

► Profile of Directors

Tsuyoshi Nagano
Chairman of the Board



Career summary
Mr. Tsuyoshi Nagano joined Tokio Marine in April 1975. After being engaged mainly in domestic and overseas insurance underwriting, corporate planning and product planning, he served as President & CEO and Chairman of the Board of Tokio Marine & Nichido and the Company. He has been in his current position since June 2019.

Major concurrent posts
Director of Seiko Holdings Corporation (outside director)


Akira Harashima
Representative Director and Senior Managing Director



Career summary
Mr. Akira Harashima joined Tokio Marine in April 1984. After being engaged mainly in international insurance business and corporate planning, he was in charge of international insurance business in the Americas, Asia and elsewhere as Executive Officer of the Company. His current role is head of international insurance business as Senior Managing Director of the Company, which he has been in since June 2019.

Major concurrent posts
Senior Managing Director of Tokio Marine & Nichido

Yoshinari Endo
Managing Director



Career summary
Mr. Yoshinari Endo joined Tokio Marine in April 1987. After being engaged mainly in corporate accounting and the domestic life insurance business, he served a leadership role in the financial planning of the Group as Executive Officer and General Manager of the Financial Planning Department of Tokio Marine & Nichido and the Company. His is currently responsible for investment management of the Group as Managing Director of the Company, a role he has had since June 2020.

Major concurrent posts
Managing Director of Tokio Marine & Nichido

Masako Egawa
Outside Director



Reason for appointment
Ms. Masako Egawa is expected to fulfill her supervisory functions appropriately and provide valuable advice to the Board of Directors based on her insight into corporate management, etc. acquired through many years of experience in financial institutions, involvement in academic activities related to corporate governance and experience at The University of Tokyo as Executive Vice President. She has been in her current position since June 2015.

Major concurrent posts
Specially Appointed Professor, Graduate School of Business Administration, Hitotsubashi University
Director of Mitsui Fudosan Co., Ltd. (outside director)

Satoru Komiya
Representative Director and President & Group CEO



Career summary
Mr. Satoru Komiya joined Tokio Marine in April 1983. After being engaged mainly in domestic insurance underwriting, human resources, sales planning and management of the group companies, he served as head of international insurance business as Executive Officer of the Company and now leads the management of Tokio Marine Group as Group CEO. He has been in his current position since June 2019.

Major concurrent posts
Chairman of the Board of Tokio Marine & Nichido


Tadashi Handa
Senior Managing Director



Career summary
Mr. Tadashi Handa joined Tokio Marine in April 1984. After being engaged mainly in domestic insurance underwriting, product development and corporate planning, his current role is head of business strategy and synergy of the Group as Senior Managing Director of the Company, which he has been in since June 2020.

Major concurrent posts
Senior Managing Director of Tokio Marine & Nichido


Shinichi Hirose
Director



Career summary
Mr. Shinichi Hirose joined Tokio Marine in April 1982. After being engaged mainly in product planning, sales planning and the domestic life and non-life insurance businesses, he served as President & CEO of Tokio Marine & Nichido Life and as Executive Officer of the Company in charge of international insurance business. He currently has a leadership role in the management of Tokio Marine & Nichido as President & CEO, which he has had since June 2019.

Major concurrent posts
President & CEO of Tokio Marine & Nichido


Takashi Mitachi
Outside Director



Reason for appointment
Mr. Takashi Mitachi is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a consulting firm and a management role. He has been in his current position since June 2017.

Major concurrent posts
Senior Advisor of The Boston Consulting Group
Director of Rakuten, Inc. (outside director)
Director of DMG Mori Co., Ltd. (outside director)
Director of Unicharm Corporation (outside director)

Takayuki Yuasa
Representative Director and Executive Vice President



Career summary
Mr. Yuasa Takayuki joined Tokio Marine in April 1981. After being engaged in corporate planning, finance, accounting and the domestic life and non-life insurance businesses, he served as Executive Officer of Tokio Marine & Nichido and the Company responsible for risk management. His current role is head of capital strategy of the Group as Executive Vice President of the Company, which he has been in since April 2019.

Major concurrent posts
Executive Vice President of Tokio Marine & Nichido


Kenji Okada
Managing Director



Career summary
Mr. Kenji Okada joined Tokio Marine in April 1986. After being engaged mainly in financial planning, corporate planning and international insurance business, his current role is head of Group legal & compliance and risk management as Managing Director of the Company, which he has been in since June 2019.

Major concurrent posts
Managing Director of Tokio Marine & Nichido

Akio Mimura
Outside Director



Reason for appointment
Mr. Akio Mimura is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a management role. He has been in his current position since June 2010.

Major concurrent posts
Senior Advisor, Honorary Chairman of Nippon Steel Corporation
Director of JAPAN POST HOLDINGS Co., Ltd. (outside director)
Director of Development Bank of Japan Inc. (outside director)
Director of Nisshin Seifun Group Inc. (outside director)
Chairman of The Japan Chamber of Commerce and Industry
Chairman of The Tokyo Chamber of Commerce and Industry


Nobuhiro Endo
Outside Director



Reason for appointment
Mr. Nobuhiro Endo is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a management role. He has been in his current position since June 2019.

Major concurrent posts
Chairman of the Board of NEC Corporation
Director of Sumitomo Dainippon Pharma Co., Ltd. (outside director)
Director of Japan Exchange Group, Inc. (outside director)
Vice Chairman of Japan Association of Corporate Executives


Shinya Katanozaka
Outside Director



Reason for appointment
Mr. Shinya Katanozaka is expected to fulfill his supervisory functions appropriately and provide valuable advice to the Board of Directors based on his insight as a specialist in business management acquired through many years of experience in a management role. He has been in his current position since June 2020.

Major concurrent posts
President & Chief Executive Officer, Representative Director of ANA HOLDINGS INC.
Chairman of ALL NIPPON AIRWAYS CO., LTD.
Vice Chairman of Japan Business Federation (Keidanren)

Akinari Horii
Outside Audit & Supervisory Board Member




Reason for appointment
Mr. Akinari Horii is expected to fulfill his auditing functions appropriately based on his insight acquired through many years of experience in his roles as an executive or a regular employee of the Bank of Japan. He has been in his current position since June 2011.

Major concurrent posts
Director and Special Advisor of The Canon Institute for Global Studies


► Profile of Audit & Supervisory Board Members

Shozo Mori
Audit & Supervisory Board Member (Full-Time)



Reason for appointment
After joining Tokio Marine, Mr. Shozo Mori was engaged mainly in domestic insurance underwriting and product planning. He is expected to fulfill his auditing functions appropriately by leveraging his wealth of experience and the results he has achieved being head of the Group's underwriting and retention strategy as Executive Officer of the Company. He has been in his current position since June 2018.

Akihiro Wani
Outside Audit & Supervisory Board Member



Reason for appointment
Mr. Akihiro Wani is expected to fulfill his auditing functions appropriately based on his insight related to corporate legal affairs acquired through many years of experience as an attorney-at-law. He has been in his current position since June 2014.


Major concurrent posts
Attorney-at-law

Hirokazu Fujita
Audit & Supervisory Board Member (Full-Time)



Reason for appointment
Mr. Hirokazu Fujita joined Tokio Marine in April 1980. After being engaged mainly in accounting, he served as Executive Officer of Tokio Marine & Nichido and the Company in charge of accounting and financial planning. He is expected to fulfill his auditing functions appropriately by leveraging his wealth of experience and the results he has achieved being head of investment management of the Group as Senior Managing Director of the Company. He has been in his current position since June 2020.

Nana Otsuki
Outside Audit & Supervisory Board Member



Reason for appointment
Ms. Nana Otsuki is expected to fulfill her auditing functions appropriately based on her insight related to business management acquired through many years of experience as an analyst in financial institutions. She has been in her current position since June 2018.

Major concurrent posts
Executive Officer and Chief Analyst of Monex, Inc.
Professor, Graduate School of Division of Business Administration, Nagoya University of Commerce & Business
Director of Credit Saison Co., Ltd. (outside director)

Skills and Experiences of Directors and Audit & Supervisory Board Members

| Name | Gender | Position and Major Responsibilities | Skills and Experiences | | | | | | | | |
|-------------------|--------|--|------------------------|-------------------|------------|--------------------|----------------|------------------------------|------------|------------------|--------------------|
| | | | Corporate Management | Finance & Economy | Accounting | Legal & Compliance | Human Resource | Governance & Risk Management | Technology | Internationality | Insurance Business |
| Tsuyoshi Nagano | Male | Chairman of the Board | ○ | ○ | | | | | | ○ | ○ |
| Satoru Komiya | Male | President & Group CEO | ○ | ○ | | | ○ | | | ○ | ○ |
| Takayuki Yuasa | Male | Executive Vice President | ○ | ○ | ○ | ○ | | ○ | | | ○ |
| Akira Harashima | Male | Senior Managing Director | ○ | | | | | | | ○ | ○ |
| Tadashi Handa | Male | Senior Managing Director | | ○ | | | ○ | | | | ○ |
| Kenji Okada | Male | Managing Director | | ○ | ○ | | | ○ | | ○ | ○ |
| Yoshinari Endo | Male | Managing Director | | ○ | ○ | | | | | ○ | ○ |
| Shinichi Hirose | Male | Director | ○ | ○ | | | ○ | | | | ○ |
| Akio Mimura | Male | Outside Director | ○ | ○ | | | | ○ | | ○ | |
| Masako Egawa | Female | Outside Director | | ○ | ○ | | | ○ | | ○ | |
| Takashi Mitachi | Male | Outside Director | ○ | ○ | ○ | | | ○ | ○ | ○ | |
| Nobuhiro Endo | Male | Outside Director | ○ | ○ | | | | | ○ | ○ | |
| Shinya Katanozaka | Male | Outside Director | ○ | ○ | | | ○ | ○ | | ○ | |
| Shozo Mori | Male | Audit & Supervisory Board Member (Full-Time) | | | | | | ○ | | | ○ |
| Hirokazu Fujita | Male | Audit & Supervisory Board Member (Full-Time) | | ○ | ○ | | | ○ | | ○ | ○ |
| Akinari Horii | Male | Outside Audit & Supervisory Board Member | | ○ | ○ | | | ○ | | ○ | |
| Akihiro Wani | Male | Outside Audit & Supervisory Board Member | | ○ | ○ | ○ | | ○ | | ○ | |
| Nana Otsuki | Female | Outside Audit & Supervisory Board Member | | ○ | ○ | | | ○ | | ○ | |

Corporate Governance

Fundamental Policy

Tokio Marine Holdings (the “Company”) is committed to the continuous enhancement of corporate value by fulfilling its responsibilities to customers, shareholders, employees, society, and other stakeholders as set forth in the “Tokio Marine Group Corporate Philosophy.”

For this purpose, the Company hereby establishes a sound and transparent corporate governance system and, as a holding company, recognizes the importance of appropriate control over its Group companies and has formulated the “Tokio Marine Holdings Fundamental Corporate Governance Policy.”

In this policy, the Company defines the rights of shareholders and securing fairness, and the responsibilities of the Board of Directors, etc.

Corporate Governance System

The corporate governance system of the Company is designed as a hybrid structure whereby the Nomination Committee and Compensation Committee are discretionarily established in addition to the fundamental structure of a company with an Audit & Supervisory Board. The Company believes that the above structure is optimal at this point and in light of the following measures taken: the Company determines significant business execution by resolution of the Board of Directors as an insurance holding company, and makes high-quality decisions reflecting the insight of Outside Directors and Outside Audit & Supervisory Board Members; Audit & Supervisory Board Members who hold no voting rights at the Board of Directors’ meeting conduct unbiased and objective audits; and the transparency of the decision-making process of nomination and compensation of and for Directors, Audit & Supervisory Board Members, and Executive Officers is ensured by those issues being deliberated at the Nomination Committee and Compensation Committee.

Well-balanced Member Composition

All of the Company’s corporate governance committees feature memberships with a balanced composition representing viewpoints and specializations from diverse fields.

Board of Directors

Number of Outside Officers

5 of 13 Directors

The ratio of Outside Directors was raised to one-third in June 2019 to invigorate meetings of the Board of Directors and facilitate further enhancement of corporate governance.

Audit and Supervisory Board

Number of Outside Officers

3 of 5 Members

As an independent body entrusted by shareholders, the Audit & Supervisory Board comprises a majority of Outside Audit & Supervisory Board Members and audits the performance of Directors.

Nomination Committee

Number of Outside Officers

5 of 7 Members

The Nomination Committee and the Compensation Committee comprise a majority of outside officers and both are chaired by an outside officer.

Compensation Committee

Number of Outside Officers

5 of 6 Members

Involvement of Diverse Talent in Management

The functional global committees are staffed by diverse individuals with skills in globalization, diversity, and other areas, and through open and dynamic debate, these committees help to solve the Group management issues.

Functional Global Committees, etc.

| | | | |
|-------------------------|--------------------------------------|--------------------|---|
| ERM | Enterprize Risk Management Committee | Retention Strategy | Global Retention Strategy Committee |
| International Insurance | International Executive Committee | Investment | Global Investment Strategy Committee |
| Digital | Digital Round Table | IT | Global Information Technology Committee |

Appointment of Overseas Top Management as Group Co-Heads



Donald Sherman

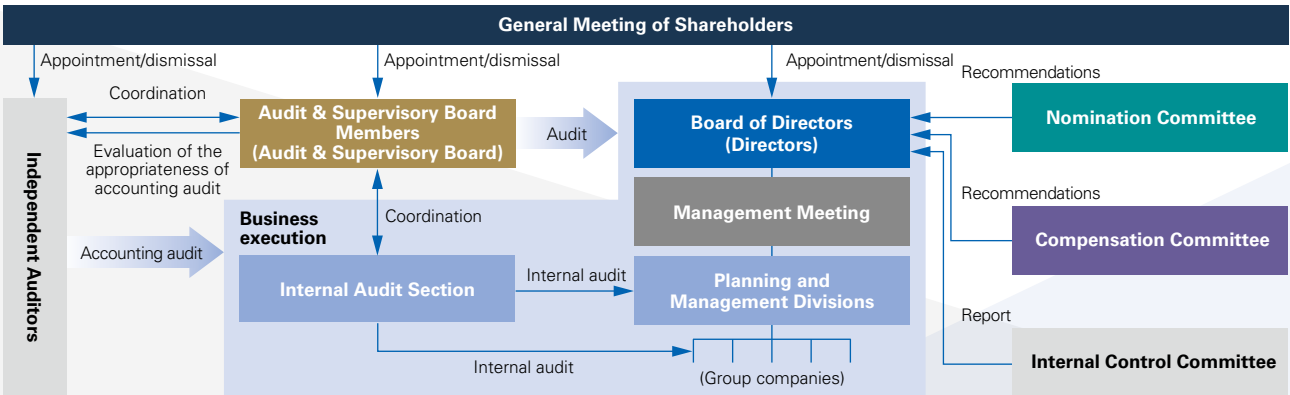
Co-CIO
(Group Co-Chief Investment Officer)
Delphi Financial Group CEO



Christopher Williams

Co-Head of International Business
Co-CRSO
(Group Co-Chief Retention Strategy Officer)

Corporate Governance System



Record of Measures to Strengthen Corporate Governance

| | | FY2002 | FY2004 | FY2005 | FY2011 | FY2013 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | |
|--------------|---|--|--------|---|---|--------|--|-----------|-------------|---|------------------------------------|-------------------------|
| Structure | | April Millea Holdings (currently Tokio Marine Holdings) established as a company with an Audit & Supervisory Board | | July Nomination Committee and Compensation Committee discretionally established | November Evaluations of effectiveness of Board of Directors (surveys administered to all Directors and Audit & Supervisory Board Members) commenced | | | | | | | |
| Membership | Outside Directors | 3 | | | | | | June 4 | | June Ratio of Outside Directors raised to one-third | | |
| | Outside Audit & Supervisory Board Members | 2 | | 3 (decreased in fiscal 2005) | | | | | | | | |
| | Non-Japanese Executive Officers | | | | | | June First non-Japanese Executive Officer appointed | | August 4 | June 6 | April 5 | April June 5 6 |
| Policies | | April Millea Group Corporate Philosophy established | | May Corporate Governance Policy formulated | | | May Corporate Governance Policy renamed Tokio Marine Holdings Fundamental Corporate Governance Policy | | | November Tokio Marine Holdings Fundamental Corporate Governance Policy revised (Major areas of revision: Appointment conditions and dismissal policies for the President) | | |
| Compensation | | | | July Stock options introduced | | | July Ratios of performance-linked bonuses increased for certain officers | | | | July Same as previous update | |

Principal Activities

| Name | Current Term in Office | Attendance to Board Meetings | Major Activities Including the Remarks Made at Board Meetings |
|---|------------------------|---|---|
| Akio Mimura, Outside Director | 9 years and 9 months | Attended 10 of the 11 Board of Directors’ meetings held during fiscal 2019. | He has fulfilled his supervisory functions by presenting inquiries and remarks, based on his insight as a specialist in business management acquired through many years of experience in a management role. |
| Masako Egawa, Outside Director | 4 years and 9 months | Attended all 11 Board of Directors’ meetings held during fiscal 2019. | She has fulfilled her supervisory functions by presenting inquiries and remarks, based on her insight into corporate management, etc. acquired through many years of experience in financial institutions, involvement in academic activities related to corporate governance and experience at The University of Tokyo as an Executive Vice President. |
| Takashi Mitachi, Outside Director | 2 years and 9 months | Attended all 11 Board of Directors’ meetings held during fiscal 2019. | He has fulfilled his supervisory functions by presenting inquiries and remarks, based on his insight as a specialist in business management acquired through many years of experience in a consulting firm and a management role. |
| Nobuhiro Endo, Outside Director | 9 months | After assuming the position, attended 8 of the 9 Board of Directors’ meetings held during fiscal 2019. | He has fulfilled his supervisory functions by presenting inquiries and remarks, based on his insight as a specialist in business management acquired through many years of experience in a management role. |
| Akinari Horii, Outside Audit & Supervisory Board member | 8 years and 9 months | Attended all 11 Board of Directors’ meetings and all 11 Audit & Supervisory Board meetings held during fiscal 2019. | He has fulfilled his audit functions by presenting inquiries and remarks, based on his insight acquired through many years of experience in his role as an executive or a regular employee of the Bank of Japan. |
| Akihiro Wani, Outside Audit & Supervisory Board member | 5 years and 9 months | Attended all 11 Board of Directors’ meetings and all 11 Audit & Supervisory Board meetings held during fiscal 2019. | He has fulfilled his audit functions by presenting inquiries and remarks, based on his insight acquired through many years of experience in his role as an attorney-at-law. |
| Nana Otsuki, Outside Audit & Supervisory Board member | 1 year and 9 months | Attended all 11 Board of Directors’ meetings and all 11 Audit & Supervisory Board meetings held during fiscal 2019. | She has fulfilled her audit functions by presenting inquiries and remarks, based on her insight as a specialist in business management acquired through many years of experience as an analyst in financial institutions. |

Notes: 1. Current term in office is the length of the term held as of March 31, 2020.
2. Description in the “Attendance of board meetings” and “Major activities including the remarks made at board meetings” includes attendance of Audit & Supervisory Board meetings and major activities including the remarks made at Audit & Supervisory Board meetings, as well as said matters at the Board of Director’s meetings.
3. All 11 Board of Directors’ meetings held during fiscal 2019 were ordinary meetings. All 11 Audit & Supervisory Board meetings held during fiscal 2019 were ordinary meetings.

Evaluation of the Effectiveness of the Board of Directors

Method of Effectiveness Evaluations

The Company evaluates the effectiveness of the Board of Directors once a year in order to further enhance the functionality of the Board of Directors. To reflect the opinions of all members who participate in the Board of Directors, the Company conducts annual surveys on the operation of the Board of Directors and the performance of its functions to all Directors and Audit & Supervisory Board Members and reports the result to the Board of Directors.

Effectiveness Evaluation Results

The Company has determined through these evaluations that the Directors and Audit & Supervisory Board Members speak actively and engage in open and constructive discussion at the Board of Directors’ meetings, and that the Board of Directors’ performance of its functions is adequate. On the other hand, it is also recognized that there are opinions on areas for further improvement, and the Company considers corresponding measures to address each of these. The main opinions and measures are as follows.

Main Opinions and Action Plans

| Opinion 1 | Action Plan |
|---|--|
| Would like to have more time for discussion. | Depending on the contents of the agenda, efforts are being made to improve the use of time by eliminating the need for explanations on the day by reading materials in advance. Efforts will be made to further promote the use of time so that time can be secured for agenda items that especially require discussion. |
| Opinion 2 | Action Plan |
| Would like to secure opportunities for Outside Directors and Outside Audit & Supervisory Board Members to learn more about the workplace (including opportunities for direct communication with employees). | In addition to presenting information on the attendance of Outside Directors at the Group Joint Division Managers’ Meeting already held, provide guidance on opinion exchange meetings between Inside Officers and employees, and other events to increase opportunities for observer participation by Outside Directors. (In fiscal 2019, the Company will also invite outside officers to visit overseas.) |

Leveraging Outside Officers’ Expertise

The Company intends to make full use of the knowledge and experience of its outside directors and outside auditors when considering and developing management strategies to achieve sustainable growth and increase corporate value over the medium to long term. To this end, the Board of Directors holds “discussions on corporate strategy” on themes such as the management environment and issues faced by the Company. Themes are selected based on responses to surveys from directors and corporate auditors, as well as topics that came up in independent directors/auditors’ meetings.

“Discussion on Corporate Strategy” Themes

| Themes | |
|--------|--|
| 2019 | The initiatives of Tokio Marine Group for CSR/Sustainability and SDGS, exchange of views with overseas subsidiary heads, digital strategy for Tokio Marine Group |
| 2018 | The domestic life and non-life insurance business strategy for Tokio Marine Group, direction of human resource strategy, exchange of views with overseas subsidiary heads, digital strategy for Tokio Marine Group |
| 2017 | The next Mid-Term Business Plan for Tokio Maine Group, exchange of views with overseas subsidiary heads, risk-based management (ERM), talent development for global management, business strategy for Tokio Marine Group |

Succession Planning

Development of Candidates for the Next President & CEO

The majority of the Nomination Committee is comprised by outside officers, and the Chairman is also elected from outside officers. The committee shall deliberate on the plans for selecting the successors of President & CEO, and shall appropriately supervise their implementation in order to ensure systematic development of the successor candidates.

Nomination Committee Members

- Chairman: Akio Mimura, Outside Director
- Members: Masako Egawa, Outside Director
- Takashi Mitachi, Outside Director
- Nobuhiro Endo, Outside Director
- Shinya Katanozaka, Outside Director
- Tsuyoshi Nagano, Chairman of the Board
- Satoru Komiya, President and CEO

Development of Next-Generation Talent

In order for the Company to continue to grow in a hugely changing environment, the Company must utilize all of the knowledge, know-how, and experience of the entire Group obtained by M&A and other means to confront each of the issues it faces and to solve them.

In order to do so, it is imperative to take the initiative to make the integrated group management a sustainable one by developing a large number of talent that will lead the management of the next era, and the era after that.

In this context, the Company is executing a “Global Executive Program” for its senior employees as a form of succession management. By eating and sleeping together under extreme conditions, a strong relationship of trust among the participants will be built, while at the same time

Tokio Marine Holdings Fundamental Corporate Governance Policy (excerpts)

- (Responsibilities of the Nomination Committee)
- Article 16 The Company shall establish a Nomination Committee to serve as an advisory body to the Board of Directors.
- 2 The Nomination Committee shall deliberate on the following matters and report to the Board of Directors:
- (1) The appointment and dismissal of the President & Chief Executive Officer of the Company, as well as Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its principal business subsidiaries; and
- (2) The criteria for the appointment and policy for the dismissal of the President & Chief Executive Officer of the Company, as well as Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its principal business subsidiaries.
- 3 The Nomination Committee is responsible for deliberating a successor plan for the President & Chief Executive Officer of the Company and for appropriately supervising the implementation of the plan in order to develop successor candidates systematically.
- (Composition of the Nomination Committee)
- Article 17 The Nomination Committee shall generally consist of approximately five members.
- 2 As a general rule, a majority of the members shall be selected from outside of the Company, and the chairman shall be one of the outside members.

fostering mindsets from a Group perspective and further expanding synergies across the Group.

In addition to the aforementioned program, the Company is enhancing the Group management sustainability by executing training programs for every employee layer on a select basis, such as the “Middle Global Leadership Development Program” for mainly overseas middle layer employees, which is aimed at experiencing the meaning of “Good Company” and the necessity of insurance by visiting disaster areas in Tohoku, the “Management Academy” for young to middle leader class in Japan to experience the process of new business development, and the “Management School” which is a nine-month intensive program for young leader class in Japan to learn global leadership.



Left: Hard training scene on the coast of Samoa
Right: Onboard accommodations



Visiting areas affected by the Great East Japan Earthquake



Discussion on leadership

Compensation for Officers

Determining Compensation for Officers

Policy

- The policy for determining compensation for officers is as follows:
- Ensure “transparency,” “fairness,” and “objectivity” regarding compensation for officers;
 - Strengthen incentives for enhancing the business performance of the Company by introducing a performance-linked compensation system;
 - Enhance accountability through sharing returns with shareholders by introducing a compensation system linked to meeting the Company’s business results indices based on the management strategy and Company share price; and
 - Fully implement a performance-based pay system through processes designed to objectively evaluate individual performance with respect to management objectives.

Process

The Compensation Committee is an advisory body to the Board of Directors and consists of six members (chaired by an outside director), including five outside directors. The Compensation Committee deliberates and reports to the Board of Directors on the following matters:

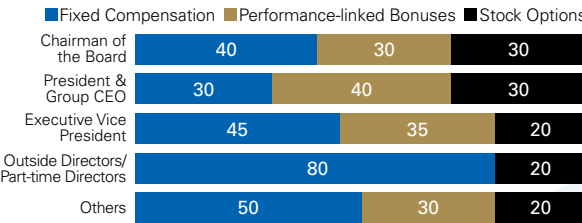
- Evaluation of the performance of directors and executive officers of the Company and its major operating subsidiaries
- Executive compensation structure and levels for the Company and its major operating subsidiaries

For fiscal 2019, all committee members attended all three Compensation Committee meetings held.

Compensation System for Directors

The compensation system for directors consists of fixed compensation, performance-linked bonuses and stock option, and the proportions for each director class are as follows:

Ratios of Compensation by Position



Performance-linked bonuses have been introduced to increase the incentive of Directors to improve the performance of the Company. Bonuses are linked to the business performance of the Company and the performance of the individual (bonuses are adjusted within a range of 0% to 200% based on the degree of accomplishment of targets).

a. Performance-linked bonuses for individual performance are decided based on coefficients linked to the degree of accomplishment of previously set individual performance targets.

b. In principle, performance-linked bonuses for company performance are decided based on coefficients linked to the degree of accomplishment of targets for the following performance indicators. In addition to the following performance metrics, the expected ROR improvement is also included.

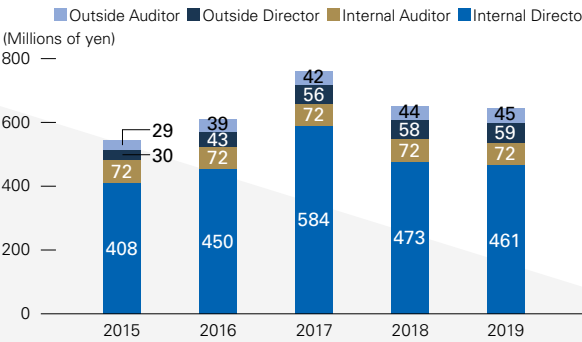
Fiscal 2019 Targets and Results for Company Performance-linked Performance Measures

| Performance Indicator | Targets | Results |
|-----------------------|--------------|----------------|
| Adjusted ROE | 10.4% | 8.2% |
| Adjusted Net Income | ¥400 billion | ¥286.7 billion |

(Note) Adjusted return on equity (ROE) and adjusted net income are used as indicators of Groupwide performance, as calculated including certain adjustments to financial accounting indicators, for the purpose of promoting improvements in transparency as viewed by the market.

Compensation of Directors and Auditors

The Compensation of Directors and Auditors is as follows:



Strengthening Governance Through Integrated Group Management

The Cornerstone of Governance

The cornerstone of the Company's governance lies in "promotion of diversity" and "spreading our core identity."

Promotion of Diversity

The Company takes its excellent, diverse talent acquired through overseas M&A and appoints them in Co-Heads, and leaders of global committees and specialized areas. In other words, it deploys its global expertise horizontally, or incorporates them into the strategies and policies of the entire Group, thus contributing to Group management. The Company believes that this enables the strategy or the policies of the Group to be stronger and more flexible to change.

Spreading Our Core Identity

As diversity increases, it becomes more important to have a core identity that unites diverse people as a team. We acquired companies whose cultures matched our own with our desire to make the world a better place through our business, but to further spread the Group's common culture of "To Be a Good Company," we have been implementing a variety of initiatives around the world, such as the "Majikirakai," a group that talks about serious matters very casually.

Function-Based Chief Officer System, Committees, etc.

Through the function-based chief officer system and committees, etc., the Company utilizes its global expertise and knowledge to solve the Group management issues. In addition, the Company is also promoting initiatives to spread our Group culture, led by the Group CCO. These efforts have resulted in Group synergies that contribute approximately ¥35 billion in annual profits.

Functional Chief Officer System



Dialogue with Shareholders and Investors

Fundamental Policy

The Company will strive to enhance the trust of the capital markets by providing information about the Company in a timely, fair and continuous manner while ensuring transparency and accountability in its disclosures, and to promote understanding of its efforts to increase corporate value and a correct assessment of the Company. Furthermore, through constructive dialogue between management and shareholders and investors, the Company will gain an appropriate understanding of how it is viewed and the state of the capital markets, and provide that understanding and feedback to management and within the Company to further enhance its corporate value.



Dialogue with Investors

Dialogue with Institutional Investors

In order to engage in dialogue with a wide range of shareholders and investors, the Company will not only hold financial results conference calls and IR conferences, but will also hold individual meetings in Japan and overseas IR meetings, and in fiscal 2019, the Company held dialogues with a total of 723 companies.

In New York, a special meeting was held with the participation of the heads of major overseas Group companies, where thorough and constructive

dialogues were held on topics of interest to investors. Participating investors commented on the meeting, saying, "I gained confidence in Tokio Marine Holdings after hearing about the Company's approach and efforts in M&A and PMI from top overseas executives," and "I could feel that the integrated group management is progressing smoothly with excellent relationships among top management."



Special meeting in New York

Dialogue with Individual Investors

In fiscal 2019, the Company held a total of eight information sessions conducted by the Group CFO, Deputy CFO and the Investor Relations Department, in addition to the information sessions with the Group CEO. The Company also provides easy-to-understand explanations of the "Group's management strategy" and "shareholder return," which are of great interest to individual investors.



Individual Investor Information Session by Group CEO Komiya

Feedback

The Company is also making efforts to report the opinions obtained through dialogue with shareholders and investors widely to management and other members of the Company, and to reflect them in improvement of management. Through these efforts, employees feel more familiar with IR activities, which leads to improvements in their day-to-day work.



Role playing a meeting with investors by IR Group members

General Meeting of Shareholders

Presentation by the Group CEO

In order to promote a deeper understanding of the Company's business, the Group's CEO routinely conducts a presentation on management strategy and other matters. At the 18th Ordinary General Meeting of Shareholders, under the theme of "Business Strategy of Tokio Marine Group," the Group CEO gave an easy-to-understand presentation on topics of business performance, its business purpose and efforts to achieve them, and the future image of the Group.



Results of Exercise of Voting Rights

The results of the exercise of voting rights at the 18th Ordinary General Meeting of Shareholders are as follows:

Details of the Resolutions

Item 1: Appropriation of Surplus

Matters regarding distribution of dividends and its aggregate amount
Amount of cash dividend per common share of the Company: 95 yen
Aggregate amount of cash dividends: 66,297,684,675 yen

Item 2: Election of Thirteen (13) Directors

Election of the following thirteen individuals as directors: Tsuyoshi Nagano, Satoru Komiya, Takayuki Yuasa, Akira Harashima, Kenji Okada, Shinichi Hirose, Akio Mimura, Masako Egawa, Takashi Mitachi, Nobuhiro Endo, Shinya Katanozaka, Tadashi Handa and Yoshinari Endo.

Item 3: Election of One (1) Audit & Supervisory Board Member

Election of the following one individual as an audit & supervisory board member: Hirokazu Fujita.

Results of the Resolutions

| Item | Number of Affirmative Votes | Number of Negative Votes | Number of Abstentions | Approval Ratio (%) | Result of the Resolution |
|-------------------|-----------------------------|--------------------------|-----------------------|--------------------|--------------------------|
| Item 1 | 5,880,914 | 1,216 | 107 | 99.92 | Approved |
| Item 2 | | | | | |
| Tsuyoshi Nagano | 5,646,430 | 119,713 | 116,111 | 95.94 | Approved |
| Satoru Komiya | 5,688,360 | 77,780 | 116,111 | 96.65 | Approved |
| Takayuki Yuasa | 5,655,540 | 144,404 | 82,310 | 96.09 | Approved |
| Akira Harashima | 5,664,567 | 135,377 | 82,310 | 96.25 | Approved |
| Kenji Okada | 5,664,401 | 135,543 | 82,310 | 96.24 | Approved |
| Shinichi Hirose | 5,664,534 | 135,410 | 82,310 | 96.25 | Approved |
| Akio Mimura | 5,459,291 | 365,369 | 57,588 | 92.76 | Approved |
| Masako Egawa | 5,877,656 | 4,498 | 107 | 99.87 | Approved |
| Takashi Mitachi | 5,852,530 | 29,624 | 107 | 99.44 | Approved |
| Nobuhiro Endo | 5,860,869 | 21,286 | 107 | 99.58 | Approved |
| Shinya Katanozaka | 5,464,783 | 359,878 | 57,588 | 92.85 | Approved |
| Tadashi Handa | 5,650,311 | 149,633 | 82,310 | 96.00 | Approved |
| Yoshinari Endo | 5,650,246 | 149,698 | 82,310 | 96.00 | Approved |
| Item 3 | 5,781,219 | 85,524 | 15,594 | 98.23 | Approved |

Reduction of Business-Related Equities

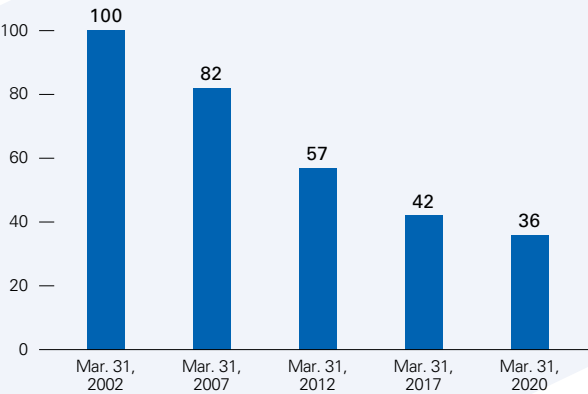
Initiatives to Reduce the Total Value

Business-related equities are held primarily to strengthen business relationships and enhance the Group's corporate value, but the Company will continue to reduce the total value of shares held with a view to improving capital efficiency.

In fact, the Company began its efforts well before the release of the Corporate Governance Code, and since fiscal 2002, the Company sold a total of 2.2 trillion yen (based on market value at the time of sale), and the book value has decreased to 36% of the March 31, 2002 level. Under the current mid-term business plan, the Company plans to sell more than ¥100 billion per year.

For listed domestic business-related equities, the Board of Directors examines the risk/return of holding these stocks, both in the overall portfolio and on an individual basis, to validate the economic rationale for holding them.

History of Book Value of Business-related Equities*

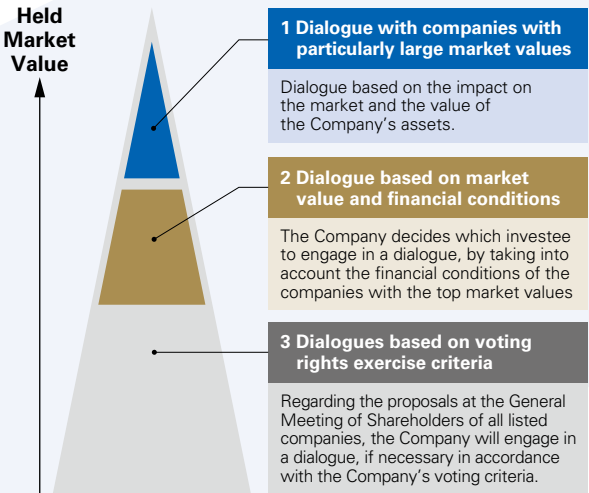


* March 31, 2002, is set at an index value of 100.

Dialogue Based on the Stewardship Code

Throughout the year, the Company holds "dialogues with companies with particularly large market values" and "dialogues based on market value and financial conditions," as well as "dialogues based on voting rights exercise criteria" in the process of scrutinizing proposals for general meetings of shareholders of the companies in which the Company invests, and exercises voting rights based on these dialogues.

Policy for Dialogue



Examples of Dialogues with Investee

Content of the Dialogue

For companies that show concerns about future cost increases as a result of increased competition and new environmental regulations, the Company has identified measures to improve profitability.

Response of Investee

The Company responded that it would seek to reduce costs and increase profits by divesting less profitable businesses and reviewing business relationships and pursuing "selection and focus." Subsequently, it was announced that the Company would pursue structural reforms to improve profitability.

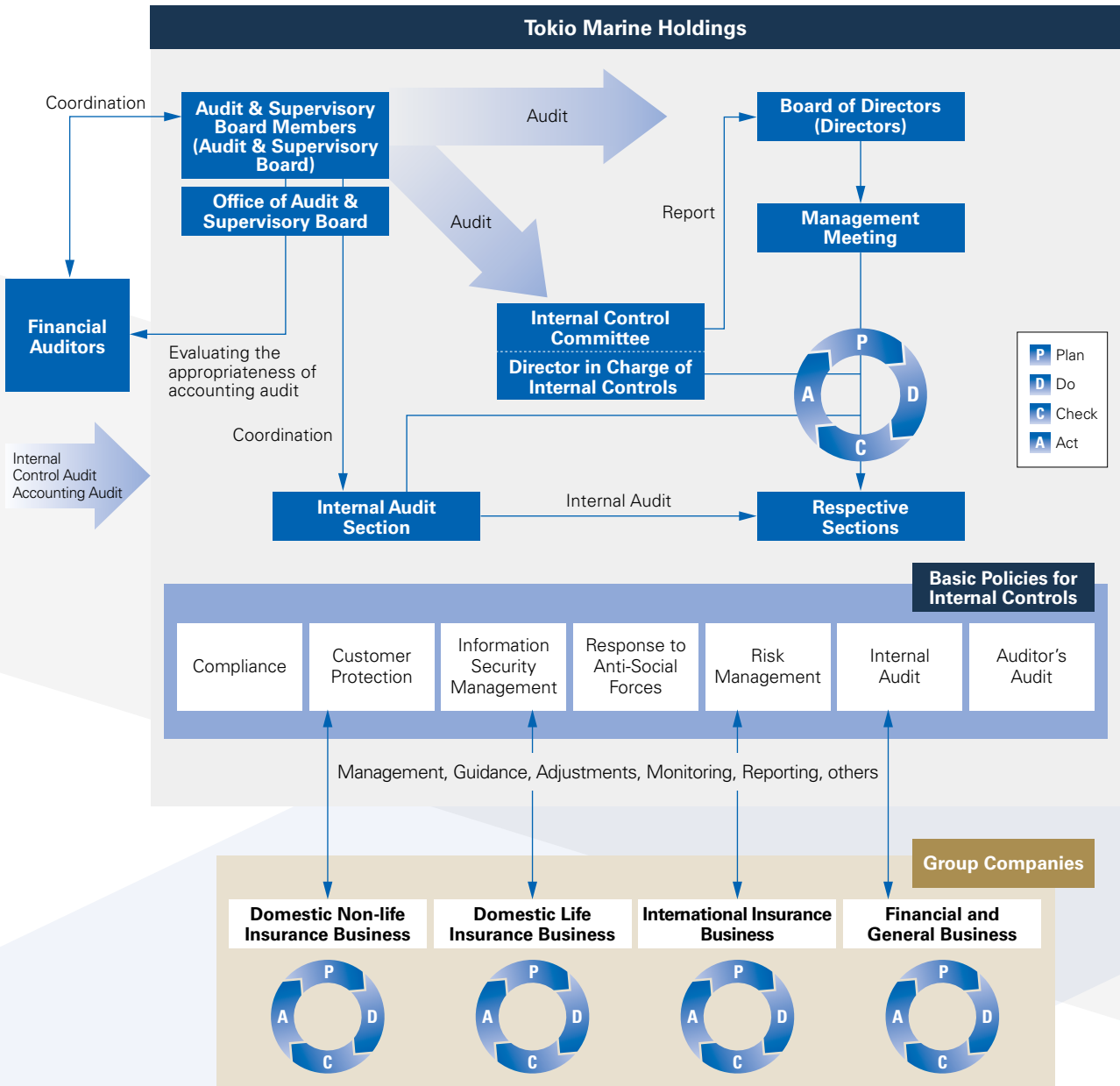
For more other dialogue examples and the results of exercises of voting rights, please refer to the overview of our stewardship activities available on Tokio Marine & Nichido's website. (Japanese only): <https://www.tokiomarine-nichido.co.jp/company/about/policy/stewardship.html>

Internal Control System

Fundamental Policy

The Company has formulated “Basic Policies for Internal Controls.” In accordance with these policies, the Company has established an internal control system for the entire Tokio Marine Group that encompasses structures for management control, compliance, risk management, and internal auditing of Group companies. In addition, the Company monitors the status and practical application of its internal control system. The Internal Control Committee deliberates on the results of this monitoring, and the Board of Directors confirms the details of these deliberations. Moreover, the Company continually strengthens and improves its internal control system in light of the results of this monitoring. The Internal Audit Section maintains close coordination with Audit & Supervisory Board Members to ensure the effectiveness of their audits.

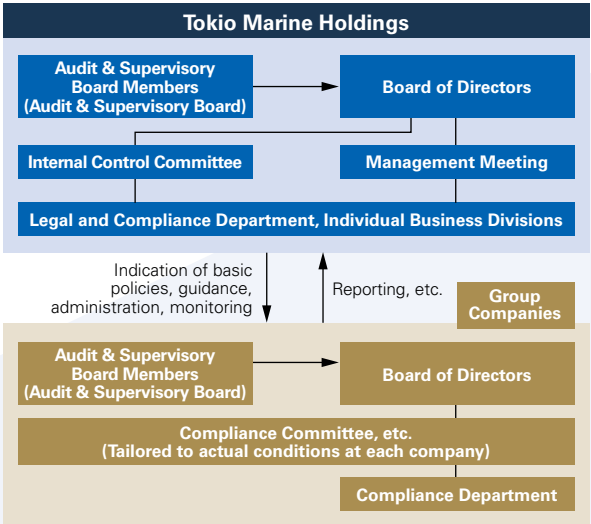
Internal Control System



Compliance

The Company has formulated the “Tokio Marine Group Basic Policies for Compliance” and the “Tokio Marine Group Code of Conduct,” and a compliance system is in place Groupwide based on this framework. Also, the Company has built a structure to ensure Groupwide compliance by periodically monitoring the status of compliance within the Group; receiving reports from Group companies on important matters; discussing these matters among the Board of Directors, the Management Meeting, and the Internal Control Committee; and providing guidance and advice about the activities of Group companies when necessary.

Compliance System



Information Security Management

Tokio Marine recognizes the importance of personal information and confidential information (“information assets”). To ensure the appropriateness and trustworthiness of Tokio Marine Group’s operations, we have formulated the “Tokio Marine Group Basic Policies for Information Security Management” and use appropriate methods to conduct information security management at each company in accordance with their line of business, scale, location, and other factors. Based on the “Tokio Marine Group Basic Policies for Information Security Management,” each company establishes departments to oversee information security management and formulate policies and regulations. To protect information assets from various information leakage risks, including leak, loss, and unauthorized use, we ensure the confidentiality of information assets and manage them so that they can be used when

necessary. Furthermore, the Company regularly monitors the information security management of group companies, setting up structures and providing information when necessary.

Crisis Management System

Tokio Marine Group has established a crisis management system to minimize economic losses and other impacts incurred in an emergency and immediately restore ordinary business operations. The Company has formulated the “Tokio Marine Group Basic Policy for Crisis Management” and the “Tokio Marine Group Crisis Management Manual” based on the policy, and has set forth the crisis management systems necessary for Group companies to carry out their own roles. Group companies formulate crisis management policies in line with policies of the Group to develop crisis management systems that include establishing a department in charge of crisis management, decision-making procedures for emergency situations, and securing the chain of command. In addition to developing the crisis management system during normal conditions, the department in charge of crisis management plays the role of secretariat for response during emergency situations, including reporting to the Company. When conditions that may develop into an emergency situation arise, in addition to each Group company determining whether or not these conditions correspond to an emergency situation, the Company determines, if necessary, whether or not these conditions correspond to an emergency situation for the Group. This system enables the Company to properly instruct Group companies and make sure necessary actions as a Group can be made.

Internal/External Audits, etc.

Regarding internal audits, there is a statutory audit conducted by Audit & Supervisory Board Members in accordance with the Companies Act and an internal audit performed by the Internal Audit Department. The internal audit is performed based on the “Internal Auditing Rules” that have been approved by the Board of Directors. Regarding external audits, there is an accounting audit based on the Companies Act and the Financial Instruments and Exchange Act and an internal control audit based on the Financial Instruments and Exchange Act conducted by PricewaterhouseCoopers Aarata. Tokio Marine Holdings is also subject to inspections by the Financial Services Agency of Japan pursuant to the Insurance Business Law.



Nobuhiro Endo
Outside Director

Masako Egawa
Outside Director

Akihiro Wani
Outside Audit &
Supervisory Board Member

A global Good Company that contributes to society

Tasked with maintaining and improving the transparency and integrity of Tokio Marine Group, three outside officers met to discuss the transparency and efficiency of Tokio Marine’s governance and management approach to medium- to long-term growth.

Effectiveness of the Board of Directors

Enhancing communication to boost effectiveness

How effective is Tokio Marine Holdings’ Board?

Egawa: One of the Board’s strongest points is the diversity of opinions and knowledge among its members, which ensures that each agenda item receives multifaceted attention. Meetings are characterized by an open and dynamic atmosphere that leads to deep and productive discussions, with proactive contributions from both outside directors and outside Audit and Supervisory Board members.

Wani: None of the Board members are shy about sharing their opinions. This year will mark my seventh as an Audit and Supervisory Board

member, and in all that time discussions have never stalled. The Chair does a very effective job of ensuring meetings are well organized and fruitful by managing the discussions at crucial points.

Egawa: The secretariat does a good job of putting together necessary and easy-to-understand documents for meetings, ensuring discussions remain focused on the key issues. The fact that priority items, such as M&A proposals, are brought to the table at an early stage and go through multiple rounds of discussion increases the efficacy of deliberations.

Endo: A crucial prerequisite in ensuring effective Board meetings is the creation of appropriate agendas. A second crucial element is deliberating upon agenda items at the right time. Moreover, preparation such as material creation and briefing is another essential element. As Ms. Egawa pointed out, Tokio Marine Holdings’ attention to ensure the Board meeting effectiveness is superb.

Egawa: At the start of the fiscal year, the Group CEO explains yearly policies and targets

to the Compensation Committee, and then at the end of that fiscal year, delivers a thorough summary of results and activities. I believe this engagement from Tokio Marine Holdings management ensures effective governance.

Wani: I quite agree. The members of the Board are extremely dedicated to the company, and there are no rifts between inside and outside officers, or between directors and Audit and Supervisory Board members. We are all members of a single crew, who share in a common corporate culture. However, each member honors an appropriate distance and tries to play each role in a quite professional manner.

What challenges do you face in further improving effectiveness?

Egawa: To ensure the Board engages in deep discussions, we need to fully understand the conditions of the Company. Since my appointment as an outside director, I have been able to deepen my understanding of Tokio Marine Group by attending sales strategy meetings and engaging in discussions with top management of overseas Group companies at international executive committees.

Endo: As part of Board meetings, we engage in strategic discussions, which focus on management strategies for sustainable Group growth and for improving medium- to long-term corporate value. For instance, in fiscal 2019 we held discussions on themes such as “Tokio Marine Group’s CSR/Sustainability Initiatives and the SDGs,” “Communicating with Overseas Subsidiary Management,” and “Tokio Marine Group’s Digital Strategy.” In some themes, executive officers in charge join the discussion and explain details of their initiatives. While these discussions have been immensely helpful in improving our understanding of the

Company, I do think increased opportunities to communicate with executive officers directly involved in the various issues at hand would help to further deepen our understanding of the company’s operations.

Appropriate Managerial Decision-Making

Strengthening responsiveness to a changing environment by promoting organizational and HR diversity

How do you rate the Group’s ability to make managerial decisions that reflect changes in the business environment?

Endo: Our operating environment is transforming rapidly. In this environment, pursuing an optimal portfolio, both in terms of risk analysis and capturing growth opportunities, is a prerequisite for a global insurance group. While this is no easy task, Tokio Marine Holdings is successful in this respect.

Egawa: I’ve witnessed many M&A among Japanese companies, including my time working at investment banks. While many companies are eager to acquire companies, when it comes to selling, the Japanese are often slow in making decisions and miss out on the timing. In contrast, Tokio Marine Holdings has made the appropriate decisions based on the changes in the business environment or future growth strategies. Examples include our divestment of reinsurance subsidiaries that served as the vanguard of our overseas development, and our partial divestment of shares in the Egyptian Life Takaful subsidiary.

Masako Egawa

Masako Egawa is currently Specially Appointed Professor at the Graduate School of Business Administration, Hitotsubashi University. She has served as an outside director at Tokio Marine Holdings since June 2015. Previously she worked at the New York Head Office of Salomon Brothers Inc., served as Executive Director, Harvard Business School’s Japan Research Center, and was appointed Executive Vice President of The University of Tokyo.



Wani: Tokio Marine has a keen grasp of opportunity that differentiates it from others. Without being trapped by the past history, boldly reappraising businesses with low profitability or fields with poor growth, and not hesitating to sell them off when necessary, allows limited resources to be invested into more promising the fields. Tokio Marine's acquisition of American the PURE Group is one such example of this. A detailed explanation of the PURE Group's businesses to the Board of Directors made it clear that it's a company with a very unique business model.

Egawa: Tokio Marine Holdings' approach to risk is also one of the strong points. For instance, when COVID-19 began to spread in Japan, many companies were trying to formulate responses, while Tokio Marine was already discussing contingency plans, such as if a large earthquake or other natural disaster should occur in tandem with the pandemic. Our ability to constantly propose a range of countermeasures against worst-case scenarios is very impressive.

Are there any specific challenges you would like to mention?

Egawa: In order to further strengthen integrated Group management, which is a priority under the mid-term plan, it is important to select high potential personnel from the various Group companies, and provide opportunities to contribute in more essential positions beyond their current assignments. Currently, two senior managing executive officers and one managing executive officer at Tokio Marine have been appointed from the management of overseas subsidiaries, and many other non-Japanese members of staff have also been appointed to positions of

responsibility. I would like to see such global talent management accelerate even further. **Wani:** So long as Tokio Marine Holding Group strives to be a global Good Company, diversity and inclusion, both for Japanese and overseas staff, is indispensable. The Group has done extremely well so far in this respect.

Egawa: The workforce at Japanese companies can easily be homogenous, so it is vital to promote more diverse staff and make full use of their capabilities, including in management positions. Regarding the digital realm, the Group already has initiatives in place to employ highly specialized external talents and train internal staff. To accelerate digital transformation amidst a rapidly changing world, it is essential to proactively identify staff who are knowledgeable in technology and develop them as candidates for future management.

Endo: In terms of training internal staff, it can be effective to increase their level of outside exposure. This is particularly true in digital fields, but it's no exaggeration to say that challenges cannot be solely solved in-house or in-department. Tokio Marine Group staff should actively seek to absorb outside knowledge, including through outside officers such as ourselves.

Toward Long-Term Growth

Reconsidering our products and stance in response to future changes

What sort of strategy is needed for long-term growth?



Nobuhiro Endo
Nobuhiro Endo previously developed satellite communication systems at the NEC Corporation. He was appointed as General Manager, (Mobile Network Operations Unit) Mobile and Wireless Operations Division in 2003. After serving as President (Representative Director), he was appointed as Chairman of the Board in 2019. He has served as an outside director at Tokio Marine Holdings since June 2019.

Akihiro Wani

Akihiro Wani has served as an outside Audit & Supervisory Board member at Tokio Marine Holdings since June 2014. He is a practicing lawyer at law firms including Mitsui, Yasuda, Wani & Maeda, and Linklaters. He joined Morrison & Foerster in 2014.



Endo: With the recent spread of COVID-19, the future world outlook has become a hot topic. There are also many other macro-level changes occurring, such as climate change and other environmental issues, or shifting demographics. Digital and other technological revolutions are also bringing great changes to society. When discussing Tokio Marine's medium- to long-term business strategy, we should first consider what risks these changes will pose to customers and society.

Egawa: In some areas, risks will decrease, while risks will increase in other areas. Completely new risks may also arise. For instance, as assisted and automated driving technologies become more advanced, the risk of traffic accidents may decline, but over-reliance on complicated systems will only grow, magnifying the impact of any breakdowns. For networked systems, this also includes increased cybersecurity risks.

Endo: In addition to developments such as automated driving and MaaS^{*1}, in the next five or ten years, I believe household robots will become more common. Cleaning robots have already become fairly commonplace, but there are many other electronic goods that are now networked and controlled by AI. If they become part of everyday life, then cybersecurity will unquestionably become a major risk.

Egawa: Tokio Marine Group was one of the first in the industry to offer cyber risk insurance products. The changing nature and risk of cybersecurity requires close monitoring of technological and social trends, in order to continuously improve products and services, and to develop completely new insurance products.

Endo: Looking ahead, I believe the function

and role of insurance companies and products could also begin to change. For instance, medical insurance is a product meant to insure against unexpected illness and injury, but if people could improve their health and avoid injury, that would be a major benefit to both customers and insurance companies. That was the thinking behind Tokio Marine's development of *Aruku Hoken*, which not only insures against unexpected circumstances, but also supports customers in their efforts to improve their health. In terms of auto insurance, Tokio Marine offers services that utilize driving recorders that can either help prevent accidents or diagnose driving habits. Moving forward, customers may prefer products that not only prepare for risks but also help to reduce risks through risk survey and loss prevention^{*2}.

Wani: Tokio Marine Group has a proud and talented workforce, and it's paramount that the Group comes together to consider its stance as a corporate entity, for today and tomorrow. What sort of social issues will we be facing in 50 or 100-years time? How can Tokio Marine contribute to solving them? Should the Company strictly remain as an insurance company? These questions don't necessarily require clear answers right now, but they can serve as the basis for further discussions.

Thank you for taking the time to speak with us today.

^{*1} MaaS=Mobility as a Service. A one-stop service for search, reservation, payment, and other procedures of transportation, including public transportation such as trains and buses as well as taxis, carsharing, rental cars, and bike sharing.
^{*2} Loss prevention=A service that provides what the customer should do to avoid losses through analyzing big data with statistical and other methods.

Enterprise Risk Management (ERM)

The Framework of Enterprise Risk Management

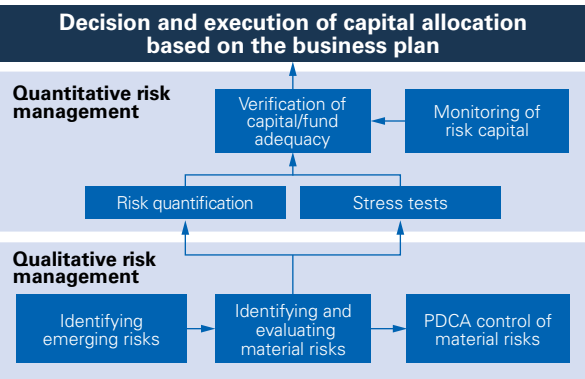
The Group is committed to Enterprise Risk Management (ERM) as the management platform for advancing its Mid-term Business Plan. Specifically, we will be constantly aware of the relationship between “risk,” “capital” and “profit,” and by realizing “capital adequacy” and “high profitability” in relation to risk, we will strive to achieve sustainable growth of corporate value.

The framework in the diagram below illustrates the Mid-term Business Plan from the standpoint of ERM. Through the enhancement of business structure and the fostering of Group synergies, the Group aims to achieve “sustainable profit growth,” as well as to re-allocate the profits and capital generated for the “effective use of capital” while maintaining financial soundness, such as further diversifying its portfolio and enhancing shareholder returns, which will lead to further growth.

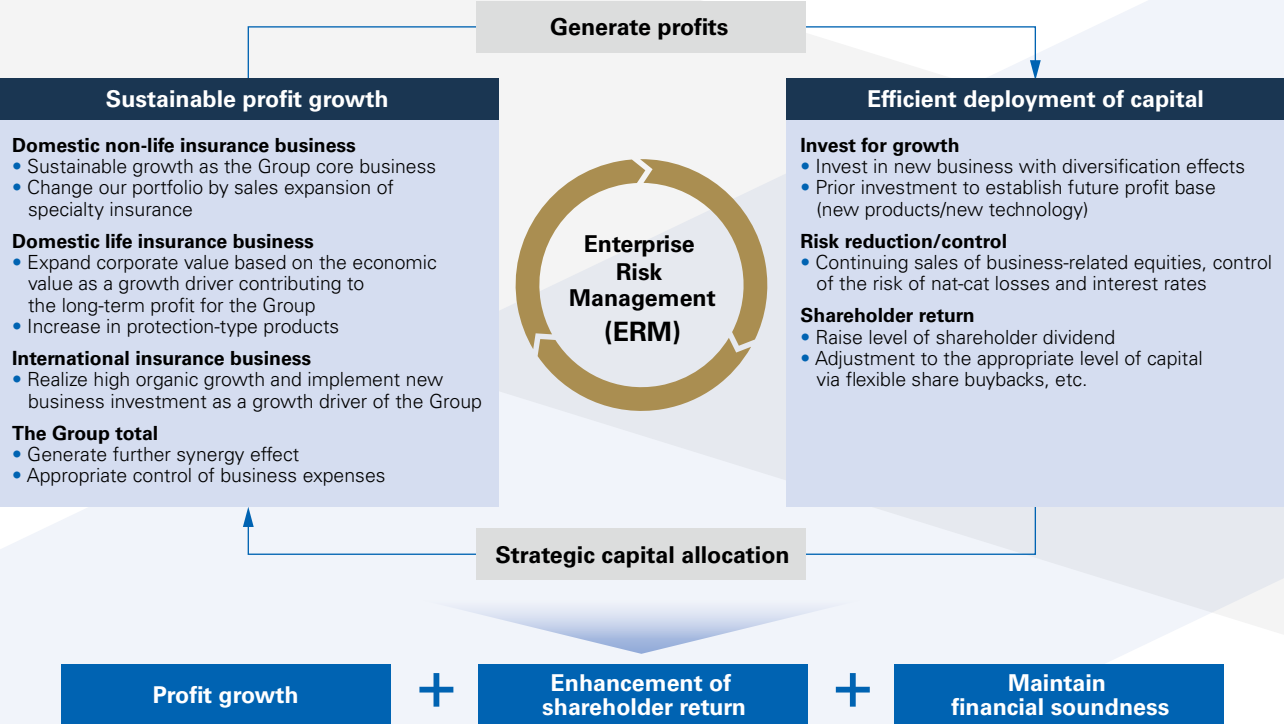
The ERM Framework of Tokio Marine Group

The risks that the Group faces are getting more diverse and complex due to the expansion of global business and changes in the management environment. In addition, in the recent political, economic and social conditions which have much uncertainty and change, the Company must keep a close watch for new emerging risks and cope with them appropriately.

From this perspective, the Company is not limited to traditional risk management aimed at risk mitigation and avoidance, but also comprehensively grasps risk by both qualitative and quantitative approaches.



ERM Framework in the Mid-term Business Plan



Qualitative Risk Management

With regard to qualitative risk management, the Company has a system in place to comprehensively identify and report all risks to management, including “emerging risks” that may occur as a result of changes in the environment and other factors. The risks faced by the Group are discussed at the management level when necessary.

Through this process the Company makes comprehensive assessments of risks not limited

to factors such as financial damages or frequency, but it also adds factors such as business continuity and reputation. Those risks that seriously impact the financial soundness, business continuity of the entire Group or its Group companies are defined as “material risks.”

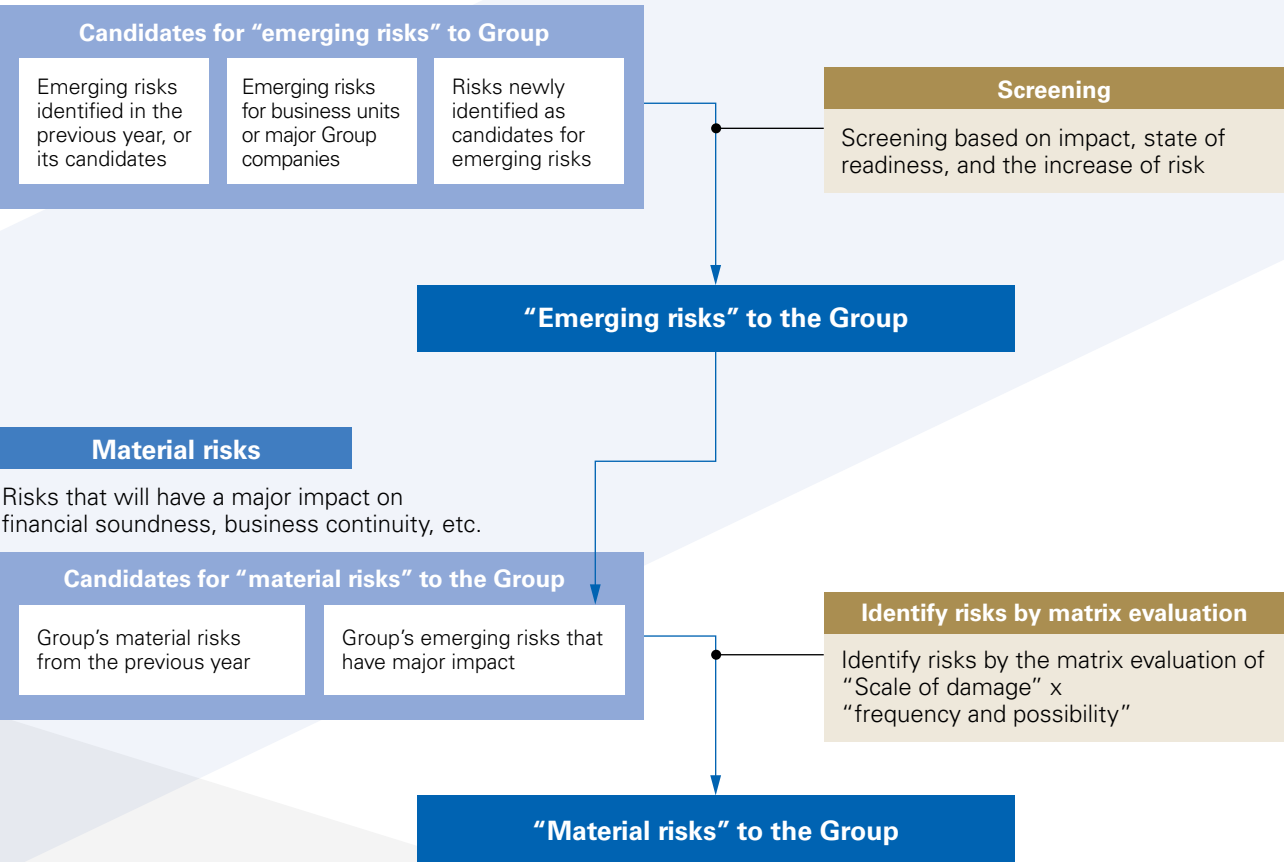
We evaluate capital adequacy in relation to material risks through quantitative risk management process mentioned below. Preventive control measures before the risk takes place as well as the countermeasures after the risk takes place*1 are formulated and controlled by the PDCA cycle.

*1. Preventive control measures before the risk manifests include monitoring and risk aggregation management taking market environment and regulation trends into consideration. Countermeasures after the risk takes place include manuals (including business continuity plan, etc.) and conducting drills.

Identifying Emerging Risks and the Process of Determining Material Risks

Emerging risks

New risks that appear as a result of factors such as changes in the environment, risks that have previously not been acknowledged as risks, or risks whose severity has significantly increased



Material Risks for Fiscal 2020 and Main Anticipated Scenarios

| Material risks (fiscal 2020) | Main anticipated scenarios |
|--|--|
| Domestic or overseas economic crisis, chaos in financial and capital markets | <ul style="list-style-type: none">Global economic crisis with the magnitude of the global financial crisis in 2008Chaos of financial and capital markets due to emergence of geopolitical risks |
| Loss of confidence in JGBs | <ul style="list-style-type: none">Crash of Japanese government bonds as a result of loss of credibility in the Japanese government |
| Major earthquakes | <ul style="list-style-type: none">Tokyo inland earthquakeMajor ocean trough type earthquakes such as a Nankai Trough mega earthquake |
| Major wind and flood disasters | <ul style="list-style-type: none">Major wind and flood disasters caused by major typhoons or concentrated heavy rainfallMultiple major hurricanes hit North American East Coast in the same year |
| Volcano eruptions | <ul style="list-style-type: none">Massive volcanic ash fallout caused by a major eruption of Mt. Fuji (paralysis of capital city functions) |
| Pandemics | <ul style="list-style-type: none">Major deaths due to the spread of a new communicable disease |
| Transformation of industrial structure due to new innovative technologies | <ul style="list-style-type: none">Transformation of industrial structure caused by the expansion of technologies such as the connected car, automated driving, car sharing, electric vehicles (EVs)Erosion of the Company's business foundation by the entry of a player from a different industryLoss of competitive superiority caused by the delay of responding to new innovative technologies |
| Cyber risk | <ul style="list-style-type: none">System failures in internal and agency systems due to cyber-attacksEmergence of underwriting accumulation risk due to a sharp increase in cyber-attacks on clients |
| Terrorism and riots | <ul style="list-style-type: none">Major acts of terrorism and riots occurring near main locations of a Group company |
| Conduct risk*2 | <ul style="list-style-type: none">Divergence between the practices of the Company or the industry and the general public (reputation risk) |
| Violation of laws and regulations | <ul style="list-style-type: none">The Company's transactions violate domestic or overseas laws or regulations, being subject to major fines or settlement fees |

*2. The risk of damage to corporate value as a result of fraud, inappropriate responses, and divergence of internal and industry practices from the public, resulting in adverse effects on customer protection, market integrity, effective competition, and the public interest.

Quantitative Risk Management

In quantitative risk management, the Company verifies from multiple perspectives that its capital is sufficient relative to the risks it holds, with the aim of maintaining its credit ratings and preventing bankruptcy.

Specifically, the Company quantifies potential risks using a statistical metric called "Value at Risk (VaR)" on a 99.95% confidence level, which corresponds to an AA credit rating, and verifies its capital adequacy based on the Economic Solvency Ratio (ESR) arrived at by dividing net asset value*3 by risk capital. A risk capital of 99.95% VaR is

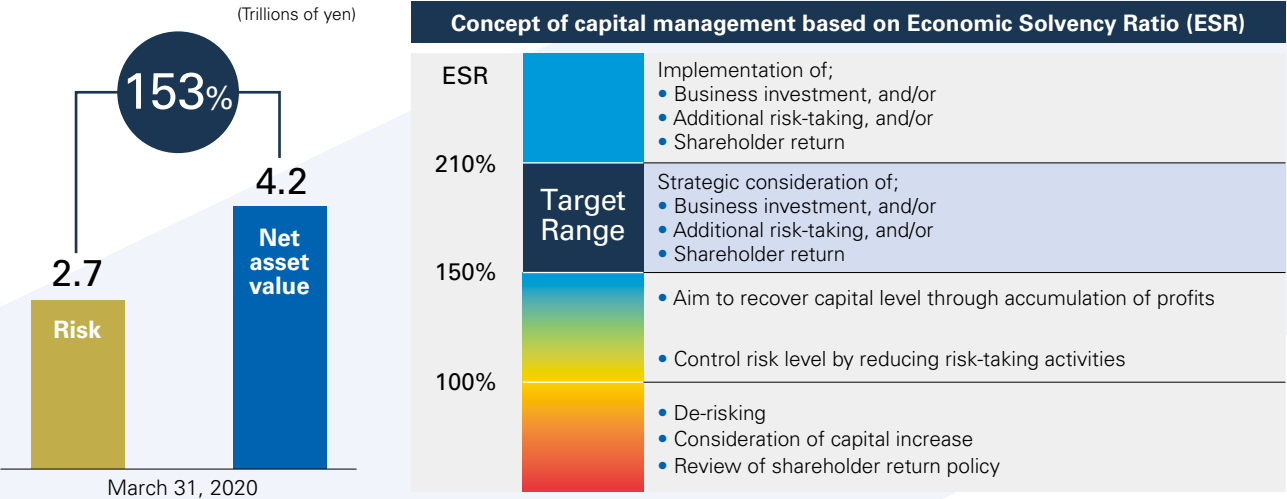
equivalent to the damage caused by an occurrence of a risk that happens once in 2000 years. While many insurance companies around the world use 99.5% VaR (once in 200 years), Tokio Marine Group uses much more stringent standards to evaluate risk capital.

Tokio Marine Group has set its ESR target range at 150 to 210%. As of March 31, 2020, the ESR is 153%, indicating that the Group's level of capital is adequate.

Furthermore, of the "material risks" identified in the qualitative risk management, stress tests are conducted for those risks which have major economic loss in order to validate business continuity and to ensure that there are no issues with capital adequacy or liquidity of funds.

*3. Net asset value: Calculated by adding the value of life insurance policies in-force, capital liabilities such as catastrophe loss reserves, price fluctuation reserves, etc. to consolidated net assets on a financial accounting basis, while deducting planned distribution to shareholders, goodwill, etc.

Status of Economic Solvency Ratio (ESR)



Initiatives to Strengthen ERM Framework

Tokio Marine Group continues to take steps to further strengthen its ERM framework to address increasingly diverse and complex risks. For example, the Group has established ERM Committee as one of its global committees, which includes the Group CEO, CFO, CRO and other C-level officers as well as management personnel from overseas Group companies to discuss Group ERM strategies and policies.

In fiscal 2019, in order to strengthen the Group's ERM framework, support was provided to upgrade the ERM framework in each country through the dialogue with the Group CRO and the CROs of major overseas subsidiaries. In addition, initiatives were taken to reduce interest rate risk and optimize retention and reinsurance relating to domestic natural disaster risks. Furthermore, stress tests were conducted to cope with the spread of COVID-19 at fiscal year-end, and confirmed the adequacy of capital.

Under the Group's core identity of "To Be a Good Company," Tokio Marine Group will nurture a risk-awareness culture and continue to systematically develop talent who specialize in ERM management.

Major Initiatives Addressing Social Issues

Tokio Marine’s response to global climate change and the increase in natural disasters is shown on pages 26–29, and governance-related initiatives are described on pages 58–79. The following are our other major initiatives addressing social issues.

Contribution to a Safe and Secure Automobile Society

Material Social Issue 3: Addressing “Operating Environment Changes Stemming from Technological Innovation”

With the number of traffic accidents reaching around 460,000 per year, traffic accidents are becoming a material social issue in Japan. To address this issue, Tokio Marine & Nichido developed *Drive Agent Personal* (DAP) in fiscal 2017. The first such automobile insurance service in the industry, DAP utilizes an original driving recorder that automatically contacts the call center when it detects a serious collision. In addition to reporting accidents, DAP has other functions, such as dispatching an ambulance if there is no response from the policyholder involved in the traffic accident, providing customers with critical support at times of need. What is more, the video recorded by the driving recorder can be used to reduce the hassle for customers when explaining accident details, or prove useful in negotiating out-of-court settlements. At the same time, the hope is that it will help prevent dangerous tailgating and other road-rage incidents, which are becoming a social issue. For these reasons, subscribers to the DAP service already number 350,000, and it is contributing to the growth of our automobile insurance business.

Growth of the automobile insurance business
(Net premiums written between FY2010–FY2019,
Tokio Marine & Nichido)
CAGR approx. +2.7%

Elimination of Poverty in Society

Material Social Issue 4: Addressing “Social Disparity and Inclusion”

India accounts for one-quarter of global poverty, and the elimination of poverty is a material issue for the country. In 2000, Tokio Marine established IFFCO-TOKIO, a joint venture with the Indian Farmers Fertiliser Cooperative Limited (IFFCO), which has 38,000 agricultural cooperatives nationwide. Since its founding, IFFCO-TOKIO has been searching for ways to alleviate the concerns of India’s farming households through the framework of insurance. This has led to the development of low-price microinsurance products.

With the strong support of customers in India, IFFCO-TOKIO had a total of 19,420,000 in-force policies in fiscal 2019. It is serving as a huge engine for Tokio Marine’s growth in emerging economies.

Growth of non-life insurance in India
(Net premiums written between FY2011–FY2019)
CAGR approx. +27%

Growing Together with Local Communities

Material Social Issue 5: Addressing “Industrial Foundations for Supporting Economic Growth and Innovation”

The decline in regional consumption and economic strength is a serious social issue in Japan. With the desire to invigorate rural areas through insurance, a division dedicated to promoting regional revitalization was established in Tokio Marine & Nichido in 2016. In collaboration with local governments and others, we are providing regional revitalization solutions as well as packaged products for small- and medium-sized enterprises (SMEs). Furthermore, we have been selected for inclusion in the Health & Productivity Stock Selection program for five consecutive years, and we are leveraging that track record to support the initiatives of regional companies related to health improvement and increasing employee motivation.

Expansion of packaged products for SMEs
(Net premiums written between FY2010–FY2019,
Tokio Marine & Nichido)
CAGR approx. +18%

Tokio Marine Group Wellness Charter

The mental and physical well-being of our employees and their families is essential in order to increase employee engagement, live up to our corporate philosophy, and therefore enhance our corporate value. With these principles in mind, Tokio Marine Group commits to promoting the following for its staff and their families.

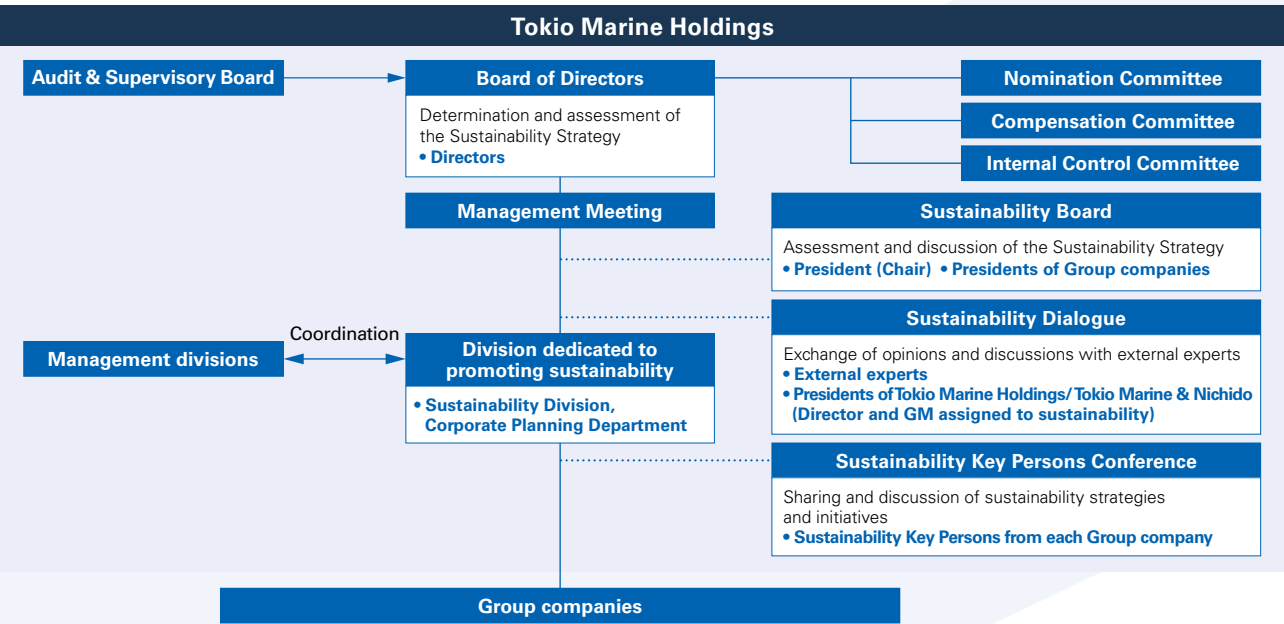
- Tokio Marine will promote a culture in which each employee thinks about how they can incorporate well-being into their lifestyle.
- Tokio Marine will invest in wellness initiatives, establish an environment and a corporate culture that will continuously encourage the promotion of wellness.
- Tokio Marine will contribute to the realization of a healthier and more prosperous future by supporting the wellness of our customers, communities, and society as a whole.

Promotion of Sustainability

Tokio Marine has a division dedicated to the promotion of sustainability, which identifies major challenges related to sustainability as well as formulates and implements related group-wide strategies. The Board of Directors receives reports on the Group’s sustainability-related activities as well as determines the strategy for the whole Group. Tokio Marine also holds the Sustainability Dialogue with external experts, NGOs, NPOs and others. It collects outside views on the Group’s awareness

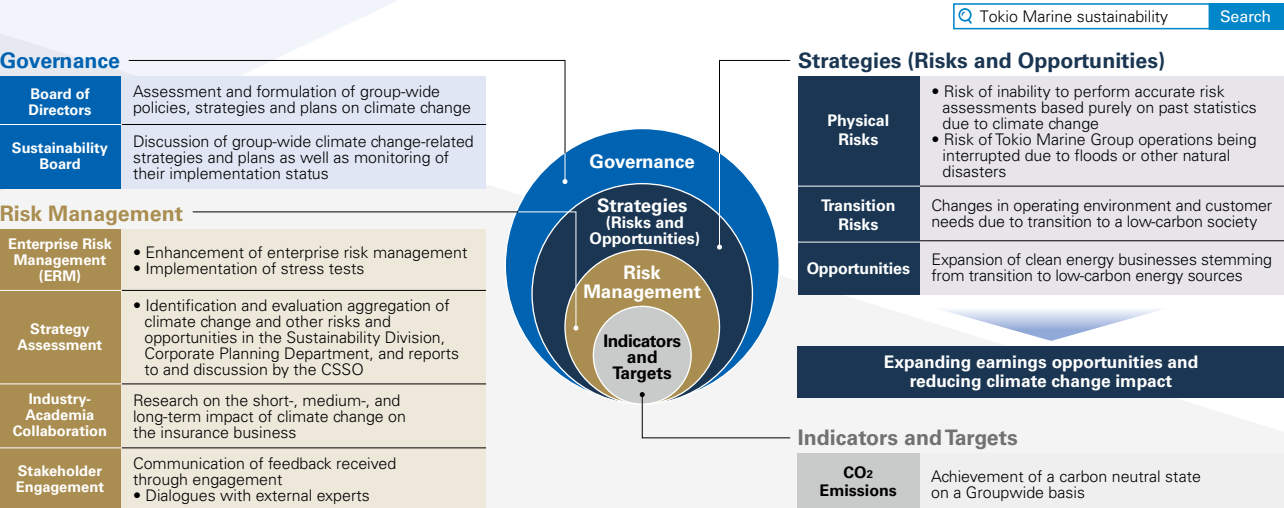
and initiatives in relation to the challenges. The opinions and insights obtained through the dialogue are reflected in the Group’s strategies and initiatives addressing individual challenges. Furthermore, the Sustainability Board, consisting of top executives from each Group company, and the Sustainability Key Persons Conference, composed of Group employees, regularly hold meetings to discuss measures to address material issues that should be shared among Group companies.

Sustainability Promotion Structure



Climate-related Financial Disclosure based on Recommendations of the TCFD

Tokio Marine proactively works to enrich the TCFD-related disclosures. Please see the Sustainability Report on our website for details.



Participation in International Initiatives

Tokio Marine Group participates in various international initiatives, taking part in surveys, research and making recommendations to contribute to the realization of a sustainable society.

Human Rights, Labor, the Environment, and Anti-Corruption



United Nations Global Compact

- Joining of United Nations Global Compact and declaration of support in 2005
- In fiscal 2019, participated in “Disaster Prevention and Mitigation Working Group,” “Reporting Study Working Group,” etc.

Sustainable Finance and Insurance Frameworks



United Nations Environment Programme and Finance Initiative

- Participated in the Insurance Committee as a representative director of the Asia region
- Attended Tokyo Dialogue (June 2019) on sustainable finance preceding 2019 G20 Osaka Summit

Principles for Financial Action
for the 21st Century



Principles for Sustainable Insurance

- Signing as founding signatory in 2012 and participation in PSI TCFD Insurer Pilot Working Group in 2018 to promote the development of climate-related disclosure frameworks based on TCFD recommendations

Insurance Development Forum
(Insurance industry-spearheaded
international public-private
partnership)



Sustainable Investment



United Nations Principles for Responsible investment

- In Tokio Marine Group, Tokio Marine & Nichido and Tokio Marine Asset Management became signatories to promote responsible and sustainable investment

Japan Sustainable
Investment Forum



Climate-related Information Disclosure

United Nations International Strategy
for Disaster Risk Reduction /
Private Sector Alliance for Disaster
Resilient Societies



The Geneva Association



ClimateWise



Asia-Pacific Financial Forum



CDP



Task Force on Climate-related
Financial Disclosures



Eco-First Promotion Council



COOL CHOICE



ESG Evaluations and External Awards

Tokio Marine Group has been highly evaluated and received numerous awards from domestic and overseas institutions for the environmental, social, and governance (ESG) initiatives that it promotes as a part of its business and corporate social responsibility activities.

Socially Responsible Investment (SRI) and ESG Indices that Include Tokio Marine Holdings



- Globally recognized ESG index series jointly developed by S&P Dow Jones Indices LLC and RobecoSAM AG in 1999
- Tokio Marine Holdings included for 11 consecutive years beginning in 2009



2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



Awards for ESG Initiatives



- Tokio Marine Group included in 2020 “Health & Productivity Stock Selection program” (fifth consecutive year)
- Tokio Marine Group selected as an Excellent Enterprise of Health & Productivity Management / Large Enterprise Category together with eight Group companies, of which six were recognized as White 500 enterprise



- “Special Award” at 2019 Sustainable Finance Awards hosted by the Research Institute for Environmental Finance (RIEF)



- Selected as 2019 Climate Change A List company by the international non-profit environmental organization CDP



- Included as a Nadeshiko Brand in fiscal years 2018 following 2013, 2015, 2017
- Selected as a Semi-Nadeshiko Brand in fiscal 2019



- Receipt of ministerial commendation as a model example of initiatives being promoted by financial institutions to revitalize regional economies (fourth consecutive year)



- Overseas Group companies named among the “Best Places to Work in Insurance” in the United States and among the “Best Workplaces for Women” in Brazil

ESG Initiatives and Contributions to the United Nations Sustainable Development Goals

The material social issues to be addressed byTokio Marine Group are indicated in pages 22–25. In addition to these issues, the Group is advancing various initiatives pertaining to environmental, social, and governance (ESG) issues. We will work to contribute greatly to the achievement of the SDGs through such initiatives.

| ESG Category | | Initiative Theme | Major Initiative | Relevant Sustainable Development Goals | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Global Insurance Market

Profit growth in the U.S., which has the world’s largest insurance market, and stable growth in Japan, which has the world’s third-largest market (No. 4 in non-life insurance, and No. 3 in life insurance), are the key.

The global insurance market in 2017 was worth \$4,891 billion, with the U.S. in first place for both life and non-life insurance. Following China, Japan was in third place with the fourth largest non-life insurance and the third largest life insurance markets.

Ten Largest Insurance Markets in Direct Premiums Written for Life Insurance and Non-life Insurance in 2017^{*1} (Unit: Millions of USD)

| Ranking | Country | Life premiums | Non-life premiums ^{*2} | Total premiums | | |
|---------|-------------------------------|---------------|---------------------------------|----------------|-------------------------|-------------------------------|
| | | | | Amount | Change against 2016 (%) | Share of the global total (%) |
| 1 | United States ^{*3,4} | 546,800 | 830,315 | 1,377,114 | 2.0 | 28.15 |
| 2 | China ^{*5} | 317,570 | 223,876 | 541,446 | 16.2 | 11.07 |
| 3 | Japan ^{*4,6} | 307,232 | 114,818 | 422,050 | -6.5 | 8.63 |
| 4 | United Kingdom ^{*4} | 189,833 | 93,499 | 283,331 | -2.6 | 5.79 |
| 5 | France ^{*7} | 153,520 | 88,083 | 241,603 | 1.8 | 4.94 |
| 6 | Germany ^{*7,8} | 96,973 | 126,005 | 222,978 | 3.8 | 4.56 |
| 7 | South Korea ^{*4,6} | 102,839 | 78,378 | 181,218 | 2.4 | 3.70 |
| 8 | Italy ^{*4} | 113,947 | 41,562 | 155,509 | -2.6 | 3.18 |
| 9 | Canada ^{*4,9} | 51,592 | 67,927 | 119,520 | 5.5 | 2.44 |
| 10 | Taiwan | 98,602 | 18,873 | 117,474 | 15.8 | 2.40 |

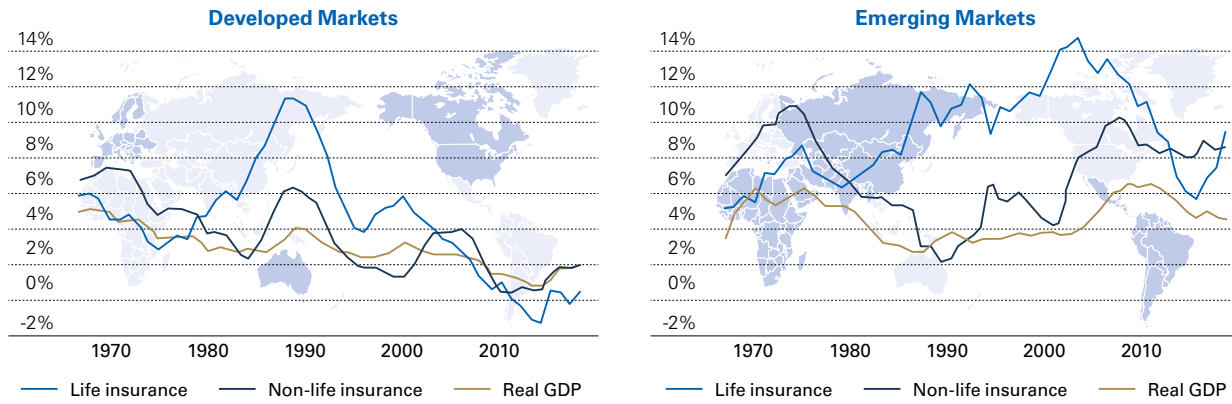
*1. Before reinsurance
*2. Includes personal accident insurance and health insurance
*3. Non-life premiums include state funds
Life insurance premiums include the estimated value of group annuities premiums
*4. Estimated figures
*5. Provisional figures
*6. Fiscal year between April 1, 2017 and March 31, 2018
*7. Figure for non-life premiums is provisional
*8. Figure for life premiums is an estimate
*9. Net premiums are shown for life premium amount

Source: Swiss Re Institute, *sigma* No. 3, 2018

In addition to stable growth in developed markets, capturing booming emerging markets is the key.

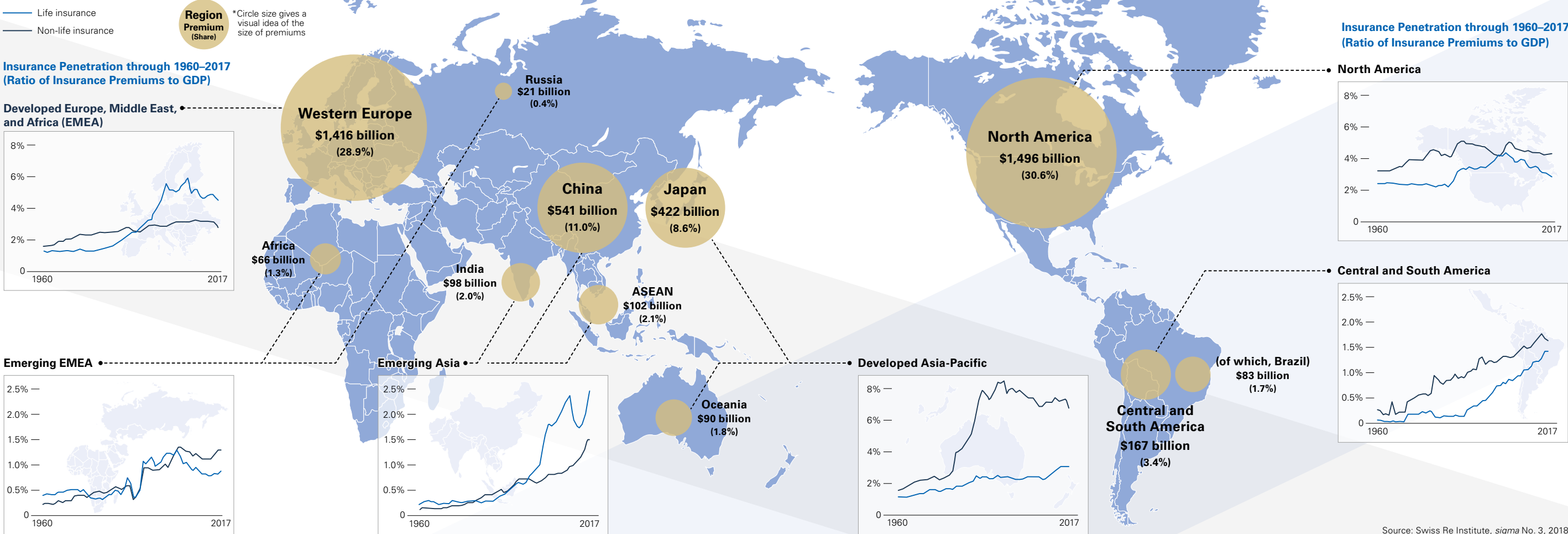
Non-life premiums grow in tandem with economic growth in developed markets. However, in emerging markets, which have low levels of insurance penetration and upward trends in populations, insurance premiums show growth that exceeds economic growth. Note that increases in life premiums are greatly impacted by such factors as interest rates, market regulations, and taxation systems, so they are not necessary linked to economic growth.

Growth in Non-life and Life Premiums, and Growth in Real GDP (Seven-Year Moving Average)



Source: Swiss Re Institute, *sigma* No. 3, 2018

Life and Non-Life Insurance Premiums in 2017, and Penetration through 1960–2017 (Ratio of Insurance Premiums to GDP)



Source: Swiss Re Institute, *sigma* No. 3, 2018

What Is Non-life Insurance?

There are three major types of insurance: life insurance, non-life insurance, and third-sector insurance.

Under Japan’s Insurance Business Act, insurance that falls under neither a field specific to life insurance (so-called first-sector insurance) nor a field specific to non-life insurance (so-called second-sector insurance) is called third-sector insurance.

| | |
|------------------------|---|
| Life Insurance | This is a type of insurance in which the payment of insurance proceeds of an amount agreed upon in advance is made in connection to the life or death of an individual. This type of insurance can only be underwritten by a life insurance company. |
| Non-life Insurance | This is a type of insurance in which an insurance payout is made according to damages arising from specific, accidental events. This type of insurance can only be underwritten by a non-life insurance company. |
| Third-sector Insurance | This is a type of insurance that falls under neither life insurance nor non-life insurance. Both life insurance companies and non-life insurance companies can handle this type of insurance. Examples include personal accident insurance and medical insurance. |

The payment of insurance proceeds of an amount agreed upon in advance is known as “fixed payment.” This is based on the thinking that a price cannot be set for a person’s body. Fixed payments are the basic system taken for life insurance, personal accident insurance, and medical insurance.

On the other hand, insurance payouts made in accordance with the amount of damages arising from specific, accidental events are known as the payment of actual loss or damage. Policyholders are compensated

by the insurance for the actual amount of damages that they have incurred. The concept behind non-life insurance is to prevent policyholders from profiting unfairly from incurred damage or loss (so-called “getting richer after a fire” in Japan). That is why this kind of payout system is the basic method taken in non-life insurance. Life insurance companies and non-life insurance companies are prohibited from concurrently operating First Sector and Second Sector insurance businesses. However they can both underwrite Third Sector insurance.

Comparison of Various Insurance Types

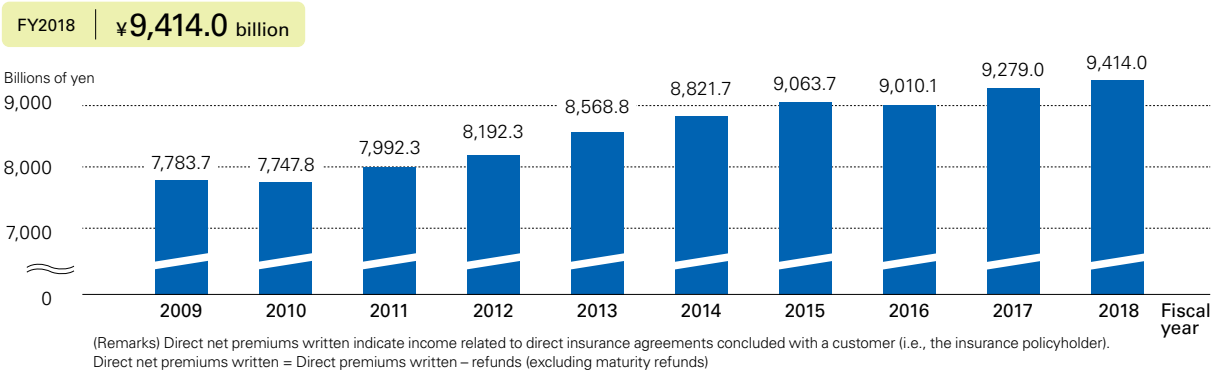
| | Life Insurance (First-sector Insurance) | Non-life Insurance (Second-sector Insurance) | Personal Accident, Medical, and Other Insurance (Third-sector Insurance) |
|-------------------|--|---|--|
| Handled by | Life insurance companies | Non-life insurance companies | Both life insurance and non-life insurance companies |
| Insured accidents | A person’s life or death | Accidental events | Personal accidents, illnesses, and other |
| Insurance payout | Fixed payment | Payment of actual damage | Fixed or actual damage payment* |

* Although fixed payment is the basic method taken, there are some products in which the method taken is the payment of actual damages with the insured amount as the limit.
Source: The General Insurance Association of Japan website

Japan’s Insurance Market

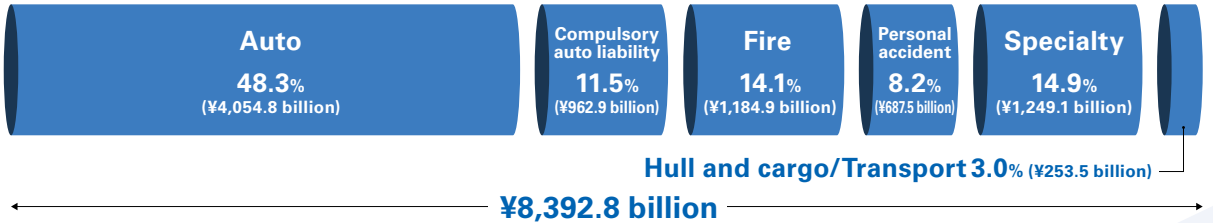
Steady growth of the non-life insurance market, mainly in auto insurance

Direct Net Premiums Written (including deposit premiums from policyholders)



Source: The General Insurance Association of Japan “Factbook 2019,” based on Association member companies

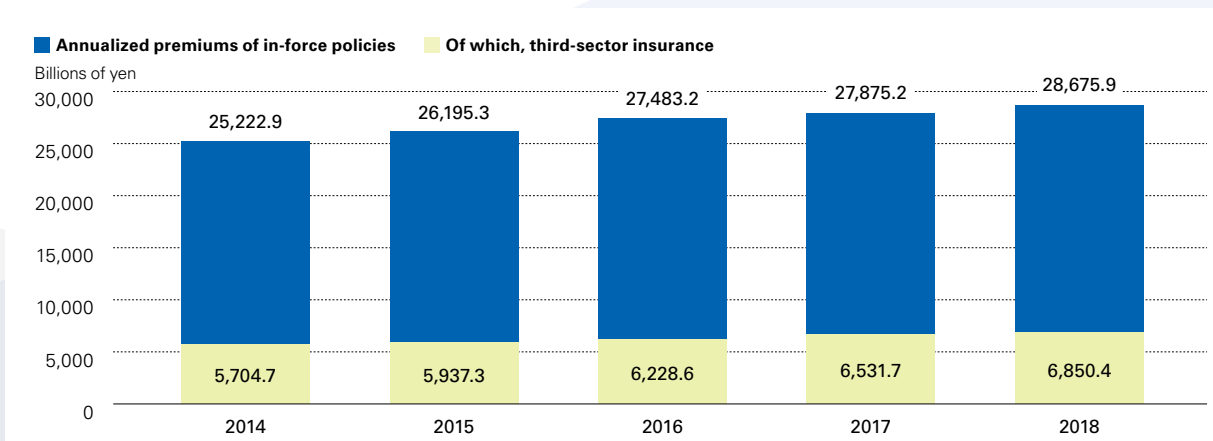
Composition Ratio of Net Premiums Written by Line of Insurance (FY2018)



Source: The General Insurance Association of Japan “Factbook 2019,” based on Association member companies

Steady growth of the domestic life insurance market through increase in individual insurance

Annualized Premiums of In-Force Policies*



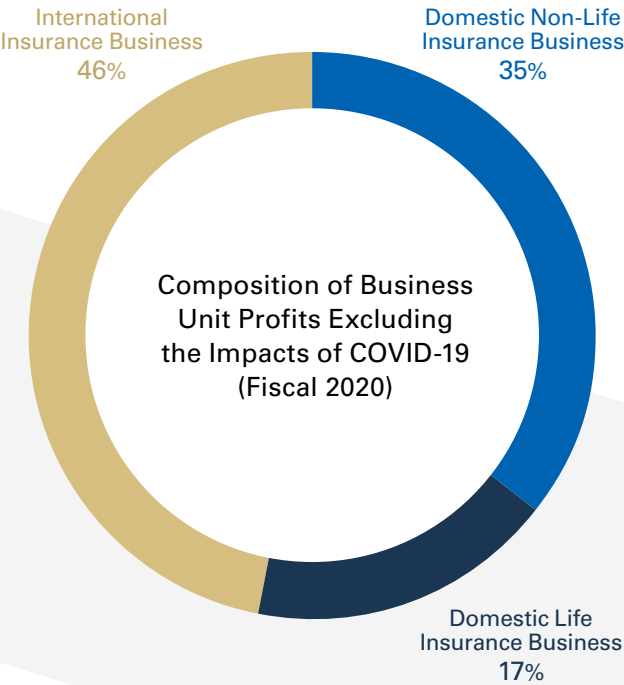
Source: The Life Insurance Association of Japan, “Trends in Life Insurance, 2019 Edition”

* Because there are now many insurance products on the market that pay little or no death benefits (e.g., medical insurance, cancer insurance, nursing care insurance, and individual annuity), there are instances when it is not appropriate to assess business performance on the basis of total in-force policy amounts (in the case of individual insurance), since they are net death benefit amounts. Annualized premiums of in-force policies are now being used as an index to complement this.
In addition to monthly premium payments, there are also yearly premium payments and lump sum payments of the full amount. Furthermore, payments may be made through the entire period of the policy, or payments may be completed after a fixed term. Annualized premiums make adjustment for such differences in payment methods, and indicate how much of an insurance premium income is obtained by a life insurance company from policies if premium payments are averaged out for the policy term.
[Example: Lump Sum Premium Payment (¥1 million) for a Policy with a 5 Year Term] Premium Income = ¥1 million, annualized premium = ¥200,000 (¥1,000,000 / 5)

Business Overview

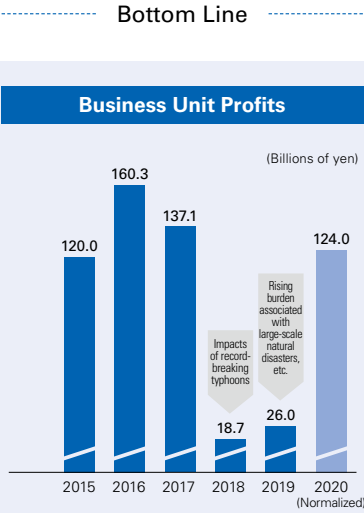
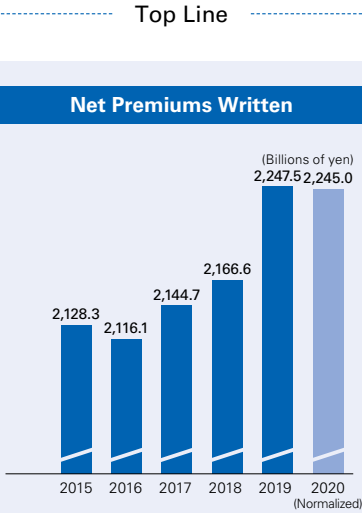
Tokio Marine Group’s business model is characterized by (1) stable and sustainable profits generated through the domestic non-life insurance business and the domestic life insurance business and (2) overseas operations that secure profits with resilience to market fluctuations by supplying specialty insurance in developed countries while also capturing the strong economic growth of emerging countries.

Our current business portfolio is effectively diversified on a global basis, with domestic and overseas operations both producing roughly half of our profits.



Domestic Non-Life Insurance Business (Tokio Marine & Nichido Fire, “TMNF”)

As the Group’s core business, we achieve growth outperforming the market, and generate stable and sustainable profits by leveraging the strengths of our capacity to develop industry-first products and services, high-quality sales platform, and high business efficiency.



Competitiveness (Market Position)

Direct Net Premiums Written*1

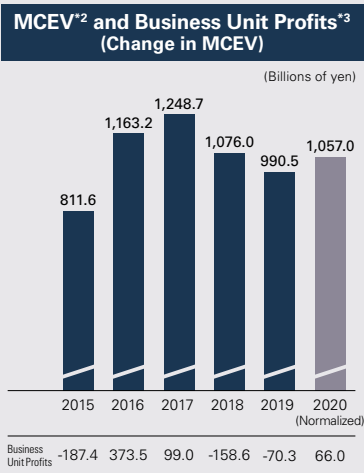
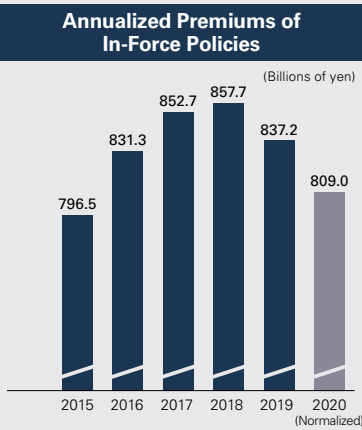
Market Share No.1

Expense Ratio (All Lines)*1

Business Efficiency No.1

Domestic Life Insurance Business (Tokio Marine & Nichido Life, “TMNL”)

As a driver of growth that contributes to the long-term profits of the Group, we are a pioneer in the field of living protection, which is not fully covered by conventional medical insurance or death / life insurance, exploring this field ahead of our peers and delivering highly unique products to expand corporate value based on economic value.



New Medical Insurance Policies*4

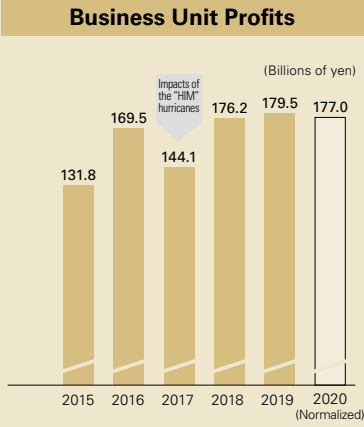
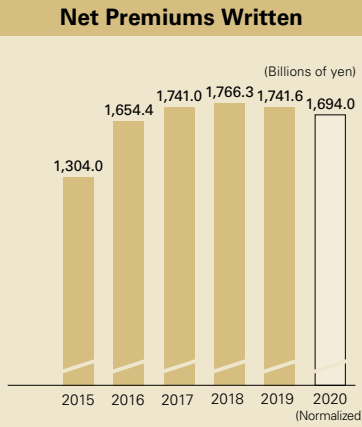
Market Share No.6 (Of 31 companies)

New Cancer Insurance Policies*4

Market Share No.6 (Of 22 companies)

International Insurance Business

As a driver of the Group’s growth, we are constructing robust specialty insurance operating foundations in the large markets of developed countries while advancing wide-ranging operations in growing emerging countries to contribute to the growth of the Group’s profits.



Top 10 Position in Commercial Lines in the U.S.*5



Market Shares in Major Emerging Countries*6



*1. Comparison with the performances of four major domestic companies in fiscal 2019
*2. MCEV is an index used to assess the value of life insurance businesses to ensure consistency with the market value of financial instruments. Future economic conditions are evaluated based on the assumption that the figures from the end of March 2020 will continue. Post-dividend amounts used for MCEV for fiscal 2015–2019; pre-dividend amounts used for MCEV for fiscal 2020 (normalized).
*3. Pre-dividend amounts used for business unit profits
*4. Based on fiscal 2018 performance (Source: Life Insurance Statistics)
*5. The U.S. commercial P&C direct premiums written in fiscal 2019 (Source: S&P Global)
*6. Non-life premiums market share in Brazil as of December 2019; non-life premiums market share in Thailand as of April 2020 (Sources: AXCO, SUSEP)

Domestic Non-Life Insurance Business (Tokio Marine & Nichido Fire)

Market Environment (Major Opportunities and Risks)

- Opportunities**

 - Diversification of risks accompanying technological advancement, social change, etc.
 - Growth in new demand stemming from globalization of Japanese companies
- Risks**

 - More widespread damages as a result of increasing scale of natural disasters
 - Shrinking of automobile insurance market due to progress in autonomous driving technologies

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

Through the thorough pursuit of quality in products and services, distribution channels, and business processes, we will work to achieve sustainable growth and stable profit generation, no matter how the operating environment may change.

Best quality products and services

- Reformation of product portfolio through promotion of regional revitalization and health and productivity management
- Enhancement of products and services through utilization of technologies and other means

Best quality sales channel

- Improvement of sales productivity through enhancement of agents' specialties and consulting capabilities
- Expansion of new sales channels through increased tie-ups with market holders

Best quality business processes

- Improvement of business processes and productivity through new technologies

Best quality human resources

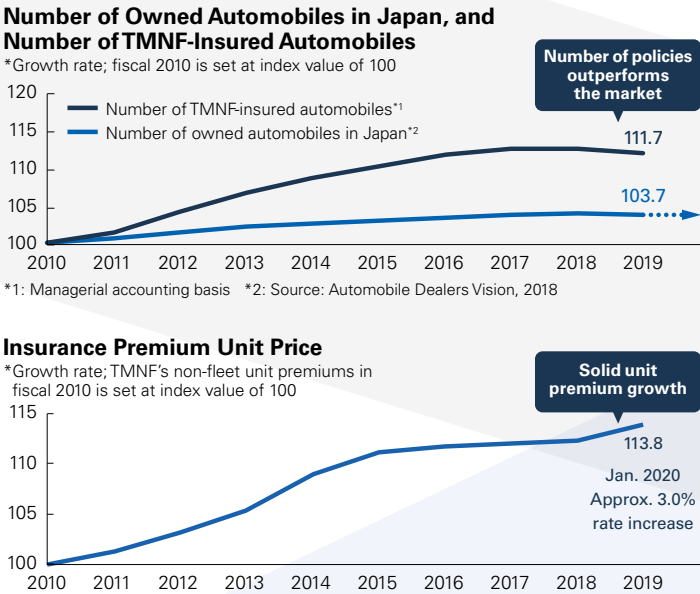
Maximize Group's collective strength through integrated Group management

Initiative 1 Ongoing Growth Centered on Automobile Insurance and Expansion of Specialty Insurance

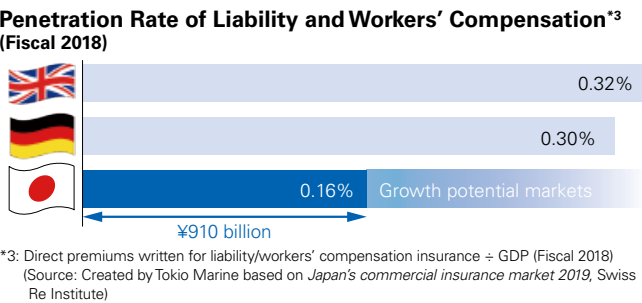
In the domestic non-life insurance business, we have continued to achieve growth outperforming the market and expansion of our market share. Our growth thus far has been driven by our core automobile insurance line, and automobile insurance has achieved its high level of growth through the steady growth in the number of policies and the expansion of coverage and services.

However, the automobile insurance market is expected to shrink gradually over the long term due to population decline and the advancement of the sharing economy. One of our strategies in the domestic non-life insurance business is to take advantage of the time remaining before the projected decline in the automobile insurance market to augment the growth potential of other lines.

The business risks facing companies are becoming more diverse as a result of changes

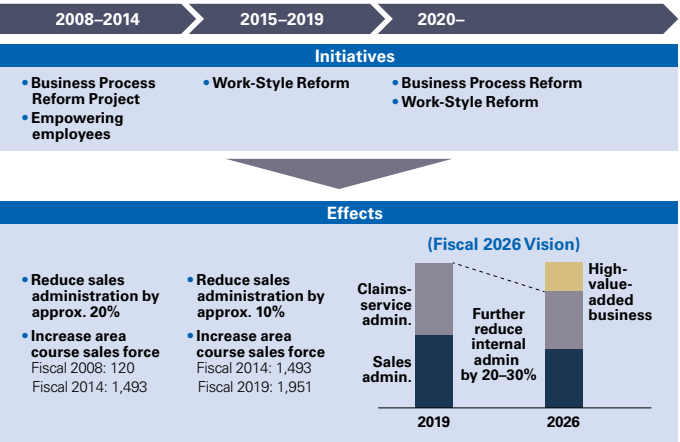


in the operating environment and globalization. Regardless, the market penetration rate of specialty insurance in Japan is still low, representing significant room for growth. With a focus on the promotion of regional revitalization and health and productivity management, we are working together with commerce associations to expand enrollment in specialty insurance across Japan.



Initiative 2 Business Process Improvement

Promotion of Business Process and Work-Style Reforms

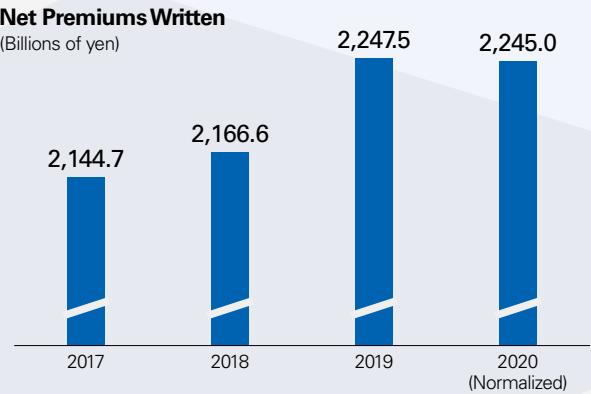


Since 2008, we have been implementing the Business Process Reform Project, which aims for large-scale simplification of products and administration. Through this project, which was commenced a step ahead of the reforms of competitors, we have succeeded in realizing reductions to workloads and improvements to productivity. Utilizing the time freed up through this project to redouble sales activities, we have been able to achieve top-line growth outperforming the market, along with business efficiency that is competitive in comparison to other companies. Moving forward, through increased utilization of new technologies, we will advance further business process and work-style reforms to realize reductions of 20 to 30 percent in workloads over the long term.

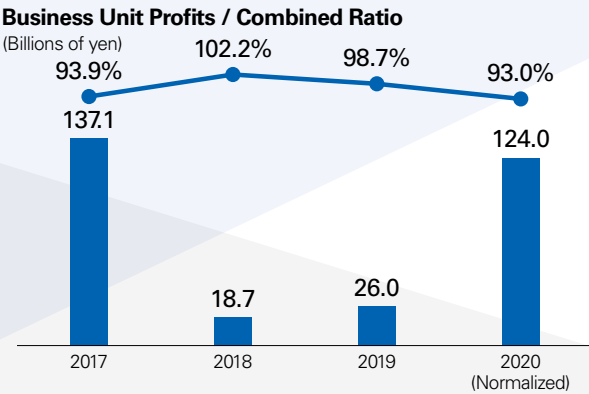
Mid-Term Business Plan 2020 Targets and Progress



Progress with regard to top-line performance was favorable and in line with targets due to higher revenue largely attributable to fire insurance. Bottom-line performance in fiscal 2019 was at a low level as a result of various increased burdens due to the large-scale natural disasters



that occurred for the second consecutive year. Regardless, recoveries in profits are anticipated in fiscal 2020 (excluding the impacts of COVID-19) due to increased revenue, focused on automobile and specialty insurance, and the return of natural disasters to normal levels.



Domestic Life Insurance Business (Tokio Marine & Nichido Life)

Market Environment (Major Opportunities and Risks)

Opportunities

- Growth in new needs resulting from advancing medical technology
- Higher awareness regarding longevity risk
- Progress of technology, such as AI and big data

Risks

- Continuation of historic low interest rate environment
- Intensified competition in protection-type product field

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

With consideration for anticipated changes in the business environment over the long term, we will strive to realize sustained profit growth by enhancing products, sales, and business processes, and by advancing risk control.

Develop innovative products

- Proactively capitalize on changes in environment, advance living protection products to meet emerging needs
- Meet diverse asset accumulation needs

Strengthen sales capabilities and sales platform

- Cultivate the market utilizing the life and non-life cross-selling business model
- Amalgamate distribution channels
- Strengthen management support capabilities for agents who will become the core of growth

Increase customer convenience / operational streamlining

- Further increase quality, convenience, and efficiency of business processes
- Use new technology

Risk control that supports sound growth

Maximize Group’s collective strength through integrated Group management

Initiative 1 Robust Growth through “Life Insurance Revolution to Protect One’s Living”

Advancements in medical technology have precipitated the emergence of risks pertaining to post-hospitalization treatment, the inability to work, and nursing care. Turning our attention to such areas not covered by conventional life insurance, we took action before our peers by launching initiatives under the “Life Insurance Revolution to Protect One’s Living” in 2012 to address previously untapped areas. The strong customer support earned through these initiatives has contributed to growth rates, which has resulted in Tokio Marine achieving growth at an industry-leading speed.

Number of In-Force Policies (Individual Insurance + Individual Annuities)
(Ten-thousands of policies)

CAGR since founding*1 (1996–2019) +20.6%

Of these, the number of protection-type products

8 2000 2019 597

*1. Total of Tokio Marine & Nichido Life and former Tokio Marine & Nichido Financial Life

Initiative 2 Launch of Innovative Products

Life insurance companies are rapidly entering into the protection-type product field amid continually low interest rate levels. Nevertheless, as a frontier of this field, we continue to achieve steady growth in policy numbers by launching innovative products to provide support for customers in their times of need.

Product Line Responding to the Social Issues of Extending Healthy Life Expectancy and Asset Life Expectancy

| Living Protection | Asset Accumulation |
|--|---|
| Support the untapped areas not covered by conventional medical and life insurance products | Contribute to “health incentive” by increasing future refunds by maintaining health |
| Household Income Term Insurance NEO (Disability Plan) Plus | Medical Kit R Cancer Insurance R |
| Industry-leading sales record | More than 1 million policies sold in 5 years from launch |
| | More than 150% YoY growth |

Initiative 3 Appropriate Control of Interest Rate Risks

Composition of Protection-Type Products*2 and New Business Margin*3

2015 2019

▲ October 2016 Sales suspension of long-term saving-type products

Composition of protection-type products in products for individuals

New business margin

JGB 30Y*4 (average)

Keep focusing on protection-type products

*2. New policies annualized premiums basis, excluding business insurance
*3. Value of new business / Present value of new business premiums
*4. Source: Bloomberg

Maintaining long-term financial soundness is crucial to life insurers because of the long duration of life insurance policies. Faced with persistently low interest rates, we have been expanding new business margins by shifting our portfolio from savings-type products to protection-type products, which place lower interest rate burdens on the Company, to control interest rate risks and increase the new business margin. Going forward, we will keep focusing on protection-type products in order to appropriately control interest rate risks and achieve steady profit growth even in the face of low interest rates.

Mid-Term Business Plan 2020 Targets and Progress

| 2020 Targets | New Policies Annualized Premiums CAGR +1% or more*5 | Business Unit Profits MCEV Growth Rate CAGR +4% or more*5 |
|---|--|--|
| *5. CAGR based on fiscal 2017 performance; fiscal 2020 MCEV is before payment of shareholders' dividends. | | |

In regard to top-line performance, despite the decrease due to sales suspension of products for corporate clients, we will continue to promote sales of protection-type products and installment variable annuities (market link). Bottom-line performance improved due to such factors as a decrease in the

decline of yen interest rates. In fiscal 2020, we expect to increase profits (excluding the impacts of COVID-19) through reversal effects from smaller profits in fiscal 2019 due to lower interest rates and increase in new policies.

New Policies Annualized Premiums
(Billions of yen)

| | 2017 | 2018 | 2019 | 2020 (Normalized) |
|---------------------------------------|-------|-------|-------|-------------------|
| New policies annualized premiums | 102.1 | 74.6 | 40.5 | 43.0 |
| In-force policies annualized premiums | 852.7 | 857.7 | 837.2 | 809.0 |

Business Unit Profits
(Billions of yen)

| | 2017 | 2018 | 2019 | 2020 (Normalized) |
|---|---------|---------|-------|-------------------|
| Year-end MCEV*6 | 1,248.7 | 1,076.0 | 990.5 | 1,057.0 |
| Business unit profits*7 | 99.0 | -158.6 | -70.3 | 66.0 |
| Of which, new business value and existing business contribution | 78.0 | 78.3 | 62.8 | 75.0 |

*6. Figures for fiscal 2017 through fiscal 2019 are after payment of shareholders' dividends; figure for fiscal 2020 is before payment of shareholders' dividends.
*7. Figures are before payment of shareholders' dividends

94

95

International Insurance Business

Market Environment (Major Opportunities and Risks)

| | | | |
|----------------------|--|--------------|---|
| Opportunities | <ul style="list-style-type: none">Stable growth in the U.S. and other developed countriesEconomic growth and growth of the middle class in emerging countries, primarily AsiaHardening insurance market (increase in rates) focused on North America | Risks | <ul style="list-style-type: none">More widespread damages as a result of increasing scale of natural disastersGlobal economic uncertainty due to factors such as U.S.-China trade disputeSocial inflation (rising cost of insurance claims) in the U.S. |
|----------------------|--|--------------|---|

Points of the Mid-Term Business Plan (2018–2020) and Main Initiatives

Mid-Term Business Plan

We will strengthen integrated group management and take steps to pursue both sustainable organic growth and strategic M&A. In this way, we will be the driver of risk diversification and sustainable profit growth for the Group.

Sustainable organic growth

- Achieve sustainable growth by companies with robust business models while also leveraging new technologies

Strategic M&A (see page 48)

- Achieve balanced growth by diversifying risks and incorporating growth in both developed markets and emerging markets

Maximize Group's collective strength through integrated Group management

Initiative 1 Organic Growth Strategies in Developed Countries

Tokio Marine Group has earned a top 10 position*1 in commercial lines in the United States and showed presence as a top-class player in the specialty insurance market. By building a robust specialty insurance business platform in developed countries, we are achieving rapid growth that outperforms the market, coupled with high profitability while remaining relatively unaffected by market fluctuations. Going forward, we will look to sustain this rapid growth in developed countries by further honing the strengths of Group companies and conducting bolt-on M&A.

About 80% of Tokio Marine Group's overseas profits are generated in the United States. The drivers behind these profits are the three acquired North American companies. We practice a disciplined approach toward M&A, based on the three acquisition principles of culture fit, high profitability, and strong business models. Since joining the Group, all three acquired companies have been achieving growth that outperforms the market. We will aim for further profit growth with the participation of the PURE Group, the acquisition of which was completed in February 2020.

Top-class player in U.S. specialty insurance

| | |
|---|--|
| A Member of the Tokio Marine Group Focus in niche markets, such as NPOs, etc. | A member of the Tokio Marine Group Specialized in HNW insurance market |
| A member of the Tokio Marine Group Strength in employee benefit, etc. | Mainly provides specialty products |

*1. The U.S. commercial P&C direct premiums written in fiscal 2019 (Source: S&P Global)

High profit growth and profitability exceeding the U.S. market

| | |
|--|---|
| <Bottom line*2> 2015–2019 CAGR 6.6% vs. Market*3 +4.7 pt | <Combined ratio> 2015–2019 Average 95.5% vs. Market*3 4.0 pt. Favorable |
|--|---|

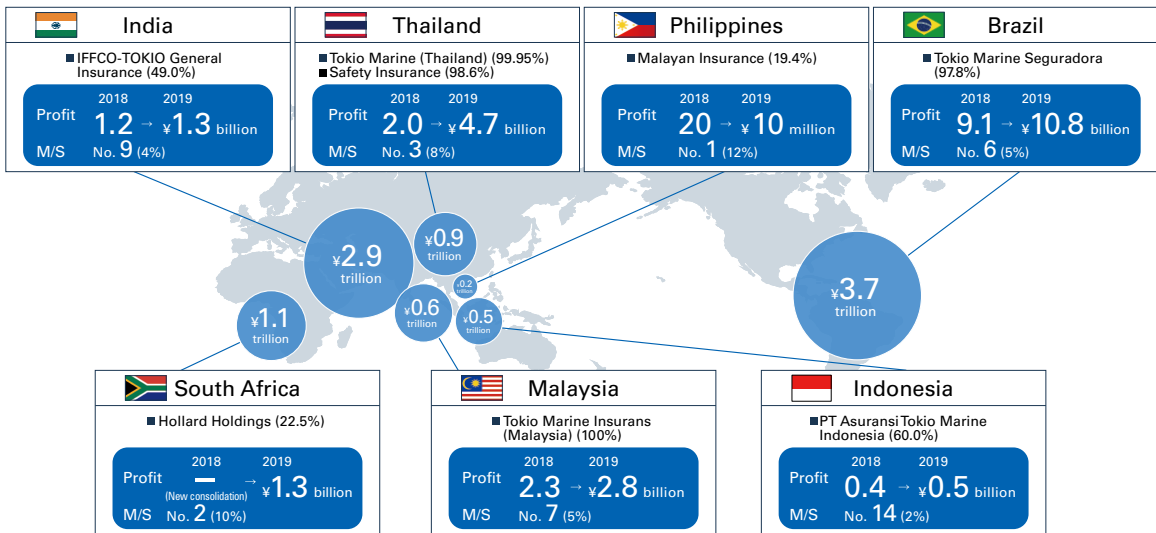
*2. Annual after-tax profit on a local accounting basis. For 2017, the one-time impact of U.S. tax reforms was excluded.
*3. Source: S&P Global

Initiative 2 Organic Growth Strategies in Emerging Countries

Tokio Marine Group is also developing a wide range of businesses in emerging countries with a focus on those countries with large markets projected to experience significant growth. In fiscal 2019, we announced the establishment of a joint venture in Brazil with Caixa Bank, which has an approximately 70% share of the mortgage market there

(scheduled to commence operations in February 2021). Meanwhile, we completed integration of existing subsidiaries with Safety Insurance in Thailand that was acquired in August 2018. Looking ahead, we plan to continue capitalizing on the strong growth of the emerging countries to achieve ongoing growth.

Our Major P&C Business Network in Emerging Countries

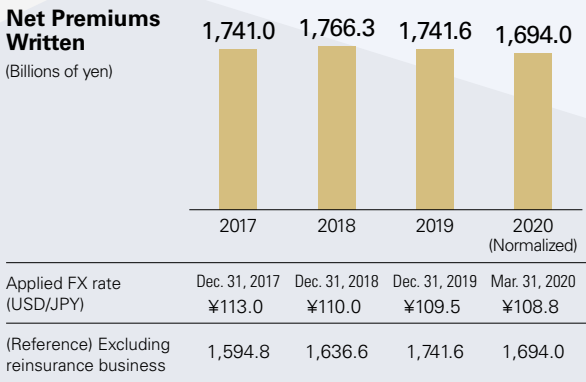


Profit: Business unit profits
Source of M/S:
Note: The percentage in parenthesis to the right of each company name represents TMHD's shareholding ratio as of Dec. 2019. The figures in the circle are P&C insurance premiums in each country for FY2018 (estimate). The size of the circle indicates market size. (Source: Swiss Re Institute)

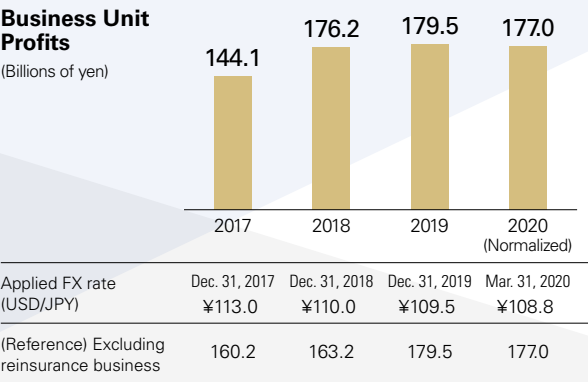
Mid-Term Business Plan 2020 Targets and Progress

| 2020 Targets | Net Premiums Written CAGR approx. +5%*4 | Business Unit Profits CAGR approx. +11%*5 |
|--|--|--|
| *4. CAGR is calculated based on the figure of ¥1,648.0 billion, adjusting fiscal 2017 performance based on foreign exchange rates on March 31, 2018. *5. CAGR is calculated based on a normalized basis of ¥145.0 billion in fiscal 2017. Adjustments for producing a normalized basis included lowering natural disasters to a normal level and excluding the impacts of foreign exchange rate fluctuations and the one-time effect of the tax reforms in the United States. | | |

Despite the negative impact of the reinsurance businesses divestment as part of business portfolio revisions in March 2019, we worked to compensate for this negative impact to achieve profit growth. A



decline in profits is anticipated in 2020 (excluding the impacts of COVID-19) due to the further rise of the yen, however, increased profits are anticipated on a local-currency basis that excludes this impact.



Business Conditions (Unaudited)

Main Financial and Non-Financial Data

| | (Yen in millions unless otherwise indicated) | | | | | | | | | | |
|---|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| Performance Indicators (Consolidated) | | | | | | | | | | | |
| Ordinary income | 3,570,803 | 3,288,605 | 3,415,984 | 3,857,769 | 4,166,130 | 4,327,982 | 4,579,076 | 5,232,602 | 5,399,115 | 5,476,720 | 5,465,432 |
| Net premiums written | 2,292,911 | 2,272,117 | 2,324,492 | 2,558,010 | 2,870,714 | 3,127,638 | 3,265,578 | 3,480,478 | 3,564,747 | 3,587,400 | 3,598,396 |
| Ordinary profit | 203,413 | 126,587 | 160,324 | 207,457 | 274,386 | 358,182 | 385,825 | 387,659 | 344,939 | 416,330 | 363,945 |
| Net income attributable to owners of the parent | 128,418 | 71,924 | 6,001 | 129,578 | 184,114 | 247,438 | 254,540 | 273,856 | 284,183 | 274,579 | 259,763 |
| Comprehensive income | — | (196,554) | (10,558) | 548,251 | 442,277 | 997,024 | (14,543) | 169,603 | 500,528 | 42,871 | 2,737 |
| Financial Indicators (Consolidated) | | | | | | | | | | | |
| Net assets | 2,184,795 | 1,904,477 | 1,857,465 | 2,363,183 | 2,739,114 | 3,609,655 | 3,512,656 | 3,569,760 | 3,835,536 | 3,603,741 | 3,426,675 |
| Total assets | 17,265,868 | 16,528,644 | 16,338,460 | 18,029,442 | 18,948,000 | 20,889,670 | 21,855,328 | 22,607,603 | 22,929,935 | 22,531,402 | 25,253,966 |
| Capital ratio (%) | 12.56 | 11.41 | 11.26 | 12.98 | 14.32 | 17.13 | 15.94 | 15.67 | 16.59 | 15.86 | 13.35 |
| Return on equity: ROE (%) | 6.76 | 3.55 | 0.32 | 6.20 | 7.29 | 7.87 | 7.21 | 7.79 | 7.74 | 7.44 | 7.48 |
| Consolidated solvency margin ratio (%) | — | — | 717.8 | 737.0 | 728.4 | 781.3 | 791.4 | 897.3 | 879.3 | 854.2 | 845.8 |
| Stock-related Information | | | | | | | | | | | |
| Net assets per share (Yen) | 2,754 | 2,460 | 2,399 | 3,052 | 3,536 | 4,742 | 4,617 | 4,722 | 5,245 | 5,058 | 4,832 |
| Net income per share—Basic (Yen) | 163 | 92 | 7 | 168 | 239 | 323 | 337 | 363 | 382 | 383 | 369 |
| Dividends per share (Yen) | 50 | 50 | 50 | 55 | 70 | 95 | 110 | 140 | 160 | 180 | 190 |
| Dividends total | 39,380 | 38,597 | 38,346 | 42,187 | 53,705 | 72,197 | 83,015 | 105,342 | 117,633 | 128,054 | 133,011 |
| Number of shares outstanding at year-end (Thousands) | 804,524 | 804,524 | 804,524 | 769,524 | 769,524 | 757,524 | 757,524 | 753,024 | 748,024 | 710,000 | 702,000 |
| Share price at year-end (Yen) | 2,633 | 2,224 | 2,271 | 2,650 | 3,098 | 4,538.5 | 3,800 | 4,696 | 4,735 | 5,362 | 4,950 |
| Price-to-earnings ratio: PER (Ratio) | 16.15 | 24.05 | 290.41 | 15.69 | 12.91 | 14.01 | 11.27 | 12.92 | 12.37 | 14.00 | 13.39 |
| Price-to-book value ratio: PBR (Ratio) | 0.96 | 0.90 | 0.95 | 0.87 | 0.88 | 0.96 | 0.82 | 0.99 | 0.90 | 1.06 | 1.02 |
| Key Performance Indicators | | | | | | | | | | | |
| Adjusted net income | — | — | 30,798 | 163,137 | 243,756 | 323,318 | 351,906 | 406,743 | 341,450 | 280,949 | 286,701 |
| Adjusted net assets | — | — | 2,301,621 | 2,746,566 | 3,172,530 | 4,103,470 | 3,599,396 | 3,812,417 | 4,086,470 | 3,763,118 | 3,240,906 |
| Adjusted ROE (%) | — | — | 1.3 | 6.5 | 8.2 | 8.9 | 9.1 | 11.0 | 8.6 | 7.2 | 8.2 |
| Adjusted BPS (Yen) | — | — | 3,001 | 3,580 | 4,135 | 5,437 | 4,769 | 5,082 | 5,633 | 5,325 | 4,643 |
| Adjusted EPS (Yen) | — | — | 40 | 212 | 317 | 423 | 466 | 539 | 459 | 391 | 408 |
| Adjusted PBR (Ratio) | — | — | 0.76 | 0.74 | 0.75 | 0.83 | 0.80 | 0.92 | 0.84 | 1.01 | 1.07 |
| Environmental, Social and Governance (ESG) Information | | | | | | | | | | | |
| Number of employees | 29,578 | 29,758 | 30,831 | 33,006 | 33,310 | 33,829 | 36,902 | 38,842 | 39,191 | 40,848 | 41,101 |
| Number of employees outside Japan | — | 5,565 | 6,207 | 8,687 | 9,102 | 9,640 | 12,612 | 13,525 | 13,803 | 15,557 | 15,814 |
| CO ₂ emissions (Tons) | 85,701 | 73,692 | 75,277 | 93,311 | 87,971 | 98,317 | 122,280 | 119,420 | 115,244 | 111,509 | 111,172 |
| CO ₂ fixation/reduction effect (Tons) | 49,561 | 58,000 | 75,925 | 84,360 | 100,951 | 113,310 | 133,447 | 163,459 | 163,521 | 153,335 | 133,617 |

Notes: 1. With the application of "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No.21), the former Net income is Net income attributable to owners of the parent from FY2015.
2. Effective FY2010, the Company applied "Accounting Standard for Earnings Per Share" (ASBJ Statement No.2) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No.4) to calculate Net income per share – diluted.
3. Number of employees is staff head-count currently at work.
4. Figures for Comprehensive income, consolidated solvency margin ratio, and number of employees outside Japan are provided beginning with the fiscal year from which data collection and disclosure began.

5. Dividends per share for FY2018 does not include one-time dividend of approx. ¥50.0 billion and Dividends per share for FY2019 does not include one-time dividend of approx. ¥25.0 billion.
6. The Key Performance Indicators have been newly defined in FY2015 and figures for FY2011 and thereafter have been restated.
7. The main reason for the increase in CO₂ emissions from FY2015 was the expansion of coverage for calculation of Scope 3 (Other Indirect Emissions).

Business Conditions (Unaudited)

Adjusted Net Income, Adjusted Net Assets, and Adjusted ROE

Tokio Marine Group has set adjusted net income, adjusted net assets, and adjusted ROE, as defined below, as indicators for its management plans and shareholder return to enhance transparency and comparability as well as ensure linkage with shareholder return.

These are indicators that clarify profit or loss attributable to the reporting period, excluding the effect of various reserves specific to the Japanese insurance business as well as deducting special factors of the period such as gains or losses on sales or valuation of assets, etc. (Below are figures for FY2019.)

Adjusted Net Income¹

| | | | | | | | | | | |
|---------------------|---|--|---|--|---|--|---|--|---|---|
| Adjusted net income | = | Net income (consolidated) ² | + | Provision for catastrophe loss reserves ³ | + | Provision for contingency reserves ³ | + | Provision for price fluctuation reserves ³ | - | Gains or losses on sales or valuation of ALM ⁴ bonds and interest rate swaps |
| ¥286.7 billion | | ¥259.7 billion | | ¥(49.7) billion | | ¥0.8 billion | | ¥6.9 billion | | ¥12.5 billion |
| | | | | | + | Amortization of goodwill and other intangible fixed assets | | Gains or losses on sales or valuation of fixed assets and business investment equities | - | Other extraordinary gains/losses, valuation allowances, etc. |
| | | | | | | ¥77.7 billion | | ¥(8.5) billion | | ¥4.8 billion |

Adjusted Net Assets¹

| | | | | | | | | | | |
|---------------------|---|---------------------------|---|---------------------------|---|----------------------|---|----------------------------|---|--|
| Adjusted net assets | = | Net assets (consolidated) | + | Catastrophe loss reserves | + | Contingency reserves | + | Price fluctuation reserves | - | Goodwill and other intangible fixed assets |
| ¥3,240.9 billion | | ¥3,372.1 billion | | ¥691.5 billion | | ¥41.6 billion | | ¥85.1 billion | | ¥949.5 billion |

Adjusted ROE

| | | | | | | |
|--------------|---|---------------------|---|----------------------------------|--|--|
| Adjusted ROE | = | Adjusted net income | ÷ | Adjusted net assets ⁵ | | 1 Each adjustment is on an after-tax basis 2 Net income attributable to owners of the parent 3 In case of reversal, it is subtracted from the equation 4 ALM: Asset Liability Management. Excluded since it is counterbalance of ALM-related liabilities 5 Average balance basis |
| 8.2% | | ¥286.7 billion | | ¥3,502.0 billion | | |

Business Unit Profits

From the perspective of accurately assessing corporate value including economic value, etc., and expanding it in the long-term, business unit profits are defined as below.

Non-Life Insurance Business

| | | | | | | | | | | | | |
|------------------------------------|---|------------|---|--|---|---|---|---|---|---|---|--|
| Business unit profits ¹ | = | Net income | + | Provision for catastrophe loss reserves ² | + | Provision for price fluctuation reserves ² | - | Gains or losses on sales or valuation of ALM ³ bonds and interest rate swaps | - | Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities | - | Other extraordinary gains/losses, valuation allowances, etc. |
|------------------------------------|---|------------|---|--|---|---|---|---|---|---|---|--|

Life Insurance Business⁴

| | | | | | | |
|------------------------------------|---|--|---|---|--|---|
| Business unit profits ¹ | = | Increase in EV ⁵ during the current fiscal year | - | Capital transactions such as capital increase | | 1 Each adjustment is on an after-tax basis 2 In case of reversal, it is subtracted from the equation 3 ALM: Asset Liability Management. Excluded since it is counterbalance of ALM-related liabilities 4 For some of the life insurance companies, Business Unit Profit is calculated by using the definition in other businesses (head office expenses, etc., are deducted from profits) 5 EV: Embedded Value. An index that shows the sum of the net present value of profits to be gained from policies in-force and the net asset value |
| | | Net income determined in accordance with financial accounting principles | | | | |

Overview of Business Results (Unaudited)

1. Consolidated Results of Operations

During the fiscal year 2019, despite some positive signs such as a lull in trade frictions between the U.S. and China in the second half, the world economy slowed dramatically towards the end of the fiscal year due to the global spread of coronavirus disease 2019 (COVID-19), and financial and capital markets became increasingly unstable.

In Japan, the economy experienced a significant downturn due to the spread of COVID-19, in addition to weak foreign demand and natural disasters.

Under these circumstances, as a result of our efforts to expand our business, which is centered on non-life insurance and life insurance, our consolidated results of operations for the fiscal year 2019 were as follows:

Ordinary income decreased by 11.2 billion yen to 5,465.4 billion yen from the previous fiscal year, the main components of which were Underwriting income of 4,701.9 billion yen and Investment income of 642.2 billion yen. Ordinary expenses increased by 41.0 billion yen to 5,101.4 billion yen from the previous fiscal year, the main components of which were Underwriting expenses of 4,096.2 billion yen, Investment expenses of 82.9 billion yen, and Operating and general administrative expenses of 892.7 billion yen.

As a result, Ordinary profit decreased by 52.3 billion yen to 363.9 billion yen from the previous fiscal year.

Net income attributable to owners of the parent, composed of Ordinary profit plus Extraordinary gains minus Extraordinary losses and Total income taxes, decreased by 14.8 billion yen to 259.7 billion yen from the previous fiscal year.

Domestic Non-Life Insurance (Unaudited)

In the Domestic non-life insurance business, Ordinary income decreased by 64.6 billion yen to 2,782.5 billion yen from the previous fiscal year. Ordinary profit decreased by 48.7 billion yen to 179.5 billion yen from the previous fiscal year.

Figures pertaining to insurance underwriting and investment in the Domestic non-life insurance business are as follows.

Underwriting

Direct premiums written (including deposit premiums from policyholders)

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|-------------------------------------|---|-----------------------|--------------------|---|-----------------------|--------------------|
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 466,568 | 16.88 | 11.93 | 416,848 | 15.57 | 6.96 |
| Hull and cargo | 71,519 | 2.59 | 5.70 | 67,663 | 2.53 | 3.37 |
| Personal accident | 265,036 | 9.59 | 2.36 | 258,922 | 9.67 | (2.79) |
| Voluntary automobile | 1,200,041 | 43.42 | 1.29 | 1,184,723 | 44.26 | 0.36 |
| Compulsory automobile liability | 281,885 | 10.20 | (0.43) | 283,097 | 10.58 | 0.40 |
| Others | 478,778 | 17.32 | 2.85 | 465,531 | 17.39 | 2.52 |
| Total | 2,763,830 | 100.00 | 3.25 | 2,676,786 | 100.00 | 1.47 |
| Deposit premiums from policyholders | 77,041 | 2.79 | (4.41) | 80,592 | 3.01 | (14.04) |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written including deposit premiums from policyholders = Gross premiums written - Surrender benefits of direct policies - Other refunds of direct policies (including deposit premiums from policyholders)

Business Conditions (Unaudited)

Net premiums written

| | FY2019 | | | FY2018 | | |
|---------------------------------|-----------------------------------|-----------------------|--------------------|-----------------------------------|-----------------------|--------------------|
| | (April 1, 2019 to March 31, 2020) | | | (April 1, 2018 to March 31, 2019) | | |
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 345,980 | 14.25 | 14.17 | 303,045 | 12.95 | 3.19 |
| Hull and cargo | 65,307 | 2.69 | 4.12 | 62,725 | 2.68 | 4.68 |
| Personal accident | 185,527 | 7.64 | 2.93 | 180,251 | 7.70 | 2.43 |
| Voluntary automobile | 1,195,587 | 49.24 | 1.32 | 1,179,965 | 50.41 | 0.23 |
| Compulsory automobile liability | 294,319 | 12.12 | 2.14 | 288,152 | 12.31 | (4.35) |
| Others | 341,176 | 14.05 | 4.53 | 326,394 | 13.95 | 6.45 |
| Total | 2,427,899 | 100.00 | 3.73 | 2,340,534 | 100.00 | 1.12 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

| | FY2019 | | | FY2018 | | |
|---------------------------------|-----------------------------------|-----------------------|--------------------|-----------------------------------|-----------------------|--------------------|
| | (April 1, 2019 to March 31, 2020) | | | (April 1, 2018 to March 31, 2019) | | |
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 284,835 | 19.53 | (13.95) | 331,022 | 22.26 | 91.70 |
| Hull and cargo | 44,061 | 3.02 | 10.36 | 39,926 | 2.69 | 13.60 |
| Personal accident | 88,836 | 6.09 | 5.99 | 83,812 | 5.64 | (0.71) |
| Voluntary automobile | 661,751 | 45.38 | 0.85 | 656,203 | 44.13 | 4.49 |
| Compulsory automobile liability | 203,048 | 13.92 | (5.65) | 215,209 | 14.47 | (1.98) |
| Others | 175,645 | 12.05 | 9.26 | 160,762 | 10.81 | (8.79) |
| Total | 1,458,179 | 100.00 | (1.93) | 1,486,935 | 100.00 | 12.98 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment

Investment assets

| | As of March 31, 2020 | | As of March 31, 2019 | |
|-------------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Amount | Composition ratio (%) | Amount | Composition ratio (%) |
| | | | | |
| Bank deposits | 440,558 | 6.10 | 517,253 | 6.60 |
| Receivables under resale agreements | 999 | 0.01 | 999 | 0.01 |
| Monetary receivables bought | 139,299 | 1.93 | 101,536 | 1.30 |
| Money trusts | 2,103 | 0.03 | 2,156 | 0.03 |
| Securities | 5,209,652 | 72.10 | 6,007,693 | 76.65 |
| Loans | 296,835 | 4.11 | 135,307 | 1.73 |
| Land and buildings | 211,708 | 2.93 | 215,095 | 2.74 |
| Total investment assets | 6,301,158 | 87.20 | 6,980,042 | 89.06 |
| Total assets | 7,225,925 | 100.00 | 7,837,423 | 100.00 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

| | As of March 31, 2020 | | As of March 31, 2019 | |
|----------------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Amount | Composition ratio (%) | Amount | Composition ratio (%) |
| | | | | |
| Domestic government bonds | 1,449,805 | 27.83 | 1,724,668 | 28.71 |
| Domestic municipal bonds | 100,225 | 1.92 | 103,463 | 1.72 |
| Domestic corporate bonds | 725,812 | 13.93 | 675,639 | 11.25 |
| Domestic equity securities | 2,005,071 | 38.49 | 2,427,758 | 40.41 |
| Foreign securities | 900,607 | 17.29 | 1,046,310 | 17.42 |
| Others | 28,129 | 0.54 | 29,853 | 0.50 |
| Total | 5,209,652 | 100.00 | 6,007,693 | 100.00 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

| | FY2019 | | | FY2018 | | |
|---|-----------------------------------|-----------------|------------------|-----------------------------------|-----------------|------------------|
| | (April 1, 2019 to March 31, 2020) | | | (April 1, 2018 to March 31, 2019) | | |
| | Interest and dividends | Average balance | Annual yield (%) | Interest and dividends | Average balance | Annual yield (%) |
| Bank deposits | 181 | 450,822 | 0.04 | 360 | 481,168 | 0.07 |
| Call loans | — | 8 | 0.00 | — | 978 | 0.00 |
| Receivables under resale agreements | 0 | 1,526 | 0.01 | 0 | 3,533 | 0.00 |
| Receivables under securities borrowing transactions | — | — | — | 15 | 15,596 | 0.10 |
| Monetary receivables bought | 105 | 227,160 | 0.05 | 45 | 110,685 | 0.04 |
| Money trusts | — | 2,005 | 0.00 | 2,172 | 41,313 | 5.26 |
| Securities | 121,663 | 3,917,028 | 3.11 | 122,233 | 3,994,838 | 3.06 |
| Loans | 7,607 | 257,923 | 2.95 | 1,255 | 242,583 | 0.52 |
| Land and buildings | 8,532 | 213,296 | 4.00 | 8,512 | 212,667 | 4.00 |
| Subtotal | 138,091 | 5,069,771 | 2.72 | 134,596 | 5,103,365 | 2.64 |
| Others | 783 | — | — | 709 | — | — |
| Total | 138,874 | — | — | 135,305 | — | — |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.

2. Interest and dividends is the sum of Interest and dividends and the amount equivalent to the Interest and dividends that is included in Gains on money trusts and Losses on money trusts in the consolidated statement of income.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

| | FY2019 | | | FY2018 | | |
|---|-----------------------------------|-----------------|------------------|-----------------------------------|-----------------|------------------|
| | (April 1, 2019 to March 31, 2020) | | | (April 1, 2018 to March 31, 2019) | | |
| | Net investment income | Average balance | Annual yield (%) | Net investment income | Average balance | Annual yield (%) |
| Bank deposits | 1,122 | 450,822 | 0.25 | 1,493 | 481,168 | 0.31 |
| Call loans | — | 8 | 0.00 | — | 978 | 0.00 |
| Receivables under resale agreements | 0 | 1,526 | 0.01 | 0 | 3,533 | 0.00 |
| Receivables under securities borrowing transactions | — | — | — | 15 | 15,596 | 0.10 |
| Monetary receivables bought | 105 | 227,160 | 0.05 | 45 | 110,685 | 0.04 |
| Money trusts | (50) | 2,005 | (2.52) | (1,438) | 41,313 | (3.48) |
| Securities | 205,836 | 3,917,028 | 5.25 | 213,452 | 3,994,838 | 5.34 |
| Loans | 6,309 | 257,923 | 2.45 | 1,323 | 242,583 | 0.55 |
| Land and buildings | 8,532 | 213,296 | 4.00 | 8,512 | 212,667 | 4.00 |
| Derivatives | (16,725) | — | — | (20,330) | — | — |
| Others | (799) | — | — | 3,845 | — | — |
| Total | 204,332 | 5,069,771 | 4.03 | 206,919 | 5,103,365 | 4.05 |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.

2. Net investment income is the sum of Investment income and Investment income on deposit premiums in the consolidated statement of income less Investment expenses.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Business Conditions (Unaudited)

Domestic Life Insurance (Unaudited)

In the Domestic life insurance business, Ordinary income decreased by 31.2 billion yen to 748.1 billion yen from the previous fiscal year. Ordinary profit increased by 11.5 billion yen to 51.8 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the Domestic life insurance business are as follows.

Underwriting

Total amount of business in force

| | As of March 31, 2020 | | As of March 31, 2019 | |
|----------------------|----------------------|--------------------|----------------------|--------------------|
| | Total | Rate of change (%) | Total | Rate of change (%) |
| | | | | |
| Individual insurance | 29,334,366 | (0.77) | 29,561,288 | 3.71 |
| Individual annuities | 2,146,807 | (6.00) | 2,283,755 | (8.09) |
| Group insurance | 2,195,007 | (3.13) | 2,266,042 | (4.91) |
| Group annuities | 3,161 | (1.36) | 3,205 | (1.40) |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.

2. Amounts of individual annuities represent the sums of funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and the amount of underwriting reserves for an annuity for which payments have commenced.

3. Amounts of group annuities represent amounts of underwriting reserves.

Total amount of new business

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|----------------------|---|--------------|-------------------------------|---|--------------|-------------------------------|
| | New business + Net increase on conversion | New business | Net increase on conversion | New business + Net increase on conversion | New business | Net increase on conversion |
| | | | | | | |
| Individual insurance | 2,144,067 | 2,144,067 | — | 3,415,408 | 3,415,408 | — |
| Individual annuities | — | — | — | — | — | — |
| Group insurance | 14,379 | 14,379 | — | 7,017 | 7,017 | — |
| Group annuities | — | — | — | — | — | — |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.

2. Amounts of individual annuities under new business represent the sums of annuity funds at the beginning of the annuity payment.

3. Amounts of group annuities under new business represent the first installment of premium payments.

Investment

Investment assets

| | As of March 31, 2020 | | As of March 31, 2019 | |
|---|----------------------|-----------------------|----------------------|-----------------------|
| | Amount | Composition ratio (%) | Amount | Composition ratio (%) |
| | | | | |
| Bank deposits | 119,220 | 1.30 | 73,472 | 0.99 |
| Receivables under securities borrowing transactions | 4,612 | 0.05 | 9,084 | 0.12 |
| Monetary receivables bought | — | — | 138,998 | 1.88 |
| Securities | 8,728,238 | 94.86 | 6,934,724 | 93.89 |
| Loans | 205,021 | 2.23 | 96,219 | 1.30 |
| Land and buildings | 421 | 0.00 | 470 | 0.01 |
| Total investment assets | 9,057,514 | 98.44 | 7,252,969 | 98.20 |
| Total assets | 9,200,998 | 100.00 | 7,385,957 | 100.00 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

| | As of March 31, 2020 | | As of March 31, 2019 | |
|----------------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Amount | Composition ratio (%) | Amount | Composition ratio (%) |
| | | | | |
| Domestic government bonds | 7,823,712 | 89.64 | 6,112,210 | 88.14 |
| Domestic municipal bonds | 47,843 | 0.55 | 25,348 | 0.37 |
| Domestic corporate bonds | 414,668 | 4.75 | 243,058 | 3.50 |
| Domestic equity securities | 176 | 0.00 | 166 | 0.00 |
| Foreign securities | 340,334 | 3.90 | 434,898 | 6.27 |
| Others | 101,503 | 1.16 | 119,042 | 1.72 |
| Total | 8,728,238 | 100.00 | 6,934,724 | 100.00 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|---|---|-----------------|------------------|---|-----------------|------------------|
| | Interest and dividends | Average balance | Annual yield (%) | Interest and dividends | Average balance | Annual yield (%) |
| | | | | | | |
| Bank deposits | 1 | 77,993 | 0.00 | 2 | 65,753 | 0.00 |
| Call loans | — | 0 | 0.00 | — | 1 | 0.00 |
| Receivables under securities borrowing transactions | 0 | 3,183 | 0.02 | 2 | 14,207 | 0.02 |
| Monetary receivables bought | 4 | 48,132 | 0.01 | 14 | 150,650 | 0.01 |
| Securities | 101,128 | 7,415,148 | 1.36 | 98,706 | 6,472,998 | 1.52 |
| Loans | 8,066 | 188,713 | 4.27 | 2,696 | 93,050 | 2.90 |
| Land and buildings | — | 477 | 0.00 | — | 527 | 0.00 |
| Subtotal | 109,201 | 7,733,650 | 1.41 | 101,421 | 6,797,189 | 1.49 |
| Others | — | — | — | — | — | — |
| Total | 109,201 | — | — | 101,421 | — | — |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.

2. Interest and dividends represents Interest and dividends in the consolidated statement of income.

3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|---|---|-----------------|------------------|---|-----------------|------------------|
| | Net investment income | Average balance | Annual yield (%) | Net investment income | Average balance | Annual yield (%) |
| | | | | | | |
| Bank deposits | (9) | 77,993 | (0.01) | 58 | 65,753 | 0.09 |
| Call loans | — | 0 | 0.00 | — | 1 | 0.00 |
| Receivables under securities borrowing transactions | 0 | 3,183 | 0.02 | 2 | 14,207 | 0.02 |
| Monetary receivables bought | 4 | 48,132 | 0.01 | 14 | 150,650 | 0.01 |
| Securities | 101,924 | 7,415,148 | 1.37 | 87,957 | 6,472,998 | 1.36 |
| Loans | 8,077 | 188,713 | 4.28 | 2,696 | 93,050 | 2.90 |
| Land and buildings | — | 477 | 0.00 | — | 527 | 0.00 |
| Derivatives | (7,380) | — | — | 87 | — | — |
| Others | — | — | — | — | — | — |
| Total | 102,617 | 7,733,650 | 1.33 | 90,816 | 6,797,189 | 1.34 |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.

2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.

3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Business Conditions (Unaudited)

International Insurance (Unaudited)

In the International insurance business, Ordinary income decreased by 80.8 billion yen to 1,891.2 billion yen from the previous fiscal year. Ordinary profit decreased by 16.1 billion yen to 125.4 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the International insurance business are as follows.

Underwriting

Net premiums written

| (Yen in millions) | | | | | | |
|-----------------------|---|-----------------------|--------------------|---|-----------------------|--------------------|
| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 197,713 | 16.89 | (15.08) | 232,829 | 18.67 | 0.14 |
| Hull and cargo | 43,425 | 3.71 | 4.26 | 41,650 | 3.34 | (10.85) |
| Personal accident | 29,121 | 2.49 | (11.69) | 32,975 | 2.64 | (12.79) |
| Voluntary automobile | 254,886 | 21.77 | (1.01) | 257,479 | 20.65 | (8.19) |
| Others | 645,466 | 55.14 | (5.36) | 682,036 | 54.70 | 4.50 |
| Total | 1,170,614 | 100.00 | (6.12) | 1,246,972 | 100.00 | (0.26) |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

| (Yen in millions) | | | | | | |
|-----------------------|---|-----------------------|--------------------|---|-----------------------|--------------------|
| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 101,547 | 16.93 | (27.44) | 139,950 | 22.43 | 2.83 |
| Hull and cargo | 23,602 | 3.94 | 8.20 | 21,813 | 3.50 | (10.36) |
| Personal accident | 15,277 | 2.55 | (12.94) | 17,548 | 2.81 | (7.49) |
| Voluntary automobile | 149,023 | 24.85 | (7.74) | 161,529 | 25.89 | 1.74 |
| Others | 310,326 | 51.74 | 9.67 | 282,964 | 45.36 | 7.55 |
| Total | 599,776 | 100.00 | (3.85) | 623,806 | 100.00 | 3.75 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment

Investment assets

| (Yen in millions) | | | | |
|-----------------------------|----------------------|-----------------------|----------------------|-----------------------|
| | As of March 31, 2020 | | As of March 31, 2019 | |
| | Amount | Composition ratio (%) | Amount | Composition ratio (%) |
| Bank deposits | 222,491 | 2.51 | 224,971 | 3.09 |
| Monetary receivables bought | 1,224,452 | 13.83 | 1,228,417 | 16.87 |
| Securities | 3,936,263 | 44.44 | 3,558,348 | 48.87 |
| Loans | 1,093,555 | 12.35 | 712,921 | 9.79 |
| Land and buildings | 45,892 | 0.52 | 29,582 | 0.41 |
| Total investment assets | 6,522,655 | 73.65 | 5,754,240 | 79.04 |
| Total assets | 8,856,731 | 100.00 | 7,280,533 | 100.00 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|-----------------------------|---|-----------------|------------------|---|-----------------|------------------|
| | Interest and dividends | Average balance | Annual yield (%) | Interest and dividends | Average balance | Annual yield (%) |
| Bank deposits | 2,893 | 223,634 | 1.29 | 2,627 | 258,100 | 1.02 |
| Monetary receivables bought | 61,279 | 1,201,894 | 5.10 | 57,651 | 1,154,976 | 4.99 |
| Securities | 130,982 | 3,492,837 | 3.75 | 136,766 | 3,679,255 | 3.72 |
| Loans | 69,993 | 903,571 | 7.75 | 61,330 | 701,554 | 8.74 |
| Land and buildings | 750 | 37,752 | 1.99 | 751 | 28,942 | 2.60 |
| Subtotal | 265,899 | 5,859,690 | 4.54 | 259,128 | 5,822,829 | 4.45 |
| Others | 1,253 | — | — | 612 | — | — |
| Total | 267,153 | — | — | 259,740 | — | — |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Interest and dividends represents Interest and dividends in the consolidated statement of income.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

Realized yield

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|-----------------------------|---|-----------------|------------------|---|-----------------|------------------|
| | Net investment income | Average balance | Annual yield (%) | Net investment income | Average balance | Annual yield (%) |
| Bank deposits | 2,390 | 223,634 | 1.07 | 2,504 | 258,100 | 0.97 |
| Monetary receivables bought | 60,198 | 1,201,894 | 5.01 | 59,427 | 1,154,976 | 5.15 |
| Securities | 159,500 | 3,492,837 | 4.57 | 142,972 | 3,679,255 | 3.89 |
| Loans | 68,623 | 903,571 | 7.59 | 58,683 | 701,554 | 8.36 |
| Land and buildings | 750 | 37,752 | 1.99 | 751 | 28,942 | 2.60 |
| Derivatives | 11,221 | — | — | (9,405) | — | — |
| Others | (64) | — | — | (5,922) | — | — |
| Total | 302,620 | 5,859,690 | 5.16 | 249,011 | 5,822,829 | 4.28 |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

(Reference) Total for All Businesses (Unaudited)

Direct premiums written (including deposit premiums from policyholders)

| (Yen in millions) | | | | | | |
|-------------------------------------|---|-----------------------|--------------------|---|-----------------------|--------------------|
| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 714,550 | 17.55 | 10.43 | 647,080 | 16.52 | 4.05 |
| Hull and cargo | 133,597 | 3.28 | 11.46 | 119,864 | 3.06 | (2.36) |
| Personal accident | 296,102 | 7.27 | 1.70 | 291,138 | 7.43 | (4.60) |
| Voluntary automobile | 1,450,761 | 35.64 | 2.55 | 1,414,645 | 36.11 | 0.16 |
| Compulsory automobile liability | 281,885 | 6.92 | (0.43) | 283,097 | 7.23 | 0.40 |
| Others | 1,194,195 | 29.33 | 2.82 | 1,161,482 | 29.65 | 5.02 |
| Total | 4,071,093 | 100.00 | 3.93 | 3,917,308 | 100.00 | 1.74 |
| Deposit premiums from policyholders | 77,041 | 1.89 | (4.41) | 80,592 | 2.06 | (14.04) |

Note: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written including deposit premiums from policyholders = Gross premiums written - Surrender benefits of direct policies - Other refunds of direct policies (including deposit premiums from policyholders)

Business Conditions (Unaudited)

Net premiums written

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|---------------------------------|---|--------------------------|-----------------------|---|--------------------------|-----------------------|
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 543,683 | 15.11 | 1.46 | 535,865 | 14.94 | 1.84 |
| Hull and cargo | 108,732 | 3.02 | 4.17 | 104,376 | 2.91 | (2.12) |
| Personal accident | 214,643 | 5.96 | 0.67 | 213,219 | 5.94 | (0.26) |
| Voluntary automobile | 1,450,451 | 40.31 | 0.91 | 1,437,427 | 40.07 | (1.39) |
| Compulsory automobile liability | 294,319 | 8.18 | 2.14 | 288,152 | 8.03 | (4.35) |
| Others | 986,565 | 27.42 | (2.16) | 1,008,359 | 28.11 | 5.12 |
| Total | 3,598,396 | 100.00 | 0.31 | 3,587,400 | 100.00 | 0.64 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

| | FY2019 (April 1, 2019 to March 31, 2020) | | | FY2018 (April 1, 2018 to March 31, 2019) | | |
|---------------------------------|---|--------------------------|-----------------------|---|--------------------------|-----------------------|
| | Amount | Composition ratio (%) | Rate of change (%) | Amount | Composition ratio (%) | Rate of change (%) |
| Fire and allied lines | 386,383 | 18.78 | (17.96) | 470,973 | 22.32 | 52.53 |
| Hull and cargo | 67,606 | 3.29 | 10.42 | 61,229 | 2.90 | 2.97 |
| Personal accident | 103,924 | 5.05 | 2.81 | 101,079 | 4.79 | (1.85) |
| Voluntary automobile | 810,774 | 39.40 | (0.85) | 817,731 | 38.76 | 3.93 |
| Compulsory automobile liability | 203,048 | 9.87 | (5.65) | 215,209 | 10.20 | (1.98) |
| Others | 485,970 | 23.62 | 9.52 | 443,727 | 21.03 | 0.99 |
| Total | 2,057,707 | 100.00 | (2.48) | 2,109,949 | 100.00 | 10.07 |

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

2. Cash Flows

Cash flows for the fiscal year 2019 were as follows:

Net cash provided by operating activities increased by 52.1 billion yen to 997.6 billion yen compared to the previous fiscal year, mainly due to a decrease in paid claims. Net cash used in investing activities increased by 1,979.6 billion yen to 2,546.4 billion yen, mainly due to an increase in purchases of securities. Net cash provided by financing activities increased by 1,922.1 billion yen to 1,543.1 billion yen, mainly due to an increase in cash collateral under securities lending transactions for procurement of funds.

As a result, Cash and cash equivalents at the end of the year was 1,021.1 billion yen, a decrease of 2.1 billion yen from that as of March 31, 2019.

3. Production, Orders and Sales

There is no applicable information due to the nature of the business as an insurance holding company.

Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976, hereinafter referred to as "Consolidated Statements Regulation"). The consolidated financial statements have been also prepared in conformity with the Enforcement Regulations for the Insurance Business Act (Ministry of Finance Ordinance No. 5, 1996, hereinafter referred to as "Insurance Act Enforcement Regulations"), as stipulated under Articles 46 and 68 of the Consolidated Statements Regulation.

The Company and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Amounts of less than 1 million yen have been omitted in the consolidated financial statements. As a result, the provided total balance does not necessarily agree with the sum of the individual account balances.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

| | Notes No. | (Yen in millions) | |
|--|-----------|----------------------|----------------------|
| | | As of March 31, 2020 | As of March 31, 2019 |
| Assets | | | |
| Cash and bank deposits | *4 | 820,873 | 851,657 |
| Receivables under resale agreements | | 999 | 999 |
| Receivables under securities borrowing transactions | | 4,612 | 9,084 |
| Monetary receivables bought | *4 | 1,363,752 | 1,468,952 |
| Money trusts | | 2,103 | 2,156 |
| Securities | *2*4*6 | 17,875,998 | 16,502,611 |
| Loans | *3*4*7 | 1,524,100 | 932,167 |
| Tangible fixed assets | *1 | 315,216 | 293,257 |
| Land | | 133,825 | 134,594 |
| Buildings | | 134,346 | 120,865 |
| Construction in progress | | 4,206 | 651 |
| Other tangible fixed assets | | 42,837 | 37,145 |
| Intangible fixed assets | | 1,101,306 | 767,598 |
| Software | | 43,992 | 39,810 |
| Goodwill | | 533,432 | 411,681 |
| Other intangible fixed assets | | 523,880 | 316,106 |
| Other assets | | 2,217,451 | 1,664,969 |
| Net defined benefit assets | | 2,710 | 17,515 |
| Deferred tax assets | | 33,888 | 29,511 |
| Customers' liabilities under acceptances and guarantees | | 2,114 | 2,230 |
| Allowance for doubtful accounts | | (11,162) | (11,308) |
| Total assets | | 25,253,966 | 22,531,402 |
| Liabilities | | | |
| Insurance liabilities | | 17,222,596 | 16,416,905 |
| Outstanding claims | *4 | 2,995,636 | 2,863,815 |
| Underwriting reserves | *4 | 14,226,960 | 13,553,090 |
| Corporate bonds | | 270,536 | 57,514 |
| Other liabilities | | 3,628,726 | 1,692,804 |
| Payables under securities lending transactions | | 1,620,178 | 197,623 |
| Other liabilities | *4*10 | 2,008,548 | 1,495,180 |
| Net defined benefit liabilities | | 245,966 | 254,430 |
| Provision for employees' bonus | | 70,698 | 61,371 |
| Reserves under special laws | | 118,071 | 108,457 |
| Reserve for price fluctuation | | 118,071 | 108,457 |
| Deferred tax liabilities | | 239,668 | 294,805 |
| Negative goodwill | | 28,911 | 39,140 |
| Acceptances and guarantees | | 2,114 | 2,230 |
| Total liabilities | | 21,827,291 | 18,927,661 |
| Net assets | | | |
| Shareholders' equity | | | |
| Share capital | | 150,000 | 150,000 |
| Retained earnings | | 1,800,292 | 1,742,188 |
| Treasury stock | | (23,210) | (18,299) |
| Total shareholders' equity | | 1,927,082 | 1,873,889 |
| Accumulated other comprehensive income | | | |
| Unrealized gains (losses) on available-for-sale securities | | 1,435,437 | 1,676,369 |
| Deferred gains (losses) on hedge transactions | | 11,427 | 9,472 |
| Foreign currency translation adjustments | | 8,042 | 24,892 |
| Remeasurements of defined benefit plans | | (9,840) | (10,389) |
| Total accumulated other comprehensive income | | 1,445,066 | 1,700,344 |
| Stock acquisition rights | | 2,545 | 2,479 |
| Non-controlling interests | | 51,980 | 27,027 |
| Total net assets | | 3,426,675 | 3,603,741 |
| Total liabilities and net assets | | 25,253,966 | 22,531,402 |

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Financial Statements

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

| (Yen in millions) | | | |
|---|-----------|--|--|
| | Notes No. | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
| Ordinary income | | 5,465,432 | 5,476,720 |
| Underwriting income | | 4,701,979 | 4,769,640 |
| Net premiums written | | 3,598,396 | 3,587,400 |
| Deposit premiums from policyholders | | 77,041 | 80,592 |
| Investment income on deposit premiums | | 39,466 | 42,624 |
| Life insurance premiums | | 981,900 | 1,053,520 |
| Other underwriting income | | 5,174 | 5,503 |
| Investment income | | 642,214 | 589,247 |
| Interest and dividends | | 513,041 | 492,962 |
| Gains on money trusts | | — | 101 |
| Gains on trading securities | | 18,016 | 6,708 |
| Gains on sales of securities | | 142,625 | 121,973 |
| Gains on redemption of securities | | 541 | 2,011 |
| Other investment income | | 7,456 | 8,114 |
| Transfer of investment income on deposit premiums | | (39,466) | (42,624) |
| Other ordinary income | | 121,238 | 117,831 |
| Amortization of negative goodwill | | 10,229 | 10,229 |
| Other ordinary income | | 111,009 | 107,602 |
| Ordinary expenses | | 5,101,486 | 5,060,389 |
| Underwriting expenses | | 4,096,249 | 4,079,779 |
| Net claims paid | | 2,057,707 | 2,109,949 |
| Loss adjustment expenses | *1 | 145,299 | 141,980 |
| Agency commissions and brokerage | *1 | 694,708 | 707,591 |
| Maturity refunds to policyholders | | 158,337 | 164,761 |
| Dividends to policyholders | | 18 | 28 |
| Life insurance claims | | 412,721 | 492,276 |
| Provision for outstanding claims | | 128,992 | 170,883 |
| Provision for underwriting reserves | | 489,344 | 287,010 |
| Other underwriting expenses | | 9,120 | 5,296 |
| Investment expenses | | 82,938 | 90,259 |
| Losses on money trusts | | 50 | 1,540 |
| Losses on sales of securities | | 12,723 | 18,967 |
| Impairment losses on securities | | 26,577 | 9,835 |
| Losses on redemption of securities | | 772 | 1,081 |
| Losses on derivatives | | 12,809 | 29,648 |
| Investment losses on separate accounts | | 8,449 | 3,530 |
| Other investment expenses | | 21,554 | 25,655 |
| Operating and general administrative expenses | *1 | 892,776 | 861,365 |
| Other ordinary expenses | | 29,522 | 28,985 |
| Interest expenses | | 18,940 | 17,039 |
| Increase in allowance for doubtful accounts | | 808 | — |
| Losses on bad debts | | 133 | 308 |
| Equity in losses of affiliates | | 4,445 | 3,310 |
| Amortization of deferred assets under Article 113 of the Insurance Business Act | | — | 3,826 |
| Other ordinary expenses | | 5,195 | 4,500 |
| Ordinary profit | | 363,945 | 416,330 |
| Extraordinary gains | | 9,695 | 5,011 |
| Gains on disposal of fixed assets | | 173 | 1,352 |
| Gains on step acquisitions | | 4,454 | 2,891 |
| Gains on sales of investment in subsidiaries and affiliates | | 4,336 | 431 |
| Other extraordinary gains | *2 | 731 | 334 |
| Extraordinary losses | | 19,513 | 35,607 |
| Losses on disposal of fixed assets | | 1,941 | 1,908 |
| Impairment losses on fixed assets | *3 | 6,386 | 3,248 |
| Provision for reserves under special laws | | 9,614 | 7,945 |
| Provision for reserve for price fluctuation | | 9,614 | 7,945 |
| Losses on advanced depreciation of real estates | | 0 | — |
| Losses on sales of investment in subsidiaries and affiliates | | 209 | 22,504 |
| Other extraordinary losses | | 1,359 | — |
| Income before income taxes and non-controlling interests | | 354,127 | 385,733 |
| Income taxes—current | | 118,662 | 119,450 |
| Income taxes—deferred | | (26,372) | (9,437) |
| Total income taxes | | 92,289 | 110,013 |
| Net income | | 261,838 | 275,720 |
| Net income attributable to non-controlling interests | | 2,074 | 1,140 |
| Net income attributable to owners of the parent | | 259,763 | 274,579 |

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

| (Yen in millions) | | | |
|--|----------|--|--|
| | Note No. | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
| Net income | | 261,838 | 275,720 |
| Other comprehensive income | | | |
| Unrealized gains (losses) on available-for-sale securities | | (244,344) | (188,327) |
| Deferred gains (losses) on hedge transactions | | 1,394 | (1,357) |
| Foreign currency translation adjustments | | (13,968) | (49,377) |
| Remeasurements of defined benefit plans | | 544 | 9,676 |
| Share of other comprehensive income of affiliates accounted for by the equity method | | (2,726) | (3,464) |
| Total other comprehensive income | * | (259,100) | (232,848) |
| Total comprehensive income | | 2,737 | 42,871 |
| Comprehensive income attributable to: | | | |
| Owners of the parent | | (715) | 43,133 |
| Non-controlling interests | | 3,452 | (262) |

The accompanying notes are an integral part of the consolidated financial statements.

(3) Consolidated Statement of Changes in Shareholders' Equity

FY2019 (April 1, 2019 –March 31, 2020)

| (Yen in millions) | | | | |
|--|----------------------|-------------------|----------------|----------------------------|
| | Shareholders' equity | | | |
| | Share capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Beginning balance | 150,000 | 1,742,188 | (18,299) | 1,873,889 |
| Cumulative effects of revision in accounting standards for overseas subsidiaries | | (3,565) | | (3,565) |
| Restated balance | 150,000 | 1,738,622 | (18,299) | 1,870,323 |
| Changes during the year | | | | |
| Dividends | | (154,882) | | (154,882) |
| Net income attributable to owners of the parent | | 259,763 | | 259,763 |
| Purchases of treasury stock | | | (50,940) | (50,940) |
| Disposal of treasury stock | | (321) | 1,066 | 744 |
| Cancellation of treasury stock | | (44,962) | 44,962 | — |
| Changes in the scope of consolidation | | 2,272 | | 2,272 |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | | | — |
| Others | | (199) | | (199) |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during the year | — | 61,669 | (4,910) | 56,759 |
| Ending balance | 150,000 | 1,800,292 | (23,210) | 1,927,082 |

| | Accumulated other comprehensive income | | | | | | Total net assets |
|--|--|---|--|---|--------------------------|---------------------------|------------------|
| | Unrealized gains (losses) on available-for-sale securities | Deferred gains (losses) on hedge transactions | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Stock acquisition rights | Non-controlling interests | |
| Beginning balance | 1,676,369 | 9,472 | 24,892 | (10,389) | 2,479 | 27,027 | 3,603,741 |
| Cumulative effects of revision in accounting standards for overseas subsidiaries | 3,565 | | | | | | — |
| Restated balance | 1,679,935 | 9,472 | 24,892 | (10,389) | 2,479 | 27,027 | 3,603,741 |
| Changes during the year | | | | | | | |
| Dividends | | | | | | | (154,882) |
| Net income attributable to owners of the parent | | | | | | | 259,763 |
| Purchases of treasury stock | | | | | | | (50,940) |
| Disposal of treasury stock | | | | | | | 744 |
| Cancellation of treasury stock | | | | | | | — |
| Changes in the scope of consolidation | | | | | | | 2,272 |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | | | | | | — |
| Others | | | | | | | (199) |
| Net changes in items other than shareholders' equity | (244,498) | 1,955 | (16,850) | 548 | 66 | 24,953 | (233,825) |
| Total changes during the year | (244,498) | 1,955 | (16,850) | 548 | 66 | 24,953 | (177,066) |
| Ending balance | 1,435,437 | 11,427 | 8,042 | (9,840) | 2,545 | 51,980 | 3,426,675 |

Consolidated Financial Statements

FY2018 (April 1, 2018–March 31, 2019)

| | Shareholders' equity | | | |
|--|----------------------|-------------------|----------------|----------------------------|
| | Share capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Beginning balance | 150,000 | 1,837,908 | (114,446) | 1,873,461 |
| Cumulative effects of revision in accounting standards for overseas subsidiaries | | | | — |
| Restated balance | 150,000 | 1,837,908 | (114,446) | 1,873,461 |
| Changes during the year | | | | |
| Dividends | | (172,636) | | (172,636) |
| Net income attributable to owners of the parent | | 274,579 | | 274,579 |
| Purchases of treasury stock | | | (102,318) | (102,318) |
| Disposal of treasury stock | | (475) | 1,316 | 841 |
| Cancellation of treasury stock | | (197,149) | 197,149 | — |
| Changes in the scope of consolidation | | | | — |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | (9) | | (9) |
| Others | | (28) | | (28) |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during the year | — | (95,719) | 96,147 | 427 |
| Ending balance | 150,000 | 1,742,188 | (18,299) | 1,873,889 |

| | Accumulated other comprehensive income | | | | | | Total net assets |
|--|--|---|--|---|--------------------------|---------------------------|------------------|
| | Unrealized gains (losses) on available-for-sale securities | Deferred gains (losses) on hedge transactions | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Stock acquisition rights | Non-controlling interests | |
| Beginning balance | 1,864,865 | 10,829 | 76,081 | (20,044) | 2,552 | 27,789 | 3,835,536 |
| Cumulative effects of revision in accounting standards for overseas subsidiaries | | | | | | | — |
| Restated balance | 1,864,865 | 10,829 | 76,081 | (20,044) | 2,552 | 27,789 | 3,835,536 |
| Changes during the year | | | | | | | |
| Dividends | | | | | | | (172,636) |
| Net income attributable to owners of the parent | | | | | | | 274,579 |
| Purchases of treasury stock | | | | | | | (102,318) |
| Disposal of treasury stock | | | | | | | 841 |
| Cancellation of treasury stock | | | | | | | — |
| Changes in the scope of consolidation | | | | | | | — |
| Changes in equity resulted from increase in capital of consolidated subsidiaries | | | | | | | (9) |
| Others | | | | | | | (28) |
| Net changes in items other than shareholders' equity | (188,495) | (1,357) | (51,189) | 9,654 | (72) | (762) | (232,222) |
| Total changes during the year | (188,495) | (1,357) | (51,189) | 9,654 | (72) | (762) | (231,795) |
| Ending balance | 1,676,369 | 9,472 | 24,892 | (10,389) | 2,479 | 27,027 | 3,603,741 |

The accompanying notes are an integral part of the consolidated financial statements.

(4) Consolidated Statement of Cash Flows

| Notes No. | FY2019 | FY2018 |
|--|--------------------------------|--------------------------------|
| | (April 1, 2019–March 31, 2020) | (April 1, 2018–March 31, 2019) |
| Cash flows from operating activities | | |
| Income before income taxes and non-controlling interests | 354,127 | 385,733 |
| Depreciation | 60,921 | 59,732 |
| Impairment losses on fixed assets | 6,386 | 3,248 |
| Amortization of goodwill | 53,882 | 49,620 |
| Amortization of negative goodwill | (10,229) | (10,229) |
| Increase (decrease) in outstanding claims | 131,376 | 169,892 |
| Increase (decrease) in underwriting reserves | 626,117 | 449,262 |
| Increase (decrease) in allowance for doubtful accounts | (113) | (783) |
| Increase (decrease) in net defined benefit liabilities | (3,801) | 10,432 |
| Increase (decrease) in provision for employees' bonus | 7,865 | (942) |
| Increase (decrease) in reserve for price fluctuation | 9,614 | 7,945 |
| Interest and dividends | (513,041) | (492,962) |
| Losses (gains) on securities | (129,888) | (83,807) |
| Interest expenses | 18,940 | 17,039 |
| Foreign exchange losses (gains) | 5,579 | 9,721 |
| Losses (gains) on tangible fixed assets | 1,492 | 555 |
| Equity in losses (earnings) of affiliates | 4,445 | 3,310 |
| Investment losses (gains) on separate accounts | 8,449 | 3,530 |
| Decrease (increase) in other assets (other than investing and financing activities) | (128,944) | (77,912) |
| Increase (decrease) in other liabilities (other than investing and financing activities) | 90,636 | 74,269 |
| Others | 5,802 | 4,364 |
| Subtotal | 599,617 | 582,023 |
| Interest and dividends received | 519,238 | 484,471 |
| Interest paid | (18,111) | (17,708) |
| Income taxes paid | (109,458) | (126,421) |
| Others | 6,336 | 23,072 |
| Net cash provided by (used in) operating activities (a) | 997,623 | 945,437 |
| Cash flows from investing activities | | |
| Net decrease (increase) in deposits | (3,122) | 20,584 |
| Purchases of monetary receivables bought | (420,129) | (909,156) |
| Proceeds from sales and redemption of monetary receivables bought | 541,277 | 587,522 |
| Purchases of money trusts | — | (7,980) |
| Proceeds from sales of money trusts | — | 16,518 |
| Purchases of securities | (4,378,037) | (2,542,065) |
| Proceeds from sales and redemption of securities | 2,664,749 | 2,352,648 |
| Payments for issuance of loans | (871,923) | (550,340) |
| Proceeds from collection of loans | 413,804 | 605,285 |
| Changes in cash collateral under securities borrowing and lending transactions | (120,106) | (65,653) |
| Others | (9,772) | (9,840) |
| Subtotal (b) | (2,183,260) | (502,475) |
| (a) + (b) | (1,185,636) | 442,962 |
| Purchases of tangible fixed assets | (24,709) | (23,910) |
| Proceeds from sales of tangible fixed assets | 1,463 | 2,649 |
| Purchases of shares of subsidiaries resulting in change in the scope of consolidation | (340,897) | (56,325) |
| Sales of shares of subsidiaries resulting in change in the scope of consolidation | 993 | 13,305 |
| Net cash provided by (used in) investing activities | (2,546,411) | (566,757) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 24,320 | 20,535 |
| Repayments of borrowings | (37,031) | (23,279) |
| Proceeds from issuance of short-term corporate bonds | 9,999 | 4,999 |
| Redemption of short-term corporate bonds | (10,000) | (5,000) |
| Proceeds from issuance of corporate bonds | 198,783 | — |
| Redemption of corporate bonds | — | (792) |
| Change in cash collateral under securities lending transactions | 1,547,132 | (98,780) |
| Purchases of treasury stock | (50,940) | (102,318) |
| Dividends paid | (154,799) | (172,397) |
| Dividends paid to non-controlling shareholders | (590) | (484) |
| Repayments to non-controlling shareholders | — | (206) |
| Others | 16,231 | (1,341) |
| Net cash provided by (used in) financing activities | 1,543,105 | (379,067) |
| Effect of exchange rate changes on cash and cash equivalents | 3,022 | (5,017) |
| Net increase (decrease) in cash and cash equivalents | (2,659) | (5,404) |
| Cash and cash equivalents at the beginning of the year | 1,023,342 | 1,028,747 |
| Increase in cash and cash equivalents due to newly consolidated subsidiaries | 484 | — |
| Cash and cash equivalents at the end of the year | 1,021,167 | 1,023,342 |

The accompanying notes are an integral part of the consolidated financial statements.

Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated companies: 164 companies

For details of the Company's major consolidated subsidiaries, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".

Privilege Underwriters, Inc. and 12 other companies are included in the scope of consolidation from the fiscal year 2019 due to the acquisition of shares and other events.

Safety Insurance Public Company Limited, which was a consolidated subsidiary in the fiscal year 2018, was dissolved through the merger with Tokio Marine Insurance (Thailand) Public Company Limited, and Tokio Marine Safety Insurance (Thailand) Public Company Limited was newly established as a result of the merger as a consolidated subsidiary. In addition, Bail USA, Inc. and three other companies have been excluded from the scope of consolidation due to the sales of 100% of their shares and other events.

(2) Names of major non-consolidated subsidiaries

(Names of major companies)

- Tokio Marine & Nichido Adjusting Service Co., Ltd.
- Tokio Marine Life Insurance (Thailand) Public Company Limited

(Reason for exclusion from the scope of consolidation)

Each non-consolidated subsidiary is small in scale in terms of total assets, sales, net income or loss and retained earnings. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the Group's financial condition and results of operations, these companies are excluded from the consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 7 companies

For details of major affiliates accounted for by the equity method, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".

NAS Insurance Services, LLC, which became a subsidiary due to the acquisition of additional shares, and one other company, have been excluded from the scope of application of the equity method from the fiscal year 2019.

(2) The non-consolidated subsidiaries (Tokio Marine & Nichido Adjusting Service Co., Ltd., Tokio Marine Life Insurance (Thailand) Public Company Limited, etc.) and other affiliates (Alinma Tokio Marine Company, etc.) are not accounted for by the equity method because these companies have an immaterial effect on the Company's consolidated net income or loss as well as consolidated retained earnings.

(3) The Company owns 30.1% of the total voting rights of Japan Earthquake Reinsurance Co., Ltd. through Tokio Marine & Nichido and Nisshin Fire. However, the Company does not consider Japan Earthquake Reinsurance Co., Ltd. to be its affiliate since it cannot exert a significant influence on any decision making of its policies given the highly public nature of their business.

(4) When a company accounted for by the equity method has a different closing date from that of the Company, in principle, the financial statements prepared at its closing date are used for presentation in the consolidated financial results.

3. Balance sheet date of consolidated subsidiaries

There are three domestic subsidiaries and 152 overseas subsidiaries whose balance sheet dates are December 31. The consolidated financial statements incorporate the results of these subsidiaries for the period ended December 31. Necessary adjustments for the consolidation are made for material transactions that occur during the three-month lag between the balance sheet dates of these subsidiaries and the consolidated balance sheet date.

4. Accounting policies

(1) Valuation of securities

- a. Trading securities are valued at fair value, with the costs of their sales being calculated based on the moving-average method.
- b. Bonds held to maturity are recorded at amortized cost based on the moving-average method (straight-line method).
- c. Bonds earmarked for underwriting reserves are stated at amortized cost under the straight-line method in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Underwriting Reserve in Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (the "JICPA"), November 16, 2000.

The following is a summary of the risk management policy concerning bonds earmarked for underwriting reserves.

In order to adequately manage interest rate risk related to assets and liabilities, Tokio Marine & Nichido Life has established "part of underwriting reserve for individual insurance policies (non-participating or participating)" as an underwriting reserve subgroup. Tokio Marine & Nichido Life's policy is to match the duration of the underwriting reserve in the subgroup with the same or similar duration of bonds that are earmarked for underwriting reserves.

From the fiscal year 2019, Tokio Marine & Nichido Life has expanded the subgroup "part of underwriting reserve for individual insurance policies (non-participating)" to "part of underwriting reserve for individual insurance policies (non-participating or participating)" from the viewpoint of enhancing Asset Liability Management ("ALM"). There is no impact on the consolidated financial statements as a result of this change.

In addition, the subgroups for single payment individual annuity insurance and single payment whole-life insurance were eliminated as of March 31, 2020, and Bonds earmarked for underwriting reserves in the subgroups were reclassified to Available-for-sale securities. Since the balance of underwriting reserves pertaining to these subgroups has decreased, it has become less material to reflect the interest rate risk which is managed by matching assets and liabilities to the consolidated financial statements. The impact of this change to the consolidated financial statements is immaterial.

- d. Available-for-sale securities with fair value are measured at fair value mainly based upon the market price on the closing date. Unrealized gains/losses on available-for-sale securities are included in net assets and costs of sales are calculated using the moving-average method.
- e. Available-for-sale securities whose fair value cannot be measured reliably are stated at original cost by the moving-average method.
- f. Investments in non-consolidated subsidiaries and affiliates that are not subject to the equity method are stated at original cost by the moving-average method.
- g. Securities held in individually managed money trusts that are mainly invested in securities for trading are measured at fair value.

(2) Valuation of derivative transactions

Derivative financial instruments are measured at fair value.

(3) Depreciation methods for material depreciable assets

- a. Tangible fixed assets
Depreciation of tangible fixed assets is calculated using the straight-line method.
- b. Intangible fixed assets
Intangible fixed assets recognized in acquisitions of overseas subsidiaries are amortized over the estimated useful life reflecting the pattern of the assets' future economic benefits.

(4) Accounting policies for significant reserves and allowances

- a. Allowance for doubtful accounts
In order to prepare for losses from bad debts, allowances are provided pursuant to the rules of asset self-assessment and the rules of asset write-off. Allowances are provided by major domestic consolidated subsidiaries as follows.
For receivables from any debtor who has legally, or in practice, become insolvent (due to bankruptcy, special liquidation or suspension of transactions with banks based on the rules governing clearing houses, etc.) and for receivables from any debtor who has substantially become insolvent, allowances are provided based on the amount of any such receivables less the amount expected to be collectible calculated based on the disposal of collateral or execution of guarantees.
For receivables from any debtor who is likely to become insolvent in the near future, allowances are provided based on the amount of any such receivables less the amount expected to be collectible through the disposal of collateral or execution of guarantees and the overall solvency assessment of the relevant debtor.
For receivables other than those described above, allowances are the amount of receivables multiplied by the default rate, which is calculated based on historical default experience in certain previous periods.
In addition, all receivables are assessed by the asset accounting department and the asset management department in accordance with the rules of asset self-assessment. Subsequently, the asset auditing departments, which are independent from other asset-related departments, conduct audits of the assessment results of the other asset-related departments. Allowances are provided based on such assessment results as stated above.
- b. Provision for employees' bonus
To provide for payment of bonuses to employees, the Company and its major consolidated domestic subsidiaries recognize provisions for employees' bonuses based on the expected amount to be paid.
- c. Reserve for price fluctuation
Domestic consolidated insurance subsidiaries recognize reserves in accordance with Article 115 of the Insurance Business Act in order to provide for possible losses or damages arising from fluctuation of share prices, etc.

(5) Accounting methods for retirement benefits

- a. The method of attributing expected retirement benefits to periods
In calculating the retirement benefit obligations, the method of attributing expected retirement benefits to periods is based on the benefit formula basis.

Consolidated Financial Statements

- b. The method of amortization of actuarial gains and losses and past service costs
Actuarial differences for each fiscal year are amortized proportionally from the following fiscal year using the straight-line method over a certain number of years (5 to 13 years) within the average remaining work period of employees at the time of occurrence.
Past service costs are amortized by the straight-line method over a certain number of years (7 to 13 years) within the average remaining work period of employees at the time of occurrence.

(6) Consumption taxes

For the Company and its domestic consolidated subsidiaries, consumption taxes are accounted for by the tax-excluded method except for costs such as Operating and general administrative expenses incurred by domestic consolidated insurance subsidiaries which are accounted for by the tax-included method.
In addition, any non-deductible consumption taxes, in respect of assets, are included in other assets and are amortized over five years using the straight-line method.

(7) Hedge accounting

- a. Interest rate
To mitigate interest rate fluctuation risks associated with long-term insurance policies, Tokio Marine & Nichido and Tokio Marine & Nichido Life conduct Asset Liability Management ("ALM") to control such risks by evaluating and analyzing financial assets and insurance liabilities simultaneously.
As for interest rate swap transactions that are used to manage such risks, Tokio Marine & Nichido and Tokio Marine & Nichido Life apply deferred hedge accounting to the swap transactions based upon the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" (issued by the JICPA, September 3, 2002).
Assessment of hedge effectiveness is omitted because the companies group hedged insurance liabilities with the interest rate swaps that are the hedging instruments, based on the period remaining for the instruments, and the hedge is highly effective.
- b. Foreign exchange
Major domestic consolidated insurance subsidiaries apply fair value hedge accounting, deferred hedge accounting or assignment accounting for certain foreign exchange forward contracts and certain currency swaps utilized to reduce future currency risk such as in assets denominated in foreign currency. Assessment of hedge effectiveness is omitted because the principal term of the hedging instruments and the hedged items are identical and the hedge is highly effective. In addition, Tokio Marine & Nichido applies deferred hedge accounting to borrowings denominated in foreign currency utilized to reduce currency risk in overseas subsidiaries. Hedge effectiveness is determined based on the change in value of hedging instruments and hedged items during the period from the inception of the hedge to the time of assessment comparing the cumulative changes in their market values.

(8) Methods and periods of amortization for goodwill

Regarding goodwill recognized as an asset on the consolidated balance sheet, goodwill in connection with Philadelphia Consolidated Holding Corp. is amortized over 20 years using the straight-line method. Goodwill in connection with HCC Insurance Holdings, Inc. is amortized over 10 years using the straight-line method. Goodwill in connection with Privilege Underwriters, Inc. is amortized over 15 years using the straight-line method. Other goodwill is amortized over 5 to 15 years using the straight-line method. Other goodwill in small amounts is amortized immediately.
Negative goodwill incurred before March 31, 2010 and recognized as a liability on the consolidated balance sheet is amortized over 20 years using the straight-line method.

(9) Scope of cash and cash equivalents included in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments such as time deposits with original maturities or redemption of three months or less at the date of acquisition.

Accounting Standards Not Yet Adopted by the Company

- Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (Practical Issue Task Force ("PITF") No. 18, September 14, 2018)
 - Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No. 24, September 14, 2018)
1. Overview
The Accounting Standards Board of Japan ("ASBJ") has revised PITF No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" and PITF No. 24 "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method". The major amendments are as follows.
For overseas subsidiaries that present subsequent changes in fair value of investment in equity instruments in Other comprehensive income, when investments in the equity instruments are sold, an adjustment is to be made to recognize the difference between the acquisition cost and sales price as a gain or loss for the corresponding fiscal year within the consolidation process, in accordance with the Tentative Practical Solution of "Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for the Consolidation Process".
For overseas subsidiaries that need to recognize any asset impairment, an adjustment is to be made to recognize the valuation difference as a loss for the corresponding fiscal year within the consolidation process.

2. Date of application
The Company plans to adopt the aforementioned standards from the beginning of the fiscal year following the fiscal year in which its overseas subsidiaries adopt IFRS 9 "Financial Instruments".
3. Impact of application of standards
The Company has not yet evaluated the impact of the application of the aforementioned standards at the timing of the preparation of its consolidated financial statements.
- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
 - Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
 - Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
 - Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019)

1. Overview
To improve comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter referred to as "Fair Value Accounting Standards") were developed and guidance for measuring fair value was established.
The Fair Value Accounting Standards are applied to the fair value of financial instruments in "Accounting Standard for Financial Instruments".
In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised to stipulate disclosure requirements for financial instruments based on their fair value levels.

2. Date of application
The Company and its domestic consolidated subsidiaries plan to adopt the aforementioned standards from the beginning of the fiscal year 2021.
3. Impact of application of standards
The Company has not yet evaluated the impact of the application of the aforementioned standards at the timing of the preparation of its consolidated financial statements.

Additional Information

Consolidated overseas subsidiaries that apply US GAAP have adopted Accounting Standards Update 2016-01: Recognition and Measurement of Financial Assets and Financial Liabilities (hereinafter referred to as "ASU 2016-01") issued by the Financial Accounting Standards Board from the beginning of the fiscal year 2019.
ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income or loss. In accordance with ASU 2016-01, the Company has recognized the changes in fair value for certain equity investments in net income or loss from the beginning of the fiscal year 2019, which were previously recognized in Other comprehensive income. The Company has reclassified Unrealized losses on available-for-sale securities (3,565 million yen) to Retained earnings at the beginning of the fiscal year 2019, and certain securities that were classified in Available-for-sale securities at the end of the fiscal year 2018 (65,355 million yen) have been included in Trading securities.
The impacts to Ordinary profit and Income before income taxes and non-controlling interests for the fiscal year 2019 are immaterial.

Consolidated Financial Statements

Notes to Consolidated Balance Sheet

*1. Accumulated depreciation of tangible fixed assets and advanced depreciation of tangible fixed assets, deducted from acquisition costs are as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Accumulated depreciation | 363,575 | 366,231 |
| Advanced depreciation of tangible fixed assets | 18,454 | 18,607 |

*2. Securities of non-consolidated subsidiaries and affiliates, etc. are as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|--------------------------|----------------------|----------------------|
| Securities (equity) | 163,753 | 322,976 |
| Securities (partnership) | 29,035 | 33,364 |

*3. Amounts of loans to borrowers in bankruptcy are as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|---|----------------------|----------------------|
| Loans to borrowers in bankruptcy | 19,589 | — |
| Loans past due | 36,625 | 17,945 |
| Loans past due for three months or more | 732 | 11 |
| Restructured loans | — | 4 |
| Total | 56,947 | 17,960 |

Note: Loans are generally placed on non-accrual status when there is no expectation of the collection of the loans when loans are past due for a certain period or for other reasons (hereinafter referred to as "Non-accrual status loans"; any part of bad debt written-off is excluded). Loans to borrowers in bankruptcy represent Non-accrual status loans after a partial charge-off of claims is deemed uncollectible, which are defined in Article 96, paragraph 1, subparagraph 3 (a) to (e) (maximum amount transferable to allowance for doubtful accounts) and subparagraph 4 of the Enforcement Ordinance of the Corporation Tax Law (Ordinance No. 97, 1965).

Loans past due are Non-accrual status loans, other than Loans to borrowers in bankruptcy and loans on which interest payments are deferred in order to assist business restructuring or financial recovery of the borrowers.

Loans past due for three months or more are defined as loans on which any principal or interest payments are delayed for three months or more from the date following the due date. Loans classified as Loans to borrowers in bankruptcy and Loans past due are excluded.

Restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of the maturity date, forgiveness of debt) are granted to borrowers in financial difficulties to assist them in their corporate restructuring or financial recovery by improving their ability to repay creditors. Restructured loans do not include loans classified as Loans to borrowers in bankruptcy, Loans past due, or Loans past due for three months or more.

*4. The value of assets pledged as collateral and collateralized corresponding debt obligations are as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Assets pledged as collateral | | |
| Bank deposits | 42,061 | 42,170 |
| Monetary receivables bought | 24,559 | 20,089 |
| Securities | 346,071 | 302,309 |
| Loans | 125,181 | 13,345 |
| Collateralized corresponding debt obligations | | |
| Outstanding claims | 152,710 | 149,562 |
| Underwriting reserves | 166,587 | 112,346 |
| Other liabilities (foreign reinsurance accounts payable, etc.) | 73,658 | 58,682 |

5. The fair value of securities and other instruments received from securities borrowing transactions with cash collateral which the Company has the right to dispose of by sale and rehypothecation is as follows:
They are wholly held by the Company.

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| | 5,610 | 10,165 |

*6. Securities lent under loan agreements are as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| | 1,978,262 | 454,358 |

*7. The outstanding balance of undrawn loan commitments is as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|-----------------------------------|----------------------|----------------------|
| Total loan commitments | 955,147 | 530,988 |
| Balance of drawn loan commitments | 685,003 | 383,059 |
| Undrawn loan commitments | 270,144 | 147,929 |

8. The amount of assets or liabilities in separate accounts as prescribed in Article 118 of the Insurance Business Act is as follows:

| As of March 31, 2020 | As of March 31, 2019 |
|----------------------|----------------------|
| 123,242 | 141,276 |

9. Tokio Marine & Nichido guarantees the liabilities of the following subsidiary.

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Tokio Marine Compania de Seguros, S.A. de C.V. | 5,884 | 17,592 |

*10. Subordinated term loans, included in Other liabilities, of which the repayment is subordinated to other obligations, are as follows:

| As of March 31, 2020 | As of March 31, 2019 |
|----------------------|----------------------|
| 100,000 | 100,000 |

Notes to Consolidated Statement of Income

*1. Major components of business expenses are as follows:

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|--------------------------|--|--|
| Agency commissions, etc. | 598,016 | 577,592 |
| Salaries | 303,785 | 311,321 |

Note: Business expenses consist of Loss adjustment expenses, Operating and general administrative expenses, and Agency commissions and brokerage as shown in the accompanying consolidated statement of income.

*2. Other extraordinary gains for the fiscal year 2018 were reversal of impairment losses on leased assets of 202 million yen and gains on business transfer recognized by subsidiaries and affiliates of 83 million yen.

*3. The Company recognized impairment losses on the following assets:

FY2019 (April 1, 2019–March 31, 2020)

| Purpose of use | Category | Location | Impairment loss | | | |
|--|---|--|-----------------|----------|--------|-------|
| | | | Land | Building | Others | Total |
| Properties for business use (General business (nursing care business)) | Buildings | 3 properties, including buildings in Setagaya-ku, Tokyo | — | 3 | 15 | 18 |
| Properties for business use (General business (other business)) | Buildings, goodwill and other intangible fixed assets | Fixtures attached to buildings in Yokohama-City, Kanagawa | — | 24 | 3,117 | 3,141 |
| Properties for rent | Land and buildings | 2 properties, including buildings in Aizuwakamatsu-City, Fukushima | 92 | 190 | — | 283 |
| Idle properties or properties planned for sale | Land and buildings | 6 properties, including buildings in Numazu-City, Shizuoka | 242 | 1,159 | — | 1,401 |
| Idle assets | Software | — | — | — | 1,540 | 1,540 |
| Total | | | 335 | 1,377 | 4,673 | 6,386 |

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle properties, or properties planned for sale and properties for business use in general business (nursing care business) are grouped on an individual basis.

The total amount of projected future cash flows generated from general business (nursing care business) fell below the book values of the properties used for this business. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant property is calculated by discounting future cash flows at a rate of 6.0%.

The Company wrote off the excess of the book values over the recoverable amounts of Goodwill and Other intangible fixed assets arising from business acquisition classified as properties for business use in general business (other business), and recognized any such write-offs as impairment losses in Extraordinary losses, as the Company no longer expects to earn the profits assumed in the business plan. The recoverable amount of the relevant assets is determined by value in use and calculated by discounting future cash flows at a rate of 7.0%.

The Company wrote off the excess of the book values over the recoverable amount for properties for rent, mainly due to decline in property values, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant assets is the higher of the net sales price or value in use. Net sales price is the appraisal value by real estate appraisers less anticipated expenses for disposal of the relevant property.

Consolidated Financial Statements

The Company wrote off the excess of the book values over the recoverable amount for certain idle properties or properties planned for sale, mainly due to the decision to sell the properties, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount is the net sales price of each property. Net sales price is the appraisal value by real estate appraisers less anticipated expenses for disposal of the relevant property.

The Company wrote off the entire book value of idle assets that are not expected to be used in the future, and recognized any such write-offs as impairment losses in Extraordinary losses.

FY2018 (April 1, 2018–March 31, 2019)

| Purpose of use | Category | Location | Impairment loss | | | |
|--|---|--|-----------------|----------|--------|-------|
| | | | Land | Building | Others | Total |
| Properties for business use (General business (nursing care business)) | Land and buildings | 3 properties, including buildings in Setagaya-ku, Tokyo | 25 | 12 | 8 | 46 |
| Properties for business use (General business (other business)) | Buildings and other intangible fixed assets | Fixtures attached to buildings in Yokohama-City, Kanagawa | — | 19 | 1,656 | 1,675 |
| Idle properties or properties planned for sale | Land and buildings | 4 properties, including training facilities in Inzai-City, Chiba | 419 | 1,106 | — | 1,526 |
| Total | | | 445 | 1,138 | 1,664 | 3,248 |

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle properties, or properties planned for sale and properties for business use in general business (nursing care business) are grouped on an individual basis.

The total amount of projected future cash flows generated from general business (nursing care business) fell below the book values of the properties used for this business. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant property is calculated by discounting future cash flows at a rate of 6.0%.

The Company re-estimated its future cash flows regarding Other intangible fixed assets arising from business acquisition classified as properties for business use in general business (other business), since the sales continued to be lower than expected. As a result, the Company wrote off the excess of the book values over the recoverable amount of certain properties as the future cash flows are not expected to be realized as originally planned, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant assets is determined by value in use and calculated by discounting future cash flows at a rate of 7.0%.

The Company wrote off the excess of the book values over the recoverable amount for certain idle properties or properties planned for sale, mainly due to decline in property values, and recognized any such write-offs as impairment losses in Extraordinary losses. The recoverable amount is the net sales price of each property. Net sales price is the appraisal value by real estate appraisers less anticipated expenses for disposal of the relevant property.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effects relating to Other comprehensive income

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|--|--|--|
| Unrealized gains (losses) on available-for-sale securities | | |
| Amount arising during the year | (254,362) | (161,892) |
| Reclassification adjustment | (96,639) | (87,241) |
| Before tax effect adjustment | (351,001) | (249,133) |
| Tax effect | 106,656 | 60,806 |
| Unrealized gains (losses) on available-for-sale securities | (244,344) | (188,327) |
| Deferred gains (losses) on hedge transactions | | |
| Amount arising during the year | 3,223 | 244 |
| Reclassification adjustment | (1,285) | (1,763) |
| Adjustments of asset acquisition cost | — | (361) |
| Before tax effect adjustment | 1,938 | (1,881) |
| Tax effect | (543) | 524 |
| Deferred gains (losses) on hedge transactions | 1,394 | (1,357) |
| Foreign currency translation adjustments | | |
| Amount arising during the year | (13,968) | (61,990) |
| Reclassification adjustment | — | 12,613 |
| Foreign currency translation adjustments | (13,968) | (49,377) |
| Remeasurements of defined benefit plans | | |
| Amount arising during the year | (3,560) | 10,368 |
| Reclassification adjustment | 4,279 | 3,062 |
| Before tax effect adjustment | 718 | 13,430 |
| Tax effect | (174) | (3,753) |
| Remeasurements of defined benefit plans | 544 | 9,676 |
| Share of other comprehensive income of affiliates accounted for by the equity method | | |
| Amount arising during the year | (2,248) | (3,498) |
| Reclassification adjustment | (478) | 33 |
| Share of other comprehensive income of affiliates accounted for by the equity method | (2,726) | (3,464) |
| Total other comprehensive income | (259,100) | (232,848) |

Consolidated Financial Statements

Notes to Consolidated Statement of Changes in Shareholders' Equity

FY2019 (April 1, 2019–March 31, 2020)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

| | Number of shares as of April 1, 2019 | Increase during the fiscal year 2019 | Decrease during the fiscal year 2019 | Number of shares as of March 31, 2020 |
|----------------|---|---|---|--|
| Issued stock | | | | |
| Common stock | 710,000 | — | 8,000 | 702,000 |
| Total | 710,000 | — | 8,000 | 702,000 |
| Treasury stock | | | | |
| Common stock | 3,443 | 8,886 | 8,199 | 4,129 |
| Total | 3,443 | 8,886 | 8,199 | 4,129 |

Note: 1. The decrease of 8,000 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
 2. The increase of 8,886 thousand shares of common stock is primarily attributable to the acquisition of 8,811 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
 3. The decrease of 8,199 thousand shares of common stock is primarily attributable to the cancellation of 8,000 thousand shares of treasury stock.

2. Stock acquisition rights (including those owned by the Company)

| Category | Nature of stock acquisition rights | Amount as of March 31, 2020 (Yen in millions) |
|------------------------------|---|---|
| The Company (parent company) | Stock acquisition rights as stock options | 2,545 |

3. Dividends

(1) Amount of dividends

| Resolution | Type of stock | Amount of dividends paid | Dividends per share | Record date | Effective date |
|--|-----------------|-----------------------------|------------------------|--------------------|------------------|
| Ordinary general meeting of shareholders held on June 24, 2019 | Common stock | 63,590 million yen | 90.00 yen | March 31, 2019 | June 25, 2019 |
| Meeting of the Board of Directors held on November 19, 2019 | Common stock | 91,292 million yen | 130.00 yen | September 30, 2019 | December 6, 2019 |

Note: For dividends resolved at the meeting of the Board of Directors held on November 19, 2019, the amount of dividends per share consists of 95 yen of ordinary dividend and 35 yen of one-time dividend for the capital level adjustment.

(2) Dividends of which the record date falls within the fiscal year 2019, and the effective date falls after March 31, 2020

| Resolution | Type of stock | Amount of dividends paid | Source of dividends | Dividends per share | Record date | Effective date |
|--|-----------------|-----------------------------|------------------------|------------------------|----------------|----------------|
| Ordinary general meeting of shareholders held on June 29, 2020 | Common stock | 66,297 million yen | Retained earnings | 95.00 yen | March 31, 2020 | June 30, 2020 |

FY2018 (April 1, 2018–March 31, 2019)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

| | Number of shares as of April 1, 2018 | Increase during the fiscal year 2018 | Decrease during the fiscal year 2018 | Number of shares as of March 31, 2019 |
|----------------|---|---|---|--|
| Issued stock | | | | |
| Common stock | 748,024 | — | 38,024 | 710,000 |
| Total | 748,024 | — | 38,024 | 710,000 |
| Treasury stock | | | | |
| Common stock | 22,591 | 19,135 | 38,283 | 3,443 |
| Total | 22,591 | 19,135 | 38,283 | 3,443 |

Note: 1. The decrease of 38,024 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
 2. The increase of 19,135 thousand shares of common stock is primarily attributable to the acquisition of 19,039 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
 3. The decrease of 38,283 thousand shares of common stock is primarily attributable to the cancellation of 38,024 thousand shares of treasury stock.

2. Stock acquisition rights (including those owned by the Company)

| Category | Nature of stock acquisition rights | Amount as of March 31, 2019 (Yen in millions) |
|------------------------------|---|---|
| The Company (parent company) | Stock acquisition rights as stock options | 2,479 |

3. Dividends

(1) Amount of dividends

| Resolution | Type of stock | Amount of dividends paid | Dividends per share | Record date | Effective date |
|--|-----------------|-----------------------------|------------------------|--------------------|-------------------|
| Ordinary general meeting of shareholders held on June 25, 2018 | Common stock | 58,034 million yen | 80.00 yen | March 31, 2018 | June 26, 2018 |
| Meeting of the Board of Directors held on November 19, 2018 | Common stock | 114,601 million yen | 160.00 yen | September 30, 2018 | December 11, 2018 |

Note: For dividends resolved at the meeting of the Board of Directors held on November 19, 2018, the amount of dividends per share consists of 90 yen of ordinary dividend and 70 yen of one-time dividend for the capital level adjustment.

(2) Dividends of which the record date falls within the fiscal year 2018, and the effective date falls after March 31, 2019

| Resolution | Type of stock | Amount of dividends paid | Source of dividends | Dividends per share | Record date | Effective date |
|--|-----------------|-----------------------------|------------------------|------------------------|----------------|----------------|
| Ordinary general meeting of shareholders held on June 24, 2019 | Common stock | 63,590 million yen | Retained earnings | 90.00 yen | March 31, 2019 | June 25, 2019 |

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents to the amounts disclosed in the consolidated balance sheet is provided as follows:
 (Yen in millions)

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|---|--|--|
| Cash and bank deposits | 820,873 | 851,657 |
| Monetary receivables bought | 1,363,752 | 1,468,952 |
| Securities | 17,875,998 | 16,502,611 |
| Time deposits with initial term over three months to maturity | (95,342) | (92,183) |
| Monetary receivables bought not included in cash equivalents | (1,255,686) | (1,309,355) |
| Securities not included in cash equivalents | (17,688,427) | (16,398,340) |
| Cash and cash equivalents | 1,021,167 | 1,023,342 |

*2. Cash flows from investing activities include cash flows arising from asset management relating to insurance business.

*3. Assets and liabilities of a newly consolidated subsidiary through the acquisition of shares

FY2019 (April 1, 2019–March 31, 2020)

The following table shows the main components of assets and liabilities assumed at the date of acquisition of Privilege Underwriters, Inc. ("Pure") and the connection between the acquisition cost of Pure and cash paid for the acquisition of shares (net of cash assumed).

(Yen in millions)

| | |
|---|-----------|
| Total assets | 372,980 |
| Securities | 53,300 |
| Intangible fixed assets | 244,249 |
| Goodwill | 163,910 |
| Total liabilities | (158,805) |
| Insurance liabilities | (45,980) |
| Deferred tax liabilities | (66,409) |
| Non-controlling interests | (22,127) |
| Others | (14,916) |
| Acquisition cost of Pure shares | 341,041 |
| Foreign currency translation differences | (1,014) |
| Cash and cash equivalents held by Pure at the date of acquisition | (9,347) |
| Difference: Payments for the acquisition of Pure | 330,679 |

Consolidated Financial Statements

FY2018 (April 1, 2018–March 31, 2019)

The following table shows the main components of assets and liabilities assumed at the date of acquisition of Safety Insurance Public Company Limited ("Safety") and the connection between the acquisition cost of Safety and cash paid for the acquisition of shares (net of cash assumed).

| | (Yen in millions) |
|---|-------------------|
| Total assets | 43,552 |
| Cash and bank deposits | 9,529 |
| Securities | 14,714 |
| Goodwill | 24,088 |
| Total liabilities | (23,863) |
| Insurance liabilities | (16,313) |
| Others | (1,029) |
| Acquisition cost of Safety shares | 42,747 |
| Cash and cash equivalents held by Safety at the date of acquisition | (1,793) |
| Difference: Payments for the acquisition of Safety | 40,953 |

*4. Assets and liabilities of subsidiaries that have been excluded from the scope of consolidation due to sales of shares

FY2018 (April 1, 2018–March 31, 2019)

The following table shows the main components of assets and liabilities at the date of sales of Tokio Millennium Re AG ("TMR") and Tokio Millennium Re (UK) Limited ("TMR (UK)") and the connection between the sales price and net proceeds from the sales of TMR and TMR (UK) shares.

| | (Yen in millions) |
|---|-------------------|
| Total assets | 550,726 |
| Securities | 247,615 |
| Other assets | 180,990 |
| Total liabilities | (428,681) |
| Insurance liabilities | (326,876) |
| Unrealized gains (losses) on available-for-sale securities | 3,274 |
| Foreign currency translation adjustments | 12,613 |
| Losses on sales of investment in subsidiaries and affiliates | (22,504) |
| Others | 2,269 |
| Sales price of TMR and TMR (UK) shares | 117,696 |
| Securities received as contributions | (27,599) |
| Foreign exchange losses | (136) |
| Cash and cash equivalents that TMR and TMR (UK) held at the date of sales | (76,655) |
| Difference: Proceeds from sales of TMR and TMR (UK) | 13,305 |

Segment Information

1. Segment information

(1) Outline of reportable segments

The Company, as a holding company that controls the Group's business, establishes basic policies about Group business management, formulates corporate strategies based on the surrounding business environment and promotes the Group's business activities. The Company classifies its operations into four segments following its corporate strategies: "Domestic non-life insurance", "Domestic life insurance", "International insurance" and "Financial and other".

"Domestic non-life insurance" primarily comprises underwriting of non-life insurance in Japan and related investments. "Domestic life insurance" primarily comprises underwriting of life insurance in Japan and related investments. "International insurance" primarily comprises underwriting of insurance overseas and related investments. In "Financial and other", the main businesses are investment advisory, investment trust services, staffing business, facility management business and nursing care services.

(2) Calculation of ordinary income, profit (loss), assets, liabilities and other items by reportable segments

The accounting treatment for reported operating segments is the same as described in "Significant accounting policies".

Segment profit is based on Ordinary profit. Ordinary income from transactions with other operating segments is based on prevailing market prices.

(3) Ordinary income, profit (loss), assets, liabilities and other items by reportable segments

FY2019 (April 1, 2019–March 31, 2020)

| | Reportable segments | | | | | (Yen in millions) | |
|---|-----------------------------|-------------------------|-------------------------|---------------------|------------|----------------------|---|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total | Adjustments (Note 1) | Amounts shown on the consolidated financial statements (Note 2) |
| Ordinary income | | | | | | | |
| Ordinary income from external customers | 2,773,198 | 748,129 | 1,889,254 | 68,172 | 5,478,755 | (13,322) | 5,465,432 |
| Ordinary income from transactions with other operating segments | 9,304 | 16 | 1,992 | 27,506 | 38,819 | (38,819) | — |
| Total | 2,782,502 | 748,146 | 1,891,246 | 95,679 | 5,517,574 | (52,141) | 5,465,432 |
| Segment profit | 179,577 | 51,837 | 125,453 | 7,077 | 363,945 | — | 363,945 |
| Segment assets | 7,225,925 | 9,200,998 | 8,856,731 | 72,371 | 25,356,026 | (102,060) | 25,253,966 |
| Other items | | | | | | | |
| Depreciation | 12,221 | 344 | 47,345 | 1,011 | 60,921 | — | 60,921 |
| Amortization of goodwill | 96 | — | 53,416 | 368 | 53,882 | — | 53,882 |
| Amortization of negative goodwill | 8,917 | 248 | 917 | 145 | 10,229 | — | 10,229 |
| Interest and dividends | 138,874 | 109,201 | 267,153 | 63 | 515,293 | (2,251) | 513,041 |
| Interest expenses | 8,386 | 1,546 | 10,019 | 0 | 19,952 | (1,012) | 18,940 |
| Equity in earnings (losses) of affiliates | — | — | (4,445) | — | (4,445) | — | (4,445) |
| Investments in affiliates accounted for by the equity method | — | — | 99,729 | — | 99,729 | — | 99,729 |
| Increase in tangible and intangible fixed assets | 21,525 | 445 | 23,215 | 682 | 45,868 | — | 45,868 |

Note: 1. "Adjustments" are as follows:

- (1) "Adjustments" for Ordinary income from external customers of (13,322) million yen includes the transfer of Gains on derivatives of 11,296 million yen. This is included in Ordinary income of International insurance segment, while it is included in Losses on derivatives in the consolidated statement of income.
- (2) "Adjustments" for Segment assets of (102,060) million yen is mainly to eliminate intersegment transactions.
- (3) "Adjustments" for Other items is to eliminate intersegment transactions.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

FY2018 (April 1, 2018–March 31, 2019)

| | Reportable segments | | | | | (Yen in millions) | |
|---|-----------------------------|-------------------------|-------------------------|---------------------|------------|----------------------|---|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total | Adjustments (Note 1) | Amounts shown on the consolidated financial statements (Note 2) |
| Ordinary income | | | | | | | |
| Ordinary income from external customers | 2,838,214 | 779,292 | 1,970,210 | 64,839 | 5,652,557 | (175,837) | 5,476,720 |
| Ordinary income from transactions with other operating segments | 8,903 | 86 | 1,839 | 27,316 | 38,145 | (38,145) | — |
| Total | 2,847,118 | 779,378 | 1,972,049 | 92,156 | 5,690,703 | (213,983) | 5,476,720 |
| Segment profit | 228,364 | 40,270 | 141,604 | 6,069 | 416,308 | 22 | 416,330 |
| Segment assets | 7,837,423 | 7,385,957 | 7,280,533 | 71,736 | 22,575,650 | (44,248) | 22,531,402 |
| Other items | | | | | | | |
| Depreciation | 11,052 | 311 | 47,189 | 1,178 | 59,732 | — | 59,732 |
| Amortization of goodwill | 96 | — | 49,154 | 368 | 49,620 | — | 49,620 |
| Amortization of negative goodwill | 8,917 | 248 | 917 | 145 | 10,229 | — | 10,229 |
| Interest and dividends | 133,133 | 101,421 | 259,740 | 79 | 494,374 | (1,412) | 492,962 |
| Interest expenses | 8,563 | 1,185 | 7,494 | 0 | 17,243 | (203) | 17,039 |
| Equity in earnings (losses) of affiliates | — | — | (3,310) | — | (3,310) | — | (3,310) |
| Investments in affiliates accounted for by the equity method | — | — | 112,394 | — | 112,394 | — | 112,394 |
| Increase in tangible and intangible fixed assets | 18,337 | 273 | 16,330 | 1,654 | 36,595 | — | 36,595 |

Note: 1. "Adjustments" are as follows:

- (1) "Adjustments" for Ordinary income from external customers of (175,837) million yen includes the transfer of Reversal of underwriting reserves of 170,995 million yen. This is included in Ordinary income of Domestic non-life insurance segment, while it is included in Provision for underwriting reserves in the consolidated statement of income.
- (2) "Adjustments" for Segment profit of 22 million yen is mainly to eliminate intersegment transactions.
- (3) "Adjustments" for Segment assets of (44,248) million yen is mainly to eliminate intersegment transactions.
- (4) "Adjustments" for Other items is to eliminate intersegment transactions.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

Consolidated Financial Statements

2. Related information

FY2019 (April 1, 2019–March 31, 2020)

(1) Information by product and service

| (Yen in millions) | | | | | | |
|---|--------------------|----------------|--------|-----------|-------------|-----------|
| | Non-Life insurance | Life insurance | Others | Subtotal | Adjustments | Total |
| Ordinary income from external customers | 4,124,241 | 1,276,757 | 68,172 | 5,469,170 | (3,737) | 5,465,432 |

Note: "Adjustments" includes transfer of Gains/Losses on derivatives in the consolidated statement of income.

(2) Information by region

a. Ordinary income

| (Yen in millions) | | | | | |
|-------------------|---------------|---------|-----------|-------------|-----------|
| Japan | United States | Others | Subtotal | Adjustments | Total |
| 3,463,350 | 1,285,603 | 728,532 | 5,477,486 | (12,053) | 5,465,432 |

Note: 1. The above figures are classified by country and region based on customer location.
 2. "Adjustments" includes transfer of Gains/Losses on derivatives in the consolidated statement of income.

b. Tangible fixed assets

| (Yen in millions) | | |
|-------------------|----------|---------|
| Japan | Overseas | Total |
| 255,317 | 59,899 | 315,216 |

(3) Information about major customers

None.

FY2018 (April 1, 2018–March 31, 2019)

(1) Information by product and service

| (Yen in millions) | | | | | | |
|---|--------------------|----------------|--------|-----------|-------------|-----------|
| | Non-Life insurance | Life insurance | Others | Subtotal | Adjustments | Total |
| Ordinary income from external customers | 4,241,055 | 1,320,449 | 64,839 | 5,626,344 | (149,624) | 5,476,720 |

Note: "Adjustments" includes transfer of Provision for underwriting reserves and Reversal of underwriting reserves in the consolidated statement of income.

(2) Information by region

a. Ordinary income

| (Yen in millions) | | | | | |
|-------------------|---------------|---------|-----------|-------------|-----------|
| Japan | United States | Others | Subtotal | Adjustments | Total |
| 3,401,842 | 1,368,604 | 708,575 | 5,479,022 | (2,302) | 5,476,720 |

Note: 1. The above figures are classified by country and region based on customer location.
 2. "Adjustments" includes transfer of Other underwriting income/expenses in the consolidated statement of income.

b. Tangible fixed assets

| (Yen in millions) | | |
|-------------------|----------|---------|
| Japan | Overseas | Total |
| 249,533 | 43,723 | 293,257 |

(3) Information about major customers

None.

3. Impairment losses of fixed assets by reportable segments

FY2019 (April 1, 2019–March 31, 2020)

| (Yen in millions) | | | | | |
|-------------------|-----------------------------|-------------------------|-------------------------|---------------------|-------|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total |
| Impairment losses | 641 | — | 2,584 | 3,160 | 6,386 |

FY2018 (April 1, 2018–March 31, 2019)

| (Yen in millions) | | | | | |
|-------------------|-----------------------------|-------------------------|-------------------------|---------------------|-------|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total |
| Impairment losses | 1,069 | — | 457 | 1,722 | 3,248 |

4. Amortization and remaining balance of goodwill by reportable segments

FY2019 (April 1, 2019–March 31, 2020)

(1) Goodwill

| (Yen in millions) | | | | | |
|--|-----------------------------|-------------------------|-------------------------|---------------------|---------|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total |
| Amortization | 96 | — | 53,416 | 368 | 53,882 |
| Remaining balance as of March 31, 2020 | 296 | — | 531,599 | 1,537 | 533,432 |

(2) Negative goodwill

| (Yen in millions) | | | | | |
|--|-----------------------------|-------------------------|-------------------------|---------------------|--------|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total |
| Amortization | 8,917 | 248 | 917 | 145 | 10,229 |
| Remaining balance as of March 31, 2020 | 21,187 | 497 | 6,421 | 804 | 28,911 |

FY2018 (April 1, 2018–March 31, 2019)

(1) Goodwill

| (Yen in millions) | | | | | |
|--|-----------------------------|-------------------------|-------------------------|---------------------|---------|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total |
| Amortization | 96 | — | 49,154 | 368 | 49,620 |
| Remaining balance as of March 31, 2019 | 392 | — | 408,377 | 2,911 | 411,681 |

(2) Negative goodwill

| (Yen in millions) | | | | | |
|--|-----------------------------|-------------------------|-------------------------|---------------------|--------|
| | Domestic non-life insurance | Domestic life insurance | International insurance | Financial and other | Total |
| Amortization | 8,917 | 248 | 917 | 145 | 10,229 |
| Remaining balance as of March 31, 2019 | 30,104 | 746 | 7,338 | 950 | 39,140 |

5. Gains on negative goodwill by reportable segments

None.

Related-party Transactions

There is no significant transaction to be disclosed.

Consolidated Financial Statements

Lease Transactions

Operating leases

Future lease payments related to non-cancelable operating leases

| | As of March 31, 2020 | As of March 31, 2019 |
|---------------------|----------------------|----------------------|
| As lessee: | | |
| Due within one year | 8,944 | 8,934 |
| Due after one year | 51,542 | 45,209 |
| Total | 60,486 | 54,143 |
| As lessor: | | |
| Due within one year | 1,601 | 1,643 |
| Due after one year | 9,537 | 9,557 |
| Total | 11,138 | 11,201 |

Deferred Tax Accounting

1. Major components of deferred tax assets and deferred tax liabilities

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Deferred tax assets | | |
| Underwriting reserves | 350,720 | 342,821 |
| Net defined benefit liabilities | 70,320 | 68,831 |
| Outstanding claims | 59,689 | 55,234 |
| Reserve for price fluctuation | 32,957 | 30,271 |
| Impairment losses on securities | 23,126 | 19,026 |
| Net operating loss carry forward (Note) | 18,631 | 19,125 |
| Others | 110,478 | 103,722 |
| Subtotal | 665,923 | 639,032 |
| Valuation allowance on net operating loss carry forward (Note) | (15,702) | (16,121) |
| Valuation allowance on deductible temporary differences | (30,162) | (27,408) |
| Subtotal | (45,864) | (43,530) |
| Total deferred tax assets | 620,058 | 595,502 |
| Deferred tax liabilities | | |
| Unrealized gains on available-for-sale securities | (543,993) | (645,722) |
| Unrealized gains on consolidated subsidiaries | (186,801) | (127,204) |
| Others | (95,042) | (87,869) |
| Total deferred tax liabilities | (825,838) | (860,796) |
| Net deferred tax assets (liabilities) | (205,779) | (265,294) |

(Note) Schedule by expiration of net operating loss carry forward and the corresponding deferred tax assets

As of March 31, 2020

| | Within 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | Over 5 years | Total |
|--------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|--------------|----------|
| Net operating loss carry forward (*) | 1,003 | 1,234 | 1,443 | 2,748 | 1,781 | 10,418 | 18,631 |
| Valuation allowance | (1,003) | (1,234) | (1,443) | (2,748) | (1,781) | (7,489) | (15,702) |
| Deferred tax assets | — | — | — | 0 | — | 2,928 | 2,929 |

(*) The amounts of net operating loss carry forward are calculated by using statutory income tax rate.

As of March 31, 2019

| | Within 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | Over 5 years | Total |
|--------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|--------------|----------|
| Net operating loss carry forward (*) | 1,164 | 1,003 | 1,395 | 1,443 | 2,748 | 11,369 | 19,125 |
| Valuation allowance | (1,164) | (1,003) | (1,234) | (1,443) | (2,748) | (8,526) | (16,121) |
| Deferred tax assets | — | — | 160 | — | — | 2,842 | 3,003 |

(*) The amounts of net operating loss carry forward are calculated by using statutory income tax rate.

2. Reconciliation of the statutory income tax rate and the effective tax rate after the application of deferred tax accounting when there is a significant difference

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Japanese statutory tax rate | 30.6 | 30.6 |
| (Adjustments) | | |
| Permanent differences such as dividends received | (4.5) | (4.4) |
| Permanent differences such as entertainment expenses | 0.9 | 1.0 |
| Tax rate applied to consolidated subsidiaries | (4.9) | (4.9) |
| Amortization of goodwill and negative goodwill | 3.8 | 2.8 |
| Valuation allowance | 0.7 | (0.5) |
| Impact of sales of investment in subsidiaries and affiliates | — | 2.8 |
| Others | (0.4) | 1.1 |
| Effective tax rate | 26.1 | 28.5 |

Information on Financial Instruments

1. Qualitative information on financial instruments

(1) Investment policies

The core operation of the Group is its insurance business, and it invests utilizing the cash inflows mainly arising from insurance premiums. Therefore, the Group seeks to appropriately control risks based on the characteristics of insurance products primarily through ALM. We thereby aim to ensure stable, long-term earnings while realizing efficient management of liquidity.

Specifically, our approach entails controlling interest risks associated with insurance liabilities by utilizing interest rate swaps and other transactions while assuming a certain degree of credit risks by investing in bonds with high credit ratings. At the same time, we are endeavoring to ensure medium-to-long-term earnings by dispersing risks and diversifying management asset methods in Japan and overseas through the utilization of a wide range of products including foreign securities and alternative investments. Foreign exchange forwards and other derivative transactions are used to mitigate risks associated with the Company's asset portfolio. The Group also utilizes financial options as one of the ways to control risks related to variable annuities which guarantee minimum amounts of benefits which are not subject to the result of investment.

Through these approaches, the Group aims to increase investment income in order to maximize net asset value in the medium-to-long-term and maintain financial soundness.

With regard to financing, the Group issues corporate bonds and undertakes borrowings mainly to secure funds for investments. When financing is necessary, amounts and methodologies are determined based on the Group's cash flow status.

(2) Details of financial instruments and their risk

The Group holds financial instruments including equity securities, bonds, and other securities; loans and derivatives. These instruments are exposed to market risk, which refers to the risk of losses arising from fluctuations in stock prices, exchange rates, interest rates, and other market indicators. They are also exposed to credit risk, which refers to the risk of losses when the value of an investment declines or is lost due to deterioration in the financial condition of the debtor. Other risks to which these instruments are exposed include market liquidity risk, which refers to the risk of losses that may occur from being unable to make transactions due to disorderly market conditions or being forced to make transactions at extremely unfavorable prices.

Some currency risk is hedged through foreign exchange forwards, currency swaps and other such transactions. Hedge accounting is applied to some of these transactions.

Consolidated Financial Statements

Credit risk associated with derivative transactions includes the risk of losses when the counterparties fail to fulfill their obligations due to insolvency or for other reasons. In order to reduce such credit risk, netting arrangements may be used with financial institutions and other counterparties with whom there are frequent transactions. Also, interest rate risk associated with long-term insurance liabilities is hedged by interest rate swaps and other transactions for which hedge accounting is applied in some cases.

With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Significant Accounting Policies - 4. Accounting policies - (7) Hedge accounting".

(3) Risk management structure

(i) Market risk and credit risk management

Based on the "Investment risk management policy" established by the Board of Directors, Tokio Marine & Nichido executes risk management activities both quantitatively and qualitatively to control investment risk related to financial instruments, such as market risk and credit risk, at the risk management department, which is independent of trading departments.

In accordance with the policy, "Investment guidelines" are established, which set the rules for which instruments to invest in, risk limits, and actions to take when limits are exceeded for each segment set in the annual investment plan. Investment risk is quantitatively measured using VaR-like concepts. Compliance with the guidelines and investment risk and return are reported on a regular basis to directors.

Tokio Marine & Nichido appropriately manages credit risk by regularly monitoring the concentration and the status of issuers and borrowers using internal credit rating guidelines set by the "Guidelines for managing credit risk concentration".

In order to control individual investments, Tokio Marine & Nichido also executes pre-investment review and post-investment monitoring according to the "Review guidelines" and others.

Risk monitoring operations are regularly reported to the Board of Directors.

Other consolidated subsidiaries maintain risk management structures based on the aforementioned risks.

(ii) Liquidity risk management

The Group manages liquidity risk by controlling payment schedules and ensuring various ways of financing through treasury management by each consolidated subsidiary and by the Group as a whole.

(4) Supplementary information on fair value of financial instruments

The fair value of financial instruments is calculated in commonly used and recognized methodologies when market prices are not available. Such fair values are measured under certain assumptions, therefore they may differ under other assumptions.

2. Fair value of financial instruments

The table below shows carrying amounts shown on the consolidated balance sheet, fair value, and differences of financial instruments, excluding investment in non-consolidated subsidiaries and other instruments for which fair value cannot be measured reliably. (Refer to Note 2.)

As of March 31, 2020

| (Yen in millions) | | | |
|---|--|------------|------------|
| | Carrying amount shown on balance sheet | Fair value | Difference |
| (1) Cash and bank deposits | 820,873 | 820,942 | 69 |
| (2) Receivables under resale agreements | 999 | 999 | — |
| (3) Receivables under securities borrowing transactions | 4,612 | 4,612 | — |
| (4) Monetary receivables bought | 1,363,752 | 1,363,752 | — |
| (5) Money trusts | 2,103 | 2,103 | — |
| (6) Securities | | | |
| Trading securities | 465,487 | 465,487 | — |
| Bonds held to maturity | 5,092,780 | 5,985,487 | 892,707 |
| Bonds earmarked for underwriting reserves | 1,859,815 | 1,870,691 | 10,876 |
| Available-for-sale securities | 10,133,026 | 10,133,026 | — |
| (7) Loans | 1,396,273 | | |
| Allowance for doubtful accounts ^{(*)1} | (3,052) | | |
| | 1,393,221 | 1,393,529 | 308 |
| Total financial assets | 21,136,673 | 22,040,634 | 903,960 |
| (1) Corporate bonds | 270,536 | 263,145 | (7,391) |
| (2) Payables under securities lending transactions | 1,620,178 | 1,620,178 | — |
| Total financial liabilities | 1,890,715 | 1,883,323 | (7,391) |
| Derivative assets and liabilities ^{(*)2} | | | |
| Hedge accounting not applied | 28,504 | 28,504 | — |
| Hedge accounting applied | 6,051 | 6,051 | — |
| Total derivative assets and liabilities | 34,555 | 34,555 | — |

(*)1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.

(*)2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted. Net debits are shown in parentheses.

As of March 31, 2019

| (Yen in millions) | | | |
|---|--|------------|------------|
| | Carrying amount shown on balance sheet | Fair value | Difference |
| (1) Cash and bank deposits | 851,657 | 851,708 | 51 |
| (2) Receivables under resale agreements | 999 | 999 | — |
| (3) Receivables under securities borrowing transactions | 9,084 | 9,084 | — |
| (4) Monetary receivables bought | 1,468,952 | 1,468,952 | — |
| (5) Money trusts | 2,156 | 2,156 | — |
| (6) Securities | | | |
| Trading securities | 373,044 | 373,044 | — |
| Bonds held to maturity | 4,674,069 | 5,562,441 | 888,372 |
| Bonds earmarked for underwriting reserves | 377,030 | 397,151 | 20,120 |
| Available-for-sale securities | 10,615,751 | 10,615,751 | — |
| (7) Loans | 809,399 | | |
| Allowance for doubtful accounts ^{(*)1} | (2,845) | | |
| | 806,554 | 807,413 | 858 |
| Total financial assets | 19,179,300 | 20,088,703 | 909,402 |
| (1) Corporate bonds | 57,514 | 56,559 | (955) |
| (2) Payables under securities lending transactions | 197,623 | 197,623 | — |
| Total financial liabilities | 255,138 | 254,182 | (955) |
| Derivative assets and liabilities ^{(*)2} | | | |
| Hedge accounting not applied | 16,368 | 16,368 | — |
| Hedge accounting applied | 8,242 | 8,242 | — |
| Total derivative assets and liabilities | 24,610 | 24,610 | — |

(*)1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.

(*)2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted. Net debits are shown in parentheses.

Consolidated Financial Statements

(Note 1) Valuation method for financial instruments

Assets

With regard to (1) Cash and bank deposits (excluding those defined as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)), (2) Receivables under resale agreements, and (3) Receivables under securities borrowing transactions, the book value is generally deemed as the fair value since it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Regarding (4) Monetary receivables bought, (5) Money trusts and (6) Securities (including those in (1) Cash and bank deposits that are defined as securities in Accounting Standard for Financial Instruments) with quoted market prices, the quoted closing price is used for listed stock and the price of the over-the-counter transactions is used for bonds. For securities with no quoted market price, the net present value of the estimated future cash flows is applied as the fair value.

With regard to floating rate loans in (7) Loans, the book value is deemed as the fair value because the change in interest rate will be reflected in a timely manner in the future cash flows and the book value approximates the fair value as long as there are no significant changes in the credit status of the borrowers since the inception of the loans. For fixed rate loans, the fair value is measured as the net present value of estimated future cash flows. For loans of which borrowers are insolvent or in bankruptcy proceedings, the fair value is measured by deducting the estimated uncollectible debts from the carrying amount.

Liabilities

With regard to (1) Corporate bonds, the price of the over-the-counter transactions is the fair value.

With regard to (2) Payables under securities lending transactions, the book value is deemed as the fair value because it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Derivatives

Please refer to "Derivative Transactions".

(Note 2) Carrying amount shown on balance sheet of financial instruments for which fair value cannot be measured reliably

| | As of March 31, 2020 | As of March 31, 2019 |
|---|----------------------|----------------------|
| Investment in non-consolidated subsidiaries, unlisted stock and partnership investments | 321,277 | 459,104 |
| Policy loans | 127,827 | 122,767 |
| Total | 449,104 | 581,872 |

Investment in non-consolidated subsidiaries, unlisted stock and partnership investments are not included in (6) Securities, because the fair value cannot be measured reliably, as they have no quoted market price and the future cash flow cannot be estimated.

Policy loans are not included in (7) Loans, because the future cash flows cannot be estimated since policy loans are arranged under an insurance policy and the amount is limited to the repayment fund for cancellation with no contractual maturity.

(Note 3) Maturity analysis of financial assets

As of March 31, 2020

| | Within 1 year | Over 1 to 5 years | Over 5 to 10 years | Over 10 years |
|---|---------------|-------------------|--------------------|---------------|
| Cash and bank deposits | 123,094 | 8,344 | — | — |
| Monetary receivables bought | 125,470 | 28,048 | 184,157 | 1,153,005 |
| Securities | | | | |
| Bonds held to maturity | | | | |
| Domestic government bonds | 17,800 | 67,500 | 349,000 | 4,356,729 |
| Domestic municipal bonds | — | — | — | 3,000 |
| Domestic corporate bonds | — | — | — | 152,500 |
| Foreign securities | 1,528 | 2,392 | 8,635 | 29,046 |
| Bonds earmarked for underwriting reserves | | | | |
| Domestic government bonds | — | — | — | 1,611,700 |
| Domestic municipal bonds | — | — | — | 29,200 |
| Domestic corporate bonds | — | — | — | 191,500 |
| Foreign securities | — | — | — | — |
| Available-for-sale securities with maturity | | | | |
| Domestic government bonds | 35,892 | 213,214 | 596,564 | 1,430,398 |
| Domestic municipal bonds | 1,700 | 57,075 | 30,055 | 21,068 |
| Domestic corporate bonds | 86,255 | 350,876 | 272,943 | 73,359 |
| Foreign securities | 120,939 | 539,978 | 724,495 | 1,497,917 |
| Others | — | — | — | — |
| Loans (*) | 297,310 | 809,534 | 126,464 | 165,833 |
| Total | 809,991 | 2,076,965 | 2,292,315 | 10,715,258 |

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (37 million yen), and loans with no repayment schedule (7,222 million yen) are not included above.

As of March 31, 2019

| | Within 1 year | Over 1 to 5 years | Over 5 to 10 years | Over 10 years |
|---|---------------|-------------------|--------------------|---------------|
| Cash and bank deposits | 147,579 | 6,057 | — | — |
| Monetary receivables bought | 231,451 | 21,078 | 186,450 | 1,266,601 |
| Securities | | | | |
| Bonds held to maturity | | | | |
| Domestic government bonds | 21,100 | 37,300 | 340,300 | 4,015,729 |
| Domestic municipal bonds | — | — | — | 3,000 |
| Domestic corporate bonds | — | — | — | 128,500 |
| Foreign securities | 681 | 2,601 | 4,690 | 32,185 |
| Bonds earmarked for underwriting reserves | | | | |
| Domestic government bonds | 6,596 | 5,275 | 763 | 294,545 |
| Domestic municipal bonds | — | — | — | 7,200 |
| Domestic corporate bonds | — | — | — | 45,500 |
| Foreign securities | 2,469 | 9,769 | 1,287 | 1,217 |
| Available-for-sale securities with maturity | | | | |
| Domestic government bonds | 50,215 | 341,838 | 573,089 | 1,548,564 |
| Domestic municipal bonds | 4,190 | 40,327 | 46,670 | 21,288 |
| Domestic corporate bonds | 89,130 | 342,882 | 217,873 | 78,907 |
| Foreign securities | 90,077 | 554,396 | 753,438 | 1,497,798 |
| Others | 8 | 10 | 4 | — |
| Loans (*) | 249,989 | 518,734 | 32,280 | 4,819 |
| Total | 893,490 | 1,880,272 | 2,156,849 | 8,945,857 |

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (34 million yen), and loans with no repayment schedule (6,222 million yen) are not included above.

(Note 4) Maturity schedules for corporate bonds, long-term borrowings and obligations under lease transactions

As of March 31, 2020

| | Within 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | Over 5 years |
|--------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|--------------|
| Corporate bonds | 37,390 | 3,725 | 361 | — | — | 227,490 |
| Long-term borrowings | 319,258 | 32,868 | 49,849 | — | — | 100,000 |
| Obligations under lease transactions | 2,576 | 2,962 | 2,310 | 1,833 | 1,030 | 6,021 |
| Total | 359,225 | 39,555 | 52,521 | 1,833 | 1,030 | 333,511 |

As of March 31, 2019

| | Within 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | Over 5 years |
|--------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|--------------|
| Corporate bonds | — | 37,750 | — | — | — | 19,525 |
| Long-term borrowings | — | 325,206 | 33,300 | 44,400 | — | 100,000 |
| Obligations under lease transactions | 1,371 | 1,227 | 584 | 277 | — | — |
| Total | 1,371 | 364,183 | 33,884 | 44,677 | — | 119,525 |

Securities

1. Trading securities

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Unrealized gains (losses) included in income | 31,176 | 51,208 |

Consolidated Financial Statements

2. Bonds held to maturity

(Yen in millions)

| | | As of March 31, 2020 | | | As of March 31, 2019 | | |
|---|--------------------------|--|------------|---------------------------|--|------------|---------------------------|
| | | Carrying amount shown on balance sheet | Fair value | Unrealized gains (losses) | Carrying amount shown on balance sheet | Fair value | Unrealized gains (losses) |
| Those with fair value exceeding the carrying amount | Domestic debt securities | 4,377,309 | 5,291,043 | 913,733 | 4,092,382 | 5,013,944 | 921,561 |
| | Foreign securities | 41,434 | 45,557 | 4,123 | 20,973 | 21,496 | 522 |
| | Subtotal | 4,418,744 | 5,336,600 | 917,856 | 4,113,356 | 5,035,440 | 922,083 |
| Those with fair value not exceeding the carrying amount | Domestic debt securities | 673,813 | 648,663 | (25,149) | 541,476 | 508,118 | (33,357) |
| | Foreign securities | 223 | 223 | — | 19,236 | 18,882 | (353) |
| | Subtotal | 674,036 | 648,886 | (25,149) | 560,712 | 527,000 | (33,711) |
| Total | | 5,092,780 | 5,985,487 | 892,707 | 4,674,069 | 5,562,441 | 888,372 |

3. Bonds earmarked for underwriting reserves

(Yen in millions)

| | | As of March 31, 2020 | | | As of March 31, 2019 | | |
|---|--------------------------|--|------------|---------------------------|--|------------|---------------------------|
| | | Carrying amount shown on balance sheet | Fair value | Unrealized gains (losses) | Carrying amount shown on balance sheet | Fair value | Unrealized gains (losses) |
| Those with fair value exceeding the carrying amount | Domestic debt securities | 637,716 | 669,633 | 31,916 | 363,588 | 383,613 | 20,025 |
| | Foreign securities | — | — | — | 8,595 | 8,768 | 173 |
| | Subtotal | 637,716 | 669,633 | 31,916 | 372,183 | 392,382 | 20,198 |
| Those with fair value not exceeding the carrying amount | Domestic debt securities | 1,222,098 | 1,201,058 | (21,040) | — | — | — |
| | Foreign securities | — | — | — | 4,846 | 4,768 | (78) |
| | Subtotal | 1,222,098 | 1,201,058 | (21,040) | 4,846 | 4,768 | (78) |
| Total | | 1,859,815 | 1,870,691 | 10,876 | 377,030 | 397,151 | 20,120 |

4. Available-for-sale securities

(Yen in millions)

| | | As of March 31, 2020 | | | As of March 31, 2019 | | |
|--|----------------------------|-----------------------------------|-----------|---------------------------|-----------------------------------|-----------|---------------------------|
| | | Fair value shown on balance sheet | Cost | Unrealized gains (losses) | Fair value shown on balance sheet | Cost | Unrealized gains (losses) |
| Those with fair value exceeding the cost | Domestic debt securities | 3,186,381 | 2,769,396 | 416,984 | 3,763,498 | 3,302,105 | 461,392 |
| | Domestic equity securities | 1,881,839 | 459,550 | 1,422,288 | 2,344,866 | 554,813 | 1,790,052 |
| | Foreign securities | 3,111,673 | 2,860,620 | 251,052 | 2,889,655 | 2,747,548 | 142,107 |
| | Others (Note2) | 570,597 | 530,410 | 40,186 | 322,892 | 296,171 | 26,720 |
| | Subtotal | 8,750,490 | 6,619,978 | 2,130,512 | 9,320,912 | 6,900,639 | 2,420,273 |
| Those with fair value not exceeding the cost | Domestic debt securities | 465,720 | 469,360 | (3,639) | 124,160 | 125,274 | (1,114) |
| | Domestic equity securities | 74,568 | 82,976 | (8,408) | 38,299 | 43,694 | (5,394) |
| | Foreign securities | 1,395,451 | 1,475,784 | (80,332) | 1,436,148 | 1,485,964 | (49,816) |
| | Others (Note3) | 818,409 | 833,475 | (15,066) | 1,169,115 | 1,202,673 | (33,558) |
| | Subtotal | 2,754,149 | 2,861,596 | (107,447) | 2,767,724 | 2,857,607 | (89,883) |
| Total | | 11,504,640 | 9,481,575 | 2,023,065 | 12,088,637 | 9,758,246 | 2,330,390 |

Note: 1. Available-for-sale securities whose fair value cannot be measured reliably are not included in the table above.

2. "Others" includes items as follows :

- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
As of March 31, 2020 : fair value 560,000 million yen, cost 521,958 million yen, unrealized gains 38,041 million yen
As of March 31, 2019 : fair value 310,370 million yen, cost 285,081 million yen, unrealized gains 25,289 million yen

3. "Others" includes items as follows :

- Negotiable certificates of deposit which are presented as Cash and bank deposits on the consolidated balance sheet
As of March 31, 2020 : fair value 9,353 million yen, cost 9,353 million yen
As of March 31, 2019 : fair value 5,424 million yen, cost 5,424 million yen
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
As of March 31, 2020 : fair value 802,259 million yen, cost 816,814 million yen, unrealized losses (14,554) million yen
As of March 31, 2019 : fair value 1,157,090 million yen, cost 1,190,231 million yen, unrealized losses (33,141) million yen

5. Bonds held to maturity that were sold

None.

6. Bonds earmarked for underwriting reserves that were sold

(Yen in millions)

| | FY2019 (April 1, 2019–March 31, 2020) | | | FY2018 (April 1, 2018–March 31, 2019) | | |
|--------------------------|--|---------------|----------------|--|---------------|----------------|
| | Sale proceeds | Gains on sale | Losses on sale | Sale proceeds | Gains on sale | Losses on sale |
| Domestic debt securities | 1,659 | 108 | — | 2,279 | 103 | — |
| Foreign securities | 1,205 | 117 | 4 | 1,116 | 144 | 0 |
| Total | 2,865 | 226 | 4 | 3,395 | 247 | 0 |

7. Available-for-sale securities that were sold

(Yen in millions)

| | FY2019 (April 1, 2019–March 31, 2020) | | | FY2018 (April 1, 2018–March 31, 2019) | | |
|----------------------------|--|---------------|----------------|--|---------------|----------------|
| | Sale proceeds | Gains on sale | Losses on sale | Sale proceeds | Gains on sale | Losses on sale |
| Domestic debt securities | 1,011,952 | 21,003 | 1,750 | 276,180 | 2,526 | 1,214 |
| Domestic equity securities | 112,648 | 78,225 | 404 | 108,453 | 82,662 | 250 |
| Foreign securities | 819,478 | 43,169 | 10,564 | 1,042,227 | 35,438 | 17,502 |
| Others | 275,917 | 4,980 | 2,597 | 195,974 | 5,956 | 2,384 |
| Total | 2,219,997 | 147,379 | 15,315 | 1,622,835 | 126,584 | 21,351 |

Note: "Others" includes items as follows :

- Negotiable certificates of deposit which are presented as Cash and bank deposits on the consolidated balance sheet
Fiscal year 2019 : proceeds 34 million yen
Fiscal year 2018 : proceeds 3,809 million yen
- Foreign mortgage securities, etc. which are presented as Monetary receivables bought on the consolidated balance sheet
Fiscal year 2019 : proceeds 275,883 million yen, gains 4,980 million yen, losses 2,597 million yen
Fiscal year 2018 : proceeds 190,113 million yen, gains 4,858 million yen, losses 2,384 million yen

8. Securities on which impairment losses were recognized

Impairment losses were recognized as follows :

• Available-for-sale securities with fair value

Fiscal year 2019: 30,060 million yen (Domestic equity securities 21,460 million yen, Foreign securities 5,053 million yen, Others 3,546 million yen)

Fiscal year 2018: 11,018 million yen (Domestic equity securities 4,322 million yen, Foreign securities 5,294 million yen, Others 1,401 million yen)

• Available-for-sale securities whose fair value cannot be measured reliably

Fiscal year 2019: 63 million yen (Domestic equity securities 63 million yen)

Fiscal year 2018: 218 million yen (Domestic equity securities 108 million yen, Foreign securities 110 million yen)

In principle, impairment loss on a security with fair value is recognized when the fair value is below its cost by 30% or more.

Money Trusts

1. Money trusts held for trading purposes

(Yen in millions)

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Unrealized gains (losses) included in income | 99 | 150 |

2. Money trusts held to maturity

None.

3. Money trusts other than those held to maturity or those held for trading purposes

None.

Consolidated Financial Statements

Derivative Transactions

"Principal amount" as shown in the tables is the nominal contract amount or notional principal amount of derivative transactions. The amount itself does not represent the market or credit risk of such derivative transactions.

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency-related instruments

(Yen in millions)

| | | As of March 31, 2020 | | | | As of March 31, 2019 | | | |
|-------------------------------|---------------------------|---------------------------------|------------|------------------------------|---------|---------------------------------|------------|------------------------------|-------|
| | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | |
| Market transactions | Currency futures | | | | | | | | |
| | Short | 1,927 | — | — | — | 1,903 | — | — | — |
| | Long | 873 | — | — | — | 122 | — | — | — |
| Over-the-counter transactions | Foreign exchange forwards | | | | | | | | |
| | Short | 554,872 | — | 1,429 | 1,429 | 477,431 | 420 | 3,784 | 3,784 |
| | Long | 179,463 | — | (75) | (75) | 70,970 | — | (366) | (366) |
| | Currency swaps | | | | | | | | |
| | Pay foreign/Rec. yen | 12,435 | 12,435 | 1,136 | 1,136 | 12,435 | 12,435 | 56 | 56 |
| | Pay foreign/Rec. foreign | 45,008 | — | (1,597) | (1,597) | 18,932 | — | (10) | (10) |
| Total | | — | — | 893 | 893 | — | — | 3,464 | 3,464 |

Note: 1. The fair value of currency futures is based on the closing prices in principal markets.
 2. The fair value of foreign exchange forwards is mainly based on the prices calculated from forward markets or obtained from counterparties.
 3. The fair value of currency swaps is mainly based on prices obtained from external vendors or the prices measured by discounting estimated future cash flows to present value.

(2) Interest rate-related instruments

(Yen in millions)

| | | As of March 31, 2020 | | | | As of March 31, 2019 | | | |
|-------------------------------|-----------------------|---------------------------------|------------|------------------------------|-----------|---------------------------------|------------|------------------------------|----------|
| | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | |
| Market transactions | Interest rate futures | | | | | | | | |
| | Short | 17,341 | — | — | — | 272,780 | 162,370 | (705) | (705) |
| | Long | 1,737 | — | — | — | 2,061 | — | — | — |
| Over-the-counter transactions | Interest rate swaps | | | | | | | | |
| | Rec. fix/Pay float | 1,510,149 | 1,439,332 | 131,746 | 131,746 | 1,251,600 | 1,173,768 | 112,273 | 112,273 |
| | Rec. float/Pay fix | 1,295,487 | 1,208,210 | (117,720) | (117,720) | 1,160,559 | 1,100,727 | (97,005) | (97,005) |
| | Rec. float/Pay float | 270,677 | 5,485 | 427 | 427 | 276,152 | 276,152 | (349) | (349) |
| | Rec. fix/Pay fix | — | — | — | — | 128 | — | (142) | (142) |
| Total | | — | — | 14,453 | 14,453 | — | — | 14,071 | 14,071 |

Note: 1. The fair value of interest rate futures is based on the closing prices in principal markets.
 2. The fair value of interest rate swaps is mainly measured by discounting estimated future cash flows to present value based on the interest rates at the end of period or is based on prices obtained from external vendors.

(3) Equity-related instruments

(Yen in millions)

| | | As of March 31, 2020 | | | | As of March 31, 2019 | | | |
|-------------------------------|----------------------|---------------------------------|------------|------------------------------|---------|---------------------------------|------------|------------------------------|----------|
| | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | |
| Market transactions | Equity index futures | | | | | | | | |
| | Short | 6,977 | — | (168) | (168) | 14,337 | — | (103) | (103) |
| | Long | 2,179 | — | — | — | 1,355 | — | (1) | (1) |
| Over-the-counter transactions | Equity index options | | | | | | | | |
| | Short | 111,722 | — | | | 145,488 | — | | |
| | | [5,487] | [—] | 14,241 | (8,754) | [5,102] | [—] | 929 | 4,172 |
| | Long | 163,099 | 3,000 | 29,829 | 14,141 | 213,915 | 4,500 | | |
| | | [15,687] | [1,166] | | | [15,522] | [1,720] | 3,171 | (12,351) |
| Total | | — | — | 43,902 | 5,218 | — | — | 3,995 | (8,283) |

Note: 1. The fair value of equity index futures is based on the closing prices in principal markets.
 2. The fair value of equity index options is mainly based on prices obtained from external vendors.
 3. For option contracts, the figures below the principal amount denoted with [] are option premiums.

(4) Bond-related instruments

(Yen in millions)

| | | As of March 31, 2020 | | | | As of March 31, 2019 | | | |
|-------------------------------|-------------------------------|---------------------------------|------------|------------------------------|-------|---------------------------------|------------|------------------------------|---------|
| | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | |
| Market transactions | Bond futures | | | | | | | | |
| | Short | 5,112 | — | (158) | (158) | 136,101 | — | (1,855) | (1,855) |
| | Long | 152 | — | 0 | 0 | 38,180 | — | 292 | 292 |
| Over-the-counter transactions | Bond over-the-counter options | | | | | | | | |
| | Short | 352,007 | — | | | 91,664 | — | | |
| | | [2,312] | [—] | 3,184 | (872) | [310] | [—] | 403 | (93) |
| | Long | 352,007 | — | | | 91,664 | — | | |
| | | [2,231] | [—] | 3,404 | 1,173 | [338] | [—] | 427 | 88 |
| Total | | — | — | 6,430 | 142 | — | — | (732) | (1,568) |

Note: 1. The fair value of bond futures is based on the closing prices in principal markets.
 2. The fair value of bond over-the-counter options is mainly based on prices obtained from external vendors.
 3. For option contracts, the figures below the principal amount denoted with [] are option premiums.

(5) Commodity-related instruments

(Yen in millions)

| | | As of March 31, 2020 | | | | As of March 31, 2019 | | | |
|---------------------|-------------------|---------------------------------|------------|------------------------------|---|---------------------------------|------------|------------------------------|---|
| | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | |
| Market transactions | Commodity futures | | | | | | | | |
| | Short | 871 | — | — | — | 911 | — | — | — |
| | Long | 327 | — | — | — | 586 | — | — | — |
| Total | | — | — | — | — | — | — | — | — |

Note: The fair value of commodity futures is based on the closing prices in principal markets.

(6) Others

(Yen in millions)

| | | As of March 31, 2020 | | | | As of March 31, 2019 | | | |
|-------------------------------|---------------------------------|---------------------------------|------------|------------------------------|-------|---------------------------------|------------|------------------------------|-------|
| | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | | Principal amount Over 1 year | Fair value | Unrealized gains (losses) | |
| Over-the-counter transactions | Natural catastrophe derivatives | | | | | | | | |
| | Short | 30,313 | 16,121 | | | 30,929 | 6,519 | | |
| | | [1,967] | [853] | 2,145 | (177) | [2,522] | [915] | 1,269 | 1,253 |
| | Long | 19,000 | 15,000 | | | 19,000 | 4,000 | | |
| | | [452] | [333] | 23 | (428) | [641] | [—] | (47) | (689) |
| | Weather derivatives | | | | | | | | |
| | Short | 13 | — | | | 19 | — | | |
| | | [1] | [—] | 0 | 0 | [2] | [—] | 2 | 0 |
| | Others | | | | | | | | |
| | Short | 21,912 | 21,912 | | | 22,200 | 22,200 | | |
| | | [2,519] | [2,519] | 1,172 | 1,347 | [2,553] | [2,553] | 1,445 | 1,107 |
| | Long | 10,708 | 10,708 | | | 11,339 | 11,339 | | |
| | | [1,133] | [1,133] | 970 | (163) | [1,148] | [1,148] | 1,001 | (147) |
| Total | | — | — | 4,313 | 578 | — | — | 3,670 | 1,524 |

Note: 1. The fair value of natural catastrophe derivatives is measured using an internal valuation model or based on option premiums.
 2. The fair value of weather derivatives is measured considering weather conditions, terms of contracts, and other components.
 3. The fair value of others is measured using an internal valuation model.
 4. For option contracts, the figures below the principal amount denoted with [] are option premiums.

Consolidated Financial Statements

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency-related instruments

| (Yen in millions) | | | | | | | | |
|-----------------------|--|-------------------------------|----------------------|--------|------------|----------------------|--------|------------|
| Hedged items | | | As of March 31, 2020 | | | As of March 31, 2019 | | |
| | | | Principal amount | | Fair value | Principal amount | | Fair value |
| | | | Over 1 year | | | Over 1 year | | |
| Deferred hedges | Foreign exchange forwards Short | Investment in subsidiaries | 237,105 | — | (3,086) | 155,824 | — | (1,021) |
| Fair value hedges | Foreign exchange forwards Short | Available-for-sale securities | 1,016,214 | — | (6,565) | 842,663 | — | (4,254) |
| | Currency swaps Pay foreign/Rec. yen | Available-for-sale securities | 12,632 | 11,678 | (631) | 12,284 | 11,573 | (582) |
| Assignment accounting | Currency swaps Pay foreign/Rec. yen | Bonds held to maturity | 12,316 | 12,316 | (Note 3) | 12,316 | 12,316 | (Note 3) |
| Total | | | — | — | (10,284) | — | — | (5,858) |

Note: 1. The fair value of foreign exchange forwards to which deferred hedges and fair value hedges are applied is based on the prices in forward market.
2. The fair value of currency swaps to which fair value hedges is applied is mainly based on prices obtained from external vendors or the prices measured by discounting estimated future cash flows to present value.
3. The fair value of currency swaps to which assignment accounting is applied is included in the fair value of bonds held to maturity as it is accounted for with hedged items.

(2) Interest rate-related instruments

| (Yen in millions) | | | | | | | | |
|-------------------|---|-----------------------|----------------------|--------|------------|----------------------|---------|------------|
| Hedged items | | | As of March 31, 2020 | | | As of March 31, 2019 | | |
| | | | Principal amount | | Fair value | Principal amount | | Fair value |
| | | | Over 1 year | | | Over 1 year | | |
| Deferred hedges | Interest rate swaps Rec. fix/Pay float | Insurance liabilities | 92,100 | 92,100 | 16,335 | 134,600 | 134,600 | 14,100 |
| Total | | | — | — | 16,335 | — | — | 14,100 |

Note: The fair value of interest rate swaps is measured by discounting estimated future cash flows to present value based on the interest rates at the end of period.

Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of asset retirement obligations

Asset retirement obligations were recognized in connection with the restoration of certain leased sites to their original condition at the end of the lease term. In addition, asset retirement obligations were recognized in connection with the removal of hazardous substances from certain Company-owned properties.

2. Measurement of asset retirement obligations

In estimating asset retirement obligations, estimated useful lives of 7 to 50 years and discount rates of 0.0% to 2.3% are used.

3. Changes in balance

| (Yen in millions) | | | |
|--|--|--|--|
| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) | |
| Beginning balance | 4,602 | 4,559 | |
| Addition by acquisitions | 17 | 28 | |
| Unwinding of discount | 45 | 45 | |
| Decrease by fulfillment of obligations | (73) | (16) | |
| Other increases (decreases) | 32 | (13) | |
| Ending balance | 4,624 | 4,602 | |

Retirement Benefits

1. Outline of retirement benefit plans

The Company and some consolidated subsidiaries have defined benefit plans and defined contribution plans.

Tokio Marine & Nichido has an unfunded lump-sum payment retirement plan covering substantially all employees. The corporate pension plan is a defined benefit corporate pension plan and a defined contribution pension plan. The benefits of the corporate pension plan and lump-sum payment retirement plan are based on the points which each employee acquired through service.

Additionally, some domestic consolidated subsidiaries have an employee retirement trust.

For the fiscal year 2019, some overseas consolidated subsidiaries terminated defined benefit pension plans.

2. Defined benefit plan

(1) Changes in retirement benefit obligations

| (Yen in millions) | | |
|---|--|--|
| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
| Beginning balance | 538,873 | 535,858 |
| Service costs | 19,413 | 19,221 |
| Interest costs | 3,852 | 4,539 |
| Actuarial (gains) losses arising in current year | 29,407 | 5,690 |
| Benefit payments | (22,362) | (23,107) |
| Past service costs (credits) arising in current year | (16,646) | 20 |
| Decrease due to partial termination of retirement benefit plans | (9,059) | — |
| Others | 154 | (3,348) |
| Ending balance | 543,633 | 538,873 |

Note: Some companies use the simplified method in calculation of retirement benefit obligations.

(2) Changes in plan assets

| (Yen in millions) | | |
|---|--|--|
| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
| Beginning balance | 302,099 | 288,470 |
| Expected return on plan assets | 1,616 | 2,644 |
| Actuarial gains (losses) arising in current year | 9,219 | 15,958 |
| Employer contribution | 6,639 | 7,223 |
| Benefit payments | (9,327) | (9,425) |
| Decrease due to partial termination of retirement benefit plans | (9,788) | — |
| Others | 85 | (2,773) |
| Ending balance | 300,544 | 302,099 |

(3) Reconciliation of retirement benefit obligations and plan assets with net defined benefit liabilities and assets

| (Yen in millions) | | |
|---|----------------------|----------------------|
| | As of March 31, 2020 | As of March 31, 2019 |
| Funded retirement benefit obligations | 310,764 | 287,302 |
| Plan assets | (300,544) | (302,099) |
| | 10,220 | (14,797) |
| Unfunded retirement benefit obligations | 232,868 | 251,571 |
| Asset ceiling adjustments | 166 | 140 |
| Net liabilities recognized on the balance sheet | 243,255 | 236,915 |
| | | |
| Net defined benefit liabilities | 245,966 | 254,430 |
| Net defined benefit assets | (2,710) | (17,515) |
| Net liabilities recognized on the balance sheet | 243,255 | 236,915 |

Note: "Asset ceiling adjustments" represents adjustments to reflect certain limits on the recording of net defined benefit assets at overseas consolidated subsidiaries applying the accounting standard Employee Benefits (IAS 19).

Consolidated Financial Statements

(4) Retirement benefit expenses

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|--|--|--|
| Service costs | 19,413 | 19,221 |
| Interest costs | 3,852 | 4,539 |
| Expected return on plan assets | (1,616) | (2,644) |
| Amortization of actuarial losses (gains) | 4,169 | 3,623 |
| Amortization of past service costs (credits) | 75 | (544) |
| Others | 276 | 8 |
| Retirement benefit expenses | 26,171 | 24,204 |

(5) Remeasurements of defined benefit plans included in Other comprehensive income

Remeasurements of defined benefit plans (before tax effect) consist of the following:

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|-----------------------|--|--|
| Past service costs | 16,722 | (564) |
| Actuarial differences | (16,049) | 13,916 |
| Others | 45 | 79 |
| Total | 718 | 13,430 |

(6) Remeasurements of defined benefit plans included in Accumulated other comprehensive income

Remeasurements of defined benefit plans (before tax effect) consist of the following:

| | As of March 31, 2020 | As of March 31, 2019 |
|---|----------------------|----------------------|
| Unrecognized past service costs (credits) | (16,544) | 178 |
| Unrecognized net actuarial losses (gains) | 30,381 | 14,376 |
| Total | 13,836 | 14,555 |

(7) Plan assets

a. Components of plan assets

Percentages by major categories of plan assets are as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|---|----------------------|----------------------|
| Debt securities | 93 | 89 |
| Equity securities | 1 | 2 |
| Cash and bank deposits | 0 | 0 |
| Life insurance company general accounts | 3 | 6 |
| Others | 2 | 2 |
| Total | 100 | 100 |

Note: The retirement benefit trusts established for the corporate pension plan and the lump-sum payment retirement plan account for 2% of total plan assets as of March 31, 2020, and 2% of total plan assets as of March 31, 2019.

b. Calculation of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined through consideration of present and expected allocation of plan assets and long-term expected rate of returns on the various types of assets in plan assets.

(8) Actuarial assumptions

Principal actuarial assumptions are as follows:

| | As of March 31, 2020 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Discount rate | 0.2–0.7 | 0.1–0.7 |
| Long-term expected rate of return on plan assets | 0.4–1.2 | 0.6–1.5 |

3. Defined contribution pension plans

The contributions of the Company and its consolidated subsidiaries to the defined contribution pension plan are as follows:

| FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|---------------------------------------|---------------------------------------|
| 8,369 | 8,175 |

Investment Property

1. Some consolidated subsidiaries own office buildings and land mainly in Tokyo, Osaka, and Nagoya, of which some properties are leased. The carrying amount shown on the consolidated balance sheet, its change during the year and the fair value at the end of the fiscal year of these investment properties are as follows:

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|--|--|--|
| Carrying amount shown on balance sheet | | |
| Beginning balance | 58,417 | 60,366 |
| Change during the year | 6,476 | (1,948) |
| Ending balance | 64,894 | 58,417 |
| Fair value at the end of the fiscal year | 155,629 | 144,804 |

Note: 1. Carrying amount is the acquisition cost after the deduction of accumulated depreciation and accumulated impairment losses.

2. For the fiscal year 2019, the increase is mainly due to the acquisition of real estate properties of 8,737 million yen, the decrease is mainly due to depreciation of 1,726 million yen. For the fiscal year 2018, the decrease is mainly due to depreciation of 1,696 million yen.

3. Fair value at the end of the fiscal year is primarily based on appraisals by qualified independent valuers.

2. Income and expenses related to investment property are as follows:

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|--|--|--|
| Rental income | 8,102 | 8,153 |
| Direct operating expenses | 5,984 | 5,596 |
| Net amount | 2,117 | 2,557 |
| Others (Gains and losses on disposal by sales, etc.) | (1,296) | (537) |

Note: Rental income is included in Interest and dividends. Direct operating expenses such as depreciation, repairs and maintenance, insurance costs, and taxes are included in Operating and general administrative expenses. Others, such as gains and losses on disposal by sales and impairment losses, is included in Extraordinary gains or Extraordinary losses.

Consolidated Financial Statements

Stock Options

1. Expenses related to stock options on the consolidated statement of income

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|---|--|--|
| Loss adjustment expenses | 158 | 140 |
| Operating and general administrative expenses | 640 | 598 |

2. Details of stock options

(1) Details of stock options

| | Stock options (July 2019) | Stock options (July 2018) | Stock options (July 2017) |
|---------------------------------------|--|--|--|
| Title and number of grantees (Note 1) | Directors of the Company: 12 Executive officers of the Company: 13 Directors of the Company's consolidated subsidiaries: 17 Executive officers of the Company's consolidated subsidiaries: 52 | Directors of the Company: 13 Executive officers of the Company: 17 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 49 | Directors of the Company: 13 Executive officers of the Company: 12 Directors of the Company's consolidated subsidiaries: 15 Executive officers of the Company's consolidated subsidiaries: 51 |
| Number of stock options (Note 2) | Common stock: 160,100 shares | Common stock: 160,400 shares | Common stock: 159,900 shares |
| Grant date | July 9, 2019 | July 10, 2018 | July 11, 2017 |
| Vesting conditions | (Note 4) | (Note 4) | (Note 4) |
| Requisite service period | From July 10, 2019 to June 30, 2020 | From July 11, 2018 to June 30, 2019 | From July 12, 2017 to June 30, 2018 |
| Exercise period (Note 5) | From July 10, 2019 to July 9, 2049 | From July 11, 2018 to July 10, 2048 | From July 12, 2017 to July 11, 2047 |

| | Stock options (July 2016) | Stock options (July 2015) | Stock options (July 2014) |
|---------------------------------------|---|---|---|
| Title and number of grantees (Note 1) | Directors of the Company: 11 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 51 | Directors of the Company: 10 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 46 | Directors of the Company: 10 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 34 |
| Number of stock options (Note 2) | Common stock: 178,400 shares | Common stock: 160,000 shares | Common stock: 193,800 shares |
| Grant date | July 12, 2016 | July 14, 2015 | July 8, 2014 |
| Vesting conditions | (Note 4) | (Note 4) | (Note 4) |
| Requisite service period | From July 13, 2016 to June 30, 2017 | From July 15, 2015 to June 30, 2016 | From July 9, 2014 to June 30, 2015 |
| Exercise period (Note 5) | From July 13, 2016 to July 12, 2046 | From July 15, 2015 to July 14, 2045 | From July 9, 2014 to July 8, 2044 |

| | Stock options (July 2013) | Stock options (July 2012) | Stock options (July 2011) |
|---------------------------------------|---|---|---|
| Title and number of grantees (Note 1) | Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 30 | Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 24 Executive officers of the Company's consolidated subsidiaries: 30 | Directors of the Company: 11 Executive officers of the Company: 7 Directors of the Company's consolidated subsidiaries: 22 Executive officers of the Company's consolidated subsidiaries: 31 |
| Number of stock options (Note 2) | Common stock: 202,100 shares | Common stock: 262,500 shares | Common stock: 222,100 shares |
| Grant date | July 9, 2013 | July 10, 2012 | July 12, 2011 |
| Vesting conditions | (Note 4) | (Note 4) | (Note 4) |
| Requisite service period | From July 10, 2013 to June 30, 2014 | From July 11, 2012 to June 30, 2013 | From July 13, 2011 to June 30, 2012 |
| Exercise period (Note 5) | From July 10, 2013 to July 9, 2043 | From July 11, 2012 to July 10, 2042 | From July 13, 2011 to July 12, 2041 |

| | Stock options (July 2010) | Stock options (July 2009) | Stock options (August 2008) |
|---------------------------------------|--|--|--|
| Title and number of grantees (Note 1) | Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 22 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32 | Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 5 Directors of the Company's consolidated subsidiaries: 23 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32 | Directors of the Company: 13 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 26 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 27 |
| Number of stock options (Note 2) | Common stock: 238,600 shares | Common stock: 213,300 shares | Common stock: 122,100 shares |
| Grant date | July 13, 2010 | July 14, 2009 | August 26, 2008 |
| Vesting conditions | (Note 3) | (Note 3) | (Note 3) |
| Requisite service period | From July 14, 2010 to June 30, 2011 | From July 15, 2009 to June 30, 2010 | From August 27, 2008 to June 30, 2009 |
| Exercise period (Note 5) | From July 14, 2010 to July 13, 2040 | From July 15, 2009 to July 14, 2039 | From August 27, 2008 to August 26, 2038 |

Consolidated Financial Statements

| | Stock options (July 2007) | Stock options (July 2006) | Stock options (July 2005) |
|---|--|---|--|
| Title and number of grantees (Note 1) | Directors of the Company: 12 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 19 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 8 Executive officers of the Company's consolidated subsidiaries: 21 | Directors of the Company: 7 Audit & Supervisory Board Members of the Company: 2 Directors of the Company's consolidated subsidiaries: 17 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 3 Executive officers of the Company's consolidated subsidiaries: 27 | Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 15 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 5 Executive officers of the Company's consolidated subsidiaries: 27 |
| Number of stock options (Note 2) | Common stock: 86,700 shares | Common stock: 97,000 shares | Common stock: 155,000 shares |
| Grant date | July 23, 2007 | July 18, 2006 | July 14, 2005 |
| Vesting conditions | (Note 3) | (Note 3) | (Note 3) |
| Requisite service period | From July 24, 2007 to June 30, 2008 | From July 19, 2006 to June 30, 2007 | From July 15, 2005 to June 30, 2006 |
| Exercise period (Note 5) | From July 24, 2007 to July 23, 2037 | From July 19, 2006 to July 18, 2036 | From July 15, 2005 to June 30, 2035 |

Note: 1. The number of directors of the Company's consolidated subsidiaries and executive officers of the Company's consolidated subsidiaries exclude those concurrently serving as directors of the Company and executive officers of the Company.
2. The number of stock options is converted into the number of equivalent shares.
3. Stock options are vested on the grant date. If directors, executive officers, or Audit & Supervisory Board Members of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
4. Stock options are vested on the grant date. If directors or executive officers of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
5. Stock options can only be exercised within ten days from the day following the retirement or resignation from the position of directors, executive officers, or Audit & Supervisory Board Members of the Company or the Company's consolidated subsidiaries.

(2) Figures relating to stock options

The number of stock options that existed in the fiscal year 2019 is converted into the number of equivalent shares and listed.

(a) Number of stock options

| | Stock options (July 2019) | Stock options (July 2018) | Stock options (July 2017) | Stock options (July 2016) | Stock options (July 2015) | Stock options (July 2014) |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Stock options before vesting (converted into the number of equivalent shares) | | | | | | |
| Outstanding at the beginning of the year | — | 34,200 | — | — | — | — |
| Granted | 160,100 | — | — | — | — | — |
| Forfeited | — | 6,700 | — | — | — | — |
| Vested | 126,300 | 27,500 | — | — | — | — |
| Outstanding at the end of the year | 33,800 | — | — | — | — | — |
| Exercisable stock options (converted into the number of equivalent shares) | | | | | | |
| Outstanding at the beginning of the year | — | 123,500 | 125,200 | 119,500 | 72,100 | 62,800 |
| Vested | 126,300 | 27,500 | — | — | — | — |
| Exercised | — | 29,000 | 31,100 | 34,400 | 20,500 | 20,300 |
| Forfeited | — | — | — | — | — | — |
| Outstanding at the end of the year | 126,300 | 122,000 | 94,100 | 85,100 | 51,600 | 42,500 |

| | Stock options (July 2013) | Stock options (July 2012) | Stock options (July 2011) | Stock options (July 2010) | Stock options (July 2009) | Stock options (August 2008) |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------|
| Stock options before vesting (converted into the number of equivalent shares) | | | | | | |
| Outstanding at the beginning of the year | — | — | — | — | — | — |
| Granted | — | — | — | — | — | — |
| Forfeited | — | — | — | — | — | — |
| Vested | — | — | — | — | — | — |
| Outstanding at the end of the year | — | — | — | — | — | — |
| Exercisable stock options (converted into the number of equivalent shares) | | | | | | |
| Outstanding at the beginning of the year | 37,300 | 30,500 | 22,200 | 14,300 | 11,800 | 4,700 |
| Vested | — | — | — | — | — | — |
| Exercised | 14,200 | 10,000 | 7,500 | 10,400 | 9,200 | 3,500 |
| Forfeited | — | — | — | — | — | — |
| Outstanding at the end of the year | 23,100 | 20,500 | 14,700 | 3,900 | 2,600 | 1,200 |

| | Stock options (July 2007) | Stock options (July 2006) | Stock options (July 2005) |
|--|------------------------------|------------------------------|------------------------------|
| Stock options before vesting (converted into the number of equivalent shares) | | | |
| Outstanding at the beginning of the year | — | — | — |
| Granted | — | — | — |
| Forfeited | — | — | — |
| Vested | — | — | — |
| Outstanding at the end of the year | — | — | — |
| Exercisable stock options (converted into the number of equivalent shares) | | | |
| Outstanding at the beginning of the year | 3,500 | 2,000 | 2,500 |
| Vested | — | — | — |
| Exercised | 3,200 | 2,000 | 2,500 |
| Forfeited | — | — | — |
| Outstanding at the end of the year | 300 | — | — |

Note: On September 30, 2006, the Company conducted a share split in the ratio of 500:1. The above numbers are presented on an after share split basis.

(b) Price information

| | Stock options (July 2019) | Stock options (July 2018) | Stock options (July 2017) | Stock options (July 2016) | Stock options (July 2015) |
|---------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Exercise price (Note) | 100 | 100 | 100 | 100 | 100 |
| Average share price at exercise | — | 5,432 | 5,432 | 5,432 | 5,430 |
| Fair value on the grant date | 523,700 | 500,700 | 455,100 | 337,700 | 500,800 |

| | Stock options (July 2014) | Stock options (July 2013) | Stock options (July 2012) | Stock options (July 2011) | Stock options (July 2010) |
|---------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Exercise price (Note) | 100 | 100 | 100 | 100 | 100 |
| Average share price at exercise | 5,430 | 5,425 | 5,422 | 5,422 | 5,422 |
| Fair value on the grant date | 310,800 | 332,600 | 181,900 | 219,500 | 234,400 |

| | Stock options (July 2009) | Stock options (August 2008) | Stock options (July 2007) | Stock options (July 2006) | Stock options (July 2005) |
|---------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|
| Exercise price (Note) | 100 | 100 | 100 | 500 | 500 |
| Average share price at exercise | 5,422 | 5,422 | 5,422 | 5,422 | 5,422 |
| Fair value on the grant date | 237,600 | 353,300 | 491,700 | 2,013,506 | — |

Note: Exercise price per one stock option

Consolidated Financial Statements

3. Valuation technique used for the estimated fair value of stock options

The valuation technique used for the estimated fair value of stock options granted in July 2019 in the fiscal year 2019 is as follows:

(1) Valuation technique: Black-Scholes Model

(2) Assumptions

| Stock options (July 2019) | |
|----------------------------------|----------------------|
| Expected volatility (Note 1) | 19.91% |
| Expected lives (Note 2) | 2 years |
| Expected dividends (Note 3) | 205.00 yen per share |
| Risk-free interest rate (Note 4) | (0.20)% |

Note: 1. Calculated based on the share prices from July 10, 2017 to July 9, 2019
2. Calculated based on the average period of service of directors
3. Calculated based on the average amount of annual dividends paid in the fiscal year 2018 and the fiscal year 2019
4. Based on yields of Japanese government bonds for a term corresponding to the expected lives

4. Estimate of vested number of stock options

Only the actual number of forfeited stock options is considered because of the difficulty in rationally estimating the number of stock options that will be forfeited in the future.

Per Share Information

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|------------------------------|--|--|
| Net assets per share | 4,832.05 | 5,058.66 |
| Net income per share–Basic | 369.74 | 383.01 |
| Net income per share–Diluted | 369.45 | 382.69 |

Note: Calculations of "Net income per share–Basic" and "Net income per share–Diluted" are based on the following figures.

| | FY2019 (April 1, 2019–March 31, 2020) | FY2018 (April 1, 2018–March 31, 2019) |
|---|--|--|
| Net income per share–Basic | | |
| Net income attributable to owners of the parent (Yen in millions) | 259,763 | 274,579 |
| Amount not attributable to common shareholders (Yen in millions) | — | — |
| Net income attributable to owners of the parent related to common stock (Yen in millions) | 259,763 | 274,579 |
| Average number of shares outstanding (In thousand shares) | 702,541 | 716,886 |
| Net income per share–Diluted | | |
| Adjustment of net income attributable to owners of the parent (Yen in millions) | — | — |
| Increased number of common stock (In thousand shares) | 565 | 601 |
| Increased number of stock acquisition rights (In thousand shares) | 565 | 601 |

Business Combinations and Other Matters

Business combination by acquisition

The Company acquired 100% of the outstanding shares of Privilege Underwriters, Inc. ("Pure"), providing insurance products and services specialized in the U.S. High Net Worth insurance market through the Company's wholly owned subsidiary, HCC Insurance Holdings, Inc. ("HCC").

(1) Outline of the business combination

a. Name of the acquiree

Privilege Underwriters, Inc.

b. Business

Holding company of a management company, an insurance company, etc.

c. Objective of the business combination

The acquisition will allow Tokio Marine Group to enhance capital efficiency and realize sustainable profit growth by further expansion of our international business in both scale and profit as well as further diversification of our business portfolio, following the acquisition of the stable fee-based business with low capital intensity and with limited overlap and high degree of complementarity with our existing U.S. business.

d. Date of the business combination

February 7, 2020

e. Form of the business combination

Share purchase of which the consideration is cash

f. Company name after the business combination

Privilege Underwriters, Inc.

g. Voting rights acquired through the business combination

100%

h. Primary reasons for determination of controlling company

HCC is the controlling company, as HCC acquired 100% of voting rights of Pure.

(2) Period for which the acquiree's operating results are included in the consolidated statement of income of the Company

As the Company uses the acquiree's financial statements as of the date of the business combination for consolidation purposes, the acquiree's operating results are not included in the consolidated statement of income for the fiscal year 2019.

(3) Acquisition cost and breakdown by class of consideration

| | | |
|--|------|---------------------|
| Consideration for Pure's shares acquired | Cash | 341,041 million yen |
| Acquisition cost | | 341,041 million yen |

(4) Description and amount of major acquisition-related cost

| | |
|-------------------------|-------------------|
| Advisory fee and others | 2,310 million yen |
|-------------------------|-------------------|

(5) Amount, reason for recognition, period and method of amortization of goodwill

a. Amount of goodwill

163,910 million yen

b. Reason for recognition of goodwill

The acquisition cost of the acquiree, which was calculated by taking into account projections of the acquiree's future revenue as of the valuation date, exceeded the net amount of assets acquired and liabilities assumed, and the difference is recognized as goodwill.

c. Period and method of amortization of goodwill

15 years using the straight-line method

(6) Amount of assets acquired and liabilities assumed on the date of the business combination and its main components

| | |
|--------------------------|---------------------|
| Total assets: | 372,980 million yen |
| Investment securities | 53,300 million yen |
| Intangible fixed assets | 244,249 million yen |
| Total liabilities: | 158,805 million yen |
| Insurance liabilities | 45,980 million yen |
| Deferred tax liabilities | 66,409 million yen |

Consolidated Financial Statements

(7) Amounts allocated to intangible fixed assets other than goodwill, breakdown by component and weighted average amortization period by component

| | |
|--|--------------------------------|
| Total amount allocated to intangible fixed assets other than goodwill: | 242,639 million yen |
| Policyholder Relationships | 111,751 million yen (15 years) |
| Broker Relationships | 96,412 million yen (15 years) |

(8) Allocation of acquisition cost

The Company provisionally accounted for the business combination based on relevant information available as of March 31, 2020, because the purchase price allocation has not been completed within a short period from the date of the business combination.

(9) Approximate impact on the consolidated statement of income and its calculation methods, assuming that the business combination took place on the first day of the fiscal year 2019

| | |
|---|----------------------|
| Ordinary income | 58,750 million yen |
| Ordinary profit | (31,772) million yen |
| Net income attributable to owners of the parent | (22,966) million yen |

(Calculation methods for approximate impact)

These amounts of approximate impact represent the difference between the hypothetical amounts of Ordinary income, Ordinary profit and Net income attributable to owners of the parent calculated assuming that the business combination was completed at the beginning of the fiscal year 2019, and their corresponding amounts on consolidated statement of income of the Company for the fiscal year 2019. The amortized amount of intangible fixed assets (incl. goodwill) is included in the calculation by assuming that the entire intangible fixed assets arising from the business combination was recognized at the beginning of the fiscal year 2019.

These amounts of the approximate impact and its calculation methods have been unaudited.

Subsequent Events

Not applicable.

Supplementary Schedule

(Schedule of corporate bonds)

| Issuer | Series | Issue date | Beginning balance (Yen in millions) | Ending balance (Yen in millions) | Coupon (%) | Collateral | Maturity date |
|---|---|--------------------------------|--|--|---------------|------------|--------------------------------|
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 4th Unsecured Bond | Sep. 20, 2000 | 10,000 | 10,000 [10,000] | 2.78 | N/A | Sep. 18, 2020 |
| | First series of domestic subordinated unsecured bonds with interest deferral option and early redemption option | Dec. 24, 2019 | — | 200,000 | 0.96 | N/A | Dec. 24, 2079 |
| | FX Linked Coupon Bond | Aug. 9, 2007 | 100 | 100 | 0.00 | N/A | Aug. 10, 2037 |
| Delphi Financial Group, Inc. | Subordinated Bond in USD | May. 23, 2007 | 19,011 (USD 171,273 thousand) | 18,781 (USD 171,423 thousand) | 5.10–5.87 | N/A | May 1, 2067 |
| | Straight Bond in USD | Jan. 20, 2010 | 28,403 (USD 255,887 thousand) | 27,441 (USD 250,473 thousand) [27,441] | 7.88 | N/A | Jan. 31, 2020 |
| Privilege Underwriters Reciprocal Exchange | Surplus Note | Jun. 13, 2007 to Jan. 18, 2018 | — | 14,213 (USD 129,735 thousand) | 1.92–9.50 | N/A | Jul. 31, 2021 to Jan. 18, 2028 |
| Total | | — | 57,514 | 270,536 [37,441] | — | — | — |

Note: 1. The figures denoted with () in the columns for beginning balance and ending balance are the amounts denominated in foreign currency.
2. The figures denoted with [] in the columns for ending balance are the amounts of corporate bonds to be redeemed within 1 year.
3. Principal amounts to be redeemed within 5 years after the closing date are as follows:

| (Yen in millions) | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| Within 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years |
| 37,390 | 3,725 | 361 | — | — |

(Schedule of borrowings)

| | Beginning balance (Yen in millions) | Ending balance (Yen in millions) | Average interest rate (%) | Maturity date |
|--|--|-------------------------------------|------------------------------|-------------------------------|
| Short-term borrowings | 24,975 | 5,695 | 2.8 | — |
| Long-term borrowings to be repaid within 1 year | — | 319,446 | 1.9 | — |
| Obligations under lease transactions to be repaid within 1 year | 1,213 | 2,324 | 5.0 | — |
| Long-term borrowings other than those to be repaid within 1 year | 503,355 | 182,689 | 1.7 | Sep. 7, 2021 to Nov. 30, 2043 |
| Obligations under lease transactions other than those to be repaid within 1 year | 1,945 | 12,911 | 3.1 | Jan. 1, 2021 to Oct. 6, 2031 |
| Total | 531,489 | 523,067 | — | — |

Note: 1. Average interest rate is calculated based on the interest rate as of the end of the fiscal year and the outstanding principal amount.
2. The above amount is included in Other liabilities in the consolidated balance sheet.
3. Repayment schedule of long-term borrowings and lease obligations to be repaid within 5 years (excluding the amount to be repaid within 1 year) after the closing date is as follows:

| (Yen in millions) | | | | |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years |
| Long-term borrowings | 32,868 | 49,849 | — | — |
| Lease obligations | 2,962 | 2,310 | 1,833 | 1,030 |

(Schedule of asset retirement obligations)

Detailed information is omitted due to its immateriality.

Independent Auditor’s Report



INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of Tokio Marine Holdings, Inc.

Opinion

We have audited the consolidated financial statements of Tokio Marine Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as applicable, matters related to going concern.
Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masahiko Nara
Masahiko Nara
Designated Engagement Partner
Certified Public Accountant

August 7, 2020

Solvency Margin Ratio (Unaudited)

Sufficiency of solvency of insurance holding company and its subsidiaries, etc. to fulfill payment obligations such as insurance claims

Tokio Marine Holdings' solvency margin ratio (consolidated)

| | As of March 31, 2020 | As of March 31, 2019 |
|---|----------------------|----------------------|
| (A) Total amount of solvency margin | 5,064,907 | 5,284,950 |
| Shareholders' equity less adjusting items | 891,439 | 1,154,895 |
| Reserve for price fluctuation | 118,071 | 108,457 |
| Contingency reserve | 57,854 | 56,705 |
| Catastrophe loss reserve | 972,525 | 1,041,011 |
| General allowance for doubtful accounts | 1,973 | 2,075 |
| Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions | 1,838,462 | 2,098,278 |
| Unrealized gains (losses) on land | 250,588 | 235,371 |
| Total amount of unrecognized actuarial difference and unrecognized prior service costs before tax effect deductions | (14,213) | (14,896) |
| Excess of premium reserve, etc. | 312,273 | 319,977 |
| Subordinated debt, etc. | 300,000 | 100,000 |
| Amounts within "Excess of premium reserve, etc." and "Subordinated debt, etc." not calculated into the margin | — | — |
| Total margin of Small Amount and Short Term Insurers | 299 | 215 |
| Deductions | 178,267 | 317,751 |
| Others | 513,898 | 500,611 |
| (B) Total amount of risks | 1,197,647 | 1,237,259 |
| $\sqrt{(\sqrt{(R_1^2+R_2^2)}+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$ | | |
| General insurance risk on non-life insurance contracts (R ₁) | 367,085 | 350,053 |
| Life insurance risk (R ₂) | 31,391 | 31,507 |
| Third sector insurance risk (R ₃) | 43,714 | 46,925 |
| Insurance risk of Small Amount and Short Term Insurers (R ₄) | 9 | 8 |
| Assumed interest rate risk (R ₅) | 24,747 | 26,079 |
| Minimum guarantee risk on life insurance contracts (R ₆) | 2,501 | 2,439 |
| Asset management risk (R ₇) | 765,263 | 818,629 |
| Business administration risk (R ₈) | 30,178 | 30,916 |
| Catastrophe risk on non-life insurance contracts (R ₉) | 274,192 | 270,188 |
| (C) Solvency margin ratio on a consolidated basis [(A)/{(B) × 1/2}] × 100 | 845.8% | 854.2% |

Note: "Solvency margin ratio on a consolidated basis" is calculated in accordance with Article 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 issued by the Financial Services Agency in 2011.

Solvency margin ratio (consolidated)

- Most subsidiaries in Tokio Marine Group engage in non-life insurance business, life insurance business and Small Amount and Short Term insurance business. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance groups to maintain sufficient solvency in order to cover risks that exceed normal estimates, e.g. occurrences of a major catastrophe, or a significant decline in value of assets held by insurance groups.
- (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance company groups in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates) which is calculated in accordance with the Insurance Business Act.
- "Risks that exceed normal estimates" is composed of risks described below.
 - General insurance risk on non-life insurance contracts, life insurance risk, third sector insurance risk and insurance risk of Small Amount and Short Term Insurers: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk on non-life insurance contracts.
 - Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.
 - Minimum guarantee risk on life insurance contracts: risk that value of assets related to the minimum guarantee for benefits of insurance contracts, which are managed as a separate account, fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.
 - Asset management risk: risk that the prices of retained securities and other assets fluctuate in excess of normal estimates.

- Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
- Catastrophe risk on non-life insurance contracts: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan Typhoon or overseas major catastrophe occurs.

- Subsidiaries that were excluded from the scope of consolidation in preparation of the consolidated financial statements due to immateriality were included within the calculation of the consolidated solvency margin ratio.
- Solvency of insurance company groups in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. price fluctuation reserve, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land, etc.
- Solvency margin ratio on a consolidated basis is one of the objective indicators used by the regulatory authority to supervise corporate groups headed by an insurance holdings company. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Sufficiency of solvency of major domestic subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Fire Insurance Co., Ltd.

| | As of March 31, 2020 | As of March 31, 2019 |
|---|----------------------|----------------------|
| (A) Total amount of solvency margin | 4,681,376 | 4,891,588 |
| Shareholders' equity less adjusting items | 1,383,131 | 1,345,853 |
| Reserve for price fluctuation | 102,874 | 96,859 |
| Contingency reserve | 6,213 | 5,449 |
| Catastrophe loss reserve | 913,540 | 979,088 |
| General allowance for doubtful accounts | 196 | 240 |
| Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions | 1,424,499 | 1,840,342 |
| Unrealized gains (losses) on land | 230,253 | 216,476 |
| Excess of policyholders' contract deposits | — | — |
| Subordinated debt, etc. | 200,000 | — |
| Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin | — | — |
| Deductions | — | — |
| Others | 420,667 | 407,277 |
| (B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$ | 1,148,493 | 1,185,150 |
| General insurance risk (R ₁) | 192,865 | 184,654 |
| Third sector insurance risk (R ₂) | — | — |
| Assumed interest rate risk (R ₃) | 18,765 | 20,092 |
| Asset management risk (R ₄) | 933,404 | 963,630 |
| Business administration risk (R ₅) | 25,922 | 26,522 |
| Catastrophe risk (R ₆) | 151,065 | 157,725 |
| (C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100 | 815.2% | 825.4% |

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency Margin Ratio (Unaudited)

Solvency margin ratio (non-consolidated)

1. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover risks that exceed normal estimates, e.g. occurrences of a major catastrophe, a significant decline in value of assets held by insurance companies.
2. (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance companies in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates), which is calculated in accordance with the Insurance Business Act.
3. "Risks that exceed normal estimates" is composed of risks described below.

(1) (General) insurance risk, third sector insurance risk: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk.

(2) Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.

(3) Minimum guarantee risk: risk that value of assets related to the minimum guarantee for benefits of insurance contracts, which are managed as a separate account, fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.

(4) Asset management risk: risk that prices of retained securities and other assets fluctuate in excess of normal estimates.

(5) Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.

(6) Catastrophe risk: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan typhoon occurs.
4. Solvency of insurance companies in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. reserve for price fluctuation, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land, etc.
5. Solvency margin ratio is one of the objective indicators used by the regulators to supervise insurance companies. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Solvency margin ratio (non-consolidated) for Nisshin Fire & Marine Insurance Co., Ltd.

| (Yen in millions) | | |
|---|----------------------|----------------------|
| | As of March 31, 2020 | As of March 31, 2019 |
| (A) Total amount of solvency margin | 144,640 | 155,193 |
| Shareholders' equity less adjusting items | 51,999 | 48,241 |
| Reserve for price fluctuation | 1,732 | 1,516 |
| Contingency reserve | — | — |
| Catastrophe loss reserve | 57,981 | 60,962 |
| General allowance for doubtful accounts | 51 | 3 |
| Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions | 27,604 | 41,414 |
| Unrealized gains (losses) on land | 1,902 | 1,150 |
| Excess of policyholders' contract deposits | — | — |
| Subordinated debt, etc. | — | — |
| Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin | — | — |
| Deductions | — | — |
| Others | 3,368 | 1,903 |
| (B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$ | 25,936 | 25,443 |
| General insurance risk (R ₁) | 13,598 | 12,807 |
| Third sector insurance risk (R ₂) | — | — |
| Assumed interest rate risk (R ₃) | 874 | 928 |
| Asset management risk (R ₄) | 10,371 | 12,488 |
| Business administration risk (R ₅) | 649 | 649 |
| Catastrophe risk (R ₆) | 7,640 | 6,245 |
| (C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100 | 1,115.3% | 1,219.9% |

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for E. design Insurance Co., Ltd.

| (Yen in millions) | | |
|---|----------------------|----------------------|
| | As of March 31, 2020 | As of March 31, 2019 |
| (A) Total amount of solvency margin | 8,401 | 10,029 |
| Shareholders' equity less adjusting items | 7,397 | 9,069 |
| Reserve for price fluctuation | — | — |
| Contingency reserve | — | — |
| Catastrophe loss reserve | 1,004 | 960 |
| General allowance for doubtful accounts | 0 | — |
| Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions | — | — |
| Unrealized gains (losses) on land | — | — |
| Excess of policyholders' contract deposits | — | — |
| Subordinated debt, etc. | — | — |
| Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin | — | — |
| Deductions | — | — |
| Others | — | — |
| (B) Total amount of risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$ | 4,585 | 4,610 |
| General insurance risk (R ₁) | 4,115 | 3,987 |
| Third sector insurance risk (R ₂) | — | — |
| Assumed interest rate risk (R ₃) | — | — |
| Asset management risk (R ₄) | 450 | 453 |
| Business administration risk (R ₅) | 145 | 146 |
| Catastrophe risk (R ₆) | 300 | 450 |
| (C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100 | 366.4% | 435.1% |

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Life Insurance Co., Ltd.

| (Yen in millions) | | |
|---|----------------------|----------------------|
| | As of March 31, 2020 | As of March 31, 2019 |
| (A) Total amount of solvency margin | 848,903 | 848,530 |
| Shareholders' equity less adjusting items | 158,605 | 142,745 |
| Reserve for price fluctuation | 13,464 | 10,080 |
| Contingency reserve | 51,641 | 51,255 |
| General allowance for doubtful accounts | 407 | 462 |
| Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions × 90% | 240,250 | 264,631 |
| Unrealized gains (losses) on land × 85% | — | — |
| Excess of continued Zillmerized reserve | 312,273 | 319,977 |
| Subordinated debt, etc. | 100,000 | 100,000 |
| Amounts within "Excess of continued Zillmerized reserve" and "Subordinated debt, etc." not calculated into the margin | (117,601) | (132,053) |
| Deductions | — | — |
| Others | 89,862 | 91,430 |
| (B) Total amount of risks $\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$ | 111,964 | 82,235 |
| Insurance risk (R ₁) | 16,672 | 16,661 |
| Third sector insurance risk (R ₆) | 6,472 | 6,248 |
| Assumed interest rate risk (R ₂) | 5,107 | 5,059 |
| Minimum guarantee risk (R ₇) | 2,501 | 2,439 |
| Asset management risk (R ₃) | 99,277 | 69,400 |
| Business administration risk (R ₄) | 2,600 | 1,996 |
| (C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100 | 1,516.3% | 2,063.6% |

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency Margin Ratio (Unaudited)

Solvency margin ratio (non-consolidated) for Tokio Marine Millea SAST Insurance Co., Ltd.

| (Yen in millions) | | |
|---|----------------------|----------------------|
| | As of March 31, 2020 | As of March 31, 2019 |
| (A) Total amount of solvency margin | 1,495 | 1,485 |
| Total net assets excluding deferred assets, etc. | 1,413 | 1,400 |
| Reserve for price fluctuation | — | — |
| Catastrophe loss reserve | 6 | 5 |
| General allowance for doubtful accounts | — | — |
| Unrealized gains (losses) on available-for-sale securities before tax effect deductions | — | — |
| Unrealized gains (losses) on land | — | — |
| Part of reserve for dividends to policyholders excluding dividends for following period | — | — |
| Future profit | — | — |
| Tax effect | 75 | 79 |
| Subordinated debt, etc. | — | — |
| Deductions | — | — |
| (B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$ | 97 | 89 |
| Insurance risk | 25 | 24 |
| General insurance risk (R ₁) | 5 | 5 |
| Catastrophe risk (R ₄) | 19 | 19 |
| Asset management risk (R ₂) | 75 | 67 |
| Business administration risk (R ₃) | 2 | 1 |
| (C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100 | 3,070.9% | 3,327.6% |

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency margin ratio (non-consolidated) for Tokio Marine West SAST Insurance Co., Ltd.

| (Yen in millions) | | |
|---|----------------------|----------------------|
| | As of March 31, 2020 | As of March 31, 2019 |
| (A) Total amount of solvency margin | 1,069 | 758 |
| Total net assets excluding deferred assets, etc. | 851 | 628 |
| Reserve for price fluctuation | — | — |
| Catastrophe loss reserve | 3 | 2 |
| General allowance for doubtful accounts | — | — |
| Unrealized gains (losses) on available-for-sale securities before tax effect deductions | — | — |
| Unrealized gains (losses) on land | — | — |
| Part of reserve for dividends to policyholders excluding dividends for following period | — | — |
| Future profit | — | — |
| Tax effect | 214 | 127 |
| Subordinated debt, etc. | — | — |
| Deductions | — | — |
| (B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$ | 69 | 59 |
| Insurance risk | 17 | 15 |
| General insurance risk (R ₁) | 3 | 3 |
| Catastrophe risk (R ₄) | 13 | 12 |
| Asset management risk (R ₂) | 54 | 45 |
| Business administration risk (R ₃) | 1 | 1 |
| (C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100 | 3,077.9% | 2,558.1% |

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Market Consistent Embedded Value (MCEV) (Unaudited)
Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL) (Unaudited)

About MCEV

The current Japanese financial accounting standards focus on conservativeness and have the limitation that the profits generated from life insurance business are generally undervalued shortly after underwriting contracts in terms of the valuation and assessment of performance of life insurance business.

Embedded values (EV) are calculated as the total of the "adjusted net worth" and the "value of in-force." EV is designed to address the limitations of the financial accounting standards in order to facilitate an appropriate evaluation of value and improve performance assessment, considering the actual situation of the business performance.

While there have been various methodologies for calculation of EV, the European Insurance CFO Forum released its MCEV Principles, the European Insurance CFO Forum Market Consistent Embedded Value Principles, in June 2008, to enhance the consistency of valuation standards and unify the standards for disclosures. TMNL has been disclosing its EV in compliance with the MCEV Principles to enhance the disclosure since the fiscal year ended March 31, 2015.

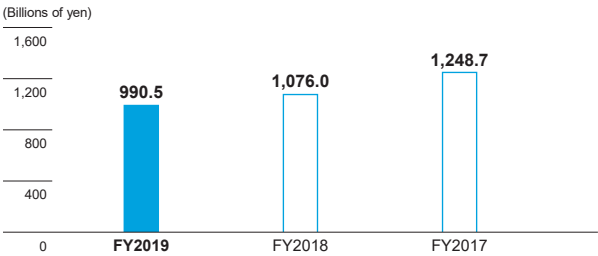
MCEV as of March 31, 2020

1. MCEV as of March 31, 2020

MCEV of TMNL as of March 31, 2020, was 990.5 billion yen, a decrease of 85.4 billion yen from the previous fiscal year end (March 31, 2019), mainly due to economic variances of (132.4) billion yen.MCEV consisted of 1,113.0 billion yen of adjusted net worth and (122.4) billion yen of value of in-force.

| (Billions of yen) | | | |
|-------------------------|---------|---------|---------|
| | FY2019 | FY2018 | FY2017 |
| Adjusted net worth | 1,113.0 | 1,119.5 | 910.9 |
| Value of in-force | (122.4) | (43.5) | 337.8 |
| MCEV at fiscal year-end | 990.5 | 1,076.0 | 1,248.7 |
| New business value | 37.3 | 59.5 | 64.6 |

MCEV at Fiscal Year-End



2. Change in MCEV

During FY2019, the change in MCEV (before dividends paid) was (70.3) billion yen, which was an increase on 88.3 billion yen from the previous fiscal year change in MCEV (FY2018). This was mainly due to economic variances (132.4) billion yen resulting from a lower decline in interest rates in FY2019, compared to economic variances (184.6) billion yen in FY2018. (For details on the changes, refer to "Reconciliation Analysis of MCEV from the End of FY2018.")

| (Billions of yen) | | |
|---|--------|---------|
| | FY2019 | FY2018 |
| Change in MCEV (Before dividends paid) | (70.3) | (158.6) |
| (Reference) Change in MCEV (Before dividends paid and excluding economic variances) | 62.0 | 25.9 |

Market Consistent Embedded Value (MCEV) (Unaudited)
Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd.
(TMNL) (Unaudited)

Reconciliation Analysis of MCEV from the End of FY 2018

The table below shows the reconciliation analysis of MCEV as of March 31, 2020 with the MCEV as of March 31, 2019.

| (Billions of yen) | |
|---|---------|
| | MCEV |
| Opening MCEV (MCEV as of March 31, 2019) | 1,076.0 |
| (1) Dividends paid | (15.1) |
| Adjusted opening MCEV | 1,060.9 |
| (2) New business value | 37.3 |
| (3) Expected existing business contribution (risk-free rate) | 22.1 |
| (4) Expected existing business contribution (in excess of risk-free rate) | 3.3 |
| (5) Actuarial experience variances | (21.7) |
| (6) Actuarial assumption changes | 16.7 |
| (7) Other operating variances | 4.2 |
| (8) Operating MCEV earnings ((2)–(7)) | 62.0 |
| (9) Economic variances | (132.4) |
| (10) Other non-operating variances | — |
| Total MCEV earnings (before dividends paid) | (70.3) |
| Closing MCEV (MCEV as of March 31, 2020) | 990.5 |

Sensitivity Analysis

The impacts of changing specified assumptions underlying the MCEV are as follows.

Sensitivity analysis of change in MCEV

| (Billions of yen) | | | | |
|--|--|---------|------------------|----------------|
| Assumption | Change in assumption | MCEV | Change in amount | Rate of change |
| Base case: MCEV at the end of March 2020 | No change | 990.5 | — | — |
| (1) Interest rates | 50bp decrease | 809.0 | (181.4) | (18.3%) |
| | 50bp increase | 1,055.3 | 64.7 | 6.5% |
| | Swap | 489.5 | (501.0) | (50.6%) |
| | Constant fwd rate | 887.4 | (103.0) | (10.4%) |
| | Ultimate fwd rate | 1,469.8 | 479.3 | 48.4% |
| (2) Stock/real estate market values | 10% decrease | 987.8 | (2.7) | (0.3%) |
| (3) Stock/real estate implied volatility | 25% increase | 988.4 | (2.1) | (0.2%) |
| (4) Interest swaption implied volatility | 25% increase | 958.3 | (32.2) | (3.3%) |
| (5) Maintenance expenses | 10% decrease | 1,034.9 | 44.4 | 4.5% |
| (6) Surrender and lapse rates | ×0.9 | 929.1 | (61.4) | (6.2%) |
| (7) Mortality rates | Death protection products: ×0.95 | 1,009.3 | 18.7 | 1.9% |
| | A&H products and annuity products: ×0.95 | 974.8 | (15.6) | (1.6%) |
| (8) Morbidity rates | ×0.95 | 1,069.8 | 79.3 | 8.0% |
| (9) Required capital | Solvency margin ratio of 200% | 990.5 | — | — |
| (10) Foreign exchange rates | 10% appreciation of JPY | 991.6 | 1.1 | 0.1% |

Assumptions

1. Risk-Free Rates

We have used government bond yields as of the end of March 2020.

Although the 1-year forward rates in the 41st year and thereafter are usually equal to the 1-year forward rate in the 40th year, starting with the information disclosed as of the end of March 2020, the Company has changed to an estimation method that adjusts the 1-year forward rate of government bonds in the 41st year and thereafter according to the past yield fluctuations in the 40-year spot rate.We have adjusted and used Bloomberg’s government bond yields as our data source.The government bond yields (spot rates) for key terms are shown below.

| JPY | | | |
|----------|-------------------|-------------------------------------|-------------------|
| Term | End of March 2020 | End of March 2020 (Prev. Method) | End of March 2019 |
| 1 year | (0.14%) | (0.14%) | (0.18%) |
| 5 years | (0.12%) | (0.12%) | (0.21%) |
| 10 years | 0.04% | 0.04% | (0.08%) |
| 20 years | 0.35% | 0.35% | 0.37% |
| 30 years | 0.45% | 0.45% | 0.55% |
| 40 years | 0.44% | 0.44% | 0.62% |
| 50 years | 0.53% | 0.41% | 0.67% |

The sensitivity analysis in P.158 presented the impact of changing the extrapolation of JPY-interest rates beyond the 40th year to use an ultimate forward rate (UFR) method. This UFR method entails setting the JPY ultimate forward rate to 3.8%, extrapolating rates from year 30,and applying the Smith-Wilson method so that forward rates from the 31st year onwards approach to the UFR in 30 years. This method was established with reference to the global Insurance Capital Standard (ICS) currently in development by the International Association of Insurance Supervisors (IAIS). Representative JPY interest rates are as follows:

| JPY | |
|----------|-------------------|
| Term | End of March 2020 |
| 1 year | (0.14%) |
| 5 years | (0.12%) |
| 10 years | 0.04% |
| 20 years | 0.35% |
| 30 years | 0.45% |
| 40 years | 0.92% |
| 50 years | 1.45% |

We have not included a liquidity premium in the risk-free rates given that definitions in the MCEV Principles are not clear and generally accepted practice has not yet been established. Negative interest rates are not floored at zero.

2. Insurance Assumptions

| Assumptions | Basis of assumptions |
|-------------------------------|--|
| Mortality and morbidity rates | Mortality and morbidity rates are developed based on claims experience of the latest 1–3 years, in principle, by type of protection, policy year, attained age, and other attributes. |
| | For policy years with no experience data, assumptions are developed with reference to industry data. We have reflected improvement trends for mortality rates and improving trends or deteriorating trends for A&H morbidity rates of some benefits. The projection period for which these trends are reflected is limited to 5 years. |
| Surrender and lapse rates | Surrender and lapse rates are developed based on the experience of the most recent year, in principle, by line of business, premium mode, and policy year. |
| Renewal rates | Renewal rates are developed based on past experience. Policies for which renewals are projected are A&H products, whose impact is large due to a high number of limited term in-force policies. For the sake of simplicity, we have not reflected future renewals for some riders. |
| Operating expense rates | Operating expense rates are developed from past experience based on the ratio (unit cost) of overall actual operating expenditures to the policy count or the premium separately for acquisition and maintenance expenses. Some of the operating expense rates were adjusted by removing one-off costs which are not ordinarily expected to be incurred in future periods. The removed one-off cost is 290 million yen, which is tied primarily to a portion of system development costs. With regard to system development costs for policy acquisition and maintenance, and the information technology device costs for policy maintenance, the average amount incurred over the past five years is reflected in the corresponding unit costs. An increase due to inflation is reflected in future maintenance expenses. |
| | Corporate administration costs paid to the parent company are reflected in unit costs. Other than this, there is no look-through effect with regards to other companies within the Tokio Marine Group that needs to be reflected. |
| Effective tax rate | The effective tax rate is set as follows: Fiscal 2019 and thereafter: 28.0% |
| Consumption tax rate | The consumption tax rate is set as follows: April 2018–September 2019: 8% October 2019 and thereafter: 10% |
| Inflation rate | With reference to the break-even inflation rate from the most recently issued inflation index-linked government bond and the past Consumer Price Index (CPI), as well as the impact of the consumption tax increase and other factors, inflation rates are set as shown below. MCEV as of March 31, 2020: 0.3% |
| Policyholder dividend | For products with interest dividends paid every 5 years, dividend rates are set based on the interest rate level in future periods using the method consistent with the one applied to determine the most recent dividend results. |
| Reinsurance | Reinsurance premiums are recorded as expenses and reinsurance claims are recorded as profit to reflect the fact that the Company cedes mortality risks on death protection insurance, third sector risks on third sector and part of the minimum guarantee risks of variable annuities. Reinsurance premiums and reinsurance claims are based on reinsurance agreements. |

Caveats

Embedded values are calculated using various assumptions about the drivers of future results and the risks and uncertainties inherent in those results; future experience may deviate, possibly materially, from that underlying the forecasts used in the EV calculation. Also, the actual market value is determined as a result of informed judgments of investors and may differ materially from an embedded value. As such, embedded values should be used with sufficient caution.

Corporate Overview

Tokio Marine Holdings and Its Subsidiaries

Description of Business

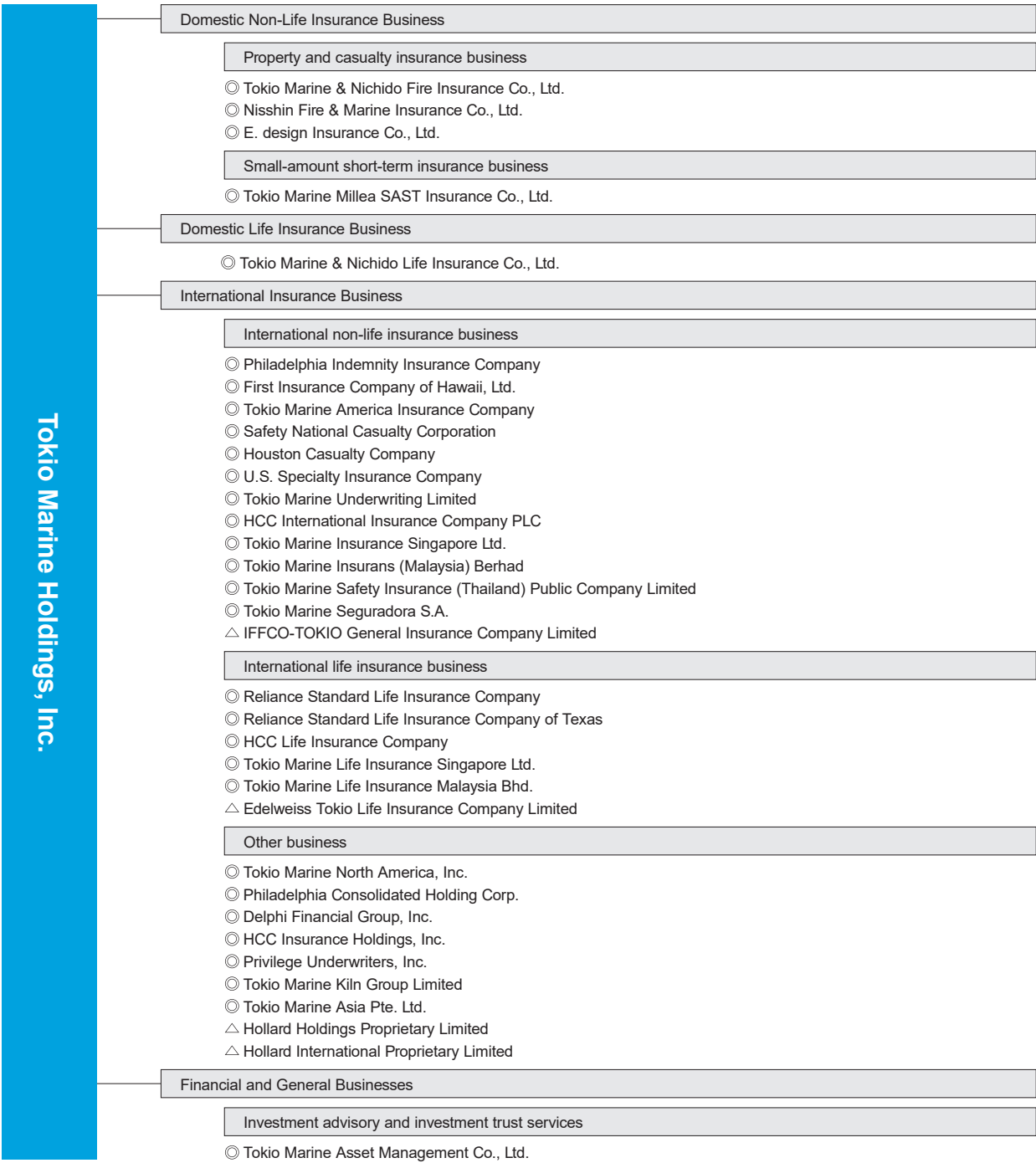
Tokio Marine Group consists of Tokio Marine Holdings, Inc., 252 subsidiaries and 22 affiliates, and is engaged in the domestic non-life insurance, domestic life insurance, international insurance, and financial and general businesses.

In addition, Tokio Marine Holdings is a specified listed company. Due to the specified listed company designation, the *de minimis* standard for insider trading regulations is determined on a consolidated basis.

The following is a diagram of businesses as of March 31, 2020.

Business Diagram

Note: ● indicates consolidated subsidiaries; △ indicates equity-method affiliates



Major Subsidiaries

(As of March 31, 2020)

| Company name | Date of incorporation | Paid-in capital | Ratio of Tokio Marine Holdings' voting rights¹ (%) | Ratio of Tokio Marine Holdings' subsidiaries' voting rights² (%) | Location | Major business |
|---|-----------------------|---|--|--|---|----------------------------------|
| Tokio Marine & Nichido Fire Insurance | Mar. 20, 1944³ | JPY101,994 million | 100 | 0 | 2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan | Domestic non-life insurance |
| Nisshin Fire & Marine Insurance Co., Ltd. | June 10, 1908 | JPY20,389 million | 100 | 0 | 3, Kanda-Surugadai 2-chome, Chiyoda-ku, Tokyo, Japan | Domestic non-life insurance |
| E. design Insurance Co., Ltd. | Jan. 26, 2009 | JPY29,303 million | 95.2 | 0 | 20-2, Nishi-Shinjuku 3-chome, Shinjuku- ku, Tokyo, Japan | Domestic non-life insurance |
| Tokio Marine & Nichido Life Insurance Co., Ltd. | Aug. 6, 1996 | JPY55,000 million | 100 | 0 | 2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan | Domestic life insurance |
| Tokio Marine Millea SAST Insurance Co., Ltd. | Sept. 1, 2003 | JPY895 million | 100 | 0 | 2-1-1, Minatomirai 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture, Japan | Domestic non-life insurance |
| Tokio Marine Asset Management Co., Ltd. | Dec. 9, 1985 | JPY2,000 million | 100 | 0 | Tekko Building 8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan | Financial and general businesses |
| Tokio Marine North America, Inc. | June 29, 2011 | USD0 thousand | 0 | 100 | 251 Little Falls Drive Wilmington, DE 19808 USA | International insurance |
| Philadelphia Consolidated Holding Corp. | July 6, 1981 | USD1 thousand | 0 | 100 | One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA | International insurance |
| Philadelphia Indemnity Insurance Company | Feb. 4, 1927 | USD4,500 thousand | 0 | 100 | One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA | International insurance |
| First Insurance Company of Hawaii, Ltd. | Aug. 6, 1982 | USD4,272 thousand | 0 | 100 | 1100 Ward Avenue, Honolulu, Hawaii 96814 USA | International insurance |
| Tokio Marine America Insurance Company | Aug. 13, 1998 | USD5,000 thousand | 0 | 100 | 1221 Avenue of the Americas, Ste 1500, New York, NY 10020 USA | International insurance |
| Delphi Financial Group, Inc. | May 27, 1987 | USD1 thousand | 0 | 100 | 1105 North Market Street, Suite 1230, Wilmington, DE 19801 USA | International insurance |
| Safety National Casualty Corporation | Nov. 28, 1942 | USD30,000 thousand | 0 | 100 | 1832 Schuetz Road, St. Louis, MO 63146 USA | International insurance |
| Reliance Standard Life Insurance Company | April 2, 1907 | USD56,003 thousand | 0 | 100 | 1100 E. Woodfield Road, Suite 437 Schaumburg, IL 60173 USA | International insurance |
| Reliance Standard Life Insurance Company of Texas | Aug. 16, 1983 | USD700 thousand | 0 | 100 | 7600 West Tidwell Road, Suite 111 Houston, TX 77040 USA | International insurance |
| HCC Insurance Holdings, Inc. | Mar. 27, 1991 | USD1 thousand | 0 | 100 | 1209 Orange St. Wilmington, DE 19801 USA | International insurance |
| Houston Casualty Company | May 27, 1981 | USD5,000 thousand | 0 | 100 | 1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA | International insurance |
| U.S. Specialty Insurance Company | Oct. 28, 1986 | USD4,200 thousand | 0 | 100 | 1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA | International insurance |
| HCC Life Insurance Company | Dec. 3, 1980 | USD2,500 thousand | 0 | 100 | 150 West Market Street Suite 800 Indianapolis, IN 46204 USA | International insurance |
| Privilege Underwriters, Inc. | Jan. 5, 2006 | USD0 thousand | 0 | 100 | 3411 Silverside Road Tatnall Building #104, City of Wilmington, County of New Castle, Delaware 19805 USA | International insurance |
| Tokio Marine Kiln Group Limited | July 11, 1994 | GBP1,010 thousand | 0 | 100 | 20 Fenchurch Street, London, EC3M 3BY, UK | International insurance |
| Tokio Marine Underwriting Limited | Oct. 27, 2008 | GBP0 thousand | 0 | 100 | 20 Fenchurch Street, London, EC3M 3BY, UK | International insurance |
| HCC International Insurance Company PLC | July 22, 1981 | USD70,197 thousand GBP96,047 thousand | 0 | 100 | 1 Aldgate, London, EC3N 1RE, UK | International insurance |
| Tokio Marine Asia Pte. Ltd. | Mar. 12, 1992 | SGD1,250,971 thousand THB542,000 thousand ZAR5,000,000 thousand | 0 | 100 | 20 McCallum Street, #13-01 Tokio Marine Centre, Singapore 069046, Singapore | International insurance |
| Tokio Marine Insurance Singapore Ltd. | July 11, 1923 | SGD100,000 thousand | 0 | 100 | 20 McCallum Street, #09-01 Tokio Marine Centre, Singapore 069046, Singapore | International insurance |
| Tokio Marine Life Insurance Singapore Ltd. | May 21, 1948 | SGD36,000 thousand | 0 | 85.7 | 20 McCallum Street, #07-01 Tokio Marine Centre, Singapore 069046, Singapore | International insurance |
| Tokio Marine Insurans (Malaysia) Berhad | April 28, 1999 | MYR403,471 thousand | 0 | 100 | Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400, Kuala Lumpur, Malaysia | International insurance |
| Tokio Marine Life Insurance Malaysia Bhd. | Feb. 11, 1998 | MYR226,000 thousand | 0 | 100 | Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia | International insurance |
| Tokio Marine Safety Insurance (Thailand) Public Company Limited | Feb. 3, 2020 | THB4,096,958 thousand | 0 | 99.3 | No. 26/5-8, 26/10-11, 26/16-19 Orakarn Building, 1st, 2nd, 4th and 6th Floors, Chidlom Road, Khwaeng Lumpini, Khet Pathumwan, Bangkok, Thailand | International insurance |
| Tokio Marine Seguradora S.A. | June 23, 1937 | BRL965,163 thousand | 0 | 97.8 | R. Sampaio Viana, 44 CEP: 04004-902 São Paulo, SP, Brazil | International insurance |
| Affiliate accounted for by the equity method | | | | | | |
| IFFCO-TOKIO General Insurance Company Limited | Sept. 8, 2000 | INR2,742,183 thousand | 0 | 49 | IFFCO Sadan, C-1, Distt, Centre, Saket, New Delhi 110017, India | International insurance |
| Edelweiss Tokio Life Insurance Company Limited | Nov. 25, 2009 | INR3,126,208 thousand | 0 | 49 | 6th Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (west) , Mumbai-400 070, India | International insurance |
| Hollard Holdings Proprietary Limited | Mar. 30, 1972 | ZAR9 thousand | 0 | 22.5 | 22 Oxford Road, Parktown, Johannesburg 2193 South Africa | International insurance |
| Hollard International Proprietary Limited | April 20, 2015 | ZAR4,188,313 thousand | 0 | 22.5 | 22 Oxford Road, Parktown, Johannesburg 2193 South Africa | International insurance |

1 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings to total voting rights

2 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings' subsidiaries to total voting rights

3 Founded on August 1, 1879

Worldwide Network of Tokio Marine Group

(As of March 31, 2020)

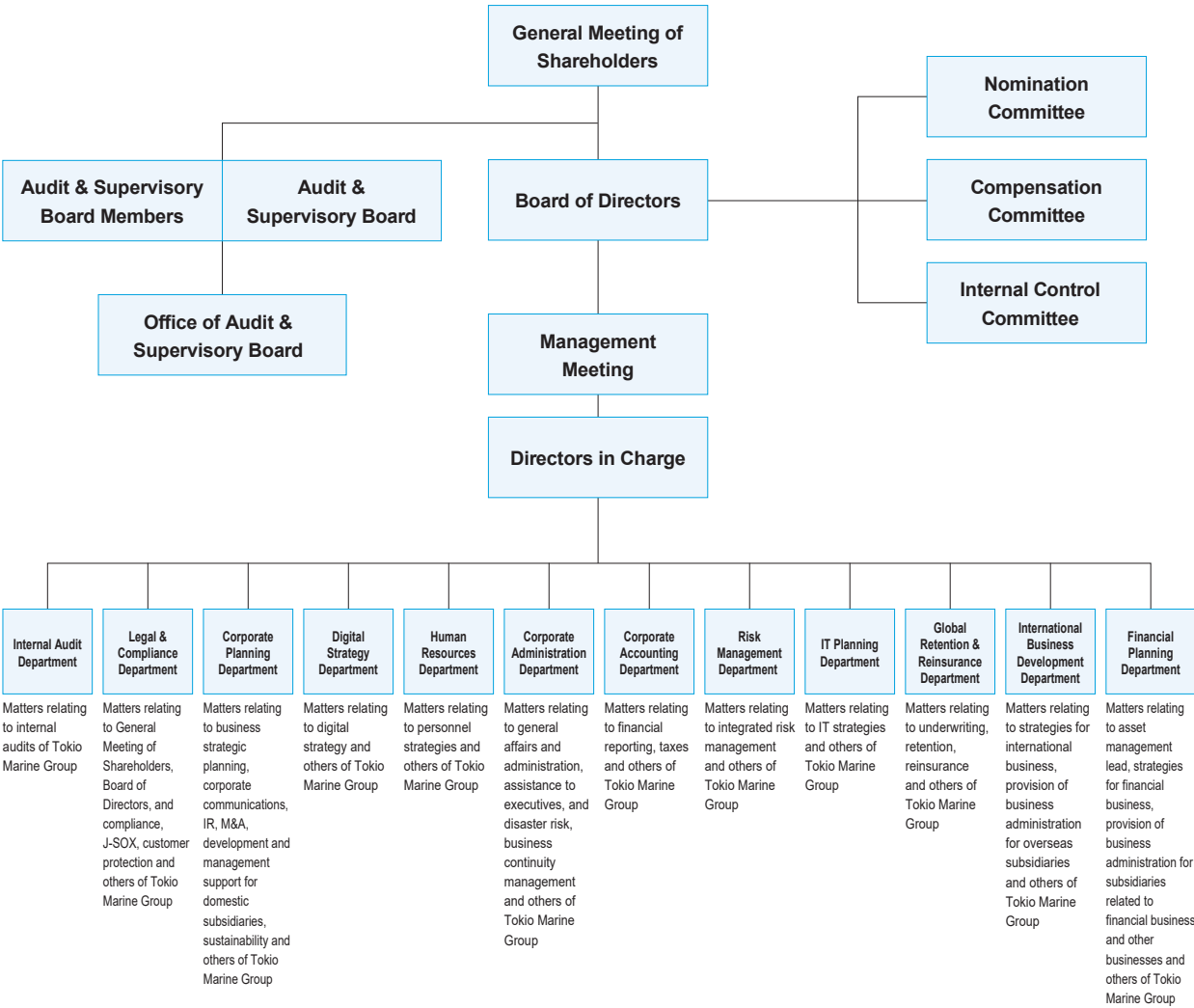
Tokio Marine Group operates a worldwide network that spans 46 countries and regions. The Group has built a structure that can respond to the diverse needs of customers in each country, beginning with companies setting up overseas operations, as well as overseas travelers.



- Cities where employees of Tokio Marine & Nichido are dispatched/Representative and Liaison Offices of Tokio Marine & Nichido
- Branches of Tokio Marine & Nichido
- ◆ Underwriting Agents of Tokio Marine & Nichido
- Group Companies & Investing Companies of Tokio Marine Group
- Branches of Tokio Marine Group Companies

Organizational Chart

(As of April 1, 2020)



Employees

(As of March 31, 2020)

| | |
|--|----------------|
| Number of employees | 752 |
| Average age of employees | 43.2 years old |
| Average length of service of employees | 19.0 years |

Note: Most employees of Tokio Marine Holdings are seconded from its subsidiaries. Average length of service includes the years of service at these subsidiaries.

Facilities

Overview of Capital Investment

Tokio Marine Group makes capital investments to improve customer services and streamline workflows. The following is a breakdown of capital investment in the fiscal year ended March 31, 2020.

| Business segment | Amount (Yen in millions) |
|----------------------------------|--------------------------|
| Domestic non-life insurance | 21,525 |
| Domestic life insurance | 445 |
| International insurance | 23,458 |
| Financial and general businesses | 682 |
| Total | 46,111 |

Status of Major Facilities

The following are the major facilities of Tokio Marine Holdings and its consolidated subsidiaries.

Tokio Marine Holdings

(As of March 31, 2020)

| Company name | Office name (Location) | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|-----------------------|---|------------------|-----------------------------------|-----------|----------|---------------------|------------------------|
| | | | Land (m2) | Buildings | Movables | | |
| Tokio Marine Holdings | Headquarters (Chiyoda-ku, Tokyo) | Holding company | — (—) | 136 | 113 | 752 | — |

Domestic subsidiaries

(As of March 31, 2020)

| Company name | Office name (Location) | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|--|-----------------------------|-----------------------------------|-----------|----------|---------------------|------------------------|
| | | | Land (m2) | Buildings | Movables | | |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | Headquarters (Chiyoda-ku, Tokyo) including each Service Dept., Tokyo Corporate Division, Tokyo Automobile Division, Commercial Lines Claims Dept. 1, Claims Service Dept. 2, Tokyo Automobile Claims Service Dept., Marketing Promotion Dept. (Governmental), Government Sector Dept. 1&2, Health Care & Welfare Institution Sector Dept., Group Account Marketing Dept., and Financial Institutions Dept. and overseas branches. | Domestic non-life insurance | 34,985 (65,929) | 27,999 | 18,290 | 4,058 | 761 |
| | Hokkaido Hokkaido Branch (Chuo-ku, Sapporo) and 6 other branches | Domestic non-life insurance | 831 (6,168) | 962 | 454 | 662 | 532 |
| | Tohoku Sendai Branch (Aoba-ku, Sendai) and 9 other branches | Domestic non-life insurance | 2,507 (10,237) | 3,253 | 708 | 1,041 | 238 |
| | Kanto Tokyo Chuo Branch (Minato-ku, Tokyo) and 32 other branches | Domestic non-life insurance | 8,023 (13,026) | 6,643 | 2,070 | 3,831 | 2,279 |
| | Tokai/Hokuriku Aichi Minami Branch (Naka-ku, Nagoya) and 26 other branches | Domestic non-life insurance | 3,425 (11,639) | 8,323 | 1,311 | 2,337 | 936 |
| | Kansai Osaka Minami Branch (Chuo-ku, Osaka) and 24 other branches | Domestic non-life insurance | 5,580 (9,879) | 4,965 | 1,495 | 2,275 | 1,641 |
| | Chugoku/Shikoku Hiroshima Branch (Naka-ku, Hiroshima) and 14 other branches | Domestic non-life insurance | 2,455 (7,211) | 3,141 | 838 | 1,324 | 834 |
| | Kyushu Fukuoka Chuo Branch (Hakata-ku, Fukuoka) and 13 other branches | Domestic non-life insurance | 5,575 (10,487) | 4,432 | 858 | 1,549 | 278 |
| | | | | | | | |

Facilities

Domestic subsidiaries

(As of March 31, 2020)

| Company name | Office name (Location) | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|--|----------------------------------|-----------------------------------|-----------|----------|---------------------|------------------------|
| | | | Land (m2) | Buildings | Movables | | |
| Nisshin Fire & Marine Insurance Co., Ltd. | Head Office (Tokyo Headquarters) (Chiyoda-ku, Tokyo) Saitama Headquarters (Urawa-ku, Saitama) | Domestic non-life insurance | 10,330 (23,084) | 7,701 | 1,225 | 2,199 | 1,173 |
| E. design Insurance Co., Ltd. | Headquarters (Shinjuku-ku, Tokyo) | Domestic non-life insurance | — (—) | 91 | 122 | 288 | 187 |
| Tokio Marine & Nichido Life Insurance Co., Ltd. | Headquarters (Chiyoda-ku, Tokyo) | Domestic life insurance | — (—) | 421 | 788 | 2,258 | 1,228 |
| Tokio Marine Millea SAST Insurance Co., Ltd. | Headquarters (Nishi-ku, Yokohama) | Domestic non-life insurance | — (—) | 12 | 46 | 103 | 83 |
| Tokio Marine Asset Management Co., Ltd. | Headquarters (Chiyoda-ku, Tokyo) | Financial and general businesses | — (—) | 388 | 187 | 318 | 375 |

Overseas subsidiaries

(As of March 31, 2020)

| Company name | Office name (Location) | Business segment | Carrying amount (Yen in millions) | | | Number of employees | Rent (Yen in millions) |
|---|--|-------------------------|-----------------------------------|-----------|----------|---------------------|------------------------|
| | | | Land (m2) | Buildings | Movables | | |
| Tokio Marine North America, Inc. and 1 other company | Headquarters (Wilmington, Delaware, U.S.A.) | International insurance | — (—) | 11 | 928 | 404 | 522 |
| Philadelphia Consolidated Holding Corp. and 6 other Group companies | Headquarters (Bala Cynwyd, Pennsylvania, U.S.A.) | International insurance | — (—) | 625 | 569 | 1,993 | 1,542 |
| First Insurance Company of Hawaii, Ltd. and 5 other Group companies | Headquarters (Honolulu, Hawaii, U.S.A.) | International insurance | — (—) | 260 | 198 | 346 | 402 |
| Tokio Marine America Insurance Company and 4 other Group companies | Headquarters (New York, New York, U.S.A.) | International insurance | — (—) | 487 | 157 | 288 | 524 |
| Delphi Financial Group, Inc. and 24 other Group companies | Headquarters (Wilmington, Delaware, U.S.A.) | International insurance | 390 (71,876) | 2,260 | 1,755 | 2,601 | 2,288 |
| HCC Insurance Holdings, Inc. and 59 other companies | Headquarters (Wilmington, Delaware, U.S.A.) | International insurance | 459 (58,651) | 2,402 | 5,719 | 3,271 | 2,276 |
| Privilege Underwriters, Inc. and 5 another Group companies | Headquarters (Wilmington, Delaware, U.S.A.) | International insurance | — (—) | — | 385 | 819 | 511 |
| Tokio Marine Kiln Group Limited and 26 other Group companies | Headquarters (London, U.K.) | International insurance | — (—) | 6,277 | 1,731 | 722 | — |
| Tokio Marine Underwriting Limited | Headquarters (London, U.K.) | International insurance | — (—) | — | — | — | — |
| Tokio Marine Asia Pte. Ltd. | Headquarters (Singapore, Singapore) | International insurance | — (—) | — | 53 | 83 | 39 |
| Tokio Marine Insurance Singapore Ltd. | Headquarters (Singapore, Singapore) | International insurance | 1,654 (289) | 760 | 74 | 228 | 23 |
| Tokio Marine Life Insurance Singapore Ltd. | Headquarters (Singapore, Singapore) | International insurance | 1,683 (214) | 846 | 148 | 233 | 0 |
| Tokio Marine Insurans (Malaysia) Berhad | Headquarters (Kuala Lumpur, Malaysia) | International insurance | — (—) | 9 | 216 | 848 | 18 |
| Tokio Marine Life Insurance Malaysia Bhd. | Headquarters (Kuala Lumpur, Malaysia) | International insurance | 603 (3,614) | 1,693 | 392 | 495 | 12 |
| Tokio Marine Safety Insurance (Thailand) Public Company Limited | Headquarters (Bangkok, Thailand) | International insurance | 2,540 (13,481) | 253 | 561 | 1,343 | — |
| Tokio Marine Seguradora S.A. | Headquarters (São Paulo, Brazil) | International insurance | 254 (4,660) | 1,313 | 613 | 2,003 | 74 |

Notes: 1. All of the above facilities are for business use.
2. Movables include leased assets.
3. Some buildings are being leased.

Stock Information

Stock and Shareholder Information

Stock Information (As of July 1, 2020)

Stock issued by Tokio Marine Holdings is common stock and the total number of authorized shares is 3.3 billion shares with the total number of shares outstanding at 702,000,000 shares.

- a. The Ordinary General Meeting of Shareholders is held within three months of the end of each fiscal year.
- b. Accounting period: Ends March 31
- c. Share registrar: The Mitsubishi UFJ Trust and Banking Corporation
- d. Record date: Ordinary General Meeting of Shareholders: March 31
Year-end dividend: March 31
Interim dividend: September 30
- e. Public notice will be electronically published. (<http://www.pronexus.co.jp/koukoku/8766/8766.html>)
However, in the event that public notice cannot be electronically published due to an accident or other compelling reason, a notification shall be published in the Tokyo issue of the *Nihon Keizai Shimbun*.
- f. Number of shares constituting one unit: 100
- g. Stock listing: Tokyo Stock Exchange

Matters for the General Meeting of Shareholders

The 18th General Meeting of Shareholders was held on June 29, 2020. The items reported and the proposals acted upon were as follows:

Items reported

1. Business report, consolidated financial statements and the audit reports on consolidated financial statements prepared by the independent auditor and the Audit & Supervisory Board, respectively, for the fiscal year 2019 (April 1, 2019 to March 31, 2020)
2. Non-consolidated financial statements for the fiscal year 2019 (April 1, 2019 to March 31, 2020)

Proposals acted upon

1. Appropriation of Surplus
2. Election of Thirteen (13) Directors
3. Election of One (1) Audit & Supervisory Board Member
The proposals have been approved as proposed.

Dividend Policy

The Company seeks to improve shareholder returns on a cash dividend basis, after providing sufficient capital to meet the business needs of Tokio Marine Group and taking into consideration the business results and the expected future business environment of the Company.
In accordance with the above policy, and considering various factors, the Company paid a year-end dividend of 95.00 yen per share for the fiscal year 2019.
The Company also paid an interim dividend (ordinary dividend) of 95.00 yen per share, resulting in total dividends (ordinary dividend) for the year of 190.00 yen per share. This was an increase of 10.00 yen per share compared with total annual dividends (ordinary dividend) of 180.00 yen per share in the previous fiscal year.
In the fiscal years 2018 and 2019, in addition to the ordinary dividend, the Company also paid one-time dividends (70.00 yen per share and 35.00 yen per share respectively) in order to adjust the level of capital during the interim period.

Capital

| Date | Equity capital |
|----------------|----------------|
| April 2, 2002 | ¥150 billion |
| March 31, 2020 | ¥150 billion |

New Facility Construction and Elimination Schedule

None planned.

Stock Information

Stock Ownership Distribution

As of March 31, 2020, the number of shareholders was 75,979. The percentage of major stock ownership was 39.96% and 36.61% for financial institutions and foreign shareholders, respectively.

a. Types of shareholders (As of March 31, 2020)

| Category | Number of shareholders | Number of shares | Shareholding ratio (%) |
|-----------------------------|------------------------|------------------|------------------------|
| Government/Local government | 1 | 500 | 0.00 |
| Financial institutions | 236 | 280,517,818 | 39.96 |
| Financial instruments firms | 54 | 30,104,011 | 4.29 |
| Other domestic companies | 1,403 | 46,467,594 | 6.62 |
| Foreign shareholders | 1,020 | 256,993,953 | 36.61 |
| Individuals and others | 73,264 | 83,786,489 | 11.94 |
| Treasury stocks | 1 | 4,129,635 | 0.59 |
| Total | 75,979 | 702,000,000 | 100.00 |

b. Breakdown by region (As of March 31, 2020)

| Category | Number of shareholders | Shareholder ratio (%) | Number of shares | Shareholding ratio (%) |
|---------------------|------------------------|-----------------------|------------------|------------------------|
| Hokkaido | 1,020 | 1.34 | 1,847,814 | 0.26 |
| Tohoku | 1,747 | 2.30 | 3,616,902 | 0.52 |
| Kanto | 37,334 | 49.14 | 385,133,213 | 54.86 |
| Chubu | 11,230 | 14.78 | 22,031,042 | 3.14 |
| Kinki | 16,087 | 21.17 | 22,559,367 | 3.21 |
| Chugoku | 2,779 | 3.66 | 2,822,782 | 0.40 |
| Shikoku | 1,738 | 2.29 | 2,508,918 | 0.36 |
| Kyushu | 2,966 | 3.90 | 4,396,829 | 0.63 |
| Overseas and others | 1,078 | 1.42 | 257,083,133 | 36.62 |
| Total | 75,979 | 100.00 | 702,000,000 | 100.00 |

c. Breakdown by number of shares held (As of March 31, 2020)

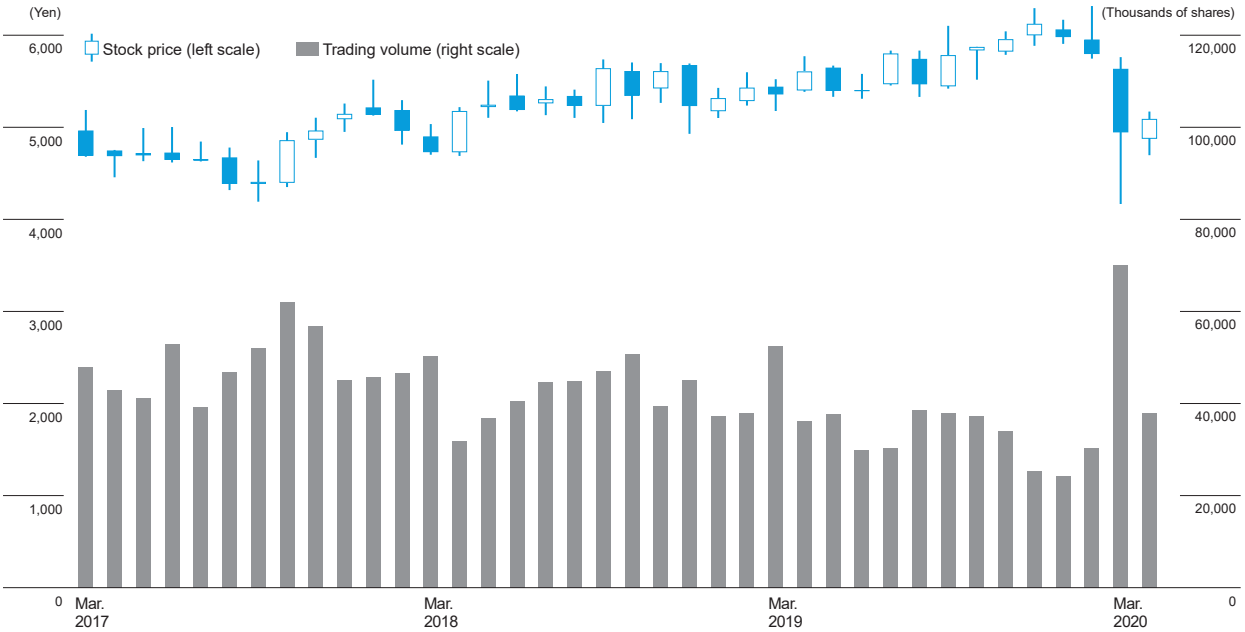
| Category | 5,000 units or more | 1,000 units or more | 500 units or more | 100 units or more | 50 units or more |
|--|---------------------|---------------------|-------------------|-------------------|------------------|
| Number of shareholders | 167 | 256 | 200 | 1,340 | 2,272 |
| Composition ratios to total number of shareholders (%) | 0.22 | 0.34 | 0.26 | 1.76 | 2.99 |
| Number of shares | 540,920,819 | 58,995,222 | 14,250,952 | 25,322,321 | 14,753,732 |
| Composition ratios to total number of shares (%) | 77.05 | 8.40 | 2.03 | 3.61 | 2.10 |

| Category | 10 units or more | 5 units or more | 1 unit or more | Less than 1 unit | Total |
|--|------------------|-----------------|----------------|------------------|-------------|
| Number of shareholders | 18,043 | 14,793 | 29,010 | 9,898 | 75,979 |
| Composition ratios to total number of shareholders (%) | 23.75 | 19.47 | 38.18 | 13.03 | 100.00 |
| Number of shares | 33,912,828 | 8,370,357 | 5,145,248 | 328,521 | 702,000,000 |
| Composition ratios to total number of shares (%) | 4.83 | 1.19 | 0.73 | 0.05 | 100.00 |

Top 10 Shareholders (As of March 31, 2020)

| Shareholders | Address | Number of shares held (Thousand shares) | Composition ratios to total number of shares (excluding treasury stock) (%) |
|--|--|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo | 62,433 | 8.95 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 46,105 | 6.61 |
| Meiji Yasuda Life Insurance Company (Custodian: Trust & Custody Services Bank, Ltd.) | 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo) | 15,779 | 2.26 |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 14,368 | 2.06 |
| SSBTC CLIENT OMNIBUS ACCOUNT (Custodian: Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited) | ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo) | 13,973 | 2.00 |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 13,499 | 1.93 |
| Japan Trustee Services Bank, Ltd. (Trust Account 7) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 13,158 | 1.89 |
| JP MORGAN CHASE BANK 385151 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division) | 25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo) | 11,513 | 1.65 |
| The Master Trust Bank of Japan, Ltd. (Retirement Benefits Trust Account for Mitsubishi Corporation) | 11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo | 10,832 | 1.55 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division) | 1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo) | 9,867 | 1.41 |

Stock Price Range and Trading Volume





TOKIO MARINE

Tokio Marine Holdings, Inc.

Tokio Marine Nichido Building Shinkan, 2-1, Marunouchi
1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Tel: +81-3-6212-3333



This product is made of material from well-managed,
FSC®-certified forests, and other controlled sources
with vegetable oil ink.
Printed in Japan