



# Overview of 1Q FY2014 Results

Tokio Marine Holdings, Inc.

August 8, 2014

◆ **Abbreviations used in this material**

**TMNF:** Tokio Marine & Nichido Fire Insurance Co., Ltd.

**NF :** Nisshin Fire & Marine Insurance Co., Ltd.

**TMNL :** Tokio Marine & Nichido Life Insurance Co., Ltd.

**FL:** Tokio Marine & Nichido Financial Life Insurance Co., Ltd.

## ■ 1Q FY2014 Results

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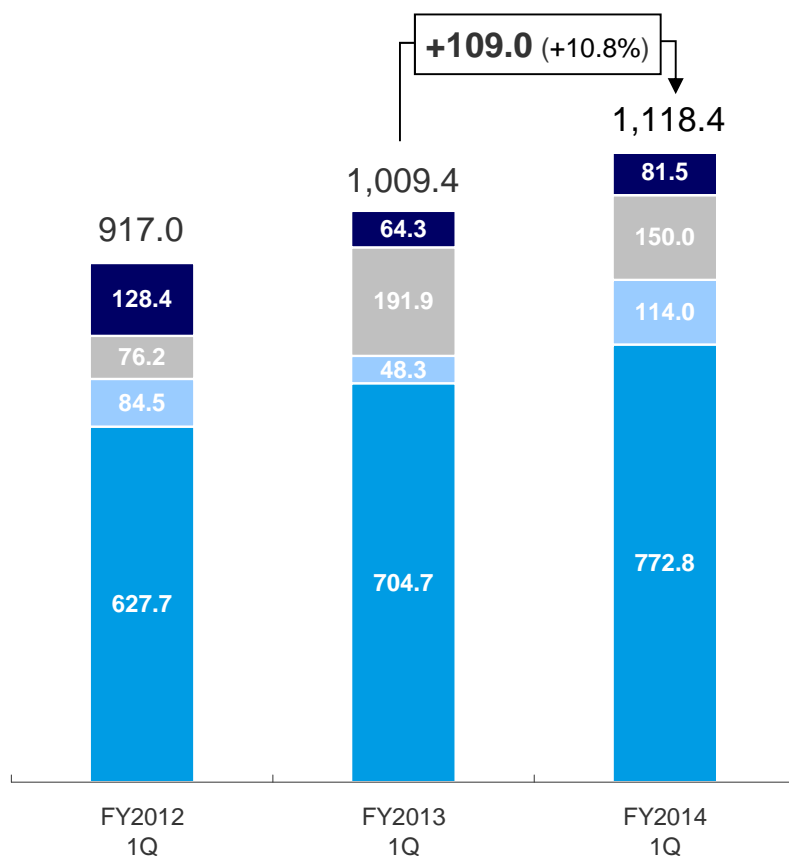
# Ordinary Income

Consolidated	Domestic Life
Domestic Non-Life	International



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## Ordinary Income (billions of yen)



- Net Premiums Written
  - Increased in domestic non-life business including TMNF centering on auto
  - Increased at overseas subsidiaries mainly due to organic growth and the depreciation of the yen
- Life Insurance Premiums
  - Increased mainly due to an increase in in-force policies at TMNL and strong sales in Asia (excl. Japan)
- Investment income
  - Decreased mainly due to a decrease in investment gains on separate accounts at FL

	YoY
Net Premiums Written	+ 9.7%
Life Premiums	+ 135.9%
Investment Income	- 21.9%
Other	+ 26.7%

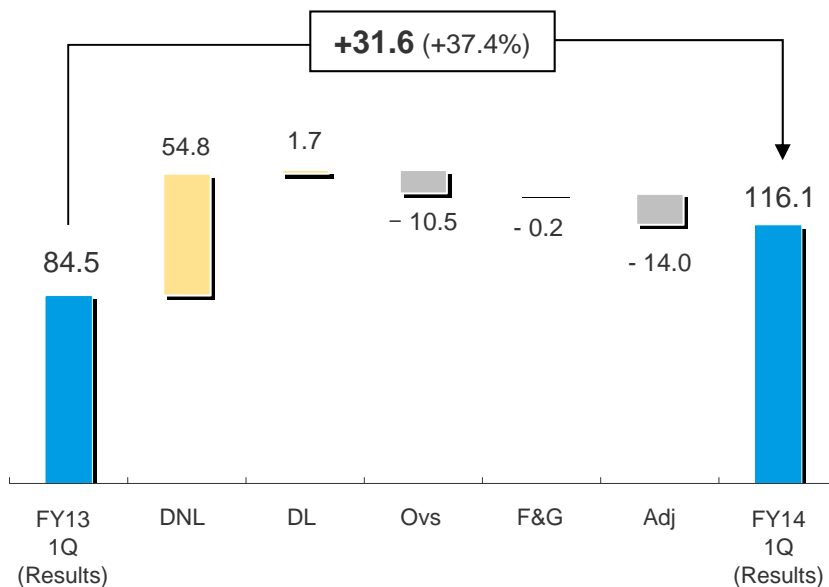
# Ordinary Profit

Consolidated	Domestic Life
Domestic Non-Life	International



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## Ordinary Profit (billions of yen)



(billions of yen)

	FY2013 1Q	FY2014 1Q	Change
Domestic Non-Life (DNL)	76.2	131.0	54.8
Domestic Life (DL)	2.9	4.6	1.7
Overseas Subsidiaries (Ovs)	37.2	26.6	- 10.5
Financial and General (F&G)	1.7	1.4	- 0.2
Consolidation Adjustments (Adj)	- 33.5	- 47.6	- 14.0
<b>Total</b>	<b>84.5</b>	<b>116.1</b>	<b>31.6</b>

On pages 3 and 4, figures of each business domain are calculated as follows, and they differ from segment information in the Summary Report:

Domestic Non-Life: Total of TMNF and NF

Domestic Life: Total of TMNL and FL

Consolidation Adjustments: Total of the followings: i) purchase method adjustments,

ii) amortization of goodwill and negative goodwill, and iii) others (elimination, etc.)

\* The amount of dividends transferred between overseas subsidiaries which is to be eliminated on a consolidated basis, are deducted from the amount of ordinary profit associated with "Overseas Subsidiaries"

### Domestic Non-Life

TMNF: Increased by ¥49.7B YoY

- Underwriting profit increased mainly due to:
  - ✓ Increase in net premiums earned associated with revenue growth
  - ✓ Decrease in net incurred losses
  - ✓ Decrease in net provision for catastrophe loss reserves
- Net investment income and other increased mainly due to:
  - ✓ Increase in dividends from overseas subsidiaries

### Domestic Life

- Increased mainly due to an increase in in-force policies and an improvement in net investment income at TMNL

### Overseas Subsidiaries

- Decreased mainly due to an increase in natural catastrophe losses

### Consolidation Adjustments

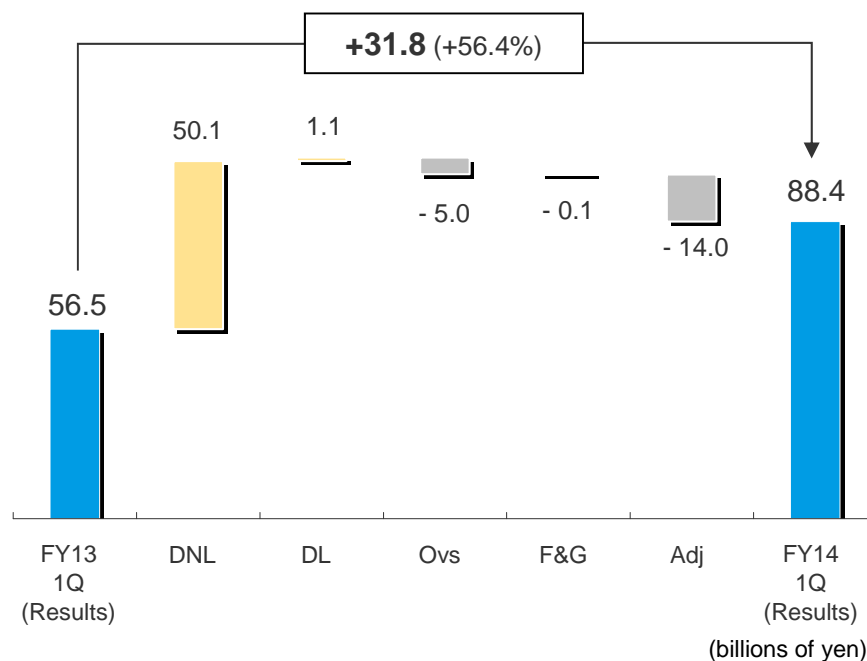
- Negative adjustment increased mainly due to an increase in elimination of intra-group transaction associated with an increase in dividends from subsidiaries at TMNF

# Net Income

Consolidated	Domestic Life
Domestic Non-Life	International



## Net Income (billions of yen)



Increased by 56.4% YoY due to the same factors for each business domain as in ordinary profit

	FY2013 1Q	FY2014 1Q	Change
Domestic Non-Life (DNL)	58.5	108.6	50.1
Domestic Life (DL)	2.1	3.2	1.1
Overseas Subsidiaries (Ovs)	28.2	23.1	- 5.0
Financial and General (F&G)	1.1	1.0	- 0.1
Consolidation Adjustments (Adj)	- 33.6	- 47.7	- 14.0
<b>Total</b>	<b>56.5</b>	<b>88.4</b>	<b>31.8</b>

On pages 3 and 4, figures of each business domain are calculated as follows, and they differ

from segment information in the Summary Report:

Domestic Non-Life: Total of TMNF and NF

Domestic Life: Total of TMNL and FL

Consolidation Adjustments: Total of the followings: i) purchase method adjustments, ii) amortization of goodwill and negative goodwill, and iii) others (elimination, etc.)

\* The amount of dividends transferred between overseas subsidiaries which is to be eliminated on a consolidated basis, are deducted from the amount of net income associated with "Overseas Subsidiaries"



## Changes in Major P/L Items

(billions of yen, except for %)

	FY2013 1Q Results	FY2014 1Q Results	YoY	
			Change	%
<b>Underwriting profit/loss</b>	<b>3.1</b>	<b>41.8</b>	38.6	1,240.5%
Net premiums written	486.6	506.2	19.6	4.0%
Private insurance	430.5	442.6	12.0	2.8%
Net incurred losses*	- 305.6	- 283.1	22.4	- 7.4%
Private insurance*	- 248.9	- 225.2	23.7	- 9.5%
Business expenses	- 150.5	- 155.4	- 4.9	3.3%
Private insurance	- 138.3	- 143.3	- 5.0	3.7%
Provision/Reversal of catastrophe loss reserves	- 12.0	- 4.5	7.5	-
<b>Net investment income (loss) and other</b>	<b>72.6</b>	<b>84.6</b>	11.9	16.5%
Net investment income/loss	79.1	88.9	9.8	12.5%
Interest and dividends	68.0	81.1	13.1	19.3%
Gains/Losses on sales of securities	26.9	20.6	- 6.3	- 23.4%
Impairment losses on securities	- 3.4	- 0.0	3.4	- 99.2%
Gains/Losses on derivatives	- 0.2	- 0.6	- 0.4	-
<b>Ordinary profit/loss</b>	<b>75.9</b>	<b>125.7</b>	49.7	65.5%
<b>Extraordinary gains/losses</b>	<b>- 0.9</b>	<b>- 0.9</b>	- 0.0	-
<b>Net income/loss</b>	<b>58.4</b>	<b>105.0</b>	46.5	79.6%

\*Including loss adjustment expenses

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit
2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

### Underwriting Profit

Increased by ¥38.6B YoY to ¥ 41.8B

- Net premiums written (Private insurance)
  - Increase mainly in auto and P.A. (See p.7 for details)  
(4.7% increase excluding the impact of the reorganization of the U.S. branch as an overseas subsidiary)
- Net incurred losses (Private insurance)
  - Decrease in provision for reserves for foreign currency denominated outstanding claims due to the yen turning to appreciation
  - Decrease in net incurred losses relating to natural catastrophes occurred during the period  
(1Q FY13: ¥1.8B , 1Q FY14: ¥1.1B)
  - Net incurred losses other than the above also decreased centering on auto
- Business expenses
  - Increase due to the impact of the consumption tax hike and an increase in agency commissions associated with revenue growth, etc.
- Catastrophe loss reserves
  - Increase in amount taken down associated with claims payment relating to the snowstorms in Feb. 2014  
(Claims paid in 1Q FY14 relating to the snowstorms: approx. ¥38B)

### Net Investment Income and Other (See p.8 for details)

Increased by ¥11.9B YoY to ¥84.6B mainly due to an increase in dividends from overseas subsidiaries

### Net Income

Accordingly, increased by ¥46.5B YoY to ¥105.0B

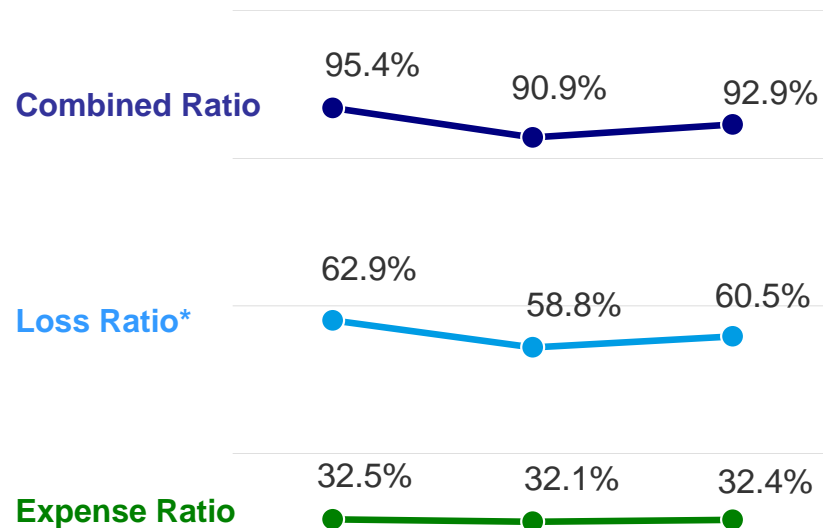
# TMNF Combined Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



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## ■ Combined Ratio (Private insurance: W/P basis)



- Loss Ratio
  - W/P basis loss ratio increased by 1.8 points YoY to 60.5%
  - ➔ Claims payment relating to the snowstorms in Feb. 2014
- Expense Ratio
  - Increased by 0.3 points YoY to 32.4%
  - ➔ Increase in net premiums written
  - ➔ Impact of the consumption tax hike
- Combined Ratio
  - W/P basis combined ratio increased by 2.0 points YoY to 92.9% due to the factors above

(billions of yen)

	FY2012 1Q Results	FY2013 1Q Results	FY2014 1Q Results	YoY Change
Net premiums written	410.3	430.5	442.6	12.0
Net claims paid*	257.9	253.0	267.9	14.9
Business expenses	133.4	138.3	143.3	5.0
Corporate expenses	55.8	55.7	55.3	- 0.4
Agency commissions	77.6	82.5	87.9	5.4

## (Reference)

Private insurance E/I loss ratio*	61.8%	61.7%	54.3%	- 7.5pt
Auto insurance E/I loss ratio*	65.6%	64.2%	58.3%	- 5.9pt

\* Including loss adjustment expenses

## (Reference)

- E/I basis loss ratio
  - Improved by 7.5 points YoY to 54.3% mainly due to a decrease in net incurred losses centering on auto, in addition to the impact of the yen turning to appreciation
- E/I basis combined ratio
  - Improved by 7.2 points YoY to 86.7%

# TMNF NPW & Loss Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



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## Net Premiums Written by Line

(billions of yen, except for %)

	FY2013 1Q Results	FY2014 1Q Results	YoY	
			Change	%
Fire	58.7	59.0	0.3	0.7%
Marine	15.9	15.0	-0.9	-5.9%
P.A.	53.5	55.7	2.2	4.2%
Auto	236.8	246.0	9.1	3.9%
CALI	55.5	63.3	7.7	13.9%
Other	65.9	67.0	1.0	1.7%
<b>Total</b>	<b>486.6</b>	<b>506.2</b>	19.6	4.0%
<b>Private insurance Total</b>	<b>430.5</b>	<b>442.6</b>	12.0	2.8%

## W/P Loss Ratio by Line

	FY2013 1Q Results	FY2014 1Q Results	YoY
			Change
Fire	53.9%	90.0%	36.1pt
Marine	62.4%	56.2%	-6.1pt
P.A.	44.1%	41.5%	-2.6pt
Auto	64.1%	62.2%	-1.9pt
CALI	102.1%	91.6%	-10.6pt
Other	54.6%	44.9%	-9.7pt
<b>Total</b>	<b>63.7%</b>	<b>64.4%</b>	0.7pt
<b>Private insurance Total</b>	<b>58.8%</b>	<b>60.5%</b>	1.8pt

### Major Factors of Changes in NPW

- Fire: Increased mainly due to revenue growth in the domestic household sector, despite the impact of the reorganization of the U.S. branch as an overseas subsidiary
- Marine: Decreased mainly due to the impact of the reorganization of the U.S. branch as an overseas subsidiary, in addition to a decrease in trade and distributions
- P.A.: Increased mainly due to rate revisions associated with revisions of reference-loss-cost rates by the General Insurance Rating Organization of Japan, in addition to revenue growth in nationwide group P.A. insurance for employment injury
- Auto: Increased mainly due to product and rate revisions and an increase in number of policies
- CALI: Increased mainly due to rate revisions in Apr. 2013
- Other: Increased mainly due to revenue growth in major contracts

### Major Factors of Changes in W/P Loss Ratio

- Fire: Worsened mainly due to claims payment relating to the snowstorms in Feb. 2014
- P.A.: Improved mainly due to revenue growth
- Auto: Improved mainly due to a decrease in the number of claims and revenue growth
- CALI: Improved mainly due to revenue growth
- Other: Improved due to revenue growth and the reversal effect of a major claims payment in FY2013



# TMNF Asset Management Results

Consolidated	Domestic Life
Domestic Non-Life	International



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## ■ TMNF Net Investment Income and Other

(billions of yen)

	FY2013 1Q Results	FY2014 1Q Results	YoY Change
<b>Net investment income and other</b>	<b>72.6</b>	<b>84.6</b>	11.9
<b>Net investment income</b>	<b>79.1</b>	<b>88.9</b>	9.8
<b>Net interest and dividends income</b>	<b>54.9</b>	<b>68.6</b>	13.7
Interest and dividends income	68.0	81.1	13.1
Dividends from domestic stocks	23.6	28.0	4.3
Dividends from foreign stocks	26.6	38.5	11.8
Income from domestic bonds	8.2	7.4	-0.7
Income from foreign bonds	2.0	0.9	-1.0
Transfer of investment income on deposit premiums	-13.1	-12.5	0.5
<b>Net capital gains</b>	<b>24.1</b>	<b>20.3</b>	-3.8
Gains/Losses on sales of securities	26.9	20.6	-6.3
Impairment losses on securities	-3.4	-0.0	3.4
Impairment losses on domestic stocks	-0.5	-0.0	0.4
Gains/Losses on derivatives	-0.2	-0.6	-0.4
Foreign exchange forwards and foreign currency swaps	-2.7	0.7	3.4
Other investment income and expenses	0.4	0.1	-0.2
Others (Gains/Losses on foreign exchange, etc.)	0.4	0.1	-0.3
<b>Other ordinary income and expenses</b>	<b>-6.4</b>	<b>-4.2</b>	2.1

– Net investment income and other increased by ¥11.9B YoY to ¥84.6B

- Net interest and dividends income increased by ¥13.7B YoY to ¥68.6B
  - Dividends from foreign stocks:
    - ✓ Increase in dividends from overseas subsidiaries
  - Dividends from domestic stocks:
    - ✓ Increase in dividends from business-related equities
- Net capital gains decreased by ¥3.8B YoY to ¥20.3B
  - Impairment losses on securities:
    - ✓ Mainly due to the reversal effect of impairment losses recorded in FY2013
  - Gains/Losses on sales of securities:
    - ✓ Due to the reversal effect of sales of domestic bonds in FY2013
- Other ordinary income and expenses increased by ¥2.1B YoY to ¥ - 4.2B

## ■ Sales of Business-Related Equities

(billions of yen)

	FY2013 1Q Results	FY2014 1Q Results	YoY Change
<b>Sales of business-related equities</b>	<b>28</b>	<b>26</b>	-2

– Sales of business-related equities decreased by ¥2B YoY to ¥26B

# NF Financial Results

Consolidated	Domestic Life
Domestic Non-Life	International



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## Changes in Major P/L Items

(billions of yen, except for %)

	FY2013 1Q Results	FY2014 1Q Results	YoY	
			Change	%
<b>Underwriting profit/loss</b>	<b>0.0</b>	<b>4.8</b>	4.7	7,622.5%
Net premiums written	34.8	35.4	0.5	1.7%
Private insurance	30.5	30.6	0.0	0.2%
Net incurred losses*	- 22.1	- 20.1	2.0	- 9.1%
Private insurance*	- 18.1	- 16.0	2.1	- 11.8%
Business expenses	- 11.3	- 11.3	0.0	- 0.2%
Private insurance	- 10.3	- 10.2	0.0	- 0.9%
Provision/Reversal of catastrophe loss reserves	- 1.0	0.6	1.7	-
<b>Net investment income (loss) and other</b>	<b>0.5</b>	<b>0.6</b>	0.0	18.7%
Net investment income/loss	0.6	0.7	0.1	23.8%
Interest and dividends	1.0	1.0	- 0.0	- 1.8%
Gains/Losses on sales of securities	0.1	0.0	- 0.1	- 75.6%
<b>Ordinary profit/loss</b>	<b>0.2</b>	<b>5.3</b>	5.0	2,114.5%
<b>Extraordinary gains/losses</b>	<b>- 0.0</b>	<b>- 0.0</b>	- 0.0	-
<b>Net income/loss</b>	<b>0.0</b>	<b>3.6</b>	3.5	6,201.6%
<b>Loss ratio (All lines total, W/P basis)*</b>	<b>61.8%</b>	<b>64.5%</b>	2.8pt	-
<b>Expense ratio (All lines total, W/P basis)</b>	<b>32.6%</b>	<b>32.0%</b>	- 0.6pt	-
<b>Combined ratio</b>	<b>94.4%</b>	<b>96.6%</b>	2.2pt	-

\* Including loss adjustment expenses

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit
2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

### – Underwriting Profit

- Increased by ¥4.7B YoY to ¥4.8B

→ Net premiums written on private insurance basis remained almost flat YoY mainly due to a revenue growth in auto owing to an increase in new policies and rate revisions, despite a decrease in fire

➡ Decrease in net incurred losses in auto

➡ Increase in amount taken down from catastrophe loss reserves associated with claims payment relating to the snowstorms in Feb. 2014

### – Net Investment Income and Other

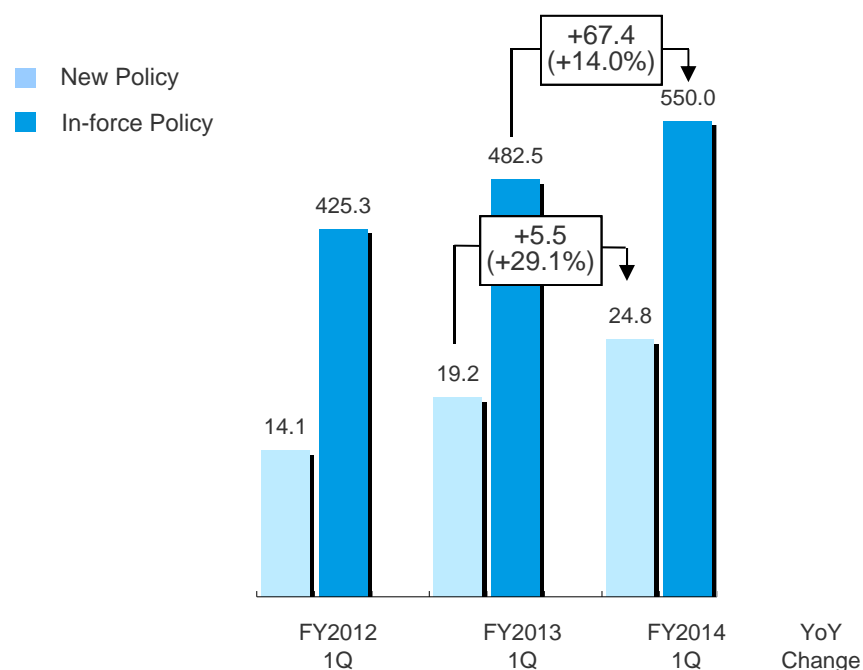
- Net investment income and other remained almost flat YoY at ¥0.6B

### – Net Income

- Accordingly, increased by ¥3.5B YoY to ¥3.6B

## ■ Annualized Premiums (ANP) and Key Figures

(billions of yen)



	FY2012 1Q	FY2013 1Q	FY2014 1Q	YoY Change
Ordinary income	144.6	167.7	187.5	19.7
Insurance premiums and other	123.0	141.1	163.7	22.6
Net income	2.9	1.1	3.2	2.0
Core operating profit	7.2	5.2	5.8	0.6

### – New Policies ANP

- Increased by 29.1% YoY due to favorable sales growth in the first-sector line and individual annuity

### – In-force Policies ANP

- Increased by 3.1% from the end of FY2013 (YoY increase of 14.0%) due to a steady increase in in-force policies

### – Insurance Premiums and Other

- Increased by ¥22.6B YoY to ¥163.7B due to a favorable increase in new policies and in-force policies

### – Net Income

- Increased by ¥2.0B YoY to ¥3.2B due to an increase in insurance premiums and other as shown above, in addition to an improvement in net investment income

# Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



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## ■ Net Premiums Written (NPW)

(billions of yen, except for %)

	FY2013 1Q Results	FY2014 1Q Results	YoY		(Ref.) YoY (Excluding FX effects**)
			Change	%	
Applied FX rate (USD/JPY)	As of end- Mar. 2013 JPY 94.0	As of end- Mar. 2014 JPY 102.9			
North America	117.6	137.5	19.8	17%	7%
Europe (incl. Middle East)	37.3	41.3	3.9	11%	- 8%
South & Central America	24.3	29.6	5.2	21%	25%
Asia	25.1	25.9	0.8	3%	- 0%
Reinsurance	37.5	53.2	15.6	42%	25%
<b>Total Non-Life*</b>	<b>242.0</b>	<b>287.6</b>	45.6	19%	8%
<b>Life</b>	<b>16.3</b>	<b>24.4</b>	8.0	49%	41%
<b>Total</b>	<b>258.3</b>	<b>312.0</b>	53.6	21%	10%

\* Total Non-Life figures include some life insurance premiums of composite overseas subsidiaries

\*\* Excluding FX effects due to yen conversion

- Net premiums written increased by 21% YoY mainly due to the progress of growth measures in each business segment and the depreciation of the yen

### North America

- Increased mainly due to rate increases on the renewal book and an increase in new business at Philadelphia and Delphi

### Europe

- Although increased due to the depreciation of the yen, NPW on a local currency basis decreased mainly due to the softening of the market

### South & Central America

- Increased due to strong sales of auto insurance in Brazil, the mainstay product in the local business

### Asia

- Increased mainly due to the depreciation of the yen and strong sales of auto insurance in Malaysia, Taiwan and other countries, despite the slowdown in auto sales in Thailand

### Reinsurance

- Increased mainly in non-catastrophe business, despite the softening of the market

### Life

- Increased due to strong sales in Singapore

# Adjusted Earnings

Consolidated	Domestic Life
Domestic Non-Life	International



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## Adjusted Earnings

(billions of yen, except for %)

	FY2013 1Q Results	FY2014 1Q Results	YoY		(Ref.) YoY (Excluding FX effects**)
			Change	%	
Applied FX rate (USD/JPY)	As of end- Mar. 2013 JPY 94.0	As of end- Mar. 2014 JPY 102.9			
North America	16.4	11.8	- 4.6	- 28%	- 34%
Europe (incl. Middle East)	7.3	6.9	- 0.4	- 6%	- 22%
South & Central America	0.2	1.5	1.2	528%	544%
Asia	10.0	4.1	- 5.9	- 59%	- 61%
Reinsurance	3.5	3.8	0.3	10%	- 4%
<b>Total Non-Life*</b>	<b>39.2</b>	<b>28.4</b>	<b>- 10.7</b>	<b>- 27%</b>	<b>- 35%</b>
<b>Life</b>	<b>0.4</b>	<b>0.9</b>	<b>0.4</b>	<b>113%</b>	<b>82%</b>
<b>Total (After adjustment)</b>	<b>39.4</b>	<b>29.0</b>	<b>- 10.3</b>	<b>- 26%</b>	<b>- 34%</b>

\* Total Non-Life figures include some life insurance premiums of composite overseas subsidiaries

\*\* Excluding FX effects due to yen conversion

— Although decreased YoY mainly due to natural catastrophe losses and the reversal effect of a decrease in reserves in FY 2013 related to Thai flood, there was a steady progress in light of FY2014 projections\*

\* FY2014 full year projections: ¥105.0B (Progress: approx. 28%)

### North America

- Decreased mainly due to an increase in natural catastrophe losses at Philadelphia and a decrease in realized gain at Delphi

### Europe

- Decreased mainly due to the reversal effect of a decrease in reserves recorded in FY2013

### South & Central America

- Increased mainly due to an increase in auto business and improved combined ratio in auto business in Brazil

### Asia

- Decreased mainly due to the reversal effect of a decrease in reserves related to Thai flood recorded in FY2013

### Reinsurance

- Remained almost flat YoY mainly due to the depreciation of the yen despite the softening of the market



## ■ Net Premiums Written

(billions of yen, except for %)

	FY2013 1Q Results	FY2014 1Q Results	YoY		(Ref.) YoY (Excluding FX effects*)
			Change	%	
Applied FX rate (USD/JPY)	As of end- Mar. 2013 JPY 94.0	As of end- Mar. 2014 JPY 102.9			
Philadelphia	55.3	66.0	10.6	19%	9%
Delphi	48.0	57.6	9.5	20%	10%
Kiln	30.3	33.3	2.9	10%	- 8%

\* Excluding FX effects due to yen conversion

## ■ Adjusted Earnings

(billions of yen, except for %)

	FY2013 1Q Results	FY2014 1Q Results	YoY		(Ref.) YoY (Excluding FX effects*)
			Change	%	
Applied FX rate (USD/JPY)	As of end- Mar. 2013 JPY 94.0	As of end- Mar. 2014 JPY 102.9			
Philadelphia	9.3	4.6	- 4.7	- 50%	- 55%
Delphi	7.9	6.9	- 1.0	- 13%	- 20%
Kiln	6.2	6.7	0.5	8%	- 9%

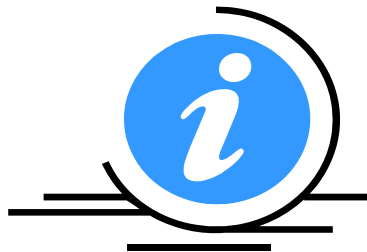
\* Excluding FX effects due to yen conversion



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