



Tokio Marine Holdings

*To Be a **Good Company***

FY2018 Results and FY2019 Projections

May 20, 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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I. Highlight

1. Top-line (FY2018 results / FY2019 projections)

Net premiums written

FY2018 results : ¥3,587.4bn (+0.6% YoY)
 FY2019 projections : ¥3,560.0bn (-0.8% YoY)

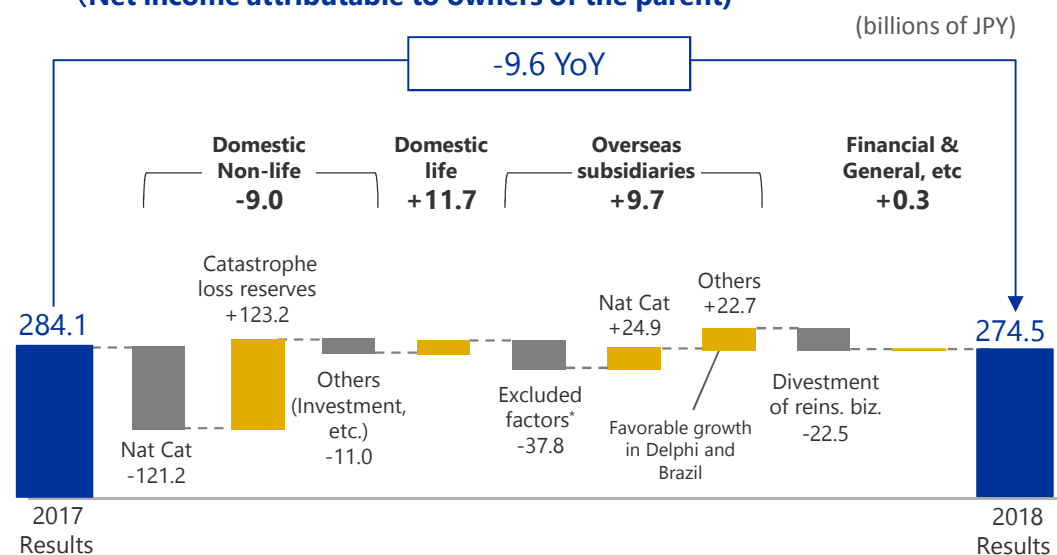
Life insurance premiums

FY2018 results : ¥1,053.5bn (+10.5% YoY)
 FY2019 projections : ¥1,030.0bn (-2.2% YoY)

2. Bottom-line results (FY2018)

Consolidated net income

(Net income attributable to owners of the parent)



* Impact of U.S. Tax Reform and FX

Net Premiums Written

- FY2018: Grew by +0.6% YoY due to sales growth in domestic non-life (+1.1%) despite a decrease in overseas (-0.3%) due to the yen's appreciation
 - Overseas grew by +4.1% YoY on a local currency basis
- FY2019: Projected to decrease by -0.8% YoY due to divestment of reinsurance businesses
 - Projected to grow by +3.0% YoY when excluding the impact of divestment

Life Insurance Premiums

- FY2018: Grew by +10.5% YoY driven by sales growth both in Japan and overseas
- FY2019: Projected to decrease by -2.2% YoY due to the impact of sales suspension of products for corporations

Consolidated Net Income

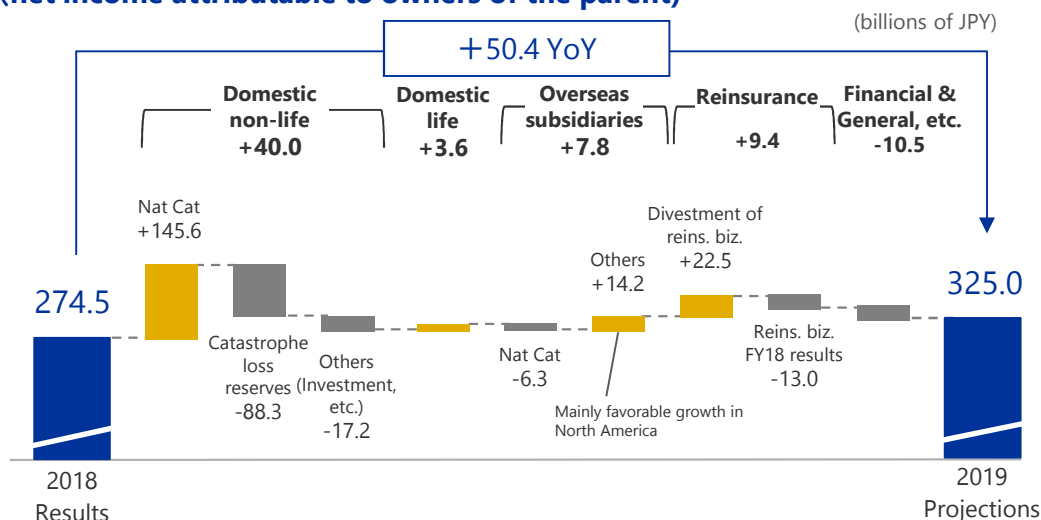
- FY2018: Fell by -¥9.6bn YoY to ¥274.5bn due to a decrease in domestic non-life and divestment of reinsurance businesses, etc. despite growth of overseas and domestic life

■ The impact of divestment of reinsurance businesses

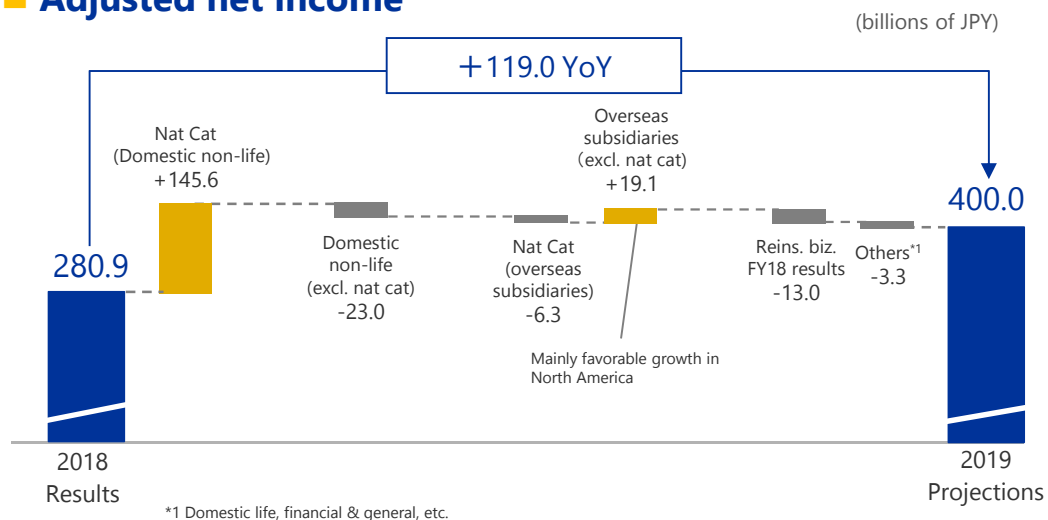
- ✓ Divestment was completed at a multiple of 1.02 times of the total tangible net assets
- ✓ Main factor of losses on sales of -22.5bn: Recognized unrealized loss on FX, which was booked as a foreign currency translation adjustment

3. Bottom Line Projections (FY2019)

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



Adjusted net income



Consolidated Net Income

- Projected to grow by ¥50.4bn YoY to ¥325.0bn due to assuming an average level of natural catastrophes, profit growth mainly in North America, and the reversal effect of reinsurance businesses divestment in FY2018, etc.

Adjusted Net Income

- Projected to grow by ¥119.0bn YoY to ¥400.0bn due to assuming an average level of natural catastrophes and profit growth mainly in North America, etc.

Net incurred losses relating to natural catastrophe losses (business unit profits basis)

	FY2018 Results	FY2019 Projections	YoY ^{*3}	FY2018 Original Projections
Before tax				
Domestic Non-life	251.3	52.5	+198.8	52.5
International Insurance	45.8	46.0	-0.2	50.0
Total	297.1	98.5	+198.6	102.5
After tax ^{*2}				
Domestic Non-life	181.2	37.8	+143.4	37.8
International Insurance	37.3	36.0	+1.3	40.0
Total	218.5	73.8	+144.7	77.8

^{*2} After-tax figures are approximate calculation

^{*3} Plus and minus of the figures correspond to positive and negative to profit respectively

II. FY2018 Results

■ Reference

	Applied FX Rate (USD/JPY)	
	FY2017	FY2018
Domestic non-life and life businesses (End of Mar.)	JPY 106.24 +JPY 5.95 from Mar. 2017	JPY 110.99 -JPY 4.75 from Mar. 2018)
International insurance business (End of Dec.)	JPY 113.00 +JPY 3.49 from Dec. 2016	JPY 111.00 +JPY 2.00 from Dec. 2017

Consolidated Results Overview

Consolidated	Domestic Life
Domestic Non-Life	International



	FY2017	FY2018	YoY	
			Change	%
(billions of yen, except for %)				
■ Total premiums	4,517.7	4,640.9	123.1	+ 2.7%
Net premiums written (TMHD Consolidated)	3,564.7	3,587.4	22.6	+ 0.6%
Life insurance premiums (TMHD Consolidated)	953.0	1,053.5	100.5	+ 10.5%
■ Ordinary profit (TMHD Consolidated)	344.9	416.3	71.3	+ 20.7%
Tokio Marine & Nichido	325.8	315.3	- 10.4	- 3.2%
Nisshin Fire	7.5	5.0	- 2.5	- 33.1%
Tokio Marine & Nichido Life	23.5	39.9	16.3	+ 69.6%
Overseas subsidiaries	126.2	189.0	62.8	+ 49.8%
Financial and general	7.4	6.2	- 1.1	- 16.0%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 92.6	- 95.6	- 2.9	
Purchase method adjustments	- 3.1	- 2.9	0.2	
Amortization of goodwill and negative goodwill	- 43.8	- 35.1	8.7	
Others (Consolidation adjustments, etc.)	- 6.0	- 5.7	0.3	
■ Net income attributable to owners of the parent	284.1	274.5	- 9.6	- 3.4%
Tokio Marine & Nichido	253.8	261.3	7.4	+ 2.9%
Nisshin Fire	5.3	4.4	- 0.9	- 17.6%
Tokio Marine & Nichido Life	15.5	27.3	11.7	+ 75.7%
Overseas subsidiaries	145.3	155.1	9.7	+ 6.7%
Financial and general	5.0	2.7	- 2.2	- 45.1%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 92.6	- 95.6	- 2.9	
Purchase method adjustments	- 2.4	- 2.4	- 0.0	
Amortization of goodwill and negative goodwill	- 43.8	- 35.1	8.7	
Others (Consolidation adjustments, etc.)	- 2.1	- 43.3	- 41.1	
【KPI for the Group Total】				
■ Adjusted net income	341.4	280.9	- 60.5	- 17.7%

The difference between non-consolidated figures of each domestic non-life entity and figures of -9.0, listed as domestic non-life in 2. Consolidated net income on page 3, is caused by eliminating both intra-group dividends (-2.9) and the impact of the reinsurance businesses divestment (-13.1), which are consolidation adjustments

Changes in Major P/L Items

(billions of yen)

	FY2017 Results	FY2018 Results	YoY Change
Underwriting profit/loss	86.6	89.1	2.5
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	117.7	-42.2	-160.0
Net premiums written (Private insurance)	1,861.5	1,895.0	33.4
Net premiums earned (Private insurance)	1,860.2	1,875.9	15.6
Net incurred losses (Private insurance)*	-1,142.4	-1,312.7	-170.3
Natural catastrophe losses	-82.2	-238.4	-156.2
Provision/Reversal of foreign currency denominated outstanding claims reserves	4.7	-3.8	-8.5
Other than above	-1,064.9	-1,070.4	-5.5
Business expenses (Private insurance)	-605.4	-611.1	-5.7
Provision/Reversal of catastrophe loss reserves	-31.1	131.4	162.6
Auto	-3.1	18.7	21.9
Fire	-10.6	123.5	134.2
Net investment income (loss) and other	237.9	223.5	-14.4
Net investment income/loss	266.7	258.7	-8.0
Interest and dividends	209.7	224.4	14.6
Dividends from foreign stocks	96.9	102.9	6.0
Gains/Losses on sales of securities	94.1	96.1	1.9
Impairment losses on securities	-1.0	-3.7	-2.7
Gains/Losses on derivatives	5.8	-19.6	-25.5
Ordinary profit/loss	325.8	315.3	-10.4
Extraordinary gains/losses	-12.4	6.1	18.6
Net income/loss	253.8	261.3	7.4

*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

¥2.5bn increase YoY to ¥89.1bn mainly due to the following factors:

- Net premiums written (Private insurance) (See p.9 for details):
 - Increase in all lines, mainly in specialty insurance despite an increase in premiums ceded
- 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 FX fluctuations
 - Increase in net incurred losses associated with NPW increase
- 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.10 for details)

¥14.4bn decrease YoY to ¥223.5bn mainly due to a decrease in gains/losses on derivatives relating to the depreciation of the yen and the interest rate fluctuation

Extraordinary gains/losses

¥18.6bn increase YoY to ¥6.1bn mainly due to gains of reinsurance businesses divestment*¹ and the reversal effect of losses on valuation of affiliate company equities in FY2017*¹ TMNF results gains since cost of divestment is investment amount in capital while consolidated results lost since cost of divestment is investment amount + retained earnings

Net Income

¥7.4bn increase YoY to ¥261.3bn due to the factors above, etc.

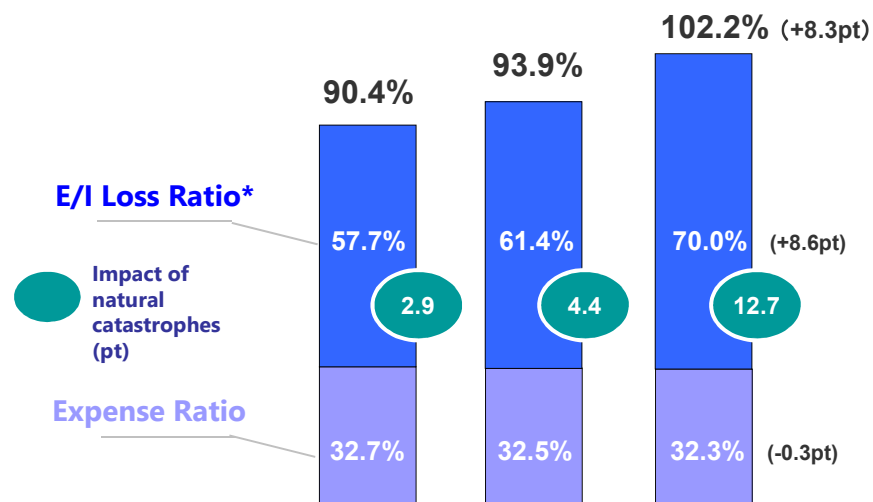
(Decrease when excluding the gains of reinsurance businesses divestment)

TMNF Combined Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



Combined Ratio (Private insurance: E/I basis) ※(): YoY Change



(billions of yen)

	FY2016 Results	FY2017 Results	FY2018 Results	YoY Change
Net premiums written	1,831.9	1,861.5	1,895.0	33.4
Net premiums earned	1,820.8	1,860.2	1,875.9	15.6
Net incurred losses*	1,051.3	1,142.4	1,312.7	170.3
Business expenses	599.0	605.4	611.1	5.7
Corporate expenses	234.3	234.2	230.6	- 3.6
Agency commissions	364.7	371.2	380.5	9.3

(Reference) All lines: W/P basis

Combined ratio*	91.5%	92.7%	99.4%	6.7pt
Loss ratio*	60.7%	62.0%	68.8%	6.8pt
Expense ratio	30.8%	30.7%	30.6%	- 0.1pt

* Including loss adjustment expenses

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- E/I Basis Loss Ratio

Rose by 8.6 points YoY to 70.0% mainly due to:

- ↘ Increase in net incurred losses relating to natural catastrophes
- ↘ Increase in provision for foreign currency denominated outstanding claims reserves owing to the FX fluctuations
- ↗ Decrease in large and medium size losses, etc.

- Expense ratio

Improved by 0.3 points YoY to 32.3% mainly due to an increase in NPW

TMNF NPW & Loss Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



Net Premiums Written by Line

(billions of yen, except for %)

	FY2017 Results	FY2018 Results	YoY	
			Change	%
Fire	274.6	281.9	7.2	2.6%
Marine	59.9	62.7	2.8	4.7%
P.A.	168.6	173.3	4.7	2.8%
Auto	1,064.4	1,065.1	0.6	0.1%
CALI	282.2	270.5	-11.6	-4.1%
Other	294.9	313.0	18.1	6.1%
Total	2,144.7	2,166.6	21.8	1.0%
Private insurance Total	1,861.5	1,895.0	33.4	1.8%

E/I Loss Ratio by Line

	FY2017 Results	FY2018 Results	YoY Change
Fire	68.7%	122.8%	54.1pt
Marine	71.6%	74.7%	3.1pt
P.A.	53.9%	55.0%	1.1pt
Auto	60.8%	62.3%	1.4pt
Other	58.9%	57.4%	- 1.6pt
Private insurance Total	61.4%	70.0%	8.6pt

Major Factors of Changes in NPW

- Fire: Grew mainly due to the sales of additional coverage and an increase in the number of policies despite an increase in premiums ceded
- 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 the increase in the number of policies
- Auto: Almost flat mainly due to the sales of additional coverage despite the rate cut in January 2018
- CALI: Decreased mainly due to the 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

Major Factors of Changes in E/I Loss Ratio

- Fire: 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 Results	FY2018 Results	YoY Change
Net investment income and other	237.9	223.5	- 14.4
Net investment income	266.7	258.7	- 8.0
Net interest and dividends income	167.0	183.5	16.5
Interest and dividends	209.7	224.4	14.6
Dividends from domestic stocks	59.9	65.7	5.7
Dividends from foreign stocks	96.9	102.9	6.0
Income from domestic bonds	24.3	22.2	- 2.1
Income from foreign bonds	3.9	4.8	0.9
Income from other domestic securities*1	1.4	2.3	0.9
Income from other foreign securities*2	12.1	15.1	3.0
Transfer of investment income on deposit premiums	- 42.7	- 40.8	1.9
Net capital gains	99.7	75.1	- 24.6
Gains/Losses on sales of securities	94.1	96.1	1.9
Impairment losses on securities	- 1.0	- 3.7	- 2.7
Gains/Losses on derivatives	5.8	- 19.6	- 25.5
Other investment income and expenses	0.6	0.6	- 0.0
Others (Gains/Losses on foreign exchange, etc.)	0.1	1.8	1.7
Other ordinary income and expenses	- 28.8	- 35.2	- 6.3

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

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

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

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– Net investment income and other decreased by ¥14.4bn YoY to ¥223.5bn

- Net interest and dividends income

¥16.5bn increase YoY to ¥183.5bn mainly due to the following factors:

- Dividends from foreign stocks:
 - ✓ The impact of dividends associated with the reinsurance businesses divestment despite a decrease in dividends income from overseas subsidiaries
- Dividends from domestic stocks:
 - ✓ Increase in dividends of stocks holding

- Net capital gains

¥24.6bn decrease YoY to ¥75.1bn mainly due to the following factors:

- Gains / Losses on derivatives:
 - ✓ Market value changes in derivative contracts for hedging purpose
 - ✘ The effect gets balanced out after gains/losses of hedge intended assets are added

¥84.0bn capital gains from the sales of business-related equities, ¥1.0bn increase YoY (Sales of business-related equities was ¥107.0bn)

Change in Major P/L Items

(billions of yen)

	FY2017 Results	FY2018 Results	YoY Change
Underwriting profit/loss	5.3	1.5	- 3.8
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	9.7	- 2.4	- 12.2
Net premiums written (Private insurance)	123.0	126.4	3.4
Net premiums earned (Private insurance)	123.6	125.7	2.0
Net incurred losses (Private insurance)*	- 71.4	- 85.3	- 13.8
Natural catastrophe losses	- 4.0	- 14.8	- 10.8
Other than above	- 67.4	- 70.5	- 3.0
Business expenses (Private insurance)	- 42.9	- 44.5	- 1.5
Provision/Reversal of catastrophe loss reserves	- 4.4	4.0	8.4
Fire	0.6	7.2	6.5
Auto	- 4.0	- 2.7	1.3
Net investment income (loss) and other	2.6	3.9	1.2
Net investment income/loss	3.0	4.3	1.2
Interest and dividends	4.5	4.4	- 0.0
Gains/Losses on sales of securities	0.3	1.3	1.0
Gains/Losses on redemption of securities	0.1	0.9	0.8
Ordinary profit/loss	7.5	5.0	- 2.5
Extraordinary gains/losses	- 0.2	0.5	0.8
Net income/loss	5.3	4.4	- 0.9
Loss ratio (Private insurance, E/I basis)*	57.8%	67.9%	10.1pt
Expense ratio (Private insurance)	34.9%	35.3%	0.3pt
E/I Combined ratio (Private insurance)*	92.7%	103.1%	10.4pt

* 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

¥3.8bn decrease YoY to ¥1.5bn 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 in fire
 - The lowering of the provision rate in auto

Net Investment Income and Other

¥1.2bn increase YoY to ¥3.9bn due to an increase in gains/losses on sales/redemption of securities, etc.

Net Income

As a result, ¥0.9bn decrease YoY to ¥4.4bn

Annualized Premiums (ANP)

(billions of yen)

	FY2017 Results	FY2018 Results	YoY	
			Change	%
New policies ANP	102.1	74.6	- 27.4	-26.9%
In-force policies ANP	852.7	857.7	4.9	0.6%

Key Figures in Financial Accounting

(billions of yen)

	FY2017 Results	FY2018 Results	YoY Change
Ordinary income	1,085.4	1,017.1	- 68.3
Insurance premiums and other	908.1	906.7	- 1.4
Net income	15.5	27.3	11.7
Ordinary profit	23.0	34.7	11.7
(-) Capital gains / losses	- 3.6	- 13.4	- 9.8
(-) Non-recurring income / losses	- 3.8	- 0.1	3.6
Core operating profit	30.5	48.4	17.9

Business Unit Profits

(billions of yen)

	FY2017 Results	FY2018 Results	YoY Change
Increase in MCEV*	99.0	- 158.6	- 257.6
Value of new business + Existing business contribution	78.0	78.3	0.2

* Excluding capital transactions

- New Policies ANP
 - Decreased by 26.9% YoY mainly due to sales decline in products for corporations
- In-force Policies ANP
 - Increased by 0.6% YoY due to accumulation of new policies
- Net Income
 - Increased by ¥11.7bn YoY to ¥27.3bn 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 and sales decline in products for corporations, etc.
- Core Operating Profit
 - Increased by ¥17.9bn YoY to ¥48.4bn as a result of deducting the negative impact relating to the sales of foreign bonds as well as the reversal effect of an increase in provision for contingency reserves, etc. from ordinary profit
- Business Unit Profits (Increase in MCEV)
 - Decreased by ¥257.6bn YoY to ¥-158.6bn mainly due to the impact of changes in economic environment (lower interest rates)
 - “New business value + Existing business contribution” Increased by ¥0.2bn YoY to ¥78.3bn

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*5}
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2017 JPY 113.0	As of end-Dec. 2018 JPY 111.0			
North America ^{*1}	1,047.0	1,107.9	60.8	6%	8%
Philadelphia	359.7	373.0	13.2	4%	6%
Delphi	252.6	270.7	18.0	7%	9%
TMHCC	354.7	387.2	32.4	9%	11%
Europe & Middle East & Africa ^{*2}	166.1	153.2	- 12.8	- 8%	- 1%
South & Central America	148.0	134.3	- 13.7	- 9%	8%
Asia & Oceania	141.8	149.3	7.5	5%	13%
Reinsurance ^{*3}	146.2	129.7	- 16.4	- 11%	- 10%
Total Non-Life^{*4}	1,649.2	1,674.6	25.3	2%	6%
Life	91.7	91.7	-0.0	- 0%	4%
Total	1,741.0	1,766.3	25.3	1%	6%

*1 North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

*2 Figures of "Europe & Middle East & Africa" 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 1% YoY due to the execution of growth measures in each business segment, etc. (Grew by 6% on a local currency basis)

■ Major Factors of Changes

North America (See P. 15-17 for details)

- Philadelphia: Grew driven by rate increase in renewal book and the expansion of new business book, etc.
- Delphi: Grew driven by the expansion of new non-life business book, etc.
- TMHCC: Grew driven by the contribution of the acquisition of medical stop-loss insurance operations in FY2017 and rate increase in renewal book, etc.

Europe, Middle East & Africa

- Fell due to the expansion of businesses with high proportion of reinsurance cession, etc.

South & Central America

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

Asia & Oceania

- Grew due to an increase in Thailand, Indonesia, and India, and also new consolidation of "Safety", etc.

Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*5}
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2017 JPY 113.0	As of end-Dec. 2018 JPY 111.0			
North America ^{*1}	159.8	153.0	- 6.8	- 4%	- 3%
Philadelphia	39.2	43.9	4.6	12%	14%
Delphi	73.0	58.5	- 14.4	- 20%	- 18%
TMHCC	45.1	45.3	0.2	1%	2%
Europe & Middle East & Africa ^{*2}	- 17.3	- 0.1	17.2	-	-
South & Central America	5.0	9.2	4.2	83%	113%
Asia & Oceania	13.7	12.0	- 1.6	- 12%	- 2%
Reinsurance ^{*3}	- 16.1	13.0	29.2	-	-
Total Non-Life^{*4}	144.8	187.8	42.9	30%	31%
Life	6.3	- 0.7	- 7.0	- 112%	- 112%
Total	144.1	176.2	32.1	22%	24%

*1 North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

*2 Figures of "Europe & Middle East & Africa" 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

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

- Grew by ¥32.1bn YoY due to strong investment income from Delphi and profitability improvement in Brazil, as well as the reversal effect of hurricanes in North America, etc. while the reversal effect of one-time leverage effect of U.S. Tax Reform in 2017

Major Factors of Changes

North America (See P. 15-17 for details)

- Philadelphia: Grew due to a decrease in net incurred losses relating to natural catastrophes and the impact of tax reduction, etc. despite the impact of large losses and the reversal effect of the past reserve takedown
- Delphi: Fell due to the reversal effect of a temporary positive impact of U.S. tax reform in FY2017. However, when excluding the effect, grew due to an increase in investment income despite a decrease in underwriting profit/loss
- TMHCC: Almost flat due to an increase in the effect of business expansion and foreign exchange gains/losses, etc. despite the reversal effect from the past reserve takedown in FY2017, etc.

Europe, Middle East, Africa & Reinsurance

- Grew due to the reversal effect of hurricanes in North America and a decrease in loss ratio in the fields other than nat-cat losses, etc.

South & Central America

- Grew mainly due to a profitability improvement of auto insurance in Brazil

Asia & Oceania

- Fell due to the reversal effect of reserve takedown in FY2017, etc.

Life

- Fell due to the decline in stock prices in Singapore

North America (Breakdown - Philadelphia)

Consolidated	Domestic Life
Domestic Non-Life	International



Changes in Major P/L Items

(billions of yen, except for % and pt)

	FY2017 Results	FY2018 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2017 JPY 113.0	As of end-Dec. 2018 JPY 111.0			
Net premiums written	359.7	373.0	13.2	4%	6%
Net premium earned	349.8	363.3	13.5	4%	6%
Net incurred losses	222.9	238.4	15.4	7%	9%
Nat-Cat losses	19.0	12.7	-6.3	-33%	-32%
Commissions / Other Underwriting expenses	107.3	111.3	4.0	4%	6%
Underwriting profit	19.5	13.5	-6.0	-31%	-29%
Net investment income / loss	32.5	35.0	2.4	7%	9%
Business unit profits	39.2	43.9	4.6	12%	14%
Loss ratio ^{*1}	63.7%	65.6%	1.9pt	-	-
Expense ratio ^{*1}	30.7%	30.7%	-0.0pt	-	-
Combined ratio ^{*1}	94.4%	96.3%	1.9pt	-	-

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

North America (Breakdown – Delphi)

Consolidated	Domestic Life
Domestic Non-Life	International



Changes in Major P/L Items

(billions of yen, except for % and pt)

	FY2017 Results	FY2018 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2017	As of end-Dec. 2018			
	JPY 113.0	JPY 111.0			
Net premiums written	252.6	270.7	18.0	7%	9%
Net premium earned	249.6	263.9	14.3	6%	8%
Net incurred losses	191.1	203.9	12.8	7%	9%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	66.1	70.8	4.7	7%	9%
Underwriting profit	-7.6	-10.8	-3.2	-	-
Net investment income / loss	118.5	125.1	6.6	6%	8%
Business unit profits	73.0	58.5	-14.4	-20%	-18%
Loss ratio ^{*1}	76.6%	77.3%	0.7pt	-	-
Expense ratio ^{*1}	26.5%	26.8%	0.3pt	-	-
Combined ratio ^{*1}	103.1%	104.1%	1.1pt	-	-

Net Premiums Written by Segment

(billions of yen, except for %)

	FY2017 Results	FY2018 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2017	As of end-Dec. 2018			
	JPY 113.0	JPY 111.0			
Non-life	109.6	126.0	16.4	15%	17%
Life	143.0	144.6	1.5	1%	3%
Total	252.6	270.7	18.0	7%	9%

Loss Ratio by Segment

	FY2017 Results	FY2018 Results	Change
Non-life ^{*1}	66.5%	70.8%	4.3pt
Life ^{*1}	83.9%	82.5%	-1.4pt
Total ^{*1}	76.6%	77.3%	0.7pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

North America (Breakdown – TMHCC)

Consolidated	Domestic Life
Domestic Non-Life	International



Changes in Major P/L Items

(billions of yen, except for % and pt)

	FY2017 Results	FY2018 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2017 JPY 113.0	As of end-Dec. 2018 JPY 111.0			
Net premiums written	354.7	387.2	32.4	9%	11%
Net premium earned	353.7	377.8	24.1	7%	9%
Net incurred losses	231.8	252.6	20.7	9%	11%
Nat-Cat losses	7.4	5.8	-1.6	-22%	-20%
Commissions / Other Underwriting expenses	82.6	85.0	2.4	3%	5%
Underwriting profit	31.3	30.4	-0.8	-3%	-1%
Net investment income / loss	27.4	25.1	-2.2	-8%	-6%
Business unit profits	45.1	45.3	0.2	1%	2%
Loss ratio ^{*1}	65.6%	66.9%	1.3pt	-	-
Expense ratio ^{*1}	23.4%	22.5%	-0.9pt	-	-
Combined ratio ^{*1}	88.9%	89.4%	0.5pt	-	-

Net Premiums Written by Segment

(billions of yen, except for %)

	FY2017 Results	FY2018 Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end-Dec. 2017 JPY 113.0	As of end-Dec. 2018 JPY 111.0			
Non-life : North America	153.0	145.5	-7.4	-5%	-3%
A&H	132.8	157.9	25.1	19%	21%
International	68.9	83.7	14.8	22%	24%
Total	354.7	387.2	32.4	9%	11%

Loss Ratio by Segment

	FY2017 Results	FY2018 Results	Change
Non-life : North America ^{*1}	63.7%	67.1%	3.4pt
A&H ^{*1}	78.8%	79.1%	0.3pt
International ^{*1}	44.8%	42.3%	-2.5pt
Total ^{*1}	65.6%	66.9%	1.3pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

III. FY2019 Projections

■ Reference

Assumptions used for FY2019 Full-Year Projections

FX rate USD/JPY	Nikkei Stock Average
JPY 110.99 (end of Mar. 2019)	21,205 yen (end of Mar. 2019)

Consolidated Projections Overview

Consolidated	Domestic Life
Domestic Non-Life	International



TOKIOMARINE

	FY2018 Results	FY2019 Projections	YoY	
			Change	%
■ Total premiums	4,640.9	4,590.0	- 50.9	- 1.1%
Net premiums written (TMHD Consolidated)	3,587.4	3,560.0	- 27.4	- 0.8%
Life insurance premiums (TMHD Consolidated)	1,053.5	1,030.0	- 23.5	- 2.2%
■ Ordinary profit (TMHD Consolidated)	416.3	455.0	38.6	+ 9.3%
Tokio Marine & Nichido	315.3	324.0	8.6	+ 2.7%
Nisshin Fire	5.0	6.4	1.3	+ 26.2%
Tokio Marine & Nichido Life	39.9	41.0	1.0	+ 2.7%
Overseas subsidiaries	189.0	187.0	- 2.0	- 1.1%
Financial and general	6.2	5.3	- 0.9	- 15.6%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 95.6	- 64.3	31.3	
Purchase method adjustments	- 2.9	- 3.4	- 0.5	
Amortization of goodwill and negative goodwill	- 35.1	- 36.9	- 1.8	
Others (Consolidation adjustments, etc.)	- 5.7	- 4.0	1.7	
■ Net income attributable to owners of the parent	274.5	325.0	50.4	+ 18.4%
Tokio Marine & Nichido	261.3	250.0	- 11.3	- 4.4%
Nisshin Fire	4.4	5.1	0.6	+ 15.8%
Tokio Marine & Nichido Life	27.3	28.0	0.6	+ 2.3%
Overseas subsidiaries	155.1	150.0	- 5.1	- 3.3%
Financial and general	2.7	3.6	0.8	+ 28.9%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 95.6	- 64.3	31.3	
Purchase method adjustments	- 2.4	- 2.6	- 0.1	
Amortization of goodwill and negative goodwill	- 35.1	- 36.9	- 1.8	
Others (Consolidation adjustments, etc.)	- 43.3	- 7.8	35.5	
【KPI for the Group Total】	280.9	400.0	119.0	+ 42.4%
■ Adjusted net income	280.9	400.0	119.0	+ 42.4%

The difference between non-consolidated figures of each domestic non-life entity and figures of +40.0, listed as domestic non-life in 3. Consolidated net income on page 4, is caused by eliminating both intra-group dividends (+31.3) and the impact of the reinsurance businesses divestment (+13.1), which are consolidation adjustments

Changes in Major P/L Items

(billions of yen)

	FY2018 Results	FY2019 Projections	YoY Change
Underwriting profit/loss	89.1	152.0	62.8
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	-42.2	135.0	177.2
Net premiums written (Private insurance)	1,895.0	1,940.0	44.9
Net premiums earned (Private insurance)	1,875.9	1,918.2	42.3
Net incurred losses (Private insurance)*1	-1,312.7	-1,135.6	177.1
Natural catastrophe losses	-238.4	-50.0	188.4
Provision/Reversal of foreign currency denominated outstanding claims reserves	-3.8	-	3.8
Other than above	-1,070.4	-1,085.6	-15.1
Business expenses (Private insurance)	-611.1	-638.9	-27.7
Provision/Reversal of catastrophe loss reserves	131.4	16.9	-114.4
Auto	18.7	29.1	10.3
Fire	123.5	8.7	-114.8
Net investment income (loss) and other	223.5	171.7	-51.7
Net investment income/loss	258.7	213.7	-44.9
Interest and dividends	224.4	188.7	-35.6
Dividends from domestic stocks	65.7	61.7	-3.9
Dividends from foreign stocks	102.9	68.7	-34.1
Income from other foreign securities*2	15.1	21.7	6.5
Gains/Losses on sales of securities	96.1	77.5	-18.5
Impairment losses on securities	-3.7	-	3.7
Gains/Losses on derivatives	-19.6	-15.7	3.9
Ordinary profit/loss	315.3	324.0	8.6
Extraordinary gains/losses	6.1	-6.3	-12.5
Net income/loss	261.3	250.0	-11.3

*1 Including loss adjustment expenses

*2 Income from foreign securities excluding foreign stocks and foreign bonds (Notes)

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

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

Underwriting Profit

Projected to grow by ¥62.8bn YoY to ¥152.0bn mainly due to the following factors:

- Net premiums written (Private insurance) (See P.22 for details):
 - Increase in all lines mainly in fire and auto
- Net incurred losses (Private insurance):
 - Assuming an average level of net incurred losses relating to natural catastrophes
 - Assuming revenue growth and an increase in net incurred losses relating to consumption tax increase
- Business expenses (Private insurance):
 - Impact of consumption tax increase
 - Increase in agency commissions associated with NPW increase
 - Increase in investment for both growth and advancing business platform
- Catastrophe loss reserves:
 - Reversal effect of the increase in takedown relating to natural catastrophes claims payment in FY2018
 - Increase in takedown associated with an increase in loss ratio in auto

Net Investment Income and Other

Projected to decrease by ¥51.7bn YoY to ¥171.7bn mainly due to a decrease in dividends from overseas subsidiaries and the reversal effect of gains of foreign stock ETF sales in FY2018

Extraordinary Gains/Losses

Projected to decrease by ¥12.5bn YoY to ¥ -6.3bn mainly due to the reversal effect of gains of reinsurance businesses divestment in FY2018

Net Income

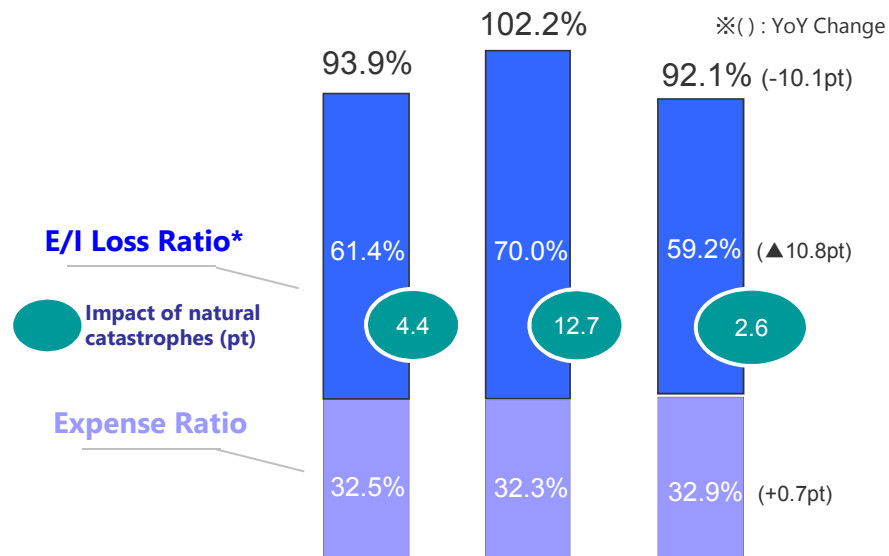
In addition to the above, as a result of reflecting the corporate tax, etc., projected to decrease by ¥11.3bn YoY to ¥250.0bn

TMNF Combined Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



Combined Ratio (Private insurance: E/I basis)



E/I Basis Loss Ratio

Projected to improve by 10.8 point YoY to 59.2% mainly due to the following factor:

- Assuming an average level of net incurred losses relating to natural catastrophes

Expenses Ratio

Projected to rise by 0.7 point to 32.9% mainly due to the following factors:

- Impact of consumption tax increase
- Increase in investment for both growth and advancing business platform

(billions of yen)

	FY2017 Results	FY2018 Results	FY2019 Projections	YoY Change
Net premiums written	1,861.5	1,895.0	1,940.0	44.9
Net premiums earned	1,860.2	1,875.9	1,918.2	42.3
Net incurred losses*	1,142.4	1,312.7	1,135.6	- 177.1
Business expenses	605.4	611.1	638.9	27.7
Corporate expenses	234.2	230.6	245.5	14.9
Agency commissions	371.2	380.5	393.3	12.7

*1 Including loss adjustment expenses

TMNF NPW & Loss Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



Net Premiums Written by Line

(billions of yen, except for %)

	FY2018 Results	FY2019 Projections	YoY	
			Change	%
Fire	281.9	300.7	18.8	6.7%
Marine	62.7	66.4	3.7	6.0%
P.A.	173.3	174.3	0.9	0.6%
Auto	1,065.1	1,082.2	17.1	1.6%
CALI	270.5	276.2	5.7	2.1%
Other	313.0	316.8	3.8	1.2%
Total	2,166.6	2,217.0	50.3	2.3%
Private insurance Total	1,895.0	1,940.0	44.9	2.4%

Major Factors of Changes in NPW

- Fire: Grow mainly due to the reversal effect of increasing premiums ceded in FY2018 and the rate revision in October 2019
- Auto: Grow mainly due to the product revisions (enhancement of coverage) in January 2019
- CALI: Grow driven by increasing insurance policies
- Others: Grow mainly due to sales expansion of Super Business Insurance and P.A. insurance for employment injury

E/I Loss Ratio by Line

	FY2018 Results	FY2019 Projections	YoY Change
Fire	122.8%	54.0%	- 68.9pt
Marine	74.7%	60.4%	- 14.4pt
P.A.	55.0%	53.8%	- 1.2pt
Auto	62.3%	62.8%	0.5pt
Other	57.4%	54.5%	- 2.9pt
Private insurance Total	70.0%	59.2%	- 10.8pt

Major Factors of Changes in E/I Loss Ratio

- Fire: Assuming an average level of natural catastrophes
- Marine: Assuming an average level of natural catastrophes
- Auto: Projected to rise mainly due to the rate revision in January 2018 and consumption tax increase in spite of assuming an average level of natural catastrophes

Changes in Major P/L Items

(billions of yen)

	FY2018 Results	FY2019 Projections	YoY Change
Underwriting profit/loss	1.5	4.8	3.3
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	- 2.4	8.9	11.4
Net premiums written (Private insurance)	126.4	130.3	3.8
Net premiums earned (Private insurance)	125.7	128.9	3.1
Net incurred losses (Private insurance)*	- 85.3	- 75.2	10.1
Natural catastrophe losses	- 14.8	- 2.5	12.3
Other than above	- 70.5	- 72.7	- 2.2
Business expenses (Private insurance)	- 44.5	- 45.1	- 0.5
Provision/Reversal of catastrophe loss reserves	4.0	- 4.0	- 8.0
Fire	7.2	- 0.4	- 7.6
Auto	- 2.7	- 2.7	- 0.0
Net investment income (loss) and other	3.9	1.8	- 2.0
Net investment income/loss	4.3	2.1	- 2.1
Interest and dividends	4.4	4.5	0.1
Gains/Losses on sales of securities	1.3	-	- 1.3
Gains/Losses on redemption of securities	0.9	0.1	- 0.8
Ordinary profit/loss	5.0	6.4	1.3
Extraordinary gains/losses	0.5	0.6	0.1
Net income/loss	4.4	5.1	0.6
Loss ratio (Private insurance, E/I basis)*	67.9%	58.4%	- 9.5pt
Expense ratio (Private insurance)	35.3%	34.7%	- 0.6pt
E/I Combined ratio (Private insurance)*	103.1%	93.0%	- 10.1pt

* 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

Projected to grow by ¥3.3bn YoY to ¥4.8bn mainly due to the following factors:

- Net premiums written (Private insurance)
 - Increase due to the sales expansion in fire and specialty insurance, and product revisions in auto
- Net incurred losses (Private insurance)
 - Assuming an average level of natural catastrophe
 - Impact of consumption tax increase and an increase in unit loss cost in auto
- Business expenses (Private insurance)
 - Impact of consumption tax increase and an increase in agency commissions associated with premium growth
- Catastrophe loss reserves
 - Increase in net provision due to assuming an average level of net incurred losses relating to natural catastrophes

Net Investment Income and Other

Projected to decrease by ¥2.0 YoY to ¥1.8bn due to the reversal effect of gains/losses on sales/redemption of securities in FY2018, etc.

Net Income

Projected to grow by ¥0.6bn YoY to ¥5.1bn due to the factors above, etc.

Annualized Premiums (ANP)

(billions of yen)

	FY2018 Results	FY2019 Projections	YoY	
			Change	%
New policies ANP	74.6	45.0	- 29.6	-39.7%
In-force policies ANP	857.7	834.0	- 23.7	-2.8%

Key Figures in Financial Accounting

(billions of yen)

	FY2018 Results	FY2019 Projections	YoY
			Change
Ordinary income	1,017.1	984.0	- 33.1
Insurance premiums and other	906.7	883.0	- 23.7
Net income	27.3	28.0	0.6
Ordinary profit	34.7	31.0	- 3.7
(-) Capital gains / losses	- 13.4	- 13.0	0.4
(-) Non-recurring income / losses	- 0.1	-	0.1
Core operating profit	48.4	45.0	- 3.4

Business Unit Profits

(billions of yen)

	FY2018 Results	FY2019 Projections	YoY
			Change
Increase in MCEV*	▲ 158.6	49.0	207.6
Value of new business + Existing business contribution	78.3	70.0	- 8.3

* Excluding capital transactions

– New Policies ANP

- Projected to fall by 39.7% YoY due to a decline in the sales of the products for corporations, etc. while promoting the sales of protection-type products

– In-force Policies ANP

- Projected to fall by 2.8% YoY due to a decrease in accumulation of new policies caused by a decline in the sales of the products for corporations, etc.

– Net Income

- Projected to grow by ¥0.6bn YoY to ¥28.0bn due to a decrease in net provision for underwriting reserves owing to a decline in the sales of the products for corporations and an increase in takedown of dividend reserves for policy holders in spite of increasing expenses for system development, etc.

– Business Unit Profits (Increase in MCEV)

- Projected to grow by ¥207.6bn YoY to ¥49.0bn mainly due to a reversal effect of changes in economic environment (decline of interest rate) in FY2018 despite increasing expenses for system development
- Projected ¥70.0bn as `Value of new business + Existing business contribution`

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2018 Results	FY2019 Projections	YoY		(Ref.) YoY (Excluding FX effects) ⁵
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2018 JPY 111.0	As of end-Mar. 2019 JPY 110.9			
North America ^{*1}	1,107.9	1,147.0	39.0	4%	4%
Philadelphia	373.0	377.0	3.9	1%	1%
Delphi	270.7	271.0	0.2	0%	0%
TMHCC	387.2	418.0	30.7	8%	8%
Europe & Middle East & Africa ^{*2}	153.2	170.0	16.7	11%	8%
South & Central America	134.3	139.0	4.6	3%	5%
Asia & Oceania	149.3	189.0	39.6	27%	25%
Reinsurance ^{*3}	129.7	-	- 129.7	- 100%	- 100%
Total Non-Life^{*4}	1,674.6	1,654.0	- 20.6	- 1%	- 1%
Life	91.7	100.0	8.2	9%	8%
Total	1,766.3	1,754.0	- 12.3	- 1%	- 1%

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK
^{*2} Figures of "Europe & Middle East & Africa" 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

— Projected to increase by +7% driven by the execution of growth measures in each business segment and the contribution of `Safety` and `Hollard`, etc. while projected to decrease due to the reinsurance businesses divestment

■ Major Factors of Changes

North America

- Philadelphia: Projected to increase due to rate increase in renewal book , etc.
- Delphi: Despite a strengthening of underwriting discipline in life insurance, projected to stay flat due to an increase in excess workers' compensation
- TMHCC: Projected to increase due to rate increase, etc.

Europe, Middle East and Africa

- Projected to increase due to new contributions from `Hollard`, etc. while controlling underwriting with emphasis on profitability at TMK

Asia & Oceania

- Projected to increase due to auto insurance sales growth in India, etc. in addition to the full year contribution of `Safety`

Life

- Projected to increase due to sales growth in Malaysia, Thailand, India and Indonesia

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

Business Unit Profits

(billions of yen, except for %)

	FY2018 Results	FY2019 Projections	YoY		(Ref.) YoY (Excluding FX effects) ⁵
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2018 JPY 111.0	As of end-Mar. 2019 JPY 110.9			
North America ^{*1}	153.0	159.0	5.9	4%	4%
Philadelphia	43.9	46.0	2.0	5%	5%
Delphi	58.5	61.0	2.4	4%	4%
TMHCC	45.3	48.0	2.6	6%	6%
Europe & Middle East & Africa ^{*2}	- 0.1	7.0	7.1	-	-
South & Central America	9.2	6.0	- 3.2	- 35%	- 35%
Asia & Oceania	12.0	12.0	- 0.0	- 1%	- 2%
Reinsurance ^{*3}	13.0	-	- 13.0	- 100%	- 100%
Total Non-Life^{*4}	187.8	186.0	- 1.8	- 1%	- 1%
Life	- 0.7	3.0	3.7	-	-
Total	176.2	177.0	0.7	0%	0%

^{*1} North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK
^{*2} Figures of "Europe & Middle East & Africa" 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

— Projected to grow due to measures to improve profitability in each business segment and the contribution of profits of `Safety` and `Hollard`, etc. despite the impact from reinsurance businesses divestment (+8% increase YoY when excluding the impact of divestment)

Major Factors of Changes

North America

- Philadelphia: Projected to increase due to the reversal effect of large losses in FY2018 and an increase in investment income, etc.
- Delphi: Projected to increase mainly due to an improvement in underwriting profit/loss owing to strengthen underwriting discipline in life insurance, etc.
- TMHCC: Projected to increase due to an increase in investment income in addition to the effect of business expansion, etc.

Europe, Middle East and Africa

- Projected to increase due to the profit contribution of `Hollard`, etc. in addition to measures to improve profitability at TMK

South & Central America

- Projected to decrease due to the impact of rate reduction in auto in Brazil

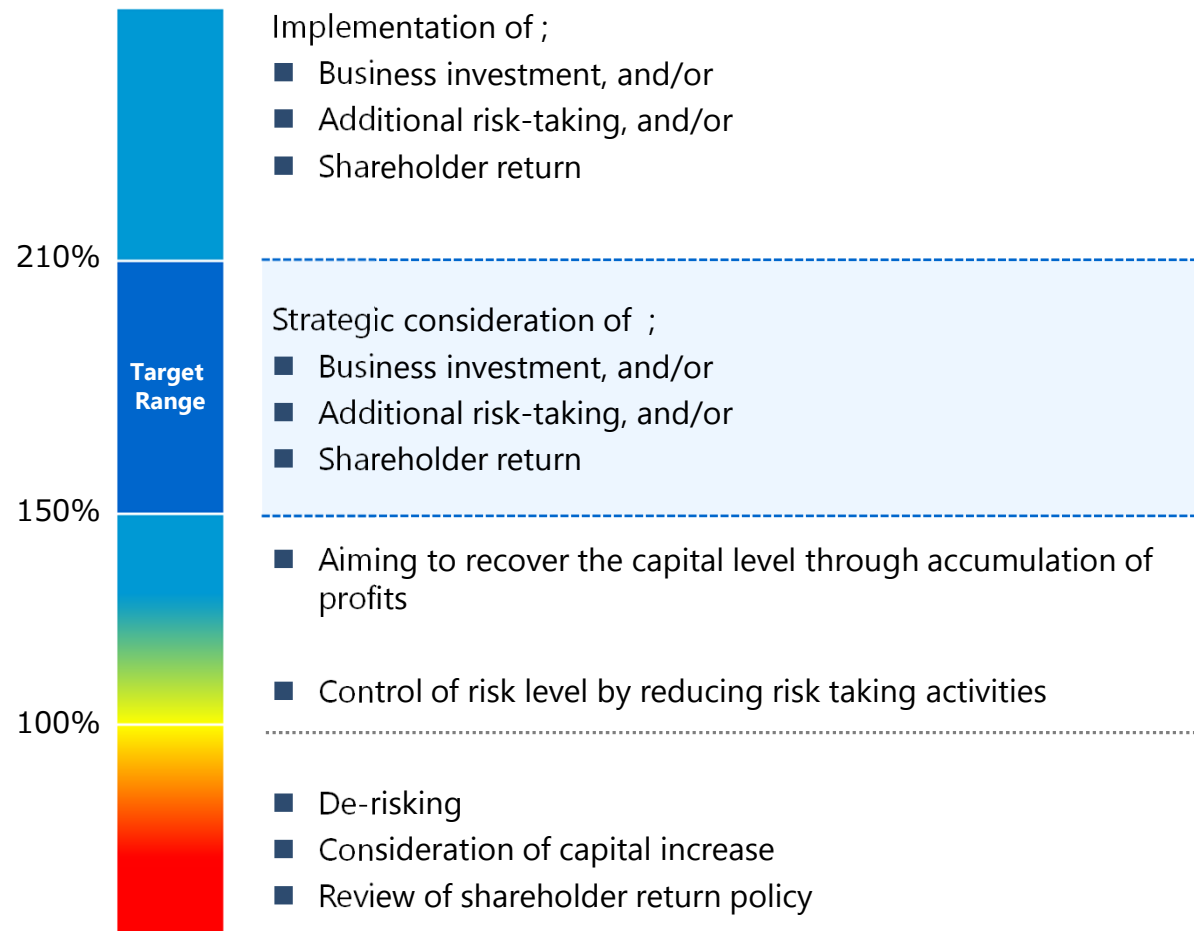
Life

- Projected to increase due to the reversal effect of declining stock prices in Singapore in FY2018, etc.

IV. Economic Solvency Ratio

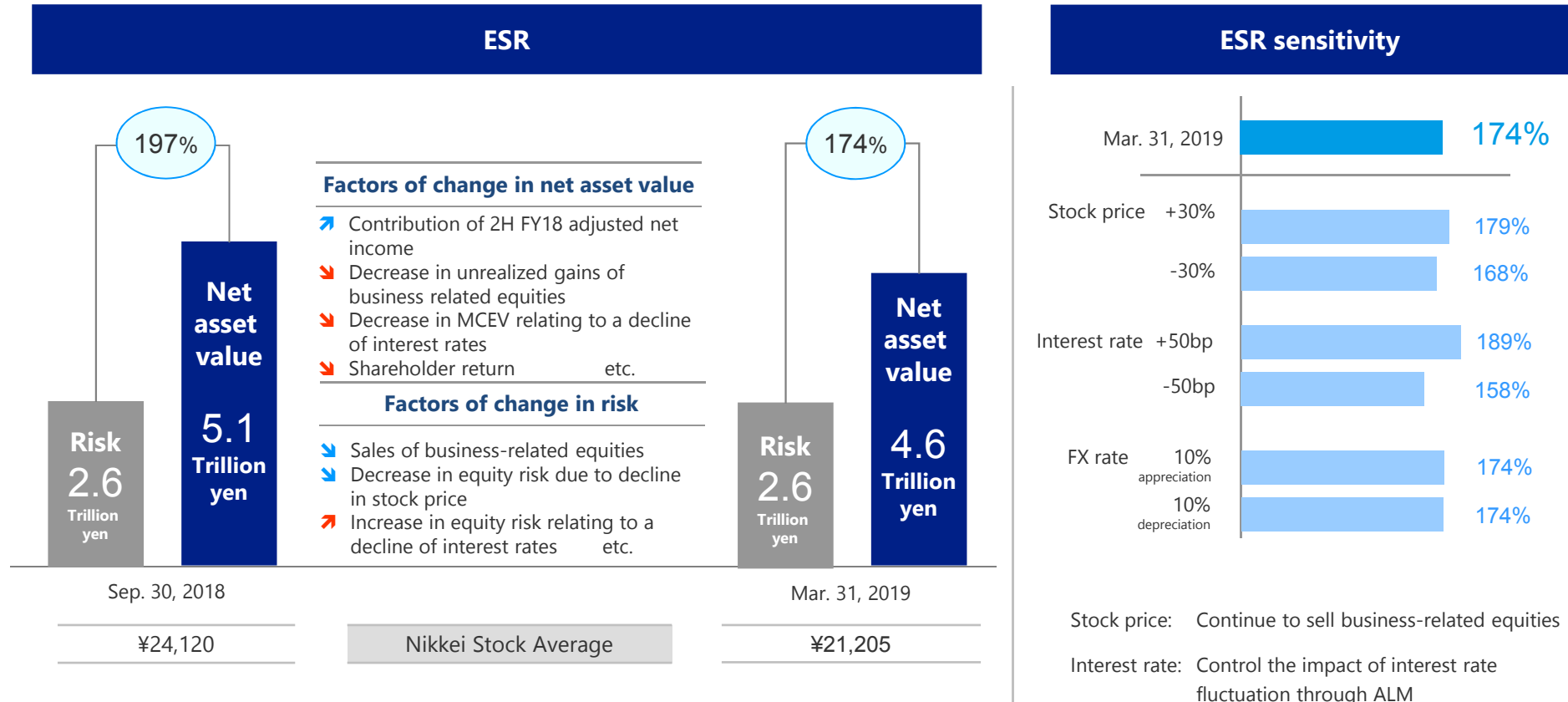
Target Range of Economic Solvency Ratio (ESR)

- ESR is calculated using capital model based on 99.95%VaR (equivalent to AA credit rating)
- Target Range of ESR is 150 - 210% to achieve financial soundness and profitability simultaneously

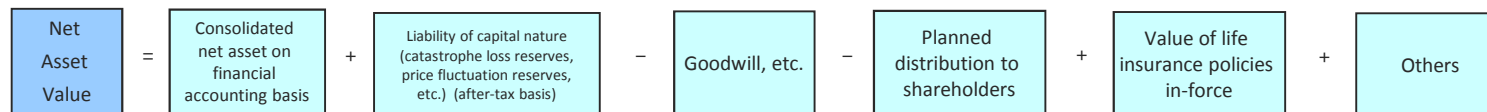


ESR and Sensitivity (as of Mar. 31, 2019)

- ESR declined to 174% (within target range) due to a decrease in net asset value and an increase in risk amount owing to decline in Yen interest rate, etc. offsetting positive impact associated with the profit contribution



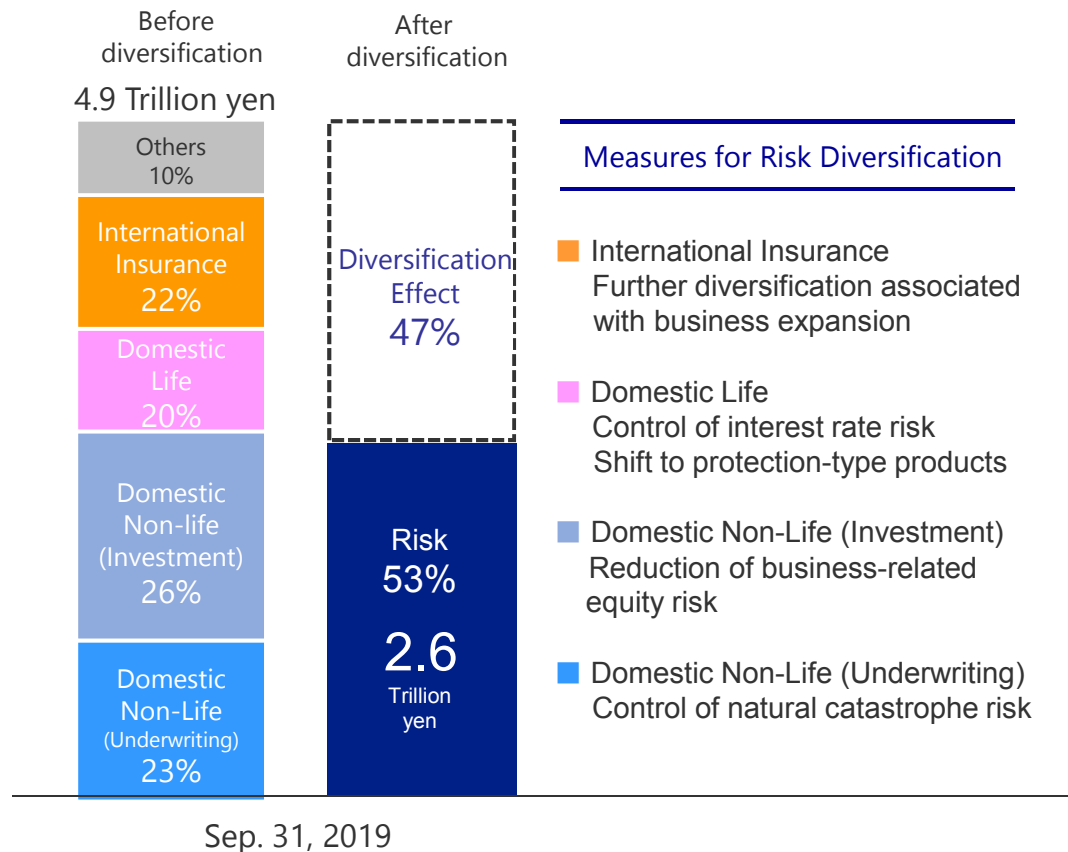
(Ref.) Definition of Net Asset Value



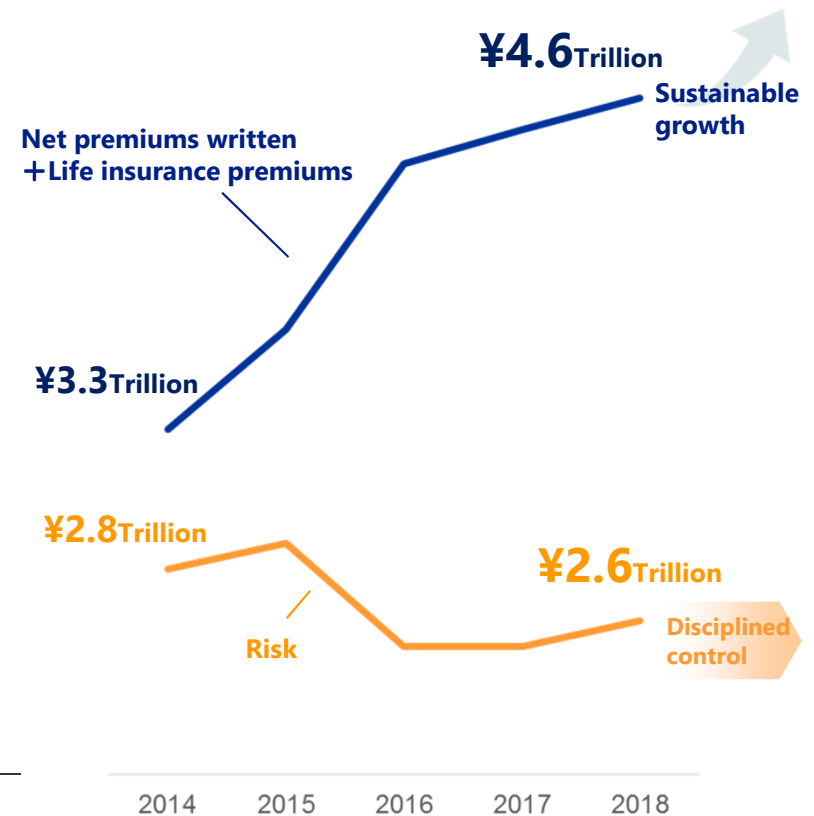
Risk Amount (as of Mar. 31, 2019)

- Risk amount after diversification as of Mar. 31, 2019 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.

Reference

Status of Investments in Securitized Products

Sum of major subsidiaries (domestic and overseas) as of the end of FY2018 (Market Value)

(billions of yen)

	As of the end of FY2018	Domestic Offices	Overseas Offices
ABS	1,544.4	307.8	1,236.6
Agency MBS*	163.1	-	163.1
AAA	360.4	44.0	316.4
AA	79.7	20.7	59.0
A	327.4	137.2	190.2
BBB	283.9	58.9	225.0
Other than above	329.7	46.8	282.9

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

Adjusted Net Income and Business Unit Profit

Adjusted Net Income (Group total)

Enhancing transparency and comparability /
Linking with shareholder return

- 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 return
- 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 Adjusted Net Income / Adjusted Net Assets / Adjusted ROE

Adjusted Net Income*¹

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

Adjusted Net Assets*¹

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

Adjusted ROE

$$\begin{aligned}
 \text{Adjusted ROE} = & \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets (Average balance basis)}}
 \end{aligned}$$

Definition of Business Unit Profits

Non-life insurance business

$$\begin{aligned}
 \text{Business Unit Profits}^1 = & \text{Net income} + \text{Provision for catastrophe loss reserves}^3 + \text{Provision for price fluctuation reserves}^3 \\
 & - \text{Gains or losses on sales or valuation of ALM}^4 \text{ bonds and interest rate swaps}
 \end{aligned}$$

Life insurance business*⁵

$$\begin{aligned}
 \text{Business Unit Profits}^1 = & \text{Increase in EV}^6 \text{ during the current fiscal year} - \text{Capital transactions such as capital increase}
 \end{aligned}$$

$$\begin{aligned}
 & - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} - \text{Other extraordinary gains/losses, valuation allowances, etc.}
 \end{aligned}$$

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

*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

Adjusted Net Income (Group Total) : FY2018 Results

Adjusted Net Income for FY2018 decreased by ¥60.5bn YoY to ¥280.9bn

Reconciliation^{*1}

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

	(billions of yen)		
	FY2017 Results	FY2018 Results	YoY Change
Net income attributable to owners of the parent (consolidated)	284.1	274.5	-9.6
Provision for catastrophe loss reserves ^{*2}	+25.6	-97.6	-123.2
Provision for contingency reserves ^{*2}	+3.3	+1.0	-2.3
Provision for price fluctuation reserves ^{*2}	+4.9	+5.7	0.7
Gains or losses on sales or valuation of ALM ^{*3} bonds and interest rate swaps	-5.5	+1.2	6.7
Gains or losses on sales or valuation of fixed assets and business investment equities	+1.5	+25.4	23.8
Amortization of goodwill and other intangible fixed assets	+73.7	+69.7	-3.9
Other extraordinary gains/losses, valuation allowances, etc.	-46.4	+0.7	47.2
Adjusted Net Income	341.4	280.9	-60.5

*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 fixed assets and business investment equities
 - Deduct losses on reinsurance businesses divestment from net income on a financial accounting basis (increases reconciling amount)
- Other extraordinary gains/losses, valuation allowances, etc.
 - The reversal effect of deduction of the takedown of deferred tax liability regarding other intangible fixed assets by U.S. Tax Reform in FY2017 (increases reconciling amount)

Adjusted Net Income (Group Total) : FY2019 Projections

- Adjusted Net Income is projected to increase by ¥119.0bn YoY to ¥400.0bn
- Adjusted ROE is projected to rise by 3.2pts YoY to 10.4%

Reconciliation*1

(billions of yen)

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

	FY2018 Results	FY2019 Projections	YoY Change
Net income attributable to owners of the parent (consolidated)	274.5	325.0	50.4
Provision for catastrophe loss reserves ²	-97.6	-9.0	88.6
Provision for contingency reserves ²	+1.0	+1.0	-0.0
Provision for price fluctuation reserves ²	+5.7	+6.0	0.2
Gains or losses on sales or valuation of ALM ³ bonds and interest rate swaps	+1.2	+0.0	-1.2
Gains or losses on sales or valuation of fixed assets and business investment equities	+25.4	+0.0	-25.4
Amortization of goodwill and other intangible fixed assets	+69.7	+77.0	7.2
Other extraordinary gains/losses, valuation allowances, etc.	+0.7	+0.0	-0.7
Adjusted Net Income	280.9	400.0	119.0
Adjusted ROE	7.2%	10.4%	+ 3.2pt

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

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

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

Major changes in reconciliation from FY2018

- Provision for catastrophe loss reserves
 - The reversal effect of an increase in takedown due to an increase in net incurred losses relating to natural catastrophes at Domestic Non-Life in FY2018 (increases reconciling amount)
- Gains or losses on sales or valuation of fixed assets and business investment equities
 - The reversal effect of deducting losses on reinsurance businesses divestment in FY2018 (decreases reconciling amount)

(billions of JPY)

- Adjusted Net Assets*

	FY2018 Results	FY2019 Projections	YoY Change
Net assets(consolidated)	3,574.2	3,688.0	113.7
Catastrophe loss reserves	+741.1	+732.0	-9.1
Contingency reserves	+40.8	+42.0	1.1
Price fluctuation reserves	+78.1	+84.0	5.8
Goodwill and other intangible fixed assets	-671.3	-595.0	76.3
Adjusted Net Assets	3,763.1	3,951.0	187.8

*Each adjustment is on an after-tax basis

- Adjusted ROE

	FY2018 Results	FY2019 Projections	YoY Change
Net income(consolidated)	274.5	325.0	50.4
Net assets(consolidated)*	3,689.7	3,631.0	-58.7
Financial accounting basis ROE	7.4%	9.0%	1.6pt

* average balance basis

	FY2018 Results	FY2019 Projections	YoY Change
Adjusted Net Income	280.9	400.0	119.0
Adjusted Net Assets*	3,924.7	3,857.0	-67.7
Adjusted ROE	7.2%	10.4%	3.2pt

* average balance basis

(billions of yen)

Business Domain	FY2017 Results	FY2018 Results	FY2019 Projections	YoY Change
Domestic Non-Life	144.3	18.9	142.0	123.0
TMNF	137.1	18.7	135.0	116.2
NF	8.3	0.7	8.0	7.2
Other	-1.0	-0.6	-2.0	-1.3
Domestic Life^{*1}	98.4	-158.6	49.0	207.6
TMNL	99.0	-158.6	49.0	207.6
International Insurance	144.1	176.2	177.0	0.7
North America	159.8	153.0	159.0	5.9
Europe & Middle East & Africa	-17.3	-0.1	7.0	7.1
South & Central America	5.0	9.2	6.0	-3.2
Asia & Oceania	13.7	12.0	12.0	-0.0
Reinsurance	-16.1	13.0	-	-13.0
International Non-Life ^{*2}	144.8	187.8	186.0	-1.8
International Life	6.3	-0.7	3.0	3.7
Financial & General	7.2	6.8	5.0	-1.8

*1: Excluding capital transactions

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

Reconciliation of Business Unit Profits

(billions of JPY)

● Domestic Non-Life*¹ (TMNF)

	FY2018 Results	FY2019 Projections	YoY
Net income for accounting purposes	261.3	250.0	-11.3
Provision for catastrophe loss reserves ^{*2}	-93.8	-11.5	82.3
Provision for price fluctuation reserves ^{*2}	+3.9	+4.0	0.0
Gains or losses on sales or valuation of ALM* ³ bonds and interest rate swaps	+0.7	+0.2	-0.5
Gains or losses on sales or valuation of fixed assets, business-related equities, and business investment equities	-66.0	-55.5	10.5
Intra-group dividends	-96.8	-62.2	34.6
Other extraordinary gains/losses, valuation allowances, etc	+9.5	+10.0	0.4
Business Unit Profits	18.7	135.0	116.2

*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

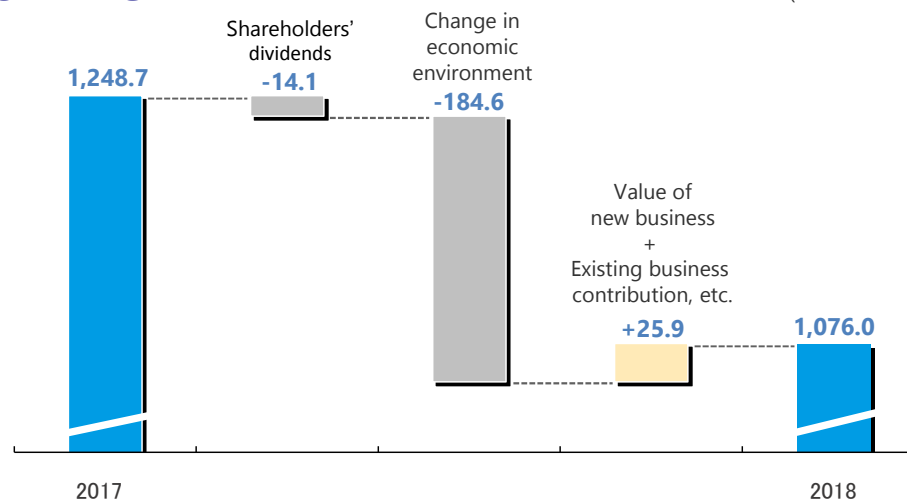
*4: Amortization of other intangible fixed assets, head office expenses, etc.

● International Insurance*¹

	FY2018 Results	FY2019 Projections
Overseas subsidiaries Net income for accounting purposes	155.1	150.0
Difference with EV (Life)	-1.2	
Adjustment of non-controlling interests	-1.5	
Difference of subsidiaries covered	-1.4	
Other adjustments ^{*4}	+25.4	
Business Unit Profits	176.2	177.0

● Breakdown of Increase in MCEV *1

(billions of JPY)



Year-end MCEV *2	1,248.7	1,076.0
MCEV Increase① *3		-158.6
MCEV Increase② *4		25.9

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

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

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

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

● Breakdown of MCEV Balance & Value of New Business, etc.

(billions of JPY)

	FY2017	FY2018	YoY Change
Fiscal Year-end MCEV	1,248.7	1,076.0	-172.7
Adjusted net worth	910.9	1,119.5	208.6
Value of in-force	337.8	-43.5	-381.3
Value of new business	64.6	59.5	-5.0
Value of new business + Existing business contribution	78.0	78.3	0.2

Note: Figures are before review by an independent third party

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