



Tokio Marine Holdings

*To Be a **Good Company***

**Tokio Marine Group  
Mid-Term Business Plan  
“To Be a Good Company 2020”  
FY2018 Business Plan Update**

November 26, 2018



## I

### **Tokio Marine Group Business Strategy**

1. FY2018 Financial Results
2. Economic Solvency Ratio (ESR) & Shareholder Return Policy
3. Progress of the Mid-Term Business Plan

## II

### **Business Plan and Strategy by Domain**

1. Domestic Non-Life Business
2. Domestic Life Business
3. International Insurance Business

## **Reference**

# I

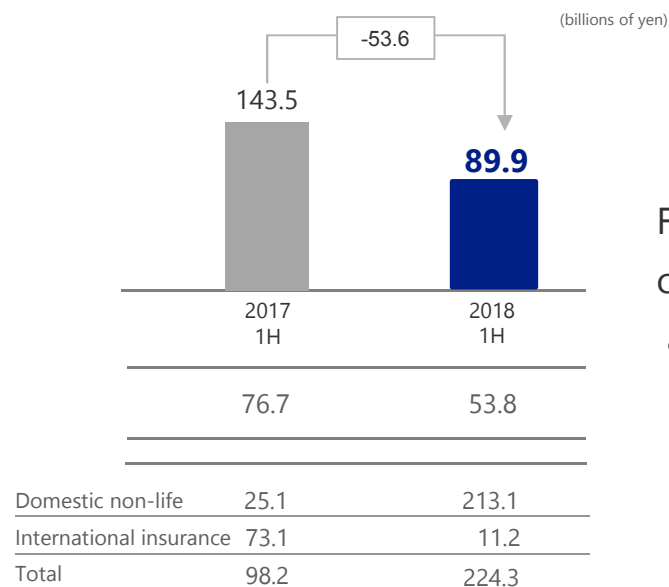
# Tokio Marine Group Business Strategy

## Adjusted Net Income (Group Total)

### Adjusted Net Income

### Net Income\* (financial accounting basis)

Net incurred losses relating to natural catastrophes  
(before-tax, business unit profits basis)

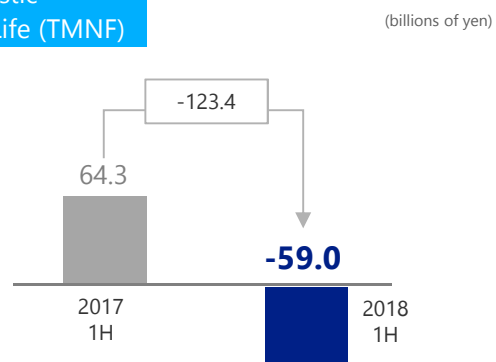


Fell by ¥53.6B YoY mainly due to the impact of natural catastrophes in domestic non-life after an increase at overseas subsidiaries

\*: Net income attributable to owners of the parent

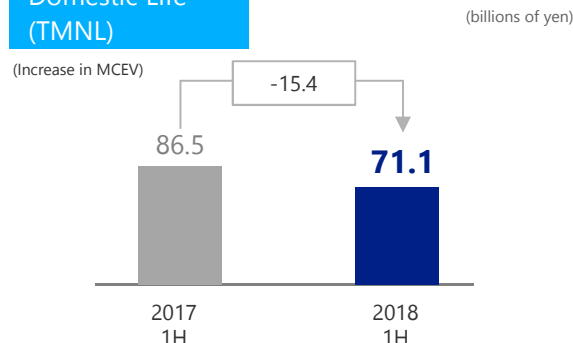
## Business Unit Profits

### Domestic Non-Life (TMNF)



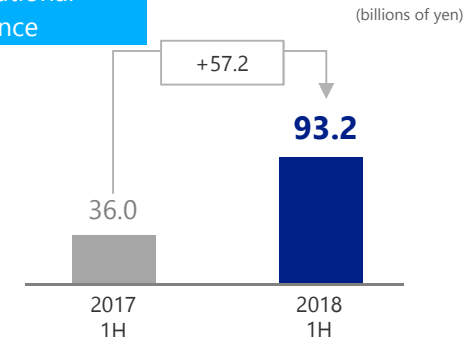
Fell mainly due to the impact of natural catastrophes

### Domestic Life (TMNL)



Fell mainly due to the reversal effect of changes in economic environment (interest rate fluctuation, etc.)

### International Insurance



Grew due to the reversal effect of hurricanes in North America, etc. and the impact of U.S. tax reform

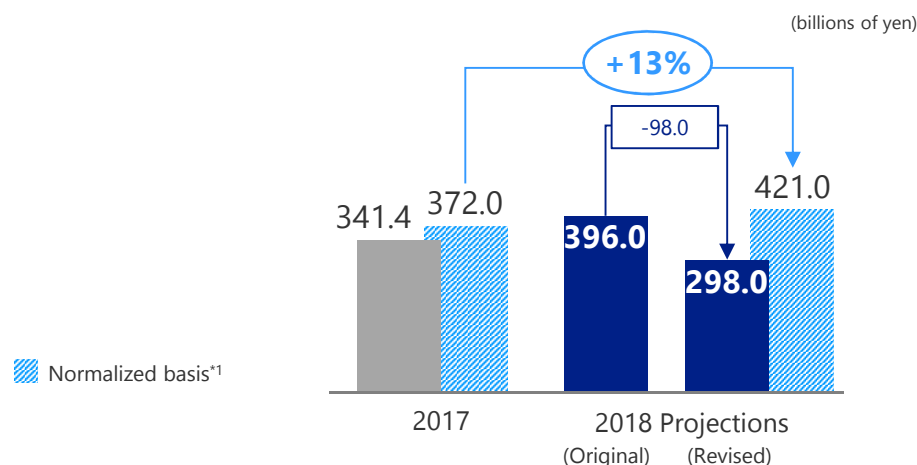
# 1-2. FY2018 Full-Year Projections

- Adjusted net income and adjusted ROE are revised downward mainly due to an increase in natural catastrophe losses in Japan
- However, performance when normalizing nat-cats and FX rates is growing steadily, exceeding the plan

## Adjusted net income

2020 Plan 3~7% CAGR

- +13% YoY on normalized basis: ahead of the plan



**Net Income\*2**  
(financial accounting basis)

Net incurred losses relating to natural catastrophes (before-tax, business unit profits basis)	Domestic non-life	76.3	52.5	237.0
	International insurance	87.2	50.0	38.0
	Total	163.5	102.5	275.0

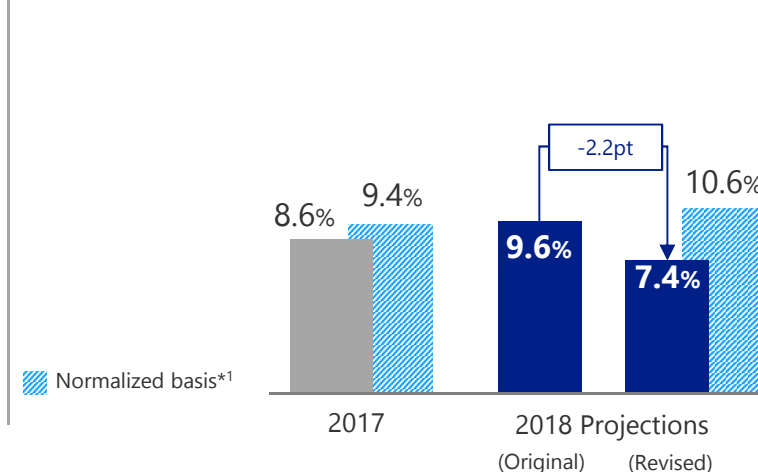
\*1 : Adjusted net income: Nat-cat losses are normalized to an average annual level and FX effects are excluded  
(From 2017, one time impact of U.S. tax reform is also excluded)  
Adjusted net assets: Market condition (FX and stock price) is adjusted to the same level as the end of Mar. 2018

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

## Adjusted ROE

2020 Plan 10% or more

- 10.6% on normalized basis: on track



## □ Main factors of changes in adjusted net Income [after-tax\*3]

- Increase in domestic natural catastrophe losses **-¥133B**
- Decrease in overseas natural catastrophe losses **+¥10B**
- Other factors relating to overseas subsidiaries **+¥25B**

(favorable growth in North America and Brazil, etc.)

\*3: Estimated figures after tax

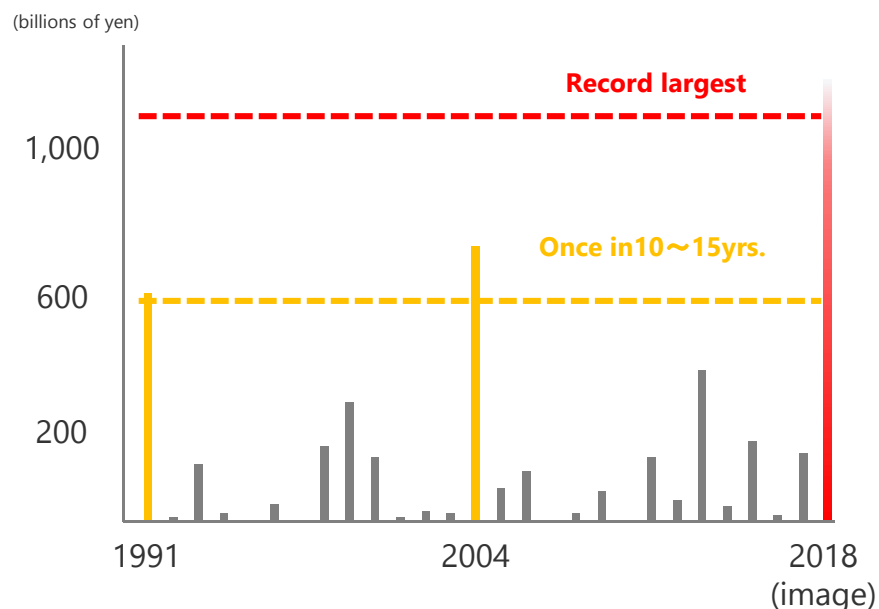
# 1-3. Net Incurred Losses relating to Natural Catastrophes

- Natural catastrophe losses are projected to exceed the original projection due to the record largest wind and flood damages in Japan

## Wind and flood, etc. payouts in Japan (industry total)

- In FY2018, many large natural disasters such as the West Japan heavy rain in July and typhoons No.21/24 in September hit Japan
- Estimated industry-wide payouts of wind and flood, etc. damages is projected to be record largest

### Year-on-year payouts of major wind and flood, etc. \*1



\*1: Source: 1991-2017 The General Insurance Association of Japan

## Impact of nat-cat losses on financial results

- Our original projection for nat-cat losses in FY2018, ¥102.5B, is revised upward to ¥275B
- It pushes down the profit by 123B from the original projections

### Net incurred losses relating to natural catastrophes

(billions of yen)

		2018 Projections		Impacts
		(Original)	(Revised)	
Before-tax	Domestic non-life	52.5	237.0	+184.5
	International insurance	50.0	38.0	-12.0
	Total	102.5	275.0	+172.5
After-tax*2	Domestic non-life	37.8	170.8	+133.0
	International insurance	40.0	30.0	-10.0
	Total	77.8	200.8	+123.0

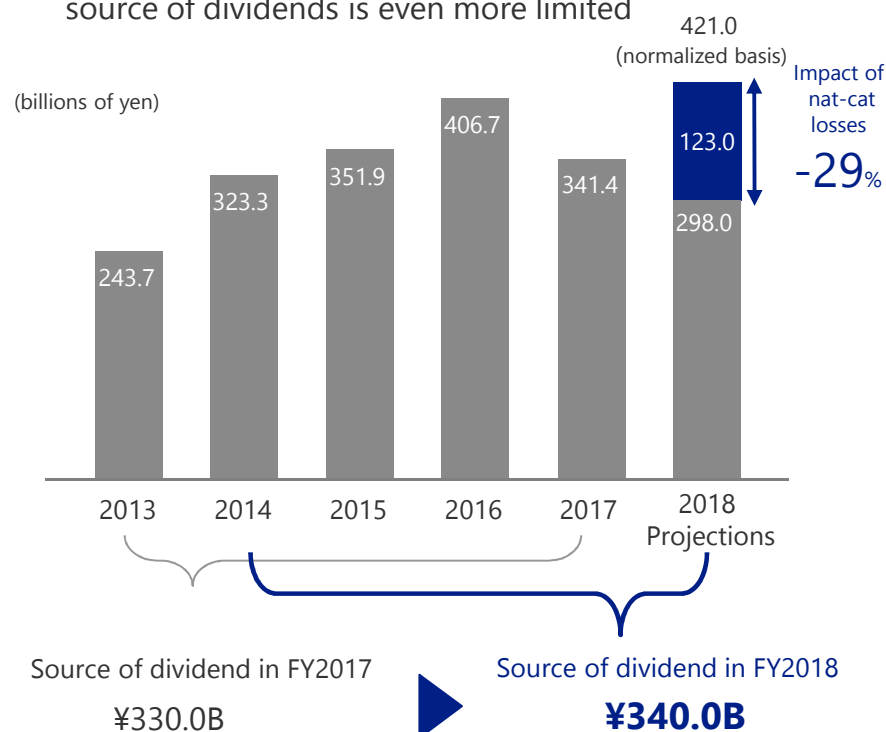
\*2 Estimated figures after-tax

# 1-4. Impact of Natural Catastrophe Losses on Profits

- The impact on profits is within our expectations and tolerance as a result of enhancing geographical/business diversification and advancing risk management, although damaged by the record largest domestic wind and flood
- Continue to enhance further risk model advancement and improve profitability (revising rate levels, etc.)

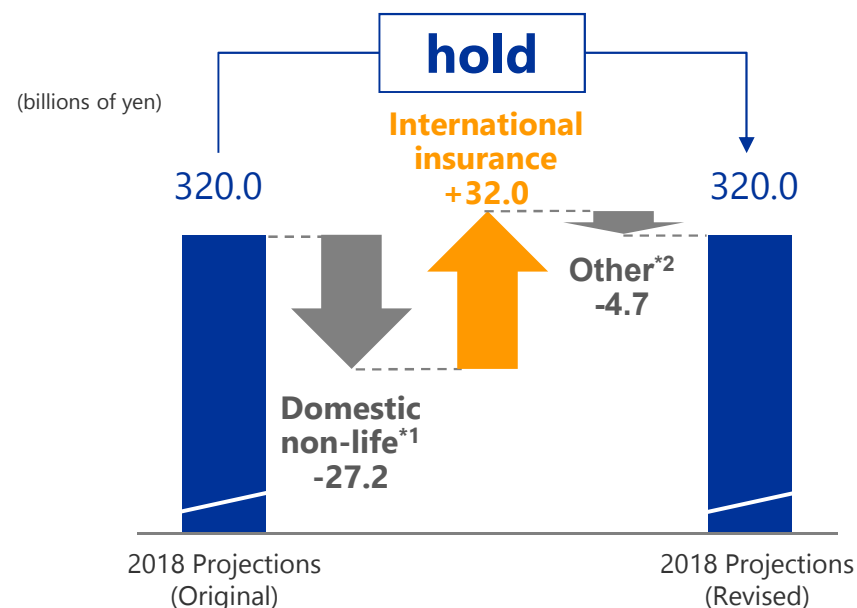
## Adjusted net income

- Impact of nat-cat losses is limited as it is less than 30%
- Impact on the average adjusted net income as source of dividends is even more limited



## Net income on financial accounting basis

- As a result that impact of domestic nat-cat losses is covered by catastrophe loss reserves and international business profits, hold the original projections

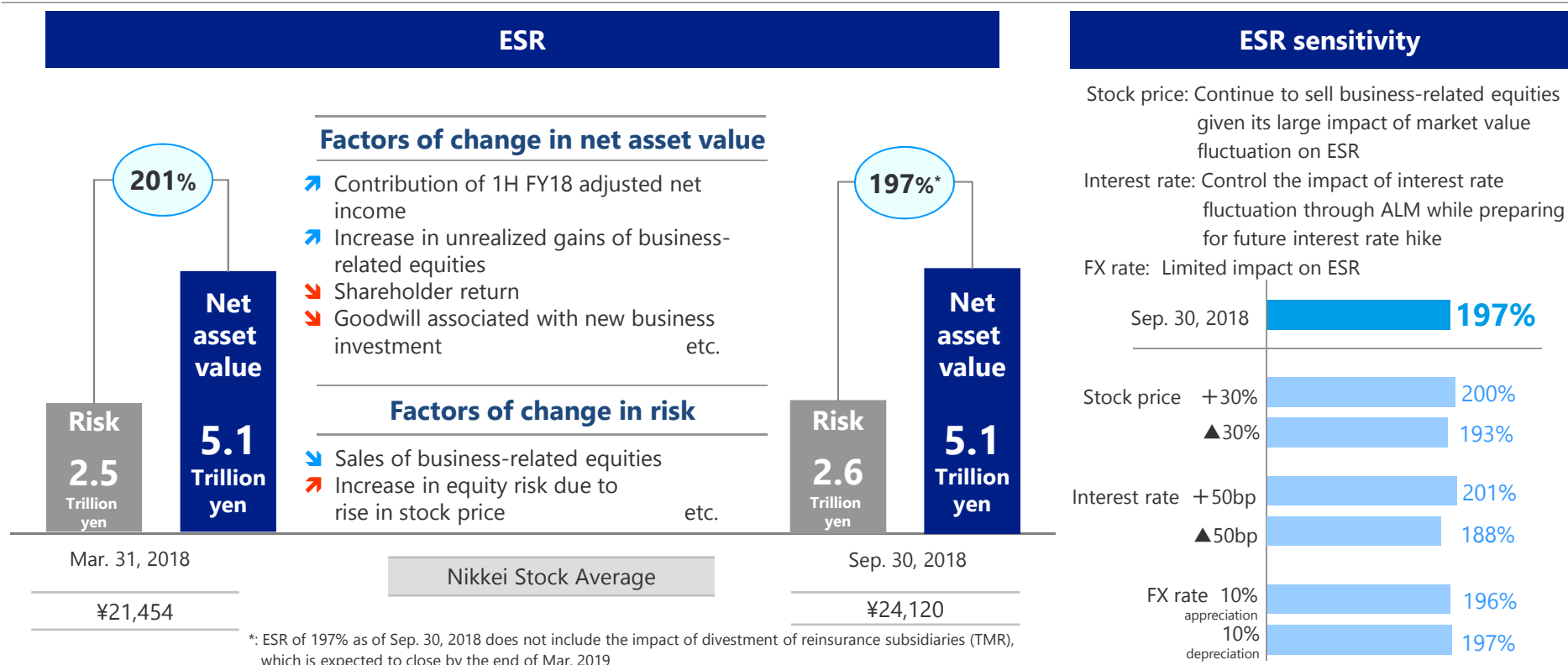


\*1: Nat-cat losses: -133.0, catastrophe loss reserves: +108.5

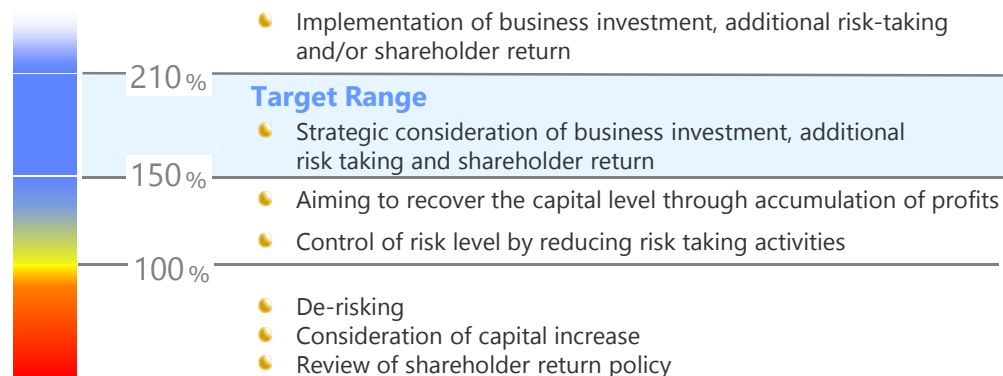
\*2: Consolidated adjustment, etc.: -4.7

## 2-1. Economic Solvency Ratio (ESR)

- ESR as of Sep. 30, 2018 slightly declined to 197% (within target range) due to business investment and shareholder return, offsetting the positive impact associated with the profit contribution and rise in stock price



### (Ref.) ESR



ESR is calculated using capital model based on 99.95%VaR (equivalent to AA credit rating)

## 2-2. Shareholder Return Policy

Stable  
growth of  
dividends



Adjustment of  
capital level

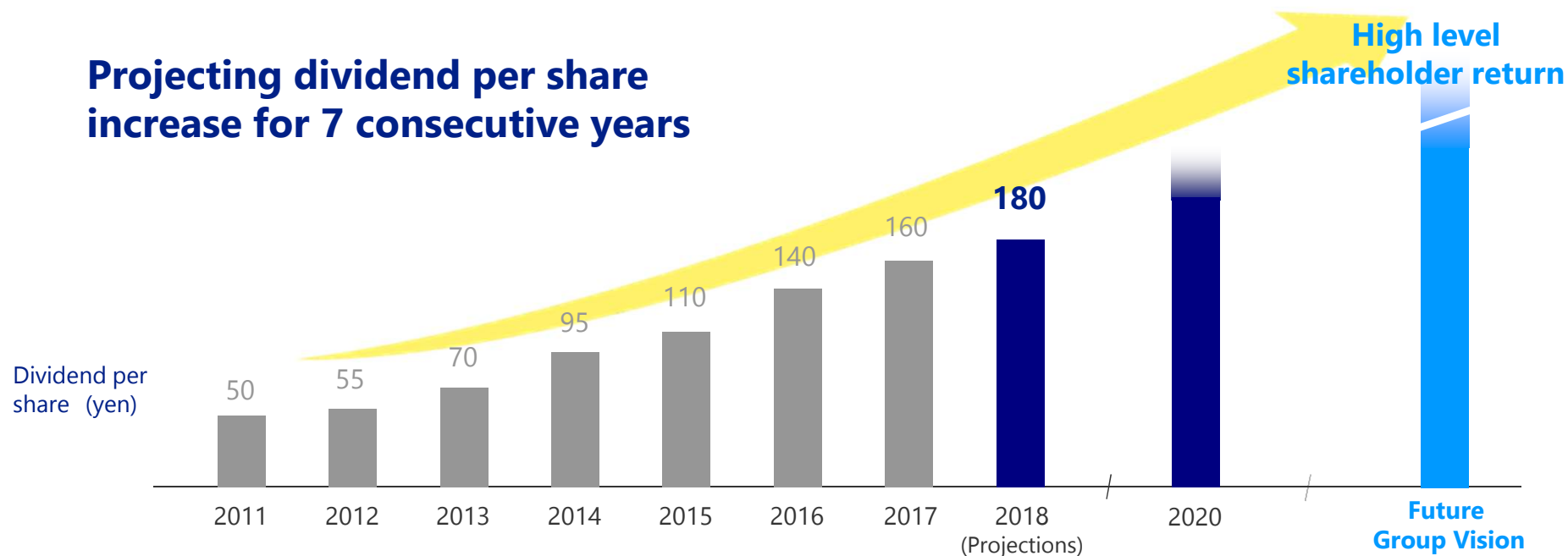
- Our primary means of shareholder return is dividends and we plan to sustainably increase total dividends along with profit growth
- The payout ratio is above 35% of the average adjusted net income and will be raised gradually toward the future Group vision\*1

- Adjustment of capital level will be executed with flexibility through share repurchase etc. based on relevant factors (market conditions, business opportunities etc.)

- Interim dividend is ¥90 per share as projected in the original plan
- Annual dividend is ¥180 per share as projected in the original plan  
Payout ratio will be 38% of the average adjusted net income (¥340B)

- Decided capital level adjustment of ¥100B
  - Share repurchases: ¥50B
  - One-time dividend: ¥50B

### Projecting dividend per share increase for 7 consecutive years



Dividends total*2 (billions of yen)	38.3	42.2	53.7	72.2	83.0	105.3	117.6	128.9
Capital adjustment*3 (Share repurchases, etc.) (billions of yen)	-	-	-	50.0	-	50.0	150.0	100.0

\*1: The payout ratio is the original projections basis

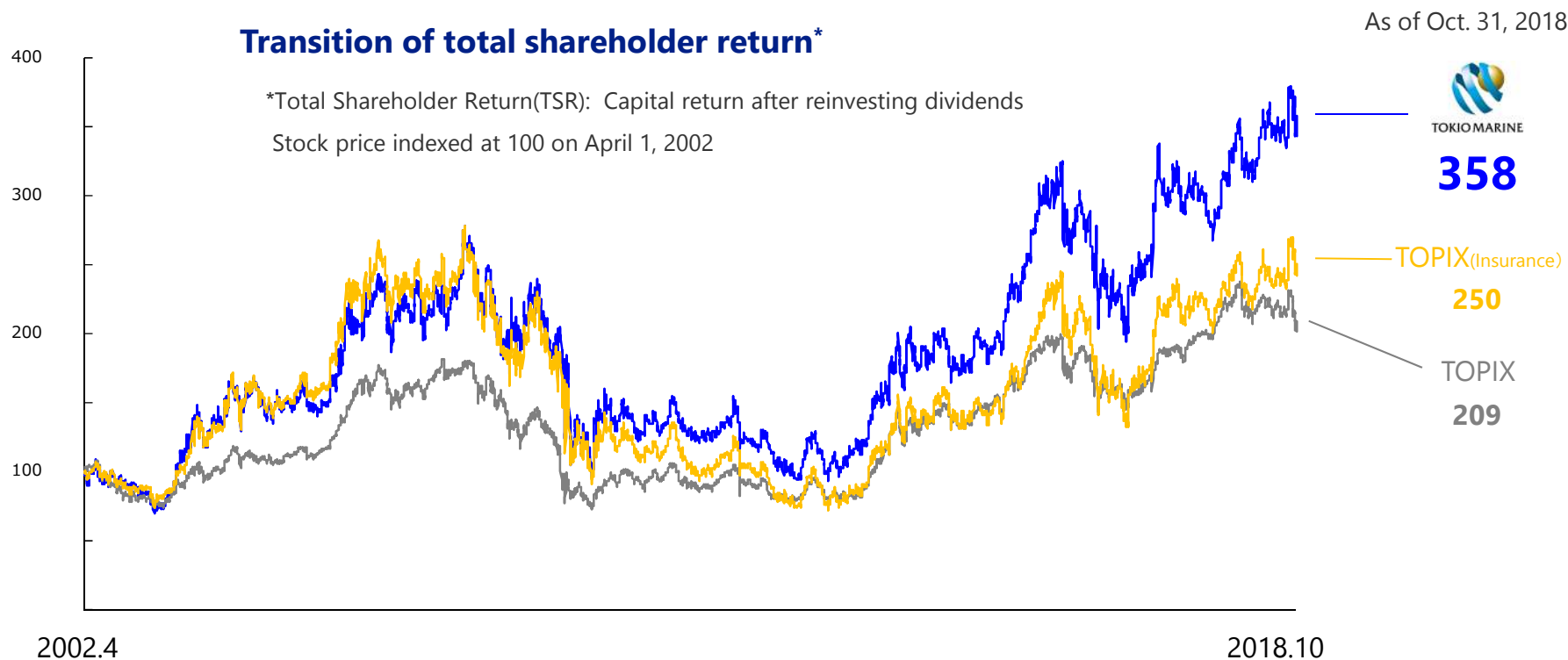
\*2: 2018 (projections) is before reflecting the share repurchases

\*3: Total amount approved by the announcement date of financial results of respective years. FY2018 (projections) includes one-time dividend of 50bn yen

## 2-3. Enhancing Shareholder Value



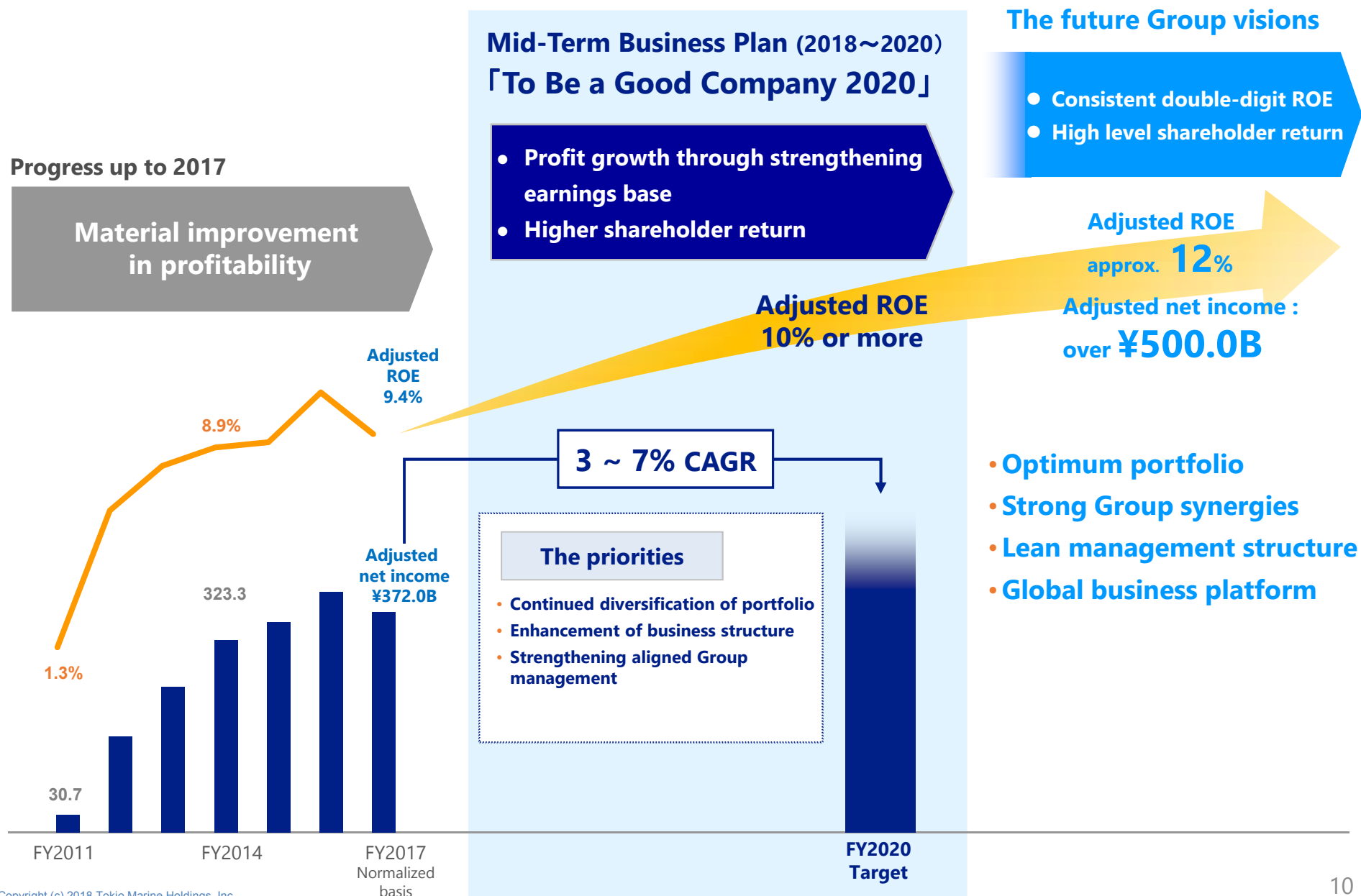
### Total Shareholder Return has outperformed TOPIX



	Recent 5 years (2013.10-2018.10)	Recent 3 years (2015.10-2018.10)	Most recent year (2017.10-2018.10)
<b>Tokio Marine Group</b>	<b>193</b>	<b>126</b>	<b>114</b>
TOPIX (Insurance)	179	119	106
TOPIX	153	113	95


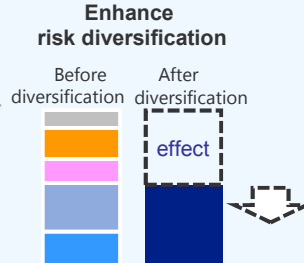
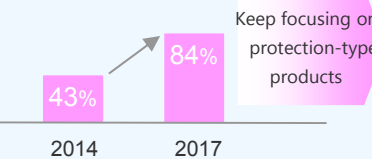
Source: Bloomberg

## 3-1. The Future Group Vision and the Mid-Term Business Plan



## 3-2. The Priorities (1) Continued Diversification of Portfolio





- Achieve stable profit through the optimal diversification across geography, business, product, and investment while realizing growth in key growth markets

	Mid-term plan priorities & targets	Progress & results in mid-term plan	Future Group vision
Geographical/ business diversification	Growth of international insurance business Organic growth $\times$ M&A	2018-2020 Business unit profits CAGR (international insurance)  approx. <b>+11%</b>	
	Strategic optimization of portfolio	2018 Projections Business unit profits YoY (international insurance)  <b>+35%</b>  <ul style="list-style-type: none"> <li>Expand group synergies</li> <li>Bolt-on M&amp;A in developed countries (Qdos, WNC)</li> <li>M&amp;A/investment in non-life insurance business in emerging countries (Safety, Hollard)</li> <li>Divestment of reinsurance subsidiaries (TMR)</li> </ul>	
Appropriate risk control	Control of natural catastrophe risks	<ul style="list-style-type: none"> <li>Strengthen risk management framework (ERM Committee/GRSC)</li> <li>Continue risk model advancement and profit improvement (rate level revision, etc.)</li> </ul>	
	Reduction of business-related equities	2018-2020 Reduction (market value) more than <b>¥100B /year</b>  2018 1H Reduction (market value) <b>¥81B</b>  <ul style="list-style-type: none"> <li>Reduce book value to 39% (compared to 2002.3E)</li> </ul>	
Refinement of product portfolio	Expansion of protection-type products	2018 Projections protection-type products number of in-force policies YoY (TMNL)  <b>+6.3%</b>	
	Expansion of specialty insurance	Provide products/services that meet environmental changes  2018 Projections Specialty/P.A. insurance net premiums written YoY (TMNF)  <b>+3.3%</b>  <ul style="list-style-type: none"> <li>Decrease interest rate risks by shifting to protection-type products</li> <li>Launch industry first protections</li> <li>Leverage technology to improve UX on procedure</li> <li>Develop market through regional revitalization/health &amp; productivity management</li> </ul>	

## 3-3. The Priorities (2) Business Structure Enhancement Utilizing Technology



- We will realize a lean management structure that can withstand any tough business environment as well as create “new values” such as innovative products/services, etc. by actively utilizing technology group-wide

Concept of utilizing technology	Examples of our initiatives	
<b>Mission Driven</b>	 <p><b>Business tie-up with Orbital Insight in the U.S.</b></p> <ul style="list-style-type: none"> <li>Strengthen our capability against large natural catastrophes to meet higher social attention</li> <li>Realize prompt claims payment to customers by utilizing AI and satellites to specify the flooded area</li> </ul>	<p><b>From PoC to Go-Live</b></p> <p>83 # of R&amp;D/PoC phase</p> <p>22 # of Go-Live phase</p> <p>as of the end of Sep. 2018</p>
<b>Fusion of people's power and technologies</b>	  <p><b>Invest in MetroMile, a U.S. insurtech company</b></p> <ul style="list-style-type: none"> <li>Establish a maximum automated claims service process by utilizing cutting-edge digital technologies</li> </ul> <p><b>Business tie-up with ExaWizards in Japan</b></p> <ul style="list-style-type: none"> <li>Analyze the ideal accident response with high customer satisfaction by utilizing AI and raise the value of human services to an inspirational level</li> </ul>	
<b>Global Digital Synergies</b>	 <p><b>Invest in Healthians, a provider of medical checkup services in India</b></p> <ul style="list-style-type: none"> <li>Consider to develop a new products/services for diabetic patients that accounts for 10% of the population in India</li> <li>Aim to roll out developed products/services to other regions</li> </ul>	



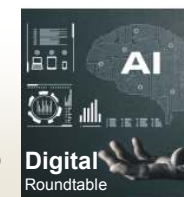
Group Chief Digital Officer

Makoto Okada



### Tokio Marine Innovation Lab

Set 3 labs (Tokyo, Silicon Valley, and Singapore) that capture promising Tech information and share them to the Group



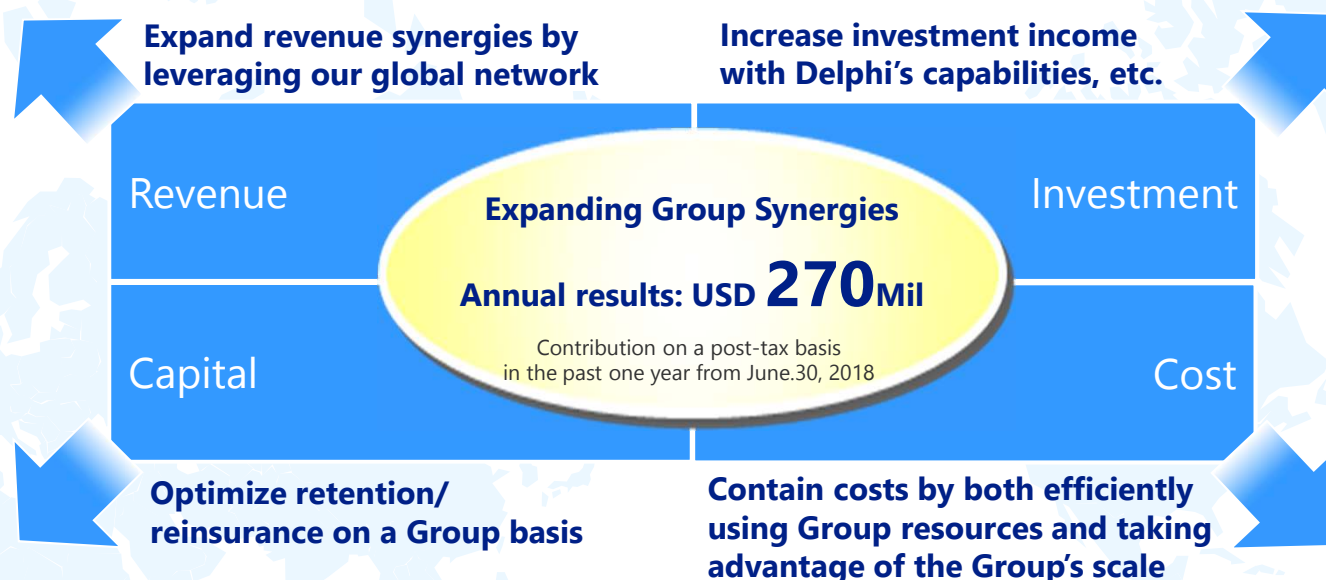
### Digital Roundtable

Share global-based know-how among group companies in Japan and overseas

## 3-4. The Priorities (3) Strengthen Aligned Group Management

- While strengthening aligned Group management and maximizing Group synergies, create a strong global management platform that is able to strengthen and support our competitive businesses around the world by leveraging our diverse talent under our core identity

### Strong Group Synergies



### Global Management Platform



Satoru Komiya Christopher Williams

#### Co-Head of International business

##### Satoru Komiya

Americas, Asian life,  
Synergy, Digital, IR, etc.

##### Christopher Williams

Europe, Reinsurance, Asian P&C,  
M&A, Retention strategy, HR, etc.

### Spreading Group Culture, "To Be a Good Company"

**18,000**  
people

- Continuous town hall meetings by Group CCO
- Dialogues with a total of 18,000 people, roughly half of our employees, in 17 countries, 76 branches in 5 years

**4.1** points  
out of 5

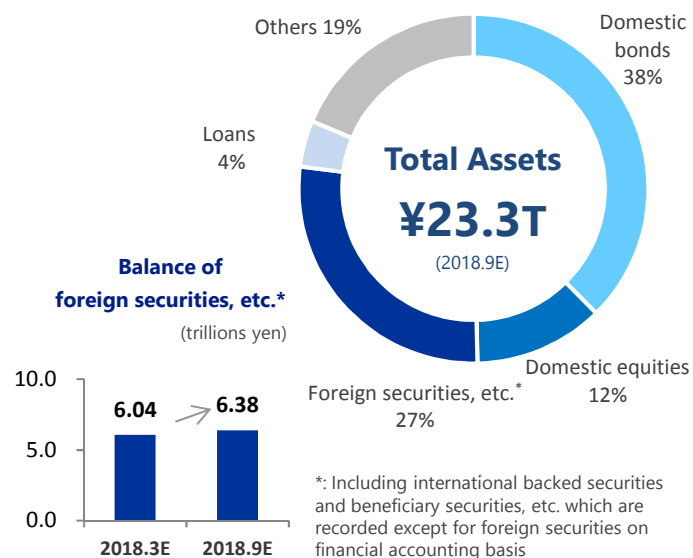
- A PDCA cycle based on the culture & value survey
- 75% of approx. 40,000 employees responded
- Passion toward the Group is 4.1 points out of 5

# 3-5. Group Asset Management

- Secure long term and stable investment income under the policy based on the characteristics of insurance liabilities with ALM at the core as well as strengthen investment structure across the Group

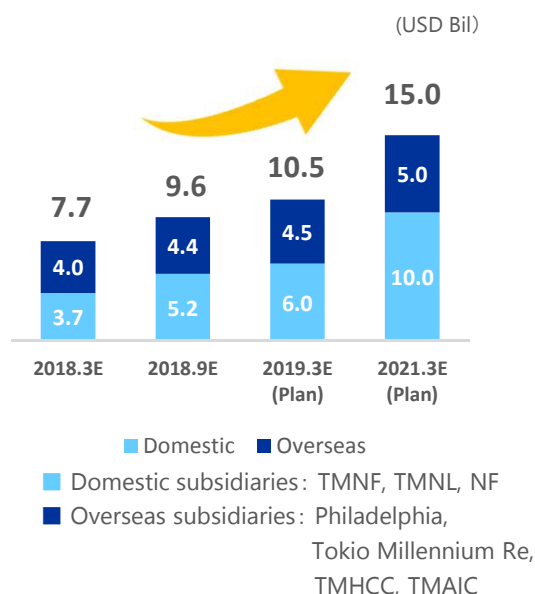
Steady accumulation of overseas assets based on the policy reflecting the characteristics of insurance liabilities

## Asset composition of TMHD (Consolidated)



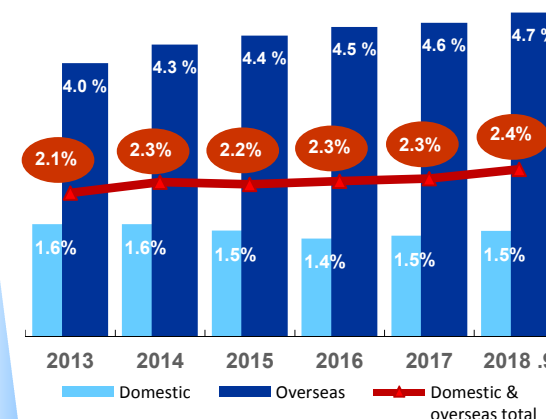
## Investment synergy with Delphi

### AUM in Delphi (excluding Delphi's own AUM)

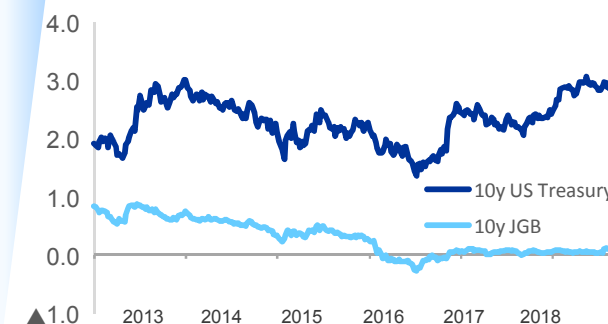


## Maintain stable yield

### Group income yield



### (Ref.) Open market rate



## Decision-making across the Group and strengthening of corporate functions

### Aligned Group operating structure under the Group Co-CIOs

- ✓ Prompt and effective decision making on issues across the Group and domestic/overseas challenges
- ✓ Discussion on asset management strategy and market analysis, etc. at the global investment strategy committee



Hirokazu Fujita Donald Sherman

## II

# Business Plan and Strategy by Domain

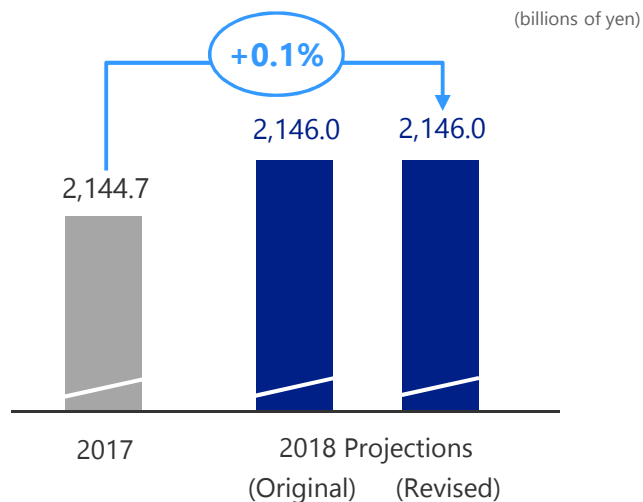
# 1-1. TMNF Projections

- Hold projections of net premiums written
- Business Unit Profits is revised downward mainly due to the impact of natural catastrophes

## Net premiums written

2020 Plan CAGR+ 1% or more

- The progress of FY2018 projections (revised) is +0.1% YoY  
(+0.7% YoY on private insurance basis, as planned)



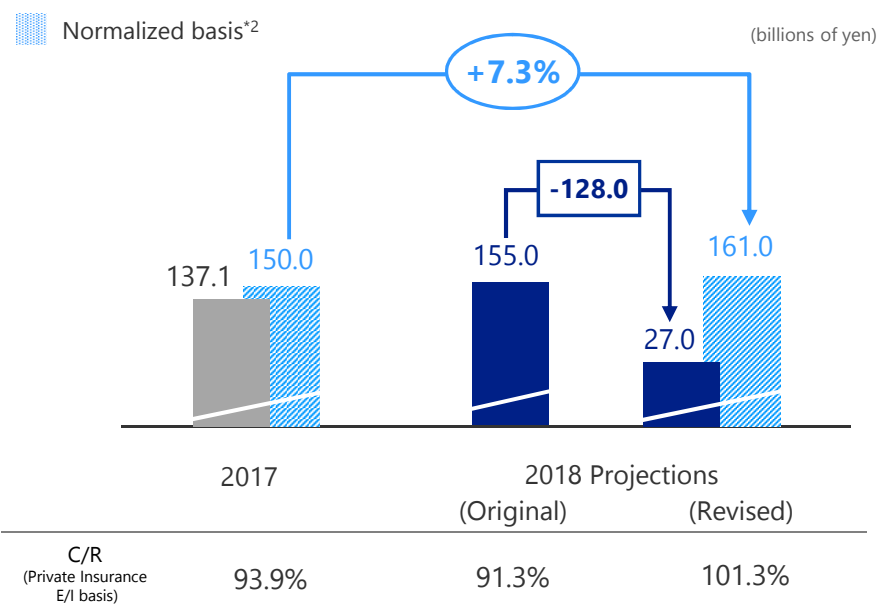
## Business unit profits

2020 Plan CAGR+ 1% or more\*1

## Combined ratio

approx. 92~93%\*1

- +7.3% YoY on normalized basis\*2, exceeding the plan



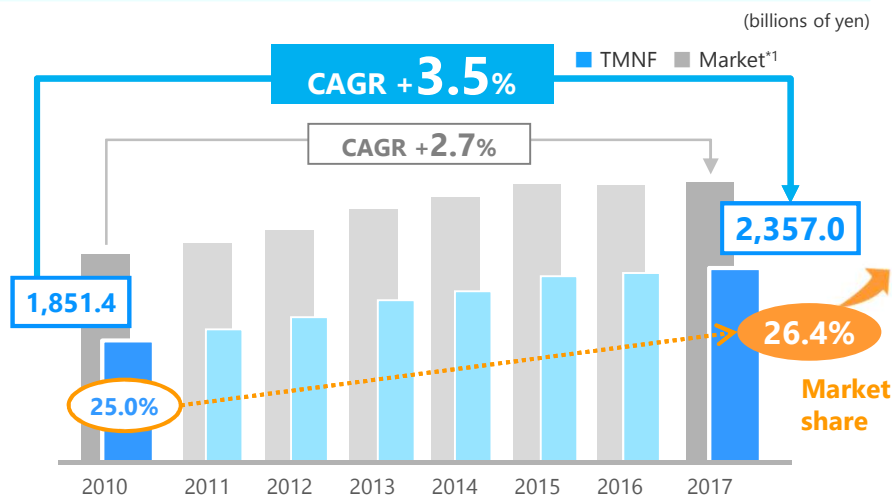
\*1: After-tax profit decreases by approx. 28B and C/R worsens by approx. 2pts due to consumption tax increase and the revision of law of obligation

\*2: Nat-cat losses are normalized to an average level and FX rates are excluded

# 1-2. TMNF Growth Strategy

- Continue to beat the market growth and stay competitive in business efficiency by promoting initiatives toward further growth and productivity enhancement

## Growth outperforming the market <Direct net premiums written>



## Initiatives toward further growth

### Regional revitalization/health & productivity management

Products/services for chambers of commerce organizations

- **Super Business Insurance**  
+ **31.5%** premiums increase\*2
- **Added new coverage for Super T Protection**  
Added coverage for cancer/nursing care leave\*3
- **Launched a new income protection scheme**  
Easy to purchase based on sales/industry types\*3

### Expansion of new sales channels

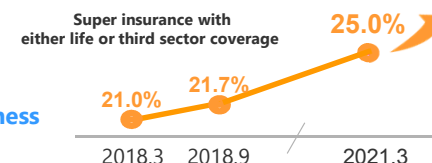
Products/services for post offices

- **Added P.A./nursing care products**  
✓ Selling mainly to JP Bank account holders\*3  
(number of bank accounts : approx. **120** million\*4)
- ✓ TMNF's share : **100%**

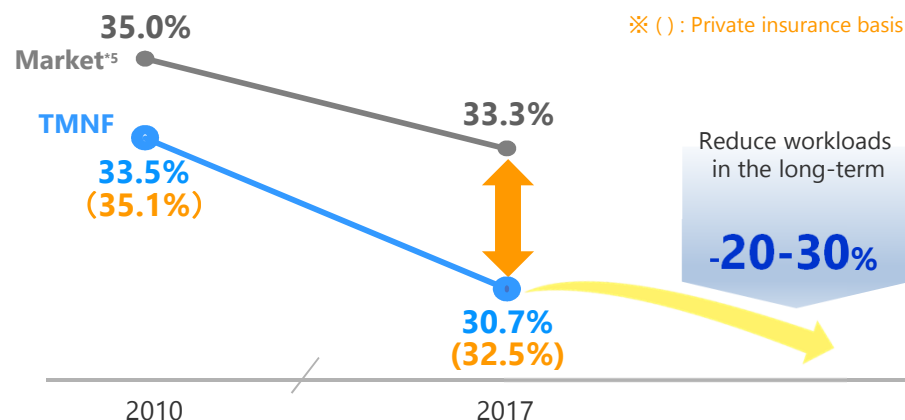


### Life and non-life cross-selling

- **Strengthening multiline sales**
- **Enhancing further product attractiveness**



## Advantage in business efficiency <Expense ratio (All lines)>



## Initiatives toward further productivity enhancement

- **Keep advantage in business efficiency** by accelerating our operational streamlining, utilizing technology

- Streamlining claims process utilizing digital technology
- Advancing easy & comprehensive procedure (Introduce procedure completion model via smartphone)
- Further utilizing RPA/ block chain technology
- Further utilizing AI (Automated Inquiry response system, etc.) ,etc.

\*1 Source: Insurance Statistics

\*2 2018 1H Results (for chambers of commerce organizations), YoY

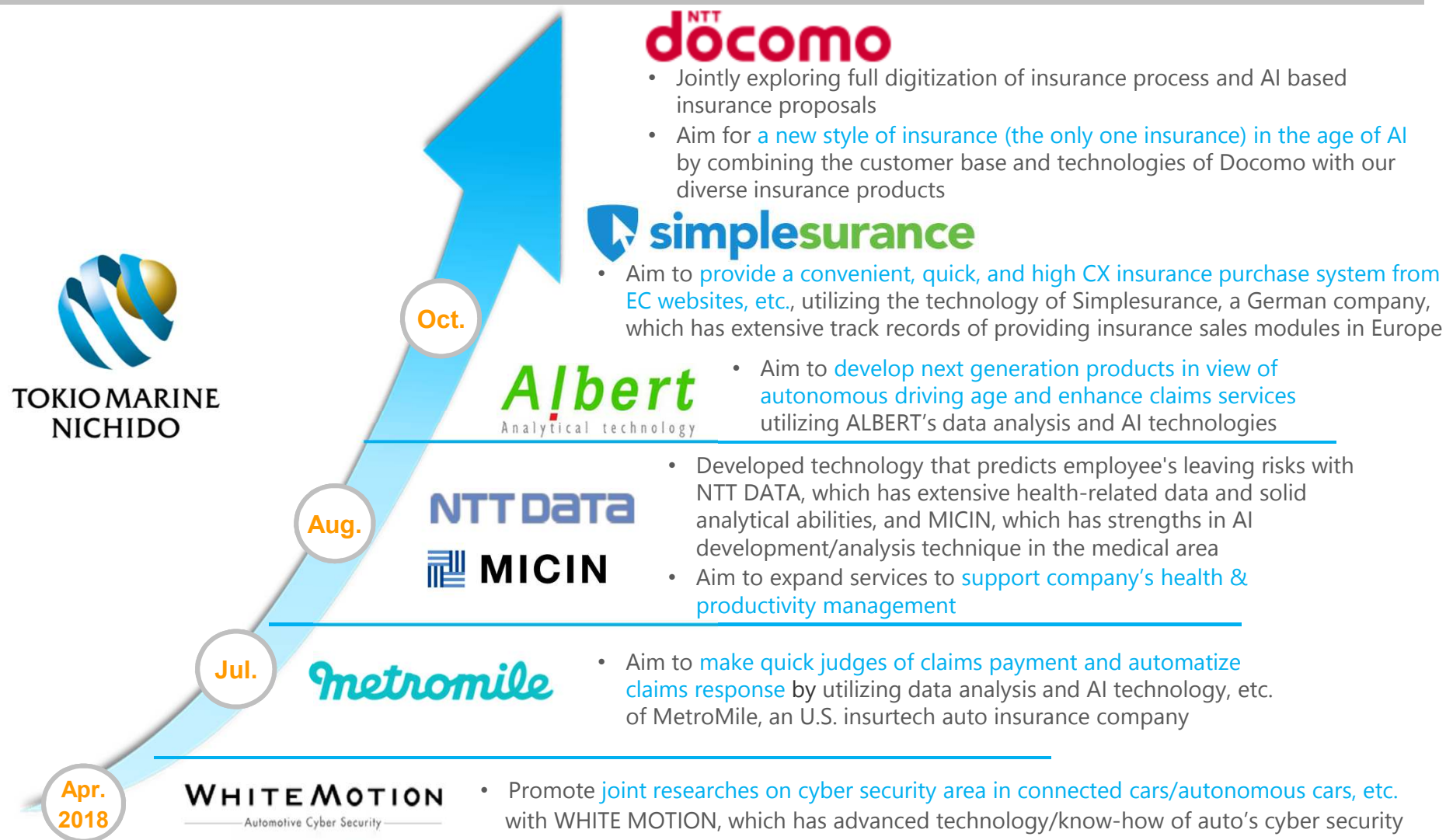
\*3 Since FY2018 2H

\*4 2018.3E Source: Website of JP Bank

\*5 Total of the members of The General Insurance Association of Japan (excluding TMNF), Source: Website of The General Insurance Association of Japan

## 1-3. TMNF Provide New Value Through Utilizing Technology

- Continue to provide new values to our customers through collaboration with our diverse partners with cutting-edge technology



## 2-1. TMNL Projections

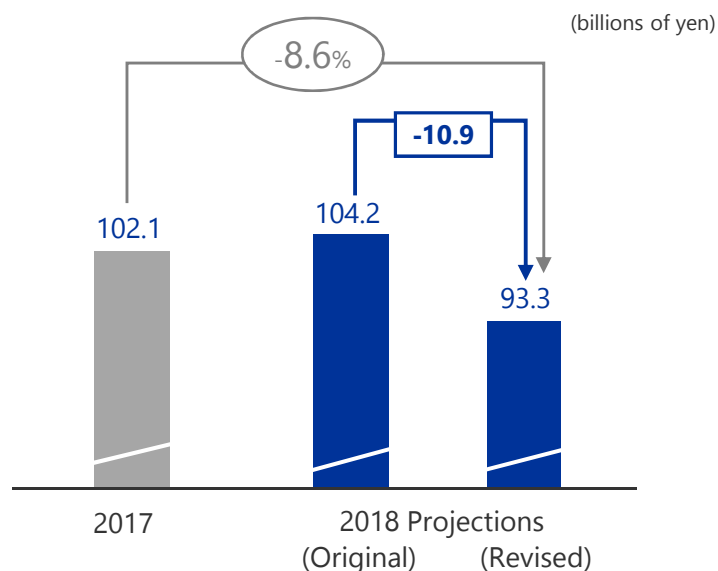
- Business unit profits is revised upward due to further shift to protection-type products

### New policies ANP

2020 Plan

CAGR +1% or more

- Revised FY2018 projections downward, reflecting sales decrease of products for corporations and the favorable sales of protection-type products
- Toward FY2020, aim to accomplish the plan by further expanding protection-type products



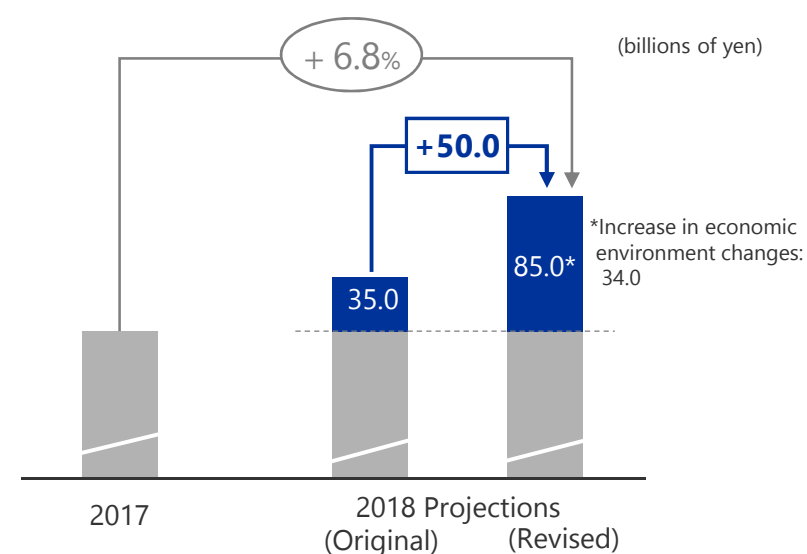
New policies ANP	102.1	104.2	93.3
In-force policies ANP	852.7	878.9	874.8

### Business unit profits

2020 Plan

MCEV growth rate  
CAGR +4% or more

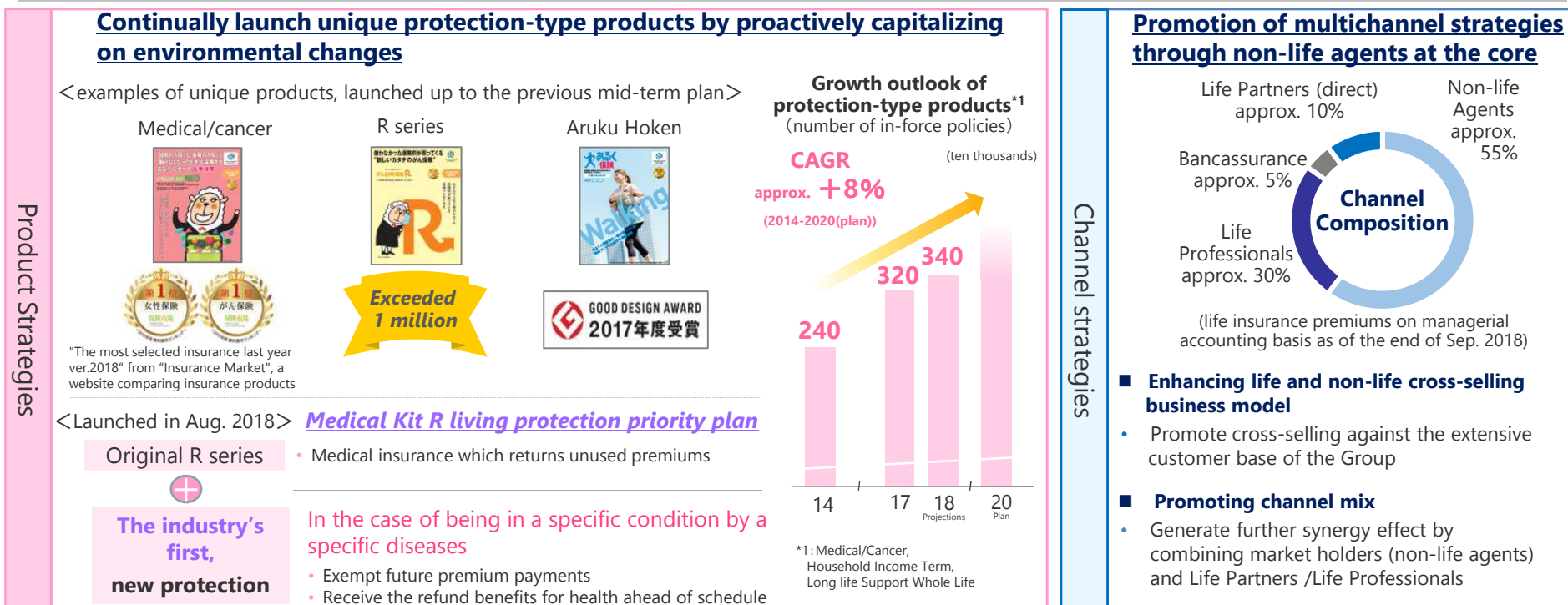
- Increase in MCEV is revised upward due to sales shift to protection-type products and the impact of rising interest rates
- MCEV growth rate is +6.8% YoY, along with the plan



Year-end MCEV*1	1,248.7	1,284.0	1,334.0
Increase in MCEV*2	99.0	35.0	85.0

## 2-2. TMNL Growth Strategies

- Contribute as the growth driver for the Group through innovative products and enhancing life and non-life cross-selling business model



### Utilize technology in all areas (products, channels and business processes)

#### Promote R&D in health and medical field as a Group



- Develop new products/services to support disease prevention/ presymptomatic disease/health enhancement by utilizing sensing technologies
- Enhance underwriting ability by using big data and develop products/services that respond to advanced medical technology

#### Operational streamlining and quality advancement



- Realize quick, easy and convenient paperless procedures for contract change, etc. utilizing QR code\*2 (the first in the industry\*3)
- Automate a part of business processes of sales department, such as office administrative work and inquiry response work, by utilizing RPA, etc.

\*2 QR code is a registered trademark of Denso Wave

\*3 based on Company data

## 3-1. International Insurance Projections

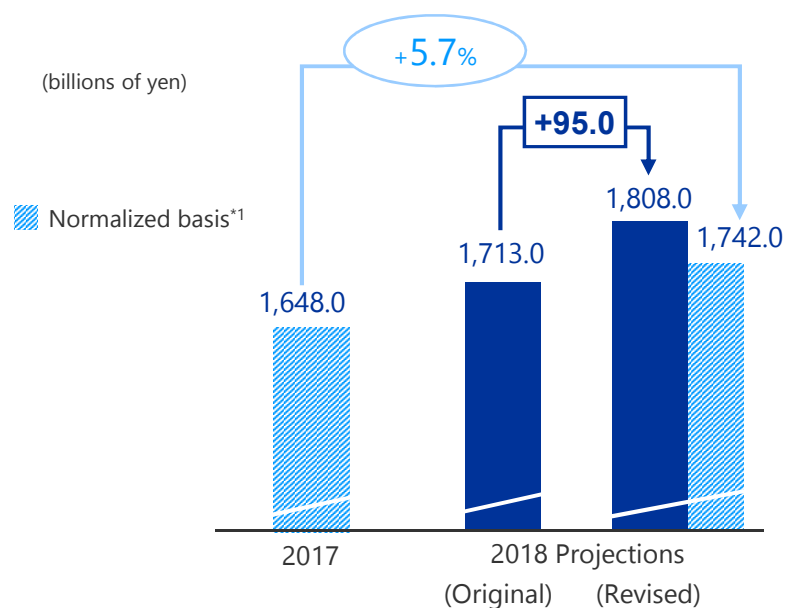
- FY2018 Projections is revised upward, reflecting the recent favorable results

### Net Premiums Written

2020 Plan

CAGR+ approx. 5%

- On normalized basis, +5.7% YoY, steadily growing in line with our plan



FX rate (USD/JPY)	2018.3E JPY 106.2	2018.3E JPY 106.2	2018.9E JPY 113.5
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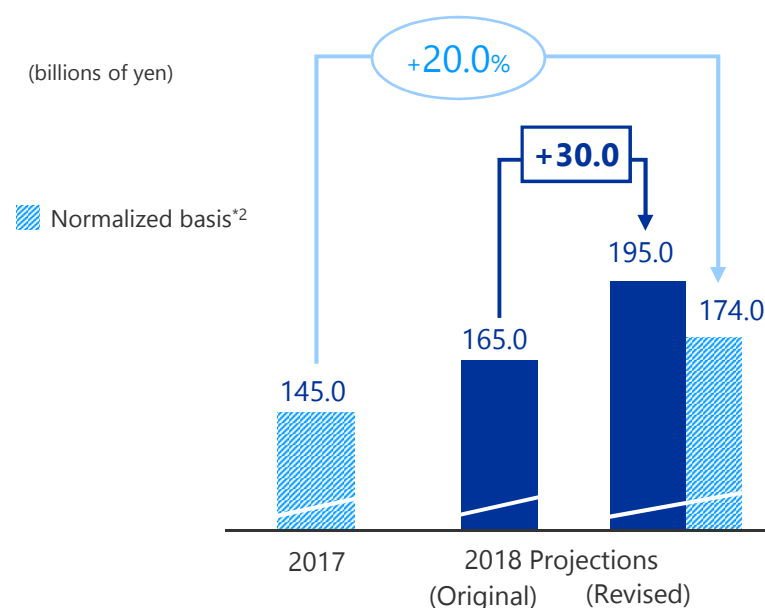
\*1: FX when converting to yen is adjusted to Mar. 31, 2018

### Business Unit Profits

2020 Plan

CAGR+ approx. 11%

- On normalized basis, +20.0% YoY, growing above our plan



FX rate (USD/JPY)	2018.3E JPY 106.2	2018.3E JPY 106.2	2018.9E JPY 113.5
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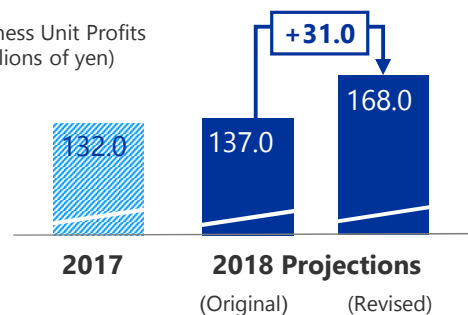
\*2: FX when converting to yen is adjusted to Mar. 31, 2018, excluding the impact of foreign exchange gains / losses at major overseas subsidiaries, nat-cat losses are normalized to an average annual level, and excluding one time impact of U.S. Tax Reform

## 3-2. International Insurance Projections by Regions

### North America

Net Premiums Written YoY +4% → +7%

■ Business Unit Profits (billions of yen)

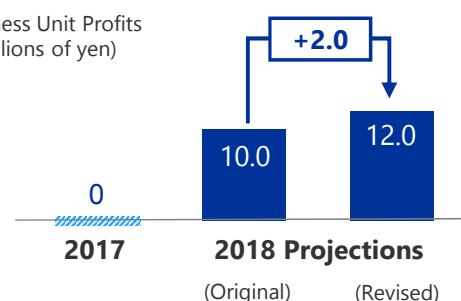


FX rate (USD/JPY)	2018.3E JPY 106.2	2018.3E JPY 106.2	2018.9E JPY 113.5

### Europe

Net Premiums Written YoY -0% → +0%

■ Business Unit Profits (billions of yen)

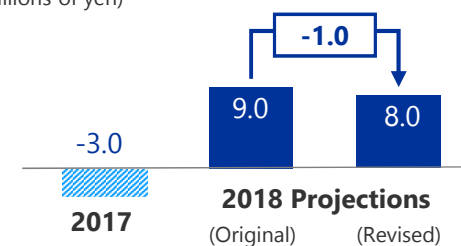


FX rate (GBP/JPY)	2018.3E JPY 148.8	2018.3E JPY 148.8	2018.9E JPY 148.5

### Reinsurance

Net Premiums Written YoY +5% → -5%

■ Business Unit Profits (billions of yen)

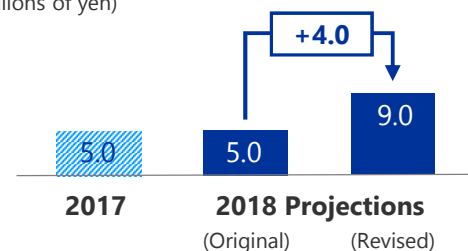


FX rate (USD/JPY)	2018.3E JPY 106.2	2018.3E JPY 106.2	2018.9E JPY 113.5

### South & Central America

Net Premiums Written YoY +4% → +6%

■ Business Unit Profits (billions of yen)

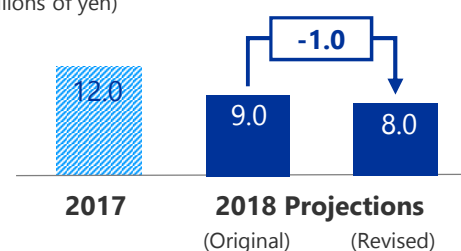


FX rate (BRL/JPY)	2018.3E JPY 32.1	2018.3E JPY 32.1	2018.9E JPY 28.0

### Asia & Middle East

Net Premiums Written YoY +4% → +11%

■ Business Unit Profits (billions of yen)



\*1: The figures in "North America" include TMHCC in Europe and reinsurance businesses. Excluding TMK in North America.

\*2: The figures in "Europe" include TMK in North America. Excluding TMHCC in Europe and reinsurance businesses.

\*3: The figures in "Reinsurance" are TMR and other reinsurance businesses.

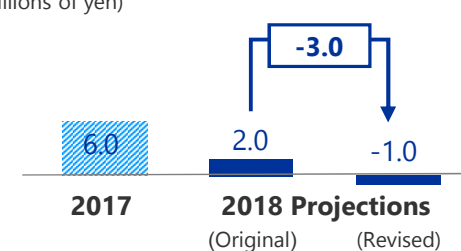
\*4: The figures in "Net Premiums Written YoY" are excluding the FX effects.

\*5: The figures in "Business Unit Profit in 2017" are adjusted to FX of Mar. 31, 2018, excluding the impact of foreign exchange gains / losses at major overseas subsidiaries, nat-cat losses are normalized to an average annual level, and excluding one time impact of U.S. Tax Reform

### Life Insurance

Net Premiums Written YoY +5% → +8%

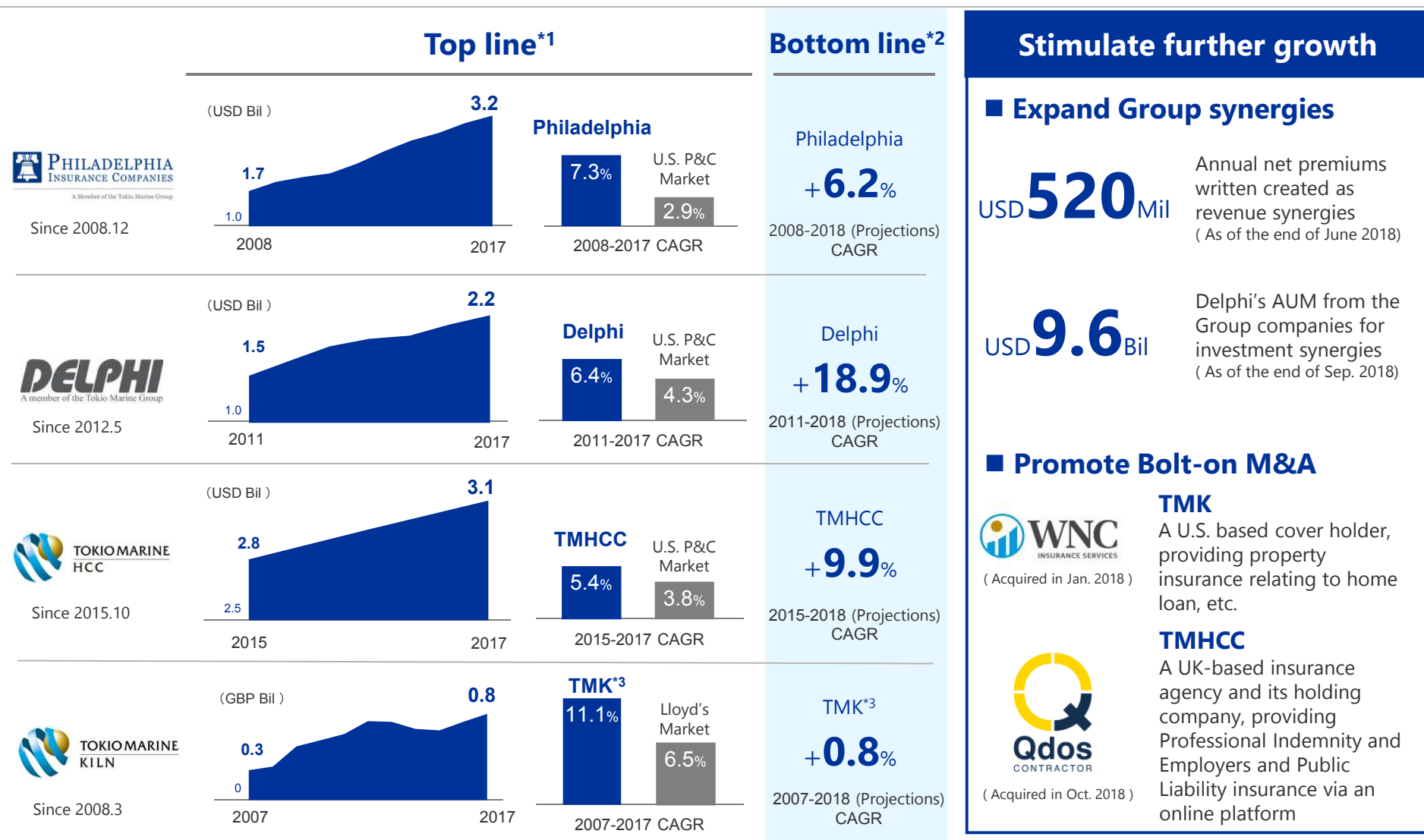
■ Business Unit Profits (billions of yen)



## 3-3. International Insurance Major Strategies at Developed Markets



- 4 companies in Europe and the U.S. outperform the market growth after joining Tokio Marine Group
- In addition to organic growth, aim to achieve further growth through expanding Group synergies and promoting bolt-on M&A



## 3-4. International Insurance Major Strategies at Emerging Markets



- Promote further geographical diversification through capturing growth potential in emerging markets and a strategic M&A

Organic growth capturing the market growth



India

Grow mainly through auto, medical and agricultural insurance by utilizing our partner IFFCO's network



Brazil

Expand market share of auto insurance through quality improvement of products and broker systems



Thailand



Acquired safety insurance with a network throughout Thailand and strength in retail car insurance (released in Jun. 2018)

No. 1

Market share of foreign non-life insurance companies in Thailand \*1

No. 3

Market share of non-life insurance in Thailand \*1



South Africa

Holland.

22.5% investment in Holland Group, networked in Sub-Saharan Africa (released in Sep. 2018)

No. 2

Gained a strategic partner whose market share of non-life insurance in South Africa is at No.2

\*1: After the integration of existing Thai subsidiaries

### Growth exceeding the market

- Growth rate\*2 of P&C premiums in FY2018 (projections)

+10%

Safety acquisition effects  
+7%  
Organic growth, etc.

+6%

Our Group in emerging market\*3

Emerging market\*4

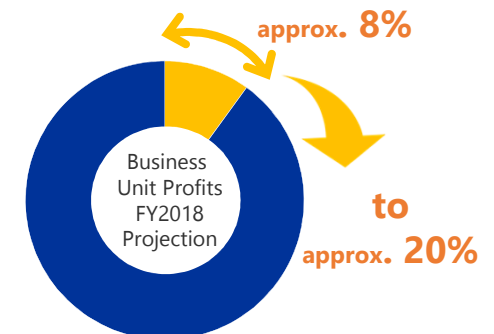
\*2: Growth rate of emerging market (excluding advanced Asia and Oceania)

\*3: Net premium written(excluding FX effect)

\*4: Direct premium(Source: Swiss Re)

### Further geographical diversification

- Emerging countries composition among total profits of international insurance business (our Group)



# 3-5. International Insurance Strategies of Major Subsidiaries

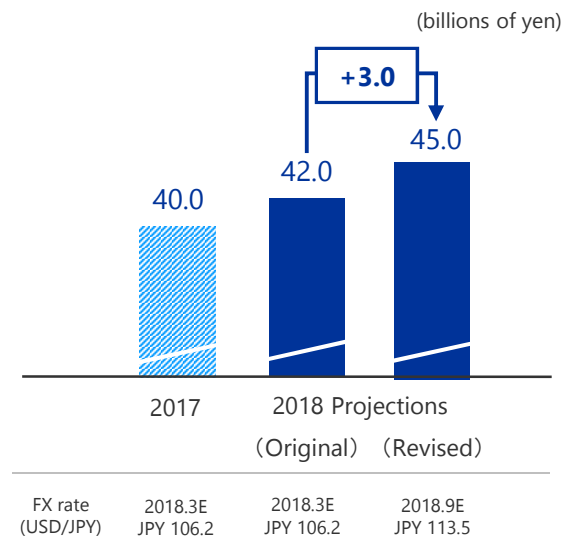


- Both net premiums written and business unit profits are revised upward due to the rate increases and renewal ratio exceeding the plan
- Maintain growth potential and profitability outperforming the market through underwriting discipline and the execution skills

## Business unit profits

2020 Plan CAGR + approx. 5%

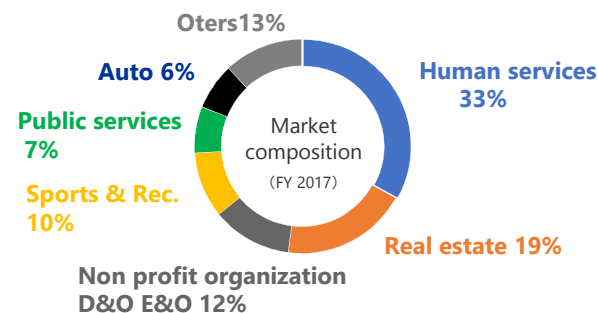
Net premiums written YoY +3% → +5%



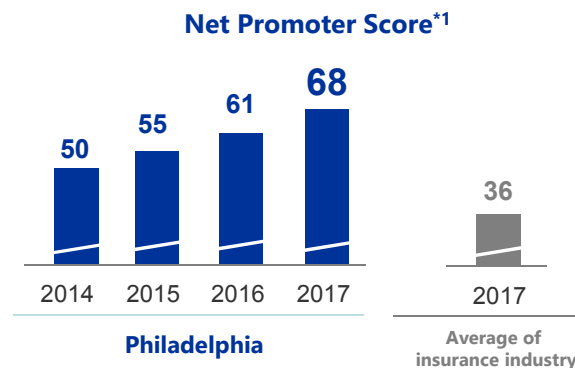
※Net premiums written YoY : Excluding the FX effects  
Business unit profits FY2017 : FX when converting to yen is adjusted to FX of Mar. 31, 2018, nat-cat losses are normalized to an average annual level, and excluding one time impact of U.S. Tax Reform

## Strategies

### Focus on niche markets



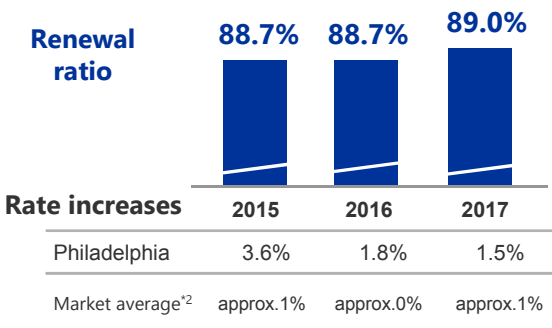
### Strong customer loyalty



\*1 Customer Loyalty: Indicator for knowing customer's intention of continuous use.  
Also translated as "customer satisfaction"

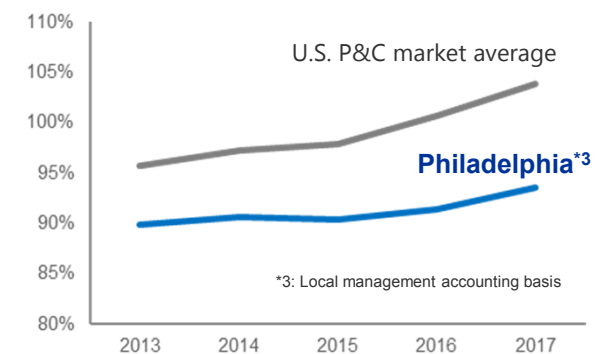
## Results

### High renewal ratio and rate increases



\*2: (Source) Willis Towers Watson

### Combined ratio



\*3: Local management accounting basis

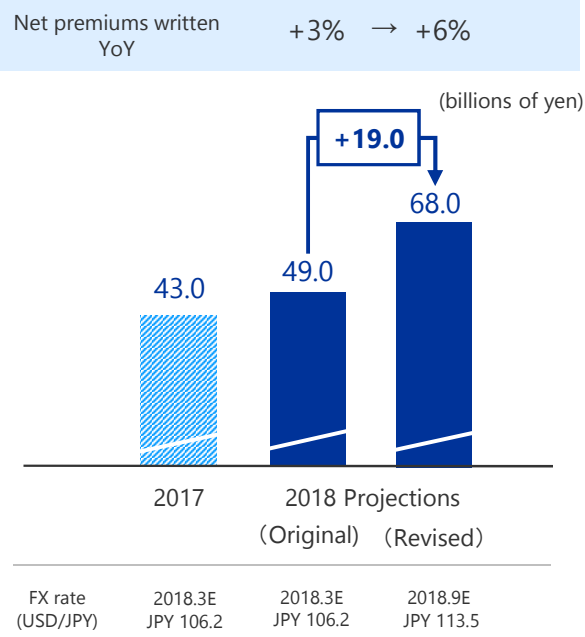
# 3-5. International Insurance Strategies of Major Subsidiaries



- Continue to grow mainly in employee benefits and retirement services market by leveraging the Tokio Marine brand and its strong financial foundation
- Maintain profit growth by leveraging investment expertise while focusing on underwriting profitability

## Business unit profits

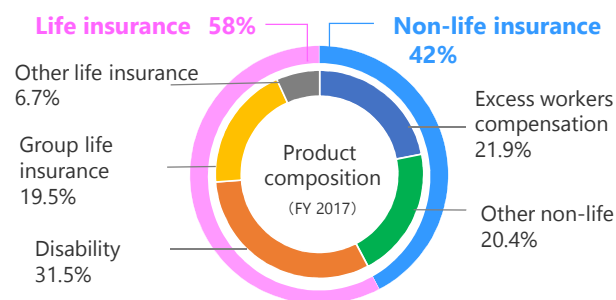
2020 Plan CAGR + approx. 11%



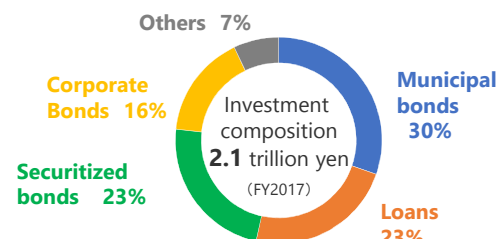
※Net premiums written YoY : Excluding the FX effects  
Business unit profits FY2017 : FX when converting to yen is adjusted to FX of Mar. 31, 2018, nat-cat losses are normalized to an average annual level, and excluding one time impact of U.S. Tax Reform

## Strategies

### ■ Strength in employee benefits and retirement products/services



### ■ Diversified investment portfolio

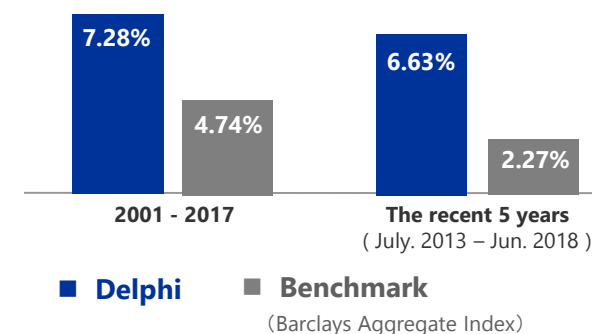


- Abilities of gathering and analyzing information, leveraging its extensive networks such as external investment managers
- Cautiously balance the investment portfolio, reflecting changes in financial environments

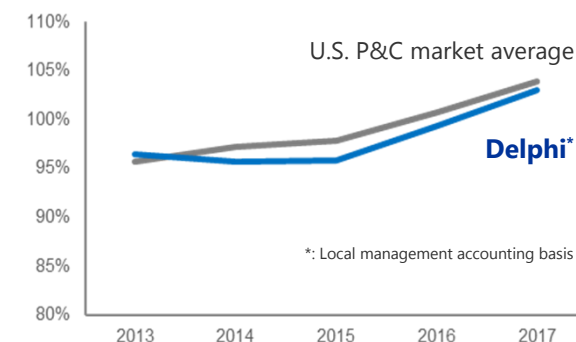
## Results

### ■ High Investment Returns

Average Investment Return



### ■ Combined ratio



# 3-5. International Insurance Strategies of Major Subsidiaries

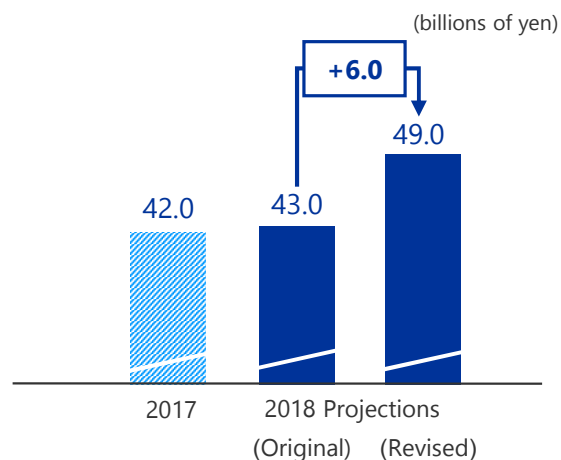


- Revised upward due to rate increases in property lines and medical stop-loss as well as bolt-on M&A
- Pursue organic growth in all businesses while maintaining high profitability and enhance existing franchise businesses through bolt-on M&A

## Business unit profits

2020 Plan CAGR + approx. 7%

Net premiums written YoY +9% → +12%



FX rate (USD/JPY) 2018.3E JPY 106.2 2018.3E JPY 106.2 2018.9E JPY 113.5

※Net premiums written YoY : Excluding the FX effects  
Business unit profits FY2017 : FX when converting to yen is adjusted to FX of Mar. 31, 2018, nat-cat losses are normalized to an average annual level, and excluding the impact of foreign exchange gains / losses and one time impact of U.S. Tax Reform

## Strategies

### Bolt-on M&A to reinforce our strengths



(Oct. 2018)

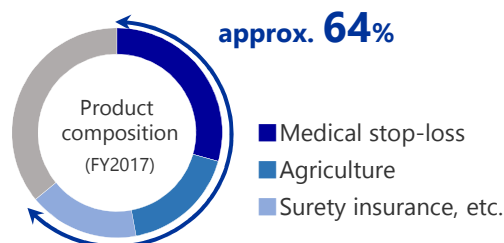
AIG

Business acquisition (Oct. 2017)

- A UK-based insurance agency holdings company
- Provide Professional Indemnity and Employers and Public Liability insurance via online platform

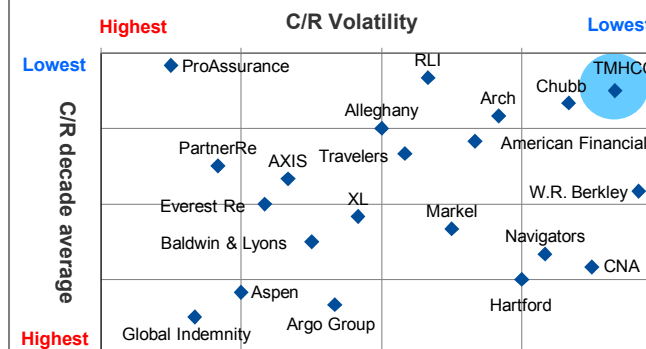
- AIG's medical stop-loss business
- Gained No.3 position in the medical stop-loss business and strengthened our earnings base

### Specialty insurance that are less dependent on the P&C market cycles



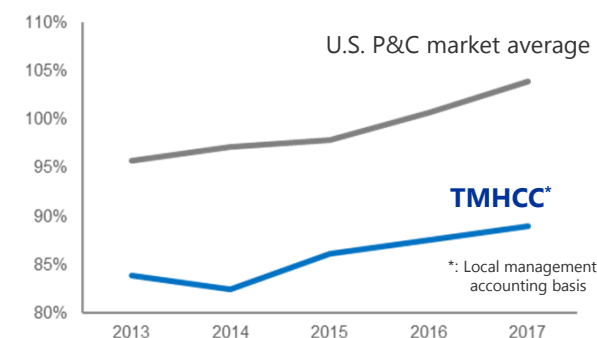
## Results

### Stable profitability



Source: Created by Tokio Marine from Company Reports, Dowling & Partners Analysis ( based on data through Dec. 31, 2017 )

### Combined ratio



\*: Local management accounting basis

# 3-5. International Insurance Strategies of Major Subsidiaries



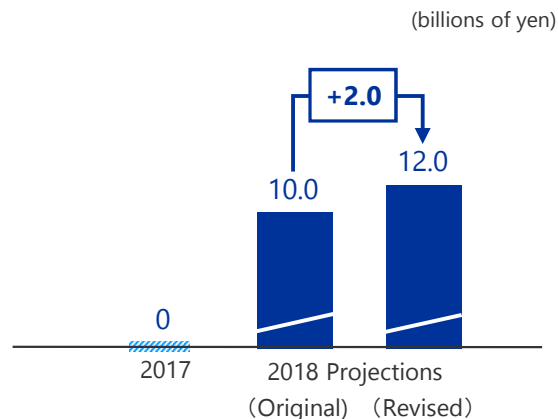
TOKIO MARINE  
KILN

- FY2018 Projection is revised upward, reflecting the recent favorable results
- Strengthen profitable U.S. cover holder business while maintaining disciplined underwriting for profit stabilization

## Business unit profits

2020 Plan CAGR + approx. 8%

Net premiums written  
YoY -0 % → +0%



FX rate (GBP/JPY)	2018.3E JPY 148.8	2018.3E JPY 148.8	2018.9E JPY 148.5

※Net premiums written YoY : excluding the FX effects  
Business unit profits FY2017 : FX when converting to yen is adjusted to FX of Mar. 31, 2018, nat-cat losses are normalized to an average annual level, and excluding the impact of foreign exchange gains / losses and one time impact of U.S. Tax Reform  
2020 Plan CAGR is calculated based on FY2018 Original Projections  
※Some figures above include Russia's and Turkey's results

## Strategies

### ■ Product portfolio to enhance stable profitability

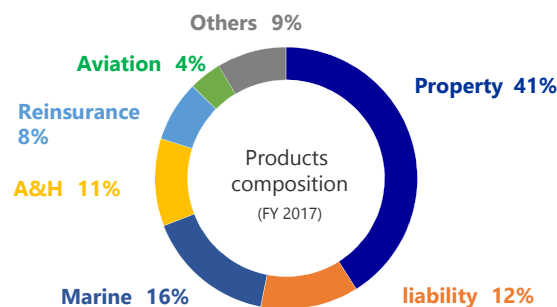
#### Growth field

- Profitable U.S. cover holder business
- Our distinctive specialty insurance products such as cyber and intellectual property coverages

#### Shrinkage field

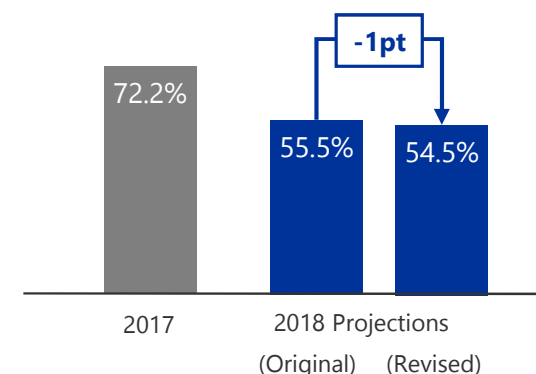
- Review and reduce underwriting of product lines/regions which are difficult to ensure profit in the mid-to-long term

### ■ Underwriting products in Lloyd's

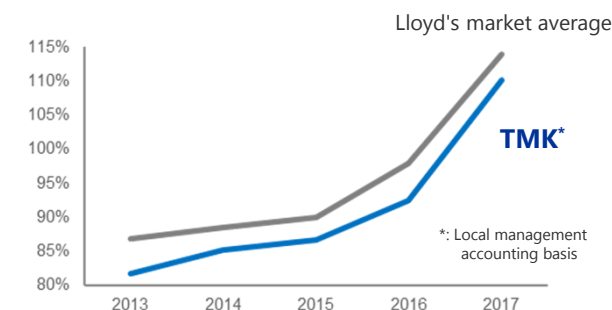


## Results

### ■ Improving Loss ratio



### ■ Combined ratio



## 3-5. International Insurance Strategies of Major Subsidiaries



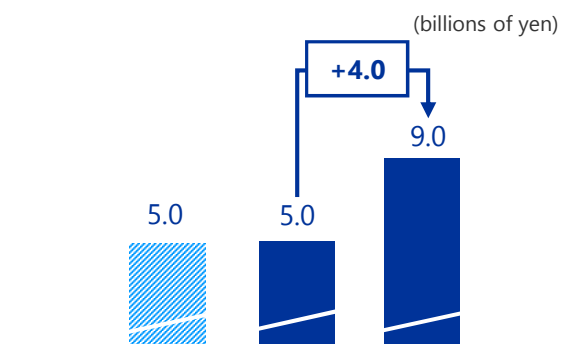
**TOKIO MARINE  
SEGURADORA**

- Maintain top-line growth exceeding the market by providing high-quality operations and products/services that meet customers' needs
- Realized efficient business operations through systematized and automated business processes

### Business unit profits

**2020 Plan CAGR + approx. 8%**

Net premiums written YoY +4 % → +6%



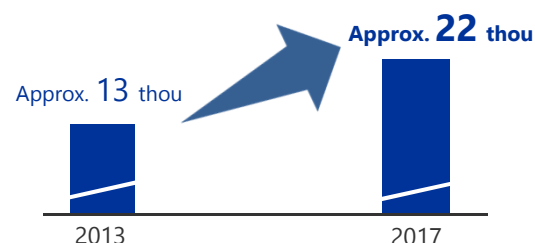
2017 2018 Projections  
(Original) (Revised)

FX rate 2018.3E 2018.3E 2018.9E  
(BRL/JPY) JPY 32.1 JPY 32.1 JPY 28.0

※Net premiums written YoY : excluding the FX effects  
Business unit profits FY2017 : FX when converting to yen is adjusted to FX of Mar. 31, 2018, nat-cat losses are normalized to an average annual level  
※Some figure above include Mexico's results

### Strategies

#### ■ Expanding the number of brokers



- Provide systems and contact centers to support sales activities of brokers

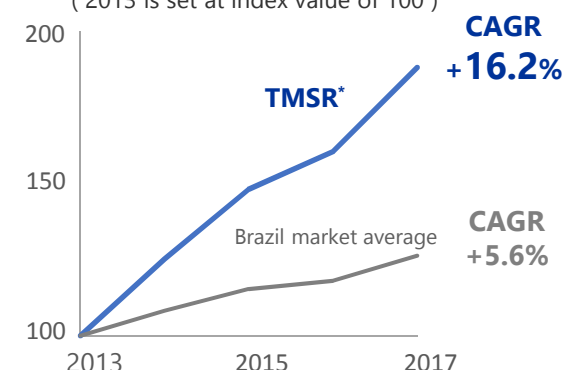
#### ■ Product & Service strategies

- Realize growth with profitability by flexibly adjusting premium rates
- Utilize wireless technology to reduce theft risk and develop specialized products
- Enhance service quality by providing in-house contact center of road assistance service

### Results

#### ■ Growth exceeding the market

Growth rate of Gross Premium  
(2013 is set at index value of 100)



#### ■ Stable performance of Auto Loss Ratio



\*: Local management accounting basis

- Tokio Marine Holdings Key Statistics
- Return to Shareholders
- Business Unit Profit
- Reconciliation of Business Unit Profits and Adjusted Net Income
- Adjusted Net Income and Business Unit Profit
- Definition of Terms
- Reconciliation of Adjusted Net Income and Adjusted Net Assets
- Reconciliation of Business Unit Profits
- Mid-Term Business Plan Group Management Framework
- Risk Amount
- Basic Information (Domestic Non-Life)
- Basic Information (Domestic Life)
- Basic Information (International Insurance)
- Group Asset Management
- Asset Portfolio
- ESG (Sustainably Enhancing Corporate Value)
- Impact of FX rate change on the Group's Financial Results

◆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
- TMK : Tokio Marine Kiln
- TMR : Tokio Millennium Re

# Tokio Marine Holdings Key Statistics



		FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 Projections
Financial accounting basis	Net income (billions of yen) <sup>*1</sup>	23.1	128.4	71.9	6.0	129.5	184.1	247.4	254.5	273.8	284.1	320.0
	Shareholders' equity after tax (billions of yen)	1,627.8	2,169.0	1,886.5	1,839.6	2,340.7	2,712.7	3,578.7	3,484.7	3,542.1	3,805.1	3758.9
	EPS (yen)	29	163	92	7	168	239	323	337	363	382	445
	BPS (yen)	2,067	2,754	2,460	2,399	3,052	3,536	4,742	4,617	4,722	5,245	5,247
	ROE	1.1%	6.8%	3.5%	0.3%	6.2%	7.3%	7.9%	7.2%	7.8%	7.7%	8.5%
	PBR	1.16	0.96	0.90	0.95	0.87	0.88	0.96	0.82	0.99	0.90	1.07
KPI	Adjusted net income (billions of yen)	-	-	-	30.7	163.1	243.7	323.3	351.9	406.7	341.4	298.0
	Adjusted net assets (billions of yen)	-	-	-	2,301.6	2,746.5	3,172.5	4,103.4	3,599.3	3,812.4	4,086.4	3,980.0
	Adjusted EPS (yen)	-	-	-	40	212	317	423	466	539	459	414
	Adjusted BPS (yen)	-	-	-	3,001	3,580	4,135	5,437	4,769	5,082	5,633	5,556
	Adjusted ROE	-	-	-	1.3%	6.5%	8.2%	8.9%	9.1%	11.0%	8.6%	7.4%
	Adjusted PBR	-	-	-	0.76	0.74	0.75	0.83	0.80	0.92	0.84	1.01
Business Unit Profits <sup>*2</sup> (billions of yen)	Domestic non-life insurance business	5.1	46.2	20.4	-26.1	48.3	34.0	122.5	126.0	167.6	144.3	26.0
	Domestic life insurance business	-57.2	52.0	27.5	15.9	110.3	104.5	139.8	-188.1	373.5	98.4	85.0
	International insurance business	20.8	76.5	24.8	-11.9	69.2	136.9	145.5	131.8	169.5	144.1	195.0
	Financial and general businesses	-21.1	-9.4	-0.7	2.6	-18.7	2.5	4.0	7.3	6.6	7.2	5.0
Sales of business-related equity holdings (billions of yen)		50	95	187	206	115	109	112	122	117	108	more than 100
		2009/3E	2010/3E	2011/3E	2012/3E	2013/3E	2014/3E	2015/3E	2016/3E	2017/3E	2018/3E	2018/9E
Adjusted number of issued and outstanding shares <sup>*3</sup> (thousands of shares)		787,562	787,605	766,820	766,928	767,034	767,218	754,599	754,685	750,112	725,433	716,262
Market capitalization (billions of yen)		1,926.8	2,118.3	1,789.3	1,827.1	2,039.2	2,383.9	3,438.0	2,878.6	3,536.2	3,541.9	4,056.9
Share price (yen)		2,395	2,633	2,224	2,271	2,650	3,098	4,538.5	3,800.0	4,696.0	4,735.0	5,637.0
	Percentage change	- 34.9%	9.9%	- 15.5%	2.1%	16.7%	16.9%	46.5%	- 16.3%	23.6%	0.8%	19.0%
	(Reference) TOPIX	773.66	978.81	869.38	854.35	1,034.71	1,202.89	1,543.11	1,347.20	1,512.60	1,716.30	1,817.25
	Percentage change	- 36.2%	26.5%	- 11.2%	- 1.7%	21.1%	16.3%	28.3%	- 12.7%	12.3%	13.5%	5.9%

\*1: From FY2015: The figure is "Net income attributable to owners of the parent"

\*2: Until FY2014: The figures are "Adjusted earnings" (Former KPI), domestic life insurance business is presented on TEV (Traditional Embedded Value) basis

\*3: All figures exclude the number of treasury shares held from the total number of the shares issued

# Return to Shareholders

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 Projections
Dividends per share	48yen	48yen	50yen	50yen	50yen	55yen	70yen	95yen	110yen	140円	160円	180yen
Dividends total	38.7bn yen	38.0bn yen	39.4bn yen	38.6bn yen	38.3bn yen	42.2bn yen	53.7bn yen	72.2bn yen	83.0bn yen	105.3bn yen	117.6bn yen	128.9bn yen <sup>*4</sup>

Adjustment of capital level <sup>*1</sup> (share repurchases, etc.)	90.0bn yen	50.0bn yen	-	50.0bn yen	-	-	-	50.0bn yen	-	50.0bn yen	150.0bn yen	100.0bn yen (Plan)
Total distributions to shareholders	128.7bn yen	88.0bn yen	39.4bn yen	88.6bn yen	38.3bn yen	42.2bn yen	53.7bn yen	122.2bn yen	83.0bn yen	155.3bn yen	267.6bn yen	228.9bn yen (Plan)

Adjusted net income		30.7bn yen	163.1bn yen	243.7bn yen	323.3bn yen	351.9bn yen	406.7bn yen	341.4bn yen	298.0bn yen
Average adjusted net income	Adjusted net income was adopted as a new KPI in FY2015. (Figures from FY2011 to FY2014 were calculated as a reference)					220.0bn yen	295.0bn yen	330.0bn yen	340.0bn yen
Payout ratio <sup>*2</sup>						38%	36%	36%	38%

<Reference1 : Financial accounting basis>

Net income (Consolidated)	108.7bn yen	23.1bn yen	128.4bn yen	71.9bn yen	6.0bn yen	129.5bn yen	184.1bn yen	247.4bn yen	254.5bn yen	273.8bn yen	284.1bn yen	320.0bn yen
Payout ratio	36%	165%	31%	54%	639%	33%	29%	29%	33%	39%	42%	40%

<Reference2 : Former KPI>

Adjusted earnings	143.2bn yen	- 52.5bn yen	165.4bn yen	72.0bn yen	- 19.5bn yen	209.1bn yen	278.1bn yen	412.0bn yen
Adjusted earnings (excluding EV)	128.1bn yen	4.7bn yen	113.4bn yen	44.5bn yen	- 35.4bn yen	98.8bn yen	173.6bn yen	272.2bn yen
Average adjusted earnings (excluding EV) <sup>*3</sup>	100.0bn yen	80.0bn yen	85.0bn yen	80.0bn yen	80.0bn yen	85.0bn yen	110.0bn yen	155.0bn yen
Payout ratio <sup>*2</sup>	39%	48%	46%	48%	48%	50%	49%	47%

\*1: Total amount approved by the announcement date of financial results of respective years. FY2018(Projections) includes one-time dividend of 50bn yen

\*2: Until FY2014: payout ratio to average adjusted earnings (excluding EV)

From FY2015: payout ratio to average adjusted net income

\*3: Excludes effects from the Great East Japan Earthquake and Thai Flood

\*4: Before reflecting the share repurchases basis

# Business Unit Profits

(billions of yen)

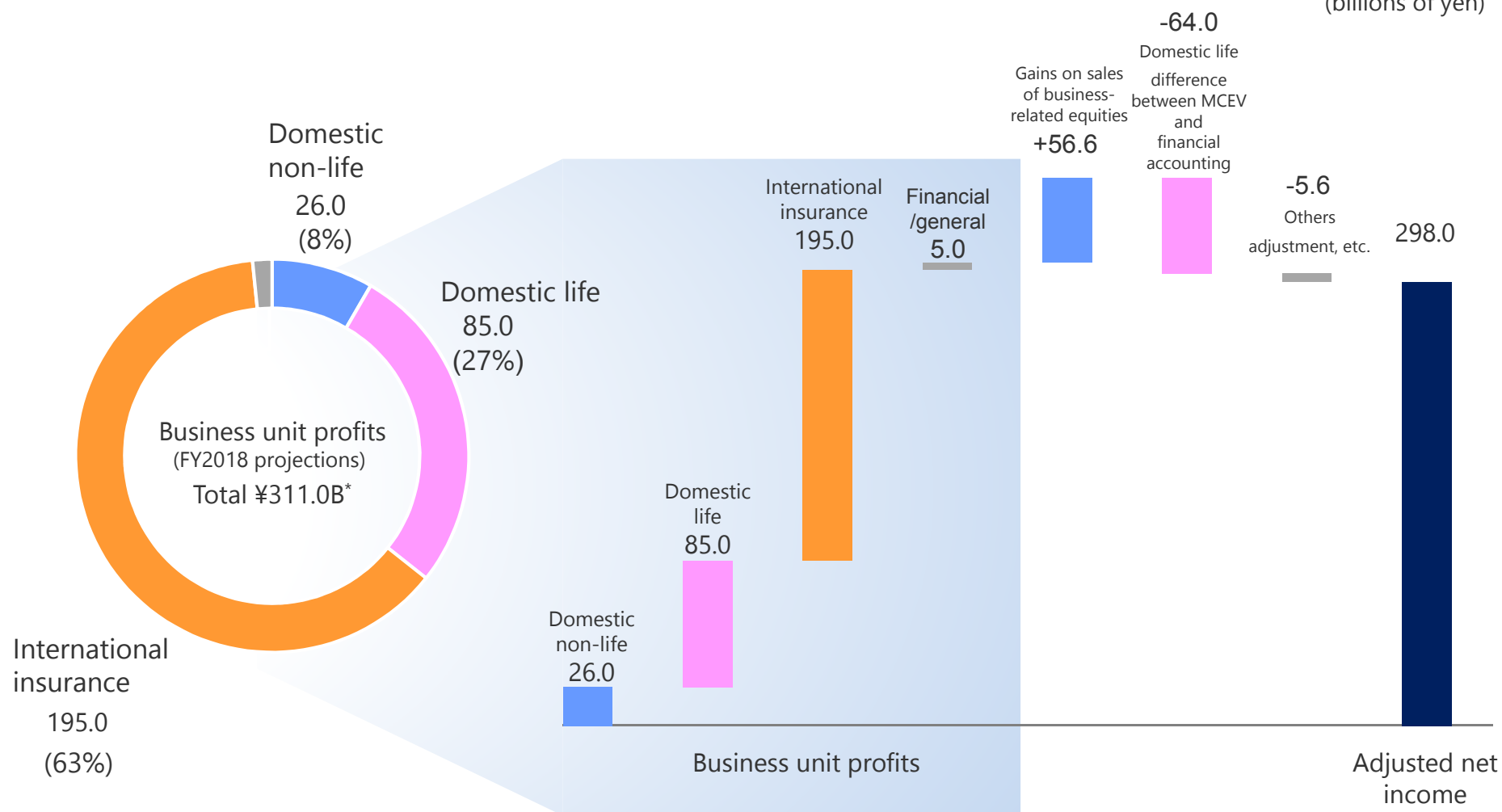
Business Domain	FY2017 Results	FY2018 Projections		
		Original (a)	Revised (b)	(b)-(a)
<b>Domestic Non-Life</b>	<b>144.3</b>	<b>161.0</b>	<b>26.0</b>	<b>-135.0</b>
TMNF	137.1	155.0	27.0	-128.0
NF	8.3	8.0	0.0	-8.0
Other	-1.0	-2.0	-2.0	-
<b>Domestic Life<sup>*1</sup></b>	<b>98.4</b>	<b>35.0</b>	<b>85.0</b>	<b>50.0</b>
TMNL	99.0	35.0	85.0	50.0
<b>International Insurance</b>	<b>144.1</b>	<b>165.0</b>	<b>195.0</b>	<b>30.0</b>
North America	159.8	137.0	168.0	31.0
Europe	-17.9	10.0	12.0	2.0
South & Central America	5.0	5.0	9.0	4.0
Asia & Middle East	14.3	9.0	8.0	-1.0
Reinsurance	-16.1	9.0	8.0	-1.0
International Non-Life <sup>*2</sup>	144.8	170.0	206.0	36.0
International Life	6.3	2.0	-1.0	-3.0
<b>Financial &amp; General</b>	<b>7.2</b>	<b>5.0</b>	<b>5.0</b>	<b>-</b>

\*1: Excluding capital transactions

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

# Reconciliation of Business Unit Profits and Adjusted Net Income

(billions of yen)



\*: Total of business profits of domestic non-life, domestic life, international insurance, financial/general businesses

# 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

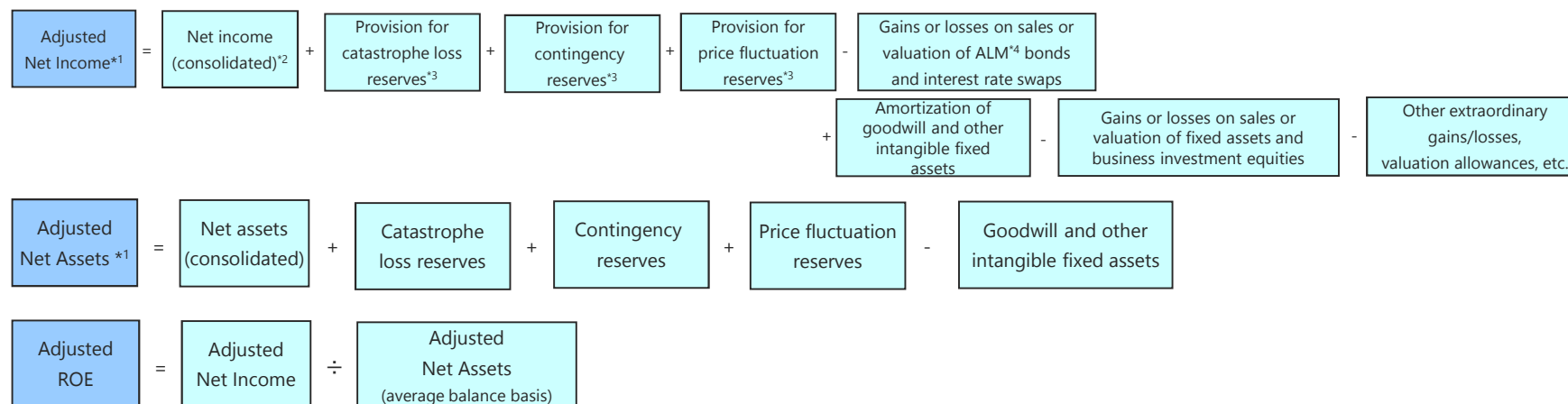
- For each business domain, “**Business Unit Profits**” is used from the perspective of accurately assessing corporate value including economic value, etc. for the purpose of long-term expansion
- Use MCEV (market-consistent embedded value) for domestic life, which reflects the economic value of the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

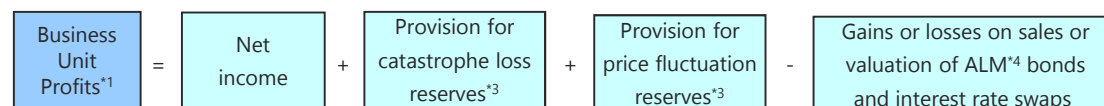
# Definition of Terms

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



## Definition of Business Unit Profits

### Non-life insurance business



### Life insurance business<sup>\*5</sup>



### Other businesses

Net income determined in accordance with financial accounting principles

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

\*2: Net income attributable to owners of the parent in the consolidated financial statements

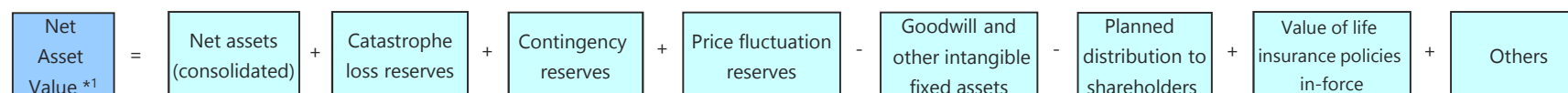
\*3: In case of reversal, it is subtracted from the equation

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

\*5: 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)

\*6: 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

## Definition of Net Asset Value



# Reconciliation of Adjusted Net Income / Adjusted Net Assets



(billions of yen)

## Adjusted Net Income\*1

	FY2017 Results	FY2018 Projections Original (a)	FY2018 Projections Revised (b)	(b)-(a)
Net income attributable to owners of the parent (consolidated)	284.1	320.0	320.0	-
Provision for catastrophe loss reserves <sup>*2</sup>	+25.6	+4.0	-105.0	-109.0
Provision for contingency reserves <sup>*2</sup>	+3.3	+1.0	+1.0	-
Provision for price fluctuation reserves <sup>*2</sup>	+4.9	+5.0	+6.0	1.0
Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps	-5.5	+0.0	+2.0	2.0
Gains or losses on sales or valuation of fixed assets and business investment equities	+1.5	+0.0	+2.0	2.0
Amortization of goodwill and other intangible fixed assets	+73.7	+67.0	+73.0	6.0
Other extraordinary gains/losses, valuation allowances, etc.	-46.4	-1.0	-1.0	-
<b>Adjusted Net Income</b>	<b>341.4</b>	<b>396.0</b>	<b>298.0</b>	<b>-98.0</b>

## Adjusted Net Assets\*1

	FY2017 Results	FY2018 Projections Original (a)	FY2018 Projections Revised (b)	(b)-(a)
Net assets(consolidated)	3,805.1	3,896.9	3,758.9	-138.0
Catastrophe loss reserves	+836.5	+842.2	+733.6	-108.6
Contingency reserves	+39.6	+40.6	+41.1	+0.5
Price fluctuation reserves	+72.2	+77.3	+78.3	+1.0
Goodwill and other intangible fixed assets	-667.2	-691.9	-632.0	+59.9
<b>Adjusted Net Assets</b>	<b>4,086.4</b>	<b>4,165.2</b>	<b>3,980.0</b>	<b>-185.2</b>

## Adjusted ROE

	FY2017 Results	FY2018 Projections Original (a)	FY2018 Projections Revised (b)	(b)-(a)
Net income(consolidated)	284.1	320.0	320.0	-
Net assets(consolidated)*	3,673.6	3,851.0	3,782.0	-69.0
Financial accounting basis ROE	7.7%	8.3%	8.5%	0.2pt
* average balance basis				
	FY2017 Results	FY2018 Projections Original (a)	FY2018 Projections Revised (b)	(b)-(a)
<b>Adjusted Net Income</b>	<b>341.4</b>	<b>396.0</b>	<b>298.0</b>	<b>-98.0</b>
<b>Adjusted Net Assets*</b>	<b>3,949.4</b>	<b>4,120.0</b>	<b>4,030.0</b>	<b>-90.0</b>
<b>Adjusted ROE</b>	<b>8.6%</b>	<b>9.6%</b>	<b>7.4%</b>	<b>-2.2pt</b>
* average balance basis				

\*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

# Reconciliation of Business Unit Profits

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

(billions of yen)

	FY2017 2Q Results	FY2018 2Q Results	YoY
Net income for accounting purposes	112.4	-10.3	-122.7
Provision for catastrophe loss reserves <sup>*2</sup>	+24.7	-2.6	-27.4
Provision for price fluctuation reserves <sup>*2</sup>	+1.8	+1.9	0.0
Gains or losses on sales or valuation of ALM* <sup>3</sup> bonds and interest rate swaps	-2.6	+1.2	3.8
Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities	-34.3	-44.2	-9.8
Intra-group dividends	-52.4	-7.5	44.8
Other extraordinary gains/losses, valuation allowances, etc	+14.7	+2.5	-12.2
<b>Business Unit Profits</b>	<b>64.3</b>	<b>-59.0</b>	<b>-123.4</b>

	FY2017 Results	FY2018 Projections Original (a)	FY2018 Projections Revised (b)	(b)-(a)
Net income for accounting purposes	253.8	242.0	218.0	-24.0
Provision for catastrophe loss reserves <sup>*2</sup>	+23.0	+1.3	-100.3	-101.6
Provision for price fluctuation reserves <sup>*2</sup>	+3.8	+3.8	+3.9	0.1
Gains or losses on sales or valuation of ALM* <sup>3</sup> bonds and interest rate swaps	-4.3	+0.1	+2.0	1.9
Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities	-58.8	-55.8	-55.3	0.5
Intra-group dividends	-92.9	-45.7	-48.0	-2.3
Other extraordinary gains/losses, valuation allowances, etc	+12.4	+9.3	+6.7	-2.6
<b>Business Unit Profits</b>	<b>137.1</b>	<b>155.0</b>	<b>27.0</b>	<b>-128.0</b>

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

	FY2017 2Q Results	FY2018 2Q Results	YoY
Overseas subsidiaries Net income for accounting purposes	63.9	82.3	18.4
Difference with EV (Life)	+1.6	-2.6	-4.2
Adjustment of non-controlling interests	-1.4	-0.9	+0.4
Difference of subsidiaries covered	+6.0	+0.3	-5.6
Other adjustments <sup>*4</sup>	+14.7	+14.2	-0.5
<b>Business Unit Profits<sup>*5</sup></b>	<b>84.8</b>	<b>93.2</b>	<b>8.3</b>

	FY2017 Results	FY2018 Projections Original(a)	FY2018 Projections Revised(b)	(b)-(a)
Overseas subsidiaries Net income for accounting purposes	145.3	138.0	170.0	32.0
Difference with EV (Life)	+0.5			
Adjustment of non-controlling interests	-2.7			
Difference of subsidiaries covered	+1.3			
Other adjustments <sup>*4</sup>	-0.3			
<b>Business Unit Profits</b>	<b>144.1</b>	<b>165.0</b>	<b>195.0</b>	<b>30.0</b>

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

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

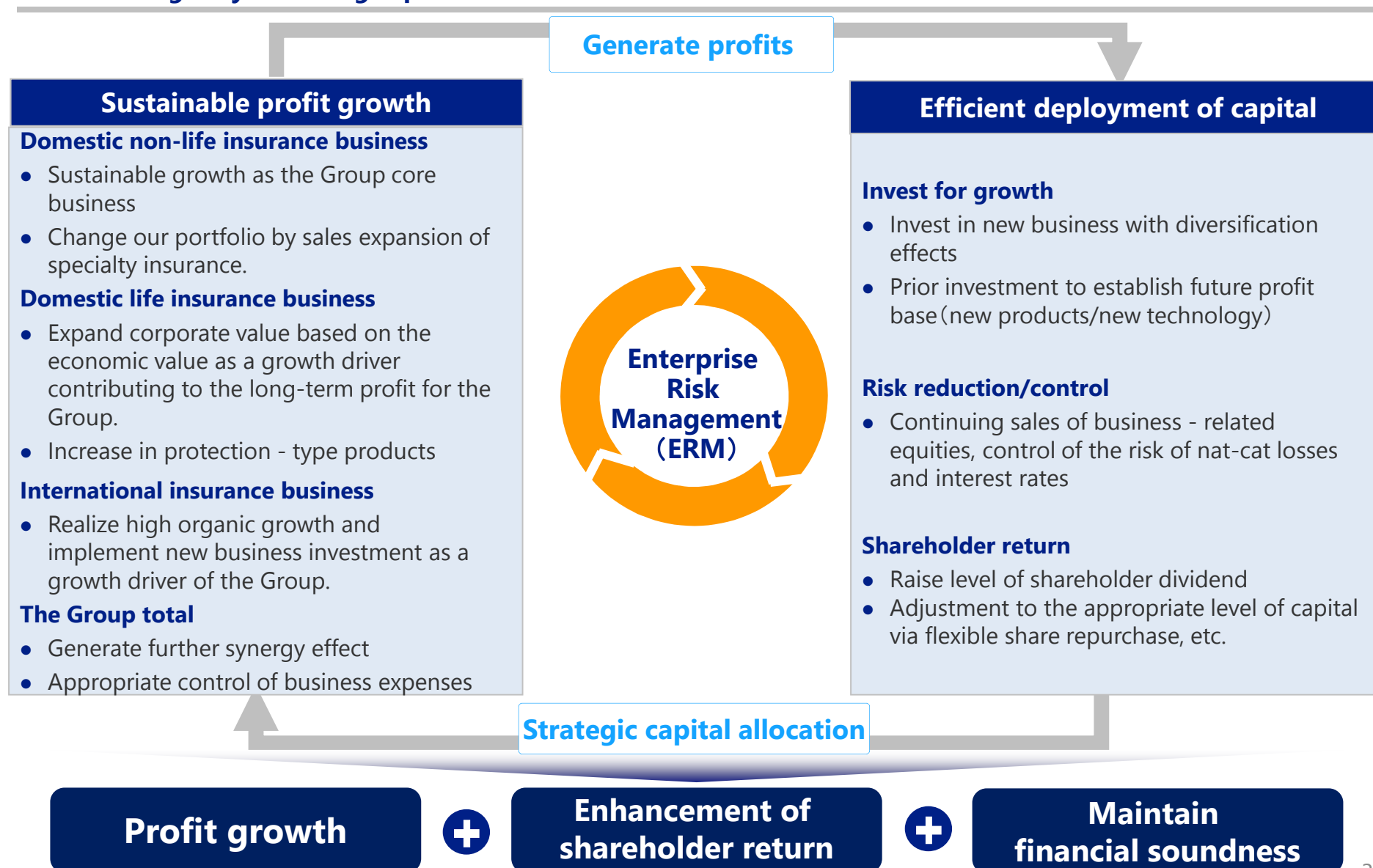
\*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

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

\*5: 2Q Results in FY2017: Before adjustment of losses related to hurricanes in North America, etc.

# Mid-Term Business Plan Group Management Framework

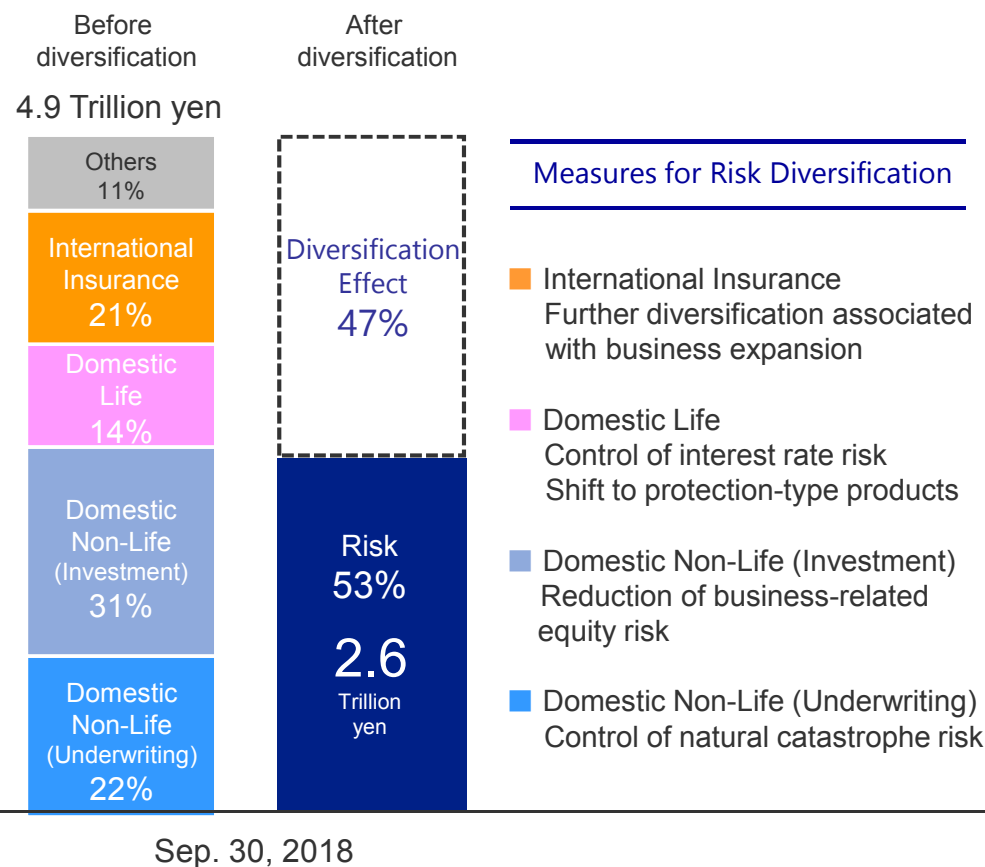
Based on ERM (Enterprise Risk Management), realize profit growth while maintaining financial soundness and strategically allocating capital



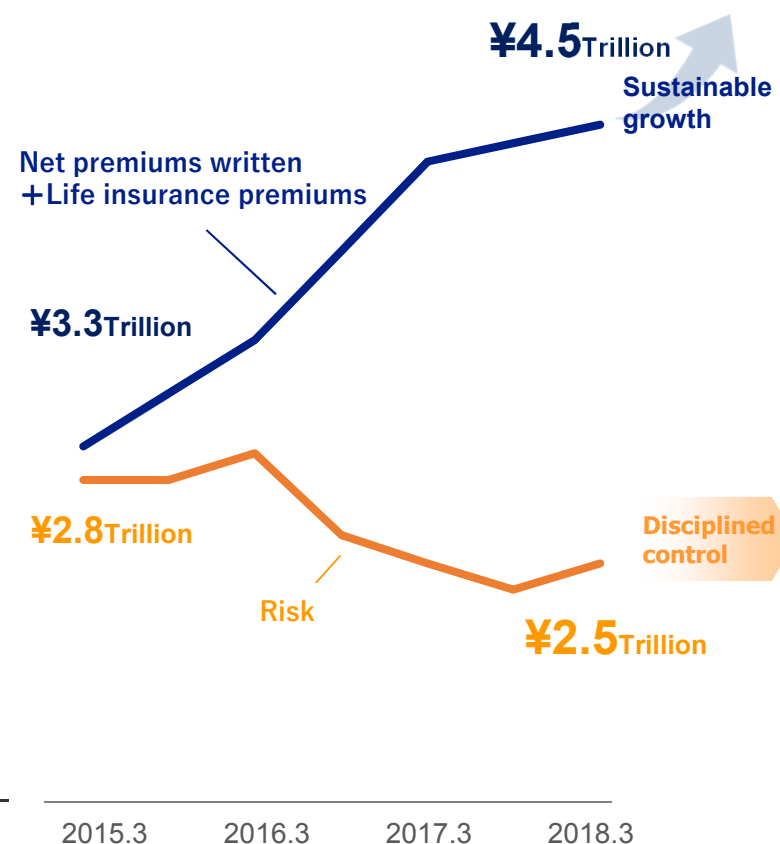
# Risk Amount (as of Sep. 30, 2018)

- Risk amount after diversification as of Sep. 30, 2018 is 2.6 trillion yen
- Risk diversification has been enhanced mainly through the ongoing expansion of business diversification and continuous sales of business-related equities

## ■ Risk



## ■ Trends of premiums and risk

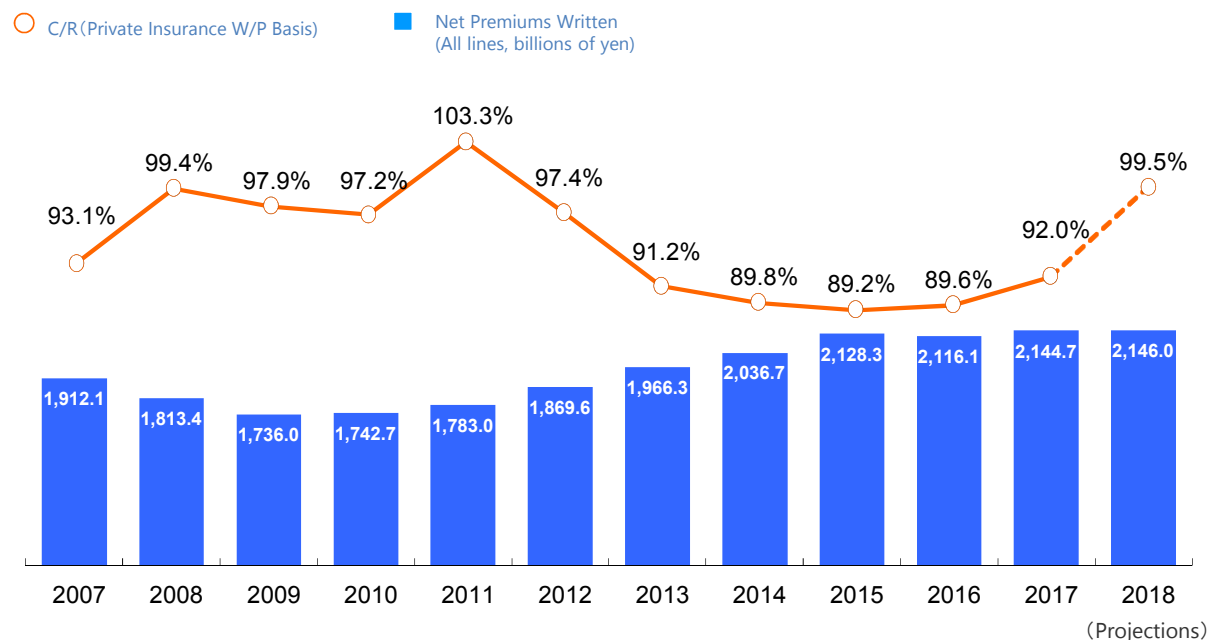


- ✓ 99.95%VaR, after tax basis
- ✓ "Others" includes Financial and General businesses, FX risk derived from net capital investment, etc.

# Basic Information (Domestic Non-Life 1) - TMNF



## Trend of net premiums written and combined ratio



## Statistics of combined ratio and loss ratio (private insurance E/I Basis)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 Projections
<b>Net E/I C/R*1</b>	<b>103.8%</b>	<b>99.6%</b>	<b>97.2%</b>	<b>90.6%</b>	<b>92.7%</b>	<b>90.4%</b>	<b>93.9%</b>	<b>101.3%</b>
<b>E/I loss ratio</b>	<b>69.8%</b>	<b>66.8%</b>	<b>65.0%</b>	<b>58.5%</b>	<b>60.1%</b>	<b>57.7%</b>	<b>61.4%</b>	<b>68.8%</b>
(Excluding natural catastrophes)	61.3%	62.8%	60.1%	56.9%	56.0%	54.8%	57.0%	57.0%
<b>Expense ratio</b>	<b>34.0%</b>	<b>32.8%</b>	<b>32.2%</b>	<b>32.2%</b>	<b>32.6%</b>	<b>32.7%</b>	<b>32.5%</b>	<b>32.5%</b>

\*1: Net E/I C/R=E/I loss ratio + W/P expense ratio

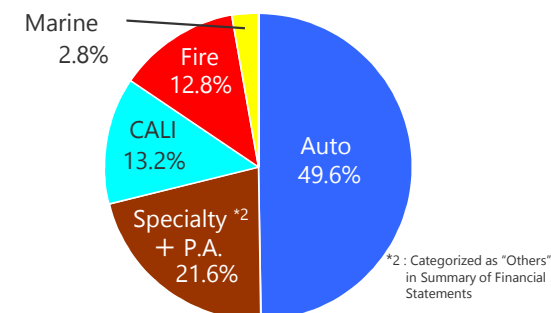
\*3 : Sony, American home, AXA, Mitsui Direct, Saison, SBI, E.design, Sonpo 24

Source Insurance Statistics (Sonpo Toukeigo)

\*4: Market share of auto insurance: 6.5%

## Premium composition by line

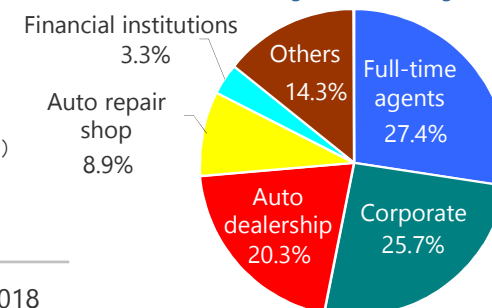
(FY2017 net premiums written basis)



\*2 : Categorized as "Others" in Summary of Financial Statements

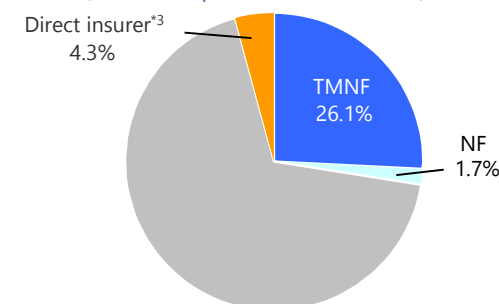
## Premium composition by sales channel

(FY2017 managerial accounting basis)



## Market share (excluding reinsurance companies)

(FY2016 net premiums written basis)



# Basic Information (Domestic Non-Life 2) - TMNF



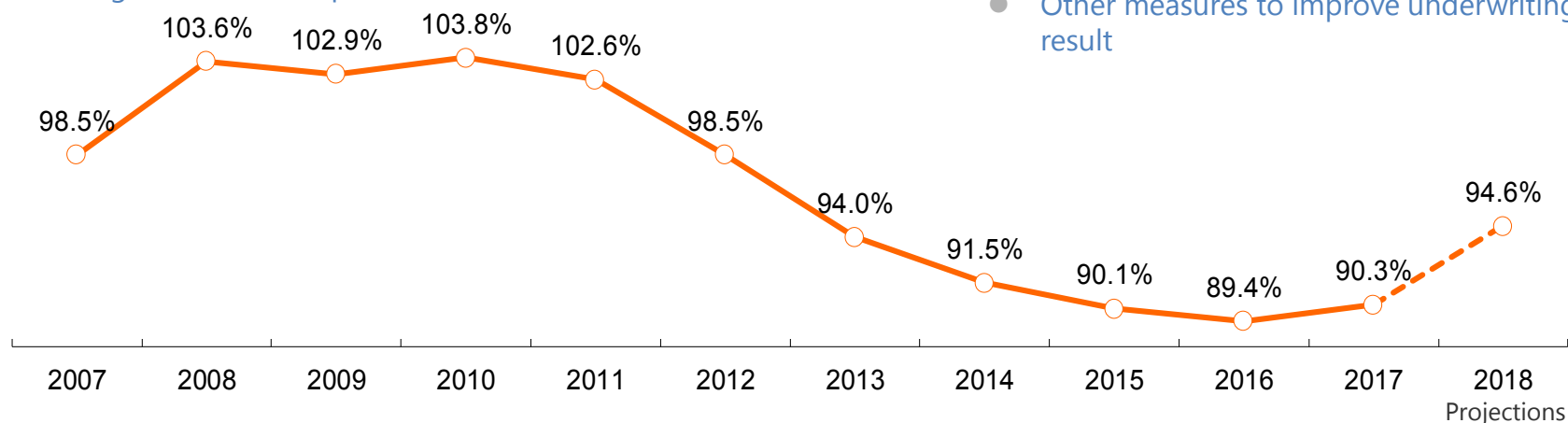
## ● Trend of underwriting results in auto insurance (W/P basis combined ratio)

<Factors of profitability deterioration>

- Increase in senior drivers with high accident frequency
- Decrease in per-policy premiums owing to the progress of the average discount rate under the Grade Rating System
- Increasing trend in unit repair cost

<Measures to improve profitability>

- Efforts to decrease business expenses such as operational streamlining
- Product and rate revisions
- Introduction of age-bracket rate plans
- Revisions of the Grade Rating System
- Other measures to improve underwriting result



## ● Trend of auto insurance policy renewal ratio, E/I basis combined ratio and loss ratio

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 Projections
Policy renewal ratio	95.1%	95.3%	95.6%	95.6%	95.7%	95.9%	95.8%	—
Net E/I C/R*	102.9%	100.2%	95.7%	91.6%	91.4%	91.0%	91.8%	94.8%
E/I L/R	70.7%	69.4%	65.3%	61.1%	60.5%	60.2%	60.8%	63.6%

\* : Net E/I C/R = E/I loss ratio + W/P expense ratio

# Basic Information (Domestic Life 1) - TMNL

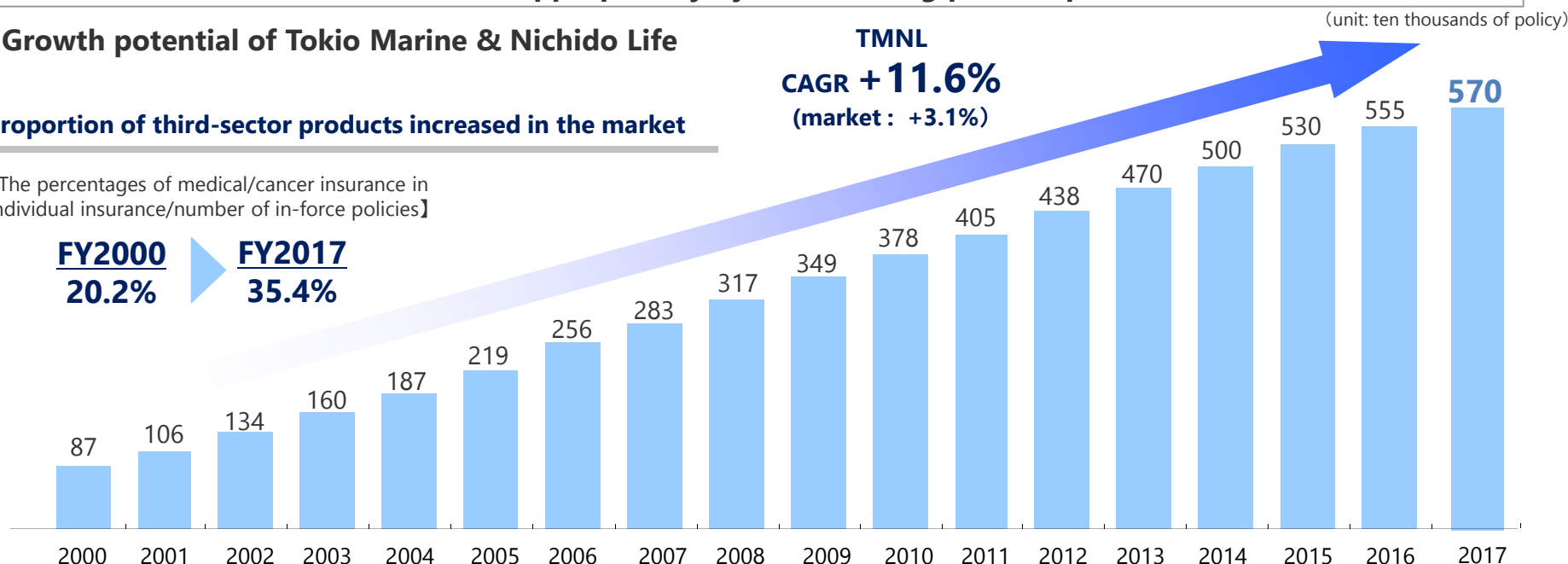
- Achieve profit growth greatly exceeding the markets by developing product strategies focusing on “life insurance to protect one's living” in response to customer needs
- Control the interest rate risks, etc. appropriately by transforming product portfolio

## ■ Growth potential of Tokio Marine & Nichido Life

### Proportion of third-sector products increased in the market

【The percentages of medical/cancer insurance in individual insurance/number of in-force policies】

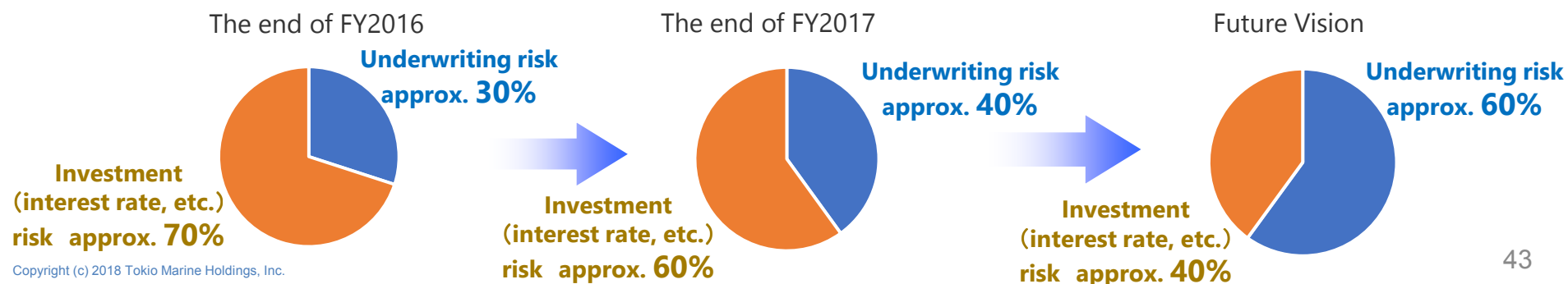
**FY2000**  
**20.2%** → **FY2017**  
**35.4%**



• The source of figures regarding Japanese life insurance market is “The Life Insurance Association of Japan”







• The figures of TMNL are after merger basis between TMNL and former FL

## ■ Appropriately control interest rate risks



# Basic Information (Domestic Life 2) - TMNL Major Products

(Products lineup as of Nov. 2018)

<b>Death insurance</b> (whole life insurance/ term insurance/ variable insurance)	 <p><b>Whole life insurance for longevity in case of death and nursing care</b></p> <p>プレミアムシリーズ (Premium Series)</p> <p><b>•Long-life Support Whole Life Insurance</b></p> <p>In addition to severe disability and death, this product benefits in case the policyholder becomes second degree nursing care or above, etc. under the public nursing care insurance system</p>	 <p><b>Receive benefits as if receiving monthly salary in times of needs Enhance coverage for inability to work</b></p> <p>プレミアムシリーズ (Premium Series)</p> <p><b>•Household Income Term Insurance NEO (Disability Plan)</b></p> <p>In addition to severe disability and death, this product offers monthly benefits in the event of the inability to work or the need for nursing care due to certain illness</p>	 <p><b>Variable annuities for future asset accumulation while securing coverage in time of needs</b></p> <p><b>•Market Link</b></p> <p>Death, severe disability, and maturity insurance amount fluctuate based on the performance results. Ensure security of minimum coverage for death and severe disability insurance amount</p>
	 <p><b>Medical insurance with lifelong coverage for disease and injury</b></p> <p>プレミアムシリーズ (Premium Series)</p> <p><b>•Medical Kit NEO •Medical Kit R</b></p> <p>A medical insurance product, which covers hospitalization, surgery and radiation therapy due to illness or injury</p> <p>Product series with "R" function</p>	 <p><b>Medical insurance that supports health enhancement which refunds a portion of insurance premiums by walking</b></p> <p>プレミアムシリーズ (Premium Series)</p> <p><b>•Aruku Hoken</b></p> <p>Refund a portion of insurance premiums in response to health enhancement activities using sensing technology (wearable device)</p>	 <p><b>Insurance to secure coverage in case of cancer</b></p> <p>プレミアムシリーズ (Premium Series)</p> <p><b>•Cancer Treatment Support Insurance NEO •Cancer Insurance R</b></p> <p>This product offers diagnosis benefit, etc. to the policyholder</p> <p>Product series with "R" function</p>

\* : Features of product series with "R" function:

R (return) function = We return the balance of premiums paid excluding benefits, etc. (refund benefits to health)

R (reserve) function= We continue to provide lifelong coverage with same premiums at the time of enrollment after paying refund benefits for health

\* : Premium series are living protection products that are unique and include extensive coverage

# Basic Information (International Insurance 1) - Strategic Expansion

Pursue growth opportunities globally  
as the profit growth driver of the Group



Pursue to establish a  
diversified business portfolio

2000

2007

2011

2015

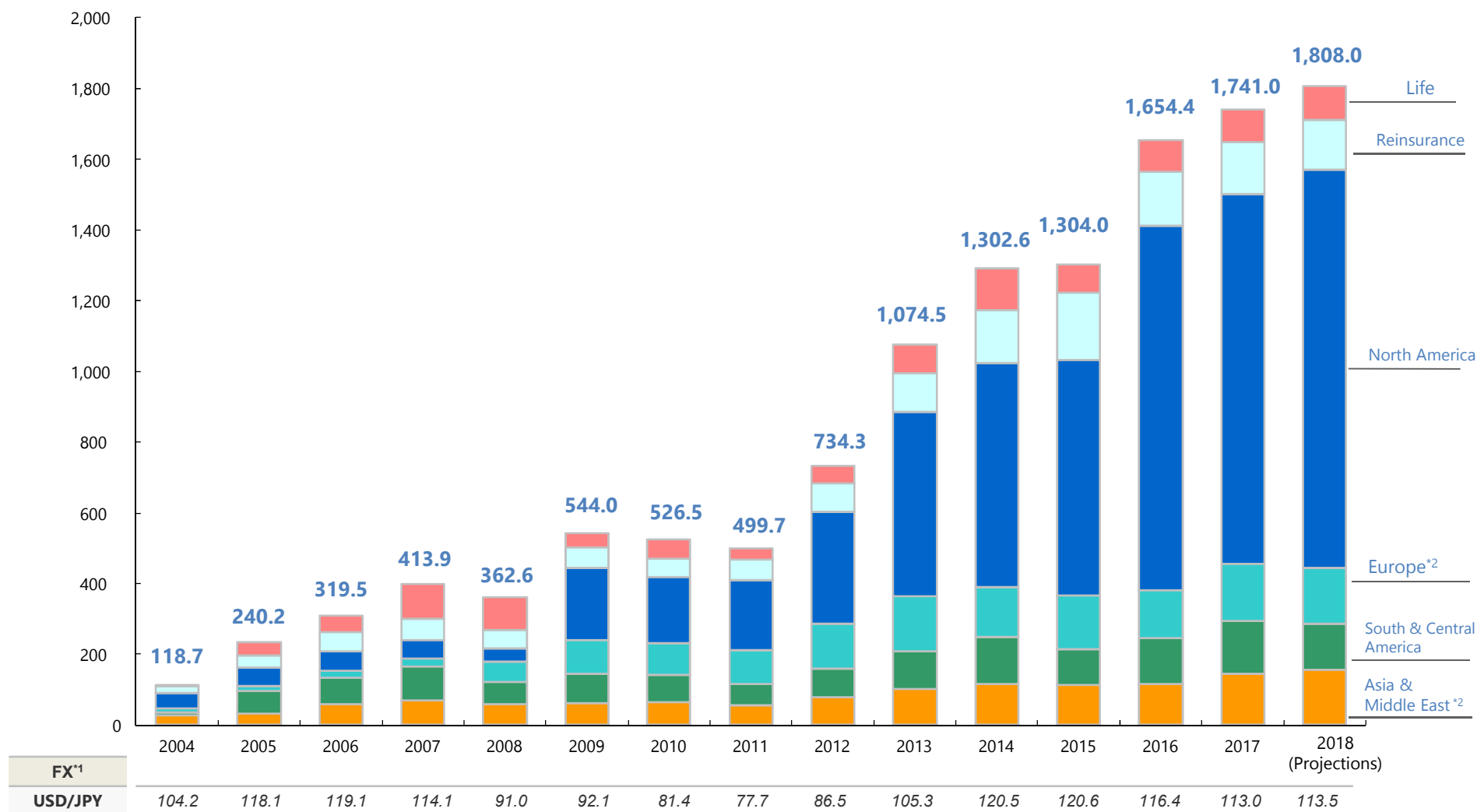
2018



# Basic Information (International Insurance 2) - Net Premiums Written



## ● Net premiums written in international insurance business (billions of yen)



\*1: FX rates are as of Dec. 31 of each year  
(FX rate for FY2018 Projections is as of end- Sep, 2018)

\*2: Up to FY2015, Middle East is included in Europe.  
From FY2016, Middle East is included in Asia

# Basic Information (International Insurance 3) - FY2018 Projections by regions



Net Premiums Written (billions of yen)	FY2017		FY2018 Projections			FY2018 Projections vs FY2017			
	Actual ①	Normalized basis <sup>*5</sup> ②	Original ③	Revised ④	Normalized basis <sup>*5</sup> ⑤	Actual		Normalized basis	
						YoY Changes ④-①	YoY % ④÷①	YoY Changes ⑤-②	YoY % ⑤÷②
North America <sup>*1</sup>	1,047.0	985.0	1,027.0	1,127.0	1,054.0	79.9	8%	69.0	7%
Philadelphia	359.7	338.0	347.0	380.0	356.0	20.2	6%	18.0	5%
Delphi	252.6	238.0	244.0	269.0	252.0	16.3	6%	14.0	6%
TMHCC	354.7	334.0	363.0	398.0	372.0	43.2	12%	38.0	12%
Europe <sup>*2</sup>	161.9	158.0	158.0	159.0	159.0	▲ 2.9	▲ 2%	1.0	0%
South & Central America	148.0	139.0	145.0	130.0	148.0	▲ 18.0	▲ 12%	9.0	6%
Asia & Middle East	145.9	139.0	145.0	156.0	155.0	10.0	7%	16.0	11%
Reinsurance <sup>*3</sup>	146.2	138.0	145.0	139.0	131.0	▲ 7.2	▲ 5%	▲ 7.0	▲ 5%
Total Non-Life <sup>*4</sup>	1,649.2	1,559.0	1,620.0	1,711.0	1,647.0	61.7	4%	88.0	6%
Life	91.7	89.0	93.0	97.0	95.0	5.2	6%	6.0	8%
Total	1,741.0	1,648.0	1,713.0	1,808.0	1,742.0	66.9	4%	94.0	6%

Business Unit Profits (billions of yen)	FY2017		FY2018 Projections			FY2018 Projections vs FY2017			
	Actual ①	Normalized basis <sup>*5</sup> ②	Original ③	Revised ④	Normalized basis <sup>*5</sup> ⑤	Actual		Normalized basis	
						YoY Changes ④-①	YoY % ④÷①	YoY Changes ⑤-②	YoY % ⑤÷②
North America <sup>*1</sup>	159.8	132.0	137.0	168.0	152.0	8.1	5%	20.0	15%
Philadelphia	39.2	40.0	42.0	45.0	39.0	5.7	15%	▲ 1.0	▲ 3%
Delphi	73.0	43.0	49.0	68.0	64.0	▲ 5.0	▲ 7%	21.0	49%
TMHCC	45.1	42.0	43.0	49.0	44.0	3.8	9%	2.0	5%
Europe <sup>*2</sup>	▲ 17.9	0.0	10.0	12.0	9.0	29.9	-	9.0	-
South & Central America	5.0	5.0	5.0	9.0	10.0	3.9	78%	5.0	100%
Asia & Middle East	14.3	12.0	9.0	8.0	8.0	▲ 6.3	▲ 44%	▲ 4.0	▲ 33%
Reinsurance <sup>*3</sup>	▲ 16.1	▲ 3.0	9.0	8.0	5.0	24.1	-	8.0	-
Total Non-Life <sup>*4</sup>	144.8	146.0	170.0	206.0	185.0	61.1	42%	39.0	27%
Life	6.3	6.0	2.0	▲ 1.0	▲ 1.0	▲ 7.3	▲ 116%	▲ 7.0	▲ 117%
Total	144.1	145.0	165.0	195.0	174.0	50.8	35%	29.0	20%

C/R	FY2017	FY2018 Projections	
		Original	Revised
North America <sup>*1</sup>	95%	95%	95%
Philadelphia	94%	96%	96%
Delphi	103%	100%	101%
TMHCC	89%	89%	89%
Europe <sup>*2</sup>	117%	95%	94%
South & Central America	99%	100%	94%
Asia & Middle East	94%	99%	100%
Reinsurance <sup>*3</sup>	121%	99%	101%
Total Non-Life <sup>*4</sup>	100%	96%	96%
Life	-	-	-
Total	100%	96%	96%

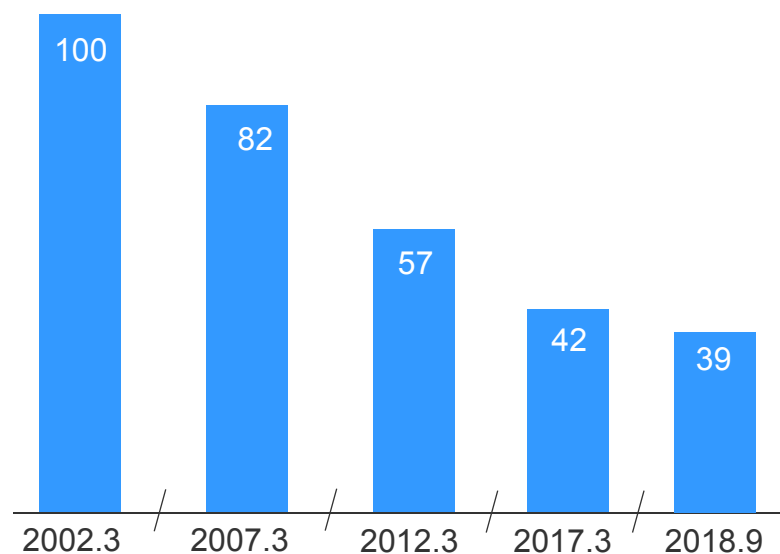
\*1: North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK  
\*2: European figures include North American business of TMK, but not include European and Reinsurance businesses of TMHCC  
\*3: Reinsurance figures are those of TMR and other Reinsurance companies  
\*4: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries  
\*5: In Net Premiums Written, FX when converting to yen is adjusted to FX of Mar. 31, 2018 In Business Units Profits, FX when converting to yen is adjusted to FX of Mar. 31, 2018, Excluding the impact of FX gains / losses on major overseas subsidiaries, Nat-cat losses are normalized to an average annual level, Excluding one time impact of U.S. tax reform  
\*6: After adjustment of head office expenses

## Ongoing efforts to reduce business-related equities

- Book value of business-related equities declined to 39% from Mar. 31, 2002 through steady action
- Sold total amount of approx. ¥2.1T\*<sup>1</sup> since FY2002
- In this mid-term business plan, we will also plan to sell ¥100 billion or more a year

\*1: Market price at the time of sale

## Book value of business-related equities\*<sup>2</sup>



\*2: Figure at the end of FY2002 is set at index value of 100

## Sales amount

- Previous mid-term business plan (2015-2017)  
Plan : Sell more than ¥100.0B every year  
Results: Sold more than ¥100.0B every year

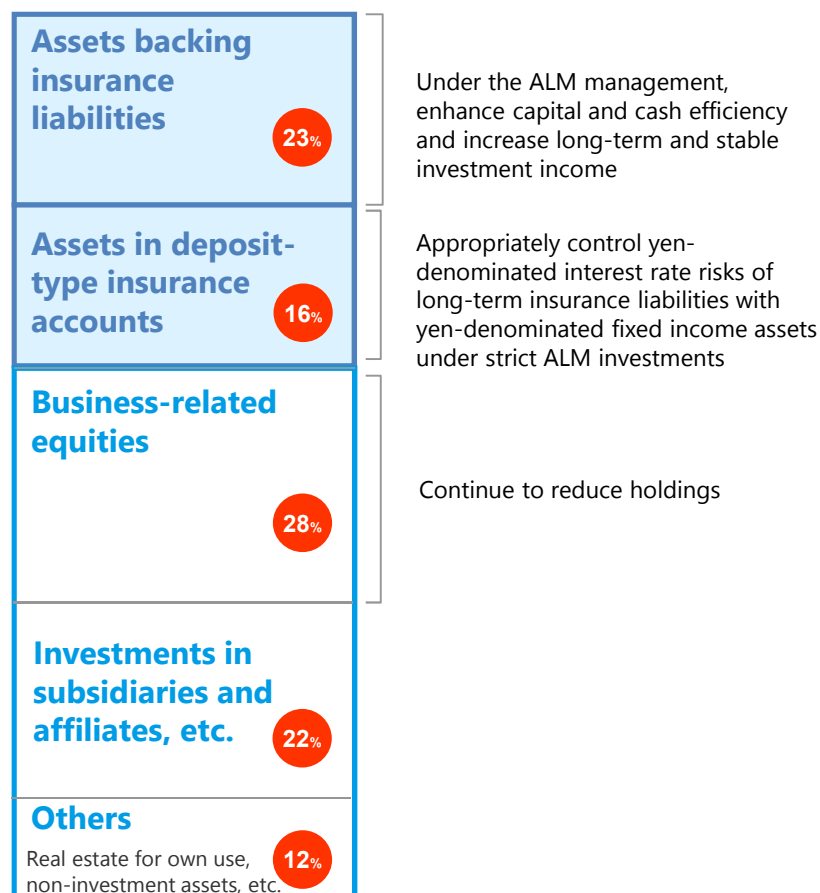
FY	Sales amount
2015	¥122.0B
2016	¥117.0B
2017	¥108.0B
3 years total	¥347.0B

- Mid-term business plan (2018-2020)  
Plan : Continue to sell more than ¥100.0B every year

## Domestic Non-Life (TMNF)

- With regard to assets backing insurance liabilities, we aim to enhance capital / cash efficiency, and increase long-term and stable investment income under the ALM management
- With regard to assets in deposit-type insurance account, we aim a stable increase in the value of surplus by appropriately controlling the interest rate risk based on strict ALM investments

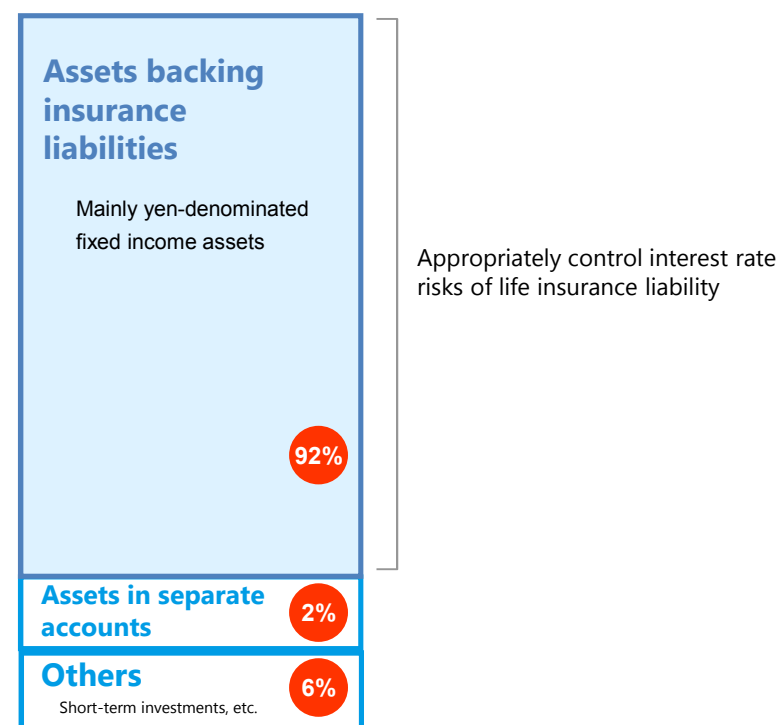
TMNF Total Assets **¥9.8T** (as of end of Sep. 2018)



## Domestic Life (TMNL)

- Excluding assets in separate accounts, most assets are assets for backing long-term insurance liabilities. We aim a stable increase in the value of surplus by controlling the interest rate risk based on ALM investments

TMNL Total Assets **¥7.2T** (as of end of Sep. 2018)



# ESG (Sustainably Enhancing Corporate Value) ~External Evaluation~

- Tokio Marine Group has promoted ESG (Environment, Social, and Governance) through business activities, etc. and acquired high recognitions and got commendations in Japan and overseas

## SRI/ESG indices including Tokio Marine Group

 <p>2018 Constituent MSCI Japan ESG Select Leaders Index</p>	 <p><b>ROBECOSAM</b> Sustainability Award Bronze Class 2018</p>	 <p>FTSE4Good</p>	 <p>FTSE Blossom Japan</p>
 <p>2018 Constituent MSCI Japan Empowering Women Index (WIN)</p>	<p>MEMBER OF</p> <p><b>Dow Jones</b> Sustainability Indices</p>	 <p>Member of ETHISphere Sustainability Index EXCELLENCE Global</p>	 <p>MS-SRI</p>

## Japan



- Five Group companies received recognition under the 2018 Certified Health and Productivity Management Outstanding Organizations Recognition Program in the large enterprise category (white 500)", and also we are selected as a "2018 Health & Productivity Stock"

- Selected as a "Nadeshiko Brand" in FY2017, following FY2013 and FY2015



- Received "Best Resilience Award" and "Excellent Resilience Award" at the Japan Resilience Award 2018



- Received Ministerial Commendation as Model Example of Financial Institution Initiatives for Revitalizing Regional Economies

## Overseas

- Overseas Group companies were awarded :
  - "Best Places to Work in Insurance" in the U.S.
  - "Best Workplaces for Women" in Brazil



## Disclosure



- "Sustainability Report 2017" won "Excellent Reliability Report Awards of the 21st Environmental Communication awards" as a excellent environmental report



- "Integrated Annual Report 2017" received an Award for Excellence at the 20th Nikkei Annual Report Awards

# ESG (Sustainably Enhancing Corporate Value) ~Promoting ESG~

- Participate in international initiatives and conduct surveys, researches, and proposal making activities in order to contribute to a safe, secure and sustainable future
- Also, actively work on SDGs and contribute to the resolution of social issues by taking advantage of the expertise of insurance and risk consulting

## Our Group's Initiatives

WE SUPPORT



### UN Global Compact

- Signed and expressed support for the UNGC in 2005
- Participated in "Training for Tomorrow's Management", "SDGs Working Group", and "Disaster Risk Reduction Working Group" in FY2017



### United Nations Environment Programme(UNEP)/ Finance Initiative

- Participated in the insurance committee as a representative director of Asia region
- In Dec. 2017, UNEP FI Asia Pacific Roundtable was held in Tokyo. Participated in the conference focusing on task force on Climate-related Financial Disclosures (TCFD) and insurance



### Principle for Responsible Investment

- Our Group companies, Tokio Marine & Nichido, Tokio Marine Asset Management and Tokio Marine Capital agreed with PRI and signed the principles



### Principles for Sustainable Insurance

- Signed in 2012 as a drafting committee member
- Joined in PSI TCFD Insurer Pilot Working Group from FY2018

Principles For Financial Action for the 21<sup>st</sup> century



Japan Sustainable Investment Forum



UNISDR  
Private Sector Alliance for Disaster Resilient Societies



The Geneva Association



ClimateWise



Asia-Pacific Financial Forum



CDP



Task Force on Climate-related Financial Disclosure



IDF



Forum for Integrated Corporate Disclosure and ESG Dialogue



Eco First



COOL CHOICE



# ESG (Sustainably Enhancing Corporate Value) ~Environment~

- Actively contribute to environmental protection, biodiversity preservation, and creation of environmental values through our business

## Examples of our approaches to environment

### ■ Creating a green society through insurance business

- Provide drone insurance to encourage broad use of drone that are environmental friendly
- Provide special insurance and services for solar power / geothermal power generation companies to contribute to the broader adoption of clean energy
- Contribute to the protection of natural environment by offering Environmental liability Insurance
- Promote web-based insurance contracts (clauses) and omission of issuing insurance policies



### ■ Creating a green society through financial business

- Provide funds\* that invest in renewable energy generation facilities to facilitate the introduction of clean energy
- Offer "Low-carbon Japanese Equity Fund" comprising shares of corporations, actively reducing CO<sub>2</sub> emissions

#### Performance of the renewable energy fund \* (as of the end of Sep. 2018)

The amount of commitment :

approx. **44 billion yen**

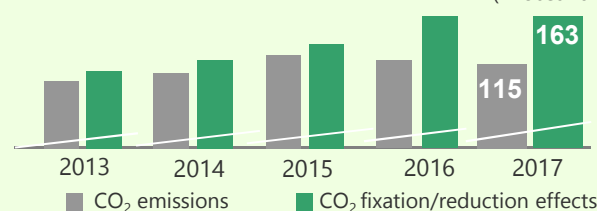
Constructions: **30** Plants

\*: TM Japan solar energy fund 2012, 2013, 2014,  
TM Japan renewable energy fund 2017

### ■ Initiatives to reduce environmental footprint

- Achieve "carbon neutral" through planting mangroves and utilizing natural energy as well as working proactively to reduce CO<sub>2</sub> emissions

#### "Carbon neutral" for 5 consecutive years" (Thousand tons)



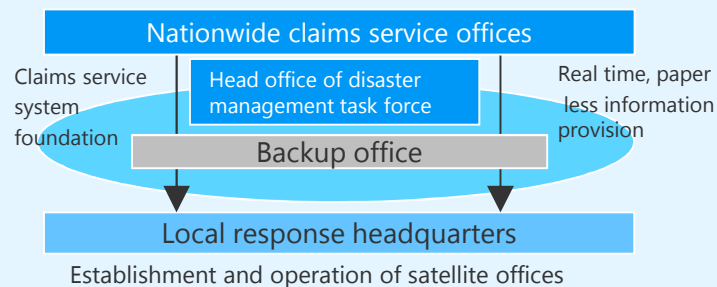
## Contribution to sustainable environment

- Contribute to solve social issues by providing safety and security to customers and society through our business

## ■ Response to large natural disasters

- Stay close to our customers in times of need and support the reconstruction of disaster areas and livelihoods
- Build a structure to concentrate on responding to victims in order to provide the earliest possible claims payment as "safety"

<Claims service structure set up after large natural disasters>



## ■ Providing insurance products for tackling social issues

- Developed the industry's first cover that responds to the improvement of autonomous driving system
- Offer services utilizing our original drive recorder device aiming for a safe and secure car life
- Contribute to the development of agriculture and resolution of poverty problems by providing a low-cost product for farmers in India



Accident assessment



Head office of disaster management task force



Loading relief supplies onto a truck



Check on the damage situation of customers



# ESG (Sustainably Enhancing Corporate Value) ~Social~

## Examples of our approaches to society

### ■ Promoting health & productivity management

- Implement PDCA steadily in the aim of employees' health promotion, revitalizing organization, and enhancing corporate value.
- Support our customers' health & productivity management by leveraging the know-how accumulated in the Group

### ■ Support regional revitalization

- Support to stabilize SME businesses through local governments, chambers of commerce, commerce and industry association, etc.
- Active support to both inbound business and overseas expansion of local companies

### ■ Promotion of active and equal participation

- Develop various systems that will promote active and equal participation and provide chances for female employees
- Appoint female managers and develop management candidates

### ■ Realization of an inclusive society / Development of future generations

- Conduct Disaster Prevention Lessons and seminars to enhance disaster mitigation awareness
- Hold Dementia Supporters Training Programs and provide covers that support people with dementia
- Support the Japanese Para-Sports Association, the Japan Inclusive Football Federation, and the Special Olympics Nippon

#### Health & productivity management supporting companies

**FY2018 approx. 1,000 companies**

\* Based on our survey

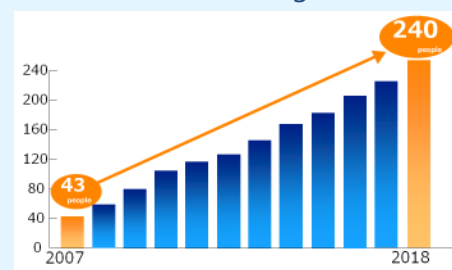
#### Companies TMNF assisted the formulation of BCPs

A cumulative total of

**approx. 1,500 companies**

\* FY2016~FY2017 (Based on our survey)

Trend of female managers (TMNF)



For 2018, as of April 1

#### TMNF

Support Tokyo 2020 as a Gold Partner (non-life insurance) of Olympic and Paralympic Games Tokyo 2020



TOKYO 2020



TOKIO MARINE NICHIDO



TOKYO 2020 PARALYMPIC GAMES

Tokyo 2020 Gold Partner (Non-life Insurance)

Contribute to solve social issues through business

# ESG (Sustainably Enhancing Corporate Value) ~Governance~

- In April 2016, globalized and strengthened Group management system by establishing Group Chief Officer positions and committees as well as strengthening those functions
- Involvement of top management at overseas subsidiaries in solving Group management issues with their expertise
- More focus by the Group CEO on Group management and promote initiatives for spreading Group culture

## Globalize and Strengthen



**TOKIO MARINE  
GROUP**

### Group CEO / CCO

Chief Culture Officer

- Focus on the Group management
- Initiatives for spreading our Group culture

Group chief officers	Dept. in charge
<b>CFO</b> Financial	<b>Corporate Planning</b>
<b>CRO</b> Risk	<b>Risk Management</b>
<b>CSSO</b> Strategy and Synergy	<b>Strategy and Synergy</b>
<b>CDO</b> Digital	<b>Strategy and Synergy</b>
<b>CRSO</b> Retention Strategy	<b>Global Retention Strategy</b>
<b>CIO</b> Investment	<b>Financial Planning</b>
<b>CHRO</b> Human Resources	<b>Human Resources</b>
<b>CITO</b> Information Technology	<b>IT Planning</b>
<b>CISO</b> Information Security	<b>IT Planning</b>

## Committees

**Top management both in Japan and overseas discuss various Group management issues**

ERM Committee

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International Executive Committee (IEC)

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Global Retention Strategy Committee (GRSC)

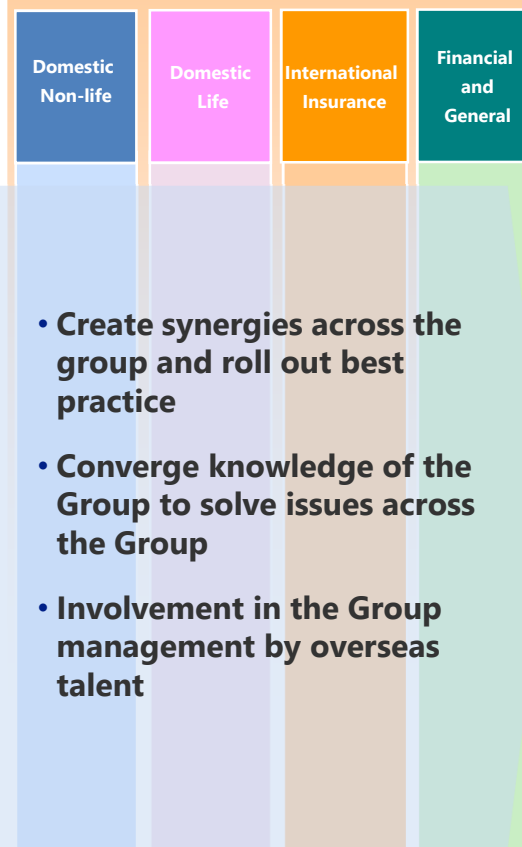
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Global Investment Strategy Committee (GISC)

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Global Information Technology Committee (GITC)

## Maximize the Group's comprehensive capabilities



# ESG (Sustainably Enhancing Corporate Value) ~Governance~

- Strengthen global governance through promoting diversity and spreading core identity

## Diversity

### ■ Globalized and strengthened Group Chief Officer positions

- International top management has taken the posts of Group Co-CRSO and Group Co-CIO since April 2016
- Established Group CCO, CSSO, CDO, and CISO



CRSO and Co-CRSO lead underwriting/retention strategy



CIO and Co-CIO lead asset management

### ■ Enhancement of committees

- Realize optimal decision-making while considering from multiple perspectives by utilizing experts in Tokio Marine Group



## Establish a strong governance

## Core identity

### ■ Spreading "To Be a Good Company"

- Group CEO conducted townhall meetings with approx. 18,000 Group employees.
- Further strengthen the Group governance by promoting the penetration of our Group culture through the meetings



Townhall meeting in Malaysia

### The culture & value survey (75% of approx. 40,000 employees answered)

Passion toward the Group

**4.1 points out of 5**

(Being proud of working for Tokio Marine Group)

# Impact of FX rate change on the Group's Financial Results

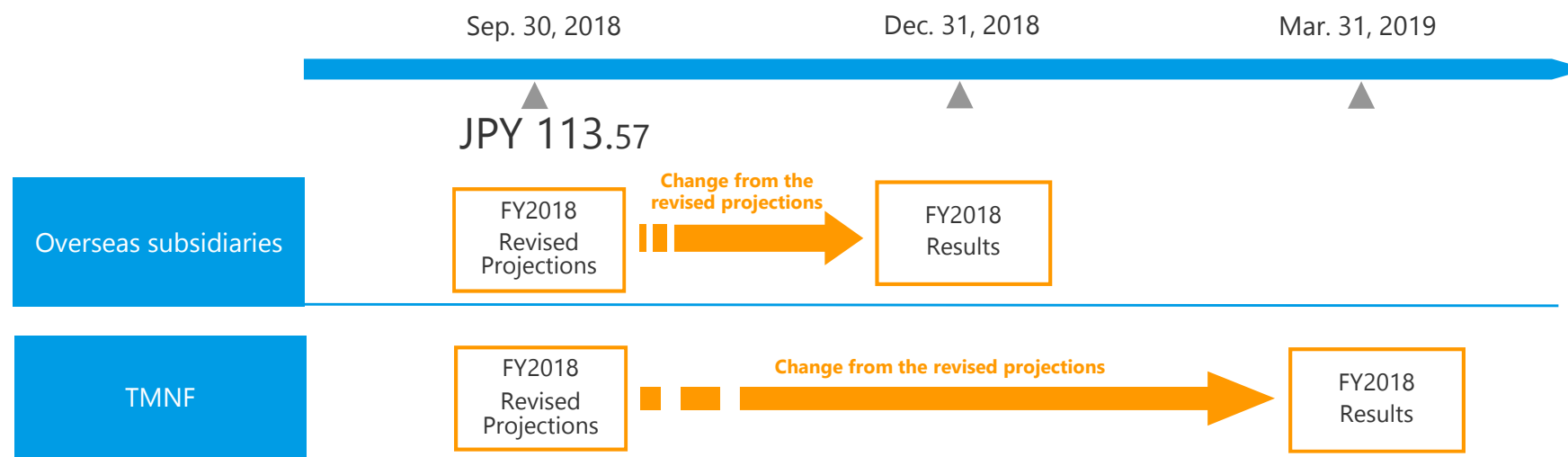
## ● Main impact in the event of 1 yen appreciation\*1 (compared with the revised projections)

Impact on net income on financial accounting basis*2	Impact on adjusted net income*2
<ul style="list-style-type: none"> <li>■ Decrease in profit from overseas subsidiaries: approx. -¥1.2B <ul style="list-style-type: none"> <li>➡ Decrease in profit from local subsidiaries</li> <li>➡ Decrease in amortization of intangible fixed assets and goodwill</li> </ul> </li> <li>■ Change in foreign currency denominated outstanding claims reserves and derivatives at TMNF: approx. +¥1.2B</li> </ul>	<ul style="list-style-type: none"> <li>■ Decrease in profit from overseas subsidiaries: approx. -¥1.7B <ul style="list-style-type: none"> <li>(Of factors stated in the left column, amortization of intangible fixed assets and goodwill has no impact because it is added back to adjusted net income)</li> </ul> </li> <li>■ Change in foreign currency denominated outstanding claims reserves and derivatives at TMNF: approx. +¥1.2B</li> </ul>
Total: almost no impact	Total: approx. -¥0.5B

\* 1 Assuming that the FX rate for each currency changes by the same ratio as USD

\* 2 Impact on the FY2018 projections, after tax basis

## ● Reference: applied FX rate (USD/JPY)



# MEMO

[illegible]

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*To Be a **Good Company***



**Tokio Marine Holdings**

