



Tokio Marine Holdings

To Be a Good Company

Overview of 2Q FY2018 Results and Full-Year Projections

November 19, 2018

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

Results and Full-year Projections of Top-line, Results of Bottom-line

Consolidated	Domestic Life
Domestic Non-Life	International



1. Top-line (2Q FY2018 results and full-year projections)

Net premiums written

2Q FY2018 results : ¥1,836.4B (+1.7% YoY)
 Full-year projections : ¥3,590.0B (+0.7% YoY, upward revision by ¥60B)

Life insurance premiums

2Q FY2018 results : ¥485.4B (+6.5% YoY)
 Full-year projections : ¥990.0B (+3.9% YoY, upward revision by ¥40B)

<Net premiums written>

- 2Q FY2018 results : Grew by +1.7% YoY driven by business growth in domestic and overseas
- Full-year Projections : Upward revision by ¥60.0B from the original projection or +0.7% YoY due to an increase in ceding premiums in domestic, etc. despite the stable premiums growth

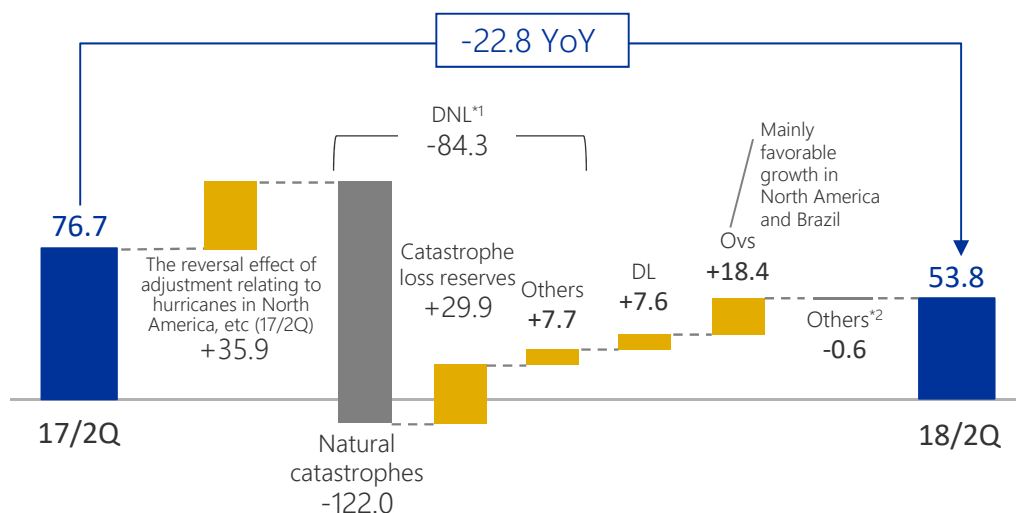
<Life insurance premiums>

- 2Q FY2018 results : Grew by +6.5% YoY driven by growth in both domestic and overseas
- Full-year Projections : Upward revision by ¥40.0B from the original projections or +3.9% YoY due to a decrease in surrender of variable annuities in 1H despite the stable premiums growth

2. Bottom-line (2Q FY2018 results)

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

(billions of yen)



<Consolidated net income>

- 2Q FY2018 results : Only fell by ¥22.8B YoY to ¥53.8B due to the reversal effect of hurricanes in North America, etc. in FY2017 and profit growth in each business despite the large impact of natural catastrophes in Japan
- Limited impact on the takedown of catastrophe loss reserves in 2Q FY2018 as it is based on W/P loss ratio

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

*2 Other consolidation adjustments, etc.

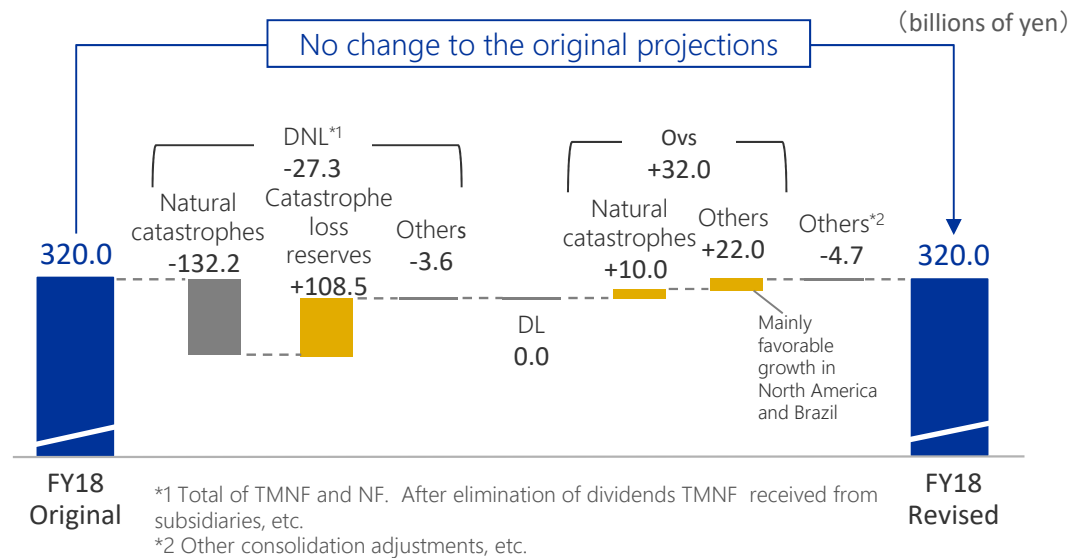
Full-year Projections of Bottom-line

Consolidated	Domestic Life
Domestic Non-Life	International

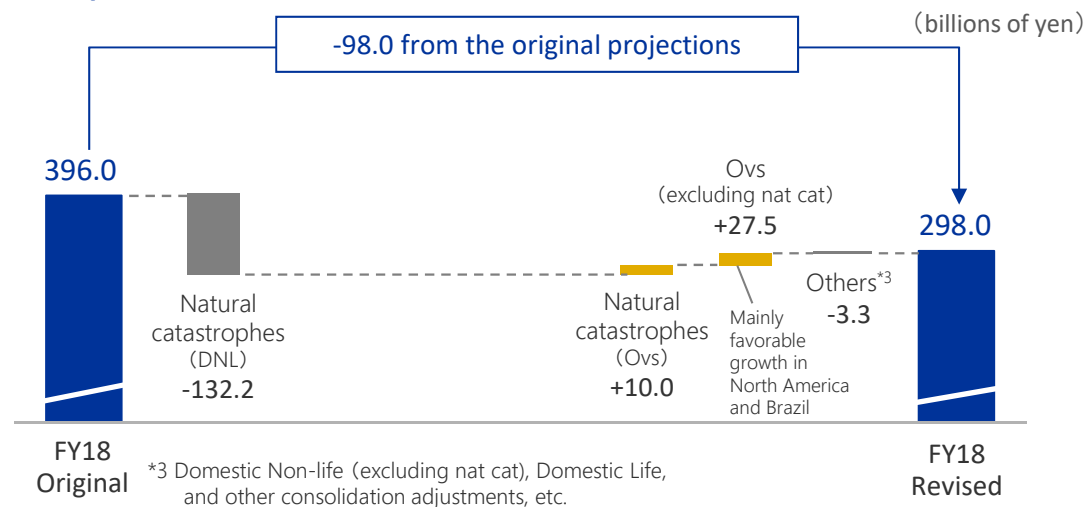


3. Full-year projections of bottom-line

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



Adjusted net income



<Consolidated net income>

- No change to the original projections by covering the impact of domestic natural catastrophes with catastrophe loss reserves and profit growth in overseas

<Adjusted net income>

- Because the impact of catastrophe loss reserves, etc. are excluded, revised downward by ¥98.0B from the original projections due to the impact of domestic natural catastrophes

【Net Incurred Losses of nat-cat (Business unit profits basis)】

		FY2018 Projections		Revised-Original
		(Original)	(Revised)	
Before-tax	DNL	52.5	237.0	184.5
	Ovs	50.0	38.0	-12.0
	Total	102.5	275.0	172.5

After-tax*4	DNL	37.8	170.8	133.0
	Ovs	40.0	30.0	-10.0
	Total	77.8	200.8	123.0

*4 After-tax figures are approximate calculation

【Catastrophe loss reserves in TMNF】

Product Lines	End of FY2017	FY2018 Projections
Fire	Approx. ¥360B	Approx. ¥240B
Others	Approx. ¥730B	Approx. ¥710B
Total	Approx. ¥1,090B	Approx. ¥950B

II. 2Q FY2018 Results

<Reference>

	Applied FX Rate (USD/JPY)	
	FY2017	FY2018
Domestic non-life and life businesses (End of Sep.)	JPY 112.73 -JPY 0.54 from Mar. 2017)	JPY 113.57 -JPY 7.33 from Mar. 2018)
International insurance business (End of Jun.)	JPY 112.00 +JPY 4.49 from Dec. 2016	JPY 110.54 +JPY 2.46 from Dec. 2017

Consolidated Results Overview (1)

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 2Q	FY2018 2Q	YoY	
			Change	%
■ Total premiums	2,262.4	2,321.9	59.4	+ 2.6%
Net premiums written (TMHD Consolidated)	1,806.4	1,836.4	29.9	+ 1.7%
Life insurance premiums (TMHD Consolidated)	455.9	485.4	29.5	+ 6.5%
■ Ordinary profit (TMHD Consolidated)	119.8	75.1	- 44.7	- 37.3%
Tokio Marine & Nichido	144.3	- 18.1	- 162.4	- 112.5%
Nisshin Fire	3.8	- 6.2	- 10.0	- 264.0%
Tokio Marine & Nichido Life	9.6	20.5	10.8	+ 112.3%
Overseas subsidiaries	85.2	104.2	18.9	+ 22.2%
Adjustment of losses related to hurricanes in North America, etc.	- 45.7	-	45.7	-
Financial and general	3.2	2.8	- 0.4	- 12.9%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 52.7	- 7.2	45.4	
Purchase method adjustments	- 1.6	- 1.5	0.0	
Amortization of goodwill and negative goodwill	- 24.6	- 17.2	7.4	
Others (Consolidation adjustments, etc.)	- 1.7	- 2.1	- 0.3	
■ Net income attributable to owners of the parent	76.7	53.8	- 22.8	- 29.8%
Tokio Marine & Nichido	112.4	- 10.3	- 122.7	- 109.2%
Nisshin Fire	2.6	- 4.3	- 7.0	- 262.7%
Tokio Marine & Nichido Life	6.1	13.8	7.6	+ 124.6%
Overseas subsidiaries	63.9	82.3	18.4	+ 28.8%
Adjustment of losses related to hurricanes in North America, etc.	- 35.9	-	35.9	-
Financial and general	2.2	2.1	- 0.1	- 7.3%
Elimination of dividends received by Tokio Marine & Nichido from subsidiaries etc.	- 52.7	- 7.2	45.4	
Purchase method adjustments	- 1.2	- 1.2	0.0	
Amortization of goodwill and negative goodwill	- 24.6	- 17.2	7.4	
Others (Consolidation adjustments, etc.)	4.0	- 3.9	- 8.0	
■ [KPI for the Group Total] Adjusted net income	143.5	89.9	- 53.6	- 37.4%

Changes in Major P/L Items

(billions of yen)

	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Underwriting profit/loss	10.9	- 113.9	- 124.8
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	45.2	- 118.1	- 163.3
Net premiums written (Private insurance)	935.7	959.1	23.3
Net premiums earned (Private insurance)	926.6	943.6	16.9
Net incurred losses (Private insurance)*	- 573.0	- 742.3	- 169.2
Natural catastrophe losses	- 41.8	- 199.8	- 158.0
Provision/Reversal of foreign currency denominated outstanding claims reserves	- 0.4	- 5.8	- 5.4
Other than above	- 530.8	- 536.5	- 5.7
Business expenses (Private insurance)	- 301.2	- 305.5	- 4.2
Provision/Reversal of catastrophe loss reserves	- 34.2	4.2	38.4
Auto	- 15.7	- 3.6	12.1
Fire	- 7.6	16.2	23.9
Net investment income (loss) and other	132.8	93.9	- 38.8
Net investment income/loss	146.8	110.8	- 35.9
Interest and dividends	111.6	73.3	- 38.3
Dividends from foreign stocks	53.8	8.0	- 45.7
Gains/Losses on sales of securities	57.7	63.5	5.7
Impairment losses on securities	- 0.0	- 0.2	- 0.2
Gains/Losses on derivatives	- 1.7	- 8.8	- 7.0
Ordinary profit/loss	144.3	- 18.1	- 162.4
Extraordinary gains/losses	- 8.6	- 3.9	4.7
Net income/loss	112.4	- 10.3	- 122.7

*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

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Underwriting Profit

¥124.8B decrease YoY to ¥-113.9B mainly due to the following factors:

- Net premiums written (Private insurance) (See p.9 for details) :
 - ➡ Increase in all lines, mainly specialty insurance
- Net incurred losses (Private insurance):
 - ➡ Increase in net incurred losses from natural catastrophes
 - ➡ Increase in provision for foreign currency denominated outstanding claims reserves due to the depreciation of the yen during FY2018
 - ➡ Increase in incurred losses associated with an increase in NPW
- Business expenses (Private insurance):
 - ➡ Increase in agency commissions associated with an increase in NPW
- Catastrophe loss reserves :
 - ➡ Decrease in net provision due to an increase in takedown associated with claims paid relating to natural catastrophes

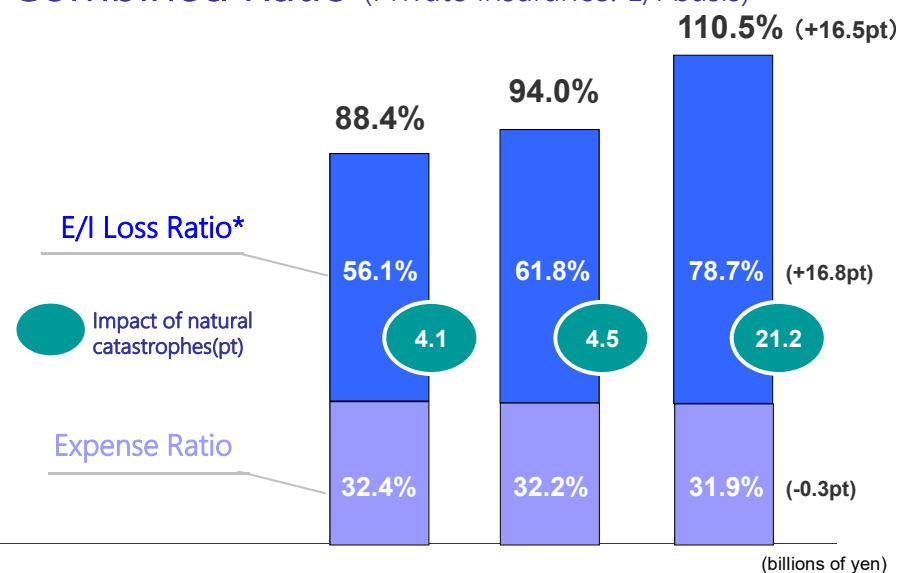
Net Investment Income and Other (See p.10 for details)

¥38.8B decrease YoY to ¥93.9B mainly due to a decrease in dividends income from overseas subsidiaries

Net Income

¥122.7B decrease YoY to ¥-10.3B due to the factors above

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



(billions of yen)

	FY2016 2Q Results	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Net premiums written	918.2	935.7	959.1	23.3
Net premiums earned	910.5	926.6	943.6	16.9
Net incurred losses*	510.3	573.0	742.3	169.2
Business expenses	297.1	301.2	305.5	4.2
Corporate expenses	114.6	113.7	112.5	- 1.1
Agency commissions	182.4	187.4	192.9	5.4

(Reference) All lines: W/P basis

Combined ratio*	90.4%	90.5%	92.6%	2.1pt
Loss ratio*	59.7%	60.1%	62.2%	2.1pt
Expense ratio	30.6%	30.4%	30.4%	- 0.0pt

* Including loss adjustment expenses

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– E/I Basis Loss Ratio

Rose by 16.8 points YoY to 78.7% 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

– Expense Ratio

Improved by 0.3 points YoY to 31.9% mainly due to an increase in NPW

Net Premiums Written by Line

(billions of yen, except for %)

	FY2017 2Q Results	FY2018 2Q Results	YoY	
			Change	%
Fire	129.6	135.7	6.1	4.7%
Marine	29.6	32.4	2.8	9.6%
P.A.	97.1	99.5	2.4	2.5%
Auto	531.0	531.5	0.5	0.1%
CALI	148.8	134.7	-14.0	-9.4%
Other	148.7	160.2	11.4	7.7%
Total	1,085.0	1,094.4	9.3	0.9%
Private insurance Total	935.7	959.1	23.3	2.5%

Major Factors of Changes in NPW

- Fire: Grew mainly due to an increase in household sector policies
- Marine: Grew mainly due to an increase in volume of logistics in cargo insurance
- P.A.: Grew mainly due to rate revision in December 2017 and an increase in the number of policies
- Auto: Grew due to sales of additional coverage and an increase in the number of policies despite rate cut in January 2018
- 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 2Q Results	FY2018 2Q Results	YoY Change
Fire	68.2%	173.5%	105.4pt
Marine	84.1%	80.7%	- 3.4pt
P.A.	55.6%	53.5%	- 2.1pt
Auto	59.3%	63.6%	4.3pt
Other	63.9%	60.6%	- 3.3pt
Private insurance Total	61.8%	78.7%	16.8pt

Major Factors of Changes in E/I Loss Ratio

- Fire: Rose mainly due to an increase in net incurred losses relating to natural catastrophes and an increase in large losses
- Marine: Improved mainly due to a decrease in medium size losses in hull insurance
- 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

■ Net Investment Income and Other

(billions of yen)

	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Net investment income and other	132.8	93.9	- 38.8
Net investment income	146.8	110.8	- 35.9
Net interest and dividends income	89.9	53.0	- 36.8
Interest and dividends	111.6	73.3	- 38.3
Dividends from domestic stocks	31.6	35.2	3.5
Dividends from foreign stocks	53.8	8.0	- 45.7
Income from domestic bonds	12.1	11.2	- 0.8
Income from foreign bonds	2.0	2.4	0.4
Income from other domestic securities*1	0.1	1.0	0.8
Income from other foreign securities*2	6.4	9.9	3.5
Transfer of investment income on deposit premiums	- 21.7	- 20.2	1.4
Net capital gains	56.9	57.8	0.8
Gains/Losses on sales of securities	57.7	63.5	5.7
Impairment losses on securities	- 0.0	- 0.2	- 0.2
Gains/Losses on derivatives	- 1.7	- 8.8	- 7.0
Other investment income and expenses	0.2	0.3	0.0
Others	0.7	3.0	2.3
Other ordinary income and expenses	- 14.0	- 16.8	- 2.8

*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 respect

– Net investment income and other decreased by ¥38.8B YoY to ¥93.9B

- Net interest and dividends income
¥36.8B decrease YoY to ¥53.0B mainly due to the following factors:
 - ✚ Dividends from foreign stocks:
 - ✓ Decrease in dividends income from overseas subsidiaries
- Net capital gains
¥0.8B increase YoY to ¥57.8B mainly due to the following factors:
 - ➡ Gains/Losses on sales of securities:
 - ✓ Increase in gains on sales of business-related equities
 - ✓ The reversal effect of gains on sales of foreign securities in FY2017
 - ✚ Gains/Losses on derivatives:
 - ✓ Market value changes in derivative contracts for hedging purpose
 - ✖ The effect are balanced with gains/losses on hedged assets

¥63.0B capital gains from sales of business-related equities, ¥11.0B increase YoY
(Sales of business-related equities was ¥81.0B)

Change in Major P/L Items

(billions of yen)

	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Underwriting profit/loss	3.2	- 6.9	- 10.2
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	6.3	- 7.0	- 13.3
Net premiums written (Private insurance)	61.9	64.6	2.6
Net premiums earned (Private insurance)	61.5	63.0	1.5
Net incurred losses (Private insurance)*	- 33.7	- 48.0	- 14.3
Natural catastrophe losses	- 1.2	- 12.4	- 11.2
Other than above	- 32.4	- 35.5	- 3.0
Business expenses (Private insurance)	- 21.1	- 22.0	- 0.8
Provision/Reversal of catastrophe loss reserves	- 3.0	0.0	3.1
Fire	- 0.4	1.8	2.2
Auto	- 2.0	- 1.3	0.6
Net investment income (loss) and other	0.9	1.0	0.1
Net investment income/loss	1.1	1.2	0.1
Interest and dividends	2.0	1.9	- 0.0
Gains/Losses on sales of securities	0.0	0.2	0.1
Ordinary profit/loss	3.8	- 6.2	- 10.0
Extraordinary gains/losses	- 0.0	0.0	0.1
Net income/loss	2.6	- 4.3	- 7.0
Loss ratio (Private insurance, E/I basis)*	54.8%	76.1%	21.3pt
Expense ratio (Private insurance)	34.1%	34.1%	- 0.1pt
E/I Combined ratio (Private insurance)*	88.9%	110.2%	21.3pt

* 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

¥10.2B decrease YoY to ¥-6.9B 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
 - Increase in losses in auto and specialty insurance
- Catastrophe loss reserves
 - Takedown associated with claims paid relating to natural catastrophes
 - Decrease in net provision due to the lowering of the provision rate in auto

Net Investment Income and Other

¥0.1B increase YoY to ¥1.0B due to an increase in gains/losses on sales of securities, etc

Net Income

As a result, ¥-7.0B decrease YoY to ¥-4.3B

Annualized Premiums (ANP)

(billions of yen)

	FY2017 2Q Results	FY2018 2Q Results	YoY	
			Change	%
New policies ANP	47.5	39.3	- 8.1	-17.3%
In-force policies ANP	841.2	853.8	12.6	1.5%

Key Figures in Financial Accounting

(billions of yen)

	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Ordinary income	549.2	496.8	- 52.4
Insurance premiums and other	434.1	436.5	2.4
Net income	6.1	13.8	7.6
Ordinary profit	10.5	19.2	8.6
(-) Capital gains / losses	- 0.9	- 3.7	- 2.8
(-) Non-recurring income / losses	- 2.7	0.0	2.8
Core operating profit	14.2	22.9	8.6

Business Unit Profits

(billions of yen)

	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Increase in MCEV*	86.5	71.1	- 15.4

* Excluding capital transactions

– New Policies ANP

- Fell by 17.3% YoY due to the reversal effect of last minute demand before the rate revision of the product for corporations in August 2017, etc.

– In-force Policies ANP

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

– Net Income

- Net Income rose by ¥7.6B YoY to ¥13.8B 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

– Core Operating Profit

- Grew by ¥8.6B YoY to ¥22.9B as a result of deducting negative impact relating to sales of foreign bonds as well as the reversal effect of provision for contingency reserves, etc., from ordinary profit

– Business Unit Profits (Increase in MCEV)

- Fell by ¥15.4B YoY to ¥71.1B due to the reversal effect of impact of changes in economic environment, etc. (the impact of interest rate fluctuation, etc.) in FY2017

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 2Q Results	FY2018 2Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*5}		
			As of end- Jun. 2017	As of end- Jun. 2018		Change	%
North America ^{*1}	516.0	555.6	39.5	8%	9%		
Philadelphia	172.2	180.9	8.7	5%	6%		
Delphi	126.2	134.6	8.4	7%	8%		
TMHCC	176.8	200.7	23.8	13%	15%		
Europe ^{*2}	79.5	78.4	-1.0	-1%	-0%		
South & Central America	70.1	64.7	-5.4	-8%	9%		
Asia & Middle East	66.2	76.2	9.9	15%	16%		
Reinsurance ^{*3}	90.9	92.7	1.8	2%	3%		
Total Non-Life^{*4}	822.9	867.8	44.8	5%	8%		
Life	44.6	45.6	0.9	2%	2%		
Total	867.6	913.4	45.8	5%	8%		

*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 5% YoY due to the execution of growth measures in each business segment

【Major Factors of Changes in NPW】

North America (See P.15~17 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

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 & Middle East

- Grew mainly driven by an increase of shareholdings in India and business growth in Thailand

Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 2Q Results	FY2018 2Q Results	YoY		(Ref.) YoY (Excluding FX effects) ⁵
			Change	%	
Applied FX rate (USD/JPY)	As of end- Jun. 2017 JPY 112.0	As of end- Jun. 2018 JPY 110.5			
North America ¹	66.6	78.5	11.8	18%	19%
Philadelphia	19.8	18.4	- 1.3	- 7%	- 6%
Delphi	22.3	33.9	11.6	52%	54%
TMHCC	20.6	22.4	1.7	8%	10%
Europe ²	3.5	6.9	3.4	95%	124%
South & Central America	2.1	5.4	3.3	153%	201%
Asia & Middle East	8.5	5.2	- 3.3	- 39%	- 38%
Reinsurance ³	3.5	3.5	0.0	0%	- 1%
Total Non-Life⁴	84.3	100.3	15.9	19%	23%
Life	3.4	- 3.0	- 6.5	- 190%	- 186%
Total	84.8	93.2	8.3	10%	13%
Adjustment of losses related to hurricanes in North America, etc.	- 48.8	-	48.8	-	-
Total (After adjustments)	36.0	93.2	57.2	159%	162%

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 ¥57.2B YoY driven by strong investment income from Delphi and profitability improvement in Brazil as well as the impact of tax reduction in U.S. and the reversal effect of hurricanes losses in FY2017

【Major Factors of Changes in Business Unit Profits】

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

- Philadelphia fell due to large losses despite the effect of business expansion and the impact of tax reduction
- Delphi grew driven by the effect of business expansion, strong investment income and the impact of tax reduction
- TMHCC grew driven by the effect of business expansion, the improvement of foreign exchange gains/losses and the impact of tax reduction

Europe

- Grew due to 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 2Q Results	FY2018 2Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- June. 2017	As of end- June. 2018			
	JPY 112.0	JPY 110.5			
Net premiums written	172.2	180.9	8.7	5%	6%
Net premium earned	170.0	177.3	7.3	4%	6%
Net incurred losses	109.0	120.3	11.2	10%	12%
Nat-Cat losses	7.0	7.9	0.8	12%	14%
Commissions / Other Underwriting expenses	52.4	54.6	2.1	4%	5%
Underwriting profit	8.5	2.4	-6.0	-71%	-71%
Net investment income / loss	16.6	17.7	1.0	6%	8%
Business unit profits	19.8	18.4	-1.3	-7%	-6%
Loss ratio ^{*1}	64.1%	67.8%	3.7pt	-	-
Expense ratio ^{*1}	30.9%	30.8%	-0.1pt	-	-
Combined ratio ^{*1}	95.0%	98.6%	3.6pt	-	-

*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 2Q Results	FY2018 2Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- June. 2017	As of end- June. 2018			
	JPY 112.0	JPY 110.5			
Net premiums written	126.2	134.6	8.4	7%	8%
Net premium earned	120.1	128.2	8.0	7%	8%
Net incurred losses	90.3	95.3	5.0	6%	7%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	32.0	34.7	2.7	9%	10%
Underwriting profit	-2.1	-1.8	0.3	-	-
Net investment income / loss	55.7	67.1	11.3	20%	22%
Business unit profits	22.3	33.9	11.6	52%	54%
Loss ratio ^{*1}	75.2%	74.4%	-0.8pt	-	-
Expense ratio ^{*1}	26.6%	27.1%	0.4pt	-	-
Combined ratio ^{*1}	101.8%	101.5%	-0.3pt	-	-

Net Premiums Written by Segment

(billions of yen, except for %)

	FY2017 2Q Results	FY2018 2Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- Jun. 2017	As of end- Jun. 2018			
	JPY 112.0	JPY 110.5			
Non-life	55.7	63.0	7.3	13%	15%
Life	70.5	71.5	1.0	2%	3%
Total	126.2	134.6	8.4	7%	8%

Loss Ratio by Segment

	FY2017 2Q Results	FY2018 2Q Results	Change
Non-life ^{*1}	69.6%	71.8%	2.2pt
Life ^{*1}	79.0%	76.4%	-2.6pt
Total ^{*1}	75.2%	74.4%	-0.8pt

*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 2Q Results	FY2018 2Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- June. 2017	As of end- June. 2018			
	JPY 112.0	JPY 110.5			
Net premiums written	176.8	200.7	23.8	13%	15%
Net premium earned	152.5	171.0	18.5	12%	14%
Net incurred losses	95.1	110.2	15.1	16%	17%
Nat-Cat losses	1.5	1.4	- 0.0	-5%	-3%
Commissions / Other Underwriting expenses	38.5	40.9	2.3	6%	8%
Underwriting profit	13.8	15.2	1.3	10%	12%
Net investment income / loss	14.8	12.6	-2.1	-15%	-14%
Business unit profits	20.6	22.4	1.7	8%	10%
Loss ratio ^{*1}	62.4%	64.5%	2.1pt	-	-
Expense ratio ^{*1}	25.3%	23.9%	-1.3pt	-	-
Combined ratio ^{*1}	87.7%	88.4%	0.7pt	-	-

Net Premiums Written by Segment

(billions of yen, except for %)

	FY2017 2Q Results	FY2018 2Q Results	YoY		(Ref.) YoY (Excluding FX effects) ^{*2}
			Change	%	
FX rates (USD/JPY)	As of end- Jun. 2017	As of end- Jun. 2018			
	JPY 112.0	JPY 110.5			
Non-life : North America	74.7	72.5	-2.1	-3%	-2%
A&H	63.1	77.9	14.8	24%	25%
International	39.0	50.2	11.1	29%	30%
Total	176.8	200.7	23.8	13%	15%

Loss Ratio by Segment

	FY2017 2Q Results	FY2018 2Q Results	Change
Non-life : North America ^{*1}	60.8%	59.9%	-0.9pt
A&H ^{*1}	72.8%	76.8%	4.0pt
International ^{*1}	43.9%	45.3%	1.4pt
Total ^{*1}	62.4%	64.5%	2.1pt

*1: Denominator used is net premiums earned

*2: Excluding FX effects due to yen conversion

III. FY2018 Revised Projections

<Reference>

	Assumptions used for FY2018 Full-Year Projections	
	FX rate USD/JPY	Nikkei Stock Average
Original Projections (end of Mar. 2018 rate and stock avg.)	JPY 106.24	21,454 yen
Revised Projections (end of Sept. 2018 rate and stock avg.)	JPY 113.57	24,120 yen

Consolidated Projections Overview (1)

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Projections Original(a)	FY2018 Projections Revised(b)	YoY	
				Difference (b) - (a)	Change
■ Ordinary income (TMHD Consolidated)	4,517.7	4,480.0	4,580.0	100.0	+ 2.2%
Net premiums written (TMHD Consolidated)	3,564.7	3,530.0	3,590.0	60.0	+ 1.7%
Life insurance premiums (TMHD Consolidated)	953.0	950.0	990.0	40.0	+ 4.2%
■ Ordinary profit (TMHD Consolidated)	344.9	450.0	455.0	5.0	+ 1.1%
Tokio Marine & Nichido	325.8	328.0	294.0	- 34.0	- 10.4%
Nisshin Fire	7.5	7.6	6.0	- 1.6	- 21.1%
Tokio Marine & Nichido Life	23.5	31.3	32.0	0.7	+ 2.2%
Overseas subsidiaries	126.2	168.0	210.0	42.0	+ 25.0%
Financial and general	7.4	5.8	5.5	- 0.3	- 5.2%
Elimination of dividends received by TMNF from subsidiaries etc.	- 92.6	- 44.9	- 47.0	- 2.1	
Purchase method adjustments	- 3.1	- 3.0	- 2.3	0.7	
Amortization of goodwill/negative goodwill	- 43.8	- 33.2	- 35.9	- 2.7	
Others (Consolidation adjustments, etc.)	- 6.0	- 9.6	- 7.3	2.3	
■ Net income attributable to owners of the parent	284.1	320.0	320.0	-	-
Tokio Marine & Nichido	253.8	242.0	218.0	- 24.0	- 9.9%
Nisshin Fire	5.3	5.6	4.4	- 1.2	- 21.4%
Tokio Marine & Nichido Life	15.5	21.0	21.0	-	-
Overseas subsidiaries	145.3	138.0	170.0	32.0	+ 23.2%
Financial and general	5.0	3.9	3.9	-	-
Elimination of dividends received by TMNF from subsidiaries etc.	- 92.6	- 44.9	- 47.0	- 2.1	
Purchase method adjustments	- 2.4	- 2.1	- 1.7	0.4	
Amortization of goodwill/negative goodwill	- 43.8	- 33.2	- 35.9	- 2.7	
Others (Consolidation adjustments, etc.)	- 2.1	- 10.3	- 12.7	- 2.4	
■ Adjusted net income	341.4	396.0	298.0	-98.0	- 24.7%

【KPI for the Group Total】

■ Adjusted net income

Changes in Major P/L Items

(billions of yen)

	FY2017 Results	FY2018 Projections			
		Original (a)	Revised (b)	Difference (b-a)	YoY Change
Underwriting profit/loss	86.6	171.0	125.0	- 46.0	38.3
(Underwriting profit/loss: excluding Provision/Reversal of catastrophe loss reserves)	117.7	171.8	- 15.0	- 186.9	- 132.8
Net premiums written (Private insurance)	1,861.5	1,869.9	1,874.6	4.6	13.0
Net premiums earned (Private insurance)	1,860.2	1,871.9	1,870.8	- 1.1	10.6
Net incurred losses (Private insurance)*1	- 1,142.4	- 1,098.0	- 1,286.8	- 188.8	- 144.4
Natural catastrophe losses	- 82.2	- 50.0	- 220.0	- 170.0	- 137.7
Provision/Reversal of foreign currency denominated outstanding claims reserves	4.7	-	- 5.8	- 5.8	- 10.5
Other than above	- 1,064.9	- 1,048.0	- 1,061.0	- 12.9	3.9
Business expenses (Private insurance)	- 605.4	- 611.0	- 609.8	1.2	- 4.3
Provision/Reversal of catastrophe loss reserves	- 31.1	- 0.8	140.0	140.9	171.2
Auto	- 3.1	22.3	33.7	11.4	36.9
Fire	- 10.6	- 10.7	118.8	129.5	129.5
Net investment income (loss) and other	237.9	156.6	168.6	11.9	- 69.3
Net investment income/loss	266.7	190.0	204.0	14.0	- 62.7
Interest and dividends	209.7	166.6	177.9	11.2	- 31.8
Dividends from domestic stocks	59.9	55.7	64.1	8.4	4.1
Dividends from foreign stocks	96.9	48.3	50.3	1.9	- 46.5
Income from other foreign securities*2	12.1	26.4	25.9	- 0.4	13.7
Gains/Losses on sales of securities	94.1	78.2	77.1	- 1.0	- 17.0
Impairment losses on securities	- 1.0	-	- 0.2	- 0.2	0.7
Gains/Losses on derivatives	5.8	- 16.7	- 15.6	1.1	- 21.4
Ordinary profit/loss	325.8	328.0	294.0	- 34.0	- 31.8
Extraordinary gains/losses	- 12.4	- 6.1	- 7.2	- 1.1	5.2
Net income/loss	253.8	242.0	218.0	- 24.0	- 35.8

*1 Including loss adjustment expenses

*2 Income from foreign securities excluding foreign stocks and 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

Downward revision by ¥46.0B from the original projections mainly due to:

- ↘ Increase in net incurred losses relating to natural catastrophes
- ↗ Decrease in net provision of catastrophe loss reserves due to an increase in takedown associated with claims paid relating to natural catastrophes
- ↘ Upward revision of large losses
- ↘ Increase in provision for foreign currency denominated outstanding claims reserves due to the depreciation of the yen during FY2018

Net Investment Income and Other

Upward revision by ¥11.9B from the original projections mainly due to:

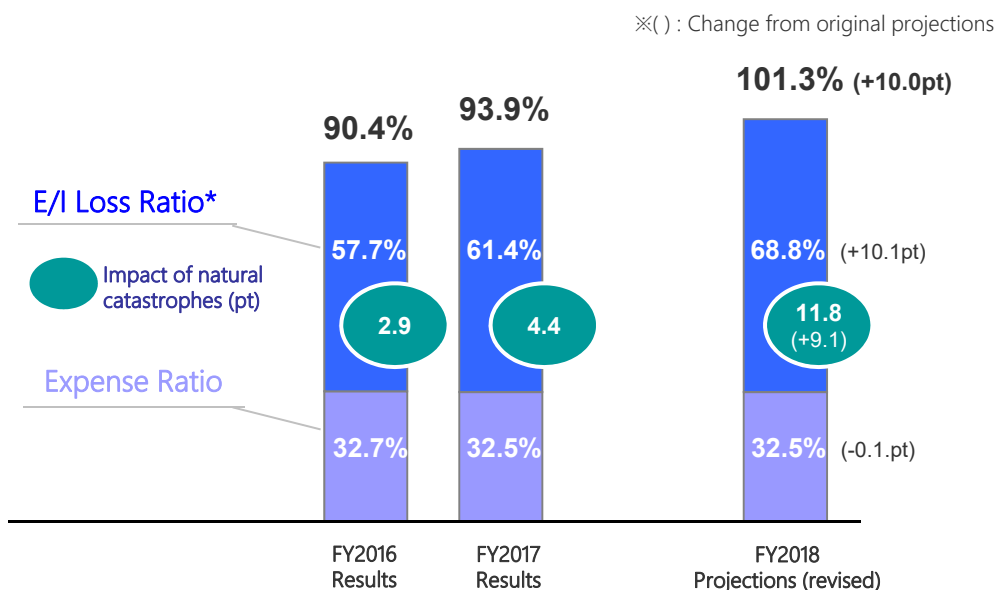
- ↗ Increase in dividends income from business-related equities

Net Income

Due to the factors above, etc., downward revision by ¥24.0B from the original projections to ¥218.0B

TMNF Combined Ratio

Combined Ratio (Private insurance: E/I basis)



E/I Basis Loss Ratio

Projected to worsen by 10.1 points from the original projections mainly due to:

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

Expense Ratio

Projected to improve by 0.1 point from the original projections mainly due to an increase in NWP

Combined Ratio

Due to the factors above, etc., projected to worsen by 10.0 points from the original projections

(billions of yen)

	FY2016 Results	FY2017 Results	FY2018 Projections			
			Original (a)	Revised (b)	Difference (b-a)	YoY Change
Net premiums written	1,831.9	1,861.5	1,869.9	1,874.6	4.6	13.0
Net premiums earned	1,820.8	1,860.2	1,871.9	1,870.8	- 1.1	10.6
Net incurred losses*	1,051.3	1,142.4	1,098.0	1,286.8	188.8	144.4
Business expenses	599.0	605.4	611.0	609.8	- 1.2	4.3
Corporate expenses	234.3	234.2	238.1	234.4	- 3.6	0.2
Agency commissions	364.7	371.2	372.9	375.3	2.4	4.1

* Including loss adjustment expenses

Net Premiums Written by Line

(billions of yen, except for %)

	FY2017 Results	FY2018 Projections				
		Original (a)	Revised (b)	Difference (b-a)	YoY	
					Change	%
Fire	274.6	277.3	270.6	-6.7	-4.0	-1.5%
Marine	59.9	58.4	61.7	3.2	1.8	3.0%
P.A.	168.6	168.0	170.1	2.0	1.5	0.9%
Auto	1,064.4	1,067.8	1,064.5	-3.3	0.1	0.0%
CALI	282.2	274.9	270.1	-4.7	-12.0	-4.3%
Other	294.9	299.3	308.7	9.3	13.8	4.7%
Total	2,144.7	2,146.0	2,146.0	-	1.2	0.1%
Private insurance Total	1,861.5	1,869.9	1,874.6	4.6	13.0	0.7%

Major Factors of Changes in NPW

- Fire: Downward revision due to an increase in ceding premiums
- Auto: Downward revision due to change of the number of policies reflecting the recent results
- CALI: Downward revision due to change of the number of policies
- Other: Upward revision due to stable growth mainly in liability insurance

E/I Loss Ratio by Line

	FY2017 Results	FY2018 Projections			
		Original (a)	Revised (b)	Difference (b-a)	YoY Change
Fire	68.7%	48.3%	111.3%	63.0pt	42.6pt
Marine	71.6%	64.9%	72.3%	7.4pt	0.7pt
P.A.	53.9%	55.2%	53.4%	- 1.8pt	- 0.4pt
Auto	60.8%	62.8%	63.6%	0.8pt	2.8pt
Other	58.9%	54.4%	56.1%	1.7pt	- 2.8pt
Private insurance Total	61.4%	58.7%	68.8%	10.1pt	7.4pt

Major Factors of Changes in E/I Loss Ratio

- Fire: Projected to worsen mainly due to an increase in net incurred losses relating to natural catastrophes and large losses
- Marine: Projected to worsen due to an increase in net incurred losses relating to natural catastrophes
- Auto: Projected to worsen due to an increase in net incurred losses relating to natural catastrophes
- Other: Projected to worsen due to an increase in net incurred losses relating to natural catastrophes

Changes in Major P/L Items

(billions of yen, except for %)

	FY2017 Results	FY2018 Projections			
		Original (a)	Revised (b)	Difference (b-a)	YoY Change
Underwriting profit/loss	5.3	6.2	1.7	- 4.4	- 3.5
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	9.7	10.1	- 4.0	- 14.1	- 13.7
Net premiums written (Private insurance)	123.0	124.4	125.5	1.1	2.4
Net premiums earned (Private insurance)	123.6	125.3	124.9	- 0.4	1.2
Net incurred losses (Private insurance)*	- 71.4	- 71.8	- 86.3	- 14.4	- 14.8
Natural catastrophe losses	- 4.0	- 2.5	- 16.0	- 13.5	- 11.9
Other than above	- 67.4	- 69.3	- 70.3	- 0.9	- 2.8
Business expenses (Private insurance)	- 42.9	- 44.1	- 44.7	- 0.5	- 1.7
Provision/Reversal of catastrophe loss reserves	- 4.4	- 3.8	5.7	9.6	10.2
Fire	0.6	- 0.3	9.2	9.6	8.6
Auto	- 4.0	- 2.7	- 2.7	- 0.0	1.3
Net investment income (loss) and other	2.6	1.7	4.6	2.8	1.9
Net investment income/loss	3.0	2.1	4.9	2.7	1.8
Interest and dividends	4.5	4.2	4.3	0.1	- 0.1
Gains/Losses on sales of securities	0.3	-	2.7	2.7	2.3
Ordinary profit/loss	7.5	7.6	6.0	- 1.6	- 1.5
Extraordinary gains/losses	- 0.2	0.2	- 0.0	- 0.3	0.1
Net income/loss	5.3	5.6	4.4	- 1.2	- 0.9
Loss ratio (Private insurance, E/I basis)*	57.8%	57.3%	69.1%	11.8pt	11.3pt
Expense ratio (Private insurance)	34.9%	35.5%	35.6%	0.1pt	0.7pt
E/I Combined ratio (Private insurance)*	92.7%	92.8%	104.7%	11.9pt	12.0pt

* Including loss adjustment expenses

(Notes)

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

Underwriting Profit

Downward revision by ¥-4.4B from the original projections

- ➡ Increase in net incurred losses relating to natural catastrophes
- ➡ Increase in amount taken down from catastrophe loss reserves in fire
- ➡ Increase in net incurred losses due to increase in losses in specialty insurance

Net Investment Income and Other

Upward revision by ¥2.8B from the original projections

- ➡ Increase in gains on sales of securities due to sales of stocks with market condition

Net Income

Downward revision by ¥-1.2B from the original projections to ¥ 4.4B due to the factors above, as well as the provision for price fluctuation reserves, etc.

Annualized Premiums (ANP)

(billions of yen)

	FY2017 Results	FY2018 Projections		
		Original (a)	Revised (b)	Difference (b)-(a)
New policies ANP	102.1	104.2	93.3	- 10.9
In-force policies ANP	852.7	878.9	874.8	- 4.0

Key Figures in Financial Accounting

(billions of yen)

	FY2017 Results	FY2018 Projections		
		Original (a)	Revised (b)	Difference (b)-(a)
Ordinary income	1,085.4	1,050.4	1,038.5	- 11.9
Insurance premiums and other	908.1	948.7	934.2	- 14.4
Net income	15.5	21.0	21.0	-
Ordinary profit	23.0	25.7	26.4	0.7
(-) Capital gains / losses	- 3.6	- 3.0	- 3.9	- 0.9
(-) Non-recurring income / losses	- 3.8	- 0.2	- 0.8	- 0.6
Core operating profit	30.5	29.0	31.0	1.9

Business Unit Profits

(billions of yen)

	FY2017 Results	FY2018 Projections		
		Original (a)	Revised (b)	Difference (b)-(a)
Increase in MCEV*	99.0	35.0	85.0	50.0

* Excluding capital transactions

– New Policies ANP

- Downward revision by ¥10.9B from the original projections to ¥93.3B due to a sales decrease in the product for corporations despite sales growth of protection-type products

– In-force Policies ANP

- Downward revision by ¥4.0B from the original projections to ¥874.8B due to a decrease in new policies

– Net Income

- Project ¥21.0B, same as the original projections

– Core Operating Profit

- Upward revision by ¥1.9B from the original projections to ¥31.0B due to a decrease in net provision for underwriting reserves, etc. associated with a decrease in new policies

– Business Unit Profits (Increase in MCEV)

- Upward revision by ¥50.0B from the original projections to ¥85.0B reflecting the expansion of protection-type products and the impact of interest rate fluctuation, etc

Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Projections					(Ref.) YoY (Excluding FX effects) ⁵
		Original (a)	Revised (b)	Difference (b-a)	YoY		
		As of end-Mar. 2018	As of end-Sep. 2018		Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2017 JPY 113.0	As of end-Mar. 2018 JPY 106.2	As of end-Sep. 2018 JPY 113.5				
North America ^{*1}	1,047.0	1,027.0	1,127.0	100.0	79.9	8%	7%
Philadelphia	359.7	347.0	380.0	33.0	20.2	6%	5%
Delphi	252.6	244.0	269.0	25.0	16.3	6%	6%
TMHCC	354.7	363.0	398.0	35.0	43.2	12%	12%
Europe ^{*2}	161.9	158.0	159.0	1.0	-2.9	-2%	0%
South & Central America	148.0	145.0	130.0	-15.0	-18.0	-12%	6%
Asia & Middle East	145.9	145.0	156.0	11.0	10.0	7%	11%
Reinsurance ^{*3}	146.2	145.0	139.0	-6.0	-7.2	-5%	-5%
Total Non-Life^{*4}	1,649.2	1,620.0	1,711.0	91.0	61.7	4%	6%
Life	91.7	93.0	97.0	4.0	5.2	6%	8%
Total	1,741.0	1,713.0	1,808.0	95.0	66.9	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

– Upward revision by ¥95B from the original projections to ¥1,808B driven by strong performance in North America and a contribution of the acquisition of Safety in Thailand as well as the depreciation of yen

【Major Factors of Changes in NPW】

North America

- Upward revision driven by the execution of growth measures in each entities as well as the depreciation of yen

South & Central America

- Downward revision due to the appreciation of yen while projecting to grow on a local currency basis driven by auto insurance sales growth in Brazil

Asia & Middle East

- Upward revision mainly driven by a contribution of the acquisition of Safety in Thailand

Life

- Upward revision mainly driven by sales growth in Singapore

Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of yen, except for %)

	FY2017 Results	FY2018 Projections					YoY Change	YoY %	(Ref.) YoY (Excluding FX effects) ⁵
		Original (a)	Revised (b)	Difference (b-a)	YoY				
		As of end- Mar. 2018	As of end- Sep. 2018		Change	%			
Applied FX rate (USD/JPY)	As of end- Dec. 2017 JPY 113.0	As of end- Mar. 2018 JPY 106.2	As of end- Sep. 2018 JPY 113.5						
North America ^{*1}	159.8	137.0	168.0	31.0	8.1	5%	5%		
Philadelphia	39.2	42.0	45.0	3.0	5.7	15%	14%		
Delphi	73.0	49.0	68.0	19.0	-5.0	-7%	-7%		
TMHCC	45.1	43.0	49.0	6.0	3.8	9%	8%		
Europe ^{*2}	-17.9	10.0	12.0	2.0	29.9	-	-		
South & Central America	5.0	5.0	9.0	4.0	3.9	78%	117%		
Asia & Middle East	14.3	9.0	8.0	-1.0	-6.3	-44%	-42%		
Reinsurance ^{*3}	-16.1	9.0	8.0	-1.0	24.1	-	-		
Total Non-Life^{*4}	144.8	170.0	206.0	36.0	61.1	42%	42%		
Life	6.3	2.0	-1.0	-3.0	-7.3	-116%	-116%		
Total	144.1	165.0	195.0	30.0	50.8	35%	35%		

*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

- Upward revision by ¥30B from the original projections to ¥195B driven by strong investment income of Delphi and profitability improvement of auto insurance in Brazil as well as a decrease in natural catastrophe losses and the depreciation of yen

【Major Factors of Changes in Business Unit Profits】

North America

- Upward revision driven by the effect of business expansion and strong investment income as well as a decrease in nat-cat losses and the depreciation of yen

Europe

- Upward revision mainly due to a decrease in nat-cat losses and foreign exchange gains

South & Central America

- Upward revision mainly due to profitability improvement of auto insurance in Brazil

Asia & Middle East

- Downward revision mainly due to profitability deterioration of auto insurance in India

Reinsurance

- Downward revision mainly due to an increase in reserve provision

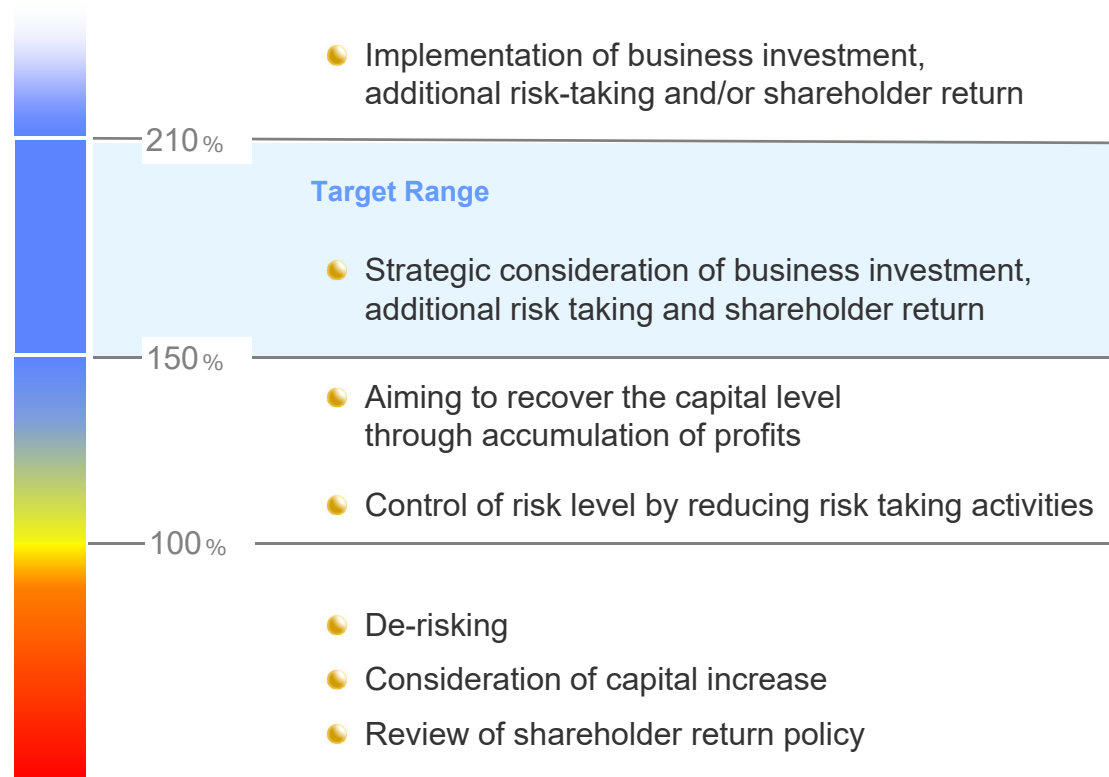
Life

- Downward revision mainly due to a decrease of unrealized gains of bonds associated with the interest rate increase in Singapore

IV. Economic Solvency Ratio

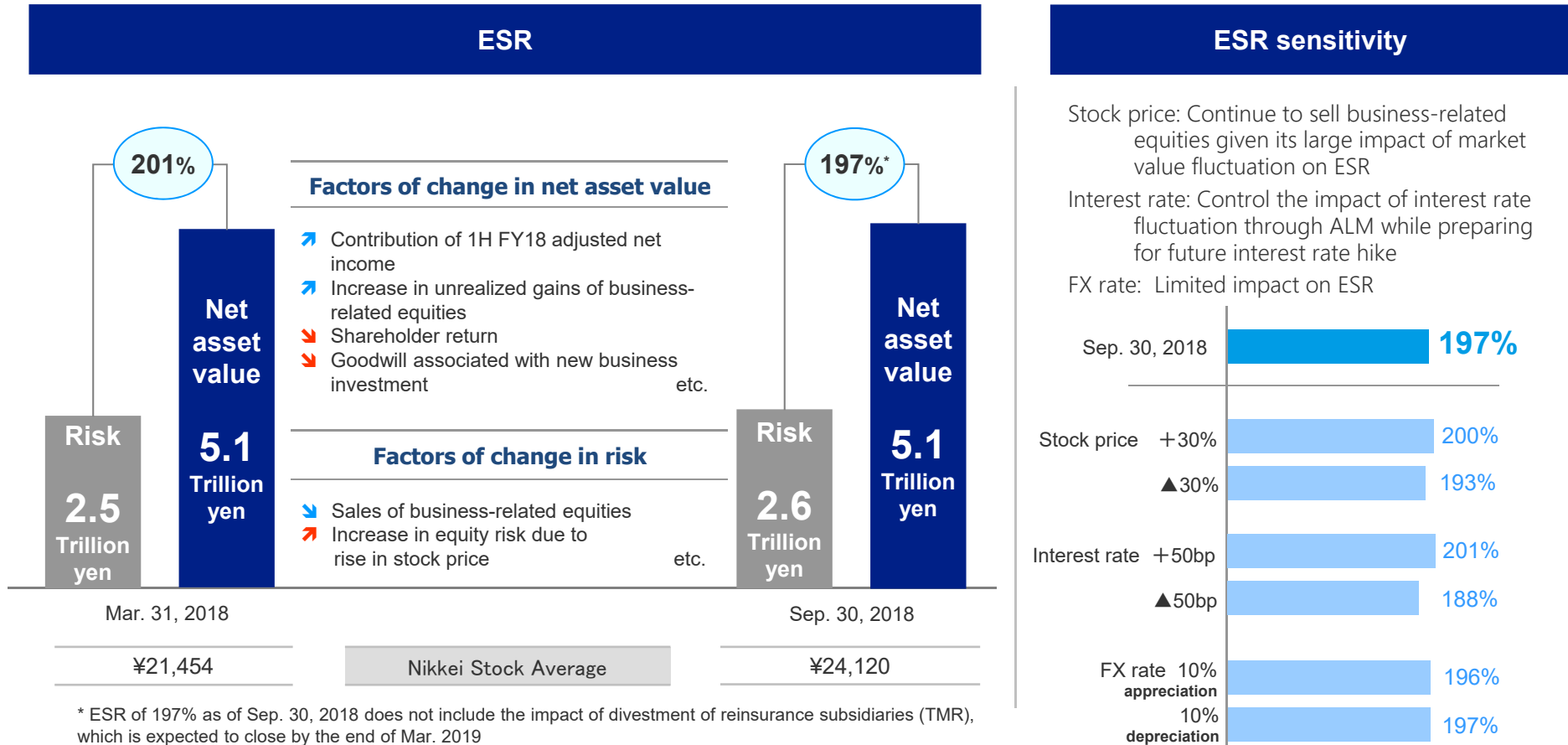
Economic Solvency Ratio (ESR) Target Range

- 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

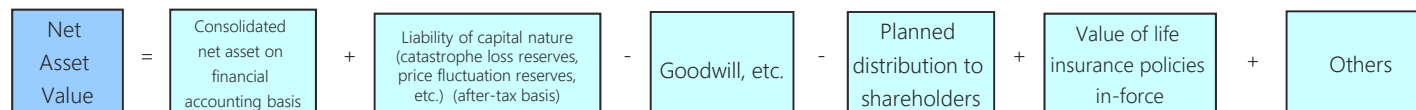


ESR and Sensitivity (as of Sep. 30, 2018)

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



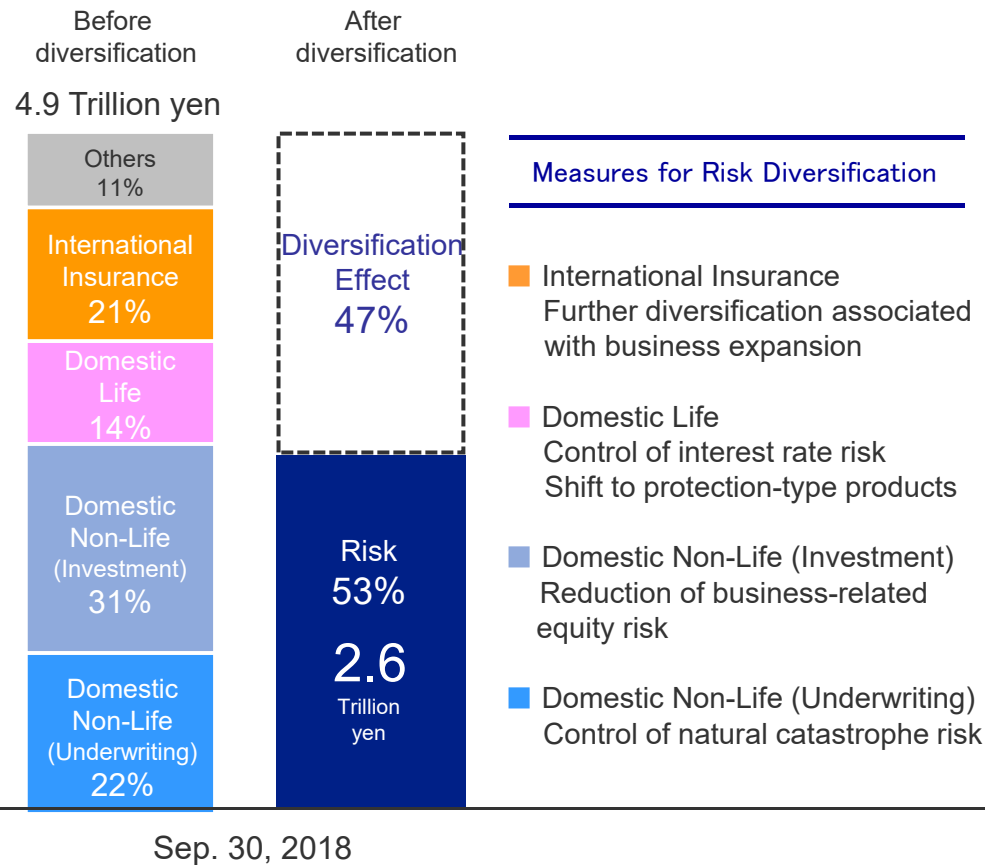
(Ref.) Definition of Net Asset Value



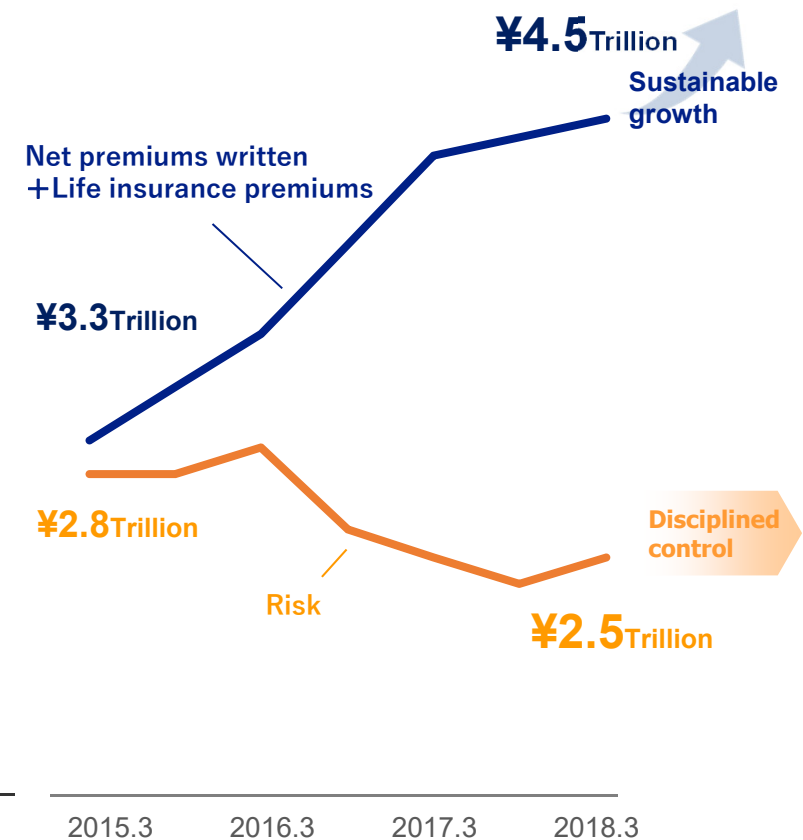
Risk Amount (as of Sep. 30, 2018)

- 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.

Reference

Status of Investments in Securitized Products

■ Status of Investments in Securitized Products, etc.

(Sum of major subsidiaries (domestic and overseas) as of the end of 2Q FY2018)

(billions of yen)

	As of the end of 2Q FY2018 ^{*1}	Domestic Offices	Overseas Offices
ABS (Securitized products)	1,424.7	260.6	1,164.1
Agency MBS ^{*2}	216.0	-	216.0
AAA	226.5	34.1	192.4
AA	67.0	9.5	57.5
A	294.3	117.7	176.6
BBB	300.3	55.9	244.4
Other than above	320.4	43.2	277.2
Financial guarantee reinsurance (relating to securitized products)	-	-	-

*1 ABS: Market value Financial guarantee reinsurance: Par outstanding

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

Adjusted Net Income and Business Unit Profit

Adjusted Net Income (Group total)

Enhancing transparency and comparability / Linking with shareholder 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

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} = & \text{Net income} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} \\
 & - \text{Gains or losses on sales or valuation of ALM}^{*4} \text{ bonds and interest rate swaps} \\
 & - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} \\
 & - \text{Other extraordinary gains/losses, valuation allowances, etc.}
 \end{aligned}$$

- Life insurance business*5

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

- 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 for 2Q FY2018 decreased by ¥53.6B YoY to ¥89.9B

● Reconciliation*1

(billions of yen)

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

	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Net income attributable to owners of the parent (consolidated)	76.7	53.8	-22.8
Provision for catastrophe loss reserves*2	+26.7	-3.3	-30.1
Provision for contingency reserves*2	+2.0	+0.3	-1.7
Provision for price fluctuation reserves*2	+2.4	+2.8	0.3
Gains or losses on sales or valuation of ALM*3 bonds and interest rate swaps	-2.5	+1.0	3.6
Gains or losses on sales or valuation of fixed assets and business investment equities	+0.6	+1.2	0.6
Amortization of goodwill and other intangible fixed assets	+38.3	+34.1	-4.1
Other extraordinary gains/losses, valuation allowances, etc.	-0.9	-0.2	0.7
Adjusted Net Income	143.5	89.9	-53.6

*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
 - ↗ Decrease in gains or losses on sales of managed assets related to ALM at TMNF (increases reconciling amount)
- Amortization of goodwill and other intangible fixed assets
 - ↘ Decrease due to closing of the amortization of goodwill at Delphi and TMK in FY2017 (also decreases reconciling amount)

Adjusted Net Income (Group Total) : FY2018 Revised Projections

- Adjusted Net Income is revised downward by ¥98.0B from the original projections to ¥298.0B
- Adjusted ROE is revised downward by 2.2pts from the original projections to 7.4%

● Reconciliation*1

(billions of yen)

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

	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 ^{*2}	+25.6	+4.0	-105.0	-109.0
Provision for contingency reserves ^{*2}	+3.3	+1.0	+1.0	-
Provision for price fluctuation reserves ^{*2}	+4.9	+5.0	+6.0	1.0
Gains or losses on sales or valuation of ALM ^{*3} 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	-
Adjusted Net Income	341.4	396.0	298.0	-98.0
Adjusted ROE	8.6%	9.6%	7.4%	-2.2pt

*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 YoY

- Provision for catastrophe loss reserves
 - ➔ Increase in takedown of catastrophe loss reserves due to projecting an increase in net incurred losses relating to natural catastrophes in domestic non-life (decreases reconciling amount)
- Amortization of goodwill and other intangible fixed assets
 - ➔ Increase in amortization of foreign currency denominated goodwill and other intangible fixed assets due to the depreciation of the yen (also increases reconciling amount)

(billions of yen)

- Adjusted Net Assets*

	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
Adjusted Net Assets	4,086.4	4,165.2	3,980.0	-185.2

*Each adjustment is on an after-tax basis

- 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)
Adjusted Net Income	341.4	396.0	298.0	-98.0
Adjusted Net Assets*	3,949.4	4,120.0	4,030.0	-90.0
Adjusted ROE	8.6%	9.6%	7.4%	-2.2pt

* average balance basis

Business Unit Profits : 2Q FY2018 Results

(billions of yen)

Business Domain	FY2017 2Q Results	FY2018 2Q Results	YoY Change
Domestic Non-Life	69.1	-63.6	-132.8
TMNF	64.3	-59.0	-123.4
NF	4.8	-4.5	-9.3
Other	-0.0	-0.0	0.0
Domestic Life^{*1,*2}	86.0	71.1	-14.8
TMNL	86.5	71.1	-15.4
International Insurance	36.0	93.2	57.2
North America	66.6	78.5	11.8
Europe	3.5	6.9	3.4
South & Central America	2.1	5.4	3.3
Asia & Middle East	8.5	5.2	-3.3
Reinsurance	3.5	3.5	0.0
International Non-Life ^{*3}	84.3	100.3	15.9
International Life	3.4	-3.0	-6.5
Total (before adjustment)	84.8	93.2	8.3
Adjustment of losses related to hurricanes in North America, etc.	-48.8	-	48.8
Financial & General	3.5	3.0	-0.4

*1: Excluding capital transactions

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

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

Business Unit Profits : FY2018 Revised Projections

(billions of yen)

Business Domain	FY2017 Results	FY2018 Projections		
		Original (a)	Revised (b)	(b)-(a)
Domestic Non-Life	144.3	161.0	26.0	-135.0
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	-
Domestic Life^{*1}	98.4	35.0	85.0	50.0
TMNL	99.0	35.0	85.0	50.0
International Insurance	144.1	165.0	195.0	30.0
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 ^{*2}	144.8	170.0	206.0	36.0
International Life	6.3	2.0	-1.0	-3.0
Financial & General	7.2	5.0	5.0	-

*1: Excluding capital transactions

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

Reconciliation of Business Unit Profits

Domestic Non-Life*1 (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 ^{*2}	+24.7	-2.6	-27.4
Provision for price fluctuation reserves ^{*2}	+1.8	+1.9	0.0
Gains or losses on sales or valuation of ALM*3 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
Business Unit Profits	64.3	-59.0	-123.4

	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 ^{*2}	+23.0	+1.3	-100.3	-101.6
Provision for price fluctuation reserves ^{*2}	+3.8	+3.8	+3.9	0.1
Gains or losses on sales or valuation of ALM*3 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
Business Unit Profits	137.1	155.0	27.0	-128.0

International Insurance*1

	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 ^{*4}	+14.7	+14.2	-0.5
Business Unit Profits^{*5}	84.8	93.2	8.3

	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 ^{*4}	-0.3			
Business Unit Profits	144.1	165.0	195.0	30.0

*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.

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For further information...

Investor Relations Group, Corporate Planning Dept.

Tokio Marine Holdings, Inc.

URL : <http://www.tokiomarinehd.com/en/inquiry/>

Tel : +81-3-3285-0350

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