May 20, 2022
Tokio Marine Holdings, Inc.

Conference Call Presentation Script

- Thank you for attending today's conference call. I am Ishiguro of the Investor Relations Group.
- I will now begin a telephone conference on the financial results for the fiscal year ended March 31, 2022 (fiscal year 2021) and the financial projections for the fiscal year ending March 31, 2022 (fiscal year 2022) of Tokio Marine Holdings, Inc., which we have announced today.
- Group CEO Komiya and Group CFO Okada will give presentations covering topics such as our financial projections, our understanding of the current business environment, and our capital policy.

1. Presentation by CEO Komiya

- Good evening, everyone. I am Komiya. Thank you very much for participating in today's telephone conference despite your busy schedule. I also want to convey our gratitude to the support you have always given to our company.
- To kick off the Management Session, I will first explain the details of our latest business results and messages from the management based on these results.

[Key messages]

- Please turn to page 3 of the materials. We have summarized three points that we especially want to communicate to you today.

- Tokio Marine has to date developed and implemented a strategy of diversifying risks globally while absorbing high growths achieved overseas. At the same time, we have brought together the wisdom and passion of our domestic, overseas, Group, and global human resources as a global insurance company to develop and raise the so-called *power of Group management*.
- At the telephone conference held in November last year, I said that "this approach is starting to bear a remarkable fruit." True to this statement, I believe that our financial results delivered a strong performance for the fiscal year 2021. I also consider that we would be able to, or we must, continue delivering results in the next fiscal year and beyond.

- Let me explain specific key points.
  The first point is our results for the fiscal year 2021. Our adjusted net income was 578.3 billion yen, up 45% year on year. In February, we had revised our full-year

projection upward to 560.0 billion yen; our result was even better than this revised projection.

- This result reflects one-time factors such as the smaller number of natural catastrophes than the average year, a drop in the number of car accidents due to COVID-19, and capital gains in North America. I can, however, say that these are not the main reason for our strong performance; it is rather attributable to the underlying strengths of our business.

- The second point is our full-year projection. We plan to maintain this strong performance in the fiscal year 2022, projecting a full-year adjusted net income of 550.0 billion yen, representing a 9% year-on-year growth on a normalized basis or a 5% growth excluding the impact of foreign exchange rates.
- This profit growth will be driven by an "increase in underwriting profit" supported by rate increases and the expansion of underwriting and an "increase in income gains" on the back of the resultant larger investment assets.

- The third point is that we consider that this "strong profit growth" of our businesses should naturally be consistent with "shareholder returns."
- Based on this view, we have recently decided to increase our dividend per share (DPS) for the fiscal year 2021 by 10 yen from the amount announced in November 2021 to 255 yen. This represents a 55-yen increase from the previous fiscal year.
  In addition, we will increase our DPS for the fiscal year 2022 to 300 yen, up 45 yen year on year, to achieve a dividend growth backed by profit growth.

- With respect to our capital stock, we will implement disciplined capital policy. With the current economic solvency ratio (ESR) of 128%, we understand that the level of our capital is satisfactory.
  In this situation, we currently have a policy of flexibly conducting share buybacks worth 100 billion yen throughout the year.
  As its first step, we have approved share buybacks worth 50 billion yen today.

- I want to slightly expand on these points. Please look at page 4.

[Top-line results]

- Let us start with the top-line results.
- In the fiscal year 2021, net premiums written increased 4.4% year on year, and life insurance premiums also increased 0.4%. Both exceeded their full-year projections, showing the strong underlying trend.

- For the fiscal year 2022, we project net premiums written to increase 3.8% year on year driven by rate increases and the expanded underwriting. Our projection for life insurance premiums is an increase of 0.5% maintaining the favorable basic trend, although there will be domestic corporate insurance cancellations.

- Next, I will explain adjusted net income. Please turn to page 5.

[Adjusted net income (2021 results; actual amount)]

- I have earlier explained that our adjusted net income for the fiscal year 2021 is 578.3 billion yen and that it is slightly higher than our full-year projection. Let us look at its details.
  In our domestic operations, Tokio Marine Nichido posted a solid top-line result as expected. With respect to net incurred losses, the final profit was larger than projected because of the lower-than-expected net incurred losses in auto and large losses, although the provision for foreign currency denominated reserves increased.
- Our overseas operations close accounts as of the end of a calendar year. The revised projection announced in February 2022 factored in strong preliminary figures in key entities, resulting in an upward revision. As the basic trend of businesses in other bases was also strong, the final results were better than our projection.

- These are actual figures for the fiscal year 2021. I will now explain our valuation on a normalized basis excluding one-time factors. Please turn to page 6.

[Adjusted net income (2021 results; normalized basis)]

- When we remove the impact of one-time factors, such as the impact of natural catastrophes and COVID-19, and capital gains in North America, from the actual adjusted net income of 578.3 billion yen for the fiscal year 2021, we obtain adjusted net income on a normalized basis, which is 505.4 billion yen.
- This represents a 13% increase from the adjusted net income on a normalized basis in the fiscal year 2020. Again, we can say that the underlying trend is *strong*.
- Let us look at our full-year projection for the fiscal year 2022 on page 7.

[Adjusted net income (2022 full-year projections)]

- I have earlier explained that we project our adjusted net income for the fiscal year 2022 at 550 billion yen and that its growth rate is 9% on a normalized basis and 5% excluding the impact of foreign exchange rates. Looking at its breakdown, adjusted net income of Tokio Marine Nichido in domestic operations will grow 5%, mainly driven by improvement in fire profitability and an expansion of specialty insurance.
- In our International operations, we project a 13% growth driven by an "increase in underwriting profit" through disciplined underwriting practices including rate increases and an "increase in income gains" on the back of the resultant larger investment assets. The preliminary result for the first quarter has in fact confirmed the strong performance.

- As shown above, the management team wants to believe that the *strategy to diversify risks globally* and *integrated Group management* we have so far implemented is finally starting to bear fruit in a significant manner. We will not be complacent about this result and renew our resolve for the work ahead.
  We want to keep increasing Group profit and ROE in the fiscal year 2022 and beyond. This is the resolve we, management team, are reaffirming. We will explain this at the next week's IR Conference.
- This is the end of my presentation.

2. Presentation by CFO Okada

[Shareholder returns]
- I am CFO Okada. As the last component of this telephone conference, I will explain our shareholder returns. Please turn to page 8.
- Let me reiterate that our basic approach to shareholder returns is "to keep increasing DPS consistent with profit growth."
- We have been saying that we would raise our payout ratio to the same level as our global peers, which is 50%, when we could stably achieve adjusted net income of over 500 billion yen and adjusted ROE of around 12%. In November last year, we announced our plan to raise our payout ratio to 50% earlier than planned in the fiscal year 2023 based on the conviction we had about our profit growth. Consistent with this plan, we have determined to increase our dividend.
- We have recently decided to increase the DPS for the fiscal year 2021 to 255 yen, up 10 yen from the DPS announced in November 2021.
  This reflects a review we have conducted given the actual adjusted net income of 578.3 billion yen we posted for the fiscal year 2021, which significantly outperformed the profit projection of 490 billion yen based on which our decision on the dividend increase was made in November 2021.
  As a result, the DPS for the fiscal year 2021 will increase by 55 yen from the previous fiscal year.
- With respect to the DPS for the fiscal year 2022, we have decided to increase it by 45 yen to 300 yen reflecting the following two factors: (1) the increased source of funds for dividends on the back of profit growth, and (2) the planned payout ratio increase to 48.5% by the fiscal year 2022 as a lead-up to achieving the payout ratio of 50% in the fiscal year 2023.
- We are confident that our profit will grow in the fiscal year 2023 and beyond.
  After raising the payout ratio to 50%, we intend to realize DPS growth based on an increase in the moving average of the source of dividends. This will be done

from the angle of dividend growth rate as well as based on the angle or likelihood of achieving profit growth that forms a premise for dividend growth.

- Next, on capital stock adjustments, there is no change to our approach of implementing disciplined capital policy, which is to make capital stock adjustments through share buybacks based on a comprehensive consideration of factors such as the ESR, M&As in the pipeline, business environment, and target ROE.
- Meanwhile, we have said in November last year that from the fiscal year 2022 we would stop using the method of "100 billion yen minus X (small and medium-sized business investments such as bolt-on acquisitions)" introduced in the fiscal year 2021 as a method to make capital stock adjustments.

- In the fiscal year 2022, we will continue making business investments and implementing additional risk taking that will help improve ROE. Given the current ESR of 128%, which is at a sufficient level, at this point we plan to flexibly conduct share buybacks worth 100 billion yen throughout the year.
- As its first step, we have today approved share buybacks worth 50 billion yen.

- We hope to raise EPS and ROE and control their volatility while steadily implementing our management strategies and meet the expectations the participants of capital markets place on us. We will very much appreciate your continued support.
- This is the end of my presentation.

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