

Income and Expenditure Account

(for the year ended 31 March 2017)

(Unit : JPY)

Accounts	Amount
Ordinary income and expenses	
Ordinary income	20,095,158,826
Underwriting income	18,948,737,626
Net premiums written	17,948,514,721
Reversal of underwriting reserve	805,834,369
Other underwriting profits	194,388,536
Investment income	1,094,292,833
Interest and dividends	823,914,771
Gains on money trusts	262,278,353
Profit on sales of securities	8,099,709
Other ordinary profit	52,128,367
Reversal of reserve for bonuses	7,877,634
Other ordinary profit	44,250,733
Ordinary expenses	17,395,555,865
Underwriting expenses	13,781,497,808
Net claims paid	12,227,223,154
Provision for outstanding claims	1,527,721,525
Exchange losses	26,553,129
Investment expenses	565,428,528
Exchange losses	565,428,528
Operating expenses	2,797,813,937
Other ordinary expenses	250,815,592
Tax	11,734,467
Depreciation	104,134,896
Provision for bad debts	43,094,165
Provision for retirement benefit	61,672,816
Provision for directors' retirement benefit	30,033,333
Other ordinary expenses	145,915
Ordinary surplus	2,699,602,961
Special loss	2,008,327
Loss on disposal of fixed assets	2,008,327
Surplus before income taxes	2,697,594,634
Current income taxes	2,170,622,878
Deferred income taxes	△1,417,532,872
Total income taxes	753,090,006
Surplus after income taxes	1,944,504,628

(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 ¥28 million and the aggregate expenses amounts to ¥36 million.

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

Calls and premiums written	¥23,460	Million
Reinsurance premiums ceded	¥5,512	Million
Net premiums written	¥17,948	Million

Supplementary Calls for 2015 Policy Year (30%, ¥5,156 Million) are included in the above ¥23,460 Million.

② Net claims paid consist of the following;

Claims paid	¥13,690	Million
Reinsurance claims recovered	¥1,463	Million
Net claims paid	¥12,227	Million

③ The provision for outstanding claims amounts to ¥1,527 million after the addition of the reversal for outstanding claims ceded in the amount of ¥2,146million.

④ There are no provision for ceded underwriting reserves deducted for the purpose of calculating the reversal of underwriting reserves in the amount of ¥805 million.

⑤ Interest and dividends consist of the following;

Interest on deposits & savings	¥83	Million
Interest on securities	¥740	Million
Total	¥823	Million

⑥ "Valuation gain of ¥263 million is included in "Gains 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%
Increase of deferred tax assets at the balance sheet date caused by change in income effective statutory tax rate	△0.07%
Entertainment and other expenses not deductible for tax purposes	0.26%
Tax on per capita basis	0.06%
Others	△0.25%
Actual effective tax rate	27.92%

(5) Reversal of underwriting reserve consists of the following:

Reversal of ordinary underwriting reserve	¥1,347	Million
Provision for catastrophe reserve	¥541	Million
Total	¥805	Million

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