

Financial Section

Financial Review

Indicators Showing the Main Results over the Last Five Fiscal Years

Summary of Operations

Accounting Concepts

1. Financial statements
2. Details of assets and liabilities
3. Income and loss details
4. Information about fair values, etc.

FINANCIAL REVIEW

Business development, results, etc.

During fiscal 2016, the Japanese economy followed a moderate recovery path, with domestic demand remaining firm on improved employment conditions and growth in public investment, thanks to the monetary easing policy of the Bank of Japan, in addition to benefits reaped by the export sector from the recovery of overseas economies.

Earthquake insurance premiums remained almost flat from the previous fiscal year, reflecting growing social interest in earthquake insurance in the wake of the Kumamoto Earthquakes that struck in April 2016 and the effect of last-minute demand associated with the hike of insurance premiums as a result of the revision of earthquake insurance premiums in January 2017. These factors offset the negative impact of the reactionary fall after the last-minute increase in earthquake insurance policies associated with the revision of fire insurance in October 2015. Earthquake insurance payouts and loss assessment expenses increased significantly from the previous fiscal year, mainly because of the Kumamoto Earthquakes.

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 amid a situation that remained difficult for new investments due to the persistent ultra-low interest rate environment.

In fiscal 2016, we worked on a number of management measures as the second year of the fourth medium-term business plan "Strengthening Arrangements for Earthquake Reinsurance Payouts," as fiscal 2016 saw the milestone of the 50th anniversary of the founding of JER and the establishment of the earthquake insurance system.

We pushed ahead with initiatives such as the development of an effective BCM to prepare for an inland earthquake in the Tokyo metropolitan area, the most important issue of JER, the examination of the tenacity and merchantability of the earthquake insurance system, the information transmission and disclosure of JER and the earthquake insurance system to facilitate the understanding and take up of earthquake insurance, the strengthening of information and technology governance and the consideration of the complete renewal of system infrastructure and the development of a new human resources system and skills development.

Summary of earthquake insurance results

① Net premiums written and net claims paid

In the fiscal year under review, although premiums written remained almost flat, net premiums written after deducting reinsurance premiums ceded declined to 114.1 billion yen (down 6.5% year on year), the result of an increase in reinsurance premiums ceded to the government following the revision of the reinsurance scheme of earthquake insurance in April and October 2016.

Meanwhile, net claims paid increased significantly to 220.9 billion yen (up 3,852.3% year on year), primarily due to the Kumamoto Earthquakes.

② Risk reserves and underwriting reserves

Risk reserves added totaled 52.1 billion yen (down 3.2% year on year), consisting of net premiums written of 51.8 billion yen, calculated by deducting assumed reinsurance commissions from net premiums written, and gains on investments of 0.2 billion yen.

Risk reserves at the end of the fiscal year under review came to 278.8 billion yen (down 40.0% year on year) as a result of the withdrawal from the reserves in the past year of net claims paid of 220.9 billion yen as stated above, loss assessment expenses of 14.1 billion yen, the provision for outstanding claims of 2.4 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 456.7 billion yen (down 27.2% 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 4.5 billion yen (down 6.1% 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 46.8 billion yen (down 40.0% year on year), the result of the withdrawal of reinsurance claims of 34.9 billion yen and advertising and publicity expenses of 0.9 billion yen.

Outline of investments

The decline in domestic interest rates gained momentum in the wake of the introduction of the negative interest rate policy by the Bank of Japan. Subsequently, the outlook for a further deepening of negative interest rates faded, but the difficult investment environment remained, with the interest rate level of investment vehicles of JER staying in negative territory in their maturities.

Looking at exchange rates, the yen gradually strengthened against the US dollar along with speculation that the interest rate hike in the US would be delayed. After November, however, the yen weakened sharply against the US dollar, reflecting growing expectations of the policies of the new U.S. administration. While the yen initially appreciated against the euro, mainly due to political turbulence in Europe, the Japanese currency then gradually weakened, as the European economy began to recover.

In these circumstances, we invested in assets with top priority placed on safety and liquidity, followed by profitability. As a result, pretax profits from investments amounted to 0.2 billion yen in the business account and 0.1 billion yen in the entrusted reserves account. Consequently, investment assets totaled 496.1 billion yen at the end of the fiscal year under review.

Profit and loss for the fiscal year under review

As a result of adding and subtracting other items to and from interest and dividend income and subtracting income taxes and residential taxes, net income for the fiscal year under review came to 1 million yen.

INDICATORS SHOWING THE MAIN RESULTS OVER THE LAST FIVE FISCAL YEARS

Division	Fiscal Year				
	2012	2013	2014	2015	2016
Net premiums written	92,996	92,248	108,994	121,986	114,114
Percentage change over the previous term	11.1%	(0.8%)	18.2%	11.9%	(6.5%)
Net claims paid	31,607	15,010	9,563	5,589	220,905
Percentage change over the previous term	(83.9%)	(52.5%)	(36.3%)	(41.6%)	3,852.3%
Ordinary income	110,370	104,703	119,822	129,107	289,485
Percentage change over the previous term	(61.5%)	(5.1%)	14.4%	7.7%	124.2%
Ordinary expenses	110,176	104,509	119,818	129,107	289,487
Percentage change over the previous term	(61.6%)	(5.1%)	14.6%	7.8%	124.2%
Ordinary profit (loss)	193	194	3	0	(1)
Percentage change over the previous term	117.5%	0.3%	(98.2%)	(98.4%)	(3,537.5%)
Net income (loss)	4	(82)	3	(0)	1
Percentage change over the previous term	-	(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	1,633	1,544	1,543	1,542	1,542
Total assets	536,808	577,305	640,137	709,408	511,297
Underwriting reserves	461,480	499,274	556,727	627,345	456,745
Percentage change over the previous term	7.1%	8.2%	11.5%	12.7%	(27.2%)
Of the balance, risk reserves	352,830	378,041	417,056	464,584	278,846
Percentage change over the previous term	6.4%	7.1%	10.3%	11.4%	(40.0%)
Loans	-	-	-	-	-
Percentage change over the previous term	-	-	-	-	-
Securities	476,979	525,161	391,034	401,751	234,580
Percentage change over the previous term	6.4%	10.1%	(25.5%)	2.7%	(41.6%)
Non-consolidated solvency-margin ratio	160.0%	344.9%	354.5%	392.1%	299.1%
Dividend propensity	-	-	-	-	-
No. of employees	27	26	29	28	26

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 34.

SUMMARY OF OPERATIONS

1 Indicators relating to insurance underwriting

1. Net premiums written

Division	Fiscal Year		
	2014	2015	2016
Premiums written	222,014	245,353	247,441
Return premiums	4,341	6,708	4,342
Assumed net premiums written (A)	217,661	238,645	243,099
Reinsurance premiums ceded (B)	108,666	116,659	128,984
Net premiums written (A - B)	108,994	121,986	114,114

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.

Item: earthquake

2. Rate of premiums written by domestic and overseas contracts

Division	Fiscal Year		
	2014	2015	2016
Domestic contract	100%	100%	100%

3. Net claims paid

Division	Fiscal Year		
	2014	2015	2016
Assumed net claims paid (A)	13,287	8,214	388,527
Reinsurance claims recovered (B)	3,723	2,625	167,622
Net claims paid (A - B)	9,563	5,589	220,905

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	2014	2015	2016
Net loss ratio		10.1%	5.3%	206.0%
Underwriting expenses		44,026	46,606	47,409
Insurance related operating, general and administrative expenses		710	725	734
Commissions and brokerage fees		43,315	45,880	46,675
Net expense ratio		40.4%	38.2%	41.5%
Combined ratio		50.5%	43.5%	247.5%

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	2014	2015	2016
Underwriting income		112,468	123,681	284,934
Underwriting expenses		111,757	122,956	284,200
Operating and general administrative expenses		710	725	734
Other income and expenses		-	-	-
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	2014	2015	2016
No. of reinsurers that ceded insurance contracts		10	10	11
Rate of top five reinsurers' ceded insurance premiums		90.4%	91.5%	89.8%

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		As of the end of	
	As of the end of fiscal 2014	Percentage distribution (%)	As of the end of fiscal 2015	Percentage distribution (%)	As of the end of fiscal 2016	Percentage distribution (%)
Deposits	34,119	5.3	189,215	26.7	260,534	51.0
Call loans	84,898	13.3	4,668	0.7	1,040	0.2
Monetary receivables bought	113,991	17.8	94,596	13.3	-	-
Money trusts	-	-	-	-	-	-
Securities	391,034	61.1	401,751	56.6	234,580	45.9
Buildings	28	0.0	27	0.0	25	0.0
Total of investments assets	624,072	97.5	690,258	97.3	496,181	97.0
Total assets	640,137	100.0	709,408	100.0	511,297	100.0

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

Division	Fiscal Year		2014		2015		2016	
	Yield (%)	Yield (%)	Yield (%)	Yield (%)	Yield (%)	Yield (%)	Yield (%)	
Deposits	28	0.10	34	0.06	7	0.00		
Call loans	23	0.03	8	0.02	0	0.00		
Monetary receivables bought	15	0.10	144	0.08	3	0.02		
Money trusts	-	-	-	-	-	-		
Securities	2,642	0.59	2,280	0.62	1,283	0.44		
Buildings	-	-	-	-	-	-		
Total	2,710	0.47	2,468	0.38	1,294	0.24		

Note:

Investment assets yield (income yield): indicator showing the result of investment assets from a point of income (interest and dividend income)

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		2014			2015			2016		
	Amount of numerator	Yield on working assets (%)	Amount of numerator	Yield on working assets (%)	Amount of numerator	Yield on working assets (%)	Amount of numerator	Yield on working assets (%)	Amount of numerator	Yield on working assets (%)	
Deposits	28	0.10	29,824	0.10	34	0.06	7	0.00	233,671	0.00	
Call loans	23	0.03	77,058	0.03	8	0.02	0	0.00	1,471	0.00	
Monetary receivables bought	15	0.10	15,513	0.10	144	0.08	3	0.02	20,157	0.02	
Money trusts	-	-	-	-	-	-	-	-	-	-	
Securities	2,642	0.59	450,256	0.67	2,475	0.67	1,419	0.48	294,061	0.48	
Public and corporate bonds	791	0.25	312,640	0.33	818	0.33	662	0.26	251,126	0.26	
Stocks	-	-	-	-	-	-	-	-	-	-	
Foreign securities	1,850	1.34	137,615	1.40	1,657	1.40	757	1.76	42,934	1.76	
Other securities	-	-	-	-	-	-	-	-	-	-	
Loans	-	-	-	-	-	-	-	-	-	-	
Buildings	-	-	31	-	28	-	-	-	27	-	
Derivatives	(6,447)	-	-	-	3,954	-	3,329	-	-	-	
Others	6,153	-	-	-	(4,494)	-	(3,791)	-	-	-	
Total	2,416	0.42	572,684	0.42	2,124	0.33	968	0.18	549,390	0.18	

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	2014			2015			2016		
		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		28	29,824	0.10	34	60,181	0.06	7	233,671	0.00
Call loans		23	77,058	0.03	8	38,187	0.02	0	1,471	0.00
Monetary receivables bought		15	15,513	0.10	144	184,504	0.08	3	20,157	0.02
Money trusts		-	-	-	-	-	-	-	-	-
Securities		3,030	453,264	0.67	2,800	372,030	0.75	212	297,783	0.07
Public and corporate bonds		1,253	314,369	0.40	2,014	252,572	0.80	(227)	254,512	(0.09)
Stocks		-	-	-	-	-	-	-	-	-
Foreign securities		1,777	138,895	1.28	786	119,458	0.66	439	43,270	1.01
Other securities		-	-	-	-	-	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-
Buildings		-	31	-	-	28	-	-	27	-
Derivatives		(6,447)	-	-	3,954	-	-	3,329	-	-
Others		6,153	-	-	(4,494)	-	-	(3,791)	-	-
Total		2,804	575,693	0.49	2,449	654,932	0.37	(239)	553,111	(0.04)

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 2014		As of the end of fiscal 2015		As of the end of fiscal 2016	
		Amount	Percentage distribution (%)	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Foreign currency denominated							
Foreign public and corporate bonds		93,638	64.8	76,404	69.8	14,910	56.4
Yen denominated							
Foreign public and corporate bonds		50,763	35.2	33,118	30.2	11,525	43.6
Total		144,401	100.0	109,523	100.0	26,435	100.0
Yield on foreign loans & investments							
Investment assets yield (income yield)			1.34%		1.39%		1.45%
Assets management (realized yield)			1.34%		1.40%		1.76%
Market-price based overall yield (for reference)			1.28%		0.66%		1.01%

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 2015	As of the end of fiscal 2016
Total amount of non-consolidated solvency-margin		469,361	282,607
Common stock, etc.		1,539	1,540
Price fluctuation reserves		6	2
Risk reserves		-	-
Catastrophe reserves		464,584	278,846
Reserves for ordinary bad debts		-	-
Unrealized gain/loss on available-for-sale securities / Deferred gain/loss on hedges		3,231	2,218
(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 $\sqrt{(R1 + R2)^2 + (R3 + R4)^2} + R5 + R6$		239,352	188,948
General underwriting risk (R1)		-	-
Underwriting risk in third-area insurance (R2)		-	-
(B) Anticipated rate of return risk (R3)		-	-
Investment risk (R4)		9,958	7,343
Management risk (R5)		4,693	3,704
Catastrophe risk (R6)		224,700	177,900
(C) Non-consolidated solvency-margin ratio $\frac{(A)}{[(B) \times 1 / 2]} \times 100$		392.1%	299.1%

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	(Yen in millions)	
	Fiscal Year	
	2015 (As of March 31, 2016)	2016 (As of March 31, 2017)
Cash and deposits	189,215	260,534
Deposits	189,215	260,534
Call loans	4,668	1,040
Monetary receivables bought	94,596	-
Securities	401,751	234,580
Government bonds	93,829	91,419
Municipal bonds	43,526	24,257
Corporate bonds	154,871	92,467
Foreign securities	109,523	26,435
Tangible fixed assets	66	43
Buildings	27	25
Other tangible fixed assets	39	17
Intangible fixed assets	151	227
Software	150	173
Software in progress	-	52
Other intangible fixed assets	1	1
Other assets	18,957	14,870
Reinsurance accounts receivable	12,357	14,464
Uncollected income	1,227	261
Deposits	46	46
Suspense payments	45	17
Derivatives	5,280	80
Total assets	709,408	511,297

(LIABILITIES)

Item	(Yen in millions)	
	Fiscal Year	
	2015 (As of March 31, 2016)	2016 (As of March 31, 2017)
Underwriting funds	628,497	460,327
Outstanding claims	1,152	3,581
Underwriting reserves	627,345	456,745
Entrusted reserves	67,102	36,103
Other liabilities	8,364	10,630
Reinsurance accounts payable	8,071	9,709
Income taxes payable	185	144
Deposits payable	3	3
Accrued amounts payable	104	328
Derivatives	-	444
Reserve for retirement benefits	145	151
Reserve for directors' retirement benefits	8	5
Reserve for bonus payments	21	22
Reserves under the special law	6	2
Reserve for price fluctuation	6	2
Net unrealized gains on available-for-sale securities of earthquake insurance	3,717	2,511
Deferred tax liabilities	1	0
Total liabilities	707,865	509,755

(NET ASSETS)

Item	(Yen in millions)	
	Fiscal Year	
	2015 (As of March 31, 2016)	2016 (As of March 31, 2017)
Common stock	1,000	1,000
Retained earnings	544	546
Legal reserve of retained earnings	1	1
Other legal reserve of retained earnings	543	545
Special reserves	17	17
Special price fluctuation reserves	39	39
Retained earnings carried forward	487	488
Treasury Stock	(5)	(5)
Total shareholders' equity	1,539	1,540
Net unrealized gains on available-for-sale securities	3	2
Total valuation and translation adjustments	3	2
Total net assets	1,542	1,542
Total liabilities and net assets	709,408	511,297

Notes for fiscal 2016

1. Matters relating to accounting policies are as follows.

- (1) Appraisal standards and method of securities and method of indication are as follows.
 - (i) Of available-for-sale securities, those to which the market price is applicable is appraised according to the market price at term end.
 - (ii) 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.
- (2) The appraisal of derivatives is done on the basis of market price.
- (3) Although depreciation of tangible fixed assets is calculated using the declining balance method, buildings (excluding equipment attached to buildings) that were acquired on or after April 1, 1998 and equipment attached to buildings and structures that were acquired on or after April 1, 2016 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) 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.
- (7) For employees' retirement and severance benefits, reserve for retirement benefits 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.
- (8) 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.
- (9) 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.
- (10) To prepare for a loss from price changes of shares and others, reserve for price fluctuation is appropriated according to Article 115, Insurance Business Law.
2. Matters relating to changes, etc. in accounting policies
Associated with the amendment of the Corporation Tax Act, the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Accounting Standard Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, issued June 17, 2016) is applied to the fiscal year under review, and the depreciation method of equipment attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method. This change will not have an impact on financial statements for the fiscal year under review.
3. 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, 2017.

(Yen in millions)

	Balance sheet amount	Fair value	Difference
(i) Cash and deposits	260,534	260,534	-
(ii) Call loans	1,040	1,040	-
(iii) Securities			
Available-for-sale securities	234,580	234,580	-
Total assets	496,155	496,155	-
(iv) Derivatives* to which hedge accounting is not applied	(363)	(363)	-
Derivatives total	(363)	(363)	-

* 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.

4. Taxes are included when preparing accounts for consumption tax and other items.
5. 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.
6. The accumulated depreciation of tangible fixed assets is 185 million yen.

7. See below for a breakdown of outstanding claims.

(Yen in millions)

Outstanding claims (before the deduction of outstanding reinsurance claims)	5,872
Outstanding reinsurance claims related to the above claims	2,290
Net outstanding claims	3,581

8. Total deferred tax assets amount to 351 million yen, while total deferred tax liabilities come to 0 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 258 million yen, a reserve for retirement benefits of 42 million yen, unpaid business taxes of 28 million yen and unpaid special local corporate tax of 11 million yen. Deferred tax liabilities resulted mainly from unrealized gains on securities of 0 million yen.

9. No event that could have a material impact on assets or profits or losses in or after the next fiscal year has arisen since the last day of the fiscal year under review.
10. Net assets per share are 775.67 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.
11. Additional information
The "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, issued March 28, 2016) is applied from the fiscal year under review.
12. Each amount is rounded down to the nearest whole unit.

2. Statements of income

Item	(Yen in millions)	
	Fiscal Year	
	2015 (from April 1, 2015 to March 31, 2016)	2016 (from April 1, 2016 to March 31, 2017)
	Amount	Amount
Ordinary income	129,107	289,485
Underwriting income	123,681	284,934
Net premiums written	121,986	114,114
Investment income on savings premiums	1,198	220
Reversal of outstanding claims	497	-
Reversal of policy reserve	-	170,599
Investment income	5,424	4,550
Interest and dividend income	2,468	1,294
Gains on sales of securities	194	147
Gains on derivatives	3,954	3,329
Other investment income	4	0
Transfer of investment income on savings premiums	(1,198)	(220)
Other ordinary income	1	0
Ordinary expenses	129,107	289,487
Underwriting expenses	122,956	284,200
Net claims paid	5,589	220,905
Loss adjustment expenses	868	14,190
Commissions and brokerage fees	45,880	46,675
Provision of outstanding claims	-	2,429
Provision of underwriting reserves	70,617	-
Investment expenses	4,498	3,803
Loss on sales of securities	-	10
Foreign exchange losses	4,470	3,773
Other investment expenses	28	19
Operating, general and administrative expenses	1,394	1,345
Other ordinary expenses	257	138
Interest paid	257	138
Ordinary profit (loss)	0	(1)
Extraordinary income	-	3
Reversal of reserve for price fluctuation	-	3
Extraordinary losses	0	-
Losses on disposal fixed assets	0	-
Provision of price fluctuation reserves	0	-
Net income (loss) before income taxes	(0)	1
Income taxes	0	0
Total income taxes	0	0
Net income (loss)	(0)	1

Notes for fiscal 2016

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

	(Yen in millions)
Premiums written:	243,099
Reinsurance premiums ceded:	128,984
Net premiums written:	114,114

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

	(Yen in millions)
Claims paid:	388,527
Reinsurance claims recovered:	167,622
Net claims paid:	220,905

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)	4,108
Provision of outstanding reinsurance claims related to the above claims	1,679
Net provision of outstanding claims	2,429

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

	(Yen in millions)
Deposits:	7
Call loans:	0
Monetary receivables bought:	3
Securities:	1,283
Total:	1,294

5. Paper profit/loss involved in the gains on derivatives is a loss of 363 million yen.

6. Net income per share is 0.57 yen.

The basis for this calculation is such that net income is 1 million yen, net income accrued from common stocks is 1 million yen and the term average number of common stocks amount to 1.988 million.

7. The legal effective tax rate at the end of the term is 28.24%, and the corporate tax burden after applying the tax effect is 20.21%. The difference is explained by the following breakdown: valuation reserve 6,379.81%, the amount of the write-off carried from publicity expenses related to risk reserves (6,429.46%).

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

3. Statements of cash flow

Item	(Yen in millions)	
	Fiscal Year	2015 (from April 1, 2015 to March 31, 2016)
	Amount	Amount
Cash flow from operating activities		
Net income before income taxes	(0)	1
Depreciation	82	88
Increase (decrease) in outstanding claims	(497)	2,429
Increase (decrease) in underwriting reserves	70,617	(170,599)
Increase (decrease) in entrusted reserves	4,089	(30,999)
Increase (decrease) in reserve for retirement benefits	15	5
Increase (decrease) in reserve for directors' retirement benefits	(13)	(3)
Increase (decrease) in reserve for bonus payments	(0)	0
Increase (decrease) in reserve for price fluctuation	0	(3)
Interest and dividend income	(2,468)	(1,294)
Losses (gains) on investment in securities	(194)	(136)
Foreign exchange losses (gains)	5,723	3,865
Losses (gains) on tangible fixed assets	0	-
Decrease (increase) in other assets (other than investment and financial activities related)	377	(2,079)
Increase (decrease) in other liabilities (other than investment and financial activities related)	311	1,862
Others	(9,288)	5,603
Subtotal	68,753	(191,258)
Interest and dividends received	4,211	3,009
Income taxes paid	-	(0)
Net cash provided by operating activities	72,965	(188,249)
Cash flow from investing activities		
Net decrease (increase) in cash and deposits	-	(3,000)
Purchase of monetary receivables bought	(71,588)	-
Proceeds from sales and redemption of monetary receivables bought	19,997	71,597
Purchase of securities	(217,876)	(21,306)
Proceeds from sales and redemption of securities	200,414	182,791
Total investment assets activities	(69,052)	230,082
Total operating activities and investment assets activities	3,913	41,833
Acquisition of tangible fixed assets	(1)	(0)
Others	(40)	(140)
Net cash provided by investing activities	(69,094)	229,941
Cash flow in financing activities		
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	3,870	41,692
Cash and cash equivalents at the beginning of the year	202,011	205,882
Cash and cash equivalents at the end of the year	205,882	247,574

Notes for fiscal 2016

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, 2016)	(As of March 31, 2017)
Cash and deposits	189,215	260,534
Call loans	4,668	1,040
Monetary receivables bought	94,596	-
Securities	401,751	234,580
Deposits of a depository period over three months	(11,000)	(14,000)
Monetary receivables bought other than cash equivalents	(71,597)	-
Securities other than cash equivalent	(401,751)	(234,580)
Cash and cash equivalents	205,882	247,574

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 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		Retained earnings carried forward						
		Special reserves	Special price fluctuation reserves								
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

Fiscal 2016 (from April 1, 2016 to March 31, 2017)

(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 carried forward						
		Special reserves	Special price fluctuation reserves								
Balance at the beginning of the period	1,000	1	17	39	487	544	(5)	1,539	3	3	1,542
Changes during the period											
Net income (loss)					1	1		1			1
Net changes other than shareholders' equity									(1)	(1)	(1)
Total changes					1	1		1	(1)	(1)	0
Balance at the end of the period	1,000	1	17	39	488	546	(5)	1,540	2	2	1,542

Notes for fiscal 2016

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 2015	Increase in fiscal 2016	Decrease in fiscal 2016	Balance as of the end of fiscal 2016
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		
	2014	2015	2016
Dividend per share	-	-	-
Net income (loss) per share	1.53 yen	(0.23 yen)	0.57 yen
Dividend propensity	-	-	-
Net assets per share	776.41 yen	775.61 yen	775.67 yen
Total assets per employee	22,073	24,462	19,665

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 2014	As of the end of fiscal 2015	As of the end of fiscal 2016
Deposits		34,119	189,215	260,534
Ordinary deposits		559	155,655	236,504
Time deposits		33,560	33,560	24,030

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 2014		As of the end of fiscal 2015		As of the end of fiscal 2016
		Amount	Percentage distribution (%)	Amount	Percentage distribution (%)	Amount
Government bonds		181,570	46.4	93,829	23.4	91,419
Municipal bonds		2,891	0.7	43,526	10.8	24,257
Corporate bonds		62,170	15.9	154,871	38.5	92,467
Stocks		-	-	-	-	-
Foreign securities		144,401	36.9	109,523	27.3	26,435
Other securities		-	-	-	-	-
Total		391,034	100.0	401,751	100.0	234,580

4. Yield on securities held

(%)				
Division	Fiscal Year			
	2014	2015	2016	
Investment assets yield (income yield)				
Public & corporate bonds	0.25	0.25	0.26	
Stocks	-	-	-	
Foreign securities	1.34	1.39	1.45	
Other securities	-	-	-	
Total	0.59	0.62	0.44	
Assets management yield (realized yield)				
Public & corporate bonds	0.25	0.33	0.26	
Stocks	-	-	-	
Foreign securities	1.34	1.40	1.76	
Other securities	-	-	-	
Total	0.59	0.67	0.48	
Market-price based overall yield (for reference)				
Public & corporate bonds	0.40	0.80	(0.09)	
Stocks	-	-	-	
Foreign securities	1.28	0.66	1.01	
Other securities	-	-	-	
Total	0.67	0.75	0.07	

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 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

As of the end of fiscal 2016

(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	12,575	26,395	37,458	5,835	-	9,155	91,419
Municipal bonds	18,951	4,406	898	-	-	-	24,257
Corporate bonds	85,766	6,701	-	-	-	-	92,467
Stocks	-	-	-	-	-	-	-
Foreign securities	8,797	15,838	1,800	-	-	-	26,435
Other securities	-	-	-	-	-	-	-
Total	126,090	53,341	40,157	5,835	-	9,155	234,580

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 2014	As of the end of fiscal 2015	As of the end of fiscal 2016
Land		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Buildings		28	27	25
for underwriting		28	27	25
for investment		-	-	-
Construction in progress		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Total of property		28	27	25
for underwriting		28	27	25
for investment		-	-	-
Leased assets		-	-	-
Other tangible fixed assets		62	39	17
Total		91	66	43

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 2014	As of the end of fiscal 2015	As of the end of fiscal 2016
Outstanding claims		1,650	1,152	3,581
Underwriting reserves		556,727	627,345	456,745
Risk reserves		417,056	464,584	278,846
Unearned premium reserves		139,671	162,760	177,899
Total		558,377	628,497	460,327

16. Level of underwriting reserves

There is no target contact.

17. Detailed listing of liability reserves

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

As of the end of fiscal 2016

(Yen in millions)

Division	Balance as of the end of fiscal 2015	Increase in fiscal 2016	Decrease in fiscal 2016	Balance as of the end of fiscal 2016
Reserve for ordinary bad debts	-	-	-	-
Reserve for individual bad debts	-	-	-	-
Reserve for specific foreign securities	-	-	-	-
Reserve for retirement benefits	145	23	17	151
Reserve for directors' retirement benefits	8	4	7	5
Reserve for bonus payments	21	22	21	22
Reserve for price fluctuation	6	-	3	2
Total	182	49	50	182

18. Detailed listing of shareholders' equity

Please refer to the statement of changes in shareholders' equity on page 40.

③ Income and loss details

1. Gains on sales of securities by category

(Yen in millions)				
Division	Fiscal Year	2014	2015	2016
Government bonds		–	181	2
Foreign securities		–	12	144
Total		–	194	147

2. Losses on sales of securities by category

(Yen in millions)				
Division	Fiscal Year	2014	2015	2016
Government bonds		–	–	–
Foreign securities		–	–	10
Total		–	–	10

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	2014	2015	2016
Land		–	–	–
Buildings		–	–	–
Other tangible fixed assets		0	0	–
Total		0	0	–

6. Business expenses (inclusive of loss adjustment)

(Yen in millions)				
Division	Fiscal Year	2014	2015	2016
Personnel expenses		417	404	3,311
Non personnel expenses		2,037	1,527	11,914
Taxes		293	331	310
Commissions and brokerage fees		43,315	45,880	46,675
Total		46,063	48,144	62,211

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 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

As of the end of fiscal 2016

(Yen in millions)					
Type of asset	Acquisition cost	Depreciation in fiscal 2016	Aggregated depreciations	Balance as the end of fiscal 2016	Rate of aggregated depreciations %
Tangible fixed assets					
Buildings	85	1	59	25	69.8
for underwriting	85	1	59	25	69.8
for investment	–	–	–	–	–
Other tangible fixed assets	142	22	125	17	87.7
Total	228	23	185	43	81.0
Intangible fixed assets					
Software	382	64	208	173	54.6
Software in progress	52	–	–	52	–
Other intangible fixed assets	1	–	–	1	–
Total	436	64	208	227	47.8
Grand total	665	88	393	271	59.2

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 3 on the balance sheet (page 36~37).

2. Securities

(i) Securities held for trading purposes

Not applicable

(ii) Securities to be held to maturity

Not applicable

(iii) Available-for-sale securities

As of 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

As of the end of fiscal 2016

(Yen in millions)

Division	Type	Acquisition cost	Book value	Difference
Securities whose carrying amount exceeds their cost	Public & corporate bonds	186,891	189,396	2,505
	Stocks	-	-	-
	Foreign securities	20,503	21,275	772
	Others	-	-	-
	Subtotal	207,394	210,672	3,278
Securities whose carrying amount does not exceed their cost	Public & corporate bonds	18,757	18,747	(9)
	Stocks	-	-	-
	Foreign securities	5,252	5,159	(92)
	Others	-	-	-
	Subtotal	24,009	23,907	(101)
Total		231,404	234,580	3,176

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 2015			Fiscal 2016		
	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	-	3,504	2	-
Stocks	-	-	-	-	-	-
Foreign securities	4,592	12	-	42,893	144	10
Others	-	-	-	-	-	-
Total	44,802	194	-	46,397	147	10

3. Money trust

Not applicable

4. Derivative transactions

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

Currency related

As of 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

As of the end of fiscal 2016

(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	14,388	-	(363)	(363)
Euro	-	-	-	-
Total			(363)	(363)

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