



Tokio Marine Holdings

To Be a Good Company

FY2017 Results and FY2018 Projections

May 18, 2018

Tokio Marine Holdings, Inc.

◆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.
- TMHCC : Tokio Marine HCC
- TMK : Tokio Marine Kiln
- TMR : Tokio Millennium Re



Table of Contents



I. FY2017 Results

● Consolidated Results	
— Highlight of FY2017 Results	... 3
— Overview	... 4
— Ordinary Profit	... 5
● Domestic Non-Life	
— TMNF Financial Results	... 6
— TMNF Combined Ratio	... 7
— TMNF NPW & Loss Ratio	... 8
— TMNF Asset Management Results	... 9
— NF Financial Results	... 10
● Domestic Life	
— TMNL Financial Results	... 11
● International Insurance Business	
— Net Premiums Written	... 12
— Business Unit Profits	... 13
— Philadelphia	... 14
— Delphi	... 15
— TMHCC	... 16

II. FY2018 Projections

● Consolidated Projections	
— FY2018 Projection Points	...18
— Overview	...19
— Ordinary Profit	...20
● Domestic Non-Life	
— TMNF FY2018 Financial Projections	...21
— TMNF Combined Ratio	...22
— TMNF NPW & Loss Ratio	...23
— NF FY2018 Financial Projections	...24
● Domestic Life	
— TMNL FY2018 Financial Projections	...25
● International Insurance Business	
— Net Premiums Written	...26
— Business Unit Profits	...27

III. Economic Solvency Ratio

— Modified ESR Model	...29
— Target Range and Sensitivity of ESR	...30
— Risk Capital as of Mar. 31, 2018	...31

Reference

...33

I. FY2017 Results

<Reference>

	Applied FX Rate (USD/JPY)	
	FY2016	FY2017
Domestic non-life and life businesses (End of Mar.)	JPY 112.19 +JPY 0.49 from Mar. 2016	JPY 106.24 +JPY 5.95 from Mar. 2017)
International insurance business (End of Dec.)	JPY 116.49 +JPY 4.12 from Dec. 2015	JPY 113.00 +JPY 3.49 from Dec. 2016

Highlight of FY2017 Results

Consolidated	Domestic Life
Domestic Non-Life	International



<p>Net premiums written ¥3,564.7B (+2.4%)</p> <p>Life insurance premiums ¥953B (+5.4%)</p>	<ul style="list-style-type: none"> Net premiums written grew by 2.4% YoY driven by business growth at domestic non-life and overseas subsidiaries Life insurance premiums grew by 5.4% YoY due to an increase in in-force policies at TMNL, exceeding a decrease due to the appreciation of the yen at overseas subsidiaries, etc.
<p>Consolidated net income ¥284.1B (+ ¥10.3B)</p>	<ul style="list-style-type: none"> Consolidated net income (net income attributable to owners of the parent) grew by ¥10.3B YoY due to one time impact of U.S. Tax Reform despite an increase in net incurred losses relating to natural catastrophes in domestic and overseas, etc.

Domestic Non-Life	<ul style="list-style-type: none"> Net premiums written grew due to sales expansion of Auto and Other at TMNF Net income grew driven by (i) a decrease in net provision for catastrophe loss reserves and (ii) an increase in dividends income from overseas subsidiaries at TMNF (eliminated in the consolidated results), exceeding an increase in net incurred losses from natural catastrophes and large losses, etc.
Domestic Life	<ul style="list-style-type: none"> Life insurance premiums grew due to a decrease in surrender of variable annuities and an increase in in-force policies Net income grew driven by (i) a decrease in net provision for underwriting reserves due to product revisions associated with the revision of the standard interest rate revision and (ii) sales suspension of long-term saving-type products
International	<ul style="list-style-type: none"> Premiums (Net premiums written + life insurance premiums) grew due to the progress of growth measures in each business segment, etc. Net income grew due to one time impact of U.S. Tax Reform despite the impact of large natural catastrophes such as the hurricanes in North America, etc.

Consolidated Results Overview (1)

Consolidated	Domestic Life
Domestic Non-Life	International



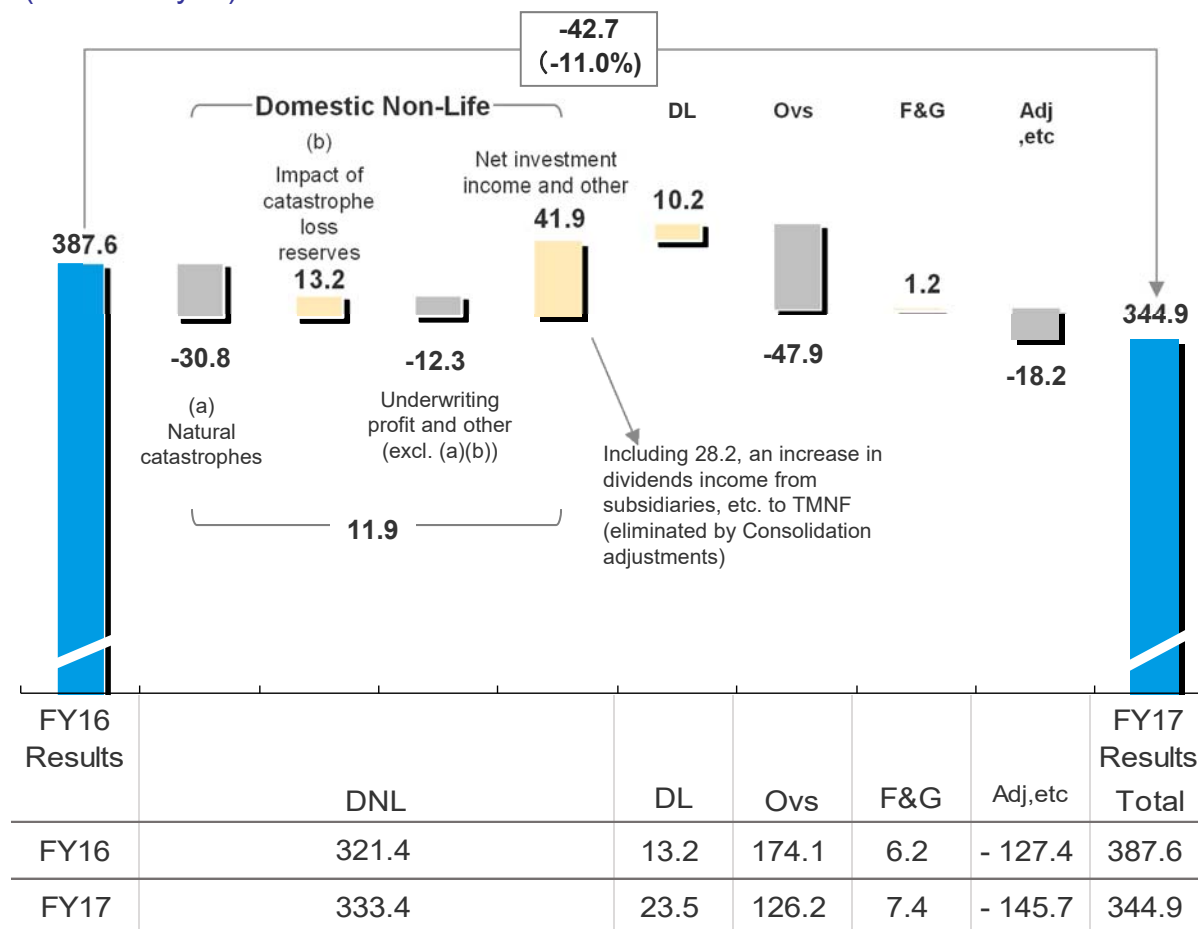
	FY2016	FY2017	YoY	
			Change	%
(billions of yen, except for %)				
■ Ordinary income (TMHD Consolidated)	5,232.6	5,399.1	166.5	+ 3.2%
Net premiums written (TMHD Consolidated)	3,480.4	3,564.7	84.2	+ 2.4%
Life insurance premiums (TMHD Consolidated)	904.4	953.0	48.5	+ 5.4%
■ Ordinary profit (TMHD Consolidated)	387.6	344.9	- 42.7	- 11.0%
Tokio Marine & Nichido	312.4	325.8	13.4	+ 4.3%
Nisshin Fire	9.0	7.5	- 1.4	- 16.0%
Tokio Marine & Nichido Life	13.2	23.5	10.2	+ 77.6%
Overseas subsidiaries	174.1	126.2	- 47.9	- 27.5%
Financial and general	6.2	7.4	1.2	+ 19.4%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 64.4	- 92.6	- 28.2	
Purchase method adjustments	- 3.8	- 3.1	0.6	
Amortization of goodwill and negative goodwill	- 51.1	- 43.8	7.3	
Others (Consolidation adjustments, etc.)	- 7.9	- 6.0	1.9	
■ Net income attributable to owners of the parent	273.8	284.1	10.3	+ 3.8%
Tokio Marine & Nichido	248.6	253.8	5.2	+ 2.1%
Nisshin Fire	6.5	5.3	- 1.2	- 18.7%
Tokio Marine & Nichido Life	8.7	15.5	6.7	+ 77.1%
Overseas subsidiaries	135.6	145.3	9.7	+ 7.2%
Impact of U.S. Tax Reform	-	57.8	57.8	
Financial and general	4.0	5.0	1.0	+ 24.8%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 64.4	- 92.6	- 28.2	
Purchase method adjustments	- 4.4	- 2.4	2.0	
Amortization of goodwill and negative goodwill	- 51.1	- 43.8	7.3	
Others (Consolidation adjustments, etc.)	- 9.7	- 2.1	7.5	
[KPI for the Group Total]				
■ Adjusted net income	406.7	341.4	-65.3	- 16.1%

Consolidated Results Overview (2)

Consolidated	Domestic Life
Domestic Non-Life	International



■ Ordinary Profit (billions of yen)



Figures of each business domain in this chart are calculated as follows, different from segment information in the Summary Report.

DNL (Domestic Non-life) : Total of TMNF and NF

DL (Domestic life) : TMNL

Ovs (Overseas subsidiaries)

F&G (Financial & General)

Adj, etc

: Total of the followings: i) dividends income from subsidiaries, etc. to TMNF
 ii) purchase method adjustments
 iii) amortization of goodwill and negative goodwill
 iv) others (elimination, etc.)

Changes in Major P/L Items

(billions of yen)

	FY2016 Results	FY2017 Results	YoY Change
Underwriting profit/loss	116.1	86.6	- 29.4
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	159.1	117.7	- 41.3
Net premiums written (Private insurance)	1,831.9	1,861.5	29.5
Net premiums earned (Private insurance)	1,820.8	1,860.2	39.3
Net incurred losses (Private insurance)*	- 1,051.3	- 1,142.4	- 91.1
Natural catastrophe losses	- 53.5	- 82.2	- 28.6
Provision/Reversal of foreign currency denominated outstanding claims reserves	0.4	4.7	4.2
Other than above	- 998.2	- 1,064.9	- 66.7
Business expenses (Private insurance)	- 599.0	- 605.4	- 6.4
Provision/Reversal of catastrophe loss reserves	- 42.9	- 31.1	11.8
Auto	- 10.4	- 3.1	7.3
Fire	- 15.8	- 10.6	5.2
Net investment income (loss) and other	197.4	237.9	40.5
Net investment income/loss	217.6	266.7	49.1
Interest and dividends	177.8	209.7	31.9
Dividends from foreign stocks	65.8	96.9	31.0
Gains/Losses on sales of securities	89.1	94.1	5.0
Impairment losses on securities	- 0.9	- 1.0	0.0
Gains/Losses on derivatives	1.4	5.8	4.4
Ordinary profit/loss	312.4	325.8	13.4
Extraordinary gains/losses	2.0	- 12.4	- 14.5
Net income/loss	248.6	253.8	5.2

*Including loss adjustment expenses

(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 insurance

Underwriting Profit

¥29.4B decrease YoY to ¥86.6B mainly due to the following factors:

- Net premiums written (Private insurance) (See p.8 for details) :
 - Auto : Increase in the number of policies
 - Other: Sales expansion of *Super Business Insurance*, etc.
- Net incurred losses (Private insurance):
 - Increase in net incurred losses from natural catastrophes
 - Decrease in provision for foreign currency denominated outstanding claims reserves due to the appreciation of the yen during FY2017
 - Impact of large losses, etc.
 - Increase in net incurred losses associated with an increase in NPW
- Business expenses (Private insurance):
 - Increase in agency commissions associated with an increase in NPW
- Catastrophe loss reserves :
 - Increase in takedown associated with an increase in W/P loss ratio in auto and fire

Net Investment Income and Other (See p.9 for details)

¥40.5B increase YoY to ¥237.9B mainly due to an increase in dividends income from overseas subsidiaries

Extraordinary gains/losses

¥14.5B decrease YoY to ¥-12.4B due to the reversal effect of gains on sales of fixed assets in FY2016 and losses on valuation of affiliate company equities, etc.

Net Income

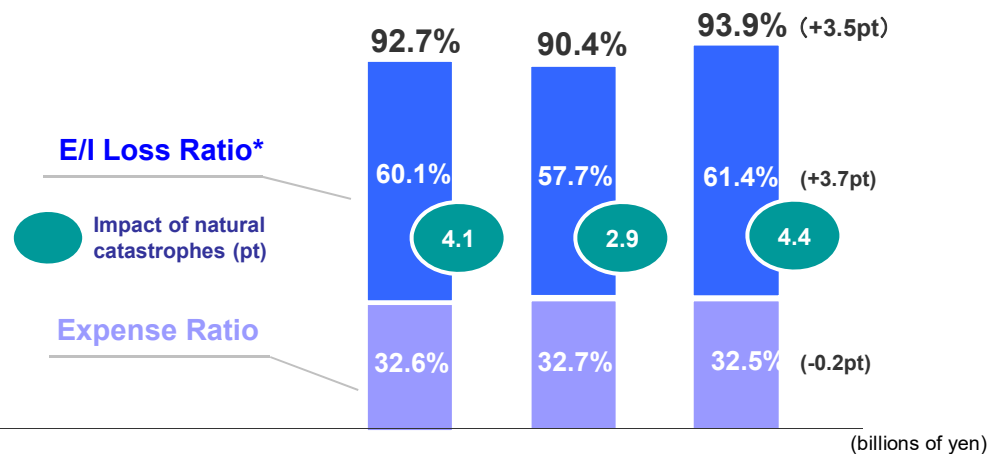
¥5.2B increase YoY to ¥253.8B due to the factors above

TMNF Combined Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



Combined Ratio (Private insurance: E/I basis) ※(): YoY Change



E/I Basis Loss Ratio

Rose by 3.7 points YoY to 61.4% mainly due to:

- ↘ Increase in net incurred losses relating to natural catastrophes
- ↗ Decrease in provision for foreign currency denominated outstanding claims reserves due to the appreciation of the yen during FY2017
- ↘ Impact of large losses, etc.

Expense Ratio

Improved by 0.2 points YoY to 32.5% mainly due to an increase in NPW

	FY2015 Results	FY2016 Results	FY2017 Results	YoY Change
Net premiums written	1,844.1	1,831.9	1,861.5	29.5
Net premiums earned	1,784.4	1,820.8	1,860.2	39.3
Net incurred losses*	1,072.4	1,051.3	1,142.4	91.1
Business expenses	600.4	599.0	605.4	6.4
Corporate expenses	233.4	234.3	234.2	- 0.0
Agency commissions	367.0	364.7	371.2	6.4

(Reference) All lines: W/P basis

Combined ratio*	90.6%	91.5%	92.7%	1.2pt
Loss ratio*	60.0%	60.7%	62.0%	1.3pt
Expense ratio	30.6%	30.8%	30.7%	- 0.1pt

* Including loss adjustment expenses

TMNF NPW & Loss Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



Net Premiums Written by Line

(billions of yen, except for %)

	FY2016 Results	FY2017 Results	YoY	
			Change	%
Fire	272.2	274.6	2.4	0.9%
Marine	58.9	59.9	0.9	1.6%
P.A.	172.2	168.6	-3.5	-2.1%
Auto	1,051.3	1,064.4	13.0	1.2%
CALI	282.7	282.2	-0.4	-0.2%
Other	278.6	294.9	16.3	5.9%
Total	2,116.1	2,144.7	28.6	1.4%
Private insurance Total	1,831.9	1,861.5	29.5	1.6%

Major Factors of Changes in NPW

- Fire: Grew mainly due to an increase in unit premiums in the household sector
- P.A.: Fell due to shift of sub-lines of P.A. insurance into the "Other" category
- Auto: Grew mainly due to an increase in the number of policies
- CALI: Fell mainly due to rates cut despite an increase in the number of policies
- Other: Grew due to sales expansion of *Super Business Insurance*, etc. as well as the premium shift of sub-lines from the "P.A." category despite the impact of surrender in surety insurance

E/I Loss Ratio by Line

	FY2016 Results	FY2017 Results	YoY Change
Fire	54.1%	68.7%	14.6pt
Marine	50.5%	71.6%	21.1pt
P.A.	50.7%	53.9%	3.2pt
Auto	60.2%	60.8%	0.6pt
Other	57.8%	58.9%	1.2pt
Private insurance Total	57.7%	61.4%	3.7pt

Major Factors of Changes in E/I Loss Ratio

- Fire: Rose due to an increase in large and medium size losses, etc. as well as an increase in net incurred losses relating to natural catastrophes
- Marine: Rose due to an increase in medium size losses, etc.
- Auto: Rose due to an increase in net incurred losses relating to natural catastrophes, etc.

■ Net Investment Income and Other

(billions of yen)

	FY2016 Results	FY2017 Results	YoY Change
Net investment income and other	197.4	237.9	40.5
Net investment income	217.6	266.7	49.1
Net interest and dividends income	132.5	167.0	34.4
Interest and dividends	177.8	209.7	31.9
Dividends from domestic stocks	54.9	59.9	5.0
Dividends from foreign stocks	65.8	96.9	31.0
Income from domestic bonds	25.6	24.3	- 1.2
Income from foreign bonds	5.5	3.9	- 1.5
Income from other domestic securities*1	0.0	1.4	1.4
Income from other foreign securities*2	14.7	12.1	- 2.5
Transfer of investment income on deposit premiums	- 45.3	- 42.7	2.5
Net capital gains	85.1	99.7	14.6
Gains/Losses on sales of securities	89.1	94.1	5.0
Impairment losses on securities	- 0.9	- 1.0	- 0.0
Gains/Losses on derivatives	1.4	5.8	4.4
Other investment income and expenses	- 2.7	0.6	3.4
Others	- 1.6	0.1	1.8
Other ordinary income and expenses	- 20.2	- 28.8	- 8.5

*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

— Net investment income and other increased by ¥40.5B YoY to ¥237.9B

- Net interest and dividends income
¥34.4B increase YoY to ¥167.0B mainly due to the following factors:
 - Dividends from foreign stocks:
 - ✓ Increase in dividends income from overseas subsidiaries
 - Dividends from domestic stocks:
 - ✓ Increase in dividends income from business-related equities
- Net capital gains
¥14.6B increase YoY to ¥99.7B mainly due to the following factors:
 - Gains/Losses on sales of securities:
 - ✓ The reversal effect of losses on sales of foreign securities in FY2016
 - Gains/Losses on derivatives:
 - ✓ Market value changes in derivative contracts for foreign currency hedging purpose

¥83B capital gains from sales of business-related equities,
 ¥2B smaller from previous year
 (Sales of business-related equities was ¥108B)

Change in Major P/L Items

(billions of yen)

	FY2016 Results	FY2017 Results	YoY Change
Underwriting profit/loss	8.1	5.3	- 2.8
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	13.9	9.7	- 4.2
Net premiums written (Private insurance)	120.2	123.0	2.7
Net premiums earned (Private insurance)	121.3	123.6	2.3
Net incurred losses (Private insurance)*	- 66.5	- 71.4	- 4.9
Natural catastrophe losses	- 1.7	- 4.0	- 2.2
Other than above	- 64.7	- 67.4	- 2.7
Business expenses (Private insurance)	- 41.7	- 42.9	- 1.2
Provision/Reversal of catastrophe loss reserves	- 5.8	- 4.4	1.4
Fire	- 0.8	0.6	1.4
Auto	- 4.1	- 4.0	0.0
Net investment income (loss) and other	1.2	2.6	1.4
Net investment income/loss	2.0	3.0	1.0
Interest and dividends	4.3	4.5	0.2
Gains/Losses on sales of securities	- 0.0	0.3	0.4
Gains/Losses on redemption of securities	- 0.0	0.1	0.2
Ordinary profit/loss	9.0	7.5	- 1.4
Extraordinary gains/losses	0.1	- 0.2	- 0.4
Net income/loss	6.5	5.3	- 1.2
Loss ratio (Private insurance, E/I basis)*	54.8%	57.8%	3.0pt
Expense ratio (Private insurance)	34.7%	34.9%	0.2pt
E/I Combined ratio (Private insurance)*	89.5%	92.7%	3.2pt

* Including loss adjustment expenses

(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 insurance

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Underwriting Profit

¥2.8B decrease YoY to ¥5.3B mainly due to the following factors:

- Net premiums written (Private insurance)
 - Increased due to sales expansion of a new product in fire
 - Increased due to sales expansion of a new product for SMEs in specialty insurance
- Net incurred losses (Private insurance)
 - Increase in net incurred losses relating to natural catastrophes
 - Increase in small losses due to lightning and wind disaster in fire
 - Decrease in net incurred losses relating to auto
 - Increase in net incurred losses relating to specialty insurance

Net Investment Income and Other

¥1.4B increase YoY to ¥2.6B due to an increase in gains/losses on sales and redemption of securities

Net Income

¥1.2B decrease YoY to ¥5.3B from the above mentioned

Annualized Premiums (ANP)

(billions of yen)

	FY2016 Results	FY2017 Results	YoY	
			Change	%
New policies ANP	120.7	102.1	- 18.6	-15.5%
Excluding long-term saving-type products*	113.5	102.1	- 11.4	-10.1%
In-force policies ANP	831.3	852.7	21.4	2.6%

* Excluding individual annuity and "whole life with long-term discount"

Key Figures in Financial Accounting

(billions of yen)

	FY2016 Results	FY2017 Results	YoY Change
Ordinary income	1,005.6	1,085.4	79.8
Insurance premiums and other	866.7	908.1	41.4
Net income	8.7	15.5	6.7
Ordinary profit	17.4	23.0	5.5
(-) Capital gains / losses	- 2.5	- 3.6	- 1.0
(-) Non-recurring income / losses	- 2.3	- 3.8	- 1.5
Core operating profit	22.3	30.5	8.1

Business Unit Profits

(billions of yen)

	FY2016 Results	FY2017 Results	YoY Change
Increase in MCEV*	373.5	99.0	- 274.5

* Excluding capital transactions

New Policies ANP

- Fell by 15.5% YoY due to (i) sales suspension of long-term saving-type products, (ii) the impact of product revisions reflecting the standard interest rate revision and (iii) the reversal effect of new products for third sector, etc.

In-force Policies ANP

- Grew by 2.6% YoY due to an increase in new policies exceeding the decrease in maturities in variable annuities

Net Income/Core Operating Profit

- Net Income rose by ¥6.7B YoY to ¥15.5B and Core Operating Profit increased by ¥8.1B YoY to ¥30.5B due to sales suspension of long-term saving-type products and a decrease in net provision for underwriting reserves by the impact of product revisions owing to the standard interest rate revision, etc.

Business Unit Profits (Increase in MCEV)

- Fell by ¥274.5B YoY to ¥99.0B due to the reversal effect of changes in definitions in the measurement method of MCEV and changes in economic environment in FY2016
- Value of new business increased by ¥27.1B YoY to ¥64.6B

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2016 Results	FY2017 Results	YoY		(Ref.) YoY (Excluding FX effects) ⁵
	As of end-Dec. 2016	As of end-Dec. 2017	Change	%	
	JPY 116.4	JPY 113.0			
North America ^{*1}	1,031.6	1,047.0	15.4	1%	5%
Philadelphia	352.2	359.7	7.5	2%	5%
Delphi	247.9	252.6	4.7	2%	5%
TMHCC	347.9	354.7	6.7	2%	5%
Europe ^{*2}	134.4	161.9	27.5	20%	14%
South & Central America	129.6	148.0	18.4	14%	20%
Asia & Middle East	116.8	145.9	29.0	25%	20%
Reinsurance ^{*3}	153.8	146.2	- 7.5	- 5%	- 2%
Total Non-Life^{*4}	1,566.4	1,649.2	82.8	5%	7%
Life	88.0	91.7	3.7	4%	- 1%
Total	1,654.4	1,741.0	86.5	5%	7%

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

^{*2} European figures include North American business of TMK, but not include European and Reinsurance businesses of TMHCC

^{*3} Reinsurance figures are those of TMR and other Reinsurance companies

^{*4} Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

^{*5} Excluding FX effects due to yen conversion

- Grew by 5% YoY due to the execution of growth measures in each business segment

North America (See P.14~16 for details)

- NPWs of Philadelphia, Delphi, and TMHCC grew due to rate increases in renewal book and business growth

Europe

- Grew due to business growth at TMK

South & Central America

- Grew mainly due to auto insurance sales growth in Brazil

Asia & Middle East

- Grew mainly due to an increase of shareholdings in India and the execution of growth measures in each country

Reinsurance

- Fell due to the reversal effect of an increase in multi-year policies in FY2016

Life

- Grew due to business growth in Thailand, India and Indonesia as well as the depreciation of the yen despite a decrease of sales in Singapore

Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2016 Results	FY2017 Results	YoY		(Ref.) YoY (Excluding FX effects) ⁵
	As of end-Dec. 2016	As of end-Dec. 2017	Change	%	
	JPY 116.4	JPY 113.0			
Applied FX rate (USD/JPY)					
North America ^{*1}	140.2	159.8	19.5	14%	17%
Philadelphia	45.7	39.2	- 6.4	- 14%	- 11%
Impact of U.S. tax reform	-	- 1.9	-	-	-
Delphi	39.6	73.0	33.3	84%	90%
Impact of U.S. tax reform	-	26.8	-	-	-
TMHCC	49.6	45.1	- 4.5	- 9%	- 6%
Impact of U.S. tax reform	-	3.9	-	-	-
Europe ^{*2}	8.9	- 17.9	- 26.9	- 299%	- 286%
South & Central America	4.4	5.0	0.5	13%	18%
Asia & Middle East	7.5	14.3	6.8	91%	81%
Reinsurance ^{*3}	12.4	- 16.1	- 28.6	- 230%	- 234%
Total Non-Life^{*4}	173.2	144.8	- 28.4	- 16%	- 13%
Life	0.1	6.3	6.2	5,645%	8,568%
Total	169.5	144.1	- 25.3	- 15%	- 12%

- Fell by ¥25.3B YoY (-15%) due to the large natural catastrophe losses relating to hurricanes in North America and foreign exchange losses despite the one time impact of U.S. tax reform in FY2017 (Approx. ¥28.2B) and the execution of growth measures in each business segment

North America (See P.14~16 for details)

- Philadelphia's profit fell due to the natural catastrophe and the negative impact of U.S. tax reform
- Delphi's profit rose due to strong investment income from an increase in investment assets and lower capital losses as well as the positive impact of U.S. tax reform
- TMHCC's profit fell due to foreign exchange losses and the natural catastrophe despite the positive impact of U.S. tax reform

Europe

- Fell due to the natural catastrophe and large losses as well as foreign exchange losses

South & Central America

- Grew mainly due to profitability improvement of auto insurance in Brazil

Asia & Middle East

- Increased due to an increase of shareholdings in India and reserve takedown

Reinsurance

- Fell due to an increase in loss ratio of non-catastrophe and natural catastrophe business as well as foreign exchange losses

Life

- Increased due to effect of the impact of interest rate fluctuation

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

^{*2} European figures include North American business of TMK, but not include European and Reinsurance businesses of TMHCC

^{*3} Reinsurance figures are those of TMR and other Reinsurance companies

^{*4} Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

^{*5} Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before

North America (Breakdown - Philadelphia)

Changes in Major P/L Items

(billions of yen, except for % and pt)

	FY2016 Results	FY2017 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2016 JPY 116.4	As of end-Dec. 2017 JPY 113.0			
Net premiums written	352.2	359.7	7.5	2%	5%
Net premium earned	339.1	349.8	10.6	3%	6%
Net incurred losses	206.3	222.9	16.6	8%	11%
Nat-Cat losses	12.4	19.0	6.6	53%	58%
Commissions / Other Underwriting expenses	106.6	107.3	0.7	1%	4%
Underwriting profit	26.1	19.5	-6.6	-25%	-23%
Net investment income / loss	33.1	32.5	-0.5	-2%	1%
Business unit profits	45.7	39.2	-6.4	-14%	-11%
Loss ratio ^{*1}	60.8%	63.7%	2.9pt	-	-
Expense ratio ^{*1}	31.4%	30.7%	-0.8pt	-	-
Combined ratio ^{*1}	92.3%	94.4%	2.1pt	-	-

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

North America (Breakdown – Delphi)

Consolidated	Domestic Life
Domestic Non-Life	International



Changes in Major P/L Items

(billions of yen, except for % and pt)

	FY2016 Results	FY2017 Results	YoY		(Ref.) YoY (Excluding FX effects) ²
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2016	As of end-Dec. 2017			
	JPY 116.4	JPY 113.0			
Net premiums written	247.9	252.6	4.7	2%	5%
Net premium earned	244.4	249.6	5.1	2%	5%
Net incurred losses	179.9	191.1	11.2	6%	10%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	63.1	66.1	2.9	5%	8%
Underwriting profit	1.3	-7.6	-8.9	-671%	-689%
Net investment income / loss	93.0	118.5	25.4	27%	31%
Business unit profits	39.6	73.0	33.3	84%	90%
Loss ratio ^{*1}	73.6%	76.6%	3.0pt	-	-
Expense ratio ^{*1}	25.9%	26.5%	0.6pt	-	-
Combined ratio ^{*1}	99.5%	103.1%	3.6pt	-	-

Net Premiums Written by Segment

(billions of yen, except for %)

	FY2016 Results	FY2017 Results	YoY		(Ref.) YoY (Excluding FX effects) ²
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2016	As of end-Dec. 2017			
	JPY 116.4	JPY 113.0			
Non-life	99.8	109.6	9.8	10%	13%
Life	148.1	143.0	-5.1	-3%	-0%
Total	247.9	252.6	4.7	2%	5%

Loss Ratio by Segment

	FY2016 Results	FY2017 Results	Change
Non-life ^{*1}	68.7%	66.5%	-2.2pt
Life ^{*1}	76.7%	83.9%	7.2pt
Total ^{*1}	73.6%	76.6%	3.0pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

North America (Breakdown – TMHCC)

Changes in Major P/L Items

(billions of yen, except for % and pt)

	FY2016 Results	FY2017 Results	YoY		(Ref.) YoY (Excluding FX effects) ²
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2016 JPY 116.4	As of end-Dec. 2017 JPY 113.0			
Net premiums written	347.9	354.7	6.7	2%	5%
Net premium earned	343.2	353.7	10.4	3%	6%
Net incurred losses	218.0	231.8	13.8	6%	10%
Nat-Cat losses	4.9	7.4	2.5	51%	56%
Commissions / Other Underwriting expenses	82.5	82.6	0.1	0%	3%
Underwriting profit	43.9	31.3	-12.5	-29%	-26%
Net investment income / loss	25.3	27.4	2.0	8%	11%
Business unit profits	49.6	45.1	-4.5	-9%	-6%
Loss ratio ^{*1}	63.5%	65.6%	2.0pt	-	-
Expense ratio ^{*1}	24.1%	23.4%	-0.7pt	-	-
Combined ratio ^{*1}	87.6%	88.9%	1.3pt	-	-

Net Premiums Written by Segment

(billions of yen, except for %)

	FY2016 Results	FY2017 Results	YoY		(Ref.) YoY (Excluding FX effects) ²
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2016 JPY 116.4	As of end-Dec. 2017 JPY 113.0			
Non-life : North America	159.3	153.0	-6.2	-4%	-1%
A&H	126.0	132.8	6.7	5%	9%
International	62.5	68.9	6.3	10%	14%
Total	347.9	354.7	6.7	2%	5%

Loss Ratio by Segment

	FY2016 Results	FY2017 Results	Change
Non-life : North America ^{*1}	62.5%	63.7%	1.2pt
A&H ^{*1}	72.9%	78.8%	5.9pt
International ^{*1}	48.4%	44.8%	-3.6pt
Total ^{*1}	63.5%	65.6%	2.0pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

II. FY2018 Projections

<Reference>

Assumptions used for FY2018 Full-Year Projections

FX rate USD/JPY	Nikkei Stock Average
JPY 106.24 (end of Mar. 2018)	21,454 yen (end of Mar. 2018)

FY2018 Projection Points

Consolidated	Domestic Life
Domestic Non-Life	International



<p>Net premiums written ¥3,530B (-1.0%)</p> <p>Life insurance premiums ¥950B (-0.3%)</p>	<ul style="list-style-type: none"> Net premiums written is projected to grow from business growth in domestic and overseas excluding FX effect while projecting to decrease by 1.0% YoY due to the appreciation of the yen Life insurance premiums is projected to increase excluding FX effect while projecting to decrease by 0.3% YoY due to the appreciation of the yen
<p>Consolidated net income ¥320B (+ ¥35.8B)</p>	<ul style="list-style-type: none"> Consolidated net income (net income attributable to owners of the parent) is projected to grow by ¥35.8B YoY due to lower estimate of natural catastrophes in domestic and overseas and an increase in underwriting profit at TMNF, etc. while seeing the reversal effect of a one time impact of U.S. Tax Reform in FY2017

<p>Domestic Non-Life</p>	<ul style="list-style-type: none"> Net premiums written is projected positive. Sustain growth in Auto to offset rates cut by sales of additional coverage and an increase in the number of policies as well as growth in Fire and Other Net income is projected to fall due to a decrease in dividends income from overseas subsidiaries at TMNF which offsets lower estimate of natural catastrophes and net provision for catastrophe loss reserves (Projected growth on a real basis since dividend from subsidiaries are eliminated by consolidated adjustments)
<p>Domestic Life</p>	<ul style="list-style-type: none"> Life insurance premiums is projected to decrease due to an increase in surrender of variable annuities, etc. despite an increase in premiums due to an increase in in-force policies Net income is projected to grow due to a decrease in net provision for contingency reserves and an increase in in-force policies, etc
<p>International</p>	<ul style="list-style-type: none"> Premiums (Net premiums written + life insurance premiums) is projected to decrease due to the appreciation of the yen Net income is projected to grow due to the execution of growth measures in each business segment and a decrease in net incurred losses relating to natural catastrophes, etc. while seeing the reversal effect of one time impact of U.S. Tax Reform

Consolidated Projections Overview (1)

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Projections	YoY	
			Change	%
■ Ordinary income (TMHD Consolidated)	5,399.1			
Net premiums written (TMHD Consolidated)	3,564.7	3,530.0	- 34.7	- 1.0%
Life insurance premiums (TMHD Consolidated)	953.0	950.0	- 3.0	- 0.3%
■ Ordinary profit (TMHD Consolidated)	344.9	450.0	105.0	+ 30.5%
Tokio Marine & Nichido	325.8	328.0	2.1	+ 0.7%
Nisshin Fire	7.5	7.6	0.0	+ 0.3%
Tokio Marine & Nichido Life	23.5	31.3	7.7	+ 33.0%
Overseas subsidiaries	126.2	168.0	41.7	+ 33.1%
Financial and general	7.4	5.8	- 1.6	- 22.4%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 92.6	- 44.9	47.7	
Purchase method adjustments	- 3.1	- 3.0	0.1	
Amortization of goodwill and negative goodwill	- 43.8	- 33.2	10.6	
Others (Consolidation adjustments, etc.)	- 6.0	- 9.6	- 3.5	
■ Net income attributable to owners of the parent	284.1	320.0	35.8	+ 12.6%
Tokio Marine & Nichido	253.8	242.0	- 11.8	- 4.7%
Nisshin Fire	5.3	5.6	0.2	+ 4.7%
Tokio Marine & Nichido Life	15.5	21.0	5.4	+ 34.8%
Overseas subsidiaries	145.3	138.0	- 7.3	- 5.1%
Excluding Impact of U.S. Tax Reform	87.5	126.0	38.4	+ 43.9%
Impact of U.S. Tax Reform	57.8	12.0	- 45.8	- 79.3%
Financial and general	5.0	3.9	- 1.1	- 23.4%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 92.6	- 44.9	47.7	
Purchase method adjustments	- 2.4	- 2.1	0.3	
Amortization of goodwill and negative goodwill	- 43.8	- 33.2	10.6	
Others (Consolidation adjustments, etc.)	- 2.1	- 10.3	- 8.1	
■ Adjusted net income	341.4	396.0	54.6	+ 16.0%

■ [KPI for the Group Total]

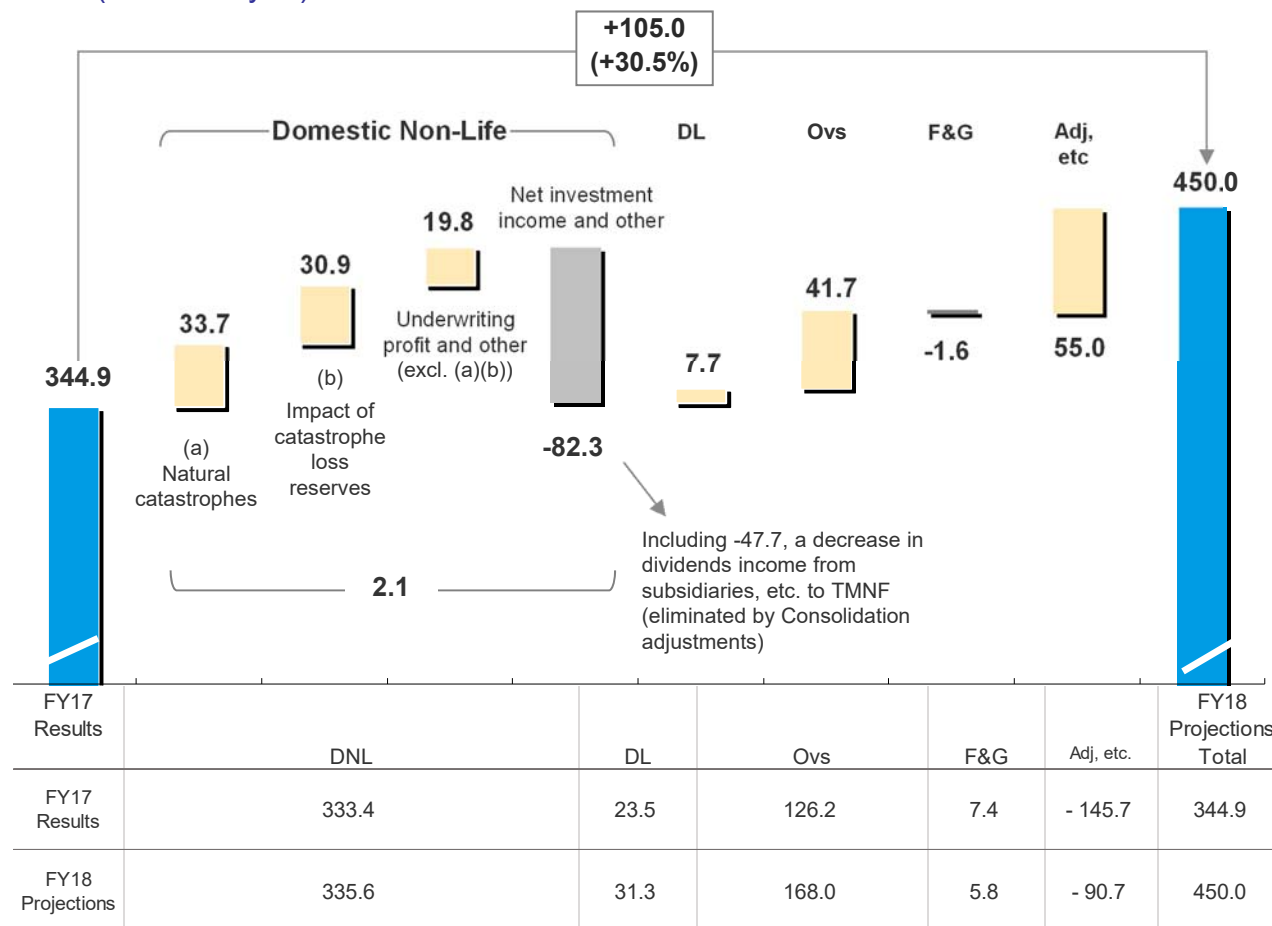
■ Adjusted net income

Consolidated Projections Overview (2)

Consolidated	Domestic Life
Domestic Non-Life	International



■ Ordinary Profit (billions of yen)



Figures of each business domain in this chart are calculated as follows, different from segment information in the Summary Report.

DNL (Domestic Non-life) : Total of TMNF and NF

DL (Domestic life) : TMNL

Ovs (Overseas subsidiaries)

F&G (Financial & General)

Adj, etc

: Total of the followings: i) dividends income from subsidiaries, etc. to TMNF
 ii) purchase method adjustments
 iii) amortization of goodwill and negative goodwill
 iv) others (elimination, etc.)

Changes in Major P/L Items

(billions of yen)

	FY2017 Results	FY2018 Projections	YoY Change
Underwriting profit/loss	86.6	171.0	84.3
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	117.7	171.8	54.0
Net premiums written (Private insurance)	1,861.5	1,869.9	8.4
Net premiums earned (Private insurance)	1,860.2	1,871.9	11.7
Net incurred losses (Private insurance)*1	- 1,142.4	- 1,098.0	44.4
Natural catastrophe losses	- 82.2	- 50.0	32.2
Provision/Reversal of foreign currency denominated outstanding claims reserves	4.7	-	- 4.7
Other than above	- 1,064.9	- 1,048.0	16.9
Business expenses (Private insurance)	- 605.4	- 611.0	- 5.6
Provision/Reversal of catastrophe loss reserves	- 31.1	- 0.8	30.2
Auto	- 3.1	22.3	25.5
Fire	- 10.6	- 10.7	- 0.0
Net investment income (loss) and other	237.9	156.6	- 81.3
Net investment income/loss	266.7	190.0	- 76.7
Interest and dividends	209.7	166.6	- 43.1
Dividends from domestic stocks	59.9	55.7	- 4.2
Dividends from foreign stocks	96.9	48.3	- 48.5
Income from other foreign securities*2	12.1	26.4	14.2
Gains/Losses on sales of securities	94.1	78.2	- 15.9
Impairment losses on securities	- 1.0	-	1.0
Gains/Losses on derivatives	5.8	- 16.7	- 22.5
Ordinary profit/loss	325.8	328.0	2.1
Extraordinary gains/losses	- 12.4	- 6.1	6.3
Net income/loss	253.8	242.0	- 11.8

*1 Including loss adjustment expenses

*2 Income from foreign securities excluding foreign stocks and foreign bonds (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 insurance

Underwriting Profit

Projected to grow by ¥84.3B YoY to ¥171.0B

- Net premiums written (Private insurance):
 - Increase due to premium growth in auto, fire and the “Other” category
(See p.23 for details)
- Net incurred losses (Private insurance):
 - Assuming an average level of net incurred losses relating to natural catastrophes
 - The reversal effect of an increase in large losses in FY2017
- Business expenses (Private insurance):
 - Increase in investment for growth and strengthening business platform
 - Increase in agency commissions associated with premium growth
- Catastrophe loss reserves:
 - Increase in takedown associated with an increase in W/P loss ratio in auto

Net Investment Income and Other

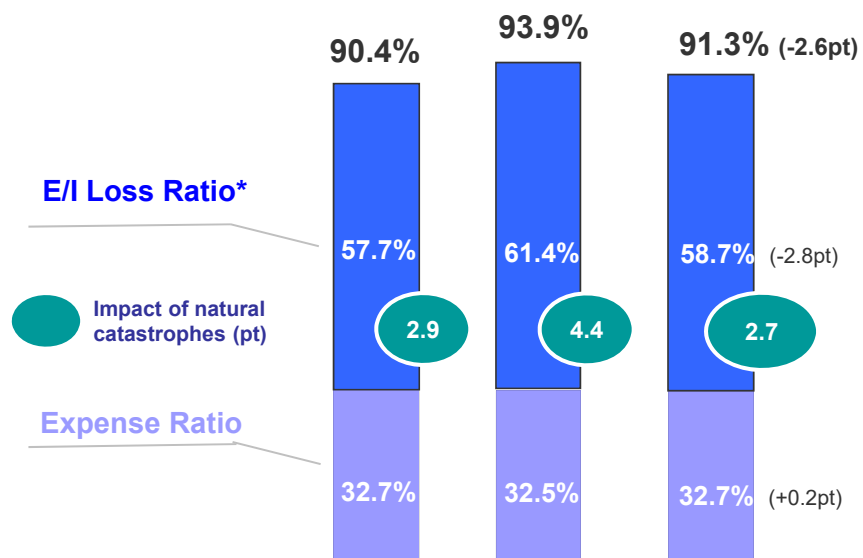
Projected to decrease by ¥81.3B YoY to ¥156.6B mainly due to a decrease in dividends from overseas subsidiaries

Net Income

In addition to the above, as a result of adjustment of income taxes, etc. projected to decrease by ¥11.8B YoY to ¥242.0B

■ Combined Ratio (Private insurance: E/I basis)

※() : YoY Change



- E/I Basis Loss Ratio

- Projected to improve by 2.8 point YoY to 58.7%
 - Assuming an average level of net incurred losses relating to natural catastrophes
 - Assuming the reversal effect of an increase in large losses in FY2017

- Expenses Ratio

- Projected to rise by 0.2 point YoY to 32.7%
 - Increase in investment for growth and strengthening business platform

(billions of yen)

	FY2016 Results	FY2017 Results	FY2018 Projections	YoY Change
Net premiums written	1,831.9	1,861.5	1,869.9	8.4
Net premiums earned	1,820.8	1,860.2	1,871.9	11.7
Net incurred losses*	1,051.3	1,142.4	1,098.0	- 44.4
Business expenses	599.0	605.4	611.0	5.6
Corporate expenses	234.3	234.2	238.1	3.8
Agency commissions	364.7	371.2	372.9	1.7

* Including loss adjustment expenses

TMNF NPW & Loss Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



Net Premiums Written by Line

(billions of yen, except for %)

	FY2017 Results	FY2018 Projections	YoY	
			Change	%
Fire	274.6	277.3	2.6	1.0%
Marine	59.9	58.4	-1.4	-2.5%
P.A.	168.6	168.0	-0.5	-0.3%
Auto	1,064.4	1,067.8	3.4	0.3%
CALI	282.2	274.9	-7.3	-2.6%
Other	294.9	299.3	4.4	1.5%
Total	2,144.7	2,146.0	1.2	0.1%
Private insurance Total	1,861.5	1,869.9	8.4	0.5%

E/I Loss Ratio by Line

	FY2017 Results	FY2018 Projections	YoY Change
Fire	68.7%	48.3%	-20.4pt
Marine	71.6%	64.9%	-6.7pt
P.A.	53.9%	55.2%	1.3pt
Auto	60.8%	62.8%	2.0pt
Other	58.9%	54.4%	-4.5pt
Private insurance Total	61.4%	58.7%	-2.8pt

Major Factors of Changes in NPW

- Fire: Projected to increase mainly in Fire for corporates
- Auto: Projected to grow due to sales of additional coverage and an increase in the number of policies despite a decrease in unit premiums by rate revisions in January 2018
- CALI: Projected to decrease mainly due to the effect of rate revisions in April 2017
- Other: Projected to grow mainly due to sales expansion of P.A. insurance for employment injury, etc.

Major Factors of Changes in E/I Loss Ratio

- Fire: Improve due to the reversal effect of an increase in large losses in FY2017 as well as assuming an average level of natural catastrophe losses
- Marine: Improve due to a decrease in medium size losses, etc.
- Auto: Rise due to an increase in net incurred losses relating to riders and rate revisions in January 2018, etc.
- Other: Improve due to the reversal effect of an increase in large losses in FY2017

Changes in Major P/L Items

(billions of yen)

	FY2017 Results	FY2018 Projections	YoY Change
Underwriting profit/loss	5.3	6.2	0.9
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	9.7	10.1	0.3
Net premiums written (Private insurance)	123.0	124.4	1.3
Net premiums earned (Private insurance)	123.6	125.3	1.6
Net incurred losses (Private insurance)*	- 71.4	- 71.8	- 0.4
Natural catastrophe losses	- 4.0	- 2.5	1.5
Other than above	- 67.4	- 69.3	- 1.9
Business expenses (Private insurance)	- 42.9	- 44.1	- 1.1
Provision/Reversal of catastrophe loss reserves	- 4.4	- 3.8	0.5
Fire	0.6	- 0.3	- 0.9
Auto	- 4.0	- 2.7	1.3
Net investment income (loss) and other	2.6	1.7	- 0.8
Net investment income/loss	3.0	2.1	- 0.8
Interest and dividends	4.5	4.2	- 0.3
Gains/Losses on sales of securities	0.3	-	- 0.3
Gains/Losses on redemption of securities	0.1	0.2	0.0
Ordinary profit/loss	7.5	7.6	0.0
Extraordinary gains/losses	- 0.2	0.2	0.5
Net income/loss	5.3	5.6	0.2
Loss ratio (Private insurance, E/I basis)*	57.8%	57.3%	- 0.4pt
Expense ratio (Private insurance)	34.9%	35.5%	0.6pt
E/I Combined ratio (Private insurance)*	92.7%	92.8%	0.1pt

* Including loss adjustment expenses

(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 insurance

Underwriting Profit

Projected to grow by ¥0.9B YoY to ¥6.2B mainly due to the following factors:

- Net premiums written (Private insurance)
 - Increase due to sales expansion in fire and specialty insurance for SMEs
- Net incurred losses (Private insurance)
 - Assuming an average level of natural catastrophe losses
 - Increase associated with an increase in unit repair cost in auto and premium growth in specialty insurance
- Business expenses (Private insurance)
 - Projecting an increase in system expenses
- Catastrophe loss reserves
 - Projecting a decrease in net provision due to the lowering of the provision rate in auto

Net Investment Income and Other

Projected to decrease by ¥0.8 YoY to ¥1.7B due to reversal effect of an increase in dividends and gains on sales of securities in FY2017

Net Income

Projected to grow by ¥0.2B YoY to ¥5.6B mainly due to an increase in underwriting profit

Annualized Premiums (ANP)

(billions of yen)

	FY2017 Results	FY2018 Projections	YoY	
			Change	%
New policies ANP	102.1	104.2	2.1	2.1%
In-force policies ANP	852.7	878.9	26.1	3.1%

Key Figures in Financial Accounting

	FY2017 Results	FY2018 Projections	YoY Change
Ordinary income	1,085.4	1,050.4	- 35.0
Insurance premiums and other	908.1	948.7	40.5
Net income	15.5	21.0	5.4
Ordinary profit	23.0	25.7	2.6
(-) Capital gains / losses	- 3.6	- 3.0	0.6
(-) Non-recurring income / losses	- 3.8	- 0.2	3.6
Core operating profit	30.5	29.0	- 1.5

Business Unit Profits

(billions of yen)

	FY2017 Results	FY2018 Projections	YoY Change
Increase in MCEV*	99.0	35.0	- 64.0

* Excluding capital transactions

– New Policies ANP

- Projected to grow by 2.1% YoY by promoting sales of protection-type products, etc

– In-force Policies ANP

- Projected to grow by 3.1% YoY due to a steady growth in new policies

– Net Income/Core Operating Profit

- Net Income is projected to grow by ¥5.4B YoY to ¥21.0B due to a decrease in provision for contingency reserves, etc. although Core Operating Profit is projected to decrease by ¥1.5B YoY to ¥29.0B due to an increase in net provision for underwriting reserves, etc. due to the standard life table revision

– Business Unit Profits (Increase in MCEV)

- Projected to fall by ¥64.0B YoY to ¥35.0B due to (i) the reversal effect of the changes in economic environment in FY2017, (ii) an increase in system expenses that respond to the increase of in-force policies and streamlining, etc. despite the assumption of the same level as value of new business in FY2017

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Projections	YoY		(Ref.) YoY (Excluding FX effects) ^{*5}
	As of end-Dec. 2017	As of end-Mar. 2018	Change	%	
	JPY 113.0	JPY 106.2			
Applied FX rate (USD/JPY)					
North America ^{*1}	1,047.0	1,027.0	- 20.0	- 2%	4%
Philadelphia	359.7	347.0	- 12.7	- 4%	3%
Delphi	252.6	244.0	- 8.6	- 3%	3%
TMHCC	354.7	363.0	8.2	2%	9%
Europe ^{*2}	161.9	158.0	- 3.9	- 2%	- 0%
South & Central America	148.0	145.0	- 3.0	- 2%	4%
Asia & Middle East	145.9	145.0	- 0.9	- 1%	4%
Reinsurance ^{*3}	146.2	145.0	- 1.2	- 1%	5%
Total Non-Life^{*4}	1,649.2	1,620.0	- 29.2	- 2%	4%
Life	91.7	93.0	1.2	1%	5%
Total	1,741.0	1,713.0	- 28.0	- 2%	4%

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK
^{*2} European figures include North American business of TMK, but not include European and Reinsurance businesses of TMHCC
^{*3} Reinsurance figures are those of TMR and other Reinsurance companies
^{*4} Total Non-Life figures include some life insurance figures of composite overseas subsidiaries
^{*5} Excluding FX effects due to yen conversion

— Despite projecting growth YoY on a local currency basis due to the execution of growth measures in each business segment, projecting to decrease due to the appreciation of the yen

North America

- Projected to decrease at Philadelphia and Delphi due to yen's appreciation while projected to increase on a local currency basis due to rate increases in renewal book and business growth
- Projected to grow at TMHCC due to a contribution of the acquisition of medical stop-loss insurance operations in FY2017

Europe

- Projected to decrease in Net Premiums Written due to expansion of businesses with high proportion of reinsurance cession as well as the yen's appreciation while projected to increase in Direct Premiums Written

South & Central America

- Projected to decrease due to the yen's appreciation while projected to grow on a local currency basis due to auto insurance sales growth in Brazil

Asia & Middle East

- Projected to decrease due to the yen's appreciation while projected to grow on a local currency basis mainly due to auto insurance sales growth in India

Reinsurance

- Projected to decrease due to the yen's appreciation while projected to increase on a local currency basis due to renewal of multi-year policies

Life

- Projected to grow mainly due to sales growth in Malaysia, India, and Indonesia

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before

Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Projections	YoY		(Ref.) YoY (Excluding FX effects) ⁵
	As of end-Dec. 2017	As of end-Mar. 2018	Change	%	
Applied FX rate (USD/JPY)	JPY 113.0	JPY 106.2			
North America ^{*1}	159.8	137.0	- 22.8	- 14%	- 9%
Philadelphia	39.2	42.0	2.7	7%	14%
Impact of U.S. tax reform	- 1.9	5.0	-	-	-
Delphi	73.0	49.0	- 24.0	- 33%	- 29%
Impact of U.S. tax reform	26.8	6.0	-	-	-
TMHCC	45.1	43.0	- 2.1	- 5%	1%
Impact of U.S. tax reform	3.9	5.0	-	-	-
Europe ^{*2}	- 17.9	10.0	27.9	-	-
South & Central America	5.0	5.0	- 0.0	- 1%	0%
Asia & Middle East	14.3	9.0	- 5.3	- 37%	- 34%
Reinsurance ^{*3}	- 16.1	9.0	25.1	-	-
Total Non-Life^{*4}	144.8	170.0	25.1	17%	26%
Life	6.3	2.0	- 4.3	- 68%	- 68%
Total	144.1	165.0	20.8	14%	23%

— Projected to grow due to assuming an average level of natural catastrophe losses, the impact of tax reduction associated with U.S. tax reform (Approx. ¥16.0B), the reversal effect of foreign exchange losses in FY2017, and the execution of growth measures in each business segment despite the one time impact of U.S. tax reform in FY2017 and the appreciation of the yen

North America

- Projected to increase at Philadelphia due to the impact of tax reduction associated with U.S. tax reform
- Projected to decrease at Delphi mainly due to the reversal effect of one time impact of U.S. tax reform in FY2017
- Projected to decrease at TMHCC due to the yen's appreciation while projected to grow on a local currency basis due to business growth and the reversal effect of foreign exchange losses in FY2017

Europe

- Projected to increase due to assuming an average level of natural catastrophe losses and the reversal effect of large losses and foreign exchange losses in FY2017

Asia & Middle East

- Projected to decrease mainly due to the reversal effect of reserve takedown in FY2017

Reinsurance

- Projected to increase due to assuming an average level of natural catastrophe losses, measures to improve profitability of non-catastrophe business, and the reversal effect of foreign exchange losses in FY2017

Life

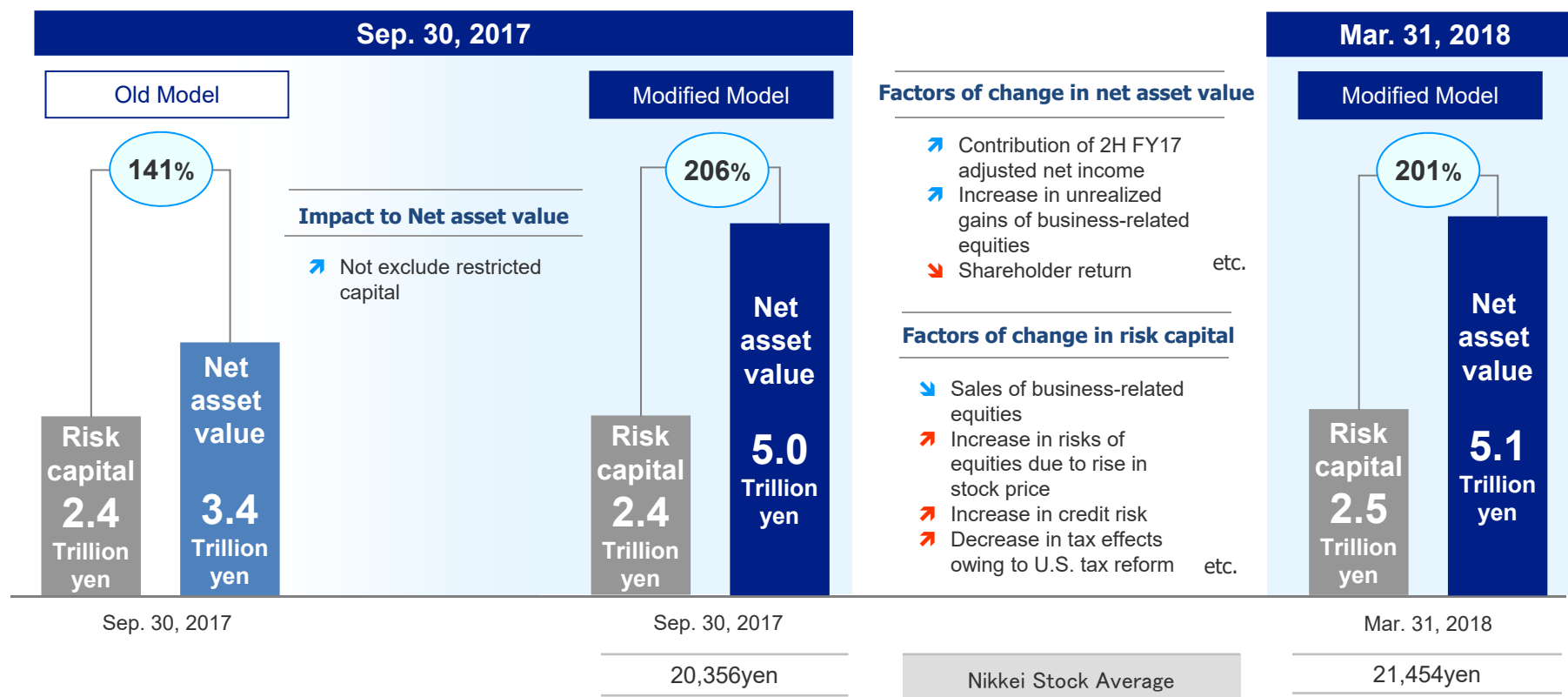
- Projected to decrease due to the reversal effect of the impact of interest rate fluctuation in FY2017

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK
^{*2} European figures include North American business of TMK, but not include European and Reinsurance businesses of TMHCC
^{*3} Reinsurance figures are those of TMR and other Reinsurance companies
^{*4} Total Non-Life figures include some life insurance figures of composite overseas subsidiaries
^{*5} Excluding FX effects due to yen conversion

III. Economic Solvency Ratio

Modified ESR Model

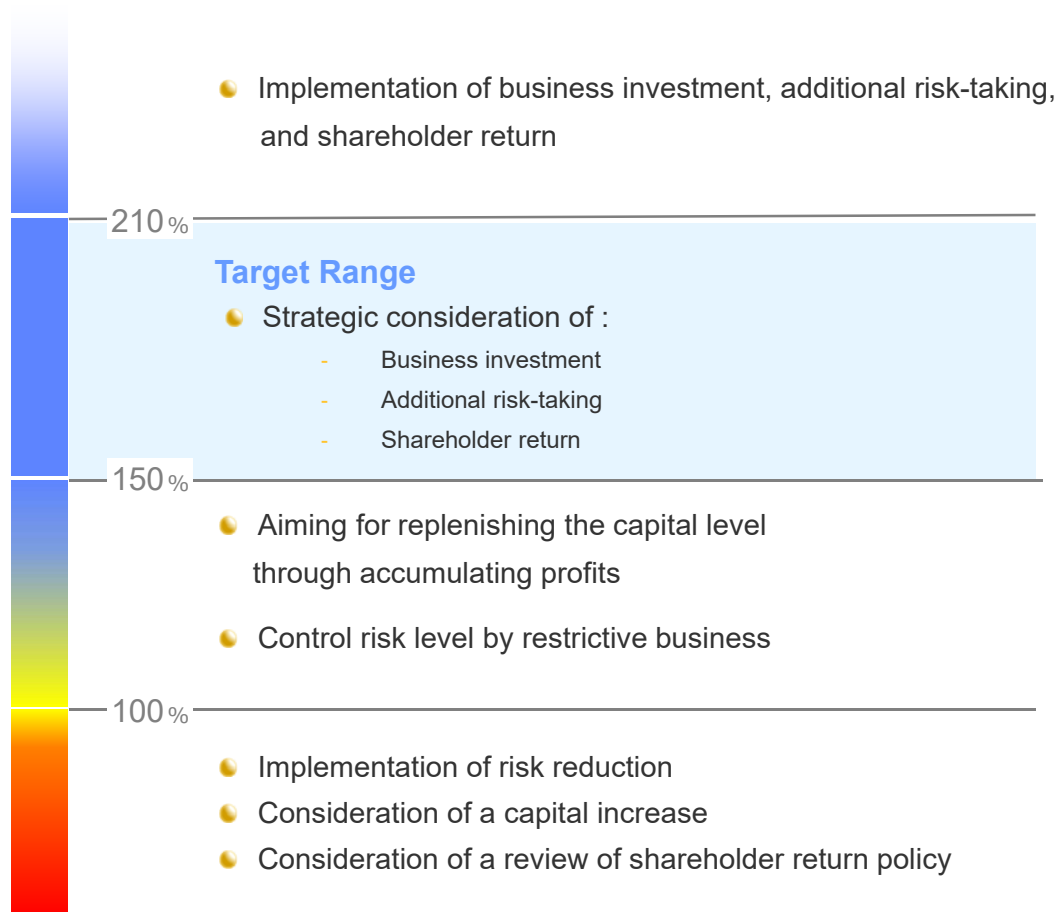
- ESR modified does not exclude restricted capital from net asset value for ease of comparability
- ESR with 99.95%VaR (applied for AA credit rating) is 201% as of Mar. 31, 2018



Ref.) Definition of Net Asset Value (Modified Model)

$$\begin{array}{|c|} \hline \text{Net Asset Value} \\ \hline \end{array}
 =
 \begin{array}{|c|} \hline \text{Consolidated net asset on financial accounting basis} \\ \hline \end{array}
 +
 \begin{array}{|c|} \hline \text{Liability of capital nature (catastrophe loss reserves, price fluctuation reserves, etc.) (after-tax basis)} \\ \hline \end{array}
 -
 \begin{array}{|c|} \hline \text{Goodwill, etc.} \\ \hline \end{array}
 -
 \begin{array}{|c|} \hline \text{Planned distribution to shareholders} \\ \hline \end{array}
 +
 \begin{array}{|c|} \hline \text{Value of life insurance policies in-force} \\ \hline \end{array}
 +
 \begin{array}{|c|} \hline \text{Others} \\ \hline \end{array}$$

Target Range of ESR

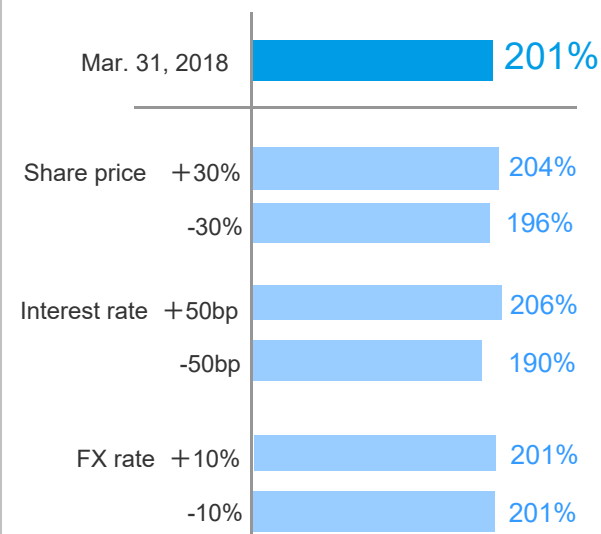


Sensitivity of ESR

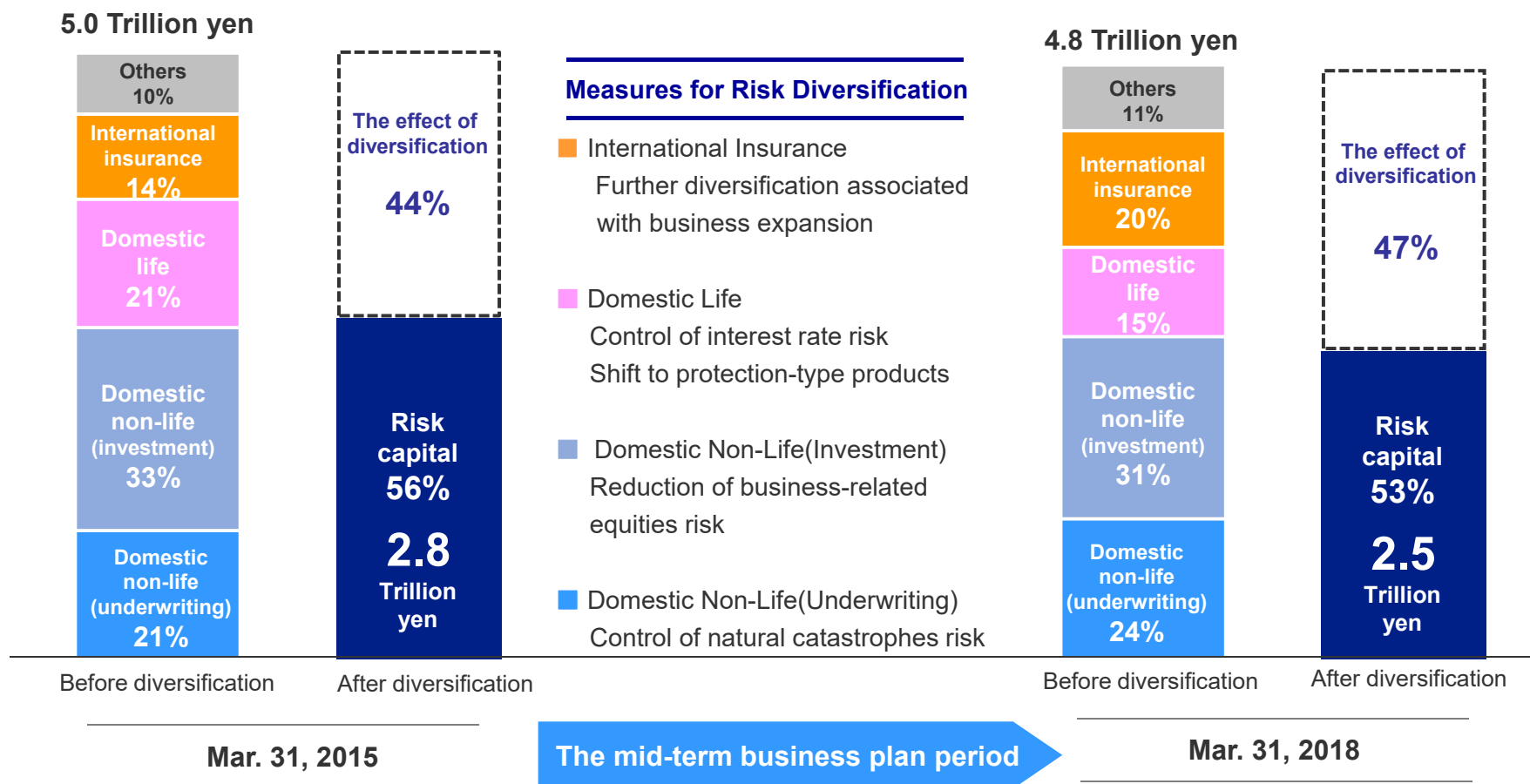
Share price: Continue to sell business-related equities given its large impact of market value fluctuation on ESR

Interest rate: Control the impact of interest rate fluctuation through ALM while preparing for future rise in interest rate

FX rates: Limited impact on ESR



Risk diversification enhanced through the ongoing expansion of business diversification and progress in business-related equities sales, etc. over a period of the mid-term business plan



- ✓ 99.95%VaR, after tax basis
- ✓ “Others” includes Financial and General, and FX risk related to investment, etc.

Reference

Status of Investments in Securitized Products

■ Status of Investments in Securitized Products, etc.

(Sum of major subsidiaries (domestic and overseas) as of the end of FY2017)

(billions of yen)

	As of the end of FY2017 ^{*1}	Domestic Offices	Overseas Offices
CDS	-	-	-
AAA	-	-	-
AA	-	-	-
A	-	-	-
BBB	-	-	-
Other than above	-	-	-
ABS (Securitized products)	1,195.8	165.3	1,030.4
Agency MBS ^{*2}	212.4	-	212.4
AAA	156.0	28.6	127.4
AA	48.7	3.7	44.9
A	121.3	35.0	86.3
BBB	272.6	35.9	236.6
Other than above	384.5	61.9	322.5
Total	1,195.8	165.3	1,030.4

*1 CDS: Notional value ABS: Market value

*2 Agency MBS: MBS by Fannie Mae, Freddie Mac, and Ginnie Mae

Adjusted Net Income and Business Unit Profit

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
- Use MCEV (market-consistent embedded value) for domestic life, which reflects the economic value of the business more accurately

<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
Domestic life		Adjust the financial accounting basis net income	Increase in MCEV during the current fiscal year
Other than the above	Amortization of goodwill and other intangible fixed assets	Excluded	Excluded

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

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

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 attributable to owners of the parent

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

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

*5: Average balance basis

Definition of Business Unit Profits

Non-life insurance business

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

Life insurance business*⁴

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

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

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

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

*4: For some of the life insurance companies, 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 sum of the net present value of profits to be gained from policies in-force and the net asset value

Other businesses

Net income determined in accordance with financial accounting principles

Adjusted Net Income (Group Total) : FY2017 Results

- Adjusted Net Income for FY2017 decreased by ¥65.3B YoY to ¥341.4B
- Adjusted ROE decreased by 2.3pts YoY to 8.6%

● Reconciliation^{*1}

(billions of yen)

Note: Factors positive to profit are shown with "plus signs"

	FY2016 Results	FY2017 Results	YoY Change
Net income attributable to owners of the parent (consolidated)	273.8	284.1	10.3
Provision for catastrophe loss reserves ^{*2}	+35.1	+25.6	-9.5
Provision for contingency reserves ^{*2}	+1.7	+3.3	1.6
Provision for price fluctuation reserves ^{*2}	+3.9	+4.9	1.0
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	+0.6	-5.5	-6.1
Gains or losses on sales or valuation of fixed assets and business investment equities	-3.5	+1.5	5.0
Amortization of goodwill and other intangible fixed assets	+96.9	+73.7	-23.2
Other extraordinary gains/losses, valuation allowances, etc.	-1.9	-46.4	-44.5
Adjusted Net Income	406.7	341.4	-65.3
Adjusted ROE	11.0%	8.6%	-2.3pt

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

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

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

— Major changes in reconciliation YoY

- Provision for catastrophe loss reserves
 - ↘ Decrease in net provision for catastrophe loss reserves due to a rise in W/P loss ratio at TMNF (also decreases reconciling amount)
- Amortization of goodwill and other intangible fixed assets
 - ↘ Decrease in amortization at TMHCC and Delphi (also decreases reconciling amount)
- Other extraordinary gains/losses, valuation allowances, etc.
 - ↘ The takedown of deferred tax liability regarding other intangible fixed assets of US subsidiaries by U.S. Tax Reform is deducted from net income on a financial accounting basis (decreases reconciling amount)

Adjusted Net Income (Group Total) : FY2018 Projections

- Adjusted Net Income is projected to increase by ¥54.6B YoY to ¥396.0B
- Adjusted ROE is projected to rise by 1.0pts YoY to 9.6%

● Reconciliation^{*1}

(billions of yen)

Note: Factors positive to profit are showed with "plus signs"

	FY2017 Results	FY2018 Projections	YoY Change
Net income attributable to owners of the parent (consolidated)	284.1	320.0	35.8
Provision for catastrophe loss reserves ^{*2}	+25.6	+4.0	-21.6
Provision for contingency reserves ^{*2}	+3.3	+1.0	-2.3
Provision for price fluctuation reserves ^{*2}	+4.9	+5.0	0.1
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	-5.5	+0.0	5.5
Gains or losses on sales or valuation of fixed assets and business investment equities	+1.5	+0.0	-1.5
Amortization of goodwill and other intangible fixed assets	+73.7	+67.0	-6.7
Other extraordinary gains/losses, valuation allowances, etc.	-46.4	-1.0	45.4
Adjusted Net Income	341.4	396.0	54.6
Adjusted ROE	8.6%	9.6%	+ 1.0pt

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

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

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

— Major changes in reconciliation YoY

- Provision for catastrophe loss reserves
 - ↘ Projecting a decrease in net provision for catastrophe loss reserves due to projecting an increase in takedown, etc. associated with a rise in W/P loss ratio in auto at TMNF (also decreases reconciling amount)
- Amortization of goodwill and other intangible fixed assets
 - ↘ Projecting a decrease due to closing of the amortization of goodwill at Delphi and TMK in FY2017 (also decreases reconciling amount)
- Other extraordinary gains/losses, valuation allowances, etc.
 - ↗ The reversal effect of deduction of the takedown of deferred tax liability regarding other intangible fixed assets by U.S. Tax Reform in FY2017 (increases reconciling amount)

Adjusted Net Assets / Adjusted ROE

(billions of yen)

Adjusted Net Assets*

	FY2017 Results	FY2018 Projections	YoY Change
Net assets(consolidated)	3,805.1	3,896.9	91.8
Catastrophe loss reserves	+836.5	+842.2	5.7
Contingency reserves	+39.6	+40.6	1.0
Price fluctuation reserves	+72.2	+77.3	5.1
Goodwill and other intangible fixed assets	-667.2	-691.9	-24.7
Adjusted Net Assets	4,086.4	4,165.2	78.8

*Each adjustment is on an after-tax basis

Adjusted ROE

	FY2017 Results	FY2018 Projections	YoY Change
Net income(consolidated)	284.1	320.0	35.8
Net assets(consolidated)*	3,673.6	3,851.0	177.4
Financial accounting basis ROE	7.7%	8.3%	0.6pt

* average balance basis

	FY2017 Results	FY2018 Projections	YoY Change
Adjusted Net Income	341.4	396.0	54.6
Adjusted Net Assets*	3,949.4	4,120.0	170.6
Adjusted ROE	8.6%	9.6%	1.0pt

* average balance basis

(billions of yen)

Business Domain	FY2016 Results	FY2017 Results	FY2018 Projections	YoY Change
Domestic Non-Life	167.6	144.3	161.0	16.7
TMNF	160.3	137.1	155.0	17.9
NF	10.6	8.3	8.0	-0.3
Other	-3.3	-1.0	-2.0	-1.0
Domestic Life^{*1}	373.5	98.4	35.0	-63.4
TMNL	373.5	99.0	35.0	-64.0
International Insurance	169.5	144.1	165.0	20.9
North America	140.2	159.8	137.0	-22.8
Europe	8.9	-17.9	10.0	27.9
South & Central America	4.4	5.0	5.0	-0.0
Asia & Middle East	7.5	14.3	9.0	-5.3
Reinsurance	12.4	-16.1	9.0	25.1
International Non-Life ^{*2}	173.2	144.8	170.0	25.1
International Life	0.1	6.3	2.0	-4.3
Financial & General	6.6	7.2	5.0	-2.2

*1: Excluding capital transactions

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

Reconciliation of Business Unit Profits

(billions of yen)

Domestic Non-Life*1 (TMNF)

	FY2017 Results	FY2018 Projections	YoY
Net income for accounting purposes	253.8	242.0	-11.8
Provision for catastrophe loss reserves ^{*2}	+23.0	+1.3	-21.7
Provision for price fluctuation reserves ^{*2}	+3.8	+3.8	0.0
Gains or losses on sales or valuation of ALM*3 bonds and interest rate swaps	-4.3	+0.1	4.4
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	-58.8	-55.8	3.0
Intra-group dividends	-92.9	-45.7	47.2
Other extraordinary gains/losses, valuation allowances, etc	+12.4	+9.3	-3.1
Business Unit Profits	137.1	155.0	17.9

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

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

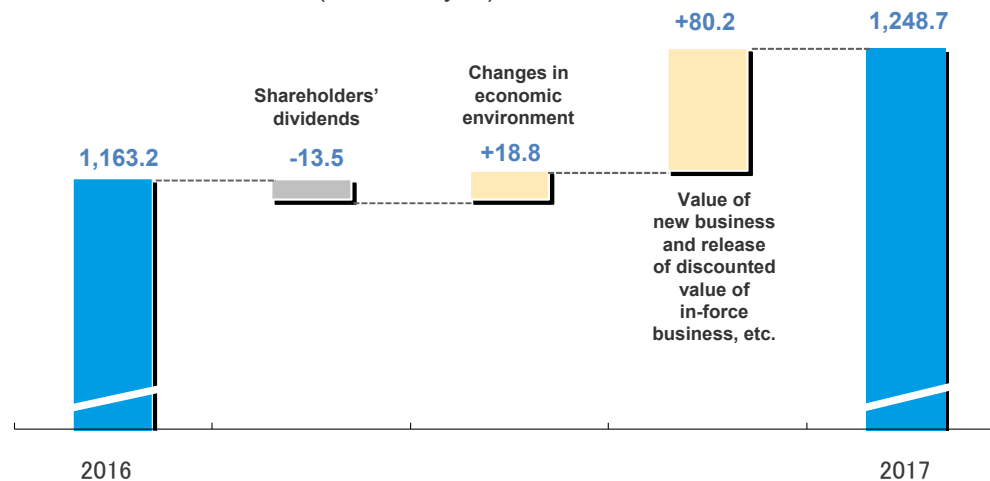
*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

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

International Insurance*1

	FY2017 Results	FY2018 Projections
Overseas subsidiaries Net income for accounting purposes	145.3	138.0
Difference with EV (Life)	+0.5	
Adjustment of non-controlling interests	-2.7	
Difference of subsidiaries covered	+1.3	
Other adjustments ^{*4}	-0.3	
Business Unit Profits	144.1	165.0

● Breakdown of Increase in MCEV *1 (billions of yen)



Year-end MCEV *2	1,163.2	1,248.7
MCEV Increase① *3		99.0
MCEV Increase② *4		80.2

*1: Figures are before review by an independent third party

*2: Figures are after payment of shareholders' dividends of the prior fiscal year

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

*4: Excluding the effects of payment of shareholders' dividends and changes in economic environment

● Breakdown of MCEV Balance / Value of New Business (billions of yen)

	FY2016	FY2017	YoY Change
Fiscal Year-end MCEV	1,163.2	1,248.7	85.5
Adjusted net worth	826.3	910.9	84.5
Value of in-force	336.8	337.8	0.9
Value of new business	37.4	64.6	27.1

Note: Figures are before review by an independent third party

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For further information...

Investor Relations Group, Corporate Planning Dept.

Tokio Marine Holdings, Inc.

E-mail: ir@tokiomarinehd.com

URL : www.tokiomarinehd.com

Tel : +81-3-3285-0350

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