

[English Translation]

**TOKIO MARINE HOLDINGS, INC.**  
**2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan**

Securities Code 8776

May 31, 2019

**Notice of Convocation of**  
**the 17th Ordinary General Meeting of Shareholders**

To our shareholders:

You are cordially invited to attend the 17th Ordinary General Meeting of Shareholders of Tokio Marine Holdings, Inc. (“Tokio Marine Holdings” or the “Company”) which will be held as set forth below.

Date and Time:	Monday, June 24, 2019 at 10:00 a.m. (reception opens at 8:45 a.m.)
Place:	The AOI Ballroom (the main conference room), second floor, Palace Hotel Tokyo located at 1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo  Overflow seating room will be provided in another room. However, if you wish to make remarks, you will need to come to the main conference room.
Items to be 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 fiscal year 2018 (April 1, 2018 to March 31, 2019). 2. Non-consolidated financial statements for fiscal year 2018 (April 1, 2018 to March 31, 2019).
Proposals to be acted upon:	Item 1. Appropriation of Surplus Item 2. Election of Twelve (12) Directors Item 3. Election of Two (2) Audit & Supervisory Board Members Item 4. Change in Remuneration and Other Compensation Amounts to Directors

For the items to be reported, please refer to the Attachment to this document.

If you do not expect to be present at the meeting, please vote either by completing and returning the enclosed voting card or via the Internet.

Sincerely,

Tsuyoshi Nagano  
President & Chief Executive Officer

If any of the Reference Materials regarding the General Meeting of Shareholders, Business Report or consolidated and non-consolidated financial statements need to be revised, the revisions shall be posted on our website (<https://www.tokiomarinehd.com/>).

(This is an English translation of the notice given by the Company prepared pursuant to Section 5.6 of the Deposit Agreement, amended as of July 30, 2007, by and among the Company, JPMorgan Chase Bank, N.A., as Depositary, and the Holders and Beneficial Owners of American Depositary Shares evidenced by American Depositary Receipts issued thereunder.)

## Information on Exercising Voting Rights

**Notice to holders of American Depositary Receipts:** Please note that the following instructions are intended for registered holders of ordinary shares. Holders of American Depositary Receipts should follow the instructions given by JPMorgan Chase Bank, N.A., Depositary, which are set forth in the ADR Voting Instructions Card enclosed herewith.

Attending the Ordinary General Meeting of Shareholders	By Mail	Via Internet
<p>Please bring the enclosed voting card to the reception desk of the meeting.</p> <p>Date and Time of the meeting:  <b>Monday, June 24, 2019 at 10:00 a.m. (Japan Time)</b></p>	<p>Please return the enclosed voting card indicating your approval or disapproval so that it is received by <b>5:00 p.m. on Friday, June 21, 2019 (Japan Time)</b>.</p>	<p>Please access the website that has been designated by the Company as the website for exercising voting rights (<a href="https://evote.tr.mufg.jp/">https://evote.tr.mufg.jp/</a>) and indicate your approval or disapproval by <b>5:00 p.m. on Friday, June 21, 2019 (Japan Time)</b>.</p>

(1) For inquiries concerning website access

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Division  
 Telephone: 0120-173-027 (toll-free within Japan)  
 Hours: 9:00 a.m. - 9:00 p.m. (Japan Time)

(2) For inquiries other than the above

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Division  
 Telephone: 0120-232-711 (toll-free within Japan)  
 Hours: 9:00 a.m. - 5:00 p.m. (Japan Time), except Saturdays, Sundays and holidays

To Institutional Investors:

“Electronic Proxy Voting Platform” managed by ICJ, Inc., a method for exercising the voting rights, will be available for institutional investors.

## Reference Materials regarding the General Meeting of Shareholders

### Proposals to be acted upon and matters for reference:

#### Item 1. Appropriation of Surplus

With respect to the appropriation of surplus, the Company seeks to improve shareholder returns on a cash dividend basis, after providing sufficient capital to meet the business needs of Tokyo Marine Group (the “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 proposes to pay 90 yen per share of the Company as a year-end cash dividend (an ordinary dividend). As 90 yen per share was paid as an interim cash dividend, the total amount of annual cash dividends will be 180 yen per share for fiscal year 2018. This is an increase of total annual cash dividends (ordinary dividends) of 20 yen per share from 160 yen per share paid for the previous fiscal year.

1. Matters regarding distribution of dividends and its aggregate amount  
Amount of cash dividend per common share of the Company: 90 yen  
Aggregate amount of cash dividends: 63,590,110,560yen
2. Effective date of the distribution of dividends  
June 25, 2019

Note: In this fiscal year, a one-time dividend (70 yen per share) was made as an interim cash dividend, in addition to an ordinary dividend, as for capital level adjustment.

#### Item 2. Election of Twelve (12) Directors

The term of office of all thirteen (13) directors will expire at the close of this Meeting. For the next term, the Company proposes to elect the twelve (12) directors (decrease of the number of directors by one (1)), including four (4) outside directors. The Company is aiming to increase the portion of outside director, in order to activate and improve the governance of the Board.

The candidates for directors are as follows:

No.	Name	Present position and responsibilities
<b>1</b>	Tsuyoshi Nagano <u>Renomination</u>	President & Chief Executive Officer  Group CEO (Group Chief Executive Officer) Group CCO (Group Chief Culture Officer)
<b>2</b>	Makoto Okada <u>Renomination</u>	Executive Vice President  Group CSSO (Group Chief Strategy and Synergy Officer) Group CDO (Group Chief Digital Officer) In charge of Strategy and Synergy Dept.

<b>3</b>	Takayuki Yuasa <u>Renomination</u>	Executive Vice President  Group CFO (Group Chief Financial Officer) In charge of Corporate Planning Dept., Compliance Dept. and Legal Dept.
<b>4</b>	Hirokazu Fujita <u>Renomination</u>	Senior Managing Director  Group CIO (Group Chief Investment Officer) In charge of Financial Planning Dept., Corporate Accounting Dept.
<b>5</b>	Satoru Komiya <u>Renomination</u>	Senior Managing Director  Head of International Insurance Business Co-Head of International Business In charge of International Business Development Dept. (management of North America)
<b>6</b>	Akio Mimura <u>Renomination</u> <u>Independent</u>	Outside Director
<b>7</b>	Masako Egawa <u>Renomination</u> <u>Independent</u> <u>Female</u>	Outside Director
<b>8</b>	Takashi Mitachi <u>Renomination</u> <u>Independent</u>	Outside Director
<b>9</b>	Nobuhiro Endo <u>New nomination</u> <u>Independent</u>	
<b>10</b>	Shinichi Hirose <u>New nomination</u>	
<b>11</b>	Akira Harashima <u>New nomination</u>	Senior Managing Executive Officer  In charge of International Business Development Dept. (management of Asia and Middle East)
<b>12</b>	Kenji Okada <u>New nomination</u>	Managing Executive Officer

(Note) The four (4) people with indication 'Independent' in above table, are candidates for outside directors.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts			Number of the Company’s shares held
1.	Tsuyoshi Nagano (November 9, 1952) <div>Renomination</div>	April	1975	Joined Tokio Marine	23,200 shares
		June	2003	Executive Officer and General Manager of Nagoya Production Dept. III, Tokai Division of Tokio Marine	
		Oct.	2004	Executive Officer and General Manager of Nagoya Production Dept. III of Tokio Marine & Nichido	
		June	2006	Managing Executive Officer of Tokio Marine & Nichido	
		June	2008	Managing Director of Tokio Marine & Nichido	
		June	2008	Director of Tokio Marine Holdings	
		June	2009	Resigned from position as Director of Tokio Marine Holdings	
		June	2010	Senior Managing Director of Tokio Marine & Nichido	
		June	2011	Senior Managing Director of Tokio Marine Holdings	
		June	2012	Executive Vice President of Tokio Marine & Nichido	
		June	2012	Executive Vice President of Tokio Marine Holdings	
		June	2013	President & Chief Executive Officer of Tokio Marine & Nichido	
		June	2013	President & Chief Executive Officer of Tokio Marine Holdings (to present)	
		April	2016	Chairman of the Board of Tokio Marine & Nichido (to present)	
		(Responsibilities)			
		Group CEO (Group Chief Executive Officer)			
		Group CCO (Group Chief Culture Officer)			
		(Other major posts)			
		Chairman of the Board of Tokio Marine & Nichido			

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Tsuyoshi Nagano as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in domestic and overseas insurance underwriting, his work in corporate planning and product planning, his terms in office as President & Chief Executive Officer of Tokio Marine & Nichido, and his current leadership role in the management of the Group as Group CEO.

Notes: 1. There are no special conflicts of interest between the Company and Mr. Tsuyoshi Nagano.  
2. He is expected to resign from his position as Chairman of the Board of Tokio Marine &

Nichido at the close of the ordinary general meeting of shareholders of Tokio Marine & Nichido scheduled for June 2019.

3. He is expected to assume the position of Outside Director of Seiko Holdings Corporation on the date of the ordinary general meeting of shareholders of Seiko Holdings Corporation scheduled for June 2019.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts			Number of the Company’s shares held
2.	Makoto Okada (March 6, 1960) <div>Renomination</div>	April	1982	Joined Tokio Marine	5,900 shares
		June	2013	Executive Officer and General Manager of Corporate Marketing & Planning Dept. of Tokio Marine & Nichido	
		April	2014	Managing Executive Officer of Tokio Marine & Nichido	
		May	2014	Resigned from position as Managing Executive Officer of Tokio Marine & Nichido	
		June	2014	Managing Executive Officer of Tokio Marine Holdings	
		April	2018	Senior Managing Executive Officer of Tokio Marine Holdings	
		April	2018	Senior Managing Director of Tokio Marine & Nichido	
		June	2018	Senior Managing Director of Tokio Marine Holdings	
		April	2019	Executive Vice President of Tokio Marine Holdings (to present)	
		April	2019	Executive Vice President of Tokio Marine & Nichido (to present)	
		(Responsibilities)			
		Group CSSO (Group Chief Strategy and Synergy Officer)			
		Group CDO (Group Chief Digital Officer)			
		In charge of Strategy and Synergy Dept.			
		(Other major posts)			
		Executive Vice President of Tokio Marine & Nichido			

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Makoto Okada as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in domestic insurance underwriting, human resources and sales planning, his terms in office as Executive Officer of the Company in charge of international insurance business in Asia and elsewhere, and his current role of being responsible for business strategy and synergy of the Group and digital strategies as Executive Vice President of the Company.

Note: There are no special conflicts of interest between the Company and Mr. Makoto Okada.



No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts			Number of the Company’s shares held
3.	Takayuki Yuasa (May 5, 1958) <div>Renomination</div>	April	1981	Joined Tokio Marine	12,300 shares
		June	2012	President & Chief Executive Officer of Tokio Marine & Nichido Financial Life Insurance Co., Ltd.	
		Sep.	2014	Resigned from position as President & Chief Executive Officer of Tokio Marine & Nichido Financial Life Insurance Co., Ltd.	
		Oct.	2014	Managing Executive Officer of Tokio Marine Holdings	
		June	2015	Managing Director of Tokio Marine & Nichido	
		June	2015	Managing Director of Tokio Marine Holdings	
		April	2018	Senior Managing Director of Tokio Marine Holdings	
		April	2018	Senior Managing Director of Tokio Marine & Nichido	
		April	2019	Executive Vice President of Tokio Marine Holdings (to present)	
		April	2019	Executive Vice President of Tokio Marine & Nichido (to present)	
		(Responsibilities)			
		Group CFO (Group Chief Financial Officer)			
		In charge of Corporate Planning Dept., Compliance Dept. and Legal Dept.			
		(Other major posts)			
		Executive Vice President of Tokio Marine & Nichido			

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Takayuki Yuasa as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his involvement in corporate planning, finance, accounting, and the domestic life insurance and property and casualty insurance businesses, his terms in office as Executive Officer of Tokio Marine & Nichido and the Company being responsible for risk management and his current role of being responsible for capital strategy of the Group as Executive Vice President of the Company.

Note: There are no special conflicts of interest between the Company and Mr. Takayuki Yuasa.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts		Number of the Company's shares held
4.	Hirokazu Fujita (May 12, 1956) <u>Renomination</u>	April	1980	Joined Tokio Marine
		June	2011	Executive Officer and General Manager of Corporate Accounting Dept. of Tokio Marine & Nichido
		June	2011	Executive Officer and General Manager of Corporate Accounting Dept. of Tokio Marine Holdings
		June	2012	Managing Director of Tokio Marine & Nichido
		June	2012	Managing Director of Tokio Marine Holdings
		April	2017	Senior Managing Director of Tokio Marine Holdings (to present)
		April	2017	Senior Managing Director of Tokio Marine & Nichido (to present)
		(Responsibilities)		
		Group CIO (Group Chief Investment Officer)		
		In charge of Financial Planning Dept., Corporate Accounting Dept.		
		(Other major posts)		
		Senior Managing Director of Tokio Marine & Nichido		

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Hirokazu Fujita as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in accounting, his terms in office as Executive Officer of Tokio Marine & Nichido and the Company in charge of accounting and financial planning and his current role of being responsible for investment management of the Group as Senior Managing Director of the Company.

Note: There are no special conflicts of interest between the Company and Mr. Hirokazu Fujita.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts		Number of the Company's shares held
5.	Satoru Komiya (August 15, 1960) <div>Renomination</div>	April	1983	Joined Tokio Marine
		June	2012	Member of the Board, Managing Director and Executive Officer of Nisshin Fire & Marine Insurance Co., Ltd. ("Nisshin Fire & Marine")
		March	2015	Resigned from positions as Member of the Board, Managing Director and Executive Officer of Nisshin Fire & Marine
		April	2015	Executive Officer of Tokio Marine Holdings
		April	2016	Managing Executive Officer of Tokio Marine Holdings
		April	2018	Senior Managing Executive Officer of Tokio Marine Holdings
		April	2018	Senior Managing Director of Tokio Marine & Nichido (to present)
		June	2018	Senior Managing Director of Tokio Marine Holdings (to present)
		(Responsibilities)		
		Head of International Insurance Business		
		Co-Head of International Business		
		In charge of International Business Development Dept. (management of North America)		
		(Other major posts)		
		Senior Managing Director of Tokio Marine & Nichido		

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Satoru Komiya as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in domestic insurance underwriting, human resources, sales planning, management of group companies, his terms in office as Executive Officer of the Company in charge of international insurance business and his current role of being responsible for international insurance business as Senior Managing Executive Officer of the Company.

Notes: 1. There are no special conflicts of interest between the Company and Mr. Satoru Komiya.

2. He is expected to assume the position of Chairman of the Board of Tokio Marine & Nichido on the date of the ordinary general meeting of shareholders of Tokio Marine & Nichido scheduled for June 2019.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts	Number of the Company's shares held
6.	Akio Mimura (November 2, 1940) <div>Renomination</div> <div>Independent</div>	<p>April 1963 Joined Fuji Iron &amp; Steel Co., Ltd.</p> <p>June 1993 Director of Nippon Steel Corporation</p> <p>April 1997 Managing Director of Nippon Steel Corporation</p> <p>April 2000 Representative Director and Executive Vice President of Nippon Steel Corporation</p> <p>April 2003 Representative Director and President of Nippon Steel Corporation</p> <p>April 2008 Representative Director and Chairman of Nippon Steel Corporation</p> <p>June 2010 Director of Tokio Marine Holdings (outside director, to present)</p> <p>Oct. 2012 Director, Member of the Board and Senior Advisor of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>June 2013 Senior Advisor of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>Nov. 2013 Senior Advisor, Honorary Chairman of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>June 2018 Senior Advisor, Honorary Chairman of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>April 2019 Senior Advisor, Honorary Chairman of Nippon Steel Corporation (to present)</p> <p>(Other major posts)</p> <p>Senior Advisor, Honorary Chairman of Nippon Steel Corporation</p> <p>Director of Japan Post Holdings Co., Ltd. (outside director)</p> <p>Director of Development Bank of Japan Inc. (outside director)</p> <p>Director of Innovation Network Corporation of Japan (outside director)</p> <p>Director of Nisshin Seifun Group Inc. (outside director)</p> <p>Chairman of The Japan Chamber of Commerce and Industry</p> <p>Chairman of The Tokyo Chamber of Commerce and Industry</p>	6,400 shares

(Reason for proposing him/her as a candidate for outside director)

Mr. Akio Mimura is a candidate for outside director. The reason for proposing him as a candidate for outside director is that he is expected to fulfill his supervisory functions and provide valuable advice to the Board based on his insight as a company manager which was acquired through many years of experience in a management role.

(Independence)

1. Mr. Akio Mimura is an “independent director/auditor” as specified by the Tokyo Stock Exchange, Inc.
2. He fulfills the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members set by the Company, which are provided on page 26 of these reference materials.

3. He concurrently serves as Senior Advisor, Honorary Chairman of Nippon Steel Corporation, which has no business transactions with the Company. Insurance subsidiaries of the Company conduct insurance-related transactions with Nippon Steel Corporation; however, these transactions constitute less than 1 percent of its consolidated net sales and the Company's consolidated ordinary income, respectively.

(Major activities)

1. Mr. Akio Mimura attended 12 of the 13 board of directors' meetings held during fiscal year 2018.
2. He has fulfilled his supervisory functions by asking for detailed explanations and making remarks on a timely basis at the board of directors' meetings, based on his insight as a company manager which was acquired through many years of experience in a management role.

Notes: 1. There are no special conflicts of interest between the Company and Mr. Akio Mimura.  
2. He will have served as an outside director for 9 years at the close of this Meeting.  
3. In accordance with the provisions of Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with him to limit his liability provided for in Article 423, paragraph 1 of the Companies Act of Japan. The limitation of liability under the agreement shall be the higher of either 10 million yen or the amount provided in Article 425, paragraph 1 of the Companies Act of Japan. The Company intends to maintain the agreement if he is elected as proposed.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts		Number of the Company's shares held
7.	Masako Egawa (September 7, 1956) <div>Renomination</div> <div>Independent</div> <div>Female</div>	April	1980	Joined Citibank, N.A., Tokyo Branch
		Sep.	1986	Joined Salomon Brothers Inc, New York Head Office
		June	1988	Joined Salomon Brothers Asia Limited, Tokyo Branch
		Dec.	1993	Joined S.G. Warburg Securities, Tokyo Branch
		Nov.	2001	Executive Director, Japan Research Center, Harvard Business School
		April	2009	Executive Vice President, The University of Tokyo
		March	2015	Resigned from position as Executive Vice President, The University of Tokyo
		June	2015	Director of Tokio Marine Holdings (outside director, to present)
		Sep.	2015	Professor, Graduate School of Commerce and Management, Hitotsubashi University
		April	2018	Professor, Graduate School of Business Administration, Hitotsubashi University (to present)
		(Other major posts)		
		Professor, Graduate School of Business Administration, Hitotsubashi University		
		Director of Mitsui Fudosan Co., Ltd. (outside director)		
		Director of AGC Inc. (outside director)		

(Reason for proposing him/her as a candidate for outside director)

Ms. Masako Egawa is a candidate for outside director. The reason for proposing her as a candidate for outside director is that she is expected to fulfill her supervisory functions and provide valuable advice based on her insight as a specialist in business management which was 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. While she has not been involved in business management other than as an outside director or an outside audit & supervisory board member, based on her performance since assumption of her office as an outside director of the Company, we believe that she will effectively perform her duties as an outside director.

(Independence)

1. Ms. Masako Egawa is an “independent director/auditor” as specified by the Tokyo Stock Exchange, Inc.
2. She fulfills the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members set by the Company, which are provided on page 26 of these reference materials.

(Major activities)

1. Ms. Masako Egawa attended 12 of the 13 board of directors’ meetings held during fiscal year 2018.
2. She has fulfilled her supervisory functions by asking for detailed explanations and making remarks on a timely basis at the board of directors’ meetings, based on her insight as a specialist in business

management which was 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.

- Notes: 1. There are no special conflicts of interest between the Company and Ms. Masako Egawa.
2. She will have served as an outside director for 4 years at the close of this Meeting.
3. In accordance with the provisions of Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with her to limit her liability provided for in Article 423, paragraph 1 of the Companies Act of Japan. The limitation of liability under the agreement shall be the higher of either 10 million yen or the amount provided in Article 425, paragraph 1 of the Companies Act of Japan. The Company intends to maintain the agreement if she is elected as proposed.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts	Number of the Company's shares held
8.	Takashi Mitachi (January 21, 1957) <u>Renomination</u> <u>Independent</u>	<p>April 1979 Joined Japan Airlines Co., Ltd.</p> <p>Oct. 1993 Joined The Boston Consulting Group</p> <p>Jan. 1999 Vice President of The Boston Consulting Group</p> <p>Jan. 2005 Japan Co-Chairman and Senior Partner &amp; Managing Director of The Boston Consulting Group</p> <p>Jan. 2016 Senior Partner &amp; Managing Director of The Boston Consulting Group</p> <p>June 2017 Director of Tokio Marine Holdings (outside director, to present)</p> <p>Oct. 2017 Senior Advisor of The Boston Consulting Group (to present)</p> <p>(Other major posts)</p> <p>Senior Advisor of The Boston Consulting Group</p> <p>Director of Rakuten, Inc. (outside director)</p> <p>Director of DMG Mori Co., Ltd. (outside director)</p> <p>Director of Unicharm Corporation (outside director)</p>	100 shares

(Reason for proposing him/her as a candidate for outside director)

Mr. Takashi Mitachi is a candidate for outside director. The reason for proposing him as a candidate for outside director is that he is expected to fulfill his supervisory functions and provide valuable advice based on his insight as a company manager which was acquired through many years of experience in a consulting firm and a management role.

(Independence)

1. Mr. Takashi Mitachi is an “independent director/auditor” as specified by the Tokyo Stock Exchange, Inc.
2. He fulfills the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members set by the Company, which are provided on page 26 of these reference materials.
3. He concurrently serves as Senior Advisor of The Boston Consulting Group, which conducts consulting-related transactions with the Company and insurance subsidiaries of the Company; however, these transactions constitute less than 1 percent of its consolidated net sales and the Company's consolidated ordinary income, respectively.

(Major activities)

1. Mr. Takashi Mitachi attended all 13 board of directors' meetings held during fiscal year 2018.
2. He has fulfilled his supervisory functions by asking for detailed explanations and making remarks on a timely basis at the board of directors' meetings, based on his insight as a company manager which was acquired through many years of experience in a consulting firm and a management role.

Notes: 1. There are no special conflicts of interest between the Company and Mr. Takashi Mitachi.

2. He will have served as an outside director for 2 years at the close of this Meeting.

3. In accordance with the provisions of Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with him to limit his liability provided for in Article 423, paragraph 1 of the Companies Act of Japan. The limitation of liability under the agreement shall be the higher of either 10 million yen or the amount provided in Article 425,



paragraph 1 of the Companies Act of Japan. The Company intends to maintain the agreement if he is elected as proposed.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts	Number of the Company's shares held
9.	Nobuhiro Endo (November 8, 1953) <u>New nomination</u> <u>Independent</u>	<p>April 1981 Joined NEC Corporation</p> <p>April 2006 Senior Vice President and Executive General Manager of Mobile Network Operations Unit of NEC Corporation</p> <p>April 2009 Executive Vice President of NEC Corporation</p> <p>June 2009 Executive Vice President and Member of the Board of NEC Corporation</p> <p>April 2010 President (Representative Director) of NEC Corporation</p> <p>April 2016 Chairman of the Board (Representative Director) of NEC Corporation (to present)</p> <p>(Other major posts)</p> <p>Chairman of the Board (Representative Director) of NEC Corporation</p> <p>Director of Japan Exchange Group, Inc. (Outside Director)</p>	-

(Reason for proposing him/her as a candidate for outside director)

Mr. Nobuhiro Endo is a candidate for outside director. The reason for proposing him as a candidate for outside director is that he is expected to fulfill his supervisory functions and provide valuable advice based on his insight as a company manager which was acquired through many years of experience in a management role.

(Independence)

1. Mr. Nobuhiro Endo is an “independent director/auditor” as specified by the Tokyo Stock Exchange, Inc.
2. He fulfills the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members set by the Company, which are provided on page 26 of these reference materials.
3. He concurrently serves as Chairman of the Board (Representative Director) of NEC Corporation, which conducts systems-related and other business transactions with the Company and insurance subsidiaries of the Company; however, these transactions constitute less than 1 percent of its consolidated revenue and the Company's consolidated ordinary income, respectively. Insurance subsidiaries of the Company conduct insurance-related transactions with NEC Corporation; however, these transactions constitute less than 1 percent of its consolidated revenue and the Company's consolidated ordinary income, respectively.

Notes: 1. There are no special conflicts of interest between the Company and Mr. Nobuhiro Endo.

2. In accordance with the provisions of Article 427, paragraph 1 of the Companies Act of Japan, the Company intends to enter into an agreement with him to limit his liability provided for in

Article 423, paragraph 1 of the Companies Act of Japan, if he is elected as proposed. The limitation of liability under the agreement shall be the higher of either 10 million yen or the amount provided in Article 425, paragraph 1 of the Companies Act of Japan.

3. His current position is Chairman of the Board (Representative Director) of NEC Corporation, he is expected to assume the position of Chairman of the Board of NEC Corporation on the date of the ordinary general meeting of shareholders of NEC Corporation scheduled for June 2019.
4. He is expected to assume the position of Outside Member, Board of Directors of Sumitomo Dainippon Pharma Co., Ltd. on the date of the ordinary general meeting of shareholders of Sumitomo Dainippon Pharma Co., Ltd. scheduled for June 2019.
5. He serves as an outside director of Seiko Holdings Corporation. He is expected to resign from the said position at the close of the ordinary general meeting of shareholders of Seiko Holdings Corporation scheduled for June 2019.
6. It is acknowledged that the Japan Fair Trade Commission identified activities in violation of antitrust law by NEC Corporation, where Mr. Nobuhiro Endo serves as Chairman of the Board, with respect to transactions with Tokyo Electric Power Company Holdings, Inc. (formerly Tokyo Electric Power Company) regarding telecommunications equipment for electric power systems on July 12, 2016. In addition, NEC Corporation was issued with Cease and Desist Orders and Orders for Payment of Surcharge by the Japan Fair Trade Commission on February 2, 2017 for activities in violation of antitrust law with respect to transactions for fire-fighting and emergency digital radio equipment, and on February 15, 2017 for activities in violation of antitrust law with respect to transactions with Chubu Electric Power Co., Inc. for hybrid optical communication equipment and equipment for transmission lines for Chubu Electric Power Co., Inc. Following the recognition of the facts, Mr. Endo has been promoting measures to prevent a recurrence by further strengthening compliance as well as improving and strengthening the operation of the internal control system.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts		Number of the Company's shares held
10.	Shinichi Hirose (December 7, 1959) <u>New nomination</u>	April	1982	Joined Tokio Marine
		June	2013	Managing Director of Tokio Marine & Nichido Life Insurance Co., Ltd. ("Tokio Marine & Nichido Life")
		April	2014	President & Chief Executive Officer of Tokio Marine & Nichido Life
		June	2014	Director of Tokio Marine Holdings
		March	2017	Resigned from position as President & Chief Executive Officer of Tokio Marine & Nichido Life
		April	2017	Managing Director of Tokio Marine Holdings
		June	2017	Managing Executive Officer of Tokio Marine Holdings
		April	2018	Senior Managing Executive Officer of Tokio Marine Holdings
		March	2019	Resigned from position as Senior Managing Executive Officer of Tokio Marine Holdings
		April	2019	President & Chief Executive Officer of Tokio Marine & Nichido (to present)
		(Other major posts)		President & Chief Executive Officer of Tokio Marine & Nichido

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Shinichi Hirose as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in product planning, sales planning, and the domestic life insurance and property and casualty insurance businesses, his terms in office as President & Chief Executive Officer of Tokio Marine & Nichido Life, and as Executive Officer of the Company in charge of international insurance business, and his current leadership role in the management of Tokio Marine & Nichido as President & Chief Executive Officer.

Note: There are no special conflicts of interest between the Company and Mr. Shinichi Hirose.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts	Number of the Company's shares held
11.	Akira Harashima (November 19, 1960) <u>New nomination</u>	<p>April 1984 Joined Tokio Marine</p> <p>April 2014 Executive Officer and General Manager of Corporate Planning Dept. of Tokio Marine Holdings</p> <p>April 2015 Executive Officer of Tokio Marine Holdings (Head of America)</p> <p>April 2016 Managing Executive Officer of Tokio Marine Holdings</p> <p>April 2019 Senior Managing Executive Officer of Tokio Marine Holdings (to present)</p> <p>(Responsibilities) In charge of International Business Development Dept. (management of Asia and the Middle East)</p>	7,600 shares

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Akira Harashima as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in international insurance business and the corporate planning business, and his term in office as Executive Officer of the Company in charge of international insurance business in the Americas, Asia and elsewhere.

Notes: 1. There are no special conflicts of interest between the Company and Mr. Akira Harashima.

2. He is expected to assume the position of Senior Managing Director of Tokio Marine & Nichido on the date of the ordinary general meeting of shareholders of Tokio Marine & Nichido scheduled for June 2019.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts	Number of the Company's shares held
12.	Kenji Okada (September 19, 1963) <span style="border: 1px solid black;">New nomination</span>	<p>April 1986 Joined Tokio Marine</p> <p>April 2018 Executive Officer and General Manager of Internal Audit Dept. of Tokio Marine Holdings</p> <p>April 2019 Managing Executive Officer of Tokio Marine Holdings (to present)</p> <p>April 2019 Managing Executive Officer of Tokio Marine &amp; Nichido (to present)</p> <p>(Other major posts) Managing Executive Officer of Tokio Marine &amp; Nichido</p>	2,200 shares

(Reason for proposing him/her as a candidate for director)

The reason for proposing Mr. Kenji Okada as a candidate for director is that he is expected to fulfill his role adequately in deciding important matters regarding business execution and supervision of the execution of duties by other directors as a member of the Board, based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in financial planning, corporate planning business, and international insurance business, and his leadership role in the internal auditing of the Group as Executive Officer and General Manager of Internal Audit Dept. of the Company.

Notes: 1. There are no special conflicts of interest between the Company and Mr. Kenji Okada.

2. He is expected to assume the position of Managing Director of Tokio Marine & Nichido on the date of the ordinary general meeting of shareholders of Tokio Marine & Nichido scheduled for June 2019.

### Item 3. Election of Two (2) Audit & Supervisory Board Members

The term of office of Mr. Takashi Ito and Mr. Akinari Horii, both of whom are audit & supervisory board members, will expire at the close of this Meeting.

Accordingly, the election of the following audit & supervisory board members is proposed.

The submission of this item has been approved by the Audit & Supervisory Board.

The candidates for audit & supervisory board members are as follows:

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts			Number of the Company’s shares held
1.	Takashi Ito (May 19, 1957) <div>Renomination</div>	April	1980	Joined Tokio Marine	4,800 shares
		June	2011	Executive Officer and General Manager of Corporate Planning Dept. of Tokio Marine Holdings	
		June	2013	Managing Director of Tokio Marine & Nichido	
		June	2013	Managing Director of Tokio Marine Holdings	
		June	2015	Resigned from position as Managing Director of Tokio Marine & Nichido	
		June	2015	Resigned from position as Managing Director of Tokio Marine Holdings	
		June	2015	Audit & Supervisory Board Member (full-time) of Tokio Marine Holdings (to present)	

(Reason for proposing him/her as a candidate for audit & supervisory board member)

The reason for proposing Mr. Takashi Ito as a candidate for audit & supervisory board member is that he is expected to fulfill his audit functions based on his wealth of experience and results he has achieved since joining Tokio Marine. These include his intensive involvement in product planning, corporate planning, legal affairs, his term in office as Executive Officer of the Company in charge of risk management, legal affairs and internal audits, and his current role of being responsible for supervision of the execution of duties by directors as Audit & Supervisory Board Member of the Company (full-time).

Note: There are no special conflicts of interest between the Company and Mr. Takashi Ito.

No.	Name (Date of birth)	Brief personal history, position, responsibilities and other major posts	Number of the Company's shares held
2.	Akinari Horii (October 14, 1951) <u>Renomination</u> <u>Independent</u>	<p>April 1974 Joined the Bank of Japan</p> <p>July 2002 Director-General of the International Department of the Bank of Japan</p> <p>June 2006 Assistant Governor of the Bank of Japan</p> <p>June 2010 Resigned from position as Assistant Governor of the Bank of Japan</p> <p>July 2010 Special Advisor of The Canon Institute for Global Studies</p> <p>Dec. 2010 Director and Special Advisor of The Canon Institute for Global Studies (to present)</p> <p>June 2011 Audit &amp; Supervisory Board Member of Tokio Marine Holdings (outside audit &amp; supervisory board member, to present)</p> <p>(Other major posts) Director and Special Advisor of The Canon Institute for Global Studies</p>	3,700 shares

(Reason for proposing him/her as a candidate for outside audit & supervisory board member)

Mr. Akinari Horii is a candidate for outside audit & supervisory board member. The reason for proposing him as a candidate for outside audit & supervisory board member is that he is expected to fulfill his audit functions 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. We believe that he will effectively perform his duty as an outside audit & supervisory board member based on his performance since assumption of his office as an audit & supervisory board member.

(Independence)

1. Mr. Akinari Horii is an “independent director/auditor” as specified by the Tokyo Stock Exchange, Inc.
2. He fulfills the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members set by the Company, which are provided on page 26 of these reference materials.

(Major activities)

1. Mr. Akinari Horii attended 12 of the 13 board of directors' meetings and 10 of the 11 audit & supervisory board meetings held during fiscal year 2018.
2. He has fulfilled his audit functions by asking for detailed explanations and making remarks on a timely basis at the board of directors' meetings and audit & supervisory board meetings, based on his insight which was acquired through many years of experience in his role as an executive or a regular employee of the Bank of Japan



- Notes: 1. There are no special conflicts of interest between the Company and Mr. Akinari Horii.
2. He will have served as an outside audit & supervisory board member for 8 years at the close of this Meeting.
3. In accordance with the provisions of Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with him to limit his liability provided for in Article 423, paragraph 1 of the Companies Act of Japan. The limitation of liability under the agreement shall be the higher of either 10 million yen or the amount provided in Article 425, paragraph 1 of the Companies Act of Japan. The Company intends to maintain the agreement if he is elected as proposed.
4. He is expected to assume the position of outside director of ZUU Co., Ltd. on the date of the ordinary general meeting of shareholders of ZUU Co., Ltd. scheduled for June 2019.

## Reference

### Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

#### **Exhibit**

#### **(Article 18 of Tokio Marine Holdings Fundamental Corporate Governance Policy)**

Outside Directors and Outside Audit & Supervisory Board Members of the Company are judged to be independent from the Company if they do not fall within any of the following categories:

- (i) an executive of the Company or a subsidiary or affiliate of the Company;
- (ii) a person who has been an executive of the Company or a subsidiary or an affiliate of the Company in the past ten years;
- (iii) a party whose major client or supplier is the Company or a principal business subsidiary of the Company (a party whose transactions with the Company or a principal business subsidiary of the Company in the most recent fiscal year amount to 2% or more of its consolidated net sales), or an executive thereof;
- (iv) a party who is a major client or supplier of the Company or a principal business subsidiary of the Company (a party whose transactions with the Company or a principal business subsidiary of the Company in the most recent fiscal year amount to 2% or more of consolidated ordinary income of the Company), or an executive thereof;
- (v) a financial institution or other major creditor which the Company or a principal business subsidiary of the Company relies on to the extent that it is an indispensable funding source that cannot be replaced, or an executive thereof;
- (vi) an executive of a corporation or an association or any other organization that receives donations from the Company or a principal business subsidiary of the Company in excess of a certain amount in the most recent fiscal year (10 million yen or 2% of the total revenue of such organization in the most recent fiscal year, whichever is larger);
- (vii) a spouse or relative within the third degree of kinship of a Director, Audit & Supervisory Board Member, or Executive Officer of the Company or a subsidiary or an affiliate of the Company;
- (viii) a consultant, accountant, lawyer, or other specialist who receives compensation from the Company or a principal business subsidiary of the Company other than compensation for Directors, Audit & Supervisory Board Members and Executive Officers of the Company or a principal business subsidiary of the Company in excess of a certain amount in the most recent fiscal year (10 million yen or 2% of the total revenue of a corporation or association or any other organization to which such specialist belongs in the most recent fiscal year, whichever is larger); or
- (ix) a party who holds 10% or more of the voting rights of all shareholders of the Company at the end of the most recent fiscal year, or an executive thereof.

#### **Item 4. Change in Remuneration and other Compensation Amounts to Directors**

##### **1. Reason for proposal**

Total individual monetary compensation for the directors of the Company of no more than total amount of 50 million yen per month (including no more than 5 million yen for outside directors) was approved at the thirteenth ordinary general meeting of shareholders held on June 29, 2015; and, separately from this total amount of 50 million yen per month, it was resolved that the total remuneration and other compensation amounts relating to share acquisition rights allotted as share compensation-type share options shall not exceed total amount of 140 million yen per year (including no more than 14 million yen for outside directors).

With respect to directors' remuneration and other compensation, the Company aims to establish a remuneration system that further enhances the motivation to improve business performance and the share price, while setting an appropriate level of remuneration, in the context of a changing business environment, etc., in which the duties and expected roles of directors are expanding.

Accordingly, as set forth below in '2. Contents of proposal', the Company proposes changes to the amount of directors' remuneration and other compensation (specifically, their monthly total amount of compensation) and, in addition, changes to the remuneration and other compensation amounts relating to share acquisition rights allotted to directors as share compensation-type share options.

##### **2. Contents of proposal**

The Company proposes that the total individual monetary compensation for directors shall be no more than 75 million yen per month (including no more than 7.5 million yen for outside directors) and, separately from such total amount of 75 million yen per month, that the total remuneration and other compensation amounts relating to share acquisition rights allotted to directors as share compensation-type share options shall be no more than 210 million yen per year (including no more than 21 million yen for outside directors).

The contents of proposal are based on the deliberations of the Compensation Committee of Tokio Marine Group, a body that mainly consists of outside directors.

##### **3. Others**

###### **(1) Contents of share acquisition rights**

The Company proposes that the contents of share acquisition rights allotted to directors as share compensation-type share options to be the same as were approved at the thirteenth ordinary general meeting of shareholders held on June 29, 2015, and to be as set forth below.

###### **(i) Allotment of share acquisition rights**

Upon allotment of share acquisition rights, the Company plans to grant directors remuneration claims in amounts equal to the amount payable for the share acquisition rights, and the rights to demand payment of payable amounts and the remuneration claims will set off each other.

###### **(ii) Total number of share acquisition rights**

The maximum total number of share acquisition rights allotted to directors within one year from the date of the ordinary general meeting of shareholders for each fiscal year shall be 500 (including 50 for outside directors). If the number of shares constituting one unit is revised, however, the maximum total number of share acquisition rights shall be adjusted to that obtained by dividing the maximum number of shares (if any

adjustment is made according to (iii) below, the maximum number of shares as adjusted) to be issued upon exercise of share acquisition rights by the revised number of shares constituting one unit (any fractional shares shall be truncated).

(iii) Class and number of shares to be issued upon exercise of the share acquisition rights

The maximum total number of shares to be issued upon exercise of the share acquisition rights allotted within one year from the date of the ordinary general meeting of shareholders for each fiscal year shall be 50,000 common shares (including 5,000 common shares for outside directors).

The number of shares to be issued upon exercise of each share acquisition right shall be 100. If the number of shares constituting one unit is revised, however, the number of shares to be issued upon exercise of each share acquisition right shall be the revised number of shares constituting one unit.

If adjustment of the maximum number of common shares to be issued upon an exercise of share acquisition rights or the number of common shares to be issued upon exercise of each share acquisition right becomes appropriate due to a share split (including gratis allotment of the shares of the Company's common share) or consolidation of shares, the Company shall make adjustments as deemed necessary.

(iv) Value of the property to be contributed upon exercise of the share acquisition rights

The value of the property to be contributed upon exercise of each share acquisition right shall be the amount obtained by multiplying the amount payable for any one share issued upon exercise of the share acquisition rights, which shall be one yen, by the number of shares to be issued upon exercise of each share acquisition right.

(v) Exercise period of the share acquisition rights

The exercise period shall be within 30 years from the day following the date of allotment of the share acquisition rights and shall be decided by the Board of Directors of the Company.

(vi) Restriction on the acquisition of share acquisition rights by transfer

The acquisition of share acquisition rights by transfer shall require approval by a resolution of the Board of Directors of the Company.

(vii) Other conditions for the exercise of the share acquisition rights

As a general rule, any individual who has been allotted share acquisition rights may continue to exercise such rights after losing his or her position as a director, audit & supervisory board member or executive officer of the Company if within the period described in (v) above, and other conditions for the exercise of the share acquisition rights shall be decided by the Board of Directors of the Company.

(2) The number of directors

The number of directors is thirteen (13) (including four (4) outside directors) at present, and will become twelve (12) (including four (4) outside directors) when Item 2 is approved as proposed.

**TOKIO MARINE HOLDINGS, INC.**

**Attachment to the “Notice of Convocation of  
the 16th Ordinary General Meeting of Shareholders”**

**Business Report for Fiscal Year 2018**

(From April 1, 2018 to March 31, 2019)

**1. Matters Concerning the Insurance Holding Company**

**(1) Business Developments and Results for Tokio Marine Group**

- During fiscal year 2018, although the world economy as a whole gradually grew due to economic expansion in the U.S., there were escalating concerns towards the end of the fiscal year over an economic downturn, as evidenced by the loss of momentum of the Europe and China economies against the backdrop of the intensifying trade friction between the U.S. and China and increasing uncertainty surrounding the withdrawal by the U.K. from the E.U. In Japan, although the economy demonstrated a gradual recovery, led by domestic demand in areas such as personal consumption and capital investment, the economy slowed down compared with the previous fiscal year due to the impact from natural disasters.
- Under these circumstances, in the first year of our medium-term business plan “To Be a Good Company 2020”, the Group actively promoted its business under the aligned group management structure headed by Group CEO, in which the Group Chief Officers are responsible for each function for the Group.
- Despite a decrease of ordinary profit of domestic property and casualty insurance business, due to an increase in incurred losses relating to natural disasters in Japan such as Typhoons No. 21 and No. 24, torrential rains in western Japan etc., ordinary profit was 416.3 billion yen, an increase of 71.3 billion yen compared to the previous fiscal year, due to the increase of ordinary profit of international business and domestic life insurance business. On the other hand, net income attributable to owners of the parent was 274.5 billion yen, on a decrease of 9.6 billion yen compared to the previous fiscal year, due to the reaction of lowering of corporate tax rate in the U.S. and other factors.

	Fiscal year 2017 (Yen in billions)	Fiscal year 2018 (this fiscal year) (Yen in billions)	Rate of change (%)
Ordinary income	5,399.1	5,476.7	1.4
Net premiums written	3,564.7	3,587.4	0.6
Life insurance premiums	953.0	1,053.5	10.5
Ordinary profit	344.9	416.3	20.7

Net income attributable to owners of the parent	284.1	274.5	△3.4
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Ordinary income and ordinary profit for each business segment are as follows:

(Yen in billions)

Business segment	Ordinary income		Ordinary profit	
	Fiscal year 2017	Fiscal year 2018 (this fiscal year)	Fiscal year 2017	Fiscal year 2018 (this fiscal year)
Domestic property and casualty insurance	2,678.8	2,847.1	242.4	228.3
Domestic life insurance	818.6	779.3	23.8	40.2
Overseas insurance	1,883.0	1,972.0	71.3	141.6
Financial and other	92.1	92.1	7.2	6.0

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### Domestic Property and Casualty Insurance Business

Net premiums written: 2,340.5 billion yen      Ordinary profit: 228.3 billion yen

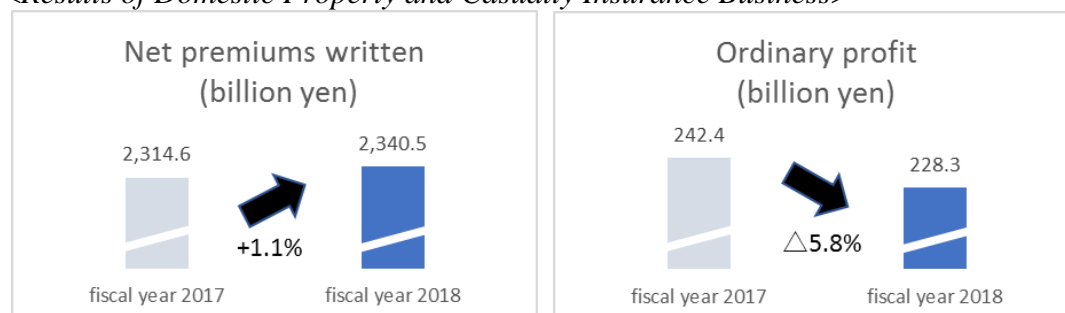
Composition ratio of premiums written: 50.4%

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- Tokio Marine & Nichido actively undertook operational initiatives, setting as priority issues such as the establishment of changes to our insurance product portfolio and the streamlining of our business processes using the latest technology, with a view to achieving sustainable growth and generating stable profit.
- Based on our policy of “grow together with community”, Tokio Marine & Nichido is collaborating with local governments, financial institutions, chambers of commerce and industry, and other organizations to strongly promote regional development initiatives in Japan and is also actively engaging in support for the health and productivity management of our corporate clients. Specifically, in view of the current situation in which awareness of the threat of cyber risk is growing, we set up a rider to compensate for cyber incidents and information leaks for insurance products that comprehensively cover the business risks faced by small and medium-sized companies. In addition, we strengthened our sales activities with respect to comprehensive employment injury insurance for small and medium-sized companies where occupational safety and health is an important management issue. By implementing these initiatives, we are promoting changes to our insurance product portfolio through the handling of new risks.
- In July 2018, we entered into a business alliance with MetroMile, Inc. of the U.S. in order to realize faster claims adjustments and automated claims service processes by applying MetroMile’s technology, such as data analytics and artificial intelligence (AI). MetroMile is a rapidly growing insurance company that is leveraging the use of the latest technology in business processes for automobile insurance. In addition, we employ

Orbital Insight, Inc. of the U.S. and have put in place a system that allows us to understand the extent of the damage and the height of floods within several days by using AI to analyze multiple images taken by satellites to enable the speedy payment of insurance claims in the event of a water disaster.

<Results of Domestic Property and Casualty Insurance Business>



<Response to Natural Disasters>

- During the current fiscal year, many natural disasters such as earthquakes, torrential rains, and typhoons occurred, causing massive damage across Japan. Tokio Marine & Nichido established a task force under the direct control of the President, and worked on disaster response on a company-wide basis through such efforts as dispatching staff from our locations nationwide to affected areas, sharing the role of registering accident information and making payments for insurance claims even at our locations nationwide in unaffected areas by effectively using improved system infrastructure that we had prepared for emergencies. The number of cases accepted as wide-area disasters in this fiscal year reached a record-high of 418,000 cases but we have almost completed claim payments other than for cases where necessary documents are to be submitted from customers, with the completion rate at 90.8% of accepted cases.

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**Domestic Life Insurance Business**

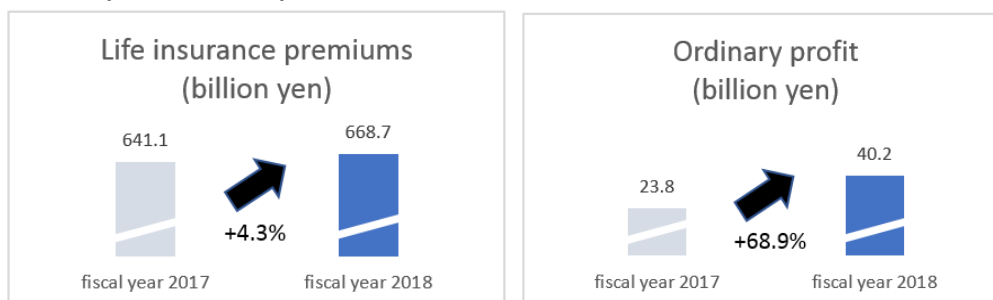
Life insurance premiums: 668.7 billion yen      Ordinary profit: 40.2 billion yen

Composition ratio of premiums written: 14.4%

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- Tokio Marine & Nichido Life continued to conduct asset management based on Asset Liability Management (ALM) under the assumption that low interest rates will persist over the long-term. Tokio Marine & Nichido Life also strengthened our sales activities with respect to protection-type products with low interest rate risk and made efforts to appropriately control risk. In addition, in this fiscal year as well, we actively promoted our “Life Insurance Revolution to Protect One’s Living” initiative, which provides coverage for protection areas that are not covered by existing medical insurance and death coverage (home medical care, inability to work, and nursing care) in view of the changes in the social environment such as longevity.
- Since 2013 we have been selling the “R Series” of medical insurance and cancer insurance where policyholders can receive health reimbursement benefits at a certain age while preparing for hospitalization and surgery. The series has been extremely well-received by customers and total sales reached 1 million products as of April 2018.

### <Results of Domestic Life Insurance Business>



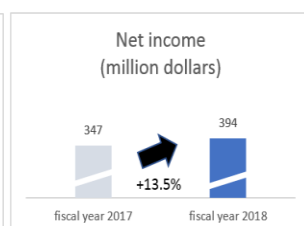
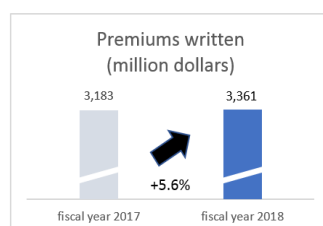
### Overseas Insurance Business

Premiums written: 1,631.7 billion yen      Ordinary profit: 141.6 billion yen

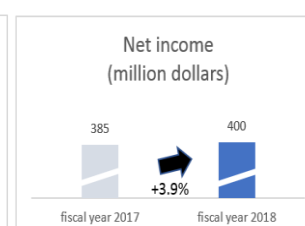
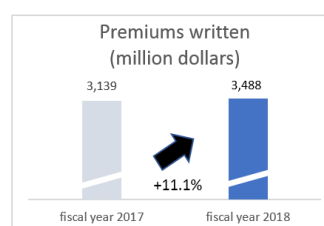
Composition ratio of premiums written: 35.2%

- The Group has actively developed its overseas insurance business under the aligned Group management structure with the aim to achieve global growth and risk diversification and, through mutual leveraging of excellent know-how held by Group companies, promotion of sustainable growth within the Group, and strategic M&A, has implemented a wide range of efforts toward the realization of synergies such as increasing premium income, advancing investment management, raising business efficiency and other measures. These efforts led to the growth of the Group such as by increasing premiums written by 4.5%.
- In August 2018, the Group acquired Safety Insurance Public Company Limited, a property and casualty insurance company in Thailand. As a result of the acquisition, the revenue from property and casualty insurance premiums by the Tokio Marine Group in Thailand, which is the largest property and casualty insurance market in Southeast Asia, was ranked third (first as a foreign-owned company).
- In December 2018, we acquired a 22.5% stake in Hollard Holdings etc., a company engaged in the life insurance and property and casualty insurance businesses in South African Republic and neighboring countries. The objective of the acquisition is profit growth in Sub-Saharan African countries where population increases and economic growth are expected over mid-to-long-term. In March 2019, we sold Tokio Millennium Re AG, a reinsurance subsidiary, etc., to a Bermuda-based reinsurance company. The sale was made pursuant to a strategic re-evaluation of the Group's portfolio in light of the current global business environment and the Tokio Marine Group's business strategy.

#### ■ Philadelphia

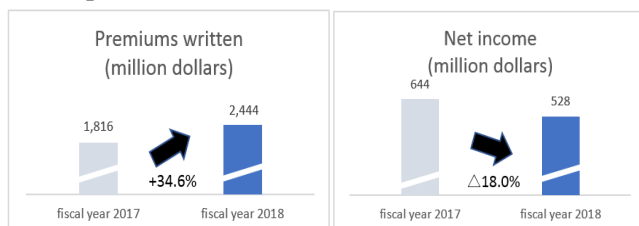


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### Financial and Other Business

Ordinary income: 92.1 billion yen

Ordinary profit: 6.0 billion yen

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- The Group developed its financial services steadily with a focus on its asset management business, which offers a stable revenue base. Such business includes the management of pension funds and the management of investment trusts, and has been highly evaluated by customers.
- With respect to other general businesses, the Group continued to engage in temporary staffing services, property management services and other businesses.

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### Contributing to a Sustainable Society

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- The Tokio Marine Group has contributed to the advancement of society by providing safety and security utilizing the knowledge and experience gained over many years in the insurance business. With the aim of becoming a “Good Company” trusted by all people and society, we will continuously increase the Group’s corporate value by undertaking initiatives to resolve social issues and contributing to the creation of a safe, secure, and sustainable future.
- This fiscal year, we again actively conducted our ‘Disaster Prevention Lessons’ educational series that, beginning in 2012, we have offered at schools and is based on lessons learned from the Great East Japan Earthquake.. We are striving to convey disaster prevention knowledge to children in a way that is easy for them to understand, using the Group’s expertise in risk management.
- Based on the vision to support the challenges of all people and society, Tokio Marine & Nichido is supporting the Tokyo 2020 Paralympic Games as a Gold Partner (Property and Casualty Insurance). In addition, the Group as an official sponsor. We supported athletes with intellectual disabilities in this fiscal year through participation in the Special Olympics Nippon as volunteers, etc. In collaboration with tree-planting NGOs, etc., we are continuously working on climate change countermeasures, global environmental protection, and biodiversity conservation, such as mangrove planting in nine countries in the Asia-Pacific region and environmental protection activities within Japan.

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### Issues Facing the Group

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- In fiscal year 2019, although we expect that the gradual improvement of the world economy centered on the U.S. will continue, there are concerns over the increasing

impact from trade friction between the U.S. and China and the withdrawal by the U.K. from the E.U. The Japanese economy is expected to continue to experience a gradual recovery mainly in domestic demand through support from the government's economic measures, despite concerns over the cooling of consumption due to the consumption tax hike.

- Under these circumstances, the Group is working on “further diversification of portfolio”, “enhancement of business structure” and “strengthening of aligned Group management” as priority issues in order to achieve the medium-term business plan “To Be a Good Company 2020”.
- In our domestic property and casualty insurance business, we will provide cover for new risks arising from changes in the social environment, including population decline and technological advances, and will move forward with changes to our insurance product portfolio. In particular, we will respond to potential coverage needs for small and medium-sized companies that should be the driving force behind Japan's economy by supporting regional development in Japan and health and productivity management, and providing various insurance products. In addition, in order to steadily respond to changes in customer needs, we will endeavor to make changes to our sales channels as well as provide new value to customers by improving internal productivity and customer convenience with the effective use of the latest technology.
- In the domestic life insurance business, we will conduct asset management based on Asset Liability Management (ALM). We will also strengthen our sales activities with respect to our protection-type products with low interest risk and will make efforts to appropriately control the risk. In addition, we will continue to develop innovative products and services that anticipate environmental changes such as the advances in medical technology.
- The business model that integrates life insurance and property and casualty insurance, maximizing the Group's comprehensive capability through a close collaboration between life insurance and property and casualty insurance, is a key strength of the Tokio Marine Group, and we will strive to further evolve this business model.
- The overseas insurance business plays a role in driving risk diversification and sustainable profit growth of the Group as a whole. We will continue to work on both sustainable internal growth and strategic M&A to achieve balanced growth in developed countries and emerging countries. In addition, we will further reinforce our aligned group management structure while continuously making efforts to maximize synergies within the Group by leveraging the Group's global network. This will include, for example, greater efforts to promote the sales of highly specialized insurance products offered by HCC and other group companies.
- What underpins each of these businesses is human resources. The Tokio Marine Group endeavors to have all employees contribute to the growth of the Group by maintaining their good health and maximizing their abilities, and also actively encourages the success of women in the workplace. This year, the Group was selected as a “Health & Productivity Stock” (for the fourth consecutive year) and as a “Nadeshiko Brand” (for the second consecutive year). Based on these initiatives, we will make global use of the Group's human resources, including our overseas staff, and will work to develop human resources capable of working globally.
- The Group sets a basic policy of paying dividends for shareholder returns and will seek to increase dividends by improving profitability.

- Under our management philosophy to place “customer trust at the base of all its activities”, the entire Group will endeavor to achieve further growth as a corporate group, seeking growth characterized by high profitability, sustainability and soundness. We plan on building up a “Good Company” that is trusted widely by customers and the society. We would like to express our sincere appreciation to all shareholders of Tokio Marine Holdings for their continued guidance and support.

Notes: 1. Throughout this Business Report, all amounts (including numbers of shares) are truncated and all ratios are rounded to one decimal place (hereinafter the same shall apply in the financial statement below).

2. Numbers that appear as ordinary income and ordinary profit for each business segment are shown after adjustments necessary to accurately reflect the actual situation, such as the exclusion of dividend income from group companies, which is recorded in the non-consolidated financial results of each subsidiary. Ordinary income and ordinary profit in our consolidated statement of income are after making adjustments among account items for the total figures for each business segment.

3. “Premiums written” is the total of net premiums written and life insurance premiums.

4. The results of major overseas subsidiaries are shown on a local accounting basis.

## (2) Four Year Summary of Assets and Earnings of the Group and the Insurance Holding Company

### a. The Group's summary of assets and earnings

(Yen in millions)

(Fiscal year)

	2015	2016	2017	2018
Ordinary income	4,579,076	5,232,602	5,399,115	5,476,720
Ordinary profit	385,825	387,659	344,939	416,330
Net income attributable to owners of the parent	254,540	273,856	284,183	274,579
Comprehensive income	(14,543)	169,603	500,528	42,871
Net assets	3,512,656	3,569,760	3,835,536	3,603,741
Total assets	21,855,328	22,607,603	22,929,935	22,531,402

Note: Major reason for decrease of comprehensive income in this fiscal year was decrease of unrealized gains on securities due to fluctuations in share price in Japan.

### b. The Insurance Holding Company's summary of assets and earnings

(Yen in millions, except per share amounts)

(Fiscal year)

	2015	2016	2017	2018
Operating income	96,736	84,702	227,510	299,837
Dividends received	89,455	74,160	214,446	280,386
Insurance subsidiaries	82,782	68,994	211,789	277,624
Other subsidiaries	6,673	5,166	2,657	2,762
Net income	57,402	68,666	203,486	278,374
Net income per share of common share	76.06 yen	91.15 yen	274.12 yen	388.30 Yen
Total assets	2,486,765	2,436,616	2,401,883	2,409,066
Share of insurance subsidiaries	2,333,913	2,329,195	2,308,610	2,313,910
Share of other subsidiaries	80,627	74,202	24,910	21,963

## (3) The Group's Principal Offices (As of March 31, 2019)

### a. The Company

	Location	Established as of
Head Office	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	April 2, 2002

Note: The date shown above is the date of incorporation.

### b. Subsidiaries, etc.

Business segment	Company name	Office name	Location	Established as of
Domestic property and casualty insurance	Tokio Marine & Nichido	Head Office	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	March 20, 1944
		Hokkaido		
		Hokkaido Branch and 6 other branches		
		Tohoku		
		Sendai Branch and 9 other branches		
		Kanto		
		Tokyo Central Branch and 32 other branches		
		Tokai and Hokuriku		
		Aichi South Branch and 26 other branches		

		Kansai	Osaka South Branch and 24 other branches	
		Chugoku and Shikoku	Hiroshima Branch and 14 other branches	
		Kyushu	Fukuoka Central Branch and 13 other branches	
		Nisshin Fire & Marine	Head Office (Tokyo Head Office), Saitama Head Office	
			3, Kandasurugadai 2-chome, Chiyoda-ku, Tokyo, Japan	June 10, 1908
Domestic life insurance	Tokio Marine & Nichido Life	Head Office	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	August 6, 1996
Overseas insurance	Philadelphia Consolidated Holding Corp.	Head Office	Bala Cynwyd, Pennsylvania, U.S.A.	July 6, 1981
	Delphi Financial Group, Inc.	Head Office	Wilmington, Delaware, U.S.A.	May 27, 1987
	HCC Insurance Holdings, Inc.	Head Office	Dover, Delaware, U.S.A.	March 27, 1991
	Tokio Marine Kiln Group Limited	Head Office	London, U.K.	July 11, 1994
Financial and other	Tokio Marine Asset Management Co., Ltd.	Head Office	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	December 9, 1985

Notes: 1. This table sets forth major subsidiaries, etc.  
2. "Office name" is the name of the principal office.  
3. "Location" is the location of the head office.  
4. The dates shown above are the date of incorporation.

#### (4) The Group's Employees

Business segment	As of March 31, 2018	As of March 31, 2019	Increase/Decrease
Domestic property and casualty insurance	20,705	20,465	△240
Domestic life insurance	2,216	2,240	24
Overseas insurance	13,803	15,557	1,754
Financial and other	2,467	2,586	119
Total	39,191	40,848	1,657

**(5) The Group's Principal Lenders (As of March 31, 2019)**

Business segment	Company name	Lender	Balance of loan
Domestic property and casualty insurance	Tokio Marine & Nichido	Syndicated loan	266,376 million yen

Note: The arranger of the syndicated loan is The MUFG Bank, Ltd.

**(6) The Group's Financing Activities**

None.

**(7) The Group's Capital Investment Activities****a. Total investment in facilities**

Business segment	Amount
Domestic property and casualty insurance	18,337 million yen
Domestic life insurance	273 million yen
Overseas insurance	5,252 million yen
Financial and other	1,654 million yen
Total	25,517 million yen

Notes: 1. "Amount" is the aggregate amount of investment in facilities for fiscal year 2018.

2. Yen amounts include certain capital expenditures in other currencies which were converted into yen based on exchange rates as of the end of December 2018.

**b. New construction of major facilities and other**

None.

**(8) Parent Company and Major Subsidiaries, etc. (As of March 31, 2019)****a. Parent company**

None.

**b. Major subsidiaries, etc.**

Company name	Location	Major business	Date of incorporation	Paid-in capital (Yen in millions)	Ratio of Tokio Marine Holdings' voting rights	Notes
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Tokyo, Japan	Property and casualty insurance	Mar. 20, 1944	101,994	100.0%	-
Nisshin Fire & Marine Insurance Co., Ltd.	Tokyo, Japan	Property and casualty insurance	June 10, 1908	20,389	100.0%	-
E.design Insurance Co., Ltd.	Tokyo, Japan	Property and casualty insurance	Jan. 26, 2009	29,303	95.2%	-
Tokio Marine & Nichido Life Insurance Co., Ltd.	Tokyo, Japan	Life insurance	Aug. 6, 1996	55,000	100.0%	-

Tokio Marine Millea SAST Insurance Co., Ltd.	Yokohama, Japan	Small-amount short-term insurance	Sep. 1, 2003	895	100.0%	-
Tokio Marine Asset Management Co., Ltd.	Tokyo, Japan	Investment management and Investment trusts	Dec. 9, 1985	2,000	100.0%	-
Tokio Marine North America, Inc.	Wilmington, Delaware, U.S.A	Holding company	June 29, 2011	0	100.0% (100.0)	-
Philadelphia Consolidated Holding Corp.	Bala Cynwyd, Pennsylvania, U.S.A.	Holding company	July 6, 1981	0	100.0% (100.0)	-
Philadelphia Indemnity Insurance Company	Bala Cynwyd, Pennsylvania, U.S.A.	Property and casualty insurance	Feb. 4, 1927	499	100.0% (100.0)	-
First Insurance Company of Hawaii, Ltd.	Honolulu, Hawaii, U.S.A.	Property and casualty insurance	Aug. 6, 1982	474	100.0% (100.0)	-
Tokio Marine America Insurance Company	New York, New York, U.S.A.	Property and casualty insurance	Aug. 13, 1998	554	100.0% (100.0)	-
Delphi Financial Group, Inc.	Wilmington, Delaware, U.S.A.	Holding company	May 27, 1987	0	100.0% (100.0)	-
Safety National Casualty Corporation	St. Louis, Missouri, U.S.A.	Property and casualty insurance	Nov. 28, 1942	3,329	100.0% (100.0)	-
Reliance Standard Life Insurance Company	Schaumburg, Illinois, U.S.A.	Life insurance	Apr. 2, 1907	6,215	100.0% (100.0)	-
Reliance Standard Life Insurance Company of Texas	Houston, Texas, U.S.A.	Life insurance	Aug. 16, 1983	77	100.0% (100.0)	-
HCC Insurance Holdings, Inc.	Dover, Delaware, U.S.A.	Holding company	Mar. 27, 1991	0	100.0% (100.0)	-
Houston Casualty Company	Dallas, Texas, U.S.A.	Property and casualty insurance	May 27, 1981	554	100.0% (100.0)	-

U.S. Specialty Insurance Company	Dallas, Texas, U.S.A.	Property and casualty insurance	Oct. 28, 1986	466	100.0% (100.0)	-
HCC Life Insurance Company	Indianapolis, Indiana, U.S.A.	Life insurance	Dec. 3, 1980	277	100.0% (100.0)	-
Tokio Marine Kiln Group Limited	London, U.K.	Holding company	July 11, 1994	146	100.0% (100.0)	-
Tokio Marine Underwriting Limited	London, U.K.	Property and casualty insurance	Oct. 27, 2008	0	100.0% (100.0)	-
HCC International Insurance Company PLC	London, U.K.	Property and casualty insurance	July 22, 1981	21,716	100.0% (100.0)	-
Tokio Marine Asia Pte. Ltd.	Singapore, Singapore	Holding company	Mar. 12, 1992	142,321	100.0% (100.0)	-
Tokio Marine Insurance Singapore Ltd.	Singapore, Singapore	Property and casualty insurance	July 11, 1923	8,188	100.0% (100.0)	-
Tokio Marine Life Insurance Singapore Ltd.	Singapore, Singapore	Life insurance	May 21, 1948	2,947	85.7% (85.7)	-
Tokio Marine Insurans (Malaysia) Berhad	Kuala Lumpur, Malaysia	Property and casualty insurance	Apr. 28, 1999	10,969	100.0% (100.0)	-
Tokio Marine Life Insurance Malaysia Bhd.	Kuala Lumpur, Malaysia	Life insurance	Feb. 11, 1998	6,144	100.0% (100.0)	-
IFFCO-Tokio General Insurance Co. Ltd.	New Delhi, India	Property and casualty insurance	Sep. 8, 2000	4,387	49.0% (49.0)	-
Edelweiss Tokio Life Insurance Company Limited	Mumbai, India	Life insurance	Nov. 25, 2009	5,001	49.0% (49.0)	-
Safety Insurance Public Company Limited	Bangkok, Thailand	Property and casualty insurance	Sep. 12, 1941	1,315	98.6% (98.6)	-
Tokio Marine Seguradora S.A.	Sao Paulo, Brazil	Property and casualty insurance	June 23, 1937	27,314	97.8% (97.8)	-
Hollard Holdings Proprietary Limited	Johannesburg, South Africa	Holding company	Mar. 30, 1972	0	22.5% (22.5)	-



Hollard International Proprietary Limited	Johannesburg, South Africa	Holding company	Apr. 20, 2015	31,831	22.5% (22.5)	-
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Notes: 1. This table sets forth major subsidiaries, etc.

2. Tokio Millennium Re AG is not shown in the table due to since it ceased to be a major subsidiary, etc. of the Company on March 22, 2019.
3. Safety Insurance Public Company Limited is included in the table since it became a major subsidiary, etc. of the Company on August 31, 2018.
4. Hollard Holdings Proprietary Limited and Hollard International Proprietary Limited are included in the table as they became equity method major subsidiaries, etc. on December 21, 2018.
5. With regard to the amounts of capital of the company that holds capital in foreign currency, the amounts of capital shown above have been converted to yen based on the currency exchange rate on the closing date of the fiscal year of the Company.
6. Figures in brackets shown under the Company's voting rights reflect the ratio of voting rights indirectly held by the Company.

## (9) The Group's acquisition and transfer of business

Date of transactions	Outline of transactions
March 22, 2019	<p>Tokio Marine &amp; Nichido sold all the shares in its reinsurance subsidiaries, Tokio Millennium Re AG and Tokio Millennium Re (UK) Limited (hereinafter, "TMR/TMR(UK)"). The total consideration, consisting of the pre-closing dividend paid by Tokio Millennium Re AG to Tokio Marine &amp; Nichido and net sale amount, etc. is 173,121 million yen. The purpose of the sale is as follows.</p> <p>- Purpose of the sale</p> <p>Tokio Marine Group established TMR in 2000 as a subsidiary to write international reinsurance risks. Since that time, TMR/TMR(UK) have contributed to Group profits, expanding our operations by underwriting a broad range of reinsurance risks, including overseas natural disaster risks. However, return earned from global reinsurance business has been in a declining trend due to the impact on the global reinsurance market from increasing competition over premiums and steady inflow of capital from outside the reinsurance industry. From 2007 onwards, the Group has proceeded with execution of several large-scale M&amp;A initiatives and the creation of a risk-diversified portfolio in its international insurance business focusing mainly on primary insurance business, and in particular, on specialty insurance classes of business.</p> <p>As a result, we have reviewed the strategic position of TMR/TMR(UK) as dedicated reinsurance companies and decided to divest TMR/TMR(UK).</p>

## (10) Other Important Matters Concerning the Current State of the Group

None.

## 2. Matters Concerning Directors and Audit & Supervisory Board Members

### (1) Directors and Audit & Supervisory Board Members (As of March 31, 2019)

Name	Position and responsibilities	Other major posts
Shuzo Sumi	Representative Director and Chairman of the Board	Counsellor of Tokio Marine & Nichido Director of MUFG Bank, Ltd. (outside director) Director of Sony Corporation (outside director) Director of Toyota Industries Corporation (outside director) Vice Chairman of Japan Business Federation (Keidanren)
Tsuyoshi Nagano	Representative Director and President & Chief Executive Officer  Group CEO (Group Chief Executive Officer) Group CCO (Group Chief Culture Officer)	Chairman of the Board of Tokio Marine & Nichido
Kunihiko Fujii	Executive Vice President  Group CRO (Group Chief Risk Officer) In charge of Risk Management Dept.	Executive Vice President of Tokio Marine & Nichido
Hirokazu Fujita	Senior Managing Director  Group CIO (Group Chief Investment Officer) In charge of Financial Planning Dept., Corporate Accounting Dept. and Internal Audit Dept.	Senior Managing Director of Tokio Marine & Nichido
Makoto Okada	Senior Managing Director  Group CSSO (Group Chief Strategy and Synergy Officer) Group CDO (Group Chief Digital Officer) In charge of Strategy and Synergy Dept.	Senior Managing Director of Tokio Marine & Nichido
Takayuki Yuasa	Representative Director and Senior Managing Director  Group CFO (Group Chief Financial Officer) In charge of Corporate Planning Dept., Legal Dept. and Compliance Dept.	Senior Managing Director of Tokio Marine & Nichido

Satoru Komiya	Representative Director and Senior Managing Director  Head of International Insurance Business Co-Head of International Business In charge of International Business Development Dept. (management of North America (TMHCC))	Senior Managing Director of Tokio Marine & Nichido
Toshifumi Kitazawa	Director	President & Chief Executive Officer of Tokio Marine & Nichido
Katsumi Nakazato	Director	President & Chief Executive Officer of Tokio Marine & Nichido Life
Akio Mimura	Director (outside director)	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
Mikio Sasaki	Director (outside director)	Senior Corporate Advisor ( <i>Tokubetsukomon</i> ) of Mitsubishi Corporation Director of Mitsubishi Research Institute, Inc. (non-executive director)
Masako Egawa	Director (outside director)	Professor, Graduate School of Business Administration, Hitotsubashi University Director of Mitsui Fudosan Co., Ltd. (outside director) Director of AGC Inc. (outside director)
Takashi Mitachi	Director (outside director)	Senior Adviser 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)
Takashi Ito	Audit & Supervisory Board Member (full-time)	-
Shozo Mori	Audit & Supervisory Board Member (full-time)	-
Akinari Horii	Audit & Supervisory Board Member (outside audit & supervisory)	Director and Special Advisor of The Canon Institute for Global Studies

	board member)	
Akihiro Wani	Audit & Supervisory Board Member (outside audit & supervisory board member)	Attorney-at-law
Nana Otsuki	Audit & Supervisory Board Member (outside audit & supervisory board member)	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)

Notes: 1. Outside directors and outside audit & supervisory board members qualify as outside directors and outside company auditors defined by Article 2, paragraph 3, item 5 of the Enforcement Regulations of the Companies Act of Japan (hereinafter the same shall apply in this Business Report).

2. Mr. Akio Mimura, Mr. Mikio Sasaki, Ms. Masako Egawa, Mr. Takashi Mitachi, Mr. Akinari Horii, Mr. Akihiro Wani and Ms. Nana Otsuki are “independent directors/auditors” as specified by the Tokyo Stock Exchange, Inc.
3. Mr. Makoto Okada assumed his position as Executive Vice President of the Company and Tokio Marine & Nichido effective as of April 1, 2019.
4. Mr. Takayuki Yuasa assumed his position as Executive Vice President of the Company and Tokio Marine & Nichido effective as of April 1, 2019.
5. Mr. Satoru Komiya is in charge of TMHCC. “TMHCC” means the corporate group comprised of HCC Insurance Holdings, Inc., the head office for which is in the United States, and its subsidiaries. HCC Insurance Holdings, Inc. is a subsidiary of the Company.
6. Mr. Toshifumi Kitazawa assumed his position as Vice Chairman of the Board of Tokio Marine & Nichido effective as of April 1, 2019.
7. Nippon Steel & Sumitomo Metal Corporation, where Mr. Akio Mimura serves as Senior Advisor, Honorary Chairman, has changed its trade name to Nippon Steel Corporation on April 1, 2019 (hereinafter the same shall apply in this Business Report).
8. Mr. Takashi Ito was General Manager of the Corporate Planning Dept. of the Company and has extensive insight regarding finance and accounting matters.
9. Mr. Akinari Horii has many years of experience in his roles at the Bank of Japan as an employee and a regular employee and has extensive insight regarding finance and accounting matters.
10. Mr. Akihiro Wani has many years of experience in his role as a corporate lawyer acting for financial institutions on legal matters and has extensive insight regarding finance and accounting matters.
11. Ms. Nana Otsuki has many years of experience as an analyst in financial institutions and has extensive insight regarding finance and accounting matters.

## **(2) Remuneration and Other Compensation to Directors and Audit & Supervisory Board Members**

	Number of persons to receive remuneration and other compensation	Remuneration and other compensation
Directors	15 persons	532 million yen
Audit & Supervisory Board Members	7 persons	116 million yen
Total	22 persons	648 million yen

- Notes: 1. “Number of persons to receive remuneration and other compensation” includes two directors and two audit & supervisory board members who resigned from office at the close of the 16th ordinary general meeting of shareholders held on June 25, 2018.
2. “Remuneration and other compensation” includes the amounts paid to two directors and two audit & supervisory board members referred to in Note 1 above.
3. Remuneration in connection with share acquisition rights granted to directors is 113 million yen.
4. Based on the resolution adopted at the 13th ordinary general meeting of shareholders held on June 29, 2015, the total amount of remuneration and other compensation of directors shall be no more than 50 million yen per month (of which remuneration and other compensation for outside directors shall be no more than 5 million yen). In addition, the total amount of remuneration and other compensation in connection with share acquisition rights granted to directors shall be no more than 140 million yen per year (of which remuneration for outside directors shall be no more than 14 million yen).
5. Based on the resolution adopted at the 9th ordinary general meeting of shareholders held on June 27, 2011, the total amount of remuneration and other compensation for audit & supervisory board members shall be no more than 12 million yen per month.

### (3) Limitation of Liability

Name	Outline of the contract to limit liability
Akio Mimura (outside director) Mikio Sasaki (outside director) Masako Egawa (outside director) Takashi Mitachi (outside director) Akinari Horii (outside audit & supervisory board member) Akihiro Wani (outside audit & supervisory board member) Nana Otsuki (outside audit & supervisory board member)	In accordance with the provisions of Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with the persons listed in this table to limit their liability provided for in Article 423, paragraph 1 of the Companies Act of Japan. The limitation of liability under the agreement is the higher of either 10 million yen or the amount provided in Article 425, paragraph 1 of the Companies Act of Japan.

## 3. Matters Concerning Outside Directors and Outside Audit & Supervisory Board Members

### (1) Other Posts (As of March 31, 2019)

Other posts of outside directors and outside audit & supervisory board members are as described above in “2. Matters Concerning Directors and Audit & Supervisory Board Members (1) Directors and Audit & Supervisory Board Members (As of March 31, 2019)”. From among the entities where outside directors and outside audit & supervisory board members have other posts, while insurance subsidiaries of the Company conduct considerable amounts of insurance-related transactions with Nippon Steel & Sumitomo Metal Corporation, Nisshin Seifun Group Inc., Mitsubishi Corporation, AGC Inc., DMG Mori Co., Ltd., Unicharm Corporation and Credit Saison Co., Ltd., each outside director and outside audit & supervisory board member fulfills the independence standards for Outside Directors and Outside Audit & Supervisory Board Members set by the Company.

### (2) Principal Activities

Name	Current term in office	Attendance of board meetings etc.	Major activities including the remarks made at board meetings etc.
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Akio Mimura (outside director)	8 years and 9 months	Attended 12 of the 13 board of directors' meetings held during fiscal year 2018.	He has fulfilled his supervisory functions by asking for detailed explanations and making remarks on a timely basis, based on his insight as a company manager which was acquired through many years of experience in a management role.
Mikio Sasaki (outside director)	7 years and 9 months	Attended all 13 board of directors' meetings held during fiscal year 2018.	He has fulfilled his supervisory functions by asking for detailed explanations and making remarks on a timely basis, based on his insight as a company manager which was acquired through many years of experience in a management role.
Masako Egawa (outside director)	3 years and 9 months	Attended 12 of the 13 board of directors' meetings held during fiscal year 2018.	She has fulfilled her supervisory functions by asking for detailed explanations and making remarks on a timely basis, based on her insight as a specialist in business management which was 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)	1 year and 9 months	Attended all 13 board of directors' meetings held during fiscal year 2018.	He has fulfilled his supervisory functions by asking for detailed explanations and making remarks on a timely basis, based on his insight as a company manager which was acquired through many years of experience in a consulting firm and a management role.
Akinari Horii (outside audit & supervisory board member)	7 years and 9 months	Attended 12 of the 13 board of directors' meetings and 10 of the 11 audit & supervisory board meetings held during fiscal year 2018.	He has fulfilled his audit functions by asking for detailed explanations and making remarks on a timely basis, based on his insight which was 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)	4 years and 9 months	Attended all 13 board of directors' meetings and all 11 audit & supervisory board meetings held during fiscal year 2018.	He has fulfilled his audit functions by asking for detailed explanations and making remarks on a timely basis, based on his insight which was acquired through many years of experience in his role as an attorney-at-law.
Nana Otsuki	9 months	After assuming the position, attended all 10	She has fulfilled her audit functions by asking for detailed explanations

(outside audit & supervisory board member)		board of directors' meetings and all 9 audit & supervisory board meetings held during fiscal year 2018.	and making remarks on a timely basis, based on her insight as a specialist in business management which was acquired through many years of experience as an analyst in financial institutions.
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Notes: 1. Current term in office is the length of the term held as of March 31, 2019.  
2. Description in the "Attendance of board meetings etc." and "Major activities including the remarks made at board meetings etc." 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. Of the 13 board of directors' meetings held during fiscal year 2018, 11 were ordinary Meetings and 2 were extraordinary meetings. In addition to the above, written report was submitted on one occasion in lieu of meeting. All 11 audit & supervisory board meetings held during fiscal year 2018 were ordinary meetings.

### (3) Remuneration and Other Compensation

	Number of persons to receive remuneration and other compensation	Remuneration received from the insurance holding company	Remuneration received from the parent company, etc. of the insurance holding company
Total amount of remuneration and other compensation	8 persons	103 million yen	-

Notes: 1. "Number of persons to receive remuneration and other compensation" includes 1 outside director who resigned from office at the close of the 16<sup>th</sup> ordinary general meeting of shareholders held on June 25, 2018.  
2. "Remuneration received from the insurance holding company" includes the amounts paid to the outside director referred to in Note 1 above.  
3. Of the "Remuneration received from the insurance holding company", remuneration in connection with share acquisition rights was 9 million yen.  
4. The breakdown of the remuneration is as follows.  
- Outside directors: 4 persons, 58 million yen  
- Outside audit & supervisory board members: 4 persons, 44 million yen

### (4) Comments of Outside Directors and Outside Audit & Supervisory Board Members

No comments with regard to (1) to (3) above.

## 4. Matters Concerning Common Shares

### (1) Number of Shares (As of March 31, 2019)

Total number of shares authorized to be issued: 3,300,000 thousand shares

Total number of the issued shares: 710,000 thousand shares (including 3,443 thousand treasury shares)

### (2) Total Number of Shareholders (As of March 31, 2019)

75,633

(Composition ratio by type of shareholders)

Financial institutions:	38.5%
Financial instruments firms:	4.5%

Other domestic companies:	6.9%
Foreign companies:	37.6%
Individuals and others:	12.0%
Treasury shares	0.5%

### (3) Major shareholders (As of March 31, 2019)

Shareholders	Capital contribution to the Company	
	Number of shares held	Ratio of shares held
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	55,882	7.9
Japan Trustee Services Bank, Ltd. (Trust Account)	45,405	6.4
Meiji Yasuda Life Insurance Company	15,779	2.2
Japan Trustee Services Bank, Ltd. (Trust Account 5)	14,038	2.0
Japan Trustee Services Bank, Ltd. (Trust Account 7)	13,175	1.9
SSBTC CLIENT OMNIBUS ACCOUNT	13,025	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 9)	12,595	1.8
The Master Trust Bank of Japan, Ltd. Retirement Benefits Trust Account for Mitsubishi Corporation	10,832	1.5
JP Morgan Chase Bank 385151	10,342	1.5
The Bank of New York Mellon 140044	10,203	1.4

Notes: 1. 10,832 thousand shares held by The Master Trust Bank of Japan, Ltd. Retirement Benefits Trust Account for Mitsubishi Corporation are assets entrusted by Mitsubishi Corporation for its retirement benefits trust.

2. The ratio of shares held is calculated after deducting 3,443 thousand treasury shares held by the Company.

## 5. Matters Concerning Share Acquisition Rights

The following table sets forth the status and outlines of the share acquisition rights issued by the Company to directors, audit & supervisory board members, and executive officers of Tokio Marine Holdings and its major subsidiaries as remuneration for the performance of their respective duties as of March 31, 2019:

	Number of share acquisition rights (as of March 31, 2019)	Class and number of shares underlying share acquisition rights (as of March 31, 2019)	Amount payable at issuance	Amount to be paid upon exercise of share acquisition rights	Exercise period



July 2005 Share Acquisition Rights	5	2,500 common shares	-	1 yen per share	30 years from the allotment of the share acquisition rights
July 2006 Share Acquisition Rights	4	2,000 common shares	2,013,506 yen		
July 2007 Share Acquisition Rights	35	3,500 common shares	491,700 yen		
August 2008 Share Acquisition Rights	47	4,700 common shares	353,300 yen		
July 2009 Share Acquisition Rights	118	11,800 common shares	237,600 yen		
July 2010 Share Acquisition Rights	143	14,300 common shares	234,400 yen		
July 2011 Share Acquisition Rights	222	22,200 common shares	219,500 yen		
July 2012 Share Acquisition Rights	305	30,500 common shares	181,900 yen		
July 2013 Share Acquisition Rights	373	37,300 common shares	332,600 yen		
July 2014 Share Acquisition Rights	628	62,800 common shares	310,800 yen		
July 2015 Share Acquisition Rights	721	72,100 common shares	500,800 yen		
July 2016 Share Acquisition Rights	1,195	119,500 common shares	337,700 yen		
July 2017 Share Acquisition Rights	1,252	125,200 common shares	455,100 yen		
July 2018 Share Acquisition Rights	1,577	157,700 common shares	500,700 yen		

Notes: 1. All share acquisition rights are issued by the Company pursuant to a stock-linked compensation plan.

2. The July 2005 Share Acquisition Rights have particularly favorable terms for directors, audit & supervisory board members, and executive officers, pursuant to Articles 280-20 and 280-21 of the former Commercial Code.

3. Share acquisition rights issued from July 2006 through July 2018 were allotted to directors, audit & supervisory board members, and executive officers to settle their cash remuneration claims against their respective companies, pursuant to Article 238, paragraphs 1 and 2 and Article 240 of the Companies Act of Japan.
4. Share acquisition rights held by any of directors, audit & supervisory board members, and executive officers that he/she received in his/her capacity as a director, audit & supervisory board member, or executive officer of the relevant entity may only be exercised after he/she has resigned from any position as a director, audit & supervisory board member, or executive officer of such entity.

**(1) Share Acquisition Rights held by Directors and Audit & Supervisory Board Members of the Insurance Holding Company as of the End of the Fiscal Year**

	Number of share acquisition rights	Class and number of shares underlying share acquisition rights	Directors (except outside directors)		Outside Directors		Audit & Supervisory Board Members	
			Number of persons holding share acquisition rights	Number of share acquisition rights	Number of persons holding share acquisition rights	Number of share acquisition rights	Number of persons holding share acquisition rights	Number of share acquisition rights
July 2007 Share Acquisition Rights	16	1,600 common shares	1 person	16	-	-	-	-
August 2008 Share Acquisition Rights	19	1,900 common shares	1 person	19	-	-	-	-
July 2009 Share Acquisition Rights	33	3,300 common shares	1 person	33	-	-	-	-
July 2010 Share Acquisition Rights	41	4,100 common shares	1 person	34	1 person	7	-	-
July 2011 Share Acquisition Rights	87	8,700 common shares	2 persons	73	2 persons	14	-	-
July 2012 Share Acquisition Rights	131	13,100 common shares	3 persons	113	2 persons	18	-	-
July 2013 Share Acquisition Rights	111	11,100 common shares	3 persons	84	2 persons	14	1 person	13
July 2014 Share Acquisition Rights	118	11,800 common shares	4 persons	98	2 persons	12	1 person	8
July 2015 Share Acquisition Rights	148	14,800 common shares	4 persons	136	3 persons	12	-	-
July 2016 Share Acquisition Rights	223	22,300 common shares	6 persons	205	3 persons	18	-	-
July 2017 Share Acquisition Rights	207	20,700 common shares	7 persons	187	4 persons	20	-	-

July 2018 Share Acquisition Rights	226	22,600 common shares	9 persons	206	4 persons	20		
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Note: As of March 31, 2019, the directors and audit & supervisory board members of the Company have been allotted the number of share acquisition rights to settle their monetary remuneration claims accrued as consideration for their service in the respective companies set forth in this table. The directors and audit & supervisory board members of the Company who were also executive officers of the Company or directors or executive officers of the Company's major subsidiaries at the time of the issuance of the share acquisition rights have been allotted the number of share acquisition rights set forth below in their capacity as directors or executive officers of these companies.

The July 2005 Share Acquisition Rights: 5  
The July 2006 Share Acquisition Rights: 4  
The July 2007 Share Acquisition Rights: 16  
The August 2008 Share Acquisition Rights: 16  
The July 2009 Share Acquisition Rights: 59  
The July 2010 Share Acquisition Rights: 70  
The July 2011 Share Acquisition Rights: 94  
The July 2012 Share Acquisition Rights: 111  
The July 2013 Share Acquisition Rights: 122  
The July 2014 Share Acquisition Rights: 130  
The July 2015 Share Acquisition Rights: 142  
The July 2016 Share Acquisition Rights: 122  
The July 2017 Share Acquisition Rights: 114  
The July 2018 Share Acquisition Rights: 88

## (2) Share Acquisition Rights Allotted to Employees, etc. during the Fiscal Year

	Number of share acquisition rights	Class and number of shares underlying share acquisition rights	Employees		Directors and employees of subsidiaries	
			Number of persons allotted share acquisition rights	Number of share acquisition rights	Number of persons allotted share acquisition rights	Number of share acquisition rights
July 2018 Share Acquisition Rights	1,284	128,400 common shares	17 persons	308	63 persons	976

Note: The number of employees' share acquisition rights described in the above table includes the number of share acquisition rights allotted to the employees of the Company who were also directors or executive officers of the Company's major subsidiaries at the time of the issuance of such share acquisition rights to settle their monetary remuneration claims accrued as consideration for their service in the respective companies. "Employees" in the above table are executive officers who are not directors of the Company.

## 6. Matters Concerning the Independent Auditor

### (1) Independent Auditor

Name	Remuneration for fiscal year 2018	Other matters
PricewaterhouseCoopers Aarata LLC Designated Limited Liability Partners:  Susumu Arakawa Takashi Idesawa	138 million yen	Non-audit services (i.e., services other than those stipulated in Article 2, paragraph 1 of the Certified Public Accountants Law) provided to the Company by the independent auditor for a fee: accounting advisory service related

Yuko Harada		to International Financial Reporting Standards (IFRS), etc.
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Notes: 1. The Audit & Supervisory Board of the Company has conducted necessary verification on the properness of the auditor's audit plan, the performance of the audit and the grounds for the auditor's estimate of remuneration, and has consented to the amount of the auditor's remuneration as set forth in paragraph 1, Article 399 of Companies Act of Japan.

2. The audit engagement letter entered into between the Company and the independent auditor does not clearly distinguish between the remuneration for audit services required by the Companies Act of Japan and the remuneration for a part of audit services required by the Financial Instruments and Exchange Act of Japan for these services are practically inseparable.

3. The total amount of cash and other financial benefits payable to the independent auditor by the Company and its subsidiaries is 1,180million yen.

## **(2) Agreements for Limitation of Liability**

None.

## **(3) Other matters Concerning the Independent Auditor**

### **a. Policy regarding dismissals or decisions not to reappoint an independent auditor**

The Company has adopted a policy regarding decisions on dismissing or not reappointing an independent auditor as described below.

The Audit & Supervisory Board shall dismiss an independent auditor if the independent auditor is deemed to fall under any of the items of Article 340, paragraph 1 of the Companies Act of Japan, based on the consent of all of the Audit & Supervisory Board members. The Audit & Supervisory Board comprehensively evaluates the professional knowledge, audit ability, audit quality, independence from the Company, and other qualifications of the independent auditor according to the evaluation criteria established by the Audit & Supervisory Board. If the Audit & Supervisory Board finds any problems in the qualification of an independent auditor or otherwise considers it appropriate to dismiss or not reappoint the independent auditor, the Audit & Supervisory Board shall, by resolution, submit to the general meeting of shareholders a proposal for the dismissal or non-reappointment of the independent auditor.

### **b. Audit of financial statements of major subsidiaries, etc. of the insurance holding company conducted by audit firms other than the independent auditor of the insurance holding company**

The financial statements of overseas subsidiaries, etc. are audited by audit firms overseas, including the member firms of PricewaterhouseCoopers which is affiliated with PricewaterhouseCoopers Aarata LLC.

## **7. Basic Policy Regarding Persons Who Control the Company's Decisions on Financial Matters and Business Policies**

None.

## **8. System to assure appropriate business operations**

### **(1) Overview of the Resolution on Establishment of a System to Assure Appropriate Business Operations**

The Company has formulated its “Basic Policies for Internal Controls” below pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act.

1. System for ensuring proper operations within the Tokio Marine Group (the “Group”)

- (1) Based upon the "Tokio Marine Group Corporate Philosophy", the Company, as the holding company presiding over the businesses of the Group, by establishing both the Group's basic policies for the administration of Group companies and a system of reporting to the Board of Directors, shall implement the Company's management system for all the Group companies.
  - a. The Company shall administer the business of Group companies under its direct management ("Subsidiaries and Others") by concluding business management agreements with them and through other means.
    - (a) The Company shall provide Subsidiaries and Others with the Group's basic policies that form the fundamentals of the Group's management strategies and the Company's management.
    - (b) Business strategies, business projects and other important plans by Subsidiaries and Others shall be subject to the Company's prior approval.
    - (c) Subsidiaries and Others shall report to the Company their initiatives based on the Group's basic policies and the progress of their business plans.
  - b. The business management of Group companies other than Subsidiaries and Others shall, in principle, be made through Subsidiaries and Others.
- (2) The Company shall establish the Group's basic policies for capital allocation and implement systems for operating the capital allocation program.
- (3) The Company shall establish the Group's basic policies for accounting, grasp its consolidated financial position and the Group companies' financial positions, and implement systems for obtaining approval from, and submitting reports to, shareholders and supervisory organizations and submitting tax returns to authorities in a proper manner.
- (4) The Company shall establish the Group's basic policies for internal controls over financial reporting and implement systems for ensuring the appropriateness and reliability of financial reporting.
- (5) The Company shall establish the Group's basic policies for disclosure, and implement systems for disclosing information on corporate activities in a timely and proper manner.
- (6) The Company shall establish the Group's basic policies for management of intragroup transactions and implement systems for such transactions.

2. System for ensuring the execution of professional duties in accordance with applicable laws, regulations and the Articles of Incorporation

- (1) The Company shall establish the Group's basic policies for compliance and implement compliance systems.
  - a. The Company shall establish a department supervising compliance.
  - b. The Company shall formulate the "Group Code of Conduct" and ensure that all directors and employees of the Group respect such code of conduct and give top priority to compliance in all phases of the Group's business activities.
  - c. The Company shall have Subsidiaries and Others prepare compliance manuals and widely promote compliance within the Group by means of training on laws, regulations, internal rules and other matters which all directors and employees of the Group must respect.
  - d. The Company shall establish reporting rules in the event of a violation of laws,

regulations or internal rules within any of the Subsidiaries and Others and, in addition to usual reporting routes, set up hotlines (an internal whistle-blower system) to an internal and external organization and while keeping all directors and employees of the Group well informed as to the use of the system.

- (2) The Company shall establish the Group's basic policies for the protection of customers' interests and maintain a customer-oriented policy in all phases of business in order to implement a system for the protection of customers' interests.
- (3) The Company shall establish the Group's basic policies for information security management and implement such systems.
- (4) The Company shall establish the Group's basic policies against antisocial factions and groups, and in association with lawyers, police and other professionals, implement its systems against such antisocial factions and groups, and respond to them in an organized and uncompromising manner by severing relationships with them and refusing unfair demands.
- (5) The Company shall establish an internal audit department separate and independent of other departments, establish the Group's basic policies for internal audits of the Group and implement systems for efficient and effective internal audits within the Company and Group companies.

### 3. System for risk management

- (1) The Company shall establish the Group's basic policies for risk management and implement risk management systems.
  - a. The Company shall establish a department supervising risk management.
  - b. The Company shall perform risk management by following the basic processes of risk identification, evaluation and control, contingency planning and assessment of outcomes through risk monitoring and reporting.
  - c. The Company shall have each of the Subsidiaries and Others perform risk management appropriate to its types of business and its risk characteristics.
- (2) The Company shall establish the Group's basic policies for integrated risk management and perform quantitative risk management across the entire Group to maintain credit ratings and prevent bankruptcies.
- (3) The Company shall establish the Group's basic policies for crisis management and implement systems for crisis management.

### 4. System for ensuring efficient execution of professional duties

- (1) The Company shall formulate a medium-term management plan and an annual plan (including numerical targets, etc.) for the Group.
- (2) The Company shall establish rules regarding the exercise of authority and construct an appropriate organizational structure for achieving its business purposes in order to realize efficient execution of operations through a proper division of responsibilities and a chain of command.
- (3) The Company shall formulate rules for and establish a "Management Meeting", composed of directors, executive officers and other relevant persons, that shall discuss and report on important management issues.
- (4) The Company shall establish an Internal Control Committee that shall formulate various basic policies and other measures concerning the Group's internal control systems, evaluate

- their progress, discuss how to improve them, and promote their implementation.
- (5) The Company shall establish the Group's basic policies for IT governance, and implement systems for achieving IT governance.
  - (6) The Company shall establish the Group's basic policies for personnel matters with a view to enhancing productivity and corporate value through comprehensive efforts to enhance employees' satisfaction and pride in their work and promoting fair and transparent personnel management linked with proper performance evaluation.
  - (7) The Company shall establish system for ensuring efficient execution of professional duties at the Group companies as well as the Company in addition to the above (1) to (6).
5. System for preserving and managing information concerning the execution of directors' duties
- The Company shall establish rules for the preservation of documents and other materials. The minutes of important meetings and documents containing material information regarding the execution of duties by the directors and the executive officers shall be preserved and managed appropriately in accordance with such rules.
6. Matters concerning support personnel to the Audit & Supervisory Board Members
- (1) The Company shall establish the Office of Audit & Supervisory Board under the direct control of the Audit & Supervisory Board Members for the purpose of supporting them in the performance of their duties. Upon request of the Audit & Supervisory Board Members, the Company shall assign full-time employees having sufficient knowledge and ability to support the Members in the performance of their duties.
  - (2) Employees assigned to the Office of Audit & Supervisory Board shall perform duties ordered by the Audit & Supervisory Board Members and other work necessary for proceeding with audits, and such employees shall have the right to collect information necessary for audit purposes.
  - (3) Performance evaluations, personnel transfers and disciplinary action concerning such employees shall be made with the approval of the Audit & Supervisory Board Members (full-time).
7. System of reporting to the Audit & Supervisory Board Members
- (1) Directors and employees shall regularly report to the Audit & Supervisory Board Members on management, financial condition, compliance, risk management, internal audits and other matters, and in the event that they detect a material violation of laws, regulations or internal rules, concerning the execution of operations of the Company or the Group companies or a fact likely to cause considerable damage to the Company or the Group companies, they shall immediately report thereof to the Audit & Supervisory Board Members.
  - (2) The Company shall establish system to ensure that the Audit & Supervisory Board Members shall be reported by directors and employees or the ones having received the report from them, in the event that they detect a material violation of laws, regulations or internal rules concerning the execution of operations of the Company or the Group companies, or a fact likely to cause considerable damage to the Company or the Group companies.
  - (3) The Company shall establish system necessary as to that directors and employees, who

reported the matters as per above mentioned to the Audit & Supervisory Board Members, shall not be given any disadvantageous treatment because of the concerned report in the Company or the Group companies.

- (4) Directors and employees shall regularly report to the Audit & Supervisory Board Members on matters such as how the hot lines (the internal whistle-blower system) are used and reports and consultations made.
8. Other systems for ensuring effective audits by the Audit & Supervisory Board Members
- (1) The Audit & Supervisory Board Members shall attend meetings of the Board of Directors, have the right to attend "Management Meetings" and other important meetings and committees, and express their opinions.
- (2) The Audit & Supervisory Board Members shall have the right to inspect at any time the minutes of important meetings and other important documents relating to decisions approved by directors and executive officers.
- (3) Directors and employees shall, at any time upon the request of the Audit & Supervisory Board Members, explain matters concerning the execution of their duties.
- (4) The Internal Audit Department shall strengthen its coordination with the Audit & Supervisory Board Members by assisting in the audit process and through other means.
- (5) The company shall pay all the expense and fees incurred regarding the execution of duties by the Audit & Supervisory Board Members, unless the company proves that they are not necessary for the execution.

Amended April 1, 2019

(Note) Board of directors' meetings held on December 18, 2018 resolved to amend the Company's Basic Policies for Internal Controls effective on April 1, 2019, as stated above.

## **(2) Overview of Implementation of Internal Control System**

### **a. Internal Control System in General**

The Company has formulated its "Basic Policies for Internal Controls" and, in accordance with these Policies, the Company has established an internal control system for the entire Group including management control of group companies, compliance, risk management, internal audits and audits by Audit & Supervisory Board Members, through which it endeavors to ensure proper operations while raising corporate value. The Company monitors the status and practical application of the Internal Control System, and the Board of Directors confirms the details of the monitoring based on deliberations at the Internal Control Committee. In this fiscal year, deliberations were made with external experts as in the past fiscal year, and it has been confirmed that, across the whole Group, there are no significant deficiencies in internal control .

### **b. Efforts related to Management Control of Group Companies**



The Company has formulated various basic policies that the Group is required to comply with in order to ensure proper Group operations and to ensure compliance with laws, regulations and the Articles of Incorporation of the Company. The Company also reviews the policies each year to determine whether any new policies or revisions to existing policies are necessary and the Company has revised a part of such basic policies this fiscal year.

In the Group's basic policies about management of Group companies, certain material items relating to the businesses of the Company's major Group companies for which prior approval from or report to the Company is required are identified. In accordance with these policies, the Company gives prior approval to business and other plans of major Group companies.

### **c. Efforts related to Compliance**

The Group conducts training each year to inform directors and officers of laws, regulations and internal rules that directors and officers are required to comply with.

The Group has also installed hotlines for directors and officers to report internally regarding potential compliance issues, as well as informing them about use of the hotlines through training and other methods and responding to reports. In addition, the Group installed a hotline that can handle internal reports in multiple languages from Japan and abroad.

The Group has, at its overseas bases of operations, promoted the maintenance and improvement of its compliance system in conformity with the legal systems in each country where said bases are located, and has also appointed at the Company a person in charge of supervising both legal and compliance functions. In addition, the Group is working to improve the system in the areas where a globally consistent response is required such as measures to comply with economic sanctions and prevent money laundering and terrorism funding as well as for personal information protection.

### **d. Efforts related to Risk Management**

The Company identifies risks that may have material effect on the financial soundness and continuity of operations of the Company, establishes countermeasures against such risks, deliberates on the implementation of such countermeasures at the Internal Control Committee and confirms their effectiveness at board of directors' meetings. In this fiscal year, in order to address cyber risk, in addition to integrating our global cybersecurity surveillance systems in each region under the officer responsible for cybersecurity management, we have also endeavored to increase the number of the personnel engaged in the field of cybersecurity.

In order to maintain credit ratings and forestall bankruptcy, the Board of Directors conducts a multi-faceted investigation to confirm that the Group's real net assets are at a sufficient level compared to the risks the Group faces and confirms that financial soundness is maintained.

### **e. Efforts related to Internal Audits**

In order to achieve management objectives effectively, the Company conducts internal audits of the operations of each department, and offers recommendations regarding improvements for any issues that are identified. In addition, we request Group companies to conduct efficient and effective internal audits in accordance with the type and degree of risk, while monitoring the implementation status of internal audits at Group companies and the status of their internal control systems, mainly through reports of the results of their internal audits.

In this fiscal year, the Company has consolidated the internal audit planning functions for overseas group companies, which were controlled by the International Business Development Department, under the Internal Audit Department, and shifted to a structure whereby the Internal Audit Department is responsible for the maintenance, improvement and reinforcement

of the internal audit systems of Group companies on a global scale.

**f. Efforts to Ensure Efficient Audits by Audit & Supervisory Board Members**

The Company provides information to Audit & Supervisory Board Members sufficient to ensure effective audit by the Audit & Supervisory Board Members such as by having them attend meetings of the Board of Directors and other important meetings, as well as providing them access to important financial reports, which allows them to evaluate directors' execution of their duties.

The Company's Internal Audit Department also collaborates with Audit & Supervisory Board Members by providing information on the internal audit plan and the outcome of the internal audit.

In addition, the Company reports to Audit & Supervisory Board Members four times a year on the implementation of the internal reporting hotline.

**9. Items related to Specified Wholly-owned Subsidiary**

**(1) Name and Address of the Specified Wholly-owned Subsidiary**

Tokio Marine & Nichido Fire Insurance Co., Ltd.  
2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

**(2) The Total Book Value of Shares of the Specified Wholly-owned Subsidiary Owned by the Company and its Wholly-owned Subsidiaries and Other Related Companies as of the End of the Fiscal Year**

2,095,774 million yen

**(3) Total Amount Recorded in the Assets Section of the Balance Sheet pertaining to the Company's Current Fiscal Year**

2,409,066 million yen

**10. Matters Concerning Transactions with the Parent Company**

None.

**11. Matters Concerning Accounting Advisers (*Kaikei Sanyo*)**

None.

**12. Other Matters**

None.

**Consolidated Balance Sheet as of March 31, 2019**

(Yen in millions)

	As of March 31, 2019
<b>Assets</b>	
Cash and bank deposits	851,657
Receivables under resale agreements	999
Receivables under securities borrowing transactions	9,084
Monetary receivables bought	1,468,952
Money trusts	2,156
Securities	16,502,611
Loans	932,167
Tangible fixed assets	293,257
Land	134,594
Buildings	120,865
Construction in progress	651
Other tangible fixed assets	37,145
Intangible fixed assets	767,598
Software	39,810
Goodwill	411,681
Other intangible fixed assets	316,106
Other assets	1,664,969
Net defined benefit assets	17,515
Deferred tax assets	29,511
Customers' liabilities under acceptances and guarantees	2,230
Allowance for doubtful accounts	(11,308)
<b>Total assets</b>	<b>22,531,402</b>
<b>Liabilities</b>	
Insurance liabilities	16,416,905
Outstanding claims	2,863,815
Underwriting reserves	13,553,090
Corporate bonds	57,514
Other liabilities	1,692,804
Payables under securities lending transactions	197,623
Other liabilities	1,495,180
Net defined benefit liabilities	254,430
Provision for employees' bonus	61,371
Reserves under special laws	108,457
Price fluctuation reserve	108,457
Deferred tax liabilities	294,805
Negative goodwill	39,140
Acceptances and guarantees	2,230
<b>Total liabilities</b>	<b>18,927,661</b>
<b>Net assets</b>	
Shareholders' equity	
Share capital	150,000
Retained earnings	1,742,188
Treasury shares	(18,299)
<b>Total shareholders' equity</b>	<b>1,873,889</b>
Accumulated other comprehensive income	
Unrealized gains (losses) on available-for-sale securities	1,676,369

Deferred gains (losses) on hedge transactions	9,472
Foreign currency translation adjustments	24,892
Remeasurements of defined benefit plans	(10,389)
<b>Total accumulated other comprehensive income</b>	<b>1,700,344</b>
<b>Share acquisition rights</b>	<b>2,479</b>
<b>Non-controlling interests</b>	<b>27,027</b>
<b>Total net assets</b>	<b>3,603,741</b>
<b>Total liabilities and net assets</b>	<b>22,531,402</b>

# Consolidated Statement of Income for fiscal year 2018

(Yen in millions)

	Fiscal year 2018 (April 1, 2018 to March 31, 2019)
<b>Ordinary income</b>	5,476,720
<b>Underwriting income</b>	4,769,640
Net premiums written	3,587,400
Deposit premiums from policyholders	80,592
Investment income on deposit premiums	42,624
Life insurance premiums	1,053,520
Other underwriting income	5,503
<b>Investment income</b>	589,247
Interest and dividends	492,962
Gains on money trusts	101
Gains on trading securities	6,708
Gains on sales of securities	121,973
Gains on redemption of securities	2,011
Other investment income	8,114
Transfer of investment income on deposit premiums	(42,624)
<b>Other ordinary income</b>	117,831
Amortization of negative goodwill	10,229
Other ordinary income	107,602
<b>Ordinary expenses</b>	5,060,389
<b>Underwriting expenses</b>	4,079,779
Net claims paid	2,109,949
Loss adjustment expenses	141,980
Agency commissions and brokerage	707,591
Maturity refunds to policyholders	164,761
Dividends to policyholders	28
Life insurance claims	492,276
Provision for outstanding claims	170,883
Provision for underwriting reserves	287,010
Other underwriting expenses	5,296
<b>Investment expenses</b>	90,259
Losses on money trusts	1,540
Losses on sales of securities	18,967
Impairment losses on securities	9,835
Losses on redemption of securities	1,081
Losses on derivatives	29,648
Losses on separate account	3,530
Other investment expenses	25,655
<b>Operating and general administrative expenses</b>	861,365
<b>Other ordinary expenses</b>	28,985
Interest expenses	17,039
Losses on bad debts	308
Equity in losses of affiliates	3,310
Amortization of deferred assets under Article 113 of the Insurance Business Act	3,826
Other ordinary expenses	4,500
<b>Ordinary profit</b>	416,330

(Yen in millions)

	Fiscal year 2018 (April 1, 2018 to March 31, 2019)
<b>Extraordinary gains</b>	5,011
Gains on disposal of fixed assets	1,352
Gains on step acquisition	2,891
Other extraordinary gains	766
<b>Extraordinary losses</b>	35,607
Losses on disposal of fixed assets	1,908
Impairment losses on fixed assets	3,248
Provision for reserves under special laws	7,945
Provision for price fluctuation reserve	7,945
Losses on sales of shares of subsidiaries and affiliates	22,504
<b>Income before income taxes and non-controlling interests</b>	385,733
<b>Income taxes - current</b>	119,450
<b>Income taxes - deferred</b>	(9,437)
<b>Total income taxes</b>	110,013
<b>Net income</b>	275,720
<b>Net income attributable to non-controlling interests</b>	1,140
<b>Net income attributable to owners of the parent</b>	274,579

# **Consolidated Statement of Changes in Shareholders' Equity**

Fiscal year 2018 (April 1, 2018 to March 31, 2019)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Beginning 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 shares			(102,318)	(102,318)
Disposal of treasury shares		(475)	1,316	841
Cancellation of treasury shares		(197,149)	197,149	-
Capital increase 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				Share acquisition rights	Non-controlling interests	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			
Beginning 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 shares							(102,318)
Disposal of treasury shares							841
Cancellation of treasury shares							-
Capital increase 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

## Notes to Consolidated Financial Statements

### **Significant matters related to consolidated financial statements**

#### **1. Scope of consolidation**

##### **(1) Number of consolidated subsidiaries: 155 companies**

Names of major consolidated subsidiaries:

Tokio Marine & Nichido Fire Insurance Co., Ltd.  
Nisshin Fire & Marine Insurance Co., Ltd.  
E.design Insurance Co., Ltd.  
Tokio Marine & Nichido Life Insurance Co., Ltd.  
Tokio Marine Millea SAST Insurance Co., Ltd.  
Tokio Marine Asset Management Co., Ltd.  
Tokio Marine North America, Inc.  
Philadelphia Consolidated Holding Corp.  
Philadelphia Indemnity Insurance Company  
First Insurance Company of Hawaii, Ltd.  
Tokio Marine America Insurance Company  
Delphi Financial Group, Inc.  
Safety National Casualty Corporation  
Reliance Standard Life Insurance Company  
Reliance Standard Life Insurance Company of Texas  
HCC Insurance Holdings, Inc.  
Houston Casualty Company  
U.S. Specialty Insurance Company  
HCC Life Insurance Company  
Tokio Marine Kiln Group Limited  
Tokio Marine Underwriting Limited  
HCC International Insurance Company PLC  
Tokio Marine Asia Pte. Ltd.  
Tokio Marine Insurance Singapore Ltd.  
Tokio Marine Life Insurance Singapore Ltd.  
Tokio Marine Insurans (Malaysia) Berhad  
Tokio Marine Life Insurance Malaysia Bhd.  
Safety Insurance Public Company Limited  
Tokio Marine Seguradora S.A.

Beginning with fiscal year 2018, Safety Insurance Public Company Limited and seven other companies are included as consolidated subsidiaries because they became subsidiaries due to share acquisition, etc.

Tokio Millennium Re AG, Tokio Millennium Re (UK) Limited, and three other companies are excluded from the scope of consolidation because shares held in these companies have been sold. Also, HCC Insurance Holdings (International) Limited and seven other companies are excluded from the scope of consolidation because they have been dissolved.

##### **(2) Names of major non-consolidated subsidiaries**

Major subsidiaries:



Tokio Marine & Nichido Adjusting Service Co., Ltd.  
Tokio Marine Capital Co., Ltd.

Reason the subsidiaries were excluded from the consolidation:

Each of these non-consolidated subsidiaries is small in scale in terms of total assets, sales, net income or loss for the period and retained earnings, etc. 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 and are excluded from the consolidation.

## 2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 9 companies

Names of major affiliates accounted for by the equity method:

IFFCO-Tokio General Insurance Co. Ltd.  
Edelweiss Tokio Life Insurance Company Limited  
Hollard Holdings Proprietary Limited  
Hollard International Proprietary Limited

Hollard Holdings Proprietary Limited and Hollard International Proprietary Limited have been included in the scope of application of the equity method from fiscal year 2018 because they became affiliates due to share acquisition.

- (2) The non-consolidated subsidiaries (Tokio Marine & Nichido Adjusting Service Co., Ltd., Tokio Marine Capital Co., Ltd., etc.) and other affiliates (Alinma Tokio Marine Company, etc.) have not been accounted for by the equity method because these companies have had a minor effect on the Company's consolidated net income or loss for the period and retained earnings, etc. and are not considered material as a whole.
- (3) The Company owns 30.1% of the total voting rights of Japan Earthquake Reinsurance Co., Ltd. through Tokio Marine & Nichido and Nisshin Fire & Marine. The Company does not consider Japan Earthquake Reinsurance Co., Ltd. to be its affiliate since it believes that it cannot exert a significant influence on any policy making decisions of Japan Earthquake Reinsurance Co., Ltd.'s operations given the highly public nature of the company.
- (4) With regard to any company accounted for by the equity method that has a different closing date from that of the consolidated financial statements, the financial statements of that company for its fiscal year are used for presentation in the consolidated financial results.

## 3. Matters relating to the fiscal year, etc. of consolidated subsidiaries

The closing date of the fiscal year for three of the domestic consolidated subsidiaries and 143 overseas consolidated subsidiaries is December 31. Since the differences in the closing dates do not exceed three months, the financial statements of the consolidated subsidiaries as of December 31 are used for presentation in the accompanying consolidated financial statements. As for any significant transactions taking place during the period between the subsidiaries' closing dates and the consolidated closing date, necessary adjustments are made for consolidation purposes.

## 4. Accounting policies

(1) Valuation of securities

- a. Trading securities are valued by the mark-to-market method, with the costs of their sales being calculated on the moving-average method.
- b. Bonds held to maturity are recorded by using the amortized cost method (straight-line method) based on the moving-average method.
- c. Bonds earmarked for underwriting reserves are recorded by using amortized cost method (straight-line method) based on the moving-average 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.

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

In order to control interest rate fluctuation risks relating to assets and liabilities, Tokio Marine & Nichido Life divides their underwriting reserves into the following subgroups: "dollar-denominated underwriting reserve for deferment period of individual annuity insurance (denominated in U.S. dollars) with floating cancellation refund linked with market interest rates", "underwriting reserve for deferment period of individual annuity insurance with floating interest rates", "underwriting reserve for lump sum deposit-type whole-life insurance denominated in U.S. dollars with floating interest rates", "underwriting reserve for lump sum deposit-type whole-life insurance denominated in Japanese yen with floating interest rates", and "underwriting reserve for individual insurance (non-participating)". Tokio Marine & Nichido Life maintains a policy of matching the duration of underwriting reserves of each subgroup and bonds earmarked for the underwriting reserve within certain time range.

- d. Other securities with fair value are recorded by the mark-to-market method based upon the market price, etc. on the closing date. The total amount of unrealized gains/losses on such securities is directly added to net assets with costs of sales being calculated on the moving-average method.
- e. Other securities for which the fair value cannot be measured reliably are recorded at cost determined by the moving-average method.
- f. Equity shares in non-consolidated subsidiaries and affiliates that are not subject to the equity method are recorded at cost determined by the moving-average method.
- g. Securities held in individually managed money trusts that are managed as trust properties are recorded by the mark-to-market method.

(2) Valuation of derivative transactions

Derivative financial instruments are accounted for by the mark-to-market method.

(3) Depreciation method for tangible fixed assets

The depreciation of tangible fixed assets is accounted for by the straight-line method.

(4) Depreciation method for intangible fixed assets

Depreciation of intangible fixed assets procured through acquisitions of overseas subsidiaries is recorded over the period of time for which the Company expects such subsidiaries contribute to the

Company, and in accordance with the form of such contribution.

(5) Accounting policies for significant reserves and allowances

a. Allowance for doubtful accounts

In order to provide for losses from defaults, major domestic consolidated subsidiaries of the Company establish allowance for doubtful accounts in accordance with asset self-assessment and asset write-off rules as detailed below.

For claims against any debtor who has legally, technically, or substantially become insolvent (due to bankruptcy, special liquidation or suspension of transactions at draft clearinghouses, etc.), allowance is calculated based on the amount of any such claim minus the amount expected to be collectible from disposal of collateral or performance of applicable guarantees.

For claims against any debtor who is likely to become insolvent in the foreseeable future, allowance is calculated based on the amount of any such claim minus the amount expected to be collectible from disposal of collateral, performance of applicable guarantees or the relevant debtor itself, taking into consideration the overall solvency assessment of the relevant debtor.

For claims other than those described above, allowance is provided based on the amount of claims multiplied by the expected default rate, which is computed based on historical loan loss experience in certain previous periods.

In addition, all claims 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 department, which is independent from these departments, audits the results of assessment by the other asset-related departments. Allowance for doubtful accounts is recorded based on such assessment results and audits stated above.

b. Provision for employees' bonus

To provide for payment of bonuses to employees, the Company and its major consolidated domestic subsidiaries maintain reserves for employees' bonuses based on the expected amount to be paid.

c. Price fluctuation reserve

Domestic consolidated insurance subsidiaries maintain reserves under Article 115 of the Insurance Business Act in order to provide for possible losses or damages arising from fluctuation of share prices, etc.

(6) Accounting for retirement benefits

a. Attribution method for projected retirement benefit obligations

In calculating retirement benefit obligations, attribution to the period ended March 31, 2019 is based mainly on benefit formula criteria.

b. Method to charge actuarial differences and prior service costs

Actuarial differences are charged to expenses in the subsequent fiscal year in amounts obtained by proportional calculation using the straight-line method over a certain term (5-13 years) within the average remaining years of service of the employees at the time when the differences were incurred for each fiscal year.

Prior service costs are charged to expenses in each subsequent fiscal year using the straight-line method over a certain term (7-13 years) within the average remaining years of service of the employees at the time when such costs were incurred.

(7) Accounting for consumption tax, etc.

The Company and its domestic consolidated subsidiaries account for consumption tax, etc. by the tax-excluded method. However, domestic consolidated insurance subsidiaries account for expenses such as operating and general administrative expenses by the tax-included method.

In addition, any non-deductible consumption tax incurred in connection with assets is included in other assets and is amortized over 5 years using the straight-line method.

(8) Significant method for 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.

With regard to some of the 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 Treatment related to Adoption of Accounting Standards for Financial Instruments in the Insurance Industry" (issued by the JICPA, September 3, 2002 - hereinafter called "Report No. 26"). Effectiveness is not evaluated for hedge treatments that are believed to have high hedge effectiveness, because the Company groups hedged insurance liabilities with the interest rate swaps that are the hedge instruments, based on the period remaining for the instruments.

Tokio Marine & Nichido accounts for any deferred gains as of the end of March 2003 that were calculated based on the Industry Audit Committee's Report No.16, "Accounting and Auditing Treatment related to Adoption of Accounting Standards for Financial Instruments in the Insurance Industry" (issued by the JICPA, March 31, 2000), which was applicable prior to the application of Report No. 26, using the straight-line method over the remaining hedging period (1-17 years). The accounting treatment for such deferred gains is based on the transitional measures in Report No. 26. Deferred gains (before tax deductions) under this treatment as of March 31, 2019 were 305 million yen and the amount accounted for in the consolidated financial statements for fiscal year 2018 was 951 million yen.

b. Foreign exchange

With regard to some of major domestic consolidated insurance subsidiaries' currency swap transactions and currency forward transactions, which have been entered into for the purpose of hedging foreign exchange risk associated with assets denominated in foreign currencies, (a) fair value hedge accounting, (b) deferred hedge accounting or (c) matching treatment are applied. The hedge effectiveness is not evaluated for hedging treatments that are believed to have high hedge effectiveness, such as in cases where hedging tools and hedged instruments share the same important characteristics.

Tokio Marine & Nichido applies deferred hedge accounting to foreign currency loans which hedge

foreign exchange risk associated with equity in overseas subsidiaries. Hedge effectiveness is evaluated based on a comparison of the aggregate market fluctuation of the hedged instruments and hedging tools during the period from when the hedge was entered and ending at the time of the evaluation.

(9) Amortization method and amortization period for goodwill

Goodwill recognized as an asset on the consolidated balance sheet is amortized in the following manner. The goodwill in connection with Philadelphia Consolidated Holding Corp. and HCC Insurance Holdings, Inc. is amortized over 20 years and 10 years, respectively, using the straight-line method. Other goodwill is amortized over 5 to 15 years using the straight-line method, however when the amount is small it is amortized as a lump sum.

Negative goodwill that arose on or before March 31, 2010 is recognized as a liability on the consolidated balance sheet and amortized over 20 years using the straight-line method.

(10) Accounting for deferred assets under Article 113 of the Insurance Business Act

The Company evaluated the amount of amortization of deferred assets under Article 113 of the Insurance Business Act for E.design Insurance Co., Ltd. in accordance with applicable laws and regulations and the Articles of Incorporation of E.design Insurance Co., Ltd.

**Notes on changes in the presentation method**

Some overseas consolidated subsidiaries have, from fiscal year 2017 to fiscal year 2018, changed their processes and systems, etc. relating to actuarial activities and, since it has become possible to classify insurance liabilities more accurately than before, starting from fiscal year 2018, there are changes to the presentation relating to some of the categories of insurance contract reserves. Accordingly, some insurance contract reserves that, in the fiscal year 2017, were presented as “Outstanding Claims” are to be included in “Underwriting Reserves, etc.” (in fiscal year 2017, 19,738 million yen; in fiscal year 2018, 19,481 million yen).

**Notes to consolidated balance sheet**

1. Accumulated depreciation of tangible fixed assets is 366,231 million yen, and deferred capital gain for tax purpose is 18,607 million yen.
2. Shares and investment in non-consolidated subsidiaries and affiliates are 322,976 million yen and 33,364 million yen, respectively.
3. The total amount of loans to borrowers in bankruptcy, past due loans, loans past due for three months or more, and restructured loans is 17,960 million yen. The breakdown is set forth below.

(1) The amount of loans to borrowers in bankruptcy is zero.

Loans that are past due for a certain period, or for which substantial doubt is otherwise considered to exist as to the ultimate collectability either of principal or interest, are generally placed on non-accrual status ("Non-accrual status loans"; however, any part of bad debt written-off is excluded.). Loans to borrowers in bankruptcy represent non-accrual status loans that fall within the definitions provided 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).

(2) The amount of past due loans is 17,945 million yen.

Past due loans are non-accrual status loans, other than those to borrowers in bankruptcy, and those on which interest payments are deferred in order to assist business restructuring of the borrowers.

(3) The amount of loans past due for three months or more is 11 million yen.

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 past due loans are excluded from this category.

(4) The amount of restructured loans is 4 million yen.

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 by improving their ability to repay creditors. Restructured loans do not include loans classified as loans to borrowers in bankruptcy, past due loans or loans past due for three months or more.

4. The value of assets pledged as collateral totals 42,170 million yen in savings deposits, 20,089 million yen in monetary receivables bought, 302,309 million yen in securities and 13,345 million yen in loans.

Collateralized debt obligations are held to the value of 149,562 million yen in outstanding claims, 112,346 million yen in underwriting reserve and 58,682 million yen in other debts (including foreign reinsurance related debts, etc.).

5. Of securities, etc., received in connection with cash-secured lending transactions and others, those with the right to dispose by sale or rehypothecation have a fair value of 10,165 million yen and are wholly held by the Company.

6. Securities include securities lent under loan agreements of 454,385 million yen.

7. The outstanding balance of undrawn committed loans is as follows.

	(Yen in millions)
Total loan commitments	530,988
<u>Balance of drawn committed loans</u>	<u>383,059</u>
Undrawn loan commitments	147,929

8. The amount of both assets and liabilities for special account as prescribed in Article 118 of the Insurance Business Act totals 141,276 million yen.

9. Tokio Marine & Nichido guarantees the liabilities of its subsidiary. The balance of the guarantee as of March 31, 2019 is as follows:

	(Yen in millions)
<u>Tokio Marine Compañía de Seguros, S.A. de C.V.</u>	<u>17,592</u>

Total

17,592

10. Subordinated borrowings with the rider providing that they are repayable only after other debts, 100,000 million yen, are included in other liabilities.

## Notes to consolidated statement of income

### 1. Major components of business expenses

(Yen in millions)

Agency commissions, etc.	577,592
Salaries	311,321

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. The amount of other extraordinary gains is 431 million yen in gains on liquidation of subsidiaries and affiliates, 202 million yen in gains on reversal of lease asset impairment account, and 83 million yen in gains on business transfers of subsidiaries and affiliates.

3. Impairment losses are recorded as follows.

Use	Type	Location	Impairment Loss (Yen in millions)			
			Land	Building	Other	Total
Real estate, etc. for business use (General business (Nursing care business))	Land and buildings etc.	3 pieces of property including a building in Setagaya-ku, Tokyo	25	12	8	46
Real estate, etc. for business use (General business (Others))	Buildings and other intangible fixed assets	Properties including fixtures attached to buildings in Yokohama-shi, Kanagawa	-	19	1,656	1,675
Unused real estate and real estate to be sold	Land and buildings	4 pieces of property including a training facility in Inzai-shi, Chiba-prefecture	419	1,106	-	1,526
Total	-	-	445	1,138	1,664	3,248

Real estate, etc., for business use that is provided for use in the insurance business, etc. is treated as one asset group for each consolidated company. The leasing use real estate, etc., unused real estate, etc., and the real estate to be sold, and the real estate, etc. for business use provided for use in the general business (nursing care business) are grouped by individual property based on main use. Regarding real estate, etc. for business use provided for use in general business (nursing care business), since the total amount of future cash flows is lower than the amount of the fixed asset book value, the

book value amount was reduced to the amount of the recoverable value and the amount of said reduction is recorded as an impairment loss under the category of extraordinary loss. The amount of the recoverable value of said assets is calculated by discounting future cash flows by 6.0%.

Also, regarding the other intangible fixed assets, etc. that arise by business purchases, and are included in real estate, etc. provided for use in general business (others) – as a result of re-evaluation of future cash flows based on the fact that sales are less than planned, since the future cash flows initially anticipated can no longer be expected, the book value amount was reduced to the amount of the recoverable value and the amount of said reduction is recorded as an impairment loss under the category of extraordinary loss. The amount of the recoverable value of said assets is measured based on value in use and calculated by discounting future cash flows by 7.0%.

For real estate not in use and real estate to be sold, due mainly to declines in real estate prices, the book value amount was reduced to the amount of the recoverable value and the amount of said reduction is recorded as an impairment loss under the category of extraordinary loss. The amount of the recoverable value of said assets is the amount of the net selling price. The amount of the net selling price is the appraisal value amount, etc. provided by a real estate appraiser, less the amount of the estimated costs of disposal.

## Notes to consolidated statement of changes in shareholders' equity

### 1. Class and number of issued shares and treasury shares

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

- Notes: 1. The decrease of 38,024 thousand issued shares is attributable to cancellation of treasury shares.
2. The increase of 19,135 thousand treasury shares of common share is primarily attributable to a purchase of 19,039 thousand treasury shares by the resolution of board of directors' meetings.
3. The decrease of 38,283 thousand treasury shares of common share is primarily attributable to a cancellation of treasury shares that decreased treasury shares by 38,024 thousand.

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

Category	Nature of share acquisition rights	Amount as of March 31, 2019 (Yen in millions)
The Company (parent company)	Share acquisition rights as share options	2,479



### 3. Dividends

#### (1) Amount of dividends

(Resolution)	Class of share	Total amount of dividends paid (Yen in millions)	Amount of dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2018	Common share	58,034	80.00	March 31, 2018	June 26, 2018
Meeting of the board of directors held on November 19, 2018	Common share	114,601	160.00	September 30, 2018	December 11, 2018

Note: Regarding the resolution to pay dividends that was adopted at the board of directors meeting held on November 19, 2018, the dividend amount per share consists of 90 yen in ordinary dividends and 70 yen as a one-time dividend for capital level adjustment. The one-time dividend for capital level adjustment is pursuant to shareholder return of around 100 billion yen with the aim of implementing flexible capital policy; and, of this amount, a dividend of 50.1 billion yen was made as a one-time dividend for capital level adjustment (at 70 yen per share). Separately, the Company has carried out 50 billion yen (upper limit) in purchases of treasury shares.

#### (2) Dividends of which the record date falls within fiscal year 2018, and of which the effective date falls on or after April 1, 2019.

The Company intends to obtain approval for the following dividend payment at the 17th Ordinary General Meeting of Shareholders to be held on June 24, 2019.

(Resolution)	Class of share	Total amount of dividends paid (Yen in millions)	Source of dividends	Amount of dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders to be held on June 24, 2019	Common share	63,590	Retained earnings	90.00	March 31, 2019	June 25, 2019

### Information on financial instruments

#### 1. Qualitative information on financial instruments

The Group's core operation is its insurance business and it generally makes investments based on cash inflows mainly arising from insurance premiums. Therefore, the Group is working toward long-term and stable profit and effective liquidity maintenance through appropriate Asset Liability Management ("ALM") based risk control that takes into consideration the characteristics of insurance products.

Specifically, the Group is controlling interest rate risk to which insurance liabilities are exposed and is managing credit risk through investing mostly in bonds with high credit ratings. In addition, the Group

aims to secure mid-to-long-term profit by diversifying risk, investing both within and outside Japan, and using varied investment techniques, including investing in foreign securities. With regard to held assets, the Group is utilizing foreign exchange forwards and other derivative transactions in order to mitigate risk.

In order to take measures against risks involved in these asset management activities, in major consolidated subsidiaries, the risk management department, which is independent of trading departments, quantitatively and qualitatively controls risk in order to deal with market risk and credit risk etc. pertaining to financial instruments.

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

## 2. Fair value, etc. of financial instruments

The table below shows the carrying amount shown on the balance sheet, the fair value, and difference between these figures as these pertain to financial instruments as of March 31, 2019. Note that equity shares in non-consolidated subsidiaries, etc. for which it is extremely difficult to determine the fair value are not included in the table (See Note 2).

(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 security 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	337,030	397,151	20,120
Other securities	10,615,751	10,615,751	-
(7) Loans	809,399		
Allowance for doubtful accounts (*1)	[2,845]		
	806,554	807,413	858
(8) Corporate bonds (*2)	[57,514]	[56,559]	[(955)]
(9) Payables under security lending transactions (*2)	[197,623]	[197,623]	-
(10) Derivative assets and liabilities (*3)	24,610	24,610	-

(\*1) The general and individual allowances for doubtful accounts that are earmarked for loans are deducted from the carrying amount.

(\*2) Figures presented in parentheses [ ] are liabilities.

(\*3) Net assets and net liabilities arising from derivative transactions (insofar as such transactions are recorded in other assets and other liabilities) are presented as a net amount.

Notes: 1. Valuation method for financial instruments

With regard to (1) Cash and bank deposits (excluding those defined as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008)), (2) Receivables under resale agreements, and (3) Receivables under security borrowing transactions, the book value is deemed as the fair value in principle 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 to be securities in "Accounting Standard for Financial Instruments") with quoted market price, the quoted closing price is used for listed shares 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 unless the borrower's credit standing has materially changed since the execution of the loan because interest rate changes will be timely reflected in the future cash flows and the book value approximates the fair value. For fixed rate loans, the fair value is measured as the net present value of estimated future cash flows. For loans where borrowers are insolvent or in bankruptcy proceedings, the estimated uncollectible debts are deducted from the carrying amount to get the fair value.

With regard to (8) Corporate bonds, the price of the over-the-counter transactions is the fair value.

With regard to (9) Payables under security 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.

With regard to (10) Derivative assets and liabilities with quoted market price, the quoted closing price is used as the fair value. For derivative assets and liabilities with no quoted market price, the net present value of the estimated future cash flows or the calculated price based on an option pricing model is applied as the fair value.

2. Equity shares in non-consolidated subsidiaries, unlisted shares and partnership investments etc. (Carrying amount on the consolidated balance sheet: 459,104 million yen) are not included in (6) Securities because the fair value cannot be determined as they have no quoted market price and the future cash flow cannot be estimated.

Policy loans (Carrying amount on the consolidated balance sheet: 122,767 million yen) are not included in (7) Loans because future cash flows cannot be estimated since it is arranged under insurance policy and the amount is limited within repayment fund for cancellation with no contractual maturity.

**Information on leasing etc. of real estate**

1. Some of the consolidated subsidiaries hold office buildings and land mainly in Tokyo, Osaka and Nagoya, some of which are leased out.

## 2. Fair value of investment property

(Yen in millions)

Carrying amount shown on balance sheet as of March 31, 2019	Fair value as of March 31, 2019
58,417	144,804

Notes: 1. Carrying amount is the amount obtained by deduction of the accumulated depreciation and the accumulated impairment losses from the acquisition cost.

2. Fair value as of March 31, 2019 is primarily based on appraisals by qualified external valuers.

## Per share information

Net assets per share 5,058.66 yen

Net income per share 383.01 yen

## Other notes

### 1. Matters relating to business combination by acquisition

The Company, through its subsidiary Tokio Marine & Nichido Fire Insurance Co., Ltd. ("Tokio Marine & Nichido"), acquired 98.6% of the outstanding shares of Thai property and casualty insurance company, Safety Insurance Public Company Limited ("Safety Co.")

#### (1) Overview of business combination

##### a. Name of acquired company

Safety Insurance Public Company Limited

##### b. Description of business

Property and casualty insurance business

##### c. Main reasons for business combination

By this acquisition, the Tokio Marine Group will become the industry's third largest property and casualty insurance group in Thailand, which is the largest insurance market in Southeast Asia. The purpose is to expand operations in the Thai property and casualty insurance market where many Japanese enterprises have made inroads and steady growth is expected in the future; and to expand the scale and earnings of the Tokio Marine Group's international insurance business in emerging markets.

##### d. Date of business combination

August 31, 2018

##### e. Legal form of business combination

Acquisition of shares for cash consideration

##### f. Name of company post-combination

Safety Insurance Public Company Limited

g. Ratio of voting rights acquired  
98.6%

h. Main grounds for decision as to the acquiring enterprise  
As Tokio Marine & Nichido acquired 98.6% of Safety Co.'s voting rights and came to control the company, it is decided that Tokio Marine & Nichido is the acquiring enterprise.

(2) Period of earnings for acquired company included in Consolidated Statement of Income  
The fiscal year closing date of the acquired company is December 31. Since, in relation to the closing date for the consolidated statements, the difference is not more than three months, its financial statements as of that date are used in preparing the consolidated financial statements. Since, as deemed for this business combination, the acquisition date is September 30, 2018, the Consolidated Statement of Income includes the business results of the acquired company from October 1, 2018 to December 31, 2018.

(3) Acquisition cost of acquired company and breakdown by consideration type

<u>Acquisition price cash</u>	<u>42,747 million yen</u>
Acquisition cost	42,747 million yen

(4) Description and amount of main acquisition-related costs

Advisory fees, etc.	429 million yen
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(5) Amount of goodwill accrued, reason for accrual, amortization method, and amortization period

a. Amount of goodwill accrued

24,088 million yen

b. Reason for accrual

Since the investment amount (reflecting future earnings expected as at the time of purchase) exceeds the net amount of the acquired assets and liabilities assumed, the difference is recognized as goodwill.

c. Amortization method and amortization period for goodwill

Amortization over 10 years using the straight-line method.

(6) Assets acquired and liabilities assumed on date of business combination and main breakdown of these

Total assets	43,552 million yen
(incl. cash and deposits	9,529 million yen)
(incl. securities	14,714 million yen)

Total liabilities	23,863 million yen
(incl. insurance contract reserves	16,313 million yen)

(7) The estimated amount and method of calculating the impact on the Consolidated Statement of Income for fiscal year 2018 assuming that the business combination was completed on the start date of fiscal year 2018

Ordinary income	14,918 million yen
Ordinary profit	(3,355 million yen)
Net profit attributable to owners of the parent	(2,983 million yen)

(Method of calculation of the estimated amount)

The estimated amount is the difference in amount as between the ordinary income, ordinary profit, and net income attributable to owners of the parent, calculated on the assumption that the business combination was completed on the start date of fiscal year 2018 and the ordinary income, ordinary profit, and net income attributable to owners of the parent as set forth in the Consolidated Statement of Income. Also, the goodwill recognized at the time of the business combination is calculated as having accrued on the start date of fiscal year 2018 and the amortization amount thereof is calculated, and is included in the estimated amount.

The said impact amount has not received audit certification.

## 2. Matters relating to business demerger

The Company sold all shares in the reinsurance companies Tokio Millennium Re AG ("TMR") and Tokio Millennium Re (UK) Limited (hereinafter, "TMR/TMR(UK)"), 100% voting rights of which were held by its subsidiary Tokio Marine & Nichido to RenaissanceRe Holdings Ltd.

### (1) Overview of business demerger

#### a. Name of transferee company

RenaissanceRe Holdings Ltd

#### b. Description of divested business

Tokio Millennium Re AG and Tokio Millennium Re (UK) Limited., which specialize in the reinsurance business, and subsidiaries thereof.

#### c. Main reasons for business demerger

Tokio Marine Group established TMR in 2000 as a subsidiary to write overseas reinsurance risks. Since that time, TMR/TMR(UK) have contributed to Group profits and more recently have broadened the classes of business written into non-catastrophe exposed classes of business. However, the global reinsurance market has recently undergone various changes such as continuing soft market environment driven by increasing competition over premium and by steady inflow of capital from outside the reinsurance industry, which has been causing impact on the return earned from the business. From 2007 onwards, through the acquisitions of overseas insurance companies, the Tokio Marine Group has created a diversified global portfolio focusing primarily on specialty insurance classes of business. As a result of this, the contribution of reinsurance business in profit terms to our international operations has decreased significantly.

In these circumstances, through the sale of the reinsurance specialist businesses TMR/TMR(UK), the Group intends to mainly focus on business development of the primary insurance business in developed countries and emerging markets, and strategic re-evaluation of the Group's portfolio ensuring that it is adapted to the global business environment and the Company's insurance business strategy.

#### d. Date of business demerger

March 22, 2019

#### e. Overview of transaction, including legal form

Transfer of shares for cash and shares of transferee company

### (2) Overview of accounting treatment implemented

#### a. Amount of gain/loss on transfer

Loss on sale of shares of affiliates      22,504 million yen

b. Appropriate book value of assets and liabilities of transferred business and breakdown of the main elements of these

Total assets	550,726 million yen
(incl. securities	247,615 million yen)
(incl. other assets	180,990 million yen)

Total liabilities	428,681 million yen
(incl. insurance contract reserves	326,876 million yen)

c. Accounting treatment

The difference between the amount of the book value in the consolidated financial statements and the sale amount of TMR/TMR(UK) and their subsidiaries is recorded as a loss on sales of affiliated company stocks under the category of extraordinary loss.

(3) Reporting segment in which the divested business was included  
International insurance business

(4) Estimate of gains/losses related to the demerged business recorded in the Consolidated Statement of Income for the fiscal year 2018

Ordinary income	141,709 million yen
Ordinary profit	14,409 million yen

**Non-consolidated Balance Sheet as of March 31, 2019**

(Yen in millions)

	As of March 31, 2019
<b>Assets</b>	
<b>Current assets:</b>	
Cash and bank deposits	10,974
Prepaid expenses	20
Accounts receivable	58,633
Others	13
<b>Total current assets</b>	69,642
<b>Fixed assets:</b>	
<b>Tangible fixed assets</b>	
Buildings	142
Motor vehicles and transport equipment	71
Office equipment	43
<b>Total tangible fixed assets</b>	257
<b>Intangible fixed assets</b>	
Telephone right	0
<b>Total intangible fixed assets</b>	0
<b>Investments and other assets</b>	
Investments in subsidiaries and affiliates	2,335,874
Others	3,290
<b>Total investments and other assets</b>	2,339,165
<b>Total fixed assets</b>	2,339,424
<b>Total assets</b>	2,409,066
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable	2,685
Accrued expenses	1,215
Accrued income taxes	558
Accrued business office taxes	14
Accrued consumption taxes	332
Deposits received	10
Provision for employees' bonus	542
<b>Total current liabilities</b>	5,359
<b>Fixed liabilities:</b>	
Reserve for retirement benefit	337
<b>Total fixed liabilities</b>	337
<b>Total liabilities</b>	5,696
<b>Net assets</b>	
<b>Shareholders' equity:</b>	
<b>Share capital</b>	150,000
<b>Capital surplus</b>	
Additional paid-in capital	1,511,485
<b>Total capital surplus</b>	1,511,485
<b>Retained earnings</b>	
Other retained earnings	757,703
General reserve	332,275
Retained earnings carried forward	425,428
<b>Total retained earnings</b>	757,703
<b>Treasury shares</b>	(18,299)
<b>Total shareholders' equity</b>	2,400,889
<b>Share acquisition rights</b>	2,479
<b>Total net assets</b>	2,403,369
<b>Total liabilities and net assets</b>	2,409,066



# **Non-consolidated Statement of Income for fiscal year 2018**

(Yen in millions)

	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
<b>Operating income:</b>	
Dividends received from subsidiaries and affiliates	280,386
Fees received from subsidiaries and affiliates	19,450
<b>Total operating income</b>	299,837
<b>Operating expenses:</b>	
Operating and general administrative expenses	17,572
<b>Total operating expenses</b>	17,572
<b>Operating profit</b>	282,264
<b>Non-operating income:</b>	
Interest income	0
Gains on forfeiture of unclaimed dividends	46
Office work fee	17
Other non-operating income	33
<b>Total non-operating income</b>	97
<b>Non-operating expenses:</b>	
Transaction fee for repurchase of treasury shares	34
Miscellaneous expenses	360
<b>Total non-operating expenses</b>	395
<b>Ordinary profit</b>	281,967
<b>Extraordinary gains:</b>	
Gains on sales of fixed assets	0
<b>Total extraordinary gains</b>	0
<b>Extraordinary losses:</b>	
Impairment losses on investment of subsidiaries and affiliates	2,947
Losses on sales of fixed assets	0
Losses on disposal of fixed assets	2
<b>Total extraordinary losses</b>	2,949
<b>Income before income taxes</b>	279,017
Income taxes-current	643
<b>Total income taxes</b>	643
<b>Net income</b>	278,374

**Non-consolidated Statement of Changes in Shareholders' Equity**

Fiscal year 2018 (April 1, 2018 to March 31, 2019)

(Yen in millions)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Additional paid-in capital	Others	Other retained earnings			
				General reserve	Retained earnings carried forward		
Beginning balance	150,000	1,511,485	-	332,275	517,315	(114,446)	2,396,629
Changes during the year							
Dividends					(172,636)		(172,636)
Net income					278,374		278,374
Purchase of treasury shares						(102,318)	(102,318)
Disposal of treasury shares			(475)			1,316	841
Retirement of treasury shares			(197,149)			197,149	-
Transfer from retained earnings to capital surplus			197,624		(197,624)		-
Net changes in items other than shareholders' equity							
Total changes during the year	-	-	-	-	(91,887)	(96,147)	4,260
Ending balance	150,000	1,511,485	-	332,275	425,428	(18,299)	2,400,889

	Share acquisition rights	Total net assets
Beginning balance	2,552	2,399,182
Changes during the year		
Dividends		(172,636)
Net income		278,374
Purchase of treasury shares		(102,318)
Disposal of treasury shares		841
Retirement of treasury shares		-
Transfer from retained earnings to capital surplus		-
Net changes in items other than shareholders' equity	(72)	(72)
Total changes during the year	(72)	4,187
Ending balance	2,479	2,403,369

## **Notes to Non-consolidated Financial Statements**

### **Significant accounting policies**

#### 1. Valuation of securities

Investments in subsidiaries are stated at cost determined by the moving-average method.

#### 2. Depreciation for fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method.

The principal useful lives are as follows:

Fixtures attached to buildings	8 to 18 years
Equipment and furniture	3 to 15 years

#### 3. Reserve

(1) To provide for payment of bonus to employees, the Company maintains a reserve for employees' bonus based on the expected amount to be paid.

(2) To provide for employees' retirement benefit payment, the Company maintains a reserve for employee's retirement benefits equal to the amount deemed to have incurred as of the end of fiscal year 2018.

#### 4. Consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax-excluded method.

### **Notes to the non-consolidated balance sheet**

1. Accumulated depreciation of tangible fixed assets: 364 million yen

#### 2. Monetary claims against and debts owed to affiliates:

Short-term monetary claims receivable	1,895 million yen
Short-term debts payable	454 million yen

### **Notes to the non-consolidated statement of income**

Transactions with affiliates:

Operating transactions

Operating income 299,837 million yen

Operating expenses 2,032 million yen

Transactions other than operating transactions 49 million yen

### Notes to the statement of changes in shareholders' equity

Class and number of treasury shares held by the Company as of March 31, 2019:

Common share	3,443,216 shares
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### Deferred tax accounting

Major components of deferred tax assets:

Deferred tax assets	
Impairment losses on investment in subsidiaries and affiliates	42,434 million yen
Others	1,488 million yen
Subtotal	43,922 million yen
Valuation allowance	(43,922) million yen
Total deferred tax assets	- million yen
Net deferred tax assets	- million yen

### Per share information

Net assets per share	3,398.01 yen
Net income per share	388.30 yen

## Copy of Independent Auditor's Report on Consolidated Financial Statements

*[English Translation]*

### Independent Auditor's Report

May 16, 2019

To the Board of Directors  
Tokio Marine Holdings, Inc.

PricewaterhouseCoopers Aarata LLC

Susumu Arakawa, CPA  
Designated Limited Liability Partner  
and Engagement Partner  
Takashi Idesawa, CPA  
Designated Limited Liability Partner  
and Engagement Partner  
Yuko Harada, CPA  
Designated Limited Liability Partner  
and Engagement Partner

We have audited, in accordance with Article 444, paragraph 4 of the Companies Act of Japan, the consolidated financial statements of Tokio Marine Holdings, Inc. (the "Company") for the fiscal year that began on April 1, 2018 and ended on March 31, 2019. These financial statements consist of a consolidated balance sheet, a consolidated statement of income, a consolidated statement of changes in shareholders' equity and notes to consolidated financial statements.

#### Management's responsibility for the financial statements:

It is the Management's responsibility to prepare consolidated financial statements based on accounting principles generally accepted in Japan and to present these statements appropriately. This includes establishing and implementing internal control systems that Management deems necessary to prepare and present the consolidated financial statements without material misstatement resulting from fraud or error.

#### Auditor's responsibility:

It is our responsibility to express an opinion on the consolidated financial statements based on our audit as an independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that, in order to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, we formulate an audit plan and conduct an audit in accordance therewith.

An audit includes procedures to obtain audit evidence in relation to the amounts and disclosures in the consolidated financial statements. We select and apply audit procedures based on our judgment and in accordance with a risk evaluation for material misstatement in the consolidated financial statements resulting from fraud or error. Although the purpose of our audit is not to express an opinion on the effectiveness of internal control systems, when conducting the risk evaluation to determine the proper audit procedures we do review the internal control systems for the preparation and appropriate presentation of the consolidated financial statements. An audit includes assessing the accounting principles used by management, including how they are applied, and the estimates made by management, as well as examining the overall presentation of the consolidated financial statements. We believe that our audit provides a sufficient and appropriate basis for our opinion.

Audit opinion:

In our opinion, the foregoing consolidated financial statements present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period covered by the aforementioned financial statements in conformity with accounting principles generally accepted in Japan.

Conflict of interest:

Our firm and engagement partners do not have any interest in the Company that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

# **Copy of Independent Auditor's Report on Non-consolidated Financial Statements**

*[English Translation]*

## Independent Auditor's Report

May 16, 2019

To the Board of Directors  
Tokio Marine Holdings, Inc.

PricewaterhouseCoopers Aarata LLC

Susumu Arakawa, CPA  
Designated Limited Liability Partner  
and Engagement Partner  
Takashi Idesawa, CPA  
Designated Limited Liability Partner  
and Engagement Partner  
Yuko Harada, CPA  
Designated Limited Liability Partner  
and Engagement Partner

We have audited, in accordance with Article 436, paragraph 2, item 1 of the Companies Act of Japan, the non-consolidated financial statements of Tokio Marine Holdings, Inc. (the "Company") for its 17th fiscal year that began on April 1, 2018 and ended on March 31, 2019. These financial statements consist of a non-consolidated balance sheet, a non-consolidated statement of income, a non-consolidated statement of changes in shareholders' equity, notes to non-consolidated financial statements, and supplementary schedules.

### Management's responsibility for the financial statements:

It is the Management's responsibility to prepare non-consolidated financial statements and supplementary schedules based on accounting principles generally accepted in Japan and to present these statements and supplemental schedules appropriately. This includes establishing and implementing internal control systems that Management deems necessary to prepare and present the non-consolidated financial statements and supplementary schedules without material misstatement resulting from fraud or error.

### Auditor's responsibility:

It is our responsibility to express an opinion on the non-consolidated financial statements and supplementary schedules based on our audit as an independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that, in order to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free of material misstatement, we formulate an audit plan and conduct an audit in accordance therewith.

An audit includes procedures to obtain audit evidence in relation to the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. We select and apply audit procedures based on our judgment and in accordance with a risk evaluation for material misstatement in the non-consolidated financial statements and supplementary schedules resulting from fraud or error. Although the purpose of our audit is not to express an opinion on the effectiveness of internal control systems, when conducting the risk evaluation to determine the proper audit procedures we do review the internal control systems for the preparation and appropriate presentation of the non-consolidated financial statements and supplementary schedules. An audit includes assessing the accounting principles used by management, including

how they are applied, and the estimates made by management, as well as examining the overall presentation of the non-consolidated financial statements and supplementary schedules. We believe that our audit provides a sufficient and appropriate basis for our opinion.

Audit opinion:

In our opinion, the foregoing non-consolidated financial statements and supplementary schedules present fairly, in all material respects, the financial position and the results of operations of the Company for the period covered by the aforementioned financial statements and supplementary schedules in conformity with accounting principles generally accepted in Japan.

Conflict of interest:

Our firm and engagement partners do not have any interest in the Company that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.



## **Copy of the Audit Report of the Audit & Supervisory Board**

### **Audit Report**

Based on the audit reports received from each audit & supervisory board member relating to the performance by the Company's directors of their duties during the fiscal year that began on April 1, 2018 and ended on March 31, 2019 and after consultations amongst our members, we, the undersigned Audit & Supervisory Board, report as follows:

#### **1. Details of the Methodology of the Audit Performed by Audit & Supervisory Board Members**

- (1) The Audit & Supervisory Board, which has set the auditing policies, the auditing schedules and related matters, received from each audit & supervisory board member audit reports detailing their performance of the audits and the results thereof and the results thereof. The Audit & Supervisory Board also received from each of the Company's directors and the Company's independent auditor reports detailing the performance of their duties and asked for further explanation whenever necessary.
- (2) Each audit & supervisory board member, pursuant to the auditing standards, the auditing policies and the auditing schedules set by the Audit & Supervisory Board, maintained good communications with directors, the internal audit department and other employees; committed himself or herself to gathering information and improving the circumstances of the audit; and conducted the audits based on the methods described below.
  - (a) Each audit & supervisory board member attended meetings of the Board of Directors and other important meetings; received reports detailing the performance of their duties from directors and other employees; asked for further explanations whenever necessary and inspected important decision-making documents and thereby investigated the Company's business activities and financial position. As for subsidiaries of the Company, each audit & supervisory board member maintained good communications and facilitated information sharing with directors, audit & supervisory board members, the internal audit department and other employees of the subsidiaries and received reports regarding the business activities of the subsidiaries whenever necessary.
  - (b) Pursuant to the auditing standards set by the Audit & Supervisory Board for audit of the internal control system, each audit & supervisory board member examined the details of the resolution of the meeting of the Board of Directors concerning (i) a governance framework to ensure that the directors' performance of their duties are carried out in conformity with the laws and the Articles of Incorporation; and (ii) any other governance framework to ensure appropriate business operations of the company group comprised of a joint stock company and its subsidiaries, as set forth in Article 100, paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act of Japan. Each audit & supervisory board member also monitored and examined the governance framework (internal control system) which was implemented by the Board of Directors based on the aforementioned resolution.
  - (c) Concerning the internal control over financial reporting, each audit & supervisory board member received from directors and PricewaterhouseCoopers Aarata LLC reports regarding the results of the assessment and audit of the internal control over financial

reporting and asked for further explanations whenever necessary.

- (d) Each audit & supervisory board member monitored and examined the independent auditor regarding whether it was maintaining its independence and appropriately performing audits; received reports detailing the performance of its duties; and asked for further explanations whenever necessary. Each audit & supervisory board member received a notice from the Company's independent auditor stating that "a framework to ensure that independent auditors' performance of duties are carried out properly" (consisting of matters enumerated in the items of Article 131 of the Regulations for Financial Statements of Corporations) is established pursuant to "Quality Management Standards Regarding Audits" (Corporate Accounting Council, October 28, 2005) and addressing other standards concerned, and asked for further explanations whenever necessary.

Based on the methodology of the audit described above, we examined the business report and the supplementary schedules, the non-consolidated financial statements (balance sheet, statement of income, statement of changes in shareholders' equity and notes thereto) and the supplementary schedules thereto, and the consolidated financial statements (balance sheet, statement of income, statement of changes in shareholders' equity and notes thereto) for fiscal year 2018.

## 2. Results of Audit

### (1) Results of the audit of the business report and other matters

- (a) We found the business report and the supplementary schedules to present fairly the state of the Company in accordance with applicable laws and regulations and the Articles of Incorporation of the Company.
- (b) In connection with the performance by directors of their duties, we found no dishonest act or material fact of violation of applicable laws, regulations or the Articles of Incorporation of the Company.
- (c) We found the resolution of the meeting of the Board of Directors with respect to the internal control system to be appropriate. In addition, we have nothing to report on the directors' performance of their duties in connection with the internal control system, including the internal control over the financial reporting.

### (2) Results of the audit of the non-consolidated financial statements and the supplementary schedules thereto

We found the methodologies and the results of the audit conducted by the independent auditors, PricewaterhouseCoopers Aarata LLC, to be appropriate.

### (3) Results of the audit of the consolidated financial statement

We found the methodologies and the results of the audit conducted by the independent auditors, PricewaterhouseCoopers Aarata LLC, to be appropriate.

May 17, 2019

Audit & Supervisory Board,  
Tokio Marine Holdings, Inc.

Takashi Ito, Audit & Supervisory Board Member (full-time)  
Shozo Mori, Audit & Supervisory Board Member (full-time)  
Akinari Horii, Audit & Supervisory Board Member  
Akihiro Wani, Audit & Supervisory Board Member  
Nana Otsuki, Audit & Supervisory Board Member

Note: Mr. Akinari Horii, Mr. Akihiro Wani and Ms. Nana Otsuki are the outside audit & supervisory board members, fulfilling the position prescribed by Article 2, item 16 of the Companies Act of Japan.