

Solvency margin ratio on a consolidated basis as of December 31, 2016

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, 2016 is as follows.

(Yen in millions, except for %)

	As of March 31, 2016	As of December 31, 2016
(A) Total amount of solvency margin	4,793,890	5,569,928
Shareholders' equity less adjusting items	710,374	1,067,482
Price fluctuation reserve	88,144	92,584
Contingency reserve	48,068	51,665
Catastrophe loss reserve	1,108,072	1,134,794
General allowance for doubtful accounts	1,876	2,087
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions (prior to tax effect deductions)	2,004,174	2,209,593
Unrealized gains (losses) on land	193,708	206,255
Total amount of unrecognized actuarial difference and unrecognized prior service costs (prior to tax effect deductions)	(24,411)	(17,768)
Excess of premium reserve, etc.	286,376	303,655
Subordinated debt, etc.	-	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 Insurer	71	95
Deductions	62,490	81,914
Others	439,924	501,397
(B) Total amount of risks $\sqrt{(\sqrt{(R_1^2 + R_2^2)} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$	1,211,446	1,173,358
General insurance risk on property and casualty insurance contracts (R ₁)	324,557	303,823
Life insurance risk (R ₂)	64,482	27,117
Third sector insurance risk (R ₃)	4,655	36,187
Insurance risk of Small Amount and Short Term Insurer (R ₄)	25	20
Assumed interest rate risk (R ₅)	30,547	30,139
Minimum guarantee risk on life insurance contracts (R ₆)	2,995	3,017
Asset management risk (R ₇)	727,747	795,177
Business administration risk (R ₈)	30,087	28,881
Catastrophe risk on property and casualty insurance contracts (R ₉)	349,385	248,606
(C) Solvency margin ratio on a consolidated basis [(A)/{(B)×1/2}]×100	791.4%	949.3%

(Note) 1. "Solvency margin ratio on a consolidated basis" is calculated in accordance with Article 210 paragraph 11, section 3 and section 4 of the Enforcement Regulation of the Insurance Business Act and with Ordinance 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. Ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

2. Solvency margin ratio as of December 31, 2016 was calculated by methods which the company regarded as reasonable in conformity with the Insurance Business Act and other related regulations. The calculation was partially based on simplified methods including but not limited to use of data as of September 30, 2016.