

2012 Sony Financial Holdings Inc. Annual Report



Sony Financial Holdings Inc. (SFH) was established in 2004 as Japan's first financial holding company for three businesses, namely the life insurance, non-life insurance and banking businesses. The SFH Group comprises three core subsidiaries: Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. (Sony Assurance), and Sony Bank Inc. (Sony Bank). From our establishment to the present day, we have harnessed flexible and innovative ideas to build original business models while providing customer-oriented and highly convenient financial products and services to customers.

The SFH Group will continue to embrace challenges as it seeks to become **the most highly trusted financial services group** by customers.

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.

 [&]quot;Lifeplanner" and "LIFEPLANNER VALUE" are registered trademarks of Sony Life.

 [&]quot;MONEYKit" is a registered trademark of Sony Bank.

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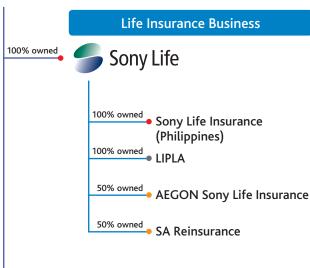
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Our Strengths

Group Structure



Sony Financial Holdings





Non-life Insurance Business

100% owned



Sony Assurance



Banking Business

100% owned



Sony Bank



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

(As of July 1, 2012)



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

Main Sales Channels

- Lifeplanner sales employees
- Partners (Independent agencies)



ともに生きるということ LIFEPLANNER VALUE.

Main Products

- Death-protection insurance
- ▶ Medical insurance, educational endowment insurance, living benefit insurance, and others

Strengths

- Design and sale of customized life insurance policies based on life planning
- High-quality consulting follow-up services

Please refer to page 38, "Life Insurance Business," for details.

Sony Assurance

Main Sales Channels

- Internet
- Telephone





FEEL THE Difference

この違いが、保険を変えていく。

Main Products

- □ Automobile insurance (Risk segmented)
- □ SURE Medical and Cancer insurance

Strengths

- Attractive and reasonable premiums unique to a direct non-life insurance company
- Provision of highly unique and distinctive products
- High-quality accident response services and highly convenient Web-based services

Please refer to page 42, "Non-life Insurance Business," for details.

Sony Bank

Main Sales Channels

Internet



MONEYKit

Main Products

- □ Investment trusts, foreign-exchange margin trading, and others

Strengths

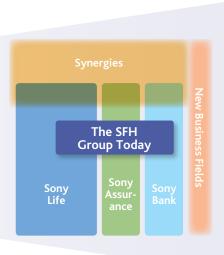
- Low-cost business structure unique to an Internet bank
- A lineup of highly convenient, high-quality products leveraging the advantages of the Internet

Please refer to page 44, "Banking Business," for details.



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.





Synergies Collaboration across businesses

As deregulation proceeds in the financial services industry, the SFH Group has enhanced collaboration among the Group companies on the sale of financial products to individual customers. By strengthening and expanding collaboration among its businesses, the SFH Group will continue working to develop new customer bases and raise the efficiency of business operations.

➤ Cross Selling (Example of Collaboration) We have worked to promote collaboration within the Group by, for example, having Lifeplanner sales employees at Sony Life sell Sony Assurance's automo

having Lifeplanner sales employees at Sony Life sell Sony Assurance's automobile insurance and Sony Bank's mortgage loans.



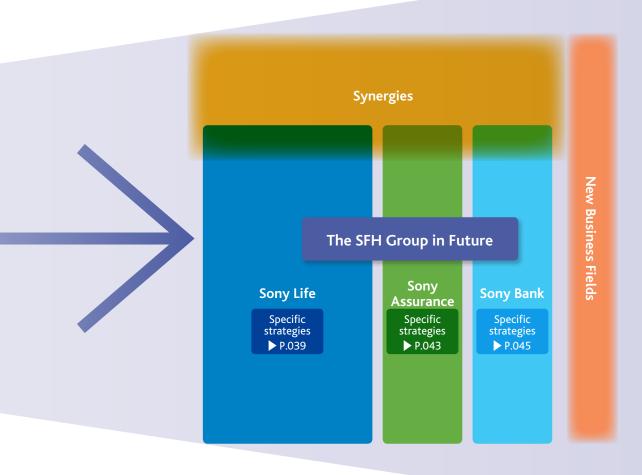
Sell Sony Assurance's automobile insurance

Sell Sony Bank's mortgage loans

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ell sorry bank's mortgage toans

Lifeplanner sales employees Customers





New Business Fields

Strengthening Fields Recently Entered While Entering New Business Fields

We intend to 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.

Initiatives in New Businesses (Example)

In July 2011, Sony Bank acquired a 57% equity interest in SmartLink Network, consolidating the company as a subsidiary. SmartLink Network is a provider of credit card settlement services. Through this acquisition, Sony Bank aims to upgrade and expand services in the credit card business, which it entered on a full scale in May 2011. Sony Bank also develops the settlement business centered on the fast-growing e-commerce field into another pillar of its revenue stream.



Our Soundness

Financial Highlights

Sony Financial Holdings (Consolidated	1)					
3 ((Millions of yen)
For the years ended March 31	2007	2008	2009	2010	2011	2012
Ordinary revenues	¥ 759,280	¥ 822,153	¥ 860,323	¥ 978,991	¥1,002,201	¥1,078,070
Ordinary profit	18,354	44,500	34,253	84,373	76,860	74,625
Net income	10,021	24,255	30,722	48,126	41,716	32,812
Comprehensive income	_	_	_	71,066	31,963	60,376
As of March 31						
Total assets	4,323,780	4,977,450	5,313,677	6,001,088	6,597,140	7,241,414
Net assets	270,179	261,627	204,897	269,439	294,877	347,800
Consolidated capital adequacy ratio						
(Domestic criteria) ^(Note 2)	12.01%	14.62%	13.32%	12.05%	10.96%	10.14%
Consolidated solvency margin ratio ^(Note 3)						1,380.3%
Carrollife (a)						
Sony Life (Non-consolidated)						
For the years ended March 31	V 600 F01	V 741.2F0	V 765 010	V 001 700	V 000 001	V 067.400
Ordinary revenues	¥ 689,591	¥ 741,250	¥ 765,910	¥ 881,798	¥ 900,091	¥ 967,400
Ordinary profit	14,895	39,290	32,409	80,099	73,176	69,436
Net income	7,494	18,514	33,783	46,138	40,220	31,426
As of March 31						
Total assets	3,445,970	3,659,786	3,810,929	4,286,540	4,723,332	5,222,846
Net assets	216,568	182,671	140,730	191,312	215,387	264,836
Non-consolidated solvency margin ratio (Note 4)	1,852.0%	1,747.9%	2,060.5%	2,637.3%	2,900.1%	1,980.4%
Samu Assumance						
Sony Assurance For the years ended March 31						
Ordinary revenues	¥ 51,020	¥ 55,649	¥ 61,882	¥ 68,174	¥ 74,166	¥ 80,096
Ordinary profit	2,044	2,817	2,178	2,565	2,144	2,859
Net income (loss)	1,598	2,185	(1,556)	1,604	1,297	1,299
, ,	1,550	۷, ۱۵۶	(1,550)	1,004	1,291	1,293
As of March 31 Total assets	67,468	78,645	86,698	98,340	109,382	110 613
						118,612
Net assets Non-consolidated solvency margin ratio (Note 4)	13,320 1,009.7%	15,385 1,073.9%	13,678 993.0%	15,482 1,018.5%	16,772 981.4%	18,009 557.8%
Non-consolidated solvency margin ratio	1,009.770	1,073.970	993.076	1,010.370	901.470	337.670
Sony Bank (Non-consolidated)						
For the years ended March 31						
Ordinary revenues	¥ 19,470	¥ 25,988	¥ 33,361	¥ 30,500	¥ 29,521	¥ 30,075
Ordinary profit	1,354	2,746	414	2,930	3,377	4,033
Net income (loss)	1,023	4,492	(710)	1,646	2,054	2,340
As of March 31			. ,			
Total assets	806,848	1,211,000	1,411,956	1,612,186	1,761,830	1,890,503
Net assets	36,878	35,712	46,264	58,989	59,971	62,796
Non-consolidated capital adequacy ratio						
(Domestic criteria) ^(Note 5)	11.49%	9.15%	13.37%	12.09%	10.84%	11.58%

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

^{2.} 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 of Japan. Calculations do not include Sony Life, Sony Life (Philippines), Sony Assurance, AEGON Sony Life Insurance, or SA Reinsurance within the scope of consolidation. The Company has applied FSA Notification No. 79 (2008).

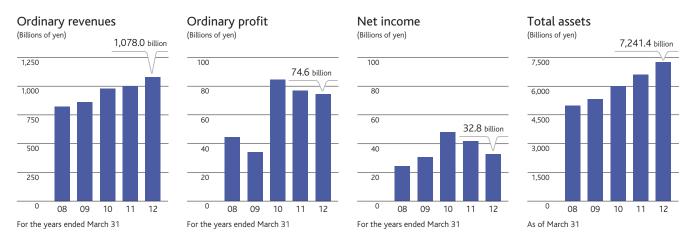
^{3.} SFH has calculated the consolidated solvency margin ratio based on the stipulations of Article 210, Paragraph 11-3 and Paragraph 11-4 of the Ordinance of Enforcement of the Insurance Business Act of Japan, and the FSA Notification No. 23 (2011). Calculations include Sony Bank, Sony Bank Securities and SmartLink Network within the scope of consolidation.

^{4.} Sony Life and Sony Assurance have applied the previous standards to the calculation of the non-consolidated solvency margin ratio until March 31, 2011, while applying the current standards as of March 31, 2012.

^{5.} Sony Bank has calculated the 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 of Japan for determining the capital adequacy of a bank in light of the assets held by the bank. The Bank has applied FSA Notification No. 79 (2008) since FY2008.

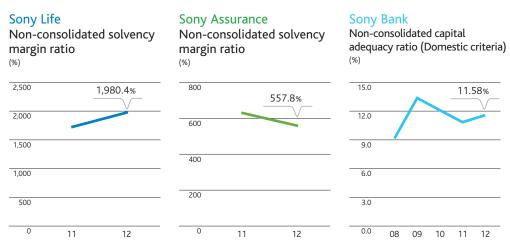
The SFH Group has steadily expanded its business volume, while maintaining financial soundness. This high degree of financial soundness is crucial to earning and maintaining the trust of customers, and is also an essential foundation for future growth.

Sony Financial Holdings (Consolidated)



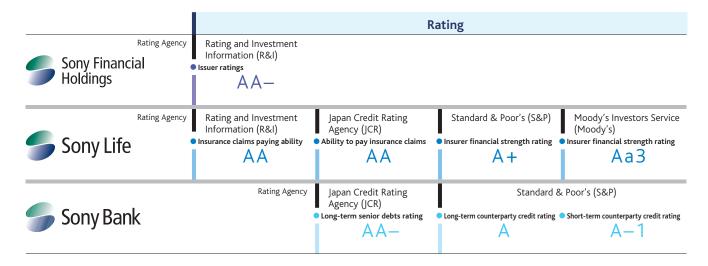
Financial Soundness Indicators (As of March 31)

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.



^{*} In the above charts, Sony Life and Sony Assurance have calculated non-consolidated solvency margin ratios based on the current standards, which were applied from the end of March 2012.

Credit Ratings (As of July 1, 2012)



Message from the President



By combining the four different financial functions of savings, investment, borrowing and protection, we will pursue ideal financial services for individual customers. Let me begin by expressing my heartfelt gratitude for your continued support and interest in the Sony Financial Holdings Group. I also wish to express my deepest sympathies to those directly affected by the Great East Japan Earthquake. We sincerely hope for the earliest possible recovery of the devastated areas.

In responding to the Great East Japan Earthquake, an unprecedented disaster which struck in March 2011, the SFH Group has worked swiftly to confirm the status of customers in the devastated areas. The SFH Group believes that these activities are necessary to fulfill its social responsibilities as a comprehensive financial services group. At Sony Life, which conducts the life insurance business, Lifeplanner sales employees and Partners (independent agencies) in the affected regions have led efforts to verify the safety of customers. All employees have worked as one to ensure the prompt payment of insurance claims and benefits. Consequently, Sony Life completed confirming all customers eligible for the payment of insurance claims related to the earthquake. Sony Life also completed payment procedures for almost all customers by providing measures to expedite claims payments in one day at the earliest after receiving claims. Sony Assurance, which conducts the non-life insurance business, introduced special measures such as establishing a grace period for policy renewals and insurance premium payments. Sony Bank, which operates the banking business, strove to address the needs of customers directly affected by the earthquake. To this end, Sony Bank offered consultations on deferring mortgage loan payments and began providing mortgage loans with special interest rates. Looking ahead, the SFH Group will continue to make a concerted effort to support the areas directly affected by the disaster.

In FY2011, the fiscal year ended March 31, 2012, the Japanese economy saw temporary stagnation in corporate production activities and personal consumption due to the impact of the Great East Japan Earthquake. Thereafter, however, the Japanese economy showed signs of picking up, supported by demand from the earthquake recovery effort. In the financial markets, the stock markets were bearish around the world, reflecting the global economic slowdown and the flight of assets to safe harbors as a result of the European debt crisis. Meanwhile, interest rates stayed low in the bond markets. In the foreign exchange markets, the yen's appreciation continued from the previous fiscal year. In this environment, the SFH Group's core companies Sony Life, Sony Assurance and Sony Bank provided high-quality services through unique sales channels targeting diversifying customer needs, while maintaining high financial soundness. As a result, in FY2011, the SFH Group steadily expanded business volume in all three of its businesses, namely life insurance, non-life insurance, and banking.

Going forward, the Japanese economy presents downside risks due to concerns about the protracted European debt crisis, the continuing strong yen and power supply restrictions in Japan. Furthermore, the environment surrounding the insurance and banking industries is projected to remain challenging due to low interest rates worldwide. Nonetheless, strongly aware of our role in society and purpose as a financial institution, we will continue to provide high-value-added financial products and high-quality services that meet every customer's financial needs, with the aim of becoming the most highly trusted financial services group by customers. Moreover, through the fulfillment of our corporate vision, we will strive to enhance our corporate value while endeavoring to realize a sustainable society.

July 2012

Katsumi Ihara

President, Representative Director

Watsumi Ihara

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 the SFH Group's FY2011 business performance and outlook.

FY2011 Performance Assessment



How did the SFH Group perform in FY2011?

In FY2011, the fiscal year ended March 31, 2012, we achieved solid growth in our core insurance underwriting and deposit and loan operations throughout the year. This was despite initial concerns about stagnation in business activities due to the impact of the Great East Japan Earthquake.



Looking at conditions at our core subsidiaries, the SFH Group expanded its business volume at each core subsidiary. At Sony Life, policy amount in force increased 3.8% from the previous fiscal year-end to ¥36,077.0 billion. At Sony Assurance, direct premiums written increased 7.5% year on year to ¥78.3 billion. Meanwhile, Sony Bank posted an 8.3% year-on-year increase in the retail balance (the sum of customers' deposits, investment trusts and personal loan balance) to ¥2,621.1 billion. In terms of overall performance, consolidated ordinary revenues rose 7.6% year on year to ¥1,078.0 billion. However, consolidated ordinary profit decreased 2.9% to ¥74.6 billion, primarily as a result of a decrease in gains on sale of securities accompanying the process of shifting bond holdings to ultralong-term bonds for the purpose of reducing interest rate risk. In addition, the SFH Group reversed part of its deferred tax assets in line with the reduction in the corporate income tax rate. Consequently, the SFH Group recorded net income of ¥32.8 billion, down 21.3% year on year.

In regard to the outlook for consolidated ordinary profit, we are forecasting lower consolidated ordinary profit for FY2012. This is because we do not expect to post gains on sale of securities as in the past, based on our progress with reducing interest rate risk. Another reason is the absence of special factors such as a profit recorded in FY2011 due to lower insurance claims and other payments relating to the Great East Japan Earthquake than we had estimated at the end of March 2011. However, we are projecting sustained and steady growth in consolidated ordinary profit in subsequent years.

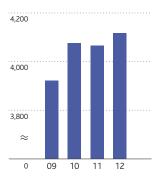
Medium- and Long-term Management Strategies



Could you please explain Sony Life's medium- and long-term management strategy?

• Recruitment and Training of Lifeplanner Sales Employees
Lifeplanner sales employees, Sony Life's core sales channel, are the driving force behind growth in the life insurance business. It is therefore vital to strengthen

Number of Lifeplanner Sales Employees at Sony Life (including the number of Lifeplanner sales employees (rehired on a fixedterm contract basis after retirement))



As of March 31

the Lifeplanner channel both in terms of quality and quantity. Sony Life has strengthened recruitment activities to increase the number of talented Lifeplanner sales employees, while working to enhance their productivity.

The number of Sony Life's Lifeplanner sales employees was 4,116 as of March 31, 2012, up from 4,066 as of March 31, 2011. In FY2010, the number of newly recruited Life-

Measures to enhance recruitment

- · Hire sales people with outstanding consulting skills via stringent recruitment standards
- · Appoint competent Lifeplanner sales employees as office managers
- · Implement a personnel evaluation system focused on recruitment and training performance

Measures to enhance productivity

- · Standardize the training program for newly recruited Lifeplanner sales employees
- · Get more competent Lifeplanner sales employees to participate in training activities

planner sales employees declined mainly because of the enforcement of stricter recruitment standards. However, in FY2011, the number of newly recruited Lifeplanner sales employees increased substantially due to the entrenchment of new recruitment standards and the measures to invigorate recruitment activities. These measures included new appointments and stronger support for office managers who are responsible for recruitment activities. Looking ahead, Sony Life will continue to steadily increase the number of newly recruited Lifeplanner sales employees. At the same time, Sony Life will remain focused on improving productivity by continuously enhancing the training program for Lifeplanner sales employees.

• Utilizing the Partner (Independent Agencies) Channel

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

Going forward, Sony Life will continue to enhance tie-ups with various types of independent agencies to meet diversifying customer needs, and pursue high sales growth through the Partner channel.

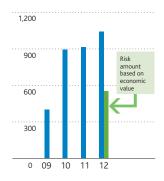
• Measures in the Senior Market and Status of AEGON Sony Life Insurance

Given that Japan's society has begun to age considerably, it will become increasingly vital for Sony Life to provide products and services to senior citizens. Accordingly, besides its sales strategy pivoting on conventional death-protection products, Sony Life will enhance living protection products such as annuities, nursing care insurance and medical insurance. Initiatives such as establishing a consulting sales approach for senior citizens will also be strengthened.

AEGON Sony Life Insurance, a 50–50 joint venture with the AEGON International B.V. of the AEGON Group (headquartered in the Netherlands), has endeavored to enhance product development and expand its sales network. Despite challenging financial market conditions in recent years, AEGON Sony Life Insurance has gradually increased sales of variable annuities.

Through these and other measures, Sony Life will actively work to expand consulting-based sales for the child-raising generation, where it excels, to senior citizens. The goal is to develop the senior market into Sony Life's second core business alongside its primary target of the child-raising generation.

Sony Life's MCEV (Billions of yen)



- *1 As of March 31
- *2 MCEV as of March 31, 2009 and 2010 was calculated based on swap rates, while MCEV as of March 31, 2011 and 2012 was calculated based on JGB yields.

MCEV Growth and Risk Management



From March 31, 2008, Sony Life has introduced market consistent embedded value (MCEV) as an indicator of corporate value. Sony Life uses MCEV to implement risk and earnings management on an economic value basis. Given the characteristics of its product portfolio, which is centered on death-protection products, Sony Life has a long duration of liabilities of about 30 years. For this

reason, Sony Life has promoted investment in ultralong-term bonds in its asset portfolio, with a view to reducing interest rate risk by extending the asset duration.

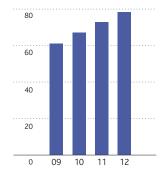
Sony Life's MCEV was ¥1,041.5 billion as of March 31, 2012, an increase of ¥128.1 billion from a year earlier. This was mainly the result of having built a stable portfolio capable of mitigating interest rate risk, against the backdrop of falling market interest rates. Other contributing factors included an increase in new business value and reduced corporate income tax rates.

Relative to MCEV, the risk amount based on economic value was ¥551.5 billion (after tax) as of March 31, 2012. While continuing efforts to drive sustained MCEV growth through expansion of insurance underwriting operations, Sony Life will endeavor to ensure high financial soundness through risk management based on economic value.

Q

Could you please go over Sony Assurance's medium- and long-term management strategy?

Direct Premiums Written by Sony Assurance (Billions of yen)



For the years ended March 31

Top-line Growth and Profitability Outlook

Sony Assurance, which is responsible for the non-life insurance business, has maintained the top share* of the direct automobile insurance market for nine consecutive years. Sony Assurance will continue to stake out a leading position in this market, while expanding insurance premium revenues that drive top-line growth in ordinary revenues. Additionally, Sony Assurance aims to maximize customer satisfaction to achieve top-line growth.

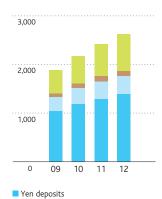
Sony Assurance will implement concrete measures to increase customer convenience further, including enhancing the functionality of its website and mobile phone site, along with improving the quality of accident response services and customer services.

Meanwhile, one urgent priority is to improve profitability by addressing an increase in the loss ratio. In FY2012, Sony Assurance will revise premium levels and the non-fleet driver rating system. At the same time, profitability will be improved by enhancing operating efficiency at the customer center and the accident claim service division.

^{*} Based on FY2010 business results announced by non-life insurance companies that sell automobile insurance primarily via direct sales channels.

Could you please tell us about Sony Bank's medium- and long-term management strategy?

Retail Balance at Sony Bank (Billions of yen)



Foreign currency deposits
Investment trusts

Personal loans
As of March 31

Retail Balance Growth and Earnings Outlook

Sony Bank, which operates our core banking business, has continued to achieve growth year after year by strengthening the competitiveness of financial products such as yen and foreign currency deposits, while leveraging the advantages of being an Internet bank—namely, its operating efficiency and convenient services. In recent years, the balance of mortgage loans, where Sony Bank has enhanced the product range, has steadily increased. Sony Bank has placed first in Nikkei's 8th financial institution customer satisfaction rankings for the fifth straight year, testifying to the strong support it has earned from customers. Sony Bank will remain focused on increasing the retail balance (the sum of deposits, investment trusts and personal loan balance), which serves as the foundation for earnings in the banking business. To this end, Sony Bank will enhance the competitiveness of strategic products such as mortgage loans and foreign currency deposits.

In terms of profitability, Sony Bank has revised its medium-term interest rate scenario by adopting a more conservative outlook for improvement in interest spreads in the foreign currency deposit business. This reflects the impact of further monetary easing worldwide, triggered by the European debt crisis which has buffeted the financial markets since 2011. Consequently, Sony Bank has slightly pushed back some of its earnings targets. Nonetheless, Sony Bank intends to drive earnings growth by expanding business volume mainly in mortgage loans and foreign currency deposits and leveraging its efficiency, which is a key advantage of an Internet bank.

Dividend Policy

Q

What are your capital strategy and dividend policies?

Annual Dividends and the Dividend Payout Ratio (Billions of yen) (%)

10 50

8 40

2 10

0 09 10 11 12 0

Annual dividends (left scale)Dividend payout ratio (right scale)

For the years ended March 31

SFH will continue to meet shareholder expectations through achieving steady growth in earnings by promoting the expansion of Group companies and improving capital efficiency. At the same time, SFH will strive to return profits to shareholders in a more appropriate manner, while securing sufficient internal reserves to ensure the financial soundness of Group companies and invest in growing business fields.

We will adhere to our basic dividend policy of maintaining stable dividends, while aiming for steady increases in dividends in line with earnings growth over the medium and long terms. Furthermore, our medium-term target for the dividend payout ratio is 30% to 40% of consolidated net income. However, management will determine specific dividend amounts for each fiscal year by taking into account a comprehensive range of factors, including the capital adequacy of each Group company relative to risk, investment opportunities, business forecasts and legal and regulatory developments worldwide.

Aiming to Be the Most Highly Trusted Financial Services Group by Customers

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 Corporate Philosophy

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 company. 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.

Senior Management of SFH (As of July 1, 2012)



President, Representative Director

1 Katsumi Ihara

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

Senior Managing Director

2 Hirotoshi Watanabe

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

Director

6 Masaru Kato

Member of the Board, EVP and CFO^(Note 2), Corporate Executive Officer of Sony Corporation

Director

3 Taro Okuda

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

Director

7 Ryuji Yasuda

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

Director

4 Shinichi Yamamoto

President, Representative Director of Sony Assurance Inc.

Director (Outside)

8 Yasushi Ikeda^(Note 3) Attorney and Partner, Miyake, Imai & Ikeda Law Offices



5 Shigeru Ishii

President, Representative Director of Sony Bank Inc.

Director (Outside)

9 Isao Yamamoto^(Note 3) 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 2), Corporate Executive, Senior General Manager, Accounting Division of Sony Corporation



Statutory Auditor (Outside)

Hiroshi Ueda

Standing Statutory Auditor of Sony Bank Inc.



Statutory Auditor

Takatoshi Yajima

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

- Notes: 1. Main concurrent positions are shown under the name of each individual.
 - 2. EVP stands for Executive Vice President, CFO stands for Chief Financial Officer and SVP stands for Senior Vice President.
 - 3. Yasushi Ikeda and Isao Yamamoto are Independent Directors based on the rules of the Tokyo Stock Exchange Group, Inc.

Basic Stance on Corporate Governance

The SFH Group positions its corporate vision and corporate philosophy as the basic policy guiding various activities—its polestar for formulating management strategies and making management decisions. The SFH Group's corporate vision is to become the most highly trusted financial services group by customers. To achieve this objective, the SFH Group makes effective use of the business characteristics, information and other features of its group companies, based on an understanding of the differences in the history, size, business models and other attributes of each group company. The goal is to conduct integrated management of the entire group. Above all, this goal is premised on ensuring the soundness and appropriateness of business activities. Indeed, management sees this task as a top priority. Accordingly, the SFH Group has built an organizational framework with emphasis on group-wide compliance and risk management.

■ Establishing an 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 Act 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.

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/web/index_en.html).

■ Board of Directors (As of July 1, 2012)

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 nonexecutive directors of SFH and contribute to efficient business operations of the group as a whole.

Furthermore, because SFH is a listed company 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 directors 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 of SFH's executive directors and general managers 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, 2012)

(Statutory Audits)

SFH's Board of Statutory Auditors has four 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.

(Attendance of outside directors and outside statutory auditors in meetings of the Board of Directors and the Board of Statutory Auditors)

	Name	Board of Directors meeting	Board of Statutory Auditors meeting
Outside directors	Yasushi Ikeda	Attended 13 out of 14 meetings	_
	Isao Yamamoto	Attended all 11 meetings held after his appoint- ment as director*	_
Outside statutory	Hiroshi Sano	Attended 13 out of 14 meetings	Attended all 13 meetings
auditors	Takemi Nagasaka	Attended 13 out of 14 meetings	Attended 11 out of 13 meetings
	Hiroshi Ueda	Attended all 14 meetings	Attended all 13 meetings

^{*} Mr. Isao Yamamoto was appointed as a director in June 2011.

(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 28 for further details.

(Accounting Audits)

The names of the 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
Accounting audit team	Three 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.

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.
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.
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.

Compen- sation	A fixed amount is paid according to the role.
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.
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.

Compen- sation	A fixed amount is paid according to the role.
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.
Retirement benefits	A fixed amount is paid according to the role.

Compensation Advisory Committee

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 an outside director who serves as the committee chair, 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.

 Compensation for SFH's directors and statutory auditors for the fiscal year ended March 31, 2012

Details of compensation for SFH's directors and statutory auditors for the fiscal year ended March 31, 2012 are as follows:

	Total amount of compensation and statutory auditors (
			Total an compensati	nount by on category	
	Number of payees		Basic compensation	Provision for reserve for retirement benefits	
Directors (internal)	4	156	137	19	
Directors (outside)	2	13	13	-	
Statutory auditor (internal)	_	_	_	_	
Statutory auditor (outside)	1	21	20	1	
Total	7	192	171	21	

Notes: 1. Compensation categories refer to basic compensation, stock options, bonuses and retirement benefits and others. To date, SFH has neither paid bonuses nor granted stock options as compensation for directors and auditors.

- The total amount of compensation for directors (internal) includes the portion paid to two directors who retired at the close of the 7th Ordinary General Meeting of Shareholders held on June 24, 2011.
- 3. In addition to the foregoing compensation, SFH paid retirement benefits of ¥27 million to two directors who retired during the fiscal year ended March 31, 2012. These retirement benefits were not included in the provision for reserve for retirement benefits recorded through the fiscal year ended March 31, 2011.

■ Environment Relating to the Exercise of Voting Rights

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

- 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.

■ Profiles of Outside Directors and Statutory Auditors

Outside Directors

Name	Yasushi Ikeda	Isao Yamamoto
Biography	1972 Registered as attorney and joined Miyake & Imai Law Offices 1977 Partner, Miyake, Imai & Ikeda Law Offices	1981 Entered Nomura Research Institute, Ltd. 1991 Head of Strategic Advisory Group, Nomura Research Institute, Ltd.
	(current position) 1984 Acting administrator for Osawa Shokai K.K.	1996 Director, Investment Banking Division, Merrill Lynch Japan Securities Co., Ltd.
	1997 Administrator for Kyotaru Co., Ltd. 2001 Statutory Auditor, Kadokawa Shoten Publishing Co., Ltd.	1999 Managing Director, Investment Banking Division, Merrill Lynch Japan Securities Co., Ltd.
	(current: Kadokawa Group Holdings, Inc.) (current position)	2002 Co-head of Investment Banking Division, Managing Director, Merrill Lynch Japan Securities Co., Ltd.
	2007 Director of SFH (current position) Director, Nippon Metal Industry Co., Ltd.	2003 President & CEO, The Institute for Securities Investments & Governance
	(current position) 2009 Statutory Auditor, Mitsubishi UFJ Financial Group, Inc.	2006 Director, Japan CableCast Inc. 2006 Statutory Auditor, MASSTUNE, Inc. (current: MINKABU, Inc.)
	(current position)	2007 Director, MASSTUNE, Inc. (current: MINKABU, Inc.) (current position)
		2009 President, Enterprising Investment, Inc. (current position) 2011 Director of SFH (current position)
		2012 Director, BILCOM, Inc. (current position)
Reasons for Appointment	Mr. Ikeda has actively worked as a Partner in Miyake, Imai & Ikeda Law Offices, and has no conflict of special interest with SFH. Accordingly, SFH has determined that Mr. Ikeda can properly fulfill the duties of an outside director and an independent director.	Mr. Yamamoto possesses many years of experience as a securities analyst and an advisor for corporate financial affairs and M&As, and has no conflict of special interest with SFH. Accordingly, SFH has determined that Mr. Yamamoto can properly fulfill the duties of an outside director and an independent director.

Outside Statutory Auditors

Name	Hiroshi Sano	Takemi Nagasaka	Hiroshi Ueda
Biography	1969 Entered Mitsui Bank (current: Sumitomo Mitsui Banking Corporation)	1978 Entered Musashi Audit Corporation (current: Ernst & Young ShinNihon LLC) 1981 Entered Sony Corporation	1974 Entered the Sanwa Bank, Ltd. (current: the Bank of Tokyo- Mitsubishi UFI, Ltd.)
	2001 Senior Managing Director, The Sakura Servicing Co., Ltd. 2004 Standing Statutory Auditor of SFH	2004 Statutory Auditor of SFH (current position) 2004 General Manager, Accounting	1998 Assistant to Director, Settlement Operations Department, the Sanwa Bank, Ltd.
	(current position) 2004 Statutory Auditor, Sony Life Insurance Co., Ltd. (current position) 2005 Statutory Auditor, Sony Assurance Inc. (current position) 2010 Statutory Auditor, Sony Bank Inc. (current position)	Department, Sony Corporation 2010 Senior Vice President, Corporate Executive, Senior General Manager, Accounting Division, Sony Corporation (current position)	(current: the Bank of Tokyo- Mitsubishi UFJ, Ltd.) 2002 Standing Statutory Auditor, Sony Bank Inc. (current position) 2004 Statutory Auditor of SFH (current position)
Reasons for Appointment Mr. Sano possesses strong insight into corporate audits along with abundant work experience in a broad range of fields. Accordingly, SFH has determined that Mr. Sano can fulfill the role of an outside statutory auditor by using his professional experience.		Mr. Nagasaka is a certified public accountant (CPA) who has performed accounting duties at Sony Corporation for many years. He has considerable insight into finance and accounting. Accordingly, SFH has determined that Mr. Nagasaka can fulfill the role of an outside statutory auditor by using his professional experience.	Mr. Ueda has strong insight in corporate audits, along with abundant work experience in an extensive range of fields in Japan and overseas. Accordingly, SFH has determined that Mr. Ueda can fulfill the role of an outside statutory auditor.

Message from an Outside Director



Yasushi Ikeda Partner, Miyake, Imai & Ikeda Law Offices

The SFH Group

SFH's subsidiaries, Sony Life, Sony Assurance and Sony Bank have all achieved steady growth by establishing a competitive edge and building business models that differ from existing companies in their respective industries. Moreover, SFH has established an adequate internal control system, including risk management and compliance systems, and properly operates this system. In addition, SFH has maintained a high degree of financial soundness.

Corporate Governance

Sony owns more than 50% of the issued shares of SFH. However, insurers and banks are prohibited by law from conducting non-standard transactions with such specified parties (arm's length rule). Consequently, the SFH Group companies and Sony strictly observe the arm's length rule. As an outside director of SFH, I pay close attention to whether decisions are made on a fair, impartial and reasonable basis from the standpoint of protecting stakeholders such as minority shareholders.

At the Board of Directors meetings, various directors and statutory auditors engage in open and vigorous discussion in a congenial atmosphere based on sufficient information. Furthermore, employees carry out open and vibrant activities with the aim of becoming the most highly trusted financial services group by customers. In this context, SFH has appropriate decision-making processes, so corporate governance is functioning effectively.

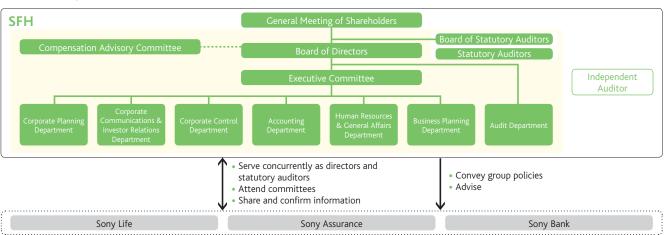
Roles of Outside Directors

The environment surrounding corporations should continue to change drastically going forward. In this climate, SFH itself must embrace even greater challenges to develop new businesses and products, while taking on risk without going to extremes. Leveraging the experience and knowledge derived from my work over the past 40 years as a lawyer and an outside director of multiple companies, I will continue to provide proper monitoring and advice from a different perspective as an outside director. Through these efforts, I will work towards a goal I hold in common with the executive directors to ensure the sound and stable growth of the SFH Group, and to increase its corporate value.

Internal Control

SFH has established a Basic Policy on Establishing an Internal Control System in compliance with the Companies Act of Japan. To ensure that business execution related to important matters approved by the Board of Directors is properly conducted, SFH has established and operates internal regulations (such as Board of Directors regulations, Executive Committee regulations, decision-making regulations, code of conduct, compliance manual, internal reporting regulations).

The SFH Group Internal Control



Relationship with Parent Company, Sony Corporation

Capital and Personnel Relationships

SFH is a financial holding company established as a corporate spin-off from Sony in April 2004. In October 2007, SFH's shares were listed on the First Section of the Tokyo Stock Exchange 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, or corporate executives of Sony. Moreover, one statutory auditor of Sony Assurance and one statutory auditor of Sony Bank serve concurrently as employees of Sony. Because the appointment of concurrent directors and statutory auditors is based on requests made by the SFH Group, SFH believes that it is positioned to make independent management decisions.

From the standpoint of further enhancing independence from the parent company, SFH has appointed two outside directors who have no special relationship with the Sony Group, and have designated them as independent directors based on rules set forth by the Tokyo Stock Exchange.

■ Ensuring Independence in Business Activities

The SFH Group believes that it has secured a certain degree of independence from the Sony Group in management and business activities, as the SFH Group has very little relationship with the Sony Group's businesses other than finance operations, and as the SFH Group conducts business based on the Insurance Business Act of Japan, Banking Act of Japan and other laws as a licensed business entity subject to the supervision of the Financial Services Agency.

In addition, Sony has obtained permission from the Financial Services Agency to be the largest shareholder of SFH, and strongly recognizes the need to respect the corporate philosophy of SFH.

■ Using the "Sony" Trade Name and Trademark

The SFH 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 the SFH Group companies dropping. Furthermore, the SFH Group companies pay royalty fees to Sony based on these agreements. The monetary amount of these royalty fees has no material impact on the management base of the SFH Group. The SFH Group believes that the use of the "Sony" trade name and trademark confers certain advantages, including stronger brand recognition, enhanced trustworthiness, and higher employee motivation and awareness.

■ Policy Concerning Measures to Protect Minority Shareholders in Transactions with Sony Corporation (Controlling Shareholder)

The SFH Group's policy is to develop business while maintaining cooperative ties with the Sony Group. On the other hand, the SFH Group believes that it has secured a degree of independence from the Sony Group because it conducts independent business

activities in line with its own management policies and strategies, and operates in different business fields than the Sony Group.

When entering into transactions with Sony (the controlling shareholder), the SFH Group adequately confirms the necessity for such transactions, and ensures that the conditions of such transactions do not differ markedly from the terms of ordinary transactions with third parties.

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 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—noncompliant 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 scale of business.

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 matters of concern. These include business policies, operating activities or other behaviors of the Sony Group, SFH and the SFH Group companies that they are convinced contravene (or are in danger of contravening) laws and regulations or the internal regulations of the Sony Group, SFH or the SFH Group companies. Informants may notify any of the hotline desks that have been established at SFH and each SFH Group company or the Compliance Hotline at Sony, which is 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. SFH also communicates with Sony about notifications of issues having the potential to affect Sony Group companies except for 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 Act of Japan,

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

(As of July 1, 2012)

■ 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 Act of Japan, and the Financial Instruments and Exchange Act 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.
- * Under this policy, "SFH Group" represents SFH and SFH Group companies. * Under this policy, "Sony Group finance companies" represents SFH Group companies, and other corporations and entities in which Sony Corporation controls the bodies that determine financial, sales, or business policies. Also included are other corporations and entities engaged in the financial services business over which Sony Corporation can exert a significant influence on the determination of financial, sales or business policies through injecting capital, or through appointing its directors, employees, or persons who previously held such posts as director or officer of equivalent position, or through providing financing, credit guarantees or pledges of collateral, or through licensing technology or through executing sales or business transactions. However, "Sony Group finance companies" currently includes only "SFH Group companies."

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 businesses that can be conducted by Sony Life Insurance (Philippines) under relevant local laws.

3) Sony Assurance Inc.

Non-life insurance business and other businesses 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 businesses 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 businesses that can be conducted by AEGON Sony Life Insurance under relevant laws.
- 7) SA Reinsurance Ltd. Reinsurance business and other businesses that can be conducted by SA Reinsurance under relevant local laws.

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
- 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 antisocial 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

- 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.
- 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.
- 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.

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 upto-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's website at (http://www.sonyfh.co.jp/web/index_en.html) for more about our Privacy Policy.

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. SFH's Basic Policy on Group Risk Management is as follows:

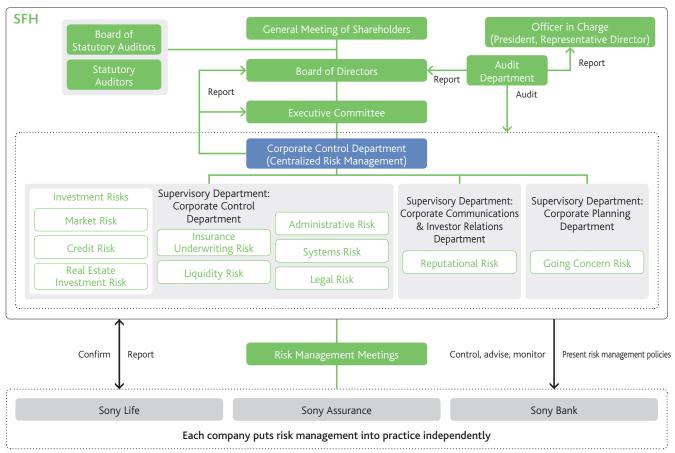
■ Basic Policy on Group Risk Management

- As a financial holding company, SFH enhances the corporate value of the group by aligning risk management with groupwide 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. In more detail, subsidiaries each assess, monitor, and manage their risks on their own. At the same time, 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 and definitions of risk that SFH and its subsidiaries must manage are shown in the following table:

·
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.
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.
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.
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 the SFH Group's inability to conduct market transactions, in particular from an inability to unwind the Group's market position at a given time, as well as risks associated with losses if the Group is forced to complete transactions under unfavorable market conditions, in each case due to market turmoil or other factors.
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.
Risks associated with losses due to errors, misconduct, malfunction, and other factors related to problems with our internal administrative processes.
Risks associated with losses arising from IT-system malfunction or breakdown, improper use or leakage of confidential information stemming from IT-system problems.
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.
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.
The risk that SFH and group companies will be unable to continue operations as a result of a deterioration in financial position, liquidity problems, system failures, scandals, accidents, and other crises.

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 above, amending them as appropriate for new conditions.

■ Contingency Management System

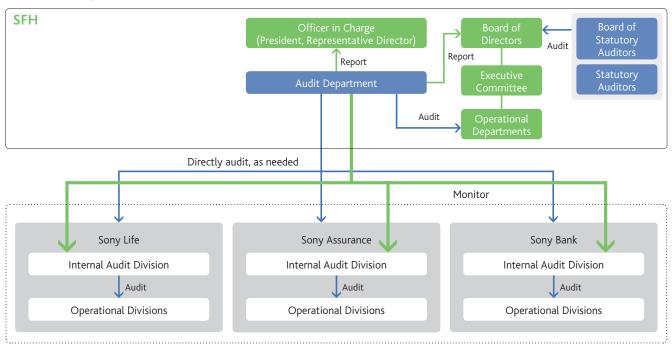
SFH has established a contingency plan as the Group's comprehensive policy for action in preparedness for situations in which the execution of continuous business operations by SFH or SFH Group companies is at risk due to accidents, disruptions or other factors. The SFH Group companies have developed regulations, manuals and other guidelines reflecting their respective business volume and nature of business activities. SFH has a system in place where the SFH Group companies shall report to SFH in cases where they may be

unable to continue ordinary business operations. SFH may determine that the reported situation is difficult to address under the risk management system set forth in the fundamental principles for risk management, among other guidelines. In this event, according to internal rules, SFH shall establish a contingency response headquarters led by the president and representative director of SFH and execute business continuity measures aimed at full restoration of all operations.

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. In addition, the Audit Department works closely with the statutory auditors, as well as external auditors such as accounting auditors, as necessary.

Internal Auditing Structure



Contribution to Sustainable Development

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 believes that the pursuit of improvement in corporate value through sound business activities is fundamental to fulfilling its corporate social responsibilities.

Furthermore, in order to fulfill its responsibilities as a member of society, the SFH Group actively participates in social contribution activities, 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 company.

Based on these basic approaches, the SFH Group has formulated the following "Basic CSR Policy," and every company in the SFH Group conducts various CSR 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 SFH's other relevant departments (Corporate Communications & Investor Relations Department, Corporate Control Department, Accounting Department, Human Resources & 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 & 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, business partners, employees and local communities.



Customers

Guided by our corporate vision and corporate philosophy, the SFH Group is seeking 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 VOC* Division
Sony Assurance	Customer Response Service Department
Sony Bank	Business Promotion Unit (VOC* activities for incorporating customer views and requests into products and services are led by the Customer Office.)

^{*} VOC=Voice of Customer

Sony Life

As an initiative to reflect the voice of customers in management, Sony Life conducts customer awareness surveys (customer questionnaires) targeting policyholders once a year, along with questionnaires for Lifeplanner sales employees who come into daily contact with customers.

Sony Assurance

Sony Assurance systematically conducts activities designed to improve the quality of operations and enhance customer satisfaction by listening closely to the voice of customers. These activities leverage Sony Assurance's unique advantages as a direct insurance company that communicates directly with customers.

Specifically, Sony Assurance reports on its website improvements made in response to feedback obtained through questionnaires or other forms of communication with customers. In addition, the Customer Response Service Department centrally manages customer feedback, and compiles and analyzes such feedback monthly. The department reports this feedback to management on a quarterly basis. In particularly important cases, the department provides detailed reports on the causes of incidents and recommends countermeasures as necessary, in addition to providing the relevant departments with this feedback, while giving them instructions on improvements and verifying the status of those improvements.

Through these measures, Sony Assurance has successfully built a complaints-handling management system. In April 2011, Sony Assurance became the first* direct non-life insurance company to issue a declaration of conformity with ISO 10002, the international standard for complaint-handling management systems.

* Based on a survey by Sony Assurance as of March 31, 2011. Direct non-life insurance companies refer to Japanese non-life insurance companies selling insurance products and providing services directly to customers without relying primarily on insurance agencies.

Sony Bank

To listen earnestly to the voice of customers, and provide even better products and services, Sony Bank reviews responses to opinions and requests from customers and strives to make improvements. The status of specific customer responses and related details are made available on the "Voice of Customer" webpage of Sony Bank's website once every three months.

Through these and other efforts to address the needs of every customer, Sony Bank placed first for five consecutive years in Nikkei's 8th financial institution customer satisfaction rankings* unveiled by Nikkei Inc. in January 2012.

^{*} Article in the January 8, 2012 issue of the Nikkei newspaper.



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. SFH has established the following IR Policy to provide ample opportunities for two-way communication between shareholders and SFH management, with the aim of maximizing shareholder value.

IR Policy

• Purpose of IR Activities

SFH strives to provide various members of the investment community, including its shareholders and other investors, as well as securities analysts, with information related to the assessment of corporate value in a timely, accurate and fair manner. At the same time, SFH strives to provide feedback on the views of the markets to management in an effort to strengthen two-way communication. Furthermore, by enhancing disclosure of business strategies and financial position, SFH makes efforts to win the trust of the investment community and obtain a fair corporate valuation from stakeholders in the markets.

• Basic Approach to IR Activities

- (1) SFH will provide disclosure of straightforward information necessary to assessing its corporate value based on the principles of promptness, accuracy, fairness and consistency.
- (2) SFH will respond sincerely and actively to members of the investment community such as its shareholders and other investors, as well as securities analysts, in order to establish relationships of trust with stakeholders in the markets.
- (3) SFH will promote IR activities led by top management, based on a concerted effort by the entire SFH Group.

• Method of Disclosure of IR Information

- · SFH will provide timely disclosure based on the Securities
 Listing Regulations for marketable securities through the Timely
 Disclosure Network (TDnet) of the Tokyo Stock Exchange, and will
 promptly make such information available on the SFH corporate
 website. SFH shall, in principle, make the information published
 through the TDnet available on the SFH corporate website.
- · SFH strives to provide fair disclosure worldwide by making a full range of information available on its corporate website, including information that is not subject to timely disclosure rules.

• Framework for Disclosure of IR Information

In order to promote timely disclosure, SFH has established the Rules and Regulations Related to Timely Disclosure, and set up a Disclosure Committee (DC)*.

In the event that material information comes to light, SFH has a framework in place whereby SFH's directors and employees, as well as managers responsible for the material disclosure of information (hereinafter, the "Disclosure Managers") of its subsidiaries, promptly report on this information to the DC.

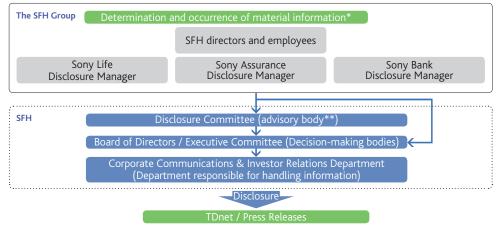
Furthermore, material corporate information that SFH must disclose is set forth in the SFH Group Guidelines for Reporting Important Information. These guidelines are made known to SFH's directors and employees, as well as the Disclosure Managers of its subsidiaries.

- * Roles of the Disclosure Committee
- (1) Assist the decision-making of the President and Representative Director regarding the design, implementation, evaluation and maintenance of the timely disclosure system
- (2) Promptly and comprehensively collect material corporate information of Group companies. Discuss the necessity of timely disclosure along with the accuracy, completeness, clarity and level of formality of the content of timely disclosure, as well as the fairness and urgency of the announcement. Provide necessary information when authorized personnel must make decisions on the disclosure of said information.

• Ouiet Period for IR Activities

In order to ensure fair disclosure of information and prevent the leak of material information regarding the SFH Group's business results prior to earnings announcements, SFH has established a quiet period for IR activities. SFH observes a quiet period for IR activities from the second Monday of the month following the end of every quarter until the earnings announcement. During this period, SFH shall not, in principle, hold individual meetings, presentations about the company and other such events, and shall refrain from answering inquiries regarding the settlement of accounts.

<Framework for Disclosure of IR Information>



- * Defined as information that has "an extremely high likelihood of being deemed material by shareholders and other investors, as well as other parties, on a rational basis," when making an investment decision.
- **This advisory body assists the decision-making of the President and Representative Director. Comprised of members of the Executive Committee, including executive directors and general managers from each division (Secretariat/Corporate Communications & Investor Relations Department).

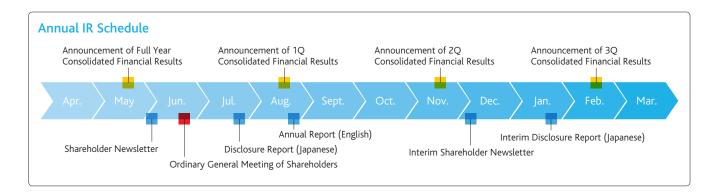
Investor Relations (IR) Initiatives in FY2011

SFH strives to communicate broadly to shareholders and other investors in Japan and overseas to address various topics of interest. To this end, SFH conducted presentations and individual meetings in various formats, as detailed below:

Earnings briefings (teleconferences with domestic institutional investors and analysts)	4 times
Corporate Strategy Meeting	1 time
Individual meetings with institutional investors and analysts	Approx. 240
Overseas IR meetings (Europe, North America, Asia)	1 time in each region
Briefings for individual investors	3 times



At the TSE IR Festival 2012





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, along with insurance agencies, and maintains healthy relationships with all of its business partners to help society develop sustainably.

Fair Trade

The SFH Group has established a Management Policy Concerning Conflicts of Interest, a Basic Policy on Eradicating Anti-social Influences and a Policy 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.

Partners (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. Based on the desire to provide high-quality services closely tied to regional communities, the company's more than 2,000 Partners around the country as of July 1, 2012 sell policies tailored to customer

needs based on their sophisticated insurance knowledge and consulting capabilities as life insurance professionals, faithfully fulfilling their responsibilities as the partners of our customers.

Partner (Independent Agency) Training Program

Sony Life provides various systematic training programs for Partners, which are collectively referred to as the Partner Training Program (PTP). To enable Partners to succeed as life insurance professionals, Sony Life provides training related to products, along with expertise on sales tailored to customer needs based on sales processes developed by the company over the years.

Furthermore, Sony Life introduced the Professional Agent (PA) system in 2006 for the purpose of helping to nurture high-quality sales people. The PA certification is conferred to carefully chosen sales people who satisfy fixed performance and qualification requirements and possess the skills needed by life insurance sales professionals.



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.

From July 2007, Sony Life has been certified by the Director of the Tokyo Labour Bureau of the Ministry of Health, Labour, and Welfare, as a company meeting the requirements of the Act on Advancement of Measures to Support Raising Next-Generation Children. To help employees continue balancing child raising responsibilities with work going forward, the company will remain focused on actively creating a working environment conducive to healthy childbirth and child raising.

Sample Initiatives

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



Certification logo

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 Courses, 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 is conducted jointly by SFH Group companies as a part of efforts to improve the managerial capabilities of management-level employees.



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."*

A "Relay For Life" event

* "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 FY2011, among relays held across Japan from Hokkaido in the north to Okinawa in the south, Sony Life participated in relays in 23 communities. Led by Lifeplanner sales employees at regional branches, over 1,900 people participated, including the families and customers of employees.

Sony Life's Reconstruction Assistance Club

The "Reconstruction Assistance Club" was voluntarily established by Sony Life's employees immediately after the Great East Japan Earthquake. Based on the desire to provide energy and hope to those directly affected by the disaster, branches in the affected areas have taken the lead to actively conduct a broad range of volunteer activities. On March 11, 2012, exactly one year after the earthquake, about 70 employee volunteers gathered from various regions across Japan to conduct volunteer activities including a soup kitchen and personal visits at temporary housing in Fukushima Prefecture.



A volunteer activity of Reconstruction Assistance Club

"Life-Planning Courses" Offered at 376 Schools

Since FY2005, Sony Life has held "Life-Planning Courses," a hands-on learning program for school students nationwide. This program is designed to foster student appreciation of the importance of leading a well-planned life, and working hard



toward goals, through life planning. Courses are instructed by Lifeplanner sales employees. As of July 1, 2012, "Life-Planning Courses" had been given at 376 schools.

A "Life-Planning Course" held by Sony Life

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 FY2011, at the Special Olympics Nippon National Winter Games FUKUSHIMA 2012, 894 athlete group members, including about 600 athletes, converged on Fukushima Prefecture to demonstrate the skills and abilities they have honed through daily practice. Approximately 540 employees from Sony Life travelled from around the country to participate as volunteer staff. 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)"

Other Volunteer Activities

Sony Life has designated the anniversary of its founding (August 10) as "Volunteer Day," and has observed this day since FY2003. It is a day for all employees to consider and implement activities giving back to their communities and society. 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.

Eye Mate Fund

Since FY1997, Sony Life has made financial donations every year to the "Eye Mate Fund," established by The Eye Mate, Inc. ("Eye Mate"), 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 Eye Mate for training guide dogs. In FY2011, Sony Life and its employees donated a total of ¥12.09 million to Eye Mate, bringing cumulative donations for training guide dogs to around



A drill for teaching guide dogs how to open and close doors

¥166.92 million.

Looking ahead, Sony Life will help as many visually-challenged people as possible participate in society through financial donations to Eye Mate.

Workshop Held at an Elementary School in Fukushima Prefecture

In February 2012, Sony Assurance held a workshop on communication art* based on the theme of renewable energy for sixth graders at an elementary school in the city of Iwaki, Fukushima Prefecture. The workshop is designed to help children directly affected by the Great East Japan Earthquake develop pleasant memories of their lives as elementary school students. The event was held in cooperation with the NPO Sorabear Foundation and the NPO Institute of Communication Art.

* What is communication art?

Communication art is a technique that enables participants to develop sensibility and creativity by artistically expressing their thoughts. Through the appreciation of one another's works of art, this technique also stimulates communication among participants, allowing them to enjoy expressing their views openly and exchanging opinions with each other.

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 ActivitiesAcquisition 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.

* ISO 14001 certification covers the head offices of Sony Life and Sony Assurance as well as their four primary business offices, along with Sony Bank's head office and the "Housing Loan Plaza."

System for Using Green Power

Sony Life, Sony Assurance and Sony Bank have introduced the Green Power Certification System, which promotes the use of green power in business activities to help protect the environment by reducing CO₂ emissions. From FY2008, Sony Bank has utilized the Green Power Certification System to cover all of its power usage (excluding the portion of power usage in outsourced opera-



tions) as a "carbon offset bank." The SFH Group purchases green power certificates for biomass and other forms of green power generation. In FY2011, the entire SFH Group purchased green power certificates equivalent to 1,410 MWh.

Initiatives to Reduce Power Consumption

SFH, Sony Life, Sony Assurance and Sony Bank work on a daily basis to reduce power consumption. Each company implemented measures particularly during the summer of 2011 to address power shortages mainly stemming from the impact of the Great East Japan Earthquake. Measures included selective lighting usage, turning off lights in conference rooms and other office areas when not used, and raising air conditioner temperature settings. In these and other ways, the SFH Group stepped up proactive power conservation efforts even more than in past years.

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.

Sony Assurance donates one yen to the "Sorabear Foundation" for every 100 kilometers of total distance that was not driven by its policyholders compared to the forecast distance. The Sorabear Foundation uses the donations to provide "Sorabear Power Generation Equipment"—solar power generators—to kindergartens and nursery schools around the country. In FY2011, to support areas directly affected by the Great East Japan Earthquake, the program contributed three solar power generators to kindergartens and nursery schools in Iwate, Miyagi and Fukushima Prefectures, which sustained particularly severe damage as a result of the earthquake.

Moreover, Sony Life began offering policy guides and agreements on CD-ROM for policies that have policy dates of March 2, 2010 or later. Sony Life donates 10 yen for every policyholder who chooses to receive a CD-ROM instead of paper documents when they sign up for insurance, and



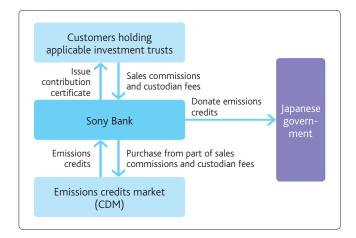
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donates the proceeds to the "Sorabear Foundation." In FY2011, Sony Life used collected donations to make its first contribution of one solar power generator to a kindergarten in Ishikawa Prefecture.

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 FY2011, 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.



Reducing CO_2 Emissions by Switching to Electronic Issuance of Documents

As an Internet bank, Sony Bank has long striven to minimize paper usage when providing documents such as transaction slips, passbooks and explanatory materials for products when doing business. Furthermore, Sony Bank has also requested customers to receive documents related to investment trust transactions in an electronic format rather than on paper. Through this measure, Sony Bank endeavors not only to reduce paper usage, but also to cut CO₂ emissions that would be released during mailing of paper-based materials.

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.

In April 1981, Sony Life began business operations with a mission of "working for customers' financial security and stability by offering rational 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. These systems and services brought innovation to Japan's life insurance industry.

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.

Sony Assurance began business operations in September 1999 with the innovative business model of "direct insurance," where insurance is sold over the Internet and telephone. Sony Assurance has since worked to meet the challenge of valuing direct relationships with customers and of always providing new value for customers. Sony Assurance's automobile insurance features rational, inexpensive premiums unique to direct non-life insurance companies, as well as an offering of highly original products. Sony Assurance also provides high-quality accident response services and highly convenient Web-based services.

Banking Business

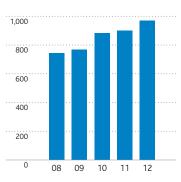
Operating Company

- 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.

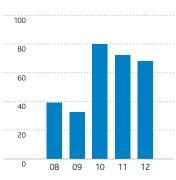
Sony Bank began operations in June 2001 as an Internet bank providing highly convenient, high-quality financial products and services centered on asset management to retail customers. The bank offers yen and foreign currency deposits, investment trusts, foreign-exchange margin transactions, and other 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 and user-friendly functions that enable customers to proactively consider financial choices and take action, along with highly transparent, easy-to-understand financial products and services.

Ordinary Revenues (Billions of yen)



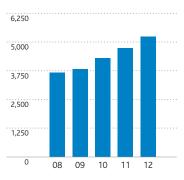
For the years ended March 31

Ordinary Profit (Billions of yen)



For the years ended March 31

Total Assets (Billions of yen)



As of March 31

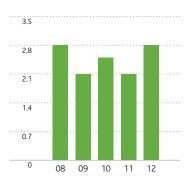
Please refer to page 42, "Non-life Insurance Business," for details.

Ordinary Revenues (Billions of yen)



For the years ended March 31

Ordinary Profit (Billions of yen)



For the years ended March 31

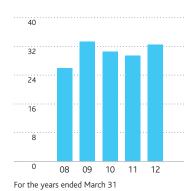
Total Assets (Billions of yen)



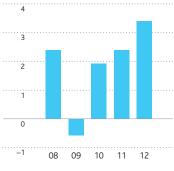
As of March 31

Please refer to page 44, "Banking Business," for details.

Ordinary Revenues (Billions of yen)

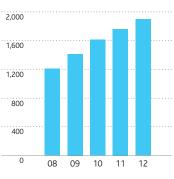


Ordinary Profit (Loss)
(Billions of yen)



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.A. on a premium income basis. In fact, Japan represents about 20% of the global market for life insurance on this basis. Japan's life insurance market has been contracting since the late 1990s, but industry-wide policy amount in force for individual life insurance stood at ¥865 trillion as of March 31, 2012, and death protection accounted for over 80% of that total at ¥727 trillion.* Japan therefore still has an enormous life insurance market rooted in persistently strong needs for life insurance among the public.

Meanwhile, looking at trends in sales of insurance products in Japan, with the country's population aging and its birthrate falling, there has been an ongoing shift in protection needs from death protection products to individual annuities and "third sector insurance" such as medical and nursing care insurance. Moreover, on the sales front, sales channels have diversified as deregulation has expanded over-the-counter sales of products at banks and online sales, while the consolidation of agencies has led to the expansion of sales agencies opening more shops across the country. As a result of these shifts in protection needs and the diversification of sales channels, the market has become more and more competitive.

In FY2011, as the European debt crisis expanded in scale, the world's financial institutions, which had held large amounts of bonds issued by problem debtor countries, saw their financial positions deteriorate. Furthermore, given the onset of a persistent low interest rate environment in the wake of global monetary easing policies, life insurers in the U.S.A. and Europe have faced asset management challenges that have fueled concerns about a negative spread problem. The EU had initially planned to introduce EU Solvency II in January 2013. However, in light of the European debt crisis and asset management challenges stemming from low interest rates, the EU is now expected to postpone the introduction of this system by one year.

Under these market conditions and in this competitive environment, Sony Life increased sales of insurance products, primarily death protection products, by marketing rational life insurance through life planning consultations and providing detailed follow-up consultation services according to changes in

Life Insurance Premium Volume



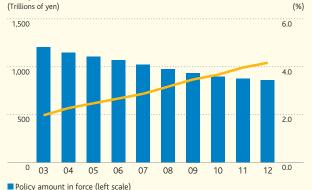
Source: Swiss Re. sigma No 3 / 2012, World insurance in 2011

customers' conditions. Sales of living benefit insurance, nursing care insurance and individual annuities have also increased sharply, reflecting how the aging population and low birthrate are causing changes in customer needs. Sony Life is also actively working to strengthen life planning for senior citizens.

Going forward, there are concerns that interest rates will remain low worldwide and that the European debt crisis will resurface, among other issues. However, Sony Life has worked to transform its asset portfolio from an early stage, in order to reduce risk assets and mitigate interest rate risk. Sony Life has also started to address future solvency regulations based on economic value. Sony Life remains focused on driving growth in its business volume through Lifeplanner sales employees and its Partners (independent agencies), as it maintains a high degree of financial soundness while further raising its presence in Japan's life insurance market.

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

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



Sony Life's share (excluding Japan Post Insurance Co., Ltd.) (right scale)

As of March 31

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



- New policy amount (left scale)
- Sony Life's share (excluding Japan Post Insurance) (right scale)
- *1 For the years ended March 31
- *2 Excludes increases or decreases in policy conversions
- * The above two graphs both refer to individual life insurance.

 Source: "Summary of Life Insurance Business" on the website of the Life Insurance Association of Japan, and data officially disclosed by individual life insurers.

Recent Initiatives

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). These conventional income protection insurance products have high premiums because the annuity payments could continue for a long period of time. Besides these products, Sony Life began offering "Income Protection Insurance to Cover Three Major Diseases (Type II)" in May 2011. This product offers lower premiums by shortening the annuity payment period to five years when the annuity payment is applied to the three major diseases. In this manner, Sony Life has worked to enhance products with the view to meticulously address the life plans and needs of customers.

November 2011: Launch of "Cancer Drug Therapy Rider"

Looking at trends in cancer treatment in recent years, outpatient chemotherapy, in which patients visit hospitals to receive treatment using cancer drugs, has grown as a means of providing therapy while maintaining patients' quality of life. This treatment method is thus expected to become increasingly prevalent going forward. When using cancer drugs covered by Japan's public medical insurance system, a patient's monthly out-of-pocket costs are limited for expensive treatments under the high cost medical care benefit system. However, treatment for an extensive period can place a large financial burden on the patient. To help customers prepare for such cases, in November 2011, Sony Life launched the "Cancer Drug Therapy Rider," which provides a monthly benefit to cover the cost of treatment employing cancer drugs covered by the public medical insurance system.

AEGON Sony Life Insurance: Over-the-counter Sales of Individual Variable Annuity Products at Banks

Sony Life began sales of individual variable annuity products in December 2009 through AEGON Sony Life Insurance, a 50–50 joint venture with 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 individual variable annuity products featuring guarantees on annuity resources and on total benefit amount received through Sony Life's Lifeplanner channel and seven partner banks.*

Operating results in FY2011, the third year since the start of this business, increased sharply from the previous fiscal year, as shown below.

* Seven partner banks: The Tokyo Star Bank, Limited., Sumitomo Mitsui Banking Corporation (SMBC), The Minato Bank, Ltd., The Fukushima Bank, Ltd., The Chiba Kogyo Bank, Ltd., The Juroku Bank Ltd., and Kansai Urban Banking Corporation (as of July 1, 2012)

	2011	2012	Change
The number of new policies	781	2,498	319.8%
New policy amount (Millions of yen)	7,696	17,534	227.8%
The number of policies in force	1,218	3,669	301.2%
Policy amount in force (Millions of yen)	13,833	30,486	220.4%

Business Strategy

- Strengthen the Lifeplanner and independent agency channels
- Implement full-scale measures in the senior market, where high growth is expected
- ▶ Ensure high financial soundness through steady MCEV growth and risk management based on economic value

In the life insurance business, Sony Life aims to achieve steady growth in the life insurance operations in Japan through Life-planner sales employees and Partners (independent agencies).

In particular, Sony Life will work to strengthen recruitment of high-caliber Lifeplanner sales employees and enhance productivity in the mainstay Lifeplanner channel in an effort to drive sustained growth.

In the independent agency channel, Sony Life will strive to secure strong growth prospects for the channel as a whole. This will be done by developing various types of independent agencies catering to customer needs.

In addition, through the Co-Creation Project to be launched in 2012, Sony Life will enhance follow-up consultation services by utilizing IT, with the view to further enhance customer satisfaction.

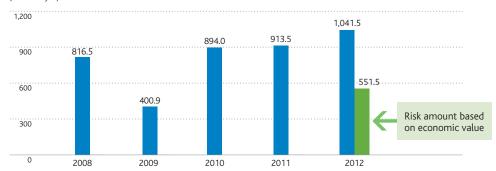
Furthermore, Sony Life will implement full-scale measures to address senior citizens, who represent a promising growth market. Efforts will be focused on establishing life planning methods for senior citizens, and upgrading and expanding the range of products and services tailored to their needs.

Sony Life has introduced market consistent embedded value (MCEV) as an indicator to assess corporate value, in addition to indicators like policy amount in force to measure business expansion. It uses MCEV to practice risk and earnings management based on economic value. Sony Life uses an internal model based on the European Solvency II QIS5 standard model to measure the risk amount.

Sony Life strives to steadily increase MCEV, while ensuring financial soundness, by maintaining the risk amount based on economic value at an appropriate level.

Sony Life's MCEV

(Billions of yen)



*1 As of March 31

Sony Life's MCEV

Use of Japanese Government Bond Yields as Risk Free Rates

EU Solvency II suggests the criteria that risk free rates should meet. Sony Life considered some of the criteria described below, and has decided to use Japanese Government Bond (JGB) yields as risk free rates, instead of swap rates, beginning with the disclosure as of March 31, 2012.

No credit risk

As Japanese yen is the currency of which the right to issue is held by the Japanese government under a floating exchange rate system, JGBs denominated in Japanese yen can be considered to be financial assets with the lowest credit risk. On the other hand, swap rates are reflected by credit risk with regard to LIBOR.

Realism

Realism refers to whether it should be possible to earn the rates in practice without credit risk. Sony Life has been conducting risk management based on economic values. For the purpose of interest rate risk management (ALM), given the difficulties in utilizing swap rate transactions due to limitations under the current accounting framework and solvency regulations as well as the credit risk issue as mentioned above, Sony Life is primarily utilizing government bonds in practice.

High Liquidity

JGBs have high liquidity even for long maturities such as 30 or 40 years.

The impact of the change in the definition of risk free rates on MCEV as of March 31, 2011 was as follows:

(Billions of yen)

As of March 31	2011	2011	Change
AS OF March 3 F	JGB yields	Swap rates	Change
MCEV	¥913.5	¥853.6	¥59.9
Adjusted net worth	230.3	230.3	_
Value of existing business	683.2	623.3	59.9
Of which, new business value	61.7	56.8	4.9

^{*2} MCEV as of March 31, 2008, 2009 and 2010 was calculated based on swap rates, while MCEV as of March 31, 2011 and 2012 was calculated based on JGB yields.

■ MCEV as of March 31, 2012

Sony Life's MCEV as of March 31, 2012 increased ¥128.1 billion compared to the end of the previous fiscal year to ¥1,041.5 billion. The value of existing business decreased due to an increase in prices of ultralong-term Japanese government bonds (JGBs), despite an increase in new business value and a boost from a reduction in corporate tax rates. However, adjusted net worth increased mainly as a result of higher ultralong-term JGB prices held for ALM purposes, leading to the overall increase in MCEV.

The risk amount based on economic value (after tax) was ¥551.5 billion as of March 31, 2012. The risk amount based on economic value* is the total amount of risk based on a comprehensive examination of the various risks faced by Sony Life (including insurance underwriting risk and market risk) using market consistent methods. By keeping this risk amount at an appropriate level relative to MCEV, which represents equity based on economic value, Sony Life strives to maintain financial soundness.

(Billions of yen)

			, ,
As of March 31	2011 JGB yields	2012 JGB yields	Change 2011 vs 2012
MCEV	¥ 913.5	¥1,041.5	¥128.1
Adjusted net worth	230.3	409.2	178.9
Total net assets	215.4	264.8	49.4
Reserve for price fluctuations	16.8	25.3	8.6
Contingency reserve	51.6	55.3	3.8
Reserve for possible loan losses	0.0	0.0	(0.0)
Unrealized gains or losses on held-to-maturity securities	(22.2)	155.9	178.1
Unrealized gains or losses on land and buildings	11.2	11.5	0.3
Unfunded pension liabilities	(6.4)	(4.9)	1.6
Intangible fixed assets	(18.4)	(24.3)	(5.9)
Tax effect equivalent of above seven items	(11.8)	(66.8)	(55.0)
Valuation gain or loss on subsidiaries and affiliated companies	(5.8)	(7.8)	(2.0)
Value of existing business	683.2	632.4	(50.8)
Present value of certainty-equivalent profit	929.1	907.7	(21.4)
Time value of options and guarantees	(61.9)	(84.5)	(22.6)
Frictional costs	(22.7)	(5.0)	17.7
Cost of non-hedgeable risks	(161.4)	(185.9)	(24.5)
Of which, value of new business	61.7	65.2	3.5
Present value of certainty-equivalent profit	83.5	91.5	8.1
Time value of options and guarantees	(5.2)	(8.3)	(3.1)
Frictional costs	(0.3)	(0.2)	0.0
Cost of non-hedgeable risks	(16.3)	(17.8)	(1.6)

(Free Surplus and Required Capital in Adjusted Net Worth)

(Billions of yen)

As of March 31	2011	2012	Change 2011 vs 2012
Adjusted net worth	¥230.3	¥409.2	¥178.9
Free surplus	230.3	382.9	152.6
Required capital	_	26.3	26.3

(New Business Margin)

(Rillions of ven)

			(=
As of March 31	2011	2012	Change 2011 vs 2012
Value of new business	¥ 61.7	¥ 65.2	¥ 3.5
Present value of premium income	954.4	1,013.7	59.3
Value of new business / Present value of premium income	6.5%	6.4%	(0.0) points

For further details, please refer to pages 194 to 207 on Sony Life's MCEV in the Financial Data section.

^{*} For the purpose of measuring risk amount based on economic value, Sony Life has chosen a 99.5% VaR level over one year, and an internal model with reference to the EU Solvency II (QIS5) standard model.

Non-life Insurance Business

Market Conditions

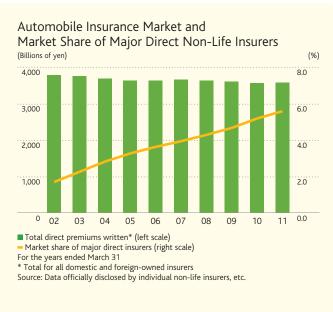
Automobile insurance accounts for the largest portion of Japan's non-life insurance industry and is positioned as Sony Assurance's core product category. It provides around half of the industry's premium revenues. Japan's automobile insurance market is dominated by the major non-life insurance companies,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

Looking at recent trends in Japan's automobile insurance market, automobile ownership has gradually decreased, primarily reflecting a contracting population and a shift in interest away from automobiles among young people. On the other hand, in FY2011, insurance premium revenues for the industry as a whole increased slightly over the previous fiscal year as various companies continuously raised premium rates.

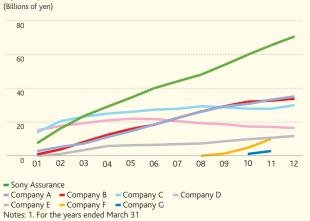
Turning to profitability in automobile insurance, a large number of non-life insurers have a combined ratio in excess of 100% (the combined ratio is the sum of the net loss ratio and net expense ratio). This reflects persistently high loss ratios, despite continuous premium rate increases. For this reason, non-life insurers are expected to further strengthen measures to improve profitability. Examples include addressing revisions to the bonus-malus system announced by the Non-Life Insurance Rating Organization of Japan (NLIRO) and considering additional premium rate increases.

In this environment, direct non-life insurance companies as a whole have seen steady increases in insurance premium revenues as well as growth in their share of the automobile insurance market year after year. 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, direct non-life insurers can offer lower premiums and consistent, high-quality services, and customers are becoming more aware of these benefits.

Furthermore, the Japanese economy has recently faced worsening corporate business results, along with severe employment and income conditions. Consequently, consumers are expected to become increasingly cost conscious going forward. Therefore, steady increases in premium revenues and market share are projected for direct non-life insurers as a whole.







 The above graph covers eight non-life insurance companies selling automobile insurance primarily via direct sales channels as of March 31, 2012.
 Direct premiums written of each company are based on earnings releases announced through June 20, 2012.

Recent Initiatives

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

Sony Assurance has established two new riders, namely a rider for advanced medical care expenses and a rider to expand the scope of surgery protection while hospitalized, for the "SURE Medical and Cancer Insurance" policy. This is to ensure that customers can concentrate on treatment with peace of mind without being preoccupied by the cost. Sony Assurance has added these riders by default to all "SURE Medical and Cancer Insurance" policies.

The rider for advanced medical care expenses provides coverage of advanced medical care treatment fees, which patients must bear entirely out of pocket, because they are not covered by the public medical insurance system (National Health Insurance). The rider to expand the scope of surgery protection while hospitalized provides protection for patients who receive surgery requiring hospitalization covered by the National Health Insurance system, even for surgeries that are not specified in the "SURE Medical and Cancer Insurance" policy agreement.

April 2011: Sony Assurance Begins Providing Smartphone Apps Free of Charge

Based on the concept of "Closer to you, with your car," in April 2011, Sony Assurance began providing smartphone apps free of charge.

In April 2011, Sony Assurance began offering "Trouble Navi," an application designed to instruct drivers on how to take proper action when they are involved in auto accidents, breakdowns or experience other problems on the road. For example, the app shows drivers what they should do and in what order, and what information they should record.

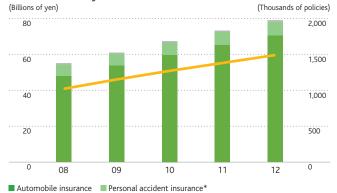
In August 2011, Sony Assurance began offering "Drivers' Navi," an app designed to help foster an awareness of safe driving practices among drivers. It has three functions: safe driving assessments, fuel economy checks and maintenance checks. Drivers can easily undergo a safe driving assessment simply by placing their smartphones in their automobiles and pressing the "Start Record" button before driving.

Both apps can be downloaded free of charge, regardless of a driver's insurance provider.*

October 2011: Sony Assurance Starts Managing a Facebook Page

Sony Assurance has started managing a Facebook* Page for the purpose of engaging in more interactive communication with customers using social media. On its Facebook Page, Sony Assurance presents a diverse spectrum of information through video and images, including messages from employees and posts about their activities. Furthermore, using features unique to Facebook, employees communicate directly with customers in their own words, and provide customers with useful information in a timely manner. Through these initiatives, Sony Assurance plans to create more opportunities for customers to come into contact with the company.

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



- Others Number of policies in force** (right scale) For the years ended March 31
- * More than 90% of personal accident insurance is medical and cancer insurance.
- ** The number of policies in force refers to the sum of automobile insurance and medical and cancer insurance, which together account for 99% of net premiums written

Combined Ratio at Sony Assurance (Net Loss Ratio + Net Expense Ratio)



- Net expense ratio Net loss ratio
- 1 For the vears ended March 31
- *2 Note: Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written Net expense ratio = Total underwriting costs / Net premiums written

Business Strategy

Maintain growth:

Improve profitability:

Establish a dominant leading position in the direct market Maximize customer satisfaction levels: Provide high-quality services through the customer response service department, and increase convenience via web and mobile applications Address the increase in the loss ratio and improve operating efficiency and service quality through aggressive system investment

In the non-life insurance business, Sony Assurance aims to continuously increase direct premiums written by continuing to invest aggressively in marketing as before. Our priorities include establishing a leading position in the direct automobile insurance market; maximizing customer satisfaction levels mainly by providing high-quality services and enhancing convenience via our website and mobile site; and enhancing products while upgrading and expanding the lineup. In terms of

measures to improve profitability, we will address the increase in the loss ratio by reviewing premium rates for automobile insurance and revising its product details. We will also promote aggressive system investment. Here, we will increase business efficiency and service quality by reconfiguring our backbone system; enhance the functions of our website and mobile site; and build a backup system for disaster recovery and strengthen our information security system.

^{*} Communications charges are applied to customers when downloading or using the apps.

^{*} Facebook is a registered trademark of Facebook, Inc.

Banking Business

Market Conditions

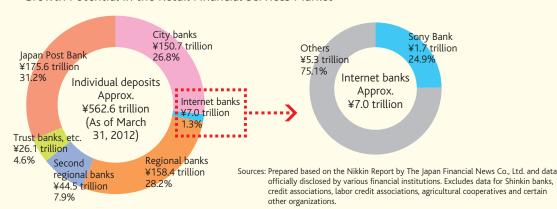
Overall, the Japanese economy has seen a slow pace of recovery from the precipitous downturn that followed the Great East Japan Earthquake. This was mainly due to the impact of the slowing global economy and the yen's sharp appreciation, although one bright spot has been steady growth in internal demand, such as personal consumption.

Meanwhile, 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. Given the uncertainty in market conditions over the past few years, such as the future course of the European debt crisis, retail customers have maintained a risk-adverse stance. As a result, the share of cash and deposits in Japan's personal financial assets has reached record-high levels.

Going forward, one major focus will be how retail customers choose to hold and invest their financial assets. It will thus be vital for financial institutions to address the diversification of asset management needs driven by the choices that retail investors will make. In recent years, Internet banks have achieved growth on the back of their cost competitiveness. However, Internet banks still account for around 1% of Japan's personal financial assets market as of March 31, 2012, so there is ample room for growth.

To fulfill these increasingly diverse asset management needs, Sony Bank will continue to steadily improve the quality of its financial services and further raise efficiency, with the goal of providing services trusted by customers over the long term.

Growth Potential in the Retail Financial Services Market



Recent Initiatives

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

Sony Bank took over the Sony Card business through a spin-off of these operations from Sony Finance International, Inc. (hereinafter "Sony Finance"). 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, while bolstering settlement functions.

May 2011: Sony Bank Begins Offering Brazilian Real for Foreign Currency Deposits

In May 2011, Sony Bank added the Brazilian real to its lineup of foreign currency deposits. Through this addition, Sony Bank's foreign currency deposits are now available in nine currencies—the U.S. dollar, euro, U.K. pound, Australian dollar, New Zealand dollar, Canadian dollar, Swiss franc, Hong Kong dollar and Brazilian real. By adding the currencies of emerging countries with higher interest rates to its lineup,

Sony Bank aims to satisfy customers' diverse foreign currency investment needs.

July 2011: Sony Bank Converts SmartLink Network into a Subsidiary

In July 2011, Sony Bank acquired a 57% equity interest in SmartLink Network from Sony Finance and converted SmartLink Network into a Sony Bank's subsidiary. SmartLink Network is an industry-leading provider of credit card settlement services to members of its Internet network. The company has built partnerships with several major credit card issuers, who have invested in SmartLink Network.

Backed by a steady track record in terms of operations and finance, SmartLink Network possesses technologies and a business network that Sony Bank will utilize to upgrade and expand the credit card business, which it entered on a full-scale in May 2011. At the same time, Sony Bank will develop the settlement business centered on the fast-growing e-commerce field into another pillar of its revenue stream.

August 2011: Sony Bank Opens Representative Office in Sydney In August 2011, Sony Bank opened a representative office in Sydney, Australia, for the purpose of gathering information

August 2011: Sony Bank Begins Offering New Mortgage Loan, "Variable Select Mortgage Loan"

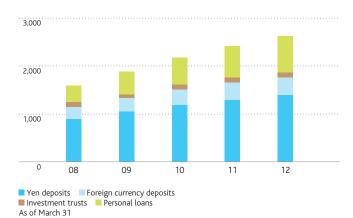
and researching the Australian financial market.

Sony Bank's mortgage loans do not require its customers to visit a branch to complete required procedures and do not charge fees for guarantees and early repayments. "Variable Select Mortgage Loan" offers all of these features and more. Customers who apply for this new mortgage loan benefit from

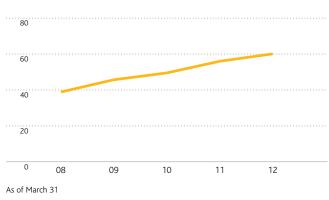
a lower variable interest rate in return for paying a commission of 2.1% (tax inclusive) of their borrowed amount to Sony Bank when taking out loans.

Together with the use of the "Variable Select Mortgage Loan Interest Rate Plan," Sony Bank will provide across-the-board annual interest rate discounts for the entire duration of the loan compared with the bank's standard interest rates. Specifically, the discounts are 1.2 percentage points during the period when variable rates are applied and 0.8 percentage point during the period when fixed rates are applied (as of July 1, 2012).

Retail Balance at Sony Bank (Billions of yen)



Loan-deposit Ratio at Sony Bank (Yen-based deposits)



Business Strategy

- > Pursue higher customer satisfaction while expanding the retail balance and raising the loan-deposit ratio
- ▶ Maintain steady growth strategies centered on mortgage loans and foreign currency deposits
- Enhance profitability

In the banking business, Sony Bank aims for sustained growth in the retail balance—the sum of deposits, investment trusts and personal loan balance—and an improved loan-deposit ratio. In particular, mortgage loans are one of our strategic products. Here, efforts are focused on upgrading and expanding its product lineups, strengthening tie-ups with partner agencies, and maintaining our competitiveness in terms of interest rates. Another strategic product is foreign currency deposits. Sony Bank's priorities in this area are to enhance product competitiveness mainly by increasing currency lineups, and to enhance price competitiveness mainly by lowering handling charges.

Sony Bank, the Group's core operating company for the banking business, has maintained a certain interest spread despite the prevailing low interest rate environment. Looking ahead, Sony Bank will continue working to steadily increase gross operating profit centered on net interest income. This will be achieved by continuing to expand business volume (deposit and loan balances), while maintaining a certain interest spread. Sony Bank has maintained a strict credit management system for lending, including mortgage loans. In addition, leveraging its high cost efficiency—a key strength of an Internet bank—Sony Bank will strive to boost its profitability by expanding its business volume.

Analysis of the SFH Group Operating Performance for FY2011

SFH (Consolidated)

Operating Results

In FY2011, the fiscal year ended March 31, 2012, the Japanese economy picked up overall, despite a sharp temporary downturn due to the impact of the Great East Japan Earthquake. This improvement was partly supported by recovery in corporate economic activities directed at the reconstruction effort from the earthquake. Nonetheless, given the global economic slowdown triggered by growing credit unease in Europe, and the impact of the yen's appreciation, the Japanese economy should continue to face an uncertain environment in the near term.

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.

As a result, SFH posted consolidated ordinary revenues for FY2011 of ¥1,078.0 billion, up 7.6% from the previous fiscal year. This increase was due to ordinary revenue growth across all businesses, namely the life insurance, non-life insurance and banking businesses. Consolidated ordinary profit decreased 2.9% year on year to ¥74.6 billion. This was mainly the result of a decline in ordinary profit in the life insurance business, despite increases in ordinary profit in the non-life insurance and banking businesses.

Looking at the main components of extraordinary gains and losses, the SFH Group recorded ¥8.5 billion in provision for reserve for price fluctuations in the life insurance business as an extraordinary loss. This compares with ¥7.1 billion recorded 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 21.3% year on year to ¥32.8 billion. This partly reflected a ¥7.1 billion increase in deferred income taxes stemming from the reversal of deferred tax assets following a reduction in the corporate tax rate.

Segment performance was as follows:

Life Insurance Business

In the life insurance business, income from insurance premiums rose in step with steady growth in policy amount in force. Investment income also increased following a recovery in market conditions around the end of FY2011. As a result, ordinary revenues rose 7.5% year on year to ¥967.5 billion. Ordinary profit decreased 5.5% year on year to ¥68.1 billion, although insurance payments related to the Great East Japan Earthquake were lower than the amount assumed in the reserve for outstanding claims and other expenses at the previous fiscal year-end. The decrease was primarily due to a decline in gains on sale of securities following the process of shifting bond holdings to ultralong-term bonds aimed at reducing interest rate risk.

Non-life Insurance Business

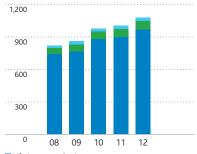
In the non-life insurance business, ordinary revenues increased 8.0% year on year to \$80.0 billion, due to an increase in net premiums written atop growth in the number of policies in force centered on automobile insurance. Ordinary profit increased 33.3% year on year, to \$2.8 billion. In addition to higher ordinary revenues, this increase mainly reflected the reversal of the catastrophe reserve, which countered an increase in the loss ratio due to higher net losses paid.

Banking Business

In the banking business, ordinary revenues increased 10.1% compared with the previous fiscal year, to ¥32.5 billion due to an increase in net fees and commissions resulting from the consolidation of SmartLink Network in the second quarter. In July 2011, Sony Bank acquired SmartLink Network, converting it into a 57%-owned subsidiary. Ordinary profit rose 43.9% year on year to ¥3.4 billion due to higher gross operating profit in line with improved net interest income. Improvement in net interest income was driven mainly by higher interest income on loans primarily reflecting an increase in the balance of mortgage loans, along with a decrease in interest expenses on yen deposits.

Ordinary revenues

(Billions of yen)

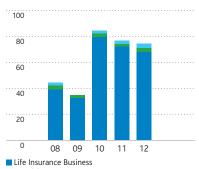


■ Life Insurance Business
■ Non-life Insurance Business

■ Banking Business For the years ended March 31

Ordinary profit

(Billions of yen)



Non-life Insurance Business
Banking Business
For the years ended March 31

Financial Position

As of March 31, 2012, total assets amounted to \$7,241.4 billion, up 9.8% from a year earlier. The major components of assets were securities (mostly Japanese government bonds (JGBs)) of \$5,531.5 billion, up 9.9% from March 31, 2011; loans of \$975.0 billion, up 13.7% from March 31, 2011; and monetary trusts of \$303.0 billion, up 4.2% from March 31, 2011.

Total liabilities amounted to $\pm 6,893.6$ billion, up 9.4% from a year earlier. The major components of liabilities were policy reserves and others of $\pm 4,963.0$ billion, up 10.5% from March 31, 2011; and deposits of $\pm 1,760.8$ billion, up 6.9% from March 31, 2011. In October 2011, SFH issued corporate bonds of ± 10.0 billion for the purpose of reinforcing Sony Bank's capital base. The bond issuance proceeds were used to extend a subordinated loan to Sony Bank.

Total net assets amounted to ¥347.8 billion at March 31, 2012, up 17.9% from a year earlier. In terms of the components of net assets, net unrealized gains on other securities, net of taxes, were ¥36.9 billion, up ¥28.4 billion from the end of the previous fiscal year.

Total assets (Billions of yen) 8,000 6,000 4,000 0 08 09 10 11 12 As of March 31

Cash Flows

Net cash provided by operating activities in FY2011 amounted to ¥524.2 billion, a decrease of ¥3.3 billion from FY2010. This decrease mainly reflected a smaller net increase in customer deposits on a yen basis, and a smaller decrease in call loans and certain other items in the banking business. These factors were partly offset by increased income from insurance premiums in step with a higher policy amount in force in the life insurance business.

Net cash used in investing activities was ¥512.1 billion, down ¥47.5 billion from the previous fiscal year. This decline was mainly due to a decrease in purchases of securities in line with an increase in loans reflecting a higher balance of mortgage loans in the banking business.

Net cash provided by financing activities was ¥1.7 billion, compared with net cash used in financing activities of ¥6.5 billion in the previous fiscal year. This reflected an increase in bond issuance proceeds, despite an increase in cash dividends paid.

As a result of the above factors, cash and cash equivalents as of March 31, 2012 stood at ¥175.6 billion, up ¥13.8 billion from a year earlier.

Risk-monitored Loans

(Millions of yen) As of March 31 2012 Category ¥ 206 ¥ 174 Bankrupt loans Non-accrual delinquent loans 1,213 1,369 Past-due loans (3 months or more) Restructured loans 1,383 2,068 Total ¥2.803 ¥3.613

Consolidated Solvency Margin Ratio

,	O	(Millions of yen)
As of March 31		2012
(A) Total consolidated solvency margin		¥835,119
Common stock, etc.		305,575
Reserve for price fluctuations		25,380
Contingency reserve		55,392
Catastrophe reserve		9,406
General reserve for possible loan losse	es	835
Net unrealized gains on other securiti	es x 90% (100% if losses)	57,049
Net unrealized gains on real estate x 8	35% (100% if losses)	(173)
Excess amount of policy reserves base		350,404
Unallotted portion of reserve for police		700
Deferred tax assets		58,774
Subordinated debt		2,000
The portion of the excess refund reser	ve and subordinated debt	
that is not included in the margin		(20,433)
Deductible items		(9,793)
(B) Total consolidated risk	_	
$\sqrt{[\{(R_1^2+R_5^2)^{1/2}+R_8+R_9\}^2+(R_2+R_3+R_7)^2}$]+R ₄ +R ₆	121,000
Insurance risk	R ₁	20,852
Ordinary insurance risk	R ₅	8,929
Major catastrophe risk	R ₆	627
Third-sector insurance risk	R ₈	7,510
Substantial insurance risk of		
small-amount short-term insurers	R ₉	_
Assumed interest rate risk	R ₂	28,567
Minimum guarantee risk	R ₇	9,904
Asset management risk	R ₃	73,294
Business management risk	R ₄	4,599
Total consolidated solvency margin	·	
[(A)/{(B)x1/2}]x100		1,380.3%

Notes: 1. The figures are calculated based on the stipulations of Article 210, Paragraph 11-3 and Paragraph 11-4 of the Ordinance of Enforcement of the Insurance Business Act of Japan, and the FSA Notification No. 23 (2011). 2. Minimum guarantee risk is calculated based on the standardized approach.

SFH's consolidated operating results come from its life insurance, non-life insurance, and banking businesses. Segment-by-segment reviews of FY2011 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), a wholly owned subsidiary of Sony Life; and AEGON Sony Life Insurance and SA Reinsurance—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.

			(Billions of yen)
For the years ended March 31	2011	2012	Change
New policy amount	¥4,199.0	¥4,203.3	0.1%
Individual life insurance	4,166.2	4,145.6	(0.5%)
Individual annuities	32.7	57.6	76.1%
Annualized premiums from new policies	71.2	70.8	(0.5%)
Medical protection, living benefit			
protection and other products	16.6	17.1	2.5%
The number of new policies (10,000 policies)	59.9	59.1	(1.3%)

Main Points

New policy amount remained largely flat, as increased sales of term life insurance were offset by a decrease in family income insurance. Annualized premiums from new policies decreased mainly due to lower sales of educational endowment insurance and medical insurance, which were partly offset by increased sales of living benefit insurance, term life insurance and certain other products.

New Policy Amount and Number of New Policies (Individual life insurance + Individual annuities) (Billions of yen) (10,000 policies) 5,000 75 4,000 60 3,000 45 2,000 30

Ω

0 08 09 10 11

New policy amount (left scale)

Number of new policies (right scale)

For the years ended March 31

0

Policy Amount in Force

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

			(Billions of yen)
As of March 31	2011	2012	Change
Policy amount in force	¥34,748.5	¥36,077.0	3.8%
Individual life insurance	34,421.8	35,707.3	3.7%
Individual annuities	326.6	369.7	13.2%
The number of policies in force (10,000 policies)	534	567	6.2%
Annualized premiums from insurance in force	604.7	635.4	5.1%
Medical protection, living benefit protection and other products	140.7	148.9	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 31 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) 40 600 30 450

Policy amount in force (left scale)
 Number of policies in force (right scale)
 As of March 31

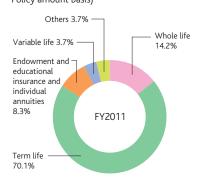
Sales of Products (% of Total)

,			
For the years ended March 31	2011	2012	Change
Whole life insurance	12.9%	14.2%	1.3pt
Term life insurance	72.0%	70.1%	(1.9pt)
Endowment and educational insurance,			
Individual annuities	7.9%	8.3%	0.4pt
Variable life insurance	4.2%	3.7%	(0.5pt)
Others	3.0%	3.7%	0.7pt

Main Points

Death-protection products* accounted for around 90% of new policies in FY2011.

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



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

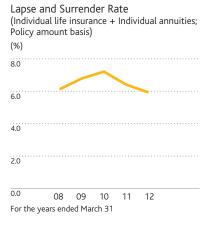
Lapse and Surrender Rate

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	2011	2012	Change
Lapse and surrender rate	6.41%	5.93%	(0.48pt)

Main Points

In FY2011, the lapse and surrender rate declined across all insurance products, centered on family income insurance.



Income from Insurance Premiums and Insurance Claims and Other Payments

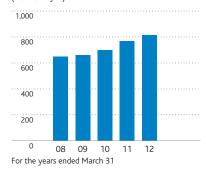
(Billions of yen)

For the years ended March 31	2011	2012	Change
Income from insurance premiums	¥770.3	¥816.1	5.9%
Insurance claims and other payments	297.9	287.4	(3.5%)
Insurance claims	76.5	68.9	(9.8%)
Annuity payments	8.2	8.5	4.3%
Insurance benefits	38.3	42.2	10.1%
Surrender payments	170.7	163.2	(4.4%)

Main Points

In FY2011, income from insurance premiums received from policyholders increased as a result of steady growth in 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.

(Billions of yen)

	2011		20)12
As of March 31	Amount	Composition	Amount	Composition
Japanese government and				
corporate bonds	¥3,499.9	80.9%	¥3,975.7	83.2%
Japanese stocks	64.0	1.5%	45.0	0.9%
Foreign bonds	44.2	1.0%	59.6	1.2%
Foreign stocks and other				
securities	30.0	0.7%	30.5	0.6%
Monetary trusts	276.4	6.4%	288.2	6.0%
Policy loans	134.4	3.1%	138.7	2.9%
Real estate	75.1	1.7%	72.9	1.5%
Cash and deposits, call loans	80.0	1.9%	64.8	1.4%
Others	120.9	2.8%	102.6	2.1%
Total	¥4,325.2	100.0%	¥4,778.5	100.0%

Main Points

In FY2011, Sony Life continued to invest in ultralong-term bonds with maturities of 20 years or more, leading to an increase in the percentage of JGBs in the investment portfolio. The ratio of JGBs stood at 89.2% as of March 31, 2012 in real terms, reflecting such bonds included in monetary trusts. Looking ahead, Sony Life will continue to mitigate interest rate risk by investing most of its new funds in ultralong-term bonds.

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 is included in the total solvency margin (numerator) used in calculating the solvency margin ratio (see page 52).

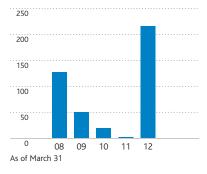
* Unrealized gains and losses on securities list the total of net unrealized gains or losses on held-to-maturity bonds and available-for-sale securities with fair values. The total of securities includes securities included in monetary trusts.



As of March 31	2011	2012	Change
Unrealized gains on securities			
in the general account	¥ 2.0	¥216.8	214.7
Unrealized gains (losses)			
on held-to-maturity securities	(22.1)	155.8	178.0
Net unrealized gains			
on available-for-sale securities	24.2	60.9	36.7
Of which, unrealized gains on Japanese			
government and corporate bonds	19.7	53.4	33.7
Of which, unrealized gains on			
Japanese stocks	3.8	5.8	2.0
Of which, unrealized gains (losses) on			
foreign securities	(0.0)	1.3	1.4

Unrealized Gains on Securities

(Billions of yen)



Main Points

Unrealized gains on securities in the general account increased due to higher unrealized gains on JGBs in line with lower long-term interest rates.

Reference: As of March 31, 2012, unrealized gains on Japanese stocks would be zero at a Nikkei Stock Average of ¥8,359 and a TOPIX of 708 points.

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	2011	2012	Change
Core profit	¥56.2	¥71.6	27.3%

Main Points

Sony Life's core profit increased, mainly because insurance claims and other payments related to the Great East Japan Earthquake were lower than estimated as of March 31, 2011, along with decreases in the negative spread and the provision for policy reserves related to minimum guarantees on variable life insurance policies.



Reconciliation to Core Profit and Non-consolidated Ordinary Profit

(Millions of yen)

Fautharran and March 21	2011	2012
For the years ended March 31	-	
Core profit (A)	¥56,295	¥71,685
Capital gains	26,604	7,556
Income from monetary trusts, net	1,622	_
Income from trading securities, net	-	_
Gains on sale of securities	24,982	7,556
Gains on derivatives, net	-	_
Foreign exchange gains, net	-	_
Other capital gains	-	_
Capital losses	2,748	5,774
Losses on monetary trusts, net	_	_
Losses on trading securities, net	_	_
Losses on sale of securities	1,866	2,607
Devaluation losses on securities	348	1,692
Losses on derivatives, net	_	· _
Foreign exchange losses, net	533	1,376
Other capital losses	_	97
Net capital gains (losses) (B)	23,856	1,782
Core profit plus net capital gains (losses) (A) + (B)	80,152	73,468
Other one-time gains	_	_
Gains from reinsurance	_	_
Reversal of contingency reserve	_	_
Reversal of specific reserve for possible loan losses	_	_
Others	_	_
Other one-time losses	6,975	4,032
Losses from reinsurance	-	.,032
Provisions for contingency reserve	3.062	3,778
Provisions for specific reserve for possible loan losses	20	2
Provisions for reserve for loan losses from borrowers	20	-
in specific foreign countries	_	_
Write-off of loans	_	
Others	3,893	250
Net other one-time gains (losses) (C)	(6,975)	(4,032)
Ordinary profit (A) + (B) + (C)	¥73,176	¥69,436
Ordinary profit $(A) + (B) + (C)$	+13,170	+03,730

Notes: 1. Core profit for the fiscal year ended March 31, 2012 (A) includes income gains of ¥5,278 million in income from monetary trusts; other capital losses include impairment losses of ¥97 million from investment partnership; "Others" of other one-time losses include provision of additional policy reserve of ¥250 million.

2. 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.

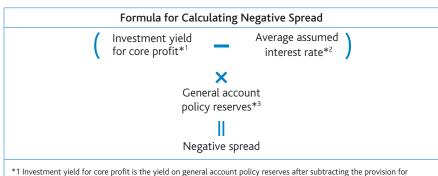
Negative Spread

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 is lower than the average assumed interest rate due to deterioration in the investment environment or other reasons.

			(Billions of yen)
For the years ended March 31	2011	2012	Change
Negative spread	¥6.3	¥1.5	(76.2%)
Average assumed interest rate	2.43%	2.35%	(0.08pt)
Investment yield (general account)	2.68%	2.17%	(0.51pt)
Investment yield for core profit	2.26%	2.31%	0.05pt

Main Points

Sony Life's negative spread decreased from FY2010 in line with a decrease in the average assumed interest rate for policies in force and an increase in the investment yield for core profit.



- *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 end of period assumed interest) x 1/2

Negative Spread (Billions of yen) 30 20 10 0 08 09 10 11 12 For the years ended March 31

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



- Investment yield for core profit
- Average assumed interest rate
- Investment yield (general account) For the years ended March 31

Ordinary Revenues, Ordinary Profit and Net Income

(Rillians of you)

			(bittions or yen)
For the years ended March 31	2011	2012	Change
Ordinary revenues	¥900.0	¥967.4	7.5%
Ordinary profit	73.1	69.4	(5.1%)
Net income	40.2	31.4	(21.9%)



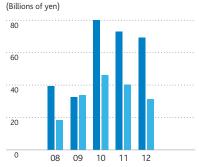
Ordinary Revenues

Ordinary revenues increased year on year due mainly to higher income from insurance premiums on the back of steady growth in policy amount in force, and increased investment income in step with a rebound in market conditions around the end of FY2011.

Ordinary profit decreased year on year, despite lower-than-estimated insurance claims and other payments related to the Great East Japan Earthquake in the reserve for outstanding claims and other expenses as of March 31, 2011. The decrease was mainly due to lower gains on sale of securities reflecting the process of shifting bond holdings to ultralong-term bonds to reduce interest rate risk.

Net income decreased year on year due to a reversal of a portion of deferred tax assets associated with the reduction in the corporate tax rate.

Ordinary Profit and Net Income



Ordinary Profit Net Income

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	2011	2012	Change
Solvency margin ratio	1,720.0%	1,980.4%	260.4pt

Note: The solvency margin ratios have been calculated based on current standards applied from March 31, 2012.

Sony Life has maintained a high solvency margin ratio within the life insurance industry, even based on current standards applied from March 31, 2012.

Solvency Margin Ratio

(Millions of yen)

As of March 31	2011	2012
(A) Total solvency margin	¥625,790	¥722,175
Common stock, etc.	200,773	223,100
Reserve for price fluctuations	16,768	25,319
Contingency reserve	51,559	55,338
General reserve for possible loan losses	0	0
Net unrealized gains on other securities x 90%		
(100% if losses)	20,820	54,656
Net unrealized gains on real estate x 85% (100% if losses)	1,002	(173)
Excess amount of policy reserves based on Zillmer method	334,201	350,404
Unallotted portion of reserve for policyholders' dividends	1,186	700
Deferred tax assets	63,388	58,774
Subordinated debt	-	_
The portion of the excess amount of policy reserves		
based on Zillmer method and subordinated debt	()	4
that is not included in the margin	(63,912)	(45,945)
Deductible items	_	_
(B) Total risk		
$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2+R_4}$	72,763	72,930
Insurance risk (R ₁)	20,014	20,850
Third-sector insurance risk (R ₈)	7,269	7,509
Assumed interest rate risk (R ₂)	27,902	28,509
Minimum guarantee risk (R7)	8,820	9,904
Asset management risk (R ₃)	28,726	26,741
Business management risk (R ₄)	1,854	1,870
(C) Solvency margin ratio		
[(A)/{(B)x1/2}]x100	1,720.0%	1,980.4%





Non-performing Assets

Risk-monitored Loans

(Millions of	of ven)
--------------	---------

As of March 31	2011	2012
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	2011	2012
Category		
Bankrupt and quasi-bankrupt loans	¥ –	¥ –
Doubtful loans	_	_
Sub-standard loans	_	_
Normal loans	136,809	141,384
Total	¥136,809	¥141,384

Main Points

Sony Life's asset assessment is shown in the above chart. 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 ¥138.9 billion as of March 31, 2012. Among this balance, policy loans were ¥138.7 billion, and commercial loans* were ¥0.12 billion. Most of the 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.

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.

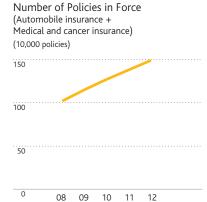
(10,000 policies)

■ Policies in Force

			(10,000 policies)
As of March 31	2011	2012	Change
Number of policies in force (Automobile insurance +			
Medical and cancer insurance)	138	149	7.6%

Main Points

Sony Assurance saw a continued steady increase in the sum of automobile insurance and medical and cancer insurance compared with the previous fiscal year.



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).

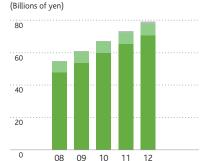
For the years ended March 31 2011 2012 Change Net premiums written ¥79.1 7.9% Voluntary automobile insurance 65.2 70.4 8.0% Personal accident insurance* 7.3 7.6 3.5% Others (Fire + Marine + Compulsory automobile liability) 0.7 1.0 45.0%

Main Points

Net premiums written increased from the previous fiscal year in line with steady growth in the number of policies in force centered on automobile insurance.

Net Premiums Written

As of March 31



Voluntary automobile insurance
Personal accident insurance

Other

Other (Eiro

(Fire + Marine + Compulsory automobile liability)
For the years ended March 31

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	2011	2012	Change
Net loss ratio	60.0%	63.3%	3.3pt
Net loss ratio for automobile insurance	63.6%	66.8%	3.2pt
Net loss ratio for personal accident insurance*	24.6%	26.3%	1.7pt

^{*} Including medical and cancer insurance

Main Points

The net loss ratio increased from the previous fiscal year, mainly due to higher insurance payments per claim for automobile insurance.

Net Loss Ratio (%) 65 60 55 50 0 08 09 10 11 12 For the years ended March 31

^{*} Including medical and cancer insurance

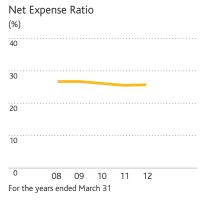
■ Net Expense Ratio

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	2011	2012	Change
Net expense ratio	25.5%	25.7%	0.2pt
Combined ratio			
(Net loss ratio + net expense ratio)	85.6%	89.0%	3.4pt

Main Points

The net expense ratio increased slightly from the previous fiscal year, due mainly to higher system-related expenses.



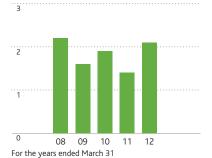
■ Underwriting Profit

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	2011	2012	Change
Underwriting profit	¥1.4	¥2.1	43.5%

Main Points

Sony Assurance's underwriting profit increased from the previous fiscal year on the back of higher net premiums written, despite an increase in net losses paid mainly due to higher insurance payments per claim.



Underwriting Profit

(Billions of yen)

Ordinary Revenues, Ordinary Profit and Net Income

			(Billions of yen)
For the years ended March 31	2011	2012	Change
Ordinary revenues	¥74.1	¥80.0	8.0%
Ordinary profit	2.1	2.8	33.3%
Net income	1.2	1.2	0.2%

Main Points

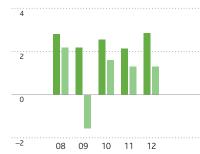
Ordinary Revenues

Sony Assurance's ordinary revenues increased from the previous fiscal year, as a result of higher net premiums written in step with steady growth in the number of policies in force centered on automobile insurance.

Ordinary Profit

Ordinary profit increased from the previous fiscal year, mainly due to higher ordinary revenues and reversal of the catastrophe reserve, which countered an increase in the loss ratio caused by higher net losses paid for automobile insurance.

Ordinary Profit and Net Income (Loss) (Billions of yen)



■ Ordinary profit
■ Net income (loss)
For the years ended March 31

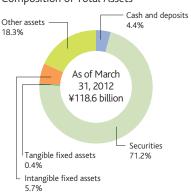
■ Total Asset Composition and Investment Policy

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)

2011	2012	Change
¥109.3	¥118.6	8.4%
3.8	5.1	33.7%
80.6	84.4	4.8%
0.3	0.4	12.8%
3.6	6.8	87.4%
20.8	21.7	4.0%
	3.8 80.6 0.3 3.6	3.8 5.1 80.6 84.4 0.3 0.4 3.6 6.8

Composition of Total Assets



■ Non-consolidated Solvency Margin Ratio

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

As of March 31	2011	2012	Change
Non-consolidated solvency margin	631.0%	557.8%	(73.2pt)

Note: The non-consolidated solvency margin ratios have been calculated based on current standards applied from March 31, 2012.

Sony Assurance's non-consolidated solvency margin ratio was 557.8% as of March 31, 2012, down 73.2 points from March 31, 2011, remaining at a sound level.

Figures have been calculated using the standards (current standards) applied from March 31, 2012.

			(Millions of yen)
	2011	2012	2011
	Previous	Current	Current
As of March 31	standards	standards	standards
(A) Total non-consolidated solvency margin	¥28,758	¥27,511	¥28,758
Capital or treasury	16,753	18,053	16,753
Reserve for price fluctuations	43	61	43
Contingency reserve	8	54	8
Catastrophe reserve	11,926	9,406	11,926
General reserve for possible loan losses	_	-	_
Net unrealized gains on other securities			
(before tax deductions)	26	(63)	26
Net unrealized gains on real estate	_	-	_
Excess refund reserve	_	-	_
Subordinated debt	_	-	_
The portion of the excess refund reserve			
and subordinated debt that is not			
included in the margin	_	-	_
Deductible items	_	-	_
Others	_	-	_
(B) Non-consolidated total risk			
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	5,860	9,862	9,114
Ordinary insurance risk (R ₁)	5,060	8,929	8,207
Third-sector insurance risk (R ₂)	0	-	0
Assumed interest rate risk (R₃)	12	58	49
Asset management risk (R ₄)	235	309	400
Business management risk (R₅)	177	297	278
Major catastrophe risk (R ₆)	615	627	615
(C) Non-consolidated solvency margin ratio			
[(A)/{(B)x1/2}]x100	981.4%	557.8%	631.0%
Note: The non-consolidated solvency margin ratio is calculated	d based on provisions	in Articles 86 (non-co	onsolidated solvency

(Current standards) 800 200 0 11 12 As of March 31

Non-consolidated Solvency Margin Ratio

Note: The non-consolidated solvency margin ratio is calculated based on provisions in Articles 86 (non-consolidated solvency margin) and 87 (non-consolidated risk) of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 of 1996 applicable for respective fiscal year ends.

"Current standards" indicate standards reflecting the revised content of Cabinet Office Ordinance No. 23 of 2010, Cabinet Office Ordinance No. 11 of 2011, and Public Notice of Financial Services Agency No. 48 of 2010, Public Notice of Financial Services Agency No. 33 of 2012 (applied from March 31, 2012), whereas "previous standards" indicate standards prior to the reflection of the above-stated revised content.

■ Non-performing Assets

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

Risk-monitored Loans

(Millions of yen)

		(Phillions of year)
As of March 31	2011	2012
Category		
Bankrupt loans	¥–	¥–
Non-accrual delinquent loans	_	_
Past-due loans (3 months or more)	_	_
Restructured loans	_	_
Total	¥–	¥–

Loans by Borrower Category

(Millions of yen)

		(i illions of year)
As of March 31	2011	2012
Category		
Bankrupt and quasi-bankrupt loans	¥–	¥–
Doubtful loans	_	_
Sub-standard loans	_	_
Normal loans	_	_
Total	¥–	¥–

Banking Business

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.

* SmartLink Network has been included in the scope of consolidation from the second quarter of FY2011.

Ordinary Revenues, Ordinary Profit and Net Income (Consolidated Basis)

			(Billions of yen)
For the years ended March 31	2011	2012	Change
Consolidated ordinary revenues	¥29.5	¥32.5	10.1%
Consolidated ordinary profit	2.9	3.9	36.3%
Consolidated net income	1.5	1.7	10.4%

In terms of consolidated business results, Sony Bank posted ordinary revenues of ¥32.5 billion, up 10.1% year on year; ordinary profit of ¥3.9 billion, up 36.3% year on year, and net income of ¥1.7 billion, up 10.4% year on year. The main contributing factors were Sony Bank's consolidation of SmartLink Network as a subsidiary in July 2011, in addition to Sony Bank's expansion in business volume.

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

Gross Operating Profit

Gross operating profit consists of net interest income, net fees and commissions, and net other operating income.

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

Net fees and commissions refer 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.

			(Billions of yen)
For the years ended March 31	2011	2012	Change
Gross operating profit	¥16.4	¥18.3	11.4%
Net interest income	13.2	16.1	21.6%
Net fees and commissions	(0.1)	0.1	_
Net other operating income	3.3	2.0	(39.8%)

Net Interest Income

Net interest income increased due to higher interest received on loans due to an increase in the balance of mortgage loans and a decrease in interest paid on yen deposits.

Net fees and commissions increased year on year, mainly due to higher credit card-related fees and commissions.

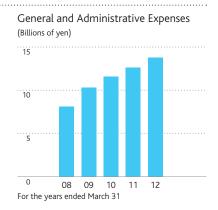
Net other operating income decreased year on year, mainly due to lower gains and losses related to bond dealings and decreased gains and losses on foreign exchange transactions.

Gross Operating Profit (Billions of yen) 0 -5 08 09 10 11 12 Net interest income Net fees and commissions ■ Net other operating income For the years ended March 31

General and Administrative Expenses

	•		(Billions of yen)
For the years ended March 31	2011	2012	Change
General and administrative expenses	¥12.6	¥13.8	9.6%

General and administrative expenses increased year on year, mainly reflecting an increase in personnel following entry into the credit card business.



Ordinary Profit and Net Income

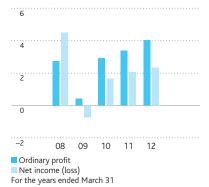
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			(billions of yen)
For the years ended March 31	2011	2012	Change
Ordinary profit	¥3.3	¥4.0	19.4%
Net income	2.0	2.3	13.9%

Although general and administrative expenses increased as mentioned on the previous page, ordinary profit rose year on year in line with growth in gross operating profit, driven by higher net interest income.

Ordinary Profit and Net Income (Loss)

(Billions of yen)



Number of Accounts

(10,000 accounts)

As of March 31	2011	2012	Change
Number of accounts	85	89	4.7%

Note: Excluding accounts that have been dormant for a long period of time.

Sony Bank continued efforts to acquire new customers in FY2011 by upgrading and expanding its lineup of products and services and raising brand recognition. As a result, the number of customer accounts increased steadily.

Customer Assets (Total of Deposits and Investment Trusts)

			(Billions of yen)
As of March 31	2011	2012	Change
Customer Assets (Total of Deposits and Investment Trusts)	¥1,755.5	¥1,864.3	6.2%

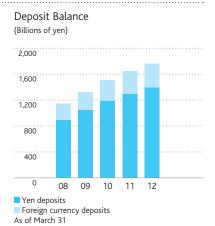
As of March 31	2011	2012	Change
Deposit balance	¥1,649.1	¥1,762.2	6.9%
Yen deposits	1,289.8	1,390.5	7.8%
Foreign currency deposits	359.2	371.7	3.5%
Investment trust balance	106.4	102.0	(4.2%)

Yen deposits increased, mainly due to the positive effect of special campaigns associated with the winter 2011 bonus season.

Foreign Currency Deposits

Foreign currency deposits increased on the back of rising demand for such deposits due to the yen's appreciation throughout the year.

The balance of investment trusts decreased due to the impact of a decline in Net Asset Value (NAV).

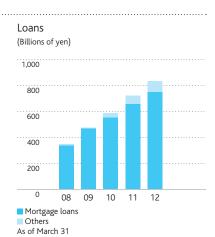


Loans

			(Billions of yen)
As of March 31	2011	2012	Change
Loans	¥722.4	¥835.5	15.7%
Mortgage loans	656.0	749.6	14.3%
Others	66.4	85.9	29.4%

The balance of loans increased year on year due to an increase in the balance of mortgage loans, in addition to a higher corporate loan balance centered on syndicated loans.

The business environment surrounding mortgage loans was challenging because of a decline in borrowing sentiment following the Great East Japan Earthquake and fierce competition among banks in terms of interest rates. However, Sony Bank's balance of mortgage loans increased steadily, partly due to the introduction of "Variable Select Mortgage Loan" and a rebound in the condominium market in the Tokyo metropolitan area. The "Others" balance includes corporate loans, card loans and special-purpose loans. The corporate loan balance stood at ¥78.7 billion as of March 31, 2012.



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.

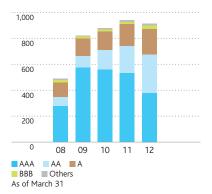
(Billions of yen) 2012 Change (2.9%)Balance of securities ¥940.1 ¥912.9 (21.2%)Japanese government bonds 262.7 206.9 Japanese municipal bonds 17.5 29.1 66.5% Japanese corporate bonds 320.5 284.7 (11.2%)5.0 41.0% Japanese stocks 7.0 Foreign securities 325.7 376.4 15.6% Other securities 8.5 8.5 (0.3%)

Main Points

With respect to the ratings of the securities held by Sony Bank, securities rated AA or above accounted for 73.6% of the total*. Sony Bank's investments in Sony Bank Securities and SmartLink Network of ¥7.0 billion are recorded as Japanese stocks.

Securities (by Ratings)

(Billions of yen)



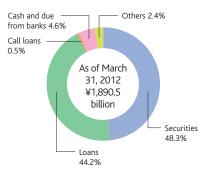
Total Asset Composition

			(Billions of yen)
As of March 31	2011	2012	Change
Total assets	¥1,761.8	¥1,890.5	7.3%
Securities	940.1	912.9	(2.9%)
Loans	722.4	835.5	15.7%
Call loans	10.0	10.0	0.0%

Main Points

Sony Bank's total investment assets increased, tracking expansion in loan assets.

Composition of Total Assets



Non-consolidated Capital Adequacy Ratio

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

As of March 31	2011	2012	Change
Non-consolidated capital adequacy ratio			
(Domestic criteria)	10.84%	11.58%	0.74pt
Tier I ratio (Domestic criteria)	10.41%	9.63%	(0.78pt)

Main Points

The non-consolidated capital adequacy ratio increased from the previous fiscal year-end as a result of a ¥10.0 billion subordinated loan granted by SFH to Sony Bank in October 2011 for the purpose of reinforcing Sony Bank's capital base. Sony Bank continues to maintain a sound financial position.

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

, (,	(Millions of yen)
As of March 31	2011	2012
Capital Common stock	¥ 31,000	¥ 31,000
Capital surplus	21,000	21,000
Retained earnings	9,287	11,627
Tier I (core) capital [A]	61,287	63,627
Preferred securities with step-up interest rate provision	_	_
General reserve for possible loan losses	583	835
Subordinated debt	2,000	12,000
Subordinated term debt and term preferred stock	2,000	12,000
Tier II (supplementary) capital [B]	2,583	12,835
Tier III (sub-supplementary) capital [C]	-	_
Capital subtotal [A + B + C] [D]	63,871	76,463
Deductions [E]	-	_
Total capital [D] – [E]	63,871	76,463
Risk-adjusted assets Balance sheet items	551,763	622,548
Off-balance sheet items	6,786	6,254
Result of dividing operational risk		
equivalent amount by 8%	30,131	31,287
Total risk assets [G]	588,681	660,090
Capital adequacy ratio (Domestic criteria) [F] / [G]	10.84%	11.58%
Reference: Tier I ratio (Domestic criteria) [A] / [G]	10.41%	9.63%

Note: Calculated based on FSA Notification No. 19 (2006), which establishes standards based on Article 14-2 of the Banking Act of Japan for determining the capital adequacy of a bank in light of the assets held by the bank.

Non-consolidated Capital Adequacy Ratio and Tier I Ratio (Domestic criteria)



 Non-consolidated capital adequacy ratio (Domestic criteria)
 Tier I ratio (Domestic criteria)

^{*} 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.

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.

Risk-monitored Loans

(Millions of yen)

As of March 31	2011	2012
Category		
Bankrupt loans	¥ 206	¥ 174
Non-accrual delinquent loans	1,213	1,369
Past-due loans (3 months or more)	_	_
Restructured loans	1,383	2,068
Total	¥2,803	¥3,613

Problem Loans Based on the Financial Reconstruction Law

(Millions of yen)

As of March 31	2011	2012
Category		
Bankrupt and quasi-bankrupt loans	¥ 698	¥ 849
Doubtful loans	729	828
Sub-standard loans	1,384	2,073
Normal loans	732,927	845,977
Total	¥735,741	¥849,728

Main Points

Sony Bank has maintained low levels of non-performing loans in non-performing categories.

Corporate Section/Corporate Data

Corporate Information (As of March 31, 2012)

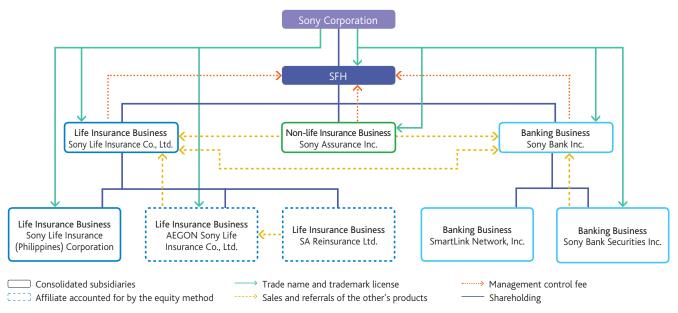
Name	Sony Financial Holdings Inc.
Established	April 1, 2004
Head office	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan
Business	Management control of subsidiaries (life insurance companies, non-life insurance companies, banks and others) specified by the Insurance Business Act of Japan and the Banking Act of Japan and all duties incidental to that role.
Number of employees	SFH: 44 (Consolidated: 7,485; Life insurance business: 6,089; Non-life insurance business: 979; Banking business: 387; Parent: 30)
Common Stock	¥19,900 million

Note: The number of employees of SFH includes 11 belonging to the life insurance business, 1 belonging to the non-life insurance business, 2 belonging to the banking business, and 30 belonging to the parent.

Organizational Chart (As of July 1, 2012)



Organizational Chart of Business Operations (As of July 1, 2012)



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.

The SFH Group Company Profiles (As of July 1, 2012)

Life Insurance Business					
Name	Established	Head office	Business	Common stock	Share ownership
Sony Life Insurance Co., Ltd.	August 10, 1979	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan	Life insurance business	¥70,000 million	Sony Financial Holdings Inc. 100%
Sony Life Insurance (Philippines) Corporation	August 26, 1998	Makati City, Philippines	Life insurance business	937 million Philippine pesos	Sony Life Insurance Co., Ltd. 100%
— LIPLA Co., Ltd.	February 22, 2010	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan	Life insurance sales, Non-life insurance sales, Banking agency business	¥150 million	Sony Life Insurance Co., Ltd. 100%
AEGON Sony Life Insurance Co., Ltd.	August 29, 2007	52-2, Jingumae 5-chome, Shibuya-ku, Tokyo, Japan	Life insurance business	¥10,000 million	Sony Life Insurance Co., Ltd. 50% AEGON International B.V. 50%
SA Reinsurance Ltd.	October 29, 2009	British Bermuda	Reinsurance business	¥5,000 million	Sony Life Insurance Co., Ltd. 50% AEGON International B.V. 50%

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

	Banking Business								
Name		Established	Head office	Business	Common stock	Share ownership			
Sony Bank Inc.		April 2, 2001	3-26, Kanda-Nishikicho, Chiyoda-ku, Tokyo, Japan	Banking business	¥31,000 million	Sony Financial Holdings Inc. 100%			
	Sony Bank Securities Inc.	June 19, 2007	3-26, Kanda-Nishikicho, Chiyoda-ku, Tokyo, Japan	Financial products and exchange business	¥2,500 million	Sony Bank Inc. 100%			
	SmartLink Network, Inc.	September 1, 2006	1-1, Minami Aoyama 1-chome, Minato-ku, Tokyo, Japan	Credit card settlement services	¥488 million	Sony Bank Inc. 57%, 4 other companies			

Senior Management of Three Main Subsidiaries (As of July 1, 2012)

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		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	Hirotoshi Watanabe	Senior Managing Director of Sony Financial Holdings Inc. Director of Sony Assurance Inc. Director of Sony Bank 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	Takashi Sakuma	_
Director	Toshihiko Fukumoto	-
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	Hirotoshi Watanabe	Senior Managing 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, IFRS Promotion 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	Takayuki Suzuki	-
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	Hirotoshi Watanabe	Senior Managing Director of Sony Financial Holdings Inc. Director of Sony Life Insurance Co., Ltd. Director of Sony Assurance Inc.
Director	Toru Hasegawa	General Manager, Corporate Planning Department 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, Planning and Administration Department, 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.

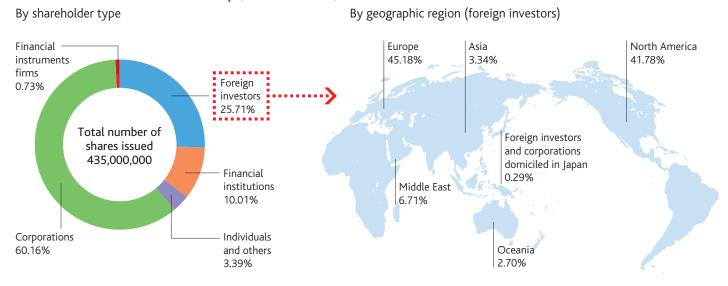
Stock Exchange Listing (As of July 1, 2012)

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

Major Shareholders (As of March 31, 2012)

Name	Number of Shares Held	Percentage of Ownership (%)
Sony Corporation	261,000,000	60.00
The Chase Manhattan Bank, N. A. London Secs Lending Omnibus Account	22,054,382	5.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,780,400	2.47
Japan Trustee Services Bank, Ltd. (Trust Account)	9,500,491	2.18
State Street Bank and Trust Company	5,195,279	1.19
Japan Trustee Services Bank, Ltd. (Trust Account 9)	4,395,300	1.01
Goldman Sachs and Company Regular Account	3,948,766	0.90
State Street Bank and Trust Company 505225	3,801,266	0.87
State Street Bank and Trust Company 505103	3,525,460	0.81
SAJAP	3,350,000	0.77

Distribution of Share Ownership (As of March 31, 2012)



Dividend Policy

Dividends

For the years ended March 31		2011	2012		
Dividend per Share	Year-end	¥20	¥20		
	Interim	_	-		
	Annual	¥20	¥20		
Annual Dividend Amour	t	¥8,700 million	¥8,700 million		
Dividend Payout Ratio (Consolidated)	20.9%	26.5%		
Dividend on Net Assets	(Consolidated)	3.1%	2.7%		

Note: SFH conducted a 200-for-1 stock split, with an effective date of April 1, 2011. Dividends per share for the fiscal year ended March 31, 2011 were calculated assuming that this stock split was conducted on April 1, 2010.

Basic Policy on Returning Profits to Shareholders

SFH intends to meet the expectations of all shareholders by achieving steady earnings growth at the Group companies, improving capital efficiency and properly returning profits to shareholders.

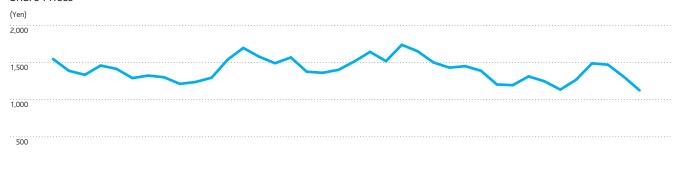
Our basic dividend policy is to maintain stable dividend payments while securing sufficient internal reserves to ensure the financial soundness of the Group companies and invest in growing fields. Based on this policy, SFH aims for steady increases in dividends in line with earnings growth over the medium and long terms. Our medium-term target for the dividend payout ratio is 30% to 40% of consolidated net income.

Management will determine specific dividend amounts for each fiscal year by taking into account a comprehensive range of factors, including the capital adequacy of each Group company relative to risk, investment opportunities, business forecasts and legal and regulatory developments worldwide.

SFH pays dividends once a year as a year-end dividend. The Articles of Incorporation of SFH stipulate that it may also issue an interim dividend. In regard to the decision-making entities for the payment of dividends, the General Meeting of Shareholders decides the year-end dividend, while the Board of Directors decides the interim dividend.

Taking into account a comprehensive range of factors, including operating results and the business environment, SFH declared a year-end dividend of ¥20 per share, the same as in the previous fiscal year, representing an annual dividend amount of ¥8.7 billion. This dividend was approved by resolution of the Ordinary General Meeting of Shareholders held on June 22, 2012.

Share Prices



09/4 5 6 7 8 9 10 11 12 10/1 2 3 4 5 6 7 8 9 10 11 12 11/1 2 3 4 5 6 7 8 9 10 11 12 12/1 2 3 4 5

Note: SFH conducted a 200-for-1 stock split, with an effective date of April 1, 2011. Share prices before the stock split have been retroactively adjusted.

Trading Volume



Note: SFH conducted a 200-for-1 stock split, with an effective date of April 1, 2011. Trading volume before the stock split has been retroactively adjusted.

History

1970s							
	1979	August	Life	"Sony Prudential Life Insurance Co., Ltd." (Sony Prudential Life, currently Sony Life) is established			
1980s	1981	April	Life	Sony Prudential Life commences operations with the launch of Lifeplanner system			
	1987	July	Life	Sony Prudential Life agrees with Prudential Financial, Inc. to terminate joint venture			
1990s	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)			
	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 its 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)			
2000s	2001	April	Banking	"Sony Bank Inc." (Sony Bank) is established			
	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	ony 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 a 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-style insurance agency			
	2010	June	Banking	Sony Bank opens its first over-the-counter branch called "Housing Loan Plaza" External view of "Housing Loan Plaza"			
	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.			
	2011	August	Banking	Sony Bank opens a representative office in Sydney			

Financial Section

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SFH Consolidated Financial Statements

Consolidated Balance Sheets

Sony Financial Holdings Inc. As of March 31, 2011 and 2012

		(Millions of yen)
	2011	2012
Assets		
Cash and due from banks	¥ 90,455	¥ 118,877
Call loans and bills bought	78,500	66,300
Monetary trusts	290,736	303,058
Securities	5,031,024	5,531,585
Loans	857,436	975,032
Tangible fixed assets	77,171	75,169
Land	31,469	31,469
Buildings	44,088	41,906
Leased assets	232	208
Other tangible fixed assets	1,382	1,585
Intangible fixed assets	26,246	36,636
Software	25,190	35,661
Goodwill	1,002	839
Other intangible fixed assets	53	135
Due from reinsurers	108	79
Foreign exchanges	8,432	8,936
Other assets	88,320	92,416
Deferred tax assets	49,057	34,171
Customers' liabilities for acceptances and guarantees	1,000	1,000
Reserve for possible loan losses	(1,349)	(1,848)
Total Assets	¥6,597,140	¥7,241,414

(Millions of yen)

2012

2011

	2011	2012
Liabilities		
Policy reserves and others	¥4,489,809	¥4,963,025
Reserve for outstanding claims	49,164	48,233
Policy reserves	4,435,804	4,910,669
Reserve for policyholders' dividends	4,839	4,122
Due to agencies	1,502	1,664
Due to reinsurers	799	647
Deposits	1,647,657	1,760,853
Call money and bills sold	10,000	10,000
Borrowed money	2,000	2,000
Foreign exchanges	17	35
Bonds payable	_	10,000
Other liabilities	110,119	93,563
Reserve for employees' bonuses	2,707	2,944
Reserve for employees' retirement benefits	18,698	21,547
Reserve for directors' retirement benefits	441	354
Special reserves	16,817	25,386
Reserve for price fluctuations	16,812	25,380
Reserve for financial products transaction liabilities	4	6
Deferred tax liabilities on land revaluation	693	589
Acceptances and guarantees	1,000	1,000
Total Liabilities	6,302,263	6,893,613
Net Assets		
Shareholders' equity	10.000	10.000
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	74,565	98,677
Total shareholders' equity	289,742	313,854
Accumulated other comprehensive income	0.535	25.040
Net unrealized gains on other securities, net of taxes	8,525	36,949
Net deferred losses on hedging instruments, net of taxes	(1,558)	(2,414)
Land revaluation, net of taxes	(1,499)	(1,395)
Foreign currency translation adjustments	(331)	(453)
Total accumulated other comprehensive income	5,135	32,685
Minority interests	-	1,260
Total Net Assets	294,877	347,800
Total Liabilities and Net Assets	¥6,597,140	¥7,241,414

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, 2011 and 2012

(1) Consolidated Statements of Income		(Millions of yen)
, , , , , , , , , , , , , , , , , , , ,	2011	2012
Ordinary Revenues	¥1,002,201	¥1,078,070
Ordinary Revenues from the Life Insurance Business	898,513	965,555
Income from insurance premiums	769,711	815,382
Insurance premiums	767,640	813,930
Ceded reinsurance commissions	2,071	1,452
Investment income	119,287	133,670
Interest income and dividends	87,272	97,649
Income from monetary trusts, net	6,983	5,278
Gains on sale of securities	25,030	7,592
Gains on redemption of securities	0	_
Other investment income	1	12
Gains on separate accounts, net	_	23,137
Other ordinary income	9,514	16,501
Ordinary Revenues from the Non-life Insurance Business	74,164	80,094
Underwriting income	73,375	79,172
Net premiums written	73,343	79,141
Interest and dividends on deposits of premiums	31	31
Investment income	767	873
Interest income and dividends	784	874
Gains on sale of securities	3	23
Gains on redemption of securities	10	6
Transfer to interest and dividends on deposits of premiums	(31)	(31)
Other ordinary income	22	48
Ordinary Revenues from the Banking Business	29,523	32,420
Interest income	23,667	24,871
Interest income on loans	12,443	13,270
Interest income and dividends on securities	11,113	11,540
Interest income on call loans and bills bought	25	13
Interest income on deposits with banks	52	45
Other interest income	32	1
Fees and commissions	1,946	4,752
Other operating income	3,869	2,740
Gains on foreign exchange transactions, net	2,677	1,764
Others	1,192	976
Other ordinary income	40	56

(Continued on next page)

		(Millions of yen)
	2011	2012
Ordinary Expenses	¥ 925,341	¥1,003,444
Ordinary Expenses from the Life Insurance Business	827,717	898,925
Insurance claims and other payments	297,973	287,451
Insurance claims	76,514	69,002
Annuity payments	8,224	8,577
Insurance benefits	38,346	42,209
Surrender payments	170,720	163,274
Other payments	1,853	2,302
Reinsurance premiums	2,314	2,085
Provision for policy reserves and others	392,766	471,593
Provision for reserve for outstanding claims	6,834	_
Provision for policy reserves	385,910	471,576
Interest portion of reserve for policyholders' dividends	21	17
Investment expenses	19,154	14,167
Interest expenses	56	55
Losses on sale of securities	1,867	2,607
Devaluation losses on securities	348	1,692
Losses on redemption of securities	23	-
Foreign exchange losses, net	618	1,373
Provision for reserve for possible loan losses	20	2
Depreciation of real estate for rent and others	2,471	2,257
Other investment expenses	6,278	6,178
Losses on separate accounts, net	7,470	-
Operating expenses	99,239	105,324
Other ordinary expenses	18,583	20,388
Ordinary Expenses from the Non-life Insurance Business	71,589	76,674
Underwriting expenses	54,123	57,673
Net losses paid	39,256	45,032
Loss adjustment expenses	4,782	5,081
Net commission and brokerage fees	957	972
Provision for reserve for outstanding losses	3,178	3,287
Provision for underwriting reserves	5,948	3,298
Other underwriting expenses	0	0
Investment expenses	2	4
Losses on sale of securities	_	0
Losses on redemption of securities	2	4
Operating, general and administrative expenses	17,427	18,918
Other ordinary expenses	36	77

Consolidated Statements of Income (Continued)

	(Millions of yen)	
	2011	2012
Ordinary Expenses from the Banking Business	¥ 26,033	¥ 27,844
Interest expenses	10,448	8,798
Interest expenses on deposits	8,402	6,879
Interest expenses on call money and bills sold	12	10
Interest on borrowed money	50	95
Interest expenses on bonds	-	23
Interest expenses on interest rate swaps	1,980	1,784
Other interest expenses	2	4
Fees and commissions	1,221	1,416
Other operating expenses	480	735
General and administrative expenses	13,360	16,322
Other ordinary expenses	523	571
Ordinary Profit	76,860	74,625
Extraordinary Gains	0	99
Gains on disposal of fixed assets	0	0
Reversal of reserve for employees' retirement benefits	-	99
Extraordinary Losses	8,801	9,073
Losses on disposal of fixed assets	72	77
Impairment losses	1,291	274
Cumulative effect on application of accounting standard for asset retirement obligations	290	-
Provision for special reserves	7,147	8,568
Provision for reserve for price fluctuations	7,147	8,568
Others	_	153
Provision for Reserve for Policyholders' Dividends	1,257	958
Income before Income Taxes	66,800	64,693
Income Taxes—Current	33,983	28,361
Income Taxes—Deferred	(8,899)	3,505
Total Income Taxes	25,083	31,867
Income before Minority Interests	41,716	32,825
Minority Interests in Income	_	13
Net Income	¥ 41,716	¥ 32,812

See accompanying "Notes to the Consolidated Financial Statements."

(2) Consolidated Statements of Comprehensive Income

		(Millions of yen)
	2011	2012
Income before Minority Interests	¥41,716	¥32,825
Other Comprehensive Income		
Net unrealized gains (losses) on other securities, net of taxes	(8,986)	28,422
Net deferred losses on hedging instruments, net of taxes	(598)	(855)
Land revaluation, net of taxes	_	103
Foreign currency translation adjustments	(168)	(122)
Share of other comprehensive income of affiliates accounted for using equity method	0	1
Total other comprehensive income	(9,752)	27,550
Comprehensive Income	¥31,963	¥60,376
(Details)		
Comprehensive income attributable to parent company	¥31,963	¥60,362
Comprehensive income attributable to minority interests	¥ –	¥ 13

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc. For the years ended March 31, 2011 and 2012

	(Millions of yen)	
	2011	2012
Shareholders' Equity		
Common stock		
Balance at the beginning of the current 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 beginning of the current 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		
Balance at the beginning of the current period	39,350	74,565
Changes during the period		
Dividends from surplus	(6,525)	(8,700)
Net income	41,716	32,812
Reversal of land revaluation	23	_
Total changes during the period	35,215	24,112
Balance at the end of the current period	74,565	98,677
Total shareholders' equity		
Balance at the beginning of the current period	254,527	289,742
Changes during the period		
Dividends from surplus	(6,525)	(8,700)
Net income	41,716	32,812
Reversal of land revaluation	23	
Total changes during the period	35,215	24,112
Balance at the end of the current period	289,742	313,854

Consolidated Statements of Changes in Net Assets (Continued)

		(Millions of yen)
	2011	2012
Accumulated Other Comprehensive Income		
Net unrealized gains on other securities, net of taxes		
Balance at the beginning of the current period	¥ 17,511	¥ 8,525
Changes during the period		
Net changes of items other than shareholders' equity	(8,986)	28,424
Total changes during the period	(8,986)	28,424
Balance at the end of the current period	8,525	36,949
Net deferred losses on hedging instruments, net of taxes		
Balance at the beginning of the current period	(960)	(1,558)
Changes during the period		
Net changes of items other than shareholders' equity	(598)	(855)
Total changes during the period	(598)	(855)
Balance at the end of the current period	(1,558)	(2,414)
Land revaluation, net of taxes		
Balance at the beginning of the current period	(1,475)	(1,499)
Changes during the period		
Net changes of items other than shareholders' equity	(23)	103
Total changes during the period	(23)	103
Balance at the end of the current period	(1,499)	(1,395)
Foreign currency translation adjustments	, ,	
Balance at the beginning of the current period	(163)	(331)
Changes during the period	, ,	
Net changes of items other than shareholders' equity	(168)	(122)
Total changes during the period	(168)	(122)
Balance at the end of the current period	(331)	(453)
Total accumulated other comprehensive income	, ,	` '
Balance at the beginning of the current period	14,912	5,135
Changes during the period		
Net changes of items other than shareholders' equity	(9,776)	27,550
Total changes during the period	(9,776)	27,550
Balance at the end of the current period	5,135	32,685
Minority Interests	·	
Balance at the beginning of the current period	_	_
Changes during the period		
Net changes of items other than shareholders' equity	_	1,260
Total changes during the period	_	1,260
Balance at the end of the current period	_	1,260
Total Net Assets		, , ,
Balance at the beginning of the current period	269,439	294,877
Changes during the period	,	
Dividends from surplus	(6,525)	(8,700)
Net income	41,716	32,812
Reversal of land revaluation	23	
Net changes of items other than shareholders' equity	(9,776)	28,811
Total changes during the period	25,438	52,923
Balance at the end of the current period	¥294,877	¥347,800
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See accompanying "Notes to the Consolidated Financial Statements."

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc. For the years ended March 31, 2011 and 2012

, ,		(Millians of you)
·	2011	(Millions of yen)
Cash flows from operating activities	2011	2012
Income before income taxes	¥ 66,800	¥ 64,693
Depreciation of real estate for rent and others	2,471	2,257
Depreciation and amortization	4,964	6,032
Impairment losses	1,291	274
Amortization of goodwill	501	560
Increase (decrease) in reserve for outstanding claims	10,013	(930)
Increase in policy reserve	391,858	474,875
Increase in interest portion of reserve for policyholders' dividends	21	17
Increase in reserve for policyholders' dividends	1,257	958
Increase in reserve for possible loan losses	334	274
Increase in reserve for employees' retirement benefits	2,925	3,088
Increase (decrease) in reserve for directors' retirement benefits	80	(87)
Increase in reserve for price fluctuations	7,147	8,568
Increase in reserve for financial products transaction liabilities	1	1
Interest income and dividends	(111,723)	(123,395)
(Gains) losses on securities	(22,935)	(36,774)
Interest expenses	10,504	8,853
Exchange losses	15,357	5,355
Losses on disposal of tangible fixed assets	338	78
Equity in losses of affiliates	944	1,179
Net increase in loans	(136,126)	(113,103)
Net increase in deposits	137,829	111,022
Net decrease in call loans and bills bought	45,079	(502)
Net (increase) decrease in foreign exchange (assets)	(3,332)	(503)
Others, net	(3) 26,468	18 28,269
Subtotal	452,072	441,584
Interest and dividends received	118,903	132,119
Interest paid	(11,123)	(9,192)
Policyholders' dividends paid	(1,516)	(1,692)
Income taxes paid	(30,752)	(38,554)
Net cash provided by operating activities	527,582	524,264
Cash flows from investing activities		
Investments in monetary trusts	(2,290)	(500)
Proceeds from sale of monetary trusts	33,381	6,000
Purchases of securities	(1,441,560)	(1,037,882)
Proceeds from sale and redemption of securities	886,094	563,557
Investments in loans	(46,680)	(48,888)
Collections of loans	19,263	23,333
Total of net cash used in investment transactions	(551,791)	(494,379)
Total of net cash provided by (used in) operating activities and investment transactions	(24,209)	29,884
Purchases of tangible fixed assets	(1,112)	(955)
Proceeds from sale of tangible fixed assets	1,450	(14.990)
Purchases of intangible fixed assets	(8,310)	(14,880)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	_	346
Payments for transfer of business	_ (7)	(2,328)
Others	(559,771)	(512,198)
Cash flows from financing activities	(555,771)	(312,130)
Proceeds from issuance of bonds	_	9,962
Cash dividends paid	_ (6,521)	(8,696)
Balance from securitization of lease receivables	(0,521)	550
Others	(38)	(33)
Net cash provided by (used in) financing activities	(6,560)	1,782
Effect of exchange rate changes on cash and cash equivalents	(40)	(0)
Net increase (decrease) in cash and cash equivalents	(38,790)	13,848
Cash and cash equivalents at the beginning of the fiscal year	200,593	161,803
Cash and cash equivalents at the end of the fiscal year	¥ 161,803	¥ 175,651

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 Act of Japan.

Notes to the Consolidated Financial Statements (For the year ended March 31, 2012)

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 Companies Act of Japan, the Insurance Business Act 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: 6

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

SmartLink Network, Inc. is included in the scope of consolidation from the year ended March 31, 2012 since Sony Bank Inc., a banking subsidiary of SFH, acquired its shares.

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., and 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 obligations 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 17 years within the employees' average remaining service period, commencing from the fiscal year immediately following incurrence.

(Additional information)

SFH's banking subsidiary changed its accounting method of retirement benefit obligations from the simplified method to the principle method as of March 31, 2012. This change is for improving the accuracy of calculation of retirement benefit obligations and appropriately allocating retirement benefit expenses to periods due to increase in number of employees. In line with this change, adjustment for retirement benefit obligations due to the change in the accounting method, amounting to ¥99 million, was recorded in extraordinary gains, and income before income taxes increased by ¥99 million accordingly.

(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 Act 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) Reserve for financial products transaction liabilities

Pursuant to requirements under Article 46-5 of the Financial Instruments and Exchange Act, the reserve for financial products transaction liabilities is provided for possible losses incurred by accidents in relation to securities transactions and others. The amount of the reserve is calculated in accordance with Article 175 of "Cabinet Office Ordinance concerning Financial Instruments Business."

(12) 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.

(13) 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.

(14) 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.

(15) 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 Act 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.

(16) Policy reserves

Pursuant to Article 116 of the Insurance Business Act 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.

(17) Change in accounting policies

Application of Accounting Standard for Earnings per Share

Effective from the year ended March 31, 2012, SFH applied the Accounting Standards Board of Japan ("ASBJ") Statement No. 2, "Accounting Standard for Earnings per Share" (June 30, 2010), the ASBJ Guidance No. 4, "Guidance on Accounting Standard for Earnings per Share" (June 30, 2010), and the ASBJ Practical Issue Task Force (PITF) No. 9, "Practical Solution on Accounting for Earnings per Share" (June 30, 2010).

(18) Additional information

Application of Accounting Standard for Accounting Changes and Error Corrections

The ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" (December 4, 2009) and the ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (December 4, 2009) have been applied to the accounting changes and corrections of prior period errors which are made after the beginning of the fiscal year ended March 31, 2012.

Amendments to amounts of deferred tax assets and deferred tax liabilities due to changes in the corporate income tax rate

Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117, 2011) on December 2, 2011, the corporate income tax rate will be reduced and a special restoration surtax will be imposed from the fiscal year beginning on April 1, 2012. The effective statutory tax rate used by SFH for the calculation of deferred tax assets and deferred tax liabilities will consequently be revised from the current rate of 40.69% to 38.01% for temporary differences and others that are expected to reverse from the consolidated fiscal year beginning on April 1, 2012 through the consolidated fiscal year beginning on April 1, 2014, and to 35.64% for temporary differences and others that are expected to reverse in fiscal years beginning on April 1, 2015 or thereafter. The effective statutory tax rate used by Sony Life Insurance Co., Ltd. and Sony Assurance Inc. will be reduced from 36.21% to 33.33% for temporary differences and others that are expected to reverse during the periods from the consolidated fiscal year beginning on April 1, 2014 and to 30.78% for temporary differences and others that are expected to reverse from the fiscal year beginning on April 1, 2014 and to 30.78% for temporary differences and others that are expected to reverse from the fiscal year beginning on April 1, 2015 or thereafter, because certain portions of their tax base are not subject to taxes that are

based on income. As a result of these changes in tax rates, deferred tax assets (net of deferred tax liabilities) decreased by ¥4,582 million, and income taxes—deferred increased by ¥7,104 million. Moreover, deferred tax liabilities on land revaluation decreased by ¥103 million, and land revaluation, net of taxes, increased by the same amount.

Additionally, beginning from the fiscal year on or after April 1, 2012, the use of tax loss carryforwards will be limited to the equivalent of 80% of taxable income before deducting tax loss carryforwards. This change has no effect on the Group's consolidated financial statements.

4. Notes to the Consolidated Balance Sheet

- The balance of loans includes ¥174 million in loans to debtors in bankruptcy (before deductions for reserve for possible loan losses) and ¥1,369 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.
- The balance of loans includes ¥2,068 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)."
- The total amount of bankrupt loans, non-accrual delinquent loans, and restructured loans was ¥3,613 million (before deductions for reserve for possible loan losses).
- On March 31, 2002, SFH's domestic life insurance subsidiary revalued its land for operating purposes, as permitted by the Act on Revaluation of Land (Act 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).
- 5 Accumulated depreciation of tangible fixed assets as of March 31, 2012 was ¥22,634 million.
- The balance sheet includes ¥444,289 million of assets and liabilities in equal amounts related to separate accounts as of March 31, 2012, at SFH's domestic life insurance subsidiary.
- 7 Securities include shares in non-consolidated subsidiaries and affiliates worth ¥9,795 million. Among this, investments in jointly controlled companies are ¥9,718 million.
- 8 Changes in the reserve for policyholders' dividends at SFH's domestic life insurance subsidiary for the fiscal year ended March 31, 2012, are as follows:

Balance at the beginning of the fiscal year	¥4,839 million
Policyholders' dividends during the fiscal year	¥1,692 million
Increase in interest	¥17 million
Provision for reserve for policyholders' dividends	¥958 million
Balance at the end of the fiscal year	¥4,122 million

- 9 Securities with a book value of ¥10,845 million were pledged as collateral for ¥10,000 million of call money and bills sold at March 31, 2012. In addition to the assets described above, securities with a book value of ¥129,472 million were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes at March 31, 2012.
- Net assets per share amounted to ¥796.64.

 SFH conducted a 200-for-1 stock split on April 1, 2011.

11 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 Act 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 Act 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 available-for-sale, 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).

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:
 - O 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 instruments, and monitors risk through interest rate sensitivity analysis and 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.

O 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:
 - O 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.

O Price fluctuation risk

The equity securities exposed to price fluctuation risk are held for strategic investment for the purpose of enhancing the business partnerships. The subsidiary monitors the market environment and financial condition of business partners.

- (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.

O 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.

O 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 ¥364 million as of March 31, 2012.

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.

- (a) 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.
- (b) 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.
- (c) 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, 2012, excluding securities whose fair values are deemed extremely difficult to determine (see Note 2).

			(Millions of yen)
			2012
	Consolidated balance sheet		
As of March 31	amount	Fair value	Difference
(1) Cash and due from banks	¥ 118,877	¥ 118,877	¥ –
(2) Call loans and bills bought	66,300	66,300	-
(3) Monetary trusts	303,058	303,058	-
(4) Securities			
Trading securities	430,490	430,490	-
Held-to-maturity securities	3,491,526	3,649,509	157,983
Available-for-sale securities	1,572,936	1,572,936	-
(5) Loans	975,032		
Reserve for possible loan losses*1	(1,385)		
Loans (after deduction for reserve for possible loan losses)	973,646	1,060,456	86,809
Total Financial Assets	¥6,956,836	¥7,201,628	¥244,792
(1) Deposits	¥1,760,853	¥1,761,516	¥ 663
(2) Call money and bills sold	10,000	10,000	-
(3) Bonds payable	10,000	10,028	28
Total Financial Liabilities	¥1,780,853	¥1,781,544	¥ 691
Derivative financial instruments*2			
Hedge accounting not applied	¥ 1,091	¥ 1,091	¥ –
Hedge accounting applied	[16,101]	[16,101]	
Total Derivative Financial Instruments	¥ [15,009]	¥ [15,009]	¥ –

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

(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 "13. Fair value information on monetary trusts," which indicates fair values by purpose.

^{*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 [].

(4) Securities

The fair value of stocks is the market price on stock markets 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 "12. 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 risk premium corresponding to the rate used to determine the general reserve for possible loan losses.

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.

(3) Bonds payable

The fair value of bonds payable is the market price on bond and other markets.

Derivative Transactions

Please see "14. 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)
	2012
As of March 31	Consolidated balance sheet amount
① Unlisted stocks in non-consolidated subsidiaries and affiliates*1	¥ 9,795
② Unlisted stocks other than 1 above*1	4
③ Investment in partnership*2	26,831
Total	¥36,631

^{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.

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

				(Millions of yen)
				2012
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	¥118,877	¥ –	¥ –	¥ –
Call loans and bills bought	66,300	_	_	-
Securities				
Held-to-maturity securities	23,508	18,104	26,701	3,407,496
Bonds	23,108	17,804	26,601	3,352,396
Japanese government and municipal bonds	20,568	15,278	23,464	3,329,500
Japanese corporate bonds	2,540	2,526	3,137	22,896
Others	400	300	100	55,100
Available-for-sale securities	222,893	497,643	197,835	550,837
Bonds	147,595	228,013	159,530	549,650
Japanese government and municipal bonds	24,600	87,672	131,401	549,550
Japanese corporate bonds	122,995	140,341	28,129	100
Others	75,298	269,630	38,304	1,187
Loans*	15,755	65,743	36,770	717,794
Total	¥447,334	¥581,491	¥261,306	¥4,676,129

^{*} This figure excludes ¥138,801 million of loans such as policy loans that have no fixed redemption period.

^{*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.

Note: Impairment losses on non-consolidated subsidiaries' stocks and investment in partnership were recognized as ¥320 million for the year ended March 31, 2012. Impairment losses are principally recorded when their fair value as of the end of this fiscal year has declined by 50% or more from the acquisition cost.

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

						(Millions of yen)
						2012
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*	¥1,675,928	¥22,119	¥15,030	¥8,528	¥ 3,601	¥35,645
Call money and bills sold	10,000	_	_	_	_	-
Bonds payable	_	_	_	_	10,000	_
Total	¥1,685,928	¥22,119	¥15,030	¥8,528	¥13,601	¥35,645

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

12 Fair value information on securities as of March 31, 2012:

(1) Trading-purpose securities

	(Millions of yen)
As of March 31	2012
Valuation losses charged to income	¥30,976

(2) Held-to-maturity securities

			(Millions of yen)
			2012
	Consolidated		
As of March 31	balance sheet amount	Fair value	Difference
Fair values exceeding the consolidated balance sheet amount	amount	Tall value	Difference
Tall values exceeding the consolidated balance sheet amount			
Bonds	¥3,109,687	¥3,269,286	¥159,598
Japanese government and municipal bonds	3,078,311	3,236,406	158,094
Japanese corporate bonds	31,376	32,880	1,504
Others	43,759	46,451	2,691
Subtotal	3,153,447	3,315,737	162,290
Fair values not exceeding the consolidated balance sheet amount			
Bonds	338,078	333,771	(4,307)
Japanese government and municipal bonds	338,078	333,771	(4,307)
Subtotal	338,078	333,771	(4,307)
Total	¥3,491,526	¥3,649,509	¥157,983

(3) Available-for-sale securities

			(Millions of yen)
			2012
	Consolidated	At-tat	
As of March 31	balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding the acquisition cost			
Bonds	¥1,044,558	¥1,007,178	¥37,379
Japanese government and municipal bonds	772,338	736,584	35,754
Japanese corporate bonds	272,219	270,594	1,625
Equity securities	29,313	23,088	6,225
Others	252,447	245,239	7,207
Subtotal	1,326,319	1,275,506	50,812
Consolidated balance sheet amount not exceeding the acquisition cost			
Bonds	86,838	87,934	(1,096)
Japanese government and municipal bonds	63,908	64,791	(882)
Japanese corporate bonds	22,929	23,143	(213)
Equity securities	6,256	6,737	(480)
Others	153,522	156,187	(2,665)
Subtotal	246,617	250,859	(4,242)
Total	¥1,572,936	¥1,526,366	¥46,570

Note: As unlisted stocks of ¥4 million in the consolidated balance sheet amount and an investment in partnership of ¥26,831 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)
			2012
For the year ended March 31	Sales	Gains on sales	Losses on sales
Bonds	¥120,957	¥5,368	¥ 442
Japanese government and municipal bonds	106,089	5,243	233
Japanese corporate bonds	14,867	125	209
Equity securities	18,939	1,862	2,411
Others	31,444	942	4
Total	¥171,341	¥8,173	¥2,858

(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 writedown is accounted for as a devaluation loss for the fiscal year.

Impairment loss of ¥1,470 million was recognized for the year ended March 31, 2012.

"Material decline" is indicated when the market value declines by more than 30% below the acquisition cost.

Fair value information on monetary trusts as of March 31, 2012:

(1) Other monetary trusts

					(Millions of yen)
					2012
As of March 31	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
Other monetary trusts	¥303,058	¥282,699	¥20,359	¥20,359	¥ -

Notes: 1. The amount of jointly invested monetary trusts that is included in the table above for the year ended March 31, 2012 is ¥271 million.

(2) Impairment of other monetary trusts

Securities with market values that are included in monetary trusts for purposes other than trading, holding to maturity or policy reserve matching are considered impaired if their market value decreases materially below the acquisition cost and such decline is considered non-recoverable. Their 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.

No impairment loss was recognized for the year ended March 31, 2012.

"Material decline" is indicated when the market value declines by more than 30% below the acquisition cost.

Derivative financial instruments:

(1) Derivatives to which hedge accounting is not applied

The following provides a summary of contractual or notional amounts, current market or fair values and valuation gains or losses as of March 31, 2012 and the method of calculating the fair values of derivatives, classified by transaction, to which hedge accounting is not applied. Notional amounts do not indicate market risk involved in derivative transactions.

1 Interest rate derivatives

			1)	Millions of yen)
				2012
As of March 31	Notional amount total	Notional amount over 1 year	Fair value	Valuation losses
Over-the-counter transactions	V/20 000	V20.000	\/\2=0\) // 2 = 0 \
Interest rate swaps	¥20,000	¥20,000	¥(350)	¥(350)
Total	¥ –	¥ –	¥(350)	¥(350)

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. &}quot;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.

2 Currency derivatives

				Millions of yen)
				2012
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	¥34,949	¥ -	¥ 60	¥ 60
Bought	77,584	_	(359)	(359)
Foreign exchange margin transactions				
Sold	33,638	_	1,268	1,268
Bought	9,409	_	441	441
Currency options				
Sold	151	_	(1)	0
Currency forward contracts				
Bought	5,299	_	31	31
Total	¥ –	¥ –	¥1,441	¥1,443

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

③ Credit derivatives transactions

				(Millions of yen)
				2012
As of March 31	Notional amount total	Notional amount over 1 year	Fair value	Valuation gains
Over-the-counter transactions				
Credit default options				
Bought	¥1,367	¥ -	¥0	¥0
Total	¥ –	¥ –	¥0	¥0

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

(2) Derivatives to which hedge accounting is applied

The following provides a summary of contractual or notional amounts and current market or fair values as of March 31, 2012 and the method of calculating the fair values of derivatives, classified by transaction, for each hedge accounting, to which hedge accounting is applied. Notional amounts do not indicate market risk involved in derivative transactions.

1 Interest rate derivatives

					(Millions of yen)
					2012
As of March 31			Notional	Notional amount	
Hedge accounting	Hedging instrument	Hedged item	amount total	over 1 year	Fair value
Deferred hedge accounting	Interest rate swaps	Loans	¥134,709	¥133,989	¥ (4,427)
Fair value hedge accounting	Interest rate swaps	Available-for-sale securities (bonds)	244,706	219,921	(13,472)
Total			¥ –	¥ –	¥(17,899)

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 Currency derivatives

					(Millions of yen)
					2012
As of March 31 Hedge accounting	Hedging instrument	Hedged item	Notional amount total	Notional amount over 1 year	Fair value
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	¥89,740	¥34,800	¥1,798
Total			¥ –	¥ –	¥1,798

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

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

^{2.} Fair value is measured mainly using discounted present value.

^{3. &}quot;Bought" represents transactions in which the credit risk is transferred.

^{2.} Fair value is measured using discounted present value.

^{2.} Fair value is measured mainly using discounted present value.

Retirement benefit obligations and their supplemental information as of March 31, 2012:

(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	2012
Retirement benefit obligations	¥(32,290)
Plan assets	7,362
Unfunded retirement benefit obligations	(24,928)
Unrecognized net obligation at transition	1,243
Unrecognized net actuarial gain	4,124
Unrecognized prior service cost	(387)
Net retirement benefit obligations	(19,948)
Prepaid pension costs	1,599
Reserve for employees' retirement benefits	¥(21,547)

Note: SFH calculates retirement benefit obligations based on the simplified method. A certain consolidated subsidiary of SFH changed its accounting method of retirement benefit obligations from the simplified method to the principle method as of March 31, 2012.

(3) Retirement benefit expenses

	(Millions of yen)
For the year ended March 31	2012
Service cost	¥2,979
Interest cost	386
Expected return on plan assets	(268)
Amortization of net obligation at transition	414
Amortization of net actuarial gain	947
Amortization of prior service cost	(129)
Adjustment for retirement benefit obligations due to change in accounting method	(99)
Others	347
Retirement benefit expenses	¥4,576

Notes: 1. SFH includes the retirement benefit expenses in the service cost based on the simplified method.

(4) Basis for calculating retirement benefit obligations

For the year ended March 31	2012
Method of allocating projected retirement benefits	Straight-line or point method
Discount rate	1.0-2.1%
Expected return on plan assets	2.9-4.2%
Prior service cost amortization period	10 years
Net actuarial gain amortization period	7–17 years
Net obligation at transition amortization period	15 years

16 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 6 to 43 years from acquisition and then applying a 1.5 to 2.5% discount rate.

^{2.} A certain consolidated subsidiary of SFH changed its accounting method of retirement benefit obligations from the simplified method to the principle method, and adjustment due to the change was recorded in extraordinary gains for the year ended March 31, 2012. 3. Others include defined contribution pension plan payments.

(3) Changes in the balance of asset retirement obligations for the year ended March 31, 2012 were as follows:

	(Millions of yen)
For the year ended March 31	2012
Balance at the beginning of the year	¥640
Changes resulting from the passage of time	14
Decrease due to execution of asset retirement obligations	(4)
Others	13
Balance at the end of the year	¥663

17 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 ¥3,454 million for the year ended March 31, 2012. Its main revenues were accounted for in the life insurance business's "interest income and dividends," and its main expenses were accounted for in the life insurance business's "depreciation of real estate for rent and others" and "other investment expenses."

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	2012
Consolidated balance sheet amount	
Balance at the beginning of the current period	¥67,483
Changes during the period	(2,023)
Balance at the end of the current period	65,460
Fair value	¥75,818

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

- Contracts of commitments to provide credit line and overdrafts of the life insurance subsidiary and 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, 2012 was ¥22,051 million and the amount of unused commitments whose original contract terms are within 1 year at March 31, 2012 was ¥17,151 million.
- Borrowed money includes subordinated borrowings of ¥2,000 million subject to a special contract that subordinates the fulfillment of this obligation to other obligations.
- Expected future losses of the domestic life insurance subsidiary under the life insurance policyholder protection structure stipulated under Article 259 of the Insurance Business Act of Japan amounted to ¥9,100 million. Such losses are recognized as expenses during the fiscal year in which they are contributed.

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, 2012, net income per share was ¥75.43. There were no potential dilutive securities.

The basis for this calculation for the year ended March 31, 2012 is net income of ¥32,812 million, the entire amount of which is applicable to common stock. The weighted-average number of shares outstanding for the year ended March 31, 2012 was 435,000 thousand shares.

SFH conducted a 200-for-1 stock split on April 1, 2011.

6. Notes to the Consolidated Statement of Comprehensive Income

1 Reclassification adjustments and income tax benefit (expense) on components of other comprehensive income for the year ended March 31, 2012 are as follows:

_	(Millions of yen)
For the year ended March 31	2012
Net unrealized gains on other securities, net of taxes:	
Gains arising during the year	¥ 43,483
Reclassification adjustments	(3,287)
Pre-tax amount.	40,196
Income tax expense	(11,773)
Net unrealized gains on other securities, net of taxes	28,422
Net deferred losses on hedging instruments, net of taxes:	
Losses arising during the year	(1,095)
Reclassification adjustments	_
Pre-tax amount.	(1,095)
Income tax benefit	240
Net deferred losses on hedging instruments, net of taxes	(855)
Land revaluation, net of taxes:	
Gains (losses) arising during the year	_
Reclassification adjustments	_
Pre-tax amount.	_
Income tax benefit	103
Land revaluation, net of taxes	103
Foreign currency translation adjustments:	
Losses arising during the year	(122)
Reclassification adjustments	_
Pre-tax amount.	(122)
Income tax benefit (expense)	-
Foreign currency translation adjustments	(122)
Share of other comprehensive income of affiliates accounted for using equity method	
Gains arising during the year	1
Total other comprehensive income.	¥ 27,550

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

1 Types and numbers of shares issued are as follows:

			(Th	ousands of shares)
				2012
	Number of	Number of	Number of	Number of
5 1 1 1 1 2 1 2 2	shares as of	shares increased	shares decreased	shares as of
For the year ended March 31	April 1, 2011	during the period	during the period	March 31, 2012
Issued shares				
Common stock	435,000	_	_	435,000
Total	435,000	_	_	435,000
Treasury stock				
Common stock	_	_		_
Total	_	_	_	_

Note: SFH conducted a 200-for-1 stock split on April 1, 2011.

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		Common	¥8,700		-	
held on June 24, 2011		stock	million	¥4,000	March 31, 2011	June 27, 2011
(2) Dividends to be paid in the next fiscal ye	ar	A		Cook		
	Type of	Aggregate amount of	Source of	Cash dividends		
Resolution	shares	dividends	dividends	per share	Record date	Effective date
Ordinary General Meeting of	Common	¥8,700	Retained			
Shareholders held on June 22, 2012	stock	million	earnings	¥20	March 31, 2012	June 25, 2012

8. Notes to the Consolidated Statement of Cash Flows

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, 2012, is as follows:

	(Millions of yen)
As of March 31	2012
Cash and due from banks	¥118,877
Call loans of domestic life insurance subsidiary	56,300
Securities of the non-life insurance subsidiary maturing within 3 months of the acquisition date	474
Cash and cash equivalents	¥175,651

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, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Assets:			
Cash and deposits	¥ 46,112	¥ 35,578	¥ 20,593
Call loans	91,800	68,500	56,300
Monetary trusts	288,772	276,475	288,297
Securities	3,538,090	4,015,294	4,541,228
Loans	127,615	134,439	138,931
Tangible fixed assets	80,937	76,029	73,690
Land	33,076	31,469	31,469
Buildings	46,839	43,694	41,492
Leased assets	272	230	207
Other tangible fixed assets	749	635	522
Intangible fixed assets	13,863	18,391	24,257
Software	13,815	18,346	24,236
Leased assets	0	-	-
Other intangible fixed assets	47	44	21
Due from reinsurers	120	84	65
Other assets	71,239	56,314	49,799
Deferred tax assets	27,705	40,761	27,039
Reserve for possible loan losses	(212)	(228)	(214)
Total Assets	¥4,286,045	¥4,721,641	¥5,219,990

			(Millions of yen)
	2010	2011	2012
Liabilities:			
Policy reserves and others	¥4,012,335	¥4,404,830	¥4,871,461
Reserve for outstanding claims	21,425	28,260	24,041
Policy reserves	3,985,833	4,371,731	4,843,297
Reserve for policyholders' dividends	5,076	4,839	4,122
Due to agencies	1,445	1,502	1,664
Due to reinsurers	716	684	582
Other liabilities	55,539	66,018	38,251
Reserve for employees' retirement benefits	14,991	17,599	20,315
Reserve for directors' retirement benefits	118	143	168
Reserve for price fluctuations	9,637	16,768	25,319
Reserve for price fluctuations	9,637	16,768	25,319
Deferred tax liabilities	0	-	-
Deferred tax liabilities on land revaluation	706	693	589
Total Liabilities	4,095,492	4,508,240	4,958,352
Net Assets:			
Common stock	70,000	70,000	70,000
Capital surplus	5,865	5,865	5,865
Retained earnings	100,825	132,370	153,479
Total shareholders' equity	176,690	208,235	229,344
Net unrealized gains on other securities, net of taxes	15,501	6,996	34,142
Land revaluation, net of taxes	(1,475)	(1,499)	(1,395)
Foreign currency translation adjustments	(163)	(331)	(453)
Total accumulated other comprehensive income	13,862	5,165	32,293
Total Net Assets	190,553	213,401	261,637
Total Liabilities and Net Assets	¥4,286,045	¥4,721,641	¥5,219,990

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Life Insurance Co., Ltd. and consolidated subsidiaries For the years ended March 31, 2010, 2011 and 2012

(Consolidated Statements of Income)

			(Millions of yen)
	2010	2011	2012
Ordinary Revenues	¥882,045	¥900,359	¥967,582
Income from insurance premiums	700,158	770,401	816,190
Investment income	175,640	119,710	134,092
Interest income and dividends	70,864	87,695	98,071
Income from monetary trusts, net	22,887	6,983	5,278
Gains on sale of securities	15,153	25,030	7,592
Gains on redemption of securities	3,939	0	-
Other investment income	37	1	12
Gains on separate accounts, net	62,757	-	23,137
Other ordinary income	6,247	10,248	17,300
Ordinary Expenses	802,264	828,186	899,395
Insurance claims and other payments	274,285	297,973	287,451
Insurance claims	64,859	76,514	69,002
Annuity payments	7,742	8,224	8,577
Insurance benefits	34,670	38,346	42,209
Surrender payments	162,697	170,720	163,274
Other payments	4,316	4,167	4,387
Provision for policy reserves and others	395,583	392,766	471,593
Provision for reserve for outstanding claims	2,311	6,834	-
Provision for policy reserves	393,267	385,910	471,576
Interest on policyholders' dividend reserve	4	21	17
Investment expenses	20,627	19,389	14,379
Interest expenses	29	56	55
Losses on sale of securities	10,078	1,867	2,607
Devaluation losses on securities	_	348	1,692
Losses on redemption of securities	361	23	-
Foreign exchange losses, net	870	618	1,373
Provision for reserve for possible loan losses	3	20	2
Depreciation of real estate for rent and others	2,763	2,551	2,330
Other investment expenses	6,519	6,433	6,316
Losses on separate accounts, net	-	7,470	-
Operating expenses	97,003	99,537	105,666
Other ordinary expenses	14,763	18,520	20,304
Ordinary Profit	79,781	72,172	68,187

			(Millions of yen)
	2010	2011	2012
Extraordinary Gains	¥ 0	¥ 0	¥ 0
Gains on sale of fixed assets	0	0	0
Extraordinary Losses	6,107	8,735	8,598
Losses on disposal of fixed assets	116	22	24
Impairment losses	5	1,291	23
Provision for reserve for price fluctuations	5,984	7,131	8,550
Provision for reserve for price fluctuations	5,984	7,131	8,550
Cumulative effect on application of accounting standard			
for asset retirement obligations	_	290	-
Provision for Reserve for Policyholders' Dividends	3,516	1,257	958
Income Before Income Taxes	70,157	62,179	58,630
Income Taxes—current	22,688	31,374	25,755
Income Taxes—deferred	1,630	(8,416)	2,666
Total Income Taxes	24,318	22,957	28,421
Income Before Minority Interests	_	39,221	30,208
Net Income	¥ 45,839	¥ 39,221	¥30,208

(Consolidated Statements of Comprehensive Income)

_			(Millions of yen)
For the years ended March 31	2010	2011	2012
Income Before Minority Interests	¥ -	¥39,221	¥30,208
Other Comprehensive Income	-	(8,673)	27,128
Net unrealized losses on other securities, net of taxes	_	(8,506)	27,145
Land revaluation, net of taxes	-	-	103
Foreign currency translation adjustments	_	(168)	(122)
Share of other comprehensive income of affiliates accounted			
for using equity method	_	0	1
Comprehensive Income	_	30,547	57,336
Comprehensive income attributable to parent company	-	30,547	57,336
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, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Shareholders' Equity			
Common stock			
Balance at the beginning of the current period	¥ 70,000	¥ 70,000	¥ 70,000
Changes during the period	_	_	
Balance at the end of the current period	70,000	70,000	70,000
Capital surplus			
Balance at the beginning of the current period	5,865	5,865	5,865
Changes during the period	_		_
Balance at the end of the current period	5,865	5,865	5,865
Retained earnings			
Balance at the beginning of the current period	61,986	100,825	132,370
Changes during the period			
Dividends from surplus	(7,000)	(7,700)	(9,100)
Reversal of land revaluation	_	23	-
Net income	45,839	39,221	30,208
Total changes during the period	38,839	31,544	21,108
Balance at the end of the current period	100,825	132,370	153,479
Total shareholders' equity			
Balance at the beginning of the current period	137,851	176,690	208,235
Changes during the period			
Dividends from surplus	(7,000)	(7,700)	(9,100)
Reversal of land revaluation	_	23	-
Net income	45,839	39,221	30,208
Total changes during the period	38,839	31,544	21,108
Balance at the end of the current period	176,690	208,235	229,344

			(Millions of yen)
	2010	2011	2012
Accumulated Other Comprehensive Income			
Net unrealized gains on other securities, net of taxes			
Balance at the beginning of the current period	¥ 3,925	¥ 15,501	¥ 6,996
Changes during the period			
Net changes of items other than shareholders' equity	11,576	(8,505)	27,146
Total changes during the period	11,576	(8,505)	27,146
Balance at the end of the current period	15,501	6,996	34,142
Land revaluation, net of taxes			
Balance at the beginning of the current period	(1,475)	(1,475)	(1,499)
Changes during the period			
Net changes of items other than shareholders' equity	-	(23)	103
Total changes during the period	_	(23)	103
Balance at the end of the current period	(1,475)	(1,499)	(1,395)
Foreign currency translation adjustments			
Balance at the beginning of the current period	(248)	(163)	(331)
Changes during the period			
Net changes of items other than shareholders' equity	85	(168)	(122)
Total changes during the period	85	(168)	(122)
Balance at the end of the current period	(163)	(331)	(453)
Total accumulated other comprehensive income			
Balance at the beginning of the current period	2,201	13,862	5,165
Changes during the period			
Net changes of items other than shareholders' equity	11,661	(8,697)	27,128
Total changes during the period	11,661	(8,697)	27,128
Balance at the end of the current period	13,862	5,165	32,293
Total Net Assets			
Balance at the beginning of the current period	140,052	190,553	213,401
Changes during the period			
Dividends from surplus	(7,000)	(7,700)	(9,100)
Reversal of land revaluation	-	23	_
Net income	45,839	39,221	30,208
Net changes of items other than shareholders' equity	11,661	(8,697)	27,128
Total changes during the period	50,500	22,847	48,236
Balance at the end of the current period	¥190,553	¥213,401	¥261,637

Consolidated Statements of Cash Flows

Sony Life Insurance Co., Ltd. and consolidated subsidiaries For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Cash flows from operating activities			
Income before income taxes	¥ 70,157	¥ 62,179	¥ 58,630
Depreciation of real estate for rent and others	2,763	2,551	2,330
Depreciation and amortization	2,339	2,759	3,236
Impairment losses	5	1,291	23
Increase (decrease) in reserve for outstanding claims	2,311	6,834	(4,218)
Increase in policy reserves	393,267	385,910	471,576
Increase in interest of reserve for policyholders' dividends	4	21	17
Increase in reserve for policyholders' dividends	3,516	1,257	958
Increase in reserve for possible loan losses	3	20	2
Increase in reserve for employees' retirement benefits	2,333	2,750	2,855
Increase in reserve for directors' retirement benefits	22	25	25
Increase in reserve for price fluctuations	5,984	7,131	8,550
Interest income and dividends	(70,864)	(87,695)	(98,071)
Gains on securities	(75,231)	(22,624)	(32,782)
Interest expenses	29	56	55
Foreign exchange losses	870	618	1,373
Losses on disposal of tangible fixed assets	116	313	23
Equity in losses of affiliates	307	944	1,179
Decrease in due from agencies	1	_	-
(Increase) decrease in due from reinsurers	(15)	35	18
Decrease in other assets			
(excluding those related to investing and financing activities)	20,501	19,223	19,670
Increase in due to agencies	229	56	162
Decrease in due to reinsurers	(163)	(32)	(102)
Increase in other liabilities			
(excluding those related to investing and financing activities)	449	621	242
Others, net	(12,520)	6,770	7,437
Subtotal	346,422	391,019	443,195
Interest and dividends received	74,976	92,746	104,141
Interest paid	(29)	(56)	(55)
Policyholders' dividends paid	(983)	(1,516)	(1,692)
Others, net	(4,955)	(5,882)	(5,669)
Income taxes paid	(15,275)	(28,835)	(34,981)
Net cash provided by operating activities	400,153	447,475	504,937

			(Millions of yen)
	2010	2011	2012
Cash flows from investing activities			
Investments in monetary trusts	¥ (45,000)	¥ –	¥ -
Proceeds from sale of monetary trusts	372,000	33,381	6,000
Purchases of securities	(1,111,839)	(978,802)	(717,701)
Proceeds from sale and redemption of securities	488,949	503,460	223,909
Investments in loans	(46,145)	(46,680)	(48,888)
Proceeds from collections of loans	17,840	19,263	23,333
Others, net	13,583	-	_
Total of net cash used in investment transactions	(310,611)	(469,377)	(513,346)
[Total of net cash provided by (used in) operating activities			
and investment transactions]	[89,542]	[(21,902)]	[(8,408)]
Purchases of tangible fixed assets	(1,908)	(562)	(347)
Proceeds from sale of tangible fixed assets	0	1,450	0
Purchases of securities of subsidiaries	(300)	-	_
Purchases of securities of affiliates	(9,500)	-	_
Others, net	(4,358)	(5,041)	(9,310)
Net cash used in investing activities	(326,678)	(473,531)	(523,004)
Cash flows from financing activities			
Cash dividends paid	(7,000)	(7,700)	(9,100)
Others, net	(58)	(37)	(18)
Net cash used in financing activities	(7,058)	(7,737)	(9,118)
Effect of exchange rate changes on cash and cash equivalents	20	(40)	(0)
Net increase (decrease) in cash and cash equivalents	66,437	(33,834)	(27,185)
Cash and cash equivalents at the beginning of the fiscal year	71,475	137,912	104,078
Cash and cash equivalents at the end of the fiscal year	¥ 137,912	¥ 104,078	¥ 76,893

Sony Life Financial Data (Non-consolidated)

Non-consolidated Balance Sheets

Sony Life Insurance Co., Ltd. As of March 31, 2010, 2011 and 2012

					(№	lillions of yen)
		2010		2011		2012
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
Assets:	741104110	(70)	711104111	(73)	7 1110 4111	(/0)
Cash and deposits	¥ 45,707	1.1%	¥ 35,103	0.7%	¥ 19,808	0.4%
Cash	13		13		19	
Deposits	45,693		35,089		19,788	
Call loans	91,800	2.1	68,500	1.5	56,300	1.1
Monetary trusts	288,772	6.7	276,475	5.9	288,297	5.5
Securities	3,539,114	82.6	4,017,583	85.1	4,545,019	87.0
Japanese government bonds	3,023,972		3,548,082		4,071,699	
Japanese municipal bonds	28,433		11,328		10,485	
Japanese corporate bonds	99,351		70,610		44,035	
Japanese stocks	103,098		92,691		69,149	
Foreign securities	186,043		192,328		230,172	
Other securities	98,214		102,540		119,476	
Loans	127,599	3.0	134,419	2.8	138,909	2.7
Policy loans	127,599		134,419		138,782	
Commercial loans	_		_		127	
Tangible fixed assets	80,923	1.9	76,014	1.6	73,678	1.4
Land	33,076		31,469		31,469	
Buildings	46,839		43,693		41,491	
Leased assets	272		230		207	
Other tangible fixed assets	735		621		511	
Intangible fixed assets	13,862	0.3	18,390	0.4	24,257	0.5
Software	13,814		18,346		24,235	
Leased assets	0		_		_	
Other intangible						
fixed assets	47		44		21	
Due from reinsurers	120	0.0	84	0.0	65	0.0
Other assets	71,165	1.7	56,250	1.2	49,736	1.0
Other receivables	41,580		34,335		27,390	
Prepaid expenses	1,288		1,248		1,304	
Accrued income	22,399		14,327		14,600	
Money on deposits	3,875		4,073		4,239	
Advance payments	322		491		355	
Others	1,699		1,773		1,846	
Deferred tax assets	27,686	0.6	40,738	0.9	26,986	0.5
Reserve for possible loan losses	(212)	(0.0)	(228)	(0.0)	(214)	(0.0)
Total Assets	¥4,286,540	100.0%	¥4,723,332	100.0%	¥5,222,846	100.0%

(Millions of yen)

						Millions of yen)
		2010		2011		2012
		Composition		Composition		Composition
11. L 1141	Amount	(%)	Amount	(%)	Amount	(%)
Liabilities:	V4 012 112	02.60/	V/4 40 4 E7C	02.20/	V4 071 102	02.20/
Policy reserves and others	¥4,012,112	93.6%	¥4,404,576	93.3%	¥4,871,182	93.3%
Reserve for outstanding claims	21,424		28,252		24,039	
Policy reserves	3,985,610		4,371,484		4,843,020	
Reserve for policyholders'						
dividends	5,076		4,839		4,122	
Due to agencies	1,445	0.0	1,502	0.0	1,664	0.0
Due to reinsurers	716	0.0	684	0.0	581	0.0
Other liabilities	55,501	1.3	65,980	1.4	38,193	0.7
Accrued income tax	16,943		19,482		10,255	
Other payables	16,772		23,492		4,750	
Accrued expenses	12,088		12,625		13,387	
Unearned income	949		956		931	
Deposits received	372		542		627	
Deposits received for						
guarantee	5,627		5,518		5,459	
Lease obligations	325		284		263	
Asset retirement obligations	_		633		642	
Policy suspense and			033		012	
other suspense	2,420		2,445		1,874	
Reserve for employees'	2,120		2,115		1,074	
retirement benefits	14,989	0.3	17,596	0.4	20,310	0.4
Reserve for directors'	1 1,505	0.5	17,550	0.1	20,5 .0	0
retirement benefits	118	0.0	143	0.0	168	0.0
Reserve for price fluctuations	9,637	0.2	16,768	0.4	25,319	0.5
Reserve for price fluctuations	9,637	0.2	16,768	0.4	25,319	0.5
Deferred tax liabilities on	9,031		10,700		23,319	
land revaluation	706	0.0	693	0.0	589	0.0
Total Liabilities	4,095,228	95.5	4,507,945	95.4	4,958,009	94.9
Total Liabilities	4,093,220	95.5	4,307,943	93.4	4,936,009	34.3
Net Assets:						
	70.000	1.6	70.000	1 -	70.000	1.2
Common stock	70,000	1.6	70,000	1.5	70,000	1.3
Capital surplus	5,865	0.1	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865		5,865	
Retained earnings	101,464	2.4	134,008	2.8	156,335	3.0
Earned reserve	9,878		11,418		13,238	
Other retained earnings	91,585		122,590		143,096	
Unappropriated retained						
earnings for the period	91,585		122,590		143,096	
Total shareholders' equity	177,329	4.1	209,873	4.4	232,200	4.4
Net unrealized gains on other						
securities, net of taxes	15,458	0.4	7,013	0.1	34,032	0.7
Land revaluation, net of taxes	(1,475)	(0.0)	(1,499)	(0.0)	(1,395)	(0.0)
Total valuation and translation						
adjustments	13,982	0.3	5,513	0.1	32,636	0.6
Total Net Assets	191,312	4.5	215,387	4.6	264,836	5.1
Total Liabilities and Net Assets	¥4,286,540	100.0%	¥4,723,332	100.0%	¥5,222,846	100.0%

Non-consolidated Statements of Income

Sony Life Insurance Co., Ltd. For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Ordinary Revenues	¥881,798	¥900,091	¥967,400
Income from insurance premiums	700,101	770,330	816,106
Insurance premiums	698,168	768,259	814,654
Ceded reinsurance commissions	1,932	2,070	1,452
Investment income	175,397	119,500	133,945
Interest income and dividends	70,668	87,533	97,960
Interest income from deposits	0	0	0
Interest income and dividends from securities	54,662	70,883	81,245
Interest income from loans	4,991	5,216	5,367
Rent revenue from real estate	10,942	11,379	11,241
Other interest income and dividends	71	53	105
Income from monetary trusts, net	22,887	6,983	5,278
Gains on sale of securities	15,107	24,982	7,556
Gains on redemption of securities	3,939	0	-
Other investment income	37	1	12
Gains on separate accounts, net	62,757	-	23,137
Other ordinary income	6,299	10,260	17,347
Income for annuity riders	1,449	1,625	2,019
Income for deferred payment of claims	3,591	7,202	9,380
Reversal of reserve for outstanding claims	_	_	4,213
Other ordinary income	1,258	1,432	1,734

_			(Millions of yen)
	2010	2011	2012
Ordinary Expenses	¥801,698	¥826,914	¥897,964
Insurance claims and other payments	274,278	297,966	287,431
Insurance claims	64,855	76,513	68,995
Annuity payments	7,742	8,224	8,577
Insurance benefits	34,670	38,346	42,209
Surrender payments	162,694	170,716	163,263
Refund to policyholders	1,950	1,853	2,302
Reinsurance premiums	2,364	2,312	2,082
Provision for policy reserves and others	395,551	392,722	471,553
Provision for reserve for outstanding claims	2,312	6,827	_
Provision for policy reserves	393,234	385,873	471,536
Interest on policyholders' dividend reserve	4	21	17
Investment expenses	20,584	19,303	14,370
Interest expenses	29	56	55
Losses on sale of securities	10,073	1,866	2,607
Devaluation losses on securities	_	348	1,692
Losses on redemption of securities	361	23	_
Foreign exchange losses, net	833	533	1,376
Provision for reserve for possible loan losses	3	20	2
Depreciation of real estate for rent and others	2,763	2,551	2,330
Other investment expenses	6,518	6,432	6,305
Losses on separate accounts, net	_	7,470	_
Operating expenses	96,860	99,374	105,492
Other ordinary expenses	14,424	17,548	19,116
Payments of deferred claims	2,611	4,678	5,251
Taxes	6,470	6,784	7,145
Depreciation and amortization	2,334	2,754	3,232
Provision for reserve for employees' retirement benefits	2,982	3,299	3,456
Provision for reserve for directors' retirement benefits	22	25	25
Others	2	5	5
Ordinary Profit	80,099	73,176	69,436
(Continued on next page)			

Non-consolidated Statements of Income (Continued)

			(Millions of yen)
	2010	2011	2012
Extraordinary Losses	¥ 6,107	¥ 8,735	¥ 8,598
Losses on disposal of fixed assets	116	22	24
Impairment losses	5	1,291	23
Provision for reserve for price fluctuations	5,984	7,131	8,550
Provision for reserve for price fluctuations	5,984	7,131	8,550
Cumulative effect on application of accounting standard			
for asset retirement obligations	-	290	-
Provision for Reserve for Policyholders' Dividends	3,516	1,257	958
Income Before Income Taxes	70,475	63,183	59,879
Income Taxes—current	22,688	31,374	25,755
Income Taxes—deferred	1,649	(8,411)	2,697
Total Income Taxes	24,337	22,962	28,452
Net Income	¥ 46,138	¥ 40,220	¥ 31,426

Non-consolidated Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd. For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Shareholders' Equity			
Common stock			
Balance at the beginning of the current period	¥ 70,000	¥ 70,000	¥ 70,000
Changes during the period	_		_
Balance at the end of the current period	70,000	70,000	70,000
Capital surplus			
Capital reserve			
Balance at the beginning of the current period	5,865	5,865	5,865
Changes during the period	_	_	_
Balance at the end of the current period	5,865	5,865	5,865
Total capital surplus			
Balance at the beginning of the current period	5,865	5,865	5,865
Changes during the period	_	_	_
Balance at the end of the current period	5,865	5,865	5,865
Retained earnings			
Earned reserve			
Balance at the beginning of the current period	8,478	9,878	11,418
Changes during the period	•	,	·
Dividends from surplus	1,400	1,540	1,820
Total changes during the period	1,400	1,540	1,820
Balance at the end of the current period	9,878	11,418	13,238
Other retained earnings	3,0.0	,	.5,255
Unappropriated retained earnings			
Balance at the beginning of the current period	53,847	91,585	122,590
Changes during the period	33,3	5 1,505	122,000
Dividends from surplus	(8,400)	(9,240)	(10,920)
Reversal of land revaluation	(0, 100)	23	(10,520)
Net income	46,138	40,220	31,426
Total changes during the period	37,738	31,004	20,506
Balance at the end of the current period	91,585	122,590	143,096
Total retained earnings	31,303	122,550	143,030
Balance at the beginning of the current period	62,325	101,464	134,008
Changes during the period	02,323	101,404	134,000
Dividends from surplus	(7,000)	(7,700)	(9,100)
Reversal of land revaluation	(7,000)	23	(9,100)
Net income	- 46,138	40,220	21 426
Total changes during the period	39,138	32,544	31,426 22,326
Balance at the end of the current period	101,464	134,008	156,335
Total shareholders' equity Balance at the beginning of the current period	120 100	177 220	200 072
	138,190	177,329	209,873
Changes during the period	(7,000)	(7.700)	(0.100)
Dividends from surplus	(7,000)	(7,700)	(9,100)
Reversal of land revaluation	46 130	23	24.426
Net income	46,138	40,220	31,426
Total changes during the period	39,138	32,544	22,326
Balance at the end of the current period	177,329	209,873	232,200

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

			(Millions of yen)
	2010	2011	2012
Valuation and Translation Adjustments			
Net unrealized gains on other securities, net of taxes			
Balance at the beginning of the current period	¥ 4,015	¥ 15,458	¥ 7,013
Changes during the period			
Net changes of items other than shareholders' equity	11,442	(8,445)	27,018
Total changes during the period	11,442	(8,445)	27,018
Balance at the end of the current period	15,458	7,013	34,032
Land revaluation, net of taxes			
Balance at the beginning of the current period	(1,475)	(1,475)	(1,499)
Changes during the period			
Net changes of items other than shareholders' equity	-	(23)	103
Total changes during the period	-	(23)	103
Balance at the end of the current period	(1,475)	(1,499)	(1,395)
Total valuation and translation adjustments			
Balance at the beginning of the current period	2,539	13,982	5,513
Changes during the period			
Net changes of items other than shareholders' equity	11,442	(8,469)	27,122
Total changes during the period	11,442	(8,469)	27,122
Balance at the end of the current period	13,982	5,513	32,636
Total Net Assets			
Balance at the beginning of the current period	140,730	191,312	215,387
Changes during the period			
Dividends from surplus	(7,000)	(7,700)	(9,100)
Reversal of land revaluation	_	23	_
Net income	46,138	40,220	31,426
Net changes of items other than shareholders' equity	11,442	(8,469)	27,122
Total changes during the period	50,581	24,075	49,449
Balance at the end of the current period	¥191,312	¥215,387	¥264,836

1. Loans by Borrower Category

					(Millions	of yen)
As of March 31		2010		2011		2012
Bankrupt and quasi-bankrupt loans	¥	-	¥	-	¥	_
Doubtful loans		-		_		_
Sub-standard loans		_		_		_
Subtotal		_		_		_
[% to total]		[–]		[–]		[-]
Normal loans	129	,867	136	5,809	14	1,384
Total	¥129	,867	¥136	5,809	¥14	11,384

- 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 borrowers (other than bankrupt and quasi-bankrupt borrowers) 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 (excluding loans described in notes 1. and 2. above) and 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 loans described in notes 1. and 2. above and loans on which principal and/or interest are past due for three months or more).
 - 4. Normal loans are all other loans.

2. Risk-monitored Loans

Not applicable

3. Accounting Indicators

3-1 Reserve for outstanding claims

_			(Millions of yen)
As of March 31	2010	2011	2012
Insurance claims			
Death benefits	¥ 7,126	¥10,292	¥ 7,609
Accidental benefits	251	1,633	342
Disability payments	1,358	1,833	1,214
Maturity benefits	1,111	2,159	1,505
Others	879	830	1,076
Subtotal	10,727	16,748	11,748
Annuity payments	56	60	468
Insurance benefits	4,657	4,767	4,727
Surrender payments	5,880	6,526	6,803
Deferred insurance benefits	44	28	50
Total, including others	¥21,424	¥28,252	¥24,039

3-2 Policy reserves

	(Millions of yen			
As of March 31	2010	2011	2012	
Policy reserves (excluding contingency reserve)				
Individual life insurance	¥3,750,483	¥4,136,542	¥4,596,066	
General accounts	3,419,682	3,782,734	4,195,276	
Separate accounts	330,801	353,807	400,789	
Individual annuities	114,166	124,350	133,736	
General accounts	81,529	90,719	97,554	
Separate accounts	32,636	33,630	36,181	
Group life insurance	114	94	67	
General accounts	114	94	67	
Separate accounts	_	_	-	
Group annuities	72,348	58,937	57,811	
General accounts	72,348	58,937	57,811	
Separate accounts	_	_	-	
Others	_	_	-	
General accounts	_	_	-	
Separate accounts	_	_	_	
Subtotal	3,937,113	4,319,924	4,787,682	
General accounts	3,573,675	3,932,486	4,350,710	
Separate accounts	363,437	387,438	436,971	
Contingency reserve	48,497	51,559	55,338	
Total	¥3,985,610	¥4,371,484	¥4,843,020	
General accounts	¥3,622,172	¥3,984,045	¥4,406,049	
Separate accounts	363,437	387,438	436,971	

3-3 Breakdown of policy reserves

			(Millions of yen)
As of March 31	2010	2011	2012
Premium reserve	¥3,801,870	¥4,171,292	¥4,616,135
Unearned premiums	135,242	148,632	171,546
Refund reserve	_	_	-
Contingency reserve	48,497	51,559	55,338
Total	¥3,985,610	¥4,371,484	¥4,843,020

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	2010	2011	2012
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
Mixed insurance	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
Annuities	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
Mixed insurance	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
Annuities	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%	100.1%	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 amounts of the company's policy reserves as of March 31, 2011 and March 31, 2012, however, include policy reserves additionally reserved to maintain the future soundness of certain policies.

Balance of policy reserves by contract year

	(Millions of ye		
Fiscal year issued	Balance of policy reserves	Assumed interest rate (%)	
Up to FY1980	¥ –	-%	
FY1981 to FY1985	31,200	6.00-6.25	
FY1986 to FY1990	50,822	6.00-6.25	
FY1991 to FY1995	525,791	2.75-6.25	
FY1996 to FY2000	1,154,981	1.90 - 4.00	
FY2001 to FY2005	1.261,382	1.50	
FY2006 to FY2010	1,089,942	1.50	
FY2011	178,708	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.

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)

			(Millions of yen)
As of March 31	2010	2011	2012
Balance of policy reserves (general account)	¥24,519	¥29,531	¥32,351

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 Act of Japan.

Calculating method and coefficient

- 1. 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)".
- 2. 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

						(Mill	ions of yen)
							2010
	Individual life	Individual	Group life	Group	Asset- formation insurance, asset- formation		
For the year ended March 31	insurance	annuities	insurance	annuities	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]

							2011
	Individual . life	Individual 	Group life	Group 	Asset- formation insurance, asset- formation	0.1	Ŧ
For the year ended March 31	insurance	annuities	insurance	annuities	annuities	Others	Total
At the end of the previous fiscal year	¥ 3,301	¥534	¥1,237	¥ 2	¥ –	¥ –	¥ 5,076
Increase due to interest	19	1	0	_	_	_	21
Decrease due to dividend payment	46	125	1,342	2	_	_	1,516
Provision for the current fiscal year	(657)	(21)	1,907	29	_	-	1,257
At the end of the current fiscal year	2,617	390	1,802	29	_	-	4,839
	[1,190]	[97]	[0]	[-]	[-]	[-]	[1,288]

(Millions of yen)

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

^{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.

						(Mil	lions of yen)
							2012
	Individual life	Individual	Group life	Group	Asset- formation insurance, asset- formation		
For the year ended March 31	insurance	annuities	insurance	annuities	annuities	Others	Total
At the end of the previous fiscal year	¥ 2,617	¥ 390	¥1,802	¥29	¥ -	¥ –	¥ 4,839
Increase due to interest	15	1	0	_	_	_	17
Decrease due to dividend payment	78	116	1,476	22	_	_	1,692
Provision for the current fiscal year	(374)	(9)	1,349	(6)	_	_	958
At the end of the current fiscal year	2,179	266	1,675	1	_	_	4,122
	[1,463]	[128]	[0]	[-]	[-]	[-]	[1,591]

Note: Figures in [] are accumulated dividends.

3-7 Other reserves

					(№	1illions of yen)
			2010			2011
	Balance at the end of the previous	Balance at the end of the current	Increase	Balance at the end of the previous	Balance at the end of the current	Increase
For the years ended March 31	period	period	(decrease)	period	period	(decrease)
Reserve for possible loan losses						
General reserve for possible loan losses	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Specific reserve for possible loan losses	208	212	3	212	228	16
Reserve for loan losses from borrowers						
in specific foreign countries	_	_	_	_	_	_
Reserve for employees' retirement benefits	12,727	14,989	2,261	14,989	17,596	2,607
Reserve for directors' retirement benefits	95	118	22	118	143	25
Reserve for price fluctuations	3,653	9,637	5,984	9,637	16,768	7,131

	(Millions of yen)			
			2012	
	Balance at the beginning	Balance at the end of		
	of the	the current	Increase	
For the year ended March 31	current period	period	(decrease)	
Reserve for possible loan losses				
General reserve for possible loan losses	¥ 0	¥ 0	¥ (0)	
Specific reserve for possible loan losses	228	214	(14)	
Reserve for loan losses from borrowers in specific foreign countries	_	_	_	
Reserve for employees' retirement benefits	17,596	20,310	2,713	
Reserve for directors' retirement benefits	143	168	25	
Reserve for price fluctuations	16,768	25,319	8,550	

3-8 Insurance premiums

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Individual life insurance	¥680,105	¥748,010	¥797,981
Lump-sum payment	41,072	68,411	75,631
Annual payment	171,417	192,858	218,573
Semi-annual payment	8,188	8,670	8,993
Monthly payment	459,427	478,069	494,783
Individual annuities	10,977	13,410	10,045
Lump-sum payment	3,894	5,746	514
Annual payment	1,467	1,683	2,955
Semi-annual payment	108	112	146
Monthly payment	5,507	5,868	6,428
Group life insurance	3,302	3,481	3,840
Group annuities	3,782	3,356	2,786
Total, including others	¥698,168	¥768,259	¥814,654

3-9 Insurance claims

								(M	illions of yen)
	2010	2011							2012
			Individual life	Individual	Group life	Group	Asset- formation insurance, asset- formation		
For the years ended March 31	Total	Total	insurance	annuities	insurance	annuities	annuities	Others	Total
Death benefits	¥38,811	¥42,052	¥39,730	¥–	¥1,494	¥–	¥–	¥–	¥41,224
Accidental benefits	952	583	1,205	_	0	_	_	_	1,205
Disability payments	2,349	3,217	1,878	_	106	_	_	_	1,984
Maturity benefits	19,119	26,755	19,679	_	_	_	_	_	19,679
Others	3,622	3,904	4,843	_	57	_	_	_	4,901
Total	¥64,855	¥76,513	¥67,337	¥–	¥1,657	¥–	¥–	¥–	¥68,995

3-10 Annuity payments

								(M	Illions of yen)
	2010	2011							2012
For the years ended March 31	Total	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset- formation insurance, asset- formation annuities	Others	Total
Annuity payments	¥7,742	¥8,224	¥–	¥6,549	¥20	¥2,007	¥–	¥–	¥8,577

3-11 Insurance benefits

								(M	illions of yen)
	2010	2011							2012
For the years and ad March 21	Total	Total	Individual life	Individual annuities	Group life insurance	Group annuities	Asset- formation insurance, asset- formation annuities	Others	Total
For the years ended March 31			insurance						Total
Death benefits	¥ 1,537	¥ 1,524	¥ 1,769	¥ 74	¥–	¥ –	¥–	¥–	¥ 1,844
Hospitalization benefits	8,159	8,564	8,819	_	0	_	_	_	8,820
Surgery benefits	7,267	7,688	7,969	_	_	_	_	_	7,969
Disability benefits	194	120	196	_	0	_	_	_	196
Living benefits	4,831	8,596	11,635	_	_	_	_	_	11,635
Others	12,679	11,850	9,076	725	_	1,942	_	_	11,744
Total	¥34,670	¥38,346	¥39,466	¥800	¥0	¥1,942	¥–	¥–	¥42,209

3-12 Surrender payments

								1)	1illions of yen)
	2010	2011							2012
			Individual life	Individual	Group life	Group	Asset- formation insurance, asset- formation		
For the years ended March 31	Total	Total	insurance	annuities	insurance	annuities	annuities	Others	Total
Surrender payments	¥162,694	¥170,716	¥158,960	¥3,755	¥–	¥548	¥–	¥–	¥163,263

3-13 Depreciation and amortization

									(Milli	ons of yen)
					2010					2011
		Depre-	Accu- mulated	Balance at the end of	Ratio of		Depre-	Accu- mulated	Balance at the end of	Ratio of
For the years ended March 31	Acquisition cost	ciation expenses	deprecia- tion	the current period	deprecia- tion (%)	Acquisition cost	ciation expenses	deprecia- tion	the current period	deprecia- tion (%)
Tangible fixed assets	¥ 4,387	¥ 507	¥1,635	¥ 2,751	37.3%	¥ 4,492	¥ 482	¥1,919	¥ 2,572	42.7%
Buildings	3,185	299	850	2,334	26.7	3,342	310	1,122	2,220	33.6
Leased assets	133	42	111	22	83.6	37	20	35	1	95.2
Other tangible										
fixed assets	1,068	166	673	394	63.0	1,113	151	762	351	68.5
Intangible fixed assets	18,818	1,823	5,003	13,814	26.6	24,335	2,269	5,988	18,346	24.6
Others	24	2	10	13	44.9	20	2	9	10	46.0
Total	¥23,230	¥2,334	¥6,650	¥16,580	28.6%	¥28,848	¥2,754	¥7,918	¥20,930	27.4%

				(Milli	ons of yen)
					2012
			Accu-	Balance at	
		Depre-	mulated	the end of	Ratio of
	Acquisition	ciation		the current	deprecia-
For the year ended March 31	cost	expenses	tion	period	tion (%)
Tangible fixed assets	¥ 4,566	¥ 421	¥ 2,234	¥ 2,332	48.9%
Buildings	3,413	280	1,376	2,037	40.3
Leased assets	_	1	_	_	-
Other tangible fixed assets	1,152	138	858	294	74.4
Intangible fixed assets	32,432	2,807	8,196	24,235	25.3
Others	25	3	10	15	40.6
Total	¥37,024	¥3,232	¥10,441	¥26,583	28.2%

3-14 Operating expenses

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Sales and marketing expenses	¥46,661	¥48,249	¥ 50,830
Sales administrative expenses	11,984	12,461	13,299
General administrative expenses	38,214	38,662	41,362
Total	¥96,860	¥99,374	¥105,492

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

	(Millions of yen)					
For the years ended March 31	2010	2011	2012			
Life Insurance Policyholders Protection						
Corporation of Japan	¥798	¥864	¥791			

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

_			(Millions of yen)
For the years ended March 31	2010	2011	2012
Core profit (A)	¥64,517	¥56,295	¥71,685
Capital gains	29,947	26,604	7,556
Income from monetary trusts, net	14,839	1,622	_
Income from trading securities, net	-	-	-
Gains on sale of securities	15,107	24,982	7,556
Gains on derivatives, net	_	_	-
Foreign exchange gains, net	_	_	-
Other capital gains	_	_	-
Capital losses	11,355	2,748	5,774
Losses on monetary trusts, net	_	_	-
Losses on trading securities, net	_	_	-
Losses on sale of securities	10,073	1,866	2,607
Devaluation losses on securities	_	348	1,692
Losses on derivatives, net	_	_	-
Foreign exchange losses, net	833	533	1,376
Other capital losses	449	_	97
Net capital gains (losses) (B)	18,591	23,856	1,782
Core profit plus net capital gains (losses) (A)+(B)	83,108	80,152	73,468
Other one-time gains	_	_	-
Gains from reinsurance	_	_	-
Reversal of contingency reserve	_	_	-
Reversal of specific reserve for possible loan losses	_	_	-
Others	_	_	-
Other one-time losses	3,009	6,975	4,032
Losses from reinsurance	_	_	-
Provision for contingency reserve	3,005	3,062	3,778
Provision for specific reserve for possible loan losses	3	20	2
Provision for reserve for loan losses from borrowers			
in specific foreign countries	-	_	-
Write-off of loans	_	_	-
Others	_	3,893	250
Net other one-time gains (losses) (C)	(3,009)	(6,975)	(4,032)
Ordinary profit (A)+(B)+(C)	¥80,099	¥73,176	¥69,436

Notes: 1. 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.
 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.
 Core profit for the fiscal year ended March 31, 2012 (A) includes income gains of ¥5,278 million in income from monetary trusts; other capital losses include impairment losses of ¥97 million from investment partnership; "Others" of other one-time losses includes provision of additional policy reserve of ¥250 million.

(Reference) Reconciliation to core profit

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Core Revenues	¥851,851	¥873,486	¥959,843
Income from insurance premiums	700,101	770,330	816,106
Insurance premiums	698,168	768,259	814,654
Ceded reinsurance commissions	1,932	2,070	1,452
Investment income	137,402	87,534	121,110
Interest income and dividends	70,668	87,533	97,960
Gains on redemption of securities	3,939	0	_
Reversal of general reserve for possible loan losses	_	_	0
Other investment income	37	1	12
Gains on separate accounts, net	62,757	_	23,137
Other ordinary income	6,299	10,260	17,347
Income for annuity riders	1,449	1,625	2,019
Income for deferred payment of claims	3,591	7,202	9,380
Reversal of reserve for outstanding claims	_	_	4,213
Other ordinary income	1,258	1,432	1,734
Other core revenues	8,047	5,361	5,278
Core Expenses	787,333	817,190	888,157
Insurance claims and other payments	274,278	297,966	287,431
Insurance claims	64,855	76,513	68,995
Annuity payments	7,742	8,224	8,577
Insurance benefits	34,670	38,346	42,209
Surrender payments	162,694	170,716	163,263
Refund to policyholders	1,950	1,853	2,302
Reinsurance premiums	2,364	2,312	2,082
Provision for policy reserves and others	392,546	385,767	467,524
Investment expenses	9,225	16,534	8,593
Interest expenses	29	56	55
Losses on redemption of securities	361	23	_
Provision for general reserve for possible loan losses	0	0	_
Depreciation of real estate for rent and others	2,763	2,551	2,330
Other investment expenses	6,069	6,432	6,207
Losses on separate accounts, net	-	7,470	
Operating expenses	96,860	99,374	105,492
Other ordinary expenses	14,424	17,548	19,116
Payments of deferred claims	2,611	4,678	5,251
Taxes	6,470	6,784	7,145
Depreciation and amortization	2,334	2,754	3,232
Provision for reserve for employees' retirement benefits	2,982	3,299	3,456
Provision for reserve for directors' retirement benefits	22	25	25
Others	2	5	5
Other core expenses	_	_	_
Core Profit	¥ 64,517	¥ 56,295	¥ 71,685
COLC HOLD	+ 0 7,0 17	+ 50,255	+ 71,003

(Reference) Negative spread and yields

			(Billions of yen)
For the years ended March 31	2010	2011	2012
Negative spread	¥11.5	¥6.3	¥1.5
Investment yield for core profit	2.17%	2.26%	2.31%
Investment yield (general account)	2.54%	2.68%	2.17%
Average assumed interest rate	2.51%	2.43%	2.35%

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)
		2010		2011		2012
		Net valuation		Net valuation		Net valuation
		gains (losses)	Balance	gains (losses)	Balance	gains (losses)
	Balance	recorded	sheet	recorded	sheet	recorded
As of March 31	sheet amount	in income	amount	in income	amount	in income
Trading-purpose securities	¥–	¥5,711	¥–	¥–	¥–	¥–

Note: The above chart 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)
					2010
As of March 31	Carrying	Fair value	Net unrealized	Unrealized	Unrealized
	amount		gains (losses)	gains	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	_	_	_	_	_

				(1	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	_	_	_	_	_
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	_	_	_	_	
<u>Total</u>	¥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	_	_	_	_	

				(1	Millions of yen)
					2012
As of March 31	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥3,404,821	¥3,560,687	¥155,865	¥160,172	¥4,307
Policy reserve matching bonds	_	_	_	_	_
Stocks of subsidiaries and affiliated companies	_	_	_	_	_
Available-for-sale securities	895,142	956,125	60,983	61,345	361
Japanese government and corporate bonds	849,186	902,676	53,490	53,490	_
Japanese stocks	29,106	34,970	5,863	6,225	361
Foreign securities	15,373	16,770	1,397	1,397	_
Bonds	15,373	16,770	1,397	1,397	-
Stocks, etc	_	_	_	_	_
Other securities	1,476	1,708	232	232	-
Monetary claims purchased	_	_	_	_	-
Certificates of deposit	_	_	_	_	_
Others	_	_	_	_	_
Total	¥4,299,963	¥4,516,813	¥216,849	¥221,518	¥4,668
Japanese government and corporate bonds	¥4,211,145	¥4,417,819	¥206,674	¥210,981	¥4,307
Japanese stocks	29,106	34,970	5,863	6,225	361
Foreign securities	58,235	62,314	4,078	4,078	-
Bonds	58,235	62,314	4,078	4,078	-
Stocks, etc.	_	_	_	_	-
Other securities	1,476	1,708	232	232	-
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 Act of Japan.

2. The above table includes monetary trusts other than trading-purpose securities, and their carrying amount and net unrealized gains (losses) as of March 31, 2012 amounted to ¥268,520 million and ¥20,359 million, respectively.

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

_			(Millions of yen)
As of March 31	2010	2011	2012
Held-to-maturity securities	¥ –	¥ –	¥ –
Unlisted foreign bonds	_	_	-
Others	-	_	_
Policy reserve matching bonds	_	_	-
Stocks of subsidiaries and affiliated companies	15,847	15,847	15,625
Available-for-sale securities	24,883	27,582	27,090
Unlisted domestic stocks (except OTC stocks)	42	4	4
Unlisted foreign stocks (except OTC stocks)	885	1,049	1,084
Unlisted foreign bonds	_	_	-
Others	23,955	26,528	26,001
Total	¥40,731	¥43,430	¥42,715

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

		_	-		
					(Millions of yen)
					2010
	Carrying		Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	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	_	_	_	_	_

				(1	Millions of yen)
					2011
	Carrying	F	Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	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	_	_	_	_	_

				((Millions of yen)
					2012
	Carrying		Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	losses
Held-to-maturity securities	¥3,404,821	¥3,560,687	¥155,865	¥160,172	¥4,307
Policy reserve matching bonds	_	_	_	_	-
Stocks of subsidiaries and affiliated companies	15,625	15,625	_	_	_
Available-for-sale securities	922,232	982,962	60,729	64,330	3,601
Japanese government and corporate bonds	849,186	902,676	53,490	53,490	_
Japanese stocks	29,111	34,974	5,863	6,225	361
Foreign securities	16,457	18,024	1,567	1,567	_
Bonds	15,373	16,770	1,397	1,397	-
Stocks, etc.	1,084	1,254	169	169	-
Other securities	27,478	27,286	(191)	3,047	3,239
Monetary claims purchased	_	_	_	_	-
Certificates of deposit	_	_	_	_	-
Others	_	_	_	_	
Total	¥4,342,679	¥4,559,274	¥216,594	¥224,503	¥7,908
Japanese government and corporate bonds	¥4,211,145	¥4,417,819	¥206,674	¥210,981	¥4,307
Japanese stocks	39,188	45,052	5,863	6,225	361
Foreign securities	64,867	69,116	4,248	4,248	-
Bonds	58,235	62,314	4,078	4,078	-
Stocks, etc	6,632	6,801	169	169	-
Other securities	27,478	27,286	(191)	3,047	3,239
Monetary claims purchased	_	_	_	_	_
Certificates of deposit	_	_	_	_	-
Others	_	_	_	_	

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

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

(Millions of yen)

					2011
	Balance sheet		Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	losses
Monetary trusts	¥276,475	¥276,475	¥–	¥–	¥–
					(Millions of yen)
					2012
	Balance sheet		Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	losses
Monetary trusts	¥288,297	¥288,297	¥–	¥–	¥–

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

Monetary trusts for investment

						(Millions of yen)
		2010		2011		2012
		Net valuation		Net valuation		Net valuation
	Balance	gains (losses)	Balance	gains (losses)	Balance	gains (losses)
	sheet	recorded	sheet	recorded	sheet	recorded
As of March 31	amount	in income	amount	in income	amount	in income
Monetary trusts for investment	¥681	¥5,711	¥–	¥–	¥–	¥–

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

Troncedity trades for field to matarity and policy reserve in	iateining a			u.y c.	ases				
									(Millions of yen)
									2010
		rrying			Net unre		Unrea		Unrealized
As of March 31	an	nount	Fair	value	gains (lo	osses)		gains	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)
									2011
	Ca	rrying			Net unre	alized	Unrea	lized	Unrealized
As of March 31	an	nount	Fair	value	gains (lo	osses)		gains	losses
Monetary trusts for held-to-maturity	¥	-	¥	-	¥	-	¥	-	¥–
Monetary trusts for policy reserve matching		_		_		-		_	_
Other monetary trusts	268	3,610	276	,425	7	,814	7,	814	_
									(Millions of yen)
									2012
	Ca	rrying			Net unre	alized	Unrea	lized	Unrealized
As of March 31	an	nount	Fair	value	gains (lo	osses)		gains	losses
Monetary trusts for held-to-maturity	¥	_	¥	_	¥	_	¥	_	¥–

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

Monetary trusts for policy reserve matching Other monetary trusts

Not applicable

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

							(Bill	ions of yen)
				2010				2011
		As of	Unrealized	Realized		As of	Unrealized	Realized
		March 31,	gains	gains		March 31,	gains	gains
As of March 31	Fair Value	2009	(losses)	(losses)	Fair Value	2010	(losses)	(losses)
SPEs	_	_	_	-	_	_	_	_
CDO	-	-	_	-	_	-	_	_
Other sub-prime or Alt-A exposure	_	_	_	_	_	_	_	_
CMBSs	_	_	-	-	_	_	_	_
Leveraged finance	_	_	-	-	_	_	_	_
RMBS	-	-	-	-	-	-	-	-
Credit link note/loan	_	_	_	_	_	_	_	_

267,887

288,247

20,359

20,359

			(Bill	ions of yen)
				2012
		As of	Unrealized	Realized
As of March 31	Fair Value	March 31, 2011	gains (losses)	gains (losses)
SPEs	_	_	_	_
CDO	_	_	_	_
Other sub-prime or Alt-A exposure	_	_	_	-
CMBSs	_	_	_	_
Leveraged finance	_	_	_	_
RMBS	_	_	_	_
Credit link note/loan	_	_	_	_

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

 1. 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)
 - 2. 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)
 - 3. As of March 31, 2012, principal protected 30-year notes with NIKKEI 225 index-linked coupons (market value of ¥45.5 billion and unrealized gain of ¥2.6 billion as of March 31, 2012)

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)
	2010		2011			2012
		Net valuation		Net valuation		Net valuation
	Balance	gains (losses)	Balance	gains (losses)	Balance	gains (losses)
	sheet	recorded	sheet	recorded	sheet	recorded
As of March 31	amount	in income	amount	in income	amount	in income
Trading-purpose securities	¥350,302	¥73,005	¥372,801	¥(7,579)	¥430,490	¥30,976

Note: The above chart 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)

				1)	Millions of yen)
					2010
A (M 1.24	Carrying	F : 1	Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	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)
	Carrying		Net unrealized	Unrealized	2011 Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	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	_	_	_	_	_
					Millions of yen)
					2012
	Carrying		Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	losses
Held-to-maturity securities	¥3,404,821	¥3,560,687	¥155,865	¥160,172	¥4,307
Policy reserve matching bonds	-	_	_	_	_
Stocks of subsidiaries and affiliated companies	_	_	_	_	_

					2012
	Carrying		Net unrealized	Unrealized	Unrealized
As of March 31	amount	Fair value	gains (losses)	gains	losses
Held-to-maturity securities	¥3,404,821	¥3,560,687	¥155,865	¥160,172	¥4,307
Policy reserve matching bonds	_	_	_	_	-
Stocks of subsidiaries and affiliated companies	_	_	_	_	-
Available-for-sale securities	895,142	956,125	60,983	61,345	361
Japanese government and corporate bonds	849,186	902,676	53,490	53,490	_
Japanese stocks	29,106	34,970	5,863	6,225	361
Foreign securities	15,373	16,770	1,397	1,397	_
Bonds	15,373	16,770	1,397	1,397	_
Stocks, etc	_	_	_	_	_
Other securities	1,476	1,708	232	232	_
Monetary claims purchased	_	_	_	_	_
Certificates of deposit	_	_	_	_	_
Others	_	_	_	_	_
Total	¥4,299,963	¥4,516,813	¥216,849	¥221,518	¥4,668
Japanese government and corporate bonds	¥4,211,145	¥4,417,819	¥206,674	¥210,981	¥4,307
Japanese stocks	29,106	34,970	5,863	6,225	361
Foreign securities	58,235	62,314	4,078	4,078	_
Bonds	58,235	62,314	4,078	4,078	_
Stocks, etc.	_	_	_	_	_
Other securities	1,476	1,708	232	232	_
Monetary claims purchased	_	_	_	_	_
Certificates of deposit	_	_	_	_	_
Others	_	_	_	_	_

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

2. The above table includes monetary trusts other than trading-purpose securities, and their carrying amount and net unrealized gains (losses) as of March 31, 2012 amounted to ¥268,520 million and ¥20,359 million, respectively.

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

O Held-to-maturity securities

						(Millions of yen)
			2010			2011
As of March 31	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	_	_	_	_	_	

			(Millions of yen)
			2012
	Balance sheet		
As of March 31	amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount	¥3,066,812	¥3,226,985	¥160,172
Japanese government and corporate bonds	3,023,950	3,181,441	157,491
Foreign securities	42,862	45,543	2,681
Other securities	_	_	_
Held-to-maturity securities whose fair value does not exceed balance sheet amount	338,008	333,701	(4,307)
Japanese government and corporate bonds	338,008	333,701	(4,307)
Foreign securities	_	_	-
Other securities	_	_	_

O Policy-reserve-matching bonds—Not applicable

O Available-for-sale securities

					(Millions of yen)
-			2010			2011
As of March 31	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	127 440	126 100	(1 250)	102 424	170 220	(2.104)
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		_	_	_	_	

			(Millions of yen)
			2012
As of March 31	Carrying amount	Balance sheet amount	Difference
Available-for-sale securities whose balance sheet amount exceeds carrying amount	¥889,124	¥950,469	¥61,345
Japanese government and corporate bonds	849,186	902,676	53,490
Japanese stocks	23,088	29,313	6,225
Foreign securities	15,373	16,770	1,397
Other securities	1,476	1,708	232
Monetary claims purchased	_	_	_
Certificates of deposit	_	_	_
Others	_	_	_
Available-for-sale securities whose balance sheet amount does not exceed			
carrying amount	6,018	5,656	(361)
Japanese government and corporate bonds	_	_	_
Japanese stocks	6,018	5,656	(361)
Foreign securities	_	_	_
Other securities	_	_	_
Monetary claims purchased	_	_	-
Certificates of deposit	_	_	-
Others	_	_	_

b. Carrying amounts of securities without market value

			(Millions of yen)
As of March 31	2010	2011	2012
Held-to-maturity securities	¥ –	¥ –	¥ –
Unlisted foreign bonds	_	_	_
Others	_	_	_
Policy reserve matching bonds	_	_	_
Stocks of subsidiaries and affiliated companies	15,847	15,847	15,625
Available-for-sale securities	24,883	27,582	27,090
Unlisted domestic stocks (except OTC stocks)	42	4	4
Unlisted foreign stocks (except OTC stocks)	885	1,049	1,084
Unlisted foreign bonds	_	_	_
Others	23,955	26,528	26,001
Total	¥40,731	¥43,430	¥42,715

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:

				1)	Millions of yen)
					2010
As of March 31	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	_	_		_	<u> </u>
<u>Total</u>	¥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	_	_	_	_	

Act of March 31 Carrying amount Fair value plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant plant p						(Millions of yen)
Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name Name						
Field-to-maturity securities \$2,914,365 \$2,892,180 \$2(2,184) \$25,518 \$447,703 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$700 \$	As of March 31		Fair value			
Stocks of subsidiaries and affiliated companies 15,847 15,847 — — — — Available-for-sale securities 967,695 990,829 23,133 32,820 9,686 3,194 Japanese stocks 49,861 53,711 3,389 7,207 3,357 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 8,776 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 <t< td=""><td>Held-to-maturity securities</td><td></td><td>¥2,892,180</td><td></td><td></td><td>¥47,703</td></t<>	Held-to-maturity securities		¥2,892,180			¥47,703
Stocks of subsidiaries and affiliated companies 15,847 15,847 — — — — Available-for-sale securities 967,695 990,829 23,133 32,820 9,686 3,194 Japanese stocks 49,861 53,711 3,389 7,207 3,357 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 7,676 8,776 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 7,777 <t< td=""><td>Policy reserve matching bonds</td><td>_</td><td>_</td><td>· –</td><td>_</td><td>_</td></t<>	Policy reserve matching bonds	_	_	· –	_	_
Available-for-sale securities 967,695 990,829 23,133 32,820 9,866 Japanese government and corporate bonds 884,466 904,194 191,727 22,921 3,196 Japanese stocks 49,861 53,711 3,849 7,207 3,357 Foreign securities 2,969 2,807 (162) - 162 Bonds 1,019 1,828 (90) - 9,71 Other securities 30,397 30,116 (281) 2,691 2,972 Monetary claims purchased - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -		15,847	15,847	_	_	_
Japanese stocks		967,695	990,829	23,133	32,820	9,686
Japanese stocks	Japanese government and corporate bonds	884,466	904,194	19,727	22,921	3,194
Bonds		49,861	53,711	3,849	7,207	3,357
Stocks, etc.	Foreign securities	2,969	2,807	(162)	_	162
Other securities 30,397 30,116 (281) 2,691 2,972 Monetary claims purchased — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — 3,357 Foreign securities 50,900 54,786 3,869 4,048 90 90 \$ \$500 \$6 526 (71) — — — — — — — — — — — — — — — — — —	Bonds	1,919	1,828	(90)	_	90
Monetary claims purchased	Stocks, etc.	1,049	978	(71)	_	71
Certificates of deposit - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Other securities	30,397	30,116	(281)	2,691	2,972
Others — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — <td>Monetary claims purchased</td> <td>_</td> <td>_</td> <td></td> <td>_</td> <td>_</td>	Monetary claims purchased	_	_		_	_
Total	Certificates of deposit	_	_	_	_	_
Japanese government and corporate bonds	Others	_	_	_	_	_
Japanese stocks	Total	¥3,897,908	¥3,898,857	¥ 949	¥58,339	
Foreign securities	Japanese government and corporate bonds	¥3,756,448	¥3,749,943	¥ (6,505)	¥44,392	¥50,897
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 — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — —	Japanese stocks	60,161	64,011	3,849	7,207	3,357
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 — — — — — — — As of March 31 — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — —	Foreign securities	50,900	54,786	3,886	4,048	162
Other securities 30,397 30,116 (281) 2,691 2,972 Monetary claims purchased — — — — — — Certificates of deposit — — — — — — Others Carrying amount Fair value gains (losses) Willions of yen) Held-to-maturity securities \$\frac{2}{3}\text{4,304,821}\$ \$\frac{3}{3}\text{560,687}\$ \$\frac{4}{155,865}\$ \$\frac{4}{160,172}\$ \$\frac{4}{4,307}\$ Policy reserve matching bonds — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — <	Bonds	44,303	48,260	3,957	4,048	90
Monetary claims purchased - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <td></td> <td>6,597</td> <td>6,526</td> <td>(71)</td> <td>_</td> <td>71</td>		6,597	6,526	(71)	_	71
Certificates of deposit - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - 2012 Millions of yen) - 2012 Millions of yen) - 2012 Millions of yen) - 2012 - - 2012 Millions of yen) - 2012 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <td></td> <td>30,397</td> <td>30,116</td> <td>(281)</td> <td>2,691</td> <td>2,972</td>		30,397	30,116	(281)	2,691	2,972
Others - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <td>Monetary claims purchased</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>	Monetary claims purchased	-	-	-	-	-
Carrying amount Fair value Residue Sains (losses) Residue Residu	'	_	_	_	_	_
As of March 31 Carrying amount Net unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) Unrealized gains (losses) 43,007 Policy reserve matching bonds — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — —	Others					
As of March 31 Carrying amount Fair value gains (losses) Unrealized gains (losses) Unrealized gains (losses) Held-to-maturity securities \$3,404,821 \$3,560,687 \$155,865 \$160,172 \$43,07 Policy reserve matching bonds - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -						(Millions of yen)
As of March 31 amount Fair value gains (losses) gains (losses) losses Held-to-maturity securities \$3,404,821 \$3,560,687 \$155,865 \$160,172 \$4,307 Policy reserve matching bonds - - - - - - - Stocks of subsidiaries and affiliated companies 15,625 15,625 - - - - Available-for-sale securities 922,232 982,962 60,729 64,330 3,601 Japanese government and corporate bonds 849,186 902,676 53,490 53,490 - Japanese stocks 29,111 34,974 5,863 6,225 361 Foreign securities 16,457 18,024 1,567 1,567 - Bonds 15,373 16,770 1,397 1,397 - Stocks, etc. 1,084 1,254 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239 Monetary claims purchased -						
Held-to-maturity securities	As of March 31		Fair value			
Policy reserve matching bonds - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Held-to-maturity securities					
Stocks of subsidiaries and affiliated companies 15,625 15,625 — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — —		_	_	<u> </u>	_	_
Available-for-sale securities 922,232 982,962 60,729 64,330 3,601 Japanese government and corporate bonds 849,186 902,676 53,490 53,490 - Japanese stocks 29,111 34,974 5,863 6,225 361 Foreign securities 16,457 18,024 1,567 1,567 - Bonds 15,373 16,770 1,397 1,397 - Stocks, etc. 1,084 1,254 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239 Monetary claims purchased - - - - - - - Others - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <td></td> <td>15,625</td> <td>15,625</td> <td>_</td> <td>_</td> <td>_</td>		15,625	15,625	_	_	_
Japanese stocks 29,111 34,974 5,863 6,225 361 Foreign securities 16,457 18,024 1,567 1,567 — Bonds 15,373 16,770 1,397 1,397 — Stocks, etc. 1,084 1,254 169 169 — Other securities 27,478 27,286 (191) 3,047 3,239 Monetary claims purchased — — — — — — Certificates of deposit — — — — — — Others — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — <				60,729	64,330	3,601
Japanese stocks 29,111 34,974 5,863 6,225 361 Foreign securities 16,457 18,024 1,567 1,567 — Bonds 15,373 16,770 1,397 1,397 — Stocks, etc. 1,084 1,254 169 169 — Other securities 27,478 27,286 (191) 3,047 3,239 Monetary claims purchased — — — — — — Certificates of deposit — — — — — — Others — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — — <	Japanese government and corporate bonds	849,186	902,676	53,490	53,490	_
Bonds 15,373 16,770 1,397 1,397 - Stocks, etc. 1,084 1,254 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239 Monetary claims purchased - - - - - - - Certificates of deposit - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -			34,974	5,863	6,225	361
Bonds 15,373 16,770 1,397 1,397 - Stocks, etc. 1,084 1,254 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239 Monetary claims purchased - - - - - - - Certificates of deposit - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Foreign securities	16,457	18,024	1,567	1,567	_
Other securities 27,478 27,286 (191) 3,047 3,239 Monetary claims purchased — — — — — — Certificates of deposit — — — — — — — Others — — — — — — — — Total ¥4,342,679 ¥4,559,274 ¥216,594 ¥224,503 ¥7,908 Japanese government and corporate bonds ¥4,211,145 ¥4,417,819 ¥206,674 ¥210,981 ¥4,307 Japanese stocks 39,188 45,052 5,863 6,225 361 Foreign securities 64,867 69,116 4,248 4,248 — Bonds 58,235 62,314 4,078 4,078 — Stocks, etc. 6,632 6,801 169 169 — Other securities 27,478 27,286 (191) 3,047 3,239	The state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the s	15,373	16,770	1,397	1,397	_
Monetary claims purchased - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -<	Stocks, etc	1,084	1,254	169	169	_
Certificates of deposit - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Other securities	27,478	27,286	(191)	3,047	3,239
Certificates of deposit - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Monetary claims purchased	_	_		_	_
Total ¥4,342,679 ¥4,559,274 ¥216,594 ¥224,503 ¥7,908 Japanese government and corporate bonds ¥4,211,145 ¥4,417,819 ¥206,674 ¥210,981 ¥4,307 Japanese stocks 39,188 45,052 5,863 6,225 361 Foreign securities 64,867 69,116 4,248 4,248 - Bonds 58,235 62,314 4,078 4,078 - Stocks, etc. 6,632 6,801 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239	Certificates of deposit	_	_	_	_	_
Japanese government and corporate bonds ¥4,211,145 ¥4,417,819 ¥206,674 ¥210,981 ¥4,307 Japanese stocks 39,188 45,052 5,863 6,225 361 Foreign securities 64,867 69,116 4,248 4,248 - Bonds 58,235 62,314 4,078 4,078 - Stocks, etc. 6,632 6,801 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239	Others	_	_	_	_	_
Japanese stocks 39,188 45,052 5,863 6,225 361 Foreign securities 64,867 69,116 4,248 4,248 - Bonds 58,235 62,314 4,078 4,078 - Stocks, etc. 6,632 6,801 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239		¥4,342,679	¥4,559,274	¥216,594	¥224,503	¥7,908
Japanese stocks 39,188 45,052 5,863 6,225 361 Foreign securities 64,867 69,116 4,248 4,248 - Bonds 58,235 62,314 4,078 4,078 - Stocks, etc. 6,632 6,801 169 169 - Other securities 27,478 27,286 (191) 3,047 3,239	Japanese government and corporate bonds	¥4,211,145	¥4,417,819	¥206,674	¥210,981	¥4,307
Bonds 58,235 62,314 4,078 4,078 - Stocks, etc. 6,632 6,801 169 - Other securities 27,478 27,286 (191) 3,047 3,239		39,188	45,052	5,863	6,225	361
Stocks, etc. 6,632 6,801 169 - Other securities 27,478 27,286 (191) 3,047 3,239	Foreign securities	64,867	69,116	4,248	4,248	-
Other securities	Bonds	58,235	62,314	4,078	4,078	-
	C: 1 :					
Monetary claims purchased						-

Monetary claims purchased Certificates of deposit Others

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

									(Milli	ons of yen)
					2010					2011
			Net					Net		
	Balance		unrealized			Balance		unrealized		
	sheet			Unrealized	Unrealized	sheet		gains	Unrealized	Unrealized
As of March 31	amount	Fair value	(losses)	gains	losses	amount	Fair value	(losses)	gains	losses
Monetary trusts	¥288,772	¥288,772	¥–	¥–	¥–	¥276,475	¥276,475	¥–	¥–	¥–

				(Milli	ons of yen)
					2012
			Net		
	Balance		unrealized		
	sheet		gains		Unrealized
As of March 31	amount	Fair value	(losses)	gains	losses
Monetary trusts	¥288,297	¥288,297	¥–	¥–	¥–

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

Monetary trusts for investment

						(Millions of yen)	
		2010		2011	2012		
	Balance sheet	Net valuation gains (losses) recorded	Balance sheet	Net valuation gains (losses) recorded	Balance sheet	Net valuation gains (losses) recorded	
As of March 31	amount	in income	amount	in income	amount	in income	
Monetary trusts for investment	¥681	¥5,711	¥–	¥–	¥–	¥-	

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

									(Milli	ons of yen)
					2010					2011
			Net unrealized					Net unrealized		
	Carrying		gains	Unrealized	Unrealized	Carrying		gains	Unrealized	Unrealized
As of March 31	amount	Fair value	(losses)	gains	losses	amount	Fair value	(losses)	gains	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	268,610	276,425	7,814	7,814	

				(Mil	lions of yen)
					2012
			Net		
			unrealized		
As of Monda 21	Carrying	Fatavalia	gains	Unrealized	Unrealized
As of March 31	amount	Fair value	(losses)	gains	losses
Monetary trusts for held-to-maturity	¥ –	¥ –	¥ –	¥ -	¥–
Monetary trusts for policy reserve matching	_	_	_	_	-
Other monetary trusts	¥267,887	¥288,247	¥20,359	¥20,359	¥–

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	2008	2009	2010	2011	2012
Policy amount in force	¥32,434,587	¥33,537,084	¥34,598,244	¥35,947,326	¥37,345,780
Individual life insurance	31,237,078	32,229,100	33,164,100	34,421,831	35,707,301
Individual annuities	260,268	288,559	306,661	326,699	369,759
Group life insurance	937,241	1,019,424	1,127,481	1,198,794	1,268,718
Policy amount in force for group annuities	73,307	73,499	72,348	58,937	57,811
Annualized premiums from insurance in force	530,011	547,898	573,331	604,793	635,401
Of which, medical protection,					
living benefit protection and other products	122,854	126,662	133,023	140,776	148,954
New policy amount	3,808,542	3,888,906	4,056,495	4,213,996	4,207,045
Individual life insurance	3,744,680	3,834,610	4,017,527	4,166,278	4,145,663
Individual annuities	57,908	39,100	31,709	32,746	57,664
Group life insurance	5,953	15,196	7,258	14,971	3,717
Annualized premiums from new policies	63,475	61,693	68,780	71,230	70,854
Of which, medical protection,					
living benefit protection and other products	13,358	13,443	16,264	16,679	17,101
Ordinary revenues	741,250	765,910	881,798	900,091	967,400
Of which, income from insurance premiums	648,406	662,011	700,101	770,330	816,106
Of which, investment income	87,493	98,781	175,397	119,500	133,945
Ordinary expenses	701,959	733,500	801,698	826,914	897,964
Of which, insurance claims and other payments	241,106	274,778	274,278	297,966	287,431
Of which, investment expenses	69,895	133,777	20,584	19,303	14,370
Of which, operating expenses	94,367	93,928	96,860	99,374	105,492
Ordinary profit	39,290	32,409	80,099	73,176	69,436
Net income	18,514	33,783	46,138	40,220	31,426
Core profit	23,571	38,005	64,517	56,295	71,685
Common stock	65,000	70,000	70,000	70,000	70,000
Number of shares issued and outstanding	65.000	70.000	70.000	70.000	70.000
(thousands of shares)	65,000	70,000	70,000	70,000	70,000
Total assets	3,659,786	3,810,929	4,286,540	4,723,332	5,222,846
Of which, separate account assets	321,789	275,160	373,604	398,124	444,289
Policy reserves	3,375,090	3,592,376	3,985,610	4,371,484	4,843,020
Loans	108,688	120,462	127,599	134,419	138,909
Securities	2,388,932	2,819,638	3,539,114	4,017,583	4,545,019
Solvency margin ratio	1,747.9%	2,060.5%	2,637.3%	2,900.1%	1,980.4%
N. J. 6. J.	E 272	F F00	F.025	[1,720.0%]	6.060
Number of employees	5,372	5,599	5,835	5,921	6,060

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. The policy amount in force for group annuities is equal to the amount of outstanding policy reserves.

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.).

2. Key Performance Indicators

2-1 Policy amount in force and new policy amount

Policy amount in force

								(1)	illions of yen)
				2010					2011
		Change from		Change from			Change from		Change from
		March 31,		March 31,			March 31,		March 31,
As of March 31	Number	2009 (%)	Amount	2009 (%)		Number	2010 (%)	Amount	2010 (%)
Individual life insurance	4,954,761	106.4%	¥33,164,100	102.9%	5,2	83,620	106.6%	¥34,421,831	103.8%
Individual annuities	55,673	108.8	306,661	106.3		60,432	108.5	326,699	106.5
Group life insurance	_	_	1,127,481	110.6		_	_	1,198,794	106.3
Group annuities	-	_	72,348	98.4		_	_	58,937	81.5

^{3.} New policy amount is the total of individual life insurance, individual annuities and group life insurance. New policy amount for individual annuities is 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.)

^{6.} Cabinet Office Ordinance No. 23 of 2010 and Public Notice of Financial Services Agency 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). Therefore, the figure as of March 31, 2012 is calculated based on different methods from those for the four preceding fiscal years. The above-stated figure in [] as of March 31, 2011 is calculated on the assumption that these changes were applied as of March 31, 2011. The figure is also included in disclosures for the fiscal year ended March 31, 2011.

			()	1illions of yen)
				2012
		Change from		Change from
		March 31,		March 31,
As of March 31	Number	2011 (%)	Amount	2011 (%)
Individual life insurance	5,602,189	106.0%	¥35,707,301	103.7%
Individual annuities	71,560	118.4	369,759	113.2
Group life insurance	_	_	1,268,718	105.8
Group annuities	_	_	57,811	98.1

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)
						2010
						Amount,
		YoY		YoY	Amount,	of which,
		change		change	of which,	increase from
For the year ended March 31	Number	(%)	Amount	(%)	new policies	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)
						2011
For the year ended March 31	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	_	_	_	_	_	_

						(Millions of yen)
						2012
						Amount,
		YoY		YoY	Amount,	of which,
		change		change	of which,	increase from
For the year ended March 31	Number	(%)	Amount	(%)	new policies	conversion
Individual life insurance	577,789	97.5%	¥4,145,663	99.5%	¥4,145,663	_
Individual annuities	13,553	198.3	57,664	176.1	57,664	_
Group life insurance	_	_	3,717	24.8	3,717	_
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.

2-2 Annualized premiums

Policy amount in force

					(Millions of yen)
		2010		2011		2012
		Change from March 31,		Change from March 31,		Change from March 31,
As of March 31	Amount	2009 (%)	Amount	2010 (%)	Amount	2011 (%)
Individual life insurance	¥563,002	104.6%	¥592,438	105.2%	¥621,647	104.9%
Individual annuities	10,329	107.1	12,354	119.6	13,753	111.3
Total	¥573,331	104.6%	¥604,793	105.5%	¥635,401	105.1%
Of which, medical protection, living benefit protection						
and other products	¥133,023	105.0	¥140,776	105.8	148,954	105.8

New policies

						(Millions of yen)
		2010		2011		2012
For the years ended March 31	Amount	YoY change (%)	Amount	YoY change (%)	Amount	YoY change (%)
Individual life insurance	¥67,332	112.0%	¥69,467	103.2%	¥68,651	98.8%
Individual annuities	1,447	91.3	1,763	121.8	2,203	125.0
Total	¥68,780	111.5%	¥71,230	103.6%	¥70,854	99.5%
Of which, medical protection, living benefit protection						
and other products	¥16,264	121.0	¥16,679	102.6	17,101	102.5

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,

^{2.} The new policy amount for group annuities is equal to the initial premium payment.

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

rollcles and policy amount in force by product						(Millions of yen)
		2010		2011		2012
As of March 31	Number	Amount	Number	Amount	Number	Amount
Individual life insurance products						
Pure death-protection insurance	3,870,831	¥30,842,528	4,086,013	¥31,934,745	4,307,480	¥33,055,108
Variable life insurance (whole life type)	511,988	2,895,561	534,656	2,934,754	552,644	2,954,217
Modified payment whole life insurance	17,386	174,634	16,697	164,613	16,107	155,894
Limited payment whole life insurance	354,323	3,009,950	343,769	2,900,204	334,416	2,800,539
Family insurance	1,374	12,834	1,342	12,547	1,306	12,186
Interest rate-sensitive whole life insurance	444,161	2,601,849	476,508	2,754,434	511,653	2,918,906
Whole life insurance (no selection type)	5,406	10,238	5,090	9,514	4,769	8,803
Living benefit insurance (whole life type)	252,115	800,586	305,458	981,753	368,284	1,208,410
Variable life insurance (term type)	1,678	56,139	1,555	50,658	1,453	46,893
Family income insurance	126,133	3,214,133	154,934	4,076,624	180,165	4,769,802
Living standard insurance	5,043	97,172	4,484	81,203	3,977	67,758
Level premium plan term life insurance	111,294	2,402,005	102,364	2,182,437	95,797	2,013,279
Decreasing term life insurance	55,085	1,032,262	56,935	1,045,130	61,822	1,157,972
Living benefit insurance (term type)	26,098	218,466	32,964	276,049	40,040	340,003
Level premium plan term life insurance (non-smoker preferred risk)	22,151	918,464	20,953	862,219	19,931	812,099
Decreasing term life insurance (non-smoker preferred risk)	33,158	925,035	32,163	853,194	30,015	749,906
Family income insurance (non-smoker preferred risk)	64,247	2,217,742	60,405	1,997,796	57,073	1,804,589
Increasing term life insurance	313	18,516	205	14,144	156	11,762
Long-term level premium plan term life insurance						
(with disability benefit)	18,323	826,607	21,342	953,998	24,843	1,110,282
Increasing term life insurance (reduced surrender value)	4,145	146,613	4,019	142,118	3,620	127,242
Level premium plan term life insurance (no surrender value)	17,076	314,687	25,751	476,555	32,630	598,367
Income protection insurance to cover three major diseases	4,394	3,548	6,819	4,840	11,511	8,354
Semi-participating whole life nursing-care insurance	33,856	138,180	54,236	215,565	82,663	319,601
Whole life nursing-care insurance (reduced surrender value)	-	-	2,445	408	5,603	1,007
Cancer insurance	241,708	34,992	233,618	33,268	226,348	31,703
Whole-life cancer insurance (08)	23,203	2,762	35,212	3,799	47,141	4,654
Cancer hospitalization insurance	15,676	-	27,170	-	34,190	-
Comprehensive medical insurance	1,464,870	757,429	1,510,234	734,427	1,545,642	712,211
Long-term comprehensive medical insurance	15,543	6,280	14,604	5,963	13,611	5,612
Semi-participating living standard insurance (joint type)	84	1,792	81	1,687	70	1,440
Term riders and others	[438,914]	8,004,039	[462,625]	8,164,830	[487,174]	8,301,606
Mixed insurance	292,819	1,068,528	299,275	1,069,306	308,747	1,099,466
Variable life insurance (limited term type)	42,950	125,912	43,304	124,056	42,737	120,151
Endowment insurance	203,880	801,878	200,862	786,693	203,183	807,913
Semi-participating endowment insurance	45,989	140,736	55,109	158,556	62,827	171,401
Pure endowment insurance	791,111	1,253,043	898,332	1,417,780	985,962	1,552,726
Semi-participating educational endowment insurance	791,111	1,253,043	898,332	1,417,780	985,962	1,552,726
Living benefit rider	[-]		[-]		[-]	
Total individual life insurance products	4,954,761	33,164,100	5,283,620	34,421,831	5,602,189	35,707,301
Individual annuity products						
Semi-participating individual annuities	21,690	106,760	25,783	124,554	36,987	169,166
Individual variable annuities	28,728	154,707	28,806	154,246	28,044	149,326
Others	5,255	45,193	5,843	47,899	6,529	51,267
Total individual annuity products	55,673	306,661	60,432	326,699	71,560	369,759
Group life insurance products						
Group term life insurance	112,542	252,719	133,831	254,683	122,274	256,642
Group welfare term life insurance	127,460	82,853	128,142	80,121	127,574	73,975
Group credit life insurance	2,430,708	791,822	2,223,731	863,925	2,050,393	938,056
Annuity payment rider	136	86	113	64	81	44
Total group life insurance products	2,670,846	1,127,481	2,485,817	1,198,794	2,300,322	1,268,718
Group annuity products	_, ,	.,.2.,.01	_, ,	.,,	-,,	-,,
New-type corporate annuities	29,312	5,318	27,989	5,065	26,044	4,356
Defined contribution corporate annuities.	343,982	67,029	153,558	53,872	155,272	53,455
	373,294	72,348	181,547	58,937	181,316	57,811
Total group annuity products	313,234	12,340	101,347	105,00	101,510	31,011
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. 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

The policy amounts of the policies for which annuity payments have commenced are those of outstanding policy reserves.

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.

^{5.} The numbers of policies for group life insurance products, group annuity products, medical protection insurance (group-type) and "reinsurance recipients" reflect 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.

Their policies and new policy amount by product						(Millions of yen)
		2010		2011		2012
For the years ended March 31	Number	Amount	Number	Amount	Number	Amount
Individual life insurance products						
Pure death-protection insurance	426,559	¥3,732,145	433,356	¥3,858,946	437,021	¥3,848,423
Variable life insurance (whole life type)	47,701	196,923	41,839	169,713	37,154	146,776
Modified payment whole life insurance	147	2,679	134	2,571	125	1,942
Limited payment whole life insurance	3	63	3	24	2	7
Family insurance	1	7	-	-	-	_
Interest rate-sensitive whole life insurance	55,486	315,631	54,520	311,677	56,523	316,505
Whole life insurance (no selection type)	302	449	306	450	281	429
Living benefit insurance (whole life type)	46,319	151,235	62,418	215,204	73,447	266,665
Variable life insurance (term type)	143	2,623	40	1,221	42	1,069
Family income insurance	30,618	962,232	38,976	1,241,124	35,964	1,118,717
Living standard insurance	-	-	-	-	-	_
Level premium plan term life insurance	2,539	47,936	3,440	84,566	4,349	106,622
Decreasing term life insurance	5,176	104,727	7,179	168,486	10,109	261,950
Living benefit insurance (term type)	8,237	68,962	9,044	76,851	9,742	86,848
Level premium plan term life insurance (non-smoker preferred risk)	685	34,118	827	41,508	949	47,804
Decreasing term life insurance (non-smoker preferred risk)	3,030	95,000	1,266	39,061	-	_
Family income insurance (non-smoker preferred risk)	8,217	284,082	-	3	-	_
Increasing term life insurance	-	-	-	-	-	_
Long-term level premium plan term life insurance						
(with disability benefit)	4,439	180,994	4,531	195,277	5,197	227,681
Increasing term life insurance (reduced surrender value)	230	7,653	300	10,075	319	11,796
Level premium plan term life insurance (no surrender value)	11,715	209,127	10,241	190,782	9,443	165,317
Income protection insurance to cover three major diseases	1,915	1,142	2,760	1,539	5,329	3,954
Semi-participating whole life nursing-care insurance	12,291	50,221	22,331	85,823	31,050	115,933
Whole life nursing-care insurance (reduced surrender value)	-	-	2,473	412	3,381	625
Cancer insurance	3,106	294	3,244	278	3,251	261
Whole-life cancer insurance (08)	12,646	1,375	13,535	1,259	14,138	1,200
Cancer hospitalization insurance	15,811	-	12,455	-	9,335	_
Comprehensive medical insurance	155,442	39,053	141,226	32,407	126,717	28,181
Long-term comprehensive medical insurance	346	156	268	160	174	89
Semi-participating living standard insurance (joint type)	14	336	-	-	-	_
Term riders and others	[51,542]	975,116	[54,427]	988,461	[54,927]	938,041
Mixed insurance	31,693	107,931	39,257	123,007	39,586	141,651
Variable life insurance (limited term type)	3,923	9,445	2,851	6,676	2,228	5,721
Endowment insurance	21,037	79,769	21,923	82,689	24,827	106,133
Semi-participating endowment insurance	6,733	18,715	14,483	33,641	12,531	29,797
Pure endowment insurance	117,460	177,450	119,884	184,324	101,182	155,588
Semi-participating educational endowment insurance	117,460	177,450	119,884	184,324	101,182	155,588
Living benefit rider	[-]	_	[-]	_	[-]	_
Total individual life insurance products	575,712	4,017,527	592,497	4,166,278	577,789	4,145,663
Individual annuity products						
Semi-participating individual annuities	4,297	20,020	5,167	23,703	12,354	50,945
Individual variable annuities	2,199	11,689	1,669	9,042	1,199	6,718
Others	_	_	-	_	_	_
Total individual annuity products	6,496	31,709	6,836	32,746	13,553	57,664
Group life insurance products		·				
Group term life insurance	8,262	2,371	24,272	4,828	_	_
Group welfare term life insurance	3,188	4,886	6,158	10,143	5,719	3,717
Group credit life insurance	_	-	_	_	_	-
Annuity payment rider	_	_	_	_	_	_
Total group life insurance products	11,450	7,258	30,430	14,971	5,719	3,717
Group annuity products	, 150	1,230	55,150	. 1,57	5,7.15	5,1.17
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.} The total number of policies in force for "term riders and others" and "living benefit rider" is excluded from total individual life insurance products.

^{3.} Figures for individual annuity products show 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" reflect 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	2010	2011	2012
Death protection			
Ordinary death			
Individual life insurance	¥31,911,056	¥33,004,051	¥34,154,574
Individual annuities	[74,242]	[81,590]	[86,425]
Group life insurance	1,127,395	1,198,730	1,268,674
Group annuities	-	_	_
Total	33,038,452	34,202,781	35,423,249
Accidental death			
Individual life insurance	[7,957,074]	[7,631,849]	[7,330,781]
Individual annuities			
Group life insurance	[3,041]	[3,055]	[4,284]
Group annuities			
Total	[7,960,115]	[7,634,905]	[7,335,065]
Death protection with other conditions	[.,,.	[.,,]	[1,000,000]
Individual life insurance	[834,742]	[1,206,902]	[1,453,003]
Individual annuities	[05 i,/ i=]	[.,200,502]	[.,.55,555]
Group life insurance	_	_	_
Group annuities	_	_	_
Total	[834,742]	[1,206,902]	[1,453,003]
Living protection	[054,142]	[1,200,302]	[1,433,003]
Maturity and living benefits			
Individual life insurance	1,253,043	1,417,780	1,552,726
	261,593	278,961	318,743
Individual annuities Group life insurance	201,393	270,301	310,743
Group annuities	_	_	_
Total	1 514 626	1 606 741	1 071 470
Annuities	1,514,636	1,696,741	1,871,470
Individual life insurance			
	[20,616]	- [050 04]	[45 145]
Individual annuities	[38,616]	[40,920]	[45,145]
Group life insurance	[21]	[17]	[13]
Group annuities	[20.627]	- [40.020]	-
Total	[38,637]	[40,938]	[45,159]
Others			
Individual life insurance	45.000	47.720	- - -
Individual annuities	45,068	47,738	51,016
Group life insurance	86	64	44
Group annuities	72,348	58,937	57,811
Total	117,503	106,740	108,872
Hospitalization protection			
Accidental hospitalization	[4004]	[4=000]	f
Individual life insurance	[16,814]	[17,382]	[17,774]
Individual annuities	_	-	-
Group life insurance	[18]	[18]	[19]
Group annuities	<u></u> _		
Total	[16,833]	[17,400]	[17,794]
Sickness hospitalization			
Individual life insurance	[16,814]	[17,382]	[17,774]
Individual annuities	-	-	-
Group life insurance	_	-	-
Group annuities			_
Total	[16,814]	[17,382]	[17,774]
Hospitalization with other conditions			
Individual life insurance	[7,404]	[7,659]	[7,793]
Individual annuities	_	_	-
Group life insurance	_	_	-
Group annuities			
Total	[7,404]	[7,659]	[7,793]

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 "Others" 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

			(Number)
As of March 31	2010	2011	2012
Disability protection			
Individual life insurance	525,484	516,592	507,820
Individual annuities	_	_	-
Group life insurance	72,824	93,692	82,263
Group annuities	_	_	
Total	598,308	610,284	590,083
Surgery protection			
Individual life insurance	1,598,792	1,616,443	1,646,245
Individual annuities	_	-	-
Group life insurance	_	-	-
Group annuities	_	_	
Total	1,598,792	1,616,443	1,646,245

2-6 Policy amount in force by type of individual life insurance and individual annuities

			(Millions of yen)
As of March 31	2010	2011	2012
Pure death-protection insurance			
Whole life insurance	¥ 6,610,094	¥ 6,823,068	¥ 7,104,740
Whole life insurance with term rider	-	-	-
Term life insurance	12,234,535	12,880,267	13,495,306
Total	30,842,528	31,934,745	33,055,108
Mixed insurance			
Endowment insurance	942,615	945,250	979,314
Endowment insurance with term rider	-	-	-
Term life insurance with living benefits	_	_	_
Total	1,068,528	1,069,306	1,099,466
Pure endowment insurance	1,253,043	1,417,780	1,552,726
Annuity products			
Individual annuities	306,661	326,699	369,759
Riders for disaster and disease			
Rider to cover accidental death	4,219,152	3,999,854	3,806,410
Injury rider	3,737,921	3,631,995	3,524,371
Comprehensive protection riders covering hospitalization	607	574	543
Comprehensive protection riders covering hospitalization for family	29	27	25
Comprehensive protection riders covering lifestyle-related disease	65	61	58
Medical treatment rider for adults	1,450	1,422	1,384
Medical treatment rider for women	1,315	1,324	1,320
Lifestyle diseases medical treatment rider	21	20	18
New medical treatment rider for women	6	6	5
Cancer rider	243	245	244
Rider to cover initial period of hospitalization	5,428	5,828	6,142

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

						(Millions of yen)
		2010		2011		2012
For the years ended March 31	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of						
the fiscal year	4,657,604	¥32,229,100	4,954,761	¥33,164,100	5,283,620	¥34,421,831
New policy amount	575,712	4,017,527	592,497	4,166,278	577,789	4,145,663
Increase from renewal	17,076	48,861	17,388	56,129	16,592	57,917
Increase from reinstatement	21,718	129,474	22,573	131,956	20,593	117,079
Increase in policy amount	[270]	2,841	[240]	2,448	[205]	2,579
Increase from conversion	_	_	_	_	_	-
Increase for other reasons	3,393	27,809	4,196	28,332	4,519	27,406
Decrease from death	7,216	51,449	7,738	54,015	8,680	54,617
Decrease for maturity	28,416	90,986	32,822	113,216	30,018	110,558
Decrease in policy amount	[39,177]	211,238	[36,953]	192,248	[38,859]	191,894
Decrease from conversion	_	_	_	_	_	-
Surrender amount	231,857	2,035,463	212,482	1,846,005	211,820	1,789,930
Lapse amount	45,810	293,726	46,128	284,594	41,207	250,880
Decrease for other reasons	7,443	608,649	8,625	637,334	9,199	667,296
Balance at the end of the fiscal year	4,954,761	33,164,100	5,283,620	34,421,831	5,602,189	35,707,301
[Increase ratio (%)]	[6.4%]	[2.9%]	[6.6%]	[3.8%]	[6.0%]	[3.7%]
Net increase	297,157	934,999	328,859	1,257,731	318,569	1,285,470
[Increase ratio (%)]	[12.2%]	[(5.7%)]	[10.7%]	[34.5%]	[(3.1%)]	[2.2%]

Note: Each amount above is the total of pure death-protection insurance, mixed insurance and pure endowment insurance.

Individual annuities

_					(Millions of yen)
		2010		2011		2012
For the years ended March 31	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of						
the fiscal year	51,192	¥288,559	55,673	¥306,661	60,432	¥326,699
New policy amount	6,496	31,709	6,836	32,746	13,553	57,664
Increase from reinstatement	264	1,328	214	990	191	853
Increase from conversion	_	_	_	_	_	-
Increase for other reasons	554	2,322	606	2,770	709	3,468
Decrease from death	51	394	35	191	53	284
Decrease for maturity	_	_	_	_	_	_
Decrease in annuity amount	[180]	1,639	[183]	1,115	[195]	892
Decrease from conversion	_	_	_	_	_	_
Surrender amount	1,953	11,056	2,046	11,024	2,462	13,934
Lapse amount	441	2,218	391	2,004	324	1,509
Decrease for other reasons	388	1,949	425	2,132	486	2,305
Balance at the end of the fiscal year	55,673	306,661	60,432	326,699	71,560	369,759
[Increase ratio (%)]	[8.8%]	[6.3%]	[8.5%]	[6.5%]	[18.4%]	[13.2%]
Net increase	4,481	18,102	4,759	20,038	11,128	43,060
[Increase ratio (%)]	[(20.3%)]	[(36.0%)]	[6.2%]	[10.7%]	[133.8%]	[114.9%]

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)
		2010		2011		2012
For the years ended March 31	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of						
the fiscal year	2,926,357	¥1,019,424	2,670,846	¥1,127,481	2,485,817	¥1,198,794
New policy amount	11,450	7,258	30,430	14,971	5,719	3,717
Increase from renewal	231,450	332,294	231,172	320,488	247,687	328,888
Increase from reinstatement	_	_	12	120	_	-
Increase in policy amount (increase						
by additional purchase of riders)	61,423	162,384	105,326	173,503	121,941	181,218
Increase in policy amount	[5,696]	1,270	[2,095]	549	[2,179]	592
Increase for other reasons	248	38,087	145	10	149	28
Decrease from death	11,956	1,714	11,690	1,450	11,460	1,558
Decrease for maturity	224,962	330,776	236,923	327,767	266,594	332,544
Withdrawals	322,768	56,161	302,157	59,304	273,675	55,085
Decrease in policy amount	[238,899]	42,347	[296,217]	47,381	[364,386]	53,275
Surrender amount	282	1,360	614	1,899	9,037	1,942
Lapse amount	10	50	12	120	23	23
Decrease for other reasons	104	829	718	404	202	90
Balance at the end of the fiscal year	2,670,846	1,127,481	2,485,817	1,198,794	2,300,322	1,268,718
[Increase ratio (%)]	[(8.7%)]	[10.6%]	[(6.9%)]	[6.3%]	[(7.5%)]	[5.8%]
Net increase	(255,511)	108,056	(185,029)	71,312	(185,495)	69,924
[Increase ratio (%)]	[-]	[31.5%]	[-]	[(34.0%)]	[-]	[(1.9%)]

Notes: 1. Each amount above is the total of pure death-protection insurance, mixed insurance and pure endowment insurance.

Group annuities

					(1)	1illions of yen)
		2010		2011		2012
For the years ended March 31	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of						
the fiscal year	378,224	¥73,499	373,294	¥72,348	181,547	¥58,937
New policy amount	-	_	-	_	_	_
Annuity payment	239,185	1,836	253,520	1,973	250,184	2,007
Lump-sum payment	20,005	3,393	13,398	2,431	8,937	1,942
Surrender amount	1,071	443	218,036	13,049	1,349	542
Balance at the end of the fiscal year	373,294	72,348	181,547	58,937	181,316	57,811
[Increase ratio (%)]	[(1.3%)]	[(1.6%)]	[(51.4%)]	[(18.5%)]	[(0.1%)]	[(1.9%)]
Net increase	(4,930)	(1,150)	(191,747)	(13,410)	(231)	(1,126)
[Increase ratio (%)]	[-]	[-]	[-]	[-]	[-]	[-]

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

<u>-</u>			
For the years ended March 31	2010	2011	2012
Assumed interest rates of 2.00% or less			
Level-premium	2.80%	1.55%	1.55%
Lump-sum premium and others	2.80%	1.20%	1.20%
Assumed interest rates of more than 2.00%			
Level-premium	Interest rate		
	2.50% or less		
	2.70%	1.40%	1.40%
Lump-sum premium and others	Interest rate		
	more than 2.50%		
	2.60%	1.05%	1.05%

^{2.} The number of policies reflects the total number of insured parties.

- 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, 2012.
- <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)
Nov. 2, 2011	1.50%	1 year	¥ –	¥ 0
Nov. 2, 2010	1.50	2	_	0
Nov. 2, 2009	1.50	3	_	21,976
Nov. 2, 2008	1.50	4	_	0
Nov. 2, 2007	1.50	5	6,582	6,582
Nov. 2, 2006	1.50	6	_	0

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, 2012.

Dividend participation ratio = Standard dividend yield – Assumed interest rate

3. Standard dividend yield on group annuities

The standard dividend yield on group annuities is 1.05%, using figures for the fiscal year ended March 31, 2012.

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	2010	2011	2012
Individual life insurance	2.9%	3.8%	3.7%
Individual annuities	6.3	6.5	13.2
Group life insurance	10.6	6.3	5.8
Group annuities	(1.6)	(18.5)	(1.9)

3-2 Average policy amount for new policies and policies in force (individual life insurance)

		(T	housands of yen)
For the years ended March 31	2010	2011	2012
Average policy amount for new policies	¥6,978	¥7,031	¥7,175
Average policy amount for policies in force	6,693	6,514	6,373

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	2010	2011	2012
Individual life insurance	12.5%	12.6%	12.0%
Individual annuities	12.9	12.5	20.7
Group life insurance	0.7	1.3	0.3

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	2010	2011	2012
Individual life insurance	7.47%	6.60%	6.14%
Individual annuities	5.53	5.03	5.55
Subtotal	7.46	6.59	6.13
Group life insurance	4.17	4.32	4.56

^{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, 2012 (excluding dividends already paid).

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	2010	2011	2012
Individual life insurance + Individual annuities	7.21%	6.41%	5.93%

3-5 Average premium for new policies of individual life insurance (monthly payment contracts)

			(1011)
For the years ended March 31	2010	2011	2012
Average premiums for new policies	¥10,070	¥10,236	¥10,512

Note: The above figures do not include increase from conversion.

3-6 Mortality rate (individual life insurance: primary coverage)

			(700)
For the years ended March 31	2010	2011	2012
Based on number of policies	1.50‰	1.51‰	1.59‰
Based on policy amount	1.57	1.60	1.56

3-7 Incidence rates of riders (individual life insurance)

						(%0)
		2010		2011		2012
	Number of		Number of		Number of	
For the years ended March 31	policies	Policy amount	policies	Policy amount	policies	Policy amount
Accidental death protection	0.097‰	0.151‰	0.057‰	0.083‰	0.148‰	0.171‰
Disability protection	0.117	0.108	0.094	0.026	0.137	0.063
Accidental hospitalization protection	3.484	83.792	3.560	88.274	3.480	86.808
Sickness hospitalization protection	34.501	564.366	34.654	576.907	34.839	584.536
Lifestyle-related disease						
hospitalization protection	12.290	338.946	12.748	370.072	13.089	385.279
Sickness and accidental						
surgery protection	39.527	/	39.537	/	39.945	
Lifestyle-related disease						
surgery protection	7.181		7.973		8.380	

3-8 Operating expense ratio (to insurance premiums)

			(%)
For the years ended March 31	2010	2011	2012
Operating expense ratio	13.9%	12.9%	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, 2012

(1) Investment Environment

During the fiscal year ended March 31, 2012, the Japanese economy was somewhat weak, owing to the impact of the Great East Japan Earthquake in March 2011. Although the economic growth rate showed signs of improving temporarily in the summer of 2011 as supply chains were put back in order, the economy failed to recover fully, amid concerns about economic recession overseas owing to the impact of the European debt crisis and higher crude oil prices. In addition to electricity supply issues, Japan continued to face concerns about the impact of ongoing deflation and a worsening employment situation. Real GDP growth rate, year on year, was a negative 1.2% for the April–June quarter, positive 7.1% for the July–September quarter, negative 0.7% for the October–December quarter, and is estimated at a positive 2.48% for the January–March quarter.

The Japanese bond market showed substantial gains (yields fell) throughout the fiscal year as global investors sought out stable assets in the face of a deepening European debt crisis and mounting concerns of a U.S. economic downturn. Japanese investors, centering on institutional investors, also increased their investments in Japanese government bonds (JGBs). Toward the second half of the fiscal year, stock prices began to rebound, reflecting financial easing in the United States, Europe and Japan, but the effect on JGBs was marginal. As of March 31, 2012, the yield on 10-year JGBs was 0.985%, down 0.27 percentage point from the end of the previous fiscal year.

In Japanese stock markets, the Nikkei Stock Average fell to ¥8,135.79 at one point in November 2011, owing to European financial market concerns and uncertain overseas economic conditions, as well as ongoing yen appreciation. However, owing to financial easing in the United States, Europe and Japan, the Nikkei rallied significantly in the second half, recovering to the ¥10,000 level in March 2012. Expectations of domestic reconstruction demand are also seen as one factor behind the rise in stock prices. As of March 31, 2012, the Nikkei rose to ¥10,083.56, up ¥328.46 from its level a year earlier.

In foreign exchange markets, yen appreciation against the U.S. dollar continued as during the previous fiscal year, with the yen appreciating to ¥75 against the U.S. dollar at one point in October 2011. Thereafter, the yen traded in a range from ¥76 to ¥79 to the dollar for several months, before the Bank of Japan intervened with monetary easing measures. These caused the trend to reverse, prompting substantial depreciation of the yen against the dollar. As of March 31, 2012, the yen was trading at ¥82.19 against the U.S. dollar, ¥0.96 higher than a year earlier.

(2)Sony Life's Investment Policy

For general account assets, Sony Life takes an investment approach that balances profitability and market risk in our aim to achieve stable investment income and asset soundness. Sony Life controls the interest rate risk in its portfolio while investing in bonds, mainly JGBs with long-terms to maturity.

(3) Results of Investment

As of March 31, 2012, general account assets totaled ¥4,778.5 billion, up 10.5%, or ¥453.3 billion, from a year earlier. Within general account assets, Japanese government and corporate bonds totaled ¥3,975.7 billion (accounting for 83.2% of total general account assets), foreign bonds ¥59.6 billion (1.2%), Japanese stocks ¥45.0 billion (0.9%), monetary trusts ¥288.2 billion (6.0%), policy loans ¥138.7 billion (2.9%), real estate ¥72.9 billion (1.5%), and cash and deposits and call loans ¥64.8 billion (1.4%).

Portfolio of general account assets

General account assets

					(N	1illions of yen)
		2010		2011		2012
As of March 31	Amount	% of total	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 116,442	3.0%	¥ 80,059	1.9%	¥ 64,869	1.4%
Securities repurchased						
under resale agreements	_	_	_	_	_	_
Pledged money for bond						
borrowing transaction	_	_	_	_	_	-
Monetary claims purchased	_	_	_	_	_	_
Securities under						
proprietary accounts	_	_	_	_	_	-
Monetary trusts	288,772	7.4	276,475	6.4	288,297	6.0
Securities	3,188,812	81.5	3,644,781	84.3	4,114,529	86.1
Japanese government and						
corporate bonds	3,032,933	77.5	3,499,914	80.9	3,975,755	83.2
Japanese stocks	72,525	1.9	64,011	1.5	45,052	0.9
Foreign securities	75,285	1.9	74,240	1.7	90,162	1.9
Bonds	49,915	1.3	44,212	1.0	59,632	1.2
Stocks, etc	25,370	0.6	30,027	0.7	30,529	0.6
Other securities	8,067	0.2	6,615	0.2	3,558	0.1
Loans	127,599	3.3	134,419	3.1	138,909	2.9
Policy loans	127,599	3.3	134,419	3.1	138,782	2.9
Commercial loans	_	_	_	_	127	0.0
Real estate	79,915	2.0	75,162	1.7	72,960	1.5
Deferred tax assets	27,686	0.7	40,738	0.9	26,986	0.6
Other assets	83,918	2.1	73,799	1.7	72,219	1.5
Reserve for possible loan losses	(212)	(0.0)	(228)	(0.0)	(214)	(0.0)
Total	¥3,912,935	100.0%	¥4,325,208	100.0%	¥4,778,556	100.0%
Of which, foreign-currency-						
denominated assets	21,724	0.6	27,537	0.6	42,996	0.9

Changes in general account assets by categories

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Cash and deposits, call loans	¥ 58,390	¥ (36,383)	¥ (15,190)
Securities repurchased under resale agreements	_	`	
Pledged money for bond borrowing transaction	_	_	_
Monetary claims purchased	_	_	_
Securities under proprietary accounts	_	_	_
Monetary trusts	(318,853)	(12,296)	11,821
Securities	629,574	455,969	469,747
Japanese government and corporate bonds	648,465	466,981	475,841
Japanese stocks	21,551	(8,514)	(18,958)
Foreign securities	(39,993)	(1,045)	15,921
Bonds	(43,794)	(5,702)	15,420
Stocks, etc.	3,800	`4,657 [´]	501
Other securities	(448)	(1,451)	(3,056)
Loans	7,137	`6,819 [°]	4,490
Policy loans	7,137	6,819	4,362
Commercial loans	_	_	127
Real estate	(1,838)	(4,752)	(2,202)
Deferred tax assets	(7,753)	13,052	(13,752)
Other assets	10,511	(10,119)	(1,580)
Reserve for possible loan losses	(3)	` (16)	14
Total	¥ 377.165	¥412.273	¥453.348
Of which, foreign-currency-denominated assets	(12,574)	5,812	15,459

4-2 Investment yield by type of asset (general account)

			(%)
For the years ended March 31	2010	2011	2012
Cash and deposits, call loans	0.08%	0.07%	0.06%
Securities repurchased under resale agreements	_	-	-
Pledged money for bond borrowing transaction	_	_	-
Monetary claims purchased	_	-	-
Securities under proprietary accounts	-	-	_
Monetary trusts	4.76	2.55	1.97
Securities	2.16	2.70	2.14
Japanese government and corporate bonds	2.12	2.80	2.22
Japanese stocks	13.13	0.57	(2.81)
Foreign securities	(2.21)	0.25	1.41
Loans	4.05	3.98	3.93
Commercial loans	_	_	0.17
Real estate	4.73	4.43	5.16
Total	2.54%	2.68%	2.17%

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 Act of Japan are not accounted for.

4-3 Average balance by type of asset (general account)

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Cash and deposits, call loans	¥ 84,936	¥ 71,519	¥ 61,435
Securities repurchased under resale agreements	_	_	-
Pledged money for bond borrowing transaction	_	_	-
Monetary claims purchased	_	_	-
Securities under proprietary accounts	_	_	-
Monetary trusts	481,099	273,417	268,452
Securities	2,800,103	3,411,382	3,837,534
Japanese government and corporate bonds	2,632,552	3,262,516	3,697,915
Japanese stocks	53,771	62,069	48,785
Foreign securities	106,286	74,286	87,583
Loans	123,266	131,110	136,567
Commercial loans	-	_	76
Real estate	78,123	75,544	71,091
Total	¥3,630,845	¥4,024,461	¥4,438,479
Of which, overseas investment	106,333	74,323	87,607

4-4 Investment income (general account)

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Interest income and dividends	¥ 70,668	¥ 87,533	¥ 97,960
Gains on securities under proprietary accounts	_	_	-
Income from monetary trusts, net	22,887	6,983	5,278
Income from trading securities, net	_	_	_
Gains on sale of securities	15,107	24,982	7,556
Gains on redemption of securities	3,939	0	_
Gains on derivatives, net	_	_	_
Foreign exchange gains, net	_	_	_
Reversal of reserve for possible loan losses	_	_	-
Other investment income	37	1	12
Total	¥112,639	¥119,500	¥110,807

4-5 Investment expenses (general account)

_			(Millions of yen)
For the years ended March 31	2010	2011	2012
Interest expense	¥ 29	¥ 56	¥ 55
Losses on securities under proprietary accounts	-	_	-
Losses on monetary trusts, net	-	-	-
Losses on trading securities, net	-	-	-
Losses on sale of securities	10,073	1,866	2,607
Devaluation losses on securities	-	348	1,692
Losses on redemption of securities	361	23	-
Losses on derivatives, net	_	_	-
Foreign exchange losses	833	533	1,376
Provision for reserve for possible loan losses	3	20	2
Write-off of loans	_	_	-
Depreciation of real estate for rent and others	2,763	2,551	2,330
Other investment expenses	6,518	6,432	6,305
Total	¥20,584	¥11,832	¥14,370

4-6 Interest income and dividends (general account)

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Interest income from deposits	¥ 0	¥ 0	¥ 0
Interest income and dividends from securities	54,662	70,883	81,245
Interest income from Japanese bonds	51,554	67,940	77,182
Dividends from Japanese stocks	937	1,185	869
Interest income and dividends from foreign securities	1,806	1,436	2,908
Interest income from loans	4,991	5,216	5,367
Income from real estate for rent	10,942	11,379	11,241
Total, including others	¥70,668	¥87,533	¥97,960

4-7 Gains on sale of securities (general account)

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Gains on sale of Japanese bonds (including JGBs)	¥ 4,126	¥23,806	¥4,975
Gains on sale of Japanese stocks	10,614	1,113	2,333
Gains on sale of foreign securities	367	62	248
Total	¥15,107	¥24,982	¥7,556

4-8 Losses on sale of securities (general account)

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Losses on sale of Japanese bonds (including JGBs)	¥ –	¥ 7	¥ 193
Losses on sale of Japanese stocks	7,904	1,782	2,411
Losses on sale of foreign securities	2,168	77	2
Total	¥10,073	¥1,866	¥2,607

4-9 Devaluation losses on securities (general account)

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Devaluation losses on Japanese bonds (including JGBs)	¥-	¥ -	¥ –
Devaluation losses on Japanese stocks	-	348	1,692
Devaluation losses on foreign securities	_	_	_
Total	¥–	¥348	¥1,692

4-10 Securities (general account)

					(1)	1illions of yen)
		2010		2011		2012
As of March 31	Amount	% of total	Amount	% of total	Amount	% of total
Japanese government bonds	¥2,955,399	92.7%	¥3,462,375	95.0%	¥3,941,696	95.8%
Japanese municipal bonds	19,752	0.6	4,376	0.1	3,531	0.1
Japanese corporate bonds	57,780	1.8	33,162	0.9	30,527	0.7
Of which,						
public corporation bonds	37,585	1.2	28,168	0.8	27,189	0.7
Japanese stocks	72,525	2.3	64,011	1.8	45,052	1.1
Foreign securities	75,285	2.4	74,240	2.0	90,162	2.2
Bonds	49,915	1.6	44,212	1.2	59,632	1.4
Stocks, etc	25,370	0.8	30,027	0.8	30,529	0.7
Other securities	8,067	0.3	6,615	0.2	3,558	0.1
Total	¥3,188,812	100.0%	¥3,644,781	100.0%	¥4,114,529	100.0%

4-11 Balance of securities by remaining period (general account)

							(Millions of yen)
							2010
		Due after	Due after	Due after	Due after	Due after	
	Due in	1 year	3 years	5 years	7 years	10 years	
	1 year	through	through	through	through	(including no	
As of March 31	or less	3 years	5 years	7 years	10 years	fixed maturity)	Total
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 after	Due after	Due after	Due after	Due after	
	Due in	1 year	3 years	5 years	7 years	10 years	
	1 year	through	through	through	through	(including no	
As of March 31	or less	3 years	5 years	7 years	10 years	fixed maturity)	Total
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

							(Millions of yen)
							2012
		Due after	Due after	Due after	Due after	Due after	
	Due in	1 year	3 years	5 years	7 years	, 10 years	
A (NA 1-24	1 year	through	through	through	through	(including no	.
As of March 31	or less	3 years	5 years	7 years	10 years	fixed maturity)	Total
Securities	¥1,256	¥29,587	¥25,780	¥29,166	¥18,762	¥4,009,976	¥4,114,529
Japanese government bonds	_	14,892	12,589	15,590	5,412	3,893,211	3,941,696
Japanese municipal bonds	_	3,531	_	_	_	_	3,531
Japanese corporate bonds	_	7,105	2,096	104	_	21,220	30,527
Japanese stocks	_	_	_	_	_	45,052	45,052
Foreign securities	1,256	3,637	11,094	12,041	13,349	48,783	90,162
Bonds	_	_	1,790	4,641	10,338	42,862	59,632
Stocks, etc	1,256	3,637	9,304	7,399	3,010	5,921	30,529
Other securities	_	420	_	1,429	0	1,708	3,558
Monetary claims purchased	_	_	_	_	_	_	_
Certificates of deposit	_	_	_	_	_	_	_
Others	_	_	_	_	_	_	_
Total	¥1,256	¥29,587	¥25,780	¥29,166	¥18,762	¥4,009,976	¥4,114,529

4-12 Fiscal year-end yields on bonds (general account)

			(%)
As of March 31	2010	2011	2012
Japanese government and corporate bonds	2.07%	2.12%	2.13%
Foreign bonds	0.82	0.31	1.26

4-13 Japanese stock holdings by industry (general account)

					(Millions of yen)
		2010		2011		2012
A £ M 21	A	Composition	A	Composition	A	Composition
As of March 31 Fisheries, agriculture and forestry	Amount ¥ 59	(%) 0.1%	Amount ¥ 50	(%) 0.1%	Amount ¥ –	
Mining	217	0.170	287	0.4	256	0.6
Construction	1,175	1.6	1,101	1.7	1,223	2.7
Manufacturing industries	1,173	1.0	1,101	1.7	1,223	2.7
Food products	1,976	2.7	1,433	2.2	366	0.8
Textiles and clothing	485	0.7	558	0.9	463	1.0
Pulp and paper	220	0.3	179	0.3	-	-
Chemicals	3,524	4.9	3,051	4.8	1,636	3.6
Medical products	2,373	3.3	2,156	3.4	2,123	4.7
Oil and coal products	388	0.5	480	0.8	280	0.6
Rubber products	321	0.4	349	0.5	404	0.9
Glass and stone products	725	1.0	746	1.2	140	0.3
Steel	1,583	2.2	1,145	1.8	187	0.3
Non-steel metals	686	0.9	662	1.0	521	1.2
Metal products	428	0.9	448	0.7	249	0.6
Machinery	2,733	3.8	2,863	4.5	2,229	4.9
Electric appliances	8,743	12.1	7,714	12.1	5,160	11.5
Transportation vehicles	5,768	8.0	7,7 14 5,352	8.4	4,406	9.8
•	918	1.3	3,332 745	1.2	619	1.4
Precision machinery	1,521	2.1	1,092	1.7	138	0.3
Others		4.0	•	1.7	486	1.1
Electric and gas utilities	2,926	4.0	1,146	1.0	400	1.1
Transportation/information telecommunications						
Ground transportation	2,248	3.1	1,843	2.9	1,961	4.4
Water transportation	313	0.4	285	0.4	_	-
Air transportation	252	0.3	234	0.4	_	-
Warehouses/transportation	141	0.2	124	0.2	_	-
Information/						
telecommunications	3,117	4.3	3,219	5.0	2,972	6.6
Commerce						
Wholesalers	3,235	4.5	3,044	4.8	1,393	3.1
Retailers	5,741	7.9	4,484	7.0	5,310	11.8
Financial services/insurance						
Banking	5,353	7.4	4,307	6.7	_	-
Securities and commodity						
futures trading	1,058	1.5	707	1.1	_	
Insurance	11,593	16.0	11,576	18.1	10,920	24.2
Other financial services	483	0.7	420	0.7	241	0.5
Real estate	1,327	1.8	1,201	1.9	_	
Service companies	882	1.2	996	1.6	1,357	3.0
Total	¥72,525	100.0%	¥64,011	100.0%	¥45,052	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	2010	2011	2012
Policy loans	¥127,599	¥134,419	¥138,782
Policyholder loans	113,455	119,456	123,488
Automatic premium loans	14,144	14,963	15,293
Commercial loans	_	_	127
[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	_	_	127
Total	¥127,599	¥134,419	¥138,909

4-15 Tangible fixed assets (general account)

Tangible fixed assets

Tangible fixed assets							
						1)	Millions of yen)
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	Amount of accumulated depreciation	% of accumulated depreciation
Land	¥33,076	¥ –	¥ –	¥ –	¥33,076	¥ –	-%
Buildings	47,498	2,335	103 [3]	2,891	46,839	14,026	23.0
Leased assets	337	_	0	64	272	188	40.8
Construction in progress	1,179	_	1,179	_	_	_	_
Other tangible assets	701	307	15 [0]	257	735	1,104	60.0
Total	¥82,793	¥2,642	¥1,299 [3]	¥3,213	¥80,923	¥15,318	24.3%
Of which, investment							
and rental properties	79,111	462	120	2,686	76,767	13,683	23.3
						1)	Millions of yen)
							2011
For the year ended March 21	Balance at the end of the previous	Increase in the current period	Decrease in the current	Amount of depreciation in the current	Balance at the end of the current period	Amount of accumulated	% of accumulated
For the year ended March 31	period 		period ¥ 1.607	period ¥ _	1/21 460	depreciation _	depreciation _%

							2011
	Balance at			Amount of	Balance at		
	the end of	Increase in	Decrease in	depreciation	the end of	Amount of	% of
Fanthaman and d Manah 21	the previous	the current	the current	in the current	the current	accumulated	accumulated
For the year ended March 31	period	period	period	period	period	depreciation	depreciation
Land	¥33,076	¥ -	¥ 1,607	¥ –	¥31,469	¥ –	-%
			[1,016]				
Buildings	46,839	746	1,181	2,709	43,693	16,294	27.2
			[271]				
Leased assets	272	_	_	42	230	133	36.7
Construction in progress	_	_	_	_	_	_	_
Other tangible assets	735	112	4	222	621	1,244	66.7
			[0]				
Total	¥80,923	¥859	¥ 2,793	¥2,975	¥76,014	¥17,673	28.4%
			[1,288]				
Of which, investment							
and rental properties	76,767	529	2,767	2,493	72,037	15,753	27.3
			[1,280]				

						(,	illions of yell)
							2012
For the year ended March 31	Balance at the beginning of the fiscal year	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	Amount of accumulated depreciation	% of accumulated depreciation
Land	¥31,469	¥ -	¥ -	¥ -	¥31,469	¥ –	-%
Buildings	43,693	295	21	2,476	41,491	18,727	31.1
			[0]				
Leased assets	230	_	_	23	207	119	36.7
Construction in progress	_	_	_	_	_	_	-
Other tangible assets	621	87	3	193	511	1,395	73.2
			[0]				
Total	¥76,014	¥382	¥24	¥2,693	¥73,678	¥20,243	32.4%
			[0]				
Of which, investment							
and rental properties	72,037	182	4	2,272	69,942	18,008	31.1

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

			(Millions of yen)
As of March 31	2010	2011	2012
Real estate balance	¥79,915	¥75,162	¥72,960
For corporate use	3,739	3,624	3,442
For rent	76,175	71,537	69,517
Number of buildings for rent	5	4	4

4-16 Overseas investment (general account)

Details by assets

_					(Mi	llions of yen)
		2010		2011		2012
As of March 31	Amount	% of total	Amount	% of total	Amount	% of total
Assets denominated in foreign currency (yen amount not fixed)						
Foreign bonds	¥ –	-%	¥ 1,828	2.5%	¥16,770	18.6%
Foreign stocks	3,846	5.1	4,026	5.4	4,301	4.8
Cash, deposits and other	17,876	23.7	21,682	29.2	21,924	24.3
Subtotal	21,723	28.8	27,537	37.1	42,996	47.6
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	53,600	71.2	46,761	62.9	47,273	52.4
Subtotal	53,600	71.2	46,761	62.9	47,273	52.4
Total						
Overseas investment	¥75,323	100.0%	¥74,299	100.0%	¥90,270	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.

							(Mill	ions of yen)
								2010
	F!-			Of which,	£ !	Of which,		o borrowers
	Foreig	gn securities		reign bonds	toreigi	n stocks, etc.	located outs	
As of March 31	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%	¥–	-%

							(Mill	lions of yen)
								2011
	Foreig	gn securities	fo	Of which, reign bonds	foreign	Of which, stocks, etc.	Loans t located outs	o borrowers ide of Japan
As of March 31	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%	¥–	-%

							(Mill	ions of yen)
								2012
	Foreig	n securities	fo	Of which, reign bonds	foreign	Of which, stocks, etc.	Loans to located outs	o borrowers
As of March 31	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
North America	¥16,702	18.5%	¥ 9,305	15.6%	¥ 7,397	24.2%	¥-	-%
Europe	52,675	58.4	42,862	71.9	9,813	32.1	_	-
Oceania	7,465	8.3	7,465	12.5	_	_	_	-
Asia	3,047	3.4	_	_	3,047	10.0	_	-
Latin America	10,270	11.4	_	_	10,270	33.6	_	-
Middle East	_	_	_	_	_	_	_	-
Africa	_	_	_	_	_	_	_	-
International organizations	_	_	_	_	_	_	_	
Total	¥90,162	100.0%	¥59,632	100.0%	¥30,529	100.0%	¥–	-%

Foreign-currency-denominated assets by currency

					1)	fillions of yen)
_		2010		2011		2012
As of March 31	Amount	% of total	Amount	% of total	Amount	% of total
U.S. dollar	¥12,579	57.9%	¥16,051	58.3%	¥23,476	54.6%
Euro	5,762	26.5	8,016	29.1	8,463	19.7
Canadian dollar	_	-	-	-	_	-
Australian dollar	_	_	_	_	7,530	17.5
British pound	332	1.5	418	1.5	473	1.1
Philippine peso	3,047	14.0	3,047	11.1	3,047	7.1
Chinese yuan	0	0.0	2	0.0	3	0.0
New Taiwanese dollar	0	0.0	0	0.0	2	0.0
Total	¥21,723	100.0%	¥27,537	100.0%	¥42,996	100.0%

4-17 Yield on overseas investments (general account)

			(%)
For the years ended March 31	2010	2011	2012
Yield on overseas investments	(2.22%)	0.24%	1.41%

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		2011	2012
(A) Total solvency margin		¥625,790	¥722,175
Common stock, etc		200,773	223,100
Reserve for price fluctuations		16,768	25,319
Contingency reserve		51,559	55,338
	n losses	0	0
	ecurities multiplied by 90% (100% if losses)	20,820	54,656
	ate multiplied by 85% (100% if losses)	1,002	(173)
	s based on Zillmer method	334,201	350,404
·	r policyholders' dividends	1,186	700
		63,388	58,774
		-	-
	nt of policy reserves based on Zillmer method	, ,	
	not included in the margin	(63,912)	(45,945)
			_
(B) Total risk			
	R4	72,763	72,930
Insurance risk	R_1	20,014	20,850
Third-sector insurance risk	R8	7,269	7,509
Assumed interest rate risk	R ₂	27,902	28,509
Minimum guarantee risk	R ₇	8,820	9,904
Asset management risk	R ₃	28,726	26,741
Business management risk	R4	1,854	1,870
Solvency margin ratio			
[(A)/{(B)×1/2}]×100		1,720.0%	1,980.4%

Notes: 1. The figures as of March 31, 2012 are calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 of 1996. Cabinet Office Ordinance No. 23 of 2010 and Public Notice of Financial Services Agency 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). The figures as of March 31, 2011 are calculated on the assumption that these changes were applied as of March 31, 2011. The figure is also included in disclosures for the fiscal year ended March 31, 2011.

<Reference> Real net assets

			(Billions of yen)
As of March 31	2010	2011	2012
(1) Total amount to be recorded as assets (=1+2+3+4-5)	¥4,268.7	¥4,703.1	¥5,379.3
① Total assets on the balance sheet	4,286.5	4,723.3	5,222.8
② Difference between fair value and balance sheet amount of securities	(20.4)	(22.1)	155.8
③ Unrealized gain or loss on tangible fixed assets	2.6	1.9	0.6
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)	3,705.3	4,096.1	4,507.9
① Total liabilities on the balance sheet	4,095.2	4,507.9	4,958.0
② Reserve for price fluctuations	9.6	16.7	25.3
③ Contingency reserve	48.4	51.5	55.3
4 Part of reserves for future insurance claim payment	318.8	335.3	351.1
Excess of amount equivalent to surrender values (④(a))	316.5	334.2	350.4
Unallocated amount in reserve for policyholders' dividends (④(b))	2.3	1.1	0.7
⑤ Deferred tax liabilities for available-for-sale securities	12.8	8.0	18.3
Real net assets (A) (1)–(2)			
(including unrealized gains and losses on held-to-maturity securities)	563.4	606.9	871.4
(3) Unrealized gains and losses on held-to-maturity securities	(20.4)	(22.1)	155.8
Real net assets (B) (1)–(2)–(3)			
(excluding unrealized gains and losses on held-to-maturity securities)	583.8	629.1	715.5

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.

^{2.} Minimum guarantee risk is calculated based on the standardized approach.

<Reference>

Status of Insurance Claims Paying Ability (Solvency Margin Ratio Based on Previous Standards)

	_		(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 loa	n losses	0	0
Net unrealized gains on other s	ecurities multiplied by 90% (100% if losses)	33,040	20,820
Net unrealized gains on real est	ate multiplied by 85% (100% if losses)	1,633	1,002
Excess amount of policy reserve	es based on Zillmer method	316,510	334,201
Unallotted portion of reserve for	or 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
Minimum guarantee risk	R ₇	8,023	9,025
Asset management risk	R ₃	18,932	16,822
Business management risk	R ₄	1,292	1,294
Solvency margin ratio			
$[(A) / {(B) \times 1/2}] \times 100 \dots$		2,637.3%	2,900.1%

Notes: 1. The figures are calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 of 1996.

6. Balance of Separate Account Assets

			(Millions of yen)
As of March 31	2010	2011	2012
Individual variable life insurance and individual variable annuities	¥373,604	¥398,124	¥444,289
Group annuities	_	_	_
Total separate account	¥373,604	¥398,124	¥444,289

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)
		2010		2011		2012
As of March 31	Number	Amount	Number	Amount	Number	Amount
Variable life insurance						
(whole life type)	511,988	¥6,622,140	534,656	¥6,826,136	552,644	¥6,955,907
Variable life insurance						
(limited term type)	42,950	141,951	43,304	143,893	42,737	142,828
Variable life insurance						
(term type)	1,678	58,800	1,555	52,867	1,453	48,924
Total	556,616	¥6,822,892	579,515	¥7,022,897	596,834	¥7,147,660

Note: Amounts include the rider portion of variable life insurance.

 $^{{\}it 2. Minimum guarantee \ risk is \ calculated \ based \ on \ the \ standardized \ approach.}$

Individual variable annuities

_					(Millions of yen)
		2010		2011		2012
As of March 31	Number	Amount	Number	Amount	Number	Amount
Individual variable annuities	28,732	¥154,718	28,837	¥154,322	28,110	¥149,528

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

_					1)	4illions of yen)
_		2010		2011		2012
As of March 31	Amount	% of total	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 21,064	5.6%	¥ 23,544	5.9%	¥ 11,239	2.5%
Securities	350,302	93.8	372,801	93.6	430,490	96.9
Japanese government and						
corporate bonds	118,824	31.8	130,107	32.7	150,464	33.9
Japanese stocks	30,572	8.2	28,680	7.2	24,097	5.4
Foreign securities	110,758	29.6	118,088	29.7	140,010	31.5
Bonds	38,931	10.4	38,012	9.5	36,793	8.3
Stocks, etc	71,826	19.2	80,076	20.1	103,217	23.2
Other securities	90,147	24.1	95,925	24.1	115,918	26.1
Loans	_	_	_	_	_	-
Others	2,237	0.6	1,778	0.4	2,559	0.6
Reserve for possible loan losses	_	_	_	_	_	_
Total	¥373,604	100.0%	¥398,124	100.0%	¥444,289	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

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Interest income and dividends	¥ 6,063	¥ 6,663	¥ 7,405
Gains on sale of securities	1,955	4,416	5,690
Gains on redemption of securities	410	119	163
Valuation gains on securities	93,561	41,200	61,806
Foreign exchange gains, net	_	-	_
Gains on derivatives, net	82	_	_
Other investment income	0	4	2
Losses on sale of securities	8,959	2,987	14,199
Losses on redemption of securities	50	518	258
Devaluation losses on securities	26,268	48,779	30,830
Foreign exchange losses, net	3,831	7,308	6,359
Losses on derivatives, net	_	_	-
Other investment expenses	205	279	283
Net investment gains (losses)	¥62,757	¥ (7,470)	¥23,137

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

				(Millions of yen)		
		2010		2011		2012
		Net valuation gains (losses)		Net valuation gains (losses)		Net valuation gains (losses)
	Balance sheet	recorded	Balance sheet	recorded	Balance sheet	recorded
As of March 31	amount	in income	amount	in income	amount	in income
Trading-purpose securities	¥350,302	¥67,293	¥372,801	¥(7,579)	¥430,490	¥30,976

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 Not applicable

8. Number of Agencies

As of March 31	2010	2011	2012
Number of agencies	2,089	2,064	2,070

9. Number of Employees and Recruits

9-1 Number of employees

As of March 31	2010	2011	2012
Office employees	1,318	1,398	1,461
[Male]	[807]	[839]	[869]
[Female]	[511]	[559]	[592]
Sales employees	4,517	4,523	4,599*
[Male]	[4,486]	[4,492]	[4,570]
[Female]	[31]	[31]	[29]

^{*} Number of Lifeplanner sales employees (excluding those rehired on a fixed-term contract basis after retirement) is 4,045 as of March 31, 2012.

9-2 Number of recruits

For the years ended March 31	2010	2011	2012
Office employees	117	107	108
[Male]	[49]	[50]	[45]
[Female]	[68]	[57]	[63]
Sales employees	389	338	392
[Male]	[378]	[328]	[379]
[Female]	[11]	[10]	[13]

9-3 Average age and years of service

		2010	2011		2011			2012
As of March 31	Average age	Average years of service	Average age	Average years of service	Average age	Average years of service		
Office employees	38.4	8.5	38.7	8.9	39.3	9.4		
[Male]	[40.2]	[9.0]	[40.6]	[9.7]	[41.3]	[10.4]		
[Female]	[35.6]	[7.6]	[35.9]	[7.8]	[36.3]	[8.0]		
Sales employees	44.2	9.1	45.2	9.7	45.0	9.9		
[Male]	[44.2]	[9.2]	[45.3]	[9.8]	[45.0]	[9.9]		
[Female]	[39.7]	[2.5]	[39.7]	[2.7]	[41.6]	[3.0]		

10. Average Salary

10-1 Average salary (office employees)

		(T	housands of yen)
For the years ended March 31	2010	2011	2012
Office employees	¥469	¥466	¥469

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)

		(T	housands of yen)
For the years ended March 31	2010	2011	2012
Sales employees	¥584	¥614	¥619

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, 2010, 2011 and 2012

					(Millions of yen)		
	Amount	2010 (%)	Amount	(%)	Amount	(%)	Chango
Assets:	Amount	(70)	Amount	(70)	Amount	(70)	Change
Cash and deposits	¥ 3,507	3.57%	¥ 3,859	3.53%	¥ 5,161	4.35%	¥1,301
Cash	0	3.3.70	0	5.5575	0		,55 .
Deposits	3,507		3,859		5,161		
Securities	73,234	74.47	80,608	73.69	84,474	71.22	3,865
Japanese government bonds	29,333	7 1.17	44,619	75.05	57,709	7 1.22	3,003
Japanese municipal bonds	25,656		19,990		13,585		
Japanese corporate bonds	12,101		12,253		11,207		
Japanese stocks	12,101		12,233		600		
Foreign securities	997		897		897		
Other securities					474		
	5,144	0.22	2,848	0.25		0.27	40
Tangible fixed assets	325	0.33	384	0.35	434	0.37	49
Buildings	223		227		255		
Other tangible fixed assets	102	4.0.4	156	2.22	178		2.472
Intangible fixed assets	1,912	1.94	3,632	3.32	6,806	5.74	3,173
Software	1,250		3,056		3,179		
Software in progress	648		569		3,622		
Other intangible fixed assets	13		6		4		
Other assets	13,553	13.78	14,947	13.67	16,743	14.12	1,795
Accrued premiums	1,021		1,078		1,156		
Due from reinsurers	85		23		13		
Due from foreign reinsurers	_		_		0		
Accounts receivable	9,326		10,213		11,302		
Accrued income	149		153		151		
Deposits	405		416		410		
Deposits for earthquake							
insurance	23		25		0		
Suspense payments	2,540		3,036		3,708		
Deferred tax assets	5,807	5.91	5,949	5.44	4,993	4.21	(956)
Total Assets	¥98,340	100.00%	¥109,382	100.00%	¥118,612	100.00%	¥9,230

	(Millions of ye					Millions of yen)	
		2010		2011		2012	
	Amount	(%)	Amount	(%)	Amount	(%)	Change
Liabilities:							
Underwriting reserves	¥ 75,851	77.13%	¥ 84,978	77.69%	¥ 91,564	77.20%	¥6,585
Reserve for outstanding							
losses	17,725		20,904		24,192		
Underwriting reserves	58,125		64,073		67,371		
Other liabilities	5,809	5.91	6,212	5.68	7,512	6.33	1,300
Due to reinsurers	125		107		59		
Due to foreign reinsurers	10		8		5		
Income taxes payable	565		789		316		
Deposits received	7		8		10		
Accounts payable	2,076		2,147		3,012		
Suspense receipt	3,024		3,152		4,108		
Reserve for employees'							
retirement benefits	552	0.56	644	0.59	717	0.60	72
Reserve for directors'							
retirement benefits	28	0.03	34	0.03	40	0.03	5
Reserve for employees'							
bonuses	589	0.60	695	0.64	707	0.60	11
Reserve for price							
fluctuations and others	27	0.03	43	0.04	61	0.05	17
Reserve for price							
fluctuations	27		43		61		
Total Liabilities	82,858	84.26	92,609	84.67	100,603	84.82	7,994
Net Assets:							
Common stock	20,000	20.34	20,000	18.28	20,000	16.86	
Capital surplus	20,000	20.34	20,000	18.28	20,000	16.86	
Capital reserve	20,000		20,000		20,000		
Retained deficits	(24,543)	(24.96)	(23,246)	(21.25)	(21,946)	(18.50)	1,299
Other retained deficits	(24,543)	, ,	(23,246)	, ,	(21,946)	•	
Unappropriated	, ,		, ,				
retained deficits	(24,543)		(23,246)		(21,946)		
Total shareholders' equity	15,456	15.72	16,753	15.32	18,053	15.22	1,299
Net unrealized gains (losses)							
on other securities,							
net of taxes	25	0.03	19	0.02	(44)	(0.04)	(63)
Total valuation and							
translation adjustments	25	0.03	19	0.02	(44)	(0.04)	(63)
Total Net Assets	15,482	15.74	16,772	15.33	18,009	15.18	1,236
Total Liabilities and							
Net Assets	¥ 98,340	100.00%	¥109,382	100.00%	¥118,612	100.00%	¥9,230

Statements of Income

Sony Assurance Inc.

_				(Millions of yen)
	2010	2011	2012	Change
Ordinary Revenues	¥68,174	¥74,166	¥80,096	¥ 5,929
Underwriting income	67,468	73,375	79,172	5,797
Net premiums written	67,440	73,343	79,141	5,797
Interest and dividends on deposits of premiums	27	31	31	0
Investment income	681	766	872	105
Interest income and dividends	688	784	873	89
Gains on sale of securities	7	3	23	20
Gains on redemption of securities	12	10	6	(3)
Transfer to interest and dividends				
on deposits of premiums	(27)	(31)	(31)	0
Other ordinary income	24	24	50	26
Ordinary Expenses	65,609	72,021	77,236	5,215
Underwriting expenses	49,185	54,491	58,067	3,576
Net losses paid	34,573	39,256	45,032	5,776
Loss adjustment expenses	4,009	4,782	5,081	298
Net commissions and brokerage fees	1,271	1,324	1,367	42
Provision for reserve for outstanding losses	1,996	3,178	3,287	109
Provision for underwriting reserves	7,334	5,948	3,298	(2,650)
Other underwriting expenses	0	0	0	0
Investment expenses	13	2	4	1
Losses on sale of securities	12	_	0	0
Losses on redemption of securities	1	2	4	1
Operating, general and administrative expenses	16,389	17,491	19,084	1,592
Other ordinary expenses	20	36	79	43
Ordinary Profit	2,565	2,144	2,859	714
Extraordinary Gains	_	_	_	_
Extraordinary Losses	863	65	18	(47)
Losses on sale or disposal of fixed assets	848	49	0	(49)
Provision for reserve for price fluctuations and others	14	16	17	1
Provision for reserve for price fluctuations	14	16	17	1
Income Before Income Taxes	1,702	2,078	2,841	762
Income Taxes—current	658	920	555	(364)
Income Taxes—deferred	(561)	(138)	986	1,124
Total Income Taxes	97	781	1,541	760
Net Income	¥ 1,604	¥ 1,297	¥ 1,299	¥ 1

Statements of Changes in Net Assets

Sony Assurance Inc.

			(Millions of yen)
	2010	2011	2012
Shareholders' Equity			
Common stock			
Balance at the beginning of the current 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 beginning of the current 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 beginning of the current 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	20,000	20,000	20,000
Other retained deficits			
Unappropriated retained deficits for the period	(26.4.7)	(24542)	(22.246
Balance at the beginning of the current period	(26,147)	(24,543)	(23,246
Changes during the period		4.00-	
Net income	1,604	1,297	1,299
Total changes during the period	1,604	1,297	1,299
Balance at the end of the current period	(24,543)	(23,246)	(21,946
Total retained deficits			
Balance at the beginning of the current period	(26,147)	(24,543)	(23,246
Changes during the period			
Net income	1,604	1,297	1,299
Total changes during the period	1,604	1,297	1,299
Balance at the end of the current period	(24,543)	(23,246)	(21,946
Total shareholders' equity			
Balance at the beginning of the current period	13,852	15,456	16,753
Changes during the period			
Net income	1,604	1,297	1,299
Total changes during the period	1,604	1,297	1,299
Balance at the end of the current period	15,456	16,753	18,053
Valuation and Translation Adjustments	13,130	10,733	10,033
Net unrealized gains (losses) on other securities, net of taxes			
Balance at the beginning of the current period	(173)	25	19
	(173)	23	15
Changes during the period	100	(c)	(62
Net changes of items other than shareholders' equity	199	(6)	(63
Total changes during the period	199	(6)	(63
Balance at the end of the current period	25	19	(44
Total valuation and translation adjustments			
Balance at the beginning of the current period	(173)	25	19
Changes during the period			
Net changes of items other than shareholders' equity	199	(6)	(63
Total changes during the period	199	(6)	(63
Balance at the end of the current period	25	19	(44
Total Net Assets			
Balance at the beginning of the current period	13,678	15,482	16,772
Changes during the period	,		.,
Net income	1,604	1,297	1,299
Net changes of items other than shareholders' equity	199	(6)	(63
Total changes during the period	1,804	1,290	1,236
			-
Balance at the end of the current period	¥ 15,482	¥ 16,772	¥ 18,009

Statements of Cash Flows

Sony Assurance Inc.

				(Millions of yen)
	2010	2011	2012	Change
Cash flows from operating activities				
Income before income taxes	¥ 1,702	¥ 2,078	¥ 2,841	¥ 762
Depreciation and amortization	509	729	1,033	303
Increase in reserve for outstanding losses	1,996	3,178	3,287	109
Increase in underwriting reserves	7,334	5,948	3,298	(2,650)
Increase in reserve for employees' retirement benefits	90	91	72	(18)
Increase (decrease) in reserve for directors'				` '
retirement benefits	(9)	6	5	(1)
Increase in reserve for employees' bonuses	14	106	11	(94)
Increase in reserve for price fluctuations	14	16	17	1
Interest income and dividends	(688)	(784)	(873)	(89)
Gains on securities	(7)	(11)	(26)	(14)
Losses on tangible fixed assets	8	17	0	(16)
Losses on intangible fixed assets	840	32	_	(32)
Increase in other assets (excluding those related				
to investing and financing activities)	(1,412)	(1,390)	(1,797)	(407)
Increase in other liabilities (excluding those related				
to investing and financing activities)	390	198	1,786	1,587
Subtotal	10,782	10,218	9,658	(560)
Interest and dividends received	852	978	1,097	118
Income taxes paid	(651)	(715)	(1,041)	(326)
Net cash provided by operating activities	10,983	10,480	9,713	(767)
Cash flows from investing activities				
Purchases of securities	(26,309)	(30,050)	(26,589)	3,460
Proceeds from sale and redemption of securities	19,546	20,182	20,061	(121)
Total of net cash used in investment transactions	(6,763)	(9,867)	(6,528)	3,339
[Total of net cash used in operating activities				
and investment transactions]	[4,220]	[612]	[3,184]	[2,571]
Purchases of tangible fixed assets	(134)	(190)	(184)	6
Proceeds from sale of tangible fixed assets	0	_	-	_
Others, net	(1,293)	(2,366)	(4,071)	(1,705)
Net cash used in investing activities	(8,191)	(12,424)	(10,785)	1,639
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	2,792	(1,944)	(1,071)	872
Cash and cash equivalents at the beginning				,
of the fiscal year	5,859	8,652	6,707	(1,944)
Cash and cash equivalents at the end of the fiscal year	¥ 8,652	¥ 6,707	¥ 5,635	¥(1,071)

1. Loans by Borrower Category

			(Millions of yen)
As of March 31	2010	2011	2012
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 borrowers (other than bankrupt and quasi-bankrupt borrowers) 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	2010	2011	2012
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 Order for Enforcement of the Corporation Tax Act (Enforcement Order 97 of 1965), or 96-1-4 of the same order.

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 (3 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 loans described in notes 1. to 3. above.

3. Assets and Liabilities

3-1 Securities

_					(Millions of yen)		
		2010		2011	201		
As of March 31	Amount	Composition	Amount	Composition	Amount	Composition	
Japanese government bonds	¥29,333	40.1%	¥44,619	55.4%	¥57,709	68.3%	
Japanese municipal bonds	25,656	35.0	19,990	24.8	13,585	16.1	
Japanese corporate bonds	12,101	16.5	12,253	15.2	11,207	13.3	
Japanese stocks	_	_	_	_	600	0.7	
Foreign securities	997	1.4	897	1.1	897	1.1	
Other securities	5,144	7.0	2,848	3.5	474	0.6	
Total	¥73,234	100.0%	¥80,608	100.0%	¥84,474	100.0%	

3-2 Yield on securities (yield on investments)

			%
For the years ended March 31	2010	2011	2012
Japanese government and corporate bonds	1.00%	1.02%	1.04%
Japanese stocks	_	_	-
Foreign securities	2.22	1.96	2.11
Other securities	0.15	0.10	0.11
Total	0.97%	0.99%	1.03%
Yield on investments	0.98	1.00	1.06
(Reference) Yield on investments (market value basis)	1.28	0.99	0.95

3-3 Balance of securities by remaining period

_						(M	illions of yen)
							2010
	Less than	Over 1 year, not exceeding	Over 3 years, not exceeding	Over 5 years, not exceeding	Over 7 years, not exceeding	Over 10 years (including no fixed	
As of March 31	1 year	3 years	5 years	7 years	10 years	maturity)	Total
Japanese government bonds	¥ 5,813	¥14,362	¥3,773	¥ 203	¥ -	¥ 5,182	¥29,333
Japanese municipal bonds	7,345	14,679	1,312	614	_	1,703	25,656
Japanese corporate bonds	2,589	6,604	1,351	407	_	1,149	12,101
Japanese stocks	_	_	_	_	_	_	_
Foreign securities	100	400	299	_	104	92	997
Other securities	_	_	_	-	_	5,144	5,144
Total	¥15,848	¥36,047	¥6,737	¥1,224	¥104	¥13,272	¥73,234

						(M	lillions of yen)
							2011
	Less than	Over 1 year, not exceeding	Over 3 years, not exceeding	Over 5 years, not exceeding	Over 7 years, not exceeding	Over 10 years (including no fixed	
As of March 31	1 year	3 years	5 years	7 years	10 years	maturity)	Total
Japanese government bonds	¥ 3,607	¥15,243	¥11,910	¥ 316	¥388	¥13,152	¥44,619
Japanese municipal bonds	9,033	6,665	2,273	312	_	1,705	19,990
Japanese corporate bonds	3,831	4,201	1,890	554	212	1,562	12,253
Japanese stocks	_	_	_	_	_	_	_
Foreign securities	_	700	_	_	104	92	897
Other securities	_	_	_	_	_	2,848	2,848
Total	¥16,472	¥26,811	¥16,074	¥1,183	¥705	¥19,360	¥80,608

						(M	lillions of yen)	
							2012	
	Less than	Over 1 year, not exceeding	Over 3 years, not exceeding	Over 5 years, not exceeding	Over 7 years, not exceeding	Over 10 years (including no fixed		
As of March 31	1 year	3 years	5 years	7 years	10 years	maturity)	Total	
Japanese government bonds	¥11,032	¥14,409	¥ 922	¥2,747	¥10,448	¥18,149	¥57,709	
Japanese municipal bonds	5,370	2,819	991	643	2,053	1,706	13,585	
Japanese corporate bonds	2,722	2,991	816	1,408	1,857	1,410	11,207	
Japanese stocks	_	_	_	_	_	600	600	
Foreign securities	400	299	_	_	103	93	897	
Other securities	_	_	_	_	_	474	474	
Total	¥19,526	¥20,520	¥2,729	¥4,798	¥14,463	¥22,434	¥84,474	

3-4 Policy reserves and others

Reserve for outstanding losses

					(Millions	of yen)
As of March 31		2010		2011		2012
Fire	¥	0	¥	5	¥	0
Marine		6		15		180
Personal accident		753		828		841
Voluntary automobile	16	,750	19	,768	2	2,822
Compulsory automobile liability		215		287		348
Others		_		_		- 1
Total	¥17	,725	¥20),904	¥2	4,192

Underwriting reserves

			(Millions of yen)
As of March 31	2010	2011	2012
Fire	¥ 84	¥ 100	¥ 160
Marine	56	45	43
Personal accident	18,382	22,105	25,970
Voluntary automobile	38,267	40,499	39,895
Compulsory automobile liability	1,333	1,323	1,302
Others			_
Total	¥58,125	¥64,073	¥67,371

_								(Millions	of yen)
_									2010
	Une	earned					Reserve for		
	premium		um Catastrophe		Contingency	Refund	policyholders'		
As of March 31	r	eserve	re	serve	reserve	reserve	dividends		Total
Fire	¥	78	¥	5	¥0	¥–	¥–	¥	84
Marine		48		8	_	_	_		56
Personal accident	17	7,204	1,	,168	5	3	_	18	8,382
Voluntary automobile	27	7,555	10,	712	_	_	_	38	8,267
Compulsory automobile liability	•	1,333	_		_	_	_		1,333
Others							_		
Total	¥46	5,220	¥11,	895	¥6	¥3	¥–	¥5	8,125

_								(Millions	of yen)
									2011
	Une	earned					Reserve for		
	pre	emium Catastrophe		ophe	Contingency	Refund	policyholders'		
As of March 31	r	eserve	re	serve	reserve	reserve	dividends		Total
Fire	¥	92	¥	7	¥0	¥–	¥–	¥	100
Marine		40		4	_	_	_		45
Personal accident	20	0,689	1	,404	8	2	_	2	2,105
Voluntary automobile	30	0,011	10	,488	_	_	_	4	0,499
Compulsory automobile liability	•	1,323		_	_	_	_		1,323
Others		_		_	_	_	_		
Total	¥52	2,157	¥11	,905	¥8	¥2	¥–	¥6	4,073

						(Millions o	of yen)
							2012
	Unearned				Reserve for		
	premium	Catastrophe	Contingency	Refund	policyholders'		
As of March 31	reserve	reserve	reserve	reserve	dividends		Total
Fire	¥ 144	¥ 15	¥ 0	¥–	¥–	¥	160
Marine	40	3	_	_	_		43
Personal accident	24,264	1,648	53	3	_	25	5,970
Voluntary automobile	32,156	7,738	_	_	_	39	9,895
Compulsory automobile liability	1,302	_	_	_	_	1	1,302
Others	_	_			_		
Total	¥57,907	¥9,406	¥54	¥3	¥–	¥67	7,371

Note: The underwriting reserves for earthquake insurance and compulsory automobile liability insurance are included in the unearned premium reserve.

3-5 Calculation method for underwriting reserves

For the years ended March 31	2010	2011	2012
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 Act 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 Act 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 Act 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.

3-6 Other reserves

				(Millions of yen)
	2009				2010
			For the year er	nded March 31	
	As of March 31	Increase	Decrease —specific	Decrease —other	As of March 31
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	37	6	16	_	28
Reserve for employees' bonuses	575	589	575	_	589
Reserve for price fluctuations	12	14	_	_	27

				(Millions of yen)
	2010				2011
-			For the year er	ided March 31	
	As of March 31	Increase	Decrease —specific	Decrease —other	As of March 31
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	28	6	_	_	34
Reserve for employees' bonuses	589	695	589	_	695
Reserve for price fluctuations	27	16	_	_	43
				(Millions of yen)

					(1-111110113 OI yell)	
	2011				2012	
			For the year ended March 31			
	As of March 31	Increase	Decrease —specific	Decrease —other	As of March 31	
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	34	9	3	_	40	
Reserve for employees' bonuses	695	707	695	_	707	
Reserve for price fluctuations	43	17	_	_	61	

4. Profit and Loss

4-1 Gains (losses) on sale of securities and devaluation losses on securities

						(Millions of yen)
			2010			2011
			Devaluation			Devaluation
For the years ended March 31	Gains on sales	Losses on sales	losses	Gains on sales	Losses on sales	losses
Japanese government bonds, etc	¥7	¥12	¥–	¥3	¥–	¥–
Japanese stocks	_	_	_	_	_	-
Foreign securities	_		_		_	
Total	¥7	¥12	¥–	¥3	¥–	¥–

			(Millions of yen)
			2012
			Devaluation
For the year ended March 31	Gains on sales	Losses on sales	losses
Japanese government bonds, etc.	¥23	¥0	¥–
Japanese stocks	_	_	-
Foreign securities	_	_	_
Total	¥23	¥0	¥-

4-2 Gains (losses) on trading securities

Not applicable

4-3 Operating expenses (including loss adjustment expenses)

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Personnel expenses	¥ 5,819	¥ 6,542	¥ 7,131
Non-personnel expenses	13,985	15,074	16,425
Taxes	566	626	600
Contribution to fire prevention and traffic accident prevention	0	0	0
Contribution to Non-life Insurance Policyholders Protection Corporation of Japan	27	31	8
Net commissions and brokerage fees	1,271	1,324	1,367
Total	¥21,671	¥23,599	¥25,533

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)
		2010		2011		2012
For the years ended March 31	Gains	Losses	Gains	Losses	Gains	Losses
Land and buildings	¥–	¥ 5	¥–	¥ 7	¥–	¥0
Other tangible fixed assets	_	2	_	9	_	0
Intangible fixed assets	_	840	_	32	_	_
Total	¥–	¥848	¥–	¥49	¥–	¥0

5. Market Value Information, etc.

5-1 Securities

[For the years ended March 31, 2010 and 2011] Trading-purpose securities Not applicable

Held-to-maturity securities

					(№	Iillions of yen)
			2010			2011
	Balance sheet			Balance sheet		
As of March 31	amount	Fair value	Difference	amount	Fair value	Difference
Fair value is higher than balance sheet amount						
Japanese government and corporate bonds	¥50,936	¥51,543	¥607	¥54,861	¥55,376	¥ 514
Foreign securities	598	616	18	700	713	13
Subtotal	51,534	52,159	625	55,561	56,089	527
Fair value is lower than balance sheet amount						
Japanese government and corporate bonds	3,526	3,476	(50)	11,083	10,875	(207)
Foreign securities	399	392	(6)	196	193	(3)
Subtotal	3,926	3,869	(56)	11,280	11,069	(210)
Total	¥55,460	¥56,028	¥568	¥66,841	¥67,159	¥ 317

Stock of subsidiaries and affiliated companies Not applicable

Available-for-sale securities

					(№	1illions of yen)
			2010			2011
	Balance sheet	Acquisition		Balance sheet	Acquisition	
As of March 31	amount	cost	Difference	amount	cost	Difference
Balance sheet amount is higher than						
acquisition cost						
Japanese government and corporate bonds	¥10,063	¥ 9,983	¥ 79	¥ 5,609	¥ 5,552	¥ 57
Japanese stocks	_	_	_	_	_	_
Others	_	_	_	_	_	
Subtotal	10,063	9,983	79	5,609	5,552	57
Balance sheet amount is lower than						
acquisition cost						
Japanese government and corporate bonds	2,565	2,605	(39)	5,308	5,336	(27)
Japanese stocks	_	_	_	_	-	_
Others	5,144	5,144	_	2,848	2,848	
Subtotal	7,710	7,750	(39)	8,156	8,184	(27)
Total	¥17,773	¥17,733	¥ 40	¥13,766	¥13,736	¥ 29

Available-for-sale securities sold during the year

_					1)	1illions of yen)
			2010			2011
For the years ended March 31	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
Japanese government and corporate bonds	¥249	¥7	¥12	¥507	¥3	¥-

[For the year ended March 31, 2012] Trading-purpose securities Not applicable

Held-to-maturity securities

		(1	Millions of yen)
			2012
	Balance sheet		
As of March 31	amount	Fair value	Difference
Fair value is higher than balance sheet amount			
Japanese government and corporate bonds	¥72,797	¥74,289	¥1,491
Foreign securities	897	907	10
Subtotal	73,695	75,197	1,501
Fair value is lower than balance sheet amount			
Japanese government and corporate bonds	69	69	(0)
Foreign securities	_	_	
Subtotal	69	69	(0)
Total	¥73,765	¥75,266	¥1,501

Stock of subsidiaries and affiliated companies Not applicable

Available-for-sale securities

			(Millions of yen)
			2012
A (NA 1.24	Balance sheet		D:((
As of March 31	amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost			
Japanese government and corporate bonds	¥ 9,112	¥ 9,033	¥ 78
Japanese stocks	_	_	-
Others	_	_	
Subtotal	9,112	9,033	78
Balance sheet amount is lower than acquisition cost			
Japanese government and corporate bonds	522	545	(23)
Japanese stocks	600	718	(118)
Others	474	474	
Subtotal	1,596	1,739	(142)
Total	¥10,709	¥10,772	¥ (63)

Available-for-sale securities sold during the year

			(Millions of yen)
			2012
	Amount	Total gains	Total losses
For the year ended March 31	of sales	on sales	on sales
Japanese government and corporate bonds	¥3,008	¥23	¥0

Performance Indicators of Sony Assurance

1. Principal Indicators of Operating Performance

_					(Millions of yen)
For the years ended March 31	2008	2009	2010	2011	2012
Net premiums written	¥55,001	¥61,106	¥67,440	¥ 73,343	¥ 79,141
Year-on-year change	9.0%	11.1%	10.4%	8.8%	7.9%
Underwriting profit	2,277	1,665	1,979	1,469	2,109
Year-on-year change	41.4%	(26.9%)	18.9%	(25.8%)	43.5%
Ordinary revenues	55,649	61,882	68,174	74,166	80,096
Year-on-year change	9.1%	11.2%	10.2%	8.8%	8.0%
Ordinary profit	2,817	2,178	2,565	2,144	2,859
Year-on-year change	37.8%	(22.7%)	17.8%	(16.4%)	33.3%
Net income (loss)	2,185	(1,556)	1,604	1,297	1,299
Year-on-year change	36.7%	(171.2%)	_	(19.2%)	0.2%
Net loss ratio	53.5%	55.0%	57.2%	60.0%	63.3%
Net expense ratio	26.7%	26.7%	26.1%	25.5%	25.7%
Interest income and dividends	578	684	688	784	873
Year-on-year change	30.9%	18.2%	0.6%	13.9%	11.4%
Yield on investments (income basis)	0.99%	1.06%	0.93%	0.95%	0.98%
Yield on investments (realized basis)	1.02%	0.89%	0.94%	0.97%	1.01%
Securities	56,237	64,309	73,234	80,608	84,474
Loans	_	_	_	_	_
Underwriting reserves	42,711	50,791	58,125	64,073	67,371
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	15,385	13,678	15,482	16,772	18,009
Total assets	78,645	86,698	98,340	109,382	118,612
Assets accounted for as deposit premium accounts	_	_	_	_	_
Capital adequacy ratio	19.6%	15.8%	15.7%	15.3%	15.2%
Dividend payout ratio	_	_	_	_	-
Non-consolidated solvency margin ratio	1,073.9%	993.0%	1,018.5%	981.4%	557.8%
Number of employees	651	752	814	922	979

Note: Laws and regulations concerning the calculation of the non-consolidated solvency margin ratio have been revised, and the new (current) standards have been applied from the year ended March 31, 2012.

2. Underwriting Performance

2-1 Direct premiums written

						(Millions of yen)
			2010			2011
For the years ended March 31	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 278	0.4%	(26.6%)	¥ 185	0.3%	(33.6%)
Marine	_	_	_	_	_	_
Personal accident	6,941	10.4	4.3	7,135	9.8	2.8
Voluntary automobile	59,849	89.2	11.2	65,516	89.9	9.5
Compulsory automobile liability	_	_	_	_	_	_
Others	_	_	_	_	_	
Total	¥67,069	100.0%	10.2%	¥72,837	100.0%	8.6%
Direct net premiums written						
per employee	¥ 82		1.8%	¥ 78		(4.1%)

			(Millions of yen)
			2012
For the year ended March 31	Amount	Composition	YoY change
Fire	¥ 176	0.2%	(4.8%)
Marine	_	_	-
Personal accident	7,424	9.5	4.0
Voluntary automobile	70,712	90.3	7.9
Compulsory automobile liability	_	_	_
Others	_	_	
Total	¥78,313	100.0%	7.5%
Direct net premiums written per employee	¥ 79		1.3%

Notes: 1. Direct premiums written = Direct premiums written - (Returned premiums based on cancellations + Other returned premiums)

Direct net premiums written per employee = Direct net premiums written / Number of employees
 Sony Assurance has no deposits of premiums.

2-2 Net premiums written

						(Millions of yen)
			2010			2011
For the years ended March 31	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 12	0.0%	(32.9%)	¥ 8	0.0%	(34.6%)
Marine	2	0.0	(94.2)	5	0.0	148.2
Personal accident	7,168	10.6	3.4	7,369	10.0	2.8
Voluntary automobile	59,604	88.4	11.2	65,245	89.0	9.5
Compulsory automobile liability	651	1.0	32.0	714	1.0	9.7
Others	_	_	_	_	_	
Total	¥67,440	100.0%	10.4%	¥73,343	100.0%	8.8%

			(Millions of yen)
			2012
For the year ended March 31	Amount	Composition	YoY change
Fire	¥ 72	0.1%	780.1%
Marine	90	0.1	1,430.5
Personal accident	7,626	9.6	3.5
Voluntary automobile	70,457	89.0	8.0
Compulsory automobile liability	893	1.1	25.1
Others	_	_	_
Total	¥79,141	100.0%	7.9%

 $Note: Net\ premiums\ written = Direct\ net\ premiums\ written + Assumed\ net\ premiums\ written - Ceded\ net\ premiums\ written$

2-3 Net losses paid, net loss ratio

_						(Millions of yen)
			2010			2011
For the years ended March 31	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	¥ 0	0.0%	75.9%	¥ 0	0.0%	102.0%
Marine	2	0.0	125.4	11	0.0	187.5
Personal accident	1,479	4.3	22.9	1,620	4.1	24.6
Voluntary automobile	32,555	94.2	61.1	36,941	94.1	63.6
Compulsory automobile liability	535	1.5	82.1	683	1.7	95.6
Others	-	-	_	_	_	_
Total	¥34,573	100.0%	57.2%	¥39,256	100.0%	60.0%

			(Millions of yen)
			2012
For the year ended March 31	Amount	Composition	Net loss ratio
Fire	¥ 40	0.1%	56.9%
Marine	138	0.3	153.2
Personal accident	1,796	4.0	26.3
Voluntary automobile	42,193	93.7	66.8
Compulsory automobile liability	862	1.9	96.5
Others	_	_	
Total	¥45,032	100.0%	63.3%

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

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Expenses related to underwriting	¥17,573	¥18,738	¥20,342
Operating, general and administrative expenses related to underwriting	16,301	17,413	18,974
Net commissions and brokerage fees	1,271	1,324	1,367
Net expense ratio	26.1%	25.5%	25.7%

Note: Net expense ratio = Expenses related to underwriting / Net premiums written

2-5 Underwriting profit

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Underwriting income	¥67,468	¥73,375	¥79,172
Underwriting expenses	49,185	54,491	58,067
Operating, general and administrative expenses	16,301	17,413	18,974
Other income (expenses)	(0)	(0)	(21)
Underwriting profit	¥ 1,979	¥ 1,469	¥ 2,109

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.

Underwriting profit by type of policy

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Fire	¥ 43	¥ (30)	¥ (79)
Marine	167	41	(204)
Personal accident	277	224	132
Voluntary automobile	1,491	1,234	2,260
Compulsory automobile liability	_	_	-
Others	_	_	_
Total	¥1,979	¥1,469	¥2,109

2-6 Net loss ratio, net expense ratio and combined ratio

						%
			2010			2011
	Net loss	Net expense	Combined	Net loss	Net expense	Combined
For the years ended March 31	ratio	ratio	ratio	ratio	ratio	ratio
Fire	75.9%	(152.5%)	(76.6%)	102.0%	130.0%	232.0%
Marine	125.4	(1,456.9)	(1,331.5)	187.5	(747.2)	(559.8)
Personal accident	22.9	21.1	44.0	24.6	20.8	45.4
Voluntary automobile	61.1	27.0	88.1	63.6	26.4	90.1
Compulsory automobile liability	82.1	_	82.1	95.6	_	95.6
Others	-	_	_	_	_	
Total	57.2%	26.1%	83.3%	60.0%	25.5%	85.6%

			,,,
			2012
		Net expense	
For the year ended March 31	Net loss ratio	ratio	Combined ratio
Fire	56.9%	77.1%	134.0%
Marine	153.2	(6.9)	146.3
Personal accident	26.3	21.1	47.4
Voluntary automobile	66.8	26.5	93.3
Compulsory automobile liability	96.5	_	96.5
Others	_	_	_
Total	63.3%	25.7%	89.0%

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.

^{2.} Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.

3-2 Overview of asset management

						Millions of yen)
_		2010		2011		2012
As of March 31	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
Cash and deposits	¥ 3,507	3.6%	¥ 3,859	3.5%	¥ 5,161	4.4%
Call loans	_	_	_	_	_	_
Bond trading with repurchase						
agreement	-	-	_	-	_	-
Bonds paid for transactions						
in debentures	-	_	_	-	_	-
Monetary claims purchased	-	_	_	_	_	-
Securities under proprietary						
accounts	-	_	_	-	_	-
Monetary trusts	-	-	_	-	_	-
Securities	73,234	74.5	80,608	73.7	84,474	71.2
Loans	_	_	_	_	_	_
Land and buildings	223	0.2	227	0.2	255	0.2
Total	76,964	78.3	84,695	77.4	89,890	75.8
Total assets	¥98,340	100.0%	¥109,382	100.0%	¥118,612	100.0%

3-3 Interest income and dividends, yield on investments (income basis)

	(M				illions of yen)	
		2010		2011		2012
For the years ended March 31	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Cash and deposits	¥ 1	0.05%	¥ 1	0.04%	¥ 0	0.02%
Call loans	_	_	-	-	_	-
Bond trading with repurchase						
agreement	_	_	_	_	_	-
Bonds paid for transactions						
in debentures	_	_	_	_	_	-
Monetary claims purchased	_	_	_	_	_	-
Securities under proprietary						
accounts	_	_	_	-	_	-
Monetary trusts	_	_	_	_	_	-
Securities	686	0.97	783	0.99	872	1.03
Loans	_	_	_	_	_	-
Land and buildings	_	_	_	_	_	_
Subtotal	688	0.93	784	0.95	873	0.98
Others	0		0		0	
Total	¥688		¥784		¥873	
Yield on investments						
(realized basis)		0.94%		0.97%		1.01%
(Reference) Yield on investments						
(market value basis)		1.24		0.96		0.91

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

	(Millions of yen)					
		2010		2011		2012
		Composition		Composition		Composition
As of March 31	Amount	(%)	Amount	(%)	Amount	(%)
Foreign currency denominated						
Foreign bonds	¥ -	-%	¥ -	-%	¥ -	-%
Foreign stocks	_	-	_	_	_	-
Others				_	_	
Subtotal				_	_	
Yen denominated						
Loans to borrowers						
outside Japan	_	-	_	_	_	-
Foreign bonds	997	100.0	989	100.0	897	100.0
Others	_	_	_	_	_	_
Subtotal	997	100.0	989	100.0	897	100.0
<u>Total</u>	¥997	100.0%	¥989	100.0%	¥897	100.0%
Yield on overseas investments						
Yield on investments						
(income basis)		2.22%		1.96%		2.11%
Yield on investments						
(realized basis)		2.22%		1.96%		2.11%
(Reference) Yield on investments						
(market value basis)		2.22%		1.96%		2.11%

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.

4. Non-consolidated Solvency Margin Ratio

	_			(Millions of yen)
		2010	2011	2012
As of March 31		Previous standards	Previous standards	Current standards
	cy margin	¥27,444	¥28,758	¥27,511
Capital or treasury	3)	,		1=1,011
	ount of expected outflow from the company and			
the amount of valuation and t	ranslation adjustments and deferred assets)	15,456	16,753	18,053
Reserve for price fluctuations .		27	43	61
Contingency reserve		6	8	54
Catastrophe reserve		11,918	11,926	9,406
General reserve for possible loa	n losses	-	-	_
Net unrealized gains on other s	ecurities multiplied by 90% (100% if losses)	36	26	(63)
Net unrealized gains on real est	ate multiplied by 85% (100% if losses)	_	_	
Excess refund reserve		_	_	_
Subordinated debt		-	-	_
The portion of the excess refun	d reserve and subordinated debt that is			
		_	_	-
Deduction by intentional posse	ssion	_	-	-
				_
(B) Total risk				
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 +$	R ₆	5,388	5,860	9,862
Ordinary insurance risk	$R_1 \ \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots $	4,599	5,060	8,929
Third-sector insurance risk	R ₂	0	0	_
Assumed interest rate risk	R ₃	10	12	58
Asset management risk	R ₄	288	235	309
Business management risk	R ₅	165	177	297
Major catastrophe risk	R ₆	614	615	627
(C) Non-consolidated solvency ma	argin ratio			
[(A)/{(B)×1/2}]×100		1,018.5%	981.4%	557.8%

Note: The 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 Act 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.

"Current standards" indicate standards reflecting the revised content of Cabinet Office Ordinance No. 23 of 2010, Cabinet Office Ordinance No. 11 of 2011, and Public Notice of Financial Services Agency No. 48 of 2010, Public Notice of Financial Services Agency No. 24 of 2011 and Public Notice of Financial Services Agency No. 33 of 2012 (applied from March 31, 2012), whereas "previous standards" indicate standards prior to the reflection of the above-stated revised content.

^{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.

• Breakdown of Non-Consolidated 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 that 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 non-consolidated 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.

As of March 31		(Millions of yen) 2011 Current standards
A) Total non-consolidated solven	cy margin	¥28,758
Capital or treasury		
	ount of expected outflow from the company	
	and translation adjustments and deferred assets)	16,753
		43
		8
		11,926
	n losses	-
	ecurities multiplied by 90% (100% if losses)	26
	tate multiplied by 85% (100% if losses)	-
		-
		-
	d reserve and subordinated debt that is not included in the margin	-
	ssion	-
B) Total risk		
	R ₆	9,114
Ordinary insurance risk	R_1	8,207
Third-sector insurance risk	R ₂	(
Assumed interest rate risk	R ₃	49
Asset management risk	R ₄	400
Business management risk	Rs	278
Major catastrophe risk	R ₆	615
C) Non-consolidated solvency ma	argin ratio	

Non-consolidated 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 non-consolidated 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 Act of Japan, based on its percentage holdings of capital and other reserves (in other words, the total non-consolidated solvency margin, as indicated by (A)).

Non-consolidated Solvency Margin Ratio (%) = $\frac{\text{Ability to pay, indicated by such factors as capital and reserves}}{\text{Risk events outside the normal scope of expectations x 1/2}} \times 100$

- "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 riskRisk arising from such factors as unexpectedly large fluctuations in prices on held securities and other assets
- Business management risk
 Unexpected risk to business management other than ① through ③ above and ⑤
- S 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 non-consolidated 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 non-consolidated 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 consolidated subsidiaries As of March 31, 2010, 2011 and 2012

	(Millions of yen)			
	2010	2011	2012	
Assets:				
Cash and due from banks	¥ 51,501	¥ 47,265	¥ 89,567	
Call loans and bills bought	55,079	10,000	10,000	
Monetary claims purchased	3,292	_	_	
Monetary trusts	11,970	14,260	14,760	
Securities	877,133	935,121	905,882	
Loans	586,870	722,996	836,100	
Foreign exchanges	5,100	8,432	8,936	
Other assets	15,964	15,928	24,427	
Tangible fixed assets	649	787	1,071	
Buildings	102	206	193	
Other tangible fixed assets	546	581	877	
Intangible fixed assets	3,385	3,197	5,034	
Software	3,382	3,194	4,601	
Goodwill	_	_	338	
Other intangible fixed assets	3	3	93	
Deferred tax assets	1,364	2,199	2,047	
Customers' liabilities for acceptances and guarantees	_	1,000	1,000	
Allowance for loan losses	(807)	(1,121)	(1,634)	
Total Assets	¥1,611,506	¥1,760,070	¥1,897,192	

			(Millions of yen)
	2010	2011	2012
Liabilities:			
Deposits	¥1,509,488	¥1,647,751	¥1,761,136
Call money and bills sold	10,000	10,000	10,000
Borrowed money	2,000	2,000	12,000
Foreign exchanges	20	17	35
Other liabilities	31,527	40,213	50,134
Reserve for employees' bonuses	459	464	608
Reserve for employees' retirement benefits	299	390	440
Reserve for directors' retirement benefits	70	78	92
Provision for point card certificates	_	-	95
Reserve under specific law	2	4	6
Deferred tax liabilities	_	1	_
Acceptances and guarantees	_	1,000	1,000
Total Liabilities	1,553,867	1,701,921	1,835,550
Net Assets:			
Common stock	31,000	31,000	31,000
Capital surplus	21,000	21,000	21,000
Retained earnings	5,882	7,464	9,212
Total shareholders' equity	57,882	59,464	61,212
Net unrealized gains on other securities, net of taxes	900	426	1,767
Net deferred losses on hedging instruments, net of taxes	(1,143)	(1,742)	(2,597)
Total accumulated other comprehensive income	(243)	(1,315)	(830)
Minority interests	_		1,260
Total Net Assets	57,638	58,148	61,642
Total Liabilities and Net Assets	¥1,611,506	¥1,760,070	¥1,897,192

Consolidated Statements of Income

Sony Bank Inc. and consolidated subsidiaries For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Ordinary Revenues	¥30,520	¥29,559	¥32,553
Interest income	23,393	23,666	24,871
Interest income on loans	11,962	12,443	13,270
Interest income and dividends on securities	10,930	11,113	11,540
Interest income on call loans and bills bought	86	25	13
Interest income on deposits with banks	53	52	45
Other interest income	360	32	1
Fees and commissions	1,979	1,982	4,885
Other operating income	5,122	3,869	2,740
Other ordinary income	26	40	56
Income from monetary trusts, net	6	20	13
Others	20	20	42
Ordinary Expenses	28,091	26,650	28,589
Interest expenses	10,364	10,448	8,825
Interest expenses on deposits	8,535	8,402	6,879
Interest expenses on call money and bills sold	31	12	10
Interest expenses on borrowed money	50	50	146
Other interest expenses	1,747	1,982	1,789
Fees and commissions	2,153	2,123	2,437
Other operating expenses	2,986	480	698
General and administrative expenses	12,179	13,074	16,054
Other ordinary expenses	407	523	572
Provision of allowance for loan losses	388	456	536
Other ordinary expenses	18	66	35
Ordinary Profit	2,429	2,908	3,964
Extraordinary Gains	_	_	99
Reversal of reserve for employees' retirement benefits	_	_	99
Extraordinary Losses	86	11	457
Losses on disposal of fixed assets	86	0	52
Impairment losses	_	_	250
Cumulative effect on application of accounting standard			
for asset retirement obligations	_	11	_
Other extraordinary losses	_	_	153
Income Before Income Taxes	2,342	2,896	3,606
Income Taxes—current	663	1,620	2,049
Income Taxes—deferred	552	(307)	(204)
Total Income Taxes	1,215	1,313	1,845
Income Before Minority Interests	_	1,582	1,761
Minority Interests		_	13
Net Income	¥ 1,127	¥ 1,582	¥ 1,747

Consolidated Statements of Comprehensive Income

Sony Bank Inc. and consolidated subsidiaries For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Income Before Minority Interests	¥–	¥ 1,582	¥1,761
Other Comprehensive Income	-	(1,072)	485
Net unrealized gains (losses) on other securities, net of taxes	-	(474)	1,340
Net deferred losses on hedging instruments, net of taxes	_	(598)	(855)
Comprehensive Income	_	510	2,246
Comprehensive income attributable to parent company	_	510	2,232
Comprehensive income attributable to minority interests	_	-	13

Consolidated Statements of Changes in Net Assets

Sony Bank Inc. and consolidated subsidiaries For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Shareholders' Equity			
Common stock			
Balance at the beginning of the current period	¥ 31,000	¥31,000	¥31,000
Changes during the period			
Total changes during the period	_	-	_
Balance at the end of the current period	31,000	31,000	31,000
Capital surplus			
Balance at the beginning of the current period	21,000	21,000	21,000
Changes during the period			
Total changes during the period	_	_	_
Balance at the end of the current period	21,000	21,000	21,000
Retained earnings			
Balance at the beginning of the current period	4,754	5,882	7,464
Changes during the period			
Net income	1,127	1,582	1,747
Total changes during the period	1,127	1,582	1,747
Balance at the end of the current period	5,882	7,464	9,212
Total shareholders' equity			
Balance at the beginning of the current period	56,754	57,882	59,464
Changes during the period			
Net income	1,127	1,582	1,747
Total changes during the period	1,127	1,582	1,747
Balance at the end of the current period	57,882	59,464	61,212

(Continued on next page)

Consolidated Statements of Changes in Net Assets (Continued)

			(Millions of yen)
	2010	2011	2012
Accumulated other comprehensive income			
Net unrealized gains (losses) on other securities, net of taxes			
Balance at the beginning of the current period	¥ (9,688)	¥ 900	¥ 426
Changes during the period			
Net changes of items other than shareholders' equity	10,589	(474)	1,340
Total changes during the period	10,589	(474)	1,340
Balance at the end of the current period	900	426	1,767
Net deferred losses on hedging instruments, net of taxes			
Balance at the beginning of the current period	(1,633)	(1,143)	(1,742)
Changes during the period			
Net changes of items other than shareholders' equity	489	(598)	(855)
Total changes during the period	489	(598)	(855)
Balance at the end of the current period	(1,143)	(1,742)	(2,597)
Total accumulated other comprehensive income		<u> </u>	
Balance at the beginning of the current period	(11,322)	(243)	(1,315)
Changes during the period			
Net changes of items other than shareholders' equity	11,079	(1,072)	485
Total changes during the period	11,079	(1,072)	485
Balance at the end of the current period	(243)	(1,315)	(830)
Minority interests			
Balance at the beginning of the current period	_	_	_
Changes during the period			
Net changes of items other than shareholders' equity	_	_	1,260
Total changes during the period	_	_	1,260
Balance at the end of the current period	_	_	1,260
Total Net Assets			
Balance at the beginning of the current period	45,432	57,638	58,148
Changes during the period			
Net income	1,127	1,582	1,747
Net changes of items other than shareholders' equity	11,079	(1,072)	1,745
Total changes during the period	12,206	510	3,493
Balance at the end of the current period	¥ 57,638	¥58,148	¥61,642

Consolidated Statements of Cash Flows

Sony Bank Inc. and consolidated subsidiaries For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Cash flows from operating activities			
Income before income taxes	¥ 2,342	¥ 2,896	¥ 3,606
Depreciation and amortization	1,038	1,395	1,681
Impairment losses	_	_	250
Amortization of goodwill	_	_	59
Increase in allowance for loan losses	350	313	271
Increase in reserve for employees' bonuses	150	5	113
Increase in reserve for employees' retirement benefits	86	90	150
Increase in reserve for directors' retirement benefits	9	7	14
Increase in provision for point card certificates	_	_	18
Interest income	(23,393)	(23,666)	(24,871)
Interest expenses	10,364	10,448	8,825
(Gains) losses on securities	511	(279)	(3,952)
Gains on monetary trusts	(6)	(20)	(13)
Exchange losses	1,525	14,744	3,981
Losses on disposal of fixed assets	86	19	59
Net increase in loans	(109,797)	(136,126)	(113,103)
Net increase in deposits	183,950	137,731	111,212
Net (increase) decrease in call loans and bills bought	(5,170)	45,079	_
Net (increase) decrease in foreign exchange (assets)	1,254	(3,332)	(503)
Net increase (decrease) in foreign exchange (liabilities)	11	(3)	18
Interest income	23,923	25,601	27,302
Interest expenses	(11,135)	(11,067)	(9,137)
Others, net	7,073	6,724	6,346
Subtotal	83,177	70,563	12,331
Income taxes paid	(4)	(995)	(2,183)
Net cash provided by operating activities	83,172	69,567	10,147
Cash flows from investing activities			
Purchases of securities	(293,943)	(432,707)	(293,591)
Proceeds from sale of securities	45,359	71,038	74,079
Proceeds from redemption of securities	217,056	291,412	245,507
Investments in monetary trusts	(10,750)	(2,290)	(500)
Purchases of tangible fixed assets	(470)	(351)	(422)
Purchases of intangible fixed assets	(1,086)	(900)	(1,473)
Payments for transfer of business	_	_	(2,328)
Proceeds from purchases of stocks of a subsidiary resulting			
in change in scope of consolidation	_	<u> </u>	346
Net cash provided by (used in) investing activities	(43,834)	(73,797)	21,618
Cash flows from financing activities			
Increase in subordinated borrowings	_	-	10,000
Payments for leased obligations	(0)	(0)	(14)
Proceeds from securitization of receivables		-	550
Net cash provided by (used in) financing activities	(0)	(0)	10,535
Effect of exchange rate changes on cash and cash equivalents	_	(4)	(0)
Net increase (decrease) in cash and cash equivalents	39,337	(4,235)	42,301
Cash and cash equivalents at the beginning of the fiscal year	12,164	51,501	47,265
Cash and cash equivalents at the end of the fiscal year	¥ 51,501	¥ 47,265	¥ 89,567

Sony Bank Financial Data (Non-consolidated)

Non-consolidated Balance Sheets

Sony Bank Inc. As of March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Assets:			
Cash and due from banks	¥ 51,184	¥ 46,498	¥ 87,053
Cash	-	43	29
Due from banks	51,184	46,455	87,024
Call loans	55,079	10,000	10,000
Monetary claims purchased	3,292	-	-
Monetary trusts	10,750	12,740	13,240
Securities	880,133	940,121	912,933
Japanese government bonds	263,516	262,742	206,964
Japanese municipal bonds	7,050	17,509	29,149
Japanese corporate bonds	326,378	320,569	284,790
Japanese stocks	3,000	5,000	7,050
Other securities	280,188	334,299	384,977
Loans	586,654	722,452	835,582
Loans on deed	578,454	713,634	828,865
Overdrafts	8,199	8,818	6,716
Foreign exchanges	5,100	8,432	8,936
Due from foreign banks	5,100	8,432	8,936
Other assets	15,818	15,830	18,132
Domestic exchange settlement account debit	38	86	72
Prepaid expenses	60	97	72
Accrued income	3,336	3,847	4,209
Initial margin of futures markets	1,325	1,063	_
Derivatives	9,104	6,964	5,458
Accounts receivable	1,244	3,119	4,610
Others	710	653	3,709
Tangible fixed assets	637	778	794
Buildings	99	201	179
Other tangible fixed assets	538	576	615
Intangible fixed assets	2,977	2,897	2,624
Software	2,974	2,894	2,621
Other intangible fixed assets	2	2	2
Deferred tax assets	1,364	2,199	1,840
Customers' liabilities for acceptances and guarantees	_	1,000	1,000
Allowance for loan losses	(807)	(1,121)	(1,634)
Total Assets	¥1,612,186	¥1,761,830	¥1,890,503

			(Millions of yen)
	2010	2011	2012
Liabilities:			
Deposits	¥1,510,051	¥1,649,106	¥1,762,282
Ordinary deposits	278,492	315,236	331,606
Time deposits	905,362	973,162	1,056,957
Other deposits	326,197	360,706	373,719
Call money	10,000	10,000	10,000
Borrowed money	2,000	2,000	12,000
Borrowed money	2,000	2,000	12,000
Foreign exchanges	20	17	35
Foreign bills sold	1	10	1
Foreign bills payable	18	6	34
Other liabilities	30,329	38,829	41,300
Unsettled exchange payable	3	-	46
Income taxes payable	727	1,363	1,215
Accrued expenses	5,429	4,712	4,565
Unearned revenue	3, 123	2	0
Initial margins of futures markets	11,411	13,479	14,090
Derivatives	11,788	14,657	20,467
	11,700	1-7,057	20,407
Leased obligation	_	79	80
	965	4,533	831
Others	424	4,333 437	519
1 7			
Reserve for employees' retirement benefits	299	390	381
Reserve for directors' retirement benefits	70	78	92
Provision for point card certificates	_	1 000	95
Acceptances and guarantees		1,000	1,000
Total Liabilities	1,553,196	1,701,859	1,827,706
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	7,232	9,287	11,627
Other retained earnings	7,232	9,287	11,627
Unappropriated retained earnings	7,232	9,287	11,627
Total shareholders' equity	59,232	61,287	63,627
Net unrealized gains on other securities, net of taxes	900	426	1,767
Net deferred losses on hedging instruments, net of taxes	(1,143)	(1,742)	(2,597)
Total valuation and translation adjustments	(243)	(1,315)	(830)
Total Net Assets	58,989	59,971	62,796
Total Liabilities and Net Assets	¥1,612,186	¥1,761,830	¥1,890,503

Non-consolidated Statements of Income

Sony Bank Inc.

			(Millions of yen)
	2010	2011	2012
Ordinary Revenues	¥30,500	¥29,521	¥30,075
Interest income	23,389	23,652	24,859
Interest income on loans	11,960	12,431	13,260
Interest income and dividends on securities	10,930	11,113	11,540
Interest income on call loans	86	25	13
Interest income on deposits with banks	53	52	44
Interest income on interest rate swaps	2	_	-
Other interest income	356	30	-
Fees and commissions	1,945	1,935	2,384
Fees and commissions on domestic and foreign exchanges	188	193	176
Other fees and commissions	1,756	1,742	2,207
Other operating income	5,122	3,869	2,740
Gains on foreign exchange transactions	4,723	2,677	1,764
Gains on sale of bonds	398	959	975
Gains on redemption of bonds	0	232	0
Other ordinary income	43	63	92
Income from monetary trusts, net	3	18	12
Others	40	44	80
Ordinary Expenses	27,570	26,144	26,042
Interest expenses	10,362	10,445	8,777
Interest expenses on deposits	8,535	8,402	6,880
Interest expenses on call money	31	12	10
Interest expenses on borrowed money	50	50	101
Interest expenses on interest rate swaps	1,745	1,980	1,784
Fees and commissions	2,133	2,099	2,188
Fees and commissions on domestic and foreign exchanges	75	74	79
Other fees and commissions	2,058	2,024	2,109
Other operating expenses	2,986	480	698
Losses on sale of bonds	2,569	81	251
Expenses from derivatives other than for trading or hedging	416	399	447
General and administrative expenses	11,675	12,603	13,808
Other ordinary expenses	411	515	570
Provision of allowance for loan losses	388	456	536
Write-off of loans	_	0	9
Others	23	57	24
Ordinary Profit	2,930	3,377	4,033
Extraordinary Gains			99
Reversal of reserve for employees' retirement benefits	_	_	99
Extraordinary Losses	69	10	
Losses on disposal of fixed assets	69		_
Cumulative effect on application of accounting standard			
for asset retirement obligations	_	10	_
Income Before Income Taxes	2,861	3,366	4,132
Income Taxes—current	662	1,620	1,941
Income Taxes—deferred	552	(308)	(148)
Total Income Taxes	1,214	1,311	1,792
Net Income	¥ 1,646	¥ 2,054	¥ 2,340
	,	-,	-,

Non-consolidated Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2010, 2011 and 2012

			(Millions of yen)
	2010	2011	2012
Shareholders' Equity			
Common stock			
Balance at the beginning of the current period	¥ 31,000	¥31,000	¥31,000
Changes during the period			
Total changes during the period	_	_	_
Balance at the end of the current period	31,000	31,000	31,000
Capital surplus			
Capital reserve			
Balance at the beginning of the current period	21,000	21,000	21,000
Changes during the period			
Total changes during the period	_	_	_
Balance at the end of the current period	21,000	21,000	21,000
Total capital surplus			
Balance at the beginning of the current period	21,000	21,000	21,000
Changes during the period			
Total changes during the period	_	_	_
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 beginning of the current period	5,586	7,232	9,287
Changes during the period			
Net income	1,646	2,054	2,340
Total changes during the period	1,646	2,054	2,340
Balance at the end of the current period	7,232	9,287	11,627
Total retained earnings			
Balance at the beginning of the current period	5,586	7,232	9,287
Changes during the period			
Net income	1,646	2,054	2,340
Total changes during the period	1,646	2,054	2,340
Balance at the end of the current period	7,232	9,287	11,627
Total shareholders' equity	,	•	
Balance at the beginning of the current period	57,586	59,232	61,287
Changes during the period		·	
Net income	1,646	2,054	2,340
Total changes during the period	1,646	2,054	2,340
Balance at the end of the current period	59,232	61,287	63,627

(Continued on next page)

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

			(Millions of yen)
	2010	2011	2012
Valuation and Translation Adjustments			
Net unrealized gains (losses) on other securities, net of taxes			
Balance at the beginning of the current period	¥ (9,688)	¥ 900	¥ 426
Changes during the period			
Net changes of items other than shareholders' equity	10,589	(474)	1,340
Total changes during the period	10,589	(474)	1,340
Balance at the end of the current period	900	426	1,767
Net deferred losses on hedging instruments, net of taxes			
Balance at the beginning of the current period	(1,633)	(1,143)	(1,742)
Changes during the period			
Net changes of items other than shareholders' equity	489	(598)	(855)
Total changes during the period	489	(598)	(855)
Balance at the end of the current period	(1,143)	(1,742)	(2,597)
Total valuation and translation adjustments			
Balance at the beginning of the current period	(11,322)	(243)	(1,315)
Changes during the period			
Net changes of items other than shareholders' equity	11,079	(1,072)	485
Total changes during the period	11,079	(1,072)	485
Balance at the end of the current period	(243)	(1,315)	(830)
Total Net Assets			
Balance at the beginning of the current period	46,264	58,989	59,971
Changes during the period			
Net income	1,646	2,054	2,340
Net changes of items other than shareholders' equity	11,079	(1,072)	485
Total changes during the period	12,725	981	2,825
Balance at the end of the current period	¥ 58,989	¥59,971	¥62,796

1. Loans by Borrower Category

			(Millions of yen)
As of March 31	2010	2011	2012
Category			
Bankrupt and quasi-bankrupt loans	¥ 641	¥ 698	¥ 849
Doubtful loans	670	729	828
Sub-standard loans	621	1,384	2,073
Normal loans	593,165	732,927	845,977
Total	¥595,100	¥735,741	¥849,728

Notes: 1. Fractional amounts of less than ¥1 million are discarded.

2. Risk-monitored Loans

			(Millions of yen)
As of March 31	2010	2011	2012
Bankrupt loans	¥ 295	¥ 206	¥ 174
Non-accrual delinquent loans	1,007	1,213	1,369
Past due loans (3 months or more)	_	-	_
Restructured loans	621	1,383	2,068
Total	¥1,924	¥2,803	¥3,613

Note: The above table shows risk-monitored loans included in loans.

3. Profit and Loss

3-1 Gross operating profit

						(Naillians of you)
-			2010			(Millions of yen) 2011
For the years ended March 31	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	¥ 9,429	¥3,608	¥13,038	¥ 9,513	¥3,755	¥13,268
			[396]			[318]
Interest income	17,118	6,667	23,389	16,926	7,044	23,652
			[396]			[318]
Interest expenses	7,688	3,059	10,351	7,413	3,289	10,383
Net fees and commissions	(1,200)	1,012	(188)	(994)	830	(163)
Fees and commissions received	928	1,017	1,945	1,099	835	1,935
Fees and commissions paid	2,128	4	2,133	2,093	5	2,099
Net trading income	_	_	_	_	_	_
Trading income	_	_	_	_	_	_
Trading expenses	_	_	_	_	_	_
Net other operating income	(2,010)	4,146	2,136	430	2,959	3,389
Other operating income	115	5,006	5,122	779	3,089	3,869
Other operating expenses	2,125	860	2,986	349	130	480
Gross operating profit	6,218	8,766	14,985	8,949	7,545	16,494
Gross operating profit ratio	0.51%	2.54%	1.02%	0.66%	1.94%	0.99%

^{2.} The above table is based on "The law concerning Emergency Measures for the Revitalization of the Financial Functions."

			(Millions of yen)
			2012
	Domestic	International	
For the year ended March 31	division	division	Total
Net interest income	¥11,298	¥4,834	¥16,132
			[174]
Interest income	16,809	8,223	24,859
			[174]
Interest expenses	5,511	3,389	8,726
Net fees and commissions	(404)	600	195
Fees and commissions received	1,762	621	2,384
Fees and commissions paid	2,167	21	2,188
Net trading income	_	_	_
Trading income	_	_	_
Trading expenses	_	_	_
Net other operating income	(40)	2,081	2,041
Other operating income	629	2,110	2,740
Other operating expenses	670	28	698
Gross operating profit	10,853	7,516	18,369
Gross operating profit ratio	0.77%	1.78%	1.04%

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 exclude estimated interest expenses on monetary trusts (¥11 million—FY2009, ¥62 million—FY2010, ¥50 million—FY2011).

- 3. Amounts in [] indicate interest on borrowed funds between the Domestic division and the International division.
- Gross operating profit for the period 4. Gross operating profit ratio =— Average balance of investment accounts

3-2 Average balances, interests, yields and interest spreads of major investment and financing accounts

Domestic division

					(№	1illions of yen)
			2010			2011
For the years ended March 31	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
	[-]	[-]		[-]	[-]	
Investment accounts	¥1,199,962	¥17,118	1.42%	¥1,345,354	¥16,926	1.25%
Of which, loans	532,454	11,945	2.24	638,734	12,409	1.94
Securities	584,129	5,068	0.86	641,148	4,450	0.69
Call loans	25,284	48	0.19	10,953	14	0.13
Due from banks	58,093	53	0.09	54,518	52	0.09
Monetary claims						
purchased	_	_	_		_	
	[78,474]	[396]		[77,356]	[318]	
Financing accounts	1,167,561	7,688	0.65	1,312,427	7,413	0.56
Of which, deposits	1,067,370	5,476	0.51	1,232,443	5,113	0.41
Call money	21,487	31	0.14	11,630	12	0.10
Borrowed money	2,000	50	2.52	2,000	50	2.52

		۱)	1illions of yen)
			2012
For the year ended March 31	Average balance	Interest	Yield (%)
	[-]	[-]	
Investment accounts	¥1,406,057	¥16,809	1.19%
Of which, loans	773,212	13,232	1.71
Securities	571,418	3,519	0.61
Call loans	10,000	13	0.13
Due from banks	51,426	44	0.08
Monetary claims purchased	_	_	_
	[65,919]	[174]	
Financing accounts	1,381,701	5,511	0.39
Of which, deposits	1,312,226	3,490	0.26
Call money	10,000	10	0.10
Borrowed money	6,316	101	1.60

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 "due from banks" (¥1,785 million—FY2009, ¥1,800 million—FY2010, ¥3,097 million—FY2011) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥1,773 million—FY2009, ¥11,004 million—FY2010, ¥12,763 million— FY2011) and the estimated interest expenses on monetary trusts (¥11 million—FY2009, ¥62 million—FY2010, ¥50 million—FY2011) are excluded respectively.

					(№	illions of yen)
			2010			2011
For the years ended March 31	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
	[78,474]	[396]		[77,356]	[318]	
Investment accounts	¥344,696	¥6,667	1.93%	¥388,524	¥7,044	1.81%
Of which, loans	616	14	2.31	928	21	2.36
Securities	235,908	5,861	2.48	300,574	6,662	2.21
Call loans	9,782	37	0.38	3,122	10	0.33
Due from banks	_	_	_	-	_	_
Monetary claims						
purchased	14,177	356	2.51	1,125	30	2.72
	[-]	[–]		[–]	[–]	
Financing accounts	308,570	3,059	0.99	340,779	3,289	0.96
Of which, deposits	308,555	3,059	0.99	340,753	3,289	0.96
Call money	_	_	_	_	_	_
Borrowed money	_	_	_	_	_	_

		(M	illions of yen)
			2012
For the year ended March 31	Average balance	Interest	Yield (%)
	[65,919]	[174]	
Investment accounts	¥421,056	¥8,223	1.95%
Of which, loans	1,455	28	1.92
Securities	346,775	8,021	2.31
Call loans	_	_	_
Due from banks	_	_	_
Monetary claims purchased	_	_	_
	[-]	[-]	
Financing accounts	364,656	3,389	0.92
Of which, deposits	364,625	3,389	0.92
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)
			2010			2011
For the years ended March 31	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
Investment accounts	¥1,466,184	¥23,389	1.59%	¥1,656,522	¥23,652	1.42%
Of which, loans	533,070	11,960	2.24	639,662	12,431	1.94
Securities	820,038	10,930	1.33	941,723	11,113	1.18
Call loans	35,067	86	0.24	14,075	25	0.17
Due from banks	58,093	53	0.09	54,518	52	0.09
Monetary claims						
purchased	14,177	356	2.51	1,125	30	2.72
Financing accounts	1,397,657	10,351	0.74	1,575,850	10,383	0.65
Of which, deposits	1,375,926	8,535	0.62	1,573,196	8,402	0.53
Call money	21,487	31	0.14	11,630	12	0.10
Borrowed money	2,000	50	2.52	2,000	50	2.52

		1)	Millions of yen)
			2012
For the year ended March 31	Average balance	Interest	Yield (%)
Investment accounts	¥1,761,194	¥24,859	1.41%
Of which, loans	774,667	13,260	1.71
Securities	918,194	11,540	1.25
Call loans	10,000	13	0.13
Due from banks	51,426	44	0.08
Monetary claims purchased	_	_	-
Financing accounts	1,680,439	8,726	0.51
Of which, deposits	1,676,852	6,880	0.41
Call money	10,000	10	0.10
Borrowed money	6,316	101	1.60

Note: In the investment accounts, the average balance of non-interest-bearing "due from banks" (¥1,785 million—FY2009, ¥1,800 million—FY2010, ¥3,097 million—FY2011) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥1,773 million—FY2009, ¥11,004 million—FY2010, ¥12,763 million—FY2011) and the estimated interest expenses on monetary trusts (¥11 million—FY2009, ¥62 million—FY2010, ¥50 million—FY2011) are excluded respectively.

Interest spread

						(%)
			2010			2011
For the years ended March 31	Domestic division	International division	Total	Domestic division	International division	Total
Yield on investment	1.42%	1.93%	1.59%	1.25%	1.81%	1.42%
Yield on financing	0.65	0.99	0.74	0.56	0.96	0.65
Interest spread	0.76	0.94	0.85	0.69	0.84	0.76

			(%)
			2012
	Domestic	International	
For the year ended March 31	division	division	Total
Yield on investment	1.19%	1.95%	1.41%
Yield on financing	0.39	0.92	0.51
Interest spread	0.79	1.02	0.89

3-3 Interest income and interest expenses

Domestic division

						(Millions of yen)
			2010			2011
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	¥ 899	¥ 1,125	¥ 2,025	¥2,074	¥(2,265)	¥(191)
Of which, loans	3,088	(425)	2,663	2,384	(1,920)	463
Securities	460	8	468	494	(1,112)	(618)
Call loans	(1,040)	(103)	(1,143)	(27)	(6)	(33)
Due from banks	131	(85)	45	(3)	1	(1)
Monetary claims						
purchased	_	_	_	_	_	_
Interest expenses	543	(1,223)	(679)	954	(1,229)	(275)
Of which, deposits	288	(1,900)	(1,612)	846	(1,210)	(363)
Call money	38	(65)	(27)	(14)	(4)	(18)
Borrowed money	12	_	12	0	(0)	0

		(Millions of yen)
			2012
For the year ended March 31	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥ 763	¥ (880)	¥ (116)
Of which, loans	2,612	(1,789)	822
Securities	(484)	(447)	(931)
Call loans	(1)	0	(1)
Due from banks	(2)	(4)	(7)
Monetary claims purchased	_	_	_
Interest expenses	391	(2,293)	(1,902)
Of which, deposits	330	(1,953)	(1,622)
Call money	(1)	(0)	(1)
Borrowed money	109	(58)	51

						(Millions of yen)
			2010			2011
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	¥1,545	¥(2,215)	¥ (670)	¥ 847	¥(470)	¥ 377
Of which, loans	3	0	3	7	0	7
Securities	1,208	(1,199)	8	1,606	(805)	801
Call loans	(448)	(342)	(791)	(25)	(1)	(27)
Due from banks	_	_	_	_	_	_
Monetary claims						
purchased	319	(193)	126	(328)	2	(326)
Interest expenses	1,359	(5,715)	(4,356)	319	(89)	230
Of which, deposits	1,359	(5,715)	(4,356)	319	(88)	230
Call money	_	_	_	_	_	_
Borrowed money	_	_	_	_	_	_

		((Millions of yen)
			2012
For the year ended March 31	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥ 589	¥ 589	¥1,178
Of which, loans	12	(6)	6
Securities	1,024	334	1,358
Call loans	(10)	_	(10)
Due from banks	_	_	_
Monetary claims purchased	(30)	_	(30)
Interest expenses	230	(130)	100
Of which, deposits	230	(130)	100
Call money	_	_	_
Borrowed money	_	_	_

Total

						(Millions of yen)
			2010			2011
	Increase (decrease)	Increase (decrease)	Net increase	Increase (decrease)	Increase (decrease)	Net increase
For the years ended March 31	due to balancé	due to yield	(decrease)	due to balance	due to yield	(decrease)
Interest income	¥ 1,704	¥ (359)	¥ 1,344	¥3,036	¥(2,772)	¥ 263
Of which, loans	3,091	(424)	2,666	2,391	(1,920)	471
Securities	1,345	(868)	477	1,621	(1,438)	183
Call loans	(1,698)	(235)	(1,934)	(51)	(9)	(61)
Due from banks	131	(85)	45	(3)	1	(1)
Monetary claims						
purchased	319	(193)	126	(328)	2	(326)
Interest expenses	1,145	(6,191)	(5,046)	1,319	(1,286)	32
Of which, deposits	1,009	(6,978)	(5,968)	1,223	(1,356)	(132)
Call money	38	(65)	(27)	(14)	(4)	(18)
Borrowed money	12	_	12	0	(0)	0

			(Millions of yen)
			2012
For the year ended March 31	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥1,494	¥ (288)	¥ 1,206
Of which, loans	2,623	(1,794)	828
Securities	(277)	704	427
Call loans	(7)	(4)	(11)
Due from banks	(2)	(4)	(7)
Monetary claims purchased	(30)	_	(30)
Interest expenses	689	(2,346)	(1,657)
Of which, deposits	553	(2,076)	(1,522)
Call money	(1)	(0)	(1)
Borrowed money	109	(58)	51

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	2010	2011	2012
Salaries	¥ 2,134	¥ 2,366	¥ 2,690
Employee retirement benefits	80	87	95
Fringe benefit expenses	245	286	343
Depreciation and amortization	929	1,272	1,342
Leases on land, buildings and machinery	1,144	1,287	1,198
Maintenance fees	1,872	1,850	1,861
Repairs and utilities	50	8	5
Supplies expenses	163	126	206
Heat, light and water	28	26	27
Travel expenses	2	4	5
Communication expenses	665	655	674
Advertising expenses	755	769	887
Membership fees, donations and social expenses	18	18	76
Outsourcing	1,577	1,818	2,079
Taxes and public dues	519	528	538
Deposit insurance	831	876	1,012
Others	656	619	763
Total	¥11,675	¥12,603	¥13,808

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)
			2010			2011
	Balance sheet	F : 1	D:((Balance sheet	F : 1	D:11
As of March 31	amount	Fair value	Difference	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

		1)	Millions of yen)
			2012
As of March 31	Balance sheet amount	Fair value	Difference
Held-to-maturity bonds of which fair value exceeds balance sheet amount			
Japanese government bonds	¥12,443	¥13,036	¥592
Japanese corporate bonds	495	519	23
Subtotal	12,939	13,555	615
Held-to-maturity bonds of which fair value does not exceed balance sheet amount			
Japanese government bonds	_	_	_
Japanese corporate bonds	_	_	_
Subtotal	_	_	
Total	¥12,939	¥13,555	¥615

Note: Fair value is based upon the value measured at the year-end.

						(Millions of yen)
			2010			2011
As of March 31	Balance sheet amount	Acquisition cost	Unrealized gains (losses)	Balance sheet amount	Acquisition cost	Unrealized gains (losses)
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

			(Millions of yen)
			2012
A. of Mount 21	Balance sheet	Acquisition	Unrealized gains
As of March 31	amount	cost	(losses)
Available-for-sale securities of which balance sheet amount exceeds acquisition cost			
Bonds	¥421,648	¥417,478	¥ 4,169
Japanese government bonds	136,122	133,659	2,463
Japanese municipal bonds	23,739	23,423	315
Japanese corporate bonds	261,786	260,395	1,391
Others	232,066	226,609	5,456
Foreign bonds	229,524	224,323	5,200
Others	2,541	2,286	255
Subtotal	653,715	644,088	9,626
Available-for-sale securities of which balance sheet amount			
does not exceed acquisition cost			
Bonds	86,316	87,388	(1,072)
Japanese government bonds	58,397	59,277	(879)
Japanese municipal bonds	5,410	5,414	(3)
Japanese corporate bonds	22,507	22,697	(189)
Others	152,911	155,575	(2,664)
Foreign bonds	146,927	148,530	(1,602)
Others	5,983	7,045	(1,062)
Subtotal	239,227	242,964	(3,736)
Total	¥892,942	¥887,053	¥ 5,889

Note: Fair value is based upon the value measured at the year-end.

Securities without fair market value

			(Millions of yen)
	2010	2011	2012
As of March 31	Balance sheet amount		
Stocks of subsidiaries and affiliated companies			
Stocks of subsidiaries	¥3,000	¥5,000	¥7,050

4-2 Fair value information on monetary trusts

					(Millions of yen)
					2010
					Of which,
				Of which,	balance sheet
				balance sheet	amount does
	Balance sheet	Acquisition	- 155	amount exceeds	not exceed
As of March 31	amount	cost	Difference	acquisition cost	acquisition cost
Other monetary trusts	¥10,750	¥10,750	¥	¥	¥
					(Millions of yen)
	-				2011
	-				Of which,
				Of which.	balance sheet
				balance sheet	amount does
	Balance sheet	Acquisition		amount exceeds	not exceed
As of March 31	amount	cost	Difference	acquisition cost	acquisition cost
Other monetary trusts	¥12,740	¥12,740	¥–	¥–	¥–
					(Millions of yen)
					2012
					Of which,
				Of which,	balance sheet
				balance sheet	amount does
	Balance sheet	Acquisition		amount exceeds	not exceed
As of March 31	amount	cost	Difference	acquisition cost	acquisition cost
Other monetary trusts	¥13,240	¥13,240	¥–	¥–	¥-

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, 2010]

Derivatives for which hedge accounting is not applied

	_				(Millions of yen)
					2010
			Notional		
As of Marc	ch 31	Notional	amount		Valuation gains
Category	Туре	amount	over 1 year	Fair value	(losses)
OTC:	Interest rate swaps				
	Fixed rate receive/Floating rate pay	¥32,820	¥32,820	¥ 433	¥ 433
	Floating rate receive/Fixed rate pay	20,000	20,000	(634)	(634)
Total		¥ –	¥ –	¥(200)	¥(200)

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

Derivatives for which hedge accounting is applied

					Millions of yen)
					2010
				Notional	
As of March 31			Notional	amount	
Method	Туре	Hedged item	amount	over 1 year	Fair value
Deferred hedge	Interest rate swaps				
accounting	Floating rate receive/Fixed rate pay	Loans	¥164,970	¥164,592	¥(2,301)
Fair value hedge	Interest rate swaps	Available-for-sale			, , , , ,
accounting	Floating rate receive/Fixed rate pay	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.

[For the year ended March 31, 2011]

Derivatives for which hedge accounting is not applied

	_				(Millions of yen)
	_				2011
			Notional		
As of Marc	ch 31	Notional	amount		Valuation gains
Category	Туре	amount	over 1 year	Fair value	(losses)
OTC:	Interest rate swaps				
	Fixed rate receive/Floating rate pay	¥32,820	¥ –	¥ 157	¥ 157
	Floating rate receive/Fixed rate pay	20,000	20,000	(534)	(534)
Total		¥ –	¥ –	¥(376)	¥(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.

^{2.} Fair market value is calculated using the discounted present value.

^{2.} Fair market value is calculated using the discounted present value.

					(Millions of yen)
					2011
				Notional	
As of March 31			Notional	amount	
Method	Туре	Hedged item	amount	over 1 year	Fair value
Deferred hedge	Interest rate swaps				
accounting	Floating rate receive/Fixed rate pay	Loans	¥149,231	¥148,994	¥ (2,929)
Fair value hedge	Interest rate swaps	Available-for-sale			
accounting	Floating rate receive/Fixed rate pay	securities (bonds)	189,300	155,260	(8,619)
Total	· · · · · · · · · · · · · · · · · · ·		¥ –	¥ –	¥(11,548)

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.

[For the year ended March 31, 2012]

Derivatives for which hedge accounting is not applied

				(Millions of yen)
				2012
As of March 31 Category Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
OTC: Interest rate swaps				
Floating rate receive/Fixed rate pay	¥20,000	¥20,000	¥(350)	¥(350)
Total	¥ -	¥ –	¥(350)	¥(350)

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

Derivatives for which hedge accounting is applied

					(Millions of yen)
					2012
				Notional	
As of March 31			Notional	amount	
Method	Туре	Hedged item	amount	over 1 year	Fair value
Deferred hedge	Interest rate swaps				
accounting	Floating rate receive/Fixed rate pay	Loans	¥134,709	¥133,989	¥ (4,427)
Fair value hedge	Interest rate swaps	Available-for-sale			
accounting	Floating rate receive/Fixed rate pay	securities (bonds)	244,706	219,921	(13,472)
Total			¥ –	¥ –	¥(17,899)

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.

Currency derivatives

[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	Fair value	Valuation gains (losses)
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)
<u>Total</u>	¥ –	¥–	¥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.

^{2.} Fair market value is calculated using the discounted present value.

^{2.} Fair market value is calculated using the discounted present value.

^{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
				Notional	_
As of March 31			Notional	amount	
Method	Туре	Hedged item	amount	over 1 year	Fair value
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.

[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	Fair value	Valuation gains (losses)
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)
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.

Derivatives for which hedge accounting is applied

			(1	Millions of yen)
				2011
			Notional	
		Notional	amount	
Туре	Hedged item	amount	over 1 year	Fair value
Currency swaps	Available-for-sale securities (bonds)	¥112,700	¥53,000	¥2,028
		¥ –	¥ –	¥2,028
	Currency swaps	<u> </u>	Type Hedged item amount Currency swaps Available-for-sale securities (bonds) . ¥112,700	Type Hedged item Notional amount over 1 year Currency swaps Available-for-sale securities (bonds) ¥112,700 ¥53,000

Notes: 1. Fair value hedge accounting is mainly applied.

[For the year ended March 31, 2012]

Derivatives for which hedge accounting is not applied

				(Millions of yen)
				2012
As of March 31 Category Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
OTC: Forward foreign exchanges				
Sold	¥34,949	¥-	¥ 60	¥ 60
Bought	77,584	_	(359)	(359)
Foreign exchange margin transactions				
Sold	33,638	_	1,268	1,268
Bought	9,409	_	441	441
Currency options				
Sold	151	_	(1)	0
Currency forwards				
Bought	5,299	_	31	31
Total	¥ –	¥–	¥1,441	¥1,443

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.

^{2.} Fair market value is calculated using the discounted present value or the option pricing model.

^{2.} Fair market value is calculated using the discounted present value.

^{2.} Fair market value is calculated using the discounted present value or the option pricing model.

					(Millions of yen)
					2012
As of March 31 Method	Type	Hedged item	Notional amount	Notional amount over 1 vear	Fair value
Fair value hedge	Турс	ricages item	dillount	over 1 year	Tun value
accounting	Currency swaps	Available-for-sale securities (bonds)	¥89,740	¥34,800	¥1,798
Total			¥ –	¥ –	¥1,798

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, 2010]

Derivatives for which hedge accounting is not applied

					(Millions of yen)
					2010
			Notional		
As of Marc	ch 31	Notional	amount		Valuation gains
Category	Туре	amount	over 1 year	Fair value	(losses)
OTC:	Credit default options				
	Sold	¥ 932	¥ 932	¥(100)	¥(100)
	Bought	9,564	6,138	66	66
Total		¥ –	¥ –	¥ (33)	¥ (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.

Derivatives for which hedge accounting is applied Not applicable

140t applicable

[For the year ended March 31, 2011]

Derivatives for which hedge accounting is not applied

				(Millions of yen)
				2011
		Notional		
As of March 31	Notional	amount		Valuation gains
Category Type	amount	over 1 year	Fair value	(losses)
OTC: Credit default options				
Bought	¥4,840	¥1,413	¥5	¥5
Total	¥ –	¥ –	¥5	¥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. "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, 2012]

Derivatives for which hedge accounting is not applied

_				(Millions of yen)
		·		2012
As of March 31 Category Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
OTC: Credit default options				
Bought	¥1,367	¥–	¥0	¥0
Total	¥ –	¥–	¥0	¥0

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

Derivatives for which hedge accounting is applied Not applicable

^{3. &}quot;Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

Performance Indicators of Sony Bank (Non-consolidated)

1. Key Performance Indicators

									(Mill	ions of yen)
For the years ended March 31		2008		2009		2010		2011		2012
Ordinary revenues	¥	25,988	¥	33,361	¥	30,500	¥	29,521	¥	30,075
Ordinary profit		2,746		414		2,930		3,377		4,033
Net income (loss)		4,492		(710)		1,646		2,054		2,340
Common stock		25,000		31,000		31,000		31,000		31,000
Number of shares issued and outstanding (shares)	1	500,000		620,000		620,000		620,000		620,000
Net assets		35,712		46,264		58,989		59,971		62,796
Total assets	1,2	211,000	1	1,411,956	1	,612,186	1	,761,830	1	,890,503
Deposits	1,	144,398	1	1,326,360	1	,510,051	1	,649,106	1	,762,282
Loans	3	347,065		477,072		586,654		722,452		835,582
Securities	4	488,777		823,174		880,133		940,121		912,933
Non-consolidated capital adequacy ratio		9.15%		13.37%		12.09%		10.84%		11.58%
Dividend payout ratio		_		-		_		_		_
Number of employees		162		203		239		288		321

2. Status of Operation (Deposits)

2-1 Average and year-end balance of deposits by category

Average balance

						(Millions of yen)
			2010			2011
For the years ended March 31	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 275,173	¥121,743	¥ 396,916	¥ 289,474	¥147,172	¥ 436,646
Time and saving deposits	792,147	186,805	978,953	942,938	193,570	1,136,508
Other deposits	49	7	57	30	10	40
Total	¥1,067,370	¥308,555	¥1,375,926	¥1,232,443	¥340,753	¥1,573,196

			(Millions of yen)
			2012
	Domestic	International	
For the year ended March 31	division	division	Total
Floating deposits	¥ 323,729	¥164,375	¥ 488,104
Time and saving deposits	988,469	200,240	1,188,709
Other deposits	27	10	37
Total	¥1,312,226	¥364,625	¥1,676,852

Year-end balance

						(Millions of yen)
			2010			2011
	Domestic	International		Domestic	International	
As of March 31	division	division	Total	division	division	Total
Floating deposits	¥ 278,492	¥132,431	¥ 410,923	¥ 315,236	¥155,512	¥ 470,749
Time and saving deposits	905,362	193,756	1,099,119	973,162	205,185	1,178,348
Other deposits	9	_	9	8	_	8
Total	¥1,183,864	¥326,187	¥1,510,051	¥1,288,407	¥360,698	¥1,649,106

			(Millions of yen)
			2012
As of March 31	Domestic division	International division	Total
Floating deposits	¥ 331,606	¥158,627	¥ 490,233
Time and saving deposits	1,056,957	215,063	1,272,020
Other deposits	28	_	28
Total	¥1,388,591	¥373,691	¥1,762,282

Note: Floating deposits of the Domestic division include deposits from the parent company and its subsidiaries in the amount of ¥756 million, ¥1,448 million and ¥1,428 million as of March 31, 2010, 2011 and 2012, respectively.

2-2 Balance of time deposit by remaining period

						(Millions of yen)
			2010			2011
	Fixed rate	Floating rate		Fixed rate	Floating rate	
As of March 31	time deposits	time deposits	Total	time deposits	time deposits	Total
Less than 3 months	¥ 278,701	¥–	¥ 278,701	¥ 316,175	¥–	¥ 316,175
3 months or more, less than 6 months	280,529	_	280,529	384,929	_	384,929
6 months or more, less than 1 year	443,960	_	443,960	360,919	_	360,919
1 year or more, less than 2 years	23,846	_	23,846	20,863	_	20,863
2 years or more, less than 3 years	13,915	_	13,915	13,148	_	13,148
3 years or more	25,447	_	25,447	39,055	_	39,055
Total	¥1,066,400	¥–	¥1,066,400	¥1,135,092	¥–	¥1,135,092

			(Millions of yen)	
			2012	
As of March 31	Fixed rate time deposits	Floating rate time deposits	Total	
Less than 3 months	¥ 167,122	¥–	¥ 167,122	
3 months or more, less than 6 months	506,096	_	506,096	
6 months or more, less than 1 year	455,938	_	455,938	
1 year or more, less than 2 years	32,531	_	32,531	
2 years or more, less than 3 years	11,421	_	11,421	
3 years or more	48,834	_	48,834	
Total	¥1,221,944	¥–	¥1,221,944	

Note: The above table does not include thrift saving deposits.

3. Status of Operation (Loans)

3-1 Average and year-end balance of loans by category

Average balance

						(Millions of yen)	
			2010			2011	
For the years ended March 31	Domestic division	International division	Total	Domestic division	International division	Total	
Loans on bills	¥ –	¥ -	¥ –	¥ –	¥ -	¥ –	
Loans on deeds	524,443	616	525,060	629,948	927	630,875	
Overdrafts	8,010	0	8,010	8,785	1	8,787	
Bills discounted	_	_	_	-	_	_	
Total	¥532,454	¥616	¥533,070	¥638,734	¥928	¥639,662	

			(Millions of yen)
			2012
For the year ended March 31	Domestic division	International division	Total
Loans on bills	¥ –	¥ -	¥ –
Loans on deeds	765,409	1,454	766,863
Overdrafts	7,803	0	7,803
Bills discounted	_	_	_
Total	¥773,212	¥1,455	¥774,667

Year-end balance

						(Millions of yen)
_			2010			2011
As of March 31	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ –	¥ -	¥ –	¥ –	¥ -	¥ –
Loans on deeds	577,756	698	578,454	712,383	1,250	713,634
Overdrafts	8,198	0	8,199	8,814	3	8,818
Bills discounted	_	_	-	_	_	_
Total	¥585,954	¥699	¥586,654	¥721,198	¥1,254	¥722,452

			(Millions of yen)
			2012
As of March 31	Domestic division	International division	Total
Loans on bills	¥ –	¥ –	¥ –
Loans on deeds	827,293	1,572	828,865
Overdrafts	6,715	0	6,716
Bills discounted	_	_	_
Total	¥834,008	¥1,573	¥835,582

3-2 Balance of loans by remaining period

_						(Millions of yen)
			2010			2011
	Fixed	Floating		Fixed	Floating	
As of March 31	interest rates	interest rates	Total	interest rates	interest rates	Total
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

			(Millions of yen)
			2012
	Fixed	Floating	
As of March 31	interest rates	interest rates	Total
Less than 1 year	¥ 59	¥ 15,140	¥ 15,200
Over 1 year, not exceeding 3 years	1,108	26,173	27,281
Over 3 years, not exceeding 5 years	2,237	36,261	38,498
Over 5 years, not exceeding 7 years	3,858	8,952	12,810
Over 7 years, not exceeding 10 years	12,846	11,149	23,995
Over 10 years	468,106	249,688	717,794
Total	¥488,216	¥347,365	¥835,582

3-3 Balance of loans by collateral

			(Millions of yen)
As of March 31	2010	2011	2012
Pledged securities	¥ –	¥ –	¥ –
Pledged receivables	_	_	_
Pledged merchandise	_	_	_
Pledged real estate	436,805	515,401	581,863
Others	_	_	_
Subtotal	436,805	515,401	581,863
Guaranteed	13,975	16,098	27,224
Credit	135,873	190,952	226,494
Total	¥586,654	¥722,452	¥835,582

3-4 Balance of loans by industry

_						(Millions of yen)
		2010		2011		2012
As of March 31	Balance	Composition	Balance	Composition	Balance	Composition
Individual	¥563,337	96.03%	¥664,017	91.91%	¥756,862	90.58%
Corporation	23,316	3.97	58,434	8.08	78,720	9.42
Manufacturing industries	8,423	1.43	16,852	2.33	24,656	2.95
Construction	_	_	1,000	0.13	800	0.10
Electricity, gas, heat and						
water supplies	_	_	_	_	1,001	0.12
Information and						
telecommunications	_	_	512	0.07	1,502	0.18
Transportation/Mail services	4,228	0.72	5,299	0.73	6,571	0.79
Wholesalers/Retailers	2,654	0.45	10,343	1.43	13,675	1.64
Financial services/Insurance	2,500	0.43	6,320	0.87	6,821	0.82
Real estate/						
Goods leasing services	4,808	0.82	15,631	2.16	18,989	2.27
Various service	701	0.12	2,475	0.34	2,170	0.26
Local government	_	_	_	_	2,531	0.30
Total	¥586,654	100.00%	¥722,452	100.00%	¥835,582	100.00%

3-5 Loan-deposit ratio: year-end and annual average

						(%)
			2010			2011
	Domestic	International		Domestic	International	
For the years ended March 31	division	division	Total	division	division	Total
At the year-end	49.49%	0.21%	38.84%	55.97%	0.34%	43.80%
Annual average	49.88	0.19	38.74	51.82	0.27	40.66

			(%)
			2012
	Domestic	International	
For the year ended March 31	division	division	Total
At the year-end	60.06%	0.42%	47.41%
Annual average	58.92	0.39	46.19

Note: Loan-deposit 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

			(Millions of yen)	
For the years ended March 31	2010	2011	2012	
Allowance for loan losses balance at the year-end	¥807	¥1,121	¥1,634	
Allowance for loan losses increase during the year	350	313	513	

3-7 Write-off loans

			(Millions of yen)
For the years ended March 31	2010	2011	2012
Total	¥–	¥0	¥9

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

							(№	1illions of yen)
								2010
		Over	Over	Over	Over			
		1 year, not	3 years, not	5 years, not	7 years, not	0		
As of March 31	Less than 1 year	exceeding 3 years	exceeding 5 years	exceeding 7 years	exceeding 10 years	Over 10 years	Unspecified term	Total
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

							(№	1illions of yen)
								2011
		Over	Over	Over	Over			_
		1 year, not	3 years, not	5 years, not	7 years, not			
	Less than	exceeding	exceeding	exceeding	exceeding	Over	Unspecified	
As of March 31	1 year	3 years	5 years	7 years	10 years	10 years	term	Total
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

							(1)	fillions of yen)
								2012
	Less than	Over 1 year, not exceeding	Over 3 years, not exceeding	Over 5 years, not exceeding	Over 7 years, not exceeding	Over	Unspecified	
As of March 31	1 year	3 years	5 years	7 years	10 years	10 years	term	Total
Japanese government bonds	¥ 27,466	¥ 32,336	¥ 18,197	¥29,341	¥ 68,246	¥31,375	¥ –	¥206,964
Japanese municipal bonds	1,405	506	3,854	_	23,383	_	_	29,149
Japanese corporate bonds	123,259	99,438	32,429	8,351	20,815	495	_	284,790
Japanese stocks	_	_	_	_	_	_	7,050	7,050
Other securities	75,393	174,015	99,709	22,766	4,568	_	8,525	384,977
Of which, foreign bonds	75,393	174,015	99,709	22,766	4,568	_	_	376,452
Others	_	_	_	_	_	_	8,525	8,525
Total	¥227,525	¥306,296	¥154,190	¥60,459	¥117,013	¥31,871	¥15,576	¥912,933

4-3 Average and the year-end balance of securities by category

Average balance

_						(Millions of yen)
			2010			2011
	Domestic	International		Domestic	International	
For the years ended March 31	division	division	Total	division	division	Total
Japanese government bonds	¥263,976	¥ –	¥263,976	¥291,391	¥ –	¥291,391
Japanese municipal bonds	6,166	_	6,166	13,384	_	13,384
Japanese corporate bonds	301,682	_	301,682	322,401	_	322,401
Japanese stocks	3,000	_	3,000	4,665	_	4,665
Other securities	9,304	250,086	259,391	9,305	300,574	309,880
Of which, foreign bonds	_	235,908	235,908	_	300,574	300,574
Others	9,304	14,177	23,482	9,305	_	9,305
Total	¥584,129	¥250,086	¥834,216	¥641,148	¥300,574	¥941,723

			(Millions of yen)
			2012
	Domestic	International	
For the year ended March 31	division	division	Total
Japanese government bonds	¥222,701	¥ –	¥222,701
Japanese municipal bonds	22,086	_	22,086
Japanese corporate bonds	310,790	_	310,790
Japanese stocks	6,540	_	6,540
Other securities	9,299	346,775	356,074
Of which, foreign bonds	_	346,775	346,775
Others	9,299	_	9,299
Total	¥571,418	¥346,775	¥918,194

Year-end balance

_						(Millions of yen)
			2010			2011
	Domestic	International		Domestic	International	
As of March 31	division	division	Total	division	division	Total
Japanese government bonds	¥263,516	¥ –	¥263,516	¥262,742	¥ –	¥262,742
Japanese municipal bonds	7,050	_	7,050	17,509	_	17,509
Japanese corporate bonds	326,378	_	326,378	320,569	_	320,569
Japanese stocks	3,000	_	3,000	5,000	_	5,000
Other securities	8,826	274,654	283,481	8,553	325,745	334,299
Of which, foreign bonds	_	271,361	271,361	_	325,745	325,745
Others	8,826	3,292	12,119	8,553		8,553
Total	¥608,772	¥274,654	¥883,426	¥614,375	¥325,745	¥940,121

			(Millions of yen)
			2012
	Domestic	International	
As of March 31	division	division	Total
Japanese government bonds	¥206,964	¥ –	¥206,964
Japanese municipal bonds	29,149	_	29,149
Japanese corporate bonds	284,790	_	284,790
Japanese stocks	7,050	_	7,050
Other securities	8,525	376,452	384,977
Of which, foreign bonds	_	376,452	376,452
Others	8,525	_	8,525
Total	¥536,480	¥376,452	¥912,933

4-4 Securities-deposit ratio: year-end and annual average

						(%)
			2010			2011
	Domestic	International		Domestic	International	_
For the years ended March 31	division	division	Total	division	division	Total
At the year-end	51.42%	83.19%	58.28%	47.68%	90.30%	57.00%
Annual average	54.72	76.45	59.59	52.02	88.20	59.86

			(%)
			2012
	Domestic	International	
For the year ended March 31	division	division	Total
At the year-end	38.63%	100.73%	51.80%
Annual average	43.54	95.10	54.75

Note: Securities-deposit 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

Use of Japanese government bond yields as risk free rates

EU Solvency II suggests the criteria the relevant risk free rates should meet. Sony Life considered some of the criteria described below and has decided to use JGB yields instead of swap rates beginning with the disclosure as of March 31, 2012.

No credit risk

As Japanese yen is the currency of which the right to issue is held by Japanese government under a floating exchange rate system, Japanese government bonds denominated in Japanese yen can be considered to be financial assets with the lowest credit risk. On the other hand, swap rates are reflected by credit risk with regard to LIBOR.

Realism

Realism refers to whether it should be possible to earn the rates in practice without credit risk. Sony Life has been conducting risk management based on economic values. For the purpose of interest rate risk management (ALM), given the difficulties in utilizing swap rate transactions due to limitations under the current accounting framework and solvency regulations as well as the credit risk issue as mentioned above, Sony Life is primarily utilizing government bonds in practice.

· High liquidity

Japanese government bonds have high liquidity even for long maturities such as 30 or 40 years.

The impact of the change in the definition of risk free rates on MCEV as of March 31, 2011 was as follows:

			(Billions of yen)
As of March 31	JGB yields	Swap rates	Change
MCEV	¥913.5	¥853.6	¥59.9
Adjusted net worth	230.3	230.3	_
Value of existing business	683.2	623.3	59.9
New business value	61.7	56.8	4.9

1.1 MCEV results

Sony Life's MCEV as of March 31, 2012 is shown in the table below.

			(Billions of yen)
As of March 31	2011	2012	Change
MCEV	¥913.5	¥1,041.5	¥128.1
Adjusted net worth	230.3	409.2	178.9
Value of existing business	683.2	632.4	(50.8)
New business value	61.7	65.2	3.5

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 reserves 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, less 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, the foreign exchange rate applied in calculating the valuation gains or losses caused by the foreign exchange rate at Sony Life Insurance (Philippines) Corporation was ¥1.9/peso at the end of March 2012. Sony Life has also reflected tax effect equivalent in calculating the valuation gains or losses caused by the foreign exchange rate.

			(Billions of yen)
As of March 31	2011	2012	Change
Adjusted net worth	¥230.3	¥409.2	¥178.9
Total net assets	215.4	264.8	49.4
Reserve for price fluctuations	16.8	25.3	8.6
Contingency reserve	51.6	55.3	3.8
Reserve for possible loan losses	0.0	0.0	(0.0)
Unrealized gains or losses on held-to-maturity securities	(22.2)	155.9	178.1
Unrealized gains or losses on land and buildings	11.2	11.5	0.3
Unfunded pension liabilities	(6.4)	(4.9)	1.6
Intangible fixed assets	(18.4)	(24.3)	(5.9)
Tax effect equivalent of above seven items	(11.8)	(66.8)	(55.0)
Valuation gain or loss on subsidiaries and affiliated companies	(5.8)	(7.8)	(2.0)

			(Billions of yen)
As of March 31	2011	2012	Change
Adjusted net worth	¥230.3	¥409.2	¥178.9
Free surplus	230.3	382.9	152.6
Required capital	_	26.3	26.3

Sony Life set its required capital as the larger of the amount of capital required for a solvency margin ratio of 200% or 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.

1.3 Value of existing business

The value of existing business is the present value of certainty-equivalent profit less the time value of options and guarantees, and frictional costs and the cost of non-hedgeable risks, as follows:

			(Billions of yen)
As of March 31	2011	2012	Change
Value of existing business	¥ 683.2	¥ 632.4	¥(50.8)
Present value of certainty-equivalent profit	929.1	907.7	(21.4)
Time value of options and guarantees	(61.9)	(84.5)	(22.6)
Frictional costs	(22.7)	(5.0)	17.7
Cost of non-hedgeable risks	(161.4)	(185.9)	(24.5)

1.4 New business value

Business included in the calculation of new business value covers only business acquired during the fiscal year ended March 31, 2012, 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, 2012 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 2012, actual investment gains and losses during the fiscal year ended March 31, 2012 are reflected. A breakdown of the value of new business is as follows:

			(Billions of yen)
As of March 31	2011	2012	Change
Value of new business	¥ 61.7	¥ 65.2	¥ 3.5
Present value of certainty-equivalent profit	83.5	91.5	8.1
Time value of options and guarantees	(5.2)	(8.3)	(3.1)
Frictional costs	(0.3)	(0.2)	0.0
Cost of non-hedgeable risks	(16.3)	(17.8)	(1.6)

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	2011	2012	Change
Value of new business	¥ 61.7	¥ 65.2	¥ 3.5
Present value of premium income	954.4	1,013.7	59.3
Value of new business / Present value of premium income	6.5%	6.4%	(0.0) points

Relationships between the acquired annualized premiums from new policies and the present value of premium income from new business for the fiscal year ended March 31, 2012 were as follows:

			(Billions of yen)
As of March 31	2011	2012	Change
New business single premium	¥74.1	¥76.1	¥2.1
Annualized premiums from level premium new business*1	88.4	92.4	4.0
Average annualization multiplier*2	9.96	10.15	0.19

^{*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 disclosures such as financial results and annual reports.

^{*2} The average annualization multiplier is calculated as (Present value of premium income – New business single premium) / 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, 2012, from MCEV as of March 31, 2011. The format of the table is in line with the format prescribed by the European Insurance CFO Forum Market Consistent Embedded Value Principles® (MCEV Principles)*.

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				(Billions of yen)
			Value of	
	Free	Required	existing	
As of March 31	surplus	capital	business	MCEV
Opening MCEV (MCEV as of March 31, 2011)	¥230.3	¥ -	¥623.3	¥853.6
Change of reference rates	_	_	59.9	59.9
Opening MCEV based on JGB yields	¥230.3	¥ -	¥683.2	913.5

				(Billions of yen)
	F	Da aviland	Value of	
As of March 31	Free surplus	Required capital	existing business	MCEV
Opening MCEV based on JGB yields (MCEV as of March 31, 2011)	¥230.3	¥ -	¥ 683.2	¥ 913.5
Opening adjustments	(9.1)	_	_	(9.1)
Adjusted opening MCEV	221.2	_	683.2	904.4
New business value	-	_	65.2	65.2
Expected existing business contribution (risk-free rate)	0.3	0.0	11.1	11.5
Expected existing business contribution (in excess of risk free rate)	0.5	0.1	7.1	7.7
Transfers from value of existing business and required capital				
to free surplus	(8.4)	1.4	6.9	_
Of which, on new business	(34.5)	_	34.5	_
Experience variances	(0.2)	(1.5)	(0.3)	(2.0)
Assumption changes	(0.1)	0.1	7.0	7.0
Other operating variance	(24.7)	24.7	25.4	25.4
Operating MCEV earnings	(32.6)	24.8	122.5	114.7
Economic variances	187.0	0.2	(214.2)	(26.9)
Other non-operating variance	7.2	1.3	40.8	49.3
Total MCEV earnings	161.7	26.3	(50.8)	137.2
Closing adjustments	-	_	_	-
Closing MCEV (MCEV as of March 31, 2012)	¥382.9	¥26.3	¥ 632.4	¥1,041.5

(1) Change of reference rates

This is the impact due to the change of risk free rates from swap rates to JGB yields.

(2) Opening adjustments

These adjustments reflect changes in dividends paid to shareholders.

(3) New business value

This figure reflects increases resulting from the acquisition of new business during the fiscal year ended March 31, 2012. Please refer to section 1.4 for information concerning the calculation method.

(4) Expected existing business contribution (risk-free rate)

This figure includes the release of the portion for the fiscal year ended March 31, 2012 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, 2011).

(5) 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, 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 fiscal year ended March 31, 2012 was 0.429%, 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.

(6) 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 fiscal year ended March 31, 2012 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 fiscal year ended March 31, 2012 under the MCEV calculation as of March 31, 2011, and the transfer of profit for the fiscal year ended March 31, 2012 calculated under the new business value for the fiscal year ended March 31, 2012, which is added in (3) 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.

(7) Experience variances

These variances show the impact on MCEV of the actual versus assumed differences in non-economic expected profit for the fiscal year ended March 31, 2012 under the MCEV calculation as of March 31, 2011, and of the differences between actual policies in force as of March 31, 2012, and those that were projected to be in force on March 31, 2011 using persistency assumptions.

These variances reflect the impact of one-time expenses incurred during the fiscal year ended March 31, 2012, if applicable. Please refer to section 2.3 (5) for information on one-time expenses.

(8) 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 changes in morbidity and lapse rates decreased the value of existing business, its increase due to the change in mortality rate was more significant.

(9) Other operating variance

This represents the impact of improvements and corrections of the model used in calculating MCEV, including the change of the required capital calculation described in section 3.7 due to the revision of the statutory minimum required capital level to 200% under the new solvency margin regime as well as the improvement of the internal economic capital model to calculate the capital required to meet the internal objective.

(10) Operating MCEV earnings

This figure shows the aggregate amount of items (3) through (9).

(11) 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, 2011 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, 2012, under MCEV as of March 31, 2011.

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 JGB yields and a change in the implied volatilities, accounting for a decrease in the present value of certainty-equivalent profit by ¥195.2 billion, as well as increases in the time value of options and guarantees, the frictional cost and the cost of non-hedgeable risks by ¥0.3 billion, ¥ (0.5) billion and ¥10.5 billion, respectively.

(12) Other non operating variance

This figure shows the effect of changes in tax rate assumptions accompanying the corporate tax rate reduction and reconstruction special corporate tax imposition described in section 2.3 (6).

(13) 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

				(Billions of yen)	
Assumption	Change in Assumption	MCEV	Change in Amount	Rate of Change	
Base	No change	¥1,041.5	¥ –	_	
Interest rates	100bp decrease	912.7	(128.8)	(12%)	
	100bp increase	1,073.4	31.8	3%	
	Swap rates	972.2	(69.3)	(7%)	
Stock / Real estate market value	10% decrease	1,024.7	(16.8)	(2%)	
Stock / Real estate implied volatility	25% increase	1,033.7	(7.8)	(1%)	
Interest swaption implied volatility	25% increase	1,030.3	(11.3)	(1%)	
Maintenance expenses	10% decrease	1,056.0	14.5	1%	
Lapse and surrender rates	x 0.9	1,065.6	24.1	2%	
Mortality rates	Death protection products x 0.95	1,084.1	42.6	4%	
	Third-sector and annuity products x 0.95	1,038.1	(3.5)	(0%)	
Morbidity rates	x 0.95	1,074.3	32.8	3%	
Required capital	Regulatory minimum	1,041.6	0.1	0%	

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	¥ 710.8
	100bp increase	(550.7)
Stock / Real estate market value	10% decrease	(12.2)
Stock / Real estate implied volatility	25% increase	0.3

Sensitivity of new business value

			(B	illions of yen)
Assumption	Change in Assumption	New Business Value	Change in Amount	Rate of Change
Base	No change	¥65.2	¥ –	
Interest rates	100bp decrease	5.9	(59.3)	(91%)
	100bp increase	99.1	34.0	52%
	Swap rates	58.2	(6.9)	(11%)
Stock / Real estate market value	10% decrease	65.2	(0.0)	(0%)
Stock / Real estate implied volatility	25% increase	64.8	(0.3)	(1%)
Interest swaption implied volatility	25% increase	63.6	(1.6)	(2%)
Maintenance expenses	10% decrease	66.6	1.4	2%
Lapse and surrender rates	x 0.9	70.9	5.7	9%
Mortality rates	Death protection products x 0.95	68.3	3.1	5%
	Third sector and annuity products x 0.95	64.9	(0.2)	(0%)
Morbidity rates	x 0.95	67.6	2.4	4%
Required capital	Regulatory minimum	65.2	0.0	0%

(1) Interest rates

This sensitivity represents the impact of an immediate parallel shift of the Japanese and foreign government bond yield curves as of March 31, 2012, and the impact if the swap rates were used instead of government bond yields. 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 swap rates 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 for downward changes in interest rates was set at 0%.

The sensitivity of 100 basis points parallel down shift (floored at 0%) from the case where the Japanese and foreign swap rates are used is described in the table below:

		(Billions of yen)
		New Business
As of March 31	MCEV	Value
Swap rates	¥ 972.2	¥ 58.2
Swap rates 100bp decrease	820.9	(2.3)
Change in amount	(151.3)	(60.6)

(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, 2012. Adjusted net worth would change as the market value of stock and real estate changes. At the same time, the value of existing business would change as the amount of assets changes.

(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. Changes in stock implied volatilities affect the adjusted net worth and the time value of options and guarantees.

(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 change.

(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 and other sales force 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 care 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

This sensitivity represents the impact in the event that required capital is changed to the statutory minimum level, which is a solvency margin ratio of 200%.

(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, with the exception of frictional costs, which are changed in terms of (9) required capital.
- Values of Sony Life's 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 its calculation of MCEV as of March 31, 2012.

(1) Risk-free rate

Sony Life has used the JGB yields as of the end of March, 2012 as a risk-free rate for the certainty-equivalent projections. 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 JGB yields as its data source.

The JGB yields for key terms are as follows:

		(%)
As of March 31	2011	2012
Term		
1 year	0.15%	0.11%
5 years	0.50	0.32
10 years	1.26	0.99
20 years	2.07	1.76
30 years	2.19	1.95
40 years	2.34	2.11

The swap rate for key terms which are used for the sensitivity result with swap rates in section 1.7 (1) are as follows:

	(%)
	2012
As of March 31	Swap rates
Term	
1 year	0.34%
5 years	0.49
10 years	1.04
20 years	1.75
30 years	1.91
40 years	2.00

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 the end of March, 2012. 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 the end of					(%)
March, 2011					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

As of the end of					(%)
March, 2012					2012
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1 year	1 year	40.8%	66.4%	57.6%	55.6%
5 years	1 year	48.7	45.6	38.5	40.1
5 years	5 years	34.8	29.9	27.3	25.1
5 years	7 years	30.1	26.9	24.3	20.1
5 years	10 years	26.8	24.5	22.5	17.4
5 years	15 years	26.0	24.0	24.8	16.1
5 years	20 years	29.0	22.7	28.9	16.5
10 years	1 year	37.3	37.2	32.2	31.1
10 years	5 years	29.4	27.8	25.6	21.3
10 years	7 years	27.1	26.1	24.4	19.0
10 years	10 years	26.2	24.6	24.2	17.1
10 years	15 years	26.9	23.8	27.2	15.8
10 years	20 years	29.6	22.1	29.7	15.0
15 years	1 year	29.9	32.6	29.5	26.9
15 years	5 years	27.5	26.2	25.1	20.4
15 years	7 years	27.2	24.3	24.3	18.2
15 years	10 years	27.7	23.0	24.4	16.5
15 years	15 years	28.1	22.3	26.2	14.9
15 years	20 years	29.5	21.0	26.8	15.0
20 years	1 year	27.4	31.5	29.7	25.3
20 years	5 years	27.5	25.9	26.0	19.7
20 years	7 years	27.6	24.1	25.1	17.7
20 years	10 years	28.3	22.7	24.8	16.0
20 years	15 years	30.2	21.6	25.3	15.2
20 years	20 years	29.1	20.7	24.5	13.7

(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 exchange rates and the stock price index is the average of the implied volatilities provided by securities firms.

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.

Implied volatilities used for the estimation are as follows:

							(%)
							2011
		Fc	reign Exchange				Stocks
	U.S. dollar /	Euro /	UK pound /				_
As of the end of March	Japanese yen	Japanese yen	Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
Term (in years)							
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

							(%)
							2012
		Fo	reign Exchange				Stocks
	U.S. dollar /	Euro /	UK pound /				
As of the end of March	Japanese yen	Japanese yen	Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
Term (in years)							
1 year	11.8%	14.0%	12.8%	18.0%	18.6%	23.4%	18.9%
5 years	15.1	18.0	16.6	20.5	23.4	24.6	23.3
10 years	18.6	22.1	20.7	23.2	28.0	26.7	21.0

(4) Correlation factor

Sony Life has calculated correlation factors from the monthly return of each index for a period of five years from April 2007 and to the end of March 2012 as there is no market-consistent data for correlation factors.

											2011
	Japanese	U.S.		UK	U.S.		UK				
	yen	dollar	Euro	pound	dollar /	Euro /	pound /				
	Interest	Interest	Interest	Interest	Japanese	Japanese	Japanese				
As of the end of March	rate 1Y	rate 1Y	rate 1Y	rate 1Y	yen	yen	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

											2012
	Japanese	U.S.		UK	U.S.		UK				
	yen	dollar	Euro	pound	dollar /	Euro /	pound /				
As of the end of March	Interest rate 1Y	Interest rate 1Y	Interest rate 1Y	Interest rate 1Y	Japanese	Japanese	Japanese	TOPIX	S&P	SX5E	FTSE
- 	Tate II	Tate II	Tate II	Tate II	yen	yen	yen	TOFIX	300	3AJL	IIJL
Japanese yen Interest rate 1Y	1.00	0.33	0.26	0.52	0.34	0.12	0.42	0.22	0.13	0.12	0.05
U.S. dollar Interest rate 1Y	0.33	1.00	0.43	0.54	0.61	0.34	0.52	0.57	0.40	0.42	0.43
Euro Interest rate 1Y	0.26	0.43	1.00	0.58	0.30	0.59	0.54	0.52	0.54	0.54	0.53
UK pound Interest rate 1Y	0.52	0.54	0.58	1.00	0.37	0.24	0.56	0.36	0.32	0.21	0.20
U.S. dollar / Japanese yen	0.34	0.61	0.30	0.37	1.00	0.55	0.73	0.53	0.21	0.20	0.18
Euro / Japanese yen	0.12	0.34	0.59	0.24	0.55	1.00	0.76	0.64	0.62	0.52	0.52
UK pound / Japanese yen	0.42	0.52	0.54	0.56	0.73	0.76	1.00	0.67	0.49	0.44	0.34
TOPIX	0.22	0.57	0.52	0.36	0.53	0.64	0.67	1.00	0.73	0.71	0.71
S&P	0.13	0.40	0.54	0.32	0.21	0.62	0.49	0.73	1.00	0.89	0.89
SX5E	0.12	0.42	0.54	0.21	0.20	0.52	0.44	0.71	0.89	1.00	0.90
FTSE	0.05	0.43	0.53	0.20	0.18	0.52	0.34	0.71	0.89	0.90	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 the end of March, 2012.

The table below shows foreign exchange rates of major currencies.

	(Yen)	
As of March 31	2011	2012
U.S. dollar / Yen	¥ 83.15	¥ 82.19
Euro / Yen	117.57	109.80
UK pound / Yen	133.89	131.34
Philippine peso / Yen	1.93	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 based on the classifications of the 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, 2012 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, 2012 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 best estimates by product as of the end of March, 2012. 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 past three years. Deteriorating trends in morbidity rates are taken into account for those A&H products for 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 past three 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
- Interest rate sensitive whole 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 past fiscal year.

Sony Life Insurance (Philippines) Corporation, Sony Life's subsidiary, is evaluated by converting its equity into a yen amount and its profits and losses are not reflected as life insurance business. Accordingly, Sony Life has not reflected administration expenses incurred at Sony Life regarding management of this subsidiary in the unit costs.

While AEGON Sony Life Insurance Co., Ltd., Sony Life's affiliated company, is not evaluated as a life insurance business. Rather than simply valuing this company at its book value, it is valued at net asset value minus intangible fixed assets and Insurance Business Act Article 113 deferred assets, multiplied by the participation rate. Accordingly, administration expenses incurred at Sony Life regarding management of this company are reflected in the unit costs.

Administration expenses of Sony Life's 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 Sony Life's subsidiaries and affiliated companies is not considered except for the points described above.

There are no one-time expenses which were incurred during the fiscal year ended March 31, 2012 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 Sony Life's 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

"The Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure" and "The Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake" were promulgated on December 2, 2011. As a result of this, the corporate tax rate will be lowered and reconstruction special corporate tax will be levied from the fiscal years beginning on or after April 1, 2012, and the statutory effective tax rate will change from 36.21% to 33.33% during the fiscal year 2012 through 2014, and 30.78% in and after the fiscal year 2015.

(7) Inflation

Set inflation to 0.31% 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 affiliated companies.

3.2 Treatment of subsidiaries and affiliated companies

Sony Life's calculations include the following values regarding its subsidiaries and affiliated companies in the calculation of adjusted net worth:

- AEGON Sony Life Insurance Co., Ltd. is valued at net asset value minus intangible fixed assets, and Insurance Business Act Article 113 deferred assets, multiplied by the participation rate, which is ¥2.4 billion.
- Sony Life Insurance (Philippines) Corporation is valued at book value under Japanese GAAP, adjusted for unrealized gains / losses due to foreign exchange rate movements (after-tax), which is ¥2.8 billion.
- Other companies are valued at book value under Japanese GAAP, which is ¥2.6 billion.

There are no other values reflected in the values of Sony Life's subsidiaries and affiliated companies except for the above, and all other results solely reflect Sony Life (on a non-consolidated basis).

3.3 Treatment of reinsurance

Sony Life has designated reinsurance premiums as expenses and reinsurance benefits as income in its 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, 2012, 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 is equal 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, less 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

The 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 fulfill in-force policy obligations, which by nature is restricted from distribution to shareholders. 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 or risk management purposes, or to achieve the company'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 200% or the amount of capital to cover risks based on the internal model. Required capital due to the statutory solvency margin requirement is larger as of March 31, 2012.

Sony Life considered the revision to strengthen the solvency margin requirement from the end of March 2012, and changed the target solvency margin ratio from 600% to 200%.

Sony Life defines the amount of capital to cover risks based on the internal model as the total amount of technical provision and solvency risk capital on an economic value basis in excess of statutory policy reserves (excluding contingency reserves). The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model, which is a similar but modified model based on the EU Solvency II (QIS5) standard method.

The solvency risk capital on an economic value basis as of March 31, 2012 was ¥551.5 billion (after tax). The tax rate used to adjust to the after-tax basis is 30.78%.

Sony Life will also revise the internal model itself as appropriate, taking into account domestic and overseas conditions, including developments in 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 QIS5 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

Quantification of mortality and longevity risks follows the QIS5 approach.

Quantification of morbidity, lapse, expense, and catastrophe risks follows the QIS4 approach. 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%.

(3) Operational risk

QIS5 is followed.

(4) Correlation parameters

Correlation parameters follow QIS5 except that the correlation parameter between Global and Other equities is set to one to exclude any diversification effect while it is set to 0.75 under 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 less 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 as the assumed 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, none of such interest gains would be attributed to shareholders, while interest losses would be attributed to shareholders.
- 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 using the cost of capital approach. It should be noted that the following points are different from the method prescribed in QIS5:

- Unavoidable market risk which is not clearly defined in QIS5 specifications is set to the uncertainty of the risk-free rates beyond the 40th year.
- Catastrophe risk and lapse risk in the Health module follows the QIS4 approach as 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 method of setting the cost of capital rate in the future as an industry standard has not yet been established.

Sony Life has obtained an opinion on the disclosure of MCEV results as of March 31, 2012, 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.

Many leading life insurance firms in Europe began disclosing European Embedded Value ("EEV") based on market consistent methods since the CFO Forum, formed by the Chief Financial Officers (CFO) of major insurance companies in Europe, published the EEV Principles in May 2004.

However, the EEV Principles allow various calculation methodologies, including MCEV. Many insurance companies in Europe disclose MCEV as part of their financial reports and use it as an internal management tool, so the CFO Forum published the MCEV Principles in June 2008 in order to make EV information effective and appropriate for investors by streamlining MCEV disclosure standards for international use. The CFO Forum revised the MCEV Principles in October 2009 and added issues relating to liquidity premium. Sony Life believes that continued vigilance is needed as calculation standards may change further going forward.

Sony Life has disclosed MCEV from 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.)

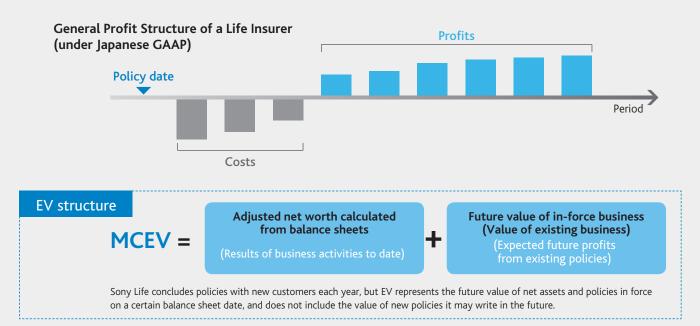
Sony Life regards MCEV as an extremely useful indicator. One reason is that MCEV allows it to analyze specific causes of changes in corporate value. MCEV is also essential for reflecting the above analysis in management strategies, with the aim of achieving consistent growth in corporate value centered 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 shift its bond holdings to ultralong-term bonds. 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.



5. Glossary of MCEV-related Terminology (in Alphabetical Order)

Appraisal value

• 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.

В Best estimate assumption

• The assumption that is most likely to occur in the future.

• 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, Sony Life has reflected the following in this cost: allowance for uncertainty of non-economic assumptions and the portion of economic assumptions considered non-hedgeable with respect to the cost of non-hedgeable risks.

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.

Implied volatility

• The expected rate of future variability embedded in current option prices, and represents the expected value of the market against the

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. 0

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.

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.

• The MCEV Principles define required capital as the capital necessary to hold in excess of statutory policy reserves (excluding contingency reserve), and it is considered to be the larger of the solvency capital to meet the statutory required minimum level or 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 200% or the amount of capital to cover risks based on the internal model.

Risk-free rate

• The reference rate defined in the MCEV Principles. The MCEV Principles state that it should be the swap rate to the currency of

However, beginning with the calculations of MCEV as of March 31, 2012, Sony Life has decided to use Japanese Government Bond (JGB) yields instead of swap rates.

This decision reflects the fact that JGBs are considered to have the lowest credit risk among receivables denominated in Japanese yen, as well as Sony Life's belief that JGBs are optimal in terms of their realism, i.e. whether it should be possible to invest in practice given limitations under the current accounting framework and regulations, and their high liquidity even for ultralong maturities.

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 based on economic value to be applied uniformly within the EU that the European Commission is preparing

______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)

Δ

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 rate 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 profitability in the primary business operations.

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.

Е

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 194 to 207.

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.

C

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.

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.

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 of Japan

(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 Act of Japan

(life and non-life insurance)

Insurance business has a public aspect, and the Insurance Business
Act, 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, 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, as well as losses caused by disaster or theft.

М

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. Ν

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. C

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 insurance)

(Underwriting reserves: 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 insurance) (Underwriting reserves: non-life insurance)

 Reserves recorded in the liabilities section of the balance sheets for which insurance companies are required in the Insurance Business Act of Japan 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 who 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 insurance) (Reserve for outstanding losses: 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 Act 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. 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.

Т

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 profit (non-life insurance)

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

V

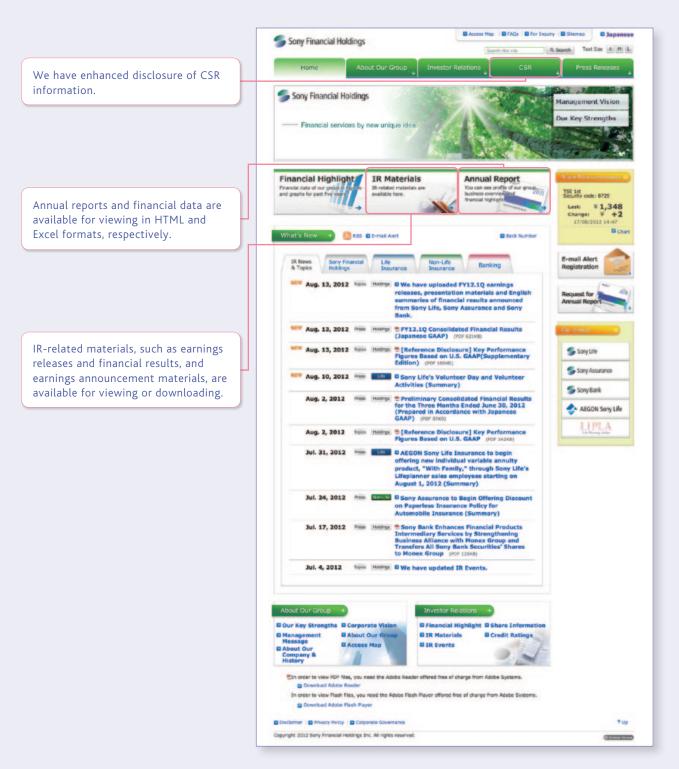
Variable life insurance (life insurance)

 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 and promote a better understanding of the SFH Group.

The SFH's website offers a variety of information, as detailed below.



http://www.sonyfh.co.jp/web/index_en.html



