November 17, 2023
Tokio Marine Holdings, Inc.

Presentation Script for 2Q FY2023 Results Conference Call

1. Presentation by CEO Komiya

- Good evening, good afternoon, everyone. I am Komiya. Thank you very much for participating in this conference call today despite your busy schedule. I also want to express my gratitude for your constant support for our company.
- Firstly, I am going to explain the latest financial results and deliver messages from management based on these results.

[Key Messages]

- Please look at page 3. There are three key points that we want to communicate to you today.
- The first point is the underlying trend of our business.
  Although our recent performance is impacted by Nat Cats, capital losses in North America and other factors to a certain degree, our underlying profit trend excluding the impact of one-off factors remains strong mainly driven by key overseas entities.
  In fact, we have recently revised upward our full-year profit projections on the normalized basis by +JPY5.0bn to JPY675.0bn, projecting a +9% year-on-year growth.
- The second point is shareholder returns.
  As we have explained in the past, our view that DPS should grow in line with the profit growth of our business remains unchanged. Given that the current underlying profit trend remains strong, we will maintain our DPS for FY2023 at JPY121, as originally planned at the beginning of the year, with a DPS growth of +21%.
- We will also execute capital stock adjustments with discipline. Our current ESR is strong at 133%. In addition, we expect one-off profit from business reorganization within the Group from now on. Given this situation, we have decided to increase our share buyback plan for FY2023 from JPY100.0bn a year, which we announced at the start of the year, to JPY120.0bn, comprehensively considering factors such as M&A projects currently in the pipeline.
- CFO Okada will explain these issues later.
- The third point is related to a series of incidents at TMNF, which have caused concern to our customers and participants in the capital market.

- First, on the fraudulent insurance claims concerning BIGMOTOR, as stated in the press release which we issued in August, we position the damage recovery of our customers as our priority and are continuing various measures with sincerity including support for customers' vehicle safety checks and proactive insurance policy grade adjustment.
- On the potential price-fixing among Japanese non-life insurers, we issued a press release at the end of September and are continuing an investigation by a special committee headed by several external lawyers. While I cannot provide explanations on the specific details of the investigation, TMHD will guide and supervise TMNF to ensure that they develop and execute recurrence prevention measures. In addition, we will implement measures to enhance and improve governance at the Group level until we can restore peace of mind to our stakeholders.
- Now, I will first explain the first point, our current underlying profit trend, in a little more detail. Please turn to page 4.

[Top-line results]

- First, let us look at our top-line results.
- In the six months to September 30, 2023 (2Q FY2023), net premiums written rose +7.5%, while life insurance premiums shrank -1.3%. Both results show a progress at a pace exceeding our original projections.
  While the above figures include the impact of the cheaper yen, even excluding it, we can say that our underlying trend is strong, supported by factors such as overseas rate increases, underwriting expansion and an increase in revenue from specialty insurance in Japan.
- Reflecting these factors, we have recently revised upward our full-year projections. More specifically, we now project net premiums written to rise +3.6% and life insurance premiums to slide -1.7% year on year, excluding FX impacts.
- Next, I will explain adjusted net income. Please look at page 5.

[Evaluation of 2Q FY2023 adjusted net income]

- For the entire Tokio Marine Group, adjusted net income for 2Q FY2023 was JPY275.5bn, representing a progress rate of c. 41% toward the full-year projections. This is slightly lower than the average progress rate of approximately 44% in the past five years. This is mainly attributable to one-off effects including the impact of Nat Cats and the JPY depreciation in the domestic non-life insurance business; removing these one-off effects, the underlying trend remains strong. I will explain specific details of each business line.
- First, with respect to TMNF which runs the domestic non-life insurance business,

their progress rate appears to be low due to the following factors.

1) The Nat Cats budget is getting spent fast due to the impact of hailstorms in July and multiple typhoons.

2) The JPY depreciation has necessitated additional provisioning for foreign currency denominated outstanding claims reserves.

Excluding these one-off effects, however, TMNF's progress is mostly as projected.

- Currently, the loss ratio of auto insurance is rising faster than originally projected at the start of the year. In response, we will implement product and premium revisions in January 2024. We are also steadily increasing top-line revenue centered on specialty insurance.
- In the international insurance business, the progress rate in 2Q FY2023 excluding the positive impact of the cheaper yen on profits was 49%, which was almost in line with our plan.
- This means that there is no change to the color which we stated at the 1Q FY2023 financial results briefing in August. More specifically, negative impacts such as Nat Cats, capital losses in North America and loss reserve development in run-off reinsurance were offset by strong underwriting profits in key entities including DFG and TMSR in Brazil and an increase in investment income in North America. As a result, the overall international business made progress that was generally in line with the plan.
- Next, I will explain our full-year projections based on the current situation. Please turn to page 6.

[Full-year adjusted net income projection (actual basis)]

- We have revised downward our projection of adjusted net income on the actual basis by -JPY15.0bn from the original projections to JPY655.0bn, which represents a +6% growth over the previous year.
- This mainly reflects strong underwriting in key overseas entities, an increase in gains on sale of business-related equities, an increase in net incurred losses relating to Nat Cats, and an increase in capital losses in North America.
- Capital losses in North America mostly consist of provisioning for CECL reserves. This reflects an in-depth examination based on the current property market conditions including the rising interest rates and falling demand for office space. We will continue carefully making investments with appropriate risk management, leveraging the long-term and predicable nature of the funds used for investments.
- Please move on to page 7.

[Full-year adjusted net income projection (normalized basis)]

- This shows our profit projection on the normalized basis excluding one-off effects

such as above-average year Nat Cats.
In a sense, we can see this figure as showing our current real business capabilities, which form a launching pad for FY2024 profit. We have revised our projections upward by +JPY5.0bn from our original projections to JPY675.0bn.
This represents a +9% growth from the previous year's profit on the normalized basis. I can say that our capabilities are steadily increasing.

- The driver of this profit growth continues to be our bottom-focused strong underwriting and strong investment income supported by the former. In other words, we can say that we are organically achieving the world's top-class profit growth.
  In my view, we are right in the middle of this journey called profit growth and at a stage different from the past. We hope to steadily take steps to reach a further height.
- I will once stop my presentation here.

2. Presentation by CFO Okada

[Shareholder returns]

- I am Okada, CFO of Tokio Marine Holdings. I will next explain our shareholder returns. Please look at page 8.
- As we have explained in the past, the basis of our shareholder returns is dividends. We intend to continue increasing DPS in line with our profit growth.
  As Komiya explained earlier, we have made a slight downward revision to our full-year projections for FY2023 adjusted net income on the actual basis mainly due to one-off effects. However, the five-year average adjusted net income, which is the source of dividend payments, has increased from JPY400.0bn to JPY475.0bn, almost at the same level as the original projections at the beginning of the year. We will therefore maintain DPS of JPY121 in FY2023, as originally planned, with the DPS growth rate of +21%.

- Now, please turn to page 9 of the material.
  We use share buybacks to adjust the capital level. Our approach to this has also remained unchanged. In other words, as before, we execute M&As and risk-taking initiatives if they help improve our corporate value and ROE, while we implement share buybacks if there is no such opportunity.
- With this approach, our current ESR stands at 133%, which is within the target range.
- In addition, as shown in page 42 of the material, we will transfer the shares of Pure in North America to the direct control of TMNF as in the case of other overseas group entities. This move is expected to produce a one-off profit of c. JPY40.0bn. While this profit will be deducted from or not reflected in our adjusted net income according to the definition of adjusted net income, it will be reflected in ESR as of March 31, 2024 through an increase in our net assets.
- Comprehensively considering these situations as well as M&A projects currently in the pipeline and our business environment, we have decided to increase our FY2023 share buyback plan from JPY100.0bn a year, which we announced at the beginning of the year, to JPY120.0bn.
  Specifically, we had already made a resolution for and executed share buybacks worth JPY50.0bn in the first six months of FY2023. We therefore made a new resolution on the execution of share buybacks worth JPY70.0bn at the Board of Directors meeting held today.
- We intend to continue implementing our business strategies steadily, raise our EPS and ROE, and meet the expectations placed by capital market participants.
- This is the end of my presentation.

3. Presentation by CEO Komiya

[On governance]

- Now, it is Komiya again. Before concluding our presentations, I am going to talk about management's view on governance and related issues.
- Page 10 of the material refers to a series of incidents at TMNF, which I explained at the beginning of the meeting.
  We are naturally implementing our own initiatives including our response to individual incidents and recurrence prevention measures. In addition, we want to voluntarily contribute to transforming the entire Japanese non-life insurance industry with transparency.
- Page 11 of the material shows TMHD's analysis of issues and actions not only for domestic incidents but also for our international business.
- As our business is expanding and diversifying globally and differences are emerging in terms of the functioning of internal controls in each entity, we consider that some entities may benefit from the greater involvement of TMHD than before.
- In addition, we are discussing that there may be a scope for further utilizing diverse, outside perspectives, as we organize and strengthen various frameworks.
- We will announce our qualitative targets under the next medium-term plan at the IR briefing scheduled for next week. Enhancing governance at the group level is one of its major pillars.
- We will achieve high quality business management that realizes both growth and governance by utilizing external perspectives and further developing integrated group management.
- We will appreciate your continued support.
- Thank you for listening.

End of Document