

Income and Expenditure Account

(for the year ended 31 March 2023)

(Unit : JPY)

Accounts	Amount
Ordinary income and expenses	
Ordinary income	34,333,316,476
Underwriting income	30,988,320,918
Net premiums written	30,314,711,513
Exchange gains	435,268,126
Other underwriting profits	238,341,279
Investment income	3,286,167,805
Interest and dividends	787,709,672
Exchange gains	2,498,458,133
Other ordinary profit	58,827,753
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Ordinary expenses	30,793,929,368
Underwriting expenses	26,570,185,163
Net claims paid	15,343,392,220
Provision for outstanding claims	4,423,784,968
Provision for underwriting reserve	6,764,372,138
Other underwriting expenses	38,635,837
Investment expenses	55,897,845
Losses on money trusts	20,414,984
Loss on sales of securities	35,482,861
Operating expenses	3,241,141,974
Other ordinary expenses	926,704,386
Tax	13,259,246
Depreciation	31,717,286
Provision for bad debts	23,170,494
Provision for reserve for bonuses	102,791,660
Provision for retirement benefit	93,724,738
Provision for directors' retirement benefit	27,200,000
Provision for losses of reinsurance	634,689,644
Other ordinary expenses	151,318
Ordinary surplus	3,539,387,108
Special income	1,229,784,091
Gains on sale of headquarter building	1,229,784,091
Special loss	71,445,000
Commission on sale of headquarter building	71,445,000
Surplus before income taxes	4,697,726,199
Current income taxes	803,000
Deferred income taxes	52,010,689
Total income taxes	52,813,689
Surplus after income taxes	4,644,912,510

(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 ¥49 million and the aggregate expenses amounts to ¥61 million.

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

Calls and premiums written	¥38,317	Million
Reinsurance premiums ceded	¥8,002	Million
Net premiums written	¥30,314	Million

Supplementary calls for 2021 Policy Year (40%, ¥5,579 Million), unbudgeted supplementary calls for 2020 Policy Year (25%, ¥3,330 Million) and unbudgeted supplementary calls for 2021 Policy Year (25%, ¥3,537 Million) are included in the above ¥38,317 Million.

② Net claims paid consist of the following;

Claims paid	¥25,663	Million
Reinsurance claims recovered	¥10,320	Million
Net claims paid	¥15,343	Million

③ The provision for outstanding claims amounts to ¥1,588 million after the addition of the reversal for outstanding claims ceded in the amount of ¥4,423million.

④ There are no provision for ceded underwriting reserves deducted for the purpose of calculating the provision for underwriting reserves in the amount of ¥6,764 million.

⑤ Interest and dividends consist of the following;

Interest on deposits & savings	¥164	Million
Interest on securities	¥623	Million
Total	¥787	Million

⑥ Valuation gains of ¥7 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	27.32%
Entertainment and other expenses not deductible for tax purposes	0.04%
Change amount of valuation reserve	△28.37%
Taxation on per capita basis	0.02%
Decrease of deferred tax assets at the balance sheet date caused by change in effective statutory tax rate	2.16%
<u>Others</u>	<u>△0.05%</u>
Actual effective tax rate	1.12%

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

Provision for ordinary underwriting reserve	¥5,854	Million
Provision for catastrophe reserve	¥909	Million
Total	¥6,764	Million

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