



Tokio Marine Holdings

*To Be a Good Company*

# Overview of FY2015 Results and FY2016 Projections

May 20, 2016

Tokio Marine Holdings, Inc.

◆ 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 : Former Tokio Marine & Nichido Financial Life Insurance Co., Ltd.



## I. FY2015 Results

- **Consolidated Results Overview**
  - Overview ..... 3
  - Ordinary Profit ..... 4
- **Adjusted Net Income**
  - FY2015 Results ..... 5
- **Domestic Non-Life**
  - TMNF Financial Results ..... 6
  - TMNF Combined Ratio ..... 7
  - TMNF NPW & Loss Ratio ..... 8
  - TMNF Asset Management ..... 9
  - NF Financial Results ..... 10
- **Domestic Life**
  - TMNL Financial Results ..... 11
- **International Insurance Business**
  - Net Premiums Written ..... 12
  - Business Unit Profits ..... 13
  - North America (Breakdown) ..... 14
- **Business Unit Profits**
  - FY2015 Results ..... 15

## II. FY2016 Projections

- **Consolidated Projections**
  - Overview ..... 17
  - Ordinary Profit ..... 18
- **Adjusted Net Income**
  - FY2016 Projections ..... 19
- **Domestic Non-Life**
  - TMNF FY2016 Financial Projections ..... 20
  - TMNF Combined Ratio ..... 21
  - TMNF NPW & Loss Ratio ..... 22
  - NF FY2016 Financial Projections ..... 23
- **Domestic Life**
  - TMNL FY2016 Financial Projections ..... 24
- **International Insurance Business**
  - Net Premiums Written ..... 25
  - Business Unit Profits ..... 26
  - North America (Breakdown) ..... 27
- **Business Unit Profits**
  - FY2016 Projections ..... 28



# I. FY2015 Results

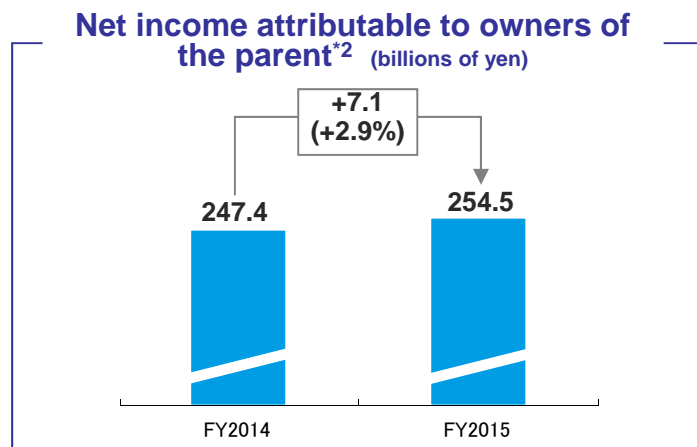
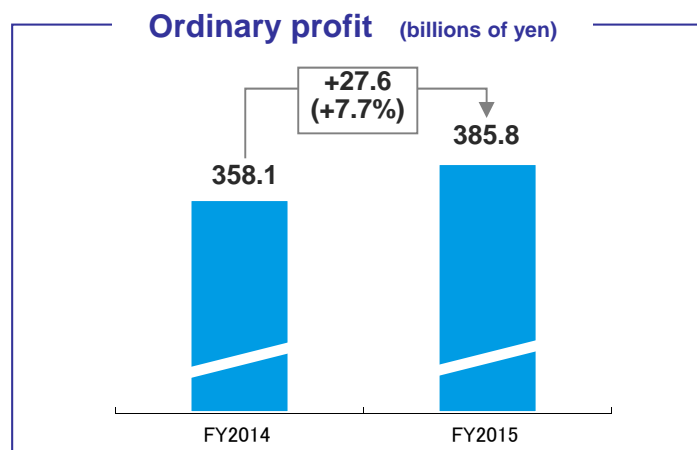
## <Reference>

|  | Applied FX Rate (USD/JPY)                                    |   |
|--|--|---|
|  | FY2014   | FY2015  |
| End of Mar.<br>(Domestic non-life and life businesses) | JPY 120.17<br>(JPY 17.25 depreciation<br>from end-Mar. 2014) | JPY 112.68<br>(JPY 7.49 appreciation<br>from end-Mar. 2015) |
| End of Dec.<br>(International insurance business)      | JPY 120.55<br>(JPY 15.16 depreciation<br>from end-Dec. 2013) | JPY 120.61<br>(JPY 0.06 depreciation<br>from end-Dec. 2014) |



# Consolidated Results Overview (1)

- Net premiums written steadily increased both in domestic non-life business and overseas subsidiaries
- Life insurance premiums increased due to a steady increase in in-force policies and a decrease in surrender of variable annuities in domestic life business, etc.
- Both ordinary profit and net income attributable to owners of the parent increased due to an improvement in gains/losses on derivatives and an increase in gains on sales of securities, etc. at TMNF despite an increase in natural catastrophe losses in domestic non-life business and higher large losses both in Japan and overseas, etc.  
(dividends from subsidiaries are eliminated on a consolidated basis)
- Adjusted net income, the KPI for the Group total, which excludes the effect of an increase in net provision for catastrophe loss reserves, etc., increased



|  | (billions of yen, except for %) |                |        |          |
|--|---------------------------------|----------------|--------|----------|
|  | FY2014                          | FY2015         | Change | YoY %    |
| <b>Ordinary income (TMHD Consolidated)</b>                         | <b>4,327.9</b>                  | <b>4,579.0</b> | 251.0  | + 5.8%   |
| Net premiums written (TMHD Consolidated)                           | 3,127.6                         | 3,265.5        | 137.9  | + 4.4%   |
| Life insurance premiums (TMHD Consolidated)                        | 220.4                           | 471.6          | 251.2  | + 114.0% |
| <b>Ordinary profit (TMHD Consolidated)</b>                         | <b>358.1</b>                    | <b>385.8</b>   | 27.6   | + 7.7%   |
| Tokio Marine & Nichido   | 264.0                           | 377.2          | 113.1  | + 42.9%  |
| Nisshin Fire   | 17.6                            | 9.7            | - 7.9  | - 45.0%  |
| Tokio Marine & Nichido Life <sup>*1</sup>                          | 20.6                            | 29.0           | 8.3    | + 40.3%  |
| Overseas subsidiaries  | 155.1                           | 145.7          | - 9.4  | - 6.1%   |
| Financial and general  | 6.2                             | 5.7            | - 0.4  | - 8.0%   |
| Others (Consolidation adjustments, etc.)                           | - 105.6                         | - 181.5        | - 75.9 |          |
| <b>Net income attributable to owners of the parent<sup>2</sup></b> | <b>247.4</b>                    | <b>254.5</b>   | 7.1    | + 2.9%   |
| Tokio Marine & Nichido   | 185.3                           | 301.6          | 116.2  | + 62.8%  |
| Nisshin Fire   | 12.5                            | 6.1            | - 6.4  | - 51.2%  |
| Tokio Marine & Nichido Life <sup>*1</sup>                          | 28.8                            | 14.7           | - 14.0 | - 48.9%  |
| Overseas subsidiaries  | 124.5                           | 111.5          | - 13.0 | - 10.4%  |
| Financial and general  | 3.2                             | 3.4            | 0.2    | + 6.8%   |
| Others (Consolidation adjustments, etc.)                           | - 107.1                         | - 183.0        | - 75.8 |          |

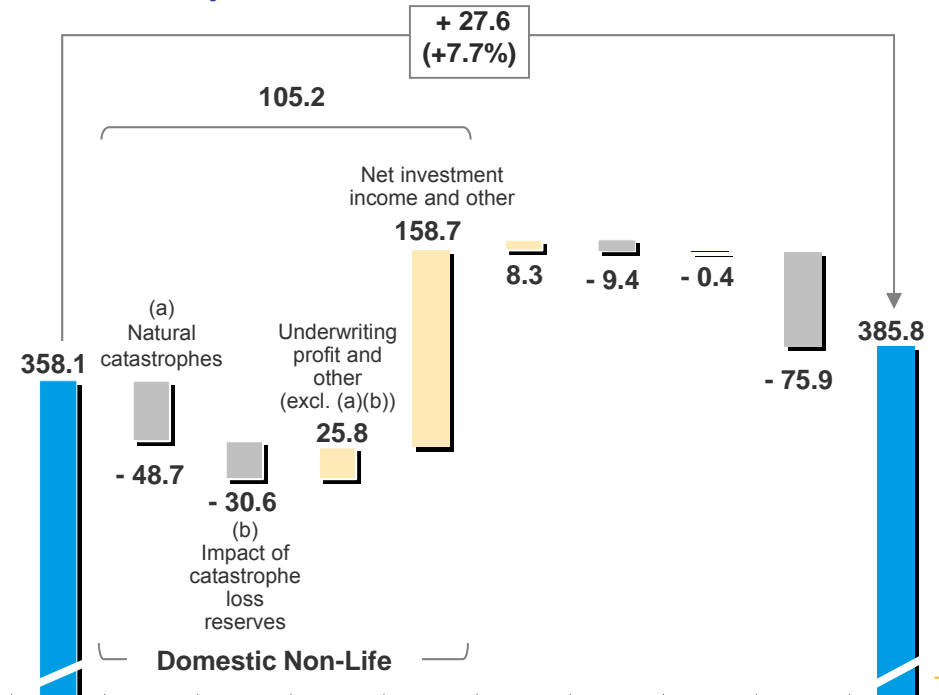
\* 1 Since Tokio Marine & Nichido Life (TMNL) and Tokio Marine & Nichido Financial Life (FL) merged on October 1st 2014, FY2014 results for TMNL are the sum of the results of the two companies.

\* 2 "Net income attributable to owners of the parent" shows figures for former "Net income"

| <b>[KPI for the Group Total]</b> | FY2014       | FY2015       | Change | YoY %  |
|----------------------------------|--------------|--------------|--------|--------|
| <b>Adjusted net income</b>       | <b>323.3</b> | <b>351.9</b> | 28.6   | + 8.8% |

# Consolidated Results Overview (2)

## ■ Ordinary Profit (billions of yen)



|              | DNL   | DL   | Ovs   | F&G | Adj etc. | Total |
|--------------|-------|------|-------|-----|----------|-------|
| FY14 Results | 281.7 | 20.6 | 155.1 | 6.2 | -105.6   | 358.1 |
| FY15 Results | 386.9 | 29.0 | 145.7 | 5.7 | -181.5   | 385.8 |

On this page, figures of each business domain are calculated as follows, and they differ from segment information in the Summary Report.

- DNL (Domestic Non-life) : Total of TMNF and NF
- DL (Domestic life) : Total of TMNL and former FL
- Ovs (Overseas subsidiaries)
- F&G (Financial & General)
- Adj, etc (Consolidation adjustments, etc.)

: Total of the followings:

- purchase method adjustments
- amortization of goodwill and negative goodwill
- others (elimination, etc.)

## — Domestic Non-Life

TMNF : Increased by ¥113.1B YoY

- Underwriting profit decreased despite an increase in net premiums earned due to:
  - Increase in net incurred losses relating to natural catastrophes
  - Higher large losses
  - Increase in net provision for catastrophe loss reserves, etc.
- Net investment income and other increased due to:
  - ✓ Increase in dividends from subsidiaries and an improvement of gains/losses on derivatives, in addition to an increase in gains on sales of securities, etc.

NF : Decreased by ¥7.9B YoY

- Decreased despite an increase in net premiums earned due to:
  - Increase in net incurred losses relating to natural catastrophes
  - Increase in net provision for catastrophe loss reserves, etc.

## — Domestic Life

- Increased due to the reversal of contingency reserves associated with surrender of variable annuities, etc.

## — Overseas Subsidiaries

- Decreased due to large losses and foreign exchange losses on a local accounting basis, etc. in addition to the appreciation of the yen against emerging market currencies despite a decrease in net incurred losses relating to natural catastrophes

## — Consolidation Adjustments, etc.

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

# Adjusted Net Income (Group Total)

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



Adjusted Net Income for FY2015 resulted in ¥351.9B (+ ¥28.6B YoY) with Adjusted ROE of 9.1% (+ 0.2pts YoY)

| (billions of yen)   | FY2014 Results | FY2015 Results | YoY Change |
|---------------------|----------------|----------------|------------|
| Adjusted Net Income | 323.3          | 351.9          | 28.6       |
| Adjusted ROE        | 8.9%           | 9.1%           | + 0.2pt    |

## Reconciliation<sup>\*1</sup>

Note: Factors positive to profit are showed with "plus signs"

|  | FY2014 Results | FY2015 Results | YoY Change  |
|--|----------------|----------------|-------------|
| Net income attributable to owners of the parent (consolidated) <sup>*2</sup>             | 247.4          | 254.5          | 7.1         |
| Provision for catastrophe loss reserves <sup>*3</sup>                                    | +45.6          | +68.9          | 23.3        |
| Provision for contingency reserves <sup>*3</sup>   | +5.3           | -0.2           | -5.5        |
| Provision for price fluctuation reserves <sup>*3</sup>                                   | +2.8           | +3.7           | 0.9         |
| Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps | -3.7           | -22.6          | -18.9       |
| Gains or losses on sales or valuation of fixed assets                                    | +9.3           | +1.8           | -7.5        |
| Amortization of goodwill and other intangible fixed assets                               | +32.5          | +34.3          | 1.8         |
| Other extraordinary gains/losses, valuation allowances, etc.                             | -16.1          | +11.3          | 27.4        |
| <b>Adjusted Net Income</b>   | <b>323.3</b>   | <b>351.9</b>   | <b>28.6</b> |

## Definition of Adjusted Net Income

|                     |   |   |   |   |   |  |   |  |   |  |   |   |   |  |   |  |
|---------------------|---|---|---|---|---|--|---|--|---|--|---|---|---|--|---|--|
| Adjusted Net Income | = | Net income (consolidated) <sup>*2</sup> | + | Provision for catastrophe loss reserves <sup>*3</sup> | + | Provision for contingency reserves <sup>*3</sup> | + | Provision for price fluctuation reserves <sup>*3</sup> | - | Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps | - | Gains or losses on sales or valuation of fixed assets | + | Amortization of goodwill and other intangible fixed assets | - | Other extraordinary gains/losses, valuation allowances, etc. |
|---------------------|---|---|---|---|---|--|---|--|---|--|---|---|---|--|---|--|

Major factors of changes in adjusted net income YoY

- Improvement in gain/losses on derivatives and an increase in gains on sales of securities despite an increase in net incurred losses mainly relating to natural catastrophes in domestic non-life (dividends from subsidiaries are eliminated on a consolidated basis)
- Large losses and foreign exchange losses, etc. at overseas subsidiaries

Changes in reconciliation YoY

- Regarding provision for catastrophe loss reserves, an increase in net provision in FY2015 led to an increase in adjusted net income by ¥23.3B YoY
- Regarding gains or losses relating ALM, an increase in gains on interest rate swaps mainly led to a decrease in adjusted net income by ¥18.9B YoY
- Regarding other extraordinary gains/losses, valuation allowances etc, a decrease in negative adjustments in FY2014 associated with the impact of inclusion in expenses of taxable impairment losses on subsidiaries at TMNF, etc. led to an increase in adjusted net income by ¥27.4B YoY

\*1: Each adjustment is on an after-tax basis

\*2: "Net income attributable to owners of the parent" shows figures for former "Net income"

\*3: Reversals are subtracted

\*4: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

## Changes in Major P/L Items

(billions of yen)

|   | FY2014 Results | FY2015 Results | YoY Change |
|---|----------------|----------------|------------|
| <b>Underwriting profit/loss</b>   | <b>59.9</b>    | <b>13.8</b>    | - 46.0     |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | 124.8          | 107.4          | - 17.3     |
| Net premiums written (Private insurance)  | 1,758.9        | 1,844.1        | 85.1       |
| Net premiums earned (Private insurance)   | 1,702.1        | 1,784.4        | 82.3       |
| Net incurred losses (Private insurance)*  | - 995.0        | - 1,072.4      | - 77.3     |
| Natural catastrophe losses  | - 27.1         | - 73.1         | - 45.9     |
| Provision/Reversal of foreign currency denominated outstanding claims reserves        | - 14.6         | 5.8            | 20.4       |
| Other than above  | - 953.1        | - 1,005.0      | - 51.8     |
| Business expenses (Private insurance)   | - 566.1        | - 600.4        | - 34.2     |
| Provision/Reversal of catastrophe loss reserves                                       | - 64.9         | - 93.6         | - 28.6     |
| Auto  | - 30.2         | - 57.1         | - 26.8     |
| Fire  | - 13.6         | - 15.3         | - 1.7      |
| <b>Net investment income (loss) and other</b>   | <b>202.5</b>   | <b>362.0</b>   | 159.4      |
| Net investment income/loss  | 218.8          | 371.4          | 152.5      |
| Interest and dividends  | 196.4          | 278.9          | 82.5       |
| Dividends from foreign stocks   | 69.9           | 151.9          | 82.0       |
| Gains/Losses on sales of securities   | 85.8           | 116.6          | 30.8       |
| Impairment losses on securities   | - 1.4          | - 1.3          | 0.1        |
| Gains/Losses on derivatives   | - 14.1         | 31.5           | 45.7       |
| <b>Ordinary profit/loss</b>   | <b>264.0</b>   | <b>377.2</b>   | 113.1      |
| <b>Extraordinary gains/losses</b>   | <b>- 15.5</b>  | <b>- 12.2</b>  | 3.2        |
| <b>Net income/loss</b>  | <b>185.3</b>   | <b>301.6</b>   | 116.2      |

\*Including loss adjustment expenses

(Notes)

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

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### Underwriting Profit

Decreased by ¥46.0B YoY to ¥13.8B

- Net premiums written (Private insurance):
  - ➔ Increase in all lines, mainly in auto and fire (+4.8%)  
(See P.8 for details)
- Net incurred losses (Private insurance):
  - ➔ Increase in net incurred losses relating to natural catastrophes, mainly due to Typhoon No.15 (Goni) and No.18 (Eta)
  - ➔ Reversal effect of provision in FY2014 for reserves for foreign currency denominated outstanding claims
  - ➔ Net incurred losses other than the above increased mainly due to higher large losses and an increase in net incurred losses in auto relating to accidents occurred in past fiscal years, in addition to an increase in the number of policies
- Business expenses (Private insurance):
  - ➔ Increase in agency commissions associated with revenue growth, etc.
  - ➔ Increase in corporate expenses due to system cost, etc. for strengthening the business platform
- Catastrophe loss reserves:
  - ➔ Increase in net provision due to the improvement of W/P loss ratio in auto

### Net Investment Income and Other (See P.9 for details)

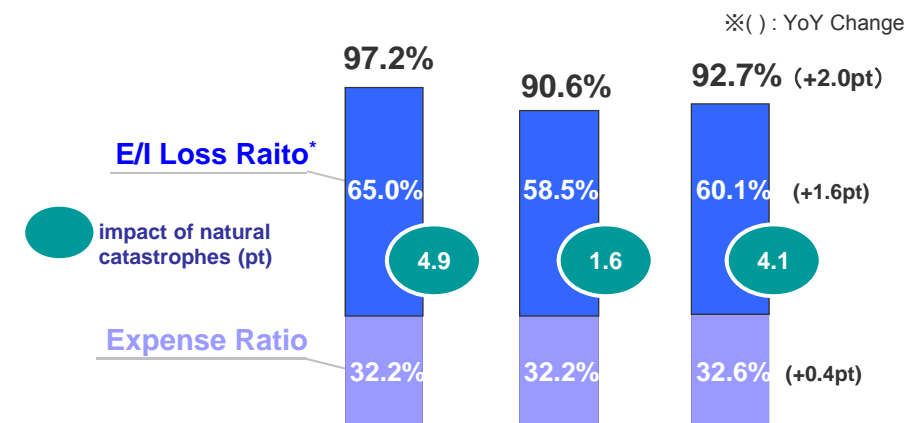
Increased by ¥159.4B YoY to ¥362.0B due to an increase in dividends from subsidiaries and an improvement of gains/losses on derivatives, in addition to an increase in gains on sales of securities, etc.

### Net Income

Accordingly, increased by ¥116.2B YoY to ¥301.6B

# TMNF Combined Ratio

## ■ Combined Ratio (Private insurance: E/I basis)



### – E/I Basis Loss Ratio

- E/I basis loss ratio worsened by 1.6 points YoY to 60.1% mainly due to an increase in net incurred losses relating to natural catastrophes

### – Expense Ratio

- Expense ratio worsened by 0.4 point YoY to 32.6% due to:
  - Increase in net premiums written
  - Increase in average agency commission rates associated with an increase in policies with higher commission rates
  - Increase in corporate expenses due to system cost, etc. for strengthening the business platform

(billions of yen)

|                      | FY2013 Results | FY2014 Results | FY2015 Results | YoY Change |
|----------------------|----------------|----------------|----------------|------------|
| Net premiums written | 1,695.2        | 1,758.9        | 1,844.1        | 85.1       |
| Net incurred losses* | 1,074.9        | 995.0          | 1,072.4        | 77.3       |
| Business expenses    | 545.9          | 566.1          | 600.4          | 34.2       |
| Corporate expenses   | 221.4          | 219.2          | 233.4          | 14.2       |
| Agency commissions   | 324.5          | 346.9          | 367.0          | 20.0       |

(Reference)

|                                       |       |       |       |         |
|---------------------------------------|-------|-------|-------|---------|
| Private insurance W/P combined ratio* | 91.2% | 89.8% | 89.2% | - 0.7pt |
| Private insurance W/P loss ratio*     | 59.0% | 57.6% | 56.6% | - 1.0pt |

\* Including loss adjustment expenses



# 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 %)

|                                | FY2014 Results | FY2015 Results | YoY    |       |
|--------------------------------|----------------|----------------|--------|-------|
|                                |                |                | Change | %     |
| Fire                           | 271.1          | 303.4          | 32.3   | 11.9% |
| Marine                         | 66.1           | 66.2           | 0.0    | 0.1%  |
| P.A.                           | 169.2          | 175.2          | 6.0    | 3.6%  |
| Auto                           | 990.3          | 1,030.7        | 40.3   | 4.1%  |
| CALI                           | 276.4          | 282.6          | 6.1    | 2.2%  |
| Other                          | 263.3          | 269.9          | 6.5    | 2.5%  |
| <b>Total</b>                   | <b>2,036.7</b> | <b>2,128.3</b> | 91.5   | 4.5%  |
| <b>Private insurance Total</b> | <b>1,758.9</b> | <b>1,844.1</b> | 85.1   | 4.8%  |

### Major Factors of Changes in NPW

- Fire: Increased mainly due to policy review by customers before the product revisions in Oct. 2015, as well as revenue growth in the corporate sector
- P.A.: Increased mainly due to revenue growth in nationwide group P.A. insurance for employment injury
- Auto: Increased mainly due to product and rate revisions as well as an increase in the number of policies
- Other: Increased mainly due to revenue growth in “*Super Business Insurance*” and major contracts

## E/I Loss Ratio by Line

|                                | FY2014 Results | FY2015 Results | YoY    |
|--------------------------------|----------------|----------------|--------|
|                                |                |                | Change |
| Fire                           | 48.7%          | 60.4%          | 11.7pt |
| Marine                         | 64.0%          | 64.9%          | 0.8pt  |
| P.A.                           | 52.9%          | 52.2%          | -0.7pt |
| Auto                           | 61.1%          | 60.5%          | -0.6pt |
| Other                          | 59.8%          | 62.1%          | 2.4pt  |
| <b>Private insurance Total</b> | <b>58.5%</b>   | <b>60.1%</b>   | 1.6pt  |

### Major Factors of Changes in E/I Loss Ratio

- Fire: Increased mainly due to an increase in net incurred losses relating to natural catastrophes
- Marine: Increased mainly due to an increase in net incurred losses relating to large losses
- P.A.: Improved mainly due to revenue growth owing to rate revisions
- Auto: Improved mainly due to revenue growth owing to rate revisions and a decrease in net incurred losses due to less snowfalls, etc. despite an increase in net incurred losses relating to accidents occurred in past fiscal years
- Other: Increased mainly due to an increase in net incurred losses relating to large losses

# TMNF Asset Management Results

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



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## TMNF Net Investment Income and Other

(billions of yen)

|  | FY2014 Results | FY2015 Results | YoY Change |
|--|----------------|----------------|------------|
| <b>Net investment income and other</b>               | <b>202.5</b>   | <b>362.0</b>   | 159.4      |
| <b>Net investment income</b>                         | <b>218.8</b>   | <b>371.4</b>   | 152.5      |
| <b>Net interest and dividends income</b>             | <b>146.1</b>   | <b>229.2</b>   | 83.1       |
| Interest and dividends                               | 196.4          | 278.9          | 82.5       |
| Dividends from domestic stocks                       | 55.4           | 65.4           | 10.0       |
| Dividends from foreign stocks                        | 69.9           | 151.9          | 82.0       |
| Income from domestic bonds                           | 29.2           | 27.6           | - 1.6      |
| Income from foreign bonds                            | 4.3            | 6.2            | 1.8        |
| Income from other domestic securities*1              | 10.0           | 1.1            | - 8.8      |
| Income from other foreign securities*2               | 14.2           | 14.0           | - 0.2      |
| Transfer of investment income on deposit premiums    | - 50.3         | - 49.6         | 0.6        |
| <b>Net capital gains</b>                             | <b>72.7</b>    | <b>142.1</b>   | 69.4       |
| Gains/Losses on sales of securities                  | 85.8           | 116.6          | 30.8       |
| Impairment losses on securities                      | - 1.4          | - 1.3          | 0.1        |
| Impairment losses on domestic stocks                 | - 0.7          | - 1.3          | - 0.5      |
| Gains/Losses on derivatives                          | - 14.1         | 31.5           | 45.7       |
| Interest rate swaps                                  | 6.2            | 28.2           | 22.0       |
| Foreign exchange forwards and foreign currency swaps | - 8.6          | 3.4            | 12.0       |
| Other investment income and expenses                 | 0.2            | - 6.3          | - 6.5      |
| Others (Gains/Losses on foreign exchange, etc.)      | 2.3            | 1.5            | - 0.8      |
| <b>Other ordinary income and expenses</b>            | <b>- 16.3</b>  | <b>- 9.4</b>   | 6.8        |

\*1. Income from domestic securities excluding domestic stocks and domestic bonds

\*2. Income from foreign securities excluding foreign stocks and foreign bonds

Note: Plus and minus of the figures in the above table correspond to positive and negative to profit respectively

- Net investment income and other at TMNF increased by ¥159.4B YoY to ¥362.0B

- Net interest and dividends income increased by ¥83.1B YoY to ¥229.2B
  - Dividends from foreign stocks:
    - ✓ Increase in dividends from overseas subsidiaries including dividends for financing HCC acquisition
  - Dividends from domestic stocks:
    - ✓ Increase in dividends from domestic subsidiaries and business-related equities
  - Income from other domestic securities
    - ✓ Reversal effect of the increase in dividends from investment fund in FY2014
- Net capital gains increased by ¥69.4B YoY to ¥142.1B
  - Gains/Losses on derivatives:
    - ✓ Mainly due to market value changes in derivative transactions for hedging purpose
  - Gains/Losses on sales of securities:
    - ✓ Increase in gains on sales of foreign securities and business-related equities

## Sales of Business-Related Equities

(billions of yen)

|   | FY2014 Results | FY2015 Results | YoY Change |
|---|----------------|----------------|------------|
| <b>Sales of business-related equities</b> | <b>112</b>     | <b>122</b>     | 10         |

- Sales of business-related equities increased by ¥10B YoY to ¥122B with gains of ¥90B

## Changes in Major P/L Items

(billions of yen)

|   | FY2014 Results | FY2015 Results | YoY Change |
|---|----------------|----------------|------------|
| <b>Underwriting profit/loss</b>   | <b>14.7</b>    | <b>7.8</b>     | - 6.8      |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | <b>15.5</b>    | <b>10.6</b>    | - 4.9      |
| Net premiums written (Private insurance)  | 116.1          | 118.0          | 1.9        |
| Net premiums earned (Private insurance)   | 118.3          | 120.4          | 2.0        |
| Net incurred losses (Private insurance)*  | - 61.3         | - 67.7         | - 6.4      |
| Natural catastrophe losses  | - 1.3          | - 4.1          | - 2.8      |
| Other than above  | - 60.0         | - 63.6         | - 3.6      |
| Business expenses (Private insurance)   | - 39.8         | - 40.6         | - 0.8      |
| Provision/Reversal of catastrophe loss reserves                                       | - 0.8          | - 2.7          | - 1.9      |
| Fire  | 3.9            | 2.1            | - 1.7      |
| Auto  | - 4.0          | - 4.1          | - 0.0      |
| <b>Net investment income (loss) and other</b>   | <b>2.6</b>     | <b>1.9</b>     | - 0.6      |
| Net investment income/loss  | 3.1            | 2.1            | - 0.9      |
| Interest and dividends  | 4.8            | 4.7            | - 0.1      |
| Gains/Losses on sales of securities   | - 0.3          | 0.1            | 0.4        |
| Gains/Losses on derivatives   | 0.3            | 0.0            | - 0.3      |
| Impairment losses on securities   | - 0.0          | - 0.5          | - 0.5      |
| <b>Ordinary profit/loss</b>   | <b>17.6</b>    | <b>9.7</b>     | - 7.9      |
| <b>Extraordinary gains/losses</b>   | <b>- 1.8</b>   | <b>0.2</b>     | 2.0        |
| <b>Net income/loss</b>  | <b>12.5</b>    | <b>6.1</b>     | - 6.4      |
| <b>Loss ratio (Private insurance, E/I basis)*</b>                                     | <b>51.8%</b>   | <b>56.3%</b>   | 4.5pt      |
| <b>Expense ratio (Private insurance)</b>  | <b>34.3%</b>   | <b>34.4%</b>   | 0.2pt      |
| <b>E/I Combined ratio (Private insurance)*</b>  | <b>86.1%</b>   | <b>90.7%</b>   | 4.6pt      |

\* Including loss adjustment expenses

(Notes)

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

### Underwriting Profit

Decreased by ¥6.8B YoY to ¥7.8B

- Net premiums written (Private insurance)
  - ➔ Increase mainly due to an increase in the number of policies and effect of rate revisions in FY2014 in auto
- Net incurred losses (Private insurance)
  - ➔ Increase in net incurred losses relating to natural catastrophes mainly due to Typhoon No. 15 (Goni) and No. 18 (Etau)
  - ➔ Net incurred losses other than the above increased due to large losses in auto, etc.
- Catastrophe loss reserves
  - ➔ Decrease in amount taken-down mainly in fire

### Net Investment Income and Other

Decreased by ¥0.6B YoY to ¥1.9B due to an increase in impairment losses on securities, etc.

### Net Income

Accordingly, decreased by ¥6.4B YoY to ¥6.1B

## Annualized Premiums (ANP)

(billions of yen)

|  | FY2014 Results* <sup>1</sup> | FY2015 Results | YoY    |       |
|--|------------------------------|----------------|--------|-------|
|  |                              |                | Change | %     |
| <b>New policies ANP</b>                                | <b>114.1</b>                 | <b>119.7</b>   | 5.5    | 4.9%  |
| excluding long-term saving-type products <sup>*2</sup> | 84.9                         | 100.4          | 15.5   | 18.3% |
| <b>In-force policies ANP</b>                           | <b>764.4</b>                 | <b>796.5</b>   | 32.1   | 4.2%  |

\*1 Results are the sum of TMNL and FL

\*2 Individual annuity and "whole life with long-term discount"

### – New Policies ANP

- Increased by 4.9% YoY due to favorable sales in the third-sector lines owing to new products in medical and cancer insurance while limiting the sales of long-term saving-type products<sup>\*2</sup>
- Increased by 18.3% YoY, excluding long-term saving type products<sup>\*2</sup>

### – In-force Policies ANP

- Increased by 4.2% from the end of FY2014 due to an increase in new policies despite surrender as well as lump-sum payout upon reaching target in variable annuities under better market conditions in the first half
- Excluding the impact of variable annuities, increased by 12.4% from the end of FY2014

## Key Figures in Financial Accounting

(billions of yen)

|                              | FY2014 Results* <sup>1</sup> | FY2015 Results | YoY     |
|------------------------------|------------------------------|----------------|---------|
|                              |                              |                | Change  |
| <b>Ordinary income</b>       | <b>1,260.5</b>               | <b>1,054.5</b> | - 205.9 |
| Insurance premiums and other | 779.1                        | 819.4          | 40.3    |
| <b>Net income</b>            | <b>28.8</b>                  | <b>14.7</b>    | - 14.0  |
| <b>Core operating profit</b> | <b>25.4</b>                  | <b>25.0</b>    | - 0.4   |

\*1 Results are the sum of TMNL and FL

### – Net Income

- Decreased by ¥14.0B YoY to ¥14.7B mainly due to reversal effect of recording deferred tax assets of FL in FY2014, despite reversal of contingency reserves associated with surrender of variable annuities, etc.
- Achieved similar level as the FY2015 full year projections<sup>\*3</sup>  
<sup>\*3</sup> FY2015 full year projections: ¥14.4B

### – Core Operating Profit

- Decreased by ¥0.4B YoY to ¥25.0B

# Net Premiums Written

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



TOKIO MARINE

(billions of yen, except for %)

|                                    | FY2014 Results      | FY2015 Results      | YoY           |              | (Ref.) YoY (Excluding FX effects) <sup>*2</sup> |
|------------------------------------|---------------------|---------------------|---------------|--------------|---|
|                                    | As of end-Dec. 2014 | As of end-Dec. 2015 | Change        | %            |   |
|                                    | JPY 120.5           | JPY 120.6           |               |              |   |
| Applied FX rate (USD/JPY)          |                     |                     |               |              |   |
| North America                      | 631.2               | 665.8               | 34.6          | 5%           | 5%  |
| Europe (incl. Middle East)         | 154.6               | 151.3               | - 3.2         | - 2%         | 4%  |
| South & Central America            | 132.1               | 102.7               | - 29.4        | - 22%        | 15%   |
| Asia                               | 116.6               | 112.8               | - 3.7         | - 3%         | 6%  |
| Reinsurance                        | 149.5               | 188.3               | 38.7          | 26%          | 27%   |
| <b>Total Non-Life<sup>*1</sup></b> | <b>1,184.7</b>      | <b>1,221.1</b>      | <b>36.4</b>   | <b>3%</b>    | <b>9%</b>                                       |
| <b>Life</b>                        | <b>117.9</b>        | <b>82.9</b>         | <b>- 35.0</b> | <b>- 30%</b> | <b>- 22%</b>                                    |
| <b>Total</b>                       | <b>1,302.6</b>      | <b>1,304.0</b>      | <b>1.3</b>    | <b>0%</b>    | <b>6%</b>                                       |

\*1: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

\*2: Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before

- Almost flat YoY due to the depreciation of emerging market currencies
- Excluding FX effects, increased by 6% YoY mainly due to the progress of growth measures in each business segment

## North America

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

## Europe

- Decreased due to the depreciation of GBP while increased on a local currency basis mainly due to business expansion at Tokio Marine Kiln

## South & Central America

- Decreased due to the depreciation of BRL while increased on a local currency basis due to strong sales of auto insurance in Brazil

## Asia

- Decreased due to the depreciation of MYR and THB while increased on a local currency basis due to auto insurance sales growth in India and China, etc.

## Reinsurance

- Increased mainly in non-catastrophe business and multi-year policies

## Life

- Decreased mainly due to the suspension of sales of specific products in Singapore

# Business Unit Profits

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



TOKIO MARINE

(billions of yen, except for %)

|                                    | FY2014 Results      | FY2015 Results      | YoY          |             | (Ref.) YoY (Excluding FX effects) <sup>*2</sup> |
|------------------------------------|---------------------|---------------------|--------------|-------------|---|
|                                    | As of end-Dec. 2014 | As of end-Dec. 2015 | Change       | %           |   |
|                                    | JPY 120.5           | JPY 120.6           |              |             |   |
| Applied FX rate (USD/JPY)          |                     |                     |              |             |   |
| North America                      | 87.2                | 95.6                | 8.3          | 10%         | 10%   |
| Europe (incl. Middle East)         | 19.6                | 8.1                 | -11.4        | -58%        | -56%  |
| South & Central America            | 5.8                 | 5.3                 | -0.5         | -9%         | 34%   |
| Asia                               | 17.3                | 14.7                | -2.5         | -15%        | -6%   |
| Reinsurance                        | 9.6                 | 10.6                | 1.0          | 11%         | 12%   |
| <b>Total Non-Life<sup>*1</sup></b> | <b>138.6</b>        | <b>134.3</b>        | <b>-4.3</b>  | <b>-3%</b>  | <b>0%</b>                                       |
| <b>Life</b>                        | <b>9.4</b>          | <b>0.6</b>          | <b>-8.8</b>  | <b>-94%</b> | <b>-90%</b>                                     |
| <b>Total</b>                       | <b>145.5</b>        | <b>131.8</b>        | <b>-13.7</b> | <b>-9%</b>  | <b>-6%</b>                                      |

\*1: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

\*2: Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before

– Decreased by ¥13.7B YoY mainly due to several large losses, foreign exchange losses and the depreciation of emerging market currencies, etc. despite a decrease in natural catastrophe losses

– Achieved FY2015 full year projections\*

\* FY2015 full year projections: ¥123B

(Achievement rate 107%)

## North America

- Increased mainly due to an expansion of business and a decrease in natural catastrophe losses at Philadelphia
- Increased mainly due to an increase in investment income at Delphi

## Europe

- Decreased mainly due to large losses and foreign exchange losses, etc.

## South & Central America

- Decreased due to the depreciation of BRL while increased on a local currency basis mainly due to an increase in investment income associated with interest rate increase, etc.

## Asia

- Decreased mainly due to the reversal effect of a temporary factor in FY2014 in Singapore

## Reinsurance

- Increased mainly due to the reversal effect of an increase in reserves in FY2014, despite large losses

## Life

- Decreased mainly due to a decrease in new business and a decrease in unrealized gains associated with the decline in stock prices in Singapore

# North America (Breakdown)

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



TOKIO MARINE

## Net Premiums Written

(billions of yen, except for %)

|                           | FY2014 Results                   | FY2015 Results                   | YoY    |    | (Ref.) YoY (Excluding FX effects)* |
|---------------------------|----------------------------------|----------------------------------|--------|----|------------------------------------|
|                           |                                  |                                  | Change | %  |                                    |
| Applied FX rate (USD/JPY) | As of end-Dec. 2014<br>JPY 120.5 | As of end-Dec. 2015<br>JPY 120.6 |        |    |                                    |
| Philadelphia              | 323.9                            | 342.3                            | 18.3   | 6% | 6%                                 |
| Delphi                    | 236.6                            | 241.3                            | 4.7    | 2% | 2%                                 |

\* Excluding FX effects due to yen conversion

## Business Unit Profits

(billions of yen, except for %)

|                           | FY2014 Results                   | FY2015 Results                   | YoY    |     | (Ref.) YoY (Excluding FX effects)* |
|---------------------------|----------------------------------|----------------------------------|--------|-----|------------------------------------|
|                           |                                  |                                  | Change | %   |                                    |
| Applied FX rate (USD/JPY) | As of end-Dec. 2014<br>JPY 120.5 | As of end-Dec. 2015<br>JPY 120.6 |        |     |                                    |
| Philadelphia              | 42.3                             | 46.4                             | 4.1    | 10% | 10%                                |
| Delphi                    | 40.2                             | 44.4                             | 4.1    | 10% | 10%                                |

\* Excluding FX effects due to yen conversion

# Business Unit Profits

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



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(billions of yen)

| Business Domain                      | FY2014 Results | FY2015 Results | YoY Change    |
|--------------------------------------|----------------|----------------|---------------|
| <b>Domestic Non-Life</b>             | <b>122.5</b>   | <b>126.0</b>   | <b>3.5</b>    |
| TMNF                                 | 113.7          | 120.0          | 6.3           |
| NF                                   | 12.2           | 8.8            | -3.4          |
| Other                                | -3.4           | -2.7           | 0.7           |
| <b>Domestic Life<sup>*1,2</sup></b>  | <b>167.4</b>   | <b>-188.1</b>  | <b>-355.5</b> |
| TMNL                                 | 169.7          | -187.4         | -357.1        |
| <b>International Insurance</b>       | <b>145.5</b>   | <b>131.8</b>   | <b>-13.7</b>  |
| North America                        | 87.2           | 95.6           | 8.3           |
| Europe (incl. Middle East)           | 19.6           | 8.1            | -11.4         |
| South & Central America              | 5.8            | 5.3            | -0.5          |
| Asia                                 | 17.3           | 14.7           | -2.5          |
| Reinsurance                          | 9.6            | 10.6           | 1.0           |
| International Non-Life <sup>*3</sup> | 138.6          | 134.3          | -4.3          |
| International Life                   | 9.4            | 0.6            | -8.8          |
| <b>Financial &amp; General</b>       | <b>4.0</b>     | <b>7.3</b>     | <b>3.3</b>    |

\*1: Excluding capital transactions

\*2: Regarding Domestic Life, because MCEV was adopted, which is effective from FY2015, FY2014 figure is also described based on MCEV

\*3: International Non-Life figures include some life insurance figures of composite overseas subsidiaries

## – Domestic Non-Life

TMNF : Increased by ¥6.3B YoY to ¥120.0B

- Improvement of gains/losses on derivatives
- Increase in net incurred losses relating to natural catastrophes and large losses

## – Domestic Life

TMNL : Decreased by ¥357.1B YoY to ¥187.4B \*

- Effects of changes in economic conditions including a decline in interest rates
- Reversal effect of the decrease in corporate tax rate in FY2014, etc.

\* Increase in MCEV excluding the effects of changes in economic conditions such as decline in interest rates is ¥115.6B

## – International Insurance

Decreased by ¥13.7B YoY to ¥131.8B

- Decrease in net incurred losses relating to natural catastrophes
- Increase in large losses
- Increase in foreign exchange losses on local accounting basis





## II. FY2016 Projections

### <Reference>

#### Assumptions used for FY2016 Full-Year Projections

| FX rate<br>USD/JPY               | Nikkei Stock Average             |
|----------------------------------|----------------------------------|
| JPY 112.68<br>(end of Mar. 2016) | 16,758 yen<br>(end of Mar. 2016) |

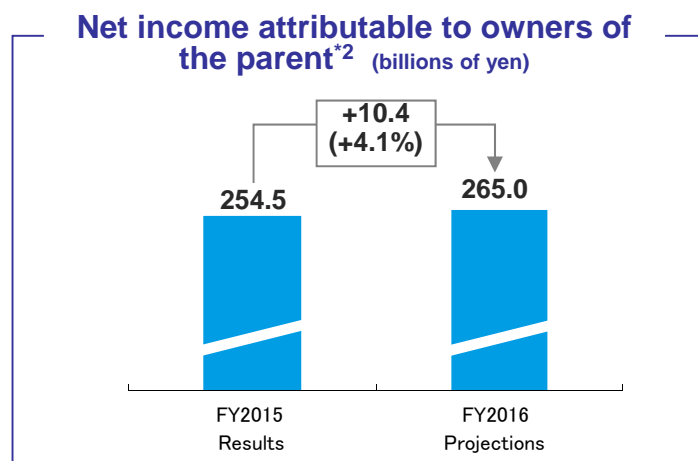
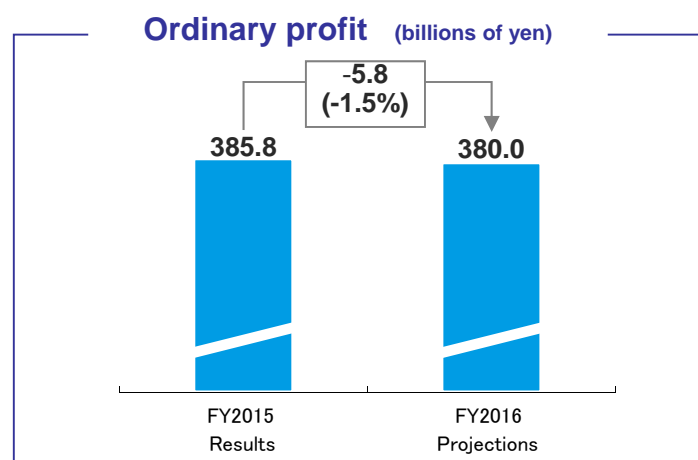
# Consolidated Projections Overview (1)

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



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- Net premiums written: Increase mainly due to HCC consolidation despite the appreciation of the yen
- Life insurance premiums: Increase due to an increase in in-force policies and a decrease in surrender of variable annuities in domestic life business as well as HCC consolidation, etc.
- Net income attributable to owners of the parent: Increase due to a decrease in net incurred losses relating to natural catastrophes and a lowering of the provision rate for catastrophe loss reserves at TMNF, etc.  
(dividends from subsidiaries are eliminated on a consolidated basis)
- Adjusted net income which excludes the effect of an increase in amortization of goodwill associated with HCC consolidation, etc., is projected to increase



(billions of yen, except for %)

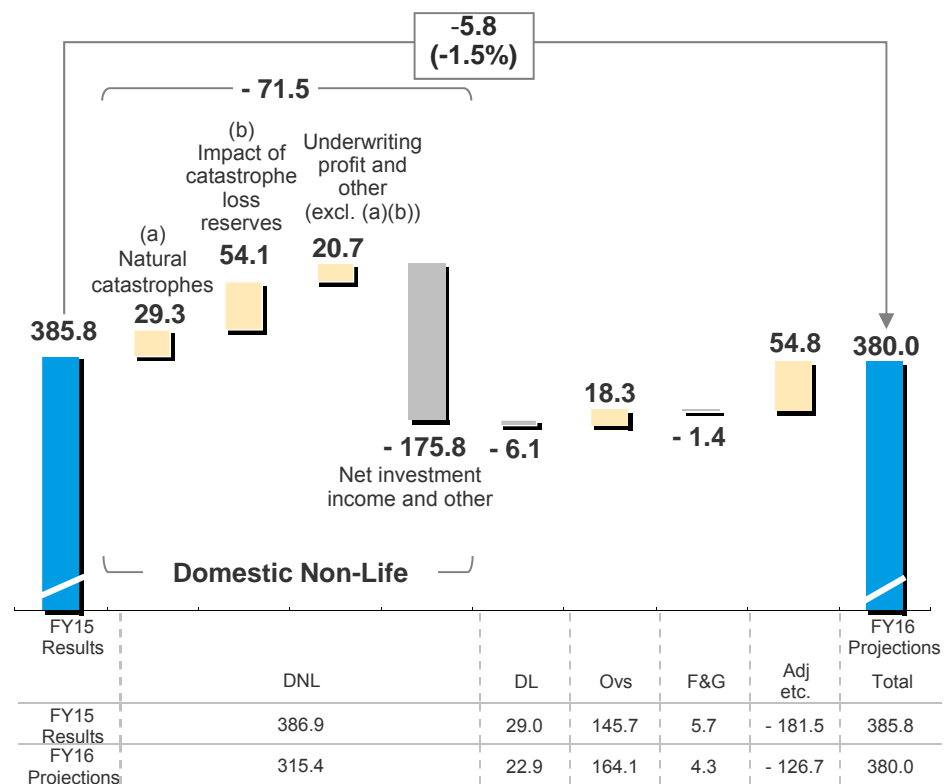
|  | FY2015 Results | FY2016 Projections | YoY    |         |
|--|----------------|--------------------|--------|---------|
|  |                |                    | Change | %       |
| <b>■ Ordinary income (TMHD Consolidated)</b>             | 4,579.0        |                    |        |         |
| Net premiums written (TMHD Consolidated)                 | 3,265.5        | 3,460.0            | 194.4  | + 6.0%  |
| Life insurance premiums (TMHD Consolidated)              | 471.6          | 800.0              | 328.3  | + 69.6% |
| <b>■ Ordinary profit (TMHD Consolidated)</b>             | 385.8          | 380.0              | - 5.8  | - 1.5%  |
| Tokio Marine & Nichido                                   | 377.2          | 309.0              | - 68.2 | - 18.1% |
| Nisshin Fire   | 9.7            | 6.4                | - 3.3  | - 34.1% |
| Tokio Marine & Nichido Life                              | 29.0           | 22.9               | - 6.1  | - 21.1% |
| Overseas subsidiaries                                    | 145.7          | 164.1              | 18.3   | + 12.6% |
| Financial and general                                    | 5.7            | 4.3                | - 1.4  | - 24.8% |
| Others (Consolidation adjustments, etc.)                 | - 181.5        | - 126.7            | 54.8   |         |
| <b>■ Net income attributable to owners of the parent</b> | 254.5          | 265.0              | 10.4   | + 4.1%  |
| Tokio Marine & Nichido                                   | 301.6          | 245.0              | - 56.6 | - 18.8% |
| Nisshin Fire   | 6.1            | 4.3                | - 1.8  | - 30.0% |
| Tokio Marine & Nichido Life                              | 14.7           | 15.6               | 0.8    | + 5.7%  |
| Overseas subsidiaries                                    | 111.5          | 120.7              | 9.1    | + 8.2%  |
| Financial and general                                    | 3.4            | 3.0                | - 0.4  | - 14.2% |
| Others (Consolidation adjustments, etc.)                 | - 183.0        | - 123.6            | 59.4   |         |
| <b>【KPI for the Group Total】</b>                         |                |                    |        |         |
| <b>■ Adjusted net income</b>                             | 351.9          | 388.0              | 36.1   | + 10.3% |

# Consolidated Projections Overview (2)

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



## ■ Ordinary Profit (billions of yen)



On this page, figures of each business domain are calculated as follows, and they differ from segment information in the Summary Report.

- DNL (Domestic Non-life) : Total of TMNF and NF
- DL (Domestic life) : Total of TMNL
- Ovs (Overseas subsidiaries)
- F&G (Financial & General)
- Adj, etc (Consolidation adjustments, etc.)
- : Total of the followings:
  - i) purchase method adjustments
  - ii) amortization of goodwill and negative goodwill
  - iii) others (elimination, etc.)

### — Domestic Non-Life

- Underwriting Profit
  - ✓ Increase due to (i) assuming an average level of net incurred losses relating to natural catastrophes and (ii) a lowering of the provision rate for catastrophe loss reserves in auto group at TMNF, etc.
- Net Investment Income and Other
  - ✓ Decrease due to a decrease in dividends from subsidiaries and the reversal effects of gains on derivatives in FY2015, etc.

### — Domestic Life

- Decrease due to a decrease in amount taken down from contingency reserves associated with maturities of policies at former FL, etc.

### — Overseas Subsidiaries

- Increase due to HCC consolidation and the reversal effect of large losses in FY2015, etc. despite the appreciation of the yen and assuming an average level of natural catastrophe losses which were relatively low in FY2015

### — Consolidation Adjustments, etc.

- Decrease in negative adjustment mainly due to a decrease in dividends from consolidated subsidiaries at TMNF despite an increase in amortization of goodwill associated with HCC consolidation

# Adjusted Net Income (Group Total)

- Adjusted Net Income is projected to increase by ¥36.1B YoY to ¥388B
- Adjusted ROE is projected to be 10.5% up by 1.4pts YoY

| (billions of yen)   | FY2015 Results | FY2016 Projections | YoY Change |
|---------------------|----------------|--------------------|------------|
| Adjusted Net Income | 351.9          | 388.0              | 36.1       |
| Adjusted ROE        | 9.1%           | 10.5%              | + 1.4pt    |

## Reconciliation<sup>\*1</sup>

Note: Factors positive to profit are showed with "plus signs"

|   | FY2015 Results | FY2016 Projections | YoY Change  |
|---|----------------|--------------------|-------------|
| Net income attributable to owners of the parent (consolidated) <sup>*2</sup>  | 254.5          | 265.0              | 10.4        |
| Provision for catastrophe loss reserves <sup>*3</sup>   | +68.9          | +31.0              | -37.9       |
| Provision for contingency reserves <sup>*3</sup>  | -0.2           | -                  | 0.2         |
| Provision for price fluctuation reserves <sup>*3</sup>  | +3.7           | +3.0               | -0.7        |
| Gains or losses on sales or valuation of ALM <sup>*4</sup> bonds and interest rate swaps  | -22.6          | -                  | 22.6        |
| Gains or losses on sales or valuation of fixed assets and business investment equities (FY2015 Results : Gains or losses on sales or valuation of fixed assets) | +1.8           | -4.0               | -5.8        |
| Amortization of goodwill and other intangible fixed assets  | +34.3          | +93.0              | 58.7        |
| Other extraordinary gains/losses, valuation allowances, etc.  | +11.3          | -                  | -11.3       |
| <b>Adjusted Net Income</b>  | <b>351.9</b>   | <b>388.0</b>       | <b>36.1</b> |

\*1: Each adjustment is on an after-tax basis

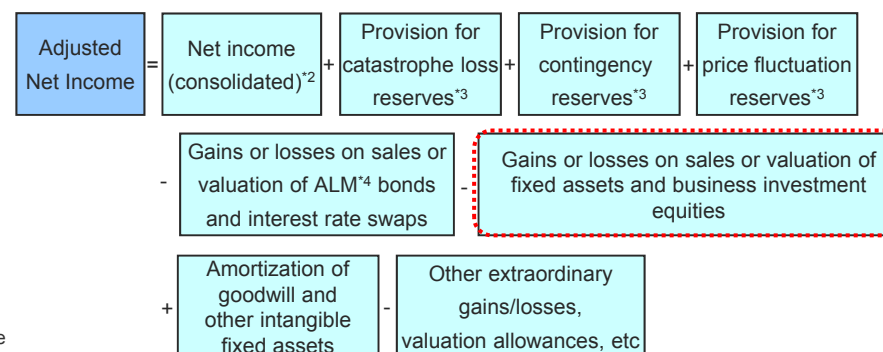
\*2: "Net income attributable to owners of the parent" shows figures for former "Net income"

\*3: Reversals are subtracted

\*4: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

- Major factors of changes in adjusted net income YoY
  - HCC consolidation and the reversal effect of large losses in FY2015 at overseas subsidiaries
  - Reversal effect of gains on sales of securities in domestic non-life recorded in FY2015
- Changes in reconciliation YoY
  - Decrease in net provision for catastrophe loss reserves due to lowering of provision rate in auto group at TMNF
  - Increase in amortization of goodwill and other intangible fixed assets associated with HCC
- Change in the definition of adjusted net income (see page 32 for details)

## Definition of Adjusted Net Income





## Changes in Major P/L Items

(billions of yen)

|   | FY2015 Results | FY2016 Projections | YoY Change |
|---|----------------|--------------------|------------|
| <b>Underwriting profit/loss</b>   | <b>13.8</b>    | <b>122.0</b>       | 108.1      |
| (Underwriting profit/loss: excluding Provision/Reversal of catastrophe loss reserves) | <b>107.4</b>   | <b>159.6</b>       | 52.1       |
| Net premiums written (Private insurance)  | 1,844.1        | 1,854.0            | 9.8        |
| Net premiums earned (Private insurance)   | 1,784.4        | 1,827.6            | 43.1       |
| Net incurred losses (Private insurance)*  | - 1,072.4      | - 1,065.4          | 7.0        |
| Natural catastrophes  | - 73.1         | - 45.0             | 28.1       |
| Provision/Reversal of foreign currency denominated outstanding claims                 | 5.8            | -                  | - 5.8      |
| Other than above  | - 1,005.0      | - 1,020.4          | - 15.3     |
| Business expenses (Private insurance)   | - 600.4        | - 605.6            | - 5.2      |
| Provision/Reversal of catastrophe loss reserves                                       | - 93.6         | - 37.6             | 55.9       |
| Auto  | - 57.1         | - 5.5              | 51.5       |
| Fire  | - 15.3         | - 16.0             | - 0.6      |
| <b>Net investment income (loss) and other</b>   | <b>362.0</b>   | <b>186.8</b>       | - 175.1    |
| Net investment income/loss  | 371.4          | 208.0              | - 163.3    |
| Interest and dividends  | 278.9          | 176.0              | - 102.9    |
| Dividends from foreign stocks   | 151.9          | 64.6               | - 87.3     |
| Gains/Losses on sales of securities   | 116.6          | 70.9               | - 45.7     |
| Impairment losses on securities   | - 1.3          | -                  | 1.3        |
| Gains/Losses on derivatives   | 31.5           | 3.1                | - 28.4     |
| <b>Ordinary profit/loss</b>   | <b>377.2</b>   | <b>309.0</b>       | - 68.2     |
| <b>Extraordinary gains/losses</b>   | <b>- 12.2</b>  | <b>1.6</b>         | 13.9       |
| <b>Net income/loss</b>  | <b>301.6</b>   | <b>245.0</b>       | - 56.6     |

\*Including loss adjustment expenses

(Notes)

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

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### – Underwriting Profit

Projected to increase by ¥108.1B YoY to ¥122.0B

- Net premiums written (Private insurance)
  - Projected to increase mainly due to an increase in the number of policies in auto despite the reversal effect of the revenue growth in fire in FY2015 (See p.22 for details)
- Net incurred losses (Private insurance)
  - Decrease in net incurred losses relating to natural catastrophes
  - Increase in net incurred losses due to the reversal effect of the less snowfalls in FY2015 in addition to an increase associated with the revenue growth, etc.
- Business expenses (Private insurance)
  - Increase in corporate expenses related to new investments for future growth, etc.
  - Increase in agency commissions associated with revenue growth
- Catastrophe loss reserves
  - Decrease in net provision mainly due to a lowering of the provision rate from 7.5% to 3.2% in auto group

### – Net Investment Income and Other

Projected to decrease by ¥175.1B YoY to ¥186.8B due to the reversal effect of an increase in dividends from subsidiaries and an improvement of gains/losses on derivatives, in addition to an increase in gains on sales of securities, etc. in FY2015

### – Net Income

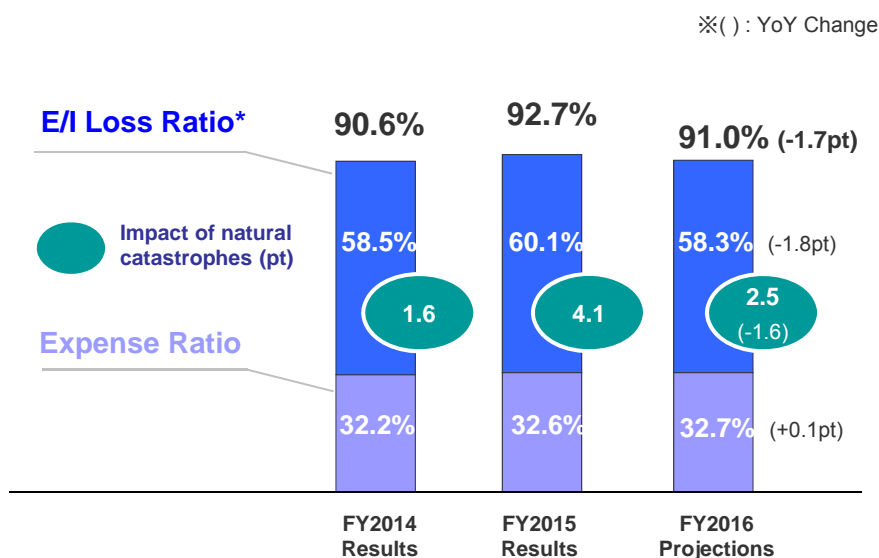
Projected to decrease by ¥56.6B YoY to ¥245.0B mainly due to the factors above, even though there are increasing factors such as the reversal effect of (i) extraordinary loss and (ii) reduction of deferred tax assets owing to the decrease in corporate tax rate in FY2015

# TMNF Combined Ratio

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



## ■ Combined Ratio (Private insurance: E/I basis)



### – E/I Basis Loss Ratio

- Projected to improve by 1.8 points YoY to 58.3%
  - Reversal effect of an increase in natural catastrophe losses in FY2015
  - Reversal effect of large losses in FY2015

### – Expense Ratio

- Projected to worsen by 0.1 point YoY to 32.7%
  - Increase in corporate expenses related to new investments for future growth, etc.

(billions of yen)

|                             | FY2014 Results | FY2015 Results | FY2016 Projections | YoY Change |
|-----------------------------|----------------|----------------|--------------------|------------|
| <b>Net premiums written</b> | <b>1,758.9</b> | <b>1,844.1</b> | <b>1,854.0</b>     | 9.8        |
| <b>Net incurred losses*</b> | <b>995.0</b>   | <b>1,072.4</b> | <b>1,065.4</b>     | - 7.0      |
| <b>Business expenses</b>    | <b>566.1</b>   | <b>600.4</b>   | <b>605.6</b>       | 5.2        |
| Corporate expenses          | 219.2          | 233.4          | 236.7              | 3.3        |
| Agency commissions          | 346.9          | 367.0          | 368.9              | 1.9        |

(Reference)

|  |              |              |              |       |
|--|--------------|--------------|--------------|-------|
| <b>Private insurance W/P combined ratio*</b> | <b>89.8%</b> | <b>89.2%</b> | <b>89.8%</b> | 0.6pt |
| <b>Private insurance W/P loss ratio*</b>     | <b>57.6%</b> | <b>56.6%</b> | <b>57.1%</b> | 0.5pt |

\* Including loss adjustment expenses

# TMNF NPW & Loss Ratio

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



TOKIO MARINE

## ■ Net Premiums Written by Line

(billions of yen, except for %)

|                                | FY2015 Results | FY2016 Projections | YoY    |       |
|--------------------------------|----------------|--------------------|--------|-------|
|                                |                |                    | Change | %     |
| Fire                           | 303.4          | 275.3              | -28.1  | -9.3% |
| Marine                         | 66.2           | 63.0               | -3.1   | -4.8% |
| P.A.                           | 175.2          | 171.0              | -4.2   | -2.4% |
| Auto                           | 1,030.7        | 1,059.1            | 28.4   | 2.8%  |
| CALI                           | 282.6          | 279.5              | -3.0   | -1.1% |
| Other                          | 269.9          | 286.7              | 16.8   | 6.2%  |
| <b>Total</b>                   | <b>2,128.3</b> | <b>2,135.0</b>     | 6.6    | 0.3%  |
| <b>Private insurance Total</b> | <b>1,844.1</b> | <b>1,854.0</b>     | 9.8    | 0.5%  |

### – Major Factors of Changes in NPW

- Fire: Projected to decrease mainly due to the reversal effect of an increase owing to policy review by customers before the product revisions in Oct. 2015
- P.A.: Projected to decrease mainly due to the shift of P.A. insurance for employment injury into the "Other" category
- Auto: Projected to increase mainly due to product and rate revisions made in the past as well as an increase in the number of policies
- Other: Projected to increase mainly due to revenue growth in "Super Business Insurance" as well as the premium shift from the "P.A." category

## ■ E/I Loss Ratio by Line

|                                | FY2015 Results | FY2016 Projections | YoY     |
|--------------------------------|----------------|--------------------|---------|
|                                |                |                    | Change  |
| Fire                           | 60.4%          | 52.2%              | - 8.2pt |
| Marine                         | 64.9%          | 63.1%              | - 1.7pt |
| P.A.                           | 52.2%          | 52.8%              | 0.6pt   |
| Auto                           | 60.5%          | 60.9%              | 0.4pt   |
| Other                          | 62.1%          | 56.5%              | - 5.7pt |
| <b>Private insurance Total</b> | <b>60.1%</b>   | <b>58.3%</b>       | - 1.8pt |

### – Major Factors of Changes in E/I Loss Ratio

- Fire: Projected to improve mainly due to assuming an average level of natural catastrophe losses
- Marine: Projected to improve mainly due to the reversal effect of large losses in FY2015
- Auto: Projected to worsen due to assuming the reversal effect of the less snowfalls in FY2015 despite the effect of rate revisions made in the past
- Other: Projected to improve mainly due to the reversal effect of large losses in FY2015



## Changes in Major P/L Items

(billions of yen)

|   | FY2015 Results | FY2016 Projections | YoY Change |
|---|----------------|--------------------|------------|
| <b>Underwriting profit/loss</b>   | <b>7.8</b>     | <b>5.2</b>         | - 2.6      |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | <b>10.6</b>    | <b>9.9</b>         | - 0.7      |
| Net premiums written (Private insurance)  | 118.0          | 120.4              | 2.4        |
| Net premiums earned (Private insurance)   | 120.4          | 122.3              | 1.9        |
| Net incurred losses (Private insurance)*  | - 67.7         | - 71.4             | - 3.6      |
| Natural catastrophe losses  | - 4.1          | - 3.0              | 1.1        |
| Other than above  | - 63.6         | - 68.4             | - 4.8      |
| Business expenses (Private insurance)   | - 40.6         | - 41.9             | - 1.3      |
| Provision/Reversal of catastrophe loss reserves                                       | - 2.7          | - 4.6              | - 1.9      |
| Fire  | 2.1            | 0.2                | - 1.9      |
| Auto  | - 4.1          | - 4.1              | - 0.0      |
| <b>Net investment income (loss) and other</b>   | <b>1.9</b>     | <b>1.4</b>         | - 0.4      |
| Net investment income/loss  | 2.1            | 1.9                | - 0.2      |
| Interest and dividends  | 4.7            | 4.3                | - 0.4      |
| Gains/Losses on sales of securities   | 0.1            | -                  | - 0.1      |
| Gains/Losses on derivatives   | 0.0            | - 0.3              | - 0.3      |
| <b>Ordinary profit/loss</b>   | <b>9.7</b>     | <b>6.4</b>         | - 3.3      |
| <b>Extraordinary gains/losses</b>   | <b>0.2</b>     | <b>- 0.3</b>       | - 0.6      |
| <b>Net income/loss</b>  | <b>6.1</b>     | <b>4.3</b>         | - 1.8      |
| <b>Loss ratio (Private insurance, E/I basis)*</b>                                     | <b>56.3%</b>   | <b>58.4%</b>       | 2.1pt      |
| <b>Expense ratio (Private insurance)</b>  | <b>34.4%</b>   | <b>34.8%</b>       | 0.4pt      |
| <b>E/I Combined ratio (Private insurance)*</b>  | <b>90.7%</b>   | <b>93.2%</b>       | 2.5pt      |

\* Including loss adjustment expenses

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively

2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

### Underwriting Profit

Projected to decrease by ¥2.6B YoY to ¥5.2B

- Net premiums written (Private insurance)
  - Projected to increase mainly due to a decrease in premiums ceded in fire
- Net incurred losses (Private insurance)
  - Assuming an average level of natural catastrophes
  - Other than the above, net incurred losses is projected to increase due to assuming a rise in unit repair cost in auto, etc.
- Business expenses (Private insurance)
  - Projected to increase mainly due to an increase in net agency commissions due to a decrease in agency commissions (income) for premiums ceded
- Catastrophe loss reserves
  - Projected to decrease in amount taken down mainly in fire associated with revenue growth

### Net Investment Income and Other

Projected to decrease by ¥0.4B YoY to ¥1.4B

### Net Income

Accordingly, projected to decrease by ¥1.8 YoY to ¥4.3B





## Annualized Premiums (ANP)

(billions of yen)

|   | FY2015 Results | FY2016 Projections | YoY    |       |
|---|----------------|--------------------|--------|-------|
|   |                |                    | Change | %     |
| <b>New policies ANP</b>                     | <b>119.7</b>   | <b>112.7</b>       | ▲6.9   | ▲5.8% |
| excluding long-term saving-type products *1 | 100.4          | 107.1              | 6.6    | 6.7%  |
| <b>In-force policies ANP</b>                | <b>796.5</b>   | <b>806.3</b>       | 9.7    | 1.2%  |

\*1 Individual annuity and "whole life with long-term discount"

### – New Policies ANP

- Projected to decrease by 5.8% YoY due to limiting the sales of long-term saving-type products\*1
- Excluding long-term saving type products\*1, projected to increase by 6.7% YoY due to promoting the sales shift to protection-type products

### – In-force Policies ANP

- Projected to increase by 1.2% from the end of FY2015 due to a steady increase in new policies despite surrender and reaching maturity in variable annuities
- Excluding the impact of variable annuities, projected to increase by 8.2% from the end of FY2015

## Key Figures in Financial Accounting

(billions of yen)

|                              | FY2015 Results | FY2016 Projections | YoY    |
|------------------------------|----------------|--------------------|--------|
|                              |                |                    | Change |
| <b>Ordinary income</b>       | <b>1,054.5</b> | <b>1,387.8</b>     | 333.3  |
| Insurance premiums and other | 819.4          | 874.4              | 54.9   |
| <b>Net income</b>            | <b>14.7</b>    | <b>15.6</b>        | 0.8    |
| <b>Core operating profit</b> | <b>25.0</b>    | <b>24.9</b>        | - 0.1  |

### – Net Income

- Projected to be ¥15.6B, almost flat YoY

### – Core Operating Profit

- Projected to be ¥24.9B, almost flat YoY

# Net Premiums Written

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



(billions of yen, except for %)

|                                    | FY2015 Results      |                     | FY2016 Projections |            | (Ref.) YoY (Excluding FX effects) <sup>*2</sup> |
|------------------------------------|---------------------|---------------------|--------------------|------------|---|
|                                    | As of end-Dec. 2015 | As of end-Mar. 2016 | YoY                |            |   |
|                                    |                     |                     | Change             | %          |   |
| Applied FX rate (USD/JPY)          | JPY 120.6           | JPY 112.6           |                    |            |   |
| North America                      | 665.8               | 994.0               | 328.1              | 49%        | 60%   |
| Europe                             | 148.4               | 147.0               | - 1.4              | - 1%       | 9%  |
| South & Central America            | 102.7               | 117.0               | 14.2               | 14%        | 11%   |
| Asia (incl. Middle East)           | 115.7               | 124.0               | 8.2                | 7%         | 11%   |
| Reinsurance                        | 188.3               | 134.0               | - 54.3             | - 29%      | - 24%   |
| <b>Total Non-Life<sup>*1</sup></b> | <b>1,221.1</b>      | <b>1,516.0</b>      | <b>294.8</b>       | <b>24%</b> | <b>32%</b>                                      |
| <b>Life</b>                        | <b>82.9</b>         | <b>94.0</b>         | <b>11.0</b>        | <b>13%</b> | <b>15%</b>                                      |
| <b>Total</b>                       | <b>1,304.0</b>      | <b>1,610.0</b>      | <b>305.9</b>       | <b>23%</b> | <b>31%</b>                                      |

\*1: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

\*2: Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before

— Projected to increase by 23% YoY mainly due to contribution from HCC

## North America

- Projected to increase at North America mainly due to contribution from HCC
- Projected to decrease at Philadelphia and Delphi due to the effect of exchange rate while projected to increase on a local currency basis mainly due to rate increases and high retention ratio

## Europe

- Projected to decrease due to the effect of exchange rate while projected to increase on a local currency basis mainly due to business expansion at Tokio Marine Kiln

## South & Central America

- Projected to continuously increase due to strong sales of auto insurance in Brazil

## Asia

- Projected to increase mainly in Malaysia, Thailand and India etc.

## Reinsurance

- Projected to decrease mainly due to the reversal effect of an increase in multi-year policies in FY2015

## Life

- Projected to increase mainly due to growth in Singapore and Thailand

# Business Unit Profits

(billions of yen, except for %)

|                                    | FY2015 Results                   | FY2016 Projections               | YoY         |             | (Ref.) YoY (Excluding FX effects) <sup>*2</sup> |
|------------------------------------|----------------------------------|----------------------------------|-------------|-------------|---|
|                                    |                                  |                                  | Change      | %           |   |
| Applied FX rate (USD/JPY)          | As of end-Dec. 2015<br>JPY 120.6 | As of end-Mar. 2016<br>JPY 112.6 |             |             |   |
| North America                      | 95.6                             | 129.0                            | 33.3        | 35%         | 44%   |
| Europe                             | 8.0                              | 9.0                              | 0.9         | 11%         | 24%   |
| South & Central America            | 5.3                              | 4.0                              | - 1.3       | - 25%       | - 27%   |
| Asia (incl. Middle East)           | 14.8                             | 10.0                             | - 4.8       | - 33%       | - 30%   |
| Reinsurance                        | 10.6                             | 9.0                              | - 1.6       | - 16%       | - 10%   |
| <b>Total Non-Life<sup>*1</sup></b> | <b>134.3</b>                     | <b>161.0</b>                     | <b>26.6</b> | <b>20%</b>  | <b>28%</b>                                      |
| <b>Life</b>                        | <b>0.6</b>                       | <b>2.0</b>                       | <b>1.3</b>  | <b>231%</b> | <b>187%</b>                                     |
| <b>Total</b>                       | <b>131.8</b>                     | <b>159.0</b>                     | <b>27.1</b> | <b>21%</b>  | <b>29%</b>                                      |

\*1: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

\*2: Excluding FX effects due to yen conversion

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc. which are aligned with the disclosure format of our IR materials from before

— Projected to increase by ¥27.1B YoY mainly due to contribution from HCC

## North America

- Projected to increase at North America mainly due to contribution from HCC
- Projected to decrease at Philadelphia due to the effect of exchange rate and assuming an average level of natural catastrophe losses
- Projected to decrease at Delphi due to the effect of exchange rate while projected to increase on a local currency basis due to an increase in investment income, etc.

## Europe

- Projected to increase mainly due to the reversal effect of large losses and foreign exchange losses in FY2015, despite assuming an average level of natural catastrophe losses

## South & Central America

- Projected to decrease mainly due to the effect of change in tax law in Brazil

## Asia

- Projected to decrease mainly due to the reversal effect of temporary factors in FY2015

## Reinsurance

- Projected to decrease due to the effect of exchange rate and assuming an average level of natural catastrophe losses, despite the reversal effect of large losses in FY2015

## Life

- Projected to increase due to the reversal effect of a decrease in unrealized gains associated with the decline in stock prices in Singapore in FY2015, etc.

# North America (Breakdown)

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



TOKIO MARINE

## Net Premiums Written

(billions of yen, except for %)

|                           | FY2015 Results                   | FY2016 Projections               | YoY    |      | (Ref.) YoY (Excluding FX effects)* |
|---------------------------|----------------------------------|----------------------------------|--------|------|------------------------------------|
|                           |                                  |                                  | Change | %    |                                    |
| Applied FX rate (USD/JPY) | As of end-Dec. 2015<br>JPY 120.6 | As of end-Mar. 2016<br>JPY 112.6 |        |      |                                    |
| Philadelphia              | 342.3                            | 332.0                            | - 10.3 | - 3% | 4%                                 |
| Delphi                    | 241.3                            | 232.0                            | - 9.3  | - 4% | 3%                                 |
| HCC                       | -                                | 349.0                            | 349.0  | -    | -                                  |

\* Excluding FX effects due to yen conversion

## Business Unit Profits

(billions of yen, except for %)

|                           | FY2015 Results                   | FY2016 Projections               | YoY    |       | (Ref.) YoY (Excluding FX effects)* |
|---------------------------|----------------------------------|----------------------------------|--------|-------|------------------------------------|
|                           |                                  |                                  | Change | %     |                                    |
| Applied FX rate (USD/JPY) | As of end-Dec. 2015<br>JPY 120.6 | As of end-Mar. 2016<br>JPY 112.6 |        |       |                                    |
| Philadelphia              | 46.4                             | 40.0                             | - 6.4  | - 14% | - 8%                               |
| Delphi                    | 44.4                             | 42.0                             | - 2.4  | - 5%  | 1%                                 |
| HCC                       | -                                | 44.0                             | 44.0   | -     | -                                  |

\* Excluding FX effects due to yen conversion

# Business Unit Profits

|                   |               |
|-------------------|---------------|
| Consolidated      | Domestic Life |
| Domestic Non-Life | International |



TOKIO MARINE

(billions of yen)

| Business Domain                      | FY2015 Results | FY2016 Projections | YoY Change   |
|--------------------------------------|----------------|--------------------|--------------|
| <b>Domestic Non-Life</b>             | <b>126.0</b>   | <b>165.0</b>       | <b>39.0</b>  |
| TMNF                                 | 120.0          | 158.0              | 38.0         |
| NF                                   | 8.8            | 7.0                | -1.8         |
| Other                                | -2.7           | -1.0               | 1.7          |
| <b>Domestic Life<sup>*1</sup></b>    | <b>-188.1</b>  | <b>39.0</b>        | <b>227.1</b> |
| TMNL                                 | -187.4         | 39.0               | 226.4        |
| <b>International Insurance</b>       | <b>131.8</b>   | <b>159.0</b>       | <b>27.1</b>  |
| North America                        | 95.6           | 129.0              | 33.3         |
| Europe                               | 8.0            | 9.0                | 0.9          |
| South & Central America              | 5.3            | 4.0                | -1.3         |
| Asia (incl. Middle East)             | 14.8           | 10.0               | -4.8         |
| Reinsurance                          | 10.6           | 9.0                | -1.6         |
| International Non-Life <sup>*2</sup> | 134.3          | 161.0              | 26.6         |
| International Life                   | 0.6            | 2.0                | 1.3          |
| <b>Financial &amp; General</b>       | <b>7.3</b>     | <b>4.0</b>         | <b>-3.3</b>  |

\*1: Excluding capital transactions

\*2: International Non-Life figures include some life insurance figures of composite overseas subsidiaries

## – Domestic Non-Life

TMNF : Projected to increase by ¥38B YoY to ¥158B

- Decrease in net incurred losses relating to natural catastrophes and large losses
- Reversal effect of an improvement of gains/losses on derivatives in FY2015

## – Domestic Life

TMNL : Projected to increase by ¥226.4B YoY to ¥39B

- Reversal effect of changes in economic conditions including a decline in interest rates in FY2015
- Steady increase in new policies

## – International Insurance

Projected to increase by ¥27.1B YoY to ¥159B

- HCC consolidation
- Reversal effect of large losses and foreign exchange losses in FY2015
- Assuming an average level of natural catastrophe losses which were relatively low in FY2015

### < Change in the definition of Business Unit Profits for non-life insurance business >

Among the adjusting items for Business Unit Profits, “Gains or losses on sales or valuation of equity holdings” is replaced by “Gains or losses on sales or valuation of business-related equities and business investment equities.” (See page 34 for details)



## Reference

# Status of Investments in Securitized Products

## ■ Status of Investments in Securitized Products

(Sum of major subsidiaries (domestic and overseas) as of the end of FY2015)

(billions of yen)

|   | As of the end of FY2015 <sup>*1</sup> | Domestic Offices | Overseas Offices |
|---|---------------------------------------|------------------|------------------|
| <b>CDS</b>  | <b>17.2</b>                           | <b>17.2</b>      | <b>-</b>         |
| AAA   | -                                     | -                | -                |
| AA  | -                                     | -                | -                |
| A   | -                                     | -                | -                |
| BBB   | 17.2                                  | 17.2             | -                |
| Other than above  | -                                     | -                | -                |
| <b>ABS (Securitized products)</b>   | <b>1,046.6</b>                        | <b>15.9</b>      | <b>1,030.6</b>   |
| Agency MBS <sup>*2</sup>  | 269.1                                 | -                | 269.1            |
| AAA   | 177.3                                 | 15.7             | 161.6            |
| AA  | 54.2                                  | -                | 54.2             |
| A   | 50.4                                  | -                | 50.4             |
| BBB   | 182.8                                 | -                | 182.8            |
| Other than above  | 312.5                                 | 0.2              | 312.2            |
| <b>Total</b>  | <b>1,063.9</b>                        | <b>33.2</b>      | <b>1,030.6</b>   |
| <b>Financial guarantee reinsurance (relating to securitized products)</b> | <b>82.2</b>                           | <b>82.2</b>      | <b>-</b>         |

\*1 CDS: Notional value    ABS: Market value    Financial guarantee reinsurance: Par outstanding

\*2 Agency MBS: MBS by Fannie Mae, Freddie Mac, and Ginnie Mae



## Adjusted Net Income (Group total)

### Enhancing transparency and comparability

- For the Group total, “**Adjusted Net Income**” based on financial accounting is used from the perspective of enhancing transparency and comparability
- Profit indicator for the Group total as the base for calculating capital efficiency (adjusted ROE)

## Business Unit Profits

### Creating long-term corporate value

- For each business domain, “**Business Unit Profits**” is used from the perspective of accurately assessing corporate value including economic value, etc. for the purpose of long-term expansion
- Use MCEV (market-consistent embedded value) for domestic life, which reflects the economic value of the business more accurately

## <Main differences>

|                             |  | Adjusted Net Income                              | Business Unit Profits                           |
|-----------------------------|--|--|---|
| <b>Domestic non-life</b>    | Gains or losses on sales of business-related equities      | Included   | Excluded  |
|                             | Provision for reserves of capital nature, etc.             | Excluded   | Excluded  |
| <b>Domestic life</b>        |  | Adjust the financial accounting basis net income | Increase in MCEV during the current fiscal year |
| <b>Other than the above</b> | Amortization of goodwill and other intangible fixed assets | Excluded   | Excluded  |

(Note) Please refer to P.32,34 for details regarding the definition



# Definition of Adjusted Net Income (New from FY2016)

## Definition of Adjusted Net Income

### Adjusted Net Income\*1

$$\begin{aligned}
 \text{Adjusted Net Income} = & \text{Net income (consolidated)}^{*2} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for contingency reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} \\
 & - \text{Gains or losses on sales or valuation of ALM}^{*4} \text{ bonds and interest rate swaps} \\
 & - \text{Gains or losses on sales or valuation of fixed assets and business investment equities} + \text{Amortization of goodwill and other intangible fixed assets} \\
 & - \text{Other extraordinary gains/losses, valuation allowances, etc}
 \end{aligned}$$

### Adjusted Net Assets\*1 (average balance basis)

$$\begin{aligned}
 \text{Adjusted Net Assets} = & \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} \\
 & - \text{Goodwill and other intangible fixed assets}
 \end{aligned}$$

### Adjusted ROE

$$\text{Adjusted ROE} = \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets}}$$

\*1: Each adjustment is on an after-tax basis

\*2: Net income is attributable to owners of the parent

\*3: Reversals are subtracted

\*4: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

## Difference Between New Definition and Former Definition

“Gains or losses on sales or valuation of business investment equities” is added to the adjusting items for Adjusted Net Income (See bold underline text portion).

<Treatment of gains or losses on sales or valuation for the types of equities>

|  | Adjusted Net Income (new)                                    | Adjusted Net Income (former)                                 |
|--|--|--|
| Absolute return investments (note1)        | Included   | Included   |
| Business-related equities (note2)          | Included   | Included   |
| Investments in subsidiaries and affiliates | Excluded<br>(excluded as “other extraordinary gains/ losses) | Excluded<br>(excluded as “other extraordinary gains/ losses) |
| Business investment equities (note3)       | <b>Excluded</b>  | Included   |

(note1) Equities held for the purpose of gains derived from the increase in the market value and/or the dividend income

(note2) Domestic equities and other securities held by domestic subsidiaries for the main purpose of strengthening business relationships

(note3) Equities and other securities other than Absolute return investments, Business-related equities and Investments in subsidiaries and affiliates (such as equities and other securities substantially equivalent to Investments in subsidiaries and affiliates, but not treated as Investments in subsidiaries and affiliates under the applicable accounting principles)

# Reconciliation of Adjusted Net Income / Adjusted Net Assets



(billions of yen)

## Adjusted Net Income\*1

|   | FY2015<br>Results | FY2016<br>Projections | YoY<br>Change |
|---|-------------------|-----------------------|---------------|
| Net income attributable to owners of the parent (consolidated) <sup>2</sup>   | 254.5             | 265.0                 | 10.4          |
| Provision for catastrophe loss reserves <sup>3</sup>  | +68.9             | +31.0                 | -37.9         |
| Provision for contingency reserves <sup>3</sup>   | -0.2              | -                     | 0.2           |
| Provision for price fluctuation reserves <sup>3</sup>   | +3.7              | +3.0                  | -0.7          |
| Gains or losses on sales or valuation of ALM <sup>4</sup> bonds and interest rate swaps   | -22.6             | -                     | 22.6          |
| Gains or losses on sales or valuation of fixed assets and business investment equities (FY2015 Results : Gains or losses on sales or valuation of fixed assets) | +1.8              | -4.0                  | -5.8          |
| Amortization of goodwill and other intangible fixed assets  | +34.3             | +93.0                 | 58.7          |
| Other extraordinary gains/losses, valuation allowances, etc.  | +11.3             | -                     | -11.3         |
| <b>Adjusted Net Income</b>  | <b>351.9</b>      | <b>388.0</b>          | <b>36.1</b>   |

\*1 Each adjustment is on an after-tax basis

\*2 "Net income attributable to owners of the parent" shows figures for former "Net income"

\*3 Reversals are subtracted

\*4 ALM: Asset Liability management

Excluded as counter balance items against market value fluctuations of liabilities under ALM

## Adjusted Net Assets

|  | FY2015<br>Results | FY2016<br>Projections | YoY<br>Change |
|--|-------------------|-----------------------|---------------|
| Net assets(consolidated)                   | 3,484.7           | 3,605.0               | 120.3         |
| Catastrophe loss reserves                  | +769.1            | +806.0                | 36.9          |
| Contingency reserves                       | +34.2             | +34.0                 | -0.2          |
| Price fluctuation reserves                 | +62.8             | +67.0                 | 4.2           |
| Goodwill and other intangible fixed assets | -751.5            | -752.0                | -0.5          |
| <b>Adjusted Net Assets</b>                 | <b>3,599.3</b>    | <b>3,761.0</b>        | <b>161.7</b>  |

## Adjusted ROE

|  | FY2015<br>Results | FY2016<br>Projections | YoY<br>Change  |
|--|-------------------|-----------------------|----------------|
| Net income(consolidated)               | 254.5             | 265.0                 | 10.4           |
| Net assets(consolidated) <sup>5</sup>  | 3,531.7           | 3,545.0               | 13.3           |
| Financial accounting basis ROE         | 7.2%              | 7.5%                  | + 0.3pt        |
| <b>Adjusted Net Income</b>             | <b>351.9</b>      | <b>388.0</b>          | <b>36.1</b>    |
| <b>Adjusted Net Assets<sup>5</sup></b> | <b>3,851.4</b>    | <b>3,680.0</b>        | <b>-171.4</b>  |
| <b>Adjusted ROE</b>                    | <b>9.1%</b>       | <b>10.5%</b>          | <b>+ 1.4pt</b> |

\*5 average balance basis

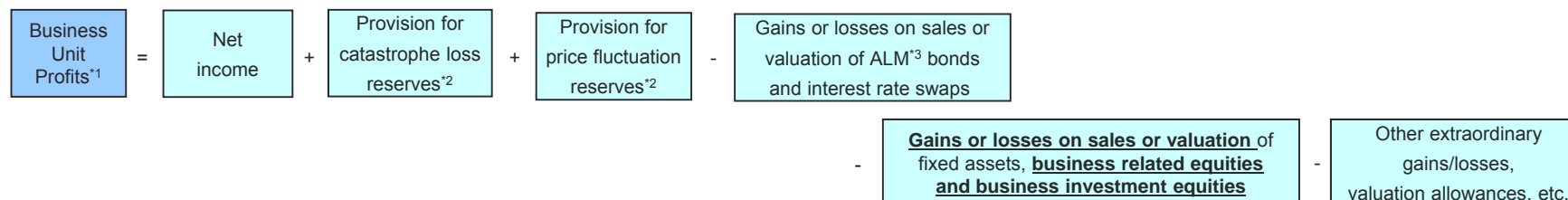
\*5 average balance basis

(Note) Please refer to P.32 for details regarding the definition

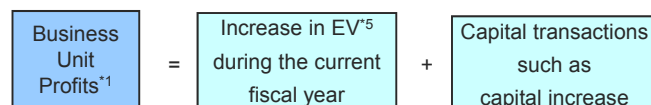
# Definition of Business Unit Profits (New from FY2016)

## Definition of Business Unit Profits

### ● Non-life insurance business



### ● Life insurance business<sup>\*4</sup>



### ● Other businesses

Net income determined in accordance with financial accounting principles

\*1: Each adjustment is on an after-tax basis

\*2: Reversals are subtracted

\*3: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

\*4: For life insurance companies in certain regions, Business Unit Profits 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 net present value of profits to be gained from policies in-force is added to the net asset value

## Difference Between New Definition and Former Definition

<Change in the definition of Business Unit Profits for non-life insurance business>

Among the adjusting items for Business Unit Profits, “Gains or losses on sales or valuation of equity holdings” is replaced by “Gains or losses on sales or valuation of business-related equities and business investment equities.” (See bold underline text portion).

<Treatment of gains or losses on sales or valuation for the types of equities>

|  | Business Unit Profits (new)                                   | Business Unit Profits (former)                                |
|--|---|---|
| Absolute return investments (note1)        | <b>Included</b>   | Excluded  |
| Business-related equities (note2)          | Excluded  | Excluded  |
| Investments in subsidiaries and affiliates | Excluded<br>(excluded as “other extraordinary gains/ losses”) | Excluded<br>(excluded as “other extraordinary gains/ losses”) |
| Business investment equities (note3)       | Excluded  | Excluded  |

(note1) Equities held for the purpose of gains derived from the increase in the market value and/or the dividend income

(note2) Domestic equities and other securities held by domestic subsidiaries for the main purpose of strengthening business relationships

(note3) Equities and other securities other than Absolute return investments, Business-related equities and Investments in subsidiaries and affiliates (such as equities and other securities substantially equivalent to Investments in subsidiaries and affiliates, but not treated as Investments in subsidiaries and affiliates under the applicable accounting principles)

# Reconciliation of Business Unit Profits



## ● Domestic Non-Life\*<sup>1</sup> (TMNF)

(billions of yen)

|  | FY2015<br>Results | FY2016<br>Projections | YoY<br>Change |
|--|-------------------|-----------------------|---------------|
| <b>Net income for accounting purposes</b>  | <b>301.6</b>      | <b>245.0</b>          | <b>-56.6</b>  |
| Provision for catastrophe loss reserves <sup>*2</sup>  | +68.3             | +27.0                 | -41.3         |
| Provision for price fluctuation reserves <sup>*2</sup>   | +3.5              | +3.4                  | -0.1          |
| Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps   | -21.1             | +0.0                  | 21.1          |
| Gains or losses on sales or valuation of fixed assets, business related equities and business investment equities (FY2015 Results : Gains or losses on sales or valuation of equity holdings and fixed assets) | -76.4             | -55.0                 | 21.4          |
| Intra-group dividends  | -155.7            | -62.8                 | 92.9          |
| Other extraordinary gains/losses, valuation allowances, etc  | -0.2              | +0.4                  | 0.6           |
| <b>Business Unit Profits</b>   | <b>120.0</b>      | <b>158.0</b>          | <b>38.0</b>   |

\*1: Each adjustment is on an after-tax basis

\*2: Reversals are subtracted

\*3: ALM: Asset Liability Management. Excluded as counter balance items against market value fluctuations of liabilities under ALM

\*4: Amortization of other intangible fixed assets, head office expenses, etc.

## ● International Insurance\*<sup>1</sup>

(billions of yen)

|   | FY2015<br>Results | FY2016<br>Projections |
|---|-------------------|-----------------------|
| <b>Overseas subsidiaries<br/>Net income for accounting purposes</b> | <b>111.5</b>      | <b>120.7</b>          |
| Difference with EV (Life)   | -2.0              |                       |
| Adjustment of non-controlling interests                             | -2.3              |                       |
| Difference of subsidiaries covered                                  | 9.5               |                       |
| Other adjustments <sup>*4</sup>                                     | 15.2              |                       |
| <b>Business Unit Profits</b>  | <b>131.8</b>      | <b>159.0</b>          |



|                              | As of March 31, 2015 | As of March 31, 2016 | YoY           |
|------------------------------|----------------------|----------------------|---------------|
| <b>Fiscal Year-end EV</b>    | <b>1,037.3</b>       | <b>811.6</b>         | <b>-225.7</b> |
| Adjusted net worth           | 693.7                | 1,162.2              | 468.4         |
| Value of in-force            | 343.6                | -350.5               | -694.1        |
| <b>Value of new business</b> | <b>68.6</b>          | <b>60.3</b>          | <b>-8.3</b>   |

Note: Figures are before review by an independent third party

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