

## **T&D Insurance Group to Transfer T&D FINANCIAL LIFE INSURANCE—No Impact on the Group’s Creditworthiness**

The following is Japan Credit Rating Agency, Ltd. (JCR)’s opinion on the transfer of the shares of T&D FINANCIAL LIFE INSURANCE COMPANY, a consolidated subsidiary of T&D Holdings, Inc. (security code: 8795), to PayPay Corporation (security code: -), etc.

- (1) T&D Holdings, Inc. (“T&D HD”), the insurance holding company of the T&D Insurance Group (the “Group”), entered into agreement on June 4 to transfer most of the shares of its wholly owned subsidiary T&D FINANCIAL LIFE INSURANCE COMPANY (“T&D FINANCIAL LIFE”) to PayPay Corporation (“PayPay”) and an affiliated entity of investment management firm One Investment Management Ltd. (the “Share Transfer”). Once completed, the ratio of voting rights ownership held by T&D HD in T&D FINANCIAL LIFE will decline to 14.9%, and the latter will be excluded from T&D HD’s consolidated subsidiaries. The Share Transfer is scheduled to be closed in October 2027, subject to the satisfaction of conditions precedent, including obtaining the necessary regulatory approvals. There is also a provision that allows the aforementioned 14.9% voting rights to be transferred in full to PayPay, etc. in around three years after the closing date.
- (2) In the Group’s mainstay domestic life insurance business, three core companies, namely, DAIDO LIFE INSURANCE COMPANY (“DAIDO LIFE”), TAIYO LIFE INSURANCE COMPANY (“TAIYO LIFE”) and T&D FINANCIAL LIFE, have been strengthening the business base by demonstrating their uniqueness and expertise in the respective markets where they have advantages. Moreover, they are not only working on the diversification and optimization of the business portfolio, including the overseas business, and sophistication of ERM but are also increasing the Group’s overall corporate value by, for instance, promoting integrated group management. JCR deems the Group’s creditworthiness to be equivalent to the rating of AA, reflecting the solid business base diversified among the three core companies, stable earnings capacity, capital adequacy relative to risk, etc.
- (3) T&D FINANCIAL LIFE as a core company in the Group assumes the role of selling insurance through the agency channel such as financial institutions and walk-in insurance shops. The Share Transfer will negatively affect the assessment of the Group’s business base in terms of business diversification and multi-channel development. That said, the Group has been enhancing the business portfolio by, for instance, maximizing the strengths of its investments in the overseas closed-book business as part of growth strategies under the Group Long-Term Vision. JCR believes that decisive business selection and concentration, as in this case, can help reinforce the business base by redirecting limited management resources toward growth areas. As regards the financial base, the contribution of T&D FINANCIAL LIFE to earnings capacity on an economic value basis is insignificant. In terms of capital adequacy, partly because T&D FINANCIAL LIFE primarily sells savings-type products with relatively high capital burden, its deconsolidation is expected to improve the Group’s capital efficiency and increase the capacity for growth investments. Given the impact on both the business and financial bases, JCR assumes that the Share Transfer will not affect the Group’s creditworthiness. Accordingly, the ratings on T&D HD, DAIDO LIFE and TAIYO LIFE will not be affected, either.

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<Reference>

Issuer: T&D Holdings, Inc.

Long-term Issuer Rating: AA      Outlook: Stable

Issuer: DAIDO LIFE INSURANCE COMPANY

Long-term Issuer Rating: AA      Outlook: Stable

Issuer: TAIYO LIFE INSURANCE COMPANY

Long-term Issuer Rating: AA      Outlook: Stable

Issuer: T&D FINANCIAL LIFE INSURANCE COMPANY

Long-term Issuer Rating: #AA/Negative



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