

# 2022

## REPORT AND ACCOUNTS

For the year ended 31st March 2022

Toa Re's advanced capabilities are founded on the accumulated skills and experience of its professional staff.



## **ToaRe Mission Statement**

### ***Providing Peace of Mind***

***Toa Re aims to realize its mission by***

***working with society and applying the principles of fairness and integrity to all aspects of our business***

***offering long-term, solid support to our clients by supplying reinsurance products and services that enable them to maintain stable operations***

***striving to enhance our corporate value for the interests of our shareholders through open and transparent corporate management***

***respecting the creativity of our group employees and valuing their contributions***

***conserving the environment and contributing to a sustainable society***

# Profile

The Toa Reinsurance Company, Limited (Toa Re), was established in 1940. With the reinsurance market evolving and clients' needs expanding, we have recognized the importance of being able to provide a diverse line of life and non-life reinsurance products to lead the market as Japan's primary professional reinsurer. Toa Re is based in Tokyo with subsidiaries in New Jersey (U.S.A.) and Zürich (Switzerland). Increasing demand for reinsurance products in Asian countries prompted us to expand our operations in those regions and establish branch offices in Singapore, Kuala Lumpur and Hong Kong.

In acknowledgment of Toa Re's outstanding financial profile, credit rating agencies, Standard & Poor's Financial Services LLC, A.M. Best Company, Inc. and Japan Credit Rating Agency, Ltd., have assigned Toa Re ratings of A+, A and AA+, respectively. As of 31st March 2022, the Toa Re Group boasted total assets of ¥ 860.4 billion. Net premiums written during the fiscal year ended 31st March 2022, totaled ¥ 302.0 billion.

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### Notes:

All U.S. dollar figures in this report have been converted from yen, for convenience only, at the rate of ¥122.39=US\$1, which prevailed on 31st March 2022.

When truncating figures and rounding off percentages, no attempt was made to reconcile totals and breakdowns. Minor discrepancies may therefore be found when individual numbers are added together and compared with the totals shown.

All premiums shown are net of profit commissions.

# Message from the President

## Operating Environment

The insurance and reinsurance industries have been encountering a substantially changing business environment. For instance, insurance needs and risks have been rapidly diversifying and changing amid developments that include evolution and growing prevalence of digital technologies, increasingly severe natural disasters, and demographic trends in the form of a decreasing birthrate and an aging population. Meanwhile, the COVID-19 pandemic has greatly affected the economic climate as well as people's work and lifestyles.

## Strategic Vision for Future Growth of the Toa Re Group "TEAM TOA 2023"

Amid this increasingly changing environment and under TEAM TOA 2023, the Group's medium-term management plan, we aim to achieve sustainable growth in step with clients and society by providing optimal solutions and services to our clients. In addition, in pursuit of the Sustainable Development Goals (SDGs), we are promoting various group-wide initiatives to provide solutions to social challenges through our business activities.



Everyone at the Toa Re Group will do their utmost to ensure that the Group consistently fulfills its mission as a reinsurance company "Providing Peace of Mind," as articulated in the Toa Re Mission Statement. We look forward to your ongoing support going forward.

A handwritten signature in black ink that reads "M. Matsunaga". The signature is fluid and cursive, with a prominent loop at the end of the last name.

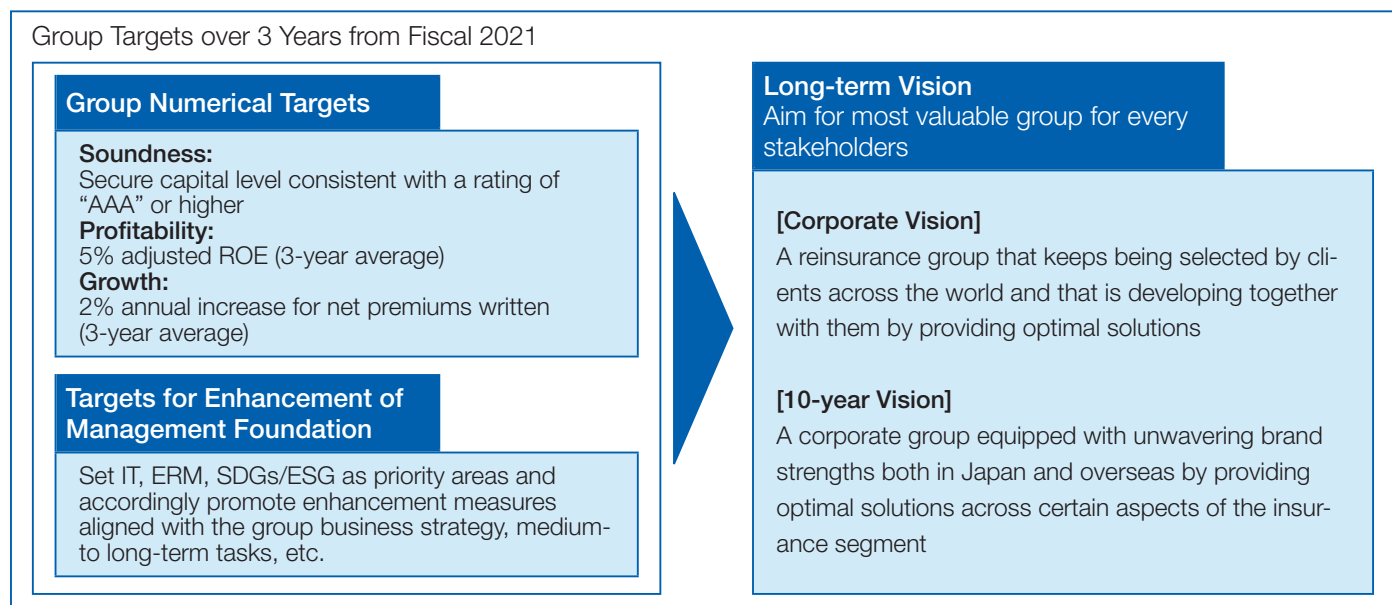
Masaaki Matsunaga  
President and Chief Executive

## Medium-Term Management Plan “TEAM TOA 2023”

The Toa Re Group launched TEAM TOA 2023, its new medium-term management plan in April 2021, which covers three years from fiscal 2021. The TEAM TOA 2023 articulates our long-term vision and sets clear

numerical targets and goals for enhancement of the management foundation for the Toa Re Group. We will implement various measures to achieve the vision and targets of this 3-year period starting in fiscal 2021.

### Overview of TEAM TOA 2023



- Adjusted ROE(after-tax basis) :  $(\text{Net income} + \text{Provision for catastrophe loss reserves} + \text{Provision for contingency reserves} + \text{Provision for price fluctuation reserves} - \text{Other special factors}) / (\text{Net assets} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves})$
- IT : Information Technology
- ERM : Enterprise Risk Management
- SDGs : Sustainable Development Goals
- ESG : Environment, Social, Governance

### Long-term Vision

The Toa Re Group’s corporate vision is to become “a reinsurance group that keeps being selected by clients across the world and that is developing together with them by providing optimal solutions.” It is intended to further promote our business from a global perspective which will involve placing greater emphasis than ever on meeting clients’ reinsurance needs by adopting the clients’ viewpoint with the aim of achieving sustainable growth amid a rapidly changing business environment. Moreover, the Group envisions itself a decade ahead serving as “a corporate group equipped with unwavering brand strengths both in Japan and overseas by providing optimal solutions across certain aspects of the insurance segment.” This will involve generally serving as a full-line reinsurance underwriter while particularly setting our sights on giving rise to business segment that enable us to leverage Group strengths.

### Group Numerical Targets

The TEAM TOA 2023 places top priority on enhancing our capital level by ensuring stable profits and furthermore seeking growth. According to this policy, we have set numerical targets for the Group for three years in terms of soundness, profitability, and growth. We will draw up and implement business plans and specific measures for each business segment with the aim of achieving these numerical targets.

### Targets for Enhancement of Management Foundation

We will continually strive to develop and harness strengths in the three priority areas of “IT,” “ERM,” and “SDGs / ESG,” which we have selected in light of the rapidly changing nature of society and the business environment. In order to thoroughly promote the initiatives, we will formulate and implement concrete action plans in each category based on the initiative policies described as below.

Priority Areas	Initiative Policy
IT	Transform business operations and generate new enterprise value by actively harnessing advanced technologies
ERM	Achieve an effective ERM framework and comply with economic value-based solvency regulation
SDGs/ESG	Perpetually enhancing corporate value by contributing to the creation of a sustainable society

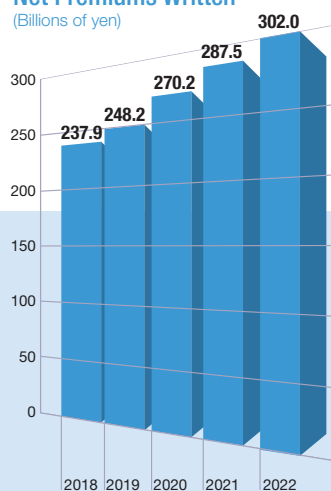
# Consolidated Financial Highlights

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March

	Millions of yen					Thousands of U.S. dollars
	2022	2021	2020	2019	2018	2022
<b>For the fiscal year</b>						
Ordinary income	¥ 329,804	¥ 312,101	¥ 297,757	¥ 266,625	¥ 254,934	\$2,694,697
Net premiums written	302,024	287,547	270,252	248,288	237,911	2,467,717
Ordinary profit (loss)	827	2,164	88	(7,390)	9,857	6,757
Net income (loss) attributable to owners of the parent	(1,248)	2,745	(2,141)	(7,150)	9,191	(10,196)
<b>At fiscal year-end</b>						
Total net assets	201,307	182,257	167,141	179,944	200,550	1,644,799
Total assets	860,421	772,108	711,690	694,088	687,950	7,030,157
<b>Per share data</b>						
Net assets	¥2,159.74	¥1,955.36	¥1,826.00	¥1,990.80	¥2,231.40	\$ 17.646
Net income (loss)	(13.39)	29.80	(23.57)	(79.45)	99.86	(0.109)
<b>Key ratios</b>						
Capital ratio	23.40%	23.61%	23.49%	25.93%	29.15%	
Return on equity (ROE) ratio	-0.65	1.57	-1.23	-3.76	4.68	

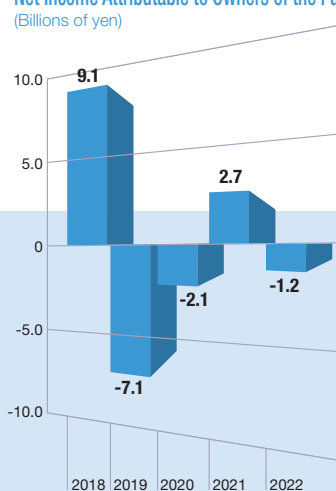
## Net Premiums Written

(Billions of yen)



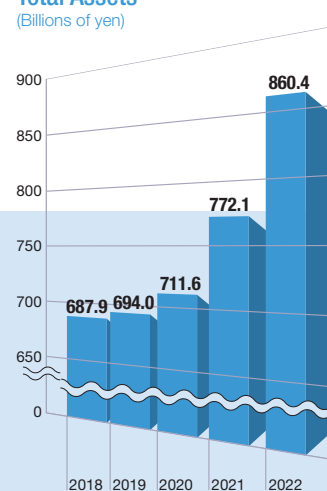
## Net Income Attributable to Owners of the Parent

(Billions of yen)



## Total Assets

(Billions of yen)



# Non-Consolidated Financial Highlights

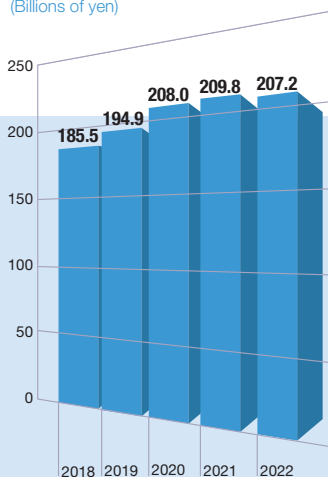
The Toa Reinsurance Company, Limited  
For the years ended 31st March

	Millions of yen					Thousands of U.S. dollars
	2022	2021	2020	2019	2018	2022
<b>For the fiscal year</b>						
Net premiums written	¥ 207,269	¥ 209,821	¥ 208,029	¥ 194,952	¥ 185,570	\$1,693,512
Underwriting profit (loss)	1,412	(5,853)	(4,320)	(1,215)	(1,372)	11,536
Interest and dividends income	7,056	6,066	6,651	6,475	7,065	57,651
Ordinary profit	7,371	3,931	4,486	4,088	5,115	60,225
Net income	4,529	3,253	1,466	1,686	4,987	37,004
<b>At fiscal year-end</b>						
Invested assets	473,976	432,087	391,349	394,844	409,575	3,872,669
Total assets	569,525	543,280	492,360	505,486	490,545	4,653,362
Underwriting reserves	218,539	231,239	218,595	214,616	215,553	1,785,595
Capital stock	5,000	5,000	5,000	5,000	5,000	40,853
Total net assets	148,301	129,773	114,462	127,584	128,929	1,211,708

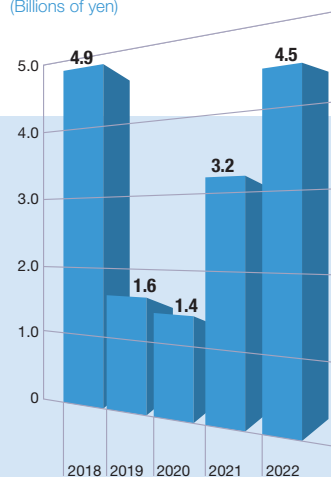
	Yen					U.S. dollars
	2022	2021	2020	2019	2018	2022
<b>Per share data</b>						
Net assets	¥1,591.06	¥1,392.28	¥1,250.49	¥1,411.52	¥1,434.52	\$ 13.000
Declared dividends	12.50	12.50	12.50	12.50	12.50	0.102
Net income	48.59	35.31	16.14	18.74	54.19	0.397

	Percent				
	2022	2021	2020	2019	2018
<b>Key ratios</b>					
Net loss ratio	69.00%	65.68%	72.15%	73.77%	70.64%
Net expense ratio	25.45	26.17	24.80	25.22	24.76
Return on investment	1.84	1.66	1.89	1.88	2.05
Capital ratio	26.04	23.89	23.25	25.24	26.28
Return on equity (ROE) ratio	3.26	2.66	1.21	1.32	3.90
Payout ratio	25.73	35.40	77.45	66.70	23.07

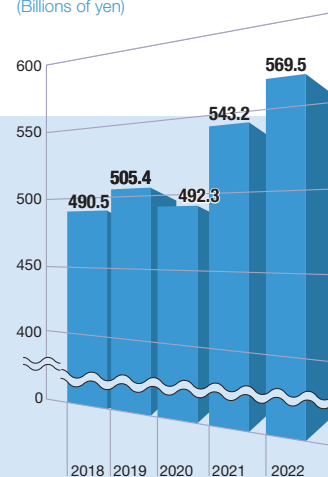
**Net Premiums Written**  
(Billions of yen)



**Net Income**  
(Billions of yen)



**Total Assets**  
(Billions of yen)



# Corporate History

1940	10	Established as The Toa Fire and Marine Reinsurance Company, Limited. (Head office at 6-1, Marunouchi 1-chome, Kojimachi-ku, Tokyo-shi, capitalized at ¥50 million)
1945	4	Ceased business as a reinsurance company due to the establishment of a government reinsurance agency.
	5	Became a direct insurance company, changing name to The Toa Fire and Marine Insurance Company, Limited.
	6	Started direct insurance business at branches in Tianjin and Shanghai.
1947	4	Re-established as a reinsurance company.
1948	2	Changed name back to The Toa Fire and Marine Reinsurance Company, Limited.
1952	4	Started to transact overseas reinsurance business.
1962	10	Completed construction of the head office building at Surugadai. (6-5, Kanda-Surugadai 3-chome, Chiyoda-ku, Tokyo (present location))
1975	4	Opened representative office in London.
1979	4	Opened representative office in Hong Kong.
	7	Held the 1st Reinsurance Seminar of Toa for Asian non-life insurance clients (RST).
	12	Established The Toa-Re Insurance Company (U.K.) Limited. (Started operation on January 1, 1980.)
1982	4	Opened representative office in New York.
	10	Established The Toa-Re Insurance Company of America. (Consolidated subsidiary, Started operation on January 1, 1983.)
1989	7	Held the 1st Seminar of Toa Elementary Program for direct non-life insurance clients in Japan (STEP).
1997	2	Obtained approval to begin offering life reinsurance products.
	4	Announced ToaRe Mission Statement.
	9	Opened branch office in Singapore.
	10	Received the 1st Asia Insurance Industry Awards "Reinsurance Company of the Year."
	12	Acquired all outstanding stock in M&G Re America and merged it with The Toa-Re Insurance Company of America and changed name to The Toa Reinsurance Company of America (TRA).
1998	3	Obtained additional approval to offer a complete range of life reinsurance products.
1999	1	Opened branch office in Kuala Lumpur.
	4	Changed name to The Toa Reinsurance Company, Limited.
	6	Opened branch office in Hong Kong.
2000	7	Obtained approval to handle non-life co-operative reinsurance.
	11	Opened representative office in Taipei.
2002	1	Established The Toa 21st Century Reinsurance Company Ltd (TRE). (Consolidated subsidiary, Started operation on April 1, 2002.)
	4	Obtained approval to handle life co-operative reinsurance.
2003	3	Sold The Toa-Re Insurance Company (U.K.) Ltd.
2008	8	Entered into a basic agreement for business cooperation with Korean Re.
	8	Held the 1st Seminar of Toa Elementary Program for direct life insurance clients in Japan (STEP LIFE).
	9	Entered into a basic agreement for business cooperation with Secura of Belgium.
	10	Held the 1st Reinsurance Seminar of Toa for Asian life insurance clients (RST LIFE).
2009	9	Became a member of the Global Reinsurance Forum.
	10	Entered into a basic agreement for business cooperation with China Reinsurance Group.
2013	6	Entered into a basic agreement for business cooperation with Marein of Indonesia.
2017	11	Obtained approval from Lloyd's to establish a SPA (Toa Re Special Purpose Arrangement 6132).
2018	7	Acquired Barbican Corporate Member (No.4) Limited which accepts insurance business through SPA, from Barbican Holdings (UK) Limited, and changed name to Toa Re Corporate Member Limited (TRCM).
2021	6	Closed representative office in London.
	9	Sold Toa Re Corporate Member Limited (TRCM).



1941: Head office



1962: New head office opened (at the site of the present head office)



The Toa Reinsurance Co. of America



The present head office



# Worldwide Network



## Branches

### Singapore

50 Raffles Place #26-01, Singapore Land Tower, Singapore 048623  
Telephone: +65-6220-0123  
Facsimile: +65-6222-5383

### Kuala Lumpur

28th Floor, UBN Tower, 10 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia  
Telephone: +60-3-2732-5911  
Facsimile: +60-3-2732-5915

### Hong Kong

Room 801, 8th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong  
Telephone: +852-2865-7581  
Facsimile: +852-2865-2252

## Subsidiaries

### U.S.A.

The Toa Reinsurance Co. of America  
177 Madison Avenue, P.O. Box 1930, Morristown, NJ 07962-1930, U.S.A.  
Telephone: +1-973-898-9480  
Facsimile: +1-973-898-9495

The Toa Reinsurance Co. of America (Agricultural Office)  
18301 Von Karman Avenue, Suite 400, Irvine, CA 92612, U.S.A.  
Telephone: +1-949-474-1420  
Facsimile: +1-949-474-1612

### Canada

The Toa Reinsurance Co. of America (Toronto branch)  
55 University Avenue, P.O. Box 53, Suite 1700, Toronto, Ontario, M5J 2H7, Canada  
Telephone: +1-416-366-5888  
Facsimile: +1-416-366-7444

### Switzerland

The Toa 21st Century Reinsurance Co. Ltd. (Toa Re Europe)  
Kreuzplatz 16, 8008 Zürich, Zürich, Schweiz

## Representative Offices

### U.S.A.

177 Madison Avenue, P.O. Box 1930, Morristown, NJ 07962-1930, U.S.A.  
Telephone: +1-973-898-9816  
Facsimile: +1-973-539-2483

### Taiwan

4F-2, No.128, Section 3, Min Sheng East Road, Taipei 10596, Taiwan, R.O.C.  
Telephone: +886-2-2715-1015  
Facsimile: +886-2-2715-1628



## 2021 Results and 2022 Forecast

The U.S. economy continues to recover from the COVID-19 pandemic but real growth is negative due to higher inflation. Real GDP decreased at an annualized rate of 1.5% during the first quarter of 2022, down sharply from the annualized rate of 7.0% during the fourth quarter of 2021. The U.S. unemployment rate was 3.6% in May 2022, the same level as April 2022, while the under employment rate was 7.1% in May 2022. As of May 2022, the Consumer Price Index (for all items including food and energy) increased 8.6% over the last twelve months, driven by a 34.6% increase in energy prices.

A.M. Best estimates that net written premium for the U.S. property and casualty industry increased 8.8% in 2021, the twelfth consecutive year of growth for the industry. A.M. Best notes that most lines of business were unprofitable during 2021, with private passenger auto deteriorating the most. The highest reported combined ratios included Homeowners, Commercial Multi-Peril, Medical Professional Liability, Other Liability and Products Liability. The loss adjustment expense ratio (LAE) returned to pre-pandemic levels after benefitting in 2020 from declines in claims frequency in auto and workers' compensation lines. Finally, the overall improved rate environment was offset by higher catastrophe losses in 2021, and the P/C industry's estimated combined ratio in 2021 rose to 101.8%, 3 points above its 2020 level of 98.8%.

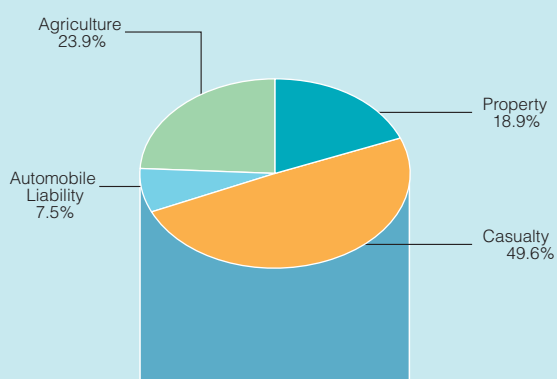
North America non-life reinsurance renewal rate activity began strengthening mid-year 2019 and has continued to show improvement through April 1, 2022. On October 28, 2021 Standard & Poor's maintained its negative outlook for the global reinsurance industry as the sector has been unable to earn its cost of capital, but expects reinsurance pricing to strengthen during 2022. A.M. Best has a stable outlook for the global reinsurance industry based in part on improved pricing trends.

Toa Re America's 2021 gross premiums written increased 6.4% from 2020. Toa Re America developed a GAAP combined ratio of 116.8% for 2021. Non-catastrophe loss development from accident years 2020 and prior contributed 12.2 points to the combined ratio. Property catastrophe activity had a 4.0 point impact on the combined ratio. U.S. GAAP comprehensive income was a loss of \$57.5 million and net cash flow from operations generated \$104.1 million during 2021. For the year, the market value of Toa Re America's cash and invested assets increased by \$71.0 million or 3.7%. Toa Re America's bond portfolio (87.4% of invested assets) had an overall gross return of (0.11%) while equities had a gross return of 20.10% for 2021. Shareholders' equity decreased 8.1% to \$650.9 million during 2021.

Toa Re America seeks to write a diversified and well-balanced portfolio of reinsurance risks in the North American marketplace for P&C business, and worldwide for agricultural reinsurance. Toa Re America evaluates diversification by customer type, product line, peril, and geography. Toa Re America pursues a balanced relationship between classes of business underwritten and premium to limits exposed. Central to Toa Re America's approach is a well-defined underwriting philosophy based on risk selection, exposure evaluation, limit management, and pricing. Through our efforts, Toa Re America endeavors to access business opportunities at the correct exposure adjusted price for risk transfer. Toa Re America's desired portfolio consists of clients who understand and appreciate that reinsurance transactions must represent a fair trade for both parties.

While it is our intention to be a market of choice, Toa Re America will not put continuity of offer ahead of profitability. Toa Re America must generate acceptable returns to honor the commitments made to all of our stakeholders. Toa Re America will consistently apply a set of objective standards to business under consideration to make certain it conforms to our profitability targets while seeking to minimize our exposure to natural catastrophe perils, through all available means.

## Gross Premiums by Class



## Financial Highlights

Years ended 31st December	U.S. GAAP Thousands of U.S. dollars		Percentage Change
	2021	2020	
<b>Summary of Operations</b>			
Gross Premiums Written	\$ 630,924	\$ 592,601	6.4%
Net Premiums Written	629,364	579,296	8.6
Pre-Tax Net Income (Loss)	(14,516)	(25,989)	(44.1)
After-Tax Net Income (Loss)	(12,695)	(9,280)	36.7
<b>Balance Sheets</b>			
Total Assets	2,362,264	2,260,416	4.5
Total Liabilities	1,711,340	1,551,945	10.2
Total Stockholders' Equity	650,924	708,471	(8.1)
<b>Cash Flows</b>			
Net Cash from Operations	104,196	81,104	28.4

# Toa Re Europe

## 2021 Results and 2022 Forecast

The main economy in focus of Toa Re Europe is the European Union which has rebounded by 5.3% real GDP in 2021 after the COVID-19 situation and conditions improving across the region. The EU economy is expected to rebound and grow in 2022 by 2.7%, according to the spring economic forecast prepared by the European Commission. Unemployment rate is forecasted to decline further to 6.7% in 2022. Inflation is the main topic in the continent at the moment and projections have been revised significantly upwards especially for 2022 with the European Commission expecting an all-time high inflation in the euro area at 6.1%. This is mainly due to the ongoing conflict in Ukraine and thus energy supply being curbed and continuing restrictions in China adding to the supply and production difficulties in 2022.

The European P&C market has shown increased signs of hardening due to poor underwriting results and loss developments of prior years, following on the German flood losses and other Nat Cat events in the region while the COVID-19 losses have stabilised. The leading discussion points were around the impact of the Nat Cat events on the region and the modelling and risk assessment of such events by the industry. Price increases on the Nat Cat business have been seen specifically on loss affected business, however also had a knock-on effect on other parts of the reinsurance market. Uncertainty around the implications of high inflation has started to be discussed and will continue into the next renewal.

The market conditions improved following the 2021 summer Nat Cat events. Loss affected programs have reported large price increases and there have been some knock-on effect on the rest of the reinsurance pricing with loss free programs mainly recording risk adjusted price increases. Aggregate and frequency covers continued to be challenging to renew and required substantial terms or price changes.

Toa Re Europe's 2021 gross premiums written increased by 71.8% from 2020. This is mainly due to continuous, planned growth of the third party business underwritten

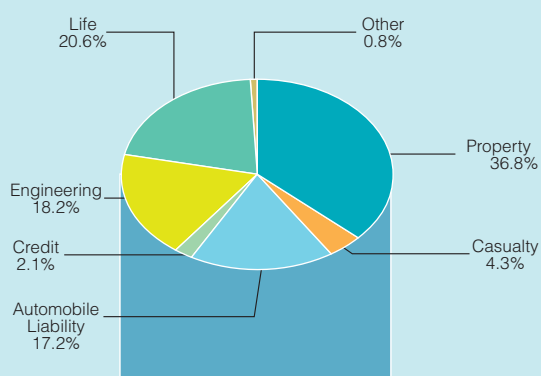
by the Swiss based legal entity. Total gross written premium amounted to 243 million CHF of which third party business was 240 million CHF and internal group reinsurance was 3 million CHF. Toa Re Europe had a GAAP Net Earned combined ratio of 123.6% for 2021. The majority of the impact on the combined ratio came from the extraordinary Nat Cat related claims in the region. GAAP after-tax net loss was 37.1 million CHF for 2021. For the year, the market value of Toa Re Europe's cash and invested assets increased by 39 million CHF. Toa Re Europe's invested assets recorded an overall gross return of 1.3% for 2021. Shareholders' equity decreased by 40 million CHF (9.5%) to 386 million CHF during 2021 mainly driven by the negative result for the financial year 2021.

The Toa 21st Century (TTFC) is a fully owned subsidiary of The Toa Reinsurance Company Ltd. (Toa Re). It provides reinsurance protection for all lines of business to its parent company and since 2018 also to third party clients with a primary focus on the EMEA region and global specialties (e.g. engineering, credit & surety) as approved by the TTFC board and allowed by TTFC's insurance license. TTFC's strategic objectives are:

- To optimise value to the group and clients by writing life and non-life third party business in the EMEA region and selected specialty business with worldwide focus. The business unit providing reinsurance to third party is labelled and marketed as Toa Re Europe (TRE).
- To act as group risk carrier for peak risk and for regulatory and solvency reasons, writing Internal Group Reinsurance business, front business for Toa Re or provide structured life reinsurance solutions to group clients.

Toa Re Europe's forecast for 2022 anticipates that gross written premium of third party business will continue increasing according to the business plan, the gross written premium of the internal group reinsurance premium is expected to remain stable. Underwriting is expected to be profitable. The Toa Re Europe team will continue to build the franchise in the EMEA region and expand its business and client base.

## Gross Premiums by Class



## Financial Highlights

Years ended 31st December	U.S. GAAP Thousands of CHF		Percentage Change
	2021	2020	
<b>Summary of Operations</b>			
Gross Premiums Written	243,883	141,997	71.8%
Net Premiums Written	213,785	134,361	59.1
Pre-Tax Net Income (Loss)	(41,255)	(2,989)	1280.2
After-Tax Net Income (Loss)	(37,158)	(4,741)	683.8
<b>Balance Sheets</b>			
Total Assets	823,328	658,372	25.1
Total Liabilities	436,530	231,094	88.9
Total Stockholders' Equity	386,797	427,278	(9.5)
<b>Cash Flows</b>			
Net Cash from Operations	46,019	(26,399)	(274.3)

# Sustainability

“Providing Peace of Mind,” as articulated in the Mission Statement, the Toa Re Group has been promoting initiatives to realize a sustainable society through all its business activities.

Amid the increasing severity of climate change and other global issues, sustainability initiatives have become a critical issue for the entire world.

Therefore, the Group has formulated Sustainability Vision as below.

## Sustainability Vision



The Group is committed to promote activities to contribute to achieving sustainable society through its reinsurance business and other business activities and strive for the sustainable enhancement of corporate value, thereby contributing to the resolution of such social issues.

### Prioritized SDGs

In promoting our efforts to realize a sustainable society, we have identified 6 of the 17 goals listed in the SDGs that we should prioritize due to their close relationship to our business.



### Material Issues

As we move forward with our efforts to tackle material issues related to the prioritized SDGs, we determined “Promotion of climate change countermeasures”, “Respect for human rights and promotion of D&I” and “Strengthening of internal control” as issues we should address.

#### Promotion of climate change countermeasures (Environment)



The adverse effects of climate change, including the intensification of natural disasters, pose threats to the safety and security of society. Considering the Group’s mission of “Providing Peace of Mind,” addressing climate change is a critical challenges inevitable for us.

We will contribute to realizing a decarbonized society by working to reduce CO<sub>2</sub> emissions from our business operations as well as our reinsurance underwriting and asset management.

#### Respect for human rights and promotion of D&I (Society)



Respect for human rights is a material issue that should be reflected in all our business activities. In addition, creating a corporate culture that enables all group staff members to leverage their diverse backgrounds and fully exercise their capabilities is essential for our sustainable growth.

We will work to prevent any types of infringement of human rights through our business operations and create an environment in which all staff members of the Group can maximize their potential and play an active role, regardless of gender, sexual orientation, gender identity, race, ethnicity, age, religion, nationality, disability or any other attributes.

#### Strengthening of internal control (Governance)



In order to gain more trust from stakeholders and enhance our corporate value sustainably, it is essential to strengthen our internal control system for appropriate management structure.

We will practice sound corporate management with fairness and integrity by strengthening internal controls, including systems for compliance of laws and rules, fraud prevention, risk management, and information security.

## [Environment] Promotion of Climate Change Countermeasures



We will contribute to realizing a decarbonized society by working to reduce CO<sub>2</sub> emissions from our business operations as well as our reinsurance underwriting and asset management.

### Climate-related Financial Disclosure

Climate change poses a threat to the safety and security of society, including the intensification of natural catastrophe, and addressing it is a critical challenge for the whole world.

Addressing climate change is also one of the greatest challenges inevitable for the Toa Re Group, which upholds the mission of “Providing Peace of Mind,” as articulated in the Toa Re Mission Statement, through providing long-term and stable reinsurance capacity for natural catastrophe risk.

Therefore, the Group has been working to contribute to the transition toward a decarbonized society by working to reduce CO<sub>2</sub> emissions from our business operation as a business entity, in addition to various initiatives in its core reinsurance business and asset management.

#### Governance

The climate-related governance structure of the Group consists of the Board of Directors, the SDGs/ESG Committee, and the ERM Committee.

- The Board of Directors discusses and establishes Group-wide policy related to sustainability encompassing its initiatives for addressing climate change and various plans related primarily to the promotion of climate change countermeasures, and also monitors the status of such initiatives.
- The SDGs/ESG Committee is chaired by the Executive Officer in charge of the Communication & Coordination Department, which is the sustainability promotion department, and consists of the General Managers of related departments. It discusses the Group’s sustainability-related policies, plans, and strategies, including climate change countermeasures. The Committee also exchanges opinions and coordinates with group companies to promote the sustainability of the Group. The matters discussed by the Committee are resolved by the Board of Directors as appropriate, and progress is reported to the Board of Directors twice a year, in principle.
- The ERM Committee is chaired by the Executive Officer in charge of the ERM Development Department\*, which is the department responsible for risk management, and consists of the General Managers of related departments. It discusses various matters related to enterprise risk management (ERM) for the Group. Material matters concerning risk management, including climate change, are reported to the Board of Directors once a year, in principle.

#### Outline of Governance Related to Climate Change Countermeasures



\* The ERM Development Dept. was dissolved due to structural reform implemented on July 1, 2022, and its operation was transferred to the Management Planning Dept. Accordingly, since July 2022, based on the Enterprise Risk Management Rules, an executive officer appointed by the Executive Management Committee, which was established to discuss important matters concerning overall management, has been served as the chairman.

## Strategies

The Group recognizes the following climate-related risks.

### Physical Risks

- In our non-life reinsurance business, risk of substantial reinsurance claim payments exceeding assumptions due to the increased frequency and severity of natural catastrophe, such as typhoons and floods.
- In our life reinsurance business, risk of substantial reinsurance claim payments exceeding assumptions for mortality and morbidity due to increased heat stroke and infectious diseases as a result of higher average temperatures.

### Transition Risks (Risks related to laws and regulations and to social reputation with respect to addressing climate change)

- In our non-life reinsurance business, risk of impairment of corporate value or impediments to business operations due to reputational damage caused by providing capacity for fossil fuel-related businesses or delays in responding to laws and regulations.
- In our asset management, risk of a decline in the corporate value of investee companies due to their inability to respond appropriately to changes of laws and regulations and/or changes in the market and social environment to make the transition toward a decarbonized society.

The Group takes appropriate measures to address each of the above climate-related risks based on the degree of impact entailed by each individual risk. In particular, we recognize that the impact of natural catastrophe, a physical risk related to non-life reinsurance, is a significant threat from the perspective of business continuity in the Group, as mentioned above. Therefore, we are taking the following measures towards the realization of a decarbonized society.

#### (1) Initiatives in Reinsurance Underwriting

From the perspective of promoting the transition toward a decarbonized society, we do not, in principle, engage in facultative reinsurance transactions related to coal-fired power plants planned in the future. We will contribute to solving the social challenge of climate change through reorganizing our reinsurance portfolio by screening clients and contracts, and through research and study activities related to renewable energy projects.

#### (2) Initiatives in Asset Management

In order to improve the risk-return of our portfolio consistently over the long term, we incorporate ESG (environmental, social, and corporate governance) information on candidate companies to determine whether or not to invest. In addition, as part of our efforts to promote climate change countermeasures, we will contribute to the transition toward a decarbonized society, which is proceeding on a global scale, by investing in green bonds and other such investments.

#### (3) Initiatives to Reduce CO<sub>2</sub> Emissions in Operations

By supporting the transition toward a decarbonized society through our business activities, we will contribute to curbing global warming. Specifically, we are promoting power conservation and are switching to electricity derived from renewable energy sources at our head office building. We will continue to promote various measures to reduce CO<sub>2</sub> emissions, including the introduction of renewable energy on a group-wide basis.

As part of our social contribution and global environment protection activities, we also conduct environmental awareness-raising activities, such as donating environment-related books to local elementary schools and co-hosting a series of lectures on environmental issues with the General Insurance Institute of Japan, a public interest incorporated foundation. Going forward, we will consider new environmental awareness-raising activities.

## Risk management

The Group has established an ERM structure, as described above, with the aim of improving corporate value in a sustainable manner through the integrated management of risks in achieving its strategic goals.

We consider climate-related risks to be factors that have significant impacts on the reinsurance risks we manage, and therefore manage them by integrating them into ERM. In particular, climate change (primarily physical risk) is closely related to business concerning natural catastrophe, which constitutes the Group's core business portfolio, and therefore, the Group is working to strengthen and upgrade management of this risk.

With regard to reinsurance underwriting risk related to typhoons and other natural catastrophe, we are working to provide stable capacity to our clients by controlling risk in the event of a large-scale natural catastrophe by procuring retrocession and accumulating catastrophe loss reserve.

## Metrics and targets

The Group has set medium- to long-term targets of achieving a 50% reduction in CO<sub>2</sub> emissions in fiscal 2030 relative to those of fiscal 2019,\* and carbon neutrality by fiscal 2050.\* Going forward, we will consider setting additional metrics and targets, such as the ratio of renewable energy installed as a percentage of group-based electricity consumption.

In addition, for each of the initiatives in promoting the transition toward a decarbonized society in the reinsurance business and in asset management, we have set specific targets and have been promoting activities to achieve them.

\* Based on measurement in accordance with GHG protocols.

## Other Initiatives

### Offering Sustainable Seafood Lunches

Sustainable seafood refers to seafood products that are caught through sustainable fishing that accord consideration to resource management as well as environmental and social impacts, and is called MSC-certified seafood products. Our cafeteria acquired the Chain of Custody (CoC) certificate from the Marine Stewardship Council (MSC) for a management system for lunch menus prepared using MSC-certified seafood products, and periodically offers sustainable seafood lunches.



MSC Certification Label

### Lectures on Environmental Issues

To contribute to protection of the global environment, Toa Re and the General Insurance Institute of Japan have been jointly holding a series of lectures on environmental issues.

In fiscal year 2021, Mr. Toshiyuki Minami, President of Minami Meteorological Forecasters Office, Inc., was invited as lecturer, and the event was held under the theme of “Changing Weather Phenomena: Rising Temperatures and Increasingly Heavy Rainfall” via a Zoom live stream.



### Book Donations

Wishing to inspire children to take an informed interest in environmental issues, Toa Re donates books on environmental themes to the eight public elementary schools in Chiyoda-ku every year on Earth Day (April 22).



### Promotion of Power Saving

Toa Re is working to reduce power consumption by implementing power saving promotion measures such as controlling the temperature of air-conditioning systems installed in offices, setting no overtime days, and using heat storage with midnight power. In fiscal 2021, we reduced power consumption by 0.6% compared to the previous year.

### Donation through the Collection of PET Bottle Caps

As an initiative realized through the ideas of employees, Toa Re is supporting a system to make donations for medical assistance for developing countries through the collection of PET bottle caps. In fiscal 2021, we collected approximately 50,000 caps.



We will work to prevent any types of infringement of human rights through our business operations and create an environment in which all staff members of the Group can maximize their potential and play an active role, regardless of gender, sexual orientation, gender identity, race, ethnicity, age, religion, nationality, disability or any other attributes.

### Respect for Human Rights

Toa Re Group aims to realize a workplace free from discrimination and harassment by ensuring that each and every employee always acts in a manner that shows respect for basic human rights. The Company's main efforts are not only to comply with labor-related laws and regulations, but also to protect the human rights of our employees through such efforts as human rights-related training and various awareness-raising activities.

In addition, through efforts to create an environment in which employees can voluntarily contribute to society, we will develop human resources who will live in harmony with society and gain society's trust.

### Promotion of D&I

We are promoting various efforts to create a work environment that respects diversity and allows everyone to fully utilize their abilities and play an active role.

#### (1) Promotion of diversity

As a provider of reinsurance services, the Company's greatest assets are our human resources.

In order for the Company to continue to be chosen by our customers, we need human resources who can derive optimal solutions by accurately ascertaining the ever-changing social trends and customer needs.

In order to survive in an era of rapid change, we must think outside the box and come up with innovative ideas.

By employing human resources from different backgrounds, without being restricted by individual attributes, such as gender, age, nationality, or disability, we will leverage the innovation generated by the diversity of individual abilities and values as our strength and enhance our competitiveness.

#### (2) Reform of workstyles

In promoting diversity, it is essential to create a comfortable work environment for employees.

We will make efforts to improve work-life balance by reducing long working hours and encouraging employees to take paid leave, as well as to realize diverse work styles.

In addition, while all female employees who wish to take childcare leave do so, we will make efforts to encourage male employees to also take childcare leave.

#### (3) Development of human resources

We believe that developing human resources who possess not only expertise in reinsurance, but also a high level of professional knowledge and attitude, as well as the humanity and sense of responsibility to use their own abilities for the benefit of society and our customers leads to the creation of employee value.

In order to improve employee value and quality, and to develop professionals, training necessary to implement various measures, strategies, etc. is provided in each department and field, in addition to training aimed at acquiring essential knowledge and skills common to all employees.

We also value employees' willingness to learn on their own and have established a self-development support system to support employees who continue to develop.

#### (4) Improvement of personnel system

In order for each and every employee to fully utilize their abilities, it is necessary to have a system that allows them to work with a sense of fulfillment and to operate it appropriately.

We will strive to realize appropriate personnel evaluations commensurate with individual work and performance, and to build a personnel system based on the realization of diversity.



## Other Initiatives

### *Measures to Support Reconstruction of Disaster-Affected Areas*

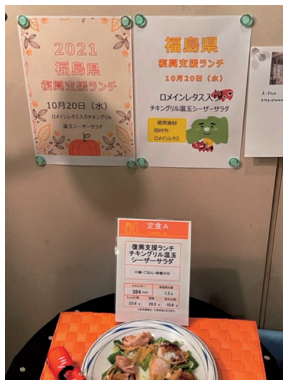
We provide the following support for reconstruction in Fukushima Prefecture in order to support the recovery of areas affected by the Great East Japan Earthquake on March 11, 2011.

### *Fukushima Prefecture Reconstruction Support Marché*

Fukushima Prefecture Reconstruction Support Marché was held from November 1 to 30, 2021. The event guided employees to an online store that sells specialty products representative of Fukushima Prefecture, such as famous sweets and alcoholic beverages.

### *Fukushima Reconstruction Support Lunch*

To further revitalize the disaster-stricken area, a lunch menu of dishes that use ingredients from Fukushima Prefecture was offered at the company cafeteria every Wednesday from October 20 to November 10, 2021, for a total of three days.



### *Donations for Humanitarian Aid in Ukraine and Neighboring Countries*

To support humanitarian aid activities in Ukraine and neighboring countries, Toa Re donated 1.14 million yen to UNHCR (United Nations High Commissioner for Refugees), consisting of donations from officers and employees and contributions from the Company.

### *Participation in TABLE FOR TWO*

We participate in TABLE FOR TWO (TFT), a program simultaneously addressing issues concerning hunger in developing countries and obesity and lifestyle-related diseases in developed countries.

If TFT lunches are purchased at our cafeteria, by setting aside a certain amount as donation, a portion of the total amount will be used to provide school lunches for children in developing countries.

Vending machines at Toa Re Head Office support a TFT donation program. A portion of sales from these vending machines is donated to TFT.

### *Donation of Used Stamps*

As an initiative realized through the ideas of employees, Toa Re is engaging in collecting used stamps at the head office and donates them to the Chiyoda Council of Social Welfare, Chiyoda Volunteer Center.



### *Basic Lifesaving Training*

Toa Re encourages its employees to undergo this training in order to acquire the knowledge necessary to perform lifesaving procedures such as cardiopulmonary resuscitation using AED in the occurrence of an emergency situation including cardiopulmonary arrest.

We will practice sound corporate management with fairness and integrity by strengthening internal controls, including systems for compliance of laws and rules, fraud prevention, risk management, and information security.

### Initiatives for Strengthening of Internal Control

The Toa Re Group has been promoting various initiatives to strengthen internal control under its Medium-Term Management Plan started in April 2021. These initiatives include: preventing the occurrence of compliance issues by clarifying various rules; strengthening its crisis preparedness system through the establishment of rules and the verification of their effectiveness; and appropriately responding to regulations on personal information protection in various countries through measures such as preventing the occurrence of information leakage and violations of regulations by clarifying information management rules.

### Present Structure of Internal Control

#### Corporate Governance Structure

To ensure swift decision-making and risk management in response to the fast-evolving business environment, the Company implements the corporate governance described below.

#### 1. Management structure and outside officers

As of 30th June 2022, the Company has nine directors (whose terms of office are one year), of whom three are “outside directors” as defined in Article 2 Paragraph 15 of the Companies Act, and four Audit & Supervisory Board Members, of whom two are “outside auditors” as defined in Article 2 Paragraph 16 of the Companies Act.

#### 2. Structures for execution and supervision

The Company holds a meeting of the board of directors once every month as a rule, and an extraordinary meeting of the board of directors, whenever necessary. At a meeting of the board of directors significant matters are reported and resolutions are made on such matters. Audit & Supervisory Board Members attend each meeting of the board of directors, too. This enables Audit & Supervisory Board Members to continually monitor the performance of directors’ concerning execution.

The Chief Actuary appointed by the board of directors is involved in actuarial matters, and submits written opinions to the board of directors in each fiscal term, verifying matters specified in the Insurance Business Law.

#### 3. Structure of Audit by Audit & Supervisory Board Members

The Company is a company with an Audit & Supervisory Board. At the Company, audits by Audit & Supervisory Board Members are performed in accordance with the audit policy, audit plan, etc. determined by the Audit & Supervisory Board. At meetings of the Audit & Supervisory Board, which are held once a month in principle, significant matters concerning audits reported by Audit & Supervisory Board Members, directors, the Internal Audit Department, and the accounting auditors are discussed and resolutions are made on such matters.

#### 4. Internal audit structure

With regard to internal audits, the Internal Audit Department performs internal audits under the authorization of the board of directors and reports the results of internal audits periodically to the board of directors and other relevant organizations. The Internal Audit Department provides recommendations and, based on the results of internal audits, makes proposals to audited organizations. The progress of improvement is monitored, as necessary, with the aim of ensuring an effective internal audit structure.

#### 5. Cooperation between Audit & Supervisory Board Members and the Internal Audit Department

Audit & Supervisory Board Members and the Internal Audit Department cooperate to facilitate audits by exchanging information on the situation regarding each audit as well as regularly exchanging opinions.

All the results of internal audits performed by the Internal Audit Department are reported to Audit & Supervisory Board Members.

#### 6. Compliance structure

The Company has established the Compliance Committee, which is chaired by the president and consists of four members, including an external lawyer, and the Compliance Steering Committee composed of department managers. Based on the Compliance Program drawn up by the board of directors for each fiscal year, the Company is enhancing the Group-wide compliance structure.

The Company has also set up and runs an in-house help desk and an in-house whistle-blower system for the reporting of inappropriate conduct in the Group.

## 7. Risk management structure

Using quantitative and qualitative approaches, the Company executes integrated risk management by classifying risks to be managed and by specifying the departments in charge in accordance with the risk management policy and risk management rules established by the board of directors.

The board of directors deliberates and makes decisions on material matters concerning risk management and receives reports from risk management departments periodically and, additionally, whenever necessary concerning the situation regarding risk. Thus, systems and

structures are put in place that enable the Company's directors to grasp the situation regarding risk throughout the Company.

The Company continues to upgrade its risk management structure in response to changes in the business environment and the situation regarding risk.

## 8. Involvement of third parties (lawyers, accounting auditors, etc.)

The Company consults external lawyers concerning significant legal matters and compliance issues whenever necessary. Also, the Company consults the accounting auditors about significant accounting issues, in addition to the usual accounting audits, whenever necessary.

## Inspection and Audit Structure

There are two types of in-house audits: audits defined by the Companies Act conducted by Audit & Supervisory Board Members and internal audits conducted by the Internal Audit Department independently from other departments in accordance with the internal rules. The purpose of the internal audits conducted by the Internal Audit Department is "to contribute to the appropriate and effective operation of the Company's business by inspecting, investigating, and evaluating the status of the internal control system across all management activities, identifying problems, and providing advice and recommendations on improvements of the system." The results of the internal audits are reported to the Board of Directors.

In addition, as for external audits, the Company receives accounting audits in accordance with the Companies Act and the Financial Instruments and Exchange Act as well as internal control audits in accordance with the Financial Instruments and Exchange Act by Ernst & Young ShinNihon LLC. Furthermore, the Company may be subject to inspection by the Financial Services Agency pursuant to the Insurance Business Act.

## Risk Management

The Company conducts management based on the enterprise risk management (ERM) framework established with the aim of continuously enhancing enterprise value through the integrated management of risks associated with strategic objectives.

### Risk Management Policy

Positioning risk management as a critically important task for management, the Company has put in place the policy and rules concerning risk management established by the board of directors. Based on such policy and rules, we select, clarify, and assess risks and control them in an appropriate manner with the objective of enhancing profitability while maintaining financial soundness. Prompted by the recognition that risk management is a key to enhancing enterprise value, we are continually implementing measures to upgrade our risk management.

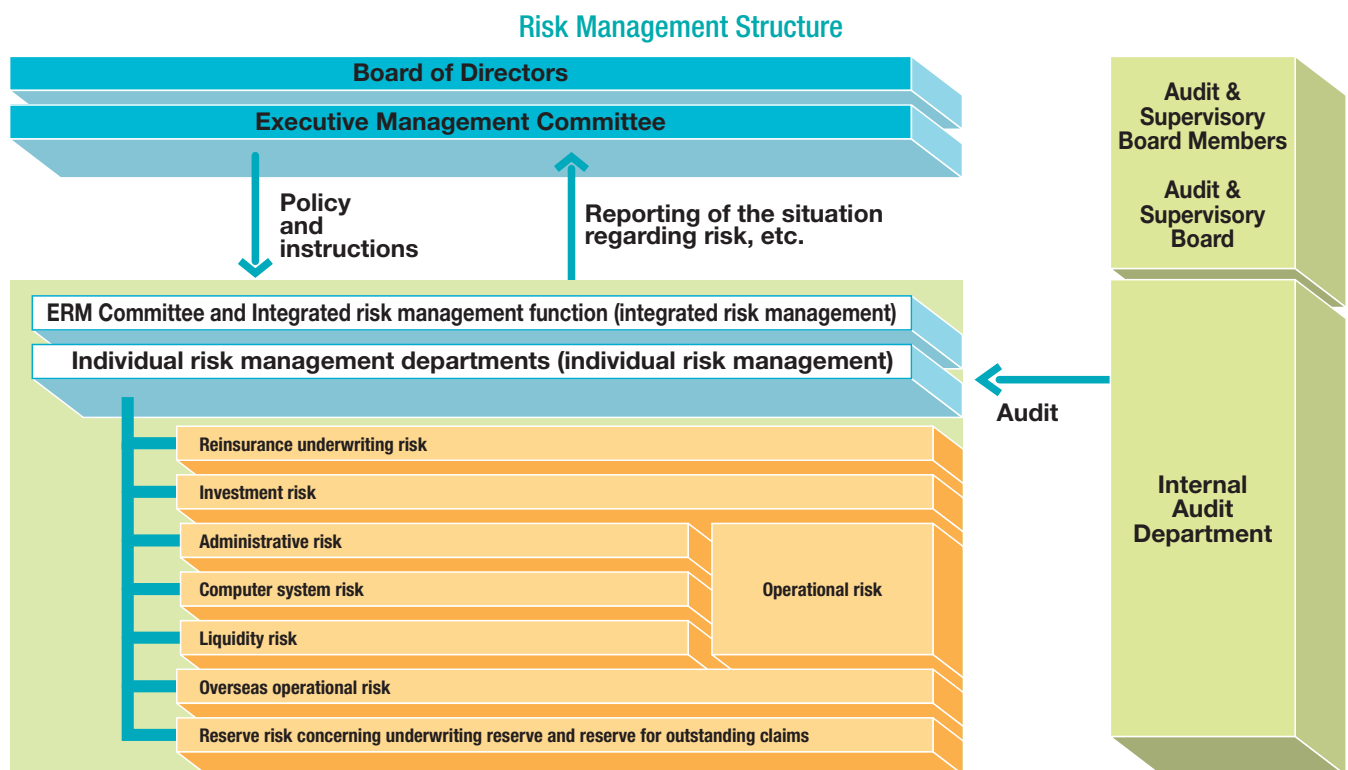
### Risk Management Structure and Procedures

#### 1. Risk Management Structure

In accordance with the risk management policy established by the board of directors, the board of directors has also established rules on ERM, which is a process

involving the continuous enhancement of enterprise value, and management rules for individual risks. Moreover, the board of directors deliberates and makes decisions on material matters concerning risk management and receives reports from risk management departments periodically and, additionally, whenever necessary on the situation regarding risk. Thus, systems and structures are put in place that enable the Company's board of directors to precisely grasp enterprise risks and individual risks.

Furthermore, the Company has the ERM Committee for the purpose of risk management from a perspective crosscutting organizations and risk categories, and systems are in place to ensure that matters concerning material risk management are reviewed by the ERM Committee and then submitted to the board of directors. The Internal Audit Department, from an independent standpoint, assesses and validates the effectiveness of the risk management structure described above.



#### 2. Integrated Risk Management

Integrated risk management function spearheads integrated and comprehensive risk management (including comprehensive management of assets and liabilities). The Integrated risk management function measures the integrated risk amount of reinsurance underwriting risk, investment risk, etc., using a stochastic approach and

assesses and checks capital adequacy and risk-returns, also taking into consideration the medium- to long-term perspective. Moreover, based on scenarios, such as the occurrence of a major earthquake or a great decline in the stock market, that would have significant impacts on operations of a reinsurance company, the Integrated risk management function assesses and analyzes by means

of stress tests the extent and the degree of impact of such risks that exceed any normal projection and utilizes the results of the tests for verification of capital adequacy and business continuity.

In addition, with regard to qualitative management, in order to grasp the risk profile of the entire Group, the Company periodically performs exhaustive risk identification, including emerging risks, classifies the risks according to the frequency and the severity, and assesses their materiality.

### 3. Individual Risk Management

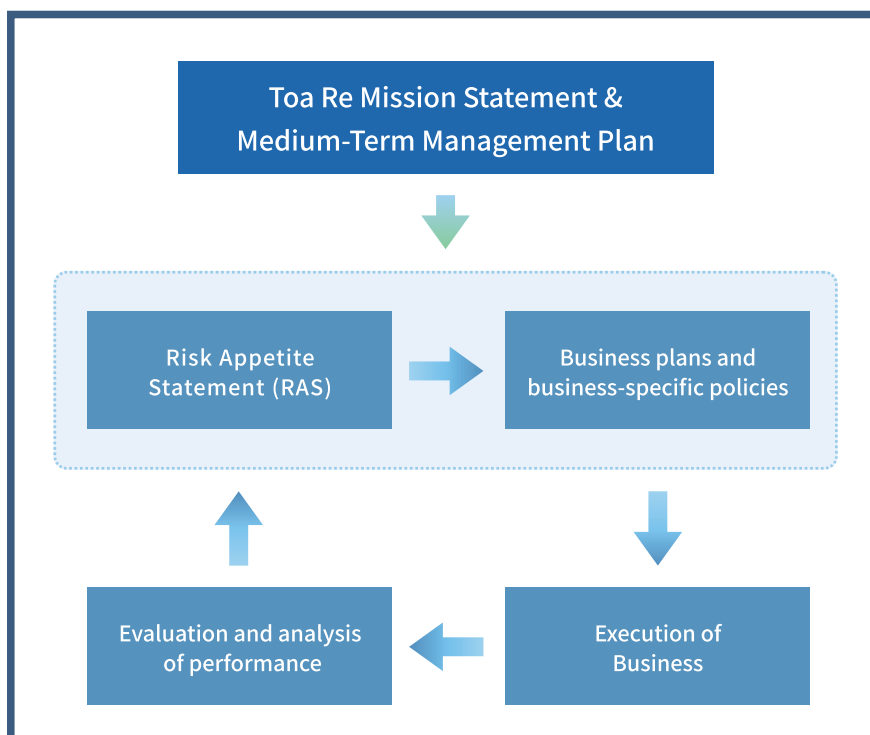
Risks that should be managed individually are classified into reinsurance underwriting risk, investment risk, operational risk, overseas operational risk, and reserve risk concerning underwriting reserve and reserve for outstanding claims. Each of these risks is handled by an individual risk management department in order to respond to them appropriately. Individual risk management departments collaborate with the departments

concerned, including business departments, and implement management according to the characteristics of each risk through the basic processes of risk identification, assessment, monitoring, and control.

### ERM-based Business Operation (Risk Appetite Framework)

The Company has put in place a risk appetite framework as part of ERM to improve profitability while maintaining financial soundness through appropriate management of the Group's capital, returns, and risks.

#### Risk Appetite Framework



In the risk appetite framework, the policies on risk-taking of the entire Group and of each business are articulated as the risk appetite statement, and based on these policies the business plan (including the risk-return plan based on capital allocation) of the entire Group and of each site and each business is formulated. Business is executed based on the plan, and business results, the outcome of the business execution, are assessed and analyzed periodically (including risk-return assessment

and analysis based on capital allocation). The results of the assessment and analysis of business results are reflected in subsequent formulation of policies and plans. By repeating this cycle, the Company aims to continuously enhance profitability while maintaining strong financial soundness.

## Basic Policy on Internal Controls

The Company shall establish systems to ensure appropriateness of the operations (“internal control”) of the Company and its subsidiaries (“the Group”), as described below, in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act.

### 1. System for ensuring compliance of execution of duties by directors and employees with laws and regulations and the Company’s Articles of Incorporation

- (1) The Company shall establish basic compliance policies, action guidelines and compliance rules through the board of directors as the basis for systems ensuring legal compliance in accordance with Toa Re’s mission of “Providing Peace of Mind.”
- (2) The Company shall establish the Compliance Committee chaired by the president and composed of committee members, including an external lawyer. In addition, the Company shall appoint department managers as compliance officers and establish the Compliance Steering Committee composed of such officers. The Compliance Committee shall be responsible for corporate-wide promotion of compliance and formulation of measures for ensuring effectiveness of compliance systems, and the Compliance Steering Committee shall be responsible for promotion and implementation of compliance.
- (3) The Company shall establish the Internal Audit Department independent of organizations subject to internal audit and shall establish the Compliance Department as an organization responsible for supervising compliance.
- (4) In the event that officer or employee of the Company detects inappropriate conduct, he/she shall follow the prescribed reporting procedures based on the compliance rules. Moreover, the Company shall establish a contact to consult and report any breach of laws and regulations in accordance with the Whistleblowing Rules.
- (5) The Company shall, through the board of directors, formulate a compliance program, which is an annual action program concerning compliance, and shall execute compliance education and other compliance activities in accordance with such program.
- (6) In the event that any breach of laws and regulations and/or the Articles of Incorporation, significant unjustifiable conduct, or any matter that may cause significant damage to the Company is detected concerning the Group’s operations, the directors and the chief audit executive of the Company shall report such fact to the Audit & Supervisory Board Members. When an Audit & Supervisory Board Member receives a report of such fact or detects such fact by himself/ herself, he/she shall report to the Audit & Supervisory Board, and, after consultation, report to the board of directors or provide proposals, advice or recommendations to directors for remediation, as necessary. The board of directors or the director in question shall report back to the Audit & Supervisory Board Members on progress in addressing the matter cited by the Audit & Supervisory Board Members.

- (7) The Company shall firmly and systematically deal with antisocial forces that are a threat to public order and security in cooperation with lawyers, law enforcement agencies, and other relevant institutions. The Company shall have no relationship and no transactions (including those through affiliates) with any antisocial force and shall not engage in any surreptitious deal therewith or provision of funds thereto.

### 2. System governing the storage and management of information relating to the execution of duties by directors

The Company shall retain and store the information relating to the execution of duties by directors, either in writing or in electromagnetic record, in accordance with the document management rules determined by the board of directors. Directors and the Audit & Supervisory Board Members shall have access to these documents whenever they so desire.

### 3. Rules and other systems governing management of risk of losses

- (1) The Company shall establish ERM Rules in order to appropriately manage risk associated with the Group’s business operation.
- (2) In accordance with the rules mentioned in the preceding paragraph, the Company shall put in place a structure for implementation of appropriate risk management of the entire Group, including establishment of a department for integrated risk management and departments responsible for individual risk categories and determining of necessary procedures. The Management Planning Department shall report the situation regarding risk and risk management of the entire Group to the board of directors.
- (3) The Internal Audit Department of the Company shall formulate the internal audit plan in accordance with the internal audit charter and perform internal audits concerning the situation of risk management in each risk control department. An officer responsible for the Internal Audit Department shall report the results of internal audits to the executive management committee and to the board of directors.

### 4. System for ensuring efficient execution of duties by directors

- (1) As the basis for the system for ensuring efficient execution of duties by directors, the Company shall hold meetings of the board of directors periodically in accordance with the regulations of the board of directors and, as necessary, extraordinarily.
- (2) Regarding significant matters concerning management policies and management strategies, the

Company shall discuss them at the executive management committee, which meets periodically in accordance with the executive management committee rules, and a decision on such matters shall be made by the board of directors, reflecting the deliberation at the executive management committee.

- (3) The Company shall, through the board of directors, decide persons in charge of execution of operations and their responsibilities to be specified in the internal rules.
- (4) The Company shall formulate a corporate business plan to be shared by directors and employees in accordance with the above-mentioned decision-making structure and communicate it to all officers and employees by means of internal management meetings held semiannually, etc.
- (5) The Company shall, through the board of directors, periodically review the results of each department's activities for achievement of targets in accordance with the business plan described in the preceding paragraph and shall establish a system that contributes to enhancement of operating efficiency throughout the Company by promoting continuous improvement, including utilization of IT contributing to enhancement of operating efficiency, and removal or reduction of factors impeding efficiency enhancement.

#### **5. System for ensuring the appropriateness of operations throughout the Group**

- (1) The Company shall appoint officers responsible for business segments of the Group, who will have authority and responsibility for establishing systems for ensuring the appropriateness of operations, including the compliance structure. Such officers shall report to the board of directors periodically concerning the situation regarding operation of each segment and the status of risk management.
- (2) The Company shall have its subsidiaries report their business result, financial conditions, and other important information to the Company periodically, depending on the size and the importance of the subsidiary to the Group, in accordance with the internal rules and guidelines, etc.
- (3) The Company shall have its subsidiaries report matters discussed at their important meetings to the Company, depending on the size and the importance of the subsidiary to the Group.
- (4) The Company shall formulate the entire Group's mid-term business plan based on the size and the importance of the subsidiaries to the Group. In addition, the Company shall determine the Group's priority management objectives and business plans, etc. for each business year and share them with the subsidiaries. The Company shall, through the board of directors, periodically review the results of activities for achievement of those objectives and plans, etc.
- (5) In case of a compliance violation at any of its subsidiaries, the Company shall have such subsidiary report on such violation to the Company.

- (6) To ensure the appropriateness of operations of the subsidiaries, the Company shall have the relevant organizations at the head office execute ongoing management concerning operations of the subsidiaries and shall conduct internal audits of the subsidiaries depending on the size and the importance of the subsidiary to the Group.

#### **6. System for ensuring the reliability of the financial reporting**

The Company shall establish a system necessary for ensuring the appropriateness and reliability of the financial reporting of the entire Group in accordance with the rule of internal control over financial reporting.

#### **7. Matters concerning employees who provide assistance to the Audit & Supervisory Board Members and the independence of such employees from directors**

- (1) In the case where an Audit & Supervisory Board Member requests to appoint employees which provide assistance to them, the Company shall appoint such employees and obtain consent from the Audit & Supervisory Board Member. When such employees perform operations of the Audit & Supervisory Board, they shall follow instructions and orders from the Audit & Supervisory Board Members. Regarding such instructions and orders, the employees shall not be subject to instructions and orders from the board of directors or directors, etc.
- (2) In making decisions on personnel transfers and evaluations, and disciplinary action, etc. concerning such employees, the Company shall obtain consent from the full-time Audit & Supervisory Board Members.

#### **8. System for reporting to the Audit & Supervisory Board Members applicable to directors**

- (1) System for reporting to the Audit & Supervisory Board Members applicable to directors and employees of the Company
  - a. In the event that any breach of laws or regulations and/or the Articles of Incorporation, significant unjustifiable conduct, or any matter that may cause significant damage to the Company is detected concerning the Group's operations, our directors shall report such fact to the Audit & Supervisory Board Members.
  - b. The Audit & Supervisory Board Members of the Company shall have access to major managerial decision documents, reports and other significant documents concerning execution of operations and shall have the right to request directors or other personnel to provide a report and/or explanation, as necessary.
  - c. The Internal Audit Department of the Company shall refer the internal audit plan, reports on the

results of internal audits, and other documentation to the Audit & Supervisory Board Members in accordance with the internal audit charter. In addition, the Internal Audit Department shall cooperate with the Audit & Supervisory Board Members through those activities.

- (2) System for reporting to the Company's Audit & Supervisory Board Members applicable to directors, auditors, and employees who execute operations of the subsidiaries, and those who received report from them
  - a. The Group's officers and employees shall make a report in a prompt and appropriate manner when they are required by the Audit & Supervisory Board Members of the Company to report on matters concerning the execution of operations.
  - b. In the event that an officer or an employee of the Group detects any matter that may cause significant damage to the Company or its subsidiaries, such as breach of laws and regulations, he/she shall promptly perform the prescribed reporting procedures in accordance with the related rules and shall report to the Audit & Supervisory Board Members of the Company under the prescribed system.
  - c. The Internal Audit Department, the Compliance Department, and the department for risk management of the subsidiaries, etc. of the Company shall report the status of internal audits, compliance, and risk management, etc. of the Group to the Audit & Supervisory Board Members of the Company in a timely manner.
  - d. The department for management of whistle-blowing shall report the status of whistle-blowing from officers and employees of the Group to the Audit & Supervisory Board Members of the Company in a timely manner.
- (3) The rules of the Group specify that officers and employees of the Group may blow the whistle to the Audit & Supervisory Board Members of the Company. In addition, dismissal or other unfavorable treatment due to such whistle-blowing shall be prohibited.

#### **9. Matters concerning policies on the handling of expenses or debts resulting from the execution of the duties by the Audit & Supervisory Board Members, including procedures for the advance payment or indemnification of expenses, etc.**

- (1) If the Audit & Supervisory Board Members make requests to the Company for the advance payment of expenses, etc. with respect to the execution of their duties in accordance with the Companies Act, the Company shall have the relevant departments discuss such request, and except in cases where it proves that the expense or debt relating to such request is not necessary for the execution of the duties by such Audit & Supervisory Board Members, it shall pay such expense or debt promptly.

- (2) If the Audit & Supervisory Board requests the hiring of its own outside experts (lawyer, certified public accountant, etc.) who will serve as advisors to the Audit & Supervisory Board Members, the Company shall bear the expenses except in cases where it proves that such hiring is not necessary for the execution of the duties by such Audit & Supervisory Board Members.
- (3) In order to pay expenses, etc. resulting from the execution of the duties by the Audit & Supervisory Board Members, the Company shall set a certain amount of budget every year.

#### **10. Other systems for ensuring effective audits by the Audit & Supervisory Board Members**

The Audit & Supervisory Board Members shall attend meetings of the board of directors and have the right to attend Executive Management Committee and the other important meetings and committees, and express their opinions.



## Initiatives for Clients

Toa Re holds various reinsurance seminars and workshops in Japan and overseas to improve communication and share knowledge with our clients.

### STEP

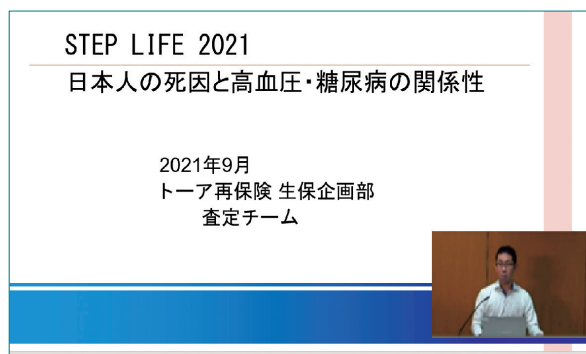
Every year, Toa Re holds STEP, a seminar for junior staff working in direct non-life insurance companies in Japan (generally, with less than one year of experience). (The seminar was held online in fiscal 2021 due to the impact of COVID-19) As the STEP curriculum incorporates straightforward explanations of fundamental principles of reinsurance and practices, it is appreciated by participating companies as valuable training of practical benefit in business.



STEP

### STEP LIFE

Every year, Toa Re holds STEP LIFE, a training program on medical underwriting, for underwriters of domestic companies who are engaged in underwriting of new policy. In fiscal 2021, we opted to hold the event through online streaming in September, and we saw a total of 210 people take part, including those who viewed the archived stream on a different day. We consider it important that our medical doctors and underwriters explain the disease and share their knowledge with our clients not only as a client service but also as an initiative that will contribute to the development of the underwriting skill in Japan. We intend to continue to offer STEP LIFE while progressively enriching its content.



STEP LIFE

### RST

Every year, Toa Re holds RST (Reinsurance Seminar of Toa), a seminar for the clients mainly in Asian countries, with the aim of deepening mutual understanding and building closer relationships with our clients. (The seminar was cancelled in fiscal 2021 due to the impact of COVID-19)

At RST, in addition to the introduction of Japanese culture and the Company, we provide the programs divided into non-life and life, which include lectures on the Japanese insurance market, workshops, hands-on learning about disaster prevention and presentations by participants. The seminar is highly appreciated by the participants for being very meaningful.



RST

## Non-life Insurance and Reinsurance Seminars

As a service to our clients, Toa Re holds various seminars to meet market needs. Our seminars are highly appreciated by the clients.

We will continue to hold various seminars and other events that meet the needs of the non-life insurance and reinsurance industries, thereby further deepening our friendly relationships with clients while contributing to the sound development of the reinsurance industry.

## Life Insurance and Reinsurance Seminars

As a service to our clients, Toa Re holds various seminars to meet the needs of individual companies.

In fiscal 2021, we held online seminars on medical underwriting for domestic clients, which were highly appreciated by clients.

We intend to continue to offer various seminars and lectures not only as a client service but also as an initiative that will contribute to the development of the market by introducing the latest information and skill related to life insurance and life reinsurance.

## Seminars for Co-operative Insurers (regulated Kyosai) and Small Amount and Short Term Insurers

Toa Re holds various seminars for co-operative insurers and small amount and short term insurers in order to enhance client services.

In addition to seminars on reinsurance, seminars on product development, and seminars on regulations, we hold various seminars in response to clients' requests. Our seminars are highly appreciated by the participants. We intend to continue providing such seminars to contribute clients' business development.



Seminar



Seminar on medical underwriting



Reinsurance seminar

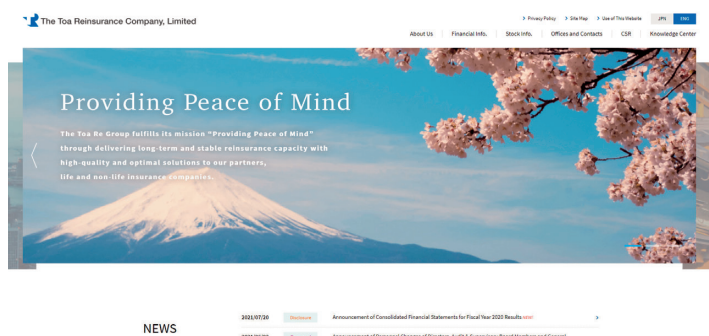
## Initiatives for Shareholders

Toa Re continues to build a stable management-base as a strategic objective. A major part of this effort focuses on reinforcing the solid relationships we have with our shareholders.

We are stepping up our investor relations activities. For example, we meet with our shareholders before and/or after our Ordinary General Meeting of Shareholders to report on the closing of our financial accounts. Furthermore, we make every effort to respond quickly to inquiries from our shareholders. In this way, we hope to build on the long-term relationships of trust we enjoy with our shareholders. (The latest Consolidated Financial Statements are available on our corporate website. <https://www.toare.co.jp/english/>)

### WEB SITE

<https://www.toare.co.jp/english/>



# Compliance

In the non-life insurance industry, which is an important element of public infrastructure, companies are required to comply with laws and regulations and demonstrate high ethical standards in every aspect of their professional conduct. The business of Toa Re, the only fullline comprehensive reinsurance company headquartered in

Japan, is based on globally accepted, free and fair business practices, and moreover, on strict compliance with the laws and regulations and the high ethical standards that constitute the essential foundation for those practices. Our company has never received any administrative order.

## 1. Basic Compliance Policy

With the aim of putting into practice our Mission Statement of “Providing Peace of Mind,” Toa Re has set forth “Basic Compliance Policy” so that all personnel implement compliance and promoted compliance activities.

## 2. Compliance Structure

### (1) Compliance Structure

The Company has established the Compliance Committee, which is chaired by the president and whose members include an external lawyer. In addition, the Company has established the Compliance Steering Committee comprising department managers who are appointed as compliance officers. Each department assigns a person to serve as a compliance supervisor, in order to promote compliance activities as a whole organization. Also, putting in place similar systems at overseas branches and subsidiaries, the Company is striving to strengthen compliance throughout the Group.

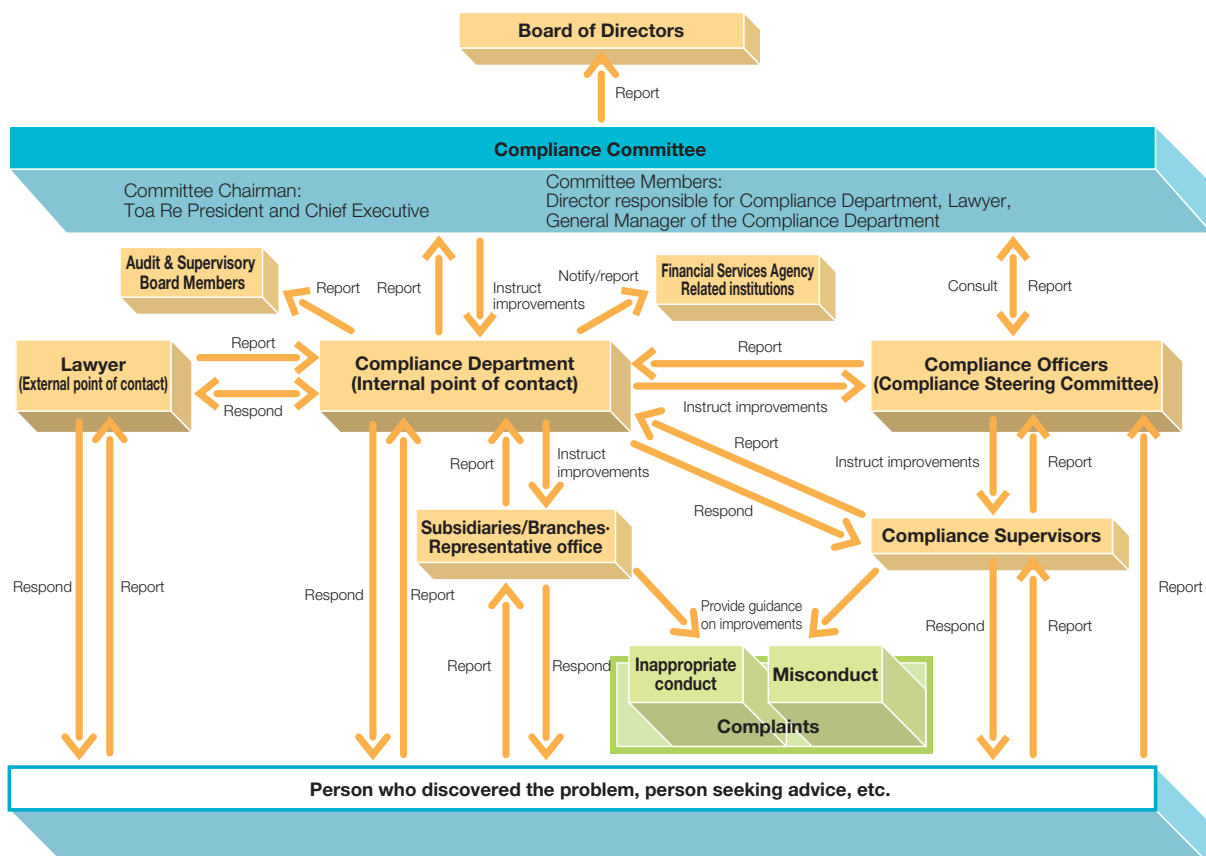
### (2) Compliance Program

Each fiscal year, the Board of Directors establishes the Compliance Program, a concrete compliance implementation plan, and on the basis of the program the Company conducts education and training and engages in other compliance activities.

### (3) Whistle-blower system

The Company has established internal and external points of contact for employees etc. to report or seek consultation and advice about any unlawful conduct in the Toa Re Group. The Company has put in place a system for reporting to the Compliance Committee, the Board of Directors, and Audit & Supervisory Board Members to enable swift implementation of corrective measures. The Company has also put in place a system to ensure reporting to the supervisory agency if a matter reported is deemed unlawful.

### Compliance Reporting Structure



## Basic Compliance Policy

The Toa Reinsurance Group positions compliance at the core of all business activities, and we have set forth this policy so that all personnel remain aware of the Toa Reinsurance Group's social responsibility and implement compliance on a daily basis.

### 1. Purpose of activities

With the aim of putting into practice our Mission Statement of "Providing Peace of Mind," comply with laws and regulations and carry on fair and honest business activities in accordance with societal norms and corporate ethics.

### 2. Compliance promotion structure

- (1) Establish a compliance function (hereinafter "Compliance Department") within the head office that will promote compliance activities and provide centralized management of compliance-related matters.
- (2) Formulate compliance-related policies and rules and, via the Compliance Department, promote full knowledge and observance of those policies and rules among all the personnel of the group.
- (3) Carry out regular training and monitoring to fully develop a compliance-oriented corporate culture.
- (4) Put in place a reporting and consultation system for compliance-related problems and endeavor to ensure early detection and correction.

### 3. Code of Conduct

For the practical implementation of this policy as a group, the following Code of Conduct has been defined.

- (1) Conformity to laws, regulations, and ethical standards  
For the execution of fair and honest corporate activities, conform to all laws and regulations and act in accordance with ethical standards.
- (2) Free and fair competition  
Always be aware of the great importance of the social responsibility of the reinsurance industry, and carry out sound management based on fairness, transparency, and free competition.
- (3) Prohibition of conflicts of interest  
So as not to unfairly damage customer interests, manage transactions where there is a danger of a conflict of interest.
- (4) Prohibition of insider trading  
Do not trade a company's stock etc. using information that has not been made public, and do not advise such trading by communicating such information to another person.
- (5) Protection of intellectual property  
Respect the intellectual property possessed by others and take care not to infringe upon it.
- (6) Handling of antisocial forces  
Take a firm approach to antisocial forces that are a threat to the order and safety of society.

- (7) Anti-Money Laundering / Countering the Financing of Terrorism  
Endeavor to ensure that our group products and services are not used to transfer the proceeds of crime, to supply funds to terrorists, or to provide funds for the dissemination of weapons of mass destruction.
- (8) Prohibition of bribery  
Do not provide or accept gifts, entertainment, or other benefits that are inappropriate or that exceed the scope of socially accepted practices.
- (9) Communication with society and disclosure of company information  
Maintain wide-ranging communication with shareholders as well as other members of society, actively and fairly disclose company information, and strive to properly manage information.
- (10) Social contributions activities  
Actively engage in social contribution activities as a good corporate citizen.
- (11) Respect for human rights  
Respect basic human rights and refuse to accept any discrimination based on race, nationality, gender, age, physical differences, etc.
- (12) Protection of the global environment  
Recognizing that measures for the protection of the global environment are indispensable for the existence and functioning of a company, actively and voluntarily take action aimed at the realization of a sustainable society.
- (13) Conscientious action  
To ensure that our group corporate value and our stakeholders' interests are not damaged or infringed upon, act in a conscientious manner based on a strong sense of ethics and with decency as a member of society.
- (14) Protection of company assets  
Use company assets only for business activities and ensure that they are not damaged.
- (15) Information management  
Personal information and other confidential information that is acquired in conjunction with work is to be handled appropriately based on laws, regulations, etc.
- (16) Reporting and consultations  
If you notice an unethical act or an act which violates a law, regulation, etc.; report to and consult with your supervisor or the Whistleblowing system without delay. The company will not allow such reporting and consultation to result in disadvantageous treatment or retaliatory acts with respect to personnel who engaged in the reporting and consultation or personnel who cooperated with the subsequent investigation.
- (17) Pursuit of best practices  
Going beyond the guidelines stated here, pursue best practices at every opportunity.

# Declaration of Protection of Personal Data

## Compliance with the Act on the Protection of Personal Information

The Company considers the management of information assets such as customer information, company information, and information systems to be an important management task.

Furthermore, in light of the importance of personal information protection, the Company has established the Privacy Policy presented below. The Company has also put in place internal regulations, including the Personal Information Handling Rules, and is working to ensure the proper use and secure management of personal information.

## Privacy Policy

### The Toa Reinsurance Company's Handling of the Protection of Personal Information

In light of the importance of protecting private information and to increase public trust in the non-life insurance industry, we, Toa Re, shall comply with the "Act on the Protection of Personal Information (Personal Information Protection Act)," the "Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (Numbers Act)," and other relevant laws, ordinances and guidelines, and the "Guidelines Concerning the Protection of Personal Information in General Insurance Companies" regulated by The General Insurance Association of Japan. The Company ensures that personal information obtained from other insurance companies and other sources is properly used and managed, and implement appropriate measures for the secure management of personal information in accordance with the business guidelines of the Financial Services Agency and The General Insurance Association of Japan.

The Company will conduct education and training for its employees so as to ensure that personal information is handled properly. The Company will also continuously work to improve the handling of personal information by, from time to time, reviewing and improving the handling of personal information, and implement appropriate measures to ensure that personal information is securely handled.

\* Please refer to "Section 1 Handling of Personal Information" listed below for details regarding the handling of personal information other than the specific personal information.

\* Please refer to "Section 2 Handling of Specific Personal Information" listed below for details regarding the handling of specific personal information.

## Section 1 Handling of Personal Information

### 1. Acquisition and Use of Personal Information

(1) The Company collects and uses personal information in a lawful and proper manner to the extent necessary for the conduct of business.

(2) The Company collects personal information through individuals' contract data, accounts, schedules, and other documentation provided by other insurance companies.

### 2. Purposes of Use of Personal Information

The Company receives personal information from other insurance companies to the extent necessary for the purposes of use described below in order to contribute to the management stability and the expansion of the scope of underwriting of other insurance companies through reinsurance. The Company may modify a purpose of use described below only to the extent reasonably deemed to have relevance to the original purpose of use. In such cases, the Company will officially announce the details of the modification on its website or by other means. The Company will not use personal information for any other purpose.

- Reinsurance contract underwriting examinations
- The execution of reinsurance contracts or the provision of incidental services
- Payment of reinsurance claims
- The maintenance or management of reinsurance contracts
- Other matters incidental to the Company's business (Company-sponsored seminars, etc.)

### 3. Items of Personal Information Collected

The personal information collected is information necessary for the conclusion of reinsurance contracts or the payment of reinsurance claims, which includes name, date of birth, gender, address, phone number and the details of insurance contracts.

### 4. Provision of Personal Information to Third Parties and Collection of Personal Information from Third Parties

(1) The Company shall not provide personal data it has collected to any third party (including any party in a foreign country) except in accordance with laws or ordinances.  
The Company shall not collect personal information from third parties for any reason other than those stated in 2. Purposes of Use of Personal Information above.

(2) Unless otherwise stipulated by laws and ordinances, in the case of providing personal information to a third party, the Company shall record matters concerning such provision (date, the identity of the third party receiving the personal information from the Company, the type of personal information provided, etc.), and in the case of collecting personal information from a third party (including the case where information concerning individuals is collected as personal data), the Company shall check and record matters concerning such collection (date, the identity of the third party providing the personal information to the Company, the type of personal information collected, how the third party providing the personal information to the Company collected such information, etc.).

### 5. Provision to a third party of information concerning individuals

(1) Unless otherwise stipulated by laws and ordinances, when the Company assumes that a third party is collecting information concerning individuals as personal data, the Company will not provide the subject data without first confirming that the third party has obtained from the subject persons agreement that the subject information be collected.

(2) Unless otherwise stipulated by laws and ordinances, in the case of providing information concerning individuals to a third party based on the confirmation in (1) above, the Company shall check and record matters concerning such provision (date, the identity of the third party receiving the information from the Company, the type of information concerning individuals provided, how the third party obtained the agreement of the subject persons, etc.).

### 6. Outsourcing of Handling of Personal Data

When outsourcing the handling of personal data to external institutions within the scope necessary for achievement of the purposes of use, the Company applies criteria for selection of institutions to which the handling is to be outsourced, checks in advance the information management systems of the institutions, and carries out necessary supervision of the institutions, including monitoring of the institutions' business execution after outsourcing of handling of personal data.

### 7. Handling of Credit Information

In accordance with the Ordinance for Enforcement of the Insurance Business Act, the Company will not use information provided by any credit information organization (which means any organization that collects information regarding individuals' ability to repay debts and provides such information to the Company) regarding individuals' ability to repay debts for any purposes other than investigating the individuals' ability to repay debts.

## 8. Handling of Sensitive Information

The Company shall not collect, use, or provide to any third party any personal information whose handling requires special consideration specified by the Act on the Protection of Personal Information or any personal information regarding membership in a labor union, ancestry, domicile by birth, healthcare or sexual life (excluding information that is made open to the public by the individual, a government organization, a local government, an academic research institutes, a person described in each item of Article 57, Paragraph 1 of the Act on the Protection of Personal Information or a person described in each item of the Enforcement Regulations, or obvious information from an external form obtained by observation of the individual or capturing the image of the individual; hereinafter “sensitive information”) unless the party falls under the following conditions.

- With the consent of the person, when sensitive information is acquired, used or provided to third parties to the extent necessary for the purpose of ensuring proper business execution or operation of the insurance business
- When sensitive information is acquired, used or provided to third parties to the extent necessary for the purpose of execution of business including payment of insurance claims where inheritance procedures are involved
- When sensitive information of the employee who is affiliated or associated with organizations including political or religious organizations or labor union is acquired, used or provided to third parties to the extent necessary for the purpose of execution of receipt of insurance premiums, etc.
- Cases in accordance with laws and ordinances
- When it is necessary for the protection of the life, body, or property of an individual
- Cases in which the handling of personal information is specially necessary for improving public health or promoting the sound growth of children
- When it is necessary for the execution of affairs in accordance with laws and ordinances by the national government or local government, or any parties entrusted by the above units
- When it is for academic research purposes

## 9. Notification, Disclosure, Correction, or Cessation of Use of Personal Data in Accordance with the Personal Information Protection Act

The Company responds appropriately and promptly when it receives requests for notification, disclosure, correction, or cessation of use of personal data. Please refer to the contact information below. The Company performs a procedure by which it has the requesting party fill in its prescribed form and confirms that the requesting party is the subject person, and then it provides a response at a subsequent date. We appreciate your understanding that costs for handling charges may incurred in case of the notification and disclosure of the use of the retained personal data.

## 10. Summary of Measures to Ensure the Secure Management of Personal Data

The Company has established the Personal Information Handling Regulations and other rules to prevent any divulgence or loss of or damage to personal data handled by the Company and to ensure that personal data is otherwise securely managed and has implemented security measures, including the establishment of a structure for enforcing security management measures based on those rules and regulations. When handling personal information, the Company always implements appropriate measures to ensure personal information is accurate and current. The main content of the Personal Information Handling Regulations is as follows.

### (1) Establishment of a basic policy

To ensure the proper handling of personal data, the Company will prepare, and revise as necessary, this declaration concerning compliance with relevant laws, ordinances, and guidelines; matters related to security management measures; contacts for question and complaint processing; etc.

### (2) Establishment of handling regulations for the safe management of personal data

For each level of collection and input, usage and processing, storage and preservation, transport and transmission, deletion and disposal, and other activities; establish, and revise as necessary, regulations specifying handling methods, the persons responsible and the persons to do the work, the tasks involved, etc. For questions concerning security management measures, please refer to the contact information below.



(3) Monitoring of institutions to which the handling is outsourced

When outsourcing the handling of personal data, establish, and regularly revise, handling regulations for the outsourcing in order to ensure the selection of an institution which properly handles personal data and to ensure the implementation of security management measures at the institution.

## Section 2 Handling of Specific Personal Information

Specific personal information refers to the personal information including “Individual Number.”

### 1. Acquisition and Use of Specific Personal Information

The Company collects and uses specific personal information in a lawful and proper manner. Unless otherwise stated by laws and ordinances, the request for the provision of specific personal information is prohibited.

### 2. Extent of Use of Specific Personal Information

The Company uses specific personal information to the extent of use described below in accordance with laws and ordinances. The Company shall not acquire, use or provide to third parties the specific personal information other than the purposes listed below.

(1) Execution of affairs in accordance with laws and ordinances concerning “Individual Number”

①Affairs concerning the preparation of report of payment for remuneration or rewards, distribution of dividends or surplus, interest on funds, real estate charges, acquisition of real estate, etc.

②Affairs including the preparation of withholding record of the income of the employee (including the dependents) and the notification for the unemployment insurance, health insurance and pension insurance

(2) Under the following conditions in accordance with laws and ordinances

①When payment of money occurs during severe disasters

②Cases in which the handling of personal information is necessary for the protection of the life, body, or property of an individual and in which the consent of the person is obtained or it is difficult to obtain the consent of the person

### 3. Outsourcing of Handling of Specific Personal Information

The Company may outsource part of the affairs concerning “Individual Number” to another business body. When outsourcing the handling of specific personal information, the Company applies criteria for selection of institutions to which the handling is to be outsourced, checks in advance the information management systems of the institutions, and carries out necessary supervision of the institutions.

### 4. Summary of Measures to Ensure the Secure Management of Specific Personal Information

The Company has implemented sufficient security measures, including the establishment of the handling regulations and the structure for enforcing security management measures to prevent any divulgence or loss of or damage to specific personal information handled by the Company and to ensure that specific personal information is otherwise securely managed. The main content of the Specific Personal Information Handling Regulations is as follows.

(1) Establishment of a basic policy

To ensure the proper handling of personal data, the Company will prepare, and revise as necessary, this declaration concerning compliance with relevant laws, ordinances, and guidelines; matters related to security management measures; contacts for question and complaint processing; etc.

(2) Establishment of handling regulations for the safe management of personal data

For each level of collection and input, usage and processing, storage and preservation, transport and transmission, deletion and disposal, and other activities; establish, and revise as necessary, regulations specifying handling methods, the persons responsible and the persons to do the work, the tasks involved, etc. For questions concerning security management measures, please refer to the contact information below.

(3) Monitoring of institutions to which the handling is outsourced

When outsourcing the handling of personal data, establish, and regularly revise, handling regulations for the outsourcing in order to ensure the selection of an institution which properly handles personal data and to ensure the implementation of security management measures at the institution.

### Section 3 The Collection, Usage, and Provision of Information Linked to Identifiers (with Cookies, etc.)

Cookies are text format information that is sent by the website and stored by the web browser when a website is viewed. A web beacon is a mechanism by which a small image embedded in a webpage or email is used to trigger the sending of information when the user views that page or email. The websites operated by the Company utilize cookies, web beacons, and other similar technologies (hereinafter referred to collectively as “Cookies”) in order to store and use customer information. The Company uses Google Analytics (provided by Google Inc.) as a service capable of statistically gathering and analyzing the identifiers stored in Cookies. Please see the sites below for the privacy policy of services provided by Google and for information on Google Analytics’ collection and handling of information using cookies.

Customers are able to opt out of Google Analytics using a browser add-on for opt-out use.

#### Google Analytics

Collection and handling of information by cookies in the services provided by Google.  
<https://policies.google.com/technologies/partner-sites?hl=en>

Privacy policy of services provided by Google  
<https://policies.google.com/privacy?hl=en>

To opt out of Google Analytics  
<https://tools.google.com/dlpage/gaoptout?hl=en>

### Section 4 General Inquiry

Please contact us by using the following information for the inquiries, counseling and complaints concerning the handling of personal information (including specific personal information described above) as well as for the notification of the purpose of use, etc.

<Contacts>

The Toa Reinsurance Company, Limited  
Compliance Department  
Contact for Personal Information  
Tel: 03-3253-3309

(Operation hours: 9:30a.m. - 5:00p.m. Closed on Sat., Sun., Public Holidays, the Year-end and New Year Holidays)

The Company is a member of The General Insurance Association of Japan, an authorized personal information protection organization. The Association handles inquiries and complaints concerning the handling of personal information of the affiliated companies.

<Contacts>

The General Insurance Association of Japan, General Insurance ADR Center (General Insurance Counseling and ADR Center Tokyo)

Address: 7/F WATERRAS ANNEX, 2-105 Kanda-awajicho, Chiyoda-ku, Tokyo, 101-0063

Tel: 03-3255-1470

(Operation hours: 9:00a.m. - 5:00p.m. Closed on Sat., Sun., Public Holidays, the Year-end and New Year Holidays)

Website: <https://www.sonpo.or.jp/en/>

# Review of Operations

The Toa Reinsurance Company, Limited, and Subsidiaries  
For the years ended 31st March 2022 and 2021

## Underwriting Income and Expenses

Underwriting income for the consolidated fiscal year increased ¥19,947 million year on year to ¥309,997 million, mainly owing to an increase in net premiums written. Meanwhile, underwriting expenses for the consolidated fiscal year increased ¥16,521 million year on year to ¥310,496 million, mainly because provision for outstanding claims increased. As a result, underwriting income after deducting underwriting expenses for the consolidated fiscal year amounted to a negative figure of ¥498 million, an increase of ¥3,425 million year on year.

## Investment Income and Expenses

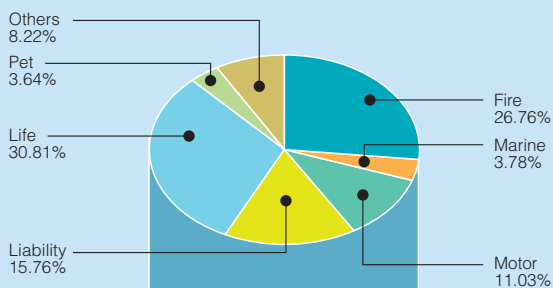
Investment income for the consolidated fiscal year decreased ¥2,182 million year on year to ¥19,544 million, mainly owing to a decrease in gain on sales of securities. Meanwhile, investment expenses increased ¥154 million year on year to ¥2,003 million, mainly owing to an increase in loss on redemption of securities. As a result, investment income after deducting investment expenses for the

consolidated fiscal year amounted to ¥17,541 million, a decrease of ¥2,337 million year on year. The return on investment (income yield) increased 0.16 percentage points to 2.35%.

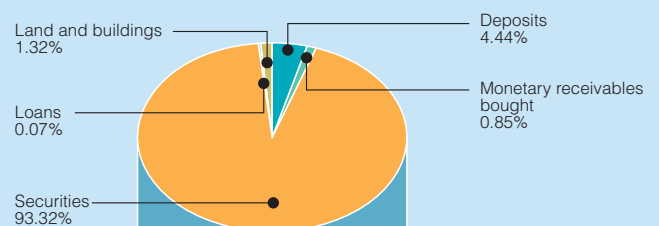
## Ordinary Profit/Loss

Ordinary profit/loss is calculated by deducting underwriting, investment, operating and general administrative expenses, and other ordinary expenses from underwriting, investment, and other ordinary income. For the consolidated fiscal year, ordinary income amounted to ¥827 million, a decrease of ¥1,336 million year on year. After accounting for extraordinary income, extraordinary loss, and current and deferred income taxes, net loss attributable to owners of the parent for the consolidated fiscal year amounted to ¥1,248 million, a decrease of ¥3,994 million year on year.

### Net Premiums Written by Class for the year ended March, 2022



### Invested Assets as of the end of March, 2022



# Consolidated Summary of Underwriting

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
<b>Fire</b>			
Net premiums written	¥ 80,813	¥ 79,168	\$ 660,290
Net claims paid	47,887	54,831	391,265
Net loss ratio	59.26%	69.26%	
<b>Marine</b>			
Net premiums written	11,409	10,643	93,218
Net claims paid	6,946	6,446	56,753
Net loss ratio	60.88%	60.57%	
<b>Motor</b>			
Net premiums written	33,328	36,010	272,309
Net claims paid	20,010	21,856	163,493
Net loss ratio	60.04%	60.70%	
<b>Liability</b>			
Net premiums written	47,595	43,251	388,879
Net claims paid	19,746	19,579	161,336
Net loss ratio	41.49%	45.27%	
<b>Life</b>			
Net premiums written	93,051	85,767	760,282
Net claims paid	77,403	70,513	632,429
Net loss ratio	83.18%	82.21%	
<b>Pet</b>			
Net premiums written	10,990	9,747	89,794
Net claims paid	6,129	4,469	50,077
Net loss ratio	55.77%	45.85%	
<b>Others</b>			
Net premiums written	24,833	22,959	202,900
Net claims paid	11,287	10,795	92,221
Net loss ratio	45.45%	47.02%	
<b>Total</b>			
Net premiums written	¥302,024	¥287,547	\$2,467,717
Net claims paid	189,411	188,492	1,547,601
Net loss ratio	62.71%	65.55%	

# Consolidated Summary of Investments

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2022 and 2021

## • Invested Assets

	Millions of yen		Percentage of total		Thousands of U.S. dollars
	2022	2021	2022	2021	2022
Deposits	¥ 31,343	¥ 37,440	3.64%	4.85%	\$ 256,091
Call loan	—	1,000	—	0.13	—
Monetary receivables bought	5,999	8,998	0.70	1.16	49,015
Money held in trust	—	8,873	—	1.15	—
Securities	658,893	558,529	76.58	72.34	5,383,552
Loans	512	513	0.06	0.07	4,183
Land and buildings	9,278	9,390	1.08	1.21	75,806
Total	706,027	624,747	82.06	80.91	5,768,665
Total assets	¥860,421	¥772,108	100.00%	100.00%	\$7,030,157

## • Securities

	Millions of yen		Percentage of total		Thousands of U.S. dollars
	2022	2021	2022	2021	2022
Government bonds	¥ 8,898	¥ 10,283	1.35%	1.84%	\$ 72,702
Corporate bonds	150,653	116,341	22.86	20.83	1,230,925
Stocks	105,592	87,010	16.03	15.58	862,750
Foreign securities	384,548	331,444	58.36	59.34	3,141,988
Other securities	9,201	13,450	1.40	2.41	75,177
Total	¥658,893	¥558,529	100.00%	100.00%	\$5,383,552

## • Interest and Dividend Income

	Millions of yen		Thousands of U.S. dollars	
	2022	2021	2022	2021
Cash in Bank	¥ 9	¥ 9	\$ 73	
Call loan	0	0	0	
Monetary receivables bought	6	9	49	
Money held in trust	21	36	171	
Securities	12,545	10,783	102,500	
Loans	1	1	8	
Land and buildings	109	108	890	
Subtotal	12,693	10,948	103,709	
Others	224	414	1,830	
Total	¥12,918	¥11,363	\$105,547	

## • Overseas Investment

	Millions of yen		Percentage of total		Thousands of U.S. dollars
	2022	2021	2022	2021	2022
Foreign currency					
Foreign bonds	¥320,882	¥272,584	78.56%	76.03%	\$2,621,799
Foreign stocks	16,752	16,069	4.10	4.48	136,873
Others	47,438	43,398	11.62	12.10	387,597
Subtotal	385,073	332,053	94.28	92.61	3,146,278
Yen					
Foreign bonds	12,053	14,763	2.95	4.12	98,480
Others	11,307	11,721	2.77	3.27	92,384
Subtotal	23,360	26,484	5.72	7.39	190,865
Total	¥408,434	¥358,538	100.00%	100.00%	\$3,337,151

# Consolidated Financial Statements

## Consolidated Balance Sheet

The Toa Reinsurance Company, Limited and Subsidiaries  
As of 31st March 2022 and 2021

• ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Cash and deposits	¥ 31,344	¥ 37,440	\$ 256,099
Call loans	—	1,000	—
Monetary receivables bought	5,999	8,998	49,015
Money held in trust	—	8,873	—
Securities (Notes 6(2), (4) and (5))	658,893	558,529	5,383,552
Loans (Note 6 (3))	512	513	4,183
Tangible fixed assets (Note 6 (1))			
Land	6,744	6,721	55,102
Buildings	2,533	2,669	20,696
Leased assets	273	382	2,230
Other tangible fixed assets	292	201	2,385
	9,844	9,974	80,431
Intangible fixed assets			
Software	1,534	2,249	12,533
Other intangible fixed assets	2	2	16
	1,536	2,251	12,550
Other assets			
Foreign reinsurance accounts receivable	89,096	76,412	727,967
Rest of other assets	37,450	34,819	305,989
	126,547	111,232	1,033,965
Deferred tax assets	27,083	33,332	221,284
Less: Allowance for doubtful accounts	(1,339)	(39)	(10,940)
Total assets	¥860,421	¥772,108	\$7,030,157

• LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Liabilities</b>			
Underwriting funds			
Outstanding claims	¥346,775	¥273,411	\$2,833,360
Underwriting reserves	249,495	253,347	2,038,524
	596,270	526,758	4,871,884
Other liabilities	41,405	42,003	338,303
Net defined benefit liabilities	10,099	9,586	82,514
Accrued retirement benefits for directors	101	106	825
Reserve under the special law			
Reserve for price fluctuation	11,236	10,958	91,804
	11,236	10,958	91,804
Deferred tax liabilities	—	437	—
Total liabilities	659,114	589,851	5,385,358
<b>Net assets</b>			
Shareholders' equity			
Capital stock	5,000	5,000	40,853
Capital surplus	456	456	3,725
Retained earnings	121,810	124,224	995,261
Treasury stock	(4,649)	(4,649)	(37,985)
	122,617	125,031	1,001,854
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	68,430	58,745	559,114
Net foreign currency translation adjustments	12,876	1,564	105,204
Remeasurements of defined benefit plans	(2,616)	(3,084)	(21,374)
	78,690	57,226	642,944
Total net assets	201,307	182,257	1,644,799
Total liabilities and net assets	¥860,421	¥772,108	\$7,030,157

The accompanying notes are an integral part of the statements.

# Consolidated Statement of Income

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Ordinary income and expenses:</b>			
Ordinary income			
Underwriting income			
Net premiums written	¥302,024	¥287,547	\$2,467,717
Investment income on deposit premiums	199	178	1,625
Reversal of underwriting reserves	5,815	—	47,512
Other underwriting income	1,959	2,324	16,006
	<b>309,997</b>	<b>290,050</b>	<b>2,532,862</b>
Investment income			
Interest and dividends income	12,896	11,326	105,368
Gain on money held in trust	—	448	—
Gain on trading securities	3,075	3,573	25,124
Gain on sales of securities	3,249	6,038	26,546
Gain on redemption of securities	348	120	2,843
Other investment income	174	397	1,421
Transfer of investment income on deposit premiums	(199)	(178)	(1,625)
	<b>19,544</b>	<b>21,726</b>	<b>159,686</b>
Other ordinary income	262	324	2,140
	<b>329,804</b>	<b>312,101</b>	<b>2,694,697</b>
Ordinary expenses			
Underwriting expenses			
Net claims paid	189,411	188,492	1,547,601
Commissions and brokerage (Note 7(1))	63,604	62,952	519,682
Provision for outstanding claims	57,480	25,372	469,646
Provision for underwriting reserves	—	17,157	—
	<b>310,496</b>	<b>293,975</b>	<b>2,536,939</b>
Investment expenses			
Loss on money held in trust	133	—	1,086
Loss on sales of securities	659	1,092	5,384
Impairment losses on securities	94	—	768
Loss on redemption of securities	968	494	7,909
Loss on derivatives	66	212	539
Other investment expenses	81	48	661
	<b>2,003</b>	<b>1,848</b>	<b>16,365</b>
Operating and general administrative expenses (Note 7 (1))	15,069	14,096	123,122
Other ordinary expenses			
Interest expenses	0	0	0
Provision for allowance for doubtful accounts	1,302	—	10,638
Other expenses	105	17	857
	<b>1,407</b>	<b>17</b>	<b>11,496</b>
	<b>328,977</b>	<b>309,937</b>	<b>2,687,940</b>
Ordinary profit	¥ 827	¥ 2,164	\$ 6,757

The accompanying notes are an integral part of the statements.

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Extraordinary income and loss:</b>			
Extraordinary income			
Gain on disposal of fixed assets	¥ 2	¥ —	\$ 16
	<b>2</b>	<b>—</b>	<b>16</b>
Extraordinary loss			
Loss on disposal of fixed assets	0	9	0
Provision for reserve under the special law			
Provision for reserve for price fluctuation	277	269	2,263
	<b>278</b>	<b>279</b>	<b>2,271</b>
<b>Income before income taxes</b>	<b>551</b>	<b>1,884</b>	<b>4,502</b>
<b>Income taxes:</b>			
Current	336	50	2,745
Deferred	1,463	(911)	11,953
	<b>1,799</b>	<b>(860)</b>	<b>14,698</b>
<b>Net income (loss)</b>	<b>(1,248)</b>	<b>2,745</b>	<b>(10,196)</b>
<b>Net income (loss) attributable to owners of the parent</b>	<b>¥(1,248)</b>	<b>¥2,745</b>	<b>\$(10,196)</b>

The accompanying notes are an integral part of the statements.



# Consolidated Statement of Comprehensive Income

The Toa Reinsurance Company, Limited and Subsidiaries  
For the year ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Comprehensive income</b>			
<b>Net income (loss)</b>	<b>¥ (1,248)</b>	¥ 2,745	<b>\$ (10,196)</b>
Other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	<b>9,684</b>	15,628	<b>79,124</b>
Net foreign currency translation adjustments	<b>11,312</b>	(2,453)	<b>92,425</b>
Remeasurements of defined benefit plans, net of tax	<b>467</b>	(795)	<b>3,815</b>
Total other comprehensive income (Note 8(1))	<b>21,463</b>	12,380	<b>175,365</b>
	<b>¥20,215</b>	¥15,125	<b>\$165,168</b>
(Breakdown)			
Comprehensive income attributable to owners of the parent	<b>¥20,215</b>	¥15,125	<b>\$165,168</b>
Comprehensive income attributable to non-controlling interests	—	—	—

The accompanying notes are an integral part of the statements.

# Consolidated Statement of Changes in Shareholders' Equity

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2022 and 2021

For the year ended 31st March 2022

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	<b>¥5,000</b>	<b>¥456</b>	<b>¥124,224</b>	<b>¥(4,649)</b>	<b>¥125,031</b>
Changes during the period					
Dividends from retained earnings			<b>(1,165)</b>		<b>(1,165)</b>
Net income (loss) attributable to owners of the parent			<b>(1,248)</b>		<b>(1,248)</b>
Disposal of treasury stock					—
Changes in the scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during the period	—	—	<b>(2,413)</b>	—	<b>(2,413)</b>
Balance at the end of the period	<b>¥5,000</b>	<b>¥456</b>	<b>¥121,810</b>	<b>¥(4,649)</b>	<b>¥122,617</b>
	Accumulated other comprehensive income				
	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	Total net assets
Balance at the beginning of the period	<b>¥58,745</b>	<b>¥ 1,564</b>	<b>¥(3,084)</b>	<b>¥57,226</b>	<b>¥182,257</b>
Changes during the period					
Dividends from retained earnings					<b>(1,165)</b>
Net income (loss) attributable to owners of the parent					<b>(1,248)</b>
Disposal of treasury stock					—
Changes in the scope of consolidation					—
Net changes in items other than shareholders' equity	<b>9,684</b>	<b>11,312</b>	<b>467</b>	<b>21,463</b>	<b>21,463</b>
Total changes during the period	<b>9,684</b>	<b>11,312</b>	<b>467</b>	<b>21,463</b>	<b>19,050</b>
Balance at the end of the period	<b>¥68,430</b>	<b>¥12,876</b>	<b>¥(2,616)</b>	<b>¥78,690</b>	<b>¥201,307</b>

The accompanying notes are an integral part of the statements.

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	<b>\$40,853</b>	<b>\$3,725</b>	<b>\$1,014,984</b>	<b>\$(37,985)</b>	<b>\$1,021,578</b>
Changes during the period					
Dividends from retained earnings			<b>(9,518)</b>		<b>(9,518)</b>
Net income (loss) attributable to owners of the parent			<b>(10,196)</b>		<b>(10,196)</b>
Disposal of treasury stock					<b>—</b>
Changes in the scope of consolidation					<b>—</b>
Net changes in items other than shareholders' equity					
Total changes during the period	<b>—</b>	<b>—</b>	<b>(19,715)</b>	<b>—</b>	<b>(19,715)</b>
Balance at the end of the period	<b>\$40,853</b>	<b>\$3,725</b>	<b>\$ 995,261</b>	<b>\$(37,985)</b>	<b>\$1,001,854</b>

	Accumulated other comprehensive income				
	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	Total net assets
Balance at the beginning of the period	<b>\$479,982</b>	<b>\$ 12,778</b>	<b>\$(25,198)</b>	<b>\$467,570</b>	<b>\$1,489,149</b>
Changes during the period					
Dividends from retained earnings					<b>(9,518)</b>
Net income (loss) attributable to owners of the parent					<b>(10,196)</b>
Disposal of treasury stock					<b>—</b>
Changes in the scope of consolidation					<b>—</b>
Net changes in items other than shareholders' equity	<b>79,124</b>	<b>92,425</b>	<b>3,815</b>	<b>175,365</b>	<b>175,365</b>
Total changes during the period	<b>79,124</b>	<b>92,425</b>	<b>3,815</b>	<b>175,365</b>	<b>155,649</b>
Balance at the end of the period	<b>\$559,114</b>	<b>\$105,204</b>	<b>\$(21,374)</b>	<b>\$642,944</b>	<b>\$1,644,799</b>

The accompanying notes are an integral part of the statements.

For the year ended 31st March 2021

	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	¥313	¥122,778	¥(5,796)	¥122,295
Changes during the period					
Dividends from retained earnings			(1,144)		(1,144)
Net income attributable to owners of the parent			2,745		2,745
Disposal of treasury stock		142		1,146	1,289
Changes in the scope of consolidation			(156)		(156)
Net changes in items other than shareholders' equity					
Total changes during the period	—	142	1,445	1,146	2,735
Balance at the end of the period	¥5,000	¥456	¥124,224	¥(4,649)	¥125,031
	Accumulated other comprehensive income				
	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	Total net assets
Balance at the beginning of the period	¥43,116	¥4,018	¥(2,288)	¥44,845	¥167,141
Changes during the period					
Dividends from retained earnings					(1,144)
Net income attributable to owners of the parent					2,745
Disposal of treasury stock					1,289
Changes in the scope of consolidation					(156)
Net changes in items other than shareholders' equity	15,628	(2,453)	(795)	12,380	12,380
Total changes during the period	15,628	(2,453)	(795)	12,380	15,115
Balance at the end of the period	¥58,745	¥1,564	¥(3,084)	¥57,226	¥182,257

The accompanying notes are an integral part of the statements.

# Consolidated Statement of Cash Flows

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Cash flows from operating activities</b>			
Income before income taxes	¥ 551	¥ 1,884	\$ 4,502
Depreciation and amortization	1,065	915	8,701
Increase (decrease) in outstanding claims	56,690	25,153	463,191
Increase (decrease) in underwriting reserves	(6,319)	16,994	(51,630)
Increase (decrease) in allowance for doubtful accounts	1,302	(8)	10,638
Increase (decrease) in accrued retirement benefits for directors	(5)	(71)	(40)
Increase (decrease) in accrued bonuses for employees	5	1	40
Increase (decrease) in net defined benefit liabilities	765	20	6,250
Increase (decrease) in reserve for price fluctuation	277	269	2,263
Interest and dividends income	(12,896)	(11,326)	(105,368)
Loss (gain) on securities	(4,948)	(8,160)	(40,428)
Interest expenses	0	0	0
Foreign exchange loss (gain)	387	310	3,162
Loss (gain) on tangible fixed assets	(1)	1	(8)
Loss (gain) on money held in trust	133	(448)	1,086
Decrease (increase) in other assets (other than investing and financing activities)	(11,655)	(20,327)	(95,228)
Increase (decrease) in other liabilities (other than investing and financing activities)	2,080	9,510	16,994
Others, net	(440)	3	(3,595)
Subtotal	26,992	14,722	220,540
Interest and dividends received	13,395	12,309	109,445
Interest paid	(0)	(0)	(0)
Income taxes paid	(2,051)	(1,294)	(16,757)
Income taxes refund	476	1,956	3,889
Net cash provided by (used in) operating activities	38,813	27,693	317,125
<b>Cash flows from investing activities</b>			
Net decrease (increase) in deposits	11	(139)	89
Increase in money held in trust	—	(2,900)	—
Decrease in money held in trust	8,734	2,900	71,362
Purchases of securities	(251,613)	(234,875)	(2,055,829)
Proceeds from sales or redemption of securities	203,522	207,975	1,662,897
Proceeds from collection of loans	1	1	8
Total of net cash provided by (used in) investment transactions	(39,343)	(27,038)	(321,456)
Total of net cash provided by (used in) operating activities and investment transactions	(530)	654	(4,330)
Purchase of tangible fixed assets	(160)	(142)	(1,307)
Proceeds from sales of tangible fixed assets	3	—	24
Purchase of intangible fixed assets	(4)	(671)	(32)
Net cash provided by (used in) investing activities	(39,505)	(27,852)	(322,779)
<b>Cash flows from financing activities</b>			
Proceeds from disposal of treasury stock	—	1,289	—
Dividends paid	(1,165)	(1,144)	(9,518)
Repayment for lease liabilities	(133)	(111)	(1,086)
Net cash provided by (used in) financing activities	(1,298)	33	(10,605)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	3,317	616	27,101
<b>Net increase (decrease) in cash and cash equivalents</b>	1,326	492	10,834
<b>Cash and cash equivalents at the beginning of the period</b>	62,671	62,195	512,059
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	—	(16)	—
<b>Cash and cash equivalents at the end of the period (Note 10(1))</b>	¥ 63,997	¥ 62,671	\$ 522,894

The accompanying notes are an integral part of the statements.

# 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 ¥122.39 = US\$1, the rate of exchange on 31st March 2022, 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, two 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)

### B. Non-consolidated Subsidiary

The other subsidiary is a small-scale operations, 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 with no market prices 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 Act 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 and Prior Service Cost

The Company fully amortizes actuarial differences in the following fiscal year and charges prior service cost to income when incurred.

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.

H. Accounting Treatments Pertaining to Insurance Contracts

With regard to accounting treatments pertaining to insurance contracts, including net premiums written, outstanding claims and underwriting reserves, the Company complies with the provisions of laws and regulations, such as the Insurance Business Act.

3. Significant Accounting Estimates

(1) Deferred Tax Assets

A. Amount recorded in the consolidated financial statements for the fiscal year ended 31st March 2022 and 2021:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
<b>2022</b>	2021	<b>2022</b>
<b>¥27,083</b>	¥33,332	<b>\$221,284</b>

B. Information on the details of significant accounting estimates pertaining to identified items

(a) Calculation method of estimates and principal assumptions used for calculation

The recoverability of deferred tax assets is judged by estimating the amount of taxable income that will be available against deductible temporary differences, on the basis of future forecasts of profit and loss.

Net premiums written, net claims paid and provision for outstanding claims, which serve as the principal assumptions of future forecasts of profit and loss, are calculated based on past business results and budgets formulated based on the medium-term management plan. These amounts of estimates in the future forecasts of profit and loss will affect the taxable income in and after the following fiscal year.

With regard to the impact of the COVID-19 pandemic on net claims paid and provision for outstanding claims, the Company made an estimate of the fiscal year in which part of the outstanding claims incurred in the current fiscal year will be included in deductible expenses, and of the amount of net claims paid and provision for outstanding claims that will be newly incurred in and after the following fiscal year (forecast based on the publicly announced number of deaths in life reinsurance, actual payments made, etc.).

(b) Impact on the consolidated financial statements for the following fiscal year

Currently, the Companies have tax loss carryforwards, and deferred tax assets or valuation allowance on the said tax loss carryforwards is calculated by the method stated in (a). The recoverable amount of deferred tax assets, however, could fluctuate in cases where the estimate of taxable income fluctuates due to major changes in the environment surrounding the Companies and other factors.

(2) Outstanding Claims

A. Amount recorded in the consolidated financial statements for the fiscal year ended 31st March 2022 and 2021:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
2022	2021	2022
¥346,775	¥273,411	\$2,833,360

B. Information on the details of significant accounting estimates pertaining to identified items

(a) Calculation method of estimates and principal assumptions used for calculation

Pursuant to the provisions of laws and regulations, such as the Insurance Business Act, with regard to insurance claims, etc. for which the obligation of payment has occurred based on insurance contracts (including those for which suits are pending pertaining to the said payment obligation), but that have not been recorded as expenditures in each accounting period (hereinafter “ordinary outstanding claims”), the cedants, etc. will estimate the amount required for such payment, and the Company will record the amount based on the written notices on outstanding claims, etc. which reflect the results of estimates made by the cedants, etc. and submitted to the Company.

Likewise, with regard to insurance claims, etc. for which causes for payment specified in insurance contracts are considered to have arisen but no report on the occurrence of such causes for payment have been received (hereinafter “IBNR reserves”), the Company records the amounts necessary for the said payments, which are rationally calculated by a statistical estimating method on the basis of claims paid, ordinary outstanding claims, etc.

(b) Impact on the consolidated financial statements for the following fiscal year

Outstanding claims could fluctuate from the initial amounts of estimates necessary for the said payments in cases where they are affected by future changes in circumstances such as judicial precedents pertaining to each cause for payment, revisions of laws and regulations and fluctuations in exchange rates. In addition, IBNR reserves could fluctuate in or after the following fiscal year since it is calculated using a statistical estimating method.

4. Change in Accounting Policies

“Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (ASBJ) Statement No.30, 4th July 2019) and others have been applied from the beginning of the fiscal year ended 31st March 2022. In accordance with the transitional treatment set forth in Paragraph 19 of “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, 4th July 2019), a new accounting policy prescribed by “Accounting Standard for Fair Value Measurement” and others has been applied prospectively. The effect of applying this accounting standard on consolidated financial statements is immaterial. Also, fair value of financial instruments and breakdown by input level have been disclosed in Note 11. Financial Instruments. However, the details pertaining to the previous fiscal year have not been provided in the said notes, pursuant to the transitional treatment specified in Paragraph 7-4 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, 4th July 2019).

5. Accounting Standards and Guidance Issued but not yet Effective

• Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, 17th June 2021)

(1) Outline

The implementation guidance established the treatment of measurement of the fair value of investment trust funds and notes thereon, as well as notes on investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the balance sheet.

(2) Scheduled Date of Application

The implementation guidance is scheduled to be applied from the beginning of the fiscal year ending 31st March 2023.

(3) Effects of Application of the Accounting Standards

The effects of the application on the consolidated financial statements are currently undetermined.



## 6. 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))
	2022	2021	2022
Accumulated depreciation	¥10,471	¥9,961	\$85,554
Advanced depreciation	29	29	236

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Securities	¥10	¥26	\$81

- (3) The amounts of loans to be disclosed based on the Insurance Business Act are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Bankrupt or de facto bankrupt	—	—	—
Doubtful	—	—	—
Accruing loans contractually past due 3 months or more	—	—	—
Restructured loans	—	—	—

The definitions of the loans are as follows:

- A. "Bankrupt or de facto bankrupt" are loans or loan equivalents to borrowers who have gone bankrupt for reasons such as a declaration of bankruptcy, reorganization, or revitalization proceedings.
- B. "Doubtful" are loans to borrowers who have not yet reached a state of legal bankruptcy but whose financial position and business performance have deteriorated; therefore, the prospect of complete repayment of principal and interest is remote in accordance with the contract obligations, and are not included in "Bankrupt or de facto bankrupt."
- C. "Accruing loans contractually past due 3 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 "Bankrupt or de facto bankrupt" or "Doubtful."
- D. "Restructured loans" 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, and are not included in "Bankrupt or de facto bankrupt," "Doubtful" or "Accruing loans contractually past due 3 months or more."

(Change in Presentation)

In line with the Cabinet Office Order to Amend the Ordinance for Enforcement of the Banking Act (Cabinet Office Order No. 3, 24th January 2020), which came into force on 31st

March 2022, the classification of "risk-managed loans" under the Insurance Business Act is presented in accordance with the classification of loans to be disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions.

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Securities	¥31,798	¥28,711	\$259,808

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))
	2022	2021	2022
	¥—	¥1,818	\$—

## 7. 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))
	2022	2021	2022
Commissions, net of reinsurance ceded	¥63,604	¥62,952	\$519,682

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

## 8. 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))
	2022	2021	2022
Net unrealized gains on available-for-sale securities, net of tax:			
Gains (losses) arising during the period	¥16,018	¥25,637	\$130,876
Reclassification adjustments	(1,876)	(4,584)	(15,328)
Before income tax effect adjustments	14,141	21,053	115,540
Income tax effects	(4,457)	(5,424)	(36,416)
Net unrealized gains on available-for-sale securities, net of tax	9,684	15,628	79,124
Net foreign currency translation adjustments:			
Gains (losses) arising during the period	11,148	(2,621)	91,085
Reclassification adjustments	229	263	1,871
Before income tax effect adjustments	11,378	(2,358)	92,965
Income tax effects	(66)	(95)	(539)
Net foreign currency translation adjustments	11,312	(2,453)	92,425
Remeasurements of defined benefit plans, net of tax:			
Gains (losses) arising during the period	(3)	(1,295)	(24)
Reclassification adjustments	621	264	5,073
Before income tax effect adjustments	617	(1,030)	5,041
Income tax effects	(150)	235	(1,225)
Remeasurements of defined benefit plans, net of tax	467	(795)	3,815
Total other comprehensive income	¥21,463	¥12,380	\$175,365

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

For the year ended 31st March 2022

### (1) Detailed Information for Outstanding Shares and Treasury Stock

	Thousand shares			
	Number of shares as of 1st April 2021	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2022
Outstanding shares				
Common stock	98,070	—	—	98,070
Class A stock	1,930	—	—	1,930
Total	100,000	—	—	100,000
Treasury stock				
Common stock	6,791	—	—	6,791
Total	6,791	—	—	6,791

### (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 29th June 2021	Common stock	¥ 1,140 million \$ 9,314 thousand (Note 1(2))	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2021	30th June 2021
General meeting of shareholders on 29th June 2021	Class A stock	¥ 24 million \$ 196 thousand (Note 1(2))	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2021	30th June 2021

Of dividends with record date within the year ended 31st March 2022, dividends with the effective date after 31st March 2022

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 29th June 2022	Common stock	¥ 1,140 million \$ 9,314 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2022	30th June 2022
General meeting of shareholders on 29th June 2022	Class A stock	¥ 24 million \$ 196 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2022	30th June 2022

For the year ended 31st March 2021

### (1) Detailed Information for Outstanding Shares and Treasury Stock

	Thousand shares			
	Number of shares as of 1st April 2020	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2021
Outstanding shares				
Common stock	98,070	—	—	98,070
Class A stock	1,930	—	—	1,930
Total	100,000	—	—	100,000
Treasury stock				
Common stock	8,466	—	1,675	6,791
Total	8,466	—	1,675	6,791

The number of shares decreased during the period in common treasury stock is 1,675 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 26th June 2020	Common stock	¥ 1,120 million	¥ 12.5	31st March 2020	29th June 2020
General meeting of shareholders on 26th June 2020	Class A stock	¥ 24 million	¥ 12.5	31st March 2020	29th June 2020

Of dividends with record date within the year ended 31st March 2021, dividends with the effective date after 31st March 2021

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 29th June 2021	Common stock	¥ 1,140 million	Retained earnings	¥ 12.5	31st March 2021	30th June 2021
General meeting of shareholders on 29th June 2021	Class A stock	¥ 24 million	Retained earnings	¥ 12.5	31st March 2021	30th June 2021

## 10. 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))
	2022	2021	2022
Cash and deposits	¥ 31,344	¥ 37,440	\$ 256,099
Call loans	—	1,000	—
Monetary receivables bought	5,999	8,998	49,015
Securities	658,893	558,529	5,383,552
Time deposits with original maturities of more than three months	(316)	(328)	(2,581)
Securities other than cash equivalents	(631,922)	(542,969)	(5,163,183)
Cash and cash equivalents	¥ 63,997	¥ 62,671	\$ 522,894

### (2) Cash flows from investing activities include those related to insurance business.

## 11. Financial Instruments

### (1) Outline of Financial Instruments

#### A. Policy for Financial Instruments

The Company underwrites non-life reinsurance (such as Fire, Marine, Motor, General liabilities, Pet 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

As variable factors are incorporated in the measurement of the fair value of financial instruments, the adoption of different assumptions and other factors may cause such value to fluctuate.

(2) Fair Value of Financial Instruments and Breakdown by Input Level

The carrying amounts, fair value, unrealized gain (loss) of financial instruments and breakdown by input level as of 31st March 2022 and 2021 are as follows.

In accordance with Item 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, 4th July 2019) and Item 27 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, 4th July 2019), stocks with no market prices, etc. as of 31st March 2022 and financial instruments extremely difficult to measure fair value as of 31st March 2021 are not included in the table. Also please see note (b) and (c) below.

The fair values of financial instruments are classified into the following three levels in accordance with the observability and significance of the inputs used to measure the fair value:

Level 1: Fair value determined based on the observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value determined based on observable inputs other than Level 1 inputs

Level 3: Fair value determined based on unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified into the lowest priority level of fair value measurement in which each input belongs.

(a) Financial assets and liabilities measured at fair value on the consolidated balance sheets

As of 31st March 2022	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Trading	¥ 15,612	¥ —	¥ —	¥ 15,612
Available for sale	126,154	469,990	—	596,145
Total assets	¥141,767	¥469,990	¥ —	¥611,757

As of 31st March 2021	Thousands of U.S. dollars (Note 1(2))			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Trading	\$ 127,559	\$ —	\$ —	\$ 127,559
Available for sale	1,030,754	3,840,101	—	4,870,863
Total assets	\$1,158,321	\$3,840,101	\$ —	\$4,998,423

\*Investment trust funds, etc. for which transitional measures are applied in accordance with Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, 4th July 2019) are not included in the table above. The amount of such investment trust funds, etc. on the consolidated balance sheet is ¥43,211 million (\$ 353,059 thousand).

As of 31st March 2021	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
Monetary receivables bought	¥ 8,998	¥ 8,998	¥ —
Money held in trust	8,873	8,873	—
Securities			
Trading	31,294	31,294	—
Available for sale	524,143	524,143	—
Total assets	¥573,310	¥573,310	¥ —

(b) Financial assets and liabilities not measured at fair value on the consolidated balance sheets  
Information regarding fair value of cash and deposits is omitted since it is scheduled to be settled in a short period of time and fair value approximates book value.

(Notes)

(a) Description of the evaluation methods and inputs used to measure fair value

Assets

Securities

Securities of which the fair value is based on the quoted prices in active markets with no adjustment is classified into Level 1. That includes mainly Japanese government bonds and stocks. Securities that are based on the presented quoted prices in inactive markets are classified into Level 2. The fair value of bonds other than bonds of which the fair values are based on the quoted prices is mainly based on the prices presented by third parties and counterparty financial institutions. These prices are the present value that is calculated by discounting future cash flows at a rate comprising a risk-free interest rate and a credit spread. Since observable inputs are used in the calculation, the fair value is classified into Level 2.

(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
	2021
Non-listed stocks	¥ 3,091
Total	¥ 3,091

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) Stocks with no market prices, etc. and ownership stakes in partnerships, etc. are as follows and are not included in "Securities" in the above table:

	Thousands of U.S. dollars (Note 1(2))	
	Millions of yen	2022
Stocks with no market prices, etc*	¥ 3,074	\$ 25,116
Ownership stakes in partnerships, etc.**	849	6,936
Total	¥ 3,924	\$ 32,061

\*Stocks with no market prices, etc. include unlisted stocks. In accordance with Item 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, 4th July 2019), these amounts are not included in disclosures of fair value.

\*\*Ownership stakes in the partnership, etc. are mainly investment partnerships. In accordance with Item 27 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, 4th July 2019), these amounts are not included in disclosures of fair value.

(d) The redemption schedules as of 31st March 2022 and 2021 for monetary receivables and securities with maturities are as follows:

As of 31st March 2022	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	¥ 31,343	¥ —	¥ —	¥ —
Securities				
Available-for-sale securities with maturities				
Government bonds	—	1,800	6,980	—
Municipal bonds	—	—	—	—
Corporate bonds	13,283	117,929	10,473	6,300
Foreign securities	28,527	127,472	62,350	104,788
Total	¥ 73,154	¥ 247,201	¥ 79,804	¥ 111,088

As of 31st March 2021	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	\$ 256,091	\$ —	\$ —	\$ —
Securities				
Available-for-sale securities with maturities				
Government bonds	—	14,707	57,030	—
Municipal bonds	—	—	—	—
Corporate bonds	108,530	963,550	85,570	51,474
Foreign securities	233,082	1,041,523	509,437	856,181
Total	\$ 597,712	\$2,019,781	\$ 652,046	\$ 907,655

As of 31st March 2021	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	¥ 37,440	¥ —	¥ —	¥ —
Monetary receivables bought	9,000	—	—	—
Securities				
Available-for-sale securities with maturities				
Government bonds	3,600	—	6,480	—
Municipal bonds	—	—	—	—
Corporate bonds	23,918	76,914	6,707	5,000
Foreign securities	25,925	102,365	60,180	81,246
Total	¥ 99,884	¥ 179,280	¥ 73,367	¥ 86,246

## 12. Investments in Securities

(1) Information regarding trading securities as of 31st March 2022 and 2021 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Net unrealized gains (losses) recognized for the fiscal year	¥(2,369)	¥118	\$ (19,356)

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

(3) Information regarding available-for-sale securities with fair value as of 31st March 2022 and 2021 is as follows:

As of 31st March 2022	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 24,614	¥ 24,016	¥ 598
Stocks	101,281	16,902	84,378
Foreign securities	219,454	207,198	12,255
Others	5,962	5,589	373
Subtotal	351,312	253,706	97,606
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	134,937	135,461	(524)
Stocks	1,236	1,365	(129)
Foreign securities	122,678	124,996	(2,318)
Others	8,434	8,471	(37)
Subtotal	267,285	270,294	(3,008)
Total	¥618,598	¥524,000	¥ 94,597

As of 31st March 2021	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	\$ 201,111	\$ 196,225	\$ 4,886
Stocks	827,526	138,099	689,419
Foreign securities	1,793,071	1,692,932	100,130
Others	48,713	45,665	3,047
Subtotal	2,870,430	2,072,930	797,499
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	1,102,516	1,106,797	(4,281)
Stocks	10,098	11,152	(1,054)
Foreign securities	1,002,353	1,021,292	(18,939)
Others	68,910	69,213	(302)
Subtotal	2,183,879	2,208,464	(24,577)
Total	\$5,054,318	\$4,281,395	\$ 772,914

\*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 2021	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 54,344	¥ 53,767	¥ 577
Stocks	82,676	16,903	65,772
Foreign securities	259,152	244,002	15,149
Others	9,476	9,103	372
Subtotal	405,649	323,776	81,873
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	72,280	72,420	(139)
Stocks	1,259	1,365	(106)
Foreign securities	40,980	42,134	(1,153)
Others	12,973	12,991	(18)
Subtotal	127,493	128,910	(1,417)
Total	¥533,142	¥452,686	¥ 80,455

\*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))
	2022	2021	2022
Proceeds from sales			
Government, municipal and corporate bonds	¥ 9,114	¥ 6,380	\$ 74,466
Stocks	3	5,555	24
Foreign securities	87,139	114,238	711,978
Others	35	2,378	285
Total	¥ 96,292	¥128,552	\$ 786,763
Gain on sales			
Government, municipal and corporate bonds	¥ 147	¥ 11	\$ 1,201
Stocks	2	3,469	16
Foreign securities	3,098	2,247	25,312
Others	1	310	8
Total	¥ 3,249	¥ 6,038	\$ 26,546
Loss on sales			
Government, municipal and corporate bonds	¥ 88	¥ 249	\$ 719
Stocks	—	33	—
Foreign securities	569	808	4,649
Others	0	0	0
Total	¥ 657	¥ 1,092	\$ 5,368

- (5) Securities for which impairment losses are recognized  
For the year ended 31st March 2022, the Company recognized impairment losses regarding available-for-sale securities with fair value (Foreign securities) in the amount of ¥ 94 million (\$ 768 thousand) in the consolidated statement of income.

For the year ended 31st March 2021, the Company and consolidated subsidiaries recognized no impairment losses regarding available-for-sale securities with fair value 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.

### 13. Money Held in Trust

- (1) Money Held in Trust for Trading Purposes

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Net unrealized gains (losses) recognized for the fiscal year	¥ (0)	¥ 121	\$ (0)

- (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.

### 14. Derivatives

None.

### 15. 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))
	2022	2021	2022
Retirement benefit obligations at the beginning of the period	¥ 21,801	¥ 20,092	\$ 178,127
Service cost	918	781	7,500
Interest cost	364	381	2,974
Actuarial differences	(381)	1,752	(3,112)
Benefit paid	(935)	(550)	(7,639)
Prior service cost	(19)	—	(155)
Others	1,358	(656)	11,095
Retirement benefit obligations at the end of the period	¥ 23,106	¥ 21,801	\$ 188,789

- B. Changes in the plan assets during the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Plan assets at the beginning of the period	¥ 12,214	¥ 11,386	\$ 99,795
Expected return on plan assets	401	363	3,276
Actuarial differences	11	264	89
Employer contributions	566	917	4,624
Benefit paid	(783)	(424)	(6,397)
Others	595	(293)	4,861
Plan assets at the end of the period	¥ 13,006	¥ 12,214	\$ 106,266

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))
	2022	2021	2022
Retirement benefit obligations for funded plan	¥ 17,512	¥ 16,874	\$ 143,083
Plan assets	(13,006)	(12,214)	(106,266)
	4,506	4,659	36,816
Retirement benefit obligations for unfunded plan	5,593	4,927	45,698
Net amount of liabilities (assets) recognized in the consolidated balance sheet	¥ 10,099	¥ 9,586	\$ 82,514
Net defined benefit liabilities	¥ 10,099	¥ 9,586	\$ 82,514
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 10,099	¥ 9,586	\$ 82,514

D. Components of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Service cost	¥ 918	¥ 781	\$ 7,500
Interest cost	364	381	2,974
Expected return on plan assets	(401)	(363)	(3,276)
Amortization of actuarial differences	621	264	5,073
Amortization of prior service cost	(19)	—	(155)
Retirement benefit cost for defined benefit plan	¥ 1,483	¥ 1,064	\$ 12,117

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))
	2022	2021	2022
Actuarial differences	¥ 1,014	¥ (1,223)	\$ 8,284
Others	(396)	192	(3,235)
Total	¥ 617	¥ (1,030)	\$ 5,041

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))
	2022	2021	2022
Unrecognized actuarial differences	¥ (3,307)	¥ (3,924)	\$ (27,020)

G. Plan assets

(a) Major Components of plan assets

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

	2022	2021
Bonds	18%	26%
Stocks	25	15
General accounts	54	56
Others	3	3
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:

	2022	2021
Discount rate	Mainly 0.6%	Mainly 0.6%
Long-term expected rate of return	Mainly 1.2%	Mainly 1.3%

## 16. Deferred Tax Accounting

(1) Major Components of Net Deferred Tax Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Deferred tax assets			
Underwriting reserves	¥ 31,119	¥ 34,831	\$ 254,260
Outstanding claims	14,186	11,768	115,908
Tax loss carryforwards **	3,854	5,750	31,489
Reserve for price fluctuation	3,146	3,068	25,704
Net defined benefit liabilities	2,313	2,214	18,898
Others	1,895	2,011	15,483
Subtotal of deferred tax assets	56,515	59,645	461,761
Valuation allowance			
on tax loss carryforwards **	(430)	(2,298)	(3,513)
Valuation allowance			
on deductible temporary differences	(441)	(261)	(3,603)
Subtotal of Valuation allowance *	(871)	(2,559)	(7,116)
Total deferred tax assets	55,644	57,085	454,644
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	(26,167)	(21,710)	(213,800)
Others	(2,393)	(2,480)	(19,552)
Total deferred tax liabilities	(28,561)	(24,190)	(233,360)
Net deferred tax assets	¥ 27,083	¥ 32,894	\$ 221,284

(Notes)

\*Valuation allowance decreased by ¥ 1,688 million (\$ 13,791 thousand). The main reason of this decrease is due to the decrease in 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 2022

	Millions of yen						Total
	Due in 1 year or less	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	Due after 5 years	
Tax loss carryforwards	¥ —	—	—	1,471	1,066	1,316	¥3,854
Valuation allowance	¥ —	—	—	—	253	176	¥ 430
Deferred tax assets	¥ —	—	—	1,471	812	1,139	¥3,424

	Thousands of U.S. dollars (Note 1(2))						Total
	Due in 1 year or less	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	Due after 5 years	
Tax loss carryforwards	\$ —	—	—	12,018	8,709	10,752	\$31,489
Valuation allowance	\$ —	—	—	—	2,067	1,438	\$ 3,513
Deferred tax assets	\$ —	—	—	12,018	6,634	9,306	\$27,976

(Notes)

(a) Figures for tax loss carryforwards were the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of ¥ 3,854 million (\$ 31,489 thousand) (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 3,424 million (\$ 27,976 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 2021

	Millions of yen						Total
	Due in 1 year or less	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	Due after 5 years	
Tax loss carryforwards	¥3,104	—	—	—	1,371	1,274	¥5,750
Valuation allowance	¥2,298	—	—	—	—	—	¥2,298
Deferred tax assets	¥ 806	—	—	—	1,371	1,274	¥3,451

## 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 (hereinafter TRA)" and "The Toa 21st Century Reinsurance Co., Ltd. (hereinafter TRE)".

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

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

For the year ended 31st March 2022

	Millions of yen			Total
	Toa	TRA	TRE	
Reportable segments				
<b>Sales</b>				
Sales to external customers	¥ 207,783	¥ 68,990	¥ 25,249	¥ 302,024
Inter-segment sales or transfers	(514)	(132)	402	(244)
Total	207,269	68,858	25,652	301,780
<b>Profit or loss by reportable segments</b>	4,529	(1,388)	(4,251)	(1,110)
<b>Assets by reportable segments</b>	569,525	268,882	96,290	934,698
<b>Liabilities by reportable segments</b>	421,224	194,013	47,655	662,893
<b>Other items</b>				
Depreciation	1,000	53	11	1,065
Interest and dividends income	7,056	5,630	209	12,896
Interest expenses	0	—	—	0
Extraordinary income	0	1	—	2
Gain on disposal of fixed assets	0	1	—	2
Extraordinary loss	278	—	—	278
Provision for reserve under the special law	277	—	—	277
Income tax expense	2,564	(199)	(531)	1,833

(Notes)

(a) Figures for tax loss carryforwards were the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of ¥ 5,750 million (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 3,451 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 2022 and 2021 are as follows:

	2022	2021
Effective statutory income tax rate of the Company	28.0%	28.0%
(Adjustments)		
Expiration of term of tax loss carryforwards	559.3	141.0
Tax rate applied to consolidated subsidiaries	94.9	6.7
Non-taxable revenue such as dividends received	(71.9)	(20.4)
Impact of the U.S. tax reform	—	(64.6)
Valuation allowance	(310.0)	(140.8)
Others	26.3	4.4
Effective income tax rate of the Company	326.6%	(45.7)%



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

	Reportable segments			
	Toa	TRA	TRE	Total
<b>Sales</b>				
Sales to external customers	\$ 1,697,712	\$ 563,689	\$ 206,299	\$ 2,467,717
Inter-segment sales or transfers	(4,199)	(1,078)	3,284	(1,993)
Total	1,693,512	562,611	209,592	2,465,724
<b>Profit or loss by reportable segments</b>	37,004	(11,340)	(34,733)	(9,069)
<b>Assets by reportable segments</b>	4,653,362	2,196,927	786,747	7,637,045
<b>Liabilities by reportable segments</b>	3,441,653	1,585,203	389,370	5,416,234
<b>Other items</b>				
Depreciation	8,170	433	89	8,701
Interest and dividends income	57,651	46,000	1,707	105,368
Interest expenses	0	—	—	0
Extraordinary income	0	8	—	16
Gain on disposal of fixed assets	0	8	—	16
Extraordinary loss	2,271	—	—	2,271
Provision for reserve under the special law	2,263	—	—	2,263
Income tax expense	20,949	(1,625)	(4,338)	14,976

\* Sales represent "Net premiums written".

For the year ended 31st March 2021

Millions of yen

	Reportable segments			
	Toa	TRA	TRE	Total
<b>Sales</b>				
Sales to external customers	¥ 211,310	¥ 63,513	¥ 12,723	¥ 287,547
Inter-segment sales or transfers	(1,488)	(1,563)	2,505	(547)
Total	209,821	61,949	15,228	287,000
<b>Profit or loss by reportable segments</b>	3,253	(992)	(257)	2,003
<b>Assets by reportable segments</b>	543,280	229,759	76,320	849,359
<b>Liabilities by reportable segments</b>	413,506	156,432	26,475	596,414
<b>Other items</b>				
Depreciation	848	55	11	915
Interest and dividends income	6,066	5,181	78	11,326
Interest expenses	0	—	—	0
Extraordinary loss	279	—	—	279
Provision for reserve under the special law	269	—	—	269
Income tax expense	398	(1,786)	24	(1,364)

\* 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))	
	2022	2021	2022	
Total of reportable segments	¥301,780	¥287,000	\$2,465,724	
Elimination of inter-segment transactions	244	547	1,993	
Sales in consolidated financial statements	¥302,024	¥287,547	\$2,467,717	

\* Sales represent "Net premiums written".

B. Profit or loss

	Millions of yen		Thousands of U.S. dollars (Note 1(2))	
	2022	2021	2022	
Total of reportable segments	¥(1,110)	¥2,003	\$ (9,069)	
Elimination of inter-segment transactions	(138)	742	(1,127)	
Others	—	(0)	—	
Net income (loss) attributable to owners of the parent in consolidated financial statements	¥(1,248)	¥2,745	\$ (10,196)	

### C. Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Total of reportable segments	<b>¥934,698</b>	¥849,359	<b>\$7,637,045</b>
Elimination of inter-segment transactions	<b>(74,276)</b>	(77,250)	<b>(606,879)</b>
Total assets in consolidated financial statements	<b>¥860,421</b>	¥772,108	<b>\$7,030,157</b>

### D. Liabilities

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Total of reportable segments	<b>¥662,893</b>	¥596,414	<b>\$5,416,234</b>
Elimination of inter-segment transactions	<b>(3,779)</b>	(6,563)	<b>(30,876)</b>
Total liabilities in consolidated financial statements	<b>¥659,114</b>	¥589,851	<b>\$5,385,358</b>

### E. Other items

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Income tax expense			
Total of reportable segments	<b>¥1,833</b>	¥(1,364)	<b>\$14,976</b>
Elimination of inter-segment transactions	<b>(33)</b>	503	<b>(269)</b>
Others	<b>—</b>	0	<b>—</b>
Amounts in consolidated financial statements	<b>¥1,799</b>	¥ (860)	<b>\$14,698</b>

### (5) Related Information

For the year ended 31st March 2022

#### A. Information about revenue derived from its products or services

	Millions of yen							
	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	<b>¥80,813</b>	<b>¥11,409</b>	<b>¥33,328</b>	<b>¥47,595</b>	<b>¥93,051</b>	<b>¥10,990</b>	<b>¥24,833</b>	<b>¥302,024</b>

	Thousands of U.S. dollars (Note 1(2))							
	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	<b>\$660,290</b>	<b>\$93,218</b>	<b>\$272,309</b>	<b>\$388,879</b>	<b>\$760,282</b>	<b>\$89,794</b>	<b>\$202,900</b>	<b>\$2,467,717</b>

\* Sales represent "Net premiums written".

#### B. Information by geographic area

##### (a) Sales

Millions of yen			
Japan	United States	Others	Total
<b>¥173,707</b>	<b>¥71,477</b>	<b>¥56,839</b>	<b>¥302,024</b>

Thousands of U.S. dollars (Note 1(2))			
Japan	United States	Others	Total
<b>\$1,419,290</b>	<b>\$584,010</b>	<b>\$464,408</b>	<b>\$2,467,717</b>

\* 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
<b>¥8,817</b>	<b>¥1,027</b>	<b>¥9,844</b>

Thousands of U.S. dollars (Note 1(2))		
Japan	Others	Total
<b>\$72,040</b>	<b>\$8,391</b>	<b>\$80,431</b>

C. Information about major customers  
None.

For the year ended 31st March 2021

A. Information about revenue derived from its products or services

	Millions of yen							
	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	¥79,168	¥10,643	¥36,010	¥43,251	¥85,767	¥9,747	¥22,959	¥287,547

\* Sales represent "Net premiums written".

B. Information by geographic area

(a) Sales

Millions of yen			
Japan	United States	Others	Total
¥172,943	¥68,983	¥45,620	¥287,547

\* 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
¥9,066	¥907	¥9,974

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  
None.

18. Related Party Transactions

There are no material transactions with related parties to report for the years ended 31st March 2022 and 2021.

19. Per Share Information

	Yen		U.S. dollars (Note 1(2))
	2022	2021	2022
Net assets per share	¥2,159.74	¥1,955.36	\$17.65
Net income (loss) per share	(13.39)	29.80	(0.11)

\* 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 2022.

\*\* There are no potential common shares, therefore diluted net income per share is not described for the fiscal year ended 31st March 2021.

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

	For the year ended 31st March 2022	For the year ended 31st March 2021
Net income (loss) attributable to owners of the parent (Millions of yen)	¥ (1,248)	¥ 2,745
Amounts not attributable to common shareholders (Millions of yen)	—	—
Net income (loss) attributable to owners of the parent related to common shareholders (Millions of yen)	¥ (1,248)	¥ 2,745
Average number of common shares outstanding for the year (Thousand shares)	93,209	92,127
Major Components of Average number of common shares outstanding and equivalent for the year (Thousand shares)	Common Stock 91,279 Class A Stock 1,930	Common Stock 90,197 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 29th June 2022.

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  
¥747 per share (minimum)  
\$6.10 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.

## 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 2021	As of 31st March 2022	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	¥132	¥122	—	—
Lease liabilities (except for those due in 1 year or less)	285	177	—	From 19th April 2023 to 28th February 2027
Total	¥418	¥300	—	—

Thousands of U.S. dollars (Note 1(2))				
	As of 1st April 2021	As of 31st March 2022	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	\$1,078	\$ 996	—	—
Lease liabilities (except for those due in 1 year or less)	2,328	1,446	—	From 19th April 2023 to 28th February 2027
Total	\$3,415	\$2,451	—	—

(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	¥106	¥55	¥12	¥3

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	\$866	\$449	\$98	\$24

### 3. Detailed Information for Asset Retirement Obligations

None.

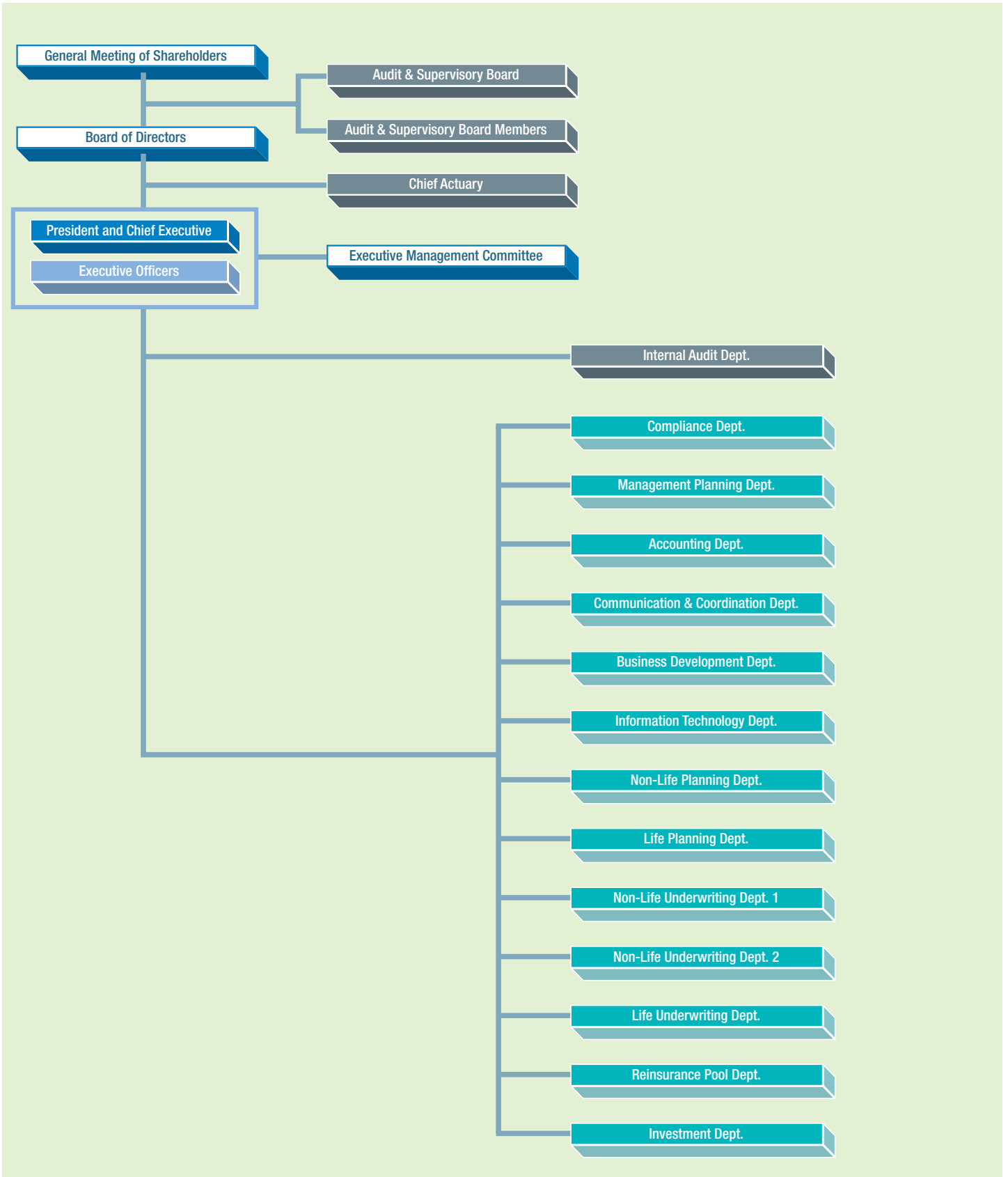
About Independent Auditor

Independent auditor for the year ended 31st March 2022 was Ernst & Young ShinNihon LLC.

The Company’s consolidated financial statements have been audited and certified by Ernst & Young ShinNihon LLC based on the provisions of Article 444, Paragraph 4 of the Companies Act and Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

# Organization

The Toa Reinsurance Company, Limited  
As of 1st July 2022



## Board of Directors

The Toa Reinsurance Company, Limited  
As of 29th June 2022

### PRESIDENT AND CHIEF EXECUTIVE

Masaaki Matsunaga

### MANAGING DIRECTORS

Kazuhito Oura  
Hiroshi Nagashima  
Koji Watanabe

### DIRECTORS

Takayuki Nakayama  
Hironori Ashikawa  
Hiroshi Tamiya  
Masahiro Matsumoto  
Kiyooki Sano

### AUDIT & SUPERVISORY BOARD MEMBERS

Yutaka Okazaki  
Koichi Yazaki  
Ryuta Nakajima  
Sumitaka Taira

## Corporate Data

The Toa Reinsurance Company, Limited  
As of 31st March 2022

### HEAD OFFICE

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Chiyoda-ku, Tokyo 101-8703, Japan  
Telephone: +81-3-3253-3171  
Facsimile: +81-3-3253-1208  
URL: <https://www.toare.co.jp>

### DATE ESTABLISHED

15th October 1940

### NUMBER OF SHARES BY TYPE

	(COMMON)	(CLASS A)
Authorized:	370,000,000	30,000,000
Issued:	98,070,000	1,930,000

### PAID-IN CAPITAL

¥ 5,000 million

### TOTAL ASSETS

¥ 569,525 million

### NUMBER OF EMPLOYEES

345

### LINES OF BUSINESS

Reinsurance of the following:

- Fire Insurance
- Marine Insurance
- Transit Insurance
- Personal Accident Insurance
- Voluntary Automobile Insurance
- Compulsory Automobile Liability Insurance
- General Liability Insurance
- Shipowners' Liability Insurance for Passengers' Personal Accident
- Workers' Accident Compensation Liability Insurance
- Aviation Insurance
- Credit Insurance
- Guarantee Insurance (including Surety Bond)
- Glass Insurance
- Machinery Insurance
- Contractors' All Risks Insurance
- Atomic Energy Insurance
- Movables Comprehensive Insurance
- Theft Insurance
- Windstorm and Flood Insurance
- Boiler and Turbo-Set Insurance
- Livestock Insurance
- Miscellaneous Pecuniary Loss Insurance
- Life Insurance
- Pet Insurance

