

Income and Expenditure Account

(for the year ended 31 March 2020)

(Unit : JPY)

Accounts	Amount
Ordinary income and expenses	
Ordinary income	16,144,781,107
Underwriting income	15,094,993,609
Net premiums written	14,935,843,429
Exchange gains	1,585,676
Other underwriting profits	157,564,504
Investment income	999,952,615
Interest and dividends	907,466,137
Profit on sales of securities	92,486,478
Other ordinary profit	49,834,883
Reversal of reserve for bad debts	8,253,308
Other ordinary profit	41,581,575
Ordinary expenses	17,841,605,330
Underwriting expenses	13,371,248,135
Net claims paid	10,714,418,475
Provision for outstanding claims	2,167,753,900
Provision for underwriting reserve	489,075,760
Investment expenses	1,395,244,131
Losses on money trusts	778,104,959
Losses on redemption on securities	5,338,627
Exchange losses	611,800,545
Operating expenses	2,887,399,893
Other ordinary expenses	187,713,171
Tax	13,262,639
Depreciation	68,238,170
Provision for reserve for bonuses	16,424,942
Provision for retirement benefit	59,111,654
Provision for directors' retirement benefit	30,550,000
Other ordinary expenses	125,766
Ordinary deficit	1,696,824,223
Special income	40,176
Gains on disposal of fixed assets	40,176
Special loss	268,523
Losses on disposal of fixed assets	268,523
Deficit before income taxes	1,697,052,570
Current income taxes	2,102,229
Deferred income taxes	(466,414,450)
Total income taxes	(464,312,221)
Deficit after income taxes	1,232,740,349

(Notes)

(1) For foreign currency bonds, the Association records unrealized foreign exchange gains and losses with respect to the amortized cost denominated in foreign currency to the income and expenditure account each period.

(2) The aggregate revenue of business transacted with subsidiary companies amounts to ¥35 million and the aggregate expenses amounts to ¥45 million.

(3) ① Net premiums written consist of the following;

Calls and premiums written	¥19,960	Million
Reinsurance premiums ceded	¥5,025	Million
Net premiums written	¥14,935	Million

Supplementary Calls for 2018 Policy Year (40%, ¥4,929 Million) are included in the above ¥19,960 Million.

② Net claims paid consist of the following;

Claims paid	¥15,437	Million
Reinsurance claims recovered	¥4,722	Million
Net claims paid	¥10,714	Million

③ The provision for outstanding claims amounts to ¥2,167 million after the deduction of the provision for ceded reinsurance in the amount of ¥451 million.

④ There are no provision for ceded underwriting reserves deducted for the purpose of calculating the provision for underwriting reserves in the amount of ¥489 million.

⑤ Interest and dividends consist of the following;

Interest on deposits & savings	¥137	Million
Interest on securities	¥770	Million
Total	¥907	Million

⑥ "Valuation loss of ¥754 million is included in "Losses on money trusts".

(4) A reconciliation between the effective statutory tax rate and the actual effective tax rate after application of deferred tax accounting is as follows:

Effective statutory tax rate	27.92%
Entertainment and other expenses not deductible for tax purposes	△0.34%
Tax on per capita basis	△0.09%
<u>Others</u>	<u>△0.13%</u>
Actual effective tax rate	27.36%

(5) Provision for underwriting reserve consists of the following:

Provision for ordinary underwriting reserve	¥38	Million
Provision for catastrophe reserve	¥450	Million
Total	¥489	Million

(6) Footnote amounts not shown as a single currency unit have been appropriately rounded down for presentation purposes.