

**The Toa Reinsurance Company, Limited
and Subsidiaries**

Consolidated Financial Statements
For the years ended 31st March 2020 and 2019

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Balance Sheet
As of 31st March 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Assets			
Cash and deposits	¥ 48,900	¥ 25,289	\$ 449,324
Monetary receivables bought	4,999	1,999	45,934
Money held in trust	8,433	8,684	77,487
Securities (Notes 5(2), (4) and (5))	506,766	515,874	4,656,491
Loans (Note 5 (3))	515	517	4,732
Tangible fixed assets (Note 5 (1))			
Land	6,733	6,736	61,867
Buildings	2,810	2,954	25,820
Leased assets	263	129	2,416
Other tangible fixed assets	167	200	1,534
	<u>9,973</u>	<u>10,021</u>	<u>91,638</u>
Intangible fixed assets			
Software	1,912	2,504	17,568
Software in progress	301	-	2,765
Other intangible fixed assets	2	2	18
	<u>2,217</u>	<u>2,507</u>	<u>20,371</u>
Other assets			
Foreign reinsurance accounts receivable	62,596	64,597	575,172
Rest of other assets	30,172	29,766	277,239
	<u>92,769</u>	<u>94,364</u>	<u>852,421</u>
Deferred tax assets	37,161	34,896	341,459
Less: Allowance for doubtful accounts	(46)	(66)	(422)
Total assets	<u>¥ 711,690</u>	<u>¥ 694,088</u>	<u>\$ 6,539,465</u>

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Balance Sheet, continued
As of 31st March 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Liabilities			
Underwriting funds			
Outstanding claims	¥ 254,740	¥ 231,920	\$ 2,340,714
Underwriting reserves	236,841	228,698	2,176,247
	<u>491,581</u>	<u>460,619</u>	<u>4,516,962</u>
Other liabilities	33,393	35,076	306,836
Net defined benefit liabilities	8,705	7,871	79,987
Accrued retirement benefits for directors	178	151	1,635
Reserve under the special law			
Reserve for price fluctuation	10,688	10,424	98,208
	<u>10,688</u>	<u>10,424</u>	<u>98,208</u>
Total liabilities	<u>544,548</u>	<u>514,144</u>	<u>5,003,657</u>
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	45,943
Capital surplus	313	219	2,876
Retained earnings	122,778	121,005	1,128,163
Treasury stock	(5,796)	(6,581)	(53,257)
	<u>122,295</u>	<u>119,644</u>	<u>1,123,725</u>
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	43,116	58,095	396,177
Net foreign currency translation adjustments	4,018	3,829	36,919
Remeasurements of defined benefit plans	(2,288)	(1,624)	(21,023)
	<u>44,845</u>	<u>60,300</u>	<u>412,064</u>
Total net assets	<u>167,141</u>	<u>179,944</u>	<u>1,535,798</u>
Total liabilities and net assets	<u>¥ 711,690</u>	<u>¥ 694,088</u>	<u>\$ 6,539,465</u>

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries

Consolidated Statement of Income

For the years ended 31st March 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Ordinary income and expenses:			
Ordinary income			
Underwriting income			
Net premiums written	¥ 270,252	¥ 248,288	\$ 2,483,249
Investment income on deposit premiums	198	220	1,819
Reversal of underwriting reserves	-	869	-
Other underwriting income	-	4	-
	<u>270,450</u>	<u>249,383</u>	<u>2,485,068</u>
Investment income			
Interest and dividends income	12,162	12,858	111,752
Gain on trading securities	6,763	-	62,142
Gain on sales of securities	7,953	4,290	73,077
Gain on redemption of securities	80	61	735
Gain on derivatives	263	-	2,416
Other investment income	3	1	27
Transfer of investment income on deposit premiums	(198)	(220)	(1,819)
	<u>27,028</u>	<u>16,991</u>	<u>248,350</u>
Other ordinary income	278	250	2,554
	<u>297,757</u>	<u>266,625</u>	<u>2,735,982</u>
Ordinary expenses			
Underwriting expenses			
Net claims paid	191,017	183,922	1,755,186
Commissions and brokerage (Note 6(1))	56,101	52,731	515,492
Provision for outstanding claims	23,652	21,213	217,329
Provision for underwriting reserves	8,164	-	75,016
Other underwriting expenses	1,404	159	12,900
	<u>280,340</u>	<u>258,026</u>	<u>2,575,944</u>
Investment expenses			
Loss on money held in trust	240	491	2,205
Loss on sales of securities	832	1,324	7,644
Impairment losses on securities	363	264	3,335
Loss on redemption of securities	191	172	1,755
Loss on derivatives	-	51	-
Other investment expenses	1,354	834	12,441
	<u>2,982</u>	<u>3,139</u>	<u>27,400</u>
Operating and general administrative expenses (Note 6 (1))	14,306	12,820	131,452
Other ordinary expenses			
Interest expenses	0	0	0
Loss on bad debts	1	-	9
Other expenses	38	29	349
	<u>39</u>	<u>29</u>	<u>358</u>
	<u>297,668</u>	<u>274,015</u>	<u>2,735,164</u>
Ordinary profit (loss)	<u>¥ 88</u>	<u>¥ (7,390)</u>	<u>\$ 808</u>

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Statement of Income, continued
For the years ended 31st March 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Extraordinary income and loss:			
Extraordinary income			
Gain on disposal of fixed assets	¥ 1	¥ 0	\$ 9
Gain on negative goodwill	339	-	3,114
Reversal of reserve under the special law			
Reversal of reserve for price fluctuation	-	488	-
	<u>341</u>	<u>488</u>	<u>3,133</u>
Extraordinary loss			
Loss on disposal of fixed assets	6	13	55
Provision for reserve under the special law			
Provision for reserve for price fluctuation	264	-	2,425
	<u>270</u>	<u>13</u>	<u>2,480</u>
Income (loss) before income taxes	159	(6,915)	1,460
Income taxes:			
Current	321	(366)	2,949
Deferred	1,979	601	18,184
	<u>2,300</u>	<u>235</u>	<u>21,133</u>
Net loss	<u>(2,141)</u>	<u>(7,150)</u>	<u>(19,672)</u>
Net loss attributable to owners of the parent	<u>¥ (2,141)</u>	<u>¥ (7,150)</u>	<u>\$ (19,672)</u>

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Statement of Comprehensive Income
For the year ended 31st March 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Comprehensive income			
Net loss	¥ (2,141)	¥ (7,150)	\$ (19,672)
Other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	(9,934)	(10,315)	(91,279)
Net foreign currency translation adjustments	188	(2,560)	1,727
Remeasurements of defined benefit plans, net of tax	(664)	315	(6,101)
Total other comprehensive income (Note 7(1))	(10,410)	(12,560)	(95,653)
	<u>¥ (12,552)</u>	<u>¥ (19,711)</u>	<u>\$ (115,335)</u>
(Breakdown)			
Comprehensive income attributable to owners of the parent	¥ (12,552)	¥ (19,711)	\$ (115,335)
Comprehensive income attributable to non-controlling interests	-	-	-

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the years ended 31st March 2020 and 2019

For the year ended 31st March 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 5,000	¥ 219	¥ 121,005	¥ (6,581)	¥ 119,644
Cumulative effects of changes in accounting policies			5,044		5,044
Restated balance	5,000	219	126,049	(6,581)	124,688
Changes during the period					
Dividends from retained earnings			(1,129)		(1,129)
Net loss attributable to owners of the parent			(2,141)		(2,141)
Disposal of treasury stock		94		784	878
Others					-
Net changes in items other than shareholders' equity					
Total changes during the period	-	94	(3,271)	784	(2,392)
Balance at the end of the period	¥ 5,000	¥ 313	¥ 122,778	¥ (5,796)	¥ 122,295

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	¥ 58,095	¥ 3,829	¥ (1,624)	¥ 60,300	¥ 179,944
Cumulative effects of changes in accounting policies	(5,044)			(5,044)	-
Restated balance	53,051	3,829	(1,624)	55,256	179,944
Changes during the period					
Dividends from retained earnings					(1,129)
Net loss attributable to owners of the parent					(2,141)
Disposal of treasury stock					878
Others					-
Net changes in items other than shareholders' equity	(9,934)	188	(664)	(10,410)	(10,410)
Total changes during the period	(9,934)	188	(664)	(10,410)	(12,802)
Balance at the end of the period	¥ 43,116	¥ 4,018	¥ (2,288)	¥ 44,845	¥ 167,141

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity, continued
For the years ended 31st March 2020 and 2019

(Thousands of U.S. dollars (Note 1(2)))

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	\$ 45,943	\$ 2,012	\$ 1,111,871	\$ (60,470)	\$ 1,099,365
Cumulative effects of changes in accounting policies			46,347		46,347
Restated balance	45,943	2,012	1,158,219	(60,470)	1,145,713
Changes during the period					
Dividends from retained earnings			(10,373)		(10,373)
Net loss attributable to owners of the parent			(19,672)		(19,672)
Disposal of treasury stock		863		7,203	8,067
Others					-
Net changes in items other than shareholders' equity					
Total changes during the period	-	863	(30,056)	7,203	(21,979)
Balance at the end of the period	\$ 45,943	\$ 2,876	\$ 1,128,163	\$ (53,257)	\$ 1,123,725

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	\$ 533,814	\$ 35,183	\$ (14,922)	\$ 554,075	\$ 1,653,441
Cumulative effects of changes in accounting policies	(46,347)			(46,347)	-
Restated balance	487,466	35,183	(14,922)	507,727	1,653,441
Changes during the period					
Dividends from retained earnings					(10,373)
Net loss attributable to owners of the parent					(19,672)
Disposal of treasury stock					8,067
Others					-
Net changes in items other than shareholders' equity	(91,279)	1,727	(6,101)	(95,653)	(95,653)
Total changes during the period	(91,279)	1,727	(6,101)	(95,653)	(117,633)
Balance at the end of the period	\$ 396,177	\$ 36,919	\$ (21,023)	\$ 412,064	\$ 1,535,798

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity, continued
For the years ended 31st March 2020 and 2019

For the year ended 31st March 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 5,000	¥ 124	¥ 129,496	¥ (6,931)	¥ 127,688
Cumulative effects of changes in accounting policies					-
Restated balance	5,000	124	129,496	(6,931)	127,688
Changes during the period					
Dividends from retained earnings			(1,123)		(1,123)
Net loss attributable to owners of the parent			(7,150)		(7,150)
Disposal of treasury stock		95		350	445
Others			(216)		(216)
Net changes in items other than shareholders' equity					
Total changes during the period	-	95	(8,490)	350	(8,044)
Balance at the end of the period	¥ 5,000	¥ 219	¥ 121,005	¥ (6,581)	¥ 119,644

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	¥ 68,411	¥ 6,390	¥ (1,940)	¥ 72,861	¥ 200,550
Cumulative effects of changes in accounting policies					-
Restated balance	68,411	6,390	(1,940)	72,861	200,550
Changes during the period					
Dividends from retained earnings					(1,123)
Net loss attributable to owners of the parent					(7,150)
Disposal of treasury stock					445
Others					(216)
Net changes in items other than shareholders' equity	(10,315)	(2,560)	315	(12,560)	(12,560)
Total changes during the period	(10,315)	(2,560)	315	(12,560)	(20,605)
Balance at the end of the period	¥ 58,095	¥ 3,829	¥ (1,624)	¥ 60,300	¥ 179,944

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended 31st March 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Cash flows from operating activities			
Income (loss) before income taxes	¥ 159	¥ (6,915)	\$ 1,460
Depreciation and amortization	913	630	8,389
Gain on negative goodwill	(339)	-	(3,114)
Increase (decrease) in outstanding claims	24,041	20,469	220,904
Increase (decrease) in underwriting reserves	8,236	(935)	75,677
Increase (decrease) in allowance for doubtful accounts	(17)	(1)	(156)
Increase (decrease) in accrued retirement benefits for directors	26	(16)	238
Increase (decrease) in accrued bonuses for employees	1	(1)	9
Increase (decrease) in net defined benefit liabilities	25	(51)	229
Increase (decrease) in reserve for price fluctuation	264	(488)	2,425
Interest and dividends income	(12,162)	(12,858)	(111,752)
Loss (gain) on securities	(13,409)	(2,590)	(123,210)
Interest expenses	0	0	0
Foreign exchange loss (gain)	470	91	4,318
Loss (gain) on tangible fixed assets	4	13	36
Loss (gain) on money held in trust	240	491	2,205
Decrease (increase) in other assets (other than investing and financing activities)	2,678	(26,234)	24,607
Increase (decrease) in other liabilities (other than investing and financing activities)	(8,995)	11,429	(82,651)
Others, net	142	131	1,304
Subtotal	2,279	(16,835)	20,940
Interest and dividends received	13,374	13,562	122,888
Interest paid	(0)	(0)	(0)
Income taxes paid	(160)	(2,709)	(1,470)
Income taxes refund	1,102	-	10,125
Net cash provided by (used in) operating activities	16,596	(5,982)	152,494
Cash flows from investing activities			
Net decrease (increase) in deposits	48	(91)	441
Increase in money held in trust	-	(1,000)	-
Purchases of securities	(152,681)	(99,895)	(1,402,931)
Proceeds from sales or redemption of securities	165,304	100,990	1,518,919
Loans made	(500)	-	(4,594)
Proceeds from collection of loans	501	46	4,603
Total of net cash provided by (used in) investment transactions	12,673	50	116,447
Total of net cash provided by (used in) operating activities and investment transactions	29,269	(5,932)	268,942
Purchase of tangible fixed assets	(86)	(177)	(790)
Proceeds from sales of tangible fixed assets	12	1	110
Purchase of intangible fixed assets	(241)	(338)	(2,214)
Purchase of shares of subsidiaries resulting in change in the scope of consolidation (Note 9(2))	-	(16)	-
Others, net (Note 9(2))	793	-	7,286
Net cash provided by (used in) investing activities	13,152	(481)	120,849
Cash flows from financing activities			
Proceeds from disposal of treasury stock	878	445	8,067
Dividends paid	(1,129)	(1,123)	(10,373)
Repayment for lease liabilities	(84)	(83)	(771)
Net cash provided by (used in) financing activities	(334)	(760)	(3,069)
Effect of exchange rate changes on cash and cash equivalents	(504)	(575)	(4,631)
Net increase (decrease) in cash and cash equivalents	28,908	(7,800)	265,625
Cash and cash equivalents at the beginning of the period	33,287	41,087	305,862
Cash and cash equivalents at the end of the period (Note 9(1))	¥ 62,195	¥ 33,287	\$ 571,487

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries

Notes to the Consolidated Financial Statements

1. Basis of Presenting the Consolidated Financial Statements

- (1) The accompanying consolidated financial statements of The Toa Reinsurance Company, Limited (the “Company”) and its subsidiaries (collectively, the “Companies”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to both application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan.

- (2) Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥108.83 = US\$1, the rate of exchange on 31st March 2020, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.
- (3) Fractional amounts of less than ¥1 million or \$1 thousand have been rounded down. Accordingly, the totals in yen and US dollars do not necessarily agree with the sum of the individual amounts.

2. Principal Matters for Preparation of Consolidated Financial Statements

- (1) Scope of Consolidation

A. Consolidated Subsidiaries

Of the Company’s subsidiaries, three subsidiaries are consolidated. The names of the consolidated subsidiaries are as follows:

- The Toa Reinsurance Co. of America (U.S.A.)
- The Toa 21st Century Reinsurance Co., Ltd. (Switzerland)
- Toa Re Corporate Member Limited (United Kingdom)

B. Non-consolidated Subsidiary

The other subsidiary is a small-scale operation, in terms of total assets, ordinary profit (loss), net income (loss) for the year and retained earnings, and is excluded from the scope of consolidation, due to its insignificant effect on the consolidated financial statements of the Company as a whole. The name of the non-consolidated subsidiary is as follows:

- Sundai Company, Limited.

- (2) Application of the Equity Method

Since the effect of the non-consolidated subsidiary on the net income (loss) for the year and the retained earnings is negligible and it is considered immaterial, this company is not accounted for by the equity method.

- (3) Fiscal Years of Consolidated Subsidiaries

The fiscal year ends of all consolidated subsidiaries are 31st December. Since the differences in the fiscal year ends do not exceed three months, financial statements as of the fiscal year end of each subsidiary are used in preparing the consolidated financial statements. As for significant transactions occurring between that date and the date of the Company’s fiscal year end, necessary adjustments are made upon consolidation.

(4) Significant Accounting Policies

A. Financial Instruments

(a) Trading Securities

Trading securities are carried at fair value. Cost of sales is calculated using cost determined by the moving-average method.

(b) Stocks of Non-consolidated Subsidiaries not Accounted for by the Equity Method

Stocks of non-consolidated subsidiaries not accounted for by the equity method are recorded at cost determined by the moving-average method.

(c) Available-for-sale Securities

Available-for-sale securities with fair value are carried at fair value based on the prices prevailing in the market on the balance sheet date and others. Unrealized gains or losses, net of tax are included in a separate component of net assets. Cost of sales is calculated using cost determined by the moving-average method. Available-for-sale securities whose fair value cannot be measured reliably are recorded at cost or amortized cost determined by the moving-average method.

(d) Money Held in Trust

Securities held in individually managed money trusts that are mainly invested in securities for trading are carried at fair value.

(e) Derivatives

Derivatives are carried at fair value.

B. Depreciation Method for Fixed Assets

(a) Tangible Fixed Assets (Except for Leased Assets)

Depreciation of tangible fixed assets (except for leased assets) held by the Company is calculated by the declining balance method.

However, the depreciation of buildings (except for fixtures attached to buildings) acquired on or after 1st April 1998, and the depreciation of fixtures attached to buildings and structures acquired on or after 1st April 2016, are calculated by the straight-line method.

Depreciation of property and equipment held by consolidated subsidiaries is mainly calculated by the straight-line method.

(b) Intangible Fixed Assets (Except for Leased Assets)

Amortization of intangible fixed assets (except for leased assets) is calculated by the straight-line method. Amortization of software for internal use is calculated by the straight-line method over its estimated useful life (5 years).

(c) Leased Assets

Depreciation of leased assets held by the Company with regard to finance leases for which ownership does not transfer to the lessees is calculated by the straight-line method over a period up to the length of the relevant lease contracts with no residual value.

C. Accounting Policies for Major Reserves

(a) Allowance for Doubtful Accounts

The Company books an allowance for doubtful accounts, in accordance with the standard for self-assessment of assets and rules for write-offs and provisions, as follows:

- (i) For debts of debtors who are legally or formally bankrupt (due to bankruptcy, special liquidation or suspension of service at clearing houses, etc.) or virtually bankrupt, a reserve is provided based on the amount that remains after anticipated proceeds from the disposal of collateral and the anticipated recovery of debt through guarantees are deducted from the debt balances.
- (ii) For debts of debtors who are likely to become bankrupt, a reserve is provided based on the amount considered to be necessary to cover the amount that remains after anticipated proceeds from the disposal of collateral and the anticipated recovery of debt through guarantees are deducted from the debt balances. This reserve amount is based on an overall judgment regarding the solvency status of each debtor.
- (iii) For debts other than those described above, a reserve is provided for an amount determined by multiplying debt balances by the default rate, which is computed based on historical loan loss experience in certain previous period.

All debts are assessed by each asset management department of the Company in accordance with the standard for self-assessment of assets. The allowance for doubtful accounts mentioned above is computed based on the result of this assessment and rules for write-offs and provisions. These results are audited by the Internal Audit Department which is independent from each department.

(b) Accrued Retirement Benefits for Directors

Accrued retirement benefits for directors are provided on the basis of the estimated amounts to be paid based on internally established rules at the end of the fiscal year.

(c) Reserve for Price Fluctuation

The Company books a reserve for price fluctuation in accordance with Article 115 of the Insurance Business Law to provide for contingent losses caused by price fluctuation on stocks and other investments.

D. Retirement Benefits

(a) Method of Attributing Expected Retirement Benefits to Periods

In calculating retirement benefit obligations, the method of attributing the expected retirement benefits to periods is mainly based on the benefit formula method.

(b) Method for Amortizing Actuarial Differences

The Company fully amortizes actuarial differences in the following fiscal year.

E. Hedge Accounting

The fair value hedge accounting and the assignment accounting are applied to certain forward foreign exchange contracts utilized to hedge future foreign exchange risk associated with monetary credits and debts, etc. denominated in foreign currencies. Assessment of hedge effectiveness is omitted since the hedge is highly effective because the principal conditions of the hedging instruments and the hedged items are identical, and meets the required conditions to apply the assignment accounting.

F. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, deposits able to be withdrawn on demand and short-term investments such as time deposits with original maturities of three months or less and which have minimal risk of fluctuation in value.

G. Other Significant Accounting Policies

Consumption Tax Accounting Treatment

Consumption tax is accounted for separately from the transactions subject to such tax. However, the consumption tax on certain expenses, such as operating and general administrative expenses, is included in those expenses. Non-deductible consumption tax on the purchase of assets is included in “Rest of other assets” and amortized evenly over a period of five years.

3. Changes in Accounting Policy

ASU No.2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.” has been applied from the fiscal year ended March 31, 2020 at overseas consolidated subsidiaries that apply US GAAP.

Due to this update, previously, the Company has changed the Equity Investments classified as available-for-sale securities in overseas consolidated subsidiaries into trading securities from the fiscal year ended March 31, 2020 and has changed the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of comprehensive income into the method of recording changes in unrealized gains and losses related to the Equity Investments in the consolidated statement of income.

The Company has transferred net unrealized gains on available-for-sale securities, net of tax related to the Equity Investments at the end of the fiscal year ended March 31, 2019 to retained earnings as of the beginning of the fiscal year ended March 31, 2020.

As a result, retained earnings have increased by ¥ 5,044 million (\$ 46,347 thousand) and net unrealized gains on available-for-sale securities, net of tax has decreased by the same amount at the beginning of the fiscal year ended March 31, 2020. The effect on ordinary profit and income before income taxes for the fiscal year ended March 31, 2020 increased ¥ 978 million(\$ 8,986 thousand), respectively.

Additionally, the financial impact of this update on per share information is described in “19. Per Share Information”.

4. Additional Information

Not only does the COVID-19 pandemic have far-reaching impacts on the economy and business activities, but it is difficult to predict how it will develop and when it will be brought under control. Given the probability that the pandemic will persist for at least the first three months of the fiscal year ending March 31, 2021, the Company assumes that the Group’s insurance underwriting and investment operations will be affected. Based on this assumption, the Company used data on past economic crises and available information as references for judging recoverability of deferred tax assets and made accounting estimates, assuming that the pandemic would have negative impacts on future financial performance.

Actual results may differ from these estimates because the current estimates involve significant uncertainty.

5. Notes to the Consolidated Balance Sheet

- (1) The amounts of accumulated depreciation and advanced depreciation of tangible fixed assets are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Accumulated depreciation	¥ 9,863	¥ 9,673	\$ 90,627
Advanced depreciation	29	29	266

- (2) The carrying amounts of stocks of a non-consolidated subsidiary are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Securities	¥ 10	¥ 10	\$ 91

(3) Impaired Loans

There is no balance of impaired loans, including loans to borrowers under bankruptcy proceedings, overdue loans, loans past due for three months or more and loans with altered lending conditions, as of 31st March 2020 and 2019.

The definitions of impaired loans are as follows:

- A. “Loans to borrowers under bankruptcy proceedings” are non-accrual loans (excluding loans written off) which apply to circumstances as stated in Article 96, paragraph 1, subparagraph 3 or Article 96, paragraph 1, subparagraph 4 of the Order for Enforcement of the Corporation Tax Act (Government Ordinance No. 97, 1965) which have no prospects for recovery or repayment of principal or interest because payment of principal or interest has not been received for a substantial period or for other reasons.
- B. “Overdue loans” are those loans on which accrued interest income has not been recognized, excluding loans to borrowers under bankruptcy proceedings and excluding loans for which interest payments have been rescheduled with the aim of providing restructuring assistance and support.
- C. “Loans past due for three months or more” are those loans for which payments of principal or interest has not been received for a period of three months or more, beginning with the next day following the last due date for such payments, and are not included in loans to borrowers under bankruptcy proceedings or overdue loans.
- D. “Loans with altered lending conditions” are those loans for which the Company has provided more favorable terms and conditions than those contained in the original loan agreement (including reducing interest rates, rescheduling interest and principal payments, or the waiving of claims on the borrowers) to the borrowers with the aim of providing restructuring assistance and support. Such loans exclude loans to borrowers under bankruptcy proceedings, overdue loans and loans past due for three months or more.

(4) The carrying amounts of assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Securities	¥ 25,944	¥ 25,627	\$ 238,390

These securities are pledged to deposit for overseas operations and to establish letters of credit.

(5) The amounts of securities lent under loan agreements are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	¥ 6,057	¥ 4,436	\$ 55,655

6. Notes to the Consolidated Statement of Income

(1) The significant components of business expenses are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Commissions, net of reinsurance ceded	¥ 56,101	¥ 52,731	\$ 515,492

Business expenses are the total of “Operating and general administrative expenses” and “Commissions and brokerage” in the consolidated statement of income.

7. Notes to the Consolidated Statement of Comprehensive Income

(1) Reclassification Adjustments and Income Tax Effects of Other Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Net unrealized gains on available-for-sale securities, net of tax:			
Gains (losses) arising during the period	¥ (7,595)	¥ (10,575)	\$ (69,787)
Reclassification adjustments	(6,646)	(2,586)	(61,067)
Before income tax effect adjustments	(14,241)	(13,161)	(130,855)
Income tax effects	4,307	2,846	39,575
Net unrealized gains (losses) on available-for-sale securities, net of tax	(9,934)	(10,315)	(91,279)
Net foreign currency translation adjustments:			
Gains (losses) arising during the period	(70)	(3,276)	(643)
Reclassification adjustments	506	802	4,649
Before income tax effect adjustments	435	(2,473)	3,997
Income tax effects	(247)	(86)	(2,269)
Net foreign currency translation adjustments	188	(2,560)	1,727
Remeasurements of defined benefit plans, net of tax:			
Gains (losses) arising during the period	(975)	130	(8,958)
Reclassification adjustments	132	280	1,212
Before income tax effect adjustments	(843)	410	(7,746)
Income tax effects	178	(95)	1,635
Remeasurements of defined benefit plans, net of tax	(664)	315	(6,101)
Total other comprehensive income	¥ (10,410)	¥ (12,560)	\$ (95,653)

8. Notes to the Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31st March 2020

(1) Detailed Information for Outstanding Shares and Treasury Stock

(Thousand shares)

	Number of shares as of 1st April 2019	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2020
Outstanding shares				
Common stock	98,070	-	-	98,070
Class A stock	1,930	-	-	1,930
Total	100,000	-	-	100,000
Treasury stock				
Common stock	9,612	-	1,146	8,466
Total	9,612	-	1,146	8,466

The number of shares decreased during the period in common treasury stock is 1,146 thousand shares, as a result of disposal by third party allotment.

(2) Detailed Information for Cash Dividends

Dividends paid

	Type of shares	Total dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 27th June 2019	Common stock	¥ 1,105million \$ 10,153 thousand (Note 1(2))	¥ 12.5 \$ 0.11 (Note 1(2))	31st March 2019	28th June 2019

General meeting of shareholders on 27th June 2019	Class A stock	¥ 24million \$ 220 thousand (Note 1(2))	¥ 12.5 \$ 0.11 (Note 1(2))	31st March 2019	28th June 2019
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Of dividends with record date within the year ended 31st March 2020, dividends with the effective date after 31st March 2020

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 26th June 2020	Common stock	¥ 1,120 million \$ 10,291 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.11 (Note 1(2))	31st March 2020	29th June 2020
General meeting of shareholders on 26th June 2020	Class A stock	¥ 24 million \$ 220 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.11 (Note 1(2))	31st March 2020	29th June 2020

For the year ended 31st March 2019

(1) Detailed Information for Outstanding Shares and Treasury Stock

(Thousand shares)

	Number of shares as of 1st April 2018	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2019
Outstanding shares				
Common stock	98,070	-	-	98,070
Class A stock	1,930	-	-	1,930
Total	100,000	-	-	100,000
Treasury stock				
Common stock	10,124	-	512	9,612
Total	10,124	-	512	9,612

The number of shares decreased during the period in common treasury stock is 512 thousand shares, as a result of disposal by third party allotment.

(2) Detailed Information for Cash Dividends

Dividends paid

	Type of shares	Total dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 28th June 2018	Common stock	¥ 1,099million	¥ 12.5	31st March 2018	29th June 2018
General meeting of shareholders on 28th June 2018	Class A stock	¥ 24million	¥ 12.5	31st March 2018	29th June 2018

Of dividends with record date within the year ended 31st March 2018, dividends with the effective date after 31st March 2019

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 27th June 2019	Common stock	¥ 1,105 million	Retained earnings	¥ 12.5	31st March 2019	28th June 2019
General meeting of shareholders on 27th June 2019	Class A stock	¥ 24 million	Retained earnings	¥ 12.5	31st March 2019	28th June 2019

9. Notes to the Consolidated Statement of Cash Flows

- (1) Reconciliations of the balance of cash and cash equivalents at the end of the period to the amounts shown in the consolidated balance sheet are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Cash and deposits	¥ 48,900	¥ 25,289	\$ 449,324
Monetary receivables bought	4,999	1,999	45,934
Securities	506,766	515,874	4,656,491
Time deposits with original maturities of more than three months	(188)	(237)	(1,727)
Securities other than cash equivalents	(498,282)	(509,638)	(4,578,535)
Cash and cash equivalents	¥ 62,195	¥ 33,287	\$ 571,487

- (2) Major components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

For the year ended 31st March 2020

The Toa 21st Century Reinsurance Co., Ltd., a wholly owned consolidated subsidiary company, acquired of all shares of CEDIMAR AG held by Alparfin AG on 14th June 2019.

At the same date, The Toa 21st Century Reinsurance Co., Ltd. conducted absorption merger, with The Toa 21st Century Reinsurance Co., Ltd. as the surviving company and CEDIMAR AG, as the dissolving company.

Therefore, "Others, net" in investing activities include net proceeds for acquisition and merger of CEDIMAR AG. Assets and liabilities at the acquisition and merger date, the acquisition cost of CEDIMAR AG's shares and net proceeds for acquisition and merger of CEDIMAR AG are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Total assets	¥ 5,033		\$ 46,246
Cash and deposits	5,000		45,943
Total liabilities	(486)		(4,465)
Accrued income taxes	(329)		(3,023)
Gain on negative goodwill	(339)		(3,114)
Acquisition cost of CEDIMAR AG's shares	4,207		38,656
Cash and cash equivalents held at CEDIMAR AG	(5,000)		(45,943)
Net proceeds for acquisition and merger of CEDIMAR AG	¥ 793		\$ 7,286

For the year ended 31st March 2019

Toa Re Corporate Member Limited (hereinafter TRCM) is included in the scope of consolidation due to acquisition of shares. The components of assets and liabilities at the acquisition date, the acquisition cost of TRCM's shares and net consideration paid for acquisition of TRCM are as follows:

	Millions of yen
Total assets	¥ 2,393
Foreign reinsurance accounts receivable	2,372
Total liabilities	(2,376)
Foreign reinsurance accounts payable	(2,372)
Acquisition cost of TRCM's shares	16
Cash and cash equivalents held at TRCM	-
Net consideration paid for acquisition of TRCM	¥ 16

- (3) Cash flows from investing activities include those related to insurance business.

10. Financial Instruments

(1) Outline of Financial Instruments

A. Policy for Financial Instruments

The Company underwrites non-life reinsurance (such as Fire, Marine, Personal accident, Motor, General liabilities reinsurance) and life reinsurance. The Company invests in financial instruments paying attention to adequate safety, liquidity and profitability, as a funding source of the reinsurance claims to be paid securely and promptly.

The Company maintains Enterprise Risk Management system to control investment risk, to keep adequate solvency in case of the risk occurrence.

B. Types of Financial Instruments and Related Risk

The Company holds financial instruments mainly for the purpose of investment and business cooperation. Main components of the instruments are bonds, stocks and investment trust funds, which are exposed to price risk due to market fluctuation (interest rate, foreign exchange rate and stock price), and credit risk of the issuers.

Derivatives utilized by the Company are forward foreign exchange contracts. Forward foreign exchange contracts are utilized for hedging fluctuation risk in future foreign exchange rates, arising from foreign bonds. The hedge accounting is applied to certain forward foreign exchange contracts. Additionally, derivatives applying the hedge accounting are described in “Principal Matters for Preparation of Consolidated Financial Statements”.

Derivatives are only taken out with counterparties or referenced entities with a high credit rating.

Loans are exposed to credit risk due to breach of contracts.

C. Risk Management for Financial Instruments

The board of directors establishes risk management policies and internal rules for investment, and defines risk management department to be responsible for risk managements, management processes and management methodologies. The department in charge performs the risk managements in accordance with the policies and the rules, and condition of the risk is reported to the board regularly or properly, to enable the board to recognize the actual condition of the risk.

Foreign consolidated subsidiaries establish investment policies and manage the risk in accordance with the policies, and hold investment committee and other meetings regularly to discuss condition of risk management and future investment policies. The third party investment management arrangements are made in accordance with the investment guidelines and compliance with the guidelines is monitored.

As part of the audit for the risk management, Internal Audit Department performs internal audit under its internal audit plan for the risk management mentioned above.

(a) Market risk management

(i) Interest rate risk management

The department in charge recognizes risk amount by “Value at Risk” (hereafter “VaR”), sensitivity analysis for interest rate and other methods, and monitors the compliance with the rules. Then it reports to the board regularly.

(ii) Foreign exchange risk management

The department in charge recognizes risk amount by VaR of foreign bonds, sensitivity analysis and other methods, and monitors the compliance with the rules. In addition, the department in charge of integrated risk management recognizes overall foreign exchange risk amount (offsetting foreign currency assets and liabilities). Then they report to the board regularly.

(iii) Price fluctuation risk management

The department in charge recognizes risk amount by VaR, sensitivity analysis for market and other methods, and monitor the compliance with the rules. Then it reports to the board regularly.

(b) Credit risk management

With respect to credit risk of bond issuer, the department in charge regularly recognizes market environments, financial condition, credit information and fair value. For loans, the department in charge performs credit management such as credit screening, requiring collaterals and guarantees, on individual debtor basis.

Compliance with the rules is reported to the board regularly.

(c) Liquidity risk management

The Company performs management for liquidity risk by holding assets with adequate liquidity, obtaining committed lines of credit from several financial institutions and others in order to pay the reinsurance claims securely and promptly in addition to appropriate fund management.

Liquidity risk is monitored by the department in charge, and reported to the board regularly.

D. Supplementary Explanation for the Fair Value of Financial Instruments

The fair value of financial instruments includes market price and price measured reasonably by the Company if market price is not available. Because measurement for price of financial instruments depends on certain assumptions, the use of different assumptions could result in a different price.

(2) Fair Value of Financial Instruments

The carrying amounts, fair value and unrealized gain (loss) of financial instruments as of 31st March 2020 and 2019 are as follows. Financial instruments extremely difficult to measure fair value are not included in the table. Also please see note (b) below.

As of 31st March 2020

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 48,900	¥ 48,900	¥ -
Money held in trust	8,433	8,433	-
Securities			
Trading	18,848	18,848	-
Available for sale	484,952	484,952	-
Total assets	¥ 561,135	¥ 561,135	¥ -
	Thousands of U.S. dollars (Note 1(2))		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and deposits	\$ 449,324	\$ 449,324	\$ -
Money held in trust	77,487	77,487	-
Securities			
Trading	173,187	173,187	-
Available for sale	4,456,050	4,456,050	-
Total assets	\$ 5,156,069	\$ 5,156,069	\$ -

As of 31st March 2019

	Millions of yen				
	Carrying amount		Fair value		Unrealized gain (loss)
Cash and deposits	¥	25,289	¥	25,289	¥ -
Money held in trust		8,684		8,684	-
Securities					
Available for sale		512,980		512,980	-
Total assets	¥	546,954	¥	546,954	¥ -

(Notes)

(a) Measuring method for fair value of financial instruments

(i) Assets

Cash and deposits

Fair value of cash and deposits is deemed as book value since it is scheduled to be settled in a short period of time and fair value approximates book value.

Money held in trust

Fair value of the financial instruments managed as trust asset is as follows. Fair value of deposits is deemed as book value since it is scheduled to be settled in a short period of time and fair value approximates book value. Fair value of stocks is based on market quoted price. Fair value of bonds is based on market quoted price, price released by Japan Securities Dealers Association, price quoted by counterparty financial institutions and the over-the-counter average price released by the price vendors. Fair value of quoted derivative is based on market quoted price.

Securities

Fair value of stocks is based on market quoted price. Fair value of bonds is based on market quoted price, price released by Japan Securities Dealers Association, price quoted by counterparty financial institutions and the over-the-counter average price released by the price vendors. Fair value of investment trust funds is based on publicly announced price or unit price provided by counterparty financial institutions. With respect to investment in partnership, partnership's property is measured at fair value if available, and then the part of the Company's share is recorded to balance sheet as fair value.

(b) Financial instruments extremely difficult to measure fair value are as follows and are not included in "Securities" in the above table:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Foreign bonds	¥ -	¥ 2	\$ -
Non-listed stocks	2,964	2,891	27,235
Total	¥ 2,964	¥ 2,893	\$ 27,235

Above mentioned financial instruments where there are no available market prices and extremely difficult to measure fair value, are not subject to disclosure of fair value.

- (c) The redemption schedules as of 31st March 2020 and 2019 for monetary receivables and securities with maturities are as follows:

As of 31st March 2020

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 48,900	¥ -	¥ -	¥ -
Securities				
Available-for-sale securities with maturities				
Government bonds	6,200	3,600	-	-
Municipal bonds	435	-	-	-
Corporate bonds	17,600	68,219	5,506	4,900
Foreign securities	26,714	107,105	52,642	70,040
Total	¥ 99,850	¥ 178,925	¥ 58,149	¥ 74,940

	Thousands of U.S. dollars (Note 1(2))			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	\$ 449,324	\$ -	\$ -	\$ -
Securities				
Available-for-sale securities with maturities				
Government bonds	56,969	33,079	-	-
Municipal bonds	3,997	-	-	-
Corporate bonds	161,720	626,840	50,592	45,024
Foreign securities	245,465	984,149	483,708	643,572
Total	\$ 917,485	\$ 1,644,077	\$ 534,310	\$ 688,596

As of 31st March 2019

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 25,288	¥ -	¥ -	¥ -
Securities				
Available-for-sale securities with maturities				
Government bonds	6,100	9,800	-	-
Municipal bonds	900	443	-	-
Corporate bonds	22,546	62,352	6,332	3,200
Foreign securities	19,659	102,361	66,730	64,953
Total	¥ 74,495	¥ 174,957	¥ 73,063	¥ 68,153

11. Investments in Securities

(1) Information regarding trading securities as of 31st March 2020 and 2019 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Net unrealized gains (losses) recognized for the fiscal year	¥ 978	¥ -	\$ 8,986

(2) There are no held-to-maturity securities.

(3) Information regarding available-for-sale securities with fair value as of 31st March 2020 and 2019 is as follows:

As of 31st March 2020

	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 38,064	¥ 37,780	¥ 284
Stocks	72,147	15,887	56,260
Foreign securities	174,263	167,108	7,154
Others	5,311	5,044	266
Subtotal	289,787	225,821	63,966
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	72,797	73,182	(385)
Stocks	2,752	3,216	(464)
Foreign securities	111,925	115,263	(3,338)
Others	12,688	13,064	(375)
Subtotal	200,164	204,728	(4,564)
Total	¥ 489,952	¥ 430,550	¥ 59,402

	Thousands of U.S. dollars (Note 1(2))		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	\$ 349,756	\$ 347,146	\$ 2,609
Stocks	662,933	145,979	516,953
Foreign securities	1,601,240	1,535,495	65,735
Others	48,800	46,347	2,444
Subtotal	2,662,749	2,074,988	587,760
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	668,905	672,443	(3,537)
Stocks	25,287	29,550	(4,263)
Foreign securities	1,028,438	1,059,110	(30,671)
Others	116,585	120,040	(3,445)
Subtotal	1,839,235	1,881,172	(41,936)
Total	\$ 4,501,993	\$ 3,956,170	\$ 545,823

* Available-for-sale securities which are extremely difficult to measure fair value are not included in the above table.

** Commercial papers classified as "Monetary receivables bought" in the consolidated balance sheet are included in "Others" above.

As of 31st March 2019

	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 95,141	¥ 94,584	¥ 557
Stocks	89,378	17,172	72,205
Foreign securities	147,131	134,458	12,673
Others	3,925	3,776	148
Subtotal	335,577	249,992	85,585
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	21,290	21,350	(59)
Stocks	3,772	4,131	(359)
Foreign securities	148,795	153,848	(5,052)
Others	5,543	5,626	(83)
Subtotal	179,402	184,957	(5,554)
Total	¥ 514,980	¥ 434,950	¥ 80,030

* Available-for-sale securities which are extremely difficult to measure fair value are not included in the above table.

** Commercial papers classified as “Monetary receivables bought” in the consolidated balance sheet are included in “Others” above.

(4) Sales of securities classified as available-for-sale and the aggregate gain and loss are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Proceeds from sales			
Government, municipal and corporate bonds	¥ 5,867	¥ 7,058	\$ 53,909
Stocks	6,356	254	58,403
Foreign securities	82,671	55,886	759,634
Others	52	-	477
Total	¥ 94,947	¥ 63,199	\$ 872,434
Gain on sales			
Government, municipal and corporate bonds	¥ 32	¥ 7	\$ 294
Stocks	4,292	11	39,437
Foreign securities	3,624	4,272	33,299
Others	3	-	27
Total	¥ 7,953	¥ 4,290	\$ 73,077
Loss on sales			
Government, municipal and corporate bonds	¥ 100	¥ 12	\$ 918
Stocks	295	-	2,710
Foreign securities	436	1,311	4,006
Others	0	-	0
Total	¥ 832	¥ 1,324	\$ 7,644

(5) Securities for which impairment losses are recognized

For the year ended 31st March 2020, the Company recognized impairment losses regarding available-for-sale securities with fair value (Stocks) in the amount of ¥ 363 million (\$ 3,335 thousand) in the consolidated statement of income.

For the year ended 31st March 2019, the Company recognized impairment losses regarding available-for-sale securities with fair value (Stocks) in the amount of ¥ 184 million in the consolidated statement of income. Consolidated subsidiaries recognized impairment losses regarding available-for-sale securities with fair value (Foreign securities) in the amount of ¥ 79 million in the consolidated statement of income.

In principle, impairment losses on available-for-sale securities with fair value held by the Company are recognized when the fair value has declined by 30% or more of their book value. Impairment losses on available-for-sale securities with fair value held by consolidated subsidiaries are recognized when the fair value has declined below their book value and the decline in fair value is deemed to be other than temporary.

12. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Net unrealized gains (losses) recognized for the fiscal year	¥ (96)	¥ (51)	\$ (882)

(2) Money Held in Trust for Being Held to Maturity

None.

(3) Money Held in Trust Not for Trading Purposes or Not Being Held to Maturity

None.

13. Derivatives

None.

14. Retirement Benefits

(1) Outline of Retirement Benefit Plans

The Company and consolidated subsidiaries mainly have funded and unfunded defined retirement benefit plans covering substantially all employees.

For defined benefit retirement plans, the benefit based on an employee's salary and years of service are paid in the form of lump-sum payment and pension.

For lump-sum payment retirement plans which are all unfunded plans, the benefit based on an employee's salary and years of service are paid in the form of lump-sum payment.

(2) Defined Benefit Plan

A. Changes in the retirement benefit obligations during the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
Retirement benefit obligations at the beginning of the period	¥ 18,163	¥ 18,338	\$ 166,893
Service cost	732	740	6,726
Interest cost	412	384	3,785
Actuarial differences	1,589	(566)	14,600
Benefit paid	(694)	(571)	(6,376)
Others	(111)	(161)	(1,019)
Retirement benefit obligations at the end of the period	¥ 20,092	¥ 18,163	\$ 184,618

B. Changes in the plan assets during the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Plan assets at the beginning of the period	¥ 10,292	¥ 9,956
Expected return on plan assets	322	326	2,958
Actuarial differences	588	(479)	5,402
Employer contributions	814	1,033	7,479
Benefit paid	(578)	(475)	(5,311)
Others	(50)	(69)	(459)
Plan assets at the end of the period	¥ 11,386	¥ 10,292	\$ 104,621

C. Reconciliations of retirement benefit obligations and plan assets to net defined benefit liabilities and assets recognized in the consolidated balance sheet at the end of the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Retirement benefit obligations for funded plan	¥ 15,819	¥ 14,741
Plan assets	(11,386)	(10,292)	(104,621)
	4,432	4,448	40,724
Retirement benefit obligations for unfunded plan	4,273	3,422	39,263
Net amount of liabilities (assets) recognized in the consolidated balance sheet	¥ 8,705	¥ 7,871	\$ 79,987
Net defined benefit liabilities	¥ 8,705	¥ 7,871	\$ 79,987
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 8,705	¥ 7,871	\$ 79,987

D. Components of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Service cost	¥ 732	¥ 740
Interest cost	412	384	3,785
Expected return on plan assets	(322)	(326)	(2,958)
Amortization of actuarial differences	132	280	1,212
Retirement benefit cost for defined benefit plan	¥ 955	¥ 1,078	\$ 8,775

E. Remeasurements of defined benefit plans included in other comprehensive income

Components of remeasurements of defined benefit plans included in other comprehensive income before tax effect are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Actuarial differences	¥ (869)	¥ 367
Others	26	43	238
Total	¥ (843)	¥ 410	\$ (7,746)

F. Remeasurements of defined benefit plans included in accumulated other comprehensive income

Components of remeasurements of defined benefit plans included in accumulated other comprehensive income before tax effect are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	¥	¥	\$
Unrecognized actuarial differences	(2,894)	(2,050)	(26,591)

G. Plan assets

(a) Major Components of plan assets

Percentages of total plan assets by major categories are as follows:

	2020	2019
Bonds	24%	26%
Stocks	14	13
General accounts	58	60
Others	4	1
Total	100%	100%

(b) Determination of long-term expected rate of return

The long-term expected rate of return on plan assets has been estimated based on the current and anticipated allocation to each asset class and the current and anticipated long-term rates of returns on assets held in each category.

H. Actuarial assumptions

Major actuarial assumptions (based on weighted average) are as follows:

	2020	2019
Discount rate	Mainly 0.6%	Mainly 0.6%
Long-term expected rate of return	Mainly 1.3%	Mainly 1.4%

15. Deferred Tax Accounting

(1) Major Components of Net Deferred Tax Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	¥	¥	\$
Deferred tax assets			
Underwriting reserves	33,791	34,691	310,493
Outstanding claims	10,245	9,952	94,137
Tax loss carryforwards **	10,137	9,518	93,145
Reserve for price fluctuation	2,992	2,918	27,492
Net defined benefit liabilities	2,027	1,865	18,625
Others	1,928	2,347	17,715
Subtotal of deferred tax assets	61,122	61,294	561,628
Valuation allowance on tax loss carryforwards **	(4,913)	(3,065)	(45,143)
Valuation allowance on deductible temporary differences	(299)	(191)	(2,747)
Subtotal of Valuation allowance *	(5,213)	(3,256)	(47,900)
Total deferred tax assets	55,909	58,037	513,727
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	(16,285)	(21,933)	(149,637)
Others	(2,462)	(1,207)	(22,622)
Total deferred tax liabilities	(18,747)	(23,140)	(172,259)
Net deferred tax assets	¥ 37,161	¥ 34,896	\$ 341,459

(Notes)

* Valuation allowance increased by ¥ 1,956 million (\$ 17,972 thousand). The main reason of this increase is due to increase the valuation allowance related to the Company's tax loss carryforwards

** Schedule by expiration of tax loss carryforwards and the corresponding deferred tax assets

As of 31st March 2020

Millions of yen							
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years	Due after 5 years	Total
Tax loss carryforwards	¥ 4,263	3,104	-	-	-	2,768	¥ 10,137
Valuation allowance	¥ 3,286	1,626	-	-	-	-	¥ 4,913
Deferred tax assets	¥ 976	1,477	-	-	-	2,768	¥ 5,223

Thousands of U.S. dollars (Note 1(2))							
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years	Due after 5 years	Total
Tax loss carryforwards	\$ 39,171	28,521	-	-	-	25,434	\$ 93,145
Valuation allowance	\$ 30,193	14,940	-	-	-	-	\$ 45,143
Deferred tax assets	\$ 8,968	13,571	-	-	-	25,434	\$ 47,992

(Notes)

- (a) Figures for tax loss carryforwards were the amounts multiplied by effective statutory tax rate.
- (b) For the tax loss carryforward of ¥ 10,137 million (\$ 93,145 thousand) (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 5,223 million (\$ 47,992 thousand) were recorded. The tax loss carryforwards were determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance was not recognized.

As of 31st March 2019

Millions of yen							
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years	Due after 5 years	Total
Tax loss carryforwards	¥ -	4,267	3,104	-	-	2,145	¥ 9,518
Valuation allowance	¥ -	1,215	1,849	-	-	-	¥ 3,065
Deferred tax assets	¥ -	3,052	1,255	-	-	2,145	¥ 6,453

(Notes)

- (a) Figures for tax loss carryforwards were the amounts multiplied by effective statutory tax rate.
- (b) For the tax loss carryforward of ¥ 9,518 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥ 6,453 million were recorded. The tax loss carryforwards were determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance was not recognized.
- (2) The reconciliation of the statutory income tax rate to the effective income tax rate for the years ended 31st March 2020 is as follows:

	<u>2020</u>
Effective statutory income tax rate of the Company	28.0%
(Adjustments)	
Valuation allowance	1,227.8
Tax rate applied to consolidated subsidiaries	422.7
Non-taxable revenue such as dividends received	(334.7)
Others	99.8
Effective income tax rate of the Company	<u><u>1,443.6%</u></u>

The reconciliation of the statutory income tax rate to the effective income tax rate for the year ended 31st March 2019 is not shown due to loss before income taxes.

16. Business Combination

The Toa 21st Century Reinsurance Co., Ltd., a wholly owned consolidated subsidiary company, acquired of all shares of CEDIMAR AG held by Alparfin AG on 14th June 2019.

At the same date, The Toa 21st Century Reinsurance Co., Ltd. conducted absorption merger, with The Toa 21st Century Reinsurance Co., Ltd. as the surviving company and CEDIMAR AG, as the dissolving company.

(1) Overview of business combination

A Name and business description of acquired company

Name of acquired company: CEDIMAR AG

Description of business: Non-life insurance business

B Primary reasons for business combination

The ALCOPA Group (including Alparfin AG), which owns CEDIMAR AG, has decided to suspend the use of CEDIMAR AG, which was using as a captive to underwrite the insurance risk of its own group.

Therefore, The ALCOPA Group wanted to sell it and The Toa 21st Century Reinsurance Co., Ltd. agreed with them on the acquisition of all shares of CEDIMAR AG.

C Date of business combination

14th June, 2019

D Legal form of business combination

Acquisition of shares and Absorption-type merger

E Name of acquired company after the business combination

The Toa 21st Century Reinsurance Co., Ltd.

F Percentage share of voting rights acquired

100%

G Primary reasons for determination of controlling company

The Toa 21st Century Reinsurance Co., Ltd. is the controlling entity, as The Toa 21st Century Reinsurance Co., Ltd. acquired 100% of the voting rights of CEDIMAR AG.

(2) Acquisition cost and breakdown by class of consideration

	<u>Millions of CHF</u>
Consideration for acquisition Cash	CHF 39
Total acquisition cost	<u>CHF 39</u>

(3) Description and amount of major acquisition-related costs

Advisory fee and others CHF 0 million

(4) Amount of gain on negative goodwill and the reason for recognizing negative goodwill

A Amount of gains on negative goodwill

CHF 3 millions

B Reason for recognizing negative goodwill

As the acquisition cost fell below the net amount of assets acquired and liabilities assumed, the difference was recognized as negative goodwill.

(5) Amounts of assets acquired and liabilities assumed on the acquisition date and their major components

	<u>Millions of CHF</u>
Total assets	CHF 45
Cash and deposits	45
Total liabilities	(3)
Accrued income taxes	<u>CHF (2)</u>

17. Segment Information

(1) Outline of Reportable Segments

The Companies' reportable segments are components of the Companies about which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

Our reportable segments are "The Toa Reinsurance Company, Limited (hereinafter Toa)", "The Toa Reinsurance Co. of America (TRA)", "The Toa 21st Century Reinsurance Co., Ltd (TRE)" and "Toa Re Corporate Member Limited (TRCM)".

The Companies' business is assuming reinsurance, and within the company TRA is mainly in charge of North America area, Toa, TRE and TRCM are mainly in charge of others.

(2) Measurement of Sales, Profit or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment

Accounting policies of each reported segment are in a manner consistent with that in the "Principal Matters for Preparation of Consolidated Financial Statements"

Profit or loss of each reportable segment shown in the following table represents "Net loss attributable to owners of the parent".

Inter-segment revenues are measured on the basis of market transactions on arm's length terms.

As described in “Changes in Accounting Policy”, ASU No.2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.” has been applied from the fiscal year ended March 31, 2020 at overseas consolidated subsidiaries that apply US GAAP.

As a result, profit for the fiscal year ended March 31, 2020 of “TRA” segment increased by ¥ 772 million (\$ 7,093 thousand), compared to results calculated by the previous method.

(3) Information about Sales, Profit or Loss, Assets, Liabilities, and Other Items on Each Reportable Segment

For the year ended 31st March 2020

(Millions of yen)

	Reportable segments				
	Toa	TRA	TRE	TRCM	Total
Sales					
Sales to external customers	¥ 208,306	¥ 55,831	¥ 6,114	¥ -	¥ 270,252
Inter-segment sales or transfers	(276)	(3,694)	5,701	-	1,730
Total	208,029	52,137	11,815	-	271,982
Profit or loss by reportable segments	1,466	2,593	(5,107)	(0)	(1,047)
Assets by reportable segments	492,360	227,827	56,298	4,599	781,086
Liabilities by reportable segments	377,898	153,004	25,002	4,583	560,488
Other items					
Depreciation	832	68	11	-	913
Interest and dividends income	6,651	5,115	394	-	12,162
Interest expenses	0	-	-	-	0
Extraordinary profit	1	-	339	-	341
Gain on disposal of fixed assets	1	-	-	-	1
Gain on negative goodwill	-	-	339	-	339
Extraordinary loss	270	-	-	-	270
Provision for reserve under the special law	264	-	-	-	264
Income tax expense	2,751	1,050	(1,215)	0	2,586

(Thousands of U.S. dollars (Note 1(2)))

	Reportable segments				
	Toa	TRA	TRE	TRCM	Total
Sales					
Sales to external customers	\$ 1,914,049	\$ 513,011	\$ 56,179	\$ -	\$ 2,483,249
Inter-segment sales or transfers	(2,536)	(33,942)	52,384	-	15,896
Total	1,911,504	479,068	108,563	-	2,499,145
Profit or loss by reportable segments	13,470	23,826	(46,926)	(0)	(9,620)
Assets by reportable segments	4,524,120	2,093,420	517,302	42,258	7,177,120
Liabilities by reportable segments	3,472,369	1,405,899	229,734	42,111	5,150,124
Other items					
Depreciation	7,644	624	101	-	8,389
Interest and dividends income	61,113	46,999	3,620	-	111,752
Interest expenses	0	-	-	-	0
Extraordinary profit	9	-	3,114	-	3,133
Gain on disposal of fixed assets	9	-	-	-	9
Gain on negative goodwill	-	-	3,114	-	3,114
Extraordinary loss	2,480	-	-	-	2,480
Provision for reserve under the special law	2,425	-	-	-	2,425
Income tax expense	25,277	9,648	(11,164)	0	23,761

* Sales represent “Net premiums written”.

For the year ended 31st March 2019

(Millions of yen)

	Reportable segments				
	Toa	TRA	TRE	TRCM	Total
Sales					
Sales to external customers	¥ 195,118	¥ 53,148	¥ 21	¥ -	¥ 248,288
Inter-segment sales or transfers	(166)	(4,489)	4,205	-	(450)
Total	194,952	48,658	4,227	-	247,838
Profit or loss by reportable segments	1,686	(2,727)	(6,050)	-	(7,091)
Assets by reportable segments	505,486	203,735	50,796	3,096	763,115
Liabilities by reportable segments	377,901	135,067	14,434	3,080	530,484
Other items					
Depreciation	540	87	3	-	630
Interest and dividends income	6,475	5,903	479	-	12,858
Interest expenses	0	-	-	-	0
Extraordinary profit	488	-	-	-	488
Reversal of reserve under the special law	488	-	-	-	488
Extraordinary loss	13	-	-	-	13
Loss on disposal of fixed assets	13	-	-	-	13
Income tax expense	2,877	(1,218)	(1,378)	-	280

* Sales represent "Net premiums written".

(4) Reconciliations of Total Reportable Segments Amount to Amount Presented in Financial Statements and Descriptions of Reconciliations

A. Sales

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Total of reportable segments	¥ 271,982	¥ 247,838
Elimination of inter-segment transactions	(1,730)	450	(15,896)
Sales in consolidated financial statements	<u>¥ 270,252</u>	<u>¥ 248,288</u>	<u>\$ 2,483,249</u>

* Sales represent "Net premiums written".

B. Profit or loss

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Total of reportable segments	¥ (1,047)	¥ (7,091)
Elimination of inter-segment transactions	(1,093)	(58)	(10,043)
Net loss attributable to owners of the parent in consolidated financial statements	<u>¥ (2,141)</u>	<u>¥ (7,150)</u>	<u>\$ (19,672)</u>

C. Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Total of reportable segments	¥ 781,086	¥ 763,115
Elimination of inter-segment transactions	(69,396)	(69,026)	(637,655)
Total assets in consolidated financial statements	<u>¥ 711,690</u>	<u>¥ 694,088</u>	<u>\$ 6,539,465</u>

D. Liabilities

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Total of reportable segments	¥ 560,488	¥ 530,484
Elimination of inter-segment transactions	(15,940)	(16,340)	(146,466)
Total liabilities in consolidated financial statements	¥ 544,548	¥ 514,144	\$ 5,003,657

E. Other items

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2020	2019	2020
	Income tax expense		
Total of reportable segments	¥ 2,586	¥ 280	\$ 23,761
Adjustments*	(285)	(45)	(2,618)
Amounts in consolidated financial statements	¥ 2,300	¥ 235	\$ 21,133

* Adjustment represents “elimination of inter-segment transactions”.

(5) Related Information

For the year ended 31st March 2020

A. Information about revenue derived from its products or services

(Millions of yen)

	Fire	Marine	Personal Accident	Motor	General Liabilities	Life	Others	Total
Sales to external customers	¥69,009	¥11,205	¥2,641	¥35,167	¥38,585	¥90,692	¥22,950	¥270,252

(Thousands of U.S. dollars (Note 1(2)))

	Fire	Marine	Personal Accident	Motor	General Liabilities	Life	Others	Total
Sales to external customers	\$634,099	\$102,958	\$24,267	\$323,137	\$354,543	\$833,336	\$210,879	\$2,483,249

* Sales represent “Net premiums written”.

B. Information by geographic area

(a) Sales

(Millions of yen)

Japan	United States	Others	Total
¥ 136,357	¥ 69,512	¥ 64,382	¥ 270,252

(Thousands of U.S. dollars (Note 1(2)))

Japan	United States	Others	Total
\$1,252,935	\$ 638,720	\$ 591,583	\$2,483,249

* Sales are classified by country based on the geographic area of customers.

** Sales represent “Net premiums written”.

(b) Tangible fixed assets

(Millions of yen)

Japan	Others	Total
¥ 9,085	¥ 888	¥ 9,973

(Thousands of U.S. dollars (Note 1(2)))

Japan	Others	Total
\$ 83,478	\$ 8,159	\$ 91,638

C. Information about major customers

None.

For the year ended 31st March 2019

A. Information about revenue derived from its products or services

(Millions of yen)

	Fire	Marine	Personal Accident	Motor	General Liabilities	Life	Others	Total
Sales to external customers	¥64,270	¥10,035	¥2,787	¥32,229	¥32,121	¥88,027	¥18,816	¥248,288

* Sales represent “Net premiums written”.

B. Information by geographic area

(a) Sales

(Millions of yen)

Japan	United States	Others	Total
¥ 136,008	¥ 67,555	¥ 44,724	¥ 248,288

* Sales are classified by country based on the geographic area of customers.

** Sales represent “Net premiums written”.

(b) Tangible fixed assets

(Millions of yen)

Japan	Others	Total
¥ 9,090	¥ 930	¥ 10,021

C. Information about major customers

None.

(6) Information about Impairment Losses on Fixed Assets by Reportable Segments

None.

(7) Information about Amortization of Goodwill and Carrying Amount by Reportable Segments

None.

(8) Information about Gains on Negative Goodwill by Reportable Segments

For the year ended 31st March 2020

The Toa 21st Century Reinsurance Co., Ltd., a wholly owned consolidated subsidiary company, acquired of all shares of CEDIMAR AG held by Alparfin AG on 14th June 2019.

At the same date, The Toa 21st Century Reinsurance Co., Ltd. conducted absorption merger, with The Toa 21st Century Reinsurance Co., Ltd. as the surviving company and CEDIMAR AG, as the dissolving company.

As a result, the Company recognized ¥ 339 million (\$ 3,114 thousand) of negative goodwill in “TRE” segment.

For the year ended 31st March 2019

None

18. Related Party Transactions

There are no material transactions with related parties to report for the years ended 31st March 2020 and 2019.

19. Per Share Information

	Yen		U.S. dollars (Note 1(2))
	2020	2019	2020
Net assets per share	¥ 1,826.00	¥ 1,990.80	\$ 16.77
Net loss per share	(23.57)	(79.45)	(0.21)

* There are net loss per share and no potential common shares, therefore diluted net income per share is not described for the fiscal year ended 31st March 2020 and 2019.

** As described in “Changes in Accounting Policy”, ASU No.2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.” has been applied from the fiscal year ended March 31, 2020 at overseas consolidated subsidiaries that apply US GAAP.

As a result, net loss per share decreased by ¥ 8.50 (\$ 0.07) for the fiscal year ended 31st March 2020.

*** Basis for computing net income (loss) per share is as follows:

	For the year ended 31st March 2020	For the year ended 31st March 2019
Net loss attributable to owners of the parent (Millions of yen)	¥ (2,141)	¥ (7,150)
Amounts not attributable to common shareholders (Millions of yen)	-	-
Net loss attributable to owners of the parent related to common shareholders (Millions of yen)	¥ (2,141)	¥ (7,150)
Average number of common shares outstanding for the year (Thousand shares)	90,848	89,995
Major Components of Average number of common shares outstanding and equivalent for the year (Thousand shares)	Common Stock 88,918 Class A Stock 1,930	Common Stock 88,065 Class A Stock 1,930

20. Significant Subsequent Events after Balance Sheet Date

The Company has resolved to transfer the treasury stock by third party allotment for the purpose of the capital adequacy at the general shareholders’ meeting held on 26th June 2020.

The details of the resolution are as follows:

(1) Type of the shares to be transferred

Common stock

(2) Total number of the shares to be transferred

5,000,000 shares (maximum)

(3) Transfer price

¥ 770 per share (minimum)

\$ 7.07 per share (minimum) (Note 1(2))

The Board of Directors of the Company has been delegated on the decision of specific conditions regarding this transfer.

The Toa Reinsurance Company, Limited and Subsidiaries

Related Information to the Consolidated Financial Statements

1. Detailed Information for Corporate Bonds

None.

2. Detailed Information for Borrowings

(Millions of yen)

	As of 1st April 2019	As of 31st March 2020	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	¥ 69	¥ 93	-	-
Lease liabilities (except for those due in 1 year or less)	70	192	-	From 30th April 2021 to 28th February 2026
Total	¥ 139	¥ 286	-	-

(Thousands of U.S. dollars (Note 1(2)))

	As of 1st April 2019	As of 31st March 2020	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	\$ 634	\$ 854	-	-
Lease liabilities (except for those due in 1 year or less)	643	1,764	-	From 30th April 2021 to 28th February 2026
Total	\$ 1,277	\$ 2,627	-	-

(Notes)

- (1) The above amount is included in “Other liabilities” in the consolidated balance sheet.
- (2) “Average interest rate” on lease liabilities is not stated above because lease liabilities in the consolidated balance sheet are recognized without deducting lease interest included in the total lease charges.
- (3) The repayment for the lease liabilities (except for those due in 1 year or less) scheduled within 5 years following the consolidated balance sheet date is as follows:

(Millions of yen)

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities	¥ 74	¥ 60	¥ 44	¥ 9

(Thousands of U.S. dollars (Note 1(2)))

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities	\$ 679	\$ 551	\$ 404	\$ 82

3. Detailed Information for Asset Retirement Obligations

None.