



Tokio Marine Holdings

To Be a Good Company

Overview of FY2016 Results and FY2017 Projections

May 19, 2017

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.

TMHCC : Tokio Marine HCC



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I. FY2016 Results

<Reference>

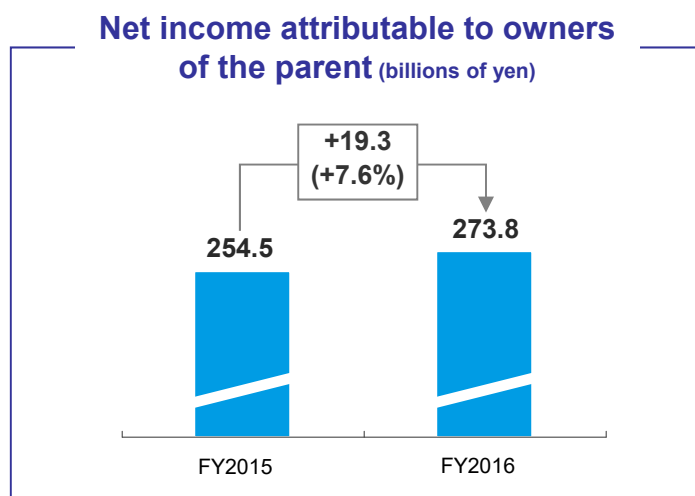
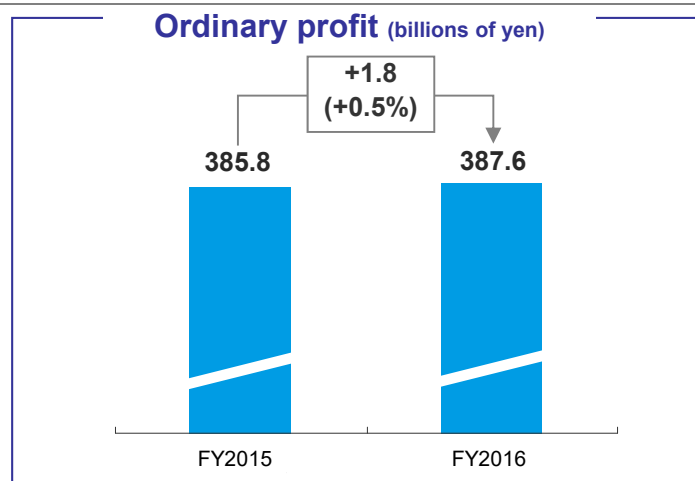
	Applied FX Rate (USD/JPY)	
	FY2015	FY2016
End of Mar. (Domestic non-life and life businesses)	JPY 112.68 (JPY 7.49 appreciation from end-Mar. 2015)	JPY 112.19 (JPY 0.49 appreciation from end-Mar. 2016)
End of Dec. (International insurance business)	JPY 120.61 (JPY 0.06 depreciation from end-Dec. 2014)	JPY 116.49 (JPY 4.12 appreciation from end-Dec. 2015)

Consolidated Results Overview (1)

Consolidated	Domestic Life
Domestic Non-Life	International



- Net premiums written increased due to TMHCC consolidation, etc. despite a decrease in fire at TMNF
- Life insurance premiums increased 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 and net income attributable to owners of the parent increased due to an increase in underwriting profit in domestic non-life business, etc.
- Adjusted net income, which excludes the effect of provision for catastrophe loss reserves and amortization of goodwill, etc., increased by ¥54.8B YoY to ¥406.7B



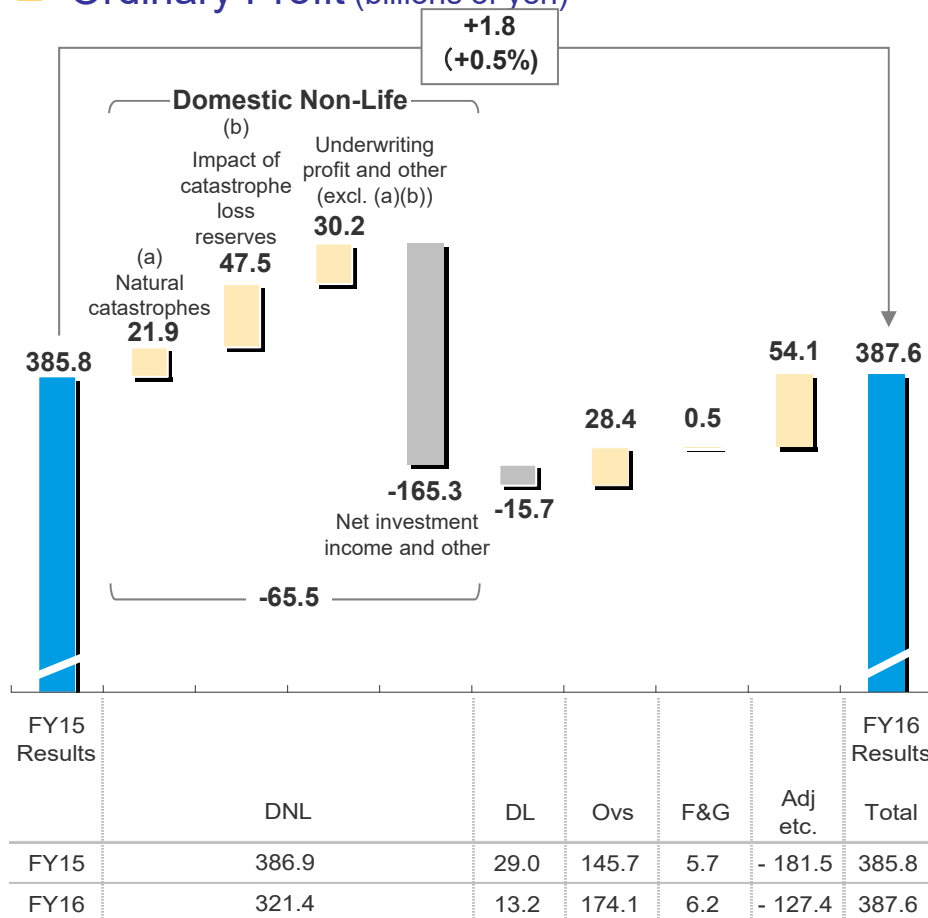
	(billions of yen, except for %)			
	FY2015	FY2016	YoY	
			Change	%
Ordinary income (TMHD Consolidated)	4,579.0	5,232.6	653.5	+ 14.3%
Net premiums written (TMHD Consolidated)	3,265.5	3,480.4	214.8	+ 6.6%
Life insurance premiums (TMHD Consolidated)	471.6	904.4	432.7	+ 91.7%
Ordinary profit (TMHD Consolidated)	385.8	387.6	1.8	+ 0.5%
Tokio Marine & Nichido	377.2	312.4	- 64.8	- 17.2%
Nisshin Fire	9.7	9.0	- 0.6	- 7.2%
Tokio Marine & Nichido Life	29.0	13.2	- 15.7	- 54.3%
Overseas subsidiaries	145.7	174.1	28.4	+ 19.5%
Financial and general	5.7	6.2	0.5	+ 9.4%
Others (Consolidation adjustments, etc.)	- 181.5	- 127.4	54.1	
Net income attributable to owners of the parent	254.5	273.8	19.3	+ 7.6%
Tokio Marine & Nichido	301.6	248.6	- 52.9	- 17.6%
Nisshin Fire	6.1	6.5	0.4	+ 7.0%
Tokio Marine & Nichido Life	14.7	8.7	- 5.9	- 40.4%
Overseas subsidiaries	111.5	135.6	24.0	+ 21.6%
Financial and general	3.4	4.0	0.5	+ 16.7%
Others (Consolidation adjustments, etc.)	- 183.0	- 129.8	53.1	
[KPI for the Group Total]				
Adjusted net income	351.9	406.7	54.8	+ 15.6%

Consolidated Results Overview (2)

Consolidated	Domestic Life
Domestic Non-Life	International



■ Ordinary Profit (billions of yen)



— Domestic Non-Life

Decreased mainly due to the following factors at TMNF:

- Increase in underwriting profit mainly due to:
 - i. Increase in net premiums earned
 - ii. Decrease in net incurred losses relating to natural catastrophes
 - iii. Decrease in net provision for catastrophe loss reserves
- Decrease in net investment income and other due to the reversal effect of an increase in dividends income from overseas and domestic subsidiaries in FY2015

— Domestic Life

- Decreased due to (i) an increase in business expenses and (ii) the reversal effect of take down of contingency reserves in FY2015 relating to variable annuities

— Overseas Subsidiaries

- Increased mainly due to profit contribution from TMHCC consolidation

— Consolidation Adjustments, etc.

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

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.)

Adjusted Net Income (Group Total)

- Adjusted Net Income for FY2016 increased by ¥54.8B YoY to ¥406.7B
- Adjusted ROE increased by 1.8pts YoY to 11.0%

● Reconciliation^{*1}

(billions of yen)

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

	FY2015 Results	FY2016 Results	YoY Change
Net income attributable to owners of the parent (consolidated)	254.5	273.8	19.3
Provision for catastrophe loss reserves ^{*2}	+68.9	+35.1	-33.8
Provision for contingency reserves ^{*2}	-0.2	+1.7	1.9
Provision for price fluctuation reserves ^{*2}	+3.7	+3.9	0.2
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	-22.6	+0.6	23.2
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	-3.5	-5.3
Amortization of goodwill and other intangible fixed assets	+34.3	+96.9	62.6
Other extraordinary gains/losses, valuation allowances, etc.	+11.3	-1.9	-13.2
Adjusted Net Income	351.9	406.7	54.8
Adjusted ROE	9.1%	11.0%	+ 1.8pt

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

*2: In case of reversal, it is subtracted from the equation

*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

— Changes in reconciliation YoY

Catastrophe loss reserves:

- Decrease in provision for catastrophe loss reserves mainly due to lowering of provision rate in auto group at TMNF (also decrease in reconciling amount)

Gains or losses relating to ALM:

- Reversal effect of gains on interest rate swap associated with decline of interest rates in FY2015 (increase in reconciling amount)

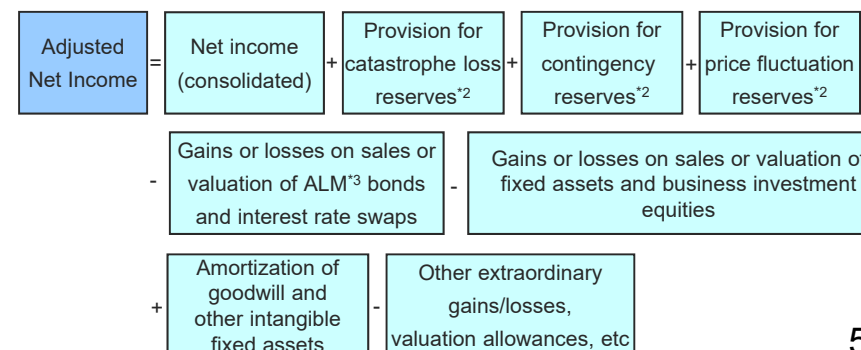
Amortization of goodwill, etc.:

- Increase in amortization of goodwill and other intangible fixed assets due to TMHCC consolidation (also increase in reconciling amount)

Other extraordinary gains/losses, etc.:

- Reversal effect of reduction of deferred tax assets owing to the decrease in corporate tax rate in FY2015, etc. (decrease in reconciling amount)

● Definition of Adjusted Net Income



Changes in Major P/L Items (billions of yen)

	FY2015 Results	FY2016 Results	YoY Change
Underwriting profit/loss	13.8	116.1	102.2
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	107.4	159.1	51.6
Net premiums written (Private insurance)	1,844.1	1,831.9	- 12.1
Net premiums earned (Private insurance)	1,784.4	1,820.8	36.4
Net incurred losses (Private insurance)*	- 1,072.4	- 1,051.3	21.0
Natural catastrophe losses	- 73.1	- 53.5	19.6
Provision/Reversal of foreign currency denominated outstanding claims reserves	5.8	0.4	- 5.3
Other than above	- 1,005.0	- 998.2	6.8
Business expenses (Private insurance)	- 600.4	- 599.0	1.3
Provision/Reversal of catastrophe loss reserves	- 93.6	- 42.9	50.6
Auto	- 57.1	- 10.4	46.6
Fire	- 15.3	- 15.8	- 0.5
Net investment income (loss) and other	362.0	197.4	- 164.6
Net investment income/loss	371.4	217.6	- 153.8
Interest and dividends	278.9	177.8	- 101.1
Dividends from foreign stocks	151.9	65.8	- 86.1
Gains/Losses on sales of securities	116.6	89.1	- 27.5
Impairment losses on securities	- 1.3	- 0.9	0.3
Gains/Losses on derivatives	31.5	1.4	- 30.1
Ordinary profit/loss	377.2	312.4	- 64.8
Extraordinary gains/losses	- 12.2	2.0	14.3
Net income/loss	301.6	248.6	- 52.9

*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 ¥102.2B YoY to ¥116.1B mainly due to the following factors:

- Net premiums written (Private insurance):

- Fire: Decreased mainly due to (i) a decline in unit premiums associated with shortening of insurance period for long-term policies in Oct. 2015 and (ii) the reversal effect of an increase in FY2015 due to policy review by customers before the product revisions

- Auto: Increased 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

- Increase in provision for foreign currency denominated outstanding claims reserves as the appreciation of the yen from the end of Mar. 2016 to the end of Mar. 2017 was smaller than that from the end of Mar. 2015 to the end of Mar. 2016

- Reversal effect of an increase in net incurred losses in FY2015 relating to large losses, etc.

- Business expensed (Private insurance):

- Decrease in commissions mainly due to premiums decrease in fire

- Catastrophe loss reserves:

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

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

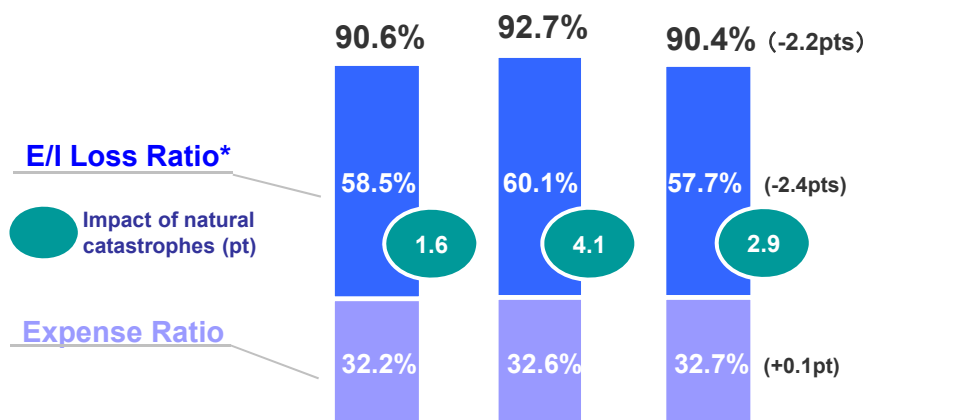
Decreased by ¥164.6B YoY to ¥197.4B due to a decrease in gains/losses on derivatives and gains/losses on sales of securities as well as a decrease in dividends income from subsidiaries

Net Income

Decrease by ¥52.9B YoY to ¥248.6B due to the factors above despite an increase in extraordinary gains/losses

Combined Ratio (Private insurance: E/I basis)

※(): YoY Change



(billions of yen)

	FY2014 Results	FY2015 Results	FY2016 Results	YoY Change
Net premiums written	1,758.9	1,844.1	1,831.9	- 12.1
Net incurred losses*	995.0	1,072.4	1,051.3	- 21.0
Business expenses	566.1	600.4	599.0	- 1.3
Corporate expenses	219.2	233.4	234.3	0.8
Agency commissions	346.9	367.0	364.7	- 2.2

(Reference)

Private insurance W/P combined ratio*	89.8%	89.2%	89.6%	0.5pt
Private insurance W/P loss ratio*	57.6%	56.6%	56.9%	0.3pt

* Including loss adjustment expenses

E/I Basis Loss Ratio

E/I basis loss ratio improved by 2.4 points YoY to 57.7% mainly due to:

- Decrease in net incurred losses relating to natural catastrophes
- Increase in provision for foreign currency denominated outstanding claims reserves as the appreciation of the yen from the end of Mar. 2016 to the end of Mar. 2017 was smaller than that from the end of Mar. 2015 to the end of Mar. 2016
- Reversal effect of large losses in FY2015

Expense Ratio

Worsened by 0.1 points YoY to 32.7% due to a decrease in net premiums written despite a decrease in business expenses

Net Premiums Written by Line

(billions of yen, except for %)

	FY2015 Results	FY2016 Results	YoY	
			Change	%
Fire	303.4	272.2	-31.1	-10.3%
Marine	66.2	58.9	-7.2	-10.9%
P.A.	175.2	172.2	-3.0	-1.8%
Auto	1,030.7	1,051.3	20.6	2.0%
CALI	282.6	282.7	0.0	0.0%
Other	269.9	278.6	8.6	3.2%
Total	2,128.3	2,116.1	-12.1	-0.6%
Private insurance Total	1,844.1	1,831.9	-12.1	-0.7%

E/I Loss Ratio by Line

	FY2015 Results	FY2016 Results	YoY Change
Fire	60.4%	54.1%	- 6.3pt
Marine	64.9%	50.5%	- 14.3pt
P.A.	52.2%	50.7%	- 1.5pt
Auto	60.5%	60.2%	- 0.3pt
Other	62.1%	57.8%	- 4.4pt
Private insurance Total	60.1%	57.7%	- 2.4pt

Major Factors of Changes in NPW

- Fire: Decreased mainly due to:
 - a decline in unit premiums associated with shortening of insurance period for long-term policies in Oct. 2015 and
 - 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
- P.A.: Decreased mainly due to shift of P.A. insurance for employment injury into the "Other" category despite revenue growth in major contracts
- Auto: Increased mainly due to product and rate revisions in the past as well as an increase in the number of policies
- Other: Increased mainly due to premium shift from "P.A." category and an increase in Japan despite a decrease in foreign currency denominated contracts owing to the stronger yen

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 due to the reversal effect of large losses in FY2015
- 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 the reversal effect of large losses in FY2015

TMNF Asset Management Results

Consolidated	Domestic Life
Domestic Non-Life	International



■ TMNF Net Investment Income and Other

(billions of yen)

	FY2015 Results	FY2016 Results	YoY Change
Net investment income and other	362.0	197.4	- 164.6
Net investment income	371.4	217.6	- 153.8
Net interest and dividends income	229.2	132.5	- 96.7
Interest and dividends	278.9	177.8	- 101.1
Dividends from domestic stocks	65.4	54.9	- 10.5
Dividends from foreign stocks	151.9	65.8	- 86.1
Income from domestic bonds	27.6	25.6	- 1.9
Income from foreign bonds	6.2	5.5	- 0.6
Income from other domestic securities*1	1.1	0.0	- 1.1
Income from other foreign securities*2	14.0	14.7	0.7
Transfer of investment income on deposit premiums	- 49.6	- 45.3	4.3
Net capital gains	142.1	85.1	- 57.0
Gains/Losses on sales of securities	116.6	89.1	- 27.5
Impairment losses on securities	- 1.3	- 0.9	0.3
Gains/Losses on derivatives	31.5	1.4	- 30.1
Other investment income and expenses	- 6.3	- 2.7	3.5
Others	1.5	- 1.6	- 3.2
Other ordinary income and expenses	- 9.4	- 20.2	- 10.7

*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

■ Sales of Business-Related Equities

(billions of yen)

	FY2015 Results	FY2016 Results	YoY Change
Sales of business-related equities	122	117	- 5

– Net investment income and other decreased by ¥164.6B YoY to ¥197.4B

- Net interest and dividends income
Decreased by ¥96.7B YoY to ¥132.5B mainly due to the following factors:
 - Dividends from domestic stocks:
 - ✓ Reversal effect of an increase in dividends income from domestic subsidiaries in FY2015
 - Dividends from foreign stocks:
 - ✓ Reversal effect of an increase in dividends income from overseas subsidiaries relating to financing TMHCC acquisition in FY2015
- Net capital gains
Decreased by ¥57.0B YoY to ¥85.1B mainly due to the following factors:
 - Gains/Losses on sales of securities:
 - ✓ Reversal effect of a temporary increase in gains on sales of foreign securities in FY2015
 - Gains/Losses on derivatives:
 - ✓ Market value changes in derivative contracts for hedging purpose

– Sales of business-related equities decreased by ¥5B YoY to ¥117B

– Gains relating to sales of business-related equities for FY2016 was ¥85B

Change in Major P/L Items

(billions of yen)

	FY2015 Results	FY2016 Results	YoY Change
Underwriting profit/loss	7.8	8.1	0.2
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	10.6	13.9	3.3
Net premiums written (Private insurance)	118.0	120.2	2.2
Net premiums earned (Private insurance)	120.4	121.3	0.9
Net incurred losses (Private insurance)*	- 67.7	- 66.5	1.2
Natural catastrophe losses	- 4.1	- 1.7	2.3
Other than above	- 63.6	- 64.7	- 1.1
Business expenses (Private insurance)	- 40.6	- 41.7	- 1.1
Provision/Reversal of catastrophe loss reserves	- 2.7	- 5.8	- 3.0
Fire	2.1	- 0.8	- 3.0
Auto	- 4.1	- 4.1	- 0.0
Net investment income (loss) and other	1.9	1.2	- 0.7
Net investment income/loss	2.1	2.0	- 0.1
Interest and dividends	4.7	4.3	- 0.4
Gains/Losses on sales of securities	0.1	- 0.0	- 0.2
Impairment losses on securities	- 0.5	- 0.0	0.5
Ordinary profit/loss	9.7	9.0	- 0.6
Extraordinary gains/losses	0.2	0.1	- 0.0
Net income/loss	6.1	6.5	0.4
Loss ratio (Private insurance, E/I basis)*	56.3%	54.8%	- 1.5pt
Expense ratio (Private insurance)	34.4%	34.7%	0.3pt
E/I Combined ratio (Private insurance)*	90.7%	89.5%	- 1.2pt

* 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 ¥0.2B YoY to ¥8.1B mainly due to the following factors:

- Net premiums written (Private insurance)
 - Increase in specialty insurance mainly in liability and workers' compensation
 - Decrease in premiums ceded in fire
- Net incurred losses (Private insurance)
 - Decrease in net incurred losses relating to natural catastrophes
 - Increase in unit claims cost for property damage liability in auto
- Catastrophe loss reserves
 - Reversal effect of the taken down in fire in FY2015

Net Investment Income and Other

Decreased by ¥0.7B YoY to ¥1.2B due to a decrease in interest and dividends income, etc.

Net Income

In addition to the above, as a result of adjustment of income taxes, etc. increased by ¥0.4B YoY to ¥6.5B

Annualized Premiums (ANP)

(billions of yen)

	FY2015 Results	FY2016 Results	YoY	
			Change	%
New policies ANP	119.7	120.7	1.0	0.9%
excluding long-term saving-type products*	100.4	113.5	13.0	13.0%
In-force policies ANP	796.5	831.3	34.7	4.4%

* Excluding individual annuity and "whole life with long-term discount"

– New Policies ANP

- Almost flat YoY despite the impact of suspending the sales of individual annuities
- Excluding long-term saving-type products, increased by 13.0% YoY due to favorable sales of a household income term product and increase in policies due to last minute demand before the revision of the standard interest rate, despite the sales of a new product in FY2015 leveled off YoY

– In-force Policies ANP

- Increased by 4.4% YoY due to an increase in new policies exceeding the decrease in lump-sum payout upon maturities in variable annuities

Key Figures in Financial Accounting

(billions of yen)

	FY2015 Results	FY2016 Results	YoY Change
Ordinary income	1,054.5	1,005.6	- 48.9
Insurance premiums and other	819.4	866.7	47.2
Net income	14.7	8.7	- 5.9
Core operating profit	25.0	22.3	- 2.7

– Net Income

- Decreased by ¥5.9B YoY to ¥8.7B mainly due to:
 - Increase in business expenses
 - Reversal effect of take down of contingency reserves associated with variable annuities in FY2015
 - Decrease in gains on sales of securities

– Core Operating Profit

- Excluding the reversal effect of take down of contingency reserves and a decrease in gains on sales of securities, etc. from ordinary profit, decreased by ¥2.7B YoY to ¥22.3B

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2015 Results	FY2016 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2015 JPY 120.6	As of end-Dec. 2016 JPY 116.4			
North America	665.8	1,031.6	365.7	55%	60%
Europe	148.4	134.4	- 13.9	- 9%	12%
South & Central America	102.7	129.6	26.8	26%	8%
Asia & Middle East	115.7	116.8	1.0	1%	7%
Reinsurance	188.3	153.8	- 34.5	- 18%	- 15%
Total Non-Life^{*1}	1,221.1	1,566.4	345.3	28%	33%
Life	82.9	88.0	5.1	6%	12%
Total	1,304.0	1,654.4	350.4	27%	32%

*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 27% YoY due to contribution from TMHCC and the progress of growth measures in each business segment, etc.
- On a local currency basis (excluding the appreciation of the yen), increased by 32% YoY

North America

- TMHCC expanded its specialty insurance products sales mainly in North America and contributed to the growth of international business
- Philadelphia and Delphi increased mainly due to rate increases in renewal book and an increase in new business book

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

- Increased mainly due to auto insurance sales growth in Brazil

Asia & Middle East

- Increased mainly due to auto insurance sales growth etc., in Taiwan and India

Reinsurance

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

Life

- Increased 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 Results	FY2016 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
	As of end-Dec. 2015	As of end-Dec. 2016	Change	%	
Applied FX rate (USD/JPY)	JPY 120.6	JPY 116.4			
North America	95.6	140.2	44.6	47%	52%
Europe	8.0	8.9	0.9	11%	35%
South & Central America	5.3	4.4	- 0.8	- 16%	- 27%
Asia & Middle East	14.8	7.5	- 7.3	- 50%	- 44%
Reinsurance	10.6	12.4	1.8	17%	19%
Total Non-Life^{*1}	134.3	173.2	38.9	29%	34%
Life	0.6	0.1	- 0.4	- 82%	- 79%
Total	131.8	169.5	37.6	29%	34%

*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 ¥37.6B YoY (29%) due to contribution from TMHCC and the progress of growth measures in each business segment, etc.
- On a local currency basis (excluding the appreciation of the yen), increased by 34% YoY

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 due to an increase in loss ratio, etc., while investment return was increased associated with increased investment asset

Europe

- Increased mainly due to a decrease in large losses and foreign exchange gains despite an increase in natural catastrophe losses

South & Central America

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

Asia & Middle East

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

Reinsurance

- Increased due to foreign exchange gains and the reversal effect of a large loss in FY2015, etc.

Life

- Decreased mainly due to the impact of interest rate fluctuation

North America (Breakdown)

Net Premiums Written

(billions of yen, except for %)

	FY2015 Results	FY2016 Results	YoY		(Ref.) YoY (Excluding FX effects)*
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2015 JPY 120.6	As of end-Dec. 2016 JPY 116.4			
Philadelphia	342.3	352.2	9.9	3%	7%
Delphi	241.3	247.9	6.6	3%	6%
TMHCC	-	347.9	347.9	-	-

* Excluding FX effects due to yen conversion

Business Unit Profits

(billions of yen, except for %)

	FY2015 Results	FY2016 Results	YoY		(Ref.) YoY (Excluding FX effects)*
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2015 JPY 120.6	As of end-Dec. 2016 JPY 116.4			
Philadelphia	46.4	45.7	- 0.7	- 2%	2%
Delphi	44.4	39.6	- 4.7	- 11%	- 8%
TMHCC	-	49.6	49.6	-	-

* Excluding FX effects due to yen conversion

(billions of yen)

Business Domain	FY2015 Results	FY2016 Results	YoY Change
Domestic Non-Life	126.0	167.6	41.6
TMNF	120.0	160.3	40.3
NF	8.8	10.6	1.8
Other	-2.7	-3.3	-0.6
Domestic Life^{*1}	-188.1	373.5	561.6
TMNL	-187.4	373.5	560.9
International Insurance	131.8	169.5	37.6
North America	95.6	140.2	44.6
Europe	8.0	8.9	0.9
South & Central America	5.3	4.4	-0.8
Asia & Middle East	14.8	7.5	-7.3
Reinsurance	10.6	12.4	1.8
International Non-Life ^{*2}	134.3	173.2	38.9
International Life	0.6	0.1	-0.4
Financial & General	7.3	6.6	-0.7

*1: Excluding capital transactions

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

– Domestic Non-Life

Increased by ¥41.6B YoY to ¥167.6B mainly due to the factors below at TMNF:

- Increase in net premiums earned
- Decrease in net incurred losses relating to natural catastrophes
- Reversal effect of an increase in net incurred losses due to large losses in FY2015
- Increase in provision for foreign currency denominated outstanding claims reserves

– Domestic Life

Increased by ¥561.6B YoY to ¥373.5B mainly due to the factors below at TMNL:

- Impact of changes in economic environment (rise in interest rates)
- Changes in definitions in the measurement method of MCEV

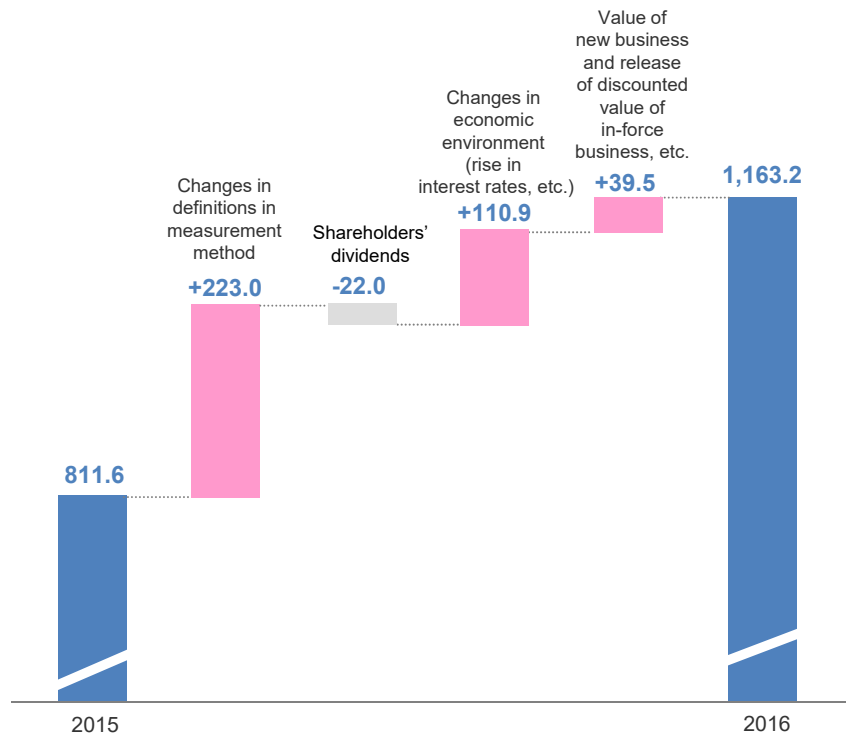
– International Insurance

Increased by ¥37.6B YoY to ¥169.5B (see p.13 for details)

TMNL Supplement on MCEV Increase

■ Business Unit Profits (Increase in MCEV*1)

(billions of yen)



● Business Unit Profits

- The increase in MCEV was ¥373.5B mainly due to changes in definitions in the measurement method and changes in economic environment (rise in interest rates, etc.)
- Value of new business was ¥37.4B due to promoting sales shift to protection-type products

Year-end MCEV ^{*2}	811.6	1,163.2
MCEV Increase ^① ^{*3}		373.5
MCEV Increase ^② ^{*4}		39.5

*1: Figures are before review by an independent third party

*2: Figures are after payment of shareholders' dividends of the prior fiscal year

*3: Excluding the effects of payment of shareholders' dividends

*4: Excluding the effects of payment of shareholders' dividends, changes in economic environment, and changes in definitions in the measurement method

II. FY2017 Projections

<Reference>

Assumptions used for FY2017 Full-Year Projections

FX rate USD/JPY	Nikkei Stock Average
JPY 112.19 (end of Mar. 2017)	18,909 yen (end of Mar. 2017)

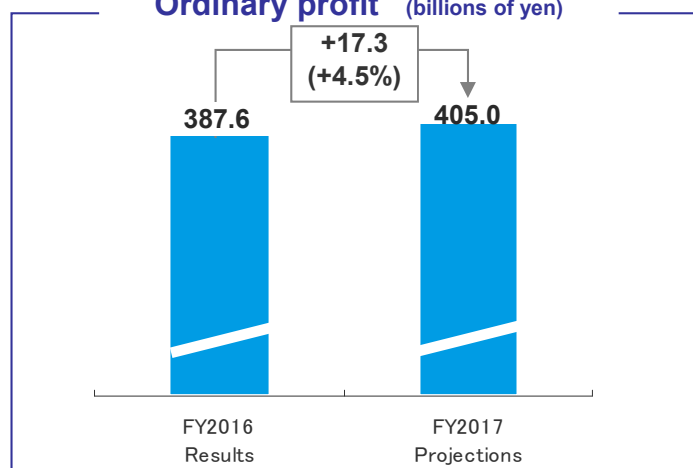
Consolidated Projections Overview (1)

Consolidated	Domestic Life
Domestic Non-Life	International

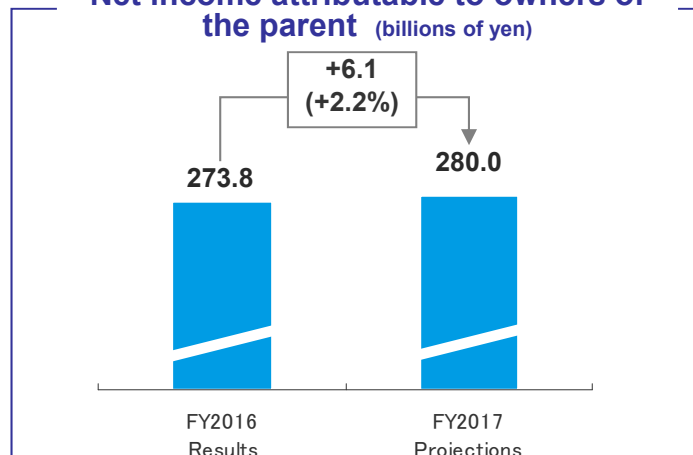


- Net premiums written: Increase in domestic non-life business due to business expansion despite the impact of the appreciation of the yen at overseas subsidiaries
- Life insurance premiums: Decrease due to the appreciation of the yen at overseas subsidiaries, etc. despite an increase in in-force policies in domestic life business
- Ordinary profit and net income attributable to owners of the parent: Increase due to a decrease in net provision for underwriting reserves in domestic life business and a decrease in amortization of goodwill, etc. despite the impact of FX effects at overseas subsidiaries
- Adjusted net income: Decrease due to (i) a decrease in gains on sales of business-related equities and dividends income in domestic non-life business and (ii) the impact of FX effects at overseas subsidiaries, etc.

Ordinary profit (billions of yen)



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



(billions of yen, except for %)

■ Ordinary income (TMHD Consolidated)

	FY2016 Results	FY2017 Projections	YoY Change	
			Change	%
Net premiums written (TMHD Consolidated)	3,480.4	3,490.0	9.5	+ 0.3%
Life insurance premiums (TMHD Consolidated)	904.4	890.0	- 14.4	- 1.6%

■ Ordinary profit (TMHD Consolidated)

	FY2016 Results	FY2017 Projections	YoY Change	
			Change	%
Tokio Marine & Nichido	312.4	339.0	26.5	+ 8.5%
Nisshin Fire	9.0	6.5	- 2.5	- 27.9%
Tokio Marine & Nichido Life	13.2	34.5	21.2	+ 160.4%
Overseas subsidiaries	174.1	170.0	- 4.1	- 2.4%
Financial and general	6.2	5.7	- 0.5	- 8.9%
Others (Consolidation adjustments, etc.)	- 127.4	- 150.7	- 23.2	

■ Net income attributable to owners of the parent

	FY2016 Results	FY2017 Projections	YoY Change	
			Change	%
Tokio Marine & Nichido	248.6	270.0	21.3	+ 8.6%
Nisshin Fire	6.5	4.5	- 2.0	- 31.6%
Tokio Marine & Nichido Life	8.7	23.9	15.1	+ 171.7%
Overseas subsidiaries	135.6	127.0	- 8.6	- 6.4%
Financial and general	4.0	3.8	- 0.2	- 6.8%
Others (Consolidation adjustments, etc.)	- 129.8	- 149.2	- 19.3	

【KPI for the Group Total】

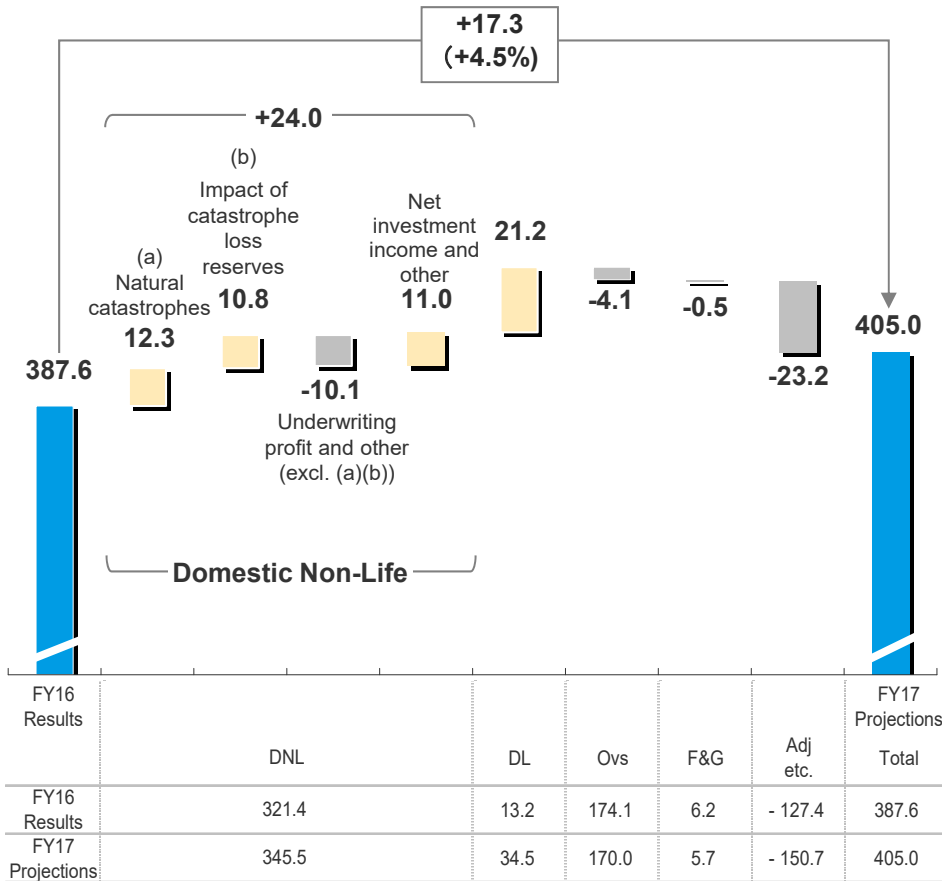
	FY2016 Results	FY2017 Projections	YoY Change	
			Change	%
■ Adjusted net income	406.7	382.0	-24.7	- 6.1%

Consolidated Projections Overview (2)

Consolidated	Domestic Life
Domestic Non-Life	International



■ Ordinary Profit (billions of yen)



– Domestic Non-Life

Increase mainly due to the following factors at TMNF:

- Increase in underwriting profit due to (i) a decrease in net incurred losses relating to natural catastrophes and (ii) an increase in amount taken down from catastrophe loss reserves associated with an increase in W/P loss ratio in auto
- Increase in net investment income and other due to an increase in dividends from subsidiaries

– Domestic Life

- Increase due to (i) the product revisions owing to the standard interest rate revision and (ii) a decrease in provision for underwriting reserves owing to suspension of sales of long-term saving-type products in FY2016

– Overseas Subsidiaries

- Although projected to decrease due to the appreciation of the yen, assuming an average level of net incurred losses relating to natural catastrophes, and the reversal effect of foreign exchange gains in FY2016, etc., excluding these factors, profit is projected to increase

– Consolidation Adjustments, etc.

- Increase in negative adjustment due to an increase in dividends income from consolidated subsidiaries at TMNF despite a decrease in amortization of goodwill owing to the appreciation of the yen, etc.

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.)

Adjusted Net Income (Group Total)

Consolidated	Domestic Life
Domestic Non-Life	International



- Adjusted Net Income is projected to decrease by ¥24.7B YoY to ¥382.0B
- Adjusted ROE is projected to decrease by 1.2pts YoY to 9.8%

Reconciliation^{*1}

(billions of yen)

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

	FY2016 Results	FY2017 Projections	YoY Change
Net income attributable to owners of the parent (consolidated)	273.8	280.0	6.1
Provision for catastrophe loss reserves ^{*2}	+35.1	+27.0	-8.1
Provision for contingency reserves ^{*2}	+1.7	+1.0	-0.7
Provision for price fluctuation reserves ^{*2}	+3.9	+4.0	0.1
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	+0.6	+0.0	-0.6
Gains or losses on sales or valuation of fixed assets and business investment equities	-3.5	+0.0	3.5
Amortization of goodwill and other intangible fixed assets	+96.9	+70.0	-26.9
Other extraordinary gains/losses, valuation allowances, etc.	-1.9	+0.0	1.9
Adjusted Net Income	406.7	382.0	-24.7
Adjusted ROE	11.0%	9.8%	-1.2pt

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

*2: In case of reversal, it is subtracted from the equation

*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

Changes in reconciliation YoY

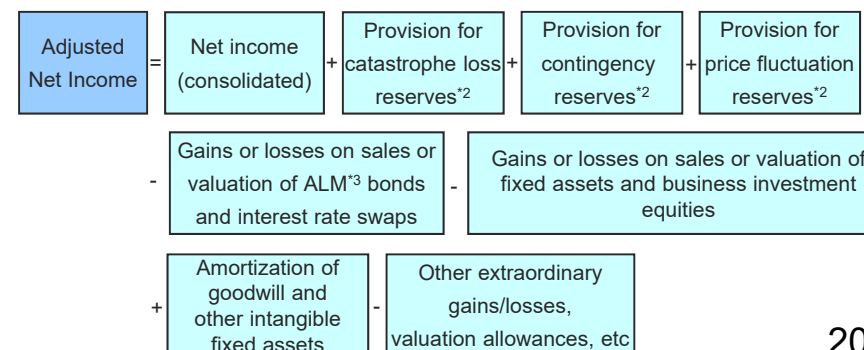
Catastrophe loss reserves:

- Projecting a decrease in net provision for catastrophe loss reserves due to an increase in amount taken down associated with an increase in W/P loss ratio in auto at TMNF (also decreases reconciling amount)

Amortization of goodwill, etc.:

- Projecting a decrease due to a decrease in amortization of intangible fixed assets at TMHCC (also decreases reconciling amount)

Definition of Adjusted Net Income



Changes in Major P/L Items

(billions of yen)

	FY2016 Results	FY2017 Projections	YoY Change
Underwriting profit/loss	116.1	130.0	13.8
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	159.1	163.6	4.4
Net premiums written (Private insurance)	1,831.9	1,861.8	29.8
Net premiums earned (Private insurance)	1,820.8	1,843.8	23.0
Net incurred losses (Private insurance)*	- 1,051.3	- 1,065.5	- 14.1
Natural catastrophe losses	- 53.5	- 40.0	13.5
Provision/Reversal of foreign currency denominated outstanding claims reserves	0.4	-	- 0.4
Other than above	- 998.2	- 1,025.5	- 27.2
Business expenses (Private insurance)	- 599.0	- 607.0	- 8.0
Provision/Reversal of catastrophe loss reserves	- 42.9	- 33.6	9.3
Auto	- 10.4	0.0	10.5
Fire	- 15.8	- 15.7	0.0
Net investment income (loss) and other	197.4	208.2	10.7
Net investment income/loss	217.6	237.1	19.4
Interest and dividends	177.8	201.0	23.1
Dividends from foreign stocks	65.8	101.9	36.0
Gains/Losses on sales of securities	89.1	77.7	- 11.3
Impairment losses on securities	- 0.9	-	0.9
Gains/Losses on derivatives	1.4	- 1.8	- 3.2
Ordinary profit/loss	312.4	339.0	26.5
Extraordinary gains/losses	2.0	- 5.9	- 7.9
Net income/loss	248.6	270.0	21.3

*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

Projected to increase by ¥13.8B YoY to ¥130.0B

- Net premiums written (Private insurance):
 - Increase due to premium growth mainly in auto (See p.23 for details)
- Net incurred losses (Private insurance):
 - Decrease in net incurred losses relating to natural catastrophes
 - Projected to increase due to the reversal effect of large losses which were relatively low in FY2016, in addition to premium growth
- Business expenses (Private insurance):
 - Increase in corporate expenses due to an increase in personnel expenses, etc.
 - Increase in agency commissions associated with premium growth
- Catastrophe loss reserves:
 - Increase in amount taken down associated with an increase in W/P loss ratio in auto

Net Investment Income and Other

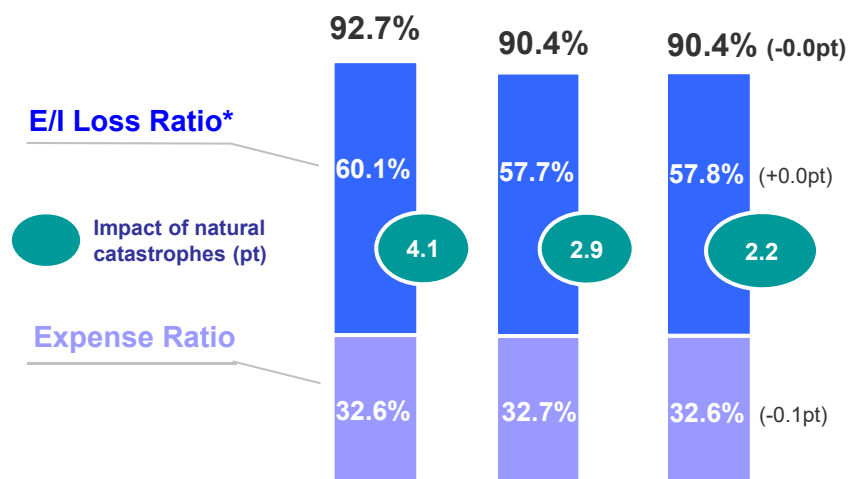
Projected to increase by ¥10.7B YoY to ¥208.2B mainly due to an increase in dividends from subsidiaries

Net Income

Projected to increase by ¥21.3B YoY to ¥270.0B due to the factors above as well as reflecting the decrease in extraordinary losses

Combined Ratio (Private insurance: E/I basis)

※() : YoY Change



E/I Basis Loss Ratio

- Projected to be almost flat YoY at 57.8%
 - ➔ Decrease in net incurred losses relating to natural catastrophes
 - ➔ Reversal effect of large losses which were relatively low in FY2016

Expenses Ratio

- Projected to improve by 0.1 point YoY to 32.6%
 - ➔ Decrease in agency commission rate

(billions of yen)

	FY2015 Results	FY2016 Results	FY2017 Projections	YoY Change
Net premiums written	1,844.1	1,831.9	1,861.8	29.8
Net incurred losses*	1,072.4	1,051.3	1,065.5	14.1
Business expenses	600.4	599.0	607.0	8.0
Corporate expenses	233.4	234.3	239.0	4.7
Agency commissions	367.0	364.7	368.0	3.2

(Reference)

Private insurance W/P combined ratio*	89.2%	89.6%	88.9%	- 0.7pt
Private insurance W/P loss ratio*	56.6%	56.9%	56.3%	- 0.6pt

* Including loss adjustment expenses

Net Premiums Written by Line

(billions of yen, except for %)

	FY2016 Results	FY2017 Projections	YoY	
			Change	%
Fire	272.2	270.2	-2.0	-0.8%
Marine	58.9	60.0	1.0	1.7%
P.A.	172.2	163.3	-8.8	-5.1%
Auto	1,051.3	1,067.9	16.5	1.6%
CALI	282.7	277.3	-5.3	-1.9%
Other	278.6	301.1	22.5	8.1%
Total	2,116.1	2,140.0	23.8	1.1%
Private insurance Total	1,831.9	1,861.8	29.8	1.6%

Major Factors of Changes in NPW

- P.A.: Projected to decrease mainly due to the shift of P.A. insurance for employment injury into the "Other" category
- Auto: Projected to increase mainly due to an increase in the number of policies
- Other: Projected to increase premium growth in liability, etc. as well as the premium shift of sub-lines from the "P.A." category

E/I Loss Ratio by Line

	FY2016 Results	FY2017 Projections	YoY Change
Fire	54.1%	51.2%	- 2.9pt
Marine	50.5%	60.5%	9.9pt
P.A.	50.7%	51.5%	0.8pt
Auto	60.2%	60.2%	- 0.0pt
Other	57.8%	58.0%	0.3pt
Private insurance Total	57.7%	57.8%	0.0pt

Major Factors of Changes in E/I Loss Ratio

- Fire: Improve mainly due to assuming an average level of natural catastrophe losses
- Marine: Worsen mainly due to the reversal effect of large losses which were relatively low in FY2016
- Auto: Almost flat YoY

Changes in Major P/L Items

(billions of yen)

	FY2016 Results	FY2017 Projections	YoY Change
Underwriting profit/loss	8.1	5.4	- 2.6
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	13.9	9.8	- 4.0
Net premiums written (Private insurance)	120.2	122.4	2.1
Net premiums earned (Private insurance)	121.3	122.8	1.5
Net incurred losses (Private insurance)*	- 66.5	- 71.5	- 5.0
Natural catastrophe losses	- 1.7	- 3.0	- 1.2
Other than above	- 64.7	- 68.5	- 3.8
Business expenses (Private insurance)	- 41.7	- 42.1	- 0.4
Provision/Reversal of catastrophe loss reserves	- 5.8	- 4.4	1.4
Fire	- 0.8	0.6	1.4
Auto	- 4.1	- 4.0	0.0
Net investment income (loss) and other	1.2	1.5	0.2
Net investment income/loss	2.0	1.8	- 0.1
Interest and dividends	4.3	3.9	- 0.4
Gains/Losses on sales of securities	- 0.0	-	0.0
Ordinary profit/loss	9.0	6.5	- 2.5
Extraordinary gains/losses	0.1	- 0.3	- 0.5
Net income/loss	6.5	4.5	- 2.0
Loss ratio (Private insurance, E/I basis)*	54.8%	58.2%	3.4pt
Expense ratio (Private insurance)	34.7%	34.4%	- 0.3pt
E/I Combined ratio (Private insurance)*	89.5%	92.7%	3.2pt

* Including loss adjustment expenses

(Notes)

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

Underwriting Profit

Projected to decrease by ¥2.6B YoY to ¥5.4B mainly due to the following factors:

- Net premiums written (Private insurance)
 - ➔ Increase due to sales expansion in fire and specialty insurance for SMEs
- Net incurred losses (Private insurance)
 - ➔ Assuming an average level of natural catastrophe losses
 - ➔ Increase associated with an increase in unit repair cost in auto and premium growth in fire and specialty insurance
- Catastrophe loss reserves
 - ➔ Projecting take down in fire

Net Investment Income and Other

Projected to be almost flat YoY of ¥1.5B

Net Income

Projected to decrease by ¥2.0B YoY to ¥4.5B mainly due to a decrease in underwriting profit

■ Annualized Premiums (ANP)

(billions of yen)

	FY2016 Results	FY2017 Projections	YoY	
			Change	%
New policies ANP	120.7	91.5	-29.2	-24.2%
excluding long-term saving-type products ^{*1}	113.5	91.5	-22.0	-19.4%
In-force policies ANP	831.3	839.0	7.6	0.9%

^{*1} Excluding individual annuity and "whole life with long-term discount"

■ Key Figures in Financial Accounting

(billions of yen)

	FY2016 Results	FY2017 Projections	YoY
			Change
Ordinary income	1,005.6	1,030.9	25.2
Insurance premiums and other	866.7	933.6	66.8
Net income	8.7	23.9	15.1
Core operating profit	22.3	34.5	12.1

– New Policies ANP

- Projected to decrease by 24.2% YoY due to the impact of suspending the sales of long-term saving-type products and product revisions associated with the revision of the standard interest rate despite promoting the sales of living benefit products^{*2}

^{*2}Medical and cancer insurance, household income term insurance, long-life support whole life insurance

– In-force Policies ANP

- Almost flat YoY due to a steady increase in new policies despite surrender and reaching maturity in variable annuities

– Net Income

- Projected to increase by ¥15.1B YoY to ¥23.9B due to (i) product revisions associated with the revision of the standard interest rate and (ii) a decrease in provision for underwriting reserves owing to the impact of suspending the sales of long-term saving-type products in FY2016, etc.

– Core Operating Profit

- Projected to increase by ¥12.1B YoY to ¥34.5B due to the same factors as in net income

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %) —

	FY2016 Results	FY2017 Projections	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2016 JPY 116.4	As of end-Mar. 2017 JPY 112.1			
North America	1,031.6	1,023.0	- 8.6	- 1%	3%
Europe	134.4	148.0	13.5	10%	12%
South & Central America	129.6	131.0	1.3	1%	1%
Asia & Middle East	116.8	123.0	6.1	5%	6%
Reinsurance	153.8	128.0	- 25.8	- 17%	- 14%
Total Non-Life^{*1}	1,566.4	1,553.0	- 13.4	- 1%	2%
Life	88.0	89.0	0.9	1%	2%
Total	1,654.4	1,642.0	- 12.4	- 1%	2%

*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 projecting an increase YoY on a local currency basis due to the progress of growth measures in each business segment, projecting to decrease due to the appreciation of the yen

North America

- Projected to decrease at Philadelphia, Delphi, and TMHCC due to the yen's appreciation while projected to increase on a local currency basis mainly due to rate increases in renewal book and an increase in specialty insurance products sales, etc.

Europe

- Projected to increase due to continuous business expansion at Tokio Marine Kiln

South & Central America

- Projected to increase slightly reflecting the economic slowdown of Brazil

Asia & Middle East

- Projected to increase mainly due to auto insurance sales growth etc., in India, Malaysia, and Thailand

Reinsurance

- Projected to decrease mainly due to the reversal effect of multi-year policies in FY2016

Life

- Projected to increase mainly due to sales growth in Thailand, India, and Indonesia, etc.

Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2016 Results	FY2017 Projections	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2016 JPY 116.4	As of end-Mar. 2017 JPY 112.1			
North America	140.2	128.0	- 12.2	- 9%	- 5%
Europe	8.9	7.0	- 1.9	- 22%	- 20%
South & Central America	4.4	4.0	- 0.4	- 11%	- 12%
Asia & Middle East	7.5	9.0	1.4	20%	19%
Reinsurance	12.4	9.0	- 3.4	- 28%	- 25%
Total Non-Life^{*1}	173.2	157.0	- 16.2	- 9%	- 6%
Life	0.1	2.0	1.8	1,720%	2,905%
Total	169.5	153.0	- 16.5	- 10%	- 6%

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

*2: Excluding FX effects due to yen conversion

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

- Projected to decrease due to assuming an average level of natural catastrophe losses, reversal effect of foreign exchange gains in FY2016, and the appreciation of the yen, etc.
- Normalizing these factors, profit is in an increasing trend mainly in Asia, Europe, and Reinsurance (4% increase YoY from normalized basis Total FY2016 results approx. ¥147B)

North America

- Projected to decrease at Philadelphia and TMHCC due to the appreciation of the yen as well as assuming an average level of natural catastrophe losses, etc.
- Projected to increase at Delphi due to an increase in investment income associated with an increase in investment asset and an improvement in underwriting profit

Europe

- Projected to decrease mainly due to the reversal effect of foreign exchange gains in FY2016

South & Central America

- Projected to decrease due to a decrease in investment income, etc. despite measures to improve profitability, etc. under the economic slowdown in Brazil

Asia & Middle East

- Projected to increase due to the reversal effect of large losses in FY2016 and business expansion, etc.

Reinsurance

- Projected to decrease mainly due to the reversal effect of foreign exchange gains in FY2016

Life

- Projected to increase mainly due to the reversal effect of the impact of interest rate fluctuation in FY2016

North America (Breakdown)

Consolidated	Domestic Life
Domestic Non-Life	International



Net Premiums Written

(billions of yen, except for %)

	FY2016 Results	FY2017 Projections	YoY		(Ref.) YoY (Excluding FX effects)*
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2016	As of end-Mar. 2017			
	JPY 116.4	JPY 112.1			
Philadelphia	352.2	348.0	- 4.2	- 1%	3%
Delphi	247.9	246.0	- 1.9	- 1%	3%
TMHCC	347.9	346.0	- 1.9	- 1%	3%

* Excluding FX effects due to yen conversion

Business Unit Profits

(billions of yen, except for %)

	FY2016 Results	FY2017 Projections	YoY		(Ref.) YoY (Excluding FX effects)*
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2016	As of end-Mar. 2017			
	JPY 116.4	JPY 112.1			
Philadelphia	45.7	39.0	- 6.7	- 15%	- 11%
Delphi	39.6	44.0	4.3	11%	15%
TMHCC	49.6	41.0	- 8.6	- 17%	- 14%

* Excluding FX effects due to yen conversion

Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen)

Business Domain	FY2016 Results	FY2017 Projections	YoY Change
Domestic Non-Life	167.6	160.0	-7.6
TMNF	160.3	153.0	-7.3
NF	10.6	8.0	-2.6
Other	-3.3	-1.0	2.3
Domestic Life^{*1}	373.5	53.0	-320.5
TMNL	373.5	54.0	-319.5
International Insurance	169.5	153.0	-16.5
North America	140.2	128.0	-12.2
Europe	8.9	7.0	-1.9
South & Central America	4.4	4.0	-0.4
Asia & Middle East	7.5	9.0	1.4
Reinsurance	12.4	9.0	-3.4
International Non-Life ^{*2}	173.2	157.0	-16.2
International Life	0.1	2.0	1.8
Financial & General	6.6	5.0	-1.6

*1: Excluding capital transactions

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

– Domestic Non-Life

Projected to decrease by ¥7.6B YoY to ¥160.0B mainly due to the below factors at TMNF:

- ↗ Decrease in net incurred losses relating to natural catastrophes
- ↘ Decrease in interests and dividends other than dividends from subsidiaries
- ↘ Reversal effect of large losses which were relatively low in FY2016

– Domestic Life

Projected to decrease by ¥320.5B YoY to ¥53.0B mainly due to the below factors at TMNL:

- ↘ Reversal effect of changes in definitions in the measurement method of MCEV in FY2016
- ↘ Reversal effect of changes in economic environment (rise in interest rates) in FY2016

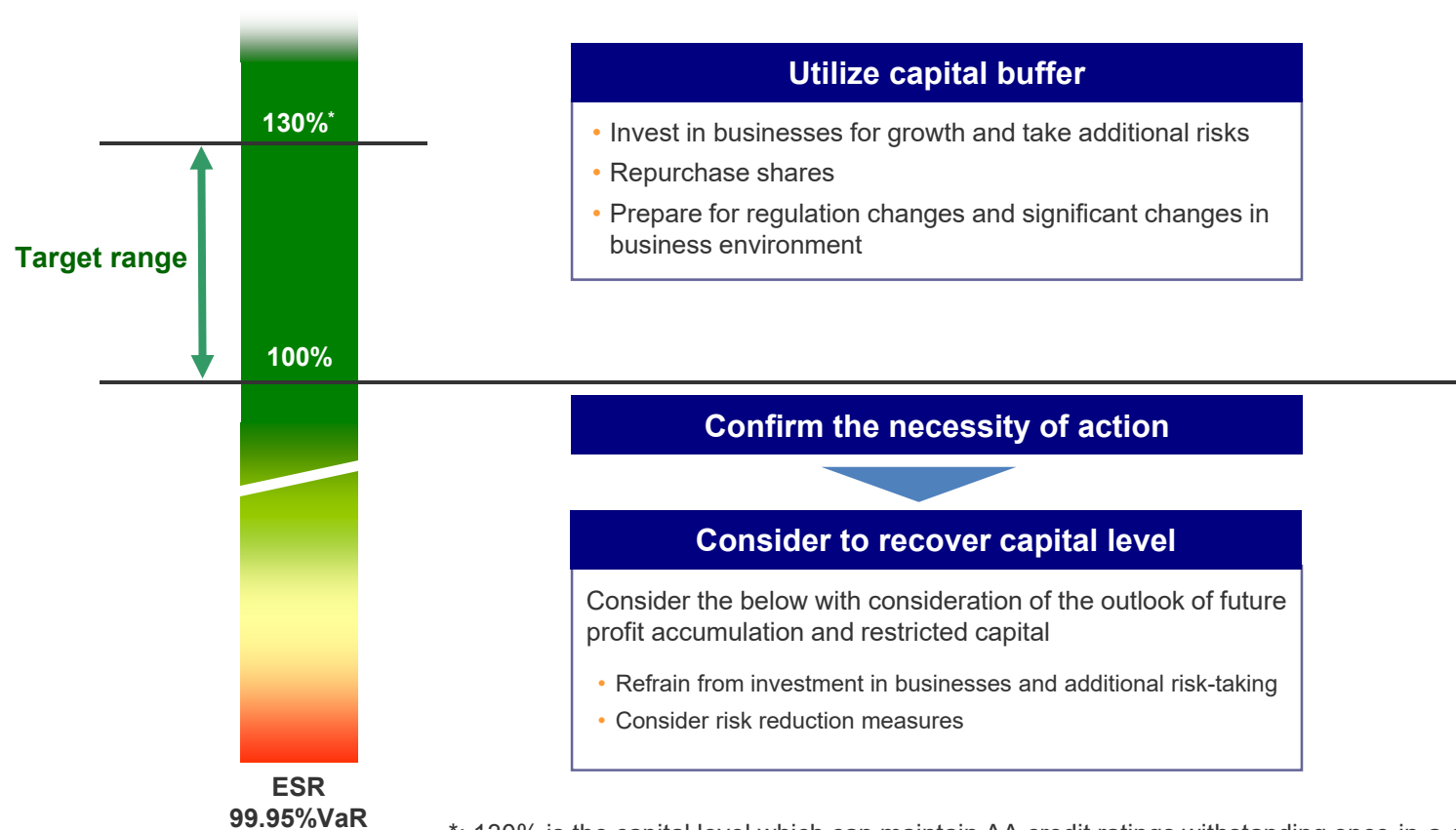
– International Insurance

Projected to decrease by ¥16.5B YoY to ¥153.0B as shown on p.27

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

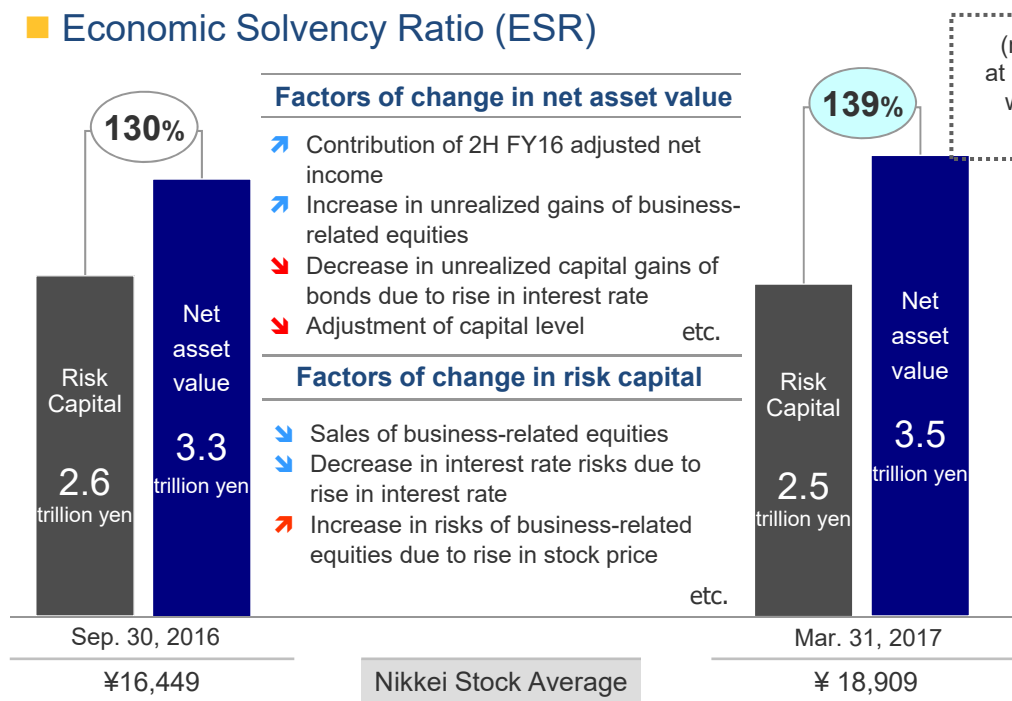


*: 130% is the capital level which can maintain AA credit ratings withstanding once-in-a-decade risks

ESR as of Mar. 31, 2017

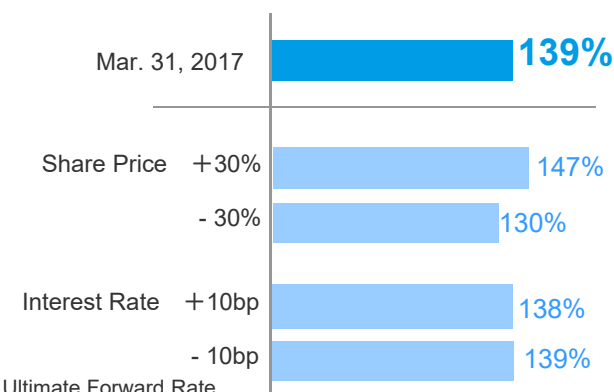
- ESR has increased to 139% due to a decrease in risk capital as well as an increase in net asset value
 - Factors of change in net asset value: Contribution of 2H FY16 adjusted net income, an increase in unrealized gains of business-related equities, and a decrease in unrealized capital gains of bonds due to rise in interest rate, etc.
 - Factors of change in risk capital: Sales of business-related equities, and a decrease in interest rate risks due to rise in interest rate, etc.
- Business continuity is confirmed even in the event of stress scenario

Economic Solvency Ratio (ESR)



Impact of market changes on ESR and our measures

- Share price: Continue to sell business-related equities as the impact on ESR associated with the market value fluctuation is large
- Interest rate: Impact to ESR decreased according with rise in interest rate. Control the impact of interest rate fluctuation through ALM while preparing for future rise in interest rate
- FX rates: Limited impact on ESR



* 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 30th year are extrapolated accordingly

(Ref.) Definition of Net Asset Value

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

Reference

Status of Investments in Securitized Products

■ Status of Investments in Securitized Products, etc.

(Sum of major subsidiaries (domestic and overseas) as of the end of FY2016)

(billions of yen)

	As of the end of FY2016 ^{*1}	Domestic Offices	Overseas Offices
CDS	17.1	17.1	-
AAA	-	-	-
AA	-	-	-
A	-	-	-
BBB	17.1	17.1	-
Other than above	-	-	-
ABS (Securitized products)	1,126.8	72.2	1,054.5
Agency MBS ^{*2}	243.2	-	243.2
AAA	179.8	30.2	149.5
AA	42.8	0.8	42.0
A	91.5	17.7	73.8
BBB	266.7	10.9	255.8
Other than above	302.5	12.5	290.0
Total	1,143.9	89.4	1,054.5
Financial guarantee reinsurance (relating to securitized products)	43.2	43.2	-

*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 and Business Unit Profit

Adjusted Net Income (Group total)

Enhancing transparency and comparability /
Linking with shareholder returns

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

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

(Note) Please refer to P.36 for details regarding the definition

Definition of Adjusted Net Income / Adjusted Net Assets / Adjusted ROE

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

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

Adjusted ROE

$$\text{Adjusted ROE} = \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets}^{*5}}$$

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

*2: Net income attributable to owners of the parent

*3: In case of reversal, it is subtracted from the equation

*4: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

*5: Average balance basis

Definition of Business Unit Profits

Non-life insurance business

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} = & \text{Net income} + \text{Provision for catastrophe loss reserves}^{*2} + \text{Provision for price fluctuation reserves}^{*2} \\
 & - \text{Gains or losses on sales or valuation of ALM}^{*3} \text{ bonds and interest rate swaps} \\
 & - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} \\
 & - \text{Other extraordinary gains/losses, valuation allowances, etc.}
 \end{aligned}$$

Life insurance business*4

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} = & \text{Increase in EV}^{*5} \text{ during the current fiscal year} + \text{Capital transactions such as capital increase}
 \end{aligned}$$

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

*2: In case of reversal, it is subtracted from the equation

*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

*4: For some of the life insurance companies, 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 sum of the net present value of profits to be gained from policies in-force and the net asset value

Other businesses

Net income determined in accordance with financial accounting principles

Reconciliation of Adjusted Net Income / Adjusted Net Assets

(billions of yen)

Adjusted Net Income*¹

	FY2016 Results	FY2017 Projections	YoY Change
Net income attributable to owners of the parent (consolidated)	273.8	280.0	6.1
Provision for catastrophe loss reserves ^{*2}	+35.1	+27.0	-8.1
Provision for contingency reserves ^{*2}	+1.7	+1.0	-0.7
Provision for price fluctuation reserves ^{*2}	+3.9	+4.0	0.1
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	+0.6	+0.0	-0.6
Gains or losses on sales or valuation of fixed assets and business investment equities	-3.5	+0.0	3.5
Amortization of goodwill and other intangible fixed assets	+96.9	+70.0	-26.9
Other extraordinary gains/losses, valuation allowances, etc.	-1.9	+0.0	1.9
Adjusted Net Income	406.7	382.0	-24.7

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

*2: In case of reversal, it is subtracted from the equation

*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

(Note) Please refer to P.36 for details regarding the definition

Adjusted Net Assets*¹

	FY2016 Results	FY2017 Projections	YoY Change
Net assets(consolidated)	3,542.1	3,625.5	83.4
Catastrophe loss reserves	+810.9	+838.4	27.5
Contingency reserves	+36.2	+37.2	1.0
Price fluctuation reserves	+67.3	+71.6	4.3
Goodwill and other intangible fixed assets	-644.2	-565.9	78.3
Adjusted Net Assets	3,812.4	4,006.8	194.4

Adjusted ROE

	FY2016 Results	FY2017 Projections	YoY Change
Net income(consolidated)	273.8	280.0	6.1
Net assets(consolidated)*	3,513.4	3,583.8	70.4
Financial accounting basis ROE	7.8%	7.8%	-0.0pt

* average balance basis

	FY2016 Results	FY2017 Projections	YoY Change
Adjusted Net Income	406.7	382.0	-24.7
Adjusted Net Assets*	3,705.9	3,900.0	194.1
Adjusted ROE	11.0%	9.8%	-1.2pt

* average balance basis

Reconciliation of Business Unit Profits

(billions of yen)

Domestic Non-Life*1 (TMNF)

	FY2016 Results	FY2017 Projections	YoY Change
Net income for accounting purposes	248.6	270.0	21.3
Provision for catastrophe loss reserves ^{*2}	+31.0	+24.6	-6.4
Provision for price fluctuation reserves ^{*2}	+3.6	+3.6	0.0
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	+0.3	-0.4	-0.7
Gains or losses on sales or valuation of fixed assets, business related equities and business investment equities	-58.2	-54.6	3.6
Intra-group dividends	-63.6	-97.7	-34.1
Other extraordinary gains/losses, valuation allowances, etc	-1.4	+7.5	8.9
Business Unit Profits	160.3	153.0	-7.3

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

*2: In case of reversal, it is subtracted from the equation

*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

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

(Note) Please refer to P.36 for details regarding the definition

International Insurance*1

	FY2016 Results	FY2017 Projections
Overseas subsidiaries Net income for accounting purposes	135.6	127.0
Difference with EV (Life)	-1.2	
Adjustment of non-controlling interests	-2.5	
Difference of subsidiaries covered	-1.5	
Other adjustments ^{*4}	+39.1	
Business Unit Profits	169.5	153.0

FY2016 MCEV (TMNL)

(billions of yen)

	FY2015	FY2016	YoY Change
Fiscal Year-end MCEV	811.6	1,163.2	351.5
Adjusted net worth	1,162.2	826.3	-335.8
Value of in-force	-350.5	336.8	687.3
Value of new business	60.3	37.4	-22.8

Note: Figures are before review by an independent third party

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