



Tokio Marine Holdings

TOKIOMARINE

TOKIO MARINE PRESENTS SPECIAL IR MEETING

DECEMBER 4, 2023



TMK CEO
Brad Irick



TMHCC CEO
Susan Rivera



Co-Head of Int'l
Kit Yamamoto



Co-Head of Int'l
Chris Williams



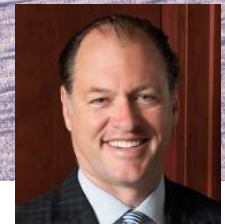
CEO/CCO
Satoru Komiya



CFO
Kenji Okada



DFG CEO
Don Sherman



PHLY CEO
John Glomb



I. Strategy of International	P. 4
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◆ Abbreviations used in this material

TMHD : Tokio Marine Holdings

TMNF : Tokio Marine & Nichido Fire Insurance

NF : Nisshin Fire & Marine Insurance

TMNL : Tokio Marine & Nichido Life Insurance

PHLY : Philadelphia

DFG : Delphi Financial Group

TMHCC : Tokio Marine HCC

TMK : Tokio Marine Kiln

TMSR : Tokio Marine Seguradora

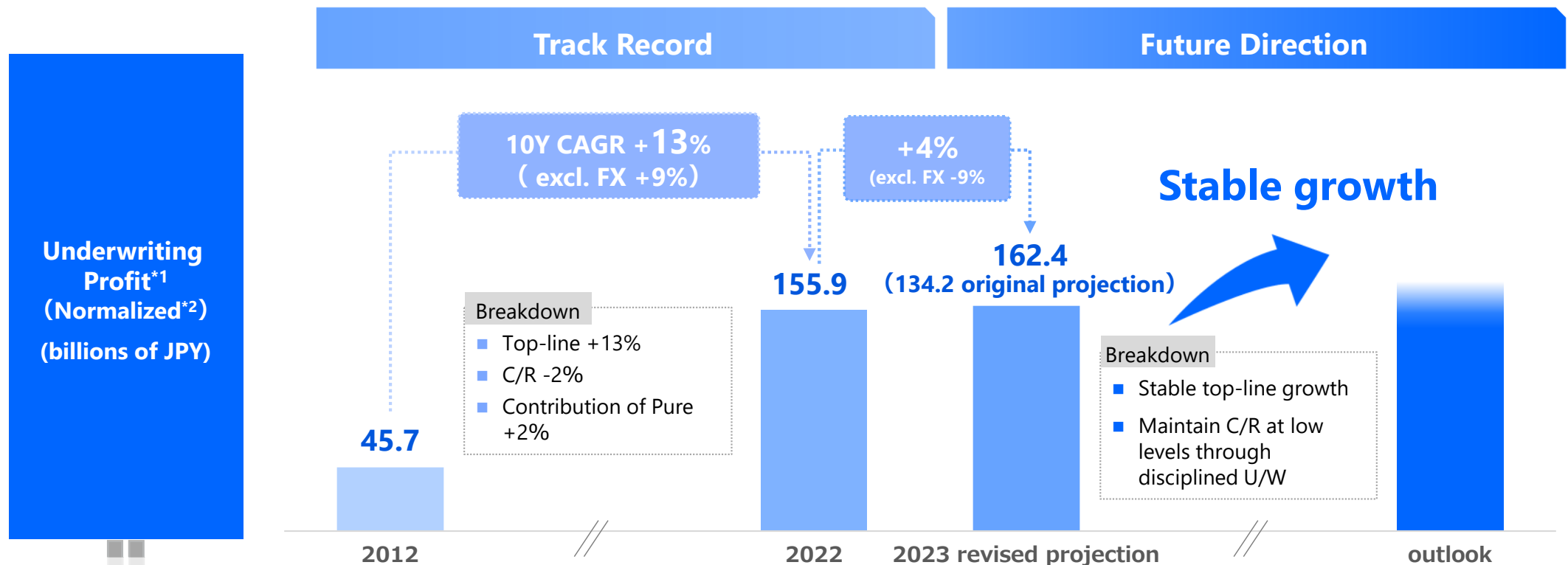
◆ "Normalized basis" in the material generally refers to the definition where Nat Cats are adjusted to average level (other adjustments will be stated in the text)

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Profit Growth Breakdown

- CAGR of underwriting profit grew to +13%, realizing a stable top-line revenue growth, and stable & low C/R levels through rate increases and business-line expansion
- Given the current ongoing hardening of the overall market environment, we will continue to increase underwriting profit through a stable top-line growth enabled by continued rate increases and low C/R levels achieved through disciplined U/W strategy

[Structure of International U/W Profit]

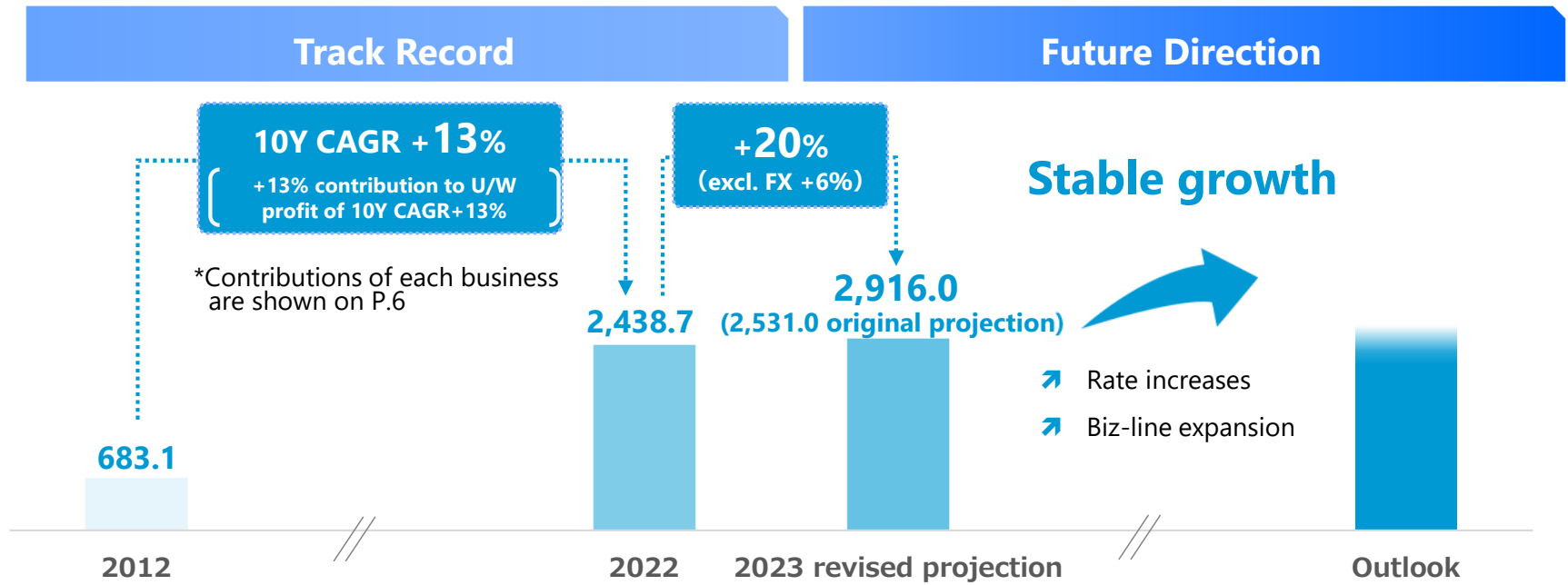


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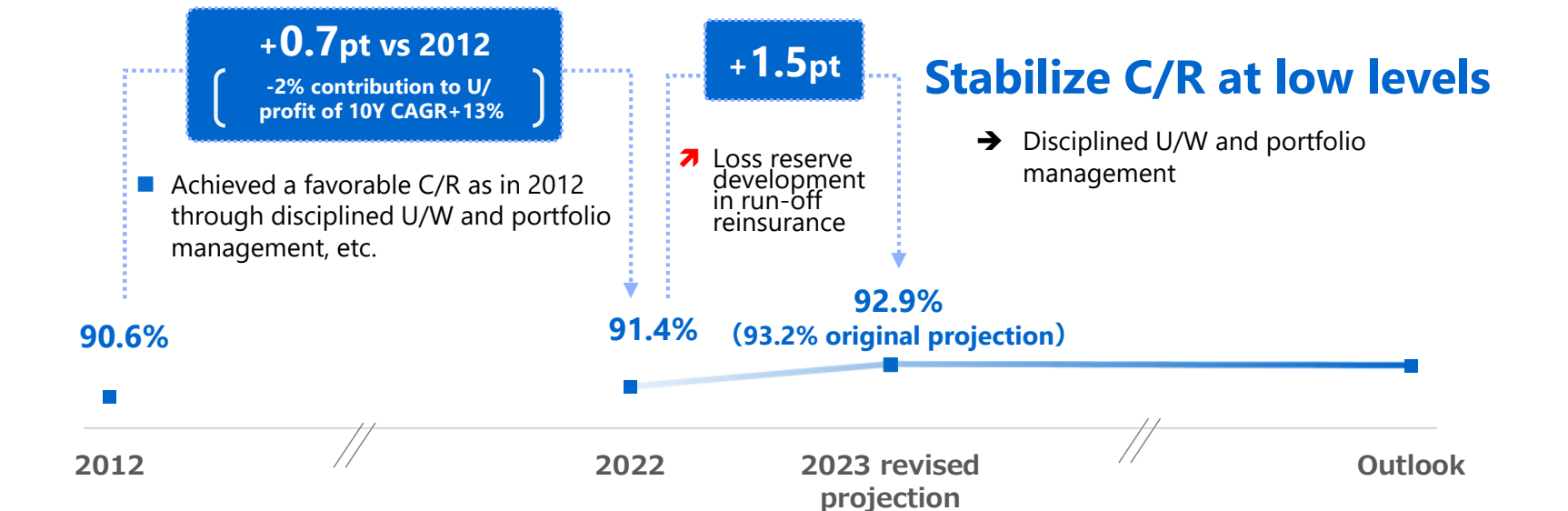
Profit Growth Breakdown

(Continuing from the previous page)

Top-line*³
(billions of JPY)



C/R (Normalized*²)



*1: After tax, estimates incl. Pure's business unit profit.

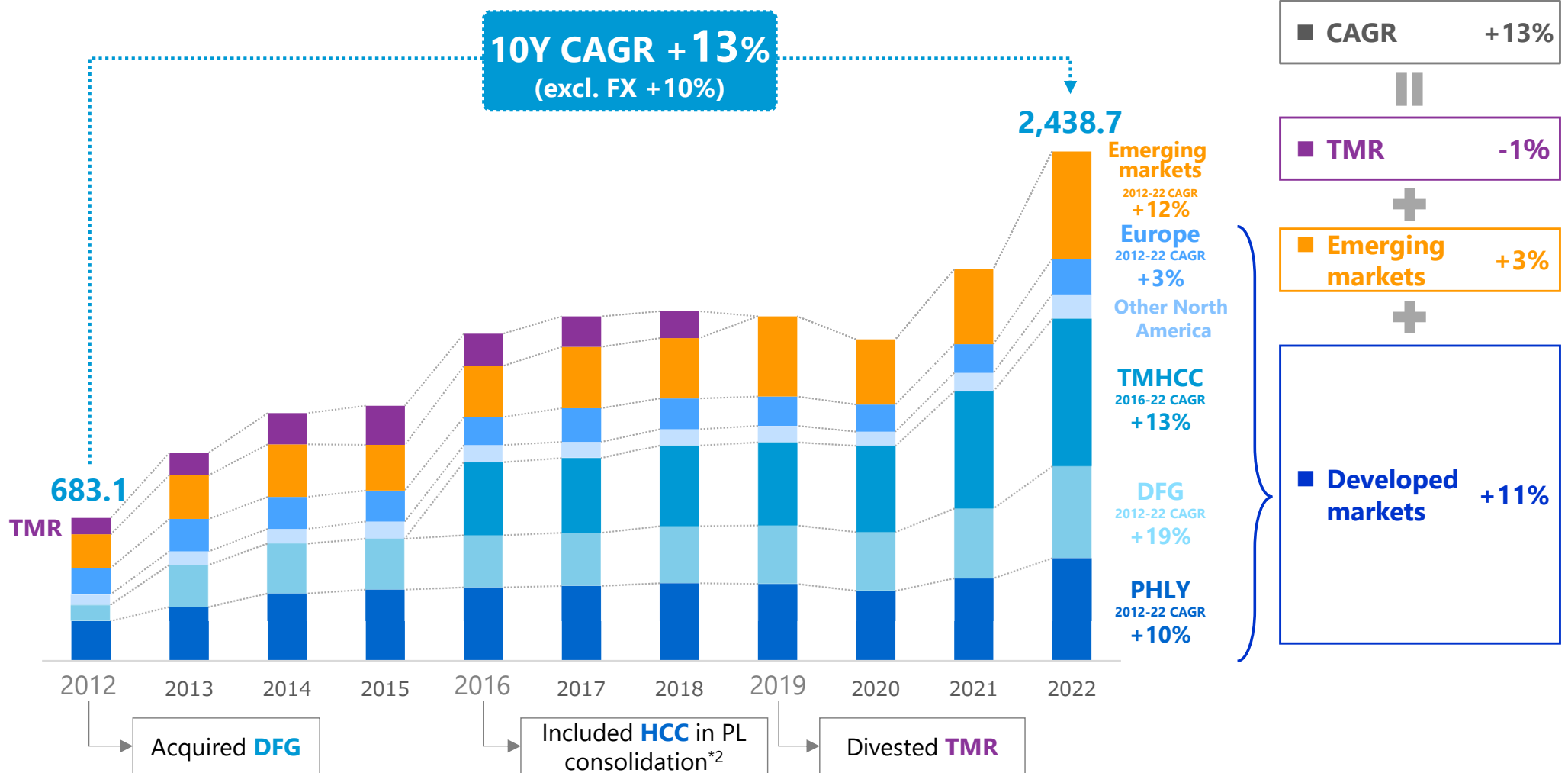
*2: Normalized Nat Cats to an average annual level and excluding the impact of COVID-19 and Wars, etc. for 2022, as well as excluding the impact of COVID-19, etc. for 2023 revised projections

*3: Net premiums written

(Ref.) Top-line Growth Breakdown

- 10Y CAGR of +13% reflects +11% in developed markets, +3% in emerging markets, and -1% at TMR

International Top-line Revenue*1 (billions of JPY)



*1: Net premiums written

*2: Acquired HCC in Oct. 2015 and started its PL consolidation from FY2016

Disciplined In / Out Strategy

- Our M&A track record is built on identification of investment targets, PMI, and group synergies, and ROI significantly exceed our cost of capital (7%)
- Valuations are currently high, and we need to continue being patient with large-scale M&As, but we will seize opportunities for bolt-on M&As and continue to implement the In / Out strategy with discipline

Strict acquisition criteria

Target
(Three
principles
of M&A)

Cultural fit

High profitability

Solid business model

Hurdle
rate

Cost of capital (7%)

+ Risk premium

+ Country interest rate
spread

"In" strategy (M&A, new establishment)

- ROI*¹ of our large-scale M&As is **18.8%**, significantly exceeding our capital cost (7%) (See P.8 for details)
- We have been steadily implementing bolt-on M&As. Most recently, TMHCC completed acquisition of GGEBS*²



"Out" strategy (divestment, run-off)

- We are implementing the "Out" strategy also with discipline by determining the future of the business in a forward-looking manner



*1: ROI is calculated by using the sum of business unit profits under revised FY2023 projection as numerator and the sum of acquisition amounts as denominator (Different formula from ROE (=RoR / ESR) which reflects risk diversification effect, etc.)

*2: Gulf Guaranty Employee Benefit Services, Inc.

A managing general underwriter that handles group gap medical insurance for small and mid-sized businesses.

*3: Agent handling construction insurance in the Tokio Marine Highland (former WNC) group owned by TMK.

Track Record of M&A

- Five subsidiaries acquired with large-scale M&A have kept outperforming market growth
- ROI is significantly above TMHD capital cost (7%) at 18.8%

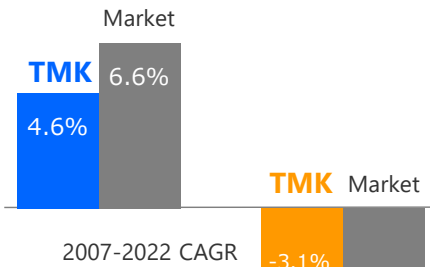
Growth after joining Group*1

ROI for large-scale M&A*2



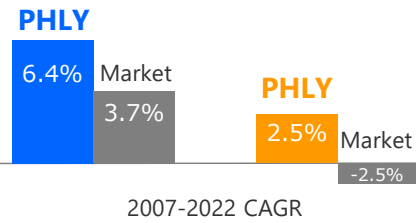
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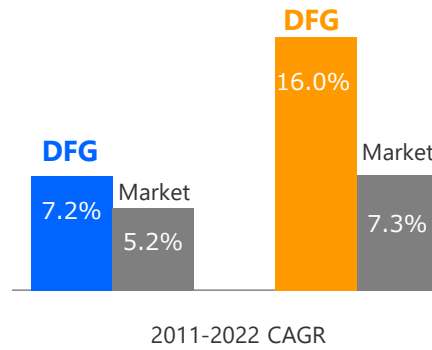
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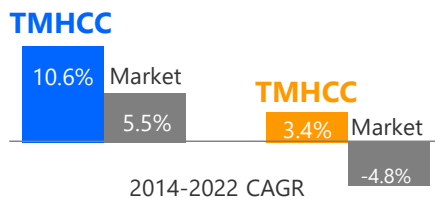
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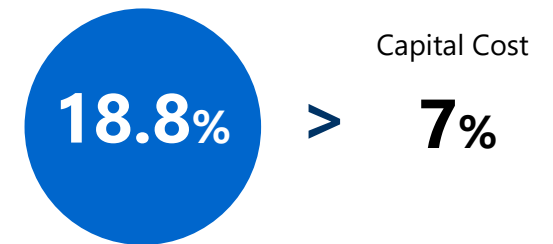
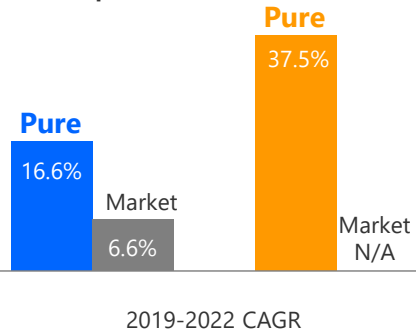
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*1: TMHD top-line / bottom-lines are local financial accounting basis, Pure's top-line is the premiums under management company
 Market for TMK: all Lloyd's companies, Other: North American non-life insurance
 (Source) Lloyd's Annual Report, S&P Capital IQ

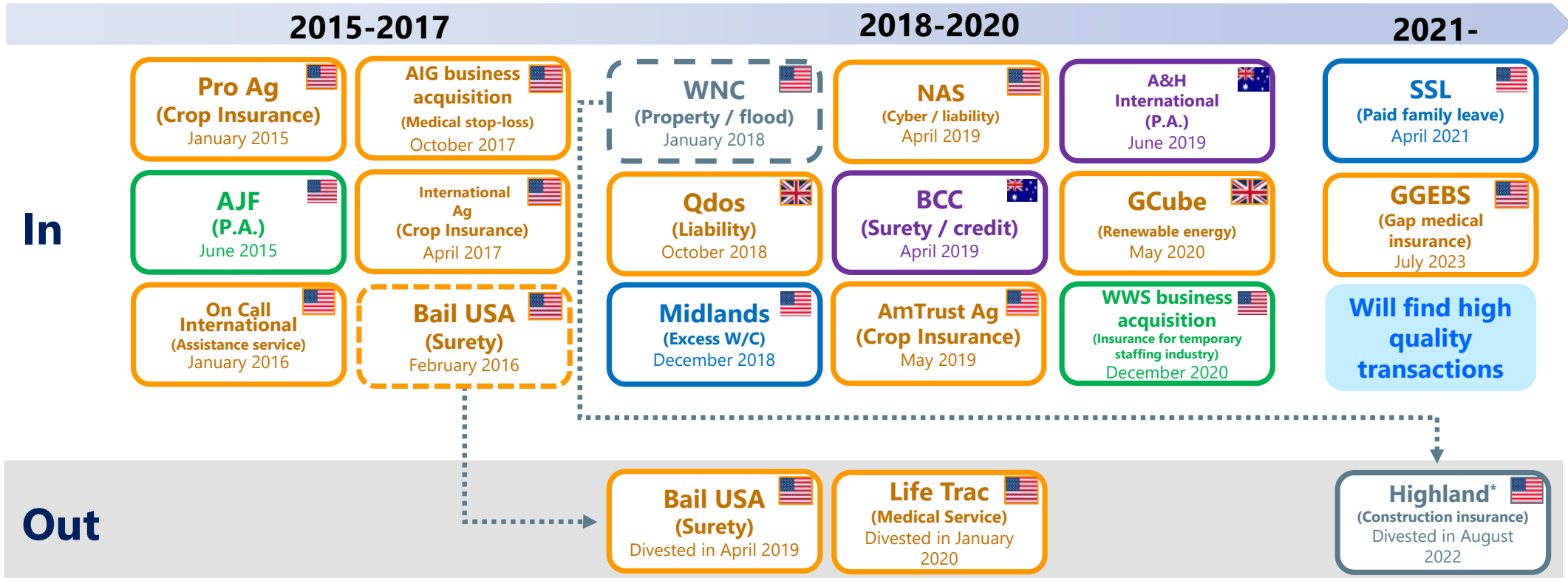
*2: ROI is calculated by using the sum of business unit profits under FY2023 revised projection as numerator and the sum of acquisition amounts as denominator
 (Different formula from ROE (=RoR / ESR) which reflects risk diversification effect, etc.)

Track Record of Bolt-on M&A

- Room for bolt-on M&A transactions with familiar businesses
- Transfer oversea GC's expertise to the other GCs to make it our strength and steadily execute transactions

Advantages of bolt-on M&A

High success rate : In-depth understanding based on a long-term business relationship
Accumulated know-how : Experience of executing over 60 bolt-on M&As
Disciplined M&A : Strategic portfolio adjustment taking the future business environment into consideration

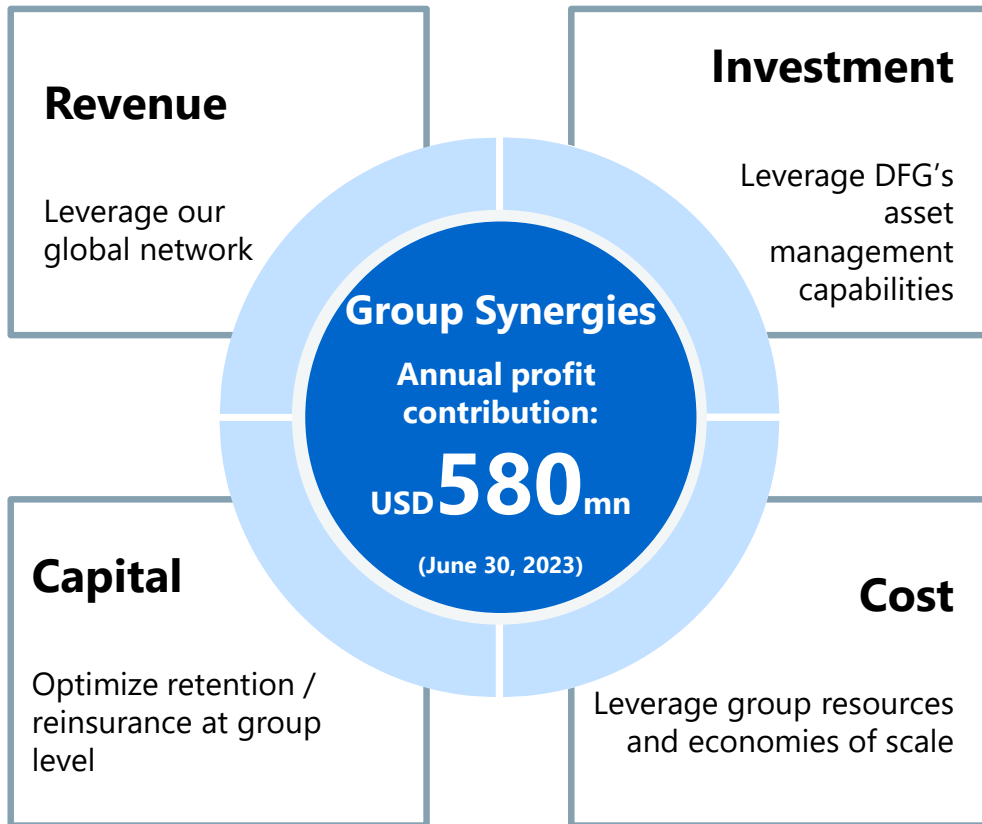


Colors represent the acquiring companies: TMHCC (orange), TMK (grey), PHLY (green), DFG (blue), TMMA (Australia) (purple)

*: Construction insurance agency, part of Tokio Marine Highland (former WNC) Group owned by TMK

Expansion of Group Synergies

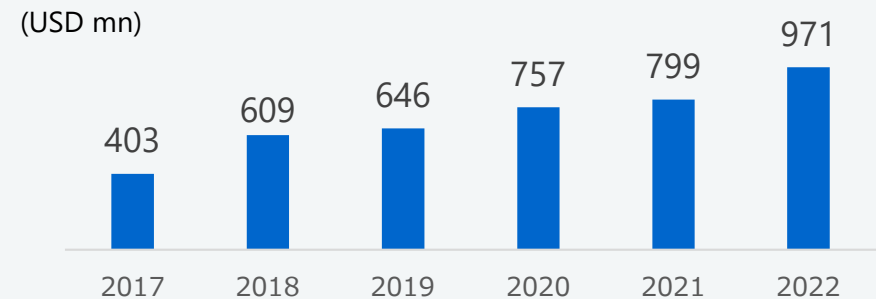
● Realized Group synergies of USD580mn



(Ref.) Example of Revenue Synergy

- Cross-selling** → Cross-selling to customers in other group entities
- Joint Approach** → Joint approach to mega events and large corporations
- Regional Expansion** → Lateral expansion of specialty products
- Strategic Use of Group Asset** → Leverage group capital, intellectual / human capital, and network

Revenue Synergy (Direct NWP)



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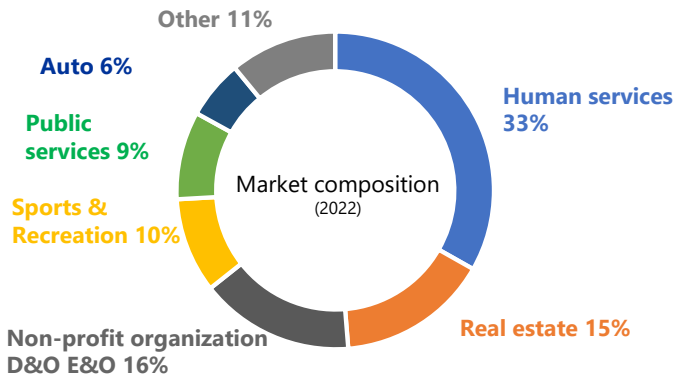
PHLY



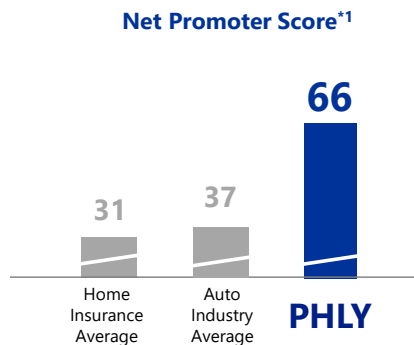
Build competitive edge focusing on niche markets

What's PHLY

Focus on niche markets



Strong customer loyalty



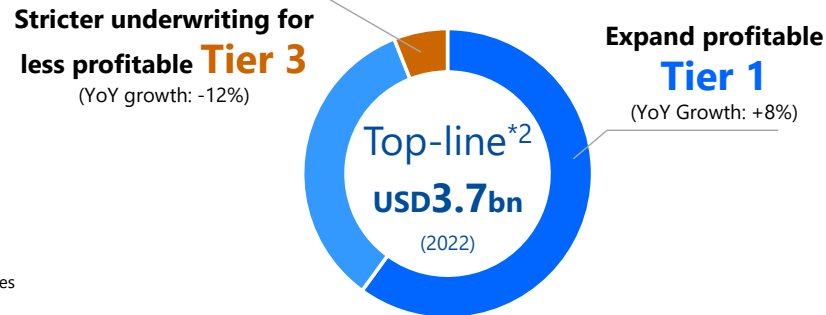
*1: Indicator to measure customer loyalty and their willingness to use products/services continuously. It shows how likely a customer is to recommend a brand to others. (Source) Customer GURU, NICE Satmetrix 2022, Consumer Net Promoter Benchmark Study

Current Focus

Steady profit growth while managing social inflation (see P.32-34)

Rate Increases	Rate increases above loss-cost (see right)
Mitigate inflation risks	Accelerated settlements and reduced lawsuits by c. 60%
Reference: reserves provision	Set as early as in 2019 the provisions for the past reserve (\$273m) *No significant increase in provisions since then

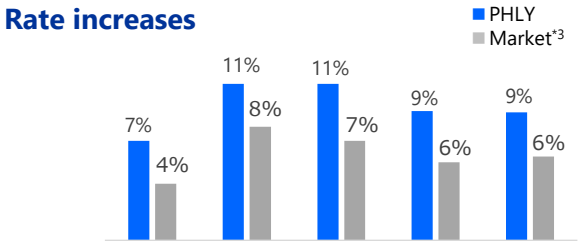
Portfolio management based on profitability



Results

High renewal ratio and rate increases

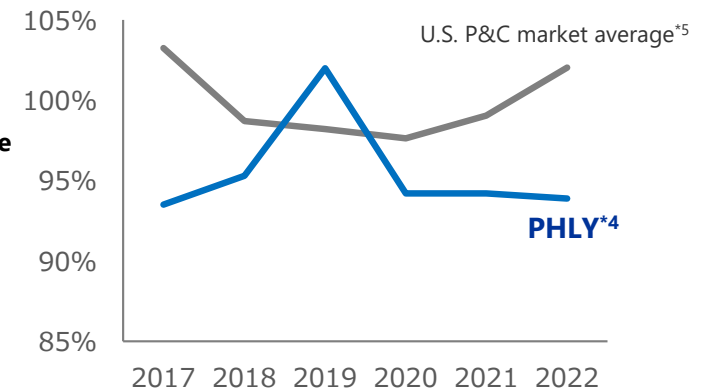
Rate increases



Renewal ratio

Year	2019	2020	2021	2022	1H2023
PHLY	89.6%	86.2%	90.1%	93.2%	87.0%

Favorable combined ratio



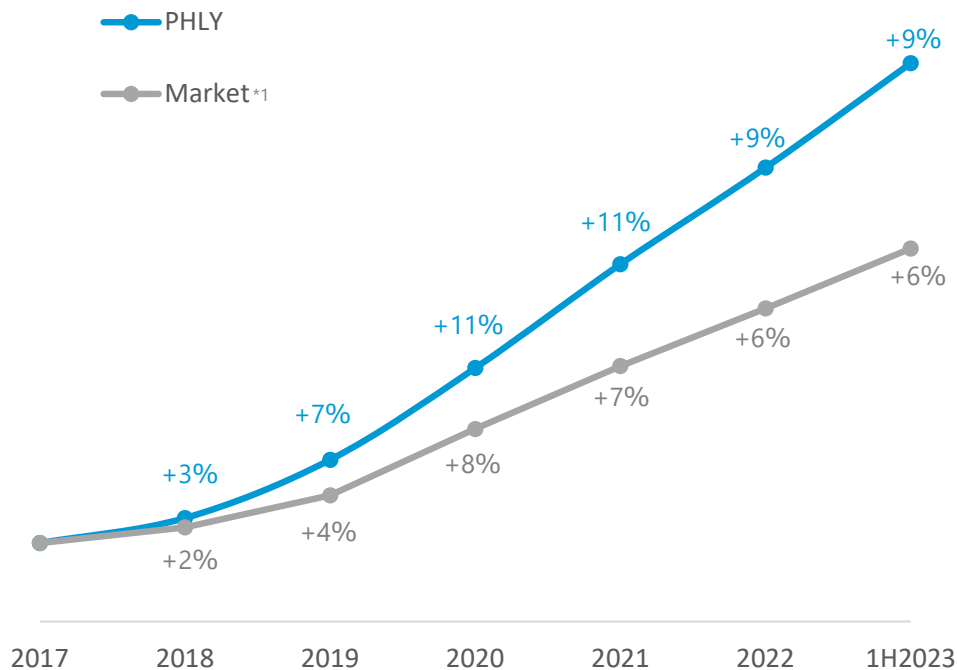
*2: NWP
*3: Source: Willis Towers Watson
*4: Local management accounting basis. Temporary increase due to increase in past reserve provision in 2019.
*5: (Source) S&P Capital IQ

Rate increase in PHL Y

- Achieving above-market rate increase in the hard market by forward-looking loss-cost projection

Rate Increase (% represent YoY rate increase)

(Indexation based on 2017)



*1: Source: Willis Towers Watson

*2: PHL Y's FY2022 new business (GWP)

*3: PHL Y's Preferred Agents and equivalent brokers

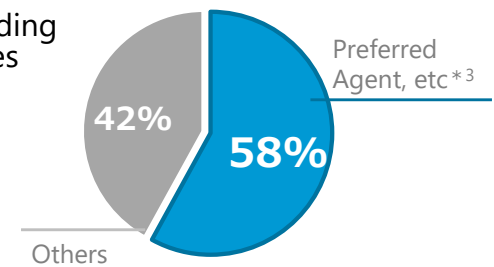
*4: Indicator to measure customer loyalty and their willingness to use products/services continuously.

Source: Customer GURU, NICE Satmetrix 2022, Consumer Net Promoter Benchmark Study

Our Strength

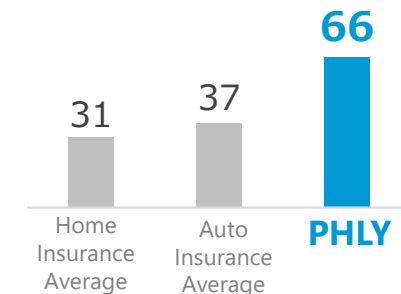
Strong Agent / Broker Network*2

- Strong relationship with leading agents / brokers that enables disciplined underwriting



Net Promoter Score*4

- Provide superior expertise and high-quality products and services that meet customers' needs



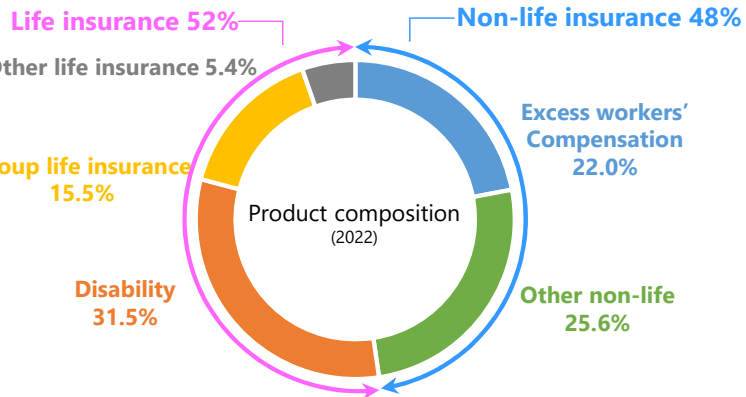
DFG



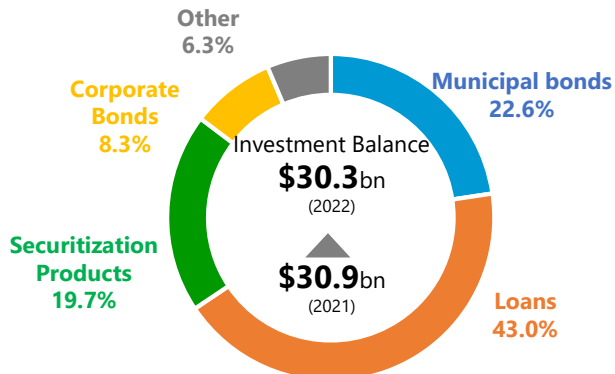
Maintain U/W profit and expand investment income leveraging its strengths

What's DFG

Strength in employee benefits and retirement products / services



A long-term, stable asset management portfolio focusing on investment income



In addition to the above, managing \$14.5bn of Group company entrusted assets

Current Focus

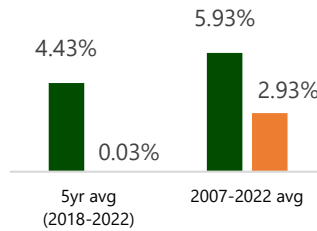
Profitability improvement

- ✓ Improve loss ratio with initiatives including early claims closing using digitalization, mainly for disability insurance

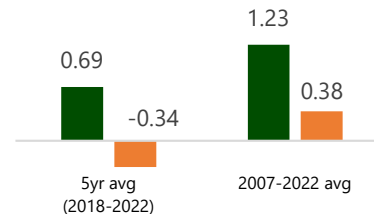
Response to changes in the environment, including rising interest rates

- ✓ Utilize DFG's strength in abilities to gather and analyze information to develop a flexible portfolio according to the investment environment
- ✓ Resilient against rising interest rates due to variable interest products in the portfolio. Also, controlling duration by increasing investment in attractive long-term bonds

<Track record vs. index> Investment return



Sharp ratio*1

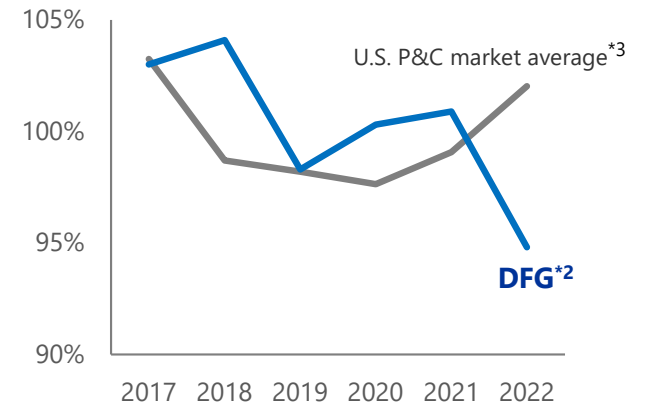


■ DFG ■ Barclays US Aggregate Bond Index

*1: Measures excess return per unit of risk. Calculated as $\frac{\text{Investment return} - \text{risk free rate}}{\text{Volatility}}$. Risk free rate: LIBOR6M

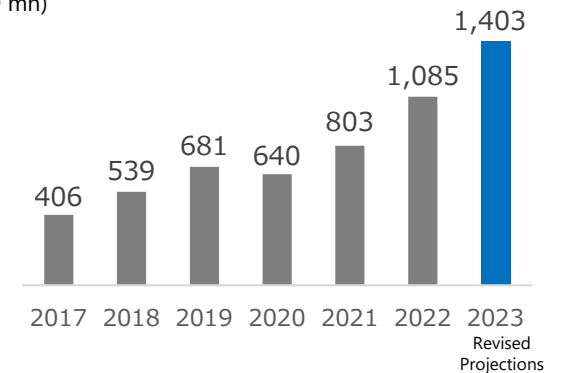
Results

Combined ratio



Strong profit*4 growth

(USD mn)



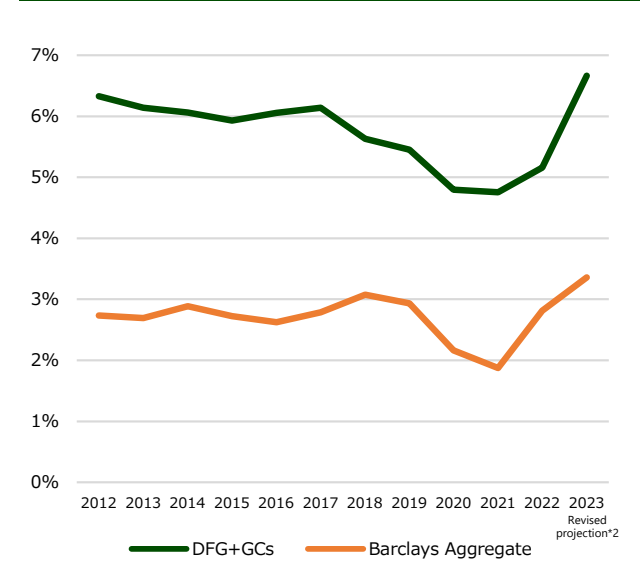
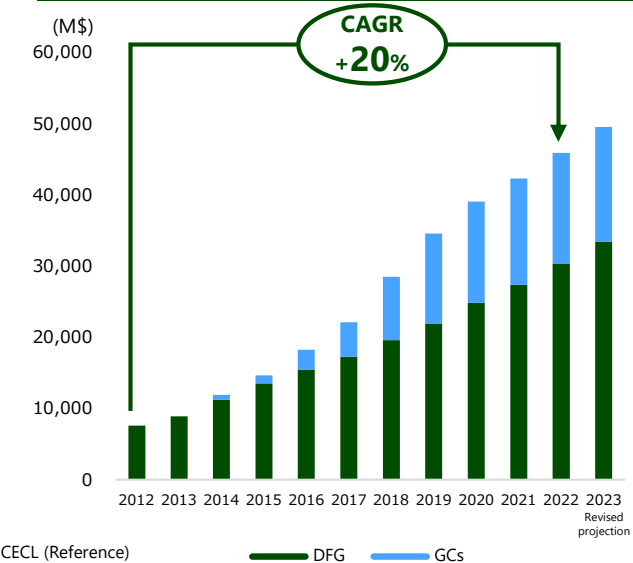
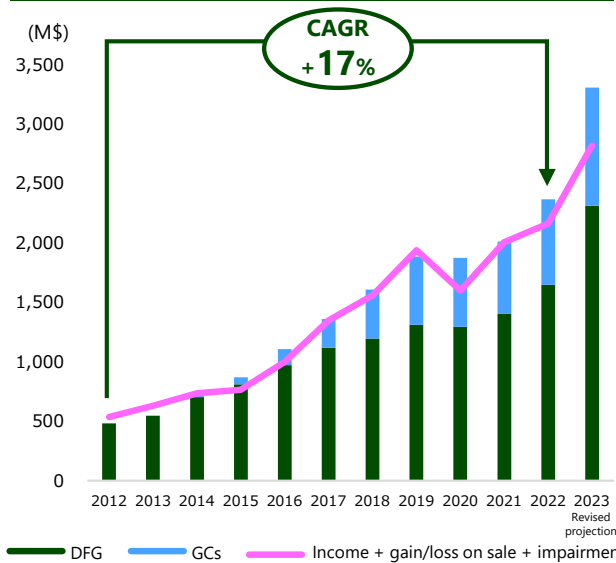
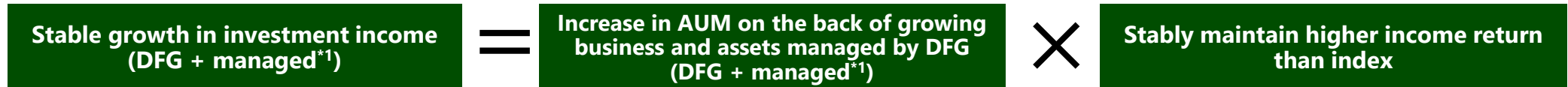
*2: Local management accounting basis. Temporary increase due to review of reserves in 2018. Includes impact of COVID-19 for 2020 and 2021

*3: (Source) S&P Capital IQ

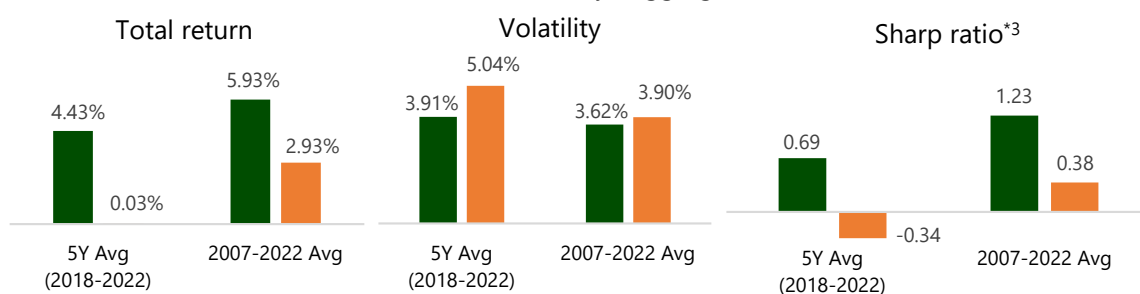
*4: Business unit profits - capital gains / losses (after tax)

Breakdown of DFG Investment Income

- DFG's investment income has grown at the CAGR of +17% (or +22% incl. FX), growing significantly on the back of an increase in long-term and predictable insurance liabilities and stable investment income supported by an expansion of the entire Group's business



<Track record vs. index>



<DFG's strengths and risk management>

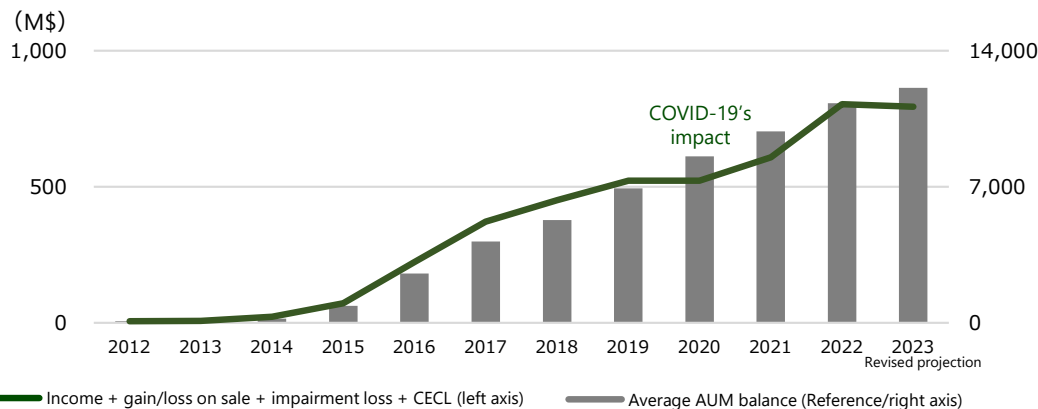
- DFG's source of investment capital is a **long-term, predictable liabilities**, which enable DFG to hold the position until market recovery, including with an extension of the maturity
- Control credit risk of the entire portfolio within a certain threshold in collaboration with TMHD

Update on CRE Loans

- Given the highly individualistic nature of CRE loans, DFG has made investments selectively and increasing returns. As the market conditions are currently getting tougher, we post a certain level of provisions for CECL (approx. 2.5% cumulatively). We will continue investments while exercising appropriate risk management

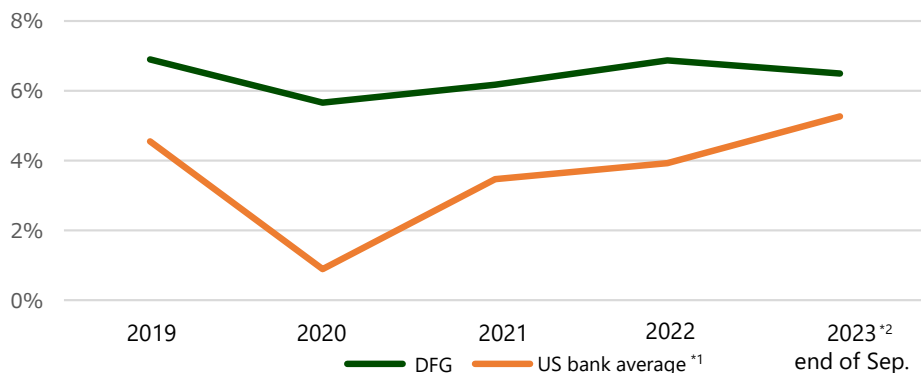
Track record of CRE loan investments

<Total return (including assets managed by DFG for GCs)>



<Investment return* comparison with other players>

*Income – (impairment loss + CECL)



Stress tolerance of CRE loan investments

- Losses that may be incurred under harsh scenarios^{*3} can be **recovered within six months or so** thanks to high returns
- Range of fall in portfolio value at 2008 financial crisis was 37.5%^{*4} vs average DFG's portfolio LTV^{*5} of c.60%

Features of CRE loan investments

- Enjoyed high returns from loans that **mainly targeted properties under construction/renovation, which would require abilities and experience to identify superior business models**
 - Being a **sole lender in most cases, it is possible to perform collection activities (workout) and attachment on its own judgement for poor-performing properties**
- *We understand that other players (banks, life insurers, etc.) mainly target properties in operation.
*See p. 80 on specific investment decisions and workout cases.

*1: Calculated based on the results released by the Bank of America, Wells Fargo, PNC and U.S. Bancorp.
*2: Revised full-year projection for FY2023 for DFG.
*3: Conservatively calculated considering the range of fall in portfolio value at 2008 financial crisis and predicting certain losses.
*4: Refer CPPI Index
*5: Loan to Value = balance of loan / collateral value

TMHCC

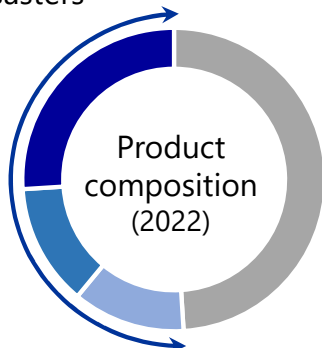


Global leader in specialty insurance with over 48 years of deep technical expertise

What's TMHCC

Highly profitable and well-balanced business portfolio

- ✓ Built a diversified specialty portfolio through organic growth, green field operations and bolt-on M&As (more than 60 acquisitions)
- ✓ Underweight exposure to Nat Cat disasters



Less dependent on the P&C market cycles

About **51%**

- Medical stop-loss
- Crop
- U.S. Surety, etc.

Other

About **49%**

- D&O
- Property
- Aviation
- Energy & Marine, etc.

Current Focus

Latest bolt-on M&As



(July 2023)



(May 2020)

- Underwrites group gap medical plans*¹ for small and mid-sized businesses expected to expand in the U.S.
- Help drive the growth of this business with TMCC's nationwide network to capture growth in the gap medical insurance market and further diversify business
- UK Cover holder with over 25 years of market expertise in renewable energy business
- Aim to improve profitability while promoting creation of a sustainable future

Rate increase and Biz-line expansion

Rate Increase (P.18)

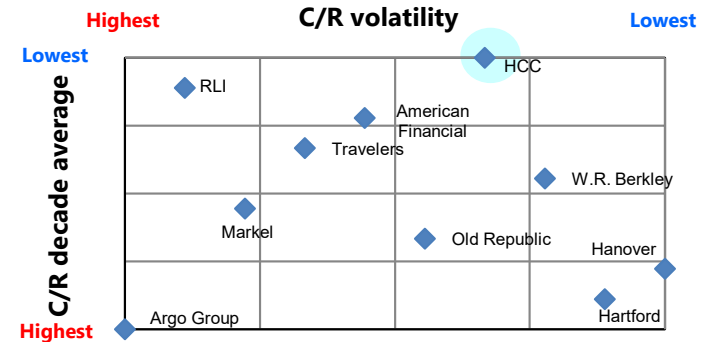
- Achieving above-market rate increase in the hard market by forward-looking loss-cost projection

Business-line expansion (P.19)

- Working on business-line expansion through the launch of new business-lines and the capturing of U/W teams in addition to bolt-on M&As that meet our profitability target

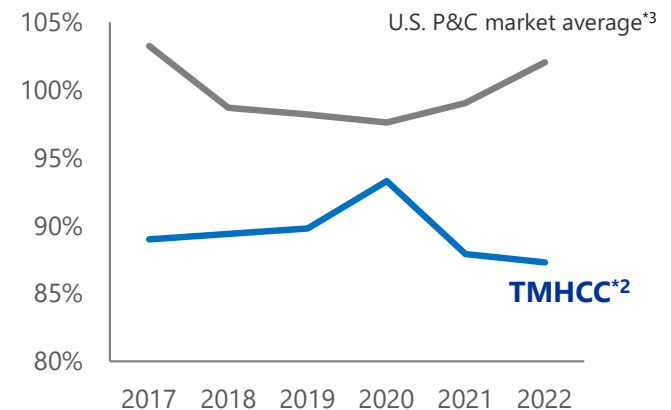
Results

Stable profitability



(Source) Created by each company report and Dowling & Partners Analysis (based on data through Dec. 31, 2022)

Favorable combined ratio



*2: Local management accounting basis
*3: (Source) S&P Capital IQ

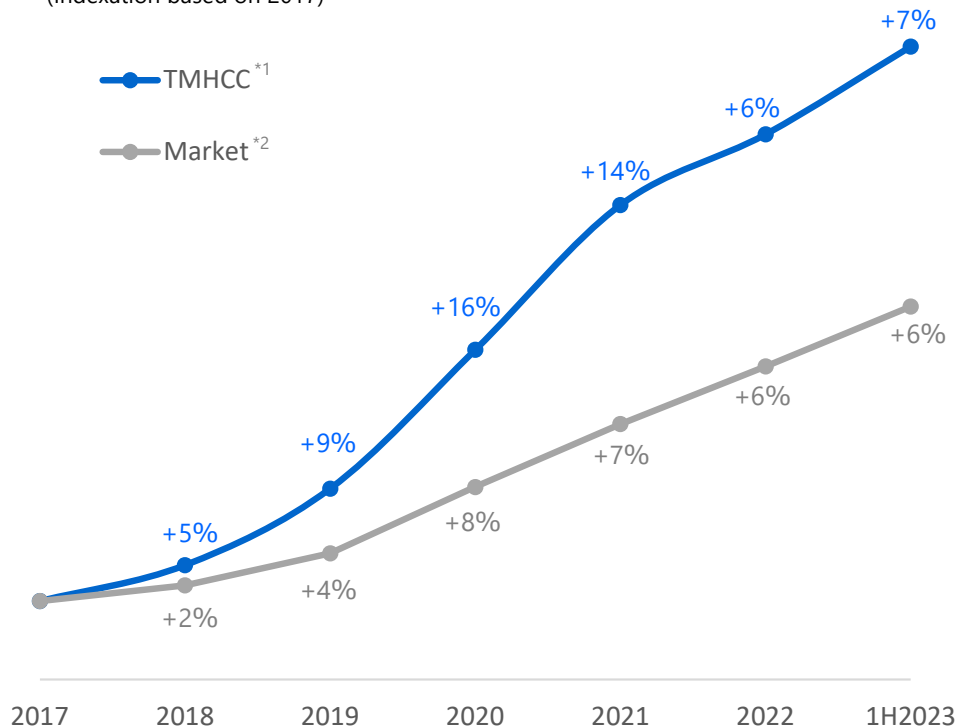
*1: Generic name for incidental insurance that covers medical costs not covered by primary health insurance

Rate increase in Developed Markets

- Achieving above-market rate increase in the hard market by forward-looking loss-cost projection
- Overall market is expected to keep hardening despite the current softening in some parts

Rate Increase (% represent YoY rate increase)

(Indexation based on 2017)



*1: Excluding A&H, Surety, Credit

*2: Source: Willis Towers Watson

Our Strength

Strong Competitive Advantages

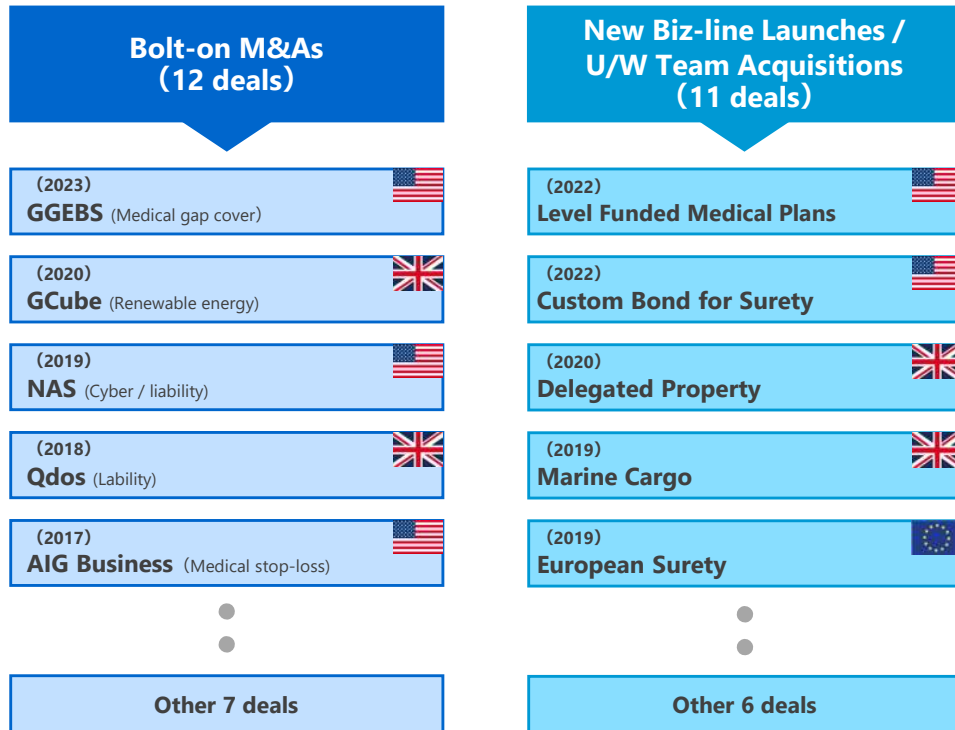
- Advanced and specialized underwriting and claims service expertise built as a specialty insurance company since its establishment in 1974
- Trusted by customers / brand recognition
- Strong price negotiation power as a market leader

Expansion of Business-line in Developed Markets (TMHCC)

- Working on business-line expansion through the launch of new business-lines and the capturing of U/W teams in addition to bolt-on M&As that meet our profitability target (contribution to top-line growth: approx. USD 1,610mn^{*1,2})
- Continuing to expand business-line in 2023 with bolt-on M&A of medical gap cover insurance business^{*3}

Business-line Expansion Track Record

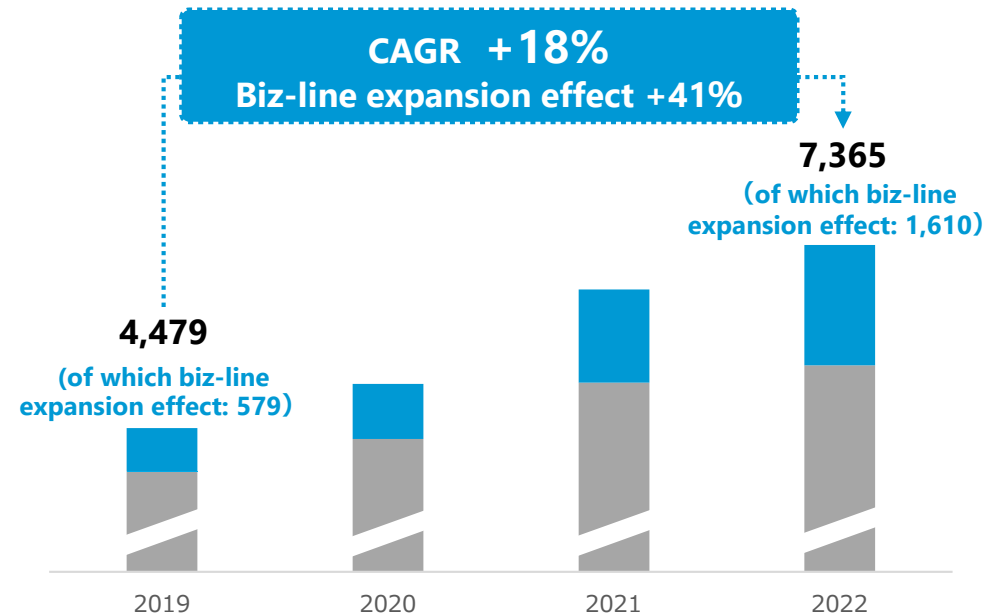
- Executed a total 23 bolt-on M&As, new business line launches, and underwriting team acquisitions since 2017



Business-line Expansion's Contribution to Top-line

TMHCC's Top-line*¹ (USD mn)

- Biz-line expansion effect^{*2}
- Existing Business



*1: GWP

*2: GWP is calculated by biz-line expansion effect executed in or after 2017

*3: Generic name for incidental insurance that covers medical costs not covered by primary health insurance



Top Class Specialty Insurer in Lloyd's market

What's TMK

■ One of the largest underwriting capacity in Lloyd's market

Ranking	Insurer	2022 GWP*1 (GBP mn)
1	Beazley	4,548
2	Brit	3,322
3	QBE	2,272
4	TMK	2,006
5	Hiscox	1,897

*1: Total GWP of syndicates managed by Managing Agents
(Source): S&P Capital IQ

■ Superior expertise

- ✓ Focus on Lloyd's specialty lines in North America, Asia, etc.
- ✓ Innovation and product development for new risk-taking with Lloyd's

Current Focus

■ Rebalance U/W portfolio

- ✓ Focus on growing Lloyd's specialty businesses with superior risk-adjusted returns and existing underwriting expertise
- ✓ Rebalance product portfolio to have less dependence on property and be diversified, and drastically remediate underperforming businesses
- ✓ Flexibly review business portfolio including divestment of Highland and run-off of reinsurance business, etc.

■ Disciplined U/W and volatility mitigation

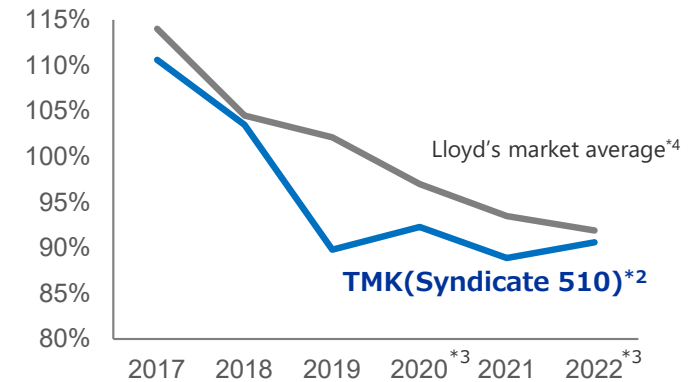
- ✓ Disciplined U/W for low profitability contracts
- ✓ Rate increases considering the hardening market
- ✓ Review / strengthen reinsurance program

■ Develop new insurance products and services

- ✓ Collaborate with start-ups to offer products that combine battery diagnosis service and extended battery warranty for used EV

Results

■ Favorable combined ratio



*2: Local management accounting basis

*3: Excluding the impact of COVID-19 from 2020
Including the impact of Russia/Ukraine war in 2022

*4: (Source) Lloyd's Annual Report 2022

■ Received Carrier of the Year 2023

- ✓ Selected for "Carrier of the Year" in Lloyd's market at the Insurance Insider mainly due to TMK's profit improvement evaluated (Year 2023)

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Key messages (FY2023 Interim IR Conference on Nov. 22, 2023)

Sustaining World's Top-class EPS Growth

- ◆ World's top-class EPS growth at +13% (10Y CAGR*)
- ◆ EPS growth is attributable to strong organic growth (10Y CAGR* of +12%; projected +9% YoY growth in FY2023). With a robust, globally diversified underwriting portfolio and strong investment income leveraging its liability characteristics as the source of earnings, steadily continue achieving the world's top-class growth
- ◆ World's top-class DPS growth which is in line with the EPS growth, with the projected +21% YoY increase in FY2023; DPS will increase sharply and with certainty on the back of the growing moving-average profit (no planned decrease in dividends) *: 2012-2022 CAGR

Confidence in Maintaining ROE at the Existing World Class Top Level

- ◆ Adjusted ROE in FY2023 is projected at 16.1%; further lift ROE to the level comparable to global peers
- ◆ This will be achieved by realizing the "world's top-class EPS growth" and the "efficient use of capital"; the sale of business-related equities is accelerating smoothly (with the sale of JPY600.0bn or more in the next four years); continue implementing the in/out strategy of business with discipline
- ◆ ESR as of Sept. 30, 2023 was strong at 133%. Share buyback for FY2023 will be increased from originally announced JPY100.0bn to JPY120.0bn comprehensively considering one-off profit from Group reorganization and the current M&A pipeline, etc.

Continue Balance Between Profit Growth and Governance at High Levels

- ◆ Deep-rooted "Sustainability Management" since our founding and our unique strengths of "Global Risk Diversification (reduce volatility and generate profits)" and "Global Group Integrated Management (ability to be responsive leveraging expertise and insights)" support the above
- ◆ In addition to these, in the next MTP, we will deliver high-quality management where growth and governance coexist at a high level through exponential expansion of business area (promotion of the solution business) and strengthening of governance throughout the Group

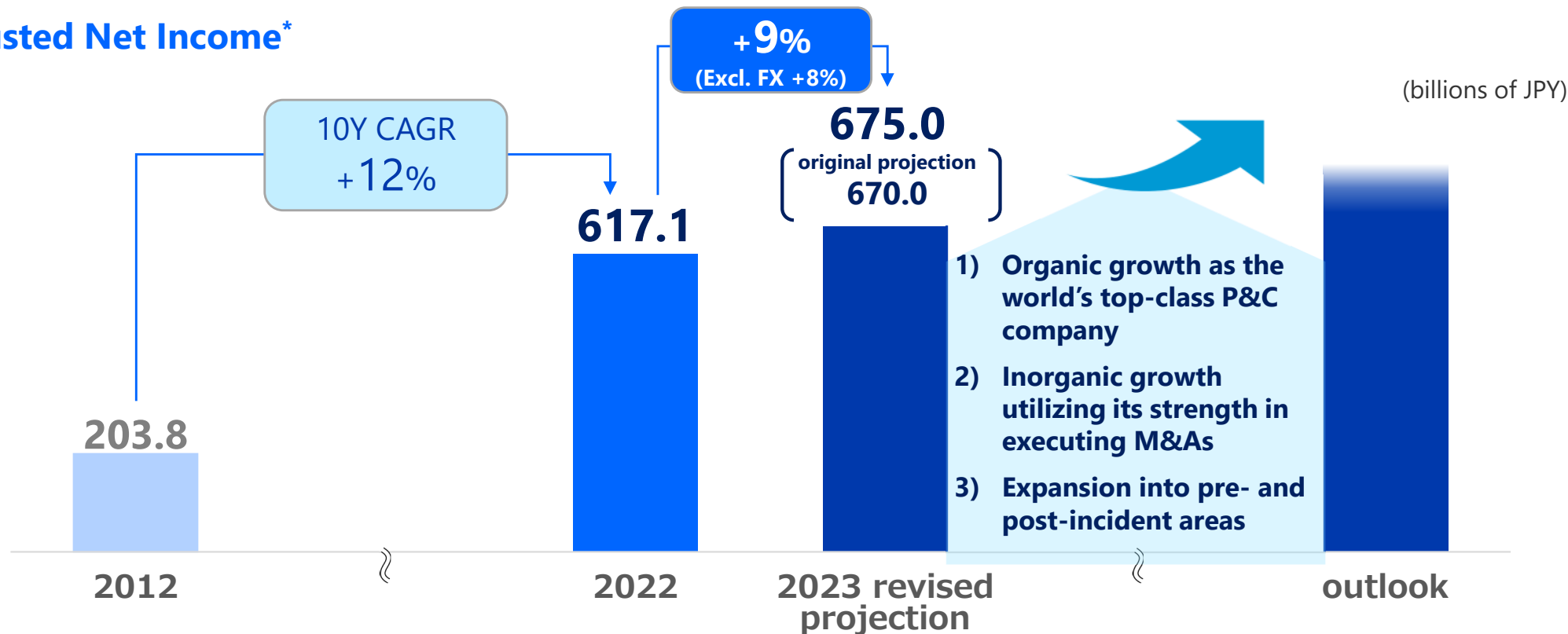
Current Position of Our Profit Growth

- Our existing profit growth is amongst the world's top-class with the 10Y CAGR of +12% and the projected growth of +9% in FY2023 a journey that we plan to continue on.
- We will be able to stably achieve the world's top-class growth in the future

Track Record

Future Direction

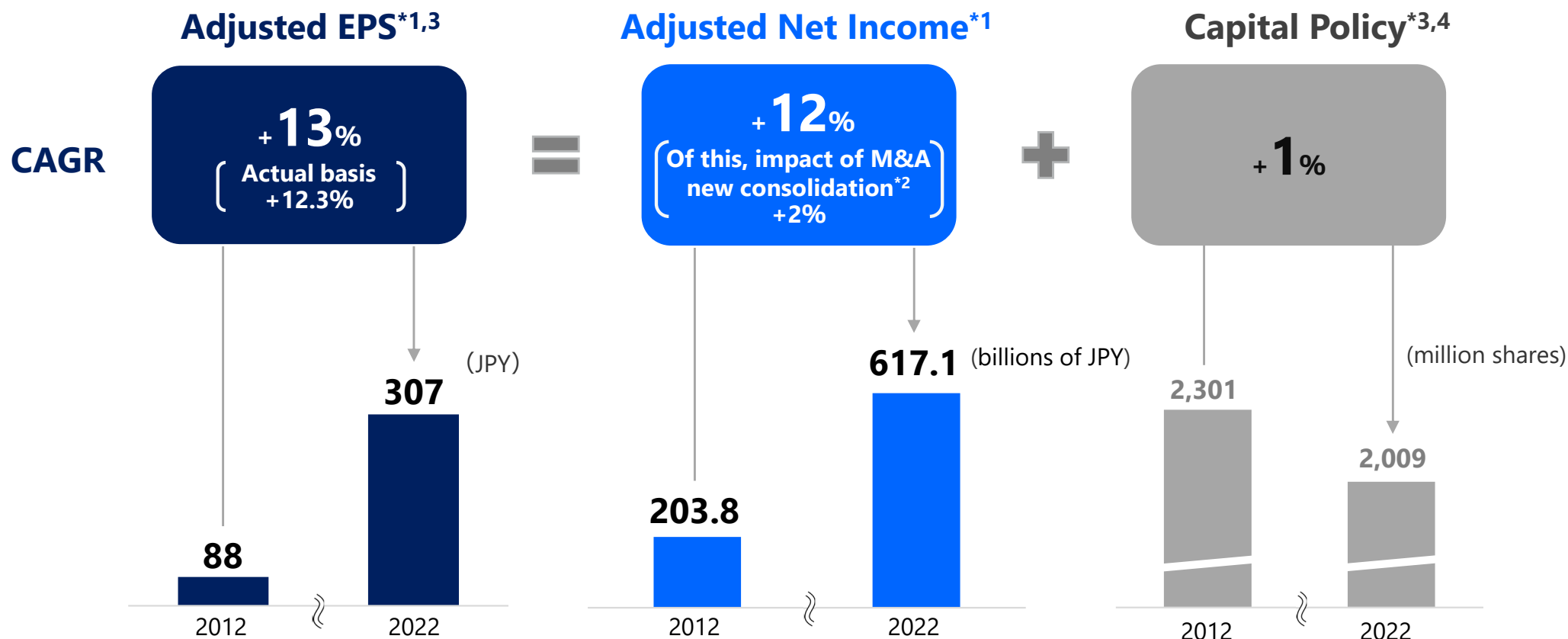
Adjusted Net Income*



*: Normalized Nat Cats to an average annual level and excluding the impact of COVID-19, capital gains/losses in North America, etc., capital gains from the sale of business-related equities (for part of sale exceeding original projection) from 2022 results and 2023 revised projection. Wars and South African floods is also excluded from 2022 results.

EPS Growth Track Record

- Our EPS growth is mainly driven by organic growth



*1: Normalized Nat Cats to an average annual level and excluding the impact of COVID-19, capital gains/losses in North America, etc., capital gains from the sale of business-related equities (for part of sale exceeding JPY100.0bn), wars and South African floods for 2022.

*2: Business unit profit of TMHCC and Pure.

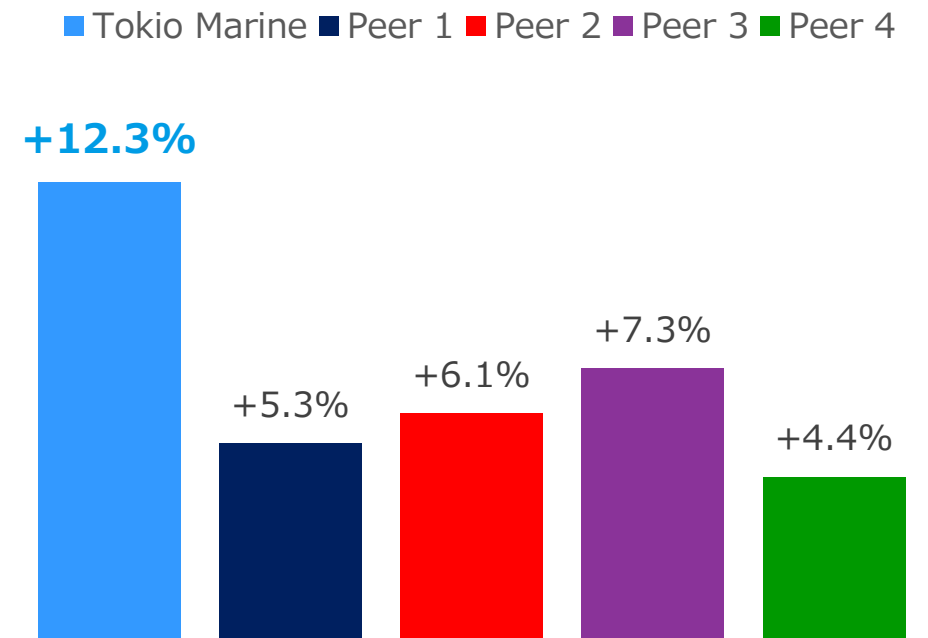
*3: After the stock split (into three shares) executed in Oct. 2022.

*4: The graphs show the average number of outstanding shares during the fiscal year excluding treasury shares.

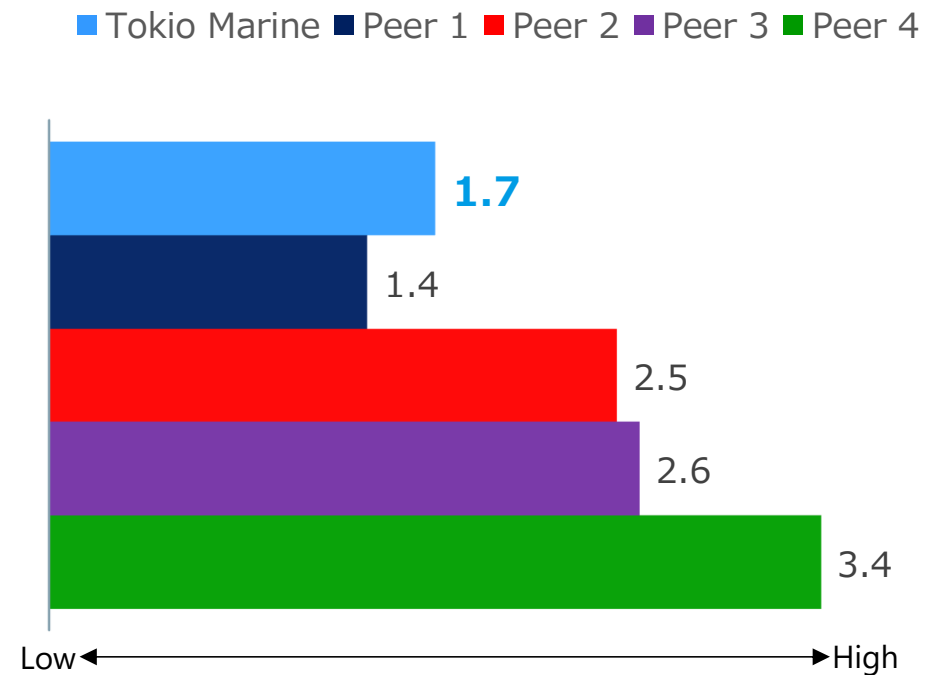
World's Top-Class Stable EPS Growth

- We achieved the world's top-class EPS growth while managing volatility

**EPS Growth
(2012-2022 CAGR)**



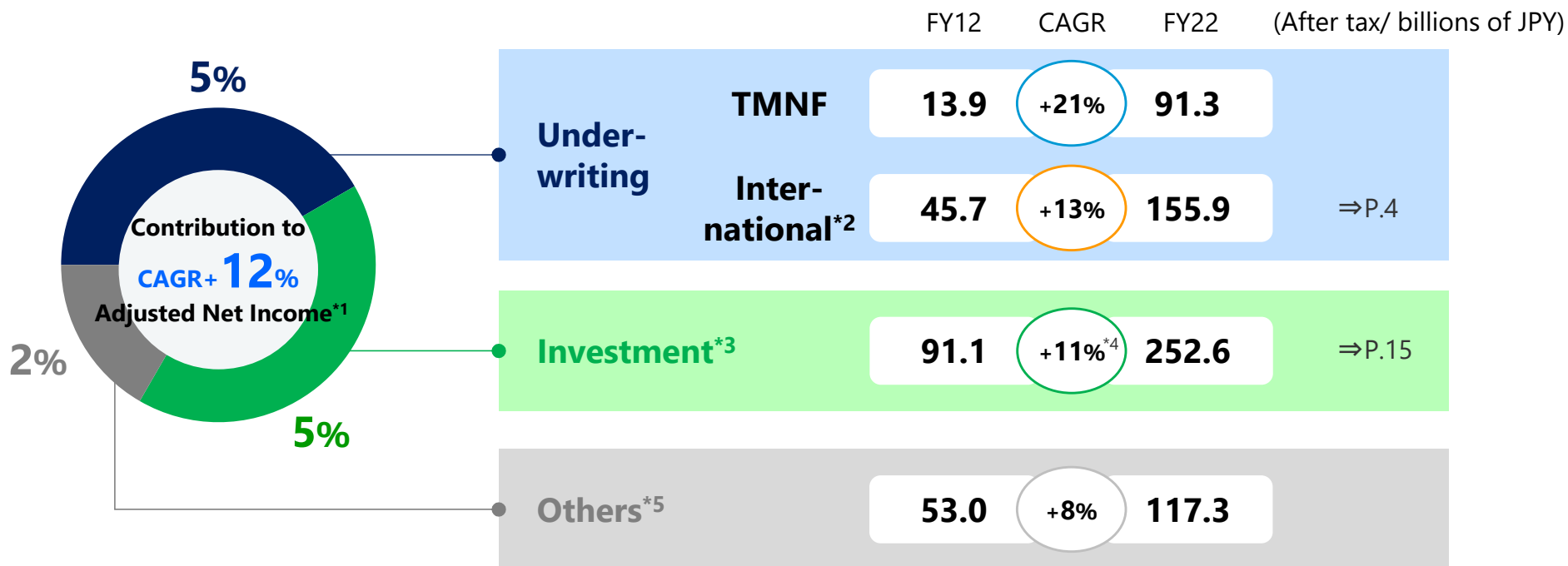
**EPS Growth Volatility
(2012-2022)**



EPS: Profit in the numerator is adjusted net income for Tokio Marine and KPI for peers
 Volatility: Coefficient of variation
 Peers: Allianz, AXA, Chubb, Zurich
 (Source) Each company data, Bloomberg

Sources of Our Organic Growth

- Our EPS growth is mostly attributable to strong organic growth
- Its sources are a robust, globally diversified underwriting portfolio and strong investment income leveraging its liability characteristics (ongoing sale of business-related equities also contributes to profit)



*1: Normalized Nat Cats to an average annual level and excluding the impact of COVID-19, capital gains/losses in North America, etc., capital gains from the sale of business-related equities (for part of sale exceeding JPY100.0bn), wars and South African floods for 2022

*2: Includes Pure's business unit profit

*3: Total of investment income and other of TMNF (excl. capital gains on sale of business-related equities) and International business

*4: Contribution to 10Y CAGR of Investment +11% is +14% by DFG's investment income growth, -1% by TMNF hedge cost increase and -2% by others. 10Y CAGR of DFG's investment income itself is +22% including assets managed by DFG for key GCs

*5: TMNL and other group companies' business unit profit, capital gains on sale of business-related equities, etc.

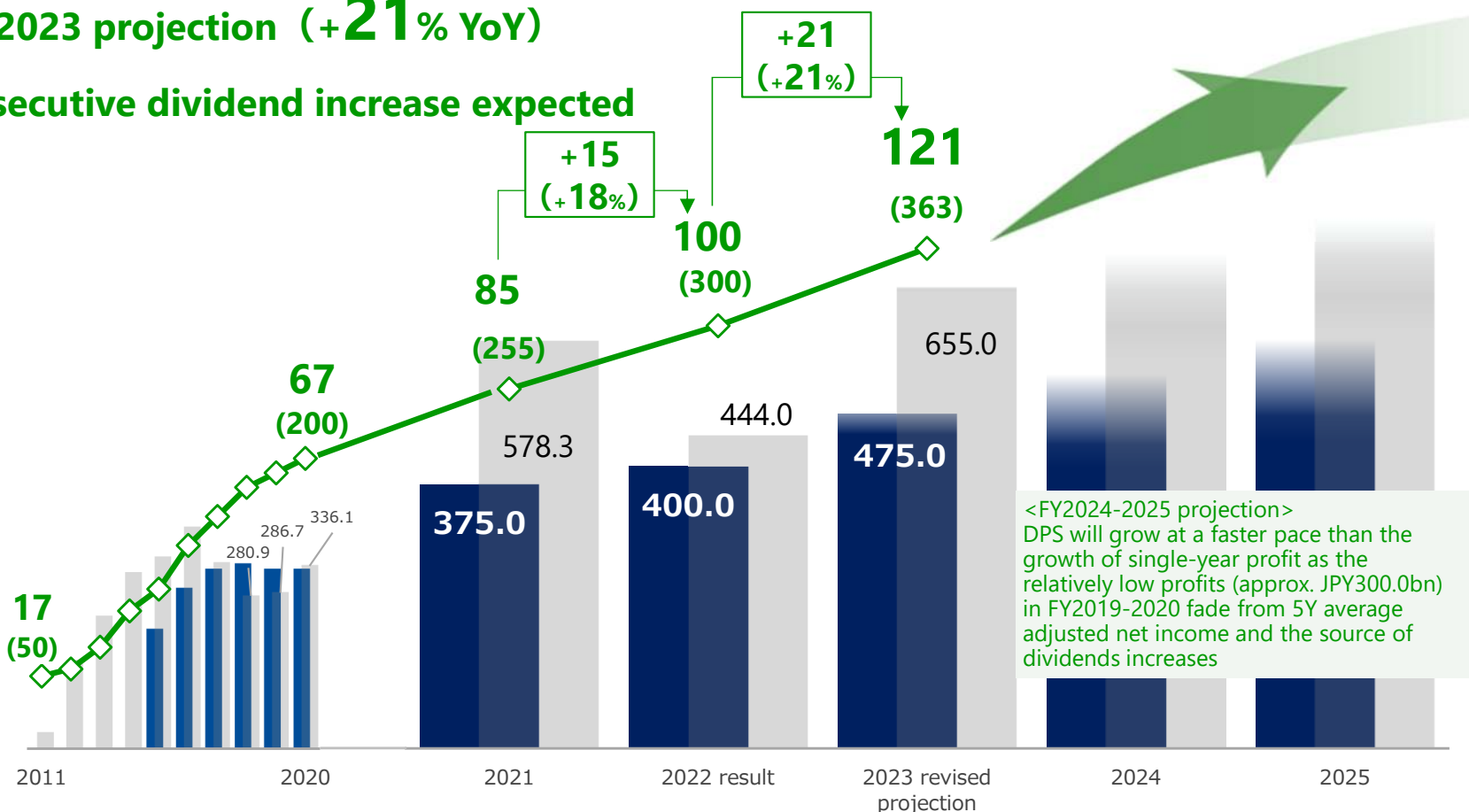
World's Top-Class DPS Growth

- Continue to maintain DPS growth trajectory with confidence in line with EPS growth
- DPS for FY2023 is unchanged at JPY121 (+21% YoY) and continue to increase DPS during next MTP period based on growth in moving average of source of dividends (no planned decrease in dividends)

- Revised FY2023 projection (+21% YoY)
- 12th consecutive dividend increase expected

**DPS*1,2
(JPY)**

**5Y average
adjusted net
income
(billions of JPY)**
Gray indicates
single year profit

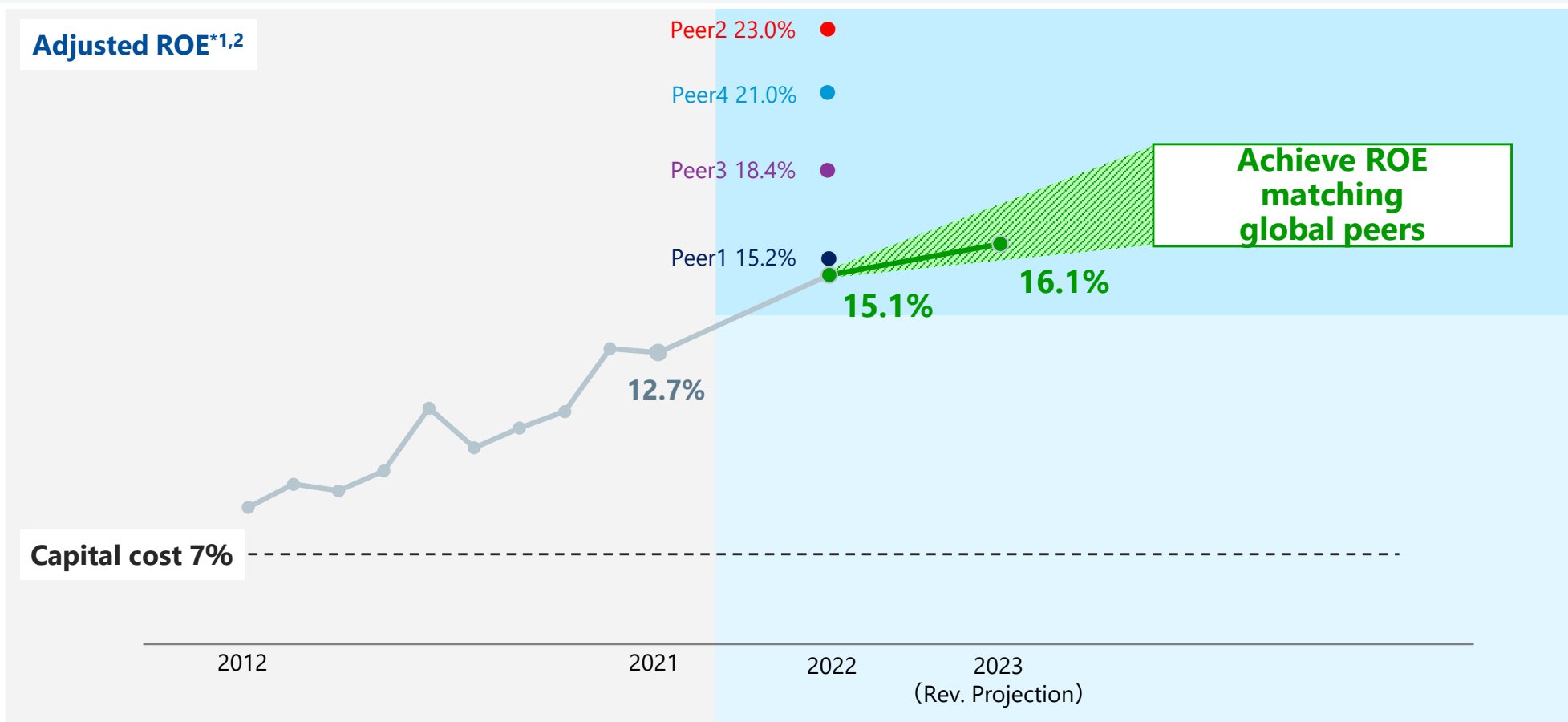


*1: DPS is calculated by 5Y average adjusted net income * payout ratio / number of shares

*2: Figures in brackets are before stock split (split into three shares) in October 2022

Confidence in ROE Enhancement

- Adjusted ROE projection for FY2023 is 16.1%. We will further lift ROE to the level comparable to global peers (expand equity spread further)
- The measures are “world’s top-class EPS growth” and “effective use of capital.” We are making smooth progress in accelerating sales of business-related equities (sale of more than JPY600.0bn in four years) and will continue to implement the in / out strategy with discipline



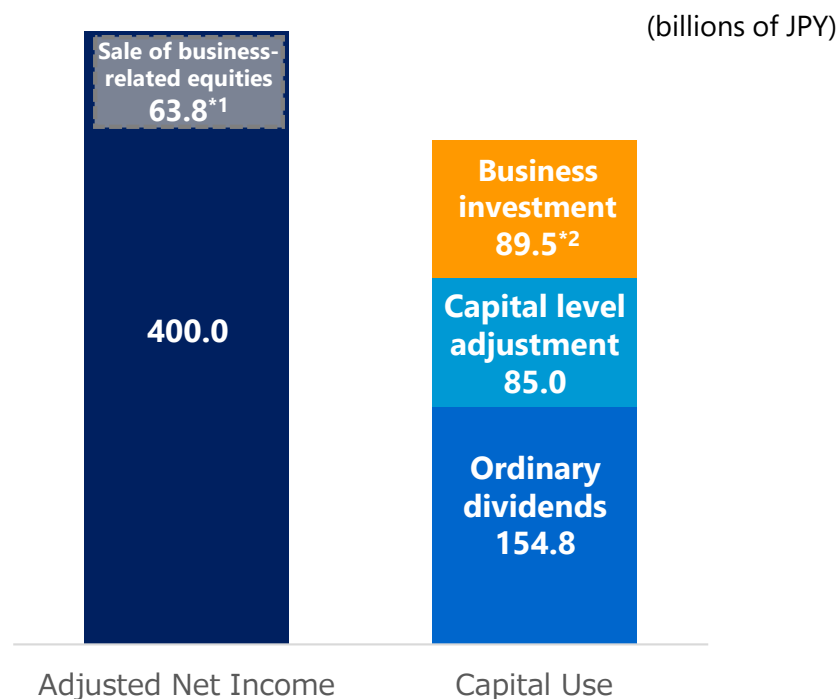
*1: Adjusted Nat Cats to an average annual level and excluded the impact of COVID-19 for 2020 and after, and capital gains/losses in North America, etc. and capital gains from sale of business-related equities (for part of sale exceeding the original projection of each fiscal year) for 2021 and after. Also excluded the impact of war and South African floods for 2022

*2: Peers: Allianz, AXA, Chubb, Zurich
For Peers, disclosed ROE as their KPI is adjusted to the tangible basis to align it with TMHD's adjusted ROE
(Source) Estimated by TMHD using each company data

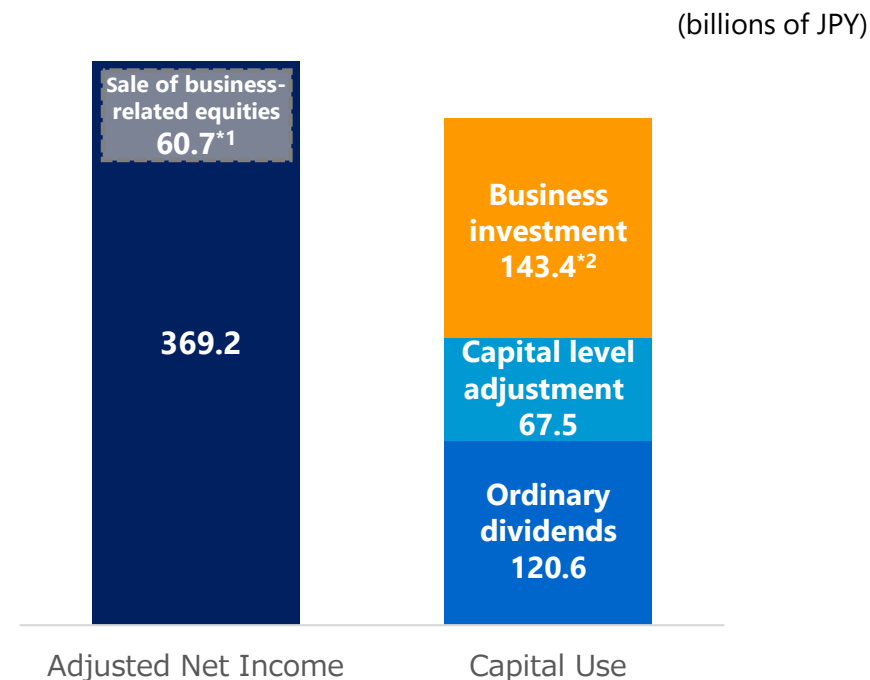
Track Record of Disciplined Capital Policy

- We have enhanced ROE by utilizing generated capital (business investment and shareholder returns with discipline)

“5-Year” Average (2018-2022)



“10-Year” Average (2013-2022)



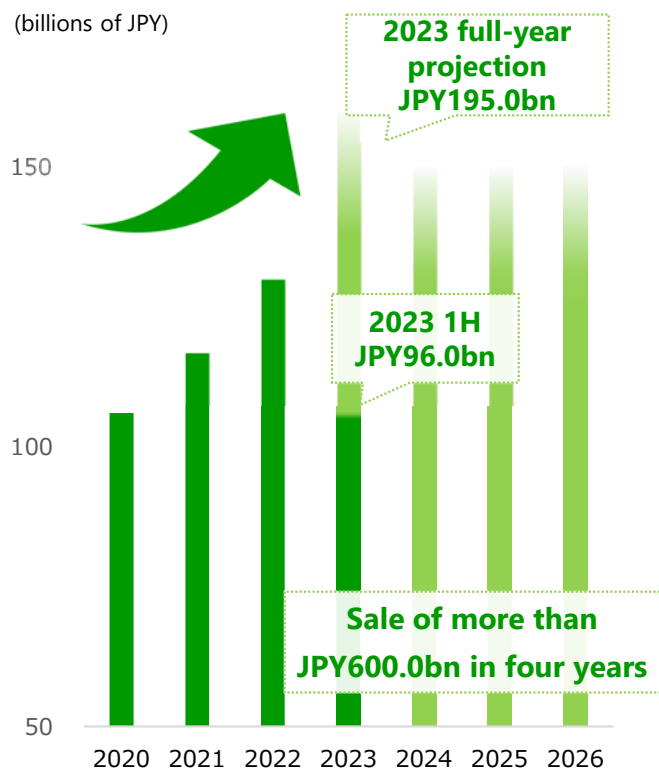
*1: Unrealized gain on business-related equities (after tax) have already been included in capital and the sale would not newly generate capital (however, it will improve the quality of capital).

*2: Total of published figures (source): Refinitiv Eikon

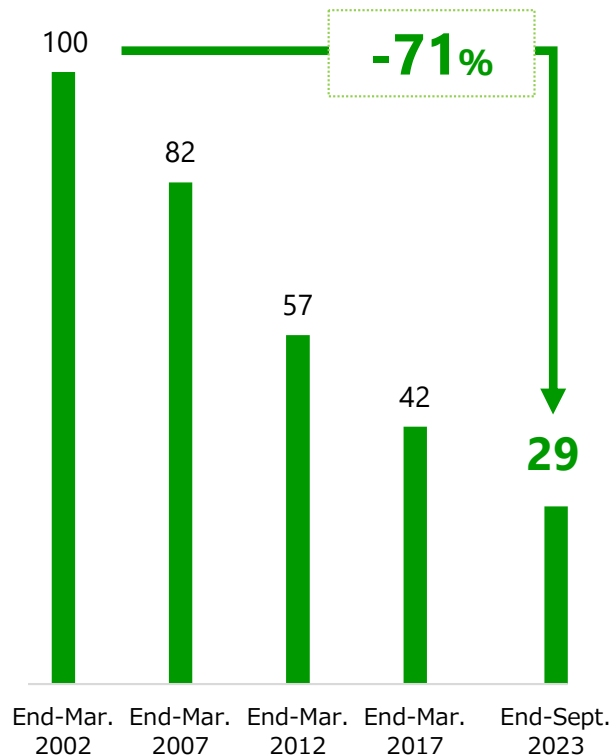
Accelerate Reduction of Business-related Equities

- With the full-year projection of JPY195.0bn for FY2023, we are making smooth progress in the sale of more than JPY600.0bn by FY2026 (in four years) announced in May
- To reach approx. 30% of IFRS-based net assets in FY2026
- “Continue sale”, meaning 20% of net assets is only a passing point

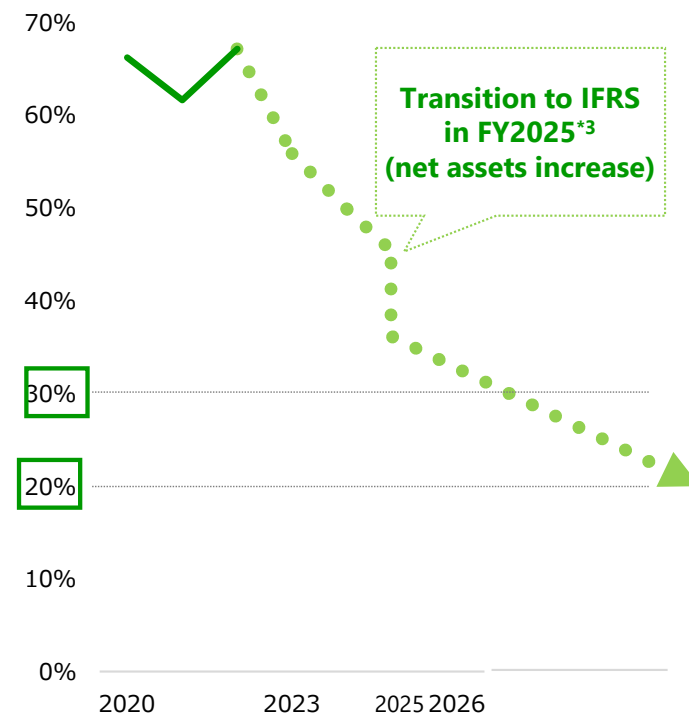
Amount of sale of business-related equities



Book value of business-related equities*1



Holding ratio vs net assets*2



*1: When the end of March 2002 is set as 100

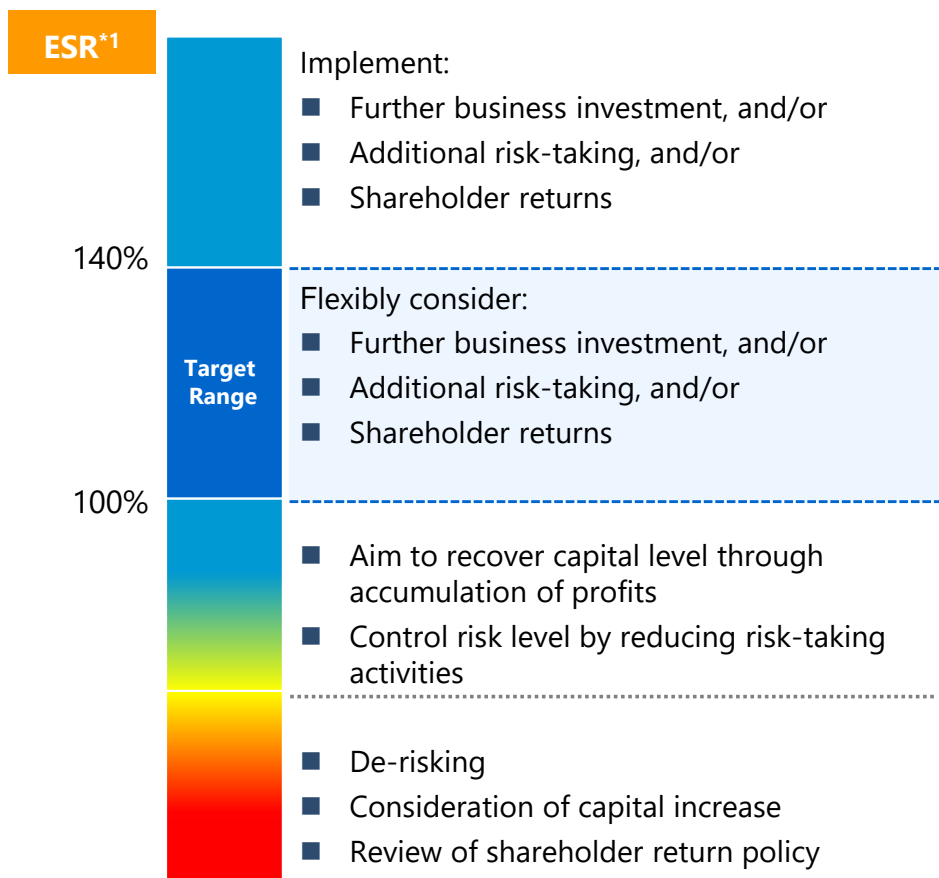
*2: Based on stock price levels as of end of Mar. 2023. Figures from FY2023 are estimates

*3: Plan to disclose in May 2026

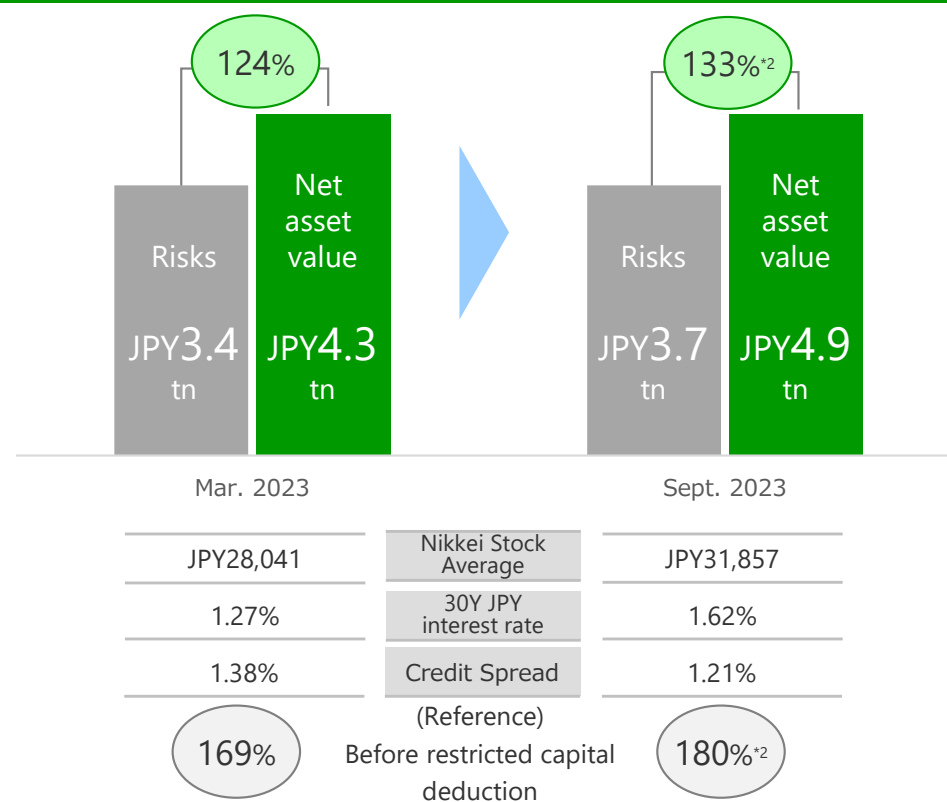
Strong Capital Position and Disciplined Capital Policy (Share Buyback)

- **ESR*1 as of the end of Sept. 2023 is solid at 133%**
- **We will increase the amount of share buybacks for FY2023 to JPY120.0bn from the initially announced JPY100.0bn comprehensively considering one-off profit (P.76) from the group reorganization and current M&A pipeline (JPY50.0bn has been executed in 1H. Execution of JPY70.0bn was recently approved)**

Target Range



ESR*1



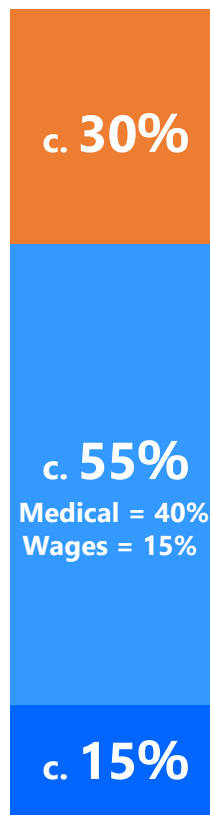
*1: Economic Solvency Ratio (Risk is calculated using a model based on 99.95%VaR (AA credit rating equivalent))
 Net asset value of overseas subsidiaries shows the balance as of three months earlier (Dec. 31, 2022, and Jun. 30, 2023)
 *2: ESR after the JPY70.0bn share buyback is 131%. (178% before restricted capital deduction)

Inflation Resilience

- Resilience against economic / social inflation is enhanced
- Continue to take pro-active measures to manage rapid environment change

Inflation Type by Loss Reserve Split*1

- Cost of Goods and Services
- Medical & Wages
- Social Inflation



**TMHD
U.S. Business**

Our Measurements

Social Inflation

- ✓ Resilience against social inflation has been enhanced with forward-looking initiatives (Please see next page)
- ✓ Given that the sum of U.S. Nuclear Verdicts*2 in 2022 exceeded its 2019 (pre-COVID-19) level, we carefully keep monitoring social inflation trends

Economic Inflation (Medical/Wages)

- ✓ Financial impact to key lines (e.g., Excess WC, Medical Stop Loss, Liability lines) from medical costs and wage increases are also mitigated by rate increases greater than loss costs and/or increasing SIR*3 levels (Please see P.34)

Economic Inflation (COGS)

- ✓ Rate increases greater than loss costs (P.13,18)
- ✓ Relatively resilient structure against economic COGS inflation due to our business focus on specialty insurance (i.e., less property and auto physical damage insurance)
- ✓ Economic COGS inflation risk continues to stay lower as indices (e.g., flexible CPI and construction costs) continue to remain down from their highs in 2021

*1: Loss reserves split by inflation type for TMHD's U.S. companies using December 31, 2022, reserves.

*2: It means jury awards exceed USD10mn. *3: Self Insured Retention.

Inflation Resilience (Social Inflation)

PHLY Business Strength*1

Ability to avoid impact

▶ Disciplined underwriting

- Continued **proactive actions** to identify policies with higher potential risk of performance deterioration, and review of underwriting details which may lead to lower rates of new business or higher rates of non-renewed policies
- Continued focus on reducing number of high limit policies which have limits \geq \$10M that are vulnerable to litigation

Over 90% of all in-force policies*2 have **limits \leq \$5M**

▶ Reduction of litigation

- Approx. **60% reduction***3 in number of litigation claims compared to pre-COVID as a result of early claim settlement initiatives

Ability to mitigate impact

▶ Robust portfolio

- **Continued reduction** of unprofitable policies
- Rate increases continue to be higher than loss cost trends (P.13)

*1: PHLY initiatives that are affected relatively more by social inflation.

*2: Umbrella insurance

*3: Compare to 2020 Q2 when PHLY started its claim settlement initiative.

TMHD International Business Strength

Ability to prepare for impact

▶ Enhanced reserves

- Reserves in select Liability lines strengthened as early as FY2019
- Prior year reserves have **developed favorably** since 2020

Inflation Resilience (Medical / Wage Inflation)

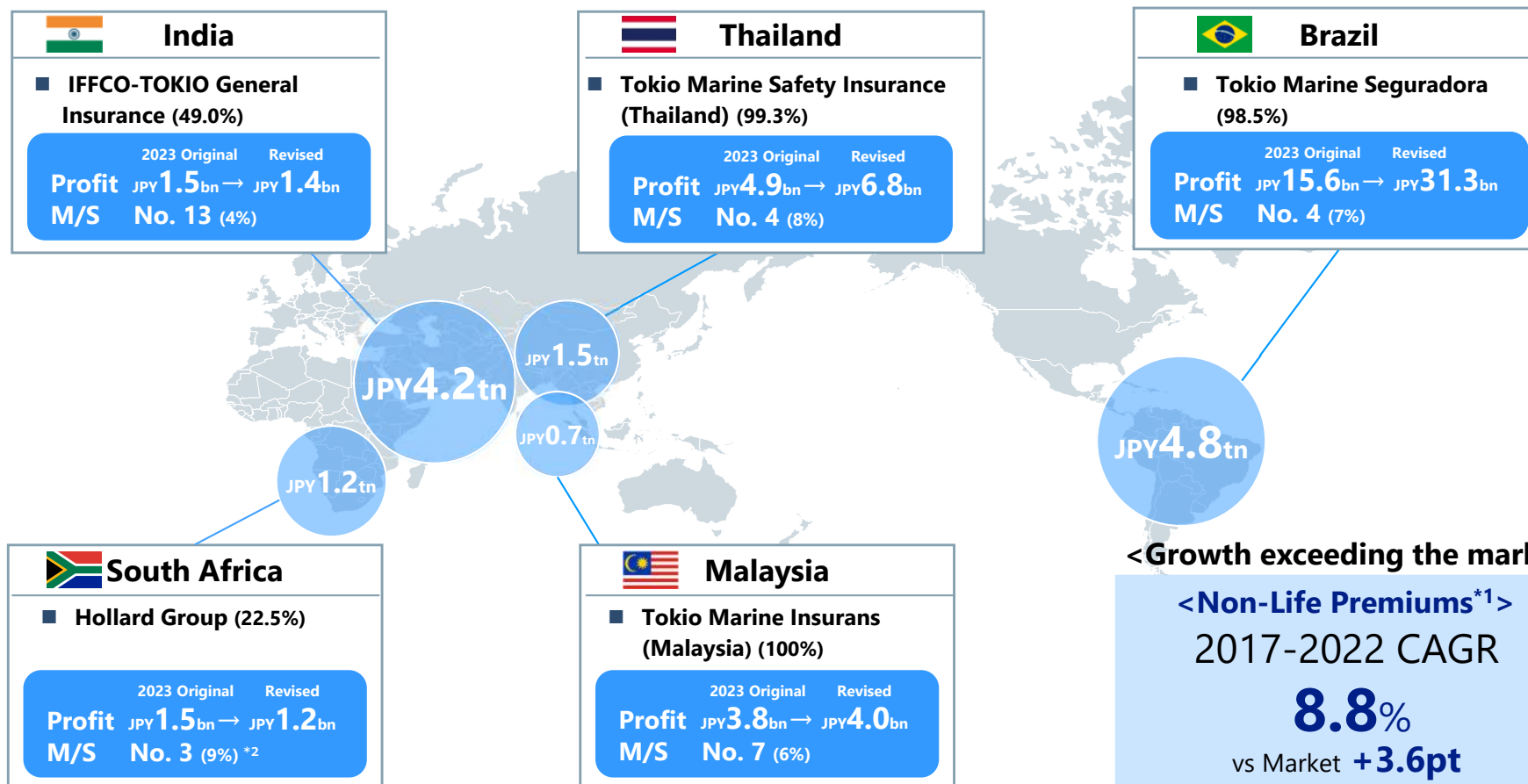
		Impact		Initiatives
		Existing Business Prior Year Loss Reserves	New Business Loss Cost	
Medical stop-loss (Short-tail)		→ Short-tail with limited prior year reserve impact		<ul style="list-style-type: none"> Continued rate increases, if deemed necessary, exceeding expected lost cost trends (P.13,18) Continued process to pro-actively increase SIRs*; which results in an appropriate control on the impact of inflation on excess claims
	Excess workers compensation (Long-tail)	<p>Impact of Wage Inflation : → Claim amount is calculated based on wage at time of accident, only some states require an inflation adjustment, resulting in less risk of prior year reserve impact</p> <p>Impact of Medical Cost Inflation : → Increasing SIRs* result in less risk of prior year reserve impact</p>	↗ Increase with rising medical costs and wages	

*: Self Insured Retention

Emerging Market Business

- **FY2023 business unit profit is revised upwards by +JPY19.0bn to JPY59.0bn due to the strong underwriting profit growth in South & Central America and Thailand exceeding the plan**

<Our major P&C business network in emerging countries>



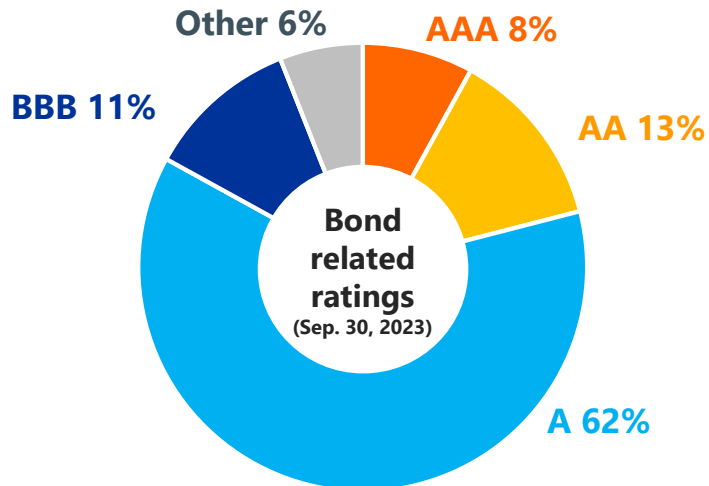
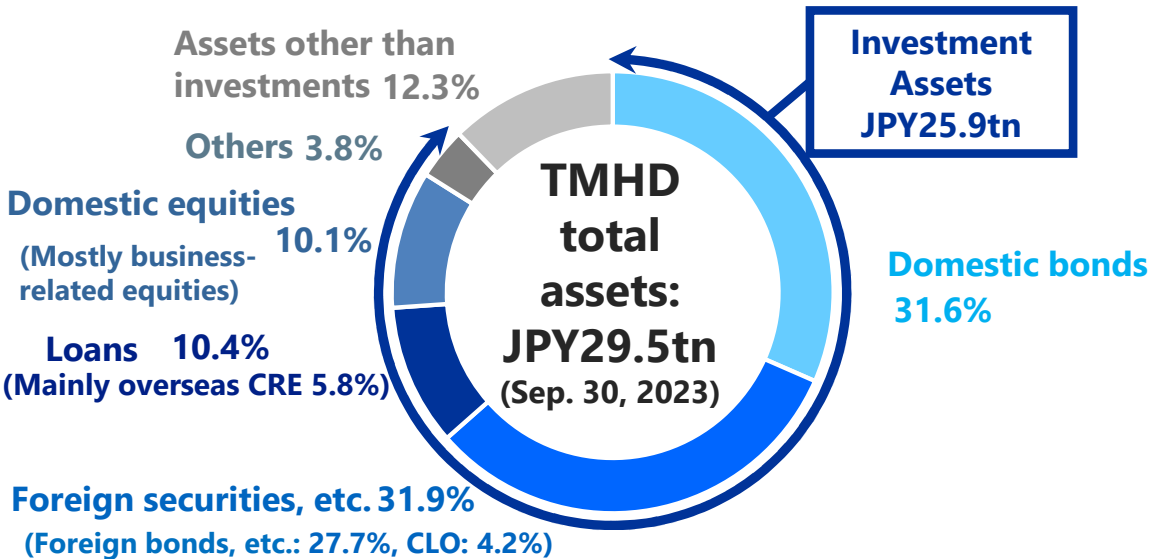
Profits: Business unit profits
 M/S: Source: AXCO, IRDAI, IPRB, SUSEP, Swiss Re, FSCA Financial Sector Conduct Authority
 Figures in brackets by the company name: Ownership ratio as of Mar. 2023
 Figures in circles: GWP as of FY2022 (Source) Swiss Re

*1: NWP for TMHD, GWP for market (Source) Swiss Re
 *2: M/S of P&C business

Group Asset Management Policy

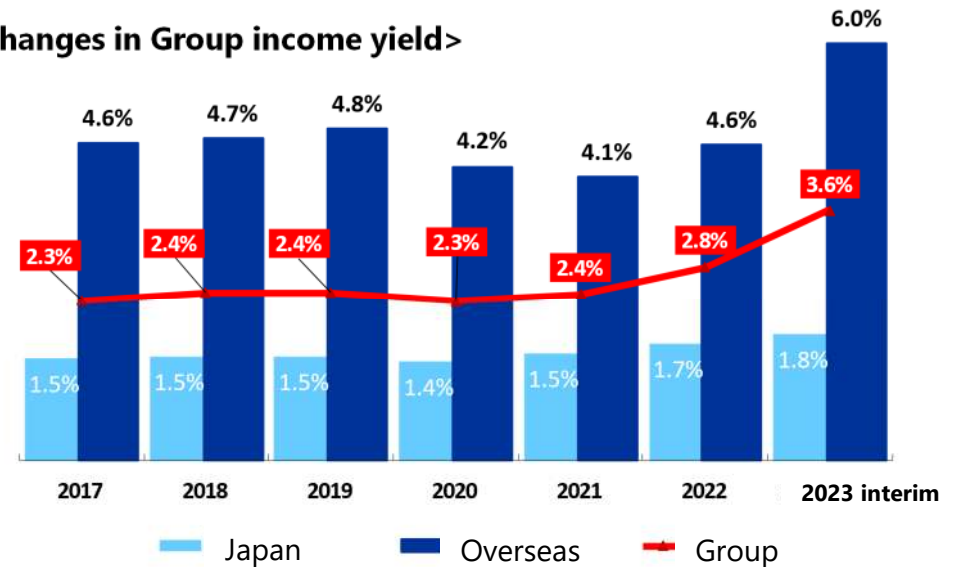
- Maintain long-term, stable income based on ALM aligned with characteristics of insurance liabilities

Investment Portfolio (Sep.30, 2023)

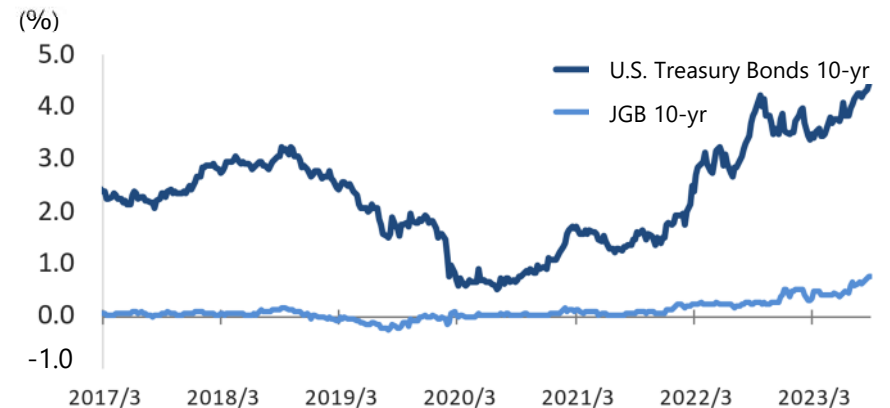


Securing a stable yield

<Changes in Group income yield>



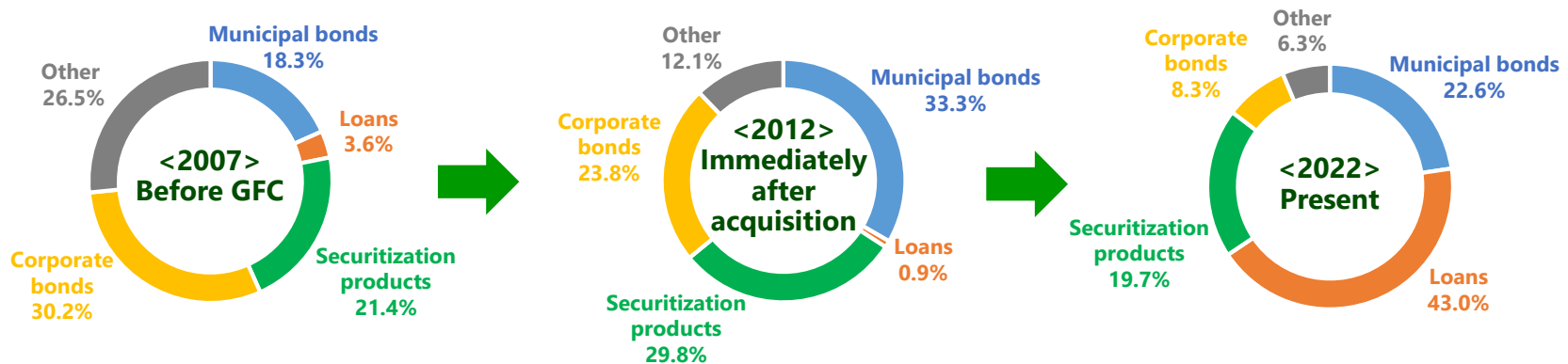
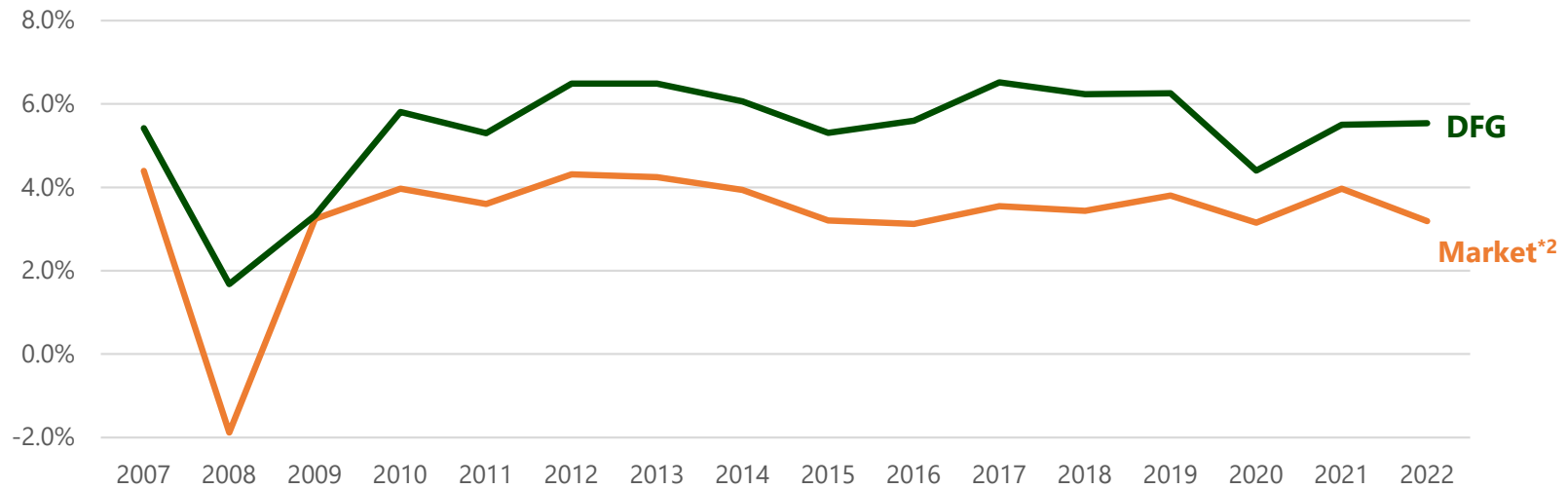
(Reference) Open Market Rates



DFG Investment Track Record

- **DFG investment performance (investment income + realized gains / losses) remained positive during the collapse of Lehman Brothers**

<Investment Return*1 and Portfolio Change>



*1: Calculated as "(Income + gains / losses from sales + impairment) / AUM" *2: Average for US non-life insurance companies (market capital of \$20bn or more) (Source): S&P Capital IQ, Factset

Enhancement of Governance (Update on Incidents at TMNF)

- **Fraudulent insurance claims concerning BIGMOTOR: Prioritizing recovery of customer damages, implementing investigation to confirm the amount of fraud, and insurance policy grade adjustment, etc. Initiative on customer-oriented improvement of the “designated workshop system” is also being promoted**
- **Potential price-fixing among Japan non-life insurers: On-going investigation by a special committee. Steadily implement initiatives to prevent recurrence**

Fraudulent insurance claims concerning BIGMOTOR

Latest Status

- Prioritizing recovery of customer damages, and implementing investigation to confirm the amount of fraud, supporting safety checks, and insurance policy grade adjustment, etc.
- Key issues identified were (i) inability to quickly identify malicious and organized fraudulent claim; and (ii) room for customer-oriented improvement in the operation of the “designated workshop system”
- Based on the above, we will (i) implement further enhancement of claims adjustment system (development / utilization of warning system for adjusters, detection of abnormalities using repair cost big data, etc.); and (ii) develop network system providing designated workshop information for customers

Insurance premium fixing incident

Latest Status

- On-going investigation by a special committee headed by several external lawyers. Details of investigation cannot be discussed, but the preventative measures already implemented are stated below. We will steadily implement initiatives to prevent recurrence including these
 - Established Fair Trade Promotion Office in TMNF Legal Department (October 2023)
 - Conducted training to spread understanding of laws, regulations, and rules, and introduced a learning tool
 - Clarified rules and procedures about contacting competitors (prohibited as a general rule) etc.

Enhancement of Governance (Issue Analysis and Actions as TMHD)

- **Following the occurrence of several incidents, further strengthening governance at the group level will be established and executed upon as one of the key pillars of the next mid-term plan**
- **We will enhance integrated group management while also ensuring to bring in external perspectives and expertise to deliver high quality management that balances growth and governance**

Issue Analysis of Incidents from a Group Management Perspective

<p>TMHD Involvement in Group Company Operations</p>	<ul style="list-style-type: none"> ■ The expansion and diversification of our global business has potentially led to a variance in the implementation of internal controls in each business. There is the potential need for HD to be further involved
<p>Utilization of External Perspectives and Expertise</p>	<ul style="list-style-type: none"> ■ While we have been developing and strengthening various frameworks there is the opportunity for us to more effectively utilize external perspectives and expertise



Specific Measures to Address Identified Issues to Strengthen and Enhance Internal Controls and Governance. Identified as a Key Group Strategy in the Next Mid-Term Plan

<p>TMHD (Enhanced Framework)</p>	<ul style="list-style-type: none"> ■ Further utilization of <u>external perspectives and expertise</u> on internal controls and governance ■ Recruitment in addition to further internal development of <u>industry leading experts</u> to implement enhanced governance measures, including those listed below
<p>Domestic Group Companies</p>	<ul style="list-style-type: none"> ■ Better leverage "<u>specialized resources and knowledge sharing</u>" from TMHD functions (including governance-related) to enhance and strengthen those functions at the group company level
<p>International Group Companies</p>	<ul style="list-style-type: none"> ■ Enhance internal controls aligned with the <u>maturity level</u> of each group company and provide Group Company support (resource sharing, training and secondment etc.)

Inspiring confidence.
Accelerating progress.



TOKIO MARINE
GROUP

We provide support, strength, and stability to our customers and society in a world filled with risk. We give people the confidence to explore new possibilities and take the next step forward.

We help build more resilient economies, industries, and societies in a rapidly changing world. This has been our mission since our founding and will remain our guiding purpose.

With over 140 years of experience and expertise spread across a global network – supported by technology and empowered by a corporate culture dedicated to doing the right thing – we harness the power of confidence for our customers and society.

We are Tokio Marine Group.

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*To Be a **Good Company***



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