

Financial Section

Financial Review

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FINANCIAL REVIEW

Business development, results, etc.

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During fiscal 2015, the Japanese economy as a whole came to a standstill amid weak foreign demand caused by downturn in the world economy, especially emerging economies, despite firm domestic demand on the back of low crude oil prices and improved employment conditions under the large-scale monetary easing policy.

Earthquake insurance premiums grew from the previous fiscal year due to the impact of higher premium rates following premium rate revisions in July, 2014 and last-minute demand for earthquake insurance policies associated with revision of fire insurance in October 2015. Earthquake insurance payouts and loss adjustment expenses decreased from the previous fiscal year, reflecting gradual reduction in insurance payouts for the Great East Japan Earthquake in 2011.

Looking at asset management, earnings from investments fell below the level posted in the previous fiscal year, reflecting the advanced redemption of high-yield bonds under the sustained condition of low interest rates.

In this environment, we launched our fourth medium-term business plan, "Strengthening Arrangements for Earthquake Reinsurance Payouts" covering the three-year period from April 2015. We pushed ahead with initiatives to reinforce business continuity management (BCM) to ensure our readiness for earthquake reinsurance payout, our most important mission.

During fiscal 2015, the first fiscal year under the plan, we began steadily implementing measures in areas such as the development of BCM to prepare for an inland earthquake in the Tokyo metropolitan area and information security measures.

Summary of earthquake insurance results

① Net premiums written and net claims paid

In the fiscal year under review, net premiums written rose sharply to 121.9 billion yen (up 11.9% year on year) as a result of growth in assumed reinsurance premiums. Meanwhile, net claims paid came to 5.5 billion yen (down 41.6% year on year), reflecting factors such as the Great East Japan Earthquake in 2011.

② Risk reserves and underwriting reserves

Risk reserves added totaled 53.8 billion yen (up 11.2% year on year), consisting of net premiums written of 52.6 billion yen, calculated by deducting assumed reinsurance commissions from net premiums written, and gains on investments of 1.1 billion yen.

Risk reserves at the end of the fiscal year under review came to 464.5 billion yen (up 11.4% year on year) as a result of the reversal of the provision for outstanding claims of 0.4 billion yen to risk reserves and the withdrawal from the reserves in the past year of net claims paid of 5.5 billion yen as stated above, loss assessment expenses of 0.8 billion yen, and advertising and publicity expenses of 0.3 billion yen.

Underwriting reserves at the end of the fiscal year under review amounted to 627.3 billion yen (up 12.7% year on year) as a result of the addition of unearned premium reserves to the risk reserves stated above.

③ Risk reserves of direct insurance companies

A total of 4.8 billion yen (up 11.0% year on year), consisting of net premiums written and gains on investments, was added to the risk reserves of direct insurance companies recorded as entrusted reserves. The risk reserves of direct insurance companies at the end of the fiscal year under review came to 78.1 billion yen (up 4.6% year on year) as a result of the withdrawal of advertising and publicity expenses of 0.8 billion yen.

Outline of investments

Medium- to long-term domestic interest rates remained low due to the Bank of Japan's sustained policy of quantitative and qualitative monetary easing. The adoption of negative interest rates announced by the Bank of Japan in January this year added momentum to the interest rate decline.

Looking at exchange rates, the yen gradually strengthened against the US dollar amid speculation that the interest rate hike in the US would be delayed, despite differences in the monetary policies of Japan, where easy money continued, and the United States, which aimed to tighten credit. Meanwhile, the yen strengthened against the euro due to sovereign debt problems and political disarray. 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 1.1 billion yen in the business account and 0.2 billion yen in the entrusted reserves account. Consequently, investment assets totaled 690.2 billion yen at the end of the fiscal year under review.

Profit and loss for the fiscal year under review

Interest and dividend income in the capital account fell sharply and was not enough to cover account expenses. As a result, pre-tax profit turned negative, resulting in a net loss for the fiscal year under review of less than a million yen.

INDICATORS SHOWING THE MAIN RESULTS OVER THE LAST FIVE FISCAL YEARS

(Yen in millions)

Division	Fiscal Year	2011	2012	2013	2014	2015
Net premiums written		83,671	92,996	92,248	108,994	121,986
Percentage change over the previous term		17.0%	11.1%	(0.8%)	18.2%	11.9%
Net claims paid		196,625	31,607	15,010	9,563	5,589
Percentage change over the previous term		18,927.3%	(83.9%)	(52.5%)	(36.3%)	(41.6%)
Ordinary income		286,812	110,370	104,703	119,822	129,107
Percentage change over the previous term		63.1%	(61.5%)	(5.1%)	14.4%	7.7%
Ordinary expenses		286,723	110,176	104,509	119,818	129,107
Percentage change over the previous term		63.9%	(61.6%)	(5.1%)	14.6%	7.8%
Ordinary profit		89	193	194	3	0
Percentage change over the previous term		(91.0%)	117.5%	0.3%	(98.2%)	(98.4%)
Net income (loss)		(5)	4	(82)	3	(0)
Percentage change over the previous term		(239.9%)	-	(2,045.2%)	-	(115.6%)
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		1,631	1,633	1,544	1,543	1,542
Total assets		509,498	536,808	577,305	640,137	709,408
Underwriting reserves		430,700	461,480	499,274	556,727	627,345
Percentage change over the previous term		(16.5%)	7.1%	8.2%	11.5%	12.7%
Of the balance, risk reserves		331,499	352,830	378,041	417,056	464,584
Percentage change over the previous term		(21.9%)	6.4%	7.1%	10.3%	11.4%
Loans		-	-	-	-	-
Percentage change over the previous term		-	-	-	-	-
Securities		448,120	476,979	525,161	391,034	401,751
Percentage change over the previous term		(44.3%)	6.4%	10.1%	(25.5%)	2.7%
Non-consolidated solvency-margin ratio		120.8%	160.0%	344.9%	354.5%	392.1%
Dividend propensity		-	-	-	-	-
No. of employees		26	27	26	29	28

Note:

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 54.

① Indicators relating to insurance underwriting

SUMMARY OF OPERATIONS

Item: earthquake

1. Net premiums written

(Yen in millions)

Division	Fiscal Year	2013	2014	2015
Premiums written		197,919	222,014	245,353
Return premiums		3,271	4,341	6,708
Assumed net premiums written (A)		194,628	217,661	238,645
Reinsurance premiums ceded (B)		102,379	108,666	116,659
Net premiums written (A - B)		92,248	108,994	121,986

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	2013	2014	2015
Domestic contract		100%	100%	100%

3. Net claims paid

(Yen in millions)

Division	Fiscal Year	2013	2014	2015
Assumed net claims paid (A)		22,014	13,287	8,214
Reinsurance claims recovered (B)		7,003	3,723	2,625
Net claims paid (A - B)		15,010	9,563	5,589

Notes:

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

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

(Yen in millions)

Division	Fiscal Year	2013	2014	2015
Net loss ratio		18.7%	10.1%	5.3%
Underwriting expenses		41,134	44,026	46,606
Insurance related operating, general and administrative expenses		722	710	725
Commissions and brokerage fees		40,411	43,315	45,880
Net expense ratio		44.6%	40.4%	38.2%
Combined ratio		63.3%	50.5%	43.5%

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	2013	2014	2015
Underwriting income		96,358	112,468	123,681
Underwriting expenses		95,447	111,757	122,956
Operating and general administrative expenses		722	710	725
Other income and expenses		(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	2013	2014	2015
No. of reinsurers that ceded insurance contracts		11	10	10
Rate of top five reinsurers' ceded insurance premiums		81.9%	90.4%	91.5%

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 2013		As of the end of fiscal 2014		As of the end of fiscal 2015	
		Amount	Percentage distribution (%)	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Deposits		23,892	4.1	34,119	5.3	189,215	26.7
Call loans		14,634	2.5	84,898	13.3	4,668	0.7
Monetary receivables bought		-	-	113,991	17.8	94,596	13.3
Money trusts		-	-	-	-	-	-
Securities		525,161	91.0	391,034	61.1	401,751	56.6
Buildings		31	0.0	28	0.0	27	0.0
Total of investments assets		563,719	97.6	624,072	97.5	690,258	97.3
Total assets		577,305	100.0	640,137	100.0	709,408	100.0

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

Division	Fiscal Year	2013		2014		2015	
		Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Deposits		23	0.09	28	0.10	34	0.06
Call loans		7	0.04	23	0.03	8	0.02
Monetary receivables bought		-	-	15	0.10	144	0.08
Money trusts		-	-	-	-	-	-
Securities		3,248	0.66	2,642	0.59	2,280	0.62
Buildings		-	-	-	-	-	-
Total		3,279	0.61	2,710	0.47	2,468	0.38

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	2013			2014			2015		
		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		23	24,974	0.09	28	29,824	0.10	34	60,181	0.06
Call loans		7	19,385	0.04	23	77,058	0.03	8	38,187	0.02
Monetary receivables bought		-	-	-	15	15,513	0.10	144	184,504	0.08
Money trusts		-	-	-	-	-	-	-	-	-
Securities		3,346	490,629	0.68	2,642	450,256	0.59	2,475	368,634	0.67
Public and corporate bonds		1,054	356,649	0.30	791	312,640	0.25	818	250,382	0.33
Stocks		-	-	-	-	-	-	-	-	-
Foreign securities		2,292	133,980	1.71	1,850	137,615	1.34	1,657	118,251	1.40
Other securities		-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-
Buildings		-	33	-	-	31	-	-	28	-
Derivatives		(7,336)	-	-	(6,447)	-	-	3,954	-	-
Others		7,691	-	-	6,153	-	-	(4,494)	-	-
Total		3,731	535,023	0.70	2,416	572,684	0.42	2,124	651,536	0.33

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	2013			2014			2015		
		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		23	24,974	0.09	28	29,824	0.10	34	60,181	0.06
Call loans		7	19,385	0.04	23	77,058	0.03	8	38,187	0.02
Monetary receivables bought		-	-	-	15	15,513	0.10	144	184,504	0.08
Money trusts		-	-	-	-	-	-	-	-	-
Securities		2,182	494,802	0.44	3,030	453,264	0.67	2,800	372,030	0.75
Public and corporate bonds		898	358,533	0.25	1,253	314,369	0.40	2,014	252,572	0.80
Stocks		-	-	-	-	-	-	-	-	-
Foreign securities		1,284	136,268	0.94	1,777	138,895	1.28	786	119,458	0.66
Other securities		-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-
Buildings		-	33	-	-	31	-	-	28	-
Derivatives		(7,336)	-	-	(6,447)	-	-	3,954	-	-
Others		7,691	-	-	6,153	-	-	(4,494)	-	-
Total		2,567	539,196	0.48	2,804	575,693	0.49	2,449	654,932	0.37

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 2013		As of the end of fiscal 2014		As of the end of fiscal 2015	
		Amount	Percentage distribution (%)	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Foreign currency denominated							
Foreign public and corporate bonds		70,357	49.7	93,638	64.8	76,404	69.8
Yen denominated							
Foreign public and corporate bonds		71,164	50.3	50,763	35.2	33,118	30.2
Total		141,522	100.0	144,401	100.0	109,523	100.0
Yield on foreign loans & investments							
Investment assets yield (income yield)			1.71%		1.34%		1.39%
Assets management (realized yield)			1.71%		1.34%		1.40%
Market-price based overall yield (for reference)			0.94%		1.28%		0.66%

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 2014	As of the end of fiscal 2015
Total amount of non-consolidated solvency-margin		421,385	469,361
Common stock, etc.		1,539	1,539
Price fluctuation reserves		5	6
Risk reserves		-	-
Catastrophe reserves		417,056	464,584
Reserves for ordinary bad debts		-	-
Unrealized gain/loss on available-for-sale securities / Deferred gain/loss on hedges		2,783	3,231
(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		-	-
Total amount of non-consolidated risk $\sqrt{(R1 + R2)^2 + (R3 + R4)^2} + R5 + R6$		237,717	239,352
General underwriting risk (R1)		-	-
Underwriting risk in third-area insurance (R2)		-	-
(B) Anticipated rate of return risk (R3)		-	-
Investment risk (R4)		8,355	9,958
Management risk (R5)		4,661	4,693
Catastrophe risk (R6)		224,700	224,700
(C) Non-consolidated solvency-margin ratio $\frac{(A)}{[(B) \times 1 / 2]} \times 100$		354.5%	392.1%

Note:

Amounts and other figures presented above are calculated on the basis of the provisions of Article 86 and Article 87 of the Enforcement Regulations for the Insurance Business Act and Notification No. 50 of the Ministry of Finance issued 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.

[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	Fiscal Year		(Yen in millions)	
	2014 (As of March 31, 2015)	2015 (As of March 31, 2016)	Amount	Amount
Cash and deposits	34,119	189,215		
Deposits	34,119	189,215		
Call loans	84,898	4,668		
Monetary receivables bought	113,991	94,596		
Securities	391,034	401,751		
Government bonds	181,570	93,829		
Municipal bonds	2,891	43,526		
Corporate bonds	62,170	154,871		
Foreign securities	144,401	109,523		
Tangible fixed assets	91	66		
Buildings	28	27		
Other tangible fixed assets	62	39		
Intangible fixed assets	167	151		
Software	165	150		
Other intangible fixed assets	1	1		
Other assets	15,834	18,957		
Reinsurance accounts receivable	12,660	12,357		
Accounts receivable	84	-		
Uncollected income	1,438	1,227		
Deposits	47	46		
Suspense payments	33	45		
Derivatives	1,568	5,280		
Total assets	640,137	709,408		

(LIABILITIES)

Item	Fiscal Year		(Yen in millions)	
	2014 (As of March 31, 2015)	2015 (As of March 31, 2016)	Amount	Amount
Underwriting funds	558,377	628,497		
Outstanding claims	1,650	1,152		
Underwriting reserves	556,727	627,345		
Entrusted reserves	63,012	67,102		
Other liabilities	13,629	8,364		
Reinsurance accounts payable	7,764	8,071		
Income taxes payable	167	185		
Deposits payable	3	3		
Accrued amounts payable	100	104		
Derivatives	5,593	-		
Reserve for retirement benefits	130	145		
Reserve for directors' retirement benefits	22	8		
Reserve for bonus payments	21	21		
Reserves under the special law	5	6		
Reserve for price fluctuation	5	6		
Net unrealized gains on available-for-sale securities of earthquake insurance	3,390	3,717		
Deferred tax liabilities	1	1		
Total liabilities	638,593	707,865		

(NET ASSETS)

Item	Fiscal Year		(Yen in millions)	
	2014 (As of March 31, 2015)	2015 (As of March 31, 2016)	Amount	Amount
Common stock	1,000	1,000		
Retained earnings	545	544		
Legal reserve of retained earnings	1	1		
Other legal reserve of retained earnings	544	543		
Special reserves	17	17		
Special price fluctuation reserves	39	39		
Retained earnings carried forward	487	487		
Treasury Stock	(5)	(5)		
Total shareholders' equity	1,539	1,539		
Net unrealized gains on available-for-sale securities	4	3		
Total valuation and translation adjustments	4	3		
Total net assets	1,543	1,542		
Total liabilities and net assets	640,137	709,408		

Notes for fiscal 2015

- 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.
- 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).
- 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 mainly hold highly rated short- and medium-term Japanese and foreign bonds and short-term financial instruments in preparation for reinsurance payouts. We manage assets by attaching top priority to liquidity and safety and giving additional consideration to profitability. It is our policy to engage in derivatives trading or forward exchange contracts to reduce the market risks of foreign-currency receivables associated with exchange fluctuations, within the limits of actual demand. In addition, we maintain an understanding of market risks, credit risks and liquidity risks and manage current quotations and credit information on a regular basis in this regard.

(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, 2016.

(Yen in millions)

	Balance sheet amount	Fair value	Difference
(i) Cash and deposits	189,215	189,215	-
(ii) Call loans	4,668	4,668	-
(iii) Monetary receivables bought	94,596	94,596	-
(iv) Securities			
Available-for-sale securities	401,751	401,751	-
Total assets	690,231	690,231	-
(v) Derivatives* to which hedge accounting is not applied	5,280	5,280	-
Derivatives total	5,280	5,280	-

*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) Monetary receivables bought
Monetary receivables bought 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.
- (iv) 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.
- (v) 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 161 million yen.
11. See below for a breakdown of outstanding claims.

	(Yen in millions)
Outstanding claims (before the deduction of outstanding reinsurance claims)	1,764
Outstanding reinsurance claims related to the above claims	611
Net outstanding claims	1,152

12. Total deferred tax assets amount to 261 million yen, while total deferred tax liabilities come to 1 million yen. Deferred tax assets are all deducted from the total amount for a valuation reserve.
A breakdown of deferred tax assets reveals tax loss carried forward of 157 million yen, a reserve for retirement benefits of 40 million yen, unpaid business taxes of 37 million yen and unpaid special local corporate tax of 15 million yen. Deferred tax liabilities resulted mainly from unrealized gains on securities of 1 million yen.
13. Corrections made to the amounts of deferred tax assets and deferred tax liabilities in response to changes in corporate and other tax rates are as follows: Corporate and other tax rates fell from each fiscal year commencing on or after April 1, 2016 as a result of the promulgation of the Act on Partial Revision of the Income Tax Act, Etc. (Act No. 15 of 2016) on March 29, 2016. With this change, the legal effective tax rate used for calculating deferred tax assets and deferred tax liabilities fell from the previous level of 28.85% to 28.24% for temporary differences and the like expected for resolution in the fiscal year commencing on April 1, 2016 and in the fiscal year commencing on April 1, 2017 and to 28.00% for temporary differences and the like expected for resolution in or after the fiscal year commencing on April 1, 2018. Deferred tax liabilities decreased less than 1 million yen as a result of this tax rate change. The tax cut produced no effect on net income.

14. Net assets per share are 775.61 yen. The basis for this calculation is that net assets are 1,542 million yen, net assets accrued from ordinary shares are 1,542 million yen and the number of ordinary shares at the end of the term is 1.988 million.
15. The impact of the 2016 Kumamoto Earthquake that occurred on April 14, 2016 on JER's financial position for the next fiscal year and beyond has yet to be determined. Insurance payouts and loss adjustment expenses due to the earthquake will not affect net income for the next fiscal year and beyond due to the reversal of risk reserves.
16. Each amount is rounded down to the nearest whole unit.

2. Statements of income

Item	(Yen in millions)	
	Fiscal Year	2014 (from April 1, 2014 to March 31, 2015)
	Amount	Amount
Ordinary income	119,822	129,107
Underwriting income	112,468	123,681
Net premiums written	108,994	121,986
Investment income on savings premiums	1,544	1,198
Reversal of outstanding claims	1,929	497
Investment income	7,353	5,424
Interest and dividend income	2,710	2,468
Gains on sales of securities	-	194
Gains on derivatives	-	3,954
Foreign exchange gains	6,180	-
Other investment income	7	4
Transfer of investment income on savings premiums	(1,544)	(1,198)
Other ordinary income	0	1
Ordinary expenses	119,818	129,107
Underwriting expenses	111,757	122,956
Net claims paid	9,563	5,589
Loss adjustment expenses	1,425	868
Commissions and brokerage fees	43,315	45,880
Provision of underwriting reserves	57,453	70,617
Investment expenses	6,481	4,498
Losses on derivatives	6,447	-
Foreign exchange losses	-	4,470
Other investment expenses	34	28
Operating, general and administrative expenses	1,322	1,394
Other ordinary expenses	257	257
Interest paid	257	257
Ordinary profit	3	0
Extraordinary losses	0	0
Losses on disposal fixed assets	0	0
Provision of price fluctuation reserves	0	0
Net income (loss) before income taxes	3	(0)
Income taxes	0	0
Total income taxes	0	0
Net income (loss)	3	(0)

Notes for fiscal 2015

- See below for a breakdown of net premiums written.

(Yen in millions)	
Premiums written:	238,645
Reinsurance premiums ceded:	116,659
Net premiums written:	121,986

- See below for a breakdown of net claims paid.

(Yen in millions)	
Claims paid:	8,214
Reinsurance claims recovered:	2,625
Net claims paid:	5,589

- 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)	(694)
Provision of outstanding reinsurance claims related to the above claims	(197)
Net provision of outstanding claims	(497)

- The interest and dividend income are given below by category:

(Yen in millions)	
Deposits:	34
Call loans:	8
Monetary receivables bought:	144
Securities:	2,280
Total:	2,468

- Paper profit/loss involved in the losses on derivatives is a loss of 5,280 million yen.

- Net income per share is 0.23 yen.

The basis for this calculation is such that net income is 0 million yen, net income accrued from common stocks is 0 million yen and the term average number of common stocks amount to 1.988 million.

- The legal effective tax rate at the end of the term is 28.85%, and the corporate tax burden after applying the tax effect is (157.52%). The difference is explained by the following breakdown: valuation reserve (51,004.21%), the amount of the write-off carried from publicity expenses related to risk reserves 51,124.32%.

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

3. Statements of cash flow

Item	(Yen in millions)	
	Fiscal Year	2014 (from April 1, 2014 to March 31, 2015)
	Amount	Amount
Cash flow from operating activities		
Net income before income taxes	3	(0)
Depreciation	97	82
Increase (decrease) in outstanding claims	(1,929)	(497)
Increase (decrease) in underwriting reserves	57,453	70,617
Increase (decrease) in entrusted reserves	3,769	4,089
Increase (decrease) in reserve for retirement benefits	14	15
Increase (decrease) in reserve for directors' retirement benefits	3	(13)
Increase (decrease) in reserve for bonus payments	1	(0)
Increase (decrease) in reserve for price fluctuation	0	0
Interest and dividend income	(2,710)	(2,468)
Losses (gains) on investment in securities	-	(194)
Foreign exchange losses (gains)	(5,906)	5,723
Losses (gains) on tangible fixed assets	0	0
Decrease (increase) in other assets (other than investment and financial activities related)	(1,198)	377
Increase (decrease) in other liabilities (other than investment and financial activities related)	99	311
Others	1,606	(9,288)
Subtotal	51,304	68,753
Interest and dividends received	4,483	4,211
Income taxes paid	(92)	-
Net cash provided by operating activities	55,694	72,965
Cash flow from investing activities		
Purchase of monetary receivables bought	(19,995)	(71,588)
Proceeds from sales and redemption of monetary receivables bought	-	19,997
Purchase of securities	(633,191)	(217,876)
Proceeds from sales and redemption of securities	772,089	200,414
Total investment assets activities	118,903	(69,052)
Total operating activities and investment assets activities	174,598	3,913
Acquisition of tangible fixed assets	(36)	(1)
Others	(76)	(40)
Net cash provided by investing activities	118,790	(69,094)
Cash flow in financing activities		
Effect of exchange rate changes on cash and cash equivalents		
	-	-
Net increase (decrease) in cash and cash equivalents	174,485	3,870
Cash and cash equivalents at the beginning of the year	27,526	202,011
Cash and cash equivalents at the end of the year	202,011	205,882

Notes for fiscal 2015

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, 2015)	(As of March 31, 2016)
Cash and deposits	34,119	189,215
Call loans	84,898	4,668
Monetary receivables bought	113,991	94,596
Securities	391,034	401,751
Deposits of a depository period over three months	(11,000)	(11,000)
Monetary receivables bought other than cash equivalents	(19,997)	(71,597)
Securities other than cash equivalent	(391,034)	(401,751)
Cash and cash equivalents	202,011	205,882

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 2014 (from April 1, 2014 to March 31, 2015)

(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		Total retained earnings						
		Special reserves	Special price fluctuation reserves	Retained earnings carried forward							
Balance at the beginning of the period	1,000	1	17	39	484	542	(5)	1,536	7	7	1,544
Changes during the period											
Net income (loss)					3	3		3			3
Net changes other than shareholders' equity									(3)	(3)	(3)
Total changes					3	3		3	(3)	(3)	(0)
Balance at the end of the period	1,000	1	17	39	487	545	(5)	1,539	4	4	1,543

Fiscal 2015 (from April 1, 2015 to March 31, 2016)

(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		Total retained earnings						
		Special reserves	Special price fluctuation reserves	Retained earnings carried forward							
Balance at the beginning of the period	1,000	1	17	39	487	545	(5)	1,539	4	4	1,543
Changes during the period											
Net income (loss)					(0)	(0)		(0)			(0)
Net changes other than shareholders' equity									(1)	(1)	(1)
Total changes					(0)	(0)		(0)	(1)	(1)	(1)
Balance at the end of the period	1,000	1	17	39	487	544	(5)	1,539	3	3	1,542

Notes for fiscal 2015

1. 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 2014	Increase in fiscal 2015	Decrease in fiscal 2015	Balance as of the end of fiscal 2015
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

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

5. Dividend per share and total assets per employee

(Yen in millions)

Division	Fiscal Year		
	2013	2014	2015
Dividend per share	-	-	-
Net income (loss) per share	(41.63 yen)	1.53 yen	(0.23 yen)
Dividend propensity	-	-	-
Net assets per share	776.66 yen	776.41 yen	775.61 yen
Total assets per employee	22,204	22,073	24,462

Notes:

- Net income (loss) per share comes from net income (loss) / term average number of shares
- The number of treasury stock is deducted from producing information per share
- The total assets per employee come from the total assets at the end of the term / number of employees at the end of the term.

② Details of assets and liabilities

1. Deposits

(Yen in millions)				
Division	Year	As of the end of fiscal 2013	As of the end of fiscal 2014	As of the end of fiscal 2015
Deposits		23,892	34,119	189,215
Ordinary deposits		3,832	559	155,655
Time deposits		20,060	33,560	33,560

2. Average balance and trading amount of commodity securities

Not applicable

3. Balance of securities by category and percentage distribution

(Yen in millions)							
Division	Year	As of the end of fiscal 2013		As of the end of fiscal 2014		As of the end of fiscal 2015	
		Percentage distribution (%)		Percentage distribution (%)		Percentage distribution (%)	
Government bonds		378,735	72.1	181,570	46.4	93,829	23.4
Municipal bonds		-	-	2,891	0.7	43,526	10.8
Corporate bonds		4,904	0.9	62,170	15.9	154,871	38.5
Stocks		-	-	-	-	-	-
Foreign securities		141,522	26.9	144,401	36.9	109,523	27.3
Other securities		-	-	-	-	-	-
Total		525,161	100.0	391,034	100.0	401,751	100.0

4. Yield on securities held

(%)				
Division	Fiscal Year	2013	2014	2015
Investment assets yield (income yield)				
Public & corporate bonds		0.27	0.25	0.25
Stocks		-	-	-
Foreign securities		1.71	1.34	1.39
Other securities		-	-	-
Total		0.66	0.59	0.62
Assets management yield (realized yield)				
Public & corporate bonds		0.30	0.25	0.33
Stocks		-	-	-
Foreign securities		1.71	1.34	1.40
Other securities		-	-	-
Total		0.68	0.59	0.67
Market-price based overall yield (for reference)				
Public & corporate bonds		0.25	0.40	0.80
Stocks		-	-	-
Foreign securities		0.94	1.28	0.66
Other securities		-	-	-
Total		0.44	0.67	0.75

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 2014

(Yen in millions)							
Division	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	Total
Government bonds	48,226	54,312	26,830	37,677	5,839	8,685	181,570
Municipal bonds	2,891	-	-	-	-	-	2,891
Corporate bonds	36,031	26,139	-	-	-	-	62,170
Stocks	-	-	-	-	-	-	-
Foreign securities	26,272	104,917	13,211	-	-	-	144,401
Other securities	-	-	-	-	-	-	-
Total	113,421	185,368	40,041	37,677	5,839	8,685	391,034

As of the end of fiscal 2015

(Yen in millions)							
Division	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	Total
Government bonds	1,208	22,085	47,744	13,391	-	9,398	93,829
Municipal bonds	22,305	21,220	-	-	-	-	43,526
Corporate bonds	68,900	85,971	-	-	-	-	154,871
Stocks	-	-	-	-	-	-	-
Foreign securities	60,245	49,278	-	-	-	-	109,523
Other securities	-	-	-	-	-	-	-
Total	152,660	178,556	47,744	13,391	-	9,398	401,751

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, 2015.

12. Tangible fixed assets by category

(Yen in millions)

Division	Year	As of the end of fiscal 2013	As of the end of fiscal 2014	As of the end of fiscal 2015
Land		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Buildings		31	28	27
for underwriting		31	28	27
for investment		-	-	-
Construction in progress		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Total of property		31	28	27
for underwriting		31	28	27
for investment		-	-	-
Leased assets		-	-	-
Other tangible fixed assets		52	62	39
Total		84	91	66

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 2013	As of the end of fiscal 2014	As of the end of fiscal 2015
Outstanding claims		3,579	1,650	1,152
Underwriting reserves		499,274	556,727	627,345
Risk reserves		378,041	417,056	464,584
Unearned premium reserves		119,727	139,671	162,760
Repayment reserves		1,505	-	-
Total		502,854	558,377	628,497

16. Level of underwriting reserves

There is no target contact.

17. Detailed listing of liability reserves

As of the end of fiscal 2014

(Yen in millions)

Division	Balance as of the end of fiscal 2013	Increase in fiscal 2014	Decrease in fiscal 2014	Balance as of the end of fiscal 2014
Reserve for ordinary bad debts	-	-	-	-
Reserve for individual bad debts	-	-	-	-
Reserve for specific foreign securities	-	-	-	-
Reserve for retirement benefits	116	19	5	130
Reserve for directors' retirement benefits	18	3	0	22
Reserve for bonus payments	20	21	20	21
Reserve for price fluctuation	5	0	-	5
Total	161	45	26	180

As of the end of fiscal 2015

(Yen in millions)

Division	Balance as of the end of fiscal 2014	Increase in fiscal 2015	Decrease in fiscal 2015	Balance as of the end of fiscal 2015
Reserve for ordinary bad debts	-	-	-	-
Reserve for individual bad debts	-	-	-	-
Reserve for specific foreign securities	-	-	-	-
Reserve for retirement benefits	130	22	7	145
Reserve for directors' retirement benefits	22	4	17	8
Reserve for bonus payments	21	21	21	21
Reserve for price fluctuation	5	0	-	6
Total	180	49	47	182

18. Detailed listing of shareholders' equity

Please refer to the statement of changes in shareholders' equity on page 60.

③ Income and loss details

1. Gains on sales of securities by category

(Yen in millions)				
Division	Fiscal Year	2013	2014	2015
Government bonds		100	–	181
Foreign securities		–	–	12
Total		100	–	194

2. Losses on sales of securities by category

(Yen in millions)				
Division	Fiscal Year	2013	2014	2015
Government bonds		2	–	–
Foreign securities		–	–	–
Total		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	2013	2014	2015
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	2013	2014	2015
Personnel expenses		496	417	404
Non personnel expenses		2,773	2,037	1,527
Taxes		249	293	331
Commissions and brokerage fees		40,411	43,315	45,880
Total		43,931	46,063	48,144

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 2014

(Yen in millions)					
Type of asset	Acquisition cost	Depreciation in fiscal 2014	Aggregated depreciations	Balance as the end of fiscal 2014	Rate of aggregated depreciations %
Tangible fixed assets					
Buildings	101	2	72	28	71.6
for underwriting	101	2	72	28	71.6
for investment	–	–	–	–	–
Other tangible fixed assets	151	27	89	62	58.8
Total	253	29	162	91	63.9
Intangible fixed assets					
Software	415	67	249	165	60.1
Other intangible fixed assets	1	–	–	1	–
Total	416	67	249	167	59.9
Grand total	670	97	411	258	61.4

As of the end of fiscal 2015

(Yen in millions)					
Type of asset	Acquisition cost	Depreciation in fiscal 2015	Aggregated depreciations	Balance as the end of fiscal 2015	Rate of aggregated depreciations %
Tangible fixed assets					
Buildings	85	1	58	27	68.1
for underwriting	85	1	58	27	68.1
for investment	–	–	–	–	–
Other tangible fixed assets	142	24	103	39	72.4
Total	228	25	161	66	70.8
Intangible fixed assets					
Software	294	56	144	150	48.9
Other intangible fixed assets	1	–	–	1	–
Total	295	56	144	151	48.7
Grand total	524	82	305	218	58.3

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 56).

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 2014

(Yen in millions)

Division	Type	Acquisition cost	Book value	Difference
Securities whose carrying amount exceeds their cost	Public & corporate bonds	152,926	155,186	2,259
	Stocks	-	-	-
	Foreign securities	127,162	138,778	11,615
	Others	-	-	-
	Subtotal	280,089	293,964	13,874
Securities whose carrying amount does not exceed their cost	Public & corporate bonds	91,516	91,446	(69)
	Stocks	-	-	-
	Foreign securities	5,780	5,623	(157)
	Others	113,991	113,991	-
	Subtotal	211,288	211,061	(226)
Total		491,378	505,026	13,648

At the end of fiscal 2015

(Yen in millions)

Division	Type	Acquisition cost	Book value	Difference
Securities whose carrying amount exceeds their cost	Public & corporate bonds	250,668	254,073	3,405
	Stocks	-	-	-
	Foreign securities	78,358	83,798	5,440
	Others	-	-	-
	Subtotal	329,026	337,872	8,846
Securities whose carrying amount does not exceed their cost	Public & corporate bonds	38,173	38,153	(20)
	Stocks	-	-	-
	Foreign securities	26,301	25,724	(576)
	Others	94,596	94,596	-
	Subtotal	159,071	158,475	(596)
Total		488,098	496,347	8,249

Note:

On the balance sheet, commercial paper treated as monetary receivables bought is included in Other.

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

(Yen in millions)

Type	Fiscal 2014			Fiscal 2015		
	Sales price	Total of gains on sale	Total of losses on sale	Sales price	Total of gains on sale	Total of losses on sale
Public & corporate bonds	-	-	-	40,210	181	-
Stocks	-	-	-	-	-	-
Foreign securities	-	-	-	4,592	12	-
Others	-	-	-	-	-	-
Total	-	-	-	44,802	194	-

3. Money trust

Not applicable

4. Derivative transactions

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

Currency related

At the end of fiscal 2014

(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	59,455	-	(5,568)	(5,568)
Euro	28,159	-	1,543	1,543
Total			(4,024)	(4,024)

At the end of fiscal 2015

(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	60,484	-	4,148	4,148
Euro	20,366	-	1,132	1,132
Total			5,280	5,280

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 using forward exchange rate.

(ii) Derivative transactions to which hedge accounting is applied

Not applicable