

Income and Expenditure Account

(for the year ended 31 March 2018)

(Unit : JPY)

Accounts	Amount
Ordinary income and expenses	
Ordinary income	19,730,894,562
Underwriting income	18,258,696,179
Net premiums written	16,024,575,152
Reversal of outstanding claims	360,610,497
Reversal of underwriting reserve	1,700,976,701
Other underwriting profits	172,533,829
Investment income	1,425,550,859
Interest and dividends	902,656,774
Gains on money trusts	515,866,727
Profit on sales of securities	7,027,358
Other ordinary profit	46,647,524
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Ordinary expenses	18,058,331,960
Underwriting expenses	13,317,278,504
Net claims paid	13,272,252,833
Exchange losses	45,025,671
Investment expenses	1,608,366,531
Loss on money trusts	16,059,055
Exchange losses	1,592,307,476
Operating expenses	2,897,799,148
Other ordinary expenses	234,887,777
Tax	11,927,488
Depreciation	93,922,769
Provision for bad debts	3,201,113
Provision for reserve for bonuses	15,430,344
Provision for retirement benefit	78,859,196
Provision for directors' retirement benefit	31,399,999
Other ordinary expenses	146,868
Ordinary surplus	1,672,562,602
Special loss	569,306
Loss on disposal of fixed assets	569,306
Surplus before income taxes	1,671,993,296
Current income taxes	1,446,051,574
Deferred income taxes	(964,163,879)
Total income taxes	481,887,695
Surplus after income taxes	1,190,105,601

(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 ¥42 million.

(3) Net premiums written consist of the following;

Calls and premiums written	¥21,408	Million
Reinsurance premiums ceded	¥5,384	Million
Net premiums written	¥16,024	Million

Supplementary Calls for 2016 Policy Year (30%, ¥4,585 Million) are included in the above ¥21,408 Million.

Net claims paid consist of the following;

Claims paid	¥15,172	Million
Reinsurance claims recovered	¥1,899	Million
Net claims paid	¥13,272	Million

The reversal of outstanding claims amounts to ¥360 million after the deduction of the reversal of ceded reinsurance in the amount of ¥1,420 million.

There are no provision for ceded underwriting reserves deducted for the purpose of calculating the reversal of underwriting reserves in the amount of ¥1,700 million.

Interest and dividends consist of the following;

Interest on deposits & savings	¥78	Million
Interest on securities	¥824	Million
Total	¥902	Million

"Valuation gain of ¥536 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%
Entertainment and other expenses not deductible for tax purposes	0.45%
Tax on per capita basis	0.09%
Others	0.36%
Actual effective tax rate	28.82%

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

Reversal of ordinary underwriting reserve	¥1,351	Million
Reversal of catastrophe reserve	¥349	Million
Total	¥1,700	Million

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