



Tokio Marine Holdings

*To Be a Good Company*

# Overview of 2Q FY2016 Results and Full-Year Projections

November 18, 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.
- TMHCC : Tokio Marine HCC



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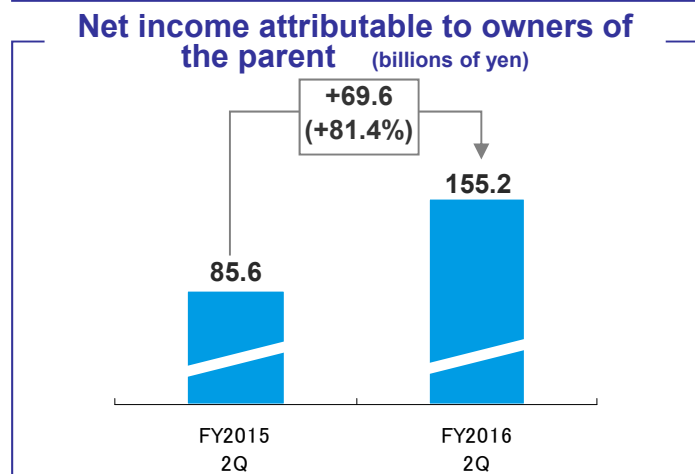
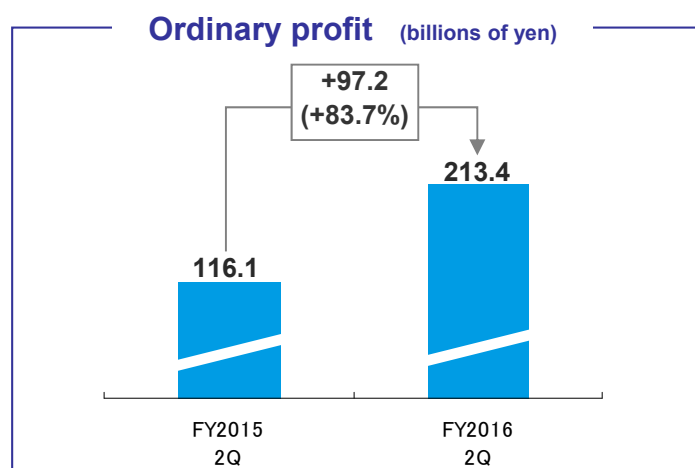
# I. 2Q FY2016 Results

## <Reference>

|   | Applied FX Rate (USD/JPY)                                   |  |
|---|---|--|
|   | FY2015  | FY2016   |
| End of Sept.<br>(Domestic non-life and life businesses) | JPY 119.96<br>(JPY 0.21 appreciation<br>from end-Mar. 2015) | JPY 101.12<br>(JPY 11.56 appreciation<br>from end-Mar. 2016) |
| End of Jun.<br>(International insurance business)       | JPY 122.45<br>(JPY 1.90 depreciation<br>from end-Dec. 2014) | JPY 102.91<br>(JPY 17.70 appreciation<br>from end-Dec. 2015) |

# Consolidated Results Overview (1)

- Net premiums written : Decreased by ¥34.2B YoY due to a decrease at overseas subsidiaries owing to the appreciation of the yen and a decrease in fire in domestic non-life business despite TMHCC consolidation
- Life insurance premiums : Increased significantly due to an increase in in-force policies and a decrease in surrender of variable annuities in domestic life business as well as TMHCC consolidation, etc.
- Ordinary profit increased by ¥97.2B YoY, net income attributable to owners of the parent increased by ¥69.6B YoY
- Adjusted net income which excludes the effect of provision for catastrophe loss reserves and amortization of goodwill associated with TMHCC, etc., increased by ¥78.9B YoY



(billions of yen, except for %)

|  | FY2015 2Q      | FY2016 2Q      | YoY    |          |
|--|----------------|----------------|--------|----------|
|  |                |                | Change | %        |
| <b>Ordinary income (TMHD Consolidated)</b>             | <b>2,241.4</b> | <b>2,587.0</b> | 345.6  | + 15.4%  |
| Net premiums written (TMHD Consolidated)               | 1,735.1        | 1,700.8        | - 34.2 | - 2.0%   |
| Life insurance premiums (TMHD Consolidated)            | 116.9          | 434.4          | 317.4  | + 271.4% |
| <b>Ordinary profit (TMHD Consolidated)</b>             | <b>116.1</b>   | <b>213.4</b>   | 97.2   | + 83.7%  |
| Tokio Marine & Nichido                                 | 70.4           | 159.3          | 88.9   | + 126.2% |
| Nisshin Fire   | 1.3            | 2.8            | 1.5    | + 110.7% |
| Tokio Marine & Nichido Life                            | 15.6           | 15.3           | - 0.3  | - 2.1%   |
| Overseas subsidiaries                                  | 72.6           | 74.7           | 2.0    | + 2.8%   |
| Financial and general                                  | 2.7            | 2.7            | 0.0    | + 0.1%   |
| Others (Consolidation adjustments, etc.)               | - 46.7         | - 41.6         | 5.0    |          |
| <b>Net income attributable to owners of the parent</b> | <b>85.6</b>    | <b>155.2</b>   | 69.6   | + 81.4%  |
| Tokio Marine & Nichido                                 | 65.7           | 124.0          | 58.3   | + 88.7%  |
| Nisshin Fire   | 0.9            | 2.1            | 1.2    | + 137.6% |
| Tokio Marine & Nichido Life                            | 10.8           | 10.6           | - 0.2  | - 2.2%   |
| Overseas subsidiaries                                  | 54.5           | 58.7           | 4.2    | + 7.8%   |
| Financial and general                                  | 1.7            | 1.7            | - 0.0  | - 5.1%   |
| Others (Consolidation adjustments, etc.)               | - 48.2         | - 41.9         | 6.2    |          |

### 【KPI for the Group Total】

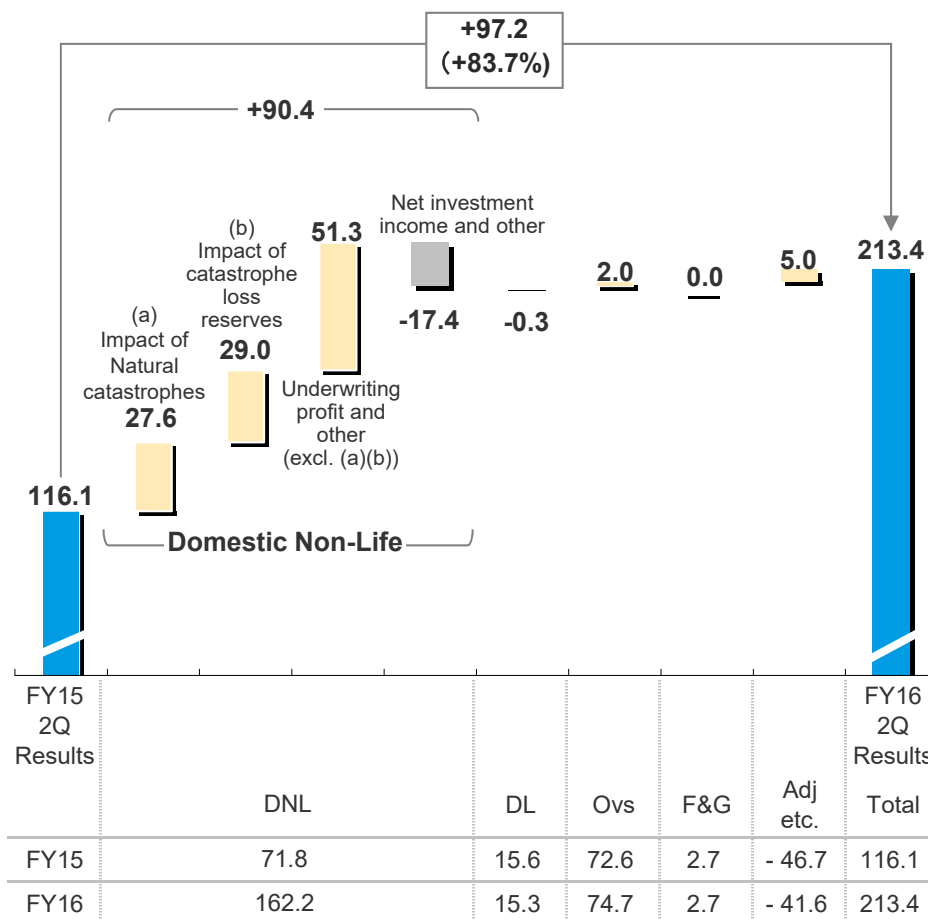
|                            |              |              |      |         |
|----------------------------|--------------|--------------|------|---------|
| <b>Adjusted net income</b> | <b>140.3</b> | <b>219.2</b> | 78.9 | + 56.2% |
|----------------------------|--------------|--------------|------|---------|

# Consolidated Results 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) : 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

TMNF: Increased by ¥88.9B YoY

- Underwriting profit increased mainly due to:
  - Decrease in net incurred losses relating to natural catastrophes
  - Decrease in net provision for catastrophe loss reserves
  - Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen, etc.
- Net investment income and other decreased mainly due to a decrease in dividends from subsidiaries, etc. despite an increase in gains on sales of securities

NF: Increased by ¥1.5B YoY

- Increased mainly due to a decrease in net incurred losses relating to natural catastrophes

### — Domestic Life

- Decreased mainly due to (i) a decrease in gains on sales of securities and (ii) a decrease in reversal of contingency reserves despite a decrease in provision for underwriting reserves by limiting the sales of individual annuities

### — Overseas Subsidiaries

- Increased mainly due to TMHCC consolidation and foreign exchange gains on a local accounting basis, etc. despite the appreciation of the yen

### — Consolidation Adjustments, etc.

- Negative adjustment decreased mainly due to a decrease in dividends from consolidated subsidiaries at TMNF despite an increase in amortization of goodwill associated with TMHCC consolidation

# Adjusted Net Income (Group Total)

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



■ Adjusted Net Income for 2Q FY2016 increased by ¥78.9B YoY to ¥219.2B

## ● Reconciliation<sup>\*1</sup>

(billions of yen)

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

|  | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY<br>Change |
|--|-------------------------|-------------------------|---------------|
| <b>Net income attributable to owners of the parent (consolidated)</b>  | <b>85.6</b>             | <b>155.2</b>            | <b>69.6</b>   |
| Provision for catastrophe loss reserves <sup>*2</sup>  | +47.3                   | +26.8                   | -20.5         |
| Provision for contingency reserves <sup>*2</sup>   | -0.8                    | +0.4                    | 1.2           |
| Provision for price fluctuation reserves <sup>*2</sup>   | +1.5                    | +1.9                    | 0.4           |
| Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps   | -3.9                    | -2.6                    | 1.3           |
| Gains or losses on sales or valuation of fixed assets and business investment equities (2Q FY2015 Results : Gains or losses on sales or valuation of fixed assets) | +1.1                    | -4.4                    | -5.5          |
| Amortization of goodwill and other intangible fixed assets   | +16.1                   | +43.1                   | 27.0          |
| Other extraordinary gains/losses, valuation allowances, etc.   | -6.4                    | -1.3                    | 5.1           |
| <b>Adjusted Net Income</b>   | <b>140.3</b>            | <b>219.2</b>            | <b>78.9</b>   |

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

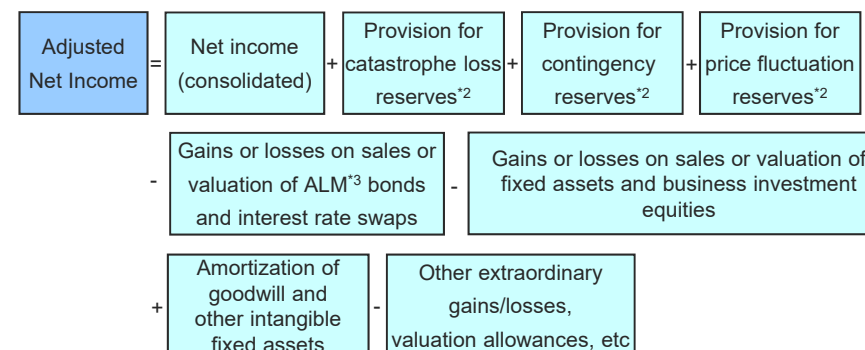
\*2: Reversals are subtracted

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

## — Changes in reconciliation YoY

- ↘ Decrease in reconciling amount since provision for catastrophe loss reserves decreased due to lowering of provision rate in auto group at TMNF
- ↗ Increase in reconciling amount since amortization of goodwill and other intangible fixed assets increased due to TMHCC consolidation

## ● Definition of Adjusted Net Income



## Changes in Major P/L Items

(billions of yen)

|   | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY<br>Change |
|---|-------------------------|-------------------------|---------------|
| <b>Underwriting profit/loss</b>   | - 43.0                  | 64.9                    | 107.9         |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | 20.2                    | 99.1                    | 78.9          |
| Net premiums written (Private insurance)  | 937.4                   | 918.2                   | - 19.1        |
| Net premiums earned (Private insurance)   | 885.6                   | 910.5                   | 24.8          |
| Net incurred losses (Private insurance)*  | - 560.3                 | - 510.3                 | 49.9          |
| Natural catastrophe losses  | - 62.7                  | - 37.7                  | 25.0          |
| Provision/Reversal of foreign currency denominated outstanding claims reserves        | 0.1                     | 10.2                    | 10.1          |
| Other than above  | - 497.7                 | - 482.9                 | 14.7          |
| Business expenses (Private insurance)   | - 301.8                 | - 297.1                 | 4.6           |
| Provision/Reversal of catastrophe loss reserves                                       | - 63.2                  | - 34.2                  | 29.0          |
| Auto  | - 43.6                  | - 16.9                  | 26.7          |
| Fire  | - 7.7                   | - 7.1                   | 0.6           |
| <b>Net investment income (loss) and other</b>   | 112.8                   | 96.1                    | - 16.6        |
| Net investment income/loss  | 115.4                   | 105.1                   | - 10.2        |
| Interest and dividends  | 97.3                    | 66.7                    | - 30.6        |
| Dividends from foreign stocks   | 31.3                    | 10.9                    | - 20.3        |
| Gains/Losses on sales of securities   | 37.4                    | 63.0                    | 25.6          |
| Impairment losses on securities   | - 0.4                   | - 1.7                   | - 1.2         |
| Gains/Losses on derivatives   | 8.6                     | 6.2                     | - 2.4         |
| <b>Ordinary profit/loss</b>   | 70.4                    | 159.3                   | 88.9          |
| <b>Extraordinary gains/losses</b>   | - 3.2                   | 5.3                     | 8.5           |
| <b>Net income/loss</b>  | 65.7                    | 124.0                   | 58.3          |

\*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

Increased by ¥107.9B YoY to ¥64.9B

- Net premiums written (Private insurance):

- Decrease in fire mainly due to (i) a decline in unit premiums associated with shortening of insurance period for long-term policies effective from Oct. 2015 and (ii) the reversal effect of an increase in FY2015 due to policy review by customers before the product revisions
- Increase in auto mainly due to product and rate revisions in the past as well as an increase in the number of policies (See P.8 for details)

- Net incurred losses (Private insurance):

- Decrease in net incurred losses relating to natural catastrophes
- Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen
- Reversal effect of an increase in FY2015 due to large losses and an increase in net incurred losses in auto relating to accidents occurred in past fiscal years

- Business expenses (Private insurance):

- Decrease in agency commissions associated mainly due to premiums decrease in fire

- Catastrophe loss reserves:

- Decrease in net provision mainly due to a lowering of the provision rate in auto group

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

Decreased by ¥16.6B YoY to ¥96.1B due to a decrease in dividends from overseas subsidiaries despite an increase in gains on sales of securities

## Net Income

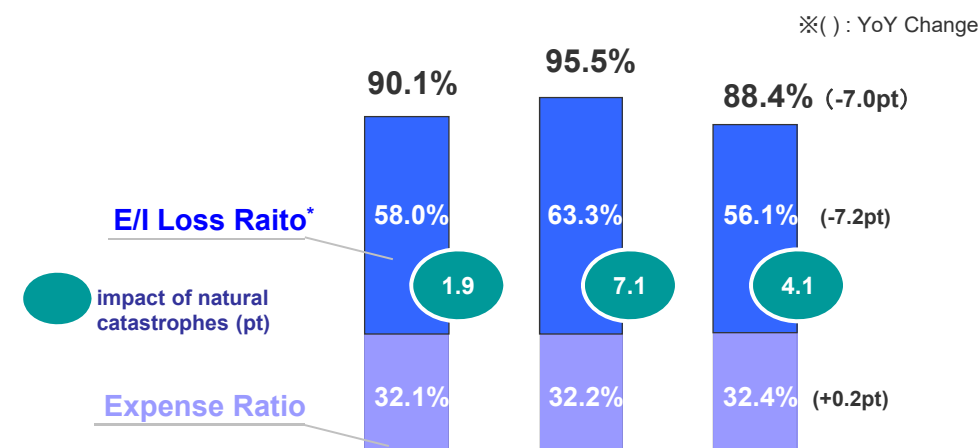
Increased by ¥58.3B YoY to ¥124.0B mainly due to the factors above, as well as an increase in gains on sales of fixed assets

# TMNF Combined Ratio

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



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



(billions of yen)

|                      | FY2014<br>2Q<br>Results | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY<br>Change |
|----------------------|-------------------------|-------------------------|-------------------------|---------------|
| Net premiums written | 868.2                   | 937.4                   | 918.2                   | - 19.1        |
| Net incurred losses* | 486.2                   | 560.3                   | 510.3                   | - 49.9        |
| Business expenses    | 278.7                   | 301.8                   | 297.1                   | - 4.6         |
| Corporate expenses   | 107.4                   | 114.7                   | 114.6                   | - 0.0         |
| Agency commissions   | 171.3                   | 187.1                   | 182.4                   | - 4.6         |

### (Reference)

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Private insurance<br>W/P combined ratio* | 90.7% | 84.1% | 87.4% | 3.3pt |
| Private insurance<br>W/P loss ratio*     | 58.5% | 51.9% | 55.0% | 3.1pt |

\* Including loss adjustment expenses

### – E/I Basis Loss Ratio

E/I basis loss ratio improved by 7.2 points YoY to 56.1% mainly due to:

- Decrease in net incurred losses relating to natural catastrophes
- Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen
- Reversal effect of large losses in FY2015

### – Expense Ratio

Expense ratio worsened by 0.2 points YoY to 32.4% mainly due to:

- Increase in corporate expense ratio due to a decrease in net premiums written while the actual corporate expenses remain almost flat
- Decrease in agency commission ratio associated with a decrease in percentage of policies with higher commission rates



# TMNF NPW & Loss Ratio

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



## Net Premiums Written by Line

(billions of yen, except for %)

|                                    | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY          |              |
|------------------------------------|-------------------------|-------------------------|--------------|--------------|
|                                    |                         |                         | Change       | %            |
| Fire                               | 152.6                   | 124.4                   | -28.1        | -18.5%       |
| Marine                             | 34.9                    | 30.3                    | -4.5         | -13.1%       |
| P.A.                               | 99.9                    | 102.5                   | 2.5          | 2.6%         |
| Auto                               | 511.1                   | 522.9                   | 11.8         | 2.3%         |
| CALI                               | 145.1                   | 139.5                   | -5.5         | -3.8%        |
| Other                              | 139.4                   | 138.6                   | -0.8         | -0.6%        |
| <b>Total</b>                       | <b>1,083.3</b>          | <b>1,058.6</b>          | <b>-24.7</b> | <b>-2.3%</b> |
| <b>Private insurance<br/>Total</b> | <b>937.4</b>            | <b>918.2</b>            | <b>-19.1</b> | <b>-2.0%</b> |

### Major Factors of Changes in NPW

- Fire: Decreased mainly due to (i) a decline in unit premiums associated with shortening of insurance period for long-term policies effective from Oct. 2015 and (ii) the reversal effect of an increase in FY2015 due to policy review by customers before the product revisions
- Marine: Decreased mainly due to the appreciation of the yen
- Auto: Increased mainly due to product and rate revisions in the past as well as an increase in the number of policies

## E/I Loss Ratio by Line

|                                    | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY            |
|------------------------------------|-------------------------|-------------------------|----------------|
|                                    |                         |                         | Change         |
| Fire                               | 75.3%                   | 58.8%                   | - 16.5pt       |
| Marine                             | 69.9%                   | 40.9%                   | - 28.9pt       |
| P.A.                               | 52.4%                   | 49.0%                   | - 3.4pt        |
| Auto                               | 61.5%                   | 58.6%                   | - 2.8pt        |
| Other                              | 63.8%                   | 51.9%                   | - 11.9pt       |
| <b>Private insurance<br/>Total</b> | <b>63.3%</b>            | <b>56.1%</b>            | <b>- 7.2pt</b> |

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

- Fire: Improved mainly due to a decrease in net incurred losses relating to natural catastrophes
- Marine: Improved mainly due to (i) the reversal effect of large losses in FY2015 and (ii) a decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen
- Auto: Improved mainly due to the reversal effect of an increase in net incurred losses in FY2015 relating to accidents occurred in past fiscal years
- Other: Improved mainly due to (i) the reversal effect of large losses in FY2015 and (ii) a decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen

# TMNF Asset Management Results

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



## TMNF Net Investment Income and Other

(billions of yen)

|   | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY<br>Change |
|---|-------------------------|-------------------------|---------------|
| <b>Net investment income and other</b>            | <b>112.8</b>            | <b>96.1</b>             | - 16.6        |
| <b>Net investment income</b>                      | <b>115.4</b>            | <b>105.1</b>            | - 10.2        |
| <b>Net interest and dividends income</b>          | <b>72.9</b>             | <b>42.6</b>             | - 30.2        |
| Interest and dividends                            | 97.3                    | 66.7                    | - 30.6        |
| Dividends from domestic stocks                    | 34.4                    | 29.8                    | - 4.6         |
| Dividends from foreign stocks                     | 31.3                    | 10.9                    | - 20.3        |
| Income from domestic bonds                        | 14.1                    | 13.0                    | - 1.0         |
| Income from foreign bonds                         | 2.9                     | 2.4                     | - 0.5         |
| Income from other domestic securities*1           | 0.2                     | 1.0                     | 0.8           |
| Income from other foreign securities*2            | 7.8                     | 3.6                     | - 4.1         |
| Transfer of investment income on deposit premiums | - 24.4                  | - 24.0                  | 0.3           |
| <b>Net capital gains</b>                          | <b>42.5</b>             | <b>62.5</b>             | 19.9          |
| Gains/Losses on sales of securities               | 37.4                    | 63.0                    | 25.6          |
| Impairment losses on securities                   | - 0.4                   | - 1.7                   | - 1.2         |
| Impairment losses on domestic stocks              | - 0.4                   | - 1.7                   | - 1.2         |
| Gains/Losses on derivatives                       | 8.6                     | 6.2                     | - 2.4         |
| Other investment income and expenses              | - 3.5                   | 0.1                     | 3.7           |
| Others (Gains/Losses on foreign exchange, etc.)   | 0.4                     | - 5.2                   | - 5.7         |
| <b>Other ordinary income and expenses</b>         | <b>- 2.6</b>            | <b>- 9.0</b>            | - 6.3         |

\*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 decreased by ¥16.6B YoY to ¥96.1B

- Net interest and dividends income decreased by ¥30.2B YoY to ¥42.6B
  - Dividends from foreign stocks:
    - ✓ Decrease in dividends from overseas subsidiaries
  - Dividends from domestic stocks:
    - ✓ Reversal effect of the dividend increases from domestic subsidiaries in FY2015
  - Income from other foreign securities:
    - ✓ Reversal effect of the dividend increase from investment fund in FY2015
- Net capital gains increased by ¥19.9B YoY to ¥62.5B
  - Gains/Losses on sales of securities:
    - ✓ Increase in gains on sales of business-related equities due to the faster sales pace than that in FY2015
  - Others (Gains/Losses on foreign exchange, etc):
    - ✓ Foreign exchange losses from foreign currency deposits due to the yen's appreciation

## Sales of Business-Related Equities

(billions of yen)

|   | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY<br>Change |
|---|-------------------------|-------------------------|---------------|
| <b>Sales of business-related equities</b> | <b>51</b>               | <b>77</b>               | 26            |

– Sales of business-related equities increased by ¥26B YoY to ¥77B with gains of ¥54B

## Changes in Major P/L Items

(billions of yen)

|   | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY<br>Change |
|---|-------------------------|-------------------------|---------------|
| <b>Underwriting profit/loss</b>   | <b>0.2</b>              | <b>2.6</b>              | 2.4           |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | 3.2                     | 5.6                     | 2.4           |
| Net premiums written (Private insurance)  | 60.9                    | 60.9                    | 0.0           |
| Net premiums earned (Private insurance)   | 59.9                    | 60.3                    | 0.3           |
| Net incurred losses (Private insurance)*  | - 36.2                  | - 33.7                  | 2.4           |
| Natural catastrophe losses  | - 4.2                   | - 1.7                   | 2.5           |
| Other than above  | - 32.0                  | - 32.0                  | - 0.0         |
| Business expenses (Private insurance)   | - 20.4                  | - 20.8                  | - 0.4         |
| Provision/Reversal of catastrophe loss reserves                                       | - 2.9                   | - 2.9                   | 0.0           |
| Fire  | - 0.4                   | - 0.4                   | 0.0           |
| Auto  | - 2.0                   | - 2.0                   | - 0.0         |
| <b>Net investment income (loss) and other</b>   | <b>1.3</b>              | <b>0.5</b>              | - 0.8         |
| Net investment income/loss  | 1.4                     | 0.7                     | - 0.6         |
| Interest and dividends  | 2.4                     | 2.0                     | - 0.3         |
| Gains/Losses on sales of securities   | 0.2                     | 0.1                     | - 0.1         |
| <b>Ordinary profit/loss</b>   | <b>1.3</b>              | <b>2.8</b>              | 1.5           |
| <b>Extraordinary gains/losses</b>   | <b>- 0.0</b>            | <b>0.0</b>              | 0.1           |
| <b>Net income/loss</b>  | <b>0.9</b>              | <b>2.1</b>              | 1.2           |
| <b>Loss ratio (Private insurance, E/I basis)*</b>                                     | <b>60.5%</b>            | <b>56.0%</b>            | - 4.5pt       |
| <b>Expense ratio (Private insurance)</b>  | <b>33.5%</b>            | <b>34.3%</b>            | 0.7pt         |
| <b>E/I Combined ratio (Private insurance)*</b>  | <b>94.0%</b>            | <b>90.2%</b>            | - 3.8pt       |

\* 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

Increased by ¥2.4B YoY to ¥2.6B

- Net premiums written (Private insurance)
  - ➔ Almost flat YoY due to a decrease in fire, etc. despite an increase in auto owing to rate revisions in the past and expansion of coverage
- Net incurred losses (Private insurance)
  - ➔ Reversal effect of an increase in net incurred losses relating to natural catastrophes in FY2015
  - ➔ Net incurred losses other than the above; almost flat YoY

### Net Investment Income and Other

Decreased by ¥0.8B YoY to ¥0.5B due to a decrease in interest and dividends income and gains on sales of securities, etc.

### Net Income

Accordingly, increased by ¥1.2B YoY to ¥2.1B

## Annualized Premiums (ANP)

(billions of yen)

|  | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY    |       |
|--|-------------------------|-------------------------|--------|-------|
|  |                         |                         | Change | %     |
| <b>New policies ANP</b>                    | <b>56.7</b>             | <b>53.3</b>             | - 3.3  | -5.9% |
| excluding long-term saving-type products * | 43.6                    | 46.2                    | 2.6    | 6.1%  |
| <b>In-force policies ANP</b>               | <b>772.0</b>            | <b>810.9</b>            | 38.8   | 5.0%  |

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

### – New Policies ANP

- Decreased by 5.9% YoY due to limiting the sales of individual annuities
- Excluding long-term saving type products, increased by 6.1% YoY due to favorable sales in protection-type products while the sales of cancer products released in FY2015 leveled off YoY

### – In-force Policies ANP

- Increased by 5.0% YoY due to an increase in new policies despite an increase in lump-sum payout upon maturities in variable annuities

## Key Figures in Financial Accounting

(billions of yen)

|                              | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY     |
|------------------------------|-------------------------|-------------------------|---------|
|                              |                         |                         | Change  |
| <b>Ordinary income</b>       | <b>619.4</b>            | <b>503.8</b>            | - 115.6 |
| Insurance premiums and other | 386.6                   | 414.7                   | 28.0    |
| <b>Net income</b>            | <b>10.8</b>             | <b>10.6</b>             | - 0.2   |
| <b>Core operating profit</b> | <b>13.2</b>             | <b>16.6</b>             | 3.3     |

### – Net Income

- Almost flat YoY of ¥10.6B mainly due to a decrease in gains on sales of securities and a decrease in reversal of contingency reserves, etc. despite a decrease in net provision for underwriting reserves owing to limiting sales of individual annuities

### – Core Operating Profit

- Increased by ¥3.3B YoY to ¥16.6B

# Net Premiums Written

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



(billions of yen, except for %)

|                                    | FY2015<br>2Q<br>Results              | FY2016<br>2Q<br>Results              | YoY    |       | (Ref.)<br>YoY<br>(Excluding<br>FX effects) <sup>*2</sup> |
|------------------------------------|--------------------------------------|--------------------------------------|--------|-------|--|
|                                    |                                      |                                      | Change | %     |  |
| Applied FX rate<br>(USD/JPY)       | As of end-<br>Jun. 2015<br>JPY 122.4 | As of end-<br>Jun. 2016<br>JPY 102.9 |        |       |  |
| North America                      | 333.2                                | 457.2                                | 123.9  | 37%   | 63%  |
| Europe                             | 88.7                                 | 64.9                                 | - 23.8 | - 27% | 2%   |
| South &<br>Central America         | 64.7                                 | 57.1                                 | - 7.5  | - 12% | 9%   |
| Asia<br>(incl. Middle East)        | 64.8                                 | 54.3                                 | - 10.5 | - 16% | 4%   |
| Reinsurance                        | 145.3                                | 86.1                                 | - 59.1 | - 41% | - 28%  |
| <b>Total Non-Life<sup>*1</sup></b> | <b>697.0</b>                         | <b>719.8</b>                         | 22.8   | 3%    | 27%  |
| <b>Life</b>                        | <b>44.7</b>                          | <b>41.7</b>                          | - 2.9  | - 7%  | 13%  |
| <b>Total</b>                       | <b>741.8</b>                         | <b>761.6</b>                         | 19.8   | 3%    | 26%  |

\*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

Increased by 3% YoY due to the appreciation of the yen despite significant increase (by 26% YoY) on a local currency basis due to contribution from TMHCC and the progress of growth measures in each business segment, etc.

## North America

- TMHCC expanded its specialty insurance products sales mainly in North America and contributed to the growth of international business
- NPWs of Philadelphia and Delphi increased on a local currency basis mainly due to rate increases in renewal book and an increase in new business book, while decreased on a yen basis

## Europe

- Decreased due to yen's appreciation while increased on a local currency basis due to business expansion at Tokio Marine Kiln, etc.

## South & Central America

- Decreased due to yen's appreciation while increased on a local currency basis driven by auto insurance sales growth in Brazil

## Asia (incl. Middle East)

- Decreased due to yen's appreciation while increased on a local currency basis due to auto insurance sales growth in India and Thailand, etc.

## Reinsurance

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

## Life

- Decreased due to yen's appreciation while increased on a local currency basis mainly due to sales growth in Singapore and Thailand

# Business Unit Profits

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



(billions of yen, except for %)

|                                    | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY    |       | (Ref.)<br>YoY<br>(Excluding<br>FX effects) <sup>*2</sup> |
|------------------------------------|-------------------------|-------------------------|--------|-------|--|
|                                    |                         |                         | Change | %     |  |
|                                    |                         |                         |        |       |  |
| Applied FX rate<br>(USD/JPY)       | JPY 122.4               | JPY 102.9               |        |       |  |
| North America                      | 46.6                    | 55.7                    | 9.0    | 19%   | 42%  |
| Europe                             | - 0.9                   | 9.0                     | 10.0   | -     | -  |
| South &<br>Central America         | 3.1                     | 1.7                     | - 1.3  | - 44% | - 30%  |
| Asia<br>(incl. Middle East)        | 7.6                     | 2.8                     | - 4.7  | - 63% | - 52%  |
| Reinsurance                        | 6.6                     | 7.4                     | 0.7    | 12%   | 32%  |
| <b>Total Non-Life<sup>*1</sup></b> | <b>62.9</b>             | <b>76.5</b>             | 13.5   | 22%   | 48%  |
| <b>Life</b>                        | <b>1.3</b>              | <b>3.7</b>              | 2.4    | 183%  | 252%   |
| <b>Total</b>                       | <b>63.7</b>             | <b>79.6</b>             | 15.9   | 25%   | 52%  |

\*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

Increased by ¥15.9B YoY (by 25% YoY) due to the appreciation of the yen despite significant increase (by 52% YoY) on a local currency basis due to contribution from TMHCC and the progress of growth measures in each business segment, etc.

## North America

- TMHCC maintained high profitability and contributed to the growth of international business
- Philadelphia's profit decreased due to yen's appreciation while increased on a local currency basis due to business expansion and an increase in investment income, etc.
- Delphi's profit decreased YoY mainly due to realized capital losses associated with proactive risk reduction in 1Q, while income return was increased due to increased investment asset

## Europe

- Increased mainly due to foreign exchange gains and the reversal effect of large losses in FY2015

## South & Central America

- Decreased mainly due to an increase in loss ratio as a result of large losses etc. in Brazil

## Asia (incl. Middle East)

- Decreased mainly due to large losses and the reversal effect of temporary factors in FY2015

## Reinsurance

- Increased mainly due to foreign exchange gains and an increase in investment income

## Life

- Increased mainly due to an increase of unrealized gains on bonds in accordance with decline of interest rates in Singapore and Thailand

# North America (Breakdown)

## Net Premiums Written

(billions of yen, except for %)

|                              | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY    |       | (Ref.)<br>YoY<br>(Excluding<br>FX effects)* |
|------------------------------|-------------------------|-------------------------|--------|-------|---|
|                              |                         |                         | Change | %     |   |
| Applied FX rate<br>(USD/JPY) | As of end-<br>Jun. 2015 | As of end-<br>Jun. 2016 | Change | %     |   |
|                              | JPY 122.4               | JPY 102.9               |        |       |   |
| Philadelphia                 | 169.5                   | 150.9                   | - 18.6 | - 11% | 6%  |
| Delphi                       | 122.3                   | 110.2                   | - 12.1 | - 10% | 7%  |
| TMHCC                        | -                       | 158.7                   | 158.7  | -     | -   |

\* Excluding FX effects due to yen conversion

## Business Unit Profits

(billions of yen, except for %)

|                              | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY    |       | (Ref.)<br>YoY<br>(Excluding<br>FX effects)* |
|------------------------------|-------------------------|-------------------------|--------|-------|---|
|                              |                         |                         | Change | %     |   |
| Applied FX rate<br>(USD/JPY) | As of end-<br>Jun. 2015 | As of end-<br>Jun. 2016 | Change | %     |   |
|                              | JPY 122.4               | JPY 102.9               |        |       |   |
| Philadelphia                 | 21.6                    | 19.7                    | - 1.9  | - 9%  | 8%  |
| Delphi                       | 21.7                    | 14.6                    | - 7.1  | - 33% | - 20%                                       |
| TMHCC                        | -                       | 19.2                    | 19.2   | -     | -   |

\* Excluding FX effects due to yen conversion

(billions of yen)

| Business Domain                      | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY<br>Change |
|--------------------------------------|-------------------------|-------------------------|---------------|
| <b>Domestic Non-Life</b>             | <b>47.9</b>             | <b>98.8</b>             | <b>50.8</b>   |
| TMNF                                 | 46.1                    | 96.1                    | 49.9          |
| NF                                   | 3.0                     | 4.2                     | 1.1           |
| Other                                | -1.2                    | -1.5                    | -0.3          |
| <b>Domestic Life<sup>*1,2</sup></b>  | <b>59.7</b>             | <b>199.6</b>            | <b>139.8</b>  |
| TMNL                                 | 60.3                    | 200.3                   | 139.9         |
| <b>International Insurance</b>       | <b>63.7</b>             | <b>79.6</b>             | <b>15.9</b>   |
| North America                        | 46.6                    | 55.7                    | 9.0           |
| Europe                               | -0.9                    | 9.0                     | 10.0          |
| South & Central America              | 3.1                     | 1.7                     | -1.3          |
| Asia (incl. Middle East)             | 7.6                     | 2.8                     | -4.7          |
| Reinsurance                          | 6.6                     | 7.4                     | 0.7           |
| International Non-Life <sup>*3</sup> | 62.9                    | 76.5                    | 13.5          |
| International Life                   | 1.3                     | 3.7                     | 2.4           |
| <b>Financial &amp; General</b>       | <b>5.5</b>              | <b>3.5</b>              | <b>-2.0</b>   |

\*1: Excluding capital transactions

\*2: Simplified calculation method is applied for EV. The calculation is an unaudited basis

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

### – Domestic Non-Life

Increased by ¥50.8B YoY to ¥98.8B mainly due to:

- Decrease in net incurred losses relating to natural catastrophes
- Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen at TMNF
- Reversal effect of an increase in net incurred losses in FY2015 due to large losses and an increase in net incurred losses in auto relating to accidents occurred in past fiscal years at TMNF

### – Domestic Life

Increased by ¥139.8B YoY to ¥199.6B mainly due to:

- Changes in definitions in the measurement method of MCEV (See P. 29 for details)
- Changes in economic environment including interest rates, etc.

### – International Insurance

Increased by ¥15.9B YoY to ¥79.6B (see P. 13 for details)



## II. FY2016 Revised Projections

### <Reference>

|  | Assumptions used for FY2016 Full-Year Projections |                      |
|--|---|----------------------|
|  | FX rate<br>USD/JPY                                | Nikkei Stock Average |
| Original Projections<br>(end of Mar. 2016) | JPY 112.68  | 16,758 yen           |
| Revised Projections<br>(end of Sept. 2016) | JPY 101.12  | 16,449 yen           |

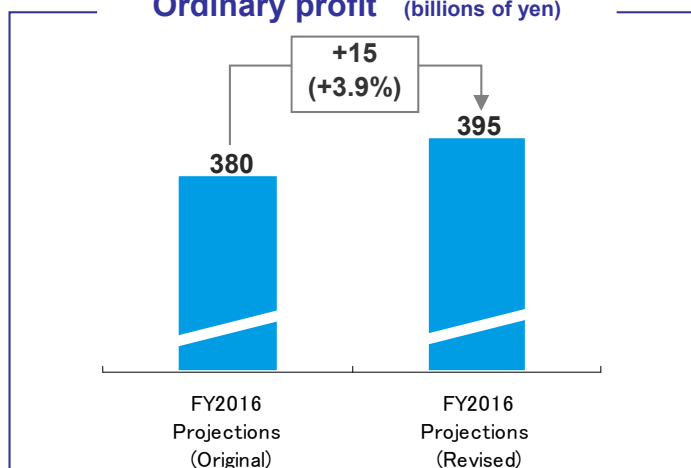
# Consolidated Projections Overview (1)

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

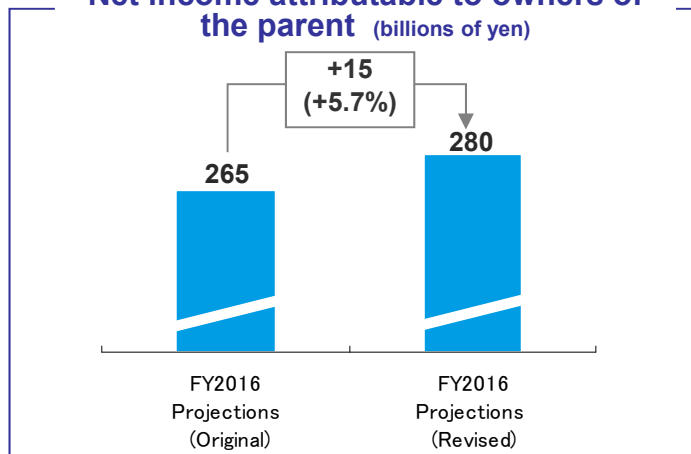


- Net premiums written: Downward revision by ¥140B from the original projections to ¥3,320B due to a decrease in premiums at overseas subsidiaries associated with the appreciation of the yen, etc.
- Life insurance premiums: Upward revision by ¥10B from the original projections to ¥810B
- Both ordinary profit and net income attributable to owners of the parent are revised upward by ¥15B from the original projections to ¥395B and ¥280B respectively
- Adjusted net income: Upward revision by ¥1B from the original projections to ¥389B

## Ordinary profit (billions of yen)



## Net income attributable to owners of the parent (billions of yen)



(billions of yen, except for %)

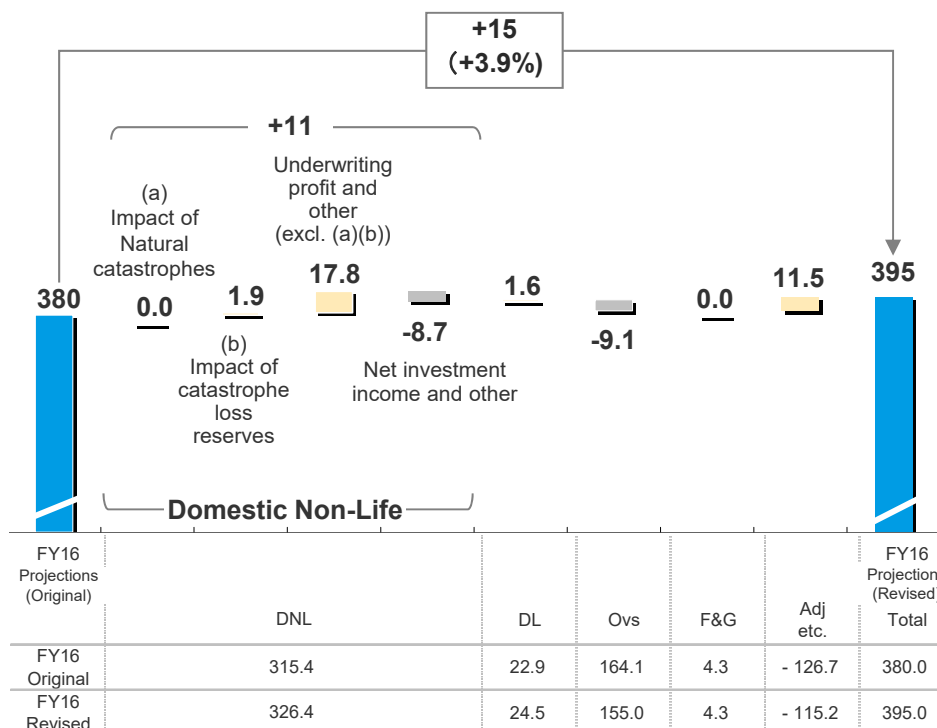
|  | FY2015 Results | FY2016 Projections Original (a) | FY2016 Projections Revised (b) | Difference (b) - (a) | Change        |
|--|----------------|---------------------------------|--------------------------------|----------------------|---------------|
| <b>■ Ordinary income (TMHD Consolidated)</b>             |                |                                 |                                |                      |               |
| Net premiums written (TMHD Consolidated)                 | 3,265.5        | 3,460.0                         | 3,320.0                        | - 140.0              | - 4.0%        |
| Life insurance premiums (TMHD Consolidated)              | 471.6          | 800.0                           | 810.0                          | 10.0                 | + 1.3%        |
| <b>■ Ordinary profit (TMHD Consolidated)</b>             | <b>385.8</b>   | <b>380.0</b>                    | <b>395.0</b>                   | <b>15.0</b>          | <b>+ 3.9%</b> |
| Tokio Marine & Nichido                                   | 377.2          | 309.0                           | 321.0                          | 12.0                 | + 3.9%        |
| Nisshin Fire   | 9.7            | 6.4                             | 5.4                            | - 1.0                | - 15.6%       |
| Tokio Marine & Nichido Life                              | 29.0           | 22.9                            | 24.5                           | 1.6                  | + 7.0%        |
| Overseas subsidiaries                                    | 145.7          | 164.1                           | 155.0                          | - 9.1                | - 5.5%        |
| Financial and general                                    | 5.7            | 4.3                             | 4.3                            | -                    | -             |
| Others (Consolidation adjustments, etc.)                 | - 181.5        | - 126.7                         | - 115.2                        | 11.5                 |               |
| <b>■ Net income attributable to owners of the parent</b> | <b>254.5</b>   | <b>265.0</b>                    | <b>280.0</b>                   | <b>15.0</b>          | <b>+ 5.7%</b> |
| Tokio Marine & Nichido                                   | 301.6          | 245.0                           | 252.0                          | 7.0                  | + 2.9%        |
| Nisshin Fire   | 6.1            | 4.3                             | 3.9                            | - 0.4                | - 9.3%        |
| Tokio Marine & Nichido Life                              | 14.7           | 15.6                            | 16.9                           | 1.3                  | + 8.3%        |
| Overseas subsidiaries                                    | 111.5          | 120.7                           | 117.0                          | - 3.7                | - 3.1%        |
| Financial and general                                    | 3.4            | 3.0                             | 2.9                            | - 0.1                | - 3.3%        |
| Others (Consolidation adjustments, etc.)                 | - 183.0        | - 123.6                         | - 112.7                        | 10.9                 |               |
| <b>【KPI for the Group Total】</b>                         |                |                                 |                                |                      |               |
| <b>■ Adjusted net income</b>                             | <b>351.9</b>   | <b>388.0</b>                    | <b>389.0</b>                   | <b>1.0</b>           | <b>+ 0.3%</b> |

# 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

TMNF : Upward revision by ¥12B from the original projections

- Underwriting Profit
  - ✓ Upward revision due to (i) a decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen and (ii) an improvement of loss ratio mainly in auto, etc.
- Net Investment Income and Other
  - ✓ Downward revision due to a decrease in dividends from overseas subsidiaries associated with the appreciation of the yen

NF : Downward revision by ¥1B from the original projections

### — Domestic Life

- Upward revision by ¥1.6B from the original projections due to an increase in gains on sales of securities, etc.

### — Overseas Subsidiaries

- Downward revision by ¥9.1B from the original projections due to the appreciation of the yen, etc. despite a decrease in natural catastrophes

### — Consolidation Adjustments, etc.

- Decrease in negative adjustment by ¥11.5B from the original projections due to (i) a decrease in dividends from consolidated subsidiaries at TMNF associated with the appreciation of the yen and (ii) a decrease in amortization of goodwill, etc.

# Adjusted Net Income (Group Total)

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



- Adjusted Net Income is revised upward by ¥1B from the original projections to ¥389B
- Adjusted ROE is projected to be 10.7% up by 0.2pts from the original projections

| (billions of yen)   | FY2015 Results | FY2016 Projections Original (a) | FY2016 Projections Revised (b) | (b)-(a) |
|---------------------|----------------|---------------------------------|--------------------------------|---------|
| Adjusted Net Income | 351.9          | 388.0                           | 389.0                          | 1.0     |
| Adjusted ROE        | 9.1%           | 10.5%                           | 10.7%                          | 0.2pt   |

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

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

|   | FY2015 Results | FY2016 Projections Original (a) | FY2016 Projections Revised (b) | (b)-(a)    |
|---|----------------|---------------------------------|--------------------------------|------------|
| Net income attributable to owners of the parent (consolidated)  | 254.5          | 265.0                           | 280.0                          | 15.0       |
| Provision for catastrophe loss reserves <sup>*2</sup>   | +68.9          | +31.0                           | +29.0                          | -2.0       |
| Provision for contingency reserves <sup>*2</sup>  | -0.2           | -                               | -                              | -          |
| Provision for price fluctuation reserves <sup>*2</sup>  | +3.7           | +3.0                            | +3.0                           | -          |
| Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps  | -22.6          | -                               | -4.0                           | -4.0       |
| 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                            | -3.0                           | 1.0        |
| Amortization of goodwill and other intangible fixed assets  | +34.3          | +93.0                           | +83.0                          | -10.0      |
| Other extraordinary gains/losses, valuation allowances, etc.  | +11.3          | -                               | +1.0                           | 1.0        |
| <b>Adjusted Net Income</b>  | <b>351.9</b>   | <b>388.0</b>                    | <b>389.0</b>                   | <b>1.0</b> |

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

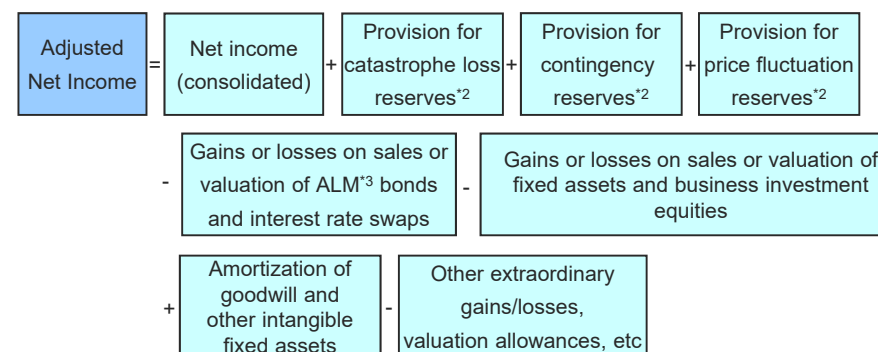
\*2: Reversals are subtracted

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

## Changes in reconciliation from the original projections

- Decrease in reconciling amount due to a decrease in amortization of goodwill and other intangible fixed assets associated with the appreciation of the yen

## Definition of Adjusted Net Income



## Changes in Major P/L Items

(billions of yen)

|   | FY2015 Results | FY2016 Projections |              |                  |            |
|---|----------------|--------------------|--------------|------------------|------------|
|   |                | Original (a)       | Revised (b)  | Difference (b-a) | YoY Change |
| <b>Underwriting profit/loss</b>   | <b>13.8</b>    | <b>122.0</b>       | <b>144.0</b> | 22.0             | 130.1      |
| (Underwriting profit/loss: excluding Provision/Reversal of catastrophe loss reserves) | 107.4          | 159.6              | 179.0        | 19.3             | 71.5       |
| Net premiums written (Private insurance)  | 1,844.1        | 1,854.0            | 1,830.4      | - 23.6           | - 13.7     |
| Net premiums earned (Private insurance)   | 1,784.4        | 1,827.6            | 1,812.4      | - 15.1           | 28.0       |
| Net incurred losses (Private insurance)*  | - 1,072.4      | - 1,065.4          | - 1,035.8    | 29.5             | 36.5       |
| Natural catastrophes  | - 73.1         | - 45.0             | - 45.0       | -                | 28.1       |
| Provision/Reversal of foreign currency denominated outstanding claims                 | 5.8            | -                  | 10.2         | 10.2             | 4.4        |
| Other than above  | - 1,005.0      | - 1,020.4          | - 1,001.1    | 19.2             | 3.9        |
| Business expenses (Private insurance)   | - 600.4        | - 605.6            | - 600.5      | 5.1              | - 0.1      |
| Provision/Reversal of catastrophe loss reserves                                       | - 93.6         | - 37.6             | - 35.0       | 2.6              | 58.5       |
| Auto  | - 57.1         | - 5.5              | - 3.3        | 2.2              | 53.7       |
| Fire  | - 15.3         | - 16.0             | - 15.4       | 0.5              | - 0.0      |
| <b>Net investment income (loss) and other</b>   | <b>362.0</b>   | <b>186.8</b>       | <b>178.3</b> | - 8.5            | - 183.6    |
| Net investment income/loss  | 371.4          | 208.0              | 202.2        | - 5.8            | - 169.2    |
| Interest and dividends  | 278.9          | 176.0              | 165.7        | - 10.2           | - 113.1    |
| Dividends from foreign stocks   | 151.9          | 64.6               | 59.3         | - 5.3            | - 92.6     |
| Gains/Losses on sales of securities   | 116.6          | 70.9               | 80.1         | 9.1              | - 36.5     |
| Impairment losses on securities   | - 1.3          | -                  | - 1.7        | - 1.7            | - 0.3      |
| Gains/Losses on derivatives   | 31.5           | 3.1                | 9.6          | 6.4              | - 21.9     |
| <b>Ordinary profit/loss</b>   | <b>377.2</b>   | <b>309.0</b>       | <b>321.0</b> | 12.0             | - 56.2     |
| <b>Extraordinary gains/losses</b>   | <b>- 12.2</b>  | <b>1.6</b>         | <b>0.5</b>   | - 1.1            | 12.8       |
| <b>Net income/loss</b>  | <b>301.6</b>   | <b>245.0</b>       | <b>252.0</b> | 7.0              | - 49.6     |

\*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

### Underwriting Profit

Upward revision by ¥22.0B from the original projections mainly due to:

- Decrease in provision for reserves for foreign currency denominated outstanding claims
- Improvement of loss ratio mainly in auto

### Net Investment Income and Other

Downward revision by ¥8.5B from the original projections mainly due to a decrease in dividends from overseas subsidiaries associated with the appreciation of the yen

### Net Income

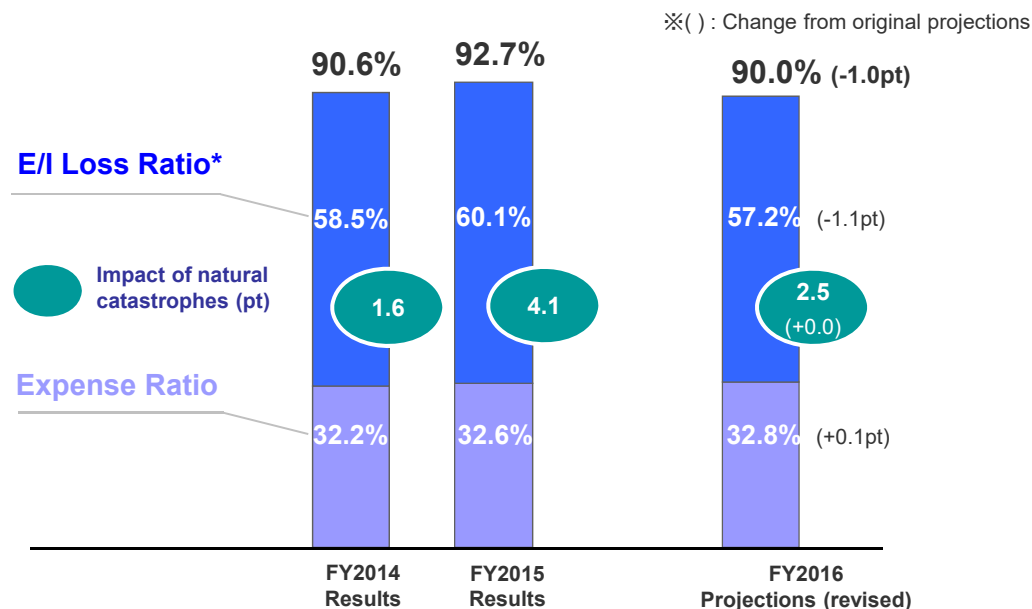
Upward revision by ¥7.0B from the original projections to ¥252.0B accordingly

# 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 1.1 points from the original projections mainly due to:

- Decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen
- Improvement of loss ratio mainly in auto

### – Expense Ratio

Projected to worsen by 0.1 points from the original projections mainly due to a decrease in net premiums written

### – Combined Ratio

Projected to improve by 1.0 point from the original projections accordingly

(billions of yen)

|                      | FY2014 Results | FY2015 Results | FY2016 Projections |             |                  |            |
|----------------------|----------------|----------------|--------------------|-------------|------------------|------------|
|                      |                |                | Original (a)       | Revised (b) | Difference (b-a) | YoY Change |
| Net premiums written | 1,758.9        | 1,844.1        | 1,854.0            | 1,830.4     | - 23.6           | - 13.7     |
| Net incurred losses* | 995.0          | 1,072.4        | 1,065.4            | 1,035.8     | - 29.5           | - 36.5     |
| Business expenses    | 566.1          | 600.4          | 605.6              | 600.5       | - 5.1            | 0.1        |
| Corporate expenses   | 219.2          | 233.4          | 236.7              | 236.0       | - 0.7            | 2.5        |
| Agency commissions   | 346.9          | 367.0          | 368.9              | 364.5       | - 4.3            | - 2.4      |

(Reference)

|                                       |       |       |       |       |         |       |
|---------------------------------------|-------|-------|-------|-------|---------|-------|
| Private insurance W/P combined ratio* | 89.8% | 89.2% | 89.8% | 89.9% | 0.1pt   | 0.7pt |
| Private insurance W/P loss ratio*     | 57.6% | 56.6% | 57.1% | 57.1% | - 0.0pt | 0.5pt |

\* Including loss adjustment expenses

# TMNF NPW & Loss Ratio

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



## ■ Net Premiums Written by Line

(billions of yen, except for %)

|                                | FY2015 Results | FY2016 Projections |                |                  |        |        |
|--------------------------------|----------------|--------------------|----------------|------------------|--------|--------|
|                                |                | Original (a)       | Revised (b)    | Difference (b-a) | YoY    |        |
|                                |                |                    |                |                  | Change | %      |
| Fire                           | 303.4          | 275.3              | 268.6          | -6.7             | -34.8  | 88.5%  |
| Marine                         | 66.2           | 63.0               | 57.2           | -5.8             | -9.0   | 86.4%  |
| P.A.                           | 175.2          | 171.0              | 169.9          | -1.0             | -5.3   | 97.0%  |
| Auto                           | 1,030.7        | 1,059.1            | 1,052.4        | -6.7             | 21.6   | 102.1% |
| CALI                           | 282.6          | 279.5              | 278.1          | -1.4             | -4.5   | 98.4%  |
| Other                          | 269.9          | 286.7              | 283.6          | -3.1             | 13.6   | 105.1% |
| <b>Total</b>                   | <b>2,128.3</b> | <b>2,135.0</b>     | <b>2,110.0</b> | -25.0            | -18.3  | 99.1%  |
| <b>Private insurance Total</b> | <b>1,844.1</b> | <b>1,854.0</b>     | <b>1,830.4</b> | -23.6            | -13.7  | 99.3%  |

## ■ E/I Loss Ratio by Line

|                                | FY2015 Results | FY2016 Projections |              |                  |            |
|--------------------------------|----------------|--------------------|--------------|------------------|------------|
|                                |                | Original (a)       | Revised (b)  | Difference (b-a) | YoY Change |
| Fire                           | 60.4%          | 52.2%              | 52.0%        | - 0.2pt          | - 8.4pt    |
| Marine                         | 64.9%          | 63.1%              | 59.4%        | - 3.8pt          | - 5.5pt    |
| P.A.                           | 52.2%          | 52.8%              | 51.0%        | - 1.8pt          | - 1.2pt    |
| Auto                           | 60.5%          | 60.9%              | 60.3%        | - 0.7pt          | - 0.3pt    |
| Other                          | 62.1%          | 56.5%              | 53.6%        | - 2.9pt          | - 8.5pt    |
| <b>Private insurance Total</b> | <b>60.1%</b>   | <b>58.3%</b>       | <b>57.2%</b> | - 1.1pt          | - 2.9pt    |

### – Major Factors of Changes in NPW

- Fire: Downward revision due to a decrease in foreign currency denominated contracts associated with the appreciation of the yen
- Marine: Downward revision due to a decrease in foreign currency denominated contracts associated with the appreciation of the yen and a decrease in trade and distributions
- Auto: Downward revision due to not factoring last minute demand in the original projections associated with the postponement of consumption tax hike, etc.

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

- Marine: Projected to decrease due to a decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen
- Auto: Projected to decrease reflecting the recent trend of net incurred losses
- Other: Projected to decrease due to a decrease in provision for reserves for foreign currency denominated outstanding claims associated with the appreciation of the yen

## Changes in Major P/L Items

(billions of yen, except for %)

|   | FY2015 Results | FY2016 Projections |              |                  |            |
|---|----------------|--------------------|--------------|------------------|------------|
|   |                | Original (a)       | Revised (b)  | Difference (b-a) | YoY Change |
| <b>Underwriting profit/loss</b>   | <b>7.8</b>     | <b>5.2</b>         | <b>4.5</b>   | - 0.6            | - 3.3      |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | <b>10.6</b>    | <b>9.9</b>         | <b>9.9</b>   | 0.0              | - 0.7      |
| Net premiums written (Private insurance)  | 118.0          | 120.4              | 120.4        | - 0.0            | 2.3        |
| Net premiums earned (Private insurance)   | 120.4          | 122.3              | 121.5        | - 0.7            | 1.1        |
| Net incurred losses (Private insurance)*  | - 67.7         | - 71.4             | - 70.8       | 0.5              | - 3.0      |
| Natural catastrophe losses  | - 4.1          | - 3.0              | - 3.0        | - 0.0            | 1.1        |
| Other than above  | - 63.6         | - 68.4             | - 67.8       | 0.6              | - 4.2      |
| Business expenses (Private insurance)   | - 40.6         | - 41.9             | - 42.0       | - 0.0            | - 1.3      |
| Provision/Reversal of catastrophe loss reserves                                       | - 2.7          | - 4.6              | - 5.3        | - 0.7            | - 2.6      |
| Fire  | 2.1            | 0.2                | - 0.4        | - 0.6            | - 2.6      |
| Auto  | - 4.1          | - 4.1              | - 4.1        | - 0.0            | - 0.0      |
| <b>Net investment income (loss) and other</b>   | <b>1.9</b>     | <b>1.4</b>         | <b>1.2</b>   | - 0.2            | - 0.7      |
| Net investment income/loss  | 2.1            | 1.9                | 1.6          | - 0.2            | - 0.5      |
| Interest and dividends  | 4.7            | 4.3                | 4.0          | - 0.2            | - 0.6      |
| Gains/Losses on sales of securities   | 0.1            | -                  | 0.1          | 0.1              | - 0.0      |
| <b>Ordinary profit/loss</b>   | <b>9.7</b>     | <b>6.4</b>         | <b>5.4</b>   | - 1.0            | - 4.3      |
| <b>Extraordinary gains/losses</b>   | <b>0.2</b>     | <b>- 0.3</b>       | <b>- 0.0</b> | 0.2              | - 0.3      |
| <b>Net income/loss</b>  | <b>6.1</b>     | <b>4.3</b>         | <b>3.9</b>   | - 0.4            | - 2.2      |
| <b>Loss ratio (Private insurance, E/I basis)*</b>                                     | <b>56.3%</b>   | <b>58.4%</b>       | <b>58.3%</b> | - 0.1pt          | 2.0pt      |
| <b>Expense ratio (Private insurance)</b>  | <b>34.4%</b>   | <b>34.8%</b>       | <b>34.9%</b> | 0.1pt            | 0.5pt      |
| <b>E/I Combined ratio (Private insurance)*</b>  | <b>90.7%</b>   | <b>93.2%</b>       | <b>93.2%</b> | - 0.0pt          | 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

Downward revision by ¥0.6B from the original projections

- Decrease in amount taken down from catastrophe loss reserves mainly in fire

### Net Investment Income and Other

Downward revision by ¥0.2B from the original projections

- Decrease in interest and dividends income

### Net Income

Accordingly, revised downward by ¥0.4B from the original projections to ¥ 3.9B



## Annualized Premiums (ANP)

(billions of yen)

|  | FY2015 Results | FY2016 Projections |              |                    |
|--|----------------|--------------------|--------------|--------------------|
|  |                | Original (a)       | Revised (b)  | Difference (b)-(a) |
| <b>New policies ANP</b>                    | <b>119.7</b>   | <b>112.7</b>       | <b>110.2</b> | - 2.4              |
| excluding long-term saving-type products * | <b>100.4</b>   | <b>107.1</b>       | <b>103.1</b> | - 3.9              |
| <b>In-force policies ANP</b>               | <b>796.5</b>   | <b>806.3</b>       | <b>810.0</b> | 3.7                |

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

### – New Policies ANP

- Downward revision by ¥2.4B from the original projections to ¥110.2B
- Excluding long-term saving type products, revised downward by ¥3.9B from the original projections to ¥103.1B reflecting recent sales of cancer insurance, etc. although projected to increase YoY

### – In-force Policies ANP

- Upward revision by ¥3.7B from the original projections to ¥810.0B mainly due to a decrease in surrender of variable annuities

## Key Figures in Financial Accounting

(billions of yen)

|                              | FY2015 Results | FY2016 Projections |                |                    |
|------------------------------|----------------|--------------------|----------------|--------------------|
|                              |                | Original (a)       | Revised (b)    | Difference (b)-(a) |
| <b>Ordinary income</b>       | <b>1,054.5</b> | <b>1,387.8</b>     | <b>1,349.6</b> | - 38.1             |
| Insurance premiums and other | 819.4          | 874.4              | 890.8          | 16.4               |
| <b>Net income</b>            | <b>14.7</b>    | <b>15.6</b>        | <b>16.9</b>    | 1.3                |
| <b>Core operating profit</b> | <b>25.0</b>    | <b>24.9</b>        | <b>24.9</b>    | - 0.0              |

### – Net Income

- Upward revision by ¥1.3B from the original projections to ¥16.9B mainly due to an increase in gains on sales of securities

### – Core Operating Profit

- Projected to remain almost flat from the original projections

# 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> |
|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------|--------------|------------|--|
|                                   |                                  | Original (a)                     | Revised (b)                      | Difference (b-a) | YoY          |            |  |
|                                   |                                  | As of end-Mar. 2016              | As of end-Sep. 2016              |                  | Change       | %          |  |
| Applied FX rate (USD/JPY)         | As of end-Dec. 2015<br>JPY 120.6 | As of end-Mar. 2016<br>JPY 112.6 | As of end-Sep. 2016<br>JPY 101.1 |                  |              |            |  |
| North America                     | 665.8                            | 994.0                            | 893.0                            | - 101.0          | 227.1        | 34%        | 60%  |
| Europe                            | 148.4                            | 147.0                            | 128.0                            | - 19.0           | - 20.4       | - 14%      | 18%  |
| South & Central America           | 102.7                            | 117.0                            | 109.0                            | - 8.0            | 6.2          | 6%         | 5%   |
| Asia (incl. Middle East)          | 115.7                            | 124.0                            | 105.0                            | - 19.0           | - 10.7       | - 9%       | 6%   |
| Reinsurance                       | 188.3                            | 134.0                            | 136.0                            | 2.0              | - 52.3       | - 28%      | - 12%  |
| <b>Total Non-Life<sup>1</sup></b> | <b>1,221.1</b>                   | <b>1,516.0</b>                   | <b>1,371.0</b>                   | <b>- 145.0</b>   | <b>149.8</b> | <b>12%</b> | <b>34%</b>                                     |
| Life                              | 82.9                             | 94.0                             | 79.0                             | - 15.0           | - 3.9        | - 5%       | 10%  |
| <b>Total</b>                      | <b>1,304.0</b>                   | <b>1,610.0</b>                   | <b>1,450.0</b>                   | <b>- 160.0</b>   | <b>145.9</b> | <b>11%</b> | <b>32%</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

— Despite the business expansion mainly in Europe and also Reinsurance on a local currency basis, downward revision by ¥160B from the original projections to ¥1,450B mainly due to the appreciation of the yen

## <Difference from original FY2016 projections>

### North America

- Although business is in good progress if excluding FX effects when converting to yen, downward revision by ¥101B mainly due to yen's appreciation

### Europe

- Although projecting business expansion at Tokio Marine Kiln, downward revision by ¥19B due to yen's appreciation

### South & Central America

- Downward revision by ¥8B mainly due to economic slowdown of Brazil

### Asia (incl. Middle East)

- Downward revision by ¥19B mainly due to yen's appreciation as well as slowdown in auto sales in Thailand and Malaysia

### Reinsurance

- Upward revision by ¥2B mainly due to favorable growth mainly from non-catastrophe business

### Life

- Downward revision by ¥15B mainly due to yen's appreciation and sales circumstances under the low interest rate environment

# Business Unit Profits

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



(billions of yen, except for %)

|                                   | FY2015 Results                   | FY2016 Projections               |                                  |                  |             | YoY        |             | (Ref.) YoY (Excluding FX effects) <sup>2</sup> |
|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------|-------------|------------|-------------|--|
|                                   |                                  | Original (a)                     | Revised (b)                      | Difference (b-a) | Change      | %          |             |  |
|                                   |                                  | As of end-Mar. 2016              | As of end-Sep. 2016              |                  |             |            |             |  |
| Applied FX rate (USD/JPY)         | As of end-Dec. 2015<br>JPY 120.6 | As of end-Mar. 2016<br>JPY 112.6 | As of end-Sep. 2016<br>JPY 101.1 |                  |             |            |             |  |
| North America                     | 95.6                             | 129.0                            | 122.0                            | - 7.0            | 26.3        | 28%        | 52%         |  |
| Europe                            | 8.0                              | 9.0                              | 10.0                             | 1.0              | 1.9         | 24%        | 73%         |  |
| South & Central America           | 5.3                              | 4.0                              | 4.0                              | -                | - 1.3       | - 25%      | - 25%       |  |
| Asia (incl. Middle East)          | 14.8                             | 10.0                             | 6.0                              | - 4.0            | - 8.8       | - 60%      | - 52%       |  |
| Reinsurance                       | 10.6                             | 9.0                              | 9.0                              | -                | - 1.6       | - 16%      | 0%          |  |
| <b>Total Non-Life<sup>1</sup></b> | <b>134.3</b>                     | <b>161.0</b>                     | <b>151.0</b>                     | <b>- 10.0</b>    | <b>16.6</b> | <b>12%</b> | <b>34%</b>  |  |
| <b>Life</b>                       | <b>0.6</b>                       | <b>2.0</b>                       | <b>1.0</b>                       | <b>- 1.0</b>     | <b>0.3</b>  | <b>66%</b> | <b>104%</b> |  |
| <b>Total</b>                      | <b>131.8</b>                     | <b>159.0</b>                     | <b>148.0</b>                     | <b>- 11.0</b>    | <b>16.1</b> | <b>12%</b> | <b>35%</b>  |  |

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

\*2: Excluding FX effects due to yen conversion

– Despite the favorable result of natural catastrophes and FX gains, downward revision by ¥11B from the original projections to ¥148B mainly due to the appreciation of the yen

### <Difference from original FY2016 projections>

#### North America

- Although business expansion and an increase in investment income, etc. downward revision by ¥7B due to yen's appreciation

#### Europe

- Upward revision by ¥1B mainly due to foreign exchange gains

#### Asia (incl. Middle East)

- Downward revision by ¥4B mainly due to large losses and yen's appreciation

#### Life

- Downward revision by ¥1B due to yen's appreciation

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

# North America (Breakdown)

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



## Net Premiums Written

(billions of yen, except for %)

|                           | FY2015 Results      | FY2016 Projections  |                     |                  |        |       | (Ref.) YoY (Excluding FX effects)* |
|---------------------------|---------------------|---------------------|---------------------|------------------|--------|-------|------------------------------------|
|                           |                     | Original (a)        | Revised (b)         | Difference (b-a) | YoY    |       |                                    |
| Applied FX rate (USD/JPY) | As of end-Dec. 2015 | As of end-Mar. 2016 | As of end-Sep. 2016 |                  | Change | %     |                                    |
|                           | JPY 120.6           | JPY 112.6           | JPY 101.1           |                  |        |       |                                    |
| Philadelphia              | 342.3               | 332.0               | 303.0               | - 29.0           | - 39.3 | - 11% | 6%                                 |
| Delphi                    | 241.3               | 232.0               | 213.0               | - 19.0           | - 28.3 | - 12% | 5%                                 |
| TMHCC                     | -                   | 349.0               | 304.0               | - 45.0           | 304.0  | -     | -                                  |

\* Excluding FX effects due to yen conversion

## Business Unit Profits

(billions of yen, except for %)

|                           | FY2015 Results      | FY2016 Projections  |                     |                  |        |       | (Ref.) YoY (Excluding FX effects)* |
|---------------------------|---------------------|---------------------|---------------------|------------------|--------|-------|------------------------------------|
|                           |                     | Original (a)        | Revised (b)         | Difference (b-a) | YoY    |       |                                    |
| Applied FX rate (USD/JPY) | As of end-Dec. 2015 | As of end-Mar. 2016 | As of end-Sep. 2016 |                  | Change | %     |                                    |
|                           | JPY 120.6           | JPY 112.6           | JPY 101.1           |                  |        |       |                                    |
| Philadelphia              | 46.4                | 40.0                | 39.0                | - 1.0            | - 7.4  | - 16% | 0%                                 |
| Delphi                    | 44.4                | 42.0                | 37.0                | - 5.0            | - 7.4  | - 17% | - 1%                               |
| TMHCC                     | -                   | 44.0                | 43.0                | - 1.0            | 43.0   | -     | -                                  |

\* Excluding FX effects due to yen conversion

# Business Unit Profits

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



(billions of yen)

| Business Domain                      | FY2015 Results | FY2016 Projections |              |              |
|--------------------------------------|----------------|--------------------|--------------|--------------|
|                                      |                | Original (a)       | Revised (b)  | (b)-(a)      |
| <b>Domestic Non-Life</b>             | <b>126.0</b>   | <b>165.0</b>       | <b>178.0</b> | <b>13.0</b>  |
| TMNF                                 | 120.0          | 158.0              | 173.0        | 15.0         |
| NF                                   | 8.8            | 7.0                | 7.0          | -            |
| Other                                | -2.7           | -1.0               | -2.0         | -1.0         |
| <b>Domestic Life<sup>*1</sup></b>    | <b>-188.1</b>  | <b>39.0</b>        | <b>202.0</b> | <b>163.0</b> |
| TMNL                                 | -187.4         | 39.0               | 202.0        | 163.0        |
| <b>International Insurance</b>       | <b>131.8</b>   | <b>159.0</b>       | <b>148.0</b> | <b>-11.0</b> |
| North America                        | 95.6           | 129.0              | 122.0        | -7.0         |
| Europe                               | 8.0            | 9.0                | 10.0         | 1.0          |
| South & Central America              | 5.3            | 4.0                | 4.0          | -            |
| Asia (incl. Middle East)             | 14.8           | 10.0               | 6.0          | -4.0         |
| Reinsurance                          | 10.6           | 9.0                | 9.0          | -            |
| International Non-Life <sup>*2</sup> | 134.3          | 161.0              | 151.0        | -10.0        |
| International Life                   | 0.6            | 2.0                | 1.0          | -1.0         |
| <b>Financial &amp; General</b>       | <b>7.3</b>     | <b>4.0</b>         | <b>5.0</b>   | <b>1.0</b>   |

\*1: Excluding capital transactions

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

## – Domestic Non-Life

Upward revision by ¥13B from the original projections to ¥178B mainly due to the factors at TMNF:

- Decrease in provision for reserves for foreign currency denominated outstanding claims due to the appreciation of the yen
- Improvement of loss ratio mainly in auto

## – Domestic Life

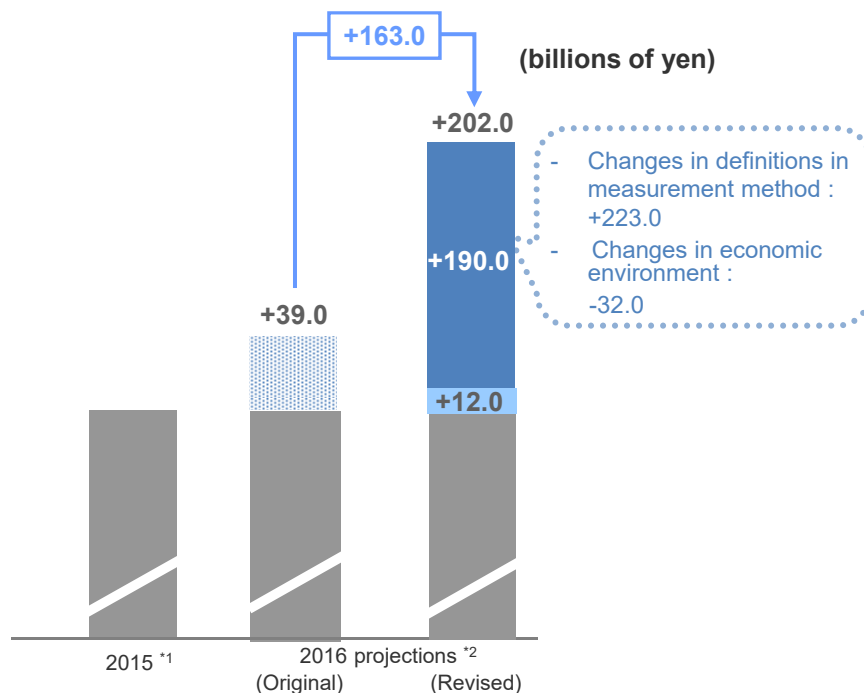
Upward revision by ¥163B from the original projections to ¥202B mainly due to the factors at TMNL:

- Changes in definitions in the measurement method of MCEV
- Changes in economic environment including interest rates, etc. (See P. 29 for details on MCEV including changes in definitions)

## – International Insurance

Downward revision by ¥11B from the original projections to ¥148B as shown on P. 26

## ■ Business Unit Profits (increase in MCEV)



|                         |       |       |         |
|-------------------------|-------|-------|---------|
| Year-end MCEV *1,*2     | 811.6 | 850.6 | 1,013.6 |
| Increase in MCEV① *2    |       | +39.0 | +202.0  |
| Increase in MCEV② *2,*3 |       | +39.0 | +12.0   |

\*1: Figures for FY 2015 are after payment of shareholders' dividends of the prior fiscal year

\*2: Excluding the effects of payment of shareholders' dividends

\*3: Excluding the effects of changes in economic environment and changes in definitions in measurement method

## ● Business Unit Profits (Increase in MCEV)

- Upward revision by ¥163.0B from the original projections to ¥202.0B mainly due to changes in definitions in measurement method shown below
- Value of new business is projected to be positive by promoting sales shift to protection-type products

### Changes in definitions in measurement method

- Review and updated some factors which can be considered too conservative today, based on the objective data, etc. on the occasion of one year after the introduction of MCEV in Apr. 2015

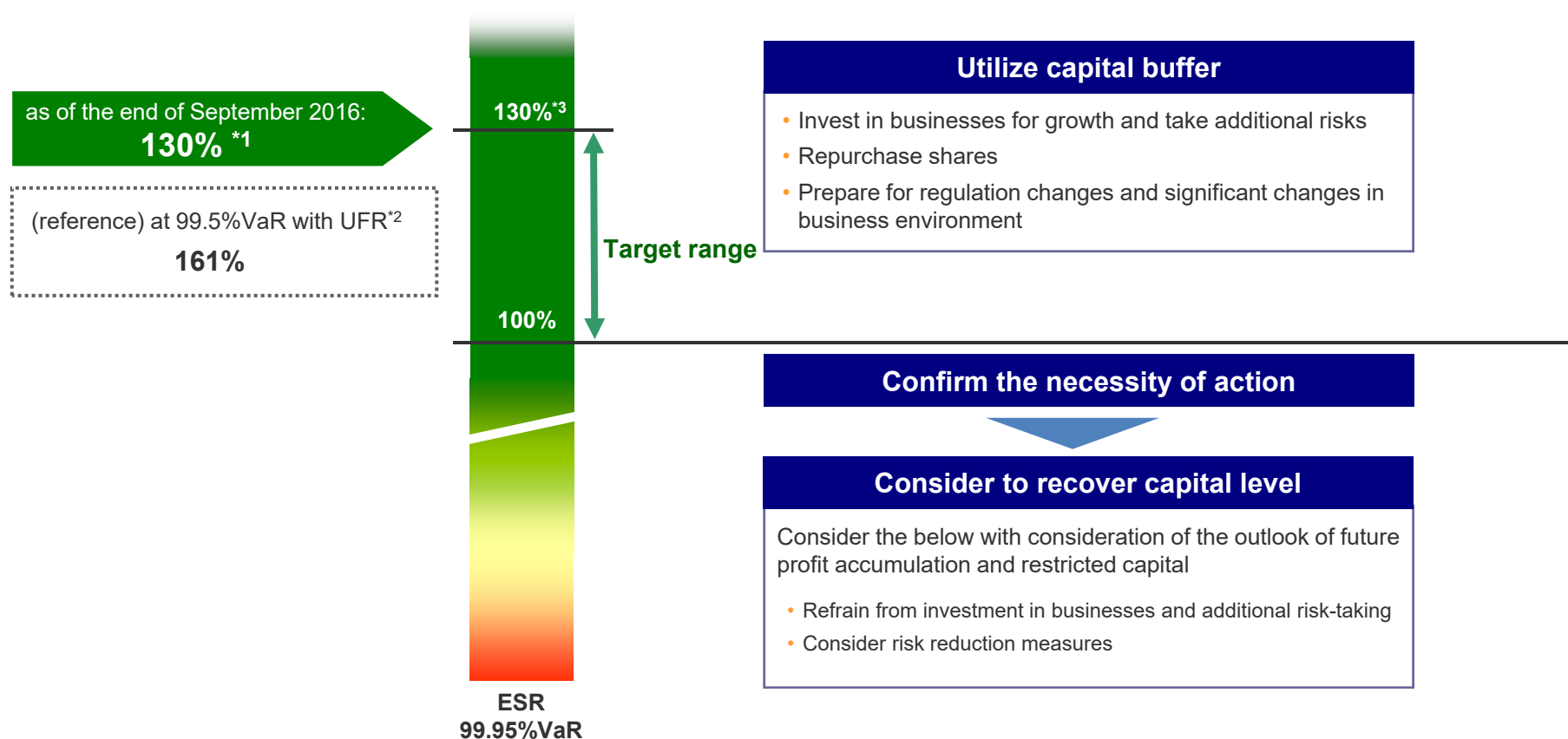
### 【 Major changes 】

- Surrender risk:  
Updated surrender rate fluctuation risks considering the definitions in the measurement method of the international capital regulations and TMNL's actual data
- Cancer payment risk (the third sector risk):  
Updated considering analyses based on estimation models for cancer morbidity by third-party and TMNL's actual data, etc. since previously assuming too high increase in cancer diagnosis rate associated with advancement of medical technology
- Business expense risk:  
Updated based on the most recent data considering the current situation where business expenses fluctuate less associated with the expansion of business

## III. Economic Solvency Ratio

# Economic Solvency Ratio (ESR)

- Utilize strict capital model which calculates risk capital based on 99.95%VaR (standard to maintain AA credit rating) and excludes restricted capital, while referring to the method in Solvency II in Europe, etc.
- Target range of ESR is 100~130% in light of financial soundness and profitability



\*1 Including subordinated term loan financed at TMNL

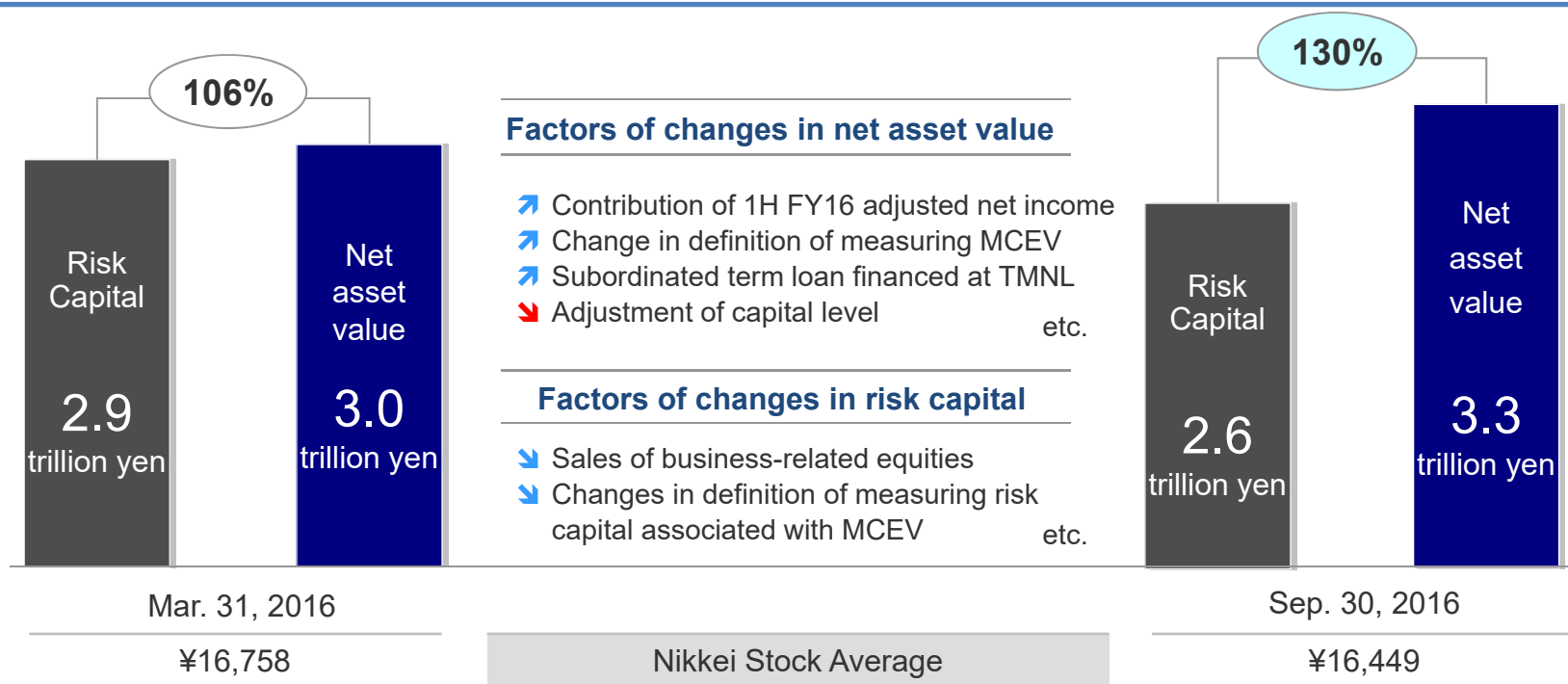
\*2 By reference to international capital regulation, Ultimate Forward Rate, UFR, is set at the level of 3.5% in year 60 and forward rates beyond the 30<sup>th</sup> year are extrapolated accordingly

\*3 Capital level which can maintain AA credit ratings withstanding once-in-a-decade risks



# ESR as of Sep. 30, 2016

- ESR has been improved to 130% due to a decrease in risk capital as well as an increase in net asset value
  - Factors increasing net asset value: Contribution of 1H FY16 adjusted net income, changes in definition of measuring MCEV, etc.
  - Factors decreasing risk capitals: Sales of business-related equities, changes in definition of measuring risk capital associated with MCEV, etc.
- Business continuity is confirmed even in the event of stress scenario



## (Ref.) Definition of Net Asset Value

$$\begin{array}{|c|} \hline \text{Net Asset Value} \\ \hline \end{array}
 =
 \begin{array}{|c|} \hline \text{Consolidated net asset on financial accounting basis} \\ \hline \end{array}
 +
 \begin{array}{|c|} \hline \text{Liability of capital nature (catastrophe loss reserves, price fluctuation reserves, etc.) (after-tax basis)} \\ \hline \end{array}
 -
 \begin{array}{|c|} \hline \text{Goodwill, etc.} \\ \hline \end{array}
 -
 \begin{array}{|c|} \hline \text{Planned distribution to shareholders} \\ \hline \end{array}
 +
 \begin{array}{|c|} \hline \text{Value of life insurance policies in-force} \\ \hline \end{array}
 -
 \begin{array}{|c|} \hline \text{Restricted capital, etc.} \\ \hline \end{array}$$

## Background of the funding

### Significant changes in life insurance business environment brought by unprecedented easy money policy

- Improving investment return is an immediate issue in the historically low interest rate environment. As liquidity of Japanese Government Bonds (“JGB”) has fallen, it has become more difficult to conduct flexible ALM depending on JGB
- Diversification of investment portfolio is required to improve stability of the means of controlling interest rate risk of insurance liabilities as well as to improve investment return
- In considering capital strategies, taking into account uncertainty in financial markets, such as future interest-rate spike has become more important

## Purpose of the funding

TMNL plans to fund through a subordinated term loan to maintain stable financial base in the event of a future drastic environmental shift, specifically aiming two points below

- Further enhance its capital preparing for investment portfolio diversification in consideration of the current low interest rate environment
- Prepare for uncertainty such as interest-rate spike in the future, which could lead to a decrease in unrealized capital gains of its bonds and reduce its net assets on financial accounting basis

### <Summary of the Loan>

Amount : Approx. 100 billion yen  
Financing method : Syndicated loan  
Drawdown date : November 2016 (To be scheduled)  
Maturity : 27 years\*  
\*As premises for certain criteria, it is possible to be repaid voluntarily in a lump after November 2023  
Arranger : The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Pricing : Fixed interest rate  
(Floating interest rate after November 2023)

Note : Credit rating will be assigned to the funding

# 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 2Q FY2016)

(billions of yen)

|   | As of the end of<br>2Q FY2016 <sup>*1</sup> | Domestic Offices | Overseas Offices |
|---|---|------------------|------------------|
| <b>CDS</b>  | <b>15.4</b>                                 | <b>15.4</b>      | <b>-</b>         |
| AAA   | -   | -                | -                |
| AA  | -   | -                | -                |
| A   | -   | -                | -                |
| BBB   | 15.4  | 15.4             | -                |
| Other than above  | -   | -                | -                |
| <b>ABS (Securitized products)</b>   | <b>1,006.1</b>                              | <b>49.5</b>      | <b>956.5</b>     |
| Agency MBS <sup>*2</sup>  | 243.4                                       | -                | 243.4            |
| AAA   | 162.0                                       | 26.0             | 136.0            |
| AA  | 47.0  | -                | 47.0             |
| A   | 73.3  | 13.6             | 59.7             |
| BBB   | 195.1                                       | 5.9              | 189.1            |
| Other than above  | 285.1                                       | 4.0              | 281.1            |
| <b>Total</b>  | <b>1,021.6</b>                              | <b>65.0</b>      | <b>956.5</b>     |
| <b>Financial guarantee reinsurance (relating to securitized products)</b> | <b>52.9</b>                                 | <b>52.9</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.37,39 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)

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

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

|  | FY2015<br>Results | FY2016<br>Projections<br>Original (a) | FY2016<br>Projections<br>Revised (b) | (b)-(a)    |
|--|-------------------|---------------------------------------|--------------------------------------|------------|
| Net income attributable to owners of the parent (consolidated)   | 254.5             | 265.0                                 | 280.0                                | 15.0       |
| Provision for catastrophe loss reserves <sup>2</sup>   | +68.9             | +31.0                                 | +29.0                                | -2.0       |
| Provision for contingency reserves <sup>2</sup>  | -0.2              | -                                     | -                                    | -          |
| Provision for price fluctuation reserves <sup>2</sup>  | +3.7              | +3.0                                  | +3.0                                 | -          |
| Gains or losses on sales or valuation of ALM <sup>3</sup> bonds and interest rate swaps  | -22.6             | -                                     | -4.0                                 | -4.0       |
| Gains or losses on sales or valuation of fixed assets and business investment equities<br>(FY2015 Results : Gains or losses on sales or valuation of fixed assets) | +1.8              | -4.0                                  | -3.0                                 | 1.0        |
| Amortization of goodwill and other intangible fixed assets   | +34.3             | +93.0                                 | +83.0                                | -10.0      |
| Other extraordinary gains/losses, valuation allowances, etc.   | +11.3             | -                                     | +1.0                                 | 1.0        |
| <b>Adjusted Net Income</b>   | <b>351.9</b>      | <b>388.0</b>                          | <b>389.0</b>                         | <b>1.0</b> |

\*<sup>1</sup> Each adjustment is on an after-tax basis\*<sup>2</sup> Reversals are subtracted\*<sup>3</sup> ALM: Asset Liability management

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

## Adjusted Net Assets\*<sup>1</sup>

|  | FY2015<br>Results | FY2016<br>Projections<br>Original (a) | FY2016<br>Projections<br>Revised (b) |
|--|-------------------|---------------------------------------|--------------------------------------|
| Net assets(consolidated)                   | 3,484.7           | 3,605.0                               | 3,356.0                              |
| Catastrophe loss reserves                  | +769.1            | +806.0                                | +804.0                               |
| Contingency reserves                       | +34.2             | +34.0                                 | +34.0                                |
| Price fluctuation reserves                 | +62.8             | +67.0                                 | +67.0                                |
| Goodwill and other intangible fixed assets | -751.5            | -752.0                                | -608.0                               |
| <b>Adjusted Net Assets</b>                 | <b>3,599.3</b>    | <b>3,761.0</b>                        | <b>3,654.0</b>                       |

## Adjusted ROE

|                                | FY2015<br>Results | FY2016<br>Projections<br>Original (a) | FY2016<br>Projections<br>Revised (b) |
|--------------------------------|-------------------|---------------------------------------|--------------------------------------|
| Net income(consolidated)       | 254.5             | 265.0                                 | 280.0                                |
| Net assets(consolidated)*      | 3,531.7           | 3,545.0                               | 3,420.0                              |
| Financial accounting basis ROE | 7.2%              | 7.5%                                  | 8.2%                                 |

\* average balance basis

|                      | FY2015<br>Results | FY2016<br>Projections<br>Original (a) | FY2016<br>Projections<br>Revised (b) |
|----------------------|-------------------|---------------------------------------|--------------------------------------|
| Adjusted Net Income  | 351.9             | 388.0                                 | 389.0                                |
| Adjusted Net Assets* | 3,851.4           | 3,680.0                               | 3,620.0                              |
| Adjusted ROE         | 9.1%              | 10.5%                                 | 10.7%                                |

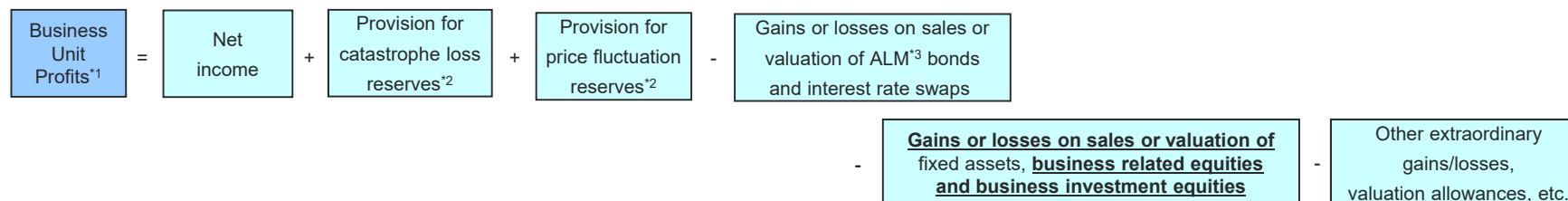
\* average balance basis

(Note) Please refer to P.37 for details regarding the definition

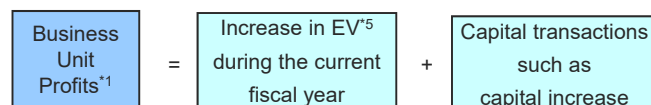
# Definition of Business Unit Profits (New from FY2016)

## 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\*1 (TMNF)

(billions of yen)

|  | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY         |
|--|-------------------------|-------------------------|-------------|
| <b>Net income for accounting purposes</b>  | <b>65.7</b>             | <b>124.0</b>            | <b>58.3</b> |
| Provision for catastrophe loss reserves <sup>*2</sup>  | +45.4                   | +25.4                   | -20.0       |
| Provision for price fluctuation reserves <sup>*2</sup>   | +1.2                    | +1.7                    | 0.5         |
| Gains or losses on sales or valuation of ALM*3 bonds and interest rate swaps   | -2.7                    | -2.0                    | 0.7         |
| Gains or losses on sales or valuation of fixed assets and business investment equities<br>(FY2015 Results : Gains or losses on sales or valuation of fixed assets) | -22.6                   | -40.9                   | -18.3       |
| Intra-group dividends  | -33.8                   | -11.2                   | 22.6        |
| Other extraordinary gains/losses, valuation allowances, etc  | -7.1                    | -0.9                    | 6.2         |
| <b>Business Unit Profits</b>   | <b>46.1</b>             | <b>96.1</b>             | <b>49.9</b> |

|  | FY2015<br>Results | FY2016<br>Projections<br>Original(a) | FY2016<br>Projections<br>Revised(b) | (b)-(a)     |
|--|-------------------|--------------------------------------|-------------------------------------|-------------|
| <b>Net income for accounting purposes</b>  | <b>301.6</b>      | <b>245.0</b>                         | <b>252.0</b>                        | <b>7.0</b>  |
| Provision for catastrophe loss reserves <sup>*2</sup>  | +68.3             | +27.0                                | +25.1                               | -1.9        |
| Provision for price fluctuation reserves <sup>*2</sup>   | +3.5              | +3.4                                 | +3.5                                | 0.1         |
| Gains or losses on sales or valuation of ALM*3 bonds and interest rate swaps   | -21.1             | +0.0                                 | -3.4                                | -3.4        |
| Gains or losses on sales or valuation of fixed assets and business investment equities<br>(FY2015 Results : Gains or losses on sales or valuation of fixed assets) | -76.4             | -55.0                                | -51.7                               | 3.3         |
| Intra-group dividends  | -155.7            | -62.8                                | -57.1                               | 5.7         |
| Other extraordinary gains/losses, valuation allowances, etc  | -0.2              | +0.4                                 | +4.6                                | 4.2         |
| <b>Business Unit Profits</b>   | <b>120.0</b>      | <b>158.0</b>                         | <b>173.0</b>                        | <b>15.0</b> |

## International Insurance\*1

|   | FY2015<br>2Q<br>Results | FY2016<br>2Q<br>Results | YoY         |
|---|-------------------------|-------------------------|-------------|
| <b>Overseas subsidiaries<br/>Net income for accounting purposes</b> | <b>54.5</b>             | <b>58.7</b>             | <b>4.2</b>  |
| Difference with EV (Life)   | -0.8                    | 2.3                     | 3.2         |
| Adjustment of non-controlling interests                             | -1.4                    | -0.7                    | 0.6         |
| Difference of subsidiaries covered                                  | +3.8                    | +3.5                    | -0.2        |
| Other adjustments <sup>*4</sup>                                     | +7.7                    | +15.7                   | 7.9         |
| <b>Business Unit Profits</b>  | <b>63.7</b>             | <b>79.6</b>             | <b>15.9</b> |

|   | FY2015<br>Results | FY2016<br>Projections<br>Original(a) | FY2016<br>Projections<br>Revised(b) | (b)-(a)      |
|---|-------------------|--------------------------------------|-------------------------------------|--------------|
| <b>Overseas subsidiaries<br/>Net income for accounting purposes</b> | <b>111.5</b>      | <b>120.7</b>                         | <b>117.0</b>                        | <b>-3.7</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>                         | <b>148.0</b>                        | <b>-11.0</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.

(Note) Please refer to P.39 for details regarding the definition

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