



Tokio Marine Holdings

To Be a Good Company

Overview of 3Q FY2018 Results

February 14, 2019

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



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3Q FY2018 Results

| <Reference> | Applied FX Rate (USD/JPY) | |
|---|--|--|
| | FY2017 | FY2018 |
| Domestic non-life and life (End of Dec.) | JPY 113.00 (-JPY 0.81 from Mar. 2017) | JPY 111.00 (-JPY 4.76 from Mar. 2018) |
| International insurance (End of Sep.) | JPY 112.73 (+JPY 3.76 from Dec. 2016) | JPY 113.57 (-JPY 0.57 from Dec. 2017) |

Highlight

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



Net premiums written

¥2,748.0B
+1.2% YoY

- ✓ Domestic*: Grew by +0.6% (private insurance basis: +1.8%) mainly due to business growth in specialty insurance despite a decrease (-¥16.6B) due to rate cut in CALI, etc.
- ✓ Overseas: Grew by +2.2% mainly in North America (excluding FX effects: +4.3%) despite the impact of the yen's appreciation (Brazilian Real's depreciation, etc., -¥19.8B)

* Total of TMNF and NF

Life insurance premiums

¥720.6B
+6.5% YoY

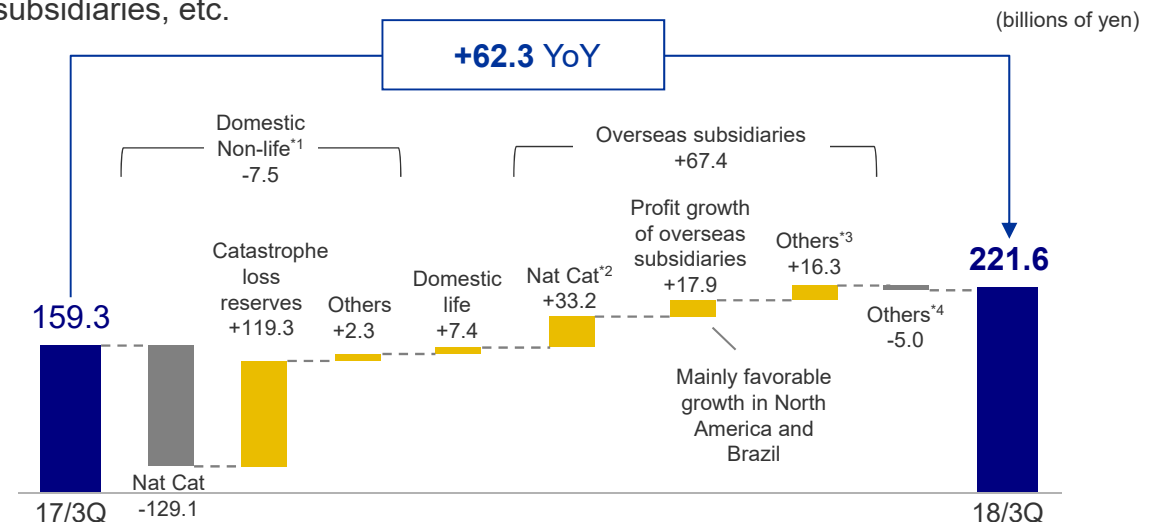
- ✓ Domestic: Grew by +6.2% due to a decrease in surrender of variable annuities at former Tokio Marine & Nichido Financial Life, etc.
- ✓ Overseas: Grew by +7.2% due to business growth in medical stop-loss insurance at TMHCC, etc.

- ✓ The increase in domestic natural catastrophes was almost offset by takedown of catastrophe loss reserves

In addition, increased in Group total by ¥62.3B YoY due to the reversal effect of hurricanes in North America in FY2017, etc. and profit growth in overseas subsidiaries, etc.

Consolidated net income (net income attributable to owners of the parent)

¥221.6B
+¥62.3B YoY



*1 Total of TMNF and NF. After elimination of dividends TMNF received from subsidiaries, etc.

*2 Mainly the impact of the reversal effect of hurricanes in North America in FY2017, etc.

*3 The impact of tax reduction in U.S. and FX effects, etc. *4 Other consolidation adjustments, etc.

(billions of yen, except for %)

| | FY2017 3Q | FY2018 3Q | YoY | |
|--|----------------|----------------|--------|----------|
| | | | Change | % |
| ■ Total premiums | 3,392.2 | 3,468.7 | 76.5 | + 2.3% |
| Net premiums written (TMHD Consolidated) | 2,715.7 | 2,748.0 | 32.2 | + 1.2% |
| Life insurance premiums (TMHD Consolidated) | 676.4 | 720.6 | 44.2 | + 6.5% |
| ■ Ordinary profit (TMHD Consolidated) | 237.2 | 309.2 | 71.9 | + 30.3% |
| Tokio Marine & Nichido | 251.0 | 190.3 | - 60.6 | - 24.2% |
| Nisshin Fire | 3.7 | 1.5 | - 2.2 | - 59.8% |
| Tokio Marine & Nichido Life | 17.5 | 28.2 | 10.7 | + 61.4% |
| Overseas subsidiaries | 89.2 | 161.5 | 72.2 | + 80.9% |
| Financial and general | 5.0 | 4.2 | - 0.8 | - 16.4% |
| Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc. | - 89.2 | - 46.4 | 42.8 | |
| Purchase method adjustments | - 2.4 | - 1.6 | 0.7 | |
| Amortization of goodwill and negative goodwill | - 34.2 | - 26.4 | 7.8 | |
| Others (Consolidation adjustments, etc.) | - 3.3 | - 2.0 | 1.2 | |
| ■ Net income attributable to owners of the parent | 159.3 | 221.6 | 62.3 | + 39.1% |
| Tokio Marine & Nichido | 201.5 | 152.6 | - 48.9 | - 24.3% |
| Nisshin Fire | 2.6 | 1.2 | - 1.4 | - 53.3% |
| Tokio Marine & Nichido Life | 11.4 | 18.9 | 7.4 | + 65.0% |
| Overseas subsidiaries | 64.0 | 131.5 | 67.4 | + 105.4% |
| Financial and general | 3.4 | 2.9 | - 0.5 | - 15.5% |
| Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc. | - 89.2 | - 46.4 | 42.8 | |
| Purchase method adjustments | - 1.9 | - 1.0 | 0.8 | |
| Amortization of goodwill and negative goodwill | - 34.2 | - 26.4 | 7.8 | |
| Others (Consolidation adjustments, etc.) | 1.5 | - 11.7 | - 13.2 | |
| 【 KPI for the Group Total 】 | | | | |
| ■ Adjusted net income | 238.4 | 186.4 | - 51.9 | - 21.8% |

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

| | FY2017 3Q Results | FY2018 3Q Results | YoY Change |
|---|-------------------------|-------------------------|---------------|
| Underwriting profit/loss | 40.8 | 28.4 | - 12.3 |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | 66.3 | - 99.4 | - 165.8 |
| Net premiums written (Private insurance) | 1,396.0 | 1,419.5 | 23.4 |
| Net premiums earned (Private insurance) | 1,398.4 | 1,414.5 | 16.0 |
| Net incurred losses (Private insurance)* | - 873.3 | - 1,042.6 | - 169.3 |
| Natural catastrophe losses | - 65.9 | - 233.6 | - 167.6 |
| Provision/Reversal of foreign currency denominated outstanding claims reserves | - 0.6 | - 3.8 | - 3.1 |
| Other than above | - 806.7 | - 805.2 | 1.4 |
| Business expenses (Private insurance) | - 446.6 | - 452.6 | - 5.9 |
| Provision/Reversal of catastrophe loss reserves | - 25.5 | 127.9 | 153.4 |
| Auto | - 5.2 | 17.5 | 22.8 |
| Fire | - 6.9 | 117.6 | 124.6 |
| Net investment income (loss) and other | 209.2 | 159.6 | - 49.6 |
| Net investment income/loss | 231.5 | 186.6 | - 44.9 |
| Interest and dividends | 185.1 | 150.4 | - 34.6 |
| Dividends from foreign stocks | 91.5 | 47.1 | - 44.3 |
| Gains/Losses on sales of securities | 78.7 | 73.4 | - 5.3 |
| Impairment losses on securities | - 1.1 | - 3.6 | - 2.4 |
| Gains/Losses on derivatives | - 2.3 | - 5.3 | - 3.0 |
| Ordinary profit/loss | 251.0 | 190.3 | - 60.6 |
| Extraordinary gains/losses | - 10.4 | - 4.7 | 5.6 |
| Net income/loss | 201.5 | 152.6 | - 48.9 |

*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

¥12.3B decrease YoY to ¥28.4B mainly due to the following factors:

- Net premiums written (Private insurance) (See p.7 for details):
 - Increase mainly in specialty insurance
- Net incurred losses (Private insurance):
 - Increase in net incurred losses relating to natural catastrophes
 - Increase in provision for foreign currency denominated outstanding claims reserves due to the depreciation of the yen during FY2018
- Business expenses (Private insurance):
 - Increase in agency commissions associated with NPW increase
- Catastrophe loss reserves:
 - Increase in takedown associated with claims paid relating to natural catastrophes

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

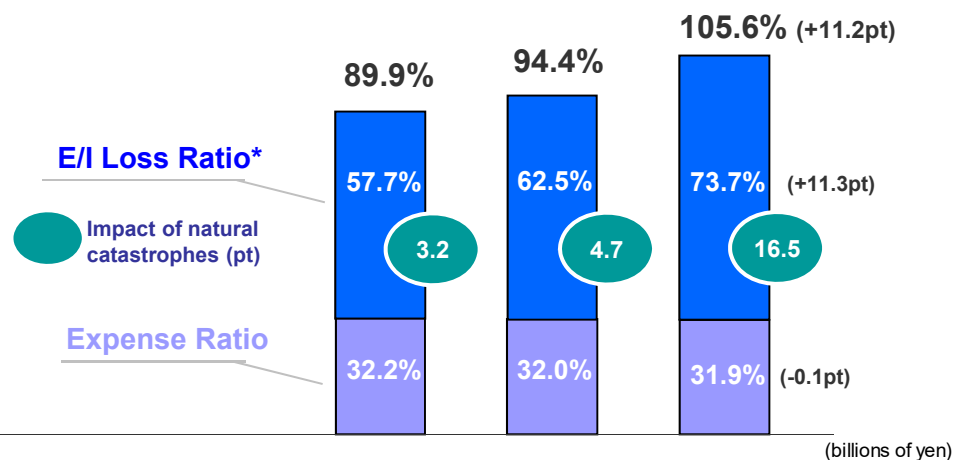
¥49.6B decrease YoY to ¥159.6B mainly due to a decrease in dividends income from overseas subsidiaries

Net Income

¥48.9B decrease YoY to ¥152.6B due to the factors above, etc.

Combined Ratio (Private insurance: E/I basis)

※ (): YoY Change



E/I Basis Loss Ratio

Rose by 11.3 points YoY to 73.7% mainly due to:

- ➡ Increase in net incurred losses relating to natural catastrophes
- ➡ Increase in provision for foreign currency denominated outstanding claims reserves due to the depreciation of the yen during FY2018

| | FY2016 3Q Results | FY2017 3Q Results | FY2018 3Q Results | YoY Change |
|----------------------|-------------------------|-------------------------|-------------------------|---------------|
| Net premiums written | 1,371.8 | 1,396.0 | 1,419.5 | 23.4 |
| Net premiums earned | 1,368.7 | 1,398.4 | 1,414.5 | 16.0 |
| Net incurred losses* | 789.7 | 873.3 | 1,042.6 | 169.3 |
| Business expenses | 441.8 | 446.6 | 452.6 | 5.9 |
| Corporate expenses | 170.0 | 169.3 | 167.2 | - 2.1 |
| Agency commissions | 271.8 | 277.2 | 285.4 | 8.1 |

(Reference) All lines: W/P basis

| | | | | |
|-----------------|-------|-------|--------|-------|
| Combined ratio* | 91.1% | 92.3% | 100.6% | 8.3pt |
| Loss ratio* | 60.6% | 62.0% | 70.2% | 8.2pt |
| Expense ratio | 30.5% | 30.3% | 30.4% | 0.1pt |

* Including loss adjustment expenses

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TMNF NPW & Loss Ratio

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



Net Premiums Written by Line

(billions of yen, except for %)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | |
|------------------------------------|-------------------------|-------------------------|--------|-------|
| | | | Change | % |
| Fire | 205.1 | 209.5 | 4.4 | 2.2% |
| Marine | 43.2 | 46.9 | 3.7 | 8.6% |
| P.A. | 131.6 | 134.8 | 3.2 | 2.4% |
| Auto | 797.2 | 796.6 | -0.6 | -0.1% |
| CALI | 216.2 | 201.1 | -15.1 | -7.0% |
| Other | 219.6 | 232.2 | 12.6 | 5.8% |
| Total | 1,613.0 | 1,621.4 | 8.3 | 0.5% |
| Private insurance Total | 1,396.0 | 1,419.5 | 23.4 | 1.7% |

Major Factors of Changes in NPW

- Fire: Grew mainly due to an increase in the household/corporate sectors policies even though premiums ceded increased
- Marine: Grew mainly due to an increase in volume of logistics in cargo insurance
- P.A.: Grew mainly due to the rate revision in December 2017 and an increase in the number of policies
- Auto: Decreased due to the impact of rate cut in January 2018 despite sales of additional coverage and an increase in the number of policies
- CALI: Decreased mainly due to rate cut in April 2017
- Other: Grew due to the reversal effect of surrender in surety insurance in FY2017 as well as sales expansion of *Super Business Insurance* / P.A. Insurance for employment injury

E/I Loss Ratio by Line

| | FY2017 3Q Results | FY2018 3Q Results | YoY |
|------------------------------------|-------------------------|-------------------------|---------|
| | | | Change |
| Fire | 69.3% | 143.1% | 73.8pt |
| Marine | 76.6% | 81.0% | 4.4pt |
| P.A. | 55.4% | 53.9% | - 1.5pt |
| Auto | 61.3% | 63.4% | 2.1pt |
| Other | 61.2% | 58.1% | - 3.1pt |
| Private insurance Total | 62.5% | 73.7% | 11.3pt |

Major Factors of Changes in E/I Loss Ratio

- Fire: Rose mainly due to an increase in net incurred losses relating to natural catastrophes
- Marine: Rose mainly due to an increase in net incurred losses relating to natural catastrophes
- Auto: Rose mainly due to an increase in net incurred losses relating to natural catastrophes
- Other: Improved mainly due to the reversal effect of large losses, etc. in FY2017

TMNF Asset Management Results

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



■ Net Investment Income and Other

(billions of yen)

| | FY2017 3Q Results | FY2018 3Q Results | YoY Change |
|---|-------------------------|-------------------------|---------------|
| Net investment income and other | 209.2 | 159.6 | - 49.6 |
| Net investment income | 231.5 | 186.6 | - 44.9 |
| Net interest and dividends income | 152.7 | 120.3 | - 32.3 |
| Interest and dividends | 185.1 | 150.4 | - 34.6 |
| Dividends from domestic stocks | 55.6 | 61.4 | 5.7 |
| Dividends from foreign stocks | 91.5 | 47.1 | - 44.3 |
| Income from domestic bonds | 18.2 | 16.7 | - 1.4 |
| Income from foreign bonds | 3.0 | 3.5 | 0.5 |
| Income from other domestic securities*1 | 0.3 | 2.2 | 1.8 |
| Income from other foreign securities*2 | 8.0 | 11.1 | 3.0 |
| Transfer of investment income on deposit premiums | - 32.3 | - 30.1 | 2.2 |
| Net capital gains | 78.8 | 66.3 | - 12.5 |
| Gains/Losses on sales of securities | 78.7 | 73.4 | - 5.3 |
| Impairment losses on securities | - 1.1 | - 3.6 | - 2.4 |
| Gains/Losses on derivatives | - 2.3 | - 5.3 | - 3.0 |
| Other investment income and expenses | 0.4 | 0.4 | 0.0 |
| Others | 3.1 | 1.3 | - 1.7 |
| Other ordinary income and expenses | - 22.2 | - 26.9 | - 4.7 |

*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

— Net investment income and other decreased by ¥49.6B YoY to ¥159.6B

- Net interest and dividends income
¥32.3B decrease YoY to ¥120.3B mainly due to the following factors:
 - Dividends from foreign stocks:
 - ✓ Decrease in dividends income from overseas subsidiaries
- Net capital gains
¥12.5B decrease YoY to ¥66.3B mainly due to the following factors:
 - Gains/Losses on sales of securities:
 - ✓ The reversal effect of gains on sales of foreign securities in FY2017
 - Gains/Losses on derivatives:
 - ✓ Interest rate and FX rate fluctuation in derivative contracts for hedging purpose
 - ✖ The effects are balanced with gains/losses on hedged assets

¥73.0B capital gains from sales of business-related equities, ¥1.0B increase YoY
(Sales of business-related equities was ¥93.0B)

Change in Major P/L Items

(billions of yen)

| | FY2017 3Q Results | FY2018 3Q Results | YoY Change |
|---|-------------------------|-------------------------|---------------|
| Underwriting profit/loss | 2.7 | - 0.2 | - 2.9 |
| (Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves) | 6.4 | - 8.7 | - 15.1 |
| Net premiums written (Private insurance) | 92.9 | 95.8 | 2.9 |
| Net premiums earned (Private insurance) | 92.7 | 94.4 | 1.6 |
| Net incurred losses (Private insurance)* | - 53.7 | - 69.6 | - 15.9 |
| Natural catastrophe losses | - 3.9 | - 15.5 | - 11.5 |
| Other than above | - 49.7 | - 54.1 | - 4.4 |
| Business expenses (Private insurance) | - 31.9 | - 33.1 | - 1.2 |
| Provision/Reversal of catastrophe loss reserves | - 3.7 | 8.4 | 12.1 |
| Fire | 0.0 | 10.8 | 10.7 |
| Auto | - 3.0 | - 2.0 | 1.0 |
| Net investment income (loss) and other | 1.5 | 2.1 | 0.6 |
| Net investment income/loss | 1.7 | 2.4 | 0.7 |
| Interest and dividends | 2.9 | 3.1 | 0.1 |
| Gains/Losses on sales of securities | 0.2 | 0.8 | 0.6 |
| Gains/Losses on redemption of securities | 0.1 | 0.2 | 0.1 |
| Ordinary profit/loss | 3.7 | 1.5 | - 2.2 |
| Extraordinary gains/losses | - 0.2 | - 0.0 | 0.1 |
| Net income/loss | 2.6 | 1.2 | - 1.4 |
| Loss ratio (Private insurance, E/I basis)* | 57.9% | 73.8% | 15.9pt |
| Expense ratio (Private insurance) | 34.4% | 34.6% | 0.2pt |
| E/I Combined ratio (Private insurance)* | 92.3% | 108.4% | 16.1pt |

* 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

¥2.9B decrease YoY to -¥0.2B mainly due to the following factors:

- Net premiums written (Private insurance)
 - Increase due to sales expansion in fire and specialty insurance
- Net incurred losses (Private insurance)
 - Increase in net incurred losses relating to natural catastrophes
 - The reversal effect of a decrease in large losses in auto in FY2017
- Catastrophe loss reserves
 - Increase in takedown associated with claims paid relating to natural catastrophes
 - The lowering of the provision rate in auto

Net Investment Income and Other

¥0.6B increase YoY to ¥2.1B due to an increase in gains/losses on sales of securities, etc.

Net Income

As a result, ¥1.4B decrease YoY to ¥1.2B

■ Annualized Premiums (ANP)

(billions of yen)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | |
|------------------------------|-------------------------|-------------------------|--------|--------|
| | | | Change | % |
| New policies ANP | 69.9 | 55.8 | - 14.0 | -20.2% |
| In-force policies ANP | 843.0 | 855.2 | 12.2 | 1.5% |

■ Key Figures in Financial Accounting

(billions of yen)

| | FY2017 3Q Results | FY2018 3Q Results | YoY |
|-----------------------------------|-------------------------|-------------------------|--------|
| | | | Change |
| Ordinary income | 805.1 | 726.5 | - 78.5 |
| Insurance premiums and other | 645.4 | 647.8 | 2.3 |
| Net income | 11.4 | 18.9 | 7.4 |
| Ordinary profit | 18.1 | 25.5 | 7.4 |
| (-) Capital gains / losses | - 2.1 | - 7.3 | - 5.1 |
| (-) Non-recurring income / losses | - 3.4 | 0.5 | 4.0 |
| Core operating profit | 23.8 | 32.3 | 8.5 |

— New Policies ANP

- Decreased by 20.2% YoY due to the reversal effect of last minute demand before the rate revision of the product for corporations (August 2017), etc.; however, increased by 4.6% in third sector

— In-force Policies ANP

- Increased by 1.5% YoY due to growth in new policies

— Net Income

- Increased by ¥7.4B YoY to ¥18.9B due to the reversal effect of partial provision for underwriting reserves in FY2017 owing to the last-minute demand before the rate revision associated with the standard interest rate cut, etc.

— Core Operating Profit

- Increased by ¥8.5B YoY to ¥32.3B as a result of deducting the negative impact relating to sales of foreign bonds as well as the reversal effect of an increase in provision for contingency reserves, etc. from ordinary profit

Net Premiums Written

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



(billions of yen, except for %)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | | (Ref.) YoY (Excluding FX effects) ⁵ |
|------------------------------------|--------------------------------------|--------------------------------------|-------------|-----------|---|
| | As of end- Sep. 2017 JPY 112.7 | As of end- Sep. 2018 JPY 113.5 | Change | % | |
| Applied FX rate (USD/JPY) | | | | | |
| North America ^{*1} | 806.0 | 880.0 | 73.9 | 9% | 8% |
| Philadelphia | 275.3 | 293.6 | 18.2 | 7% | 6% |
| Delphi | 197.1 | 216.2 | 19.1 | 10% | 9% |
| TMHCC | 274.1 | 311.4 | 37.2 | 14% | 13% |
| Europe ^{*2} | 122.6 | 116.1 | - 6.4 | - 5% | - 4% |
| South & Central America | 113.7 | 97.3 | - 16.3 | - 14% | 8% |
| Asia & Middle East | 107.2 | 110.8 | 3.5 | 3% | 5% |
| Reinsurance ^{*3} | 115.1 | 116.8 | 1.6 | 1% | 1% |
| Total Non-Life^{*4} | 1,264.8 | 1,321.2 | 56.3 | 4% | 6% |
| Life | 67.2 | 69.7 | 2.4 | 4% | 4% |
| Total | 1,332.1 | 1,390.9 | 58.8 | 4% | 6% |

*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 Excluding FX effects due to yen conversion

- Grew by 4% YoY due to the execution of growth measures in each business segment

【Major Factors of Changes in NPW】

North America (See P.13~15 for details)

- Philadelphia grew driven by (i) rate increase in renewal book and (ii) expansion of new policies, etc
- Delphi grew mainly driven by expansion of new non-life business policies
- TMHCC grew driven by (i) a contribution of the acquisition of medical stop-loss insurance operations in FY2017 and (ii) rate increase in renewal book

Europe

- Fell due to expansion of businesses with high proportion of reinsurance cession

South & Central America

- Fell due to the depreciation of Brazilian Real while grew on a local currency basis mainly driven by auto insurance sales growth in Brazil

Business Unit Profits

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



(billions of yen, except for %)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | | (Ref.) YoY (Excluding FX effects) ^{*5} |
|------------------------------------|--------------------------------------|--------------------------------------|-------------|--------------|--|
| | | | Change | % | |
| Applied FX rate (USD/JPY) | As of end- Sep. 2017 JPY 112.7 | As of end- Sep. 2018 JPY 113.5 | | | |
| North America ^{*1} | 91.2 | 122.4 | 31.1 | 34% | 33% |
| Philadelphia | 26.7 | 30.9 | 4.2 | 16% | 15% |
| Delphi | 35.0 | 52.0 | 16.9 | 49% | 47% |
| TMHCC | 28.0 | 34.6 | 6.5 | 24% | 23% |
| Europe ^{*2} | -22.2 | 9.8 | 32.0 | - | - |
| South & Central America | 4.1 | 8.4 | 4.2 | 102% | 158% |
| Asia & Middle East | 11.6 | 9.2 | -2.3 | -20% | -20% |
| Reinsurance ^{*3} | -5.0 | 7.2 | 12.2 | - | - |
| Total Non-Life^{*4} | 79.5 | 157.8 | 78.2 | 98% | 104% |
| Life | 4.1 | -2.3 | -6.5 | -157% | -156% |
| Total | 79.4 | 147.3 | 67.9 | 86% | 90% |

*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 Excluding FX effects due to yen conversion

- Grew by ¥67.9B YoY driven by strong investment income from Delphi and profitability improvement in Brazil as well as a decrease in net incurred losses relating to natural catastrophes and the impact of tax reduction in U.S. (Natural catastrophes such as Hurricane Michael and wildfires in California that had occurred since Oct. 2018 are not included)

【Major Factors of Changes in Business Unit Profits】

North America (See P.13~15 for details)

- Philadelphia grew driven by (i) the effect of business expansion, (ii) a decrease in net incurred losses relating to natural catastrophes, and (iii) the impact of tax reduction despite large losses, etc
- Delphi grew driven by (i) the effect of business expansion, (ii) strong investment income, and (iii) the impact of tax reduction
- TMHCC grew driven by (i) the effect of business expansion, (ii) a decrease in net incurred losses relating to natural catastrophes, (iii) the improvement of foreign exchange gains/losses, and (iv) the impact of tax reduction

Europe and Reinsurance

- Grew due to (i) a decrease in net incurred losses relating to natural catastrophes and (ii) the improvement of foreign exchange gains/losses

South & Central America

- Grew mainly driven by profitability improvement of auto insurance in Brazil

Asia & Middle East

- Fell mainly due to the reversal effect of reserve takedown in FY2017

Life

- Fell mainly due to a decrease of the unrealized gains of bonds as interest rate increased in Singapore

North America (Breakdown - Philadelphia)

Changes in Major P/L Items

(billions of yen, except for % and pt)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | | (Ref.) YoY (Excluding FX effects) ^{*2} |
|---|-------------------------|-------------------------|--------|------|--|
| | | | Change | % | |
| FX rates (USD/JPY) | As of end- Sep. 2017 | As of end- Sep. 2018 | | | |
| | JPY 112.7 | JPY 113.5 | | | |
| Net premiums written | 275.3 | 293.6 | 18.2 | 7% | 6% |
| Net premium earned | 259.3 | 276.4 | 17.0 | 7% | 6% |
| Net incurred losses | 172.0 | 185.3 | 13.2 | 8% | 7% |
| Nat-Cat losses | 16.2 | 10.9 | -5.2 | -32% | -33% |
| Commissions / Other Underwriting expenses | 79.9 | 84.8 | 4.8 | 6% | 5% |
| Underwriting profit | 7.3 | 6.2 | -1.0 | -15% | -15% |
| Net investment income / loss | 24.9 | 27.4 | 2.4 | 10% | 9% |
| Business unit profits | 26.7 | 30.9 | 4.2 | 16% | 15% |
| Loss ratio ^{*1} | 66.4% | 67.0% | 0.7pt | - | - |
| Expense ratio ^{*1} | 30.8% | 30.7% | -0.1pt | - | - |
| Combined ratio ^{*1} | 97.2% | 97.7% | 0.6pt | - | - |

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

North America (Breakdown – Delphi)

Changes in Major P/L Items

(billions of yen, except for % and pt)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | | (Ref.) YoY (Excluding FX effects) ^{*2} |
|---|--------------------------------------|--------------------------------------|--------|-----|--|
| | | | Change | % | |
| FX rates (USD/JPY) | As of end- Sep. 2017 JPY 112.7 | As of end- Sep. 2018 JPY 113.5 | | | |
| Net premiums written | 197.1 | 216.2 | 19.1 | 10% | 9% |
| Net premium earned | 185.7 | 200.5 | 14.7 | 8% | 7% |
| Net incurred losses | 139.9 | 148.5 | 8.5 | 6% | 5% |
| Nat-Cat losses | - | - | - | - | - |
| Commissions / Other Underwriting expenses | 48.8 | 53.6 | 4.8 | 10% | 9% |
| Underwriting profit | -3.0 | -1.6 | 1.3 | - | - |
| Net investment income / loss | 85.8 | 104.9 | 19.1 | 22% | 21% |
| Business unit profits | 35.0 | 52.0 | 16.9 | 49% | 47% |
| Loss ratio ^{*1} | 75.3% | 74.1% | -1.3pt | - | - |
| Expense ratio ^{*1} | 26.3% | 26.8% | 0.5pt | - | - |
| Combined ratio ^{*1} | 101.7% | 100.8% | -0.8pt | - | - |

Net Premiums Written by Segment

(billions of yen, except for %)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | | (Ref.) YoY (Excluding FX effects) ^{*2} |
|-----------------------|--------------------------------------|--------------------------------------|--------|-----|--|
| | | | Change | % | |
| FX rates (USD/JPY) | As of end- Sep. 2017 JPY 112.7 | As of end- Sep. 2018 JPY 113.5 | | | |
| Non-life | 90.6 | 105.4 | 14.7 | 16% | 15% |
| Life | 106.4 | 110.7 | 4.3 | 4% | 3% |
| Total | 197.1 | 216.2 | 19.1 | 10% | 9% |

Loss Ratio by Segment

| | FY2017 3Q Results | FY2018 3Q Results | Change |
|------------------------|-------------------------|-------------------------|--------|
| Non-life ^{*1} | 68.8% | 71.5% | 2.6pt |
| Life ^{*1} | 80.1% | 76.1% | -4.0pt |
| Total ^{*1} | 75.3% | 74.1% | -1.3pt |

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

North America (Breakdown – TMHCC)

Changes in Major P/L Items

(billions of yen, except for % and pt)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | | (Ref.) YoY (Excluding FX effects) ^{*2} |
|---|--------------------------------------|--------------------------------------|--------|------|--|
| | | | Change | % | |
| FX rates (USD/JPY) | As of end- Sep. 2017 JPY 112.7 | As of end- Sep. 2018 JPY 113.5 | | | |
| Net premiums written | 274.1 | 311.4 | 37.2 | 14% | 13% |
| Net premium earned | 254.0 | 284.5 | 30.5 | 12% | 11% |
| Net incurred losses | 169.3 | 190.2 | 20.8 | 12% | 11% |
| Nat-Cat losses | 8.4 | 3.1 | -5.2 | -63% | -63% |
| Commissions / Other Underwriting expenses | 60.6 | 63.4 | 2.8 | 5% | 4% |
| Underwriting profit | 18.0 | 23.5 | 5.4 | 30% | 29% |
| Net investment income / loss | 21.2 | 19.3 | -1.9 | -9% | -10% |
| Business unit profits | 28.0 | 34.6 | 6.5 | 24% | 23% |
| Loss ratio ^{*1} | 66.7% | 66.8% | 0.2pt | - | - |
| Expense ratio ^{*1} | 23.9% | 22.3% | -1.6pt | - | - |
| Combined ratio ^{*1} | 90.5% | 89.1% | -1.4pt | - | - |

Net Premiums Written by Segment

(billions of yen, except for %)

| | FY2017 3Q Results | FY2018 3Q Results | YoY | | (Ref.) YoY (Excluding FX effects) ^{*2} |
|--------------------------|--------------------------------------|--------------------------------------|--------|-----|--|
| | | | Change | % | |
| FX rates (USD/JPY) | As of end- Sep. 2017 JPY 112.7 | As of end- Sep. 2018 JPY 113.5 | | | |
| Non-life : North America | 125.6 | 121.2 | -4.3 | -3% | -4% |
| A&H | 94.2 | 121.5 | 27.2 | 29% | 28% |
| International | 54.2 | 68.5 | 14.3 | 26% | 25% |
| Total | 274.1 | 311.4 | 37.2 | 14% | 13% |

Loss Ratio by Segment

| | FY2017 3Q Results | FY2018 3Q Results | Change |
|--|-------------------------|-------------------------|---------|
| Non-life : North America ^{*1} | 65.8% | 67.3% | 1.5pt |
| A&H ^{*1} | 73.2% | 76.6% | 3.4pt |
| International ^{*1} | 55.8% | 45.5% | -10.3pt |
| Total ^{*1} | 66.7% | 66.8% | 0.2pt |

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

Reference

Adjusted Net Income (Group Total) : 3Q FY2018 Results

Adjusted Net Income for 3Q FY2018 decreased by ¥51.9B YoY to ¥186.4B

Reconciliation^{*1}

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

(billions of yen)

| | FY2017 3Q Results | FY2018 3Q Results | YoY Change |
|--|-------------------------|-------------------------|---------------|
| Net income attributable to owners of the parent (consolidated) | 159.3 | 221.6 | 62.3 |
| Provision for catastrophe loss reserves ^{*2} | +20.8 | -98.5 | -119.3 |
| Provision for contingency reserves ^{*2} | +2.6 | +0.1 | -2.4 |
| Provision for price fluctuation reserves ^{*2} | +3.7 | +4.3 | 0.5 |
| Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps | -3.2 | +0.9 | 4.2 |
| Gains or losses on sales or valuation of fixed assets and business investment equities | +0.9 | +0.9 | -0.0 |
| Amortization of goodwill and other intangible fixed assets | +55.4 | +52.8 | -2.6 |
| Other extraordinary gains/losses, valuation allowances, etc. | -1.2 | +4.1 | 5.4 |
| Adjusted Net Income | 238.4 | 186.4 | -51.9 |

*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

Major changes in reconciliation YoY

- Provision for catastrophe loss reserves:
 - ↘ Increase in takedown due to an increase in net incurred losses relating to natural catastrophes at Domestic Non-Life (decreases reconciling amount)
- Gains or losses on sales or valuation of ALM bonds and interest rate swaps:
 - ↗ The reversal effect of gains on sales of managed assets related to ALM at TMNF in FY2017 (increases reconciling amount)
- Other extraordinary gains/losses, valuation allowances, etc.:
 - ↗ Deduction of an increase in tax payments due to recognition of tax effects in the consolidated results owing to the decision of the reinsurance subsidiaries divestment, etc. (increases reconciling amount)

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