Tokio Marine Holdings, Inc.

2018
Integrated Annual Report

CORPORATE PHILOSOPHY

With customer trust as the foundation for all its activities, Tokio Marine Group continually strives to raise corporate value.

Through the provision of the highest quality products and services,
Tokio Marine Group aims to deliver safety and security to all our customers.

By developing sound, profitable and growing businesses throughout the world,
Tokio Marine Group will fulfill its mandate to shareholders.

Tokio Marine Group will continue to build an open and dynamic corporate culture that
enables each and every employee to demonstrate his or her creative potential.

Acting as a good corporate citizen through fair and responsible management,
Tokio Marine Group will broadly contribute to the development of society.

To Be a ***Good Company***

We will be there for our customers,
playing our part in society in times of need.

We will balance our strength as an
organization with compassion as individuals,
looking beyond profit to deliver fully on our commitments.

Through our collective efforts,
we will strive to be a Good Company,
living up to the trust placed in us.

TOKIO MARINE

Integrated Annual Report 2018

Editorial Policy

Tokio Marine Group has established a Group message, "To Be a Good Company," to show its resolve to continue to aim to be a "Good Company." To present our ideas and measures for continuing to aim to be a "Good Company" in a format that is easy for our stakeholders to understand, we have prepared this report in the format of an integrated report that comprehensively compiles non-financial information, such as the value creation models and CSR activities that are the foundation of our sustainable growth, in addition to financial information such as business results and management strategies.

Note: In preparing this report, we have referred to the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation advocated by Japan's Ministry of Economy, Trade and Industry and have aimed to take the perspective of our stakeholders.

Environment Social Governance
Guidance for Collaborative Value Creation

Forward-Looking Statements

This report contains information on forecasts, targets, and other matters that are not based on historical fact. These forward-looking statements include a certain degree of risk and uncertainty, and, accordingly, actual results and performance may differ materially from the information provided in this report.

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139-Year History

Since its founding, Tokio Marine Group has relied on its comprehensive strengths to weather a myriad of challenges, including the Great Kanto Earthquake and Japan's defeat in World War II. Throughout our history, all of our activities have been based on earning customer trust. We have continued to support customers and society in times of needs, thereby helping them step forward to take on new challenges.

1879

Japan's First Non-Life Insurance Company, Overseas Expansion from the Start

Tokio Marine Insurance contributed to the modernization of Japan as the country's first non-life insurance company. In 1880, the year after its founding, the company began direct underwriting operations in London, Paris, and New York, a testament to the global focus we have held since the start.

1914

Launch of Japan's First Auto Insurance

Tokio Marine Insurance launched an automobile insurance product at a time when there were only about 1,000 vehicles in Japan. The number of domestic auto insurance policies issued by the Group has grown to more than 15 million, the outcome of our continuous efforts to address motorization after World War II.

1970

Establishment of Auto Claims Service Centers

In 1970, Tokio Marine & Fire Insurance opened auto claims service centers to strengthen points of contact with customers in order to respond effectively to the sudden increase in accidents that accompanied the growth in the volume of automobile insurance policies.

The power of our people, the constant driving force for supporting customers in times of need

History of growing our business in line with changing times

1894

Young Employees' Efforts to Improve Business Results

In 1890, we established three local agents in the United Kingdom, the home of marine insurance. In 1891, premiums income from overseas hull insurance grew rapidly to account for more than 50% of total premiums income. The company fell into a financial crisis in 1894 due to a rapid deterioration in finances as a result of underwriting a large volume of high-risk properties. It was young employees, including Kenkichi Kagami, who had joined the company four years previously, and Hachisaburo Hirao, a newcomer to the company, that thoroughly re-examined policies in the United Kingdom and were thereby able to bring about a financial recovery within a few years.

Members of Tokio Marine Insurance Company, London Branch

1945

Recovery After Japan's Defeat in World War II

World War II shrunk the marine insurance market, and premiums dropped to around 40% of pre-war levels over the four years following the war's conclusion. Tokio Marine Fire Insurance responded to this situation with a focus on fire insurance. Through flexible strategies not relying solely on marine insurance, we were able to overcome the post-war trials to recover performance.

1923

Response to the Great Kanto Earthquake

Many lives and assets were lost in the Great Kanto Earthquake. The fire insurance of the time offered no coverage for damage caused by earthquakes, but each non-life insurance company offered payouts as a form of consolation. While other companies received subsidies from the government for the consolation payments, Tokio Marine Insurance made use of its sound financial base, becoming the sole insurer in the industry to fund the payments on its own.

Major Topics from Fiscal 2017

July 2017

Increased Shareholdings in IFFCO-TOKIO

We increased our shareholdings in local India subsidiary IFFCO-TOKIO from 26.0% to 49.0% in order to better capitalize on the growth of emerging markets.

October 2017

Receipt of Good Design Award for *Aruku Hoken*

A Good Design Award was received for *Aruku Hoken* in reflection of praise for its business design, which entails supporting health improvement of customers and helping them avoid lifestyle diseases and other serious illnesses.

February 2018

Ministerial Commendation as Model Example of Financial Institution Initiatives for Revitalizing Regional Economies

Tokio Marine & Nichido's initiative for supporting inbound business operators has received ministerial commendation for two consecutive years as a model example of initiatives being promoted by financial institutions to revitalize regional economies. These examples are announced by the Cabinet Office Headquarters for Formulating Measures for Building Up Towns, People and Jobs and the recognition is bestowed by Minister of State for Regional Revitalization.

February 2018

Selected as a Health & Productivity Stock

The Company received recognition as one of the corporations practicing excellent health management under the "Health & Productivity Stock Selection" program, which is jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This is our third consecutive year of selection.

March 2018

Selected as "FY2017 Nadeshiko Brand"

We were selected for inclusion in the "FY2017 Nadeshiko Brand" in reflection of our superior initiatives for empowering female employees in order to generate success for management. The Company has previously been chosen in fiscal 2013 and 2015, making this its third year of inclusion.

Development of revolutionary products leveraging refined expertise and specialties

Creation of global network and balanced portfolio

After that...

2002

Launch of an Integrated Life and Non-Life Insurance Product

We developed an integrated life and non-life insurance product called *Super Insurance* based on the concept of providing customers protection throughout their entire life with both life and non-life insurance. This product was developed from the customer-oriented concept of "bundling together various difficult-to-understand insurance products into a comprehensive package." It has helped us earn stronger customer support through an increase in the attractiveness of our products and improvement of the sales system.

2012

Release of *One Day Auto Insurance*

We began offering *One Day Auto Insurance*. Based on the concept of allowing customers to receive insurance only for the days they need it and offering easy application via mobile phone, this product was an industry first.

2008–2017

Expansion of the International Insurance Business

Tokio Marine Group acquired both Kiln (U.K.) and Philadelphia Consolidated Holding (U.S.) in 2008 and started full-scale expansion of operations in the European and U.S. markets. In our search for additional growth opportunities abroad, we acquired Delphi Financial Group (U.S.) in 2012 and HCC Insurance Holdings (U.S.) in 2015. These companies have strong growth potential and high profitability. They also have few overlapping risks with existing businesses and are thus contributing to enhancing capital efficiency, increasing profits, and stabilizing the business platform of Tokio Marine Group.

Current Strengths

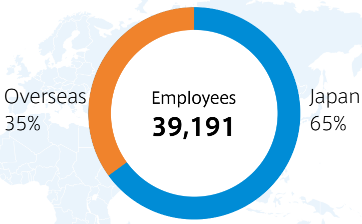
Utilizing the talent and the domestic and overseas networks it has cultivated since its founding in 1879, Tokio Marine Group is developing its business on a global scale by capitalizing on the strength of its specialized know-how and expertise, balanced business portfolio, and sound financial base. We continue to tackle new challenges with the aim of further augmenting these strengths.

Talent Sharing Core Identity

Driving force behind all activities and inheritors of the spirit of Tokio Marine Group

Spreading Recognition of Core Identity

Officers in Japan and overseas hold dozens of forums for informal discussions on serious topics each year to spread recognition of our core identity ("To Be a Good Company").



(As of March 31, 2018)


Town hall meeting

Global Team of Professionals

Providers of products matched to the needs of customers worldwide as well as swift accident response services

Domestic and Overseas Networks Supporting Our Customers (As of March 31, 2018)

Domestic (Tokio Marine & Nichido) Number of agents **50,616**

Claims service offices **244**

Overseas Operations in **38 countries and regions** around the world

Claims Service Network (Tokio Marine & Nichido)

Claims service staff Approx. **10,700 people***1

Lawyers Approx. **550** Medical consultants Approx. **100***2

*1 As of July 2017
*2 As of July 2018

Industry-Leading Product Development Capability

Specialized expertise and accumulated know-how underpinning the provision of high-quality products and services

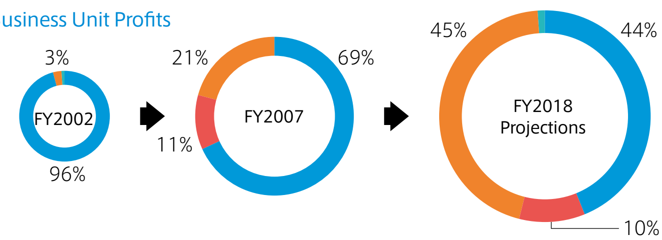
Industry's First Integrated Life and Non-Life Insurance Product—*Super Insurance*

This cutting-edge product integrates previously separate insurance policies into a simple and easy-to-understand package based on individual risks.

Balanced Business Portfolio Forged through Response to Change

Well-balanced geographical and business area contributing to stable earnings and improved capital efficiency

Business Unit Profits



Domestic non-life | Domestic life | International insurance | Financial and General Businesses

Sound Financial Base

Soundness realized through Enterprise Risk Management (ERM) allowing for the reliable supply of safety and security to customers and society

Financial Strength (Ratings*)

S&P	Moody's	A.M. Best
A+	**Aa3**	**A++**

* Financial strength rating of Tokio Marine & Nichido
For the latest rating information, please visit our website (http://www.tokiomarinehd.com/en/ir/stock/rating.html).

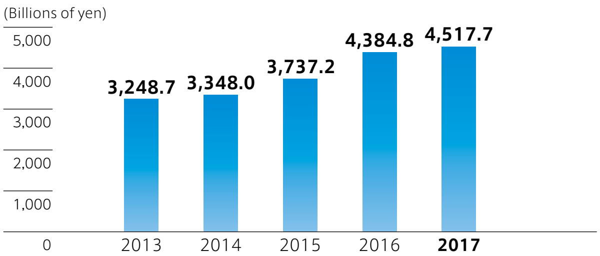
Financial and Non-Financial Highlights

Financial Highlights

Steadily Expanding Top Line

Consolidated insurance premiums grew steadily due to our strengthening of customer contacts and the execution of growth measures in the international insurance business.

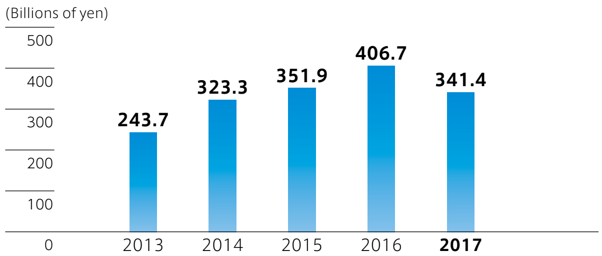
Net Premiums Written + Life Insurance Premiums



Stable Profits Even in the Face of Large-Scale Natural Catastrophes

We were able to generate stable net income in fiscal 2017, despite frequently occurring large natural catastrophes, as a result of our efforts to build a business portfolio that is balanced in terms of geography and business domains.

Adjusted Net Income*

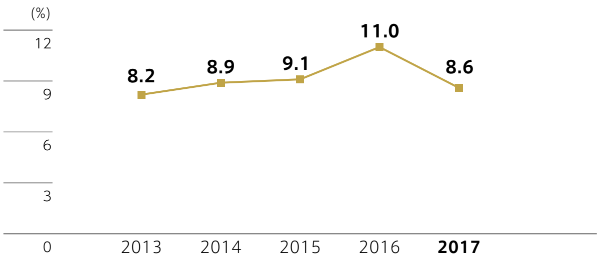


* Indicator used for business plans and shareholder return; please see page 84 for details.

Pursuit of Higher Capital Efficiency

We are pursuing higher capital efficiency through stronger control of natural catastrophe risks and continuing sales of business-related equities.

Adjusted ROE*

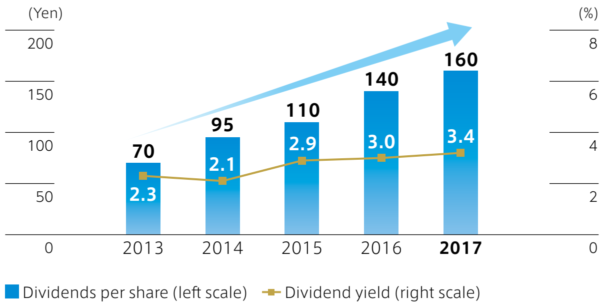


* Indicator used for business plans and shareholder return; please see page 84 for details.

Sixth Consecutive Year of Higher Dividends

Dividends per share for fiscal 2017 were increased by 20 yen year on year, to 160 yen.

Dividends per Share / Dividend Yield



Non-Financial Highlights

Contribution to a Safe, Secure, and Sustainable Future

ESG investment is an approach toward investment that entails basing decisions on environmental, social, and governance (ESG) factors in addition to a company's financial information. We have been included in various globally recognized ESG indices in reflection of our proactive ESG initiatives.

Major ESG Indices

MEMBER OF Dow Jones Sustainability Indices

FTSE4Good

ROBECOSAM Sustainability Award Bronze Class 2018

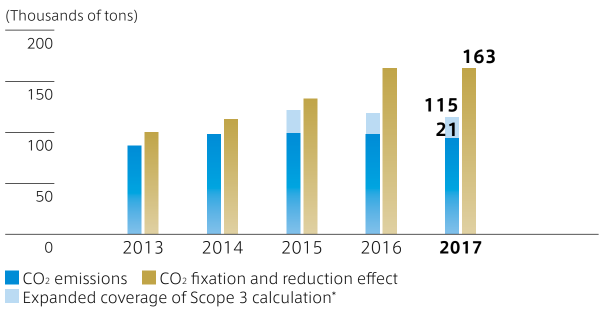
MSCI 2018 Constituent MSCI Japan Empowering Women Index (WIN)

MSCI 2018 Constituent MSCI Japan ESG Select Leaders Index

Carbon Neutral Status Achieved for the Fifth Consecutive Year

We are continuing with our efforts to reduce CO_2 emissions while also offsetting CO_2 emissions through the planting of mangroves, which are efficient at absorbing and fixating CO_2.

CO_2 Emissions / CO_2 Fixation and Reduction Effect



* The main reason for the increase in CO_2 emissions from fiscal 2015 was the expansion of coverage for calculation of Scope 3 (Other Indirect Emissions).

Tokio Marine Group's Value Creation Model

To Be a ***Good Company***

We will be there for our customers,
playing our part in society in times of need.

We will balance our strength as an
organization with compassion as individuals,
looking beyond profit to deliver fully on our commitments.

Through our collective efforts,
we will strive to be a Good Company,
living up to the trust placed in us.

Strengths Cultivated by Tokio Marine Group ▸ Page 4

Global team of professionals

Industry-leading product development capability

Balanced business portfolio forged through response to change

Sound financial base

Further augmentation of strengths

Aligned Group Management ▸ Page 20

ERM-based Business Strategies ▸ Page 14

Domestic Non-Life Insurance Business ▸ Page 35

Domestic Life Insurance Business ▸ Page 40

International Insurance Business ▸ Page 43

Financial and General Businesses ▸ Page 34

Creation of Synergies

Transparent Corporate Governance

Value Co-Created with Stakeholders

Customers

- Becoming "the best choice" for customers through providing high-value-added products and services and delivering safety & security to customers

Customers (Tokio Marine & Nichido)	More than 20 million
Accident settlements (Tokio Marine & Nichido)	Approx. 3.2 million
Customer satisfaction rating of auto insurance accident response (Tokio Marine & Nichido)	92.5%

Society

- Growing social reputation and presence achieved by addressing issues faced by society from the perspectives of safety and security

Net claims paid	¥1,916.9 billion
Achievement of carbon neutral status	CO_2 Fixation and Reduction Effect: Approx. 160 thousand tons > CO_2 Emissions: Approx. 110 thousand tons
Major external recognition	Japan Resilience Award (2 consecutive years) Ministerial Commendation as Model Example for Revitalizing Regional Economies (2 consecutive years)

Shareholders

- Sustainable profit growth, improved capital efficiency, and enhanced shareholder return made possible by creating value for stakeholders

Adjusted net income	¥341.4 billion
Adjusted ROE	8.6%
Total shareholder return*	¥267.6 billion

* Total of dividends paid and share repurchases approved by the announcement date of 4Q results of fiscal 2017

Employees

- Higher employee engagement around the world as a result of providing workplaces allowing for maximum creativity
- Providing high levels of value to customers supported by growth of employees through development programs

Tokio Marine Group culture and values survey (Respondents: 75% of approx. 40,000 employees)	Passion toward Tokio Marine Group 4.1 out of 5 (Pride felt for working for Tokio Marine Group)
Major external recognition	Health & Productivity Stock Selection (3 consecutive years) Nadeshiko Brand (3 times)

Note: Figures are from fiscal 2017.

Capital created through trust from all stakeholders

Management Strategy Section

What's Tokio Marine Group

Management Strategy Section

Operations Section

Sustainably Enhancing Corporate Value

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Message from the President and Group CEO

We aim to be a company that plays an important role in society, a “Good Company”. Through continuous group effort, we will strive to be recognized as such by all of our stakeholders now and for the next 100 years. Our group vision is “To Be a Good Company”.

Within this vision the phrase “to be” carries a significant meaning—it indicates our ongoing determination and our commitment to our timeless endeavor “To Be a Good Company”.

Tsuyoshi Nagano
President and Group CEO

Tokio Marine Group Long-Term Vision

Delivering Safety and Security to Our Customers around the World

Guided by our corporate philosophy of "placing customer trust as the base of all of our activities and continuously working to increase corporate value," we have been working to realize the long-term vision "to be a global insurance group that delivers safety and security to customers worldwide and sustains growth—our timeless endeavor 'To Be a Good Company' now and for the next 100 years." When I talk about a "Good Company," I mean a company that provides value to our customers and society by being there in their times of need. It is by delivering on this commitment that we will earn the trust of stakeholders and will simultaneously, as an outcome, further develop corporate value.

As a company, it is important that we don't simply chase short-term profits. The purpose we exist as an insurance company is to support our customers and society when they need. By doing business the right way and earning trust, profit will follow. Profit is in many ways a barometer of how well we are earning the trust of society. With this purpose in mind, our principal focus is on meeting the expectations of customers and society, therefore success is a result that follows. We consider this cycle based on building customer trust first to be of critical importance.

In "To Be a Good Company" the phrase "To Be" is most important as it represents an endless journey; it does not have a set goal. In a race, the finish line is where you stop, and your momentum and speed is gone. A "Good Company" does not have an endpoint and shows our approach to always continue to improve and strive to do more for our customers.

Tokio Marine Group Value Creation Model

Realizing the Long-Term Vision

Tokio Marine Group Value Creation Model was created to allow us to achieve the long-term vision of our organization.

Since it was founded in 1879, Tokio Marine Group has always placed customers' trust at the center of all its activities. From the Great Kanto Earthquake to the more recent Great East Japan Earthquake, or any of the other challenging events that affect our customers, we have always stood by their side through the bad times and have been there to support their new challenges through innovation.

Since our foundation, we have worked internationally to support our clients. When there were only around a thousand cars in Japan, we launched the first car insurance. When deregulation in 1996 allowed non-life companies to enter the life insurance market, we did. In 2002, to protect our clients with both life and non-life coverage, we developed the first integrated insurance product: "*Super Insurance*."

It is through new initiatives and innovations like these that we have been able to earn customers' trust. And it is this trust that has enabled us to deliver sustainable growth, a balanced global portfolio, and a strong financial base. All of this has been built on the fact that our employees have the mindset, as well as the will, to be there for our customers in their time of need.

In recent years we have seen increasing volatility in terms of climate, natural disasters, demographic and socioeconomic changes. To work on these changes the United Nations created the Sustainable Development Goals (SDGs). To be able to handle and respond to all of these challenges our business will also need to become increasingly agile.

Insurance is a people's business. In these volatile times, to ensure we are there for our customers, we need to empower all of our diverse employees around the world to work with passion and to feel the importance of the work that they do. While embracing this diversity and working as a global team, we need a common thread that can bring us all together. For us, that is our core identity—To Be a Good Company.

Working under the core identity of "To Be a Good Company" we can have an engaged and united workforce that will help us advance our corporate strategy and aligned group management and have a high level of transparency over the Group. With these things we will be better placed to serve our customers, earn their trust, and deliver the results to our shareholders. This positive cycle is the driver of our success so we need to ensure we provide our employees with an environment where they can perform and prosper. I feel creating this environment is one of my most important jobs. If we can continue to turn value created into strength, we will be able to raise our corporate value and continue the positive cycle. This is our "Value Creation Model."

Town hall meeting in Malaysia

New Mid-Term Business Plan "To Be a Good Company 2020"

A Key Period to Realize the Future Vision for the Group

To understand our current situation, let me begin with a brief look at recent history. In order to deliver safety and security to customers around the world, Tokio Marine Group entered the life market in 1996, actively pursued overseas growth from 2008, and has also worked to develop and grow the domestic non-life business. In 2017, we experienced once-in-a-generation hurricane events in North America, but due to our diversification we managed to keep its impact to just 15% of earnings for the year.

When we were putting the mid-term business plan together, we took a step back to try to forecast the big environmental changes the Group will be experiencing and think about what we should be trying to achieve in such a world. In the insurance industry we are starting to experience an unprecedented rate of change. While this presents a threat to our core business it also presents us with opportunity. New technology will enable people to live safer lives but will come with new emerging risks that will create new insurance needs.

The key for us then is to be able to turn the changes to opportunities. To achieve this we have identified the "Four Key Elements of the Future Group Vision" that will allow us to take advantages of opportunities to continue our current direction of growth. The "Four Key Elements" can be captured in the following statement: Built on a "Global Business Platform" we will have an "Optimum Portfolio," "Strong Group Synergies," and "Lean Management Structure" that will create superior competitiveness.

If we are able to achieve these four key elements in the Future Group Vision, then we should be able to deliver double-figure ROE. This ability to deliver steady profits combined with our capital efficiency will allow us to give greater returns to our shareholders. In figures, that means we would like to deliver adjusted net income of over 500 billion yen and adjusted ROE of approximately 12%.

Future Group Vision	
Optimum Portfolio	We would like to ensure growth in key markets such as emerging countries as well as specialty and medical and nursing-care related insurance. We will also need to stably deliver those results through the appropriate diversification of products, geographies, and business lines.
Strong Group Synergies	With the advancement of aligned group management, we hope to maximize group synergies and reinforce local businesses in order to deliver even higher results.
Lean Management Structure	We aim to create a lean and nimble management team that is agile and efficiently deliver results across our global business platform.
Global Business Platform	With "To Be a Good Company" as our core vision, while leveraging our global talent around the world, we will create a management team that is able to strengthen and support our businesses around the world.

The new mid-term business plan starting in 2018 will be a very important step for the realization of the future state of the Group. During the next three years, we believe the environment will remain tough with larger-scale natural catastrophes and low interest rates in Japan. However, even in this environment, we will continue with changes necessary for growth—and this is the core theme of the new mid-term business plan.

To All of Our Stakeholders

In Closing

Finally, please let me restate our commitment to work together as a group to be there for our customers and to deliver on the commitments I have described here.

We will continue to work to raise our corporate value for our shareholders and all other stakeholders, and I ask for your continued support on this journey.

Thank you.

This video features easy-to-understand explanations of Tokio Marine Group's long-term vision and new mid-term business plan by President and Group CEO Tsuyoshi Nagano (approximately 17 minutes).

Note: The user will be responsible for any communication fees incurred while viewing. The Company may cease distribution of this video without prior notice.

Explanation of Management Strategies by Group CFO

Through the new mid-term business plan, "To Be a Good Company 2020," Tokio Marine Group will strive to establish earnings bases to achieve profit growth and enhance shareholder return.

Takayuki Yuasa
Senior Managing Director
Group CFO (Group Chief Financial Officer)

Review of the Previous Mid-Term Business Plan—"To Be a Good Company 2017"

Under the previous mid-term business plan—"To Be a Good Company 2017"—we advanced initiatives based on the three pillars of "sustainable profit growth," "enhance capital efficiency," and "enhance shareholder return." Sustainable profit growth was achieved through steady organic growth in all businesses, the acquisition of TMHCC, and the exercise of Group synergies. At the same time, we were able to improve our risk portfolio through the continuous sale of business-related equities while enhancing capital efficiency through flexible share repurchase.

As a result, adjusted net income in fiscal 2017 came to 397.0 billion yen and adjusted return on equity (ROE) was 10.0% when excluding the impacts of natural catastrophes, FX effects, and other temporary factors. We were thereby able to achieve performance in line with our initial targets, which were adjusted net income of approximately 400.0 billion yen and adjusted ROE in the upper 9.0% range.

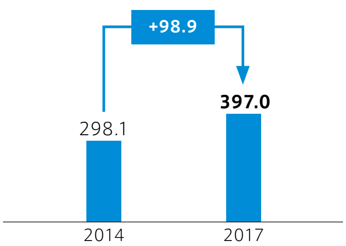
As for shareholder return, we chose to issue an annual dividend of 160 yen per share for fiscal 2017, making for an increase of 20 yen per share above the previous fiscal year and our sixth consecutive year of higher dividend payments. Also during the fiscal year,

Review of the Previous Mid-Term Business Plan

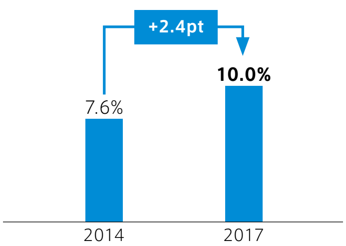
Sustainable profit growth + **Enhance capital efficiency** + **Enhance shareholder return**

Sustainable profit growth	Enhance capital efficiency	Enhance shareholder return
Target	Target	Target
Adjusted net income: Approx. ¥400 billion	Adjusted ROE: Upper 9% range	Steady growth of dividends in line with profit growth

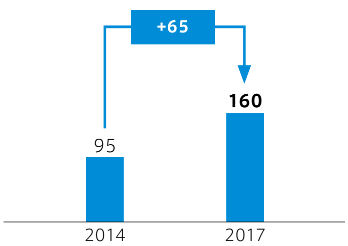
Adjusted Net Income
(Billions of yen)



Adjusted ROE



Annual Dividend Per Share
(Yen)



■ Normalized basis Adjusted net income: Net incurred losses relating to natural catastrophe losses are normalized to an average annual level. In addition, as for 2017, excluding FX effects and one-time impact of U.S. Tax Reform
Adjusted net assets: Adjusted to the market condition of Mar. 31, 2015 (USD/JPY exchange rate: ¥120.17; Nikkei stock average: ¥19,206)
See page 5 for pre-adjustment figures.

Share repurchases*

FY2016: **¥50.0 billion**
FY2017: **¥150.0 billion (maximum)**

* Total amount approved by the announcement date of full-year financial results of respective years

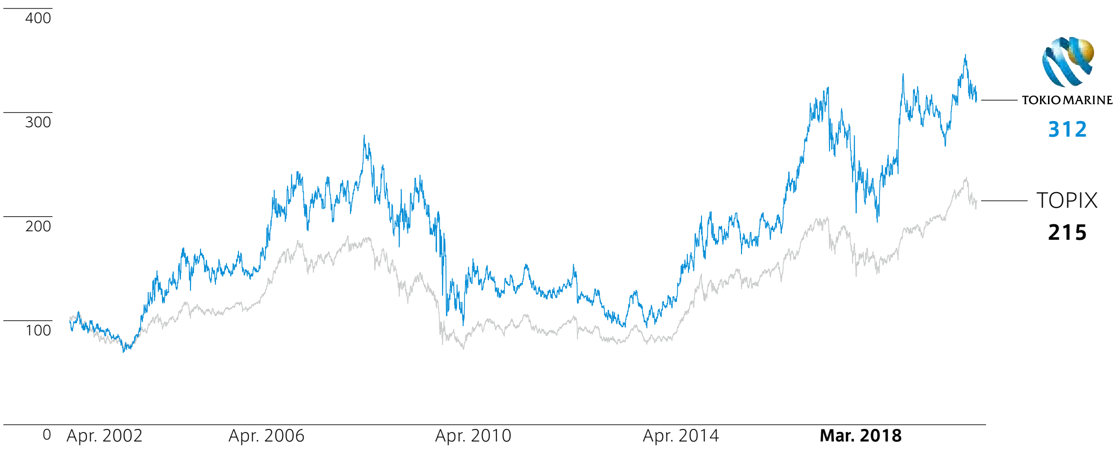
we made the decision to acquire 150.0 billion yen worth of share repurchases. The total amount of share repurchases acquired over the three-year period of "To Be a Good Company 2017" was 200.0 billion yen.

Overall, my evaluation of the past three years under the previous mid-term business plan is that we were able to increase the Group's "earnings capacity" and realize ongoing improvements in corporate value, as indicated by the aforementioned achievements.

The total shareholder return (TSR), which represents capital return after reinvesting dividends, was 3.1 times on March 31, 2018, when compared with that at the time of Tokio Marine Holdings' establishment. With this figure, we are greatly outperforming the Tokyo Stock Price Index (TOPIX), and shareholder value continues to rise steadily when viewed from a long-term perspective.

Transition of Total Shareholder Return*

As of March 31, 2018



* Total Shareholder Return (TSR): Capital return after reinvesting dividends   Stock price indexed at 100 on April 1, 2002

Source: Bloomberg

New Mid-Term Business Plan—"To Be a Good Company 2020"

Future Vision for the Group

In creating the new mid-term business plan, we defined four key elements to guide our efforts to link changes in the business environment that affect the insurance industry to business opportunities and thereby achieve future growth.

The first of these elements is to achieve the optimum portfolio. This sees us optimally diversifying risks by geographic region and area of the insurance business and thereby stabilizing Group earnings.

The second element is to realize strong Group synergies. Group companies utilize the strengths and expertise of other Group companies in a reciprocal manner to drive organic growth.

The third is for a lean management structure, by which we mean a flexible management structure free of inefficiencies. By achieving this, we will build a structure that will enable us to generate profit under any environment.

These will be supported by the fourth element: a global business platform. By accomplishing this, we will transform Tokio Marine Group into an organization in which a diverse range of talented individuals are able to exercise their skills in the ideal position united under our core identity as a "Good Company."

By accomplishing these four elements, we will aim to consistently maintain double-digit ROE and generate exceptional shareholder return. Quantitatively, we will work toward the targets of adjusted net income of over 500 billion yen and adjusted ROE of approximately 12%.

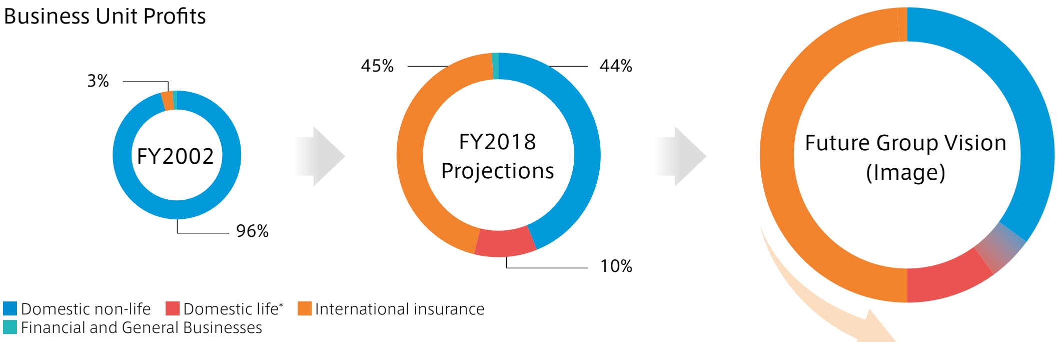
Priorities of the New Mid-Term Business Plan

The new mid-term business plan represents a crucial step toward realizing the future state of the Group. We expect a challenging business environment for Tokio Marine Group arising from larger-scale natural catastrophes, persistently low interest rates, and other factors. Accordingly, we have defined three priorities to be addressed in order to realize the future state of the Group: (1) further diversification of portfolio; (2) enhancement of business structure; and (3) strengthening of aligned Group management.

1. Further Diversification of Portfolio

We have made efforts over the years to diversify our business on a global scale, and the result has been substantial improvement to the balance of our business portfolio. However, we are still in need of further diversification in terms of geographical location and business area. We will thus seek to achieve this diversification by actively capitalizing on M&A opportunities as we simultaneously pursue organic growth. Our target is not limited to diversification of geographical location; we are also transforming our product lineups and broadening our business areas. To this end, we are expanding our specialty insurance lineup in the non-life insurance business and our protection-type product lineup in the life insurance business.

Business Unit Profits



* Domestic life insurance business
- Fiscal 2002: TEV basis
- After Fiscal 2018 Projections: MCEV basis

2. Enhancement of Business Structure

In order to achieve a lean management structure, it is absolutely essential that we work toward the enhancement of our business structure, streamlining unnecessary portions of this structure to increase flexibility. In this undertaking we will utilize technology, specifically by pursuing automation to the greatest degree possible, while also raising the value that can only be provided by people to the most inspiring levels. This will be a common theme throughout all of our business structure enhancement activities. To create value that can only be provided by people, we will revolutionize our business model with innovative products and services that preemptively address customer needs and market changes. At the same time, we will take advantage of cutting-edge technologies to form new points of contact with customers and strengthen sales capabilities.

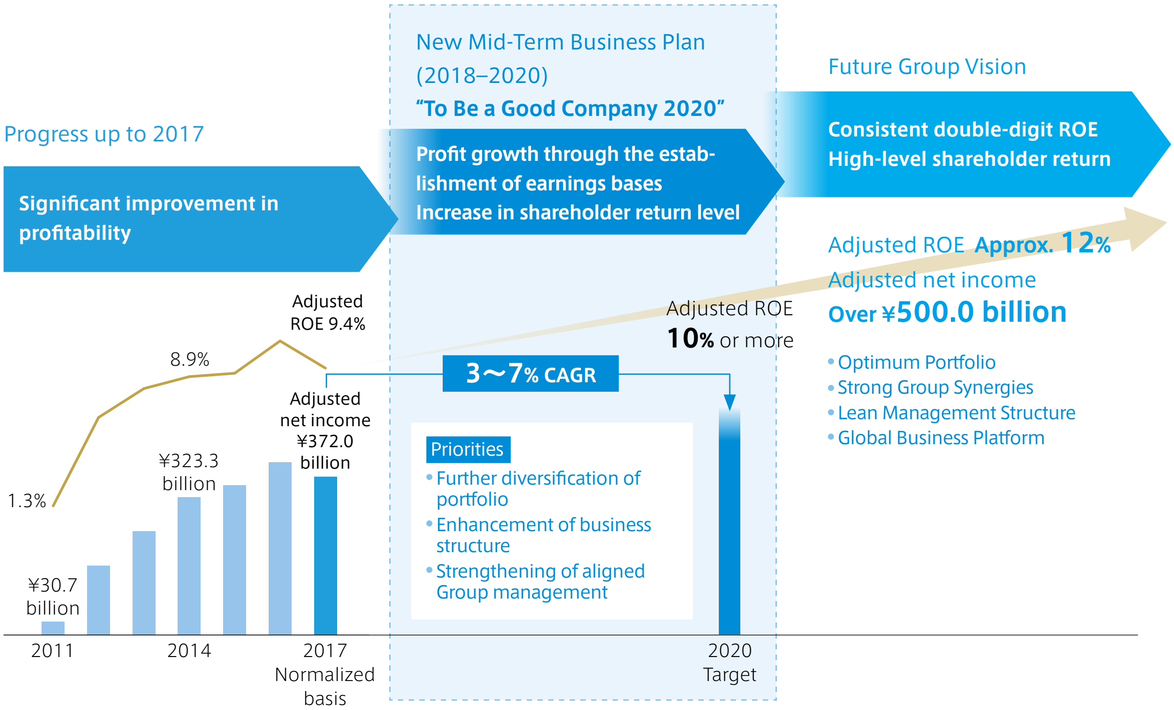
3. Strengthening of Aligned Group Management

With a focus on spreading the common value encapsulated in our goal "To Be a Good Company," we are endeavoring to further build upon existing Group strengths by exercising Group-based synergies, enhancing local management through the sharing of best practices, and utilizing human resources on a global basis. Furthermore, we are holding town hall meetings globally to entrench our Group culture and heighten our sense of unity in order to realize strong Group synergies. The acceleration of such efforts to strengthen aligned Group management is also expected to contribute to the development of a global business platform.

Targets of the New Mid-Term Business Plan

Through these initiatives, we are targeting an average annual growth rate of between 3% and 7% in adjusted net income in comparison to fiscal 2017. As for capital efficiency, we hope to raise adjusted ROE to above 10%.

Position of New Mid-Term Business Plan

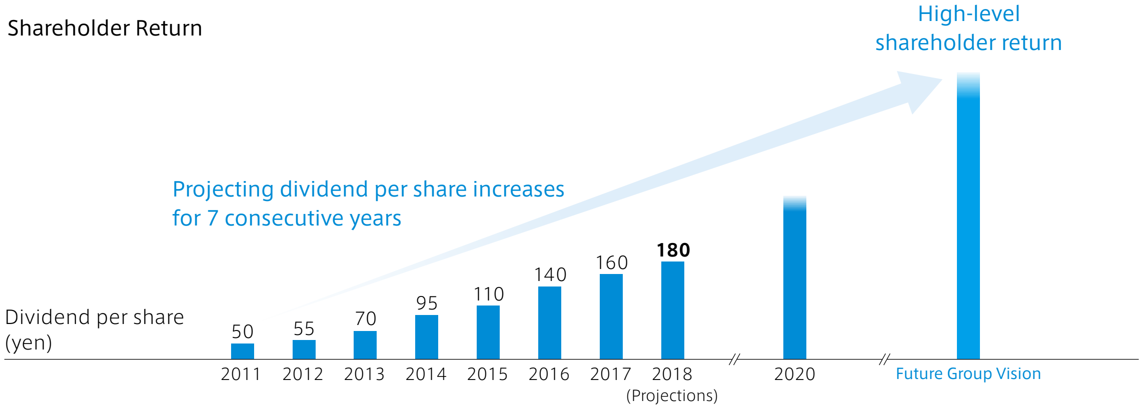


Shareholder Return Policy

Dividends will remain our primary means of shareholder return, and we plan to sustainably increase dividends in line with profit growth. Our target for the payout ratio will be set at above 35% of the average for adjusted net income and will be raised gradually to move us toward our future vision for the Group. For fiscal 2018, we plan to increase dividend payments by 20 yen per share, to 180 yen.

Meanwhile, we will adjust our capital level flexibility through share repurchases and other means based on comprehensive consideration of market conditions, business investment opportunities, and other relevant factors.

Shareholder Return



	2011	2012	2013	2014	2015	2016	2017	2018
Total dividends[*1] (billions of yen)	38.3	42.2	53.7	72.2	83.0	105.3	117.6	130.5
Share repurchases[*2] (billions of yen)	—	—	—	50.0	—	50.0	150.0	

*1 2018 (projections) is prior to reflecting share repurchases.
*2 Total amount approved by the announcement date of full-year results of respective years. The figure for 2017 is the maximum.

Enterprise Risk Management (ERM)

We promote Enterprise Risk Management (ERM) as the platform on which we advance the new mid-term business plan. Specifically, we remain constantly aware of the relationship between risks, capital, and profits to achieve both capital adequacy and profitability relative to risk and thereby realize capital efficiency that exceeds cost of capital* (7%). Through this approach, we will seek to maintain financial soundness while realizing ongoing improvements in corporate value.

Our ERM initiatives are supported by the ERM Cycle. For Tokio Marine Group, the ERM Cycle is a cyclical framework of formulating business plans in accordance with risk appetite, deciding capital allocation, reviewing, and evaluating results.

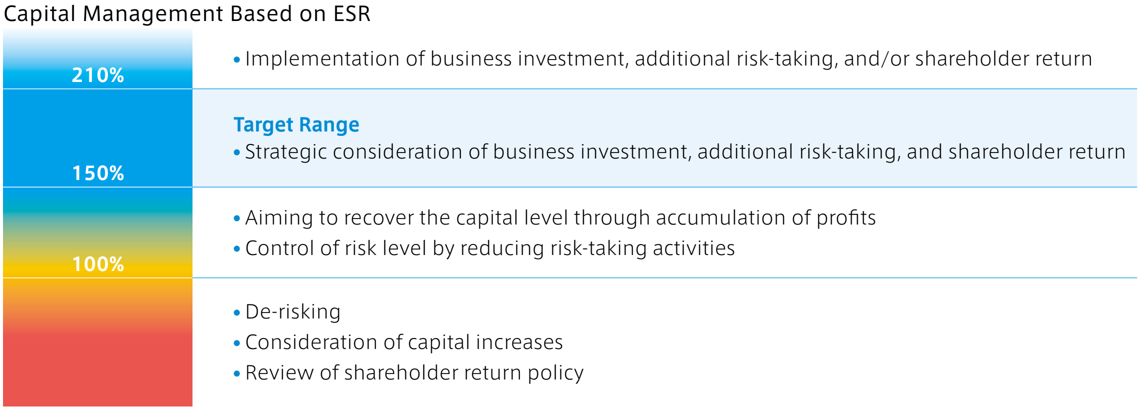
First, Tokio Marine Holdings establishes a Risk Appetite Framework that articulates a basic management policy for the types of risks to be taken and the business fields in which they will be taken to ensure expected returns. The Group primarily takes risk in the insurance business, where such risks include insurance underwriting risks and investment risks. We aim to address underwriting risks through risk diversification and investment risks through investments promising high profitability relative to risk. By increasing capital efficiency while mitigating risks in this manner, we aim to achieve ROE of around 12% in the future. In regard to financial soundness, we are targeting a capital level that will maintain an AA credit rating. The Risk Appetite Framework compiles these basic policies as well as the specific risk-taking policies for individual risk categories and business fields.

Next, each Group company formulates business plan drafts based on the Risk Appetite Framework. Tokio Marine Holdings takes an overall Group perspective in assessing whether the drafts will maintain an appropriate balance between financial soundness and profitability while achieving sustained growth. We then make decisions with regard to allocation of capital to each business plan and segment. The results of Group companies based on the allocated capital are reviewed annually and improvements are made if necessary.

We promote disciplined management based on the economic solvency ratio (ESR) to ensure financial soundness. Tokio Marine Group calculates ESR (net asset value ÷ risk capital) by quantifying risks calculated at the 99.95% value at risk (VaR) confidence level, which corresponds to an AA credit rating, and comparing these risks to net asset value, which is arrived at based on the figure for consolidated net assets used for financial accounting purposes. We target ESR in the range of 150% to 210%.

* Cost of capital is the profit margin investors expect from investees. Tokio Marine Group calculates cost of capital based on the capital asset pricing model (CAPM) and uses this figure to determine growth indicators and make business investment decisions.

Capital Management Based on ESR



The new mid-term business plan is also fundamentally based on this ERM Cycle. The diagram below examines the new mid-term business plan from the perspective of ERM. Looking ahead, we will work to achieve sustainable profit growth through the enhancement of our business structure and the fostering of Group synergies. The profits and capital generated in this manner will be dedicated to the efficient deployment of capital, which will entail maintaining financial soundness while further diversifying the portfolio and enhancing shareholder return, for example, as we seek to create the foundations for future growth.

Framework of New Mid-Term Business Plan

Based on ERM, realize profit growth while maintaining financial soundness and strategically allocating capital

Generate profits

Sustainable profit growth

Domestic non-life insurance business
- Achieve sustainable growth as the Group's core business
- Change our portfolio through sales expansion of specialty insurance

Domestic life insurance business
- Expand corporate value based on economic value as a growth driver contributing to the long-term profit of the Group
- Increase sales of protection-type products

International insurance business
- Realize high organic growth and implement new business investment as a growth driver of the Group

Overall Group
- Generate further synergy effects
- Appropriately control business expenses

Enterprise Risk Management (ERM)

Efficient deployment of capital

Investment for growth
- Invest in new businesses with diversification effects
- Make prior investment to establish future profit base (new products/new technology)

Risk reduction/control
- Continue sales of business-related equities, control risks of natural catastrophe losses and interest rates

Shareholder return
- Raise level of shareholder dividend
- Adjust to the appropriate level of capital via flexible share repurchases, etc.

Strategic capital allocation

Profit growth + **Enhancement of shareholder return** + **Maintain financial soundness**

Aligned Group Management

With the continuing expansion and globalization of the Group's businesses, the challenges facing Group management have become broader both within Japan and overseas as well as in the life and non-life insurance businesses.

To enhance our ability to create value over the long term, it will be important to "maximize the Group's comprehensive capabilities" through "further integration and alignment in Group decision making," and we need a mechanism and structure to support these efforts. We have introduced Group Chief Officer positions and strengthened the functions of our committees in order to utilize the expertise and strengths of Group companies worldwide as a unified whole and ensure that we achieve aligned Group management.

The Group Chief Officer system was introduced to align the Group's strategies and policies in specific areas worldwide under clear leadership. This structure will enable us to deploy functions laterally across the Group. Following our reorganization in April 2016, reforms were instituted to globalize the system further by appointing the Delphi COO as Group Co-CIO and the TMHCC CEO as Group Co-CRSO. Additionally, two new Group Chief Officer positions were created to bolster the structure: a Group CISO to oversee cybersecurity management, and a Group CCO to promote and spread common values across the Group.

Various committees are in place to discuss management challenges laterally across the Group and organically utilize the expertise and know-how of Group companies worldwide. Regarding risk management, asset management strategy and other issues commonly managed Groupwide, the committees facilitate discussions among Group Chief Officers and executive management of Group companies to ensure that optimal decisions are made.

We continue to promote a Group human resource development strategy for our diverse talent. Regarding specialized areas such as actuarial sciences and digital strategies, we actively utilize the expertise of non-Japanese talent within the Group and specialized talent outside the Group.

Through these and other initiatives, we are globalizing and strengthening our corporate functions and unleashing the Group's comprehensive capabilities through synergy.

1 **Charles Franks**
Executive Officer,
Tokio Marine Kiln Group CEO

2 **Christopher J.B. Williams**
Executive Officer, Group Co-CRSO,
TMHCC CEO

3 **Robert D. O'Leary**
Executive Officer,
Philadelphia President & CEO

4 **Ian Brimecome**
Senior Managing Executive Officer

5 **Donald A. Sherman**
Managing Executive Officer,
Group Co-CIO,
Delphi President & COO

Globalization and Strengthening

Maximize the Group's Comprehensive Capabilities

TOKIO MARINE GROUP

Group Chief Officers

Chief Officer	Area of Oversight	Name
CEO	Group Chief Executive Officer	Tsuyoshi Nagano President
CCO	Group Chief Culture Officer	
CFO	Group Chief Financial Officer	Takayuki Yuasa Senior Managing Director
CRO	Group Chief Risk Officer	Kunihiko Fujii Executive Vice President
CSSO	Group Chief Strategy and Synergy Officer	Makoto Okada Senior Managing Director
CDO	Group Chief Digital Officer	
CRSO	Group Chief Retention Strategy Officer	Shingo Kawaguchi Managing Executive Officer
Co-CRSO	Group Co-Chief Retention Strategy Officer	Christopher J.B. Williams Executive Officer
CIO	Group Chief Investment Officer	Hirokazu Fujita Senior Managing Director
Co-CIO	Group Co-Chief Investment Officer	Donald A. Sherman Managing Executive Officer
CHRO	Group Chief Human Resources Officer	Kazuhiko Nakamura Managing Executive Officer
CITO	Group Chief Information Technology Officer	Shigeru Inaba Managing Executive Officer
CISO	Group Chief Information Security Officer	

Committees

Top management both in Japan and overseas discuss various Group management issues

Major Management Issues

- Risk management
- International insurance business
- Asset management
- Retention strategy
- Information technology, etc.

Domestic Non-life

Domestic Life

International Insurance

Financial and General

- **Create synergies and share best practice across the Group**
- **Share knowledge to solve issues across the Group**
- **Involve overseas talent in the Group management**

Committee Structure

Committee	Main discussion topics
ERM Committee	Strategies, policies, and operational structure related to Group ERM, etc.
IEC (International Executive Committee)	Strategies and policies related to international insurance business and M&A outside Japan, etc.
GRSC (Global Retention Strategy Committee)	Strategies and policies related to Group insurance underwriting and retention reinsurance, etc.
GISC (Global Investment Strategy Committee)	Group asset management strategies and policies, financial business strategies, etc.
GITC (Global Information Technology Committee)	Group IT strategies and policies, information security, etc.

Major initiatives to globalize and strengthen integration and alignment in Group decision making

April 2016	• Introduction of Group Chief Officer system • Strengthening of existing committees (ERM Committee, IEC, GISC) through participation of top management of Group companies outside Japan, etc. • Establishment of new committees (GRSC, GITC)
June 2016	• Appointment of Donald A. Sherman, COO of North American company Delphi, to Group Co-CIO and Co-Chairman of GISC
April 2017	• Establishment of Group CISO to oversee Group cybersecurity management • Establishment of Group CSSO to oversee Group medium-to-long-term strategies and the creation of Group synergies
June 2017	• Appointment of Christopher J.B. Williams, CEO of North American company TMHCC, to Group Co-CRSO and Co-Chairman of GRSC • Establishment of Group CCO to promote and spread common Group value
April 2018	• Establishment of Group CDO to oversee Group digital strategies

Message from Group CRO

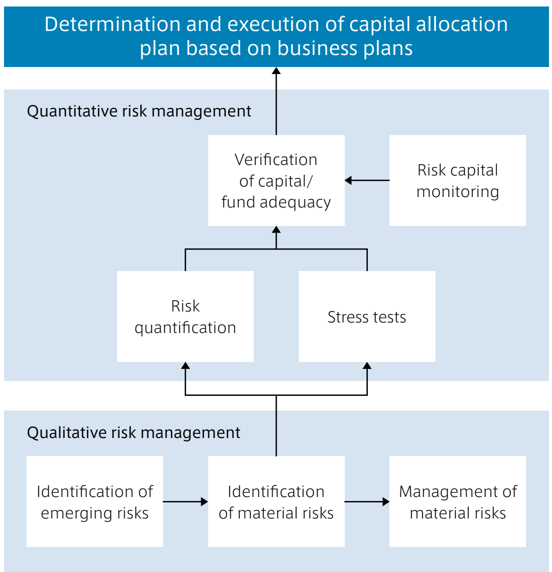
Tokio Marine Group is strengthening its ERM framework to address the ever more diverse and complicated risks it faces as it develops its global business.

Kunihiko Fujii
Executive Vice President
Group CRO (Group Chief Risk Officer)

Tokio Marine Group's Enterprise Risk Management Framework

The range of risks faced by Tokio Marine Group are growing ever more diverse and complicated as we develop our business globally and the business environment changes. Moreover, the highly opaque and drastically changing political, economic, and social trends urge us to keep a vigilant eye out and always prepare for new risks, including geopolitical risk.

From this perspective, it is important for Tokio Marine Group to go beyond conventional risk management which only aims at preventing and mitigating risks, by further strengthening its Enterprise Risk Management (ERM) framework. This framework entails the quantitative and qualitative monitoring of risks to effectively control capital, risks, and returns Groupwide.



Qualitative Risk Management

In qualitative risk management, we have a process to comprehensively assess and report every kind of risk, including emerging risks that result from changes in our business environment. The risks faced by the Group are discussed with top management when necessary.

Furthermore, through this process we assess not only quantitative elements of the risks identified, such as economic loss and frequency, but also qualitative elements such as business continuity and reputation. Those risks that seriously impact the financial soundness, business continuity, and other aspects of Tokio Marine Group are identified as "material risks" (see table on page 23).

We evaluate capital adequacy in relation to material risks through the quantitative risk management process that will be explained in the next section. We also manage these risks through a "plan-do-check-act (PDCA)" cycle by formulating preventive plans and countermeasures.

Material Risks (FY2018)

1. Global financial crisis
2. Japanese government bond risk
3. Japan wind and flood
4. Japan earthquake (including Mt. Fuji eruption)
5. Large international natural catastrophe
6. Cyber risk
7. Industry structure changes from disruptive new technologies
8. Conduct risk*
9. Breaches of overseas regulations
10. Terrorism / Riot
11. Pandemic

* Risk of damage to corporate value as a result of misconduct, inappropriate response or gap between industry/company practice and common sense, which negatively impact the protection of customer rights, market integrity, effective competition, the public interest, etc.

Quantitative Risk Management

In quantitative risk management, Tokio Marine Group aims to maintain its solid credit ratings and prevent defaults by verifying if the capital is sufficient relative to risks through multifaceted verification.

Specifically, we quantify potential losses, risk capital, that could arise from risks related to business plans submitted by Group companies. For this quantification, we use a statistical measure called "Value at Risk (VaR)" on a 99.95% confidence level, which corresponds to an AA credit rating. By comparing this risk capital to net asset value,* we verify capital adequacy.

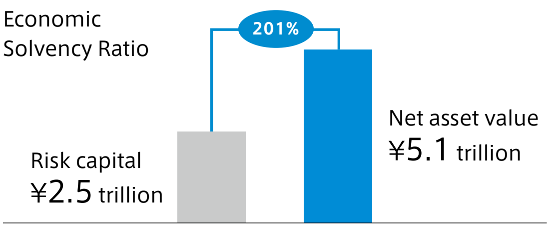
As of March 31, 2018, net asset value at Tokio Marine Group was 5.1 trillion yen and risk capital was 2.5 trillion yen. As a result, the economic solvency ratio, which represents the ratio of net asset value to risk capital, was 201%, indicating a sufficient level of capital.

The results of these verifications as well as the findings of risk capital monitoring, risk profiles, and other information are reported to the Board of Directors twice a year.

Furthermore, we conduct stress tests to complement the aforementioned capital adequacy verifications.

Stress tests utilize scenarios assuming risks that, although having a low frequency of occurrence, could massively impact the Group when they occur, such as major natural catastrophes or a turmoil in financial markets.

* Net asset value: Consolidated net asset on a financial accounting basis
+ Catastrophe loss reserves, price fluctuation reserves, value of life insurance policies in-force, etc.
– Planned distribution to shareholders, goodwill, etc.



As of March 31, 2018

Initiatives to Strengthen ERM Framework

Tokio Marine Group aims to achieve ongoing increases in corporate value while maintaining the balance between financial soundness and profitability through the aforementioned ERM framework. To ensure appropriate responses to the ever more diverse and complicated range of risks we face, we will continue initiatives to strengthen our ERM framework.

Under the previous mid-term business plan, we developed a system with which we can collect timely and highly reliable risk information to make more accurate management decisions. In addition, we appointed executives at major overseas group companies to serve as members of our ERM Committee in order to incorporate their global insight as the committee discusses the various management issues surrounding Tokio Marine Group. We also selected individuals at overseas group companies with high expertise in risk management to be promoted to positions at Tokio Marine Holdings.

The new mid-term business plan—"To Be a Good Company 2020"—which began with fiscal year 2018, entails "consistently maintaining double-digit ROE and generating high level shareholder return." Seeking to accomplish these objectives, we will continue to strengthen our ERM framework, enhance our intelligence function, and develop our human resources.

Efforts to strengthen our ERM framework will include refining corporate governance at domestic and overseas group companies, and realizing more sophisticated management of our Group capital and funds. In addition, we will continue engaging in discussion regarding risk strategies (risk appetite by risk category/business unit) based on the available capital and risks we face. The enhancement of our intelligence function will be pursued through improvements to structures for monitoring, analyzing, and reporting on natural catastrophes and other existing risk categories as well as new risks, such as cyber risks. The development of human resources will be carried out under our core identity "To Be a Good Company." We will strive to cultivate a risk culture that contributes to the integration and alignment of our Group management, and continuous and systematic development of experts in the field of ERM.

Message from Group CSSO and Group CDO

Tokio Marine Group is committed to transforming the rapid changes to the business environment, the result of technological advances, into its own strengths. At the same time, we will strive to utilize the strengths of all Group companies to pursue synergies.

Makoto Okada
Senior Managing Director
Group CSSO (Group Chief Strategy and Synergy Officer)
Group CDO (Group Chief Digital Officer)

Group-Level Initiatives of Medium-to-Long-Term Strategies

Tokio Marine Group is experiencing an unprecedented rate of change in the business environment and competitive environment, and this pace is only getting faster.

Demographic and other changes to society as well as technological progress, including the evolution of autonomous driving, have the potential to significantly impact the insurance business in the future.

Such changes to the business environment can be seen as threats to Tokio Marine Group, but they can also be viewed as new business opportunities. Choosing to adopt the latter perspective, we will pursue sustainable growth by taking preemptive action in various new initiatives.

This commitment led the Company to establish the position of Group Chief Strategy and Synergy Officer (Group CSSO) in April 2017. Group CSSO is responsible for overseeing the Group's medium-to-long-term strategies and creating Group synergies. I am therefore charged with the following tasks.

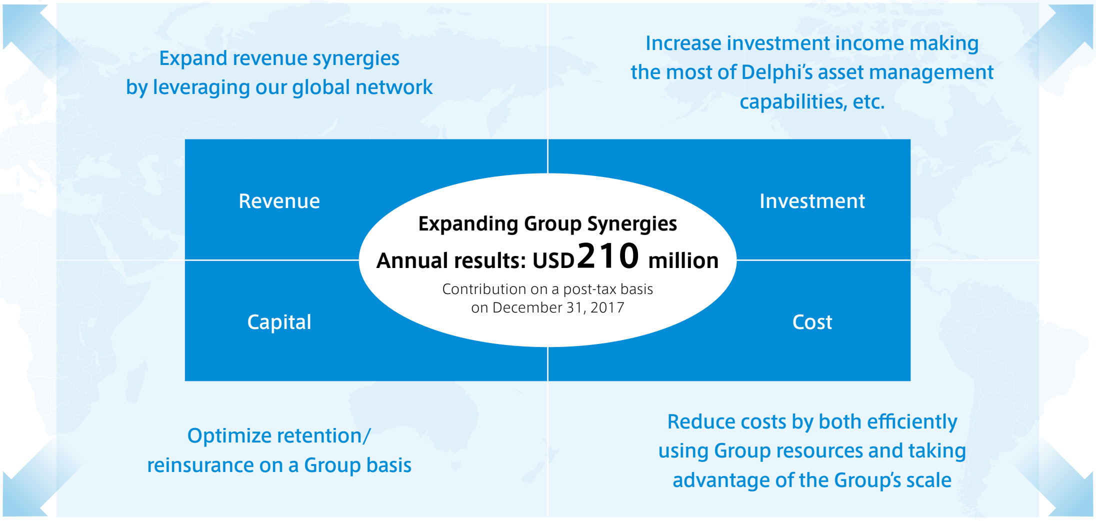
First of all, Group CSSO must formulate a medium-to-long-term vision for the Group based on its business environment and the competitive climate, then clarify the management issues that need to be addressed in order to realize that vision. After identifying the issues, I will take preemptive measures in response.

My second task is to facilitate the sustainable growth of Tokio Marine Group by enhancing survey and research functions, which are becoming increasingly important in the uncertain business environment. My third task is to utilize the strengths of the Group, namely its global network and the specialized expertise of Group companies, to accelerate the creation of synergies in relation to "revenue," which represents our growth; "investment," namely asset management; "capital"; and "cost."

With an eye to improve value across the Group, I will work to realize greater synergies on a global scale while applying best practices to enhance local management. Through these efforts, I will help Tokio Marine Group move forward with the "strengthening of aligned Group management," a priority described in the mid-term business plan.

Expanding Group Synergies

Pursuing synergies by leveraging the Group's global network, the expertise of each Group company, and financial strengths, etc.



Full Utilization of Digital Technologies to Create New Value

In April 2018, the position of Group Chief Digital Officer (Group CDO) was established to oversee the Group's digital strategies. Group CDO is tasked with deploying digital strategies on a global basis and thereby boosting the Group's competitiveness.

In this task, I adopt the following three perspectives.

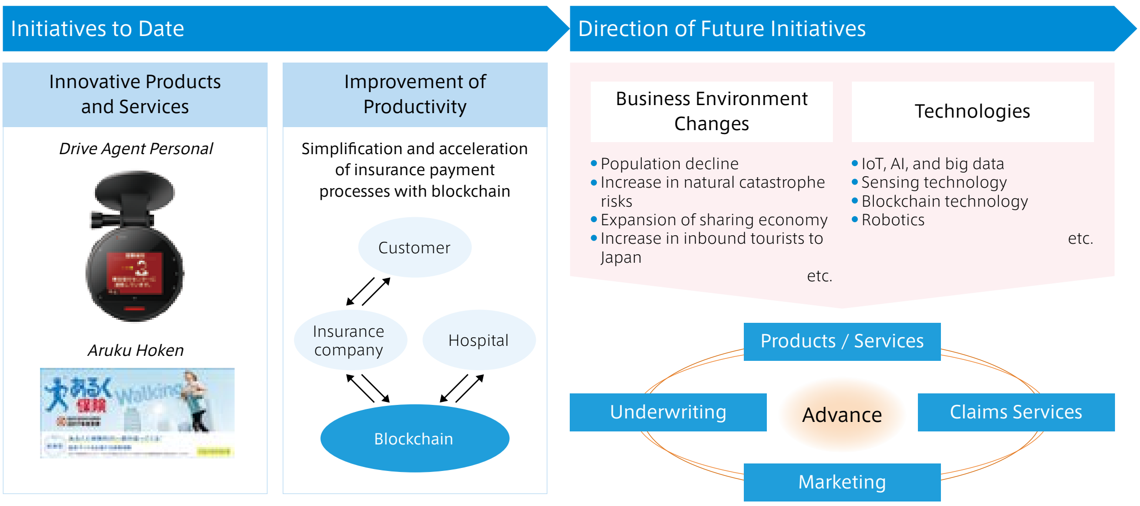
The first perspective is the full utilization of technology to continue creating new value. By taking advantage of cutting-edge digital and other technologies, we will deliver value through insurance in new fields as well as in fields where we have been unable to provide insurance products and services in the past. In addition, I hope to expand the very concept of insurance by broadening the scope of value we provide beyond preparing for accidents to include preventing, quickly recovering from, and avoiding the recurrence of accidents.

The second perspective is the use of technologies to realize a lean management structure by creating simple yet swift business processes.

The third perspective is the implementation of pioneering initiatives to prepare for the potential appearance of disruptive technologies.

To this end, I will promote a Group digital strategy focused on creating digital synergies on a global scale by accelerating Proof of Concept in our home market of Japan and stepping up trials in Japan as well as in Europe, the United States, and Asia.

Initiatives to Date and Direction of Future Initiatives



Message from Group CRSO and Group Co-CRSO

Tokio Marine Group aspires to maintain management soundness while achieving sustainable growth and improvements in capital efficiency through appropriate control of underwriting risks and optimization of retention and reinsurance on a Group basis.

Shingo Kawaguchi
Managing Executive Officer
Group CRSO
(Group Chief Retention Strategy Officer)

Christopher J.B. Williams
Executive Officer
Group Co-CRSO
(Group Co-Chief Retention Strategy Officer)

Aspire to Maintain Management Soundness, While Achieving Sustainable Growth and Improvements in Capital Efficiency of the Group

At Tokio Marine Group, we aspire to furnish swift and accurate responses to insurance needs, which differ by country and region. For this reason, local Group companies—the Group members that are most familiar to customers—are given a certain degree of discretion and authority to exercise autonomy in their businesses. We feel strongly that allowing these companies to make the most appropriate decisions with regard to underwriting, retention, and reinsurance* at their own discretion will enable them to efficiently adapt to the characteristics of the market and underwriting risks of their countries, which will in turn contribute to increased local competitiveness.

At the same time, we recognize that, from the perspective of Group-based optimization, the ability to act in an integrated, Group-based manner can contribute to greater earnings. Retention and reinsurance strategy is an area in which such an integrated, Group-based approach is viable.

We believe appropriate control of the Group's underwriting risks, monitoring and managing Group's accumulation, and aligned cooperation of retention and outward reinsurance between Group companies are all becoming crucial in the global management of an insurance business.

Group CRSO and Group Co-CRSO are charged with the mission of maintaining management soundness, facilitating sustainable growth, and improving capital efficiency for Tokio Marine Group. This mission is to be accomplished by appropriately controlling underwriting risks and optimizing retention and reinsurance on a Group basis, all while respecting the autonomy of Group companies. Meetings of the Global Retention Strategy Committee (GRSC) are periodically convened to help fulfill this mission. At the GRSC, representatives from Group companies with expertise regarding underwriting, retention, and reinsurance are assembled to discuss issues relating to these areas, share information, align understandings, and seek resolutions to issues on a Group basis. We will now discuss some of our specific activities.

* Insurance transactions between insurance companies are referred to as "reinsurance." The portion of underwritten risk remaining within an insurance company after reinsurance is referred to as "retention."

Appropriate Control of Underwriting Risks and Optimization of Retention and Reinsurance

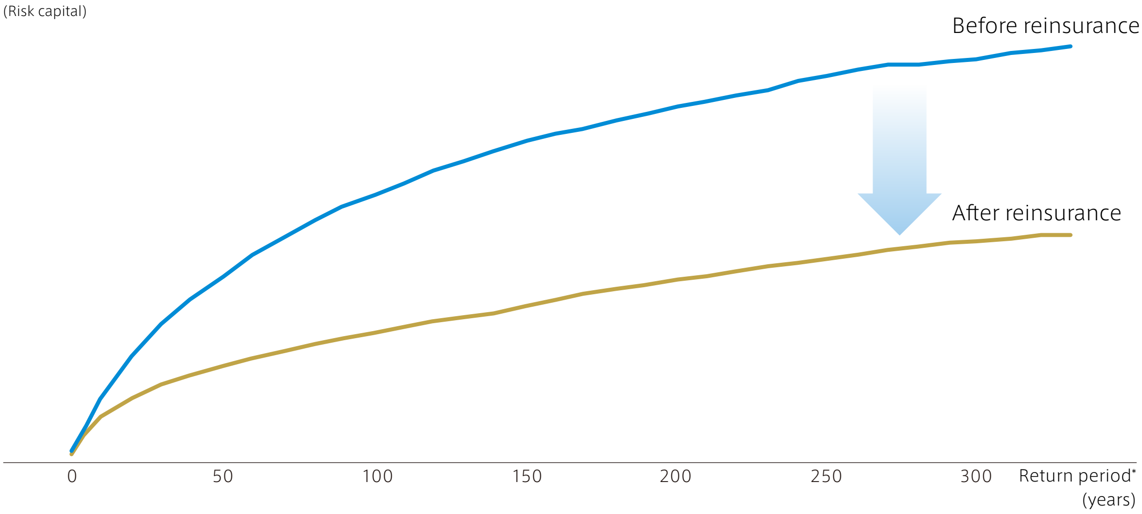
Tokio Marine Group works to appropriately control underwriting risks on a Group basis. For example, we have selected three underwriting risks with the potential to significantly impact earnings and capital: Japan Wind and Flood, Japan Earthquake, and U.S. Hurricane. Group retention strategies have been set with regard to each of these risks.

We base our retention strategies on the principles of avoiding surprises for stakeholders, issuing stable dividends, and improving capital efficiency, and aim to optimize retention levels considering overall circumstances such as market conditions. These strategies are reflected in the business plans of domestic and international Group companies.

For underwriting risks other than the aforementioned three, we identify those risks with the potential to accumulate on a Group basis and those that may significantly impact management as a result of future changes in social trends. The risk amounts associated with these risks are monitored regularly. For example, we have frameworks in place to quantify and monitor cyber risks and pandemic risks among others, and then control the risk amounts of these risks appropriately.

Furthermore, we strive to optimize retention and reinsurance on a Group basis. For example, Group-based reinsurance strategies are set where Tokio Marine & Nichido Fire is designated as the Group Retention Vehicle for natural catastrophe risks, and while a certain portion of all natural catastrophe risks assumed by domestic and international Group companies is centralized to Tokio Marine & Nichido Fire through intra-Group reinsurance, risks that exceed the retention level deemed appropriate on a Group basis are collectively transferred to external reinsurance markets. We expect collective risk transfer to leverage economies of scale and lower outward reinsurance costs.

Japan Wind and Flood Risk Amounts



* The expected period from one phenomenon (heavy rain, typhoon, earthquake, etc.) to the recurrence of the same phenomenon. For example, an earthquake with a return period of 100 years would be an earthquake of a scale that is thought to only occur once every 100 years.

Group as One to Address Issue Resolution

The GRSC is a meeting for regular, Group-level discussion regarding management issues pertaining to underwriting, retention, and reinsurance. This committee is chaired jointly by Group CRSO and Group Co-CRSO and has full-time members including Group CFO, Group CRO, Head of International Insurance Business, and Group CSSO. Members of management from domestic and international Group companies are also invited to join in meetings of the GRSC when their expertise is relevant to the theme being discussed. Meeting participants aspire to transcend their position in their individual company in order to offer suggestions from a Group-based management viewpoint and thereby contribute to resolution of the issue at hand.

The range of themes discussed at the GRSC to date are varied, with some examples including the selection of underwriting risks to be controlled on a Group basis; Group retention strategies pertaining to Japan Wind and Flood, Japan Earthquake, and U.S. hurricane; methods of monitoring risk amounts associated with emerging risks, such as cyber risks and pandemic risks; and intra-Group reinsurance. The results of discussions at the GRSC are used to make the best possible Group management decisions. In addition, the information shared at committee meetings is relayed throughout the Group to be used as a reference by the management of Group companies around the world.

Message from Group CIO and Group Co-CIO

As a global insurance group, we strive to further enhance our investment capability and expertise to support our sustainable growth in the future.

Hirokazu Fujita
Senior Managing Director
Group CIO
(Group Chief Investment Officer)

Donald A. Sherman
Managing Executive Officer
Group Co-CIO
(Group Co-Chief Investment Officer)

Group Investment Policies and Initiatives for Improving Medium-to-Long-Term Profitability

The basic principle of Tokio Marine Group's investment policy is to ensure future claim payments through appropriate management of our portfolio (which consists of the insurance premiums received from our customers).

In practice, we manage our portfolio and control its risk based on an asset liability management (ALM) framework so that our assets are invested appropriately in accordance with the characteristics of our liabilities.

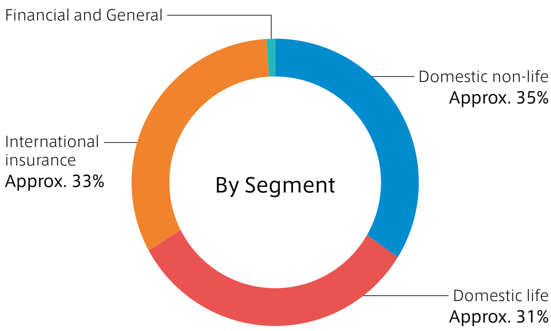
Presently our Group's insurance operations are well-diversified on a global scale, and each of these operations—the domestic non-life insurance business, the domestic life insurance business, and the international insurance business—accounts for roughly one-third of our asset portfolio. These assets are managed primarily through the ALM framework, but they are further diversified globally in order to achieve stable and sustainable growth of investment return on a Groupwide basis.

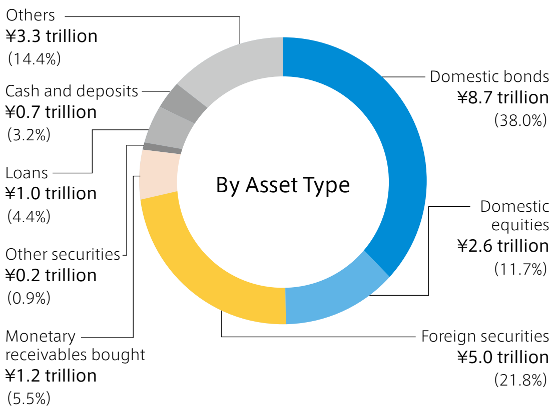
Under the current mid-term business plan, which started in April 2018, we will continue to further develop our investment infrastructure and enhance our talent pool for investment activities. Utilizing these resources, we aim to steadily accumulate foreign assets as well as alternative investments to realize more optimal Groupwide asset allocations over the medium-to-long term, while also flexibly managing our portfolio according to the fluctuations of global financial markets.

In addition, we continuously reduce our business-related equity portfolio in order to improve the Group's capital efficiency. As of March 31, 2018, the book value of business-related equities was reduced to 40% compared with that as of March 31, 2002. Under the current mid-term business plan, we will further sell such holdings by at least 100 billion yen per year.

Allocation of Total Assets

(Total assets as of March 31, 2018: 22.9 trillion yen)





Investment Capability as a Global Insurance Group

Tokio Marine Group's investment strategies are set by Group CIO and Group Co-CIO, and are executed by Group companies through close collaboration with Tokio Marine Holdings. This Group CIO/Group Co-CIO structure enables Tokio Marine Group to make quick and appropriate decisions regarding group-wide investment strategy as well as individual group company's investment challenges.

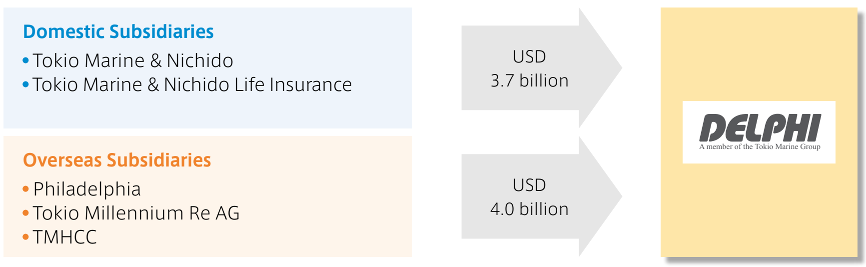
Tokio Marine Holdings has established the Global Investment Strategy Committee (GISC), which is jointly chaired by Group CIO and Group Co-CIO and consists of executive officers responsible for investment activities of domestic and international Group companies. In the GISC, the global macroeconomic climate and financial markets are reviewed to enable Group CIO and Group Co-CIO to develop the Group investment strategy.

With Group CIO and Co-CIO initiatives, our domestic insurance companies' investment functions have been integrated as much as possible to efficiently enhance their investment capabilities. Also, the portfolio management of their U.S. dollar-denominated assets is entrusted to our U.S. subsidiary, Delphi Financial Group, Inc., which has profound investment expertise. Investment teams at domestic insurance companies and Delphi constantly communicate and exchange market information and investment ideas to improve group cooperation. Through this we are conducting the Group's investment activities as if all of our investment professionals are members of "one team" and successfully mitigating the negative impact from the recent low interest rate environment on our group investment yield.

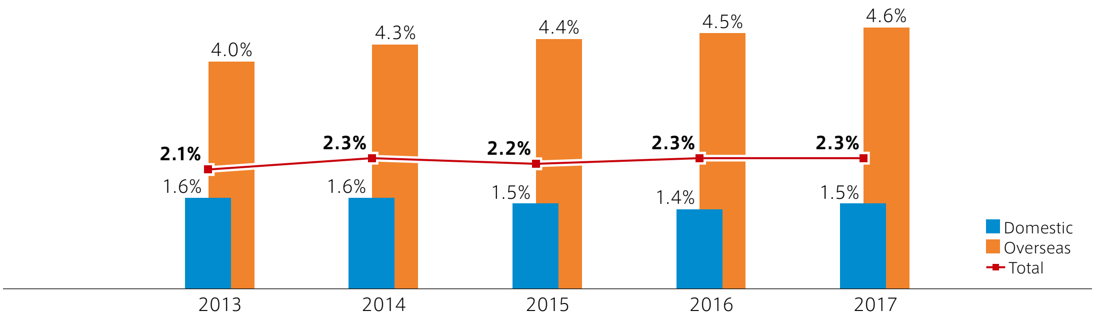
Through our group cooperation and collaboration, we will continuously strive to further enhance our investment capability and expertise to support our sustainable growth in the future.

Entrustment of Investment Management to Delphi

(Total amount entrusted as of March 31, 2018 is approx. USD7.7 billion)



Group Income Yield



Message from Group CHRO

We will promote diversity on a global basis to facilitate the active participation of our 40,000 employees worldwide and strengthen our competitive advantage.

Kazuhiko Nakamura
Managing Executive Officer
Group CHRO (Group Chief Human Resources Officer)

Driving Force for Realizing to be a "Good Company"

Tokio Marine Group believes the power of its people is the driving force for realizing its vision of being a "Good Company." For the insurance business, which is said to be a "people's business," the people involved and the trust created by those people are the source of its competitive advantage. We will promote diversity on a global basis to facilitate the active participation of around 40,000 employees worldwide and strengthen our competitive advantage.

Tokio Marine Group has arranged its basic policies with regard to human resources into a statement known as "Tokio Marine Group—Our People." This statement was the product of discussion at the Global Human Resources Committee, which sees participation by human resources representatives from overseas Group companies. In this statement we explain that our people are our most important asset and a key driver for the realization of our vision of being a "Good Company." Based on this belief, we are inspired to provide opportunities for career development and ongoing personal growth, to attract and retain the best talent, and to seek to embody diversity and realize inclusion. "Tokio Marine Group—Our People" will form the foundation for our human resources measures going forward. The systematic cultivation of our diverse talent, both in Japan and overseas, will be important to accomplishing our goal of becoming a global insurance group. For this reason, the new mid-term business plan puts forth four pillars for human resource development: (1) develop global leaders; (2) secure human resources for corporate functions; (3) expand the base of the global talent pool; and (4) foster a Groupwide culture of developing human resources. Various efforts are being implemented based on these pillars.

Tokio Marine Group — Our People

- Our people are the most important asset of our Group and a key driver of our Good Company vision.
- We aim to attract and retain the best talent in every aspect of our business to ensure we deliver safety and security to our customers and their communities.
- Our people bring passion and a challenging spirit to their endeavors and we provide them with opportunities for career development and ongoing personal growth.
- Our people embody diversity and we value inclusion as a truly global company.
We work hard to create a business environment where we can achieve our full potential as we continue our endless journey to be a Good Company.

For example, we are developing global leaders through programs based on career development plans. Also, we are working to recruit individuals with experience in digital fields from outside of the Group for corporate functions while seeking out ways to better utilize the insight of overseas Group companies in reinforcing the functions of Tokio Marine Holdings. To expand the base of the global talent pool, we are implementing training programs for employees at all levels. Some of these programs include short-term assignments of newer employees in Japan to overseas locations.

Tokio Marine Group has also established "Our Eight," a set of eight basic principles meant to guide the actions of employees and thereby ensure that we are always able to live up to the expectations of customers, society, and our shareholders. Our Eight will serve as a constant in our daily activities that employees can always use to reflect on their own behavior while also functioning as a tool for on-the-job training.

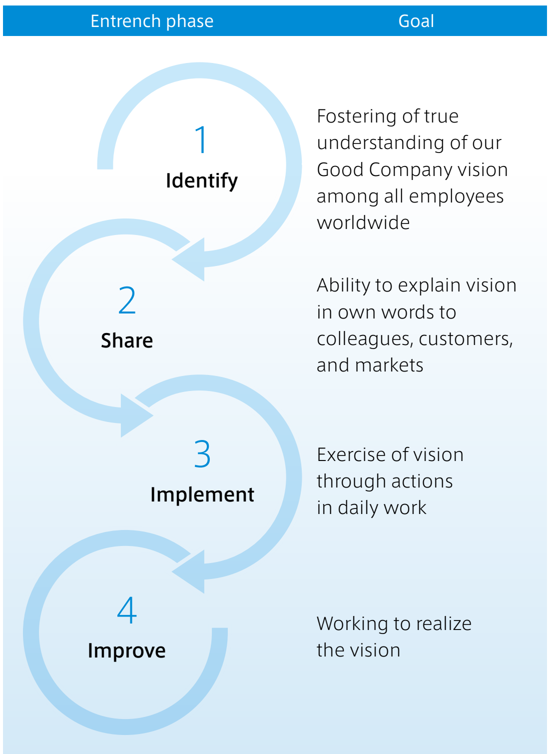
Our Eight

Eight Basic Principles for Tokio Marine Group

1. Be Respectful
2. Be Honest (Don't Avoid Tough Issues)
3. Be Interested in Others
4. Put Yourself in the Other's Shoes
5. Have Ownership
6. Act with a Sense of Purpose
7. Challenge without Hesitation
8. Exceed Someone's Expectation

It is the Group's vision "To Be a Good Company" that unites us as a group. Accordingly, initiatives for sharing the vision and our core values throughout the Group are of key importance. Each company of Tokio Marine Group develops its business by capitalizing on its strengths. We therefore recognize that it is crucial for us to be able to work under the guidance of a shared core vision that is consistent throughout the Group in both our domestic and our international companies. The Group vision "To Be a Good Company" was born out of this recognition. For this reason, we are implementing various initiatives on an ongoing basis with the aim of cultivating understanding around this vision among all employees and inspiring them to base their actions upon it. The town hall meetings that continue to be held around the world to discuss this theme are just one of these initiatives. In addition, we administered a culture and values survey to all Group employees across the globe in July 2017. This survey was meant to help us better understand the true feeling of those individuals working for the Group. We hope to continue such surveys in the future, and we will continue to implement measures to address any issues they reveal. As we move forward and tackle the challenges that come, we will remain united under our vision "To Be a Good Company."

Four Key Stages of Implementation



Town hall meeting

Message from Group CITO and Group CISO

We will support the global initiatives of Tokio Marine Group with IT through both an assertive and a defensive approach.

Shigeru Inaba
Managing Executive Officer
Group CITO (Group Chief Information Technology Officer)
Group CISO (Group Chief Information Security Officer)

Group IT Strategies

Tokio Marine Group aims to transform IT into a true strength for management that can be utilized in its global operations. We will support the Group by helping reinforce IT governance at Group companies worldwide and by leveraging synergies to challenge issues shared among Group companies.

To this end, the new mid-term business plan, which was kicked off in fiscal 2018, will seek to strengthen the Group's IT capabilities in terms of both assertive and defensive aspects based on five pillars: (1) IT Governance; (2) Cost Optimization & Operational Quality; (3) Digital Innovation; (4) Enhanced Group Management; and (5) IT HR.

In regard to pillar 1, we see reinforcing IT governance as a responsibility of the management of the Company. Given this understandings, we have defined IT governance standards detailing the relationships between IT and business divisions, and also defined process and implementation systems for everything from planning to system development and operation. With these standards in place, we aim to successfully develop systems for achieving business strategies and to operate systems in a safe, stable, and efficient manner. Domestic and overseas Group companies have proceeded to clarify the issues they face based on these standards while carrying out an ongoing cycle of evaluation and improvement activities. We have been able to further refine our IT governance through this cycle. Building solid IT governance systems is a task of utmost importance, and we are therefore committed to continuing to develop our systems going forward.

Overview of IT Governance at Tokio Marine Group

Vision
Systems that transform IT into a true strength for management that is utilized in the Group's global operations

Successful development of systems for achieving business strategies

IT Development planning, Application Ownership system	IT Steering Committee	Project management

Operating of systems in a safe, stable, and efficient manner

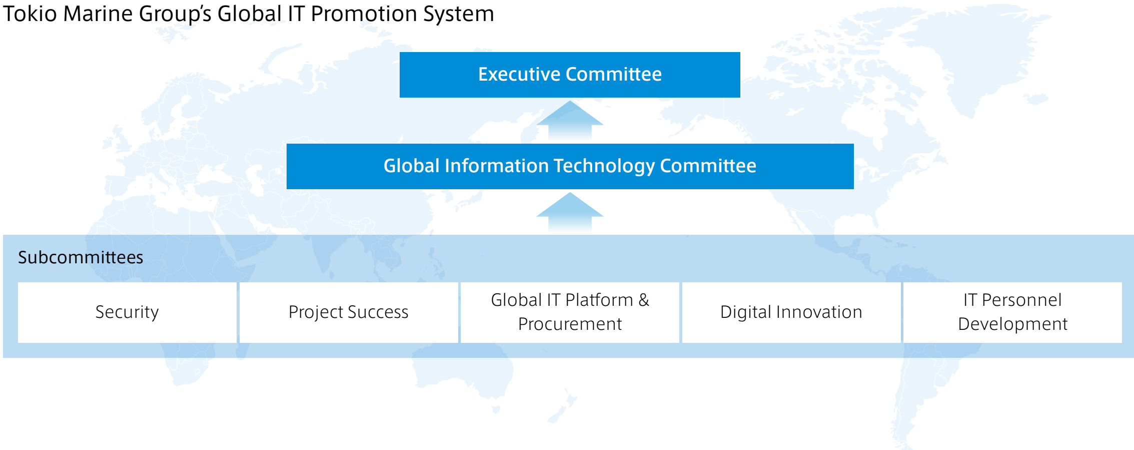
Change management	Information security management	System fault management	Outsourcing contractors	Disaster Recovery

Initiatives for Generating Group-Level Synergies

Tokio Marine Holdings has established the Global Information Technology Committee (GITC), which is composed of senior managers involved with IT-related matters from Japan and overseas, with the goal of more flexibly formulating and implementing global IT strategies. We have also set up subcommittees under the GITC to promote strategies for addressing shared Group IT challenges that are related to the major initiatives of the mid-term business plan. The insight of key overseas personnel is utilized in this undertaking.

In regard to digital innovation, IT divisions collaborate with business divisions to formulate concrete strategies while sharing the latest insights. The next digital era will require that new products and services be provided swiftly and to meet this need, we are developing an open IT platform that is optimized for digital technologies in order to allow for both effective utilization of information and contact points with customers.

Tokio Marine Group's Global IT Promotion System



Cybersecurity Initiatives

Cyberattacks grow more sophisticated and menacing with each coming year. Tokio Marine Group recognizes cybersecurity as one of the most critical management issues, and management exercises leadership in addressing this issue. As Group CISO, I am responsible for overseeing cybersecurity management across the entire Group.

Cyber risks are not merely IT issues; but they are also serious business risks. Based on this recognition, Group companies implement risk management PDCA cycle by performing risk assessments to measure the threats and potential impacts of cyberattacks on their operations, and the necessary countermeasures.

In the event of a cyberattack against us, it is vital to be able to enact a swift initial response for identifying the scope of impact, limiting the spread of damage, and then to promptly implement measures for restoring targeted systems and preventing recurrence. Based on the extent of the impact, it may be even necessary to escalate to a management-level response. In other words, cybersecurity measures are important from a crisis management standpoint, and it is crucial to always have in place functional systems for responding to cyber risks at each Group company and on a Groupwide basis. Tokio Marine Group has assembled a Group Computer Security Incident Response Team (CSIRT), which is responsible for promoting the reinforcement of Groupwide cybersecurity risk and crisis management systems and coordinating information sharing among Group companies. In addition, we have frameworks in place that facilitate Group-level response should a cyber risk materialize.

Tokio Marine Holdings was selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for inclusion in the 2018 Competitive IT Strategy Company Stock Selection, signifying it as a company that proactively utilizes IT. We believe that this acknowledgment was a reflection of our efforts to use new technologies to provide customers with products and services of impeccable quality and to seek out security technologies for protecting customers' information.

Going forward, we will continue to support the business strategies of Tokio Marine Group companies around the world and provide IT services that create higher value to our businesses.

Operations Section

35 Domestic Non-Life Insurance Business
40 Domestic Life Insurance Business
43 International Insurance Business

Business Overview

Domestic Non-Life Insurance Business

With an extensive product lineup and a diverse array of services, Group companies provide optimal products and services that fit customer needs through a wide range of sales channels.

44%

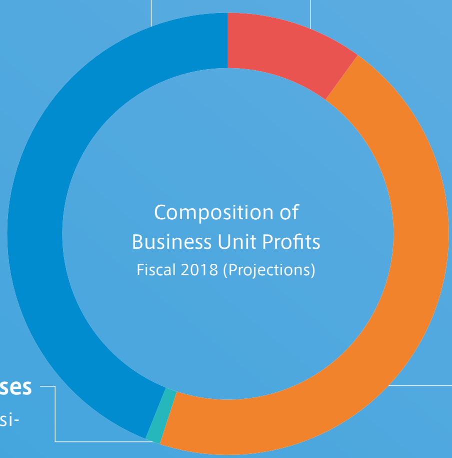
¥161.0 billion

Domestic Life Insurance Business

Tokio Marine & Nichido Life provides highly unique, value-added products and services, focusing on the field of living protection, which is not fully covered by conventional medical insurance or death insurance.

10%

¥35.0 billion



Financial and General Businesses

The financial business develops businesses with high capital efficiency, primarily in the asset management business. In general businesses, Group companies provide products and services related to "safety and security" to customers, primarily in businesses that are highly compatible with the insurance business.

1%

¥5.0 billion

International Insurance Business

Tokio Marine Group provides a broad range of products and services that have a strong competitive position in developed markets, which are the core of the global insurance market. The Group is also building an extensive network in emerging markets with high growth potential, particularly in Asia and South & Central America.

45%

¥165.0 billion

Domestic Non-Life Insurance Business

Tokio Marine & Nichido — Strategy Overview

Market Environment (Major Opportunities and Risks)

Opportunities
- Growth in new needs accompanying technological advancement, social change, etc.
- Increase in corporate risk awareness due to globalization, etc.

Risks
- Increase in scale of natural disasters accompanying climate change
- Increase in new entries into the insurance industry by companies in other industries

Strengths

- Product development capabilities that have continued to generate industry-first products and services
- Sales foundation that supports consulting and high growth potential through life and non-life cross-selling
- Competitive business efficiency
- Human resources with superior expertise, etc.

Overall Strategy (Key Points of New Mid-Term Business Plan)

Through the relentless pursuit of quality in products and services, distribution channels, and business processes, we will work to achieve "sustainable growth" and "stable profit generation."

Best quality products and services
- Reformation of product line portfolio through integrated life–non-life business model
- Enhancement of products and services through utilization of technologies and other means

\+

Best quality sales channel
- Improvement of sales productivity through enhancement of agents' specialties and consulting capabilities
- Expansion of new sales routes through increased coordination between agents that have different strengths

\+

Best quality business processes
- Improvement of business processes and productivity through new technologies

Best quality human resources

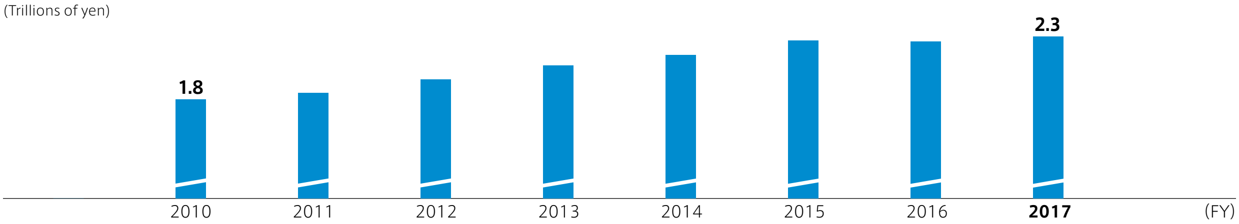
Maximize the Group's comprehensive capability through alignment of Group management

Characteristics of Group Companies

Tokio Marine & Nichido	Provides a lineup of diverse products and services that meet the needs of all customers (individuals and corporations)
Nisshin Fire	Provides highly unique products and services, specializing in the personal and SME markets
Tokio Marine Millea SAST Insurance/ Tokio Marine West SAST Insurance	Provides insurance products for rental housing and tenants
E. design Insurance	Provides auto insurance for individual customers via the Internet

Net Premiums Written in the Domestic Non-Life Insurance Business

(Trillions of yen)



Tokio Marine & Nichido

Achievements in the Previous Mid-Term Business Plan

Under the previous mid-term business plan, we aimed for sustainable profit growth and to build a system that maintains the combined ratio[*1] below 95%. We worked to implement initiatives in the areas of "enhancement" (establish a solid business platform), "proactive measures" (strengthen R&D to meet future changes), and "continuous enhancement of profit growth" (strengthen underwriting discipline and pursue business efficiency).

As a result, the CAGR for business unit profits[*2] was +9.6%, substantially surpassing the plan's target of around +3%. In addition, despite the influence of large natural catastrophes and other factors, the combined ratio for fiscal 2017 was 93.9%, and we were able to maintain the combined ratio below the 95% level.

*1 Loss Ratio＋Expense Ratio
*2 The CAGR compares business unit profits of fiscal 2017 with those of fiscal 2014. As for business unit profits, FX effects are excluded and net incurred losses relating to natural catastrophe losses are normalized to an average annual level.

Toshifumi Kitazawa
Tokio Marine & Nichido Fire Insurance Co., Ltd. President & Chief Executive Officer

Priorities

Responding to a Rapidly Changing Environment

We steadily implemented the strategies outlined under the previous mid-term business plan and increased our sustainable growth potential. However, due to such factors as demographic shifts, the occurrence of large-scale natural catastrophes, and rapid changes in technology, our business environment is changing at an unprecedented speed. Accordingly, under the new mid-term business plan, we will work to address the following important issues.

Further diversification of portfolio
- Promotion of integrated life-non-life business model
- Expansion of specialty insurance, etc.
- Appropriate control of risks

Enhancement of business structure
- Develop attractive products and services
- Enhance quality and expand volume of sales channel
- Enhance productivity through business process improvement

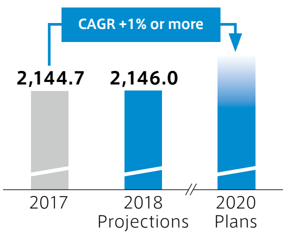
New Mid-Term Business Plan

Taking On the Challenge of Best Quality

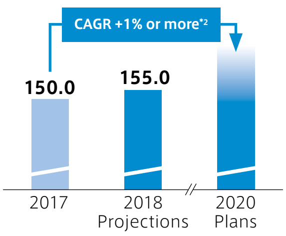
To resolve the issues described above, under the new mid-term business plan Tokio Marine & Nichido will work to achieve "sustainable growth" and "stable profit generation" through the relentless pursuit of quality in products and services, distribution channels, and business processes.

During the period covered by the new mid-term business plan, the consumption tax increase and the revision of the law of obligation, etc., are expected to put downward pressure on profits. However, through the steady implementation of the above measures, from fiscal 2017 we will aim to achieve a CAGR of +1% or more for both net premiums written and business unit profits. We will aim to maintain the combined ratio below 95% and strive to achieve a combined ratio of approximately 92% to 93% in fiscal 2020.

Net Premiums Written
(Billions of yen)

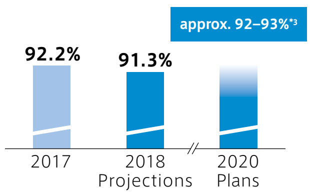


Business Unit Profits
(Billions of yen)



Normalized basis*1
*1 Excluding FX effects and net incurred losses relating to natural catastrophe losses are normalized to an average annual level
*2 Including the impact of the consumption tax increase and the revision of law of obligation, approximately –¥28.0 billion (after tax)

Combined Ratio
(Private Insurance E/I Basis)



Natural catastrophes normalized to an average annual basis
*3 Including the impact of the consumption tax increase and the revision of law of obligation (approximately 2 pt)

Best Quality Products and Services

By offering attractive products and services, we will provide customers with further safety and security, we will support them in their times of need as they take on challenges.

Specifically, we will take steps to implement the following main strategies while fully leveraging technology, such as offering coverage for individual customers through life and non-life cross-selling business model and providing specialty insurance in order to support customers as they take on challenges.

In this way, we will work to change our product portfolio and advance our products and services.

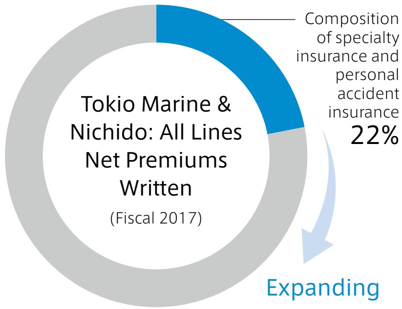
Life and Non-Life Cross-Selling Business Model

"*Super Insurance*," which is the core of the life and non-life cross-selling business model, is our unique all-in-one life and non-life insurance product that we developed and launched in 2002 with the concept of providing customers and their families with lifelong security.

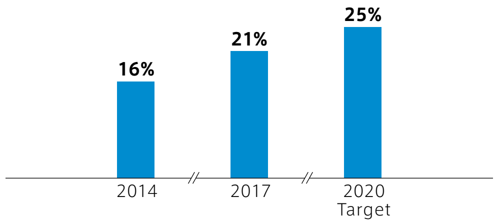
We will work to further enhance product attractiveness and increase sales of multiline policies through consulting initiatives for both life and non-life. In this way, we will increase the ratio of the number of *Super Insurance* policies with either life or third sector coverage to 25% in fiscal 2020.

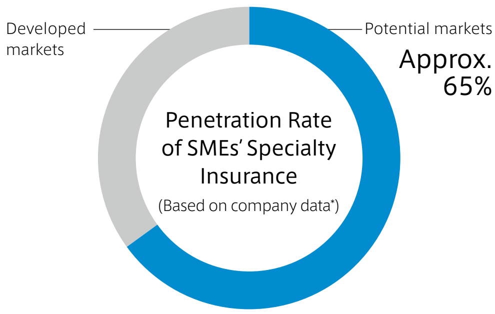
Business Model for SMEs

The risks faced by small and medium-sized enterprises (SMEs) are becoming more diverse as these companies expand overseas, and such SMEs are thus coming to recognize the need to hedge risks even within Japan. However, specialty insurance products, which allow for this hedging of risks, are not yet commonly used among SMEs. Seeking to support the development of SMEs' businesses, we are advancing a business model focusing on regional revitalization and health and productivity management to achieve growth in the SME market.



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





* Estimated the market size of specialty insurance on an insurance premiums basis, based on data and sample questionnaire distributed to 3.2 million SMEs (excluding individual business owners) with 99 employees or less

Regional revitalization

As the population ages and decreases, regional revitalization has become an important economic issue for Japan. Working in collaboration with regional municipalities, financial institutions, and chambers of commerce, we will provide insurance that offers comprehensive coverage of business risk. We will also provide a wide range of services, such as call centers with specialized interpreting capabilities to address the increase in visitors to Japan from overseas and online courses related to the import-export business affairs necessary for overseas business initiatives. With these efforts, we will support the business development of SMEs.

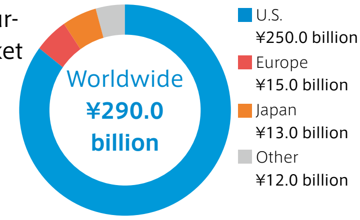
Health and productivity management

As Japan's labor force shrinks, managing employee health and creating a good working environment have become important management issues. Tokio Marine & Nichido will leverage the Group's expertise as a "Health & Productivity Stock" for three consecutive years to support SME health and productivity management initiatives through a range of services, such as stress check tests and mental health consultations for employees. In addition, we will provide group insurance, etc., to support companies' employee benefit programs.

Addressing New Risks Accompanying Social Change

Accompanying social change, such as advances in technology and the progress of globalization, cyber risks and other new risks are emerging. To protect customers from these various risks, we are providing cyber risk insurance and other specialty insurance products.

Cyber insurance market size*
(2016)



*Sources: OECD, Japan Network Security Association (Japan data)
The figure for "Japan" includes insurance lines other than single cyber insurance (personal information leak insurance, etc.).

Utilizing Technology

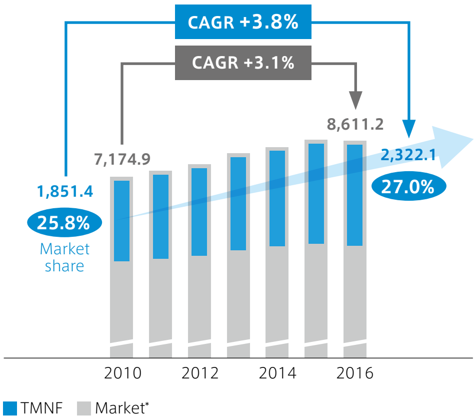
Accompanying advances in technology, customer needs are diversifying and the means of customer contact are expanding. We will work to increase the added value of our products and services by thoroughly utilizing new technologies to provide optimal coverage in line with customer attributes and to establish simple, appropriate insurance procedures.

Best Quality Sales Channel

In distribution channels, for agents throughout Japan we have bolstered the provision of support to become scaled agents and sales agent training. With these efforts, we are working to enhance agent quality and productivity. In addition, we will expand new markets while strengthening collaboration with agents, who have different strengths. Through these initiatives, we will further enhance the strength that is the choice of customers and realize growth that surpasses the market.

Growth outperforms the market

Trends of direct net premiums written
(Billions of yen)



* Source: The General Insurance Association of Japan (Website)

Best Quality Business Processes

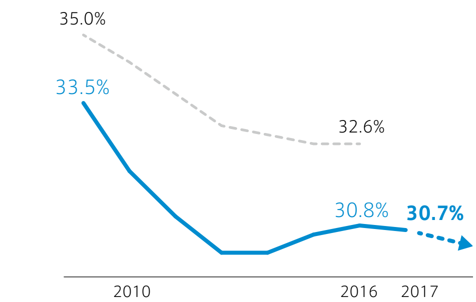
Since 2008, we have executed a variety of operational streamlining initiatives, such as the "Business Process Reform Project," which aimed for large-scale simplification, centered on products and administration. As a result, we substantially increased productivity and realized business efficiency that is competitive in comparison with other companies.

Moving forward, through the thoroughgoing utilization of RPA*1 and other new technologies, we will advance business process improvement and implement initiatives that link newly available time to increased added value for customers.

*1 Robotic process automation

Competitive business efficiency

Expense ratio (all lines)



	2010	2016	2017
TMNF (Private insurance)	35.1%	32.7%	32.5%

TMNF Market*2

*2 Total of the members of The General Insurance Association of Japan (excluding TMNF)

Source: The General Insurance Association of Japan (Website)

Nisshin Fire

Achievements in the Previous Mid-Term Business Plan

Under the previous mid-term business plan, to become a competitive company in the retail market, we focused our management resources on the retail market and implemented the "Nisshin Model."

Through synergy effects among cultivation of SMEs and new products for them, the CAGR for net premiums written was +1.2%, and we achieved growth in the retail market.

Masato Murashima
Nisshin Fire & Marine Insurance Co., Ltd. President

New Mid-Term Business Plan

Advancing the "Nisshin Model"

Nisshin Fire is a non-life insurance company established in 1908. The company provides simple, easy-to-understand products to customers through 13,607 agents (as of March 31, 2018) with the aim of becoming the most familiar and trusted retail non-life insurance company.

Under the new mid-term business plan, we will focus on the personal and SME markets; implement strategies of "providing unique products and unique services" and "strengthening the business platform"; and strive to provide customers in the retail market with value that leverages Nisshin Fire's distinctive strengths.

In particular, we will advance the "Nisshin Model," a business model that provides simple, easy-to-understand products and high-quality claims services together with our agents, who are deeply rooted in their communities and trusted by their customers.

Nisshin Fire's Results

Fiscal 2017 results: Net premiums written increased by 1.2% year on year, to 141.8 billion yen. Net income was 5.3 billion yen.

Fiscal 2018 projections: Net premiums written to increase by 0.5% year on year, to 142.5 billion yen, and net income to reach 5.6 billion yen.

E. design Insurance

Achievements in the Previous Mid-Term Business Plan

Under the previous mid-term business plan, with the aim of "being the No. 1 direct insurer in terms of customers' choice," we worked to enhance quality in areas such as accident response services and our call center while making our website more convenient.

Through these initiatives, the CAGR for net premiums written increased substantially to +18.6%.

Shigeo Kuwabara
E. design Insurance Co., Ltd. President

New Mid-Term Business Plan

Next Steps to Build a Sound Position with a Focus on the Future

E. design Insurance is a direct non-life insurance company jointly established by Tokio Marine Group and the NTT Group in June 2009. E. design Insurance provides auto insurance via the Internet to customers who use the Internet to find the insurance best suited to their needs.

Under the new mid-term business plan, as we work to improve our loss ratio and administrative efficiency, we will steadily advance measures to establish a sound position in line with our growth in scale and take on the challenge of our next initiatives with a focus on the future.

E. design Insurance's Results

Fiscal 2017 results: Net premiums written increased by 9.9% year on year, to 28.2 billion yen.

Domestic Life Insurance Business

Tokio Marine & Nichido Life — Strategy Overview

Market Environment (Major Opportunities and Risks)

Principal Opportunities
- New needs resulting from advancing medical technology
- Preparation for "longevity risk" due to aging society
- Progress of technology, such as AI and big data

Risks
- Continuation of historic low interest rate environment

Strengths

- Life and non-life cross-selling initiatives
- Unique, advanced products and services
- Group customer base
- Sales agents with high levels of consulting capabilities

Overall Strategy (Key Points of New Mid-Term Business Plan)

With consideration for anticipated changes in the business environment over the long term, we will strive to realize sustained profit growth by enhancing products, sales, and business processes and by advancing risk control.

Develop innovative products
- Proactively capitalize on changes in environment, advance living protection products to meet emerging needs
- Meet diverse asset accumulation needs

\+

Strengthen sales capabilities and sales platform
- Cultivate the market utilizing the life and non-life cross-selling business model
- Amalgamate distribution channels
- Strengthen management support capabilities for agents who will become the core of growth

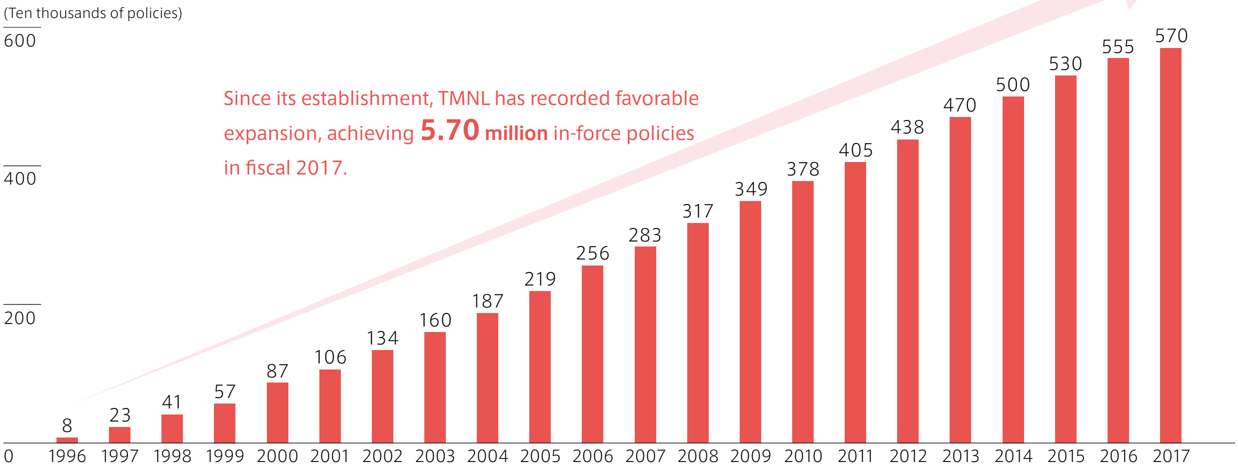
\+

Increase customer convenience / operational streamlining
- Further increase quality, convenience, and efficiency of business processes
- Use of new technology

Risk control that supports sound growth

Maximize the Group's comprehensive capability through alignment of Group management

Number of In-Force Policies at TMNL (Total of individual insurance and individual annuities)



Tokio Marine & Nichido Life

Achievements in the Previous Mid-Term Business Plan

Tokio Marine & Nichido Life was aiming for growth based on financial soundness and profitability by promoting a sales shift from saving-type products to protection-type products under the mid-term business plan, and by diversifying investment in response to the low interest rate environment. The increase in MCEV,* which represents business unit profits, was 99.0 billion yen in fiscal 2017, basically the level projected when the mid-term business plan was formulated.

Katsumi Nakazato
Tokio Marine & Nichido Life Insurance Co., Ltd.
President & Chief Executive Officer

Priorities

Proactively Capitalizing on Changes in the Environment

In addition to the persistence of low interest rates over the long term, medium-to-long-term changes in the business environment include demographic shifts, technological progress, and advances in medical technology. In consideration of these changes in the business environment, we will take steps to address the following priorities.

Further diversification of portfolio

- Further growth in protection-type products

Enhancement of business structure

- Strengthening of sales capabilities and enhancement of productivity through leveraging of technology

New Mid-Term Business Plan

Turning Change into Opportunity

We have forecast that the business environment of the life insurance business would be changing significantly over the medium-to-long term. Over the three years of the new mid-term business plan, we will promote a variety of innovations viewing the changes as opportunities.

Develop innovative products

Develop living protection products to meet emerging needs. Create new added value by using advances in technology.

Strengthen sales capabilities and sales foundation

Cultivate market by leveraging the Group's customer base. Strengthen support for management of agents who will become the core of growth.

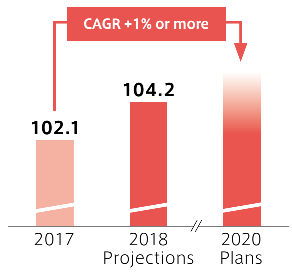
Increase customer convenience / operational streamlining

Increase productivity and customer convenience using advances in technology. Strengthen operational management to achieve both efficiency and quality.

* MCEV is an index used to assess the value of life insurance businesses to ensure consistency with the market value of financial instruments. Future economic conditions are evaluated based on the assumption that the figures from the end of March 2018 will continue.

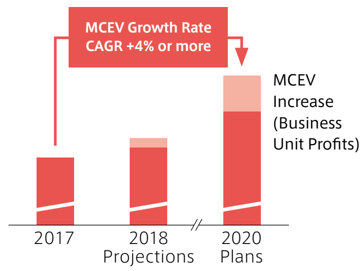
New Policies Annualized Premiums (ANP)

(Billions of yen)



Business Unit Profits

(Billions of yen)



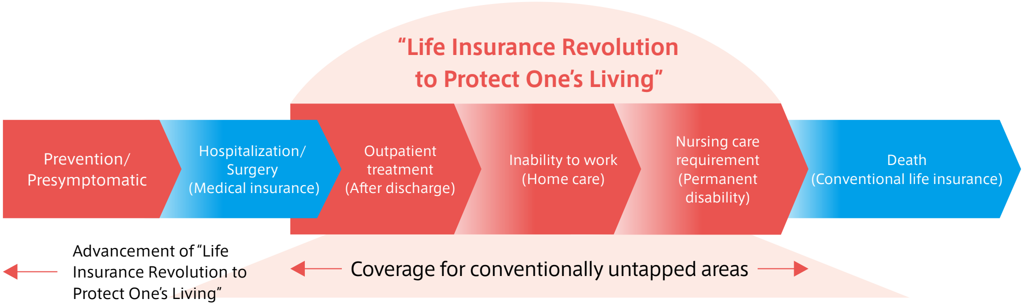
	2017	2018 Projections	2020 Plans
Year-end MCEV*1	1,248.7	1,284.0	1,417.0
Business Unit Profits*2	99.0	35.0	83.0

*1 The figure for fiscal 2017 is after payment of shareholders' dividends. Figures for fiscal 2018 projections and fiscal 2020 plans are before payment of shareholders' dividends.
*2 Figures are before payment of shareholders' dividends.

Product Strategies

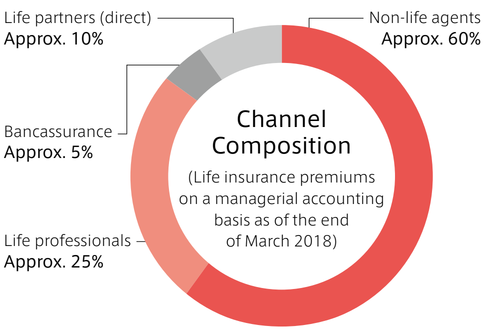
Tokio Marine & Nichido Life has launched unique products that address conventionally untapped areas, such as inability to work and nursing care, through initiatives implemented under the "Life Insurance Revolution to Protect One's Living,"* and these products have earned the support of customers. Under the new mid-term business plan, we will continue to launch unique protection-type products that reflect consideration for such factors as advances in medical technology. In addition, we will also aggressively utilize new technologies and develop products that support prevention, presymptomatic disease, and health enhancement. Moving forward, we will leverage our product development capabilities, which are one of our strengths, and promote the development of products with high added value for customers.

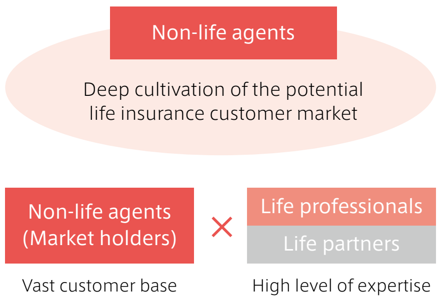
* Diagram of "Life Insurance Revolution to Protect One's Living"



Sales Strategy

Tokio Marine & Nichido Life has diverse sales channels, including non-life agents, life professionals, life partners (direct), and bancassurance. Under the new mid-term business plan, we will continue to target growth with a good balance among these four main channels. Furthermore, we will cultivate the market with the life and non-life cross-selling business model, generate further synergy effects by amalgamating distribution channels, strengthen support for management of agents who will become the core of growth, and implement other initiatives. In these ways, we will strive to provide safety and security to as many customers as possible.





International Insurance Business

International Insurance Business — Strategy Overview

Market Environment (Major Opportunities and Risks)

Opportunities
- Stable growth in the U.S. and other developed markets
- Economic development and growth of the middle class in emerging markets, primarily Asia

Risks
- Continuation of soft insurance market (declining trend in premium rates) due to entry of third-party capital
- Occurrence of large-scale natural catastrophes accompanying climate change

Strengths

- Favorable M&A track record (sustained growth due to disciplined M&As*1 and smooth PMI*2)
- Risk diversification through strong specialty franchise in developed markets
- Extensive business network in both developed and emerging markets (38 countries and regions around the world)

*1 Acquisition Principles
- A good management team sharing our values (Management soundness)
- A Good Company with high profitability
- A robust business model overcoming a changing environment

*2 Post-merger integration, meaning an integration process after M&A

Overall Strategy (Key Points of New Mid-Term Business Plan)

We will strengthen alignment of Group management and take steps to pursue both sustainable organic growth and strategic M&As. In this way, we will be the driver of risk diversification and sustainable profit growth for the Group.

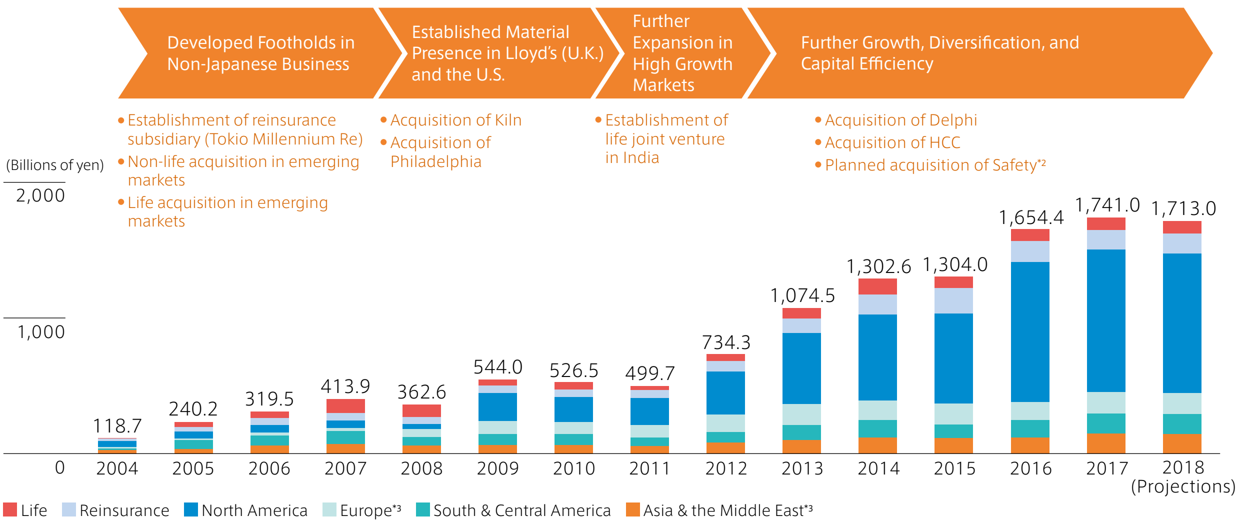
Sustainable organic growth
- Achieve sustainable growth by companies with robust business models while also leveraging new technologies

+

Strategic M&As
- Capture profitability of developed markets and growth potential of emerging markets, advance regional and business diversification, and achieve balanced growth

Maximize the Group's comprehensive capability through alignment of Group management

Growth of International Insurance Business (Net Premiums Written*1)



*1 FX rates are as of December 31 of each year. (FX rate for fiscal 2018 projections is as of March 31, 2018.)
*2 As of the end of June 2018
*3 Up until fiscal 2015, the Middle East was included in Europe. From fiscal 2016, the Middle East is included in Asia.

Achievements in the Previous Mid-Term Business Plan

As the growth driver of the Group, we pursued growth opportunities globally and the establishment of a diversified business portfolio. We acquired HCC Insurance Holdings Inc., a U.S. specialty insurance group, in October 2015, and also implemented growth initiatives at each company. In this way, we achieved a CAGR of +9.5% in business unit profits.*

* FX effects are excluded and nat-cat losses are normalized to an average annual level. For fiscal 2017, one-time impact of U.S. tax reform is excluded.

Satoru Komiya
Head of International Insurance Business
Senior Managing Director

Priorities

As the Group Driver

To drive "risk diversification" and "sustainable profit growth" for the Group, we will address the following priorities.

Further diversification of portfolio

- Through strategic M&As, we will advance geographical and business diversification.

Enhancement of business structure

- We will improve the competitiveness of the Group by enhancing digital strategies globally.

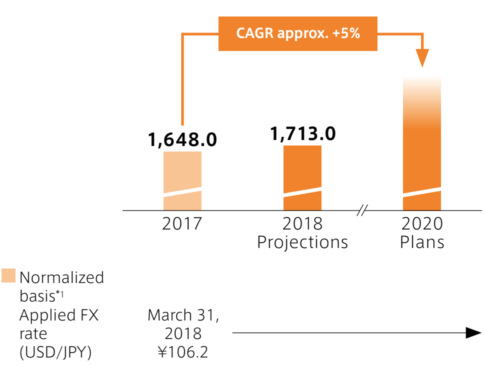
New Mid-Term Business Plan

Achieving "Risk Diversification" and "Sustainable Profit Growth" for the Group

Due to the continuation of the soft insurance market and other factors, the environment is challenging. In this setting, we will strengthen the alignment of Group management and take steps to pursue both sustainable organic growth and strategic M&As. In this way, we will be the driver of risk diversification and sustainable profit growth. As a result, we will aim for a CAGR of approximately +5% for net premiums written and a CAGR of approximately +11% for business unit profits.

Net Premiums Written

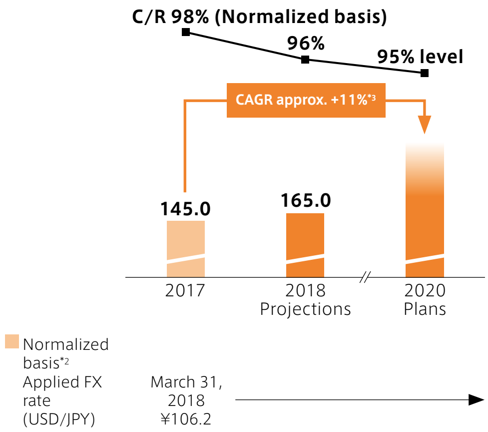
(Billions of yen)



*1 FX when converting to yen is adjusted to March 31, 2018. (Regarding international insurance, the same applies hereinafter.)

Business Unit Profits

(Billions of yen)



*2 FX when converting to yen is adjusted to March 31, 2018. Excluding the impact of FX gains/losses at major overseas subsidiaries. Nat-cat losses are normalized to an average annual level. Excluding one-time impact of U.S. tax reform. (Regarding international insurance, the same applies hereinafter.)

*3 CAGR excluding the impact of U.S. tax reform from 2020 plans is approximately +8%.

Pursuing Strategic M&As

Major M&As Executed to Date

Significant contribution to the Group's profit growth through disciplined acquisition principles and smooth PMI

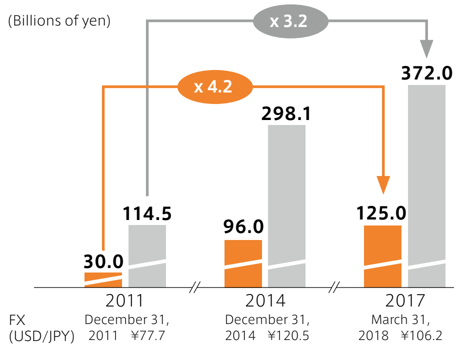
Steadily growing after joining Tokio Marine Group

Net premiums written of acquired Western companies (normalized basis[*1])

March 2008 Tokio Marine Kiln	2008 ¥48.0 billion	2017 ¥158.0 billion
December 2008 Philadelphia	2009 ¥199.0 billion	2017 ¥338.0 billion
May 2012 Delphi	2013 ¥199.0 billion	2017 ¥238.0 billion
October 2015 TMHCC	2016 ¥317.0 billion	2017 ¥334.0 billion

*1 Adjusted to the FX of March 31, 2018
*2 Nat-cat losses are normalized to an average annual level. As for 2017, FX when converting to yen is adjusted to March 31, 2018, excluding the impact of FX gains/losses at major overseas subsidiaries, and excluding one-time impact of U.S. tax reform.

Significant contribution to the Group's profit growth while maximizing Group synergies



Business unit profits of acquired Western companies (Normalized basis[*2])
Adjusted net income of Tokio Marine Group (Normalized basis[*2])

Our Focus

Promote strategic M&A targeting emerging markets in Asia and other regions as well as developed markets, with the aim of establishing a well-balanced business portfolio that delivers stable and profitable growth

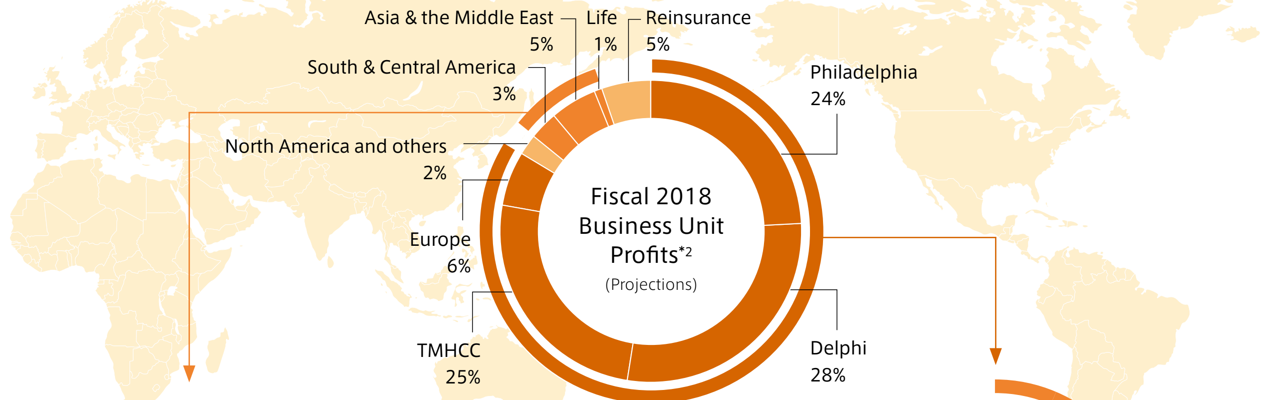
Emerging markets

- Emerging market business unit profits constitute just under 10 percent of the international insurance business.
- We will further promote geographical diversification through the implementation of M&As in emerging markets where high growth is expected in the medium-to-long term.

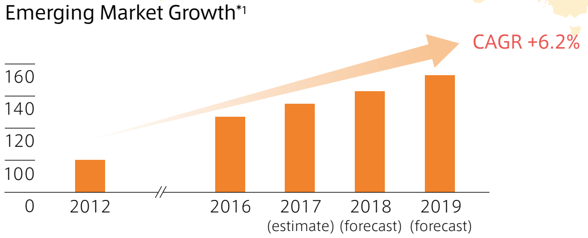
Developed markets

- In developed markets, where North America accounts for approximately 80% of business unit profits, risks are well-diversified due to a wide range of specialty insurance products.
- Moving forward, we will continue aiming to further expand the specialty franchise through M&As, including bolt-on M&As.*

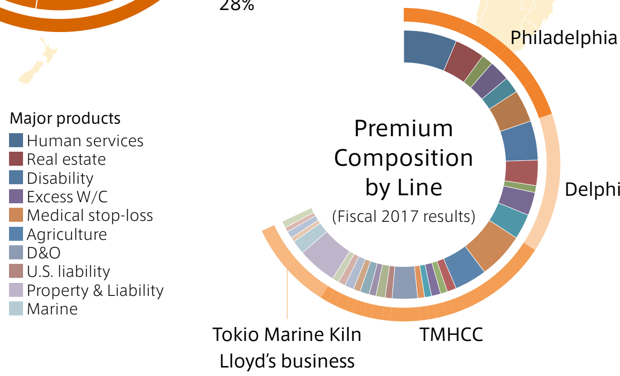
* M&As implemented with the objective of complementing existing businesses



Emerging Market Growth[*1]



*1 Trend of non-life direct premiums written; fiscal 2012 is set at an index value of 100.
(Source) Swiss Re Institute: Global Insurance Review 2017 and Outlook 2018/19
*2 Denominator: Total of business unit profits of international insurance business before adjustment of head office expenses



North America

Maintain growth and profitability outperforming the market through underwriting discipline and action

Business Overview

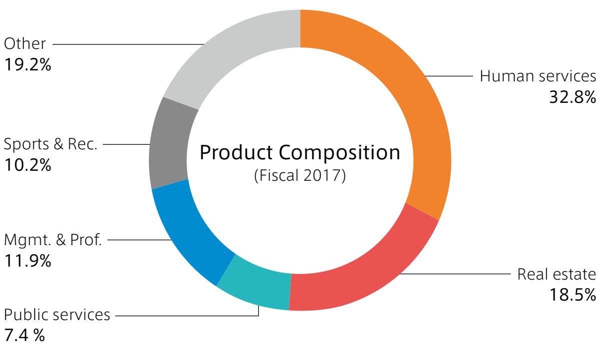
Philadelphia is a U.S. P&C insurance group that has achieved high growth and profitability since its establishment in 1962.

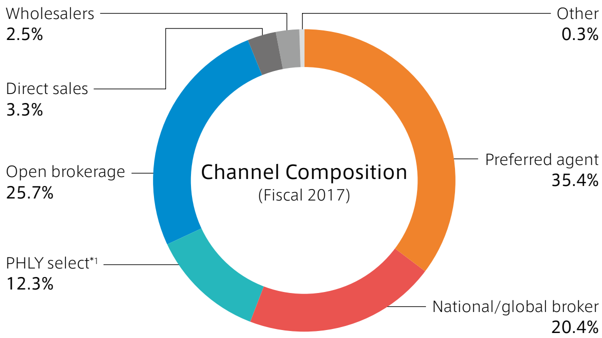
Strengths and Strategies

Strengths

Specializing in specific industries and customer segments, such as non-profit organizations, community groups, real estate, schools, and sports and recreation facilities, Philadelphia's strengths include outstanding product development capability, disciplined business operation, and excellent marketing skills utilizing its diverse sales networks.

By focusing on the specific needs of certain customer segments, Philadelphia has built a strong business model that is resilient to economic fluctuations and competition with commodity products. It has achieved exceptional business results, including a combined ratio that consistently falls below the U.S. P&C market average.



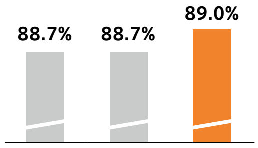


*1 Candidates for future preferred agents

Strategies in the New Mid-Term Business Plan

We will aim to maintain and enhance the high renewal ratio and rate increases through improving the productivity of the franchise network and products focused on niche markets.

Renewal ratio

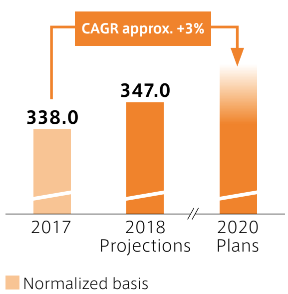


Rate increases	2015	2016	2017
Philadelphia	3.6%	1.8%	1.5%
Market average*2	Approx. 1%	Approx. 0%	Approx. 1%

*2 (Source) Willis Towers Watson

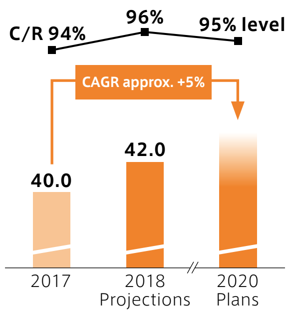
Net Premiums Written

(Billions of yen)



Business Unit Profits

(Billions of yen)



DELPHI
A member of the Tokio Marine Group

Maintain profit growth by leveraging its investment expertise as well as its strengths in employee benefit products/services and retirement services

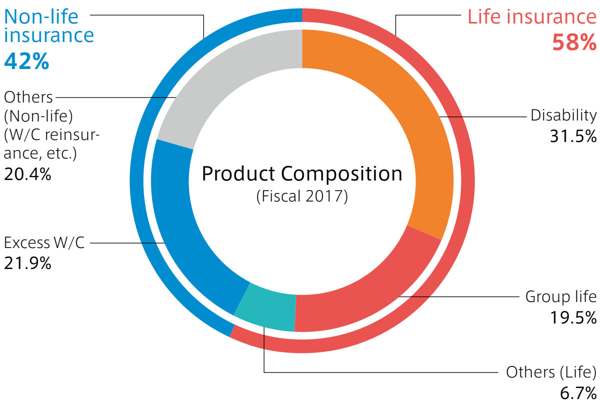
Business Overview

Delphi Financial is a U.S. P&C and life insurance group founded in 1987 that focuses on employee benefits insurance and services. The group contains companies with a long history and wealth of business experience, including Reliance Standard, a life insurance company founded in 1907, and Safety National, a non-life insurance company founded in 1942.

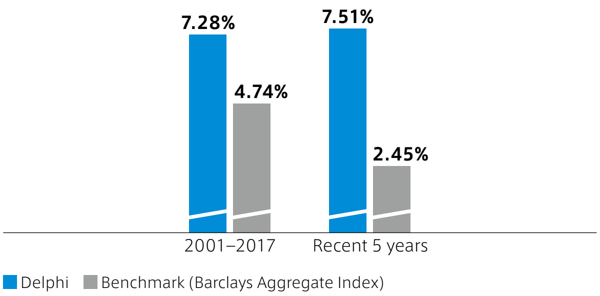
Strengths and Strategies

Strengths

Delphi has leveraged its strengths, including robust underwriting capabilities based on many years of experience and strong relationships with distribution channels, to establish its position as a market leader. It has established a stable and sustainable source of revenue through its main products, which have the advantages of both limited exposure to natural catastrophe risks and less dependence on premium rate cycles. In addition, Delphi's high level of investment expertise enables it to achieve investment returns that far exceed benchmarks and to realize high levels of growth and profits. Furthermore, through investment on behalf of other Group companies, Delphi is making a significant contribution to the demonstration of Group synergies.



Average Investment Returns Market Comparison

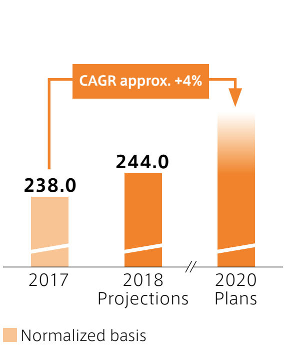


Strategies in the New Mid-Term Business Plan

We will aim to maintain our leadership position in the employee benefits business, realize growth in the retirement services business through increased sales of annuities, and foster continued development of Group synergies in investment.

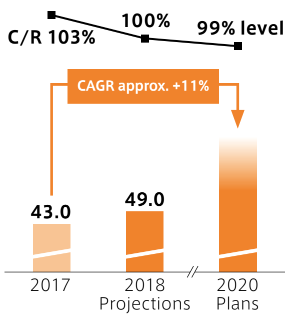
Net Premiums Written

(Billions of yen)



Business Unit Profits

(Billions of yen)



TOKIO MARINE HCC

Pursue organic growth in all businesses while maintaining high profitability and enhance existing franchise businesses through bolt-on M&As

Business Overview

Tokio Marine HCC (TMHCC) is a world-leading specialty insurance group operating in the U.S. and Europe. Since its establishment in 1974, it has consistently achieved high profitability, growth, stability, and soundness under its experienced management team.

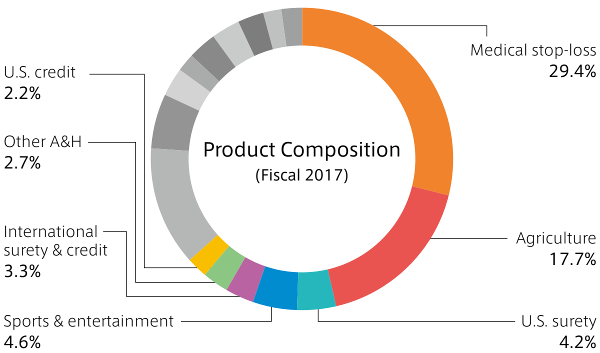
Strengths and Strategies

Strengths

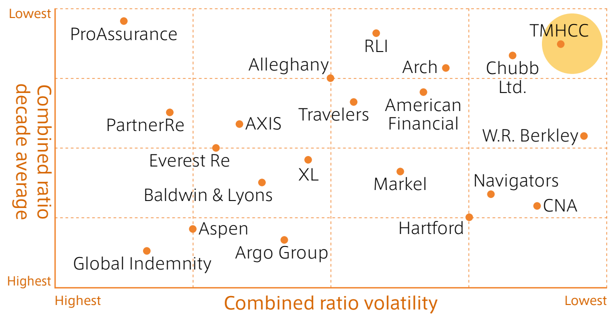
Since its founding, TMHCC has implemented many bolt-on M&As* and it has accumulated significant knowledge in executing these transactions. Through these M&As and other initiatives, TMHCC demonstrates its strengths, such as high-level underwriting expertise, by providing over 100 different types of specialty insurance products, including A&H, agriculture, and D&O insurance, and it maintains a leading position in many of the markets it serves. These insurance products are largely non-correlated, and accordingly TMHCC has a diverse and highly profitable business portfolio. Consequently, even in fiscal 2017, when there were many large-scale natural catastrophes, the combined ratio was below 90%. TMHCC consistently realizes high profitability that outperforms the market.

* M&As implemented with the objective of complementing existing businesses

Products that are less dependent on the P&C market cycles (approximately 64%)



Consistent profitability



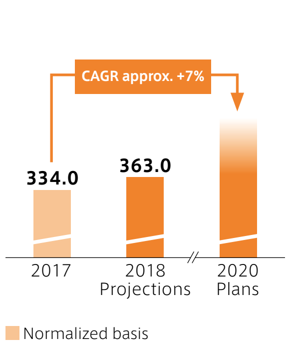
Sources: Created by Tokio Marine from Company reports, Dowling & Partners Analysis (based on data through December 31, 2017)

Strategies in the New Mid-Term Business Plan

TMHCC will strive to realize growth in all businesses by utilizing bolt-on M&As and strengthening existing franchise businesses while maintaining best-in-class profitability and combined ratio. In addition, TMHCC will aim to expand revenue synergies by leveraging its high-level underwriting expertise on a worldwide basis, including Japan.

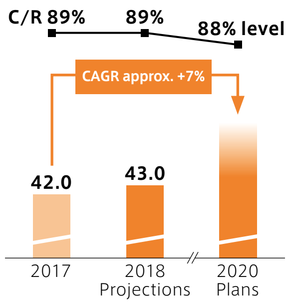
Net Premiums Written

(Billions of yen)



Business Unit Profits

(Billions of yen)



Europe

Promote unified growth strategies using the business platforms of Lloyd's market and Corporate market under the competitive underwriting conditions

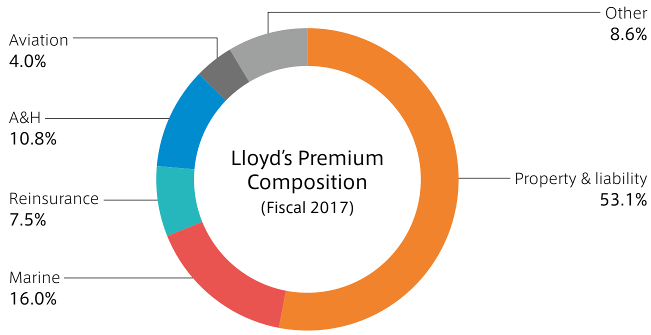
Business Overview

Tokio Marine Kiln is an insurance group in the global insurance business, centered on Lloyd's. Its subsidiaries include Tokio Marine Kiln Syndicates, which offers outstanding expertise and has had one of the largest underwriting capacities in the Lloyd's of London market since its establishment in 1962, and Tokio Marine Kiln Insurance, an insurance company with strength in the corporate market.

Strengths and Strategies

Strengths

Tokio Marine Kiln is one of the best-known insurance groups in the London Market, benefiting from the strength of Lloyd's brand with 4th largest underwriting scale. Its strengths include broad range of products and know-how in specialty insurance as well as prompt response to market cycle and earnings potential by disciplined underwriting. It is promoting unified growth strategies utilizing both the Lloyd's market and Corporate market business platforms.



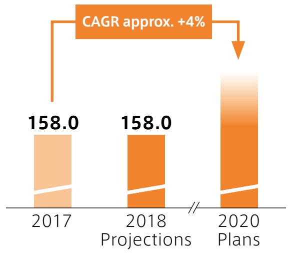
Strategies in the New Mid-Term Business Plan

We will promote growth strategies by expanding distinctive specialty insurance products such as cyber and intellectual property and by growing U.S. businesses through strengthened ties with cover holders.*1

*1 Agents that have been given underwriting authority from insurance companies

Net Premiums Written

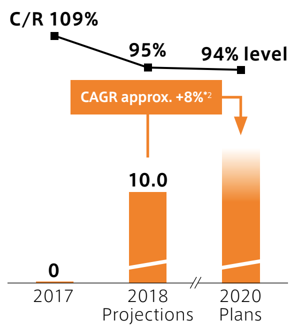
(Billions of yen)



Normalized basis

Business Unit Profits

(Billions of yen)



*2 CAGR is calculated from fiscal 2018 projections because fiscal 2017 is 0.

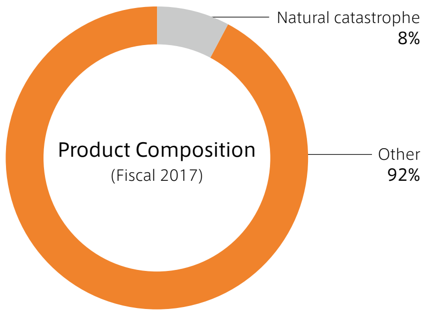
Reinsurance

Tokio Millennium Re AG

Maintain stable profit by managing portfolio mix with increased diversification

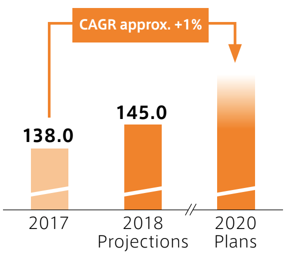
Business Overview and Strategies in the New Mid-Term Business Plan

Tokio Millennium Re is the core driver of the Group's reinsurance business. Under the new mid-term business plan, we will promote further geographical diversification through globalization as well as product line diversification accompanying business expansion in areas other than natural catastrophe risk. In this way, we will aim to make a stable profit contribution.



Net Premiums Written

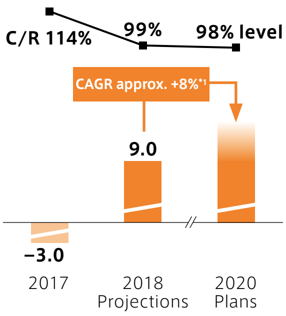
(Billions of yen)



Normalized basis

Business Unit Profits

(Billions of yen)



*1 CAGR is calculated from fiscal 2018 projections because fiscal 2017 is negative.

HIM*2 net incurred losses in net premiums written

*2 An acronym of hurricane Harvey, Irma, and Maria, which occurred in North America in 2017

*3 Arch, Aspen, AXIS, Everest Re, Markel, Ren Re, Validus

South & Central America

TOKIO MARINE SEGURADORA

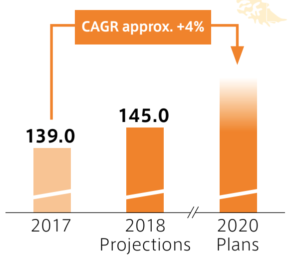
Continue profit growth by providing products and services that meet customers' expectations through operational excellence

Business Overview and Strategies in the New Mid-Term Business Plan

Tokio Marine Seguradora is a top-class insurance company in Brazil in the retail and corporate fields. It is aiming to gain the trust of customers and achieve sustainable growth by maintaining high-quality operations and providing new products and services that meet customers' needs.

Net Premiums Written

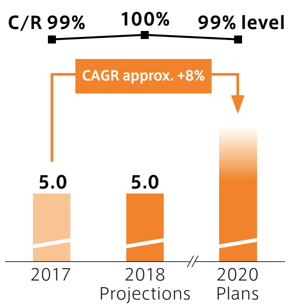
(Billions of yen)



Normalized basis

Business Unit Profits

(Billions of yen)



Asia & the Middle East

Tokio Marine Asia

Achieve growth, mainly in the retail market, by expanding distribution channels and creating a business model with Group synergies at the core

Business Overview and Strategies in the New Mid-Term Business Plan

Tokio Marine Asia is a regional head office with the responsibility of business management and technical support including risk management across the region where Group companies operate in 10 countries in Asia. The company also plans and proposes new businesses to capture growth potential and aims to support life and non-life business expansion and profit growth in the region.

Non-life

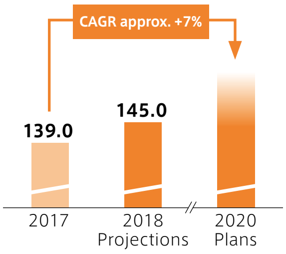
- Work to build a unique business model that is unrivaled in the industry by rolling out the best practices across the Group, implementing personnel exchanges, and utilizing technology
- Establish a new value-creating model for Japanese businesses

Life

- Expand agency network and enhance productivity
- Shift to capital light products
- Achieve further progress with life and non-life cross-selling business model in Asia

Net Premiums Written

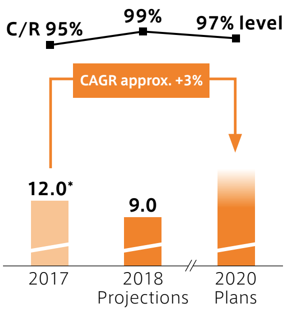
(Billions of yen)



Normalized basis

Business Unit Profits

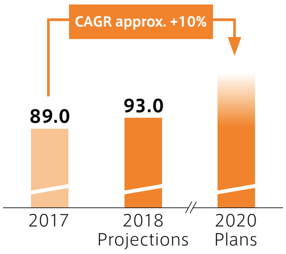
(Billions of yen)



* Excluding the temporary impact of reserve takedown in fiscal 2017, we projected a CAGR of around +11% toward fiscal 2020 plans.

Net Premiums Written

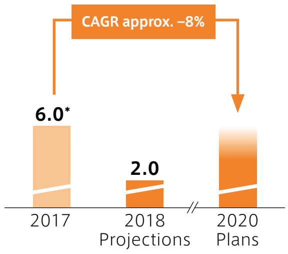
(Billions of yen)



Normalized basis

Business Unit Profits

(Billions of yen)



* Excluding the impact of interest rate fluctuation in fiscal 2017, we projected a CAGR of around +21% toward fiscal 2020 plans.

TOPICS

Acquisition of Two Non-Life Insurance Companies in Asia

In June 2018, through Tokio Marine & Nichido, Tokio Marine Holdings announced that it has entered into a definitive agreement to acquire non-life insurance companies in Thailand and Indonesia from Insurance Australia Group Limited, an Australian insurance company, for approximately 42.8 billion yen. In the international insurance business, the Group is aiming to pursue global growth opportunities and the establishment of a diversified business portfolio by strengthening its organic growth potential and promoting strategic M&As. In emerging markets where high levels of growth are expected over the medium-to-long term, key measures will include expanding scale and profits and fostering further geographical diversification.

Through the acquisition, we will become the number three non-life insurance group in Thailand, which is the largest non-life insurance market in Southeast Asia. Moving forward, through a range of initiatives we will work to expand the scale and profits of our international insurance business and contribute to the further development of the insurance market in Thailand.

Sustainably Enhancing Corporate Value

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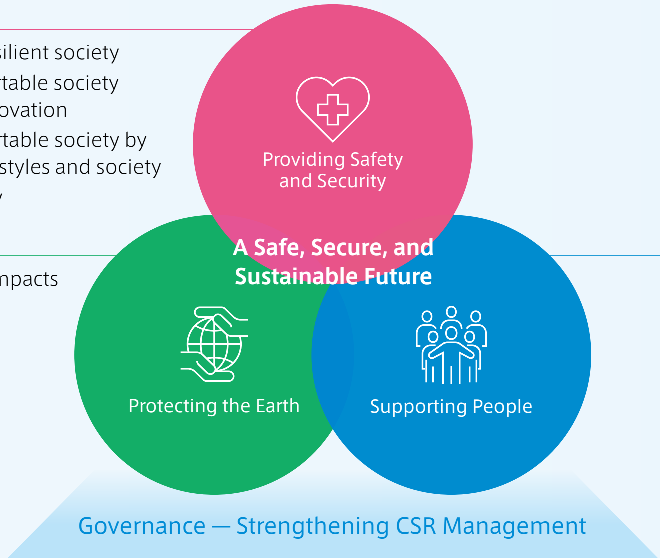
Initiatives to Enhance Corporate Value: Environment / Society

At Tokio Marine Group, our employees will act with integrity and compassion to contribute to the resolution of social issues through all employee participation-oriented initiatives.

Under the new mid-term business plan, we are focusing on "Providing Safety and Security," "Protecting the Earth," and "Supporting People" as our three core CSR themes. Throughout all of our business activities, we will engage in initiatives that support customers, communities, and the earth itself in their times of need as part of our quest to become a "Good Company" that resolves social issues and enhances corporate value.

Three core CSR themes

- Creating a natural disaster resilient society
- Building a secure and comfortable society by utilizing technological innovation
- Creating a secure and comfortable society by responding to changes in lifestyles and society
- Eliminating poverty in society



- Protecting people from the impacts of global climate change and weather extremes
- Preventing global warming by promoting development of clean energy
- Conducting environment preservation activities

- Promoting health and productivity management
- Developing and utilizing diverse human resources
- Building a society based on health and longevity to ensure peace of mind
- Nurturing generations responsible for the future
- Aiming to create an inclusive society

Participation in International Initiatives

Tokio Marine Group participates in various international initiatives* related to its business activities and conducts surveys, researches, and proposal activities on sustainability in the insurance industry.

We are also actively contributing to the achievement of the United Nations Sustainable Development Goals and utilizing our insurance and risk management expertise to resolve sustainability issues.

* Tokio Marine Group participates in the United Nations Global Compact (UNGC), the United Nations-supported Principles for Responsible Investment (PRI), and the Principles for Sustainable Insurance (PSI) created through the United Nations Environment Programme-Finance Initiative (UNEP FI). From 2014, we also began participating in the United Nations Office for Disaster Risk Reduction (UNISDR)'s Private Sector Alliance for Disaster Resilient Societies (known as "ARISE") as a way of using our insurance expertise to promote societal resilience to natural disasters.

ESG – Management Integration

We are actively integrating environmental, social, and governance (ESG) issues into management. Based on this approach, we facilitate societal resilience to natural disasters through environmental management, business continuity planning, and disaster prevention and mitigation. Moreover, we are addressing in regional revitalization, proposing health and productivity management, and providing products and services that support traffic safety.

Our commitment to transparency in ESG information disclosure has earned us high ratings from various global ESG rating institutions and also resulted in the inclusion of the company in a number of international ESG indices.

Major ESG Indices

MEMBER OF Dow Jones Sustainability Indices

FTSE4Good

ROBECOSAM Sustainability Award Bronze Class 2018

MSCI 2018 Constituent MSCI Japan Empowering Women Index (WIN)

MSCI 2018 Constituent MSCI Japan ESG Select Leaders Index

Providing Safety and Security

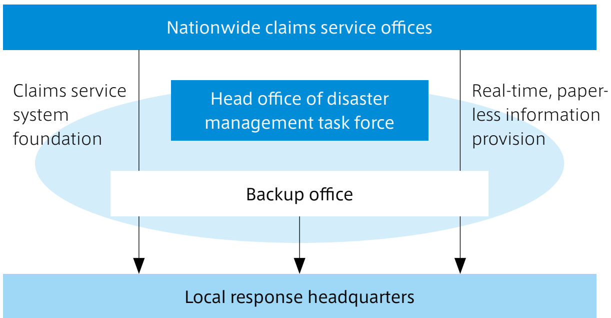
Support for People's Lives and Ambitions

Response to Larger-Scale Natural Disasters

Companywide Claims Settlement Service Structure

In June 2018, a massive earthquake struck northern Osaka, causing widespread damage centered on the Kansai region. Later, in July of the same year, heavy rains caused flood disaster in areas in and around western Japan. After such catastrophes, Tokio Marine & Nichido immediately established disaster management task forces to ensure the earliest possible claims payments. In addition to the existing toll-free claims line, we established backup offices that integrated initial response and various business administrative functions and quickly set up claims settlement service structures that enabled us to handle the sudden increase in claims following these disasters. We will continue to make our utmost effort as a Group.

Claims settlement service structure set up after the earthquake in northern Osaka



Establishment and operation of satellite offices

Head office of disaster management task force

Satellite office

Climate-related Disclosures Based on the Standards of the Task Force on Climate-related Financial Disclosures

Climate-related Governance and Strategies

CSR Board, comprising the Group CEO and presidents of group companies, discusses climate change-related countermeasures and evaluates initiatives on this front. Meanwhile, the Board of Directors is responsible for assessing and formulating the Overall Group CSR Strategy (medium-term plan and single fiscal-year plans), which includes climate change response measures.

Tokio Marine Group recognizes climate change and natural disasters as CSR materiality (material issues). As part of its strategies for addressing climate change, the Group engages in industry-academia collaboration to research climate change and weather risks while also working to develop products and services relating to natural catastrophe risks and promoting environmental and disaster-prevention preparedness awareness. In addition, we seek to reduce the environmental impact of our business activities and to achieve a carbon neutral status.

Climate-related Risk Management

A physical risk we must account for is the possibility of an inability to properly evaluate climate change risks based on historical natural catastrophe and mortality and morbidity data as the weather and other natural disruptions stemming from climate change grow more extreme. To address these risks, Tokio Marine Research Institute is assessing and calculating the impact on insurance losses that could arise from changes in typhoon intensity due to future climate conditions or in flood risks as a result of increased rainfall, among other factors. The results of analyses of such scenarios are referenced in managing risks through the Group-based Enterprise Risk Management (ERM) system while considering the potential impact on insurance underwriting from more severe natural disasters arising due to climate change.

In addition, we strive to make a faster, smoother response to losses incurred from typhoons and other wide-area disasters by strengthening our support structure in Japan, digitalizing accident reports between agents and the company, and taking other measures to enhance the competitiveness of claims services.

Meanwhile, society is attempting to shift to a low-carbon economy, and the accompanying institution of stricter regulations and progress of technologies have the potential to impact business environments and models. We are conducting research to ensure that we are able to appropriately assess risks related to insurance underwriting given such changes. At the same time, we continue to develop and provide insurance products for providers of solar power, geothermal power, and other forms of clean power. We thereby aim to capture opportunities for additional earnings while simultaneously limiting the damages of climate change.

Metrics and Targets

Tokio Marine Group uses CO_2 emissions from business activities and the CO_2 fixation and reduction effect from mangrove planting and other activities as key indicators of environmental performance. As a Group, we aim to continue to achieve carbon neutral status in fiscal 2018 and beyond.

Disaster Prevention through Industry-Academia Collaboration

Tokio Marine & Nichido formed an industry-academia collaborative agreement with Tohoku University in 2011 with the aim of supporting the regions impacted by the Great East Japan Earthquake and building communities resilient to natural disasters. In fiscal 2012, Tokio Marine & Nichido established the Endowed Research Division for earthquake induced tsunami risk evaluation at Tohoku University's International Research Institute of Disaster Science (IRIDeS) to conduct earthquake-induced tsunami risk research. The results of these research activities have been widely promoted in Japan and overseas at disaster risk reduction conferences and at scientific society meetings.

In addition, Tokio Marine Group has been offering Disaster Risk Prevention Lessons taught by employees and agents dispatched from the Group since 2012. These lessons provide elementary school students and other children with easy-to-understand disaster preparedness information and knowledge on how best to protect themselves in case of an earthquake and/or tsunami.

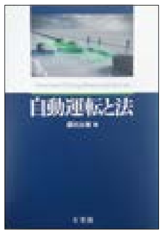
The partnership with Tohoku University has received accolades for its initiatives, including the "Excellent Resilience Award" at Japan Resilience Award 2018, which was sponsored by the Association for Resilience Japan.

Safety and Security Amid Technological Innovation

Leading-Edge Initiatives in Response to Advancement of Autonomous Driving Technologies

The risks threatening society are changing significantly as a result of rapid technological progress. In an environment where various autonomous driving systems continue to develop, Tokio Marine & Nichido developed a new rider called "Rider for Expenses for Saving Victims," a step ahead of the industry to save victims promptly from automobile accidents and contribute to a safe and secure driving society.

With autonomous driving research garnering attention, Tokio Marine Research Institute embarked on a leading-edge initiative not seen among its peers when, in December 2014, it began conducting research on autonomous driving and related regulatory frameworks. The results of this research project were compiled into a publication entitled *Autonomous Driving and the Law*, released in January 2018.



Safe and Secure Motoring

Tokio Marine & Nichido provides *Drive Agent Personal (DAP)*, a revolutionary service powered by telematics technologies that utilizes an original, transmitter-equipped drive recorder device.

There have been cases in which *DAP* terminals have automatically sent accident information after detecting a serious collision to operators, who have then dispatched ambulances in response. Feedback from customers in these cases have stated that receiving contact from us immediately after the accident was reassuring, and that they were thus able to calm themselves despite being in a panic following the accident.

Cyber Risk Countermeasures

Cyberattacks that target companies and organizations to disable their systems or control them without authorization have come to be viewed as a social issue. Tokio Marine & Nichido offers cyber risk insurance with comprehensive coverage against a wide range of cyber risks. It also provides benchmark report services to help customers defend against cyberattacks. Outside of Japan, U.K.-based Tokio Marine Kiln has been combating cyber risks for more than a decade. It offers cyber risk insurance for corporate clients as part of the Group's global response efforts.

Support for Establishing BCPs to Prepare for Unpredicted Events

Tokio Marine & Nichido offers a program to assist in the formulation of business continuity plans (BCPs) for small and medium-sized companies through collaboration with local governments and chambers of commerce. The program consists of a workshop that includes earthquake simulations to cultivate keener awareness for the need of a BCP and group work to create an outline of a BCP. In addition, we offer "Rethink Now! Earthquake in the Foreseeable Future and Preparation for It," an earthquake risk awareness booklet developed by Tokio Marine & Nichido and Tokio Marine & Nichido Risk Consulting, and "Easy, Understandable BCP Planning Sheet," a tool that incorporates the essence of BCPs. In total, more than 73,000 copies of these tools had been distributed as of March 31, 2018, thereby contributing to improved corporate resilience.

Protecting the Earth

Continue Creating the Future of the Earth and a Society of Safe Living

Reduction of Environmental Footprint and Achievement of Carbon Neutral Status

Tokio Marine Group is working to reduce the environmental footprint of its business activities. In addition, we have achieved a carbon neutral status for five consecutive years starting with fiscal 2013 by offsetting the CO_2 emissions from our business activities with CO_2 fixation and reduction initiatives, including planting mangroves and using renewable energy. We are committed to achieving a carbon neutral status well into the future.

Web-based Insurance Contracts

Tokio Marine & Nichido reduces the amount of paper used in its business activities by allowing customers to choose web-based insurance contracts (clauses) on its website rather than a paper-based contract in brochure form. We donate funds corresponding to a portion of the amount of paper conserved to support environmental protection activities in and outside of Japan.

Mangrove Planting throughout the Asia-Pacific Region

In 1999, Tokio Marine & Nichido commemorated its 120th anniversary with the launch of a mangrove planting project. As of March 31, 2018, we had planted 10,550 hectares in nine Asia-Pacific countries.

Mangrove forests play an important role in preventing global warming, preserving biodiversity, reducing disaster damage from tsunamis and storm surges, and generating new employment. We are planning to continue this project for 100 years. In 2013, we were presented with the "2013 Environment Minister's Award for Global Warming Prevention Activity" in the Category of International Contribution in recognition of this project.

Furthermore, we take part in various domestic activities for protecting our planet. Examples of these activities include the "Green Gift" Planet GENKI Program in which we collaborate with environmental NPOs to promote environmental preservation activities and Green Lessons: The Mangrove Story, an environmental education program for children in elementary schools conducted by employees and agent volunteers.

Drone Insurance for Realizing Green Societies

U.K.-based Tokio Marine Kiln became the first insurer to offer products on Lloyd's market covering risks associated with unmanned aerial systems (UAS), mainly drones. Drones are powered by batteries or solar cells, making them more environmentally friendly than conventional aircraft powered by fossil fuels.

Providing this newly developed product will help promote the wider adoption of drones, which in turn is anticipated to create environmental value. This is another way that we are helping to resolve social issues through our business.

Support for the Adoption of Clean Energy

U.S.-based Philadelphia Insurance Companies provides comprehensive environmental protection including environmental contamination liability coverage and more, for corporate clients and environmental consultants.

These insurance products protect the insured from liability on damage caused by environmental contamination and remediation expenses, thereby contributing to the protection of the natural environment and the health of local residents while encouraging the promotion of regional industries.

Since 2016, Tokio Marine & Nichido has offered a geothermal package plan to geothermal power generation companies. Geothermal power is a renewable energy that does not emit CO_2, a cause of global warming, and provides a stable supply of clean energy unaffected by changes in natural conditions. The insurance provides coverage to areas developing geothermal power against the liability risk of a decline in the volume of hot spring water or changes in water quality in surrounding areas during the development or operation of a geothermal power generation facility.

For solar power developers, we offer a mega-solar package program that combines insurance and services into risk solutions designed to support the broader adoption of clean energy.

Ensuring a Diverse Group of People Can Thrive in Diverse Ways

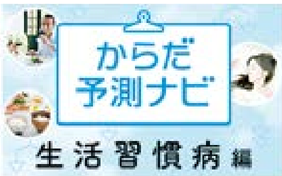
Promotion of Health and Productivity Management

The Company has been included in the Health & Productivity Stock Selection as a corporation practicing excellent health management for three consecutive years. Tokio Marine Group believes that the health of its employees is a matter of extreme importance to management. Accordingly, we conduct measures with regard to health promotion, lifestyle improvement, prevention of the progression of diseases, mental health, and "innovation in work style." We also offer support for health management at corporate clients and provide information for advancing this cause.

Products Supporting Customer Health Improvement

Tokio Marine Group has developed an Internet-based service that predicts the likelihood of an individual contracting a lifestyle disease in the future by utilizing the findings of research by the National Cancer Center (*Karada Yosoku Navi—Lifestyle Diseases*).

This service can be accessed through Tokio Marine & Nichido's website and the *Aruku Hoken* application of Tokio Marine & Nichido Life for free. We plan to continue providing customers with information related to disease prevention and health improvement going forward.



Promotion of Microinsurance in India

In 2001, Tokio Marine Group established IFFCO-TOKIO, a joint venture with Indian Farmers Fertiliser Cooperative Limited (IFFCO), which has 38,000 agricultural cooperatives, and started providing auto, fire, and other types of insurance. To help resolve farmers' concerns through insurance, we have also developed weather insurance and microinsurance (insurance that can be purchased at an affordable price).

In the country's farming communities, the joint venture sells casualty insurance with fertilizers and crop and medical insurance with subsidies from the local state government. These and other products contribute to the development of agriculture and to the resolution of poverty issues in India.

Realization of an Inclusive Society

Tokio Marine Group is striving to support the realization of an inclusive society in which each and every person plays an important role and is respected for his or her unique qualities. We provide support for the Special Olympics and the Japan Deafblind Association as well as support for athletes who overcome their disabilities to take on great challenges.

Since 2016, we have been collaborating with the Japanese Para-Sports Association and the Japan Inclusive Football Federation to support differently abled athletes. We are also working to cultivate a corporate culture that is respectful of diversity through activities that allow participation to learn about, watch, and experience para-sports.

Olympic and Paralympic Games Tokyo 2020

Tokio Marine & Nichido has been appointed as a Gold Partner of the Olympic and Paralympic Games Tokyo 2020, and we look forward to supporting the Japan Olympic and Paralympic teams and the Tokyo 2020 Games as a non-life insurance company. Based on our desire to contribute to the healthy development of young people through sports and to support sports in Japan, we have been supporting sports as a JOC Gold Partner and an official sponsor of the Japan Swimming Federation, and in various other capacities.

As a Tokyo 2020 Gold Partner, we will aid the efforts of athletes, people, and society in order to offer support, not only for the safety, security, and success of the Tokyo 2020 Games, but also for making the hosting and success of the Games a glorious cornerstone for Japan's future 100 years from now.

Tokyo 2020 Gold Partner (Non-life Insurance)

A Mechanism That Will Support Initiatives Aimed at Enhancing Corporate Value: Group Governance

Directors

① Shuzo Sumi
Representative Director and Chairman of the Board

② Tsuyoshi Nagano
Representative Director and President & Group CEO

③ Kunihiko Fujii
Executive Vice President

④ Hirokazu Fujita
Senior Managing Director

⑤ Makoto Okada
Senior Managing Director

⑥ Takayuki Yuasa
Representative Director and Senior Managing Director

⑦ Satoru Komiya
Representative Director and Senior Managing Director

⑧ Toshifumi Kitazawa
Director

⑨ Katsumi Nakazato
Director

⑩ Akio Mimura
Outside Director

⑪ Mikio Sasaki
Outside Director

⑫ Masako Egawa
Outside Director

⑬ Takashi Mitachi
Outside Director

Audit & Supervisory Board Members

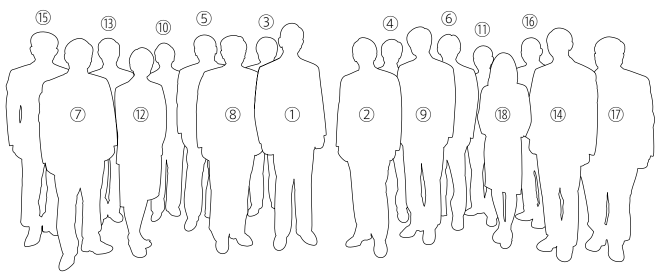
⑭ **Takashi Ito**
Audit & Supervisory Board Member (Full-Time)

⑮ **Shozo Mori**
Audit & Supervisory Board Member (Full-Time)

⑯ **Akinari Horii**
Outside Audit & Supervisory Board Member

⑰ **Akihiro Wani**
Outside Audit & Supervisory Board Member

⑱ **Nana Otsuki**
Outside Audit & Supervisory Board Member



Directors and Audit & Supervisory Board Members (As of the end of June 2018)

Directors

Shuzo Sumi

Representative Director and Chairman of the Board

Mr. Sumi joined Tokio Marine in April 1970 and was engaged mainly in product planning and domestic insurance underwriting before becoming Director and Chief Representative in London. He then served as President & CEO as well as Chairman of the Board of both Tokio Marine & Nichido and Tokio Marine Holdings. He assumed his current position in June 2013.

Tsuyoshi Nagano

Representative Director and President & Group CEO

Mr. Nagano joined Tokio Marine in April 1975. He was engaged mainly in insurance underwriting in and outside Japan, corporate planning, and product planning before his appointment as President & CEO of Tokio Marine & Nichido. He currently oversees Tokio Marine Group's management as Group CEO. He assumed his current position in June 2013.

Kunihiko Fujii

Executive Vice President

Mr. Fujii joined Tokio Marine in April 1978 and was engaged mainly in financial planning and international insurance business before his appointment as Executive Officer of Tokio Marine & Nichido and Tokio Marine Holdings, focusing on international insurance business strategies, mainly M&A, and international ERM. As Executive Vice President, he is responsible for Group risk management. He assumed his current position in April 2017.

Hirokazu Fujita

Senior Managing Director

Mr. Fujita joined Tokio Marine in April 1980 and was engaged mainly in accounting before his appointment as Executive Officer responsible for accounting and financial planning of Tokio Marine & Nichido and Tokio Marine Holdings. As Senior Managing Director, he is responsible for investment management of the Group. He assumed his current position in April 2017.

Makoto Okada

Senior Managing Director

Mr. Okada joined Tokio Marine in April 1982. After mainly engaging in domestic insurance underwriting, human resources planning and sales planning, he then oversaw international insurance business primarily in Asia as an Executive Officer. As Senior Managing Director, he is responsible for Group business strategy, synergy, and digital strategy. He assumed his current position in June 2018.

Takayuki Yuasa

Representative Director and Senior Managing Director

Mr. Yuasa joined Tokio Marine in April 1981 and was engaged mainly in corporate planning, finance, accounting, and domestic life and non-life insurance business before his appointment as Executive Officer of Tokio Marine & Nichido and Tokio Marine Holdings responsible for risk management, followed by his appointment as Senior Managing Director of Tokio Marine Holdings responsible for Group capital strategies. He assumed his current position in April 2018.

Satoru Komiya

Representative Director and Senior Managing Director

Mr. Komiya joined Tokio Marine in April 1983. After mainly engaging in domestic insurance underwriting, human resources planning, sales planning and management of Group companies, he was responsible for the international insurance business as an Executive Officer. He now supervises the international insurance business as a Senior Managing Director. He assumed his current position in June 2018.

Toshifumi Kitazawa

Director

Mr. Kitazawa joined Tokio Marine in April 1977 and was engaged mainly in product planning, domestic insurance underwriting, and management of Group companies before his appointment as President & CEO of Tokio Marine & Nichido Life and then President & CEO of Tokio Marine & Nichido. He assumed his current position in June 2016.

Katsumi Nakazato

Director

Mr. Nakazato joined Tokio Marine in April 1985 and was engaged mainly in domestic insurance underwriting and sales promotion before his appointment as President & CEO of Tokio Marine & Nichido Life. He assumed his current position in June 2017.

Directors

Akio Mimura

Outside Director

Reason for appointment
Mr. Mimura is a recognized management expert with a long and distinguished career in corporate management. We expect him to make valuable suggestions to our Board of Directors based on his expertise, while also fulfilling an appropriate supervisory function. Mr. Mimura was appointed as an Outside Director in June 2010.

Main concurrent positions held
Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation
Director of Japan Post Holdings Co., Ltd. (outside director)
Director of Development Bank of Japan Inc. (outside director)
Director of Innovation Network Corporation of Japan (outside director)
Director of Nisshin Seifun Group Inc. (outside director)
Chairman of The Japan Chamber of Commerce and Industry
Chairman of The Tokyo Chamber of Commerce and Industry

Mikio Sasaki

Outside Director

Reason for appointment
Mr. Sasaki is a recognized management expert with a long and distinguished career in corporate management. We expect him to make valuable suggestions to our Board of Directors based on his expertise, while also fulfilling an appropriate supervisory function. Mr. Sasaki was appointed as an Outside Director in June 2011.

Main concurrent positions held
Senior Corporate Advisor of Mitsubishi Corporation
Director of Mitsubishi Research Institute, Inc. (non-executive director)

Masako Egawa

Outside Director

Reason for appointment
Ms. Egawa has had a long and distinguished career in finance, as well as experience in corporate governance research and as an executive of The University of Tokyo. We expect her to make valuable suggestions to our Board of Directors based on her expertise in corporate management, while also fulfilling an appropriate supervisory function. Ms. Egawa was appointed as an Outside Director in June 2015.

Main concurrent positions held
Professor, Graduate School of Business Administration, Hitotsubashi University
Director of Mitsui Fudosan Co., Ltd. (outside director)
Director of Asahi Glass Co., Ltd. (outside director)

Takashi Mitachi

Outside Director

Reason for appointment
Mr. Mitachi is a recognized management expert with a long and distinguished career at a consulting firm and in corporate management. We expect him to make valuable suggestions to our Board of Directors based on his expertise, while also fulfilling an appropriate supervisory function. Mr. Mitachi was appointed as an Outside Director in June 2017.

Main concurrent positions held
Senior Adviser of The Boston Consulting Group
Director of Rakuten, Inc. (outside director)
Director of DMG Mori Co., Ltd. (outside director)
Director of Unicharm Corporation (outside director)

Audit & Supervisory Board Members

Takashi Ito

Audit & Supervisory Board Member (Full-Time)

Reason for appointment
After joining Tokio Marine, Mr. Ito was engaged mainly in product planning, corporate planning, and legal affairs. After his appointment as Director of Tokio Marine Holdings, he oversaw risk management, legal affairs, and auditing. We expect him to use this extensive experience to fulfill an appropriate supervisory function. Mr. Ito was appointed as an Audit & Supervisory Board Member in June 2015.

Shozo Mori

Audit & Supervisory Board Member (Full-Time)

Reason for appointment
After joining Tokio Marine, Mr. Mori was engaged mainly in domestic insurance underwriting and product planning. We expect him to fulfill an appropriate auditing function utilizing his abundant experience and achievements gained from supervising underwriting and retention strategy for the Group as an Executive Officer. He assumed his current position in June 2018.

Akinari Horii

Outside Audit & Supervisory Board Member

Reason for appointment
Mr. Horii has a long and distinguished career at the Bank of Japan culminating in executive positions. We expect him to use this experience to fulfill an appropriate supervisory function. Mr. Horii was appointed as an Outside Audit & Supervisory Board Member in June 2011.

Main concurrent positions held
Director and Special Advisor of The Canon Institute for Global Studies

Akihiro Wani

Outside Audit & Supervisory Board Member

Reason for appointment
Mr. Wani has a long and distinguished career as an attorney at law. We expect him to use his experience in corporate legal affairs to fulfill an appropriate supervisory function. Mr. Wani was appointed as an Outside Audit & Supervisory Board Member in June 2014.

Main concurrent positions held
Attorney-at-law

Nana Otsuki

Outside Audit & Supervisory Board Member

Reason for appointment
We expect Ms. Otsuki to fulfill an appropriate supervisory function based on her insight into business management, which was acquired through many years as an analyst in financial institutions. She assumed her current position in June 2018.

Main concurrent positions held
Executive officer and chief analyst of MONEX, Inc.
Professor, Graduate Course in Management, Graduate School of Management, Nagoya University of Commerce and Business
Director for CREDIT SAISON CO., LTD. (outside director)

Dialogue on Corporate Governance with Outside Officers

Corporate Governance to Support Sustainable Enhancement of Corporate Value

—What does ideal corporate governance mean to you? Also, what do you think is the role of an outside officer?

Horii: One of the objectives of corporate governance is to prevent improprieties such as fraud through supervision of management. As an outside director, I am always mindful of conduct that might lead to fraudulent activity through, for example, discussions at the Board of Directors, the Audit & Supervisory Board, and with the managing directors and executive officers.

Even if executive officers felt uncomfortable about my opinions, I would rather hear people say that the opinions of outside directors led this company in a good direction. I also think that to play a role in helping to raise the company's earnings potential, and thus enhance its corporate value, is a responsibility of outside directors.

Mitachi: I have the same point of view as Mr. Horii. One duty of outside directors is to stave off negative factors that could reduce trust in the company, such as fraud, conjecture, and short-sightedness.

As outside directors, we have to be watching for matters that defy social common sense or behavior, even in the absence of malice. As the company gets bigger, employee conjecture becomes more likely when top management points the way. Outside directors can give realization of the issue by raising direct questions. Board members will inevitably feel pressure to achieve results, but holding candid discussions with inside officers about the possibility of falling into short-sighted thinking and causing medium-to-long-term damage to corporate value is important.

Takashi Mitachi / Outside Director

Mr. Mitachi has worked at Japan Airlines Co., Ltd. and The Boston Consulting Group, where he presently serves as Senior Adviser. He also serves concurrently as an Outside Director for Rakuten, Inc., DMG Mori Co., Ltd., and Unicharm Corporation. He assumed his current position as an Outside Director with Tokio Marine Group in June 2017.

Another duty of outside directors is to lead the company in a good direction and enhance corporate value by bringing in diverse opinions from outside the company and the industry. Breaking duties down into percentages, I would say that curtailing negative factors is 70% and adding positive elements is 30%. This is the balance with which I aim to execute my duties as an outside director.

—Please explain any issues or points that you have noticed or recognized since your appointments as outside officers.

Horii: At Tokio Marine Group, we call each other by name—not by his/her title in the company—unlike other companies in Japan. This kind of corporate culture helps create an environment in which outside officers can speak out their opinions in a frank manner.

A few years ago, we discussed at a Board meeting a business investment project that the management team had been considering for years. After we exchanged our opinions regarding the matter, we decided not to proceed with the project. Later, when that decision proved to be correct, I realized the importance of frank, nonetheless serious, discussion at the Board of Directors, which has made our corporate governance function effectively.

I would also like to point out the fact that our Board of Directors spares no discussion, even about seemingly small errors. In general, manager carelessness is something that can spread throughout an organization, but Tokio Marine Group keeps tight control where all Board members thoroughly and meticulously review all important errors and mistakes.

Our diverse human resources have begun to play greater roles in a variety of fields as our insurance business has expanded in a globalized market. While Tokio Marine Group has become larger and more globalized over the past 10 years, key Board members have begun to visit domestic and international group companies as well as branches in Japan, where they hold off-the-cuff meetings with employees there. In these meetings, our executive Board members explain the significance of the key phrase of our company "To Be a Good Company" in their own words so as to build our Group identity globally. I believe these meetings contribute to enhancing the sense of unity among all people working in our Group despite diverse backgrounds.

Akinari Horii / Outside Audit & Supervisory Board Member

Mr. Horii worked initially as a staff member and later as an executive of the Bank of Japan for many years. He concurrently serves as Director and Special Adviser for The Canon Institute for Global Studies. He assumed his current position as an Outside Audit & Supervisory Board Member with Tokio Marine Group in June 2011.

Mitachi: I think the custom of addressing people with the honorific "san" is rare when you consider Tokio Marine Group's scale, history, and position in the industry. I think this system fosters an environment in which raising dissenting opinions is natural and also has the positive effect of preventing "large enterprise disease."

On the other hand, established practices in Japan's unique capital market have changed. These changes include revisions to the corporate governance code and rising ESG awareness. Investor behavior is also changing significantly. I think that our current Board of Directors is in Japan's upper tier, but time moving is fast. Moving forward, I feel that one of the issues we will need to consider is what we can do to further evolve the way we conduct governance.

—Tokio Marine Group is, among other initiatives, working toward further portfolio diversification and business structure reform. In these circumstances, how do you evaluate the process and speed of managerial decision making at Tokio Marine Group?

Horii: We undertake M&As in international markets in order to achieve better portfolio diversification. This is a complicated business, but I don't consider our decision making to be slow. We always prepare ourselves by examining a long list of M&A candidates, then focusing on a short list of targetable candidates, and examining the pros and cons of individual M&A projects on an ongoing basis. I believe this practice enables us to make our swift and timely decision on such complicated matters.

Mitachi: The Tokio Marine Group has been working to enhance its corporate value, primarily focusing on overseas business expansion, and I think that initiatives aimed at upgrading risk management and encouraging risk diversification through effective utilization of capital have progressed without much delay.

We have been implementing our Business Process Reform Project since 2008, quite early timing for our industry, and have achieved high business efficiency as a result of our efforts to fundamentally simplify our products, business affairs, and systems, even when compared to other companies. However, in recent years, other companies have also been working to improve productivity through investment in large-scale systems. I think that the time in which we also must promote further drastic reforms in our operating processes is approaching. Changing aspects such as business models, office procedures, and IT just as you intended isn't easy and requires considerable energy. I think it will be a big challenge for us to conduct our next business process reforms before other companies while also accommodating work-style reforms.

It is imperative for us to develop human resources that can conduct appropriate and timely reforms to the Company and its operations in response to environmental changes. I anticipate a set of circumstances in which we produce more human resources that can drive the promotion of reforms adapted to environmental changes. I also expect that we will be able to continuously raise corporate value despite being in an era of tempestuous change. It is my belief that Tokio Marine Group can handle these kinds of difficult issues appropriately.

Additionally, I think we need further speed in introducing diversity throughout the Group. We have entered an era in which previous growth models in developed countries are not good enough by themselves, and both competition and cooperation with different types of businesses are inevitably required. I think we have been moving forward by half-steps in our response to these changes over the past 10 years, but the challenge of preemptively responding to large changes that occur over time will continue in the future. In my view, creating attitudes toward governance that are compatible with the times will also become a large task for us.

Horii: One of Tokio Marine Group's strengths stems from the amazingly high level of affinity between Japanese and non-Japanese top management. As time goes by, however, top management will change inevitably. How to prepare for future changes in management is an important issue to be considered today. To be a little more specific, how to prepare the next generation for keeping affinity and deepening cultural understanding within the Group will be of crucial importance for enhancing the corporate value uninterruptedly. The issue will become particularly complicated if the business climate changes and generational shifts coincide. During such difficult times, I hope that Tokio Marine Group will continue to be able to enhance its corporate value, utilizing its expertise and experiences nourished today under our core identity, "To Be a Good Company," so as to meet the challenges going forward.

Mitachi: Until now, Tokio Marine Group has produced results with the collective power of its management strategy, its human resources, and its group governance. However, as the importance of international business rises even higher, how we can develop human resources that can play an active role globally with speed remains a big issue.

Additionally, we have recently found ourselves in an era in which the future is uncertain, and environmental changes occur at rapid speed. It is imperative for us to develop human resources that can conduct appropriate and timely reforms to the company and its operations in response to environmental changes. I anticipate a set of circumstances in which we produce more human resources that can drive the promotion of reforms adapted to environmental changes, such as mid-level staff actively proposing company reforms to top management. I also expect that we will be able to continuously enhance corporate value despite being in an age of rapid change. It is my belief that Tokio Marine Group can handle these kinds of difficult issues appropriately.

Even during difficult times, it is my expectation that we will mobilize the Group's expertise and specialties under its core identity, "To Be a Good Company," and resolve challenges while preemptively responding to environmental changes.

Sustainably Enhancing Corporate Value

Overview of Corporate Governance System

Fundamental Policy

Tokio Marine Holdings (the "Company") is committed to the continuous enhancement of corporate value by fulfilling its responsibilities to shareholders, customers, society, employees, and other stakeholders as set forth in the "Tokio Marine Group Corporate Philosophy."

For this purpose, the Company hereby establishes a sound and transparent corporate governance system and, as a holding company, recognizes the importance of appropriate control over its Group companies and has formulated the "Tokio Marine Holdings Fundamental Corporate Governance Policy." In this policy, the Company defines the rights of shareholders and securing fairness, and the responsibilities of the Board of Directors, etc.

Audit & Supervisory Board Members

Audit & Supervisory Board Members, as an independent body entrusted by shareholders, audit the performance of Directors, with the aim of ensuring sound and fair management and accountability.

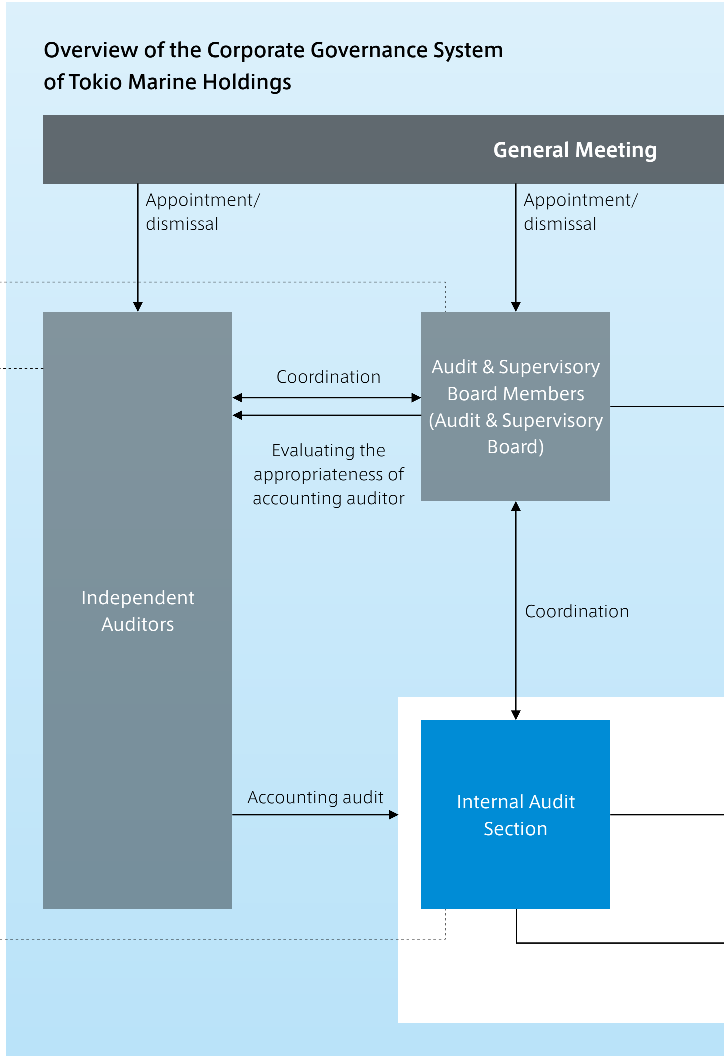
The Company shall have approximately five Audit & Supervisory Board Members, with a maximum of six set by the Articles of Incorporation. As a general rule, a majority shall be Outside Audit & Supervisory Board Members. As of the end of June 2018, the Company had five Audit & Supervisory Board Members, of whom three were Outside Audit & Supervisory Board Members.

Independent Auditors

The Company concludes audit agreements with PricewaterhouseCoopers Aarata LLC, the firm that audits the Company's financial statements and internal control relating to financial reporting. In the process, an internal control division provides required information to the Independent Auditor.

Internal Audit Section

To achieve management objectives effectively, the Internal Audit Section audits the business execution of other divisions, including the internal control division, evaluates internal control structures, etc., and proposes methods of improving problem areas. The Company has formulated basic policies for the internal audits of the Group and requests each group company to implement efficient and effective internal audits according to the type and degree of risk, while receiving from each group company reports on the results of their internal audits and the performance of their improvement measures, improvement plans, etc. Through these efforts, the Company monitors the implementation of internal audits, performance of internal control structures, etc. Important matters identified from among the results of the internal audits of the Company and each of its Group companies are reported to the Board of Directors of the Company.

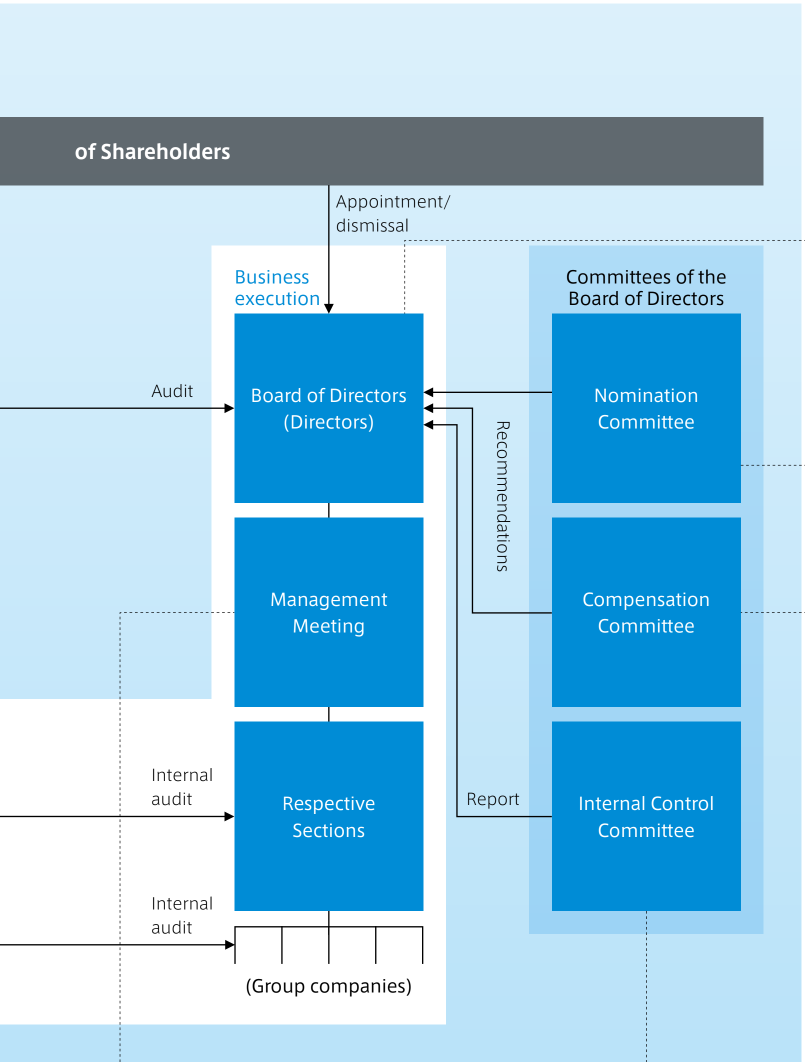


Management Meeting

The Company shall formulate rules for and establish a Management Meeting, composed of Directors, Executive Officers and other relevant persons, who shall discuss and report on important management issues.

Corporate Governance System

The corporate governance system of the Company is designed as a hybrid structure whereby the Nomination Committee and Compensation Committee are discretionarily established in addition to the fundamental structure of a company with an Audit & Supervisory Board. The Company believes that the above structure is optimal at this point and in light of the following measures taken: the Company determines significant business execution by resolution of the Board of Directors as an insurance holding company, and makes high-quality decisions reflecting the insight of Outside Directors and Outside Audit & Supervisory Board Members; Audit & Supervisory Board Members who hold no voting rights at the Board of Directors' meeting conduct unbiased and objective audits; and the transparency of the decision-making process of nomination and compensation of and for Directors, Audit & Supervisory Board Members, and Executive Officers is ensured by those issues being deliberated at the Nomination Committee and Compensation Committee.



Board of Directors

The Board of Directors is responsible for decisions on important matters relating to the execution of the Company's business, supervising the performance of individual Directors and establishing an effective internal control system.

The Company shall have approximately 10 Directors, with a maximum of 15 set by the Articles of Incorporation. As a general rule, the Company shall have at least three Outside Directors, with a balanced composition representing viewpoints and specializations from diverse fields. As of the end of June 2018, the Company had 13 Directors, of whom four were Outside Directors.

Nomination Committee

The Nomination Committee deliberates on the following matters and reports to the Board of Directors: the appointment and dismissal of and the criteria for the appointment of Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and principal business subsidiaries. The Nomination Committee generally consists of approximately five members. As a general rule, a majority of the members are selected from outside the Company, and the chairman of the committee is one of the outside members.

Compensation Committee

The Compensation Committee deliberates on the following matters and reports to the Board of Directors: the compensation system for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and principal business subsidiaries, the level of compensation and the evaluation of the performance of Directors and Executive Officers of the Company and principal business subsidiaries. The Compensation Committee generally consists of approximately five members. As a general rule, a majority of the members are selected from outside the Company, and the chairman of the committee is one of the outside members.

Internal Control Committee

The Company has formulated "Basic Policies for Internal Controls" pursuant to the Companies Act of Japan and its Ordinance for Enforcement. In accordance with these policies, the Company has appropriately developed an internal control system for the entire Group that encompasses structures for management control, compliance, risk management, etc., of Group companies. Based on these policies, the Internal Control Committee also formulates various policies and measures, evaluates their implementation, deliberates improvement measures, and reports their results to the Board of Directors.

Measures to Strengthen Corporate Governance

Strengthening Corporate Governance from an Early Stage

The Corporate Governance Code stipulates that listed companies must have at least two independent outside directors on their boards. Since our establishment in 2002, we have maintained at least three Outside Directors, striving from the start to strengthen our corporate governance function.

As we expand our international insurance business, we have appointed top management from outside Japan to Executive Officer positions to ensure that we share and solve issues on a global basis.

Measures to Strengthen Corporate Governance

April 2002	Millea Holdings established (currently Tokio Marine Holdings) Three Outside Directors appointed Two Outside Audit & Supervisory Board Members appointed
June 2004	Three Outside Audit & Supervisory Board Members appointed
July 2005	Nomination Committee and Compensation Committee established
June 2013	First non-Japanese Executive Officer appointed
April 2014	Three non-Japanese Executive Officers appointed
June 2016	Four Outside Directors appointed
August 2016	Four non-Japanese Executive Officers appointed
June 2017	Six non-Japanese Executive Officers appointed
April 2018	Five non-Japanese Executive Officers appointed

Operational Measures Utilizing Evaluations on Effectiveness of the Board of Directors

(1) Method of effectiveness evaluations

The Company conducts annual effectiveness evaluations of the Board of Directors in the aim of further enhancing the Board's functioning. Specifically, we conduct a questionnaire of all members of the Board of Directors and the Audit & Supervisory Board regarding the status of the operation of the Board of Directors and the performance of its functions to represent all members' views in our evaluation. The results of these surveys are then provided to the Board of Directors.

(2) Effectiveness evaluation results

The operations of the Board of Directors have generally received positive evaluations, indicating that generally its role is conducted adequately, explanations have become simpler and easier to understand, and discussions at the Board of Directors' meetings are open and constructive.

The results showed high marks to the provision of materials in electronic form and of materials that are easy to understand. However, the results pointed out that materials should be constantly reviewed and explanations should be summarized more and made from a broader perspective. We are striving to improve these points.

Initiative Examples

1 Implementing Discussion on Corporate Strategy

The Company aims to develop its corporate strategy around achieving sustainable growth and increasing medium-to-long-term corporate value by reflecting the opinions of its Outside Directors and Outside Audit & Supervisory Board Members. To achieve this, the Company carries out discussions regarding its operating environment and business challenges called "discussion on corporate strategy" at meetings of its Board of Directors.

The discussion topics are chosen through a questionnaire of all Directors and auditors or from those which came up in independent Directors'/auditors' meetings. In fiscal 2017, the themes listed below were discussed, and the Company continues to conduct such discussions in fiscal 2018.

- Next mid-term business plan of the Group
- Exchanging ideas with executives of overseas subsidiaries
- Enterprise risk management
- Education of our employees for global management
- Business strategy of the Group

2 Introducing Independent Directors' / Auditors' Meetings

Each year, the Company holds one meeting that only independent Directors and auditors attend. Independent Directors and auditors handle all sorts of facilitation, including establishing the agenda, and exchange objective opinions about the Company. The President & Group Chief Executive Officer is briefed on the discussion topics when needed.

A Diverse, High-Quality Supervisory Function

Appointing Experts from Various Fields as Outside Officers

Our business covers a wide range of fields, and we continue to expand our business globally. In this environment, in order to enhance management transparency and soundness while improving auditing effectiveness, we have appointed as outside officers a diverse group of people with expertise and a wealth of experience in the areas such as global corporate management, finance, accounting and law. These outside officers are strengthening the effectiveness of our governance.

Career Histories of Outside Officers Note: Text in parentheses indicates the number of Board of Directors' meetings, etc. attended in fiscal 2017.

Outside Directors

Akio Mimura (Attended nine of 11 Board of Directors' meetings)

April 1963	Joined Fuji Iron & Steel Co., Ltd.
June 1993	Director of Nippon Steel Corporation
April 1997	Managing Director of Nippon Steel Corporation
April 2000	Representative Director and Executive Vice President of Nippon Steel Corporation
April 2003	Representative Director and President of Nippon Steel Corporation
April 2008	Representative Director and Chairman of Nippon Steel Corporation
June 2010	Director of Tokio Marine Holdings (to present)
October 2012	Director, Member of the Board and Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
June 2013	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
November 2013	Senior Advisor, Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation
June 2018	Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation (to present)

Masako Egawa (Attended 10 of 11 Board of Directors' meetings)

April 1980	Joined Citibank, N.A., Tokyo Branch
September 1986	Joined Salomon Brothers Inc. New York Head Office
June 1988	Joined Salomon Brothers Asia Limited, Tokyo Branch
December 1993	Joined S.G. Warburg Securities, Tokyo Branch
November 2001	Executive Director, Japan Research Center, Harvard Business School
April 2009	Executive Vice President, The University of Tokyo
March 2015	Resigned from position as Executive Vice President, The University of Tokyo
June 2015	Director of Tokio Marine Holdings (to present)
September 2015	Professor, Graduate School of Commerce and Management, Hitotsubashi University
April 2018	Professor, Graduate School of Business Administration, Hitotsubashi University (to present)

Mikio Sasaki (Attended all Board of Directors' meetings)

April 1960	Joined Mitsubishi Corporation
June 1992	Director of Mitsubishi Corporation
June 1994	Managing Director of Mitsubishi Corporation
April 1998	President of Mitsubishi Corporation
April 2004	Chairman of the Board of Mitsubishi Corporation
June 2010	Director and Senior Corporate Advisor (Soudanyaku) of Mitsubishi Corporation
June 2011	Senior Corporate Advisor (Soudanyaku) of Mitsubishi Corporation
June 2011	Director of Tokio Marine Holdings (to present)
April 2016	Senior Corporate Advisor of Mitsubishi Corporation (to present)

Takashi Mitachi (Attended all Board of Directors' meetings)

April 1979	Joined Japan Airlines Co., Ltd.
October 1993	Joined The Boston Consulting Group
January 1999	Vice President of The Boston Consulting Group
January 2005	Japan Co-Chairman and Senior Partner & Managing Director of The Boston Consulting Group
January 2016	Senior Partner & Managing Director of The Boston Consulting Group
June 2017	Director of Tokio Marine Holdings (to present)
October 2017	Senior Advisor of The Boston Consulting Group (to present)

Outside Audit & Supervisory Board Members

Akinari Horii (Attended all meetings of the Board of Directors and the Audit & Supervisory Board)

April 1974	Joined Bank of Japan
July 2002	Director-General of the International Department of Bank of Japan
June 2006	Assistant Governor of Bank of Japan
June 2010	Resigned from position as Assistant Governor of Bank of Japan
July 2010	Special Advisor of The Canon Institute for Global Studies
December 2010	Director and Special Advisor of The Canon Institute for Global Studies (to present)
June 2011	Audit & Supervisory Board Member of Tokio Marine Holdings (to present)

Akihiro Wani (Attended all meetings of the Board of Directors and the Audit & Supervisory Board)

April 1979	Admitted to Japanese Bar (to present)
May 1987	Mitsui, Yasuda, Wani & Maeda
December 2004	Linklaters
May 2014	Ito & Mitomi (Morrison & Foerster LLP)
June 2014	Audit & Supervisory Board Member of Tokio Marine Holdings (to present)

Nana Otsuki

April 1988	Joined The Mitsui Trust and Banking Co., Ltd.
June 1994	Joined Banque Nationale de Paris
March 1998	Joined HSBC Securities (Japan) Limited
January 2000	Head of Japan and Korea Financial Ratings of Standard & Poor's Ratings Japan K.K.
December 2005	Managing Director of Research Division, UBS Securities Japan Co., Ltd.
June 2011	Managing Director of Merrill Lynch Japan Securities Co., Ltd.
September 2015	Professor, Graduate School of Division of Business Administration, Nagoya University of Commerce & Business (to present)
January 2016	Executive Officer and Chief Analyst of Monex, Inc. (to present)
April 2018	Visiting Professor, Faculty of International Politics and Economics, Nishogakusha University (to present)
June 2018	Audit & Supervisory Board Member of Tokio Marine Holdings (to present)

Nomination Committee and Compensation Committee

The Company has established the Nomination Committee and the Compensation Committee, which consist mainly of Outside Directors, to raise the transparency of the processes for selecting as well as determining compensation for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and principal business subsidiaries.

The Nomination Committee and the Compensation Committee generally consist of approximately five members each. As a general rule, a majority of the members of each committee are selected from outside the Company, and the chairman of each committee is one of the outside members.

Nomination Committee

Chairman:	Mikio Sasaki (Outside Director)
Members:	Akio Mimura (Outside Director) Masako Egawa (Outside Director) Takashi Mitachi (Outside Director) Tsuyoshi Nagano (President & Group Chief Executive Officer)

Compensation Committee

Chairman:	Akio Mimura (Outside Director)
Members:	Mikio Sasaki (Outside Director) Masako Egawa (Outside Director) Takashi Mitachi (Outside Director) Tsuyoshi Nagano (President & Group Chief Executive Officer)

Conditions for Selection / Compensation

Conditions for Selection of Directors and Audit & Supervisory Board Members

Directors of the Company and its principal business subsidiaries shall have a deep understanding of the Company's business type, possess a wide range of knowledge required for management and, as a member of the Board of Directors, have the ability to make decisions that are necessary to determine significant business execution matters. Audit & Supervisory Board Members of the Company and its principal business subsidiaries shall have operational abilities and previous achievements and experience, etc., as Audit & Supervisory Board Members and, through implementation of high-quality audits, secure sound and continuous growth of the Company, contributing to the establishment of a superior corporate control system that can respond to societal trust.

Policies for Determining the Method for Calculating Compensation for Directors, Audit & Supervisory Board Members, and Executive Officers

Basic policies for determining compensation for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its principal Group companies are as follows:

- Ensure transparency, fairness and objectivity regarding compensation for Directors, Audit & Supervisory Board Members, and Executive Officers;
- Strengthen incentives for enhancing the business performance of the Company by introducing a performance-linked compensation system;
- Enhance accountability through sharing returns with shareholders by introducing a compensation system linked to meeting the Company's business results indices based on the management strategy and Company share price; and
- Fully implement a performance-based pay system through processes designed to objectively evaluate individual performance with respect to management objectives.

In order to determine the level of compensation for Directors, Audit & Supervisory Board Members, and Executive Officers, the Company shall set the standard of compensation for each position, depending on the responsibilities of Directors, Audit & Supervisory Board Members, and Executive Officers, and take the business performance of the Company and the level of compensation of other companies into consideration.

Based on ability to meet business results indices, etc., defined by the management strategy, evaluations on business results shall be made on a yearly basis at the Company and principal business subsidiaries, and the results of such evaluations will be incorporated into compensation for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and the relevant business subsidiaries.

Compensation System for Directors, Audit & Supervisory Board Members, and Executive Officers

Compensation for Directors (full-time) and Executive Officers consists of three elements: fixed compensation, bonuses related to the business performance of the Company and the performance of the individual, and stock options. Compensation for Directors (part-time) consists of two elements: fixed compensation and stock options. Compensation for Audit & Supervisory Board Members consists of one element: fixed compensation. The compensation system for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company's principal business subsidiaries shall generally be identical to that applied to Directors, Audit & Supervisory Board Members, and Executive Officers of the Company.

The Board of Directors makes decisions regarding the above compensation system based on reports from the Compensation Committee.

Total Compensation for Directors and Audit & Supervisory Board Members for Fiscal 2017

Position	Total Compensation (Millions of yen)	Breakdown of Compensation (Millions of yen)		Number of Directors and Audit & Supervisory Board Members
		Monetary Compensation	Stock Options	
Directors (Excluding Outside Directors)	584	483	100	10
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	72	72	—	2
Outside Directors	56	47	8	5
Outside Audit & Supervisory Board Members	42	42	—	3

Business-related Equities

Business-related equities are held by some of the Company's business subsidiaries with the intent of strengthening business relationships to enhance corporate value of the Group. However, the Company will continue to work to make its capital less affected by fluctuations in share price, and from the viewpoint of enhancing capital efficiency, continue to work to reduce the total amount.

With regard to the business-related equities the Company holds, the Board of Directors reviews risk and returns of major issues every year to confirm economic rationality. In addition, in accordance with the standards for exercising the voting rights of business-related equities, if it is considered that a certain agenda may damage corporate value, the Company shall decide on whether to approve it through careful examination.

Dialogue with Shareholders and Investors

Working to Provide Clear, Easy-to-Understand Information Disclosures and Explanations

Tokio Marine Holdings strives to provide clear, easy-to-understand information disclosures and explanations of its business to ensure that shareholders and investors can fully understand the initiatives to enhance corporate value. Top management also believes that it is important to actively engage in dialogue with institutional and individual investors. The views and opinions derived from the dialogues are shared widely among Tokio Marine Group's management and employees as a way to enhance management.

Information Disclosure

Our core information disclosure polices are to provide information with a storyline, ensure a balance between qualitative and quantitative information, and to continuously make accurate and fair information disclosures.

We offer English interpretation for financial results conference calls and investor relations (IR) conferences, while simultaneously disclosing various IR materials in both Japanese and English.

Our corporate website is a public portal available to all Tokio Marine Group's stakeholders. Here, we offer various kinds of information in a clear, easy-to-understand manner, including information on our corporate philosophy, vision, brand, governance, and business strategies.

Clear, easy-to-understand website
http://www.tokiomarinehd.com/en/

Dialogue

We engage in dialogue with shareholders and investors with an awareness of their expectations, disclosing information about our cost of capital policies and business investment decisions based on those policies.

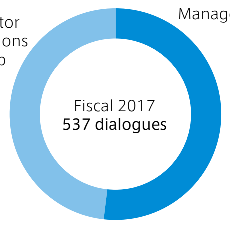
■ General Meeting of Shareholders

To provide shareholders with a deeper understanding of our business as it expands both in and outside Japan, Tokio Marine Group's top management of major subsidiaries outside Japan and non-Japanese Executive Officers started to participate in the meeting from the 14th Ordinary General Meeting of Shareholders (held on June 27, 2016). In addition, at the 16th Ordinary General Meeting of Shareholders Group CEOs gave presentations about the Company's management strategy on reporting matters.

■ Dialogue with Institutional Investors

We hold individual meetings and small theme-based group meetings in Japan in addition to financial results conference calls and IR conferences. Outside Japan, we conduct road shows. These initiatives facilitate ongoing dialogue with a wide range of shareholders and investors.

Constructive Dialogue Led by Management



Small meeting regarding the international insurance business

Small Theme-Based Meetings

IR conferences provide investors and shareholders with a broad view of our business. Small theme-based meetings, meanwhile, offer more detailed information on our business. Furthermore, as part of our aligned Group management, the top management of subsidiaries outside Japan also participates in meetings regarding our international insurance business.

■ Dialogue with Individual Investors

In fiscal 2017, a total of 14 information sessions were held with individual investors, which included sessions attended by the Group CEO, the Group CFO, and those held by the IR Department. At these information sessions, we strove to provide clear explanations on topics of interest among individual investors, namely shareholder return, social contributions, and human resource development.

Internal Feedback

Tokio Marine Holdings shares the views and opinions of shareholders and investors received during dialogue among Tokio Marine Group's management and employees as a way of enhancing management.

Presentation on the evaluation of the Company from the capital market given by the Group CFO and the IR Department

Role-playing event with members of the IR Group recreating a meeting with investors

Main Recognition

■ IR Website, Integrated Annual Report

We continue to be highly ranked by external organizations for our efforts to provide timely and clear corporate information through our IR website. Also, our *Integrated Annual Report 2017* received an Award for Excellence at the 20th Nikkei Annual Report Awards.

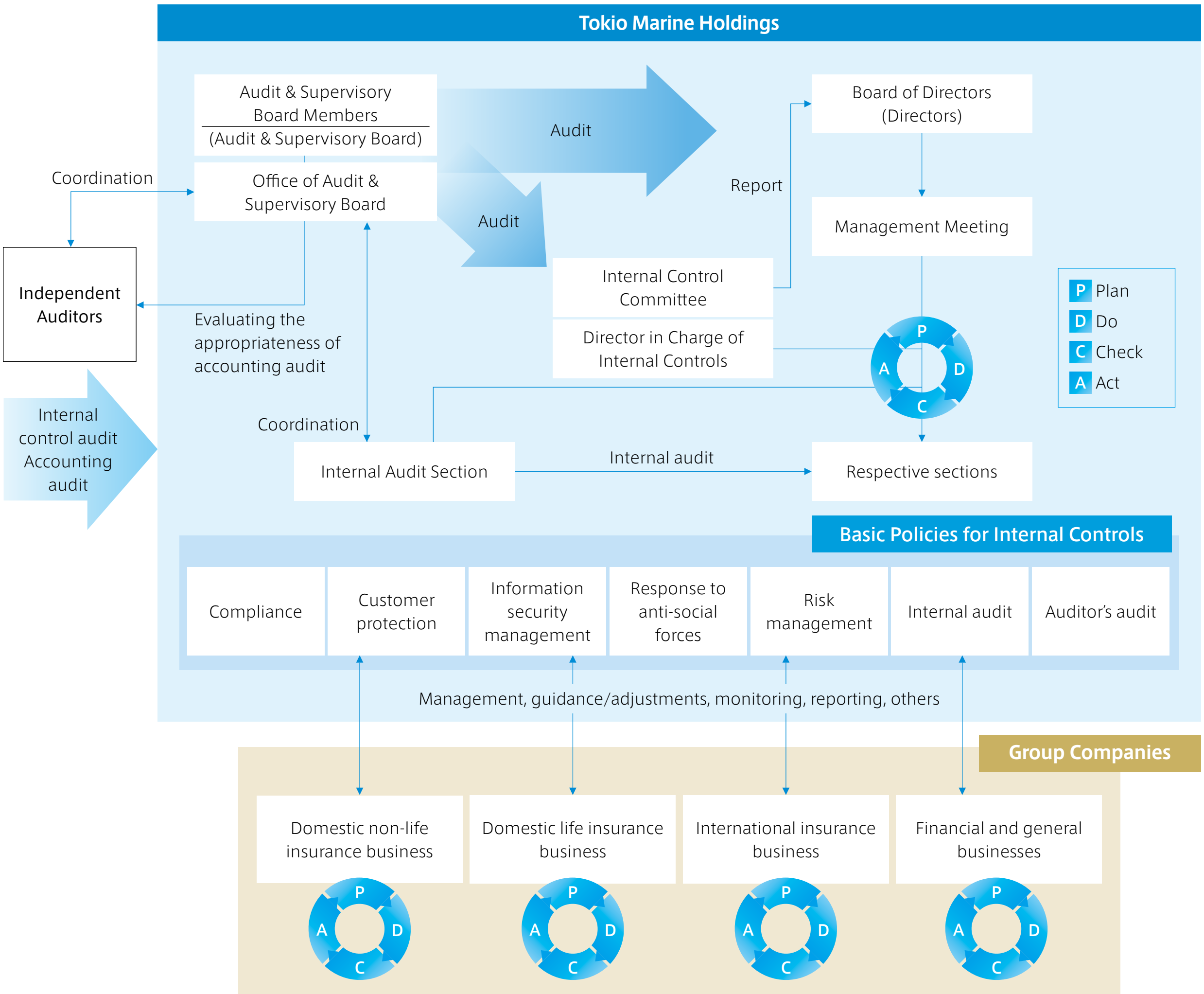
No. 1 in Insurance Sector, FY2017 All Japanese Listed Companies' Website Ranking, Nikko Investor Relations Co., Ltd.

2017 Internet IR Award, Daiwa Investor Relations Co., Ltd.

Internal Control System

The Company has formulated "Basic Policies for Internal Controls." In accordance with these policies, the Company has established an internal control system for the entire Tokio Marine Group that encompasses structures for management control, compliance, customer protection, information security management, response to anti-social forces and others, risk management, and internal auditing of Group companies. The Company employs this system to ensure proper operations while enhancing corporate value. In addition, the Company monitors the status and practical application of its internal control system. The Board of Directors confirms the details of the monitoring based on deliberations at the Internal Control Committee, which is a committee of the Board of Directors. Moreover, the Company continually strengthens and improves its internal control system in light of the results of this monitoring.

Tokio Marine Group's Internal Control System



Compliance

Tokio Marine Group defines compliance as "observing applicable laws, rules and regulations and internal regulations and conducting fair and equitable business activities within social norms" and thoroughly implements compliance in this manner.

To thoroughly implement compliance as a Group, the Company has formulated the "Tokio Marine Group Basic Policies for Compliance" and the "Tokio Marine Group Code of Conduct," and has also formulated measures and policies for the entire Group, including the "Tokio Marine Group Compliance Standards," which stipulate such items as laws and regulations that are commonly applicable within the entire Group. Also, the Company has built a structure to ensure groupwide compliance by periodically monitoring the status of compliance within the Group; receiving reports from Group companies inside and outside Japan on important matters; discussing these matters among the Board of Directors and the Internal Control Committee; and providing guidance and advice about the activities of Group companies when necessary.

In fiscal 2017, the Company continued working on maintenance of its management system on a groupwide basis in response to growing risk overseas related to economic sanctions, corruption, and protection of personal information.

Organizational Framework

Tokio Marine Group has set up specialized departments for controlling compliance at each Group company. Group companies have established internal frameworks enabling organized responses for compliance, which include various types of compliance-related committees that formulate compliance policies and measures according to the actual state of operations and check on the state of compliance implementation.

Compliance Manuals

The Company and each of the Tokio Marine Group companies have prepared their own compliance manuals based on the "Tokio Marine Group Compliance Standards," which were formulated by the Company in accordance with their respective businesses and have made these manuals available for the reference of directors, officers, and employees.

Compliance Training

Tokio Marine Group nurtures an awareness of compliance while providing persons in charge of business operations with necessary knowledge about compliance through training on laws, regulations and internal regulations, etc., with which directors, officers, and employees must comply.

Hotline System

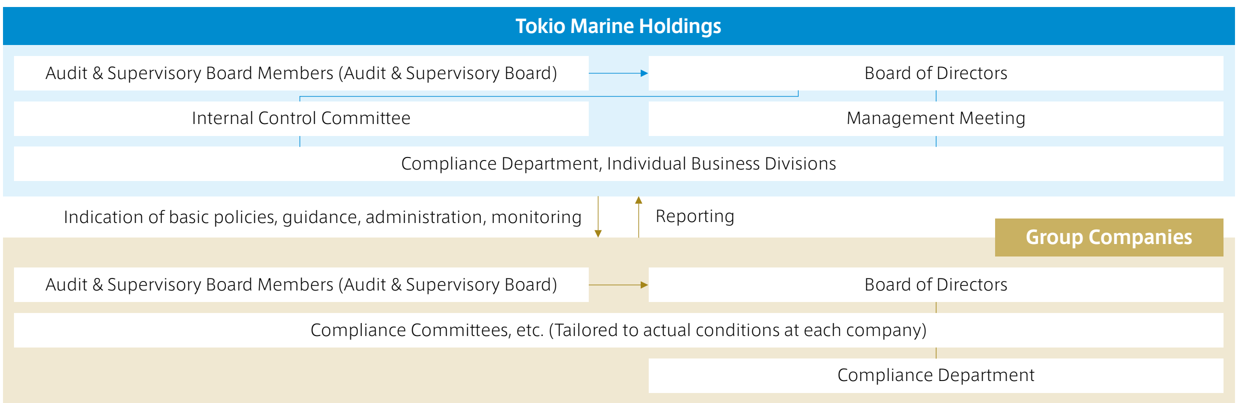
In the event that an employee or member of management discovers an issue or potential issue relating to compliance, Tokio Marine Group requires such person to immediately report and consult on the issue through organizational channels based on the "Tokio Marine Group Compliance Standards." However, to prepare for cases where it is not appropriate for employees or members of management to report or consult through organizational channels, the Group has installed hotlines. Specifically, in addition to an in-house hotline, the Group has also set up external contact points at law firms and with multilingual support, so that the person reporting or consulting can choose the most convenient method. Furthermore, in addition to internal and external hotlines, the Group has set up a system that enables reporting to Audit & Supervisory Board Members. The internal and external contact points are informed through manuals, training, infrastructure, and other methods. In fiscal 2017, hotlines throughout the Group fielded 237 queries.

The Group keeps personal information on individuals making such reports strictly confidential according to the Whistleblower Protection Act of Japan and ensures that individuals making reports, those providing consultation, and parties cooperating in surveys are not put in a disadvantageous position.

Protection of Customers' Interests

Tokio Marine Group's corporate philosophy emphasizes "customer trust at the foundation of all its activities." Also, through the provision of the highest-quality products and services, the Group aims to deliver safety and security to its customers. In addition, principal Group companies have formulated customer-oriented business conduct policies, which are available on their websites.

Tokio Marine Group's Compliance System



Information Security Management

Tokio Marine recognizes the importance of personal information and confidential information ("information assets"). To ensure the appropriateness and trustworthiness of Tokio Marine Group's operations, we have formulated the "Tokio Marine Group Basic Policies for Information Security Management" and use appropriate methods to conduct information security management at each company in accordance with their line of business, scale, location, and other factors.

Based on the "Tokio Marine Group Basic Policies for Information Security Management," each company establishes departments to oversee information security management and formulate policies and regulations. To protect information assets from various information leakage risks, including leak, loss, and unauthorized use, we ensure the confidentiality of information assets and manage them so that they can be used when necessary. Furthermore, the Company regularly monitors the information security management of group companies, setting up structures and providing information when necessary.

Response in the Event of Information Leakage

The Company has formulated the "Tokio Marine Group Compliance Standards" to clarify its response in the event of an information leakage. If such leakage were to occur (or were suspected of occurring), it will be promptly reported to the Compliance Department in each group company. Depending on the materiality and urgency of the incident, the Company may issue instructions to Group companies or undertake necessary measures as a group.

Acquisition of External Certification Related to Information Security

Company Name	Acquisition Date	Certification Acquired
Tokio Marine & Nichido Communications	March 2006	ISMS
Tokio Marine & Nichido Systems	August 2006 September 2017	ISMS ITSMS*
Tokio Marine & Nichido Medical Service (Health Promotion Dept.)	September 2007	ISMS

* Third-party certification system on operational management of IT services (ISO/IEC 20000)

Personal Information Protection

The Company has formulated the "Tokio Marine Group Privacy Policy" with regard to customers' personal information and clarified its policies regarding Group initiatives. Group companies also formulate and publicize their own activity policies in keeping with this privacy policy.

Tokio Marine Group — Privacy Policy

The Tokio Marine Group (the "Group") is committed to the continuous enhancement of corporate value, with customer trust at the foundation of all its activities. Guided by this corporate philosophy, we, the Group, shall comply with the Act on the Protection of Personal Information, Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure and other relevant laws, rules, regulations and guidelines, appropriately manage personal information, individual number and specific personal information (hereinafter referred to as "Specific Personal Information, etc.") as well as anonymously processed information as described below, and implement other appropriate security measures for the protection of personal information of our customers.

* "Personal information" and "personal data" provided in this Privacy Policy exclude Specific Personal Information, etc.

1. We shall acquire personal information and Specific Personal Information, etc. of our customers in a manner that is both legal and fair. Unless prescribed by law, rule or regulation, we shall notify or publicize the purposes for using personal information and Specific Personal Information, etc. of our customers and shall use such information within these limits.
2. Unless prescribed by law, rule or regulation, we shall not provide personal information of our customers to third parties without prior consent of each such customer. We do not provide Specific Personal Information, etc. to third parties except in cases provided by law. There shall be no joint use of Specific Personal Information, etc. with Group companies and business partners. In addition, unless otherwise prescribed by law, rule or regulation when providing personal data to a third party, we shall record matters concerning such provision , and when collecting personal data from a third party, we shall confirm and record matters concerning such collection.
3. We shall strive to prevent the divulgence, destruction, impairment and unauthorized access of personal information and Specific Personal Information, etc. of our customers. When we contract out the management of personal information and Specific Personal Information, etc. of our customers to an outside service provider, we shall supervise the service provider appropriately, as needed.
4. Whenever we receive requests from our customers to view or update their personal data and Specific Personal Information, etc. that we hold, we shall respond promptly in accordance with laws, rules and regulations. We also welcome comments and questions regarding the management of personal information and Specific Personal Information, etc. of our customers.
5. We shall provide thorough supervision, instructions and education to our employees who handle personal information, Specific Personal Information, etc., and anonymously processed information of our customers to ensure that such information is managed appropriately.
6. We shall continue to revise and aim to improve our internal systems and procedures to protect the personal information of our customers.

Risk Management System

To ensure financial soundness and appropriateness of business operations, Tokio Marine Group has identified the various risks surrounding it in an overall fashion and implements appropriate risk management corresponding to the nature, status, and other attributes of risks.

The Company promotes the development and enhancement of the risk management system for the entire Group in accordance with the "Tokio Marine Group's Basic Policies for Risk Management." The Company also manages quantitative risks for the Group in order to maintain credit ratings and to forestall insolvency in accordance with the "Tokio Marine Group's Basic Policies for Integrated Risk Management."

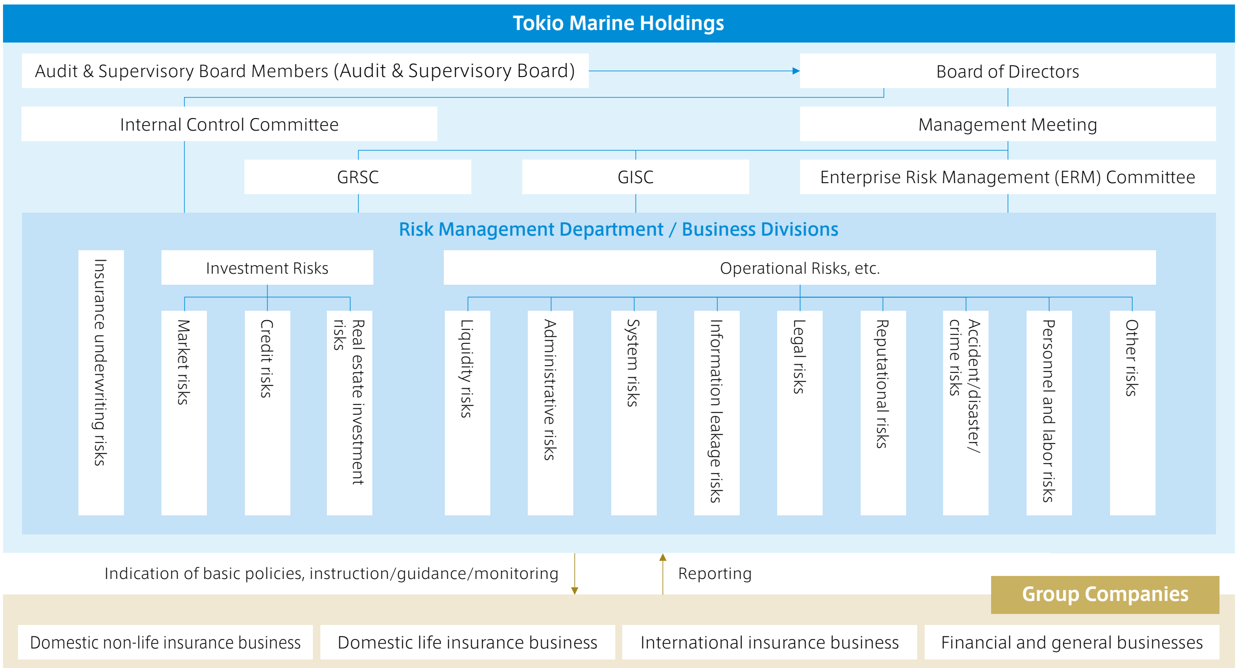
Among various risks, the Company recognizes that insurance underwriting risks and investment risks must be managed as sources of earnings. The Company therefore controls these risks considering the balance between risk and return.

The Company also identifies administrative risks, system risks, and other associated risks (such as operational risks) that arise from the Group's business activities and strives to prevent the occurrence of or reduce these risks.

The Company presents its basic policies for risk management and provides instruction, guidance, monitoring, and other services to domestic and overseas Group companies through the Risk Management Department and the Business Divisions. Group companies establish risk management policies in line with the policies of the Group and execute risk management independently.

Through the above measures, the Company executes proper risk management and ensures stable business operations of the entire Group.

Tokio Marine Group's Risk Management System



Crisis Management System

Tokio Marine Group has established a crisis management system to minimize economic losses and other impacts incurred in an emergency and immediately restore ordinary business operations.

The Company has formulated the "Tokio Marine Group Basic Policy for Crisis Management" and the "Tokio Marine Group Crisis Management Manual" based on the policy, and has set forth the crisis management systems necessary for Group companies to carry out their own roles.

Group companies formulate crisis management policies in line with policies of the Group to develop crisis management systems that include establishing a department in charge of crisis management, decision-making procedures for emergency situations, and securing the chain of command. In addition to developing the crisis management system during normal conditions, the department in charge of crisis management plays the role of secretariat for response during emergency situations, including reporting to the Company.

When conditions that may develop into an emergency situation arise, in addition to each Group company determining whether or not these conditions correspond to an emergency situation, the Company determines, if necessary, whether or not these conditions correspond to an emergency situation for the Group. This system enables the Company to properly instruct Group companies and make sure necessary actions as a Group can be made.

Internal/External Audits

Regarding internal audits, there is a statutory audit conducted by Audit & Supervisory Board Members in accordance with the Companies Act and an internal audit performed by the Internal Audit Department. The internal audit is performed based on the "Internal Auditing Rules" that have been approved by the Board of Directors.

Regarding external audits, there is an accounting audit based on the Companies Act and the Financial Instruments and Exchange Act and an internal control audit based on the Financial Instruments and Exchange Act conducted by PricewaterhouseCoopers Aarata.

Tokio Marine Holdings is also subject to inspections by the Financial Services Agency of Japan pursuant to the Insurance Business Law.

A Mechanism That Will Support Initiatives Aimed at Enhancing Corporate Value: The Power of Our People

The power of our people is the driving force for realizing our vision, "To Be a Good Company."

Tokio Marine Group will demonstrate its comprehensive strength through its people.
We will continue to build a culture that enables our diverse talent to fully demonstrate their potential.

Group Synergies and Personnel Exchanges in Japan and Overseas

Tokio Marine Group is engaged in a wide range of businesses in Japan and overseas. We aim to connect Group companies' respective strengths and functions through lateral cross-linking of human resources to enable the Group to demonstrate its comprehensive strength.

Strengthening Expertise as a Group

Tokio Marine Group places its people in the positions that best suit their expertise in order to strengthen the expertise of the entire Group.

Gary Oliver, who is based in the financial district of London and serves as the International Head of Internal Audit at Tokio Marine Holdings, has outstanding expertise as an internal auditor, has global experience and contributes to the development of internal audit methods across the Group.

Mr. Oliver is chairman of the International Internal Audit Committee (IIAC), which is made up of heads of internal auditing divisions from overseas Group companies. In this capacity, he shares his experience, best practices and knowledge across the Group. Many of the markets in which Tokio Marine Group operates are growing rapidly, and Mr. Oliver's experience is indispensable in supporting these operations.

Over the period from 2017 to 2018, Mr. Oliver visited the United States, South and Central America, China, Southeast Asia, and the Middle East as part of the program for supporting and improving the internal audit functions of overseas Group companies. He is also offering support and advice on internal audits to auditors at Group companies.

Tokio Marine Group actively draws on and incorporates the expertise of diverse professionals, such as Mr. Oliver, throughout the Group.

Gary Oliver
International Head of Internal Audit located in London, U.K.

Realization of Aligned Group Management through Mobility of Talent

We are proactively supporting personnel exchanges among Group companies because we believe the growth of each employee and the strengthening of cooperation among Group companies are the starting points for realizing aligned Group management.

Kumiko Shiramizu, for example, is in her sixth year at Tokio Marine Millea SAST Insurance Co., Ltd., a company that provides fire insurance products for customers living in rental housing. Ms. Shiramizu has been dispatched to Property Insurance Group in the Personal Lines Underwriting Department of Tokio Marine & Nichido Fire Insurance Co., Ltd. Here she is responsible for responding to inquiries regarding fire insurance from sales divisions, preparing sales documents and developing fire insurance products matched to market needs. Through these activities, Ms. Shiramizu is developing knowledge regarding fire insurance and systematically learning about product development and management processes.

The business models of Tokio Marine Millea SAST Insurance and Tokio Marine & Nichido Fire Insurance are very different, and Ms. Shiramizu initially encountered difficulty after being dispatched. However, her efforts to persevere in an unfamiliar environment have helped her grow. In addition, we have been able to strengthen the cooperation that is indispensable to aligned Group management by promoting synergies from increased understanding personnel exchanges.

Tokio Marine Millea SAST Insurance hopes that Ms. Shiramizu will thrive and return to the company in a stronger capacity. We intend to continue this practice in the future.

Kumiko Shiramizu

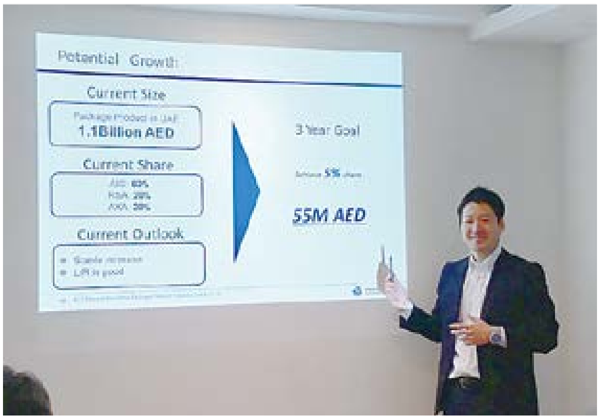
Property Insurance Group, Personal Lines Underwriting Department
Tokio Marine & Nichido Fire Insurance Co., Ltd.
(Dispatched from Tokio Marine Millea SAST Insurance Co., Ltd.)

Human Resource Development Leveraging the Group's Comprehensive Strength

Tokio Marine Group is implementing various initiatives to realize group-level human resource development. For example, Group companies in North America hold training sessions which draw human resources from various group companies in the United States, Brazil, Mexico, Malaysia, Japan, and other countries. This practical training program is designed to have teams select a theme that contributes to improving business processes and to implement it into actual business operations. In addition to learning through team activities, the program provides employees with an opportunity to deepen mutual understanding through exposure to diverse ideas and values in active discussions that cross company and national borders.

In addition, we continuously dispatch employees from Japan to perform training at overseas subsidiaries in order to expand the base of the global talent pool. In this training programs, participants form a team regardless of divisions such as sales, underwriting, claims service, and others. Employees from Japan call upon their domestically gained knowledge and experience and give suggestions that will contribute to the local business through discussions with local staff. Accordingly, these programs do not only serve as an opportunity to learn about local operations, but rather have been designed to facilitate meaningful learning among all parties.

Furthermore, the Group recruits employees overseas with cross-border relocations in mind. We are currently conducting a trial on a program in which new hires undergo two years of training in the United States, after which they go through rotations among overseas companies to further their development. Going forward, we will work toward the full-fledged deployment of this program in order to develop human resources from various countries in positions across the Group, expanding the scope of this program as we move forward.



Training program

Utilization of Group Network

Tokio Marine Group utilizes its network to generate synergies by sharing knowledge and collaborating to address common issues faced around the world.

In regard to human resources divisions, for example, we periodically hold meetings of the Global Human Resources Committee, which sees participation by representatives from the United States, Asia, the Middle East, Europe, and other regions. These meetings serve as forums for discussion and examination of important themes pertaining to initiatives to be promoted or issues to be addressed on a global scale.

Committee meetings feature discussions concentrated on a wide range of topics that are of importance throughout the Group's global operations. In addition to sharing information on management issues, discussions also focus on developing people that handle global management and the fostering of mutual understanding regarding issues and principal measures in regions around the world.

Progress with regard to policies set at committee meetings is confirmed through periodic teleconferences, and other steps are also taken to foster post-meeting coordination while we develop frameworks for utilizing the insight of companies throughout the Group.

Through such initiatives, we will seek to take full advantage of the Group's network while also strengthening human resource functions.

Workplace Environments and Cultures Supporting Diverse Talent

Tokio Marine Group employs people with diverse backgrounds, including gender, age, and nationality, based on the Group's management philosophy of "building an open and dynamic corporate culture that enables each and every employee to demonstrate his or her creative potential." By accepting diverse perspectives as elements of individuality and making them a combined strength, we have been able to generate ever increasing results.

Diversity Forum

We are committed to promoting diversity and inclusion and to cultivating a corporate culture that will support our people in fully leveraging their talents. For instance, we held Tokio Marine Group Diversity Forum 2017 in fiscal 2017. Based on the theme of unconscious bias, 217 employees from various group companies attended this forum.

The forum began with a message from Group CEO and Group Chief Culture Officer Tsuyoshi Nagano and continued with a lecture by an instructor, a panel discussion by employees, and finally a group discussion among all attendees. High levels of enthusiasm were maintained throughout the event. Participants in the panel discussion included a female branch manager from a domestic Group company, a non-Japanese manager, and the chief HR officer of Tokio Marine North America. These diverse panelists held a discussion on experiences and commonplace examples of unconscious biases while touching on cultural differences and global viewpoints. Mini-forums were conducted at workplaces at later dates to provide all employees with an opportunity to think about unconscious bias and to develop an understanding of the importance of diversity and inclusion.

Panel discussion at Tokio Marine Group Diversity Forum 2017

Promotion of Active and Equal Participation

We provide various opportunities and chances for female employees to build their careers independently and to become active in a wide range of fields. For instance, domestic Group companies hold joint training programs to promote the success of women in different job types and working environments as well as forums for informal discussion of serious topics. As these programs provide participants with the opportunity to encounter diverse perspectives, they offer a chance for participants to contemplate their own careers and goals.

In reflection of the high praise for such Group-level initiatives for empowering female employees and the results of these activities, in fiscal 2017 Tokio Marine Holdings was selected for inclusion in the "Nadeshiko Brand," which is arranged jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, indicating that it is a company that excels at empowering its female employees. Having previously been chosen in fiscal 2013 and 2015, this is our third year of inclusion.

NADE SHI KO BRAND 2018

At Tokio Marine & Nichido, in order to continuously develop female managerial positions and candidates for those positions, we have formulated a three-pronged approach of setting expectations, training, and providing opportunities and flexible work environments. We have created an environment that allows women to take on challenges that are in keeping with their own motivations and aspirations. Measures include assigning responsibilities based on individual career aspirations, carrying out on-the-job training throughout the year, conducting interdepartmental personnel reassignments, and providing elective training. As a result, the number of women in managerial positions has increased by around six times, from only 43 in 2007 to 240 (as of April 1, 2018), and many women are now also active in key positions in sales and claims services. Going forward, we will reinforce our efforts to appoint female managers and develop management candidates so that more women can contribute at the management level.

Health Management

Our people are the driving force behind our business, and we value the health of them and their families. Based on a philosophy that health management is the starting point for creating a "Good Company," we formulated and implement measures for addressing tasks such as health promotion, lifestyle improvement, prevention of the progression of diseases, and mental health.

At Tokio Marine & Nichido, for example, the leaders at each operational site and occupational health personnel (occupational health physicians, public health nurses, and general nurses) positioned throughout the country collaborate to steadily implement the PDCA (plan-do-check-act) cycle for promoting employee health and improving lifestyles. As a result of such efforts by Group companies, Tokio Marine Holdings has been recognized as a corporation practicing excellent health management under the Health & Productivity Stock Selection program, which is jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, for three consecutive years. In addition, Tokio Marine Holdings, Tokio Marine & Nichido, Tokio Marine & Nichido Life, Tokio Marine & Nichido Medical Service, and Tokio Marine & Nichido Systems have also received recognition under the Certified Health and Productivity Management Organization Recognition Program, in the large enterprise category.

2018
健康経営銘柄
Health and Productivity

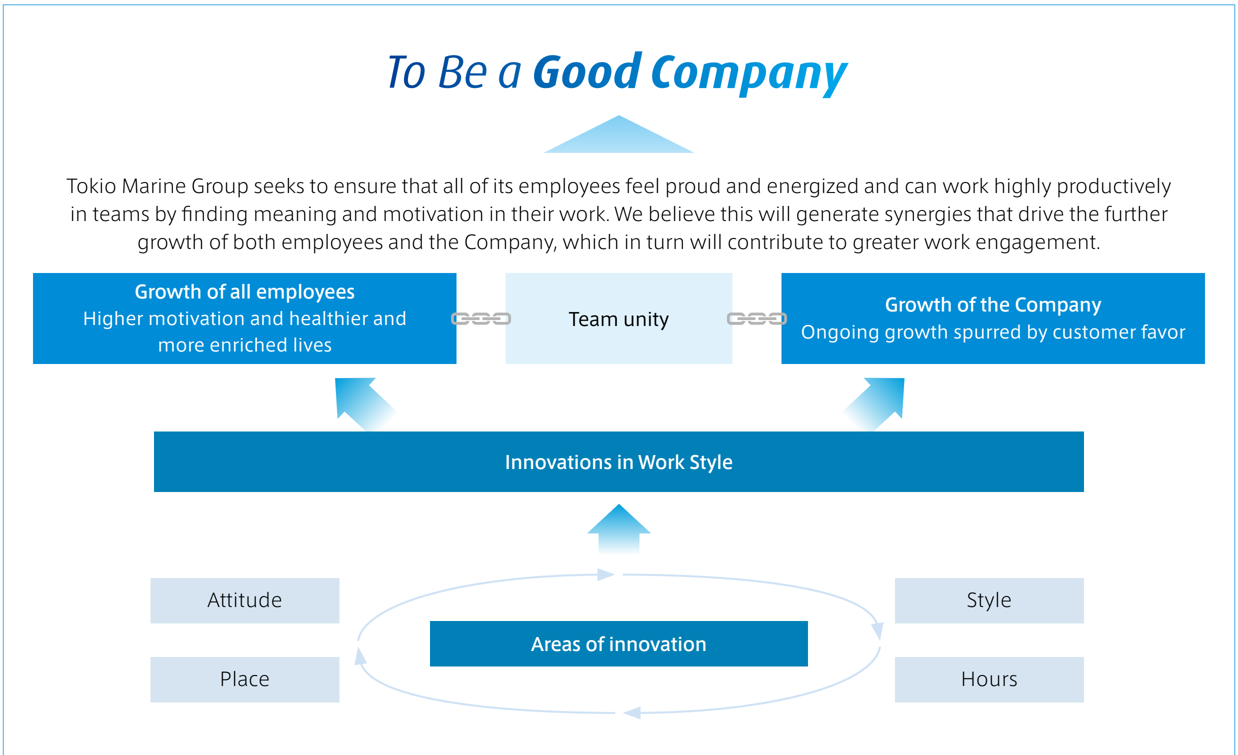
Innovations in Work Style

Tokio Marine Group is implementing work-style reforms. We see these reforms forming the very foundation for promoting diversity and inclusion. With the objective of achieving the growth of all employees and the growth of the Company, the Group pursues high-productivity work styles by allowing for transforming working hours, workplaces, style of working, attitudes, and other factors and fostering acceptance of diverse ways of working. We call this process "innovations in work style."

In order to maximize results, we have prepared the infrastructure and developed the rules and systems that will enable employees to select the optimal way of working based on their individual situation, which may involve childrearing responsibilities and nursing care for parents. Work-style reform tends to focus on the growth that is achieved by outperforming competitors in terms of productivity and efficiency, but there is another important part of our "innovations in work style." That important part is for all employees to realize growth through their work by enhancing the quality of their lives with greater motivation and improved health for themselves and family members. We believe the synergistic effect between the growth of the Company and the growth of all employees is necessary for achieving our goal of becoming a "Good Company."

Examples of this innovation can be seen at Tokio Marine & Nichido and Tokio Marine & Nichido Life. These companies provide dedicated smartphone apps so that employees can check, send, and receive company emails from their own mobile terminals while in transit or when away from the office and allow employees to borrow company terminals when required for their work. Also, employees of these companies are provided access to telecommuting and mobile work systems. By creating an environment that allows for flexibility in terms of workplace and working hours, we aim to enable a diverse range of employees to achieve productivity in their work. We aspire to promote the ongoing growth of the Company and its employees by effectively utilizing the time created through these initiatives to provide higher levels of value, stimulate individual growth (increased motivation, good health, and life fulfillment), and facilitate work-life balance.

Moreover, as an initiative to support all employees in realizing diverse working styles, Group companies are introducing systems that allow for the flexible alteration of work hours and already have various other systems in place, such as for childcare and nursing care leave, as well as voluntary service leave and special paid leave. By fully utilizing these systems, each employee can select the optimal way of working that suits his or her individual situation.



Financial Data

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Business Conditions (Unaudited)

Main Financial and Non-Financial Data

Mid-Term Business Plan Initiatives

Innovation and Execution 2014
- This mid-term business plan prioritized improvement of profitability of the domestic non-life insurance business, the greatest challenge at that point in time, and as a result of these efforts, profitability improved significantly.
- The Company acquired Delphi Financial Group, a U.S. life and P&C insurance group. Steady growth of the domestic life insurance and international insurance businesses contributed to risk diversification in terms of regions and businesses.

To Be a Good Company 2017
- Under this plan, the Company worked on business innovation to realize sustainable profit growth and enhance ROE. As a result, earnings potential increased.
- The Company acquired a U.S. specialty insurance company HCC Insurance Holdings, Inc., and realized further business portfolio diversification.

(Yen in millions unless otherwise indicated)

	FY2012	FY2013	FY2014	FY2015	FY2016	**FY2017**
Performance Indicators (Consolidated)						
Ordinary income	3,857,769	4,166,130	4,327,982	4,579,076	5,232,602	**5,399,115**
Net premiums written	2,558,010	2,870,714	3,127,638	3,265,578	3,480,478	**3,564,747**
Ordinary profit	207,457	274,386	358,182	385,825	387,659	**344,939**
Net income attributable to owners of the parent	129,578	184,114	247,438	254,540	273,856	**284,183**
Comprehensive income	548,251	442,277	997,024	(14,543)	169,603	**500,528**
Financial Indicators (Consolidated)						
Net assets	2,363,183	2,739,114	3,609,655	3,512,656	3,569,760	**3,835,536**
Total assets	18,029,442	18,948,000	20,889,670	21,855,328	22,607,603	**22,929,935**
Capital ratio (%)	12.98	14.32	17.13	15.94	15.67	**16.59**
Return on equity: ROE (%)	6.20	7.29	7.87	7.21	7.79	**7.74**
Consolidated solvency margin ratio (%)	737.0	728.4	781.3	791.4	897.3	**879.3**
Stock-related Information						
Net assets per share (Yen)	3,052	3,536	4,742	4,617	4,722	**5,245**
Net income per share—Basic (Yen)	168	239	323	337	363	**382**
Dividends per share (Yen)	55	70	95	110	140	**160**
Dividends total	42,187	53,705	72,197	83,015	105,342	**117,633**
Number of shares outstanding at year-end (Thousands)	769,524	769,524	757,524	757,524	753,024	**748,024**
Share price at year-end (Yen)	2,650	3,098	4,538.5	3,800	4,696	**4,735**
Price-to-earnings ratio: PER (Ratio)	15.69	12.91	14.01	11.27	12.92	**12.37**
Price-to-book value ratio: PBR (Ratio)	0.87	0.88	0.96	0.82	0.99	**0.90**
Key Performance Indicators						
Adjusted net income	163,137	243,756	323,318	351,906	406,743	**341,450**
Adjusted net assets	2,746,566	3,172,530	4,103,470	3,599,396	3,812,417	**4,086,470**
Adjusted ROE (%)	6.5	8.2	8.9	9.1	11.0	**8.6**
Adjusted BPS (Yen)	3,580	4,135	5,437	4,769	5,082	**5,633**
Adjusted EPS (Yen)	212	317	423	466	539	**459**
Adjusted PBR (Ratio)	0.74	0.75	0.83	0.80	0.92	**0.84**
Environmental, Social and Governance (ESG) Information						
Number of employees	33,006	33,310	33,829	36,902	38,842	**39,191**
Number of employees outside Japan	8,687	9,102	9,640	12,612	13,525	**13,803**
CO_2 emissions (Tons)	93,311	87,971	98,317	122,280	119,420	**115,244**
CO_2 fixation/reduction effect (Tons)	84,360	100,951	113,310	133,447	163,459	**163,521**

Notes: 1. With the application of "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21), the former Net income is Net income attributable to owners of the parent from FY2015.
2. Number of employees is staff head-count currently at work.
3. The main reason for the increase in CO_2 emissions from FY2015 was the expansion of coverage for calculation of Scope 3 (Other Indirect Emissions).

Adjusted Net Income, Adjusted Net Assets, and Adjusted ROE

Tokio Marine Group has set adjusted net income, adjusted net assets, and adjusted ROE, as defined below, as indicators for its management plans and shareholder return to enhance transparency and comparability as well as ensure linkage with shareholder return.

These are indicators that clarify profit or loss attributable to the reporting period, excluding the effect of various reserves specific to the Japanese insurance business as well as deducting special factors of the period such as gains or losses on sales or valuation of assets, etc. (Below are figures for FY2017.)

Adjusted Net Income[1]

Adjusted net income	=	Net income (consolidated)[2]	+	Provision for catastrophe loss reserves[3]	+	Provision for contingency reserves[3]	+	Provision for price fluctuation reserves[3]	−	Gains or losses on sales or valuation of ALM[4] bonds and interest rate swaps
¥341.4 billion		¥284.1 billion		¥25.6 billion		¥3.3 billion		¥4.9 billion		¥5.5 billion

−	Gains or losses on sales or valuation of fixed assets and business investment equities	+	Amortization of goodwill and other intangible fixed assets	−	Other extraordinary gains/losses, valuation allowances, etc.
	¥(1.5) billion		¥73.7 billion		¥46.4 billion

Adjusted Net Assets[1]

Adjusted net assets	=	Net assets (consolidated)	+	Catastrophe loss reserves	+	Contingency reserves	+	Price fluctuation reserves	−	Goodwill and other intangible fixed assets
¥4,086.4 billion		¥3,805.1 billion		¥836.5 billion		¥39.6 billion		¥72.2 billion		¥667.2 billion

Adjusted ROE

Adjusted ROE	=	Adjusted net income	÷	Adjusted net assets[5]
8.6%		¥341.4 billion		¥3,949.4 billion

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 counterbalance of ALM-related liabilities
5 Average balance basis

Business Unit Profits

From the perspective of accurately assessing corporate value including economic value, etc., and expanding it in the long-term, business unit profits are defined as below.

Non-Life Insurance Business

Business unit profits[1]	=	Net income	+	Provision for catastrophe loss reserves[2]	+	Provision for price fluctuation reserves[2]	−	Gains or losses on sales or valuation of ALM[3] bonds and interest rate swaps	−	Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities	−	Other extraordinary gains/losses, valuation allowances, etc.

Life Insurance Business[4]

Business unit profits[1]	=	Increase in EV[5] during the current fiscal year	+	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 In case of reversal, it is subtracted from the equation
3 ALM: Asset Liability Management. Excluded since it is counterbalance of ALM-related liabilities
4 For some of the life insurance companies, Business Unit Profit 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

Overview of Business Results (Unaudited)

1. Consolidated Results of Operations

During the fiscal year 2017, despite increased geopolitical risks caused by the escalating tensions over North Korea and the Middle East situation, the world economy as a whole made steady progress due to continued economic expansion in the U.S. and other factors.

In Japan, the economy gradually improved due to a recovery in consumer spending in addition to steady exports and production.

Under these conditions, as a result of our efforts to expand our business, which is centered on property and casualty insurance and life insurance, our consolidated results of operations for the fiscal year 2017 were as follows:

Ordinary income increased by 166.5 billion yen to 5,399.1 billion yen from the previous fiscal year, the main components of which were Underwriting income of 4,662.0 billion yen and Investment income of 623.9 billion yen. Ordinary expenses increased by 209.2 billion yen to 5,054.1 billion yen from the previous fiscal year, the main components of which were Underwriting expenses of 4,103.0 billion yen, Investment expenses of 71.3 billion yen, and Operating and general administrative expenses of 856.9 billion yen.

As a result, Ordinary profit decreased by 42.7 billion yen to 344.9 billion yen from the previous fiscal year.

Net income attributable to owners of the parent, composed of Ordinary profit plus Extraordinary gains minus Extraordinary losses and Total income taxes, increased by 10.3 billion yen to 284.1 billion yen from the previous fiscal year.

2. Cash Flows

Cash flows for the fiscal year 2017 were as follows:

Net cash provided by operating activities decreased by 25.5 billion yen to 916.0 billion yen compared to the previous fiscal year mainly due to an increase in paid claims. Net cash used in investing activities decreased by 1,095.9 billion yen to 359.6 billion yen, mainly due to a decrease in purchases of securities. Net cash used in financing activities was 631.6 billion yen which changed by 997.0 billion yen from Net cash provided in the previous fiscal year mainly due to a decrease in cash collateral under securities lending transactions for the procurement of funds.

As a result, Cash and cash equivalents at end of year was 1,028.7 billion yen, a decrease of 80.1 billion yen from that as of March 31, 2017.

Domestic Property and Casualty Insurance (Unaudited)

In the domestic property and casualty insurance segment, Ordinary income increased 42.7 billion yen to 2,678.8 billion yen from the previous fiscal year. Ordinary profit composed of Ordinary income minus Ordinary expenses such as Net claims paid decreased 12.0 billion yen to 242.4 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the domestic property and casualty insurance segment are as follows.

Underwriting

Direct premiums written (including deposit premiums from policyholders)

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	389,720	14.77	1.24	384,945	14.69	(5.79)
Hull and cargo	65,461	2.48	4.44	62,678	2.39	(12.28)
Personal accident	266,356	10.10	(8.74)	291,873	11.14	(4.20)
Voluntary automobile	1,180,453	44.75	1.29	1,165,423	44.49	2.19
Compulsory automobile liability	281,967	10.69	(6.34)	301,045	11.49	3.54
Others	454,096	17.21	9.75	413,747	15.79	7.05
Total	2,638,055	100.00	0.70	2,619,712	100.00	0.66
Deposit premiums from policyholders	93,752	3.55	(18.10)	114,477	4.37	(8.49)

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written (including Deposit premiums from policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies (including Deposit premiums from policyholders).

Net premiums written

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	293,678	12.69	1.58	289,103	12.67	(9.11)
Hull and cargo	59,920	2.59	1.59	58,983	2.58	(10.95)
Personal accident	175,970	7.60	(2.75)	180,951	7.93	(1.90)
Voluntary automobile	1,177,241	50.86	1.32	1,161,890	50.92	2.22
Compulsory automobile liability	301,255	13.02	(0.49)	302,727	13.27	(0.23)
Others	306,608	13.25	6.42	288,121	12.63	3.28
Total	2,314,674	100.00	1.44	2,281,778	100.00	(0.27)

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	172,675	13.12	16.92	147,681	11.67	(11.14)
Hull and cargo	35,147	2.67	(3.02)	36,241	2.86	(2.35)
Personal accident	84,413	6.41	1.72	82,983	6.55	(2.97)
Voluntary automobile	628,023	47.72	2.53	612,521	48.38	0.96
Compulsory automobile liability	219,566	16.68	(2.69)	225,645	17.82	(1.26)
Others	176,255	13.39	9.53	160,924	12.71	16.82
Total	1,316,081	100.00	3.96	1,265,997	100.00	0.33

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2018		As of March 31, 2017	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	353,320	4.36	265,546	3.30
Call loans	135,000	1.67	220,800	2.74
Receivables under resale agreements	4,999	0.06	34,999	0.43
Receivables under securities borrowing transactions	89,599	1.11	—	—
Monetary receivables bought	69,087	0.85	44,271	0.55
Money trusts	214,101	2.64	101,650	1.26
Securities	5,989,730	73.89	5,793,273	71.97
Loans	257,487	3.18	606,763	7.54
Land and buildings	214,966	2.65	214,592	2.67
Total investment assets	7,328,293	90.40	7,281,896	90.46
Total assets	8,106,405	100.00	8,049,612	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

(Yen in millions)

	As of March 31, 2018		As of March 31, 2017	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Domestic government bonds	1,789,451	29.88	1,803,401	31.13
Domestic municipal bonds	120,415	2.01	94,513	1.63
Domestic corporate bonds	677,534	11.31	711,705	12.29
Domestic equity securities	2,681,754	44.77	2,459,150	42.45
Foreign securities	687,141	11.47	696,699	12.03
Others	33,433	0.56	27,802	0.48
Total	5,989,730	100.00	5,793,273	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	315	372,652	0.08	365	360,740	0.10
Call loans	—	21,758	0.00	0	38,750	0.00
Receivables under resale agreements	0	10,528	0.00	0	12,635	0.00
Receivables under securities borrowing transactions	84	84,086	0.10	85	85,412	0.10
Monetary receivables bought	22	46,958	0.05	17	29,126	0.06
Money trusts	5,224	143,582	3.64	2,524	82,839	3.05
Securities	110,863	3,831,246	2.89	106,431	3,840,324	2.77
Loans	1,349	456,497	0.30	1,762	623,928	0.28
Land and buildings	8,469	213,365	3.97	8,263	211,708	3.90
Subtotal	126,330	5,180,677	2.44	119,451	5,285,466	2.26
Others	588	—	—	559	—	—
Total	126,918	—	—	120,011	—	—

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Interest and dividends is the sum of Interest and dividends and the amount equivalent to the Interest and dividends that is included in Gains on money trusts and Losses on money trusts in the consolidated statement of income.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	1,464	372,652	0.39	4,120	360,740	1.14
Call loans	—	21,758	0.00	0	38,750	0.00
Receivables under resale agreements	0	10,528	0.00	0	12,635	0.00
Receivables under securities borrowing transactions	84	84,086	0.10	85	85,412	0.10
Monetary receivables bought	22	46,958	0.05	(218)	29,126	(0.75)
Money trusts	(276)	143,582	(0.19)	(1,697)	82,839	(2.05)
Securities	201,753	3,831,246	5.27	187,589	3,840,324	4.88
Loans	1,638	456,497	0.36	2,113	623,928	0.34
Land and buildings	8,469	213,365	3.97	8,263	211,708	3.90
Derivatives	5,556	—	—	1,339	—	—
Others	(77)	—	—	(2,962)	—	—
Total	218,636	5,180,677	4.22	198,633	5,285,466	3.76

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Net investment income is the sum of Investment income and Investment income on deposit premiums in the consolidated statement of income less Investment expenses.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under resale agreements, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Domestic Life Insurance (Unaudited)

In the Domestic Life Insurance segment, Ordinary income increased 96.6 billion yen to 818.6 billion yen from the previous fiscal year. Ordinary profit composed of Ordinary income minus Ordinary expenses, such as Life insurance claims, increased 10.5 billion yen to 23.8 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the Domestic Life Insurance segment are as follows.

Underwriting

Total amount of business in force

(Yen in millions)

	FY2017 (As of March 31, 2018)		FY2016 (As of March 31, 2017)	
	Total	Rate of change (%)	Total	Rate of change (%)
Individual insurance	28,502,538	7.08	26,618,725	8.17
Individual annuities	2,484,809	(11.69)	2,813,871	(12.11)
Group insurance	2,383,069	(6.48)	2,548,290	(2.25)
Group annuities	3,250	(3.63)	3,373	(1.97)

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Amounts of individual annuities represent the sums of annuity funds at the beginning of the annuity payment of contracts before the beginning of the annuity payment and underwriting reserves for the contracts after the beginning of the annuity payment.
3. Amounts of group annuities represent amounts of underwriting reserves.

Total amount of new business

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	3,937,576	3,937,576	—	4,125,916	4,125,916	—
Individual annuities	—	—	—	73,446	73,446	—
Group insurance	17,601	17,601	—	31,674	31,674	—
Group annuities	—	—	—	—	—	—

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Amounts of individual annuities under new business represent the sums of annuity funds at the beginning of the annuity payment.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2018		As of March 31, 2017	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	89,089	1.23	152,726	2.08
Receivables under securities borrowing transactions	30,880	0.43	21,809	0.30
Monetary receivables bought	146,997	2.04	160,996	2.20
Securities	6,712,287	93.05	6,765,267	92.24
Loans	90,512	1.25	84,666	1.15
Land and buildings	518	0.01	572	0.01
Total investment assets	7,070,285	98.01	7,186,040	97.97
Total assets	7,213,975	100.00	7,334,635	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Securities

(Yen in millions)

	As of March 31, 2018		As of March 31, 2017	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Domestic government bonds	5,924,046	88.26	5,747,646	84.96
Domestic municipal bonds	17,269	0.26	11,593	0.17
Domestic corporate bonds	193,565	2.88	97,734	1.44
Domestic equity securities	235	0.00	258	0.00
Foreign securities	399,140	5.95	479,769	7.09
Others	178,031	2.65	428,265	6.33
Total	6,712,287	100.00	6,765,267	100.00

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. As of March 31, 2018, "Others" represents 178,031 million yen of beneficiary rights of securities investment trusts.
As of March 31, 2017, "Others" represents 428,265 million yen of beneficiary rights of securities investment trusts.

Yield

Income yield

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	2	75,846	0.00	13	114,171	0.01
Call loans	0	86	0.03	0	316	0.00
Receivables under securities borrowing transactions	5	27,075	0.02	3	19,757	0.02
Monetary receivables bought	17	163,156	0.01	32	223,663	0.01
Securities	94,688	6,273,714	1.51	92,162	5,897,121	1.56
Loans	2,546	87,634	2.91	2,374	81,863	2.90
Land and buildings	—	576	0.00	—	597	0.00
Subtotal	97,260	6,628,089	1.47	94,586	6,337,490	1.49
Others	—	—	—	—	—	—
Total	97,260	—	—	94,586	—	—

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.
2. Interest and dividends represents Interest and dividends in the consolidated statement of income.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	(60)	75,846	(0.08)	(22)	114,171	(0.02)
Call loans	0	86	0.03	0	316	0.00
Receivables under securities borrowing transactions	5	27,075	0.02	3	19,757	0.02
Monetary receivables bought	17	163,156	0.01	32	223,663	0.01
Securities	127,352	6,273,714	2.03	89,168	5,897,121	1.51
Loans	2,546	87,634	2.91	2,374	81,863	2.90
Land and buildings	—	576	0.00	—	597	0.00
Derivatives	(35,259)	—	—	(754)	—	—
Others	—	—	—	—	—	—
Total	94,602	6,628,089	1.43	90,801	6,337,490	1.43

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments and exclude investment gains and assets on separate accounts specified in Article 118 of the Insurance Business Act.
2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.
3. Average balances are calculated, in principle, based on average balances at the end of each month (acquisition costs or amortization costs). Meanwhile, the calculations of Call loans, Receivables under securities borrowing transactions, and Monetary receivables bought are based on average balances at the end of each day (acquisition costs or amortization costs).

Overseas Insurance (Unaudited)

In the Overseas Insurance segment, Ordinary income increased 47.2 billion yen to 1,883.0 billion yen from the previous fiscal year. Ordinary profit composed of Ordinary income minus Ordinary expenses such as Net claims paid decreased 42.6 billion yen to 71.3 billion yen from the previous fiscal year. Figures pertaining to insurance underwriting and investment in the overseas insurance segment are as follows.

Underwriting

Net premiums written

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	232,512	18.60	(1.97)	237,174	19.78	(14.12)
Hull and cargo	46,721	3.74	17.29	39,835	3.32	(3.47)
Personal accident	37,812	3.02	1.68	37,189	3.10	150.07
Voluntary automobile	280,458	22.43	7.86	260,018	21.69	9.88
Others	652,677	52.21	4.50	624,572	52.10	52.74
Total	1,250,183	100.00	4.29	1,198,790	100.00	22.60

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	136,105	22.64	21.32	112,187	20.43	8.49
Hull and cargo	24,335	4.05	11.25	21,874	3.98	(2.48)
Personal accident	18,967	3.15	13.09	16,771	3.05	41.43
Voluntary automobile	158,769	26.40	6.51	149,067	27.15	20.37
Others	263,109	43.76	5.61	249,135	45.38	79.42
Total	601,288	100.00	9.52	549,036	100.00	37.12

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Investment

Investment assets

(Yen in millions)

	As of March 31, 2018		As of March 31, 2017	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)
Bank deposits	255,399	3.34	260,589	3.62
Call loans	—	—	5	0.00
Monetary receivables bought	1,036,258	13.54	1,060,569	14.72
Securities	3,926,325	51.29	3,537,694	49.11
Loans	663,879	8.67	562,141	7.80
Land and buildings	28,912	0.38	27,727	0.38
Total investment assets	5,910,775	77.21	5,448,727	75.64
Total assets	7,655,369	100.00	7,203,028	100.00

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Yield

Income yield

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Interest and dividends	Average balance	Annual yield (%)	Interest and dividends	Average balance	Annual yield (%)
Bank deposits	2,998	257,993	1.16	4,217	275,896	1.53
Call loans	—	2	0.00	—	2	0.00
Monetary receivables bought	48,102	1,031,624	4.66	49,794	1,052,153	4.73
Securities	129,245	3,586,349	3.60	120,311	3,481,345	3.46
Loans	53,341	613,010	8.70	37,587	416,893	9.02
Land and buildings	728	28,320	2.57	794	28,207	2.82
Subtotal	234,416	5,517,301	4.25	212,706	5,254,499	4.05
Others	390	—	—	798	—	—
Total	234,807	—	—	213,504	—	—

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Interest and dividends represents Interest and dividends in the consolidated statement of income.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

Realized yield

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Net investment income	Average balance	Annual yield (%)	Net investment income	Average balance	Annual yield (%)
Bank deposits	1,277	257,993	0.50	6,526	275,896	2.37
Call loans	—	2	0.00	—	2	0.00
Monetary receivables bought	52,742	1,031,624	5.11	51,033	1,052,153	4.85
Securities	127,320	3,586,349	3.55	146,591	3,481,345	4.21
Loans	49,834	613,010	8.13	34,716	416,893	8.33
Land and buildings	728	28,320	2.57	794	28,207	2.82
Derivatives	15,097	—	—	(11,525)	—	—
Others	7,960	—	—	(7,993)	—	—
Total	254,961	5,517,301	4.62	220,143	5,254,499	4.19

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments. Securities on the consolidated balance sheet includes shares of affiliates accounted for by the equity method. However, these shares have been excluded from calculations of average balance and annual yield.
2. Net investment income represents Investment income in the consolidated statement of income less Investment expenses.
3. Average balances are calculated based on average balances at the beginning and end of each fiscal year (acquisition costs or amortization costs).

(Reference) Total for All Businesses (Unaudited)

Direct premiums written (including deposit premiums from policyholders)

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	621,921	16.15	1.04	615,492	16.30	(3.42)
Hull and cargo	122,755	3.19	4.57	117,392	3.11	0.01
Personal accident	305,180	7.93	(8.04)	331,854	8.79	1.38
Voluntary automobile	1,412,434	36.68	2.98	1,371,609	36.32	3.45
Compulsory automobile liability	281,967	7.32	(6.34)	301,045	7.97	3.54
Others	1,105,984	28.73	6.44	1,039,023	27.51	36.23
Total	3,850,243	100.00	1.95	3,776,418	100.00	9.10
Deposit premiums from policyholders	93,752	2.43	(18.10)	114,477	3.03	(8.49)

Notes: 1. Figures are amounts before the elimination of internal transactions with other operating segments.
2. Direct premiums written (including Deposit premiums from policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies (including Deposit premiums from policyholders).

Net premiums written

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	526,181	14.76	(0.02)	526,269	15.12	(11.43)
Hull and cargo	106,641	2.99	7.92	98,818	2.84	(8.08)
Personal accident	213,775	6.00	(2.00)	218,133	6.27	9.44
Voluntary automobile	1,457,670	40.89	2.52	1,421,876	40.85	3.54
Compulsory automobile liability	301,255	8.45	(0.49)	302,727	8.70	(0.23)
Others	959,222	26.91	5.10	912,652	26.22	32.69
Total	3,564,747	100.00	2.42	3,480,478	100.00	6.58

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Net claims paid

(Yen in millions)

	FY2017 (April 1, 2017 to March 31, 2018)			FY2016 (April 1, 2016 to March 31, 2017)		
	Amount	Composition ratio (%)	Rate of change (%)	Amount	Composition ratio (%)	Rate of change (%)
Fire and allied lines	308,781	16.11	18.82	259,869	14.32	(3.61)
Hull and cargo	59,461	3.10	2.36	58,091	3.20	(2.39)
Personal accident	102,984	5.37	3.37	99,629	5.49	2.46
Voluntary automobile	786,792	41.04	3.31	761,588	41.96	4.25
Compulsory automobile liability	219,566	11.45	(2.69)	225,645	12.43	(1.26)
Others	439,357	22.92	7.15	410,029	22.59	48.24
Total	1,916,944	100.00	5.63	1,814,853	100.00	9.20

Note: Figures are amounts before the elimination of internal transactions with other operating segments.

Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976, hereinafter referred to as "Consolidated Statements Regulations"). The consolidated financial statements have been also prepared in conformity with the Enforcement Regulations for the Insurance Business Act (Ministry of Finance Ordinance No. 5, 1996, hereinafter referred to as "Insurance Act Enforcement Regulations"), as stipulated under Articles 46 and 68 of the Consolidated Statements Regulations.

The Company and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Amounts of less than 1 million yen have been omitted in the consolidated financial statements. As a result, the provided total balance does not necessarily agree with the sum of the individual account balances.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Yen in millions)

	Notes No.	As of March 31, 2018	As of March 31, 2017
Assets			
Cash and bank deposits	*4	733,832	710,666
Call loans		135,000	220,805
Receivables under resale agreements		4,999	34,999
Receivables under securities borrowing transactions		30,880	21,809
Monetary receivables bought	*4	1,252,343	1,265,837
Money trusts		214,101	101,650
Securities	*2 *4 *5 *7	16,629,902	16,098,063
Loans	*3 *4 *8	1,011,880	1,253,094
Tangible fixed assets	*1	289,116	289,398
Land		133,673	133,191
Buildings		119,994	119,234
Construction in progress		672	690
Other tangible fixed assets		34,776	36,282
Intangible fixed assets		798,003	880,080
Software		40,091	40,887
Goodwill		423,538	466,793
Other intangible fixed assets		334,372	372,399
Other assets	*11	1,801,286	1,706,741
Net defined benefit assets		8,019	3,386
Deferred tax assets		30,889	31,032
Customers' liabilities under acceptances and guarantees		2,345	2,465
Allowance for doubtful accounts		(12,667)	(12,429)
Total assets		22,929,935	22,607,603
Liabilities			
Insurance liabilities		16,266,467	15,544,525
Outstanding claims	*4	2,973,350	2,753,498
Underwriting reserves	*4	13,293,117	12,791,026
Corporate bonds	*4 *5	59,766	69,097
Other liabilities		1,927,760	2,629,093
Payables under securities lending transactions		383,853	951,334
Other liabilities	*4 *12	1,543,906	1,677,758
Net defined benefit liabilities		255,588	244,253
Provision for retirement benefits for directors		—	24
Provision for employees' bonus		65,752	65,612
Reserves under special laws		100,511	93,645
Price fluctuation reserve		100,511	93,645
Deferred tax liabilities		366,835	329,527
Negative goodwill		49,369	59,598
Acceptances and guarantees		2,345	2,465
Total liabilities		19,094,398	19,037,843
Net assets			
Shareholders' equity			
Share capital		150,000	150,000
Retained earnings		1,837,908	1,699,030
Treasury stock		(114,446)	(13,658)
Total shareholders' equity		1,873,461	1,835,371
Accumulated other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		1,864,865	1,600,740
Deferred gains (losses) on hedge transactions		10,829	11,098
Foreign currency translation adjustments		76,081	112,869
Remeasurements of defined benefit plans		(20,044)	(17,933)
Total accumulated other comprehensive income		1,931,732	1,706,774
Stock acquisition rights		2,552	2,292
Non-controlling interests		27,789	25,321
Total net assets		3,835,536	3,569,760
Total liabilities and net assets		22,929,935	22,607,603

The accompanying notes are an integral part of the consolidated financial statements.

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Yen in millions)

	Notes No.	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Ordinary income		5,399,115	5,232,602
Underwriting income		4,662,061	4,558,623
Net premiums written		3,564,747	3,480,478
Deposit premiums from policyholders		93,752	114,477
Investment income on deposit premiums		44,573	47,171
Life insurance premiums		953,006	904,418
Other underwriting income		5,980	12,077
Investment income		623,948	565,006
Interest and dividends		452,491	424,366
Gains on money trusts		6,892	957
Gains on trading securities		499	26,455
Gains on sales of securities		132,245	120,927
Gains on redemption of securities		1,198	844
Investment gains on separate accounts		30,508	27,200
Other investment income		44,686	11,426
Transfer of investment income on deposit premiums		(44,573)	(47,171)
Other ordinary income		113,105	108,972
Amortization of negative goodwill		10,229	10,229
Other ordinary income		102,876	98,743
Ordinary expenses		5,054,175	4,844,943
Underwriting expenses		4,103,092	3,880,059
Net claims paid		1,916,944	1,814,853
Loss adjustment expenses	*1	135,673	136,008
Agency commissions and brokerage	*1	703,865	685,493
Maturity refunds to policyholders		187,435	201,568
Dividends to policyholders		47	82
Life insurance claims		564,482	640,412
Provision for outstanding claims		245,933	164,810
Provision for underwriting reserves		339,025	231,077
Other underwriting expenses		9,684	5,751
Investment expenses		71,339	76,804
Losses on money trusts		7,168	2,654
Losses on sales of securities		29,562	36,488
Impairment losses on securities		6,067	7,292
Losses on redemption of securities		1,244	2,548
Losses on derivatives		14,605	10,897
Other investment expenses		12,689	16,922
Operating and general administrative expenses	*1	856,940	868,195
Other ordinary expenses		22,803	19,883
Interest expenses		13,418	12,208
Increase in allowance for doubtful accounts		781	—
Losses on bad debts		198	596
Equity in losses of affiliates		1,785	789
Amortization of deferred assets under Article 113 of the Insurance Business Act		3,826	3,826
Other ordinary expenses		2,791	2,461
Ordinary profit		344,939	387,659
Extraordinary gains		1,936	8,252
Gains on disposal of fixed assets		130	5,662
Other extraordinary gains	*2	1,805	2,589
Extraordinary losses		9,322	8,949
Losses on disposal of fixed assets		2,096	2,213
Impairment losses on fixed assets	*3	259	935
Provision for reserves under special laws		6,865	5,500
Provision for price fluctuation reserve		6,865	5,500
Losses on advanced depreciation of real estates		7	—
Other extraordinary losses		92	299
Income before income taxes and non-controlling interests		337,553	386,962
Income taxes–current		118,482	128,946
Income taxes–deferred		(67,265)	(17,562)
Total income taxes		51,217	111,383
Net income		286,336	275,578
Net income attributable to non-controlling interests		2,153	1,721
Net income attributable to owners of the parent		284,183	273,856

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note No.	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Net income		**286,336**	275,578
Other comprehensive income			
Unrealized gains (losses) on available-for-sale securities		**251,302**	(373)
Deferred gains (losses) on hedge transactions		**(269)**	(8,771)
Foreign currency translation adjustments		**(32,998)**	(94,833)
Remeasurements of defined benefit plans		**(2,131)**	(1,123)
Share of other comprehensive income of affiliates accounted for by the equity method		**(1,711)**	(872)
Total other comprehensive income	*	**214,191**	(105,974)
Total comprehensive income		**500,528**	169,603
Comprehensive income attributable to:			
Owners of the parent		**496,962**	168,845
Non-controlling interests		**3,566**	758

The accompanying notes are an integral part of the consolidated financial statements.

(3) Consolidated Statement of Changes in Shareholders' Equity

FY2017 (April 1, 2017–March 31, 2018)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,699,030	(13,658)	1,835,371
Changes during the year				
Dividends		(113,981)		(113,981)
Net income attributable to owners of the parent		284,183		284,183
Purchases of treasury stock			(125,091)	(125,091)
Disposal of treasury stock		(210)	642	431
Cancellation of treasury stock		(23,661)	23,661	–
Changes in the scope of consolidation				–
Changes in the scope of application of equity method		5,675		5,675
Increase by merger				–
Changes in equity resulted from increase in capital of consolidated subsidiaries		(24)		(24)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries		(13,119)		(13,119)
Others		16		16
Net changes in items other than shareholders' equity				
Total changes during the year	–	138,877	(100,787)	38,089
Ending balance	150,000	1,837,908	(114,446)	1,873,461

	Accumulated other comprehensive income						
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Beginning balance	1,600,740	11,098	112,869	(17,933)	2,292	25,321	3,569,760
Changes during the year							
Dividends							(113,981)
Net income attributable to owners of the parent							284,183
Purchases of treasury stock							(125,091)
Disposal of treasury stock							431
Cancellation of treasury stock							–
Changes in the scope of consolidation							–
Changes in the scope of application of equity method							5,675
Increase by merger							–
Changes in equity resulted from increase in capital of consolidated subsidiaries							(24)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries							(13,119)
Others							16
Net changes in items other than shareholders' equity	264,125	(269)	(36,787)	(2,110)	260	2,468	227,686
Total changes during the year	264,125	(269)	(36,787)	(2,110)	260	2,468	265,776
Ending balance	1,864,865	10,829	76,081	(20,044)	2,552	27,789	3,835,536

Note: "Changes based on generally accepted accounting standards adopted by overseas subsidiaries" for the fiscal year 2017 is the amount reclassified from Unrealized gains (losses) on available-for-sale securities to Retained earnings as a result of the early adoption of ASU 2018-02. Also refer to "Deferred Tax Accounting" section on the later pages for more information.

FY2016 (April 1, 2016–March 31, 2017)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	150,000	1,531,072	(10,742)	1,670,329
Changes during the year				
Dividends		(94,354)		(94,354)
Net income attributable to owners of the parent		273,856		273,856
Purchases of treasury stock			(25,081)	(25,081)
Disposal of treasury stock		(252)	1,061	808
Cancellation of treasury stock		(21,104)	21,104	—
Changes in the scope of consolidation		5,019		5,019
Changes in the scope of application of equity method				—
Increase by merger		3,822		3,822
Changes in equity resulted from increase in capital of consolidated subsidiaries		(21)		(21)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries		993		993
Others				—
Net changes in items other than shareholders' equity				
Total changes during the year	—	167,958	(2,916)	165,042
Ending balance	150,000	1,699,030	(13,658)	1,835,371

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans			
Beginning balance	1,601,187	19,870	210,134	(16,796)	2,485	25,445	3,512,656
Changes during the year							
Dividends							(94,354)
Net income attributable to owners of the parent							273,856
Purchases of treasury stock							(25,081)
Disposal of treasury stock							808
Cancellation of treasury stock							—
Changes in the scope of consolidation							5,019
Changes in the scope of application of equity method							—
Increase by merger							3,822
Changes in equity resulted from increase in capital of consolidated subsidiaries							(21)
Changes based on generally accepted accounting standards adopted by overseas subsidiaries							993
Others							—
Net changes in items other than shareholders' equity	(447)	(8,771)	(97,264)	(1,137)	(192)	(124)	(107,938)
Total changes during the year	(447)	(8,771)	(97,264)	(1,137)	(192)	(124)	57,103
Ending balance	1,600,740	11,098	112,869	(17,933)	2,292	25,321	3,569,760

The accompanying notes are an integral part of the consolidated financial statements.

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	Notes No.	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Cash flows from operating activities			
Income before income taxes and non-controlling interests		**337,553**	386,962
Depreciation		**63,765**	94,010
Impairment losses on fixed assets		**259**	935
Amortization of goodwill		**56,292**	63,085
Amortization of negative goodwill		**(10,229)**	(10,229)
Increase (decrease) in outstanding claims		**241,776**	171,602
Increase (decrease) in underwriting reserves		**487,796**	396,102
Increase (decrease) in allowance for doubtful accounts		**48**	(3,307)
Increase (decrease) in net defined benefit liabilities		**7,909**	661
Increase (decrease) in provision for retirement benefits for directors		**(24)**	2
Increase (decrease) in provision for employees' bonus		**786**	9,315
Increase (decrease) in price fluctuation reserve		**6,865**	5,500
Interest and dividends		**(452,491)**	(424,366)
Losses (gains) on securities		**(98,661)**	(103,447)
Interest expenses		**13,418**	12,208
Foreign exchange losses (gains)		**(23,930)**	(10,661)
Losses (gains) on tangible fixed assets		**1,364**	(3,597)
Equity in losses (earnings) of affiliates		**1,785**	789
Investment losses (gains) on separate accounts		**(30,508)**	(27,200)
Decrease (increase) in other assets (other than investing and financing activities)		**(73,433)**	(75,174)
Increase (decrease) in other liabilities (other than investing and financing activities)		**17,791**	25,433
Others		**1,226**	6,437
Subtotal		**549,363**	515,064
Interest and dividends received		**453,384**	429,473
Interest paid		**(14,632)**	(12,884)
Income taxes paid		**(160,107)**	(119,662)
Others		**88,016**	129,629
Net cash provided by (used in) operating activities (a)		**916,025**	941,621
Cash flows from investing activities			
Net decrease (increase) in deposits		**55,761**	(28,867)
Purchases of monetary receivables bought		**(524,539)**	(523,599)
Proceeds from sales and redemption of monetary receivables bought		**534,425**	503,651
Purchases of money trusts		**(116,995)**	(41,700)
Proceeds from sales of money trusts		**2,322**	—
Purchases of securities		**(2,633,686)**	(3,453,514)
Proceeds from sales and redemption of securities		**2,468,380**	2,657,620
Payments for issuance of loans		**(836,130)**	(1,458,756)
Proceeds from collection of loans		**1,067,429**	1,079,842
Changes in cash collateral under securities borrowing and lending transactions		**(330,327)**	(140,443)
Others		**(9,768)**	(18,874)
Subtotal (b)		**(323,127)**	(1,424,642)
(a) + (b)		**592,898**	(483,021)
Purchases of tangible fixed assets		**(15,376)**	(25,371)
Proceeds from sales of tangible fixed assets		**995**	10
Payments for acquisition of businesses		**(21,131)**	—
Purchases of shares of subsidiaries resulting in change in the scope of consolidation		**(1,029)**	(5,618)
Net cash provided by (used in) investing activities		**(359,669)**	(1,455,621)
Cash flows from financing activities			
Proceeds from borrowings		**10,735**	124,285
Repayments of borrowings		**(147,921)**	(17,152)
Redemption of corporate bonds		**(7,111)**	(5,570)
Change in cash collateral under securities lending transactions		**(246,224)**	387,489
Purchases of treasury stock		**(125,091)**	(25,081)
Dividends paid		**(113,855)**	(94,244)
Dividends paid to non-controlling shareholders		**(929)**	(563)
Repayments to non-controlling shareholders		**(72)**	(303)
Purchases of shares of subsidiaries not resulting in change in the scope of consolidation		**(0)**	—
Others		**(1,190)**	(3,461)
Net cash provided by (used in) financing activities		**(631,662)**	365,396
Effect of exchange rate changes on cash and cash equivalents		**(4,853)**	(18,163)
Net increase (decrease) in cash and cash equivalents		**(80,160)**	(166,767)
Cash and cash equivalents at beginning of year		**1,108,907**	1,284,459
Increase in cash and cash equivalents due to newly consolidated subsidiaries		**—**	4,698
Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries		**—**	(16,625)
Increase in cash and cash equivalents due to merger with non-consolidated subsidiaries		**—**	3,142
Cash and cash equivalents at end of year	*1	**1,028,747**	1,108,907

The accompanying notes are an integral part of the consolidated financial statements.

Financial Data

Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated companies: 160 companies

For details of the Company's consolidated subsidiaries, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data."

WNC Insurance Holding Corp. and ten other companies are included as consolidated subsidiaries from the fiscal year 2017 due to the acquisition of additional shares and other events.

Liberty American Insurance Group, Inc. and three other companies have been excluded from the scope of consolidation due to liquidation.

(2) Names of major non-consolidated subsidiaries

(Names of major companies)

- Tokio Marine & Nichido Adjusting Service Co., Ltd.
- Tokio Marine Capital Co., Ltd.

(Reason for exclusion from the scope of consolidation)

Each non-consolidated subsidiary is small in scale in terms of total assets, sales, net income or loss for the period and retained earnings. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the Group's financial condition and results of operations, these companies are excluded from the consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 7 companies

(Names of major affiliates accounted for by the equity method)

IFFCO-TOKIO General Insurance Company Limited

Edelweiss Tokio Life Insurance Company Limited

IFFCO-TOKIO General Insurance Company Limited is included as affiliates accounted for by the equity method from the fiscal year 2017 because of its increased materiality.

WNC Insurance Holding Corp. and six other companies have been excluded from the scope of application of the equity method because these companies have been included as consolidated subsidiaries due to the acquisition of additional shares.

(2) The non-consolidated subsidiaries (Tokio Marine & Nichido Adjusting Service Co., Ltd., Tokio Marine Capital Co., Ltd., etc.) and other affiliates (Alinma Tokio Marine Company, etc.) are not accounted for by the equity method because these companies have an immaterial effect on the Company's consolidated net income or loss for the current period as well as consolidated retained earnings.

(3) The Company owns 30.1% of the total voting rights of Japan Earthquake Reinsurance Co., Ltd. through Tokio Marine & Nichido and Nisshin Fire. However, the Company does not consider Japan Earthquake Reinsurance Co., Ltd. to be its affiliate since it cannot exert a significant influence on any decision making of Japan Earthquake Reinsurance's policies given the highly public nature of their business.

(4) When a company accounted for by the equity method has a different closing date from that of the Company, the financial statements prepared at its closing date are used for presentation in the consolidated financial results.

3. Balance sheet date of consolidated subsidiaries

There are three domestic subsidiaries and 148 overseas subsidiaries whose balance sheet dates are December 31. The consolidated financial statements incorporate the results of these subsidiaries for the period ended December 31. Necessary adjustments for the consolidation are made for material transactions that occur during the three month lag between the balance sheet dates of these subsidiaries and the consolidated balance sheet date.

4. Accounting policies

(1) Valuation of securities

a. Trading securities are valued at fair value, with the costs of their sales being calculated based on the moving-average method.

b. Bonds held to maturity are recorded at amortized cost based on the moving-average method (straight-line depreciation method).

c. Bonds earmarked for underwriting reserves are stated at amortized cost under the straight-line method in accordance with the Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Underwriting Reserve in Insurance Industry" issued by the Japanese Institute of Certified Public Accountants (the "JICPA"), November 16, 2000.

The following is a summary of the risk management policy concerning bonds earmarked for underwriting reserves.

In order to adequately manage interest rate risk related to assets and liabilities, Tokio Marine & Nichido Life has established the following underwriting reserve subgroups: "the dollar-denominated underwriting reserve for insurance policies during the period of deferment regarding individual annuity insurance denominated in U.S. dollars with a policy cancellation refund based on market interest rates," "accumulated fund of underwriting reserve for insurance policies during the period of deferment regarding individual annuity insurance with floating interest rates," "accumulated fund of underwriting reserve for insurance policies of single payment whole-life insurance with floating interest rates denominated in U.S. dollars" and "accumulated fund of underwriting reserve for insurance policies of single payment whole-life insurance with floating interest rates." Tokio Marine & Nichido Life's policy is to match the duration of the underwriting reserve in each subgroup with bonds of the same or similar duration that are earmarked for underwriting reserves.

d. Available-for-sale securities with fair value are measured at fair value mainly based upon the market price on the closing date. Unrealized gains/losses on available-for-sale securities are included in net assets and costs of sales are calculated using the moving-average method.
e. Available-for-sale securities whose fair value cannot be measured reliably are stated at original cost by the moving-average method.
f. Investments in non-consolidated subsidiaries and affiliates that are not subject to the equity method are stated at original cost by the moving-average method.
g. Securities held in individually managed money trusts that are mainly invested in securities for trading are measured at fair value.

(2) Valuation of derivative transactions
Derivative financial instruments are measured at fair value.

(3) Depreciation methods for material depreciable assets
a. Tangible fixed assets
Depreciation of tangible fixed assets is calculated using the straight-line method.
b. Intangible fixed assets
Intangible fixed assets recognized in acquisitions of overseas subsidiaries are amortized over the estimated useful life reflecting the pattern of the assets' future economic benefits.

(4) Accounting policies for significant reserves and allowances
a. Allowance for doubtful accounts
In order to prepare for losses from bad debts, allowances are provided pursuant to the rules of asset self-assessment and the rules of asset write-off. Allowances are provided by major domestic consolidated subsidiaries as follows.

For receivables from any debtor who has legally, or in practice, become insolvent (due to bankruptcy, special liquidation or suspension of transactions with banks based on the rules governing clearing houses, etc.) and for receivables from any debtor who has substantially become insolvent, allowances are provided based on the amount of any such receivables less the amount expected to be collectible calculated based on the disposal of collateral or execution of guarantees.

For receivables from any debtor who is likely to become insolvent in the near future, allowances are provided based on the amount of any such receivables less the amount expected to be collectible through the disposal of collateral or execution of guarantees and the overall solvency assessment of the relevant debtor.

For receivables other than those described above, allowances are the amount of receivables multiplied by the default rate, which is calculated based on historical loan loss experience in certain previous periods.

In addition, all receivables are assessed by the asset accounting department and the asset management department in accordance with the rules for self-assessment of asset quality. Subsequently, the asset auditing departments, which are independent from other asset-related departments, conduct audits of the assessment results of the other asset-related departments. Allowances are provided based on such assessment results as stated above.

b. Provision for employees' bonus
To provide for payment of bonuses to employees, the Company and its major consolidated domestic subsidiaries recognize provisions for employees' bonuses based on the expected amount to be paid.
c. Price fluctuation reserve
Domestic consolidated insurance subsidiaries recognize reserves in accordance with Article 115 of the Insurance Business Act in order to provide for possible losses or damages arising from fluctuation of share prices, etc.

(5) Accounting methods for retirement benefits

a. The method of attributing expected retirement benefits to periods
In calculating the retirement benefit obligations, the method of attributing expected retirement benefits to periods is mainly based on the benefit formula basis.

b. The method of amortization of actuarial gains and losses and past service costs
Actuarial differences for each fiscal year are amortized proportionally from the following fiscal year using the straight-line method over a certain number of years (5 to 13 years) within the average remaining work period of employees at the time of occurrence.

Past service costs are amortized by the straight-line method over a certain number of years (7 to 13 years) within the average remaining work period of employees at the time of occurrence.

(6) Consumption taxes

For the Company and its domestic consolidated subsidiaries, consumption taxes are accounted for by the tax-excluded method except for underwriting and general administrative costs incurred by domestic consolidated insurance subsidiaries which are accounted for by the tax-included method.

In addition, any non-deductible consumption taxes, in respect of assets, are included in other assets and are amortized over five years using the straight-line method.

(7) Leases

Non-transferable finance leases, commencing prior to April 1, 2008, are accounted for as operating lease transactions.

(8) Hedge accounting

a. Interest rate
To mitigate interest rate fluctuation risks associated with long-term insurance policies, Tokio Marine & Nichido and Tokio Marine & Nichido Life conduct Asset Liability Management ("ALM") to control such risks by evaluating and analyzing financial assets and insurance liabilities simultaneously.

As for interest rate swap transactions that are used to manage such risks, Tokio Marine & Nichido and Tokio Marine & Nichido Life apply deferred hedge accounting to the swap transactions based upon the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" (issued by the JICPA, September 3, 2002, hereinafter referred to as "Report No. 26").

Assessment of hedge effectiveness is omitted because the Company groups hedged insurance liabilities with the interest rate swaps that are the hedge instruments, based on the period remaining for the instruments, and the hedge is highly effective.

Tokio Marine & Nichido accounts for any deferred gains on hedge transactions as of the end of March 2003 that were calculated based on the Industry Audit Committee's Report No. 16, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" (issued by the JICPA, March 31, 2000), which was applicable prior to the application of Report No. 26, using the straight-line method over the remaining hedging period (1-17 years). The accounting treatment for such deferred gains is based on the transitional measures in Report No. 26. Deferred gains under this treatment as of March 31, 2018, were 1,256 million yen (4,498 million yen as of March 31, 2017) and the amount accounted for in the consolidated financial statements for the fiscal year 2017 was 3,241 million yen (3,241 million yen for the fiscal year 2016).

b. Foreign exchange
Major domestic consolidated insurance subsidiaries apply fair value hedge accounting, deferred hedge accounting or assignment accounting for certain currency swaps and foreign exchange forward contracts utilized to reduce future currency risk in assets denominated in foreign currency. Assessment of hedge effectiveness is omitted because the principal term of the hedging instruments and the hedged items are identical and the hedge is highly effective. In addition, Tokio Marine & Nichido applies deferred hedge accounting to borrowings denominated in foreign currency utilized to reduce currency risk in overseas subsidiaries. Hedge effectiveness is determined based on the change in value of hedging instruments and hedged items during the period from the inception of the hedge to the time of assessment comparing the cumulative changes of their market values.

(9) Methods of amortization for goodwill and amortization periods
Regarding goodwill recognized as an asset on the consolidated balance sheet, goodwill in connection with Philadelphia Consolidated Holding Corp. is amortized over 20 years using the straight-line method. Goodwill in connection with HCC Insurance Holdings, Inc. is amortized over 10 years using the straight-line method. Other goodwill is amortized over 5 to 15 years using the straight-line method. Other goodwill in small amounts is amortized immediately.
Negative goodwill incurred before March 31, 2010 and recognized as a liability on the consolidated balance sheet is amortized over 20 years using the straight-line method.

(10) Scope of cash and cash equivalents included in the consolidated statement of cash flows
Cash and cash equivalents in the consolidated statement of cash flows consist of cash on-hand, demand deposits and short-term investments with original maturities or redemption of three months or less at the date of acquisition.

(11) Accounting for deferred assets in accordance with Article 113 of the Insurance Business Act
The Company evaluated the amortization of deferred assets in accordance with Article 113 of the Insurance Business Act for E. design Insurance Co., Ltd.

Accounting Standards Not Yet Adopted by the Company

- Implementation Guidance on Tax Effect Accounting (Accounting Standards Board of Japan (hereinafter referred to as "ASBJ"), Guidance No. 28, February 16, 2018)
- Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ, Guidance No. 26, February 16, 2018)

1. Overview
The "Implementation Guidance on Tax Effect Accounting" and "Implementation Guidance on Recoverability of Deferred Tax Assets" are guidance that are based on the accounting guidelines for tax effect by the JICPA and that incorporate the revisions in the following areas deemed necessary after the transference of the guidelines to the ASBJ.

Major revisions to Accounting treatments
- Treatment of taxable temporary differences related to investment in subsidiaries in the non-consolidated financial statements
- Treatment of recoverability of Deferred tax assets for companies classified as "Category 1"

2. Date of application
The Company and its major domestic consolidated subsidiaries plan to adopt the aforementioned standards from the beginning of fiscal year 2018.

3. Impact of application of standards
The Company is in the process of evaluating the impact of the application of the aforementioned standards at the timing of the preparation of its consolidated financial statements.

Notes to Consolidated Balance Sheet

*1. Accumulated depreciation of tangible fixed assets and advanced depreciation of tangible fixed assets, deducted from acquisition costs are as follows:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Accumulated depreciation	**360,585**	350,261
Advanced depreciation of tangible fixed assets	**18,721**	18,793

*2. Securities of non-consolidated subsidiaries and affiliates, etc. are as follows:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Securities (equity)	**225,698**	127,451
Securities (partnership)	**18,547**	11,299

*3. Amounts of loans to borrowers in bankruptcy are as follows:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Loans to borrowers in bankruptcy	—	0
Loans past due	17,177	347
Loans past due for three months or more	5,725	0
Restructured loans	7,937	7,519
Total	30,840	7,867

Note: Loans are generally placed on non-accrual status when there is no expectation of the collection of the loans when loans are past due for a certain period or for other reasons (hereinafter referred to as "Non-accrual status loans"; any part of bad debt written-off is excluded). Loans to borrowers in bankruptcy represent Non-accrual status loans after a partial charge-off of claims deemed uncollectible, which are defined in Article 96, paragraph 1, subparagraph 3 (a) to (e) (maximum amount transferable to allowance for doubtful accounts) and subparagraph 4 of the Enforcement Ordinance of the Corporation Tax Law (Ordinance No. 97, 1965).

Loans past due are Non-accrual status loans, other than Loans to borrowers in bankruptcy and loans on which interest payments are deferred in order to assist business restructuring or financial recovery of the borrowers.

Loans past due for three months or more are defined as loans on which any principal or interest payments are delayed for three months or more from the date following the due date. Loans classified as Loans to borrowers in bankruptcy and Loans past due are excluded.

Restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of the maturity date, forgiveness of debt) are granted to borrowers in financial difficulties to assist them in their corporate restructuring or financial recovery by improving their ability to repay creditors. Restructured loans do not include loans classified as Loans to borrowers in bankruptcy, Loans past due, or Loans past due for three months or more.

*4. The value of assets pledged as collateral and collateralized corresponding debt obligations are as follows:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Assets pledged as collateral		
Bank deposits	51,288	53,362
Monetary receivables bought	19,981	30,198
Securities	294,890	323,397
Loans	15,209	—
Collateralized corresponding debt obligations		
Outstanding claims	155,335	148,164
Underwriting reserves	116,795	120,963
Corporate bonds	—	2,912
Other liabilities (foreign reinsurance accounts payable, etc.)	65,890	70,517

*5. Non-recourse debt of consolidated special purpose companies is as follows:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Non-recourse debt		
Corporate bonds	—	2,912
Assets corresponding to non-recourse debt		
Securities	—	2,914

6. The fair value of securities and other instruments received from securities borrowing transactions with cash collateral which the Company has right to dispose of by sale and rehypothecation is as follows:
They are wholly held by the Company.

(Yen in millions)

As of March 31, 2018	As of March 31, 2017
36,551	59,872

*7. Securities lent under loan agreements are as follows:

(Yen in millions)

As of March 31, 2018	As of March 31, 2017
712,687	1,130,081

*8. The outstanding balance of undrawn loan commitments is as follows:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Total loan commitments	500,508	531,990
Balance of drawn loan commitments	346,344	283,407
Undrawn loan commitments	154,164	248,583

9. The amount of assets or liabilities in separate accounts as prescribed in Article 118 of the Insurance Business Act is as follows:

(Yen in millions)

As of March 31, 2018	As of March 31, 2017
219,705	483,153

10. Tokio Marine & Nichido guarantees the liabilities of some of its subsidiaries. The balance of the guarantees to its subsidiaries is as follows:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Tokio Marine Compania de Seguros, S.A. de C.V.	**4,972**	3,407
Tokio Marine Pacific Insurance Limited	**3,038**	3,537
Total	**8,010**	6,944

*11. Deferred expenses under Article 113 of the Insurance Business Act, which are included in Other assets, are as follows:

(Yen in millions)

As of March 31, 2018	As of March 31, 2017
3,826	7,653

*12. Subordinated term loans, included in Other liabilities, of which the repayment is subordinated to other obligations, are as follows:

(Yen in millions)

As of March 31, 2018	As of March 31, 2017
100,000	100,000

Notes to Consolidated Statement of Income

*1. Major components of business expenses are as follows:

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Agency commissions, etc.	**574,418**	568,689
Salaries	**307,475**	304,286

Note: Business expenses consist of Loss adjustment expenses, Operating and general administrative expenses, and Agency commissions and brokerage as shown in the accompanying consolidated statement of income.

*2. Other extraordinary gains for the fiscal year 2017 were gains on liquidation of subsidiaries and affiliates of 1,394 million yen and gains on sales of shares of subsidiaries and associates of 220 million yen. Other extraordinary gains for the fiscal year 2016 were gains on liquidation of subsidiaries and affiliates of 1,496 million yen and gains on business transfer of subsidiaries and affiliates of 1,093 million yen.

*3. The Company recognized impairment losses on the following properties:

FY2016 (April 1, 2016–March 31, 2017)

(Yen in millions)

Purpose of use	Category	Location	Impairment loss			
			Land	Building	Others	Total
Properties for business use (nursing care business)	Buildings	3 properties, including fixtures attached to buildings in Setagaya-ku, Tokyo	—	1	8	9
Idle properties or properties planned for sale	Land and buildings	3 properties, including a recreation facility in Nerima-ku, Tokyo	0	624	—	625
Idle assets	Software	—	—	—	300	300
Total			0	625	309	935

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle properties, or properties planned for sale and properties for business use for nursing care business are grouped on an individual basis.

The total amount of projected future cash flows generated from the nursing care business fell below the book values of the properties used for this business. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in Extraordinary losses. The recoverable amount of the relevant property is calculated by discounting future cash flows at a rate of 6.0%.

Regarding idle properties or properties planned for sale, due mainly to the decision to demolish buildings in preparation for future sale of the real estate, the Company wrote off the excess of the book values over the recoverable amount of some of these properties and recognized any such write-offs as impairment losses in Extraordinary losses. Recoverable amount is the net sales price of each property. Net sales price is the expected sale price less anticipated expenses for disposal of the relevant property.

In addition, the Company wrote off the entire book value of idle assets that are not expected to be used in the future and recognized these write-offs as impairment losses in Extraordinary losses.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effects relating to other comprehensive income

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Unrealized gains (losses) on available-for-sale securities		
Amount arising during the year	444,125	70,518
Reclassification adjustment	(91,403)	(71,034)
Before tax effect adjustment	352,721	(516)
Tax effect	(101,418)	142
Unrealized gains (losses) on available-for-sale securities	251,302	(373)
Deferred gains (losses) on hedge transactions		
Amount arising during the year	3,531	(7,301)
Reclassification adjustment	(3,911)	(4,880)
Before tax effect adjustment	(380)	(12,182)
Tax effect	110	3,410
Deferred gains (losses) on hedge transactions	(269)	(8,771)
Foreign currency translation adjustments		
Amount arising during the year	(32,998)	(94,833)
Remeasurements of defined benefit plans		
Amount arising during the year	(8,710)	(10,342)
Reclassification adjustment	5,607	8,787
Before tax effect adjustment	(3,102)	(1,554)
Tax effect	971	431
Remeasurements of defined benefit plans	(2,131)	(1,123)
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	(1,159)	(438)
Reclassification adjustment	(552)	(433)
Share of other comprehensive income of affiliates accounted for by the equity method	(1,711)	(872)
Total other comprehensive income	214,191	(105,974)

Notes to Consolidated Statement of Changes in Shareholders' Equity

FY2017 (April 1, 2017–March 31, 2018)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2017	Increase during the fiscal year 2017	Decrease during the fiscal year 2017	Number of shares as of March 31, 2018
Issued stock				
Common stock	753,024	—	5,000	748,024
Total	753,024	—	5,000	748,024
Treasury stock				
Common stock	2,912	24,815	5,136	22,591
Total	2,912	24,815	5,136	22,591

Notes: 1. The decrease of 5,000 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
2. The increase of 24,815 thousand shares of common stock is primarily attributable to the acquisition of 24,796 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
3. The decrease of 5,136 thousand shares of common stock is primarily attributable to the cancellation of 5,000 thousand shares of treasury stock.

2. Stock acquisition rights (including those owned by the Company)

Category	Nature of stock acquisition rights	Amount as of March 31, 2018 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	2,552

3. Dividends

(1) Amount of dividends

Resolution	Type of stock	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 26, 2017	**Common stock**	**54,383 million yen**	**72.50 yen**	**March 31, 2017**	**June 27, 2017**
Meeting of the Board of Directors held on November 17, 2017	**Common stock**	**59,598 million yen**	**80.00 yen**	**September 30, 2017**	**December 1, 2017**

(2) Dividends of which the record date falls within the fiscal year 2017, and the effective date falls after March 31, 2018

Resolution	Type of stock	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2018	**Common stock**	**58,034 million yen**	**Retained earnings**	**80.00 yen**	**March 31, 2018**	**June 26, 2018**

FY2016 (April 1, 2016–March 31, 2017)

1. Type and number of issued stock and treasury stock

(Unit: thousand shares)

	Number of shares as of April 1, 2016	Increase during the fiscal year 2016	Decrease during the fiscal year 2016	Number of shares as of March 31, 2017
Issued stock				
Common stock	757,524	—	4,500	753,024
Total	757,524	—	4,500	753,024
Treasury stock				
Common stock	2,839	4,853	4,780	2,912
Total	2,839	4,853	4,780	2,912

Notes: 1. The decrease of 4,500 thousand shares of common stock is entirely attributable to the cancellation of treasury stock.
2. The increase of 4,853 thousand shares of common stock is primarily attributable to the acquisition of 4,834 thousand shares of treasury stock conducted based on resolution by the Board of Directors.
3. The decrease of 4,780 thousand shares of common stock is primarily attributable to the cancellation of 4,500 thousand shares of treasury stock.

2. Stock acquisition rights (including those owned by the Company)

Category	Nature of stock acquisition rights	Amount as of March 31, 2017 (Yen in millions)
The Company (parent company)	Stock acquisition rights as stock options	2,292

3. Dividends

(1) Amount of dividends

Resolution	Type of stock	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 27, 2016	Common stock	43,394 million yen	57.50 yen	March 31, 2016	June 28, 2016
Meeting of the Board of Directors held on November 18, 2016	Common stock	50,959 million yen	67.50 yen	September 30, 2016	December 2, 2016

(2) Dividends of which the record date falls within the fiscal year 2016, and the effective date falls after March 31, 2017

Resolution	Type of stock	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 26, 2017	Common stock	54,383 million yen	Retained earnings	72.50 yen	March 31, 2017	June 27, 2017

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents to the amounts disclosed in the consolidated balance sheet is provided as follows:

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Cash and bank deposits	**733,832**	710,666
Call loans	**135,000**	220,805
Monetary receivables bought	**1,252,343**	1,265,837
Securities	**16,629,902**	16,098,063
Time deposits with initial term over three months to maturity	**(112,483)**	(136,742)
Monetary receivables bought not included in cash equivalents	**(1,103,962)**	(1,113,503)
Securities not included in cash equivalents	**(16,505,885)**	(15,936,219)
Cash and cash equivalents	**1,028,747**	1,108,907

2. Cash flows from investing activities include cash flows arising from asset management relating to the insurance business.

Segment Information

1. Segment information

(1) Outline of reportable segments

The Company, as a holding company that controls the Group's business, establishes basic policies about Group business management, formulates corporate strategies based on the surrounding business environment and promotes the Group's business activities. The Company classifies its operations into four segments following its corporate strategies: "Domestic property and casualty insurance," "Domestic life insurance," "Overseas insurance" and "Financial and other."

"Domestic property and casualty insurance" primarily comprises underwriting of property and casualty insurance in Japan and related investments. "Domestic life insurance" primarily comprises underwriting of life insurance in Japan and related investments. "Overseas insurance" primarily comprises underwriting of insurance overseas and related investments. In "Financial and other," the main businesses are investment advisory, investment trust services, staffing business, facility management business and nursing care services.

(2) Calculation of ordinary income, profit (loss), assets, liabilities and other items by reportable segments

The accounting treatment for reported operating segments is the same as described in "Significant accounting policies." Segment profit is based on Ordinary profit. Ordinary income from transactions with other operating segments is based on prevailing market prices.

(3) Ordinary income, profit (loss), assets, liabilities and other items by reportable segment

FY2017 (April 1, 2017–March 31, 2018)

(Yen in millions)

	Reportable segments: Domestic property and casualty insurance	Reportable segments: Domestic life insurance	Reportable segments: Overseas insurance	Reportable segments: Financial and other	Reportable segments: Total	Adjustments (Note 1)	Amounts shown on the consolidated financial statements (Note 2)
Ordinary income							
Ordinary income from external customers	2,669,871	818,483	1,881,013	64,743	5,434,112	(34,996)	5,399,115
Ordinary income from transactions with other operating segments	8,949	209	2,008	27,443	38,612	(38,612)	—
Total	2,678,821	818,693	1,883,022	92,187	5,472,724	(73,608)	5,399,115
Segment profit	242,485	23,835	71,360	7,257	344,939	—	344,939
Segment assets	8,106,405	7,213,975	7,655,369	73,361	23,049,112	(119,176)	22,929,935
Other items							
Depreciation	10,969	335	51,292	1,169	63,765	—	63,765
Amortization of goodwill	96	—	55,828	366	56,292	—	56,292
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	121,694	97,260	234,807	176	453,938	(1,446)	452,491
Interest expenses	6,049	1,370	6,263	1	13,685	(266)	13,418
Equity in earnings (losses) of affiliates	—	—	(1,785)	—	(1,785)	—	(1,785)
Investments in affiliates accounted for by the equity method	—	—	81,766	—	81,766	—	81,766
Increase in tangible and intangible fixed assets	13,087	171	26,172	435	39,867	—	39,867

Notes: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (34,996) million yen includes the transfer of Gains on derivatives of 20,654 million yen. This is included in Ordinary income of Domestic property and casualty insurance segment and Overseas insurance segment, while it is included in Losses on derivatives in the consolidated statement of income.
(2) "Adjustments" for Segment assets of (119,176) million yen is the elimination of transactions with other operating segments.
(3) "Adjustments" for Other items is the elimination of transactions with other operating segments.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

FY2016 (April 1, 2016–March 31, 2017)

(Yen in millions)

	Reportable segments: Domestic property and casualty insurance	Reportable segments: Domestic life insurance	Reportable segments: Overseas insurance	Reportable segments: Financial and other	Reportable segments: Total	Adjustments (Note 1)	Amounts shown on the consolidated financial statements (Note 2)
Ordinary income							
Ordinary income from external customers	2,627,455	721,745	1,833,671	58,079	5,240,951	(8,348)	5,232,602
Ordinary income from transactions with other operating segments	8,655	273	2,102	24,742	35,773	(35,773)	—
Total	2,636,110	722,018	1,835,773	82,821	5,276,724	(44,122)	5,232,602
Segment profit	254,499	13,255	114,022	5,883	387,659	(0)	387,659
Segment assets	8,049,612	7,334,635	7,203,028	70,001	22,657,277	(49,674)	22,607,603
Other items							
Depreciation	9,798	294	83,425	491	94,010	—	94,010
Amortization of goodwill	470	—	62,614	—	63,085	—	63,085
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	117,487	94,586	213,504	138	425,717	(1,351)	424,366
Interest expenses	5,817	910	5,739	—	12,467	(258)	12,208
Equity in earnings (losses) of affiliates	—	—	(789)	—	(789)	—	(789)
Investments in affiliates accounted for by the equity method	—	—	26,919	—	26,919	—	26,919
Increase in tangible and intangible fixed assets	24,226	563	24,966	732	50,488	(0)	50,488

Notes: 1. "Adjustments" are as follows:
(1) "Adjustments" for Ordinary income from external customers of (8,348) million yen includes transfer of Foreign exchange losses. These are included in Ordinary expenses of Domestic property and casualty insurance segment and Overseas insurance segment while it is included in Other underwriting income of 2,995 million yen and Other investment income of 2,213 million yen in the consolidated statement of income.
(2) "Adjustments" for Segment profit of (0) million yen is the elimination of transactions with other operating segments.
(3) "Adjustments" for Segment assets of (49,674) million yen is the elimination of transactions with other operating segments.
(4) "Adjustments" for Other items is the elimination of transactions with other operating segments.
2. Segment profit corresponds to Ordinary profit in the consolidated statement of income.

2. Related information
FY2017 (April 1, 2017–March 31, 2018)
(1) Information by product and service

(Yen in millions)

	Property and casualty insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	4,082,641	1,261,171	64,743	5,408,556	(9,441)	5,399,115

Note: "Adjustments" includes transfer of Gains/Losses on derivatives in the consolidated statement of income.

(2) Information by region
a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,451,857	1,281,186	716,027	5,449,071	(49,956)	5,399,115

Notes: 1. Classified by country and region based on customer location
2. "Adjustments" includes transfer of Provision for underwriting reserves and Reversal of underwriting reserves in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
246,189	42,927	289,116

(3) Information about major customers
None.

FY2016 (April 1, 2016–March 31, 2017)
(1) Information by product and service

(Yen in millions)

	Property and casualty insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	4,014,047	1,165,083	58,079	5,237,210	(4,607)	5,232,602

Note: "Adjustments" includes transfer of Other investment income/expenses in the consolidated statement of income.

(2) Information by region
a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,324,925	1,244,237	680,055	5,249,218	(16,615)	5,232,602

Notes: 1. Classified by country and region based on customer location
2. "Adjustments" includes transfer of Provision for underwriting reserves and Reversal of underwriting reserves in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
246,082	43,316	289,398

(3) Information about major customers
None.

3. Impairment losses of fixed assets by reportable segments

FY2017 (April 1, 2017–March 31, 2018)

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Impairment losses	179	—	73	6	259

FY2016 (April 1, 2016–March 31, 2017)

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Impairment losses	625	—	300	9	935

4. Amortization and remaining balance of goodwill by reportable segments

FY2017 (April 1, 2017–March 31, 2018)

(1) Goodwill

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	96	—	55,828	366	56,292
Remaining balance as of March 31, 2018	489	—	419,779	3,269	423,538

(2) Negative goodwill

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	8,917	248	917	145	10,229
Remaining balance as of March 31, 2018	39,022	995	8,256	1,095	49,369

FY2016 (April 1, 2016–March 31, 2017)

(1) Goodwill

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	470	—	62,614	—	63,085
Remaining balance as of March 31, 2017	586	—	462,570	3,636	466,793

(2) Negative goodwill

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Financial and other	Total
Amortization	8,917	248	917	145	10,229
Remaining balance as of March 31, 2017	47,939	1,244	9,173	1,240	59,598

5. Gains on negative goodwill by reportable segments

None.

Related-party Transactions

There is no significant transaction to be disclosed.

Lease Transactions

1. Finance leases

Non-transferable finance leases which are accounted for as operating lease transactions

As lessee:

(1) Acquisition cost, accumulated depreciation, accumulated impairment losses and net book value of leased assets on an "as if capitalized" basis

As of March 31, 2018

(Yen in millions)

	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Net book value
Tangible fixed assets	**1,099**	**453**	**227**	**418**

Acquisition cost includes interest payable because the balance of future lease payment accounts for a small portion of the balance of Tangible fixed assets.

As of March 31, 2017

(Yen in millions)

	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Net book value
Tangible fixed assets	1,099	421	227	450

Acquisition cost includes interest payable because the balance of future lease payment accounts for a small portion of the balance of Tangible fixed assets.

(2) Future lease payments on an "as if incurred" basis

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Due within one year	**39**	39
Due after one year	**520**	558
Total	**559**	598
Balance of impairment losses on leased assets	**205**	216

Future lease payment includes interest payable because the balance of future lease payment accounts for a small portion of the balance of Tangible fixed assets.

(3) Lease payment, reversal of impairment loss on leased assets, depreciation equivalent and impairment losses

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Lease payment	**39**	49
Reversal of impairment losses on leased assets	**10**	10
Depreciation equivalent	**31**	31
Impairment losses	**—**	—

(4) Calculation of amount equivalent to depreciation

Amount equivalent to depreciation is determined by the straight-line method over the lease period, with no residual value.

2. Operating leases

Future lease payments related to non-cancelable operating leases

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
As lessee:		
Due within one year	**9,605**	9,352
Due after one year	**45,753**	46,413
Total	**55,358**	55,766
As lessor:		
Due within one year	**1,308**	1,255
Due after one year	**9,008**	9,266
Total	**10,317**	10,522

Deferred Tax Accounting

1. Major components of deferred tax assets and deferred tax liabilities

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Deferred tax assets		
Underwriting reserves	**345,374**	353,343
Net defined benefit liabilities	**73,906**	72,715
Outstanding claims	**52,489**	63,177
Price fluctuation reserve	**28,051**	26,134
Net operating loss carry forward	**26,461**	29,137
Impairment losses on securities	**19,759**	24,250
Others	**102,974**	113,527
Subtotal	**649,018**	682,287
Valuation allowance	**(45,457)**	(42,814)
Total deferred tax assets	**603,561**	639,472
Deferred tax liabilities		
Unrealized gains on available-for-sale securities	**(708,724)**	(618,677)
Unrealized gains on consolidated subsidiaries	**(134,186)**	(196,681)
Others	**(96,596)**	(122,607)
Total deferred tax liabilities	**(939,507)**	(937,967)
Net deferred tax assets (liabilities)	**(335,946)**	(298,494)

2. Reconciliation of the statutory income tax rate and the effective tax rate after the application of tax effect accounting when there is a significant difference

(%)

	As of March 31, 2018	As of March 31, 2017
Japanese statutory tax rate	**30.9**	30.9
(Adjustments)		
Permanent differences such as dividends received	**(5.6)**	(5.2)
Permanent differences such as entertainment expenses	**0.7**	0.5
Tax rate applied to consolidated subsidiaries	**(0.9)**	(1.8)
Amortization of goodwill and negative goodwill	**4.0**	4.1
Valuation allowance	**0.8**	0.7
Impact of U.S. Tax Reform	**(17.1)**	—
Others	**2.5**	(0.4)
Effective tax rate	**15.2**	28.8

3. Adjustment of deferred tax assets and liabilities due to changes in the corporate income tax rate

As a part of "Tax Cuts and Jobs Act of 2017" enacted in the U.S. on December 22, 2017, the federal corporate income tax rate applied to our U.S. subsidiaries was reduced from 35% to 21% from January 1, 2018.

Deferred tax liabilities (net of Deferred tax assets) decreased by 60,321 million yen and Net income attributable to owners of the parent increased by 57,856 million yen due to the enactment of this Act.

In relation to the above, the Company elected to early adopt "ASU 2018-02" effective for the fiscal year 2017 which eliminates the stranded tax effects within AOCI resulting from the application of current US-GAAP in response to the reduction of the tax rate. The early adoption resulted in an increase to Unrealized gains (losses) on available-for-sale securities and a decrease to Retained earnings in the amount of 13,119 million yen.

Information on Financial Instruments

1. Qualitative information on financial instruments

(1) Investment policies

The core operation of the Group is insurance business, and it conducts investments based on cash inflows mainly arising from insurance premiums. Therefore, the Group seeks to appropriately control risks based on the characteristics of insurance products primarily through ALM. We thereby aim to ensure stable, long-term earnings while realizing efficient management of liquidity.

Specifically, our approach entails controlling interest risks associated with insurance liabilities by utilizing interest rate swaps and other transactions while assuming a certain degree of credit risks by investing in bonds with high credit ratings. At the same time, we are endeavoring to ensure medium-to-long-term earnings by dispersing risks and diversifying management asset methods in Japan and overseas through the utilization of a wide range of products including foreign securities and alternative investment. Foreign exchange forwards and other derivative transactions are used to mitigate risks associated with the Company's asset portfolio. The Group also utilizes financial options as one of the ways to control risks related to variable annuities which guarantee minimum amounts of benefits which are not subject to the result of investment.

Through these approaches, the Group aims to increase investment income in order to maximize net asset value in the medium-to-long-term and maintain financial soundness.

With regard to financing, the Group issues corporate bonds and undertakes borrowings mainly to secure funds for investments. When financing is necessary, amounts and methodologies are determined based on the Group's cash flow status.

(2) Details of financial instruments and their risk

The Group holds financial instruments including equity securities, bonds, and other securities; loans and derivatives. These instruments are exposed to market risk, which refers to the risk of losses arising from fluctuations in stock prices, exchange rates, interest rates, and other market indicators. They are also exposed to credit risk, which refers to the risk of losses when the value of an investment declines or is lost due to deterioration in the financial condition of the debtor. Other risks to which these instruments are exposed include market liquidity risk, which refers to the risk of losses that may occur from being unable to make transactions due to disordered market conditions or being forced to make transactions at extremely unfavorable prices.

Some currency risk is hedged through foreign exchange forwards, currency swaps and other such transactions. Hedge accounting is applied to some of these transactions.

Credit risk associated with derivative transactions includes the risk of losses when the counterparties fail to fulfill their obligations due to insolvency or for other reasons. In order to reduce such credit risk, netting arrangements may be used with financial institutions and other counterparties with whom there are frequent transactions. Also, interest rate risk associated with long-term insurance liabilities is hedged by interest rate swaps and other transactions for which hedge accounting is applied in some cases.

With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Significant Accounting Policies - 4. Accounting policies - (8) Hedge accounting."

(3) Risk management structure

(i) Market risk and credit risk management

Based on the "Investment risk management policy" established by the Board of Directors, Tokio Marine & Nichido executes risk management activities both quantitatively and qualitatively to control investment risk related to financial instruments, such as market risk and credit risk, at the risk management department, which is independent of trading departments.

In accordance with the policy, "Investment guidelines" are established, which set the rules for which instruments to invest in, risk limits, and actions to take when limits are exceeded for each segment set in the annual investment plan. Investment risk is quantitatively measured using VaR-like concepts. Compliance with the guidelines and investment risk and return are reported on a monthly basis to directors.

Tokio Marine & Nichido appropriately manages credit risk by regularly monitoring the concentration and the status of issuers and borrowers using internal credit rating guidelines set by the "Guidelines for managing credit risk concentration."

In order to limit individual investments, Tokio Marine & Nichido also executes pre-investment review and post-investment monitoring according to the "Review guidelines" and the others.

Risk monitoring operations are regularly reported to the Board of Directors.

Other consolidated subsidiaries maintain risk management structures based on the aforementioned risks.

(ii) Liquidity risk management

The Group manages liquidity risk by controlling payment schedules and ensuring various ways of financing through treasury management by each consolidated subsidiary and by the Group as a whole.

(4) Supplementary information on fair value of financial instruments

The fair value of financial instruments is calculated in commonly used and recognized methodologies when market prices are not available. Such fair values are measured under certain assumptions, therefore they may differ under other assumptions.

2. Fair value of financial instruments

The table below shows carrying amounts shown on the consolidated balance sheet, fair value, and differences of financial instruments, excluding investment in non-consolidated subsidiaries and other instruments for which fair value cannot be measured reliably. (Refer to Note 2.)

As of March 31, 2018

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	733,832	733,877	44
(2) Call loans	135,000	135,000	—
(3) Receivables under resale agreements	4,999	4,999	—
(4) Receivables under securities borrowing transactions	30,880	30,880	—
(5) Monetary receivables bought	1,252,343	1,252,343	—
(6) Money trusts	214,101	214,101	—
(7) Securities			
Trading securities	477,526	477,526	—
Bonds held to maturity	4,785,178	5,472,911	687,733
Bonds earmarked for underwriting reserves	38,180	39,227	1,046
Available-for-sale securities	10,989,173	10,989,173	—
(8) Loans	893,984		
Allowance for doubtful accounts (*1)	(3,946)		
	890,037	894,386	4,348
Total financial assets	19,551,254	20,244,427	693,172
(1) Corporate bonds	59,766	58,840	(926)
(2) Payables under securities lending transactions	383,853	383,853	—
Total financial liabilities	443,620	442,694	(926)
Derivative assets and liabilities (*2)			
Hedge accounting not applied	32,558	32,558	—
Hedge accounting applied	17,911	17,911	—
Total derivative assets and liabilities	50,470	50,470	—

(*1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.
(*2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted.

As of March 31, 2017

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	710,666	710,756	89
(2) Call loans	220,805	220,805	—
(3) Receivables under resale agreements	34,999	34,999	—
(4) Receivables under securities borrowing transactions	21,809	21,809	—
(5) Monetary receivables bought	1,265,837	1,265,837	—
(6) Money trusts	101,650	101,650	—
(7) Securities			
Trading securities	691,576	691,576	—
Bonds held to maturity	4,512,582	5,120,043	607,460
Bonds earmarked for underwriting reserves	52,911	54,888	1,976
Available-for-sale securities	10,601,585	10,601,585	—
(8) Loans	1,140,675		
Allowance for doubtful accounts (*1)	(3,895)		
	1,136,780	1,140,923	4,143
Total financial assets	19,351,206	19,964,877	613,670
(1) Corporate bonds	69,097	67,919	(1,177)
(2) Payables under securities lending transactions	951,334	951,334	—
Total financial liabilities	1,020,431	1,019,253	(1,177)
Derivative assets and liabilities (*2)			
Hedge accounting not applied	(1,427)	(1,427)	—
Hedge accounting applied	32,343	32,343	—
Total derivative assets and liabilities	30,915	30,915	—

(*1) Allowance for doubtful accounts earmarked for loans are deducted from the carrying amounts.
(*2) Derivative assets and liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted. Net debits are shown in parentheses.

(Note 1) Valuation method for financial instruments

Assets

With regard to (1) Cash and bank deposits (excluding those defined as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008)), (2) Call loans, (3) Receivables under resale agreements, and (4) Receivables under securities borrowing transactions, the book value is generally deemed as the fair value since it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Regarding (5) Monetary receivables bought, (6) Money trusts and (7) Securities (including those in (1) Cash and bank deposits that are defined as securities in Accounting Standard for Financial Instruments) with quoted market prices, the quoted closing price is used for listed stock and the price of the over-the-counter transactions is used for bonds. For securities with no quoted market price, the net present value of the estimated future cash flows is applied as the fair value.

With regard to floating rate loans in (8) Loans, the book value is deemed as the fair value because the change in interest rate will be reflected in a timely manner in the future cash flows and the book value approximates the fair value as long as there are no significant changes in credit status of the borrowers since the inception of the loans. For fixed rate loans, the fair value is measured as the net present value of estimated future cash flows. For loans of which borrowers are insolvent or in bankruptcy proceedings, the fair value is measured by deducting the estimated uncollectible debts from the carrying amount.

Liabilities

With regard to (1) Corporate bonds, the price of the over-the-counter transactions is the fair value.

With regard to (2) Payables under securities lending transactions, the book value is deemed as the fair value because it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Derivatives

Please refer to "Derivative Transactions."

(Note 2) Carrying amount shown on balance sheet of financial instruments for which fair value cannot be measured reliably

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Investment in non-consolidated subsidiaries, unlisted stock and partnership investments	**336,233**	235,795
Policy loans	**117,895**	112,419
Total	**454,128**	348,214

Investment in non-consolidated subsidiaries, unlisted stock and partnership investments are not included in (7) Securities because the fair value cannot be measured reliably as they have no quoted market price and the future cash flow cannot be estimated.

Policy loans are not included in (8) Loans because the future cash flows cannot be estimated since policy loans are arranged under an insurance policy and the amount is limited to the repayment fund for cancellation with no contractual maturity.

(Note 3) Maturity analysis of financial assets

As of March 31, 2018 (Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	161,409	7,294	—	—
Monetary receivables bought	208,650	22,640	223,656	913,079
Securities				
Bonds held to maturity				
Domestic government bonds	107,202	45,400	321,800	4,047,229
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	128,500
Foreign securities	695	1,391	3,143	33,461
Bonds earmarked for underwriting reserves				
Domestic government bonds	6,752	13,310	427	3,207
Foreign securities	2,501	10,649	2,472	1,559
Available-for-sale securities with maturity				
Domestic government bonds	109,022	372,266	491,921	1,636,019
Domestic municipal bonds	1,300	32,367	82,614	15,400
Domestic corporate bonds	64,750	327,704	260,841	78,302
Foreign securities	122,530	645,644	864,880	1,583,526
Others	23	18	5	—
Loans (*)	279,220	576,747	29,667	6,011
Total	1,064,058	2,055,434	2,281,431	8,449,296

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (83 million yen), and loans with no repayment schedule (4,203 million yen) are not included above.

As of March 31, 2017 (Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Cash and bank deposits	185,116	7,425	—	—
Monetary receivables bought	202,145	43,982	251,189	933,314
Securities				
Bonds held to maturity				
Domestic government bonds	68,009	148,102	251,000	3,844,129
Domestic municipal bonds	—	—	—	3,000
Domestic corporate bonds	—	—	—	59,100
Foreign securities	1,168	1,947	1,921	31,141
Bonds earmarked for underwriting reserves				
Domestic government bonds.	7,793	22,512	430	3,593
Foreign securities	4,386	12,252	3,349	2,360
Available-for-sale securities with maturity				
Domestic government bonds	51,437	414,850	509,347	1,663,546
Domestic municipal bonds	5,123	17,386	67,627	10,100
Domestic corporate bonds	121,814	288,782	258,169	70,412
Foreign securities	118,385	621,502	932,106	1,562,841
Others	35	20	6	—
Loans (*)	545,241	536,820	50,837	5,916
Total	1,310,657	2,115,585	2,325,985	8,189,457

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (201 million yen), and loans with no repayment schedule (3,793 million yen) are not included above.

(Note 4) Maturity schedules for bonds, long-term borrowings and obligations under lease transactions

As of March 31, 2018 (Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Corporate bonds	—	—	38,250	—	100	20,575
Long-term borrowings	—	—	314,866	91,530	—	100,000
Obligations under lease transactions	1,149	1,045	735	287	0	—
Total	1,149	1,045	353,851	91,817	100	120,575

As of March 31, 2017 (Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Corporate bonds	3,852	—	—	39,122	—	24,635
Long-term borrowings	145,847	—	—	390,445	34,947	100,000
Obligations under lease transactions	1,002	860	756	446	3	—
Total	150,701	860	756	430,014	34,950	124,635

Securities

1. Trading securities

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Unrealized gains (losses) included in income	68,220	145,982

2. Bonds held to maturity

(Yen in millions)

		As of March 31, 2018			As of March 31, 2017		
		Carrying amount shown on balance sheet	Fair value	Difference	Carrying amount shown on balance sheet	Fair value	Difference
Those with fair value exceeding the carrying amount	Domestic debt securities	3,499,834	4,280,260	780,425	3,238,387	3,977,807	739,420
	Foreign securities	16,634	17,050	416	6,788	6,935	146
	Subtotal	3,516,468	4,297,310	780,842	3,245,175	3,984,742	739,566
Those with fair value not exceeding the carrying amount	Domestic debt securities	1,246,592	1,154,080	(92,511)	1,237,858	1,108,883	(128,974)
	Foreign securities	22,116	21,519	(597)	29,548	26,417	(3,131)
	Subtotal	1,268,709	1,175,600	(93,108)	1,267,407	1,135,301	(132,105)
Total		4,785,178	5,472,911	687,733	4,512,582	5,120,043	607,460

3. Bonds earmarked for underwriting reserves

(Yen in millions)

		As of March 31, 2018			As of March 31, 2017		
		Carrying amount shown on balance sheet	Fair value	Difference	Carrying amount shown on balance sheet	Fair value	Difference
Those with fair value exceeding the carrying amount	Domestic debt securities	22,619	23,664	1,044	32,789	34,309	1,520
	Foreign securities	9,171	9,342	170	16,145	16,666	521
	Subtotal	31,791	33,006	1,214	48,934	50,976	2,042
Those with fair value not exceeding the carrying amount	Domestic debt securities	—	—	—	—	—	—
	Foreign securities	6,388	6,220	(168)	3,977	3,911	(65)
	Subtotal	6,388	6,220	(168)	3,977	3,911	(65)
Total		38,180	39,227	1,046	52,911	54,888	1,976

4. Available-for-sale securities

(Yen in millions)

		As of March 31, 2018			As of March 31, 2017		
		Fair value shown on balance sheet	Cost	Difference	Fair value shown on balance sheet	Cost	Difference
Those with fair value exceeding the cost	Domestic debt securities	3,604,581	3,202,528	402,052	3,541,971	3,138,846	403,125
	Domestic equity securities	2,626,078	613,425	2,012,652	2,397,778	631,003	1,766,775
	Foreign securities	3,075,059	2,861,452	213,606	2,324,974	2,172,351	152,623
	Others (Note 2)	665,045	622,904	42,141	531,576	500,651	30,924
	Subtotal	9,970,764	7,300,311	2,670,453	8,796,300	6,442,851	2,353,448
Those with fair value not exceeding the cost	Domestic debt securities	336,688	342,785	(6,097)	406,604	424,177	(17,573)
	Domestic equity securities	12,575	14,700	(2,125)	20,501	22,681	(2,179)
	Foreign securities	1,312,266	1,346,835	(34,568)	1,891,403	1,983,080	(91,676)
	Others (Note 3)	643,587	655,619	(12,032)	812,131	834,218	(22,086)
	Subtotal	2,305,117	2,359,941	(54,823)	3,130,640	3,264,157	(133,517)
Total		12,275,882	9,660,253	2,615,629	11,926,940	9,707,009	2,219,931

Notes: 1. Available-for-sale securities whose fair value cannot be measured reliably are not included in the table above.
2. As of March 31, 2018, "Others" includes foreign mortgage securities, etc. (fair value 652,148 million yen, cost 613,589 million yen, difference 38,559 million yen) which are presented as Monetary receivables bought on the consolidated balance sheet.
As of March 31, 2017, "Others" includes negotiable certificates of deposit (fair value 91 million yen, cost 90 million yen, difference 0 million yen) which are presented as Cash and bank deposits on the consolidated balance sheet, and foreign mortgage securities, etc. (fair value 520,692 million yen, cost 492,852 million yen, difference 27,839 million yen) which are presented as Monetary receivables bought on the consolidated balance sheet.
3. As of March 31, 2018, "Others" includes negotiable certificates of deposit (fair value 36,032 million yen, cost 36,032 million yen) which are presented as Cash and bank deposits on the consolidated balance sheet, and foreign mortgage securities, etc. (fair value 598,527 million yen, cost 610,352 million yen, difference (11,824) million yen) which are presented as Monetary receivables bought on the consolidated balance sheet.
As of March 31, 2017, "Others" includes negotiable certificates of deposit (fair value 64,317 million yen, cost 64,317 million yen) which are presented as Cash and bank deposits on the consolidated balance sheet, and foreign mortgage securities, etc. (fair value 740,254 million yen, cost 761,252 million yen, difference (20,998) million yen) which are presented as Monetary receivables bought on the consolidated balance sheet.

5. Bonds held to maturity that were sold

None.

6. Bonds earmarked for underwriting reserves that were sold

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)			FY2016 (April 1, 2016–March 31, 2017)		
	Sale proceeds	Gains on sale	Losses on sale	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	3,070	74	—	4,727	173	—
Foreign securities	1,504	231	0	2,988	451	—
Total	4,574	306	0	7,715	624	—

7. Available-for-sale securities that were sold

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)			FY2016 (April 1, 2016–March 31, 2017)		
	Sale proceeds	Gains on sale	Losses on sale	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	281,603	11,395	8,649	277,766	11,565	2,082
Domestic equity securities	117,953	89,291	603	119,670	84,315	177
Foreign securities	1,046,617	31,239	20,308	1,026,929	24,248	34,127
Others	168,664	7,341	1,916	216,800	5,212	3,771
Total	1,614,838	139,268	31,478	1,641,167	125,341	40,159

Note: For the fiscal year 2017, "Others" includes negotiable certificates of deposit (proceeds 24,270 million yen, gains 91 million yen) which are presented as Cash and bank deposits on the consolidated balance sheet, and foreign mortgage securities (proceeds 144,380 million yen, gains 7,237 million yen, losses 1,916 million yen) which are presented as Monetary receivables bought on the consolidated balance sheet.
For the fiscal year 2016, "Others" includes negotiable certificates of deposit (proceeds 48,460 million yen, gains 31 million yen, losses 0 million yen) which are presented as Cash and bank deposits on the consolidated balance sheet, and foreign mortgage securities (proceeds 162,895 million yen, gains 5,007 million yen, losses 3,671 million yen) which are presented as Monetary receivables bought on the consolidated balance sheet.

8. Securities on which impairment losses were recognized

For the fiscal year 2017, impairment losses of 7,121 million yen (Domestic equity securities 296 million yen, Foreign securities 4,321 million yen, Others 2,502 million yen) were recognized for Available-for-sale securities with fair value. Impairment losses of 439 million yen (Domestic equity securities 206 million yen, Foreign securities 232 million yen) were also recognized for those whose fair value cannot be measured reliably.

For the fiscal year 2016, impairment losses of 8,653 million yen (Domestic equity securities 68 million yen, Foreign securities 6,099 million yen, Others 2,485 million yen) were recognized for Available-for-sale securities with fair value. Impairment losses of 1,124 million yen (Domestic equity securities 776 million yen, Foreign securities 347 million yen, Others 0 million yen) were also recognized for those whose fair value cannot be measured reliably.

In principle, impairment loss on a security with fair value is recognized when the fair value is below its cost by 30% or more.

Money Trusts

1. Money trusts held for trading purposes

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Unrealized gains (losses) included in income	**(3,241)**	4,216

2. Money trusts held to maturity

None.

3. Money trusts other than those held to maturity or those held for trading purposes

(Yen in millions)

	As of March 31, 2018			As of March 31, 2017		
	Carrying amount shown on balance sheet	Cost	Difference	Carrying amount shown on balance sheet	Cost	Difference
Money trusts	**100**	**100**	**—**	100	100	—

Derivative Transactions

"Principal amount" as shown in the tables is the nominal contract amount or notional principal amount of derivative transactions. The amount itself does not represent the market or credit risk of such derivative transactions.

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Currency futures								
	Short	**1,960**	**—**	**—**	**—**	3,964	—	—	—
	Long	**659**	**—**	**—**	**—**	132	—	—	—
Over-the-counter transactions	Foreign exchange forwards								
	Short	**662,431**	**—**	**2,227**	**2,227**	737,369	—	(1,767)	(1,767)
	Long	**137,817**	**—**	**(1,782)**	**(1,782)**	20,422	—	(34)	(34)
	Currency swaps								
	Pay Foreign/Rec. Yen	**11,168**	**—**	**(22)**	**(22)**	25,554	11,168	(244)	(244)
	Pay Yen/Rec. Foreign	**877**	**—**	**22**	**22**	1,902	877	244	244
Total		**—**	**—**	**445**	**445**	—	—	(1,801)	(1,801)

Notes: 1. The fair value of currency futures is based on the closing prices in principal markets.
2. The fair value of foreign exchange forwards is based on the prices calculated from forward markets or obtained from counterparties.
3. The fair value of currency swaps is measured by discounting estimated future cash flows to present value.

(2) Interest rate-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Interest rate futures								
	Short	**183,507**	**—**	**133**	**133**	5,260	—	—	—
	Long	**574**	**—**	**—**	**—**	1,459	—	—	—
Over-the-counter transactions	Interest rate swaps								
	Rec. fix/Pay float	**1,263,821**	**1,077,939**	**96,094**	**96,094**	1,069,433	909,933	83,216	83,216
	Rec. float/Pay fix	**1,413,592**	**1,197,068**	**(74,299)**	**(74,299)**	1,134,076	1,007,876	(83,620)	(83,620)
	Rec. float/Pay float	**266,640**	**266,640**	**282**	**282**	441,647	288,120	(286)	(286)
	Rec. fix/Pay fix	**131**	**131**	**(435)**	**(435)**	647	647	(225)	(225)
Total		**—**	**—**	**21,775**	**21,775**	—	—	(914)	(914)

Notes: 1. The fair value of interest rate futures is based on the closing prices in principal markets.
2. The fair value of interest rate swaps is measured by discounting estimated future cash flows to present value based on the interest rates at the end of period or based on the prices obtained from counterparties.

(3) Equity-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Equity index futures								
	Short	12,294	—	(180)	(180)	9,248	—	(44)	(44)
	Long	2,704	—	(11)	(11)	5,245	—	(18)	(18)
Over-the-counter transactions	Equity forward contracts								
	Short	392	—	38	38	—	—	—	—
	Equity index options								
	Short	117,884	—			94,227	—		
		[3,084]	[—]	8,343	(5,259)	[3,204]	[—]	5,484	(2,279)
	Long	158,032	6,500			109,077	8,500		
		[10,677]	[2,424]	16,078	5,401	[9,472]	[3,092]	9,387	(85)
Total		—	—	24,268	(12)	—	—	14,808	(2,427)

Notes: 1. The fair value of equity index futures is based on the closing prices in principal markets.
2. The fair value of equity forward contracts is measured using an internal valuation model.
3. The fair value of equity index options is based on the prices obtained from counterparties.
4. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(4) Bond-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Bond futures								
	Short	24,119	—	60	60	125,915	—	(251)	(251)
	Long	122,590	—	1,237	1,237	14,708	—	33	33
	Bond futures options								
	Short	11	—			28,453	—		
		[2]	[—]	0	1	[64]	[—]	24	39
Over-the-counter transactions	Bond over-the-counter options								
	Short	20,950	—			43,671	—		
		[14]	[—]	13	0	[141]	[—]	117	23
	Long	20,950	—			43,671	—		
		[64]	[—]	40	(23)	[209]	[—]	165	(44)
Total		—	—	1,352	1,276	—	—	90	(198)

Notes: 1. The fair value of bond futures and bond futures options is based on the closing prices in principal markets.
2. The fair value of bond over-the-counter options is based on the prices obtained from counterparties.
3. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(5) Credit-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Over-the-counter transactions	Credit derivatives								
	Sell protection	—	—	—	—	17,168	—	(125)	(125)
Total		—	—	—	—	—	—	(125)	(125)

Note: The fair value of credit derivatives is measured using an internal valuation model.

(6) Commodity-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Commodity futures								
	Short	786	—	—	—	—	—	—	—
	Long	322	—	—	—	—	—	—	—
Over-the-counter transactions	Commodity swaps								
	Rec. fixed price/Pay commodity indices	470	—	(240)	(240)	1,276	1,276	(369)	(369)
	Rec. commodity indices/Pay fixed price	464	—	153	153	1,320	1,320	226	226
Total		—	—	(86)	(86)	—	—	(142)	(142)

Notes: 1. The fair value of commodity futures is based on the closing prices in principal markets.
2. The fair value of commodity swaps is based on the prices obtained from counterparties.

(7) Others

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Over-the-counter transactions	Natural catastrophe derivatives								
	Short	60,029	40,306			33,769	4,568		
		[7,278]	[5,807]	5,502	1,775	[2,698]	[294]	1,318	1,380
	Long	73,274	63,613			20,607	4,000		
		[9,651]	[8,773]	7,879	(1,772)	[1,425]	[—]	461	(964)
	Weather derivatives								
	Short	13	—			13	—		
		[1]	[—]	0	0	[1]	[—]	0	0
	Others								
	Short	22,600	22,600			23,298	23,298		
		[2,599]	[2,599]	2,147	452	[2,679]	[2,679]	2,679	—
	Long	12,016	12,016			12,645	12,645		
		[1,169]	[1,169]	1,289	120	[1,205]	[1,205]	1,448	242
Total		—	—	16,819	576	—	—	5,907	658

Notes: 1. The fair value of natural catastrophe derivatives is measured using an internal valuation model or based on option premiums.
2. The fair value of weather derivatives is measured considering weather conditions, terms of contracts, and other components.
3. The fair value of others is measured using an internal valuation model or based on option premiums.
4. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(8) Derivative transactions in money trusts

Derivative transactions are used in money trusts for trading purposes. Details of these transactions are as follows:

(a) Foreign currency-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Over-the-counter transactions	Foreign exchange forwards								
	Short	247,369	—	(373)	(373)	131,390	—	1,771	1,771
	Long	979	—	(6)	(6)	—	—	—	—
Total		—	—	(379)	(379)	—	—	1,771	1,771

Note: The fair value of foreign exchange forwards is based on the prices obtained from counterparties.

(b) Equity-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Over-the-counter transactions	Equity options								
	Short	—	—			648	—		
		[—]	[—]	—	—	[30]	[—]	198	(167)
	Long	—	—			648	—		
		[—]	[—]	—	—	[30]	[—]	0	(30)
Total		—	—	—	—	—	—	198	(198)

Notes: 1. The fair value of equity options is based on the prices obtained from counterparties.
2. For option contracts, the figures below the principal amount denoted with [ ] are option premiums.

(c) Bond-related instruments

(Yen in millions)

		As of March 31, 2018				As of March 31, 2017			
		Principal amount	Over 1 year	Fair value	Unrealized gains (losses)	Principal amount	Over 1 year	Fair value	Unrealized gains (losses)
Market transactions	Bond futures								
	Short	119,520	—	(1,040)	(1,040)	45,521	—	(84)	(84)
Total		—	—	(1,040)	(1,040)	—	—	(84)	(84)

Note: The fair value of bond futures is based on the closing prices in principal markets.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency-related instruments

(Yen in millions)

		Hedged items	As of March 31, 2018			As of March 31, 2017		
			Principal amount	Over 1 year	Fair value	Principal amount	Over 1 year	Fair value
Deferred hedges	Foreign exchange forwards Short	Investment in subsidiaries	44,600	—	2,154	—	—	—
Fair value hedges	Foreign exchange forwards Short	Available-for-sale securities	390,775	—	6,232	357,326	17,602	175
	Currency swaps Pay Foreign/Rec. Yen	Available-for-sale securities	8,960	6,015	306	7,822	7,822	(326)
Assignment accounting	Foreign exchange forwards Short	Bank deposits	7,000	—	(Note 3)	7,000	—	(Note 3)
	Currency swaps Pay Foreign/Rec. Yen	Foreign-currency-denominated loans	12,770	12,316	(Note 4)	12,770	12,770	(Note 4)
Total			—	—	8,693	—	—	(150)

Notes: 1. The fair value of foreign exchange forwards to which deferred hedges and fair value hedges is applied is based on the prices in forward market.
2. The fair value of currency swaps to which fair value hedges is applied is measured by discounting estimated future cash flows to present value.
3. The fair value of foreign exchange forwards to which assignment accounting is applied is included in the fair value of bank deposits as they are accounted for with hedged items.
4. The fair value of currency swaps to which assignment accounting is applied is included in the fair value of bonds held to maturity and foreign-currency-denominated loans as they are accounted for with hedged items.

(2) Interest rate-related instruments

(Yen in millions)

		Hedged items	As of March 31, 2018			As of March 31, 2017		
			Principal amount	Over 1 year	Fair value	Principal amount	Over 1 year	Fair value
Deferred hedges	Interest rate swaps Rec. fix/Pay float	Insurance liabilities	126,100	126,100	9,218	290,700	290,700	32,493
Total			—	—	9,218	—	—	32,493

Note: The fair value of interest rate swaps is measured by discounting estimated future cash flows to present value based on the interest rates at the end of period.

Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of asset retirement obligations

Asset retirement obligations were recognized in connection with the restoration of certain leased sites to their original condition at the end of lease term. In addition, asset retirement obligations were recognized in connection with the removal of hazardous substances from certain Company-owned properties.

2. Measurement of asset retirement obligations

In estimating asset retirement obligations, estimated useful life of 7 to 50 years and discount rate of 0.0% to 2.3% are used.

3. Changes in balance

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Beginning balance	**4,455**	4,629
Addition by acquisitions	**13**	62
Unwinding of discount	**45**	45
Decrease by fulfillment of obligations	**(9)**	(83)
Increase due to newly consolidated subsidiaries	**—**	10
Other increases (decreases)	**53**	(209)
Ending balance	**4,559**	4,455

Retirement Benefits

1. Outline of retirement benefit plans

The Company and some consolidated subsidiaries have defined benefit plans and defined contribution plans.

Tokio Marine & Nichido has an unfunded lump-sum payment retirement plan covering substantially all employees. The corporate pension plan is a defined-benefit corporate pension plan and a defined-contribution pension plan. The benefits of the corporate pension plan and lump-sum payment retirement plan are based on the points which each employee acquired through service.

Additionally, some domestic consolidated subsidiaries have an employee retirement trust.

2. Defined benefit plan

(1) Changes in retirement benefit obligations

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Beginning balance	**519,418**	532,962
Service costs	**18,554**	18,892
Interest costs	**4,790**	4,281
Actuarial (gains) losses arising in current year	**16,765**	(5,996)
Benefit payments	**(23,759)**	(22,715)
Past service costs (credits) arising in current year	**77**	(68)
Decrease due to partial termination of retirement benefit plans	**—**	(8,627)
Others	**12**	689
Ending balance	**535,858**	519,418

Note: Some companies use the simplified method in calculation of retirement benefit obligations.

(2) Changes in plan assets

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Beginning balance	**278,550**	302,450
Expected return on plan assets	**2,851**	2,297
Actuarial gains (losses) arising in current year	**8,342**	(16,423)
Employer contribution	**7,718**	10,187
Benefit payments	**(9,361)**	(9,313)
Decrease due to partial termination of retirement benefit plans	**—**	(8,627)
Others	**368**	(2,020)
Ending balance	**288,470**	278,550

(3) Reconciliation of retirement benefit obligations and plan assets with net defined benefit liabilities and assets

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Funded retirement benefit obligations	**284,346**	278,758
Plan assets	**(288,470)**	(278,550)
	(4,123)	207
Unfunded retirement benefit obligations	**251,511**	240,660
Asset ceiling adjustments	**181**	—
Net liabilities recognized on the balance sheet	**247,569**	240,867
Net defined benefit liabilities	**255,588**	244,253
Net defined benefit assets	**(8,019)**	(3,386)
Net liabilities recognized on the balance sheet	**247,569**	240,867

Note: "Asset ceiling adjustments" represents adjustments to reflect certain limits on the recording of net defined benefit assets at overseas consolidated subsidiaries applying the accounting standard *Employee Benefits* (IAS 19).

(4) Retirement benefit expenses

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Service costs	**18,554**	18,892
Interest costs	**4,790**	4,281
Expected return on plan assets	**(2,851)**	(2,297)
Amortization of actuarial losses (gains)	**6,640**	10,585
Amortization of past service costs (credits)	**(1,094)**	(1,780)
Others	**55**	(119)
Retirement benefit expenses	**26,095**	29,562

(5) Remeasurements of defined benefit plans included in other comprehensive income
Remeasurements of defined benefit plans (before tax effect) consist of the following:

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Past service costs	**(1,171)**	(1,712)
Actuarial differences	**(1,928)**	158
Others	**(2)**	(0)
Total	**(3,102)**	(1,554)

(6) Remeasurements of defined benefit plans included in accumulated other comprehensive income
Remeasurements of defined benefit plans (before tax effect) consist of the following:

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
Unrecognized past service costs (credits)	**(386)**	(1,558)
Unrecognized net actuarial losses (gains)	**28,372**	26,441
Total	**27,985**	24,883

(7) Plan assets

a. Components of plan assets

Percentages by major category of plan assets are as follows: (%)

	As of March 31, 2018	As of March 31, 2017
Debt securities	**85**	85
Equity securities	**4**	4
Cash and bank deposits	**0**	0
Life insurance company general accounts	**7**	7
Others	**4**	4
Total	**100**	100

Note: The retirement benefit trusts established for the corporate pension plan and the lump-sum payment retirement plan account for 2% of total plan assets as of March 31, 2018, and 3% of total plan assets as of March 31, 2017.

b. Calculation of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined through consideration of present and expected allocation of plan assets and long-term expected rate of returns on the various types of assets in plan assets.

(8) Actuarial assumptions

Principal actuarial assumptions are as follows: (%)

	As of March 31, 2018	As of March 31, 2017
Discount rate	**0.1–0.9**	0.1–1.0
Long-term expected rate of return on plan assets	**0.7–1.7**	0.4–1.8

3. Defined contribution pension plans

The contributions of the Company and its consolidated subsidiaries to the defined contribution pension plan are as follows: (Yen in millions)

FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
7,861	7,759

Investment Property

1. Some consolidated subsidiaries own office buildings and land mainly in Tokyo, Osaka, and Nagoya, of which some properties are leased. The carrying amount shown on the consolidated balance sheet, its change during the year and the fair value at the end of the fiscal year of these investment properties are as follows: (Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Carrying amount shown on balance sheet		
Beginning balance	**60,692**	66,472
Change during the year	**(326)**	(5,779)
Ending balance	**60,366**	60,692
Fair value at end of fiscal year	**133,581**	128,856

Notes: 1. Carrying amount is the acquisition cost after the deduction of accumulated depreciation and accumulated impairment losses.
2. For the fiscal year 2017, the increase is mainly due to renovation of 909 million yen and the decrease is mainly due to depreciation of 1,711 million yen. For the fiscal year 2016, the decrease is mainly due to disposals of 3,499 million yen and the change in the intended use of real estate from rental to business use of 2,048 million yen.
3. Fair value at the end of the fiscal year is primarily based on appraisals by qualified independent valuers.

2. Income and expenses related to investment property are as follows: (Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Rental income	**8,116**	8,018
Direct operating expenses	**5,444**	5,630
Net amount	**2,671**	2,388
Others (Gains and losses on disposal by sales, etc.)	**(95)**	5,451

Note: Rental income is included in Interest and dividends. Direct operating expenses such as depreciation, repairs and maintenance, insurance costs, and taxes are included in Operating and general administrative expenses. Others, such as gains and losses on disposal by sales and impairment losses, is included in Extraordinary gains or Extraordinary losses.

Stock Options

1. Expenses related to stock options on the consolidated statement of income

(Yen in millions)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Loss adjustment expenses	**134**	130
Operating and general administrative expenses	**553**	482

2. Details of stock options

(1) Details of stock options

	Stock options (July 2017)	Stock options (July 2016)	Stock options (July 2015)
Title and number of grantees (Note 1)	Directors of the Company: 13 Executive officers of the Company: 12 Directors of the Company's consolidated subsidiaries: 15 Executive officers of the Company's consolidated subsidiaries: 51	Directors of the Company: 11 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 51	Directors of the Company: 10 Executive officers of the Company: 8 Directors of the Company's consolidated subsidiaries: 14 Executive officers of the Company's consolidated subsidiaries: 46
Number of stock options (Note 2)	Common stock: 159,900 shares	Common stock: 178,400 shares	Common stock: 160,000 shares
Grant date	July 11, 2017	July 12, 2016	July 14, 2015
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 12, 2017 to June 30, 2018	From July 13, 2016 to June 30, 2017	From July 15, 2015 to June 30, 2016
Exercise period (Note 5)	From July 12, 2017 to July 11, 2047	From July 13, 2016 to July 12, 2046	From July 15, 2015 to July 14, 2045

	Stock options (July 2014)	Stock options (July 2013)	Stock options (July 2012)
Title and number of grantees (Note 1)	Directors of the Company: 10 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 34	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 30	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 24 Executive officers of the Company's consolidated subsidiaries: 30
Number of stock options (Note 2)	Common stock: 193,800 shares	Common stock: 202,100 shares	Common stock: 262,500 shares
Grant date	July 8, 2014	July 9, 2013	July 10, 2012
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 9, 2014 to June 30, 2015	From July 10, 2013 to June 30, 2014	From July 11, 2012 to June 30, 2013
Exercise period (Note 5)	From July 9, 2014 to July 8, 2044	From July 10, 2013 to July 9, 2043	From July 11, 2012 to July 10, 2042

	Stock options (July 2011)	Stock options (July 2010)	Stock options (July 2009)
Title and number of grantees (Note 1)	Directors of the Company: 11 Executive officers of the Company: 7 Directors of the Company's consolidated subsidiaries: 22 Executive officers of the Company's consolidated subsidiaries: 31	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 22 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Executive officers of the Company: 5 Directors of the Company's consolidated subsidiaries: 23 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32
Number of stock options (Note 2)	Common stock: 222,100 shares	Common stock: 238,600 shares	Common stock: 213,300 shares
Grant date	July 12, 2011	July 13, 2010	July 14, 2009
Vesting conditions	(Note 4)	(Note 3)	(Note 3)
Requisite service period	From July 13, 2011 to June 30, 2012	From July 14, 2010 to June 30, 2011	From July 15, 2009 to June 30, 2010
Exercise period (Note 5)	From July 13, 2011 to July 12, 2041	From July 14, 2010 to July 13, 2040	From July 15, 2009 to July 14, 2039

	Stock options (August 2008)	Stock options (July 2007)	Stock options (July 2006)
Title and number of grantees (Note 1)	Directors of the Company: 13 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 26 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 27	Directors of the Company: 12 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 19 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 8 Executive officers of the Company's consolidated subsidiaries: 21	Directors of the Company: 7 Audit & Supervisory Board Members of the Company: 2 Directors of the Company's consolidated subsidiaries: 17 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 3 Executive officers of the Company's consolidated subsidiaries: 27
Number of stock options (Note 2)	Common stock: 122,100 shares	Common stock: 86,700 shares	Common stock: 97,000 shares
Grant date	August 26, 2008	July 23, 2007	July 18, 2006
Vesting conditions	(Note 3)	(Note 3)	(Note 3)
Requisite service period	From August 27, 2008 to June 30, 2009	From July 24, 2007 to June 30, 2008	From July 19, 2006 to June 30, 2007
Exercise period (Note 5)	From August 27, 2008 to August 26, 2038	From July 24, 2007 to July 23, 2037	From July 19, 2006 to July 18, 2036

	Stock options (July 2005)
Title and number of grantees (Note 1)	Directors of the Company: 11 Audit & Supervisory Board Members of the Company: 5 Directors of the Company's consolidated subsidiaries: 15 Audit & Supervisory Board Members of the Company's consolidated subsidiaries: 5 Executive officers of the Company's consolidated subsidiaries: 27
Number of stock options (Note 2)	Common stock: 155,000 shares
Grant date	July 14, 2005
Vesting conditions	(Note 3)
Requisite service period	From July 15, 2005 to June 30, 2006
Exercise period (Note 5)	From July 15, 2005 to June 30, 2035

Notes: 1. The number of directors of the Company's consolidated subsidiaries and executive officers of the Company's consolidated subsidiaries exclude those concurrently serving as directors of the Company and executive officers of the Company.
2. The number of stock options is converted into the number of equivalent shares.
3. Stock options are vested on the grant date. If directors, executive officers, or Audit & Supervisory Board Members of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
4. Stock options are vested on the grant date. If directors or executive officers of the Company or the Company's subsidiaries retire or resign from their position before the end of service period, the number of exercisable stock options is calculated by the following formula:
Exercisable stock options = Stock options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining stock options cannot be exercised after the retirement date and then are expired.
5. Stock options can only be exercised within ten days from the day following the retirement or resignation from the position of directors, executive officers, or Audit & Supervisory Board Members.

(2) Figures relating to stock options

The number of stock options that existed in the fiscal year 2017 is converted into the number of equivalent shares and listed.

(a) Number of stock options

	Stock options (July 2017)	Stock options (July 2016)	Stock options (July 2015)	Stock options (July 2014)	Stock options (July 2013)	Stock options (July 2012)
Stock options before vesting (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	32,300	—	—	—	—
Granted	159,900	—	—	—	—	—
Forfeited	5,700	500	—	—	—	—
Vested	127,600	31,800	—	—	—	—
Outstanding at the end of the year	26,600	—	—	—	—	—
Exercisable stock options (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	140,300	124,000	119,300	99,800	92,700
Vested	127,600	31,800	—	—	—	—
Exercised	—	21,000	21,800	23,100	22,900	21,700
Forfeited	—	—	800	—	—	—
Outstanding at the end of the year	127,600	151,100	101,400	96,200	76,900	71,000

Financial Data

	Stock options (July 2011)	Stock options (July 2010)	Stock options (July 2009)	Stock options (August 2008)	Stock options (July 2007)	Stock options (July 2006)
Stock options before vesting (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	—
Outstanding at the end of the year	—	—	—	—	—	—
Exercisable stock options (converted into the number of equivalent shares)						
Outstanding at the beginning of the year	58,400	38,200	24,700	6,600	3,800	2,000
Vested	—	—	—	—	—	—
Exercised	10,400	7,100	6,500	1,600	—	—
Forfeited	—	—	—	—	—	—
Outstanding at the end of the year	48,000	31,100	18,200	5,000	3,800	2,000

	Stock options (July 2005)
Stock options before vesting (converted into the number of equivalent shares)	
Outstanding at the beginning of the year	—
Granted	—
Forfeited	—
Vested	—
Outstanding at the end of the year	—
Exercisable stock options (converted into the number of equivalent shares)	
Outstanding at the beginning of the year	2,500
Vested	—
Exercised	—
Forfeited	—
Outstanding at the end of the year	2,500

Note: On September 30, 2006, the Company conducted a share split in the ratio of 500:1. The above numbers are presented on an after share split basis.

(b) Price information

(Yen)

	Stock options (July 2017)	Stock options (July 2016)	Stock options (July 2015)	Stock options (July 2014)	Stock options (July 2013)
Exercise price (Note)	100	100	100	100	100
Average share price at exercise	—	4,698	4,698	4,699	4,700
Fair value on the grant date	455,100	337,700	500,800	310,800	332,600

	Stock options (July 2012)	Stock options (July 2011)	Stock options (July 2010)	Stock options (July 2009)	Stock options (August 2008)
Exercise price (Note)	100	100	100	100	100
Average share price at exercise	4,700	4,700	4,696	4,696	4,700
Fair value on the grant date	181,900	219,500	234,400	237,600	353,300

	Stock options (July 2007)	Stock options (July 2006)	Stock options (July 2005)
Exercise price (Note)	100	500	500
Average share price at exercise	—	—	—
Fair value on the grant date	491,700	2,013,506	—

Note: Exercise price per one stock option

3. Valuation technique used for the estimated fair value of stock options

The valuation technique used for the estimated fair value of stock options granted in July 2017 in the fiscal year 2017 is as follows:

(1) Valuation technique: Black-Scholes Model

(2) Assumptions

	Stock options (July 2017)
Expected volatility (Note 1)	34.99%
Expected lives (Note 2)	2 years
Expected dividends (Note 3)	125.00 yen per share
Risk-free interest rate (Note 4)	(0.10)%

Notes: 1. Calculated based on the share prices from July 12, 2015 to July 11, 2017
2. Calculated based on the average period of service of directors and Audit & Supervisory Board Members
3. Calculated based on the average amount of annual dividends paid in the fiscal year 2015 and the fiscal year 2016
4. Based on yields of Japanese government bonds for a term corresponding to the expected lives

4. Estimate of vested number of stock options

Only the actual number of forfeited stock options is considered because of the difficulty in rationally estimating the number of stock options that will be forfeited in the future.

Per Share Information

(Yen)

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Net assets per share	**5,245.40**	4,722.15
Net income per share—Basic	**382.83**	363.52
Net income per share—Diluted	**382.47**	363.19

Note: Calculations of "Net income per share–Basic" and "Net income per share–Diluted" are based on the following figures.

	FY2017 (April 1, 2017–March 31, 2018)	FY2016 (April 1, 2016–March 31, 2017)
Net income per share–Basic		
Net income attributable to owners of parent (Yen in millions)	**284,183**	273,856
Amount not attributable to common shareholders (Yen in millions)	**—**	—
Net income attributable to owners of parent related to common stock (Yen in millions)	**284,183**	273,856
Average number of shares outstanding (In thousand shares)	**742,316**	753,333
Net income per share—Diluted		
Adjustment of net income attributable to owners of parent (Yen in millions)	**—**	—
Increased number of common stock (In thousand shares)	**691**	684
Increased number of stock acquisition rights (In thousand shares)	**691**	684

Financial Data

Subsequent Events

1. The Company repurchased its own shares from June 1, 2018 through August 8, 2018 as resolved by its Board of Directors on May 18, 2018, pursuant to Article 156 of the Companies Act, which is applicable in accordance with Article 165, paragraph 3 of the Companies Act, as detailed below.
   (1) Type of stock repurchased
   Common stock of the Company
   (2) Aggregate number of shares repurchased
   6,027,500 shares
   (3) Aggregate purchase price of shares
   32,239,410,100 yen
   (4) Method of repurchase
   Purchased through the Tokyo Stock Exchange

(Reference)
Resolution of the Board of Directors on May 18, 2018
   (1) Reason for the repurchase of shares
   The Company intends to repurchase its own shares in order to implement flexible financial policies.
   (2) Type of stock to be repurchased
   Common stock of the Company
   (3) Aggregate number of shares to be repurchased
   Up to 12,500,000 shares
   (4) Aggregate purchase price of shares
   Up to 50 billion yen
   (5) Period in which repurchases may be made
   From June 1, 2018 through September 20, 2018

2. The Company agreed to acquire Safety Insurance Public Company Limited ("Safety"), a non-life insurance company in Thailand and PT Asuransi Parolamas ("Parolamas"), a non-life insurance company in Indonesia, from Insurance Australia Group Limited ("IAG") in Australia (hereinafter referred to as "the Acquisitions") for AUD 525 million (43.1 billion yen) through the Company's wholly owned subsidiary Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF") on June 18, 2018.
   (1) Purpose of the acquisitions
   Through the Acquisitions, the Group will become the third largest non-life insurance group in Thailand, which is the largest insurance market in Southeast Asia. The non-life insurance market in Thailand has high growth potential as a large number of Japanese companies enter into business in this country. The Group aims to expand its international insurance business in emerging countries by expanding its business in Thailand.
   (2) Overview of companies to be acquired
   a. Safety
   i. Company name: Safety Insurance Public Company Limited
   ii. Registered office: Bangkok, Thailand
   iii. Nature of business: Non-life insurance
   iv. Gross premiums written (for the year ended December 31, 2017): THB 9,158 million (31.0 billion yen)
   v. Total assets (as of December 31, 2017): THB 12,979 million (44.0 billion yen)
   b. Parolamas
   i. Company name: PT Asuransi Parolamas
   ii. Registered office: Jakarta, Indonesia
   iii. Nature of business: Non-life insurance
   iv. Gross premiums written (for the year ended December 31, 2017): IDR 18,081 million (0.1 billion yen)
   v. Total assets (as of December 31, 2017): IDR 262,793 million (2.0 billion yen)
   (3) Financing of the acquisition cost
   The Acquisitions will be financed through utilization of the Group's cash on hand.
   (4) Acquisition Method and Procedures
   TMNF will make cash payments to IAG and its subsidiaries to acquire 98.6% of the shares of Safety and 80% of the shares of Parolamas. The Acquisitions are subject to regulatory procedures required by the relevant authorities.
   (5) Closing
   The Acquisitions are expected to be completed in sequence subject to regulatory procedures required by the relevant authorities.

Note: Australian dollar, Thai baht and Indonesian rupiah were converted to Japanese yen based on the exchange rates as of June 18, 2018.

Supplementary Schedule

(Schedule of corporate bonds)

Issuer	Series	Issue date	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon (%)	Collateral	Maturity date
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4th Unsecured Bond	Sep. 20, 2000	10,000	10,000	2.78	N/A	Sep. 18, 2020
	CMS Floater Bond	Apr. 26, 2005	240	—	0.58	N/A	Apr. 26, 2017
	FX Linked Coupon Bond	Aug. 23, 2006 to Apr. 7, 2008	4,950	900	0.00-10.00	N/A	Apr. 10, 2017 to Aug. 10, 2037
Delphi Financial Group, Inc.	Subordinated Bond in USD	May 23, 2007	19,918 (USD 170,986 thousand)	19,337 (USD 171,128 thousand)	4.37-7.38	N/A	May 1, 2067
	Straight Bond in USD	Jan. 20, 2010	31,076 (USD 266,775 thousand)	29,529 (USD 261,322 thousand)	7.88	N/A	Jan. 31, 2020
Segregated Account Omamori	Cat Bond in USD (Note 2)	Jan. 17, 2014	2,912 (USD 25,000 thousand)	—	5.00	Secured	Jan. 24, 2017
Total		—	69,097	59,766	—	—	—

Notes: 1. The figures denoted with ( ) in the columns for beginning balance and ending balance are the amounts denominated in foreign currency.
2. Cat Bond in USD is issued by a special purpose company and corresponds to non-recourse debt.
3. Principal amounts to be redeemed within 5 years after the closing date are as follows:

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
Corporate bonds	—	—	38,250	—	100

(Schedule of borrowings)

	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Average interest rate (%)	Maturity date
Short-term borrowings	8,154	15,820	2.6	—
Long-term borrowings to be repaid within 1 year	145,847	—	—	—
Obligations under lease transactions to be repaid within 1 year	887	1,023	4.3	—
Long-term borrowings other than that to be repaid within 1 year	526,428	507,146	2.3	Jun. 8, 2020 to Nov. 30, 2043
Obligations under lease transactions other than that to be repaid within 1 year	1,919	1,929	4.4	Jan. 4, 2019 to Nov. 30, 2022
Total	683,237	525,919	—	—

Notes: 1. Average interest rate is calculated based on the interest rate as of the end of the fiscal year and the outstanding principal amount.
2. The above amount is included in Other liabilities in the consolidated balance sheet.
3. Repayment schedule of long-term borrowings and lease obligations to be repaid within 5 years (excluding the amount to be repaid within 1 year) after the closing date is as follows:

(Yen in millions)

	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years
Long-term borrowings	—	314,866	91,530	—
Lease obligations	1,045	735	287	0

(Schedule of asset retirement obligations)
Detailed information is omitted due to its immateriality.

Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors of Tokio Marine Holdings, Inc.

We have audited the accompanying consolidated financial statements of Tokio Marine Holdings, Inc. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2018, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata LLC

August 10, 2018

PricewaterhouseCoopers Aarata LLC
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Solvency Margin Ratio (Unaudited)

Sufficiency of solvency of insurance holding company and its subsidiaries, etc. to fulfill payment obligations such as insurance claims

Tokio Marine Holdings' solvency margin ratio (consolidated)

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
(A) Total amount of solvency margin	**5,734,000**	5,304,574
Shareholders' equity less adjusting items	**1,126,693**	1,005,411
Price fluctuation reserve	**100,511**	93,645
Contingency reserve	**55,233**	50,529
Catastrophe loss reserve	**1,182,527**	1,146,033
General allowance for doubtful accounts	**1,952**	2,287
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**2,362,090**	2,010,280
Unrealized gains (losses) on land	**225,307**	204,540
Total amount of unrecognized actuarial difference and unrecognized prior service costs before tax effect deductions	**(28,272)**	(24,832)
Excess of premium reserve, etc.	**319,252**	310,471
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	**176**	64
Deductions	**203,107**	99,919
Others	**491,636**	506,060
(B) Total amount of risks $\sqrt{(\sqrt{(R_1^2 + R_2^2)} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$	**1,304,081**	1,182,223
General insurance risk on property and casualty insurance contracts (R_1)	**357,844**	335,090
Life insurance risk (R_2)	**30,403**	30,463
Third sector insurance risk (R_3)	**42,275**	41,535
Insurance risk of Small Amount and Short Term Insurers (R_4)	**9**	13
Assumed interest rate risk (R_5)	**27,461**	29,035
Minimum guarantee risk on life insurance contracts (R_6)	**2,833**	3,008
Asset management risk (R_7)	**865,232**	756,231
Business administration risk (R_8)	**32,328**	29,477
Catastrophe risk on property and casualty insurance contracts (R_9)	**290,373**	278,515
(C) Solvency margin ratio on a consolidated basis [(A)/{(B) × 1/2}] ×100	**879.3%**	897.3%

Note: "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.

Solvency margin ratio (consolidated)
1. Most subsidiaries in Tokio Marine Group engage in the property and casualty insurance business, life insurance business and Small Amount and Short Term insurance business. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance groups to maintain sufficient solvency in order to cover risks that exceed normal estimates, e.g. occurrences of a major catastrophe, a significant decline in value of assets held by insurance groups.

2. (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance company groups in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates) which is calculated in accordance with the Insurance Business Act.

3. "Risk that exceed normal estimates" is composed of risks described below.
   (1) General insurance risk on property and casualty insurance contracts, life insurance risk, third sector insurance risk and insurance risk of Small Amount and Short Term Insurers: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk on property and casualty insurance contracts.
   (2) Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.
   (3) Minimum guarantee risk on life insurance contracts: risk that value of assets related to the minimum guarantee for benefits of insurance contracts which are managed as a separate account fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.
   (4) Asset management risk: risk that the prices of retained securities and other assets fluctuate in excess of normal estimates.

(5) Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
(6) Catastrophe risk on property and casualty insurance contracts: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan Typhoon or overseas major catastrophe occurs.

4. Subsidiaries that were excluded from the scope of consolidation in preparation of consolidated financial statements due to immateriality were taken into calculation of the consolidated solvency margin ratio.

5. Solvency of insurance company groups in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. price fluctuation reserve, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land.

6. Solvency margin ratio on a consolidated basis is one of the objective indicators used by the regulatory authority to supervise corporate groups headed by an insurance holdings company. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Sufficiency of solvency of major domestic subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Fire Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
(A) Total amount of solvency margin	**5,142,318**	4,898,941
Shareholders' equity less adjusting items	**1,307,717**	1,331,170
Price fluctuation reserve	**91,437**	86,090
Contingency reserve	**4,139**	3,178
Catastrophe loss reserve	**1,116,234**	1,084,279
General allowance for doubtful accounts	**232**	263
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**2,020,068**	1,811,890
Unrealized gains (losses) on land	**209,758**	190,461
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	10,014
Others	**392,731**	401,622
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**1,243,144**	1,138,044
General insurance risk (R_1)	**180,982**	173,456
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**21,491**	23,020
Asset management risk (R_4)	**1,009,717**	915,169
Business administration risk (R_5)	**27,615**	25,403
Catastrophe risk (R_6)	**168,559**	158,550
(C) Solvency margin ratio $[(A)/\{(B) \times 1/2\}] \times 100$	**827.3%**	860.9%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated)

1. In addition to reserves to cover claim payments, payments for maturity refunds of saving type insurance policies, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover risks that exceed their normal estimates, e.g. occurrences of a major catastrophe, a significant decline in the value of assets held by insurance companies.

2. (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of insurance companies in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates) which is calculated in accordance with the Insurance Business Act.

3. "Risk that exceed normal estimates" is composed of risks described below.
   (1) (General) insurance risk, third sector insurance risk: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk.
   (2) Assumed interest rate risk: risk that invested assets fail to yield assumed interest rates due to factors such as downturn of investment conditions.
   (3) Minimum guarantee risk: risk that value of assets related to the minimum guarantee for benefits of insurance contracts that are managed as a separate account fluctuates in excess of normal estimates and falls below the minimum guaranteed benefits when they are to be paid.
   (4) Asset management risk: risk that the prices of retained securities and other assets fluctuate in excess of normal estimates.
   (5) Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
   (6) Catastrophe risk: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan typhoon occurs.

4. Solvency of insurance companies in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets excluding planned outflows, certain reserves (e.g. price fluctuation reserve, contingency reserve, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land.

5. Solvency margin ratio is one of the objective indicators used by the regulatory authority to supervise insurance companies. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Solvency margin ratio (non-consolidated) for Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
(A) Total amount of solvency margin	**170,887**	168,146
Shareholders' equity less adjusting items	**52,528**	57,084
Price fluctuation reserve	**1,292**	1,104
Contingency reserve	**—**	—
Catastrophe loss reserve	**65,396**	60,938
General allowance for doubtful accounts	**2**	5
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**47,195**	43,617
Unrealized gains (losses) on land	**900**	40
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**3,571**	5,356
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**25,867**	25,370
General insurance risk (R_1)	**12,484**	12,180
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**983**	1,045
Asset management risk (R_4)	**13,941**	13,476
Business administration risk (R_5)	**663**	649
Catastrophe risk (R_6)	**5,746**	5,766
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**1,321.2%**	1,325.5%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for E. design Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
(A) Total amount of solvency margin	**5,959**	6,070
Shareholders' equity less adjusting items	**5,061**	5,254
Price fluctuation reserve	**—**	—
Contingency reserve	**—**	—
Catastrophe loss reserve	**897**	816
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Excess of policyholders' contract deposits	**—**	—
Subordinated debt, etc.	**—**	—
Amounts within "Excess of policyholders' contract deposits" and "Subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**—**	—
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**4,220**	3,512
General insurance risk (R_1)	**3,646**	3,021
Third sector insurance risk (R_2)	**—**	—
Assumed interest rate risk (R_3)	**—**	—
Asset management risk (R_4)	**374**	326
Business administration risk (R_5)	**133**	111
Catastrophe risk (R_6)	**421**	361
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**282.4%**	345.6%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
(A) Total amount of solvency margin	**782,623**	747,165
Shareholders' equity less adjusting items	**130,468**	128,986
Price fluctuation reserve	**7,781**	6,451
Contingency reserve	**51,093**	47,350
General allowance for doubtful accounts	**463**	488
Unrealized gains (losses) on available-for-sale securities and deferred gains (losses) on hedge transactions before tax effect deductions × 90%	**215,617**	185,225
Unrealized gains (losses) on land × 85%	**—**	—
Excess of continued Zillmerized reserve	**319,252**	310,471
Subordinated debt, etc.	**100,000**	100,000
Amounts within "Excess of continued Zillmerized reserve" and "Subordinated debt, etc." not calculated into the margin	**(137,387)**	(130,891)
Deductions	**—**	—
Others	**95,333**	99,082
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	**66,658**	52,072
Insurance risk (R_1)	**16,464**	15,965
Third sector insurance risk (R_8)	**5,763**	5,284
Assumed interest rate risk (R_2)	**4,985**	4,969
Minimum guarantee risk (R_7)	**2,833**	3,008
Asset management risk (R_3)	**53,253**	38,082
Business administration risk (R_4)	**1,666**	1,346
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**2,348.1%**	2,869.7%

Note: "Solvency margin ratio" is calculated in accordance with Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine Millea SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
(A) Total amount of solvency margin	**1,590**	1,370
Total net assets excluding deferred assets, etc.	**1,466**	1,307
Price fluctuation reserve	**—**	—
Catastrophe loss reserve	**3**	2
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Part of reserve for dividends to policyholders excluding dividends for following period	**—**	—
Future profit	**—**	—
Tax effect	**120**	60
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2 + R_2^2} + R_3 + R_4$	**85**	89
Insurance risk	**26**	34
General insurance risk (R_1)	**6**	10
Catastrophe risk (R_4)	**19**	23
Asset management risk (R_2)	**64**	62
Business administration risk (R_3)	**1**	1
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**3,706.7%**	3,069.4%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency margin ratio (non-consolidated) for Tokio Marine West SAST Insurance Co., Ltd.

(Yen in millions)

	As of March 31, 2018	As of March 31, 2017
(A) Total amount of solvency margin	**479**	258
Total net assets excluding deferred assets, etc.	**427**	257
Price fluctuation reserve	**—**	—
Catastrophe loss reserve	**2**	1
General allowance for doubtful accounts	**—**	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	**—**	—
Unrealized gains (losses) on land	**—**	—
Part of reserve for dividends to policyholders excluding dividends for following period	**—**	—
Future profit	**—**	—
Tax effect	**49**	—
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
(B) Total amount of risks $\sqrt{R_1^2 + R_2^2} + R_3 + R_4$	**49**	42
Insurance risk	**14**	13
General insurance risk (R_1)	**2**	2
Catastrophe risk (R_4)	**11**	11
Asset management risk (R_2)	**36**	29
Business administration risk (R_3)	**1**	1
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**1,946.8%**	1,228.5%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Market Consistent Embedded Value (MCEV) (Unaudited)
Embedded Value for Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL) (Unaudited)

About MCEV

The current Japanese financial accounting standards focus on conservativeness and have the limitation that the profits generated from life insurance business are generally undervalued shortly after underwriting contracts in terms of the valuation and assessment of performance of life insurance business.

Embedded values (EV) are calculated as the total of the "adjusted net worth" and the "value of in-force." EV is designed to address the limitations of the financial accounting standards in order to facilitate an appropriate evaluation of value and improve performance assessment, considering the actual situation of the business performance.

While there have been various methodologies for calculation of EV, the European Insurance CFO Forum released its MCEV Principles, the European Insurance CFO Forum Market Consistent Embedded Value Principles, in June 2008, to enhance the consistency of valuation standards and unify the standards for disclosures. TMNL has been disclosing its EV in compliance with the MCEV Principles to enhance the disclosure since the fiscal year ended March 31, 2015.

MCEV as of March 31, 2018

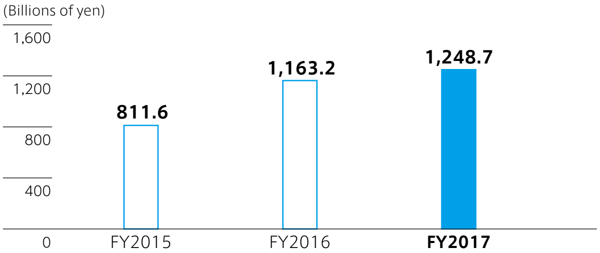
1. MCEV as of March 31, 2018

MCEV of TMNL as of March 31, 2018, was 1,248.7 billion yen, an increase of 85.5 billion yen from the previous fiscal year-end (March 31, 2017), mainly due to the shift to protection-type products and growth in the new business value. MCEV consisted of 910.9 billion yen of adjusted net worth and 337.8 billion yen of value of in-force.

(Billions of yen)

	FY2017	FY2016	FY2015
Adjusted net worth	**910.9**	826.3	1,162.2
Value of in-force	**337.8**	336.8	(350.5)
MCEV at fiscal year-end	**1,248.7**	1,163.2	811.6
New business value	**64.6**	37.4	60.3

MCEV at Fiscal Year-End



2. Change in MCEV

During fiscal 2017, change in MCEV (before dividends paid) was 99.0 billion yen, a decrease of 274.5 billion yen from the previous fiscal year (fiscal 2016). This was mainly because other operating variances resulted in 0.7 billion yen in fiscal 2017 despite that it was 226.6 billion yen in FY2016 due to changes in definitions in the measurement method of MCEV. In addition, higher interest rates, etc. resulted in economic variances of 18.8 billion yen in fiscal 2017, whereas this amount was 110.9 billion in fiscal 2016. (For details on changes, refer to "Reconciliation Analysis of MCEV from the End of Fiscal 2016" on page 140.)

(Billions of yen)

	FY2017	FY2016
Change in MCEV (Before dividends paid)	**99.0**	373.5
(Reference) Change in MCEV (Before dividends paid and excluding economic variances)	**80.2**	262.5

Financial Data

Reconciliation Analysis of MCEV from the End of Fiscal 2016

The table below shows the reconciliation analysis of MCEV as of March 31, 2018 with the MCEV as of March 31, 2017.

(Billions of yen)

	MCEV
Opening MCEV (MCEV as of March 31, 2017)	1,163.2
(1) Dividends paid	(13.5)
Adjusted opening MCEV	1,149.7
(2) New business value	64.6
(3) Expected existing business contribution (risk-free rate)	13.0
(4) Expected existing business contribution (in excess of risk-free rate)	0.3
(5) Actuarial experience variances	(13.3)
(6) Actuarial assumption changes	14.7
(7) Other operating variances	0.7
(8) Operating MCEV earnings ((2)–(7))	80.2
(9) Economic variances	18.8
(10) Other non-operating variances	—
Total MCEV earnings (before dividends paid)	99.0
Closing MCEV (MCEV as of March 31, 2018)	1,248.7

Sensitivity Analysis

The impacts of changing specified assumptions underlying the MCEV are as follows.

Sensitivity analysis of change in MCEV

(Billions of yen)

Assumption	Change in assumption	MCEV	Change in amount	Rate of change
Base case: MCEV at the end of March 2018	No change	1,248.7	—	—
(1) Interest rates	50bp decrease	1,073.7	(174.9)	(14.0%)
	50bp increase	1,324.3	75.5	6.1%
	Swap	1,216.3	(32.4)	(2.6%)
(2) Stock/real estate market values	10% decrease	1,246.1	(2.6)	(0.2%)
(3) Stock/real estate implied volatility	25% increase	1,246.9	(1.7)	(0.1%)
(4) Interest swaption implied volatility	25% increase	1,198.7	(49.9)	(4.0%)
(5) Maintenance expenses	10% decrease	1,284.5	35.7	2.9%
(6) Surrender and lapse rates	×0.9	1,221.4	(27.2)	(2.2%)
(7) Mortality rates	Death protection products: ×0.95	1,267.2	18.5	1.5%
	A&H products and annuity products: ×0.95	1,239.5	(9.2)	(0.7%)
(8) Morbidity rates	×0.95	1,299.8	51.1	4.1%
(9) Required capital	Solvency margin ratio of 200%	1,248.7	—	—
(10) Foreign exchange rates	10% appreciation of JPY	1,248.6	(0.1)	(0.0%)

Assumptions

1. Risk-Free Rates

We have used government bond yields as of the end of March 2018. It is assumed that forward rates in the 41st year and thereafter are equal to the 1-year forward rate in the 40th year. We have adjusted and used Bloomberg's government bond yields as our data source. The government bond yields (spot rates) for key terms are shown below.

	JPY	
Term	**End of March 2018**	End of March 2017
1 year	**(0.12%)**	(0.25%)
5 years	**(0.10%)**	(0.12%)
10 years	**0.06%**	0.08%
20 years	**0.57%**	0.69%
30 years	**0.80%**	0.90%
40 years	**0.97%**	1.06%

We have not included a liquidity premium in the risk-free rates given that definitions in the MCEV Principles are not clear and generally accepted practice has not yet been established. Negative interest rates are not floored at zero.

2. Insurance Assumptions

Assumptions	Basis of assumptions
Mortality and morbidity rates	Mortality and morbidity rates are developed based on claims experience of the latest 1–3 years, in principle, by type of protection, policy year, attained age, and other attributes. For policy years with no experience data, assumptions are developed with reference to industry data. We have reflected improvement trends for mortality rates and improvement trends or deteriorating trends for A&H morbidity rates of some benefits. The projection period for which these trends are reflected is limited to 5 years.
Surrender and lapse rates	Surrender and lapse rates are developed based on the experience of the most recent year, in principle, by line of business, premium mode, and policy year.
Renewal rates	Renewal rates are developed based on past experience. Policies for which renewals are projected are A&H products, of which impact is large due to a high number of limited term in-force policies. For the sake of simplicity, we have not reflected future renewals for some riders.
Operating expense rates	Operating expense rates are developed from past experience based on the ratio (unit cost) of overall actual operating expenditures to the policy count or the premium of the existing policies separately for acquisition and maintenance expenses. Some of the operating expense rates were adjusted by removing one-off costs that are not ordinarily expected to be incurred in the future periods. The removed one-off costs amounted to 80 million yen, which reflects a portion of system development costs. System development costs for maintaining policies are reflected in unit costs in the form of a 5-year average. Increase due to inflation is reflected in future maintenance expenses. Corporate administration costs paid to the parent company are reflected in unit costs. Other than this, there is no look-through effect with regard to other companies within the Tokio Marine Group that needs to be reflected.
Effective tax rate	The effective tax rate is set as follows: Fiscal 2017: 28.2% Fiscal 2018 and thereafter: 28.0%
Consumption tax rate	The consumption tax rate is set as follows: April 2017 – September 2019: 8% October 2019 and thereafter: 10%
Inflation rate	With reference to the inflation swap rate and the past consumer price index (CPI), as well as the possible impact of the consumption tax increase, inflation rates are set as shown below. MCEV as of March 31, 2017: 0.2% MCEV as of March 31, 2018: 0.4%
Policyholder dividend	For products with interest dividends paid every 5 years, dividend rates are set based on the interest rate level in future periods using the method consistent with the one applied to determine the most recent dividend results.
Reinsurance	Reinsurance premiums are recorded as expenses and reinsurance claims are recorded as profit to reflect the fact that the Company cede mortality risks on death protection insurance, third sector risks on third sector and part of the minimum guarantee risks of variable annuities. Reinsurance premiums and reinsurance claims are based on reinsurance agreements.

Caveats

Embedded values are calculated using various assumptions about the drivers of future results and the risks and uncertainties inherent in those results; future experience may deviate, possibly materially, from that underlying the forecasts used in the EV calculation. Also, the actual market value is determined as a result of informed judgments of investors and may differ materially from an embedded value. As such, embedded values should be used with sufficient caution.

Corporate Data

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Tokio Marine Holdings and Its Subsidiaries

(As of March 31, 2018)

Description of Business

Tokio Marine Group consists of Tokio Marine Holdings, Inc., 249 subsidiaries and 22 affiliates, and is engaged in the domestic non-life insurance, domestic life insurance, international insurance, and financial and general businesses.

In addition, Tokio Marine Holdings is a specified listed company. Due to the specified listed company designation, the *de minimis* standard for insider trading regulations is determined on a consolidated basis.

The following is a diagram of businesses as of March 31, 2018.

Business Diagram

Note: ◎ indicates consolidated subsidiaries; △ indicates equity-method affiliates

Tokio Marine Holdings, Inc.

Domestic Non-Life Insurance Business

Property and casualty insurance business

◎ Tokio Marine & Nichido Fire Insurance Co., Ltd.
◎ Nisshin Fire & Marine Insurance Co., Ltd.
◎ E. design Insurance Co., Ltd.

Small-amount short-term insurance business

◎ Tokio Marine Millea SAST Insurance Co., Ltd.

Domestic Life Insurance Business

◎ Tokio Marine & Nichido Life Insurance Co., Ltd.

International Insurance Business

International non-life insurance business

◎ Philadelphia Indemnity Insurance Company
◎ First Insurance Company of Hawaii, Ltd.
◎ Tokio Marine America Insurance Company
◎ Safety National Casualty Corporation
◎ Houston Casualty Company
◎ U.S. Specialty Insurance Company
◎ Tokio Marine Underwriting Limited
◎ HCC International Insurance Company PLC
◎ Tokio Millennium Re AG
◎ Tokio Marine Insurance Singapore Ltd.
◎ Tokio Marine Insurans (Malaysia) Berhad
◎ Tokio Marine Seguradora S.A.
△ IFFCO-TOKIO General Insurance Company Limited

International life insurance business

◎ Reliance Standard Life Insurance Company
◎ Reliance Standard Life Insurance Company of Texas
◎ HCC Life Insurance Company
◎ Tokio Marine Life Insurance Singapore Ltd.
◎ Tokio Marine Life Insurance Malaysia Bhd.
△ Edelweiss Tokio Life Insurance Company Limited

Other business

◎ Tokio Marine North America, Inc.
◎ Philadelphia Consolidated Holding Corp.
◎ Delphi Financial Group, Inc.
◎ HCC Insurance Holdings, Inc.
◎ Tokio Marine Kiln Group Limited
◎ Tokio Marine Asia Pte. Ltd.

Financial and General Businesses

Investment advisory and investment trust services

◎ Tokio Marine Asset Management Co., Ltd.

Major Subsidiaries

(As of March 31, 2018)

Company name	Date of incorpora-tion	Paid-in capital	Ratio of Tokio Marine Holdings' voting rights[1]	Ratio of Tokio Marine Holdings' subsidiaries' voting rights[2]	Location	Major business
Tokio Marine & Nichido Fire Insurance	Mar. 20, 1944[3]	¥101,994 million	100%	0%	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Domestic non-life insurance
Nisshin Fire & Marine Insurance Co., Ltd.	June 10, 1908	¥20,389 million	100%	0%	3, Kanda-Surugadai 2-chome, Chiyoda-ku, Tokyo, Japan	Domestic non-life insurance
E. design Insurance Co., Ltd.	Jan. 26, 2009	¥26,653 million	92.4%	0%	20-2, Nishi-Shinjuku 3-chome, Shinjuku- ku, Tokyo, Japan	Domestic non-life insurance
Tokio Marine & Nichido Life Insurance Co., Ltd.	Aug. 6, 1996	¥55,000 million	100%	0%	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Domestic life insurance
Tokio Marine Millea SAST Insurance Co., Ltd.	Sept. 1, 2003	¥895 million	100%	0%	2-1-1, Minatomirai 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture, Japan	Domestic non-life insurance
Tokio Marine Asset Management Co., Ltd.	Dec. 9, 1985	¥2,000 million	100%	0%	Tekko Building 8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Financial and general businesses
Tokio Marine North America, Inc.	June 29, 2011	US$0 thousand	0%	100%	2711 Centerville Road, Suite 400 Wilmington, DE 19808 USA	International insurance
Philadelphia Consolidated Holding Corp.	July 6, 1981	US$1 thousand	0%	100%	One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA	International insurance
Philadelphia Indemnity Insurance Company	Feb. 4, 1927	US$4,500 thousand	0%	100%	One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 USA	International insurance
First Insurance Company of Hawaii, Ltd.	Aug. 6, 1982	US$4,272 thousand	0%	100%	1100 Ward Avenue, Honolulu, HI 96814 USA	International insurance
Tokio Marine America Insurance Company	Aug. 13, 1998	US$5,000 thousand	0%	100%	1221 Avenue of the Americas, Suite 1500, New York, NY 10020 USA	International insurance
Delphi Financial Group, Inc.	May 27, 1987	US$1 thousand	0%	100%	1105 North Market Street, Suite 1230, Wilmington, DE 19801 USA	International insurance
Safety National Casualty Corporation	Nov. 28, 1942	US$30,000 thousand	0%	100%	1832 Schuetz Road, St. Louis, MO 63146 USA	International insurance
Reliance Standard Life Insurance Company	April 2, 1907	US$56,003 thousand	0%	100%	111 South Wacker Drive, Suite 4400 Chicago, IL 60606-4410 USA	International insurance
Reliance Standard Life Insurance Company of Texas	Aug. 16, 1983	US$700 thousand	0%	100%	7600 West Tidwell Road, Suite 111 Houston, TX 77040 USA	International insurance
HCC Insurance Holdings, Inc.	Mar. 27, 1991	US$1 thousand	0%	100%	160 Greentree Dr. Suite 101 Dover, DE 19904 USA	International insurance
Houston Casualty Company	May 27, 1981	US$5,000 thousand	0%	100%	1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA	International insurance
U.S. Specialty Insurance Company	Oct. 28, 1986	US$4,200 thousand	0%	100%	1999 Bryan St. Suite 900 Dallas, TX 75201-3136 USA	International insurance
HCC Life Insurance Company	Dec. 3, 1980	US$2,500 thousand	0%	100%	150 West Market Street Suite 800 Indianapolis, IN 46204	International insurance
Tokio Marine Kiln Group Limited	July 11, 1994	£1,010 thousand	0%	100%	20 Fenchurch Street, London, EC3M 3BY, UK	International insurance
Tokio Marine Underwriting Limited	Oct. 27, 2008	£0 thousand	0%	100%	20 Fenchurch Street, London, EC3M 3BY, UK	International insurance
HCC International Insurance Company PLC	July 22, 1981	US$70,197 thousand £96,047 thousand	0%	100%	1 Aldgate, London, EC3N 1RE, UK	International insurance
Tokio Millennium Re AG	Mar. 15, 2000	CHF227,675 thousand	0%	100%	Beethovenstrasse 33 8002 Zurich, Switzerland	International insurance
Tokio Marine Asia Pte. Ltd.	Mar. 12, 1992	S$1,128,971 thousand THB542,000 thousand	0%	100%	20 McCallum Street, #13-01 Tokio Marine Centre, Singapore 069046	International insurance
Tokio Marine Insurance Singapore Ltd.	July 11, 1923	S$100,000 thousand	0%	100%	20 McCallum Street, #09-01 Tokio Marine Centre, Singapore 069046	International insurance
Tokio Marine Life Insurance Singapore Ltd.	May 21, 1948	S$36,000 thousand	0%	85.7%	20 McCallum Street, #07-01 Tokio Marine Centre, Singapore 069046	International insurance
Tokio Marine Insurans (Malaysia) Berhad	April 28, 1999	RM403,471 thousand	0%	100%	Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400, Kuala Lumpur, Malaysia	International insurance
Tokio Marine Life Insurance Malaysia Bhd.	Feb. 11, 1998	RM226,000 thousand	0%	100%	Level 23, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	International insurance
Tokio Marine Seguradora S.A.	June 23, 1937	R890,409 thousand	0%	97.8%	R. Sampaio Viana, 44 CEP: 04004-902 São Paulo, SP, Brazil	International insurance
Affiliate accounted for by the equity method						
IFFCO-TOKIO General Insurance Company Limited	Sept. 8, 2000	RS2,693,215 thousand	0%	49%	IFFCO Sadan, C-1, Distt, Centre, Saket, New Delhi 110017, India	International insurance
Edelweiss Tokio Life Insurance Company Limited	Nov. 25, 2009	RS3,126,208 thousand	0%	49%	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai 400 098 India	International insurance

1 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings to total voting rights
2 The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings' subsidiaries to total voting rights
3 Founded on August 1, 1879

Worldwide Network of Tokio Marine Group

(As of March 31, 2018)

Tokio Marine Group operates a worldwide network that spans 38 countries and regions. The Group has built a structure that can respond to the diverse needs of customers in each country, beginning with companies setting up overseas operations, as well as overseas travelers.

North America

United States	■	New York, Los Angeles, Chicago, Atlanta, Honolulu, Philadelphia, Bala Cynwyd, St. Louis, Houston, Stamford, Dallas, San Francisco, and Ohio
	□	Tokio Marine North America, Inc. (New York and Bala Cynwyd)
	□	TMNA Services, LLC (New York, Bala Cynwyd, and New Jersey)
	□	Tokio Marine America (New York, New Jersey, Los Angeles, Chicago, Atlanta, Houston, Nashville, Dallas, San Francisco, and Ohio)
	□	TM Claims Service, Inc. (New York, Los Angeles, Honolulu, and Dallas)
	□	First Insurance Company of Hawaii, Ltd. (Honolulu)
	□	Philadelphia Insurance Companies (Bala Cynwyd and others)
	□	Delphi Financial Group, Inc. (New York)
	□	Reliance Standard Life Insurance Company (Philadelphia)
	□	Safety National Casualty Corporation (St. Louis)
	□	TM Tokio Marine HCC (Houston and others)
	○	Tokio Millennium Re AG (Stamford)
Guam	■	Guam
	□	Tokio Marine Pacific Insurance Limited (Guam)
Canada	■	Toronto, Vancouver, and Montreal
	●	Toronto, Vancouver, and Montreal
Bermuda	■	Hamilton
	○	Tokio Millennium Re AG (Hamilton)
	□	Tokio Solution Management Ltd. (Hamilton)

Central & South America

Mexico	■	Mexico City
	□	Tokio Marine Compañía de Seguros, S.A. de C.V. (Mexico City, Tijuana, Monterrey, and Bajio)
Brazil	■	São Paulo
	□	Tokio Marine Seguradora S.A. (São Paulo and others)
Paraguay	□	La Rural S.A. de Seguros (Asunción and others)

Europe, Africa & Middle East

United Kingdom	■	London
	□	Tokio Marine Kiln Group Limited (London)
	□	Tokio Marine HCC (London, Birmingham, Bridgend, Bristol, Leicester, Manchester, and Newcastle)
	□	TM Claims Service Europe Ltd. (London)
	○	Tokio Millennium Re AG (London)
France	■	Paris
	○	Tokio Marine Kiln Group Limited (Paris, Lyon, Bordeaux, Strasbourg, and Nantes)
	○	Tokio Marine HCC (Strasbourg)
Germany	■	Dusseldorf
	○	Tokio Marine Kiln Group Limited (Dusseldorf)
	◇	Tokio Marine Kiln Group Limited c/o Burmester, Duncker & Joly (Hamburg)
	○	Tokio Marine HCC (Munich)
Netherlands	■	Amsterdam
	○	Tokio Marine Kiln Group Limited (Amsterdam)
	○	TM Claims Service Europe Ltd. (Amsterdam)
Belgium	■	Brussels
	○	Tokio Marine Kiln Group Limited (Brussels)
	○	TM Claims Service Europe Ltd. (Brussels)
Italy	■	Milan
	○	Tokio Marine Kiln Group Limited (Milan)
	○	Tokio Marine HCC (Milan)
Spain	■	Barcelona
	○	Tokio Marine Kiln Group Limited (Barcelona)
	○	Tokio Marine HCC (Barcelona)
Norway	◇	Tokio Marine Kiln Group Limited c/o RiskPoint Norway (Oslo)
	○	Tokio Marine HCC (Oslo)
Denmark	◇	Tokio Marine Kiln Group Limited c/o RiskPoint A/S (Copenhagen)
Russia	■	Moscow
	□	Tokio Marine Risk Management Rus, LLC (Moscow)
Switzerland	■	Zurich
	□	Tokio Millennium Re AG (Zurich)
	○	Tokio Marine HCC (Zurich)
Ireland	○	Tokio Marine HCC (Kildare)

Egypt
■ Cairo
□ Tokio Marine Egypt General Takaful Company (Cairo, Alexandria and others)
□ Tokio Marine Egypt Family Takaful Company (Cairo and Alexandria)

U.A.E.
■ Dubai
□ Tokio Marine Middle East Limited (Dubai)
◆ Al Futtaim Development Services Company (L.L.C.) (Dubai and Abu Dhabi)

Saudi Arabia
■ Jeddah, Riyadh
□ Alinma Tokio Marine Company (Riyadh, Jeddah, and Al Khobar)

Turkey
□ Allianz Sigorta A.S. (Istanbul)
□ Allianz Hayat ve Emeklilik A.S. (Istanbul)

South Africa
■ Johannesburg

Asia & Oceania

Seoul
■ Seoul
● Seoul

People's Republic of China
■ Beijing, Shanghai, Guangzhou, Suzhou, and Hangzhou
□ The Tokio Marine & Nichido Fire Insurance Company (China) Limited (Beijing, Shanghai, Guangzhou, Suzhou, and Hangzhou)
□ Zhongsheng International Insurance Brokers Co., Ltd. (Beijing and others)

Hong Kong
■ Hong Kong
□ The Tokio Marine and Fire Insurance Company (Hong Kong) Limited (Hong Kong)

Taiwan
■ Taipei
□ Tokio Marine Newa Insurance Co., Ltd. (Taipei and others)

Philippines
■ Manila
□ Malayan Insurance Company, Inc. (Manila and others)

Vietnam
■ Hanoi and Ho Chi Minh City
□ Bao Viet Tokio Marine Insurance Company Limited (Hanoi and others)

Thailand
■ Bangkok
□ Tokio Marine Insurance (Thailand) Public Company Limited (Bangkok and others)
□ Tokio Marine Life Insurance (Thailand) Public Company Limited (Bangkok and others)

Malaysia
■ Kuala Lumpur
□ Tokio Marine Insurans (Malaysia) Berhad (Kuala Lumpur and others)
□ Tokio Marine Life Insurance Malaysia Bhd. (Kuala Lumpur and others)

Singapore
■ Singapore
□ Tokio Marine Asia Pte. Ltd. (Singapore)
□ Tokio Marine Insurance Singapore Ltd. (Singapore)
□ Tokio Marine Life Insurance Singapore Ltd. (Singapore)
□ TM Claims Service Asia Pte. Ltd. (Singapore)

Brunei
○ Tokio Marine Insurance Singapore Ltd. (Bandar Seri Begawan)
○ Tokio Marine Life Insurance Singapore Ltd. (Bandar Seri Begawan)

Indonesia
■ Jakarta
□ PT Asuransi Tokio Marine Indonesia (Jakarta and others)
□ PT Tokio Marine Life Insurance Indonesia (Jakarta)

India
■ New Delhi, Mumbai, and Chennai
□ IFFCO-TOKIO General Insurance Company Limited (New Delhi and others)
□ Edelweiss Tokio Life Insurance Company Limited (Mumbai and others)

Myanmar
■ Yangon
● Yangon

Cambodia
■ Phnom Penh

Australia
■ Sydney and Melbourne
□ Tokio Marine Management (Australasia) Pty. Ltd. (Sydney and Melbourne)
○ Tokio Millennium Re Ltd. (Sydney)

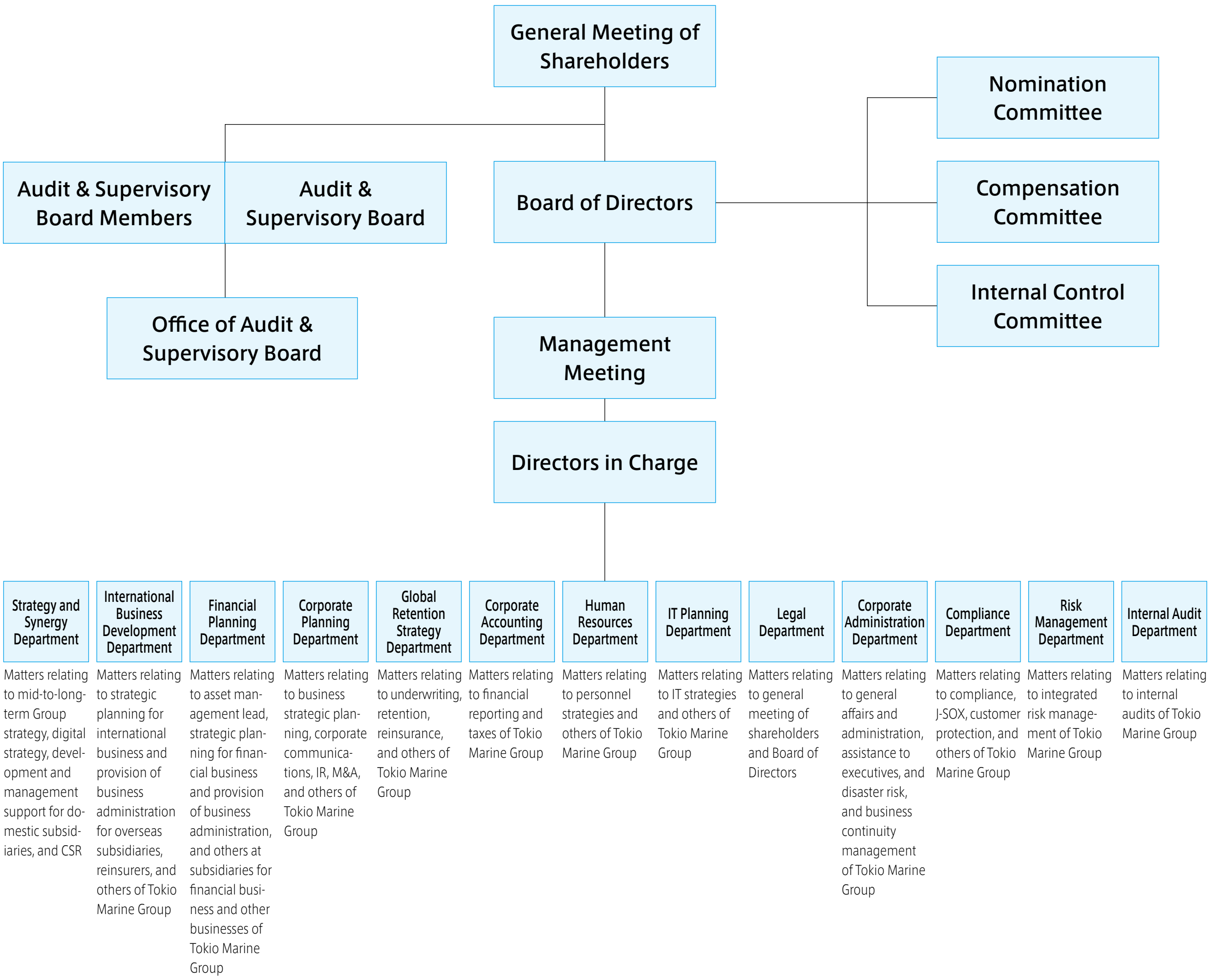
New Zealand
● Auckland

Locations of overseas bases: 38 countries and regions
Number of Japanese employees positioned overseas: 290
Number of locally hired employees: Approx. 24,000
Number of claims agents: Approx. 250 (including subagents)

■ Cities where employees of Tokio Marine & Nichido are dispatched/Representative and Liaison Offices of Tokio Marine & Nichido
● Branches of Tokio Marine & Nichido
◆ Underwriting Agents of Tokio Marine & Nichido
□ Group Companies & Investing Companies of Tokio Marine Group
○ Branches of Tokio Marine Group Companies
◇ Underwriting Agents of Tokio Marine Group Companies

Organizational Chart

(As of April 1, 2018)



Employees

(As of March 31, 2018)

Number of employees	642
Average age of employees	43.8 years old
Average length of service of employees	19.9 years

Note: Most employees of Tokio Marine Holdings are seconded from its subsidiaries. Average length of service includes the years of service at these subsidiaries.

Facilities

Overview of Capital Investment

Tokio Marine Group makes capital investments to improve customer services and streamline workflows. The following is a breakdown of capital investment in the fiscal year ended March 31, 2018.

Business segment	Amount (Yen in millions)
Domestic non-life insurance	13,007
Domestic life insurance	171
International insurance	4,631
Financial and general businesses	435
Total	18,245

Status of Major Facilities

The following are the major facilities of Tokio Marine Holdings and its consolidated subsidiaries.

Tokio Marine Holdings

(As of March 31, 2018)

Company name	Office name (Location)	Number of sections and local branches	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
				Land (m^2)	Buildings	Movables		
Tokio Marine Holdings	**Headquarters** (Chiyoda-ku, Tokyo)	—	Holding company	—	153	74	642	—

Domestic subsidiaries

(As of March 31, 2018)

Company name	Office name (Location)	Number of sections and local branches	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
				Land (m^2)	Buildings	Movables		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo) including each Service Dept., Tokyo Corporate Division, Tokyo Automobile Division, Commercial Lines Claims Dept. 1, Claims Service Dept. 2, Tokyo Automobile Claims Service Dept., Marketing Promotion Dept. (Governmental), Government Sector Dept. 1&2, Health Care & Welfare Institution Sector Dept., Group Account Marketing Dept., and Financial Institutions Dept and overseas branches.	46	Domestic non-life insurance	35,506 (86,033)	26,635	11,820	4,121	735
	Hokkaido Hokkaido Branch (Chuo-ku, Sapporo) and 6 other branches	14	Domestic non-life insurance	863 (6,249)	1,012	361	663	519
	Tohoku Sendai Branch (Aoba-ku, Sendai) and 9 other branches	27	Domestic non-life insurance	2,531 (10,231)	3,542	676	1,068	238
	Kanto Tokyo Chuo Branch (Minato-ku) and 31 other branches	55	Domestic non-life insurance	7,933 (12,997)	6,744	1,666	3,922	2,291
	Tokai/Hokuriku Aichi Minami Branch (Chuo-ku, Nagoya) and 25 other branches	32	Domestic non-life insurance	3,754 (12,302)	9,162	1,115	2,438	903
	Kansai Osaka Minami Branch (Chuo-ku, Osaka) and 24 other branches	24	Domestic non-life insurance	5,720 (10,070)	4,655	1,284	2,335	1,668
	Chugoku/Shikoku Hiroshima Branch (Naka-ku, Hiroshima) and 14 other branches	24	Domestic non-life insurance	2,478 (7,246)	2,042	650	1,360	796
	Kyushu Fukuoka Chuo Branch (Hakata-ku, Fukuoka) and 13 other branches	28	Domestic non-life insurance	5,604 (10,001)	4,300	692	1,576	292

Domestic subsidiaries

(As of March 31, 2018)

Company name	Office name (Location)	Number of sections and local branches	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
				Land (m²)	Buildings	Movables		
Nisshin Fire & Marine Insurance Co., Ltd.	**Head Office (Tokyo Headquarters)** (Chiyoda-ku, Tokyo) **Saitama Headquarters** (Urawa-ku, Saitama)	92	Domestic non-life insurance	10,371 (23,740)	7,353	1,237	2,240	1,139
E. design Insurance Co., Ltd.	**Headquarters** (Shinjuku-ku, Tokyo)	3	Domestic non-life insurance	— (—)	69	50	257	166
Tokio Marine & Nichido Life Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	91	Domestic life insurance	— (—)	518	664	2,216	1,166
Tokio Marine Millea SAST Insurance Co., Ltd.	**Headquarters** (Nishi-ku, Yokohama)	4	Domestic non-life insurance	— (—)	16	22	108	85
Tokio Marine Asset Management Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	—	Financial and general businesses	— (—)	409	137	279	375

Overseas subsidiaries

(As of March 31, 2018)

Company name	Office name (Location)	Number of sections and local branches	Business segment	Carrying amount (Yen in millions)			Number of employees	Rent (Yen in millions)
				Land (m²)	Buildings	Movables		
Tokio Marine North America, Inc. and 1 other company	**Headquarters** (Wilmington, Delaware, U.S.A.)	3	International insurance	— (—)	116	872	394	692
Philadelphia Consolidated Holding Corp. and 6 other Group companies	**Headquarters** (Bala Cynwyd, Pennsylvania, U.S.A.)	57	International insurance	— (—)	322	541	1,944	1,324
First Insurance Company of Hawaii, Ltd. and 5 other Group companies	**Headquarters** (Honolulu, Hawaii, U.S.A.)	—	International insurance	— (—)	201	97	341	442
Tokio Marine America Insurance Company and 4 other Group companies	**Headquarters** (New York, New York, U.S.A.)	9	International insurance	— (—)	571	296	322	678
Delphi Financial Group, Inc. and 19 other Group companies	**Headquarters** (Wilmington, Delaware, U.S.A.)	46	International insurance	286 (64,390)	2,269	2,169	2,534	2,194
HCC Insurance Holdings, Inc. and 63 other companies	**Headquarters** (Dover, Delaware, U.S.A.)	69	International insurance	479 (59,933)	2,146	5,245	2,678	1,728
Tokio Marine Kiln Group Limited and 27 other Group companies	**Headquarters** (London, U.K.)	36	International insurance	— (—)	47	2,364	752	696
Tokio Marine Underwriting Limited	**Headquarters** (London, U.K.)	—	International insurance	— (—)	—	—	—	—
Tokio Millennium Re AG and 3 other companies	**Headquarters** (Zurich, Switzerland)	4	International insurance	— (—)	748	198	185	443
Tokio Marine Asia Pte. Ltd.	**Headquarters** (Singapore, Singapore)	—	International insurance	— (—)	—	31	79	—
Tokio Marine Insurance Singapore Ltd.	**Headquarters** (Singapore, Singapore)	1	International insurance	1,764 (296)	847	453	219	29
Tokio Marine Life Insurance Singapore Ltd.	**Headquarters** (Singapore, Singapore)	2	International insurance	1,754 (214)	925	135	253	7
Tokio Marine Insurans (Malaysia) Berhad	**Headquarters** (Kuala Lumpur, Malaysia)	19	International insurance	— (—)	10	362	909	180
Tokio Marine Life Insurance Malaysia Bhd.	**Headquarters** (Kuala Lumpur, Malaysia)	15	International insurance	628 (3,474)	1,870	271	474	12
Tokio Marine Seguradora S.A.	**Headquarters** (São Paulo, Brazil)	70	International insurance	318 (4,660)	105	571	1,750	354

Notes: 1. The number of sections and local branches is the total of sections, local branches, and overseas representative offices that belong to the office named in the second column. Overseas branches and overseas representative offices are included in the headquarters.
2. All of the above facilities are for business use.
3. Movables include leased assets.
4. Some buildings are being leased.

New Facility Construction and Elimination Schedule

None planned.

Stock Information

Stock and Shareholder Information

Stock Information (As of July 1, 2018)
Stock issued by Tokio Marine Holdings is common stock and the total number of authorized shares is 3.3 billion shares with the total number of shares outstanding at 748,024,375 shares.

a. The Ordinary General Meeting of Shareholders is held within three months of the end of each fiscal year.
b. Accounting period: Ends March 31
c. Share registrar: The Mitsubishi UFJ Trust and Banking Corporation
d. Record date: Ordinary General Meeting of Shareholders: March 31
Year-end dividend: March 31
Interim dividend: September 30
e. Public notice will be electronically published. (http://www.pronexus.co.jp/koukoku/8766/8766.html)
However, in the event that public notice cannot be electronically published due to an accident or other compelling reason, a notification shall be published in the Tokyo issue of the *Nihon Keizai Shimbun*.
f. Number of shares constituting one unit: 100
g. Stock listing: Tokyo Stock Exchange

Matters for the General Meeting of Shareholders
The 16th General Meeting of Shareholders was held on June 25, 2018. The items reported and the proposals acted upon were as follows:

Items reported
1. Business report, consolidated financial statements, and the audit reports on the consolidated financial statements prepared by the independent auditor and the Audit & Supervisory Board, respectively, for the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
2. Non-consolidated financial statements for the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Proposals acted upon
1. Appropriation of Surplus
2. Election of Thirteen (13) Directors
3. Election of Three (3) Audit & Supervisory Board Members
The proposals have been approved as proposed.

Dividend Policy
The Company seeks to improve shareholder return by distributing stable dividends on its common stock after taking into consideration the business results and expected future environment of the Company, subject to the Company having provided sufficient capital to meet the business needs of Tokio Marine Group.

Based on this policy, taking various circumstances into consideration, the Company paid a year-end dividend of 80.00 yen per share for fiscal 2017.

The Company also paid an interim dividend of 80.00 yen per share, resulting in total dividends for the year of 160.00 yen per share. This was an increase of 20.00 yen per share compared with total annual dividends of 140.00 yen per share in the previous fiscal year.

Capital

Date	Equity capital
April 2, 2002	¥150 billion
March 31, 2018	¥150 billion

Corporate Data

Stock Ownership Distribution

As of March 31, 2018, the number of shareholders was 80,716. The percentage of major stock ownership was 36.60% and 38.42% for financial institutions and foreign shareholders, respectively.

a. Types of shareholders (As of March 31, 2018)

Category	Number of shareholders	Number of shares	Shareholding ratio (%)
Government/Local government	2	845	0.00
Financial institutions	275	273,775,125	36.60
Financial instruments firms	52	24,240,479	3.24
Other domestic companies	1,581	53,905,888	7.21
Foreign shareholders	877	287,379,316	38.42
Individuals and others	77,928	86,131,573	11.51
Treasury stocks	1	22,591,149	3.02
Total	80,716	748,024,375	100.00

b. Breakdown by region (As of March 31, 2018)

Category	Number of shareholders	Shareholder ratio (%)	Number of shares	Shareholding ratio (%)
Hokkaido	1,098	1.36	2,294,361	0.31
Tohoku	1,914	2.37	4,005,740	0.54
Kanto	38,692	47.94	395,084,834	52.82
Chubu	12,162	15.07	23,201,044	3.10
Kinki	17,709	21.94	23,480,003	3.14
Chugoku	3,095	3.83	4,139,192	0.55
Shikoku	1,949	2.41	3,087,255	0.41
Kyushu	3,157	3.91	5,420,082	0.72
Overseas and others	940	1.16	287,311,864	38.41
Total	80,716	100.00	748,024,375	100.00

c. Breakdown by number of shares held (As of March 31, 2018)

Category	5,000 units or more	1,000 units or more	500 units or more	100 units or more	50 units or more
Number of shareholders	168	271	198	1,302	2,303
Composition ratios to total number of shareholders (%)	0.21	0.34	0.25	1.61	2.85
Number of shares	582,218,623	63,393,336	13,775,075	23,809,427	14,972,923
Composition ratios to total number of shares (%)	77.83	8.47	1.84	3.18	2.00

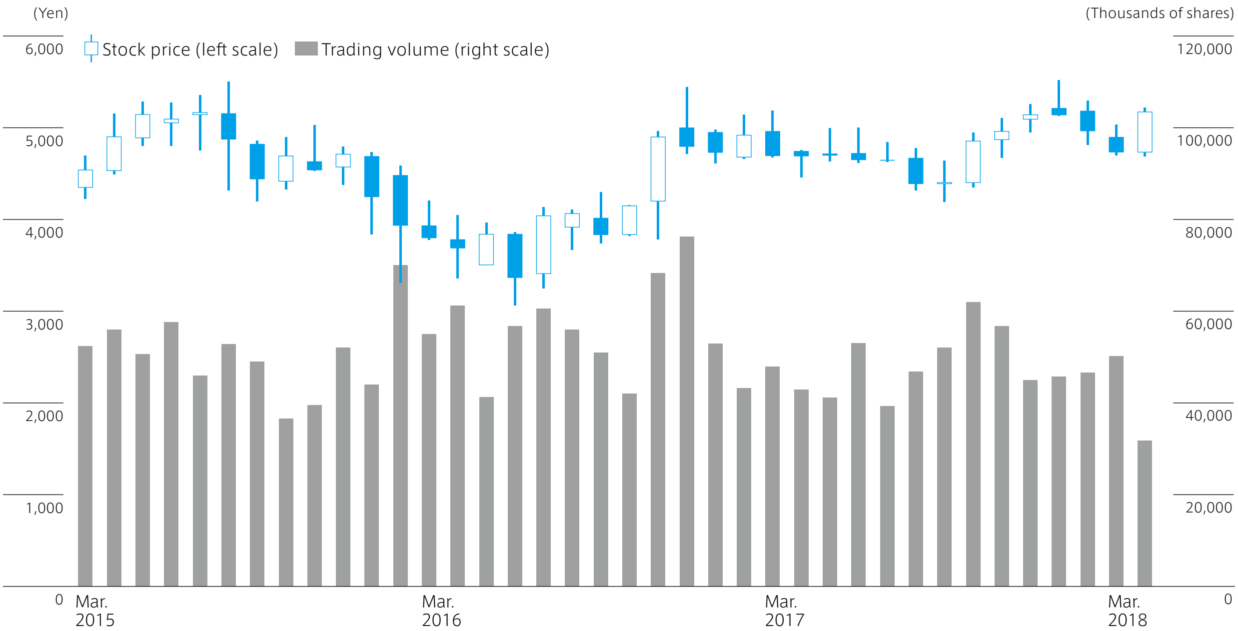
Category	10 units or more	5 units or more	1 unit or more	Less than 1 unit	Total
Number of shareholders	18,936	15,722	27,720	14,096	80,716
Composition ratios to total number of shareholders (%)	23.46	19.48	34.34	17.46	100.00
Number of shares	35,420,715	8,854,746	5,049,062	530,468	748,024,375
Composition ratios to total number of shares (%)	4.74	1.18	0.67	0.07	100.00

Top 10 Shareholders

(As of March 31, 2018)

Shareholders	Address	Number of shares held (Thousand shares)	Composition ratios to total number of shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	49,080	6.8
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	43,349	6.0
State Street Bank and Trust Company 505001 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	P.O. Box 351, Boston, Massachusetts 02101, U.S.A. (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	21,422	3.0
Meiji Yasuda Life Insurance Company (Custodian: Trust & Custody Services Bank, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo)	15,779	2.2
Japan Trustee Services Bank, Ltd. (Trust Account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	14,200	2.0
State Street Bank West Client – Treaty 505234 (Custodian: Mizuho Corporate Bank, Ltd. Settlement & Clearing Services Division)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	12,359	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	12,324	1.7
JP Morgan Chase Bank 385632 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	10,911	1.5
The Master Trust Bank of Japan, Ltd. (Retirement Benefits Trust Account for Mitsubishi Corporation)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	10,832	1.5
Japan Trustee Services Bank, Ltd. (Trust Account 1)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	10,543	1.5

Stock Price Range and Trading Volume

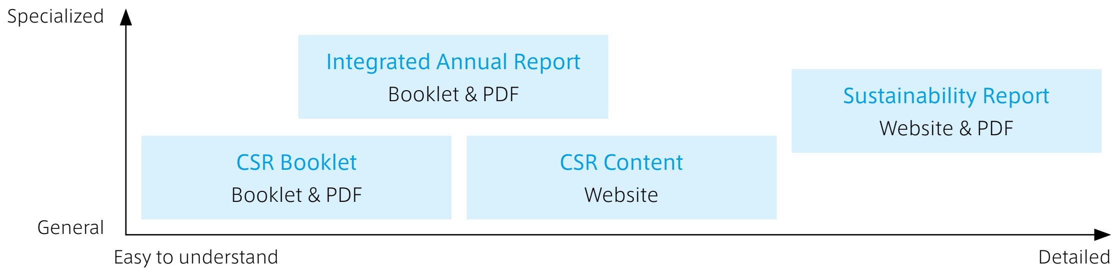


Corporate Data

Group CSR Information

Tokio Marine Group works to enhance communication with its stakeholders toward a safe, secure, and sustainable future. Our CSR Booklet conveys the initiatives being undertaken by the Group in an easy-to-understand manner. Our Sustainability Report explains the Group's CSR strategy in detail with data.

Diagram of Tokio Marine Group CSR Reporting



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