

Solvency margin ratio on a consolidated basis as of December 31, 2017

Solvency margin ratio on a consolidated basis (sufficiency of solvency of insurance holding company and its subsidiaries, etc. to fulfill payment obligations such as insurance claims) of Tokio Marine Holdings, Inc. as of December 31, 2017 is as follows.

(Yen in millions)

	As of March 31, 2017	As of December 31, 2017
(A) Total amount of solvency margin	5,304,574	5,976,381
Shareholders' equity less adjusting items	1,005,411	1,160,416
Price fluctuation reserve	93,645	98,902
Contingency reserve	50,529	54,216
Catastrophe loss reserve	1,146,033	1,175,762
General allowance for doubtful accounts	2,287	1,849
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions (before tax effect deductions)	2,010,280	2,533,048
Unrealized gains (losses) on land	204,540	224,094
Total amount of unrecognized actuarial difference and unrecognized prior service costs (before tax effect deductions)	(24,832)	(21,429)
Excess of premium reserve, etc.	310,471	318,188
Subordinated debt, etc.	100,000	100,000
Amounts within "Excess of premium reserve, etc." and "Subordinated debt, etc." not calculated into the margin	-	-
Total margin of Small Amount and Short Term Insurers	64	87
Deductions	99,919	192,259
Others	506,060	523,504
(B) Total amount of risks $\sqrt{(\sqrt{(R_1^2 + R_2^2)} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$	1,182,223	1,275,715
General insurance risk on property and casualty insurance contracts (R ₁)	335,090	342,975
Life insurance risk (R ₂)	30,463	30,024
Third sector insurance risk (R ₃)	41,535	41,029
Insurance risk of Small Amount and Short Term Insurers (R ₄)	13	10
Assumed interest rate risk (R ₅)	29,035	28,563
Minimum guarantee risk on life insurance contracts (R ₆)	3,008	2,829
Asset management risk (R ₇)	756,231	856,072
Business administration risk (R ₈)	29,477	31,562
Catastrophe risk on property and casualty insurance contracts (R ₉)	278,515	276,643
(C) Solvency margin ratio on a consolidated basis [(A)/{(B)×1/2}]×100	897.3%	936.9%

(Note) 1. "Solvency margin ratio on a consolidated basis" is calculated in accordance with Article 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No.23 issued by the Financial Services Agency in 2011. The ratio is one of the objective indicators used by the regulatory authority to supervise corporate groups headed by an insurance holding company. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

2. Solvency margin ratio as of December 31, 2017 is calculated by methods which the company regards as reasonable in accordance with the Insurance Business Act and other related regulations. The calculation is partially based on simplified methods including but not limited to use of data as of September 30, 2017.