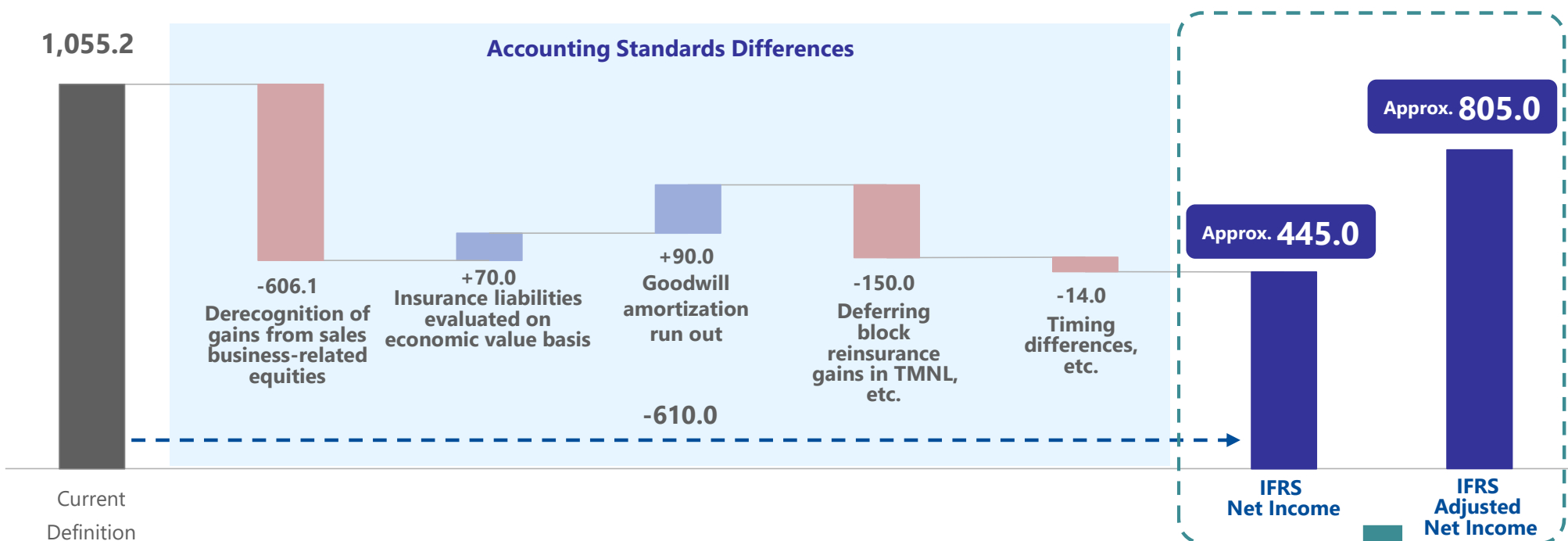
Group	Japan Life
Japan P&C	International



- IFRS-based Net Income decreases compared to JGAAP based Net Income (current definition) primarily due to the derecognition of gains from sales of business-related equities

<FY2024 Results>

(billions of JPY)



(Ref.) Reconciliation to Adjusted Net Income

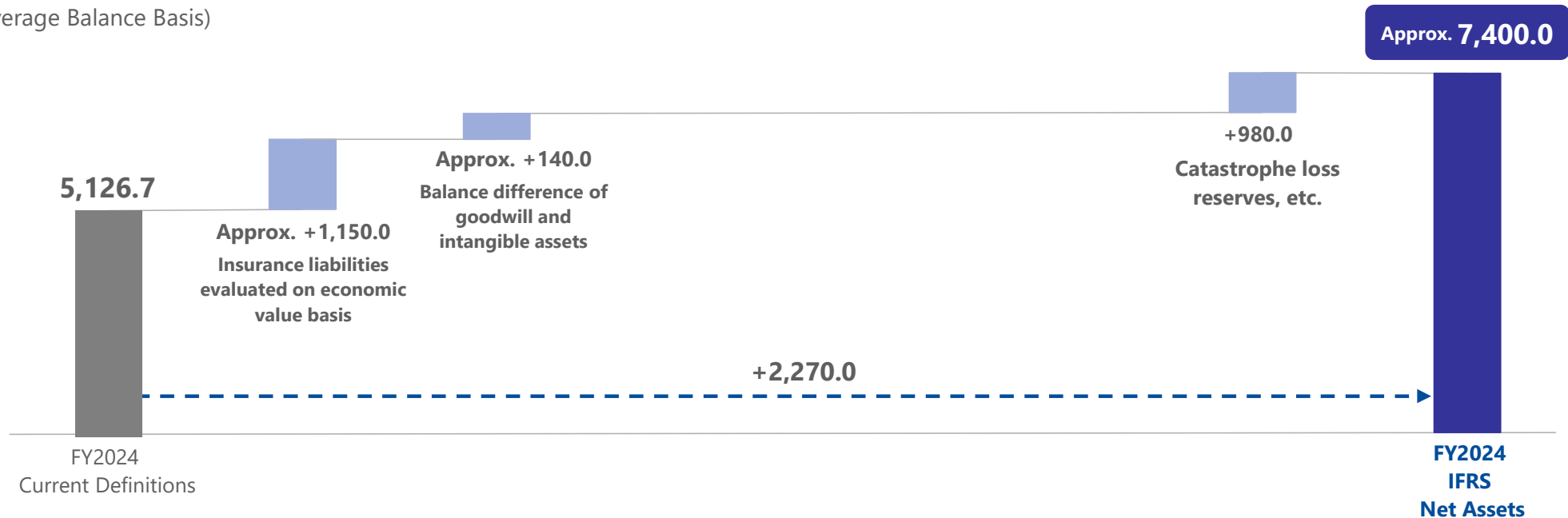
	Japan P&C	Japan Life	International	Other	Group
IFRS Net Income	125.0	-80.0	385.0	15.0	445.0
Capital gains/losses	+10.0	+10.0	+120.0	-	+140.0
Business investment-related gains/losses	-	-	+35.0	-	+35.0
ALM & Hedge gains/losses, etc.	+40.0	+145.0	-	-	+185.0
IFRS Adjusted Net Income	175.0	75.0	540.0	15.0	805.0

Impact on Net Assets

(billions of JPY)

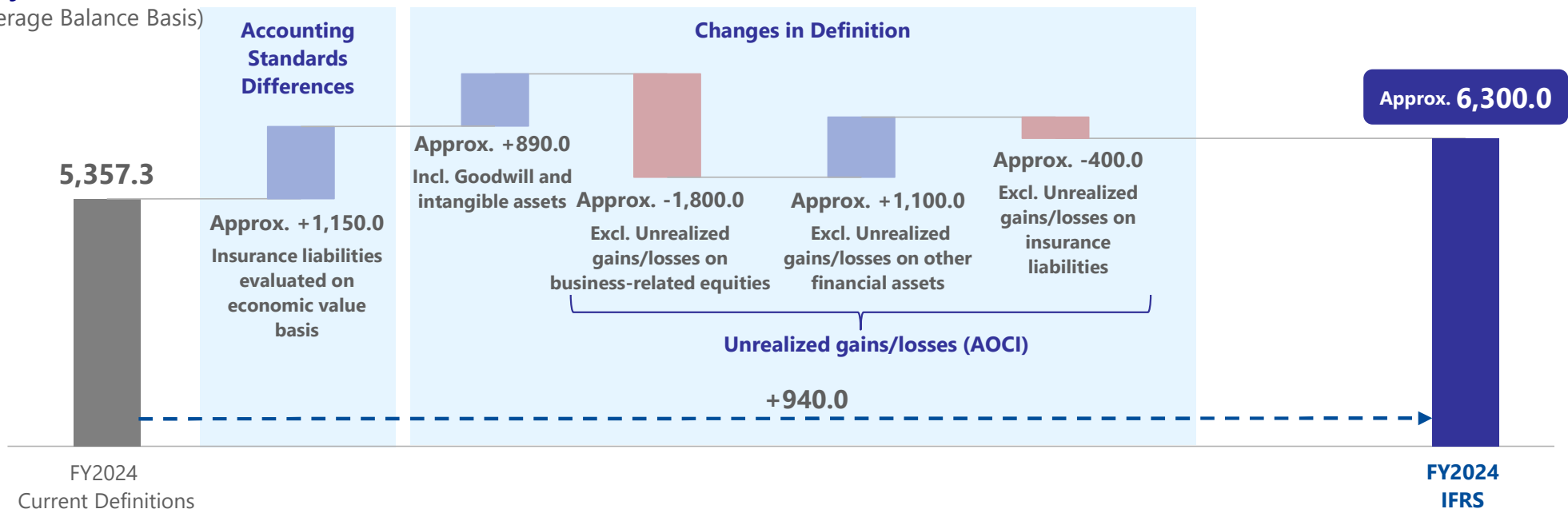
<Net Assets>

(Average Balance Basis)



<Adjusted Net Assets>

(Average Balance Basis)



- PER will increase primarily due to the exclusion of gains from sales of business-related equities affecting Net Income and Adjusted Net Income after the implementation of IFRS
- On the other hand, PBR will decrease because of the increase in Net Assets and Adjusted Net Assets due to the decrease in insurance liabilities evaluated on the economic value basis

Financial Accounting basis

	Current Definitions	IFRS
PER	11.9_x	14.3_x
(Numerator) Market Capitalization	JPY 11.1tn	JPY 11.1tn
(Denominator) Net Income	JPY 0.9tn	JPY 0.7tn
PBR	2.2_x	1.5_x
(Numerator) Market Capitalization	JPY 11.1tn	JPY 11.1tn
(Denominator) Net Assets	JPY 5.0tn	JPY 7.4tn

Adjusted Basis

	Current Definitions	IFRS
Adjusted PER	10.1_x	13.1_x
(Numerator) Market Capitalization	JPY 11.1tn	JPY 11.1tn
(Denominator) Adjusted Net Income	JPY 1.1tn	JPY 0.8tn
Adjusted PBR	2.1_x	1.8_x
(Numerator) Market Capitalization	JPY 11.1tn	JPY 11.1tn
(Denominator) Adjusted Net Assets	JPY 5.3tn	JPY 6.3tn

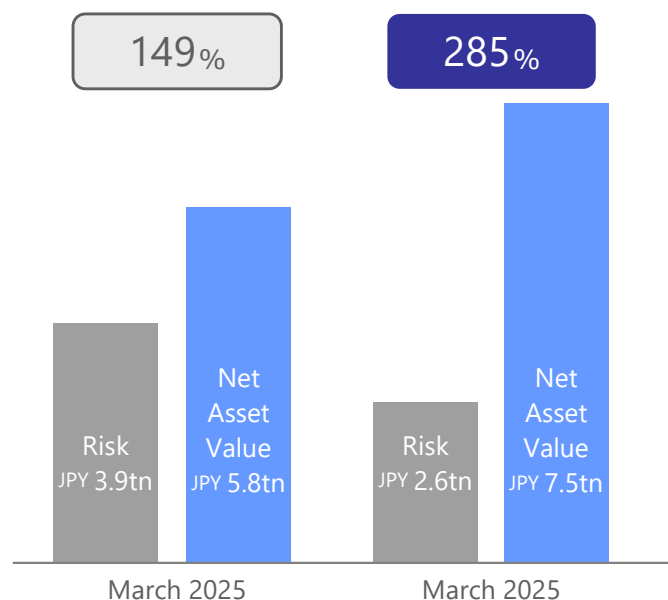
(Profit is FY2025 forecast. Market Capitalization and Net Assets are as of the end of March 2025)

<Overview of Differences in ESR Definitions>

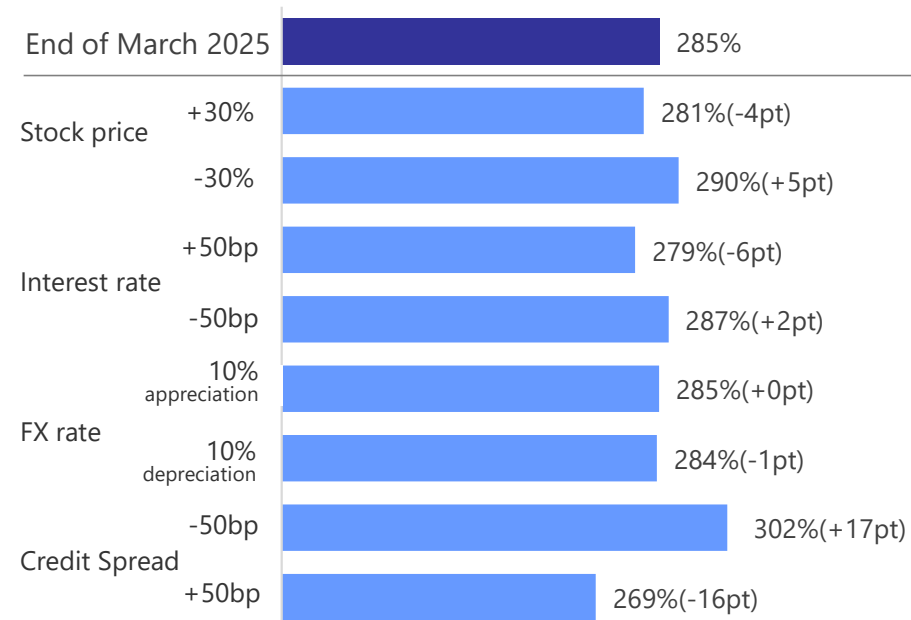
	Current Definition	New Definition	(Ref.) New Economic Value-Based Solvency Regulations	(Ref.) European Solvency II
Risk Amount	99.95%VaR	99.5%VaR	99.5%VaR	99.5%VaR
Restricted Capital	Deduct Restricted Capital	Do not Deduct Restricted Capital	Do not Deduct Restricted Capital	Do not Deduct Restricted Capital
Reflect Expansion of Risk-Taking	Reflect Expansion of Risk-Taking	Do not Reflect Expansion of Risk-Taking	Do not Reflect Expansion of Risk-Taking	Do not Reflect Expansion of Risk-Taking
Risk Measurement Methodology	Internal Models Utilized for Overall Risks	Internal Models Utilized for Overall Risks	Internal Models Utilized only for Natural Catastrophe Risk	Internal Models Utilized for Overall Risks

<ESR>

Current Definition New Definition



<ESR Sensitivity (New Definition)>



(Reference) Definitions, etc.

- **IFRS is an international economic value-based accounting standard, and its application is expected to enhance the transparency and comparability of financial information**
- **IFRS 9 and IFRS 17 which uses valuation methods reflecting market prices and the expectations of market participants mainly impact on insurance companies**

IFRS 9 (Financial Instruments Accounting)

- Financial assets are evaluated under this standard.
- Equities and certain securitized products are required to reflect fair value fluctuation into P&L. (As for non pure investment, it is allowed not to reflect fair value fluctuation into P&L. In this case, gains/losses are not recognized neither.
- For bonds and loans, the expected value of losses which is estimated based on default probability as a type of capital gain/loss must be reflected into P&L as "Expected Credit Loss"*.

Financial
Assets

Other
Assets

Assets

Insurance
Liabilities

Other
Liabilities

Net Assets

Liabilities

and Net Assets

IFRS 17 (Insurance Accounting)

- Insurance Liabilities are evaluated under this standard.
- It is aimed to evaluate the insurance liabilities in line with latest market prices.
- Insurance liabilities consists of the present value of future cash flows (future insurance payments and expenses discounted at market rate), risk adjustment, and CSM.
- Revenue is recognized in accordance with the fulfillment of insurance obligations. It enhances the adequacy of profit recognition over the applied period. (Cumulative profit over the total insurance period does not change).

*: Similar to CECL framework (Current Expected Credit Loss) of USGAAP.

- Other than above mentioned items, unique accounting treatment under JGAAP will be eliminated such as catastrophe reserves provision or amortization of goodwill under IFRS.

- Important accounting policies affecting financial results are as follow considering comparability with global peers, volatility reduction in P&L, and other practical constraints

Discount Rate for Insurance Liabilities

Discount rate is calculated based on an illiquidity premium added on to the risk-free rate in accordance with bottom-up approach in general

Discount Rate Changes (Excluding VFA)

Changes in insurance liabilities due to variations in discount rates are generally recognized as OCI

Risk Adjustment Methodology

Cost of capital method is applied in general

Business-Related Equities

Gains/losses from the sale of business-related equities are recognized as OCI. Recycling in P&L is not allowed

Transition Method

Full retrospective approach is applied as far as it is practicable but fair value or modified retrospective approach can be applied as well considering the data constraints

Impact on Insurance Accounting

- **Japan P&C:** Past unfavorable contracts are measured at fair-value upon IFRS transition, resulting in a raise of profit level compared to JGAAP
- **Japan Life:** Conservative reserve calculation required in JGAAP will be no longer necessary resulting in a raise of profit level compared to JGAAP
- **International:** P&L impact from changes in insurance liability calculation is nominal

		Affected Business line	JGAAP	IFRS	Impact on P&L
U/W Reserves	Long-term Contracts	P&C Life	Calculated based on conservative assumptions	Economic Value evaluation based on GMM Method	<ul style="list-style-type: none"> • TMNF: Past unfavorable contracts such as long-term fire insurance are measured at fair value upon IFRS transition. • TMNL: Reserves are calculated conservatively in terms of the protection of policyholder under JGAAP. Its conservatism is removed under IFRS and CSM is amortized annually with profits recognition.
	Short-term Contracts	P&C Int'	Mostly Unearned Premiums	PAA Method (Simplified Approach)	<ul style="list-style-type: none"> • No material gap from current standards since most contract terms are within one year.
	Variable Insurance, etc.	Life Int'	Calculated based on conservative assumptions	VFA Method	<ul style="list-style-type: none"> • Profits/losses are recognized in accordance with corresponding assets. • Variation of P&L is small unless it is onerous contract.
Loss Reserves		P&C Int'	Future Cash Flow Estimation	Discount + Risk Adjustment	<ul style="list-style-type: none"> • Profit is decreased by discounting effect and increased by risk adjustment effect. • Profits/losses due to interest rate fluctuation are generally recognized as OCI.

Impact on Financial Instruments Accounting

- Under IFRS, accounting treatments are required depending on the purpose and nature of holding financial instruments
- Bonds and business-related equities are generally classified as FVOCI, while other equities and mutual funds are classified as FVTPL
- Capital gains/losses are excluded from IFRS Adjusted Net Income

Classification	Affected Business	JGAAP		IFRS		Impact on IFRS P&L
		OCI	PL	OCI	PL	
Bonds*1		Fair Value Changes FX Changes	Sale Gains/Losses Impairment	Fair Value Changes	FX Changes Sale Gains/Losses ECL*3	<ul style="list-style-type: none"> • FX changes are recognized in P&L. • Capital gains/losses (sale gains/losses, ECL) are excluded from adjusted net income.
Loans	<div>P&C</div> <div>Life</div> <div>Int'</div>	-	FX Changes Sale Gains/Losses CECL	-	FX Changes Sale Gains/Losses ECL	<ul style="list-style-type: none"> • ECL is recognized instead of CECL. • Capital gains/losses (sale gains/losses, ECL) are excluded from adjusted net income.
Equities*2 Mutual Funds, etc.		Fair Value Changes FX Changes	Sale Gains/Losses	-	Fair Value Changes FX Changes Sale Gains/Losses	<ul style="list-style-type: none"> • Fair value changes are recognized in P&L. • Capital gains/losses (fair value changes, sale gains/losses) are excluded from adjusted net income.
Business-Related Equities	-	Fair Value Changes	Sale Gains/Losses	Fair Value Changes Sale Gains/Losses	-	<ul style="list-style-type: none"> • Sale gains/losses are recognized only in net assets by classifying as FVOCI.

*1: Certain bonds are classified as FVTPL, and fair value changes are also recorded in profit or loss

*2: Excluding business-related equities. For certain equities, fair value changes and gains/losses on disposal are recognized in OCI

*3: Expected Credit Loss (ECL)

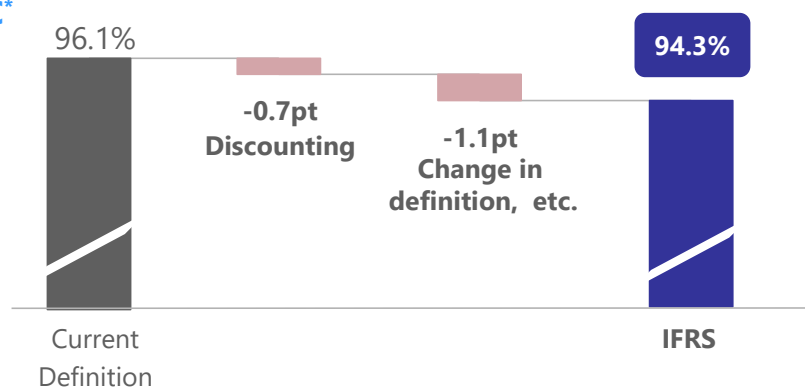
Combined Ratio Definition

- Combined Ratio under IFRS will be aligned with global peers' definition
- Combined Ratio will lower due to the impact of discounting incurred insurance claims

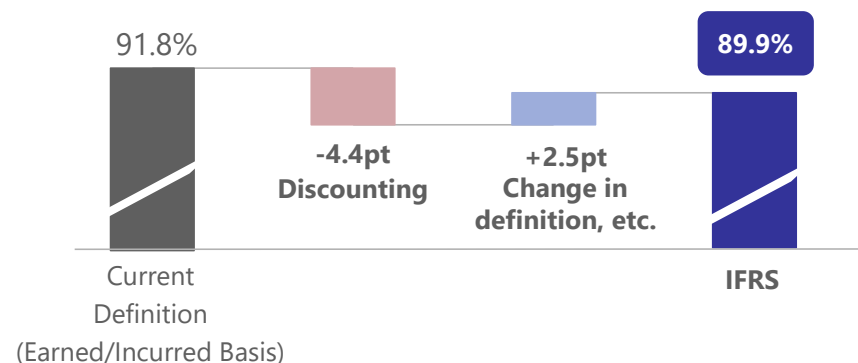
	Current Standards	IFRS	Impact of IFRS Adoption
Loss Ratio	$\frac{\text{Net Incurred Insurance Claims}}{\text{Net Earned Premiums}}$	$\frac{\text{Incurred Insurance Claims} \pm \text{Ceded Reinsurance Gains/Losses}}{\text{Insurance Revenue}}$	<p><Loss Ratio raises mainly due to including ceded reinsurance gains/losses in the numerator></p> <ul style="list-style-type: none"> Incurred insurance claims is discounted basis for numerator. Denominator is the total insurance revenue of direct and assumed reinsurance Ceded reinsurance gains/losses is included in the numerator (Ceded reinsurance premiums which is currently deducted from the denominator under JGAAP will be included in the numerator under IFRS)
Expense Ratio	<p>(Written/Paid Basis)</p> $\frac{\text{Commissions} + \text{Admin Expenses}}{\text{Net Written Premiums}}$	<p>(Earned/Incurred Basis)</p> $\frac{\text{Commissions} + \text{Admin Expenses}}{\text{Insurance Revenue}}$	<p><Expense ratio lowers mainly due to the increase in the denominator></p> <ul style="list-style-type: none"> Both numerator and denominator are on earned/incurred (E/I) basis Denominator is the total of insurance revenue of direct and assumed reinsurance

(Ref.) Impact on the Combined Ratio by Business Unit (FY2024)

Japan P&C*



International



- CSM is the future profit from insurance contracts and an important indicator for long term contracts under IFRS. Profits are recognized evenly over the insurance period
- CSM balance of Japan Life Business in FY2024 increased by +JPY152bn compared to the beginning of the year before amortization, primarily due to the impact of accumulation of new contracts and new block reinsurance

New Contract CSM

New Contract CSM

= Present Value of Income
- Present Value of Expenses*

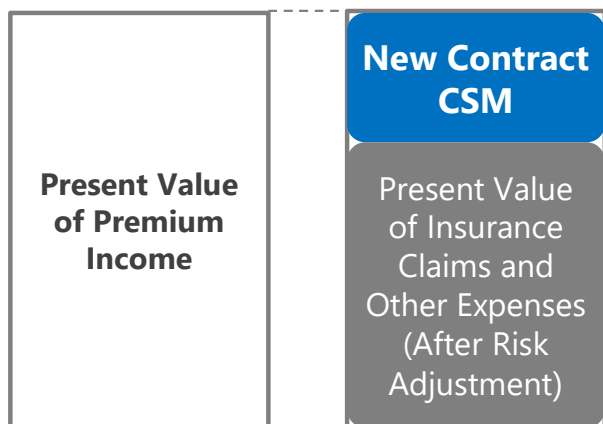
- Represents future profitability
- Recognize as liability and recognize profit evenly (amortization)

*: Incl. risk adjustment

Profit Recognition through insurance period



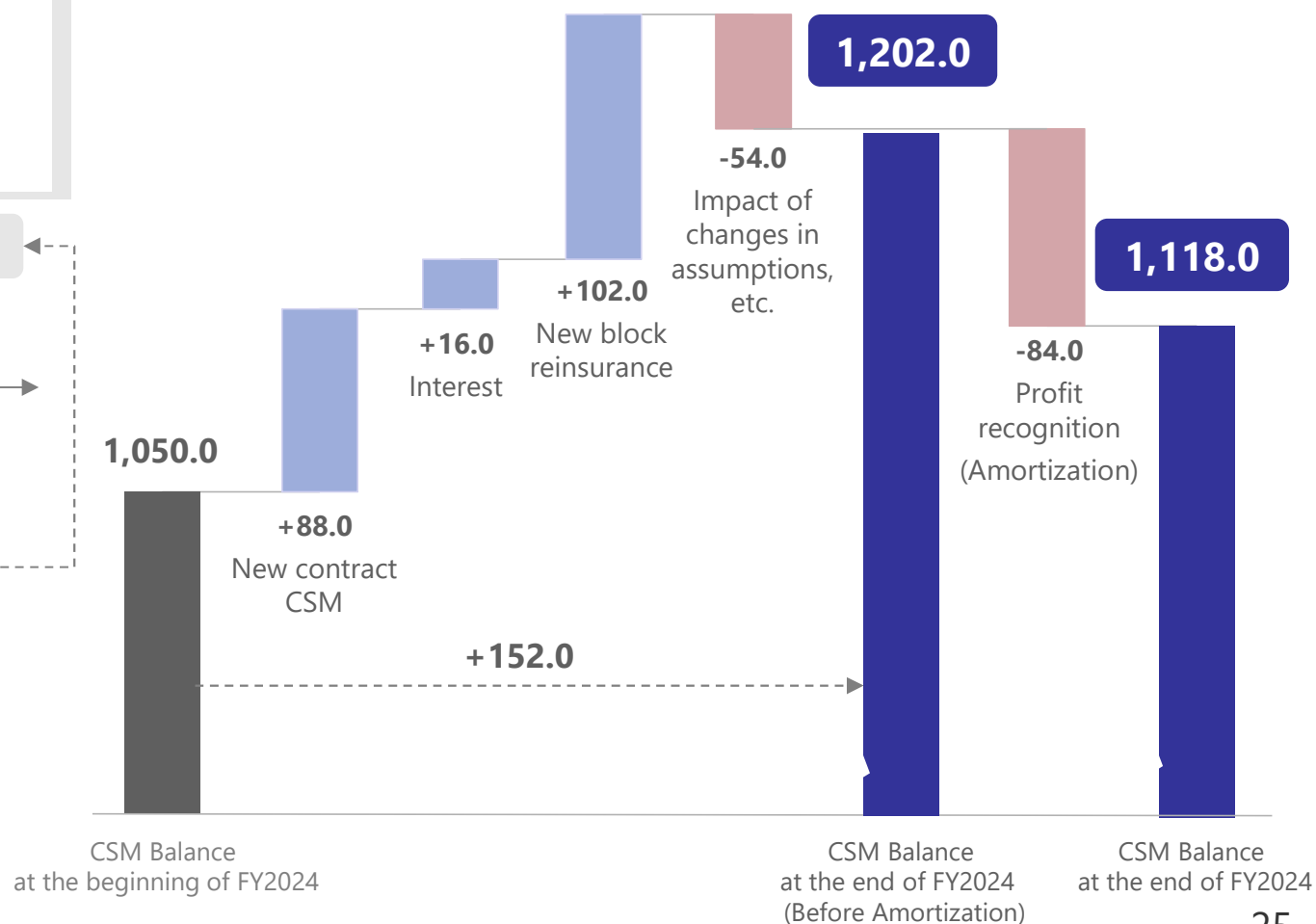
At the Time of New Contract



Factors Affecting CSM Changes (Japan Life)

※The following chart includes the ceded reinsurance

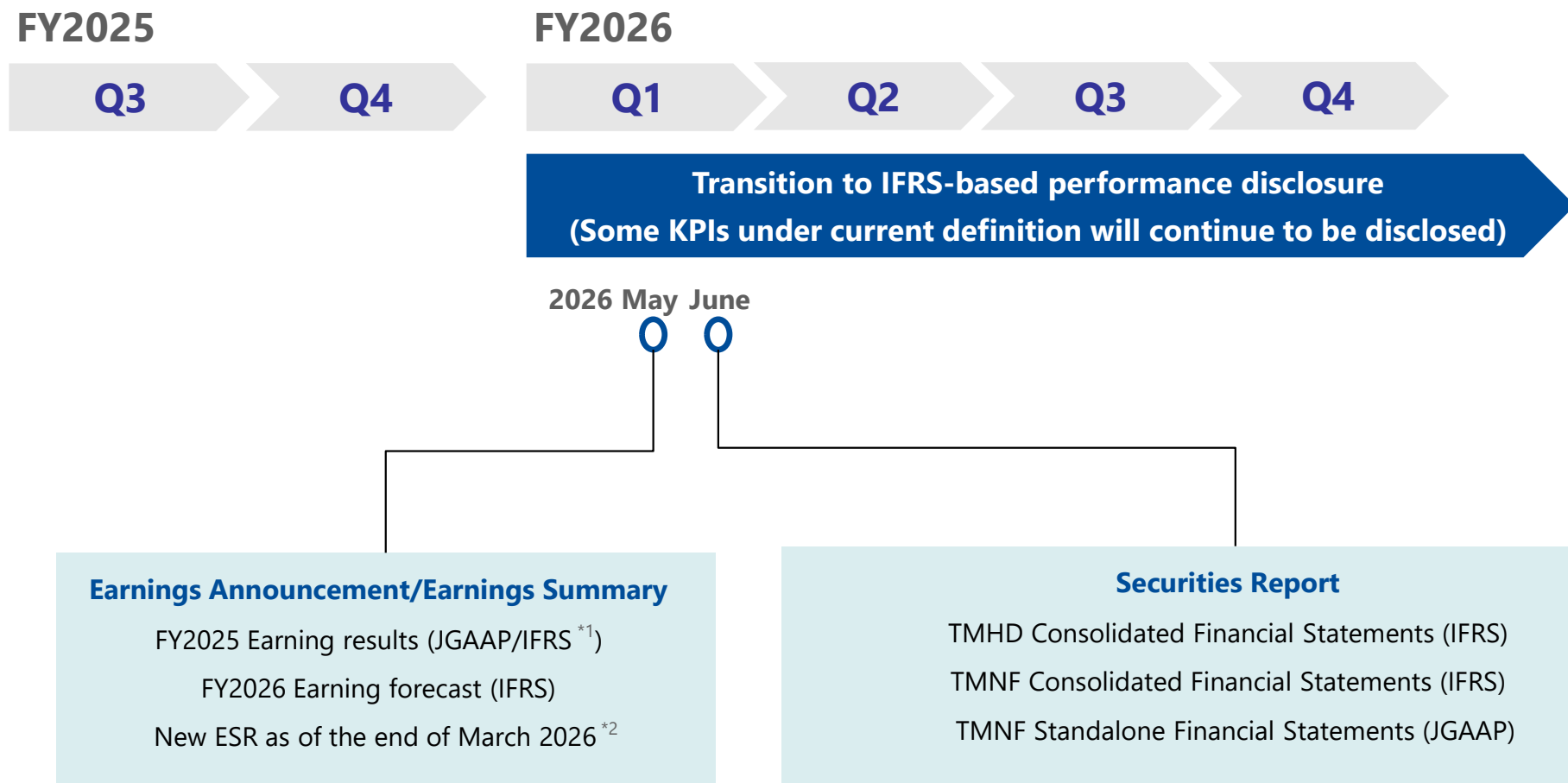
(billions of JPY)



Implementation Timeframe

- IFRS-based forecasts will be announced in May 2026, and IFRS consolidated financial statements will be disclosed in the securities report in June 2026

Upcoming Timeframe



*1: IFRS financial statements are on a pre-audit basis

*2: The first submission deadline for new capital regulations is October 2026. (Submission deadlines for subsequent years will be at the end of July annually)

Definitions of Various Indicators (Comparison of Current and New)

Adjusted Net Income ^{*1}

$$\begin{aligned}
 \text{Current adjusted net income}^{*2} &= \text{JGAAP net Income (consolidated)}^{*3} + \text{Provision for catastrophe loss reserves}^{*4} + \text{Provision for contingency reserves}^{*4} + \text{Provision for price fluctuation reserves}^{*4} + \text{Provision for Nat Cats underwriting reserves}^{*4, 5} + \text{Provision for underwriting result for the first year}^{*6, 7} \\
 &\quad - \text{Gains or losses on sales or valuation of ALM}^{*8} \text{ bonds and interest rate swaps} - \text{Gains or losses on sales or valuation of fixed assets and business investment equities} + \text{Amortization of goodwill and other intangible fixed assets} - \text{Other extraordinary gains/losses, valuation allowances, etc.} \\
 \\
 \text{New adjusted net income}^{*2} &= \text{IFRS net Income (consolidated)} - \text{Capital gains/losses}^{*9} - \text{ALM}^{*8} \text{ and hedge related gains/losses} - \text{Business investment related gains/losses}^{*10}
 \end{aligned}$$

Adjusted Net Asset

$$\begin{aligned}
 \text{Current adjusted net assets}^{*2} &= \text{JGAAP net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} + \text{Nat Cats underwriting reserves}^{*5} + \text{UW reserves related to underwriting result for the first year}^{*6, 7} - \text{Goodwill and other intangible assets} \\
 \\
 \text{New Adjusted Net Assets}^{*2} &= \text{IFRS net assets (consolidated)} - \text{Unrealized gains/losses (AOCI)}
 \end{aligned}$$

Adjusted ROE

$$\text{Adjusted ROE} = \frac{\text{Adjusted net income}^{*2}}{\text{Adjusted net assets}^{*2, 11}}$$

- *1: Adjusted Net Income will be used as KPI of each business instead of Business Unit Profit.
- *2: Each adjustment is on an after-tax basis
- *3: Net Income Attributable to Parent Company Shareholders" in consolidated financial statements
- *4: In case of reversal, it is subtracted from the equation
- *5: Unearned fire insurance premiums corresponding to large natural catastrophe risk
- *6: 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
- *7: Provision for the general underwriting reserves excluding provision for unearned premiums
- *8: ALM: Asset Liability Management. Excluded since it is counter-balance of ALM related liabilities
- *9: Capital gains/losses other than ALM and hedge-related gains/losses
- *10: Includes amortization expenses of other intangible assets
- *11: Average balance basis

Net Asset Value

$$\begin{aligned}
 \text{Current Net asset value}^{*2} &= \text{JGAAP net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} - \text{Goodwill and other intangible assets} - \text{Planned distribution to shareholders} + \text{Value of life insurance policies in- force} + \text{Other} \\
 \\
 \text{New Net asset value}^{*2} &= \text{IFRS net assets (consolidated)} - \text{Goodwill and other intangible assets} - \text{Planned distribution to shareholders} + \text{Value of life insurance policies in- force} + \text{Other}
 \end{aligned}$$

Abbreviations/ Terminology	Official Names/English Expressions	Definitions/Descriptions
IFRS	International Financial Reporting Standards	International Financial Reporting Standards (IFRS). A unified global standard for financial reporting. IFRS 17 (Insurance Contracts) and IFRS 9 (Financial Instruments) have major impact for insurance companies.
ICS	Insurance Capital Standard	A framework for evaluating the capital soundness of insurance groups. In Japan, it is planned to be introduced as "Economic Value-based Solvency Regulations, etc."
GMM	General Measurement Model	A basic insurance liability valuation method under IFRS 17. Insurance liability consists of future cash flows, discounting, risk adjustment, and CSM.
PAA	Premium Allocation Approach	A simplified method under IFRS 17 for short-term contracts. Similar unearned premiums calculation under JGAAP.
VFA	Variable Fee Approach	An insurance liability valuation method under IFRS 17 applicable to variable insurance, reflecting asset-side valuation gains/losses in liability calculations.
CSM	Contractual Service Margin	A liability item representing future profits from insurance contracts.
New Contract CSM	New Contract CSM	Future profits generated from new contracts. It is calculated as the present value of premium income minus expenses and risk adjustments.
Risk Adjustment	Risk Adjustment	Adjustment item for uncertainties included in insurance liabilities, similar to the risk margin under Solvency II.
Onerous Contracts	Onerous Contract	Contracts where claims and other cash outflow exceed premium income. Under IFRS, these losses are immediately recognized as expense.
FVOCI	Fair Value Through Other Comprehensive Income	Realized gains/losses from business-related equities are recorded in OCI instead of P&L.
FVTPL	Fair Value Through Profit or Loss	Reflects fair value changes in P&L.
OCI	Other Comprehensive Income	Unrealized gains/losses not included in net income. Accumulated OCI is referred to as AOCI.
Adjusted Net Income	Adjusted Net Income	Group wide KPI
Adjusted ROE	Adjusted Return on Equity	ROE based on adjusted net income.

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