

*To Be a **Good Company***

# Overview of 1Q FY2022 Results

August 5, 2022



TOKIO MARINE

Tokio Marine Holdings

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#### ◆ Abbreviations used in this material

- TMNF: Tokio Marine & Nichido Fire Insurance Co., Ltd.
- TMNL: Tokio Marine & Nichido Life Insurance Co., Ltd.
- PHLY: Philadelphia
- DFG: Delphi
- TMHCC: Tokio Marine HCC
- TMK: Tokio Marine Kiln
- TMSR: Tokio Marine Seguradora

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## Strong Results Maintained on Normalized Basis

- Progress by main overseas entities exceeded projections with strong underwriting and investment performance (1Q results c. +JPY8.0bn vs local plan, 1H results to further upswing of approx. +JPY22.0bn<sup>\*1</sup> vs local plan)
- Domestic non-life YoY progress rate may appear low, but 40% progress rate excl. transient effects etc.<sup>\*2</sup> is on schedule comparing the 5Y average progress rate of 38%

<sup>\*1</sup>: Rate is as of Jun. 30, 2022. Approx. JPY20.0bn with rate as of Mar. 31, 2022

<sup>\*2</sup>: Excluding impact of natural catastrophes, South African floods, FX, and COVID-19

## Transient Effect of COVID-19 in Taiwan

- Sudden change in COVID-19 policy by the Taiwanese government led to significant COVID-19 related losses for the entire non-life insurance market in Taiwan
- Our group company in Taiwan, Tokio Marine Newa Insurance, will report net loss of -JPY53.9bn (our share) in 2Q mainly due to COVID-19 claims

## Full Year Projections Sustained

- Despite issues such as transient effect of COVID-19 in Taiwan and how to incorporate the resurgence of COVID-19 outside of Taiwan, full year projections are sustained at this point based on comprehensive consideration including the strong performance mainly in overseas and that it is before the main natural catastrophe season

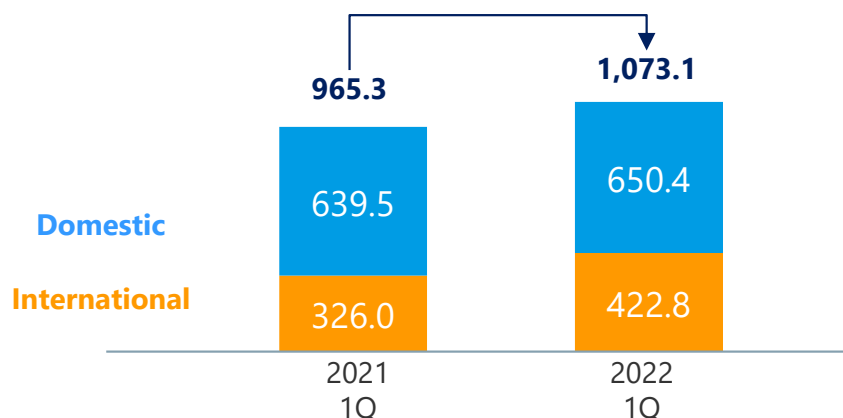
# Executive Summary: Top-Line

- Strong performance with increase of +11.2% (+7.0% excl. FX) in net premiums written and +8.3% (+3.5% excl. FX) increase in life premiums, driven by rate increases and expansion of underwriting leveraging on the overseas hard market
- TMNF's private insurance total premium written (+3.5% increase) is steady in line. Domestic life insurance premium is also on schedule as TMNL is aiming to accelerate sales from 2Q

## Net Premiums Written

\*All growth excluding FX effects, billions of JPY

**+7.0%** (full-year projections +3.8%)



**YoY Growth**

Domestic

**+1.7%** (full-year projections +2.8%)

International

**+16.2%** (full-year projections +5.3%)

[Domestic]

- The impact of rate decrease for auto was covered by adding riders and increasing the number of policies, product and rate revisions for fire and expansion in specialty sales, etc.
- Total private insurance is steady in line with projections (total net premiums written was below projections due to decline in CALI from fall in new vehicle sales)

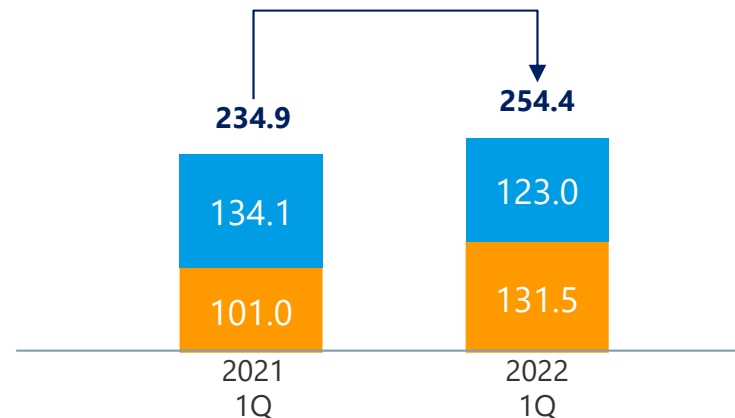
[International]

- Strong results exceeded projections leveraging on hard market with continued rate increases and expansion of underwriting with strict discipline

## Life Insurance Premiums

\*All growth excluding FX effects, billions of JPY

**+3.5%** (full-year projections +0.5%)



**YoY Growth**

Domestic

**-8.3%** (full-year projections -3.3%)

International

**+17.7%** (full-year projections +5.4%)

[Domestic]

- Declined due to increased cancellations of corporate insurance despite increase in new policies
- Full year progress is steady with aim of accelerated sales from 2Q

[International]

- Strong results exceeded projections with rate increases and expansion of underwriting mainly for MSL\* at TMHCC and group life/disability insurance at DFG

\*Medical Stop-loss Insurance



# Executive Summary: Progress Toward Full-Year Projections (1)

**[Group Results (Adjusted net income)] JPY139.1bn (25% vs full year projections ※5Y average progress: 37%)**

- Key overseas entities exceeded projections supported by strong underwriting and investment
- Domestic non-life progress may appear slow YoY, but 40% progress rate excl. transient effects etc. is on schedule comparing the 5Y average of 38%

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

**[International]** JPY66.9bn (25% progress vs full-year projections, ※5Y average: 26%)

- The underlying trend is strong in both underwriting and investment especially in developed markets, excl. the transient effects such as recognition of a fall in fair value of FVTPL following interest rate rises in Europe and an additional provision for the Russian-Ukraine war (c. -JPY4.0bn)
- Profits of main entities\*<sup>1</sup> exceeded the local plan by circa +JPY8.0bn in 1Q (of which, underwriting accounted for circa +JPY4.0bn); a further upswing of approx. +JPY22.0bn\*<sup>2</sup> is projected for 1H (of which, underwriting will represent circa +JPY18.0bn)

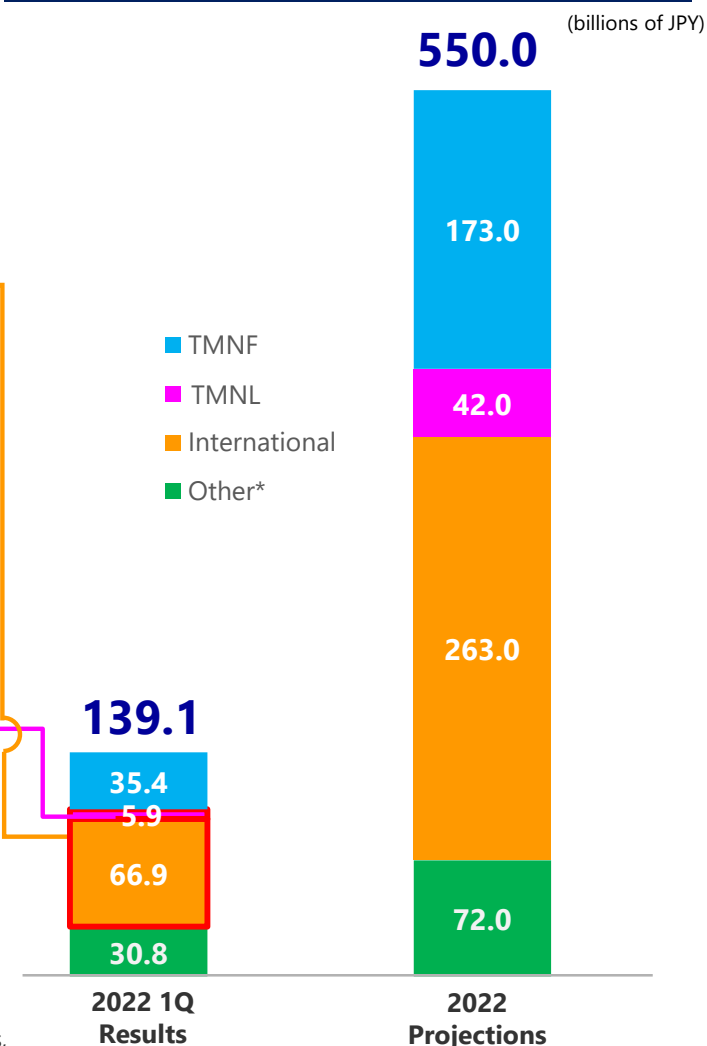
\*1: PHLY, DFG, TMHCC, TMK, TMSR \*2: Rate as of end of Jun. 2022. Approx. +JPY20.0bn based on the rate as of end of Mar. 2022

**[TMNL]** JPY5.9bn (14% progress vs full-year projections, ※5Y average: 20%)

- Trending below projection due to increased COVID-19 related impacts (c. -JPY1.7bn) and increase in losses on derivatives due to depreciation of yen (c. -JPY2.0bn)

## Adjusted Net Income and Business Unit Profits

(billions of JPY)



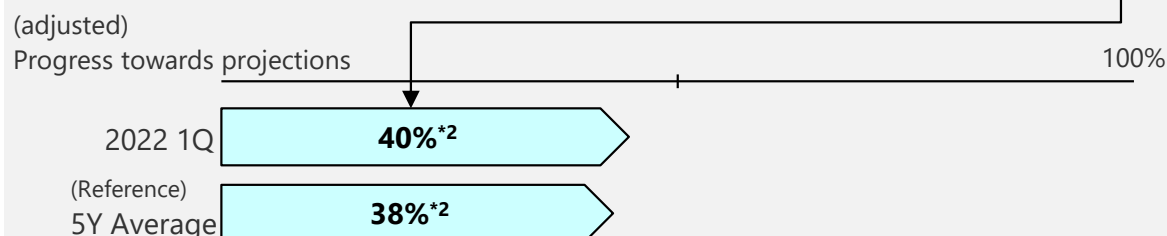
\*: Domestic non-life other than TMNF or financial and other businesses, gains/losses on sale of business-related equities, etc. (Same applies to the following page)

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

[TMNF] JPY35.4bn (20% progress vs full-year projection, ※ 5Y average: 48%)

- 40% progress excl. effects of natural catastrophes, South African floods, COVID-19, and FX is strong considering the 5Y average of 38%

FY2022 1Q Business Unit Profits		JPY35.4bn
Transient effects etc.	(1) Impact of domestic natural catastrophes including hail damage in June	c. -JPY17.0bn
	(2) Impact of South African floods	c. -JPY9.0bn
	(3) COVID-19 related impact in 1Q	c. -JPY3.0bn
	(4) FX effect*1	c. -JPY26.0bn
Business unit profit excluding transient effects		c. JPY90.0bn

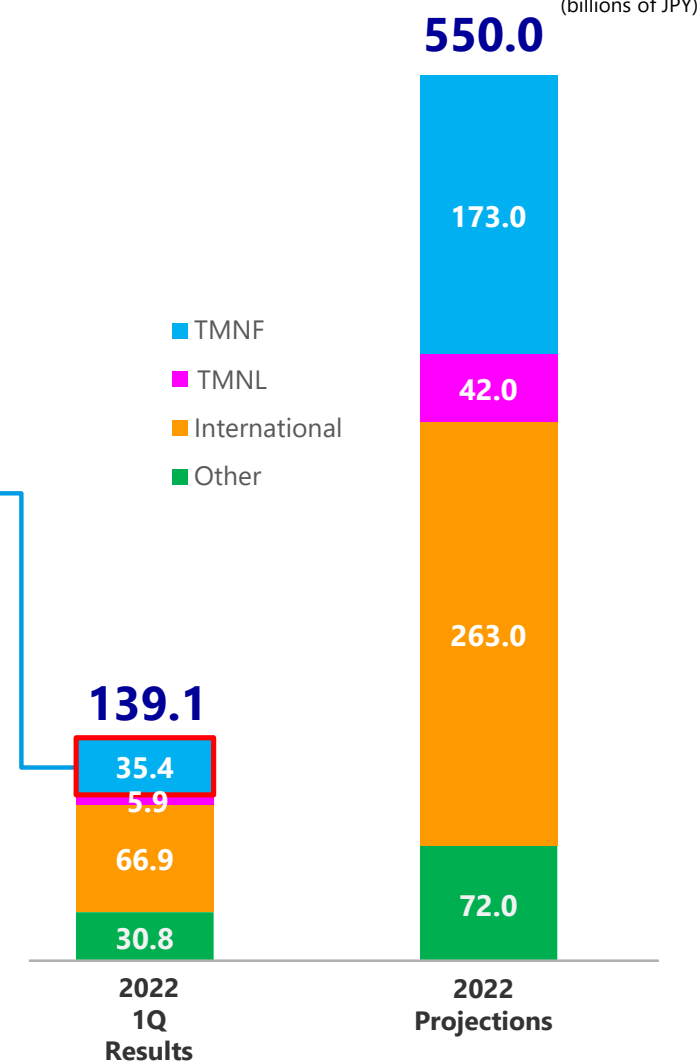


\*1: Increase in provision for foreign currency denominated reserves due to depreciation of the yen and FX derivatives gains/losses etc. For full-year consolidated total, adjusted net profit will increase by c. +JPY0.2bn per depreciation of JPY by 1 yen with increase in JPY converted profits of overseas subsidiaries

\*2: Numerator for FY2022 1Q progress rate calculation is c. JPY90.0bn business unit profit after adjustment for transient effects etc. Denominator is calculated by deducting natural catastrophe and COVID-19 related full-year funds from JPY173.0bn initial projection. 5Y average progress rate is based on the same adjustments

## Adjusted Net Income and Business Unit Profits

(billions of JPY)

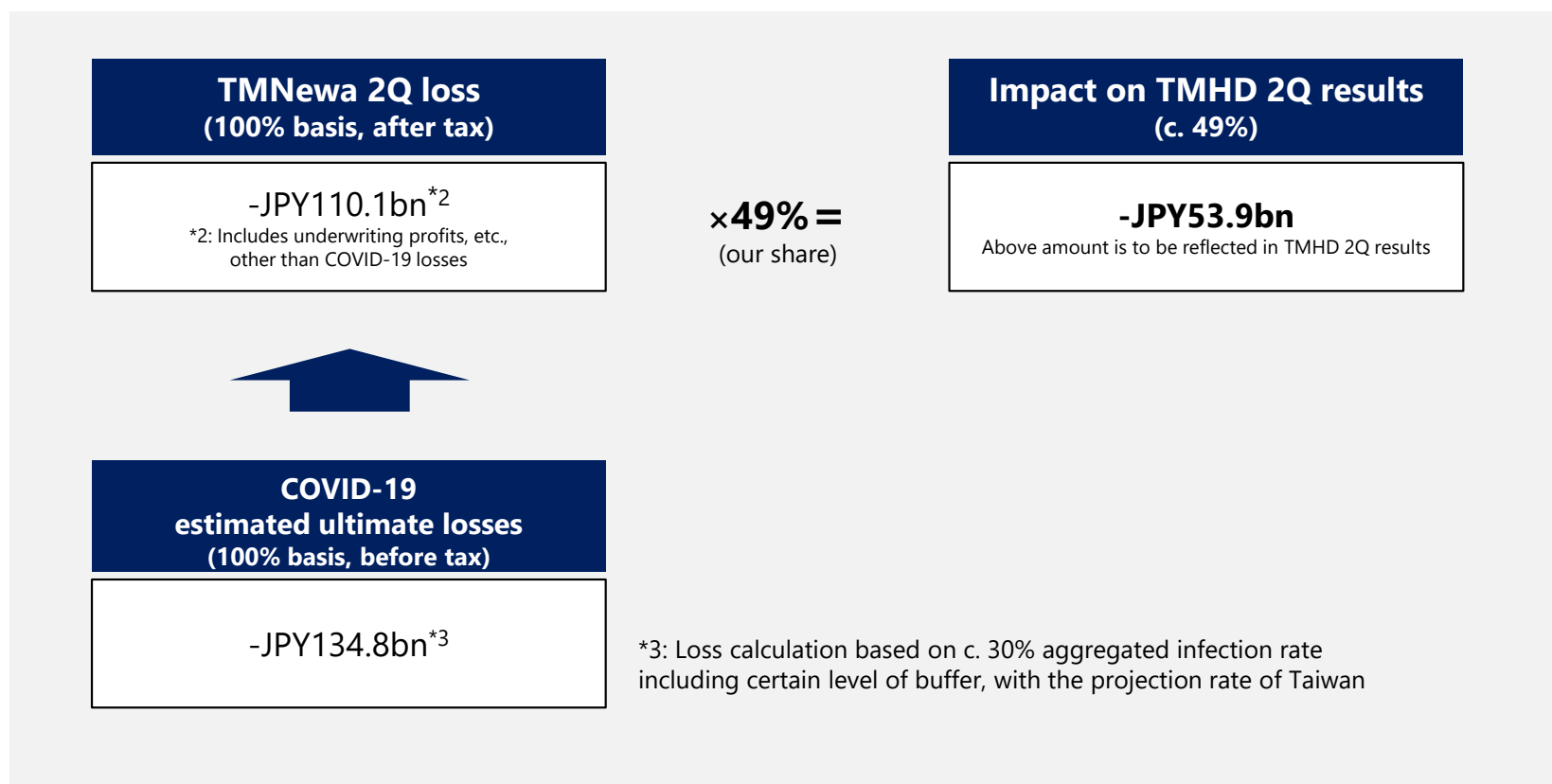


# Executive Summary: Impact and Response to COVID-19 in Taiwan (1)

- **Change in COVID-19 policy by the Taiwanese government led to significant COVID-19 related losses for the entire non-life insurance market in Taiwan and our group company in Taiwan, Tokio Marine Newa Insurance (TMNewa\*1) will report net loss of -JPY53.9bn in 2Q**

\*1: TMNewa is a JV between Yulon Group, a major automaker in Taiwan, and Tokio Marine Group and ranked No.4 in Taiwan's non-life insurance industry (Yulon Group holds the management right)

## ■ Impact on FY2022 2Q Results





# Executive Summary: Impact and Response to COVID in Taiwan (2)

- Acquire majority share of TMNewa and improve TMNewa's ERM to world-class level under our leadership
- We will incorporate the high growth and profitability of Taiwan Market through "new TMNewa"

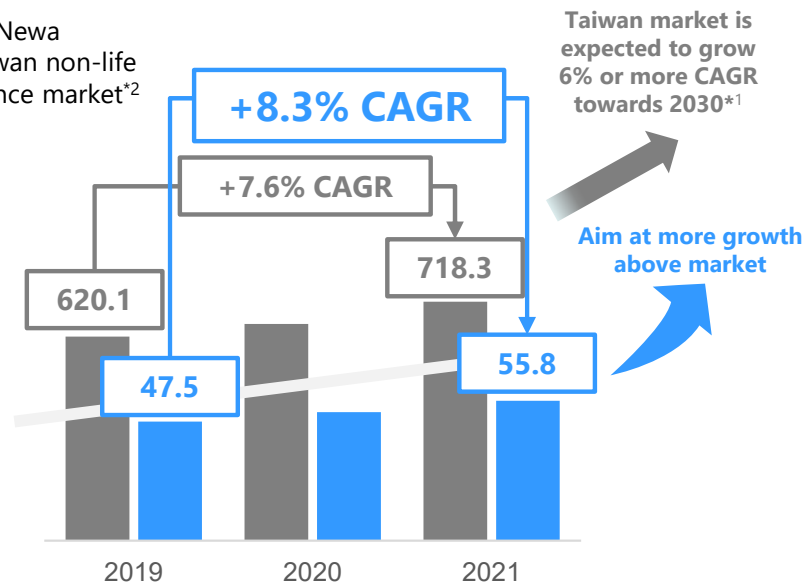
## Taiwan market's Growth Potential

- Taiwan's non-life insurance market is one of the largest market in Asia and expected to continue to grow 6% or more CAGR\*<sup>1</sup>
- TMNewa, steadily increasing premiums written and now ranked No.4 in Taiwan market, is aiming at more growth above market

### <Net Premiums Written (billions of JPY)>

\*FX Rate is as of Jun. 30, 2022

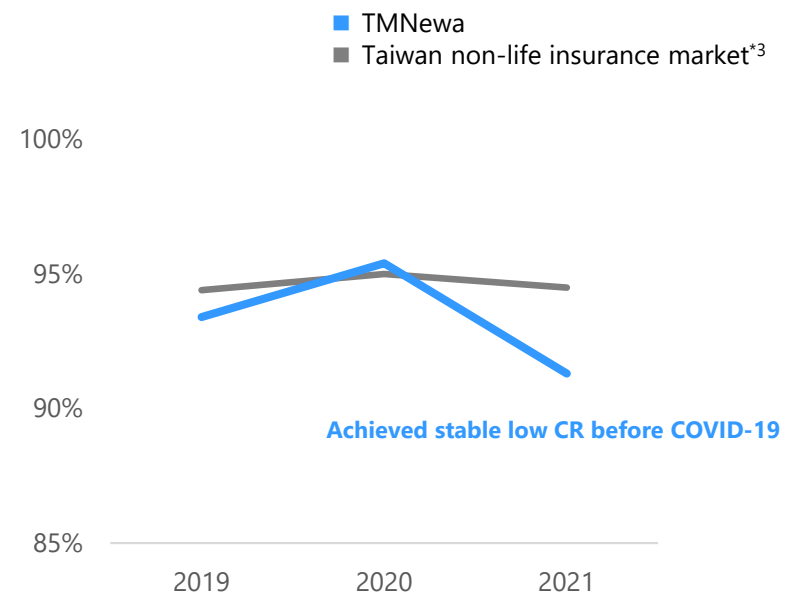
- TMNewa
- Taiwan non-life insurance market\*<sup>2</sup>



## Taiwan market's Profitability

- Taiwan market's CR has been below 95% before COVID-19
- TMNewa is expected to grow continuously and expand profit going forward

### <Combined Ratio>



\*1: Source: Swiss Re

\*2: Source: Taiwan Insurance Institute HP

\*3: Source: FSC HP

# 1Q FY2022 Results

[Reference]	Applied FX Rate (USD/JPY)	
	FY2021	FY2022
End of June (Domestic Non-Life & Life)	JPY110.58 (+JPY0.13 from Mar. 31, 2021)	JPY136.68 (-JPY14.29 from Mar. 31, 2022)
End of March (International)	JPY110.71 (-JPY7.21 from Dec. 31, 2020)	JPY122.39 (-JPY7.37 from Dec. 31, 2021)

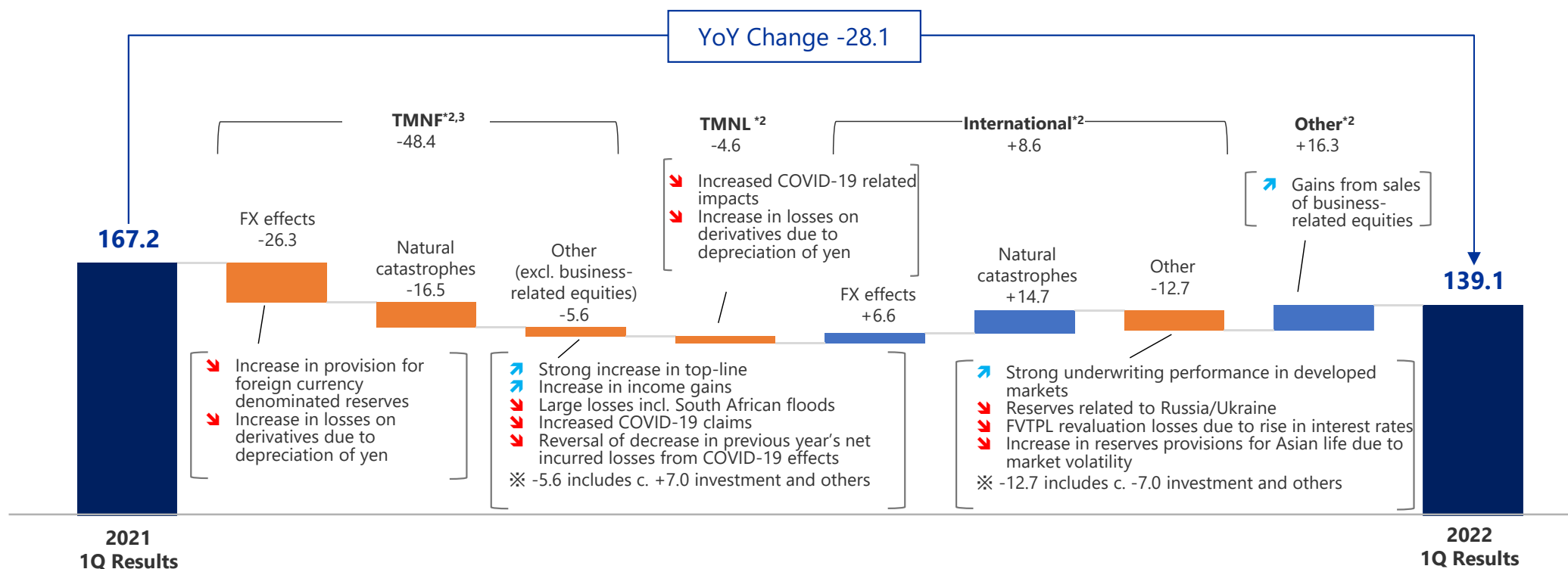
# Consolidated Results: Adjusted Net Income (YoY)

Consolidated	Domestic Life
Domestic Non-Life	International



- Strong underwriting and investment performance in overseas though, domestic business decreased due to transient effects, etc. such as depreciation of yen <sup>\*1</sup> and increased natural catastrophes. As a result, adjusted net income decreased by -JPY28.1bn YoY
- Excluding the transient effects etc., domestic results is on schedule and overseas results is strong

## ■ Adjusted Net Income (billions of JPY)



\*1: For full-year consolidated total, adjusted net profit will increase by c. +JPY0.2bn per depreciation of JPY by 1 yen with increase in JPY converted profits of overseas subsidiaries

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

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

- Net incurred losses relating to natural catastrophes increased by +JPY7.7bn YoY to JPY29.5bn (before tax) due to reaction of effect of Texas winter storm in 2021 offset by the impact of hail damage in Japan in June 2022

## Net incurred losses relating to natural catastrophes on a business unit profit basis (billions of JPY)

	2021 1Q	2022 1Q	YoY Change* <sup>2</sup>	2022 Full-Year Projections
<b>Before Tax</b>				
Domestic Non-Life* <sup>1</sup>	0.8	25.1	+24.2	74.0
International	20.9	4.4	-16.5	51.0
<b>Total</b>	21.7	29.5	+7.7	125.0
<b>After Tax*<sup>3</sup></b>				
Domestic Non-Life	0.6	18.1* <sup>4</sup>	+17.5	53.3
International	16.5	3.4	-13.1	40.0
<b>Total</b>	17.1	21.6	+4.4	93.3

## Major natural catastrophes in FY2022 (natural catastrophes above a certain scale)

### [Domestic\*<sup>1</sup>]

June 2022 Hail Damage

Gross incurred losses\*<sup>5</sup>

JPY24.4bn

\*1: Combined total for TMNF, Nisshin Fire, and E.design

\*2: Note that "+" means a negative for profits, while "-" means a positive for profits.

\*3: After-tax figures are estimates

\*4: Impact of South African floods recorded by TMNF (c. JPY9.0bn, after tax) is not included in the above table as it is not categorized under natural catastrophe funds (reported as large loss)

\*5: Before tax

# Domestic Non-Life 1: TMNF Results

Consolidated	Domestic Life
Domestic Non-Life	International



- **Steady business unit profit progress rate of 40.3% excluding transient effects etc. such as natural catastrophes, COVID-19 and FX**
- **Actual business unit profit progress rate was low at 20.5% due to impact of transient effects etc.**

(billions of JPY, except for %)

	FY2021 1Q Results	FY2022 1Q Results	YoY Change	FY2022 Projection	Progress rate
<b>Underwriting profit/loss</b>	<b>92.6</b>	<b>28.3</b>	- 64.2	<b>157.0</b>	18.1%
(Underwriting profit/loss: excluding (1)-(5))	<b>72.1</b>	<b>59.6</b>	- 12.5	<b>235.1</b>	<b>25.3%</b>
Net premiums written (Private insurance)	537.9	556.7	18.8	2,139.9	
Net premiums earned (Private insurance)*1	498.6	520.4	21.8	2,140.1	
Net incurred losses (Private insurance)*2	- 257.8	- 335.7	- 77.8	- 1,273.3	
(1)Natural catastrophe losses	- 0.8	- 23.8	- 22.9	- 73.0	
(2)Provision/Reversal of foreign currency denominated outstanding claims reserves	0.2	- 25.5	- 25.7	-	
Other than above	- 257.2	- 286.4	- 29.1	- 1,200.3	
Business expenses (Private insurance)	- 168.4	- 175.0	- 6.5	- 705.0	
(3)Provision/Reversal of catastrophe loss reserves	- 17.1	- 10.6	6.5	- 39.1	
Auto	- 9.0	- 9.0	- 0.0	- 15.0	
Fire	- 3.4	4.7	8.1	- 15.2	
(4)Provision/Reversal of nat-cat underwriting reserves	- 0.2	- 0.1	0.0	-	
(5)Provision/Reversal of underwriting result for the first year*3	38.4	28.9	- 9.5	33.9	
<b>Net investment income (loss) and other</b>	<b>83.4</b>	<b>138.0</b>	54.6	<b>211.5</b>	65.2%
<b>Ordinary profit/loss</b>	<b>178.5</b>	<b>166.4</b>	- 12.0	<b>370.0</b>	45.0%
<b>Extraordinary gains/losses</b>	<b>1.5</b>	<b>- 1.8</b>	- 3.4	<b>- 9.1</b>	20.3%
<b>Net income/loss</b>	<b>141.0</b>	<b>140.1</b>	- 0.8	<b>286.0</b>	49.0%
<b>Reconciliation of Business Unit Profits(P.32)</b>	<b>- 57.1</b>	<b>- 104.7</b>	- 47.5	<b>- 113.0</b>	92.7%
<b>Business Unit Profits</b>	<b>83.8</b>	<b>35.4</b>	- 48.4	<b>173.0</b>	<b>20.5%</b>

\*1 Excluding provision for nat-cat underwriting reserves

\*2 Including loss adjustment expenses

\*3 Provision for the general underwriting reserves excluding provision for unearned premiums

\*4 Excluding impact of natural catastrophe, FX, COVID, and South African floods.

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively

2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake

## [Progress towards full-year projections]

- **Underwriting Profit** (excluding effects of natural catastrophes and various reserves, etc.)

➡ Progress rate remained low despite strong top line performance in line with projections due to transient effects incl. increase in overseas large losses and COVID-19 impact (larger-than-expected traffic volume recovery and increase in COVID19 claims payment)

Actual 1Q progress rate: 25.3% in FY2022  
vs 5Y average of 34.3%

- **Business Unit Profits:**

➡ In addition to the above factors, high progress rate for nat-cat due to hail damage in Kanto area and increase in provision for foreign currency denominated reserves due to depreciation of the yen\* resulted in low progress rate

Actual 1Q progress rate: FY2022 20.5%  
vs 5Y average of 48.0%

\*Full year figures to be offset by increase in JPY converted profits of overseas subsidiaries

- **Business Unit Profits (excluding transient effects etc.\*4) :**

➡ Steady results excluding transient effects, etc.

1Q progress rate: FY2022 40.3% vs past 5Y average of 37.8%

## [Reference] Reserves changes YoY

- Provision/Reversal of catastrophe loss reserves:

➡ Increase in takedown mainly due to impact of tax reform

- Provision/reversal of underwriting results for the first year:

➡ Takedown decreased due to reversal of COVID-19 effects mainly for P.A.

# Domestic Non-Life-2: TMNF Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



- Steady +3.5% YoY increase is in line with projections (+3.5% full-year projection)
- Top line growth driven by product and rate revisions for fire and increase in priority area for specialty

## [Progress towards full-year projections]

- Fire:
  - ➔ Made steady progress towards full-year projections with effects of past product and rate revisions and review of reinsurance schemes, etc.
- Marine:
  - ➔ Exceeded full-year projections with recovery in logistics and FX effects, etc.
- P.A.:
  - ➔ Steady performance including an increase in travel insurance albeit slightly below full-year projections
- Auto:
  - ➔ Made steady progress towards full-year projections by covering the rates revision in January 2022 (-2.0%) with increase in number of policies and unit price due to additional coverages, etc.
- CALI:
  - ➔ Below full-year projections mainly due to decrease in number of policies from decrease in new vehicle sales
- Other specialty:
  - ➔ Despite steady increase in priority areas including SME market and cyber insurance, total specialty slightly below full-year projections

(billions of JPY, except for %)

	FY2021 1Q Results	FY2022 1Q Results	YoY		FY2022 Projection	YoY %
			Change	%		
Fire	85.0	95.3	10.2	12.1%	393.2	8.9%
Marine	21.5	23.4	1.8	8.8%	74.4	1.2%
P.A.	57.1	60.8	3.7	6.5%	184.9	9.9%
Auto	282.5	282.5	-0.0	-0.0%	1,110.2	-0.5%
CALI	55.0	48.7	-6.2	-11.4%	220.6	0.4%
Other specialty	91.7	94.6	2.8	3.1%	377.5	7.9%
<b>Total</b>	<b>593.1</b>	<b>605.5</b>	12.4	2.1%	<b>2,361.0</b>	3.2%
<b>o/w Private insurance Total</b>	<b>537.9</b>	<b>556.7</b>	18.8	3.5%	<b>2,139.9</b>	3.5%



# Domestic Non-Life 3: Net Incurred Losses (TMNF)

Consolidated	Domestic Life
Domestic Non-Life	International



- Increased YoY due to effect of natural catastrophes, COVID-19, and FX, etc.
- Excluding the above transient effects etc., progressed steadily towards full-year projections

(billions of JPY, except for %)

	FY2021 1Q Results	Nat-Cat losses	FY2022 1Q Results	Nat-Cat losses	YoY		FY2022 Projection	YoY %
					Change	%		
Fire	34.2	0.8	64.2	8.2	30.0	87.8%	229.7	9.5%
Marine	10.0	-	13.0	-	3.0	30.2%	49.9	11.1%
P.A.	23.0	-	24.9	-	1.8	8.1%	103.8	9.0%
Auto	144.5	0.0	171.5	15.5	27.0	18.7%	677.4	6.7%
Other specialty	46.0	0.0	61.9	0.0	15.9	34.6%	212.2	1.6%
<b>Total</b>	<b>257.8</b>	<b>0.8</b>	<b>335.7</b>	<b>23.8</b>	<b>77.8</b>	<b>30.2%</b>	<b>1,273.3</b>	<b>6.7%</b>

(Notes)

Including loss adjustment expenses in the above table

## [Progress towards full-year projections]

- Fire:
  - ➡ Progressed faster than full-year projections mainly due to transient effects of hail damage in Kanto area, South African floods, COVID-19 (Business Interruption coverage), and FX, etc.
- Marine:
  - ➡ Progress exceeded full-year projections mainly due to the depreciation of the yen
- P.A.:
  - ➡ Within scope of full-year projections, but net incurred losses against COVID-19 patients increased recently
- Auto:
  - ➡ Increased YoY with progress exceeding full-year projections due to hail damage in Kanto area and reversal of COVID-19 effects, etc.
- Other specialty:
  - ➡ Increased YoY with progress exceeding full-year projections due to the depreciation of the yen

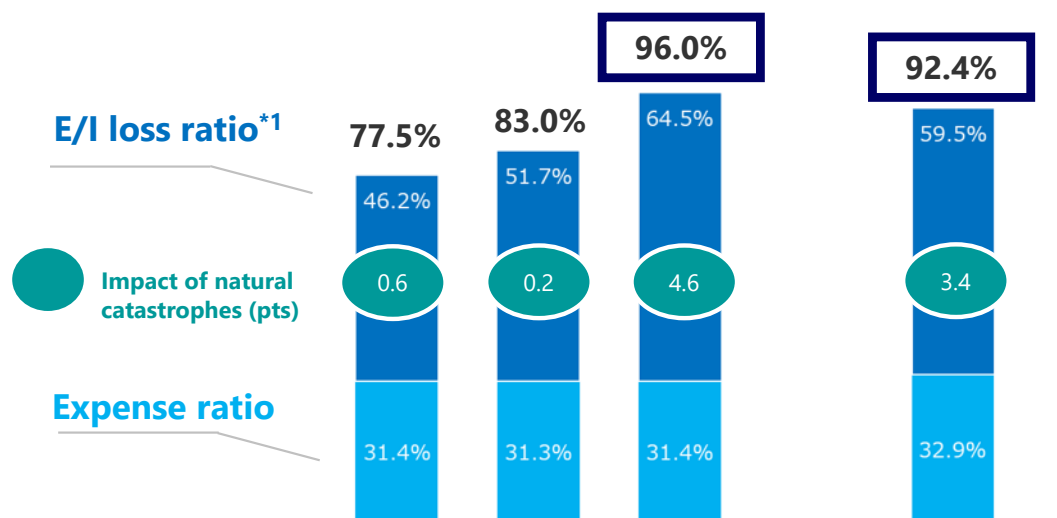
# Domestic Non-Life 4: TMNF Combined Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



- Both E/I loss ratio and combined ratio exceeded full-year projections due to an increase in net incurred losses
- Corporate expense ratio and agency commission ratio progressed well against the full-year projections

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



## [Progress towards full-year projections]

- E/I loss ratio:
  - Exceeded the full-year projections due to an increase in net incurred losses earned (see page 14) that surpassed the projected increase in net premiums (even if excluding natural catastrophes, the situation is same due to the impact of transient effects)
- Expense ratio:
  - Corporate expense ratio progressed well against the full-year projection due to an increase in net premiums written
  - Agency commission ratio progressed well against the full-year projection
- Combined ratio:
  - Exceeded the full-year projection due to the higher E/I loss ratio

(billions of JPY)

	FY2020 1Q Results	FY2021 1Q Results	FY2022 1Q Results	YoY Change	FY2022 Projection
Net premiums written	509.7	537.9	556.7	18.8	2,139.9
Net premiums earned*2	483.3	498.6	520.4	21.8	2,140.1
Net incurred losses*1	223.2	257.8	335.7	77.8	1,273.3
Business expenses	159.8	168.4	175.0	6.5	705.0
Corporate expenses	53.9	56.3	59.4	3.0	262.0
Agency commissions	105.8	112.1	115.6	3.4	443.0

\*1 Including loss adjustment expenses

\*2 Excluding provision for nat-cat underwriting reserves

## E/I loss ratio\*1

	FY2021 1Q Results	FY2022 1Q Results	YoY Change	FY2022 Projection
Fire	43.3%	70.5%	27.1pt	56.9%
Marine	60.8%	70.2%	9.5pt	68.1%
P.A.	58.5%	59.2%	0.7pt	58.2%
Auto	52.3%	62.2%	9.8pt	61.0%
Other specialty	52.7%	67.0%	14.3pt	56.8%
<b>Private insurance Total</b>	<b>51.7%</b>	<b>64.5%</b>	<b>12.8pt</b>	<b>59.5%</b>

# Domestic Non-Life 5: TMNF Asset Management Results

Consolidated	Domestic Life
Domestic Non-Life	International



## ● Net investment income and other progressed steadily towards full-year projections

(billions of JPY)

	FY2021 1Q Results	FY2022 1Q Results	YoY Change	FY2022 Projection	Progress rate
<b>Net investment income and other</b>	<b>83.4</b>	<b>138.0</b>	54.6	211.5	65.2%
<b>Net investment income</b>	<b>92.1</b>	<b>148.4</b>	56.3	246.4	60.3%
<b>Net interest and dividends income</b>	<b>71.6</b>	<b>112.0</b>	40.4	179.5	62.4%
Interest and dividends	79.7	119.6	39.9	208.2	
Dividends from domestic stocks	29.4	38.1	8.6	66.7	
Dividends from foreign stocks	33.7	68.1	34.4	87.1	
Income from domestic bonds	4.1	4.0	- 0.0	16.0	
Income from foreign bonds	0.5	0.7	0.1	2.2	
Income from other domestic securities*1	0.3	0.2	- 0.1	0.7	
Income from other foreign securities*2	8.4	5.5	- 2.9	27.6	
Transfer of investment income on deposit premiums	- 8.1	- 7.6	0.4	- 28.6	
<b>Net capital gains</b>	<b>20.5</b>	<b>36.4</b>	15.9	66.8	54.5%
Gains/Losses on sales of securities	23.0	38.0	14.9	83.1	
Impairment losses on securities	- 1.7	- 0.7	0.9	-	
Impairment losses on domestic stocks	- 1.7	- 0.1	1.5	-	
Impairment losses on foreign securities	- 0.0	- 0.5	- 0.5	-	
Gains/Losses on derivatives	- 2.4	- 33.2	- 30.8	- 16.3	
Foreign exchange gains/losses	1.1	29.5	28.4	-	
Others	0.5	2.8	2.2	0.0	
<b>Other ordinary income and expenses</b>	<b>- 8.7</b>	<b>- 10.4</b>	- 1.7	- 34.8	

### [Progress towards full-year projections]

- Net interest and dividends income:
  - ➔ Progressed steadily towards full-year projections.
  - Increased year on year due to increases in dividends income from overseas subsidiaries and from business-related equities
- Net capital gains
  - ➔ Progressed steadily towards full-year projections.
  - Depreciation of the yen resulted in losses on derivatives (but mostly offset by FX gains).
  - However, net capital gains rose YoY due to an increase in gains/losses on sales of securities thanks to the smooth progress in sales of business-related equities

Sales of business-related equities were JPY48.0bn (+JPY22.0bn YoY), with capital gains of JPY38.0bn (+JPY17.0bn YoY)

\*1 Income from domestic securities excluding domestic stocks and domestic bonds.

\*2 Income from foreign securities excluding foreign stocks and foreign bonds.

Note: Plus and minus of the figures in the above table correspond to positive and negative to profit respectively.

- Annualized Premium of New Policies progressed steadily towards full-year projections due to sales of installment variable insurance, etc. progressed as projected
- Business unit profits were below full-year projections due to increased COVID-19 related claims payment and increased losses on derivatives due to depreciation of yen, etc.  
Progress rate excluding these transient effects is on schedule

(billions of JPY)

	FY2021 1Q Results	FY2022 1Q Results	YoY		FY2022 Projections	YoY %
			Change	%		
Annualized Premium of New Policies	11.3	11.9	0.6	5.5%	56.0	7.9%

	Results as of 2021/3E	Results as of 2022/6E	YoY		FY2022 Projections	YoY %
			Change	%		
Annualized Premium of Policies in-force	810.8	807.4	- 3.4	- 0.4%	801.0	- 1.2%

	FY2021 1Q Results	FY2022 1Q Results	YoY		FY2022 Projections	Progress rate
			Change	%		
Ordinary income	233.1	225.4	- 7.7	- 3.3%	940.0	
Insurance premiums and other	196.8	194.1	- 2.7	- 1.4%	831.0	
Net income	10.1	4.6	- 5.4	- 53.7%	41.0	11.4%
Ordinary profit	12.4	5.8	- 6.5	- 53.0%	46.0	
(-) Capital gains / losses	- 0.3	- 2.8	- 2.4	-	- 1.0	
(-) Non-recurring income / losses	- 0.1	- 0.1	- 0.0	-	- 0.0	
Core operating profit	12.9	8.7	- 4.1	- 32.1%	48.0	
Business unit profits	10.5	5.9	- 4.6	- 44.1%	42.0	14.1%

## [Progress towards full-year projections]

- Annualized Premium of New Policies
  - ➔ Progressed steadily centered on sales of installment variable insurance  
(New rider attached to installment variable insurance launched in August. For full-year projections, sales are expected to accelerate from 2Q)
- Business Unit Profits
  - ➔ Increased COVID-19 related losses
  - ➔ Increased losses on derivatives due to depreciation of yen  
(This was due to the non-application of hedge accounting; its impact is neutral on economic value basis which combines an increase in the fair value of hedged instruments)

\*As in other years, the dividends from assets managed by DFG are recognized twice a year (2Q/4Q)

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# International 1: Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



- NPW increased more than planned mainly in North American bases incl. TMHCC, showing the strong underlying trend
- Year on year increase of +14.3% was achieved due to the implementation of growth measures by each business (e.g., rate increases and expanding underwriting)

(billions of JPY, except for %)

		FY2021 1Q Results	FY2022 1Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*5</sup> )	FY2022 Projections	YoY % (Excluding FX effects <sup>*5</sup> )
Applied FX rate (USD/JPY)		As of end Mar. 2021	As of end Mar. 2022	Change	%		As of end Mar. 2022	
		JPY 110.7	JPY 122.3				JPY 122.3	
Developed Markets	North America <sup>*1</sup>	321.0	403.2	82.2	25.6%	13.6%	1,544.0	5.2%
	PHLY	86.6	106.6	20.0	23.1%	11.4%	437.0	3.7%
	Delphi	84.1	106.5	22.4	26.7%	14.6%	384.0	8.7%
	TMHCC	131.6	166.5	34.9	26.6%	14.5%	619.0	3.5%
	Europe <sup>*2</sup>	30.1	32.2	2.1	7.0%	0.4%	156.0	9.3%
Emerging Markets	South & Central America	27.4	53.6	26.2	95.6%	49.1%	171.0	6.3%
	Asia & Oceania <sup>*3</sup>	49.9	60.1	10.2	20.5%	11.9%	221.0	6.5%
	Middle East & Africa	8.5	10.7	2.2	26.0%	11.5%	41.0	3.0%
Total Non-Life <sup>*4</sup>		437.0	560.1	123.0	28.2%	15.1%	2,133.0	5.7%
Life		25.8	28.1	2.3	9.1%	1.0%	105.0	- 5.8%
Total		462.9	588.3	125.3	27.1%	14.3%	2,238.0	5.1%

(Ref.) Pure Reciprocal GWP

Pure	37.1	46.8	9.6	26.0%	14.0%
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The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and nonconsolidated companies, etc., and are aligned with the disclosure format of our IR materials from before. (This also applies to page 21.)



## [Progress towards full-year projections]

- North America (see pages 23-25 for details on the three main companies)
  - ➔ PHLY: Progressed well against the plan mainly due to greater-than-planned rate increases (1Q result: +9%), renewal ratio, and new policies, etc.
  - ➔ Delphi: Progressed well against the plan due to the strong performance of group life/disability (YoY increase includes the impact of new consolidation of SSL, which was acquired in 2021 through bolt-on acquisition)
  - ➔ TMHCC: All segments progressed well against the plan due to significant rate increases (1Q result: +11% (excluding A&H, Surety, Credit) and expanded underwriting under the favorable rate environment
- Europe
  - ➔ TMK: Progressed steadily against the local 1Q plan due to rate increases in mainly property and liability
- South & Central America
  - ➔ Significantly exceeded the plan thanks to sizeable rate increases to cover loss cost in auto and the acquisition of large contracts in corporate lines, combined with the continued bottom-focused attitude and the progress in the more rigorous underwriting practices
- Asia & Oceania
  - ➔ Progressed well against the plan mainly due to recovery in auto sales in Thailand, Malaysia, and Indonesia

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

\*2: Figures of "Europe" include North American business of TMK, but do not include European business of TMHCC.

\*3: Figures of "Asia & Oceania" include developed markets in Asia and Oceania.

\*4: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries.

\*5: Excluding FX effects for yen conversion.

(Above notes 1-5 also apply to page 21.)

# International 2: Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



- The underlying trend is strong in both underwriting and investment especially in developed markets, excl. the impact of transient effects etc. such as recognition of a fall in fair value of FVTPL following interest rate rises in Europe and a provision for the Russian-Ukraine war (circa -JPY4.0bn)
- Profits of main entities\*<sup>1</sup> exceeded the local plan by circa +JPY8.0bn in 1Q (of which, underwriting accounted for circa +JPY4.0bn); a further upswing of approx. +JPY22.0bn\*<sup>2</sup> is projected for 1H (of which, underwriting will represent approx. +JPY18.0bn)
- Profits rose +JPY8.6bn YoY due to the cheaper yen, a reaction to the previous year's Texas winter storm, in addition to the above factors

\*1: PHLI, Delphi, TMHCC, TMK, TMSR and Pure \*2: Rate as of end of Jun. 2022; approx. +JPY20.0bn based on the rate as of end of Mar. 2022.

(billions of JPY, except for %)

			FY2021 1Q Results	FY2022 1Q Results				FY2022 Projections	
Applied FX rate (USD/JPY)			As of end Mar. 2021	As of end Mar. 2022			(Ref.) YoY % (Excluding FX effects)	As of end Mar. 2022	Progress rate (Excluding FX effects)
			JPY 110.7	JPY 122.3	Change	%		JPY 122.3	
Developed Markets	North America		47.3	63.8	16.4	34.7%	21.6%	222.0	28.7%
		PHLY	7.4	15.8	8.3	111.7%	91.5%	53.0	29.9%
		Delphi	24.7	26.0	1.2	5.0%	- 5.0%	100.0	26.0%
		TMHCC	13.3	19.7	6.3	47.5%	33.4%	64.0	30.8%
	Europe		0.7	- 0.1	- 0.9	- 121.1%	- 119.2%	12.0	- 1.4%
		South & Central America	1.9	0.4	- 1.5	- 79.1%	- 83.7%	10.0	4.1%
		Asia & Oceania	9.0	3.6	- 5.3	- 59.0%	- 62.4%	14.0	26.4%
		Middle East & Africa	- 0.4	0.2	0.6	-	-	1.0	20.7%
Total Non-Life			56.5	68.9	12.4	21.9%	10.0%	259.0	26.6%
Life			5.0	- 1.5	- 6.6	- 131.1%	- 128.4%	1.0	- 158.0%
Pure			0.1	3.8	3.7	2,554.2%	2,287.1%	20.0	19.3%
Total			58.2	66.9	8.6	14.9%	3.1%	263.0	25.4%

## [Progress towards full-year projections]

- North America (see pages 23-25 for details on the three main companies)
  - ➔ PHLY: Exceeded the plan mainly due to strong underwriting (rate increases, takedown of prior year reserves, etc.) and a decrease in natural catastrophes
  - ➔ Delphi: Exceeded the plan despite the impact of COVID-19 on group life insurance due to strong underwriting and investment performance
  - ➔ TMHCC: Exceeded the plan mainly due to a decrease in natural catastrophes and a revenue increase with profitability secured through rate increases
- Europe
  - ➔ TMK: Below the plan due to transient effects (provision of a reserve for Russia-Ukraine war, revaluation loss on FVTPL due to rising interest rates), but the underlying trend for underwriting is strong
- South & Central America
  - ➔ Lower than the plan mainly due to the deteriorating loss in auto caused by rising unit repair cost caused by inflation; the immediate trend is improving thanks to the steady implementation of measures such as rate increases and underwriting reviews
- Asia & Oceania
  - ➔ Fell YoY due to a reaction to the previous year's impact of COVID-19 but progressed in line with the plan Scheduled to post COVID-19 related loss in Taiwan in 2Q (see pages 7-8)
- Life
  - ➔ Underperformed the plan mainly due to an increase in provision by market fluctuations
- Pure
  - ➔ Mostly progressed according to the plan in terms of the 1Q plan that factored in the seasonal change in contract volume

## ■ Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2021 1Q Results	FY2022 1Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
			Change	%	
FX rates (USD/JPY)	As of end Mar. 2021  JPY 110.7	As of end Mar. 2022  JPY 122.3			
Net premiums written	86.6	106.6	20.0	23.1%	11.4%
Net premiums earned	90.2	108.2	17.9	19.9%	8.5%
Net incurred losses	63.6	66.2	2.6	4.1%	- 5.8%
Nat-Cat losses	12.5	3.1	- 9.3	- 74.9%	- 77.3%
Commissions / Other Underwriting expenses	27.5	33.5	6.0	21.8%	10.2%
Underwriting profit	- 0.9	8.4	9.3	-	-
Net investment income / loss	9.7	11.0	1.3	13.3%	2.5%
Business unit profits	7.4	15.8	8.3	111.7%	91.5%
Loss ratio <sup>*1</sup>	70.5%	61.2%	- 9.3pt	-	-
Expense ratio <sup>*1</sup>	30.5%	31.0%	0.5pt	-	-
Combined ratio <sup>*1</sup>	101.0%	92.2%	- 8.8pt	-	-

\*1: Denominator used is net premiums earned.

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

## Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2021 1Q Results	FY2022 1Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
	As of end Mar. 2021	As of end Mar. 2022	Change	%	
FX rates (USD/JPY)	JPY 110.7	JPY 122.3			
Net premiums written	84.1	106.5	22.4	26.7%	14.6%
Net premiums earned	75.6	96.2	20.6	27.3%	15.2%
Net incurred losses	55.7	69.4	13.6	24.5%	12.6%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	21.4	26.2	4.7	22.3%	10.6%
Underwriting profit	-1.6	0.5	2.1	-	-
Net investment income / loss	48.9	40.9	- 8.0	- 16.4%	- 24.4%
Income gain / loss	51.1	50.3	- 0.7	- 1.5%	- 10.9%
Capital gain / loss	3.4	-2.2	- 5.6	- 164.4%	- 158.3%
Business unit profits	24.7	26.0	1.2	5.0%	- 5.0%
Loss ratio <sup>*1</sup>	73.8%	72.1%	-1.6pt	-	-
Expense ratio <sup>*1</sup>	28.4%	27.3%	- 1.1pt	-	-
Combined ratio <sup>*1</sup>	102.1%	99.4%	- 2.7pt	-	-

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

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

## Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2021 1Q Results	FY2022 1Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
	As of end Mar. 2021	As of end Mar. 2022	Change	%	
FX rates (USD/JPY)	JPY 110.7	JPY 122.3			
Non-life	46.0	55.1	9.1	19.8%	8.4%
Life	38.0	51.3	13.3	35.0%	22.1%
Total	84.1	106.5	22.4	26.7%	14.6%

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

	FY2021 1Q Results	FY2022 1Q Results	Change
Non-life	71.3%	67.4%	- 3.9pt
Life	76.1%	76.3%	0.1pt
Total	73.8%	72.1%	- 1.6pt

\*1: Denominator used is net premiums earned.

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

## ■ Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2021 1Q Results	FY2022 1Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
	As of end Mar. 2021	As of end Mar. 2022	Change	%	
FX rates (USD/JPY)	JPY 110.7	JPY 122.3			
Net premiums written	131.6	166.5	34.9	26.6%	14.5%
Net premiums earned	106.2	144.2	38.0	35.8%	22.9%
Net incurred losses	68.7	90.8	22.0	32.1%	19.5%
Nat-Cat losses	1.8	0.5	- 1.3	- 71.9%	- 74.6%
Commissions / Other Underwriting expenses	24.0	32.9	8.8	36.9%	23.9%
Underwriting profit	9.4	17.3	7.8	82.8%	65.4%
Net investment income / loss	6.8	7.5	0.7	10.5%	- 0.0%
Business unit profits	13.3	19.7	6.3	47.5%	33.4%
Loss ratio <sup>*1</sup>	64.8%	63.0%	- 1.8pt	-	-
Expense ratio <sup>*1</sup>	22.7%	22.8%	0.2pt	-	-
Combined ratio <sup>*1</sup>	87.4%	85.8%	- 1.6pt	-	-

<The reason why “net premiums earned – net incurred losses – commissions/other underwriting expenses” is not equal to underwriting profit>

- This is because there are Other underwriting profit/losses that are not included in the left table
- Other underwriting profit/losses include expenses of the shareholding company and so on

## ■ Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2021 1Q Results	FY2022 1Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
	As of end Mar. 2021	As of end Mar. 2022	Change	%	
FX rates (USD/JPY)	JPY 110.7	JPY 122.3			
Non-life : North America	37.8	52.1	14.3	37.8%	24.6%
A&H	42.1	49.9	7.7	18.3%	7.0%
International	51.5	64.4	12.9	25.0%	13.1%
Total	131.6	166.5	34.9	26.6%	14.5%

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

	FY2021 1Q Results	FY2022 1Q Results	Change
Non-life : North America	61.3%	62.8%	1.5pt
A&H	78.2%	77.3%	-0.9pt
International	50.1%	47.8%	-2.2pt
Total	64.8%	63.0%	-1.8pt

\*1: Denominator used is net premiums earned.

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



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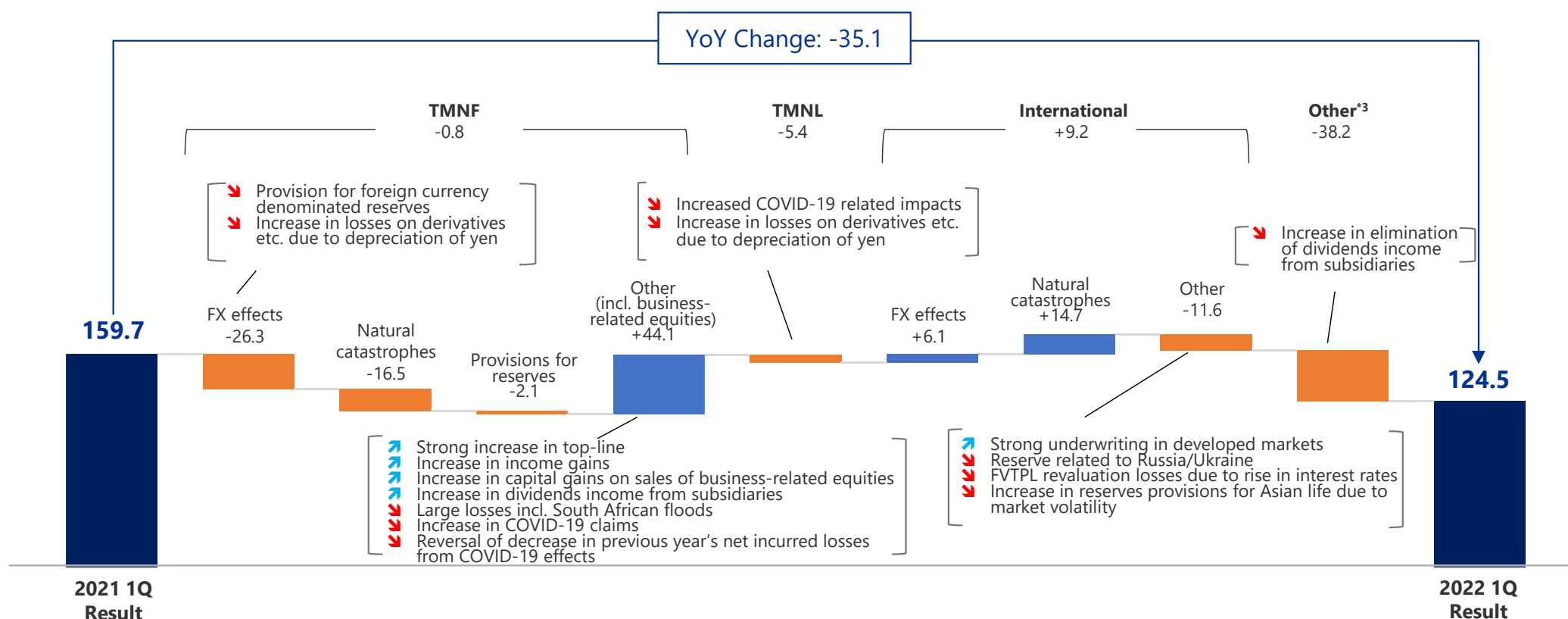
# Consolidated Results: Net Income (YoY Change)

Consolidated	Domestic Life
Domestic Non-Life	International



- Strong underwriting and investment performance in overseas though, domestic business excl. dividend income from subsidiaries\*<sup>1</sup> decreased due to transient effects etc. such as depreciation of yen\*<sup>2</sup> and increased natural catastrophes. As a result, consolidated net income decreased by -JPY35.1bn YoY
- Excluding the transient effects etc., domestic results is on schedule and overseas results is strong

■ Net income attributable to owners of the parent (billions of JPY)



\*1: Eliminated through consolidation adjustments.

\*2: For full-year consolidated total, financial net income will decrease by c. -JPY0.6bn per depreciation of JPY by 1 yen due to negative impact from increase in amortization expense of foreign currency denominated goodwill and provision for foreign currency denominated reserves exceed positive impact from increase in JPY converted profits of overseas subsidiaries.

\*3: Including consolidation adjustments.

## Adjusted Net Income (Group total)

Enhancing transparency and comparability /  
Linking with shareholder return

- For the Group total, “**Adjusted Net Income**” based on financial accounting is used from the perspective of enhancing transparency and comparability as well as linking with shareholder return
- Profit indicator for the Group total as the base for calculating capital efficiency (adjusted ROE) and source of dividends

## Business Unit Profits

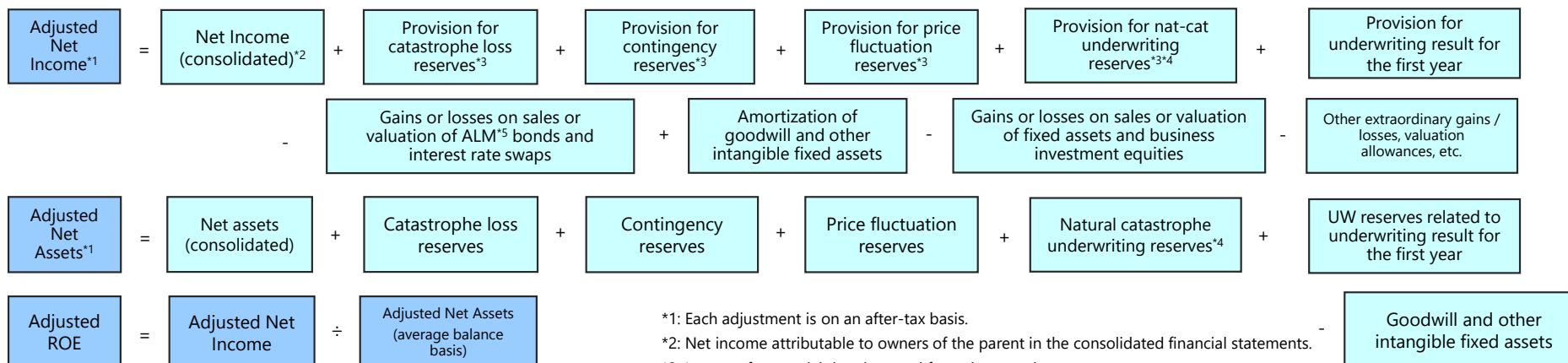
Creating long-term corporate value

- For each business domain, “**Business Unit Profits**” is used from the perspective of accurately assessing corporate value including economic value, etc. for the purpose of long-term expansion

### <Main differences>

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

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



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

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

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

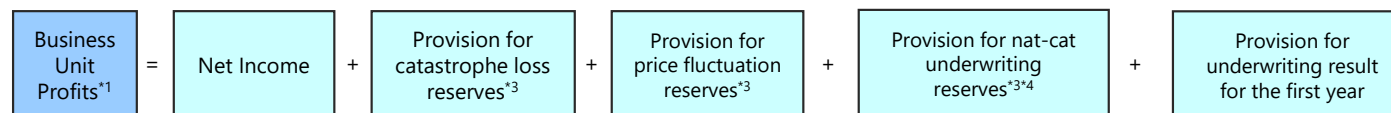
\*4: Unearned fire insurance premiums corresponding to large natural catastrophe risk.

\*5: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities.

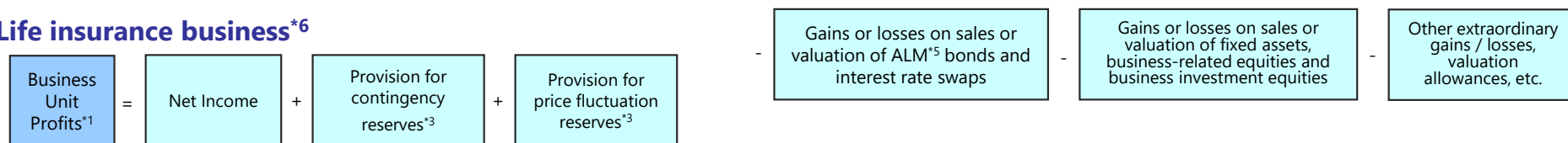
\*6: For the overseas life insurance companies, Business Unit Profits is calculated by using the definition in Other businesses.

## Definition of Business Unit Profits

### Non-life insurance business

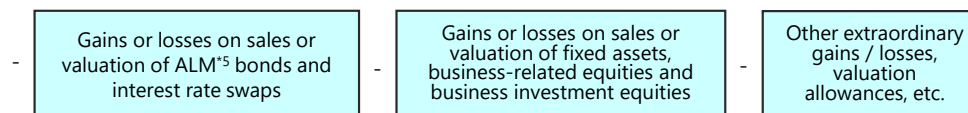


### Life insurance business<sup>\*6</sup>



### Other businesses

Net income determined in accordance with financial accounting principles



## Definition of Net Asset Value



# Reconciliation of Adjusted Net Income: FY2022 1Q Results

## Reconciliation<sup>\*1</sup>

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

(billions of JPY)

	FY2021 1Q Results	FY2022 1Q Results	YoY Change	FY2022 Projection
Net income attributable to owners of the parent (consolidated)	159.7	124.5	-35.1	430.0
Provision for catastrophe loss reserves <sup>*2</sup>	+12.1	+6.1	-5.9	+28.0
Provision for contingency reserves <sup>*2</sup>	+0.1	+0.2	0.1	+0.0
Provision for price fluctuation reserves <sup>*2</sup>	+1.8	+1.3	-0.4	+5.0
Provision for nat-cat underwriting reserve <sup>*2,3</sup>	+0.1	-0.2	-0.3	-0.0
Provision for underwriting result for the first year	-29.2	-22.2	6.9	-26.0
Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps	+0.9	+0.9	-0.0	+0.0
Gains or losses on sales or valuation of fixed assets and business investment equities	-2.1	+0.3	2.5	+2.0
Amortization of goodwill and other intangible fixed assets	+23.7	+28.0	4.3	+111.0
Other extraordinary gains/losses, valuation allowances, etc.	-0.0	-0.1	-0.1	-0.0
<b>Adjusted Net Income</b>	<b>167.2</b>	<b>139.1</b>	<b>-28.1</b>	<b>550.0</b>

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

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

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

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



# Reconciliation of Business Unit Profits

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

	FY2021 1Q Results	FY2022 1Q Results	YoY	FY2022 Projections
Net income for accounting purposes	141.0	140.1	-0.8	286.0
Provision for catastrophe loss reserves <sup>*2</sup>	+12.4	+7.8	-4.6	+28.5
Provision for price fluctuation reserves <sup>*2</sup>	+1.1	+1.1	-0.0	+4.4
Provision for nat-cat underwriting reserves <sup>*2,3</sup>	+0.1	+0.0	-0.0	-
Provision for underwriting result for the first year	-27.7	-20.8	6.8	-24.4
Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps	+0.8	+0.0	-0.7	+0.5
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	-16.5	-28.4	-11.9	-57.7
Intra-group dividends	-32.6	-66.3	-33.7	-79.0
Other extraordinary gains/losses, valuation allowances, etc	+5.1	+1.8	-3.2	+15.2
<b>Business Unit Profits</b>	<b>83.8</b>	<b>35.4</b>	<b>-48.4</b>	<b>173.0</b>

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

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

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

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

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

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

(billions of JPY)

	FY2021 1Q Results	FY2022 1Q Results	YoY	FY2022 Projections
Net income for accounting purposes	10.1	4.6	- 5.4	41.0
Provision for contingency reserves <sup>*2</sup>	+ 0.0	+ 0.0	0.0	+ 0.1
Provision for price fluctuation reserves <sup>*2</sup>	+ 0.2	+ 0.2	- 0.0	+ 0.9
Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps	+ 0.1	+ 0.9	0.7	+ 0.4
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	+ 0.0	+ 0.0	- 0.0	+ 0.0
Other extraordinary gains/losses, valuation allowances, etc	-	-	-	-
<b>Business Unit Profits</b>	<b>10.5</b>	<b>5.9</b>	<b>- 4.6</b>	<b>42.0</b>

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

	FY2021 1Q Results	FY2022 1Q Results	YoY	FY2022 Projections
Net income for accounting purposes	55.9	65.1	9.2	279.0
Adjustment of non-controlling interests	-0.9	+0.8	1.8	
Difference of subsidiaries covered	-0.1	-3.4	-3.3	
Other adjustments <sup>*5</sup>	+3.3	+4.4	1.0	
<b>Business Unit Profits</b>	<b>58.2</b>	<b>66.9</b>	<b>8.6</b>	<b>263.0</b>

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

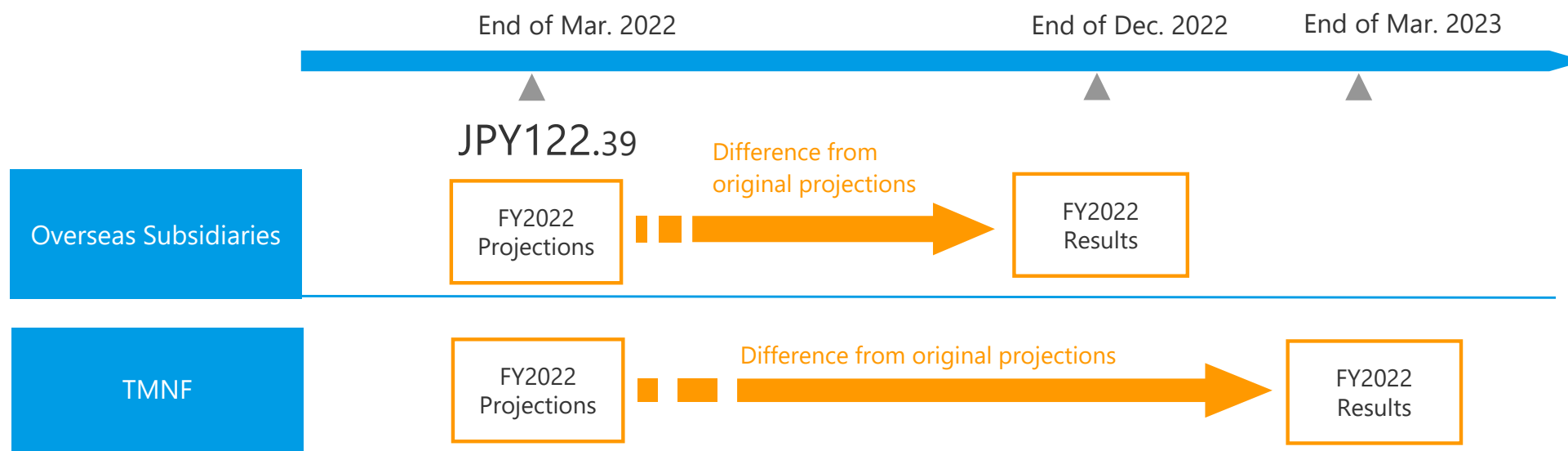
## Estimated impact of the depreciation of JPY to USD by 1 yen

Impact on net income on financial accounting basis*2		Impact on adjusted net income*2	
■ Increase in overseas subsidiaries profit:	circa +JPY1.4bn	■ Increase in overseas subsidiaries profit:	circa +JPY2.2bn
➡ Increase in profit from local subsidiaries		(Of the factors stated in the left, amortization of intangible fixed assets and goodwill has no impact as it is added back to adjusted net income)	
➡ Increase in amortization of intangible fixed assets and goodwill		■ Change in reserves for foreign currency denominated loss reserves and FX derivatives income, etc. at TMNF*1:	circa -JPY2.0bn
■ Change in reserves for foreign currency denominated loss reserves and FX derivatives income, etc. at TMNF*1:	circa -JPY2.0bn		
Total:	circa -JPY0.6bn	Total:	circa +JPY0.2bn

\*1: Assumes the balances all denominated in USD

\*2: Estimated impact on the FY2022 projections on an after-tax basis

## Reference: applied FX rate (USD/JPY)



# MEMO

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