

## Financial Section

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## FINANCIAL REVIEW

### Business development, results, etc.

During fiscal 2013, the Japanese economy was steady overall, reflecting an increase in exports thanks to the weaker yen linked to the government and the Bank of Japan's large-scale monetary easing policy to overcome deflation, the recovery in overseas economies, especially the U.S., as well as a recovery in personal spending due to an improvement in the employment situation and a spike in demand before the consumption tax hike.

Earthquake insurance premiums increased as in the previous fiscal year. Meanwhile, the amount of earthquake insurance payouts declined significantly from the previous fiscal year as insurance payouts for the 2011 Great East Japan Earthquake peaked out.

Regarding asset management, earnings from investments have declined markedly year on year, reflecting the increasing redemption of bonds with high yields amid the trend of declining interest rates.

In this environment, during fiscal 2013, the second year of our third medium-term business plan, we have steadily implemented measures, primarily measures in response to massive earthquakes and consecutive earthquakes and the strengthening of our business continuity plan in anticipation of an inland earthquake to strike Tokyo that may affect the company.

### Summary of earthquake insurance results

#### ① Net premiums written and net claims paid

In the fiscal year under review, despite an increase in premiums, net premiums written fell 0.8% year on year, to 92.2 billion yen, reflecting a 13.9% year-on-year rise in reinsurance premiums ceded associated with an increase in the government's share of reinsurance after a revision to the reinsurance scheme.

Meanwhile, net claims paid came to 15.0 billion yen (down 52.5% year on year), mainly reflecting the effects of the 2011 Great East Japan Earthquake.

#### ② Risk reserves and underwriting reserves

Risk reserves added amounted to 41.3 billion yen (down 14.1% year on year), which is the total of net premiums written of 38.8 billion yen, given by deducting assumed reinsurance commissions from net premiums written, and a profit of 2.4 billion yen from investments.

Risk reserves at the end of the fiscal year under review were 378.0 billion yen (up 7.1% year on year), reflecting the reversal of the provision for outstanding claims of 1.3 billion yen to risk reserves and drawing from risk reserves in the past year of net claims paid of 15.0 billion yen, loss adjustment expenses of 2.2 billion yen, and advertising and publicity expenses of 0.2 billion yen.

Underwriting reserves at the end of the fiscal year under review totaled 499.2 billion yen (up 8.2% year on year), after adding unearned premium reserves and repayment reserves to the risk reserves.

#### ③ Risk reserves of direct insurance companies

The risk reserves of direct insurance companies recorded as entrusted reserves were 72.5 billion yen for the fiscal year under review (up 5.6% year on year), obtained by adding net premiums written and profit from investments of 4.6 billion yen (down 29.8% year on year), reversing publicity expenses of 0.8 billion yen.

### Outline of investments

Medium- to long-term domestic interest rates became unstable due to the effect of the quantitative and qualitative monetary easing policy introduced at the Bank of Japan's Monetary Policy Meeting in April and rose sharply in May. Subsequently, however, medium- to

long-term domestic interest rates stabilized and were on a downward trend toward the end of the fiscal year. The yen fell noticeably against both the dollar and the euro, reflecting the deterioration of Japan's current account balance and the Bank of Japan's introduction of the significant monetary easing policy. The yen depreciated approximately 9 yen against the dollar and approximately 21 yen against the euro from its rates at the end of the previous fiscal year.

In these circumstances, we invested in assets with the top priority placed on safety and liquidity, followed by profitability. As a result, pre-tax profits from investments amounted to 2.7 billion yen in the business account and 0.4 billion yen in the entrusted reserves account. Consequently, investment assets at the end of the year under review stood at 563.7 billion yen.

### Profit and loss for the fiscal year under review (Capital account)

We carefully examined the realizability of deferred tax assets, taking into account the possibility of our inability to secure sufficient taxable profits from investments due to our asset management policy prioritizing safety and liquidity and super-low interest rates in the asset management environment, and revised all deferred tax assets of 92 million yen and posted that as an income taxes-deferred.

Reflecting this, a net loss of 82 million yen was posted in the fiscal year under review.

### Challenges to address

As the people's expectations of earthquake insurance and their interest in it are increasing, we believe that our role and responsibility will become increasingly important. In fiscal 2014, the final year of the third medium-term business plan, JER will continue to take steps to promote earthquake insurance, focusing on massive earthquakes, consecutive earthquakes, and inland earthquakes in the Tokyo metropolitan area, to strengthen its corporate governance system, including an integrated risk management system, and to bolster its IT governance.

## INDICATORS SHOWING THE MAIN RESULTS OVER THE LAST FIVE FISCAL YEARS

(Yen in millions)

Division	Fiscal Year	2009	2010	2011	2012	2013
Net premiums written		72,225	71,532	83,671	92,996	92,248
Percentage change over the previous term		7.6%	(1.0%)	17.0%	11.1%	(0.8%)
Ordinary income		99,464	175,903	286,812	110,370	104,703
Percentage change over the previous term		17.0%	76.9%	63.1%	(61.5%)	(5.1%)
Ordinary expenses		98,512	174,913	286,723	110,176	104,509
Percentage change over the previous term		16.2%	77.6%	63.9%	(61.6%)	(5.1%)
Ordinary profit		951	990	89	193	194
Percentage change over the previous term		374.2%	4.1%	(91.0%)	117.5%	0.3%
Net income (loss)		5	3	(5)	4	(82)
Percentage change over the previous term		(58.9%)	(30.2%)	(239.9%)	-	(2,045.2)
Common stock		1,000	1,000	1,000	1,000	1,000
Sum of shares issued		2 mil. shares	2 mil. shares	2 mil. shares	2 mil. shares	2 mil. shares
Net assets		1,633	1,634	1,631	1,633	1,544
Total assets		1,092,272	1,154,108	509,498	536,808	577,305
Underwriting reserves		585,820	515,981	430,700	461,480	499,274
Percentage change over the previous term		7.4%	(11.9%)	(16.5%)	7.1%	8.2%
Of the balance, risk reserves		496,708	424,401	331,499	352,830	378,041
Percentage change over the previous term		8.0%	(14.6%)	(21.9%)	6.4%	7.1%
Loans		-	-	-	-	-
Percentage change over the previous term		-	-	-	-	-
Securities		1,006,947	805,223	448,120	476,979	525,161
Percentage change over the previous term		5.6%	(20.0%)	(44.3%)	6.4%	10.1%
Non-consolidated solvency-margin ratio		161.6%	124.7%	120.8%	160.0%	344.9%
Dividend propensity		-	-	-	-	-
No. of employees		26	25	26	27	26

### Note:

For a stricter risk measurement, revised laws and regulations concerning the calculation of the non-consolidated solvency-margin ratio have been applied since fiscal 2011. JER's solvency-margin ratio will not be used as a criterion for the administrative authorities' order for improvement. For details, please refer to page 40.

## SUMMARY OF OPERATIONS

Item: earthquake

### ① Indicators relating to insurance underwriting

#### 1. Net premiums written

(Yen in millions)

Division	Fiscal Year	2011	2012	2013
Premiums written		171,223	185,568	197,919
Return premiums		2,504	2,642	3,271
Assumed net premiums written (A)		168,676	182,895	194,628
Reinsurance premiums ceded (B)		85,005	89,899	102,379
Net premiums written (A-B)		83,671	92,996	92,248

### Notes:

- Return premiums: Return premiums of receiving reinsurance.
- Assumed net premiums: Produced by deducting return premiums from premiums written.
- Net premiums written: Produced by deducting the reinsurance premiums ceded from the assumed net premiums written.

#### 2. Rate of premiums written by domestic and overseas contracts

Division	Fiscal Year	2011	2012	2013
Domestic contract		100%	100%	100%

#### 3. Net claims paid

(Yen in millions)

Division	Fiscal Year	2011	2012	2013
Assumed net claims paid (A)		1,240,600	55,883	22,014
Reinsurance claims recovered (B)		1,043,975	24,276	7,003
Net claims paid (A-B)		196,625	31,607	15,010

### Notes:

- Assumed net claims paid: Produced by deducting surrender value from ceded insurance claims paid.
- Net claims paid: Produced by deducting reinsurance claims recovered by ceded contract from assumed net claims paid.

#### 4. Net loss ratio, net expense ratio and their combined ratio

(Yen in millions)

Division	Fiscal Year	2011	2012	2013
Net loss ratio		282.9%	39.2%	18.7%
Underwriting expenses		35,677	38,867	41,134
Insurance related operating, general and administrative expenses		551	725	722
Commissions and brokerage fees		35,126	38,141	40,411
Net expense ratio		42.6%	41.8%	44.6%
Combined ratio		325.5%	81.0%	63.3%

##### Notes:

1. Net loss ratio: (Net claims paid + loss adjustment expenses) / net premiums written
2. Net expense ratio: (Commissions and brokerage fees + Insurance-related operating and general administrative expenses) / net premiums written
3. Combined ratio: Net loss ratio + net expense ratio

#### 5. Rate of damage occurrence, the expenses ratio and rate of sum total before ceded insurance deduction

Not applicable

#### 6. Changes in ordinary income or loss against a rise in the loss rate

There are no changes in ordinary income or loss in earthquake insurance because increases in insurance payments are set off through the reversal of underwriting reserves in accordance of the principle of no loss and no profit.

#### 7. Underwriting profit

(Yen in millions)

Division	Fiscal Year	2011	2012	2013
Underwriting income		272,503	106,333	96,358
Underwriting expenses		271,872	105,420	95,447
Operating and general administrative expenses		551	725	722
Other income and expenses		(79)	(186)	(188)
Underwriting profit		-	-	-

##### Notes:

1. The above operating, general and administrative expenses are those relating to the underwriting of insurances mentioned in the operating, general and administrative expenses in a statement of profits and losses.
2. Other income and expenses are those equivalent to corporate taxes mentioned in a statement of earthquake insurance profits and losses.

#### 8. No. of reinsurers that ceded insurance contracts and top five reinsurers for ceded reinsurance premiums

Division	Fiscal Year	2011	2012	2013
No. of reinsurers that ceded insurance contracts		14	13	11
Rate of top five reinsurers' ceded insurance premiums		81.8%	81.9%	81.9%

##### Note:

The number of reinsurers that ceded insurance contracts is the number who ceded treaty reinsurance contracts of 10 million or more yen.

#### 9. Ratio of ceded insurance premiums by rating

Not applicable

#### 10. Contractor dividend

Not applicable

#### 11. Conditions at the end of the current fiscal year (runoff result) of outstanding claims (estimated amount) at the beginning of the term

Not applicable to earthquake insurance.

#### 12. Amount of estimated final damages associated with the elapse of a period from the occurrence of accidents

Not applicable to earthquake insurance.

## ② Investments

### 1. Investments policy

Because we have to pay a substantial amount of claims promptly in the event of a natural disaster such as a major earthquake, we put in principle the highest priority on safety and liquidity followed by profitability to increase risk reserves. The risk management division is engaged in monitoring and controlling risks of all kinds, independently of the transactions execution division.

### 2. Total assets and investments assets

Division	Year	As of the end of fiscal 2011		As of the end of fiscal 2012		As of the end of fiscal 2013	
		Amount	Percentage distribution (%)	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Deposits		17,190	3.4	25,938	4.8	23,892	4.1
Call loans		30,105	5.9	21,137	3.9	14,634	2.5
Monetary receivable bought		-	-	-	-	-	-
Money trusts		-	-	-	-	-	-
Securities		448,120	88.0	476,979	88.9	525,161	91.0
Buildings		35	0.0	33	0.0	31	0.0
Total of investments assets		495,450	97.3	524,088	97.6	563,719	97.6
Total assets		509,498	100.0	536,808	100.0	577,305	100.0

### 3. Amount of interest and dividend received and investment assets yield (income yield)

Division	Fiscal Year	2011		2012		2013	
		Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Deposits		83	0.69	32	0.18	23	0.09
Call loans		46	0.05	8	0.05	7	0.04
Monetary receivables bought		-	-	-	-	-	-
Money trusts		-	-	-	-	-	-
Securities		6,983	1.43	4,549	0.96	3,248	0.66
Buildings		-	-	-	-	-	-
Total		7,113	1.20	4,589	0.90	3,279	0.61

#### Note:

*Investment assets yield (income yield)*: indicator showing the result of investment assets from a point of income (interest and dividend income) (which has been disclosed)

The numerator is composed of interest and dividend income from investment assets while the denominator is an acquisition cost based assets.

**Numerator** = Interest and dividend income (including the amount equivalent to interest and dividend income of profit (or loss) from monetary trust operation)

**Denominator** = Acquisition cost or depreciation based average balance

### 4. Asset management yield (realized yield)

Division	Fiscal Year	2011			2012			2013		
		Amount of numerator	Amount of denominator	Yield on working assets (%)	Amount of numerator	Amount of denominator	Yield on working assets (%)	Amount of numerator	Amount of denominator	Yield on working assets (%)
Deposits		83	12,074	0.69	32	17,636	0.18	23	24,974	0.09
Call loans		46	94,217	0.05	8	18,067	0.05	7	19,385	0.04
Monetary receivables bought		-	-	-	-	-	-	-	-	-
Money trusts		-	-	-	-	-	-	-	-	-
Securities		9,127	488,267	1.87	4,548	473,767	0.96	3,346	490,629	0.68
Public and corporate bonds		3,253	273,696	1.19	1,711	325,550	0.53	1,054	356,649	0.30
Stocks		-	-	-	-	-	-	-	-	-
Foreign securities		5,874	214,570	2.74	2,837	148,217	1.91	2,292	133,980	1.71
Other securities		-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-
Buildings		-	37	-	-	35	-	-	33	-
Derivatives		8,358	-	-	(2,836)	-	-	(7,336)	-	-
Others		(10,599)	-	-	2,783	-	-	7,691	-	-
Total		7,016	594,596	1.18	4,536	509,507	0.89	3,731	535,023	0.70

#### Notes:

1. Asset management yield (realized yield): indicator to show the result of managing of assets from the point of contribution to the current profit and loss. The numerator is realized profit and loss while the denominator is an acquisition cost based assets.

**Numerator** = profit from asset management + investment income on savings premiums – expenses of assets management

**Denominator** = acquisition cost or writing-off cost based average balance

2. Profit and loss from derivatives principally involve foreign exchange forward contracts with the remainder primarily involving currency exchange of foreign currency-denominated bonds. JER deals in foreign exchange forward contracts and other transactions for the purpose of hedging risks associated with foreign currency-denominated bonds.

## 5. Market-price based overall yield (for reference)

(Yen in millions)

Division	Fiscal Year	2011			2012			2013		
		Amount of numerator	Amount of denominator	Yield on working assets (%)	Amount of numerator	Amount of denominator	Yield on working assets (%)	Amount of numerator	Amount of denominator	Yield on working assets (%)
Deposits		83	12,074	0.69	32	17,636	0.18	23	24,974	0.09
Call loans		46	94,217	0.05	8	18,067	0.05	7	19,385	0.04
Monetary receivables bought		-	-	-	-	-	-	-	-	-
Money trusts		-	-	-	-	-	-	-	-	-
Securities		5,349	496,699	1.08	4,067	478,421	0.85	2,182	494,802	0.44
Public and corporate bonds		1,821	277,057	0.66	1,666	327,480	0.51	898	358,533	0.25
Stocks		-	-	-	-	-	-	-	-	-
Foreign securities		3,527	219,641	1.61	2,401	150,940	1.59	1,284	136,268	0.94
Other securities		-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-
Buildings		-	37	-	-	35	-	-	33	-
Derivatives		8,358	-	-	(2,836)	-	-	(7,336)	-	-
Others		(10,599)	-	-	2,783	-	-	7,691	-	-
Total		3,237	603,029	0.54	4,055	514,160	0.79	2,567	539,196	0.48

### Notes:

1. *Market-price based overall yield*: indicator showing the efficiency of operation on a market price basis. The numerator reflects realized profit and loss and fluctuations in market price appraisal while the denominator is market-price based assets.

**Numerator** = (income from operated assets management + investment income on savings premium – expenses for assets management) + (after-tax unrealized gain for the year – after-tax unrealized gain for previous year)\* + fluctuation in deferred hedge profit and loss

**Denominator** = acquisition cost or write-off based average balance + after-tax unrealized gain for previous year of other securities + profit and loss for the previous year related to securities for transaction

\* Based on the amount before tax effect deduction

2. Profit and loss from derivatives principally involve foreign exchange forward contracts with the remainder primarily involving currency exchange of foreign currency-denominated bonds. JER deals in foreign exchange forward contracts and other transactions for the purpose of hedging risks associated with foreign currency-denominated bonds.

## 6. Balance, percentage distribution and yield of Foreign Loans & Investments

(Yen in millions)

Division	Year	As of the end of fiscal 2011		As of the end of fiscal 2012		As of the end of fiscal 2013	
		Amount	Percentage distribution (%)	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Foreign currency denominated							
Foreign public and corporate bonds		55,435	35.1	36,347	28.2	70,357	49.7
Yen denominated							
Foreign public and corporate bonds		102,638	64.9	92,494	71.8	71,164	50.3
Total		158,073	100.0	128,842	100.0	141,522	100.0
Yield on foreign loans & investments							
Investment assets yield (income yield)			2.19%		1.91%		1.71%
Assets management (realized yield)			2.74%		1.91%		1.71%
Market-price based overall yield (for reference)			1.61%		1.59%		0.94%

### Note:

Of the yield on foreign loans & investments, the investment assets yield was calculated in the same manner as 3., Amount of interest and dividend received and yield on investment assets (income yield) in connection with the assets involving foreign investments.

**③ Information on the non-consolidated solvency-margin ratio (the ratio that shows the ability to pay out claims)**

(Yen in millions)

Division	Year	As of the end of fiscal 2012	As of the end of fiscal 2013
Total amount of non-consolidated solvency-margin		357,917	381,954
Common stock, etc.		1,619	1,536
Price fluctuation reserves		5	5
Risk reserves		-	-
Catastrophe reserves		352,830	378,041
Reserves for ordinary bad debts		-	-
Unrealized gain / loss on available-for-sale securities (prior to tax effect deductions)		3,184	2,370
(A) Unrealized gain and loss included land holdings		-	-
Surplus such as premium reserves		-	-
Funding instruments with a debt-like nature		-	-
Surplus such as premium reserves and funding instruments with a debt-like nature that are not included in the margin		-	-
Items deductible		-	-
Others		277	-
Total amount of non-consolidated risk $\sqrt{(R1 + R2)^2 + (R3 + R4)^2} + R5 + R6$		447,267	221,459
General underwriting risk (R1)		-	-
Underwriting risk in third-area insurance (R2)		-	-
(B) Anticipated rate of return risk (R3)		-	-
Investment risk (R4)		10,497	11,017
Management risk (R5)		8,769	4,342
Catastrophe risk (R6)		428,000	206,100
(C) Non-consolidated solvency-margin ratio $\frac{(A)}{\{(B) \times 1 / 2\}} \times 100$		160.0%	344.9%

**Note:**

The amounts and figures above are calculated based on the provisions of Article 86 and Article 87 of the Enforcement Rules of the Insurance Business Act and the Ministry of Finance Official Notification No. 50 in 1996.

**Non-consolidated solvency-margin ratio**

The non-life insurance companies deposit reserves in case that they pay insurance money for any insurance accident that occurred or refund depository insurance at maturity. It is also necessary for them to maintain a satisfactory ability to make payments or solvency even in case of unusual, unforeseeable risk, including a huge disaster or sharp drop in price of such assets as owned by them.

The rate of “Non-life insurance company’s ability to make payments by owned assets and reserves (A in the above table) over any risk unforeseeable (B in the above table)” is indicated as the non-consolidated solvency-margin ratio (C in the above table) which is calculated according to the pertinent rules, including the Insurance Business Law.

For a stricter risk measurement, revised laws and regulations concerning the calculation of the non-consolidated solvency-margin ratio have been applied since fiscal 2011.

**[Unforeseeable risk] (Total of risks): Sum of 1–5**

- 1. General underwriting risk:** risk associated with an insurance accident rate that is higher than normally predictable (other than the risk associated with a huge disaster).
- 2. Anticipated ratio of return risk:** the risk that may arise for saving-type insurance if the actual yield from operations is lower than it was when calculating depository insurance premiums.
- 3. Investment risk:** management risk that might arise when the value of assets owned including securities changes in an unforeseeable manner.
- 4. Management risk:** risk that might arise on business management in an unforeseeable manner, other than 1–3 and 5.
- 5. Catastrophe risk:** risk that might arise with a huge disaster (such as the Great Kanto Earthquake) which is normally unforeseeable.

Capability of payment by non-life insurance company owned capital and reserves (total amount of non-consolidated solvency-margin) is the total of capital owned by a non-life insurance company, various reserves (price fluctuation reserve, catastrophe reserve, etc.), part of latent profit from land, and so on.

The solvency-margin ratio is one of the indicators used when the administrative authorities check insurance companies to determine the soundness of management for supervisory purposes. When the rate is 200% or more, the insurance company is deemed satisfactory in terms of its ability to make insurance and other payouts.

© JER has entered into a reinsurance contract with the government of Japan for earthquake insurance in accordance with Law concerning Earthquake Insurance. The law stipulates in addition that the government takes responsibility for support and for lending funds for the payment of insurance money. Because this is a form of special business, JER’s solvency-margin ratio is not usable as a figure to enable the administrative authorities to trigger an order for improvement, irrespective of the above solvency-margin ratio, as provided for in Paragraph 4, Article 3, Order to specify the division stated in Paragraph 2, Article 132, Insurance Business Law.

**Note: The article is as follows.**

[In the event that an insurance company has entered into a reinsurance contract with the government as stated in Paragraph 1, Article 3, Law concerning Earthquake Insurance (law No. 73, 1966), any order to be issued according to the listed division in Section 1 of the Article applicable to the insurance company shall be issued in accordance with the list of inapplicable division.]

# ACCOUNTING CONCEPTS

## ① Financial statements

### 1. Balance sheets

#### (ASSETS)

Item	(Yen in millions)	
	Fiscal Year	
	2012 (As of March 31, 2013)	2013 (As of March 31, 2014)
<b>Cash and deposits</b>	<b>25,938</b>	<b>23,892</b>
Deposits	25,938	23,892
<b>Call loans</b>	<b>21,137</b>	<b>14,634</b>
<b>Securities</b>	<b>476,979</b>	<b>525,161</b>
Government bonds	328,071	378,735
Corporate bonds	20,065	4,904
Foreign securities	128,842	141,522
<b>Tangible fixed assets</b>	<b>117</b>	<b>84</b>
Buildings	33	31
Other tangible fixed assets	84	52
<b>Intangible fixed assets</b>	<b>232</b>	<b>158</b>
Software	231	156
Other intangible fixed assets	1	1
<b>Other assets</b>	<b>12,316</b>	<b>13,375</b>
Reinsurance balance receivable	9,962	11,519
Accounts receivable	223	-
Uncollected income	1,155	1,690
Deposits	50	47
Suspense payments	287	61
Derivatives	608	55
Cash collateral paid for financial instruments	28	-
<b>Deferred tax assets</b>	<b>86</b>	<b>-</b>
<b>Total assets</b>	<b>536,808</b>	<b>577,305</b>

#### (LIABILITIES)

Item	(Yen in millions)	
	Fiscal Year	
	2012 (As of March 31, 2013)	2013 (As of March 31, 2014)
<b>Underwriting funds</b>	<b>466,407</b>	<b>502,854</b>
Outstanding claims	4,927	3,579
Underwriting reserves	461,480	499,274
<b>Entrusted reserves</b>	<b>55,127</b>	<b>59,243</b>
<b>Other liabilities</b>	<b>9,325</b>	<b>10,502</b>
Reinsurance balance payable	6,250	7,636
Corporate taxes payable	175	214
Deposits payable	5	3
Accrued amounts payable	240	128
Derivatives	2,653	2,518
<b>Reserve for retirement benefits</b>	<b>120</b>	<b>116</b>
<b>Reserve for directors' retirement benefits</b>	<b>14</b>	<b>18</b>
<b>Reserve for bonus payments</b>	<b>21</b>	<b>20</b>
<b>Reserves under the special law</b>	<b>5</b>	<b>5</b>
Reserve for price fluctuation	5	5
<b>Net unrealized gains on available-for-sale securities of earthquake insurance</b>	<b>4,152</b>	<b>2,996</b>
<b>Deferred tax liabilities</b>	<b>-</b>	<b>3</b>
<b>Total liabilities</b>	<b>535,175</b>	<b>575,761</b>

#### (NET ASSETS)

Item	(Yen in millions)	
	Fiscal Year	
	2012 (As of March 31, 2013)	2013 (As of March 31, 2014)
<b>Common stock</b>	<b>1,000</b>	<b>1,000</b>
<b>Retained earnings</b>	<b>625</b>	<b>542</b>
Legal reserve of retained earnings	1	1
Other legal reserve of retained earnings	624	541
Special reserves	17	17
Special price fluctuation reserves	39	39
Retained earnings brought forward	567	484
<b>Treasury Stock</b>	<b>(5)</b>	<b>(5)</b>
<b>Total shareholders' equity</b>	<b>1,619</b>	<b>1,536</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>13</b>	<b>7</b>
<b>Total valuation and translation adjustments</b>	<b>13</b>	<b>7</b>
<b>Total net assets</b>	<b>1,633</b>	<b>1,544</b>
<b>Total liabilities and net assets</b>	<b>536,808</b>	<b>577,305</b>

#### Notes for fiscal 2013

- Appraisal standards and method of securities, and method of indication
  - Of available-for-sale securities, those to which the market price is applicable is appraised according to the market price at term end.
  - With respect to the unrealized gain of assets corresponding to the underwriting reserves and entrusted reserves of earthquake insurance, the amount before tax effect deduction is shown as Net unrealized gains on other securities of earthquake insurance in Liabilities on the form attached to the Enforcement Rules of Insurance Business Act. For other unrealized gains, the amount after tax effect deduction is processed entirely according to the direct capital injection method and indicated in Shareholders' Equity. The calculation of the sales price is based on the moving average method.
- The appraisal of derivatives is done on the basis of market price.
- Although depreciation of tangible fixed assets is calculated using the declining balance method, buildings (excluding equipment attached to buildings) that were acquired on and after April 1, 1998 were depreciated using the straight-line method.



4. Software for in-house use that is recorded as an intangible fixed asset is amortized using the straight-line method over the estimated usable life (five years).
5. The conversion of foreign currency assets and liabilities into Japanese currency is processed according to the accounting standards for foreign currency transactions.

6. Writing standards of reserves

(1) Reserve for bad debts

Reserve for bad debts is written as follows against losses from bad debts in accordance with the self-appraisal standard of assets and depreciation and reserve standards.

In connection with claims against debtors who have gone bankrupt legally and formally, including bankruptcy, special liquidation or disposition by suspension of business at a clearing house, or debtors who are effectively bankrupt, the rest of any of the claims deducting an estimated amount of disposable mortgage and a deductible amount by guarantee was appropriated for such reserves.

In connection with the other claims, the rate of bad debts calculated according to past bad debts and other factors is multiplied by the amount of claims to appropriate for reserves.

In addition, all claims are written after the finance department appraises the assets, and the result is audited by the planning and controller department independent of the finance department to appropriate the appraisal for reserves.

There are no assets in the current term that are to be appropriated for reserves and no reserve is required.

(2) Reserve for retirement benefits

For employees' retirement and severance benefits, reserve is appropriated according to estimated retirement allowance liabilities at the end of the term.

Retirement allowance liabilities are calculated using a simple method on the basis of the allowance to be supplied at the end of the term for any employee who retires for his/her own reasons.

(3) Reserve for directors' retirement benefits

For reserve for directors' retirement benefits, the benefits to be paid at the end of the term are recorded according to the relevant in-house rules.

(4) Reserve for bonus payments

Reserve for bonus payments is calculated according to the standards for the estimated bonuses payable as of the end of the fiscal year

under review.

(5) Reserve for price fluctuation

To prepare for a loss from price changes of shares and others, reserve is appropriated according to Article 115, Insurance Business Law.

7. Financial instruments and fair values of financial instruments

(1) Situation of financial instruments

We carry out asset management in preparation for the payment of reinsurance claims, primarily considering soundness—namely, low price fluctuation risks, credit risks, and liquidity risks—and also taking profitability into account.

As a result, our financial assets consist primarily of domestic and foreign, high-rated, medium-term bonds. We regularly obtain and manage information on fair values and credit information in association with each risk.

Trading in derivatives principally involves foreign exchange forward contracts used to hedge the risks arising from possible changes in exchange rates for bonds in foreign currencies and is kept within the scope of actual demand.

(2) Fair values of financial instruments

The table below shows the balance sheet amounts and fair values of financial instruments and the differences between them as of March 31, 2014.

(Yen in millions)

	Balance sheet amount	Fair value	Difference
(i) Cash and deposits	23,892	23,892	-
(ii) Call loans	14,634	14,634	-
(iii) Securities Available-for-sale securities	525,161	525,161	-
Total assets	563,688	563,688	-
(iv) Derivatives* to which hedge accounting is not applied	(2,463)	(2,463)	-
Derivatives total	(2,463)	(2,463)	-

\* Derivatives recorded in other assets and other liabilities.

Net claims and debts derived from derivatives represent the net amounts, and items whose net balance becomes debts are stated in brackets.

**Note: Methods for calculating the fair values of financial instruments**

(i) Cash and deposits

Cash and deposits are settled in the short term and their fair values are based on their carrying values as their fair values and carrying values are similar.

(ii) Call loans

Call loans are settled in the short term and their fair values are based on their carrying values as their fair values and carrying values are similar.

(iii) Securities

The fair values of securities are based on their market prices at term end, which are reference prices in the trading statistics of the Japan Securities Dealers Association or market prices obtained from outside vendors or brokers.

(iv) Derivatives

The fair values of derivatives are determined by prices offered by correspondent financial institutions.

8. Taxes are included when preparing accounts for consumption tax and other items.
9. Risk reserves contained in Underwriting reserves have been deposited based on instructions for the calculation of underwriting reserves by accumulating the amounts that result from subtracting an amount equivalent to corporate taxes from the net premiums written and profit from operating the assets.
10. The accumulated depreciation of tangible fixed assets is 132 million yen.
11. See below for a breakdown of outstanding claims.

(Yen in millions)	
Outstanding claims (before the deduction of outstanding reinsurance claims)	5,144
Outstanding reinsurance claims related to the above claims	1,565
Net outstanding claims	3,579

12. Total deferred tax assets amount to 87 million yen, while total deferred tax liabilities come to 3 million yen. Deferred tax assets are all deducted from the total amount for a valuation reserve. A breakdown of deferred tax assets reveals a reserve for retirement benefits of 35 million yen, unpaid business taxes of 21 million yen, and unpaid special local corporate tax of 15 million yen. The deferred tax liabilities result primarily from unrealized gains of 3 million yen on securities.
13. Net assets per share are 776.66 yen. The basis for this calculation is that net assets are 1,544 million yen, net assets accrued from ordinary shares are 1,544 million yen and the number of ordinary shares at the end of the term is 1.988 million.
14. No events that could significantly affect assets or income or loss for the next fiscal years and beyond have taken place since the last day of the fiscal year under review.
15. Each amount is rounded down to the nearest whole unit.

## 2. Statements of income

Item	(Yen in millions)	
	Fiscal Year	
	2012 (from April 1, 2012 to March 31, 2013)	2013 (from April 1, 2013 to March 31, 2014)
	Amount	Amount
<b>Ordinary income</b>	<b>110,370</b>	<b>104,703</b>
<b>Underwriting income</b>	<b>106,333</b>	<b>96,358</b>
Net premiums written	92,996	92,248
Investment income on savings premiums	3,369	2,761
Reversal of outstanding claims	9,967	1,348
<b>Investment income</b>	<b>4,031</b>	<b>8,339</b>
Interest and dividend income	4,589	3,279
Gains on sales of securities	-	100
Foreign exchange gains	2,809	7,712
Other investment income	1	8
Transfer of profit from Investment income on savings premiums	(3,369)	(2,761)
<b>Other ordinary income</b>	<b>5</b>	<b>6</b>
<b>Ordinary expenses</b>	<b>110,176</b>	<b>104,509</b>
<b>Underwriting expenses</b>	<b>105,420</b>	<b>95,447</b>
Net claims paid	31,607	15,010
Loss adjustment expenses	4,892	2,230
Commissions and brokerage fees	38,141	40,411
Provision of underwriting reserves	30,779	37,794
<b>Investment expenses</b>	<b>2,865</b>	<b>7,368</b>
Losses on sales of securities	0	2
Losses on derivatives	2,836	7,336
Other investment expenses	27	29
<b>Operating, general and administrative expenses</b>	<b>1,273</b>	<b>1,289</b>
<b>Other ordinary expenses</b>	<b>617</b>	<b>404</b>
Interest paid	617	404
<b>Ordinary profit</b>	<b>193</b>	<b>194</b>
<b>Extraordinary income</b>	<b>0</b>	<b>-</b>
Reversal of price fluctuation reserves	0	-
<b>Extraordinary losses</b>	<b>0</b>	<b>0</b>
Losses on disposal fixed assets	0	0
Provision of price fluctuation reserves	-	0
<b>Income before taxes</b>	<b>194</b>	<b>194</b>
<b>Income taxes – current</b>	<b>199</b>	<b>184</b>
<b>Income taxes – deferred</b>	<b>(9)</b>	<b>92</b>
<b>Total income taxes</b>	<b>189</b>	<b>277</b>
<b>Net income (loss)</b>	<b>4</b>	<b>(82)</b>

## Notes for fiscal 2013

1. See below for a breakdown of net premiums written.

(Yen in millions)	
Premiums written:	194,628
Reinsurance premiums ceded:	102,379
Net premiums written:	92,248

2. See below for a breakdown of net claims paid.

(Yen in millions)	
Claims paid:	22,014
Reinsurance claims recovered:	7,003
Net claims paid:	15,010

3. See below for a breakdown of the provision of outstanding claims (figures in parentheses are the reversal of outstanding claims).

(Yen in millions)	
Provision of outstanding claims (before the deduction of outstanding reinsurance claims)	(2,527)
Provision of outstanding reinsurance claims related to the above claims	(1,179)
Net provision of outstanding claims	(1,348)

4. The interest and dividend income are given below by category:

(Yen in millions)	
Deposits:	23
Call loans:	7
Interest on cash collateral and other financial instruments submitted:	0
Securities:	3,248
Total:	3,279

5. Paper profit/loss involved in the losses on derivatives is a loss of 2,463 million yen.

6. Net loss per share is 41.63 yen.

The basis for this calculation is such that net loss is 82 million yen, net loss accrued from ordinary shares is 82 million yen and the term average No. of ordinary shares amount to 1.988 million.

7. The legal effective tax rate at the end of the term is 33.33%, and the corporate tax burden after applying the tax effect is 142.60%. The difference is explained by the following breakdown: valuation reserve 42.53%, the non-deductible amount of the taxable provision of risk reserves 101.58%, the amount of the write-off carried from publicity expenses related to risk reserves (37.05%).

8. Each amount is rounded down to the nearest whole unit.

### 3. Statements of cash flow

Item	(Yen in millions)	
	Fiscal Year	2012 (from April 1, 2012 to March 31, 2013)
	Amount	Amount
<b>Cash flow from operating activities</b>		
Net income before income taxes	194	194
Depreciation	104	134
Increase (decrease) in outstanding claims	(9,967)	(1,348)
Increase (decrease) in underwriting reserves	30,779	37,794
Increase (decrease) in entrusted reserves	6,061	4,115
Increase (decrease) in reserve for retirement benefits	15	(4)
Increase (decrease) in reserve for directors' retirement benefits	(1)	4
Increase (decrease) in reserve for bonus payments	1	(0)
Increase (decrease) in reserve for price fluctuation	(0)	0
Interest and dividend income	(4,589)	(3,279)
Losses (gains) on investment in securities	0	(98)
Foreign exchange losses (gains)	(8,518)	(6,790)
Losses (gains) on tangible fixed assets	0	0
Decrease (increase) in other assets (other than investment and financial activities related)	(380)	(1,104)
Increase (decrease) in other liabilities (other than investment and financial activities related)	(673)	1,272
Others	2,974	404
Subtotal	16,001	31,294
Interest and dividends received	5,342	4,088
Income taxes paid	(160)	(130)
Net cash provided by operating activities	21,182	35,252
<b>Cash flow from investing activities</b>		
Net decrease (increase) in deposits	4,500	-
Purchase of securities	(559,847)	(628,856)
Proceeds from sales and redemption of securities	538,680	585,053
Others	-	28
Total investment assets activities	(16,666)	(43,774)
Total operating activities and investment assets activities	4,516	(8,522)
Acquisition of tangible fixed assets	(87)	(0)
Others	(148)	(25)
Net cash provided by investing activities	(16,902)	(43,801)
<b>Cash flow in financing activities</b>		
Effect of exchange rate changes on cash and cash equivalents	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	4,280	(8,548)
<b>Cash and cash equivalents at the beginning of the year</b>	31,795	36,075
<b>Cash and cash equivalents at the end of the year</b>	36,075	27,526

### Notes for fiscal 2013

1. Relationship of cash and cash equivalents at the end of the year with the amounts mentioned in the relevant balance sheet item.

	(Yen in millions)	
	(As of March 31, 2013)	(As of March 31, 2014)
Cash and deposits	25,938	23,892
Call loans	21,137	14,634
Securities	476,979	525,161
Deposits of a depository period of three months or longer	(11,000)	(11,000)
Securities other than cash equivalent	(476,979)	(525,161)
Cash and cash equivalents	36,075	27,526

2. Cash flow in investing activities includes cash flow from the investment assets operations in the insurance business.

#### 4. Statement of Changes in Shareholders' Equity

Fiscal 2012 (from April 1, 2012 to March 31, 2013)

(Yen in millions)

	Shareholder's equity						Valuation and translation adjustments:		Total net assets		
	Common stock	Retained earnings				Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities		Total valuation and translation adjustments:	
		Legal reserve of retained earnings	Other legal reserve of retained earnings		Retained earnings brought forward						
		Special reserves	Special price fluctuation reserves		Total retained earnings						
Balance at the beginning of the period	1,000	1	17	39	563	620	(5)	1,615	16	16	1,631
Changes during the period											
Net income					4	4		4			4
Net changes other than shareholders' equity									(2)	(2)	(2)
Total changes					4	4		4	(2)	(2)	1
Balance at the end of the period	1,000	1	17	39	567	625	(5)	1,619	13	13	1,633

Fiscal 2013 (from April 1, 2013 to March 31, 2014)

(Yen in millions)

	Shareholder's equity						Valuation and translation adjustments:		Total net assets		
	Common stock	Retained earnings				Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities		Total valuation and translation adjustments:	
		Legal reserve of retained earnings	Other legal reserve of retained earnings		Retained earnings brought forward						
		Special reserves	Special price fluctuation reserves		Total retained earnings						
Balance at the beginning of the period	1,000	1	17	39	567	625	(5)	1,619	13	13	1,633
Changes during the period											
Net income (loss)					(82)	(82)		(82)			(82)
Net changes other than shareholders' equity									(5)	(5)	(5)
Total changes					(82)	(82)		(82)	(5)	(5)	(88)
Balance at the end of the period	1,000	1	17	39	484	542	(5)	1,536	7	7	1,544

#### Notes for fiscal 2013

- Matters related to the types and total number of stocks outstanding and the types and number of treasury stock

		(Stock)			
		Balance as of the end of fiscal 2012	Increase in fiscal 2013	Decrease in fiscal 2013	Balance as of the end of fiscal 2013
Issued stock	Ordinary stock	2,000,000	-	-	2,000,000
	Total	2,000,000	-	-	2,000,000
Treasury stock	Ordinary stock	11,400	-	-	11,400
	Total	11,400	-	-	11,400

- Matters related to stock options or own stock options  
Not applicable

- Matters related to dividends  
Not applicable

#### 5. Dividend per stock and total assets per employee

(Yen in millions)

Division	Fiscal Year		
	2011	2012	2013
Dividend per stock	-	-	-
Net income (loss) per stock	(2.52 yen)	2.14 yen	(41.63 yen)
Dividend propensity	-	-	-
Net assets per stock	820.30 yen	821.18 yen	776.66 yen
Total assets per employee	19,596	19,881	22,204

#### Notes:

- Net income per share comes from net income / term average No. of stocks
- The number of treasury stock is deducted from producing information per stock
- The total assets per employee come from the total assets at the end of the term / No. of employees at the end of the term.

## ② Details of assets and liabilities

### 1. Deposits

Division	(Yen in millions)			
	Year	As of the end of fiscal 2011	As of the end of fiscal 2012	As of the end of fiscal 2013
Deposits		17,190	25,938	23,892
Ordinary deposits		1,690	8,908	3,832
Time deposits		15,500	17,030	20,060

### 2. Average balance and trading amount of commodity securities

Not applicable

### 3. Balance of securities by category and percentage distribution

Division	(Yen in millions)						
	Year	As of the end of fiscal 2011		As of the end of fiscal 2012		As of the end of fiscal 2013	
		Percentage distribution (%)	Percentage distribution (%)	Percentage distribution (%)	Percentage distribution (%)	Percentage distribution (%)	Percentage distribution (%)
Government bonds	248,634	55.5	328,071	68.8	378,735	72.1	
Municipal bonds	-	-	-	-	-	-	
Corporate bonds	41,411	9.2	20,065	4.2	4,904	0.9	
Stocks	-	-	-	-	-	-	
Foreign securities	158,073	35.3	128,842	27.0	141,522	26.9	
Other securities	-	-	-	-	-	-	
Loan receivable in securities	-	-	-	-	-	-	
Total	448,120	100.0	476,979	100.0	525,161	100.0	

### 4. Yield on securities held

Division	Fiscal Year (%)		
	2011	2012	2013
Investment assets yield (income yield)			
Public & corporate bonds	0.83	0.53	0.27
Stocks	-	-	-
Foreign securities	2.19	1.91	1.71
Other securities	-	-	-
Total	1.43	0.96	0.66
Assets management yield (realized yield)			
Public & corporate bonds	1.19	0.53	0.30
Stocks	-	-	-
Foreign securities	2.74	1.91	1.71
Other securities	-	-	-
Total	1.87	0.96	0.68
Market-price based overall yield (for reference)			
Public & corporate bonds	0.66	0.51	0.25
Stocks	-	-	-
Foreign securities	1.61	1.59	0.94
Other securities	-	-	-
Total	1.08	0.85	0.44

**Note:**

Public & corporate bonds include government bonds, municipal bonds, and corporate bonds.

## 5. Balance Current Maturity of securities by category

### As of the end of fiscal 2012

Division	(Yen in millions)						Total
	Up to 1 year	1 over up to 3 years	3 over up to 5 years	5 over up to 7 years	7 over up to 10 years	Over 10 years	
Government bonds	210,396	26,392	45,992	27,203	18,085	-	328,071
Municipal bonds	-	-	-	-	-	-	-
Corporate bonds	17,655	2,410	-	-	-	-	20,065
Stocks	-	-	-	-	-	-	-
Foreign securities	39,581	48,224	28,613	12,422	-	-	128,842
Other securities	-	-	-	-	-	-	-
Loan receivable in securities	-	-	-	-	-	-	-
Total	267,633	77,027	74,605	39,626	18,085	-	476,979

### As of the end of fiscal 2013

Division	(Yen in millions)						Total
	Up to 1 year	1 over up to 3 years	3 over up to 5 years	5 over up to 7 years	7 over up to 10 years	Over 10 years	
Government bonds	246,622	31,744	50,414	41,312	1,052	7,587	378,735
Municipal bonds	-	-	-	-	-	-	-
Corporate bonds	2,302	2,601	-	-	-	-	4,904
Stocks	-	-	-	-	-	-	-
Foreign securities	31,138	89,794	20,589	-	-	-	141,522
Other securities	-	-	-	-	-	-	-
Loan receivable in securities	-	-	-	-	-	-	-
Total	280,063	124,141	71,004	41,312	1,052	7,587	525,161

### 6. Amount of stocks held by type of business

There are no stocks.

### 7. Loans

There are no notes with the following items; amount of stocks held by type of business, balance current maturity of loan by remaining life, balance of loans by type of collateral secured, balance and percentage distribution of loan by designated use, balance of loan by industry and its ratio to the total, and balance of amortization of loans.

### 8. Risk management credits

Not applicable

### 9. Present conditions of loans involving trust with contact for replacement of losses

Not applicable

### 10. Credits classified in accordance with debtor classification

Not applicable

### 11. Self-appraisal of assets

We categorize assets in accordance with the level of risk associated with collection and the level of risk of a loss in the value by carrying out self-appraisal and individually examining holding assets. There were no category assets (II through IV categories) as of March 31, 2014.

### 12. Tangible fixed assets by category

(Yen in millions)

Division	Year	As of the end of fiscal 2011	As of the end of fiscal 2012	As of the end of fiscal 2013
Land		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Buildings		35	33	31
for underwriting		35	33	31
for investment		-	-	-
Construction in progress		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Total of property		35	33	31
for underwriting		35	33	31
for investment		-	-	-
Other tangible fixed assets		8	84	52
Total		43	117	84

### 13. Unearned claims paid

Not applicable

### 14. Special account

Not applicable

### 15. Underwriting funds

(Yen in millions)

Division	Year	As of the end of fiscal 2011	As of the end of fiscal 2012	As of the end of fiscal 2013
Outstanding claims		14,895	4,927	3,579
Underwriting reserves		430,700	461,480	499,274
Risk reserves		331,499	352,830	378,041
Unearned premium reserves		97,686	107,140	119,727
Repayment reserves		1,514	1,509	1,505
Total		445,595	466,407	502,854

### 16. Level of underwriting reserves

There is no target contact.

### 17. Detailed listing of liability reserves

#### As of the end of fiscal 2012

(Yen in millions)

Division	Balance as of the end of fiscal 2011	Increase in fiscal 2012	Decrease in fiscal 2012	Balance as of the end of fiscal 2012
Reserve for ordinary bad debts	-	-	-	-
Reserve for individual bad debts	-	-	-	-
Reserve for specific foreign securities	-	-	-	-
Reserve for retirement benefits	104	20	4	120
Reserve for directors' retirement benefits	15	4	5	14
Reserve for bonus payments	19	21	19	21
Reserve for price fluctuation	6	-	0	5
Total	146	45	30	161

#### As of the end of fiscal 2013

(Yen in millions)

Division	Balance as of the end of fiscal 2012	Increase in fiscal 2013	Decrease in fiscal 2013	Balance as of the end of fiscal 2013
Reserve for ordinary bad debts	-	-	-	-
Reserve for individual bad debts	-	-	-	-
Reserve for specific foreign securities	-	-	-	-
Reserve for retirement benefits	120	19	23	116
Reserve for directors' retirement benefits	14	4	0	18
Reserve for bonus payments	21	20	21	20
Reserve for price fluctuation	5	0	-	5
Total	161	44	45	161

### 18. Detailed listing of shareholders' equity

Please refer to the statement of changes in shareholders' equity on page 46.

### ③ Income and loss details

#### 1. Gains on sales of securities by category

(Yen in millions)				
Division	Fiscal Year	2011	2012	2013
Government bonds		1,116	–	100
Foreign securities		1,247	–	–
Total		2,364	–	100

#### 2. Losses on sales of securities by category

(Yen in millions)				
Division	Fiscal Year	2011	2012	2013
Government bonds		145	–	2
Foreign securities		75	0	–
Total		220	0	2

#### 3. Losses on valuation of securities

Not applicable

#### 4. Gains on disposal of fixed assets

Not applicable

#### 5. Losses on disposal of fixed assets

(Yen in millions)				
Division	Fiscal Year	2011	2012	2013
Land		–	–	–
Buildings		–	–	–
Other tangible fixed assets		0	0	0
Total		0	0	0

#### 6. Business expenses (inclusive of loss adjustment)

(Yen in millions)				
Division	Fiscal Year	2011	2012	2013
Personnel expenses		11,636	1,031	496
Non personnel expenses		29,330	4,881	2,773
Taxes		228	252	249
Commissions and brokerage fees		35,126	38,141	40,411
Total		76,322	44,307	43,931

#### Note:

Business expenses are the total of loss adjustment expense, operating, general and administrative expenses, commissions and brokerage fees as shown in the income statement.

### 7. Depreciation expenses by category

#### As of the end of fiscal 2012

(Yen in millions)					
Type of asset	Acquisition cost	Depreciation in fiscal 2012	Aggregated depreciations	Balance as the end of fiscal 2012	Rate of aggregated depreciations %
<b>Tangible fixed assets</b>					
Buildings	101	2	68	33	66.9
for underwriting	101	2	68	33	66.9
for investment	–	–	–	–	–
Other tangible fixed assets	179	10	94	84	52.9
Total	280	12	162	117	58.0
<b>Intangible fixed assets</b>					
Software	558	91	327	231	58.7
Other intangible fixed assets	1	0	0	1	12.2
Total	560	91	328	232	58.5
Grand total	841	104	490	350	58.3

#### As of the end of fiscal 2013

(Yen in millions)					
Type of asset	Acquisition cost	Depreciation in fiscal 2013	Aggregated depreciations	Balance as the end of fiscal 2013	Rate of aggregated depreciations %
<b>Tangible fixed assets</b>					
Buildings	101	2	70	31	68.9
for underwriting	101	2	70	31	68.9
for investment	–	–	–	–	–
Other tangible fixed assets	115	32	62	52	54.1
Total	217	34	132	84	61.1
<b>Intangible fixed assets</b>					
Software	562	100	405	156	72.1
Other intangible fixed assets	1	0	0	1	12.7
Total	563	100	405	158	72.0
Grand total	780	134	538	242	68.9



#### 4 Information about fair values, etc.

##### 1. Matters related to financial instruments

For matters related to the status of financial instruments and matters related to the fair values of financial instruments, please refer to Note 7 on the balance sheet (page 42).

##### 2. Securities

###### (i) Securities held for trading purposes

Not applicable

###### (ii) Securities to be held to maturity

Not applicable

###### (iii) Available-for-sale securities

###### At the end of fiscal 2012

(Yen in millions)

Division	Type	Acquisition cost	Book value	Difference
Securities whose carrying amount exceeds their cost	Public & corporate bonds	199,878	201,819	1,941
	Stocks	-	-	-
	Foreign securities	98,536	101,028	2,492
	Others	-	-	-
	Subtotal	298,414	302,848	4,433
Securities whose carrying amount does not exceed their cost	Public & corporate bonds	146,373	146,317	(56)
	Stocks	-	-	-
	Foreign securities	30,463	27,813	(2,649)
	Others	-	-	-
	Subtotal	176,837	174,131	(2,705)
Total		475,251	476,979	1,727

###### At the end of fiscal 2013

(Yen in millions)

Division	Type	Acquisition cost	Book value	Difference
Securities whose carrying amount exceeds their cost	Public & corporate bonds	190,481	192,232	1,750
	Stocks	-	-	-
	Foreign securities	121,335	127,001	5,665
	Others	-	-	-
	Subtotal	311,817	319,233	7,415
Securities whose carrying amount does not exceed their cost	Public & corporate bonds	191,429	191,407	(21)
	Stocks	-	-	-
	Foreign securities	14,561	14,520	(40)
	Others	-	-	-
	Subtotal	205,990	205,928	(62)
Total		517,808	525,161	7,353

###### (iv) Available-for-sale securities sold at the term

(Yen in millions)

Type	Fiscal 2012			Fiscal 2013		
	Sales price	Total of profit on sale	Total of loss on sale	Sales price	Total of profit on sale	Total of loss on sale
Total	100	-	0	7,541	100	2

##### 3. Money trust

Not applicable

##### 4. Derivative transactions

(i) Derivative transactions to which hedge accounting is not applied

###### (a) Currency related

###### At the end of fiscal 2012

(Yen in millions)

Type	Contract amount		Market price	Appraisal profit and loss
	1 year or longer ones			
Over-the-counter transactions				
Forward foreign exchange contracts				
Short positions				
US dollar	1,644	-	(328)	(328)
Euro	30,272	921	(1,687)	(1,687)
Total			(2,016)	(2,016)

###### At the end of fiscal 2013

(Yen in millions)

Type	Contract amount		Market price	Appraisal profit and loss
	1 year or longer ones			
Over-the-counter transactions				
Forward foreign exchange contracts				
Short positions				
US dollar	28,819	-	(564)	(564)
Euro	36,703	-	(1,899)	(1,899)
Total			(2,463)	(2,463)

###### Notes:

1. Currency related derivative transactions other than the above are omitted as there is no applicable item.
2. Calculating a market price: Foreign exchange rates depend on futures quotations.

###### (b) Credit related

###### At the end of fiscal 2012

(Yen in millions)

Type	Contract amount		Market price	Appraisal profit and loss
	1 year or longer ones			
Over-the-counter transactions				
Long position in credit derivative transactions	4,346	-	(28)	(28)
Total			(28)	(28)

###### At the end of fiscal 2013

(Yen in millions)

Type	Contract amount		Market price	Appraisal profit and loss
	1 year or longer ones			
Over-the-counter transactions				
Long position in credit derivative transactions	-	-	-	-
Total			-	-

###### Note:

Calculating a market price: Based on values presented by relationship financial institution.

(ii) Derivative transactions to which hedge accounting is applied

Not applicable