

Tower

Annual Shareholder Meeting

21 February, 2024

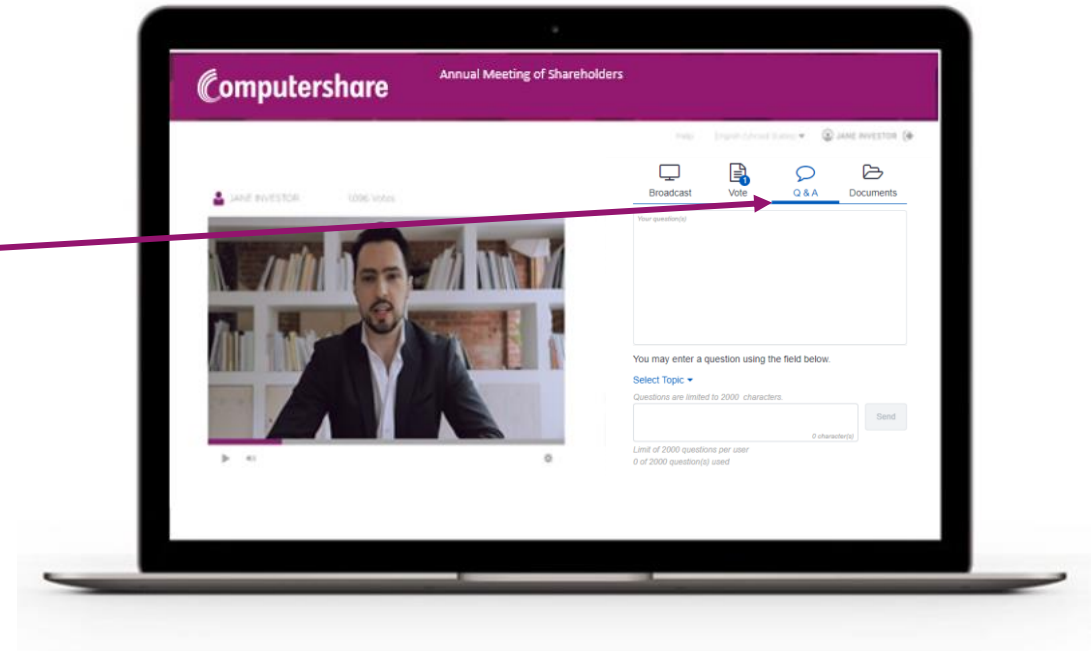


Questions

Shareholder & Proxyholder Q&A Participation

Written Questions: Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

Help: The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



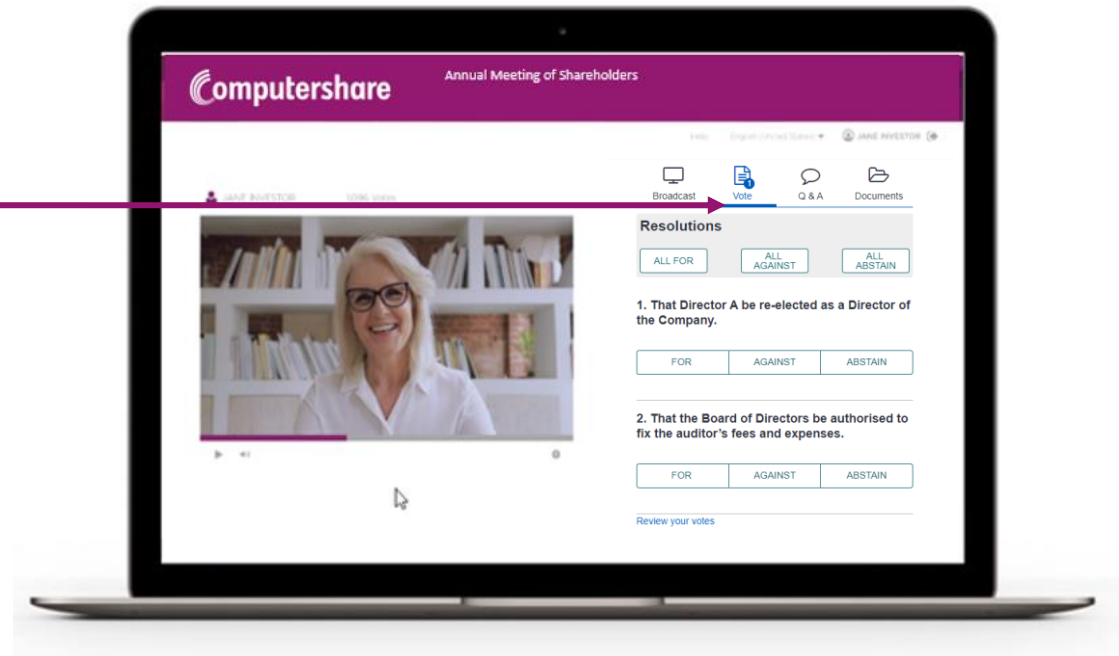
Voting process

Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



Agenda



Chairman's address

Michael Stiasny, Chairman



CEO's address

Blair Turnbull, Chief Executive Officer



Shareholder resolutions Questions & general business

Michael Stiasny, Chairman



Chairman's update

Strong underwriting discipline, business performance and growth positions Tower well

1. Our place in the Pacific

- 150 years in Fiji, supporting Pacific resilience
- Delivering growth and opportunity

2. Insurance remains critical

- Strong growth demonstrates people value insurance
- Continuing focus on developing innovative offers

3. Tower is well positioned

- Underlying NPAT expected to be at the upper end of or exceed guidance range of \$22m - \$27m
- \$45m large events allowance available & solvency position above target
- Metrics indicate Tower remains undervalued

4. Strategic review progressing

- Options being considered to maximise shareholder value
- BAU focus remains on strategy and business delivery

CEO address

Blair Turnbull
Chief Executive Officer



Tower's journey

2015 - 2019

RE-PLATFORM

Product rationalisation 400 to 14

\$47m investment in cloud-based, EIS platform

Earthquake risk based pricing

2020 - 2021

RESOLVING LEGACY ISSUES

EQC settlement

RBNZ solvency condition reduced \$25m

Tower entity amalgamation

Flood risk based pricing

2022-2023

FUNDAMENTALS & RESILIENCE

>50% digital transactions

Risk based pricing on 4 perils

Enhanced, targeted motor pricing

Partnership patterns in place with lower commission schedules

Bank book acquisitions

Strong reinsurance programme

2024 - 2026

BEST DIRECT, PERSONAL LINES INSURER

Leading end to end customer experience

- One core digital platform
- 80% digital transactions
- Claims transformation completed
- Leading house proposition

Operational efficiency

- Simplified business processes
- Digital first, One core system
- Suva operational hub
- Streamlined lean business, non-core portfolios/markets divested

Our Purpose

To inspire, shape and protect the future for the good of our customers and communities.

Our Vision

Ta tātou kaupapa

To deliver beautifully simple and rewarding experiences that our people and our customers rave about.

Our Strategy

To be the best direct insurer in our selected markets differentiated through digital and data, fair and transparent, and with customer care in everything we do.



Our Values



We do what's right



Our people come first



Our customers are our compass



Progress boldly

Our Strategic Pillars

LEADING
CUSTOMER
EXPERIENCE

Succinct, easy customer experiences across the lifecycle

OPERATIONALLY
EFFICIENT &
EFFECTIVE

Digitise and automate core processes and leverage geographical footprint

HIGH
PERFORMING
CULTURE

An inclusive, diverse and risk aware culture. Empower our people to achieve great things

RESILIENT

Manage volatility and deliver sustainable outcomes for all stakeholders

Our Focused Outcomes



50% net promoter score



80% digital adoption across customer journeys



8.0 employee engagement



B Corp accreditation

FY23 performance

Business performance impacted by catastrophe events

GWP growth

(Gross written premium)

17%¹ | \$527m

vs \$457m in FY22

Customers¹

321,000

vs 310,000 in FY22

BAU claims ratio

(Business as usual)

55.5%

vs 48.9% in FY22

MER

(Management expense ratio)

32.2%

vs 36% in FY22

Large event costs

(including reinsurance reinstatement)

\$55.6m

vs \$19m in FY22

Solvency ratio

159%

vs 205% in FY22

Underlying profit²

\$7.6m

vs \$27.3m in FY22

Reported loss

-\$1.2m

vs \$18.9m profit in FY22

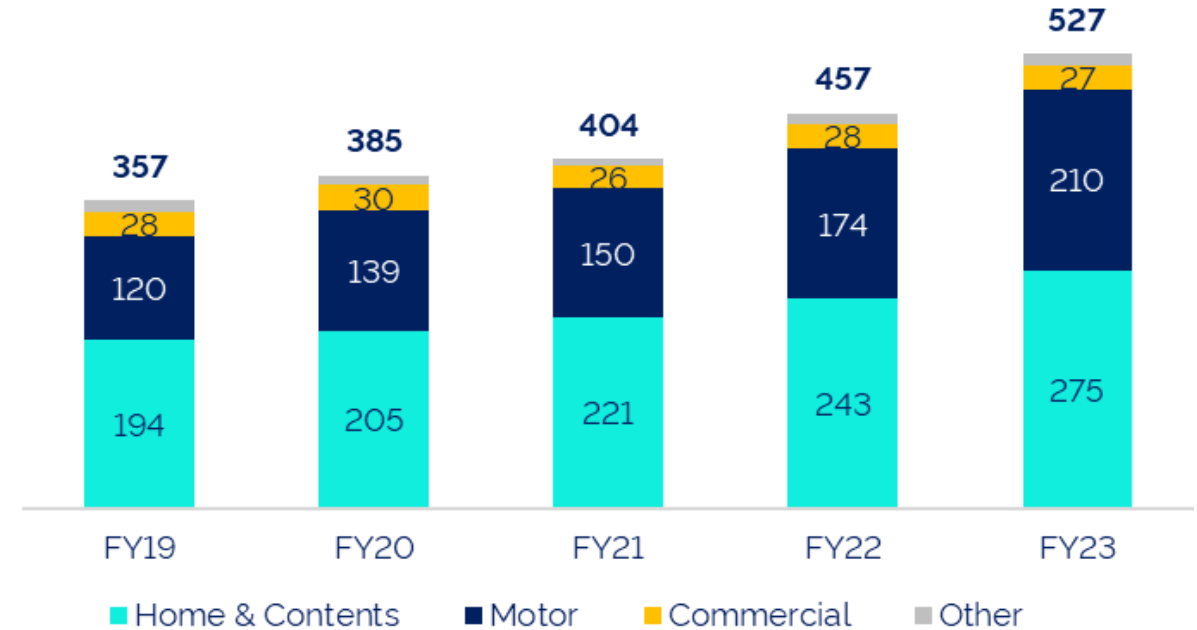
Note 1: Adjusted to exclude Papua New Guinea

Note 2: Tower uses underlying (loss)/profit as an internal reporting measure of Tower's underlying performance than reported (loss)/profit, as it excludes large or non-recurring items that may obscure trends in Tower's underlying performance, and is useful to investors as it makes it easier to compare Tower's financial performance between periods

FY23: Targeted customer and premium growth

- 17% GWP growth (75% rate: 25% volume)¹
- 19% GWP growth in NZ; 4% GWP growth in Pacific¹
- 26% GWP growth in active partnerships to \$82m
- 77% NZ retention - stable vs FY22
- 50% of customers as at 30 September 2023 hold multiple policies and have an average tenure of 8 years

GROSS WRITTEN PREMIUM
BY PRODUCT (\$m)



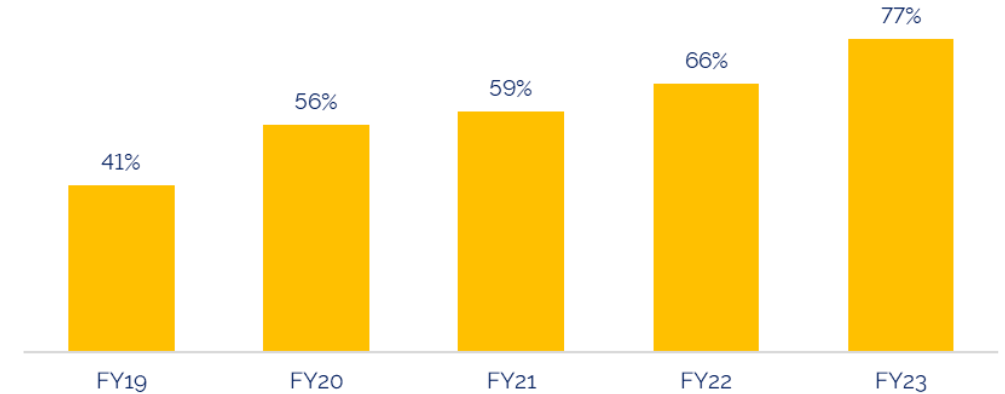
Note 1: Adjusted to exclude Papua New Guinea

FY23: Customer experience improves through digital and data

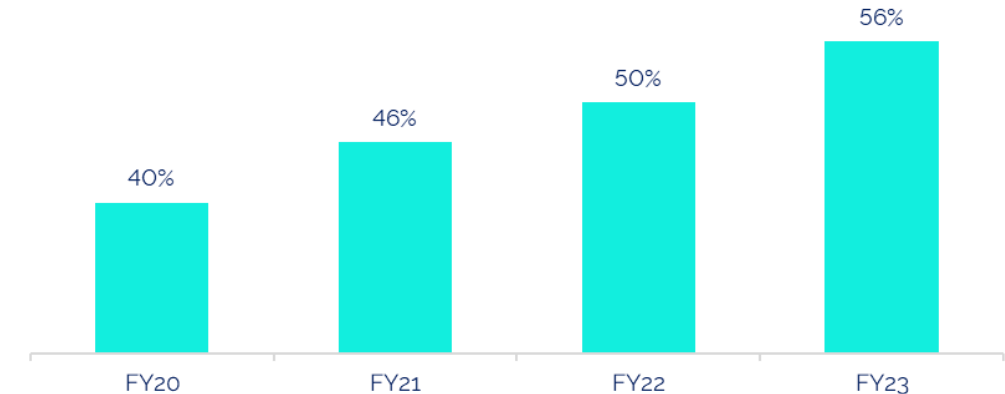
- 55% online NPS; overall Tower 28% (FY22: 20%)
- 12% abandonment rate; reduction from 17% in FY22
- 264k My Tower registrations; increased 32%
- \$6.2m payments made in multi-policy discount customer remediation (as at 31 October 2023 excluding GST)



NZ DIRECT SALES ONLINE



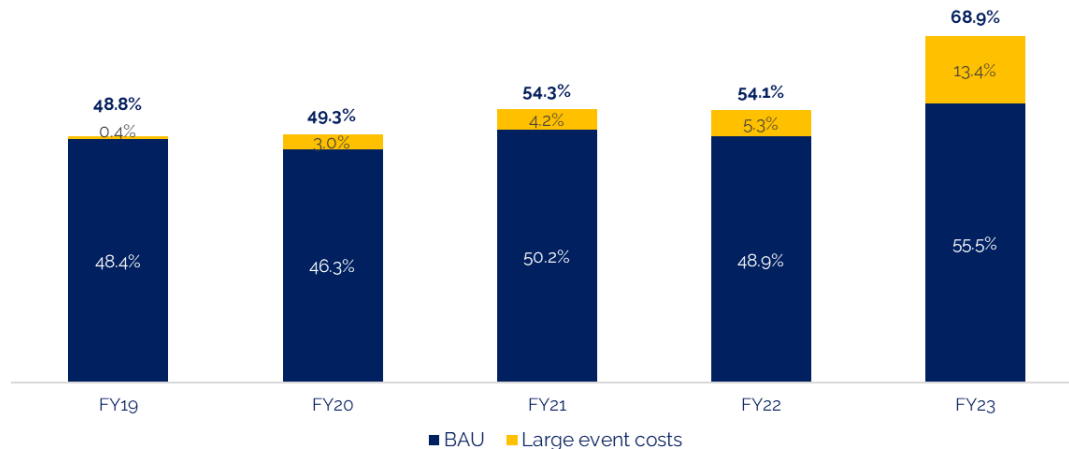
NZ SERVICE & CLAIMS TASKS ONLINE



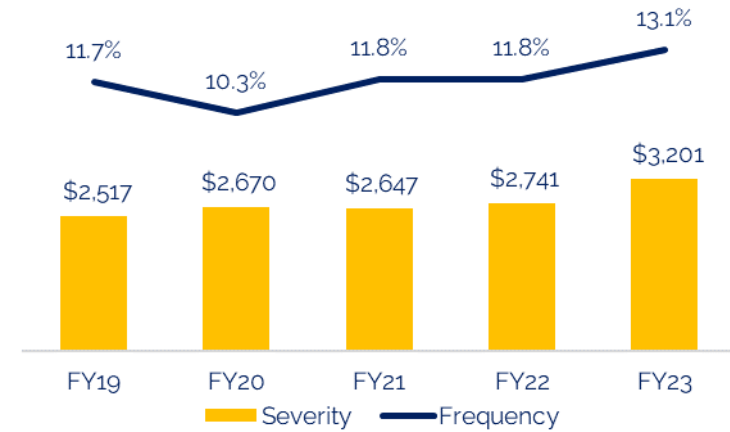
FY23: BAU claims challenged by motor frequency and inflation

- High inflation period and supply chain capacity constraints impacting cost of claims (severity)
- NZ motor claims frequency above historical norms
- Covid lockdowns lowered motor frequency in previous periods
- Motor theft contributing to higher frequency and severity
- Higher number of small weather events
- Large event costs of \$55.6m include reinsurance reinstatement costs of \$17.4m

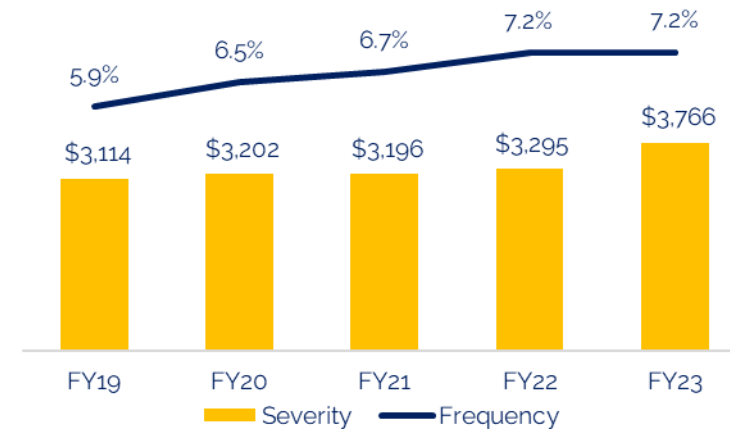
TOTAL CLAIMS RATIO



NZ MOTOR SEVERITY¹ & FREQUENCY²



NZ HOUSE SEVERITY & FREQUENCY



Note 1: Severity is defined as the cost of claims (excluding large events, large house, windscreen) divided by the count of claims.

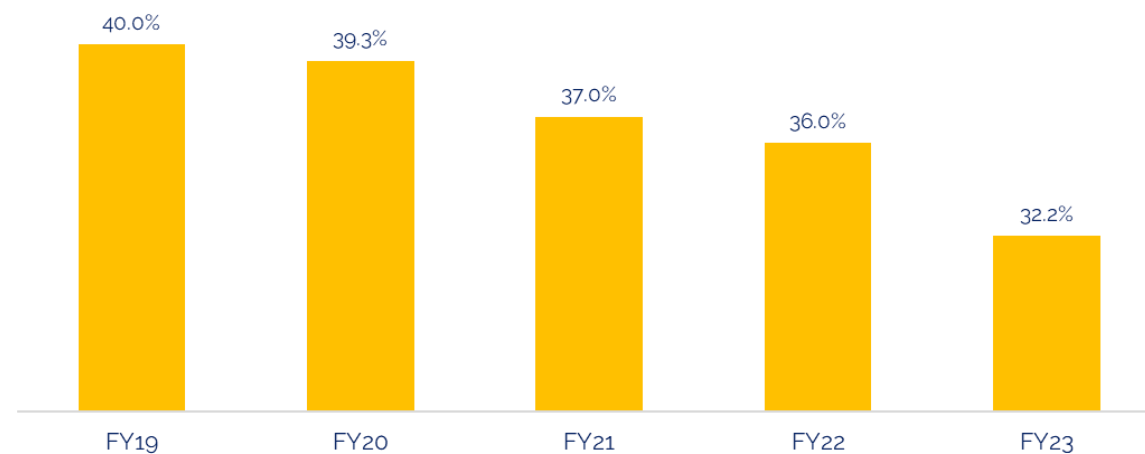
Note 2: Frequency is defined as the number of claims (same exclusions as above) divided by risks in force

The historical severity and frequency numbers are updated to the current estimates as at 30 September 2023 reflecting development of prior year claims in their respective incurred periods

FY23: Reducing MER through simplification and digitisation

- Scale and efficiencies reduced MER
- Increased digitisation lowered cost to acquire and serve
- Operational efficiency: Suva hub answered 16% of total FY23 calls relating to NZ policies
- Management expense increase below inflation
- Commission ratio at 1.7% from 2.2% in FY22 reflecting legacy portfolio purchases and referral arrangements

MANAGEMENT EXPENSE RATIO (% NEP)



One year on

- Continuing to support affected customers
- Implementing customer facing sea surge and landslip risk ratings FY24
- Third event catastrophe reinsurance cover up to \$75m in FY24

Auckland Anniversary

- 5,688 claims
- \$174m gross cost
- \$11.8m net cost to Tower
- 92% claims completed

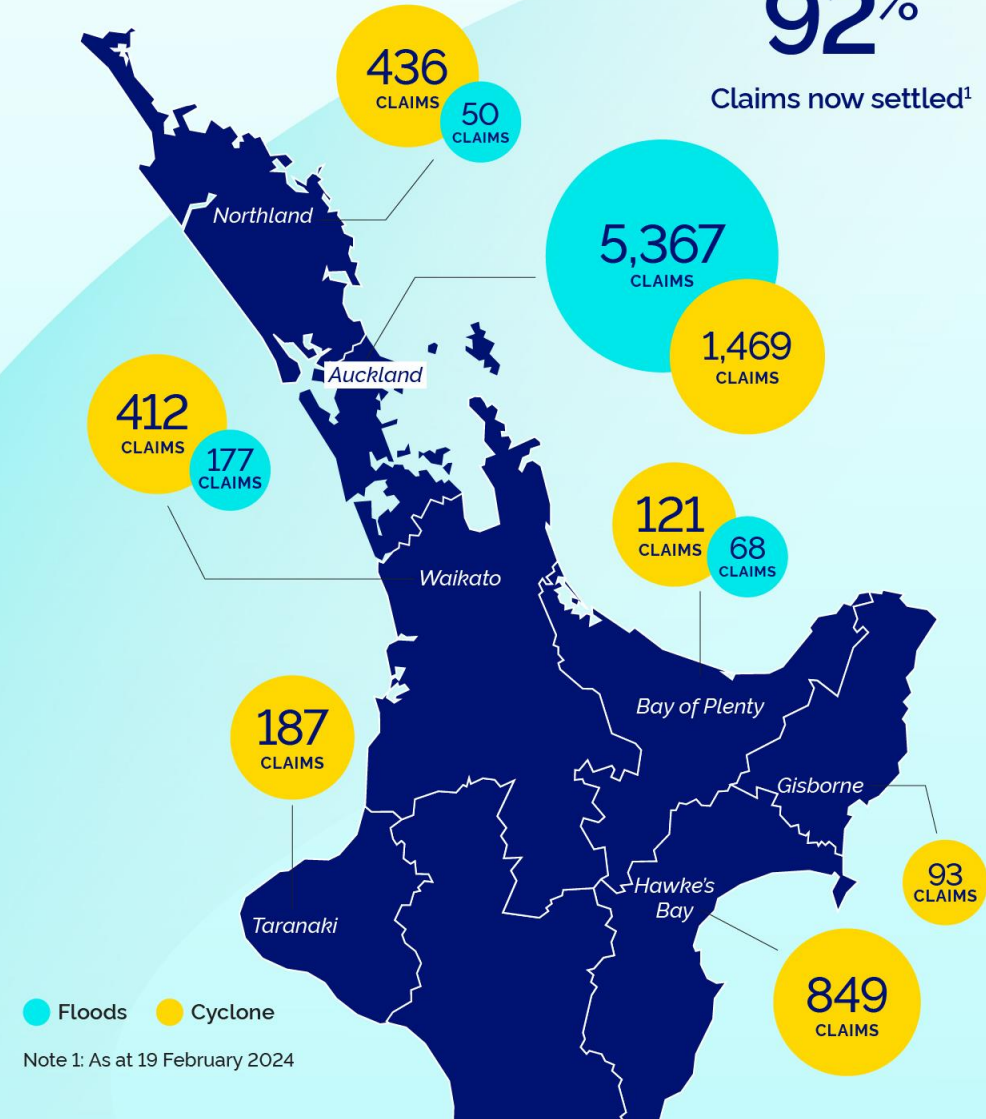
Cyclone Gabrielle

- 3,636 claims
- \$52m gross cost
- \$11.8m net cost to Tower
- 93% claims completed

Auckland Anniversary weekend floods and Cyclone Gabrielle

92%

Claims now settled¹



Four-month trading update

For the four months to January 31, 2024



FY24 four-month trading update

Strong growth and cost control

GWP growth

(Gross written premium)

21% | \$194m

vs \$161m in Jan 2023

Customers

319,000

vs 315,000 in Jan 2023

BAU claims ratio

(Business as usual)

54%

vs 52% in Jan 2023

MER

(Management expense ratio)

31%

vs 35% in Jan 2023

Large event costs

(including reinsurance reinstatement)

\$0m

vs \$12m in Jan 2023

Solvency position¹

(solvency margin as % of target)

+110%

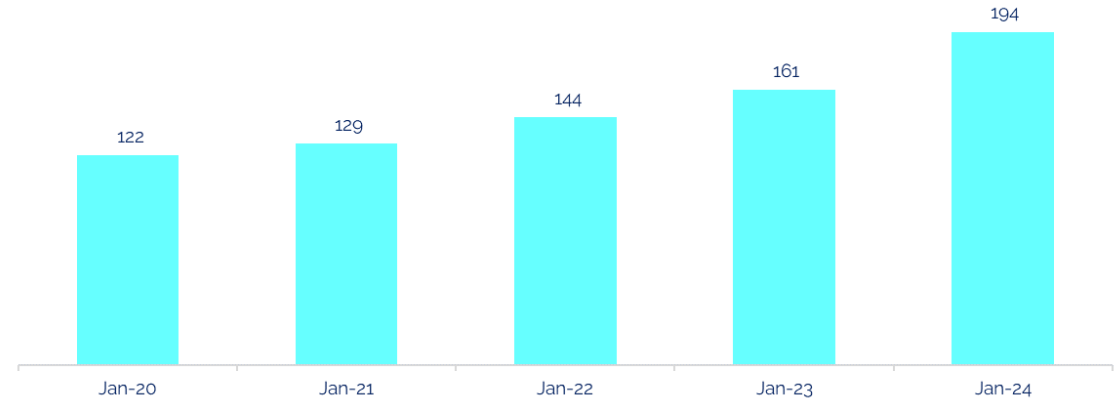
vs 80% as at 30 Sep 2023

Note 1: Solvency is estimated as at 31 January 2024 using a roll forward approach
Financial information provided on this page is based on Tower's unaudited management accounts as at 31 January 2024

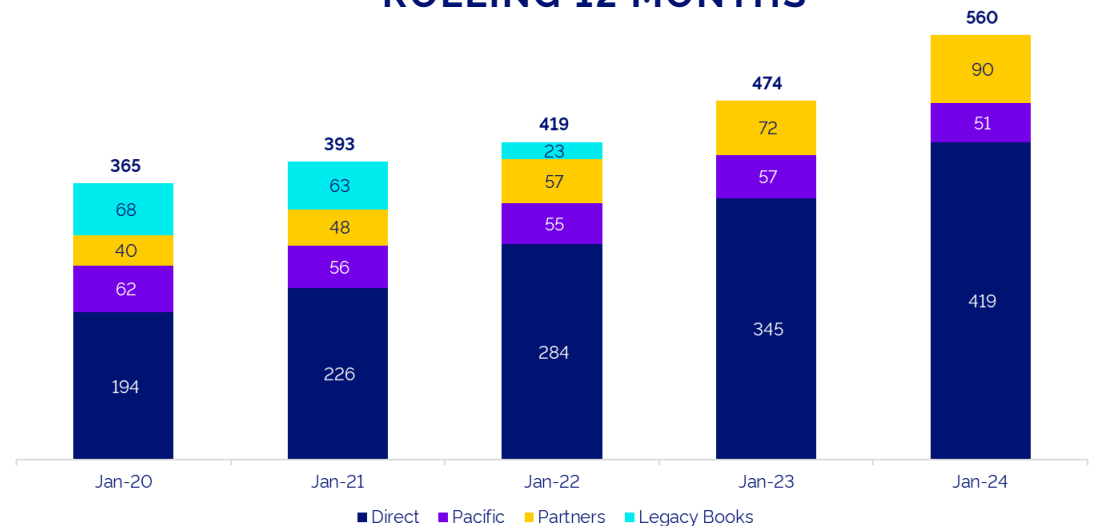
FY24: Continued strong premium growth

- 21% GWP growth vs same period prior year
- 90:10 split of rate vs volume
- 32% GWP growth in Partnerships channel
- 28% GWP growth in NZ House portfolio
- NZ retention stable at 77% (78% Jan 2023)

GROSS WRITTEN PREMIUM (\$m)



GROSS WRITTEN PREMIUM (\$m)
ROLLING 12 MONTHS ¹



Note 1: Legacy books include ANZ, Kiwibank, TSB, and Westpac which were purchased and transferred into Tower Direct across the 12months to Jan-22 and Jan-23. Financial information provided on this page is based on Tower's unaudited management accounts as at 31 January 2024

FY24: Operational efficiencies reduce MER

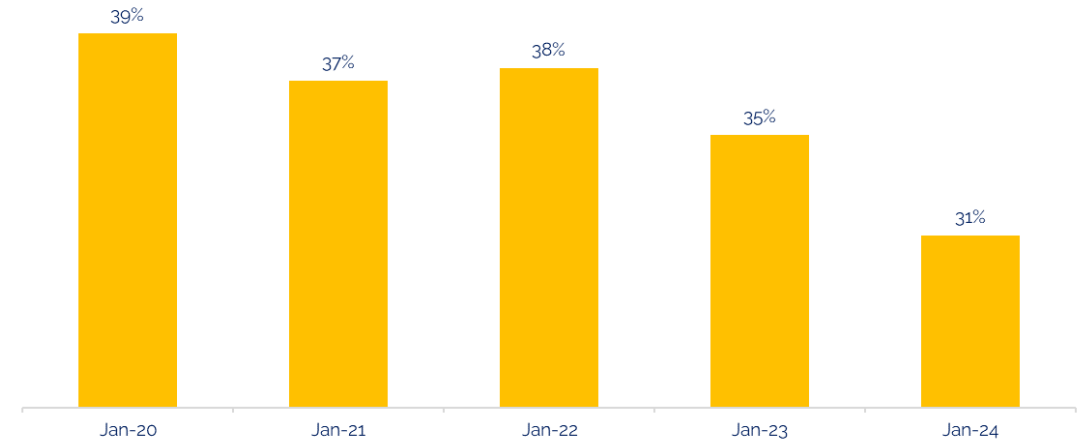
Operational efficiency

- Digital service transactions at 57%; up from 53% for the same period last year
- Suva hub answering 45% of NZ sales and service calls
- Management expense increase below inflation
- One scalable platform

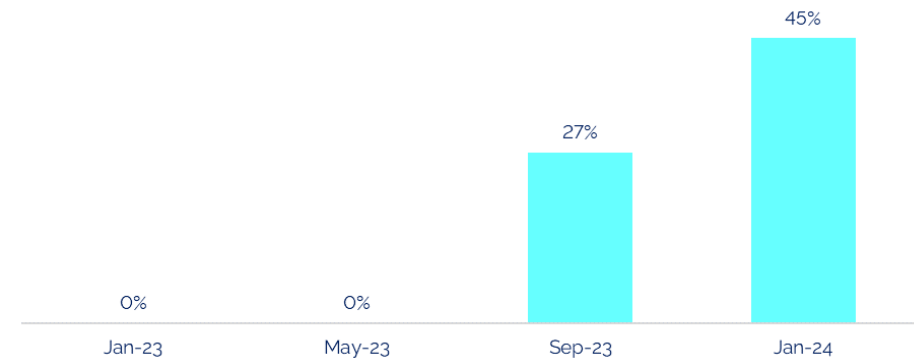
Streamlining the business

- Sale of Vanuatu, Solomon Islands, Papua New Guinea, and large rural in New Zealand
- Commission ratio at 1.3% down from 1.8% reflecting legacy portfolio purchases and referral arrangements

MANAGEMENT EXPENSE RATIO (% NEP)



SUVA HUB CALL VOLUMES (% OF TOTAL)¹

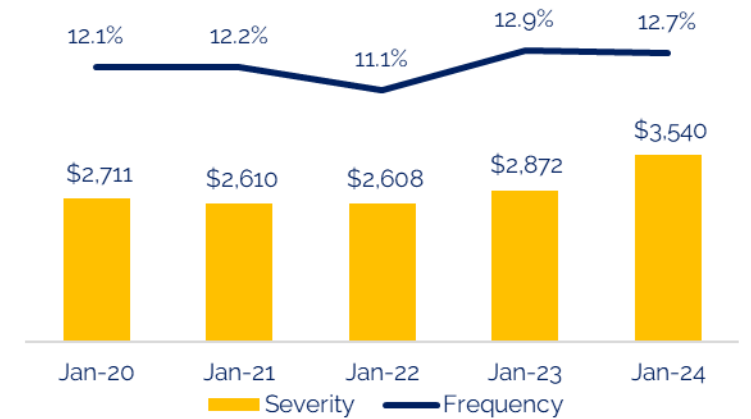


Note 1: Total NZ inbound sales and service calls
Financial information provided on this page is based on Tower's unaudited management accounts as at 31 January 2024

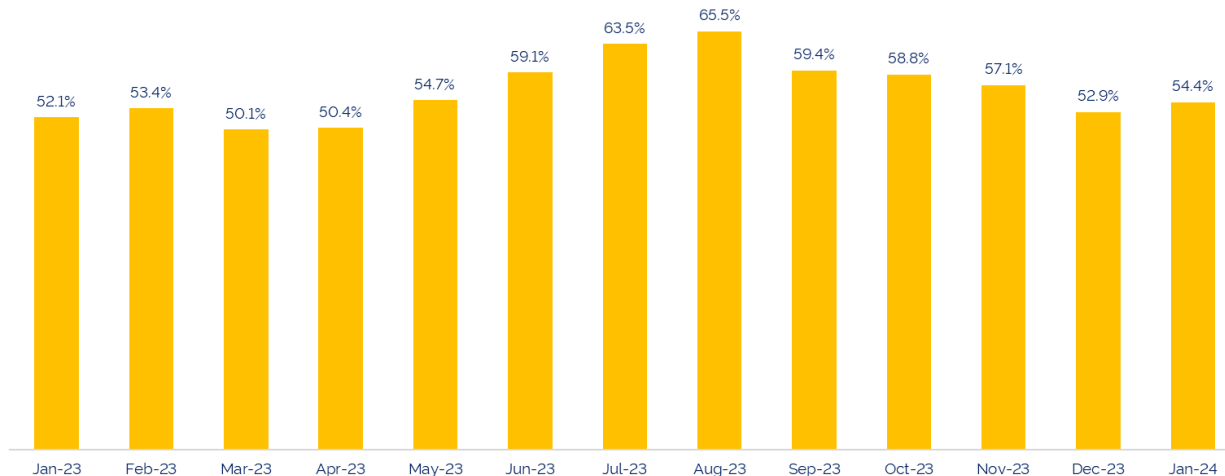
FY24: BAU claims ratio beginning to reduce

- 54% BAU claims ratio; reduced from peak in FY23 but remains elevated due to large house claims in FY24 (\$8.8m vs \$3.5m)
- Motor frequency stabilising and loss ratio trending downwards
- Inflation experienced during FY23 impacts severity year on year
- Targeted rate increases implemented in FY23 are earning through
- No large events recorded in FY24 to date

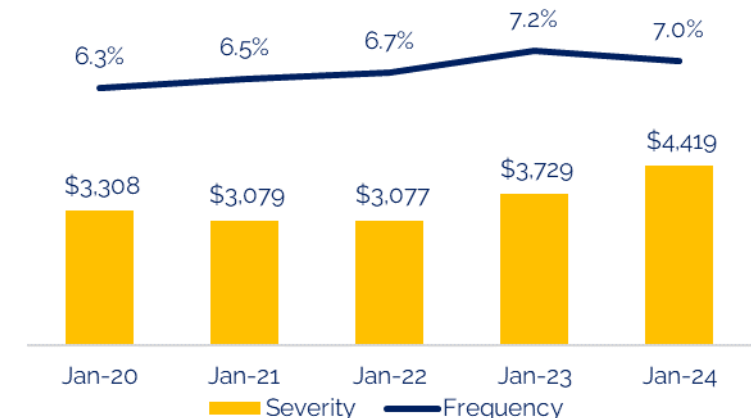
MOTOR SEVERITY¹ AND FREQUENCY²



BAU CLAIMS RATIO (% NEP) – ROLLING 4 MONTHS



HOUSE SEVERITY AND FREQUENCY



Financial information provided on this page is based on Tower's unaudited management accounts as at 31 January 2024
 Note 1: Severity is defined as the cost of claims (excluding large events, large house, windscreen) divided by the count of claims
 Note 2: Frequency is defined as the number of claims (same exclusions as above) divided by risks in force

Targeted and transparent pricing, underwriting

Dynamic pricing

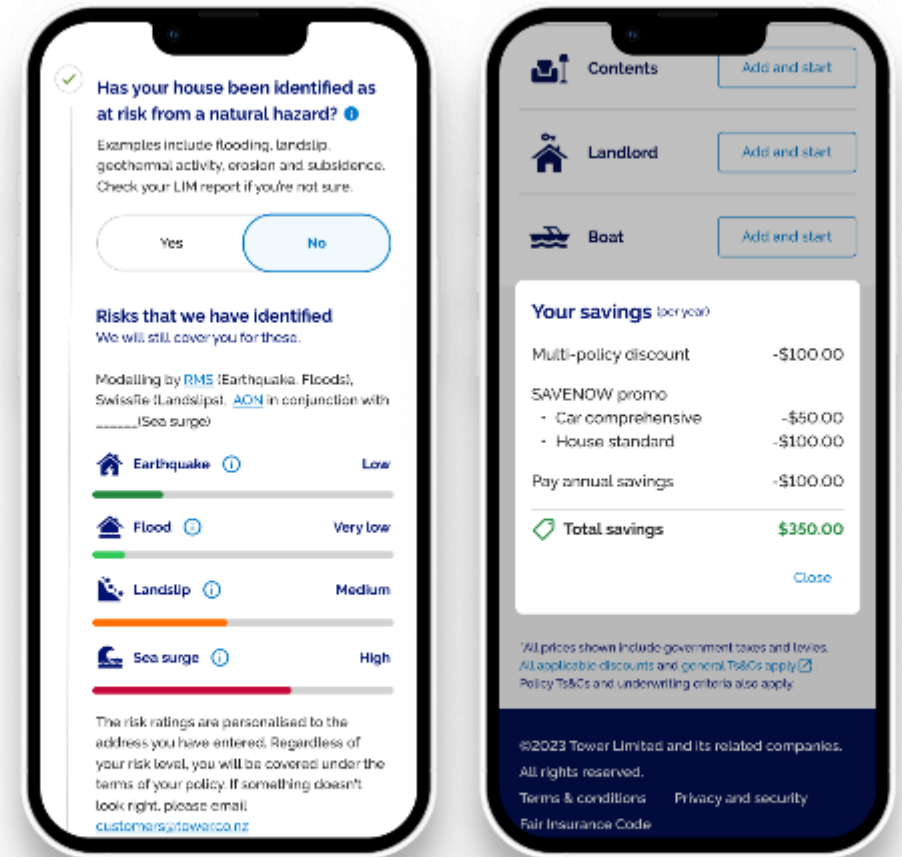
- Enhanced accuracy motor pricing algorithm with use of additional rating variables
- Improved transparency of discounting

Expanded risk-based pricing

- Earthquake, flood, landslide, sea surge in place
- Landslide and sea surge to be automated in FY24

Robust underwriting

- Pacific commercial underwriting reviews, tightening risk appetite
- Continuous refinement to reflect new and emerging trends



Investing in future resilience and sustainability

- Parametric partnership with CelsiusPro, global insurtech
- Parametric product live in Fiji, Samoa, and Tonga
- Investing in our people, and Fiji's future
- Scholarships for future talent in Fiji and New Zealand
- Climate-related financial disclosure in 2024
- Aiming to achieve B Corp accreditation in the coming year



FY24 guidance and future targets

- FY24 guidance: expected to be at the upper end of, or exceed guidance ranges for GWP & underlying NPAT; at lower end of, or favourable to guidance for combined operating ratio (COR)
- No large events recorded in FY24 to date
- FY25 and FY26 targets introduced; exceeding FY24 guidance will positively flow through to FY25 and FY26 target ranges

	FY23 Actual	FY24 Guidance	FY25 Target	FY26 Target
GWP growth (excluding operations sold)	17%	10% - 15%	10% - 15%	10% - 15%
Large events allowance	\$38m	\$45m	\$50m	\$55m
Management expense ratio	32.2%	30% - 32%	< 28%	< 26%
Combined operating ratio	101%	95% - 97%	< 91%	< 87%
Underlying NPAT (assuming full utilisation of large events allowance)	\$7.6m	\$22m - \$27m	\$40m - \$60m	\$60m - \$80m
Return on equity¹			12% - 15%	> 15%

Note 1: Return on equity is defined as reported net profit after tax divided by average closing book equity

Strategic delivery leads to strong performance

- Continued double-digit premium growth
- Continued reduction in MER
- Claims ratio normalising
- Solvency position above target
- At upper end of or exceeding FY24 guidance

Shareholder resolutions

Michael Stiasny, Chairman

The image shows a person from a side profile, looking at a laptop. The laptop screen displays the TOWER insurance website interface. The interface is clean and modern, with a white background and blue accents. At the top, there's a navigation bar with the TOWER logo, 'Overview', 'Billing', 'Contact us', 'Account details', 'Log out', 'Make a claim', and 'Get a quote'. The main content area is titled '37 Komai Street, Hamilton' and 'House Plus'. It features a 'Policy details' section with a table of policy periods and premiums, a 'Billing' section showing the next installment of \$151.70, and a 'Risk profile' section with a bar chart showing 'Earthquake' at Low and 'Flood' at Medium. There are also sections for 'People' and 'Special features'.

TOWER

Overview Billing

Contact us Account details Log out

Make a claim Get a quote

37 Komai Street, Hamilton

Policy number: P0019742851

Make a claim

Renewal Effective from 02 Nov 2022

House Plus

Current	Renewal
Effective from 02 Nov 2021	Effective from 02 Nov 2022
02 Nov 2021 to 02 Nov 2022	02 Nov 2022 to 02 Nov 2023
\$1,241.02 per year	\$1,325.02 per year
Show premium breakdown	Show premium breakdown
\$634,300.00	\$669,300.00
\$400.00	\$400.00
View other policy excess	View other policy excess
None	None
You do not have any special features specified on this policy	You do not have any special features specified on this policy
+ Add New	+ Add New

Policy details

Period of insurance

Total premium

Sum insured

Excess

Finance providers

Special features

Billing

Next instalment

\$151.70

On 17 Nov 2021

Go to billing

Risk profile

Modelling by [RIS](#)

We've identified the following risks for your property

Earthquake Low

Flood Medium

View details

To make a change on your policy click the icon. If you have upcoming changes on your policy go to the latest version to edit your policy. For any questions or if you need help with your policy please select the option below.

People

Policy holder(s)

Who lives there

farheen fatima Relative

farheen fatima Relative

Shareholder resolutions

Resolution 1

- Election of Michael Cutter

Resolution 2

- Authorisation for Board to determine auditor remuneration

Resolution 3

- Adoption of new Company Constitution

Questions & general business?

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TOWER

Overview Billing

Contact us Account details Log out

Make a claim Get a quote

37 Komai Street, Hamilton

Policy number: P0019742851

Make a claim

Renewal Effective from 02 Nov 2022

House Plus

Policy details

Period of insurance	Current Effective from 02 Nov 2021	02 Nov 2022 to 02 Nov 2023
Total premium	\$1,241.02 per year	\$1,365.02 per year
Sum insured	\$634,300.00	\$669,300.00
Excess	\$400.00	\$400.00
Finance providers	None	None
Special features	You do not have any special features specified on this policy	You do not have any special features specified on this policy

View other policy excesses

View other policy excesses

+ Add New

Billing

Next instalment **\$151.70**

On 17 Nov 2021

Go to billing

Risk profile

Modelling by [RIS](#)

We've identified the following risks for your property

Risk	Level
Earthquake	Low
Flood	Medium

View details

To make a change on your policy click the icon. If you have upcoming changes on your policy go to the latest version to edit your policy. For any questions or if you need help with your policy please select the option below.

People

Policy holder(s)

Who lives there

farheen fatima Relative

farheen fatima Relative

Disclaimer

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This document contains certain forward-looking statements. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including, among others: the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxation; industrial disputes; and war and terrorism. These forward-looking statements speak only as at the date of this document.

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