November 19, 2024
Tokio Marine Holdings, Inc.

Presentation Script for 2Q FY2024 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 our latest financial results and then deliver a message from management based on them.

[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.
  Our results for the first six months of the current fiscal year show that the underlying trend of our business remains strong centered on the underwriting performance in the International segment such as North America and Brazil, even if we set aside the positive impact of FX on our profits.
  In addition, we made a good progress in the sales of business-related equities, selling business-related equities worth JPY606.0bn in the first half term of the fiscal year at a pace exceeding our original projection.

- The second point is the revision of our full-year projection.
  As I explained earlier, we consider that the underlying trend of our underwriting remains strong. With respect to CRE loans, however, we will conservatively increase provisions in the second half term of the fiscal year given the current difficult environment, that is, the entrenching of teleworking and the persistently high levels of interest rates and inflation.
  As a result, our full-year projection of FY2024 income excluding gains from the sales of business-related equities has been revised downward from the original projection by JPY82.0bn to JPY528.0bn. Meanwhile, we have revised upward by JPY40.0bn our full-year projection of income including gains from the sales of business-related equities, which will become the source for our dividend payment, to JPY1,040.0bn, given the accelerated sales of business-related equities.

- Full-year income projection on a normalized basis excluding one-off impacts, such as CRE loans and fluctuations in the sale amount of business-related equities, remains flat from the original plan.

- The third point is shareholder returns. There is no change in our view that the expansion of shareholder returns should be consistent with the profit growth of our business.
- Bearing this in mind, with respect to dividends that form the basis of our shareholder returns, we have increased our FY2024 DPS by JPY3 from JPY159 in the original plan to JPY162. This is to reflect the upward revision to our FY2024 adjusted net income on the actual basis which includes gains from the sales of business-related equities, as I have explained earlier. Adjusted net income on the actual basis will be the source of our dividend payment.
- We will also continue adjusting our capital stock with discipline.
  In other words, we will use the capital generated for M&As and risk-taking opportunities that will improve our ROE, and if there is no good opportunity, we will buy back our shares.
- Our current ESR is strong at 147%.
  Today, we announced a TOB for Integrated Design & Engineering Holdings Co., Ltd. (ID&E), a leading construction consulting company in Japan. The TOB is estimated at approximately JPY97.8bn. We also have multiple other M&A projects in the pipeline, which are mainly bolt-on M&As. We need to consider their impact on our EPS growth. Having considered these factors comprehensively, we have decided to increase our share buyback plan for FY2024 from the JPY200.0bn we originally announced to JPY220.0bn.
- CFO Okada will explain this later.

- Now, I will explain the first point, the current underlying trend of our business, in a little more detail. Please turn to page 4.

[Top-line results]
- First, let us look at our top-line results.
- In the first six months of FY2024, net premiums written rose +5.7% year on year mainly due to the rate increases implemented in Japan and overseas, while life insurance premiums decreased by -32.9% because of the reinsurance transaction executed by TMNL in April. These are all figures excluding FX impacts. Both net

premiums written and life insurance premiums were generally within the range of our original projection.

- Based on the results of the first half term, we have updated our full-year projections. We now project net premiums written to rise +5.3% and life insurance premiums to fall by -15.9% year on year.
- Next, I will explain adjusted net income. Please look at page 5.

[Evaluation of 2Q adjusted net income]

- In the first six months of FY2024, adjusted net income for the whole Group was JPY771.2bn or JPY359.0bn excluding gains from the sales of business-related equities. Their progress rates against the original full-year projections are high at 77% and 59%, respectively. As I explained at the beginning of my presentation, this reflects a combined impact of the strong underlying trend of our business especially in businesses such as underwriting in North America and Brazil and the positive impact of FX rates. I will explain more specific details for each business line.

- First, let us look at Japan P&C.
  The progress rate of Japan P&C appears high due to the following reasons:
  1) There were not many Nat Cats excluding the hails in Hyogo in April which was additionally included in the original projection; and
  2) There was a takedown of foreign currency denominated outstanding claims reserves following the appreciation of the yen at the end of September.

  However, Japan P&C was generally strong even excluding these one-off impacts.
- While the loss ratio of auto insurance is currently rising, we have already planned to address this with the rate increases scheduled for January 2025.

- Next, let us look at the International segment. For the first six months of FY2024, the FX rate as of June 30, 2024 is applied. This has raised our profit due to the depreciation of the yen. On the local currency basis excluding the FX impact, the progress rate in the first half term of FY2024 was 52% and mostly according to the plan.
- Underwriting profits in key entities including those in North America and TMSR in Brazil were strong. Investment income in North America was also solid. Meanwhile, some of the CECL provisions for CRE loans, which I have explained earlier, were posted in the first six months of the fiscal year. As a result, the results

were mostly in line with our projections.

- Next, I will explain our full-year projections based on the current conditions. Please turn to page 6.

[2024 adjusted net income full-year projection (actual basis)]

- We have revised upward our original projection of adjusted net income on the actual basis by +JPY40.0bn to JPY1,040.0bn. Meanwhile, we have revised downward our original projection of adjusted net income excluding gains from the sales of business-related equities by JPY82.0bn to JPY528.0bn.
- The main factors contributing to raising income are strong underwriting in the International segment especially in North America and Brazil, a drop in natural catastrophes in Japan P&C, and the accelerated sales of business-related equities. The main factor reducing income is conservative CECL provisions relating to CRE loans.
- The management's evaluation of CRE loans is described in detail from page 40 of the material. The provisions we will post are based on fairly conservative assumptions. On the single year basis for FY2024, these provisions will use up most of the investment income related to CRE loans.
  Despite this, we consider that we are doing better than other players in terms of not only cumulative returns but also the conservativeness of the provisioning ratio based on the total of impairment losses and CECL. Furthermore, this does not alter our assessment of investments in DFG credits as a whole.
- We aim to continue generating stable investment returns by exercising appropriate risk management and taking advantage of the characteristics of our funds that are long-term and predictable.
- Next, please look at page 7.

[Adjusted net income full-year projection (normalized basis)]

- This is our projection of adjusted net income on the normalized basis, which excludes one-off impacts such as fluctuations in natural catastrophes, and changes in capital income such as CRE loans and the sale amount of business-related equities.
  In a sense, this figure shows our current, true capabilities, which will become the launching pad for our income in FY2025. We project that this figure to move flat from our original projection.
- We aim to continue to securely achieve the top-tier EPS growth driven by strong

investment income on the back of globally diversified, bottom-focused, strong insurance underwriting. With this EPS growth and disciplined capital policy, we hope to further increase our ROE.

- This is the end of our presentation.

2. Presentation by CFO Okada

[Shareholder returns]

- I am CFO Okada. I will explain shareholder returns. Please turn to page 8.
- I want to reiterate that the basis of our shareholder returns is dividends, and we intend to continue increasing DPS in line with our profit growth.
  As Komiya explained earlier, we have made a +JPY40.0bn upward revision to our FY2024 adjusted net income projection on the actual basis which includes gains from the sales of business-related equities. We thus consider that we are continuing strong profit growth.
  Accordingly, we will increase our FY2024 DPS by JPY3 from the original plan to JPY162 in line with this strong profit growth. This represents a year-on-year DPS growth of +32%.

- Next, please look at page 9.
  There is no change in our approach to capital level adjustments and share buybacks as a tool for such adjustments. In other words, we will continue executing M&As and risk-taking projects that will help raise our corporate value and ROE, and if there is no such opportunity, we will buy back our shares.
- First, in terms of M&A, we announced today a TOB for ID&E, a leading construction consulting company in Japan, at the estimated cost of approximately JPY97.8 billion. This TOB will allow us to offer values in the disaster resilience space including disaster prevention and reduction under one roof. This business model is unprecedented even globally. Furthermore, ID&E's businesses are mainly consulting businesses with low capital needs. We therefore consider to be a project that will truly help improve our corporate value.
- Overseas, large-scale M&As still command high valuations and we need to be patient. We currently have multiple, small- to medium-sized bolt-on M&A projects in the pipeline.
- As we pursue this growth strategy in Japan and overseas, our current ESR is strong at 147%. Furthermore, we will need to consider increasing our current market capitalization from the viewpoint of its impact on EPS growth.

- Considering these factors comprehensively, we have recently decided to increase our FY2024 share buyback plan from JPY200.0bn a year as originally announced to JPY220.0bn.
  More specifically, we have already resolved and executed share buybacks worth JPY100.0bn, and we have made a new resolution to execute share buybacks worth JPY120.0bn at the Board of Directors meeting held today.
- We hope to continue raising our EPS and ROE through the steady implementation of our management strategies and meeting the expectations of capital market participants.
- Thank you for listening.

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