



Sony Financial Holdings Inc.

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Our Vision

The SFH Group seeks to become the most highly trusted financial services group by customers. To this end, the SFH Group will combine many different financial functions (savings, investment, borrowing, and protection) to provide high-value-added financial products and high-quality services that meet every customer's financial needs.

Our Principles

Put the Customer First

We will provide financial products and services that satisfy customers by embracing their individual views, to ensure that we help them lead prosperous lives with financial security.

Give Back to Society

We believe that a special commitment to the public good is demanded of a financial services enterprise. Conscious of this, we will realize our vision by upholding the highest level of ethics and a strong sense of purpose, and thereby give back to society. In addition, we will fulfill our responsibilities as a good corporate citizen and member of society.

Strive for Originality

We will constantly strive to come up with fresh ideas from basic principles as we pursue creativity and innovation, instead of merely following customs and convention.

Foster an Open Corporate Culture

We believe that every employee's contribution is important to develop our ideal of a financial services company. We will thus foster an open corporate culture where employees can freely express their individuality and demonstrate their abilities to the fullest.

Disclaimers:

This annual report contains statements concerning the current plans, expectations, strategies and beliefs of the SFH Group. Any statements contained herein that pertain to future operating performance and that are not historic facts are forward-looking statements. Forward-looking statements may include—but are not limited to—words such as "believe," "anticipate," "plan," "strategy," "expect," "forecast," "predict," and "possibility" that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of the SFH Group, based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. The SFH Group disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings. The information contained in this annual report does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

- "Lifeplanner" is a registered trademark of Sony Life Insurance Co., Ltd.
- "MONEYKit" is a registered trademark of Sony Bank Inc.

The SFH Group is a comprehensive financial services group comprising Sony Financial Holdings Inc. (SFH), subsidiaries Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. (Sony Assurance), Sony Bank Inc. (Sony Bank), and other group companies.

our Strengths

see page

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our Strategies

see page

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our Soundness

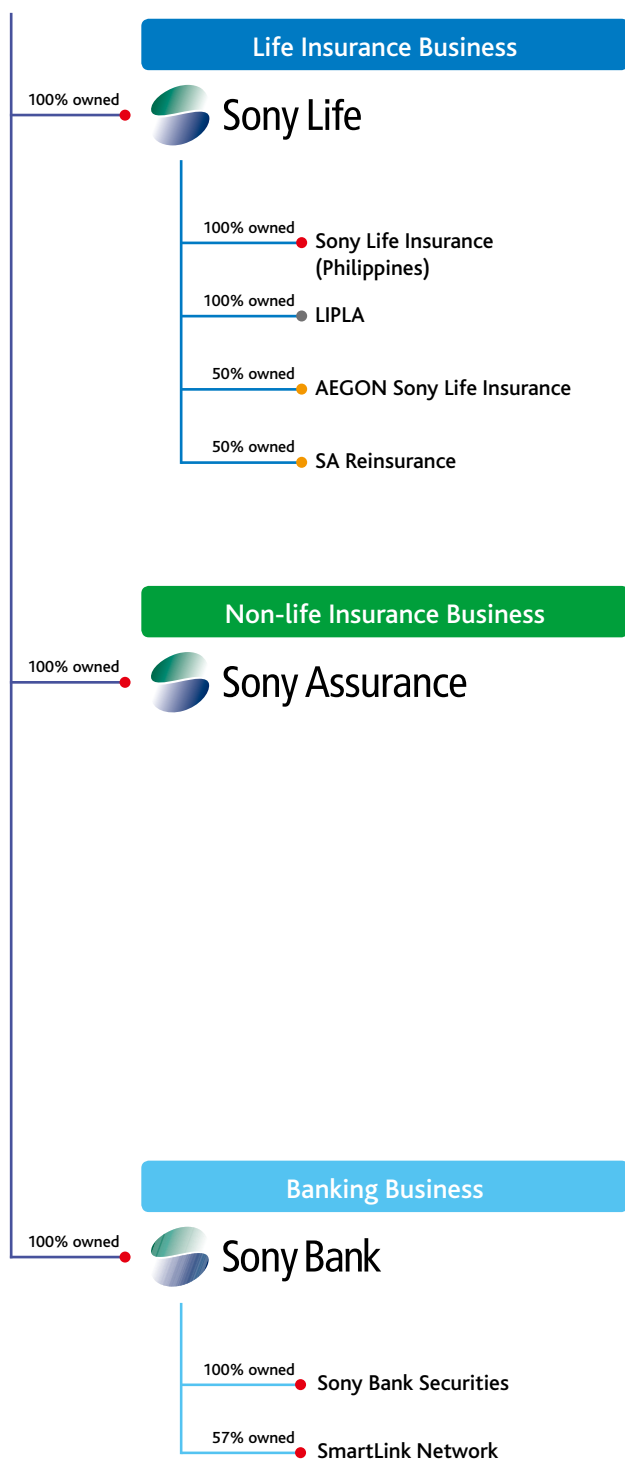
see page

006

our Strengths

Group Structure

Sony Financial Holdings



- Consolidated subsidiaries
- Equity-method affiliates
- Non-consolidated subsidiaries

(As of July 1, 2011)



* Sony Assurance official website



The SFH Group's core companies **Sony Life**, **Sony Assurance** and **Sony Bank** have each established business models based on our originality. This high degree of originality is one of the SFH Group's key strengths, and constitutes the engine behind its growth.

Sony Life

ともに生きるということ
LIFEPLANNER VALUE.
ライフプランナーバリュー

Main Sales Channels

- ▶ Lifeplanner sales employees
- ▶ Partners
(Independent agencies)

Main Products

- ▶ Death-protection insurance
- ▶ Medical insurance and others

Strengths

Lifeplanner sales employees with outstanding consulting skills design and sell customized life insurance policies to each and every customer. Through extensive after-sales follow-up services, Sony Life builds strong relationships of trust with customers.

Please refer to page 32, "Life Insurance Business," for details. ▶

Sony Assurance

FEEL THE Difference
この違いが、保険を変えていく。

Main Sales Channels

- ▶ Internet
- ▶ Telephone

Main Products

- ▶ Automobile insurance (Risk segmented)
- ▶ SURE medical and cancer insurance

Strengths

Sony Assurance provides highly unique and distinctive products at more attractive and reasonable premiums than major non-life insurance companies. Furthermore, Sony Assurance has developed high quality services while maintaining price competitiveness.

Please refer to page 36, "Non-life Insurance Business," for details. ▶

Sony Bank

MONEYKit

Main Sales Channels

- ▶ Internet

Main Products

- ▶ Deposits (Yen, foreign currency)
- ▶ Mortgage loans
- ▶ Investment trusts, foreign-exchange margin trading, and others

Strengths

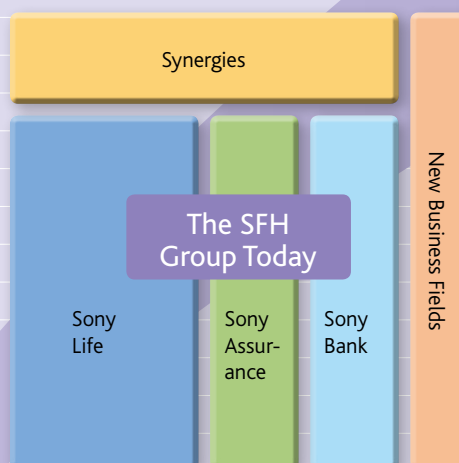
Sony Bank has established a low-cost business structure unique to an Internet bank. Through a lineup of highly convenient, high-quality products leveraging the advantages of the Internet, Sony Bank meets the asset management needs of individual customers.

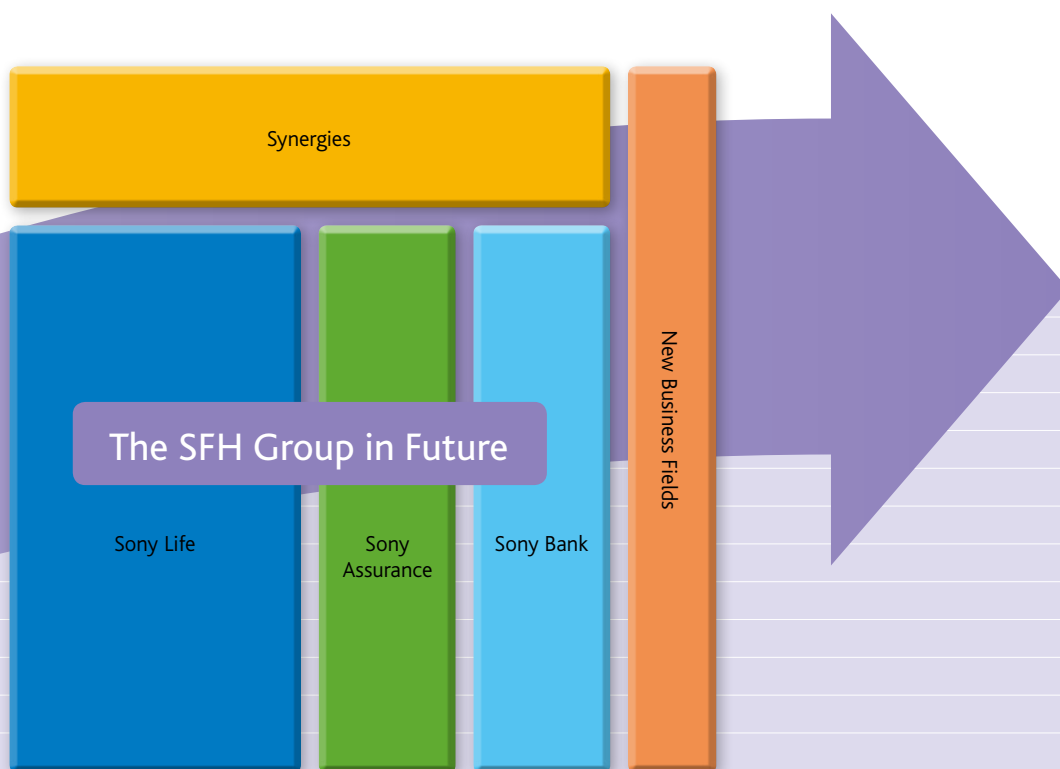
Please refer to page 38, "Banking Business," for details. ▶

our Strategies

The SFH Group Growth Strategies

The SFH Group seeks to increase corporate value based on steady growth in its three main subsidiaries. We are also working to enhance the corporate value of the SFH Group by generating synergies through cross selling and other measures and by entering new business fields.





Driving Growth in the Three Core Businesses

Sony Life, Sony Assurance and Sony Bank have set themselves apart by developing business models that differ from those of their existing competitors. As a result, the three companies have provided customer-oriented and highly convenient financial products and services to individual customers. Looking ahead, the SFH Group will achieve sustained growth by strengthening the competitive advantages of each company while enhancing their presence in each industry.



Promoting Group-wide Synergies Through Cross Selling, Cost-cutting and Other Measures

As deregulation proceeds in the financial services industry, the SFH Group believes that it will be able to enhance collaboration among Group companies on the sale of financial products to individual customers. We have worked to promote collaboration within the Group by, for example, having Lifeplanner sales employees at Sony Life sell Sony Assurance's automobile insurance and Sony Bank's mortgage loans. By strengthening and expanding collaboration among its businesses, the SFH Group will work to develop new customer bases and raise the efficiency of business operations.



Strengthening Fields Recently Entered While Entering New Business Fields

At AEGON Sony Life Insurance Co., Ltd. (AEGON Sony Life Insurance) and Sony Bank Securities Inc. (Sony Bank Securities), we intend to continuously enhance the range of products and services that satisfy the expectations of customers, as we steadily expand business volume. In fields it has yet to enter, the SFH Group will actively consider entering fields that help realize its vision, as it strives to diversify earnings sources and expand earnings.

In More Detail

Sony Life's Business Strategies —▶ See page 034

Sony Assurance's Business Strategies —▶ See page 037

Sony Bank's Business Strategies —▶ See page 039

our Soundness

Financial Highlights

Sony Financial Holdings (Consolidated)

	(Millions of yen)					
For the years ended March 31	2006	2007	2008	2009	2010	2011
Ordinary revenues	¥ 758,711	¥ 759,280	¥ 822,153	¥ 860,323	¥ 978,991	¥1,002,201
Ordinary profit	25,377	18,354	44,500	34,253	84,373	76,860
Net income	11,537	10,021	24,255	30,722	48,126	41,716
As of March 31						
Total assets	3,917,048	4,323,780	4,977,450	5,313,677	6,001,088	6,597,140
Net assets (Note 2)	263,040	270,179	261,627	204,897	269,439	294,877
Consolidated capital adequacy ratio (Domestic criteria) (Note 3)	9.99%	12.01%	14.62%	13.32%	12.05%	10.98%

Sony Life (Non-consolidated)

For the years ended March 31						
Ordinary revenues	¥ 696,426	¥ 689,591	¥ 741,250	¥ 765,910	¥ 881,798	¥ 900,091
Ordinary profit	24,359	14,895	39,290	32,409	80,099	73,176
Net income	9,616	7,494	18,514	33,783	46,138	40,220
As of March 31						
Total assets	3,103,241	3,445,970	3,659,786	3,810,929	4,286,540	4,723,332
Net assets (Note 2)	217,833	216,568	182,671	140,730	191,312	215,387

Sony Assurance

For the years ended March 31						
Ordinary revenues	¥ 45,703	¥ 51,020	¥ 55,649	¥ 61,882	¥ 68,174	¥ 74,166
Ordinary profit (loss)	(764)	2,044	2,817	2,178	2,565	2,144
Net income (losses)	(441)	1,598	2,185	(1,556)	1,604	1,297
As of March 31						
Total assets	56,103	67,468	78,645	86,698	98,340	109,382
Net assets (Note 2)	11,709	13,320	15,385	13,678	15,482	16,772

Sony Bank (Non-consolidated)

For the years ended March 31						
Ordinary revenues	¥ 17,225	¥ 19,470	¥ 25,988	¥ 33,361	¥ 30,500	¥ 29,521
Ordinary profit	2,228	1,354	2,746	414	2,930	3,377
Net income (loss)	3,258	1,023	4,492	(710)	1,646	2,054
As of March 31						
Total assets	754,768	806,848	1,211,000	1,411,956	1,612,186	1,761,830
Net assets (Note 2)	34,715	36,878	35,712	46,264	58,989	59,971
Non-consolidated capital adequacy ratio (Domestic criteria) (Note 4)	9.24%	11.49%	9.15%	13.37%	12.09%	10.84%

Notes: 1. All figures have been rounded down to the nearest ¥1 million.

2. Net assets and total assets have been calculated based on the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8) since FY2006.

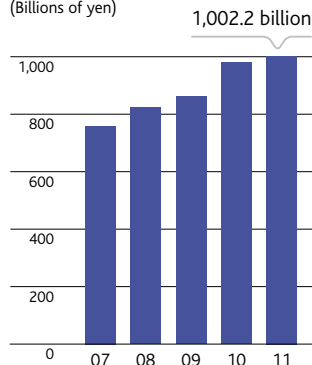
3. SFH has calculated the consolidated capital adequacy ratio (domestic criteria) based on formulas stipulated in the FSA Notification No. 20 (2006), which is based on Article 52-25 of the Banking Act, since FY2006. The Company applies Standard Two. The Company calculated the consolidated capital adequacy ratio based on formulas stipulated in the Ministry of Finance Public Notice No. 62 (1998), which is based on Article 52-25 of the Banking Act, in FY2005. Calculations in all periods do not include insurance subsidiaries within the scope of consolidation. The Company has applied FSA Notification No. 79 (2008), which establishes exceptions to the standards based on Article 52-25 of the Banking Act for determining the capital adequacy of a bank holding company in light of the assets held by the bank holding company and its subsidiaries, since the end of March 2009.

4. Sony Bank has calculated its non-consolidated capital adequacy ratio (domestic criteria) based on FSA Notification No. 19 (2006), which establishes standards based on Article 14-2 of the Banking Act for determining the capital adequacy of a bank in light of the assets held by the bank, since the end of March 2007. The Bank applied previous standards in FY2005. The Bank has applied FSA Notification No. 79 (2008), which establishes exceptions to the standards in FSA Notification No. 19 (2006), which establishes standards based on Article 14-2 of the Banking Act for determining the capital adequacy of a bank in light of the assets held by the bank, since the end of March 2009.

The SFH Group has steadily generated earnings while maintaining financial soundness. This high degree of financial soundness is crucial to earning and maintaining the trust of customers, and is also an essential foundation for future growth.

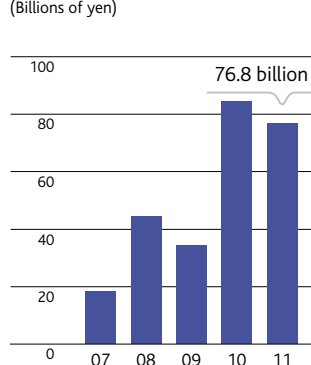
Sony Financial Holdings (Consolidated)

Ordinary revenues
(Billions of yen)



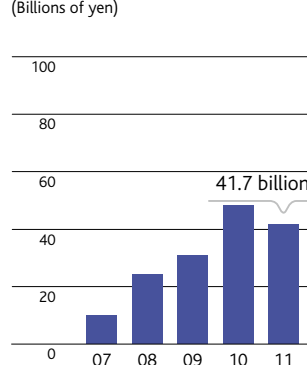
For the years ended March 31

Ordinary profit
(Billions of yen)



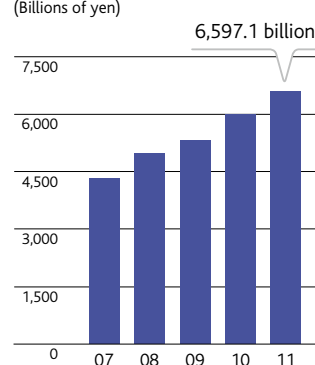
For the years ended March 31

Net income
(Billions of yen)



For the years ended March 31

Total assets
(Billions of yen)



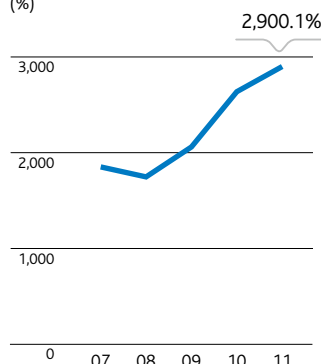
As of March 31

Financial Soundness Indicators (As of March 31)

The SFH Group strives to ensure a high degree of financial soundness, in order to earn and maintain the trust of customers as a financial institution.

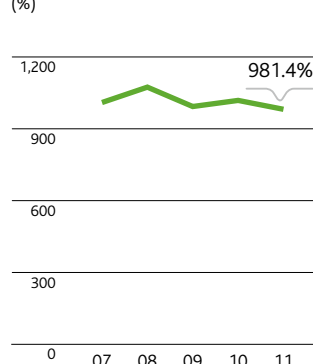
Sony Life

Solvency margin ratio
(%)



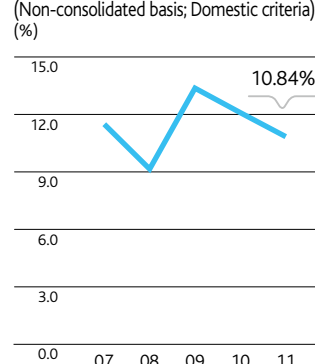
Sony Assurance

Solvency margin ratio
(%)



Sony Bank

Capital adequacy ratio
(Non-consolidated basis; Domestic criteria)
(%)



Credit Ratings (As of July 1, 2011)

Rating				
Rating Agency	Rating and Investment Information (R&I)			
Sony Financial Holdings	● Issuer ratings			
	AA-			
Rating Agency	Rating and Investment Information (R&I)	Japan Credit Rating Agency (JCR)	Standard & Poor's (S&P)	Moody's Investors Service
Sony Life	● Insurance claims paying ability	● Ability to pay insurance claims	● Insurer financial strength rating	● Insurance financial strength rating
	AA	AA	AA- (Outlook "Negative")	Aa3
Rating Agency	Japan Credit Rating Agency (JCR)	Standard & Poor's (S&P)		
Sony Bank	● Long-term senior debts rating	● Long-term counterparty credit rating	● Short-term counterparty credit rating	
	AA- (Outlook "Stable")	A (Outlook "Stable")	A-1	

Message From the President



I first wish to express my deepest sympathies to those directly affected by the Great East Japan Earthquake on March 11, 2011. We sincerely hope for the earliest possible recovery of the devastated areas. The entire SFH Group will make every effort to provide assistance to those directly affected by the disaster.

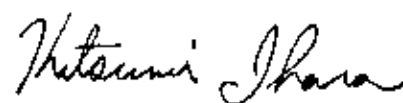
In FY2010, the fiscal year ended March 31, 2011, the Japanese economy gradually improved from the global financial market turmoil triggered in 2008. However, it has yet to stage a convincing recovery, mainly as a result of the yen's sharp appreciation and job uncertainty. Furthermore, the Great East Japan Earthquake in March 2011 caused untold damage, with no end in sight to the problems plaguing the Fukushima Daiichi Nuclear Power Station. These factors are expected to delay the recovery of the devastated regions and hinder manufacturing activity in Japan. As a result, there are increasingly strong concerns over a slowdown in the Japanese economy.

Under these conditions, the SFH Group implemented a range of initiatives addressing diversifying needs in the past year, with the aim of becoming the most highly trusted financial services group by customers through the provision of high-quality services. Thanks to these customer-focused efforts, in FY2010, the SFH Group steadily expanded business volume in all three of its businesses, namely life insurance, non-life insurance, and banking. Key indicators in every business increased steadily. At Sony Life, new policy amount rose 3.7% year on year to ¥4,199.0 billion, while policy amount in force increased 3.8% to ¥34,748.5 billion. At Sony Assurance, direct premiums written increased 8.6% year on year to ¥72.8 billion. Meanwhile, Sony Bank posted an 11.3% year-on-year increase in the retail balance (the sum of customers' yen deposits, foreign currency deposits, investment trusts, and personal loan balance) to ¥2,419.6 billion. In terms of overall performance, consolidated ordinary revenues rose 2.4% year on year to ¥1,002.2 billion. However, consolidated ordinary profit decreased 8.9% year on year to ¥76.8 billion, primarily as the result of higher insurance claims and other payments due to the earthquake, coupled with the impact of increased provisions for policy reserves,

mainly in the life insurance business. Consequently, the SFH Group recorded net income of ¥41.7 billion, down 13.3% year on year. Meanwhile, Sony Life's market consistent embedded value (MCEV), an important benchmark of its corporate value, decreased ¥40.4 billion from March 31, 2010 to ¥853.6 billion as of March 31, 2011, despite an increase in new business value. This decrease was mainly due to the impact of falling interest rates. Having positioned the lowering of interest rate risk as a priority, Sony Life has substantially reduced the sensitivity of MCEV to interest rate movements over the past 2.5 years by promoting the purchase of ultralong-term bonds. Looking ahead, Sony Life will continue to raise corporate value by increasing new business value, while controlling the impact of changes in interest rates and other financial market changes.

We have always managed the SFH Group from a long-term perspective, in response to difficulties financial institutions are facing, such as Japan's aging society and low birthrate, and low interest rates. From FY2011, we intend to drive further growth and expansion in the SFH Group's businesses, so that we may lend a hand in Japan's economic recovery from the catastrophic damage caused by the earthquake and tsunami. Strongly aware of our role in society and purpose as a financial institution, we intend to fulfill our obligations to all stakeholders in order to realize a sustainable society. We look forward to your continued support and understanding as we endeavor to reach our goals.

July 2011



Katsumi Ihara
President, Representative Director

Interview With the President



In this section, President and Representative Director Katsumi Ihara answers questions about strategies that will be crucial to enhancing the SFH Group's corporate value going forward. The interview also takes a look at SFH Group's FY2010 business performance and outlook.

Katsumi Ihara

President, Representative Director

Q&A Item

● FY2010 Performance Assessment

Trends in Insurance Sales at Sony Life

Trends in Sales Channels at Sony Life

Revisions of the Solvency Margin Ratio and Financial Soundness

Reduction of Market Volatility Risk at Sony Life

Rising Net Loss Ratio and Revised Policy Details at Sony Assurance

Sony Bank Opens "Housing Loan Plaza," its First Over-the-counter Branch

● Returns to Shareholders



Question

FY2010 Performance Assessment

Could you please tell us about various measures implemented by each SFH Group business in FY2010?



Answer

Trends in Insurance Sales at Sony Life

At Sony Life, death-protection insurance represents around three-quarters of the entire insurance product lineup (based on annualized premiums from policies in force). In family income insurance, the core category of death-protection insurance, we continued to see steady growth in sales of the discount rider for nonsmokers and others in excellent health in FY2010, following its launch in November 2009. Another strong-selling product was nursing care insurance, supported by efforts to upgrade and extend our lineup in the nursing care field. Sony Life began selling nursing care

insurance in November 2006 in response to the growing number of senior citizens requiring nursing care as Japan's society ages. This nursing care insurance policy provides a one-time nursing care payment and nursing care annuity payments in the event that a customer requires a Category 2 or higher level of nursing care under Japan's public nursing care insurance system. If a customer passes away before requiring nursing care, a death benefit is paid out. If the customer surrenders the policy before requiring nursing care, a surrender payment is provided. Meanwhile, in November 2010, Sony Life began offering Whole Life Nursing-care Insurance (Reduced Surrender Value). This is a non-participating insurance policy that allows Sony Life to offer more reasonably priced insurance premiums than current products as it has no death protection or surrender benefits. By adding such insurance products, Sony Life enables customers to compare and choose nursing care insurance products in line with their diverse needs. Sony Life is stepping up efforts in the field of "senior life planning" as well. Looking ahead, Sony Life will continue to promote sales of nursing care insurance products that fit the needs of its customers.

Features of Sony Life's Nursing Care Insurance

- **Whole Life Insurance**

Insurance protection lasts for a customer's entire lifetime. There is no need to worry about an insurance protection expiring before nursing care is required.

- **Insurance Protection Provided When Customer Requires Category 2 or Higher Level of Nursing Care**

A one-time nursing care payment and nursing care annuity payments are provided when the customer is officially recognized as requiring a Category 2 or higher level of nursing care under Japan's public nursing care insurance system.

- **Insurance Protection Provided When a Customer Requires a Certain Level of Nursing Care Determined by Sony Life**

If a customer requires a certain level of nursing care determined by Sony Life prior to reaching the age of 65, a one-time nursing care payment and nursing care annuity payments will be paid.

- **Lifelong Nursing Care Annuity Payments**

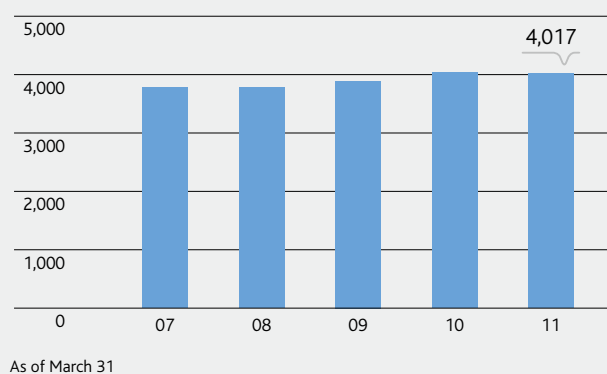
Nursing care annuity payments will be provided every year as long as a customer requires a Category 2 or higher level of nursing care, or a certain level of nursing care determined by Sony Life.

Trends in Sales Channels at Sony Life

Ever since its founding, Sony Life has provided customized life insurance policies optimal for each individual customer through consultations based on life planning. In addition, after selling an insurance policy, Sony Life conducts appropriate detailed follow-up activities in line with changes in the customer's lifestyle. These customized life insurance policies and high-quality follow-up services are provided by Sony Life's Lifeplanner sales employees and the Partner (independent agencies) channel. As the driving force behind the life insurance business, both of these sales channels must be continuously strengthened in terms of both quality and quantity.

The number of Lifeplanner sales employees, Sony Life's core sales channel, was 4,017 as of March 31, 2011, down slightly from 4,036 as of March 31, 2010. One of the main reasons was a decline in newly recruited Lifeplanner sales employees as stricter recruitment standards were enforced. Another reason was that the number of Lifeplanner sales employees resigning, which had been low after the Lehman bankruptcy, returned to normal levels. Sony Life has taken a range of initiatives to enhance the quality of newly recruited Lifeplanner sales employees. Sony Life has enforced stricter recruitment standards based on an analysis of post-recruitment sales performance and other data, while working to streamline and standardize recruitment activities by sharing information on a company-wide basis. Other measures have included strengthening training programs by extending the post-recruitment training period, and upgrading and expanding training content.

Number of Lifeplanner Sales Employees at Sony Life
(Number)



While the number of Lifeplanner sales employees had decreased as of March 31, 2011, the number of new policies surpassed the previous year's result, highlighting that sales productivity per Lifeplanner sales employee has improved. While tightening recruitment standards, Sony Life has stepped up recruitment activities. Looking ahead, Sony Life will drive growth in the life insurance business by increasing the number of Lifeplanner sales employees while further boosting their sales productivity.

Furthermore, in 1989 Sony Life introduced the Partner (independent agencies) system in order to address the many and varied insurance needs of customers. Today, insurance sales through independent agencies represent around one-fourth of all new policies. The Partner (independent agencies) channel is steadily expanding as a crucial sales channel next only to the Lifeplanner channel.

Revisions of the Solvency Margin Ratio and Financial Soundness

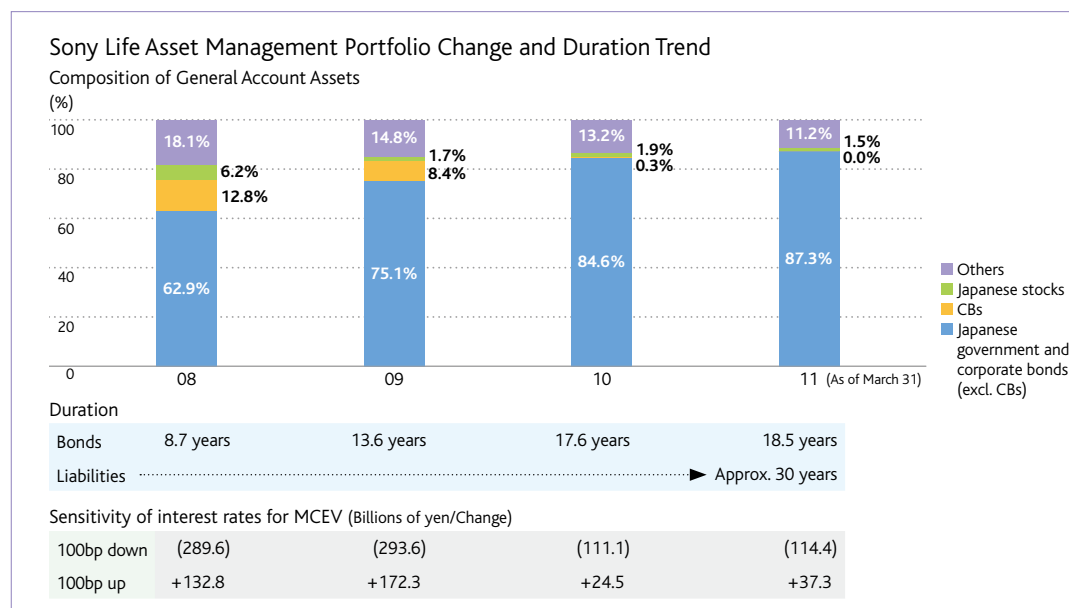
In the wake of the global financial crisis, there have been strong calls for insurance companies to ensure financial soundness. Beginning with financial results to be reported at the end of March 2012, stricter methods of measuring the solvency margin ratio, which shows an insurance company's ability to pay insurance claims, will come into force. For example, restrictions will be imposed on the inclusion of surplus components of premium reserve in the calculation of the total solvency margin, and asset

management risk will be measured more precisely. Under current standards, Sony Life had a solvency margin ratio of 2,900.1% as of March 31, 2011. Under the revised standards, the solvency margin ratio would drop to 1,720.0%, but this still represents a high degree of financial soundness. Sony Life has been pressing ahead with risk management based on economic value, using indicators such as MCEV. Therefore, the company expects to be able to also maintain capital adequacy relative to solvency standards on an economic value basis, which are expected to be introduced in the future. Looking ahead, Sony Life will continue to enhance its risk management system while closely monitoring the penetration of European Solvency II standards.

Separately, Sony Assurance had a solvency margin ratio of 981.4% under current standards, but 631.0% under the revised standards. Sony Assurance has also maintained financial soundness.

Reduction of Market Volatility Risk at Sony Life

Sony Life has introduced business assessment and risk management using MCEV and other indicators based on economic value. In this context, Sony Life has worked to realign its asset management portfolio over the past 2.5 years so as to reduce the extent of volatility in its corporate value due to swings in stock prices and interest rates. For this purpose, Sony Life has drastically reduced risk assets such as equities and convertible bonds. At the same



time, Sony Life has extended the bond durations of its holdings of Japanese government and corporate bonds centered on Japanese government bonds by shifting from investing in bonds with short-term maturities to those with long-term maturities, such as ultralong-term bonds, and by purchasing new bonds with ultralong-term maturities. Through these measures, Sony Life has reduced the duration mismatch risk between assets and liabilities. As a result, Sony Life has dramatically lowered the sensitivity of MCEV to interest rate movements. To maintain this buffer against interest rate risk, Sony Life plans to invest the bulk of proceeds from insurance premiums primarily in ultralong-term bonds going forward. While continuing to control its exposure to market volatility risk, Sony Life will work to expand business volume mainly in insurance underwriting operations, with the aim of increasing its corporate value.

Rising Net Loss Ratio and Revised Policy Details at Sony Assurance

In recent years, Sony Assurance has seen the net loss ratio rise in tandem with a higher accident rate for automobile insurance. This mainly reflects longer distances driven by customers due to ETC expressway toll discounts, the uptake of eco-friendly cars and other reasons. In response to the rising net loss ratio and other factors, in February 2011, Sony Assurance revised its policy details and also changed its insurance premium structure. This move is expected to lessen the impact of the higher net loss ratio and lead to improved profitability.

Sony Bank Opens "Housing Loan Plaza," its First Over-the-counter Branch

Sony Bank is taking a range of initiatives to ensure profitability amid a persistent low-interest rate environment worldwide. One particular initiative in the mortgage loan business saw Sony Bank open "Housing Loan Plaza," its first over-the-counter branch, in June 2010 in front of the JR Tokyo Station. For individual customers, a mortgage loan agreement involves considerable sums of money. Therefore, Sony Bank has provided a face-to-face consultation channel, in addition to its Internet and telephone banking channels, with the view of attracting many customers to the branch. As a result, Sony Bank has reported an increase in customers taking out mortgage loans.



Returns to Shareholders

Why was the dividend for FY2010 increased to ¥4,000 per share? Does this reflect a change in the SFH Group's dividend policy?



There has been no change in our basic dividend policy. SFH sees improving return on equity (ROE) and returning profits to shareholders as key management priorities. The

basic tenet of our dividend policy is to achieve stable dividend payments, while striving to retain adequate internal reserves necessary to fund future business development and maintain the high degree of financial soundness needed to keep and earn the trust of our Group companies' customers.

SFH has steadily posted higher consolidated net income than when it listed its shares on the First Section of the Tokyo Stock Exchange in October 2007. In particular, as a result of revising its asset management portfolio, Sony Life has transformed its earnings structure into one that is expected to generate stable investment returns centered on interest income over the medium and long terms. Furthermore, the SFH Group is currently performing solidly in terms of financial soundness benchmarks. Management has determined that the SFH Group would be able to continue generating net income at a level needed to maintain stable dividend payments, even if financial soundness benchmarks based on economic value were adopted in the future. For these reasons, we decided to increase the year-end dividend for FY2010 from ¥3,000 to ¥4,000 per share.

Effective April 2011, we reduced the unit investment amount for our shares through a stock split. This move was aimed at expanding our investor base to include more individual shareholders and increasing the liquidity of SFH stock.

Management Organization/Senior Management of SFH As of July 1, 2011

President, Representative Director



Katsumi Ihara

President, Representative Director of Sony Life Insurance Co., Ltd.
Director of Sony Assurance Inc.
Director of Sony Bank Inc.

Director



Hirotoshi Watanabe

Director of Sony Life Insurance Co., Ltd.
Director of Sony Assurance Inc.
Director of Sony Bank Inc.

Director



Taro Okuda

Chairman, Representative Director of Sony Life Insurance Co., Ltd.

Director



Shinichi Yamamoto

President, Representative Director of Sony Assurance Inc.

Director



Shigeru Ishii

President, Representative Director of Sony Bank Inc.

Director



Masaru Kato

EVP, CFO^(Note 1), Corporate Executive Officer of Sony Corporation

Director (Outside)



Yasushi Ikeda^(Note 2)

Attorney and Partner, Miyake Imai & Ikeda

Director



Ryuji Yasuda

Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
Outside Director of Sony Corporation

Director (Outside)



Isao Yamamoto^(Note 2)

President, Enterprising Investment, Inc.

Standing Statutory Auditor (Outside)



Hiroshi Sano

Statutory Auditor of Sony Life Insurance Co., Ltd.
Statutory Auditor of Sony Assurance Inc.
Statutory Auditor of Sony Bank Inc.

Statutory Auditor (Outside)



Takemi Nagasaka

SVP^(Note 1), Senior General Manager, Accounting Division, Corporate Executive of Sony Corporation

Statutory Auditor (Outside)



Hiroshi Ueda

Standing Statutory Auditor of Sony Bank Inc.

Statutory Auditor



So Sato

Standing Statutory Auditor of Sony Life Insurance Co., Ltd.

Statutory Auditor



Takatoshi Yajima

Standing Statutory Auditor of Sony Assurance Inc.
Statutory Auditor of Sony Life Insurance Co., Ltd.

Notes: 1. EVP stands for Executive Vice President, CFO stands for Chief Financial Officer and SVP stands for Senior Vice President.

2. Yasushi Ikeda and Isao Yamamoto are Independent Directors, which are required by the Tokyo Stock Exchange Group, Inc. to protect ordinary shareholders.

Corporate Governance

Internal Control System

SFH's Board of Directors has stipulated a Basic Policy on Establishing an Internal Control System in compliance with the Companies Act of Japan to ensure the appropriateness of company business activities. In line with this policy, SFH has established and operates an appropriate internal control system.

SFH has also introduced an Internal Control and Financial Reporting System in accordance with the Financial Instruments and Exchange Law of Japan, with the aim of strengthening internal control governing financial reporting. As a listed company, SFH has put in place and operates the necessary organizational system and operational rules for disclosing proper financial information.

■ Basic Policy on Establishing an Internal Control System

1. System to ensure that the execution of duties by directors and employees is legally compliant and in accordance with the Articles of Incorporation
 - i. The Board of Directors has established a code of conduct as a basic policy for compliance and made this code clear to SFH's executives, employees and subsidiaries.
 - ii. The Board of Directors has created a compliance manual that provides specific compliance guidelines and a compliance program that defines specific plans.
 - iii. The Board of Directors has created a compliance supervisory department to promote its compliance program. The compliance supervisory department regularly reports to the Board of Directors on the progress of the compliance program.
 - iv. The Board of Directors has formulated the Basic Group Policy on Eradicating Anti-social Influences. This policy describes the firm stance the group takes to counter anti-social influences and build the structure necessary to fulfill this policy.
 - v. The Board of Directors has established an internal hotline system and has informed SFH's executives, employees and subsidiaries about the system. This system allows employees or others who become aware of business policies, operations or other activities that contravene (or are in danger of contravening) laws and regulations to report directly to a hotline desk. The system prohibits any action from being taken against employees or others who provide such notification.
 - vi. The Board of Directors has established an internal audit supervisory department, which is independent from other operating departments. The internal audit supervisory department liaises and cooperates with the statutory auditors and the accounting auditor; monitors and verifies, from an independent and objective viewpoint, the implementation and operational status of the internal control system; and reports regularly to the Board of Directors the status of internal audits.
 - vii. The Board of Directors has formulated internal audit regulations, which define the basic policy regarding internal audits, and informs SFH's executives and employees and subsidiaries of these.
2. System for preserving and managing information related to the execution of duties by directors

SFH has established record-keeping regulations to ensure that documents pertaining to the execution of duties by directors, such as records of decisions at Board of Directors and Executive Committee meetings, are appropriately preserved and managed in accordance with these regulations and laws.
3. Systems on regulations related to risk management
 - i. The Board of Directors has formulated the fundamental principles for risk management activities as a basic policy for group risk management and informs SFH's executives, employees and subsidiaries of these.
 - ii. The Board of Directors has established a risk management supervisory department to manage risks appropriately for SFH and its subsidiaries, in accordance with each entity's scale, characteristics and type of business. This department reports regularly to the Board of Directors on the status of risk management.
 - iii. The Board of Directors evaluates the capital adequacy of subsidiaries to ensure that their levels of capitalization are sufficient in light of the risks the SFH Group directly faces and to implement appropriate capital allocations. If necessary, the Board of Directors takes measures designed to strengthen capital bases.
 - iv. The Board of Directors formulates contingency plans to build a system that enables the SFH Group to respond rapidly to a crisis and take measures to minimize the impact of these risks. The Board of Directors makes these plans known to SFH's executives, employees and subsidiaries.
4. Systems to ensure the efficient execution of duties by directors
 - i. The Board of Directors formulates approval regulations, organizational and task-sharing regulations and other internal provisions, and creates an appropriate structure for the efficient execution of duties.
 - ii. The Board of Directors formulates business plan control regulations, which are employed to control non-consolidated and consolidated medium-term business plans and annual business plans.
 - iii. The department in charge of business planning reports regularly to the Board of Directors regarding the progress of group-wide plans.

5. System to ensure the appropriateness of operations by SFH and the corporate group, including SFH's parent company and subsidiaries
 - i. In addition to exercising shareholder rights as a financial holding company, SFH ensures the appropriateness of its subsidiaries' operations by exercising management control in accordance with the management control agreements made between SFH and its subsidiaries.
 - ii. SFH deliberates and examines the appropriateness and compliance of group-wide transactions, alliances or new business by subsidiaries that have the potential to significantly impact the management of the group before the commencement of those transactions. Such issues are resolved by or reported to the Board of Directors.
 - iii. SFH's Audit Department takes responsibility for ensuring that subsidiaries have appropriate internal control systems in place and monitors and verifies the results of internal and third-party audits of subsidiaries.
 - iv. SFH and its subsidiaries submit management information about the group as needed to SFH's parent company and interact with the parent company's internal audit supervisory department.

6. Items pertaining to employees who are requested to assist statutory auditors in their duties

If directors receive requests from statutory auditors for employees to be allocated to assist them in their duties, the directors assign such personnel without delay.

7. Independence from directors of employees assigned as mentioned directly above

Statutory auditors must agree to the appointment, removal and evaluations of employees assigned to assist them in their duties.

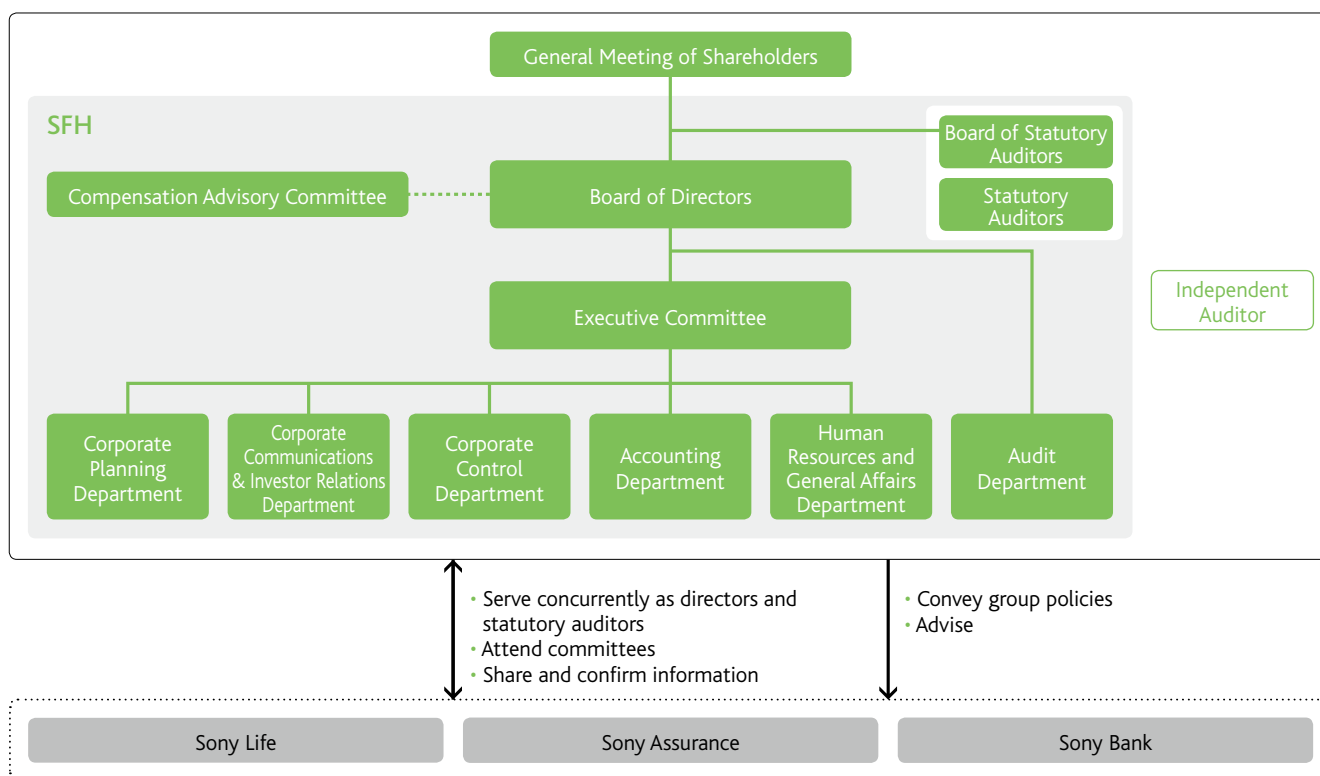
8. System for directors and employees to report to statutory auditors, and other reporting system

- i. If directors or employees are requested to provide business reports to statutory auditors, they do so without delay.
- ii. If directors or employees receive notification via the internal hotline system, they report immediately to the statutory auditors.

9. Other systems to ensure the effectiveness of audits by statutory auditors

Representative directors endeavor to forge and deepen relationships with statutory auditors based on mutual understanding and trust by fostering an environment that is necessary for audits by statutory auditors.

SFH Group Internal Control



Management Systems

SFH uses the statutory auditor system. It appoints outside directors who work with statutory auditors to supervise management, thereby strengthening corporate governance.

SFH is a listed company with a listed parent company (Sony Corporation, hereafter Sony, which holds 60% of SFH's shares). For this reason, SFH has specified a Policy Concerning the Measures to Protect Minority Shareholders in Transactions with the Controlling Shareholder to protect the interests of minority shareholders.

* SFH prepares and discloses a Corporate Governance Report and Information Pertaining to Controlling Shareholders in accordance with the regulations of Tokyo Stock Exchange Group, Inc. These documents can be viewed at the Tokyo Stock Exchange Group, Inc. or on SFH's website (http://www.sonyfh.co.jp/index_en.html).

■ Board of Directors (As of July 1, 2011)

SFH, as a pure holding company, has formed a Board of Directors not only to manage SFH but also to integrate its group management system and to strengthen its corporate governance.

SFH's Board of Directors is made up of nine members. In addition to two executive directors, there are three representative directors of SFH's subsidiaries who serve as non-executive directors of SFH and contribute to efficient business operations of the group as a whole. Furthermore, because SFH is a subsidiary with a publicly listed parent company, it has appointed two outside directors who are independent directors as required by the Tokyo Stock Exchange Group, Inc. to protect ordinary shareholders.

Additionally, in order to receive general management advice concerning the SFH Group, SFH has appointed directors from outside the SFH Group. Two individuals serve concurrently as outside directors or corporate executive officers of Sony, the parent company.

SFH's Articles of Incorporation stipulate that there can be up to 12 directors.

Regarding the boards of directors of group subsidiaries, three SFH executive directors or corporate executive officers serve concurrently as directors of subsidiaries with the aim of increasing the effectiveness of group strategy and ensuring the sound business management of each company.

■ Statutory Audits, Internal Audits and Accounting Audits (As of July 1, 2011)

(Statutory Audits)

SFH's Board of Statutory Auditors has five members, of whom three are outside statutory auditors. Statutory auditors audit the execution of duties by directors based on the audit policy, audit plan, audit methodology and assignment of audit duties stipulated by the Board of Statutory Auditors.

Statutory auditors attend important meetings, including Board of Directors' meetings, review the details of reports received from directors, key personnel and other people, and examine SFH's operations and financial condition. At the same time, statutory auditors maintain close collaboration with outside directors, the director and employees in charge of internal audits to enhance the supervisory function with respect to corporate management.

SFH's Articles of Incorporation stipulate that there can be up to five statutory auditors.

(Internal Audits)

SFH performs internal audits through its Audit Department. The Audit Department reports directly to the director in charge of internal audits (the president and representative director of SFH) and is independent of the company's operating divisions. It conducts internal audits from an independent and objective standpoint.

Please see page 23 for further details.

(Accounting Audits)

The names, accounting firm and back-up team of the Certified Public Accountants (CPAs) who acted as the accounting auditors of SFH are as follows:

Accounting firm	PricewaterhouseCoopers Aarata
CPAs	Keiichi Otsuka, Naoaki Kobayashi
Accounting audit team	Four CPAs, three others

■ Compensation for SFH's Directors and Statutory Auditors

The policy for determining the compensation of executive directors and outside directors stipulated by resolution of the Board of Directors and the policy for determining the compensation of statutory auditors stipulated by resolution of the Board of Statutory Auditors are as follows. Directors with no executive duties, except outside directors, and non-executive statutory auditors are, in principle, paid no compensation.

The compensation of individual executive directors and outside directors is deliberated by the Compensation Advisory Committee and determined by resolution of the Board of Directors based on the committee's report. Meanwhile, the compensation of individual statutory auditors is determined through discussion by Statutory Auditors.

(1) Executive Directors

The main responsibility of executive directors is to continuously increase corporate value as managers of SFH and the SFH Group. Consequently, SFH's basic policy is to determine compensation for executive directors, considering a balance between a fixed portion and a results-linked portion with a focus on securing talented human resources and ensuring that compensation serves as an effective incentive for improving business performance.

a) Compensation

Compensation consists of a fixed portion depending on the position such as president and representative director, and a results-linked portion depending on the performance of SFH and the SFH Group as a whole and individual responsibilities.

The results-linked portion could range from 0% to 200% of the standard amount subject to achievement of management targets for SFH and the SFH Group and discharge of responsibilities.

b) Level

A suitable level of compensation shall be paid in order to secure talented individuals. In determining the level, consideration is given to the results of third-party surveys of the compensation levels of corporate managers and other information.

c) Retirement benefits

SFH sets aside an amount equivalent to a defined portion of compensation for every year in office and pays the full amount upon retirement. A defined portion of the reserved amount is converted into shares of SFH and granted, with the aggregate number of shares converted at the market price and paid upon retirement.

(2) Outside Directors

The main responsibility of outside directors is to enhance the transparency and objectivity of corporate management through the oversight and supervision of the performance of duties by executive directors. Consequently, SFH's basic policy is to determine compensation for outside directors as fixed compensation with a focus on securing talented human resources and ensuring that supervision and oversight function effectively.

a) Compensation

Compensation is paid in a fixed amount according to the role.

b) Level

A suitable level of compensation shall be paid in order to secure talented individuals. In determining the level, consideration is given to the results of third-party surveys of the compensation levels of corporate managers and other information.

c) Retirement benefits

None

(3) Statutory Auditors

The main responsibility of statutory auditors is to ensure the transparency and objectivity of corporate management by conducting operational and accounting audits. Consequently, SFH's basic policy is to determine compensation for statutory auditors as fixed compensation with a focus on securing talented individuals and ensuring that the audit function is working effectively.

a) Compensation

Compensation is paid in a fixed amount according to the role.

b) Level

A suitable level of compensation shall be paid in order to secure talented individuals. In determining the level, consideration is given to the results of third-party surveys of the compensation levels of statutory auditors and other information.

c) Retirement benefits

A fixed amount is paid according to the role.

SFH has formulated the Compensation Advisory Committee Regulations to clarify the process for determining the compensation of directors of SFH and representative directors of subsidiaries, and established the Compensation Advisory Committee to deliberate these matters. Consisting of a small number of SFH directors, including the outside director, the Compensation Advisory Committee receives advice from the Board of Directors of SFH and the boards of directors of subsidiaries as necessary, and reports the results of its deliberations to the respective boards of directors. The above policies are also deliberated by the Compensation Advisory Committee.

Details of compensation for SFH's directors and statutory auditors for the fiscal year ended March 31, 2011 are as follows:

Category	Number of payees	Compensation (Amounts other than compensation (Note 1))
Compensation for directors	4	¥238 million (¥39 million)
Compensation for statutory auditors	1	¥ 21 million (¥ 1 million)
Total	5	¥260 million (¥40 million)

(Note 1) Amounts other than compensation include a provision for reserve for directors' retirement benefits for the fiscal year.

Details of compensation for outside directors and statutory auditors for the fiscal year ended March 31, 2011 are as follows:

Category	Number of payees	Compensation (Amounts other than compensation)	Compensation from SFH parent company, etc. (Note 2)
Outside directors and statutory auditors	3	¥27 million (¥ 1 million)	¥21 million

(Note 2) Compensation from SFH parent company, etc. shows compensation received as a director or statutory auditor from the parent company Sony or its subsidiaries, etc. (including subsidiaries of SFH, etc.).

■ Environment Relating to the Exercise of Voting Rights

SFH does the following to make it easier for shareholders to exercise their voting rights.

<General Meeting of Shareholders>

- SFH sets the meeting date to avoid dates on which other companies' annual general meetings are concentrated.
- SFH posts the Notice of Convocation on its website.
- SFH provides a partial translation of the Notice of Convocation in English.
- SFH uses an electronic voting platform.
- SFH posts the results of the voting on its website.

Compliance

■ Basic Stance on Compliance

To ensure the ongoing health and appropriateness of business operations, SFH must encourage all executives and employees to deepen their understanding of SFH's corporate philosophy and the laws and regulations that pertain to its businesses, foster compliance with these laws and regulations, and manage its operations in a transparent and appropriate manner based on a strong sense of ethics. Including all these factors in its definition of "compliance," SFH considers compliance as one of its most important management tasks. Accordingly, SFH has established systems to ensure that all executives and employees are fully aware of their duties and responsibilities under the laws and regulations.

As a financial holding company with insurance and banking subsidiaries, SFH is responsible for understanding the state of compliance of its group companies and advising these companies on compliance issues as it deems necessary. The first level of compliance-related responsibility lies with individual group companies, which are responsible for establishing systems to raise their level of compliance in line with their specific industry, type of operations and scale of business. SFH, on the other hand, has the role of maintaining an ongoing understanding of and promoting group companies' compliance from the viewpoint of group management.

■ Compliance Systems at SFH and SFH Group Companies

• SFH's Compliance Systems

SFH's Board of Directors has established a compliance manual* and a compliance program.** SFH mounts ongoing efforts to ascertain the state of conformance and progress of compliance and takes the initiative in establishing compliance systems for itself and its group companies.

Under authority delegated by the Board of Directors, SFH's Executive Committee directs each department to plan and enforce necessary compliance-related measures.

SFH's Corporate Control Department takes overall control of compliance planning, proposal creation and promotion. This department also monitors the compliance status of the group companies.

* Compliance manual

This manual outlines SFH's compliance system, describes the group's corporate philosophy and indicates laws and regulations for conformance of which executives and employees should be aware. The manual also establishes measures for handling situations discovered to be in conflict with laws and regulations—non-compliant activities—and for confirming the compliance status.

** Compliance program

This program, conducted annually, in principle, defines a specific set of actions for confirming the state of compliance, as well as training and other related items.

• Compliance Systems at SFH Group Companies

Group companies are responsible for establishing effective compliance systems in line with their specific industry and type of operations.

• Compliance Meetings

SFH holds regular Compliance Meetings with group companies to conduct prior consultation on compliance-related issues and exchange information regarding the state of compliance promotion and legal issues. The Corporate Control Department serves as the secretariat for these meetings, whose members include SFH and group company executives, general managers and other staff in charge of compliance, depending on items being discussed. The results of meeting deliberations are reported to the Board of Directors and at meetings of other bodies.

■ Internal Hotline System

An internal hotline system is in place to enable executives and employees of SFH and the SFH Group companies, as well as temporary employees and the employees of business partners, to report business policies of the Sony Group, SFH and the SFH Group or operating or other activities that they are convinced contravene (or are in danger of contravening) laws and regulations or the internal regulations of the Sony Group, SFH or SFH Group companies. Informants may notify any of the hotline desks that have been established at each SFH Group company or the Compliance Hotline at Sony, which serves as the desk for the Sony Group, as appropriate. SFH is responsible for taking appropriate measures to protect informants and strictly managing and responding to any information they provide.

SFH communicates with Sony regarding appropriate responses to notifications received via the Compliance Hotline at Sony, as well as about notifications of issues having the potential to affect Sony Group companies other than those in SFH.

Conflicts of Interest Policy (Summary)

SFH has formulated a Management Policy Concerning Conflicts of Interest and established the structures required by the Banking Act of Japan, the Insurance Business Law of Japan, and the

Financial Instruments and Exchange Law of Japan. The policy and structures are designed to ensure that customers' interests are not harmed by SFH Group companies.

■ Summary of Conflicts of Interest Policy

I. Basic Policy

The SFH Group* has established a structure under the provisions of the Banking Act of Japan, the Insurance Business Law of Japan, and the Financial Instruments and Exchange Law of Japan to ensure that customers' interests are not harmed when making transactions with SFH Group companies* in circumstances of potential conflict of interest between customers of SFH Group companies and Sony Group finance companies* or between customers of SFH Group companies and customers of Sony Group finance companies.

* Under this policy, "SFH Group companies" represents Sony Life, Sony Life Insurance (Philippines), Sony Assurance, Sony Bank, Sony Bank Securities, AEGON Sony Life Insurance and SA Reinsurance; "SFH Group" represents SFH and SFH Group companies; and "Sony Group finance companies" represents SFH Group companies and Sony Finance International, Inc.

II. Transactions to Be Managed

1. SFH has established a structure and takes all necessary action to prevent customers' interests from being harmed by the transactions outlined below ("transactions to be managed").
 - 1) Transactions that put the SFH Group's interest first in circumstances where there is a conflict of interest between the SFH Group and customers
 - 2) Transactions that profit from customer information
 - 3) Transactions that profit from competing interests between customers
 - 4) Other transactions in which it is evident that the interests of customers may be harmed by SFH Group companies
2. For the purposes of the Management Policy Concerning Conflicts of Interest, "customers" whose interest should be protected are customers of the following businesses that SFH Group companies engage in:
 - 1) Sony Life Insurance Co., Ltd.
Life insurance business, business of registered financial institutions, and other businesses that can be conducted by Sony Life under relevant laws.
 - 2) Sony Life Insurance (Philippines) Corporation
Life insurance business and other business that can be conducted by Sony Life Insurance (Philippines) under relevant local laws.
 - 3) Sony Assurance Inc.
Non-life insurance business and other business that can be conducted by Sony Assurance under relevant laws.

- 4) Sony Bank Inc.
Banking business (including bank agency business by banking agents), business of registered financial institutions, and other business that can be conducted by Sony Bank under relevant laws.
- 5) Sony Bank Securities Inc.
Trading of financial instruments and other businesses that can be conducted by Sony Bank Securities under relevant laws.
- 6) AEGON Sony Life Insurance Co., Ltd.
Life insurance business and other business that can be conducted by AEGON Sony Life Insurance under relevant laws and regulations.
- 7) SA Reinsurance Ltd.
Reinsurance business and other business that can be conducted by SA Reinsurance under relevant local laws and regulations.

III. Structure for Management of Conflicts of Interest

1. Structure

SFH has established a structure to manage conflicts of interest in the SFH Group by making the director, who is head of the Corporate Control Department, responsible for managing conflicts of interest, and making the Corporate Control Department the business unit responsible for managing conflicts of interest.

2. Action

The director responsible for oversight of the management of conflicts of interest shall order SFH Group companies to take the actions outlined below when the director deems them necessary on the basis of reports from SFH Group companies, customer complaints, or other sources:

- 1) Block the flow of information between divisions where a conflict of interest may arise
- 2) Suspend the transaction concerned, or change the terms and conditions or method of the transaction
- 3) Disclose the conflict of interest, or the potential for a conflict of interest, to customers
- 4) Take any other action deemed necessary by the business unit responsible for managing conflicts of interest

3. Record-keeping

The division responsible for managing conflicts of interest shall maintain records as outlined below and retain them for five years.

- 1) Records that specify transactions to be managed
- 2) Records associated with actions taken to appropriately protect customers

Basic Policy on Eradicating Anti-social Influences

SFH has formulated a Basic Group Policy on Eradicating Anti-social Influences as follows. SFH and the SFH Group companies have built the structures to take a firm stance on countering anti-social influences.

Structures for Eradicating Anti-social Influences

SFH has put in place the following structures for strictly avoiding any association with anti-social elements.

- SFH has established a department for dealing with anti-social influences and appointed a person responsible for preventing unfounded demands.
- SFH collects information on anti-social influences by cooperating with external specialists.

■ Basic Group Policy on Eradicating Anti-social Influences

1. The SFH Group recognizes the importance of strictly avoiding any association with anti-social elements from the perspectives of social responsibility, compliance, and corporate defense. It has therefore implemented frameworks to shut out anti-social influences.
2. The SFH Group strictly rejects unfounded demands by anti-social influences. Furthermore, the Group has put in place a framework for acting firmly, on an organizational basis, against those who make unfounded demands.
3. The SFH Group works closely with the police and external specialist entities, even during ordinary times, to ensure appropriate assistance and cooperation should it be threatened by anti-social influences.

Risk Management

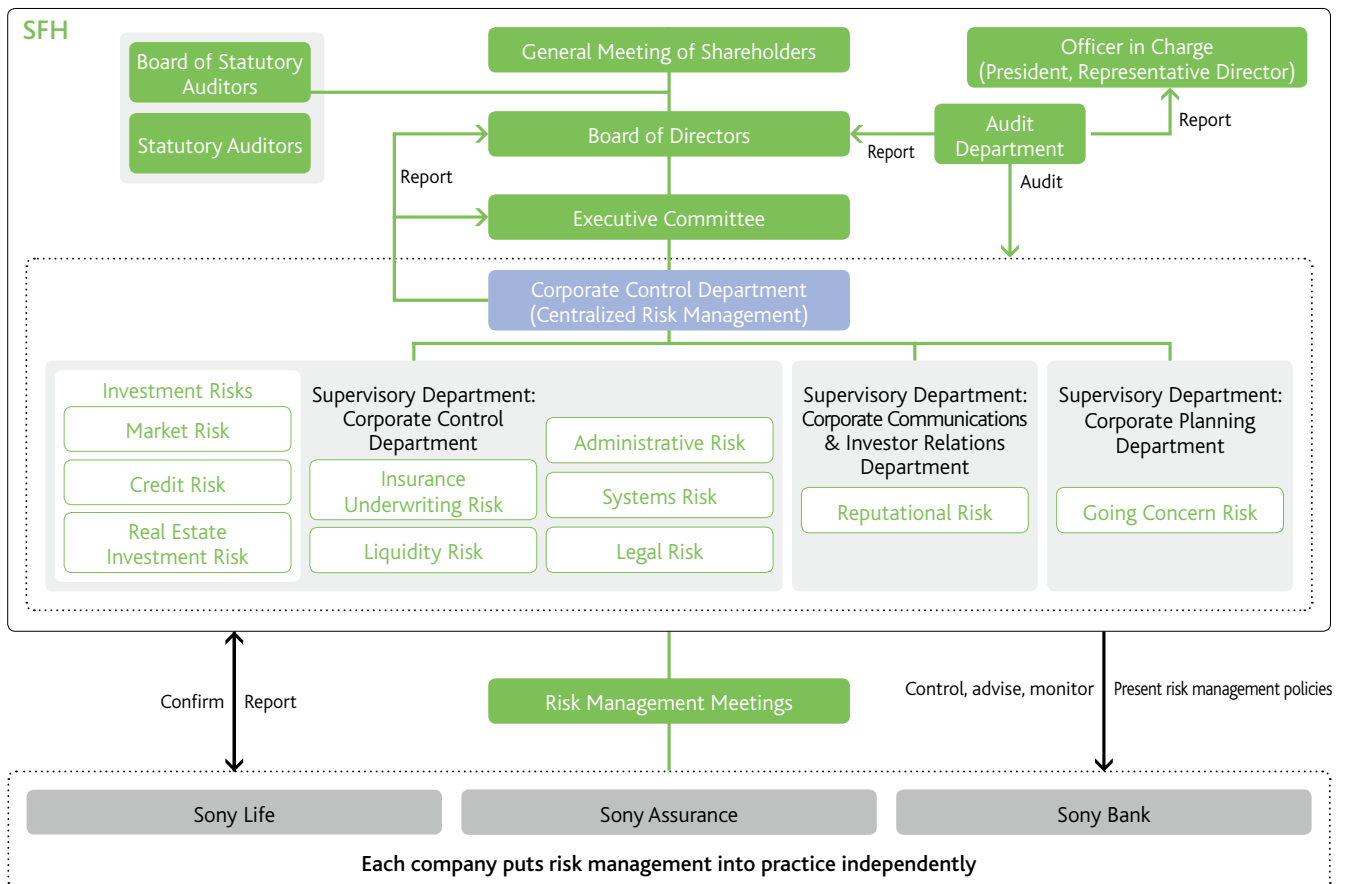
One of SFH's roles as a financial holding company is to further enhance and integrate group-wide risk management by centralizing the SFH Group's management resources.

■ Basic Policy on Group Risk Management

- As a financial holding company, SFH enhances the corporate value of the group by aligning risk management with group-wide strategic objectives and management policies, while tailoring operating subsidiaries' risk management to the types of risk inherent in their respective lines of business.
- SFH adopts all necessary supplemental measures to ensure effective risk management, after confirming each operating subsidiary has independently and responsibly established its own risk management structure to achieve its own management objectives.
- SFH takes steps to eliminate excessive concentration of risk in specific areas, establish appropriate controls over intra-group transactions and control the ripple effect of risk within the group.

■ SFH and the SFH Group Risk Management Structure
SFH's Board of Directors formulates fundamental principles for risk management and communicates them to directors, employees, and throughout the SFH Group. The Board also identifies the types of risks specific to the subsidiaries' scale, business, and other attributes and establishes structures designed to manage them effectively. SFH's Executive Committee, which is appointed by the Board of Directors, executes routine tasks pertaining to group risk management; specifically, while subsidiaries each assess, monitor, and manage their risks on their own, the Corporate Control Department, which is responsible for SFH's risk management, controls risks through monitoring and holding Risk Management Meetings with the subsidiaries' risk management divisions. The Corporate Control Department also reports its findings on the state of risk management regularly to SFH's Board of Directors and Executive Committee.

Risk Management Structure



■ Types and Definitions of Risk Managed by SFH and Subsidiaries

The types of risk managed by SFH and subsidiaries are as follows:

Market Risk	Credit Risk
Real Estate Investment Risk	Liquidity Risk
Insurance Underwriting Risk	Administrative Risk
Systems Risk	Legal Risk
Reputational Risk	Going Concern Risk

The types and definitions of risk that SFH and its subsidiaries must manage are as follows:

Each Group company establishes its own framework for managing risk as appropriate for its scale and the attributes and type of its business, and optimizes its frameworks for the types of risks faced according to internal definitions.

As the operating and business environment changes, subsidiaries' risk management departments review the risk types and definitions set forth below, amending them as appropriate for new conditions.

Market Risk

Risks associated with losses due to changes in the value of assets and liabilities, including off-balance-sheet items such as derivative instruments, as a result of unfavorable fluctuations in interest rates, the value of securities held, exchange rates, and other factors.

Credit Risk

Risks associated with losses due to declines or loss in the value of assets, including off-balance-sheet items such as derivative instruments, resulting from deterioration in the financial position of retail and corporate customers, of issuers of the debt obligations held, or of counterparties to derivatives and other contracts entered into.

Real Estate Investment Risk

Risks associated with losses due to declines in the market value of owned real estate or in the profitability of real estate holdings on account of unfavorable trends in prices and rents, respectively.

Liquidity Risk

Risks associated with losses are as follows:

• Cash Flow Risk

Risks associated with losses due to our inability to make cash payments because of failure to maintain sufficient cash reserves at settlement, as well as risks associated with losses if SFH and group companies are forced to raise funds under unfavorable conditions in order to fulfill cash payment obligations.

• Market Liquidity Risk

Risks associated with losses due to our inability to conduct market transactions, in particular from an inability to unwind our market position at a given time, as well as risks associated with losses if we are forced to complete transactions under unfavorable market conditions, in each case due to market turmoil or other factors.

Insurance Underwriting Risk

Risks associated with losses due to significant differences between the assumptions SFH and group companies use to

establish appropriate premium levels, including assumptions regarding the expected frequency and scale of insured events and future economic conditions.

Administrative Risk

Risks associated with losses due to errors, misconduct, malfunction, and other factors related to problems with our internal administrative processes.

Systems Risk

Risks associated with losses arising from IT-system malfunction or breakdown, improper use or leakage of confidential information stemming from IT-system problems.

Legal Risk

Risks associated with losses due to violations of applicable laws, rules and regulations occurring during the course of doing business operations, as well as the risk of loss due to litigation. In particular, we are exposed to legal risk with respect to:

- the provision of services, including the introduction of new businesses, products and services;
- entry into various legal agreements, as well as the renewal, amendment, termination or rescission of agreements; and
- various legal and administrative proceedings.

Reputational Risk

Risks associated with losses resulting from harm to our reputation in the market and among customers as a result of unethical behavior, unfair business practices, improper disclosure, or other factors.

Going Concern Risk

The risk that SFH and group companies will be unable to continue operations as the result of a deterioration in financial position, liquidity problems, system failures, scandals, accidents, and other crises.

Privacy Policy

SFH has formulated a Privacy Policy* governing the handling of personal information. It sets out the company's policies on its use of personal information within the specific purposes and its acquisition of personal information to ensure compliance with applicable laws and regulations. SFH has also established and observes Rules on Information Security that set out specific security control protocols.

SFH monitors how SFH Group companies' security control protocols are working. Specific group measures include the formulation and revision of the Privacy Policy, setting up an organization to protect personal information and appointing persons responsible, preparing a set of rules and a manual covering the handling of personal information, and education and training programs on the handling of personal information and information security.

SFH and SFH Group companies strive to maintain entrusted personal information so that it is accurate and up-to-date to the extent necessary for the purposes of its use, and to protect personal information through steps to prevent unauthorized access, leakage, falsification, loss, destruction, and other incidents.

* Visit SFH website at (http://www.sonyfh.co.jp/index_en.html) for more about Privacy Policy.

Internal Audits

SFH performs internal audits through its Audit Department. Reporting directly to the director in charge of internal audits (president and representative director), this department operates outside the other lines of operational reporting and, from an independent and objective standpoint, conducts internal audits to check and evaluate the appropriateness of work processes and risk management. SFH subsidiaries each have their own internal audit divisions to perform internal audits designed to match their specific industry, the scale of their businesses, and the types of risk they face. SFH's Audit Department monitors the results of both internal and external audits of group companies with the aim of ensuring the soundness of management of operations. When necessary, SFH's Audit Department provides advice and proposals to the subsidiaries' internal audit divisions. SFH's Audit Department regularly reports the results of its monitoring activities to the director in charge and the Board of Directors. Should the director in charge perceive it as necessary, as a result of the monitoring, SFH's Audit Department may directly audit subsidiaries within the scope of governing laws and regulations.

The Audit Department also cooperates with SFH's statutory auditors and external auditors, such as the independent auditor.

Relationship With Parent Company, Sony Corporation

■ Capital and Personnel Relationships

SFH is a financial holding company established as a corporate spin-off from Sony on April 1, 2004. On October 11, 2007, SFH's shares were listed on the First Section of the Tokyo Stock Exchange Group, Inc., with the initial public offering conducted in Japan and overseas, after which Sony's shareholding became

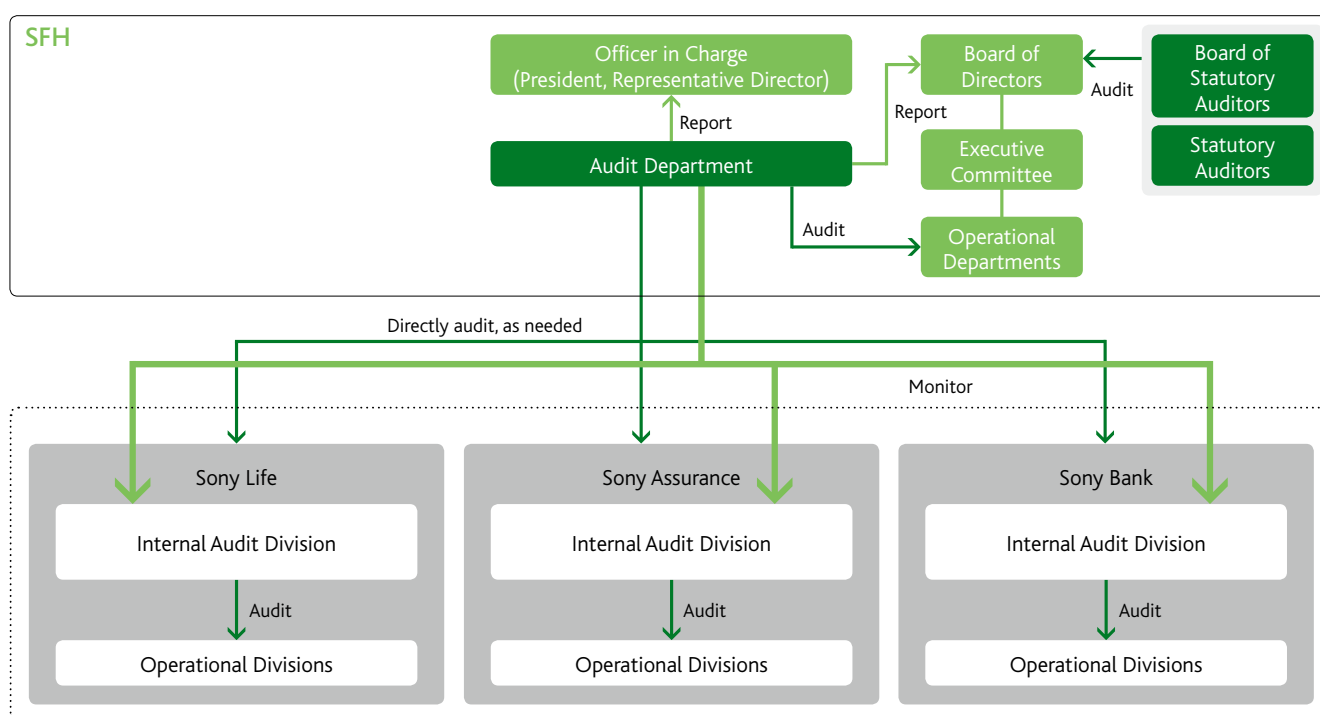
60%. As a result of this capital relationship, SFH may be subject to the influence of Sony, irrespective of the intentions and interests of other shareholders with regard to all matters requiring shareholder approval. These matters include the appointment and dismissal of SFH directors and statutory auditors, mergers and other organizational restructuring, material asset and business transfers, amendments to the Articles of Incorporation, and the payment of dividends.

In order to receive general management advice concerning the SFH Group and strengthen the audit system, SFH has appointed directors and statutory auditors from outside the SFH Group. However, two of these SFH directors and one statutory auditor serve concurrently as directors, corporate executive officers or corporate executives of Sony. Moreover, one statutory auditor of Sony Assurance and Sony Bank serves concurrently as an employee of Sony.

■ Ensuring Independence in Business Activities and Using the "Sony" Trade Name and Trademark

The SFH Group is developing business activities based on a management policy and management strategy that are independent from Sony, from the standpoint of protecting policyholders and depositors. At the same time, group companies have entered into royalty agreements with Sony for the use of the "Sony" trade name and trademark for the purpose of raising each company's profile and trustworthiness. However, these agreements can be rescinded by Sony under certain conditions such as Sony's share of voting rights in SFH falling below a majority, or SFH's percentage ownership of the voting rights of SFH Group companies dropping. Furthermore, SFH Group companies pay royalty fees to Sony based on these agreements.

Internal Auditing Structure



Corporate Social Responsibility (CSR)

Stance on CSR

The SFH Group believes that a special commitment to the public good is demanded of a financial services company, and seeks to achieve its corporate vision and thus give back to society by upholding the highest level of ethics and a strong sense of purpose. The SFH Group's corporate vision is to become the most highly trusted financial services group by customers. The SFH Group will combine many different financial functions (savings, investment, borrowing, and protection) to provide high-value-added financial products and high-quality services that meet every customer's financial needs. The SFH Group believes that the pursuit of greater corporate value through sound business activities is the basis of its responsibility to society as a company.

Furthermore, in order to fulfill its responsibilities as a member of society, the SFH Group actively gives back to society, and believes that the continuation of these activities will earn it even greater trust from local communities and customers. To this end, the SFH Group is aware that it must treasure its relationships with customers, shareholders, employees, business partners, local communities and all other stakeholders, and make management decisions mindful of the interests of each group.

Based on these basic approaches, the SFH Group has formulated the following "Basic CSR Policy," and every company in the SFH Group conducts various activities.

Basic CSR Policy

The SFH Group believes that a special commitment to the public good is demanded of a financial services company, and seeks to achieve its corporate vision and thus give back to society by upholding the highest level of ethics and a strong sense of purpose.

1. We recognize that a corporation's fundamental responsibility to society is contributing to economic growth through sound business activities, and we will fulfill this responsibility by providing high-value-added products and high-quality services.
2. We will treasure our relationships with customers, shareholders, employees, business partners, local communities and all other stakeholders in the SFH Group, and we will make management decisions while considering the impact on each stakeholder group.
3. In carrying out business operations, we will strictly comply with laws, regulations, company rules, policies and other requirements.
4. We will respect the human rights of all and ensure sound employment and labor practices.
5. In all aspects of our business activities we will act in consideration of protecting the environment to help bring about a sustainable society.
6. We will disclose information in an appropriate and timely manner to maintain the trust and support of the SFH Group's stakeholders.

Promotional Framework

The promotional framework for CSR at the SFH Group centers on SFH's Corporate Planning Department, which promotes and manages CSR and formulates policies for the group. The division actively shares information with other relevant departments (Corporate Communications & Investor Relations Department, Corporate Control Department, Accounting Department, Human Resources and General Affairs Department, and Audit Department), and monitors the CSR activities of various group companies, while promoting CSR management on a group-wide basis.

Departmental CSR Responsibilities

- Corporate Communications & Investor Relations Department: Promotes external communications on group activities
- Corporate Control Department: Monitors risk management and compliance activities related to overall business activities at group companies
- Accounting Department: Manages internal controls over financial information for the group as a whole
- Human Resources and General Affairs Department: Monitors general administrative activities at group companies, including activities related to personnel systems and the environment
- Audit Department: Monitors internal auditing of business activities at group companies

For particularly important matters, a system is in place by which departments make reports or proposals as necessary to the Executive Committee and the Board of Directors. At group companies, CSR initiatives are carried out independently through business activities.

Activity Profiles

In giving back to society through its business activities, the SFH Group acts with respect for the interests of all stakeholders—customers, shareholders and other investors, employees, business partners and local communities.

Customers

Basic Stance

Guided by our corporate vision and corporate philosophy, the SFH Group seeks to become the most highly trusted financial services group by customers.

Utilizing Customer Feedback

Feedback received from each company's customers via questionnaires, customer centers and websites is compiled and analyzed at group companies by divisions in charge of promoting customer satisfaction and raising quality, reported to management and used to make recommendations on operational improvements and product and service enhancements. As a result of this approach, the SFH Group's three businesses—life insurance, non-life insurance and banking—have received high marks in customer satisfaction surveys conducted by outside institutions and the media.

Promotional Divisions at Group Companies

- Sony Life: Co-Creation Planning Division and Voice of Customer Division
- Sony Assurance: Customer Response Service Department
- Sony Bank: Business Promotion Unit ("Voice of Customer" (VOC) activities for incorporating customer views and requests into products and services are led by the Customer Office.)

Sony Assurance issued a declaration of conformity with ISO 10002, the international standard for complaint-handling management systems, as of April 1, 2011.

Shareholders and Other Investors

The SFH Group has built internal systems for the timely disclosure of corporate information, and under these systems, we provide timely and accurate information on the company to shareholders and other investors. We also strive to maximize shareholder value by providing ample opportunities for two-way communication between shareholders and SFH management.

Enhancing Communication

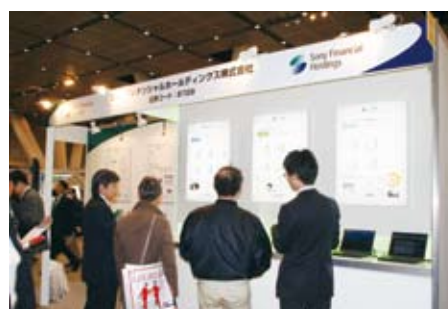
We voluntarily provide documents used at investor briefings and other materials in addition to statutory disclosures with the goal of disclosing detailed and comprehensible information.

Enhancing Shareholder Returns

The year-end dividend for FY2010 was increased by ¥1,000 per share based on our view that group companies maintained financial soundness at adequate levels and that SFH had additional capacity for dividend payments. As a result, we paid a dividend of ¥4,000 per share for the year.

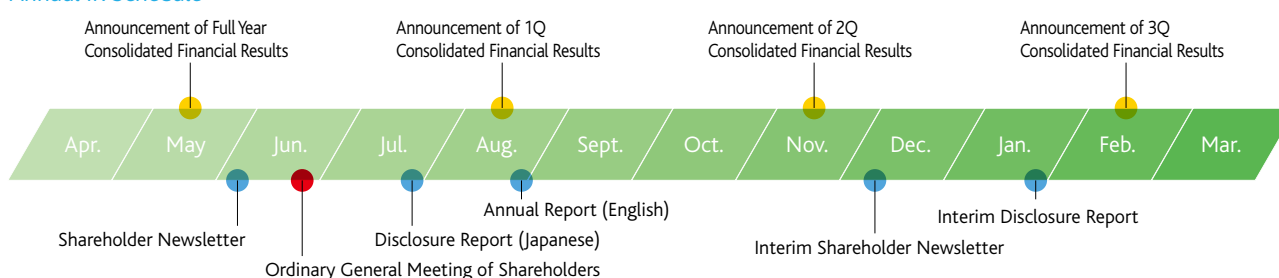
Investor Relations (IR) Initiatives in FY2010

- Earnings briefings (teleconferences with domestic institutional investors and analysts): 4 times
- Corporate Strategy Meeting: 1 time
- Individual meetings with institutional investors and analysts: Approx. 250
- Overseas IR (Europe, North America, Asia): 1 time in each region
- Briefings for individual investors: 2 times



At the TSE IR Festival 2011

Annual IR Schedule



Employees

The SFH Group's corporate philosophy states our commitment to fostering an open corporate culture where employees can freely express their individuality and demonstrate their abilities to the fullest. We believe that in order to raise the value provided to all stakeholders, it is essential that all employees fully demonstrate their abilities. We therefore conduct initiatives to create pleasant and productive workplaces.

Work-life Balance

Group companies conduct various initiatives to help employees balance their careers with their private lives. Initiatives have included introducing flex-time working hours and enhancing vacation and leave programs.

Sample Initiatives

- Childcare leave: Amount of leave time provided exceeds legal requirements
- Nursing care leave: Amount of leave time provided exceeds legal requirements
- Volunteering leave: Volunteering leave was introduced to enable employees to actively engage in social contribution activities
- No-overtime days

Human Resources Development

- New Employee Training

The goal of new employee training is to teach employees of Sony Life, Sony Assurance and Sony Bank the business operations of all the group's companies, not just their own, as well as the basic behavioral skills expected of corporate employees. Training programs conducted jointly at the group level include business etiquette, life planning, explanations of each company's business operations and workplace tours.

- Self-Development Program (SDP)

The SDP supports the efforts of employees working independently to develop their skills by providing group training sessions and opportunities to take correspondence courses.

- Management Skill Development Program

This program helps employees develop their own managerial skills. It is conducted jointly by SFH Group companies as a part of efforts to improve the managerial capabilities of management-level employees.



At New Employee Training

Business Partners

The SFH Group promotes fair and equitable transactions with institutions that provide financial products and services and with suppliers and vendors of goods and services, and maintains healthy relationships with all of its business partners to help society develop sustainably.

Fair Trade

The SFH Group has established policies on managing conflicts of interest, eradicating anti-social influences and preventing corruption. As stated in our code of conduct, we comply with all applicable laws and regulations and conduct business activities ethically and in good faith. We engage in fair trade practices with all business partners on this basis.

Independent Agencies

Sony Life's Partners (Sony Life refers to independent agencies as "Partners" not only because they are partners from a business standpoint but also because they are the lifelong partners of customers) constitute a critically important sales channel alongside Lifeplanner sales employees. The company's many Partners around the country sell policies tailored to customer needs based on their sophisticated insurance knowledge and consulting capabilities, faithfully fulfilling their responsibilities as the partners of our customers.

Sony Life runs the Partner Training Program (PTP) to provide Partners with expertise on sales tailored to customer needs.

Local Communities

Sony Life Volunteers' Club

The Sony Life Volunteers' Club was established by a Sony Life volunteer group in 1995 after the Great Hanshin-Awaji Earthquake. Each member of the group actively participates in running the club, which is funded by donations from employees.

The club continues to support the elderly victims of the earthquake. Sony Life Volunteers' Club also supports a wide range of activities, including hosting youth education events at care houses, operational support for the "Oita International Wheelchair Marathon," a worldwide wheelchair marathon tournament, and support for the "Relay For Life."*

* "Relay For Life" is a charity event held in over 5,000 communities in 20 countries around the world. People battling cancer, their families and people who have lost loved ones to the disease run laps around a track for 24 hours to promote the eradication of cancer. Sony Life has participated in the Relay For Life since 2007 when it took part in a relay held in Ashiya, Hyogo Prefecture. In FY2010, relays were held in 20 communities across Japan from Hokkaido in the north to Okinawa in the south. Led by Lifeplanner sales employees at regional branches, over 2,000 people participated, including the families and customers of employees.



At a "Relay For Life" event

Support for "Special Olympics Nippon (Japan)"

Since FY1996, Sony Life has supported the non-profit organization Special Olympics Nippon to help people with intellectual disabilities gain autonomy and more broadly participate in society through sports and contribute to the formation of a diversity-friendly society. In FY2010, at the 2010 Special Olympics Nippon National Summer Games Osaka, approximately 950 employees from Sony Life travelled from around the country to participate as volunteer staff and help conduct the event. The volunteers played a variety of roles, acting as team assistants, venue guides, ushers, security staff, and event volunteers. The contingent from Sony Life was one of the largest of the many companies supporting the event.



"Special Olympics Nippon (Japan)"

"Life-Planning Courses" Offered at 287 Schools

Since FY2005, Sony Life has provided students the opportunity to take part in "Life-Planning Courses" given by Lifeplanner sales employees throughout Japan. By using Sony Life's proprietary software under the guidance of Lifeplanners, students begin to create a hypothetical family and then envisage the birth of children, education, buying a house and other dreams and aspirations. While receiving advice on the funds required for the simulated life plan, they learn what is needed to achieve their goals and dreams. As of July 1, 2011, "Life-Planning Courses" had been given at 287 schools.



A "Life-Planning Course" held by Sony Life

Volunteer Activities

Sony Life has held "Volunteer Day" on the anniversary of its founding (August 10) since FY2003. It is a day for all employees to ponder and practice giving back to their communities and society in general. Volunteer activities include local cleanups and blood drives. In addition, the entire month of August is designated as "Volunteering Month." Employees around the country participate in community-based social contribution activities.

Sony Assurance participates in fundraising activities for the Japan Committee for UNICEF. Sony Assurance also collects used stamps to help organizations that provide medical care overseas.



"Volunteer Day" activities

Eye Mate Fund

Since FY1997, Sony Life has made financial donations every year to the "Eye Mate Fund," established by The Eye Mate, Inc., which aims to help visually-challenged people participate in society. Sony Life makes a donation matching the total raised by employees in a given year. The funds are donated to The Eye Mate for training guide dogs. In FY2010, Sony Life and its employees donated a total of ¥10.64 million to The Eye Mate, bringing cumulative donations for training guide dogs to around ¥154.83 million.



A drill for teaching guide dogs how to get on and off trains and buses

Responding to the Great East Japan Earthquake

(1) Response to customers affected by the disaster

The SFH Group is making every effort to confirm the situation and identify the needs of customers living in areas affected by the Great East Japan Earthquake.

The main initiatives being conducted by group companies for customers affected by the disaster are as follows:

Sony Life

- Payment of full amount of insurance claims for death due to disaster
- Extension of the grace period for payment of insurance premiums
- Simplified, expedited payment of insurance claims, benefits and policyholder loans
- Application of special interest rates on new policyholder loans (concessionary interest rates)
- Special handling procedures for hospitalization, etc.

Sony Assurance

- Special measures that include establishing a grace period for policy renewals and insurance premium payments
- Special measures related to surrender procedures for automobile insurance and issue of certificates of suspension on automobile insurance
- Special handling for paying hospitalization and surgery insurance claims on medical and cancer insurance policies, etc.

Sony Bank

- Consultations on deferring mortgage loan payments
- Began providing mortgage loans with special interest rates
- Enabled transfers to other banks upon telephone confirmation of identity
- Waived reissuance fee for lost cash cards, etc.

(2) Support for Affected Regions

Sony Bank accepts donations from customers to the Great East Japan Earthquake Disaster Relief Fund through an account designated for that purpose. As of July 1, 2011, the bank has collected approximately ¥59 million in relief aid, which will be donated through the Japanese Red Cross Society to people affected by the disaster.

Environmental Protection Activities

The SFH Group recognizes that protecting the global environment is a critical challenge facing humankind. The three major subsidiaries have each established environmental policies, and through everyday business activities, they carry out activities and initiatives that give due consideration to environmental protection.

Group Company Activities

Acquisition of ISO 14001 Certification

Sony Life, Sony Assurance and Sony Bank have acquired ISO 14001 certification, the international standard for environmental management systems. All three companies pursue energy-saving and natural resource-saving activities, such as working toward targets for reduced energy and photocopier paper usage, and promote green procurement to raise the percentage of eco-products used as office supplies.

System for Using Green Power

In FY2005, Sony Life became the first company in the Japanese life insurance industry to employ the Green Power Certification System* and has utilized this system since then. This system promotes the use of green power in business activities to help protect the environment by reducing CO₂ emissions. At present, Sony Assurance and Sony Bank are also participating in this system, thereby helping to promote solar, wind, geothermal, biomass, and other forms of power generation that use natural energy resources.

* Green Power Certification System

By trading the natural electric power (green power) generated from solar, wind, geothermal, biomass, and other natural energy resources as a form of certification, companies need not build their own power-generating facilities. Even when distance to a green generation facility makes direct consumption of green power unfeasible, this system includes companies that consume green power indirectly. Consequently, this system helps companies contribute to the proliferation of natural electric power generation and to protect the environment as part of their voluntary measures.

Activities with Customers

Donating to the "Sorabear Foundation"

Teaming with Sorabear Foundation, a non-profit organization that conducts activities to help prevent global warming, Sony Assurance has carried out a program to install solar power generators at kindergartens since March 2009. The program takes advantage of the practice of calculating annual driving distances at renewal of automobile insurance policies.

When the policy is renewed, if the actual distance driven turns out to be less than the annual driving distance that was estimated, CO₂ emissions generated by driving were also less than projected. This is treated as a contribution to environmental protection on the part of the policyholder. Sony Assurance donates one yen to the Sorabear Foundation for every 100 kilometers of total distance that was not driven by the policyholder compared to the forecast distance. The Sorabear Foundation uses the donations to build "Sorabear Power Generation Equipment" —solar power generators—at kindergartens and nursery schools around the country. The program resulted in three solar power generators being installed at kindergartens and nursery schools in FY2010.

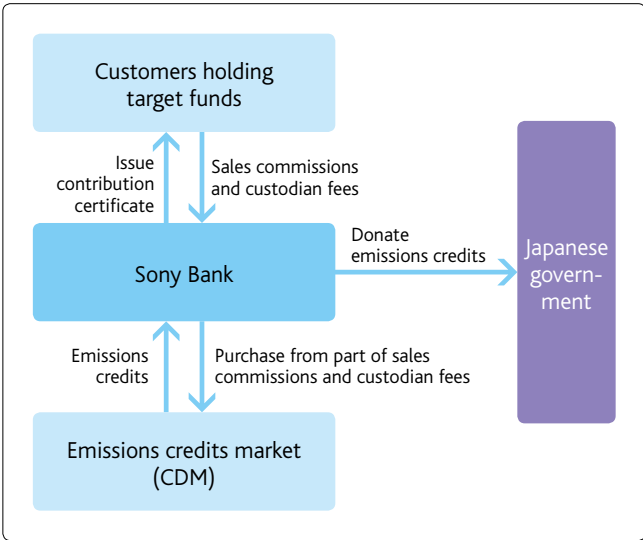
Moreover, Sony Life in March 2010 began offering policy guides and agreements on CD-ROM. If policyholders choose to receive a CD-ROM when they sign up for insurance, Sony Life donates some of the paper and printing cost savings to the "Sorabear Foundation." Going forward, the "Sorabear Foundation" plans to use money raised through donations from Sony Life to install "Sorabear Power Generation Equipment" at kindergartens and nursery schools across Japan.



Offsetting CO₂ Emissions with Investment Trusts

Sony Bank purchases emissions credits* on behalf of customers with applicable investment trusts in excess of a certain balance and donates them to the Japanese government, which enables customers to play a role in reducing greenhouse gas emissions. A portion of sales commissions and custodian fees are used to purchase the credits, so customers are able to participate in environmental protection activities while managing their assets. In FY2010, emissions credits equivalent to 1,000 tons were purchased and donated to the Japanese government.

* Emissions credits derive from the Clean Development Mechanisms (CDM) established under the Kyoto Protocol. Greenhouse gas reduction projects are conducted in developing countries, and emission reductions from the projects are certified by the United Nations and transferred to developed countries as emissions credits.



Review of Operations/At a Glance

Life Insurance Business

Operating Company

- Sony Life
- Sony Life Insurance (Philippines)
- LIPLA
- AEGON Sony Life Insurance
- SA Reinsurance

SFH's life insurance business comprises Sony Life, a wholly owned subsidiary of SFH; Sony Life Insurance (Philippines), a wholly owned subsidiary of Sony Life; and LIPLA, which operates a directly run sales agency. Other companies include AEGON Sony Life Insurance, an equity-method affiliate 50% owned by Sony Life that specializes in individual annuities; and the reinsurance company SA Reinsurance.

Sony Life was established in August 1979 as Sony Prudential Life Insurance Co., Ltd, a joint venture between Sony Corporation and the major U.S. insurer Prudential Financial, Inc., with a mission of "working for customers' financial security and stability by offering optimal life insurance products and high-quality services." Sony Life's innovative systems and high-quality services are rooted in offering customized life insurance through consulting by Lifeplanner sales employees with extensive financial knowledge, in order to derive the greatest intrinsic value from life insurance. These systems and services brought innovation to Japan's life insurance industry. In 1989, Sony Life introduced a new sales channel called the Partner (independent agencies) system.

Non-life Insurance Business

Operating Company

- Sony Assurance

SFH's non-life insurance business is conducted by Sony Assurance, a wholly owned subsidiary.

Sony Assurance's core products are automobile insurance, and medical and cancer insurance. It also sells overseas travel accident insurance and other insurance products. Sony Assurance began business operations in September 1999 and has since worked to meet the challenge of valuing direct relationships with customers and of always providing new value for customers over the Internet and telephone. Sony Assurance's automobile insurance features rational, inexpensive premiums compared to the major non-life insurance companies as well as an offering of highly original products. Sony Assurance is able to maintain price competitiveness while also providing high-quality services.

Banking Business

Operating Company

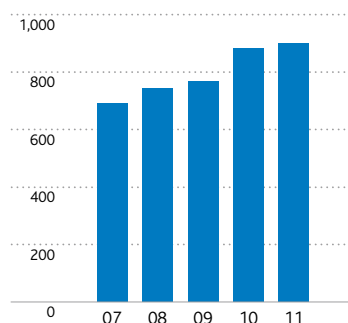
- Sony Bank
- Sony Bank Securities
- SmartLink Network

SFH's banking business comprises Sony Bank, a wholly owned subsidiary of SFH; Sony Bank Securities, a wholly owned subsidiary of Sony Bank; and SmartLink Network, a 57% owned subsidiary of Sony Bank.

Sony Bank is an Internet bank that provides highly convenient, high-quality financial products and services centered on asset management to retail customers. It celebrated its 10th anniversary in June 2011. The bank offers yen and foreign currency deposits, investment trusts, foreign-exchange margin transactions, and other asset management products as well as mortgage loans at rates that are fair, reasonable, and close to market prices. Now that the Internet has found its way into every aspect of life, Sony Bank aims to provide services that earn the long-term trust of customers through its MONEYKit service site. Service offerings include information that enables customers to proactively consider financial choices and take action, and user-friendly functions, along with highly transparent, easy-to-understand financial products and services.

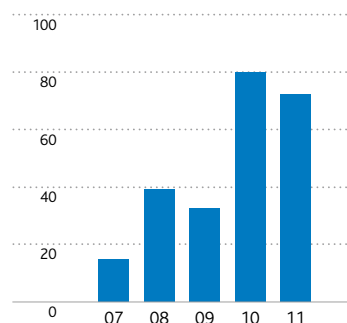
Please refer to page 32, "Life Insurance Business," for details. ▶

Ordinary Revenues
(Billions of yen)



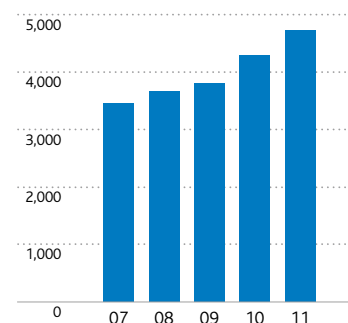
For the years ended March 31

Ordinary Profit
(Billions of yen)



For the years ended March 31

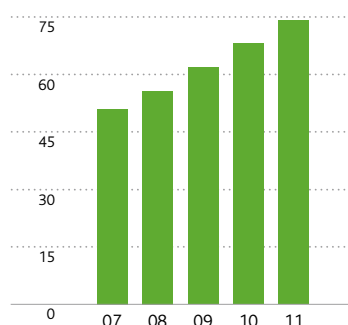
Total Assets
(Billions of yen)



As of March 31

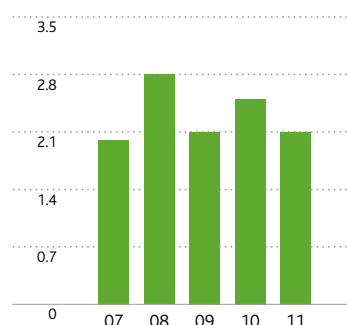
Please refer to page 36, "Non-life Insurance Business," for details. ▶

Ordinary Revenues
(Billions of yen)



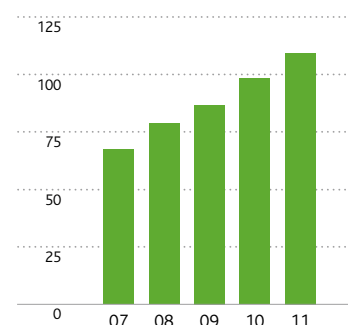
For the years ended March 31

Ordinary Profit
(Billions of yen)



For the years ended March 31

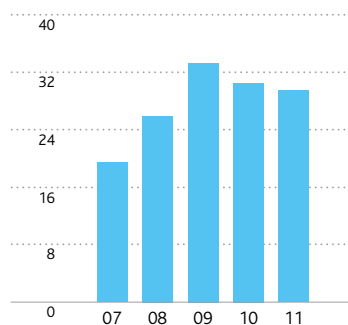
Total Assets
(Billions of yen)



As of March 31

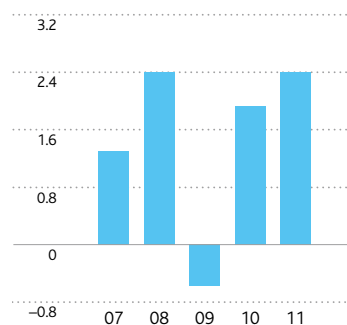
Please refer to page 38, "Banking Business," for details. ▶

Ordinary Revenues
(Billions of yen)



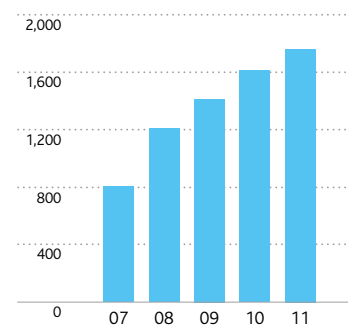
For the years ended March 31

Ordinary Profit (Loss)
(Billions of yen)



For the years ended March 31

Total Assets
(Billions of yen)



As of March 31

Life Insurance Business

Market Conditions

Japan's life insurance market is the second largest in the world, following the U.S. on a premium income basis. It has been contracting since the late 1990s, but the industry-wide policy amount in force for individual life insurance stood at ¥879 trillion as of March 31, 2011, and death protection accounted for over 80% of that total at ¥733 trillion.* The household life insurance subscription rate in Japan has also maintained a high level; it was 86.0% in the most recent survey in 2009. Japan therefore has an enormous life insurance market that is rooted in a strong desire for life insurance among the public. Customer needs are changing, however, and the market is becoming more and more competitive. With Japan's population aging and its birthrate falling, there has been an ongoing shift from death protection products to individual annuities and "third sector insurance" such as medical and nursing care insurance. Competition for sales of medical insurance and individual annuities has also intensified as deregulation has led to greater diversification of sales channels, with such products now being sold over-the-counter at banks and online.

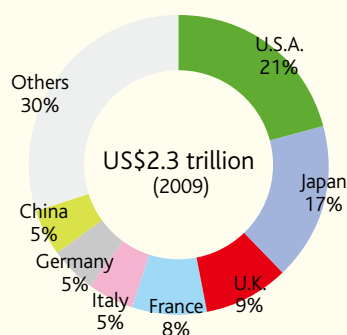
Japan's economy in FY2010 showed signs of being on a recovery course for a while due to a positive outlook for the stock market and better corporate earnings, but there was a lack of upward momentum. In the bond market, monetary easing was

maintained due to concerns over the appreciation of the yen and deflation, and in the first half of the fiscal year, bond prices held steady. In the second half, however, selling picked up at times due to Japan's deteriorating fiscal situation, fears of a recession and other factors, and long-term interest rates reversed course and began to rise. Moreover, the Great East Japan Earthquake in March 2011 pushed stock prices down and created concern over further worsening of the economic conditions.

Under these market conditions and in this competitive environment, Sony Life increased sales of insurance products, primarily death protection products, by marketing optimal life insurance through life planning consultations and providing appropriate after-sales follow-up services. Sales of nursing care insurance also increased sharply, reflecting how the aging population and low birthrate are causing changes in customer needs. Accommodating these changes, Sony Life is actively working to strengthen life planning for senior citizens. There are concerns that consumer spending will stagnate in FY2011 due to the impact of the earthquake, but Sony Life intends to maintain its robust marketing capabilities through Lifeplanner sales employees and its Partners (independent agencies) to further raise its presence in Japan's life insurance market.

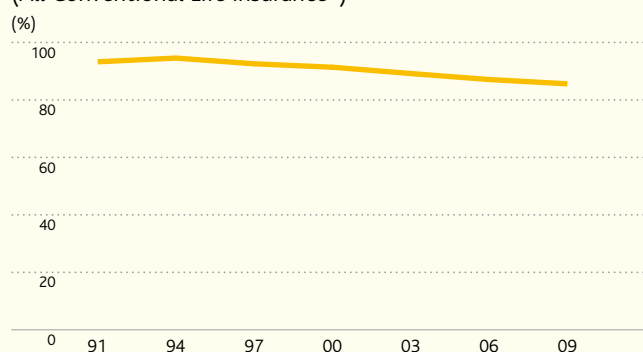
* Source: "Summary of Life Insurance Business" on the website of the Life Insurance Association of Japan.

Life Insurance Premium Volume



Source: Swiss Re, "sigma No 2/2010, World insurance in 2009, update December 2010"

Household Life Insurance Subscription Rate (All Conventional Life Insurance*)



For calendar years

* All Conventional Life Insurance is the total of private-sector insurance (including Japan Post Insurance), Postal Life Insurance, and JA Cooperative Insurance.

Source: FY2009 Nationwide Survey on Life Insurance by the Japan Institute of Life Insurance

Recent Initiatives

May 2010: First LIPLA Shop-style Insurance Agency Begins Operations

LIPLA, a wholly owned subsidiary of Sony Life, opened the first LIPLA shop-style insurance agency in Yokohama, Kanagawa Prefecture in May 2010 (a second shop was opened in September 2010, also in Yokohama). The company opened its third shop in March 2011 in Tokyo's Setagaya ward. LIPLA, a life insurance agency exclusively affiliated with Sony Life, offers customers optimal insurance products based on life planning consultations.

The shops also help customers open Sony Bank's yen ordinary deposit accounts and handle its mortgage loans, and provide automobile insurance on behalf of Sony Assurance.



LIPLA shop at FUTAKO TAMAGAWA RISE S.C. (Shopping Center)

November 2010: Sony Life launches Whole Life Nursing-care Insurance (Reduced Surrender Value) and Lump-sum Payment Nursing-care Rider, and Begins Applying Discount Rider for Nonsmokers and Others in Excellent Health to Decreasing Term Life Insurance and its Rider.

Sony Life began selling nursing-care insurance in November 2006 in response to increases in the number of people requiring nursing care associated with Japan's aging population. However, more recently, such societal changes have progressed even further due to the aging population with a falling birthrate and the increasing prominence of the nuclear family unit. People are becoming increasingly aware of the necessity of providing for their own nursing care, and demand has mounted for specialized nursing care insurance at relatively inexpensive prices. Given these trends, Sony Life began selling a new product, Whole Life Nursing-care Insurance (Reduced Surrender Value) and Lump-sum Payment Nursing-care Rider, in November 2010. With the addition of nursing-care insurance with inexpensive premiums, Sony Life is now able to meet a broader range of customer needs in this area.

Also in November 2010, Sony Life began applying the Discount Rider for Nonsmokers and Others in Excellent Health to Decreasing Term Life Insurance and its Rider, which allows customers who meet Sony Life's required health and smoking criteria to obtain policies with less expensive premiums.

May 2011: Sony Life Begins Offering Income Protection Insurance to Cover Three Major Diseases (Type II)

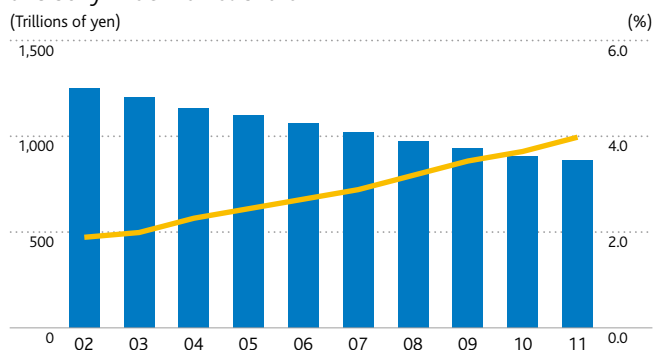
Sony Life has sold specialized income protection insurance products since November 2006 that supplement the income of a patient diagnosed with one of three major diseases (cancer, heart attack and stroke). However, conventional products have high premiums because the annuity payments could continue

for a long period of time. In response, Sony Life began offering Income Protection Insurance to Cover Three Major Diseases (Type II) in May 2011. The product offers lower premiums by shortening the annuity payment period to five years when the annuity payment is applied to the three major diseases. Sony Life plans to continue expanding its product lineup to meet the wide-ranging needs of its customers.

AEGON Sony Life Insurance Enhances Product Lineup and Over-the-counter Sales

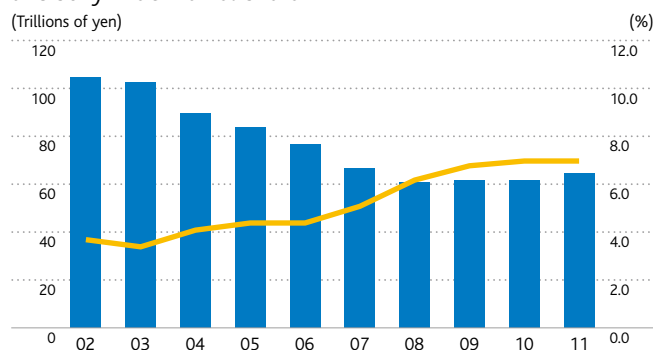
Sony Life began sales of annuity products in December 2009 through AEGON Sony Life Insurance, a 50-50 joint venture with AEGON International B.V. of the AEGON Group (headquartered in the Netherlands), to meet annuity investment needs associated with Japan's aging population and low birthrate. AEGON Sony Life Insurance sells variable annuities through Sony Life's Lifeplanner channel and has also increased its alliances with banks for over-the-counter sales. As of July 1, 2011, it has seven partner banks-Tokyo Star Bank, Sumitomo Mitsui Banking Corporation (SMBC), Minato Bank, Fukushima Bank, Chiba Kogyo Bank, Juroku Bank and Kansai Urban Banking Corporation. Variable annuity products featuring guarantees on annuity resources and on total benefit amount received are offered through the Lifeplanner channel and over-the-counter at the banks. The number of new individual annuity insurance policies in FY2010 totaled 781, and the new policy amount was ¥7.6 billion. Policies in force as of March 31, 2011 totaled 1,217, and the policy amount in force was ¥13.8 billion. Conditions were challenging due to persistently low interest rates, but AEGON Sony Life Insurance is working to enhance products and increase partnerships with banking institutions to expand business and promote sales.

Industry-wide Policy Amount in Force* and Sony Life's Market Share



■ Policy amount in force (left scale)
 ■ Sony Life's share (excluding Japan Post Insurance) (right scale)
 As of March 31
 Source: Data officially disclosed by individual life insurers
 * All figures for individual life insurance

Industry-wide Net New Policy Amount* and Sony Life's Market Share



■ New policy amount (left scale)
 ■ Sony Life's share (excluding Japan Post Insurance) (right scale)
 For the years ended March 31
 * Excludes increases or decreases in policy conversions

Business Strategy

- ▶ Establish a dominant presence in the domestic life insurance market by working to strengthen consulting and sales capabilities based on life planning consultations and after-sales follow-up services
- ▶ Maintain and enhance sustainable growth by expanding business fields
- ▶ Consistently raise corporate value

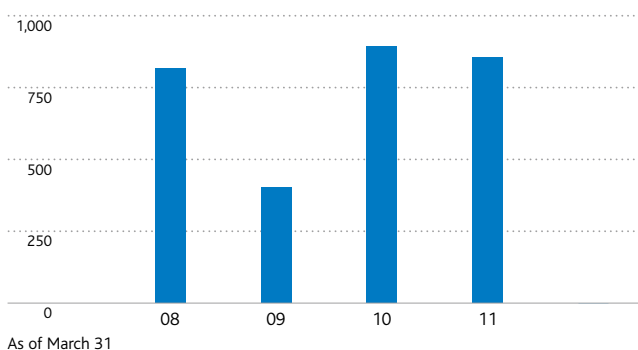
In the life insurance business, we plan to expand our business domain based on steady growth in life insurance operations in Japan. In particular, priority will be placed throughout Sony Life on strengthening customer service and providing products and services to the senior market. Customer service will be strengthened by enhancing systems for more fully utilizing feedback from customers to improve operations and services with the goal of further increasing customer satisfaction levels. Regarding products and services for the senior market, our marketing strategy will continue to pivot on conventional death protection products, but with Japan's population beginning to age considerably, we will enhance living protection products such as annuities, nursing care insurance and medical insurance and strengthen initiatives that include establishing life planning services for senior citizens.

Plans also call for bolstering the individual annuity business through AEGON Sony Life Insurance, further developing overseas operations and otherwise expanding our business domain to generate sustained growth.

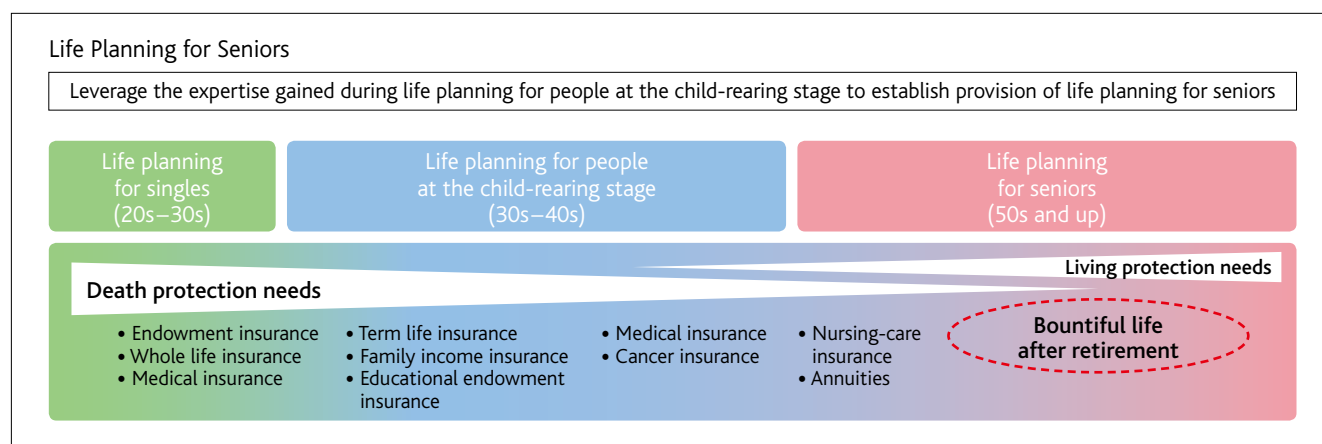
Sony Life, the core company of our life insurance business, uses market consistent embedded value (MCEV) as an indicator of corporate value, in addition to indicators like policy amount in force to measure business expansion. As an indicator for assessing corporate value in the life insurance business,

MCEV is announced by many European life insurers as a part of their financial reports and is also used as an internal management tool. Sony Life practices risk management on an economic value basis, using MCEV to prepare for its future introduction of International Financial Reporting Standards (IFRS) and financial soundness assessment indicators based on economic value. Sony Life strives to increase MCEV in a sustained manner mainly by acquiring new policies.

MCEV
(Billions of yen)



<Reference>



MCEV as of March 31, 2011

Sony Life's MCEV as of March 31, 2011 declined ¥40.4 billion compared to the end of the previous fiscal year to ¥853.6 billion. The decline was attributable to a decrease in the value of existing business, which offset the positive impact of an increase in adjusted net worth caused by lower ultralong-term interest rates and other market changes.

As of March 31, 2011, a gap emerged between interest swap rates and Japanese government bond (JGB) yields in the ultralong-term zone that was not seen at the end of the previous fiscal year. Sony Life comprehensively manages interest rate risk on assets and liabilities by conducting asset management

centered on ultralong-term JGBs to provide for future insurance claims and other payments. For this reason we believe that it is appropriate to use JGB yields as the risk free rate for calculating liabilities for internal management purposes. The following MCEV calculations use interest swap rates, but if totals for the present value of certainty-equivalent profit and the time value of options and guarantees, which comprise a portion of the value of existing business as of March 31, 2011, were calculated using JGB yields instead of interest swap rates, increases of ¥47.6 billion and ¥4.8 billion would be derived for the value of existing business and new business value, respectively.

■ MCEV as of March 31, 2011

(Billions of yen)				
As of March 31	2009	2010	2011	Change 2010 vs 2011
MCEV	¥ 400.9	¥ 894.0	¥ 853.6	¥(40.4)
Adjusted net worth	195.4	206.2	230.3	24.1
Total net assets	140.7	191.3	215.4	24.1
Reserve for price fluctuations	3.7	9.6	16.8	7.1
Contingency reserve	45.5	48.5	51.6	3.1
Reserve for possible loan losses	0.0	0.0	0.0	0.0
Unrealized gains or losses on held-to-maturity securities	26.7	(20.5)	(22.2)	(1.7)
Unrealized gains or losses on land and buildings	28.9	12.5	11.2	(1.3)
Unfunded pension liabilities	(6.8)	(6.6)	(6.4)	0.2
Intangible fixed assets	(12.2)	(13.9)	(18.4)	(4.5)
Tax effect equivalent of above seven items	(31.1)	(10.7)	(11.8)	(1.0)
Valuation gain or loss on subsidiaries and affiliated companies	–	(4.0)	(5.8)	(1.8)
Value of existing business	205.4	687.8	623.3	(64.5)
Present value of certainty-equivalent profit	673.1	887.2	881.4	(5.8)
Time value of options and guarantees	(228.7)	(37.7)	(61.7)	(24.1)
Frictional costs	(58.5)	(11.5)	(31.7)	(20.2)
Cost of non-hedgeable risks	(180.5)	(150.2)	(164.7)	(14.5)
Of which, value of new business	15.4	55.6	56.8	1.2
Present value of certainty-equivalent profit	62.8	76.9	79.0	2.2
Time value of options and guarantees	(28.1)	(4.1)	(5.5)	(1.4)
Frictional costs	(1.7)	(0.3)	(0.3)	(0.0)
Cost of non-hedgeable risks	(17.7)	(16.8)	(16.4)	0.4

(Free Surplus and Required Capital in Adjusted Net Worth)

(Billions of yen)				
As of March 31	2009	2010	2011	Change 2010 vs 2011
Adjusted net worth	¥ 195.4	¥206.2	¥230.3	¥24.1
Free surplus	(173.8)	206.2	230.3	24.1
Required capital	369.2	–	–	–

(New Business Margin)

(Billions of yen)				
As of March 31	2009	2010	2011	Change 2010 vs 2011
Value of new business	¥ 15.4	¥ 55.6	¥ 56.8	¥ 1.2
Present value of premium income	866.9	875.4	953.1	77.7
Value of new business/Present value of premium income	1.8%	6.4%	6.0%	(0.4) points

For further details, please refer to pages 186 to 199 on Sony Life's MCEV in the Financial Data section.

Non-life Insurance Business

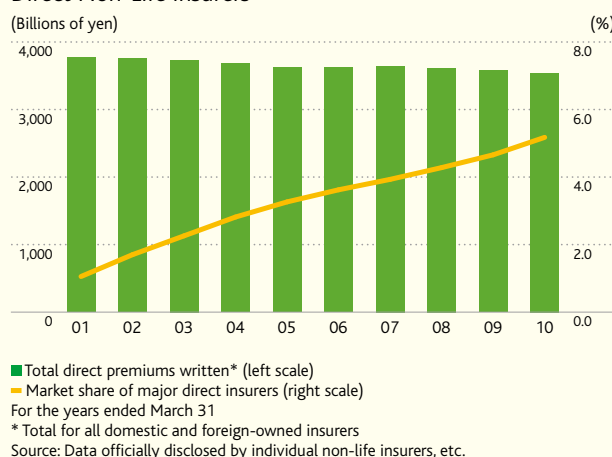
Market Conditions

Automobile insurance accounts for the largest portion of Japan's non-life insurance industry and is positioned as Sony Assurance's core product category. It provides around half of the industry's premium revenues. Japan's automobile insurance market is dominated by the major non-life insurance companies, which sell policies through nationwide insurance agencies and account for roughly 90% of premium revenues.

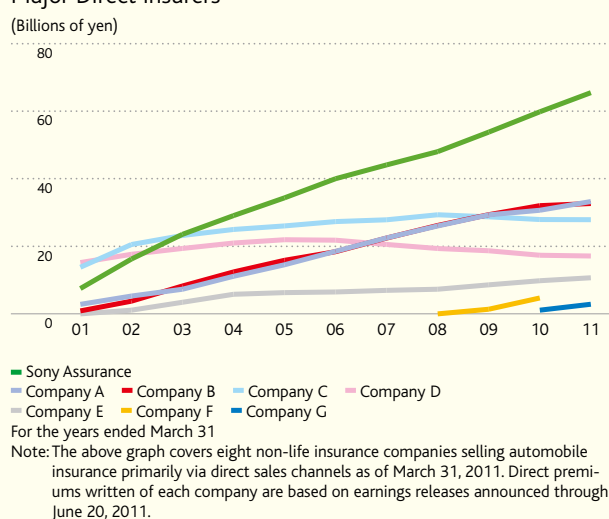
However, automobile insurance premium revenues for the industry overall have been on the decline due to stagnant auto sales, an increase in light motor vehicles, which have lower premium rates, and reductions in premium rates due to better driving records. Moreover, the economic outlook has grown increasingly uncertain recently due to the ongoing impact of the 2008 financial crisis and more recently to the Great East Japan Earthquake in March 2011. Given this climate, it is not possible to expect major growth in automobile ownership or the auto insurance market.

Nevertheless, direct non-life insurance companies have seen steady increases in insurance premium revenues as well as annual growth in their share of the automobile insurance market. Direct non-life insurers have a cost advantage compared to the major non-life insurance companies because operations are more centralized and efficient given that policies are sold directly online and over the telephone. For this reason, consumers are gradually becoming more aware of the lower premiums and consistent, high-quality services offered by direct non-life insurers. Given that consumers are expected to be increasingly cost conscious going forward due to worsening economic conditions, steady increases in premium revenues and market share are projected for direct non-life insurers.

Automobile Insurance Market and Market Share of Major Direct Non-Life Insurers



Direct Premiums Written (Automobile Insurance) by Major Direct Insurers



Recent Initiatives

February 2011: Sony Assurance Revises Automobile Insurance Policy Details

Sony Assurance revised the policy details for automobile insurance for policies with a start date of February 1, 2011 or later. Premium levels were modified based on Sony Assurance's actual loss ratios and other factors, and the five driving distance categories were further subdivided into seven categories. Discount programs were also revamped.

February 2011: Sony Assurance Revises Overseas Travel Accident Insurance Policy Details

Sony Assurance raised the upper limit for insurance benefits for injury, medical treatment and rescue, which had been ¥30 million, to an unlimited amount for policies applied for starting on February 16, 2011. The paperless discount was also raised from ¥300 to ¥500 for policies with a start date of April 1, 2011 or later.

April 2011: Sony Assurance Revises SURE Cancer and Medical Insurance Policy Details

Sony Assurance revised the policy details for SURE cancer and medical insurance for policies with a start date of July 1, 2011 or later. The main revisions consisted of adding a rider for advanced medical care expenses and a rider to expand the scope of surgery protection while hospitalized.

April 2011: Sony Assurance Declares Conformity with ISO 10002, the International Standard for Complaints Management Systems

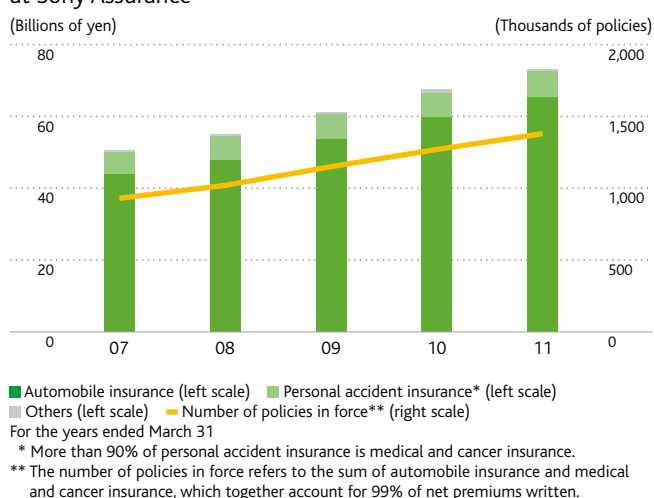
Sony Assurance declared on April 1, 2011 that it had built a complaints management system in conformity with ISO 10002, the international standard for complaints management systems (guidelines for quality management, customer satisfaction and handling complaints in an organization). Sony Assurance is the

first direct non-life insurance company in Japan to declare its conformity with ISO 10002*.

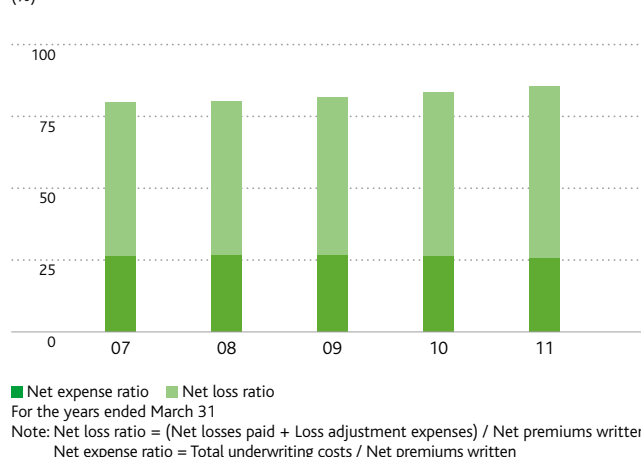
Sony Assurance will take advantage of this declaration of conformity with ISO 10002 to make a sincere commitment to incorporating customer feedback into initiatives designed to improve its quality of operations and enhance customer satisfaction.

* Based on a survey by Sony Assurance as of March 31, 2011.

Net Premiums Written and the Number of Policies in Force at Sony Assurance



Combined Ratio (Net Loss Ratio + Net Expense Ratio) (%)



Business Strategy

- ▶ Conduct proactive marketing activities and enhance service levels, with the aim of increasing direct premiums written
- ▶ Secure profitability by properly controlling the loss ratio and the expense ratio
- ▶ Promote the online business model and strengthen the website system, including the system for the mobile phone website

In the non-life insurance business, we will strive to maintain the top share* of the direct automobile insurance market and increase direct premiums written. To achieve this goal and maintain our strength in acquiring new customers and high levels of customer satisfaction, we will enhance our product lineup, actively conduct marketing and work to raise service levels. Active efforts will also be made to improve profitability as the business grows by revising policy details based on actual loss ratios and improving the efficiency of operations through

promoting the sale of insurance products via the Internet. Moreover, we will further promote our online business model by reinforcing and enhancing online system functions, which include making services available on mobile devices, an area of rapid market expansion.

* FY2009 share of direct premiums written for eight non-life insurance companies that sell automobile insurance primarily via direct sales channels.

Banking Business

Market Conditions

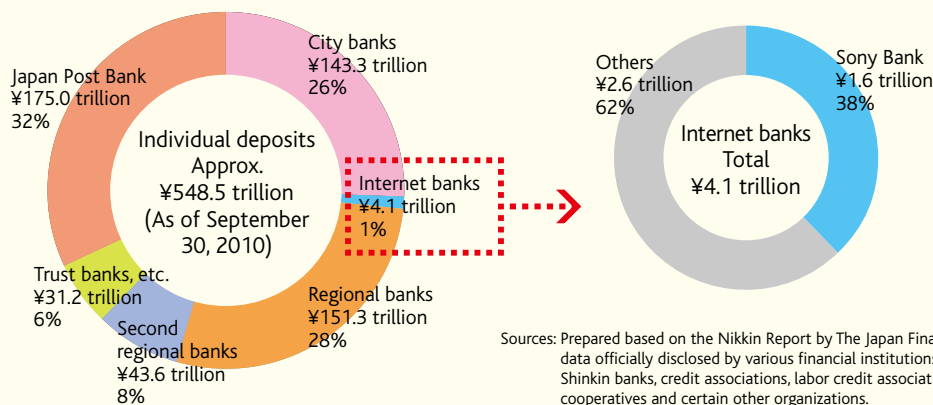
Japan's personal financial assets currently total approximately ¥1,500 trillion, more than half of which is comprised of cash and deposits, a high level even compared to that of other developed countries. A major challenge for financial institutions going forward then is how to meet the diversifying asset management needs of retail customers. Over the past several years, Internet banks have grown in step with increasing Internet access, thanks in part to their cost competitiveness. However, Internet banks still account for less than 1% of Japan's personal financial assets market as of September 30, 2010, so there is ample room for growth.

Conditions in Japan's banking industry remain challenging, though the turbulence in financial markets in the wake of the global financial crisis is subsiding. Against a backdrop of

long-term deflation and the continuing appreciation of the yen in the currency markets, in October 2010, the Bank of Japan hammered out a set of unconventional monetary policies that included initiating comprehensive monetary easing to promote quantitative easing, continuing effectively zero percent interest rates, expanding its balance sheet and buying risk assets. Due in part to these policies, for a time, Japan's economy moved off its recent plateau, and a gradual recovery came to be projected over the long term. However, the Great East Japan Earthquake that hit in March 2011 devastated the Tohoku region and other adversely affected areas of the country, and Japan's economy continues to face uncertain conditions.

Even in this challenging climate, Sony Bank continued to steadily improve its services. Sony Bank intends to improve the quality of its financial services and further raise efficiency to provide services trusted by customers over the long term.

Growth Potential in the Retail Financial Services Market



Sources: Prepared based on the Nikkin Report by The Japan Financial News Co., Ltd. and data officially disclosed by various financial institutions. Excludes data for Shinkin banks, credit associations, labor credit associations, agricultural cooperatives and certain other organizations.

Recent Initiatives

June 2010: Sony Bank Opens "Housing Loan Plaza," Its First Over-the-counter Branch

In June 2010, Sony Bank opened "Housing Loan Plaza," its first over-the-counter branch, in front of Tokyo Station. Loan advisors in individual booths consult with customers by appointment regarding new mortgage loans and refinancing mortgage loans taken out from other financial institutions. Customers may also apply to set up ordinary yen deposit accounts. The branch also enables customers to directly consult with Sony Bank loan advisors on how to select a mortgage loan and on refinancing simulations for existing mortgage loans.

July 2010: Sony Bank Enhances Foreign Currency Deposit Services

Sony Bank launched a foreign currency delivery service in July 2010. The service enables customers to withdraw cash in foreign currencies from foreign currency ordinary deposit accounts (U.S. dollars, Euro, Australian dollars) and have the money delivered by registered mail to the designated customer's home address.

September 2010: Sony Bank Begins Offering Mortgage Loans for Used Condominiums

Sony Bank's mortgage loans do not require the customer to visit a branch to complete required procedures and do not charge fees for early repayment. Until recently, the bank offered mortgage loans only for purchasing newly built homes and condominiums for use as the borrower's primary residence, building or refurbishing a home, or refinancing mortgage loans from other financial institutions. The scope was

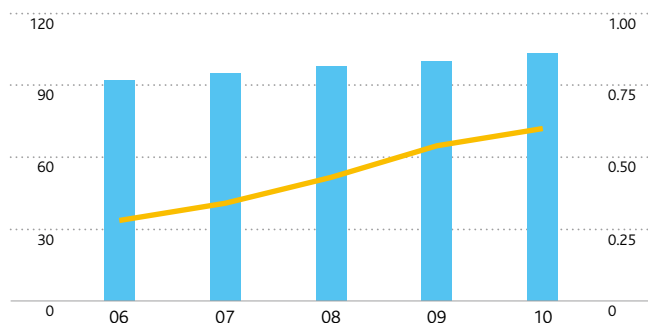
expanded in September 2010 to include the purchase of used condominiums to better meet the diverse home financing needs of customers.

May 2011: Sony Bank Makes Full-scale Entry into Credit Card Business

Sony Bank received approval in March 2011 from the Financial Services Agency under Article 30.2 of the Banking Act to take

over the Sony Card business after it is spun off from Sony Finance International. In May 2011, Sony Bank began issuing Sony Card, the official credit card of Sony, marking its full-scale entry into the credit card business. Sony Bank will continue various services, including offering credit cards with a dual-currency settlement function in yen and U.S. dollars, and further bolster settlement functions.

Industry-wide Mortgage Loan Balance and Sony Bank's Share
(Trillions of yen) (%)



■ Mortgage loan balance (domestically licensed banks) (left scale)

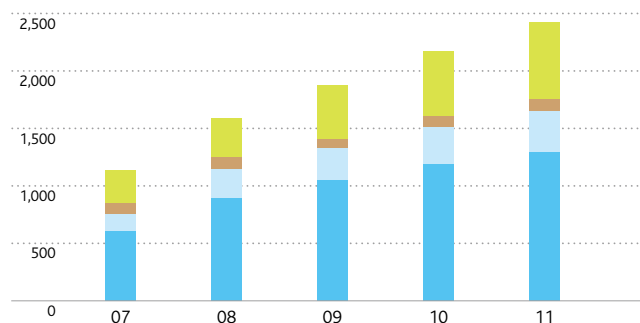
— Sony Bank's share (right scale)

Notes: 1. For the calendar year

2. Total of banking accounts of domestically licensed banks, trust accounts and overseas branch accounts (for Japan), excluding The Resolution and Collection Corporation, Kii Deposit Management Bank (dissolved on March 31, 2002), the Bridge Bank of Japan (dissolved on March 8, 2004), the Second Bridge Bank of Japan and the Japan Post Bank.

Source: "Loans to Individuals (Housing Funds)" from Bank of Japan statistics.

Retail Balance at Sony Bank
(Billions of yen)



■ Yen deposits ■ Foreign currency deposits
■ Investment trusts ■ Personal loan balance
As of March 31

Business Strategy

- ▶ Continuously grow the retail balance (sum of deposits, investment trusts and personal loan balance)
- ▶ Raise the efficiency of operations and enhance profitability by improving risk management
- ▶ Maintain financial soundness

In the banking business, we are striving for sustained growth in the retail balance—the sum of deposits, investment trusts and personal loan balance—by approaching underdeveloped customer segments through new promotional strategies and sales channels. Efforts are being made to enhance services to further raise customer convenience. As mentioned above, examples include opening the "Housing Loan Plaza" in June 2010, Sony Bank's first over-the-counter branch, and enhancing settlement functions through full-scale entry into the credit card business in May 2011. Internet banks still have a small share of Japan's retail financial market, so we believe there is great potential for growth.

Sony Bank intends to enhance ALM efficiency and profitability primarily by diversifying fund procurement and asset management approaches. Leveraging the features of its low-cost business model driven by Internet banking, Sony Bank will redouble efforts to raise the sophistication of operations, as it works to enhance customer satisfaction and cost efficiency.

In terms of maintaining financial soundness, we will maintain the capital adequacy ratio at the current sound levels and continue to closely monitor the direction of the introduction of Basel III capital requirements, while responding appropriately going forward.

Analysis of SFH Group Operating Performance for FY2010

SFH (Consolidated)

■ Operating Results

In FY2010, the fiscal year ended March 31, 2011, the Japanese economy gradually improved from the global financial market turmoil at the end of 2008, but has yet to stage a convincing recovery, mainly as a result of the yen's sharp appreciation and job uncertainty. Furthermore, the Great East Japan Earthquake that struck on March 11, 2011 caused untold damage, with no end in sight to the problems at the Fukushima Daiichi Nuclear Power Station. These factors are expected to delay the recovery of the devastated regions and hinder manufacturing activity in Japan. As a result, there are increasingly strong concerns over a slowdown in the Japanese economy.

Under these conditions, the SFH Group implemented a range of initiatives addressing diversifying customer needs, with the aim of becoming the most highly trusted financial services group by customers through the provision of high-quality services. SFH posted consolidated ordinary revenues for FY2010 of ¥1,002.2 billion, up 2.4% from the previous fiscal year. This increase was due to ordinary revenue growth in the life and the non-life insurance businesses, which contrasted with a decline in ordinary revenues in the banking business. Consolidated ordinary profit decreased 8.9% year on year to ¥76.8 billion. This was mainly the result of a decline in ordinary profit in the life and the non-life insurance businesses, despite an increase in ordinary profit in the banking business. The overall negative impact of the Great East Japan Earthquake on the SFH Group's consolidated ordinary profit for FY2010 was limited to around ¥5.5 billion. This was despite the negative impact of increased insurance claims and other payments, including provision for reserve for outstanding claims, in the life insurance business. SFH posted extraordinary losses of ¥8.8 billion. The main component was ¥7.1 billion in provision for reserve for price fluctuations in the life insurance business, compared with ¥5.9 billion in the previous fiscal year. After adjusting ordinary profit by accounting for extraordinary gains and losses, provision for reserve for policyholders' dividends, and income taxes, net income decreased 13.3% year on year to ¥41.7 billion.

Segment performance was as follows:

Life Insurance Business

In the life insurance business, income from insurance premiums rose in step with steady growth in new policy amount and policy amount in force. On the other hand, investment income declined, mainly due to deterioration in investment performance on separate account assets, which offset the positive impact of higher interest income and dividends and gains on sale of securities among general account assets. As a result, ordinary revenues rose 2.1% year on year to ¥900.3 billion. Ordinary profit decreased 9.5% year on year to ¥72.1 billion, despite an increase in gains on general account assets, net. The decrease was primarily due to an increase in provision for reserve for outstanding claims and other expenses related to the Great East Japan Earthquake; an increase in policy reserve provision related to minimum guarantees on variable life insurance policies; and an additional provision for policy reserves for some third-sector insurance products, resulting from a change in actuarial assumptions.

Non-life Insurance Business

In the non-life insurance business, ordinary revenues increased 8.8% year on year to ¥74.1 billion, due to an increase in net premiums written atop steady growth in the number of policies in force centered on automobile insurance. However, ordinary profit decreased 16.4% to ¥2.1 billion, despite the positive impact of a lower operating expense ratio. The decrease was mainly due to increases in net losses paid and provision for reserve for outstanding losses accompanying a higher accident rate and other factors.

Banking Business

In the banking business, ordinary revenues decreased 3.2% year on year to ¥29.5 billion, mainly due to a drop in gains on foreign exchange transactions. Meanwhile, ordinary profit rose 24.9% year on year to ¥2.4 billion in line with higher gross operating profit, despite the negative impact of higher general and administrative expenses, centered on system-related expenses. Growth in gross operating profit was driven by improved investment performance, in addition to an expansion in business volume mainly reflecting an increase in the balance of mortgage loans.

■ Financial Position

As of March 31, 2011, total assets amounted to ¥6,597.1 billion, up 9.9% from a year earlier. The major components of assets were securities (mostly Japanese government bonds (JGBs)) of ¥5,031.0 billion, up 12.1% from March 31, 2010; loans of ¥857.4 billion, up 20.0% from March 31, 2010; and monetary trusts of ¥290.7 billion, down 3.3% from March 31, 2010.

Total liabilities amounted to ¥6,302.2 billion, up 10.0% from a year earlier. The major components of liabilities were policy reserves and others of ¥4,489.8 billion, up 9.8% from March 31, 2010; and deposits of ¥1,647.6 billion, up 9.2% from March 31, 2010.

Total net assets amounted to ¥294.8 billion at March 31, 2011, up 9.4% from a year earlier. In terms of the components of net assets, net unrealized gains on other securities, net of taxes, was ¥8.5 billion, down ¥8.9 billion from the end of the previous fiscal year.

■ Cash Flows

Net cash provided by operating activities in FY2010 amounted to ¥527.5 billion, an increase of ¥33.3 billion from FY2009. In the banking business, cash was mainly provided by an increase in inflows stemming from a net decrease in call loans, despite a smaller increase in deposits and an increase in outflows due to a growing balance of loans. In the life insurance business, cash was mainly provided by higher interest income and dividends, and increased income from insurance premiums.

Net cash used in investing activities totaled ¥559.7 billion, up ¥181.0 billion from the previous fiscal year. This was mainly due to a decrease in the collection of funds from monetary trusts in the life insurance business, which outweighed the positive impact of higher proceeds from sale and redemption of securities in the banking business and the life insurance business.

Net cash used in financing activities was ¥6.5 billion, mostly the same as in the previous fiscal year. Cash was mainly used for the payment of dividends.

As a result of the above factors, cash and cash equivalents as of March 31, 2011 stood at ¥161.8 billion, down ¥38.7 billion from a year earlier.

■ Risk-monitored Loans

As of March 31	(Millions of yen)	
	2010	2011
Category		
Bankrupt loans	¥ 295	¥ 206
Non-accrual delinquent loans	1,007	1,213
Past-due loans (3 months or more)	—	—
Restructured loans	621	1,383
Total	¥1,924	¥2,803

SFH's consolidated operating results come from its **life insurance**, **non-life insurance**, and **banking** businesses. Segment-by-segment reviews of FY2010 operating performance are presented below.

Life Insurance Business

SFH's life insurance business consists of Sony Life, a wholly owned subsidiary of SFH; Sony Life Insurance (Philippines) Corporation, a wholly owned subsidiary of Sony Life; and AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd.—both equity-method affiliates 50% owned by Sony Life.

Sony Life accounts for nearly all of SFH's life insurance business. A discussion of the non-consolidated operating performance of Sony Life follows.

New Policy Amount

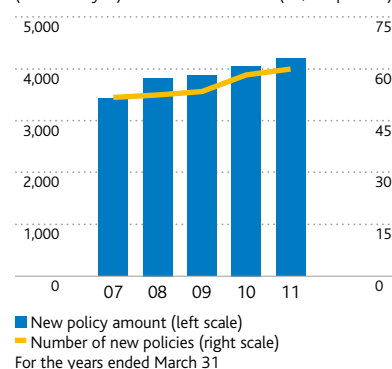
New policy amount is the total policy amount of new insurance policies.

For the years ended March 31	2010	2011	Change
New policy amount	¥4,049.2	¥4,199.0	3.7%
Individual life insurance	4,017.5	4,166.2	3.7%
Individual annuities	31.7	32.7	3.3%
Annualized premiums from new policies	68.7	71.2	3.6%
Medical protection, living benefit protection and other products	16.2	16.6	2.6%
The number of new policies (10,000 policies)	58.2	59.9	2.9%

Main Points

New policy amount, the number of new policies, and annualized premiums from new policies all increased due to steady sales of living benefit insurance, nursing care insurance, and term life insurance. In particular, Sony Life has increased sales of nursing care insurance by stimulating consumer demand with the launch in November 2010 of Whole Life Nursing-care Insurance (Reduced Surrender Value) featuring a lump sum nursing-care rider. Demand for existing nursing care insurance products has also been reinforced, including for Semi-participating Whole Life Nursing-care Insurance and its specialized rider, namely a semi-participating lump sum nursing-care rider every five years.

New Policy Amount and Number of New Policies
(Individual life insurance + Individual annuities)
(Billions of yen) (10,000 policies)



Policy Amount in Force

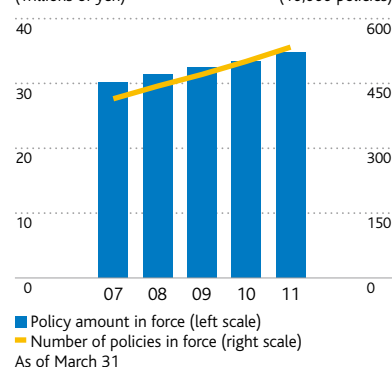
Policy amount in force refers to the total amount of coverage that Sony Life provides to individual policyholders.

As of March 31	2010	2011	Change
Policy amount in force	¥33,470.7	¥34,748.5	3.8%
Individual life insurance	33,164.1	34,421.8	3.8%
Individual annuities	306.6	326.6	6.5%
The number of policies in force (10,000 policies)	501	534	6.7%
Annualized premiums from insurance in force	573.3	604.7	5.5%
Medical protection, living benefit protection and other products	133.0	140.7	5.8%

Main Points

Policy amount in force increased mainly due to the steady acquisition of new policies and a decline in the lapse and surrender rate. Although the overall policy amount in force in Japan's life insurance industry has been declining since 1996, Sony Life's policy amount in force for individual life insurance and individual annuities has maintained steady growth for 30 years since the company commenced operations.

Policy Amount in Force and Number of Policies in Force
(Individual life insurance + Individual annuities)
(Trillions of yen) (10,000 policies)



Sales of Products (% of Total)

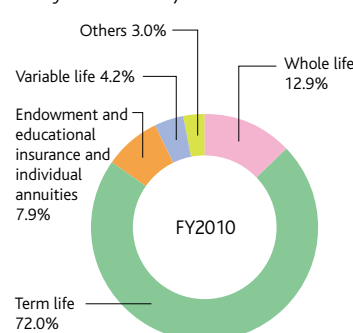
For the years ended March 31	2010	2011	Change
Whole life insurance	11.8%	12.9%	1.1pt
Term life insurance	73.1%	72.0%	(1.1pt)
Endowment and educational insurance, Individual annuities	7.6%	7.9%	0.3pt
Variable life insurance	5.2%	4.2%	(1.0pt)
Others	2.3%	3.0%	0.7pt

Main Points

Death protection products* accounted for around 90% of new policies (policy amount basis) in FY2010. By insurance product, FY2010 continued to see robust sales of family income insurance following the launch in November 2009 of a discount rider for nonsmokers and others in excellent health. Sony Life also recorded higher sales of living benefit insurance, nursing care insurance, decreasing term life insurance and other products compared with the previous year.

* The new policy amount for death protection products represents the total new policy amount after deduction of those for endowment and educational endowment insurance, individual annuities, and medical insurance.

New Policy Amount by Type of Product
(Individual life insurance + Individual annuities; Policy amount basis)



■ Lapse and Surrender Rate

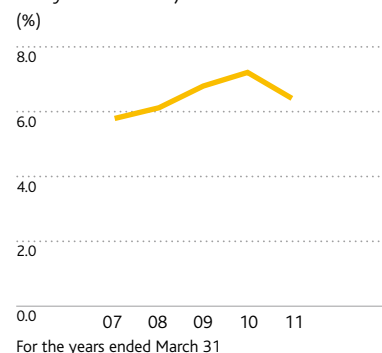
The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

For the years ended March 31	2010	2011	Change
Lapse and surrender rate	7.21%	6.41%	(0.80pt)

Main Points

In FY2009, the lapse and surrender rate increased mainly because some customers switched to more rational insurance products following the launch of a family income insurance discount rider for nonsmokers and others in excellent health. In FY2010, the lapse and surrender rate declined across all insurance products, centered on family income insurance.

Lapse and Surrender Rate
(Individual life insurance + Individual annuities;
Policy amount basis)



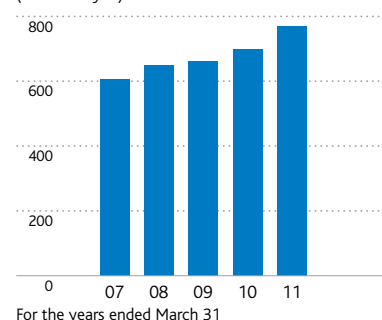
■ Income from Insurance Premiums and Insurance Claims and Other Payments

For the years ended March 31	2010	2011	Change
Income from insurance premiums	¥700.1	¥770.3	10.0%
Insurance claims and other payments	274.2	297.9	8.6%
Insurance claims	64.8	76.5	18.0%
Insurance benefits	34.6	38.3	10.6%
Annuity payments	7.7	8.2	6.2%
Surrender payments	162.6	170.7	4.9%

Main Points

In FY2010, income from insurance premiums received from policyholders increased steadily as a result of growth in new policy amount and policy amount in force.

Income from Insurance Premiums
(Billions of yen)



■ Asset Management

Sony Life's investment policy in its general account is to invest with an emphasis on balancing returns and market risk while seeking to ensure stable interest income and sound assets. Sony Life invests in debt securities, primarily JGBs with long maturities, while controlling interest rate risk in its investment portfolio.

As of March 31	2010		2011	
	Amount	Composition	Amount	Composition
Japanese government and corporate bonds	¥3,032.9	77.5%	¥3,499.9	80.9%
Japanese stocks	72.5	1.9%	64.0	1.5%
Foreign bonds	49.9	1.3%	44.2	1.0%
Foreign stocks and other securities	25.3	0.6%	30.0	0.7%
Monetary trusts	288.7	7.4%	276.4	6.4%
Policy loans	127.5	3.3%	134.4	3.1%
Real estate	79.9	2.0%	75.1	1.7%
Cash and deposits, call loans	116.4	3.0%	80.0	1.9%
Others	119.4	3.0%	120.9	2.8%
Total	¥3,912.9	100.0%	¥4,325.2	100.0%

Main Points

In FY2010, Sony Life continued to invest in ultralong-term bonds with maturities of 20 years or more, leading to an increase in the percentage of Japanese government and corporate bonds in the investment portfolio. The ratio of Japanese government and corporate bonds stood at 87.3% as of March 31, 2011 in real terms, reflecting such bonds included in monetary trusts. Meanwhile, Sony Life downsized risk assets, reducing its balance of convertible bonds to zero. After reducing its holdings of Japanese stocks in FY2008, Sony Life largely maintained such holdings at just under 2% of its portfolio in FY2010.

Sony Life has worked to reduce its exposure to interest rate risk by replacing its bond holdings from bonds with short-term to ultralong-term maturities. In the first half of FY2010, Sony Life largely completed the process of replacing existing bond holdings, and now has only a limited exposure to interest rate movements.

Note: In FY2009 and the first half of FY2010, Sony Life disclosed the composition of its general account assets in real terms, reflecting assets included in monetary trusts, which have been summed together by type of security. However, the balances of convertible bonds and Japanese stocks included in monetary trusts were both zero as of March 31, 2011. Accordingly, Sony Life has changed its method of disclosing asset composition in real terms to adopt the traditional disclosure standards for asset composition established by The Life Insurance Association of Japan.

■ Unrealized Gains and Losses on Securities

Unrealized gains and losses on securities* refer to the differences between the carrying amounts and fair values of securities. When the fair value of an asset is higher than its carrying amount, the sale of the asset at fair value would result in a gain on the sale. Consequently, unrealized gains can function as a provision for various risks. A portion of unrealized gains and losses on securities and real estate is included in the total solvency margin (numerator) used in calculating the solvency margin ratio (see pages 44 and 45).

* Unrealized gains and losses on securities list the total of net unrealized gains or losses on held-to-maturity bonds and available-for-sale securities with fair values. The total of securities includes securities included in monetary trusts.

(Billions of yen)

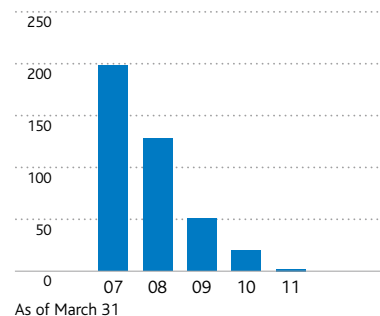
As of March 31	2010	2011	Change
Unrealized gains on securities in the general account	¥19.9	¥ 2.0	(17.8)
Unrealized gains on Japanese stocks	10.4	3.8	(6.6)
Unrealized gains (losses) on Japanese government and corporate bonds	0.0	(6.5)	(6.5)
Unrealized gains on foreign securities	7.8	3.9	(3.8)

Main Points

Unrealized losses on Japanese government and corporate bonds increased because long-term interest rates rose in the second half of FY2010 after falling in the first half of the fiscal year. On the other hand, unrealized gains on Japanese stocks declined due to a drop in stock prices around the fiscal year-end in the wake of the Great East Japan Earthquake.

Unrealized Gains on Securities

(Billions of yen)



■ Core Profit

Core profit is an indicator of the profit-earning capacity of the primary insurance business over a one-year period. Primary insurance business refers to the management of insurance premiums received from policyholders, along with investment income to pay insurance claims, benefits, and annuities, as well as to making and then investing policy reserve provisions for future payments. The addition to core profit of capital gains and losses, including gains and losses on the sale of securities, as well as one-time gains and losses, results in ordinary profit as listed in the statements of income.

Note: Sony Life, similar to most life insurers organized as stock companies, primarily sells non-participating life insurance. This contrasts with life insurers organized as mutual companies, which typically offer participating policies for which premiums include an additional amount equal to the funds used for policyholder dividends. This additional amount is recorded as core profit and the funds used for policyholder dividends are included in core profit. Mutual companies consequently tend to show relatively higher core profit than stock companies of similar scale.

(Billions of yen)

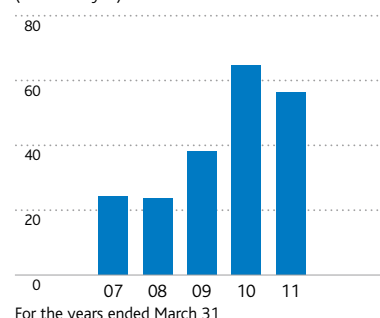
For the years ended March 31	2010	2011	Change
Core profit	¥64.5	¥56.2	(12.7%)

Main Points

Sony Life's core profit declined, despite increases in income from insurance premiums and interest income and dividends. This decrease mainly reflected an increase in provision for reserve for outstanding claims in response to the Great East Japan Earthquake, as well as an increase in provision for policy reserves related to minimum guarantees on variable life insurance policies.

Core Profit

(Billions of yen)



Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

For the years ended March 31	2010	2011
Core profit (A)	¥64,517	¥56,295
Capital gains	29,947	26,604
Income from monetary trusts, net	14,839	1,622
Income from trading securities, net	—	—
Gains on sale of securities	15,107	24,982
Gains on derivatives, net	—	—
Foreign exchange gains, net	—	—
Other capital gains	—	—
Capital losses	11,355	2,748
Losses on monetary trusts, net	—	—
Losses on trading securities, net	—	—
Losses on sale of securities	10,073	1,866
Devaluation losses on securities	—	348
Losses on derivatives, net	—	—
Foreign exchange losses, net	833	533
Other capital losses	449	—
Net capital gains (losses) (B)	18,591	23,856
Core profit plus net capital gains (losses) (A) + (B)	83,108	80,152
Other one-time gains	—	—
Gains from reinsurance	—	—
Reversal of contingency reserve	—	—
Others	—	—
Other one-time losses	3,009	6,975
Losses from reinsurance	—	—
Provisions for contingency reserve	3,005	3,062
Provisions for specific reserve for possible loan losses	3	20
Provisions for reserve for loan losses from borrowers in specific foreign countries	—	—
Write-off of loans	—	—
Others	—	3,893
Net other one-time gains (losses) (C)	(3,009)	(6,975)
Ordinary profit (A) + (B) + (C)	¥80,099	¥73,176

Notes: 1. Core profit for the fiscal year ended March 31, 2011 (A) includes income gains of ¥5,361 million in income from monetary trusts, net. Other one-time losses include additional provision for policy reserves of ¥3,893 million.
2. Core profit for the fiscal year ended March 31, 2010 (A) includes income gains of ¥8,047 million in income from monetary trusts; other capital losses include impairment losses of ¥449 million from investment partnership.

Negative Spread

Life insurers use a portion of the premiums received from policyholders to provide policy reserves for the payment of future claims. The policy reserves assume an annual return based on a fixed interest rate. This interest rate is known as the assumed interest rate. A negative spread occurs when the actual investment yield for some policies is lower than the assumed interest rate due to deterioration in the investment environment or other reasons.

(Billions of yen)

For the years ended March 31	2010	2011	Change
Negative spread	¥11.5	¥6.3	(45.2%)
Average assumed interest rate	2.51%	2.43%	(0.08pt)
Investment yield (general account)	2.54%	2.68%	0.14pt
Investment yield for core profit	2.17%	2.26%	0.09pt

Main Points

Sony Life's negative spread decreased from FY2009 in line with an increase in interest income and dividends.

Formula for Calculating Negative Spread

$$\left(\text{Investment yield for core profit}^{*1} - \text{Average assumed interest rate}^{*2} \right)$$

$$\times \text{General account policy reserves}^{*3}$$

$$= \text{Negative spread}$$

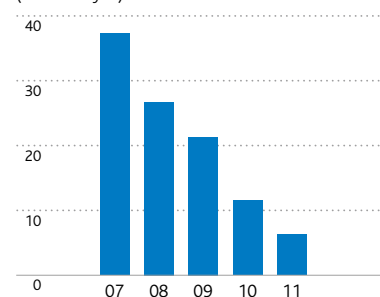
*1 Investment yield for core profit is the yield on general account policy reserves after subtracting the provision for policyholder dividend reserve from the general account investment returns included in core profit.

*2 Average assumed interest rate is the assumed yield on general account policy reserves.

*3 General account policy reserves are calculated based on the following formula for policy reserves in the general account, excluding contingency reserve: (Policy reserves at beginning of term + policy reserves at end of term – assumed interest) x 1/2

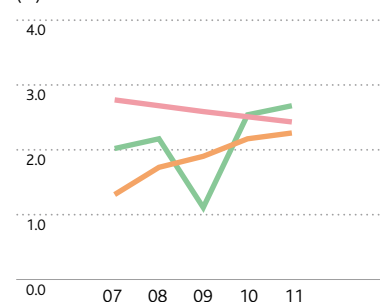
Negative Spread

(Billions of yen)



For the years ended March 31

Average Assumed Interest Rate, Investment Yield for Core Profit, and Investment Yield (General Account)



For the years ended March 31

Ordinary Profit and Net Income

(Billions of yen)

For the years ended March 31	2010	2011	Change
Ordinary revenues	¥881.7	¥900.0	2.1%
Ordinary profit	80.0	73.1	(8.6%)
Net income	46.1	40.2	(12.8%)

Main Points

Ordinary Revenues

Ordinary revenues increased year on year due to higher income from insurance premiums on the back of steady growth in new policy amount and policy amount in force.

Ordinary Profit

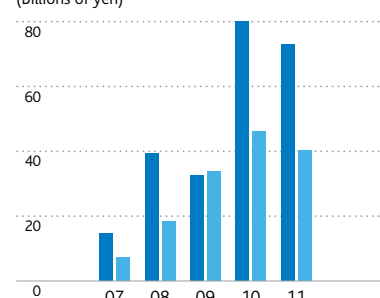
Ordinary profit decreased year on year, despite an increase in gains on general accounts, net. The decrease was primarily due to an increase in provision for reserve for outstanding claims and other expenses related to the Great East Japan Earthquake; an increase in provision for policy reserves related to minimum guarantees on variable life insurance policies; and an additional provision for policy reserves for some third-sector insurance products, resulting from a change in actuarial assumptions.

Net Income

Net income decreased in line with the drop in ordinary profit.

Ordinary Profit and Net Income (Non-consolidated)

(Billions of yen)



For the years ended March 31

Solvency Margin Ratio

The solvency margin ratio is an indicator of payment ability. Life insurers accumulate policy reserves to prepare for the payment of future claims, allowing them to adequately respond to risks within a normally anticipated range. However, unforeseen events can occur as a result of changes in the environment, including major disasters and substantial declines in the stock market. The solvency margin ratio is one measure used by regulatory authorities to determine whether an insurer has the ability to pay in response to the risk of such unpredictable events.

As of March 31	2010	2011	Change
Solvency margin ratio	2,637.3%	2,900.1%	262.8pt

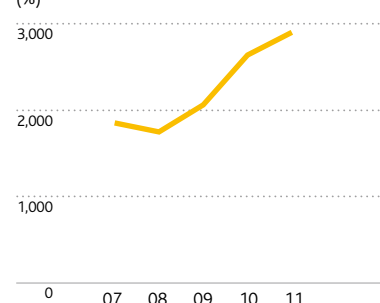
Main Points

Sony Life maintains a high solvency margin ratio within the life insurance industry.

Under revised standards, Sony Life's solvency margin ratio is 1,720.0%. This is lower than the solvency margin ratio using current standards mainly because of restrictions on the components that can be included in the calculation of the total solvency margin as well as stricter risk measurement standards.

Solvency Margin Ratio

(%)



As of March 31

Solvency Margin Ratio

(Millions of yen)

As of March 31	2010	2011
(A) Total solvency margin	¥630,237	¥690,331
Common stock, etc.	170,329	200,773
Reserve for price fluctuations	9,637	16,768
Contingency reserve	48,497	51,559
General reserve for possible loan losses	0	0
Net unrealized gains on other securities x 90% (100% if losses)	33,040	20,820
Net unrealized gains on real estate x 85% (100% if losses)	1,633	1,002
Excess amount of policy reserves based on Zillmer method	316,510	334,201
Unallotted portion of reserve for policyholders' dividends	2,346	1,186
Future profits	1,022	628
Deferred tax assets	47,219	63,388
Subordinated debt	—	—
Deductible items	—	—
(B) Total risk		
$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	47,792	47,606
Insurance risk (R ₁)	19,199	20,014
Third-sector insurance risk (R ₈)	7,094	7,269
Assumed interest rate risk (R ₂)	11,395	11,573
Asset management risk (R ₃)	18,932	16,822
Business management risk (R ₄)	1,292	1,294
Minimum guarantee risk (R ₇)	8,023	9,025
(C) Solvency margin ratio		
$[(A)/(B) \times 1/2] \times 100$	2,637.3%	2,900.1%

Notes: 1. The foregoing figures were calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law and the Ministry of Finance Public Notice No. 50 of 1996. (Excess amount of policy reserves based on Zillmer method were calculated based on Article 1-3-1 of the Ministry of Finance Public Notice No. 50.)
2. Minimum guarantee risk was calculated based on the standardized approach.

■ Non-performing Assets

Sony Life's asset assessment is shown below. Sony Life does not have any risk-monitored loans (loans for which repayment conditions are not ordinary). Moreover, all figures listed in the loans by borrower category are classified as normal loans.

Sony Life's loan balance was ¥134.4 billion as of March 31, 2011. As Sony Life does not engage in commercial lending*, the entire loan balance consists of policy loans, which are limited to recoverable surrender payments.

* Life insurers earn interest income by lending a portion of their assets under asset management. Loans are categorized as either policy loans provided as a service to customers, or commercial loans. The loan balance comprises the sum of these two categories.

Risk-monitored Loans

(Millions of yen)

As of March 31	2010	2011
Category		
Bankrupt loans	¥—	¥—
Non-accrual delinquent loans	—	—
Past-due loans (3 months or more)	—	—
Restructured loans	—	—
Total	¥—	¥—

Loans by Borrower Category

(Millions of yen)

As of March 31	2010	2011
Category		
Bankrupt and quasi-bankrupt loans	¥ —	¥ —
Doubtful loans	—	—
Sub-standard loans	—	—
Normal loans	129,867	136,809
Total	¥129,867	¥136,809

Non-life Insurance Business

SFH's non-life insurance business is conducted by Sony Assurance, a wholly owned subsidiary of SFH.

A discussion of the operating performance of Sony Assurance, which operates SFH's non-life insurance business, follows.

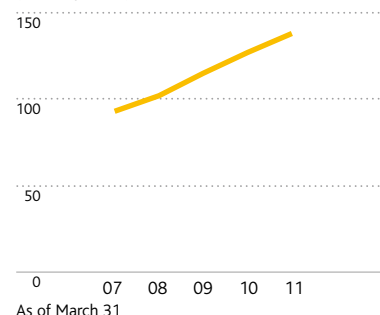
Policies in Force

As of March 31	2010	2011	Change
Number of policies in force (Automobile insurance + Medical and cancer insurance policies)	127	138	8.4%

Main Points

The number of policies in force continued to grow steadily in 2010. Sony Assurance saw a steady increase in the sum of automobile insurance and medical and cancer insurance compared with the previous fiscal year.

Number of Policies in Force
(Automobile insurance +
Medical and cancer insurance policies)
(10,000 policies)



Net Premiums Written

Net premiums written correspond to sales at most non-life insurance companies and comprise the premiums received from policyholders (direct premiums written), plus or minus reinsurance premiums (adding direct reinsurance premiums received and subtracting direct reinsurance premiums paid).

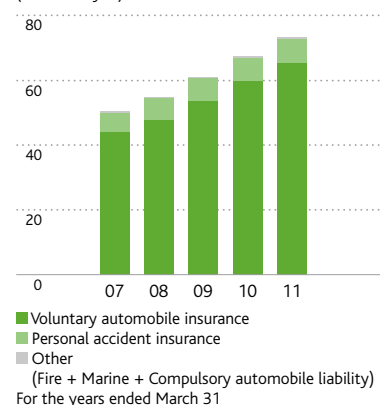
For the years ended March 31	2010	2011	Change
Net premiums written	¥67.4	¥73.3	8.8%
Voluntary automobile insurance	59.6	65.2	9.5%
Personal accident insurance*	7.1	7.3	2.8%
Other (Fire + Marine + Compulsory automobile liability)	0.6	0.7	9.3%

* Including medical and cancer insurance

Main Points

Sony Assurance posted an increase in net premiums written in line with steady growth in the number of policyholders.

Net Premiums Written
(Billions of yen)



Net Loss Ratio

The net loss ratio describes the ratio of the total amount of insurance-claim payments (net losses paid) and damage-survey expenses (loss adjustment expenses) to net premiums written.

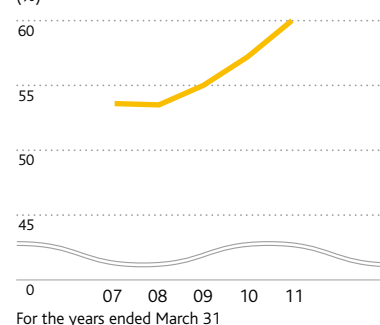
For the years ended March 31	2010	2011	Change
Net loss ratio	57.2%	60.0%	2.8pt
Net loss ratio for automobile insurance	61.1%	63.6%	2.5pt
Net loss ratio for personal accident insurance*	22.9%	24.6%	1.7pt

* Including medical and cancer insurance

Main Points

The net loss ratio increased from the previous fiscal year, mainly due to the negative impact of a higher accident rate for automobile insurance.

Net Loss Ratio
(%)



■ Net Expense Ratio

The net expense ratio is the ratio of the total cost for marketing and maintaining insurance to net premiums written. These expenses include company operating costs and new product development costs.

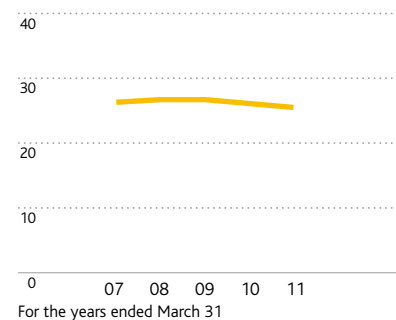
For the years ended March 31	2010	2011	Change
Net expense ratio	26.1%	25.5%	(0.6pt)
Combined ratio (Net loss ratio + net expense ratio)	83.3%	85.6%	+2.3pt

Main Points

The net expense ratio decreased, mainly because Sony Assurance held down the increase in expenses relative to growth in net premiums written.

Net Expense Ratio

(%)



■ Underwriting Profit

Underwriting profit indicates profit generated from underwriting insurance. Underwriting profit is calculated by subtracting from underwriting income (net premiums written, etc.) any underwriting expenses (net losses paid and loss adjustment expenses, etc.) and operating, general, and administrative expenses associated with underwriting, then adding or subtracting other income and expenses (corporate taxes associated with compulsory automobile liability insurance, etc.).

(Billions of yen)

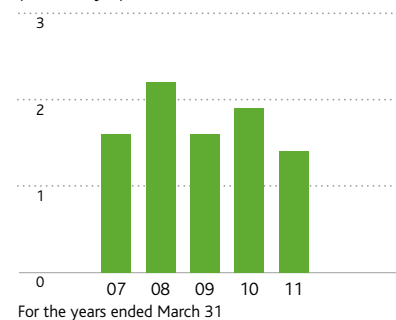
For the years ended March 31	2010	2011	Change
Underwriting profit	¥1.9	¥1.4	(25.8%)

Main Points

Sony Assurance's underwriting profit decreased year on year, despite an increase in net premiums written. This decrease mainly reflected increases in net losses paid and provision for reserve for outstanding losses, mainly on account of an increase in the accident rate.

Underwriting Profit

(Billions of yen)



■ Ordinary Profit and Net Income

(Billions of yen)

For the years ended March 31	2010	2011	Change
Ordinary revenues	¥68.1	¥74.1	8.8%
Ordinary profit	2.5	2.1	(16.4%)
Net income	1.6	1.2	(19.2%)

Main Points

Ordinary Revenues

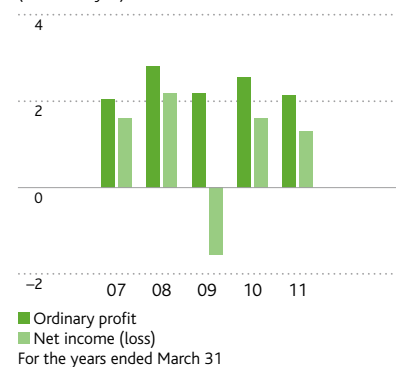
Sony Assurance's ordinary revenues increased from the previous fiscal year on the back of higher net premiums written in step with steady growth in the number of policies in force mainly for core automobile insurance.

Ordinary Profit

Despite a drop in the expenses ratio, ordinary profit decreased mainly due to increases in net losses paid and provision for reserve for outstanding losses, chiefly the result of an increase in the accident rate.

Ordinary Profit and Net Income (Loss)

(Billions of yen)



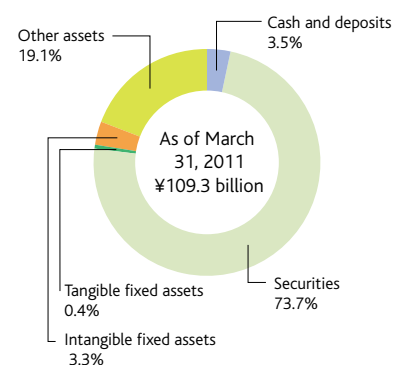
■ Total Asset Composition and Investment Policy

Sony Assurance's basic investment policy is to invest in yen-denominated bonds in order to ensure stable investment returns over the medium to long term, taking into account the market environment, asset management risks, and other factors.

(Billions of yen)

As of March 31	2010	2011	Change
Total assets	¥98.3	¥109.3	11.2%
Cash and deposits	3.5	3.8	10.0%
Securities	73.2	80.6	10.1%
Tangible fixed assets	0.3	0.3	18.1%
Intangible fixed assets	1.9	3.6	89.9%
Other assets	19.3	20.8	7.9%

Composition of Total Assets



■ Solvency Margin Ratio

The solvency margin ratio is an important indicator of the ability of non-life insurers to pay claims.

Main Points

Sony Assurance's solvency margin ratio was 981.4% as of March 31, 2011, down 37.1 points from March 31, 2010, remaining at a sound level.

Based on revised standards, Sony Assurance's solvency margin ratio would be 631.0%. This was lower than the solvency margin ratio based on current standards mainly because of stricter risk measurement standards.

(Millions of yen)

As of March 31	2010	2011
(A) Total solvency margin	¥27,444	¥28,758
Capital or treasury	15,456	16,753
Reserve for price fluctuations	27	43
Contingency reserve	6	8
Catastrophe reserve	11,918	11,926
General reserve for possible loan losses	—	—
Net unrealized gains on other securities	36	26
Net unrealized gains on real estate	—	—
Excess refund reserve	—	—
Subordinated debt	—	—
Others	—	—
Deductible items	—	—
(B) Total risk		
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,388	5,860
Ordinary insurance risk (R ₁)	4,599	5,060
Third-sector insurance risk (R ₂)	0	0
Assumed interest rate risk (R ₃)	10	12
Asset management risk (R ₄)	288	235
Business management risk (R ₅)	165	177
Major catastrophe risk (R ₆)	614	615
(C) Solvency margin ratio		
$[(A)/\{(B) \times 1/2\}] \times 100$	1,018.5%	981.4%

Note: The foregoing figures were calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law of Japan and the Ministry of Finance Public Notice No. 50 (1996).

Solvency Margin Ratio

(%)

1,500

1,000

500

0 07 08 09 10 11
As of March 31

■ Non-performing Assets

Sony Assurance's self-assessment indicates its assets are sound, as shown below.

Risk-monitored Loans

(Millions of yen)

As of March 31	2010	2011
Category		
Bankrupt loans	¥—	¥—
Non-accrual delinquent loans	—	—
Past-due loans (3 months or more)	—	—
Restructured loans	—	—
Total	¥—	¥—

Loans by Borrower Category

(Millions of yen)

As of March 31	2010	2011
Category		
Bankrupt and quasi-bankrupt loans	¥—	¥—
Doubtful loans	—	—
Sub-standard loans	—	—
Normal loans	—	—
Total	¥—	¥—

Banking Business

Sony Bank's banking business comprises Sony Bank, a wholly owned subsidiary of SFH; Sony Bank Securities, a wholly owned subsidiary of Sony Bank; and SmartLink Network, a 57%-owned subsidiary of Sony Bank.

Sony Bank accounts for nearly all of SFH's banking business. A discussion of the operating performance of Sony Bank (non-consolidated) and Sony Bank Securities follows.

Gross Operating Profit

Sony Bank derives gross operating profit from net interest income, net fees and commissions, and net other operating income.

Sony Bank uses the deposits received from customers primarily to invest in securities and provide mortgage loans. Net interest income refers to the spread between funding costs, including interest paid on deposits, and investment returns such as the interest received on securities, loans, and other items.

Net fees and commissions refers to the spread between the fees and commissions received from the securities trading of customers, domestic and foreign exchanges and other operations, and the fees and commissions paid for ATM usage, domestic and foreign exchanges and other operations.

Net other operating income refers to income from operations not included in net interest income or net fees and commissions. This includes gains and losses on foreign exchange transactions; gains and losses on sale and purchase of bonds, including government bonds; and gains and losses on swaps and other financial derivatives held as hedges for securities and other investments.

For the years ended March 31	2010	2011	(Billions of yen) Change
Gross operating profit	¥14.9	¥16.4	10.1%
Net interest income	13.0	13.2	1.8%
Net fees and commissions	(0.1)	(0.1)	—
Net other operating income	2.1	3.3	58.7%

Main Points

Net Interest Income

Net interest income increased year on year owing to a growing balance of investment assets, including mortgage loans, in step with business expansion.

Net Fees and Commissions

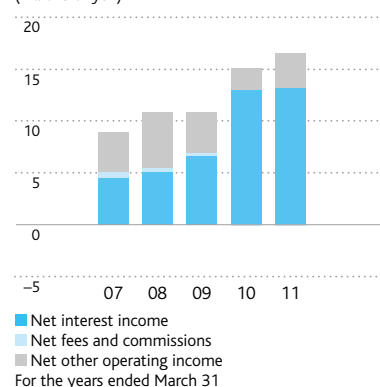
Net fees and commissions were mostly the same as the previous fiscal year, due partly to flat growth in net fees and commissions from foreign exchange margin transactions.

Net Other Operating Income

Net other operating income increased year on year, reflecting improved investment performance.

Gross Operating Profit

(Billions of yen)



General and Administrative Expenses

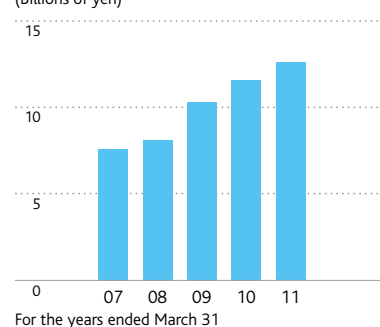
For the years ended March 31	2010	2011	(Billions of yen) Change
General and administrative expenses	¥11.6	¥12.6	7.9%

Main Points

General and administrative expenses rose year on year, due mainly to higher system-related expenses.

General and Administrative Expenses

(Billions of yen)



Ordinary Profit and Net Income

For the years ended March 31	2010	2011	(Billions of yen) Change
Ordinary profit	¥2.9	¥3.3	15.3%
Net income	1.6	2.0	24.8%

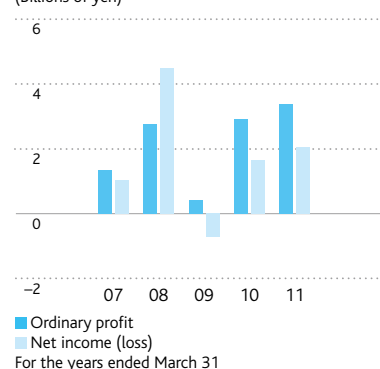
Main Points

Ordinary Profit

Although general and administrative expenses increased as mentioned above, ordinary profit rose year on year in line with growth in gross operating profit, driven by the expansion of mortgage loans and other business, and improved investment performance.

Ordinary Profit and Net Income (Loss)

(Billions of yen)



Number of Accounts

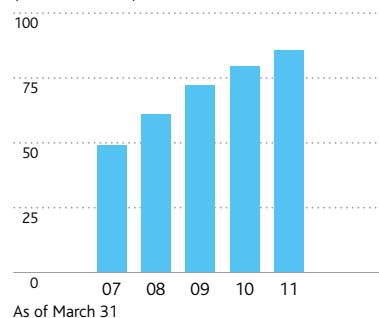
As of March 31	2010	2011	(10,000 accounts) Change
Number of accounts	79.6	85.9	7.8%

Main Points

Sony Bank continued efforts to acquire new customers in FY2010 by upgrading and expanding its lineup of products and services and raising brand recognition. As a result, the number of customer accounts increased steadily.

Number of Accounts

(10,000 accounts)



Customer Assets (Total of Deposits and Investment Trusts)

As of March 31	2010	2011	(Billions of yen) Change
Customer assets	¥1,610.0	¥1,755.5	9.0%
Yen deposits	1,184.9	1,289.8	8.9%
Foreign currency deposits	325.0	359.2	10.5%
Investment trusts	100.0	106.4	6.5%

Main Points

Yen Deposits

Yen deposits increased, mainly led by growth in yen time deposits, due partly to special bonus interest rates offered during the summer 2010 bonus season before the reinstatement of zero interest rates.

Foreign Currency Deposits

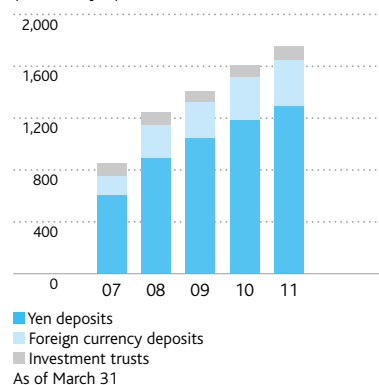
Foreign currency deposits increased on the back of rising demand for such deposits eyeing foreign exchange movements, despite the negative impact of yen conversions caused by the yen's appreciation.

Investment Trusts

The balance of investment trusts increased, partly due to efforts to enhance services, such as by making sales commissions for index funds free, and enabling customers to receive dividends, in addition to substantially upgrading and expanding the range of funds.

Customer Assets

(Billions of yen)



Loans

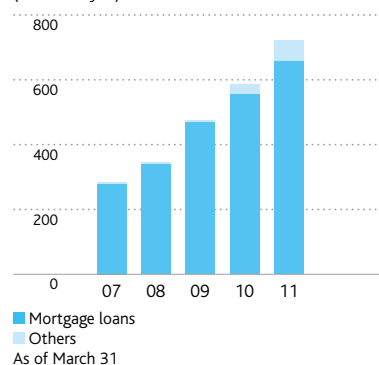
As of March 31	2010	2011	(Billions of yen) Change
Loans	¥586.6	¥722.4	23.1%
Mortgage loans	555.1	656.0	18.2%
Others	31.5	66.4	110.5%

Main Points

Despite fierce competition in mortgage loans, the balance of mortgage loans steadily increased, boosted by customers drawn to the "Housing Loan Plaza," which opened in June 2010, and growing refinancing demand in response to a reduction in long-term interest rates from the summer of 2010. The corporate loan balance, centered on a syndicated loan product launched in October 2009, increased to ¥58.4 billion as of March 31, 2011.

Loans

(Billions of yen)



Securities

Sony Bank's securities investments consist of investments with interest rate risk, mainly JGBs, and investments with credit risk, mainly investment-grade corporate bonds.

As of March 31	2010	2011	(Billions of yen) Change
Balance of securities	¥880.1	¥940.1	6.8%
Japanese government bonds	263.5	262.7	(0.3%)
Japanese municipal bonds	7.0	17.5	148.3%
Japanese corporate bonds	326.3	320.5	(1.8%)
Japanese stocks	3.0	5.0	66.7%
Foreign securities	271.3	325.7	20.0%
Other securities	8.8	8.5	(3.1%)

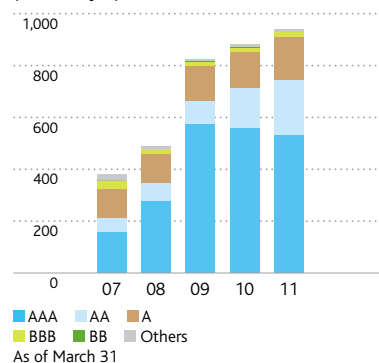
Main Points

With respect to the ratings of securities held by Sony Bank, securities rated AA or above accounted for 79.0% of the total.* Sony Bank's investment in Sony Bank Securities of ¥5.0 billion (¥2.5 billion in common stock and ¥2.5 billion in capital surplus) is recorded as Japanese stocks.

* Sony Bank uses the Basel II standardized approach and classifies its securities, based on ratings by five rating agencies: Moody's Investors Service, Standard & Poor's, Rating and Investment Information, Japan Credit Rating Agency, and Fitch Ratings.

Securities (by Ratings)

(Billions of yen)



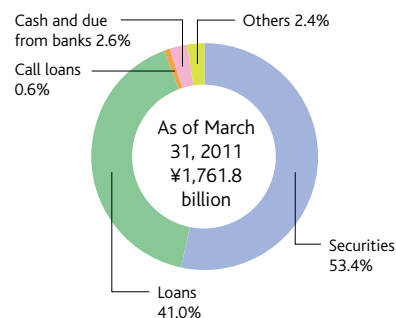
Total Asset Composition

As of March 31	2010	2011	(Billions of yen) Change
Total assets	¥1,612.1	¥1,761.8	9.3%
Securities	880.1	940.1	6.8%
Loans	586.6	722.4	23.1%
Call loans	55.0	10.0	(81.8%)
Monetary claims purchased	3.2	—	—

Main Points

Sony Bank's total investment assets increased, tracking expansion in overall business volume, including mortgage loans.

Composition of Total Assets



Capital Adequacy Ratio

The capital adequacy ratio is an important measure of a bank's financial soundness.

As of March 31	2010	2011	Change
Capital adequacy ratio (Non-consolidated basis; Domestic criteria)	12.09%	10.84%	(1.25pt)

Main Points

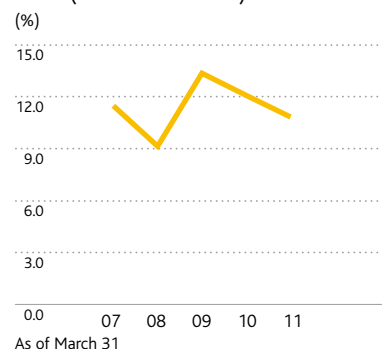
Sony Bank continues to maintain a sound financial position.

Sony Bank Non-consolidated Capital Adequacy Ratio (Domestic Criteria)

As of March 31	2010	2011	(Millions of yen)
Capital			
Common stock	¥ 31,000	¥ 31,000	
Capital surplus	21,000	21,000	
Retained earnings	7,232	9,287	
Tier I (core) capital [A]	59,232	61,287	
Preferred securities with step-up interest rate provision	—	—	
General reserve for possible loan losses	321	583	
Subordinated debt	2,000	2,000	
Subordinated term debt and term preferred stock	2,000	2,000	
Tier II (supplementary) capital [B]	2,321	2,583	
Tier III (sub-supplementary) capital [C]	—	—	
Capital subtotal [A + B + C] [D]	61,554	63,871	
Deductions [E]	—	—	
Total capital [D] – [E] [F]	61,554	63,871	
Risk-adjusted assets			
Balance sheet items	476,683	551,763	
Off-balance sheet items	4,334	6,786	
Result of dividing operational risk equivalent amount by 8%	27,784	30,131	
Total risk assets [G]	508,802	588,681	
Capital adequacy ratio (domestic criteria) [F] / [G]	12.09%	10.84%	
Reference: Tier I ratio (domestic criteria) [A] / [G]	11.64%	10.41%	

Note: Calculated based on FSA Notification No. 19 (2006), which establishes standards based on Article 14-2 of the Banking Act for determining the capital adequacy of a bank in light of the assets held by the bank. Sony Bank has applied FSA Notification No. 79 (2008), which establishes exceptions to the standards based on Article 14-2 of the Banking Act for determining the capital adequacy of a bank in light of the assets held by the bank, since FY2008. Sony Bank applies domestic criteria.

Non-consolidated Capital Adequacy Ratio (Domestic Criteria)



■ Non-performing Assets

Sony Bank strives for small-loan diversification in its lending to individuals, screens potential borrowers based on prescribed credit screening standards, and manages loans after they have been granted. In lending to corporate customers, Sony Bank sets maximum loan limits according to customer credit and adheres to standards that prevent excessive lending to particular borrowers. The sales division also works independently of the screening division, and the bank ensures that financing proceeds only following due diligence via relevant deliberative entities. In addition, Sony Bank has established a meticulous loan management and screening system. As a result of these efforts, non-performing loans remain low in all categories as shown below, and the bank maintains a sound asset structure.

Risk-monitored Loans

(Millions of yen)		
As of March 31	2010	2011
Category		
Bankrupt loans	¥ 295	¥ 206
Non-accrual delinquent loans	1,007	1,213
Past-due loans (3 months or more)	—	—
Restructured loans	621	1,383
Total	¥1,924	¥2,803

Problem Loans Based on the Financial Reconstruction Law

(Millions of yen)		
As of March 31	2010	2011
Category		
Bankrupt and quasi-bankrupt loans	¥ 641	¥ 698
Doubtful loans	670	729
Sub-standard loans	621	1,384
Normal loans	593,165	732,927
Total	¥595,100	¥735,741

■ Sony Bank Securities

Sony Bank Securities opened for business in October 2007 and had a total of 50 thousand accounts as of March 31, 2011, up from 42 thousand accounts a year earlier. Deposited assets totaled ¥24.1 billion as of March 31, 2011, up from ¥18.6 billion a year earlier.

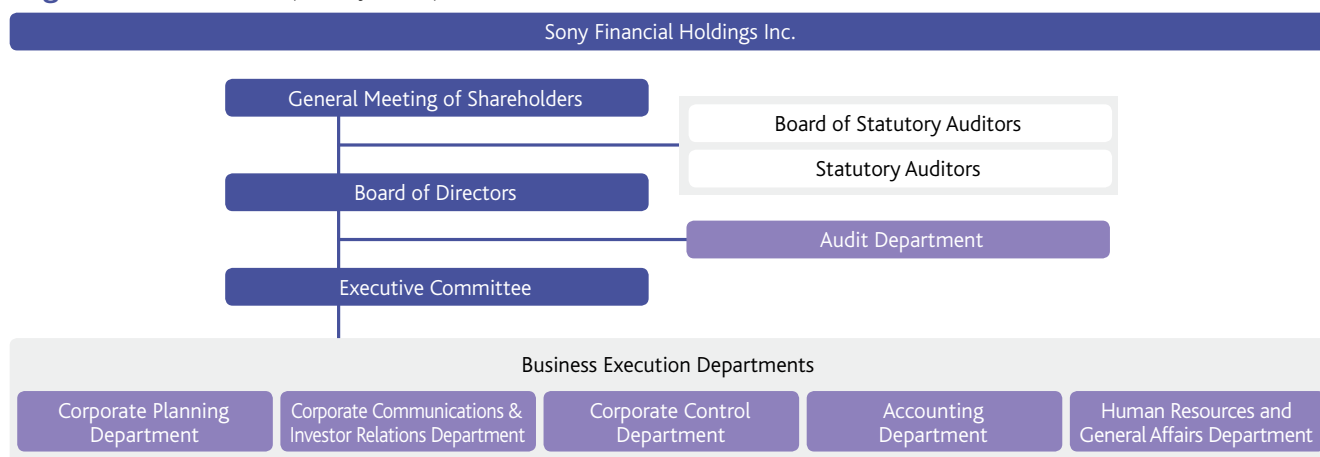
Corporate Section/Corporate Data

Corporate Information (as of March 31, 2011)

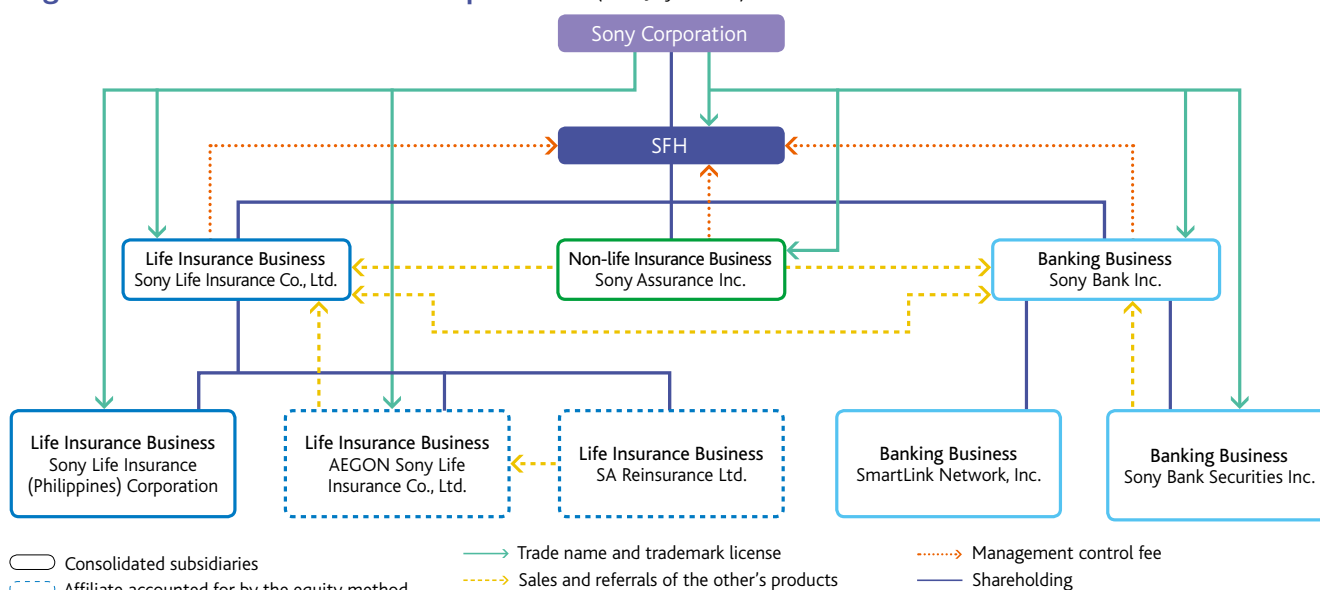
Name	Sony Financial Holdings Inc.
Established	April 1, 2004
Head office	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan
Business	Management control of subsidiaries (life insurance companies, non-life insurance companies, banks and others) specified by the Insurance Business Law of Japan and the Banking Act of Japan and all duties incidental to that role.
Number of employees	SFH: 40 (Consolidated: 7,181; Life insurance business: 5,944; Non-life insurance business: 922; Banking business: 290; Parent: 25)
Common Stock	¥19,900 million

Note: The number of employees of SFH includes 12 belonging to the life insurance business, 1 belonging to the non-life insurance business, 2 belonging to the banking business, and 25 belonging to the parent.

Organizational Chart (as of July 1, 2011)



Organizational Chart of Business Operations (as of July 1, 2011)



Note: The information for each business is based on SFH's classification of segment information. SFH's main group companies are shown for each business.

SFH Group Company Profiles

As of July 1, 2011

Life Insurance Business

Sony Life Insurance Co., Ltd.

Established	August 10, 1979
Head office	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan
Business	Life insurance business
Common Stock	¥70,000 million
Share ownership	Sony Financial Holdings Inc. 100%

Sony Life Insurance (Philippines) Corporation

Established	August 26, 1998
Head office	Makati City, Philippines
Business	Life insurance business
Common Stock	937 million Philippine pesos
Share ownership	Sony Life Insurance Co., Ltd. 100%

LIPLA Co., Ltd.

Established	February 22, 2010
Head office	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan
Business	Life insurance sales, Non-life insurance sales, Banking agency business
Common Stock	¥150 million
Share ownership	Sony Life Insurance Co., Ltd. 100%

AEGON Sony Life Insurance Co., Ltd.

Established	August 29, 2007
Head office	52-2, Jingumae 5-chome, Shibuya-ku, Tokyo, Japan
Business	Life insurance business
Common Stock	¥10,000 million
Share ownership	Sony Life Insurance Co., Ltd. 50% AEGON International B.V. 50%

SA Reinsurance Ltd.

Established	October 29, 2009
Head office	British Bermuda
Business	Reinsurance business
Common Stock	¥5,000 million
Share ownership	Sony Life Insurance Co., Ltd. 50% AEGON International B.V. 50%

Non-life Insurance Business

Sony Assurance Inc.

Established	June 10, 1998
Head office	37-1, Kamata 5-chome, Ota-ku, Tokyo, Japan
Business	Non-life insurance business
Common Stock	¥20,000 million
Share ownership	Sony Financial Holdings Inc. 100%

Banking Business

Sony Bank Inc.

Established	April 2, 2001
Head office	3-26, Kanda-Nishikicho, Chiyoda-ku, Tokyo, Japan
Business	Banking business
Common Stock	¥31,000 million
Share ownership	Sony Financial Holdings Inc. 100%

Sony Bank Securities Inc.

Established	June 19, 2007
Head office	3-26, Kanda-Nishikicho, Chiyoda-ku, Tokyo, Japan
Business	Financial products and exchange business
Common Stock	¥2,500 million
Share ownership	Sony Bank Inc. 100%

SmartLink Network, Inc.

Established	September 1, 2006
Head office	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan
Business	Credit card settlement services
Common Stock	¥488 million
Share ownership	Sony Bank Inc. 57%, 4 other companies

Senior Management of Three Main Subsidiaries

As of July 1, 2011

Sony Life

Title	Name	Concurrent Positions at Main SFH Group Companies
Chairman, Representative Director	Taro Okuda	Director of Sony Financial Holdings Inc.
President, Representative Director	Katsumi Ihara	President, Representative Director of Sony Financial Holdings Inc. Director of Sony Assurance Inc. Director of Sony Bank Inc.
Director	Masamitsu Shimaoka	–
Director	Mitsuhiro Koizumi	–
Director	Hirotooshi Watanabe	Director of Sony Financial Holdings Inc. Director of Sony Assurance Inc. Director of Sony Bank Inc.
Standing Statutory Auditor	So Sato	Statutory Auditor of Sony Financial Holdings Inc.
Standing Statutory Auditor	Hiromichi Fujikata	–
Statutory Auditor	Hiroshi Sano	Standing Statutory Auditor of Sony Financial Holdings Inc. Statutory Auditor of Sony Assurance Inc. Statutory Auditor of Sony Bank Inc.
Statutory Auditor	Takatoshi Yajima	Statutory Auditor of Sony Financial Holdings Inc. Standing Statutory Auditor of Sony Assurance Inc.

Sony Assurance

Title	Name	Concurrent Positions at Sony and Main SFH Group Companies
President, Representative Director	Shinichi Yamamoto	Director of Sony Financial Holdings Inc.
Director	Atsuo Niwa	–
Director	Toshihiko Fukumoto	–
Director	Takashi Sakuma	–
Director	Katsumi Ihara	President, Representative Director of Sony Financial Holdings Inc. President, Representative Director of Sony Life Insurance Co., Ltd. Director of Sony Bank Inc.
Director	Hirotooshi Watanabe	Director of Sony Financial Holdings Inc. Director of Sony Life Insurance Co., Ltd. Director of Sony Bank Inc.
Standing Statutory Auditor	Takatoshi Yajima	Statutory Auditor of Sony Financial Holdings Inc. Statutory Auditor of Sony Life Insurance Co., Ltd.
Statutory Auditor	Hiroshi Sano	Standing Statutory Auditor of Sony Financial Holdings Inc. Statutory Auditor of Sony Life Insurance Co., Ltd. Statutory Auditor of Sony Bank Inc.
Statutory Auditor	Takayuki Nakagawa	Manager, Consolidation Accounting Department, Accounting Division of Sony Corporation

Sony Bank

Title	Name	Concurrent Positions at Sony and Main SFH Group Companies
President, Representative Director	Shigeru Ishii	Director of Sony Financial Holdings Inc.
Director	Hidehiko Nakamura	–
Director	Masahiko Tokuyama	–
Director	Sumio Kanzawa	–
Director	Katsumi Ihara	President, Representative Director of Sony Financial Holdings Inc. President, Representative Director of Sony Life Insurance Co., Ltd. Director of Sony Assurance Inc.
Director	Hirotooshi Watanabe	Director of Sony Financial Holdings Inc. Director of Sony Life Insurance Co., Ltd. Director of Sony Assurance Inc.
Director	Manabu Idei	Executive Officer of Sony Financial Holdings Inc.
Director	Tohru Nakajima	–
Standing Statutory Auditor	Hiroshi Ueda	Statutory Auditor of Sony Financial Holdings Inc.
Statutory Auditor	Hidemichi Takenaka	Senior Manager, International Planning Section, Accounting Division of Sony Corporation
Statutory Auditor	Hiroshi Sano	Standing Statutory Auditor of Sony Financial Holdings Inc. Statutory Auditor of Sony Life Insurance Co., Ltd. Statutory Auditor of Sony Assurance Inc.

Stock Information

Information on Common Stock, Shares Outstanding

Date	Increase in Issued Shares	Total Number of Shares Issued	Increase in Common Stock (Millions of yen)	Common Stock (Millions of yen)	Increase in Capital Surplus (Millions of yen)	Capital Surplus (Millions of yen)
April 1, 2004 (Note 2)	2,000,000	2,000,000	500	500	175,877	175,877
June 25, 2004 (Note 3)	100,000	2,100,000	5,000	5,500	5,000	180,877
October 10, 2007 (Note 4)	75,000	2,175,000	14,400	19,900	14,400	195,277
March 31, 2011	—	2,175,000	—	19,900	—	195,277
April 1, 2011 (Note 5)	432,825,000	435,000,000	—	19,900	—	195,277

Notes: 1. The shares outstanding listed above are all common stock with full voting rights and no restrictions, which is the standard share for SFH.

2. Issued when the company was established.

3. Issued in a private placement of 100,000 shares (0.05 shares for each share) to shareholders for an issue price of ¥100,000 per share. The amount added to common stock was ¥50,000 per share.

4. Issued in a general book-building offering for an issue price of ¥400,000 per share and an underwriting price of ¥384,000 per share. The amount added to common stock was ¥192,000 per share and the total amount paid was ¥28.8 billion.

5. Issued due to a 200-for-1 stock split, with an effective date of April 1, 2011. Furthermore, the share unit system was adopted, whereby 100 shares constitutes one unit.

Stock Exchange Listing (As of July 1, 2011)

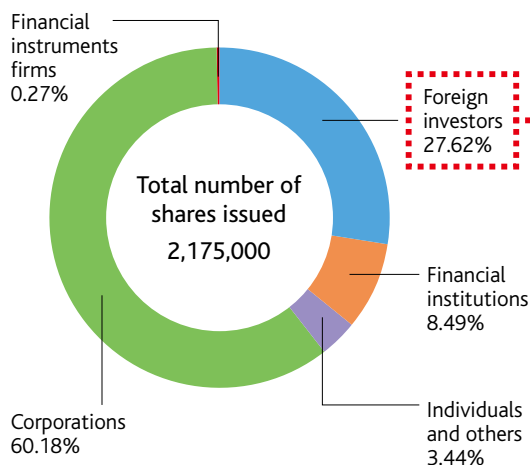
The First Section of the Tokyo Stock Exchange Group, Inc. (Securities code: 8729)

Major Shareholders (As of March 31, 2011)

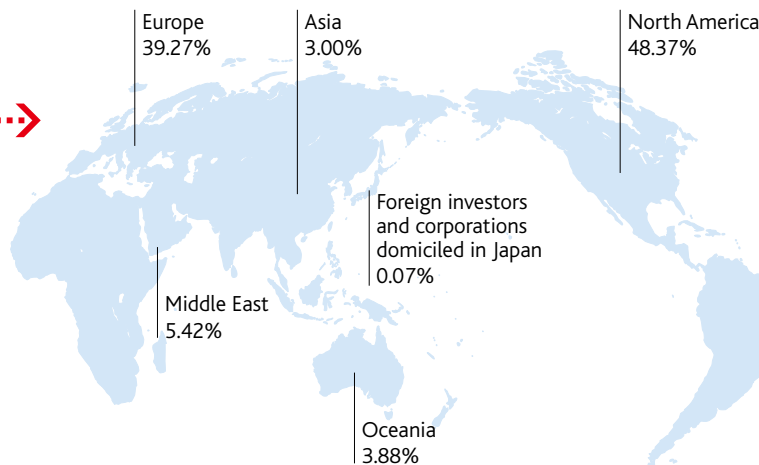
Name	Number of Shares Held	Percentage of Ownership (%)
Sony Corporation	1,305,000	60.00
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	81,460	3.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	47,233	2.17
State Street Bank and Trust Company	41,208	1.89
Japan Trustee Services Bank, Ltd. (Trust Account)	39,696	1.82
State Street Bank and Trust Company 505103	20,860	0.95
Japan Trustee Services Bank, Ltd. (Trust Account 9)	20,524	0.94
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	18,680	0.85
State Street Bank and Trust Company 505225	18,122	0.83
SAJAP	15,758	0.72

Distribution of Share Ownership (As of March 31, 2011)

By shareholder type



By geographic region (foreign investors)



Dividend Policy

Dividends

For the years ended March 31		2010	2011	2012 (Forecast)
Dividend per Share	Year-end	¥3,000	¥4,000	¥20
	Interim	—	—	—
	Annual	¥3,000	¥4,000	¥20
Annual Dividend Amount		¥6,525 million	¥8,700 million	—
Dividend Payout Ratio (Consolidated)		13.6%	20.9%	30.0%
Dividend on Net Assets (Consolidated)		2.8%	3.1%	—

Note: The Company conducted a 200-for-1 stock split, with an effective date of April 1, 2011. The dividend per share forecasts for the fiscal year ending March 31, 2012 reflect the impact of this stock split.

Basic Policy on Returning Profits to Shareholders

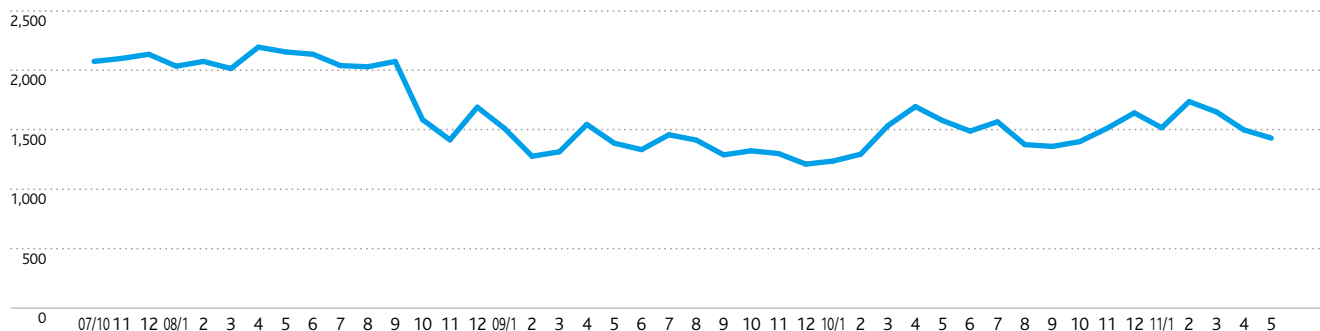
SFH places priority on returning profits to shareholders and raising return on equity. Our basic policy is to pay a stable dividend to shareholders while ensuring the high financial soundness needed to gain and maintain the confidence of the customers of the group companies as well as the internal reserves needed for future business development. SFH pays dividends from surplus once yearly as a year-end dividend. SFH's articles of incorporation allow for the payment of interim dividends. The General Meeting of Shareholders is responsible for deciding on year-end dividends and the Board of Directors decides on interim dividends.

Based on a resolution at the General Meeting of Shareholders held on June 24, 2011, SFH paid an annual dividend for the year ended March 31, 2011 of ¥4,000 per share, for a total payment of ¥8.7 billion, in accordance with the foregoing basic policy. This was ¥1,000 per share higher than the ¥3,000 per share annual dividend paid for the year ended March 31, 2010.

We will use internal reserves to meet the financial requirements of developing and driving the growth of new businesses and also use them to invest in IT systems as the businesses of our existing group companies expand. In this manner, we will work to return profits to the shareholders, with the aim of enhancing our corporate value.

Share Prices

(Yen)



History

1970s	1979	August	Life	"Sony Prudential Life Insurance Co., Ltd." (Sony Prudential Life, currently Sony Life) is established
	1981	April	Life	Sony Prudential Life commences operations with the launch of Lifeplanner system
1980s	1987	July	Life	Sony Prudential Life agrees with Prudential Financial, Inc. to terminate joint venture
	1991	April	Life	Sony Pruco Life Insurance Co., Ltd. (renamed from Sony Prudential Life in September 1987) changes name to "Sony Life Insurance Co., Ltd." (Sony Life)
1990s	1998	June	Non-life	"Sony Insurance Planning Co., Ltd." (Sony Insurance Planning, currently Sony Assurance) is established
	1998	August	Life	Sony Life establishes "Sony Life Insurance (Philippines) Corporation" as a wholly owned subsidiary in the Philippines
	1999	September	Non-life	Sony Insurance Planning changes name to "Sony Assurance Inc." (Sony Assurance) Sony Assurance launches sales of automobile insurance (Sales commenced over the Internet in September and telephone in October)
	2001	April	Banking	"Sony Bank Inc." (Sony Bank) is established
2000s	2001	June	Banking	Sony Bank commences operations Sony Bank launches the "MONEYKit" service site
	2002	June	Non-life	Sony Assurance launches sales of medical and cancer insurance
	2004	April	SFH	"Sony Financial Holdings Inc." (Sony Financial Holdings) is established as a financial holding company
	2007	June	Banking	Sony Bank establishes "Sony Bank Securities Inc." (Sony Bank Securities) as a wholly owned subsidiary
	2007	August	Life	Sony Life establishes "AEGON Sony Life Planning Co., Ltd." (AEGON Sony Life Planning, currently AEGON Sony Life Insurance)
	2007	October	SFH	Sony Financial Holdings is listed on the First Section of the Tokyo Stock Exchange
	2008	October	Life	Sony Life opens a representative office in Beijing
	2009	May	Non-life	Sony Assurance launches sales of overseas travel accident insurance
	2009	July	Life	Sony Life opens a representative office in Taipei
	2009	August	Life	AEGON Sony Life Planning obtains life insurance business license from the Financial Services Agency and changes its name to "AEGON Sony Life Insurance Co., Ltd." (AEGON Sony Life Insurance)
	2009	October	Life	Sony Life establishes "SA Reinsurance Ltd." (SA Reinsurance) in British Bermuda as a reinsurance company specializing in variable annuities
2010s	2010	February	Life	Sony Life establishes "LIPLA Co., Ltd.," a wholly owned subsidiary, to operate shop-style insurance agency as its directly run sales agency
	2010	May	Group	Sony Life begins sales of the products of Sony Life, Sony Assurance and Sony Bank through "LIPLA" shop
	2010	June	Banking	Sony Bank opens its first over-the-counter branch called "Housing Loan Plaza" <div data-bbox="839 1704 1197 1944" data-label="Image"> </div> <div data-bbox="1197 1899 1372 1944" data-label="Caption"> <p>External view of "Housing Loan Plaza"</p> </div>
	2011	April	SFH	Sony Financial Holdings conducts stock split and adopts share unit system.
	2011	July	Banking	Sony Bank acquires a 57% equity interest in SmartLink Network, Inc.

Financial Section

SFH Consolidated Financial Statements

- 060 Consolidated Balance Sheets
- 062 Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income
- 065 Consolidated Statements of Changes in Net Assets
- 067 Consolidated Statements of Cash Flows
- 068 Notes to the Consolidated Financial Statements
(For the year ended March 31, 2011)

SFH Consolidated Financial Statements

Consolidated Balance Sheets

Sony Financial Holdings Inc.
As of March 31, 2010 and 2011

	(Millions of yen)	
	2010	2011
Assets		
Cash and due from banks	¥ 103,649	¥ 90,455
Call loans and bills bought	146,879	78,500
Monetary claims purchased	3,292	—
Monetary trusts	300,743	290,736
Securities	4,488,458	5,031,024
Loans	714,486	857,436
Tangible fixed assets	81,931	77,171
Land	33,076	31,469
Buildings	47,176	44,088
Leased assets	274	232
Other tangible fixed assets	1,405	1,382
Intangible fixed assets	20,687	26,246
Software	19,120	25,190
Goodwill	1,503	1,002
Leased assets	0	—
Other intangible fixed assets	64	53
Due from reinsurers	205	108
Foreign exchanges	5,100	8,432
Other assets	101,684	88,320
Deferred tax assets	34,987	49,057
Customers' liabilities for acceptances and guarantees	—	1,000
Reserve for possible loan losses	(1,019)	(1,349)
Total Assets	¥6,001,088	¥6,597,140

(Millions of yen)

	2010	2011
Liabilities		
Policy reserves and others	¥4,088,186	¥4,489,809
Reserve for outstanding claims	39,151	49,164
Policy reserves	4,043,958	4,435,804
Reserve for policyholders' dividends	5,076	4,839
Due to agencies	1,445	1,502
Due to reinsurers	853	799
Deposits	1,509,295	1,647,657
Call money and bills sold	10,000	10,000
Borrowed money	2,000	2,000
Foreign exchanges	20	17
Other liabilities	90,699	110,119
Reserve for employees' bonuses	2,496	2,707
Reserve for employees' retirement benefits	15,915	18,698
Reserve for directors' retirement benefits	360	441
Special reserves	9,667	16,817
Reserve for price fluctuations	9,665	16,812
Reserve for financial products transaction liabilities	2	4
Deferred tax liabilities	0	—
Deferred tax liabilities on land revaluation	706	693
Acceptances and guarantees	—	1,000
Total Liabilities	5,731,648	6,302,263
Net Assets		
Shareholders' equity		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	39,350	74,565
Total shareholders' equity	254,527	289,742
Accumulated other comprehensive income		
Net unrealized gains on other securities, net of taxes	17,511	8,525
Net deferred losses on hedging instruments, net of taxes	(960)	(1,558)
Land revaluation, net of taxes	(1,475)	(1,499)
Foreign currency translation adjustments	(163)	(331)
Total accumulated other comprehensive income	14,912	5,135
Total Net Assets	269,439	294,877
Total Liabilities and Net Assets	¥6,001,088	¥6,597,140

See accompanying "Notes to the Consolidated Financial Statements."

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2010 and 2011

(1) Consolidated Statements of Income

	(Millions of yen)	
	2010	2011
Ordinary Revenues	¥978,991	¥1,002,201
Ordinary Revenues from the Life Insurance Business	880,353	898,513
Income from insurance premiums	699,459	769,711
Insurance premiums	697,525	767,640
Ceded reinsurance commissions	1,933	2,071
Investment income	175,374	119,287
Interest income and dividends	70,599	87,272
Income from monetary trusts, net	22,887	6,983
Gains on sale of securities	15,153	25,030
Gains on redemption of securities	3,939	0
Other investment income	37	1
Gains on separate accounts, net	62,757	—
Other ordinary income	5,519	9,514
Ordinary Revenues from the Non-life Insurance Business	68,172	74,164
Underwriting income	67,468	73,375
Net premiums written	67,440	73,343
Interest and dividends on deposits of premiums	27	31
Investment income	681	767
Interest income and dividends	688	784
Gains on sale of securities	7	3
Gains on redemption of securities	12	10
Transfer to interest and dividends on deposits of premiums	(27)	(31)
Other ordinary income	22	22
Ordinary Revenues from the Banking Business	30,466	29,523
Interest income	23,393	23,667
Interest income on loans	11,962	12,443
Interest income and dividends on securities	10,930	11,113
Interest income on call loans and bills bought	86	25
Interest income on deposits with banks	53	52
Interest income on interest rate swaps	2	—
Other interest income	358	32
Fees and commissions	1,924	1,946
Other operating income	5,122	3,869
Gains on foreign exchange transactions, net	4,723	2,677
Others	398	1,192
Other ordinary income	26	40

(Continued on next page)

(Millions of yen)

	2010	2011
Ordinary Expenses	¥894,618	¥ 925,341
Ordinary Expenses from the Life Insurance Business	801,870	827,717
Insurance claims and other payments	274,285	297,973
Insurance claims	64,859	76,514
Annuity payments	7,742	8,224
Insurance benefits	34,670	38,346
Surrender payments	162,697	170,720
Other payments	1,950	1,853
Reinsurance premiums	2,366	2,314
Provision for policy reserves and others	395,583	392,766
Provision for reserve for outstanding claims	2,311	6,834
Provision for policy reserves	393,267	385,910
Interest portion of reserve for policyholders' dividends	4	21
Investment expenses	20,411	19,154
Interest expenses	29	56
Losses on sale of securities	10,078	1,867
Devaluation losses on securities	—	348
Losses on redemption of securities	361	23
Foreign exchange losses, net	870	618
Provision for reserve for possible loan losses	3	20
Depreciation of real estate for rent and others	2,693	2,471
Other investment expenses	6,373	6,278
Losses on separate accounts, net	—	7,470
Operating expenses	96,777	99,239
Other ordinary expenses	14,813	18,583
Ordinary Expenses from the Non-life Insurance Business	65,164	71,589
Underwriting expenses	48,807	54,123
Net losses paid	34,573	39,256
Loss adjustment expenses	4,009	4,782
Net commission and brokerage fees	893	957
Provision for reserve for outstanding losses	1,996	3,178
Provision for underwriting reserves	7,334	5,948
Other underwriting expenses	0	0
Investment expenses	13	2
Losses on sale of securities	12	—
Losses on redemption of securities	1	2
Operating, general and administrative expenses	16,322	17,427
Other ordinary expenses	20	36

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Consolidated Statements of Income (Continued)

	(Millions of yen)	
	2010	2011
Ordinary Expenses from the Banking Business	¥ 27,583	¥ 26,033
Interest expenses	10,364	10,448
Interest expenses on deposits	8,535	8,402
Interest expenses on call money and bills sold	31	12
Interest on borrowed money	50	50
Interest expenses on interest rate swaps	1,745	1,980
Other interest expenses	1	2
Fees and commissions	1,204	1,221
Other operating expenses	2,986	480
General and administrative expenses	12,621	13,360
Other ordinary expenses	407	523
Ordinary Profit	84,373	76,860
Extraordinary Gains	0	0
Gains on disposal of fixed assets	0	0
Extraordinary Losses	7,056	8,801
Losses on disposal of fixed assets	1,051	72
Impairment losses	5	1,291
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	290
Provision for special reserves	5,998	7,147
Provision for reserve for price fluctuations	5,998	7,147
Provision for Reserve for Policyholders' dividends	3,516	1,257
Income before Income Taxes	73,799	66,800
Income Taxes—Current	24,079	33,983
Income Taxes—Deferred	1,593	(8,899)
Total Income Taxes	25,673	25,083
Income before Minority Interests	—	41,716
Net Income	¥ 48,126	¥ 41,716

See accompanying "Notes to the Consolidated Financial Statements."

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2010	2011
Income before Minority Interests	¥—	¥41,716
Other comprehensive income		
Net unrealized losses on other securities, net of taxes	—	(8,986)
Net deferred losses on hedging instruments, net of taxes	—	(598)
Foreign currency translation adjustments	—	(168)
Share of other comprehensive income of affiliates accounted for using equity method	—	0
Total other comprehensive income	—	(9,752)
Comprehensive income	¥—	¥31,963
(Details)		
Comprehensive income attributable to parent company	¥—	¥31,963
Comprehensive income attributable to minority interests	¥—	¥ —

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.

For the years ended March 31, 2010 and 2011

(Millions of yen)

	2010	2011
Shareholders' Equity		
Common stock		
Balance at the end of the previous period	¥ 19,900	¥ 19,900
Changes during the period		
Total changes during the period	—	—
Balance at the end of the current period	19,900	19,900
Capital surplus		
Balance at the end of the previous period	195,277	195,277
Changes during the period		
Total changes during the period	—	—
Balance at the end of the current period	195,277	195,277
Retained earnings (deficits)		
Balance at the end of the previous period	(2,251)	39,350
Changes during the period		
Dividends from surplus	(6,525)	(6,525)
Net income	48,126	41,716
Reversal of land revaluation	—	23
Total changes during the period	41,601	35,215
Balance at the end of the current period	39,350	74,565
Total shareholders' equity		
Balance at the end of the previous period	212,925	254,527
Changes during the period		
Dividends from surplus	(6,525)	(6,525)
Net income	48,126	41,716
Reversal of land revaluation	—	23
Total changes during the period	41,601	35,215
Balance at the end of the current period	254,527	289,742

(Continued on next page)

Consolidated Statements of Changes in Net Assets (Continued)

	(Millions of yen)	
	2010	2011
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on other securities, net of taxes		
Balance at the end of the previous period	¥ (4,853)	¥ 17,511
Changes during the period		
Net changes of items other than shareholders' equity	22,365	(8,986)
Total changes during the period	22,365	(8,986)
Balance at the end of the current period	17,511	8,525
Net deferred losses on hedging instruments, net of taxes		
Balance at the end of the previous period	(1,449)	(960)
Changes during the period		
Net changes of items other than shareholders' equity	489	(598)
Total changes during the period	489	(598)
Balance at the end of the current period	(960)	(1,558)
Land revaluation, net of taxes		
Balance at the end of the previous period	(1,475)	(1,475)
Changes during the period		
Net changes of items other than shareholders' equity	—	(23)
Total changes during the period	—	(23)
Balance at the end of the current period	(1,475)	(1,499)
Foreign currency translation adjustments		
Balance at the end of the previous period	(248)	(163)
Changes during the period		
Net changes of items other than shareholders' equity	85	(168)
Total changes during the period	85	(168)
Balance at the end of the current period	(163)	(331)
Total accumulated other comprehensive income		
Balance at the end of the previous period	(8,028)	14,912
Changes during the period		
Net changes of items other than shareholders' equity	22,940	(9,776)
Total changes during the period	22,940	(9,776)
Balance at the end of the current period	14,912	5,135
Total Net Assets		
Balance at the end of the previous period	204,897	269,439
Changes during the period		
Dividends from surplus	(6,525)	(6,525)
Net income	48,126	41,716
Reversal of land revaluation	—	23
Net changes of items other than shareholders' equity	22,940	(9,776)
Total changes during the period	64,541	25,438
Balance at the end of the current period	¥269,439	¥294,877

See accompanying "Notes to the Consolidated Financial Statements."

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2010 and 2011

(Millions of yen)

	2010	2011
Cash flows from operating activities		
Income before income taxes	¥ 73,799	¥ 66,800
Depreciation of real estate for rent and others	2,693	2,471
Depreciation and amortization	3,971	4,964
Impairment losses	5	1,291
Amortization of goodwill	501	501
Increase in reserve for outstanding claims	4,307	10,013
Increase in policy reserve	400,601	391,858
Increase in interest portion of reserve for policyholders' dividends	4	21
Increase in reserve for policyholders' dividends	3,516	1,257
Increase in reserve for possible loan losses	354	334
Increase in reserve for employees' retirement benefits	2,550	2,925
Increase in reserve for directors' retirement benefits	50	80
Increase in reserve for price fluctuations	5,998	7,147
Increase in reserve for financial products transaction liabilities	1	1
Interest income and dividends	(94,681)	(111,723)
(Gains) losses on securities	(74,733)	(22,935)
Interest expenses	10,394	10,504
Exchange losses	2,395	15,357
Losses on disposal of tangible fixed assets	198	338
Equity in losses of affiliates	307	944
Net increase in loans	(109,797)	(136,126)
Net increase in deposits	183,758	137,829
Net (increase) decrease in call loans and bills bought	(5,170)	45,079
Net (increase) decrease in foreign exchange (assets)	1,254	(3,332)
Net increase (decrease) in foreign exchange (liabilities)	11	(3)
Others, net	10,578	26,468
Subtotal	422,874	452,072
Interest and dividends received	99,486	118,903
Interest paid	(11,165)	(11,123)
Policyholders' dividends paid	(983)	(1,516)
Income taxes paid	(15,985)	(30,752)
Net cash provided by operating activities	494,225	527,582
Cash flows from investing activities		
Investments in monetary trusts	(55,750)	(2,290)
Proceeds from sale of monetary trusts	372,000	33,381
Purchases of securities	(1,441,592)	(1,441,560)
Proceeds from sale and redemption of securities	770,912	886,094
Investments in loans	(46,145)	(46,680)
Collections of loans	17,840	19,263
Others, net	13,583	—
Total of net cash used in investment transactions	(369,151)	(551,791)
Total of net cash provided by (used in) operating activities and investment transactions	125,073	(24,209)
Purchases of tangible fixed assets	(2,514)	(1,112)
Proceeds from sale of tangible fixed assets	0	1,450
Purchases of intangible fixed assets	(6,739)	(8,310)
Purchase of securities of a subsidiary	(300)	—
Others	—	(7)
Net cash used in investing activities	(378,706)	(559,771)
Cash flows from financing activities		
Cash dividends paid	(6,521)	(6,521)
Others	(59)	(38)
Net cash used in financing activities	(6,580)	(6,560)
Effect of exchange rate changes on cash and cash equivalents	20	(40)
Net increase (decrease) in cash and cash equivalents	108,959	(38,790)
Cash and cash equivalents at the beginning of the fiscal year	91,634	200,593
Cash and cash equivalents at the end of the fiscal year	¥ 200,593	¥ 161,803

See accompanying "Notes to the Consolidated Financial Statements."

Note: The above Consolidated Statements of Cash Flows have been prepared based on Article 210-10 of Ordinance for Enforcement of the Insurance Business Law of Japan.

Notes to the Consolidated Financial Statements (For the year ended March 31, 2011)

1. Basis of Presenting Consolidated Financial Statements

Sony Financial Holdings Inc. ("SFH") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in Japanese yen in accordance with the provisions set forth in the Company Law of Japan, the Insurance Business Law of Japan and the Banking Act of Japan and in conformity with generally accepted accounting principles and practices in Japan, which differ in certain respects from the application and disclosure requirements of generally accepted accounting principles and practices under the International Financial Reporting Standards. SFH's overseas subsidiary, located in the Philippines, maintains its accounting records and prepares its financial statements in conformity with generally accepted accounting principles and practices prevailing in the Philippines.

2. Principles of Consolidation

(1) Scope of consolidation

Number of consolidated subsidiaries: 5

Consolidated subsidiaries: Sony Life Insurance Co., Ltd., Sony Life Insurance (Philippines) Corporation, Sony Assurance Inc., Sony Bank Inc., Sony Bank Securities Inc.

Number of non-consolidated subsidiaries: 1

Non-consolidated subsidiary: LIPLA Co., Ltd.

LIPLA Co., Ltd. is excluded from the scope of consolidation because its assets, ordinary revenues, net income and retained earnings are so immaterial that its exclusion from the scope of consolidation does not hinder a rational judgment of the SFH Group's financial position and results of operations.

(2) Application of the equity method

Number of affiliates accounted for by the equity method: 2

Affiliates accounted for by the equity method: AEGON Sony Life Insurance Co., Ltd., SA Reinsurance Ltd.

Number of non-consolidated subsidiaries and affiliates that are not accounted for by the equity method: 1

Non-consolidated subsidiaries and affiliates that are not accounted for by the equity method: LIPLA Co., Ltd.

LIPLA Co., Ltd., a subsidiary, is not accounted for by the equity method because its net income and retained earnings are so immaterial that its exclusion does not hinder a rational judgment of the SFH Group's financial position and results of operations.

(3) Fiscal year-end of consolidated subsidiaries

The financial statements of Sony Life Insurance (Philippines) Corporation are prepared with a fiscal year-end of December 31. Appropriate adjustments are made for material transactions between December 31 and March 31, the date of the consolidated financial statements of SFH. All other subsidiaries prepare their respective financial statements as of March 31, the same date as the consolidated financial statements of SFH.

(4) Amortization of goodwill

Goodwill is amortized using the straight-line method over 5 years.

3. Summary of Significant Accounting Policies

(1) Securities

Securities are stated in the following manner: Securities held for trading purposes ("trading securities") are stated at fair value with unrealized gains and losses charged to income. The cost of such securities sold is determined by the moving-average method. Held-to-maturity securities are stated at amortized cost (straight-line method) using the moving-average method. Available-for-sale securities whose fair values are readily determinable are stated at fair value in the consolidated balance sheets based on market prices prevailing at each balance sheet date, with unrealized gains (losses), net of taxes, included in net assets and acquisition costs calculated using the moving-average method. Available-for-sale securities whose fair values are deemed extremely difficult to determine are stated at acquisition cost based on the moving-average method.

(2) Derivative financial instruments

Derivative financial instruments are stated at fair value, with changes in fair value included in income for the period in which they arise, except for derivatives that are designated by SFH and its domestic subsidiaries (the "Companies") as "hedging instruments."

(3) Tangible fixed assets (excluding leased assets)

All tangible fixed assets, including real estate for lease, are initially recorded at cost. Subsequent expenses related to asset improvements are capitalized or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Companies and the cost of the item can be measured reliably. All other repairs and maintenance charges are charged to income when incurred.

Depreciation is generally computed by the straight-line method for buildings and by the declining-balance method for other tangible fixed assets over the estimated useful lives of the assets, as follows:

- Buildings 2 to 47 years
- Other tangible fixed assets 2 to 20 years

(4) Intangible fixed assets (excluding leased assets)

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method mainly over 5 years, its estimated useful life.

(5) Leased assets

All leased assets with respect to non-ownership-transfer finance leases are amortized by the straight-line method over the lease term, without any residual value.

(6) Reserve for possible loan losses

The reserve for possible loan losses is calculated by the Companies in accordance with self-assessment guidelines and write-off and reserve guidelines established at each subsidiary. With respect to loans to borrowers subject to bankruptcy, court-guided rehabilitation, or similar legal or formal proceedings, the Companies provide a specific reserve in the amount of the loan balance less amounts collectable from collateral, guarantees and other means. For other loans, the Companies provide a general reserve by applying the historical loan loss ratio determined over certain periods. Each loan is subject to asset assessment by the operational department of the relevant company in accordance with its self-assessment guidelines, and the results of the assessment are reviewed by the respective departments to inspect loans, which are independent from the operational departments, before the amount of reserve is finalized.

(7) Reserve for employees' bonuses

The reserve for employees' bonuses is provided for the estimated amount of bonuses the Companies are required to pay for services provided during the current fiscal year.

(8) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided for the payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end. Unrecognized net obligation at transition is amortized using the straight-line method over 15 years. Unrecognized prior service cost is amortized using the straight-line method over 10 years within the employees' average remaining service period at incurrence. Unrecognized net actuarial gain (loss) is amortized using the straight-line method over 7 to 10 years within the employees' average remaining service period, commencing from the fiscal year immediately following incurrence.

(9) Reserve for directors' retirement benefits

The reserve for directors' and statutory auditors' retirement benefits is provided based on the internal regulations of the Companies and calculated at the amount that would be payable if all eligible directors and statutory auditors were to resign at the fiscal year-end.

(10) Reserve for price fluctuations

Pursuant to requirements under Article 115 of the Insurance Business Law of Japan, the reserve for price fluctuations is provided for price fluctuations primarily related to stocks, bonds and foreign currency-denominated assets which are exposed to losses due to market price fluctuations. This reserve is only used to reduce losses arising from price fluctuations on those assets.

(11) Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the foreign exchange rates in effect at each balance sheet date, whereas components of net assets denominated in foreign currencies are translated at historical rates. The current year's profit and loss accounts are translated into yen using the average exchange rate for the fiscal year.

(12) Hedge accounting

SFH's banking subsidiary applies either deferred hedge accounting or fair value hedge accounting to account for transactions it enters into to hedge interest rate risks on financial assets. SFH's banking subsidiary uses interest rate swaps to offset fluctuations in interest rates on fixed-rate loans by identifying the hedged items that are grouped based on their maturity, in accordance with "Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry" (Industry Audit Committee of Japanese Institute of Certified Public Accountants Statement No. 24). Interest rate swaps and others are used as hedging instruments to offset fluctuations in the fair value of fixed-rate bonds which are classified as available-for-sale securities. Both of the above-mentioned hedging instruments are identified so that their significant terms are nearly identical to those of the hedged items. Accordingly, such hedges are considered as highly effective, resulting in a substitution for evaluating the effectiveness of the hedging transactions.

(13) Cash and cash equivalents

Cash equivalents consist of highly liquid investments without significant market risks, such as demand deposits and short-term investments with an original maturity of 3 months or less.

(14) Accounting for consumption taxes

The consumption taxes received and paid by the Companies, excluding loss adjustment expenses and operating, general and administrative expenses of SFH's non-life insurance subsidiary, are not included in income and expenses. Under the Consumption Tax Law of Japan, the consumption taxes paid on property and equipment are not deductible from the consumption taxes received; they are recorded as "other assets" and amortized on a straight-line basis over 5 years. Other non-deductible consumption taxes are charged to income as incurred.

(15) Policy reserves

Pursuant to Article 116 of the Insurance Business Law of Japan, SFH's domestic life insurance subsidiary maintains a policy reserve for the fulfillment of future obligations under life insurance contracts. The policy reserve is established by the net level premium reserve method, which assumes a constant or level amount of net insurance premiums over the term of the relevant policy when calculating the amount of the reserve required to fund all future policy claims. The net insurance premium is a portion of the premium covering insurance underwriting risk, which is estimated based on factors such as mortality rates, investment yield, surrender rates and other factors. The net level premium reserve for individual insurance contracts underwritten from FY1996 is calculated using mortality and interest rates set by the Financial Services Agency as standard policy reserve. Additionally, the net level premium reserve for individual insurance contracts underwritten before FY1996 is calculated using mortality and interest rates approved by the supervisor of insurance business in Japan.

(16) Changes in accounting policies, procedures and presentation rules

Application of Accounting Standard for Asset Retirement Obligations

Effective from the year ended March 31, 2011, SFH applied the Accounting Standard Board of Japan ("ASBJ") Statement No. 18, "Accounting Standard for Asset Retirement Obligations" (March 31, 2008) and the ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations" (March 31, 2008). The adoption of these standards resulted in a decrease of ¥35 million in "Ordinary profit" and ¥326 million in "Income before income taxes." The change in asset retirement obligations incurred due to the initial application of the relevant accounting standards for the fiscal year was ¥659 million.

(17) Changes in presentation

Consolidated statements of income

In response to revision of the Ordinance for Enforcement of the Insurance Business Law (Ordinance of the Ministry of Finance No. 5 of 1996) in accordance with the Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc. (Cabinet Office Ordinance No. 41, dated September 21, 2010), "Income before minority interests" is presented from the fiscal year ended March 31, 2011.

(18) Additional information

Effective from the year ended March 31, 2011, SFH applied the ASBJ Statement No. 25, "Accounting Standard for Presentation of Comprehensive Income" (June 30, 2010). However, the amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" as of March 31, 2010 indicate the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments," respectively.

4. Notes to the Consolidated Balance Sheet

- 1 The balance of loans includes ¥206 million in loans to debtors in bankruptcy (before deductions for reserve for possible loan losses) and ¥1,213 million in "non-accrual delinquent loans" (before deductions for reserve for possible loan losses). Loans to debtors in bankruptcy include debtors that have been in arrears on principal or interest payments for a considerably long period of time or loans (before deductions for reserve for possible loan losses) on which principal or interest payments are considered unlikely to occur in the future for other reasons and on which interest income is not recognized. These loans are with reasons defined under Article 96-1-3, i through v of the Order for Enforcement of the Corporation Tax Act (Enforcement Order 97 of 1965), or 96-1-4 of the same guidelines.
"Non-accrual delinquent loans" are loans on which accrued interest income is not recognized, excluding "bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
- 2 The balance of loans includes ¥1,383 million in "restructured loans" (before deductions for reserve for possible loan losses). "Restructured loans" are loans on which terms and conditions have been amended in favor of the borrowers (e.g., reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt waiver) in order to support the borrowers' recovery from financial difficulties, excluding "bankrupt loans," "non-accrual delinquent loans" and "past due loans (3 months or more)."
- 3 On March 31, 2002, SFH's domestic life insurance subsidiary revalued its land for operating purposes, as permitted by the Land Revaluation Law (Law No. 34, enacted March 31, 1998—the "Law"). The tax effect of the revaluation difference is accounted for differently, depending on whether there are gains or losses; when there is a loss, a valuation allowance is fully provided for the tax effect of the loss, and when there is a gain, the tax effect is recorded in "deferred tax liabilities on land revaluation." After excluding these amounts, the net revaluation difference is reported as "land revaluation" in net assets. The revaluation method stipulated by Article 3-3 of the Law was based on the land appraisal in conformity with Article 2-5 of Order for Enforcement related to the Law (Cabinet Order No. 119, effective from March 31, 1998).
- 4 Accumulated depreciation of tangible fixed assets as of March 31, 2011 was ¥19,640 million.
- 5 The balance sheet includes ¥398,124 million of assets and liabilities in equal amounts related to separate accounts as of March 31, 2011, at SFH's domestic life insurance subsidiary.
- 6 Securities include shares in non-consolidated subsidiaries and affiliates worth ¥11,280 million. Among this, investments in jointly controlled companies are ¥10,980 million.
- 7 Changes in the reserve for policyholders' dividends at SFH's domestic life insurance subsidiary for the fiscal year ended March 31, 2011, are as follows:

Balance at the beginning of the fiscal year	¥5,076 million
Policyholders' dividends during the fiscal year	¥1,516 million
Increase in interest	¥21 million
Provision for reserve for policyholders' dividends	¥1,257 million
Balance at the end of the fiscal year	¥4,839 million
- 8 Securities with a book value of ¥10,650 million were pledged as collateral for ¥10,000 million of call money and bills sold at March 31, 2011. In addition to the assets described above, securities with a book value of ¥131,932 million were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes at March 31, 2011.
- 9 Net assets per share amounted to ¥135,575.94.
- 10 Financial Instruments

(1) Description of financial instruments

(i) Policy on financial instruments

The SFH Group conducts its life insurance, non-life insurance and banking businesses in accordance with the provisions of the Insurance Business Law of Japan, the Banking Act of Japan and other relevant provisions. With regard to financial assets (except for assets in separate accounts as stipulated in Item 1, Article 118 of the Insurance Business Law of Japan in the life insurance business), to ensure steady investment income the SFH Group holds various investment assets, including Japanese government and corporate bonds, foreign government and corporate bonds, Japanese stocks and loans. Deposits from individual customers in the banking business account for nearly all of SFH's financial liabilities. Although SFH holds financial assets as well as financial liabilities, which are subject to the risk of interest rate and exchange rate fluctuations, it strives to protect itself from the negative effects of these fluctuations by maintaining an appropriate balance between assets and liabilities by conducting asset-liability management (ALM) in each of its businesses. In addition, the banking subsidiary conducts derivatives transactions as one aspect of its ALM.

(ii) Financial instruments and related risk

Securities and loans constitute the majority of the SFH Group's financial asset holdings. Most of its securities holdings are in Japanese government and corporate bonds. Other holdings include Japanese stocks, foreign securities and funds invested in investment associations. These holdings are intended either for holding to maturity or for purely investment purposes, and they are subject to various risks, including interest rate fluctuation risk, issuer credit risk, stock price fluctuation risk and exchange rate fluctuation risk. Furthermore, the Group holds some of its financial assets in the shares of overseas unlisted companies, which have limited liquidity.

The majority of loans are policy loans in the life insurance business, and individual mortgage loans in the banking business. These loans carry the credit risk of default, as well as interest rate risk. However, policy loans are limited to the amount of surrender payments, and mortgage loans are backed by real estate. Consequently, loan-related risks are relatively low.

Financial liabilities, meanwhile, are mainly deposits from individual customers, which are subject to interest rate risk. As some of these deposits are denominated in foreign currencies, they are subject to exchange rate fluctuation risk, as well as interest rate risk.

Derivatives transactions in the banking business are conducted primarily as one aspect of ALM. In this category, we apply hedge accounting. Interest rate swap transactions are used to hedge against the interest rate risk of fixed-rate loans. When hedges commence, the banking subsidiary ensures hedge effectiveness by confirming that the finance receivables to be hedged and the interest rate swaps (the hedging method used) are grouped to within 3 months of each other. Interest rate swaps and others are used as hedging instruments to offset fluctuations in the fair value of fixed-rate bonds classified as available-for-sale securities. When the hedge is implemented, the banking subsidiary determines hedge effectiveness by confirming that the cash flows of the securities to be hedged match those of the hedging method (such as interest rate swaps). In addition to hedging purposes, derivatives transactions are conducted based on short-term interest rate and exchange rate forecasts within a limit set forth in advance and are subject to interest rate and exchange rate risk.

Transactions involving financial instruments are subject to liquidity risk. Liquidity risk includes cash flow risk and market liquidity risk. Cash flow risk is the risk of our inability to make cash payments when due because of an inability to maintain sufficient cash reserves, as well as the risk of loss if we are forced to raise funds under unfavorable conditions in order to obtain cash to meet our payment obligations. Market liquidity risk is risk of loss due to an inability to conduct market transactions, in particular from an inability to change our market position at a given time, as well as the risk of loss if we are forced to complete transactions under unfavorable market conditions, in each case due to market turmoil or other factors.

(iii) Risk management of financial instruments

SFH formulates fundamental principles for risk management and manages risks specific to its subsidiaries' scale, business content and other attributes. Our Risk Management Guidelines establish specific conditions for managing group risks, while each of the subsidiaries manages risks on its own. SFH's Corporate Control Department submits periodic reports to SFH's Board of Directors and Executive Committee on subsidiaries' risk management conditions recognized through monitoring or by holding Risk Management Meetings.

① Credit risk

The SFH Group uses the following methods to manage the credit risk of its principal subsidiaries:

- (a) SFH's life insurance subsidiary manages issuer credit risk on securities according to detailed provisions, including risk management techniques and procedures. The risk management division periodically reports this information to the Board of Directors and the Executive Committee.
- (b) SFH's non-life insurance subsidiary ascertains issuer credit risk and market values on securities in line with various provisions for asset management risk. The risk management division periodically reports such information to the Board of Directors and the Executive Committee.
- (c) In line with various provisions for managing credit risks, SFH's banking subsidiary manages risks involving lending to individual customers. For each loan, the subsidiary conducts credit screenings, manages credit information, determines collateral and handles problem assets. In this manner, the banking subsidiary operates a system to manage individual credit.

With regard to lending to corporate customers, for each loan, the banking subsidiary performs credit screenings, sets credit limits, manages credit information such as credit ratings by outside agencies, determines security and collateral and handles problem assets. In this manner, the banking subsidiary operates a system to manage risk. The subsidiary manages market credit risk, such as securities issuer credit risk and, on derivatives transactions, counterparty risk, by periodically determining credit and market value information.

The risk management division manages credit. The division periodically reports risk management conditions to management via Executive Committee and Board of Directors meetings. In addition, the internal audit division conducts regular audits.

② Market risk

The SFH Group uses the following methods to manage the market risk of its principal subsidiaries:

- (a) The life insurance subsidiary manages various market-related risks in the following manner:

- Interest rate risk

Risk management provisions for asset management clearly spell out such details as risk management methods and procedures. Based on ALM policies that are determined through such methods as deliberation by the Executive Committee, the subsidiary determines and confirms actual risk conditions at Board of Directors meetings. The subsidiary's risk management division maintains an overall grasp on the interest rates and durations of financial assets, and monitors risk through gap analysis and interest rate sensitivity analysis, among other methods. The division periodically reports such information to the Board of Directors and the Executive Committee.

○ Exchange rate risk

With regard to the risk of exchange rate fluctuations, the related provisions clearly spell out risk management methods and procedures. The risk management division reports this information regularly to the Board of Directors and the Executive Committee.

○ Price fluctuation risk

The subsidiary's risk management division periodically analyzes the amount of risk on its securities holdings by determining their basis point value. The risk management division reports this information regularly to the Board of Directors and the Executive Committee.

(b) SFH's non-life insurance subsidiary manages various market-related risks in the following manner:

○ Interest rate risk

Asset management risk provisions clearly spell out such details as risk management methods and procedures based on risk management policies determined by the Board of Directors. The risk management division monitors individual risks and reports regularly to the Board of Directors and the Executive Committee.

○ Price fluctuation risk

The risk management division sets the risk tolerance limits on available-for-sale securities holdings, monitors these holdings to ensure that they do not exceed the prescribed risk amount, and reports regularly to the Board of Directors and the Executive Committee.

(c) SFH's banking subsidiary manages various market-related risks in the following manner. The risk management division handles each of these risks and reports risk management conditions regularly to management via Executive Committee and Board of Directors meetings. In addition, the internal audit division conducts regular audits.

○ Interest rate and exchange rate risk

In accordance with market risk management provisions, the subsidiary manages the risk of changes in value and losses in income resulting from changes in the value of assets and liabilities (including off-balance-sheet items), owing to fluctuations in various market risk factors, such as interest rates, exchange rates and stock prices. Market risk management provisions clearly spell out such details as risk management methods and procedures. Based on ALM policies that are determined through such methods as deliberation by the Board of Directors, an ALM committee and a risk management committee meet—typically once each month—to understand and confirm actual conditions and deliberate future responses and risk conditions. On a daily basis, the risk management division maintains an overall understanding of interest and exchange rates on financial assets and liabilities, as well as their durations, conducts monitoring that includes value at risk (VaR) and interest rate sensitivity analysis, and ensures regulatory conformance. The subsidiary also uses ALM to conduct interest-rate swaps, currency swaps, foreign exchange and other derivatives transactions to hedge against interest and exchange rate fluctuation risks.

○ Market price fluctuation risk

The subsidiary manages holdings of investment products, including securities, in accordance with market risk management provisions. Of these, the investment division, which primarily purchases securities externally, strives to reduce market price fluctuation risk by conducting pre-screening, setting investment limits and monitoring investments on an ongoing basis. In addition, based on short-term interest and exchange rate forecasts, the risk management division uses VaR to understand the amount of trading-related market risk involved in securities held for trading purposes, as well as currency and interest-rate related derivatives transactions. The division also ensures regulatory conformance.

○ Derivatives transactions

The subsidiary manages derivatives transactions in accordance with market risk and credit risk provisions. The subsidiary also separates and conducts internal checks of individual departments' execution of transactions, evaluation of hedge effectiveness and operations management.

○ Quantitative information on market risk

The principal financial instruments affected by the major risk parameters of interest rate risk and exchange rate fluctuation risk are loans, securities, deposits in the banking business and derivatives transactions.

The impact of such risks on these financial assets and financial liabilities was calculated using the Variance-Covariance Method to determine gains or losses over a given period of 10 business days, assuming the fluctuation of interest and exchange rates within a rational forecast band determined over an observation period of 250 business days. We then employed quantitative analysis to manage interest rate and exchange rate fluctuation risks. The resulting risk amount, with a 99% confidence interval was ¥1,360 million as of March 31, 2011.

This amount of impact is based on the assumption that risk parameters other than interest rates and exchange rates are fixed, and that a correlation exists between interest rates and exchange rates. However, no correlation with other risk parameters is assumed. Moreover, in the event that fluctuations exceed the rational forecast band for interest and exchange rates, the risk impact may exceed the amount calculated.

③ Liquidity risk

The SFH Group uses the following methods to manage the liquidity risk of its principal subsidiaries.

- At the life insurance subsidiary, in line with liquidity risk management provisions the accounting division prepares and updates cash flow plans in a timely manner based on the reports it receives from individual divisions, and the risk management division manages on-hand liquidity.
- SFH's non-life insurance subsidiary establishes provisions related to liquidity risk. Its cash flow management division prepares and updates cash flow plans. The risk management division manages liquidity risk by monitoring the situations.
- SFH's banking subsidiary manages cash flow by dividing the situation into phases, depending on the degree of pressure on cash flow. In addition to establishing reporting methods, the subsidiary establishes and revises guidelines as necessary. To manage market liquidity risk, the subsidiary works to understand market liquidity conditions that pertain to the types of products it handles. The subsidiary formulates and revises guidelines on a product by product basis, as necessary. The risk management division handles the liquidity management mentioned above, and the division reports risk management conditions regularly to management via Board of Directors and Executive Committee meetings. In addition, the internal audit division conducts regular audits.

(iv) Supplementary explanation of the fair value of financial instruments

Market prices of financial instruments are considered to indicate their fair value, unless market prices are not available. In this case, rational methods are used to measure their fair values. Although these measurements use assumptions that are believed to be reasonable under the circumstances, the resulting values may differ if measured using different assumptions.

Derivative transaction contract amounts indicated in "(2) Fair value information on financial instruments" do not themselves indicate the volume of market risk related to derivatives transactions.

(2) Fair value information on financial instruments

Below is fair value information on financial instruments as of March 31, 2011, excluding securities whose fair values are deemed extremely difficult to determine (see Note 2).

	(Millions of yen)		
	2011		
As of March 31	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and due from banks	¥ 90,455	¥ 90,455	¥ -
(2) Call loans and bills bought	78,500	78,500	-
(3) Monetary trusts	290,736	290,736	-
(4) Securities			
Trading securities	372,801	372,801	-
Held-to-maturity securities	2,996,772	2,975,519	(21,253)
Available-for-sale securities	1,623,713	1,623,713	-
(5) Loans	857,436		
Reserve for possible loan losses*1	(1,119)		
Loans (after deduction for reserve for possible loan losses)	856,316	927,884	71,567
Total Financial Assets	¥6,309,297	¥6,359,610	¥ 50,313
(1) Deposits	¥1,647,657	¥1,647,696	¥ 38
(2) Call money and bills sold	10,000	10,000	-
Total Financial Liabilities	¥1,657,657	¥1,657,696	¥ 38
Derivative financial instruments*2			
Hedge accounting not applied	¥ 1,827	¥ 1,827	¥ -
Hedge accounting applied	[9,520]	[9,520]	-
Total Derivative Financial Instruments	¥ [7,693]	¥ [7,693]	¥ -

*1. Excludes general and specific reserves for possible loan losses.

*2. Figures are totals resulting from derivatives transactions, which are accounted for as other assets and liabilities on the consolidated balance sheets. If the total is a debt amount, the above figure is shown in [].

(Note 1) Measurement of the fair value of financial instruments

Financial Assets

(1) Cash and due from banks and (2) Call loans and bills bought

The fair value is regarded as the carrying amount, as they are approximately equal.

(3) Monetary trusts

In individual monetary trusts mainly for investment purposes, the fair value of securities (bonds) is the market price on financial instrument exchanges or the price indicated by a financial institution. Please see "12. Fair value information on monetary trusts," which indicates fair values by purpose.

(4) Securities

The fair value of stocks is the market price on stock market or financial instrument exchanges. The fair value of bonds and investment funds is the market price or the price indicated by a financial institution. Please see "11. Fair value information on securities," which indicates fair values by purpose.

(5) Loans

① Loans in the banking business

The fair value of these loans is measured by estimating their future cash flows and then applying a prescribed discount rate. The discount rate is determined by adding to the Libor-based yield curve a rate corresponding to a set risk premium. On loans to individual customers, the risk premium equals the rate used to determine the reserve for possible loan losses. For loans to corporate customers, the rate equals the cumulative default rate, determined by rating.

② Policy loans in the life insurance business

Policyholder loans are valued by discounting future cash flows to their current value. For automatic premium loans, the book value is used as a near approximation of their fair value.

Financial Liabilities

(1) Deposits

The fair value of deposits is measured according to type by estimating the deposits' future cash flows and then applying a prescribed discount rate. The discount rate is determined by adding to the Libor-based yield curve a premium corresponding to the banking subsidiary's cumulative default rate by rating.

(2) Call money and bills sold

The fair value is regarded as the carrying amount, as they are approximately equal.

Derivative Transactions

Please see "13. Derivative financial instruments," which indicates measurement of fair value.

(Note 2) Securities whose fair values are deemed extremely difficult to determine are as follows. They are not included in "(4) Securities" of Financial Assets in (Note 1) above.

	(Millions of yen)
	2011
	Consolidated balance sheet amount
As of March 31	
① Unlisted stocks in non-consolidated subsidiaries and affiliates* ¹	¥11,280
② Unlisted stocks other than 1 above* ¹	4
③ Investment in partnership* ² * ³	26,450
Total	¥37,735

*1. As unlisted stocks have no market prices and their fair values are deemed extremely difficult to determine, they are not included in the scope of fair value disclosure.

*2. As assets included in "investment in partnership" are stocks in unlisted companies and their fair values are deemed extremely difficult to determine, they are not included in the scope of fair value disclosure.

*3. No impairment loss was recognized for the year ended March 31, 2011. Impairment losses are principally recorded when their fair value as of the end of the fiscal year has declined by 50% or more from the acquisition cost.

(Note 3) Future redemption schedule of monetary claims and securities with maturities

	(Millions of yen)			
	2011			
As of March 31	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	Over 10 years
Cash and due from banks	¥ 90,455	¥ —	¥ —	¥ —
Call loans and bills bought	78,500	—	—	—
Securities				
Held-to-maturity securities	17,228	38,767	9,053	2,922,182
Bonds	17,228	38,067	8,953	2,867,082
Japanese government and municipal bonds	13,516	33,270	8,506	2,843,900
Japanese corporate bonds	3,712	4,796	447	23,182
Others	—	700	100	55,100
Available-for-sale securities	252,466	519,405	222,293	533,218
Bonds	171,223	305,348	196,800	530,150
Japanese government and municipal bonds	74,703	83,492	184,800	530,050
Japanese corporate bonds	96,520	221,856	12,000	100
Others	81,243	214,056	25,493	3,068
Loans*	11,954	54,031	26,975	629,882
Total	¥450,604	¥612,204	¥258,322	¥4,085,283

* This figure excludes ¥134,434 million of loans such as policy loans that have no fixed redemption period.

(Note 4) Future return schedule of deposits and other liabilities with interest

	(Millions of yen)					
	2011					
As of March 31	1 year or less	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
Deposits*	¥1,567,646	¥24,155	¥16,840	¥1,970	¥8,809	¥28,236
Call money and bills sold	10,000	—	—	—	—	—
Total	¥1,577,646	¥24,155	¥16,840	¥1,970	¥8,809	¥28,236

* Demand deposits are included in "1 year or less."

11 Fair value information on securities as of March 31, 2011:

(1) Trading-purpose securities

	(Millions of yen)	
	2011	
As of March 31		
Valuation losses charged to income		¥(7,579)

(2) Held-to-maturity securities

	(Millions of yen)		
	2011		
As of March 31	Consolidated balance sheet amount	Fair value	Difference
Fair values exceeding the consolidated balance sheet amount			
Bonds	¥1,072,066	¥1,094,665	¥ 22,598
Japanese government and municipal bonds	1,060,573	1,083,013	22,439
Japanese corporate bonds	11,492	11,651	158
Others	43,083	47,145	4,061
Subtotal	1,115,150	1,141,810	26,659
Fair values not exceeding the consolidated balance sheet amount			
Bonds	1,881,425	1,833,515	(47,910)
Japanese government and municipal bonds	1,860,571	1,812,727	(47,844)
Japanese corporate bonds	20,853	20,787	(66)
Others	196	193	(3)
Subtotal	1,881,622	1,833,709	(47,913)
Total	¥2,996,772	¥2,975,519	¥(21,253)

(3) Available-for-sale securities

(Millions of yen)

	2011		
	Consolidated balance sheet amount	Acquisition cost	Difference
As of March 31			
Consolidated balance sheet amount exceeding the acquisition cost			
Bonds	¥ 794,995	¥ 777,178	¥ 17,817
Japanese government and municipal bonds	587,981	571,748	16,232
Japanese corporate bonds	207,014	205,429	1,585
Equity securities	30,521	23,314	7,207
Others	180,783	177,144	3,639
Subtotal	1,006,301	977,636	28,664
Consolidated balance sheet amount not exceeding the acquisition cost			
Bonds	429,111	435,194	(6,082)
Japanese government and municipal bonds	302,488	308,129	(5,641)
Japanese corporate bonds	126,623	127,064	(441)
Equity securities	23,185	26,542	(3,357)
Others	165,115	167,842	(2,727)
Subtotal	617,411	629,580	(12,168)
Total	¥1,623,713	¥1,607,216	¥ 16,496

Note: As unlisted stocks of ¥4 million in the consolidated balance sheet amount and an investment in partnership of ¥26,450 million in the consolidated balance sheet amount have no market prices and their fair values are deemed extremely difficult to determine, they are not included in the table above.

(4) Held-to-maturity securities sold during the period

Not applicable

(5) Available-for-sale securities sold during the period

(Millions of yen)

	2011		
	Sales	Gains on sales	Losses on sales
For the year ended March 31			
Bonds	¥446,785	¥24,555	¥ 305
Japanese government and municipal bonds	391,496	23,370	—
Japanese corporate bonds	55,289	1,185	305
Equity securities	10,141	818	1,285
Others	40,378	564	357
Total	¥497,305	¥25,938	¥1,948

(6) Impairment of available-for-sale securities

Available-for-sale securities with market value are considered impaired if the market value decreases materially below the acquisition cost and such decline is considered non-recoverable. The market value is recognized as the consolidated balance sheet amount and the write-down is accounted for as a devaluation loss for the fiscal year.

Impairment loss of ¥348 million was recognized for the year ended March 31, 2011.

"Material decline" is indicated when the market value is 30% or less than the acquisition cost.

12 The fair value information on monetary trusts as of March 31, 2011:

Other monetary trusts

(Millions of yen)

	2011				
	Consolidated balance sheet amount	Acquisition cost	Difference	Items whose consolidated balance sheet amount exceeds acquisition cost	Items whose consolidated balance sheet amount does not exceed acquisition cost
As of March 31					
Other monetary trusts	¥290,736	¥282,922	¥7,814	¥7,814	¥ —

Notes: 1. The amount of jointly invested monetary trusts that is included in the table above for the year ended March 31, 2011 is ¥271 million.

2. "Items whose consolidated balance sheet amount exceeds acquisition cost" and "Items whose consolidated balance sheet amount does not exceed acquisition cost" are the breakdown of the difference.

13 Derivative financial instruments

(1) Derivatives to which hedge accounting is not applied

① Interest rate derivatives

(Millions of yen)				
2011				
As of March 31	Notional amount total	Notional amount over 1 year	Fair value	Valuation losses
Over-the-counter transactions				
Interest rate swaps	¥52,820	¥20,000	¥(376)	¥(376)
Total	¥ -	¥ -	¥(376)	¥(376)

Notes: 1. The above transactions are valued at market, and valuation losses are recorded in the consolidated statements of income.

2. Fair value of over-the-counter transactions is measured mainly using discounted present value.

② Currency derivatives

(Millions of yen)				
2011				
As of March 31	Notional amount total	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions				
Forward foreign exchanges				
Sold	¥ 57,999	¥ -	¥ (10)	¥ (10)
Bought	113,665	-	483	483
Foreign exchange margin transactions				
Sold	33,551	-	1,299	1,299
Bought	12,648	-	434	434
Currency options				
Sold	423	-	(9)	(5)
Total	¥ -	¥ -	¥2,197	¥2,201

Notes: 1. The above transactions are valued at market, and the valuation gains or losses are recorded in the consolidated statements of income.

2. Fair value is measured using discounted present value and option pricing models.

③ Credit derivatives transactions

(Millions of yen)				
2011				
As of March 31	Notional amount total	Notional amount over 1 year	Fair value	Valuation gains
Over-the-counter transactions				
Credit default options				
Bought	¥4,840	¥1,413	¥5	¥5
Total	¥ -	¥ -	¥5	¥5

Notes: 1. The above transactions are valued at market, and valuation gains are recorded in the consolidated statements of income.

2. Fair value is measured mainly using discounted present value.

3. "Bought" represents transactions in which the credit risk is transferred.

(2) Derivatives to which hedge accounting is applied

① Interest rate derivatives

			(Millions of yen)		
			2011		
As of March 31			Notional amount total	Notional amount over 1 year	Fair value
Hedge accounting	Hedging instrument	Hedged item			
Deferred hedge accounting	Interest rate swaps	Loans	¥149,231	¥148,994	¥ (2,929)
Fair value hedge accounting	Interest rate swaps	Available-for-sale securities (bonds) . .	189,300	155,260	(8,619)
Total			¥ -	¥ -	¥(11,548)

Notes: 1. SFH applies deferred hedge accounting and fair value hedge accounting in accordance with "Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry" (Industry Audit Committee of Japanese Institute of Certified Public Accountants Statement No. 24).

2. Fair value is measured using discounted present value.

② Currency derivatives

(Millions of yen)

			2011		
As of March 31			Notional amount total	Notional amount over 1 year	Fair value
Hedge accounting	Hedging instrument	Hedged item			
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds) . . .	¥112,700	¥53,000	¥2,028
Total			¥ —	¥ —	¥2,028

Notes: 1. SFH applies mainly fair value hedge accounting.

2. Fair value is measured mainly using discounted present value.

14 Retirement benefit obligations and their supplemental information as of March 31, 2011:

(1) Overview of retirement benefit plans

The domestic life insurance subsidiary provides a lump-sum retirement benefit plan to sales staff and a defined benefit corporate pension plan and defined contribution pension plan to internal office staff. The non-life insurance subsidiary provides a lump-sum retirement benefit plan and a defined contribution pension plan. SFH and its banking subsidiary mainly provide a lump-sum retirement benefit plan.

(2) Retirement benefit obligations

(Millions of yen)

As of March 31	2011
Retirement benefit obligations	¥(30,040)
Plan assets	6,359
Unfunded retirement benefit obligations	(23,681)
Unrecognized net obligation at transition	1,657
Unrecognized net actuarial gain	5,301
Unrecognized prior service cost	(516)
Net retirement benefit obligations	(17,239)
Prepaid pension costs	1,459
Reserve for employees' retirement benefits	¥(18,698)

Note: SFH and certain consolidated subsidiaries calculate retirement benefit obligations based on the simplified method.

(3) Retirement benefit expenses

(Millions of yen)

For the year ended March 31	2011
Service cost	¥2,781
Interest cost	344
Expected return on plan assets	(297)
Amortization of net obligation at transition	414
Amortization of net actuarial gain	829
Amortization of prior service cost	(129)
Others	229
Retirement benefit expenses	¥4,171

Notes: 1. SFH and certain consolidated subsidiaries include the retirement benefit expenses in the service cost based on the simplified method.

2. Others includes defined contribution pension plan payments.

(4) Basis for calculating retirement benefit obligations

For the year ended March 31	2011
Method of allocating projected retirement benefits	Straight-line or point method
Discount rate	1.3%–1.5%
Expected return on plan assets	5.2%
Prior service cost amortization period	10 years
Net actuarial gain amortization period	7–10 years
Net obligation at transition amortization period	15 years

15 Asset retirement obligations

Asset retirement obligations recorded on the consolidated balance sheets

(1) Overview of asset retirement obligations

The reserve for asset retirement obligations is provided for the estimated amount of asbestos removal cost associated with investment and rental property in accordance with Ordinance on Prevention of Health Impairment due to Asbestos.

(2) Basis of measurement for asset retirement obligations

The amount of asset retirement obligations is calculated by estimating the usable period to be 13 to 43 years from acquisition and then applying a 1.471 to 2.287% discount rate.

(3) Changes in the balance of asset retirement obligations for the year ended March 31, 2011 were as follows:

	(Millions of yen)
For the year ended March 31	2011
Balance at the beginning of the year (Note)	¥659
Increase due to acquisition of tangible fixed assets	8
Changes resulting from the passage of time	13
Decrease due to execution of asset retirement obligations	(7)
Decrease due to sale of tangible fixed assets	(34)
Balance at the end of the year	¥640

(Note) Balance at the beginning of period is due to the adoption of the ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" (March 31, 2008) and the ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations" (March 31, 2008) from the current fiscal year.

16 Fair value information on investment and rental property

SFH's domestic life insurance subsidiary owns rental office buildings in Tokyo and other cities. Income related to investment and rental property amounted to ¥3,158 million for the year ended March 31, 2011. Its main revenues were accounted for in the life insurance business' "interest income and dividends," and its main expenses were accounted for in the life insurance business' "depreciation of real estate for rent and others" and "other investment expenses." Impairment losses of ¥1,280 million were recorded for the year ended March 31, 2011.

Below is the consolidated balance sheet amount, net of changes, and the fair value. The fair value is measured by a licensed third-party real estate appraisal agent.

	(Millions of yen)
As of March 31	2011
Consolidated balance sheet amount	
Balance at the end of the previous period	¥72,200
Changes during the period	(4,716)
Balance at the end of the current period	67,483
Fair value	¥76,604

Note: The consolidated balance sheet amount is the acquisition cost less accumulated depreciation and impairment losses.

17 Contracts of commitments to provide credit line and overdrafts of the banking subsidiary are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments at March 31, 2011 was ¥18,408 million and the amount of unused commitments whose original contract terms are within 1 year at March 31, 2011 was ¥17,408 million.

18 Borrowed money includes subordinated borrowings of ¥2,000 million subject to a special contract that subordinates the fulfillment of this obligation to other obligations.

19 Expected future losses of the domestic life insurance subsidiary under the life insurance policyholder protection structure stipulated under Article 259 of the Insurance Business Law amounted to ¥8,645 million. Such losses are recognized as expenses during the fiscal year in which they are contributed.

20 Subsequent events

(1) Stock split

Based on a resolution at the Board of Directors' meeting held on March 8, 2011, SFH implemented the following stock split on April 1, 2011.

① Method

Shares held by shareholders listed or recorded in the final shareholder registry as of March 31, 2011, were split at a ratio of 200 to one.

② Increase in shares resulting from the stock split

Common stock: 432,825,000 shares

(2) Per share information is provided below for the year ended March 31, 2011, calculated as if the stock split had been conducted at the beginning of the fiscal year.

Net assets per share ¥677.88

Net income per share ¥95.90

5. Notes to the Consolidated Statement of Income

- 1 Net income per share is calculated based on the weighted-average number of shares of common stock outstanding during the period. For the year ended March 31, 2011, net income per share was ¥19,179.96. There were no potential dilutive securities.

The basis for this calculation for the year ended March 31, 2011 is net income of ¥41,716 million, the entire amount of which is applicable to common stocks. The weighted-average number of shares outstanding for the year ended March 31, 2011 was 2,175,000 shares.

6. Note to the Consolidated Statement of Comprehensive Income

(1) Comprehensive income for the year ended March 31, 2010

	(Millions of yen)
	2010
Comprehensive income attributable to parent company	¥71,066
Comprehensive income attributable to minority interests	—
Comprehensive income	¥71,066

(2) Other comprehensive income for the year ended March 31, 2010

	(Millions of yen)
	2010
Net unrealized gains on other securities, net of taxes	¥22,365
Net deferred gains on hedging instruments, net of taxes	489
Foreign currency translation adjustments	85
Share of other comprehensive income of affiliates accounted for by the equity method	(0)
Other comprehensive income	¥22,940

7. Notes to the Consolidated Statement of Changes in Net Assets

1 Types and numbers of shares issued are as follows:

	(Thousands of shares)			
	2011			
For the year ended March 31	Number of shares as of March 31, 2010	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of March 31, 2011
Issued shares				
Common stock	2,175	—	—	2,175
Total	2,175	—	—	2,175
Treasury stock				
Common stock	—	—	—	—
Total	—	—	—	—

2 Information on dividends is as follows:

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2010	Common stock	¥6,525 million	¥3,000	March 31, 2010	June 28, 2010

(2) Dividends to be paid in the next fiscal year

Resolution	Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2011	Common stock	¥8,700 million	Retained earnings	¥4,000	March 31, 2011	June 27, 2011

8. Notes to the Consolidated Statement of Cash Flows

1 The reconciliation of cash and cash equivalents in the statement of cash flows to Cash and due from banks as stated in the consolidated balance sheet as of March 31, 2011, is as follows:

As of March 31	(Millions of yen)
	2011
Cash and due from banks	¥ 90,455
Call loans of domestic life insurance subsidiary	68,500
Securities of the non-life insurance subsidiary maturing within 3 months of the acquisition date	2,848
Cash and cash equivalents	¥161,803

2 Cash flows from investing activities include cash flows from lending operations of the insurance business.

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Sony Life Financial Data (Consolidated)

Consolidated Balance Sheets

Sony Life Insurance Co., Ltd. and consolidated subsidiaries
As of March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Assets:			
Cash and deposits	¥ 25,675	¥ 46,112	¥ 35,578
Call loans	45,800	91,800	68,500
Monetary trusts	607,625	288,772	276,475
Securities	2,818,578	3,538,090	4,015,294
Loans	120,469	127,615	134,439
Tangible fixed assets	82,806	80,937	76,029
Land	33,076	33,076	31,469
Buildings	47,499	46,839	43,694
Leased assets	337	272	230
Construction in progress	1,179	—	—
Other tangible fixed assets	714	749	635
Intangible fixed assets	12,187	13,863	18,391
Software	12,137	13,815	18,346
Leased assets	0	0	—
Other intangible fixed assets	49	47	44
Due from agencies	1	—	—
Due from reinsurers	104	120	84
Other assets	61,989	71,239	56,314
Deferred tax assets	35,439	27,705	40,761
Reserve for possible loan losses	(208)	(212)	(228)
Total Assets	¥3,810,470	¥4,286,045	¥4,721,641

(Millions of yen)

	2009	2010	2011
Liabilities:			
Policy reserves and others	¥3,614,211	¥4,012,335	¥4,404,830
Reserve for outstanding claims	19,114	21,425	28,260
Policy reserves	3,592,557	3,985,833	4,371,731
Reserve for policyholders' dividends	2,539	5,076	4,839
Due to agencies	1,216	1,445	1,502
Due to reinsurers	880	716	684
Other liabilities	36,924	55,539	66,018
Reserve for employees' retirement benefits	12,728	14,991	17,599
Reserve for directors' retirement benefits	95	118	143
Reserve for price fluctuations	3,653	9,637	16,768
Reserve for price fluctuations	3,653	9,637	16,768
Deferred tax liabilities	0	0	—
Deferred tax liabilities on land revaluation	706	706	693
Total Liabilities	3,670,417	4,095,492	4,508,240
Net Assets:			
Common stock	70,000	70,000	70,000
Capital surplus	5,865	5,865	5,865
Retained earnings	61,986	100,825	132,370
Total shareholders' equity	137,851	176,690	208,235
Net unrealized gains on other securities, net of taxes	3,925	15,501	6,996
Land revaluation, net of taxes	(1,475)	(1,475)	(1,499)
Foreign currency translation adjustments	(248)	(163)	(331)
Total accumulated other comprehensive income	2,201	13,862	5,165
Total Net Assets	140,052	190,553	213,401
Total Liabilities and Net Assets	¥3,810,470	¥4,286,045	¥4,721,641

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Life Insurance Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2009, 2010 and 2011

(Consolidated Statements of Income)

	(Millions of yen)		
	2009	2010	2011
Ordinary Revenues	¥766,245	¥882,045	¥900,359
Income from insurance premiums	662,078	700,158	770,401
Investment income	99,049	175,640	119,710
Interest income and dividends	56,041	70,864	87,695
Income from monetary trusts, net	—	22,887	6,983
Income from trading securities, net	1,084	—	—
Gains on sale of securities	32,145	15,153	25,030
Gains on redemption of securities	807	3,939	0
Gains on derivatives, net	8,937	—	—
Other investment income	33	37	1
Gains on separate accounts, net	—	62,757	—
Other ordinary income	5,117	6,247	10,248
Ordinary Expenses	733,704	802,264	828,186
Insurance claims and other payments	274,793	274,285	297,973
Insurance claims	62,102	64,859	76,514
Annuity payments	7,111	7,742	8,224
Insurance benefits	32,898	34,670	38,346
Surrender payments	168,137	162,697	170,720
Other payments	4,544	4,316	4,167
Provision for policy reserves and others	219,075	395,583	392,766
Provision for reserve for outstanding claims	1,708	2,311	6,834
Provision for policy reserves	217,327	393,267	385,910
Interest on policyholders' dividend reserve	39	4	21
Investment expenses	133,545	20,627	19,389
Interest expenses	42	29	56
Losses on monetary trusts, net	856	—	—
Losses on sale of securities	16,157	10,078	1,867
Devaluation losses on securities	31,899	—	348
Losses on redemption of securities	262	361	23
Foreign exchange losses, net	2,382	870	618
Provision for reserve for possible loan losses	134	3	20
Depreciation of real estate for rent and others	2,932	2,763	2,551
Other investment expenses	6,664	6,519	6,433
Losses on separate accounts, net	72,212	—	7,470
Operating expenses	94,091	97,003	99,537
Other ordinary expenses	12,198	14,763	18,520
Ordinary Profit	32,540	79,781	72,172

(Continued on next page)

	(Millions of yen)		
	2009	2010	2011
Extraordinary Gains	¥ 20,447	¥ 0	¥ 0
Gains on sale of fixed assets	1	0	0
Reversal of reserve for price fluctuations	20,446	—	—
Reversal of reserve for price fluctuations	20,446	—	—
Extraordinary Losses	97	6,107	8,735
Losses on disposal of fixed assets	60	116	22
Impairment losses	20	5	1,291
Provision for reserve for price fluctuations	—	5,984	7,131
Provision for reserve for price fluctuations	—	5,984	7,131
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	—	290
Other extraordinary losses	16	—	—
Provision (Reversal) for Reserve for Policyholders' Dividends	(429)	3,516	1,257
Income Before Income Taxes	53,320	70,157	62,179
Income Taxes—current	14,087	22,688	31,374
Income Taxes—deferred	5,317	1,630	(8,416)
Total Income Taxes	19,405	24,318	22,957
Income Before Minority Interests	—	—	39,221
Net Income	¥ 33,915	¥ 45,839	¥ 39,221

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Income Before Minority Interests	¥ —	¥ —	¥ 39,221
Other Comprehensive Income	—	—	(8,673)
Net unrealized losses on other securities, net of taxes	—	—	(8,506)
Foreign currency translation adjustments	—	—	(168)
Share of other comprehensive income of affiliates accounted for using equity method	—	—	0
Comprehensive Income	—	—	30,547
Comprehensive income attributable to parent company	—	—	30,547
Comprehensive income attributable to minority interests	—	—	—

Consolidated Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Shareholders' Equity			
Common stock			
Balance at the end of the previous period	¥ 65,000	¥ 70,000	¥ 70,000
Changes during the period			
Issuance of new shares	5,000	—	—
Total changes during the period	5,000	—	—
Balance at the end of the current period	70,000	70,000	70,000
Capital surplus			
Balance at the end of the previous period	865	5,865	5,865
Changes during the period			
Issuance of new shares	5,000	—	—
Total changes during the period	5,000	—	—
Balance at the end of the current period	5,865	5,865	5,865
Retained earnings			
Balance at the end of the previous period	35,102	61,986	100,825
Changes during the period			
Dividends from surplus	(7,000)	(7,000)	(7,700)
Reversal of land revaluation	—	—	23
Net income	33,915	45,839	39,221
Decrease resulting from change in scope of application of equity method	(31)	—	—
Total changes during the period	26,884	38,839	31,544
Balance at the end of the current period	61,986	100,825	132,370
Total shareholders' equity			
Balance at the end of the previous period	100,967	137,851	176,690
Changes during the period			
Issuance of new shares	10,000	—	—
Dividends from surplus	(7,000)	(7,000)	(7,700)
Reversal of land revaluation	—	—	23
Net income	33,915	45,839	39,221
Decrease resulting from change in scope of application of equity method	(31)	—	—
Total changes during the period	36,884	38,839	31,544
Balance at the end of the current period	137,851	176,690	208,235

(Continued on next page)

(Millions of yen)

	2009	2010	2011
Accumulated Other Comprehensive Income			
Net unrealized gains on other securities, net of taxes			
Balance at the end of the previous period	¥ 82,898	¥ 3,925	¥ 15,501
Changes during the period			
Net changes of items other than shareholders' equity	(78,972)	11,576	(8,505)
Total changes during the period	(78,972)	11,576	(8,505)
Balance at the end of the current period	3,925	15,501	6,996
Land revaluation, net of taxes			
Balance at the end of the previous period	(1,475)	(1,475)	(1,475)
Changes during the period			
Net changes of items other than shareholders' equity	—	—	(23)
Total changes during the period	—	—	(23)
Balance at the end of the current period	(1,475)	(1,475)	(1,499)
Foreign currency translation adjustments			
Balance at the end of the previous period	786	(248)	(163)
Changes during the period			
Net changes of items other than shareholders' equity	(1,035)	85	(168)
Total changes during the period	(1,035)	85	(168)
Balance at the end of the current period	(248)	(163)	(331)
Total accumulated other comprehensive income			
Balance at the end of the previous period	82,209	2,201	13,862
Changes during the period			
Net changes of items other than shareholders' equity	(80,008)	11,661	(8,697)
Total changes during the period	(80,008)	11,661	(8,697)
Balance at the end of the current period	2,201	13,862	5,165
Total Net Assets			
Balance at the end of the previous period	183,177	140,052	190,553
Changes during the period			
Issuance of new shares	10,000	—	—
Dividends from surplus	(7,000)	(7,000)	(7,700)
Reversal of land revaluation	—	—	23
Net income	33,915	45,839	39,221
Decrease resulting from change in scope of application of equity method	(31)	—	—
Net changes of items other than shareholders' equity	(80,008)	11,661	(8,697)
Total changes during the period	(43,124)	50,500	22,847
Balance at the end of the current period	¥140,052	¥190,553	¥213,401

Consolidated Statements of Cash Flows

Sony Life Insurance Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Cash flows from operating activities			
Income before income taxes	¥ 53,320	¥ 70,157	¥ 62,179
Depreciation of real estate for rent and others	2,932	2,763	2,551
Depreciation and amortization	1,843	2,339	2,759
Impairment losses	20	5	1,291
Increase in reserve for outstanding claims	1,708	2,311	6,834
Increase in policy reserves	217,327	393,267	385,910
Increase in interest of reserve for policyholders' dividends	39	4	21
Increase (decrease) in reserve for policyholders' dividends	(429)	3,516	1,257
Increase in reserve for possible loan losses	134	3	20
Increase in reserve for employees' retirement benefits	1,820	2,333	2,750
Increase in reserve for directors' retirement benefits	24	22	25
Increase (decrease) in reserve for price fluctuations	(20,446)	5,984	7,131
Interest income and dividends	(56,041)	(70,864)	(87,695)
(Gains) losses on securities	84,082	(75,231)	(22,624)
Interest expenses	42	29	56
Foreign exchange losses	2,382	870	618
Losses on disposal of tangible fixed assets	66	116	313
Equity in losses of affiliates	173	307	944
(Increase) decrease in due from agencies	(1)	1	—
(Increase) decrease in due from reinsurers	39	(15)	35
Decrease in other assets (excluding those related to investing and financing activities)	19,728	20,501	19,223
Increase (decrease) in due to agencies	(92)	229	56
Increase (decrease) in due to reinsurers	139	(163)	(32)
Increase in other liabilities (excluding those related to investing and financing activities)	427	449	621
Others, net	1,018	(12,520)	6,770
Subtotal	310,261	346,422	391,019
Interest and dividends received	58,971	74,976	92,746
Interest paid	(42)	(29)	(56)
Policyholders' dividends paid	(1,577)	(983)	(1,516)
Others, net	(1,903)	(4,955)	(5,882)
Income taxes paid	(8,480)	(15,275)	(28,835)
Net cash provided by operating activities	357,228	400,153	447,475

(Continued on next page)

	(Millions of yen)		
	2009	2010	2011
Cash flows from investing activities			
Investments in monetary trusts	¥ (34,758)	¥ (45,000)	¥ –
Proceeds from sale of monetary trusts	316,294	372,000	33,381
Purchases of securities	(1,520,347)	(1,111,839)	(978,802)
Proceeds from sale and redemption of securities	900,207	488,949	503,460
Investments in loans	(47,351)	(46,145)	(46,680)
Proceeds from collections of loans	13,683	17,840	19,263
Others, net	(2,655)	13,583	–
Total of net cash used in investment transactions	(374,927)	(310,611)	(469,377)
[Total of net cash provided by (used in) operating activities and investment transactions]	[(17,699)]	[89,542]	[(21,902)]
Purchases of tangible fixed assets	(2,122)	(1,908)	(562)
Proceeds from sale of tangible fixed assets	1	0	1,450
Purchases of securities of subsidiaries	–	(300)	–
Purchases of securities of affiliates	(2,000)	(9,500)	–
Others, net	(5,908)	(4,358)	(5,041)
Net cash used in investing activities	(384,956)	(326,678)	(473,531)
Cash flows from financing activities			
Proceeds from issuance of shares	10,000	–	–
Cash dividends paid	(7,000)	(7,000)	(7,700)
Others, net	(76)	(58)	(37)
Net cash provided by (used in) financing activities	2,923	(7,058)	(7,737)
Effect of exchange rate changes on cash and cash equivalents	(184)	20	(40)
Net increase (decrease) in cash and cash equivalents	(24,989)	66,437	(33,834)
Cash and cash equivalents at the beginning of the fiscal year	96,465	71,475	137,912
Cash and cash equivalents at the end of the fiscal year	¥ 71,475	¥ 137,912	¥ 104,078

Sony Life Financial Data (Non-consolidated)

Non-consolidated Balance Sheets

Sony Life Insurance Co., Ltd.
As of March 31, 2009, 2010 and 2011

	(Millions of yen)					
	2009		2010		2011	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
Assets:						
Cash and deposits	¥ 25,174	0.7%	¥ 45,707	1.1%	¥ 35,103	0.7%
Cash	15		13		13	
Deposits	25,158		45,693		35,089	
Call loans	45,800	1.2	91,800	2.1	68,500	1.5
Monetary trusts	607,625	15.9	288,772	6.7	276,475	5.9
Securities	2,819,638	74.0	3,539,114	82.6	4,017,583	85.1
Japanese government bonds ...	2,196,830		3,023,972		3,548,082	
Japanese municipal bonds	29,190		28,433		11,328	
Japanese corporate bonds	270,253		99,351		70,610	
Japanese stocks	70,620		103,098		92,691	
Foreign securities	189,426		186,043		192,328	
Other securities	63,317		98,214		102,540	
Loans	120,462	3.2	127,599	3.0	134,419	2.8
Policy loans	120,462		127,599		134,419	
Tangible fixed assets	82,793	2.2	80,923	1.9	76,014	1.6
Land	33,076		33,076		31,469	
Buildings	47,498		46,839		43,693	
Leased assets	337		272		230	
Construction in progress	1,179		—		—	
Other tangible fixed assets	701		735		621	
Intangible fixed assets	12,187	0.3	13,862	0.3	18,390	0.4
Software	12,136		13,814		18,346	
Leased assets	0		0		—	
Other intangible fixed assets	49		47		44	
Due from agencies	1	0.0	—	—	—	—
Due from reinsurers	104	0.0	120	0.0	84	0.0
Other assets	61,911	1.6	71,165	1.7	56,250	1.2
Other receivables	29,096		41,580		34,335	
Prepaid expenses	992		1,288		1,248	
Accrued income	11,252		22,399		14,327	
Money on deposits	3,969		3,875		4,073	
Collateral pledged on forward transactions	13,583		—		—	
Advance payments	1,336		322		491	
Others	1,679		1,699		1,773	
Deferred tax assets	35,439	0.9	27,686	0.6	40,738	0.9
Reserve for possible loan losses ..	(208)	(0.0)	(212)	(0.0)	(228)	(0.0)
Total Assets	¥3,810,929	100.0%	¥4,286,540	100.0%	¥4,723,332	100.0%

(Millions of yen)

	2009		2010		2011	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
Liabilities:						
Policy reserves and others	¥3,614,027	94.8%	¥4,012,112	93.6%	¥4,404,576	93.3%
Reserve for outstanding claims ..	19,111		21,424		28,252	
Policy reserves	3,592,376		3,985,610		4,371,484	
Reserve for policyholders' dividends	2,539		5,076		4,839	
Due to agencies	1,216	0.0	1,445	0.0	1,502	0.0
Due to reinsurers	880	0.0	716	0.0	684	0.0
Other liabilities	36,891	1.0	55,501	1.3	65,980	1.4
Accrued income tax	9,530		16,943		19,482	
Other payables	6,032		16,772		23,492	
Accrued expenses	11,883		12,088		12,625	
Unearned income	883		949		956	
Deposits received	360		372		542	
Deposits received for guarantee	6,252		5,627		5,518	
Lease obligations	388		325		284	
Asset retirement obligations ...	—		—		633	
Policy suspense and other suspense	1,560		2,420		2,445	
Reserve for employees' retirement benefits	12,727	0.3	14,989	0.3	17,596	0.4
Reserve for directors' retirement benefits	95	0.0	118	0.0	143	0.0
Reserve for price fluctuations	3,653	0.1	9,637	0.2	16,768	0.4
Reserve for price fluctuations ..	3,653		9,637		16,768	
Deferred tax liabilities on land revaluation	706	0.0	706	0.0	693	0.0
Total Liabilities	3,670,198	96.3	4,095,228	95.5	4,507,945	95.4
Net Assets:						
Common stock	70,000	1.8	70,000	1.6	70,000	1.5
Capital surplus	5,865	0.2	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865		5,865	
Retained earnings	62,325	1.6	101,464	2.4	134,008	2.8
Earned reserve	8,478		9,878		11,418	
Other retained earnings	53,847		91,585		122,590	
Unappropriated retained earnings for the period	53,847		91,585		122,590	
Total shareholders' equity	138,190	3.6	177,329	4.1	209,873	4.4
Net unrealized gains on other securities, net of taxes	4,015	0.1	15,458	0.4	7,013	0.1
Land revaluation, net of taxes	(1,475)	(0.0)	(1,475)	(0.0)	(1,499)	(0.0)
Total valuation and translation adjustments	2,539	0.1	13,982	0.3	5,513	0.1
Total Net Assets	140,730	3.7	191,312	4.5	215,387	4.6
Total Liabilities and Net Assets	¥3,810,929	100.0%	¥4,286,540	100.0%	¥4,723,332	100.0%

Non-consolidated Statements of Income

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Ordinary Revenues	¥765,910	¥881,798	¥900,091
Income from insurance premiums	662,011	700,101	770,330
Insurance premiums	660,642	698,168	768,259
Ceded reinsurance commissions	1,368	1,932	2,070
Investment income	98,781	175,397	119,500
Interest income and dividends	55,803	70,668	87,533
Interest income from deposits	0	0	0
Interest income and dividends from securities	39,033	54,662	70,883
Interest income from loans	4,732	4,991	5,216
Rent revenue from real estate	11,632	10,942	11,379
Other interest income and dividends	404	71	53
Income from monetary trusts, net	–	22,887	6,983
Income from trading securities, net	1,084	–	–
Gains on sale of securities	32,115	15,107	24,982
Gains on redemption of securities	807	3,939	0
Gains on derivatives, net	8,937	–	–
Other investment income	32	37	1
Gains on separate accounts, net	–	62,757	–
Other ordinary income	5,117	6,299	10,260
Income for annuity riders	1,779	1,449	1,625
Income for deferred payment of claims	2,351	3,591	7,202
Other ordinary income	987	1,258	1,432

(Continued on next page)

(Millions of yen)

	2009	2010	2011
Ordinary Expenses	¥733,500	¥801,698	¥826,914
Insurance claims and other payments	274,778	274,278	297,966
Insurance claims	62,090	64,855	76,513
Annuity payments	7,111	7,742	8,224
Insurance benefits	32,898	34,670	38,346
Surrender payments	168,135	162,694	170,716
Refund to policyholders	2,172	1,950	1,853
Reinsurance premiums	2,370	2,364	2,312
Provision for policy reserves and others	219,031	395,551	392,722
Provision for reserve for outstanding claims	1,706	2,312	6,827
Provision for policy reserves	217,285	393,234	385,873
Interest on policyholders' dividend reserve	39	4	21
Investment expenses	133,777	20,584	19,303
Interest expenses	42	29	56
Losses on monetary trusts, net	856	—	—
Losses on sale of securities	16,157	10,073	1,866
Devaluation losses on securities	31,899	—	348
Losses on redemption of securities	262	361	23
Foreign exchange losses, net	2,614	833	533
Provision for reserve for possible loan losses	134	3	20
Depreciation of real estate for rent and others	2,932	2,763	2,551
Other investment expenses	6,664	6,518	6,432
Losses on separate accounts, net	72,212	—	7,470
Operating expenses	93,928	96,860	99,374
Other ordinary expenses	11,983	14,424	17,548
Payments of deferred claims	1,898	2,611	4,678
Taxes	6,226	6,470	6,784
Depreciation and amortization	1,836	2,334	2,754
Provision for reserve for employees' retirement benefits	1,995	2,982	3,299
Provision for reserve for directors' retirement benefits	24	22	25
Others	2	2	5
Ordinary Profit	32,409	80,099	73,176

(Continued on next page)

Non-consolidated Statements of Income (Continued)

	(Millions of yen)		
	2009	2010	2011
Extraordinary Gains	¥ 20,446	¥ —	¥ —
Reversal of reserve for price fluctuations	20,446	—	—
Reversal of reserve for price fluctuations	20,446	—	—
Extraordinary Losses	97	6,107	8,735
Losses on disposal of fixed assets	60	116	22
Impairment losses	20	5	1,291
Provision for reserve for price fluctuations	—	5,984	7,131
Provision for reserve for price fluctuations	—	5,984	7,131
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	—	290
Other extraordinary losses	16	—	—
Provision (Reversal) for Reserve for Policyholders' Dividends	(429)	3,516	1,257
Income Before Income Taxes	53,188	70,475	63,183
Income Taxes—current	14,087	22,688	31,374
Income Taxes—deferred	5,317	1,649	(8,411)
Total Income Taxes	19,404	24,337	22,962
Net Income	¥ 33,783	¥ 46,138	¥ 40,220

Non-consolidated Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Shareholders' Equity			
Common stock			
Balance at the end of the previous period	¥ 65,000	¥ 70,000	¥ 70,000
Changes during the period			
Issuance of new shares	5,000	—	—
Total changes during the period	5,000	—	—
Balance at the end of the current period	70,000	70,000	70,000
Capital surplus			
Capital reserve			
Balance at the end of the previous period	865	5,865	5,865
Changes during the period			
Issuance of new shares	5,000	—	—
Total changes during the period	5,000	—	—
Balance at the end of the current period	5,865	5,865	5,865
Total capital surplus			
Balance at the end of the previous period	865	5,865	5,865
Changes during the period			
Issuance of new shares	5,000	—	—
Total changes during the period	5,000	—	—
Balance at the end of the current period	5,865	5,865	5,865
Retained earnings			
Earned reserve			
Balance at the end of the previous period	7,078	8,478	9,878
Changes during the period			
Dividends from surplus	1,400	1,400	1,540
Total changes during the period	1,400	1,400	1,540
Balance at the end of the current period	8,478	9,878	11,418
Other retained earnings			
Unappropriated retained earnings			
Balance at the end of the previous period	28,464	53,847	91,585
Changes during the period			
Dividends from surplus	(8,400)	(8,400)	(9,240)
Reversal of land revaluation	—	—	23
Net income	33,783	46,138	40,220
Total changes during the period	25,383	37,738	31,004
Balance at the end of the current period	53,847	91,585	122,590
Total retained earnings			
Balance at the end of the previous period	35,542	62,325	101,464
Changes during the period			
Dividends from surplus	(7,000)	(7,000)	(7,700)
Reversal of land revaluation	—	—	23
Net income	33,783	46,138	40,220
Total changes during the period	26,783	39,138	32,544
Balance at the end of the current period	62,325	101,464	134,008
Total shareholders' equity			
Balance at the end of the previous period	101,407	138,190	177,329
Changes during the period			
Issuance of new shares	10,000	—	—
Dividends from surplus	(7,000)	(7,000)	(7,700)
Reversal of land revaluation	—	—	23
Net income	33,783	46,138	40,220
Total changes during the period	36,783	39,138	32,544
Balance at the end of the current period	138,190	177,329	209,873

(Continued on next page)

Non-consolidated Statements of Changes in Net Assets (Continued)

	(Millions of yen)		
	2009	2010	2011
Valuation and Translation Adjustments			
Net unrealized gains on other securities, net of taxes			
Balance at the end of the previous period	¥ 82,739	¥ 4,015	¥ 15,458
Changes during the period			
Net changes of items other than shareholders' equity	(78,723)	11,442	(8,445)
Total changes during the period	(78,723)	11,442	(8,445)
Balance at the end of the current period	4,015	15,458	7,013
Land revaluation, net of taxes			
Balance at the end of the previous period	(1,475)	(1,475)	(1,475)
Changes during the period			
Net changes of items other than shareholders' equity	—	—	(23)
Total changes during the period	—	—	(23)
Balance at the end of the current period	(1,475)	(1,475)	(1,499)
Total valuation and translation adjustments			
Balance at the end of the previous period	81,263	2,539	13,982
Changes during the period			
Net changes of items other than shareholders' equity	(78,723)	11,442	(8,469)
Total changes during the period	(78,723)	11,442	(8,469)
Balance at the end of the current period	2,539	13,982	5,513
Total Net Assets			
Balance at the end of the previous period	182,671	140,730	191,312
Changes during the period			
Issuance of new shares	10,000	—	—
Dividends from surplus	(7,000)	(7,000)	(7,700)
Reversal of land revaluation	—	—	23
Net income	33,783	46,138	40,220
Net changes of items other than shareholders' equity	(78,723)	11,442	(8,469)
Total changes during the period	(41,940)	50,581	24,075
Balance at the end of the current period	¥140,730	¥191,312	¥215,387

1. Loans by Borrower Category

As of March 31	(Millions of yen)		
	2009	2010	2011
Bankrupt and quasi-bankrupt loans	¥ —	¥ —	¥ —
Doubtful loans	—	—	—
Sub-standard loans	—	—	—
Subtotal	—	—	—
[% to total]	[—]	[—]	[—]
Normal loans	122,600	129,867	136,809
Total	¥122,600	¥129,867	¥136,809

Notes: 1. Bankrupt and quasi-bankrupt loans are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
 2. Doubtful loans are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
 3. Sub-standard loans are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in notes 1. and 2. above.
 4. Normal loans are all other loans.

2. Risk-monitored Loans

Not applicable

3. Accounting Indicators

3-1 Reserve for outstanding claims

As of March 31	(Millions of yen)		
	2009	2010	2011
Insurance claims			
Death benefits	¥ 5,295	¥ 7,126	¥10,292
Accidental benefits	246	251	1,633
Disability payments	992	1,358	1,833
Maturity benefits	1,241	1,111	2,159
Others	854	879	830
Subtotal	8,630	10,727	16,748
Annuity payments	45	56	60
Insurance benefits	4,349	4,657	4,767
Surrender payments	5,591	5,880	6,526
Deferred insurance benefits	23	44	28
Total, including others	¥19,111	¥21,424	¥28,252

3-2 Policy reserves

		(Millions of yen)		
As of March 31		2009	2010	2011
Policy reserves (excluding contingency reserve)				
Individual life insurance		¥3,373,573	¥3,750,483	¥4,136,542
General accounts		3,129,779	3,419,682	3,782,734
Separate accounts		243,794	330,801	353,807
Individual annuities		99,668	114,166	124,350
General accounts		75,084	81,529	90,719
Separate accounts		24,584	32,636	33,630
Group life insurance		142	114	94
General accounts		142	114	94
Separate accounts		—	—	—
Group annuities		73,499	72,348	58,937
General accounts		73,499	72,348	58,937
Separate accounts		—	—	—
Others		0	—	—
General accounts		0	—	—
Separate accounts		—	—	—
Subtotal		3,546,884	3,937,113	4,319,924
General accounts		3,278,505	3,573,675	3,932,486
Separate accounts		268,378	363,437	387,438
Contingency reserve		45,491	48,497	51,559
Total		¥3,592,376	¥3,985,610	¥4,371,484
General accounts		¥3,323,997	¥3,622,172	¥3,984,045
Separate accounts		268,378	363,437	387,438

3-3 Breakdown of policy reserves

		(Millions of yen)		
As of March 31		2009	2010	2011
Premium reserve		¥3,416,915	¥3,801,870	¥4,171,292
Unearned premiums		129,969	135,242	148,632
Refund reserve		—	—	—
Contingency reserve		45,491	48,497	51,559
Total		¥3,592,376	¥3,985,610	¥4,371,484

3-4 Policy reserve calculation methods, ratios, and balance involving individual life insurance and individual annuities by contract year

Policy reserve calculation methods and ratios

As of March 31		2009	2010	2011
Calculation method				
Policies subject to standard policy reserve method				
Pure death-protection insurance	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Mixed insurance	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Pure endowment insurance	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Annuities	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Policies not subject to standard policy reserve method				
Pure death-protection insurance	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Mixed insurance	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Pure endowment insurance	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Annuities	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method	Net level premium reserve method
Ratio of "amount of the company's policy reserves (excluding contingency reserve)" to "policy reserves required by regulatory standards"		100.0%	100.0%	100.1%

Notes: 1. The calculating methods and ratios are set for individual life insurance and individual annuities. The concept of accumulation method is not targeted at policy reserves for group life insurance and group annuities, so these insurance policies are not included.

2. The above ratios indicate the amounts of the company's policy reserves (excluding contingency reserve) to the required premium reserves and unearned premiums calculated by (a) the method laid down in the Ministry of Finance Public Notice No. 48 of 1996 for policies to which the standard policy reserve method is applied, and (b) the net level premium reserve method for policies to which the standard policy reserve method is not applied. In the calculation of such ratios, the amount of the company's policy reserves as of March 31, 2011, however, includes policy reserves additionally reserved to maintain the future soundness of certain policies.

Balance of policy reserves by contract year

Fiscal year issued	(Millions of yen)	
	Balance of policy reserves	Assumed interest rate (%)
Up to FY1980	¥ —	—%
FY1981 to FY1985	30,656	6.00–6.25
FY1986 to FY1990	50,520	6.00–6.25
FY1991 to FY1995	513,452	2.75–6.25
FY1996 to FY2000	1,146,941	1.90–4.00
FY2001 to FY2005	1,215,272	1.50
FY2006	235,781	1.50
FY2007	191,110	1.50
FY2008	170,250	1.50
FY2009	162,676	1.50
FY2010	156,791	1.50

Notes: 1. The balance of policy reserves shows the total of those for individual life insurance and individual annuities, excluding those of separate account assets and contingency reserves.

2. The assumed interest rate shows the assumed interest rate of the majority of policy reserves for each contract fiscal year.

3-5 Balance, calculating method, and coefficient of policy reserves of general accounts related to policies with minimum guarantees which insurance policies are invested in separate accounts

Balance of policy reserves (general account)

As of March 31	(Millions of yen)		
	2009	2010	2011
Balance of policy reserves (general account)	¥23,732	¥24,519	¥29,531

Notes: 1. Calculations employed in the table above apply to the insurance policies subject to the standard policy reserve method provided for under Article 68 of the Ordinance for Enforcement of the Insurance Business Law of Japan.

2. Each of the balances of policy reserves of the general accounts show the total of premium reserve related to minimum guarantees and unearned premiums.

Calculating method and coefficient

- Policy reserves related to minimum guarantees are calculated using the standard policy reserve method based on the Ministry of Finance Public Notice No. 48 of 1996 "Comprehensive Supervisory Guidelines for Insurance Companies. (II-2-1-3-1)"
- Coefficients used in the calculations are stipulated in Article 5, Paragraph 1-4 of the above Public Notice. The assumed surrender rates consist of an annual rate of 5.0% during the payment of premiums, and an annual rate of 3.0% after the payment of premiums.

3-6 Reserve for policyholders' dividends

	(Millions of yen)						
	2009						
For the year ended March 31	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
At the end of the previous fiscal year	¥ 2,649	¥ 492	¥ 979	¥384	¥ —	¥ 0	¥4,506
Increase due to interest	33	6	0	—	—	—	39
Decrease due to dividend payment	59	57	1,077	382	—	0	1,577
Provision for the current fiscal year	(1,475)	(177)	1,222	0	—	0	(429)
At the end of the current fiscal year	1,148	263	1,124	3	—	0	2,539
	[584]	[64]	[0]	[—]	[—]	[—]	[649]

	(Millions of yen)						
	2010						
For the year ended March 31	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
At the end of the previous fiscal year	¥1,148	¥263	¥1,124	¥ 3	¥ —	¥ 0	¥2,539
Increase due to interest	4	0	0	—	—	—	4
Decrease due to dividend payment	46	53	880	3	—	0	983
Provision for the current fiscal year	2,195	325	993	2	—	0	3,516
At the end of the current fiscal year	3,301	534	1,237	2	—	—	5,076
	[818]	[78]	[0]	[—]	[—]	[—]	[896]

(Millions of yen)

	2011					
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others
For the year ended March 31						Total
At the end of the previous fiscal year	¥ 3,301	¥534	¥1,237	¥ 2	¥ –	¥ –
Increase due to interest	19	1	0	–	–	–
Decrease due to dividend payment	46	125	1,342	2	–	–
Provision for the current fiscal year	(657)	(21)	1,907	29	–	–
At the end of the current fiscal year	2,617	390	1,802	29	–	–
	[1,190]	[97]	[0]	[–]	[–]	[–]
						[1,288]

Note: Figures in [] are accumulated dividends.

3-7 Other reserves

(Millions of yen)

	2009			2010		
	Balance at the end of the previous period	Balance at the end of the current period	Increase (decrease)	Balance at the end of the previous period	Balance at the end of the current period	Increase (decrease)
For the years ended March 31						
Reserve for possible loan losses						
General reserve for possible loan losses	¥ 0	¥ 0	¥ (0)	¥ 0	¥ 0	¥ 0
Specific reserve for possible loan losses	74	208	134	208	212	3
Reserve for loan losses from borrowers in specific foreign countries	–	–	–	–	–	–
Reserve for employees' retirement benefits	11,324	12,727	1,402	12,727	14,989	2,261
Reserve for directors' retirement benefits	71	95	24	95	118	22
Reserve for price fluctuations	24,099	3,653	(20,446)	3,653	9,637	5,984

(Millions of yen)

	2011		
	Balance at the end of the previous period	Balance at the end of the current period	Increase (decrease)
For the year ended March 31			
Reserve for possible loan losses			
General reserve for possible loan losses	¥ 0	¥ 0	¥ 0
Specific reserve for possible loan losses	212	228	16
Reserve for loan losses from borrowers in specific foreign countries	–	–	–
Reserve for employees' retirement benefits	14,989	17,596	2,607
Reserve for directors' retirement benefits	118	143	25
Reserve for price fluctuations	9,637	16,768	7,131

3-8 Insurance premiums

(Millions of yen)

	2009	2010	2011
For the years ended March 31			
Individual life insurance	¥642,194	¥680,105	¥748,010
Lump-sum payment	30,457	41,072	68,411
Annual payment	158,923	171,417	192,858
Semi-annual payment	7,880	8,188	8,670
Monthly payment	444,933	459,427	478,069
Individual annuities	11,343	10,977	13,410
Lump-sum payment	4,908	3,894	5,746
Annual payment	1,227	1,467	1,683
Semi-annual payment	102	108	112
Monthly payment	5,104	5,507	5,868
Group life insurance	2,886	3,302	3,481
Group annuities	4,217	3,782	3,356
Total, including others	¥660,642	¥698,168	¥768,259

3-9 Insurance claims

(Millions of yen)

		2009	2010						2011
				Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others
For the years ended March 31	Total	Total	Total						Total
Death benefits	¥38,523	¥38,811	¥40,672	¥-	¥1,379	¥-	¥-	¥-	¥42,052
Accidental benefits	729	952	583	-	0	-	-	-	583
Disability payments	1,860	2,349	3,105	-	111	-	-	-	3,217
Maturity benefits	18,217	19,119	26,755	-	-	-	-	-	26,755
Others	2,760	3,622	3,812	-	91	-	-	-	3,904
Total	¥62,090	¥64,855	¥74,929	¥-	¥1,583	¥-	¥-	¥-	¥76,513

3-10 Annuity payments

(Millions of yen)

		2009	2010						2011
				Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others
For the years ended March 31	Total	Total	Total						Total
Annuity payments	¥7,111	¥7,742	¥-	¥6,226	¥24	¥1,973	¥-	¥-	¥8,224

3-11 Insurance benefits

(Millions of yen)

		2009	2010						2011
				Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others
For the years ended March 31	Total	Total	Total						Total
Death benefits	¥ 1,380	¥ 1,537	¥ 1,468	¥ 55	¥-	¥-	¥-	¥-	¥ 1,524
Hospitalization benefits	8,086	8,159	8,564	-	0	-	-	-	8,564
Surgery benefits	7,126	7,267	7,688	-	-	-	-	-	7,688
Disability benefits	200	194	120	-	0	-	-	-	120
Living benefits	3,169	4,831	8,596	-	-	-	-	-	8,596
Others	12,934	12,679	9,214	204	-	2,431	-	-	11,850
Total	¥32,898	¥34,670	¥35,653	¥260	¥0	¥2,431	¥-	¥-	¥38,346

3-12 Surrender payments

(Millions of yen)

		2009	2010						2011
				Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others
For the years ended March 31	Total	Total	Total						Total
Surrender payments	¥168,135	¥162,694	¥154,833	¥2,831	¥-	¥13,051	¥-	¥-	¥170,716

3-13 Depreciation and amortization

	(Millions of yen)					(Millions of yen)				
	2009					2010				
For the years ended March 31	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the current period	Ratio of depreciation (%)	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the current period	Ratio of depreciation (%)
Tangible fixed assets ...	¥ 2,693	¥ 316	¥1,520	¥ 1,173	56.4%	¥ 4,387	¥ 507	¥1,635	¥ 2,751	37.3%
Buildings	1,621	149	799	821	49.3	3,185	299	850	2,334	26.7
Leased assets	206	60	141	64	68.7	133	42	111	22	83.6
Other tangible fixed assets	866	106	579	286	66.9	1,068	166	673	394	63.0
Intangible fixed assets ..	15,736	1,517	3,598	12,137	22.9	18,818	1,823	5,003	13,814	26.6
Others	19	2	9	9	49.5	24	2	10	13	44.9
Total	¥18,449	¥1,836	¥5,128	¥13,320	27.8%	¥23,230	¥2,334	¥6,650	¥16,580	28.6%

	(Millions of yen)				
	2011				
For the year ended March 31	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the current period	Ratio of depreciation (%)
Tangible fixed assets	¥ 4,492	¥ 482	¥1,919	¥ 2,572	42.7%
Buildings	3,342	310	1,122	2,220	33.6
Leased assets	37	20	35	1	95.2
Other tangible fixed assets	1,113	151	762	351	68.5
Intangible fixed assets	24,335	2,269	5,988	18,346	24.6
Others	20	2	9	10	46.0
Total	¥28,848	¥2,754	¥7,918	¥20,930	27.4%

3-14 Operating expenses

	(Millions of yen)		
	2009	2010	2011
For the years ended March 31			
Sales and marketing expenses	¥46,547	¥46,661	¥48,249
Sales administrative expenses	12,001	11,984	12,461
General administrative expenses	35,380	38,214	38,662
Total	¥93,928	¥96,860	¥99,374

Note: Contribution to the Life Insurance Policyholders Protection Corporation of Japan prescribed by Article 259 of the Insurance Business Law is as follows:

	(Millions of yen)		
	2009	2010	2011
For the years ended March 31			
Life Insurance Policyholders Protection Corporation of Japan	¥747	¥798	¥864

4. Reconciliation to Core Profit and Non-consolidated Ordinary Profit

		(Millions of yen)		
For the years ended March 31		2009	2010	2011
Core profit	(A)	¥ 38,005	¥64,517	¥56,295
Capital gains		42,137	29,947	26,604
Income from monetary trusts, net		—	14,839	1,622
Income from trading securities, net		1,084	—	—
Gains on sale of securities		32,115	15,107	24,982
Gains on derivatives, net		8,937	—	—
Foreign exchange gains, net		—	—	—
Other capital gains		—	—	—
Capital losses		63,914	11,355	2,748
Losses on monetary trusts, net		12,842	—	—
Losses on trading securities, net		—	—	—
Losses on sale of securities		16,157	10,073	1,866
Devaluation losses on securities		31,899	—	348
Losses on derivatives, net		—	—	—
Foreign exchange losses, net		2,614	833	533
Other capital losses		399	449	—
Net capital gains (losses)	(B)	(21,776)	18,591	23,856
Core profit plus net capital gains (losses)	(A)+(B)	16,228	83,108	80,152
Other one-time gains		16,315	—	—
Gains from reinsurance		—	—	—
Reversal of contingency reserve		16,315	—	—
Others		—	—	—
Other one-time losses		134	3,009	6,975
Losses from reinsurance		—	—	—
Provision for contingency reserve		—	3,005	3,062
Provision for specific reserve for possible loan losses		134	3	20
Provision for reserve for loan losses from borrowers in specific foreign countries		—	—	—
Write-off of loans		—	—	—
Others		—	—	3,893
Net other one-time gains (losses)	(C)	16,180	(3,009)	(6,975)
Ordinary profit	(A)+(B)+(C)	¥ 32,409	¥80,099	¥73,176

Notes: 1. Core profit for the fiscal year ended March 31, 2009 (A) includes income gains of ¥11,986 million in income from monetary trusts; other capital losses include impairment losses of ¥399 million from investment partnership.
2. Core profit for the fiscal year ended March 31, 2010 (A) includes income gains of ¥8,047 million in income from monetary trusts; other capital losses include impairment losses of ¥449 million from investment partnership.
3. Core profit for the fiscal year ended March 31, 2011 (A) includes income gains of ¥5,361 million in income from monetary trusts; "Others" of other one-time losses includes provision of additional policy reserve of ¥3,893 million.

(Reference) Reconciliation to core profit

	(Millions of yen)		
For the year ended March 31	2009	2010	2011
Core Revenues	¥735,758	¥851,851	¥873,486
Income from insurance premiums	662,011	700,101	770,330
Insurance premiums	660,642	698,168	768,259
Ceded reinsurance commissions	1,368	1,932	2,070
Investment income	56,643	137,402	87,534
Interest income and dividends	55,803	70,668	87,533
Gains on redemption of securities	807	3,939	0
Other investment income	32	37	1
Gains on separate accounts, net	—	62,757	—
Other ordinary income	5,117	6,299	10,260
Income for annuity riders	1,779	1,449	1,625
Income for deferred payment of claims	2,351	3,591	7,202
Other ordinary income	987	1,258	1,432
Other core revenues	11,986	8,047	5,361
Core Expenses	697,753	787,333	817,190
Insurance claims and other payments	274,778	274,278	297,966
Insurance claims	62,090	64,855	76,513
Annuity payments	7,111	7,742	8,224
Insurance benefits	32,898	34,670	38,346
Surrender payments	168,135	162,694	170,716
Refund to policyholders	2,172	1,950	1,853
Reinsurance premiums	2,370	2,364	2,312
Provision for policy reserves and others	235,347	392,546	385,767
Investment expenses	81,714	9,225	16,534
Interest expenses	42	29	56
Losses on redemption of securities	262	361	23
Provision for general reserve for possible loan losses	—	0	0
Depreciation of real estate for rent and others	2,932	2,763	2,551
Other investment expenses	6,264	6,069	6,432
Losses on separate accounts, net	72,212	—	7,470
Operating expenses	93,928	96,860	99,374
Other ordinary expenses	11,983	14,424	17,548
Payments of deferred claims	1,898	2,611	4,678
Taxes	6,226	6,470	6,784
Depreciation and amortization	1,836	2,334	2,754
Provision for reserve for employees' retirement benefits	1,995	2,982	3,299
Provision for reserve for directors' retirement benefits	24	22	25
Others	2	2	5
Other core expenses	—	—	—
Core Profit	¥ 38,005	¥ 64,517	¥ 56,295

(Reference) Negative spread and yields

	(Billions of yen)		
For the years ended March 31	2009	2010	2011
Negative spread	¥21.3	¥11.5	¥6.3
Investment yield for core profit	1.90%	2.17%	2.26%
Investment yield (general account)	1.11	2.54	2.68
Average assumed interest rate	2.59	2.51	2.43

5. Fair Value Information on Securities (General Account)

5-1 Fair value information on securities

Valuation gains (losses) on trading-purpose securities

(Millions of yen)

	2009		2010		2011	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
As of March 31						
Trading-purpose securities	¥22,871	¥(4,318)	¥—	¥5,711	¥—	¥—

Note: The chart above includes trading-purpose securities included in "monetary trusts," etc.

Fair value information on securities

a. Fair value information on securities with market value (except trading-purpose securities)

(Millions of yen)

	2009				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31					
Held-to-maturity securities	¥1,399,011	¥1,425,713	¥26,702	¥28,991	¥ 2,288
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,675,529	1,699,732	24,202	56,286	32,083
Japanese government and corporate bonds	1,546,918	1,573,911	26,993	51,624	24,630
Japanese stocks	56,950	58,371	1,421	4,510	3,088
Foreign securities	64,210	60,569	(3,641)	150	3,791
Bonds	64,210	60,569	(3,641)	150	3,791
Stocks, etc.	—	—	—	—	—
Other securities	7,450	6,879	(570)	1	572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,074,540	¥3,125,446	¥50,905	¥85,277	¥34,372
Japanese government and corporate bonds	¥2,904,503	¥2,958,363	¥53,860	¥80,615	¥26,755
Japanese stocks	56,950	58,371	1,421	4,510	3,088
Foreign securities	105,636	101,831	(3,805)	150	3,955
Bonds	105,636	101,831	(3,805)	150	3,955
Stocks, etc.	—	—	—	—	—
Other securities	7,450	6,879	(570)	1	572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

As of March 31	(Millions of yen)				
	2010				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,275,629	¥2,255,176	¥(20,453)	¥10,572	¥31,026
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,126,543	1,166,944	40,401	42,252	1,850
Japanese government and corporate bonds	1,061,593	1,090,012	28,418	29,677	1,259
Japanese stocks	51,723	62,183	10,459	10,956	497
Foreign securities	8,084	8,010	(74)	19	93
Bonds	8,084	8,010	(74)	19	93
Stocks, etc.	—	—	—	—	—
Other securities	5,140	6,738	1,597	1,598	0
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,402,172	¥3,422,120	¥ 19,947	¥52,824	¥32,877
Japanese government and corporate bonds	¥3,295,318	¥3,295,356	¥ 37	¥32,323	¥32,285
Japanese stocks	51,723	62,183	10,459	10,956	497
Foreign securities	49,989	57,843	7,853	7,947	93
Bonds	49,989	57,843	7,853	7,947	93
Stocks, etc.	—	—	—	—	—
Other securities	5,140	6,738	1,597	1,598	0
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

As of March 31	(Millions of yen)				
	2011				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,914,365	¥2,892,180	¥(22,184)	¥25,518	¥47,703
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	940,112	964,374	24,261	30,903	6,642
Japanese government and corporate bonds	884,466	904,194	19,727	22,921	3,194
Japanese stocks	49,856	53,706	3,849	7,207	3,357
Foreign securities	1,919	1,828	(90)	—	90
Bonds	1,919	1,828	(90)	—	90
Stocks, etc.	—	—	—	—	—
Other securities	3,869	4,644	774	774	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,854,478	¥3,856,555	¥ 2,077	¥56,422	¥54,345
Japanese government and corporate bonds	¥3,756,448	¥3,749,943	¥ (6,505)	¥44,392	¥50,897
Japanese stocks	49,856	53,706	3,849	7,207	3,357
Foreign securities	44,303	48,260	3,957	4,048	90
Bonds	44,303	48,260	3,957	4,048	90
Stocks, etc.	—	—	—	—	—
Other securities	3,869	4,644	774	774	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Notes: 1. The above table includes assets which are permitted to be treated as equivalent to securities defined in the Financial Instruments and Exchange Law of Japan.

2. Carrying amount and net unrealized gains (losses) on monetary trusts, including items other than trading-purpose securities, amounted to ¥268,446 million and ¥7,814 million as of and for the year ended March 31, 2011.

3. Carrying amount represents the amount after deductions for depreciable costs and impairment losses, before mark-to-market.

b. Carrying amounts of securities without market value

As of March 31	(Millions of yen)		
	2009	2010	2011
Held-to-maturity securities	¥ —	¥ —	¥ —
Unlisted foreign bonds	—	—	—
Others	—	—	—
Policy reserve matching bonds	—	—	—
Stocks of subsidiaries and affiliated companies	6,047	15,847	15,847
Available-for-sale securities	24,721	24,883	27,582
Unlisted domestic stocks (except OTC stocks)	4	42	4
Unlisted foreign stocks (except OTC stocks)	739	885	1,049
Unlisted foreign bonds	—	—	—
Others	23,977	23,955	26,528
Total	¥30,769	¥40,731	¥43,430

c. Fair value information consisting of that stated in the previous table-a and foreign exchange and other gains (losses) for table-b

As of March 31	(Millions of yen)				
	2009				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥1,399,011	¥1,425,713	¥26,702	¥28,991	¥ 2,288
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	6,047	6,047	—	—	—
Available-for-sale securities	1,700,251	1,719,894	19,643	56,761	37,117
Japanese government and corporate bonds	1,546,918	1,573,911	26,993	51,624	24,630
Japanese stocks	56,954	58,376	1,421	4,510	3,088
Foreign securities	64,950	61,275	(3,675)	150	3,825
Bonds	64,210	60,569	(3,641)	150	3,791
Stocks, etc.	739	705	(33)	—	33
Other securities	31,427	26,331	(5,095)	476	5,572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,105,310	¥3,151,656	¥46,346	¥85,752	¥39,406
Japanese government and corporate bonds	¥2,904,503	¥2,958,363	¥53,860	¥80,615	¥26,755
Japanese stocks	59,954	61,376	1,421	4,510	3,088
Foreign securities	109,424	105,585	(3,838)	150	3,988
Bonds	105,636	101,831	(3,805)	150	3,955
Stocks, etc.	3,787	3,753	(33)	—	33
Other securities	31,427	26,331	(5,095)	476	5,572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

As of March 31	(Millions of yen)				
	2010				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,275,629	¥2,255,176	¥(20,453)	¥10,572	¥31,026
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	15,847	15,847	—	—	—
Available-for-sale securities	1,151,426	1,188,138	36,711	42,946	6,234
Japanese government and corporate bonds	1,061,593	1,090,012	28,418	29,677	1,259
Japanese stocks	51,766	62,225	10,459	10,956	497
Foreign securities	8,970	8,809	(160)	19	180
Bonds	8,084	8,010	(74)	19	93
Stocks, etc.	885	798	(86)	—	86
Other securities	29,095	27,090	(2,005)	2,292	4,298
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,442,904	¥3,459,162	¥ 16,258	¥53,519	¥37,261
Japanese government and corporate bonds	¥3,295,318	¥3,295,356	¥ 37	¥32,323	¥32,285
Japanese stocks	62,066	72,525	10,459	10,956	497
Foreign securities	56,422	64,189	7,766	7,947	180
Bonds	49,989	57,843	7,853	7,947	93
Stocks, etc.	6,433	6,346	(86)	—	86
Other securities	29,095	27,090	(2,005)	2,292	4,298
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

As of March 31	(Millions of yen)				
	2011				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,914,365	¥2,892,180	¥(22,184)	¥25,518	¥47,703
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	15,847	15,847	—	—	—
Available-for-sale securities	967,695	990,829	23,133	32,820	9,686
Japanese government and corporate bonds	884,466	904,194	19,727	22,921	3,194
Japanese stocks	49,861	53,711	3,849	7,207	3,357
Foreign securities	2,969	2,807	(162)	—	162
Bonds	1,919	1,828	(90)	—	90
Stocks, etc.	1,049	978	(71)	—	71
Other securities	30,397	30,116	(281)	2,691	2,972
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,897,908	¥3,898,857	¥ 949	¥58,339	¥57,389
Japanese government and corporate bonds	¥3,756,448	¥3,749,943	¥ (6,505)	¥44,392	¥50,897
Japanese stocks	60,161	64,011	3,849	7,207	3,357
Foreign securities	50,900	54,786	3,886	4,048	162
Bonds	44,303	48,260	3,957	4,048	90
Stocks, etc.	6,597	6,526	(71)	—	71
Other securities	30,397	30,116	(281)	2,691	2,972
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

5-2 Fair value information on monetary trusts (general account)

As of March 31	(Millions of yen)				
	2009				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥607,625	¥607,625	¥—	¥—	¥—

(Millions of yen)

As of March 31	2010				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥288,772	¥288,772	¥-	¥-	¥-

(Millions of yen)

As of March 31	2011				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥276,475	¥276,475	¥-	¥-	¥-

Note: The table above includes ¥50 million of jointly invested monetary trusts.

Monetary trusts for investment

(Millions of yen)

As of March 31	2009		2010		2011	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Monetary trusts for investment ...	¥32,020	¥(4,413)	¥681	¥5,711	¥-	¥-

Monetary trusts for held-to-maturity and policy reserve matching and other monetary trusts

(Millions of yen)

As of March 31	2009				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ -	¥ -	¥ -	¥ -	¥ -
Monetary trusts for policy reserve matching	-	-	-	-	-
Other monetary trusts	567,248	575,554	8,306	17,478	9,172

(Millions of yen)

As of March 31	2010				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ -	¥ -	¥ -	¥ -	¥ -
Monetary trusts for policy reserve matching	-	-	-	-	-
Other monetary trusts	285,525	288,039	2,514	2,968	453

(Millions of yen)

As of March 31	2011				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ -	¥ -	¥ -	¥ -	¥-
Monetary trusts for policy reserve matching	-	-	-	-	-
Other monetary trusts	268,610	276,425	7,814	7,814	-

5-3 Fair value information on derivative transactions (general account)

Not applicable

<Reference> Holdings of securitized papers and other sub-prime related investments

(Billions of yen)

As of March 31	2009				2010			
	Fair Value	As of March 31, 2008	Unrealized gains (losses)	Realized gains (losses)	Fair Value	As of March 31, 2009	Unrealized gains (losses)	Realized gains (losses)
SPEs	-	-	-	-	-	-	-	-
CDO	-	-	-	-	-	-	-	-
Other sub-prime or Alt-A exposure ...	-	-	-	-	-	-	-	-
CMBSs	-	-	-	-	-	-	-	-
Leveraged finance	-	-	-	-	-	-	-	-
RMBS	-	-	-	-	-	-	-	-
Credit link note/loan	-	-	-	-	-	-	-	-

	(Billions of yen)			
		As of March 31, 2010	Unrealized gains (losses)	Realized gains (losses)
As of March 31	Fair Value			
SPEs	—	—	—	—
CDO	—	—	—	—
Other sub-prime or Alt-A exposure	—	—	—	—
CMBSS	—	—	—	—
Leveraged finance	—	—	—	—
RMBS	—	—	—	—
Credit link note/loan	—	—	—	—

Notes: Other than the investments in the table above, Sony Life held:

1. As of March 31, 2009, CB repackaged bonds (market value of ¥19.1 billion and unrealized loss of ¥1.4 billion as of March 31, 2009) and principal protected 30-year notes with NIKKEI 225 index-linked coupons (market value of ¥41.2 billion and unrealized loss of ¥0.1 billion as of March 31, 2009)
2. As of March 31, 2010, principal protected 30-year notes with NIKKEI 225 index-linked coupons (market value of ¥49.8 billion and unrealized gain of ¥7.9 billion as of March 31, 2010)
3. As of March 31, 2011, principal protected 30-year notes with NIKKEI 225 index-linked coupons (market value of ¥46.4 billion and unrealized gain of ¥4.0 billion as of March 31, 2011)

6. Fair Value Information on Securities (Company Total)

6-1 Fair value information on securities

Valuation gains (losses) on trading-purpose securities

	(Millions of yen)					
	2009		2010		2011	
As of March 31	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥283,272	¥(77,934)	¥350,302	¥73,005	¥372,801	¥(7,579)

Note: The chart above includes trading-purpose securities included in "monetary trusts," etc.

Fair value information on securities

a. Fair value information on securities with market value (except trading-purpose securities)

	(Millions of yen)				
	2009				
As of March 31	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥1,399,011	¥1,425,713	¥26,702	¥28,991	¥ 2,288
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,675,529	1,699,732	24,202	56,286	32,083
Japanese government and corporate bonds	1,546,918	1,573,911	26,993	51,624	24,630
Japanese stocks	56,950	58,371	1,421	4,510	3,088
Foreign securities	64,210	60,569	(3,641)	150	3,791
Bonds	64,210	60,569	(3,641)	150	3,791
Stocks, etc.	—	—	—	—	—
Other securities	7,450	6,879	(570)	1	572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,074,540	¥3,125,446	¥50,905	¥85,277	¥34,372
Japanese government and corporate bonds	¥2,904,503	¥2,958,363	¥53,860	¥80,615	¥26,755
Japanese stocks	56,950	58,371	1,421	4,510	3,088
Foreign securities	105,636	101,831	(3,805)	150	3,955
Bonds	105,636	101,831	(3,805)	150	3,955
Stocks, etc.	—	—	—	—	—
Other securities	7,450	6,879	(570)	1	572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

(Millions of yen)

As of March 31	2010				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,275,629	¥2,255,176	¥(20,453)	¥10,572	¥31,026
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,126,543	1,166,944	40,401	42,252	1,850
Japanese government and corporate bonds	1,061,593	1,090,012	28,418	29,677	1,259
Japanese stocks	51,723	62,183	10,459	10,956	497
Foreign securities	8,084	8,010	(74)	19	93
Bonds	8,084	8,010	(74)	19	93
Stocks, etc.	—	—	—	—	—
Other securities	5,140	6,738	1,597	1,598	0
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,402,172	¥3,422,120	¥ 19,947	¥52,824	¥32,877
Japanese government and corporate bonds	¥3,295,318	¥3,295,356	¥ 37	¥32,323	¥32,285
Japanese stocks	51,723	62,183	10,459	10,956	497
Foreign securities	49,989	57,843	7,853	7,947	93
Bonds	49,989	57,843	7,853	7,947	93
Stocks, etc.	—	—	—	—	—
Other securities	5,140	6,738	1,597	1,598	0
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

(Millions of yen)

As of March 31	2011				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,914,365	¥2,892,180	¥(22,184)	¥25,518	¥47,703
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	940,112	964,374	24,261	30,903	6,642
Japanese government and corporate bonds	884,466	904,194	19,727	22,921	3,194
Japanese stocks	49,856	53,706	3,849	7,207	3,357
Foreign securities	1,919	1,828	(90)	—	90
Bonds	1,919	1,828	(90)	—	90
Stocks, etc.	—	—	—	—	—
Other securities	3,869	4,644	774	774	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,854,478	¥3,856,555	¥ 2,077	¥56,422	¥54,345
Japanese government and corporate bonds	¥3,756,448	¥3,749,943	¥ (6,505)	¥44,392	¥50,897
Japanese stocks	49,856	53,706	3,849	7,207	3,357
Foreign securities	44,303	48,260	3,957	4,048	90
Bonds	44,303	48,260	3,957	4,048	90
Stocks, etc.	—	—	—	—	—
Other securities	3,869	4,644	774	774	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Notes: 1. The above table includes assets which are permitted to be treated as equivalent to securities defined in the Financial Instruments and Exchange Law of Japan.

2. Carrying amount and net unrealized gains (losses) on monetary trusts, including items other than trading-purpose securities, amounted to ¥268,446 million and ¥7,814 million as of and for the year ended March 31, 2011.

3. Carrying amount represents the amount after deductions for depreciable costs and impairment losses, before mark-to-market.

O Held-to-maturity securities

As of March 31	2010			(Millions of yen) 2011		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount . .	¥ 266,057	¥ 276,630	¥ 10,572	¥1,044,022	¥1,069,541	¥ 25,518
Japanese government and corporate bonds	224,152	226,797	2,645	1,001,639	1,023,109	21,470
Foreign securities	41,904	49,832	7,927	42,383	46,431	4,048
Other securities	—	—	—	—	—	—
Held-to-maturity securities whose fair value does not exceed balance sheet amount	2,009,572	1,978,546	(31,026)	1,870,342	1,822,639	(47,703)
Japanese government and corporate bonds	2,009,572	1,978,546	(31,026)	1,870,342	1,822,639	(47,703)
Foreign securities	—	—	—	—	—	—
Other securities	—	—	—	—	—	—

Note: The above table is disclosed starting from the end of the fiscal year ended March 31, 2010.

O Policy-reserve-matching bonds—Not applicable

O Available-for-sale securities

As of March 31	2010			(Millions of yen) 2011		
	Carrying amount	Balance sheet amount	Difference	Carrying amount	Balance sheet amount	Difference
Available-for-sale securities whose balance sheet amount exceeds carrying amount	¥974,336	¥1,016,588	¥42,252	¥729,226	¥760,130	¥30,903
Japanese government and corporate bonds	924,153	953,831	29,677	702,042	724,964	22,921
Japanese stocks	40,242	51,198	10,956	23,314	30,521	7,207
Foreign securities	4,805	4,825	19	—	—	—
Other securities	5,134	6,732	1,598	3,869	4,644	774
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—
Available-for-sale securities whose balance sheet amount does not exceed carrying amount	152,206	150,356	(1,850)	210,886	204,243	(6,642)
Japanese government and corporate bonds	137,440	136,180	(1,259)	182,424	179,229	(3,194)
Japanese stocks	11,481	10,984	(497)	26,542	23,185	(3,357)
Foreign securities	3,278	3,185	(93)	1,919	1,828	(90)
Other securities	5	5	(0)	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—

Note: The above table is disclosed starting from the end of the fiscal year ended March 31, 2010.

b. Carrying amounts of securities without market value

As of March 31	2010		(Millions of yen) 2011
	2009	2010	
Held-to-maturity securities	¥ —	¥ —	¥ —
Unlisted foreign bonds	—	—	—
Others	—	—	—
Policy reserve matching bonds	—	—	—
Stocks of subsidiaries and affiliated companies	6,047	15,847	15,847
Available-for-sale securities	24,721	24,883	27,582
Unlisted domestic stocks (except OTC stocks)	4	42	4
Unlisted foreign stocks (except OTC stocks)	739	885	1,049
Unlisted foreign bonds	—	—	—
Others	23,977	23,955	26,528
Total	¥30,769	¥40,731	¥43,430

c. Fair value information consisting of that stated in the previous table-a and foreign exchange and other gains (losses) for table-b is as follows:

As of March 31	(Millions of yen)				
	2009				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥1,399,011	¥1,425,713	¥26,702	¥28,991	¥ 2,288
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	6,047	6,047	—	—	—
Available-for-sale securities	1,700,251	1,719,894	19,643	56,761	37,117
Japanese government and corporate bonds	1,546,918	1,573,911	26,993	51,624	24,630
Japanese stocks	56,954	58,376	1,421	4,510	3,088
Foreign securities	64,950	61,275	(3,675)	150	3,825
Bonds	64,210	60,569	(3,641)	150	3,791
Stocks, etc.	739	705	(33)	—	33
Other securities	31,427	26,331	(5,095)	476	5,572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,105,310	¥3,151,656	¥46,346	¥85,752	¥39,406
Japanese government and corporate bonds	¥2,904,503	¥2,958,363	¥53,860	¥80,615	¥26,755
Japanese stocks	59,954	61,376	1,421	4,510	3,088
Foreign securities	109,424	105,585	(3,838)	150	3,988
Bonds	105,636	101,831	(3,805)	150	3,955
Stocks, etc.	3,787	3,753	(33)	—	33
Other securities	31,427	26,331	(5,095)	476	5,572
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

As of March 31	(Millions of yen)				
	2010				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,275,629	¥2,255,176	¥(20,453)	¥10,572	¥31,026
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	15,847	15,847	—	—	—
Available-for-sale securities	1,151,426	1,188,138	36,711	42,946	6,234
Japanese government and corporate bonds	1,061,593	1,090,012	28,418	29,677	1,259
Japanese stocks	51,766	62,225	10,459	10,956	497
Foreign securities	8,970	8,809	(160)	19	180
Bonds	8,084	8,010	(74)	19	93
Stocks, etc.	885	798	(86)	—	86
Other securities	29,095	27,090	(2,005)	2,292	4,298
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,442,904	¥3,459,162	¥ 16,258	¥53,519	¥37,261
Japanese government and corporate bonds	¥3,295,318	¥3,295,356	¥ 37	¥32,323	¥32,285
Japanese stocks	62,066	72,525	10,459	10,956	497
Foreign securities	56,422	64,189	7,766	7,947	180
Bonds	49,989	57,843	7,853	7,947	93
Stocks, etc.	6,433	6,346	(86)	—	86
Other securities	29,095	27,090	(2,005)	2,292	4,298
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

(Millions of yen)

	2011				
As of March 31	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥2,914,365	¥2,892,180	¥(22,184)	¥25,518	¥47,703
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	15,847	15,847	—	—	—
Available-for-sale securities	967,695	990,829	23,133	32,820	9,686
Japanese government and corporate bonds	884,466	904,194	19,727	22,921	3,194
Japanese stocks	49,861	53,711	3,849	7,207	3,357
Foreign securities	2,969	2,807	(162)	—	162
Bonds	1,919	1,828	(90)	—	90
Stocks, etc.	1,049	978	(71)	—	71
Other securities	30,397	30,116	(281)	2,691	2,972
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥3,897,908	¥3,898,857	¥ 949	¥58,339	¥57,389
Japanese government and corporate bonds	¥3,756,448	¥3,749,943	¥ (6,505)	¥44,392	¥50,897
Japanese stocks	60,161	64,011	3,849	7,207	3,357
Foreign securities	50,900	54,786	3,886	4,048	162
Bonds	44,303	48,260	3,957	4,048	90
Stocks, etc.	6,597	6,526	(71)	—	71
Other securities	30,397	30,116	(281)	2,691	2,972
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

6-2 Fair value information on monetary trusts (company total)

(Millions of yen)

	2009					2010				
As of March 31	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥607,625	¥607,625	¥—	¥—	¥—	¥288,772	¥288,772	¥—	¥—	¥—

(Millions of yen)

	2011				
As of March 31	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥276,475	¥276,475	¥—	¥—	¥—

Note: The table above includes ¥50 million of jointly invested monetary trusts.

Monetary trusts for investment

(Millions of yen)

	2009		2010		2011	
As of March 31	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Monetary trusts for investment	¥32,020	¥(4,413)	¥681	¥5,711	¥—	¥—

Monetary trusts for held-to-maturity and policy reserve matching and other monetary trusts

As of March 31	(Millions of yen)									
	2009					2010				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary trusts for policy reserve matching	—	—	—	—	—	—	—	—	—	—
Other monetary trusts	567,248	575,554	8,306	17,478	9,172	285,525	288,039	2,514	2,968	453

As of March 31	(Millions of yen)				
	2011				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary trusts for policy reserve matching	—	—	—	—	—
Other monetary trusts	268,610	276,425	7,814	7,814	—

6-3 Fair value information on derivative transactions (company total)

Not applicable

Performance Indicators of Sony Life (Non-consolidated)

1. Key Performance Indicators for Past Five Years

	(Millions of yen)				
For the years ended March 31	2007	2008	2009	2010	2011
Policy amount in force	¥31,152,672	¥32,434,587	¥33,537,084	¥34,598,244	¥35,947,326
Individual life insurance	30,038,118	31,237,078	32,229,100	33,164,100	34,421,831
Individual annuities	206,374	260,268	288,559	306,661	326,699
Group life insurance	908,179	937,241	1,019,424	1,127,481	1,198,794
Policy amount in force for group annuities	72,633	73,307	73,499	72,348	58,937
Annualized premiums from insurance in force	504,691	530,011	547,898	573,331	604,793
Of which, medical protection, living benefit protection and other products	117,466	122,854	126,662	133,023	140,776
New policy amount	3,437,215	3,808,542	3,888,906	4,056,495	4,213,996
Individual life insurance	3,396,867	3,744,680	3,834,610	4,017,527	4,166,278
Individual annuities	32,590	57,908	39,100	31,709	32,746
Group life insurance	7,757	5,953	15,196	7,258	14,971
Annualized premiums from new policies	65,541	63,475	61,693	68,780	71,230
Of which, medical protection, living benefit protection and other products	14,479	13,358	13,443	16,264	16,679
Ordinary revenues	689,591	741,250	765,910	881,798	900,091
Of which, income from insurance premiums	605,561	648,406	662,011	700,101	770,330
Of which, investment income	78,722	87,493	98,781	175,397	119,500
Ordinary expenses	674,696	701,959	733,500	801,698	826,914
Of which, insurance claims and other payments	219,347	241,106	274,778	274,278	297,966
Of which, investment expenses	8,184	69,895	133,777	20,584	19,303
Of which, operating expenses	87,328	94,367	93,928	96,860	99,374
Ordinary profit	14,895	39,290	32,409	80,099	73,176
Net income	7,494	18,514	33,783	46,138	40,220
Core profit	24,366	23,571	38,005	64,517	56,295
Common stock	65,000	65,000	70,000	70,000	70,000
Number of shares issued and outstanding (thousands of shares)	65,000	65,000	70,000	70,000	70,000
Total assets	3,445,970	3,659,786	3,810,929	4,286,540	4,723,332
Of which, separate account assets	322,672	321,789	275,160	373,604	398,124
Policy reserves	3,088,888	3,375,090	3,592,376	3,985,610	4,371,484
Loans	96,804	108,688	120,462	127,599	134,419
Securities	2,217,902	2,388,932	2,819,638	3,539,114	4,017,583
Solvency margin ratio	1,852.0%	1,747.9%	2,060.5%	2,637.3%	2,900.1% [1,720.0%]
Number of employees	5,253	5,372	5,599	5,835	5,921

Notes: 1. Policy amount in force is the total of individual life insurance, individual annuities and group life insurance. Policy amounts for individual annuities are equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.
2. Policy amount in force for group annuity products is equal to the amount of outstanding policy reserves.
3. New policy amount is the total of individual life insurance, individual annuities and group life insurance. New policy amounts for individual annuities are equal to the funds to be held at the time annuity payments commence.
4. Annualized premiums, which include individual life insurance and individual annuities, are converted to a per-year premium amount by multiplying individual premiums by a coefficient corresponding to the premium payment method. (For lump-sum payment policies, premiums are divided by the number of coverage years.)
5. "Medical protection, living benefit protection and other products" is the portion of the annualized premium for medical protection benefits (hospitalization benefits, surgical benefits, etc.) and living benefit protection (benefits for specific diseases, nursing care benefits, etc.).
6. Cabinet Office Ordinance No. 23 of 2010 and FSA Public Notice No. 48 of 2010 prescribe a revision in the methods of calculating total solvency margin and total risk (increasing the strictness of margin inclusion, and making risk measurement stricter and more sensitive). These changes are to be applied from fiscal 2011. The above-stated figure in [] is calculated on the assumption that these changes were applied at the end of fiscal 2010.

2. Key Performance Indicators

2-1 Policy amount in force and new policy amount

Policy amount in force

								(Millions of yen)
2009					2010			
As of March 31	Number	Change from March 31, 2008 (%)	Amount	Change from March 31, 2008 (%)	Number	Change from March 31, 2009 (%)	Amount	Change from March 31, 2009 (%)
Individual life insurance . .	4,657,604	106.0%	¥32,229,100	103.2%	4,954,761	106.4%	¥33,164,100	102.9%
Individual annuities	51,192	112.3	288,559	110.9	55,673	108.8	306,661	106.3
Group life insurance	—	—	1,019,424	108.8	—	—	1,127,481	110.6
Group annuities	—	—	73,499	100.3	—	—	72,348	98.4

(Millions of yen)

As of March 31	2011			
	Number	Change from March 31, 2010 (%)	Amount	Change from March 31, 2010 (%)
Individual life insurance	5,283,620	106.6%	¥34,421,831	103.8%
Individual annuities	60,432	108.5	326,699	106.5
Group life insurance	—	—	1,198,794	106.3
Group annuities	—	—	58,937	81.5

Notes: 1. The policy amount in force for individual annuities are equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.
 2. The policy amount in force for group annuities is equal to the amount of outstanding policy reserves.

New policy amount

(Millions of yen)

For the year ended March 31	2009					
	Number	YoY change (%)	Amount	YoY change (%)	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	526,766	102.4%	¥3,834,610	102.4%	¥3,834,610	¥—
Individual annuities	7,372	70.3	39,100	67.5	39,100	—
Group life insurance	—	—	15,196	255.2	15,196	—
Group annuities	—	—	—	—	—	—

(Millions of yen)

For the year ended March 31	2010					
	Number	YoY change (%)	Amount	YoY change (%)	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	575,712	109.3%	¥4,017,527	104.8%	¥4,017,527	¥—
Individual annuities	6,496	88.1	31,709	81.1	31,709	—
Group life insurance	—	—	7,258	47.8	7,258	—
Group annuities	—	—	—	—	—	—

(Millions of yen)

For the year ended March 31	2011					
	Number	YoY change (%)	Amount	YoY change (%)	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	592,497	102.9%	¥4,166,278	103.7%	¥4,166,278	¥—
Individual annuities	6,836	105.2	32,746	103.3	32,746	—
Group life insurance	—	—	14,971	206.3	14,971	—
Group annuities	—	—	—	—	—	—

Notes: 1. The new policy amount including increase from conversion for individual annuities is equal to the funds held at the time annuity payments commence.
 2. The new policy amount for group annuities is equal to the initial premium payment.

2-2 Annualized premiums

Policy amount in force

(Millions of yen)

As of March 31	2009		2010		2011	
	Amount	Change from March 31, 2008 (%)	Amount	Change from March 31, 2009 (%)	Amount	Change from March 31, 2010 (%)
Individual life insurance	¥538,252	103.3%	¥563,002	104.6%	¥592,438	105.2%
Individual annuities	9,646	109.4	10,329	107.1	12,354	119.6
Total	¥547,898	103.4%	¥573,331	104.6%	¥604,793	105.5%
Of which, medical protection, living benefit protection and other products	¥126,662	103.1%	¥133,023	105.0%	¥140,776	105.8%

New policies

(Millions of yen)

For the years ended March 31	2009		2010		2011	
	Amount	YoY change (%)	Amount	YoY change (%)	Amount	YoY change (%)
Individual life insurance	¥60,108	98.1%	¥67,332	112.0%	¥69,467	103.2%
Individual annuities	1,585	71.2	1,447	91.3	1,763	121.8
Total	¥61,693	97.2%	¥68,780	111.5%	¥71,230	103.6%
Of which, medical protection, living benefit protection and other products	¥13,443	100.6%	¥16,264	121.0%	¥16,679	102.6%

Notes: 1. Annualized premiums refer to an amount that is calculated by multiplying individual premium amounts by a coefficient that differs depending on the premium payment methods, thereby converting the figure to a per-year premium. (For lump-sum payment policies, premiums are divided by the number of coverage years.)
 2. "Medical protection, living benefit protection and other products" indicates the portion of annualized premiums for medical protection benefits (hospitalization benefits, surgical procedure benefits, etc.) and products with living benefit protection (benefits for specific illness, nursing care benefits, etc.).

2-3 Policy amount in force and new policy amount by product

Policies and policy amount in force by product

As of March 31	(Millions of yen)					
	2009		2010		2011	
	Number	Amount	Number	Amount	Number	Amount
Individual life insurance products						
Pure death-protection insurance	3,677,273	¥30,037,466	3,870,831	¥30,842,528	4,086,013	¥31,934,745
Variable life insurance (whole life type)	483,591	2,832,957	511,988	2,895,561	534,656	2,934,754
Modified payment whole life insurance	18,124	185,771	17,386	174,634	16,697	164,613
Limited payment whole life insurance	366,292	3,138,275	354,323	3,009,950	343,769	2,900,204
Family insurance	1,429	13,402	1,374	12,834	1,342	12,547
Interest rate-sensitive whole life insurance	410,979	2,445,758	444,161	2,601,849	476,508	2,754,434
Whole life insurance (no selection type)	5,734	11,052	5,406	10,238	5,090	9,514
Living benefit insurance (whole life type)	213,936	679,717	252,115	800,586	305,458	981,753
Variable life insurance (term type)	1,706	59,386	1,678	56,139	1,555	50,658
Family income insurance	106,691	2,641,124	126,133	3,214,133	154,934	4,076,624
Living standard insurance	5,743	117,289	5,043	97,172	4,484	81,203
Level premium plan term life insurance	123,045	2,700,740	111,294	2,402,005	102,364	2,182,437
Decreasing term life insurance	55,262	1,093,035	55,085	1,032,262	56,935	1,045,130
Living benefit insurance (term type)	19,658	165,891	26,098	218,466	32,964	276,049
Level premium plan term life insurance (non-smoker preferred risk)	23,459	981,352	22,151	918,464	20,953	862,219
Decreasing term life insurance (non-smoker preferred risk)	32,163	939,680	33,158	925,035	32,163	853,194
Family income insurance (non-smoker preferred risk)	60,581	2,181,437	64,247	2,217,742	60,405	1,997,796
Increasing term life insurance	453	25,446	313	18,516	205	14,144
Long-term level premium plan term life insurance (with disability benefit)	15,293	704,516	18,323	826,607	21,342	953,998
Increasing term life insurance (reduced surrender value)	4,346	151,822	4,145	146,613	4,019	142,118
Level premium plan term life insurance (no surrender value)	6,164	120,294	17,076	314,687	25,751	476,555
Income protection insurance to cover three major diseases	2,707	2,609	4,394	3,548	6,819	4,840
Semi-participating whole life nursing-care insurance	23,091	94,414	33,856	138,180	54,236	215,565
Whole life nursing-care insurance (reduced surrender value)	—	—	—	—	2,445	408
Cancer insurance	253,769	38,054	241,708	34,992	233,618	33,268
Whole-life cancer insurance (08)	11,399	1,504	23,203	2,762	35,212	3,799
Cancer hospitalization insurance	—	—	15,676	—	27,170	—
Comprehensive medical insurance	1,414,918	782,014	1,464,870	757,429	1,510,234	734,427
Long-term comprehensive medical insurance	16,659	6,629	15,543	6,280	14,604	5,963
Semi-participating living standard insurance (joint type)	81	1,740	84	1,792	81	1,687
Term riders and others	[419,779]	7,921,542	[438,914]	8,004,039	[462,625]	8,164,830
Mixed insurance	294,565	1,096,128	292,819	1,068,528	299,275	1,069,306
Variable life insurance (limited term type)	41,236	124,543	42,950	125,912	43,304	124,056
Endowment insurance	209,441	832,293	203,880	801,878	200,862	786,693
Semi-participating endowment insurance	43,888	139,292	45,989	140,736	55,109	158,556
Pure endowment insurance	685,766	1,095,504	791,111	1,253,043	898,332	1,417,780
Semi-participating educational endowment insurance	685,766	1,095,504	791,111	1,253,043	898,332	1,417,780
Living benefit rider	—	—	—	—	—	—
Total individual life insurance products	4,657,604	32,229,100	4,954,761	33,164,100	5,283,620	34,421,831
Individual annuity products						
Semi-participating individual annuities	18,450	93,092	21,690	106,760	25,783	124,554
Individual variable annuities	28,025	152,525	28,728	154,707	28,806	154,246
Others	4,717	42,941	5,255	45,193	5,843	47,899
Total individual annuity products	51,192	288,559	55,673	306,661	60,432	326,699
Group life insurance products						
Group term life insurance	97,770	249,798	112,542	252,719	133,831	254,683
Group welfare term life insurance	127,670	86,095	127,460	82,853	128,142	80,121
Group credit life insurance	2,700,760	683,414	2,430,708	791,822	2,223,731	863,925
Annuity payment rider	157	115	136	86	113	64
Total group life insurance products	2,926,357	1,019,424	2,670,846	1,127,481	2,485,817	1,198,794
Group annuity products						
New-type corporate annuities	30,774	5,927	29,312	5,318	27,989	5,065
Defined contribution corporate annuities	347,450	67,571	343,982	67,029	153,558	53,872
Total group annuity products	378,224	73,499	373,294	72,348	181,547	58,937
Medical protection insurance (group-type)	129	0	—	—	—	—
Reinsurance recipients	—	—	—	—	—	—

- Notes: 1. "Term riders and others" includes, in addition to term riders, living benefit whole life policy riders and semi-participating lump sum nursing-care riders every five years.
2. The total number of policies in force for term riders and others, and living benefit riders is excluded from total individual life insurance products.
3. "Semi-participating individual annuities" and "Individual variable annuities" under individual annuity products refer to the policies for which annuity payments have not yet commenced.
The amounts of policies for which annuity payments have not yet commenced are the funds to be held at the time annuity payments commence.
4. "Others" under individual annuity products include semi-participating nursing-care riders, semi-participating fixed individual annuity riders, and the policies for which annuity payments have commenced.
The policy amounts of the policies for which annuity payments have commenced are those of outstanding policy reserves.
5. The numbers of policies for group life insurance products, group annuity products, medical protection insurance (group-type) and reinsurance recipients reflects the total numbers of insured parties.
6. The amount of "Annuity payment rider" under group life insurance products is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.
7. The policy amount in force for group annuity products is equal to the amount of outstanding policy reserves.
8. The amount of medical protection insurance (group-type) is equal to the daily claims for hospitalization.

New policies and new policy amount by product

(Millions of yen)

For the years ended March 31	2009		2010		2011	
	Number	Amount	Number	Amount	Number	Amount
Individual life insurance products						
Pure death-protection insurance	368,310	¥3,517,412	426,559	¥3,732,145	433,356	¥3,858,946
Variable life insurance (whole life type)	61,504	296,186	47,701	196,923	41,839	169,713
Modified payment whole life insurance	166	4,508	147	2,679	134	2,571
Limited payment whole life insurance	1	50	3	63	3	24
Family insurance	9	53	1	7	—	—
Interest rate-sensitive whole life insurance	49,285	286,808	55,486	315,631	54,520	311,677
Whole life insurance (no selection type)	322	524	302	449	306	450
Living benefit insurance (whole life type)	26,434	86,595	46,319	151,235	62,418	215,204
Variable life insurance (term type)	223	7,294	143	2,623	40	1,221
Family income insurance	14,390	435,313	30,618	962,232	38,976	1,241,124
Living standard insurance	—	—	—	—	—	—
Level premium plan term life insurance	5,657	100,455	2,539	47,936	3,440	84,566
Decreasing term life insurance	5,935	124,890	5,176	104,727	7,179	168,486
Living benefit insurance (term type)	5,978	52,662	8,237	68,962	9,044	76,851
Level premium plan term life insurance (non-smoker preferred risk)	1,603	66,099	685	34,118	827	41,508
Decreasing term life insurance (non-smoker preferred risk)	3,787	123,738	3,030	95,000	1,266	39,061
Family income insurance (non-smoker preferred risk)	14,260	505,967	8,217	284,082	—	3
Increasing term life insurance	—	—	—	—	—	—
Long-term level premium plan term life insurance (with disability benefit)	5,158	221,684	4,439	180,994	4,531	195,277
Increasing term life insurance (reduced surrender value)	337	11,045	230	7,653	300	10,075
Level premium plan term life insurance (no surrender value)	6,239	121,678	11,715	209,127	10,241	190,782
Income protection insurance to cover three major diseases	986	949	1,915	1,142	2,760	1,539
Semi-participating whole life nursing-care insurance	9,204	38,725	12,291	50,221	22,331	85,823
Whole life nursing-care insurance (reduced surrender value)	—	—	—	—	2,473	412
Cancer insurance	3,067	367	3,106	294	3,244	278
Whole-life cancer insurance (08)	11,629	1,536	12,646	1,375	13,535	1,259
Cancer hospitalization insurance	—	—	15,811	—	12,455	—
Comprehensive medical insurance	141,613	67,221	155,442	39,053	141,226	32,407
Long-term comprehensive medical insurance	516	231	346	156	268	160
Semi-participating living standard insurance (joint type)	7	170	14	336	—	—
Term riders and others	[47,284]	962,654	[51,542]	975,116	[54,427]	988,461
Mixed insurance	36,220	129,339	31,693	107,931	39,257	123,007
Variable life insurance (limited term type)	8,396	20,857	3,923	9,445	2,851	6,676
Endowment insurance	22,149	88,758	21,037	79,769	21,923	82,689
Semi-participating endowment insurance	5,675	19,723	6,733	18,715	14,483	33,641
Pure endowment insurance	122,236	187,857	117,460	177,450	119,884	184,324
Semi-participating educational endowment insurance	122,236	187,857	117,460	177,450	119,884	184,324
Living benefit rider	—	—	—	—	—	—
Total individual life insurance products	526,766	3,834,610	575,712	4,017,527	592,497	4,166,278
Individual annuity products						
Semi-participating individual annuities	3,114	15,755	4,297	20,020	5,167	23,703
Individual variable annuities	4,258	23,345	2,199	11,689	1,669	9,042
Others	—	—	—	—	—	—
Total individual annuity products	7,372	39,100	6,496	31,709	6,836	32,746
Group life insurance products						
Group term life insurance	—	—	8,262	2,371	24,272	4,828
Group welfare term life insurance	4,216	15,196	3,188	4,886	6,158	10,143
Group credit life insurance	—	—	—	—	—	—
Annuity payment rider	—	—	—	—	—	—
Total group life insurance products	4,216	15,196	11,450	7,258	30,430	14,971
Group annuity products						
New-type corporate annuities	—	—	—	—	—	—
Defined contribution corporate annuities	—	—	—	—	—	—
Total group annuity products	—	—	—	—	—	—
Medical protection insurance (group-type)	—	—	—	—	—	—
Reinsurance recipients	—	—	—	—	—	—

- Notes: 1. "Term riders and others" includes, in addition to term riders, living benefit whole life policy riders and semi-participating lump sum nursing-care riders every five years.
2. Total number of policies in force for term riders and others is excluded from total individual life insurance products.
3. Figures for Individual annuity products shows the funds to be held at the time annuity payments are to commence for policies.
4. The number of new policies for group life insurance products, group annuity products, medical protection insurance (group-type) and reinsurance recipients reflects the total number of insured parties.
5. The new policy amount for group annuity products is equal to the sum of the initial premium payments.
6. The amount of medical protection insurance (group-type) is equal to the daily claims for hospitalization.

2-4 Policy amount in force by insurance function

		(Millions of yen)	
As of March 31	2009	2010	2011
Death protection			
Ordinary death			
Individual life insurance	¥31,133,595	¥31,911,056	¥33,004,051
Individual annuities	[61,709]	[74,242]	[81,590]
Group life insurance	1,019,308	1,127,395	1,198,730
Group annuities	—	—	—
Total	32,152,904	33,038,452	34,202,781
Accidental death			
Individual life insurance	[8,304,381]	[7,957,074]	[7,631,849]
Individual annuities	—	—	—
Group life insurance	[3,250]	[3,041]	[3,055]
Group annuities	—	—	—
Total	[8,307,632]	[7,960,115]	[7,634,905]
Death protection with other conditions			
Individual life insurance	[356,036]	[834,742]	[1,206,902]
Individual annuities	—	—	—
Group life insurance	—	—	—
Group annuities	—	—	—
Total	[356,036]	[834,742]	[1,206,902]
Living protection			
Maturity and living benefits			
Individual life insurance	1,095,504	1,253,043	1,417,780
Individual annuities	245,657	261,593	278,961
Group life insurance	0	—	—
Group annuities	—	—	—
Total	1,341,161	1,514,636	1,696,741
Annuities			
Individual life insurance	—	—	—
Individual annuities	[36,681]	[38,616]	[40,920]
Group life insurance	[24]	[21]	[17]
Group annuities	—	—	—
Total	[36,706]	[38,637]	[40,938]
Other			
Individual life insurance	—	—	—
Individual annuities	42,902	45,068	47,738
Group life insurance	115	86	64
Group annuities	73,499	72,348	58,937
Total	116,517	117,503	106,740
Hospitalization protection			
Accidental hospitalization			
Individual life insurance	[16,088]	[16,814]	[17,382]
Individual annuities	—	—	—
Group life insurance	[18]	[18]	[18]
Group annuities	—	—	—
Total	[16,107]	[16,833]	[17,400]
Sickness hospitalization			
Individual life insurance	[16,088]	[16,814]	[17,382]
Individual annuities	—	—	—
Group life insurance	—	—	—
Group annuities	—	—	—
Total	[16,088]	[16,814]	[17,382]
Hospitalization with other conditions			
Individual life insurance	[7,112]	[7,404]	[7,659]
Individual annuities	—	—	—
Group life insurance	—	—	—
Group annuities	—	—	—
Total	[7,112]	[7,404]	[7,659]

Notes: 1. Figures in [] show additional coverage and rider coverage attached to primary policies. However, ordinary death protection including "term riders and others" is recorded under primary coverage.

2. Figures for maturity and living benefits of living protection show the funds to be held at the time annuity payments are to commence for policies for individual annuities and group life insurance (annuity payment rider) for which annuity payments have not yet commenced.

3. Figures for annuities within living protection show annual annuity amounts.

4. Figures for other within living protection show policy reserves for individual annuities (after commencement of annuity payments), group life insurance (after commencement of annuity payments of annuities payment rider) and group annuities.

5. Figures for hospitalization protection show the daily claims for hospitalization.

6. Figures for total in sickness hospitalization within hospitalization protection show the total including primary coverage and rider coverage.

* Figures for primary coverage, if any, are shown without []. If there is no primary coverage, figures for additional coverage are shown in [].

2-5 Number of policies in force by insurance function

As of March 31			(Number)
	2009	2010	2011
Disability protection			
Individual life insurance	532,902	525,484	516,592
Individual annuities	—	—	—
Group life insurance	76,277	72,824	93,692
Group annuities	—	—	—
Total	609,179	598,308	610,284
Surgery protection			
Individual life insurance	1,533,731	1,598,792	1,616,443
Individual annuities	—	—	—
Group life insurance	—	—	—
Group annuities	—	—	—
Total	1,533,731	1,598,792	1,616,443

2-6 Policy amount in force by type of individual life insurance and individual annuities

As of March 31			(Millions of yen)
	2009	2010	2011
Pure death-protection insurance			
Whole life insurance	¥ 6,473,978	¥ 6,610,094	¥ 6,823,068
Whole life insurance with term rider	—	—	—
Term life insurance	11,705,343	12,234,535	12,880,267
Total	30,037,466	30,842,528	31,934,745
Mixed insurance			
Endowment insurance	971,585	942,615	945,250
Endowment insurance with term rider	—	—	—
Term life insurance with living benefits	—	—	—
Total	1,096,128	1,068,528	1,069,306
Pure endowment insurance	1,095,504	1,253,043	1,417,780
Annuity products			
Individual annuities	288,559	306,661	326,699
Riders for disaster and disease			
Rider to cover accidental death	4,464,060	4,219,152	3,999,854
Injury rider	3,840,321	3,737,921	3,631,995
Comprehensive protection riders covering hospitalization	643	607	574
Comprehensive protection riders covering hospitalization for family	32	29	27
Comprehensive protection riders covering lifestyle-related disease	70	65	61
Medical treatment rider for adults	1,479	1,450	1,422
Medical treatment rider for women	1,301	1,315	1,324
Lifestyle diseases medical treatment rider	23	21	20
New medical treatment rider for women	7	6	6
Cancer rider	243	243	245
Rider to cover initial period of hospitalization	4,938	5,428	5,828

Notes: 1. The amount of individual annuities is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.

2. Figures for hospitalization protection show the daily claims for hospitalization.

2-7 Change in policy amount in force

Individual life insurance

For the years ended March 31	(Millions of yen)					
	2009		2010		2011	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	4,392,838	¥31,237,078	4,657,604	¥32,229,100	4,954,761	¥33,164,100
New policy amount	526,766	3,834,610	575,712	4,017,527	592,497	4,166,278
Increase from renewal	17,573	49,569	17,076	48,861	17,388	56,129
Increase from reinstatement	21,867	133,021	21,718	129,474	22,573	131,956
Increase in policy amount	[262]	3,640	[270]	2,841	[240]	2,448
Increase from conversion	—	—	—	—	—	—
Increase for other reasons	3,284	41,492	3,393	27,809	4,196	28,332
Decrease from death	6,771	49,075	7,216	51,449	7,738	54,015
Decrease for maturity	28,463	89,346	28,416	90,986	32,822	113,216
Decrease in policy amount	[32,742]	193,314	[39,177]	211,238	[36,953]	192,248
Decrease from conversion	—	—	—	—	—	—
Surrender amount	216,140	1,819,244	231,857	2,035,463	212,482	1,846,005
Lapse amount	45,990	303,966	45,810	293,726	46,128	284,594
Decrease for other reasons	7,360	615,363	7,443	608,649	8,625	637,334
Balance at the end of the fiscal year	4,657,604	32,229,100	4,954,761	33,164,100	5,283,620	34,421,831
[Increase ratio (%)]	[6.0%]	[3.2%]	[6.4%]	[2.9%]	[6.6%]	[3.8%]
Net increase	264,766	992,022	297,157	934,999	328,859	1,257,731
[Increase ratio (%)]	[(6.4%)]	[(17.3%)]	[12.2%]	[(5.7%)]	[10.7%]	[34.5%]

Note: Each amount above is the total of pure death protection insurance, mixed insurance and pure endowment insurance.

Individual annuities

For the years ended March 31	(Millions of yen)					
	2009		2010		2011	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	45,568	¥260,268	51,192	¥288,559	55,673	¥306,661
New policy amount	7,372	39,100	6,496	31,709	6,836	32,746
Increase from reinstatement	219	1,146	264	1,328	214	990
Increase from conversion	—	—	—	—	—	—
Increase for other reasons	546	2,901	554	2,322	606	2,770
Decrease from death	23	133	51	394	35	191
Decrease for maturity	—	—	—	—	—	—
Decrease in annuity amount	[166]	725	[180]	1,639	[183]	1,115
Decrease from conversion	—	—	—	—	—	—
Surrender amount	1,776	9,866	1,953	11,056	2,046	11,024
Lapse amount	395	2,102	441	2,218	391	2,004
Decrease for other reasons	319	2,029	388	1,949	425	2,132
Balance at the end of the fiscal year	51,192	288,559	55,673	306,661	60,432	326,699
[Increase ratio (%)]	[12.3%]	[10.9%]	[8.8%]	[6.3%]	[8.5%]	[6.5%]
Net increase	5,624	28,291	4,481	18,102	4,759	20,038
[Increase ratio (%)]	[(41.6%)]	[(47.5%)]	[(20.3%)]	[(36.0%)]	[6.2%]	[10.7%]

Note: The above amounts are equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.

Group life insurance

(Millions of yen)

For the years ended March 31	2009		2010		2011	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	3,161,434	¥ 937,241	2,926,357	¥1,019,424	2,670,846	¥1,127,481
New policy amount	4,216	15,196	11,450	7,258	30,430	14,971
Increase from renewal	222,266	324,116	231,450	332,294	231,172	320,488
Increase from reinstatement	28	158	—	—	12	120
Increase in policy amount (increase by additional purchase of riders)	57,189	168,446	61,423	162,384	105,326	173,503
Increase in policy amount	[1,521]	1,073	[5,696]	1,270	[2,095]	549
Increase for other reasons	97	114	248	38,087	145	10
Decrease from death	12,432	1,294	11,956	1,714	11,690	1,450
Decrease for maturity	234,806	330,165	224,962	330,776	236,923	327,767
Withdrawals	270,828	40,908	322,768	56,161	302,157	59,304
Decrease in policy amount	[187,381]	39,976	[238,899]	42,347	[296,217]	47,381
Surrender amount	662	2,278	282	1,360	614	1,899
Lapse amount	82	395	10	50	12	120
Decrease for other reasons	63	11,876	104	829	718	404
Balance at the end of the fiscal year	2,926,357	1,019,424	2,670,846	1,127,481	2,485,817	1,198,794
[Increase ratio (%)]	[(7.4%)]	[8.8%]	[(8.7%)]	[10.6%]	[(6.9%)]	[6.3%]
Net increase	(235,077)	82,183	(255,511)	108,056	(185,029)	71,312
[Increase ratio (%)]	[-]	[182.8%]	[-]	[31.5%]	[-]	[(34.0%)]

Notes: 1. Each amount above is the total of pure death protection insurance, mixed insurance and pure endowment insurance.
2. The number of policies reflects the total number of insured parties.

Group annuities

(Millions of yen)

For the years ended March 31	2009		2010		2011	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	393,386	¥73,307	378,224	¥73,499	373,294	¥72,348
New policy amount	—	—	—	—	—	—
Annuity payment	220,383	1,694	239,185	1,836	253,520	1,973
Lump-sum payment	20,034	2,913	20,005	3,393	13,398	2,431
Surrender amount	563	154	1,071	443	218,036	13,049
Balance at the end of the fiscal year	378,224	73,499	373,294	72,348	181,547	58,937
[Increase ratio (%)]	[(3.9%)]	[0.3%]	[(1.3%)]	[(1.6%)]	[(51.4%)]	[(18.5%)]
Net increase	(15,162)	191	(4,930)	(1,150)	(191,747)	(13,410)
[Increase ratio (%)]	[-]	[(71.6%)]	[-]	[-]	[-]	[-]

Notes: 1. The amounts at the beginning and end of the fiscal year are equal to policy reserves at those times.
2. New policy amounts are equal to the sum of initial premium payments.
3. The number of policies reflects the total number of insured parties.

2-8 Dividends to policyholders

1. Standard dividend yields for semi-participating individual life Insurance and individual annuities with policyholder dividends every five years

For the years ended March 31	2009	2010	2011
Assumed interest rates of 2.00% or less			
Level-premium	0.20%	2.80%	1.55%
Lump-sum premium and others			1.20%
Assumed interest rates of more than 2.00%			
Level-premium	Interest rate 2.50% or less 0.10%	Interest rate 2.50% or less 2.70%	1.40%
Lump-sum premium and others	Interest rate more than 2.50% 0.00%	Interest rate more than 2.50% 2.60%	1.05%

2. Below is an example of policyholder dividends for semi-participating whole life nursing-care insurance (before annuity payments commence) using figures for the fiscal year ended March 31, 2011.

<Example> Semi-participating whole life nursing-care insurance (before nursing care annuity payments commence)

Entered at 30, male, lump-sum payment, 10x death benefit, basic care annuity amount of ¥0.5 million

Contract Date	Assumed interest rate	Years elapsed	Ongoing policy (yen)	Policies to which nursing care applies, ending at death of policyholder (yen)
2-Nov-10	1.50%	1 year	¥ –	¥ 0
2-Nov-09	1.50	2	–	31,073
2-Nov-08	1.50	3	–	0
2-Nov-07	1.50	4	–	16,028
2-Nov-06	1.50	5	34,008	34,008

Notes: 1. The "Policies to which nursing care applies, ending at death of policyholder" column shows the amount receivable for nursing care or upon death. The number of years elapsed is the number through November 2, 2011.

2. The above-stated dividend amount is the sum of the pro-rated dividend amount (policy reserve x dividend participation ratio) and interest through November 2, 2011 (excluding dividends already paid).

Dividend participation ratio = Standard dividend yield – Assumed interest rate

3. Standard dividend yield on group annuities

The standard dividend yield on group annuities is 1.30%, using figures for the year ended March 31, 2011.

Note: Dividend participation is calculated as follows:

Dividend amount = Policy reserves x Dividend participation ratio

Dividend participation ratio = Standard dividend yield – Assumed interest rate

4. For group annuities and other products, a reserve for policyholders' dividends is accumulated in accordance with each product's characteristics.

3. Indicators for Insurance Policies

3-1 Increase ratio of policy amount in force

			(%)
For the years ended March 31	2009	2010	2011
Individual life insurance	3.2%	2.9%	3.8%
Individual annuities	10.9	6.3	6.5
Group life insurance	8.8	10.6	6.3
Group annuities	0.3	(1.6)	(18.5)

3-2 Average policy amount for new policies and policies in force (individual life insurance)

			(Thousands of yen)
For the years ended March 31	2009	2010	2011
Average policy amount for new policies	¥7,279	¥6,978	¥7,031
Average policy amount for policies in force	6,919	6,693	6,514

Note: The above figures do not include the increase from the conversion for average policy amount for new policies.

3-3 Ratio of new policy amount (to policy amount in force at the beginning of the fiscal year)

			(%)
For the years ended March 31	2009	2010	2011
Individual life insurance	12.3%	12.5%	12.6%
Individual annuities	17.8	12.9	12.5
Group life insurance	1.6	0.7	1.3

Note: The above figures do not include the increase from the conversion.

3-4 Lapse and surrender rate (to policy amount in force at the beginning of the fiscal year)

The lapse and surrender rate is expressed as a ratio calculated by dividing the amounts of cancellations and lapses modified for decreases, increases or reinstatements by the total policy amount in force at the beginning of the fiscal year.

			(%)
For the years ended March 31	2009	2010	2011
Individual life insurance	6.98%	7.47%	6.60%
Individual annuities	5.24	5.53	5.03
Subtotal	6.97	7.46	6.59
Group life insurance	4.42	4.17	4.32

The lapse and surrender rate is expressed as a ratio calculated by dividing the amounts of cancellations and lapses not modified for decreases, increases or reinstatements by the total policy amount in force at the beginning of the fiscal year.

			(%)
For the years ended March 31	2009	2010	2011
Individual life insurance + Individual annuities	6.79%	7.21%	6.41%

3-5 Average premium for new policies of individual life insurance (monthly payment contracts)

			(Yen)
For the years ended March 31	2009	2010	2011
Average premiums for new policies	¥10,506	¥10,070	¥10,236

Note: The above figures do not include increase from conversion.

3-6 Mortality rate (individual life insurance: primary coverage)

			(‰)
For the years ended March 31	2009	2010	2011
Based on number of policies	1.50‰	1.50‰	1.51‰
Based on policy amount	1.55	1.57	1.60

3-7 Incidence rates of riders (individual life insurance)

	2009		2010		2011	
For the years ended March 31	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
Accidental death protection	0.098‰	0.094‰	0.097‰	0.151‰	0.057‰	0.083‰
Disability protection	0.116	0.044	0.117	0.108	0.094	0.026
Accidental hospitalization protection	3.616	87.782	3.484	83.792	3.560	88.274
Sickness hospitalization protection	35.396	575.605	34.501	564.366	34.654	576.907
Lifestyle-related disease hospitalization protection	12.414	334.318	12.290	338.946	12.748	370.072
Sickness and accidental surgery protection	40.052		39.527		39.537	
Lifestyle-related disease surgery protection	6.754		7.181		7.973	

3-8 Operating expense ratio (to insurance premiums)

			(%)
For the years ended March 31	2009	2010	2011
Operating expense ratio	14.2%	13.9%	12.9%

4. Indicators Related to Asset Management (General Account)

4-1 Overview of asset management (general account)

Overview of the asset management for the fiscal year ended March 31, 2011

(1) Investment Environment

During the fiscal year ended March 31, 2011, the Japanese economy remained in a recovery phase. Exports and personal consumption were firm, but growth turned negative after the eco-car subsidy system ended. Real GDP growth was negative 0.0% for the April–June 2010 quarter, 3.6% in the July–September quarter, negative 2.9% in the October–December quarter, and negative 3.5% in the January–March 2011 quarter.

The bond markets rallied (yields fell) through September 2010, then fell (yields rose) thereafter. Financial uncertainty in Europe and concerns about economic deceleration in Japan and other countries prompted bond purchases in the first half of the fiscal year. However, expectations of U.S. economic recovery mounted as the result of a November 2010 announcement about further economic easing in the country, causing long-term interest rates to rise in Japan, as in the United States. As of March 31, 2011, yields on 10-year Japanese government bonds (JGBs) were 1.255%, down 0.145 of a percentage point from a year earlier.

Japanese stock markets, although bullish, fell as a consequence of the Great East Japan Earthquake. Financial uncertainty in Europe and yen appreciation in the first half prompted a fall in the Nikkei. Buoyed by a temporary abatement in yen appreciation and a sense of economic recovery overseas, by December the Nikkei had rebounded above ¥10,000. However, in the aftermath of the March earthquake and fears of a nuclear accident, the Nikkei plunged, falling at one point to ¥8,227.63. As of March 31, 2011, the Nikkei was ¥9,755.10, down ¥1,334.84 from its level one year earlier.

In foreign exchange markets, the yen continued to appreciate against the U.S. dollar. Mounting uncertainty about European government finances and further U.S. monetary easing prompted yen purchases. Accordingly, by November 2010, the yen had appreciated into the neighborhood of ¥80 to the dollar. Thereafter, the yen vacillated in the range of ¥80–85 to the dollar, until in the aftermath of the earthquake overseas currency speculators drove the currency upward, at one point to a record high of ¥76.24 against the dollar. Concerted

intervention by the G7 economies brought the yen back down to above ¥80 to the dollar. As of March 31, 2011, the yen was trading at ¥83.15 to the dollar, representing appreciation of ¥9.89 compared with one year earlier.

(2) Investment Policy

Our basic investment policy on general account assets is to secure stable interest income and target asset soundness, focusing on achieving a balance between profitability and market risk. In our bond investments, which center on JGBs with long terms remaining until maturity, the company controlled interest rate risk.

(3) Results of Investment

As of March 31, 2011, general account assets totaled ¥4,325.2 billion, up 10.5%, or ¥412.2 billion, from March 31, 2010. Within the general account assets, domestic bond investment totaled ¥3,499.9 billion (accounting for 80.9% of total general account assets), domestic stocks ¥64.0 billion (1.5%), foreign bonds ¥44.2 billion (1.0%), monetary trusts ¥276.4 billion (6.4%), policy loans ¥134.4 billion (3.1%), cash and deposits and call loans ¥80.0 billion (1.9%), and real estate ¥75.1 billion (1.7%).

Portfolio of general account assets

General account assets

As of March 31	2009		2010		(Millions of yen)	
	Amount	% of total	Amount	% of total	2011 Amount	% of total
Cash and deposits, call loans	¥ 58,051	1.6%	¥ 116,442	3.0%	¥ 80,059	1.9%
Securities repurchased under resale agreements	—	—	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Securities under proprietary accounts	—	—	—	—	—	—
Monetary trusts	607,625	17.2	288,772	7.4	276,475	6.4
Securities	2,559,237	72.4	3,188,812	81.5	3,644,781	84.3
Japanese government and corporate bonds	2,384,467	67.4	3,032,933	77.5	3,499,914	80.9
Japanese stocks	50,974	1.4	72,525	1.9	64,011	1.5
Foreign securities	115,279	3.3	75,285	1.9	74,240	1.7
Bonds	93,709	2.7	49,915	1.3	44,212	1.0
Stocks, etc.	21,569	0.6	25,370	0.6	30,027	0.7
Other securities	8,516	0.2	8,067	0.2	6,615	0.2
Loans	120,462	3.4	127,599	3.3	134,419	3.1
Policy loans	120,462	3.4	127,599	3.3	134,419	3.1
Commercial loans	—	—	—	—	—	—
Real estate	81,754	2.3	79,915	2.0	75,162	1.7
Deferred tax assets	35,439	1.0	27,686	0.7	40,738	0.9
Other assets	73,407	2.1	83,918	2.1	73,799	1.7
Reserve for possible loan losses	(208)	(0.0)	(212)	(0.0)	(228)	(0.0)
Total	¥3,535,769	100.0%	¥3,912,935	100.0%	¥4,325,208	100.0%
Of which, foreign-currency-denominated assets	34,299	1.0	21,724	0.6	27,537	0.6

Changes in general account assets by categories

For the years ended March 31	(Millions of yen)		
	2009	2010	2011
Cash and deposits, call loans	¥ (24,055)	¥ 58,390	¥ (36,383)
Securities repurchased under resale agreements	—	—	—
Pledged money for bond borrowing transaction	—	—	—
Monetary claims purchased	—	—	—
Securities under proprietary accounts	—	—	—
Monetary trusts	(286,326)	(318,853)	(12,296)
Securities	472,680	629,574	455,969
Japanese government and corporate bonds	661,663	648,465	466,981
Japanese stocks	(121,936)	21,551	(8,514)
Foreign securities	(63,516)	(39,993)	(1,045)
Bonds	(60,485)	(43,794)	(5,702)
Stocks, etc.	(3,030)	3,800	4,657
Other securities	(3,530)	(448)	(1,451)
Loans	11,773	7,137	6,819
Policy loans	11,773	7,137	6,819
Commercial loans	—	—	—
Real estate	(1,113)	(1,838)	(4,752)
Deferred tax assets	35,439	(7,753)	13,052
Other assets	(10,491)	10,511	(10,119)
Reserve for possible loan losses	(134)	(3)	(16)
Total	¥ 197,772	¥ 377,165	¥412,273
Of which, foreign-currency-denominated assets	(72,062)	(12,574)	5,812

4-2 Investment yield by type of asset (general account)

	(%)		
For the years ended March 31	2009	2010	2011
Cash and deposits, call loans	0.33%	0.08%	0.07%
Securities repurchased under resale agreements	—	—	—
Pledged money for bond borrowing transaction	—	—	—
Monetary claims purchased	—	—	—
Securities under proprietary accounts	—	—	—
Monetary trusts	(0.11)	4.76	2.55
Securities	0.89	2.16	2.70
Japanese government and corporate bonds	1.70	2.12	2.80
Japanese stocks	(14.69)	13.13	0.57
Foreign securities	1.37	(2.21)	0.25
Loans	4.14	4.05	3.98
Real estate	5.38	4.73	4.43
Total	1.11%	2.54%	2.68%

Notes: 1. The denominator for the investment yield calculation is a daily averaged carrying amount, while the numerator is investment income minus investment expenses.

2. Valuation gains for Article 112 of the Insurance Business Law are not accounted for.

4-3 Average balance by type of asset (general account)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Cash and deposits, call loans	¥ 122,581	¥ 84,936	¥ 71,519
Securities repurchased under resale agreements	—	—	—
Pledged money for bond borrowing transaction	—	—	—
Monetary claims purchased	—	—	—
Securities under proprietary accounts	—	—	—
Monetary trusts	825,752	481,099	273,417
Securities	2,153,056	2,800,103	3,411,382
Japanese government and corporate bonds	1,872,822	2,632,552	3,262,516
Japanese stocks	102,796	53,771	62,069
Foreign securities	168,192	106,286	74,286
Loans	114,428	123,266	131,110
Real estate	80,148	78,123	75,544
Total	¥3,356,741	¥3,630,845	¥4,024,461
Of which, overseas investment	168,240	106,333	74,323

4-4 Investment income (general account)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Interest income and dividends	¥55,803	¥ 70,668	¥ 87,533
Gains on securities under proprietary accounts	—	—	—
Income from monetary trusts, net	—	22,887	6,983
Income from trading securities, net	1,084	—	—
Gains on sale of securities	32,115	15,107	24,982
Gains on redemption of securities	807	3,939	0
Gains on derivatives, net	8,937	—	—
Foreign exchange gains, net	—	—	—
Other investment income	32	37	1
Total	¥98,781	¥112,639	¥119,500

4-5 Investment expenses (general account)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Interest expense	¥ 42	¥ 29	¥ 56
Losses on securities under proprietary accounts	—	—	—
Losses on monetary trusts, net	856	—	—
Losses on trading securities, net	—	—	—
Losses on sale of securities	16,157	10,073	1,866
Devaluation losses on securities	31,899	—	348
Losses on redemption of securities	262	361	23
Losses on derivatives, net	—	—	—
Foreign exchange losses	2,614	833	533
Provision for reserve for possible loan losses	134	3	20
Write-off of loans	—	—	—
Depreciation of real estate for rent and others	2,932	2,763	2,551
Other investment expenses	6,664	6,518	6,432
Total	¥61,564	¥20,584	¥11,832

4-6 Interest income and dividends (general account)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Interest income from deposits	¥ 0	¥ 0	¥ 0
Interest income and dividends from securities	39,033	54,662	70,883
Interest income from Japanese bonds	30,228	51,554	67,940
Dividends from Japanese stocks	1,995	937	1,185
Interest income and dividends from foreign securities	6,242	1,806	1,436
Interest income from loans	4,732	4,991	5,216
Income from real estate for rent	11,632	10,942	11,379
Total, including others	¥55,803	¥70,668	¥87,533

4-7 Gains on sale of securities (general account)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Gains on sale of Japanese bonds (including JGBs)	¥18,321	¥ 4,126	¥23,806
Gains on sale of Japanese stocks	12,409	10,614	1,113
Gains on sale of foreign securities	1,384	367	62
Total	¥32,115	¥15,107	¥24,982

4-8 Losses on sale of securities (general account)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Losses on sale of Japanese bonds (including JGBs)	¥ 316	¥ —	¥ 7
Losses on sale of Japanese stocks	15,725	7,904	1,782
Losses on sale of foreign securities	114	2,168	77
Total	¥16,157	¥10,073	¥1,866

4-9 Devaluation losses on securities (general account)

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Devaluation losses on Japanese bonds (including JGBs)	¥ —	¥—	¥ —
Devaluation losses on Japanese stocks	30,708	—	348
Devaluation losses on foreign securities	1,191	—	—
Total	¥31,899	¥—	348

4-10 Securities (general account)

(Millions of yen)

	2009		2010		2011	
	Amount	% of total	Amount	% of total	Amount	% of total
As of March 31						
Japanese government bonds	¥2,138,237	83.5%	¥2,955,399	92.7%	¥3,462,375	95.0%
Japanese municipal bonds	19,494	0.8	19,752	0.6	4,376	0.1
Japanese corporate bonds	226,735	8.9	57,780	1.8	33,162	0.9
Of which,						
public corporation bonds	18,455	0.7	37,585	1.2	28,168	0.8
Japanese stocks	50,974	2.0	72,525	2.3	64,011	1.8
Foreign securities	115,279	4.5	75,285	2.4	74,240	2.0
Bonds	93,709	3.7	49,915	1.6	44,212	1.2
Stocks, etc.	21,569	0.8	25,370	0.8	30,027	0.8
Other securities	8,516	0.3	8,067	0.3	6,615	0.2
Total	¥2,559,237	100.0%	¥3,188,812	100.0%	¥3,644,781	100.0%

4-11 Balance of securities by remaining period (general account)

(Millions of yen)

	2009						
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years (including no fixed maturity)	Total
As of March 31							
Japanese government bonds	¥ —	¥ 8,120	¥ 44,814	¥196,146	¥332,126	¥1,557,030	¥2,138,237
Japanese municipal bonds	40	1,687	3,307	1,028	13,430	—	19,494
Japanese corporate bonds	64,382	66,445	36,191	16,492	27,629	15,594	226,735
Japanese stocks	—	—	—	—	—	50,974	50,974
Foreign securities	9,024	19,503	22,604	6,810	11,830	45,505	115,279
Bonds	8,853	18,350	19,530	1,139	4,213	41,623	93,709
Stocks, etc.	171	1,152	3,073	5,671	7,617	3,882	21,569
Other securities	56	—	398	443	738	6,879	8,516
Total	¥73,504	¥95,756	¥107,315	¥220,920	¥385,755	¥1,675,984	¥2,559,237

(Millions of yen)

	2010						
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years (including no fixed maturity)	Total
As of March 31							
Securities	¥4,457	¥12,438	¥85,251	¥274,338	¥156,490	¥2,655,835	¥3,188,812
Japanese government bonds	—	—	66,085	240,011	142,419	2,506,883	2,955,399
Japanese municipal bonds	1,648	—	4,401	13,702	—	—	19,752
Japanese corporate bonds	265	7,997	10,058	10,427	7,306	21,726	57,780
Japanese stocks	—	—	—	—	—	72,525	72,525
Foreign securities	2,544	4,404	4,063	10,196	6,115	47,961	75,285
Bonds	2,068	3,113	—	1,116	1,712	41,904	49,915
Stocks, etc.	475	1,291	4,063	9,079	4,403	6,056	25,370
Other securities	—	36	642	—	649	6,738	8,067
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	¥4,457	¥12,438	¥85,251	¥274,338	¥156,490	¥2,655,835	¥3,188,812

(Millions of yen)

	2011						
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years (including no fixed maturity)	Total
As of March 31							
Securities	¥676	¥11,814	¥40,904	¥91,885	¥5,103	¥3,494,395	¥3,644,781
Japanese government bonds	—	4,107	23,447	80,228	—	3,354,591	3,462,375
Japanese municipal bonds	—	3,338	1,037	—	—	—	4,376
Japanese corporate bonds	—	1,238	9,214	1,483	—	21,227	33,162
Japanese stocks	—	—	—	—	—	64,011	64,011
Foreign securities	651	2,725	6,916	9,752	4,281	49,913	74,240
Bonds	—	—	—	—	—	44,212	44,212
Stocks, etc.	651	2,725	6,916	9,752	4,281	5,700	30,027
Other securities	25	404	288	421	821	4,652	6,615
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	¥676	¥11,814	¥40,904	¥91,885	¥5,103	¥3,494,395	¥3,644,781

4-12 Fiscal year-end yields on bonds (general account)

	(%)		
As of March 31	2009	2010	2011
Japanese government and corporate bonds	1.83%	2.07%	2.12%
Foreign bonds	1.51	0.82	0.31

4-13 Japanese stock holdings by industry (general account)

	(Millions of yen)					
	2009		2010		2011	
As of March 31	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
Fisheries, agriculture and forestry ..	¥ —	—%	¥ 59	0.1%	¥ 50	0.1%
Mining	102	0.2	217	0.3	287	0.4
Construction	55	0.1	1,175	1.6	1,101	1.7
Manufacturing industries						
Food products	1,468	2.9	1,976	2.7	1,433	2.2
Textiles and clothing	339	0.7	485	0.7	558	0.9
Pulp and paper	59	0.1	220	0.3	179	0.3
Chemicals	3,971	7.8	3,524	4.9	3,051	4.8
Medical products	3,570	7.0	2,373	3.3	2,156	3.4
Oil and coal products	219	0.4	388	0.5	480	0.8
Rubber products	98	0.2	321	0.4	349	0.5
Glass and stone products	120	0.2	725	1.0	746	1.2
Steel	1,250	2.5	1,583	2.2	1,145	1.8
Non-steel metals	2,218	4.4	686	0.9	662	1.0
Metal products	439	0.9	428	0.6	448	0.7
Machinery	1,535	3.0	2,733	3.8	2,863	4.5
Electric appliances	5,825	11.4	8,743	12.1	7,714	12.1
Transportation vehicles	4,616	9.1	5,768	8.0	5,352	8.4
Precision machinery	1,734	3.4	918	1.3	745	1.2
Others	701	1.4	1,521	2.1	1,092	1.7
Electric and gas utilities	1,431	2.8	2,926	4.0	1,146	1.8
Transportation/Information telecommunications						
Ground transportation	1,253	2.5	2,248	3.1	1,843	2.9
Water transportation	14	0.0	313	0.4	285	0.4
Air transportation	364	0.7	252	0.3	234	0.4
Warehouses/transportation	—	—	141	0.2	124	0.2
Information/telecommunications	2,514	4.9	3,117	4.3	3,219	5.0
Commerce						
Wholesalers	4,268	8.4	3,235	4.5	3,044	4.8
Retailers	5,130	10.1	5,741	7.9	4,484	7.0
Financial services/insurance						
Banking	1,560	3.1	5,353	7.4	4,307	6.7
Securities and commodity futures trading	5	0.0	1,058	1.5	707	1.1
Insurance	3,697	7.3	11,593	16.0	11,576	18.1
Other financial services	95	0.2	483	0.7	420	0.7
Real estate	2,255	4.4	1,327	1.8	1,201	1.9
Service companies	54	0.1	882	1.2	996	1.6
Total	¥50,974	100.0%	¥72,525	100.0%	¥64,011	100.0%

Note: Categories of stock holdings by industry are based on the classification by the Securities Identification Code Committee of Japan.

4-14 Loans (general account)

		(Millions of yen)		
As of March 31		2009	2010	2011
Policy loans		¥120,462	¥127,599	¥134,419
Policyholder loans		107,291	113,455	119,456
Automatic premium loans		13,170	14,144	14,963
Commercial loans		—	—	—
[Of which, loans to borrowers located outside of Japan]		[—]	[—]	[—]
Corporate loans		—	—	—
[Of which, corporate loans—domestic]		[—]	[—]	[—]
Loans to national, international and government affiliated organizations		—	—	—
Loans to public entities		—	—	—
Mortgage loans		—	—	—
Consumer loans		—	—	—
Other loans		—	—	—
Total		¥120,462	¥127,599	¥134,419

4-15 Tangible fixed assets (general account)

Tangible fixed assets

		(Millions of yen)					
		2009					
For the year ended March 31		Balance at the end of the previous period	Increase in the current period	Decrease in the current period	Amount of depreciation in the current period	Balance at the end of the current period	% of accumulated depreciation
Land		¥32,996	¥ 79	¥ —	¥ —	¥33,076	—%
Buildings		49,787	661	58	2,892	47,498	19.4
				[15]			
Leased assets		—	420	1	82	337	36.8
Construction in progress		84	1,174	78	—	1,179	—
Other tangible assets		783	145	11	216	701	56.7
				[4]			
Total		¥83,651	¥2,482	¥149	¥3,190	¥82,793	20.5%
				[20]			

		(Millions of yen)					
		2010					
For the year ended March 31		Balance at the end of the previous period	Increase in the current period	Decrease in the current period	Amount of depreciation in the current period	Balance at the end of the current period	% of accumulated depreciation
Land		¥33,076	¥ —	¥ —	¥ —	¥33,076	—%
Buildings		47,498	2,335	103	2,891	46,839	23.0
				[3]			
Leased assets		337	—	0	64	272	40.8
Construction in progress		1,179	—	1,179	—	—	—
Other tangible assets		701	307	15	257	735	60.0
				[0]			
Total		¥82,793	¥2,642	¥1,299	¥3,213	¥80,923	24.3%
				[3]			
Of which, investment and rental properties		79,111	462	120	2,686	76,767	23.3

		(Millions of yen)					
		2011					
For the year ended March 31		Balance at the end of the previous period	Increase in the current period	Decrease in the current period	Amount of depreciation in the current period	Balance at the end of the current period	% of accumulated depreciation
Land		¥33,076	¥ —	¥ 1,607	¥ —	¥31,469	—%
				[1,016]			
Buildings		46,839	746	1,181	2,709	43,693	27.2
				[271]			
Leased assets		272	—	—	42	230	36.7
Construction in progress		—	—	—	—	—	—
Other tangible assets		735	112	4	222	621	66.7
				[0]			
Total		¥80,923	¥859	¥ 2,793	¥2,975	¥76,014	28.4%
				[1,288]			
Of which, investment and rental properties		76,767	529	2,767	2,493	72,037	27.3
				[1,280]			

Note: Figures in [] in the "Decrease in the current period" describe the amount of impairment losses.

Balance of real estate and number of buildings for rent

As of March 31	(Millions of yen)		
	2009	2010	2011
Real estate balance	¥81,754	¥79,915	¥75,162
For corporate use	3,330	3,739	3,624
For rent	78,423	76,175	71,537
Number of buildings for rent	5	5	4

4-16 Overseas investment (general account)

Details by assets

As of March 31	(Millions of yen)					
	2009		2010		2011	
	Amount	% of total	Amount	% of total	Amount	% of total
Assets denominated in foreign currency (yen amount not fixed)						
Foreign bonds	¥ 13,766	11.0%	¥ –	–%	¥ 1,828	2.5%
Foreign stocks	3,753	3.0	3,846	5.1	4,026	5.4
Cash, deposits and other	16,777	13.4	17,876	23.7	21,682	29.2
Subtotal	34,297	27.4	21,723	28.8	27,537	37.1
Assets denominated in foreign currency (yen amount fixed)						
Foreign bonds	–	–	–	–	–	–
Cash, deposits and other	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Assets denominated in yen						
Loans to borrowers located outside of Japan	–	–	–	–	–	–
Foreign bonds and others	90,692	72.6	53,600	71.2	46,761	62.9
Subtotal	90,692	72.6	53,600	71.2	46,761	62.9
Total						
Overseas investment	¥124,990	100.0%	¥75,323	100.0%	¥74,299	100.0%

Note: Assets denominated in foreign currency (yen amount fixed) are recorded under assets on the balance sheets at the fixed yen value that was determined at settlement with foreign exchange forward contracts.

Overseas investment by region

As of March 31	(Millions of yen)							
	2009							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside of Japan	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
North America	¥ 20,985	16.8%	¥ 13,766	13.3%	¥ 7,218	33.5%	¥–	–%
Europe	54,878	44.0	48,465	47.0	6,413	29.7	–	–
Oceania	–	–	–	–	–	–	–	–
Asia	3,048	2.4	–	–	3,048	14.1	–	–
Latin America	38,759	31.1	33,870	32.8	4,889	22.7	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	7,102	5.7	7,102	6.9	–	–	–	–
International organizations	–	–	–	–	–	–	–	–
Total	¥124,774	100.0%	¥103,204	100.0%	¥21,569	100.0%	¥–	–%

As of March 31	(Millions of yen)							
	2010							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside of Japan	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
North America	¥ 7,174	9.5%	¥ –	–%	¥ 7,174	28.3%	¥–	–%
Europe	50,264	66.8	43,021	86.2	7,242	28.5	–	–
Oceania	–	–	–	–	–	–	–	–
Asia	3,047	4.0	–	–	3,047	12.0	–	–
Latin America	7,904	10.5	–	–	7,904	31.2	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	6,894	9.2	6,894	13.8	–	–	–	–
International organizations	–	–	–	–	–	–	–	–
Total	¥75,285	100.0%	¥49,915	100.0%	¥25,370	100.0%	¥–	–%

(Millions of yen)

As of March 31	2011							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside of Japan	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
North America	¥ 9,341	12.6%	¥ 1,828	4.1%	¥ 7,512	25.0%	¥—	—%
Europe	51,800	69.8	42,383	95.9	9,417	31.4	—	—
Oceania	—	—	—	—	—	—	—	—
Asia	3,047	4.1	—	—	3,047	10.2	—	—
Latin America	10,050	13.5	—	—	10,050	33.5	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	¥74,240	100.0%	¥44,212	100.0%	¥30,027	100.0%	¥—	—%

Foreign-currency-denominated assets by currency

(Millions of yen)

As of March 31	2009		2010		2011	
	Amount	% of total	Amount	% of total	Amount	% of total
U.S. dollar	¥26,201	76.4%	¥12,579	57.9%	¥16,051	58.3%
Euro	4,731	13.8	5,762	26.5	8,016	29.1
Canadian dollar	—	—	—	—	—	—
Australian dollar	—	—	—	—	—	—
British pound	316	0.9	332	1.5	418	1.5
Danish krone	—	—	—	—	—	—
Norwegian krone	—	—	—	—	—	—
Philippine peso	3,047	8.9	3,047	14.0	3,047	11.1
Chinese yuan	0	0.0	0	0.0	2	0.0
New Taiwanese dollar	—	—	0	0.0	0	0.0
Total	¥34,297	100.0%	¥21,723	100.0%	¥27,537	100.0%

4-17 Yield on overseas investments (general account)

For the years ended March 31	2011		
	2009	2010	2011
Yield on overseas investments	1.38%	(2.22%)	0.24%

Note: Yield on overseas investments is a total of foreign-currency-denominated assets and yen-denominated assets.

5. Status of Insurance Claims Paying Ability

5-1 Solvency margin ratio

		(Millions of yen)		
As of March 31		2009	2010	2011
(A) Total solvency margin		¥531,321	¥630,237	¥690,331
Common stock, etc.		131,190	170,329	200,773
Reserve for price fluctuations		3,653	9,637	16,768
Contingency reserve		45,491	48,497	51,559
General reserve for possible loan losses		0	0	0
Net unrealized gains on other securities multiplied by 90% if gains or 100% if losses		17,679	33,040	20,820
Net unrealized gains on real estate multiplied by 85% if gains or 100% if losses		4,899	1,633	1,002
Excess amount of policy reserves based on Zillmer method		302,226	316,510	334,201
Unallotted portion of reserve for policyholders' dividends		382	2,346	1,186
Future profits		—	1,022	628
Deferred tax assets		25,797	47,219	63,388
Subordinated debt		—	—	—
Deductible items		—	—	—
(B) Total risk				
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		51,571	47,792	47,606
Insurance risk R ₁		18,595	19,199	20,014
Third-sector insurance risk R ₈		7,008	7,094	7,269
Assumed interest rate risk R ₂		11,241	11,395	11,573
Asset management risk R ₃		24,689	18,932	16,822
Business management risk R ₄		1,375	1,292	1,294
Minimum guarantee risk R ₇		7,243	8,023	9,025
Solvency margin ratio				
$[(A) / \{(B) \times 1/2\}] \times 100$		2,060.5%	2,637.3%	2,900.1%

Notes: 1. The foregoing figures were calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law and the Ministry of Finance Public Notice No. 50 of 1996. (Excess amount of policy reserves based on Zillmer method were calculated based on Article 1-3-1 of the Ministry of Finance Public Notice No. 50.)

2. Minimum guarantee risk was calculated based on the standardized approach.

<Reference>

Real net assets

		(Billions of yen)		
As of March 31		2009	2010	2011
(1) Total amount to be recorded as assets (=①+②+③+④-⑤)		¥3,844.1	¥4,268.7	¥4,703.1
① Total assets on the balance sheet		3,810.9	4,286.5	4,723.3
② Difference between fair value and balance sheet amount of securities		26.7	(20.4)	(22.1)
③ Unrealized gain or loss on tangible fixed assets		6.5	2.6	1.9
④ Unrealized gain or loss other than tangible fixed assets		—	—	—
⑤ Deferred tax assets for available-for-sale securities		—	—	—
(2) An amount calculated based on total amount to be recorded as liabilities (=①-②-③-④-⑤)		3,311.4	3,705.3	4,096.1
① Total liabilities on the balance sheet		3,670.1	4,095.2	4,507.9
② Reserve for price fluctuations		3.6	9.6	16.7
③ Contingency reserve		45.4	48.4	51.5
④ Part of reserves for future insurance claim payment		302.6	318.8	335.3
Excess of amount equivalent to surrender values (④(a))		302.2	316.5	334.2
Unallocated amount in reserve for policyholders' dividends (④(b))		0.3	2.3	1.1
⑤ Deferred tax liabilities for available-for-sale securities		6.9	12.8	8.0
Real net assets (A) (1)-(2)				
(including unrealized gains and losses on held-to-maturity securities)		532.6	563.4	606.9
(3) Unrealized gains and losses on held-to-maturity securities		26.7	(20.4)	(22.1)
Real net assets (B) (1)-(2)-(3)				
(excluding unrealized gains and losses on held-to-maturity securities)		505.9	583.8	629.1

Note: According to the "Comprehensive Guideline for Insurance Companies" defined by the regulatory authority, when the amount (actual difference between assets and liabilities (B)) obtained by deducting unrealized gains and losses on held-to-maturity bonds and on policy reserve matching bonds which are not accounted for in the balance sheets as mark-to-market from the actual difference between assets and liabilities (A) is positive, and liquid assets are held, the regulatory authority will not, in principle, take early corrective actions even if the actual difference between assets and liabilities (A) becomes negative.

<Reference>

Status of Insurance Claims Paying Ability (Solvency Margin Ratio Based on New Standard)

		(Millions of yen)
As of March 31		2011
(A) Total solvency margin		¥ 625,790
Common stock, etc.		200,773
Reserve for price fluctuations		16,768
Contingency reserve		51,559
General reserve for possible loan losses		0
Net unrealized gains on other securities multiplied by 90% if gains or 100% if losses		20,820
Net unrealized gains on real estate multiplied by 85% if gains or 100% if losses		1,002
Excess amount of policy reserves based on Zillmer method		334,201
Unallotted portion of reserve for policyholders' dividends		1,186
Deferred tax assets		63,388
Subordinated debt		—
The portion of the excess amount of policy reserves based on Zillmer method and subordinated debt that is not included in the margin		(63,912)
Deductible items		—
(B) Total risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		72,763
Insurance risk	R ₁	20,014
Third-sector insurance risk	R ₈	7,269
Assumed interest rate risk	R ₂	27,902
Asset management risk	R ₃	28,726
Business management risk	R ₄	1,854
Minimum guarantee risk	R ₇	8,820
Solvency margin ratio		
$[(A) / ((B) \times 1/2)] \times 100$		1,720.0%

Note: Cabinet Office Ordinance No. 23 (2010) and FSA Public Notice No.48 (2010) prescribe a revision in the methods of calculating total solvency margin and total risk (increasing the strictness of margin inclusion, and making risk measurement stricter and more sensitive). These changes are to be applied from the end of fiscal 2011. The above-stated figures are calculated on the assumption that these changes are applied at the end of fiscal 2010.

6. Balance of Separate Account Assets

				(Millions of yen)
As of March 31		2009	2010	2011
Individual variable life insurance and individual variable annuities		¥275,160	¥373,604	¥398,124
Group annuities		—	—	—
Total separate account		¥275,160	¥373,604	¥398,124

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

7. Status of Individual Variable Life Insurance and Individual Variable Annuities

7-1 Policy amount in force

Individual variable life insurance

						(Millions of yen)
As of March 31		2009		2010		2011
		Number	Amount	Number	Amount	Number
Variable life insurance (whole life type)		483,591	¥6,404,908	511,988	¥6,622,140	534,656
Variable life insurance (limited term type)		41,236	136,557	42,950	141,951	43,304
Variable life insurance (term type)		1,706	62,517	1,678	58,800	1,555
Total		526,533	¥6,603,983	556,616	¥6,822,892	579,515
						¥7,022,897

Note: Amounts include the rider portion of variable life insurance.

Individual variable annuities

As of March 31	(Millions of yen)					
	2009		2010		2011	
	Number	Amount	Number	Amount	Number	Amount
Individual variable annuities	28,025	¥152,525	28,732	¥154,718	28,837	¥154,322

Note: The amount of individual variable annuities is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.

7-2 Portfolio of separate account assets in individual variable life insurance and individual variable annuities

As of March 31	(Millions of yen)					
	2009		2010		2011	
	Amount	% of total	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 12,923	4.7%	¥ 21,064	5.6%	¥ 23,544	5.9%
Securities	260,401	94.6	350,302	93.8	372,801	93.6
Japanese government and corporate bonds	111,806	40.6	118,824	31.8	130,107	32.7
Japanese stocks	19,645	7.1	30,572	8.2	28,680	7.2
Foreign securities	74,147	26.9	110,758	29.6	118,088	29.7
Bonds	35,566	12.9	38,931	10.4	38,012	9.5
Stocks, etc.	38,581	14.0	71,826	19.2	80,076	20.1
Other securities	54,801	19.9	90,147	24.1	95,925	24.1
Loans	—	—	—	—	—	—
Others	1,836	0.7	2,237	0.6	1,778	0.4
Reserve for possible loan losses	—	—	—	—	—	—
Total	¥275,160	100.0%	¥373,604	100.0%	¥398,124	100.0%

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

7-3 Net investment gains (losses) of separate account assets in individual variable life insurance and individual variable annuities

For the years ended March 31	(Millions of yen)		
	2009	2010	2011
Interest income and dividends	¥ 5,854	¥ 6,063	¥ 6,663
Gains on sale of securities	1,865	1,955	4,416
Gains on redemption of securities	77	410	119
Valuation gains on securities	22,727	93,561	41,200
Foreign exchange gains, net	—	—	—
Gains on derivatives, net	85	82	—
Other investment income	0	0	4
Losses on sale of securities	3,712	8,959	2,987
Losses on redemption of securities	236	50	518
Devaluation losses on securities	96,344	26,268	48,779
Foreign exchange losses, net	2,298	3,831	7,308
Losses on derivatives, net	—	—	—
Other investment expenses	232	205	279
Net investment gains (losses)	¥(72,212)	¥62,757	¥(7,470)

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

7-4 Fair values of securities relating to separate account assets in individual variable life insurance and individual variable annuities

Valuation gains (losses) on trading-purpose securities

As of March 31	(Millions of yen)					
	2009		2010		2011	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥260,401	¥(73,616)	¥350,302	¥67,293	¥372,801	¥(7,579)

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

Fair value information on monetary trusts

Not applicable

Fair value information on derivative transactions

(total of derivatives with hedge accounting and those without hedging accounting)

Not applicable

8. Number of Agencies

As of March 31	2009	2010	2011
Number of agencies	2,112	2,089	2,064

9. Number of Employees and Recruits

9-1 Number of employees

As of March 31	2009	2010	2011
Office employees	1,237	1,318	1,398
[Male]	[767]	[807]	[839]
[Female]	[470]	[511]	[559]
Sales employees	4,362	4,517	4,523*
[Male]	[4,336]	[4,486]	[4,492]
[Female]	[26]	[31]	[31]

* Number of Lifeplanner sales employees is 4,017 as of March 31, 2011.

9-2 Number of recruits

For the years ended March 31	2009	2010	2011
Office employees	164	117	107
[Male]	[85]	[49]	[50]
[Female]	[79]	[68]	[57]
Sales employees	404	389	338
[Male]	[393]	[378]	[328]
[Female]	[11]	[11]	[10]

9-3 Average age and years of service

As of March 31	2009		2010		2011	
	Average age	Average years of service	Average age	Average years of service	Average age	Average years of service
Office employees	38.1	8.2	38.4	8.5	38.7	8.9
[Male]	[39.7]	[8.6]	[40.2]	[9.0]	[40.6]	[9.7]
[Female]	[35.6]	[7.5]	[35.6]	[7.6]	[35.9]	[7.8]
Sales employees	44.5	8.8	44.2	9.1	45.2	9.7
[Male]	[44.5]	[8.8]	[44.2]	[9.2]	[45.3]	[9.8]
[Female]	[39.4]	[2.2]	[39.7]	[2.5]	[39.7]	[2.7]

10. Average Salary

10-1 Average salary (office employees)

For the years ended March 31	(Thousands of yen)		
	2009	2010	2011
Office employees	¥467	¥469	¥466

Note: The average monthly salary is the tax-inclusive standard salary in March for each fiscal year, excluding bonuses and overtime pay.

10-2 Average compensation (sales employees)

For the years ended March 31	(Thousands of yen)		
	2009	2010	2011
Sales employees	¥595	¥584	¥614

Note: The average monthly compensation is the tax-inclusive compensation in March for each fiscal year, excluding bonuses and commuting allowances.

Sony Assurance Financial Data

Balance Sheets

Sony Assurance Inc.

As of March 31, 2009, 2010 and 2011

	(Millions of yen)						
	2009			2010	2011		
	Amount	(%)	Amount	(%)	Amount	(%)	Change
Assets:							
Cash and deposits	¥ 2,819	3.25%	¥ 3,507	3.57%	¥ 3,859	3.53%	¥ 352
Cash	0		0		0		
Deposits	2,819		3,507		3,859		
Securities	64,309	74.18	73,234	74.47	80,608	73.69	7,374
Japanese government bonds ...	14,502		29,333		44,619		
Japanese municipal bonds	31,870		25,656		19,990		
Japanese corporate bonds	13,797		12,101		12,253		
Foreign securities	1,097		997		897		
Other securities	3,040		5,144		2,848		
Tangible fixed assets	270	0.31	325	0.33	384	0.35	58
Buildings	220		223		227		
Other tangible fixed assets	50		102		156		
Intangible fixed assets	1,898	2.19	1,912	1.94	3,632	3.32	1,719
Software	744		1,250		3,056		
Software in progress	1,134		648		569		
Other intangible fixed assets ..	20		13		6		
Other assets	12,139	14.00	13,553	13.78	14,947	13.67	1,394
Accrued premiums	1,018		1,021		1,078		
Due from reinsurers	38		85		23		
Due from foreign reinsurers ...	1		—		—		
Accounts receivable	8,384		9,326		10,213		
Accrued income	149		149		153		
Deposits	356		405		416		
Deposits for earthquake insurance	22		23		25		
Suspense payments	2,169		2,540		3,036		
Deferred tax assets	5,260	6.07	5,807	5.91	5,949	5.44	142
Total Assets	¥86,698	100.00%	¥98,340	100.00%	¥109,382	100.00%	¥11,042

(Millions of yen)

	2009		2010		2011		Change
	Amount	(%)	Amount	(%)	Amount	(%)	
Liabilities:							
Underwriting reserves	¥ 66,520	76.73%	¥ 75,851	77.13%	¥ 84,978	77.69%	¥ 9,126
Reserve for outstanding losses	15,729		17,725		20,904		
Underwriting reserves	50,791		58,125		64,073		
Other liabilities	5,411	6.24	5,809	5.91	6,212	5.68	403
Due to reinsurers	158		125		107		
Due to foreign reinsurers . .	3		10		8		
Income taxes payable	556		565		789		
Deposits received	5		7		8		
Accounts payable	1,847		2,076		2,147		
Suspense receipt	2,839		3,024		3,152		
Lease obligations	1		—		—		
Reserve for employees' retirement benefits	462	0.53	552	0.56	644	0.59	91
Reserve for directors' retirement benefits	37	0.04	28	0.03	34	0.03	6
Reserve for employees' bonuses	575	0.66	589	0.60	695	0.64	106
Reserve for price fluctuations and others	12	0.01	27	0.03	43	0.04	16
Reserve for price fluctuations	12		27		43		
Total Liabilities	73,020	84.22	82,858	84.26	92,609	84.67	9,751
Net Assets:							
Common stock	20,000	23.07	20,000	20.34	20,000	18.28	—
Capital surplus	20,000	23.07	20,000	20.34	20,000	18.28	—
Capital reserve	20,000		20,000		20,000		
Retained deficits	(26,147)	(30.16)	(24,543)	(24.96)	(23,246)	(21.25)	1,297
Other retained deficits . . .	(26,147)		(24,543)		(23,246)		
Unappropriated retained deficits	(26,147)		(24,543)		(23,246)		
Total shareholders' equity . . .	13,852	15.98	15,456	15.72	16,753	15.32	1,297
Net unrealized gains (losses) on other securities, net of taxes	(173)	(0.20)	25	0.03	19	0.02	(6)
Total valuation and translation adjustments	(173)	(0.20)	25	0.03	19	0.02	(6)
Total Net Assets	13,678	15.78	15,482	15.74	16,772	15.33	1,290
Total Liabilities and Net Assets	¥ 86,698	100.00%	¥ 98,340	100.00%	¥109,382	100.00%	¥11,042

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)			
	2009	2010	2011	Change
Ordinary Revenues	¥61,882	¥68,174	¥74,166	¥ 5,991
Underwriting income	61,137	67,468	73,375	5,907
Net premiums written	61,106	67,440	73,343	5,903
Interest and dividends on deposits of premiums	31	27	31	4
Investment income	717	681	766	85
Interest income and dividends	684	688	784	95
Gains on sale of securities	61	7	3	(3)
Gains on redemption of securities	3	12	10	(2)
Transfer to interest and dividends on deposits of premiums	(31)	(27)	(31)	(4)
Other ordinary income	28	24	24	(0)
Ordinary Expenses	59,704	65,609	72,021	6,412
Underwriting expenses	44,211	49,185	54,491	5,305
Net losses paid	29,952	34,573	39,256	4,683
Loss adjustment expenses	3,632	4,009	4,782	772
Net commissions and brokerage fees	1,063	1,271	1,324	53
Provision for reserve for outstanding losses	1,482	1,996	3,178	1,182
Provision for underwriting reserves	8,079	7,334	5,948	(1,386)
Other underwriting expenses	0	0	0	0
Investment expenses	177	13	2	(10)
Losses on sale of securities	143	12	—	(12)
Devaluation losses on securities	29	—	—	—
Losses on redemption of securities	4	1	2	1
Operating, general and administrative expenses	15,308	16,389	17,491	1,102
Other ordinary expenses	7	20	36	15
Ordinary Profit	2,178	2,565	2,144	(420)
Extraordinary Gains	23	—	—	—
Reversal of reserve for price fluctuations and others	23	—	—	—
Reversal of reserve for price fluctuations	23	—	—	—
Extraordinary Losses	3,819	863	65	(797)
Losses on sale or disposal of fixed assets	3,819	848	49	(799)
Provision for reserve for price fluctuations and others	—	14	16	1
Provision for reserve for price fluctuations	—	14	16	1
Income (Loss) Before Income Taxes	(1,617)	1,702	2,078	376
Income Taxes—current	765	658	920	261
Income Taxes—deferred	(826)	(561)	(138)	422
Total Income Taxes	(60)	97	781	684
Net Income (Loss)	¥ (1,556)	¥ 1,604	¥ 1,297	¥ (307)

Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Shareholders' Equity			
Common stock			
Balance at the end of the previous period	¥ 20,000	¥ 20,000	¥ 20,000
Changes during the period			
Total changes during the period	—	—	—
Balance at the end of the current period	20,000	20,000	20,000
Capital surplus			
Capital reserve			
Balance at the end of the previous period	20,000	20,000	20,000
Changes during the period			
Total changes during the period	—	—	—
Balance at the end of the current period	20,000	20,000	20,000
Total capital surplus			
Balance at the end of the previous period	20,000	20,000	20,000
Changes during the period			
Total changes during the period	—	—	—
Balance at the end of the current period	20,000	20,000	20,000
Retained deficits			
Other retained deficits			
Unappropriated retained deficits for the period			
Balance at the end of the previous period	(24,591)	(26,147)	(24,543)
Changes during the period			
Net income (loss)	(1,556)	1,604	1,297
Total changes during the period	(1,556)	1,604	1,297
Balance at the end of the current period	(26,147)	(24,543)	(23,246)
Total retained deficits			
Balance at the end of the previous period	(24,591)	(26,147)	(24,543)
Changes during the period			
Net income (loss)	(1,556)	1,604	1,297
Total changes during the period	(1,556)	1,604	1,297
Balance at the end of the current period	(26,147)	(24,543)	(23,246)
Total shareholders' equity			
Balance at the end of the previous period	15,408	13,852	15,456
Changes during the period			
Net income (loss)	(1,556)	1,604	1,297
Total changes during the period	(1,556)	1,604	1,297
Balance at the end of the current period	13,852	15,456	16,753
Valuation and Translation Adjustments			
Net unrealized gains (losses) on other securities, net of taxes			
Balance at the end of the previous period	(23)	(173)	25
Changes during the period			
Net changes of items other than shareholders' equity	(150)	199	(6)
Total changes during the period	(150)	199	(6)
Balance at the end of the current period	(173)	25	19
Total valuation and translation adjustments			
Balance at the end of the previous period	(23)	(173)	25
Changes during the period			
Net changes of items other than shareholders' equity	(150)	199	(6)
Total changes during the period	(150)	199	(6)
Balance at the end of the current period	(173)	25	19
Total Net Assets			
Balance at the end of the previous period	15,385	13,678	15,482
Changes during the period			
Net income (loss)	(1,556)	1,604	1,297
Net changes of items other than shareholders' equity	(150)	199	(6)
Total changes during the period	(1,706)	1,804	1,290
Balance at the end of the current period	¥ 13,678	¥ 15,482	¥ 16,772

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)			
	2009	2010	2011	Change
Cash flows from operating activities				
Income (loss) before income taxes	¥ (1,617)	¥ 1,702	¥ 2,078	¥ 376
Depreciation and amortization	501	509	729	219
Increase in reserve for outstanding losses	1,482	1,996	3,178	1,182
Increase in underwriting reserves	8,079	7,334	5,948	(1,386)
Increase in reserve for employees' retirement benefits	50	90	91	1
Increase (decrease) in reserve for directors' retirement benefits	(1)	(9)	6	16
Increase in reserve for employees' bonuses	45	14	106	92
Increase (decrease) in reserve for price fluctuations	(23)	14	16	1
Interest income and dividends	(684)	(688)	(784)	(95)
(Gains) losses on securities	113	(7)	(11)	(4)
Losses on tangible fixed assets	2	8	17	8
Losses on intangible fixed assets	3,816	840	32	(807)
Increase in other assets (excluding those related to investing and financing activities)	(1,392)	(1,412)	(1,390)	22
Increase in other liabilities (excluding those related to investing and financing activities)	123	390	198	(192)
Subtotal	10,497	10,782	10,218	(564)
Interest and dividends received	801	852	978	125
Income taxes paid	(769)	(651)	(715)	(63)
Net cash provided by operating activities	10,529	10,983	10,480	(503)
Cash flows from investing activities				
Purchases of securities	(37,590)	(26,309)	(30,050)	(3,741)
Proceeds from sale and redemption of securities	28,338	19,546	20,182	636
Total of net cash used in investment transactions	(9,251)	(6,763)	(9,867)	(3,104)
[Total of net cash used in operating activities and investment transactions]	[1,278]	[4,220]	[612]	[(3,607)]
Purchases of tangible fixed assets	(98)	(134)	(190)	(55)
Proceeds from sale of tangible fixed assets	—	0	—	(0)
Others, net	(2,078)	(1,293)	(2,366)	(1,073)
Net cash used in investing activities	(11,427)	(8,191)	(12,424)	(4,233)
Cash flows from financing activities				
Net cash provided by (used in) financing activities	—	—	—	—
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—
Net increase (decrease) in cash and cash equivalents	(898)	2,792	(1,944)	(4,736)
Cash and cash equivalents at the beginning of the fiscal year	6,757	5,859	8,652	2,792
Cash and cash equivalents at the end of the fiscal year	¥ 5,859	¥ 8,652	¥ 6,707	¥ (1,944)

1. Loans by Borrower Category

	(Millions of yen)		
As of March 31	2009	2010	2011
Bankrupt and quasi-bankrupt loans	¥—	¥—	¥—
Doubtful loans	—	—	—
Sub-standard loans	—	—	—
Normal loans	—	—	—
Total	¥—	¥—	¥—

- Notes: 1. Bankrupt and quasi-bankrupt loans
Bankrupt and quasi-bankrupt loans are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Doubtful loans
Doubtful loans are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Sub-standard loans
Sub-standard loans are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in notes 1 and 2 above.
4. Normal loans
Normal loans are all other loans.

2. Risk-monitored Loans

	(Millions of yen)		
As of March 31	2009	2010	2011
Bankrupt loans	¥—	¥—	¥—
Non-accrual delinquent loans	—	—	—
Past due loans (3 months or more)	—	—	—
Restructured loans	—	—	—
Total	¥—	¥—	¥—

- Notes: 1. Bankrupt loans
There are loans that have been in arrears on principal or interest payments for a considerably long period of time, or loans (before deductions for reserve for possible loan losses) on which principal or interest payments are considered unlikely to occur in the future for other reasons and on which accrued interest income is not recorded. Of these, bankrupt loans are loans with reasons defined under Article 96-1-3, i through v (allowed limits for uncollectible accounts) of the Corporate Income Tax Law Enforcement Guidelines (Enforcement Order 97 of 1965), or 96-1-4 of the same guidelines.
2. Non-accrual delinquent loans
Non-accrual delinquent loans are loans on which accrued interest income is not recorded, excluding bankrupt loans and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3. Past due loans (three months or more)
Past due loans are loans to which the repayments of principles of interests are past due date over three months or more and which are not classified to bankrupt loans or non-accrual delinquent loans.
4. Restructured loans
Restructured loans are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt waiver) in order to support the borrowers' recovery from financial difficulties, excluding bankrupt loans, non-accrual delinquent loans and past due loans (three months or more).

3. Assets and Liabilities

3-1 Policy reserves and others

Reserve for outstanding losses

	(Millions of yen)		
As of March 31	2009	2010	2011
Fire	¥ 0	¥ 0	¥ 5
Marine	5	6	15
Personal accident	666	753	828
Voluntary automobile	14,875	16,750	19,768
Compulsory automobile liability	182	215	287
Others	—	—	—
Total	¥15,729	¥17,725	¥20,904

Underwriting reserves

	(Millions of yen)		
As of March 31	2009	2010	2011
Fire	¥ 105	¥ 84	¥ 100
Marine	191	56	45
Personal accident	14,731	18,382	22,105
Voluntary automobile	34,539	38,267	40,499
Compulsory automobile liability	1,223	1,333	1,323
Others	—	—	—
Total	¥50,791	¥58,125	¥64,073

Breakdown of the balance of underwriting reserves

(Millions of yen)						
2009						
As of March 31	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	Total
Fire	¥ 101	¥ 4	¥0	¥—	¥—	¥ 105
Marine	183	7	—	—	—	191
Personal accident	13,784	939	3	3	—	14,731
Voluntary automobile	25,012	9,527	—	—	—	34,539
Compulsory automobile liability	1,223	—	—	—	—	1,223
Others	—	—	—	—	—	—
Total	¥40,304	¥10,478	¥3	¥3	¥—	¥50,791

(Millions of yen)						
2010						
As of March 31	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	Total
Fire	¥ 78	¥ 5	¥0	¥—	¥—	¥ 84
Marine	48	8	—	—	—	56
Personal accident	17,204	1,168	5	3	—	18,382
Voluntary automobile	27,555	10,712	—	—	—	38,267
Compulsory automobile liability	1,333	—	—	—	—	1,333
Others	—	—	—	—	—	—
Total	¥46,220	¥11,895	¥6	¥3	¥—	¥58,125

(Millions of yen)						
2011						
As of March 31	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	Total
Fire	¥ 92	¥ 7	¥0	¥—	¥—	¥ 100
Marine	40	4	—	—	—	45
Personal accident	20,689	1,404	8	2	—	22,105
Voluntary automobile	30,011	10,488	—	—	—	40,499
Compulsory automobile liability	1,323	—	—	—	—	1,323
Others	—	—	—	—	—	—
Total	¥52,157	¥11,905	¥8	¥2	¥—	¥64,073

Note: The underwriting reserves for earthquake insurance and compulsory automobile liability insurance are included in the unearned premium reserve.

3-2 Calculation method for underwriting reserves

For the years ended March 31	2009	2010	2011
Calculation method			
Policies subject to the standard underwriting reserves	Standard underwriting reserves	Standard underwriting reserves	Standard underwriting reserves
Policies not subject to the standard underwriting reserves	—	—	—
Rate of reserve funding	100.0%	100.0%	100.0%

- Notes: 1. The calculation method and the rate of reserve funding are not applied for policies as pertaining to the classes of insurance listed in Article 3 Paragraph 5 Item 1 of the Insurance Business Law of Japan and those whose principal insurance is pertaining to such classes of insurance.
2. The calculation method is described for refund reserve for insurance due reserves and deposits of premiums because the concept of a calculation method does not exist for other items.
3. Calculation rate = (Unearned premium reserves actually accumulated + Refund reserves) / (Sum of (1) – (3) below)
(1) Insurance due reserves and refund reserves calculated by the method stipulated in the Ministry of Finance Public Notice No. 48 of 1996 for policies subject to the standard policy reserve (limited to policies as defined in Article 68 Paragraph 2 of the Order for Enforcement of the Insurance Business Law of Japan).
(2) Insurance due reserves for policies of which terms started after July 1, 2001 are calculated by the net level premium reserve method for policies not subject to the standard policy reserve, refund reserves for policies of which terms started after July 1, 2001 and for policies other than policies as defined in Article 68 Paragraph 2 of the Order for Enforcement of the Insurance Business Law of Japan, and underwriting reserves and refund reserves for policies of which terms started before July 1, 2001.
(3) Prepaid premiums for policies of which terms started after July 1, 2001.

3-3 Other reserves

(Millions of yen)					
	2008		2009		
	As of March 31		For the year ended March 31		As of March 31
		Increase	Decrease —specific	Decrease —other	
Reserve for possible loan losses					
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥—	¥ —
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for loan losses from borrowers in specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	39	8	9	—	37
Reserve for employees' bonuses	529	575	529	—	575
Reserve for price fluctuations	36	12	36	—	12

	(Millions of yen)				
	2009	2010			
	As of March 31	For the year ended March 31			As of March 31
		Increase	Decrease —specific	Decrease —other	
Reserve for loan losses					
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥—	¥ —
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for loan losses from borrowers in specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	37	6	16	—	28
Reserve for employees' bonuses	575	589	575	—	589
Reserve for price fluctuations	12	14	—	—	27

	(Millions of yen)				
	2010	2011			
	As of March 31	For the year ended March 31			As of March 31
		Increase	Decrease —specific	Decrease —other	
Reserve for loan losses					
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥—	¥ —
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for loan losses from borrowers in specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	28	6	—	—	34
Reserve for employees' bonuses	589	695	589	—	695
Reserve for price fluctuations	27	16	—	—	43

4. Profit and Loss

4-1 Gains (losses) on sale of securities and devaluation losses on securities

For the years ended March 31	(Millions of yen)					
	2009			2010		
	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	¥61	¥143	¥29	¥7	¥12	¥—
Japanese stocks	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Total	¥61	¥143	¥29	¥7	¥12	¥—

For the year ended March 31	(Millions of yen)		
	2011		
	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	¥3	¥—	¥—
Japanese stocks	—	—	—
Foreign securities	—	—	—
Total	¥3	¥—	¥—

4-2 Gains (losses) on trading securities

Not applicable

4-3 Operating expenses (including loss adjustment expenses)

For the years ended March 31	(Millions of yen)		
	2009	2010	2011
Personnel expenses	¥ 5,252	¥ 5,819	¥ 6,542
Non-personnel expenses	13,154	13,985	15,074
Taxes	509	566	626
Contribution to fire prevention and traffic accident prevention	0	0	0
Contribution to Non-life Insurance Policyholders Protection Corporation of Japan	23	27	31
Net commissions and brokerage fees	1,063	1,271	1,324
Total	¥20,004	¥21,671	¥23,599

Note: The total of operating expenses above includes loss adjustment expenses, operating, general and administrative expenses, and net commissions and brokerage fees for the statements of income of Sony Assurance.

4-4 Losses on sale or disposal of fixed assets

					(Millions of yen)	
	2009		2010		2011	
For the years ended March 31	Gains	Losses	Gains	Losses	Gains	Losses
Land and buildings	¥—	¥ 1	¥—	¥ 5	¥—	¥ 7
Other tangible fixed assets	—	1	—	2	—	9
Intangible fixed assets	—	3,816	—	840	—	32
Total	¥—	¥3,819	¥—	¥848	¥—	¥49

5. Market Value Information, etc.

5-1 Securities

[For the year ended March 31, 2009]

Trading-purpose securities

Not applicable

Held-to-maturity securities with fair value

	(Millions of yen)		
	2009		
As of March 31	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount			
Japanese government and corporate bonds	¥42,106	¥42,618	¥512
Foreign securities	488	504	15
Subtotal	42,594	43,122	527
Fair value is lower than balance sheet amount			
Japanese government and corporate bonds	1,571	1,570	(1)
Foreign securities	609	605	(3)
Subtotal	2,181	2,175	(5)
Total	¥44,776	¥45,298	¥522

Stock of subsidiaries and affiliated companies with fair value

Not applicable

Available-for-sale securities with fair value

	(Millions of yen)		
	2009		
As of March 31	Acquisition cost	Balance sheet amount	Difference
Balance sheet amount is higher than acquisition cost			
Japanese government and corporate bonds	¥12,151	¥12,213	¥ 62
Foreign securities	—	—	—
Subtotal	12,151	12,213	62
Balance sheet amount is lower than acquisition cost			
Japanese government and corporate bonds	4,514	4,278	(235)
Foreign securities	—	—	—
Subtotal	4,514	4,278	(235)
Total	¥16,666	¥16,492	¥(173)

Note: As of March 31, 2009, Sony Assurance recorded ¥29 million in impairment losses on its holdings of available-for-sale securities with market value. Sony Assurance posts impairment losses on investment securities when their market value has declined by 30% or more from the acquisition cost.

Available-for-sale securities sold during the year

	(Millions of yen)		
	2009		
For the year ended March 31	Amount of sales	Total gains on sales	Total losses on sales
Available-for-sale securities	¥5,674	¥61	¥143

Balance sheet amount of major securities that are not marked to market

As of March 31	2009
Held-to-maturity securities	Not applicable
Stock of subsidiaries and affiliated companies	Not applicable
Available-for-sale securities	Other 3,040 million yen

Expected redemption value of available-for-sale securities with maturity and held-to-maturity securities

	(Millions of yen)			
	2009			
As of March 31	1 year or less	More than 1 year and 5 years or less	More than 5 years and 10 years or less	More than 10 years
Japanese government bonds	¥ 2,502	¥ 9,887	¥ —	¥2,111
Japanese municipal bonds	9,948	19,266	953	1,702
Japanese corporate bonds	4,586	7,452	585	1,172
Foreign securities	99	801	—	196
Total	¥17,137	¥37,408	¥1,538	¥5,184

[For the year ended March 31, 2010]

Trading-purpose securities

Not applicable

Held-to-maturity securities

	(Millions of yen)		
	2010		
As of March 31	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount			
Japanese government and corporate bonds	¥50,936	¥51,543	¥607
Foreign securities	598	616	18
Subtotal	51,534	52,159	625
Fair value is lower than balance sheet amount			
Japanese government and corporate bonds	3,526	3,476	(50)
Foreign securities	399	392	(6)
Subtotal	3,926	3,869	(56)
Total	¥55,460	¥56,028	¥568

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

	(Millions of yen)		
	2010		
As of March 31	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost			
Japanese government and corporate bonds	¥10,063	¥ 9,983	¥ 79
Foreign securities	—	—	—
Subtotal	10,063	9,983	79
Balance sheet amount is lower than acquisition cost			
Japanese government and corporate bonds	2,565	2,605	(39)
Foreign securities	5,144	5,144	—
Subtotal	7,710	7,750	(39)
Total	¥17,773	¥17,733	¥ 40

Available-for-sale securities sold during the year

	(Millions of yen)		
	2010		
For the year ended March 31	Amount of sales	Total gains on sales	Total losses on sales
Japanese government and corporate bonds	¥249	¥7	¥12

[For the year ended March 31, 2011]

Trading-purpose securities

Not applicable

Held-to-maturity securities

	(Millions of yen)		
	2011		
As of March 31	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount			
Japanese government and corporate bonds	¥54,861	¥55,376	¥ 514
Foreign securities	700	713	13
Subtotal	55,561	56,089	527
Fair value is lower than balance sheet amount			
Japanese government and corporate bonds	11,083	10,875	(207)
Foreign securities	196	193	(3)
Subtotal	11,280	11,069	(210)
Total	¥66,841	¥67,159	¥ 317

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

	(Millions of yen)		
	2011		
As of March 31	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost			
Japanese government and corporate bonds	¥ 5,609	¥ 5,552	¥ 57
Foreign securities	—	—	—
Subtotal	5,609	5,552	57
Balance sheet amount is lower than acquisition cost			
Japanese government and corporate bonds	5,308	5,336	(27)
Foreign securities	2,848	2,848	—
Subtotal	8,156	8,184	(27)
Total	¥13,766	¥13,736	¥ 29

Available-for-sale securities sold during the year

	(Millions of yen)		
	2011		
For the year ended March 31	Amount of sales	Total gains on sales	Total losses on sales
Japanese government and corporate bonds	¥507	¥3	¥—

Performance Indicators of Sony Assurance

1. Principal Indicators of Operating Performance

(Millions of yen)

For the years ended March 31	2007	2008	2009	2010	2011
Net premiums written	¥50,467	¥55,001	¥61,106	¥67,440	¥ 73,343
Year-on-year change	11.5%	9.0%	11.1%	10.4%	8.8%
Underwriting profit	1,610	2,277	1,665	1,979	1,469
Year-on-year change	—	41.4%	(26.9%)	18.9%	(25.8%)
Ordinary revenues	51,020	55,649	61,882	68,174	74,166
Year-on-year change	11.6%	9.1%	11.2%	10.2%	8.8%
Ordinary profit	2,044	2,817	2,178	2,565	2,144
Year-on-year change	—	37.8%	(22.7%)	17.8%	(16.4%)
Net income (loss)	1,598	2,185	(1,556)	1,604	1,297
Year-on-year change	—	36.7%	(171.2%)	—	(19.2%)
Net loss ratio	53.6%	53.5%	55.0%	57.2%	60.0%
Net expense ratio	26.3%	26.7%	26.7%	26.1%	25.5%
Interest income and dividends	442	578	684	688	784
Year-on-year change	48.2%	30.9%	18.2%	0.6%	13.9%
Yield on investments (income basis)	0.86%	0.99%	1.06%	0.93%	0.95%
Yield on investments (realized basis)	0.96%	1.02%	0.89%	0.94%	0.97%
Securities	51,155	56,237	64,309	73,234	80,608
Loans	—	—	—	—	—
Underwriting reserves	36,104	42,711	50,791	58,125	64,073
Common stock	20,000	20,000	20,000	20,000	20,000
Number of shares issued and outstanding (shares)	400,000	400,000	400,000	400,000	400,000
Total net assets	13,320	15,385	13,678	15,482	16,772
Total assets	67,468	78,645	86,698	98,340	109,382
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	19.7%	19.6%	15.8%	15.7%	15.3%
Dividend payout ratio	—	—	—	—	—
Solvency margin ratio	1,009.7%	1,073.9%	993.0%	1,018.5%	981.4%
Number of employees	593	651	752	814	922

2. Underwriting Performance

2-1 Direct premiums written

(Millions of yen)

For the years ended March 31	2009			2010		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 379	0.6%	38.6%	¥ 278	0.4%	(26.6%)
Marine	—	—	—	—	—	—
Personal accident	6,653	10.9	5.4	6,941	10.4	4.3
Voluntary automobile	53,835	88.4	12.0	59,849	89.2	11.2
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	¥60,868	100.0%	11.4%	¥67,069	100.0%	10.2%
Direct net premiums written per employee	¥ 80		(3.6%)	¥ 82		1.8%

(Millions of yen)

For the year ended March 31	2011		
	Amount	Composition	YoY change
Fire	¥ 185	0.3%	(33.6%)
Marine	—	—	—
Personal accident	7,135	9.8	2.8
Voluntary automobile	65,516	89.9	9.5
Compulsory automobile liability	—	—	—
Others	—	—	—
Total	¥72,837	100.0%	8.6%
Direct net premiums written per employee	¥ 78		(4.1%)

Notes: 1. Direct premiums written = Direct premiums written – (Returned premiums based on cancellations + Other returned premiums)

2. Direct net premiums written per employee = Direct net premiums written / Number of employees

3. Sony Assurance has no deposits of premiums.

2-2 Net premiums written

For the years ended March 31	(Millions of yen)					
	2009			2010		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 18	0.0%	15.7%	¥ 12	0.0%	(32.9%)
Marine	41	0.1	(21.6)	2	0.0	(94.2)
Personal accident	6,932	11.3	6.6	7,168	10.6	3.4
Voluntary automobile	53,619	87.7	12.1	59,604	88.4	11.2
Compulsory automobile liability	493	0.8	(15.7)	651	1.0	32.0
Others	—	—	—	—	—	—
Total	¥61,106	100.0%	11.1%	¥67,440	100.0%	10.4%

For the year ended March 31	(Millions of yen)		
	2011		
	Amount	Composition	YoY change
Fire	¥ 8	0.0%	(34.6%)
Marine	5	0.0	148.2
Personal accident	7,369	10.0	2.8
Voluntary automobile	65,245	89.0	9.5
Compulsory automobile liability	714	1.0	9.7
Others	—	—	—
Total	¥73,343	100.0%	8.8%

Note: Net premiums written = Direct net premiums written + Assumed net premiums written – Ceded net premiums written

2-3 Net losses paid, net loss ratio

For the years ended March 31	(Millions of yen)					
	2009			2010		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	¥ 0	0.0%	69.4%	¥ 0	0.0%	75.9%
Marine	12	0.0	30.8	2	0.0	125.4
Personal accident	1,368	4.6	22.4	1,479	4.3	22.9
Voluntary automobile	28,088	93.8	58.8	32,555	94.2	61.1
Compulsory automobile liability	484	1.6	98.0	535	1.5	82.1
Others	—	—	—	—	—	—
Total	¥29,952	100.0%	55.0%	¥34,573	100.0%	57.2%

For the year ended March 31	(Millions of yen)		
	2011		
	Amount	Composition	Net loss ratio
Fire	¥ 0	0.0%	102.0%
Marine	11	0.0	187.5
Personal accident	1,620	4.1	24.6
Voluntary automobile	36,941	94.1	63.6
Compulsory automobile liability	683	1.7	95.6
Others	—	—	—
Total	¥39,256	100.0%	60.0%

Notes: 1. Net losses paid = Direct net losses paid + Assumed net losses paid – Reinsurance losses recovered

2. Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written

2-4 Expenses and net expense ratio related to underwriting

For the years ended March 31	(Millions of yen)		
	2009	2010	2011
Expenses related to underwriting	¥16,323	¥17,573	¥18,738
Operating, general and administrative expenses related to underwriting	15,259	16,301	17,413
Net commissions and brokerage fees	1,063	1,271	1,324
Net expense ratio	26.7%	26.1%	25.5%

Note: Net expense ratio = Expenses related to underwriting / Net premiums written

2-5 Underwriting profit

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Underwriting income	¥61,137	¥67,468	¥73,375
Underwriting expenses	44,211	49,185	54,491
Operating, general and administrative expenses	15,259	16,301	17,413
Other income (expenses)	(0)	(0)	(0)
Underwriting profit	¥ 1,665	¥ 1,979	¥ 1,469

Notes: 1. Operating, general and administrative expenses is the amount related to underwriting in "Operating, general and administrative expenses" in the statements of income of Sony Assurance.

2. Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.

Underwriting profit by type of policy

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Fire	¥ 32	¥ 43	¥ (30)
Marine	228	167	41
Personal accident	353	277	224
Voluntary automobile	1,050	1,491	1,234
Compulsory automobile liability	—	—	—
Others	—	—	—
Total	¥1,665	¥1,979	¥1,469

2-6 Net loss ratio, net expense ratio and combined ratio

	2009			2010		
For the years ended March 31	Net loss ratio	Net expense ratio	Combined ratio	Net loss ratio	Net expense ratio	Combined ratio
Fire	69.4%	(341.3%)	(271.8%)	75.9%	(152.5%)	(76.6%)
Marine	30.8	(348.9)	(318.2)	125.4	(1,456.9)	(1,331.5)
Personal accident	22.4	19.4	41.7	22.9	21.1	44.0
Voluntary automobile	58.8	28.3	87.1	61.1	27.0	88.1
Compulsory automobile liability	98.0	—	98.0	82.1	—	82.1
Others	—	—	—	—	—	—
Total	55.0%	26.7%	81.7%	57.2%	26.1%	83.3%

	2011		
For the year ended March 31	Net loss ratio	Net expense ratio	Combined ratio
Fire	102.0%	130.0%	232.0%
Marine	187.5	(747.2)	(559.8)
Personal accident	24.6	20.8	45.4
Voluntary automobile	63.6	26.4	90.1
Compulsory automobile liability	95.6	—	95.6
Others	—	—	—
Total	60.0%	25.5%	85.6%

Note: Combined ratio = Net loss ratio + Net expense ratio

3. Asset Management

3-1 Asset management policy

The goal is to assure stable mid- to long-term returns taking into consideration the market environment and asset management risk, as well as current level and future fluctuations of interest rates.

Investments are primarily made with Japanese yen-denominated bonds. Investments are also made based upon the consideration of diversification of timing of investments as well as the timing of re-investments. Thus, the investment portfolio is built in such a way that stable returns are assured.

3-2 Overview of asset management

	2009		2010		(Millions of yen)	
	Amount	Composition (%)	Amount	Composition (%)	2011	Composition (%)
As of March 31						
Cash and deposits	¥ 2,819	3.3%	¥ 3,507	3.6%	¥ 3,859	3.5%
Call loans	—	—	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—	—	—
Bonds paid for transactions in debentures	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Securities under proprietary accounts	—	—	—	—	—	—
Monetary trusts	—	—	—	—	—	—
Securities	64,309	74.2	73,234	74.5	80,608	73.7
Loans	—	—	—	—	—	—
Land and buildings	220	0.3	223	0.2	227	0.2
Total	67,348	77.7	76,964	78.3	84,695	77.4
Total assets	¥86,698	100.0%	¥98,340	100.0%	¥109,382	100.0%

3-3 Interest income and dividends, yield on investments (income basis)

	2009		2010		(Millions of yen)	
	Amount	Yield (%)	Amount	Yield (%)	2011	Yield (%)
For the years ended March 31						
Cash and deposits	¥ 3	0.20%	¥ 1	0.05%	¥ 1	0.04%
Call loans	—	—	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—	—	—
Bonds paid for transactions in debentures	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Securities under proprietary accounts	—	—	—	—	—	—
Monetary trusts	—	—	—	—	—	—
Securities	680	1.09	686	0.97	783	0.99
Loans	—	—	—	—	—	—
Land and buildings	—	—	—	—	—	—
Subtotal	684	1.06	688	0.93	784	0.95
Others	0	—	0	—	0	—
Total	¥684	—	¥688	—	¥784	—
Yield on investments (realized basis)		0.89%		0.94%		0.97%
(Reference) Yield on investments (market value basis)		0.65		1.24		0.96

Notes: 1. Total revenues are equal to interest income and dividends of statements of income of Sony Assurance.

2. In principle, average balance of investments is calculated by adding either acquisition cost or amortized cost at the end of each month, then divided by 12.

3. Calculation method for yield on investments

(1) Yield on investments (income basis)

The results of investment in assets are indicated as income revenues (interest income and dividends). Interest income and dividends on investment assets is the numerator, and acquisition cost is the denominator.

• Numerator: Interest income and dividends

• Denominator: Average balance of either acquisition cost or amortized cost

(2) Yield on investments (realized basis)

The results of investment in assets are indicated as the contribution to net income (loss) for the period (statements of income).

Realized profit and loss is the numerator, and acquisition cost is the denominator.

• Numerator: Investment income + Interest and dividends on deposits of premiums – Investment expenses

• Denominator: Average balance of either acquisition cost or amortized cost

(3) (Reference) Yield on investments (market value basis)

An indicator of investment efficiency based on market value. Realized profit and loss plus net unrealized gains is the numerator, and market value is the denominator.

• Numerator = (Investment income + Interest and dividends on deposits of premiums – Investment expenses) + (Net unrealized gains at end of period* – Net unrealized gains at end of previous period*)

• Denominator = Average balance according to the acquisition cost or amortized cost + Net unrealized gains on other securities at end of previous period*

* Amounts before tax deductions

3-4 Overseas investment

As of March 31	(Millions of yen)					
	2009		2010		2011	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
Foreign currency denominated						
Foreign bonds	¥ —	—%	¥ —	—%	¥ —	—%
Foreign stocks	—	—	—	—	—	—
Others	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Yen denominated						
Loans to borrowers outside Japan	—	—	—	—	—	—
Foreign bonds	1,097	100.0	997	100.0	989	100.0
Others	—	—	—	—	—	—
Subtotal	1,097	100.0	997	100.0	989	100.0
Total	¥1,097	100.0%	¥997	100.0%	¥989	100.0%
Yield on overseas investments						
Yield on investments (income basis)		2.18%		2.22%		1.96%
Yield on investments (realized basis)		2.18%		2.22%		1.96%
(Reference) Yield on investments (market value basis)		2.18%		2.22%		1.96%

Notes: 1. Yield on investments (income basis) within "yield on overseas investments" is calculated by dividing interest income and dividends by the average balance of either the acquisition cost or amortized cost for assets relating to overseas investments.

2. Yield on investments (realized basis) within "yield on overseas investments" is calculated by dividing (investment income + interest and dividends on deposits of premiums – investment expenses) by the average balance of either the acquisition cost or amortized cost for assets relating to overseas investments.

4. Solvency Margin Ratio

As of March 31	(Millions of yen)		
	2009	2010	2011
(A) Total solvency margin	¥24,195	¥27,444	¥28,758
Capital or treasury (Net assets, excluding the amount of expected outflow from the company and the amount of valuation and translation adjustments and deferred assets)	13,852	15,456	16,753
Reserve for price fluctuations	12	27	43
Contingency reserve	3	6	8
Catastrophe reserve	10,500	11,918	11,926
General reserve for possible loan losses	—	—	—
Net unrealized gains on other securities multiplied by 90% (100% if losses)	(173)	36	26
Net unrealized gains on real estate multiplied by 85% (100% if losses)	—	—	—
Excess refund reserve	—	—	—
Subordinated debt	—	—	—
Deduction by intentional possession	—	—	—
Others	—	—	—
(B) Total risk			
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	4,872	5,388	5,860
Ordinary insurance risk R ₁	4,097	4,599	5,060
Third-sector insurance risk R ₂	0	0	0
Assumed interest rate risk R ₃	8	10	12
Asset management risk R ₄	294	288	235
Business management risk R ₅	150	165	177
Major catastrophe risk R ₆	614	614	615
(C) Solvency margin ratio			
$[(A)/((B) \times 1/2)] \times 100$	993.0%	1,018.5%	981.4%

Note: The foregoing figures for each fiscal year end were calculated based on the provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law of Japan and the Ministry of Finance Public Notice No. 50 of 1996 applicable for respective fiscal year ends. Therefore, simple comparisons among the year ends are not applicable.

• Breakdown of Solvency Margin

1. Capital or treasury
Net assets of the balance sheet, excluding the amount of expected outflow from the company, such as dividends to shareholders and directors' bonuses, deferred tax assets, and the amount of valuation and translation adjustments.
2. Reserve for price fluctuations
The reserve for price fluctuations shown on the balance sheet.
3. Contingency reserve
The contingency reserve included in underwriting reserves shown on the balance sheet.
4. Catastrophe reserve
The total amount of both the catastrophe reserve and the catastrophe reserve concerning residential earthquake insurance which are included in underwriting reserves shown on the balance sheet.
5. Reserve for possible loan losses
The general reserve for possible loan losses included in the reserve for possible loan losses shown on the balance sheet. This does not apply to Sony Assurance.
6. Net unrealized gains on other securities
Net unrealized gains on other securities (marketable securities other than securities held for trading purposes, held-to-maturity securities, stock of subsidiaries and affiliated companies).
7. Net unrealized gains on real estate
Net unrealized gains on real estate, representing the difference between the fair value of land, leaseholds and other properties and their respective balance sheet amount (amounts shown on the balance sheet). This does not apply to Sony Assurance.
8. Excess refund reserve
Excess refund reserve refers to the surplus refund reserve included in underwriting reserves shown on the balance sheet. This does not apply to Sony Assurance.
9. Subordinated debt
Subordinated debt refers to those funds raised by taking out subordinated loans, issuing subordinated bonds or through other means that meet a certain set of conditions. This does not apply to Sony Assurance.
10. Deduction by intentional possession
If an insurance company owns the stock of other insurance companies, financial institutions or possesses other such means of raising funds, and that ownership qualifies as "intentional possession" as governed by the overall supervisory guidelines for insurance companies, then those funds must be deducted from the solvency margin. This does not apply to Sony Assurance.
11. Others
Others refers to deferred tax assets related to other retained deficits included in the net assets section of the balance sheet. This does not apply to Sony Assurance.

[Reference] Solvency Margin Ratio Based on New Standard

	(Millions of yen)
As of March 31	2011
(A) Total solvency margin	¥28,758
Capital or treasury (Net assets, excluding the amount of expected outflow from the company and the amount of valuation and translation adjustments and deferred assets)	16,753
Reserve for price fluctuations	43
Contingency reserve	8
Catastrophe reserve	11,926
General reserve for possible loan losses	—
Net unrealized gains on other securities multiplied by 90% (100% if losses)	26
Net unrealized gains on real estate multiplied by 85% (100% if losses)	—
Excess refund reserve	—
Subordinated debt	—
Deduction by intentional possession	—
Others	—
(B) Total risk	
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	9,114
Ordinary insurance risk	8,207
Third-sector insurance risk	0
Assumed interest rate risk	49
Asset management risk	400
Business management risk	278
Major catastrophe risk	615
(C) Solvency margin ratio	
$[(A)/((B) \times 1/2)] \times 100$	631.0%

Legislation concerning the calculation of the solvency margin ratio has been revised from the standpoint of raising its credibility, and these new standards are to become effective as of the end of fiscal 2011 (March 31, 2012). In the period until these new standards go into effect, the solvency margin ratio calculated on this basis is indicated for reference.

Owing to the stricter risk measurement under the new solvency margin ratio standard, in some cases, the ratio may be lower than under the current calculation. However, as is the case under the current method, if this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.

Note: The "new standard" reflects the content of the revisions prescribed in Cabinet Office Ordinance No. 23 of 2010 and FSA Public Notice No. 48 of 2010 (effective from March 31, 2012).

Solvency Margin Ratio

Non-life insurance companies maintain reserves to ensure their ability to pay claims when accidents occur and return contracted amounts at maturity on savings-type insurance. Non-life insurance companies must also maintain sufficient ability to pay in the event of a major catastrophe or a dramatic drop in the value of the assets they hold—risk events outside the normal scope of expectations.

Total risk (item (B) in the table) indicates dangers outside the general scope of expectations. The solvency margin ratio (item (C) in the table) is an indicator of an insurer's ability to pay, calculated as prescribed by the Insurance Business Law of Japan, based on its percentage holdings of capital and other reserves (in other words, the total solvency margin, as indicated by (A)).

$$\text{Solvency Margin Ratio (\%)} = \frac{\text{Ability to pay, indicated by such factors as capital and reserves}}{\text{Risk events outside the normal scope of expectations} \times 1/2} \times 100$$

- "Risk events outside the normal scope of expectations" refers to the total of the amounts represented by the following risks:
 - ① Insurance underwriting risk (Ordinary insurance risk, Third-sector insurance risk)
Risk outside the scope of risk incorporated into the rate of accident occurrence (excluding major catastrophe risk)
 - ② Assumed interest rate risk
Risk that actual investment yield will fall below the investment yield assumed when calculating premiums
 - ③ Asset management risk
Risk arising from such factors as unexpectedly large fluctuations in prices on held securities and other assets
 - ④ Business management risk
Unexpected risk to business management other than ① through ③ above and ⑤
 - ⑤ Major catastrophe risk
Risk arising from major catastrophes (such as the Great Kanto Earthquake and the Ise Bay Typhoon)
- A non-life insurer's ability to pay (total solvency margin), as indicated by such factors as its capital and reserves, is the total of the insurer's net assets (excluding the amount of expected outflow from the company), reserves (such as the reserve for price fluctuations and catastrophe reserve) and a portion of its net unrealized gains on real estate.
- The solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurers. If this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.

Sony Bank Financial Data (Consolidated)

Consolidated Balance Sheets

Sony Bank Inc. and a consolidated subsidiary
As of March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Assets:			
Cash and due from banks	¥ 12,164	¥ 51,501	¥ 47,265
Call loans and bills bought	49,909	55,079	10,000
Monetary claims purchased	16,163	3,292	—
Monetary trusts	1,220	11,970	14,260
Securities	820,174	877,133	935,121
Loans	477,072	586,870	722,996
Foreign exchanges	6,355	5,100	8,432
Other assets	16,129	15,964	15,928
Tangible fixed assets	521	649	787
Buildings	58	102	206
Leased assets	1	1	1
Other tangible fixed assets	460	545	579
Intangible fixed assets	2,668	3,385	3,197
Software	2,665	3,382	3,194
Other intangible fixed assets	3	3	3
Deferred tax assets	9,106	1,364	2,199
Customers' liabilities for acceptances and guarantees	—	—	1,000
Allowance for loan losses	(456)	(807)	(1,121)
Total Assets	¥1,411,029	¥1,611,506	¥1,760,070

(Millions of yen)

	2009	2010	2011
Liabilities:			
Deposits	¥1,325,320	¥1,509,488	¥1,647,751
Call money and bills sold	10,000	10,000	10,000
Borrowed money	2,000	2,000	2,000
Foreign exchanges	8	20	17
Other liabilities	27,699	31,527	40,213
Reserve for employees' bonuses	291	459	464
Reserve for employees' retirement benefits	213	299	390
Reserve for directors' retirement benefits	61	70	78
Reserve under specific law	1	2	4
Deferred tax liabilities	—	—	1
Acceptances and guarantees	—	—	1,000
Total Liabilities	1,365,596	1,553,867	1,701,921
Net Assets:			
Common stock	31,000	31,000	31,000
Capital surplus	21,000	21,000	21,000
Retained earnings	4,754	5,882	7,464
Total shareholders' equity	56,754	57,882	59,464
Net unrealized gains (losses) on other securities, net of taxes	(9,688)	900	426
Net deferred losses on hedging instruments, net of taxes	(1,633)	(1,143)	(1,742)
Total accumulated other comprehensive income	(11,322)	(243)	(1,315)
Total Net Assets	45,432	57,638	58,148
Total Liabilities and Net Assets	¥1,411,029	¥1,611,506	¥1,760,070

Sony Bank ▲ Sony Bank Financial Data (Consolidated)

Consolidated Statements of Income

Sony Bank Inc. and a consolidated subsidiary
For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Ordinary Revenues	¥33,378	¥30,520	¥29,559
Interest income	22,045	23,393	23,666
Interest income on loans	9,293	11,962	12,443
Interest income and dividends on securities	10,452	10,930	11,113
Interest income on call loans and bills bought	2,021	86	25
Interest income on deposits with banks	8	53	52
Other interest income	268	360	32
Fees and commissions	2,180	1,979	1,982
Other operating income	9,035	5,122	3,869
Other ordinary income	118	26	40
Ordinary Expenses	33,449	28,091	26,650
Interest expenses	15,394	10,364	10,448
Interest expenses on deposits	14,501	8,535	8,402
Interest expenses on call money and bills sold	58	31	12
Interest expenses on borrowed money	38	50	50
Other interest expenses	796	1,747	1,982
Fees and commissions	1,902	2,153	2,123
Other operating expenses	5,107	2,986	480
General and administrative expenses	10,768	12,179	13,074
Other ordinary expenses	275	407	523
Provision of allowance for loan losses	223	388	456
Other ordinary expenses	52	18	66
Ordinary Profit (Loss)	(70)	2,429	2,908
Extraordinary Losses	—	86	11
Losses on disposal of tangible fixed assets	—	86	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	—	11
Income (Loss) Before Income Taxes	(70)	2,342	2,896
Income Taxes—current	4	663	1,620
Income Taxes—deferred	1,121	552	(307)
Total Income Taxes	1,125	1,215	1,313
Income Before Minority Interests	—	—	1,582
Minority Interests	—	—	—
Net Income (Loss)	¥ (1,196)	¥ 1,127	¥ 1,582

Consolidated Statements of Comprehensive Income

Sony Bank Inc. and a consolidated subsidiary
For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Income Before Minority Interests	¥—	¥—	¥ 1,582
Other Comprehensive Income	—	—	(1,072)
Net unrealized losses on other securities, net of taxes	—	—	(474)
Net deferred losses on hedging instruments, net of taxes	—	—	(598)
Comprehensive Income	—	—	510
Comprehensive income attributable to parent company	—	—	510
Comprehensive income attributable to minority interests	—	—	—

Consolidated Statements of Changes in Net Assets

Sony Bank Inc. and a consolidated subsidiary
For the years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Shareholders' Equity			
Common stock			
Balance at the end of the previous period	¥ 25,000	¥ 31,000	¥31,000
Changes during the period			
Issuance of new shares	6,000	—	—
Total changes during the period	6,000	—	—
Balance at the end of the current period	31,000	31,000	31,000
Capital surplus			
Balance at the end of the previous period	15,000	21,000	21,000
Changes during the period			
Issuance of new shares	6,000	—	—
Total changes during the period	6,000	—	—
Balance at the end of the current period	21,000	21,000	21,000
Retained earnings			
Balance at the end of the previous period	5,951	4,754	5,882
Changes during the period			
Net income (loss)	(1,196)	1,127	1,582
Total changes during the period	(1,196)	1,127	1,582
Balance at the end of the current period	4,754	5,882	7,464
Total shareholders' equity			
Balance at the end of the previous period	45,951	56,754	57,882
Changes during the period			
Issuance of new shares	12,000	—	—
Net income (loss)	(1,196)	1,127	1,582
Total changes during the period	10,803	1,127	1,582
Balance at the end of the current period	56,754	57,882	59,464

(Continued on next page)

Consolidated Statements of Changes in Net Assets (Continued)

	(Millions of yen)		
	2009	2010	2011
Accumulated other comprehensive income			
Net unrealized gains (losses) on other securities, net of taxes			
Balance at the end of the previous period	¥ (9,055)	¥ (9,688)	¥ 900
Changes during the period			
Net changes of items other than shareholders' equity	(633)	10,589	(474)
Total changes during the period	(633)	10,589	(474)
Balance at the end of the current period	(9,688)	900	426
Net deferred losses on hedging instruments, net of taxes			
Balance at the end of the previous period	(1,529)	(1,633)	(1,143)
Changes during the period			
Net changes of items other than shareholders' equity	(104)	489	(598)
Total changes during the period	(104)	489	(598)
Balance at the end of the current period	(1,633)	(1,143)	(1,742)
Total accumulated other comprehensive income			
Balance at the end of the previous period	(10,584)	(11,322)	(243)
Changes during the period			
Net changes of items other than shareholders' equity	(737)	11,079	(1,072)
Total changes during the period	(737)	11,079	(1,072)
Balance at the end of the current period	(11,322)	(243)	(1,315)
Total Net Assets			
Balance at the end of the previous period	35,366	45,432	57,638
Changes during the period			
Issuance of new shares	12,000	—	—
Net income (loss)	(1,196)	1,127	1,582
Net changes of items other than shareholders' equity	(737)	11,079	(1,072)
Total changes during the period	10,065	12,206	510
Balance at the end of the current period	¥ 45,432	¥ 57,638	¥58,148

Consolidated Statements of Cash Flows

Sony Bank Inc. and a consolidated subsidiary
For the years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Cash flows from operating activities			
Income (loss) before income taxes	¥ (70)	¥ 2,342	¥ 2,896
Depreciation and amortization	886	1,038	1,395
Increase in allowance for loan losses	203	350	313
Interest income	(22,045)	(23,393)	(23,666)
Interest expenses	15,394	10,364	10,448
(Gains) losses on securities	3,211	511	(279)
Gains on monetary trusts	—	(6)	(20)
Exchange losses	6,034	1,525	14,739
Losses on disposal of tangible fixed assets	—	86	19
Net increase in loans	(130,007)	(109,797)	(136,126)
Net increase in deposits	182,175	183,950	137,731
Net (increase) decrease in call loans and bills bought	302,659	(5,170)	45,079
Net (increase) decrease in foreign exchange (assets)	(4,671)	1,254	(3,332)
Net increase (decrease) in foreign exchange (liabilities)	8	11	(3)
Interest income	22,021	23,923	25,601
Interest expenses	(14,524)	(11,135)	(11,067)
Others, net	2,390	7,318	6,828
Subtotal	363,668	83,177	70,558
Income taxes paid	(4)	(4)	(995)
Net cash provided by operating activities	363,663	83,172	69,562
Cash flows from investing activities			
Purchases of securities	(728,522)	(293,943)	(432,707)
Proceeds from sale of securities	79,227	45,359	71,038
Proceeds from redemption of securities	277,318	217,056	291,412
Investments in monetary trusts	—	(10,750)	(2,290)
Proceeds from sale of monetary trusts	499	—	—
Purchases of tangible fixed assets	(190)	(470)	(351)
Purchases of intangible fixed assets	(1,748)	(1,086)	(900)
Net cash used in investing activities	(373,416)	(43,834)	(73,797)
Cash flows from financing activities			
Increase in subordinated borrowings	2,000	—	—
Proceeds from issuance of new shares	12,000	—	—
Payments for leased obligations	(0)	(0)	(0)
Net cash provided by (used in) financing activities	13,999	(0)	(0)
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net increase in cash and cash equivalents	4,246	39,337	(4,235)
Cash and cash equivalents at the beginning of the fiscal year	7,917	12,164	51,501
Cash and cash equivalents at the end of the fiscal year	¥ 12,164	¥ 51,501	¥ 47,265

Sony Bank Financial Data (Non-consolidated)

Non-consolidated Balance Sheets

Sony Bank Inc.

As of March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Assets:			
Cash and due from banks	¥ 11,705	¥ 51,184	¥ 46,498
Cash	—	—	43
Due from banks	11,705	51,184	46,455
Call loans	49,909	55,079	10,000
Monetary claims purchased	16,163	3,292	—
Monetary trusts	—	10,750	12,740
Securities	823,174	880,133	940,121
Japanese government bonds	288,348	263,516	262,742
Japanese municipal bonds	5,305	7,050	17,509
Japanese corporate bonds	303,353	326,378	320,569
Japanese stocks	3,000	3,000	5,000
Other securities	223,168	280,188	334,299
Loans	477,072	586,654	722,452
Loans on deed	468,975	578,454	713,634
Overdrafts	8,096	8,199	8,818
Foreign exchanges	6,355	5,100	8,432
Due from foreign banks	6,355	5,100	8,432
Other assets	16,095	15,818	15,830
Domestic exchange settlement account debit	51	38	86
Prepaid expenses	35	60	97
Accrued income	3,140	3,336	3,847
Initial margin of futures markets	2,831	1,325	1,063
Derivatives	8,099	9,104	6,964
Accounts receivable	933	1,244	3,119
Others	1,004	710	653
Tangible fixed assets	504	637	778
Buildings	53	99	201
Leased assets	1	1	1
Other tangible fixed assets	449	536	574
Intangible fixed assets	2,324	2,977	2,897
Software	2,321	2,974	2,894
Other intangible fixed assets	3	2	2
Deferred tax assets	9,106	1,364	2,199
Customers' liabilities for acceptances and guarantees	—	—	1,000
Allowance for loan losses	(456)	(807)	(1,121)
Total Assets	¥1,411,956	¥1,612,186	¥1,761,830

(Millions of yen)

	2009	2010	2011
Liabilities:			
Deposits	¥1,326,360	¥1,510,051	¥1,649,106
Ordinary deposits	280,297	278,492	315,236
Time deposits	763,161	905,362	973,162
Other deposits	282,901	326,197	360,706
Call money	10,000	10,000	10,000
Borrowed money	2,000	2,000	2,000
Borrowed money	2,000	2,000	2,000
Foreign exchanges	8	20	17
Foreign bills sold	—	1	10
Foreign bills payable	8	18	6
Other liabilities	26,773	30,329	38,829
Unsettled exchange payable	—	3	—
Income taxes payable	84	727	1,363
Accrued expenses	6,788	5,429	4,712
Unearned revenue	1	1	2
Initial margins of futures markets	7,328	11,411	13,479
Derivatives	9,392	11,788	14,657
Leased obligation	1	1	1
Asset retirement obligations	—	—	79
Others	3,176	965	4,533
Reserve for employees' bonuses	274	424	437
Reserve for employees' retirement benefits	213	299	390
Reserve for directors' retirement benefits	61	70	78
Acceptances and guarantees	—	—	1,000
Total Liabilities	1,365,692	1,553,196	1,701,859
Net Assets:			
Common stock	31,000	31,000	31,000
Capital surplus	21,000	21,000	21,000
Capital reserves	21,000	21,000	21,000
Retained earnings	5,586	7,232	9,287
Other retained earnings	5,586	7,232	9,287
Unappropriated retained earnings	5,586	7,232	9,287
Total shareholders' equity	57,586	59,232	61,287
Net unrealized gains (losses) on other securities, net of taxes	(9,688)	900	426
Net deferred losses on hedging instruments, net of taxes	(1,633)	(1,143)	(1,742)
Total valuation and translation adjustments	(11,322)	(243)	(1,315)
Total Net Assets	46,264	58,989	59,971
Total Liabilities and Net Assets	¥1,411,956	¥1,612,186	¥1,761,830

Sony Bank ▲ Sony Bank Financial Data (Non-consolidated)

Non-consolidated Statements of Income

Sony Bank Inc.

For the years ended March 31, 2009, 2010 and 2011

	(Millions of yen)		
	2009	2010	2011
Ordinary Revenues	¥33,361	¥30,500	¥29,521
Interest income	22,044	23,389	23,652
Interest income on loans	9,293	11,960	12,431
Interest income and dividends on securities	10,452	10,930	11,113
Interest income on call loans	2,021	86	25
Interest income on deposits with banks	7	53	52
Interest income on interest rate swaps	10	2	—
Other interest income	258	356	30
Fees and commissions	2,171	1,945	1,935
Fees and commissions on domestic and foreign exchanges	197	188	193
Other fees and commissions	1,973	1,756	1,742
Other operating income	9,035	5,122	3,869
Gains on foreign exchange transactions	7,938	4,723	2,677
Gains on sale of bonds	250	398	959
Gains on redemption of bonds	0	0	232
Income from derivatives other than for trading or hedging	846	—	—
Other ordinary income	111	43	63
Income from monetary trusts, net	—	3	18
Others	111	40	44
Ordinary Expenses	32,947	27,570	26,144
Interest expenses	15,397	10,362	10,445
Interest expenses on deposits	14,503	8,535	8,402
Interest expenses on call money	58	31	12
Interest expenses on borrowed money	38	50	50
Interest expenses on interest rate swaps	796	1,745	1,980
Other interest expenses	0	—	—
Fees and commissions	1,857	2,133	2,099
Fees and commissions on domestic and foreign exchanges	76	75	74
Other fees and commissions	1,780	2,058	2,024
Other operating expenses	5,107	2,986	480
Losses on sale of bonds	2,634	2,569	81
Losses on redemption of bonds	2,473	—	—
Expenses from derivatives other than for trading or hedging	—	416	399
General and administrative expenses	10,309	11,675	12,603
Other ordinary expenses	274	411	515
Provision of allowance for loan losses	223	388	456
Write-off of loans	0	—	0
Others	51	23	57
Ordinary Profit	414	2,930	3,377
Extraordinary Losses	—	69	10
Losses on disposal of tangible fixed assets	—	69	—
Losses on adjustment for changes of accounting standard for asset retirement obligations	—	—	10
Income Before Income Taxes	414	2,861	3,366
Income Taxes—current	3	662	1,620
Income Taxes—deferred	1,121	552	(308)
Total Income Taxes	1,124	1,214	1,311
Net Income (Loss)	¥ (710)	¥ 1,646	¥ 2,054

Non-consolidated Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2009, 2010 and 2011

(Millions of yen)

	2009	2010	2011
Shareholders' Equity			
Common stock			
Balance at the end of the previous period	¥ 25,000	¥ 31,000	¥31,000
Changes during the period			
Issuance of new shares	6,000	—	—
Total changes during the period	6,000	—	—
Balance at the end of the current period	31,000	31,000	31,000
Capital surplus			
Capital reserve			
Balance at the end of the previous period	15,000	21,000	21,000
Changes during the period			
Issuance of new shares	6,000	—	—
Total changes during the period	6,000	—	—
Balance at the end of the current period	21,000	21,000	21,000
Total capital surplus			
Balance at the end of the previous period	15,000	21,000	21,000
Changes during the period			
Issuance of new shares	6,000	—	—
Total changes during the period	6,000	—	—
Balance at the end of the current period	21,000	21,000	21,000
Retained earnings			
Other retained earnings			
Unappropriated retained earnings			
Balance at the end of the previous period	6,296	5,586	7,232
Changes during the period			
Net income (loss)	(710)	1,646	2,054
Total changes during the period	(710)	1,646	2,054
Balance at the end of the current period	5,586	7,232	9,287
Total retained earnings			
Balance at the end of the previous period	6,296	5,586	7,232
Changes during the period			
Net income (loss)	(710)	1,646	2,054
Total changes during the period	(710)	1,646	2,054
Balance at the end of the current period	5,586	7,232	9,287
Total shareholders' equity			
Balance at the end of the previous period	46,296	57,586	59,232
Changes during the period			
Issuance of new shares	12,000	—	—
Net income (loss)	(710)	1,646	2,054
Total changes during the period	11,289	1,646	2,054
Balance at the end of the current period	57,586	59,232	61,287

(Continued on next page)

Sony Bank Sony Bank Financial Data (Non-consolidated)

Non-consolidated Statements of Changes in Net Assets (Continued)

	(Millions of yen)		
	2009	2010	2011
Valuation and Translation Adjustments			
Net unrealized gains (losses) on other securities, net of taxes			
Balance at the end of the previous period	¥ (9,055)	¥ (9,688)	¥ 900
Changes during the period			
Net changes of items other than shareholders' equity	(633)	10,589	(474)
Total changes during the period	(633)	10,589	(474)
Balance at the end of the current period	(9,688)	900	426
Net deferred losses on hedging instruments, net of taxes			
Balance at the end of the previous period	(1,529)	(1,633)	(1,143)
Changes during the period			
Net changes of items other than shareholders' equity	(104)	489	(598)
Total changes during the period	(104)	489	(598)
Balance at the end of the current period	(1,633)	(1,143)	(1,742)
Total valuation and translation adjustments			
Balance at the end of the previous period	(10,584)	(11,322)	(243)
Changes during the period			
Net changes of items other than shareholders' equity	(737)	11,079	(1,072)
Total changes during the period	(737)	11,079	(1,072)
Balance at the end of the current period	(11,322)	(243)	(1,315)
Total Net Assets			
Balance at the end of the previous period	35,712	46,264	58,989
Changes during the period			
Issuance of new shares	12,000	—	—
Net income (loss)	(710)	1,646	2,054
Net changes of items other than shareholders' equity	(737)	11,079	(1,072)
Total changes during the period	10,551	12,725	981
Balance at the end of the current period	¥ 46,264	¥ 58,989	¥59,971

1. Loans by Borrower Category

As of March 31	(Millions of yen)		
	2009	2010	2011
Category			
Bankrupt and quasi-bankrupt loans	¥ 154	¥ 641	¥ 698
Doubtful loans	584	670	729
Sub-standard loans	225	621	1,384
Normal loans	485,603	593,165	732,927
Total	¥486,568	¥595,100	¥735,741

Notes: 1. Fractional amounts of less than ¥1 million are discarded.
2. The above table is based on "The law concerning Emergency Measures for the Revitalization of the Financial Functions."

2. Risk-monitored Loans

As of March 31	(Millions of yen)		
	2009	2010	2011
Bankrupt loans	¥ 64	¥ 295	¥ 206
Non-accrual delinquent loans	674	1,007	1,213
Past due loans (3 months or more)	—	—	—
Restructured loans	225	621	1,383
Total	¥964	¥1,924	¥2,803

3. Profit and Loss

3-1 Gross operating profit

For the years ended March 31	2009			2010		
	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	¥ 6,724	¥ (77)	¥ 6,647	¥ 9,429	¥3,608	¥13,038
			[386]			[396]
Interest income	15,093	7,337	22,044	17,118	6,667	23,389
			[386]			[396]
Interest expenses	8,368	7,415	15,397	7,688	3,059	10,351
Net fees and commissions	(778)	1,091	313	(1,200)	1,012	(188)
Fees and commissions received	1,074	1,096	2,171	928	1,017	1,945
Fees and commissions paid	1,853	4	1,857	2,128	4	2,133
Net trading income	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Net other operating income	(2,762)	6,690	3,927	(2,010)	4,146	2,136
Other operating income	939	8,095	9,035	115	5,006	5,122
Other operating expenses	3,702	1,405	5,107	2,125	860	2,986
Gross operating profit	3,183	7,704	10,887	6,218	8,766	14,985
Gross operating profit ratio	0.28%	2.70%	0.80%	0.51%	2.54%	1.02%

		(Millions of yen)		
		2011		
For the year ended March 31		Domestic division	International division	Total
Net interest income		¥ 9,513	¥3,755	¥13,268
				[318]
Interest income		16,926	7,044	23,652
				[318]
Interest expenses		7,413	3,289	10,383
Net fees and commissions		(994)	830	(163)
Fees and commissions received		1,099	835	1,935
Fees and commissions paid		2,093	5	2,099
Net trading income		—	—	—
Trading income		—	—	—
Trading expenses		—	—	—
Net other operating income		430	2,959	3,389
Other operating income		779	3,089	3,869
Other operating expenses		349	130	480
Gross operating profit		8,949	7,545	16,494
Gross operating profit ratio		0.66%	1.94%	0.99%

Notes: 1. The Domestic division deals with transactions denominated in Japanese yen, whereas the International division deals with transactions denominated in foreign currencies (foreign currency deposits, foreign securities, etc.). Non-resident transactions denominated in Japanese yen are included in the International division.

2. Interest expenses excludes estimated interest expenses on monetary trusts (Not applicable—FY2008, ¥11 million—FY2009, ¥62 million—FY2010).

3. Amounts in [] indicate interest on borrowed funds between the Domestic division and the International division.

4. Gross operating profit ratio = $\frac{\text{Gross operating profit for the period}}{\text{Average balance of investment accounts}} \times 100$

3-2 Average balances, interests, yields and interest spreads of major investment and financing accounts

Domestic division

		(Millions of yen)					
		2009			2010		
For the years ended March 31		Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
		[—]	[—]		[—]	[—]	
Investment accounts		¥1,132,451	¥15,093	1.33%	¥1,199,962	¥17,118	1.42%
Of which, loans		399,537	9,282	2.32	532,454	11,945	2.24
Securities		530,951	4,599	0.86	584,129	5,068	0.86
Call loans		198,696	1,192	0.59	25,284	48	0.19
Due from banks		3,264	7	0.23	58,093	53	0.09
Monetary claims purchased		—	—	—	—	—	—
		[56,218]	[386]		[78,474]	[396]	
Financing accounts		1,096,313	8,368	0.76	1,167,561	7,688	0.65
Of which, deposits		1,025,596	7,088	0.69	1,067,370	5,476	0.51
Call money		12,989	58	0.45	21,487	31	0.14
Borrowed money		1,506	38	2.52	2,000	50	2.52

		(Millions of yen)		
		2011		
For the year ended March 31		Average balance	Interest	Yield (%)
		[—]	[—]	
Investment accounts		¥1,345,354	¥16,926	1.25%
Of which, loans		638,734	12,409	1.94
Securities		641,148	4,450	0.69
Call loans		10,953	14	0.13
Due from banks		54,518	52	0.09
Monetary claims purchased		—	—	—
		[77,356]	[318]	
Financing accounts		1,312,427	7,413	0.56
Of which, deposits		1,232,443	5,113	0.41
Call money		11,630	12	0.10
Borrowed money		2,000	50	2.52

Notes: 1. Amounts in [] indicate the average balance or interest of borrowed funds between the Domestic division and the International division, and the total is presented in net.

2. In the investment accounts, the average balance of non-interest-bearing deposits (¥7,327 million—FY2008, ¥1,785 million—FY2009, ¥1,800 million—FY2010) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (Not applicable—FY2008, ¥1,773 million—FY2009, ¥11,004 million—FY2010) and the estimated interest expenses on monetary trusts (Not applicable—FY2008, ¥11 million—FY2009, ¥62 million—FY2010) are excluded respectively.

International division

(Millions of yen)

For the years ended March 31	2009			2010		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
	[56,218]	[386]		[78,474]	[396]	
Investment accounts	¥284,735	¥7,337	2.57%	¥344,696	¥6,667	1.93%
Of which, loans	476	10	2.29	616	14	2.31
Securities	195,541	5,852	2.99	235,908	5,861	2.48
Call loans	21,295	828	3.89	9,782	37	0.38
Due from banks	—	—	—	—	—	—
Monetary claims purchased	5,947	230	3.87	14,177	356	2.51
	[—]	[—]		[—]	[—]	
Financing accounts	260,770	7,415	2.84	308,570	3,059	0.99
Of which, deposits	260,764	7,415	2.84	308,555	3,059	0.99
Call money	—	—	—	—	—	—
Borrowed money	—	—	—	—	—	—

(Millions of yen)

For the year ended March 31	2011		
	Average balance	Interest	Yield (%)
	[77,356]	[318]	
Investment accounts	¥388,524	¥7,044	1.81%
Of which, loans	928	21	2.36
Securities	300,574	6,662	2.21
Call loans	3,122	10	0.33
Due from banks	—	—	—
Monetary claims purchased	1,125	30	2.72
	[—]	[—]	
Financing accounts	340,779	3,289	0.96
Of which, deposits	340,753	3,289	0.96
Call money	—	—	—
Borrowed money	—	—	—

Note: Amounts in [] indicate the average balance or interest of borrowed funds between the Domestic division and the International division, and the total is presented in net.

Total

(Millions of yen)

For the years ended March 31	2009			2010		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
Investment accounts	¥1,360,968	¥22,044	1.61%	¥1,466,184	¥23,389	1.59%
Of which, loans	400,014	9,293	2.32	533,070	11,960	2.24
Securities	726,493	10,452	1.43	820,038	10,930	1.33
Call loans	219,992	2,021	0.91	35,067	86	0.24
Due from banks	3,264	7	0.23	58,093	53	0.09
Monetary claims purchased	5,947	230	3.87	14,177	356	2.51
Financing accounts	1,300,864	15,397	1.18	1,397,657	10,351	0.74
Of which, deposits	1,286,361	14,503	1.12	1,375,926	8,535	0.62
Call money	12,989	58	0.45	21,487	31	0.14
Borrowed money	1,506	38	2.52	2,000	50	2.52

(Millions of yen)			
2011			
For the year ended March 31	Average balance	Interest	Yield (%)
Investment accounts	¥1,656,522	¥23,652	1.42%
Of which, loans	639,662	12,431	1.94
Securities	941,723	11,113	1.18
Call loans	14,075	25	0.17
Due from banks	54,518	52	0.09
Monetary claims purchased	1,125	30	2.72
Financing accounts	1,575,850	10,383	0.65
Of which, deposits	1,573,196	8,402	0.53
Call money	11,630	12	0.10
Borrowed money	2,000	50	2.52

Note: In the investment accounts, the average balance of non-interest-bearing deposits (¥7,327 million—FY2008, ¥1,785 million—FY2009, ¥1,800 million—FY2010) is excluded.
In the financing accounts, the average balance of funds for investing monetary trusts (Not applicable—FY2008, ¥1,773 million—FY2009, ¥11,004 million—FY2010) and the estimated interest expenses on monetary trusts (Not applicable—FY2008, ¥11 million—FY2009, ¥62 million—FY2010) are excluded respectively.

Interest spread

(%)						
2010						
For the years ended March 31	Domestic division	International division	Total	Domestic division	International division	Total
Yield on investment	1.33%	2.57%	1.61%	1.42%	1.93%	1.59%
Yield on financing	0.76	2.84	1.18	0.65	0.99	0.74
Interest spread	0.56	(0.26)	0.43	0.76	0.94	0.85

(%)						
2011						
For the year ended March 31	Domestic division	International division	Total	Domestic division	International division	Total
Yield on investment	1.25%	1.81%	1.42%	1.25%	1.81%	1.42%
Yield on financing	0.56	0.96	0.65	0.56	0.96	0.65
Interest spread	0.69	0.84	0.76	0.69	0.84	0.76

3-3 Interest income and interest expenses

Domestic division

(Millions of yen)						
2010						
For the years ended March 31	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥4,846	¥ (604)	¥4,241	¥ 899	¥ 1,125	¥ 2,025
Of which, loans	1,896	349	2,245	3,088	(425)	2,663
Securities	2,287	(32)	2,255	460	8	468
Call loans	23	(162)	(138)	(1,040)	(103)	(1,143)
Due from banks	(0)	0	(0)	131	(85)	45
Monetary claims purchased	(36)	—	(36)	—	—	—
Interest expenses	2,262	1,117	3,380	543	(1,223)	(679)
Of which, deposits	1,774	1,022	2,797	288	(1,900)	(1,612)
Call money	(59)	(15)	(74)	38	(65)	(27)
Borrowed money	38	—	38	12	—	12

(Millions of yen)						
2011						
For the year ended March 31	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥2,074	¥(2,265)	¥(191)	¥2,074	¥(2,265)	¥(191)
Of which, loans	2,384	(1,920)	463	2,384	(1,920)	463
Securities	494	(1,112)	(618)	494	(1,112)	(618)
Call loans	(27)	(6)	(33)	(27)	(6)	(33)
Due from banks	(3)	1	(1)	(3)	1	(1)
Monetary claims purchased	—	—	—	—	—	—
Interest expenses	954	(1,229)	(275)	954	(1,229)	(275)
Of which, deposits	846	(1,210)	(363)	846	(1,210)	(363)
Call money	(14)	(4)	(18)	(14)	(4)	(18)
Borrowed money	0	(0)	0	0	(0)	0

International division

(Millions of yen)

	2009			2010		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
For the years ended March 31						
Interest income	¥3,363	¥(2,361)	¥1,001	¥1,545	¥(2,215)	¥ (670)
Of which, loans	2	0	2	3	0	3
Securities	1,552	(675)	876	1,208	(1,199)	8
Call loans	(295)	(191)	(487)	(448)	(342)	(791)
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	230	230	319	(193)	126
Interest expenses	3,509	(3,186)	322	1,359	(5,715)	(4,356)
Of which, deposits	3,507	(3,181)	326	1,359	(5,715)	(4,356)
Call money	—	—	—	—	—	—
Borrowed money	—	—	—	—	—	—

(Millions of yen)

	2011		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
For the year ended March 31			
Interest income	¥ 847	¥(470)	¥ 377
Of which, loans	7	0	7
Securities	1,606	(805)	801
Call loans	(25)	(1)	(27)
Due from banks	—	—	—
Monetary claims purchased	(328)	2	(326)
Interest expenses	319	(89)	230
Of which, deposits	319	(88)	230
Call money	—	—	—
Borrowed money	—	—	—

Total

(Millions of yen)

	2009			2010		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
For the years ended March 31						
Interest income	¥7,073	¥(2,182)	¥4,891	¥ 1,704	¥ (359)	¥ 1,344
Of which, loans	1,898	349	2,248	3,091	(424)	2,666
Securities	5,408	(2,277)	3,131	1,345	(868)	477
Call loans	(32)	(593)	(626)	(1,698)	(235)	(1,934)
Due from banks	(0)	0	(0)	131	(85)	45
Monetary claims purchased	452	(259)	193	319	(193)	126
Interest expenses	4,923	(1,573)	3,350	1,145	(6,191)	(5,046)
Of which, deposits	4,885	(1,761)	3,123	1,009	(6,978)	(5,968)
Call money	(59)	(15)	(74)	38	(65)	(27)
Borrowed money	38	—	38	12	—	12

(Millions of yen)

	2011		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
For the year ended March 31			
Interest income	¥3,036	¥(2,772)	¥ 263
Of which, loans	2,391	(1,920)	471
Securities	1,621	(1,438)	183
Call loans	(51)	(9)	(61)
Due from banks	(3)	1	(1)
Monetary claims purchased	(328)	2	(326)
Interest expenses	1,319	(1,286)	32
Of which, deposits	1,223	(1,356)	(132)
Call money	(14)	(4)	(18)
Borrowed money	0	(0)	0

Note: Where the reason for increase or decrease is overlapping between "due to balance" and "due to yield," the amount of increase or decrease is included in "due to yield."

3-4 General and administrative expenses

	(Millions of yen)		
For the years ended March 31	2009	2010	2011
Salaries	¥ 1,742	¥ 2,134	¥ 2,366
Employee retirement benefits	63	80	87
Fringe benefit expenses	197	245	286
Depreciation and amortization	809	929	1,272
Leases on land, buildings and machinery	620	1,144	1,287
Maintenance fees	1,771	1,872	1,850
Repairs and utilities	8	50	8
Supplies expenses	139	163	126
Heat, light and water	31	28	26
Travel expenses	3	2	4
Communication expenses	626	665	655
Advertising expenses	807	755	769
Membership fees, donations and social expenses	14	18	18
Outsourcing	1,883	1,577	1,818
Taxes and public dues	516	519	528
Deposit insurance	587	831	876
Others	484	656	619
Total	¥10,309	¥11,675	¥12,603

4. Fair Value Information

Besides "securities" in the balance sheets, commercial paper in "monetary claims purchased" is included.

4-1 Fair value information on securities

Trading-purpose securities

Not applicable

Held-to-maturity bonds

	(Millions of yen)				
As of March 31	Balance sheet amount	Fair value	Difference	Difference of which, gains	Difference of which, losses
Japanese government bonds	¥19,916	¥20,396	¥479	¥479	¥ —
Japanese corporate bonds	1,895	1,906	11	21	10
Total	¥21,812	¥22,303	¥490	¥501	¥10

	(Millions of yen)					
As of March 31	2010			2011		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity bonds of which fair value exceeds balance sheet amount						
Japanese government bonds	¥13,925	¥14,472	¥547	¥13,934	¥14,521	¥587
Japanese corporate bonds	1,774	1,806	32	1,631	1,657	26
Subtotal	15,699	16,278	579	15,565	16,179	613
Held-to-maturity bonds of which fair value does not exceed balance sheet amount						
Japanese government bonds	—	—	—	—	—	—
Japanese corporate bonds	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	¥15,699	¥16,278	¥579	¥15,565	¥16,179	¥613

Notes: 1. Fair value is based upon the value measured at the year-end.

2. "Difference" consists of "Difference of which, gains" and "Difference of which, losses" as of March 31, 2009.

3. The table includes only held-to-maturity bonds with fair market value as of March 31, 2009.

Available-for-sale securities

(Millions of yen)

	2009				
	Acquisition cost	Balance sheet amount	Unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31					
Bonds	¥577,109	¥575,194	¥ (1,915)	¥2,419	¥ 4,334
Japanese government bonds	270,860	268,431	(2,428)	1,187	3,615
Japanese municipal bonds	5,318	5,305	(13)	—	13
Japanese corporate bonds	300,930	301,457	526	1,232	705
Others	250,864	237,331	(13,532)	561	14,094
Foreign bonds	227,356	215,319	(12,036)	560	12,597
Others	23,507	22,011	(1,495)	1	1,496
Total	¥827,973	¥812,525	¥(15,447)	¥2,981	¥18,428

(Millions of yen)

	2010			2011		
	Balance sheet amount	Acquisition cost	Unrealized gains (losses)	Balance sheet amount	Acquisition cost	Unrealized gains (losses)
As of March 31						
Available-for-sale securities of which balance sheet amount exceeds acquisition cost						
Bonds	¥442,004	¥438,352	¥ 3,651	¥340,683	¥338,029	¥ 2,653
Japanese government bonds	167,410	166,255	1,154	136,199	134,924	1,274
Japanese municipal bonds	5,364	5,302	62	7,046	6,961	84
Japanese corporate bonds	269,229	266,795	2,434	197,436	196,143	1,293
Others	159,152	155,279	3,873	175,193	172,427	2,765
Foreign bonds	156,262	152,993	3,269	172,607	170,141	2,465
Others	2,890	2,286	604	2,585	2,286	299
Subtotal	601,157	593,631	7,525	515,876	510,457	5,418
Available-for-sale securities of which balance sheet amount does not exceed acquisition cost						
Bonds	139,241	142,557	(3,316)	244,572	247,433	(2,861)
Japanese government bonds	82,181	85,342	(3,161)	112,608	114,837	(2,229)
Japanese municipal bonds	1,685	1,688	(2)	10,463	10,726	(263)
Japanese corporate bonds	55,374	55,526	(152)	121,501	121,870	(368)
Others	124,328	126,888	(2,560)	159,106	161,637	(2,531)
Foreign bonds	115,099	116,550	(1,450)	153,137	154,592	(1,454)
Others	9,228	10,338	(1,109)	5,968	7,045	(1,077)
Subtotal	263,569	269,446	(5,876)	403,679	409,071	(5,392)
Total	¥864,727	¥863,078	¥ 1,648	¥919,555	¥919,529	¥ 26

Notes: 1. Fair value is based upon the value measured at the year-end.

2. "Unrealized gains (losses)" consists of "Unrealized gains" and "Unrealized losses" as of March 31, 2009.

3. The table includes only available-for-sale bonds with fair market value as of March 31, 2009.

Securities without fair market value

(Millions of yen)

	2009	2010	2011
	Balance sheet amount		
As of March 31			
Stocks of subsidiaries and affiliated companies			
Stocks of subsidiaries	¥3,000	¥3,000	¥5,000
Available-for-sale securities			
Investment trusts	2,000	—	—

4-2 Fair value information on monetary trusts

As of March 31, 2009

Not applicable

(Millions of yen)					
2010					
As of March 31	Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
Other monetary trusts	¥10,750	¥10,750	¥-	¥-	¥-

(Millions of yen)					
2011					
As of March 31	Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
Other monetary trusts	¥12,740	¥12,740	¥-	¥-	¥-

Note: "Difference" consists of "Of which, balance sheet amount exceeds acquisition cost" and "Of which, balance sheet amount does not exceed acquisition cost."

4-3 Fair value information on derivatives

Interest rate derivatives

[For the year ended March 31, 2009]

(Millions of yen)				
2009				
As of March 31	Category	Type	Notional amount	Fair value
OTC:	Interest rate swaps			Valuation gains (losses)
	Fixed rate receive/Floating rate pay		¥ 32,820	¥ 375
	Floating rate receive/Fixed rate pay		137,044	(5,114)
Total			¥ -	¥(4,738)

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

The above table excludes derivatives for which hedge accounting is applied in accordance with "Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry" (Industry Audit Committee of Japanese Institute of Certified Public Accountants No. 24).

2. Fair market value is calculated using the discounted present value.

[For the year ended March 31, 2010]

Derivatives for which hedge accounting is not applied

(Millions of yen)				
2010				
As of March 31	Category	Type	Notional amount	Notional amount over 1 year
OTC:	Interest rate swaps			Fair value
	Fixed rate receive/Floating rate pay		¥32,820	¥32,820
	Floating rate receive/Fixed rate pay		20,000	(634)
Total			¥ -	¥(200)

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market value is calculated using the discounted present value.

Derivatives for which hedge accounting is applied

(Millions of yen)					
2010					
As of March 31	Method	Type	Hedged item	Notional amount	Notional amount over 1 year
Deferred hedge accounting	Interest rate swaps				Fair value
	Floating rate receive/Fixed rate pay	Loans	¥164,970	¥164,592	¥(2,301)
Fair value hedge accounting	Interest rate swaps	Available-for-sale securities (bonds)	160,791	140,398	(7,121)
Total			¥ -	¥ -	¥(9,422)

Notes: 1. The above table includes derivatives for which deferred hedge accounting is applied in accordance with "Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry" (Industry Audit Committee of Japanese Institute of Certified Public Accountants No. 24) and derivatives for which fair value hedge accounting is applied.

2. Fair market value is calculated using the discounted present value.

[For the year ended March 31, 2011]

Derivatives for which hedge accounting is not applied

		(Millions of yen)		
		2011		
As of March 31				
Category	Type	Notional amount	Notional amount over 1 year	Valuation gains (losses)
OTC:	Interest rate swaps			
	Fixed rate receive/Floating rate pay	¥32,820	¥ –	¥ 157
	Floating rate receive/Fixed rate pay	20,000	20,000	(534)
Total		¥ –	¥ –	¥(376)

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market value is calculated using the discounted present value.

Derivatives for which hedge accounting is applied

		(Millions of yen)		
		2011		
As of March 31				
Method	Type	Hedged item	Notional amount	Notional amount over 1 year
Deferred hedge accounting	Interest rate swaps			
	Floating rate receive/Fixed rate pay	Loans	¥149,231	¥148,994
Fair value hedge accounting	Interest rate swaps	Available-for-sale securities (bonds)	189,300	155,260
	Floating rate receive/Fixed rate pay			(8,619)
Total			¥ –	¥ –

Notes: 1. The above table includes derivatives for which deferred hedge accounting is applied in accordance with "Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry" (Industry Audit Committee of Japanese Institute of Certified Public Accountants No. 24) and derivatives for which fair value hedge accounting is applied.

2. Fair market value is calculated using the discounted present value.

Currency derivatives

[For the year ended March 31, 2009]

		(Millions of yen)		
		2009		
As of March 31				
Category	Type	Notional amount	Fair value	Valuation gains (losses)
OTC:	Currency swaps	¥ 1,791	¥ (11)	¥ (11)
	Forward foreign exchanges			
	Sold	115,880	(1,053)	(1,053)
	Bought	268,513	4,716	4,716
	Foreign exchange margin transactions			
	Sold	15,668	451	451
	Bought	14,009	393	393
	Currency options			
	Sold	404	(13)	(5)
	Bought	–	–	–
Total		¥ –	¥ 4,482	¥ 4,490

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

The above table excludes currency swaps for which hedge accounting is applied.

2. Fair market value is calculated using the discounted present value or the option pricing model.

[For the year ended March 31, 2010]

Derivatives for which hedge accounting is not applied

		(Millions of yen)			
		2010			
As of March 31		Notional	Notional	Fair value	Valuation gains
Category	Type	amount	amount		(losses)
			over 1 year		
OTC:	Forward foreign exchanges				
	Sold	¥ 58,692	¥—	¥ (62)	¥ (62)
	Bought	170,793	—	4,197	4,197
	Foreign exchange margin transactions				
	Sold	32,680	—	503	503
	Bought	13,818	—	346	346
	Currency options				
	Sold	406	—	(10)	(5)
	Bought	—	—	—	—
Total		¥ —	¥—	¥4,974	¥4,980

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market value is calculated using the discounted present value or the option pricing model.

Derivatives for which hedge accounting is applied

			(Millions of yen)		
			2010		
As of March 31			Notional	Notional	Fair value
Method	Type	Hedged item	amount	amount	
				over 1 year	
Fair value hedge					
accounting	Currency swaps	Available-for-sale securities (bonds) ...	¥45,651	¥32,300	¥1,897
Total			¥ —	¥ —	¥1,897

Notes: 1. Fair value hedge accounting is mainly applied.

2. Fair market value is calculated using the discounted present value.

[For the year ended March 31, 2011]

Derivatives for which hedge accounting is not applied

		(Millions of yen)			
		2011			
As of March 31		Notional	Notional	Fair value	Valuation gains
Category	Type	amount	amount		(losses)
			over 1 year		
OTC:	Forward foreign exchanges				
	Sold	¥ 57,999	¥—	¥ (10)	¥ (10)
	Bought	113,665	—	483	483
	Foreign exchange margin transactions				
	Sold	33,551	—	1,299	1,299
	Bought	12,648	—	434	434
	Currency options				
	Sold	423	—	(9)	(5)
	Bought	—	—	—	—
Total		¥ —	¥—	¥2,197	¥2,201

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market value is calculated using the discounted present value or the option pricing model.

Derivatives for which hedge accounting is applied

			(Millions of yen)		
			2011		
As of March 31			Notional	Notional	Fair value
Method	Type	Hedged item	amount	amount	
				over 1 year	
Fair value hedge					
accounting	Currency swaps	Available-for-sale securities (bonds) ...	¥112,700	¥53,000	¥2,028
Total			¥ —	¥ —	¥2,028

Notes: 1. Fair value hedge accounting is mainly applied.

2. Fair market value is calculated using the discounted present value.

Credit derivatives

[For the year ended March 31, 2009]

		(Millions of yen)		
		2009		
As of March 31	Type	Notional amount	Fair value	Valuation gains (losses)
Category				
OTC:	Credit default options			
	Sold	¥ 981	¥ (223)	¥ (223)
	Bought	10,837	1,135	1,135
Total		¥ -	¥ 912	¥ 912

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market value is calculated using the discounted present value and other methods.

3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

[For the year ended March 31, 2010]

Derivatives for which hedge accounting is not applied

		(Millions of yen)		
		2010		
As of March 31	Type	Notional amount	Notional amount over 1 year	Valuation gains (losses)
Category				
OTC:	Credit default options			
	Sold	¥ 932	¥ 932	¥(100)
	Bought	9,564	6,138	66
Total		¥ -	¥ -	¥ (33)

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market values are calculated using the discounted present value and other methods.

3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

Derivatives for which hedge accounting is applied

Not applicable

[For the year ended March 31, 2011]

Derivatives for which hedge accounting is not applied

		(Millions of yen)		
		2011		
As of March 31	Type	Notional amount	Notional amount over 1 year	Valuation gains (losses)
Category				
OTC:	Credit default options			
	Sold	¥ -	¥ -	¥-
	Bought	4,840	1,413	5
Total		¥ -	¥ -	¥5

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market values are calculated using the discounted present value and other methods.

3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

Derivatives for which hedge accounting is applied

Not applicable

Performance Indicators of Sony Bank (Non-consolidated)

1. Key Performance Indicators

	(Millions of yen)				
For the years ended March 31	2007	2008	2009	2010	2011
Ordinary revenues	¥ 19,470	¥ 25,988	¥ 33,361	¥ 30,500	¥ 29,521
Ordinary profit	1,354	2,746	414	2,930	3,377
Net income (loss)	1,023	4,492	(710)	1,646	2,054
Common stock	25,000	25,000	31,000	31,000	31,000
Number of shares issued and outstanding (shares)	500,000	500,000	620,000	620,000	620,000
Net assets	36,878	35,712	46,264	58,989	59,971
Total assets	806,848	1,211,000	1,411,956	1,612,186	1,761,830
Deposits	752,366	1,144,398	1,326,360	1,510,051	1,649,106
Loans	284,712	347,065	477,072	586,654	722,452
Securities	381,234	488,777	823,174	880,133	940,121
Non-consolidated capital adequacy ratio	11.49%	9.15%	13.37%	12.09%	10.84%
Dividend payout ratio	—	—	—	—	—
Number of employees	152	162	203	239	288

2. Status of Operation (Deposits)

2-1 Average and year-end balance of deposits by category

Average balance

	(Millions of yen)					
	2009			2010		
For the years ended March 31	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 255,515	¥ 82,655	¥ 338,170	¥ 275,173	¥ 121,743	¥ 396,916
Time and saving deposits	770,044	178,108	948,153	792,147	186,805	978,953
Other deposits	36	0	37	49	7	57
Total	¥1,025,596	¥260,764	¥1,286,361	¥1,067,370	¥308,555	¥1,375,926

	(Millions of yen)		
	2011		
For the year ended March 31	Domestic division	International division	Total
Floating deposits	¥ 289,474	¥ 147,172	¥ 436,646
Time and saving deposits	942,938	193,570	1,136,508
Other deposits	30	10	40
Total	¥1,232,443	¥340,753	¥1,573,196

Year-end balance

	(Millions of yen)					
	2009			2010		
As of March 31	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 280,297	¥ 99,097	¥ 379,395	¥ 278,492	¥ 132,431	¥ 410,923
Time and saving deposits	763,161	183,781	946,942	905,362	193,756	1,099,119
Other deposits	22	—	22	9	—	9
Total	¥1,043,481	¥282,879	¥1,326,360	¥1,183,864	¥326,187	¥1,510,051

	(Millions of yen)		
	2011		
As of March 31	Domestic division	International division	Total
Floating deposits	¥ 315,236	¥ 155,512	¥ 470,749
Time and saving deposits	973,162	205,185	1,178,348
Other deposits	8	—	8
Total	¥1,288,407	¥360,698	¥1,649,106

Note: Floating deposits of the Domestic division include deposits from the parent company and its subsidiaries in the amount of ¥1,045 million, ¥756 million and ¥1,448 million as of March 31, 2009, 2010 and 2011, respectively.

2-2 Balance of time deposit by remaining period

(Millions of yen)

	2009			2010		
	Fixed rate time deposits	Floating rate time deposits	Total	Fixed rate time deposits	Floating rate time deposits	Total
As of March 31						
Less than 3 months	¥324,922	¥—	¥324,922	¥ 278,701	¥—	¥ 278,701
3 months or more, less than 6 months	272,477	—	272,477	280,529	—	280,529
6 months or more, less than 1 year	261,450	—	261,450	443,960	—	443,960
1 year or more, less than 2 years	27,061	—	27,061	23,846	—	23,846
2 years or more, less than 3 years	18,746	—	18,746	13,915	—	13,915
3 years or more	18,912	—	18,912	25,447	—	25,447
Total	¥923,570	¥—	¥923,570	¥1,066,400	¥—	¥1,066,400

(Millions of yen)

	2011		
	Fixed rate time deposits	Floating rate time deposits	Total
As of March 31			
Less than 3 months	¥ 316,175	¥—	¥ 316,175
3 months or more, less than 6 months	384,929	—	384,929
6 months or more, less than 1 year	360,919	—	360,919
1 year or more, less than 2 years	20,863	—	20,863
2 years or more, less than 3 years	13,148	—	13,148
3 years or more	39,055	—	39,055
Total	¥1,135,092	¥—	¥1,135,092

Note: The table above does not include thrift saving deposits.

3. Status of Operating (Loans)

3-1 Average and year-end balance of loans by category

Average balance

(Millions of yen)

	2009			2010		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31						
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	391,745	476	392,221	524,443	616	525,060
Overdrafts	7,792	—	7,792	8,010	0	8,010
Bills discounted	—	—	—	—	—	—
Total	¥399,537	¥476	¥400,014	¥532,454	¥616	¥533,070

(Millions of yen)

	2011		
	Domestic division	International division	Total
For the year ended March 31			
Loans on bills	¥ —	¥ —	¥ —
Loans on deeds	629,948	927	630,875
Overdrafts	8,785	1	8,787
Bills discounted	—	—	—
Total	¥638,734	¥928	¥639,662

Year-end balance

(Millions of yen)

	2009			2010		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31						
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	468,420	555	468,975	577,756	698	578,454
Overdrafts	8,096	—	8,096	8,198	0	8,199
Bills discounted	—	—	—	—	—	—
Total	¥476,517	¥555	¥477,072	¥585,954	¥699	¥586,654

	(Millions of yen)		
	2011		
	Domestic division	International division	Total
As of March 31			
Loans on bills	¥ —	¥ —	¥ —
Loans on deeds	712,383	1,250	713,634
Overdrafts	8,814	3	8,818
Bills discounted	—	—	—
Total	¥721,198	¥1,254	¥722,452

3-2 Balance of loans by remaining period

	(Millions of yen)		
	2009		
	Fixed interest rates	Floating interest rates	Total
As of March 31			
Less than 1 year	¥ 25	¥ 8,151	¥ 8,176
Over 1 year, not exceeding 3 years	439	402	842
Over 3 years, not exceeding 5 years	1,273	1,164	2,437
Over 5 years, not exceeding 7 years	2,100	2,121	4,221
Over 7 years	233,727	227,666	461,394
Total	¥237,565	¥239,506	¥477,072

	(Millions of yen)					
	2010			2011		
	Fixed interest rates	Floating interest rates	Total	Fixed interest rates	Floating interest rates	Total
As of March 31						
Less than 1 year	¥ 39	¥ 8,244	¥ 8,283	¥ 41	¥ 11,367	¥ 11,409
Over 1 year, not exceeding 3 years	507	7,306	7,814	611	17,242	17,854
Over 3 years, not exceeding 5 years	1,798	12,760	14,559	2,378	33,930	36,308
Over 5 years, not exceeding 7 years	2,576	6,343	8,920	3,246	6,566	9,813
Over 7 years, not exceeding 10 years	6,575	6,575	13,151	9,564	7,619	17,183
Over 10 years	292,296	241,627	533,924	404,753	225,128	629,882
Total	¥303,794	¥282,859	¥586,654	¥420,596	¥301,855	¥722,452

3-3 Balance of loans by collateral

	(Millions of yen)		
	2009	2010	2011
As of March 31			
Pledged securities	¥ —	¥ —	¥ —
Pledged receivables	—	—	—
Pledged merchandise	—	—	—
Pledged real estate	371,485	436,805	515,401
Others	—	—	—
Subtotal	371,485	436,805	515,401
Guaranteed	19,586	13,975	16,098
Credit	86,001	135,873	190,952
Total	¥477,072	¥586,654	¥722,452

3-4 Balance of loans by industry

	(Millions of yen)					
	2009		2010		2011	
	Balance	Composition	Balance	Composition	Balance	Composition
As of March 31						
Individual	¥477,072	100.00%	¥563,337	96.03%	¥664,017	91.91%
Corporation	—	—	23,316	3.97	58,434	8.09
Manufacturing industries	—	—	8,423	1.43	16,852	2.33
Construction	—	—	—	—	1,000	0.14
Information and telecommunications	—	—	—	—	512	0.07
Transportation/Mail services	—	—	4,228	0.72	5,299	0.73
Wholesalers/Retailers	—	—	2,654	0.45	10,343	1.43
Financial services/Insurance	—	—	2,500	0.43	6,320	0.88
Real estate/	—	—	—	—	—	—
Goods leasing services	—	—	4,808	0.82	15,631	2.17
Various service	—	—	701	0.12	2,475	0.34
Total	¥477,072	100.00%	¥586,654	100.00%	¥722,452	100.00%

3-5 Deposit-loan ratio: year-end and annual average

	2009			2010		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31						
At the year-end	45.66%	0.19%	35.96%	49.49%	0.21%	38.84%
Annual average	38.95	0.18	31.09	49.88	0.19	38.74

	2011		
	Domestic division	International division	Total
For the year ended March 31			
At the year-end	55.97%	0.34%	43.80%
Annual average	51.82	0.27	40.66

Note: Deposit-loan ratio = $\frac{\text{Loan balance at year-end (annual average)}}{\text{Deposit balance at year-end (annual average)}} \times 100$

3-6 Allowance for loan losses: balance at the year-end and increase (decrease) during the year

	2009	2010	2011
For the years ended March 31			
Allowance for loan losses balance at the year-end	¥456	¥807	¥1,121
Allowance for loan losses increase (decrease) during the year	203	350	313

3-7 Write-off loans

	2009	2010	2011
For the years ended March 31			
Total	¥0	¥—	¥0

4. Status of Operation (Securities)

Besides "securities" in the balance sheets, commercial paper in "monetary claims purchased" is included.

4-1 Average balance of securities under proprietary accounts by category

Not applicable

4-2 Balance of securities by category and remaining period

	2009							
	Less than 1 year	Over 1 year, not exceeding 3 years	Over 3 years, not exceeding 5 years	Over 5 years, not exceeding 7 years	Over 7 years, not exceeding 10 years	Over 10 years	Unspecified term	Total
As of March 31								
Japanese government bonds ...	¥ 57,240	¥ 80,343	¥ 25,374	¥ —	¥ 9,944	¥115,445	¥ —	¥288,348
Japanese municipal bonds	—	3,193	—	—	2,112	—	—	5,305
Japanese corporate bonds	40,219	178,610	80,760	2,865	—	896	—	303,353
Japanese stocks	—	—	—	—	—	—	3,000	3,000
Other securities	65,887	107,281	52,959	3,239	2,115	—	7,848	239,331
Of which, foreign bonds ..	49,723	107,281	52,959	3,239	2,115	—	—	215,319
Others	16,163	—	—	—	—	—	7,848	24,011
Total	¥163,348	¥369,428	¥159,093	¥6,105	¥14,171	¥116,342	¥10,848	¥839,338

	2010							
	Less than 1 year	Over 1 year, not exceeding 3 years	Over 3 years, not exceeding 5 years	Over 5 years, not exceeding 7 years	Over 7 years, not exceeding 10 years	Over 10 years	Unspecified term	Total
As of March 31								
Japanese government bonds ...	¥ 59,230	¥ 42,003	¥ 32,555	¥ 2,005	¥25,440	¥102,282	¥ —	¥263,516
Japanese municipal bonds	—	3,223	—	3,827	—	—	—	7,050
Japanese corporate bonds	107,901	179,309	33,118	4,206	1,066	774	—	326,378
Japanese stocks	—	—	—	—	—	—	3,000	3,000
Other securities	42,796	132,324	75,329	16,692	7,511	—	8,826	283,481
Of which, foreign bonds ..	39,503	132,324	75,329	16,692	7,511	—	—	271,361
Others	3,292	—	—	—	—	—	8,826	12,119
Total	¥209,927	¥356,861	¥141,004	¥26,731	¥34,018	¥103,057	¥11,826	¥883,426

(Millions of yen)

As of March 31	2011							Total
	Less than 1 year	Over 1 year, not exceeding 3 years	Over 3 years, not exceeding 5 years	Over 5 years, not exceeding 7 years	Over 7 years, not exceeding 10 years	Over 10 years	Unspecified term	
Japanese government bonds . . .	¥ 72,572	¥ 34,978	¥ 15,202	¥ 17,392	¥ 84,835	¥ 37,760	¥ —	¥ 262,742
Japanese municipal bonds	3,209	600	—	3,836	9,863	—	—	17,509
Japanese corporate bonds	96,628	144,777	67,821	5,614	5,096	631	—	320,569
Japanese stocks	—	—	—	—	—	—	5,000	5,000
Other securities	81,486	130,445	86,712	23,235	3,865	—	8,553	334,299
Of which, foreign bonds . .	81,486	130,445	86,712	23,235	3,865	—	—	325,745
Others	—	—	—	—	—	—	8,553	8,553
Total	¥ 253,896	¥ 310,802	¥ 169,736	¥ 50,079	¥ 103,660	¥ 38,391	¥ 13,553	¥ 940,121

4-3 Average and the year-end balance of securities by category

Average balance

For the years ended March 31	2009			2010		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥ 292,393	¥ —	¥ 292,393	¥ 263,976	¥ —	¥ 263,976
Japanese municipal bonds	649	—	649	6,166	—	6,166
Short-term Japanese corporate bonds . .	668	—	668	—	—	—
Japanese corporate bonds	222,947	—	222,947	301,682	—	301,682
Japanese stocks	3,000	—	3,000	3,000	—	3,000
Other securities	11,294	201,489	212,783	9,304	250,086	259,391
Of which, foreign bonds	—	195,541	195,541	—	235,908	235,908
Others	11,294	5,947	17,241	9,304	14,177	23,482
Total	¥ 530,951	¥ 201,489	¥ 732,441	¥ 584,129	¥ 250,086	¥ 834,216

For the year ended March 31	2011		
	Domestic division	International division	Total
Japanese government bonds	¥ 291,391	¥ —	¥ 291,391
Japanese municipal bonds	13,384	—	13,384
Short-term Japanese corporate bonds	—	—	—
Japanese corporate bonds	322,401	—	322,401
Japanese stocks	4,665	—	4,665
Other securities	9,305	300,574	309,880
Of which, foreign bonds	—	300,574	300,574
Others	9,305	—	9,305
Total	¥ 641,148	¥ 300,574	¥ 941,723

Year-end balance

As of March 31	2009			2010		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥ 288,348	¥ —	¥ 288,348	¥ 263,516	¥ —	¥ 263,516
Japanese municipal bonds	5,305	—	5,305	7,050	—	7,050
Short-term Japanese corporate bonds . .	—	—	—	—	—	—
Japanese corporate bonds	303,353	—	303,353	326,378	—	326,378
Japanese stocks	3,000	—	3,000	3,000	—	3,000
Other securities	7,848	231,483	239,331	8,826	274,654	283,481
Of which, foreign bonds	—	215,319	215,319	—	271,361	271,361
Others	7,848	16,163	24,011	8,826	3,292	12,119
Total	¥ 607,854	¥ 231,483	¥ 839,338	¥ 608,772	¥ 274,654	¥ 883,426

(Millions of yen)

	2011		
	Domestic division	International division	Total
As of March 31			
Japanese government bonds	¥262,742	¥ —	¥262,742
Japanese municipal bonds	17,509	—	17,509
Short-term Japanese corporate bonds	—	—	—
Japanese corporate bonds	320,569	—	320,569
Japanese stocks	5,000	—	5,000
Other securities	8,553	325,745	334,299
Of which, foreign bonds	—	325,745	325,745
Others	8,553	—	8,553
Total	¥614,375	¥325,745	¥940,121

4-4 Deposit-securities ratio: year-end and annual average

	2009			2010		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31						
At the year-end	58.25%	76.11%	62.06%	51.42%	83.19%	58.28%
Annual average	51.77	74.98	56.47	54.72	76.45	59.59

	2011		
	Domestic division	International division	Total
For the year ended March 31			
At the year-end	47.68%	90.30%	57.00%
Annual average	52.02	88.20	59.86

Note: Deposit-securities ratio = $\frac{\text{Securities balance at the year-end (annual average)}}{\text{Deposit balance at the year-end (annual average)}} \times 100$

MCEV Results for Sony Life

1. MCEV results

1.1 MCEV results

MCEV of Sony Life as of March 31, 2011 is shown in the table below.

As of March 31	(Billions of yen)		
	2010	2011	Change
MCEV	¥894.0	¥853.6	¥(40.4)
Adjusted net worth	206.2	230.3	24.1
Value of existing business	687.8	623.3	(64.5)
New business value	55.6	56.8	1.2

1.2 Adjusted net worth

Adjusted net worth is calculated as the market value of assets allocated for the covered business in excess of statutory policy reserve and other liabilities as of the valuation date. It is the total amount of the net assets line item on the balance sheets, adding a reserve for price fluctuations, contingency reserve, reserve for possible loan losses, along with unrealized gains or losses on held-to-maturity securities and unrealized gains or losses on land and buildings, deducting unfunded pension liabilities and intangible fixed assets, and adjusting for the amount of tax effect equivalent to these seven items, on which valuation gains or losses on subsidiaries and affiliated companies are added (see below). Here, foreign exchange rate applied in calculating the valuation gains or losses by the foreign exchange rate on Sony Life Insurance (Philippines) Corporation is ¥1.9/peso at the end of March 2011. Sony Life has also reflected tax effect equivalent in calculating the valuation gains or losses by the foreign exchange rate.

As of March 31	(Billions of yen)		
	2010	2011	Change
Adjusted net worth	¥206.2	¥230.3	¥24.1
Total net assets	191.3	215.4	24.1
Reserve for price fluctuations	9.6	16.8	7.1
Contingency reserve	48.5	51.6	3.1
Reserve for possible loan losses	0.0	0.0	0.0
Unrealized gains or losses on held-to-maturity securities	(20.5)	(22.2)	(1.7)
Unrealized gains or losses on land and buildings	12.5	11.2	(1.3)
Unfunded pension liabilities	(6.6)	(6.4)	0.2
Intangible fixed assets	(13.9)	(18.4)	(4.5)
Tax effect equivalent of above seven items	(10.7)	(11.8)	(1.0)
Valuation gain or loss on subsidiaries and affiliated companies	(4.0)	(5.8)	(1.8)

As of March 31	(Billions of yen)		
	2010	2011	Change
Adjusted net worth	¥206.2	¥230.3	¥24.1
Free surplus	206.2	230.3	24.1
Required capital	—	—	—

Sony Life set its required capital as the larger of the amount of capital required for the current solvency margin ratio of 600% and the amount of capital to cover risks based on an internal model based on economic value. Please refer to section 3.7 for the method used to calculate required capital. While Japanese solvency regime will be revised at the end of March 2012, the calculation is based on the current solvency margin regime, because it is expected that MCEV would not be materially different if required capital were set to the revised regulatory minimum solvency capital from the end of March 2012.

1.3 Value of existing business

The value of existing business is the present value of certainty-equivalent profit deducting the time value of options and guarantees, and frictional costs and the cost of non-hedgeable risks, broken down as follows:

As of March 31	(Billions of yen)		
	2010	2011	Change
Value of existing business	¥ 687.8	¥ 623.3	¥(64.5)
Present value of certainty-equivalent profit	887.2	881.4	(5.8)
Time value of options and guarantees	(37.7)	(61.7)	(24.1)
Frictional costs	(11.5)	(31.7)	(20.2)
Cost of non-hedgeable risks	(150.2)	(164.7)	(14.5)

1.4 New business value

Business included in the calculation of new business value is only that acquired during the year ended March 31, 2011, which is consistent with the financial information Sony Life has disclosed, and does not include the value of new business expected to be acquired in the future. The value of new business is the value as of March 31, 2011 and is calculated based on the same assumptions used for the value of existing business on the same date. As the value of new business includes profits and losses from the point of sale to the end of March 2011, actual investment gains and losses during the year ended March 31, 2011 are reflected. A breakdown of the value of new business is as follows:

	(Billions of yen)		
As of March 31	2010	2011	Change
Value of new business	¥ 55.6	¥ 56.8	¥ 1.2
Present value of certainty-equivalent profit	76.9	79.0	2.2
Time value of options and guarantees	(4.1)	(5.5)	(1.4)
Frictional costs	(0.3)	(0.3)	(0.0)
Cost of non-hedgeable risks	(16.8)	(16.4)	0.4

1.5 New business margin

The new business margin described below is the ratio of the value of new business to the present value of premium income. The present value of premium income is calculated applying the same assumptions as those for the calculation of new business value, and is based on the premium before the deduction of the reinsurance premium.

	(Billions of yen)		
As of March 31	2010	2011	Change
Value of new business	¥ 55.6	¥ 56.8	¥ 1.2
Present value of premium income	875.4	953.1	77.7
Value of new business/Present value of premium income	6.4%	6.0%	(0.4) points

Relationships between the acquired annualized premiums from new policies and the present value of premium income from new business for the year ended March 31, 2011 are as follows:

	(Billions of yen)		
As of March 31	2010	2011	Change
Single premium from new business	¥44.9	¥74.1	¥29.1
Annualized premiums from level premium new business *1	83.2	88.4	5.2
Average annualization multiplier *2	9.99	9.95	(0.04)

*1 Annualized premiums from level premium new business is calculated by multiplying the number of payments in a year by the amount of premiums received at a time. It should be noted that the definition of annualized premiums here is different from that used in disclosure such as financial results and annual reports.

*2 The average annualization multiplier is calculated as (Present value of premium income – Single premium from new business) / Annualized premiums from level premium new business.

1.6 Reconciliation analysis from MCEV at the end of the prior year

The table below shows the reconciliation analysis of MCEV as of March 31, 2011, from MCEV as of March 31, 2010, of which format is in line with the one prescribed by MCEV Principles*.

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	(Billions of yen)			
As of March 31	Free surplus	Required capital	Value of existing business	MCEV
Opening MCEV (MCEV as of March 31, 2010)	¥206.2	¥ –	¥ 687.8	¥894.0
Opening adjustments	(7.7)	–	–	(7.7)
Adjusted opening MCEV	198.5	–	687.8	886.3
New business value	–	–	56.8	56.8
Expected existing business contribution (risk-free rate)	0.9	–	12.5	13.4
Expected existing business contribution (in excess of risk free rate)	0.7	–	8.2	8.9
Transfers from value of existing business and required capital to free surplus	3.1	–	(3.1)	–
on new business	(33.9)	–	33.9	–
Experience variances	(9.5)	–	8.0	(1.5)
Assumption changes	–	–	(11.5)	(11.5)
Other operating variance	–	–	0.5	0.5
Operating MCEV earnings	(4.8)	–	71.4	66.6
Economic variances	36.7	–	(135.9)	(99.3)
Other non-operating variance	–	–	–	–
Total MCEV earnings	31.9	–	(64.5)	(32.7)
Closing adjustments	¥ (0.1)	¥ –	¥ –	¥ (0.1)
Closing MCEV (MCEV as of March 31, 2011)	¥230.3	¥ –	¥ 623.3	¥853.6

(1) Opening adjustments

These adjustments reflect changes in dividends paid to shareholders.

(2) New business value

This figure reflects increases resulting from the acquisition of new business during the year ended March 31, 2011. Please refer to section 1.4 for information concerning the calculation method.

(3) Expected existing business contribution (risk-free rate)

This figure includes the release of the portion for the year ended March 31, 2011 of the time value of options and guarantees and the cost of non-hedgeable risks, in addition to the release of the expected existing business contributions at a risk-free rate from the opening MCEV (as of March 31, 2010).

(4) Expected existing business contribution (in excess of risk-free rate)

This figure reflects the profit expected in excess of the risk-free rate generated by holding assets such as ordinary corporate bonds, convertible bonds, loans, stocks and real estate. The expected yield used to calculate the expected existing business contribution in excess of the risk-free rate for the year ended March 31, 2011 was 0.808%, which was developed by reflecting Sony Life's view of the market environment and annual investment plans for the year against the asset balance at the end of the previous fiscal year.

(5) Transfer from value of existing business and required capital to free surplus

This figure indicates changes in the free surplus by transferring the profit for the year ended March 31, 2011 from the existing business value to the free surplus and from changes in the required capital. The transfer of profit, the former item, includes the transfer of expected profit that it was assumed would be realized during the year ended March 31, 2011 under the MCEV calculation as of March 31, 2010, and the transfer of profit for the year ended March 31, 2011 calculated under the new business value for the year ended March 31, 2011, which is added in (2) above.

The value of MCEV itself does not change as a result of this transfer as the transfer merely constitutes an internal shift among MCEV components.

(6) Experience variances

These variances show the impact on MCEV of the actual versus assumed differences in non-economic expected profit for the year ended March 31, 2011 under the MCEV calculation as of March 31, 2010, and of the differences between actual policies in force as of March 31, 2011, and those that were projected to be in force on March 31, 2010 using persistency assumptions. The primary causes of the former item are an increase in IBNR claim reserve to account for benefits due to the Great East Japan Earthquake and changes in intangible fixed assets and valuation gain or loss on subsidiaries and affiliated companies reflected in adjusted net worth.

These variances reflect the impact of one-time expenses incurred during the year ended March 31, 2011, if applicable. Please refer to section 2.3 (5) for information on one-time expenses.

(7) Assumption changes

This figure indicates the impact of changes in the assumptions, mainly on mortality and morbidity rates, lapse and surrender rates and operating expense rates.

While maintenance expense rates and mortality changes increased the value of existing business, its decrease due to lapse and surrender rate changes was more significant.

(8) Other operating variance

This represents the impact of improvements and corrections of the model used in calculating MCEV, including the effect due to the change of the calculation method of required capital from being based on EU Solvency II QIS4 to the internal model approach which is similar to but modified based on QIS5 as described in section 3.7.

(9) Operating MCEV earnings

This figure shows the aggregate amount of items (2) through (8).

(10) Economic variances

These variances show the impact of actual to assumed differences in economic assumptions, such as market interest rates and implied volatilities, that were reflected in the market environment when calculating MCEV as of March 31, 2010 on future values and the impact of the actual to assumed difference in expected asset investment income that were assumed would be realized during the year ended March 31, 2011, under MCEV as of March 31, 2010. Most of the difference is created by the former factor, of which major reasons for decreases in the value of existing business include an update of economic scenarios due to the change in the market environment such as a decrease in interest swap rates and a change of the implied volatilities, accounting for a decrease in the present value of certainty-equivalent profit by ¥118.6 billion, as well as increases in the time value of options and guarantees, in the cost of non-hedgeable risks, and in the frictional costs by ¥4.8 billion, ¥10.6 billion and ¥1.8 billion, respectively.

(11) Other non operating variance

There are no differences based on other factors.

(12) Closing adjustments

It reflects the impact of valuation gains or losses caused by the foreign exchange rate on Sony Life Insurance (Philippines) Corporation.

1.7 Sensitivity analysis

The impact of changing the underlying assumptions of MCEV is as follows:

Sensitivities

Assumption	Change in Assumption	(Billions of yen)		
		MCEV	Change in Amount	Rate of Change
Base	No change	¥853.6	¥ —	—
Interest rates	100bp decrease	739.2	(114.4)	(13%)
	100bp increase	890.9	37.3	4%
	Government bond yield	901.2	47.6	6%
Stock/Real estate market value	10% decrease	837.1	(16.5)	(2%)
Stock/Real estate implied volatility	25% increase	847.0	(6.6)	(1%)
Interest swaption implied volatility	25% increase	845.5	(8.1)	(1%)
Maintenance expenses	10% decrease	864.1	10.5	1%
Lapse and surrender rates	x 0.9	875.6	22.0	3%
Mortality rates	Death protection products x 0.95	889.1	35.5	4%
	Third-sector and annuity products x 0.95	849.9	(3.7)	(0%)
Morbidity rates	x 0.95	880.1	26.5	3%

Changes in adjusted net worth within the amount of change in MCEV are shown in the table below. Of items not specified in this table, only the value of existing business has been changed while adjusted net worth remains the same.

(Billions of yen)		
Interest rates	100bp decrease	¥ 534.2
	100bp increase	(415.5)
Stock/Real estate market value	10% decrease	(13.1)
Stock/Real estate implied volatility	25% increase	0.1

Sensitivity of new business value

Assumption	Change in Assumption	(Billions of yen)		
		New Business Value	Change in Amount	Rate of Change
Base	No change	¥56.8	¥ —	—
Interest rates	100bp decrease	13.1	(43.7)	(77%)
	100bp increase	82.9	26.1	46%
	Government bond yield	61.6	4.8	8%
Stock/Real estate market value	10% decrease	56.8	(0.0)	(0%)
Stock/Real estate implied volatility	25% increase	56.5	(0.3)	(0%)
Interest swaption implied volatility	25% increase	55.8	(1.0)	(2%)
Maintenance expenses	10% decrease	58.0	1.2	2%
Lapse and surrender rates	x 0.9	61.6	4.8	8%
Mortality rates	Death protection products x 0.95	59.4	2.6	5%
	Third-sector and annuity products x 0.95	56.5	(0.3)	(1%)
Morbidity rates	x 0.95	59.0	2.2	4%

(1) Interest rates

This sensitivity represents the impact of an immediate parallel shift of the domestic and foreign swap curve as of March 31, 2011, and the impact if the government bond yield were used instead of a swap yield. Adjusted net worth would change as the market value of bonds and other assets held were to change, while this is not applicable to the case if the government bond yield were used. At the same time, the value of existing business would also change as interest rates, the discount rate, yields of new bonds to be purchased in the future as the existing bonds mature, and the investment return on stocks, real estate, and other assets were to change. Here, the sensitivity scenarios were made so that the parameters related to interest rate volatility were equal to those derived for the base case. Only the parameters related to the interest rate term structure were altered when scenarios were developed using the interest rate model. The floor in downward changes in interest rates was set at 0%.

From this fiscal year, the sensitivity result if the government bond yield were used has been additionally presented, because the government bond yield can be considered more appropriate to discount liability cash flows for the internal risk management purpose, as asset and liability interest rate risk management is pursued by investing funds held for future insurance claim costs mainly in ultralong-term government bonds. As of March 31, 2011, the value of existing business under the calculation based on the government bond yield surpassed that based on a swap yield because interest swap rates were lower than Japanese government bond yields for the ultralong-term interest rates.

(2) Stock and real estate market value

This sensitivity represents the impact of immediate changes in market values of stock and real estate as of March 31, 2011. Adjusted net worth would change as the market value of stock and real estate were to change. At the same time, the value of existing business would change as the amount of asset changed.

(3) Implied volatility of stock and real estate

This sensitivity represents the impact of an increase in the implied volatilities of stock used in calculating the time value of options and guarantees. If stock implied volatilities were changed the value of convertible bonds and others would change. At the same time, the value of existing business would also change as the time value of options and guarantees was affected.

(4) Interest swaption implied volatility

This sensitivity represents the impact of an increase in the implied volatility of interest swaption used in calculating the time value of options and guarantees. The value of existing business would change as the time value of options and guarantees were changed.

(5) Maintenance expenses

This sensitivity represents the impact of a decrease in maintenance expenses. It should be noted that maintenance expenses do not include sales commissions from the in-force policies payable to Sony Life's Lifeplanner sales employees in future periods.

(6) Lapse and surrender rates

This sensitivity represents the impact of a decrease in lapse and surrender rates.

(7) Mortality rates

This sensitivity represents the impact of a decrease in the mortality rates. Sony Life has shown the impact on death protection products and the impact on third-sector insurance and annuity products separately, as they would have different impacts. Sony Life has covered base policies and riders of which the principal benefits are accidental death, disability, cancer, medical and nursing benefits, and individual annuities with respect to the third-sector insurance and annuity product segment. No management actions were reflected.

(8) Morbidity rates

This sensitivity represents the impact of a decrease in the morbidity rates of sickness and others in third-sector products.

(9) Required capital

While the Japanese solvency regime will be revised at the end of March 2012, the calculation is based on the current solvency margin regime because it is expected that MCEV would not be materially different even if required capital were set to the revised regulatory minimum solvency capital from the end of March 2012. Accordingly, sensitivity to use the current regulatory minimum solvency capital is not presented.

(10) Other

The following points should be noted regarding sensitivity:

- Frictional costs and the cost of non-hedgeable risks do not change in the sensitivity tests.
- Values of subsidiaries and affiliated companies are not changed except for stock market value sensitivity where the stock value of subsidiaries and affiliated companies are altered.
- The impact of changing more than one assumption at a time is not congruent with the sum of impacts for each assumption.

2. Assumptions

2.1 Economic assumptions

Sony Life has made economic assumptions in Sony Life's calculation of MCEV as of March 31, 2011.

(1) Risk-free rate

Sony Life has used the interest swap rate of Japanese yen as of March 31, 2011 as a risk-free rate for the certainty-equivalent projections. While Sony Life used the data for up to 50 years until the previous year, as it is unstable due to few transactions, Sony Life changed the approach to using the data for up to 40 years. It is assumed that forward rates in the 41st year and beyond were equal to those in the 40th year. Sony Life has used Bloomberg's interest swap rate as its data source. The spot yields of the swap rate for key terms are as follows:

As of March 31		(%)	
		2010	2011
Term			
1 year	0.45%	0.36%	
5 years	0.76	0.62	
10 years	1.46	1.29	
20 years	2.19	2.02	
30 years	2.32	2.16	
40 years	2.37	2.24	
50 years	2.42	—	

The government bond yields for key terms which are used for the sensitivity result with government bond yields in section 1.7.(1) are as follows:

		(%)
		2011
As of March 31		Government bond
Term		
1 year		0.15%
5 years		0.50
10 years		1.26
20 years		2.07
30 years		2.19
40 years		2.34

Sony Life has not added liquidity premium on the risk free rate as there are no products which are considered appropriate to apply liquidity premium as they have reasonably predictable cash flows and are considered illiquid.

(2) Interest-rate model

Sony Life has calibrated the interest rate model to the market as of March 31, 2011. Sony Life has estimated parameters for the interest rate model from the yield curve and the implied volatilities of interest swaptions with different terms. Sony Life has used 1,000 scenarios generated by Milliman, Inc. in calculating the time value of options and guarantees under the stochastic method where the interest rate is floored at 0%.

The implied volatilities of the interest swaption used in Sony Life's estimation are as follows:

		(%)			
As of March 31		2010			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1 year	1 year	40.3%	60.8%	50.5%	53.0%
5 years	1 year	41.8	31.4	25.3	23.3
5 years	5 years	27.1	21.0	16.4	14.9
5 years	7 years	23.4	19.0	14.6	13.1
5 years	10 years	20.9	16.6	13.6	11.6
5 years	15 years	20.5	14.8	13.8	12.0
5 years	20 years	22.5	13.5	16.1	12.9
10 years	1 year	30.3	24.8	19.8	17.2
10 years	5 years	23.6	19.2	15.9	13.5
10 years	7 years	21.4	17.8	14.9	12.5
10 years	10 years	20.4	16.0	14.4	11.7
10 years	15 years	21.1	14.2	15.2	12.1
10 years	20 years	22.5	12.7	17.5	12.8
15 years	1 year	25.2	22.3	18.5	15.8
15 years	5 years	22.2	17.7	15.6	13.5
15 years	7 years	21.4	16.4	14.9	12.6
15 years	10 years	21.0	14.7	14.7	11.8
15 years	15 years	21.7	12.9	15.6	12.1
15 years	20 years	22.5	11.7	17.7	12.5
20 years	1 year	23.7	20.5	18.4	15.2
20 years	5 years	22.3	17.0	16.0	13.6
20 years	7 years	21.5	15.8	15.5	12.6
20 years	10 years	21.5	14.0	15.2	11.8
20 years	15 years	22.0	12.6	15.9	11.8
20 years	20 years	22.4	11.5	17.7	12.0

		(%)			
As of March 31		2011			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1 year	1 year	53.8%	66.6%	33.9%	44.1%
5 years	1 year	60.1	35.0	24.4	26.3
5 years	5 years	32.5	23.1	19.2	16.5
5 years	7 years	26.7	20.8	17.5	14.4
5 years	10 years	23.6	18.3	15.9	13.0
5 years	15 years	22.5	16.4	16.1	13.2
5 years	20 years	24.9	15.1	18.1	13.9
10 years	1 year	40.6	27.7	21.1	19.8
10 years	5 years	28.2	21.3	18.6	15.1
10 years	7 years	25.3	19.5	17.5	13.8
10 years	10 years	24.0	17.8	16.5	12.7
10 years	15 years	24.4	15.8	17.3	12.5
10 years	20 years	26.3	14.6	19.4	12.5
15 years	1 year	32.6	24.1	20.0	17.8
15 years	5 years	26.7	19.5	18.2	14.6
15 years	7 years	25.3	18.2	17.2	13.5
15 years	10 years	24.8	16.5	16.5	12.4
15 years	15 years	25.4	14.9	17.2	12.3
15 years	20 years	26.2	13.5	19.0	12.9
20 years	1 year	30.4	22.7	20.1	16.6
20 years	5 years	26.9	18.6	18.5	14.2
20 years	7 years	25.8	17.6	17.6	13.2
20 years	10 years	25.7	15.7	16.9	12.1
20 years	15 years	25.8	13.9	17.2	12.4
20 years	20 years	26.5	12.9	18.0	11.5

(3) Implied volatility of foreign exchange rates and equity

Sony Life has obtained spot implied volatilities from options with different terms. Implied volatilities are all those for at-the-money options. Bloomberg is the source of data for foreign exchanges and averages of the implied volatilities provided by securities firms for the stock price index.

Sony Life has assumed that forward implied volatilities in the 11th year and beyond are equal to those in the 10th year for both foreign exchange rates and the stock price index as these derivatives have low liquidities for the period over 10 years. Regarding the implied volatility of UK pound/Japanese yen, Sony Life used the forward implied volatility of a 7-year term for the 8-year term and thereafter as there was no credible data available beyond the 7-year term as of March 31, 2010. However, Sony Life applied the same treatment as that for other currencies as of March 31, 2011.

Implied volatilities used for the estimation are as follows:

As of March 31	2010						
	Foreign Exchange			Stocks			
	U.S. dollar/ Japanese yen	Euro/ Japanese yen	UK pound/ Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
Term							
1 year	13.0%	14.4%	16.3%	18.5%	19.4%	21.4%	18.6%
5 years	14.7	17.7	18.9	20.5	22.1	23.5	21.7
10 years	18.0	20.2	20.3*	22.2	28.4	26.3	25.0

As of March 31	2011						
	Foreign Exchange			Stocks			
	U.S. dollar/ Japanese yen	Euro/ Japanese yen	UK pound/ Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
Term							
1 year	13.6%	15.4%	15.2%	20.3%	19.9%	21.8%	18.5%
5 years	16.6	20.1	18.5	19.9	21.6	22.4	21.2
10 years	20.0	24.5	24.0	22.1	25.7	25.1	24.8

* Value for the 7-year term is presented in the column of the 10-year term for the implied volatility of UK pound/Japanese yen as of March 31, 2010.

(4) Correlation factor

Sony Life has calculated correlation factors from the monthly return of each index for a period of five years from April 2006 and to the end of March 2011 as there is no market-consistent data for correlation factors.

As of March 31	2010										
	Japanese yen Interest rate 1Y	U.S. dollar Interest rate 1Y	Euro Interest rate 1Y	UK pound Interest rate 1Y	U.S. dollar/Japanese yen	Euro/Japanese yen	UK pound/Japanese yen	TOPIX	S&P	SX5E	FTSE
Japanese yen Interest rate 1Y	1.00	0.48	0.45	0.39	0.36	0.34	0.41	0.20	(0.17)	(0.02)	(0.16)
U.S. dollar Interest rate 1Y	0.48	1.00	0.69	0.61	0.38	0.22	0.41	0.48	0.14	0.37	0.16
Euro Interest rate 1Y	0.45	0.69	1.00	0.85	0.46	0.46	0.55	0.43	0.06	0.28	0.04
UK pound Interest rate 1Y	0.39	0.61	0.85	1.00	0.34	0.34	0.46	0.37	0.09	0.22	0.07
U.S. dollar/Japanese yen	0.36	0.38	0.46	0.34	1.00	0.74	0.91	0.34	(0.61)	(0.10)	(0.47)
Euro/Japanese yen	0.34	0.22	0.46	0.34	0.74	1.00	0.84	0.28	(0.44)	(0.18)	(0.44)
UK pound/Japanese yen	0.41	0.41	0.55	0.46	0.91	0.84	1.00	0.34	(0.54)	(0.13)	(0.51)
TOPIX	0.20	0.48	0.43	0.37	0.34	0.28	0.34	1.00	0.41	0.75	0.53
S&P	(0.17)	0.14	0.06	0.09	(0.61)	(0.44)	(0.54)	0.41	1.00	0.79	0.92
SX5E	(0.02)	0.37	0.28	0.22	(0.10)	(0.18)	(0.13)	0.75	0.79	1.00	0.88
FTSE	(0.16)	0.16	0.04	0.07	(0.47)	(0.44)	(0.51)	0.53	0.92	0.88	1.00

As of March 31	2011										
	Japanese yen Interest rate 1Y	U.S. dollar Interest rate 1Y	Euro Interest rate 1Y	UK pound Interest rate 1Y	U.S. dollar/Japanese yen	Euro/Japanese yen	UK pound/Japanese yen	TOPIX	S&P	SX5E	FTSE
Japanese yen Interest rate 1Y	1.00	0.45	0.41	0.37	0.16	0.16	0.28	0.12	0.05	0.04	(0.03)
U.S. dollar Interest rate 1Y	0.45	1.00	0.66	0.63	0.58	0.20	0.50	0.32	0.23	0.28	0.18
Euro Interest rate 1Y	0.41	0.66	1.00	0.86	0.40	0.43	0.56	0.35	0.44	0.40	0.29
UK pound Interest rate 1Y	0.37	0.63	0.86	1.00	0.46	0.38	0.64	0.36	0.32	0.26	0.16
U.S. dollar/Japanese yen	0.16	0.58	0.40	0.46	1.00	0.53	0.72	0.52	0.19	0.21	0.17
Euro/Japanese yen	0.16	0.20	0.43	0.38	0.53	1.00	0.74	0.65	0.60	0.52	0.50
UK pound/Japanese yen	0.28	0.50	0.56	0.64	0.72	0.74	1.00	0.65	0.44	0.43	0.29
TOPIX	0.12	0.32	0.35	0.36	0.52	0.65	0.65	1.00	0.75	0.73	0.73
S&P	0.05	0.23	0.44	0.32	0.19	0.60	0.44	0.75	1.00	0.90	0.88
SX5E	0.04	0.28	0.40	0.26	0.21	0.52	0.43	0.73	0.90	1.00	0.89
FTSE	(0.03)	0.18	0.29	0.16	0.17	0.50	0.29	0.73	0.88	0.89	1.00

(5) Foreign exchange

Assets denominated in foreign currencies are converted to Japanese yen using the TTM (telegraphic transfer middle exchange rate) as of March 31, 2011.

The table below shows foreign exchange rates of major currencies.

As of March 31	(Yen)	
	2010	2011
1 U.S. dollar/Yen	¥ 93.04	¥ 83.15
1 Euro/Yen	124.92	117.57
1 UK pound/Yen	140.40	133.89
1 Philippine peso/Yen	2.00	1.93

2.2 Future asset allocation

(1) Asset allocation in the general account

Segment accounting is conducted for individual life insurance and individual annuity with the classifications of non-participating product segment, semi-participating product segment and interest rate-sensitive whole life insurance segment. Asset allocation in the general account under the stochastic method was determined based on the actual asset allocation in each segment as of March 31, 2011 with an assumption of no changes in asset allocation thereafter.

(2) Asset allocation in the separate account

There are eight funds established in the separate account. The asset allocation for each fund at the beginning of the projection is determined based on the actual fund allocation as of March 31, 2011 and no rebalancing adjustments are applied to maintain the initial fund allocation thereafter.

2.3 Other assumptions

Assumptions including mortality and morbidity rates, lapse and surrender rates, and operating expense rates, were developed based on product best estimates as of March 31, 2011. Best-estimate assumptions are developed to reflect past and current experiences as well as expected experiences in the future. Expected future changes in assumptions should be reflected only when they are supported by sufficient reasons. Except for a deteriorating trend in morbidity rates, no other expected future changes are assumed in the best estimate assumptions applied. Assumptions were developed as follows:

(1) Mortality and morbidity rates

Developed based on experiences over the three most recent years. Deteriorating trends in morbidity rates are taken into account for those A&H products to which deteriorating trends were observed when the experience data were analyzed in conducting the statutory stress test.

(2) Lapse and surrender rates

Lapse and surrender rates for the base case were developed based on experiences over the three most recent years. Sony Life has also developed dynamic assumptions in accordance with the level of interest rate or investment performance. The dynamic assumptions are made for the following products:

- Variable life insurance
- Semi-participating products
- Non-participating whole life insurance
- Non-participating endowment insurance

Since Sony Life has not identified explicit correlations between interest rates or account values to the amount of minimum guarantee and the lapse and surrender rates regarding products other than variable insurance, Sony Life has developed dynamic surrender rates by referring to the experience with similar products and domestic and overseas trends of practice. Going forward, Sony Life will strive to improve dynamic surrender rates for the relevant products by carefully monitoring experiential data and referring to experience with similar products and trends of practice in Japan and other countries.

(3) Flexible premiums

There are no flexible premium products and thus no assumptions were developed.

(4) Renewal rates

Because there is very little renewable business and it does not have a significant impact on results, policy renewal was reflected in a simplified manner.

(5) Operating expense rates

Sony Life has developed unit costs of the expenses incurred for maintenance and administration of policies and payments of claims based on the actual operating expenses in the most recent year.

Sony Life Insurance (Philippines) Corporation, a subsidiary, is evaluated as its equity converted into a yen amount and its profits and losses are not reflected as life insurance business. So, Sony Life has not reflected administration expenses incurred at Sony Life regarding management of the relevant subsidiary to the unit costs.

While AEGON Sony Life Insurance Co., Ltd., an affiliated company, is not evaluated as the life insurance business, it is not just valued at its book value but valued as net asset value minus intangible fixed assets and Insurance Business Law Article 113 deferred assets, multiplied by the participation rate. So, administration expenses incurred at Sony Life regarding management of this company are reflected in the unit costs.

Administration expenses of other subsidiaries and affiliated companies are not excluded from the unit costs as their impact is limited. The look-through effect of the relationship with subsidiaries and affiliated companies is not considered except for the points described above.

There are no one-time expenses which were incurred during the year ended March 31, 2011 and excluded from the unit cost.

Expenses that were not reflected in unit costs accounted for less than 1% of total operating expenses.

Unit costs include management administration charges payable to the parent company, Sony Financial Holdings Inc. The look-through effect has not been considered with regards to the relationship with Sony Financial Holdings Inc. except for the point described above.

(6) Tax rate

Based on the most recent effective tax rate.

(7) Inflation

Set inflation to 0% reflecting the break-even inflation rate derived from 10-year Consumer Price Index (CPI)-indexed Japanese government bonds.

3. Calculation method of MCEV

3.1 Covered business

The covered business is the business operated by Sony Life, its subsidiaries and its affiliate companies.

3.2 Treatment of subsidiaries and affiliate companies

Sony Life's calculations include the following values regarding subsidiaries and affiliated companies to the calculation of adjusted net worth:

- AEGON Sony Life Insurance Co., Ltd. is valued as net asset value minus intangible fixed assets, and Insurance Business Law Article 113 deferred assets, multiplied by the participation rate, which is ¥4.4 billion.
- Sony Life Insurance (Philippines) Corporation is valued as book value under Japanese GAAP adjusted for unrealized gains/losses due to foreign exchange rate movement (after-tax), which is ¥2.8 billion.
- Other companies are valued as book value under Japanese GAAP, which is ¥2.8 billion.

There are no other values reflected in the values of subsidiaries and affiliated companies except for the above, and all other results solely reflect Sony Life itself (on a non-consolidated basis).

3.3 Treatment of reinsurance

Sony Life has designated reinsurance premiums as expenses and reinsurance benefits as income in Sony Life's projections, as Sony Life has ceded as reinsurance the mortality risks of certain death protection insurance products.

3.4 Treatment of semi-participating policies

Sony Life has calculated dividends in accordance with the level of future investment returns, based on the same method used to determine the dividend rate for the accounting closure of March 31, 2011, reflecting the present value of certainty-equivalent profit and the time value of options and guarantees.

3.5 MCEV

MCEV is defined as the present value of distributable earnings to shareholders generated from assets allocated to the covered business after sufficient allowance for the aggregate risks in the covered business and consists of adjusted net worth and the value of existing business.

3.6 Adjusted net worth

Adjusted net worth is calculated as the market value of assets allocated for the covered business in excess of statutory policy reserves and other liabilities as of the valuation date. Specifically, it equals to the total amount of the net assets section on the balance sheets, adding reserve for price fluctuations, contingency reserve, reserve for possible loan losses, unrealized gains or losses on held-to-maturity securities, and unrealized gains or losses on land and buildings, deducting unfunded pension liabilities and intangible fixed assets, and adjusting for the amount of tax effect equivalent of these seven items, on which valuation gains or losses on subsidiaries and affiliated companies are added. Adjusted net worth can be split into required capital and free surplus.

3.7 Required capital

MCEV Principles define required capital as the amount of assets that should be held in addition to the assets corresponding to the statutory liability to perform the in-force policy obligations, which is restricted from distributing to shareholders in nature. The level of required capital should be the larger of the solvency capital to meet the statutory required minimum level or the capital required to meet the internal objectives in terms of marketing purpose or risk management purpose, or to achieve Sony Life's targeted credit rating.

Sony Life set its required capital as the larger of the amount of capital required for the current solvency margin ratio of 600% or the amount of capital to cover risks based on the internal model.

For the previous fiscal year Sony Life defined the amount of capital to cover risks based on the internal model as the total amount of technical provision and solvency risk capital stipulated by QIS4 of the EU Solvency II held in excess of statutory policy reserves (excluding contingency reserves). From this fiscal year Sony Life has changed to the internal model, a similar but modified model based on the QIS5 standard method.

Although the Japanese statutory required minimum level is a solvency margin ratio of 200%, Sony Life set its level for the targeted solvency margin ratio at 600% in calculating MCEV as of March 31, 2011, as there are arguments that a level of 200% under the current solvency margin standard would not necessarily be sufficient to present the soundness of an insurance company and revisions have been already made to the solvency margin ratio, and Sony Life has used the targeted minimum solvency margin ratio of 600% instead of 200% as a basis to calculate the cost of capital for TEV from the past.

While the Japanese solvency regime will be revised at the end of March 2012, it is expected that MCEV would not be materially different if required capital were set to maintain a minimum level of 200% solvency margin ratio under the revised regime from the end of March 2012. Sony Life plans to change the targeted solvency capital level as appropriate in line with the timing of the enforcement of the new regime at the end of March 2012.

Sony Life will also revise the internal model itself as appropriate, taking into account the domestic and overseas situations, including movements of international accounting standards, valuation methods of insurance liability on an economic value basis and solvency margin standard trends, as well as the analysis of Sony Life's internal mortality and morbidity rates data.

Major changes of the internal model approach from the previous year are as follows:

(1) Market risk

Market risk quantification follows the QIS5 approach in principle. However, Sony Life modified it to make it more suitable in light of the market risk attribute to which Sony Life is exposed to where QIS5 standard methodology is considered unable to capture enough risk amount at a 99.5% confidence level. It includes the use of alternate stress parameters for some risks derived by using the same calibration method as that used for QIS5. Major stress parameters different from QIS5 include 45% for listed stocks, 100% for subsidiaries and affiliated companies' stocks, and 30% for currency risk.

(2) Insurance underwriting risk

① Module

Referring to the QIS5 approach, it is classified that accidental and health (A&H) products belong to the Health module and the other products belong to the Life module. Because diversification effect is considered between the Life and Health modules, this change decreases the total insurance underwriting risk.

② Risk quantification

Mortality and longevity risks follow the QIS5 approach.

Morbidity, lapse, expense, and catastrophe risks have not been revised. In particular lapse up/down stress parameters for the Health module under QIS5 are 20%. Because it makes stress parameters extremely lower only for A&H products, Sony Life has kept the parameters at 50% to be consistent with the methodology Sony Life has been using.

(3) Operational risk

QIS5 is followed.

(4) Correlation parameters

Correlation parameters follow QIS5.

3.8 Free surplus

Free surplus is the amount of adjusted net worth other than that for required capital.

3.9 Value of existing business

The value of existing business is calculated as the present value of certainty-equivalent profit deducting the time value of options and guarantees, the frictional costs and the cost of non-hedgeable risks. New business value is calculated using the same method.

3.10 Present value of certainty-equivalent profit

The present value of certainty-equivalent profit is the present value of profit based on the future cash flows generated from the covered business. The risk-free rate is used for assuming investment return on all assets and the discount rate.

The present value of certainty-equivalent profit reflects the intrinsic value of options and guarantees.

3.11 Time value of options and guarantees

Sony Life has calculated the time value of options and guarantees using the stochastic method with risk-neutral scenarios. The time value of options and guarantees is calculated as the difference between the present value of certainty-equivalent profit and the present value of stochastic future profits.

The time value of options and guarantees considers the following items:

- Minimum guarantees of variable life insurance

The excess of account value over the scheduled policy reserves is attributed to policyholders. However, when the account value is less than the scheduled policy reserves, the cost incurred from executing guaranteed minimum death benefits for variable life insurance is attributed to shareholders.

- **Minimum interest-rate guarantee for interest rate-sensitive whole life insurance**
When the investment return exceeds the assumed interest rate, the outperforming portion is credited to policyholder account value. However, when the investment return underperforms the assumed interest rate, the cost for the difference is attributed to shareholders, as the assumed interest rate is guaranteed.
- **Interest dividend for semi-participating products**
When the investment return exceeds the assumed interest rate, the outperforming portion is credited to the fund for policyholder dividends and paid to policyholders every five years as interest dividends. Accordingly, any of such interest gains would not be attributed to shareholders, while interest losses would be attributed to shareholders.
- **Surrender options**
Policyholders have various options in insurance contracts. Reflected among them are the costs of policyholders' exercising the right of surrender in the event of increased interest rates. Since Sony Life has not identified explicit correlations between interest rates or account values to the amount of minimum guarantee and the lapse and surrender rates regarding products other than variable insurance, Sony Life has developed dynamic surrender rates by referring to the experience with similar products and domestic and overseas trends of practice. Going forward, Sony Life will strive to improve dynamic surrender rates for the relevant products by carefully monitoring experiential data and referring to experience with similar products and trends of practice in Japan and other countries.

3.12 Frictional costs

Sony Life has calculated frictional costs as the present value of investment costs and taxes on assets backing the required capital at each point of time in the future.

3.13 Cost of non-hedgeable risks

As risks regarding the asymmetric nature of cash flows not reflected in the present value of certainty-equivalent profit are fully reflected in the time value of options and guarantees, Sony Life has reflected an allowance for the uncertainty of non-economic assumptions and the portion of economic assumptions considered non-hedgeable with respect to the cost of non-hedgeable risks.

Specifically, Sony Life has assumed a risk margin based on the method prescribed in QIS5 of the EU Solvency II framework as the cost of non-hedgeable risks and calculated it with the cost of capital approach. It should be noted that the following points are different from the method prescribed in QIS5:

- With respect to non-hedgeable risk, the uncertainty of the risk-free rates beyond the 40th year has been considered as an interest risk, in addition to insurance underwriting risks and operational risks. Catastrophe risk and lapse risk in the Health module have remained the same as QIS4 described in section 3.7.(2).
- Counterparty default risk has not been reflected in the non-hedgeable risks as its impact is limited.
- Sony Life has used risk amounts quantified after taking into consideration the risk mitigation effect through policyholder dividends without any adjustments.
- Sony Life has used the cost of capital rate described in section 3.14.

3.14 Cost of capital rate

QIS5 of the EU Solvency II has set a cost of capital rate at 6%, which is used for the cost of capital calculation. On the other hand, the CRO (Chief Risk Officer) Forum comprised of CROs from leading insurance companies in Europe proposed that 2.5% to 4.5% would be the appropriate level based on several trial calculations. Following the philosophy of the CRO Forum's approach, Sony Life has decided to use 2.5% for the cost of capital rate consistent with the MCEV framework considering Japanese long-term stock risk premiums, the beta of Sony Financial Holdings Inc. and the anticipated impact of the equity risk exposure of Sony Life on the beta of Sony Financial Holdings Inc., which is a hedgeable risk. However, Sony Life may revise the cost of capital rate in the future as an industry development standard has not yet been established.

Sony Life has obtained an opinion on the disclosure of MCEV results as of March 31, 2011, from Milliman, Inc., which is an external actuarial consulting firm with expertise concerning MCEV valuations, to review the calculations of MCEV.

4. Overview of MCEV

4.1 Developments Surrounding MCEV and Sony Life's Initiatives

Market Consistent Embedded Value (MCEV), in compliance with MCEV Principles, represents the present value of the current and future distributable earnings to shareholders generated from assets allocated to the covered business after sufficient allowance for the aggregate risks in the covered business. MCEV is calculated as the sum of adjusted net worth and the value of existing business.

Embedded Value (EV) is one of the indices used to evaluate the corporate value of a life insurance business. Many insurance companies in Europe disclose EV as part of their financial reports and use it as an internal management tool. Sony Life has disclosed MCEV since March 31, 2008, in compliance with MCEV Principles.

Under Japanese GAAP for life insurance companies, the balance sheet does not indicate the present value of future earnings from policies in force. In terms of the income statement, which provides information about the results of operations and profitability for a given fiscal year, life insurers have a profit structure in which initial costs exceed a policy's annual premium income in the first year of the new policy, and profits are made by recovering these costs during the number of coverage years. As a result, it is impossible to accurately determine a life insurer's performance by looking at the financial statements for only a single fiscal year. This is particularly true for a fiscal year when sales are strong because the new policies cause up-front expenses to climb. Higher sales thus cause profit to fall at first. On the other hand, MCEV indicates the present value of future earnings from policies in force, along with an insurance company's net assets. Therefore, Sony Life believes that MCEV is a useful tool for evaluating the corporate value of life insurers because it can supplement Japanese GAAP-based financial information. However, Sony Life calculates MCEV based on the policies in force on the calculation date, and does not include the value of new policies it may write in the future. (It is generally believed that the value of new policies must be taken into consideration when evaluating an insurance company's economic value.)

With respect to developments surrounding MCEV, the European CFO (Chief Financial Officer) Forum, which is attended by the CFOs of major European insurance companies, revised MCEV Principles in October 2009 and added issues related to liquidity premium. Sony Life believes that continued vigilance is needed as calculation standards may change further going forward.

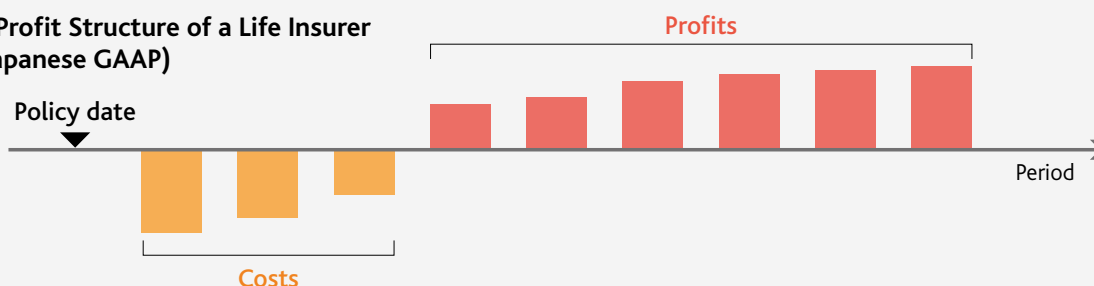
Sony Life regards MCEV as a useful indicator. One reason is that MCEV allows it to analyze specific causes of changes in corporate value. MCEV is also essential for reflecting the above analysis in management strategies, with the aim of achieving consistent growth in corporate value centered on new business value. In addition, to prepare for the start of corporate value evaluations based on economic value, Sony Life is also using MCEV methodology to perform market consistent asset and liability evaluation and risk management. Sony Life, through the use of MCEV evaluation, ascertains the magnitude of interest rate risk and strives to reduce its exposure to this risk. To this end, Sony Life has worked to replace its bond holdings (by shifting from investing in bonds with short-term maturities to those with ultralong-term maturities). The process was largely completed for existing bonds in the first half of fiscal 2010. As a result, interest rate fluctuations now have only a limited impact on Sony Life. In addition, Sony Life controls profit by monitoring MCEV for each product, and designs products while paying close attention to their impact on MCEV. Sony Life continues to properly control interest rate risk as part of its risk management systems based on economic value. At the same time, Sony Life is constantly working to raise corporate value by increasing sales of new policies, lowering the lapse and surrender rate, reducing the expense ratio, and making other improvements.

4.2 The Composition of MCEV

What is EV?

- EV is one measure of corporate value for life insurers.
- Life insurers have a profit structure in which initial costs exceed annual premiums in the initial fiscal year of a new policy, and profits are made by recovering these costs during the period of insurance. Consequently, business management cannot be accurately assessed based solely on results data for a single fiscal year.
- Accordingly, EV is widely used overseas, especially in Europe, as a tool for comprehensively evaluating life insurers.

General Profit Structure of a Life Insurer (under Japanese GAAP)



EV structure

MCEV =

Adjusted net worth calculated from balance sheets
(Results of business activities to date)

+

Future value of in-force business (Value of existing business)
(Expected future profits from existing policies)

Sony Life concludes policies with new customers each year, but EV represents the future value of net assets and policies in force on a certain balance sheet date, and does not include the value of new policies it may write in the future.

5. Glossary of MCEV-related Terminology (in Alphabetical Order)

A

Appraisal value

- A corporate value based on projected cash flows receivable for shareholders from existing business and future new business. It is defined as the current MCEV plus new business value acquired in the future.

Asymmetric risk

- The risk where symmetric upward and downward changes on assumptions do not result in symmetric changes in cash flow. Such risk includes minimum guarantee of variable life insurance and policyholder dividend payment. These risks are evaluated with a stochastic method and presented as a time value of options and guarantees.

B

Best estimate assumption

- The assumption that is most expected to occur in the future.

C

Calibration

- To set various stochastic model parameters in a market-consistent manner.

Cost of capital approach

- One of the approaches to calculate the risk margin. The cost of risk is determined by taking the present value of the cost to hold capital required in future periods.

Cost of non-hedgeable risk

- The present value of the cost to hold required capital to cover future non-hedgeable risks. As risks regarding the asymmetric nature of cash flows not reflected in the present value of certainty-equivalent profit are fully reflected in the time value of options and guarantees, we have reflected allowance for uncertainty of non-economic assumptions and the portion of economic assumptions considered non-hedgeable of economic assumptions with respect to the cost of non-hedgeable risks in this cost.

F

Free surplus

- The portion of adjusted net worth other than the required capital.

Frictional costs

- The present value of investment costs and taxes on assets backing the required capital at each point of time in the future.

I

Implied volatility

- The expected rate of future variability embedded in current option prices, and represents the expected value of the market against the price fluctuation.

L

Look through

- To measure the impact of an action on an entire business group rather than only on a particular part of the group.

N

Non-financial risk

- Examples are mortality risk, longevity risk, disability risk, operating expense risk, surrender risk and operational risk.

Non-hedgeable non-financial risk

- A non-financial risk such that deep and liquid capital markets do not exist to hedge such risk.

Non-hedgeable risk

- Non-hedgeable risk is composed of non-hedgeable financial risk and non-hedgeable non-financial risk.

O

Options and guarantees

- The following are some features of options and guarantees:
 - Policy cash flow would be changed by exercising options granted to the policyholder, which may or may not be exercisable at the discretion of the policyholder. An example of such features is the exercise of the surrender option.
 - It includes guarantee of benefits or policyholder values. An example is a minimum death benefit guarantee for variable life insurance.

P

Present value of certainty-equivalent profit

- Present value of certainty-equivalent profit is the present value of profit based on the future cash flows generated from the covered business.

Q

QIS4

- Quantitative Impact Study. Conducted prior to implementation of the EU Solvency II. The 4th study was conducted in May 2008 and is referred to as QIS4.

QIS5

- The latest Quantitative Impact Study following the QIS4. It was executed between August and November 2010.

R

Required capital

- MCEV Principles define required capital as the capital necessary to hold in excess of statutory policy reserve (excluding contingency reserve), and the larger of the solvency capital to meet the statutory required minimum level and the capital necessary to meet the internal objectives or to achieve the company's targeted credit rating. Required capital of Sony Life is set as the larger of the amount of capital corresponding to the solvency margin ratio of 600% and the amount of capital to cover risks based on the internal model.

Risk-free rate

- The reference rate defined in MCEV Principles. MCEV Principles states that it should be the swap rate to the currency of the cash flows.

Risk margin

- The cost to hold capital to cover non-hedgeable risks reflected in evaluating the insurance liability on an economic value basis.

Risk neutral probability

- A pseudo probability derived so that the present value of future expected values under multiple scenarios discounted with current risk-free rates is equal to the current value.

Risk neutral scenario

- An interest rate scenario generated under risk-neutral probabilities.

S

Solvency II

- A new solvency regulation base on economic value to be applied uniformly within the EU that the European Commission is preparing to implement from 2013.

T

Technical provision

- The value of liability on an economic value basis, which equals the present value of best estimate cash flows plus Risk Margin.

Time value and intrinsic value

- An option value that has two elements: time value and intrinsic value. Intrinsic value is the option value under certainty-equivalent conditions. Time value is the value of options other than intrinsic value, which is calculated as the difference between the present value of certainty-equivalent profit and the present value of stochastic future profit.

Glossary (in Alphabetical Order)

A

Assumed interest rate (life insurance)

- Insurance companies anticipate a certain return on invested assets in advance and discount insurance premiums only by this amount. This discount is called the assumed interest rate.

B

Bank sales of insurance products (life and non-life insurance, banking)

- A bank serves as an insurance agency to solicit insurance. There were previously restrictions on what products could be sold, but these restrictions were abolished on December 22, 2007, and banks can now sell a variety of insurance products.

Benefits (life insurance)

- Money paid by an insurance company to a beneficiary in the event of hospitalization, surgery, or others involving the insured.

C

Capital adequacy ratio (banking)

- An indicator of whether a bank has enough capital, including common stock, versus credit risk assets (of total assets, those which could become non-performing). If a bank is unable to recover a large amount of loans, it can draw on capital and write off these loans. A sharp decrease in capital creates difficulties in bank management.

Capital adequacy ratio regulations ensure that banks are soundly managed by keeping the capital adequacy ratio above a certain level. This ratio is therefore an important indicator to show financial soundness.

Combined ratio (non-life insurance)

- The sum of an insurance company's net loss ratio and net expense ratio. Indicates an insurance company's efficiency based on income and payments.

Compulsory automobile liability insurance (non-life insurance)

- Compulsory automobile liability insurance is legally required for all vehicles and provides protection for victims of traffic accidents resulting in injury or death. Compulsory automobile liability mutual aid is similar. With compulsory automobile liability insurance (mutual aid), indemnity payments per person per accident are capped at ¥30 million for death, ¥40 million for serious residual disability, and ¥1.2 million for injury. It should be noted that benefits are not paid for vehicle or property damage.

Contingency reserve (life and non-life insurance)

- Reserve to prepare for abnormal payments in the future resulting from various factors, including insurance risk and assumed interest rate risk. Insurance companies list contingency reserve at every account closing as one component of policy reserves in the financial statements.

Core profit (life insurance)

- An indicator of profits in the primary insurance business over a one-year period. It is derived by subtracting from ordinary profit any profits earned from operations other than the primary insurance business, including profits from the sale of assets owned by the insurance company. Profit categories subtracted from ordinary profit include gains and losses on the sale of securities and one-time gains and losses.

D

Direct premiums written (non-life insurance)

- Premiums received from policyholders, calculated by subtracting direct surrender payments and other direct payments from direct premiums.

E

Embedded value (life insurance)

- An indicator of the corporate value of a life insurance company. Sony Life discloses MCEV in conformity with the MCEV Principles. For details of MCEV, see pages 186 to 199.

Endowment insurance (life insurance)

- Endowment insurance entitles a beneficiary to receive death or serious injury benefits upon the death or serious injury of the insured within an insurance period specified when the policy is purchased, or to receive maturity benefits upon policy maturity.

Expense ratio (non-life insurance)

- The ratio of expenses for soliciting, maintaining, and managing insurance to insurance premiums. Used as an indicator of business efficiency at insurance companies. The ratio is normally derived by adding operating, general, and administrative expenses related to insurance underwriting to net commissions and brokerage fees, and then dividing by net premiums written.

F

Financial products intermediary service (banking)

- Service in which a bank is entrusted by a securities company to open general securities accounts for customers, solicit trading orders for stocks, foreign bonds, and other securities, and pass applications to the securities company partner.

G

General accounts (life insurance)

- Accounts for managing financial assets not included in separate accounts. This account guarantees policyholders a certain assumed interest rate.

Gross operating profit (banking)

- Gross operating profit is the total income from the four components of banking services income: net interest income, net fees and commissions, net trading income, and net other operating income. Equivalent to gross profit (sales minus purchases) and an indicator of the amount of profits a bank generates from its main services. Sony Bank does not currently generate net trading income.

Group credit life insurance (life insurance)

- Insurance provided to mortgage loan borrowers and other debtors. Upon death of the insured, the creditor will be paid death benefits equivalent to the loan balance at that time, thereby paying off the loan.

I

Individual annuities (life insurance)

- Policyholders are eligible for receiving annuity payments from funds accumulated by paid insurance premiums at a certain age prescribed in the policy. There are a variety of types depending on the period for receiving the annuity, structure of the annuity, method for paying premiums, and death protection prior to receiving the annuity.

Individual variable annuities (life insurance)

- Individual annuity product in which assets are invested mainly in stocks and bonds, and annuity and surrender payments increase or decrease depending on investment returns. The individual assumes the investment risk.

Insurance Act

(life insurance, non-life insurance)

- Previously, rules concerning insurance policies were stipulated in the Insurance Chapter of the Commercial Code, which was enacted in 1899. In April 2010, the Insurance Act entered into force as a new law independent of the Commercial Code. Because no substantive amendments to rules concerning insurance policies in the Commercial Code had been made for over a century, the Insurance Act contains substantial changes from the standpoint of protecting policyholders and others. In addition, the Act has been written in language reflecting modern usage, among other revisions.

Insurance Business Law (life and non-life insurance)

- Insurance business has a public aspect, and the Insurance Business Law, as noted in Article 1, is intended to protect policyholders and contribute to the stable lives of citizens and to sound national economic development by ensuring sound and appropriate business practices and fair insurance solicitation.

Insurance claims (life and non-life insurance)

- Money paid by an insurance company to the insured upon the death or serious injury of the insured or policy maturity in the case of life insurance; upon damage caused by a compensation event according to the insurance policy in the case of non-life insurance; and upon hospitalization or surgery of the insured in the case of third-sector insurance.

Insurance premiums (life and non-life insurance)

- Money paid by policyholders to an insurance company based on the insurance policy. Even after submitting an insurance policy application, no protection or compensation is provided unless premiums are paid.

Insured (life and non-life insurance)

- A person who receives insurance protection and compensation or a person who has insurance coverage for their life, illness, or injury. This can be the same or different person from the policyholder.

L

Lapse (life insurance)

- Life insurance policies require that premiums continue to be paid until a certain date, according to the payment method, to remain effective. If a policyholder stops paying premiums, the policy will lapse after a payment grace period (a lapsed policy no longer provides protection), and the policyholder will be not eligible to receive benefits.

Lapse and surrender rate (life insurance)

- Lapse and surrender rate is the ratio of lapses and surrenders to policies in force at the beginning of the fiscal year.

Loss adjustment expenses (non-life insurance)

- Expenses incurred by an insurance company in examining an insured event. These include personnel and non-personnel expenses.

Loss ratio (non-life insurance)

- The ratio of insurance claims paid to premium income. Used in analyzing the business of an insurance company and in calculating insurance premium rates. The net loss ratio is the ratio derived by adding loss adjustment expenses to net losses paid, then dividing by net premiums written.

Losses on the disposal of fixed assets (life and non-life insurance, banking)

- In the sale of assets other than securities, including real estate and movable assets, should the sale price be lower than the total of carrying amount and transfer costs, the difference is recorded as a loss. This item also includes the retirement of assets other than securities through demolition or other means, losses caused by disaster or theft, and losses on the transfer of receivables, including loans to debtor countries.

M

Medical insurance (life and non-life insurance)

- Medical insurance provides policyholders with hospitalization and surgical benefits in the event of hospitalization or surgery due to illness or injury.

N

Negative spread (life insurance)

- A negative spread occurs when the investment of assets by an insurance company yields an actual return that is lower than the assumed interest rate.

Net fees and commissions (banking)

- Fees and commissions charged for providing services. These refer to income generated by providing services, such as bank transfer fees and investment trust sales commissions, less the costs associated with providing these services.

Net interest income (banking)

- Net interest income accounts for the largest percentage of the four income components of gross operating profit. Banks generally use the deposits received from individuals and the funds raised in interbank markets to provide loans to individuals and companies and to invest in securities. Net interest income is the difference between the total interest received from loans and other items (interest income) and the total interest paid for deposits and other items (interest expenses). Net interest income is affected by changes in interest rates (e.g., if deposit interest rates rise while loan interest rates stay the same, net interest income will decrease), and by deposit and loan balances.

Net other operating income (banking)

- Net other operating income is derived from services other than the primary banking services income categories of net interest income, net fees and commissions, and net trading income. One example is buying and selling in dollars and other foreign currencies. In this case, after purchasing foreign currency at a certain price, any gain from a subsequent sale at a price higher than the purchase price would be recorded in other operating income, and any loss from a subsequent sale at a price lower than the purchase price would be recorded in other operating expenses.

Net premiums written (non-life insurance)

- Premiums received directly from policyholders (direct premiums written), adjusting for reinsurance premiums (subtracting direct reinsurance premiums paid and adding direct reinsurance premiums received), and subtracting deposits of premiums.

Non-performing assets

(life and non-life insurance, banking)

- Non-performing assets are claims against parties in bankruptcy, claims against parties in effective bankruptcy due to poor business or other reasons, and claims against parties at risk of bankruptcy. Non-performing assets also include loans for which principal or interest payments are past due by three months or more, and loans for which repayment on initial terms is impossible and interest has been reduced or exempted and the repayment of principal has been extended.

O

Operating expenses (life and non-life insurance)

- The practical expenses of insurance companies. Similar to the selling, general, and administrative expenses of general business corporations. Life insurance companies record the expenses required for soliciting new policies, maintaining policies in force, and paying claims and other items. Non-life insurance companies use the general categories of loss adjustment expenses; operating, general, and administrative expenses; and net commissions and brokerage fees.

P

Policy amount in force (life insurance)

- Total amount of protection provided by life insurance companies to individual policyholders. This is different from the total amount of premiums paid by policyholders (premium income).

Policy reserves (life and non-life insurance)

- Reserves that insurance companies accumulate in advance, funded by premiums, investment income, and other sources, to prepare for future liabilities resulting from insurance policies, including payments of claims, annuities, and benefits. Policy reserves include ordinary policy reserves, catastrophe reserve, contingency reserve, refund reserve, and reserve for policyholders' dividends.

Policy reserves and others (life and non-life insurance)

- Reserves recorded in the liabilities section of the balance sheets for which insurance companies are required in the Insurance Business Law to accumulate to prepare for the payment of future claims and other items to fulfill their obligations for paying claims and other actions based on insurance policies. Policy reserves and others include reserve for outstanding claims, policy reserves, and reserve for policyholders' dividends.

Policyholder (life and non-life insurance)

- A person that signs up for an insurance policy with an insurance company and has various rights (e.g., request of changes in the policy details) and obligations (e.g., payment of premiums) based on the policy.

Policyholder loans (life insurance)

- Loans provided up to a certain level of the surrender payment on life insurance policies.

In general, policyholders retain insurance protection and rights to receive dividends during the period of the policyholder loan. However, policyholder loans may not be available depending on the type of insurance.

R

Reinsurance (life and non-life insurance)

- The insurance agreement that insurance companies conclude with domestic and overseas reinsurance companies for some of the insurance policies they underwrite, mainly large ones, in order to diversify risks on insurance policies.

Reserve for outstanding claims (life and non-life insurance)

- Reserve for the estimated amount of unfixed insurance payments and unpaid insurance claims at the end of the fiscal year, among payment obligations for insurance claims, surrender value, and other benefits.

Reserve for price fluctuations (life and non-life insurance)

- This reserve is set aside to prepare for losses caused by price fluctuations in stocks, bonds and other assets held by an insurance company.

Riders (life and non-life insurance)

- Riders can enlarge the scope of protection in the primary policy by adding provisions to the primary coverage. Riders do not constitute a policy by themselves. Multiple riders can be added to the primary policy. Riders are canceled when the primary policy is canceled due to maturity, surrender, or other reasons.

Risk segmented automobile insurance (non-life insurance)

- Automobile insurance that segments the risk factors on which insurance premium calculations are based. The Insurance Business Law Enforcement Regulations recognize nine risk segment categories: age, sex, driving history, purpose of use, conditions of use, region, vehicle model, presence of safety equipment, and number of vehicles owned.

S

Separate accounts (life insurance)

- Separate accounts are used for variable life insurance, variable annuities, and other insurance products to invest assets separately from the other financial assets owned by an insurance company in order to pay investment returns directly to policyholders.

Solvency margin (life and non-life insurance)

- The solvency margin indicates payment ability. Insurance companies accumulate policy reserves to prepare for the payment of future claims, allowing them to adequately respond to risks within a normally anticipated range. However, unforeseen events can occur, including major disasters and substantial declines in stock prices. The solvency margin ratio is one measure used by regulatory authorities to determine whether an insurance company has the ability to pay in response to the risk of such unpredictable events. If this ratio falls below 200%, the Financial Services Agency will take steps to quickly restore financial soundness.

Surrender (life and non-life insurance)

- Cancellation of an insurance policy for the future. Surrender cancels the policy and ceases insurance protection.

Surrender payments (life and non-life insurance)

- Money refunded to the policyholder in the event that the insurance policy is surrendered or cancelled due to concealment or other reasons. Surrender payment amounts vary depending on several factors, including the type of insurance, insurance period, and years elapsed. Normally, a shorter payment period would result in a smaller amount compared with total insurance premiums paid.

T

Term insurance (life insurance)

- Term insurance entitles a beneficiary to receive benefits in the event of death or serious injury of the insured within an insurance period specified when the policy is purchased.

Third-sector insurance (life and non-life insurance)

- Third-sector insurance refers to insurance positioned between life insurance (first sector) and non-life insurance (second sector). It encompasses a variety of types of insurance, including medical insurance, cancer insurance, nursing care insurance, and personal accident insurance. Regulatory easing has allowed both life and non-life insurance companies to handle all third-sector insurance products from July 2001.

U

Underwriting profits (non-life insurance)

- Underwriting profits are calculated by subtracting from underwriting income (e.g., net premiums written) any underwriting expenses (e.g., net losses paid and loss adjustment expenses) and operating, general, and administrative expenses associated with underwriting, then adding or subtracting other income and expenses (e.g., corporate taxes associated with compulsory automobile liability insurance).

V

Variable life insurance (life insurance)

- Insurance product in which assets are invested mainly in stocks and bonds, and claims and surrender payments increase or decrease depending on investment returns. The individual assumes the investment risk.

SFH's Website Information

SFH actively uses its website to provide timely disclosure to promote a better understanding of SFH and the SFH Group. Please visit our website to view the variety of information.



http://www.sonyfh.co.jp/index_en.html

IR E-mail Alert Service

E-mail notifications are provided when timely disclosure information filed with the Tokyo Stock Exchange, SFH Group news releases or other publications are posted on the website.

IR Materials

IR-related materials, such as earnings releases and financial results, earnings presentation materials and annual reports, are available for viewing or downloading.

Latest IR News

The latest IR news and notices from the SFH Group are posted here.

The screenshot displays the Sony Financial Holdings website. At the top, there's a navigation bar with links for Access Map, FAQs, For Inquiry, Sitemap, and Japanese. Below this is a main banner with the company logo and a tagline. To the right of the banner are links for Management Vision and Our Key Strengths. Below the banner are three main sections: Financial Highlight, IR Materials, and Annual Report. A 'What's New' section is also present. On the right side, there's a 'Share Price' section showing TSE 1st Security Code 8729, Last Trade at ¥1,448, and a 'Chart' link. Below this is an 'E-mail Alert Registration' button and a 'Request for Annual Report' button. At the bottom, there are two columns of links: 'About Our Group' (Our Key Strengths, Corporate Vision, Management Message, About Our Company & History, Access Map) and 'Investor Relations' (Financial Highlight, Share Information, IR Materials, Credit Ratings, IR Events, CSR).

Links to Group Companies

Links to the corporate websites of group companies are provided here.



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