

2013

Financial Data Book

Sony Financial Holdings Inc.

Contents of the Financial Data Book

SFH Financial Data (Consolidated)

- 001 Principal Indicators of Operating Performance
- 002 Consolidated Balance Sheets
- 004 Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
- 007 Consolidated Statements of Changes in Net Assets
- 009 Consolidated Statements of Cash Flows

Sony Life Financial Data (Consolidated)

- 010 Consolidated Balance Sheets
- 012 Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
- 014 Consolidated Statements of Changes in Net Assets
- 016 Consolidated Statements of Cash Flows

Sony Life Financial Data (Non-consolidated)

- 018 Non-consolidated Balance Sheets
- 020 Non-consolidated Statements of Income
- 023 Non-consolidated Statements of Changes in Net Assets
- 025 1. Loans by Borrower Category
- 025 2. Risk-monitored Loans
- 025 3. Accounting Indicators
- 030 4. Reconciliation to Core Profit and Non-consolidated Ordinary Profit
- 032 5. Fair Value Information on Securities (General Account)
- 036 6. Fair Value Information on Securities (Company Total)

Performance Indicators of Sony Life (Non-consolidated)

- 041 1. Key Performance Indicators for Past Five Years
- 042 2. Key Performance Indicators
- 049 3. Indicators for Insurance Policies
- 050 4. Indicators Related to Asset Management (General Account)
- 058 5. Status of Insurance Claims Paying Ability
- 059 6. Balance of Separate Account Assets
- 059 7. Status of Individual Variable Life Insurance and Individual Variable Annuities
- 060 8. Number of Agencies
- 060 9. Number of Employees and Recruits
- 061 10. Average Salary

Sony Assurance Financial Data

- 062 Balance Sheets
- 064 Statements of Income
- 065 Statements of Changes in Net Assets
- 066 Statements of Cash Flows
- 067 1. Loans by Borrower Category
- 067 2. Risk-monitored Loans
- 067 3. Assets and Liabilities
- 070 4. Profit and Loss
- 071 5. Fair Value Information, etc.

Performance Indicators of Sony Assurance

- 072 1. Principal Indicators of Operating Performance
- 072 2. Underwriting Performance
- 074 3. Asset Management
- 076 4. Non-consolidated Solvency Margin Ratio

Sony Bank Financial Data (Consolidated)

- 078 Consolidated Balance Sheets
- 080 Consolidated Statements of Income
- 080 Consolidated Statements of Comprehensive Income
- 081 Consolidated Statements of Changes in Net Assets
- 083 Consolidated Statements of Cash Flows

Sony Bank Financial Data (Non-consolidated)

- 084 Non-consolidated Balance Sheets
- 086 Non-consolidated Statements of Income
- 087 Non-consolidated Statements of Changes in Net Assets
- 089 1. Loans by Borrower Category
- 089 2. Risk-monitored Loans
- 089 3. Profit and Loss
- 092 4. Fair Value Information

Performance Indicators of Sony Bank (Non-consolidated)

- 097 1. Key Performance Indicators
- 097 2. Status of Operation (Deposits)
- 098 3. Status of Operation (Loans)
- 100 4. Status of Operation (Securities)

MCEV Results for Sony Life

- 102 1. MCEV Results
- 107 2. Assumptions
- 111 3. Calculation Method of MCEV
- 114 4. Overview of MCEV
- 115 5. Glossary of MCEV-related Terminology

SFH

Sony Life

Sony Assurance

Sony Bank

MCEV Results for Sony Life

Beginning with the publication of the 2013 Annual Report, the financial data is disclosed separately as a Financial Data Book, available only on the website of SFH.

The Annual Report is also available on the website of SFH.



http://www.sonyfh.co.jp/web/en/financial_info_e/annualreport.html

SFH Financial Data (Consolidated)

Principal Indicators of Operating Performance

(Millions of yen)

For the years ended March 31	2009	2010	2011	2012	2013
Ordinary revenues	¥ 860,323	¥ 978,991	¥1,002,201	¥1,078,070	¥1,259,041
Ordinary profit	34,253	84,373	76,860	74,625	79,252
Net income	30,722	48,126	41,716	32,812	45,064
Comprehensive income	–	71,066	31,963	60,376	96,225
Total net assets	204,897	269,439	294,877	347,800	435,444
Total assets	5,313,677	6,001,088	6,597,140	7,241,414	8,096,164
Net assets per share (yen)	471.03	619.40	677.88	796.64	997.94
Net income per share (yen)	70.63	110.64	95.90	75.43	103.60
Diluted net income per share (yen)	–	–	–	–	–
Cash flows from operating activities	730,038	494,225	527,582	524,264	580,882
Cash flows from investing activities	(769,813)	(378,706)	(559,771)	(512,198)	(550,159)
Cash flows from financing activities	(4,591)	(6,580)	(6,560)	1,782	(5,017)
Cash and cash equivalents at end of fiscal year	91,634	200,593	161,803	175,651	201,404
Number of employees	6,627	6,982	7,181	7,485	7,841

- Notes: 1. Diluted net income per share is not shown because there are no latent shares.
2. SFH has applied the ASBJ Statement No. 25, "Accounting Standard for Presentation of Comprehensive Income" (June 30, 2010) to the calculation of comprehensive income for the fiscal year ended March 31, 2010 and has retrospectively adjusted the relevant figures.
3. SFH conducted a 200-for-1 stock split of its common shares, with an effective date of April 1, 2011. Net assets per share and net income per share were calculated assuming that this stock split was conducted on April 1, 2008.

For the years ended March 31	2009	2010	2011	2012	2013
Consolidated adjusted ROE	(61.4%)	70.2%	(3.1%)	13.1%	3.3%
Sony Life adjusted ROE	(67.5)	77.7	(3.8)	14.1	3.3
Sony Assurance adjusted ROE	(1.6)	11.6	5.5	(1.2)	(0.1)
Sony Bank ROE	(1.7)	2.2	2.7	2.9	4.3

Each ROE is calculated as follows:

(1) Consolidated adjusted ROE

- Numerator = Sony Life: (Net increase in MCEV + Dividends)
+ Sony Assurance: (Net income (loss) + Increase in provision for catastrophe reserve (after tax) + Increase in reserve for price fluctuations (after tax))
+ Sony Bank: Net income (loss)
- Denominator = Sony Life: The average of (MCEV at previous fiscal year-end – Dividends + MCEV at current fiscal year-end)
+ Sony Assurance: The average of (Net assets + Catastrophe reserve (after tax) + Reserve for price fluctuations (after tax)) as of the previous fiscal year-end and the current fiscal year-end
+ Sony Bank: The average of net assets as of the previous fiscal year-end and the current fiscal year-end

(2) Sony Life adjusted ROE

- Numerator = Net increase in MCEV + Dividends
- Denominator = The average of (MCEV at previous fiscal year-end – Dividends + MCEV at current fiscal year-end)

(3) Sony Assurance adjusted ROE

- Numerator = Net income (loss) + Increase in provision for catastrophe reserve (after tax) + Increase in provision for reserve for price fluctuations (after tax)
- Denominator = The average of (Net assets + Catastrophe reserve (after tax) + Reserve for price fluctuations (after tax)) as of the previous fiscal year-end and the current fiscal year-end

(4) Sony Bank ROE

- Numerator = Net income (loss)
- Denominator = The average of net assets as of the previous fiscal year-end and the current fiscal year-end

SFH Consolidated Financial Statements

Consolidated Balance Sheets

Sony Financial Holdings Inc.
As of March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Assets		
Cash and due from banks	¥ 118,877	¥ 104,142
Call loans and bills bought	66,300	107,088
Monetary trusts	303,058	324,305
Securities	5,531,585	6,202,333
Loans	975,032	1,115,330
Tangible fixed assets	75,169	73,217
Land	31,469	31,089
Buildings	41,906	39,696
Leased assets	208	302
Construction in progress	–	672
Other tangible fixed assets	1,585	1,456
Intangible fixed assets	36,636	38,232
Software	35,661	37,944
Goodwill	839	258
Other intangible fixed assets	135	29
Due from reinsurers	79	110
Foreign exchanges	8,936	7,954
Other assets	92,416	107,345
Deferred tax assets	34,171	17,980
Customers' liabilities for acceptances and guarantees	1,000	–
Reserve for possible loan losses	(1,848)	(1,877)
Total Assets	¥7,241,414	¥8,096,164

(Millions of yen)

	2012	2013
Liabilities		
Policy reserves and others	¥4,963,025	¥5,601,060
Reserve for outstanding claims	48,233	53,246
Policy reserves	4,910,669	5,543,540
Reserve for policyholders' dividends	4,122	4,273
Due to agencies	1,664	2,431
Due to reinsurers	647	600
Deposits	1,760,853	1,857,302
Call money and bills sold	10,000	10,000
Borrowed money	2,000	2,000
Foreign exchanges	35	87
Bonds payable	10,000	20,000
Other liabilities	93,563	106,365
Reserve for employees' bonuses	2,944	3,085
Reserve for employees' retirement benefits	21,547	24,216
Reserve for directors' retirement benefits	354	411
Special reserves	25,386	32,344
Reserve for price fluctuations	25,380	32,344
Reserve for financial products transaction liabilities	6	–
Deferred tax liabilities	–	275
Deferred tax liabilities on land revaluation	589	536
Acceptances and guarantees	1,000	–
Total Liabilities	6,893,613	7,660,719
Net Assets		
Shareholders' equity		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	98,677	135,160
Total shareholders' equity	313,854	350,337
Accumulated other comprehensive income		
Net unrealized gains on other securities, net of taxes	36,949	88,329
Net deferred losses on hedging instruments, net of taxes	(2,414)	(3,047)
Land revaluation, net of taxes	(1,395)	(1,513)
Foreign currency translation adjustments	(453)	–
Total accumulated other comprehensive income	32,685	83,767
Minority interests	1,260	1,339
Total Net Assets	347,800	435,444
Total Liabilities and Net Assets	¥7,241,414	¥8,096,164

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, 2012 and 2013

(1) Consolidated Statements of Income

	(Millions of yen)	
	2012	2013
Ordinary Revenues	¥1,078,070	¥1,259,041
Ordinary Revenues from the Life Insurance Business	965,555	1,140,184
Income from insurance premiums	815,382	925,075
Insurance premiums	813,930	923,672
Ceded reinsurance commissions	1,452	1,402
Investment income	133,670	199,549
Interest income and dividends	97,649	108,153
Income from monetary trusts, net	5,278	5,259
Gains on sale of securities	7,592	2,522
Other investment income	12	13
Gains on separate accounts, net	23,137	83,601
Other ordinary income	16,501	15,559
Ordinary Revenues from the Non-life Insurance Business	80,094	84,711
Underwriting income	79,172	83,615
Net premiums written	79,141	83,582
Interest and dividends on deposits of premiums	31	33
Investment income	873	1,021
Interest income and dividends	874	1,027
Gains on sale of securities	23	26
Gains on redemption of securities	6	-
Transfer to interest and dividends on deposits of premiums	(31)	(33)
Other ordinary income	48	74
Ordinary Revenues from the Banking Business	32,420	34,145
Interest income	24,871	25,954
Interest income on loans	13,270	13,877
Interest income and dividends on securities	11,540	12,007
Interest income on call loans and bills bought	13	13
Interest income on deposits with banks	45	55
Other interest income	1	0
Fees and commissions	4,752	5,260
Other operating income	2,740	2,815
Gains on foreign exchange transactions, net	1,764	1,874
Others	976	940
Other ordinary income	56	114

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	(Millions of yen)	
	2012	2013
Ordinary Expenses	¥1,003,444	¥1,179,789
Ordinary Expenses from the Life Insurance Business	898,925	1,069,007
Insurance claims and other payments	287,451	293,938
Insurance claims	69,002	71,065
Annuity payments	8,577	9,571
Insurance benefits	42,209	46,809
Surrender payments	163,274	161,873
Other payments	2,302	2,649
Reinsurance premiums	2,085	1,968
Provision for policy reserves and others	471,593	630,575
Provision for reserve for outstanding claims	-	607
Provision for policy reserves	471,576	629,955
Interest portion of reserve for policyholders' dividends	17	12
Investment expenses	14,167	11,450
Interest expenses	55	43
Losses on sale of securities	2,607	1,587
Devaluation losses on securities	1,692	327
Losses on derivatives, net	-	226
Foreign exchange losses, net	1,373	1,253
Provision for reserve for possible loan losses	2	21
Depreciation of real estate for rent and others	2,257	2,000
Other investment expenses	6,178	5,990
Operating expenses	105,324	108,849
Other ordinary expenses	20,388	24,192
Ordinary Expenses from the Non-life Insurance Business	76,674	81,704
Underwriting expenses	57,673	61,401
Net losses paid	45,032	47,153
Loss adjustment expenses	5,081	5,656
Net commission and brokerage fees	972	945
Provision for reserve for outstanding losses	3,287	4,407
Provision for underwriting reserves	3,298	3,238
Other underwriting expenses	0	0
Investment expenses	4	7
Losses on sale of securities	0	3
Losses on redemption of securities	4	3
Operating, general and administrative expenses	18,918	20,279
Other ordinary expenses	77	16

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Consolidated Statements of Income (Continued)

	(Millions of yen)	
	2012	2013
Ordinary Expenses from the Banking Business	¥ 27,844	¥ 29,077
Interest expenses	8,798	7,811
Interest expenses on deposits	6,879	6,296
Interest expenses on call money and bills sold	10	10
Interest on borrowed money	95	86
Interest expenses on bonds	23	61
Interest expenses on interest rate swaps	1,784	1,355
Other interest expenses	4	0
Fees and commissions	1,416	1,546
Other operating expenses	735	2,568
General and administrative expenses	16,322	16,760
Other ordinary expenses	571	389
Ordinary Profit	74,625	79,252
Extraordinary Gains	99	-
Gains on disposal of fixed assets	0	-
Reversal of reserve for employees' retirement benefits	99	-
Extraordinary Losses	9,073	9,257
Losses on disposal of fixed assets	77	113
Impairment losses	274	962
Provision for special reserves	8,568	6,964
Provision for reserve for price fluctuations	8,568	6,964
Losses on sale of shares of subsidiaries and affiliates	-	1,216
Others	153	0
Provision for Reserve for Policyholders' Dividends	958	2,104
Income before Income Taxes	64,693	67,890
Income Taxes—Current	28,361	29,366
Income Taxes—Deferred	3,505	(6,620)
Total Income Taxes	31,867	22,746
Income before Minority Interests	32,825	45,143
Minority Interests in Income	13	78
Net Income	¥ 32,812	¥ 45,064

See accompanying "Notes to the Consolidated Financial Statements."

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2012	2013
Income before Minority Interests	¥32,825	¥45,143
Other Comprehensive Income		
Net unrealized gains on other securities, net of taxes	28,422	51,381
Net deferred losses on hedging instruments, net of taxes	(855)	(633)
Land revaluation, net of taxes	103	(118)
Foreign currency translation adjustments	(122)	453
Share of other comprehensive income of affiliates accounted for using equity method	1	(1)
Total other comprehensive income	27,550	51,082
Comprehensive Income	¥60,376	¥96,225
(Details)		
Comprehensive income attributable to parent company	¥60,362	¥96,146
Comprehensive income attributable to minority interests	13	78

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.

For the years ended March 31, 2012 and 2013

(Millions of yen)

	2012	2013
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	74,565	98,677
Changes during the period		
Dividends from surplus	(8,700)	(8,700)
Net income	32,812	45,064
Reversal of land revaluation	-	118
Total changes during the period	24,112	36,482
Balance at the end of the current period	98,677	135,160
Total shareholders' equity		
Balance at the beginning of the current period	289,742	313,854
Changes during the period		
Dividends from surplus	(8,700)	(8,700)
Net income	32,812	45,064
Reversal of land revaluation	-	118
Total changes during the period	24,112	36,482
Balance at the end of the current period	313,854	350,337

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Consolidated Statements of Changes in Net Assets (Continued)

	(Millions of yen)	
	2012	2013
Accumulated Other Comprehensive Income		
Net unrealized gains on other securities, net of taxes		
Balance at the beginning of the current period	¥ 8,525	¥ 36,949
Changes during the period		
Net changes of items other than shareholders' equity	28,424	51,380
Total changes during the period	28,424	51,380
Balance at the end of the current period	36,949	88,329
Net deferred losses on hedging instruments, net of taxes		
Balance at the beginning of the current period	(1,558)	(2,414)
Changes during the period		
Net changes of items other than shareholders' equity	(855)	(633)
Total changes during the period	(855)	(633)
Balance at the end of the current period	(2,414)	(3,047)
Land revaluation, net of taxes		
Balance at the beginning of the current period	(1,499)	(1,395)
Changes during the period		
Net changes of items other than shareholders' equity	103	(118)
Total changes during the period	103	(118)
Balance at the end of the current period	(1,395)	(1,513)
Foreign currency translation adjustments		
Balance at the beginning of the current period	(331)	(453)
Changes during the period		
Net changes of items other than shareholders' equity	(122)	453
Total changes during the period	(122)	453
Balance at the end of the current period	(453)	-
Total accumulated other comprehensive income		
Balance at the beginning of the current period	5,135	32,685
Changes during the period		
Net changes of items other than shareholders' equity	27,550	51,082
Total changes during the period	27,550	51,082
Balance at the end of the current period	32,685	83,767
Minority Interests		
Balance at the beginning of the current period	-	1,260
Changes during the period		
Net changes of items other than shareholders' equity	1,260	78
Total changes during the period	1,260	78
Balance at the end of the current period	1,260	1,339
Total Net Assets		
Balance at the beginning of the current period	294,877	347,800
Changes during the period		
Dividends from surplus	(8,700)	(8,700)
Net income	32,812	45,064
Reversal of land revaluation	-	118
Net changes of items other than shareholders' equity	28,811	51,161
Total changes during the period	52,923	87,643
Balance at the end of the current period	¥347,800	¥435,444

See accompanying "Notes to the Consolidated Financial Statements."

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2012 and 2013

(Millions of yen)

	2012	2013
Cash flows from operating activities		
Income before income taxes	¥ 64,693	¥ 67,890
Depreciation of real estate for rent and others	2,257	2,000
Depreciation and amortization	6,032	7,784
Impairment losses	274	962
Amortization of goodwill	560	580
Increase (decrease) in reserve for outstanding claims	(930)	5,015
Increase in policy reserve	474,875	633,193
Increase in interest portion of reserve for policyholders' dividends	17	12
Increase in reserve for policyholders' dividends	958	2,104
Increase in reserve for possible loan losses	274	28
Increase in reserve for employees' retirement benefits	3,088	2,913
Increase (decrease) in reserve for directors' retirement benefits	(87)	57
Increase in reserve for price fluctuations	8,568	6,964
Increase in reserve for financial products transaction liabilities	1	0
Interest income and dividends	(123,395)	(135,136)
Gains on securities	(36,774)	(87,294)
Interest expenses	8,853	7,855
Exchange (gains) losses	5,355	(35,508)
Losses on disposal of tangible fixed assets	78	69
Equity in losses of affiliates	1,179	1,718
Net increase in loans	(113,103)	(134,664)
Net increase in deposits	111,022	96,408
Net (increase) decrease in foreign exchange (assets)	(503)	981
Net increase in foreign exchange (liabilities)	18	51
Others, net	28,269	27,437
Subtotal	441,584	471,428
Interest and dividends received	132,119	146,015
Interest paid	(9,192)	(8,330)
Policyholders' dividends paid	(1,692)	(1,966)
Income taxes paid	(38,554)	(26,264)
Net cash provided by operating activities	524,264	580,882
Cash flows from investing activities		
Investments in monetary trusts	(500)	(4,942)
Proceeds from sale of monetary trusts	6,000	5,300
Purchases of securities	(1,037,882)	(973,738)
Proceeds from sale and redemption of securities	563,557	462,518
Investments in loans	(48,888)	(47,927)
Collections of loans	23,333	21,144
Others	-	(53)
Total of net cash used in investment transactions	(494,379)	(537,698)
Total of net cash provided by operating activities and investment transactions	29,884	43,184
Purchases of tangible fixed assets	(955)	(1,599)
Proceeds from sale of tangible fixed assets	0	-
Purchases of intangible fixed assets	(14,880)	(11,869)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	346	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	1,035
Purchase of securities of a subsidiary	-	(30)
Payments for transfer of business	(2,328)	-
Others	(1)	2
Net cash used in investing activities	(512,198)	(550,159)
Cash flows from financing activities		
Proceeds from issuance of bonds	9,962	9,965
Cash dividends paid	(8,696)	(8,697)
Balance from securitization of lease receivables	550	(6,500)
Others	(33)	214
Net cash provided by (used in) financing activities	1,782	(5,017)
Effect of exchange rate changes on cash and cash equivalents	(0)	47
Net increase (decrease) in cash and cash equivalents	13,848	25,752
Cash and cash equivalents at the beginning of the fiscal year	161,803	175,651
Cash and cash equivalents at the end of the fiscal year	¥ 175,651	¥ 201,404

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.

Sony Life Financial Data (Consolidated)

Consolidated Balance Sheets

Sony Life Insurance Co., Ltd. and consolidated subsidiary
As of March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Assets:		
Cash and deposits	¥ 20,593	¥ 27,373
Call loans	56,300	97,088
Monetary trusts	288,297	306,122
Securities	4,541,228	5,206,866
Loans	138,931	145,104
Tangible fixed assets	73,690	70,969
Land	31,469	31,089
Buildings	41,492	39,212
Leased assets	207	185
Other tangible fixed assets	522	482
Intangible fixed assets	24,257	26,102
Software	24,236	26,092
Other intangible fixed assets	21	9
Due from reinsurers	65	100
Other assets	49,799	54,865
Deferred tax assets	27,039	13,833
Reserve for possible loan losses	(214)	(235)
Total Assets	¥5,219,990	¥5,948,190

(Millions of yen)

	2012	2013
Liabilities:		
Policy reserves and others	¥4,871,461	¥5,501,850
Reserve for outstanding claims	24,041	24,646
Policy reserves	4,843,297	5,472,930
Reserve for policyholders' dividends	4,122	4,273
Due to agencies	1,664	2,431
Due to reinsurers	582	547
Other liabilities	38,251	49,844
Reserve for employees' retirement benefits	20,315	22,770
Reserve for directors' retirement benefits	168	171
Reserve for price fluctuations	25,319	32,264
Reserve for price fluctuations	25,319	32,264
Deferred tax liabilities on land revaluation	589	536
Total Liabilities	4,958,352	5,610,417
Net Assets:		
Common stock	70,000	70,000
Capital surplus	5,865	5,865
Retained earnings	153,479	183,138
Total shareholders' equity	229,344	259,003
Net unrealized gains on other securities, net of taxes	34,142	80,283
Land revaluation, net of taxes	(1,395)	(1,513)
Foreign currency translation adjustments	(453)	-
Total accumulated other comprehensive income	32,293	78,769
Total Net Assets	261,637	337,772
Total Liabilities and Net Assets	¥5,219,990	¥5,948,190

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Life Insurance Co., Ltd. and consolidated subsidiary
For the years ended March 31, 2012 and 2013

(Consolidated Statements of Income)

	(Millions of yen)	
	2012	2013
Ordinary Revenues	¥967,582	¥1,142,395
Income from insurance premiums	816,190	925,961
Investment income	134,092	200,008
Interest income and dividends	98,071	108,612
Income from monetary trusts, net	5,278	5,259
Gains on sale of securities	7,592	2,522
Other investment income	12	13
Gains on separate accounts, net	23,137	83,601
Other ordinary income	17,300	16,425
Ordinary Expenses	899,395	1,069,627
Insurance claims and other payments	287,451	293,938
Insurance claims	69,002	71,065
Annuity payments	8,577	9,571
Insurance benefits	42,209	46,809
Surrender payments	163,274	161,873
Other payments	4,387	4,617
Provision for policy reserves and others	471,593	630,575
Provision for reserve for outstanding claims	-	607
Provision for policy reserves	471,576	629,955
Interest on policyholders' dividend reserve	17	12
Investment expenses	14,379	11,771
Interest expenses	55	43
Losses on sale of securities	2,607	1,587
Devaluation losses on securities	1,692	327
Losses on derivatives, net	-	226
Foreign exchange losses, net	1,373	1,253
Provision for reserve for possible loan losses	2	21
Depreciation of real estate for rent and others	2,330	2,115
Other investment expenses	6,316	6,196
Operating expenses	105,666	109,204
Other ordinary expenses	20,304	24,136
Ordinary Profit	68,187	72,768

(Continued on next page)

	(Millions of yen)	
	2012	2013
Extraordinary Gains	¥ 0	¥ –
Gains on sale of fixed assets	0	–
Extraordinary Losses	8,598	8,828
Losses on disposal of fixed assets	24	21
Impairment losses	23	962
Provision for reserve for price fluctuations	8,550	6,945
Provision for reserve for price fluctuations	8,550	6,945
Losses on sale of shares of subsidiaries and affiliates	–	899
Provision for Reserve for Policyholders' Dividends	958	2,104
Income Before Income Taxes	58,630	61,835
Income Taxes—current	25,755	28,774
Income Taxes—deferred	2,666	(7,679)
Total Income Taxes	28,421	21,094
Income Before Minority Interests	30,208	40,740
Net Income	¥30,208	¥40,740

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	2012	2013
Income Before Minority Interests	¥30,208	¥40,740
Other Comprehensive Income	27,128	46,594
Net unrealized losses on other securities, net of taxes	27,145	46,142
Land revaluation, net of taxes	103	–
Foreign currency translation adjustments	(122)	453
Share of other comprehensive income of affiliates accounted for using equity method	1	(1)
Comprehensive Income	¥57,336	¥87,335
Comprehensive income attributable to parent company	¥57,336	¥87,335
Comprehensive income attributable to minority interests	–	–

Consolidated Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd. and consolidated subsidiary
For the years ended March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Shareholders' Equity		
Common stock		
Balance at the beginning of the current period	¥ 70,000	¥ 70,000
Changes during the period	-	-
Balance at the end of the current period	70,000	70,000
Capital surplus		
Balance at the beginning of the current period	5,865	5,865
Changes during the period	-	-
Balance at the end of the current period	5,865	5,865
Retained earnings		
Balance at the beginning of the current period	132,370	153,479
Changes during the period		
Dividends from surplus	(9,100)	(11,200)
Reversal of land revaluation	-	118
Net income	30,208	40,740
Total changes during the period	21,108	29,659
Balance at the end of the current period	153,479	183,138
Total shareholders' equity		
Balance at the beginning of the current period	208,235	229,344
Changes during the period		
Dividends from surplus	(9,100)	(11,200)
Reversal of land revaluation	-	118
Net income	30,208	40,740
Total changes during the period	21,108	29,659
Balance at the end of the current period	229,344	259,003

(Continued on next page)

(Millions of yen)

	2012	2013
Accumulated Other Comprehensive Income		
Net unrealized gains on other securities, net of taxes		
Balance at the beginning of the current period	¥ 6,996	¥ 34,142
Changes during the period		
Net changes of items other than shareholders' equity	27,146	46,140
Total changes during the period	27,146	46,140
Balance at the end of the current period	34,142	80,283
Land revaluation, net of taxes		
Balance at the beginning of the current period	(1,499)	(1,395)
Changes during the period		
Net changes of items other than shareholders' equity	103	(118)
Total changes during the period	103	(118)
Balance at the end of the current period	(1,395)	(1,513)
Foreign currency translation adjustments		
Balance at the beginning of the current period	(331)	(453)
Changes during the period		
Net changes of items other than shareholders' equity	(122)	453
Total changes during the period	(122)	453
Balance at the end of the current period	(453)	-
Total accumulated other comprehensive income		
Balance at the beginning of the current period	5,165	32,293
Changes during the period		
Net changes of items other than shareholders' equity	27,128	46,475
Total changes during the period	27,128	46,475
Balance at the end of the current period	32,293	78,769
Total Net Assets		
Balance at the beginning of the current period	213,401	261,637
Changes during the period		
Dividends from surplus	(9,100)	(11,200)
Reversal of land revaluation	-	118
Net income	30,208	40,740
Net changes of items other than shareholders' equity	27,128	46,475
Total changes during the period	48,236	76,135
Balance at the end of the current period	¥261,637	¥337,772

Consolidated Statements of Cash Flows

Sony Life Insurance Co., Ltd. and consolidated subsidiary
For the years ended March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Cash flows from operating activities		
Income before income taxes	¥ 58,630	¥ 61,835
Depreciation of real estate for rent and others	2,330	2,115
Depreciation and amortization	3,236	4,154
Impairment losses	23	962
Increase (decrease) in reserve for outstanding claims	(4,218)	607
Increase in policy reserves	471,576	629,955
Increase in interest of reserve for policyholders' dividends	17	12
Increase in reserve for policyholders' dividends	958	2,104
Increase in reserve for possible loan losses	2	21
Increase in reserve for employees' retirement benefits	2,855	2,699
Increase in reserve for directors' retirement benefits	25	3
Increase in reserve for price fluctuations	8,550	6,945
Interest income and dividends	(98,071)	(108,612)
Gains on securities	(32,782)	(84,697)
Interest expenses	55	43
Foreign exchange losses	1,373	1,253
Losses on disposal of tangible fixed assets	23	15
Equity in losses of affiliates	1,179	1,718
(Increase) decrease in due from reinsurers	18	(34)
Decrease in other assets (excluding those related to investing and financing activities)	19,670	18,109
Increase in due to agencies	162	766
Decrease in due to reinsurers	(102)	(34)
Increase in other liabilities (excluding those related to investing and financing activities)	242	9,687
Others, net	7,437	2,680
Subtotal	443,195	552,314
Interest and dividends received	104,141	115,649
Interest paid	(55)	(43)
Policyholders' dividends paid	(1,692)	(1,966)
Others, net	(5,669)	(5,829)
Income taxes paid	(34,981)	(23,443)
Net cash provided by operating activities	504,937	636,679

(Continued on next page)

(Millions of yen)

	2012	2013
Cash flows from investing activities		
Proceeds from sale of monetary trusts	¥ 6,000	¥ 5,300
Purchases of securities	(717,701)	(669,041)
Proceeds from sale and redemption of securities	223,909	119,909
Investments in loans	(48,888)	(47,927)
Proceeds from collections of loans	23,333	21,144
Others, net	–	(53)
Total of net cash used in investment transactions	(513,346)	(570,667)
[Total of net cash provided by (used in) operating activities and investment transactions]	[(8,408)]	[66,011]
Purchases of tangible fixed assets	(347)	(484)
Proceeds from sale of tangible fixed assets	0	–
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	–	530
Purchases of securities of affiliates	–	(30)
Others, net	(9,310)	(7,285)
Net cash used in investing activities	(523,004)	(577,937)
Cash flows from financing activities		
Cash dividends paid	(9,100)	(11,200)
Others, net	(18)	(18)
Net cash used in financing activities	(9,118)	(11,218)
Effect of exchange rate changes on cash and cash equivalents	(0)	44
Net increase (decrease) in cash and cash equivalents	(27,185)	47,568
Cash and cash equivalents at the beginning of the fiscal year	104,078	76,893
Cash and cash equivalents at the end of the fiscal year	¥ 76,893	¥ 124,461

Sony Life Financial Data (Non-consolidated)

Non-consolidated Balance Sheets

Sony Life Insurance Co., Ltd.
As of March 31, 2012 and 2013

	(Millions of yen)			
	2012		2013	
	Amount	Composition (%)	Amount	Composition (%)
Assets:				
Cash and deposits	¥ 19,808	0.4%	¥ 27,373	0.5%
Cash	19		28	
Deposits	19,788		27,344	
Call loans	56,300	1.1	97,088	1.6
Monetary trusts	288,297	5.5	306,122	5.1
Securities	4,545,019	87.0	5,211,535	87.5
Japanese government bonds	4,071,699		4,669,003	
Japanese municipal bonds	10,485		10,208	
Japanese corporate bonds	44,035		41,092	
Japanese stocks	69,149		61,884	
Foreign securities	230,172		275,439	
Other securities	119,476		153,906	
Loans	138,909	2.7	145,104	2.4
Policy loans	138,782		145,019	
Commercial loans	127		85	
Tangible fixed assets	73,678	1.4	70,969	1.2
Land	31,469		31,089	
Buildings	41,491		39,212	
Leased assets	207		185	
Other tangible fixed assets	511		482	
Intangible fixed assets	24,257	0.5	26,102	0.4
Software	24,235		26,092	
Other intangible fixed assets	21		9	
Due from reinsurers	65	0.0	100	0.0
Other assets	49,736	1.0	54,865	0.9
Other receivables	27,390		31,358	
Prepaid expenses	1,304		1,543	
Accrued income	14,600		15,377	
Money on deposits	4,239		4,185	
Advance payments	355		379	
Others	1,846		2,021	
Deferred tax assets	26,986	0.5	13,724	0.2
Reserve for possible loan losses	(214)	(0.0)	(235)	(0.0)
Total Assets	¥5,222,846	100.0%	¥5,952,750	100.0%

(Millions of yen)

	2012		2013	
	Amount	Composition (%)	Amount	Composition (%)
Liabilities:				
Policy reserves and others	¥4,871,182	93.3%	¥5,501,850	92.4%
Reserve for outstanding claims	24,039		24,646	
Policy reserves	4,843,020		5,472,930	
Reserve for policyholders' dividends	4,122		4,273	
Due to agencies	1,664	0.0	2,431	0.0
Due to reinsurers	581	0.0	547	0.0
Other liabilities	38,193	0.7	49,844	0.8
Accrued income tax	10,255		15,586	
Other payables	4,750		1,222	
Accrued expenses	13,387		14,079	
Unearned income	931		907	
Deposits received	627		1,090	
Deposits received for guarantee	5,459		5,307	
Derivative liabilities	–		172	
Lease obligations	263		243	
Asset retirement obligations	642		656	
Policy suspense and other suspense	1,874		10,577	
Reserve for employees' retirement benefits	20,310	0.4	22,770	0.4
Reserve for directors' retirement benefits	168	0.0	171	0.0
Reserve for price fluctuations	25,319	0.5	32,264	0.5
Reserve for price fluctuations	25,319		32,264	
Deferred tax liabilities on land revaluation	589	0.0	536	0.0
Total Liabilities	4,958,009	94.9	5,610,417	94.2
Net Assets:				
Common stock	70,000	1.3	70,000	1.2
Capital surplus	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865	
Retained earnings	156,335	3.0	187,698	3.2
Earned reserve	13,238		15,478	
Other retained earnings	143,096		172,219	
Unappropriated retained earnings for the period	143,096		172,219	
Total shareholders' equity	232,200	4.4	263,563	4.4
Net unrealized gains on other securities, net of taxes	34,032	0.7	80,283	1.3
Land revaluation, net of taxes	(1,395)	(0.0)	(1,513)	(0.0)
Total valuation and translation adjustments	32,636	0.6	78,769	1.3
Total Net Assets	264,836	5.1	342,333	5.8
Total Liabilities and Net Assets	¥5,222,846	100.0%	¥5,952,750	100.0%

Non-consolidated Statements of Income

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Ordinary Revenues	¥967,400	¥1,142,274
Income from insurance premiums	816,106	925,874
Insurance premiums	814,654	924,472
Ceded reinsurance commissions	1,452	1,402
Investment income	133,945	199,833
Interest income and dividends	97,960	108,539
Interest income from deposits	0	0
Interest income and dividends from securities	81,245	92,167
Interest income from loans	5,367	5,450
Rent revenue from real estate	11,241	10,854
Other interest income and dividends	105	67
Income from monetary trusts, net	5,278	5,259
Gains on sale of securities	7,556	2,420
Other investment income	12	13
Gains on separate accounts, net	23,137	83,601
Other ordinary income	17,347	16,566
Income for annuity riders	2,019	2,087
Income for deferred payment of claims	9,380	11,861
Reversal of reserve for outstanding claims	4,213	-
Other ordinary income	1,734	2,618

(Continued on next page)

(Millions of yen)

	2012	2013
Ordinary Expenses	¥897,964	¥1,067,614
Insurance claims and other payments	287,431	293,929
Insurance claims	68,995	71,060
Annuity payments	8,577	9,571
Insurance benefits	42,209	46,809
Surrender payments	163,263	161,872
Refund to policyholders	2,302	2,649
Reinsurance premiums	2,082	1,965
Provision for policy reserves and others	471,553	630,529
Provision for reserve for outstanding claims	–	607
Provision for policy reserves	471,536	629,909
Interest on policyholders' dividend reserve	17	12
Investment expenses	14,370	11,686
Interest expenses	55	43
Losses on sale of securities	2,607	1,587
Devaluation losses on securities	1,692	327
Losses on derivatives, net	–	226
Foreign exchange losses, net	1,376	1,176
Provision for reserve for possible loan losses	2	21
Depreciation of real estate for rent and others	2,330	2,115
Other investment expenses	6,305	6,188
Operating expenses	105,492	109,060
Other ordinary expenses	19,116	22,408
Payments of deferred claims	5,251	7,078
Taxes	7,145	7,929
Depreciation and amortization	3,232	4,150
Provision for reserve for employees' retirement benefits	3,456	3,141
Provision for reserve for directors' retirement benefits	25	3
Others	5	105
Ordinary Profit	69,436	74,659

(Continued on next page)

Non-consolidated Statements of Income (Continued)

	(Millions of yen)	
	2012	2013
Extraordinary Losses	¥ 8,598	¥ 8,961
Losses on disposal of fixed assets	24	21
Impairment losses	23	962
Provision for reserve for price fluctuations	8,550	6,945
Provision for reserve for price fluctuations	8,550	6,945
Losses on sale of shares of subsidiaries and affiliates	-	1,031
Provision for Reserve for Policyholders' Dividends	958	2,104
Income Before Income Taxes	59,879	63,594
Income Taxes—current	25,755	28,774
Income Taxes—deferred	2,697	(7,624)
Total Income Taxes	28,452	21,149
Net Income	¥ 31,426	¥ 42,444

Non-consolidated Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2012 and 2013

(Millions of yen)

	2012	2013
Shareholders' Equity		
Common stock		
Balance at the beginning of the current period	¥ 70,000	¥ 70,000
Changes during the period	-	-
Balance at the end of the current period	70,000	70,000
Capital surplus		
Capital reserve		
Balance at the beginning of the current period	5,865	5,865
Changes during the period	-	-
Balance at the end of the current period	5,865	5,865
Total capital surplus		
Balance at the beginning of the current period	5,865	5,865
Changes during the period	-	-
Balance at the end of the current period	5,865	5,865
Retained earnings		
Earned reserve		
Balance at the beginning of the current period	11,418	13,238
Changes during the period		
Dividends from surplus	1,820	2,240
Total changes during the period	1,820	2,240
Balance at the end of the current period	13,238	15,478
Other retained earnings		
Unappropriated retained earnings		
Balance at the beginning of the current period	122,590	143,096
Changes during the period		
Dividends from surplus	(10,920)	(13,440)
Reversal of land revaluation	-	118
Net income	31,426	42,444
Total changes during the period	20,506	29,123
Balance at the end of the current period	143,096	172,219
Total retained earnings		
Balance at the beginning of the current period	134,008	156,335
Changes during the period		
Dividends from surplus	(9,100)	(11,200)
Reversal of land revaluation	-	118
Net income	31,426	42,444
Total changes during the period	22,326	31,363
Balance at the end of the current period	156,335	187,698
Total shareholders' equity		
Balance at the beginning of the current period	209,873	232,200
Changes during the period		
Dividends from surplus	(9,100)	(11,200)
Reversal of land revaluation	-	118
Net income	31,426	42,444
Total changes during the period	22,326	31,363
Balance at the end of the current period	232,200	263,563

(Continued on next page)

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

	(Millions of yen)	
	2012	2013
Valuation and Translation Adjustments		
Net unrealized gains on other securities, net of taxes		
Balance at the beginning of the current period	¥ 7,013	¥ 34,032
Changes during the period		
Net changes of items other than shareholders' equity	27,018	46,251
Total changes during the period	27,018	46,251
Balance at the end of the current period	34,032	80,283
Land revaluation, net of taxes		
Balance at the beginning of the current period	(1,499)	(1,395)
Changes during the period		
Net changes of items other than shareholders' equity	103	(118)
Total changes during the period	103	(118)
Balance at the end of the current period	(1,395)	(1,513)
Total valuation and translation adjustments		
Balance at the beginning of the current period	5,513	32,636
Changes during the period		
Net changes of items other than shareholders' equity	27,122	46,133
Total changes during the period	27,122	46,133
Balance at the end of the current period	32,636	78,769
Total Net Assets		
Balance at the beginning of the current period	215,387	264,836
Changes during the period		
Dividends from surplus	(9,100)	(11,200)
Reversal of land revaluation	-	118
Net income	31,426	42,444
Net changes of items other than shareholders' equity	27,122	46,133
Total changes during the period	49,449	77,496
Balance at the end of the current period	¥264,836	¥342,333

1. Loans by Borrower Category

As of March 31	(Millions of yen)	
	2012	2013
Bankrupt and quasi-bankrupt loans	¥ —	¥ —
Doubtful loans	—	—
Sub-standard loans	—	—
Subtotal	—	—
[% to total]	[—]	[—]
Normal loans	141,384	147,608
Total	¥141,384	¥147,608

- 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

As of March 31	(Millions of yen)	
	2012	2013
Insurance claims		
Death benefits	¥ 7,609	¥ 6,897
Accidental benefits	342	209
Disability payments	1,214	1,158
Maturity benefits	1,505	1,402
Others	1,076	1,299
Subtotal	11,748	10,966
Annuity payments	468	514
Insurance benefits	4,727	4,982
Surrender payments	6,803	7,969
Deferred insurance benefits	50	76
Total, including others	¥24,039	¥24,646

3-2 Policy reserves

As of March 31	(Millions of yen)	
	2012	2013
Policy reserves (excluding contingency reserve)		
Individual life insurance	¥4,596,066	¥5,207,101
General accounts	4,195,276	4,707,813
Separate accounts	400,789	499,288
Individual annuities	133,736	149,711
General accounts	97,554	106,528
Separate accounts	36,181	43,182
Group life insurance	67	52
General accounts	67	52
Separate accounts	—	—
Group annuities	57,811	56,503
General accounts	57,811	56,503
Separate accounts	—	—
Others	—	—
General accounts	—	—
Separate accounts	—	—
Subtotal	4,787,682	5,413,369
General accounts	4,350,710	4,870,898
Separate accounts	436,971	542,471
Contingency reserve	55,338	59,561
Total	¥4,843,020	¥5,472,930
General accounts	¥4,406,049	¥4,930,459
Separate accounts	436,971	542,471

3-3 Breakdown of policy reserves

As of March 31	(Millions of yen)	
	2012	2013
Premium reserve	¥4,616,135	¥5,204,625
Unearned premiums	171,546	208,743
Refund reserve	—	—
Contingency reserve	55,338	59,561
Total	¥4,843,020	¥5,472,930

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	2012	2013
Calculation method		
Policies subject to standard policy reserve method		
Pure death-protection insurance	Net level premium reserve method	Net level premium reserve method
Mixed insurance	Net level premium reserve method	Net level premium reserve method
Pure endowment insurance	Net level premium reserve method	Net level premium reserve method
Annuities	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
Mixed insurance	Net level premium reserve method	Net level premium reserve method
Pure endowment insurance	Net level premium reserve method	Net level premium reserve method
Annuities	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"	100.1%	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. The amounts of the company's policy reserves include policy reserves additionally reserved to maintain the future soundness of certain policies.

Balance of policy reserves by contract year

Fiscal year issued	(Millions of yen)	
	Balance of policy reserves	Assumed interest rate (%)
Up to FY1980	¥ –	–%
FY1981 to FY1985	31,618	6.00–6.25
FY1986 to FY1990	51,628	6.00–6.25
FY1991 to FY1995	536,275	2.75–6.25
FY1996 to FY2000	1,162,532	1.90–4.00
FY2001 to FY2005	1,306,194	1.50
FY2006 to FY2010	1,243,118	1.50
FY2011	228,860	1.50
FY2012	254,113	1.50

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

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

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

Balance of policy reserves (general account)

As of March 31	(Millions of yen)	
	2012	2013
Balance of policy reserves (general account)	¥32,351	¥30,991

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.

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

Calculating method and coefficient

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

3-6 Reserve for policyholders' dividends

	(Millions of yen)						
	2012						
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the year ended March 31							
At the beginning of the current 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]

	(Millions of yen)						
	2013						
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the year ended March 31							
At the beginning of the current fiscal year	¥ 2,179	¥ 266	¥1,675	¥ 1	¥ –	¥ –	¥ 4,122
Increase due to interest	11	1	0	–	–	–	12
Decrease due to dividend payment	91	30	1,843	1	–	–	1,966
Provision for the current fiscal year	(161)	4	2,233	28	–	–	2,104
At the end of the current fiscal year	1,938	241	2,064	28	–	–	4,273
	[1,468]	[131]	[0]	[–]	[–]	[–]	[1,599]

Note: Figures in [] are accumulated dividends.

3-7 Other reserves

	(Millions of yen)					
	2012			2013		
	Balance at the beginning of the current period	Balance at the end of the current period	Increase (decrease)	Balance at the beginning of the current period	Balance at the end of the current period	Increase (decrease)
For the years ended March 31						
Reserve for possible loan losses						
General reserve for possible loan losses	¥ 0	¥ 0	¥ (0)	¥ 0	¥ 0	¥ (0)
Specific reserve for possible loan losses	228	214	(14)	214	235	21
Reserve for loan losses from borrowers in specific foreign countries	—	—	—	—	—	—
Reserve for employees' retirement benefits	17,596	20,310	2,713	20,310	22,770	2,459
Reserve for directors' retirement benefits	143	168	25	168	171	3
Reserve for price fluctuations	16,768	25,319	8,550	25,319	32,264	6,945

3-8 Insurance premiums

	(Millions of yen)	
	2012	2013
For the years ended March 31		
Individual life insurance	¥797,981	¥905,514
Lump-sum payment	75,631	117,473
Annual payment	218,573	261,534
Semi-annual payment	8,993	9,485
Monthly payment	494,783	517,021
Individual annuities	10,045	12,045
Lump-sum payment	514	957
Annual payment	2,955	3,428
Semi-annual payment	146	190
Monthly payment	6,428	7,469
Group life insurance	3,840	4,206
Group annuities	2,786	2,705
Total, including others	¥814,654	¥924,472

3-9 Insurance claims

	(Millions of yen)							
	2012	2013					2013	
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the years ended March 31								
Death benefits	¥41,224	¥40,877	¥—	¥1,301	¥—	¥—	¥—	¥42,178
Accidental benefits	1,205	775	—	0	—	—	—	775
Disability payments	1,984	2,365	—	124	—	—	—	2,490
Maturity benefits	19,679	19,593	—	—	—	—	—	19,593
Others	4,901	5,931	—	89	—	—	—	6,021
Total	¥68,995	¥69,544	¥—	¥1,516	¥—	¥—	¥—	¥71,060

3-10 Annuity payments

	(Millions of yen)							
	2012	2013					2013	
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the years ended March 31								
Annuity payments	¥8,577	¥—	¥7,517	¥15	¥2,038	¥—	¥—	¥9,571

3-11 Insurance benefits

(Millions of yen)

	2012		2013					Total
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
For the years ended March 31								
Death benefits	¥ 1,844	¥ 1,656	¥ 42	¥-	¥ -	¥-	¥-	¥ 1,699
Hospitalization benefits	8,820	8,744	-	0	-	-	-	8,745
Surgery benefits	7,969	8,258	-	-	-	-	-	8,258
Disability benefits	196	80	-	0	-	-	-	80
Living benefits	11,635	15,775	-	-	-	-	-	15,775
Others	11,744	9,545	248	-	2,457	-	-	12,250
Total	¥42,209	¥44,061	¥290	¥0	¥2,457	¥-	¥-	¥46,809

3-12 Surrender payments

(Millions of yen)

	2012		2013					Total
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
For the years ended March 31								
Surrender payments	¥163,263	¥157,640	¥4,231	¥-	¥-	¥-	¥-	¥161,872

3-13 Depreciation and amortization

(Millions of yen)

	2012					2013				
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the current period	Ratio of depreciation (%)	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the current period	Ratio of depreciation (%)
For the years ended March 31										
Tangible fixed assets	¥ 4,566	¥ 421	¥ 2,234	¥ 2,332	48.9%	¥ 4,637	¥ 235	¥ 2,304	¥ 2,333	49.7%
Buildings	3,413	280	1,376	2,037	40.3	3,442	163	1,399	2,043	40.7
Leased assets	-	1	-	-	-	-	-	-	-	-
Other tangible fixed assets	1,152	138	858	294	74.4	1,194	72	905	289	75.7
Intangible fixed assets	32,432	2,807	8,196	24,235	25.3	37,262	3,911	11,169	26,092	30.0
Others	25	3	10	15	40.6	15	3	8	6	55.6
Total	¥37,024	¥3,232	¥10,441	¥26,583	28.2%	¥41,915	¥4,150	¥13,482	¥28,432	32.2%

3-14 Operating expenses

(Millions of yen)

	2012	2013
For the years ended March 31		
Sales and marketing expenses	¥ 50,830	¥ 53,837
Sales administrative expenses	13,299	14,181
General administrative expenses	41,362	41,041
Total	¥105,492	¥109,060

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	2012	2013
Life Insurance Policyholders Protection Corporation of Japan	¥791	¥840

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

		(Millions of yen)	
For the years ended March 31		2012	2013
Core profit	(A)	¥71,685	¥80,045
Capital gains		7,556	2,420
Income from monetary trusts, net		-	-
Income from trading securities, net		-	-
Gains on sale of securities		7,556	2,420
Gains on derivatives, net		-	-
Foreign exchange gains, net		-	-
Other capital gains		-	-
Capital losses		5,774	3,351
Losses on monetary trusts, net		-	-
Losses on trading securities, net		-	-
Losses on sale of securities		2,607	1,587
Devaluation losses on securities		1,692	327
Losses on derivatives, net		-	226
Foreign exchange losses, net		1,376	1,176
Other capital losses		97	34
Net capital gains (losses)	(B)	1,782	(931)
Core profit plus net capital gains (losses)	(A)+(B)	73,468	79,114
Other one-time gains		-	-
Gains from reinsurance		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		4,032	4,454
Losses from reinsurance		-	-
Provision for contingency reserve		3,778	4,223
Provision for specific reserve for possible loan losses		2	21
Provision for reserve for loan losses from borrowers in specific foreign countries		-	-
Write-off of loans		-	-
Others		250	209
Net other one-time gains (losses)	(C)	(4,032)	(4,454)
Ordinary profit	(A)+(B)+(C)	¥69,436	¥74,659

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 includes provision of additional policy reserve of ¥250 million.

2. Core profit for the fiscal year ended March 31, 2013 (A) includes income gains of ¥5,259 million in income from monetary trusts; other capital losses include impairment losses of ¥34 million from investment partnership; "Others" of other one-time losses includes provision of additional policy reserve of ¥209 million.

(Reference) Reconciliation to core profit

(Millions of yen)

For the years ended March 31	2012	2013
Core Revenues	¥959,843	¥1,139,854
Income from insurance premiums	816,106	925,874
Insurance premiums	814,654	924,472
Ceded reinsurance commissions	1,452	1,402
Investment income	121,110	192,154
Interest income and dividends	97,960	108,539
Reversal of general reserve for possible loan losses	0	0
Other investment income	12	13
Gains on separate accounts, net	23,137	83,601
Other ordinary income	17,347	16,566
Income for annuity riders	2,019	2,087
Income for deferred payment of claims	9,380	11,861
Reversal of reserve for outstanding claims	4,213	–
Other ordinary income	1,734	2,618
Other core revenues	5,278	5,259
Core Expenses	888,157	1,059,808
Insurance claims and other payments	287,431	293,929
Insurance claims	68,995	71,060
Annuity payments	8,577	9,571
Insurance benefits	42,209	46,809
Surrender payments	163,263	161,872
Refund to policyholders	2,302	2,649
Reinsurance premiums	2,082	1,965
Provision for policy reserves and others	467,524	626,096
Investment expenses	8,593	8,313
Interest expenses	55	43
Depreciation of real estate for rent and others	2,330	2,115
Other investment expenses	6,207	6,153
Operating expenses	105,492	109,060
Other ordinary expenses	19,116	22,408
Payments of deferred claims	5,251	7,078
Taxes	7,145	7,929
Depreciation and amortization	3,232	4,150
Provision for reserve for employees' retirement benefits	3,456	3,141
Provision for reserve for directors' retirement benefits	25	3
Others	5	105
Other core expenses	–	–
Core Profit	¥ 71,685	¥ 80,045

(Reference) Negative spread and yields

(Billions of yen)

For the years ended March 31	2012	2013
Negative spread (Positive amount indicates positive spread)	¥(1.5)	¥2.1
Investment yield for core profit	2.31%	2.31%
Investment yield (general account)	2.17%	2.12%
Average assumed interest rate	2.35%	2.27%

5. Fair Value Information on Securities (General Account)

5-1 Fair value information on securities

Valuation gains (losses) on trading-purpose securities

Not applicable

Fair value information on securities

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

	(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	-	-	-	-	-

	(Millions of yen)				
	2013				
As of March 31	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥3,874,232	¥4,425,970	¥551,737	¥551,737	¥ -
Policy reserve matching bonds	-	-	-	-	-
Stocks of subsidiaries and affiliated companies	-	-	-	-	-
Available-for-sale securities	955,999	1,079,296	123,296	123,344	47
Japanese government and corporate bonds	925,308	1,036,956	111,648	111,648	-
Japanese stocks	14,760	20,994	6,233	6,281	47
Foreign securities	14,454	18,681	4,226	4,226	-
Bonds	14,454	18,681	4,226	4,226	-
Stocks, etc.	-	-	-	-	-
Other securities	1,476	2,664	1,188	1,188	-
Monetary claims purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	¥4,830,232	¥5,505,267	¥675,034	¥675,082	¥47
Japanese government and corporate bonds	¥4,756,200	¥5,410,686	¥654,486	¥654,486	¥ -
Japanese stocks	14,760	20,994	6,233	6,281	47
Foreign securities	57,795	70,922	13,126	13,126	-
Bonds	57,795	70,922	13,126	13,126	-
Stocks, etc.	-	-	-	-	-
Other securities	1,476	2,664	1,188	1,188	-
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, 2013 amounted to ¥268,594 million and ¥38,206 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	2012	2013
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy reserve matching bonds	—	—
Stocks of subsidiaries and affiliated companies	15,625	12,607
Available-for-sale securities	27,090	20,372
Unlisted domestic stocks (except OTC stocks)	4	4
Unlisted foreign stocks (except OTC stocks)	1,084	948
Unlisted foreign bonds	—	—
Others	26,001	19,419
Total	¥42,715	¥32,980

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)

As of March 31	2012				
	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	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	—	—	—	—	—

	(Millions of yen)				
	2013				
As of March 31	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥3,874,232	¥4,425,970	¥551,737	¥551,737	¥ -
Policy reserve matching bonds	-	-	-	-	-
Stocks of subsidiaries and affiliated companies	12,607	12,607	-	-	-
Available-for-sale securities	976,372	1,103,708	127,335	128,555	1,219
Japanese government and corporate bonds	925,308	1,036,956	111,648	111,648	-
Japanese stocks	14,765	20,998	6,233	6,281	47
Foreign securities	15,403	20,083	4,679	4,679	-
Bonds	14,454	18,681	4,226	4,226	-
Stocks, etc.	948	1,401	452	452	-
Other securities	20,895	25,669	4,774	5,946	1,171
Monetary claims purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	¥4,863,212	¥5,542,285	¥679,073	¥680,292	¥1,219
Japanese government and corporate bonds	¥4,756,200	¥5,410,686	¥654,486	¥654,486	¥ -
Japanese stocks	24,872	31,106	6,233	6,281	47
Foreign securities	61,244	74,823	13,578	13,578	-
Bonds	57,795	70,922	13,126	13,126	-
Stocks, etc.	3,448	3,901	452	452	-
Other securities	20,895	25,669	4,774	5,946	1,171
Monetary claims purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

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

	(Millions of yen)				
	2013				
As of March 31	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥306,122	¥306,122	¥-	¥-	¥-

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

Monetary trusts for investment

Not applicable

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

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

	(Millions of yen)				
	2013				
As of March 31	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ -	¥ -	¥ -	¥ -	¥-
Monetary trusts for policy reserve matching	-	-	-	-	-
Other monetary trusts	267,865	306,071	38,206	38,206	-

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

Qualitative Information

- Transaction details: The main derivative transactions used by Sony Life are as follows:
Currency derivatives: Forward foreign exchange transactions
- Transaction policy: Sony Life's policy is to conduct derivative transactions for the purpose of reducing the risk associated with the held assets and liabilities. Sony Life does not engage in speculative derivatives trading.
- Purpose of use: Sony Life uses derivatives for the purpose of reducing the risk associated with the held assets and liabilities. Sony Life does not apply hedge accounting to derivatives.
- Risk details: The derivative transactions used by Sony Life are subject to the risk of fluctuations in market prices. However, given that Sony Life uses derivatives mainly to reduce the risk associated with the held assets and liabilities, the sum of the risk associated with derivative transactions and the underlying risk of assets and liabilities is limited.
The act of trading in derivatives is intrinsically subject to credit risk. However, Sony Life selects counterparties who are highly unlikely to default on agreements related to these transactions.
- Risk management systems: Sony Life's balance of derivative transactions is within the limits that Sony Life has set in-house. On transactions conducted by the division in charge of investment, the administrative division receives reports directly from the transaction counterparty. This system enables the administrative division and the investment division to independently determine derivative positions and transaction profits and losses. In addition, the management of risks related to derivative transactions is conducted strictly by the department in charge of supervision. Also, the risk management division regularly reports the overall risk status to the Company's Board of Directors and Executive Committee.
- Supplemental information regarding quantitative information: Forward foreign exchange transactions are undertaken for the purpose of reducing the risk of foreign exchange movements associated with foreign currency-denominated receivables and payables, etc. The underlying assets held and gains and losses on derivatives are recognized on a cumulative basis. Sony Life has confirmed that derivative transactions have the effect of offsetting foreign exchange movements to a certain extent.

Quantitative Information

- Breakdown of valuation gains and losses (Derivatives to which hedge accounting is not applied and derivatives to which hedge accounting is applied)

As of March 31	2012						2013					
	Interest rate derivatives	Currency derivatives	Equity derivatives	Bond derivatives	Others	Total	Interest rate derivatives	Currency derivatives	Equity derivatives	Bond derivatives	Others	Total
Derivatives to which hedge accounting is not applied	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥(172)	¥-	¥-	¥-	¥(172)
Derivatives to which hedge accounting is applied	-	-	-	-	-	-	-	-	-	-	-	-
Total	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥(172)	¥-	¥-	¥-	¥(172)

Note: Valuation gains and losses on derivatives to which hedge accounting is not applied are recorded in the statements of income.

- Interest rate derivatives

Not applicable

- Currency derivatives

As of March 31	2012				2013			
	Notional amount total	Notional amount over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions								
Forward foreign exchanges								
Sold	¥-	¥-	¥-	¥-	¥1,206	¥-	¥(172)	¥(172)
U.S. dollars	-	-	-	-	1,206	-	(172)	(172)
Total	¥-	¥-	¥-	¥-	¥(172)	¥-	¥(172)	¥(172)

Note: The forward rate of exchange is used to value forward foreign exchange transactions at the end of the fiscal year.

- Equity derivatives

Not applicable

- Bond derivatives

Not applicable

- Others

Not applicable

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

As of March 31	(Billions of yen)							
	2012				2013			
	Fair Value	As of March 31, 2011	Unrealized gains (losses)	Realized gains (losses)	Fair Value	As of March 31, 2012	Unrealized gains (losses)	Realized 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:

- As of March 31, 2012, principal protected 30-year notes with NIKKEI 225 index-linked coupons (fair value of ¥45.5 billion and unrealized gain of ¥2.6 billion as of March 31, 2012).
- As of March 31, 2013, principal protected 30-year notes with NIKKEI 225 index-linked coupons (fair value of ¥52.2 billion and unrealized gain of ¥8.8 billion as of March 31, 2013).

6. Fair Value Information on Securities (Company Total)

6-1 Fair value information on securities

Valuation gains (losses) on trading-purpose securities

As of March 31	(Millions of yen)			
	2012		2013	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥430,490	¥30,976	¥527,787	¥70,801

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)

As of March 31	(Millions of yen)				
	2012		2013		
	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	—	—	—	—	—

(Millions of yen)

As of March 31	2013				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥3,874,232	¥4,425,970	¥551,737	¥551,737	¥ -
Policy reserve matching bonds	-	-	-	-	-
Stocks of subsidiaries and affiliated companies	-	-	-	-	-
Available-for-sale securities	955,999	1,079,296	123,296	123,344	47
Japanese government and corporate bonds	925,308	1,036,956	111,648	111,648	-
Japanese stocks	14,760	20,994	6,233	6,281	47
Foreign securities	14,454	18,681	4,226	4,226	-
Bonds	14,454	18,681	4,226	4,226	-
Stocks, etc.	-	-	-	-	-
Other securities	1,476	2,664	1,188	1,188	-
Monetary claims purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	¥4,830,232	¥5,505,267	¥675,034	¥675,082	¥47
Japanese government and corporate bonds	¥4,756,200	¥5,410,686	¥654,486	¥654,486	¥ -
Japanese stocks	14,760	20,994	6,233	6,281	47
Foreign securities	57,795	70,922	13,126	13,126	-
Bonds	57,795	70,922	13,126	13,126	-
Stocks, etc.	-	-	-	-	-
Other securities	1,476	2,664	1,188	1,188	-
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, 2013 amounted to ¥268,594 million and ¥38,206 million, respectively.

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

○ Held-to-maturity securities

(Millions of yen)

As of March 31	2012			2013		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount	¥3,066,812	¥3,226,985	¥160,172	¥3,874,232	¥4,425,970	¥551,737
Japanese government and corporate bonds	3,023,950	3,181,441	157,491	3,830,891	4,373,729	542,837
Foreign securities	42,862	45,543	2,681	43,341	52,240	8,899
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	-	-	-	-	-	-

○ Policy reserve matching bonds—Not applicable

O Available-for-sale securities

	2012			(Millions of yen) 2013		
	Carrying amount	Balance sheet amount	Difference	Carrying amount	Balance sheet amount	Difference
As of March 31						
Available-for-sale securities whose balance sheet amount exceeds carrying amount	¥889,124	¥950,469	¥61,345	¥952,101	¥1,075,445	¥123,344
Japanese government and corporate bonds	849,186	902,676	53,490	925,308	1,036,956	111,648
Japanese stocks	23,088	29,313	6,225	10,862	17,143	6,281
Foreign securities	15,373	16,770	1,397	14,454	18,681	4,226
Other securities	1,476	1,708	232	1,476	2,664	1,188
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)	3,898	3,850	(47)
Japanese government and corporate bonds	-	-	-	-	-	-
Japanese stocks	6,018	5,656	(361)	3,898	3,850	(47)
Foreign securities	-	-	-	-	-	-
Other securities	-	-	-	-	-	-
Monetary claims purchased	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-
Others	-	-	-	-	-	-

b. Carrying amounts of securities without market value

	(Millions of yen)	
	2012	2013
As of March 31		
Held-to-maturity securities	¥ -	¥ -
Unlisted foreign bonds	-	-
Others	-	-
Policy reserve matching bonds	-	-
Stocks of subsidiaries and affiliated companies	15,625	12,607
Available-for-sale securities	27,090	20,372
Unlisted domestic stocks (except OTC stocks)	4	4
Unlisted foreign stocks (except OTC stocks)	1,084	948
Unlisted foreign bonds	-	-
Others	26,001	19,419
Total	¥42,715	¥32,980

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:

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

(Millions of yen)

	2013				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31					
Held-to-maturity securities	¥3,874,232	¥4,425,970	¥551,737	¥551,737	¥ -
Policy reserve matching bonds	-	-	-	-	-
Stocks of subsidiaries and affiliated companies	12,607	12,607	-	-	-
Available-for-sale securities	976,372	1,103,708	127,335	128,555	1,219
Japanese government and corporate bonds	925,308	1,036,956	111,648	111,648	-
Japanese stocks	14,765	20,998	6,233	6,281	47
Foreign securities	15,403	20,083	4,679	4,679	-
Bonds	14,454	18,681	4,226	4,226	-
Stocks, etc.	948	1,401	452	452	-
Other securities	20,895	25,669	4,774	5,946	1,171
Monetary claims purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	¥4,863,212	¥5,542,285	¥679,073	¥680,292	¥1,219
Japanese government and corporate bonds	¥4,756,200	¥5,410,686	¥654,486	¥654,486	¥ -
Japanese stocks	24,872	31,106	6,233	6,281	47
Foreign securities	61,244	74,823	13,578	13,578	-
Bonds	57,795	70,922	13,126	13,126	-
Stocks, etc.	3,448	3,901	452	452	-
Other securities	20,895	25,669	4,774	5,946	1,171
Monetary claims purchased	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

(Millions of yen)

	2012					2013				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31										
Monetary trusts	¥288,297	¥288,297	¥-	¥-	¥-	¥306,122	¥306,122	¥-	¥-	¥-

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

Monetary trusts for investment

Not applicable

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

(Millions of yen)

	2012					2013				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31										
Monetary trusts for held-to-maturity	¥ -	¥ -	¥ -	¥ -	¥-	¥ -	¥ -	¥ -	¥ -	¥-
Monetary trusts for policy reserve matching	-	-	-	-	-	-	-	-	-	-
Other monetary trusts	¥267,887	¥288,247	¥20,359	¥20,359	¥-	¥267,865	¥306,071	¥38,206	¥38,206	¥-

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

Qualitative Information

1. Transaction details: The main derivative transactions used by Sony Life are as follows:

Currency derivatives: Forward foreign exchange transactions

2. Transaction policy: Sony Life's policy is to conduct derivative transactions for the purpose of reducing the risk associated with the held assets and liabilities. Sony Life does not engage in speculative derivatives trading.

3. Purpose of use: Sony Life uses derivatives for the purpose of reducing the risk associated with the held assets and liabilities. Sony Life does not apply hedge accounting to derivatives.

4. Risk details: The derivative transactions used by Sony Life are subject to the risk of fluctuations in market prices. However, given that Sony Life uses derivatives mainly to reduce the risk associated with the held assets and liabilities, the sum of the risk associated with derivative transactions and the underlying risk of assets and liabilities is limited.

The act of trading in derivatives is intrinsically subject to credit risk. However, Sony Life selects counterparties who are highly unlikely to default on agreements related to these transactions.

5. Risk management systems: Sony Life's balance of derivative transactions is within the limits that Sony Life has set in-house. On transactions conducted by the division in charge of investment, the administrative division receives reports directly from the transaction counterparty. This system enables the administrative division and the investment division to independently determine derivative positions and transaction profits and losses. In addition, the management of risks related to derivative transactions is conducted strictly by the department in charge of supervision. Also, the risk management division regularly reports the overall risk status to the Company's Board of Directors and Executive Committee.
6. Supplemental information regarding quantitative information: Forward foreign exchange transactions are undertaken for the purpose of reducing the risk of foreign exchange movements associated with foreign currency-denominated receivables and payables, etc. The underlying assets held and gains and losses on derivatives are recognized on a cumulative basis. Sony Life has confirmed that derivative transactions have the effect of offsetting foreign exchange movements to a certain extent.

Quantitative Information

1. Breakdown of valuation gains and losses (Derivatives to which hedge accounting is not applied and derivatives to which hedge accounting is applied)

As of March 31	2012						2013					
	Interest rate derivatives	Currency derivatives	Equity derivatives	Bond derivatives	Others	Total	Interest rate derivatives	Currency derivatives	Equity derivatives	Bond derivatives	Others	Total
Derivatives to which hedge accounting is not applied	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥(172)	¥-	¥-	¥-	¥(172)
Derivatives to which hedge accounting is applied	-	-	-	-	-	-	-	-	-	-	-	-
Total	¥-	¥-	¥-	¥-	¥-	¥-	¥-	¥(172)	¥-	¥-	¥-	¥(172)

Note: Valuation gains and losses on derivatives to which hedge accounting is not applied are recorded in the statements of income.

2. Interest rate derivatives

Not applicable

3. Currency derivatives

As of March 31	2012				2013			
	Notional amount total	Notional amount over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions								
Forward foreign exchanges								
Sold	¥-	¥-	¥-	¥-	¥1,206	¥-	¥(172)	¥(172)
U.S. dollars	-	-	-	-	1,206	-	(172)	(172)
Total	¥-	¥-	¥-	¥-	¥-	¥-	¥(172)	¥(172)

Note: The forward rate of exchange is used to value forward foreign exchange transactions at the end of the fiscal year.

4. Equity derivatives

Not applicable

5. Bond derivatives

Not applicable

6. Others

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	2009	2010	2011	2012	2013
Policy amount in force	¥33,537,084	¥34,598,244	¥35,947,326	¥37,345,780	¥39,124,675
Individual life insurance	32,229,100	33,164,100	34,421,831	35,707,301	37,366,333
Individual annuities	288,559	306,661	326,699	369,759	412,709
Group life insurance	1,019,424	1,127,481	1,198,794	1,268,718	1,345,632
Policy amount in force for group annuities	73,499	72,348	58,937	57,811	56,503
Annualized premiums from insurance in force	547,898	573,331	604,793	635,401	669,937
Of which, medical protection, living benefit protection and other products	126,662	133,023	140,776	148,954	158,686
New policy amount	3,888,906	4,056,495	4,213,996	4,207,045	4,460,210
Individual life insurance	3,834,610	4,017,527	4,166,278	4,145,663	4,396,676
Individual annuities	39,100	31,709	32,746	57,664	57,931
Group life insurance	15,196	7,258	14,971	3,717	5,602
Annualized premiums from new policies	61,693	68,780	71,230	70,854	73,263
Of which, medical protection, living benefit protection and other products	13,443	16,264	16,679	17,101	18,397
Ordinary revenues	765,910	881,798	900,091	967,400	1,142,274
Of which, income from insurance premiums	662,011	700,101	770,330	816,106	925,874
Of which, investment income	98,781	175,397	119,500	133,945	199,833
Ordinary expenses	733,500	801,698	826,914	897,964	1,067,614
Of which, insurance claims and other payments	274,778	274,278	297,966	287,431	293,929
Of which, investment expenses	133,777	20,584	19,303	14,370	11,686
Of which, operating expenses	93,928	96,860	99,374	105,492	109,060
Ordinary profit	32,409	80,099	73,176	69,436	74,659
Net income	33,783	46,138	40,220	31,426	42,444
Core profit	38,005	64,517	56,295	71,685	80,045
Common stock	70,000	70,000	70,000	70,000	70,000
Number of shares issued and outstanding (thousands of shares)	70,000	70,000	70,000	70,000	70,000
Total assets	3,810,929	4,286,540	4,723,332	5,222,846	5,952,750
Of which, separate account assets	275,160	373,604	398,124	444,289	550,624
Policy reserves	3,592,376	3,985,610	4,371,484	4,843,020	5,472,930
Loans	120,462	127,599	134,419	138,909	145,104
Securities	2,819,638	3,539,114	4,017,583	4,545,019	5,211,535
Solvency margin ratio	2,060.5%	2,637.3%	2,900.1%	1,980.4%	2,281.8%
			[1,720.0%]		
Number of employees	5,599	5,835	5,921	6,060	6,323

- Notes: 1. Policy amount in force is the total of individual life insurance, individual annuities and group life insurance. Policy amount for 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. The policy amount in force for group annuities is equal to the amount of outstanding policy reserves.
3. New policy amount is the total of individual life insurance, individual annuities and group life insurance. New policy 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.)
5. "Medical protection, living benefit protection and other products" is the portion of the annualized premium for medical protection benefits (hospitalization benefits, surgical benefits, etc.) and living benefit protection (benefits for specific diseases, nursing care benefits, etc.).
6. Cabinet Office Ordinance No. 23 of 2010 and 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 figures for the years ended March 31, 2009 to 2011 and the figures for the years ended March 31, 2012 and 2013 are calculated based on different methods. The above-stated figure in [1,720.0%] 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.

2. Key Performance Indicators

2-1 Policy amount in force and new policy amount

Policy amount in force

As of March 31	(Millions of yen)							
	2012				2013			
	Number	Change from March 31, 2011 (%)	Amount	Change from March 31, 2011 (%)	Number	Change from March 31, 2012 (%)	Amount	Change from March 31, 2012 (%)
Individual life insurance . . .	5,602,189	106.0%	¥35,707,301	103.7%	5,958,963	106.4%	¥37,366,333	104.6%
Individual annuities	71,560	118.4	369,759	113.2	82,261	115.0	412,709	111.6
Group life insurance	–	–	1,268,718	105.8	–	–	1,345,632	106.1
Group annuities	–	–	57,811	98.1	–	–	56,503	97.7

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

For the year ended March 31	(Millions of yen)						
	2012			2013			
	Number	YoY change (%)	Amount	YoY change (%)	Amount, of which, new policies	Amount, of which, increase from 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	–	–	–	–	–	–	

For the year ended March 31	(Millions of yen)						
	2012			2013			
	Number	YoY change (%)	Amount	YoY change (%)	Amount, of which, new policies	Amount, of which, increase from conversion	
Individual life insurance	607,184	105.1%	¥4,396,676	106.1%	¥4,396,676	¥–	
Individual annuities	13,343	98.5	57,931	100.5	57,931	–	
Group life insurance	–	–	5,602	150.7	5,602	–	
Group annuities	–	–	–	–	–	–	

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

2-2 Annualized premiums

Policy amount in force

As of March 31	(Millions of yen)			
	2012		2013	
	Amount	Change from March 31, 2011 (%)	Amount	Change from March 31, 2012 (%)
Individual life insurance	¥621,647	104.9%	¥654,723	105.3%
Individual annuities	13,753	111.3	15,214	110.6
Total	¥635,401	105.1%	¥669,937	105.4%
Of which, medical protection, living benefit protection and other products	148,954	105.8	158,686	106.5

New policies

For the years ended March 31	(Millions of yen)			
	2012		2013	
	Amount	YoY change (%)	Amount	YoY change (%)
Individual life insurance	¥68,651	98.8%	¥71,069	103.5%
Individual annuities	2,203	125.0	2,193	99.6
Total	¥70,854	99.5%	¥73,263	103.4%
Of which, medical protection, living benefit protection and other products	17,101	102.5	18,397	107.6

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

2-3 Policy amount in force and new policy amount by product

Policies and policy amount in force by product

(Millions of yen)

As of March 31	2012		2013	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	4,307,480	¥33,055,108	4,569,665	¥34,556,341
Variable life insurance (whole life type)	552,644	2,954,217	577,454	3,039,828
Modified payment whole life insurance	16,107	155,894	15,557	147,918
Limited payment whole life insurance	334,416	2,800,539	326,084	2,714,103
Family insurance	1,306	12,186	1,274	11,823
Interest rate-sensitive whole life insurance	511,653	2,918,906	561,924	3,189,482
Whole life insurance (no selection type)	4,769	8,803	4,537	8,221
Living benefit insurance (whole life type)	368,284	1,208,410	453,085	1,542,262
Variable life insurance (term type)	1,453	46,893	1,398	45,078
Family income insurance	180,165	4,769,802	203,903	5,376,396
Living standard insurance	3,977	67,758	3,599	57,892
Level premium plan term life insurance	95,797	2,013,279	90,312	1,881,168
Decreasing term life insurance	61,822	1,157,972	66,044	1,246,725
Living benefit insurance (term type)	40,040	340,003	48,994	435,942
Level premium plan term life insurance (non-smoker preferred risk)	19,931	812,099	19,175	782,864
Decreasing term life insurance (non-smoker preferred risk)	30,015	749,906	27,929	657,075
Family income insurance (non-smoker preferred risk)	57,073	1,804,589	53,979	1,629,338
Increasing term life insurance	156	11,762	106	8,159
Long-term level premium plan term life insurance (with disability benefit)	24,843	1,110,282	29,897	1,328,486
Increasing term life insurance (reduced surrender value)	3,620	127,242	3,614	124,883
Level premium plan term life insurance (no surrender value)	32,630	598,367	38,192	698,601
Income protection insurance to cover three major diseases	11,511	8,354	14,538	10,914
Semi-participating whole life nursing-care insurance	82,663	319,601	121,882	461,963
Whole life nursing-care insurance (reduced surrender value)	5,603	1,007	8,758	1,625
Cancer insurance	226,348	31,703	219,666	30,277
Whole-life cancer insurance (08)	47,141	4,654	56,009	5,264
Cancer hospitalization insurance	34,190	–	33,387	–
Comprehensive medical insurance	1,545,642	712,211	1,575,595	694,977
Long-term comprehensive medical insurance	13,611	5,612	12,708	5,301
Semi-participating living standard insurance (joint type)	70	1,440	65	1,329
Term riders and others	[487,174]	8,301,606	[514,361]	8,418,435
Mixed insurance	308,747	1,099,466	316,092	1,115,467
Variable life insurance (limited term type)	42,737	120,151	43,327	122,828
Endowment insurance	203,183	807,913	202,663	809,770
Semi-participating endowment insurance	62,827	171,401	70,102	182,868
Pure endowment insurance	985,962	1,552,726	1,073,206	1,694,524
Semi-participating educational endowment insurance	985,962	1,552,726	1,073,206	1,694,524
Living benefit rider	[-]	–	[-]	–
Total individual life insurance products	5,602,189	35,707,301	5,958,963	37,366,333
Individual annuity products				
Semi-participating individual annuities	36,987	169,166	47,259	210,974
Individual variable annuities	28,044	149,326	27,566	146,358
Others	6,529	51,267	7,436	55,375
Total individual annuity products	71,560	369,759	82,261	412,709
Group life insurance products				
Group term life insurance	122,274	256,642	119,023	240,853
Group welfare term life insurance	127,574	73,975	127,330	74,381
Group credit life insurance	2,050,393	938,056	1,881,666	1,030,367
Annuity payment rider	81	44	57	29
Total group life insurance products	2,300,322	1,268,718	2,128,076	1,345,632
Group annuity products				
New-type corporate annuities	26,044	4,356	25,944	4,071
Defined contribution corporate annuities	155,272	53,455	165,990	52,431
Total group annuity products	181,316	57,811	191,934	56,503
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 yet commenced.

The amounts of policies for which annuity payments have not yet commenced are the funds to be held at the time annuity payments commence.

4. "Others" under individual annuity products include "semi-participating nursing-care riders," "semi-participating fixed individual annuity riders," and the policies for which annuity payments have commenced.

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

5. The numbers of policies for group life insurance products, group annuity products, medical protection insurance (group-type) and "reinsurance recipients" 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 benefits for hospitalization.

New policies and new policy amount by product

For the years ended March 31	2012		(Millions of yen) 2013	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	437,021	¥3,848,423	471,677	¥4,118,758
Variable life insurance (whole life type)	37,154	146,776	42,542	175,568
Modified payment whole life insurance	125	1,942	85	1,580
Limited payment whole life insurance	2	7	4	22
Family insurance	—	—	—	—
Interest rate-sensitive whole life insurance	56,523	316,505	71,004	420,177
Whole life insurance (no selection type)	281	429	351	484
Living benefit insurance (whole life type)	73,447	266,665	97,266	382,026
Variable life insurance (term type)	42	1,069	72	2,266
Family income insurance	35,964	1,118,717	34,840	1,065,331
Living standard insurance	—	—	—	—
Level premium plan term life insurance	4,349	106,622	4,020	97,588
Decreasing term life insurance	10,109	261,950	9,275	233,433
Living benefit insurance (term type)	9,742	86,848	12,238	125,213
Level premium plan term life insurance (non-smoker preferred risk)	949	47,804	995	55,416
Decreasing term life insurance (non-smoker preferred risk)	—	—	—	—
Family income insurance (non-smoker preferred risk)	—	—	—	—
Increasing term life insurance	—	—	—	—
Long-term level premium plan term life insurance (with disability benefit)	5,197	227,681	6,758	301,579
Increasing term life insurance (reduced surrender value)	319	11,796	582	19,985
Level premium plan term life insurance (no surrender value)	9,443	165,317	8,245	151,982
Income protection insurance to cover three major diseases	5,329	3,954	3,928	3,164
Semi-participating whole life nursing-care insurance	31,050	115,933	42,509	157,066
Whole life nursing-care insurance (reduced surrender value)	3,381	625	3,642	698
Cancer insurance	3,251	261	3,241	274
Whole-life cancer insurance (08)	14,138	1,200	11,505	962
Cancer hospitalization insurance	9,335	—	2,250	—
Comprehensive medical insurance	126,717	28,181	116,325	27,937
Long-term comprehensive medical insurance	174	89	—	—
Semi-participating living standard insurance (joint type)	—	—	—	—
Term riders and others	[54,927]	938,041	[56,941]	895,997
Mixed insurance	39,586	141,651	33,819	114,312
Variable life insurance (limited term type)	2,228	5,721	2,993	8,424
Endowment insurance	24,827	106,133	18,516	78,964
Semi-participating endowment insurance	12,531	29,797	12,310	26,923
Pure endowment insurance	101,182	155,588	101,688	163,604
Semi-participating educational endowment insurance	101,182	155,588	101,688	163,604
Living benefit rider	[—]	—	[—]	—
Total individual life insurance products	577,789	4,145,663	607,184	4,396,676
Individual annuity products				
Semi-participating individual annuities	12,354	50,945	11,816	49,516
Individual variable annuities	1,199	6,718	1,527	8,414
Others	—	—	—	—
Total individual annuity products	13,553	57,664	13,343	57,931
Group life insurance products				
Group term life insurance	—	—	9,903	1,796
Group welfare term life insurance	5,719	3,717	2,822	3,805
Group credit life insurance	—	—	—	—
Annuity payment rider	—	—	—	—
Total group life insurance products	5,719	3,717	12,725	5,602
Group annuity products				
New-type corporate annuities	—	—	—	—
Defined contribution corporate annuities	—	—	—	—
Total group annuity products	—	—	—	—
Medical protection insurance (group-type)	—	—	—	—
Reinsurance recipients	—	—	—	—

Notes: 1. "Term riders and others" includes, in addition to "term riders," "living benefit whole life policy riders" and "semi-participating lump sum nursing-care riders every five years."
 2. 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 benefits for hospitalization.

2-4 Policy amount in force by insurance function

(Millions of yen)

As of March 31	2012	2013
Death protection		
Ordinary death		
Individual life insurance	¥34,154,574	¥35,671,808
Individual annuities	[86,425]	[97,350]
Group life insurance	1,268,674	1,345,602
Group annuities	—	—
Total	35,423,249	37,017,411
Accidental death		
Individual life insurance	[7,330,781]	[7,054,856]
Individual annuities	—	—
Group life insurance	[4,284]	[1,779]
Group annuities	—	—
Total	[7,335,065]	[7,056,635]
Death protection with other conditions		
Individual life insurance	[1,453,003]	[1,413,006]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[1,453,003]	[1,413,006]
Living protection		
Maturity and living benefits		
Individual life insurance	1,552,726	1,694,524
Individual annuities	318,743	357,730
Group life insurance	—	—
Group annuities	—	—
Total	1,871,470	2,052,255
Annuities		
Individual life insurance	—	—
Individual annuities	[45,145]	[49,550]
Group life insurance	[13]	[9]
Group annuities	—	—
Total	[45,159]	[49,559]
Others		
Individual life insurance	—	—
Individual annuities	51,016	54,978
Group life insurance	44	29
Group annuities	57,811	56,503
Total	108,872	111,511
Hospitalization protection		
Accidental hospitalization		
Individual life insurance	[17,774]	[18,031]
Individual annuities	—	—
Group life insurance	[19]	[15]
Group annuities	—	—
Total	[17,794]	[18,047]
Sickness hospitalization		
Individual life insurance	[17,774]	[18,031]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[17,774]	[18,031]
Hospitalization with other conditions		
Individual life insurance	[7,793]	[7,611]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[7,793]	[7,611]

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 benefits for hospitalization.

6. Figures for total in sickness hospitalization within hospitalization protection show the total including primary coverage and rider coverage.

* Figures for primary coverage, if any, are shown without []. If there is no primary coverage, figures for additional coverage are shown in [].

2-5 Number of policies in force by insurance function

As of March 31	(Number)	
	2012	2013
Disability protection		
Individual life insurance	507,820	501,082
Individual annuities	—	—
Group life insurance	82,263	74,394
Group annuities	—	—
Total	590,083	575,476
Surgery protection		
Individual life insurance	1,646,245	1,670,518
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	1,646,245	1,670,518

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

As of March 31	(Millions of yen)	
	2012	2013
Pure death-protection insurance		
Whole life insurance	¥ 7,104,740	¥ 7,613,811
Whole life insurance with term rider	—	—
Term life insurance	13,495,306	14,169,640
Total	33,055,108	34,556,341
Mixed insurance		
Endowment insurance	979,314	992,639
Endowment insurance with term rider	—	—
Term life insurance with living benefits	—	—
Total	1,099,466	1,115,467
Pure endowment insurance	1,552,726	1,694,524
Annuity products		
Individual annuities	369,759	412,709
Riders for disaster and disease		
Rider to cover accidental death	3,806,410	3,632,540
Injury rider	3,524,371	3,422,316
Comprehensive protection riders covering hospitalization	543	513
Comprehensive protection riders covering hospitalization for family	25	23
Comprehensive protection riders covering lifestyle-related disease	58	55
Medical treatment rider for adults	1,384	1,340
Medical treatment rider for women	1,320	1,303
Lifestyle diseases medical treatment rider	18	17
New medical treatment rider for women	5	5
Cancer rider	244	241
Rider to cover initial period of hospitalization	6,142	6,376

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 benefits for hospitalization.

2-7 Change in policy amount in force

Individual life insurance

(Millions of yen)

For the years ended March 31	2012		2013	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	5,283,620	¥34,421,831	5,602,189	¥35,707,301
New policy amount	577,789	4,145,663	607,184	4,396,676
Increase from renewal	16,592	57,917	15,449	53,978
Increase from reinstatement	20,593	117,079	19,216	111,453
Increase in policy amount	[205]	2,579	[196]	1,639
Increase from conversion	—	—	—	—
Increase for other reasons	4,519	27,406	6,084	62,621
Decrease from death	8,680	54,617	8,945	56,515
Decrease for maturity	30,018	110,558	29,089	107,644
Decrease in policy amount	[38,859]	191,894	[41,135]	197,491
Decrease from conversion	—	—	—	—
Surrender amount	211,820	1,789,930	202,965	1,652,869
Lapse amount	41,207	250,880	39,002	243,673
Decrease for other reasons	9,199	667,296	11,158	709,142
Balance at the end of the fiscal year	5,602,189	35,707,301	5,958,963	37,366,333
[Increase ratio (%)]	[6.0%]	[3.7%]	[6.4%]	[4.6%]
Net increase	318,569	1,285,470	356,774	1,659,032
[Increase ratio (%)]	[(3.1%)]	[2.2%]	[12.0%]	[29.1%]

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

Individual annuities

(Millions of yen)

For the years ended March 31	2012		2013	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	60,432	¥326,699	71,560	¥369,759
New policy amount	13,553	57,664	13,343	57,931
Increase from reinstatement	191	853	134	657
Increase from conversion	—	—	—	—
Increase for other reasons	709	3,468	931	4,174
Decrease from death	53	284	40	188
Decrease for maturity	—	—	—	—
Decrease in annuity amount	[195]	892	[208]	1,211
Decrease from conversion	—	—	—	—
Surrender amount	2,462	13,934	2,739	14,011
Lapse amount	324	1,509	281	1,381
Decrease for other reasons	486	2,305	647	3,020
Balance at the end of the fiscal year	71,560	369,759	82,261	412,709
[Increase ratio (%)]	[18.4%]	[13.2%]	[15.0%]	[11.6%]
Net increase	11,128	43,060	10,701	42,949
[Increase ratio (%)]	[133.8%]	[114.9%]	[(3.8%)]	[(0.3%)]

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

For the years ended March 31	(Millions of yen)			
	2012		2013	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	2,485,817	¥1,198,794	2,300,322	¥1,268,718
New policy amount	5,719	3,717	12,725	5,602
Increase from renewal	247,687	328,888	246,493	320,024
Increase from reinstatement	—	—	59	226
Increase in policy amount (increase by additional purchase of riders)	121,941	181,218	92,916	211,370
Increase in policy amount	[2,179]	592	[1,826]	787
Increase for other reasons	149	28	173	58
Decrease from death	11,460	1,558	10,543	1,388
Decrease for maturity	266,594	332,544	258,782	335,333
Withdrawals	273,675	55,085	254,015	65,591
Decrease in policy amount	[364,386]	53,275	[424,221]	57,450
Surrender amount	9,037	1,942	997	994
Lapse amount	23	23	89	338
Decrease for other reasons	202	90	186	60
Balance at the end of the fiscal year	2,300,322	1,268,718	2,128,076	1,345,632
[Increase ratio (%)]	[(7.5%)]	[5.8%]	[(7.5%)]	[6.1%]
Net increase	(185,495)	69,924	(172,246)	76,913
[Increase ratio (%)]	[-]	[(1.9%)]	[-]	[10.0%]

Notes: 1. Each amount above is the total of pure death-protection insurance, mixed insurance and pure endowment insurance.
2. The number of policies reflects the total number of insured parties.

Group annuities

For the years ended March 31	(Millions of yen)			
	2012		2013	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	181,547	¥58,937	181,316	¥57,811
New policy amount	—	—	—	—
Annuity payment	250,184	2,007	246,949	2,038
Lump-sum payment	8,937	1,942	9,483	2,457
Surrender amount	1,349	542	—	—
Balance at the end of the fiscal year	181,316	57,811	191,934	56,503
[Increase ratio (%)]	[(0.1%)]	[(1.9%)]	[5.9%]	[(2.3%)]
Net increase	(231)	(1,126)	10,618	(1,308)
[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

For the years ended March 31	2012	2013
Assumed interest rates of 2.00% or less		
Level-premium	1.55%	1.55%
Lump-sum premium and others	1.20%	1.20%
Assumed interest rates of more than 2.00%		
Level-premium	1.40%	1.40%
Lump-sum premium and others	1.05%	1.05%

2. Below is an example of policyholder dividends for semi-participating whole life nursing-care insurance (before annuity payments commence) using figures for the fiscal year ended March 31, 2013.

<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, 2012	1.50%	1 year	¥-	¥ 0
Nov. 2, 2011	1.50	2	-	0
Nov. 2, 2010	1.50	3	-	0
Nov. 2, 2009	1.50	4	-	12,692
Nov. 2, 2008	1.50	5	0	0
Nov. 2, 2007	1.50	6	-	0
Nov. 2, 2006	1.50	7	-	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, 2013.

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, 2013 (excluding dividends already paid).

Dividend participation ratio = Standard dividend yield – Assumed interest rate

3. Standard dividend yield on group annuities

The standard dividend yield on group annuities is 1.30%, using figures for the fiscal year ended March 31, 2013.

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	2012	2013 (%)
Individual life insurance	3.7%	4.6%
Individual annuities	13.2	11.6
Group life insurance	5.8	6.1
Group annuities	(1.9)	(2.3)

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

For the years ended March 31	2012	2013 (Thousands of yen)
Average policy amount for new policies	¥7,175	¥7,241
Average policy amount for policies in force	6,373	6,270

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	2012	2013 (%)
Individual life insurance	12.0%	12.3%
Individual annuities	20.7	18.2
Group life insurance	0.3	0.4

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	2012	2013 (%)
Individual life insurance	6.14%	5.55%
Individual annuities	5.55	5.00
Subtotal	6.13	5.54
Group life insurance	4.56	4.55

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	2012	2013
Individual life insurance + Individual annuities	5.93%	5.31%

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

	(Yen)	
For the years ended March 31	2012	2013
Average premiums for new policies	¥10,512	¥11,031

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

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

	(‰)	
For the years ended March 31	2012	2013
Based on number of policies	1.59‰	1.55‰
Based on policy amount	1.56	1.55

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

For the years ended March 31	2012		2013	
	Number of policies	Policy amount	Number of policies	Policy amount
Accidental death protection	0.148‰	0.171‰	0.094‰	0.110‰
Disability protection	0.137	0.063	0.075	0.028
Accidental hospitalization protection	3,480	86,808	3,576	83,789
Sickness hospitalization protection	34,839	584,536	35,236	573,425
Lifestyle-related disease hospitalization protection	13,089	385,279	13,580	379,866
Sickness and accidental surgery protection	39,945	/	40,561	/
Lifestyle-related disease surgery protection	8,380	/	8,458	/

3-8 Operating expense ratio (to insurance premiums)

	(%)	
For the years ended March 31	2012	2013
Operating expense ratio	12.9%	11.8%

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, 2013

(1) Investment Environment

During the fiscal year ended March 31, 2013, the Japanese economy showed stronger signs of picking up in the second half of the fiscal year. In the first half, Japan experienced negative economic growth on the whole, reflecting soft overall external demand due to territorial disputes with neighboring countries, stagnant European economies and other factors. This was despite positive factors such as reconstruction demand following the Great East Japan Earthquake and an increase in private final consumption expenditure. In the second half, the Liberal Democratic Party (LDP) clarified its position on ending deflation together with the Bank of Japan following the change in government in December 2012. As a result, the Japanese economy has been picking up, centered on internal demand. Another positive factor has been improvement in slowing overseas economies.

The real GDP growth rate, year on year, was negative 0.9% for the April–June quarter, negative 3.7% for the July–September quarter, and positive 0.2% for the October–December quarter, and is estimated at positive 2.54% in the January–March quarter.

The Japanese bond market showed substantial gains (yields fell). In the first half of the fiscal year, the market saw a continued, gradual increase in the price of Japanese government bonds (JGBs) (yields fell), supported by robust demand for bonds from investors, as in the previous fiscal year. After the House of Representatives of the Japanese Parliament was dissolved in mid-November, inflationary expectations rose on the back of the LDP's policies to end deflation, leading to some temporary increases in JGB yields. However, since February 2013, the market has rebounded on expectations of additional quantitative easing measures by the new Bank of Japan leadership, prompting a substantial rise in JGB prices (yields have fallen drastically). As of March 31, 2013, the yield on 10-year JGBs was 0.560%, down 0.425 of a percentage point from the end of the previous fiscal year.

In Japanese stock markets, the Nikkei Stock Average trended in the range of ¥8,500 to ¥9,500 from the first half of the fiscal year to November 2012, mainly due to concerns about weak corporate earnings against the backdrop of territorial disputes with neighboring countries, stagnant European economies, and the yen's protracted appreciation. After the House of Representatives of the Japanese Parliament was dissolved in mid-November, the Nikkei Stock Average rallied significantly on higher expectations of corporate earnings growth among enterprises targeting internal and external demand amid rising anticipation for the LDP's policies to end deflation and the Bank of Japan's quantitative easing policies. The foreign exchange market saw the yen weaken against major currencies on the back of expectations for the Bank of Japan's quantitative easing policies. Buoyant overseas stock markets were another factor behind the rise in stock prices in Japan. As of March 31, 2013, the Nikkei had risen to ¥12,397.91, up ¥2,314.35 from its level a year earlier.

In foreign exchange markets, from April to September 2012, yen appreciation against the U.S. dollar continued as during the previous fiscal year. In mid-September, the yen appreciated to the lower ¥77 level against the U.S. dollar at one point. Thereafter, the yen started to depreciate gradually on positive news like the announcement of quantitative easing measures by the central banks of Japan, EU, and the U.S., as well as a pause in the European debt crisis. After the House of Representatives of the Japanese Parliament was dissolved in mid-November, the yen depreciated substantially against the dollar, due to steady trade deficits in Japan and economic recovery in the U.S., in addition to expectations of additional quantitative easing measures. In March 2013, the yen had weakened to the ¥96 level against the U.S. dollar for the first time in about 3 years and 7 months. As of March 31, 2013, the yen was trading at ¥94.26 against the U.S. dollar, weakening about ¥12 against the U.S. dollar from 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, 2013, general account assets totaled ¥5,402.1 billion, up 13.0%, or ¥623.5 billion, from a year earlier. Within general account assets, Japanese government and corporate bonds totaled ¥4,561.0 billion (accounting for 84.4% of total general account assets), foreign bonds ¥62.0 billion (1.1%), Japanese stocks ¥31.1 billion (0.6%), monetary trusts ¥306.1 billion (5.7%), policy loans ¥145.0 billion (2.7%), cash and deposits and call loans ¥103.3 billion (1.9%) and real estate ¥70.3 billion (1.3%).

Portfolio of general account assets

General account assets

As of March 31	2012		(Millions of yen) 2013	
	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 64,869	1.4%	¥ 103,321	1.9%
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	288,297	6.0	306,122	5.7
Securities	4,114,529	86.1	4,683,747	86.7
Japanese government and corporate bonds	3,975,755	83.2	4,561,048	84.4
Japanese stocks	45,052	0.9	31,106	0.6
Foreign securities	90,162	1.9	87,428	1.6
Bonds	59,632	1.2	62,022	1.1
Stocks, etc.	30,529	0.6	25,406	0.5
Other securities	3,558	0.1	4,164	0.1
Loans	138,909	2.9	145,104	2.7
Policy loans	138,782	2.9	145,019	2.7
Commercial loans	127	0.0	85	0.0
Real estate	72,960	1.5	70,301	1.3
Deferred tax assets	26,986	0.6	13,724	0.3
Other assets	72,219	1.5	80,038	1.5
Reserve for possible loan losses	(214)	(0.0)	(235)	(0.0)
Total	¥4,778,556	100.0%	¥5,402,126	100.0%
Of which, foreign-currency-denominated assets	42,996	0.9	41,756	0.8

Changes in general account assets by categories

For the years ended March 31	(Millions of yen)	
	2012	2013
Cash and deposits, call loans	¥ (15,190)	¥ 38,452
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Monetary trusts	11,821	17,824
Securities	469,747	569,218
Japanese government and corporate bonds	475,841	585,292
Japanese stocks	(18,958)	(13,946)
Foreign securities	15,921	(2,733)
Bonds	15,420	2,389
Stocks, etc.	501	(5,123)
Other securities	(3,056)	606
Loans	4,490	6,195
Policy loans	4,362	6,236
Commercial loans	127	(41)
Real estate	(2,202)	(2,658)
Deferred tax assets	(13,752)	(13,261)
Other assets	(1,580)	7,819
Reserve for possible loan losses	14	(21)
Total	¥453,348	¥623,569
Of which, foreign-currency-denominated assets	15,459	(1,239)

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

For the years ended March 31	(%)	
	2012	2013
Cash and deposits, call loans	0.06%	0.06%
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Monetary trusts	1.97	1.96
Securities	2.14	2.09
Japanese government and corporate bonds	2.22	2.09
Japanese stocks	(2.81)	5.98
Foreign securities	1.41	0.93
Loans	3.93	3.86
Commercial loans	0.17	0.71
Real estate	5.16	5.13
Total	2.17%	2.12%

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)

For the years ended March 31	(Millions of yen)	
	2012	2013
Cash and deposits, call loans	¥ 61,435	¥ 57,825
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Monetary trusts	268,452	268,616
Securities	3,837,534	4,319,240
Japanese government and corporate bonds	3,697,915	4,199,159
Japanese stocks	48,785	30,637
Foreign securities	87,583	86,275
Loans	136,567	141,034
Commercial loans	76	107
Real estate	71,091	69,071
Total	¥4,438,479	¥4,926,539
Of which, overseas investment	87,607	86,281

4-4 Investment income (general account)

For the years ended March 31	(Millions of yen)	
	2012	2013
Interest income and dividends	¥ 97,960	¥108,539
Gains on securities under proprietary accounts	—	—
Income from monetary trusts, net	5,278	5,259
Income from trading securities, net	—	—
Gains on sale of securities	7,556	2,420
Gains on redemption of securities	—	—
Gains on derivatives, net	—	—
Foreign exchange gains, net	—	—
Reversal of reserve for possible loan losses	—	—
Other investment income	12	13
Total	¥110,807	¥116,232

4-5 Investment expenses (general account)

For the years ended March 31	(Millions of yen)	
	2012	2013
Interest expense	¥ 55	¥ 43
Losses on securities under proprietary accounts	—	—
Losses on monetary trusts, net	—	—
Losses on trading securities, net	—	—
Losses on sale of securities	2,607	1,587
Devaluation losses on securities	1,692	327
Losses on redemption of securities	—	—
Losses on derivatives, net	—	226
Foreign exchange losses	1,376	1,176
Provision for reserve for possible loan losses	2	21
Write-off of loans	—	—
Depreciation of real estate for rent and others	2,330	2,115
Other investment expenses	6,305	6,188
Total	¥14,370	¥11,686

4-6 Interest income and dividends (general account)

For the years ended March 31	(Millions of yen)	
	2012	2013
Interest income from deposits	¥ 0	¥ 0
Interest income and dividends from securities	81,245	92,167
Interest income from Japanese bonds	77,182	87,634
Dividends from Japanese stocks	869	536
Interest income and dividends from foreign securities	2,908	3,746
Interest income from loans	5,367	5,450
Income from real estate for rent	11,241	10,854
Total, including others	¥97,960	¥108,539

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

For the years ended March 31	(Millions of yen)	
	2012	2013
Gains on sale of Japanese bonds (including JGBs)	¥4,975	¥ 3
Gains on sale of Japanese stocks, etc.	2,333	2,066
Gains on sale of foreign securities	248	349
Total	¥7,556	¥2,420

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

For the years ended March 31	(Millions of yen)	
	2012	2013
Losses on sale of Japanese bonds (including JGBs)	¥ 193	¥ 0
Losses on sale of Japanese stocks, etc.	2,411	412
Losses on sale of foreign securities	2	1,174
Total	¥2,607	¥1,587

4-9 Devaluation losses on securities (general account)

	(Millions of yen)	
For the years ended March 31	2012	2013
Devaluation losses on Japanese bonds (including JGBs)	¥ -	¥ -
Devaluation losses on Japanese stocks, etc.	1,692	327
Devaluation losses on foreign securities	-	-
Total	¥1,692	¥327

4-10 Securities (general account)

	(Millions of yen)			
As of March 31	2012		2013	
	Amount	% of total	Amount	% of total
Japanese government bonds	¥3,941,696	95.8%	¥4,527,332	96.7%
Japanese municipal bonds	3,531	0.1	3,490	0.1
Japanese corporate bonds	30,527	0.7	30,224	0.6
Of which, public corporation bonds	27,189	0.7	27,108	0.6
Japanese stocks	45,052	1.1	31,106	0.7
Foreign securities	90,162	2.2	87,428	1.9
Bonds	59,632	1.4	62,022	1.3
Stocks, etc.	30,529	0.7	25,406	0.5
Other securities	3,558	0.1	4,164	0.1
Total	¥4,114,529	100.0%	¥4,683,747	100.0%

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

	(Millions of yen)						
As of March 31	2012						
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years (including no fixed maturity)	Total
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

	(Millions of yen)						
As of March 31	2013						
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years (including no fixed maturity)	Total
Securities	¥7,840	¥37,071	¥29,686	¥9,392	¥29,531	¥4,570,224	¥4,683,747
Japanese government bonds	3,631	23,197	15,528	-	16,115	4,468,860	4,527,332
Japanese municipal bonds	2,472	1,018	-	-	-	-	3,490
Japanese corporate bonds	-	8,373	637	-	-	21,213	30,224
Japanese stocks	-	-	-	-	-	31,106	31,106
Foreign securities	1,736	4,393	13,520	7,995	13,401	46,380	87,428
Bonds	-	-	4,338	2,318	12,024	43,341	62,022
Stocks, etc.	1,736	4,393	9,182	5,677	1,376	3,039	25,406
Other securities	-	89	-	1,397	13	2,664	4,164
Monetary claims purchased	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	¥7,840	¥37,071	¥29,686	¥9,392	¥29,531	¥4,570,224	¥4,683,747

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

	(%)	
As of March 31	2012	2013
Japanese government and corporate bonds	2.13%	2.11%
Foreign bonds	1.26	1.36

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

(Millions of yen)

As of March 31	2012		2013	
	Amount	Composition (%)	Amount	Composition (%)
Fisheries, agriculture and forestry	¥ —	—%	¥ —	—%
Mining	256	0.6	124	0.4
Construction	1,223	2.7	1,388	4.5
Manufacturing industries				
Food products	366	0.8	326	1.1
Textiles and clothing	463	1.0	—	—
Pulp and paper	—	—	—	—
Chemicals	1,636	3.6	444	1.4
Medical products	2,123	4.7	645	2.1
Oil and coal products	280	0.6	—	—
Rubber products	404	0.9	—	—
Glass and stone products	140	0.3	—	—
Steel	187	0.4	—	—
Non-steel metals	521	1.2	270	0.9
Metal products	249	0.6	—	—
Machinery	2,229	4.9	1,114	3.6
Electric appliances	5,160	11.5	3,416	11.0
Transportation vehicles	4,406	9.8	2,544	8.2
Precision machinery	619	1.4	131	0.4
Others	138	0.3	—	—
Electric and gas utilities	486	1.1	631	2.0
Transportation/information telecommunications				
Ground transportation	1,961	4.4	807	2.6
Water transportation	—	—	—	—
Air transportation	—	—	—	—
Warehouses/transportation	—	—	—	—
Information/telecommunications	2,972	6.6	1,786	5.7
Commerce				
Wholesalers	1,393	3.1	1,038	3.3
Retailers	5,310	11.8	4,613	14.8
Financial services/insurance				
Banking	—	—	—	—
Securities and commodity futures trading	—	—	—	—
Insurance	10,920	24.2	10,107	32.5
Other financial services	241	0.5	363	1.2
Real estate	—	—	—	—
Service companies	1,357	3.0	1,349	4.3
Total	¥45,052	100.0%	¥31,106	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	2012	2013
Policy loans	¥138,782	¥145,019
Policyholder loans	123,488	129,523
Automatic premium loans	15,293	15,495
Commercial loans	127	85
[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	85
Total	¥138,909	¥145,104

4-15 Tangible fixed assets (general account)

Tangible fixed assets

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

(Millions of yen)							
2013							
	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
For the year ended March 31							
Land	¥31,469	¥ 55	¥ 434 [434]	¥ –	¥31,089	¥ –	–%
Buildings	41,491	401	526 [512]	2,153	39,212	20,734	34.6
Leased assets	207	–	–	21	185	141	43.3
Construction in progress	–	–	–	–	–	–	–
Other tangible assets	511	93	4 [3]	117	482	1,487	75.5
Total	¥73,678	¥549	¥ 965 [951]	¥2,293	¥70,969	¥22,363	35.9%
Of which, investment and rental properties	69,942	224	885 [877]	2,057	67,231	20,058	34.8

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	2012	2013
Real estate balance	¥72,960	¥70,301
For corporate use	3,442	3,448
For rent	69,517	66,853
Number of buildings for rent	4	4

4-16 Overseas investment (general account)

Details by assets

(Millions of yen)

As of March 31	2012		2013	
	Amount	% of total	Amount	% of total
Assets denominated in foreign currency (yen amount not fixed)				
Foreign bonds	¥16,770	18.6%	¥18,681	21.0%
Foreign stocks	4,301	4.8	1,401	1.6
Cash, deposits and others	21,924	24.3	21,673	24.4
Subtotal	42,996	47.6	41,756	47.0
Assets denominated in foreign currency (yen amount fixed)				
Foreign bonds	–	–	–	–
Cash, deposits and others	–	–	–	–
Subtotal	–	–	–	–
Assets denominated in yen				
Loans to borrowers located outside of Japan	–	–	–	–
Foreign bonds and others	47,273	52.4	47,169	53.0
Subtotal	47,273	52.4	47,169	53.0
Total				
Overseas investment	¥90,270	100.0%	¥88,926	100.0%

Note: Assets denominated in foreign currency (yen amount fixed) are recorded under assets on the balance sheets at the fixed yen value that was determined at settlement with foreign exchange forward contracts.

Overseas investment by region

(Millions of yen)

As of March 31	2012							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside of Japan	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
North America	¥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%	¥–	–%

(Millions of yen)

As of March 31	2013							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside of Japan	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
North America	¥18,757	21.5%	¥10,967	17.7%	¥ 7,790	30.7%	¥–	–%
Europe	50,441	57.7	43,341	69.9	7,100	27.9	–	–
Oceania	7,714	8.8	7,714	12.4	–	–	–	–
Asia	–	–	–	–	–	–	–	–
Latin America	10,515	12.0	–	–	10,515	41.4	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	–	–	–	–	–	–	–	–
International organizations	–	–	–	–	–	–	–	–
Total	¥87,428	100.0%	¥62,022	100.0%	¥25,406	100.0%	¥–	–%

Foreign-currency-denominated assets by currency

(Millions of yen)

As of March 31	2012		2013	
	Amount	% of total	Amount	% of total
U.S. dollar	¥23,476	54.6%	¥27,360	65.5%
Euro	8,463	19.7	5,992	14.4
Australian dollar	7,530	17.5	7,782	18.6
British pound	473	1.1	617	1.5
Philippine peso	3,047	7.1	–	–
Offshore renminbi	3	0.0	2	0.0
New Taiwanese dollar	2	0.0	1	0.0
Total	¥42,996	100.0%	¥41,756	100.0%

4-17 Yield on overseas investments (general account)

	(%)	
For the years ended March 31	2012	2013
Yield on overseas investments	1.41%	0.93%

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

As of March 31	(Millions of yen)	
	2012	2013
(A) Total solvency margin	¥722,175	¥872,502
Common stock, etc.	223,100	252,363
Reserve for price fluctuations	25,319	32,264
Contingency reserve	55,338	59,561
General reserve for possible loan losses	0	0
Net unrealized gains on other securities multiplied by 90% (100% if losses)	54,656	114,602
Net unrealized gains on real estate multiplied by 85% (100% if losses)	(173)	(2,012)
Unallotted portion of reserve for policyholders' dividends	700	464
Amount excluded from deferred tax assets	-	-
Deferred tax assets	58,774	70,604
Excess amount of policy reserves based on Zillmer method	350,404	372,561
Subordinated debt	-	-
The portion of the excess amount of policy reserves based on Zillmer method and subordinated debt that is not included in the margin	(45,945)	(27,907)
Deductible items	-	-
(B) Total risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	72,930	76,472
Insurance risk R ₁	20,850	21,871
Third-sector insurance risk R ₈	7,509	8,307
Assumed interest rate risk R ₂	28,509	29,054
Asset management risk R ₃	26,741	27,592
Minimum guarantee risk R ₇	9,904	11,474
Business management risk R ₄	1,870	1,966
Solvency margin ratio		
$[(A)/\{(B) \times (1/2)\}] \times 100$	1,980.4%	2,281.8%

Notes: 1. The figures were 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.

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

<Reference>
Real net assets

	(Billions of yen)	
As of March 31	2012	2013
(1) Total amount to be recorded as assets (=①+②+③+④-⑤)	¥5,379.3	¥6,503.4
① Total assets on the balance sheet	5,222.8	5,952.7
② Difference between fair value and balance sheet amount of securities	155.8	551.7
③ Unrealized gain or loss on tangible fixed assets	0.6	(1.0)
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)	4,507.9	5,106.5
① Total liabilities on the balance sheet	4,958.0	5,610.4
② Reserve for price fluctuations	25.3	32.2
③ Contingency reserve	55.3	59.5
④ Part of reserves for future insurance claim payment	351.1	373.0
Excess of amount equivalent to surrender values (④(a))	350.4	372.5
Unallocated amount in reserve for policyholders' dividends (④(b))	0.7	0.4
⑤ Deferred tax liabilities for available-for-sale securities	18.3	39.0
Real net assets (A) (1)-(2) (including unrealized gains and losses on held-to-maturity securities)	871.4	1,396.8
(3) Unrealized gains and losses on held-to-maturity securities	155.8	551.7
Real net assets (B) (1)-(2)-(3) (excluding unrealized gains and losses on held-to-maturity securities)	715.5	845.1

Note: According to the "Comprehensive Guideline for Insurance Companies" defined by the regulatory authority, when the amount (actual difference between assets and liabilities (B)) obtained by deducting unrealized gains and losses on held-to-maturity bonds and on policy reserve matching bonds which are not accounted for in the balance sheets as mark-to-market from the actual difference between assets and liabilities (A) is positive, and liquid assets are held, the regulatory authority will not, in principle, take early corrective actions even if the actual difference between assets and liabilities (A) becomes negative.

6. Balance of Separate Account Assets

	(Millions of yen)	
As of March 31	2012	2013
Individual variable life insurance and individual variable annuities	¥444,289	¥550,624
Group annuities	-	-
Total separate account	¥444,289	¥550,624

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

7. Status of Individual Variable Life Insurance and Individual Variable Annuities

7-1 Policy amount in force

Individual variable life insurance

	(Millions of yen)			
As of March 31	2012		2013	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	552,644	¥6,955,907	577,454	¥7,113,036
Variable life insurance (limited term type)	42,737	142,828	43,327	146,778
Variable life insurance (term type)	1,453	48,924	1,398	46,810
Total	596,834	¥7,147,660	622,179	¥7,306,626

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

Individual variable annuities

	(Millions of yen)			
As of March 31	2012		2013	
	Number	Amount	Number	Amount
Individual variable annuities	28,110	¥149,528	27,677	¥146,759

Note: The amount of individual variable annuities is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.

7-2 Portfolio of separate account assets in individual variable life insurance and individual variable annuities

As of March 31	2012		2013	
	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 11,239	2.5%	¥ 21,139	3.8%
Securities	430,490	96.9	527,787	95.9
Japanese government and corporate bonds	150,464	33.9	159,256	28.9
Japanese stocks	24,097	5.4	30,778	5.6
Foreign securities	140,010	31.5	188,010	34.1
Bonds	36,793	8.3	44,775	8.1
Stocks, etc.	103,217	23.2	143,235	26.0
Other securities	115,918	26.1	149,741	27.2
Loans	—	—	—	—
Others	2,559	0.6	1,697	0.3
Reserve for possible loan losses	—	—	—	—
Total	¥444,289	100.0%	¥550,624	100.0%

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

7-3 Net investment gains (losses) of separate account assets in individual variable life insurance and individual variable annuities

For the years ended March 31	2012		2013	
	Amount	% of total	Amount	% of total
Interest income and dividends	¥ 7,405		¥ 9,147	
Gains on sale of securities	5,690		8,033	
Gains on redemption of securities	163		15	
Valuation gains on securities	61,806		103,039	
Foreign exchange gains, net	—		—	
Gains on derivatives, net	—		—	
Other investment income	2		0	
Losses on sale of securities	14,199		2,558	
Losses on redemption of securities	258		117	
Devaluation losses on securities	30,830		32,237	
Foreign exchange losses, net	6,359		1,390	
Losses on derivatives, net	—		—	
Other investment expenses	283		331	
Net investment gains (losses)	¥23,137		¥ 83,601	

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

7-4 Fair values of securities relating to separate account assets in individual variable life insurance and individual variable annuities

Valuation gains (losses) on trading-purpose securities

As of March 31	2012		2013	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥430,490	¥30,976	¥527,787	¥70,801

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	2012	2013
Number of agencies	2,070	1,973

9. Number of Employees and Recruits

9-1 Number of employees

As of March 31	2012	2013
Office employees	1,461	1,694
[Male]	[869]	[887]
[Female]	[592]	[807]
Sales employees	4,599	4,629*
[Male]	[4,570]	[4,590]
[Female]	[29]	[39]

* Number of Lifeplanner sales employees (including those rehired on a fixed-term contract basis after retirement) is 4,119 as of March 31, 2013.

9-2 Number of recruits

For the years ended March 31	2012	2013
Office employees	108	290
[Male]	[45]	[42]
[Female]	[63]	[248]
Sales employees	392	388
[Male]	[379]	[380]
[Female]	[13]	[8]

9-3 Average age and years of service

As of March 31	2012		2013	
	Average age	Average years of service	Average age	Average years of service
Office employees	39.3	9.4	39.4	8.8
[Male]	[41.3]	[10.4]	[41.7]	[11.0]
[Female]	[36.3]	[8.0]	[36.9]	[6.5]
Sales employees	45.0	9.9	45.4	10.4
[Male]	[45.0]	[9.9]	[45.4]	[10.5]
[Female]	[41.6]	[3.0]	[40.0]	[5.0]

10. Average Salary

10-1 Average salary (office employees)

For the years ended March 31	(Thousands of yen)	
	2012	2013
Office employees	¥469	¥424

Note: The average monthly salary is the tax-inclusive standard salary in March for each fiscal year, excluding bonuses and overtime pay.

10-2 Average compensation (sales employees)

For the years ended March 31	(Thousands of yen)	
	2012	2013
Sales employees	¥619	¥662

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, 2012 and 2013

	2012		2013		Change
	Amount	(%)	Amount	(%)	
(Millions of yen)					
Assets:					
Cash and deposits	¥ 5,161	4.35%	¥ 8,443	6.63%	¥ 3,281
Cash	0		0		
Deposits	5,161		8,443		
Securities	84,474	71.22	88,670	69.59	4,196
Japanese government bonds	57,709		68,646		
Japanese municipal bonds	13,585		9,648		
Japanese corporate bonds	11,207		8,452		
Japanese stocks	600		1,251		
Foreign securities	897		497		
Other securities	474		174		
Tangible fixed assets	434	0.37	1,160	0.91	726
Buildings	255		249		
Construction in progress	–		672		
Other tangible fixed assets	178		238		
Intangible fixed assets	6,806	5.74	7,515	5.90	709
Software	3,179		6,285		
Software in progress	3,622		1,226		
Other intangible fixed assets	4		3		
Other assets	16,743	14.12	17,677	13.87	934
Accrued premiums	1,156		1,199		
Due from reinsurers	13		9		
Due from foreign reinsurers	0		0		
Accounts receivable	11,302		11,892		
Accrued income	151		129		
Deposits	410		419		
Deposits for earthquake insurance	0		–		
Suspense payments	3,708		4,026		
Deferred tax assets	4,993	4.21	3,953	3.10	(1,040)
Total Assets	¥118,612	100.00%	¥127,421	100.00%	¥ 8,808

(Millions of yen)

	2012		2013		Change
	Amount	(%)	Amount	(%)	
Liabilities:					
Underwriting reserves	¥ 91,564	77.20%	¥ 99,209	77.86%	¥7,645
Reserve for outstanding losses	24,192		28,599		
Underwriting reserves	67,371		70,609		
Other liabilities	7,512	6.33	6,537	5.13	(975)
Due to reinsurers	59		45		
Due to foreign reinsurers	5		7		
Income taxes payable	316		227		
Deposits received	10		11		
Accounts payable	3,012		1,980		
Suspense receipt	4,108		4,264		
Reserve for employees' retirement benefits	717	0.60	850	0.67	133
Reserve for directors' retirement benefits	40	0.03	53	0.04	12
Reserve for employees' bonuses	707	0.60	756	0.59	48
Reserve for price fluctuations and others	61	0.05	80	0.06	18
Reserve for price fluctuations	61		80		
Total Liabilities	100,603	84.82	107,487	84.36	6,883
Net Assets:					
Common stock	20,000	16.86	20,000	15.70	
Capital surplus	20,000	16.86	20,000	15.70	
Capital reserve	20,000		20,000		
Retained deficits	(21,946)	(18.50)	(20,492)	(16.08)	1,454
Other retained deficits	(21,946)		(20,492)		
Unappropriated retained deficits	(21,946)		(20,492)		
Total shareholders' equity	18,053	15.22	19,507	15.31	1,454
Net unrealized gains (losses) on other securities, net of taxes	(44)	(0.04)	426	0.33	470
Total valuation and translation adjustments	(44)	(0.04)	426	0.33	470
Total Net Assets	18,009	15.18	19,934	15.64	1,925
Total Liabilities and Net Assets	¥118,612	100.00%	¥127,421	100.00%	¥8,808

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2012 and 2013

	(Millions of yen)		
	2012	2013	Change
Ordinary Revenues	¥80,096	¥84,711	¥4,615
Underwriting income	79,172	83,615	4,442
Net premiums written	79,141	83,582	4,441
Interest and dividends on deposits of premiums	31	33	1
Investment income	872	1,021	148
Interest income and dividends	873	1,027	153
Gains on sale of securities	23	26	2
Gains on redemption of securities	6	-	(6)
Transfer to interest and dividends on deposits of premiums	(31)	(33)	(1)
Other ordinary income	50	74	23
Ordinary Expenses	77,236	82,340	5,103
Underwriting expenses	58,067	61,830	3,762
Net losses paid	45,032	47,153	2,121
Loss adjustment expenses	5,081	5,656	574
Net commissions and brokerage fees	1,367	1,373	6
Provision for reserve for outstanding losses	3,287	4,407	1,119
Provision for underwriting reserves	3,298	3,238	(60)
Other underwriting expenses	0	0	0
Investment expenses	4	7	3
Losses on sale of securities	0	3	3
Losses on redemption of securities	4	3	(0)
Operating, general and administrative expenses	19,084	20,485	1,401
Other ordinary expenses	79	17	(62)
Ordinary Profit	2,859	2,371	(488)
Extraordinary Gains	-	-	-
Extraordinary Losses	18	59	41
Losses on sale or disposal of fixed assets	0	41	40
Provision for reserve for price fluctuations and others	17	18	0
Provision for reserve for price fluctuations	17	18	0
Income Before Income Taxes	2,841	2,311	(529)
Income Taxes—current	555	25	(529)
Income Taxes—deferred	986	831	(155)
Total Income Taxes	1,541	856	(684)
Net Income	¥ 1,299	¥ 1,454	¥ 155

Statements of Changes in Net Assets

Sony Assurance Inc.
For the years ended March 31, 2012 and 2013

(Millions of yen)

	2012	2013
Shareholders' Equity		
Common stock		
Balance at the beginning of the current period	¥ 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
Capital surplus		
Capital reserve		
Balance at the beginning of the current period	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
Total capital surplus		
Balance at the beginning of the current period	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
Retained deficits		
Other retained deficits		
Unappropriated retained deficits for the period		
Balance at the beginning of the current period	(23,246)	(21,946)
Changes during the period		
Net income	1,299	1,454
Total changes during the period	1,299	1,454
Balance at the end of the current period	(21,946)	(20,492)
Total retained deficits		
Balance at the beginning of the current period	(23,246)	(21,946)
Changes during the period		
Net income	1,299	1,454
Total changes during the period	1,299	1,454
Balance at the end of the current period	(21,946)	(20,492)
Total shareholders' equity		
Balance at the beginning of the current period	16,753	18,053
Changes during the period		
Net income	1,299	1,454
Total changes during the period	1,299	1,454
Balance at the end of the current period	18,053	19,507
Valuation and Translation Adjustments		
Net unrealized gains (losses) on other securities, net of taxes		
Balance at the beginning of the current period	19	(44)
Changes during the period		
Net changes of items other than shareholders' equity	(63)	470
Total changes during the period	(63)	470
Balance at the end of the current period	(44)	426
Total valuation and translation adjustments		
Balance at the beginning of the current period	19	(44)
Changes during the period		
Net changes of items other than shareholders' equity	(63)	470
Total changes during the period	(63)	470
Balance at the end of the current period	(44)	426
Total Net Assets		
Balance at the beginning of the current period	16,772	18,009
Changes during the period		
Net income	1,299	1,454
Net changes of items other than shareholders' equity	(63)	470
Total changes during the period	1,236	1,925
Balance at the end of the current period	¥ 18,009	¥ 19,934

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2012 and 2013

	(Millions of yen)		
	2012	2013	Change
Cash flows from operating activities			
Income before income taxes	¥ 2,841	¥ 2,311	¥ (529)
Depreciation and amortization	1,033	1,697	664
Increase in reserve for outstanding losses	3,287	4,407	1,119
Increase in underwriting reserves	3,298	3,238	(60)
Increase in reserve for employees' retirement benefits	72	133	60
Increase in reserve for directors' retirement benefits	5	12	6
Increase in reserve for employees' bonuses	11	48	37
Increase in reserve for price fluctuations	17	18	0
Interest income and dividends	(873)	(1,027)	(153)
Gains on securities	(26)	(19)	6
Losses on tangible fixed assets	0	1	0
Losses on intangible fixed assets	-	40	40
Increase in other assets (excluding those related to investing and financing activities)	(1,797)	(755)	1,042
Increase in other liabilities (excluding those related to investing and financing activities)	1,786	27	(1,758)
Subtotal	9,658	10,134	476
Interest and dividends received	1,097	1,264	167
Income taxes paid	(1,041)	(323)	718
Net cash provided by operating activities	9,713	11,075	1,362
Cash flows from investing activities			
Purchases of securities	(26,589)	(25,178)	1,411
Proceeds from sale and redemption of securities	20,061	21,166	1,105
Total of net cash used in investment transactions	(6,528)	(4,011)	2,516
[Total of net cash provided by operating activities and investment transactions]	[3,184]	[7,064]	[3,879]
Purchases of tangible fixed assets	(184)	(813)	(628)
Others, net	(4,071)	(3,268)	802
Net cash used in investing activities	(10,785)	(8,094)	2,691
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	(1,071)	2,981	4,053
Cash and cash equivalents at the beginning of the fiscal year	6,707	5,635	(1,071)
Cash and cash equivalents at the end of the fiscal year	¥ 5,635	¥ 8,617	¥ 2,981

1. Loans by Borrower Category

As of March 31	(Millions of yen)	
	2012	2013
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

As of March 31	(Millions of yen)	
	2012	2013
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

As of March 31	(Millions of yen)			
	2012		2013	
	Amount	Composition	Amount	Composition
Japanese government bonds	¥57,709	68.3%	¥68,646	77.4%
Japanese municipal bonds	13,585	16.1	9,648	10.9
Japanese corporate bonds	11,207	13.3	8,452	9.5
Japanese stocks	600	0.7	1,251	1.4
Foreign securities	897	1.1	497	0.6
Other securities	474	0.6	174	0.2
Total	¥84,474	100.0%	¥88,670	100.0%

3-2 Yield on securities (yield on investments)

For the years ended March 31	%	
	2012	2013
Japanese government and corporate bonds	1.04%	1.17%
Japanese stocks	-	-
Foreign securities	2.11	1.95
Other securities	0.11	0.10
Total	1.03%	1.17%
Yield on investments	1.06	1.19
(Reference) Yield on investments (market value basis)	0.95	1.96

3-3 Balance of securities by remaining period

							(Millions of yen)	
							2012	
As of March 31	Less than 1 year	Over 1 year, not exceeding 3 years	Over 3 years, not exceeding 5 years	Over 5 years, not exceeding 7 years	Over 7 years, not exceeding 10 years	Over 10 years (including no fixed 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	

							(Millions of yen)	
							2013	
As of March 31	Less than 1 year	Over 1 year, not exceeding 3 years	Over 3 years, not exceeding 5 years	Over 5 years, not exceeding 7 years	Over 7 years, not exceeding 10 years	Over 10 years (including no fixed maturity)	Total	
Japanese government bonds	¥3,105	¥14,205	¥2,044	¥ 6,945	¥5,551	¥36,793	¥68,646	
Japanese municipal bonds	1,015	3,430	919	1,463	1,202	1,617	9,648	
Japanese corporate bonds	1,206	1,936	851	1,926	1,070	1,461	8,452	
Japanese stocks	-	-	-	-	-	1,251	1,251	
Foreign securities	299	-	-	103	93	-	497	
Other securities	-	-	-	-	-	174	174	
Total	¥5,627	¥19,572	¥3,815	¥10,439	¥7,918	¥41,297	¥88,670	

3-4 Policy reserves and others

Reserve for outstanding losses

		(Millions of yen)	
As of March 31		2012	2013
Fire		¥ 0	¥ 1
Marine		180	152
Personal accident		841	648
Voluntary automobile		22,822	27,415
Compulsory automobile liability		348	382
Others		-	-
Total		¥24,192	¥28,599

Underwriting reserves

		(Millions of yen)	
As of March 31		2012	2013
Fire		¥ 160	¥ 254
Marine		43	42
Personal accident		25,970	30,061
Voluntary automobile		39,895	38,880
Compulsory automobile liability		1,302	1,370
Others		-	-
Total		¥67,371	¥70,609

Breakdown of the balance of underwriting reserves

(Millions of yen)

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

(Millions of yen)

	2013					
As of March 31	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	Total
Fire	¥ 230	¥ 23	¥ 0	¥-	¥-	¥ 254
Marine	36	5	-	-	-	42
Personal accident	28,084	1,909	62	4	-	30,061
Voluntary automobile	33,654	5,225	-	-	-	38,880
Compulsory automobile liability	1,370	-	-	-	-	1,370
Others	-	-	-	-	-	-
Total	¥63,377	¥7,164	¥63	¥4	¥-	¥70,609

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

	2012	2013
Calculation method		
Policies subject to the 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%

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. Rate of reserve funding = (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 underwriting reserves (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 underwriting reserves, 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) Unearned premiums for policies of which terms started after July 1, 2001.

3-6 Other reserves

(Millions of yen)

	2011		2012		
	As of March 31		For the year ended March 31		As of March 31
		Increase	Decrease—specific	Decrease—other	
Reserve for possible loan losses					
General reserve for possible loan losses	¥ -	¥ -	¥ -	¥-	¥ -
Specific reserve for possible loan losses	-	-	-	-	-
Reserve for loan losses from borrowers in specific foreign countries	-	-	-	-	-
Total	-	-	-	-	-
Reserve for directors' retirement benefits	34	9	3	-	40
Reserve for employees' bonuses	695	707	695	-	707
Reserve for price fluctuations	43	17	-	-	61

	(Millions of yen)			
	2012	2013		
	As of March 31	For the year ended March 31		As of March 31
	Increase	Decrease —specific	Decrease —other	
Reserve for possible loan losses				
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥ —
Specific reserve for possible loan losses	—	—	—	—
Reserve for loan losses from borrowers in specific foreign countries	—	—	—	—
Total	—	—	—	—
Reserve for directors' retirement benefits	40	12	—	53
Reserve for employees' bonuses	707	756	707	756
Reserve for price fluctuations	61	18	—	80

4. Profit and Loss

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

For the years ended March 31	(Millions of yen)					
	2012			2013		
	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	¥23	¥0	¥—	¥26	¥3	¥—
Japanese stocks	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Total	¥23	¥0	¥—	¥26	¥3	¥—

4-2 Gains (losses) on trading securities

Not applicable

4-3 Operating expenses (including loss adjustment expenses)

For the years ended March 31	(Millions of yen)	
	2012	2013
Personnel expenses	¥ 7,131	¥ 7,725
Non-personnel expenses	16,425	17,787
Taxes	600	629
Contribution to fire prevention and traffic accident prevention	0	0
Contribution to Non-life Insurance Policyholders Protection Corporation of Japan	8	—
Net commissions and brokerage fees	1,367	1,373
Total	¥25,533	¥27,515

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

For the years ended March 31	(Millions of yen)			
	2012		2013	
	Gains	Losses	Gains	Losses
Land and buildings	¥—	¥0	¥—	¥ 0
Other tangible fixed assets	—	0	—	0
Intangible fixed assets	—	—	—	40
Total	¥—	¥0	¥—	¥41

5. Fair Value Information, etc.

5-1 Securities

Trading-purpose securities

Not applicable

Held-to-maturity securities

(Millions of yen)

	2012			2013		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
As of March 31						
Fair value is higher than balance sheet amount						
Japanese government and corporate bonds . .	¥72,797	¥74,289	¥1,491	¥73,019	¥79,207	¥6,188
Foreign securities	897	907	10	497	516	19
Subtotal	73,695	75,197	1,501	73,516	79,723	6,207
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	¥73,516	¥79,723	¥6,207

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

(Millions of yen)

	2012			2013		
	Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
As of March 31						
Balance sheet amount is higher than acquisition cost						
Japanese government and corporate bonds . .	¥ 9,112	¥ 9,033	¥ 78	¥12,524	¥12,421	¥102
Japanese stocks	—	—	—	1,251	729	522
Others	—	—	—	—	—	—
Subtotal	9,112	9,033	78	13,775	13,151	624
Balance sheet amount is lower than acquisition cost						
Japanese government and corporate bonds . .	522	545	(23)	1,204	1,212	(8)
Japanese stocks	600	718	(118)	—	—	—
Others	474	474	—	174	174	—
Subtotal	1,596	1,739	(142)	1,378	1,387	(8)
Total	¥10,709	¥10,772	¥ (63)	¥15,154	¥14,538	¥616

Available-for-sale securities sold during the year

(Millions of yen)

	2012			2013		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
For the year ended March 31						
Japanese government and corporate bonds	¥3,008	¥23	¥0	¥1,605	¥26	¥3

Performance Indicators of Sony Assurance

1. Principal Indicators of Operating Performance

For the years ended March 31	(Millions of yen)				
	2009	2010	2011	2012	2013
Net premiums written	¥61,106	¥67,440	¥ 73,343	¥ 79,141	¥ 83,582
Year-on-year change	11.1%	10.4%	8.8%	7.9%	5.6%
Underwriting profit	1,665	1,979	1,469	2,109	1,398
Year-on-year change	(26.9%)	18.9%	(25.8%)	43.5%	(33.7%)
Ordinary revenues	61,882	68,174	74,166	80,096	84,711
Year-on-year change	11.2%	10.2%	8.8%	8.0%	5.8%
Ordinary profit	2,178	2,565	2,144	2,859	2,371
Year-on-year change	(22.7%)	17.8%	(16.4%)	33.3%	(17.1%)
Net income (loss)	(1,556)	1,604	1,297	1,299	1,454
Year-on-year change	(171.2%)	–	(19.2%)	0.2%	11.9%
Net loss ratio	55.0%	57.2%	60.0%	63.3%	63.2%
Net expense ratio	26.7%	26.1%	25.5%	25.7%	26.0%
Interest income and dividends	684	688	784	873	1,027
Year-on-year change	18.2%	0.6%	13.9%	11.4%	17.6%
Yield on investments (income basis)	1.06%	0.93%	0.95%	0.98%	1.09%
Yield on investments (realized basis)	0.89%	0.94%	0.97%	1.01%	1.11%
Securities	64,309	73,234	80,608	84,474	88,670
Loans	–	–	–	–	–
Underwriting reserves	50,791	58,125	64,073	67,371	70,609
Common stock	20,000	20,000	20,000	20,000	20,000
Number of shares issued and outstanding (shares)	400,000	400,000	400,000	400,000	400,000
Total net assets	13,678	15,482	16,772	18,009	19,934
Total assets	86,698	98,340	109,382	118,612	127,421
Assets accounted for as deposit premium accounts	–	–	–	–	–
Capital adequacy ratio	15.8%	15.7%	15.3%	15.2%	15.6%
Dividend payout ratio	–	–	–	–	–
Non-consolidated solvency margin ratio	993.0%	1,018.5%	981.4%	557.8%	504.2%
Number of employees	752	814	922	979	1,079

Note: The laws and regulations concerning the calculation of the non-consolidated solvency margin ratio have been revised, and a new calculation method has been applied from the year ended March 31, 2012. Accordingly, figures for the non-consolidated solvency margin ratio cannot be compared simply on a year-on-year basis.

2. Underwriting Performance

2-1 Direct premiums written

For the years ended March 31	(Millions of yen)					
	2012			2013		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 176	0.2%	(4.8%)	¥ 236	0.3%	34.1%
Marine	–	–	–	–	–	–
Personal accident	7,424	9.5	4.0	7,898	9.6	6.4
Voluntary automobile	70,712	90.3	7.9	74,406	90.1	5.2
Compulsory automobile liability	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total	¥78,313	100.0%	7.5%	¥82,541	100.0%	5.4%
Direct net premiums written per employee	¥ 79		1.3%	¥ 76		(4.4%)

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

2. Direct net premiums written per employee = Direct net premiums written / Number of employees

3. Sony Assurance has no deposits of premiums.

2-2 Net premiums written

(Millions of yen)

For the years ended March 31	2012			2013		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 72	0.1%	780.1%	¥ 86	0.1%	19.3%
Marine	90	0.1	1,430.5	142	0.2	56.9
Personal accident	7,626	9.6	3.5	8,138	9.7	6.7
Voluntary automobile	70,457	89.0	8.0	74,140	88.7	5.2
Compulsory automobile liability	893	1.1	25.1	1,075	1.3	20.3
Others	—	—	—	—	—	—
Total	¥79,141	100.0%	7.9%	¥83,582	100.0%	5.6%

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)

For the years ended March 31	2012			2013		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	¥ 40	0.1%	56.9%	¥ 1	0.0%	22.1%
Marine	138	0.3	153.2	185	0.4	130.7
Personal accident	1,796	4.0	26.3	1,957	4.2	27.0
Voluntary automobile	42,193	93.7	66.8	44,004	93.3	66.6
Compulsory automobile liability	862	1.9	96.5	1,004	2.1	93.5
Others	—	—	—	—	—	—
Total	¥45,032	100.0%	63.3%	¥47,153	100.0%	63.2%

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	2012	2013
	Expenses related to underwriting	¥20,342
Operating, general and administrative expenses related to underwriting	18,974	20,386
Net commissions and brokerage fees	1,367	1,373
Net expense ratio	25.7%	26.0%

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

2-5 Underwriting profit

(Millions of yen)

For the years ended March 31	2012	2013
	Underwriting income	¥79,172
Underwriting expenses	58,067	61,830
Operating, general and administrative expenses	18,974	20,386
Other income (expenses)	(21)	(0)
Underwriting profit	¥ 2,109	¥ 1,398

Notes: 1. Operating, general and administrative expenses is the amount related to underwriting in "Operating, general and administrative expenses" in the statements of income of Sony Assurance.

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

Underwriting profit by type of policy

(Millions of yen)

For the years ended March 31	2012	2013
	Fire	¥ (79)
Marine	(204)	(19)
Personal accident	132	9
Voluntary automobile	2,260	1,490
Compulsory automobile liability	—	—
Others	—	—
Total	¥2,109	¥1,398

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

	2012			2013		
	Net loss ratio	Net expense ratio	Combined ratio	Net loss ratio	Net expense ratio	Combined ratio
For the years ended March 31						
Fire	56.9%	77.1%	134.0%	22.1%	60.2%	82.3%
Marine	153.2	(6.9)	146.3	130.7	3.4	134.1
Personal accident	26.3	21.1	47.4	27.0	25.0	52.0
Voluntary automobile	66.8	26.5	93.3	66.6	26.5	93.2
Compulsory automobile liability	96.5	—	96.5	93.5	—	93.5
Others	—	—	—	—	—	—
Total	63.3%	25.7%	89.0%	63.2%	26.0%	89.2%

Note: Combined ratio = Net loss ratio + Net expense ratio

3. Asset Management

3-1 Asset management policy

The goal is to assure stable mid- to long-term returns taking into consideration the market environment and asset management risk, as well as current level and future fluctuations of interest rates.

Investments are primarily made with Japanese yen-denominated bonds. Investments are also made based upon the consideration of diversification of timing of investments as well as the timing of re-investments. Thus, the investment portfolio is built in such a way that stable returns are assured.

3-2 Overview of asset management

As of March 31	2012		2013	
	Amount	Composition (%)	Amount	Composition (%)
Cash and deposits	¥ 5,161	4.4%	¥ 8,443	6.6%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for transactions in debentures	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	—	—	—	—
Securities	84,474	71.2	88,670	69.6
Loans	—	—	—	—
Land and buildings	255	0.2	249	0.2
Total	89,890	75.8	97,363	76.4
Total assets	¥118,612	100.0%	¥127,421	100.0%

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

(Millions of yen)

For the years ended March 31	2012		2013	
	Amount	Yield (%)	Amount	Yield (%)
Cash and deposits	¥ 0	0.02%	¥ 1	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	872	1.03	1,026	1.17
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	873	0.98	1,027	1.09
Others	0	—	0	—
Total	¥873	—	¥1,027	—
Yield on investments (realized basis)	—	1.01%	—	1.11%
(Reference) Yield on investments (market value basis)	—	0.91	—	1.84

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)

As of March 31	2012		2013	
	Amount	Composition (%)	Amount	Composition (%)
Foreign currency denominated				
Foreign bonds	¥ —	—%	¥ —	—%
Foreign stocks	—	—	—	—
Others	—	—	—	—
Subtotal	—	—	—	—
Yen denominated				
Loans to borrowers outside Japan	—	—	—	—
Foreign bonds	897	100.0	497	100.0
Others	—	—	—	—
Subtotal	897	100.0	497	100.0
Total	¥897	100.0%	¥497	100.0%
Yield on overseas investments				
Yield on investments (income basis)	—	2.11%	—	1.95%
Yield on investments (realized basis)	—	2.11%	—	1.95%
(Reference) Yield on investments (market value basis)	—	2.11%	—	1.95%

Notes: 1. Yield on investments (income basis) within "Yield on overseas investments" is calculated by dividing interest income and dividends by the average balance of either the acquisition cost or amortized cost for assets relating to overseas investments.

2. Yield on investments (realized basis) within "Yield on overseas investments" is calculated by dividing (investment income + interest and dividends on deposits of premiums – investment expenses) by the average balance of either the acquisition cost or amortized cost for assets relating to overseas investments.

4. Non-consolidated Solvency Margin Ratio

As of March 31	(Millions of yen)	
	2012	2013
(A) Total non-consolidated solvency margin	¥27,511	¥27,370
Capital or treasury	18,053	19,507
Reserve for price fluctuations	61	80
Contingency reserve	54	63
Catastrophe reserve	9,406	7,164
General reserve for possible loan losses	-	-
Net unrealized gains on other securities (before subtracting tax effects)	(63)	554
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) Total non-consolidated risk		
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	9,862	10,855
Ordinary insurance risk R ₁	8,929	9,865
Third-sector insurance risk R ₂	-	-
Assumed interest rate risk R ₃	58	67
Asset management risk R ₄	309	485
Business management risk R ₅	297	331
Major catastrophe risk R ₆	627	643
(C) Non-consolidated solvency margin ratio		
$[(A)/\{(B) \times (1/2)\}] \times 100$	557.8%	504.2%

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.

• 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. Deductible items

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.

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)).

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

- “Risk events outside the normal scope of expectations” refers to the total of the amounts represented by the following risks:
 - ① Insurance underwriting risk (Ordinary insurance risk, Third-sector insurance risk)
Risk outside the scope of risk incorporated into the rate of accident occurrence (excluding major catastrophe risk)
 - ② Assumed interest rate risk
Risk that actual investment yield will fall below the investment yield assumed when calculating premiums
 - ③ Asset management risk
Risk arising from such factors as unexpectedly large fluctuations in prices on held securities and other assets
 - ④ Business management risk
Unexpected risk to business management other than ① through ③ above and ⑤
 - ⑤ Major catastrophe risk
Risk arising from major catastrophes (such as the Great Kanto Earthquake and the Ise Bay Typhoon)
- A non-life insurer’s ability to pay (total 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, 2012 and 2013

	(Millions of yen)	
	2012	2013
Assets:		
Cash and due from banks	¥ 89,567	¥ 62,322
Call loans and bills bought	10,000	10,000
Monetary trusts	14,760	18,182
Securities	905,882	906,796
Loans	836,100	970,226
Foreign exchanges	8,936	7,954
Other assets	24,427	32,997
Tangible fixed assets	1,071	1,108
Buildings	193	262
Leased assets	1	117
Other tangible fixed assets	876	729
Intangible fixed assets	5,034	4,587
Software	4,601	4,325
Goodwill	338	258
Other intangible fixed assets	93	3
Deferred tax assets	2,047	91
Customers' liabilities for acceptances and guarantees	1,000	-
Allowance for loan losses	(1,634)	(1,641)
Total Assets	¥1,897,192	¥2,012,627

(Millions of yen)

	2012	2013
Liabilities:		
Deposits	¥1,761,136	¥1,857,447
Call money and bills sold	10,000	10,000
Borrowed money	12,000	22,000
Foreign exchanges	35	87
Other liabilities	50,134	52,338
Reserve for employees' bonuses	608	619
Reserve for employees' retirement benefits	440	516
Reserve for directors' retirement benefits	92	108
Provision for point card certificates	95	98
Reserve under specific law	6	-
Deferred tax liabilities	-	275
Acceptances and guarantees	1,000	-
Total Liabilities	1,835,550	1,943,493
Net Assets:		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	9,212	12,489
Total shareholders' equity	61,212	64,489
Net unrealized gains on other securities, net of taxes	1,767	6,536
Net deferred losses on hedging instruments, net of taxes	(2,597)	(3,231)
Total accumulated other comprehensive income (loss)	(830)	3,304
Minority interests	1,260	1,339
Total Net Assets	61,642	69,134
Total Liabilities and Net Assets	¥1,897,192	¥2,012,627

Consolidated Statements of Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Ordinary Revenues	¥32,553	¥34,328
Interest income	24,871	25,954
Interest income on loans	13,270	13,877
Interest income and dividends on securities	11,540	12,007
Interest income on call loans and bills bought	13	13
Interest income on deposits with banks	45	55
Other interest income	1	0
Fees and commissions	4,885	5,444
Other operating income	2,740	2,815
Other ordinary income	56	114
Income from monetary trusts, net	13	15
Others	42	99
Ordinary Expenses	28,589	29,874
Interest expenses	8,825	7,886
Interest expenses on deposits	6,879	6,296
Interest expenses on call money and bills sold	10	10
Interest expenses on borrowed money	146	222
Other interest expenses	1,789	1,356
Fees and commissions	2,437	2,648
Other operating expenses	698	2,534
General and administrative expenses	16,054	16,419
Other ordinary expenses	572	385
Provision of allowance for loan losses	536	325
Other ordinary expenses	35	60
Ordinary Profit	3,964	4,454
Extraordinary Gains	99	-
Reversal of reserve for employees' retirement benefits	99	-
Extraordinary Losses	457	367
Losses on disposal of fixed assets	52	51
Impairment losses	250	-
Losses on sale of shares of subsidiaries and affiliates	-	315
Other extraordinary losses	153	0
Income Before Income Taxes	3,606	4,086
Income Taxes—current	2,049	490
Income Taxes—deferred	(204)	240
Total Income Taxes	1,845	730
Income Before Minority Interests	1,761	3,356
Minority Interests	13	78
Net Income	¥ 1,747	¥ 3,277

Sony Bank Sony Bank Financial Data (Consolidated)

Consolidated Statements of Comprehensive Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Income Before Minority Interests	¥1,761	¥3,356
Other Comprehensive Income	485	4,135
Net unrealized gains on other securities, net of taxes	1,340	4,768
Net deferred losses on hedging instruments, net of taxes	(855)	(633)
Comprehensive Income	2,246	7,492
Comprehensive income attributable to parent company	2,232	7,413
Comprehensive income attributable to minority interests	13	78

Consolidated Statements of Changes in Net Assets

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Shareholders' Equity		
Common stock		
Balance at the beginning of the current period	¥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
Capital surplus		
Balance at the beginning of the current period	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
Retained earnings		
Balance at the beginning of the current period	7,464	9,212
Changes during the period		
Net income	1,747	3,277
Total changes during the period	1,747	3,277
Balance at the end of the current period	9,212	12,489
Total shareholders' equity		
Balance at the beginning of the current period	59,464	61,212
Changes during the period		
Net income	1,747	3,277
Total changes during the period	1,747	3,277
Balance at the end of the current period	61,212	64,489

(Continued on next page)

Consolidated Statements of Changes in Net Assets (Continued)

	(Millions of yen)	
	2012	2013
Accumulated Other Comprehensive Income		
Net unrealized gains on other securities, net of taxes		
Balance at the beginning of the current period	¥ 426	¥ 1,767
Changes during the period		
Net changes of items other than shareholders' equity	1,340	4,768
Total changes during the period	1,340	4,768
Balance at the end of the current period	1,767	6,536
Net deferred losses on hedging instruments, net of taxes		
Balance at the beginning of the current period	(1,742)	(2,597)
Changes during the period		
Net changes of items other than shareholders' equity	(855)	(633)
Total changes during the period	(855)	(633)
Balance at the end of the current period	(2,597)	(3,231)
Total accumulated other comprehensive income		
Balance at the beginning of the current period	(1,315)	(830)
Changes during the period		
Net changes of items other than shareholders' equity	485	4,135
Total changes during the period	485	4,135
Balance at the end of the current period	(830)	3,304
Minority Interests		
Balance at the beginning of the current period	-	1,260
Changes during the period		
Net changes of items other than shareholders' equity	1,260	78
Total changes during the period	1,260	78
Balance at the end of the current period	1,260	1,339
Total Net Assets		
Balance at the beginning of the current period	58,148	61,642
Changes during the period		
Net income	1,747	3,277
Net changes of items other than shareholders' equity	1,745	4,214
Total changes during the period	3,493	7,492
Balance at the end of the current period	¥61,642	¥69,134

Consolidated Statements of Cash Flows

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2012 and 2013

(Millions of yen)

	2012	2013
Cash flows from operating activities		
Income before income taxes	¥ 3,606	¥ 4,086
Depreciation and amortization	1,681	1,809
Impairment losses	250	-
Amortization of goodwill	59	79
Increase in allowance for loan losses	271	6
Increase in reserve for employees' bonuses	113	17
Increase in reserve for employees' retirement benefits	150	75
Increase in reserve for directors' retirement benefits	14	15
Increase in provision for point card certificates	18	3
Interest income	(24,871)	(25,954)
Interest expenses	8,825	7,886
Gains on securities	(3,952)	(2,562)
Gains on monetary trusts	(13)	(15)
Exchange (gains) losses	3,981	(36,761)
Losses on disposal of fixed assets	59	57
Net increase in loans	(113,103)	(134,664)
Net increase in deposits	111,212	96,271
Net (increase) decrease in foreign exchange (assets)	(503)	981
Net increase in foreign exchange (liabilities)	18	51
Interest income	27,302	29,560
Interest expenses	(9,137)	(8,349)
Others, net	6,346	2,620
Subtotal	12,331	(64,783)
Income taxes paid	(2,183)	(2,073)
Net cash provided by (used in) operating activities	10,147	(66,857)
Cash flows from investing activities		
Purchases of securities	(293,591)	(279,518)
Proceeds from sale of securities	74,079	82,954
Proceeds from redemption of securities	245,507	238,488
Investments in monetary trusts	(500)	(4,942)
Purchases of tangible fixed assets	(422)	(302)
Purchases of intangible fixed assets	(1,473)	(1,310)
Payments for transfer of business	(2,328)	-
Proceeds from purchases of stocks of a subsidiary resulting in change in scope of consolidation	346	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	505
Others	-	2
Net cash provided by investing activities	21,618	35,876
Cash flows from financing activities		
Increase in subordinated borrowings	10,000	10,000
Payments for leased obligations	(14)	(42)
Proceeds from securitization of receivables	550	(6,500)
Proceeds from sale and leaseback	-	276
Net cash provided by financing activities	10,535	3,733
Effect of exchange rate changes on cash and cash equivalents	(0)	3
Net increase (decrease) in cash and cash equivalents	42,301	(27,244)
Cash and cash equivalents at the beginning of the fiscal year	47,265	89,567
Cash and cash equivalents at the end of the fiscal year	¥ 89,567	¥ 62,322

Sony Bank Financial Data (Non-consolidated)

Non-consolidated Balance Sheets

Sony Bank Inc.

As of March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Assets:		
Cash and due from banks	¥ 87,053	¥ 61,936
Cash	29	30
Due from banks	87,024	61,905
Call loans	10,000	10,000
Monetary trusts	13,240	18,182
Securities	912,933	908,847
Japanese government bonds	206,964	194,000
Japanese municipal bonds	29,149	61,251
Japanese corporate bonds	284,790	202,401
Japanese stocks	7,050	2,050
Other securities	384,977	449,142
Loans	835,582	970,226
Loans on deed	828,865	963,371
Overdrafts	6,716	6,854
Foreign exchanges	8,936	7,954
Due from foreign banks	8,936	7,954
Other assets	18,132	26,062
Domestic exchange settlement account debit	72	74
Prepaid expenses	72	62
Accrued income	4,209	4,751
Derivatives	5,458	11,514
Accounts receivable	4,610	5,385
Others	3,709	4,273
Tangible fixed assets	794	838
Buildings	179	238
Leased assets	1	0
Other tangible fixed assets	613	598
Intangible fixed assets	2,624	2,674
Software	2,621	2,671
Other intangible fixed assets	2	2
Deferred tax assets	1,840	-
Customers' liabilities for acceptances and guarantees	1,000	-
Allowance for loan losses	(1,634)	(1,641)
Total Assets	¥1,890,503	¥2,005,081

(Millions of yen)

	2012	2013
Liabilities:		
Deposits	¥1,762,282	¥1,857,447
Ordinary deposits	331,606	382,611
Time deposits	1,056,957	1,082,392
Other deposits	373,719	392,444
Call money	10,000	10,000
Borrowed money	12,000	22,000
Borrowed money	12,000	22,000
Foreign exchanges	35	87
Foreign bills sold	1	-
Foreign bills payable	34	87
Other liabilities	41,300	46,238
Unsettled exchange payable	46	67
Income taxes payable	1,215	5
Accrued expenses	4,565	4,224
Unearned revenue	0	0
Initial margins of futures markets	14,090	16,975
Derivatives	20,467	24,188
Leased obligation	1	0
Asset retirement obligations	80	118
Others	831	657
Reserve for employees' bonuses	519	561
Reserve for employees' retirement benefits	381	461
Reserve for directors' retirement benefits	92	98
Provision for point card certificates	95	98
Deferred tax liabilities	-	275
Acceptances and guarantees	1,000	-
Total Liabilities	1,827,706	1,937,270
Net Assets:		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Capital reserves	21,000	21,000
Retained earnings	11,627	12,506
Other retained earnings	11,627	12,506
Unappropriated retained earnings	11,627	12,506
Total shareholders' equity	63,627	64,506
Net unrealized gains on other securities, net of taxes	1,767	6,536
Net deferred losses on hedging instruments, net of taxes	(2,597)	(3,231)
Total valuation and translation adjustments	(830)	3,304
Total Net Assets	62,796	67,811
Total Liabilities and Net Assets	¥1,890,503	¥2,005,081

Sony Bank Sony Bank Financial Data (Non-consolidated)

Non-consolidated Statements of Income

Sony Bank Inc.

For the years ended March 31, 2012 and 2013

	(Millions of yen)	
	2012	2013
Ordinary Revenues	¥30,075	¥31,351
Interest income	24,859	25,948
Interest income on loans	13,260	13,871
Interest income and dividends on securities	11,540	12,007
Interest income on call loans	13	13
Interest income on deposits with banks	44	55
Fees and commissions	2,384	2,465
Fees and commissions on domestic and foreign exchanges	176	148
Other fees and commissions	2,207	2,316
Other operating income	2,740	2,815
Gains on foreign exchange transactions	1,764	1,874
Gains on sale of bonds	975	794
Gains on redemption of bonds	0	145
Other ordinary income	92	122
Income from monetary trusts, net	12	14
Others	80	107
Ordinary Expenses	26,042	27,068
Interest expenses	8,777	7,850
Interest expenses on deposits	6,880	6,297
Interest expenses on call money	10	10
Interest expenses on borrowed money	101	186
Interest expenses on interest rate swaps	1,784	1,355
Fees and commissions	2,188	2,344
Fees and commissions on domestic and foreign exchanges	79	93
Other fees and commissions	2,109	2,250
Other operating expenses	698	2,534
Losses on sale of bonds	251	2,091
Expenses from derivatives other than for trading or hedging	447	442
General and administrative expenses	13,808	13,955
Other ordinary expenses	570	384
Provision of allowance for loan losses	536	325
Write-off of loans	9	11
Others	24	47
Ordinary Profit	4,033	4,282
Extraordinary Gains	99	-
Reversal of reserve for employees' retirement benefits	99	-
Extraordinary Losses	-	2,791
Losses on valuation of stocks of subsidiaries and affiliates	-	2,743
Losses on disposal of fixed assets	-	47
Income Before Income Taxes	4,132	1,491
Income Taxes—current	1,941	487
Income Taxes—deferred	(148)	125
Total Income Taxes	1,792	612
Net Income	¥ 2,340	¥ 879

Non-consolidated Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2012 and 2013

(Millions of yen)

	2012	2013
Shareholders' Equity		
Common stock		
Balance at the beginning of the current period	¥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
Capital surplus		
Capital reserve		
Balance at the beginning of the current period	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
Total capital surplus		
Balance at the beginning of the current period	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
Retained earnings		
Other retained earnings		
Unappropriated retained earnings		
Balance at the beginning of the current period	9,287	11,627
Changes during the period		
Net income	2,340	879
Total changes during the period	2,340	879
Balance at the end of the current period	11,627	12,506
Total retained earnings		
Balance at the beginning of the current period	9,287	11,627
Changes during the period		
Net income	2,340	879
Total changes during the period	2,340	879
Balance at the end of the current period	11,627	12,506
Total shareholders' equity		
Balance at the beginning of the current period	61,287	63,627
Changes during the period		
Net income	2,340	879
Total changes during the period	2,340	879
Balance at the end of the current period	63,627	64,506

(Continued on next page)

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

	(Millions of yen)	
	2012	2013
Valuation and Translation Adjustments		
Net unrealized gains on other securities, net of taxes		
Balance at the beginning of the current period	¥ 426	¥ 1,767
Changes during the period		
Net changes of items other than shareholders' equity	1,340	4,768
Total changes during the period	1,340	4,768
Balance at the end of the current period	1,767	6,536
Net deferred losses on hedging instruments, net of taxes		
Balance at the beginning of the current period	(1,742)	(2,597)
Changes during the period		
Net changes of items other than shareholders' equity	(855)	(633)
Total changes during the period	(855)	(633)
Balance at the end of the current period	(2,597)	(3,231)
Total valuation and translation adjustments		
Balance at the beginning of the current period	(1,315)	(830)
Changes during the period		
Net changes of items other than shareholders' equity	485	4,135
Total changes during the period	485	4,135
Balance at the end of the current period	(830)	3,304
Total Net Assets		
Balance at the beginning of the current period	59,971	62,796
Changes during the period		
Net income	2,340	879
Net changes of items other than shareholders' equity	485	4,135
Total changes during the period	2,825	5,014
Balance at the end of the current period	¥62,796	¥67,811

1. Loans by Borrower Category

(Millions of yen)

As of March 31	2012	2013
Category		
Bankrupt and quasi-bankrupt loans	¥ 849	¥ 714
Doubtful loans	828	1,094
Sub-standard loans	2,073	2,222
Normal loans	845,977	978,005
Total	¥849,728	¥982,036

Note: The above table is based on "The law concerning Emergency Measures for the Revitalization of the Financial Functions."

2. Risk-monitored Loans

(Millions of yen)

As of March 31	2012	2013
Bankrupt loans	¥ 174	¥ 150
Non-accrual delinquent loans	1,369	1,534
Past due loans (3 months or more)	—	—
Restructured loans	2,068	2,220
Total	¥3,613	¥3,905

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

3. Profit and Loss

3-1 Gross operating profit

(Millions of yen)

For the years ended March 31	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	¥11,298	¥4,834	¥16,132	¥11,894	¥6,254	¥18,149
Interest income	16,809	8,223	24,859	17,049	8,962	25,948
Interest expenses	5,511	3,389	8,726	5,155	2,707	7,798
Net fees and commissions	(404)	600	195	14	107	121
Fees and commissions received	1,762	621	2,384	2,332	132	2,465
Fees and commissions paid	2,167	21	2,188	2,318	25	2,344
Net trading income	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Net other operating income	(40)	2,081	2,041	(1,511)	1,793	281
Other operating income	629	2,110	2,740	144	2,670	2,815
Other operating expenses	670	28	698	1,656	877	2,534
Gross operating profit	10,853	7,516	18,369	10,397	8,154	18,551
Gross operating profit ratio	0.77%	1.78%	1.04%	0.69%	1.86%	0.97%

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 (¥50 million—FY2011, ¥51 million—FY2012).

3. [] indicates interest on borrowed funds between the Domestic division and the International division.

4. Gross operating profit ratio = $\frac{\text{Gross operating profit for the period}}{\text{Average balance of investment accounts}} \times 100$

3-2 Average balances, interests, yields and interest spreads of major investment and financing accounts

Domestic division

For the years ended March 31	(Millions of yen)					
	2012			2013		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
	[-]	[-]		[-]	[-]	
Investment accounts	¥1,406,057	¥16,809	1.19%	¥1,491,347	¥17,049	1.14%
Of which, loans	773,212	13,232	1.71	893,524	13,835	1.54
Securities	571,418	3,519	0.61	529,695	3,145	0.59
Call loans	10,000	13	0.13	10,082	13	0.13
Due from banks	51,426	44	0.08	58,045	55	0.09
Monetary claims purchased	-	-	-	-	-	-
	[65,919]	[174]		[25,696]	[63]	
Financing accounts	1,381,701	5,511	0.39	1,475,200	5,155	0.34
Of which, deposits	1,312,226	3,490	0.26	1,440,120	3,587	0.24
Call money	10,000	10	0.10	10,000	10	0.10
Borrowed money	6,316	101	1.60	13,616	186	1.37

Notes: 1. [-] indicates 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" (¥3,097 million—FY2011, ¥3,090 million—FY2012) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥12,763 million—FY2011, ¥14,233 million—FY2012) and the estimated interest expenses on monetary trusts (¥50 million—FY2011, ¥49 million—FY2012) are excluded respectively.

International division

For the years ended March 31	(Millions of yen)					
	2012			2013		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
	[65,919]	[174]		[25,696]	[63]	
Investment accounts	¥421,056	¥8,223	1.95%	¥436,698	¥8,962	2.05%
Of which, loans	1,455	28	1.92	2,170	35	1.65
Securities	346,775	8,021	2.31	400,021	8,862	2.21
Call loans	-	-	-	-	-	-
Due from banks	-	-	-	-	-	-
Monetary claims purchased	-	-	-	-	-	-
	[-]	[-]		[-]	[-]	
Financing accounts	364,656	3,389	0.92	373,405	2,707	0.72
Of which, deposits	364,625	3,389	0.92	373,576	2,709	0.72
Call money	-	-	-	-	-	-
Borrowed money	-	-	-	-	-	-

Notes: 1. [-] indicates 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 financing accounts, the average balance of funds for investing monetary trusts (¥- million—FY2011, ¥206 million—FY2012) and the estimated interest expenses on monetary trusts (¥- million—FY2011, ¥1 million—FY2012) are excluded respectively.

Total

For the years ended March 31	(Millions of yen)					
	2012			2013		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
Investment accounts	¥1,761,194	¥24,859	1.41%	¥1,902,349	¥25,948	1.36%
Of which, loans	774,667	13,260	1.71	895,694	13,871	1.54
Securities	918,194	11,540	1.25	929,716	12,007	1.29
Call loans	10,000	13	0.13	10,082	13	0.13
Due from banks	51,426	44	0.08	58,045	55	0.09
Monetary claims purchased	-	-	-	-	-	-
Financing accounts	1,680,439	8,726	0.51	1,822,910	7,798	0.42
Of which, deposits	1,676,852	6,880	0.41	1,813,697	6,297	0.34
Call money	10,000	10	0.10	10,000	10	0.10
Borrowed money	6,316	101	1.60	13,616	186	1.37

Note: In the investment accounts, the average balance of non-interest-bearing "due from banks" (¥3,097 million—FY2011, ¥3,090 million—FY2012) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥12,763 million—FY2011, ¥14,439 million—FY2012) and the estimated interest expenses on monetary trusts (¥50 million—FY2011, ¥51 million—FY2012) are excluded respectively.

Interest spread

	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
	(%)					
For the years ended March 31						
Yield on investment	1.19%	1.95%	1.41%	1.14%	2.05%	1.36%
Yield on financing	0.39	0.92	0.51	0.34	0.72	0.42
Interest spread	0.79	1.02	0.89	0.79	1.32	0.93

3-3 Interest income and interest expenses

Domestic division

	2012			2013		
	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)
	(Millions of yen)					
For the years ended March 31						
Interest income	¥ 763	¥ (880)	¥ (116)	¥1,019	¥ (779)	¥ 240
Of which, loans	2,612	(1,789)	822	2,058	(1,455)	603
Securities	(484)	(447)	(931)	(256)	(117)	(373)
Call loans	(1)	0	(1)	0	(0)	(0)
Due from banks	(2)	(4)	(7)	5	4	10
Monetary claims purchased	—	—	—	—	—	—
Interest expenses	391	(2,293)	(1,902)	372	(728)	(356)
Of which, deposits	330	(1,953)	(1,622)	340	(242)	97
Call money	(1)	(0)	(1)	—	(0)	(0)
Borrowed money	109	(58)	51	117	(32)	85

International division

	2012			2013		
	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)
	(Millions of yen)					
For the years ended March 31						
Interest income	¥ 589	¥ 589	¥1,178	¥ 305	¥ 432	¥ 738
Of which, loans	12	(6)	6	13	(5)	7
Securities	1,024	334	1,358	1,231	(390)	841
Call loans	(10)	—	(10)	—	—	—
Due from banks	—	—	—	—	—	—
Monetary claims purchased	(30)	—	(30)	—	—	—
Interest expenses	230	(130)	100	81	(763)	(682)
Of which, deposits	230	(130)	100	83	(763)	(680)
Call money	—	—	—	—	—	—
Borrowed money	—	—	—	—	—	—

Total

	2012			2013		
	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)
	(Millions of yen)					
For the years ended March 31						
Interest income	¥1,494	¥ (288)	¥ 1,206	¥1,992	¥ (903)	¥1,089
Of which, loans	2,623	(1,794)	828	2,071	(1,460)	611
Securities	(277)	704	427	144	322	467
Call loans	(7)	(4)	(11)	0	(0)	(0)
Due from banks	(2)	(4)	(7)	5	4	10
Monetary claims purchased	(30)	—	(30)	—	—	—
Interest expenses	689	(2,346)	(1,657)	739	(1,667)	(927)
Of which, deposits	553	(2,076)	(1,522)	561	(1,144)	(583)
Call money	(1)	(0)	(1)	—	(0)	(0)
Borrowed money	109	(58)	51	117	(32)	85

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

For the years ended March 31	(Millions of yen)	
	2012	2013
Salaries	¥ 2,690	¥ 2,983
Employee retirement benefits	95	81
Fringe benefit expenses	343	398
Depreciation and amortization	1,342	1,274
Leases on land, buildings and machinery	1,198	1,149
Maintenance fees	1,861	2,446
Repairs and utilities	5	5
Supplies expenses	206	163
Heat, light and water	27	32
Travel expenses	5	12
Communication expenses	674	726
Advertising expenses	887	795
Membership fees, donations and social expenses	76	16
Outsourcing	2,079	1,552
Taxes and public dues	538	543
Deposit insurance	1,012	894
Others	763	877
Total	¥13,808	¥13,955

4. Fair Value Information

4-1 Fair value information on securities

Trading-purpose securities

Not applicable

Held-to-maturity bonds

As of March 31	2012			2013		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity bonds of which fair value exceeds balance sheet amount						
Japanese government bonds	¥12,443	¥13,036	¥592	¥7,952	¥8,524	¥572
Japanese corporate bonds	495	519	23	418	442	23
Subtotal	12,939	13,555	615	8,371	8,966	595
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	¥8,371	¥8,966	¥595

Note: Fair value is based upon the value measured at the year-end.

Available-for-sale securities

(Millions of yen)

As of March 31	2012			2013		
	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	¥421,648	¥417,478	¥ 4,169	¥393,611	¥385,108	¥ 8,503
Japanese government bonds	136,122	133,659	2,463	136,251	132,193	4,057
Japanese municipal bonds	23,739	23,423	315	61,251	59,359	1,891
Japanese corporate bonds	261,786	260,395	1,391	196,109	193,555	2,554
Others	232,066	226,609	5,456	356,788	349,098	7,689
Foreign bonds	229,524	224,323	5,200	353,713	346,812	6,900
Others	2,541	2,286	255	3,075	2,286	789
Subtotal	653,715	644,088	9,626	750,400	734,206	16,193
Available-for-sale securities of which balance sheet amount does not exceed acquisition cost						
Bonds	86,316	87,388	(1,072)	55,670	56,180	(509)
Japanese government bonds	58,397	59,277	(879)	49,796	50,259	(462)
Japanese municipal bonds	5,410	5,414	(3)	—	—	—
Japanese corporate bonds	22,507	22,697	(189)	5,873	5,920	(46)
Others	152,911	155,575	(2,664)	92,354	94,011	(1,657)
Foreign bonds	146,927	148,530	(1,602)	88,352	88,965	(613)
Others	5,983	7,045	(1,062)	4,001	5,045	(1,043)
Subtotal	239,227	242,964	(3,736)	148,024	150,191	(2,167)
Total	¥892,942	¥887,053	¥ 5,889	¥898,425	¥884,398	¥14,026

Note: Fair value is based upon the value measured at the year-end.

Securities without fair market value

(Millions of yen)

As of March 31	2012	2013
	Balance sheet amount	Balance sheet amount
Stocks of subsidiaries and affiliated companies		
Stocks of subsidiaries	¥7,050	¥2,050

4-2 Fair value information on monetary trusts

Monetary trusts for investment

[For the year ended March 31, 2012]

Not applicable

[For the year ended March 31, 2013]

(Millions of yen)

As of March 31	2012	2013
	Balance sheet amount	Net valuation gains (losses) recorded in income for fiscal year
Monetary trusts for investment	¥442	¥-

Monetary trusts for held-to-maturity

Not applicable

Other monetary trusts

						(Millions of yen)				
						2012				
						Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost			
As of March 31						Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
Other monetary trusts						¥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."

						(Millions of yen)				
						2013				
						Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
As of March 31						¥17,740	¥17,740	¥-	¥-	¥-

Note: "Difference" consists of "Of which, balance sheet amount exceeds acquisition cost" and "Of which, balance sheet amount does not exceed acquisition cost."

4-3 Fair value information on derivatives

Interest rate derivatives

[For the year ended March 31, 2012]

Derivatives for which hedge accounting is not applied

						(Millions of yen)			
						2012			
As of March 31				Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)		
Category	Type	Hedged item							
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.

2. Fair market value is calculated using the discounted present value.

Derivatives for which hedge accounting is applied

						(Millions of yen)			
						2012			
As of March 31				Notional amount	Notional amount over 1 year	Fair value			
Method	Type	Hedged item							
Deferred hedge accounting	Interest rate swaps								
	Floating rate receive/Fixed rate pay	Loans		¥134,709	¥133,989	¥ (4,427)			
Fair value hedge accounting	Interest rate swaps								
	Floating rate receive/Fixed rate pay	Available-for-sale 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.

2. Fair market value is calculated using the discounted present value.

[For the year ended March 31, 2013]

Derivatives for which hedge accounting is not applied

						(Millions of yen)			
						2013			
As of March 31				Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)		
Category	Type	Hedged item							
OTC:	Interest rate swaps								
	Floating rate receive/Fixed rate pay			¥20,000	¥-	¥(119)	¥(119)		
Total				¥ -	¥-	¥(119)	¥(119)		

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market value is calculated using the discounted present value.

Derivatives for which hedge accounting is applied

(Millions of yen)

			2013		
As of March 31 Method	Type	Hedged item	Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Interest rate swaps Floating rate receive/Fixed rate pay	Loans	¥ 79,195	¥ 74,491	¥ (2,811)
Fair value hedge accounting	Interest rate swaps Floating rate receive/Fixed rate pay	Available-for-sale securities (bonds)	378,446	332,030	(19,225)
Total			¥ -	¥ -	¥(22,036)

Notes: 1. The above table includes derivatives for which deferred hedge accounting is applied in accordance with "Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry" (Industry Audit Committee of Japanese Institute of Certified Public Accountants No. 24) and derivatives for which fair value hedge accounting is applied.
2. Fair market value is calculated using the discounted present value.

Currency derivatives

[For the year ended March 31, 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 or the option pricing model.

Derivatives for which hedge accounting is applied

(Millions of yen)

			2012		
As of March 31 Method	Type	Hedged item	Notional amount	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. Fair value hedge accounting is mainly applied.
2. Fair market value is calculated using the discounted present value.

[For the year ended March 31, 2013]

Derivatives for which hedge accounting is not applied

		(Millions of yen)			
		2013			
As of March 31		Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Category	Type				
OTC:	Forward foreign exchanges				
	Sold	¥45,200	¥-	¥ 117	¥ 117
	Bought	91,703	-	(297)	(297)
	Foreign exchange margin transactions				
	Sold	47,646	-	(619)	(619)
	Bought	10,587	-	916	916
	Currency options				
	Sold	1,036	-	(6)	7
	Currency forwards				
	Bought	7,559	-	10	10
Total		¥ -	¥-	¥ 120	¥ 134

Notes: 1. The above transactions are evaluated at fair market value, and valuation gains (losses) are recorded in the statements of income.

2. Fair market value is calculated using the discounted present value or the option pricing model.

Derivatives for which hedge accounting is applied

				(Millions of yen)		
				2013		
As of March 31				Notional amount	Notional amount over 1 year	Fair value
Method	Type	Hedged item				
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	..	¥45,300	¥3,500	¥9,361
Total				¥ -	¥ -	¥9,361

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, 2012]

Derivatives for which hedge accounting is not applied

		(Millions of yen)			
		2012			
As of March 31		Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Category	Type				
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

[For the year ended March 31, 2013]

Derivatives for which hedge accounting is not applied

Not applicable

Derivatives for which hedge accounting is applied

Not applicable

Performance Indicators of Sony Bank (Non-consolidated)

1. Key Performance Indicators

(Millions of yen)

For the years ended March 31	2009	2010	2011	2012	2013
Ordinary revenues	¥ 33,361	¥ 30,500	¥ 29,521	¥ 30,075	¥ 31,151
Ordinary profit	414	2,930	3,377	4,033	4,282
Net income (loss)	(710)	1,646	2,054	2,340	879
Common stock	31,000	31,000	31,000	31,000	31,000
Number of shares issued and outstanding (shares)	620,000	620,000	620,000	620,000	620,000
Total net assets	46,264	58,989	59,971	62,796	67,811
Total assets	1,411,956	1,612,186	1,761,830	1,890,503	2,005,081
Deposits	1,326,360	1,510,051	1,649,106	1,762,282	1,857,447
Loans	477,072	586,654	722,452	835,582	970,226
Securities	823,174	880,133	940,121	912,933	908,847
Non-consolidated capital adequacy ratio	13.37%	12.09%	10.84%	11.58%	11.98%
Dividend payout ratio	—	—	—	—	—
Number of employees	203	239	288	321	371

2. Status of Operation (Deposits)

2-1 Average and year-end balance of deposits by category

Average balance

(Millions of yen)

For the years ended March 31	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 323,729	¥164,375	¥ 488,104	¥ 349,049	¥167,413	¥ 516,463
Time and saving deposits	988,469	200,240	1,188,709	1,091,039	206,151	1,297,191
Other deposits	27	10	37	30	11	42
Total	¥1,312,226	¥364,625	¥1,676,852	¥1,440,120	¥373,576	¥1,813,697

Year-end balance

(Millions of yen)

As of March 31	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 331,606	¥158,627	¥ 490,233	¥ 382,611	¥190,866	¥ 573,477
Time and saving deposits	1,056,957	215,063	1,272,020	1,082,392	201,565	1,283,957
Other deposits	28	—	28	12	—	12
Total	¥1,388,591	¥373,691	¥1,762,282	¥1,465,015	¥392,431	¥1,857,447

Note: Floating deposits of the Domestic division include deposits from the parent company and its subsidiaries in the amount of ¥1,428 million and ¥145 million as of March 31, 2012 and 2013, respectively.

2-2 Balance of time deposit by remaining period

(Millions of yen)

As of March 31	2012			2013		
	Fixed rate time deposits	Floating rate time deposits	Total	Fixed rate time deposits	Floating rate time deposits	Total
Less than 3 months	¥ 167,122	¥—	¥ 167,122	¥ 160,543	¥—	¥ 160,543
3 months or more, less than 6 months	506,096	—	506,096	584,983	—	584,983
6 months or more, less than 1 year	455,938	—	455,938	378,627	—	378,627
1 year or more, less than 2 years	32,531	—	32,531	36,578	—	36,578
2 years or more, less than 3 years	11,421	—	11,421	14,532	—	14,532
3 years or more	48,834	—	48,834	52,520	—	52,520
Total	¥1,221,944	¥—	¥1,221,944	¥1,227,785	¥—	¥1,227,785

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

For the years ended March 31	(Millions of yen)					
	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
Loans on deeds	765,409	1,454	766,863	886,591	2,169	888,761
Overdrafts	7,803	0	7,803	6,932	0	6,933
Bills discounted	-	-	-	-	-	-
Total	¥773,212	¥1,455	¥774,667	¥893,524	¥2,170	¥895,694

Year-end balance

As of March 31	(Millions of yen)					
	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
Loans on deeds	827,293	1,572	828,865	960,488	2,883	963,371
Overdrafts	6,715	0	6,716	6,854	0	6,854
Bills discounted	-	-	-	-	-	-
Total	¥834,008	¥1,573	¥835,582	¥967,342	¥2,883	¥970,226

3-2 Balance of loans by remaining period

As of March 31	(Millions of yen)					
	2012			2013		
	Fixed interest rates	Floating interest rates	Total	Fixed interest rates	Floating interest rates	Total
Less than 1 year	¥ 59	¥ 15,140	¥ 15,200	¥ 60	¥ 16,618	¥ 16,678
Over 1 year, not exceeding 3 years	1,108	26,173	27,281	1,151	43,265	44,416
Over 3 years, not exceeding 5 years	2,237	36,261	38,498	3,947	30,363	34,311
Over 5 years, not exceeding 7 years	3,858	8,952	12,810	5,032	12,533	17,566
Over 7 years, not exceeding 10 years	12,846	11,149	23,995	17,860	18,586	36,446
Over 10 years	468,106	249,688	717,794	518,382	302,424	820,807
Total	¥488,216	¥347,365	¥835,582	¥546,435	¥423,790	¥970,226

3-3 Balance of loans by collateral

As of March 31	(Millions of yen)	
	2012	2013
Pledged securities	¥ -	¥ -
Pledged receivables	-	-
Pledged merchandise	-	-
Pledged real estate	581,863	656,258
Others	-	-
Subtotal	581,863	656,258
Guaranteed	27,224	41,079
Credit	226,494	272,887
Total	¥835,582	¥970,226

3-4 Balance of loans by industry

(Millions of yen)

As of March 31	2012		2013	
	Balance	Composition	Balance	Composition
Individual	¥756,862	90.58%	¥866,830	89.34%
Corporation	78,720	9.42	103,395	10.66
Manufacturing industries	24,656	2.95	37,919	3.91
Construction	800	0.10	1,670	0.17
Electricity, gas, heat and water supplies	1,001	0.12	1,001	0.10
Information and telecommunications	1,502	0.18	1,996	0.21
Transportation/Mail services	6,571	0.79	10,661	1.10
Wholesalers/Retailers	13,675	1.64	13,876	1.43
Financial services/Insurance	6,821	0.82	8,276	0.85
Real estate/Goods leasing services	18,989	2.27	22,177	2.29
Various service	2,170	0.26	2,777	0.29
Local government	2,531	0.30	3,079	0.31
Total	¥835,582	100.00%	¥970,226	100.00%

3-5 Loan-deposit ratio: year-end and annual average

For the years ended March 31	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year-end	60.06%	0.42%	47.41%	66.02%	0.73%	52.23%
Annual average	58.92	0.39	46.19	62.04	0.58	49.38

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	2012	2013
Allowance for loan losses balance at the year-end	¥1,634	¥1,641
Allowance for loan losses increase during the year	513	6

3-7 Write-off loans

(Millions of yen)

For the years ended March 31	2012	2013
Total	¥9	¥11

4. Status of Operation (Securities)

4-1 Average balance of securities under proprietary accounts by category

Not applicable

4-2 Balance of securities by category and remaining period

									(Millions of yen)
									2012
As of March 31	Less than 1 year	Over 1 year, not exceeding 3 years	Over 3 years, not exceeding 5 years	Over 5 years, not exceeding 7 years	Over 7 years, not exceeding 10 years	Over 10 years	Unspecified term	Total	
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	

									(Millions of yen)
									2013
As of March 31	Less than 1 year	Over 1 year, not exceeding 3 years	Over 3 years, not exceeding 5 years	Over 5 years, not exceeding 7 years	Over 7 years, not exceeding 10 years	Over 10 years	Unspecified term	Total	
Japanese government bonds . . .	¥ 24,034	¥ 21,739	¥ 35,857	¥12,926	¥ 76,310	¥23,131	¥ –	¥194,000	
Japanese municipal bonds	–	1,511	3,826	2,554	53,359	–	–	61,251	
Japanese corporate bonds	40,153	87,989	10,991	10,306	52,541	418	–	202,401	
Japanese stocks	–	–	–	–	–	–	2,050	2,050	
Other securities	96,527	198,399	115,996	17,684	13,457	–	7,076	449,142	
Of which, foreign bonds . .	96,527	198,399	115,996	17,684	13,457	–	–	442,065	
Others	–	–	–	–	–	–	7,076	7,076	
Total	¥160,715	¥309,639	¥166,672	¥43,472	¥195,669	¥23,550	¥9,127	¥908,847	

4-3 Average and the year-end balance of securities by category

Average balance

							(Millions of yen)
							2012
For the years ended March 31	Domestic division	International division	Total	Domestic division	International division	Total	
Japanese government bonds	¥222,701	¥ –	¥222,701	¥213,606	¥ –	¥213,606	
Japanese municipal bonds	22,086	–	22,086	51,769	–	51,769	
Japanese corporate bonds	310,790	–	310,790	252,032	–	252,032	
Japanese stocks	6,540	–	6,540	3,722	–	3,722	
Other securities	9,299	346,775	356,074	8,564	400,021	408,586	
Of which, foreign bonds	–	346,775	346,775	–	400,021	400,021	
Others	9,299	–	9,299	8,564	–	8,564	
Total	¥571,418	¥346,775	¥918,194	¥529,695	¥400,021	¥929,716	

Year-end balance

(Millions of yen)

	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31						
Japanese government bonds	¥206,964	¥ –	¥206,964	¥194,000	¥ –	¥194,000
Japanese municipal bonds	29,149	–	29,149	61,251	–	61,251
Japanese corporate bonds	284,790	–	284,790	202,401	–	202,401
Japanese stocks	7,050	–	7,050	2,050	–	2,050
Other securities	8,525	376,452	384,977	7,076	442,065	449,142
Of which, foreign bonds	–	376,452	376,452	–	442,065	442,065
Others	8,525	–	8,525	7,076	–	7,076
Total	¥536,480	¥376,452	¥912,933	¥466,781	¥442,065	¥908,847

4-4 Securities-deposit ratio: year-end and annual average

	2012			2013		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31						
At the year-end	38.63%	100.73%	51.80%	31.86%	112.64%	48.92%
Annual average	43.54	95.10	54.75	36.78	107.07	51.26

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

1.1 MCEV results

Sony Life's MCEV as of March 31, 2013 increased ¥23.2 billion due to the contribution of new business value and the successful execution of its ALM strategy as evidenced by the counterbalancing increases in market value of Japanese government bonds held for the purpose of ALM and decreases in value of existing business primarily caused by the decline in interest rates. The breakdown is shown in the table below.

As of March 31	(Billions of yen)		
	2012	2013	Change
MCEV	¥1,041.5	¥1,064.7	¥ 23.2
Adjusted net worth	409.2	770.8	361.7
Value of existing business	632.4	293.9	(338.5)
New business value	65.2	41.6	(23.6)

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 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. The adjusted net worth at the end of the current fiscal year increased by ¥361.7 billion, primarily because of the large increase in unrealized gain on held-to-maturity securities caused by the decline in interest rates. The breakdown is shown in the table below.

As of March 31	(Billions of yen)		
	2012	2013	Change
Adjusted net worth	¥409.2	¥ 770.8	¥ 361.7
Total net assets	264.8	342.3	77.5
Reserve for price fluctuations	25.3	32.3	6.9
Contingency reserve	55.3	59.6	4.2
Reserve for possible loan losses	0.0	0.0	(0.0)
Unrealized gains or losses on held-to-maturity securities	155.9	551.7	395.9
Unrealized gains or losses on land and buildings	11.5	19.4	7.9
Unfunded pension liabilities	(4.9)	(5.0)	(0.1)
Intangible fixed assets	(24.3)	(26.1)	(1.8)
Tax effect equivalent of above seven items	(66.8)	(193.8)	(127.1)
Valuation gain or loss on subsidiaries and affiliated companies	(7.8)	(9.6)	(1.8)

As of March 31	(Billions of yen)		
	2012	2013	Change
Adjusted net worth	¥409.2	¥770.8	¥361.7
Free surplus	382.9	418.5	35.7
Required capital	26.3	352.3	326.0

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. The large increase in required capital at the end of the current fiscal year is due to an increase in the economic value of technical provisions that mainly resulted from the decline in interest rates. 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. The value of existing business decreased ¥338.5 billion due mainly to the decline in interest rates. The breakdown is shown in the table below.

As of March 31	(Billions of yen)		
	2012	2013	Change
Value of existing business	¥ 632.4	¥ 293.9	¥(338.5)
Present value of certainty-equivalent profit	907.7	633.2	(274.6)
Time value of options and guarantees	(84.5)	(111.2)	(26.7)
Frictional costs	(5.0)	(13.9)	(8.9)
Cost of non-hedgeable risks	(185.9)	(214.2)	(28.3)

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, 2013, 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, 2013 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 2013, actual investment gains and losses during the fiscal year ended March 31, 2013 are reflected. New business value decreased by ¥23.6 billion because of lower profitability caused primarily by the decline in interest rates. A breakdown of the value of new business is as follows:

As of March 31	(Billions of yen)		
	2012	2013	Change
Value of new business	¥ 65.2	¥ 41.6	¥(23.6)
Present value of certainty-equivalent profit	91.5	74.1	(17.5)
Time value of options and guarantees	(8.3)	(12.4)	(4.1)
Frictional costs	(0.2)	(0.2)	0.0
Cost of non-hedgeable risks	(17.8)	(19.9)	(2.1)

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.

As of March 31	(Billions of yen)		
	2012	2013	Change
Value of new business	¥ 65.2	¥ 41.6	¥ (23.6)
Present value of premium income	1,013.7	1,187.5	173.8
Value of new business / Present value of premium income	6.4%	3.5%	(2.9) points

Relationships between the annualized premiums from new policies and the present value of premium income from new business for the fiscal year ended March 31, 2013 were as follows:

As of March 31	(Billions of yen)		
	2012	2013	Change
New business single premium	¥76.1	¥118.4	¥42.3
Annualized premiums from level premium new business* ¹	92.4	103.9	11.6
Average annualization multiplier* ²	10.15	10.29	0.14

*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, 2013, from MCEV as of March 31, 2012. 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)*.

* Copyright[®] Stichting CFO Forum Foundation 2008

	(Billions of yen)			
	Free surplus	Required capital	Value of existing business	MCEV
Opening MCEV (MCEV as of March 31, 2012)	¥382.9	¥ 26.3	¥ 632.4	¥1,041.5
Opening adjustments	(11.7)	–	–	(11.7)
Adjusted opening MCEV	371.2	26.3	632.4	1,029.9
New business value	–	–	41.6	41.6
Expected existing business contribution (risk-free rate)	0.4	0.0	12.3	12.7
Expected existing business contribution (in excess of risk free rate)	0.7	0.1	5.8	6.6
Transfers from value of existing business and required capital to free surplus	(16.0)	1.0	15.0	–
<i>Of which, on new business</i>	(37.5)	–	37.5	–
Experience variances	62.9	(59.9)	2.1	5.1
Assumption changes	(21.8)	21.8	48.6	48.6
Other operating variance	8.9	(8.9)	4.1	4.1
Operating MCEV earnings	35.1	(45.9)	129.5	118.8
Economic variances	23.2	360.9	(458.5)	(74.4)
Other non-operating variance	(11.0)	11.0	(9.5)	(9.5)
Total MCEV earnings	47.3	326.0	(338.5)	34.8
Closing adjustments	–	–	–	–
Closing MCEV (MCEV as of March 31, 2013)	¥418.5	¥352.3	¥ 293.9	¥1,064.7

(1) Opening adjustments

These adjustments reflect changes in dividends paid to shareholders and the effect of the transfer of Sony Life Insurance (Philippines) Corporation.

(2) New business value

This figure reflects increases resulting from the acquisition of new business during the fiscal year ended March 31, 2013. Please refer to Section 1.4 for information concerning the calculation method.

(3) Expected existing business contribution (risk-free rate)

This figure includes the release of the portion for the fiscal year ended March 31, 2013 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, 2012).

(4) Expected existing business contribution (in excess of risk-free rate)

This figure reflects the profit expected in excess of the risk-free rate generated by holding assets such as ordinary corporate bonds, loans, stocks and real estate. The expected yield used for the fiscal year ended March 31, 2013 was 0.310%, which was developed by reflecting Sony Life's view of the market environment and annual investment plans for the year against the asset balance at the end of the previous fiscal year.

(5) Transfer from value of existing business and required capital to free surplus

This figure tracks changes in free surplus that emerge over the course of a fiscal year due to transferring profit earned during the fiscal year from existing business value to free surplus and to changes in required capital. The transfer of profit includes both the transfer of profit that was anticipated during the current fiscal year under the MCEV calculation performed at the prior year-end and the transfer of profit that was calculated as a component of new business value for the current fiscal year.

The value of MCEV itself does not change as a result of this transfer as the transfer merely constitutes an internal shift among MCEV components.

(6) Experience variances

These variances show the impact on MCEV of the actual versus assumed differences in non-economic expected profit for the fiscal year ended March 31, 2013 under the MCEV calculation as of March 31, 2012, and of the differences between actual policies in force as of March 31, 2013, and those that were projected to be in force on March 31, 2012 using persistency assumptions.

These variances reflect the impact of one-time expenses incurred during the fiscal year ended March 31, 2013, if applicable. Please refer to Section 2.3 (5) for information on one-time expenses.

(7) Assumption changes

This figure indicates the impact of changes in the assumptions, mainly on mortality and morbidity rates, lapse and surrender rates and operating expense rates.

The changes in mortality and morbidity rates increased the value of existing business.

(8) Other operating variance

This represents the impact of improvements and corrections of the model used in calculating MCEV, including the change in the reference of inflation rate from Consumer Price Index (CPI)-indexed Japanese government bonds to inflation swaps as well as the improvement of the model to calculate the value of existing business.

(9) Operating MCEV earnings

This figure shows the aggregate amount of items (2) through (8).

(10) Economic variances

These variances show the impact of actual to assumed differences in economic assumptions, such as market interest rates and implied volatilities that were reflected in the market environment when calculating MCEV as of March 31, 2012 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, 2013 under MCEV as of March 31, 2012.

The 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, an increase in inflation swap rates and a change in the implied volatilities, accounting for a decrease in the present value of certainty-equivalent profit by ¥429.0 billion, as well as increases in the time value of options and guarantees, the frictional cost and the cost of non-hedgeable risks by ¥(7.9) billion, ¥13.6 billion and ¥23.7 billion, respectively. The major reason for the increase in the adjusted net worth was the increase in prices of Japanese government bonds caused by the decline in interest rates. Overall MCEV decreased by ¥47.9 billion mainly as a result of the decline in JGB yields and by ¥26.5 billion as a result of the increase in the expenses tied to the increase in inflation swap rates.

(11) Other non operating variance

This figure shows the effect of the increase in the consumption tax rate described in Section 2.3 (7).

(12) Closing adjustments

No items were included in closing adjustments.

1.7 Sensitivity analysis

The impact of changing the underlying assumptions of MCEV is as follows:

Sensitivities

Assumption	Change in Assumption	(Billions of yen)		
		MCEV	Change in Amount	Rate of Change
Base	No change	¥1,064.7	¥ –	–%
Interest rates	100bp decrease	829.6	(235.1)	(22)
	100bp increase	1,121.4	56.7	5
	Swap rates	1,231.8	167.1	16
Stock / Real estate market value	10% decrease	1,047.7	(16.9)	(2)
Stock / Real estate implied volatility	25% increase	1,053.0	(11.6)	(1)
Interest swaption implied volatility	25% increase	1,049.9	(14.8)	(1)
Maintenance expenses	10% decrease	1,082.3	17.6	2
Lapse and surrender rates	x 0.9	1,070.1	5.5	1
Mortality rates	Death protection products x 0.95	1,104.7	40.0	4
	Third-sector and annuity products x 0.95	1,059.8	(4.9)	(0)
Morbidity rates	x 0.95	1,100.2	35.5	3
Required capital	Regulatory minimum	1,074.2	9.5	1

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	¥ 867.6
	100bp increase	(691.8)
Stock / Real estate market value	10% decrease	(11.5)
Stock / Real estate implied volatility	25% increase	(0.4)

Sensitivity of new business value

		(Billions of yen)		
Assumption	Change in Assumption	New Business Value	Change in Amount	Rate of Change
Base	No change	¥ 41.6	¥ -	-%
Interest rates	100bp decrease	(54.0)	(95.6)	(230)
	100bp increase	94.9	53.3	128
	Swap rates	54.7	13.1	32
Stock / Real estate market value	10% decrease	41.5	(0.0)	(0)
Stock / Real estate implied volatility	25% increase	41.0	(0.6)	(1)
Interest swaption implied volatility	25% increase	39.5	(2.0)	(5)
Maintenance expenses	10% decrease	43.3	1.8	4
Lapse and surrender rates	x 0.9	45.5	3.9	9
Mortality rates	Death protection products x 0.95	45.1	3.6	9
	Third sector and annuity products x 0.95	41.3	(0.3)	(1)
Morbidity rates	x 0.95	43.9	2.4	6
Required capital	Regulatory minimum	41.6	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 the end of March 2013, and the impact if the swap rates were used instead of Japanese 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%.

(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 the end of March 2013. 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 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 the end of March 2013.

(1) Risk-free rate

Sony Life has used the JGB yields as of the end of March 2013 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 the end of March	2012	(%) 2013
Term		
1 year	0.11%	0.06%
5 year	0.32	0.13
10 year	0.99	0.55
20 year	1.76	1.40
30 year	1.95	1.54
40 year	2.11	1.64

The swap rate for key terms which are used for the sensitivity result with swap rates in Section 1.7 (1) are as follows:

As of the end of March	(%) 2013 Swap rates
Term	
1 year	0.24%
5 year	0.30
10 year	0.69
20 year	1.47
30 year	1.71
40 year	1.84

Sony Life has not added liquidity premium on the risk free rate as there are no products which are considered to have reasonably predictable and illiquid cash flows and would therefore be appropriate to apply liquidity premium.

(2) Interest-rate model

Sony Life has calibrated the interest rate model to the market as of the end of March 2013. 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.

The implied volatilities of the interest swaption used in Sony Life's estimation are as follows:

		(%)			
		2012			
As of the end of March	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

		(%)			
		2013			
As of the end of March	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1 year	1 year	93.9%	64.5%	95.9%	67.5%
5 years	1 year	71.8	46.4	50.4	48.2
5 years	5 years	45.0	30.6	31.1	27.3
5 years	7 years	35.9	26.2	26.1	21.9
5 years	10 years	27.0	22.8	22.8	18.5
5 years	15 years	26.0	21.2	23.2	16.8
5 years	20 years	27.7	19.3	24.2	16.1
10 years	1 year	47.2	34.2	36.1	33.4
10 years	5 years	30.9	25.9	27.6	22.9
10 years	7 years	27.3	24.6	25.2	20.0
10 years	10 years	23.6	22.3	23.6	17.5
10 years	15 years	25.7	21.1	23.9	15.5
10 years	20 years	27.4	19.7	23.7	14.8
15 years	1 year	34.8	36.3	30.7	26.7
15 years	5 years	27.6	24.0	26.4	20.9
15 years	7 years	25.8	22.5	24.6	18.7
15 years	10 years	24.8	21.4	23.1	16.9
15 years	15 years	25.9	19.4	22.7	14.9
15 years	20 years	27.2	18.7	21.5	14.9
20 years	1 year	31.6	26.7	29.7	24.1
20 years	5 years	27.5	23.1	26.2	19.9
20 years	7 years	26.4	22.8	24.3	18.0
20 years	10 years	25.0	21.4	22.6	16.4
20 years	15 years	26.0	19.4	21.6	15.1
20 years	20 years	26.0	19.0	19.9	13.4

(3) Implied volatility of foreign exchange rates and stocks

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.

For UK stocks, Sony Life has assumed that forward implied volatility in the 6th year and beyond are equal to that in the 5th year as reliable data were not available.

Implied volatilities used for the estimation are as follows:

As of the end of March	2012						
	Foreign Exchange			Stocks			
	U.S. dollar / Japanese yen	Euro / Japanese yen	UK pound / Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
Term (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

As of the end of March	2013						
	Foreign Exchange			Stocks			
	U.S. dollar / Japanese yen	Euro / Japanese yen	UK pound / Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
Term (in years)							
1 year	11.5%	13.7%	11.6%	18.5%	18.0%	22.7%	17.3%
5 years	12.9	14.6	13.1	18.7	22.3	23.3	21.3
10 years	16.0	17.5	16.3	21.0	25.6	24.0	–

(4) Correlation factor

Sony Life has calculated correlation factors from the monthly return of each index for a period of five years from April 2008 and to the end of March 2013 as there is no market-consistent data for correlation factors.

As of the end of March	2012										
	Japanese yen Interest rate 1Y	U.S. dollar Interest rate 1Y	Euro Interest rate 1Y	UK pound Interest rate 1Y	U.S. dollar / Japanese yen	Euro / Japanese yen	UK pound / Japanese yen	TOPIX	S&P	SX5E	FTSE
Japanese yen Interest rate 1Y	1.00	0.33	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

As of the end of March	2013										
	Japanese yen Interest rate 1Y	U.S. dollar Interest rate 1Y	Euro Interest rate 1Y	UK pound Interest rate 1Y	U.S. dollar / Japanese yen	Euro / Japanese yen	UK pound / Japanese yen	TOPIX	S&P	SX5E	FTSE
Japanese yen Interest rate 1Y	1.00	0.54	0.20	0.51	0.26	0.10	0.38	0.18	0.12	0.08	0.003
U.S. dollar Interest rate 1Y	0.54	1.00	0.59	0.82	0.59	0.32	0.62	0.40	0.23	0.19	0.21
Euro Interest rate 1Y	0.20	0.59	1.00	0.60	0.33	0.58	0.55	0.51	0.54	0.53	0.52
UK pound Interest rate 1Y	0.51	0.82	0.60	1.00	0.34	0.25	0.56	0.36	0.32	0.23	0.21
U.S. dollar / Japanese yen	0.26	0.59	0.33	0.34	1.00	0.61	0.72	0.55	0.18	0.16	0.19
Euro / Japanese yen	0.10	0.32	0.58	0.25	0.61	1.00	0.77	0.67	0.58	0.51	0.52
UK pound / Japanese yen	0.38	0.62	0.55	0.56	0.72	0.77	1.00	0.61	0.42	0.36	0.28
TOPIX	0.18	0.40	0.51	0.36	0.55	0.67	0.61	1.00	0.72	0.69	0.69
S&P	0.12	0.23	0.54	0.32	0.18	0.58	0.42	0.72	1.00	0.88	0.90
SX5E	0.08	0.19	0.53	0.23	0.16	0.51	0.36	0.69	0.88	1.00	0.88
FTSE	0.003	0.21	0.52	0.21	0.19	0.52	0.28	0.69	0.90	0.88	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 2013.

The table below shows foreign exchange rates of major currencies.

As of the end of March	2012	(Yen) 2013
U.S. dollar / Yen	¥ 82.19	¥ 94.05
Euro / Yen	109.80	120.73
UK pound / Yen	131.34	143.16

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 the end of March 2013 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 the end of March 2013 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 2013. 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, some of 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, was transferred in December 2012. Accordingly, Sony Life has not reflected administration expenses incurred at Sony Life regarding management of this subsidiary in the unit costs. Administration expenses of other subsidiaries and affiliated companies are included in the unit costs. The look-through effect of the relationship with subsidiaries and affiliated companies is not considered except for the points described above.

There are no one-time expenses which were incurred during the fiscal year ended March 31, 2013 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 by Sony Life to its 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) Effective 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 was lowered and reconstruction special corporate tax was levied from the fiscal years beginning on or after April 1, 2012, and the statutory effective tax rate is set at 33.33% during the fiscal year 2012 through 2014, and 30.78% in and after the fiscal year 2015.

(7) Consumption tax rate

"The Bill to Amend the Consumption Tax Law for Reforming Tax System to Secure Revenue to Fund the Cost of Social Security" was promulgated on August 22, 2012, which increases the consumption tax rate subject to the economic condition. To reflect this, the future expenses increased assuming the increase in consumption tax rate to 8% at April 1, 2014 and 10% at October 1, 2015.

(8) Inflation rate

Inflation rates were set as in the table below by referring to inflation swap rates and removing the effect of the increase in the consumption tax rate.

Projection Year	Inflation Rate (%)
2013	0.31%
2014	0.30
2015	1.10
2016	0.69
2017	0.87
2018	0.23
2019	0.71
2020	0.83
2021	0.95
2022 and later	0.93

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 Law Article 113 deferred assets, multiplied by the participation rate, which is ¥0.4 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, 2013, reflecting the present value of certainty-equivalent profit and the time value of options and guarantees.

3.5 MCEV

MCEV is defined as the expected present value of distributable earnings to shareholders generated from assets allocated to the covered business after making appropriate allowance for aggregate risks in the covered business. MCEV is presented as the sum of adjusted net worth and 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. The latter is larger as of the end of March 2013.

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 the end of March 2013 was ¥661.3 billion (after tax). The effective 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 differences between the internal model approach and the QIS5 approach 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 in the Japanese market. 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.
- **Surrender options**
Policyholders have various options in insurance contracts. Reflected among them are the costs of policyholders' exercising the right of surrender in the event of increased interest rates. Since Sony Life has not identified explicit correlations between interest rates or account values to the amount of minimum guarantee and the lapse and surrender rates regarding products other than variable insurance, Sony Life has developed dynamic surrender rates by referring to the experience with similar products and domestic and overseas trends of practice. Going forward, Sony Life will strive to improve dynamic surrender rates for the relevant products by carefully monitoring experiential data and referring to experience with similar products and trends of practice in Japan and other countries.

3.12 Frictional costs

Sony Life has calculated frictional costs as the present value of investment costs and taxes on assets backing the required capital at each point of time in the future.

3.13 Cost of non-hedgeable risks

As risks regarding the asymmetric nature of cash flows not reflected in the present value of certainty-equivalent profit are fully reflected in the time value of options and guarantees, Sony Life has reflected an allowance for the uncertainty of non-economic assumptions and the portion of economic assumptions considered non-hedgeable with respect to the cost of non-hedgeable risks.

Specifically, Sony Life has assumed a risk margin based on the method prescribed in QIS5 of the EU Solvency II framework as the cost of non-hedgeable risks and calculated it 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 requested Milliman, Inc., an external actuarial consulting firm with expert knowledge in the area of MCEV valuations, to review the methodology, assumptions and calculations. Sony Life has received an opinion from Milliman, Inc.

4. Overview of MCEV

4.1 What is EV?

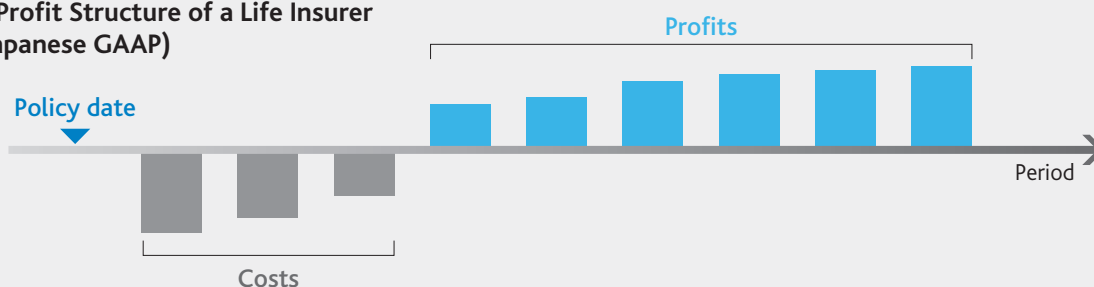
Embedded Value ("EV") is an indicator used to evaluate the corporate value of a life insurance business. Many insurance companies in Europe have disclosed EV as part of their financial reports and used EV as an internal management tool. Under Japanese GAAP for life insurance companies, the balance sheet 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. On the other hand, EV indicates the present value of future earnings from policies in force. Therefore, it is believed that EV is a useful tool because it can supplement Japanese GAAP-based financial information.

EV 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, and is calculated as the sum of adjusted net worth and the value of existing business. However, EV is calculated 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).

What is EV?

- EV is one measure of corporate value for life insurers.
- Life insurers have a profit structure in which initial costs exceed annual premiums in the initial fiscal year of a new policy, and profits are made by recovering these costs during the period of insurance. Consequently, business management cannot be accurately assessed based solely on results data for a single fiscal year.
- Accordingly, EV is widely used overseas, especially in Europe, as a tool for comprehensively evaluating life insurers.

General Profit Structure of a Life Insurer (under Japanese GAAP)



EV structure

EV =

Adjusted net worth calculated from balance sheets
(Results of business activities to date)

+

Future value of in-force business (Value of existing business)
(Expected future profits from policies in force)

Sony Life concludes policies with new customers each year, but EV represents the future value of net assets and policies in force on a certain balance sheet date, and does not include the value of new policies it may write in the future.

4.2 Developments Surrounding MCEV and Sony Life's Initiatives

Many major life insurance companies 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.

Recognizing the importance of EV as an indicator of corporate value from an early stage, Sony Life has disclosed Traditional Embedded Value (Traditional EV) from March 31, 2005, and MCEV from March 31, 2008. Sony Life conducts profit and risk management through the use of MCEV evaluation. While ensuring sufficient capacity to fulfill its payment obligations on an economic value basis, Sony Life aims to achieve steady, sustained growth in its corporate value.

Please refer to the Annual Report for details on Sony Life's activities in the fiscal year ended March 31, 2013.

5. Glossary of MCEV-related Terminology

A

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.

B

Best estimate assumption

- The assumption that is most likely to occur in the future.

C

Calibration

- To set various stochastic model parameters in a market-consistent manner.

Cost of capital approach

- One of the approaches to calculate the risk margin. The cost of risk is determined by taking the present value of the cost to hold capital required in future periods.

Cost of non-hedgeable risk

- The present value of the cost to hold required capital to cover future non-hedgeable risks. As risks regarding the asymmetric nature of cash flows not reflected in the present value of certainty-equivalent profit are fully reflected in the time value of options and guarantees, 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.

E

EU Solvency II

- A new solvency regulation based on economic value to be applied uniformly within the EU that the European Commission is preparing to implement.

F

Free surplus

- The portion of adjusted net worth other than the required capital.

Frictional costs

- The present value of investment costs and taxes on assets backing the required capital at each point of time in the future.

I

Implied volatility

- The expected rate of future variability embedded in current option prices, and represents the expected value of the market against the price fluctuation.

L

Look through

- To measure the impact of an action on an entire business group rather than only on a particular part of the group.

N

Non-financial risk

- Examples are mortality risk, longevity risk, disability risk, operating expense risk, surrender risk and operational risk.

Non-hedgeable non-financial risk

- A non-financial risk such that deep and liquid capital markets do not exist to hedge such risk.

Non-hedgeable risk

- Non-hedgeable risk is composed of non-hedgeable financial risk and non-hedgeable non-financial risk.

O

Options and guarantees

- The following are some features of options and guarantees:
 - Policy cash flow would be changed by exercising options granted to the policyholder. An example of such features is the exercise of the surrender option.
 - It includes guarantee of benefits or policyholder values. An example is a minimum death benefit guarantee for variable life insurance.

P

Present value of certainty-equivalent profit

- Present value of certainty-equivalent profit is the present value of profit based on the future cash flows generated from the covered business.

Q

QIS4

- Quantitative Impact Study. Conducted prior to implementation of the EU Solvency II. The 4th study was conducted in May 2008 and is referred to as QIS4.

QIS5

- Quantitative Impact Study following the QIS4. It was executed between August and November 2010.

R

Required capital

- 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 internal objectives or to achieve the company's targeted credit rating.

The 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 the cash flows.

Risk margin

- The cost to hold capital to cover non-hedgeable risks reflected in evaluating the insurance liability on an economic value basis.

Risk neutral probability

- A pseudo probability derived so that the present value of future expected values under multiple scenarios discounted with current risk-free rates is equal to the current value.

Risk neutral scenario

- An interest rate scenario generated under risk-neutral probabilities.

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.

