

## Income and Expenditure Account

(for the year ended 31 March 2014)

(Unit : JPY)

Accounts	Amount
<b>Ordinary income and expenses</b>	
<b>Ordinary income</b>	<b>24,210,416,713</b>
<b>Underwriting income</b>	<b>21,049,849,284</b>
Net premiums written	20,850,275,913
Other underwriting profits	199,573,371
<b>Investment income</b>	<b>3,112,656,085</b>
Interest and dividends	704,668,276
Gain from money held in trust	225,964,970
Profit on sales of securities	169,669,596
Exchange gains	2,012,353,243
<b>Other ordinary profit</b>	<b>47,911,344</b>
Reversal of reserve for bad debts	4,488,267
Other ordinary profit	43,423,077
<b>Ordinary expenses</b>	<b>22,873,156,647</b>
<b>Underwriting expenses</b>	<b>20,183,700,650</b>
Net claims paid	15,962,592,944
Provision for outstanding claims	1,384,345,565
Provision for underwriting reserve	2,800,807,982
Exchange losses	35,954,159
<b>Investment expenses</b>	<b>2,730,453</b>
Loss on sales of securities	2,730,453
<b>Operating expenses</b>	<b>2,452,031,315</b>
<b>Other ordinary expenses</b>	<b>234,694,229</b>
Tax	15,169,391
Depreciation	91,580,906
Provision for bonuses	7,048,080
Provision for retirement benefit	34,365,991
Provision for directors' retirement benefit	33,800,000
Provision for losses of reinsurance	52,615,534
Other ordinary expenses	114,327
<b>Ordinary surplus</b>	<b>1,337,260,066</b>
<b>Special loss</b>	<b>281,965</b>
Loss on disposal of fixed assets	274,855
Other special losses	7,110
<b>Surplus before income taxes</b>	<b>1,336,978,101</b>
<b>Current income taxes</b>	379,203,288
<b>Deferred income taxes</b>	47,605,533
<b>Total income taxes</b>	<b>426,808,821</b>
<b>Surplus after income taxes</b>	<b>910,169,280</b>

(Notes)

(1) For foreign currency bonds, the Association charges 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 ¥30 million and the aggregate expenses amounts to ¥38million.

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

Calls and premiums written	¥26,640	Million
Reinsurance premiums ceded	¥5,790	Million
Net premiums written	¥20,850	Million

② Net claims paid consist of the following;

Claims paid	¥19,310	Million
Reinsurance claims recovered	¥3,348	Million
Net claims paid	¥15,962	Million

③ The provision for outstanding claims amounts to ¥1,384 million after the deduction of the reversal of ceded reinsurance in the amount of ¥4,344 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 ¥2,800 million.

⑤ Interest and dividends consist of the following;

Interest on deposits & savings	¥42	Million
Interest on securities	¥662	Million
Total	¥704	Million

⑥ Valuation gain of ¥224 million is included in “Gains from money held in trust”.

(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	29.70%
Entertainment and other expenses not deductible for tax purposes	0.60%
Tax on per capita basis	0.11%
Reduction of deferred tax assets at the balance sheet date caused by change in income taxes rate	1.28%
Others	0.23%
Actual effective tax rate	31.92%

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

Provision for ordinary underwriting reserve	¥2,172	Million
Provision for catastrophe reserve	¥627	Million
Total	¥2,800	Million

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