Overview of 3Q FY2011 Financial Results

1. Consolidated Results of Tokio Marine Holdings

(Reference: "Supplemental material for 3Q FY2011 conference call")

Ordinary income

- **Net premiums written: ¥1,750.9 billion, up ¥22.4 billion or 1.3% YoY**
  - Domestic Non-life: Tokio Marine & Nichido and Nisshin Fire recorded premium increases
  - Overseas subsidiaries: Declined due to the appreciation of the yen, despite the effects of consolidating a China-based subsidiary. Premiums increased on a local currency basis

- **Life insurance premiums: ¥245.3 billion, down ¥67.9 billion or 21.7% YoY**
  - Insurance premiums and other of Tokio Marine & Nichido Life: Steady growth in policies in force raised insurance premiums by ¥19.3 billion or 5.6% YoY
  - Insurance premiums and other of Tokio Marine & Nichido Financial Life: Premiums of new policies declined significantly mainly due to the shrinking market of variable annuity, in addition to the delay for achieving market penetration of new products with limited minimum guarantee

  (Note: Non-consolidated life results do not add up to the consolidated results of life operations due to the difference in accounting format between life and non-life operations; the consolidated results are shown in the non-life format.)

- **Insurance premiums of international insurance business (total of life and non-life)*: ¥403.0 billion, down ¥18.0 billion or 4.3% YoY**
  - Excluding the effects of the appreciation of the yen: An increase of approximately 6% YoY

  The exchange rates continue to have large impacts on the international insurance businesses, where 3Q of the fiscal year corresponds to the period between January and September. For example, the appreciation of the yen against the dollar was about 9%, from 83.82 yen at the end of September in 2010 to 76.65 yen on the same day in 2011.

  * Result for the overall international insurance business, including foreign branches of Tokio Marine & Nichido, equity method investees and non-consolidated companies.

◇ **Changes by Region: (Please refer to the table provided at the end of this overview.)**

- Philadelphia Insurance Companies: A decrease of approximately 6% YoY due to the appreciation of the yen. Premiums continued to grow by about 3% YoY on a local currency basis
  - Mainly due to upward rate revisions at the time of policy renewal
- Kiln: An increase of approximately 1% YoY despite the appreciation of the yen. An increase of approximately 12% YoY on a local currency basis
  - Mainly due to a growth in selected accounts underwritten

- Reinsurance (excluding Kiln): An increase of approximately 1% YoY despite the appreciation of the yen. An increase of approximately 11% YoY on a local currency basis
    - Supported by expansion of new business and opening of new branches
- North America (excluding Philadelphia): A decrease of approximately 3% YoY, due mainly to the appreciation of the yen. An increase of approximately 7% YoY on a local currency basis
    - Supported by the recovery in Japanese related business among others
- Central and South America: A decrease of approximately 24% YoY due to the appreciation of the yen. A decrease of approximately 7% YoY on a local currency basis
    - Mainly due to non-renewal of selected major contracts in light of underwriting performance
- Non-life in Asia: An increase of approximately 6% YoY despite the yen's appreciation. An increase of approximately 17% YoY, excluding the effects of the appreciation of the yen
    - Due mainly to an increase in auto insurance premiums supported by steady economic growth
- International life: An increase of approximately 1% YoY. An increase of approximately 9% YoY, excluding the effects of the appreciation of the yen
    - Due mainly to the expansion of bank sales in Singapore

Ordinary profit

◆ **Ordinary profit: ¥109.9 billion, down ¥108.9 billion or 49.8% YoY**

- Mainly due to the significant increase in natural catastrophe losses in domestic non-life and overseas subsidiaries caused by typhoons in Japan, tornadoes in the U.S., and Thai Flood
- Impact of Thai Flood
    - At the end of 1H FY2011, the net incurred losses from Thai Flood was estimated to be approximately ¥100.0 billion (Group total)
    - As of the end of 3Q FY2011, we recognized total net incurred losses of approximately ¥110.0 billion as a group in the progress of damage assessment Breakdown: Approximately ¥50.0 billion at TMNF and approximately ¥60.0 billion* at overseas subsidiaries

  * The recognition of losses at overseas subsidiaries, ¥60.0 billion, was adjusted to be in the 3Q FY2011 in the consolidated results, although they incurred in the 4Q FY2011 in the local fiscal period.

Quarterly net income

◆ **Quarterly net income/loss: Loss of ¥19.7 billion, earnings declined by ¥158.6 billion or 114.2% YoY**

- Due to the reduction of ¥62.8 billion of deferred tax assets owing to the newly promulgated legislation related to decrease in corporate tax rate, in addition to the same factors that led to lower ordinary profit

2. Non-Consolidated Results of Tokio Marine & Nichido

(Reference: "Summary Report," pages 13 to 16)

◆ **Net premiums written: ¥1,330.7 billion, up ¥26.6 billion or 2.0% YoY**
Changes in major lines:

- Fire: Increased by 4.4% YoY
  - Due to the increased risk awareness after the Great East Japan Earthquake and an increase in the number of policies of household fire insurance owing to the recovery in housing starts
  - Due mainly to new major contracts and upward rate revisions in earthquake coverage for corporate clients
- Personal accident: Increased by 0.8% YoY
  - Positive effect of rate revisions in October 2010 and increase in premiums from personal accident insurance for industrial accidents ("T protection" Plan)
- Auto: Increased by 1.1% YoY
  - Due mainly to higher unit price achieved by rate revisions in July 2010 and an increase in number of policies
- Other lines: Increased by 1.6% YoY
  - Due mainly to increase in premiums from major commercial policies

◆ **Net loss ratio: 84.2%, up 16.5 points YoY**

- Fire: 180.7%, up 139.4 points YoY
  - Due mainly to an increase in claims paid related to the Great East Japan Earthquake, and typhoons No.12 and No.15
- Auto: 70.9%, an improvement of 0.2 points YoY
  - Due mainly to revenue growth achieved by rate revisions
- Net loss ratio improved in all lines except in Fire and Marine
- Net loss ratio excluding claims paid in relation to natural disasters*: 65.2%, improved by 2.4 points YoY

  * Excluding claims paid in relation to the Great East Japan earthquake in addition to natural disasters which occurred during the period such as typhoons No.12 and No.15

◇ **Current situation of auto insurance:**

- The number of accidents in 3Q FY2011 leveled off YoY after the temporary decrease immediately following the Great East Japan Earthquake. This was mainly due to the gradual increase of accidents as traffic volume returned a normal level in accordance with the progress of economic recovery, and the effect of natural disasters including typhoons
- The number of accidents in January 2012 remains almost the same level YoY

◆ **Business expenses and net expense ratio:**

- Agency commissions and brokerage: ¥225.9 billion, up ¥0.4 billion YoY
  - Mainly due to revenue growth despite a decrease in average agency commission points
- Operating and general administrative expenses on underwriting: ¥202.6 billion, down ¥13.3 billion YoY
  - Mainly due to a reduction of personnel expenses owing to decreased employees' bonuses, lowered costs for Business Renovation Project, and

reduced non-personnel expenses through cost cutting efforts

- Total expenses: ¥428.5 billion, down ¥12.8 billion YoY
- Net expense ratio: 32.2%, an improvement of 1.6 points YoY

◆ **Outstanding claims reserve (private insurance basis): A decrease of ¥9.7 billion in the balance. Provision requirement increased by ¥7.4 billion YoY**

- Main factors of the changes in balance
  - Decreased by ¥65.1 billion owing to the progress of the claims payment related to the Great East Japan Earthquake
  - Increased by ¥50.8 billion owing to Thai Flood
  - Increased by ¥9.7 billion related to the typhoons No. 12 and No. 15

◆ **Underwriting reserves: A decrease of ¥251.5 billion in the balance. Provision Requirement decreased by ¥158.0 billion YoY**

- Main factors of the changes in balance
  - Underwriting reserve for residential earthquake insurance: Decreased by ¥125.3 billion. Provision requirement decreased by ¥131.1 billion YoY
    - Due to the major reversal relating to the Great East Japan Earthquake. With regard to residential earthquake insurance, there will be no impact on profit as the amount of reversal of earthquake underwriting reserve is exactly matched with the amount of net incurred losses
  - General underwriting reserve (private insurance basis): Increased by ¥16.9 billion. Provision requirement increased by ¥12.3 billion YoY
    - Mainly due to an increase YoY in provision requirement in line with increased premiums
  - Catastrophe loss reserve: Decreased by ¥66.0 billion. Provision requirement decreased by ¥60.7 billion YoY
    - There was a reversal of loss reserve particularly in fire insurance mainly because claim payments related to the Great East Japan Earthquake and typhoons No.12 and No.15 have been processed

◆ **Underwriting profit: ¥26.6 billion, down ¥17.7 billion YoY**

◆ **Investment income (net): ¥138.4 billion, down ¥31.8 billion YoY**

- Income from interest and dividends: ¥116.3 billion, down ¥2.1 billion YoY
  - Mainly due to a decrease in dividend income on foreign stocks of overseas subsidiaries
- Gains/losses on sales of securities: ¥66.4 billion, down ¥11.0 billion YoY
  - Mainly due to a decrease in gains on sales of business-related equities YoY amid the sluggish stock market although the book value of the business-related equities sold in the period increased YoY
- Impairment losses on securities: Loss of ¥18.5 billion, an increase of ¥10.6 billion YoY
  - Mainly due to the impairment losses on a limited number of large stock holdings
- Gains on derivatives: ¥20.3 billion, down ¥6.7 billion YoY
  - Mainly due to a decrease in gains on short position in foreign currencies owing to the smaller appreciation of the yen YoY

◆ **Ordinary profit: ¥164.6 billion, down ¥29.9 billion, or 15.4% YoY**

- Deferred tax assets related to the taxable underwriting reserves for residential earthquake insurance and CALI were reduced in line with the change in corporate tax rate. Accordingly, the same amount was recorded as reversal of underwriting reserves, which led to an increase in ordinary profit

◆ **Quarterly net income/loss: Loss of ¥8.6 billion, earnings declined by ¥140.7 billion YoY**

- Due to extraordinary losses owing to the expenses to support overseas subsidiaries in relation to Thai Flood
- Due to a reduction of deferred tax assets of ¥60.9 billion* in line with the promulgation of the legislation regarding the change in corporate tax rate, among others

  * Excluding the effect of the reduction of deferred tax assets related to the underwriting reserves for residential earthquake insurance and CALI

3. Non-Consolidated Results of Nisshin Fire

(Reference: "Summary Report," page 17 and 20)

◆ **Net premiums written: ¥103.3 billion, up ¥1.7 billion or 1.7% YoY**

- Due, among others, to upward rate revisions in line with a product upgrade in April 2011

◆ **Net loss ratio: 78.5%, up 13.1 points YoY**

- Fire insurance: 125.9%, up 82.9 points YoY
  - Due, among others, to the progress of claims payment of residential earthquake insurance related to the Great East Japan Earthquake and of fire insurance related to the typhoons during the fiscal year
- Net loss ratio excluding claims paid in relation to natural disasters*: 63.4%, improved by 1.9 points YoY

  * Excluding claims paid in relation to the Great East Japan Earthquake in addition to natural disasters which occurred during the period such as typhoons No.12 and No.15

◆ **Net expense ratio: 34.6%, an improvement of 2.6 points YoY**

- Due, among others, to a decrease in operating and general administrative expenses achieved through the streamlining of business operations and an increase in premiums

◆ **Underwriting profit/loss: Loss of ¥2.3 billion, profit decreased by ¥0.6 billion YoY**

- Due, among others, to a YoY increase in net incurred losses, which was caused by natural disasters such as typhoons No.12 and No.15

◆ **Investment income (net): ¥5.0 billion, down ¥0.1 billion YoY**

- A decrease in interest and dividend income

- A decrease in impairment losses on securities
- A decrease in gains on sales of securities among others

◆ **Ordinary profit: ¥3.6 billion, increased by ¥0.2 billion YoY**

- Deferred tax assets related to the taxable underwriting reserves for residential earthquake insurance and CALI was reduced in line with the change in corporate tax rate. Accordingly, the same amount was recorded as reversal of underwriting reserves, which led to an increase in ordinary profit

◆ **Quarterly net income/loss: Loss of ¥5.3 billion, earnings declined by ¥7.8 billion YoY**

- Due to a reduction of deferred tax assets of ¥2.4 billion* in line with the promulgation of the legislation regarding the change in corporate tax rate, among others
  * Excluding the effect of the reversal of deferred tax assets related to the underwriting reserves for residential earthquake insurance and CALI

4. Non-Consolidated Results of E. design Insurance

(Reference: "Summary Report," pages 21 and 22)

5. Non-Consolidated Results of Tokio Marine & Nichido Life

◆ **Sales performance (Reference: "Summary Report," page 26)**

◇ **New policies:**

- Annualized premiums of new policies in medical and cancer insurance: Up 16.8% YoY
  - Mainly due to the positive effect by launching Medical Kit
- Number of new policies, sum insured, and annualized premiums for individual insurance: Down 6.3%, 12.7%, and 0.9% YoY respectively
  - Mainly due to the decision to control sales volume from the perspective of profitability improvement after the revision of “Whole-life with Long-term Discounts Insurance“ in November 2010

◇ **Policies in force:**

- Number of policies, sum insured, and annualized premiums for individual insurance: Up 5.8%, 4.0%, and 4.1% respectively, compared with the end of FY2010

◆ **Statement of income (Reference: "Summary Report," page 24)**

- Insurance premiums and other: ¥361.9 billion, up ¥19.3 billion or 5.6% YoY
  - Steady growth was achieved in tandem with the larger volume of policies in force
- Business expenses: ¥62.0 billion, decreased by ¥1.9 billion YoY

- Due, among others, to restrained non-personnel expenses

- Quarterly net income: ¥3.6 billion, down ¥7.7 billion YoY
  - An increase in provision requirement for underwriting reserves in FY2011 as a result of the change in method of funding from the five-year Zillmer Method to the standard underwriting reserve method
  - A reduction of deferred tax assets of ¥6.3 billion in line with the promulgation of the legislation regarding the change in corporate tax rate
  - Quarterly net income for 3Q FY2011 would have increased by ¥ 4.2 billion YoY excluding the effect of the change in corporate tax rate, assuming that the standard underwriting reserve method had been adopted before the end of 3Q FY2011

6. Non-Consolidated Results of Tokio Marine & Nichido Financial Life

◆ **Sales performance (Reference: "Summary Report," page 32)**

◇ **New policies (Individual annuities): Number, sum insured, and annualized premiums all declined significantly YoY**

- We switched products to those with limited minimum guarantee from 2H FY2010 in light of deteriorating market conditions
- However, it takes time to achieve market penetration of these new products despite our promotion efforts. Moreover, customers' investment motivation declined under the downward trend in the stock market, among others

◆ **Statement of income (Reference: "Summary Report," page 30)**

◇ **Insurance premiums and other: ¥15.1 billion, down sharply by ¥93.3 billion or 86.0% YoY**

◇ **Quarterly net income: ¥3.6 billion, up ¥6.9 billion YoY**

- Due to the reversal effect of sales costs recorded in advance in the same period of previous fiscal year
- Due to an increase in reversal of contingency reserve

7. Earnings of International Insurance Business

(References: "Supplemental material for 3Q FY2011 conference call")

◆ **Quarterly net income/loss (total overseas insurance companies): Loss of ¥2.6 billion, net income sharply declined by ¥44.4 billion YoY**

- However, the loss of ¥27.9 billion related to natural disasters which occurred between January and March 2011 was included in the FY2010 consolidated results, and a gain on its reversal has been recorded separately in 3Q FY2011 consolidated results

- The loss of ¥55.9 billion from Thai Flood which occurred during 4Q of overseas subsidiaries has been recognized separately in 3Q FY2011 consolidated results

◆ **Adjusted earnings*: Loss of ¥32.5 billion, earnings declined by ¥77.0 billion YoY**

- Includes the gain on reversal of the adjustment for natural disasters occurred between January and March 2011 and the loss from Thai Flood occurred between October and December

  * Includes quarterly net income of "international insurance business (life and non-life)" for financial accounting purposes as well as profits and losses of overseas branches of Tokio Marine and Nichido and equity method investees; valuing earnings of life insurance business at embedded value (EV); adjusting the differences between non-consolidated accounting standards and consolidated accounting standards.

◇ **Adjusted earnings by location/geographic area*:**

  * Figures for each location are before the adjustment relating to Thai Flood in October 2011, the New Zealand Earthquake and the Great East Japan Earthquake occurred between January and March 2011

- Philadelphia Insurance Companies: ¥6.1 billion, down ¥11.9 billion YoY
  - Despite the initiatives for disciplined underwriting such as rate revisions, earnings declined due to a large natural catastrophe losses from the cold wave in the beginning of the year, tornadoes occurred between April and June, and Hurricane Irene in August 2011
- Kiln: Loss of ¥5.8 billion, earnings declined by ¥14.3 billion Yo
  - While net premiums written increased, earnings declined mainly due to the effect of large natural disasters such as the New Zealand Earthquake, the Great East Japan Earthquake, floods in Australia, tornadoes and hurricanes in the U.S., etc.
  - Adjusted earnings after excluding the effect of the prior-period natural disasters (the New Zealand Earthquake and the Great East Japan Earthquake): ¥4.6 billion
- Reinsurance (excluding Kiln): Loss of ¥6.4 billion, earnings declined by ¥15.3 billion YoY
  - Mainly due to a significant increase in large natural catastrophe losses from the New Zealand Earthquake, floods in Australia, tornadoes in the U.S., etc.
  - Adjusted earnings after excluding the effect of the prior-period natural disasters (the New Zealand Earthquake and the Great East Japan Earthquake): ¥8.0 billion
- North America: ¥1.6 billion, down ¥1.0 billion YoY
  - Due to the reversal effect of reserve release in the previous fiscal year
- Central and South America: ¥0.9 billion, earnings increased by ¥1.3 billion YoY to return to profitability
  - Due to an improvement of underwriting performance and successful expense cutting efforts in Brazil
- Non-life in Asia: ¥2.8 billion, earnings declined by ¥1.3 billion YoY
  - Mainly due to the effect of natural disasters since the beginning of the year such as the New Zealand Earthquake and floods in Australia
- International life: Loss of ¥0.4 billion, earnings declined by ¥2.8 billion YoY
  - Due, among others, to a decrease in EV under the deteriorating financial market conditions

< International Business: 3Q FY2011 Results; Adjusted earnings basis >

(unit: billions of yen, except for %)

		Net premiums written				Adjusted earnings			
		FY2010 3Q	FY2011 3Q			FY2010 3Q	FY2011 3Q		
FX rate	Applied FX rate	as of end-Sep 2010	as of end-Sep 2011	Change YoY	Excluding FX effects	as of end-Sep 2010	as of end-Sep 2011	Change YoY	Excluding FX effects
	USD	83.82	76.65			83.82	76.65		
	GBP	132.67	119.77			132.67	119.77		
	Philadelphia	127.1	119.3	-6%	3%	18.0	6.1	-66%	-63%
	North America	20.5	20.0	-3%	7%	2.6	1.6	-39%	-31%
	South & Central America	58.9	44.9	-24%	-7%	-0.4	0.9	-	-
	Europe & Middle East	13.0	12.7	-2%	8%	1.1	0.5	-46%	-38%
	Asia (Incl. China)	47.6	50.3	6%	17%	4.2	2.8	-32%	-23%
	Primary Total	267.3	247.5	-7%	4%	25.3	12.2	-52%	-46%
	Reinsurance Companies	51.0	51.4	1%	11%	8.9	-6.4	-	-
	Kiln Group	60.5	61.4	1%	12%	8.4	-5.8	-	-
	Reinsurance Total	111.5	112.9	1%	12%	17.3	-12.3	-	-
Non-life Total		378.9	360.4	-5%	6%	42.7	0.0	-	-100%
Life		42.1	42.5	1%	9%	2.3	-0.4	-	-
Total of Non-life and Life		421.0	403.0	-4%	6%	45.0	-0.5	-	-
Home Office Expense						-0.5	-0.4		
Total of Non-life and Life after H.O. Expense		421.0	403.0	-4%	6%	44.5	-0.9	-	-
Adjustment relating to natural disasters in 1Q FY2011							27.9		
Adjustment relating to Thai Flood occurred between October and December							-59.5		
Total (After adjustments)		421.0	403.0	-4%	6%	44.5	-32.5	-	-
Excluding FX effects		421.0	447.2	-	6%	44.5	-32.2	-	-

8. Consolidated Business Projections for FY2011 on Financial Accounting Basis

(Reference: "Supplemental material for 3Q FY2011 conference call")

Ordinary income

◆ **Consolidated ordinary income: ¥3,550.0 billion, an upward revision of ¥50.0 billion from the previous projections**

- Tokio Marine & Nichido: Mainly due to increases in net premiums written and gains on sales of securities through accelerated sales of business-related equities

◆ **Consolidated net premiums written: ¥2,313.9 billion, an upward revision of ¥15.6 billion from the previous projections**

- Tokio Marine & Nichido: ¥1,774.0 billion, an upward revision of ¥11.0 billion from the previous projections
  - ･Mainly due to the revision following 3Q FY2011 results
  - ･Revenue growth rate: Up 1.8% from FY2010 results

◆ **Consolidated life insurance premiums: ¥427.9.billion, an upward revision of ¥0.8 billion from the previous projections**

◆ **Insurance premiums of international insurance business (total of life and non-life): ¥526.0 billion, unchanged from the previous projections**

Ordinary profit

◆ **Consolidated ordinary profit: ¥165.0 billion, an upward revision of ¥25.0 billion from the previous projections**

- Tokio Marine & Nichido: ¥218.0 billion, an upward revision of ¥42.0 billion from the previous projections
  - ･Underwriting profit: ¥41.0 billion, a downward revision of ¥1.0 billion from the previous projections
    - Due to a reduction in non-personnel expenses
    - Due to a reduction in reversal of catastrophe loss reserve based on the review of the net incurred losses and the progress of payment relating to Thai Flood

- Investment income (net): ¥187.0 billion, an upward revision of ¥28.5 billion from the previous projections
  - Mainly due to the increase in gains on sales of securities through accelerated sales of business-related equities

- Reversal of underwriting reserves for residential earthquake insurance and CALI relating to the change in corporate tax rate leads to an increase in ordinary profit
- Nisshin Fire: ¥4.6 billion, an upward revision of ¥1.8 billion from the previous projections
  - Reversal of underwriting reserves for residential earthquake insurance and CALI relating to the change in corporate tax rate leads to an increase in ordinary profit
- Tokio Marine & Nichido Life: ¥22.0 billion, an upward revision of ¥2.5 billion from the previous projections
  - The business trend until the end of 3Q FY2011 was taken into consideration
- Tokio Marine & Nichido Financial Life: Loss of ¥0.2 billion, unchanged from the previous projections
- International insurance business: Loss of ¥57.5 billion, a downward revision of ¥6.4 billion from the previous projections
  - Due to the reassessment of the net incurred loss related to Thai Flood

Net income

◆ **Net income: ¥10.0 billion, unchanged from the previous projections**

- Factors to lower the net income compared with the previous projections
  - An increase in the estimated net incurred losses related to Thai Flood
  - Recording of valuation allowance for deferred tax assets related to Thai Flood
- Factors to increase the net income compared with the previous projections
  - An increase in gains on sales of business-related equities
  - The amount of reduction of deferred tax assets is projected to be smaller than originally projected

< Reference >

Status of investments in bonds of European countries
The figures are sum of major subsidiaries (domestic and overseas) as of December 31, 2011

	Sovereign debt	Others (such as corporate bond)
Total of European countries	¥79.3 billion	¥64.0 billion
(5 heavily indebted European countries)	¥7.2 billion	¥0.5 billion

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It must be noted that what is described therein does not guarantee our future business performance and carries certain risk of misjudgment or uncertainty.
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