

# 2014

Financial Data Book

Sony Financial Holdings Inc.

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The Financial Data Book is only disclosed on the website of SFH.  
The Annual Report is also available on the website of SFH.



Annual Report

[http://www.sonyfh.co.jp/en/financial\\_info/annualreport.html](http://www.sonyfh.co.jp/en/financial_info/annualreport.html)

# Financial Data (Consolidated)

## Principal Indicators of Operating Performance

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

(Millions of yen)

	2010	2011	2012	2013	2014
Ordinary revenues	¥ 978,991	¥1,002,201	¥1,078,070	¥1,259,041	<b>¥1,319,766</b>
Ordinary profit	84,373	76,860	74,625	79,252	<b>76,136</b>
Net income	48,126	41,716	32,812	45,064	<b>40,504</b>
Comprehensive income	71,066	31,963	60,376	96,225	<b>44,794</b>
Total net assets	269,439	294,877	347,800	435,444	<b>467,050</b>
Total assets	6,001,088	6,597,140	7,241,414	8,096,164	<b>8,841,382</b>
Net assets per share (yen)	619.40	677.88	796.64	997.94	<b>1,070.75</b>
Net income per share (yen)	110.64	95.90	75.43	103.60	<b>93.11</b>
Diluted net income per share (yen)	—	—	—	—	—
Cash flows from operating activities	494,225	527,582	524,264	580,882	<b>601,738</b>
Cash flows from investing activities	(378,706)	(559,771)	(512,198)	(550,159)	<b>(549,346)</b>
Cash flows from financing activities	(6,580)	(6,560)	1,782	(5,017)	<b>(13,522)</b>
Cash and cash equivalents at end of fiscal year	200,593	161,803	175,651	201,404	<b>240,279</b>
Number of employees	6,982	7,181	7,485	7,841	<b>8,150</b>

Notes: 1. Diluted net income per share is not shown because there are no latent shares.

2. 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,	2010	2011	2012	2013	2014
Consolidated adjusted ROE	70.2%	(3.1%)	13.1%	3.3%	<b>14.2%</b>
Sony Life adjusted ROE	77.7	(3.8)	14.1	3.3	<b>14.9</b>
Sony Assurance adjusted ROE	11.6	5.5	(1.2)	(0.1)	<b>9.8</b>
Sony Bank ROE	2.2	2.7	2.9	4.3	<b>4.8</b>

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

# Consolidated Balance Sheets

Sony Financial Holdings Inc.  
As of March 31, 2013 and 2014

(Millions of yen)

	2013	2014
<b>Assets</b>		
Cash and due from banks	¥ 104,142	¥ 204,546
Call loans and bills bought	107,088	40,628
Monetary trusts	324,305	325,831
Securities	6,202,333	6,822,151
Loans	1,115,330	1,211,638
Tangible fixed assets	73,217	71,565
Land	31,089	30,103
Buildings	39,696	37,030
Leased assets	302	106
Construction in progress	672	947
Other tangible fixed assets	1,456	3,376
Intangible fixed assets	38,232	36,774
Software	37,944	36,571
Goodwill	258	179
Other intangible fixed assets	29	24
Due from reinsurers	110	158
Foreign exchanges	7,954	7,752
Other assets	107,345	100,503
Net defined benefit asset	—	1,730
Deferred tax assets	17,980	19,872
Reserve for possible loan losses	(1,877)	(1,769)
<b>Total Assets</b>	<b>¥8,096,164</b>	<b>¥8,841,382</b>

(Millions of yen)

	2013	2014
<b>Liabilities</b>		
Policy reserves and others	¥5,601,060	<b>¥6,263,315</b>
Reserve for outstanding claims	53,246	<b>57,400</b>
Policy reserves	5,543,540	<b>6,201,676</b>
Reserve for policyholders' dividends	4,273	<b>4,237</b>
Due to agencies	2,431	<b>2,169</b>
Due to reinsurers	600	<b>650</b>
Deposits	1,857,302	<b>1,889,970</b>
Call money and bills sold	10,000	<b>6,000</b>
Borrowed money	2,000	<b>20,000</b>
Foreign exchanges	87	<b>40</b>
Bonds payable	20,000	<b>20,000</b>
Other liabilities	106,365	<b>95,725</b>
Reserve for employees' bonuses	3,085	<b>3,204</b>
Reserve for employees' retirement benefits	24,216	—
Net defined benefit liability	—	<b>30,272</b>
Reserve for directors' retirement benefits	411	<b>250</b>
Special reserves	32,344	<b>41,657</b>
Reserve for price fluctuations	32,344	<b>41,657</b>
Deferred tax liabilities	275	<b>539</b>
Deferred tax liabilities on land revaluation	536	<b>536</b>
Total Liabilities	7,660,719	<b>8,374,332</b>
<b>Net Assets</b>		
Shareholders' equity		
Common stock	19,900	<b>19,900</b>
Capital surplus	195,277	<b>195,277</b>
Retained earnings	135,160	<b>164,790</b>
Treasury Stock	—	<b>(0)</b>
Total shareholders' equity	350,337	<b>379,967</b>
Accumulated other comprehensive income		
Net unrealized gains on other securities, net of taxes	88,329	<b>92,002</b>
Net deferred losses on hedging instruments, net of taxes	(3,047)	<b>(2,388)</b>
Land revaluation, net of taxes	(1,513)	<b>(1,513)</b>
Foreign currency translation adjustments	—	<b>0</b>
Remeasurements of defined benefit plans, net of taxes	—	<b>(2,292)</b>
Total accumulated other comprehensive income	83,767	<b>85,807</b>
Minority interests	1,339	<b>1,275</b>
Total Net Assets	435,444	<b>467,050</b>
Total Liabilities and Net Assets	¥8,096,164	<b>¥8,841,382</b>

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2013 and 2014

(Millions of yen)

### (1) Consolidated Statements of Income

	2013	2014
Ordinary Revenues	¥1,259,041	¥1,319,766
Ordinary Revenues from the Life Insurance Business	1,140,184	1,194,315
Income from insurance premiums	925,075	959,911
Insurance premiums	923,672	958,585
Ceded reinsurance commissions	1,402	1,325
Investment income	199,549	211,829
Interest income and dividends	108,153	121,666
Income from monetary trusts, net	5,259	5,311
Gains on sale of securities	2,522	773
Gains on redemption of securities	—	2
Gains on derivatives, net	—	172
Foreign exchange gains, net	—	1,183
Other investment income	13	47
Gains on separate accounts, net	83,601	82,670
Other ordinary income	15,559	22,575
Ordinary Revenues from the Non-life Insurance Business	84,711	89,863
Underwriting income	83,615	88,639
Net premiums written	83,582	88,600
Interest and dividends on deposits of premiums	33	39
Investment income	1,021	1,199
Interest income and dividends	1,027	1,209
Gains on sale of securities	26	25
Gains on redemption of securities	—	3
Transfer to interest and dividends on deposits of premiums	(33)	(39)
Other ordinary income	74	24
Ordinary Revenues from the Banking Business	34,145	35,586
Interest income	25,954	26,328
Interest income on loans	13,877	14,134
Interest income and dividends on securities	12,007	12,077
Interest income on call loans and bills bought	13	8
Interest income on deposits with banks	55	107
Other interest income	0	0
Fees and commissions	5,260	4,928
Other operating income	2,815	4,174
Gains on foreign exchange transactions, net	1,874	2,782
Others	940	1,391
Other ordinary income	114	155

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(Millions of yen)

	2013	2014
Ordinary Expenses	¥1,179,789	¥1,243,629
Ordinary Expenses from the Life Insurance Business	1,069,007	1,128,787
Insurance claims and other payments	293,938	327,257
Insurance claims	71,065	77,413
Annuity payments	9,571	10,768
Insurance benefits	46,809	55,510
Surrender payments	161,873	178,402
Other payments	2,649	3,203
Reinsurance premiums	1,968	1,959
Provision for policy reserves and others	630,575	650,764
Provision for reserve for outstanding claims	607	55
Provision for policy reserves	629,955	650,703
Interest portion of reserve for policyholders' dividends	12	5
Investment expenses	11,450	8,182
Interest expenses	43	48
Losses on sale of securities	1,587	528
Devaluation losses on securities	327	—
Losses on derivatives, net	226	—
Foreign exchange losses, net	1,253	—
Provision for reserve for possible loan losses	21	6
Depreciation of real estate for rent and others	2,000	1,952
Other investment expenses	5,990	5,646
Operating expenses	108,849	113,442
Other ordinary expenses	24,192	29,140
Ordinary Expenses from the Non-life Insurance Business	81,704	86,189
Underwriting expenses	61,401	65,030
Net losses paid	47,153	46,183
Loss adjustment expenses	5,656	6,367
Net commission and brokerage fees	945	948
Provision for reserve for outstanding losses	4,407	4,098
Provision for underwriting reserves	3,238	7,433
Other underwriting expenses	0	0
Investment expenses	7	7
Losses on sale of securities	3	5
Losses on redemption of securities	3	2
Operating, general and administrative expenses	20,279	21,150
Other ordinary expenses	16	0

(Continued on next page)



(Millions of yen)

<b>Consolidated Statements of Income (Continued)</b>	2013	2014
Ordinary Expenses from the Banking Business	¥ 29,077	¥ 28,652
Interest expenses	7,811	6,286
Interest expenses on deposits	6,296	4,905
Interest expenses on call money and bills sold	10	6
Interest on borrowed money	86	26
Interest expenses on bonds	61	119
Interest expenses on interest rate swaps	1,355	1,227
Other interest expenses	0	0
Fees and commissions	1,546	1,735
Other operating expenses	2,568	3,411
General and administrative expenses	16,760	16,920
Other ordinary expenses	389	298
Ordinary Profit	79,252	76,136
Extraordinary Losses	9,257	9,508
Losses on disposal of fixed assets	113	137
Impairment losses	962	36
Provision for special reserves	6,964	9,312
Provision for reserve for price fluctuations	6,964	9,312
Losses on sale of shares of subsidiaries and affiliates	1,216	—
Others	0	20
Provision for Reserve for Policyholders' Dividends	2,104	2,232
Income before Income Taxes	67,890	64,396
Income Taxes—Current	29,366	26,451
Income Taxes—Deferred	(6,620)	(2,517)
Total Income Taxes	22,746	23,933
Income before Minority Interests	45,143	40,462
Minority Interests in Income (losses)	78	(42)
Net Income	¥ 45,064	¥ 40,504

(Millions of yen)

<b>(2) Consolidated Statements of Comprehensive Income</b>	2013	2014
Income before Minority Interests	¥45,143	¥40,462
Other Comprehensive Income		
Net unrealized gains on other securities, net of taxes	51,381	3,672
Net deferred gains or losses on hedging instruments, net of taxes	(633)	659
Land revaluation, net of taxes	(118)	—
Foreign currency translation adjustments	453	0
Share of other comprehensive income of affiliates accounted for using equity method	(1)	0
Total other comprehensive income	51,082	4,332
Comprehensive Income	¥96,225	¥44,794
(Details)		
Comprehensive income attributable to parent company	¥96,146	¥44,837
Comprehensive income attributable to minority interests	¥ 78	¥ (42)



# **Consolidated Statements of Changes in Net Assets**

Sony Financial Holdings Inc.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013				
	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	¥19,900	¥195,277	¥ 98,677	¥—	¥313,854
Changes during the period					
Dividends from surplus	—	—	(8,700)	—	(8,700)
Net income	—	—	45,064	—	45,064
Purchase of treasury stock	—	—	—	—	—
Reversal of land revaluation	—	—	118	—	118
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	36,482	—	36,482
Balance at the end of the current period	¥19,900	¥195,277	¥135,160	¥—	¥350,337

(Millions of yen)

	2013						
	Accumulated Other Comprehensive Income						Total Net Assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Land revaluation, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income	
Balance at the beginning of the current period	¥36,949	¥(2,414)	¥(1,395)	¥(453)	¥—	¥32,685	¥347,800
Changes during the period							
Dividends from surplus	—	—	—	—	—	—	(8,700)
Net income	—	—	—	—	—	—	45,064
Purchase of treasury stock	—	—	—	—	—	—	—
Reversal of land revaluation	—	—	—	—	—	—	118
Net changes of items other than shareholders' equity	51,380	(633)	(118)	453	—	51,082	51,161
Total changes during the period	51,380	(633)	(118)	453	—	51,082	87,643
Balance at the end of the current period	¥88,329	¥(3,047)	¥(1,513)	¥ —	¥—	¥83,767	¥435,444

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**Consolidated Statements of Changes in Net Assets (Continued)**

(Millions of yen)

	2014				
	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	¥19,900	¥195,277	¥135,160	¥—	¥350,337
Changes during the period					
Dividends from surplus	—	—	(10,875)	—	(10,875)
Net income	—	—	40,504	—	40,504
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	29,629	(0)	29,629
Balance at the end of the current period	¥19,900	¥195,277	¥164,790	¥(0)	¥379,967

(Millions of yen)

	2014							
	Accumulated Other Comprehensive Income						Minority Interests	Total Net Assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Land revaluation, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	¥88,329	¥(3,047)	¥(1,513)	¥—	¥ —	¥83,767	¥1,339	¥435,444
Changes during the period								
Dividends from surplus	—	—	—	—	—	—	—	(10,875)
Net income	—	—	—	—	—	—	—	40,504
Purchase of treasury stock	—	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	3,672	659	—	0	(2,292)	2,039	(64)	1,975
Total changes during the period	3,672	659	—	0	(2,292)	2,039	(64)	31,605
Balance at the end of the current period	¥92,002	¥(2,388)	¥(1,513)	¥ 0	¥(2,292)	¥85,807	¥1,275	¥467,050

## Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Cash flows from operating activities		
Income before income taxes	¥ 67,890	¥ 64,396
Depreciation of real estate for rent and others	2,000	1,952
Depreciation and amortization	7,784	9,147
Impairment losses	962	36
Amortization of goodwill	580	79
Increase in reserve for outstanding claims	5,015	4,153
Increase in policy reserve	633,193	658,136
Increase in interest portion of reserve for policyholders' dividends	12	5
Increase in reserve for policyholders' dividends	2,104	2,232
Increase (decrease) in reserve for possible loan losses	28	(108)
Increase in reserve for employees' retirement benefits	2,913	—
Increase in net defined benefit liability	—	2,865
Increase (decrease) in reserve for directors' retirement benefits	57	(161)
Increase in reserve for price fluctuations	6,964	9,312
Increase in reserve for financial products transaction liabilities	0	—
Interest income and dividends	(135,136)	(149,204)
Gains on securities	(87,294)	(74,996)
Interest expenses	7,855	6,334
Exchange gains	(35,508)	(30,559)
Losses on disposal of tangible fixed assets	69	146
Equity in losses of affiliates	1,718	1,538
Net increase in loans	(134,664)	(87,193)
Net increase in deposits	96,408	33,559
Net increase in borrowed money (excluding subordinated borrowings)	—	20,000
Net decrease in call loans and bills bought	—	4,000
Net decrease in call money and bills sold	—	(4,000)
Net decrease in foreign exchange (assets)	981	202
Net increase (decrease) in foreign exchange (liabilities)	51	(47)
Others, net	27,437	7,043
Subtotal	471,428	478,874
Interest and dividends received	146,015	160,737
Interest paid	(8,330)	(6,465)
Policyholders' dividends paid	(1,966)	(2,273)
Income taxes paid	(26,264)	(29,134)
Net cash provided by operating activities	580,882	601,738
Cash flows from investing activities		
Investments in monetary trusts	(4,942)	(2,301)
Proceeds from sale of monetary trusts	5,300	5,100
Purchases of securities	(973,738)	(990,899)
Proceeds from sale and redemption of securities	462,518	480,946
Investments in loans	(47,927)	(54,102)
Collections of loans	21,144	25,405
Others	(53)	—
Total of net cash used in investment transactions	(537,698)	(535,850)
Total of net cash provided by operating activities and investment transactions	43,184	65,887
Purchases of tangible fixed assets	(1,599)	(3,326)
Proceeds from sale of tangible fixed assets	—	2,021
Purchases of intangible fixed assets	(11,869)	(7,707)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	1,035	—
Purchase of securities of a subsidiary	(30)	(1,058)
Purchase of securities of affiliates	—	(3,500)
Others	2	75
Net cash used in investing activities	(550,159)	(549,346)
Cash flows from financing activities		
Proceeds from issuance of bonds	9,965	—
Cash dividends paid	(8,697)	(10,878)
Net decrease in subordinated borrowings	—	(2,000)
Purchase of treasury stock	—	(0)
Balance from securitization of lease receivables	(6,500)	(600)
Others	214	(43)
Net cash used in financing activities	(5,017)	(13,522)
Effect of exchange rate changes on cash and cash equivalents	47	5
Net increase (decrease) in cash and cash equivalents	25,752	38,875
Cash and cash equivalents at the beginning of the fiscal year	175,651	201,404
Cash and cash equivalents at the end of the fiscal year	¥ 201,404	¥ 240,279

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.

## Financial Data (Non-consolidated)

## Balance Sheets

Sony Life Insurance Co., Ltd.  
As of March 31, 2013 and 2014

(Millions of yen)

	2013		2014	
	Amount	Composition (%)	Amount	Composition (%)
<b>Assets:</b>				
Cash and deposits	¥ 27,373	0.5%	¥ 15,827	0.2%
Cash	28		4	
Deposits	27,344		15,823	
Call loans	97,088	1.6	34,628	0.5
Monetary trusts	306,122	5.1	305,346	4.6
Securities	5,211,535	87.5	5,954,716	89.9
Japanese government bonds	4,669,003		5,316,110	
Japanese municipal bonds	10,208		3,869	
Japanese corporate bonds	41,092		38,746	
Japanese stocks	61,884		70,442	
Foreign securities	275,439		342,187	
Other securities	153,906		183,359	
Loans	145,104	2.4	154,219	2.3
Policy loans	145,019		154,180	
Commercial loans	85		38	
Tangible fixed assets	70,969	1.2	67,100	1.0
Land	31,089		30,103	
Buildings	39,212		36,429	
Leased assets	185		19	
Other tangible fixed assets	482		548	
Intangible fixed assets	26,102	0.4	23,869	0.4
Software	26,092		23,859	
Other intangible fixed assets	9		9	
Due from reinsurers	100	0.0	138	0.0
Other assets	53,023	0.9	53,787	0.8
Other receivables	31,358		30,954	
Prepaid expenses	1,543		1,532	
Accrued income	15,377		16,600	
Money on deposits	4,185		4,182	
Advance payments	379		400	
Others	179		117	
Prepaid pension costs	1,841	0.0	1,867	0.0
Deferred tax assets	13,724	0.2	13,643	0.2
Reserve for possible loan losses	(235)	(0.0)	(242)	(0.0)
<b>Total Assets</b>	<b>¥5,952,750</b>	<b>100.0%</b>	<b>¥6,624,903</b>	<b>100.0%</b>

# Sony Life Financial Data (Non-consolidated)

(Millions of yen)

	2013		2014	
	Amount	Composition (%)	Amount	Composition (%)
<b>Liabilities:</b>				
Policy reserves and others	¥5,501,850	92.4%	¥6,152,574	92.9%
Reserve for outstanding claims	24,646		24,702	
Policy reserves	5,472,930		6,123,633	
Reserve for policyholders' dividends	4,273		4,237	
Due to agencies	2,431	0.0	2,169	0.0
Due to reinsurers	547	0.0	567	0.0
Other liabilities	49,844	0.8	32,812	0.5
Accrued income tax	15,586		8,702	
Other payables	1,222		1,213	
Accrued expenses	14,079		13,566	
Unearned income	907		939	
Deposits received	1,090		823	
Deposits received for guarantee	5,307		5,058	
Derivative liabilities	172		—	
Lease obligations	243		21	
Asset retirement obligations	656		654	
Policy suspense and other suspense	10,577		1,832	
Reserve for employees' retirement benefits	22,770	0.4	25,389	0.4
Reserve for directors' retirement benefits	171	0.0	66	0.0
Reserve for price fluctuations	32,264	0.5	41,556	0.6
Reserve for price fluctuations	32,264		41,556	
Deferred tax liabilities on land revaluation	536	0.0	536	0.0
Total Liabilities	5,610,417	94.2	6,255,673	94.4
<b>Net Assets:</b>				
Common stock	70,000	1.2	70,000	1.1
Capital surplus	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865	
Retained earnings	187,698	3.2	211,461	3.2
Earned reserve	15,478		18,138	
Other retained earnings	172,219		193,323	
Unappropriated retained earnings for the period	172,219		193,323	
Total shareholders' equity	263,563	4.4	287,327	4.3
Net unrealized gains on other securities, net of taxes	80,283	1.3	83,416	1.3
Land revaluation, net of taxes	(1,513)	(0.0)	(1,513)	(0.0)
Total valuation and translation adjustments	78,769	1.3	81,903	1.2
Total Net Assets	342,333	5.8	369,230	5.6
Total Liabilities and Net Assets	¥5,952,750	100.0%	¥6,624,903	100.0%

## Statements of Income

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Ordinary Revenues	¥1,142,274	¥1,197,109
Income from insurance premiums	925,874	960,986
Insurance premiums	924,472	959,660
Ceded reinsurance commissions	1,402	1,325
Investment income	199,833	212,323
Interest income and dividends	108,539	122,160
Interest income from deposits	0	0
Interest income and dividends from securities	92,167	106,187
Interest income from loans	5,450	5,691
Rent revenue from real estate	10,854	10,250
Other interest income and dividends	67	31
Income from monetary trusts, net	5,259	5,311
Gains on sale of securities	2,420	773
Gains on redemption of securities	—	2
Gains on derivatives, net	—	172
Foreign exchange gains, net	—	1,183
Other investment income	13	47
Gains on separate accounts, net	83,601	82,670
Other ordinary income	16,566	23,799
Income for annuity riders	2,087	2,151
Income for deferred payment of claims	11,861	17,197
Other ordinary income	2,618	4,451

(Continued on next page)

## Sony Life Financial Data (Non-consolidated)

(Millions of yen)

	2013	2014
Ordinary Expenses	¥1,067,614	¥1,127,904
Insurance claims and other payments	293,929	327,257
Insurance claims	71,060	77,413
Annuity payments	9,571	10,768
Insurance benefits	46,809	55,510
Surrender payments	161,872	178,402
Refund to policyholders	2,649	3,203
Reinsurance premiums	1,965	1,959
Provision for policy reserves and others	630,529	650,764
Provision for reserve for outstanding claims	607	55
Provision for policy reserves	629,909	650,703
Interest on policyholders' dividend reserve	12	5
Investment expenses	11,686	8,506
Interest expenses	43	48
Losses on sale of securities	1,587	528
Devaluation losses on securities	327	—
Losses on derivatives, net	226	—
Foreign exchange losses, net	1,176	—
Provision for reserve for possible loan losses	21	6
Depreciation of real estate for rent and others	2,115	2,077
Other investment expenses	6,188	5,845
Operating expenses	109,060	113,868
Other ordinary expenses	22,408	27,507
Payments of deferred claims	7,078	10,884
Taxes	7,929	7,981
Depreciation and amortization	4,150	5,064
Provision for reserve for employees' retirement benefits	3,141	3,532
Provision for reserve for directors' retirement benefits	3	—
Others	105	44
Ordinary Profit	74,659	69,205

(Continued on next page)



**Statements of Income (Continued)**

(Millions of yen)

	2013	2014
Extraordinary Losses	¥ 8,961	¥ 9,389
Losses on disposal of fixed assets	21	41
Impairment losses	962	36
Provision for reserve for price fluctuations	6,945	9,291
Provision for reserve for price fluctuations	6,945	9,291
Losses on sale of shares of subsidiaries and affiliates	1,031	—
Others	—	19
Provision for Reserve for Policyholders' Dividends	2,104	2,232
Income Before Income Taxes	63,594	57,583
Income Taxes—current	28,774	21,953
Income Taxes—deferred	(7,624)	(1,433)
Total Income Taxes	21,149	20,519
Net Income	¥42,444	¥37,063

## Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013						
	Shareholders' Equity						
	Common stock	Capital surplus		Earned reserve	Retained earnings		Total shareholders' equity
		Capital reserve	Total capital surplus		Other retained earnings Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the current period	¥70,000	¥5,865	¥5,865	¥13,238	¥143,096	¥156,335	¥232,200
Changes during the period							
Dividends from surplus	—	—	—	2,240	(13,440)	(11,200)	(11,200)
Net income	—	—	—	—	42,444	42,444	42,444
Reversal of land revaluation	—	—	—	—	118	118	118
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	2,240	29,123	31,363	31,363
Balance at the end of the current period	¥70,000	¥5,865	¥5,865	¥15,478	¥172,219	¥187,698	¥263,563

(Millions of yen)

	2013			
	Valuation and Translation Adjustments			Total Net Assets
	Net unrealized gains on other securities, net of taxes	Land revaluation, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the current period	¥34,032	¥(1,395)	¥32,636	¥264,836
Changes during the period				
Dividends from surplus	—	—	—	(11,200)
Net income	—	—	—	42,444
Reversal of land revaluation	—	—	—	118
Net changes of items other than shareholders' equity	46,251	(118)	46,133	46,133
Total changes during the period	46,251	(118)	46,133	77,496
Balance at the end of the current period	¥80,283	¥(1,513)	¥78,769	¥ 342,333

(Continued on next page)

**Statements of Changes in Net Assets (Continued)**

(Millions of yen)

	2014						
	Shareholders' Equity						
	Common stock	Capital surplus		Earned reserve	Retained earnings		Total shareholders' equity
		Capital reserve	Total capital surplus		Other retained earnings Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the current period	¥70,000	¥5,865	¥5,865	¥15,478	¥172,219	¥187,698	¥263,563
Changes during the period							
Dividends from surplus	—	—	—	2,660	(15,960)	(13,300)	(13,300)
Net income	—	—	—	—	37,063	37,063	37,063
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	2,660	21,103	23,763	23,763
Balance at the end of the current period	¥70,000	¥5,865	¥5,865	¥18,138	¥193,323	¥211,461	¥287,327

(Millions of yen)

	2014			
	Valuation and Translation Adjustments			Total Net Assets
	Net unrealized gains on other securities, net of taxes	Land revaluation, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the current period	¥80,283	¥(1,513)	¥78,769	¥342,333
Changes during the period				
Dividends from surplus	—	—	—	(13,300)
Net income	—	—	—	37,063
Net changes of items other than shareholders' equity	3,133	—	3,133	3,133
Total changes during the period	3,133	—	3,133	26,897
Balance at the end of the current period	¥83,416	¥(1,513)	¥81,903	¥369,230

## Statements of Cash Flows

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Cash flows from operating activities		
Income before income taxes	¥ 63,594	¥ 57,583
Depreciation of real estate for rent and others	2,115	2,077
Depreciation and amortization	4,150	5,064
Impairment losses	962	36
Increase in reserve for outstanding claims	607	55
Increase in policy reserves	629,909	650,703
Increase in interest of reserve for policyholders' dividends	12	5
Increase in reserve for policyholders' dividends	2,104	2,232
Increase in reserve for possible loan losses	21	6
Increase in reserve for employees' retirement benefits	2,702	2,645
Increase (decrease) in reserve for directors' retirement benefits	3	(104)
Increase in reserve for price fluctuations	6,945	9,291
Interest income and dividends	(108,539)	(122,160)
Gains on securities	(84,465)	(77,861)
Interest expenses	43	48
Foreign exchange (gains) losses	1,176	(1,183)
Losses on disposal of tangible fixed assets	14	40
Increase in due from reinsurers	(34)	(37)
Decrease in other assets (excluding those related to investing and financing activities)	18,110	18,143
Increase (decrease) in due to agencies	766	(262)
Increase (decrease) in due to reinsurers	(33)	20
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	9,697	(9,774)
Others, net	2,531	(4,722)
Subtotal	552,398	531,845
Interest and dividends received	115,520	129,633
Interest paid	(43)	(48)
Policyholders' dividends paid	(1,966)	(2,273)
Others, net	(5,821)	(5,392)
Income taxes paid	(23,443)	(28,837)
Net cash provided by operating activities	636,642	624,926
Cash flows from investing activities		
Proceeds from sale of monetary trusts	5,300	5,100
Purchases of securities	(666,251)	(770,519)
Proceeds from sale and redemption of securities	116,492	113,909
Investments in loans	(47,922)	(54,102)
Proceeds from collections of loans	21,142	25,405
Others, net	(53)	—
Total of net cash used in investment transactions	(571,293)	(680,205)
[Total of net cash provided by (used in) operating activities and investment transactions]	[65,349]	[(55,279)]
Purchases of tangible fixed assets	(481)	(682)
Proceeds from sale of tangible fixed assets	—	2,021
Proceeds from sales of investments in subsidiaries	2,016	—
Purchase of securities of a subsidiary	(30)	—
Purchase of securities of affiliates	—	(3,500)
Others, net	(7,282)	(3,255)
Net cash used in investing activities	(577,071)	(685,622)
Cash flows from financing activities		
Cash dividends paid	(11,200)	(13,300)
Others, net	(18)	(12)
Net cash used in financing activities	(11,218)	(13,312)
Effect of exchange rate changes on cash and cash equivalents	(0)	2
Net increase (decrease) in cash and cash equivalents	48,352	(74,006)
Cash and cash equivalents at the beginning of the fiscal year	76,108	124,461
Cash and cash equivalents at the end of the fiscal year	¥ 124,461	¥ 50,455

## 1 Loans by Borrower Category

As of March 31,	(Millions of yen)	
	2013	2014
Bankrupt and quasi-bankrupt loans	¥ —	¥ —
Doubtful loans	—	—
Sub-standard loans	—	—
Subtotal	—	—
[% to total]	[—]	[—]
Normal loans	147,608	156,815
Total	¥147,608	¥156,815

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

### 3-01 Reserve for outstanding claims

As of March 31,	(Millions of yen)	
	2013	2014
Insurance claims		
Death benefits	¥ 6,897	¥ 6,702
Accidental benefits	209	595
Disability payments	1,158	1,405
Maturity benefits	1,402	1,272
Others	1,299	1,556
Subtotal	10,966	11,532
Annuity payments	514	163
Insurance benefits	4,982	5,323
Surrender payments	7,969	7,437
Deferred insurance benefits	76	134
Total, including others	¥24,646	¥24,702

## 3-02 Policy reserves

(Millions of yen)

As of March 31,	2013	2014
Policy reserves (excluding contingency reserve)		
Individual life insurance	¥5,207,101	¥5,840,272
General accounts	4,707,813	5,257,428
Separate accounts	499,288	582,844
Individual annuities	149,711	164,451
General accounts	106,528	115,818
Separate accounts	43,182	48,632
Group life insurance	52	41
General accounts	52	41
Separate accounts	—	—
Group annuities	56,503	55,196
General accounts	56,503	55,196
Separate accounts	—	—
Others	—	—
General accounts	—	—
Separate accounts	—	—
Subtotal	5,413,369	6,059,962
General accounts	4,870,898	5,428,484
Separate accounts	542,471	631,477
Contingency reserve	59,561	63,671
Total	¥5,472,930	¥6,123,633
General accounts	¥4,930,459	¥5,492,156
Separate accounts	542,471	631,477

## 3-03 Breakdown of policy reserves

(Millions of yen)

As of March 31,	2013	2014
Premium reserve	¥5,204,625	¥5,859,446
Unearned premiums	208,743	200,515
Refund reserve	—	—
Contingency reserve	59,561	63,671
Total	¥5,472,930	¥6,123,633

## 3-04 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,	2013	2014
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

(Millions of yen)

Fiscal year issued	Balance of policy reserves	Assumed interest rate
Up to FY1980	¥ —	—%
FY1981 to FY1985	32,084	6.00–6.25
FY1986 to FY1990	51,722	6.00–6.25
FY1991 to FY1995	547,386	2.75–6.25
FY1996 to FY2000	1,172,099	1.90–4.00
FY2001 to FY2005	1,344,265	1.50
FY2006 to FY2010	1,387,668	1.50
FY2011	276,060	1.50
FY2012	294,114	1.50
FY2013	267,845	1.00

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.

## 3-05 Balance, calculating method, and coefficient of policy reserves of general accounts related to policies with minimum guarantees which insurance policies are invested in separate accounts

### Balance of policy reserves (general account)

(Millions of yen)

As of March 31,	2013	2014
Balance of policy reserves (general account)	¥30,991	¥35,270

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.

## 3-06 Reserve for policyholders' dividends

(Millions of yen)

For the year ended March 31,	2013						Total
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
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]

(Millions of yen)

For the year ended March 31,	2014						Total
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
At the beginning of the current fiscal year	¥ 1,938	¥ 241	¥2,064	¥28	¥ —	¥ —	¥ 4,273
Increase due to interest	5	0	0	—	—	—	5
Decrease due to dividend payment	132	29	2,083	28	—	—	2,273
Provision for the current fiscal year	(27)	14	2,178	67	—	—	2,232
At the end of the current fiscal year	1,783	226	2,160	67	—	—	4,237
	[1,412]	[131]	[0]	[—]	[—]	[—]	[1,544]

Note: Figures in [ ] are accumulated dividends.



## 3-07 Other reserves

(Millions of yen)

	2013			2014		
	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	214	235	21	235	242	6
Reserve for loan losses from borrowers in specific foreign countries	—	—	—	—	—	—
Reserve for employees' retirement benefits	20,310	22,770	2,459	22,770	25,389	2,619
Reserve for directors' retirement benefits	168	171	3	171	66	(104)
Reserve for price fluctuations	25,319	32,264	6,945	32,264	41,556	9,291

## 3-08 Insurance premiums

(Millions of yen)

	2013	2014
For the years ended March 31,		
Individual life insurance	¥905,514	¥936,009
Lump-sum payment	117,473	162,027
Annual payment	261,534	220,465
Semi-annual payment	9,485	9,986
Monthly payment	517,021	543,530
Individual annuities	12,045	16,469
Lump-sum payment	957	3,504
Annual payment	3,428	3,990
Semi-annual payment	190	216
Monthly payment	7,469	8,757
Group life insurance	4,206	4,523
Group annuities	2,705	2,658
Total, including others	¥924,472	¥959,660

## 3-09 Insurance claims

(Millions of yen)

	2013	2014						
	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	¥42,178	¥43,716	¥—	¥1,391	¥—	¥—	¥—	¥45,108
Accidental benefits	775	674	—	0	—	—	—	674
Disability payments	2,490	2,539	—	127	—	—	—	2,666
Maturity benefits	19,593	21,930	—	—	—	—	—	21,930
Others	6,021	6,850	—	183	—	—	—	7,034
Total	¥71,060	¥75,711	¥—	¥1,702	¥—	¥—	¥—	¥77,413

## 3-10 Annuity payments

(Millions of yen)

	2013	2014						
	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	¥9,571	¥—	¥8,659	¥11	¥2,097	¥—	¥—	¥10,768

## 3-11 Insurance benefits

(Millions of yen)

	2013	2014					
	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	¥ 1,699	¥ 2,131	¥ 79	¥—	¥ —	¥—	¥—
Hospitalization benefits	8,745	8,992	—	0	—	—	—
Surgery benefits	8,258	8,604	—	—	—	—	—
Disability benefits	80	169	—	0	—	—	—
Living benefits	15,775	23,070	—	—	—	—	—
Others	12,250	9,806	454	—	2,201	—	—
Total	¥46,809	¥52,774	¥533	¥ 0	¥2,201	¥—	¥—

## 3-12 Surrender payments

(Millions of yen)

	2013	2014					
	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	¥161,872	¥170,178	¥8,223	¥—	¥—	¥—	¥—

## 3-13 Depreciation and amortization

(Millions of yen)

	2013					2014				
	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	¥ 4,637	¥ 235	¥ 2,304	¥ 2,333	49.7%	¥ 4,807	¥ 262	¥ 2,446	¥ 2,361	50.9%
Buildings	3,442	163	1,399	2,043	40.7	3,528	176	1,490	2,037	42.3
Leased assets	—	—	—	—	—	20	0	0	19	1.7
Other tangible fixed assets	1,194	72	905	289	75.7	1,259	86	955	304	75.8
Intangible fixed assets	37,262	3,911	11,169	26,092	30.0	38,095	4,799	14,235	23,859	37.4
Others	15	3	8	6	55.6	11	2	6	5	52.6
Total	¥41,915	¥4,150	¥13,482	¥28,432	32.2%	¥42,915	¥5,064	¥16,688	¥26,226	38.9%

## 3-14 Operating expenses

(Millions of yen)

For the years ended March 31,	2013	2014
Sales and marketing expenses	¥ 53,837	¥ 56,713
Sales administrative expenses	14,181	14,887
General administrative expenses	41,041	42,267
Total	¥109,060	¥113,868

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,	2013	2014
Life Insurance Policyholders Protection Corporation of Japan	¥840	¥846

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

(Millions of yen)

For the years ended March 31,		2013	2014
Core profit	(A)	¥80,045	¥72,365
Capital gains		2,420	2,130
Income from monetary trusts, net		—	—
Income from trading securities, net		—	—
Gains on sale of securities		2,420	773
Gains on derivatives, net		—	172
Foreign exchange gains, net		—	1,183
Other capital gains		—	—
Capital losses		3,351	949
Losses on monetary trusts, net		—	—
Losses on trading securities, net		—	—
Losses on sale of securities		1,587	528
Devaluation losses on securities		327	—
Losses on derivatives, net		226	—
Foreign exchange losses, net		1,176	—
Other capital losses		34	420
Net capital gains (losses)	(B)	(931)	1,180
Core profit plus net capital gains (losses)	(A) + (B)	79,114	73,545
Other one-time gains		—	—
Gains from reinsurance		—	—
Reversal of contingency reserve		—	—
Reversal of specific reserve for possible loan losses		—	—
Others		—	—
Other one-time losses		4,454	4,340
Losses from reinsurance		—	—
Provision for contingency reserve		4,223	4,110
Provision for specific reserve for possible loan losses		21	6
Provision for reserve for loan losses from borrowers in specific foreign countries		—	—
Write-off of loans		—	—
Others		209	223
Net other one-time gains (losses)	(C)	(4,454)	(4,340)
Ordinary profit	(A) + (B) + (C)	¥74,659	¥69,205

Notes: 1. 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.

2. Core profit for the fiscal year ended March 31, 2014 (A) includes income gains of ¥5,311 million in income from monetary trusts; other capital losses include the total amount of provision for policy reserve and others of ¥227 million, subject to foreign exchange fluctuations for foreign currency-denominated products, and impairment losses of ¥193 million from investment partnerships; "Others" of other one-time losses includes provision for additional policy reserve of ¥223 million.

## (Reference) Reconciliation to core profit

(Millions of yen)

For the years ended March 31,	2013	2014
Core Revenues	¥1,139,854	¥1,194,979
Income from insurance premiums	925,874	960,986
Insurance premiums	924,472	959,660
Ceded reinsurance commissions	1,402	1,325
Investment income	192,154	204,881
Interest income and dividends	108,539	122,160
Gain on redemption of securities	—	2
Reversal of general reserve for possible loan losses	0	—
Other investment income	13	47
Gains on separate accounts, net	83,601	82,670
Other ordinary income	16,566	23,799
Income for annuity riders	2,087	2,151
Income for deferred payment of claims	11,861	17,197
Other ordinary income	2,618	4,451
Other core revenues	5,259	5,311
Core Expenses	1,059,808	1,122,613
Insurance claims and other payments	293,929	327,257
Insurance claims	71,060	77,413
Annuity payments	9,571	10,768
Insurance benefits	46,809	55,510
Surrender payments	161,872	178,402
Refund to policyholders	2,649	3,203
Reinsurance premiums	1,965	1,959
Provision for policy reserves and others	626,096	646,203
Investment expenses	8,313	7,777
Interest expenses	43	48
Provision for general reserve for possible loan losses	—	0
Depreciation of real estate for rent and others	2,115	2,077
Other investment expenses	6,153	5,652
Operating expenses	109,060	113,868
Other ordinary expenses	22,408	27,507
Payments of deferred claims	7,078	10,884
Taxes	7,929	7,981
Depreciation and amortization	4,150	5,064
Provision for reserve for employees' retirement benefits	3,141	3,532
Provision for reserve for directors' retirement benefits	3	—
Others	105	44
Other core expenses	—	—
Core Profit	¥ 80,045	¥ 72,365

## (Reference) Positive spread and yields

(Billions of yen)

For the years ended March 31,	2013	2014
Positive spread	¥2.1	¥8.4
Investment yield for core profit	2.31%	2.35%
Investment yield (general account)	2.12%	2.20%
Average assumed interest rate	2.27%	2.18%

## 5 Fair Value Information on Securities (General Account)

### 5-01 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)

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	—	—	—	—	—

## Sony Life Financial Data (Non-consolidated)

(Millions of yen)

As of March 31,	2014				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,409,662	¥4,839,983	¥430,320	¥430,394	¥ 73
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,065,514	1,189,899	124,384	124,420	35
Japanese government and corporate bonds	1,035,912	1,146,757	110,844	110,866	22
Japanese stocks	12,236	21,205	8,968	8,972	3
Foreign securities	15,891	19,403	3,511	3,521	10
Bonds	15,891	19,403	3,511	3,521	10
Stocks, etc.	—	—	—	—	—
Other securities	1,474	2,533	1,059	1,059	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥5,475,177	¥6,029,882	¥554,705	¥554,814	¥109
Japanese government and corporate bonds	¥5,385,143	¥5,913,448	¥528,305	¥528,327	¥ 22
Japanese stocks	12,236	21,205	8,968	8,972	3
Foreign securities	76,323	92,695	16,371	16,455	84
Bonds	76,323	92,695	16,371	16,455	84
Stocks, etc.	—	—	—	—	—
Other securities	1,474	2,533	1,059	1,059	—
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, 2014 amounted to ¥268,668 million and ¥37,253 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,	2013	2014
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy reserve matching bonds	—	—
Stocks of subsidiaries and affiliated companies	12,607	16,000
Available-for-sale securities	20,372	17,289
Unlisted domestic stocks (except OTC stocks)	4	—
Unlisted foreign stocks (except OTC stocks)	948	823
Unlisted foreign bonds	—	—
Others	19,419	16,466
Total	¥32,980	¥33,289

## Sony Life Financial Data (Non-consolidated)

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,	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	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	—	—	—	—	—

(Millions of yen)

As of March 31,	2014				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,409,662	¥4,839,983	¥430,320	¥430,394	¥ 73
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	16,000	16,000	—	—	—
Available-for-sale securities	1,082,804	1,214,309	131,504	131,986	481
Japanese government and corporate bonds	1,035,912	1,146,757	110,844	110,866	22
Japanese stocks	12,236	21,205	8,968	8,972	3
Foreign securities	16,714	21,129	4,414	4,424	10
Bonds	15,891	19,403	3,511	3,521	10
Stocks, etc.	823	1,725	902	902	—
Other securities	17,940	25,217	7,277	7,723	446
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥5,508,467	¥6,070,292	¥561,825	¥562,381	¥555
Japanese government and corporate bonds	¥5,385,143	¥5,913,448	¥528,305	¥528,327	¥ 22
Japanese stocks	24,236	33,205	8,968	8,972	3
Foreign securities	81,146	98,420	17,273	17,357	84
Bonds	76,323	92,695	16,371	16,455	84
Stocks, etc.	4,823	5,725	902	902	—
Other securities	17,940	25,217	7,277	7,723	446
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—



## 5-02 Fair value information on monetary trusts (general account)

(Millions of yen)

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

(Millions of yen)

	2014				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31,					
Monetary trusts	¥305,346	¥305,346	¥—	¥—	¥—

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)

	2013				
	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	267,865	306,071	38,206	38,206	—

(Millions of yen)

	2014				
	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	268,042	305,296	37,253	37,253	—

## 5-03 Fair value information on derivative transactions (general account) (total of derivatives to which hedge accounting is applied and derivatives to which hedge accounting is not applied)

### 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

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

(Millions of yen)

As of March 31,	2013						2014					
	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 applied	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—
Derivatives to which hedge accounting is not applied	—	(172)	—	—	—	(172)	—	—	—	—	—	—
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

(Millions of yen)

As of March 31,	2013				2014			
	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)				¥—

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

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

(Billions of yen)

As of March 31,	2013				2014			
	Fair Value	As of March 31, 2012	Unrealized gains (losses)	Realized gains (losses)	Fair Value	As of March 31, 2013	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:

1. 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).

2. As of March 31, 2014, principal protected 30-year notes with NIKKEI 225 index-linked coupons (fair value of ¥56.0 billion and unrealized gain of ¥12.2 billion as of March 31, 2014).

## 6 Fair Value Information on Securities (Company Total)

### 6-01 Fair value information on securities

#### Valuation gains (losses) on trading-purpose securities

(Millions of yen)

As of March 31,	2013		2014	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥527,787	¥70,801	¥620,666	¥50,776

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

# Sony Life Financial Data (Non-consolidated)

## Fair value information on securities

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

(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	—	—	—	—	—
<b>Total</b>	<b>¥4,830,232</b>	<b>¥5,505,267</b>	<b>¥675,034</b>	<b>¥675,082</b>	<b>¥47</b>
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	—	—	—	—	—

(Millions of yen)

As of March 31,	2014				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,409,662	¥4,839,983	¥430,320	¥430,394	¥ 73
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,065,514	1,189,899	124,384	124,420	35
Japanese government and corporate bonds	1,035,912	1,146,757	110,844	110,866	22
Japanese stocks	12,236	21,205	8,968	8,972	3
Foreign securities	15,891	19,403	3,511	3,521	10
Bonds	15,891	19,403	3,511	3,521	10
Stocks, etc.	—	—	—	—	—
Other securities	1,474	2,533	1,059	1,059	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
<b>Total</b>	<b>¥5,475,177</b>	<b>¥6,029,882</b>	<b>¥554,705</b>	<b>¥554,814</b>	<b>¥109</b>
Japanese government and corporate bonds	¥5,385,143	¥5,913,448	¥528,305	¥528,327	¥ 22
Japanese stocks	12,236	21,205	8,968	8,972	3
Foreign securities	76,323	92,695	16,371	16,455	84
Bonds	76,323	92,695	16,371	16,455	84
Stocks, etc.	—	—	—	—	—
Other securities	1,474	2,533	1,059	1,059	—
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, 2014 amounted to ¥268,668 million and ¥37,253 million, respectively.

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

# Sony Life Financial Data (Non-consolidated)

## O Held-to-maturity securities

(Millions of yen)

As of March 31,	2013			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount	¥3,874,232	¥4,425,970	¥551,737	¥4,404,321	¥4,834,716	¥430,394
Japanese government and corporate bonds	3,830,891	4,373,729	542,837	4,349,230	4,766,691	417,460
Foreign securities	43,341	52,240	8,899	55,090	68,024	12,933
Other securities	—	—	—	—	—	—
Held-to-maturity securities whose fair value does not exceed balance sheet amount	—	—	—	5,341	5,267	(73)
Japanese government and corporate bonds	—	—	—	—	—	—
Foreign securities	—	—	—	5,341	5,267	(73)
Other securities	—	—	—	—	—	—

## O Policy reserve matching bonds—Not applicable

## O Available-for-sale securities

(Millions of yen)

As of March 31,	2013			2014		
	Carrying amount	Balance sheet amount	Difference	Carrying amount	Balance sheet amount	Difference
Available-for-sale securities whose balance sheet amount exceeds carrying amount	¥952,101	¥1,075,445	¥123,344	¥1,017,996	¥1,142,416	¥124,420
Japanese government and corporate bonds	925,308	1,036,956	111,648	989,552	1,100,419	110,866
Japanese stocks	10,862	17,143	6,281	12,041	21,013	8,972
Foreign securities	14,454	18,681	4,226	14,928	18,450	3,521
Other securities	1,476	2,664	1,188	1,474	2,533	1,059
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—
Available-for-sale securities whose balance sheet amount does not exceed carrying amount	3,898	3,850	(47)	47,518	47,482	(35)
Japanese government and corporate bonds	—	—	—	46,360	46,338	(22)
Japanese stocks	3,898	3,850	(47)	195	191	(3)
Foreign securities	—	—	—	962	952	(10)
Other securities	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—

## b. Carrying amounts of securities without market value

(Millions of yen)

As of March 31,	2013	2014
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy reserve matching bonds	—	—
Stocks of subsidiaries and affiliated companies	12,607	16,000
Available-for-sale securities	20,372	17,289
Unlisted domestic stocks (except OTC stocks)	4	—
Unlisted foreign stocks (except OTC stocks)	948	823
Unlisted foreign bonds	—	—
Others	19,419	16,466
Total	¥32,980	¥33,289

## Sony Life Financial Data (Non-consolidated)

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)

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	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	—	—	—	—	—
<b>Total</b>	<b>¥4,863,212</b>	<b>¥5,542,285</b>	<b>¥679,073</b>	<b>¥680,292</b>	<b>¥1,219</b>
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	—	—	—	—	—

(Millions of yen)

As of March 31,	2014				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,409,662	¥4,839,983	¥430,320	¥430,394	¥ 73
Policy reserve matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	16,000	16,000	—	—	—
Available-for-sale securities	1,082,804	1,214,309	131,504	131,986	481
Japanese government and corporate bonds	1,035,912	1,146,757	110,844	110,866	22
Japanese stocks	12,236	21,205	8,968	8,972	3
Foreign securities	16,714	21,129	4,414	4,424	10
Bonds	15,891	19,403	3,511	3,521	10
Stocks, etc.	823	1,725	902	902	—
Other securities	17,940	25,217	7,277	7,723	446
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
<b>Total</b>	<b>¥5,508,467</b>	<b>¥6,070,292</b>	<b>¥561,825</b>	<b>¥562,381</b>	<b>¥555</b>
Japanese government and corporate bonds	¥5,385,143	¥5,913,448	¥528,305	¥528,327	¥ 22
Japanese stocks	24,236	33,205	8,968	8,972	3
Foreign securities	81,146	98,420	17,273	17,357	84
Bonds	76,323	92,695	16,371	16,455	84
Stocks, etc.	4,823	5,725	902	902	—
Other securities	17,940	25,217	7,277	7,723	446
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

## 6-02 Fair value information on monetary trusts (company total)

(Millions of yen)

As of March 31,	2013					2014				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥306,122	¥306,122	¥—	¥—	¥—	¥305,346	¥305,346	¥—	¥—	¥—

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)

As of March 31,	2013					2014				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥—	¥ —	¥ —	¥ —	¥ —	¥—
Monetary trusts for policy reserve matching	—	—	—	—	—	—	—	—	—	—
Other monetary trusts	267,865	306,071	38,206	38,206	—	268,042	305,296	37,253	37,253	—

## 6-03 Fair value information on derivative transactions (company total)

### 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

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

(Millions of yen)

As of March 31,	2013						2014					
	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 applied	¥—	¥ —	¥—	¥—	¥—	¥ —	¥—	¥—	¥—	¥—	¥—	¥—
Derivatives to which hedge accounting is not applied	—	(172)	—	—	—	(172)	—	—	—	—	—	—
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. Derivatives to which hedge accounting is not applied

① Interest rate derivatives

Not applicable

② Currency derivatives

(Millions of yen)

As of March 31,	2013				2014			
	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)				¥—

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

③ Equity derivatives

Not applicable

④ Bond derivatives

Not applicable

⑤ Others

Not applicable

3. Derivatives to which hedge accounting is applied

① Interest rate derivatives

Not applicable

② Currency derivatives

Not applicable

③ Equity derivatives

Not applicable

④ Bond derivatives

Not applicable

⑤ Others

Not applicable



## Performance Indicators (Non-consolidated)

## 1 Key Performance Indicators for Past Five Years

(Millions of yen)

For the years ended March 31,	2010	2011	2012	2013	2014
Policy amount in force	¥34,598,244	¥35,947,326	¥37,345,780	¥39,124,675	¥40,500,241
Individual life insurance	33,164,100	34,421,831	35,707,301	37,366,333	38,628,089
Individual annuities	306,661	326,699	369,759	412,709	466,915
Group life insurance	1,127,481	1,198,794	1,268,718	1,345,632	1,405,237
Policy amount in force for group annuities	72,348	58,937	57,811	56,503	55,196
Annualized premiums from insurance in force	573,331	604,793	635,401	669,937	696,986
Of which, medical protection, living benefit protection and other products	133,023	140,776	148,954	158,686	167,075
New policy amount	4,056,495	4,213,996	4,207,045	4,460,210	3,894,484
Individual life insurance	4,017,527	4,166,278	4,145,663	4,396,676	3,814,291
Individual annuities	31,709	32,746	57,664	57,931	75,088
Group life insurance	7,258	14,971	3,717	5,602	5,104
Annualized premiums from new policies	68,780	71,230	70,854	73,263	63,992
Of which, medical protection, living benefit protection and other products	16,264	16,679	17,101	18,397	13,486
Ordinary revenues	881,798	900,091	967,400	1,142,274	1,197,109
Of which, income from insurance premiums	700,101	770,330	816,106	925,874	960,986
Of which, investment income	175,397	119,500	133,945	199,833	212,323
Ordinary expenses	801,698	826,914	897,964	1,067,614	1,127,904
Of which, insurance claims and other payments	274,278	297,966	287,431	293,929	327,257
Of which, investment expenses	20,584	19,303	14,370	11,686	8,506
Of which, operating expenses	96,860	99,374	105,492	109,060	113,868
Ordinary profit	80,099	73,176	69,436	74,659	69,205
Net income	46,138	40,220	31,426	42,444	37,063
Core profit	64,517	56,295	71,685	80,045	72,365
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	4,286,540	4,723,332	5,222,846	5,952,750	6,624,903
Of which, separate account assets	373,604	398,124	444,289	550,624	640,562
Policy reserves	3,985,610	4,371,484	4,843,020	5,472,930	6,123,633
Loans	127,599	134,419	138,909	145,104	154,219
Securities	3,539,114	4,017,583	4,545,019	5,211,535	5,954,716
Solvency margin ratio	2,637.3%	2,900.1% [1,720.0%]	1,980.4%	2,281.8%	2,358.7%
Number of employees	5,835	5,921	6,060	6,323	6,553

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, 2010 and 2011 and the figures for the years ended March 31, 2012 to 2014 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

### 2-01 Policy amount in force and new policy amount

#### Policy amount in force

(Millions of yen)

As of March 31,	2013				2014			
	Number	Change from March 31, 2012 (%)	Amount	Change from March 31, 2012 (%)	Number	Change from March 31, 2013 (%)	Amount	Change from March 31, 2013 (%)
Individual life insurance	5,958,963	106.4%	¥37,366,333	104.6%	6,236,000	104.6%	¥38,628,089	103.4%
Individual annuities	82,261	115.0	412,709	111.6	94,413	114.8	466,915	113.1
Group life insurance	—	—	1,345,632	106.1	—	—	1,405,237	104.4
Group annuities	—	—	56,503	97.7	—	—	55,196	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

(Millions of yen)

For the year ended March 31,	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	—	—	—	—	—	—

(Millions of yen)

For the year ended March 31,	2014					
	Number	YoY change (%)	Amount	YoY change (%)	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	517,946	85.3%	¥3,814,291	86.8%	¥3,814,291	¥—
Individual annuities	15,719	117.8	75,088	129.6	75,088	—
Group life insurance	—	—	5,104	91.1	5,104	—
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.

### 2-02 Annualized premiums

#### Policy amount in force

(Millions of yen)

As of March 31,	2013		2014	
	Amount	Change from March 31, 2012 (%)	Amount	Change from March 31, 2013 (%)
Individual life insurance	¥654,723	105.3%	¥680,005	103.9%
Individual annuities	15,214	110.6	16,980	111.6
Total	¥669,937	105.4%	¥696,986	104.0%
Of which, medical protection, living benefit protection and other products	158,686	106.5	167,075	105.3

#### New policies

(Millions of yen)

For the years ended March 31,	2013		2014	
	Amount	YoY change (%)	Amount	YoY change (%)
Individual life insurance	¥71,069	103.5%	¥61,269	86.2%
Individual annuities	2,193	99.6	2,723	124.1
Total	¥73,263	103.4%	¥63,992	87.3%
Of which, medical protection, living benefit protection and other products	18,397	107.6	13,486	73.3

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.).

# Sony Life Performance Indicators (Non-consolidated)

## 2-03 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,	2013		2014	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	4,569,665	¥34,556,341	4,743,523	¥35,556,338
Variable life insurance (whole life type)	577,454	3,039,828	610,296	3,188,877
U.S. dollar-denominated whole life insurance	—	—	18,494	165,529
Modified payment whole life insurance	15,557	147,918	15,090	140,607
Limited payment whole life insurance	326,084	2,714,103	332,430	2,711,866
Family insurance	1,274	11,823	1,245	11,522
Interest rate-sensitive whole life insurance	561,924	3,189,482	564,387	3,179,370
Whole life insurance (no selection type)	4,537	8,221	4,317	7,738
Living benefit insurance (whole life type)	453,085	1,542,262	511,682	1,763,371
Variable life insurance (term type)	1,398	45,078	1,352	44,305
Family income insurance	203,903	5,376,396	221,528	5,764,089
Living standard insurance	3,599	57,892	3,293	49,569
Level premium plan term life insurance	90,312	1,881,168	86,423	1,783,849
Decreasing term life insurance	66,044	1,246,725	68,650	1,297,123
Living benefit insurance (term type)	48,994	435,942	58,577	534,460
Level premium plan term life insurance (non-smoker preferred risk)	19,175	782,864	18,558	755,669
Decreasing term life insurance (non-smoker preferred risk)	27,929	657,075	26,182	578,534
Family income insurance (non-smoker preferred risk)	53,979	1,629,338	51,431	1,477,624
Increasing term life insurance	106	8,159	71	6,110
Long-term level premium plan term life insurance (with disability benefit)	29,897	1,328,486	35,922	1,619,192
Increasing term life insurance (reduced surrender value)	3,614	124,883	3,349	116,349
Level premium plan term life insurance (no surrender value)	38,192	698,601	42,747	789,873
Income protection insurance to cover three major diseases	14,538	10,914	17,294	13,261
Semi-participating whole life nursing-care insurance	121,882	461,963	130,595	492,393
Whole life nursing-care insurance (reduced surrender value)	8,758	1,625	12,528	2,441
Cancer insurance	219,666	30,277	214,595	29,251
Whole-life cancer insurance (08)	56,009	5,264	61,918	5,713
Cancer hospitalization insurance	33,387	—	31,867	—
Comprehensive medical insurance	1,575,595	694,977	1,586,695	675,752
Long-term comprehensive medical insurance	12,708	5,301	11,946	5,025
Semi-participating living standard insurance (joint type)	65	1,329	61	1,221
Term riders and others	[514,361]	8,418,435	[522,914]	8,345,638
Mixed insurance	316,092	1,115,467	378,275	1,315,664
Variable life insurance (limited term type)	43,327	122,828	47,944	137,093
U.S. dollar-denominated endowment insurance	—	—	1,842	8,058
U.S. dollar-denominated specialty endowment insurance	—	—	2,242	9,485
Endowment insurance	202,663	809,770	258,380	983,264
Semi-participating endowment insurance	70,102	182,868	67,867	177,764
Pure endowment insurance	1,073,206	1,694,524	1,114,202	1,756,085
Educational endowment insurance	—	—	13,317	15,680
Semi-participating educational endowment insurance	1,073,206	1,694,524	1,100,885	1,740,405
Living benefit rider	[—]	—	[—]	—
Total individual life insurance products	5,958,963	37,366,333	6,236,000	38,628,089
Individual annuity products				
Semi-participating individual annuities	47,259	210,974	55,941	247,101
Individual variable annuities	27,566	146,358	30,281	160,834
Others	7,436	55,375	8,191	58,979
Total individual annuity products	82,261	412,709	94,413	466,915
Group life insurance products				
Group term life insurance	119,023	240,853	95,087	233,526
Group welfare term life insurance	127,330	74,381	134,103	75,088
Group credit life insurance	1,881,666	1,030,367	1,729,468	1,096,603
Annuity payment rider	57	29	45	18
Total group life insurance products	2,128,076	1,345,632	1,958,703	1,405,237
Group annuity products				
New-type corporate annuities	25,944	4,071	25,437	3,872
Defined contribution corporate annuities	165,990	52,431	159,268	51,324
Total group annuity products	191,934	56,503	184,705	55,196
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. "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.

# Sony Life Performance Indicators (Non-consolidated)

## New policies and new policy amount by product

(Millions of yen)

For the years ended March 31,	2013		2014	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	471,677	¥4,118,758	369,707	¥3,424,239
Variable life insurance (whole life type)	42,542	175,568	48,549	213,026
U.S. dollar-denominated whole life insurance	—	—	18,725	164,923
Modified payment whole life insurance	85	1,580	1	10
Limited payment whole life insurance	4	22	13,610	70,372
Family insurance	—	—	—	—
Interest rate-sensitive whole life insurance	71,004	420,177	21,388	121,846
Whole life insurance (no selection type)	351	484	314	463
Living benefit insurance (whole life type)	97,266	382,026	71,722	273,274
Variable life insurance (term type)	72	2,266	28	1,547
Family income insurance	34,840	1,065,331	28,617	868,575
Living standard insurance	—	—	—	—
Level premium plan term life insurance	4,020	97,588	4,107	89,827
Decreasing term life insurance	9,275	233,433	7,430	190,682
Living benefit insurance (term type)	12,238	125,213	13,035	129,636
Level premium plan term life insurance (non-smoker preferred risk)	995	55,416	919	46,356
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)	6,758	301,579	7,982	373,702
Increasing term life insurance (reduced surrender value)	582	19,985	231	6,658
Level premium plan term life insurance (no surrender value)	8,245	151,982	7,520	147,705
Income protection insurance to cover three major diseases	3,928	3,164	3,786	3,067
Semi-participating whole life nursing-care insurance	42,509	157,066	12,916	48,199
Whole life nursing-care insurance (reduced surrender value)	3,642	698	4,369	928
Cancer insurance	3,241	274	3,775	365
Whole-life cancer insurance (08)	11,505	962	8,729	761
Cancer hospitalization insurance	2,250	—	2,071	—
Comprehensive medical insurance	116,325	27,937	89,883	19,756
Long-term comprehensive medical insurance	—	—	—	—
Semi-participating living standard insurance (joint type)	—	—	—	—
Term riders and others	[56,941]	895,997	[36,234]	652,550
Mixed insurance	33,819	114,312	91,693	304,877
Variable life insurance (limited term type)	2,993	8,424	8,095	23,461
U.S. dollar-denominated endowment insurance	—	—	1,870	7,954
U.S. dollar-denominated specialty endowment insurance	—	—	2,272	9,417
Endowment insurance	18,516	78,964	76,511	254,597
Semi-participating endowment insurance	12,310	26,923	2,945	9,446
Pure endowment insurance	101,688	163,604	56,546	85,174
Educational endowment insurance	—	—	13,326	15,693
Semi-participating educational endowment insurance	101,688	163,604	43,220	69,481
Living benefit rider	[—]	—	[—]	—
Total individual life insurance products	607,184	4,396,676	517,946	3,814,291
Individual annuity products				
Semi-participating individual annuities	11,816	49,516	10,486	45,780
Individual variable annuities	1,527	8,414	5,233	29,308
Others	—	—	—	—
Total individual annuity products	13,343	57,931	15,719	75,088
Group life insurance products				
Group term life insurance	9,903	1,796	828	6
Group welfare term life insurance	2,822	3,805	14,997	5,098
Group credit life insurance	—	—	—	—
Annuity payment rider	—	—	—	—
Total group life insurance products	12,725	5,602	15,825	5,104
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.

## 2-04 Policy amount in force by insurance function

(Millions of yen)

As of March 31,	2013	2014
Death protection		
Ordinary death		
Individual life insurance	¥35,671,808	¥36,872,003
Individual annuities	[97,350]	[108,424]
Group life insurance	1,345,602	1,405,218
Group annuities	—	—
Total	37,017,411	38,277,222
Accidental death		
Individual life insurance	[7,054,856]	[6,815,689]
Individual annuities	—	—
Group life insurance	[1,779]	[730]
Group annuities	—	—
Total	[7,056,635]	[6,816,420]
Death protection with other conditions		
Individual life insurance	[1,413,006]	[1,345,860]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[1,413,006]	[1,345,860]
Living protection		
Maturity and living benefits		
Individual life insurance	1,694,524	1,756,085
Individual annuities	357,730	408,466
Group life insurance	—	—
Group annuities	—	—
Total	2,052,255	2,164,552
Annuities		
Individual life insurance	—	—
Individual annuities	[49,550]	[55,275]
Group life insurance	[9]	[7]
Group annuities	—	—
Total	[49,559]	[55,282]
Others		
Individual life insurance	—	—
Individual annuities	54,978	58,448
Group life insurance	29	18
Group annuities	56,503	55,196
Total	111,511	113,664
Hospitalization protection		
Accidental hospitalization		
Individual life insurance	[18,031]	[18,095]
Individual annuities	—	—
Group life insurance	[15]	[12]
Group annuities	—	—
Total	[18,047]	[18,108]
Sickness hospitalization		
Individual life insurance	[18,031]	[18,095]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[18,031]	[18,095]
Hospitalization with other conditions		
Individual life insurance	[7,611]	[7,419]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[7,611]	[7,419]

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 [ ].

## 2-05 Number of policies in force by insurance function

(Number)

As of March 31,	2013	2014
Disability protection		
Individual life insurance	501,082	496,356
Individual annuities	—	—
Group life insurance	74,394	49,321
Group annuities	—	—
Total	575,476	545,677
Surgery protection		
Individual life insurance	1,670,518	1,677,071
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	1,670,518	1,677,071

## 2-06 Policy amount in force by type of individual life insurance and individual annuities

(Millions of yen)

As of March 31,	2013	2014
Pure death-protection insurance		
Whole life insurance	¥ 7,613,811	¥ 7,980,007
Whole life insurance with term rider	—	—
Term life insurance	14,169,640	14,722,876
Total	34,556,341	35,556,338
Mixed insurance		
Endowment insurance	992,639	1,169,086
Endowment insurance with term rider	—	—
Term life insurance with living benefits	—	—
Total	1,115,467	1,315,664
Pure endowment insurance	1,694,524	1,756,085
Annuity products		
Individual annuities	412,709	466,915
Riders for disaster and disease		
Rider to cover accidental death	3,632,540	3,484,766
Injury rider	3,422,316	3,330,923
Comprehensive protection riders covering hospitalization	513	489
Comprehensive protection riders covering hospitalization for family	23	21
Comprehensive protection riders covering lifestyle-related disease	55	52
Medical treatment rider for adults	1,340	1,295
Medical treatment rider for women	1,303	1,281
Lifestyle diseases medical treatment rider	17	16
New medical treatment rider for women	5	4
Cancer rider	241	241
Rider to cover initial period of hospitalization	6,376	6,514

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.



## 2-07 Change in policy amount in force

### Individual life insurance

(Millions of yen)

For the years ended March 31,	2013		2014	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	5,602,189	¥35,707,301	5,958,963	¥37,366,333
New policy amount	607,184	4,396,676	517,946	3,814,291
Increase from renewal	15,449	53,978	15,013	55,283
Increase from reinstatement	19,216	111,453	19,558	111,830
Increase in policy amount	[196]	1,639	[248]	2,523
Increase from conversion	—	—	—	—
Increase for other reasons	6,084	62,621	13,612	191,967
Decrease from death	8,945	56,515	9,719	60,056
Decrease for maturity	29,089	107,644	30,587	114,426
Decrease in policy amount	[41,135]	197,491	[37,478]	171,793
Decrease from conversion	—	—	—	—
Surrender amount	202,965	1,652,869	193,104	1,495,343
Lapse amount	39,002	243,673	37,362	224,789
Decrease for other reasons	11,158	709,142	18,320	847,729
Balance at the end of the fiscal year	5,958,963	37,366,333	6,236,000	38,628,089
[Increase ratio (%)]	[6.4%]	[4.6%]	[4.6%]	[3.4%]
Net increase	356,774	1,659,032	277,037	1,261,755
[Increase ratio (%)]	[12.0%]	[29.1%]	[(22.3%)]	[(23.9%)]

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,	2013		2014	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	71,560	¥369,759	82,261	¥412,709
New policy amount	13,343	57,931	15,719	75,088
Increase from reinstatement	134	657	141	632
Increase from conversion	—	—	—	—
Increase for other reasons	1,179	4,332	1,311	4,019
Decrease from death	40	188	61	317
Decrease for maturity	248	157	528	325
Decrease in annuity amount	[208]	1,211	[401]	1,858
Decrease from conversion	—	—	—	—
Surrender amount	2,739	14,011	3,416	18,231
Lapse amount	281	1,381	245	1,122
Decrease for other reasons	647	3,020	769	3,679
Balance at the end of the fiscal year	82,261	412,709	94,413	466,915
[Increase ratio (%)]	[15.0%]	[11.6%]	[14.8%]	[13.1%]
Net increase	10,701	42,949	12,152	54,205
[Increase ratio (%)]	[(3.8%)]	[(0.3%)]	[13.6%]	[26.2%]

Notes: 1. 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.

2. "Decrease for maturity" is presented separately in this data book.

## Sony Life Performance Indicators (Non-consolidated)

### Group life insurance

(Millions of yen)

For the years ended March 31,	2013		2014	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	2,300,322	¥1,268,718	2,128,076	¥1,345,632
New policy amount	12,725	5,602	15,825	5,104
Increase from renewal	246,493	320,024	216,254	305,056
Increase from reinstatement	59	226	—	—
Increase in policy amount (increase by additional purchase of riders)	92,916	211,370	77,269	181,637
Increase in policy amount	[1,826]	787	[1,392]	508
Increase for other reasons	173	58	86	673
Decrease from death	10,543	1,388	10,246	1,661
Decrease for maturity	258,782	335,333	242,685	308,324
Withdrawals	254,015	65,591	224,734	56,785
Decrease in policy amount	[424,221]	57,450	[489,465]	65,559
Surrender amount	997	994	970	790
Lapse amount	89	338	29	107
Decrease for other reasons	186	60	143	149
Balance at the end of the fiscal year	2,128,076	1,345,632	1,958,703	1,405,237
[Increase ratio (%)]	[(7.5%)]	[6.1%]	[(8.0%)]	[4.4%]
Net increase	(172,246)	76,913	(169,373)	59,604
[Increase ratio (%)]	[—]	[10.0%]	[—]	[(22.5%)]

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

### Group annuities

(Millions of yen)

For the years ended March 31,	2013		2014	
	Number	Amount	Number	Amount
Balance at the beginning of the fiscal year	181,316	¥57,811	191,934	¥56,503
New policy amount	—	—	—	—
Annuity payment	246,949	2,038	244,140	2,097
Lump-sum payment	9,483	2,457	8,398	2,201
Surrender amount	—	—	—	—
Balance at the end of the fiscal year	191,934	56,503	184,705	55,196
[Increase ratio (%)]	[5.9%]	[(2.3%)]	[(3.8%)]	[(2.3%)]
Net increase	10,618	(1,308)	(7,229)	(1,306)
[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.

## 2-08 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,	2013	2014
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, 2014.

<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



## Sony Life Performance Indicators (Non-consolidated)

(Yen)

Contract Date	Assumed interest rate	Years elapsed	Ongoing policy	Policies to which nursing care applies, ending at death of policyholder
Nov. 2, 2013	1.00%	1 year	¥ —	¥7,533
Nov. 2, 2012	1.50	2	—	0
Nov. 2, 2011	1.50	3	—	0
Nov. 2, 2010	1.50	4	—	0
Nov. 2, 2009	1.50	5	3,220	3,220
Nov. 2, 2008	1.50	6	—	0
Nov. 2, 2007	1.50	7	—	0
Nov. 2, 2006	1.50	8	—	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, 2014.

2. The above-stated dividend amount is the sum of the pro-rated dividend amount (policy reserve × dividend participation ratio) and interest through November 2, 2014 (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, 2014.

Note: Dividend participation is calculated as follows:

Dividend amount = Policy reserves × Dividend participation ratio

Dividend participation ratio = Standard dividend yield – Assumed interest rate

4. For group term life insurance and other products, a reserve for policyholders' dividends is accumulated in accordance with each product's characteristics.

## 3 Indicators for Insurance Policies

### 3-01 Increase ratio of policy amount in force

(%)

For the years ended March 31,

	2013	2014
Individual life insurance	4.6%	3.4%
Individual annuities	11.6	13.1
Group life insurance	6.1	4.4
Group annuities	(2.3)	(2.3)

### 3-02 Average policy amount for new policies and policies in force (individual life insurance)

(Thousands of yen)

For the years ended March 31,

	2013	2014
Average policy amount for new policies	¥7,241	¥7,364
Average policy amount for policies in force	6,270	6,194

Note: The above figures do not include the increase from the conversion for average policy amount for new policies.

### 3-03 Ratio of new policy amount (to policy amount in force at the beginning of the fiscal year)

(%)

For the years ended March 31,

	2013	2014
Individual life insurance	12.3%	10.2%
Individual annuities	18.2	21.0
Group life insurance	0.4	0.4

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

### 3-04 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,

	2013	2014
Individual life insurance	5.55%	4.76%
Individual annuities	5.00	5.75
Subtotal	5.54	4.77
Group life insurance	4.55	4.90

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,

	2013	2014
Individual life insurance + Individual annuities	5.31%	4.61%

## Sony Life Performance Indicators (Non-consolidated)

### 3-05 Average premium for new policies of individual life insurance (monthly payment contracts)

(Yen)

For the years ended March 31,	2013	2014
Average premiums for new policies	¥11,031	¥11,311

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

### 3-06 Mortality rate (individual life insurance: primary coverage)

(%)

For the years ended March 31,	2013	2014
Based on number of policies	1.55%	1.59%
Based on policy amount	1.55	1.58

### 3-07 Incidence rates of riders (individual life insurance)

(%)

For the years ended March 31,	2013		2014	
	Number of policies	Policy amount	Number of policies	Policy amount
Accidental death protection	0.094%	0.110%	0.095%	0.101%
Disability protection	0.075	0.028	0.126	0.041
Accidental hospitalization protection	3.576	83.789	3.543	86.717
Sickness hospitalization protection	35.236	573.425	36.157	588.196
Lifestyle-related disease hospitalization protection	13.580	379.866	14.166	399.877
Sickness and accidental surgery protection	40.561		40.357	
Lifestyle-related disease surgery protection	8.458		9.465	

### 3-08 Operating expense ratio (to insurance premiums)

(%)

For the years ended March 31,	2013	2014
Operating expense ratio	11.8%	11.9%

## 4 Indicators Related to Asset Management (General Account)

### 4-01 Overview of asset management (general account)

#### Overview of the asset management for the fiscal year ended March 31, 2014

##### (1) Investment Environment

During the fiscal year ended March 31, 2014, the Japanese economy continued to grow. In the first half, public investment as well as exports showed sizable growth thanks to the government's economic stimulus package and the still depreciating yen. In addition, private consumption was solid thanks to the improvement in consumer confidence supported by the buoyant stock market. In the second half, there was a last-minute surge in demand in view of the coming consumption tax hike from April 2014, resulting in substantial increases in the sales of durable goods and private housing investment. While the real GDP growth rate temporarily stalled at one stage due to a deceleration of the growth momentum in public investment and exports, which have been driving the economy, it proved to be generally solid throughout the fiscal year.

The real GDP growth rate, year on year, was 2.9% for the April–June quarter of last year, 1.3% for the July–September quarter, 0.3% for the October–December quarter, and 6.7% in the January–March quarter.

The Japanese bond market remained under the strong influence of the quantitative and qualitative monetary easing policy of the Bank of Japan (BoJ) implemented in April last year. As the BoJ announced that it would double in two years the monetary base, as well as its holding of long-term Japanese government bonds (JGBs) and exchange traded funds (ETFs), while more than doubling the period of the average remaining maturity of its long-term JGBs, concern grew over the potential decline of market liquidity immediately after the introduction of this new BoJ policy, triggering temporary interest rate volatility. On the other hand, since the BoJ announced "it would aim to realize the two percent consumer price stability target, and continue its quantitative and qualitative monetary easing until such time the Japanese economy can maintain a two percent inflation rate over the long term," the interest rate rise in the short and mid-term maturity sector turned out to be limited thanks to the time axis effect, which in turn spread to the long-term maturity sector, slightly reducing interest rate volatility in the bond market. As the market settled down in the period up to the fiscal year-end, the interest rate was on a gradual decline trend. The yield on 10-year JGBs, which is the bellwether for the long-term interest rate, went down to 0.325% at one point in April 2013, then soared up to 0.996% at one point in May 2013, before it declined to 0.642% (up 0.082 of a percentage point year on year) at the end of March 2014.

The Japanese stock markets soared. The Nikkei Stock Average went up from ¥12,397.91 at the end of March 2013 to ¥15,942.60 in the middle of May 2013, encouraged by the quantitative and qualitative monetary easing policy by the BoJ implemented in April last year, along with the government's growth strategies. Then the index went down to a level below the ¥13,000 mark in a correction phase, discouraged by tapering quantitative easing in the U.S. and concern over emerging economies, before a recovery trend gradually prevailed on the back of solid domestic corporate earnings. As of March 31, 2014, the Nikkei stood at ¥14,827.83, up ¥2,429.92 from its level a year earlier.

In foreign exchange markets, the yen further depreciated. The dollar to yen exchange rate soared from ¥94.22 against the U.S. dollar at the end of March 2013, to ¥103.74 against the U.S. dollar at one point in May 2013, encouraged by the quantitative and qualitative monetary easing policy of the BoJ implemented in April last year. Then investors bought back yen in a risk-off market sentiment, discouraged by tapering quantitative easing in the U.S. and growing geopolitical tension, resulting in the yen appreciating against the U.S. dollar to around

## Sony Life Performance Indicators (Non-consolidated)

the ¥94 level at one point, before soaring again beyond ¥100 through the period into the second half, encouraged by developments in the U.S., including the economic recovery and the agreement between the ruling and opposition parties over the debt ceiling issues. This trend of a weak yen has generally prevailed to date, and the yen was trading at ¥103.23 against the U.S. dollar as of March 31, 2014, weakening ¥8.97 against the U.S. dollar from a year earlier.

### (2) Investment Policy

Sony Life's investment policy is to understand the characteristics of insurance liabilities, and prioritize investment in the assets that meet such characteristics based on the concept of ALM (asset liability management, the comprehensive management of assets and liabilities). Specifically, Sony Life is investing primarily in ultra long-term JGBs with longer remaining maturity, to meet the long-term liabilities of life insurance policies, in an effort to maintain adequate control over the risks associated with interest rate fluctuations involved in such insurance liabilities. On the other hand, it is our policy to invest within certain limits in riskier assets including stocks.

### (3) Results of Investment

As of March 31, 2014, general account assets totaled ¥5,984.3 billion, up 10.8%, or ¥582.2 billion, from a year earlier. Within general account assets, Japanese government and corporate bonds totaled ¥5,190.0 billion (accounting for 86.7% of total general account assets), foreign bonds ¥79.8 billion (1.3%), Japanese stocks ¥33.2 billion (0.6%), monetary trusts ¥305.3 billion (5.1%), policy loans ¥154.1 billion (2.6%), real estate ¥66.5 billion (1.1%) and cash and deposits and call loans ¥32.6 billion (0.5%).

## Portfolio of general account assets

### General account assets

As of March 31,	2013		2014	
	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 103,321	1.9%	¥ 32,617	0.5%
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	306,122	5.7	305,346	5.1
Securities	4,683,747	86.7	5,334,049	89.1
Japanese government and corporate bonds	4,561,048	84.4	5,190,065	86.7
Japanese stocks	31,106	0.6	33,205	0.6
Foreign securities	87,428	1.6	106,752	1.8
Bonds	62,022	1.1	79,835	1.3
Stocks, etc.	25,406	0.5	26,916	0.4
Other securities	4,164	0.1	4,026	0.1
Loans	145,104	2.7	154,219	2.6
Policy loans	145,019	2.7	154,180	2.6
Commercial loans	85	0.0	38	0.0
Real estate	70,301	1.3	66,532	1.1
Deferred tax assets	13,724	0.3	13,643	0.2
Other assets	80,038	1.5	78,173	1.3
Reserve for possible loan losses	(235)	(0.0)	(242)	(0.0)
Total	¥5,402,126	100.0%	¥5,984,341	100.0%
Of which, foreign-currency-denominated assets	41,756	0.8	58,195	1.0

### Changes in general account assets by categories

For the years ended March 31,	2013		2014	
	2013	2014	2013	2014
Cash and deposits, call loans	¥ 38,452	¥ (70,704)	—	—
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	17,824	(775)	—	—
Securities	569,218	650,301	—	—
Japanese government and corporate bonds	585,292	629,017	—	—
Japanese stocks	(13,946)	2,099	—	—
Foreign securities	(2,733)	19,323	—	—
Bonds	2,389	17,812	—	—
Stocks, etc.	(5,123)	1,510	—	—
Other securities	606	(138)	—	—
Loans	6,195	9,114	—	—
Policy loans	6,236	9,161	—	—
Commercial loans	(41)	(47)	—	—
Real estate	(2,658)	(3,769)	—	—
Deferred tax assets	(13,261)	(80)	—	—
Other assets	7,819	(1,864)	—	—
Reserve for possible loan losses	(21)	(6)	—	—
Total	¥623,569	¥582,215	—	—
Of which, foreign-currency-denominated assets	(1,239)	16,438	—	—

## 4-02 Investment yield by type of asset (general account)

(%)

For the years ended March 31,	2013	2014
Cash and deposits, call loans	0.06%	0.05%
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Monetary trusts	1.96	1.98
Securities	2.09	2.18
Japanese government and corporate bonds	2.09	2.06
Japanese stocks	5.98	2.22
Foreign securities	0.93	8.30
Loans	3.86	3.80
Commercial loans	0.71	0.64
Real estate	5.13	5.65
Total	2.12%	2.20%

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.

## 4-03 Average balance by type of asset (general account)

(Millions of yen)

For the years ended March 31,	2013	2014
Cash and deposits, call loans	¥ 57,825	¥ 54,814
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Monetary trusts	268,616	268,611
Securities	4,319,240	4,900,002
Japanese government and corporate bonds	4,199,159	4,784,298
Japanese stocks	30,637	26,297
Foreign securities	86,275	86,600
Loans	141,034	149,675
Commercial loans	107	314
Real estate	69,071	64,367
Total	¥4,926,539	¥5,512,218
Of which, overseas investment	86,281	87,825

## 4-04 Investment income (general account)

(Millions of yen)

For the years ended March 31,	2013	2014
Interest income and dividends	¥108,539	¥122,160
Gains on securities under proprietary accounts	—	—
Income from monetary trusts, net	5,259	5,311
Income from trading securities, net	—	—
Gains on sale of securities	2,420	773
Gains on redemption of securities	—	2
Gains on derivatives, net	—	172
Foreign exchange gains, net	—	1,183
Reversal of reserve for possible loan losses	—	—
Other investment income	13	47
Total	¥116,232	¥129,652

## Sony Life Performance Indicators (Non-consolidated)

### 4-05 Investment expenses (general account)

(Millions of yen)

For the years ended March 31,	2013	2014
Interest expense	¥ 43	¥ 48
Losses on securities under proprietary accounts	—	—
Losses on monetary trusts, net	—	—
Losses on trading securities, net	—	—
Losses on sale of securities	1,587	528
Devaluation losses on securities	327	—
Losses on redemption of securities	—	—
Losses on derivatives, net	226	—
Foreign exchange losses	1,176	—
Provision for reserve for possible loan losses	21	6
Write-off of loans	—	—
Depreciation of real estate for rent and others	2,115	2,077
Other investment expenses	6,188	5,845
Total	¥11,686	¥8,506

### 4-06 Interest income and dividends (general account)

(Millions of yen)

For the years ended March 31,	2013	2014
Interest income from deposits	¥ 0	¥ 0
Interest income and dividends from securities	92,167	106,187
Interest income from Japanese bonds	87,634	98,588
Dividends from Japanese stocks	536	397
Interest income and dividends from foreign securities	3,746	6,740
Interest income from loans	5,450	5,691
Income from real estate for rent	10,854	10,250
Total, including others	¥108,539	¥122,160

### 4-07 Gains on sale of securities (general account)

(Millions of yen)

For the years ended March 31,	2013	2014
Gains on sale of Japanese bonds (including JGBs)	¥ 3	¥ 1
Gains on sale of Japanese stocks, etc.	2,066	673
Gains on sale of foreign securities	349	98
Total	¥2,420	¥773

### 4-08 Losses on sale of securities (general account)

(Millions of yen)

For the years ended March 31,	2013	2014
Losses on sale of Japanese bonds (including JGBs)	¥ 0	¥ —
Losses on sale of Japanese stocks, etc.	412	487
Losses on sale of foreign securities	1,174	41
Total	¥1,587	¥528

### 4-09 Devaluation losses on securities (general account)

(Millions of yen)

For the years ended March 31,	2013	2014
Devaluation losses on Japanese bonds (including JGBs)	¥ —	¥ —
Devaluation losses on Japanese stocks, etc.	327	—
Devaluation losses on foreign securities	—	—
Total	¥327	¥—

## Sony Life Performance Indicators (Non-consolidated)

### 4-10 Securities (general account)

(Millions of yen)

As of March 31,	2013		2014	
	Amount	% of total	Amount	% of total
Japanese government bonds	¥4,527,332	96.7%	¥5,158,972	96.7%
Japanese municipal bonds	3,490	0.1	1,003	0.0
Japanese corporate bonds	30,224	0.6	30,089	0.6
Of which, public corporation bonds	27,108	0.6	27,016	0.5
Japanese stocks	31,106	0.7	33,205	0.6
Foreign securities	87,428	1.9	106,752	2.0
Bonds	62,022	1.3	79,835	1.5
Stocks, etc.	25,406	0.5	26,916	0.5
Other securities	4,164	0.1	4,026	0.1
Total	¥4,683,747	100.0%	¥5,334,049	100.0%

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

(Millions of yen)

As of March 31,	2013						Total
	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)	
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

(Millions of yen)

As of March 31,	2014						Total
	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)	
Securities	¥20,374	¥21,985	¥29,574	¥16,389	¥70,532	¥5,175,193	¥5,334,049
Japanese government bonds	10,586	12,297	15,285	—	65,346	5,055,455	5,158,972
Japanese municipal bonds	1,003	—	—	—	—	—	1,003
Japanese corporate bonds	6,718	2,058	105	—	1,639	19,566	30,089
Japanese stocks	—	—	—	—	—	33,205	33,205
Foreign securities	2,007	7,629	13,045	16,389	3,248	64,432	106,752
Bonds	—	—	5,099	12,371	1,931	60,432	79,835
Stocks, etc.	2,007	7,629	7,945	4,017	1,316	4,000	26,916
Other securities	58	—	1,136	—	297	2,533	4,026
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	¥20,374	¥21,985	¥29,574	¥16,389	¥70,532	¥5,175,193	¥5,334,049

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

(%)

As of March 31,	2013	2014
Japanese government and corporate bonds	2.11%	2.08%
Foreign bonds	1.36	3.70

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

(Millions of yen)

As of March 31,	2013		2014	
	Amount	Composition (%)	Amount	Composition (%)
Fisheries, agriculture and forestry	¥ —	—%	¥ —	—%
Mining	124	0.4	—	—
Construction	1,388	4.5	1,838	5.5
Manufacturing industries				
Food products	326	1.1	554	1.7
Textiles and clothing	—	—	—	—
Pulp and paper	—	—	—	—
Chemicals	444	1.4	750	2.3
Medical products	645	2.1	736	2.2
Oil and coal products	—	—	—	—
Rubber products	—	—	—	—
Glass and stone products	—	—	—	—
Steel	—	—	—	—
Non-steel metals	270	0.9	357	1.1
Metal products	—	—	—	—
Machinery	1,114	3.6	1,153	3.5
Electric appliances	3,416	11.0	4,150	12.5
Transportation vehicles	2,544	8.2	2,304	6.9
Precision machinery	131	0.4	241	0.7
Others	—	—	88	0.3
Electric and gas utilities	631	2.0	631	1.9
Transportation/information telecommunications				
Ground transportation	807	2.6	1,062	3.2
Water transportation	—	—	—	—
Air transportation	—	—	—	—
Warehouses/transportation	—	—	—	—
Information/telecommunications	1,786	5.7	3,041	9.2
Commerce				
Wholesalers	1,038	3.3	277	0.8
Retailers	4,613	14.8	1,482	4.5
Financial services/insurance				
Banking	—	—	—	—
Securities and commodity futures trading	—	—	—	—
Insurance	10,107	32.5	12,000	36.1
Other financial services	363	1.2	846	2.6
Real estate	—	—	—	—
Service companies	1,349	4.3	1,685	5.1
Total	¥31,106	100.0%	¥33,205	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,	2013	2014
Policy loans	¥145,019	¥154,180
Policyholder loans	129,523	138,236
Automatic premium loans	15,495	15,944
Commercial loans	85	38
[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	85	38
Total	¥145,104	¥154,219



## Sony Life Performance Indicators (Non-consolidated)

### 4-15 Tangible fixed assets (general account)

#### Tangible fixed assets

(Millions of yen)

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

(Millions of yen)

For the year ended March 31,	2014						
	Balance at the beginning of the fiscal year	Increase in the current period	Decrease in the current period	Amount of depreciation in the current period	Balance at the end of the current period	Amount of accumulated depreciation	% of accumulated depreciation
Land	¥31,089	¥ —	¥ 986	¥ —	¥30,103	¥ —	—%
Buildings	39,212	464	1,118	2,129	36,429	21,972	37.6
			[31]				
Leased assets	185	20	171	14	19	0	1.7
Construction in progress	—	—	—	—	—	—	—
Other tangible assets	482	216	10	140	548	1,524	73.6
			[5]				
Total	¥70,969	¥700	¥2,285	¥2,284	¥67,100	¥23,497	38.8%
			[36]				
Of which, investment and rental properties	67,231	346	2,223	2,021	63,334	21,050	37.8

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,	2013	2014
Real estate balance	¥70,301	¥66,532
For corporate use	3,448	3,442
For rent	66,853	63,090
Number of buildings for rent	4	3

### 4-16 Overseas investment (general account)

#### Details by assets

(Millions of yen)

As of March 31,	2013		2014	
	Amount	% of total	Amount	% of total
Assets denominated in foreign currency (yen amount not fixed)				
Foreign bonds	¥18,681	21.0%	¥ 36,015	33.6%
Foreign stocks	1,401	1.6	1,725	1.6
Cash, deposits and others	21,673	24.4	20,453	19.1
Subtotal	41,756	47.0	58,195	54.3
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	47,169	53.0	49,059	45.7
Subtotal	47,169	53.0	49,059	45.7
Total				
Overseas investment	¥88,926	100.0%	¥107,254	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.



## Sony Life Performance Indicators (Non-consolidated)

### Overseas investment by region

(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%	¥—	—%

(Millions of yen)

As of March 31,	2014							
	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	¥ 37,125	34.8%	¥29,742	37.3%	¥ 7,383	27.4%	¥—	—%
Europe	53,980	50.6	46,847	58.7	7,132	26.5	—	—
Oceania	3,246	3.0	3,246	4.1	—	—	—	—
Asia	—	—	—	—	—	—	—	—
Latin America	12,400	11.6	—	—	12,400	46.1	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	¥106,752	100.0%	¥79,835	100.0%	¥26,916	100.0%	¥—	—%

### Foreign-currency-denominated assets by currency

(Millions of yen)

As of March 31,	2013		2014	
	Amount	% of total	Amount	% of total
U.S. dollar	¥27,360	65.5%	¥45,301	77.8%
Euro	5,992	14.4	9,148	15.7
Australian dollar	7,782	18.6	3,270	5.6
British pound	617	1.5	469	0.8
Offshore renminbi	2	0.0	3	0.0
New Taiwanese dollar	1	0.0	1	0.0
Total	¥41,756	100.0%	¥58,195	100.0%

### 4-17 Yield on overseas investments (general account)

(%)

For the years ended March 31,	2013	2014
Yield on overseas investments	0.93%	8.19%

Note: Yield on overseas investments is a total of foreign-currency-denominated assets and yen-denominated assets.

## 5 Status of Insurance Claims Paying Ability

### 5-01 Solvency margin ratio

(Millions of yen)

As of March 31,	2013	2014
(A) Total solvency margin	¥ 872,502	¥ 954,157
Common stock, etc.	252,363	274,027
Reserve for price fluctuations	32,264	41,556
Contingency reserve	59,561	63,671
General reserve for possible loan losses	0	0
Net unrealized gains on other securities multiplied by 90% (100% if losses)	114,602	118,354
Net unrealized gains on real estate multiplied by 85% (100% if losses)	(2,012)	75
Amount excluded from deferred tax assets	—	—
Unallotted portion of reserve for policyholders' dividends	464	174
Deferred tax assets	70,604	78,868
Excess amount of policy reserves based on Zillmer method	372,561	400,056
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	(27,907)	(20,626)
Deductible items	—	(2,000)
(B) Total risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	76,472	80,904
Insurance risk $R_1$	21,871	22,512
Third-sector insurance risk $R_8$	8,307	8,368
Assumed interest rate risk $R_2$	29,054	29,616
Minimum guarantee risk $R_7$	11,474	12,896
Asset management risk $R_3$	27,592	30,023
Business management risk $R_4$	1,966	2,068
Solvency margin ratio		
$[(A)/((1/2) \times (B))] \times 100$	2,281.8%	2,358.7%

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,	2013	2014
(1) Total amount to be recorded as assets (=①+②+③+④-⑤)	¥6,503.4	¥7,056.2
① Total assets on the balance sheet	5,952.7	6,624.9
② Difference between fair value and balance sheet amount of securities	551.7	430.3
③ Unrealized gain or loss on tangible fixed assets	(1.0)	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)	5,106.5	5,709.8
① Total liabilities on the balance sheet	5,610.4	6,255.6
② Reserve for price fluctuations	32.2	41.5
③ Contingency reserve	59.5	63.6
④ Part of reserves for future insurance claim payment	373.0	400.2
Excess of amount equivalent to surrender values (④(a))	372.5	400.0
Unallocated amount in reserve for policyholders' dividends (④(b))	0.4	0.1
⑤ Deferred tax liabilities for available-for-sale securities	39.0	40.3
Real net assets (A) (1)-(2) (including unrealized gains and losses on held-to-maturity securities)	1,396.8	1,346.4
(3) Unrealized gains and losses on held-to-maturity securities	551.7	430.3
Real net assets (B) (1)-(2)-(3) (excluding unrealized gains and losses on held-to-maturity securities)	845.1	916.1

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,	2013	2014
Individual variable life insurance and individual variable annuities	¥550,624	¥640,562
Group annuities	—	—
Total separate account	¥550,624	¥640,562

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

### 7-01 Policy amount in force

#### Individual variable life insurance

(Millions of yen)

As of March 31,	2013		2014	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	577,454	¥7,113,036	610,296	¥7,302,062
Variable life insurance (limited term type)	43,327	146,778	47,944	164,508
Variable life insurance (term type)	1,398	46,810	1,352	45,807
Total	622,179	¥7,306,626	659,592	¥7,512,377

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

#### Individual variable annuities

(Millions of yen)

As of March 31,	2013		2014	
	Number	Amount	Number	Amount
Individual variable annuities	27,677	¥146,759	30,502	¥161,758

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.

### 7-02 Portfolio of separate account assets in individual variable life insurance and individual variable annuities

(Millions of yen)

As of March 31,	2013		2014	
	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 21,139	3.8%	¥ 17,838	2.8%
Securities	527,787	95.9	620,666	96.9
Japanese government and corporate bonds	159,256	28.9	168,661	26.3
Japanese stocks	30,778	5.6	37,237	5.8
Foreign securities	188,010	34.1	235,435	36.8
Bonds	44,775	8.1	51,863	8.1
Stocks, etc.	143,235	26.0	183,571	28.7
Other securities	149,741	27.2	179,332	28.0
Loans	—	—	—	—
Others	1,697	0.3	2,057	0.3
Reserve for possible loan losses	—	—	—	—
Total	¥550,624	100.0%	¥640,562	100.0%

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

## 7-03 Net investment gains (losses) of separate account assets in individual variable life insurance and individual variable annuities

(Millions of yen)

For the years ended March 31,	2013	2014
Interest income and dividends	¥ 9,147	¥ 11,773
Gains on sale of securities	8,033	16,052
Gains on redemption of securities	15	74
Valuation gains on securities	103,039	143,031
Foreign exchange gains, net	—	5,036
Gains on derivatives, net	—	—
Other investment income	0	0
Losses on sale of securities	2,558	680
Losses on redemption of securities	117	141
Devaluation losses on securities	32,237	92,255
Foreign exchange losses, net	1,390	—
Losses on derivatives, net	—	—
Other investment expenses	331	221
Net investment gains (losses)	¥ 83,601	¥ 82,670

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

## 7-04 Fair values of securities relating to separate account assets in individual variable life insurance and individual variable annuities

### Valuation gains (losses) on trading-purpose securities

(Millions of yen)

As of March 31,	2013		2014	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥527,787	¥70,801	¥620,666	¥50,776

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,	2013	2014
Number of agencies	1,973	1,974

## 9 Number of Employees and Recruits

### 9-01 Number of employees

As of March 31,	2013	2014
Office employees	1,694	1,816
[Male]	[887]	[902]
[Female]	[807]	[914]
Sales employees	4,629	4,737*
[Male]	[4,590]	[4,678]
[Female]	[39]	[59]

\* Number of Lifeplanner sales employees (including those rehired on a fixed-term contract basis after retirement and contracted Lifeplanner sales employees) is 4,216 as of March 31, 2014.

## 9-02 Number of recruits

For the years ended March 31,	2013	2014
Office employees	290	245
[Male]	[42]	[48]
[Female]	[248]	[197]
Sales employees	388	444
[Male]	[380]	[422]
[Female]	[8]	[22]

## 9-03 Average age and years of service

As of March 31,	2013		2014	
	Average age	Average years of service	Average age	Average years of service
Office employees	39.4	8.8	39.9	8.9
[Male]	[41.7]	[11.0]	[41.9]	[11.4]
[Female]	[36.9]	[6.5]	[37.9]	[6.4]
Sales employees	45.4	10.4	45.5	10.2
[Male]	[45.4]	[10.5]	[45.6]	[10.3]
[Female]	[40.0]	[5.0]	[40.3]	[2.4]

## 10 Average Salary

### 10-01 Average salary (office employees)

	(Thousands of yen)	
For the years ended March 31,	2013	2014
Office employees	¥424	¥399

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

### 10-02 Average compensation (sales employees)

	(Thousands of yen)	
For the years ended March 31,	2013	2014
Sales employees	¥662	¥594

Note: The average monthly compensation is the tax-inclusive compensation in March for each fiscal year, excluding bonuses and commuting allowances.

## Financial Data

## Balance Sheets

Sony Assurance Inc.  
As of March 31, 2013 and 2014

(Millions of yen)

	2013		2014		Change
	Amount	Composition (%)	Amount	Composition (%)	
<b>Assets:</b>					
Cash and deposits	¥ 8,443	6.63%	¥ 6,912	4.84%	¥ (1,531)
Cash	0		0		
Deposits	8,443		6,911		
Securities	88,670	69.59	101,245	70.94	12,574
Japanese government bonds	68,646		79,685		
Japanese municipal bonds	9,648		11,579		
Japanese corporate bonds	8,452		7,661		
Japanese stocks	1,251		1,016		
Foreign securities	497		197		
Other securities	174		1,105		
Tangible fixed assets	1,160	0.91	3,105	2.18	1,944
Buildings	249		243		
Construction in progress	672		947		
Other tangible fixed assets	238		1,914		
Intangible fixed assets	7,515	5.90	8,283	5.80	768
Software	6,285		5,318		
Software in progress	1,226		2,963		
Other intangible fixed assets	3		1		
Other assets	17,677	13.87	18,450	12.93	772
Accrued premiums	1,199		1,250		
Due from reinsurers	9		10		
Due from foreign reinsurers	0		9		
Accounts receivable	11,892		12,304		
Accrued income	129		132		
Deposits	419		448		
Suspense payments	4,026		4,294		
Deferred tax assets	3,953	3.10	4,716	3.31	763
<b>Total Assets</b>	<b>¥127,421</b>	<b>100.00%</b>	<b>¥142,714</b>	<b>100.00%</b>	<b>¥15,293</b>

(Millions of yen)

	2013		2014		Change
	Amount	Composition (%)	Amount	Composition (%)	
<b>Liabilities:</b>					
Underwriting reserves	¥ 99,209	77.86%	¥110,741	77.60%	¥11,531
Reserve for outstanding losses	28,599		32,698		
Underwriting reserves	70,609		78,043		
Other liabilities	6,537	5.13	8,543	5.99	2,006
Due to reinsurers	45		67		
Due to foreign reinsurers	7		16		
Income taxes payable	227		2,159		
Deposits received	11		12		
Accounts payable	1,980		2,364		
Suspense receipt	4,264		3,923		
Reserve for employees' retirement benefits	850	0.67	969	0.68	119
Reserve for directors' retirement benefits	53	0.04	22	0.02	(31)
Reserve for employees' bonuses	756	0.59	918	0.64	161
Reserve for price fluctuations and others	80	0.06	101	0.07	21
Reserve for price fluctuations	80		101		
Total Liabilities	107,487	84.36	121,295	84.99	13,808
<b>Net Assets:</b>					
Common stock	20,000	15.70	20,000	14.01	
Capital surplus	20,000	15.70	20,000	14.01	
Capital reserve	20,000		20,000		
Retained deficits	(20,492)	(16.08)	(18,828)	(13.19)	1,664
Other retained deficits	(20,492)		(18,828)		
Unappropriated retained deficits	(20,492)		(18,828)		
Total shareholders' equity	19,507	15.31	21,171	14.84	1,664
Net unrealized gains on other securities, net of taxes	426	0.33	246	0.17	(179)
Total valuation and translation adjustments	426	0.33	246	0.17	(179)
Total Net Assets	19,934	15.64	21,418	15.01	1,484
Total Liabilities and Net Assets	¥127,421	100.00%	¥142,714	100.00%	¥15,293

## Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014	Change
Ordinary Revenues	¥84,711	¥89,864	¥ 5,152
Underwriting income	83,615	88,639	5,024
Net premiums written	83,582	88,600	5,017
Interest and dividends on deposits of premiums	33	39	6
Investment income	1,021	1,198	177
Interest income and dividends	1,027	1,209	181
Gains on sale of securities	26	25	(1)
Gains on redemption of securities	—	3	3
Transfer to interest and dividends on deposits of premiums	(33)	(39)	(6)
Other ordinary income	74	25	(48)
Ordinary Expenses	82,340	86,860	4,520
Underwriting expenses	61,830	65,469	3,639
Net losses paid	47,153	46,183	(970)
Loss adjustment expenses	5,656	6,367	711
Net commissions and brokerage fees	1,373	1,387	13
Provision for reserve for outstanding losses	4,407	4,098	(309)
Provision for underwriting reserves	3,238	7,433	4,195
Other underwriting expenses	0	0	0
Investment expenses	7	7	(0)
Losses on sale of securities	3	5	1
Losses on redemption of securities	3	2	(1)
Operating, general and administrative expenses	20,485	21,378	892
Other ordinary expenses	17	4	(12)
Ordinary Profit	2,371	3,003	632
Extraordinary Gains	—	—	—
Extraordinary Losses	59	106	46
Losses on sale or disposal of fixed assets	41	85	44
Provision for reserve for price fluctuations and others	18	21	2
Provision for reserve for price fluctuations	18	21	2
Income Before Income Taxes	2,311	2,897	585
Income Taxes—current	25	1,916	1,890
Income Taxes—deferred	831	(683)	(1,514)
Total Income Taxes	856	1,232	375
Net Income	¥ 1,454	¥ 1,664	¥ 209



## Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013								
	Shareholders' Equity						Valuation and Translation Adjustments		Total Net Assets
	Common stock	Capital surplus		Retained deficits		Total shareholders' equity	Net unrealized gains (losses) on other securities, net of taxes	Total valuation and translation adjustments	
		Capital reserve	Total capital surplus	Other retained deficits	Total retained deficits				
Unappropriated retained deficits									
Balance at the beginning of the fiscal year	¥20,000	¥20,000	¥20,000	¥(21,946)	¥(21,946)	¥18,053	¥ (44)	¥ (44)	¥18,009
Changes during the period									
Net income	—	—	—	1,454	1,454	1,454	—	—	1,454
Net changes of items other than shareholders' equity	—	—	—	—	—	—	470	470	470
Total changes during the period	—	—	—	1,454	1,454	1,454	470	470	1,925
Balance at the end of the current period	¥20,000	¥20,000	¥20,000	¥(20,492)	¥(20,492)	¥19,507	¥426	¥426	¥19,934

(Millions of yen)

	2014								
	Shareholders' Equity						Valuation and Translation Adjustments		Total Net Assets
	Common stock	Capital surplus		Retained deficits		Total shareholders' equity	Net unrealized gains (losses) on other securities, net of taxes	Total valuation and translation adjustments	
		Capital reserve	Total capital surplus	Other retained deficits	Total retained deficits				
				Unappropriated retained deficits					
Balance at the beginning of the fiscal year	¥20,000	¥20,000	¥20,000	¥(20,492)	¥(20,492)	¥19,507	¥ 426	¥ 426	¥19,934
Changes during the period									
Net income	—	—	—	1,664	1,664	1,664	—	—	1,664
Net changes of items other than shareholders' equity	—	—	—	—	—	—	(179)	(179)	(179)
Total changes during the period	—	—	—	1,664	1,664	1,664	(179)	(179)	1,484
Balance at the end of the current period	¥20,000	¥20,000	¥20,000	¥(18,828)	¥(18,828)	¥21,171	¥ 246	¥ 246	¥21,418

## Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2012 and 2013

(Millions of yen)

	2013	2014	Change
Cash flows from operating activities			
Income before income taxes	¥ 2,311	¥ 2,897	¥ 585
Depreciation and amortization	1,697	2,137	440
Increase in reserve for outstanding losses	4,407	4,098	(309)
Increase in underwriting reserves	3,238	7,433	4,195
Increase in reserve for employees' retirement benefits	133	119	(13)
Increase (decrease) in reserve for directors' retirement benefits	12	(31)	(43)
Increase in reserve for employees' bonuses	48	161	112
Increase in reserve for price fluctuations	18	21	2
Interest income and dividends	(1,027)	(1,209)	(181)
Gains on securities	(19)	(21)	(2)
Losses on tangible fixed assets	1	85	84
Losses on intangible fixed assets	40	—	(40)
Increase in other assets (excluding those related to investing and financing activities)	(755)	(970)	(215)
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	27	(3)	(31)
Subtotal	10,134	14,718	4,583
Interest and dividends received	1,264	1,396	131
Income taxes (paid) refund	(323)	201	524
Net cash provided by operating activities	11,075	16,315	5,239
Cash flows from investing activities			
Purchases of securities	(25,178)	(30,964)	(5,785)
Proceeds from sale and redemption of securities	21,166	18,891	(2,274)
Total of net cash used in investment transactions	(4,011)	(12,072)	(8,060)
[Total of net cash provided by operating activities and investment transactions]	[7,064]	[4,243]	[(2,820)]
Purchases of tangible fixed assets	(813)	(2,169)	(1,356)
Others, net	(3,268)	(2,674)	594
Net cash used in investing activities	(8,094)	(16,916)	(8,822)
Cash flows from financing activities			
Net cash provided by (used in) financing activities	—	—	—
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	2,981	(600)	(3,582)
Cash and cash equivalents at the beginning of the fiscal year	5,635	8,617	2,981
Cash and cash equivalents at the end of the fiscal year	¥ 8,617	¥ 8,017	¥ (600)

## 1 Loans by Borrower Category

(Millions of yen)

As of March 31,	2013	2014
Bankrupt and quasi-bankrupt loans	¥—	¥—
Doubtful loans	—	—
Sub-standard loans	—	—
Normal loans	—	—
Total	¥—	¥—

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

## 2 Risk-monitored Loans

(Millions of yen)

As of March 31,	2013	2014
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

### 3-01 Securities

(Millions of yen)

As of March 31,	2013		2014	
	Amount	Composition (%)	Amount	Composition (%)
Japanese government bonds	¥68,646	77.4%	¥ 79,685	78.7%
Japanese municipal bonds	9,648	10.9	11,579	11.4
Japanese corporate bonds	8,452	9.5	7,661	7.6
Japanese stocks	1,251	1.4	1,016	1.0
Foreign securities	497	0.6	197	0.2
Other securities	174	0.2	1,105	1.1
Total	¥88,670	100.0%	¥101,245	100.0%

### 3-02 Yield on securities (yield on investments)

%

For the years ended March 31,	2013	2014
Japanese government and corporate bonds	1.17%	1.25%
Japanese stocks	—	—
Foreign securities	1.95	2.41
Other securities	0.10	0.06
Total	1.17%	1.24%
Yield on investments	1.19	1.26
(Reference) Yield on investments (market value basis)	1.96	0.99

## 3-03 Balance of securities by remaining period

(Millions of yen)

As of March 31,	2013						
	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

(Millions of yen)

As of March 31,	2014						
	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	¥11,242	¥ 6,837	¥ 9,001	¥ 9,972	¥ 96	¥42,535	¥ 79,685
Japanese municipal bonds	2,203	3,057	2,334	2,276	91	1,617	11,579
Japanese corporate bonds	1,668	923	1,399	1,760	452	1,457	7,661
Japanese stocks	—	—	—	—	—	1,016	1,016
Foreign securities	—	—	—	102	94	—	197
Other securities	—	—	—	—	—	1,105	1,105
Total	¥15,113	¥10,817	¥12,735	¥14,111	¥735	¥47,731	¥101,245

## 3-04 Policy reserves and others

### Reserve for outstanding losses

(Millions of yen)

As of March 31,	2013	2014
Fire	¥ 1	¥ 3
Marine	152	108
Personal accident	648	575
Voluntary automobile	27,415	31,575
Compulsory automobile liability	382	435
Others	—	—
Total	¥28,599	¥32,698

### Underwriting reserves

(Millions of yen)

As of March 31,	2013	2014
Fire	¥ 254	¥ 352
Marine	42	91
Personal accident	30,061	34,358
Voluntary automobile	38,880	41,754
Compulsory automobile liability	1,370	1,486
Others	—	—
Total	¥70,609	¥78,043

## Breakdown of the balance of underwriting reserves

(Millions of yen)

As of March 31,	2013					Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	
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

(Millions of yen)

As of March 31,	2014					Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	
Fire	¥ 320	¥ 31	¥ 0	¥—	¥—	¥ 352
Marine	81	9	—	—	—	91
Personal accident	32,096	2,185	72	4	—	34,358
Voluntary automobile	35,528	6,225	—	—	—	41,754
Compulsory automobile liability	1,486	—	—	—	—	1,486
Others	—	—	—	—	—	—
Total	¥69,514	¥8,451	¥73	¥ 4	¥—	¥78,043

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

## 3-05 Calculation method for underwriting reserves

For the years ended March 31,	2013	2014
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.

## 3-06 Other reserves

(Millions of yen)

(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

(Millions of yen)

	2013	2014			
		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	53	10	41	—	22
Reserve for employees' bonuses	756	918	756	—	918
Reserve for price fluctuations	80	21	—	—	101

## 4 Profit and Loss

### 4-01 Gains (losses) on sale of securities and devaluation losses on securities

(Millions of yen)

For the years ended March 31,	2013			2014		
	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	¥26	¥3	¥—	¥25	¥5	¥—
Japanese stocks	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Total	¥26	¥3	¥—	¥25	¥5	¥—

### 4-02 Gains (losses) on trading securities

Not applicable

### 4-03 Operating expenses (including loss adjustment expenses)

(Millions of yen)

For the years ended March 31,	2013	2014
Personnel expenses	¥ 7,725	¥ 8,511
Non-personnel expenses	17,787	18,571
Taxes	629	662
Contribution to fire prevention and traffic accident prevention	0	0
Contribution to Non-life Insurance Policyholders Protection Corporation of Japan	—	—
Net commissions and brokerage fees	1,373	1,387
Total	¥27,515	¥29,133

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.

### 4-04 Losses on sale or disposal of fixed assets

(Millions of yen)

For the years ended March 31,	2013		2014	
	Gains	Losses	Gains	Losses
Land and buildings	¥—	¥ 0	¥—	¥—
Other tangible fixed assets	—	0	—	85
Intangible fixed assets	—	40	—	—
Total	¥—	¥41	¥—	¥85

## 5 Fair Value Information, etc.

### 5-01 Securities

#### Trading-purpose securities

Not applicable

#### Held-to-maturity securities

(Millions of yen)

As of March 31,	2013			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount						
Japanese government and corporate bonds	¥73,019	¥79,207	¥6,188	¥73,217	¥77,844	¥4,626
Foreign securities	497	516	19	197	216	18
Subtotal	73,516	79,723	6,207	73,414	78,060	4,645
Fair value is lower than balance sheet amount						
Japanese government and corporate bonds	—	—	—	873	869	(3)
Foreign securities	—	—	—	—	—	—
Subtotal	—	—	—	873	869	(3)
Total	¥73,516	¥79,723	¥6,207	¥74,288	¥78,930	¥4,642

#### Stock of subsidiaries and affiliated companies

Not applicable

#### Available-for-sale securities

(Millions of yen)

As of March 31,	2013			2014		
	Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost						
Japanese government and corporate bonds	¥12,524	¥12,421	¥102	¥19,414	¥19,341	¥ 73
Japanese stocks	1,251	729	522	1,016	729	286
Others	—	—	—	—	—	—
Subtotal	13,775	13,151	624	20,430	20,071	359
Balance sheet amount is lower than acquisition cost						
Japanese government and corporate bonds	1,204	1,212	(8)	5,421	5,425	(3)
Japanese stocks	—	—	—	—	—	—
Others	174	174	—	1,105	1,105	—
Subtotal	1,378	1,387	(8)	6,526	6,530	(3)
Total	¥15,154	¥14,538	¥616	¥26,957	¥26,601	¥356

#### Available-for-sale securities sold during the year

(Millions of yen)

For the year ended March 31,	2013			2014		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
Japanese government and corporate bonds	¥1,605	¥26	¥3	¥4,121	¥25	¥5

# Performance Indicators of Sony Assurance

## 1 Principal Indicators of Operating Performance

(Millions of yen)

For the years ended March 31,	2010	2011	2012	2013	2014
Net premiums written	¥67,440	¥73,343	¥79,141	¥83,582	¥88,600
Year-on-year change	10.4%	8.8%	7.9%	5.6%	6.0%
Underwriting profit	1,979	1,469	2,109	1,398	1,874
Year-on-year change	18.9%	(25.8%)	43.5%	(33.7%)	34.0%
Ordinary revenues	68,174	74,166	80,096	84,711	89,864
Year-on-year change	10.2%	8.8%	8.0%	5.8%	6.1%
Ordinary profit	2,565	2,144	2,859	2,371	3,003
Year-on-year change	17.8%	(16.4%)	33.3%	(17.1%)	26.7%
Net income	1,604	1,297	1,299	1,454	1,664
Year-on-year change	—	(19.2%)	0.2%	11.9%	14.4%
Net loss ratio	57.2%	60.0%	63.3%	63.2%	59.3%
Net expense ratio	26.1%	25.5%	25.7%	26.0%	25.6%
Interest income and dividends	688	784	873	1,027	1,209
Year-on-year change	0.6%	13.9%	11.4%	17.6%	17.7%
Yield on investments (income basis)	0.93%	0.95%	0.98%	1.09%	1.17%
Yield on investments (realized basis)	0.94%	0.97%	1.01%	1.11%	1.19%
Securities	73,234	80,608	84,474	88,670	101,245
Loans	—	—	—	—	—
Underwriting reserves	58,125	64,073	67,371	70,609	78,043
Common stock	20,000	20,000	20,000	20,000	20,000
Number of shares issued and outstanding (shares)	400,000	400,000	400,000	400,000	400,000
Total net assets	15,482	16,772	18,009	19,934	21,418
Total assets	98,340	109,382	118,612	127,421	142,714
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	15.7%	15.3%	15.2%	15.6%	15.0%
Dividend payout ratio	—	—	—	—	—
Non-consolidated solvency margin ratio	1,018.5%	981.4%	557.8%	504.2%	527.6%
Number of employees	814	922	979	1,079	1,090

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

### 2-01 Direct premiums written

(Millions of yen)

For the years ended March 31,	2013			2014		
	Amount	Composition (%)	YoY change (%)	Amount	Composition (%)	YoY change (%)
Fire	¥ 236	0.3%	34.1%	¥ 275	0.3%	16.4%
Marine	—	—	—	—	—	—
Personal accident	7,898	9.6	6.4	8,360	9.6	5.8
Voluntary automobile	74,406	90.1	5.2	78,735	90.1	5.8
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	¥82,541	100.0%	5.4%	¥87,370	100.0%	5.9%
Direct net premiums written per employee	¥ 76		(4.4%)	¥ 80		4.8%

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.



## Performance Indicators of Sony Assurance

### 2-02 Net premiums written

(Millions of yen)

For the years ended March 31,	2013			2014		
	Amount	Composition (%)	YoY change (%)	Amount	Composition (%)	YoY change (%)
Fire	¥ 86	0.1%	19.3%	¥ 104	0.1%	19.9%
Marine	142	0.2	56.9	153	0.2	8.0
Personal accident	8,138	9.7	6.7	8,613	9.7	5.8
Voluntary automobile	74,140	88.7	5.2	78,473	88.6	5.8
Compulsory automobile liability	1,075	1.3	20.3	1,255	1.4	16.8
Others	—	—	—	—	—	—
Total	¥83,582	100.0%	5.6%	¥88,600	100.0%	6.0%

Note: Net premiums written = Direct net premiums written + Assumed net premiums written – Ceded net premiums written

### 2-03 Net losses paid, net loss ratio

(Millions of yen)

For the years ended March 31,	2013			2014		
	Amount	Composition (%)	Net loss ratio (%)	Amount	Composition (%)	Net loss ratio (%)
Fire	¥ 1	0.0%	22.1%	¥ 3	0.0%	12.1%
Marine	185	0.4	130.7	129	0.3	84.3
Personal accident	1,957	4.2	27.0	2,066	4.5	27.2
Voluntary automobile	44,004	93.3	66.6	42,860	92.8	62.4
Compulsory automobile liability	1,004	2.1	93.5	1,123	2.4	89.5
Others	—	—	—	—	—	—
Total	¥47,153	100.0%	63.2%	¥46,183	100.0%	59.3%

Notes: 1. Net losses paid = Direct net losses paid + Assumed net losses paid – Reinsurance losses recovered  
2. Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written

### 2-04 Expenses and net expense ratio related to underwriting

(Millions of yen)

For the years ended March 31,	2013	2014
Expenses related to underwriting	¥21,760	¥22,681
Operating, general and administrative expenses related to underwriting	20,386	21,293
Net commissions and brokerage fees	1,373	1,387
Net expense ratio	26.0%	25.6%

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

### 2-05 Underwriting profit

(Millions of yen)

For the years ended March 31,	2013	2014
Underwriting income	¥83,615	¥88,639
Underwriting expenses	61,830	65,469
Operating, general and administrative expenses	20,386	21,293
Other income (expenses)	(0)	(1)
Underwriting profit	¥ 1,398	¥ 1,874

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.

## Performance Indicators of Sony Assurance

### Underwriting profit by type of policy

(Millions of yen)

For the years ended March 31,

	2013	2014
Fire	¥ (80)	¥ (51)
Marine	(19)	14
Personal accident	9	(204)
Voluntary automobile	1,490	2,116
Compulsory automobile liability	—	—
Others	—	—
Total	¥1,398	¥1,874

### 2-06 Net loss ratio, net expense ratio and combined ratio

%

For the years ended March 31,

	2013			2014		
	Net loss ratio	Net expense ratio	Combined ratio	Net loss ratio	Net expense ratio	Combined ratio
Fire	22.1%	60.2%	82.3%	12.1%	40.9%	53.0%
Marine	130.7	3.4	134.1	84.3	3.7	88.0
Personal accident	27.0	25.0	52.0	27.2	26.1	53.3
Voluntary automobile	66.6	26.5	93.2	62.4	26.0	88.3
Compulsory automobile liability	93.5	—	93.5	89.5	—	89.5
Others	—	—	—	—	—	—
Total	63.2%	26.0%	89.2%	59.3%	25.6%	84.9%

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

## 3 Asset Management

### 3-01 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.

### 3-02 Overview of asset management

(Millions of yen)

As of March 31,

	2013		2014	
	Amount	Composition (%)	Amount	Composition (%)
Cash and deposits	¥ 8,443	6.6%	¥ 6,911	4.8%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for transactions in debentures	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	—	—	—	—
Securities	88,670	69.6	101,245	70.9
Loans	—	—	—	—
Land and buildings	249	0.2	243	0.2
Total	97,363	76.4	108,400	76.0
Total assets	¥127,421	100.0%	¥142,714	100.0%

## Performance Indicators of Sony Assurance

### 3-03 Interest income and dividends, yield on investments (income basis)

(Millions of yen)

For the years ended March 31,	2013		2014	
	Amount	Yield (%)	Amount	Yield (%)
Cash and deposits	¥ 1	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	1,026	1.17	1,208	1.24
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	1,027	1.09	1,209	1.17
Others	0	—	0	—
Total	¥1,027	—	¥1,209	—
Yield on investments (realized basis)	1.11%		1.19%	
(Reference) Yield on investments (market value basis)	1.84		0.93	

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

### 3-04 Overseas investment

(Millions of yen)

As of March 31,	2013		2014	
	Amount	Composition (%)	Amount	Composition (%)
Foreign currency denominated				
Foreign bonds	¥ —	—%	¥ —	—%
Foreign stocks	—	—	—	—
Others	—	—	—	—
Subtotal	—	—	—	—
Yen denominated				
Loans to borrowers outside Japan	—	—	—	—
Foreign bonds	497	100.0	197	100.0
Others	—	—	—	—
Subtotal	497	100.0	197	100.0
Total	¥497	100.0%	¥197	100.0%
Yield on overseas investments				
Yield on investments (income basis)	1.95%		2.41%	
Yield on investments (realized basis)	1.95%		2.41%	
(Reference) Yield on investments (market value basis)	1.95%		2.41%	

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

(Millions of yen)

As of March 31,	2013	2014
(A) Total non-consolidated solvency margin	¥27,370	¥30,118
Capital or treasury	19,507	21,171
Reserve for price fluctuations	80	101
Contingency reserve	63	73
Catastrophe reserve	7,164	8,451
General reserve for possible loan losses	—	—
Net unrealized gains on other securities (before subtracting tax effects)	554	320
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		
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2 + R_5 + R_6}$	10,855	11,416
Ordinary insurance risk $R_1$	9,865	10,386
Third-sector insurance risk $R_2$	—	—
Assumed interest rate risk $R_3$	67	77
Asset management risk $R_4$	485	662
Business management risk $R_5$	331	353
Major catastrophe risk $R_6$	643	649
(C) Non-consolidated solvency margin ratio		
$[(A)/\{(B) \times (1/2)\}] \times 100$	504.2%	527.6%

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

- 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.

- Reserve for price fluctuations

The reserve for price fluctuations shown on the balance sheet.

- Contingency reserve

The contingency reserve included in underwriting reserves shown on the balance sheet.

- 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.

- 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.

- 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).

- 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.

- 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.

- 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.

## Financial Data (Consolidated)

## Consolidated Balance Sheets

Sony Bank Inc. and consolidated subsidiaries  
As of March 31, 2013 and 2014

(Millions of yen)

	2013	2014
<b>Assets:</b>		
Cash and due from banks	¥ 62,322	¥ 174,865
Call loans and bills bought	10,000	6,000
Monetary trusts	18,182	20,484
Securities	906,796	771,760
Loans	970,226	1,057,419
Foreign exchanges	7,954	7,752
Other assets	32,997	26,012
Tangible fixed assets	1,108	1,186
Buildings	262	263
Leased assets	117	87
Other tangible fixed assets	729	836
Intangible fixed assets	4,587	4,594
Software	4,325	4,412
Goodwill	258	179
Other intangible fixed assets	3	3
Deferred tax assets	91	165
Allowance for loan losses	(1,641)	(1,527)
Total Assets	¥2,012,627	¥2,068,713

## Sony Bank Financial Data (Consolidated)

(Millions of yen)

	2013	2014
<b>Liabilities:</b>		
Deposits	¥1,857,447	¥1,890,022
Call money and bills sold	10,000	6,000
Borrowed money	22,000	40,000
Foreign exchanges	87	40
Other liabilities	52,338	56,731
Reserve for employees' bonuses	619	658
Reserve for employees' retirement benefits	516	—
Net defined benefit liability	—	727
Reserve for directors' retirement benefits	108	51
Provision for point card certificates	98	87
Deferred tax liabilities	275	553
Total Liabilities	1,943,493	1,994,872
<b>Net Assets:</b>		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	12,489	15,939
Total shareholders' equity	64,489	67,939
Net unrealized gains on other securities, net of taxes	6,536	7,255
Net deferred losses on hedging instruments, net of taxes	(3,231)	(2,571)
Foreign currency translation adjustment	—	0
Remeasurements of defined benefit plans, net of taxes	—	(57)
Total accumulated other comprehensive income	3,304	4,626
Minority interests	1,339	1,275
Total Net Assets	69,134	73,840
Total Liabilities and Net Assets	¥2,012,627	¥2,068,713

## Consolidated Statements of Income

Sony Bank Inc. and consolidated subsidiaries  
For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Ordinary Revenues	¥34,328	¥35,795
Interest income	25,954	26,328
Interest income on loans	13,877	14,134
Interest income and dividends on securities	12,007	12,077
Interest income on call loans and bills bought	13	8
Interest income on deposits with banks	55	107
Other interest income	0	0
Fees and commissions	5,444	5,137
Other operating income	2,815	4,174
Other ordinary income	114	155
Income from monetary trusts, net	15	21
Others	99	134
Ordinary Expenses	29,874	30,159
Interest expenses	7,886	6,400
Interest expenses on deposits	6,296	4,905
Interest expenses on call money and bills sold	10	6
Interest expenses on borrowed money	222	260
Other interest expenses	1,356	1,227
Fees and commissions	2,648	2,957
Other operating expenses	2,534	3,411
General and administrative expenses	16,419	17,090
Other ordinary expenses	385	298
Provision of allowance for loan losses	325	246
Other ordinary expenses	60	52
Ordinary Profit	4,454	5,636
Extraordinary Losses	367	12
Losses on disposal of fixed assets	51	10
Losses on sale of shares of subsidiaries and affiliates	315	—
Other extraordinary losses	0	1
Income Before Income Taxes	4,086	5,624
Income Taxes—current	490	2,462
Income Taxes—deferred	240	(244)
Total Income Taxes	730	2,217
Income Before Minority Interests	3,356	3,407
Minority Interests (loss)	78	(42)
Net Income	¥ 3,277	¥ 3,449

## Consolidated Statements of Comprehensive Income

Sony Bank Inc. and consolidated subsidiaries  
For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Income Before Minority Interests	¥3,356	¥3,407
Other Comprehensive Income	4,135	1,299
Net unrealized gains on other securities, net of taxes	4,768	719
Net deferred gains (losses) on hedging instruments, net of taxes	(633)	659
Foreign currency translation adjustment	—	0
Remeasurements of defined benefit plans, net of taxes	—	(79)
Comprehensive Income	7,492	4,706
Comprehensive income attributable to parent company	7,413	4,770
Comprehensive income attributable to minority interests	78	(64)



# Consolidated Statements of Changes in Net Assets

Sony Bank Inc. and consolidated subsidiaries  
For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013			
	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the current period	¥31,000	¥21,000	¥ 9,212	¥61,212
Changes during the period				
Net income	—	—	3,277	3,277
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	3,277	3,277
Balance at the end of the current period	¥31,000	¥21,000	¥12,489	¥64,489

(Millions of yen)

(millions of yen)

	2013						
	Accumulated Other Comprehensive Income					Minority Interests	Total Net Assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	¥1,767	¥(2,597)	¥—	¥—	¥ (830)	¥1,260	¥61,642
Changes during the period							
Net income	—	—	—	—	—	—	3,277
Net changes of items other than shareholders' equity	4,768	(633)	—	—	4,135	78	4,214
Total changes during the period	4,768	(633)	—	—	4,135	78	7,492
Balance at the end of the current period	¥6,536	¥(3,231)	¥—	¥—	¥3,304	¥1,339	¥69,134

(Continued on next page)

# Consolidated Statements of Changes in Net Assets (Continued)

(Millions of yen)

	2014			
	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the current period	¥31,000	¥21,000	¥12,489	¥64,489
Changes during the period				
Net income	—	—	3,449	3,449
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	3,449	3,449
Balance at the end of the current period	¥31,000	¥21,000	¥15,939	¥67,939

(Millions of yen)

	2014						
	Accumulated Other Comprehensive Income					Minority Interests	Total Net Assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	¥6,536	¥(3,231)	¥—	¥ —	¥3,304	¥1,339	¥69,134
Changes during the period							
Net income	—	—	—	—	—	—	3,449
Net changes of items other than shareholders' equity	719	659	0	(57)	1,321	(64)	1,256
Total changes during the period	719	659	0	(57)	1,321	(64)	4,706
Balance at the end of the current period	¥7,255	¥(2,571)	¥ 0	¥(57)	¥4,626	¥1,275	¥73,840

## Consolidated Statements of Cash Flows

Sony Bank Inc. and consolidated subsidiaries  
For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Cash flows from operating activities		
Income before income taxes	¥ 4,086	¥ 5,624
Depreciation and amortization	1,809	1,808
Amortization of goodwill	79	79
Increase (decrease) in allowance for loan losses	6	(114)
Increase in reserve for employees' bonuses	17	39
Increase in reserve for employees' retirement benefits	75	—
Increase in net defined benefit liability	—	86
Increase (decrease) in reserve for directors' retirement benefits	15	(56)
Increase (decrease) in provision for point card certificates	3	(10)
Interest income	(25,954)	(26,328)
Interest expenses	7,886	6,400
(Gains) losses on securities	(2,562)	2,908
Gains on monetary trusts	(15)	(21)
Exchange gains	(36,761)	(29,375)
Losses on disposal of fixed assets	57	13
Net increase in loans	(134,664)	(87,193)
Net increase in deposits	96,271	33,466
Net increase in borrowed money (excluding subordinated borrowings)	—	20,000
Net decrease in foreign exchange (assets)	981	202
Net increase (decrease) in foreign exchange (liabilities)	51	(47)
Interest income	29,560	30,180
Interest expenses	(8,349)	(6,551)
Others, net	2,620	9,542
Subtotal	(64,783)	(39,345)
Income taxes paid	(2,073)	46
Net cash used in operating activities	(66,857)	(39,299)
Cash flows from investing activities		
Purchases of securities	(279,518)	(189,416)
Proceeds from sale of securities	82,954	183,378
Proceeds from redemption of securities	238,488	164,766
Investments in monetary trusts	(4,942)	(2,301)
Purchases of tangible fixed assets	(302)	(262)
Purchases of intangible fixed assets	(1,310)	(1,682)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	505	—
Others	2	(11)
Net cash provided by investing activities	35,876	154,470
Cash flows from financing activities		
Increase in subordinated borrowings	10,000	—
Net decrease in subordinated borrowings	—	(2,000)
Payments for leased obligations	(42)	(31)
Proceeds from securitization of receivables	(6,500)	(600)
Proceeds from sale and leaseback	276	—
Net cash provided by (used in) financing activities	3,733	(2,631)
Effect of exchange rate changes on cash and cash equivalents	3	3
Net increase (decrease) in cash and cash equivalents	(27,244)	112,543
Cash and cash equivalents at the beginning of the fiscal year	89,567	62,322
Cash and cash equivalents at the end of the fiscal year	¥ 62,322	¥ 174,865

## Financial Data (Non-consolidated)

## Balance Sheets

Sony Bank Inc.

As of March 31, 2013 and 2014

(Millions of yen)

	2013	2014
<b>Assets:</b>		
Cash and due from banks	¥ 61,936	¥ 171,227
Cash	30	28
Due from banks	61,905	171,198
Call loans	10,000	6,000
Monetary trusts	18,182	20,484
Securities	908,847	773,811
Japanese government bonds	194,000	96,823
Japanese municipal bonds	61,251	56,770
Japanese corporate bonds	202,401	159,524
Japanese stocks	2,050	2,050
Other securities	449,142	458,641
Loans	970,226	1,057,419
Loans on deed	963,371	1,051,697
Overdrafts	6,854	5,722
Foreign exchanges	7,954	7,752
Due from foreign banks	7,954	7,752
Other assets	26,062	17,995
Domestic exchange settlement account debit	74	719
Prepaid expenses	62	123
Accrued income	4,751	4,195
Initial margins of futures markets	—	100
Derivatives	11,514	5,608
Accounts receivable	5,385	3,358
Others	4,273	3,890
Tangible fixed assets	838	795
Buildings	238	221
Leased assets	0	0
Other tangible fixed assets	598	573
Intangible fixed assets	2,674	2,746
Software	2,671	2,743
Other intangible fixed assets	2	2
Allowance for loan losses	(1,641)	(1,527)
<b>Total Assets</b>	<b>¥2,005,081</b>	<b>¥2,056,704</b>

## Sony Bank Financial Data (Non-consolidated)

(Millions of yen)

	2013	2014
<b>Liabilities:</b>		
Deposits	¥1,857,447	¥1,890,022
Ordinary deposits	382,611	509,503
Time deposits	1,082,392	1,014,426
Other deposits	392,444	366,092
Call money	10,000	6,000
Borrowed money	22,000	40,000
Borrowed money	22,000	40,000
Foreign exchanges	87	40
Foreign bills sold	—	9
Foreign bills payable	87	30
Other liabilities	46,238	46,021
Unsettled exchange payable	67	—
Income taxes payable	5	2,284
Accrued expenses	4,224	4,239
Unearned revenue	0	—
Initial margins of futures markets	16,975	19,846
Derivatives	24,188	18,624
Leased obligation	0	0
Asset retirement obligations	118	120
Others	657	906
Reserve for employees' bonuses	561	598
Reserve for employees' retirement benefits	461	544
Reserve for directors' retirement benefits	98	44
Provision for point card certificates	98	87
Deferred tax liabilities	275	568
Total Liabilities	1,937,270	1,983,929
<b>Net Assets:</b>		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Capital reserves	21,000	21,000
Retained earnings	12,506	16,091
Other retained earnings	12,506	16,091
Unappropriated retained earnings	12,506	16,091
Total shareholders' equity	64,506	68,091
Net unrealized gains on other securities, net of taxes	6,536	7,255
Net deferred losses on hedging instruments, net of taxes	(3,231)	(2,571)
Total valuation and translation adjustments	3,304	4,683
Total Net Assets	67,811	72,774
Total Liabilities and Net Assets	¥2,005,081	¥2,056,704

## Statements of Income

Sony Bank Inc.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013	2014
Ordinary Revenues	¥31,351	¥33,303
Interest income	25,948	26,328
Interest income on loans	13,871	14,134
Interest income and dividends on securities	12,007	12,077
Interest income on call loans	13	8
Interest income on deposits with banks	55	107
Other interest income	—	0
Fees and commissions	2,465	2,645
Fees and commissions on domestic and foreign exchanges	148	149
Other fees and commissions	2,316	2,496
Other operating income	2,815	4,174
Gains on foreign exchange transactions	1,874	2,782
Gains on sale of bonds	794	1,354
Gains on redemption of bonds	145	0
Gains on derivatives	—	36
Other ordinary income	122	155
Income from monetary trusts, net	14	21
Others	107	134
Ordinary Expenses	27,068	27,458
Interest expenses	7,850	6,396
Interest expenses on deposits	6,297	4,905
Interest expenses on call money	10	6
Interest expenses on borrowed money	186	256
Interest expenses on interest rate swaps	1,355	1,227
Other interest expenses	—	0
Fees and commissions	2,344	2,668
Fees and commissions on domestic and foreign exchanges	93	107
Other fees and commissions	2,250	2,560
Other operating expenses	2,534	3,411
Losses on sale of bonds	2,091	2,358
Losses on redemption of bonds	—	1,053
Expenses from derivatives other than for trading or hedging	442	—
General and administrative expenses	13,955	14,684
Other ordinary expenses	384	297
Provision of allowance for loan losses	325	246
Write-off of loans	11	3
Others	47	47
Ordinary Profit	4,282	5,845
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	1,491	5,845
Income Taxes—current	487	2,460
Income Taxes—deferred	125	(200)
Total Income Taxes	612	2,260
Net Income	¥ 879	¥ 3,585

## Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2013 and 2014

(Millions of yen)

	2013							
	Shareholders' Equity							
	Common stock	Capital surplus			Earned reserve	Retained earnings		Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the current period	¥31,000	¥21,000	¥—	¥21,000	¥—	¥11,627	¥11,627	¥63,627
Changes during the period								
Net income	—	—	—	—	—	879	879	879
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the period	—	—	—	—	—	879	879	879
Balance at the end of the current period	¥31,000	¥21,000	¥—	¥21,000	¥—	¥12,506	¥12,506	¥64,506

(Millions of yen)

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

(Continued on next page)

# Statements of Changes in Net Assets (Continued)

(Millions of yen)

	2014							
	Shareholders' Equity							
	Common stock	Capital surplus			Earned reserve	Retained earnings		Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the current period	¥31,000	¥21,000	¥—	¥21,000	¥—	¥12,506	¥12,506	¥64,506
Changes during the period								
Net income	—	—	—	—	—	3,585	3,585	3,585
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the period	—	—	—	—	—	3,585	3,585	3,585
Balance at the end of the current period	¥31,000	¥21,000	¥—	¥21,000	¥—	¥16,091	¥16,091	¥68,091

(Millions of yen)

	2014			
	Valuation and Translation Adjustments			Total Net Assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the current period	¥6,536	¥(3,231)	¥3,304	¥67,811
Changes during the period				
Net income	—	—	—	3,585
Net changes of items other than shareholders' equity	719	659	1,378	1,378
Total changes during the period	719	659	1,378	4,963
Balance at the end of the current period	¥7,255	¥(2,571)	¥4,683	¥72,774



## 1 Loans by Borrower Category

(Millions of yen)

As of March 31,	2013	2014
Category		
Bankrupt and quasi-bankrupt loans	¥ 714	¥ 847
Doubtful loans	1,094	980
Sub-standard loans	2,222	1,882
Normal loans	978,005	1,064,528
Total	¥982,036	¥1,068,238

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,	2013	2014
Bankrupt loans	¥ 150	¥ 308
Non-accrual delinquent loans	1,534	1,403
Past due loans (3 months or more)	—	—
Restructured loans	2,220	1,880
Total	¥3,905	¥3,592

## 3 Profit and Loss

### 3-01 Gross operating profit

(Millions of yen)

For the years ended March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	¥11,894	¥6,254	¥18,149	¥12,575	¥ 7,413	¥19,988
			[63]			[13]
Interest income	17,049	8,962	25,948	16,755	9,585	26,328
			[63]			[13]
Interest expenses	5,155	2,707	7,798	4,180	2,172	6,339
Net fees and commissions	14	107	121	(99)	76	(22)
Fees and commissions received	2,332	132	2,465	2,534	110	2,645
Fees and commissions paid	2,318	25	2,344	2,634	34	2,668
Net trading income	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Net other operating income	(1,511)	1,793	281	(1,870)	2,633	762
Other operating income	144	2,670	2,815	425	3,749	4,174
Other operating expenses	1,656	877	2,534	2,295	1,116	3,411
Gross operating profit	10,397	8,154	18,551	10,605	10,123	20,729
Gross operating profit ratio	0.69%	1.86%	0.97%	0.71%	2.22%	1.06%

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 (¥51 million—FY2012, ¥57 million—FY2013).

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

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

## 3-02 Average balances, interests, yields and interest spreads of major investment and financing accounts

### Domestic division

(Millions of yen)

For the years ended March 31,	2013			2014		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
	[—]	[—]		[7,021]	[13]	
Investment accounts	¥1,491,347	¥17,049	1.14%	¥1,493,116	¥16,755	1.12%
Of which, loans	893,524	13,835	1.54	1,002,013	14,087	1.40
Securities	529,695	3,145	0.59	361,440	2,538	0.70
Call loans	10,082	13	0.13	6,690	8	0.13
Due from banks	58,045	55	0.09	115,951	107	0.09
	[25,696]	[63]		[—]	[—]	
Financing accounts	1,475,200	5,155	0.34	1,482,812	4,180	0.28
Of which, deposits	1,440,120	3,587	0.24	1,464,357	2,744	0.18
Call money	10,000	10	0.10	6,690	6	0.10
Borrowed money	13,616	186	1.37	31,183	256	0.82

Notes: 1. [ ] indicates the average balance and 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" (¥3,090 million—FY2012, ¥2,975 million—FY2013) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥14,233 million—FY2012, ¥19,419 million—FY2013) and the interest expenses on monetary trusts (¥49 million—FY2012, ¥54 million—FY2013) are excluded respectively.

### International division

(Millions of yen)

For the years ended March 31,	2013			2014		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
	[25,696]	[63]		[—]	[—]	
Investment accounts	¥436,698	¥8,962	2.05%	¥454,623	¥9,585	2.10%
Of which, loans	2,170	35	1.65	3,780	46	1.22
Securities	400,021	8,862	2.21	443,006	9,538	2.15
Call loans	—	—	—	—	—	—
Due from banks	—	—	—	—	—	—
	[—]	[—]		[7,021]	[13]	
Financing accounts	373,405	2,707	0.72	382,622	2,172	0.56
Of which, deposits	373,576	2,709	0.72	376,026	2,161	0.57
Call money	—	—	—	—	—	—
Borrowed money	—	—	—	1	0	0.57

Notes: 1. [ ] indicates the average balance and 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 (¥206 million—FY2012, ¥472 million—FY2013) and the interest expenses on monetary trusts (¥1 million—FY2012, ¥2 million—FY2013) are excluded respectively.

### Total

(Millions of yen)

For the years ended March 31,	2013			2014		
	Average balance	Interest	Yield (%)	Average balance	Interest	Yield (%)
Investment accounts	¥1,902,349	¥25,948	1.36%	¥1,940,719	¥26,328	1.35%
Of which, loans	895,694	13,871	1.54	1,005,793	14,134	1.40
Securities	929,716	12,007	1.29	804,446	12,077	1.50
Call loans	10,082	13	0.13	6,690	8	0.13
Due from banks	58,045	55	0.09	115,951	107	0.09
Financing accounts	1,822,910	7,798	0.42	1,858,413	6,339	0.34
Of which, deposits	1,813,697	6,297	0.34	1,840,383	4,905	0.26
Call money	10,000	10	0.10	6,690	6	0.10
Borrowed money	13,616	186	1.37	31,185	256	0.82

Note: In the investment accounts, the average balance of non-interest-bearing "due from banks" (¥3,090 million—FY2012, ¥2,975 million—FY2013) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥14,439 million—FY2012, ¥19,891 million—FY2013) and the interest expenses on monetary trusts (¥51 million—FY2012, ¥57 million—FY2013) are excluded respectively.

## Sony Bank Financial Data (Non-consolidated)

### Interest spread

(%)

For the years ended March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
Yield on investment	1.14%	2.05%	1.36%	1.12%	2.10%	1.35%
Yield on financing	0.34	0.72	0.42	0.28	0.56	0.34
Interest spread	0.79	1.32	0.93	0.84	1.54	1.01

### 3-03 Interest income and interest expenses

#### Domestic division

(Millions of yen)

For the years ended March 31,	2013			2014		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥1,019	¥ (779)	¥ 240	¥ 20	¥ (314)	¥(294)
Of which, loans	2,058	(1,455)	603	1,679	(1,427)	252
Securities	(256)	(117)	(373)	(999)	392	(606)
Call loans	0	(0)	(0)	(4)	(0)	(4)
Due from banks	5	4	10	55	(2)	52
Interest expenses	372	(728)	(356)	26	(1,001)	(974)
Of which, deposits	340	(242)	97	60	(903)	(843)
Call money	—	(0)	(0)	(3)	(0)	(3)
Borrowed money	117	(32)	85	241	(171)	69

#### International division

(Millions of yen)

For the years ended March 31,	2013			2014		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥ 305	¥ 432	¥ 738	¥367	¥ 255	¥ 623
Of which, loans	13	(5)	7	26	(16)	10
Securities	1,231	(390)	841	952	(276)	676
Call loans	—	—	—	—	—	—
Due from banks	—	—	—	—	—	—
Interest expenses	81	(763)	(682)	66	(602)	(535)
Of which, deposits	83	(763)	(680)	17	(565)	(547)
Call money	—	—	—	—	—	—
Borrowed money	—	—	—	—	0	0

#### Total

(Millions of yen)

For the years ended March 31,	2013			2014		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥1,992	¥ (903)	¥1,089	¥ 523	¥ (143)	¥ 379
Of which, loans	2,071	(1,460)	611	1,705	(1,442)	262
Securities	144	322	467	(1,617)	1,687	69
Call loans	0	(0)	(0)	(4)	(0)	(4)
Due from banks	5	4	10	55	(2)	52
Interest expenses	739	(1,667)	(927)	151	(1,611)	(1,459)
Of which, deposits	561	(1,144)	(583)	92	(1,483)	(1,391)
Call money	—	(0)	(0)	(3)	(0)	(3)
Borrowed money	117	(32)	85	241	(171)	69

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."

## 3-04 General and administrative expenses

(Millions of yen)

For the years ended March 31,	2013	2014
Salaries	¥ 2,983	¥ 3,323
Employee retirement benefits	81	103
Fringe benefit expenses	398	454
Depreciation and amortization	1,274	1,217
Leases on land, buildings and machinery	1,149	1,004
Maintenance fees	2,446	2,475
Repairs and utilities	5	7
Supplies expenses	163	171
Heat, light and water	32	33
Travel expenses	12	13
Communication expenses	726	685
Advertising expenses	795	990
Membership fees, donations and social expenses	16	13
Outsourcing	1,552	1,503
Taxes and public dues	543	560
Deposit insurance	894	980
Others	877	1,145
Total	¥13,955	¥14,684

## 4 Fair Value Information

### 4-01 Fair value information on securities

#### Trading-purpose securities

Not applicable

#### Held-to-maturity bonds

(Millions of yen)

As of March 31,	2013			2014		
	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	¥7,952	¥8,524	¥572	¥7,961	¥8,403	¥441
Japanese corporate bonds	418	442	23	360	379	18
Subtotal	8,371	8,966	595	8,322	8,782	459
Held-to-maturity bonds of which fair value does not exceed balance sheet amount						
Japanese government bonds	—	—	—	—	—	—
Japanese corporate bonds	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	¥8,371	¥8,966	¥595	¥8,322	¥8,782	¥459

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

## Sony Bank Financial Data (Non-consolidated)

### Available-for-sale securities

(Millions of yen)

As of March 31,	2013			2014		
	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	¥393,611	¥385,108	¥ 8,503	¥299,596	¥292,815	¥ 6,780
Japanese government bonds	136,251	132,193	4,057	86,361	82,951	3,410
Japanese municipal bonds	61,251	59,359	1,891	56,770	55,212	1,558
Japanese corporate bonds	196,109	193,555	2,554	156,463	154,652	1,811
Others	356,788	349,098	7,689	346,162	340,123	6,038
Foreign bonds	353,713	346,812	6,900	342,601	337,837	4,763
Others	3,075	2,286	789	3,561	2,286	1,275
Subtotal	750,400	734,206	16,193	645,758	632,939	12,819
Available-for-sale securities of which balance sheet amount does not exceed acquisition cost						
Bonds	55,670	56,180	(509)	5,200	5,200	(0)
Japanese government bonds	49,796	50,259	(462)	2,500	2,500	(0)
Japanese municipal bonds	—	—	—	—	—	—
Japanese corporate bonds	5,873	5,920	(46)	2,700	2,700	—
Others	92,354	94,011	(1,657)	112,478	113,017	(538)
Foreign bonds	88,352	88,965	(613)	112,478	113,017	(538)
Others	4,001	5,045	(1,043)	—	—	—
Subtotal	148,024	150,191	(2,167)	117,678	118,217	(538)
Total	¥898,425	¥884,398	¥14,026	¥763,437	¥751,157	¥12,280

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,	2013	2014
	Balance sheet amount	Balance sheet amount
Stocks of subsidiaries and affiliated companies		
Stocks of subsidiaries	¥2,050	¥2,050

## 4-02 Fair value information on monetary trusts

### Monetary trusts for investment

(Millions of yen)

As of March 31,	2013		2014	
	Balance sheet amount	Net valuation gains (losses) recorded in income for fiscal year	Balance sheet amount	Net valuation gains (losses) recorded in income for fiscal year
Monetary trusts for investment	¥442	¥—	¥484	¥—

### Monetary trusts for held-to-maturity

Not applicable

## Other monetary trusts

(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,					
Other monetary trusts	¥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."

(Millions of yen)

	2014				
	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,					
Other monetary trusts	¥20,000	¥20,000	¥—	¥—	¥—

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

## 4-03 Fair value information on derivatives

### Interest rate derivatives

[For the year ended March 31, 2013]

Derivatives for which hedge accounting is not applied

(Millions of yen)

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

As of March 31,			2013		
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.

[For the year ended March 31, 2014]

Derivatives for which hedge accounting is not applied

Not applicable

## Sony Bank Financial Data (Non-consolidated)

Derivatives for which hedge accounting is applied

(Millions of yen)

As of March 31,

Method	Type	Hedged item	2014		
			Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Interest rate swaps Floating rate receive/Fixed rate pay	Loans	¥ 46,974	¥ 45,292	¥ (1,446)
Fair value hedge accounting	Interest rate swaps Floating rate receive/Fixed rate pay	Available-for-sale securities (bonds)	366,597	313,539	(14,149)
Total			¥ —	¥ —	¥(15,595)

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, 2013]

Derivatives for which hedge accounting is not applied

(Millions of yen)

As of March 31,

Category	Type	2013			
		Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
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)

As of March 31,

Method	Type	Hedged item	2013		
			Notional amount	Notional amount over 1 year	Fair value
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.

## Sony Bank Financial Data (Non-consolidated)

[For the year ended March 31, 2014]

Derivatives for which hedge accounting is not applied

(Millions of yen)

As of March 31,		2014			
Category	Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
OTC:	Forward foreign exchanges				
	Sold	¥ 75,611	¥—	¥ (14)	¥ (14)
	Bought	126,400	—	585	585
	Foreign exchange margin transactions				
	Sold	41,601	—	(1,266)	(1,266)
	Bought	25,375	—	1,585	1,585
	Currency options				
	Sold	1,682	—	(6)	2
	Bought	2,570	—	18	(2)
	Currency forwards				
	Sold	45	—	(0)	(0)
	Bought	9,560	—	337	337
Total		¥ —	¥—	¥ 1,239	¥ 1,226

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)

As of March 31,			2014		
Method	Type	Hedged item	Notional amount	Notional amount over 1 year	Fair value
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	¥12,209	¥522	¥1,340
Total			¥ —	¥ —	¥1,340

Notes: 1. Fair value hedge accounting is mainly applied.

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



## Performance Indicators of Sony Bank (Non-consolidated)

## 1 Key Performance Indicators

(Millions of yen)

For the years ended March 31,	2010	2011	2012	2013	2014
Ordinary revenues	¥ 30,500	¥ 29,521	¥ 30,075	¥ 31,351	¥ 33,303
Ordinary profit	2,930	3,377	4,033	4,282	5,845
Net income	1,646	2,054	2,340	879	3,585
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	58,989	59,971	62,796	67,811	72,774
Total assets	1,612,186	1,761,830	1,890,503	2,005,081	2,056,704
Deposits	1,510,051	1,649,106	1,762,282	1,857,447	1,890,022
Loans	586,654	722,452	835,582	970,226	1,057,419
Securities	880,133	940,121	912,933	908,847	773,811
Non-consolidated capital adequacy ratio	12.09%	10.84%	11.58%	11.98%	11.72%
Dividend payout ratio	—	—	—	—	—
Number of employees	239	288	321	371	430

## 2 Status of Operation (Deposits)

## 2-01 Average and year-end balance of deposits by category

## Average balance

(Millions of yen)

For the years ended March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 349,049	¥167,413	¥ 516,463	¥ 433,586	¥190,219	¥ 623,805
Time and saving deposits	1,091,039	206,151	1,297,191	1,030,733	185,793	1,216,527
Other deposits	30	11	42	37	13	50
Total	¥1,440,120	¥373,576	¥1,813,697	¥1,464,357	¥376,026	¥1,840,383

## Year-end balance

(Millions of yen)

As of March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 382,611	¥190,866	¥ 573,477	¥ 509,503	¥184,136	¥ 693,640
Time and saving deposits	1,082,392	201,565	1,283,957	1,014,426	181,938	1,196,364
Other deposits	12	—	12	17	—	17
Total	¥1,465,015	¥392,431	¥1,857,447	¥1,523,947	¥366,074	¥1,890,022

Note: Floating deposits of the Domestic division include deposits from the parent company and its subsidiaries in the amount of ¥145 million and ¥52 million as of March 31, 2013 and 2014, respectively.

## 2-02 Balance of time deposit by remaining period

(Millions of yen)

As of March 31,	2013			2014		
	Fixed rate time deposits	Floating rate time deposits	Total	Fixed rate time deposits	Floating rate time deposits	Total
Less than 3 months	¥ 160,543	¥—	¥ 160,543	¥ 150,438	¥—	¥ 150,438
3 months or more, less than 6 months	584,983	—	584,983	496,488	—	496,488
6 months or more, less than 1 year	378,627	—	378,627	381,417	—	381,417
1 year or more, less than 2 years	36,578	—	36,578	35,243	—	35,243
2 years or more, less than 3 years	14,532	—	14,532	10,830	—	10,830
3 years or more	52,520	—	52,520	61,490	—	61,490
Total	¥1,227,785	¥—	¥1,227,785	¥1,135,909	¥—	¥1,135,909

Note: The above table does not include thrift saving deposits.

## 3 Status of Operation (Loans)

### 3-01 Average and year-end balance of loans by category

#### Average balance

(Millions of yen)

For the years ended March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	886,591	2,169	888,761	995,555	3,779	999,335
Overdrafts	6,932	0	6,933	6,457	0	6,457
Bills discounted	—	—	—	—	—	—
Total	¥893,524	¥2,170	¥895,694	¥1,002,013	¥3,780	¥1,005,793

#### Year-end balance

(Millions of yen)

As of March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	960,488	2,883	963,371	1,047,572	4,124	1,051,697
Overdrafts	6,854	0	6,854	5,722	—	5,722
Bills discounted	—	—	—	—	—	—
Total	¥967,342	¥2,883	¥970,226	¥1,053,295	¥4,124	¥1,057,419

### 3-02 Balance of loans by remaining period

(Millions of yen)

As of March 31,	2013			2014		
	Fixed interest rates	Floating interest rates	Total	Fixed interest rates	Floating interest rates	Total
Less than 1 year	¥ 60	¥ 16,618	¥ 16,678	¥ 149	¥ 18,761	¥ 18,911
Over 1 year, not exceeding 3 years	1,151	43,265	44,416	1,566	45,349	46,915
Over 3 years, not exceeding 5 years	3,947	30,363	34,311	3,841	25,126	28,967
Over 5 years, not exceeding 7 years	5,032	12,533	17,566	7,430	10,397	17,827
Over 7 years, not exceeding 10 years	17,860	18,586	36,446	21,259	20,899	42,159
Over 10 years	518,382	302,424	820,807	550,360	352,277	902,637
Total	¥546,435	¥423,790	¥970,226	¥584,607	¥472,812	¥1,057,419

### 3-03 Balance of loans by collateral

(Millions of yen)

As of March 31,	2013	2014
Pledged securities	¥ —	¥ —
Pledged receivables	—	—
Pledged merchandise	—	—
Pledged real estate	656,258	715,013
Others	—	—
Subtotal	656,258	715,013
Guaranteed	41,079	67,239
Credit	272,887	275,165
Total	¥970,226	¥1,057,419

## Performance Indicators of Sony Bank (Non-consolidated)

### 3-04 Balance of loans by industry

(Millions of yen)

As of March 31,	2013		2014	
	Balance	Composition (%)	Balance	Composition (%)
Individual	¥866,830	89.34%	¥ 955,161	90.33%
Corporation	103,395	10.66	102,257	9.67
Manufacturing industries	37,919	3.91	39,872	3.77
Construction	1,670	0.17	1,970	0.19
Electricity, gas, heat and water supplies	1,001	0.10	1,000	0.09
Information and telecommunications	1,996	0.21	620	0.06
Transportation/Mail services	10,661	1.10	9,921	0.94
Wholesalers/Retailers	13,876	1.43	12,156	1.15
Financial services/Insurance	8,276	0.85	10,933	1.03
Real estate/Goods leasing services	22,177	2.29	20,814	1.97
Various service	2,777	0.29	1,931	0.18
Local government	3,039	0.31	3,035	0.29
Total	¥970,226	100.00%	¥1,057,419	100.00%

### 3-05 Loan-deposit ratio: year-end and annual average

(%)

For the years ended March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year-end	66.02%	0.73%	52.23%	69.11%	1.12%	55.94%
Annual average	62.04	0.58	49.38	68.42	1.00	54.65

Note: Loan-deposit ratio =  $\frac{\text{Loan balance at year-end (annual average)}}{\text{Deposit balance at year-end (annual average)}} \times 100$

### 3-06 Allowance for loan losses: balance at the year-end and increase (decrease) during the year

(Millions of yen)

For the years ended March 31,	2013	2014
Allowance for loan losses balance at the year-end	¥1,641	¥1,527
Allowance for loan losses increase (decrease) during the year	6	(114)

### 3-07 Write-off loans

(Millions of yen)

For the years ended March 31,	2013	2014
Total	¥11	¥3

## 4 Status of Operation (Securities)

### 4-01 Average balance of securities under proprietary accounts by category

Not applicable

### 4-02 Balance of securities by category and remaining period

(Millions of yen)

As of March 31,	2013							
	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

(Millions of yen)

As of March 31,	2014							
	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	¥ 20,547	¥ 4,013	¥ 30,242	¥ 3,147	¥ 19,290	¥19,581	¥ —	¥ 96,823
Japanese municipal bonds	500	2,719	—	18,318	35,231	—	—	56,770
Japanese corporate bonds	58,101	31,676	8,264	19,407	41,713	360	—	159,524
Japanese stocks	—	—	—	—	—	—	2,050	2,050
Other securities	114,013	193,807	115,637	15,127	16,494	—	3,561	458,641
Of which, foreign bonds	114,013	193,807	115,637	15,127	16,494	—	—	455,080
Others	—	—	—	—	—	—	3,561	3,561
Total	¥193,163	¥232,217	¥154,144	¥56,001	¥112,730	¥19,942	¥5,612	¥773,811

### 4-03 Average and the year-end balance of securities by category

Average balance

(Millions of yen)

For the years ended March 31,	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥213,606	¥ —	¥213,606	¥117,504	¥ —	¥117,504
Japanese municipal bonds	51,769	—	51,769	55,749	—	55,749
Japanese corporate bonds	252,032	—	252,032	179,579	—	179,579
Japanese stocks	3,722	—	3,722	2,050	—	2,050
Other securities	8,564	400,021	408,586	6,555	443,006	449,562
Of which, foreign bonds	—	400,021	400,021	—	443,006	443,006
Others	8,564	—	8,564	6,555	—	6,555
Total	¥529,695	¥400,021	¥929,716	¥361,440	¥443,006	¥804,446

## Performance Indicators of Sony Bank (Non-consolidated)

### Year-end balance

(Millions of yen)

	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31,						
Japanese government bonds	¥194,000	¥ —	¥194,000	¥ 96,823	¥ —	¥ 96,823
Japanese municipal bonds	61,251	—	61,251	56,770	—	56,770
Japanese corporate bonds	202,401	—	202,401	159,524	—	159,524
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	7,076	442,065	449,142	3,561	455,080	458,641
Of which, foreign bonds	—	442,065	442,065	—	455,080	455,080
Others	7,076	—	7,076	3,561	—	3,561
Total	¥466,781	¥442,065	¥908,847	¥318,731	¥455,080	¥773,811

### 4-04 Securities-deposit ratio: year-end and annual average

(%)

	2013			2014		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31,						
At the year-end	31.86%	112.64%	48.92%	20.91%	124.31%	40.94%
Annual average	36.78	107.07	51.26	24.68	117.81	43.71

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

### 1-01 MCEV results

Sony Life's MCEV as of March 31, 2014 increased ¥156.6 billion due to the contribution of new business, the change in actuarial assumptions, the increase in interest rates and other factors. The breakdown is shown in the table below.

(Billions of yen)			
As of March 31,	2013	2014	Change
MCEV	¥1,064.7	¥1,221.3	¥156.6
Adjusted net worth	770.8	722.1	(48.7)
Value of existing business	293.9	499.1	205.3
New business value	41.6	55.2	13.6

### 1-02 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 decreased by ¥48.7 billion, primarily because of the decrease in unrealized gain on held-to-maturity securities caused by the increase in interest rates. The breakdown is shown in the table below.

(Billions of yen)			
As of March 31,	2013	2014	Change
Adjusted net worth	¥ 770.8	¥ 722.1	¥ (48.7)
Total net assets	342.3	369.2	26.9
Reserve for price fluctuations	32.3	41.6	9.3
Contingency reserve	59.6	63.7	4.1
Reserve for possible loan losses	0.0	0.0	0.0
Unrealized gains or losses on held-to-maturity securities	551.7	430.3	(121.4)
Unrealized gains or losses on land and buildings	19.4	19.4	0.0
Unfunded pension liabilities	(5.0)	(3.2)	1.8
Intangible fixed assets	(26.1)	(23.9)	2.2
Tax effect equivalent of above seven items	(193.8)	(162.5)	31.3
Valuation gain or loss on subsidiaries and affiliated companies	(9.6)	(12.5)	(2.9)

(Billions of yen)			
As of March 31,	2013	2014	Change
Adjusted net worth	¥770.8	¥722.1	¥ (48.7)
Free surplus	418.5	566.2	147.7
Required capital	352.3	156.0	(196.3)

Sony Life set its required capital as the larger of the amount of capital required for a solvency margin ratio of 200% or the amount of capital to cover risks based on an internal model based on economic value. The decrease in required capital at the end of the current fiscal year is due to a decrease in the economic value of technical provisions that mainly resulted from the increase in interest rates. Please refer to Section 3-07 for the method used to calculate required capital.

### 1-03 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 increased ¥205.3 billion due to the increase in interest rates, the contribution of new business, the change in actuarial assumptions and other factors. The breakdown is shown in the table below.

As of March 31,	2013	2014	Change
Value of existing business	¥ 293.9	¥ 499.1	¥205.3
Present value of certainty-equivalent profit	633.2	869.4	236.2
Time value of options and guarantees	(111.2)	(123.1)	(11.9)
Frictional costs	(13.9)	(9.2)	4.7
Cost of non-hedgeable risks	(214.2)	(237.9)	(23.7)

(Billions of yen)

### 1-04 New business value

Business included in the calculation of new business value covers only business acquired during the fiscal year ended March 31, 2014, 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, 2014 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 2014, actual investment gains and losses during the fiscal year ended March 31, 2014 are reflected. New business value increased by ¥13.6 billion primarily because of improved profitability caused primarily by the revision of insurance premium rates and the increase in interest rates. A breakdown of the value of new business is as follows:

As of March 31,	2013	2014	Change
Value of new business	¥ 41.6	¥ 55.2	¥13.6
Present value of certainty-equivalent profit	74.1	84.9	10.8
Time value of options and guarantees	(12.4)	(9.4)	3.0
Frictional costs	(0.2)	(0.3)	(0.0)
Cost of non-hedgeable risks	(19.9)	(20.0)	(0.1)

(Billions of yen)

### 1-05 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 premiums before the deduction of reinsurance premiums.

As of March 31,	2013	2014	Change
Value of new business	¥ 41.6	¥ 55.2	¥ 13.6
Present value of premium income	1,187.5	1,069.7	(117.7)
Value of new business / Present value of premium income	3.5%	5.2%	1.7 points

(Billions of yen)

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, 2014 were as follows:

As of March 31,	2013	2014	Change
New business single premium	¥118.4	¥165.5	¥ 47.1
Annualized premiums from level premium new business*1	103.9	84.8	(19.1)
Average annualization multiplier*2	10.29	10.66	0.38

(Billions of yen)

\*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.

**1-06 Reconciliation analysis from MCEV at the end of the prior year**

The table below shows the reconciliation analysis of MCEV as of March 31, 2014, from MCEV as of March 31, 2013. The format of the table is in line with the format prescribed by the European Insurance CFO Forum Market Consistent Embedded Value Principles<sup>®\*</sup> (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, 2013)	¥418.5	¥ 352.3	¥293.9	¥1,064.7
Opening adjustments	(13.3)	—	—	(13.3)
Adjusted opening MCEV	405.2	352.3	293.9	1,051.4
New business value	—	—	55.2	55.2
Expected existing business contribution (risk-free rate)	0.3	0.2	13.1	13.5
Expected existing business contribution (in excess of risk free rate)	0.9	0.7	6.7	8.3
Transfers from value of existing business and required capital to free surplus	4.4	(31.3)	26.8	—
<i>Of which, on new business</i>	<i>(44.7)</i>	<i>—</i>	<i>44.7</i>	<i>—</i>
Experience variances	36.6	(34.0)	(2.2)	0.5
Assumption changes	(0.5)	0.5	35.5	35.5
Other operating variance	30.6	(30.6)	0.6	0.6
Operating MCEV earnings	72.4	(94.5)	135.7	113.6
Economic variances	89.5	(101.5)	69.0	57.0
Other non-operating variance	(0.9)	(0.3)	0.6	(0.7)
Total MCEV earnings	161.0	(196.3)	205.3	169.9
Closing adjustments	—	—	—	—
Closing MCEV (MCEV as of March 31, 2014)	¥566.2	¥156.0	¥499.1	¥1,221.3

**(1) Opening adjustments**

These adjustments reflect changes in dividends paid to shareholders.

**(2) New business value**

This figure reflects increases resulting from the acquisition of new business during the fiscal year ended March 31, 2014. Please refer to Section 1-04 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, 2014 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, 2013).

**(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, 2014 was 0.272%, 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, 2014 under the MCEV calculation as of March 31, 2013, and of the differences between actual policies in force as of March 31, 2014, and those that were projected to be in force on March 31, 2013 using persistency assumptions.



**(7) Assumption changes**

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

The improvements in mortality rates, lapse and surrender rates, and operating expense 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 impact from the revision of risk measure for interest rate risk in Japanese yen. Please refer to Section 3-07 (1) for the revision of risk measure for interest rate risk in Japanese yen.

**(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, 2013 on future values, and the impact of the actual to assumed difference in expected asset investment income that were assumed to be realized during the year ended March 31, 2014 under MCEV as of March 31, 2013.

The major reasons for increases in the value of existing business include an update of economic scenarios due to the change in the market environment such as the changes in interest rates and volatilities, accounting for an increase in the present value of certainty-equivalent profit by ¥65.4 billion, a decrease in the time value of options and guarantees by ¥17.0 billion, a decrease in the frictional cost by ¥5.2 billion and a decrease in the cost of non-hedgeable risks by ¥1.3 billion. Another factor is an increase in expenses tied to the increase in inflation swap rates, accounting for a decrease in the value of existing business by ¥20.0 billion. The major reason for the decrease in the adjusted net worth was the decrease in prices of government bonds caused by the increase in interest rates. Overall MCEV changes are disaggregated into an increase by ¥76.9 billion as a result of the increase in interest rates and a decrease by ¥20.0 billion as a result of the increase in inflation swap rates.

**(11) Other non-operating variance**

This figure shows the effect of the abolition of the reconstruction special corporate tax described in Section 2-03 (6).

**(12) Closing adjustments**

No items were included in closing adjustments.

**1-07 Sensitivity analysis**

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

**Sensitivities**

(Billions of yen)				
Assumption	Change in assumption	MCEV	Change in amount	Rate of change
Base	No change	¥1,221.3	¥ —	—%
Interest rates	100bp decrease	1,003.4	(217.9)	(18%)
	100bp increase	1,256.2	34.9	3%
	Swap rates	1,393.8	172.5	14%
Stock / Real estate market value	10% decrease	1,204.8	(16.5)	(1%)
Stock / Real estate implied volatility	25% increase	1,209.7	(11.6)	(1%)
Interest swaption implied volatility	25% increase	1,202.7	(18.6)	(2%)
Maintenance expenses	10% decrease	1,240.7	19.4	2%
Lapse and surrender rates	× 0.9	1,236.4	15.1	1%
Mortality rates	Death protection products × 0.95	1,264.5	43.2	4%
	Third-sector and annuity products × 0.95	1,216.0	(5.3)	(0%)
Morbidity rates	× 0.95	1,259.6	38.3	3%
Required capital	Regulatory minimum	1,225.3	4.0	0%

Changes in adjusted net worth within the amount of change in MCEV are shown in the table below. Of items not specified in this table, only the value of existing business has been changed while adjusted net worth remains the same.

(Billions of yen)		
Interest rates	100bp decrease	¥ 957.1
	100bp increase	(754.9)
Stock / Real estate market value	10% decrease	(10.7)
Stock / Real estate implied volatility	25% increase	(0.9)

**Sensitivity of new business value**

(Billions of yen)

Assumption	Change in assumption	New Business Value	Change in amount	Rate of change
Base	No change	¥ 55.2	¥ —	—%
Interest rates	100bp decrease	(21.6)	(76.8)	(139%)
	100bp increase	98.6	43.4	79%
	Swap rates	65.1	10.0	18%
Stock / Real estate market value	10% decrease	55.2	(0.0)	(0%)
Stock / Real estate implied volatility	25% increase	54.7	(0.5)	(1%)
Interest swaption implied volatility	25% increase	53.4	(1.7)	(3%)
Maintenance expenses	10% decrease	56.8	1.6	3%
Lapse and surrender rates	× 0.9	60.5	5.3	10%
Mortality rates	Death protection products × 0.95	58.5	3.3	6%
	Third sector and annuity products × 0.95	54.9	(0.2)	(0%)
Morbidity rates	× 0.95	56.9	1.7	3%
Required capital	Regulatory minimum	55.2	0.0	0%

**(1) Interest rates**

This sensitivity represents the impact of an immediate parallel shift of the Japanese and foreign government bond yield curves as of the end of March 2014, and the impact if the swap rates were used instead of government bond yields. In each parallel shift sensitivity, adjusted net worth changes as the market value of bonds and other assets changes; this is not applicable to the case where swap rates are used. In each of the interest rate sensitivities, the value of existing business changes as interest rates, the discount rate, yields of new bonds to be purchased in the future as existing bonds mature, and the investment returns on stocks, real estate, and other assets 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 an immediate drop in market values of stock and real estate as of the end of March 2014. 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 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 sensitivities:

- 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 in the case of the 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 equal to the sum of impacts for each assumption.

## 2 Assumptions

### 2-01 Economic assumptions

Sony Life has made economic assumptions in its calculation of MCEV as of the end of March 2014.

**(1) Risk-free rate**

Sony Life has used the JGB yields and the U.S. Treasury yields as of the end of March 2014 as risk-free rates 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 for JGB yields and forward rates in the 31st year and beyond were equal to those in the 30th year for U.S. Treasury yields. Sony Life has used Bloomberg's government bond yields as its data source.

The government bond yields for key terms are as follows:

(%)

As of the end of March,	Japanese yen		U.S. dollar	
	2013	2014	2013	2014
Term				
1 year	0.06%	0.08%	—%	0.11%
5 year	0.13	0.20	—	1.72
10 year	0.55	0.64	—	2.72
20 year	1.40	1.50	—	3.37
30 year	1.54	1.70	—	3.56
40 year	1.64	1.78	—	—

The swap rate for key terms which are used for the sensitivity result with swap rates in Section 1-07 (1) are as follows. It is assumed that forward rates in the 41st year and beyond were equal to those in the 40th year for swap rates in Japanese yen and forward rates in the 51st year and beyond were equal to those in the 50th year for swap rates in U.S. dollars.

(%)

As of the end of March,	Japanese yen	U.S. dollar
	2014	2014
Term		
1 year	0.18%	0.27%
5 year	0.33	1.80
10 year	0.83	2.84
20 year	1.61	3.43
30 year	1.84	3.54
40 year	1.96	3.56
50 year	—	3.54

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 a liquidity premium.

**(2) Interest-rate model**

Sony Life has calibrated the interest rate model to the market as of the end of March 2014. 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:

(%)

As of the end of March,		2013			
Term of swap (in years)	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

(%)

As of the end of March,		2014			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1 year	1 year	78.4%	72.6%	88.6%	54.1%
5 years	1 year	57.2	35.4	48.2	34.4
5 years	5 years	36.8	23.5	30.9	23.2
5 years	7 years	29.1	21.4	26.1	20.5
5 years	10 years	23.9	19.2	23.4	18.6
5 years	15 years	22.1	16.6	23.4	17.1
5 years	20 years	24.2	15.2	23.8	16.8
10 years	1 year	37.2	24.5	31.8	24.7
10 years	5 years	27.8	21.0	26.8	20.4
10 years	7 years	24.6	19.7	24.7	19.1
10 years	10 years	22.5	18.3	23.7	17.8
10 years	15 years	21.2	16.3	23.8	16.6
10 years	20 years	22.7	15.0	23.6	15.9
15 years	1 year	28.0	20.6	25.6	21.4
15 years	5 years	23.9	19.1	24.8	19.2
15 years	7 years	22.6	18.2	23.4	18.2
15 years	10 years	21.6	17.0	22.7	17.2
15 years	15 years	22.1	14.9	22.1	15.7
15 years	20 years	21.9	13.5	21.0	14.9
20 years	1 year	25.1	19.3	23.2	19.3
20 years	5 years	22.9	18.3	24.2	18.3
20 years	7 years	22.4	17.4	22.8	17.5
20 years	10 years	21.6	16.3	22.2	16.6
20 years	15 years	22.0	14.5	20.7	15.0
20 years	20 years	22.2	13.5	19.0	14.1

### (3) Implied volatilities 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 as of the end of March 2013, Sony Life has assumed that forward implied volatilities in the 6th year and beyond are equal to those 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, Term (in years)	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
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	—

(%)

As of the end of March, Term (in years)	2014						
	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
1 year	9.9%	11.1%	10.7%	19.7%	15.1%	17.3%	13.6%
5 years	13.2	15.0	14.5	18.6	18.8	18.7	17.2
10 years	16.6	17.3	16.2	19.9	23.4	19.6	20.1

### (4) Correlation factor

Sony Life has calculated correlation factors from the monthly return of each index for a period of five years from April 2009 to the end of March 2014 as there is no market-consistent data for correlation factors.

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

As of the end of March,	2014										
	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	(0.05)	0.02	0.23	0.11	0.03	0.04	(0.01)	(0.09)	(0.15)	(0.22)
U.S. dollar Interest rate 1Y	(0.05)	1.00	0.10	(0.02)	0.54	0.25	0.24	0.35	0.11	0.12	0.11
Euro Interest rate 1Y	0.02	0.10	1.00	0.27	0.08	0.48	0.33	0.22	0.39	0.47	0.30
UK pound Interest rate 1Y	0.23	(0.02)	0.27	1.00	0.06	0.24	0.18	0.10	0.02	(0.003)	(0.11)
U.S. dollar / Japanese yen	0.11	0.54	0.08	0.06	1.00	0.65	0.67	0.61	0.18	0.19	0.16
Euro / Japanese yen	0.03	0.25	0.48	0.24	0.65	1.00	0.82	0.62	0.59	0.52	0.50
UK pound / Japanese yen	0.04	0.24	0.33	0.18	0.67	0.82	1.00	0.66	0.40	0.37	0.23
TOPIX	(0.01)	0.35	0.22	0.10	0.61	0.62	0.66	1.00	0.54	0.53	0.47
S&P	(0.09)	0.11	0.39	0.02	0.18	0.59	0.40	0.54	1.00	0.81	0.89
SX5E	(0.15)	0.12	0.47	(0.003)	0.19	0.52	0.37	0.53	0.81	1.00	0.85
FTSE	(0.22)	0.11	0.30	(0.11)	0.16	0.50	0.23	0.47	0.89	0.85	1.00

## (5) Foreign exchange

Assets denominated in foreign currencies and the value of U.S. dollar-denominated products are converted to Japanese yen using the TTM (telegraphic transfer middle exchange rate) as of the end of March 2014.

The table below shows foreign exchange rates of major currencies.

		(Yen)	
As of the end of March,		2013	2014
U.S. dollar / Yen		¥ 94.05	¥102.92
Euro / Yen		120.73	141.65
UK pound / Yen		143.16	171.31

## 2-02 Future asset allocation

### (1) Asset allocation in the general account

Segments accounting is conducted for individual life insurance and individual annuity based on the classifications of the non-participating product segment, semi-participating product segment, interest rate-sensitive whole life insurance segment and foreign currency-denominated product 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 2014 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 2014 and no rebalancing adjustments are applied to maintain the initial fund allocation thereafter.

## 2-03 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 2014. 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
- Non-participating educational endowment insurance
- U.S. dollar-denominated 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 experience 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 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 and the depreciation costs over the past three years. For expected system-related expenses in the future, the unit costs reflect the average of depreciation costs over the past three years excluding one-off expenses that are not expected to recur in the future. The one-off expenses excluded from the depreciation costs are for system revisions, whose amount is ¥1.4 billion (FY2013 base).

MCEV Principles require that, where costs of managing the covered business are incurred within group companies, profit or losses to those companies are to be valued on a “look through” basis. In relation to its parent company, Sony Financial Holdings Inc., unit cost includes management administration charges payable to its parent company. In relation to its subsidiaries and affiliated companies, unit cost includes the cost incurred at Sony Life to manage those companies. Other look-through effects are not considered.

## (6) Effective tax rate

“The Law to Revise the Income Tax, etc.,” was promulgated on March 31, 2014. As a result, reconstruction special corporate tax was abolished from the fiscal years beginning on or after April 1, 2014, and the effective tax rate is set at 33.33% in the fiscal year 2013, and 30.78% in and after the fiscal year 2014.

## (7) Consumption tax rate

Based on “The Bill to Amend the Consumption Tax Law for Reforming Tax System to Secure Revenue to Fund the Cost of Social Security,” promulgated on August 22, 2012, future expenses increased, reflecting the increase in the 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
2014	0.86%
2015	0.60
2016	0.17
2017	0.59
2018	0.71
2019	0.74
2020	0.85
2021	2.12
2022	1.33
2023 and later	1.45

## 3 Calculation Method of MCEV

### 3-01 Covered business

The covered business is the business operated by Sony Life, its subsidiaries and its affiliated companies.

### 3-02 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 ¥(0.5) billion.
- Other companies are valued at book value under Japanese GAAP, which is ¥4.0 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).

### 3-03 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.

### 3-04 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, 2014, reflecting the present value of certainty-equivalent profit and the time value of options and guarantees.

### 3-05 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.



## 3-06 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.

## 3-07 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 2014.

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 2014 was ¥664.3 billion (after tax), reflecting the revision of risk measure for interest rate risk in Japanese yen as described in (1) below. 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 risk factors specified in QIS5 standard methodology to make them more suitable in light of the market risk attribute to which Sony Life is exposed, where risk factors specified in QIS5 or its previous risk measure is considered unable to capture enough risk amount at a 99.5% confidence level.

For interest rate risk in Japanese yen, Sony Life revised the risk measure at the end of March 2014, having observed significant changes in ultra-long term interest rates during the year 2013. More specifically, Sony Life revised the previous methodology which measured the shock by dropping interest rates by at least 1% for all maturities (parallel shift) and introduced principal component analysis, where yield curve changes are disaggregated into three components—parallel shift, twist and butterfly—and the yield curve is shocked by each component, to capture the risk of yield curve changes more precisely. The risk amount would be larger than the previous risk measure when ultra-long term interest rates are high and there is room for yield curve flattening, while the risk amount would be smaller than the previous risk measure when ultra-long term interest rates are sufficiently low and there is little room for further decline in yield curve. Before this revision, the solvency risk capital on an economic value basis would be ¥697.5 billion in total (after tax) as of the end of March 2014.

For other risks, 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.

## 3-08 Free surplus

Free surplus is the amount of adjusted net worth other than that for required capital.

## 3-09 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 for Japanese yen.
- Catastrophe risk and lapse risk in the Health module follows the QIS4 approach as described in Section 3-07 (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 comprising 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. For further details, please refer to Sony Life's press release of "Disclosure of Market Consistent Embedded Value as of March 31, 2014" (<http://www.sonyfh.co.jp/en>)

## 4 Overview of MCEV

### 4-01 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 disclose EV as part of their financial reports and use EV as an internal management tool. Under Japanese GAAP for life insurance companies, the balance sheets do not indicate the present value of future profits from existing business, while EV indicates, the present value of future profits from existing business along with total net assets of an insurance company.

The CFO Forum, formed by the Chief Financial Officers (CFOs) of major European insurance companies published the European Embedded Value Principles (EEV Principles) in May 2004. This led to the disclosure by many leading European insurers of EEV based on market consistent methods.

However, as the EEV Principles allow various calculation methodologies, the CFO Forum published the MCEV Principles in June 2008 in order to make EV information more effective and appropriate for investors by streamlining MCEV disclosure standards for international use.

MCEV represents the present value of the current and future distributable profits to shareholders generated from assets allocated to the covered business after sufficient allowance for the aggregate risks in the covered business. MCEV is calculated as the sum of adjusted net worth and the value of existing business. However, MCEV is calculated based on the policies in force on the calculation date, and does not include the value of new business it may write in the future. (It is generally believed that the value of new business must be taken into consideration when evaluating the corporate value of an insurance company.)

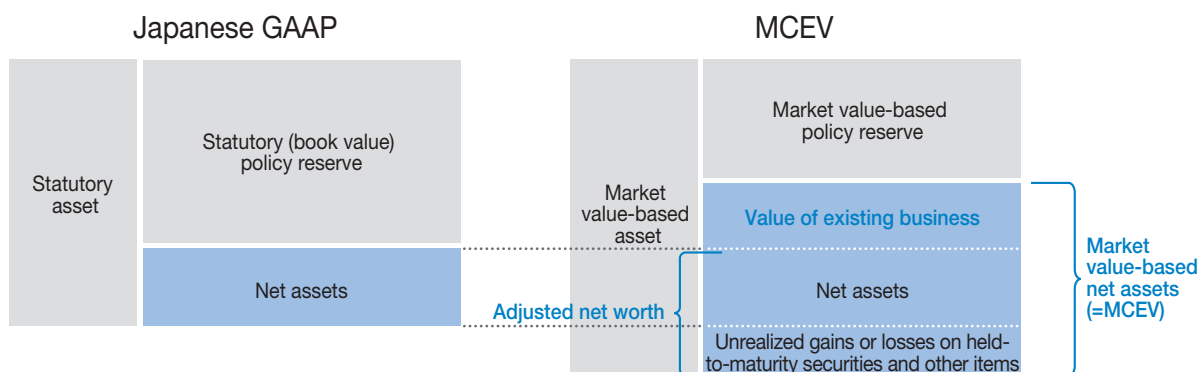
#### MCEV structure

$$\text{MCEV} = \begin{array}{c} \text{Adjusted net worth calculated} \\ \text{from balance sheets, etc.} \\ \text{(Results of business activities to date)} \end{array} + \begin{array}{c} \text{Future value of existing business} \\ \text{(Value of existing business)} \\ \text{(Expected future profits from existing business)} \end{array}$$

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

The correlation between MCEV and balance sheets (under Japanese GAAP) is as follows. Adjusted net worth is the total amount of the net assets line item on the balance sheets, adding items such as reserve for price fluctuations, contingency reserve and unrealized gains or losses on held-to-maturity securities and other items, minus intangible fixed assets and other items, and adjusting for the amount of tax effect. The value of existing business is the present value of certainty-equivalent profit, namely the present value of profit based on future cash flows generated from the covered business, minus the time value of options and guarantees, the cost of non-hedgeable risks and other items, which approximately equates to the value of statutory policy reserves minus policy reserve based on market value (after tax).

#### Correlation between balance sheets (under Japanese GAAP) and MCEV



## 4-02 Sony Life's Initiatives

Recognizing EV as a useful indicator of corporate value, and a supplementary to the financial information based on Japanese GAAP from an early stage, Sony Life has been disclosing traditional embedded value (Traditional EV) from March 31, 2005, and then MCEV based on MCEV Principles from March 31, 2008.

Meanwhile, Sony Life engages in profit and risk management on the basis of economic value, and has been disclosing risk amount based on economic value since March 31, 2012, to promote better understanding of its financial soundness based on economic value. Sony Life's risk amount based on economic value stood at ¥664.3 billion (after tax) as of March 31, 2014.

The breakdown of the risk amount is as follows:

		(Billions of yen)	
As of March 31,		2013	2014 <sup>2</sup>
Insurance risk		¥ 605.6	¥ 654.5
Market-related risk		289.9	240.0
Of which interest rate risk <sup>1</sup>		234.2	180.9
Operational risk		26.0	26.3
Counter party risk		2.3	1.3
Variance effect		(262.5)	(257.8)
Risk amount based on economic value		661.3	664.3

<sup>1</sup> Interest rate risk is calculated as the amount before excluding the variance effect within market-related risk.

<sup>2</sup> Sony Life revised its method of measuring interest rate risk in Japanese yen on March 31, 2014. For details, please see 3-07 (1).

As of March 31,		2013	2014
MCEV		¥1,064.7	¥1,221.3

The risk amount based on economic value\* refers to the total amount of Sony Life's risks, comprehensively examined and including insurance risk and market-related risk.

Sony Life will remain committed to ensuring its financial soundness through maintaining MCEV at an adequate level versus risk amount based on economic value with a view to realizing the constant and sustainable growth of its corporate value.

\* Risk amount based on economic value 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.

## 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.



