



Tokio Marine Holdings

To Be a Good Company

Tokio Marine Group Mid-Term Business Plan “To Be a Good Company 2017”

FY2016 Business Plan Update

November 2016

Tokio Marine Holdings, Inc.



I

Tokio Marine Group Business Strategy

1. Progress of the Mid-Term Business Plan
2. ERM & Shareholder Returns

II

Business Plan and Strategy by Domain

1. Domestic Non-Life
2. Domestic Life
3. International Insurance

Reference

◆Abbreviations used in this material

- TMNF : Tokio Marine & Nichido Fire Insurance Co., Ltd.
- NF : Nisshin Fire & Marine Insurance Co., Ltd.
- TMNL : Tokio Marine & Nichido Life Insurance Co., Ltd.
- FL : Former Tokio Marine & Nichido Financial Life Insurance Co., Ltd.
- TMHCC : Tokio Marine HCC



I

Tokio Marine Group Business Strategy

1. Progress of the Mid-Term Business Plan

2. ERM & Shareholder Return

1-1. Objectives of the Mid-Term Business Plan



Mid-Term Business Plan “To Be a Good Company 2017”

~Evolve business structure to realize sustainable profit growth and higher ROE~

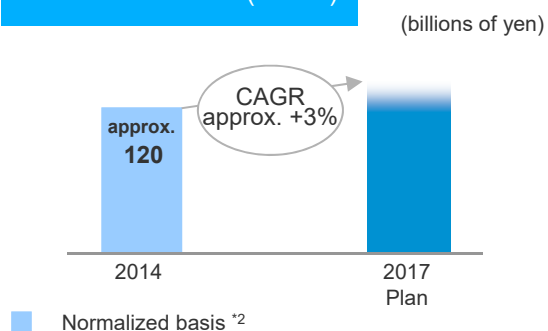
Group Total

FY2017 outlook	
Enhance capital efficiency	Adjusted ROE : Upper 9% range *1
Sustainable profit growth	Adjusted Net Income : Approx. ¥400B *1
Enhance shareholder returns	Steady growth of dividends in line with profit growth

*1: Released in Nov. 2015
Based on market environment as of the end of Mar. 2015

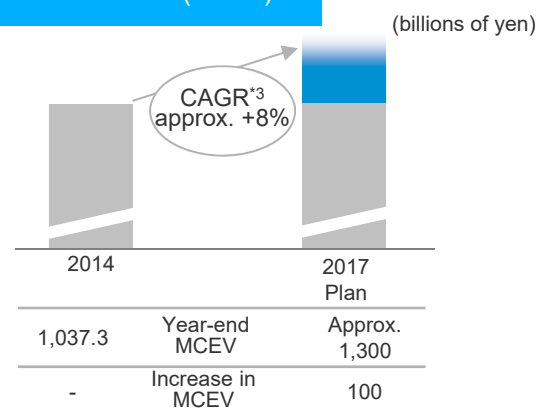
Business Unit Profits

Domestic Non-Life (TMNF)



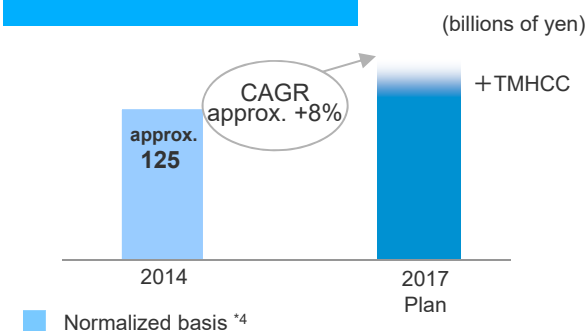
*2: FX effects are excluded and natural catastrophe losses is normalized to an average annual level

Domestic Life (TMNL)



*3: CAGR of MCEV

International Insurance

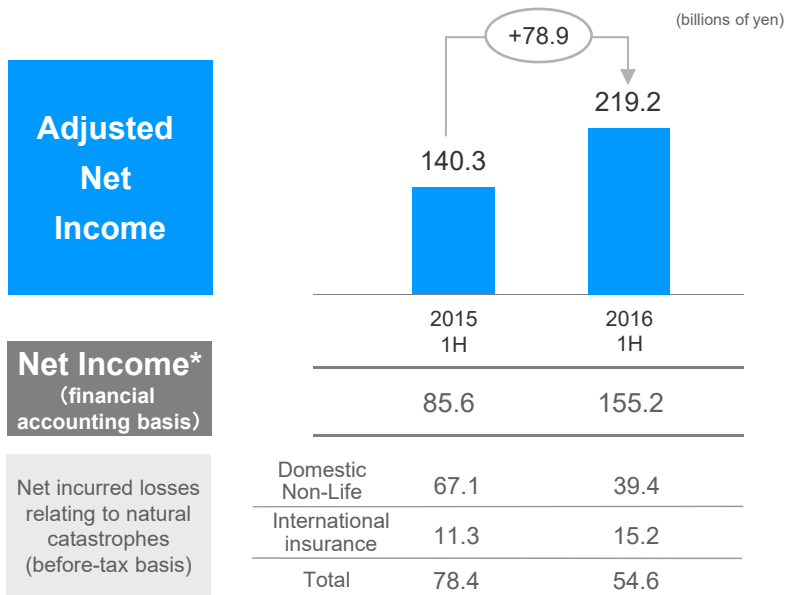


*4: FX rate is as of the end of Mar. 2015, and natural catastrophe losses is normalized to an average annual level

1-2. 2Q FY2016 Results



Adjusted Net Income (Group Total)



Adjusted net income increased by ¥78.9B YoY mainly due to:

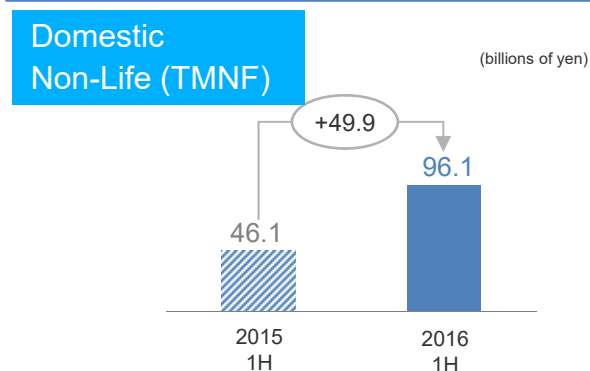
- Profit contribution of TMHCC
- Decrease in natural catastrophe losses in domestic non-life
- Decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen in domestic non-life
- Decrease in profit due to the appreciation of the yen at overseas subsidiaries

Net income on financial accounting basis increased by ¥69.6B YoY mainly due to the above factors and:

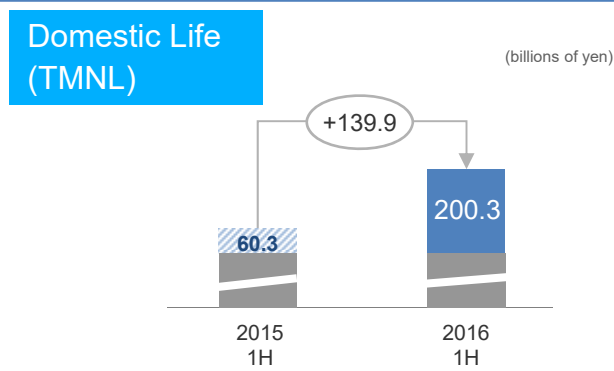
- Decrease in net provision for catastrophe loss reserves in domestic non-life (positive to profit)
- Amortization of goodwill associated with new consolidation of TMHCC (negative to profit)

Business Unit Profits

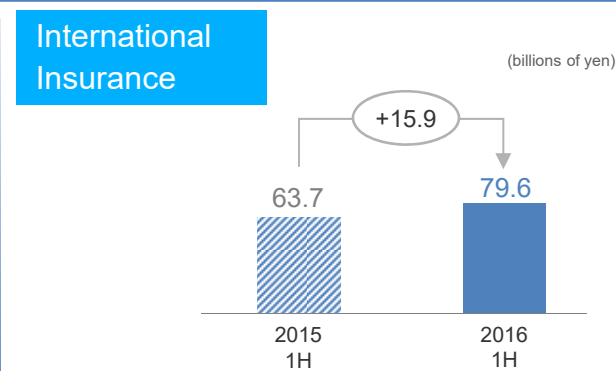
* Net income attributable to owners of the parent



Increased due to decreases in natural catastrophe losses and provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen



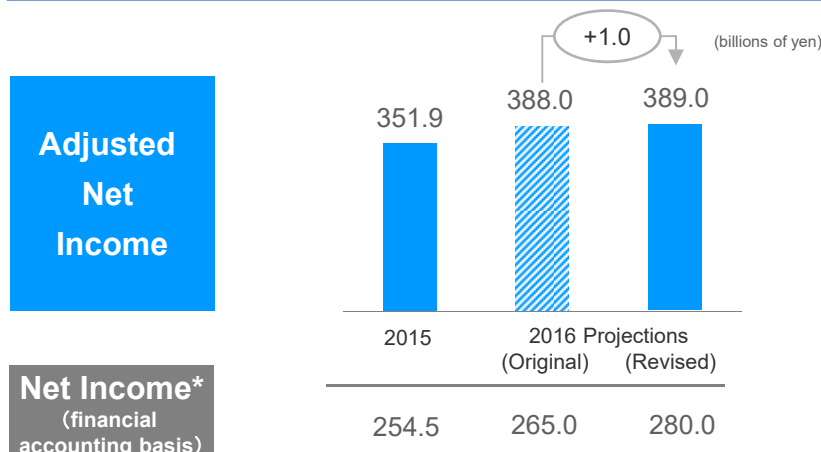
Increase in MCEV increased YoY mainly due to the changes in definitions in measurement method



Increased due to profit contribution of TMHCC and the progress of growth measures, etc., despite the appreciation of the yen

1-3. FY2016 Full-Year Projections

Adjusted Net Income (Group Total)



Adjusted net income revised upward by ¥1.0B, reflecting upward revision in profit growth in domestic non-life, despite the effect of the appreciation of the yen at overseas subsidiaries

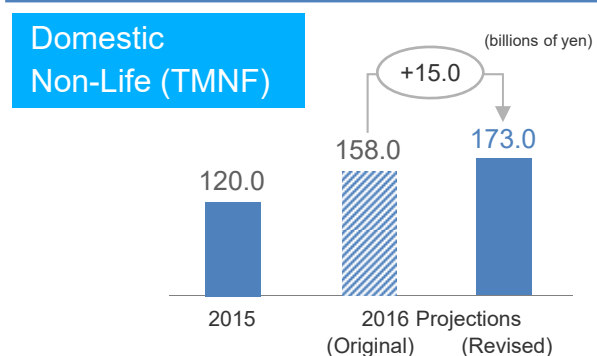
Net income on financial accounting basis revised upward by ¥15.0B due to a decrease in an amortization of goodwill associated with the appreciation of the yen, etc., in addition to the above factors

Net Income* (financial accounting basis)

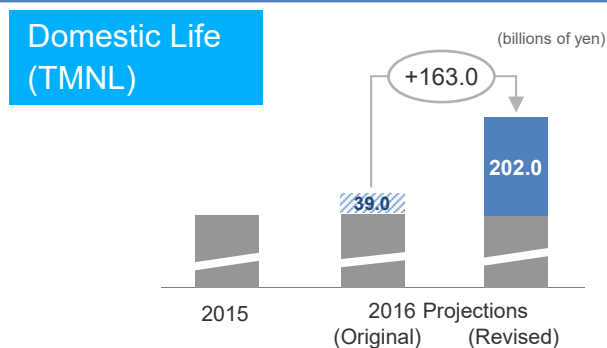
	2015	2016 Projections (Original)	2016 Projections (Revised)
Net income on financial accounting basis	254.5	265.0	280.0
Net incurred losses relating to natural catastrophes (before-tax basis)			
Domestic Non-Life	77.4	48.0	48.0
International insurance	15.7	47.0	36.0
Total	93.1	95.0	84.0

* Net income attributable to owners of the parent

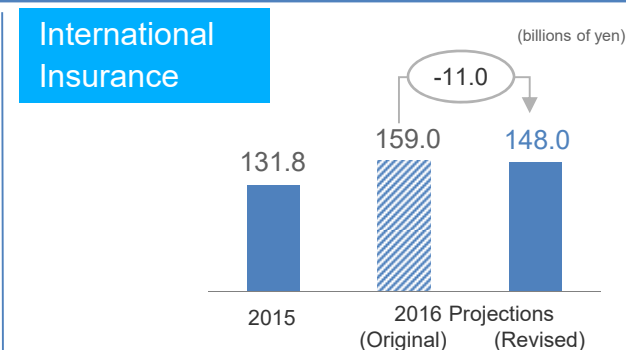
Business Unit Profits



Upward revision due to a decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen



Increase in MCEV revised upward mainly due to the changes in definitions in measurement method



Downward revision due to the appreciation of the yen

1-4. Key Financial Indicators (1)

Projecting favorable progress of adjusted net income and adjusted ROE for FY2016, the second year of the mid-term plan, due to steady execution of growth strategies in each domain

☑ **Adjusted net income:**

Projecting ¥389.0B, an increase by ¥37.1B YoY

An increase of ¥65.7B from FY2014*

☑ **Adjusted ROE:**

Projecting 10.7%, an increase by 1.6pt YoY

Upward revision by 0.2pt from the original projections of 10.5%

☑ **Shareholder returns:**

Projecting dividend increase for 5 consecutive years in line with profit growth

Annual dividends is projected to be ¥135 per share, an increase by ¥25 YoY

Share repurchases of up to ¥25.0B in 2H FY2016 has been resolved

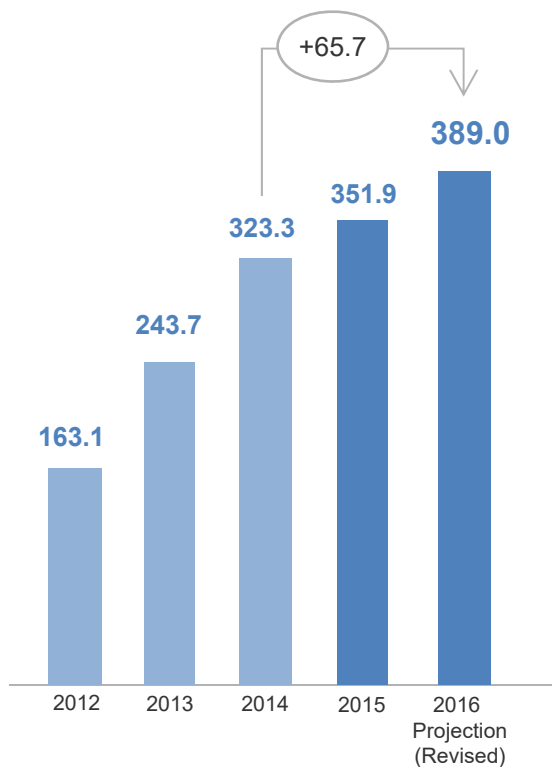
* FY2014 is the final year of the previous mid-term business plan

1-4. Key Financial Indicators (2)

Expanding Profit

Adjusted net income

(billions of yen)



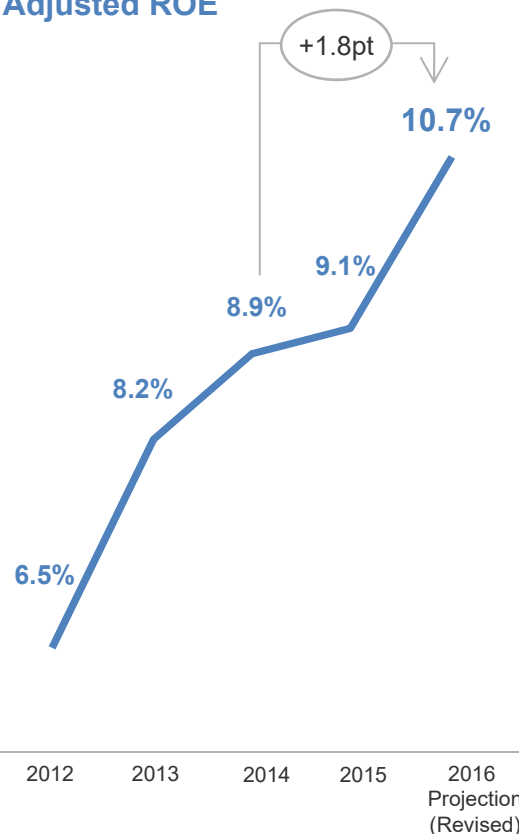
	Previous mid-term period			Current mid-term period	
Net income* (Financial accounting)	129.5	184.1	247.4	254.5	280.0

* Since FY2015, net income attributable to owners of the parent



Enhancing Capital Efficiency

Adjusted ROE



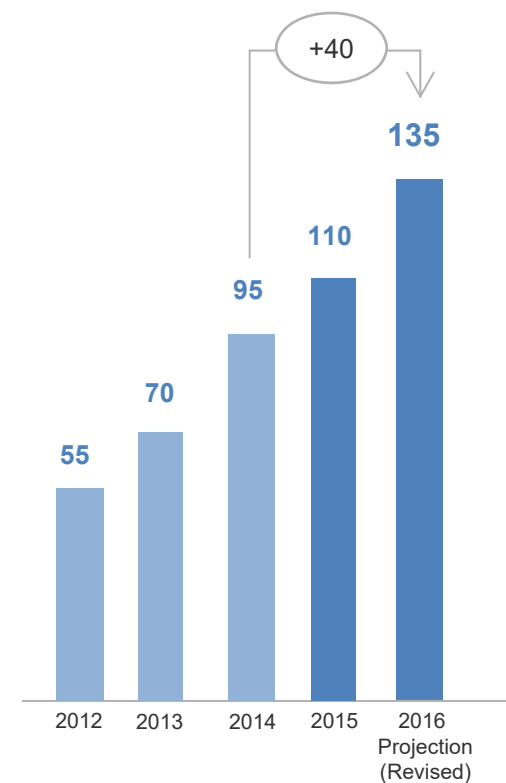
	Previous mid-term period			Current mid-term period	
ROE (Financial accounting)	6.2%	7.3%	7.9%	7.2%	8.2%



Expanding Shareholder Returns

DPS (Dividends per share)

(yen)





	Previous mid-term period			Current mid-term period	
DPS (yen)	55	70	95	110	135

Share repurchases



Share repurchases of up to ¥25.0B in 2H FY2016 has been resolved

1-5. Progress of the Mid-Term Business Plan (1)

Steadily execute strategies in the mid-term business plan to evolve business structure to realize sustainable profit growth and higher ROE

	FY2015	FY2016	FY2017
Unlocking our potential 【Enhancement】	<p>Enhancing the integrated business model for life and non-life</p> <ul style="list-style-type: none"> Strengthen consulting skills of agents through utilization of “next-generation business model” (tablet PCs) Expand comprehensive discount for <i>Super Insurance</i> (October 2016) 		<p>Further promote the integrated business model for life and non-life utilizing <i>Super Insurance</i></p> <p>Establish new business model</p> <ul style="list-style-type: none"> Supporting regional development in Japan Health & Productivity Management <p>Further advance claims-service capabilities and utilizing our risk consulting service</p> <p>Further expansion of group synergies on a global basis</p>
	<p>Strengthening claims-service capabilities and further utilizing our risk consulting service</p> <ul style="list-style-type: none"> Strengthen claims-service capability of employees and agents Provide BCP planning services Product revisions of fire insurance to strengthen capability for wide-area disasters (January 2017) 		
	<p>Enhancing organic growth in international insurance</p> <ul style="list-style-type: none"> Strengthen growth strategies utilizing each group company’s strength Pursuing synergies leveraging the Group’s global footprint and high expertise of each group company 		
Capitalizing on changes 【Evolution】	<p>Effectively forecasting and proactively meeting the emerging and evolving needs</p>	<ul style="list-style-type: none"> Product revisions of auto insurance responding to the changing business environment Develop new insurance products for cancer, medical and household income coverage Provide Drive Agent and Automatic Accident Report Service 	<p>Study advancing technologies and offer product and services proactively meeting the emerging and evolving needs</p> <p>Deploy digital strategy on a global group-wide base</p>
	<p>Strengthening R&D</p>	<p>Original Drive Recorder</p>  <ul style="list-style-type: none"> Advance “next-generation business model” and expand it to overseas group companies Establishment of Digital Strategy Division (July 2016) 	

1-5. Progress of the Mid-Term Business Plan (2)

		FY2015	FY2016	FY2017
Pursuing growth opportunities [Expansion]	Promoting disciplined business investment	<ul style="list-style-type: none"> • Acquisition of TMHCC and smooth progress of PMI <ul style="list-style-type: none"> - Leading to a more stable group business foundation - Further enhance abilities to create group synergies • Continuous bolt-on acquisitions in developed countries 		Disciplined business investment <ul style="list-style-type: none"> • Continue to consider new business investments in both developed and emerging country markets
	Enhancing our diversified business portfolio			
Advancing our business platform [Excellence]	Advancing ERM and improving risk portfolio	<ul style="list-style-type: none"> • Reduce the risks associated with business-related equities • Strengthen control of natural catastrophe risks • Achieve stable growth of dividends 		Continuous improvements in risk portfolio based on enterprise risk management (ERM) <ul style="list-style-type: none"> • Continuous reduction of risks associated with business-related equities • Continuously improving and sophisticating risk measurement model
	Strengthening our business platform	<ul style="list-style-type: none"> • Aligned group management (April 2016) <ul style="list-style-type: none"> – Establishment of Group Chief Officer positions – Establishment of committees and strengthened their functions – Involvement of overseas talent in the group management • Strengthen global HR strategies • Increasing productivity through innovation in work style <ul style="list-style-type: none"> – Utilization of “next-generation business model” (tablet PCs) – Innovation in office work process 		Maximize the Group’s comprehensive capability <ul style="list-style-type: none"> • Work to solve management issues on a global/group basis
	Developing a diverse human workforce			Further strengthen global HR strategies <ul style="list-style-type: none"> • Develop global leaders • Develop human resources with high expertise by specialty • Expand the base of the global talent pool
				Continuously promote innovation in work style

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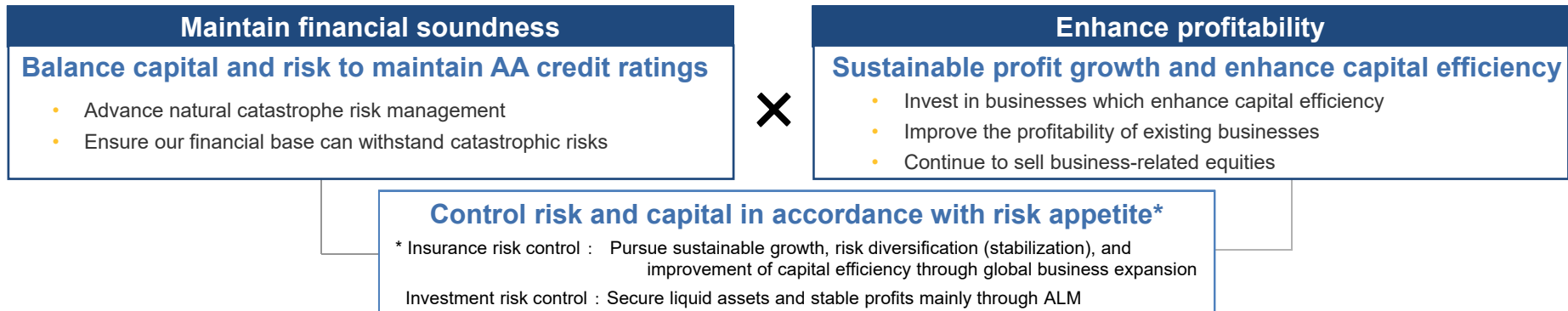
1. Progress of the Mid-Term Business Plan

2. ERM & Shareholder Return

2-1. Promoting Strong ERM (1) (Controlling Risk and Capital)

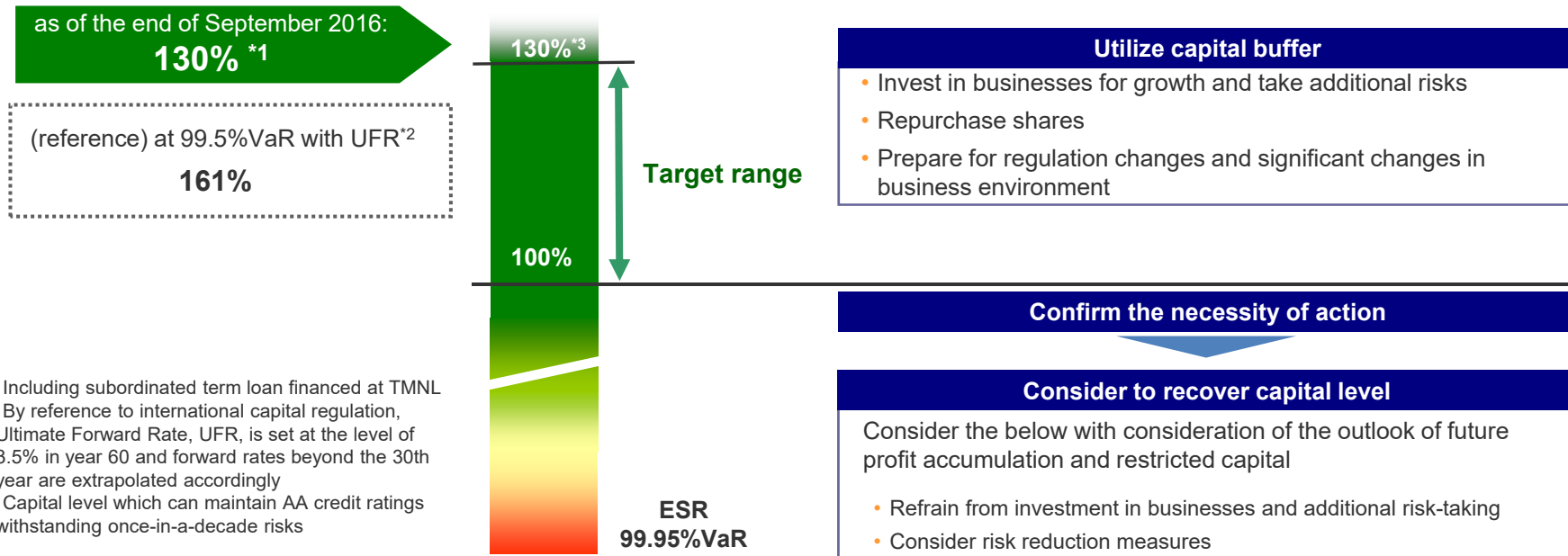


Control risk and capital



Economic Solvency Ratio (ESR)

- Utilize strict capital model which calculates risk capital based on 99.95%VaR (standard to maintain AA credit rating) and excludes restricted capital, while referring to the method in Solvency II in Europe, etc.
- Target range of ESR is 100~130% in light of financial soundness and profitability

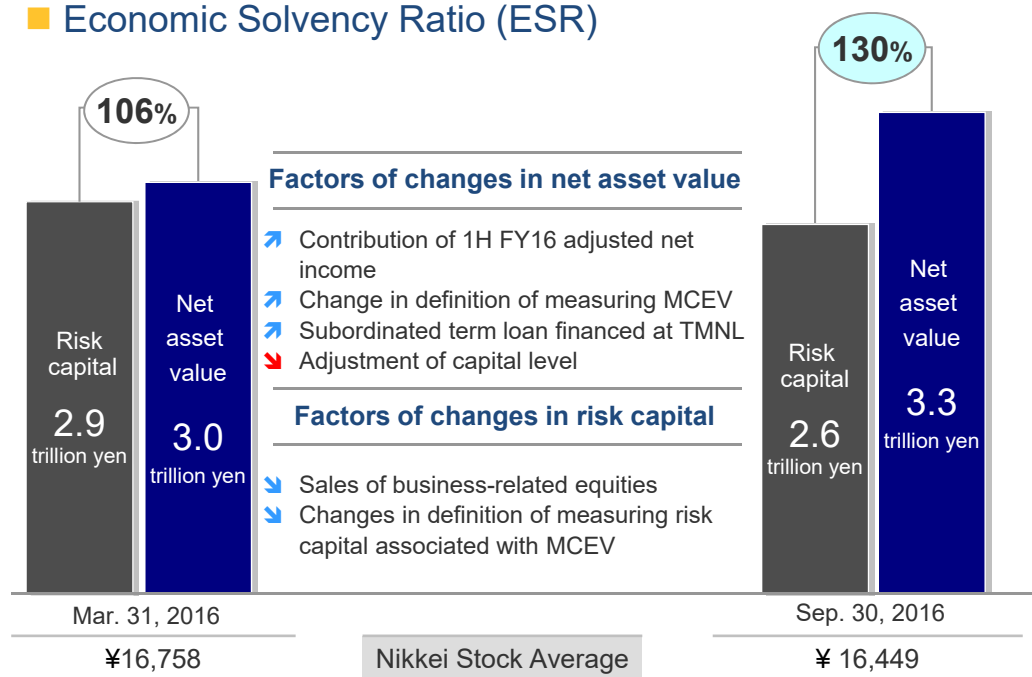


*1 Including subordinated term loan financed at TMNL
 *2 By reference to international capital regulation, Ultimate Forward Rate, UFR, is set at the level of 3.5% in year 60 and forward rates beyond the 30th year are extrapolated accordingly
 *3 Capital level which can maintain AA credit ratings withstanding once-in-a-decade risks

2-1. Promoting Strong ERM (2) (ESR as of Sep. 30, 2016)

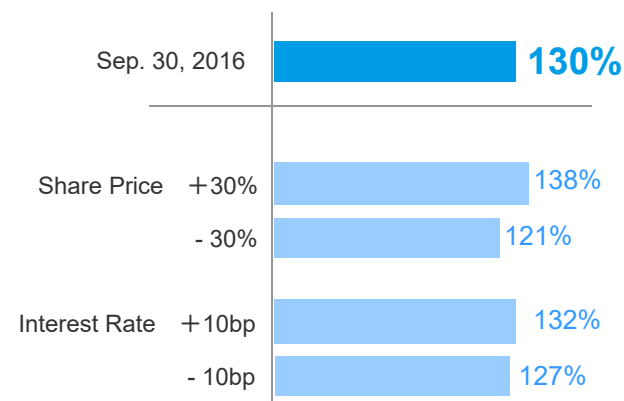
- ESR has been improved to 130% due to a decrease in risk capital as well as an increase in net asset value
 - Factors increasing net asset value: Contribution of 1H FY16 adjusted net income, changes in definition of measuring MCEV, etc.
 - Factors decreasing risk capitals: Sales of business-related equities, changes in definition of measuring risk capital associated with MCEV, etc.
- Business continuity is confirmed even in the event of stress scenario

Economic Solvency Ratio (ESR)

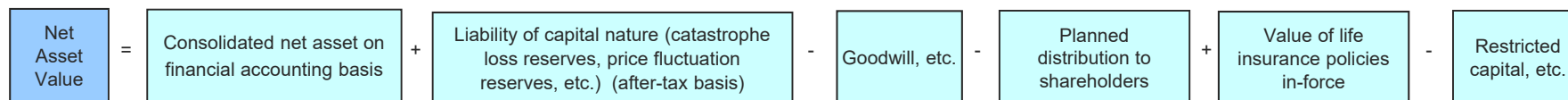


Impact of market changes on ESR and our measures

- Share price: Continue to sell business-related equities as the impact on ESR associated with the market value fluctuation is large
- Interest rate: While preparing for the future rise in interest rate, control the impact of interest rate fluctuation through ALM
- FX rates: Limited impact on ESR



Net Asset Value



2-2. Shareholder Returns

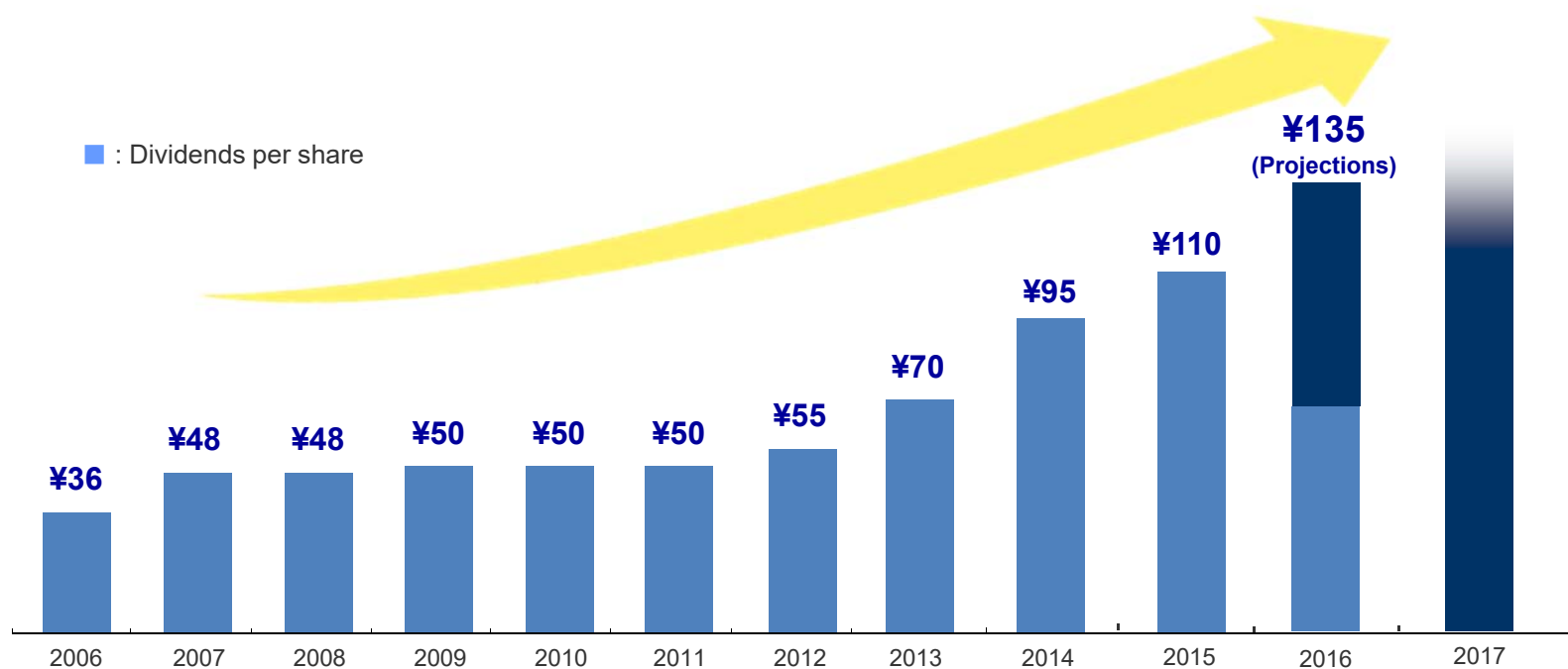
Steady growth of dividends



Flexible share repurchases

- Our primary means of shareholder returns is dividends, which we plan to increase in line with profit growth
- We pursue steady growth of dividends, and payout ratio as a guide is above 35% of average adjusted net income
 - Interim dividends is ¥67.5 per share as planned in the initial projections
 - Annual dividends is projected to increase by ¥25 YoY to ¥135 per share (payout ratio* of 35%), representing five consecutive years of increase

*payout ratio to average adjusted net income
- We intend to conduct share repurchases in a flexible manner based on a comprehensive assessment of market conditions, our capital levels, business investment opportunities, and other relevant factors
 - Share repurchases of up to ¥25B in 2H FY2016 has been resolved



2-3. Group Asset Management

Group Asset Management Concept

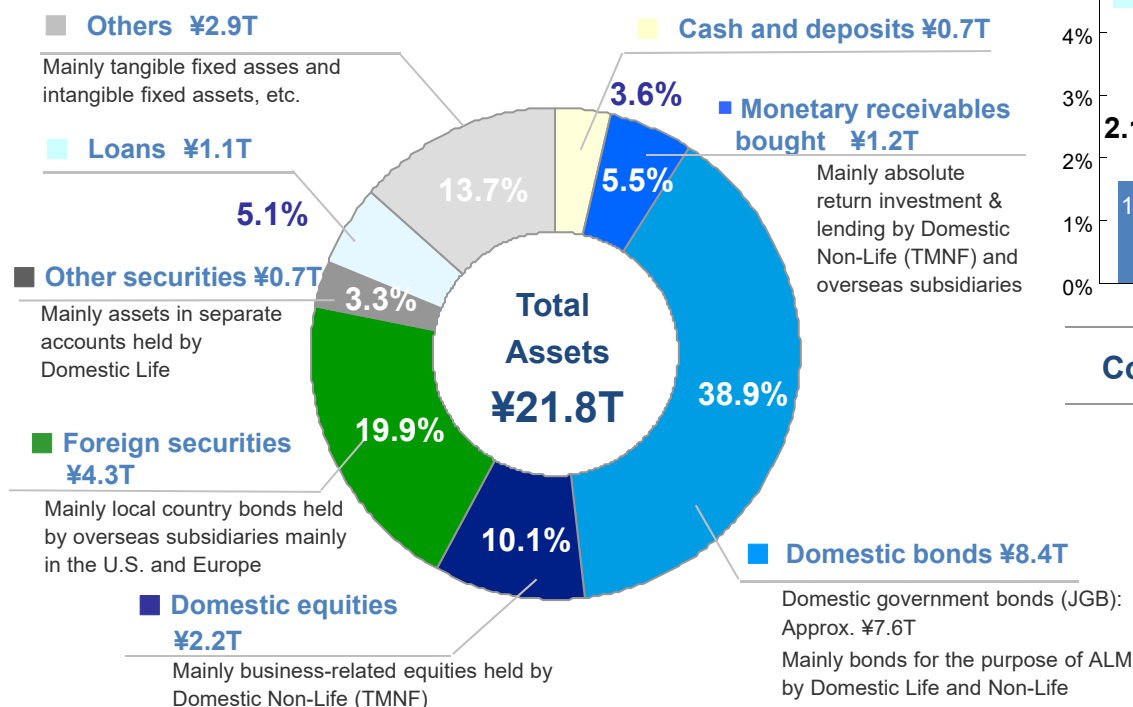
- With asset and liability management (ALM) at the core, we aim for steady profit growth while ensuring liquidity
- Further strengthen investment capability by enhancing coordination among group companies in Japan and overseas and promoting global investment diversification

<Investment policy for each asset>

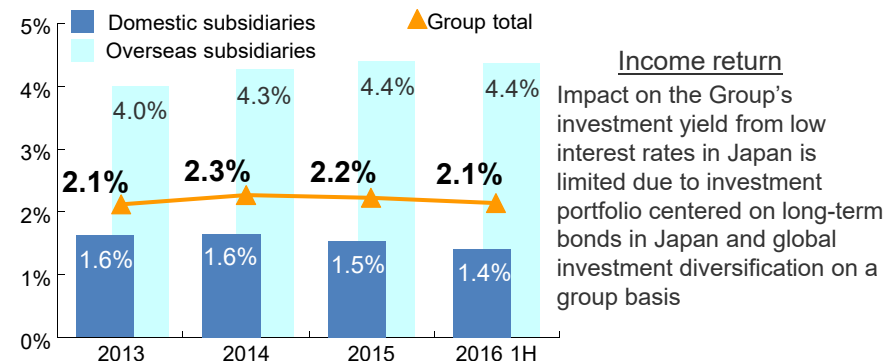
- Domestic bond: Hold for controlling interest rate risks of yen-dominated insurance liabilities while closely watching the market trend
- Foreign securities (mainly foreign bonds): Increase the balance through investment in bonds in the U.S. and Europe by domestic subsidiaries as well as asset expansion at overseas subsidiaries
- Domestic equities (business-related equities): Continue to sell more than ¥100B per year from the perspective of enhancing capital efficiency

Asset composition of TMHD (Consolidated)

* As of the end of Sep. 2016

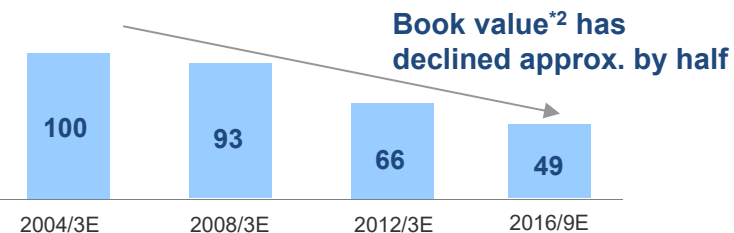


Investment yield of the Group



Continuous reduction of business-related equities

Sold total amount of ¥1.4T*1 since FY2004



* 1: Market price at the time of sale

* 2: Figure at the end of FY2003 is set at index value of 100



II

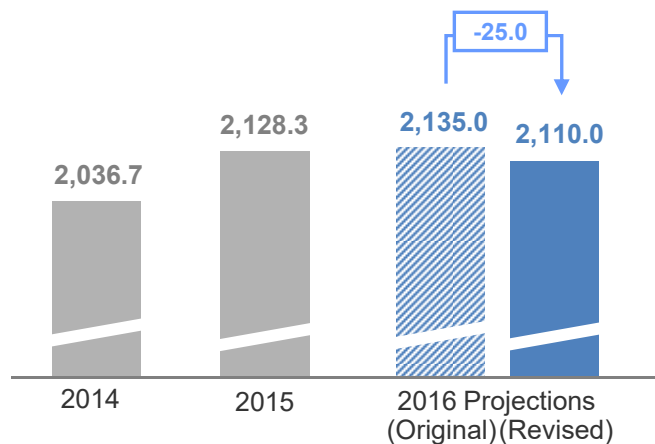
Business Plan and Strategy by Domain

1. Domestic Non-Life
2. Domestic Life
3. International Insurance

1-1. TMNF FY2016 Projections

- Business unit profits is revised upward despite downward revision of net premiums written
- Steady progress of both top-line and bottom-line as planned in the mid-term plan

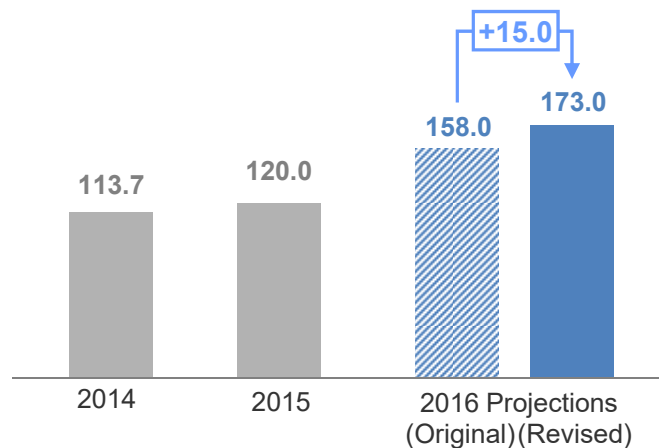
■ Net Premiums Written (billions of yen)



Downward revision by ¥ 25.0B from the original projections mainly due to;

- Impact of the appreciation of the yen on foreign currency denominated contracts
- Not factoring last minute demand associated with the postponement of consumption tax hike which was factored in the original projections

■ Business Unit Profits (billions of yen)



Upward revision by ¥ 15.0B from the original projections mainly due to;

- ✓ Decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen
- ✓ Improvement in loss ratio mainly in auto

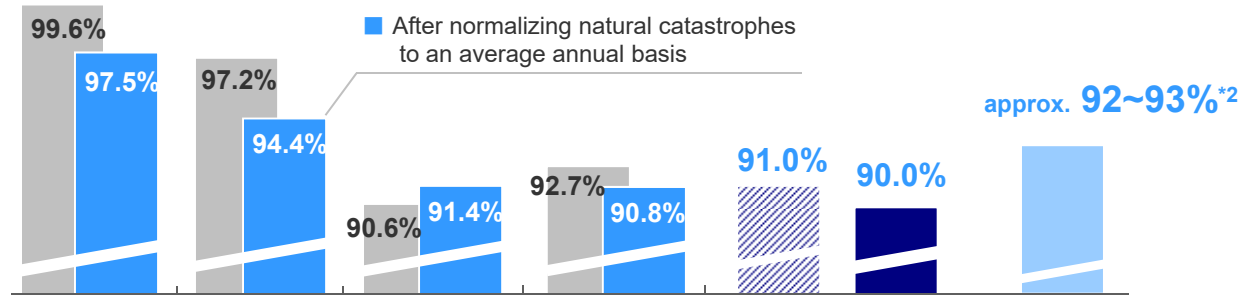
1-2. TMNF Business Results Trend

Stable combined ratio as a result of measures implemented to improve profitability

Combined Ratio

(Private insurance: E/I basis*1)

*1 Loss ratio (private insurance E/I basis) + expense ratio (private insurance W/P basis)



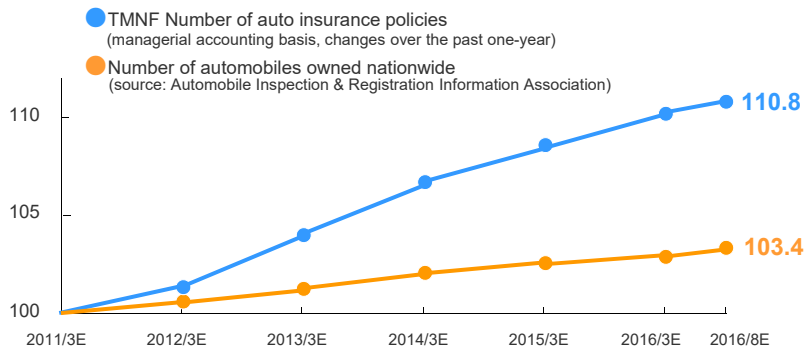
	2012	2013	2014	2015	2016 Projections		2017 Plan
					(Original)	(Revised)	
E/I loss ratio	66.8%	65.0%	58.5%	60.1%	58.3%	57.2%	
Excl. natural catastrophes	62.8%	60.1%	56.9%	56.0%	55.8%	54.7%	
Natural catastrophes normalized to an average annual basis	64.7%	62.2%	59.2%	58.2%	-	-	
Auto insurance	69.4%	65.3%	61.1%	60.5%	60.9%	60.3%	
Expense ratio	32.8%	32.2%	32.2%	32.6%	32.7%	32.8%	

*2 Planned figure at the time of formulating the mid-term business plan factoring consumption tax hike in April 2017, which was announced to be delayed.

Auto insurance market share is expanding due to steady execution of growth strategies

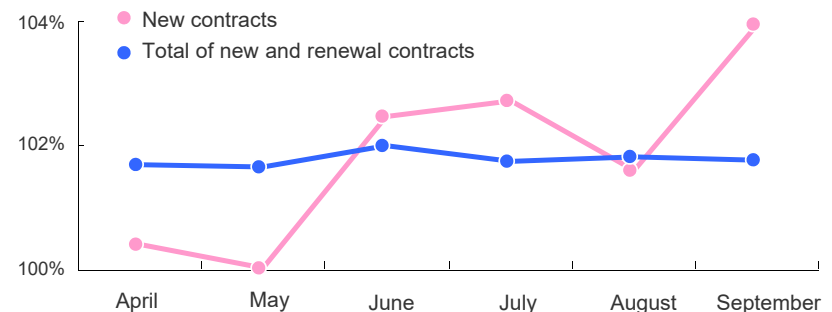
- Growth of the number of auto policies substantially exceeds that of automobiles owned nationwide

Growth rate of number of autos (2011/3E is set at index value of 100)



TMNF's premiums written³ (monthly YoY changes)

- Each month attains YoY growth in new premiums
- Premiums written including renewal contracts stably grows in the range of 101-102%



*3 Results in FY2016. Non-fleet auto Insurance premiums on managerial accounting basis

1-3. TMNF Unlocking the Potential (Integrated Business Model for Life and Non-life)



Becoming “the best choice” for customers through unlocking the potential of the integrated business model for life and non-life with *Super Insurance* at the core

Improve product appeal

■ Revision of Comprehensive Discount for *Super Insurance**1

- Expand Comprehensive Discount for *Super Insurance* to promote sales of multi-line non-life policies, and introduce discount for long-term fire insurance
- Introduce discount for life insurance product aiming for increasing ratio of the number of *Super Insurance* with either life or third sector coverage as well as strengthening customer contact

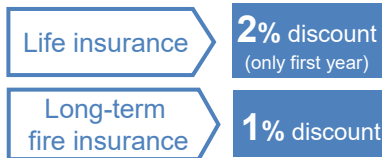
【Higher discount rates】

In case of attaching 3 or more non-life lines of products

【Before revision】
2% discount

【After revision】
3% discount

【Expand product lines applied】



*1 A certain condition including premium is required to employ the discount rate

X

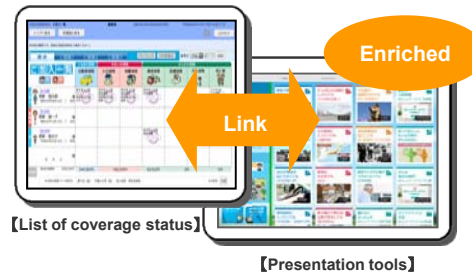
Enhance sales ability

■ Refine “next-generation business model”

- Enrich movies and presentation tools for providing information and stimulating needs
- Support consulting services at agents by enabling to directly start up presentation tools on the list of coverage status

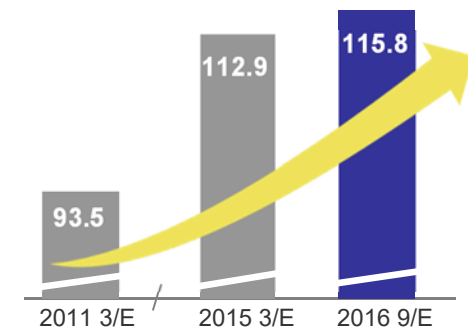
■ Advancing consulting services

- Enrich training programs for agents-supporting employees to strengthen consulting skill of the agents
- An accumulated attendance rate of the advanced life insurance course is approx. 37% since started in FY2015



• Unit premiums of *Super Insurance* Total of non-life and life

(thousands of yen)



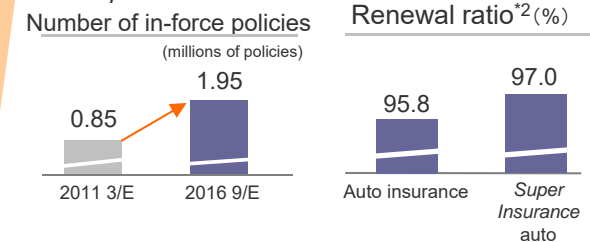
Ratio of the number of policies with either life or third sector coverage

2015 3/E	15.9%
2016 9/E	16.7%

Target ratio of the number of policies with either life or third sector coverage in 2020

20%

(reference) Data of *Super Insurance* “*Super Insurance*”



*2 Figures are for the past one-year period until the end of Sep. 2016.

1-4. TMNF Unlocking Our Potential (Establishment of New Business Model)

Develop new markets focusing on regional revitalization and health & productivity management leveraging insurance & services, in response to changing business environments of depopulation of rural areas, aging society with low birthrate and decline in the labor force population

Supporting regional development in Japan

Initiatives

TMNF

Our main solution

- Providing insurance
- BCP planning services
- Tourism (inbound)
- Support overseas expansion, etc.

- Municipalities
- Financial institutions
- Chamber of Commerce and Industry, etc.

Regions and societies (SME, etc.)

<reference>
Penetration rate of specialty insurance among SME
(searched by a research company)

Developed market: Approx. 65%

New markets to develop: 35%

- Estimate market size of specialty insurance on premium basis using data and sampling survey about 3.2 million small and medium-sized companies with 99 employees or less, excluding sole proprietors

New initiatives

- Launch **Super Business Protect**, comprehensive business insurance for members of the Chamber of Commerce and industry in July, 2016, in addition to existing nationwide group insurance for employment injury insurance and overseas products liability Insurance, etc.
- Attach support services for capturing inbound demand in light of needs from the SME members
- Acquire over 10thousand policies for approx. two months since launch

Insurance product	<ul style="list-style-type: none"> ● Comprehensive coverage of business risks
Service	<div style="border: 1px solid #0056b3; padding: 5px; margin-bottom: 5px;"> <ul style="list-style-type: none"> ● Multi-language interpretation service ● Provide inbound information service, etc. </div> <div style="border: 1px solid #0056b3; padding: 5px;"> <ul style="list-style-type: none"> ● Provide shop information for Chinese inbound tourists ● Offer TMNF special price </div>

Health & Productivity Management

<Business Environment>

- Growing interest in health and productivity management by companies
- Government supports for companies' initiatives

<Strengths of the Group>

- Know-how accumulated in the Group
- Recognized 2016 Health & Productivity Stock

Conventional product and services

- **Group insurance to support companies' employee benefit programs**
 - Medical and cancer insurance, and GLTD, etc.
- **"Data Health" support service**
 - Consulting service that supports health insurance associations to formulate data health plan based on analyses of health insurance claims and medical checkup results

Initiatives to support companies and health insurance associations which promote health & productivity management

- **Support service for health & productivity management**
 - New consulting service that support health enhancement measures for employees through analysis* focusing on productivity as well as medical expense
 - *Utilizing co-study with health & productivity management unit in Policy Alternatives Research Institute, University of Tokyo

1-5. TMNF Capitalizing on Changes (Products & Services Strategy, and Strengthen R&D)



Improve products & services in auto and fire insurance in response to environmental changes such as autonomous cars and frequent natural catastrophes, while enhance specialty insurance meeting customers' new needs

Product revision proactively responding to changes

Auto Insurance (revised in April 2017)

■ Develop coverage riders for expenses for saving victims

- Provide this rider as a safety net given the progress in autonomous driving system
- Contribute to realize safe and secure car societies

■ Drive Agent Personal



Develop high-value-added service* using telematics technology and provide it as a rider to individual policy holders

* Lend a drive recorder with our original communication function

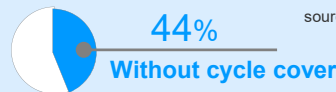
■ Development of Bicycle Package

Following recently emerging coverage needs to bicycle accidents, newly add a rider to auto insurance which covers liability and injury risk associated with riding bicycles

[reference] Ratio of household with bicycles [reference] Enrollment rate of cycle cover

70.4%

source: Juridical Foundation, Japan Bicycle Promotion Institute



source: A survey on web by TMNF

Fire Insurance (revised in January 2017)

■ Product revisions to strengthen capability for wide-area disasters

- Include expense claims which are often listed on the repair estimation into total amount of general claims. (Previously it was necessary to classify each item on the repair estimation into expense claims and general claims.)
- Implement "prompt" claims-services, "more easy to understand" products and "expansion of expense coverage"

Initiatives to expand specialty insurance

■ Cyber Risk Insurance (revised in January 2017)

Provide new coverage and various services for cyber risks in response to progress of IoT society and smart city, etc.

■ Insurance for agriculture

- Support for diversification of agriculture into processing and distribution (sixth sector industrialization) and exporting industrialization, and provide coverage responding to new risks for agricultural corporations
- Offer *Comprehensive Support Plan for Farmers* to managers of agriculture and livestock farming

■ Insurance for sharing economy

In the sharing economy area that is expected to grow, develop products and services for sharing providers (skill sharing in homemaker service & child day-care, renting private homes and rooms, pleasure boat, etc.)

Strengthen R&D



II . Business Plan and Strategy by Domain



1. Domestic Non-Life
- 2. Domestic Life**
3. International Insurance

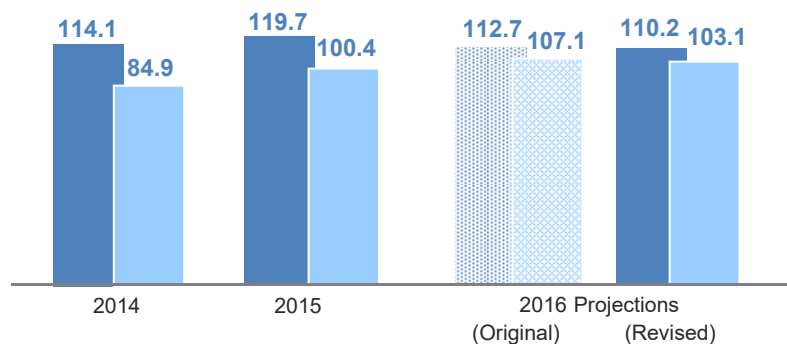
2-1. TMNL FY2016 Projections (1)

Aiming for growth maintaining financial soundness and profitability by accelerating sales shift from saving-type products to protection-type products

■ New Policies Annualized Premiums (ANP)

(billions of yen)

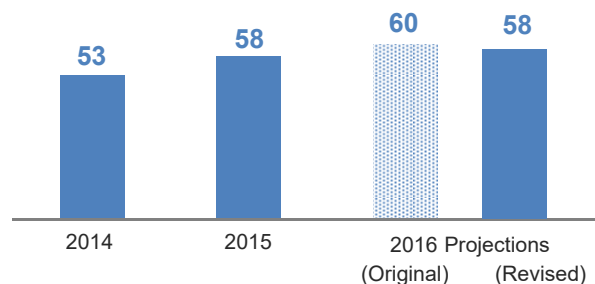
- Total of new policies ANP
- Excluding long-term saving-type products
(individual annuities and "whole life with long-term discount")



Year	Ratio of new policies ANP excluding long-term saving type products
2014	74%
2015	84%
2016 Projections (Revised)	94%

■ Individual Insurance - Number of New Policies

(ten thousands of policies)



● New Policies ANP

- Excluding long-term saving type products, revised downward to ¥103.1B due to the reversal effect of favorable sales of cancer insurance in FY2015, etc. although projecting to increase YoY
- Excluding long-term saving type products, CAGR from FY2014 to the revised projections of FY2016 is projected to be +10%
- New policies ANP is projected to be ¥110.2B
- Ratio of new policies ANP excluding long-term saving type products is projected to increase by 20pts to 94% from the end of FY2014

(Reference) Product revisions in response to the low interest rates

Prior to FY2014	FY2015	FY2016
■ Suspension of sales • Single payment endowment (new policy) • Single payment individual annuity	● Product revision • Whole life with long-term discount • Individual annuity • Single payment whole-life • Single payment increasing whole-life	■ Suspension of sales • Whole life with long-term discount • Individual annuity • Single payment whole-life • Single payment increasing whole-life • Single payment endowment (renewal) ■ Partial suspension of sales • Whole-life

* Meanwhile, release new protection-type products every year (please refer to page 27).

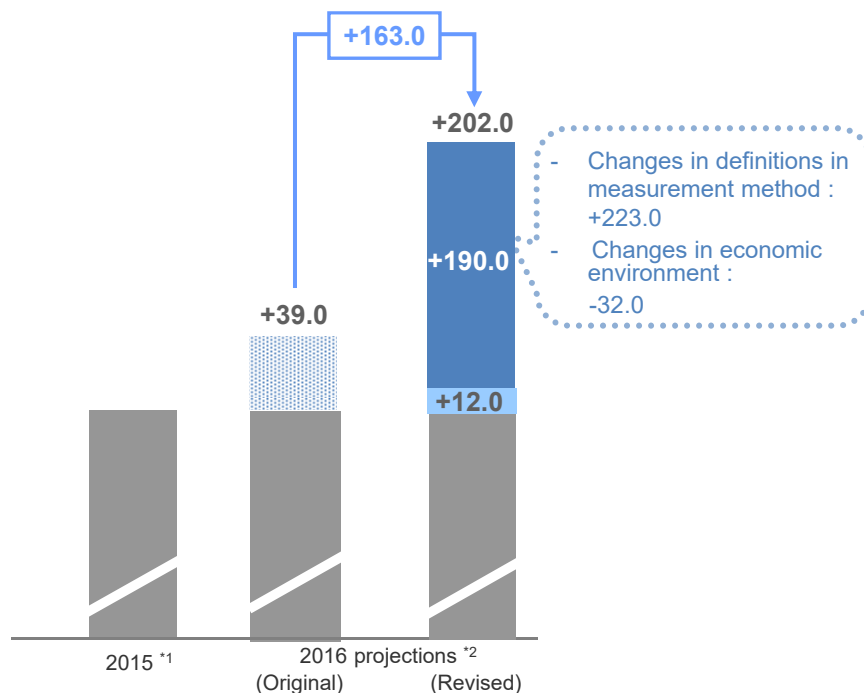
● Number of New Policies for Individual Insurance

- Projected to be 580,000 due to the above factors

2-1. TMNL FY2016 Projections (2)

■ Business Unit Profits (increase in MCEV)

(billions of yen)



Year	Year-end MCEV	Increase in MCEV
2015 ^{*1}	811.6	-
2016 projections ^{*2} (Original)	850.6	+39.0
2016 projections ^{*2} (Revised)	1,013.6	+202.0 (※)

※ Increase in MCEV of the revised projections in FY2016 excluding the effect of changes in definitions in measurement method and changes in economic environment is projected to be +12.0B

*1: Figures for FY 2015 are after payment of shareholders' dividends of the prior fiscal year

*2: Excluding the effects of payment of shareholders' dividends

● Business Unit Profits (Increase in MCEV)

- Upward revision by ¥163.0B from the original projections to ¥202.0B mainly due to changes in definitions in measurement method shown below
- Value of new business is projected to be positive by promoting sales shift to protection-type products

Changes in definitions in measurement method

- Review and updated some factors which can be considered too conservative today, based on the objective data, etc. on the occasion of one year after the introduction of MCEV in Apr. 2015

【 Major changes 】

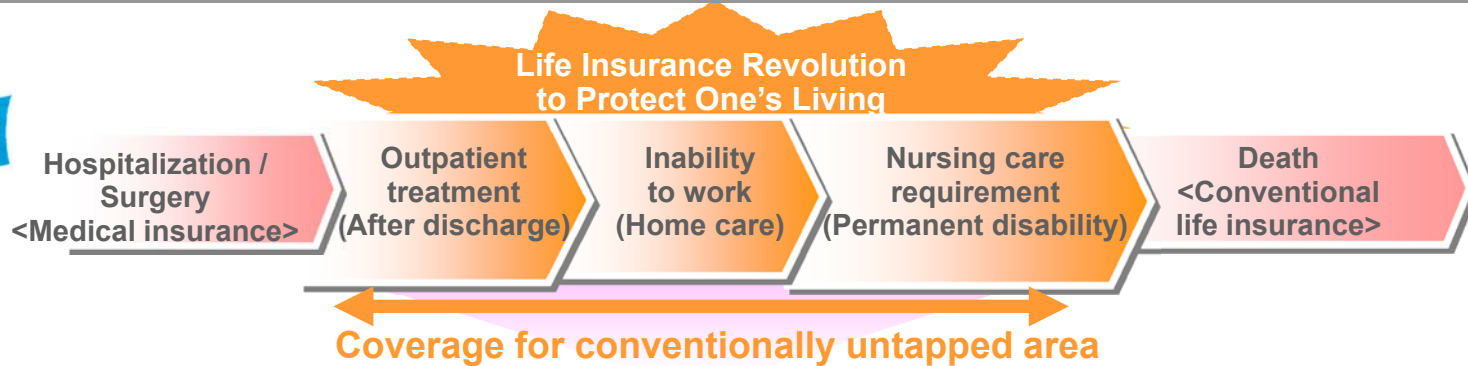
- Surrender risk:
Updated surrender rate fluctuation risks considering the definitions in the measurement method of the international capital regulations and TMNL's actual data
- Cancer payment risk (the third sector risk):
Updated considering analyses based on estimation models for cancer morbidity by third-party and TMNL's actual data, etc. since previously assuming too high increase in cancer diagnosis rate associated with advancement of medical technology
- Business expense risk:
Updated based on the most recent data considering the current situation where business expenses fluctuate less associated with the expansion of business

2-2. TMNL Promotion of “Life Insurance Revolution to Protect One’s Living”



- Focus on new field which are not fully covered by conventional life insurance
- Aiming for securing stable profit as well as growth by expanding our unique product line-up which meets the diverse customer needs and shifting to protection-type products

<Image>



July 2015 Cancer insurance

Cancer Treatment Support Insurance NEO

- Respond to the latest cancer treatment including chemotherapy

Cancer Insurance R

- Introduced unique R (return) function in addition to the above

November 2015 Medical insurance

Medical Kit NEO

- Higher competitive pricing and flexibility in coverage to meet diverse customer needs

Medical Kit R (Revised)

- Extended coverage in response to the latest medical treatment

November 2016 Household Income Term Insurance

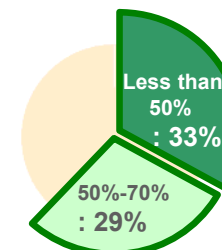
Household Income Term Insurance NEO Disability Plan

New

- Introduce new product in response to risk of “inability days to work” after discharge, which needs is growing
- Deliver industry-leading coverage including lump-sum benefit payment covering inability to work



Income Before and After an Incidence of Cancer

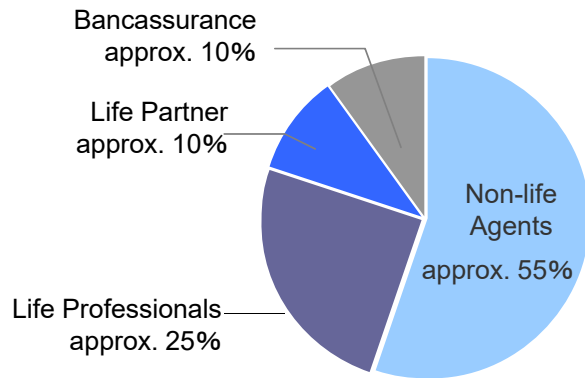


62% patients decreased income to 70% or less of that before the incidence

2-3. TMNL Strengthening Growth Potential

Promote multi-channel strategies utilizing each channel's strengths

Channel Composition
(life insurance premiums on managerial accounting at the end of Sep. 2016)



Measures to enhance growth of each channel

	Initiatives in FY2016
Non-life Agents	<ul style="list-style-type: none"> Enhance sales ability by deploying dedicated salesperson for life Promote integrated business for life and non-life
Life Professionals	<ul style="list-style-type: none"> Differentiate from competitors leveraging the highly unique products (Medical Kit NEO, etc.) Support for establishment of sales system in response to the revision of Insurance Business Act Strengthen business tie-up with non-life agents
Life Partner	<ul style="list-style-type: none"> Recruiting sales agents with higher consulting abilities Strengthen business tie-up with non-life agents
Bancassurance	<ul style="list-style-type: none"> Build closer ties with financial institutes which focus on selling protection-type insurance products to broaden customer base

Sustainable growth by promoting cross-sell

Further development of market by promoting sales channel mix

Business expansion through new initiative

■ Product revision of *Super Insurance*

- Introduce comprehensive discount for life insurance in *Super Insurance* (first year 2% discount) (October 2016)



■ Strengthen business tie-up utilizing strengths of channels

- Tie-up between non-life agents and life partner: increased by 8% YoY*
- Tie-up between non-life agents and life professionals: increased by 35% YoY*

* Life insurance premiums on managerial accounting basis at the end of Sep. 2016

■ Enhance website marketing

- Strengthen customer contact by using web advertisement and renewal of corporate website
- Introduce the internet-completion application system which enable the purchase of life insurance through the web (October 2016)

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II . Business Plan and Strategy by Domain



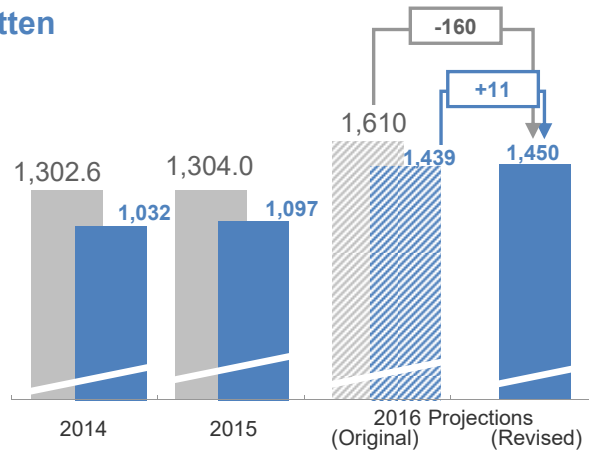
1. Domestic Non-Life
2. Domestic Life
- 3. International Insurance**

3-1. FY2016 Projections

- Promote initiatives to achieve further profit growth by maintaining underwriting discipline even under continuing soft market and low interest rate environment
- With contribution from TMHCC, promote further diversification of risks and expand profit growth as well as accelerate initiatives to create group synergies

Net Premiums Written

(billions of yen)



Normalized basis*

Applied FX rate (USD/JPY)

*Excluding FX effects in converting to yen

Results basis

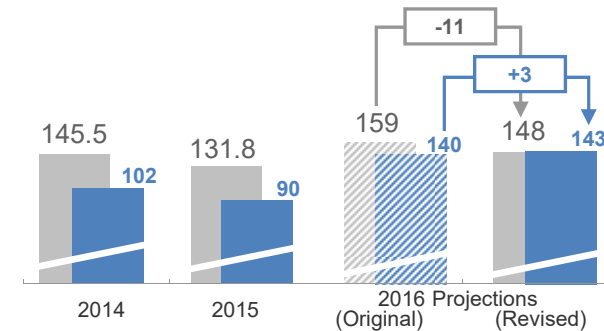
Applied FX rate (USD/JPY)

Period	Applied FX rate (USD/JPY)
Dec. 31, 2014	JPY 120.5
Dec. 31, 2015	JPY 120.6
Mar. 31, 2016	JPY 112.6
Sep. 30, 2016	JPY 101.1

- On normalized basis, upward revision by ¥11B from the original projections due to expansion of business mainly in reinsurance and Europe
- On results basis, downward revision by ¥160B from the original projections to ¥1,450B due to the appreciation of the yen

Business Unit Profits

(billions of yen)



Normalized basis*

Applied FX rate (USD/JPY)

*Excluding FX effects in converting to yen.

Nat-cat losses are normalized to an average annual level

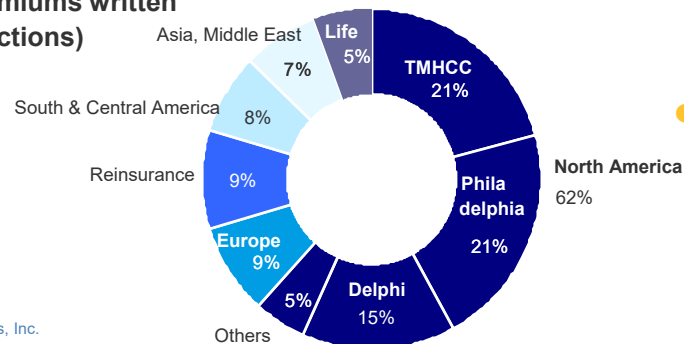
Results basis

Applied FX rate (USD/JPY)

Period	Applied FX rate (USD/JPY)
Dec. 31, 2014	JPY 120.5
Dec. 31, 2015	JPY 120.6
Mar. 31, 2016	JPY 112.6
Sep. 30, 2016	JPY 101.1

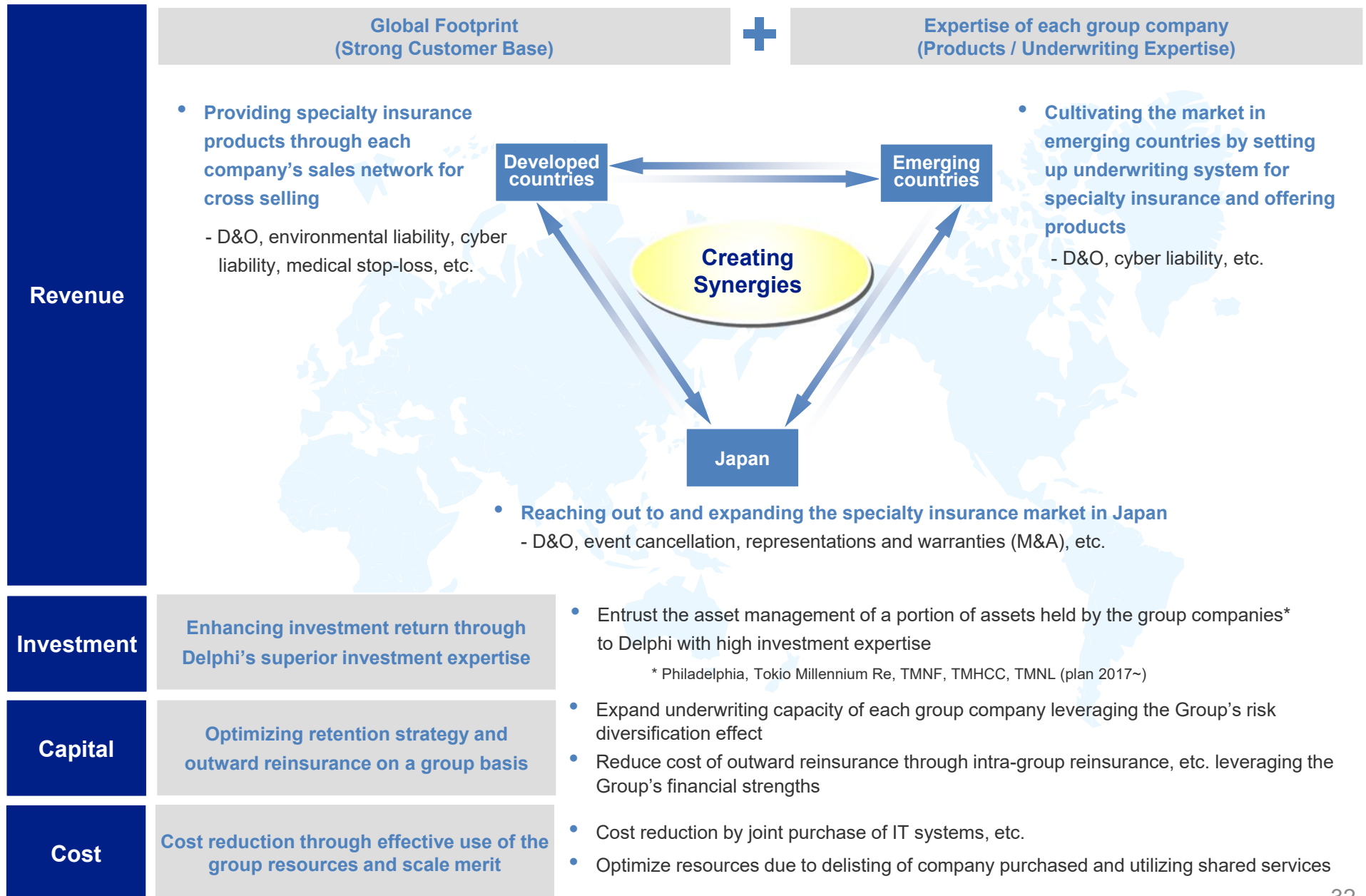
- On normalized basis, upward revision by ¥3B from the original projections due to foreign exchange gains, etc.
- On results basis, downward revision by ¥11B from the original projections to ¥148B due to the appreciation of the yen

Composition of net premiums written (FY2016 Revised Projections)



- Pursue balanced growth by seizing size and profitability in developed countries and growth in emerging countries through “organic growth” and “strategic M&A”

3-2. Expanding Group Synergies



3-3. North America (1)



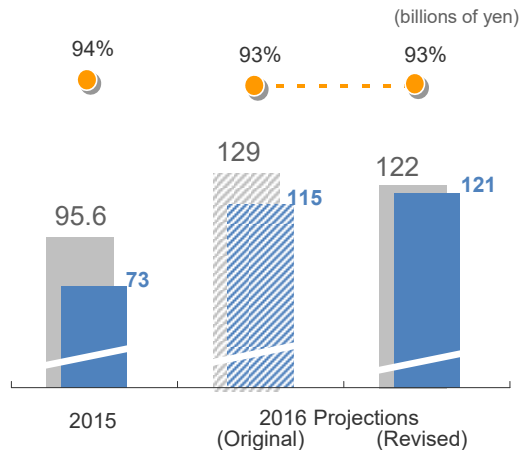
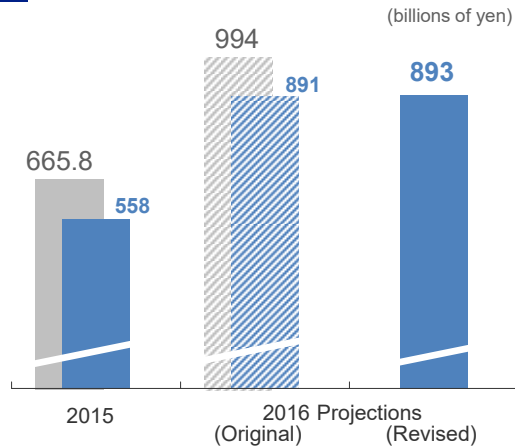
Results basis ■
 Normalized basis ■
 (Comments are normalized basis)

Net Premiums Written

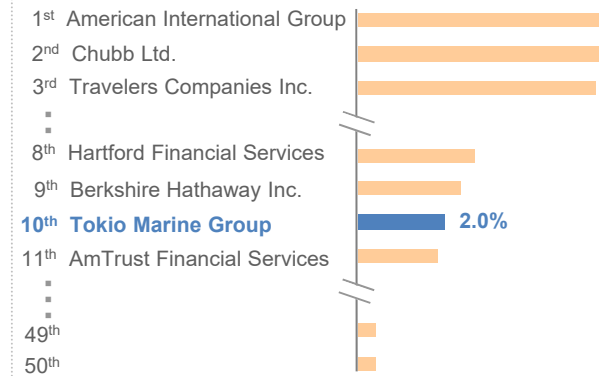
Business Unit Profits

North America

With TMHCC, establish a further solid premier specialty insurance franchise. Aim for sustainable profit growth while pursuing synergy between group companies



US Commercial P&C Market Share

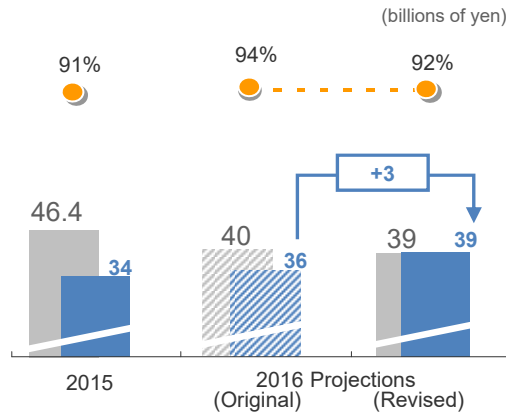
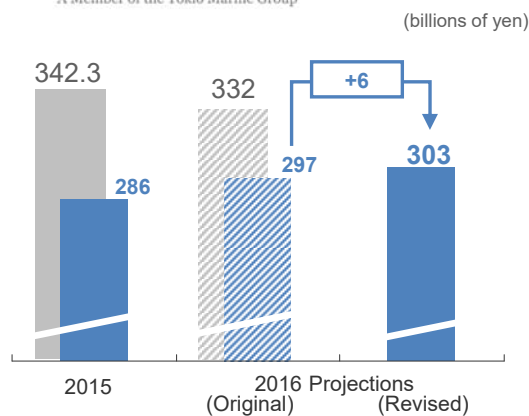


Source: Insurance Statutory Market Share Report 2015

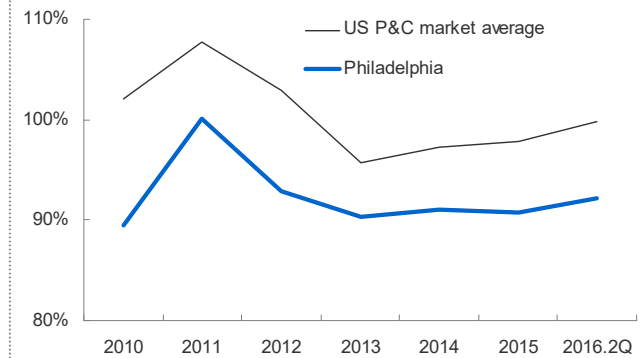


A Member of the Tokio Marine Group

Maintaining profitability outperforming the market through underwriting discipline and action



Combined Ratio



■ Upward revision mainly due to rate increases in renewal book and an increase in new business book

■ Upward revision due to favorable loss ratio and an increase in investment income

3-3. North America (2)



Results basis ■
 Normalized basis ■
 (Comments are normalized basis)

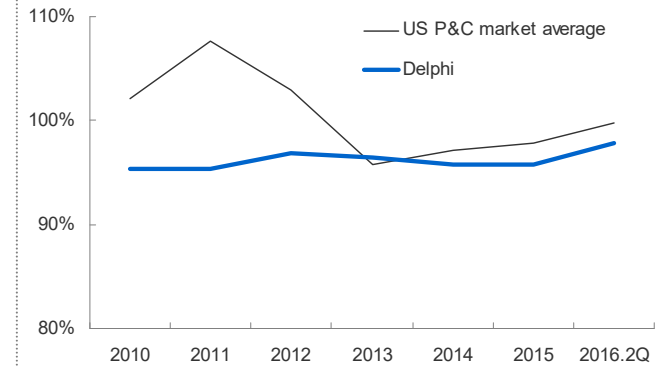
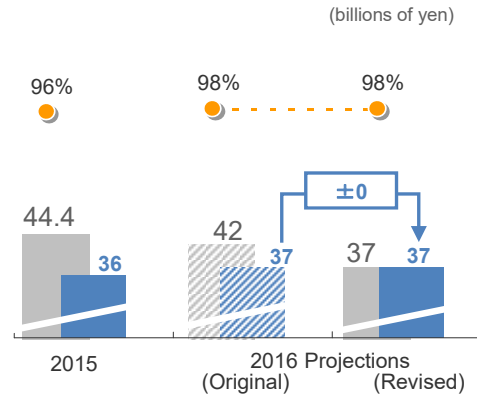
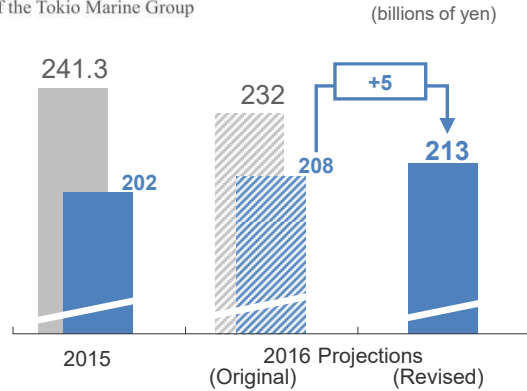
Net Premiums Written

Business Unit Profits

Combined Ratio



Maintaining profit growth through profound investment expertise as well as further developing specific products and specific markets



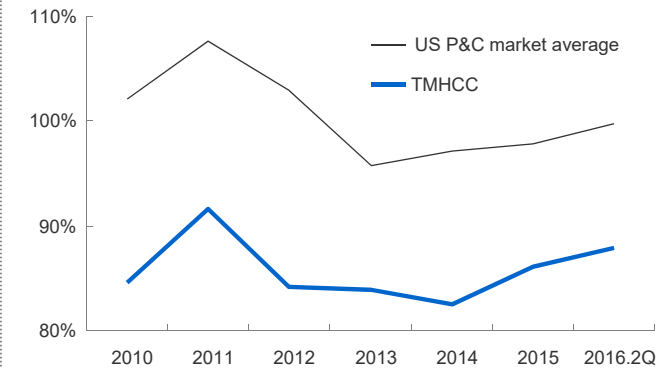
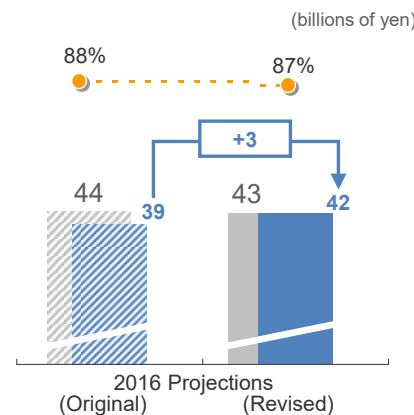
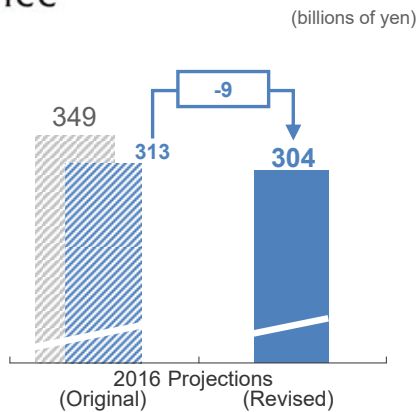
■ Upward revision mainly due to rate increases in renewal book and an increase in new business book

■ No change due to an increase in investment income associated with an increase in AUM



TOKIOMARINE HCC

Aiming for further profit growth through synergy creation on a global basis while maintaining high profitability



■ Downward revision factoring in the softening of the market

■ Upward revision due to favorable combined ratio

3-4. Europe / Reinsurance



Results basis ■
 Normalized basis ■
 (Comments are normalized basis)

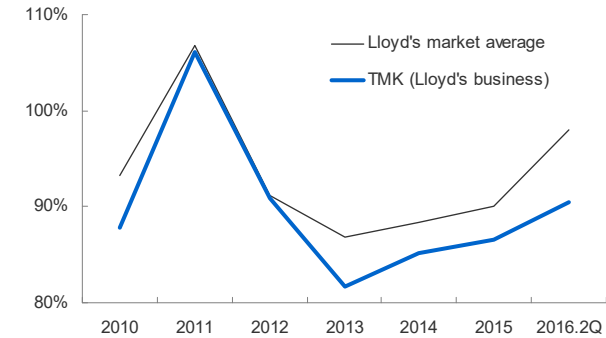
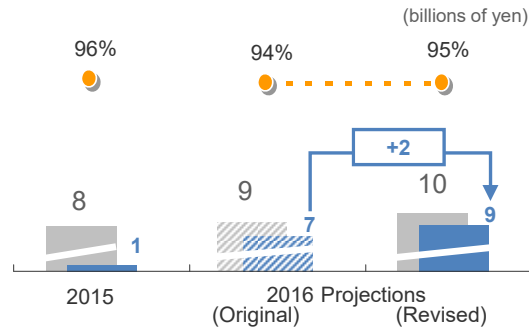
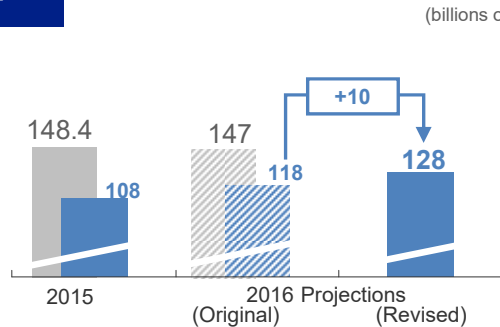
Net Premiums Written

Business Unit Profits

Combined Ratio

Europe

Maintaining underwriting discipline as continuous softening of the European market is expected

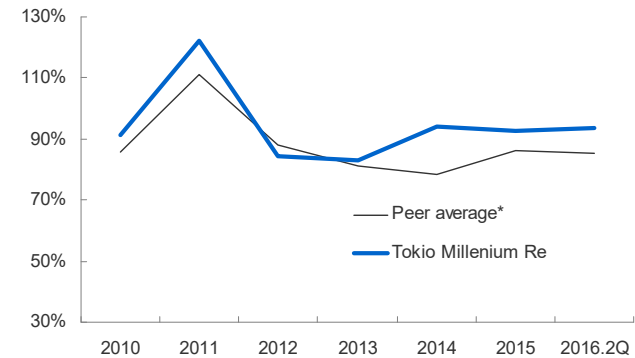
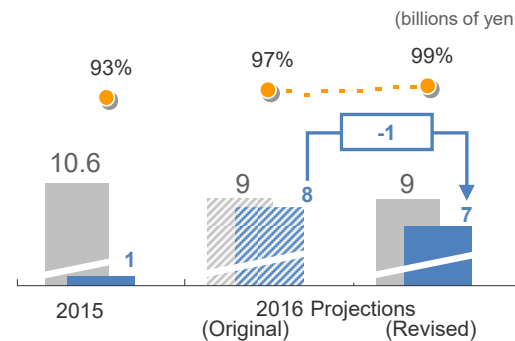
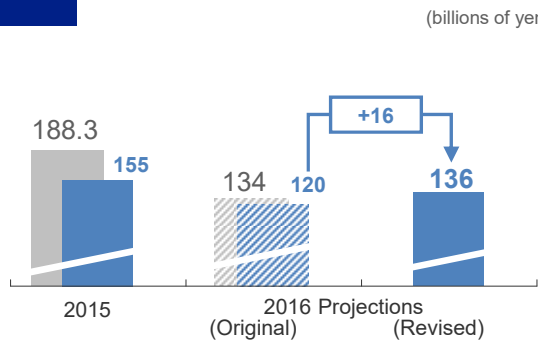


■ Upward revision due to business expansion at Tokio Marine Kiln, etc.

■ Upward revision mainly due to foreign exchange gains

Reinsurance

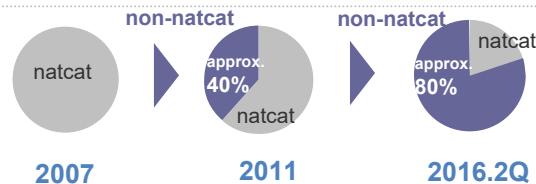
Under the softening market, continue maintaining stable profit by promoting geographical and product line diversification



■ Upward revision mainly due to favorable growth in non-catastrophe business

■ Downward revision due to an increase in loss ratio of non-catastrophe business

Change in portfolio (Earned premiums basis)



* Average of the following 12 peer companies as below: (Renaissance Re, Validus, Ace (R/I only), Axis (R/I only), Montpellier Re, Markel, AWAC, Arch, Endurance, Aspen, Everest Re, Partner Re)

3-5. Emerging Countries



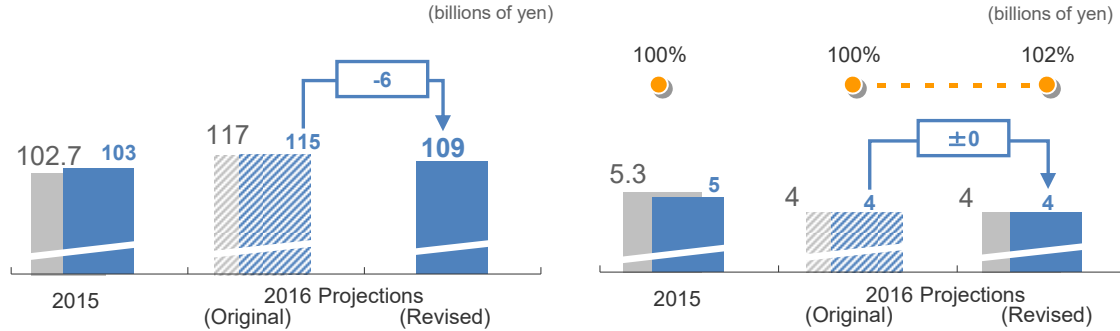
Results basis ■
 Normalized basis ■
 (Comments are normalized basis)

Net Premiums Written

Business Unit Profits

South & Central America

Continue profit growth by providing products and services which meet the needs of customers through high quality operation

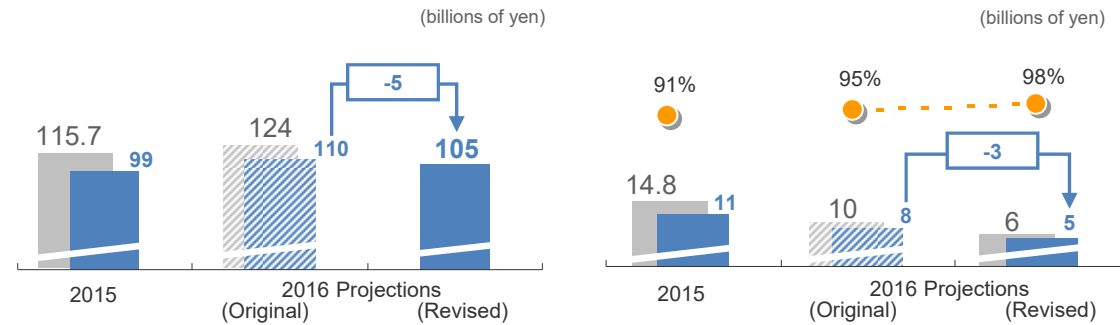


- Net premiums written revised downward mainly due to economic slowdown of Brazil

Asia, Middle East

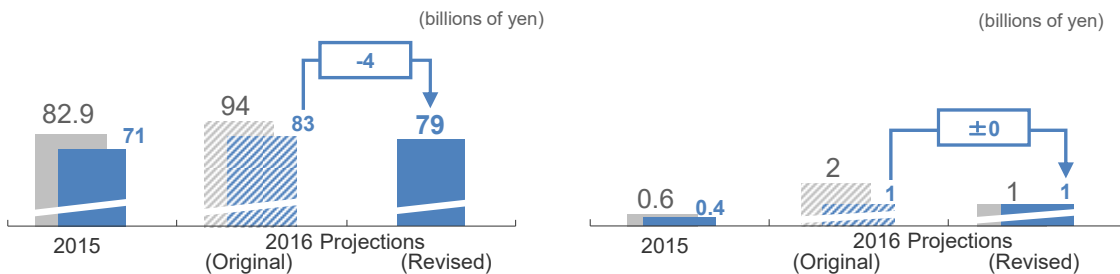
Achieve growth in the retail market by expanding distribution channels and rolling-out the best-practice within the Group

Non-life



- Net premiums written revised downward due to slowdown in auto sales in Thailand and Malaysia, etc.
- Business unit profits revised downward due to large losses, etc.

Life



- Net premiums written revised downward due to sales circumstances under the low interest rate environment, etc.

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a

- Tokio Marine Holdings Key Statistics
 - Return to Shareholders
-

b

- 2Q FY2016 Results Overview
 - FY2016 Projections Overview
 - Definition and Reconciliation of Adjusted Net Income, Adjusted Net Assets and Adjusted ROE
 - Definition and Reconciliation of Business Unit Profits
 - Impact of FX rate change on the Group's Financial Results
-

c

- Long-term Vision and Mid-Term Business Plan "To Be a Good Company 2017"
 - Initiatives for "Sustainable Profit Growth"
 - Framework of the Mid-Term Business Plan and Group Management
-

d

- Basic Information (Domestic Non-Life) - TMNF
- Basic Information (Domestic Life) – TMNL
- Subordinated Term Loan by TMNL
- Asset Portfolio
- International Insurance - FY2016 Projections by Region
- Basic Information (International Insurance)

Tokio Marine Holdings Key Statistics



		FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 Projections
Financial accounting basis	Net income (billions of yen) *1	93.0	108.7	23.1	128.4	71.9	6.0	129.5	184.1	247.4	254.5	280.0
	Shareholders' equity after tax (billions of yen)	3,398.4	2,563.5	1,627.8	2,169.0	1,886.5	1,839.6	2,340.7	2,712.7	3,578.7	3,484.7	3,318.9
	EPS (yen)	112	133	29	163	92	7	168	239	323	337	370
	BPS (yen)	4,128	3,195	2,067	2,754	2,460	2,399	3,052	3,536	4,742	4,617	4,396
	ROE	2.8%	3.6%	1.1%	6.8%	3.5%	0.3%	6.2%	7.3%	7.9%	7.2%	8.2%
	PBR	1.06	1.15	1.16	0.96	0.90	0.95	0.87	0.88	0.96	0.82	0.87
KPI	Adjusted net income (billions of yen)	-	-	-	-	-	30.7	163.1	243.7	323.3	351.9	389.0
	Adjusted net assets (billions of yen)	-	-	-	-	-	2,301.6	2,746.5	3,172.5	4,103.4	3,599.3	3,654.0
	Adjusted EPS (yen)	-	-	-	-	-	40	212	317	423	466	515
	Adjusted BPS (yen)	-	-	-	-	-	3,001	3,580	4,135	5,437	4,769	4,839
	Adjusted ROE	-	-	-	-	-	1.3%	6.5%	8.2%	8.9%	9.1%	10.7%
	Adjusted PBR	-	-	-	-	-	0.76	0.74	0.75	0.83	0.80	0.79
Business Unit Profits ^{*2} (billions of yen)	Domestic non-life insurance business	89.0	99.4	5.1	46.2	20.4	-26.1	48.3	34.0	122.5	126.0	178.0
	Domestic life insurance business	48.2	15.1	-57.2	52.0	27.5	15.9	110.3	104.5	139.8	-188.1	202.0
	International insurance business	28.6	29.7	20.8	76.5	24.8	-11.9	69.2	136.9	145.5	131.8	148.0
	Financial and general businesses	3.8	-1.0	-21.1	-9.4	-0.7	2.6	-18.7	2.5	4.0	7.3	5.0
Sales of business-related equity holdings (billions of yen)	45	60	50	95	187	206	115	109	112	122	more than 100	
		2007/3E	2008/3E	2009/3E	2010/3E	2011/3E	2012/3E	2013/3E	2014/3E	2015/3E	2015/9E	2016/9E
Adjusted number of issued and outstanding shares (thousands of shares) *3		823,337	802,231	787,562	787,605	766,820	766,928	767,034	767,218	754,599	754,685	754,959
Market capitalization (billions of yen)		3,594.9	2,960.6	1,926.8	2,118.3	1,789.3	1,827.1	2,039.2	2,383.9	3,438.0	2,878.6	2,904.3
Share price (yen) *4		4,360	3,680	2,395	2,633	2,224	2,271	2,650	3,098	4,538.5	3,800	3,834
Percentage change		- 6.4%	- 15.6%	- 34.9%	9.9%	- 15.5%	2.1%	16.7%	16.9%	46.5%	- 16.3%	0.9%
(Reference) TOPIX		1,713.61	1,212.96	773.66	978.81	869.38	854.35	1,034.71	1,202.89	1,543.11	1,347.20	1,322.78
Percentage change		- 0.8%	- 29.2%	- 36.2%	26.5%	- 11.2%	- 1.7%	21.1%	16.3%	28.3%	- 12.7%	- 1.8%

*1 From FY2015: The figure is "Net income attributable to owners of the parent".

*2 FY2006-2014 figures are "Adjusted earnings" (Former KPI), domestic life insurance business are presented on an TEV (Traditional Embedded Value) basis

*3 All figures exclude the number of treasury shares held from the total number of the shares issued and are shown on a basis after a share-split 1-500 in Sep. 2006

*4 All figures are shown on a basis after a share-split 1-500 in Sep. 2006

Return to Shareholders



	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 Projections
Dividends per share	36yen	48yen	48yen	50yen	50yen	50yen	55yen	70yen	95yen	110yen	135yen
Dividends total	29.8bn yen	38.7bn yen	38.0bn yen	39.4bn yen	38.6bn yen	38.3bn yen	42.2bn yen	53.7bn yen	72.2bn yen	83.0bn yen	101.9bn yen

Share repurchases ^{*1}	85.0bn yen	90.0bn yen	50.0bn yen	-	50.0bn yen	-	-	-	50.0bn yen	-	25.0bn yen (Plan)
Total distributions to shareholders	114.8bn yen	128.7bn yen	88.0bn yen	39.4bn yen	88.6bn yen	38.3bn yen	42.2bn yen	53.7bn yen	122.2bn yen	83.0bn yen	126.9bn yen (Plan)

Adjusted net income							30.7bn yen	163.1bn yen	243.7bn yen	323.3bn yen	351.9bn yen	389.0bn yen
Average adjusted net income											220.0bn yen	290.0bn yen
Payout ratio ^{*2}											38%	35%

<Referenece1 : Financial accounting basis>

Net income (Consolidated)	93.0bn yen	108.7bn yen	23.1bn yen	128.4bn yen	71.9bn yen	6.0bn yen	129.5bn yen	184.1bn yen	247.4bn yen	254.5bn yen	280.0bn yen
Payout ratio	32%	36%	165%	31%	54%	639%	33%	29%	29%	33%	36%

<Referenece2 : Former KPI>

Adjusted earnings	169.7bn yen	143.2bn yen	- 52.5bn yen	165.4bn yen	72.0bn yen	- 19.5bn yen	209.1bn yen	278.1bn yen	412.0bn yen
Adjusted earnings (excluding EV)	121.5bn yen	128.1bn yen	4.7bn yen	113.4bn yen	44.5bn yen	- 35.4bn yen	98.8bn yen	173.6bn yen	272.2bn yen
Average adjusted earnings (excluding EV) ^{*3}	90.0bn yen	100.0bn yen	80.0bn yen	85.0bn yen	80.0bn yen	80.0bn yen	85.0bn yen	110.0bn yen	155.0bn yen
Payout ratio ^{*2}	33%	39%	48%	46%	48%	48%	50%	49%	47%

*1: On a repurchase year basis. FY2006 figure excludes JPY57.8B of stock exchange between Nisshin Fire

*2: Until FY2014: payout ratio to average adjusted earnings (excluding EV)

From FY2015: payout ratio to average adjusted net income

*3: Excludes effects from the Great East Japan Earthquake and Thai Flood

2Q FY2016 Results Overview (Consolidated)



	(billions of yen, except for %)			
	FY2015 2Q	FY2016 2Q	YoY	
			Change	%
■ Ordinary income (TMHD Consolidated)	2,241.4	2,587.0	345.6	+ 15.4%
Net premiums written (TMHD Consolidated)	1,735.1	1,700.8	- 34.2	- 2.0%
Life insurance premiums (TMHD Consolidated)	116.9	434.4	317.4	+ 271.4%
■ Ordinary profit (TMHD Consolidated)	116.1	213.4	97.2	+ 83.7%
Tokio Marine & Nichido	70.4	159.3	88.9	+ 126.2%
Nisshin Fire	1.3	2.8	1.5	+ 110.7%
Tokio Marine & Nichido Life	15.6	15.3	- 0.3	- 2.1%
Overseas subsidiaries	72.6	74.7	2.0	+ 2.8%
Financial and general	2.7	2.7	0.0	+ 0.1%
Others (Consolidation adjustments, etc.)	- 46.7	- 41.6	5.0	
■ Net income attributable to owners of the parent	85.6	155.2	69.6	+ 81.4%
Tokio Marine & Nichido	65.7	124.0	58.3	+ 88.7%
Nisshin Fire	0.9	2.1	1.2	+ 137.6%
Tokio Marine & Nichido Life	10.8	10.6	- 0.2	- 2.2%
Overseas subsidiaries	54.5	58.7	4.2	+ 7.8%
Financial and general	1.7	1.7	- 0.0	- 5.1%
Others (Consolidation adjustments, etc.)	- 48.2	- 41.9	6.2	
【KPI for the Group Total】				
■ Adjusted net income	140.3	219.2	78.9	+ 56.2%

● Net Premiums Written

- Decreased due to the appreciation of the yen, etc., despite TMHCC consolidation

● Life Insurance Premiums

- Increased significantly due to an increase in in-force policies and a decrease in surrender of variable annuities in domestic life business as well as TMHCC consolidation in international insurance business, etc.

● Ordinary Profit

- Domestic Non-Life

Increased mainly due to

- Decrease in net incurred losses relating to natural catastrophes
- Decrease in net provision for catastrophe loss reserves at TMNF
- Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen at TMNF, etc.

- Domestic Life

Decreased mainly due to (i) a decrease in gains on sales of securities and (ii) a decrease in reversal of contingency reserves, despite a decrease in provision for underwriting reserves by limiting the sales of individual annuities

- Overseas Subsidiaries

Increased mainly due to TMHCC consolidation and foreign exchange gains on a local accounting basis, etc. despite the appreciation of the yen

● Net Income attributable to owners of the parent

- Increased according to the above

● Adjusted Net Income

- Excluding the effect of the decrease in net provision for catastrophe loss reserves and amortization of goodwill associated with TMHCC, etc., increased

2Q FY2016 Results Overview (Business Unit Profits)

(billions of yen)

Business Domain	FY2015 2Q Results	FY2016 2Q Results	YoY Change
Domestic Non-Life	47.9	98.8	50.8
TMNF	46.1	96.1	49.9
NF	3.0	4.2	1.1
Other	-1.2	-1.5	-0.3
Domestic Life^{*1,2}	59.7	199.6	139.8
TMNL	60.3	200.3	139.9
International Insurance	63.7	79.6	15.9
North America	46.6	55.7	9.0
Europe	-0.9	9.0	10.0
South & Central America	3.1	1.7	-1.3
Asia (incl. Middle East)	7.6	2.8	-4.7
Reinsurance	6.6	7.4	0.7
International Non-Life ^{*3}	62.9	76.5	13.5
International Life	1.3	3.7	2.4
Financial & General	5.5	3.5	-2.0

*1: Excluding capital transactions

*2: Simplified calculation method is applied for EV. The calculation is an unaudited basis

*3: International Non-Life figures include some life insurance figures of composite overseas subsidiaries

— Domestic Non-Life

Increased by ¥50.8B YoY to ¥98.8B mainly due to:

- Decrease in net incurred losses relating to natural catastrophes
- Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen at TMNF
- Reversal effect of an increase in net incurred losses in FY2015 due to large losses and an increase in net incurred losses in auto relating to accidents occurred in past fiscal years at TMNF

— Domestic Life

Increased by ¥139.8B YoY to ¥199.6B mainly due to the below factors at TMNL:

- Changes in definitions in the measurement method of MCEV
- Changes in economic environment including interest rates, etc.

— International Insurance

Increased by ¥15.9B YoY to ¥79.6B mainly due to:

- Contribution from TMHCC
- Foreign exchange gains on a local accounting basis
- Appreciation of the yen

FY2016 Projections Overview (Consolidated)



(billions of yen, except for %)

	FY2015 Results	FY2016 Projections Original (a)	FY2016 Projections Revised (b)	Difference (b) - (a)	Change
■ Ordinary income (TMHD Consolidated)					
Net premiums written (TMHD Consolidated)	3,265.5	3,460.0	3,320.0	- 140.0	- 4.0%
Life insurance premiums (TMHD Consolidated)	471.6	800.0	810.0	10.0	+ 1.3%
■ Ordinary profit (TMHD Consolidated)					
	385.8	380.0	395.0	15.0	+ 3.9%
Tokio Marine & Nichido	377.2	309.0	321.0	12.0	+ 3.9%
Nisshin Fire	9.7	6.4	5.4	- 1.0	- 15.6%
Tokio Marine & Nichido Life	29.0	22.9	24.5	1.6	+ 7.0%
Overseas subsidiaries	145.7	164.1	155.0	- 9.1	- 5.5%
Financial and general	5.7	4.3	4.3	-	-
Others (Consolidation adjustments, etc.)	- 181.5	- 126.7	- 115.2	11.5	
■ Net income attributable to owners of the parent					
	254.5	265.0	280.0	15.0	+ 5.7%
Tokio Marine & Nichido	301.6	245.0	252.0	7.0	+ 2.9%
Nisshin Fire	6.1	4.3	3.9	- 0.4	- 9.3%
Tokio Marine & Nichido Life	14.7	15.6	16.9	1.3	+ 8.3%
Overseas subsidiaries	111.5	120.7	117.0	- 3.7	- 3.1%
Financial and general	3.4	3.0	2.9	- 0.1	- 3.3%
Others (Consolidation adjustments, etc.)	- 183.0	- 123.6	- 112.7	10.9	
【KPI for the Group Total】					
■ Adjusted net income	351.9	388.0	389.0	1.0	+ 0.3%

● Net Premiums Written

- Downward revision due to a decrease in premiums at overseas subsidiaries associated with the appreciation of the yen, etc.

● Life Insurance Premiums

- Upward revision from the original projections

● Ordinary Profit

- Domestic Non-Life**
Upward revision due to (i) a decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen and (ii) an improvement of loss ratio mainly in auto at TMNF, etc.
- Domestic Life**
Upward revision due to an increase in gains on sales of securities, etc.
- Overseas Subsidiaries**
Downward revision due to the appreciation of the yen, etc. despite a decrease in natural catastrophes

● Net Income attributable to owners of the parent

- Upward revision according to the above

● Adjusted Net Income

- Projected to remain almost flat from the original projections

FY2016 Projections Overview (Business Unit Profits)

(billions of yen)

Business Domain	FY2015 Results	FY2016 Projections		
		Original (a)	Revised (b)	(b)-(a)
Domestic Non-Life	126.0	165.0	178.0	13.0
TMNF	120.0	158.0	173.0	15.0
NF	8.8	7.0	7.0	-
Other	-2.7	-1.0	-2.0	-1.0
Domestic Life^{*1}	-188.1	39.0	202.0	163.0
TMNL	-187.4	39.0	202.0	163.0
International Insurance	131.8	159.0	148.0	-11.0
North America	95.6	129.0	122.0	-7.0
Europe	8.0	9.0	10.0	1.0
South & Central America	5.3	4.0	4.0	-
Asia (incl. Middle East)	14.8	10.0	6.0	-4.0
Reinsurance	10.6	9.0	9.0	-
International Non-Life ^{*2}	134.3	161.0	151.0	-10.0
International Life	0.6	2.0	1.0	-1.0
Financial & General	7.3	4.0	5.0	1.0

*1: Excluding capital transactions

*2: International Non-Life figures include some life insurance figures of composite overseas subsidiaries

Domestic Non-Life

Upward revision by ¥13B from the original projections to ¥178B mainly due to the below factors at TMNF:

- Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen
- Improvement of loss ratio mainly in auto

Domestic Life

Upward revision by ¥163B from the original projections to ¥202B mainly due to the below factors at TMNL:

- Changes in definitions in the measurement method of MCEV
- Changes in economic environment including interest rates, etc.

International Insurance

Downward revision by ¥11B from the original projections to ¥148B mainly due to:

- Decrease in natural catastrophes
- Foreign exchange gains on a local accounting basis
- Appreciation of the yen

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

Adjusted Net Income*1

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

Adjusted Net Assets*1

$$\text{Adjusted Net Assets} = \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} - \text{Goodwill and other intangible fixed assets}$$

Adjusted ROE

$$\text{Adjusted ROE} = \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets}^{*5}}$$

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

*2: Net income is attributable to owners of the parent

*3: Reversals are subtracted

*4: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

*5: Average balance basis

Difference Between New Definition and Former Definition

“Gains or losses on sales or valuation of business investment equities” is added to the adjusting items for Adjusted Net Income (See bold underline text portion).

<Treatment of gains or losses on sales or valuation for the types of equities>

	Adjusted Net Income (new)	Adjusted Net Income (former)
Absolute return investments (note1)	Included	Included
Business-related equities (note2)	Included	Included
Investments in subsidiaries and affiliates	Excluded (excluded as *other extraordinary gains/ losses)	Excluded (excluded as *other extraordinary gains/ losses)
Business investment equities (note3)	Excluded	Included

(note1) Equities held for the purpose of gains derived from the increase in the market value and/or the dividend income

(note2) Domestic equities and other securities held by domestic subsidiaries for the main purpose of strengthening business relationships

(note3) Equities and other securities other than Absolute return investments, Business-related equities and Investments in subsidiaries and affiliates (such as equities and other securities substantially equivalent to Investments in subsidiaries and affiliates, but not treated as Investments in subsidiaries and affiliates under the applicable accounting principles)

Reconciliation of Adjusted Net Income / Adjusted Net Assets



(billions of yen)

Adjusted Net Income*¹

	FY2015 Results	FY2016 Projections Original (a)	FY2016 Projections Revised (b)	(b)-(a)
Net income attributable to owners of the parent (consolidated)	254.5	265.0	280.0	15.0
Provision for catastrophe loss reserves ²	+68.9	+31.0	+29.0	-2.0
Provision for contingency reserves ²	-0.2	-	-	-
Provision for price fluctuation reserves ²	+3.7	+3.0	+3.0	-
Gains or losses on sales or valuation of ALM ³ bonds and interest rate swaps	-22.6	-	-4.0	-4.0
Gains or losses on sales or valuation of fixed assets and business investment equities (FY2015 Results : Gains or losses on sales or valuation of fixed assets)	+1.8	-4.0	-3.0	1.0
Amortization of goodwill and other intangible fixed assets	+34.3	+93.0	+83.0	-10.0
Other extraordinary gains/losses, valuation allowances, etc.	+11.3	-	+1.0	1.0
Adjusted Net Income	351.9	388.0	389.0	1.0

*1 Each adjustment is on an after-tax basis

*2 Reversals are subtracted

*3 ALM: Asset Liability management

Excluded as counter balance items against market value fluctuations of liabilities under ALM

Adjusted Net Assets*¹

	FY2015 Results	FY2016 Projections Original (a)	FY2016 Projections Revised (b)
Net assets(consolidated)	3,484.7	3,605.0	3,356.0
Catastrophe loss reserves	+769.1	+806.0	+804.0
Contingency reserves	+34.2	+34.0	+34.0
Price fluctuation reserves	+62.8	+67.0	+67.0
Goodwill and other intangible fixed assets	-751.5	-752.0	-608.0
Adjusted Net Assets	3,599.3	3,761.0	3,654.0

Adjusted ROE

	FY2015 Results	FY2016 Projections Original (a)	FY2016 Projections Revised (b)
Net income(consolidated)	254.5	265.0	280.0
Net assets(consolidated)*	3,531.7	3,545.0	3,420.0
Financial accounting basis ROE	7.2%	7.5%	8.2%

* average balance basis

	FY2015 Results	FY2016 Projections Original (a)	FY2016 Projections Revised (b)
Adjusted Net Income	351.9	388.0	389.0
Adjusted Net Assets*	3,851.4	3,680.0	3,620.0
Adjusted ROE	9.1%	10.5%	10.7%

* average balance basis

Definition of Business Unit Profits (New from FY2016)

Definition of Business Unit Profits

Non-life insurance business

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} &= \text{Net income} + \text{Provision for catastrophe loss reserves}^{*2} + \text{Provision for price fluctuation reserves}^{*2} - \text{Gains or losses on sales or valuation of ALM}^{*3} \text{ bonds and interest rate swaps} \\
 &\quad - \text{Gains or losses on sales or valuation of fixed assets, } \underline{\text{business related equities and business investment equities}} - \text{Other extraordinary gains/losses, valuation allowances, etc.}
 \end{aligned}$$

Life insurance business^{*4}

$$\text{Business Unit Profits}^{*1} = \text{Increase in EV}^{*5} \text{ during the current fiscal year} + \text{Capital transactions such as capital increase}$$

Other businesses

Net income determined in accordance with financial accounting principles

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

*2: Reversals are subtracted

*3: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

*4: For life insurance companies in certain regions, Business Unit Profits is calculated by using the definition in Other businesses (head office expenses, etc. are deducted from profits)

*5: EV: Embedded Value. An index that shows the net present value of profits to be gained from policies in-force is added to the net asset value

Difference Between New Definition and Former Definition

<Change in the definition of Business Unit Profits for non-life insurance business>

Among the adjusting items for Business Unit Profits, "Gains or losses on sales or valuation of equity holdings" is replaced by "Gains or losses on sales or valuation of business-related equities and business investment equities." (See bold underline text portion).

<Treatment of gains or losses on sales or valuation for the types of equities>

	Business Unit Profits (new)	Business Unit Profits (former)
Absolute return investments (note1)	Included	Excluded
Business-related equities (note2)	Excluded	Excluded
Investments in subsidiaries and affiliates	Excluded (excluded as "other extraordinary gains/ losses")	Excluded (excluded as "other extraordinary gains/ losses")
Business investment equities (note3)	Excluded	Excluded

(note1) Equities held for the purpose of gains derived from the increase in the market value and/or the dividend income

(note2) Domestic equities and other securities held by domestic subsidiaries for the main purpose of strengthening business relationships

(note3) Equities and other securities other than Absolute return investments, Business-related equities and Investments in subsidiaries and affiliates (such as equities and other securities substantially equivalent to Investments in subsidiaries and affiliates, but not treated as Investments in subsidiaries and affiliates under the applicable accounting principles)

Reconciliation of Business Unit Profits



Domestic Non-Life*1 (TMNF)

(billions of yen)

	FY2015 2Q Results	FY2016 2Q Results	YoY
Net income for accounting purposes	65.7	124.0	58.3
Provision for catastrophe loss reserves ^{*2}	+45.4	+25.4	-20.0
Provision for price fluctuation reserves ^{*2}	+1.2	+1.7	0.5
Gains or losses on sales or valuation of ALM*3 bonds and interest rate swaps	-2.7	-2.0	0.7
Gains or losses on sales or valuation of fixed assets and business investment equities (FY2015 Results : Gains or losses on sales or valuation of fixed assets)	-22.6	-40.9	-18.3
Intra-group dividends	-33.8	-11.2	22.6
Other extraordinary gains/losses, valuation allowances, etc	-7.1	-0.9	6.2
Business Unit Profits	46.1	96.1	49.9

	FY2015 Results	FY2016 Projections Original(a)	FY2016 Projections Revised(b)	(b)-(a)
Net income for accounting purposes	301.6	245.0	252.0	7.0
Provision for catastrophe loss reserves ^{*2}	+68.3	+27.0	+25.1	-1.9
Provision for price fluctuation reserves ^{*2}	+3.5	+3.4	+3.5	0.1
Gains or losses on sales or valuation of ALM*3 bonds and interest rate swaps	-21.1	+0.0	-3.4	-3.4
Gains or losses on sales or valuation of fixed assets and business investment equities (FY2015 Results : Gains or losses on sales or valuation of fixed assets)	-76.4	-55.0	-51.7	3.3
Intra-group dividends	-155.7	-62.8	-57.1	5.7
Other extraordinary gains/losses, valuation allowances, etc	-0.2	+0.4	+4.6	4.2
Business Unit Profits	120.0	158.0	173.0	15.0

International Insurance*1

	FY2015 2Q Results	FY2016 2Q Results	YoY
Overseas subsidiaries Net income for accounting purposes	54.5	58.7	4.2
Difference with EV (Life)	-0.8	2.3	3.2
Adjustment of non-controlling interests	-1.4	-0.7	0.6
Difference of subsidiaries covered	+3.8	+3.5	-0.2
Other adjustments ^{*4}	+7.7	+15.7	7.9
Business Unit Profits	63.7	79.6	15.9

	FY2015 Results	FY2016 Projections Original(a)	FY2016 Projections Revised(b)	(b)-(a)
Overseas subsidiaries Net income for accounting purposes	111.5	120.7	117.0	-3.7
Difference with EV (Life)	-2.0			
Adjustment of non-controlling interests	-2.3			
Difference of subsidiaries covered	+9.5			
Other adjustments ^{*4}	+15.2			
Business Unit Profits	131.8	159.0	148.0	-11.0

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

*2: Reversals are subtracted

*3: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

*4: Amortization of other intangible fixed assets, head office expenses, etc.

Impact of FX rate change on the Group's Financial Results

- Main impact in the event of 1 yen appreciation*1

Impact on P/L	
1. Decrease in profit from overseas subsidiaries converted into yen:	approx. ¥ - 1.0B*2
2. Change in reserves for foreign currency denominated outstanding claims and derivatives at TMNF:	approx. ¥ + 1.0B*2

* 1 Assuming that the FX rate for each currency changes by the same ratio as USD

* 2 After tax basis

- Reference (applied FX rate)

	Applied FX rate (USD/JPY)			
	FY2015 Results	FY2016 Projections (Original)	FY2016.2Q Results	FY2016 Projections (Revised)
Overseas subsidiaries	JPY 120.61 (end-Dec.2015)	JPY 112.68 (end-Mar.2016)	JPY 102.91 (end-Jun.2016)	JPY 101.12 (end-Sep.2016)
TMNF	JPY 112.68 (end-Mar.2016)		JPY 101.12 (end-Sep.2016)	

Long-term Vision and the Mid-Term Business Plan

"To Be a Good Company 2017"



Long-term vision

A global insurance group that delivers sustainable growth by providing safety and security to customers worldwide

- Our timeless endeavor to be a Good Company -

Aiming for globally competitive-level earnings growth and capital efficiency

~Drive ROE towards double-digit sphere~

2020~

Mid-Term Business Plan

"To Be a Good Company 2017"

~Evolve business structure to realize sustainable profit growth and higher ROE~

2017

"Innovation and Execution 2014"

~Achieve an ROE exceeding our cost of capital~

2014

2015

2012

- Structural reform to profitable business
- Innovative changes for well-balanced business portfolio

- Unlocking our potential
- Capitalizing on changes
- Pursuing growth opportunities
- Advancing our business platform

Profit recovery stage

Sustainable profit growth stage

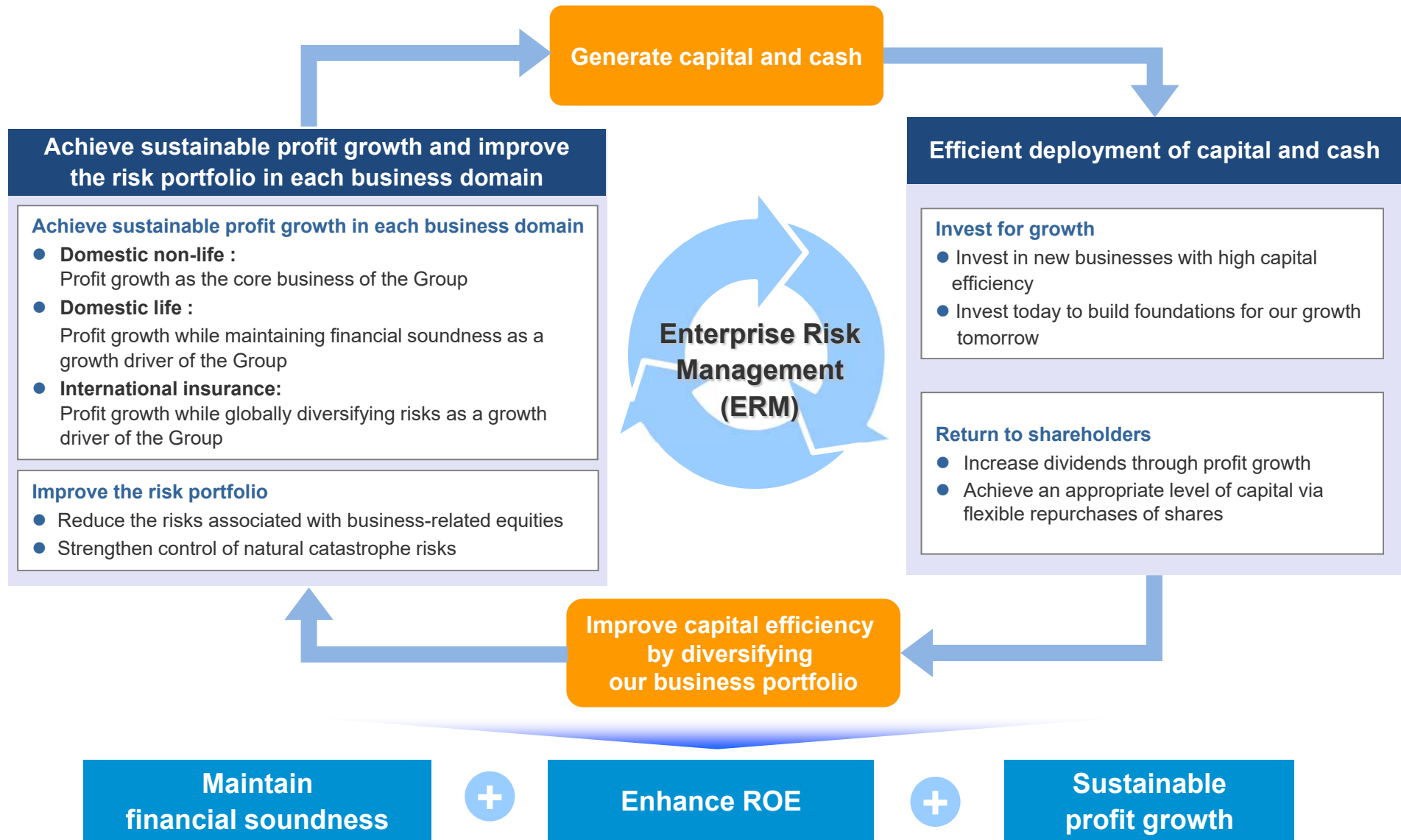
Initiatives for “Sustainable Profit Growth”



Framework of the Mid-Term Business Plan and Group Management



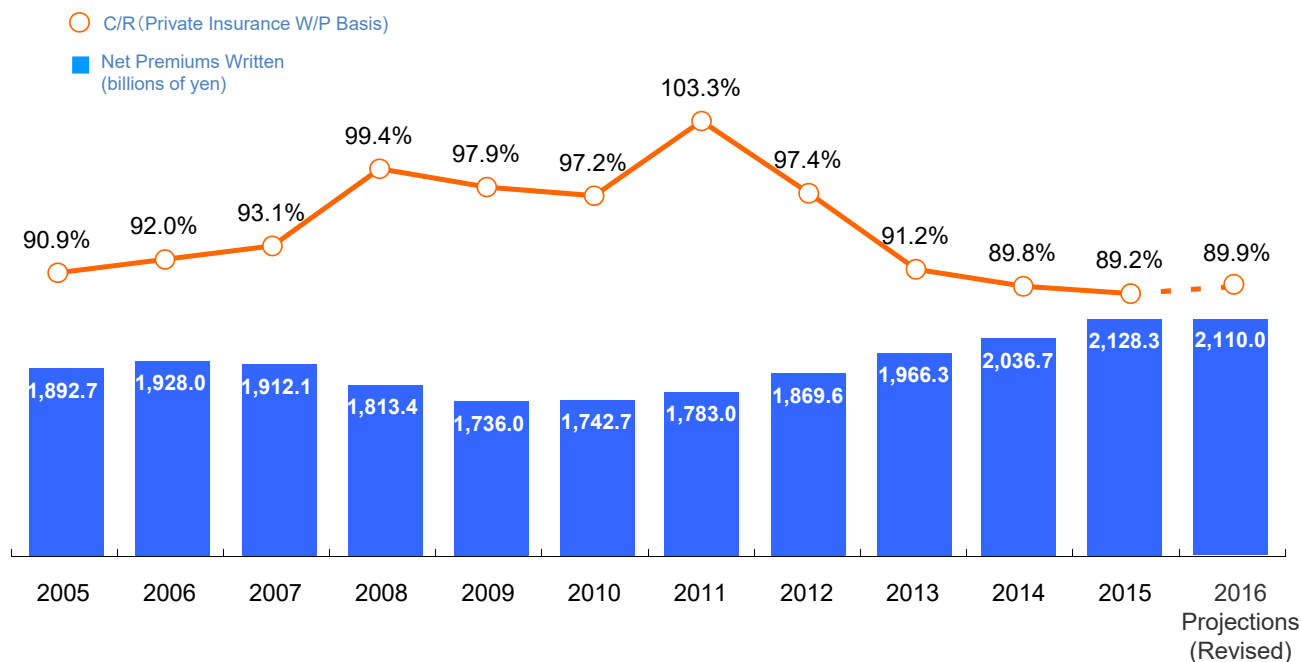
Enhancing Enterprise Risk Management (ERM) to realize sustainable profit growth and higher capital efficiency even in a changing environment, while maintaining financial soundness



Basic Information (Domestic Non-Life 1) - TMNF

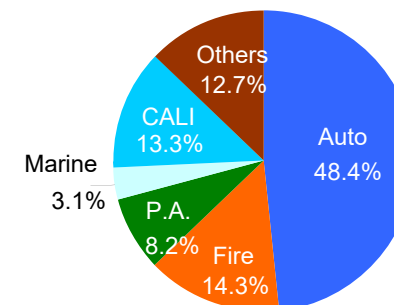


Trend of net premiums written and combined ratio



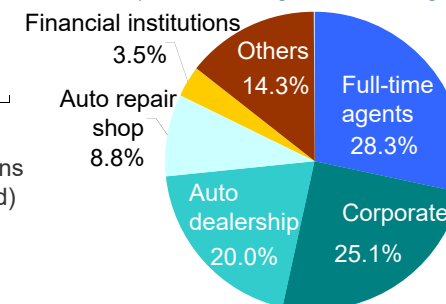
Premium composition by Line

(FY2015 net premiums written basis)



Premium composition by sales channel

(FY2015 managerial accounting basis)



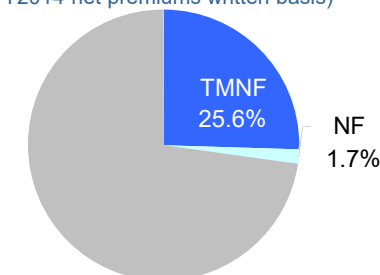
Statistics of combined ratio and loss ratio (private insurance E/I Basis)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 Projections (Revised)
Net E/I C/R*	103.8%	99.6%	97.2%	90.6%	92.7%	90.0%
E/I loss ratio	69.8%	66.8%	65.0%	58.5%	60.1%	57.2%
Excluding natural catastrophes	61.3%	62.8%	60.1%	56.9%	56.0%	54.7%
Expense ratio	34.0%	32.8%	32.2%	32.2%	32.6%	32.8%

*: Net E/I C/R=E/I loss ratio + W/P expense ratio

Market share*

(FY2014 net premiums written basis)



*Japanese non-life market (excluding reinsurance companies)

Basic Information (Domestic Non-Life 2) - TMNF



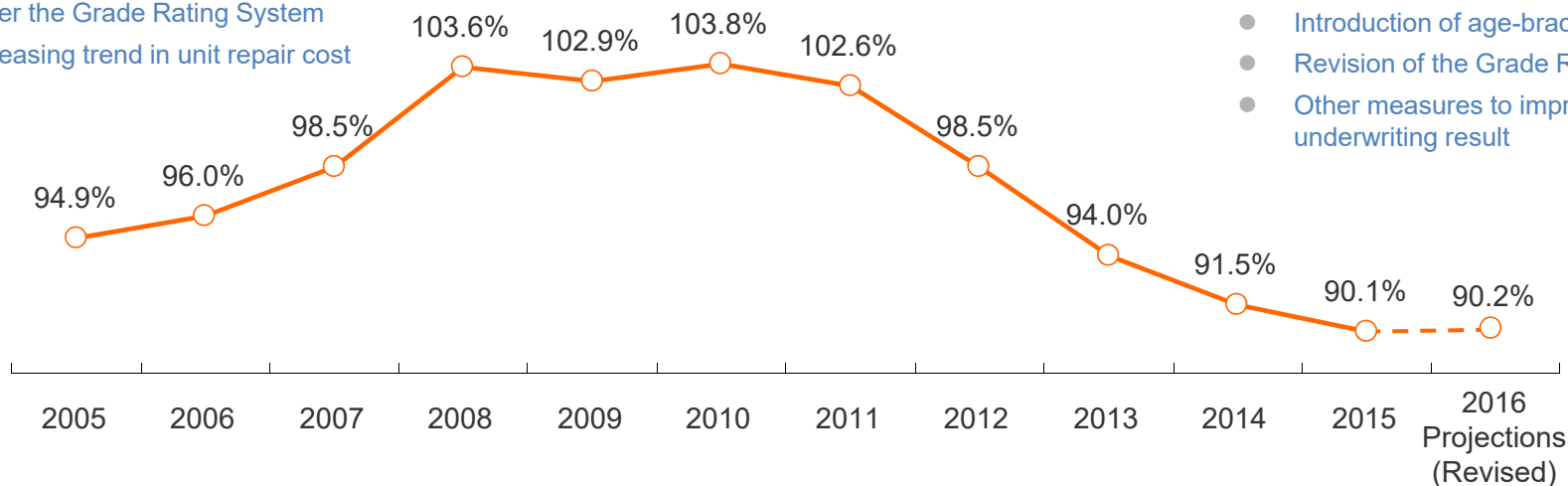
Trend of underwriting results in auto insurance (W/P basis combined ratio)

<Factors of profitability deterioration>

- Increase in senior drivers with high accident frequency
- Decrease in per-policy premiums owing to the progress of the average discount rate under the Grade Rating System
- Increasing trend in unit repair cost

<Measures to improve profitability>

- Efforts to decrease business expenses such as operational streamlining
- Product and rate revisions
- Introduction of age-bracket rate plans
- Revision of the Grade Rating System
- Other measures to improve underwriting result



Trend of auto insurance policy renewal ratio, combined ratio and loss ratio

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 Projections (Revised)
Policy renewal ratio	95.1%	95.3%	95.6%	95.6%	95.7%	—
Net E/I C/R*	102.9%	100.2%	95.7%	91.6%	91.4%	91.2%
E/I L/R	70.7%	69.4%	65.3%	61.1%	60.5%	60.3%

*: Net E/I C/R = E/I loss ratio + W/P expense ratio

Rate revisions and profitability improvements per FY

(excluding revisions of the Grade Rating System in non-fleet auto insurance)
(billions of yen)

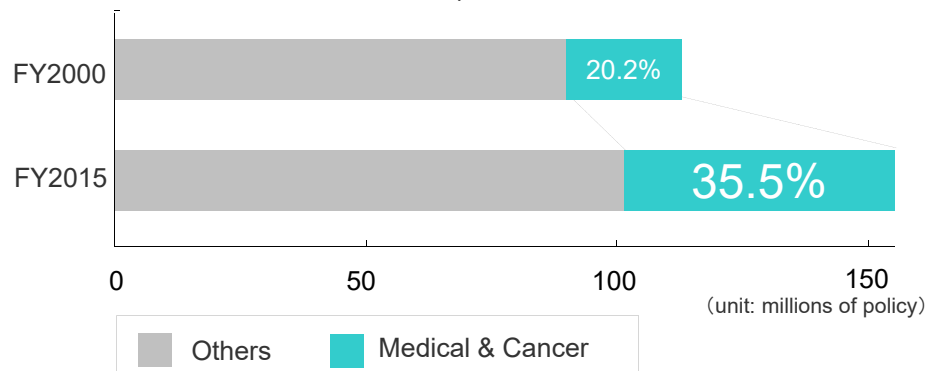
Revision	FY13	FY14	FY15	FY16 Projections
Jan. 2012	7.0			
Oct. 2012	8.0	1.0		
Oct. 2013	4.0	26.0	4.0	
Oct. 2014		3.0	15.0	3.0
Total	19.0	30.0	19.0	3.0

Basic Information (Domestic Life) - TMNL

Growing "Medical & Cancer" market

【Composition of number of in-force policies】

(Individual insurance basis, total of Japanese life insurance market)

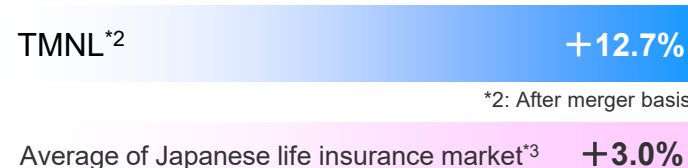


Source: The Life Insurance Association of Japan

Growth rate of number of in-force policies at TMNL

【CAGR of in-force policies from FY2000 to FY2015】*1

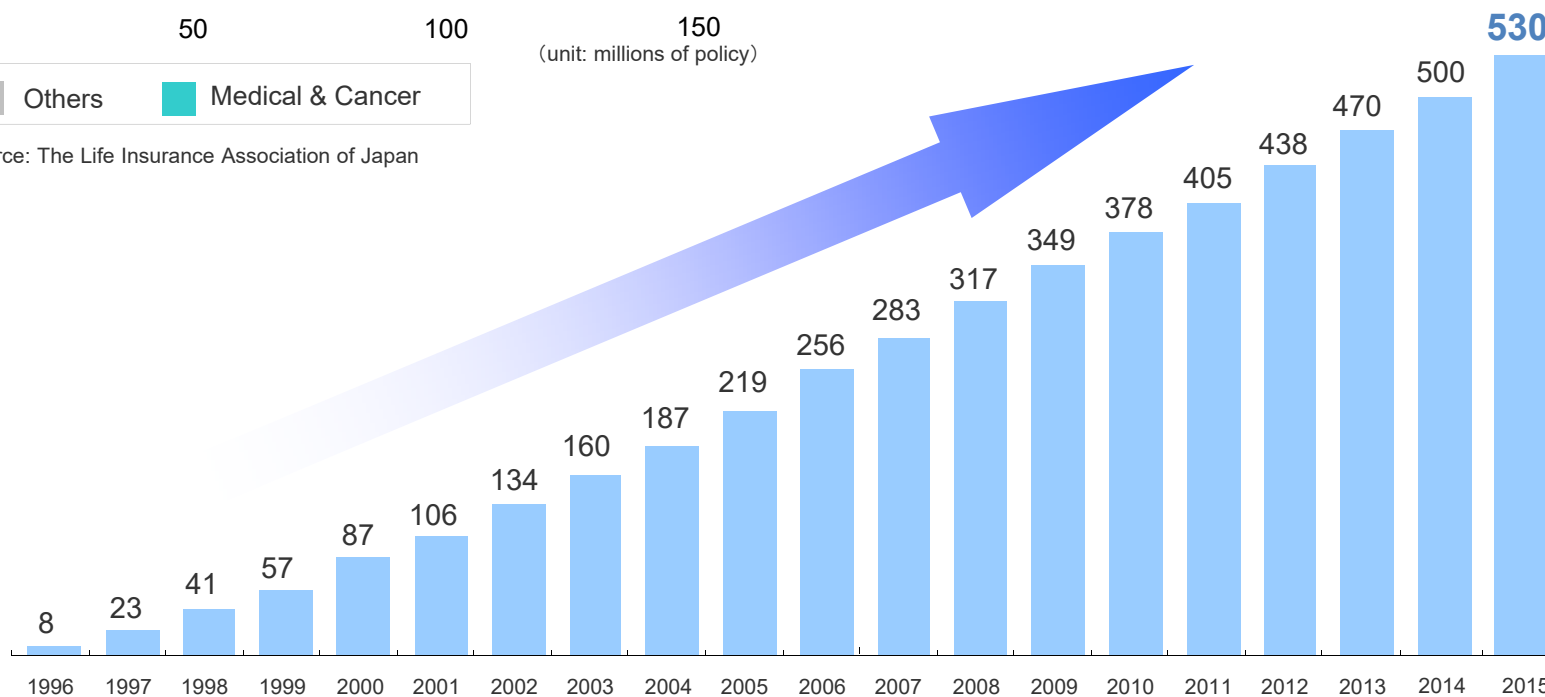
*1: Total of individual insurance and individual annuities



*2: After merger basis

*3 :Source *Insurance Statistics (Seiho Toukeigo)*

(unit: ten thousands of policy)



Number of in-force policies*4 at TMNL (total of individual insurance and individual annuities)

*4: Total of TMNL and former FL

Through development of product strategies focusing on "life insurance to protect one's living" in response to customer needs, TMNL achieved 5.3 million in-force policies in FY2015, significantly exceeding the market growth

Background of the funding

Significant changes in life insurance business environment brought by unprecedented easy money policy

- Improving investment return is an immediate issue in the historically low interest rate environment. As liquidity of Japanese Government Bonds (“JGB”) has fallen, it has become more difficult to conduct flexible ALM depending on JGB
- Diversification of investment portfolio is required to improve stability of the means of controlling interest rate risk of insurance liabilities as well as to improve investment return
- In considering capital strategies, taking into account uncertainty in financial markets, such as future interest-rate spike has become more important

Purpose of the funding

TMNL plans to fund through a subordinated term loan to maintain stable financial base in the event of a future drastic environmental shift, specifically aiming two points below

- Further enhance its capital preparing for investment portfolio diversification in consideration of the current low interest rate environment
- Prepare for uncertainty such as interest-rate spike in the future, which could lead to a decrease in unrealized capital gains of its bonds and reduce its net assets on financial accounting basis

<Summary of the Loan>

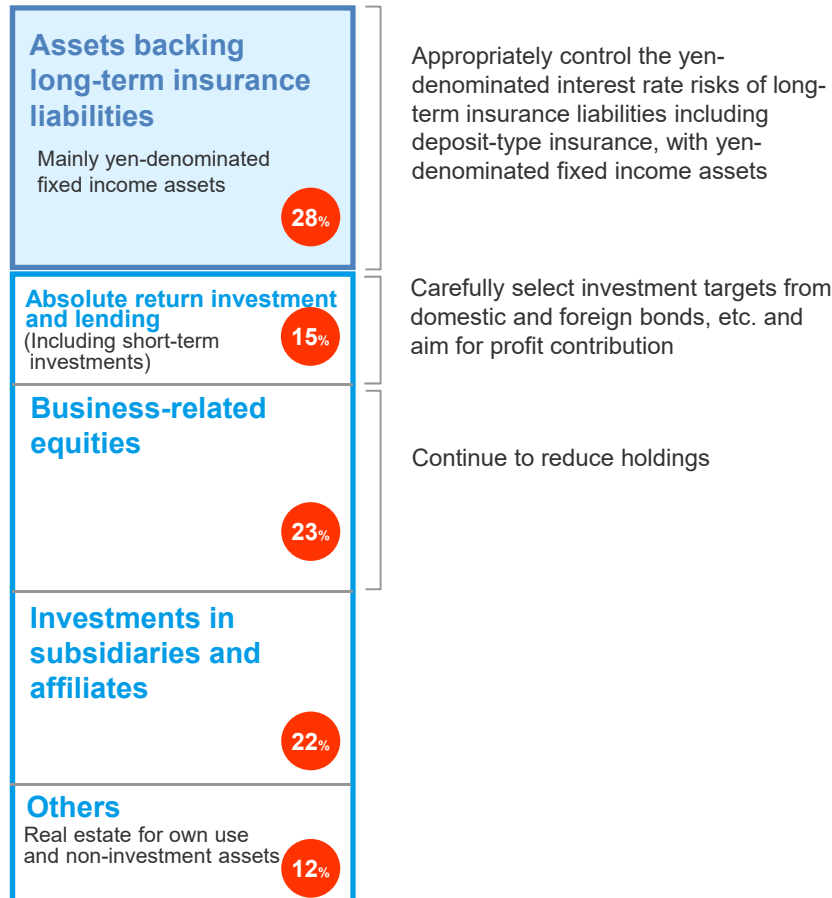
Amount : Approx. 100 billion yen
Financing method : Syndicated loan
Drawdown date : November 2016 (To be scheduled)
Maturity : 27 years*
*As premises for certain criteria, it is possible to be repaid voluntarily in a lump after November 2023
Arranger : The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Pricing : Fixed interest rate
(Floating interest rate after November 2023)

Note : Credit rating will be assigned to the funding

Domestic Non-Life (TMNF)

- With regard to "long-term insurance liabilities," we aim to maximize the value of surplus by controlling the interest rate risk based on ALM investments
- With regard to "Absolute return investment and lending," we work toward diversification of investments with appropriate risk control, in order to maximize net asset value and increase investment income

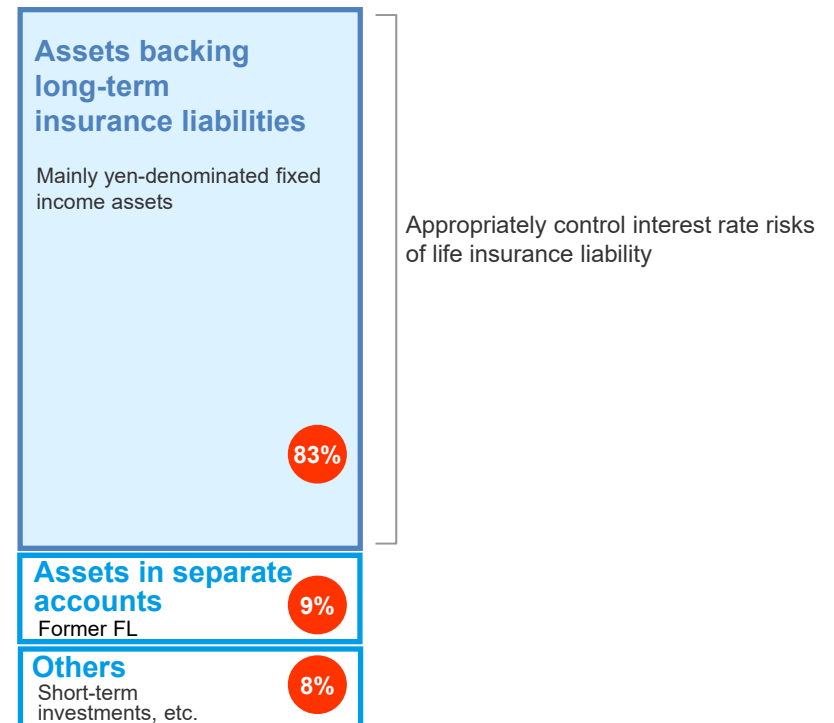
TMNF Total Assets ¥9.2T (as of Sep. 30, 2016)



Domestic Life (TMNL)

- Excluding assets in separate accounts, most assets are assets for backing long-term insurance liabilities. We aim to maximize the value of surplus by controlling the interest rate risk based on ALM investments

TMNL Total Assets ¥7.6T (as of Sep. 30, 2016)



International Insurance - FY2016 Projections by Region



Net Premiums Written (billions of yen)	FY2014	FY2015	FY2016 Projections					
			Original → Revised			from FY2015		
			Original (a)	Revised (b)	Difference (b - a)	YoY	(Ref.) (Excluding FX effects) ³	
North America	631.2	665.8	994.0	893.0	-101.0	227.1	34%	60%
Philadelphia	323.9	342.3	332.0	303.0	-29.0	-39.3	-11%	6%
Delphi	236.6	241.3	232.0	213.0	-19.0	-28.3	-12%	5%
TMHCC	-	-	349.0	304.0	-45.0	304.0	-	-
Europe⁴	152.4	148.4	147.0	128.0	-19.0	-20.4	-14%	18%
South & Central	132.1	102.7	117.0	109.0	-8.0	6.2	6%	5%
Asia & Middle East⁴	118.7	115.7	124.0	105.0	-19.0	-10.7	-9%	6%
Reinsurnace	149.5	188.3	134.0	136.0	2.0	-52.3	-28%	-12%
Total Non-Life^{*1}	1,184.7	1,221.1	1,516.0	1,371.0	-145.0	149.8	12%	34%
Life	117.9	82.9	94.0	79.0	-15.0	-3.9	-5%	10%
Total^{*2}	1,302.6	1,304.0	1,610.0	1,450.0	-160.0	145.9	11%	32%

Business Units Profits (billions of yen)	FY2014	FY2015	FY2016 Projections					
			Original → Revised			from FY2015		
			Original (a)	Revised (b)	Difference (b - a)	YoY	(Ref.) (Excluding FX effects) ³	
North America	87.2	95.6	129.0	122.0	-7.0	26.3	28%	52%
Philadelphia	42.3	46.4	40.0	39.0	-1.0	-7.4	-16%	0%
Delphi	40.2	44.4	42.0	37.0	-5.0	-7.4	-17%	-1%
TMHCC	-	-	44.0	43.0	-1.0	43.0	-	-
Europe⁴	19.7	8.0	9.0	10.0	1.0	1.9	24%	73%
South & Central	5.8	5.3	4.0	4.0	-	-1.3	-25%	-25%
Asia & Middle East⁴	17.1	14.8	10.0	6.0	-4.0	-8.8	-60%	-52%
Reinsurnace	9.6	10.6	9.0	9.0	-	-1.6	-16%	0%
Total Non-Life^{*1}	138.6	134.3	161.0	151.0	-10.0	16.6	12%	34%
Life	9.4	0.6	2.0	1.0	-1.0	0.3	66%	104%
Total^{*2}	145.5	131.8	159.0	148.0	-11.0	16.1	12%	35%

Applied FX rate	FY2014	FY2015	FY2016 Projections					
			Original (a)		Revised (b)		(a)→(b) Change	YoY Change
			As of end-Dec. 2014	As of end-Dec. 2015	As of end-Mar. 2016	As of end-Sept. 2016		
(USD / JPY)	¥120.5	¥120.6	¥112.6	¥101.1	-10%	-16%		
(GBP / JPY)	¥187.0	¥178.7	¥161.9	¥131.0	-19%	-27%		
(Brazilian Real / JPY)	¥45.3	¥30.4	¥31.3	¥30.9	-1%	2%		
(Malaysian Ringgit / JPY)	¥34.4	¥28.0	¥28.8	¥24.4	-15%	-13%		

C/R	FY2014	FY2015	FY2016 Projections	
			Original	Revised
North America	94%	94%	93%	93%
Philadelphia	91%	91%	94%	92%
Delphi	96%	96%	98%	98%
TMHCC	-	-	88%	87%
Europe⁴	94%	96%	94%	95%
South & Central	100%	100%	100%	102%
Asia & Middle East⁴	91%	91%	95%	98%
Reinsurnace	93%	93%	97%	99%
Total Non-Life^{*1}	94%	95%	94%	95%
Life	-	-	-	-
Total^{*2}	94%	95%	94%	95%

*1: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

*2: After adjustment of head office expenses

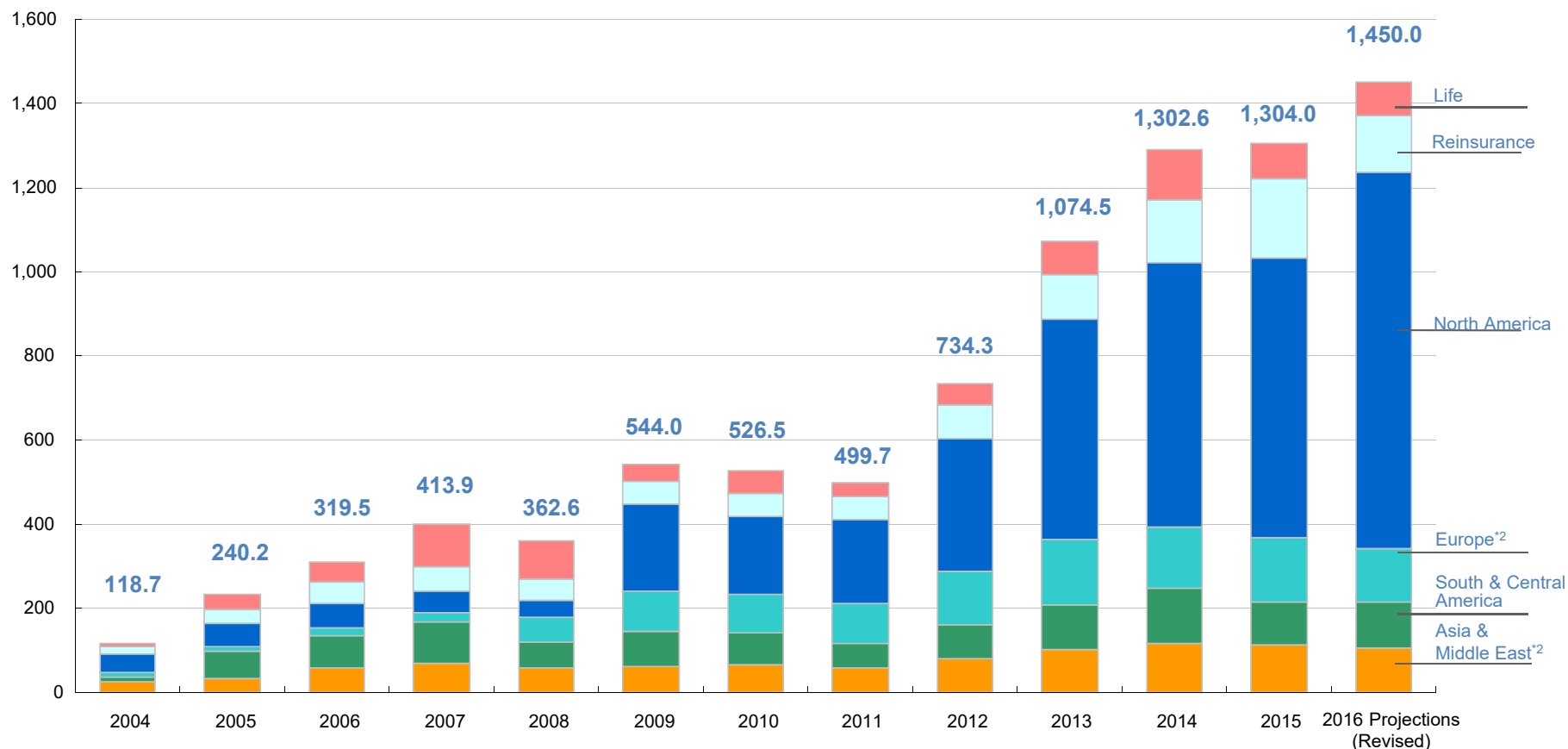
*3: Excluding FX effects due to yen conversion

*4: Before, Middle East was included in Europe, but from FY2016, Middle East is included in Asia (same for FY2014 and FY2015 in the above chart)

Basic Information (International Insurance 1) - Net Premiums Written



● Net premiums written in international insurance business (billions of yen)

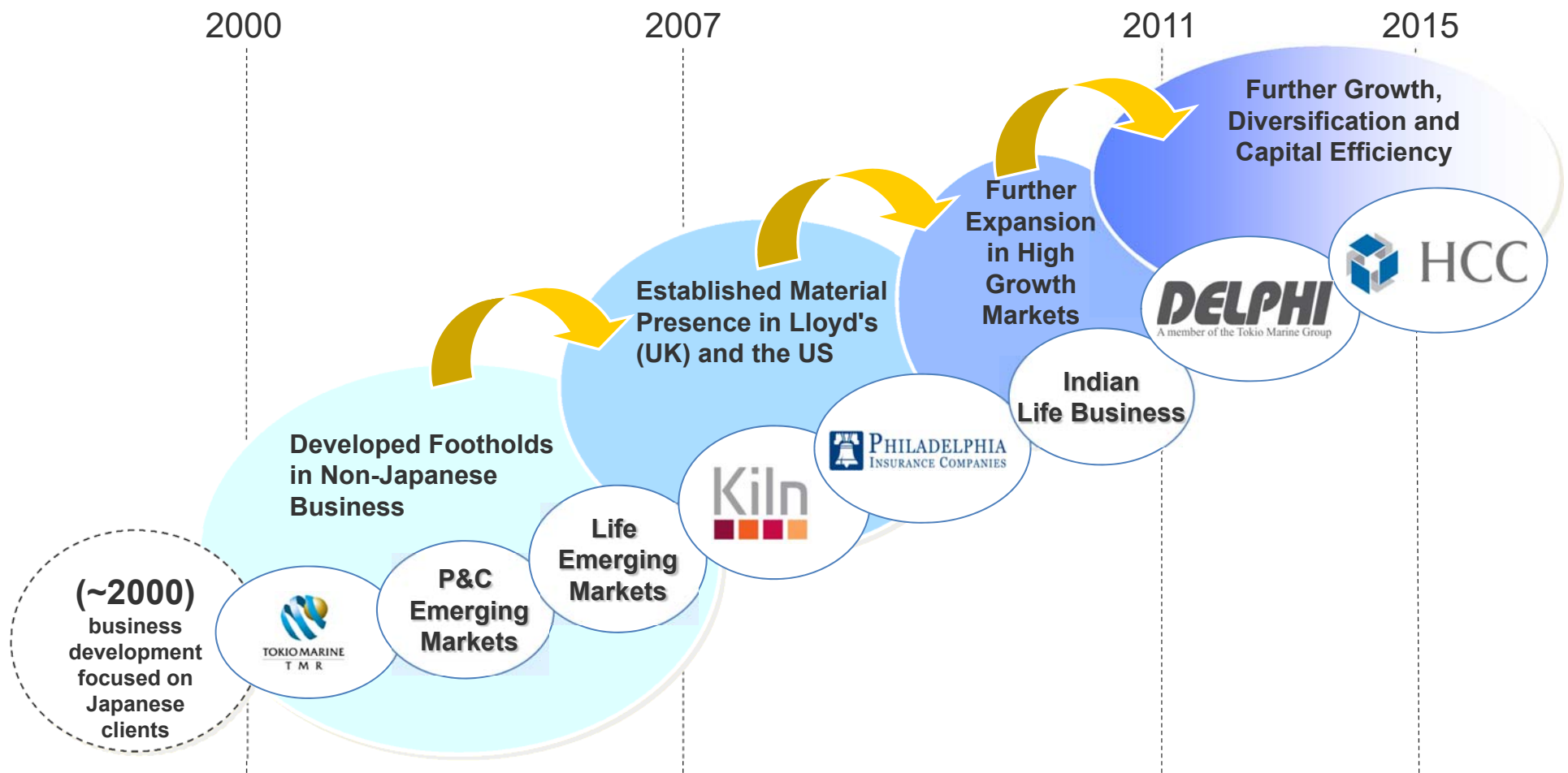


USD/JPY*1	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Projections (Revised)
	104.2	118.1	119.1	114.1	91.0	92.1	81.4	77.7	86.5	105.3	120.5	120.6	101.1

*1: FX rates are as of Dec. 31 of each year
(FX rate for FY2016 Projections is as of Sept. 30, 2016)

*2: Up to FY2015, Middle East is included in Europe.
From FY2016, Middle East is included in Asia

Basic Information (International Insurance 2) - Strategic Expansion



- Step by step expansion since 2000
- International business grew substantially after 2007 due to transformational acquisitions of Kiln, Philadelphia, Delphi, and HCC

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