

To the General Meeting of  
**The 21st Century Toa Reinsurance Company Limited, Zurich**

Zurich, 23 March 2022

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of The 21st Century Toa Reinsurance Company Limited, which comprise the balance sheet, income statement, cashflow statement and notes, for the year ended 31 December 2021.



### **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



### **Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert  
(Auditor in charge)

Licensed audit expert

### **Enclosures**

- ▶ Financial statements (balance sheet, income statement, cash flow statement and notes)
- ▶ Proposed appropriation of available earnings

# **THE TOA 21ST CENTURY REINSURANCE COMPANY LTD**

**Financial Reporting per 31.12.2021**

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# THE TOA 21ST CENTURY REINSURANCE COMPANY LTD

## 1. Balance sheet as of December 31, (in Swiss Francs)

	Notes	2021	2020
<b>Assets</b>			
Investments	1	470'515'789	360'975'997
Fixed-income securities		308'325'931	273'432'053
Funds		153'718'250	87'543'944
Insurance linked securities		8'471'608	0
Deposits on reinsurance business	16	12'315'982	9'095'356
Cash and cash equivalents	2	115'089'887	179'236'669
Fixed assets	3	204'060	215'778
Reinsurer's share in technical reserves	6	57'199'903	4'990'580
Provision for unearned premiums		1'209'454	559'758
Claims outstanding & IBNR		55'990'449	4'430'822
Deferred acquisition costs		26'470'285	17'042'917
Receivables from insurance business	4	95'230'683	48'945'853
Receivables from outward business	4	10'929'607	457'512
Other Receivables	5	2'335'593	4'457'154
Other Assets		4'468'438	4'967'414
Reinstatement premium reserve		48'018	3'340'253
Accrued interest income		1'425'287	948'109
Prepayments		2'995'133	679'052
<b>Total assets</b>		<b><u>794'760'228</u></b>	<b><u>630'385'231</u></b>

# THE TOA 21ST CENTURY REINSURANCE COMPANY LTD

## 1. Balance sheet as of December 31,

### Liabilities

Technical provisions	6	409'217'600	218'973'516
Provision for unearned premiums		104'158'521	68'853'711
Claims outstanding & IBNR		298'067'894	150'119'806
Mathematical reserve		6'991'184	0
Annuity reserve		-0	0
Non-technical provisions		2'011'245	2'811'135
Provisions for taxation	7	1'379'225	1'577'137
Provisions for unrealised gains		632'020	1'233'998
Liabilities from derivative financial instruments		0	836'057
Payables to insurance business	8	11'782'555	5'171'607
Payables from outward business		12'365'815	2'153'953
Deferred acquisition costs		387'374	104'981
Reinstatement premium reserve		164	11'035
Other liabilities		1'138'726	1'127'745
Other payables		358'772	625'882
Accrued expenses		779'954	501'863
<b>Total liabilities</b>		<b>436'903'479</b>	<b>231'190'029</b>
<b>Shareholders' equity</b>	9		
Share capital		243'000'000	243'000'000
Legal capital reserves		152'000'000	152'000'000
Organisation Fund		2'000'000	2'000'000
Reserves from capital contribution		150'000'000	150'000'000
Legal retained earnings		38'650'228	38'650'228
Voluntary retained earnings		-75'793'478	-34'455'026
Result carried forward		-34'455'026	-27'525'746
Result for the period		-41'338'453	-6'929'280
<b>Total shareholders' equity</b>		<b>357'856'749</b>	<b>399'195'202</b>
<b>Total liabilities and shareholders' equity</b>		<b>794'760'228</b>	<b>630'385'231</b>

## THE TOA 21ST CENTURY REINSURANCE COMPANY LTD

### 2. Income statement for the year ended December 31, (in Swiss Francs)

	Notes	2021	2020
Gross premiums written		243'883'542	141'997'742
Outward premiums		-30'098'147	-7'635'802
<b>Net premiums written</b>		<b>213'785'396</b>	<b>134'361'940</b>
Gross change in unearned premium		-39'830'293	-23'936'436
Outward change in unearned premium		1'338'292	30'096
<b>Net premiums earned</b>		<b>175'293'395</b>	<b>110'455'599</b>
<b>Total income from insurance business</b>		<b>175'293'395</b>	<b>110'455'599</b>
Gross claims paid		-69'101'487	-98'092'571
Outward claims paid		258'911	-141'169
Gross change in technical provisions	10	-163'131'629	8'813'941
Gross change in claims reserves		-155'750'667	8'813'941
Change in mathematical reserve		-7'380'962	0
Change in annuity reserve		0	0
Outward change in technical provisions	10	52'946'150	3'446'988
Outward change in claims reserves		52'946'150	3'446'988
<b>Net claims incurred</b>		<b>-179'028'056</b>	<b>-85'972'811</b>
Acquisition costs		-28'785'429	-21'264'094
Administrative expenses		-3'269'900	-2'993'198
Personnel expenses	11	-4'930'774	-2'567'837
<b>Net acquisition cost and administrative expenses</b>		<b>-36'986'103</b>	<b>-26'825'129</b>
<b>Total depreciation</b>		<b>-96'674</b>	<b>-98'607</b>
Other technical expenses		-528'220	-302'261
<b>Other expenses from insurance business</b>		<b>-528'220</b>	<b>-302'261</b>
<b>Total expenses from insurance business</b>		<b>-216'639'053</b>	<b>-113'198'809</b>
Investment income	12	4'389'107	5'108'346
Income from derivative financial instruments		0	3'709'705
Other investment income		4'389'107	1'398'640
Investment expenses	13	-3'799'869	-8'127'833
Expenses from derivative financial instruments		-250'578	-5'593'565
Expenses from derivative related to insurance business		-313'089	0
Other investment expenses		-3'236'202	-2'534'268
<b>Net investment result</b>		<b>589'238</b>	<b>-3'019'488</b>
Exchange gains and losses		-609'502	-47'180
Provisions for unrealised gains		601'979	0
<b>Other financial expenses</b>		<b>-7'523</b>	<b>-47'180</b>
<b>Operating result</b>		<b>-40'763'943</b>	<b>-5'809'877</b>
<b>Result before taxes</b>		<b>-40'763'943</b>	<b>-5'809'877</b>
Direct taxes		-574'510	-1'119'403
<b>Result after taxes</b>		<b>-41'338'453</b>	<b>-6'929'280</b>

**The TOA 21st Century  
Reinsurance Company Ltd.**

**CASH FLOW STATEMENT**

	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET INCOME	-41'338'453	-6'929'280
ADJUSTMENTS FOR	<b>0</b>	<b>300'511</b>
Unrealized gain provision	0	300'511
CHANGES IN OPERATIONAL ASSETS AND LIABILITIES	<b>86'731'463</b>	<b>-19'388'810</b>
Unearned premium reserve (retrocession)	-649'696	-92'715
Claims outstanding (retrocession)	-51'559'627	-3'503'274
Reinsurance premium receivables	-49'505'456	-24'879'309
Other technical reserves	3'281'364	6'374'422
Receivables from outward business	-6'038'057	-457'512
Other receivables	2'121'561	147'433
Accrued interest	-477'178	1'205'260
Deferred policy acquisition costs	-9'144'974	-5'098'152
Prepayments	-2'316'081	-457'296
Unearned premium reserve	35'304'811	22'480'248
Claims outstanding	154'939'273	-11'540'226
Local taxes payable	-197'911	1'126'099
Reinsurance losses payable	12'388'772	-3'768'772
Other payables	-1'103'167	-348'968
Accrued liabilities	278'091	-1'790'220
Fixed assets	11'718	-19'827
Unrealized gain provision	-601'978.74	1'233'998
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>45'393'010</b>	<b>-26'017'579</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of fixed maturities	58'793'009	16'149'120
Purchases of fixed maturities available-for-sale	-93'686'887	-28'750'211
Purchases of funds	-66'174'306	-87'543'944
Purchase of insurance linked securities	-8'471'608	
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>-109'539'792</b>	<b>-100'145'035</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Capital contribution	0	150'000'000
Dividends to shareholder	0	0
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>0</b>	<b>150'000'000</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-64'146'781</b>	<b>23'837'385</b>
Cash and cash equivalents at beginning of period	179'236'669	155'399'283
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>115'089'887</b>	<b>179'236'669</b>

# THE TOA 21ST CENTURY REINSURANCE COMPANY LTD

## 4. Notes

### (in Swiss Francs)

The Toa 21st Century Reinsurance Company Ltd. (hereinafter "TTFC") was incorporated on 23 January 2002 in Chur and moved to Zurich on 23 January 2017. Since 27 November 2019 the registered office is at Kreuzplatz 16, CH – 8008 Zurich.

### General

These financial statements were prepared according to the provisions on commercial accounting of the Swiss Code of Obligations (Art.957-963b, applicable as of 1 January 2015), as well as according to the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies, applicable as of 15 December 2015.

Due to rounding, there may be difference of CHF 1.

### Key accounting and valuation principles

The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

### Foreign currency items and translation for presentation purposes

The currency in which TTFC operates is CHF (functional currency). Transactions in other currencies are converted into the functional currency at the exchange rate on the date the transaction takes place.

Monetary assets and liabilities in other currencies are converted into the functional currency at the exchange rate as of the balance sheet date. Foreign exchange gains arising from the revaluation of the opening balance sheet as well as from the adjustments from application of balance sheet date rates are deferred and booked under provision for currency fluctuation. Foreign exchange losses are directly recognised in the income statement.

Non-monetary assets and liabilities are converted to the functional currency at the historical foreign exchange rate at the time of the original transaction. In case the foreign exchange rate as of the balance sheet date is lower than the historical foreign exchange rate, a foreign exchange loss is recorded in the income statement.

### Fixed-income securities

Comprise out of bonds and are evaluated at amortized cost from 1 January 2021. These securities were previously held at lower of amortized cost or market value.

### Funds

Funds are evaluated at market value.

### Insurance Linked Securities

Insurance linked securities are evaluated at acquisition value and monitored against the market value. Should there be a significant decrease in market value, an impairment process would be initiated.

### Technical reserves

The technical reserves of TTFC are calculated in line with the TTFC's reserving policy.

### Deferred commissions

The revised reserving policy of TTFC explicitly states that the unearned premium reserves are shown gross of deferred acquisition costs. Therefore deferred commissions will be shown separately as an asset on the balance sheet.

The deferred commissions shown in the balance sheet as at December 31, 2020 are related only to non-life business. From January 1, 2021, deferred commissions related to both life and non-life business.

## 1 Investments

	2021	2020
Government Bonds	85'268'423	22'960'267
Corporate Bonds	223'057'508	250'471'787
	<hr/> 308'325'931	<hr/> 273'432'053
Bond credit rating (Moody's, if available, otherwise S&P)		
	2021	2020
Bonds, rating AAA	84'680'925	80'525'680
Bonds, rating AA	58'960'734	53'037'793
Bonds, rating A	74'269'126	58'851'681
Bonds, rating BBB	45'021'969	45'811'812
Bonds, unrated	45'393'176	35'205'087
	<hr/> 308'325'931	<hr/> 273'432'053
	2021	2020
Swisscanto fund	56'792'725	57'453'691
UBS fund	29'937'664	30'090'253
Aberdeen liquidity fund EUR	37'993'203	0
Aberdeen liquidity fund GBP	28'994'658	0
	<hr/> 153'718'250	<hr/> 87'543'944



	<b>2021</b>	<b>2020</b>
Insurance linked securities	8'471'608	0
	<hr/> 8'471'608	<hr/> 0

## 2 Cash and cash equivalents

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents held in CHF	70'390'991	104'120'836
Cash and cash equivalents held in JPY	33'019'418	3'096'849
Cash and cash equivalents held in EUR	2'225'693	32'446'195
Cash and cash equivalents held in GBP	4'844'810	32'325'332
Cash and cash equivalents held in other currencies	4'608'975	7'247'456
	<hr/> 115'089'887	<hr/> 179'236'669

## 3 Fixed assets

With the activation of TTFC in 2018, the company has its own office and therefore fixed assets. The fixed assets of the company consist of furniture, hardware, software, and from 2021, a company car. Furniture is depreciated at a rate of 25%. Hardware, software and the company car are depreciated at a rate of 40%. In the final year, the residual balance will be depreciated down to a value of zero.

## 4 Receivables from insurance business

	<b>2021</b>	<b>2020</b>
Due from insurance business	95'230'683	48'945'853
from related parties	1'480'701	7'407'367
from third parties	93'749'982	41'538'486
Due from outward business	10'929'607	457'512
from related parties	6'392'418	0
from third parties	4'537'189	457'512

## 5 Other Receivables

	<b>2021</b>	<b>2020</b>
State tax	1'393'998	4'116'178
Withholding tax	837'825	269'083
Rental deposit	88'715	66'875
Reimbursed costs from related parties	15'055	5'019
	<hr/> 2'335'593	<hr/> 4'457'154

There is an overpayment of the 2017 and 2018 state taxes. A prepayment for 2017 taxes was paid in 2017 for the sum of both state and federal tax. An additional payment to settle the invoiced federal tax was made in 2018, leading to an overpayment for state tax being booked at the Zurich tax office for tax year 2017.

In 2018, a prepayment was paid for tax year 2018 based on the prior year's results. Due to the fact that TTFC had a loss in 2018, and therefore no income tax would be due, an overpayment for state tax was booked at the Zurich tax office for tax year 2018.

In 2021, the tax office reimbursed the overpayments for all tax years up to and including 2019. The receivable balance is made up of the residual balance allocated to tax years 2020 and 2021.

## 6 Technical provisions

	Gross technical reserves		Reinsurers share of Technical reserves		Net technical reserves	
	2021	2020	2021	2020	2021	2020
Unearned premiums	104'158'521	68'853'711	-1'209'454	-559'758	102'949'067	68'293'952
Outstanding claims reserves	126'038'385	79'222'531	-26'070'274	-2'057'410	99'968'111	77'165'121
IBNR reserves	170'970'727	70'554'333	-29'920'175	-2'373'412	141'050'553	68'180'921
Unallocated loss adjustment expenses reserve	1'058'782	342'942	0	0	1'058'782	342'942
Mathematical reserve	6'991'184	0	0	0	6'991'184	0
Annuity reserve	-0	0	0	0	-0	0
<b>Total</b>	<hr/> 409'217'600	<hr/> 218'973'517	<hr/> -57'199'903	<hr/> -4'990'580	<hr/> 352'017'697	<hr/> 213'982'936

## 7 Provisions for taxation

	<b>2021</b>	<b>2020</b>
State tax	1'301'340	1'541'357
VAT	77'885	35'779
	<hr/> 1'379'225	<hr/> 1'577'137

## 8 Payables to insurance business

	<b>2021</b>	<b>2020</b>
Due to insurance companies	11'782'555	5'171'607
to related parties	7'177'665	5'515'028
to third parties	4'604'890	-343'421
Due to outward business	12'365'815	2'153'953
to related parties	1'479	0
to third parties	12'364'337	2'153'953

## 9 Statement of changes in Equity

	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Shareholders' equity
<b>Balance 01.01.2020</b>	243'000'000	2'000'000	38'650'228	-27'525'746	256'124'482
Approp. of prior period result			0	0	0
Dividend payment				0	0
Capital injection		150'000'000			150'000'000
Result for the period				-6'929'280	-6'929'280
<b>Balance 31.12.2020</b>	<b>243'000'000</b>	<b>152'000'000</b>	<b>38'650'228</b>	<b>-34'455'026</b>	<b>399'195'202</b>
<b>Balance 01.01.2021</b>	243'000'000	152'000'000	38'650'228	-34'455'026	399'195'202
Approp. of prior period result			0	0	0
Dividend payment				0	0
Capital injection		0			0
Result for the period				-41'338'453	-41'338'453
<b>Balance 31.12.2021</b>	<b>243'000'000</b>	<b>152'000'000</b>	<b>38'650'228</b>	<b>-75'793'479</b>	<b>357'856'749</b>

## Information related to items on the income statement

### 10 Changes in technical provisions

	Gross technical provisions		Reinsurers share of technical provisions		Net technical provisions	
	2021	2020	2021	2020	2021	2020
Change in outstanding claims reserves	-52'826'257	-11'197'705	25'108'699	1'984'474	-27'717'557	-9'213'231
Change in IBNR reserves	-102'197'339	20'267'700	27'837'450	1'462'514	-74'359'889	21'730'214
Change in ULAE reserves	-727'071	-256'054	0	0	-727'071	-256'054
Change in mathematical reserve	-7'380'962	0	0	0	-7'380'962	0
Change in annuity reserve	0	0	0	0	0	0
Total	-163'131'629	8'813'941	52'946'150	3'446'988	-110'185'479	12'260'929

### 11 Personnel expenses

With the activation of TTFC in 2018, the company has its own employees. Personnel expenses consist of salaries and bonus paid to employees, as well as expenses for social insurances (AHV, UVG, KTG, BVG). Accruals for personnel expenses are included in the balance sheet under "Accrued expenses."

### 12 Investment income

	Earnings		Appreciation		Realized gains	
	2021	2020	2021	2020	2021	2020
Bonds	2'428'304	683'330	-19'292	63'300	881'968	376'345
Forward contracts	0	0	0	0	0	3'709'705
Funds	1'093'966	275'666	0	0	0	0
fx transactions	1'007	0	0	0	0	0
Other interest	3'154	0	0	0	0	0
<b>Total Investment income</b>					<b>4'389'107</b>	<b>5'108'346</b>

### 13 Investment expenses

	Investment related costs		Depreciation		Realized losses	
	2021	2020	2021	2020	2021	2020
Bonds	-944'288	-379'308	-62'789	-86'005	-25'264	-18'870
Forward contracts	0	0	0	0	-250'578	-5'593'565
Funds	-13'475	0	-1'541'398	-135'239	0	0
fx transactions	-3'912	0	0	0	0	0
Other interest	-645'074	-414'846	0	0	0	0
Other costs	0	-1'500'000	0	0	0	0
Derivatives related to insurance business	-313'089	0	0	0	0	0
<b>Total Investment expenses</b>					<b>-3'799'869</b>	<b>-8'127'833</b>

### 14 Fees for audit services

	2021	2020
External Audit Fees	135'532	97'684
Internal Audit Fees	18'309	8'616
<b>Total Fees for audit services</b>	<b>153'841</b>	<b>106'300</b>

**Other information****15 Liabilities to pension schemes**

	<b>2021</b>	<b>2020</b>
Profond Vorsorgeeinrichtung	-4'987	454
<b>Total Liabilities to pension schemes</b>	<b>-4'987</b>	<b>454</b>

**16 Deposits on reinsurance business**

	<b>2021</b>	<b>2020</b>
Other collateral assignments	12'315'982	9'095'356
<b>Total Deposits on reinsurance business</b>	<b>12'315'982</b>	<b>9'095'356</b>

**17 Letters of Credit**

At December 31, 2021 there were three Letters of Credit in place acting as collaterals for the benefit of cedents, meeting associated reinsurance agreements requirements:

	<b>2021</b>	<b>Expiration date</b>
The Bank of Nova Scotia	2'303'495	December 31, 2022
UBS AG, Stamford Branch	2'924'661	December 31, 2022
UBS AG, Stamford Branch	1'147'330	December 31, 2022
<b>Total Letters of Credit</b>	<b>6'375'486</b>	

No such letters of credit existed in 2020

**18 Full-time equivalents**

The TTFC has an annual average of less than 50 full-time positions (previous year: less than 50 full-time positions).

# THE TOA 21ST CENTURY REINSURANCE COMPANY LTD

## 5. Proposal of the Board of Directors' for the appropriation of available earnings

(in Swiss Francs)

	2021	2020
<b>Movements of retained earnings</b>		
Result brought forward	-34'455'026	-27'525'747
Profit / Loss for the business period	-41'338'453	-6'929'280
<b>Available earnings</b>	<b>-75'793'478</b>	<b>-34'455'026</b>
Allocation to general legal reserve	0	0
Dividend payment	0	0
<b>Retained earnings to be carried forward</b>	<b>-75'793'478</b>	<b>-34'455'026</b>