

Income and Expenditure Account

(for the year ended 31 March 2015)

(Unit : JPY)

Accounts	Amount
Ordinary income and expenses	
Ordinary income	28,372,978,704
Underwriting income	22,501,096,204
Net premiums written	22,278,920,277
Other underwriting profits	222,175,927
Investment income	5,218,706,324
Interest and dividends	799,118,686
Gain from money held in trust	458,799,506
Profit on sales of securities	17,246,977
Exchange gains	3,943,541,155
Other ordinary profit	653,176,176
Reversal of reserve for losses of reinsurance	608,821,798
Other ordinary profit	44,354,378
Ordinary expenses	23,146,317,433
Underwriting expenses	20,341,904,952
Net claims paid	16,071,859,578
Provision for outstanding claims	2,630,732,197
Provision for underwriting reserve	1,580,155,092
Exchange losses	59,158,085
Operating expenses	2,576,606,444
Other ordinary expenses	227,806,037
Tax	14,496,903
Depreciation	84,611,104
Provision for bad debts	40,949,369
Provision for bonuses	10,070,721
Provision for retirement benefit	44,035,162
Provision for directors' retirement benefit	33,566,667
Other ordinary expenses	76,111
Ordinary surplus	5,226,661,271
Special loss	92,822
Loss on disposal of fixed assets	92,822
Surplus before income taxes	5,226,568,449
Current income taxes	1,596,995,619
Deferred income taxes	△ 131,135,111
Total income taxes	1,465,860,508
Surplus after income taxes	3,760,707,941

(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 ¥36 million and the aggregate expenses amounts to ¥45 million.

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

Calls and premiums written	¥28,919	Million
Reinsurance premiums ceded	¥6,640	Million
Net premiums written	¥22,278	Million

② Net claims paid consist of the following;

Claims paid	¥22,543	Million
Reinsurance claims recovered	¥6,471	Million
Net claims paid	¥16,071	Million

③ The provision for outstanding claims amounts to ¥2,630 million after the addition of the reversal for outstanding claims ceded in the amount of ¥1,238 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 ¥1,580 million.

⑤ Interest and dividends consist of the following;

Interest on deposits & savings	¥54	Million
Interest on securities	¥744	Million
Total	¥799	Million

⑥ Valuation gain of ¥459 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	27.93%
Entertainment and other expenses not deductible for tax purposes	0.12%
Tax on per capita basis	0.03%
Others	△0.03%
Actual effective tax rate	28.05%

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

Provision for ordinary underwriting reserve	¥909	Million
Provision for catastrophe reserve	¥670	Million
Total	¥1,580	Million

(6) For the year ended 31 March 2014, to provide for future losses arising from providing support to Hydra Insurance Company Ltd., which is a reinsurance company in Bermuda jointly established by the International Group P&I Clubs, the reserve for losses of reinsurance is stated at the amount equivalent to cumulative losses of the reinsurance company attributable to the Association. For the year

ended 31 March 2015, as the cumulative losses of the reinsurance company attributable to the Association are cleared, the Association reversed the total amount of the reserve for losses of reinsurance.

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