August 5, 2022
Tokio Marine Holdings, Inc.

Presentation Script for 1Q FY2022 Results Conference Call

- Thank you very much for participating in this conference call despite your busy schedule. I am the Group CFO, Okada.
- Tokio Marine Holdings, Inc. announced the first quarter financial results today, and I will explain the details. Please turn to page 3 of the materials.

[Key Messages]

- There are three key points we want to communicate to you today.
- Firstly, we have been fairly affected by natural catastrophes and COVID-19, but strong results that exceeds projections have been maintained on normalized basis.
- Secondly, entire non-life insurance market in Taiwan incurred losses from sharp increase in COVID-19 infections, and our Taiwanese entity is not an exception. It will report transient COVID-related loss in 2Q.
- Thirdly, despite transient effects such as COVID-19 in Taiwan and the issue of how to incorporate the resurgence of COVID-19 outside of Taiwan, the full year projection of JPY 550.0bn adjusted net income is sustained at this point based on comprehensive consideration including the robust performance mainly in overseas and that it is before the main natural catastrophe season.
- Accordingly, we will not review the shareholder return and capital stock adjustment announced at the start of the fiscal year at this point.
- I will slightly expand on these points. Please turn to page 4.

[Top-line results]

- Let us start with the top-line results.
- In 1Q, net premiums written increased 11.2% year-on-year, and life insurance premiums increased 8.3% year-on-year, driven by the international business.
  Excluding foreign exchange effects, the figures increased 7.0% and 3.5% respectively. They are exceeding full-year projections, making steady overall progress.
- Next, let me explain the assessment and performance of key components of the adjusted net income. Please move on to pages 5 and 6.

[Assessment of 1Q adjusted net income]

- International business results were strong in both underwriting and investment, and 1Q results for key overseas entities exceeded local plan by circa +JPY8.0bn.
  Of which, underwriting accounted for circa +JPY4.0bn, with circa +JPY2.0bn is from decrease in natural catastrophes, and also including circa -JPY4.0bn of reserves for the Russia-Ukraine war which was not expressly incorporated in the initial plan. Therefore, we believe our results are robust.
- This assessment is based on comparison with our plan, but peer comparison is also important.
  Although the information is not included in the presentation material, we compare insurance underwriting profit for our three North American entities with those of North American peers. 1Q results for our subsidiaries was +150% year-on-year whereas the North American peers recorded circa +110%.
  The difference was even more prominent for the bottom line, which was +22% year-on-year for our subsidiaries against circa -11% for North American peers.
  The figures reflect various factors and cannot be simply compared, but generally speaking, our results are strong compared to the peers.
- Main overseas entities are projecting approximately +JPY22.0bn upswing from local plan for 1H, and approximately +JPY20.0bn based on FX rate as of end of March.
  Of the approximately +JPY22.0bn upswing, underwriting accounts for approximately +JPY18.0bn, which includes approx. +JPY5.0bn: decrease in natural catastrophes. We aim to further accelerate the robust performance of 1Q.

- TMNF's 20% progress against the full-year projection may seem slow compared to the 5-year average.
  However, 1Q results include transient effects such as:
  1. Domestic natural catastrophes budget spending reaching -JPY24.0bn before tax mainly due to the hail damage in June, which is faster than average;
  2. Impact of South African floods;
  3. Deteriorating loss ratio for auto due to traffic volume recovery from the impact of COVID-19, and the impact of increase in COVID-19 claims payment; and
  4. Increase in provision for foreign currency denominated reserves due to depreciation of the yen and unrealized losses reported for FX derivatives

  Progress rate excluding these effects is 40%, which is largely in line with the 5-year average of 38% based on the same measurement.
- Therefore, we believe TMNF is making progress on schedule excluding the transient effects.
- Negative effect of depreciation of JPY on TMNF is offset by the increase in JPY converted profits for overseas subsidiaries, and the depreciation of JPY to USD by

1 yen will result in +JPY0.2bn increase in full year adjusted net income for the Group as a whole.

- I will now explain about the COVID-19 situation in Taiwan. Please turn to pages 7 and 8.

[COVID-19 in Taiwan]

- We are operating business in Taiwan through Tokio Marine Newa Insurance (TMNewa), a joint venture with Yulon Group, a major automaker in Taiwan. Yulon Group holds the management right.
- Taiwan had successfully implemented zero-COVID policy, and the number of cases had been extremely limited. However, the sudden change to living-with-COVID policy in April resulted in sharp increase in infections.
  Sudden policy change had an enormous impact, with the whole of the non-life insurance market in Taiwan incurring large losses.
- TMNewa was no exception, and with the increase in insurance claim from June, it will report JPY134.8bn net incurred losses before tax in 2Q to account for full-year COVID-19 claims payment.
  The amount is based on circa 30% aggregated infection rate, which adds certain level of buffer on the latest aggregated infection rate in Taiwan which is circa 20%. As a result, the bottom line for TMNewa will be -JPY110.1bn. Applying our share of 49% to this, -JPY53.9bn will be reflected on TMHD 2Q results.
- Needless to say, there is possibility of further spread of infections.
  It is difficult to estimate, but if the aggregated infection rate reached the level of Korea, which has the highest rate in major Asian countries at approximately 38%, approximately -JPY18.0bn before tax additional net incurred losses is expected for TMHD.

- Based on this, I will explain our view on the COVID-19 related losses in Taiwan and our action plan.
- Firstly, COVID-19 has had, or is having, significant impact on insurance markets around the world. However, the level of impact differs by country.
  In Taiwan, insurance companies led by major players had been selling some COVID-19 insurance, but no one expected the switch from zero-COVID policy, and this led to the significant market event.
- TMNewa was no exception.

- On the other hand, aside from the COVID-19 related market event, the size of Taiwan's non-life insurance market is large among the neighboring Asian countries following Thailand and Indonesia. It is a profitable market, with the combined ratio stably under 95%, and also a promising market with expected annual growth to 6% or more.

- Excluding the COVID impact, TMNewa had above market 3-year growth and built strong presence ranking No.4 in the industry with steady growth in net premiums written and profit.

- Accordingly, TMHD will acquire the management rights for TMNewa and lead the effort to strengthen its ERM to global standard. Our decision is to capture the profitability and growth potential of the Taiwanese market with the new TMNewa.
- The scheme has already been agreed with Yulon Group, TMNewa and Taiwanese authorities, and we will steadily promote this initiative.

[Closing]

- To conclude, our performance has been strong on normalized basis mainly in overseas, although we must pay close attention to the impact of COVID-19 in and out of Japan including in Taiwan; and to the status of natural catastrophes as the main season approaches. We will implement solid action plans against each issue. As I stated in May, we hope to raise EPS and ROE and control their volatility while steadily implementing our management strategies and meet the expectations of the capital market participants. We will very much appreciate your continued support.
- This is the end of my presentation.

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