



Financial Data Book

2016

Sony Financial Holdings Inc.

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The Financial Data Book is available only on SFH's website.

The Annual Report is also available on SFH's website.



Annual Report

http://www.sonyfh.co.jp/en/financial_info/annualreport

- Unless otherwise indicated, figures less than the indicated unit in this material have been truncated, while ratios and percentage changes have been rounded off.
- Fiscal 2014 and fiscal 2015 represent the fiscal years ended March 31, 2015 and 2016, respectively.

Financial Data (Consolidated)

Principal Indicators of Operating Performance

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

(Millions of yen)

	2012	2013	2014	2015	2016
Ordinary revenues	¥1,078,070	¥1,259,041	¥1,320,456	¥1,352,325	¥1,362,044
Ordinary profit	74,625	79,252	76,136	90,062	71,103
Profit attributable to owners of the parent	32,812	45,064	40,504	54,419	43,355
Comprehensive income	60,376	96,225	44,794	90,707	71,105
Total net assets	347,800	435,444	467,050	550,672	604,377
Total assets	7,241,414	8,096,164	8,841,382	9,545,868	10,352,114
Net assets per share (yen)	796.64	997.94	1,070.75	1,262.94	1,386.32
Net income per share (yen)	75.43	103.60	93.11	125.10	99.67
Diluted net income per share (yen)	—	—	—	—	—
Cash flows from operating activities	524,264	580,882	601,738	425,656	602,475
Cash flows from investing activities	(512,198)	(550,159)	(549,346)	(445,431)	(558,825)
Cash flows from financing activities	1,782	(5,017)	(13,522)	(13,087)	(17,437)
Cash and cash equivalents at the end of the period	175,651	201,404	240,279	207,422	233,620
Number of employees	7,485	7,841	8,150	8,448	9,029

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

For the years ended March 31,	2012	2013	2014	2015	2016
Sony Life's adjusted ROE	14.1%	3.3%	14.9%	9.6%	(20.2)%
Sony Assurance's adjusted ROE	(1.2)	(0.1)	9.8	14.2	13.3
Sony Bank's ROE	2.9	4.3	4.8	6.0	5.0
Consolidated adjusted ROE	13.1%	3.3%	14.2%	9.5%	(17.8)%

Each ROE is calculated as follows:

Sony Life's adjusted ROE

$$\frac{\text{The amount of increase in market consistent embedded value (MCEV)* during the fiscal year plus dividends paid}}{\text{MCEV* as of the beginning of the fiscal year less dividends paid plus MCEV* as of the end of the fiscal year, divided by two}}$$

Sony Assurance's adjusted ROE

$$\frac{\text{Net income (loss) plus provision amount for catastrophe reserve and its provision amount for reserve for price fluctuations, in each case after taxes}}{\text{The average amount of net assets plus the sum of catastrophe reserve and its reserve for price fluctuations during the fiscal year, in each case after taxes}}$$

Sony Bank's ROE

$$\frac{\text{Profit (loss) attributable to owners of the parent}}{\text{The average amount of net assets during the fiscal year}}$$

Consolidated adjusted ROE for fiscal 2015

Consolidated adjusted ROE = Consolidated adjusted profit divided by consolidated adjusted capital

$$\frac{\begin{aligned} &\text{Sony Life: The amount of increase in MCEV* during the fiscal year plus dividends paid} \\ &+ \text{Sony Assurance: Net income (loss) plus provision amount for catastrophe reserve and its provision} \\ &\text{amount for reserve for price fluctuations, in each case after taxes} + \text{Sony Bank: Profit (loss) attributable to owners of the parent} \end{aligned}}{\begin{aligned} &\text{Sony Life: MCEV* as of the beginning of the fiscal year less dividends paid plus MCEV* as of the end of the fiscal year, divided by two} \\ &+ \text{Sony Assurance: The average amount of net assets plus the sum of catastrophe reserve} \\ &\text{and its reserve for price fluctuations during the fiscal year, in each case after taxes} \\ &+ \text{Sony Bank: The average amount of net assets during the fiscal year} \end{aligned}}$$

*Sony Life discloses Market Consistent Embedded Value ("MCEV"). Sony Life's MCEV is calculated in compliance with the European Insurance CFO Forum Market Consistent Embedded Value Principles©** ("MCEV Principles"), the international standard in disclosing MCEV published by the CFO Forum comprising CFOs from major insurance companies in Europe.

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Consolidated Balance Sheets

Sony Financial Holdings Inc.
As of March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Assets		
Cash and due from banks	¥ 134,803	¥ 144,364
Call loans and bills bought	77,234	88,200
Monetary claims purchased	—	884
Monetary trusts	336,842	303,973
Securities	7,377,545	8,021,493
Loans	1,349,586	1,515,833
Tangible fixed assets	123,083	121,376
Land	83,007	83,007
Buildings	35,323	33,215
Leased assets	74	40
Construction in progress	1,666	213
Other tangible fixed assets	3,010	4,900
Intangible fixed assets	33,366	29,887
Software	33,245	29,836
Goodwill	99	19
Other intangible fixed assets	21	31
Due from reinsurers	297	399
Foreign exchanges	2,224	1,139
Other assets	102,756	115,474
Net defined benefit asset	3,005	2,216
Deferred tax assets	6,545	8,181
Reserve for possible loan losses	(1,422)	(1,308)
Total Assets	¥9,545,868	¥10,352,114

(Millions of yen)

	2015	2016
Liabilities		
Policy reserves and others	¥6,879,055	¥ 7,504,420
Reserve for outstanding claims	61,114	67,177
Policy reserves	6,813,749	7,432,237
Reserve for policyholders' dividends	4,191	5,006
Due to agencies	2,450	2,455
Due to reinsurers	675	626
Deposits	1,872,860	1,912,592
Call money and bills sold	6,000	—
Borrowed money	20,000	40,000
Foreign exchanges	46	87
Bonds payable	20,000	20,000
Other liabilities	122,340	183,835
Reserve for employees' bonuses	3,395	3,557
Net defined benefit liability	24,558	29,263
Reserve for directors' retirement benefits	338	351
Reserve under the special laws	42,969	44,410
Reserve for price fluctuations	42,969	44,410
Deferred tax liabilities	—	5,647
Deferred tax liabilities on land revaluation	503	488
Total Liabilities	8,995,195	9,747,736
Net Assets		
Shareholders' equity		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	212,124	238,079
Treasury stock	(0)	(0)
Total shareholders' equity	427,301	453,256
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities, net of taxes	127,166	157,364
Net deferred gains (losses) on hedging instruments, net of taxes	(2,086)	(2,347)
Land revaluation, net of taxes	(1,480)	(1,465)
Foreign currency translation adjustments	0	—
Remeasurements of defined benefit plans, net of taxes	(1,522)	(3,760)
Total accumulated other comprehensive income	122,078	149,791
Non-controlling interests	1,292	1,329
Total Net Assets	550,672	604,377
Total Liabilities and Net Assets	¥9,545,868	¥10,352,114

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2015 and 2016

(Millions of yen)

(1) Consolidated Statements of Income

	2015	2016
Ordinary Revenues	¥1,352,325	¥1,362,044
Ordinary Revenues from the Life Insurance Business	1,221,077	1,227,409
Income from insurance premiums	912,605	1,026,615
Insurance premiums	911,068	1,024,974
Ceded reinsurance commissions	1,537	1,640
Investment income	279,691	170,048
Interest income and dividends	133,135	140,981
Income from monetary trusts, net	5,283	11,973
Gains on trading securities, net	507	98
Gains on sale of securities	8,899	12,204
Gains on redemption of securities	1	—
Gains on derivatives, net	—	4,768
Foreign exchange gains, net	5,068	—
Other investment income	7	21
Gains on separate accounts, net	126,789	—
Other ordinary income	28,780	30,745
Ordinary Revenues from the Non-life Insurance Business	93,022	96,904
Underwriting income	91,761	95,612
Net premiums written	91,712	95,549
Interest and dividends on deposits of premiums	48	62
Other underwriting income	0	0
Investment income	1,235	1,264
Interest income and dividends	1,268	1,313
Gains on sale of securities	15	12
Transfer to interest and dividends on deposits of premiums	(48)	(62)
Other ordinary income	25	27
Ordinary Revenues from the Banking Business	38,224	37,731
Interest income	26,132	25,481
Interest income on loans	14,070	14,739
Interest income and dividends on securities	11,960	10,671
Interest income on call loans and bills bought	7	7
Interest income on deposits with banks	93	61
Other interest income	0	2
Fees and commissions	5,880	6,679
Other operating income	5,997	5,189
Gains on foreign exchange transactions, net	3,906	4,263
Others	2,090	926
Other ordinary income	213	379

(Continued on next page)

(Millions of yen)

	2015	2016
Ordinary Expenses	¥1,262,262	¥1,290,941
Ordinary Expenses from the Life Insurance Business	1,145,087	1,169,419
Insurance claims and other payments	382,902	363,370
Insurance claims	79,622	84,283
Annuity payments	11,280	11,496
Insurance benefits	63,166	74,842
Surrender payments	223,130	184,936
Other payments	3,675	5,711
Reinsurance premiums	2,027	2,099
Provision for policy reserves and others	604,357	613,480
Provision for reserve for outstanding claims	746	4,185
Provision for policy reserves	603,607	609,291
Interest portion of reserve for policyholders' dividends	3	2
Investment expenses	9,439	23,095
Interest expenses	31	53
Losses on sale of securities	0	—
Losses on redemption of securities	0	1
Losses on derivatives, net	2,099	—
Foreign exchange losses, net	—	2,798
Provision for reserve for possible loan losses	32	5
Depreciation of real estate for rent and others	1,833	1,825
Other investment expenses	5,441	3,675
Losses on separate accounts, net	—	14,735
Operating expenses	115,237	132,896
Other ordinary expenses	33,149	36,578
Ordinary Expenses from the Non-life Insurance Business	88,115	91,522
Underwriting expenses	65,206	67,326
Net losses paid	45,985	48,111
Loss adjustment expenses	6,857	7,098
Net commission and brokerage fees	929	1,043
Provision for reserve for outstanding losses and claims	2,966	1,877
Provision for underwriting reserves	8,465	9,195
Other underwriting expenses	0	0
Investment expenses	1	4
Losses on sale of securities	1	4
Operating, general and administrative expenses	22,900	24,188
Other ordinary expenses	7	3

(Continued on next page)

Consolidated Statements of Income (Continued)

(Millions of yen)

	2015	2016
Ordinary Expenses from the Banking Business	¥ 29,060	¥ 29,999
Interest expenses	9,407	8,884
Interest expenses on deposits	5,012	4,827
Interest expenses on call money and bills sold	6	5
Interest on borrowed money	22	32
Interest expenses on bonds	97	98
Interest expenses on interest rate swaps	4,268	3,921
Other interest expenses	0	0
Fees and commissions	1,948	2,437
Other operating expenses	135	181
General and administrative expenses	17,517	18,347
Other ordinary expenses	50	147
Ordinary Profit	90,062	71,103
Extraordinary Losses	1,927	2,793
Losses on disposal of fixed assets	511	882
Impairment losses	71	470
Provision for reserve under the special laws	1,311	1,440
Provision for reserve for price fluctuations	1,311	1,440
Losses on transfer of business	32	—
Provision for Reserve for Policyholders' Dividends	2,153	3,564
Income Before Income Taxes	85,981	64,744
Income Taxes—Current	32,207	26,191
Income Taxes—Deferred	(668)	(4,856)
Total Income Taxes	31,538	21,335
Profit	54,442	43,409
Profit Attributable to Non-controlling Interests	23	54
Profit Attributable to Owners of the Parent	¥ 54,419	¥ 43,355

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	2015	2016
Profit	¥54,442	¥ 43,409
Other Comprehensive Income		
Net unrealized gains (losses) on other securities, net of taxes	35,164	30,198
Net deferred gains (losses) on hedging instruments, net of taxes	302	(261)
Land revaluation, net of taxes	33	14
Foreign currency translation adjustments	1	(1)
Remeasurements of defined benefit plans, net of taxes	762	(2,254)
Share of other comprehensive income of affiliates accounted for using equity method	0	—
Total other comprehensive income	36,264	27,695
Comprehensive Income	¥90,707	¥ 71,105
Details:		
Comprehensive income attributable to owners of the parent	¥90,690	¥ 71,068
Comprehensive income attributable to non-controlling interests	¥ 16	¥ 37

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.
For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥19,900	¥195,277	¥164,790	¥(0)	¥379,967
Cumulative effects of changes in accounting policies	—	—	5,965	—	5,965
Restated balance at the beginning of the period	19,900	195,277	170,755	(0)	385,932
Changes during the period					
Dividends from surplus	—	—	(13,049)	—	(13,049)
Profit attributable to owners of the parent	—	—	54,419	—	54,419
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	41,369	(0)	41,369
Balance at the end of the period	¥19,900	¥195,277	¥212,124	¥(0)	¥427,301

(Millions of yen)

	2015							Total net assets
	Accumulated other comprehensive income						Non-controlling interests	
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (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 period	¥ 92,002	¥(2,388)	¥(1,513)	¥ 0	¥(2,292)	¥ 85,807	¥1,275	¥467,050
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	5,965
Restated balance at the beginning of the period	92,002	(2,388)	(1,513)	0	(2,292)	85,807	1,275	473,015
Changes during the period								
Dividends from surplus	—	—	—	—	—	—	—	(13,049)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	54,419
Purchase of treasury stock	—	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	35,164	302	33	0	769	36,270	16	36,287
Total changes during the period	35,164	302	33	0	769	36,270	16	77,657
Balance at the end of the period	¥127,166	¥(2,086)	¥(1,480)	¥ 0	¥(1,522)	¥122,078	¥1,292	¥550,672

Consolidated Statements of Changes in Net Assets (Continued)

(Millions of yen)

	2016				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥19,900	¥195,277	¥212,124	¥ (0)	¥427,301
Changes during the period					
Dividends from surplus	—	—	(17,399)	—	(17,399)
Profit attributable to owners of the parent	—	—	43,355	—	43,355
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	25,955	(0)	25,954
Balance at the end of the period	¥19,900	¥195,277	¥238,079	¥ (0)	¥453,256

(Millions of yen)

	2016							
	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (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 period	¥127,166	¥(2,086)	¥(1,480)	¥ 0	¥(1,522)	¥122,078	¥1,292	¥550,672
Changes during the period								
Dividends from surplus	—	—	—	—	—	—	—	(17,399)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	43,355
Purchase of treasury stock	—	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	30,198	(261)	14	(0)	(2,237)	27,713	37	27,750
Total changes during the period	30,198	(261)	14	(0)	(2,237)	27,713	37	53,705
Balance at the end of the period	¥157,364	¥(2,347)	¥(1,465)	¥—	¥(3,760)	¥149,791	¥1,329	¥604,377

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Cash flows from operating activities		
Income before income taxes	¥ 85,981	¥ 64,744
Depreciation of real estate for rent and others	1,833	1,825
Depreciation and amortization	9,686	10,067
Impairment losses	71	470
Amortization of goodwill	79	79
Increase (decrease) in reserve for outstanding claims	3,713	6,063
Increase (decrease) in policy reserve	612,072	618,487
Interest portion of reserve for policyholders' dividends	3	2
Provision for (reversal of) reserve for policyholders' dividends	2,153	3,564
Increase (decrease) in reserve for possible loan losses	(116)	(113)
Increase (decrease) in net defined benefit liability	2,954	2,469
Increase (decrease) in reserve for directors' retirement benefits	88	69
Increase (decrease) in reserve for price fluctuations	1,311	1,440
Interest income and dividends	(160,536)	(167,777)
(Gains) losses on securities	(134,394)	7,620
Interest expenses	9,438	8,938
Exchange (gains) losses	(32,341)	22,924
(Gains) losses on disposal of tangible fixed assets	42	18
Equity in (gains) losses of affiliates	1,506	718
Net (increase) decrease in loans	(129,767)	(156,996)
Net increase (decrease) in deposits	(16,093)	39,935
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	—	20,000
Net (increase) decrease in call loans and others	—	5,115
Net increase (decrease) in call money and others	—	(6,000)
Net (increase) decrease in foreign exchange (assets)	5,528	1,085
Net increase (decrease) in foreign exchange (liabilities)	6	40
Others, net	27,714	(16,020)
Subtotal	290,938	468,773
Interest and dividends received	172,736	180,527
Interest paid	(9,117)	(9,196)
Policyholders' dividends paid	(2,202)	(2,752)
Income taxes paid	(26,698)	(34,875)
Net cash provided by (used in) operating activities	425,656	602,475
Cash flows from investing activities		
Investments in monetary trusts	(3,081)	—
Proceeds from sale of monetary trusts	5,300	48,465
Purchases of securities	(943,359)	(1,327,890)
Proceeds from sale and redemption of securities	588,936	698,310
Investments in loans	(54,199)	(56,782)
Collections of loans	24,618	28,761
Net increase (decrease) in collateral for securities lending transactions	—	62,804
Others	(1,626)	(567)
Total of net cash provided by (used in) investment transactions	(383,413)	(546,898)
Total of net cash provided by (used in) operating activities and investment transactions	42,243	55,576
Purchases of tangible fixed assets	(54,563)	(2,049)
Purchases of intangible fixed assets	(4,712)	(6,927)
Purchase of securities of a non-consolidated subsidiary	(1,000)	(1,500)
Purchase of securities of affiliates	(2,500)	(1,450)
Others	758	—
Net cash provided by (used in) investing activities	(445,431)	(558,825)
Cash flows from financing activities		
Cash dividends paid	(13,050)	(17,401)
Purchase of treasury stock	(0)	(0)
Others	(36)	(36)
Net cash provided by (used in) financing activities	(13,087)	(17,437)
Effect of exchange rate changes on cash and cash equivalents	4	(13)
Net increase (decrease) in cash and cash equivalents	(32,857)	26,197
Cash and cash equivalents at the beginning of the period	240,279	207,422
Cash and cash equivalents at the end of the period	¥ 207,422	¥ 233,620

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, 2015 and 2016

(Millions of yen, %)

	2015		2016	
	Amount	Composition	Amount	Composition
Assets				
Cash and deposits	¥ 16,535	0.2%	¥ 18,394	0.2%
Cash	1		2	
Deposits	16,534		18,392	
Call loans	71,234	1.0	88,200	1.1
Monetary trusts	313,276	4.3	280,973	3.5
Securities	6,543,703	89.6	7,273,361	90.5
Japanese government bonds	5,742,140		6,382,481	
Japanese local government bonds	2,060		1,836	
Japanese corporate bonds	28,664		125,101	
Japanese stocks	92,564		83,411	
Foreign securities	451,613		471,973	
Other securities	226,659		208,556	
Loans	162,399	2.2	171,649	2.1
Policy loans	162,397		171,649	
Commercial loans	2		—	
Tangible fixed assets	118,232	1.6	116,256	1.4
Land	83,007		83,007	
Buildings	34,757		32,777	
Leased assets	15		12	
Construction in progress	—		31	
Other tangible fixed assets	452		427	
Intangible fixed assets	21,590	0.3	19,171	0.2
Software	21,580		19,162	
Other intangible fixed assets	9		9	
Due from reinsurers	181	0.0	298	0.0
Other assets	58,521	0.8	64,998	0.8
Other receivables	33,791		33,407	
Prepaid expenses	1,220		1,216	
Accrued income	17,059		17,205	
Money on deposits	4,061		5,313	
Initial margins of futures markets	813		4,797	
Variation margins of futures markets	867		979	
Derivatives	248		1,640	
Advance payments	373		359	
Others	85		77	
Prepaid pension costs	2,295	0.0	2,377	0.0
Deferred tax assets	—	—	—	—
Reserve for possible loan losses	(268)	(0.0)	(272)	(0.0)
Reserve for investment losses	(6,352)	(0.1)	—	—
Total Assets	¥7,301,350	100.0%	¥8,035,408	100.0%

Sony Life Financial Data (Non-consolidated)

(Millions of yen, %)

	2015		2016	
	Amount	Composition	Amount	Composition
Liabilities				
Policy reserves and others	¥6,756,882	92.5%	¥7,371,174	91.7%
Reserve for outstanding claims	25,449		29,635	
Policy reserves	6,727,241		7,336,533	
Reserve for policyholders' dividends	4,191		5,006	
Due to agencies	2,450	0.0	2,455	0.0
Due to reinsurers	585	0.0	621	0.0
Other liabilities	45,619	0.6	104,996	1.3
Collateral for securities lending transactions	—		62,804	
Accrued income tax	16,742		8,998	
Other payables	1,412		2,765	
Accrued expenses	15,399		18,920	
Unearned income	953		995	
Deposits received	1,783		1,594	
Deposits received for guarantee	5,076		5,186	
Variation margins of futures markets	—		168	
Derivative liabilities	728		711	
Lease obligations	16		13	
Asset retirement obligations	665		679	
Suspense receipt	2,842		2,157	
Reserve for employees' retirement benefits	19,725	0.3	21,944	0.3
Reserve for directors' retirement benefits	91	0.0	121	0.0
Reserve under the special laws	42,845	0.6	44,260	0.6
Reserve for price fluctuations	42,845		44,260	
Deferred tax liabilities	120	0.0	7,151	0.1
Deferred tax liabilities on land revaluation	503	0.0	488	0.0
Total Liabilities	6,868,824	94.1	7,553,212	94.0
Net Assets				
Common stock	70,000	1.0	70,000	0.9
Capital surplus	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865	
Retained earnings	240,028	3.3	257,175	3.2
Earned reserve	22,128		26,118	
Other retained earnings	217,900		231,056	
Unappropriated retained earnings	217,900		231,056	
Total shareholders' equity	315,893	4.3	333,040	4.1
Net unrealized gains (losses) on other securities, net of taxes	118,113	1.6	150,621	1.9
Land revaluation, net of taxes	(1,480)	(0.0)	(1,465)	(0.0)
Total valuation and translation adjustments	116,632	1.6	149,155	1.9
Total Net Assets	432,526	5.9	482,195	6.0
Total Liabilities and Net Assets	¥7,301,350	100.0%	¥8,035,408	100.0%

Statements of Income

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Ordinary Revenues	¥1,223,827	¥1,230,141
Income from insurance premiums	914,034	1,028,048
Insurance premiums	912,497	1,026,407
Ceded reinsurance commissions	1,537	1,640
Investment income	280,148	170,517
Interest income and dividends	133,592	141,450
Interest income from deposits	0	0
Interest income and dividends from securities	117,276	124,943
Interest income from loans	5,921	6,174
Rent revenue from real estate	10,327	10,261
Other interest income and dividends	66	71
Income from monetary trusts, net	5,283	11,973
Gains on trading securities, net	507	98
Gains on sale of securities	8,899	12,204
Gains on redemption of securities	1	—
Gains on derivatives, net	—	4,768
Foreign exchange gains, net	5,068	—
Other investment income	7	21
Gains on separate accounts, net	126,789	—
Other ordinary income	29,644	31,575
Income for annuity riders	3,617	2,352
Income for deferred payment of claims	22,154	26,828
Other ordinary income	3,872	2,394

(Continued on next page)

Sony Life Financial Data (Non-consolidated)

(Millions of yen)

	2015	2016
Ordinary Expenses	¥1,144,162	¥1,169,348
Insurance claims and other payments	382,902	363,370
Insurance claims	79,622	84,283
Annuity payments	11,280	11,496
Insurance benefits	63,166	74,842
Surrender payments	223,130	184,936
Refund to policyholders	3,675	5,711
Reinsurance premiums	2,027	2,099
Provision for policy reserves and others	604,357	613,480
Provision for reserve for outstanding claims	746	4,185
Provision for policy reserves	603,607	609,291
Interest on policyholders' dividend reserve	3	2
Investment expenses	9,727	23,399
Interest expenses	31	53
Losses on sale of securities	0	—
Losses on redemption of securities	0	1
Losses on derivatives, net	2,099	—
Foreign exchange losses, net	—	2,798
Provision for reserve for possible loan losses	32	5
Depreciation of real estate for rent and others	1,931	1,936
Other investment expenses	5,630	3,868
Losses on separate accounts, net	—	14,735
Operating expenses	115,603	133,334
Other ordinary expenses	31,571	35,764
Payments of deferred claims	12,184	14,939
Taxes	10,571	12,373
Depreciation and amortization	5,267	5,342
Provision for reserve for employees' retirement benefits	3,523	3,077
Provision for reserve for directors' retirement benefits	24	30
Others	0	0
Ordinary Profit	79,665	60,792

(Continued on next page)

Statements of Income (Continued)

(Millions of yen)

	2015	2016
Extraordinary Gains	¥ —	¥ 6,352
Reversal of reserve for investment loss	—	6,352
Extraordinary Losses	7,683	8,466
Losses on disposal of fixed assets	31	7
Impairment losses	10	362
Provision for reserve under the special laws	1,288	1,415
Provision for reserve for price fluctuations	1,288	1,415
Valuation loss on stocks of affiliated companies	—	6,682
Provision for reserve for investment losses	6,352	—
Others	—	—
Provision for Reserve for Policyholders' Dividends	2,153	3,564
Income Before Income Taxes	69,828	55,113
Income Taxes—Current	27,055	21,735
Income Taxes—Deferred	247	(3,718)
Total Income Taxes	27,303	18,016
Net Income	¥42,524	¥37,096

Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015						
	Shareholders' equity						
	Common stock	Capital surplus		Retained earnings			Total shareholders' equity
		Capital reserve	Total capital surplus	Earned reserve	Other retained earnings	Total retained earnings	
				Unappropriated retained earnings			
Balance at the beginning of the period	¥70,000	¥5,865	¥5,865	¥18,138	¥193,323	¥211,461	¥287,327
Cumulative effects of changes in accounting policies	—	—	—	—	5,991	5,991	5,991
Restated balance at the beginning of the period	70,000	5,865	5,865	18,138	199,315	217,453	293,318
Changes during the period							
Dividends from surplus	—	—	—	3,990	(23,940)	(19,950)	(19,950)
Net income	—	—	—	—	42,524	42,524	42,524
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	3,990	18,584	22,574	22,574
Balance at the end of the period	¥70,000	¥5,865	¥5,865	¥22,128	¥217,900	¥240,028	¥315,893

(Millions of yen)

	2015			
	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Land revaluation, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the period	¥ 83,416	¥(1,513)	¥ 81,903	¥369,230
Cumulative effects of changes in accounting policies	—	—	—	5,991
Restated balance at the beginning of the period	83,416	(1,513)	81,903	375,221
Changes during the period				
Dividends from surplus	—	—	—	(19,950)
Net income	—	—	—	42,524
Net changes of items other than shareholders' equity	34,696	33	34,729	34,729
Total changes during the period	34,696	33	34,729	57,304
Balance at the end of the period	¥118,113	¥(1,480)	¥116,632	¥432,526

Statements of Changes in Net Assets (Continued)

(Millions of yen)

	2016						
	Shareholders' equity						
	Common stock	Capital surplus		Earned reserve	Retained earnings		Total shareholders' equity
		Capital reserve	Total capital surplus		Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the period	¥70,000	¥5,865	¥5,865	¥22,128	¥217,900	¥240,028	¥315,893
Changes during the period							
Dividends from surplus	—	—	—	3,990	(23,940)	(19,950)	(19,950)
Net income	—	—	—	—	37,096	37,096	37,096
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	3,990	13,156	17,146	17,146
Balance at the end of the period	¥70,000	¥5,865	¥5,865	¥26,118	¥231,056	¥257,175	¥333,040

(Millions of yen)

	2016			
	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Land revaluation, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the period	¥118,113	¥(1,480)	¥116,632	¥432,526
Changes during the period				
Dividends from surplus	—	—	—	(19,950)
Net income	—	—	—	37,096
Net changes of items other than shareholders' equity	32,508	14	32,522	32,522
Total changes during the period	32,508	14	32,522	49,669
Balance at the end of the period	¥150,621	¥(1,465)	¥149,155	¥482,195

Statements of Cash Flows

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Cash flows from operating activities		
Income before income taxes	¥ 69,828	¥ 55,113
Depreciation of real estate for rent and others	1,931	1,936
Depreciation and amortization	5,267	5,342
Impairment losses	10	362
Valuation loss on stocks of affiliated companies	—	6,682
Increase (decrease) in reserve for outstanding claims	746	4,185
Increase (decrease) in policy reserves	603,607	609,291
Interest portion of reserve for policyholders' dividends	3	2
Provision for (reversal of) reserve for policyholders' dividends	2,153	3,564
Increase (decrease) in reserve for possible loan losses	26	4
Increase (decrease) in reserve for investment losses	6,352	(6,352)
Increase (decrease) in reserve for employees' retirement benefits	2,716	2,218
Increase (decrease) in reserve for directors' retirement benefits	24	30
Increase (decrease) in reserve for price fluctuations	1,288	1,415
Interest income and dividends	(133,592)	(141,450)
(Gains) losses on securities	(127,440)	14,905
Interest expenses	31	53
Foreign exchange (gains) losses	(5,068)	2,798
(Gains) losses on disposal of tangible fixed assets	31	6
(Increase) decrease in due from reinsurers	(42)	(117)
(Increase) decrease in other assets (excluding those related to investing and financing activities)	17,717	16,937
Increase (decrease) in due to agencies	281	4
Increase (decrease) in due to reinsurers	18	35
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	3,802	2,772
Others, net	(6,276)	(25,366)
Subtotal	443,418	554,378
Interest and dividends received	142,216	151,036
Interest paid	(31)	(53)
Policyholders' dividends paid	(2,202)	(2,752)
Others, net	(5,103)	(3,696)
Income taxes paid	(19,015)	(29,479)
Net cash provided by (used in) operating activities	559,281	669,432
Cash flows from investing activities		
Proceeds from sale of monetary trusts	5,300	47,900
Purchases of securities	(671,343)	(1,127,702)
Proceeds from sale and redemption of securities	253,267	420,322
Investments in loans	(54,199)	(56,782)
Proceeds from collections of loans	24,618	28,761
Net increase (decrease) in collateral for securities lending transactions	—	62,804
Others, net	(1,626)	(567)
Total of net cash provided by (used in) investment transactions	(443,983)	(625,264)
[Total of net cash provided by (used in) operating activities and investment transactions]	[115,297]	[44,167]
Purchases of tangible fixed assets	(53,227)	(565)
Proceeds from sale of tangible fixed assets	—	—
Purchase of securities of affiliates	(2,500)	(1,450)
Others, net	(2,301)	(3,360)
Net cash provided by (used in) investing activities	(502,013)	(630,640)
Cash flows from financing activities		
Cash dividends paid	(19,950)	(19,950)
Others, net	(4)	(4)
Net cash provided by (used in) financing activities	(19,954)	(19,954)
Effect of exchange rate changes on cash and cash equivalents	0	(12)
Net increase (decrease) in cash and cash equivalents	37,314	18,825
Cash and cash equivalents at the beginning of the period	50,455	87,769
Cash and cash equivalents at the end of the period	¥ 87,769	¥ 106,594

1 Loans by Borrower Category

As of March 31,	(Millions of yen)	
	2015	2016
Bankrupt and quasi-bankrupt loans	¥ —	¥ —
Doubtful loans	—	—
Sub-standard loans	—	—
Subtotal	—	—
[% to total]	[—]	[—]
Normal loans	165,075	223,255
Total	¥165,075	¥223,255

- Notes: 1. Bankrupt and quasi-bankrupt loans are loans to borrowers who are subject to bankruptcy, corporate reorganization, 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)	
	2015	2016
Insurance claims		
Death benefits	¥ 6,702	¥ 8,767
Accidental benefits	220	387
Disability payments	1,729	2,494
Maturity benefits	971	1,504
Others	1,672	2,027
Subtotal	11,296	15,180
Annuity payments	229	174
Insurance benefits	5,698	6,210
Surrender payments	7,975	7,726
Deferred insurance benefits	107	171
Total, including others	¥25,449	¥29,635

3-02 Policy reserves

(Millions of yen)

As of March 31,	2015	2016
Policy reserves (excluding contingency reserve)		
Individual life insurance		
General accounts	¥6,438,959	¥7,001,664
Separate accounts	5,728,223	6,264,631
Individual annuities		
General accounts	710,735	737,033
Separate accounts	202,337	246,585
Group life insurance		
General accounts	131,816	145,001
Separate accounts	70,521	101,584
Group annuities		
General accounts	26	22
Separate accounts	26	22
Others		
General accounts	—	—
Separate accounts	—	—
Subtotal	6,658,533	7,261,366
General accounts	5,877,276	6,422,748
Separate accounts	781,256	838,617
Contingency reserve	68,707	75,166
Total	¥6,727,241	¥7,336,533
General accounts	¥5,945,984	¥6,497,915
Separate accounts	781,256	838,617

3-03 Breakdown of policy reserves

(Millions of yen)

As of March 31,	2015	2016
Premium reserve	¥6,454,413	¥7,036,247
Unearned premiums	204,119	225,118
Refund reserve	—	—
Contingency reserve	68,707	75,166
Total	¥6,727,241	¥7,336,533

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,	2015	2016
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 (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	32,894	6.00–6.25
FY1986 to FY1990	53,082	6.00–6.25
FY1991 to FY1995	556,111	2.75–6.25
FY1996 to FY2000	1,183,473	1.90–4.00
FY2001 to FY2005	1,404,402	1.50
FY2006 to FY2010	1,642,134	1.50
FY2011	355,348	1.50
FY2012	384,033	1.50
FY2013	356,145	1.00
FY2014	219,931	1.00
FY2015	222,072	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 accounts 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,	2015	2016
Balance of policy reserves (general account)	¥45,902	¥80,678

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 (1996) "Comprehensive Supervisory Guidelines for Insurance Companies (II-2-1-3-1)."
- Coefficients used in the calculations are stipulated in Article 9, Paragraph 1-2 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,	2015						Total
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
At the beginning of the period	¥ 1,783	¥ 226	¥2,160	¥ 67	¥ —	¥ —	¥ 4,237
Increase due to interest	2	0	—	—	—	—	3
Decrease due to dividend payment	103	32	2,043	23	—	—	2,202
Provision for the period	110	36	2,015	(10)	—	—	2,153
At the end of the period	1,794	230	2,133	33	—	—	4,191
	[1,545]	[157]	[0]	[—]	[—]	[—]	[1,703]

(Millions of yen)

For the year ended March 31,	2016						Total
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
At the beginning of the period	¥ 1,794	¥ 230	¥2,133	¥ 33	¥ —	¥ —	¥ 4,191
Increase due to interest	1	0	—	—	—	—	2
Decrease due to dividend payment	100	33	2,597	21	—	—	2,752
Provision for the period	129	39	3,326	70	—	—	3,564
At the end of the period	1,824	237	2,861	82	—	—	5,006
	[1,533]	[143]	[0]	[—]	[—]	[—]	[1,676]

Note: Figures in [] are accumulated dividends.

Sony Life Financial Data (Non-consolidated)

3-07 Other reserves

(Millions of yen)

	2015			2016		
	Balance at the beginning of the period	Balance at the end of the period	Increase (decrease)	Balance at the beginning of the period	Balance at the end of the 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	242	267	25	267	272	4
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—	—
Reserve for investment losses	—	6,352	6,352	6,352	—	(6,352)
Reserve for employees' retirement benefits	17,008	19,725	2,716	19,725	21,944	2,218
Reserve for directors' retirement benefits	66	91	24	91	121	30
Reserve for price fluctuations	41,556	42,845	1,288	42,845	44,260	1,415

3-08 Insurance premiums

(Millions of yen)

For the years ended March 31,	2015	2016
Individual life insurance	¥873,718	¥ 967,324
Single premium	57,458	93,702
Annual payment	240,743	263,622
Semi-annual payment	10,343	10,649
Monthly payment	565,171	599,350
Individual annuities	32,642	53,732
Single premium	16,495	31,586
Annual payment	5,409	7,869
Semi-annual payment	238	284
Monthly payment	10,498	13,992
Group life insurance	4,855	5,250
Group annuities	1,280	99
Total, including others	¥912,497	¥1,026,407

3-09 Insurance claims

(Millions of yen)

	2015	2016						
	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	¥45,828	¥44,205	¥—	¥1,325	¥—	¥—	¥—	¥45,530
Accidental benefits	707	510	—	0	—	—	—	510
Disability payments	2,296	3,474	—	110	—	—	—	3,584
Maturity benefits	22,513	24,749	—	—	—	—	—	24,749
Others	8,275	9,784	—	122	—	—	—	9,907
Total	¥79,622	¥82,724	¥—	¥1,558	¥—	¥—	¥—	¥84,283

3-10 Annuity payments

(Millions of yen)

	2015	2016						
	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	¥11,280	¥—	¥9,725	¥5	¥1,765	¥—	¥—	¥11,496

Sony Life Financial Data (Non-consolidated)

3-11 Insurance benefits

(Millions of yen)

For the years ended March 31,	2015	2016						
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
Death benefits	¥ 2,509	¥ 2,539	¥ 118	¥—	¥ —	¥—	¥—	¥ 2,658
Hospitalization benefits	9,128	9,364	—	0	—	—	—	9,364
Surgery benefits	8,957	9,428	—	—	—	—	—	9,428
Disability benefits	128	94	—	0	—	—	—	94
Living benefits	30,835	41,093	—	—	—	—	—	41,093
Others	11,607	10,415	1,596	—	192	—	—	12,204
Total	¥63,166	¥72,935	¥1,715	¥ 0	¥192	¥—	¥—	¥74,842

3-12 Surrender payments

(Millions of yen)

For the years ended March 31,	2015	2016						
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
Surrender payments	¥223,130	¥179,992	¥4,943	¥—	¥—	¥—	¥—	¥184,936

3-13 Depreciation and amortization

(Millions of yen, %)

For the years ended March 31,	2015					2016				
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period	Ratio of depreciation	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period	Ratio of depreciation
Tangible fixed assets	¥ 4,857	¥ 266	¥ 2,582	¥ 2,274	53.2%	¥ 4,845	¥ 273	¥ 2,795	¥ 2,049	57.7%
Buildings	3,567	178	1,574	1,993	44.1	3,507	184	1,751	1,756	49.9
Leased assets	20	4	4	15	21.7	20	4	8	12	41.0
Other tangible fixed assets	1,269	84	1,003	266	79.0	1,317	84	1,036	281	78.7
Intangible fixed assets	39,825	4,997	18,244	21,580	45.8	41,380	5,064	22,218	19,162	53.7
Others	22	3	8	13	39.0	22	4	12	10	54.6
Total	¥44,705	¥5,267	¥20,836	¥23,869	46.6%	¥46,249	¥5,342	¥25,026	¥21,222	54.1%

3-14 Operating expenses

(Millions of yen)

For the years ended March 31,	2015	2016
Sales and marketing expenses	¥ 56,354	¥ 64,852
Sales administrative expenses	15,904	18,095
General administrative expenses	43,344	50,386
Total	¥115,603	¥133,334

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,	2015	2016
Life Insurance Policyholders Protection Corporation of Japan	¥708	¥703

4 Reconciliation to Core Profit and Non-consolidated Ordinary Profit

(Millions of yen)

For the years ended March 31,

		2015	2016
Core profit	(A)	¥76,505	¥ 43,019
Capital gains		14,447	27,387
Income from monetary trusts, net		—	7,119
Income from trading securities, net		479	41
Gains on sale of securities		8,899	12,204
Gains on derivatives, net		—	4,768
Foreign exchange gains, net		5,068	—
Other capital gains		—	3,253
Capital losses		6,011	2,951
Losses on monetary trusts, net		—	—
Losses on trading securities, net		—	—
Losses on sale of securities		0	—
Devaluation losses on securities		—	—
Losses on derivatives, net		2,099	—
Foreign exchange losses, net		—	2,798
Other capital losses		3,910	153
Net capital gains (losses)	(B)	8,435	24,435
Core profit plus net capital gains (losses)	(A) + (B)	84,940	67,455
Other one-time gains		—	—
Gains from reinsurance		—	—
Reversal of contingency reserve		—	—
Reversal of specific reserve for possible loan losses		—	—
Others		—	—
Other one-time losses		5,275	6,662
Losses from reinsurance		—	—
Provision for contingency reserve		5,035	6,458
Provision for specific reserve for possible loan losses		31	5
Provision for reserve for possible loan losses for specific foreign countries		—	—
Write-off of loans		—	—
Others		207	197
Net other one-time gains (losses)	(C)	(5,275)	(6,662)
Ordinary profit	(A) + (B) + (C)	¥79,665	¥ 60,792

Notes: 1. Core profit for the fiscal year ended March 31, 2016 (A) includes income gains of ¥4,853 million in income from monetary trusts along with interest income and dividends of ¥57 million in income from trading securities, net. Other capital gains include the reversal of policy reserves and others of ¥3,253 million for currency market fluctuations of products denominated in foreign currencies; other capital losses include impairment losses of ¥153 million from investment partnerships. "Others" of other one-time losses include the provision of additional policy reserve of ¥197 million.

2. Core profit for the fiscal year ended March 31, 2015 (A) includes income gains of ¥5,283 million in income from monetary trusts along with interest income and dividends of ¥28 million in income from trading securities, net. Other capital losses include the provision of policy reserves of ¥3,693 million for currency market fluctuations of products denominated in foreign currencies and impairment losses of ¥217 million from investment partnerships. "Others" of other one-time losses include the provision of additional policy reserve of ¥207 million.

Reference: Reconciliation to core profit

(Millions of yen)

For the years ended March 31,	2015	2016
Core Revenues	¥1,209,380	¥1,206,007
Income from insurance premiums	914,034	1,028,048
Insurance premiums	912,497	1,026,407
Ceded reinsurance commissions	1,537	1,640
Investment income	260,390	141,472
Interest income and dividends	133,592	141,450
Gain on redemption of securities	1	—
Reversal of general reserve for possible loan losses	—	0
Other investment income	7	21
Gains on separate accounts, net	126,789	—
Other ordinary income	29,644	31,575
Income for annuity riders	3,617	2,352
Income for deferred payment of claims	22,154	26,828
Reversal of reserves for outstanding claims	—	—
Other ordinary income	3,872	2,394
Other core revenues	5,311	4,911
Core Expenses	1,132,874	1,162,988
Insurance claims and other payments	382,902	363,370
Insurance claims	79,622	84,283
Annuity payments	11,280	11,496
Insurance benefits	63,166	74,842
Surrender payments	223,130	184,936
Refund to policyholders	3,675	5,711
Reinsurance premiums	2,027	2,099
Provision for policy reserves and others	595,420	610,076
Investment expenses	7,377	20,442
Interest expenses	31	53
Losses on redemption of securities	0	1
Provision for general reserve for possible loan losses	0	—
Depreciation of real estate for rent and others	1,931	1,936
Other investment expenses	5,413	3,715
Losses on separate accounts, net	—	14,735
Operating expenses	115,603	133,334
Other ordinary expenses	31,571	35,764
Payments of deferred claims	12,184	14,939
Taxes	10,571	12,373
Depreciation and amortization	5,267	5,342
Provision for reserve for employees' retirement benefits	3,523	3,077
Provision for reserve for directors' retirement benefits	24	30
Others	0	0
Other core expenses	—	—
Core Profit	¥ 76,505	¥ 43,019

Reference: Positive spread and yields

(Billions of yen, %)

For the years ended March 31,	2015	2016
Positive spread	¥13.0	¥15.3
Investment yield for core profit	2.35%	2.31%
Investment yield (general account)	2.36%	2.42%
Average assumed interest rate	2.12%	2.06%

5 Fair Value Information on Securities (General Account)
5-01 Fair value information on securities
Valuation gains (losses) on trading-purpose securities

(Millions of yen)

As of March 31,	2015		2016	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥1,062	¥40	¥2,215	¥153

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

Fair value information on securities

a. Securities with fair value (except trading-purpose securities)

(Millions of yen)

As of March 31,	2015				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,878,792	¥5,718,258	¥ 839,466	¥ 839,567	¥101
Policy-reserve-matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,007,822	1,176,698	168,875	168,984	108
Japanese government and corporate bonds	974,613	1,120,126	145,512	145,512	—
Japanese stocks	13,421	29,496	16,075	16,075	—
Foreign securities	19,451	26,412	6,961	7,069	108
Bonds	19,451	26,412	6,961	7,069	108
Stocks, etc.	—	—	—	—	—
Other securities	336	663	326	326	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥5,886,614	¥6,894,956	¥1,008,341	¥1,008,551	¥210
Japanese government and corporate bonds	¥5,775,323	¥6,736,583	¥ 961,259	¥ 961,361	¥101
Japanese stocks	13,421	29,496	16,075	16,075	—
Foreign securities	97,533	128,214	30,680	30,788	108
Bonds	97,533	128,214	30,680	30,788	108
Stocks, etc.	—	—	—	—	—
Other securities	336	663	326	326	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

(Millions of yen)

As of March 31,	2016				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥5,383,938	¥7,410,168	¥2,026,230	¥2,026,230	¥ —
Policy-reserve-matching bonds	251,260	292,566	41,305	41,306	0
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	887,973	1,091,602	203,629	203,739	109
Japanese government and corporate bonds	854,339	1,040,351	186,011	186,011	—
Japanese stocks	13,625	25,664	12,039	12,049	10
Foreign securities	19,842	25,279	5,436	5,536	99
Bonds	19,842	25,279	5,436	5,536	99
Stocks, etc.	—	—	—	—	—
Other securities	165	307	142	142	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥6,523,172	¥8,794,337	¥2,271,165	¥2,271,276	¥110
Japanese government and corporate bonds	¥6,444,682	¥8,689,521	¥2,244,838	¥2,244,838	¥ 0
Japanese stocks	13,625	25,664	12,039	12,049	10
Foreign securities	64,698	78,844	14,146	14,245	99
Bonds	64,698	78,844	14,146	14,245	99
Stocks, etc.	—	—	—	—	—
Other securities	165	307	142	142	—
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. Carrying amount and net unrealized gains (losses) on monetary trusts, including items other than trading-purpose securities, as of March 31, 2016 amounted to ¥232,320 million and ¥48,431 million, respectively.

b. Carrying amounts of securities for which fair value cannot be measured reliably

(Millions of yen)

As of March 31,	2015	2016
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	18,500	13,267
Available-for-sale securities	14,492	12,301
Unlisted domestic stocks (except OTC stocks)	—	149
Unlisted foreign stocks (except OTC stocks)	663	439
Unlisted foreign bonds	—	—
Others	13,828	11,712
Total	¥32,992	¥25,569

Sony Life Financial Data (Non-consolidated)

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

(Millions of yen)

As of March 31,	2015				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,878,792	¥5,718,258	¥ 839,466	¥ 839,567	¥101
Policy-reserve-matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	18,500	18,500	—	—	—
Available-for-sale securities	1,022,315	1,198,889	176,574	177,188	614
Japanese government and corporate bonds	974,613	1,120,126	145,512	145,512	—
Japanese stocks	13,421	29,496	16,075	16,075	—
Foreign securities	20,115	28,488	8,373	8,482	108
Bonds	19,451	26,412	6,961	7,069	108
Stocks, etc.	663	2,076	1,412	1,412	—
Other securities	14,165	20,778	6,613	7,118	505
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥5,919,607	¥6,935,647	¥1,016,040	¥1,016,756	¥715
Japanese government and corporate bonds	¥5,775,323	¥6,736,583	¥ 961,259	¥ 961,361	¥101
Japanese stocks	26,421	42,496	16,075	16,075	—
Foreign securities	103,697	135,790	32,092	32,201	108
Bonds	97,533	128,214	30,680	30,788	108
Stocks, etc.	6,163	7,576	1,412	1,412	—
Other securities	14,165	20,778	6,613	7,118	505
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

(Millions of yen)

As of March 31,	2016				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥5,383,938	¥7,410,168	¥2,026,230	¥2,026,230	¥ —
Policy-reserve-matching bonds	251,260	292,566	41,305	41,306	0
Stocks of subsidiaries and affiliated companies	13,267	13,267	—	—	—
Available-for-sale securities	900,274	1,109,405	209,130	209,792	661
Japanese government and corporate bonds	854,339	1,040,351	186,011	186,011	—
Japanese stocks	13,775	25,814	12,039	12,049	10
Foreign securities	20,281	27,271	6,989	7,089	99
Bonds	19,842	25,279	5,436	5,536	99
Stocks, etc.	439	1,992	1,552	1,552	—
Other securities	11,877	15,967	4,090	4,641	551
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥6,548,741	¥8,825,407	¥2,276,666	¥2,277,328	¥662
Japanese government and corporate bonds	¥6,444,682	¥8,689,521	¥2,244,838	¥2,244,838	¥ 0
Japanese stocks	20,343	32,382	12,039	12,049	10
Foreign securities	71,837	87,536	15,699	15,798	99
Bonds	64,698	78,844	14,146	14,245	99
Stocks, etc.	7,139	8,692	1,552	1,552	—
Other securities	11,877	15,967	4,090	4,641	551
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

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

(Millions of yen)

As of March 31,	2015				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥313,276	¥313,276	¥—	¥—	¥—

(Millions of yen)

As of March 31,	2016				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts	¥280,973	¥280,973	¥—	¥—	¥—

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,	2015				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Monetary trusts for held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥—
Monetary trusts for policy-reserve-matching	—	—	—	—	—
Other monetary trusts	268,017	313,225	45,208	45,208	—

(Millions of yen)

As of March 31,	2016				
	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	232,491	280,922	48,431	48,431	—

Note: Monetary trusts include cash and call loans, etc., held in monetary trusts.

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)

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,	2015						2016					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting is applied	¥ —	¥—	¥ —	¥—	¥—	¥ —	¥ —	¥ —	¥ —	¥—	¥—	¥ —
Hedge accounting is not applied	139	(7)	(612)	—	—	(479)	422	737	(230)	—	—	929
Total	¥139	¥(7)	¥(612)	¥—	¥—	¥(479)	¥422	¥737	¥(230)	¥—	¥—	¥929

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

Sony Life Financial Data (Non-consolidated)

2. Interest rate derivatives

(Millions of yen)

As of March 31,	2015				2016			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions								
Interest rate swaps								
Fixed-rate receivable/ Floating-rate payable	¥1,000	¥1,000	¥139	¥139	¥1,000	¥1,000	¥422	¥422
Total				¥139				¥422

Note: Fair value is also shown in the column under "Valuation gains (losses)."

Reference: Balance of interest rate swaps by remaining period

(Millions of yen, %)

As of March 31,	2015							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		
Fixed-rate receivable/ Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	
Average fixed-rate receivable	—	—	—	—	—	1.89%	1.89%	
Average floating-rate payable	—	—	—	—	—	0.15%	0.15%	
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	

(Millions of yen, %)

As of March 31,	2016							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		
Fixed-rate receivable/ Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	
Average fixed-rate receivable	—	—	—	—	—	1.89%	1.89%	
Average floating-rate payable	—	—	—	—	—	0.12%	0.12%	
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	

3. Currency derivatives

(Millions of yen)

As of March 31,	2015				2016			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions								
Forward foreign exchanges								
Sold	¥21,282	¥—	¥ (7)	¥ (7)	¥50,035	¥—	¥737	¥737
U.S. dollars	10,364	—	93	93	31,792	—	714	714
Euro	9,968	—	(115)	(115)	15,387	—	25	25
Australian dollars	949	—	15	15	2,855	—	(2)	(2)
Total				¥ (7)				¥737

Notes: 1. The forward rate of exchange is used to value forward foreign exchanges at the end of the fiscal year.

2. Fair value is also shown in the column under "Valuation gains (losses)."

Sony Life Financial Data (Non-consolidated)

4. Stock derivatives

(Millions of yen)

As of March 31,	2015				2016			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
Listed								
Stock index futures								
Sold	¥21,903	¥—	¥(612)	¥(612)	¥72,793	¥—	¥(230)	¥(230)
Total				¥(612)				¥(230)

Note: Fair value is also shown in the column under "Valuation gains (losses)."

5. Bond derivatives

Not applicable

6. Others

Not applicable

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,	2015		2016	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥761,473	¥89,147	¥796,241	¥(75,945)

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

Fair value information on securities

a. Securities with fair value (except trading-purpose securities)

(Millions of yen)

As of March 31,	2015				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,878,792	¥5,718,258	¥ 839,466	¥ 839,567	¥101
Policy-reserve-matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	1,007,822	1,176,698	168,875	168,984	108
Japanese government and corporate bonds	974,613	1,120,126	145,512	145,512	—
Japanese stocks	13,421	29,496	16,075	16,075	—
Foreign securities	19,451	26,412	6,961	7,069	108
Bonds	19,451	26,412	6,961	7,069	108
Stocks, etc.	—	—	—	—	—
Other securities	336	663	326	326	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥5,886,614	¥6,894,956	¥1,008,341	¥1,008,551	¥210
Japanese government and corporate bonds	¥5,775,323	¥6,736,583	¥ 961,259	¥ 961,361	¥101
Japanese stocks	13,421	29,496	16,075	16,075	—
Foreign securities	97,533	128,214	30,680	30,788	108
Bonds	97,533	128,214	30,680	30,788	108
Stocks, etc.	—	—	—	—	—
Other securities	336	663	326	326	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

(Millions of yen)

As of March 31,	2016				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥5,383,938	¥7,410,168	¥2,026,230	¥2,026,230	¥ —
Policy-reserve-matching bonds	251,260	292,566	41,305	41,306	0
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	887,973	1,091,602	203,629	203,739	109
Japanese government and corporate bonds	854,339	1,040,351	186,011	186,011	—
Japanese stocks	13,625	25,664	12,039	12,049	10
Foreign securities	19,842	25,279	5,436	5,536	99
Bonds	19,842	25,279	5,436	5,536	99
Stocks, etc.	—	—	—	—	—
Other securities	165	307	142	142	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥6,523,172	¥8,794,337	¥2,271,165	¥2,271,276	¥110
Japanese government and corporate bonds	¥6,444,682	¥8,689,521	¥2,244,838	¥2,244,838	¥ 0
Japanese stocks	13,625	25,664	12,039	12,049	10
Foreign securities	64,698	78,844	14,146	14,245	99
Bonds	64,698	78,844	14,146	14,245	99
Stocks, etc.	—	—	—	—	—
Other securities	165	307	142	142	—
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. Carrying amount and net unrealized gains (losses) on monetary trusts, including items other than trading-purpose securities, as of March 31, 2016 amounted to ¥232,320 million and ¥48,431 million, respectively.

○ Held-to-maturity securities

(Millions of yen)

As of March 31,	2015			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount	¥4,858,704	¥5,698,272	¥839,567	¥5,383,938	¥7,410,168	¥2,026,230
Japanese government and corporate bonds	4,780,622	5,596,470	815,848	5,339,082	7,356,603	2,017,520
Foreign securities	78,082	101,801	23,719	44,855	53,565	8,709
Other securities	—	—	—	—	—	—
Held-to-maturity securities whose fair value does not exceed balance sheet amount	20,087	19,985	(101)	—	—	—
Japanese government and corporate bonds	20,087	19,985	(101)	—	—	—
Foreign securities	—	—	—	—	—	—
Other securities	—	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

○ Policy-reserve-matching bonds

(Millions of yen)

As of March 31,	2015			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount	¥—	¥—	¥—	¥245,519	¥286,826	¥41,306
Japanese government and corporate bonds	—	—	—	245,519	286,826	41,306
Foreign securities	—	—	—	—	—	—
Other securities	—	—	—	—	—	—
Held-to-maturity securities whose fair value does not exceed balance sheet amount	—	—	—	5,741	5,740	(0)
Japanese government and corporate bonds	—	—	—	5,741	5,740	(0)
Foreign securities	—	—	—	—	—	—
Other securities	—	—	—	—	—	—

○ Available-for-sale securities

(Millions of yen)

As of March 31,	2015			2016		
	Carrying amount	Balance sheet amount	Difference	Carrying amount	Balance sheet amount	Difference
Available-for-sale securities whose balance sheet amount exceeds carrying amount	¥1,004,852	¥1,173,837	¥168,984	¥883,355	¥1,087,094	¥203,739
Japanese government and corporate bonds	974,613	1,120,126	145,512	854,339	1,040,351	186,011
Japanese stocks	13,421	29,496	16,075	13,452	25,501	12,049
Foreign securities	16,481	23,551	7,069	15,398	20,934	5,536
Other securities	336	663	326	165	307	142
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—
Available-for-sale securities whose balance sheet amount does not exceed carrying amount	2,969	2,861	(108)	4,618	4,508	(109)
Japanese government and corporate bonds	—	—	—	—	—	—
Japanese stocks	—	—	—	173	163	(10)
Foreign securities	2,969	2,861	(108)	4,444	4,344	(99)
Other securities	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—

b. Carrying amounts of securities for which fair value cannot be measured reliably

(Millions of yen)

As of March 31,	2015	2016
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy reserve matching bonds	—	—
Stocks of subsidiaries and affiliated companies	18,500	13,267
Available-for-sale securities	14,492	12,301
Unlisted domestic stocks (except OTC stocks)	—	149
Unlisted foreign stocks (except OTC stocks)	663	439
Unlisted foreign bonds	—	—
Others	13,828	11,712
Total	¥32,992	¥25,569

Sony Life Financial Data (Non-consolidated)

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

(Millions of yen)

As of March 31,	2015				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥4,878,792	¥5,718,258	¥ 839,466	¥ 839,567	¥101
Policy-reserve-matching bonds	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	18,500	18,500	—	—	—
Available-for-sale securities	1,022,315	1,198,889	176,574	177,188	614
Japanese government and corporate bonds	974,613	1,120,126	145,512	145,512	—
Japanese stocks	13,421	29,496	16,075	16,075	—
Foreign securities	20,115	28,488	8,373	8,482	108
Bonds	19,451	26,412	6,961	7,069	108
Stocks, etc.	663	2,076	1,412	1,412	—
Other securities	14,165	20,778	6,613	7,118	505
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥5,919,607	¥6,935,647	¥1,016,040	¥1,016,756	¥715
Japanese government and corporate bonds	¥5,775,323	¥6,736,583	¥ 961,259	¥ 961,361	¥101
Japanese stocks	26,421	42,496	16,075	16,075	—
Foreign securities	103,697	135,790	32,092	32,201	108
Bonds	97,533	128,214	30,680	30,788	108
Stocks, etc.	6,163	7,576	1,412	1,412	—
Other securities	14,165	20,778	6,613	7,118	505
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

(Millions of yen)

As of March 31,	2016				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥5,383,938	¥7,410,168	¥2,026,230	¥2,026,230	¥ —
Policy-reserve-matching bonds	251,260	292,566	41,305	41,306	0
Stocks of subsidiaries and affiliated companies	13,267	13,267	—	—	—
Available-for-sale securities	900,274	1,109,405	209,130	209,792	661
Japanese government and corporate bonds	854,339	1,040,351	186,011	186,011	—
Japanese stocks	13,775	25,814	12,039	12,049	10
Foreign securities	20,281	27,271	6,989	7,089	99
Bonds	19,842	25,279	5,436	5,536	99
Stocks, etc.	439	1,992	1,552	1,552	—
Other securities	11,877	15,967	4,090	4,641	551
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥6,548,741	¥8,825,407	¥2,276,666	¥2,277,328	¥662
Japanese government and corporate bonds	¥6,444,682	¥8,689,521	¥2,244,838	¥2,244,838	¥ 0
Japanese stocks	20,343	32,382	12,039	12,049	10
Foreign securities	71,837	87,536	15,699	15,798	99
Bonds	64,698	78,844	14,146	14,245	99
Stocks, etc.	7,139	8,692	1,552	1,552	—
Other securities	11,877	15,967	4,090	4,641	551
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

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

(Millions of yen)

As of March 31,	2015					2016				
	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	¥313,276	¥313,276	¥—	¥—	¥—	¥280,973	¥280,973	¥—	¥—	¥—

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,	2015					2016				
	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	268,017	313,225	45,208	45,208	—	232,491	280,922	48,431	48,431	—

Note: Monetary trusts include cash and call loans, etc., held in monetary trusts.

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

Qualitative Information

1. Transaction details

The main derivative transactions used by Sony Life are as follows:

- Interest rate-related: Interest rate swap transactions
- Currency-related: Forward foreign exchange transactions
- Stock-related: Stock index futures trading

2. Purpose of use and policy on derivative transactions

Sony Life's policy is to conduct derivative transactions to reduce risks related to its holdings of assets and liabilities, and does not engage in speculative derivative transactions.

- Interest rate-related: The purpose is to hedge interest rate-related risk on its holdings of assets and liabilities.
- Currency-related: The purpose is to hedge foreign currency risk related to its holdings of assets and the minimum guaranteed for individual variable life insurance.
- Stock-related: The purpose is to hedge stock-related risk related to its holdings of assets and the minimum guaranteed for individual variable life insurance.

3. Risk details

The risk of fluctuations in market value (interest rate-related risk, currency-related risk and stock-related risk) is inherent to derivative transactions employed by Sony Life. However, as these transactions are conducted primarily to reduce risk related to its holdings of assets and liabilities, the total risk related to derivative transactions and their underlying assets and liabilities is limited. Credit risk is inherent to derivative instruments, but when conducting transactions, Sony Life selects parties that it believes pose little risk of default.

4. 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.

5. Supplemental information regarding quantitative information

Sony Life does not employ hedge accounting for derivative transactions.

Sony Life Financial Data (Non-consolidated)

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,	2015						2016					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting is applied	¥ —	¥—	¥ —	¥—	¥—	¥ —	¥ —	¥ —	¥ —	¥—	¥—	¥ —
Hedge accounting is not applied	139	(7)	(612)	—	—	(479)	422	737	(230)	—	—	929
Total	¥139	¥(7)	¥(612)	¥—	¥—	¥(479)	¥422	¥737	¥(230)	¥—	¥—	¥929

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

(Millions of yen)

As of March 31,	2015				2016			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions								
Interest rate swaps								
Fixed-rate receivable/ Floating-rate payable	¥1,000	¥1,000	¥139	¥139	¥1,000	¥1,000	¥422	¥422
Total				¥139				¥422

Note: Fair value is also shown in the column under "Valuation gains (losses)."

Reference: Balance of interest rate swaps by remaining period

(Millions of yen, %)

As of March 31,	2015							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		
Fixed-rate receivable/ Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	
Average fixed-rate receivable	—	—	—	—	—	1.89%	1.89%	
Average floating-rate payable	—	—	—	—	—	0.15%	0.15%	
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	

(Millions of yen, %)

As of March 31,	2016							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		
Fixed-rate receivable/ Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	
Average fixed-rate receivable	—	—	—	—	—	1.89%	1.89%	
Average floating-rate payable	—	—	—	—	—	0.12%	0.12%	
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	

Sony Life Financial Data (Non-consolidated)

② Currency derivatives

(Millions of yen)

As of March 31,	2015				2016			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions								
Forward foreign exchanges								
Sold	¥21,282	¥—	¥ (7)	¥ (7)	¥50,035	¥—	¥737	¥737
U.S. dollars	10,364	—	93	93	31,792	—	714	714
Euro	9,968	—	(115)	(115)	15,387	—	25	25
Australian dollars	949	—	15	15	2,855	—	(2)	(2)
Total				¥ (7)				¥737

Notes: 1. The forward rate of exchange is used to value forward foreign exchanges at the end of the fiscal year.

2. Fair value is also shown in the column under "Valuation gains (losses)."

③ Stock derivatives

(Millions of yen)

As of March 31,	2015				2016			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
Listed								
Stock index futures								
Sold	¥21,903	¥—	¥(612)	¥(612)	¥72,793	¥—	¥(230)	¥(230)
Total				¥(612)				¥(230)

Note: Fair value is also shown in the column under "Valuation gains (losses)."

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,	2012	2013	2014	2015	2016
Policy amount in force	¥37,345,780	¥39,124,675	¥40,500,241	¥42,430,898	¥44,749,196
Individual life insurance	35,707,301	37,366,333	38,628,089	40,391,018	42,293,769
Individual annuities	369,759	412,709	466,915	597,682	856,062
Group life insurance	1,268,718	1,345,632	1,405,237	1,442,198	1,599,364
Policy amount in force for group annuities	57,811	56,503	55,196	17,210	13,093
Annualized premiums from insurance in force	635,401	669,937	696,986	735,728	781,315
Of which, medical protection, living benefit protection and other products	148,954	158,686	167,075	172,800	179,707
New policy amount	4,207,045	4,460,210	3,894,484	4,776,917	5,152,456
Individual life insurance	4,145,663	4,396,676	3,814,291	4,625,700	4,871,062
Individual annuities	57,664	57,931	75,088	145,926	280,332
Group life insurance	3,717	5,602	5,104	5,291	1,061
Annualized premiums from new policies	70,854	73,263	63,992	76,612	85,018
Of which, medical protection, living benefit protection and other products	17,101	18,397	13,486	15,285	15,717
Ordinary revenues	967,400	1,142,274	1,197,109	1,223,827	1,230,141
Of which, income from insurance premiums	816,106	925,874	960,986	914,034	1,028,048
Of which, investment income	133,945	199,833	212,323	280,148	170,517
Ordinary expenses	897,964	1,067,614	1,127,904	1,144,162	1,169,348
Of which, insurance claims and other payments	287,431	293,929	327,257	382,902	363,370
Of which, investment expenses	14,370	11,686	8,506	9,727	23,399
Of which, operating expenses	105,492	109,060	113,868	115,603	133,334
Ordinary profit	69,436	74,659	69,205	79,665	60,792
Net income	31,426	42,444	37,063	42,524	37,096
Core profit	71,685	80,045	72,365	76,505	43,019
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	5,222,846	5,952,750	6,624,903	7,301,350	8,035,408
Of which, separate account assets	444,289	550,624	640,562	793,344	850,323
Policy reserves	4,843,020	5,472,930	6,123,633	6,727,241	7,336,533
Loans	138,909	145,104	154,219	162,399	171,649
Securities	4,545,019	5,211,535	5,954,716	6,543,703	7,273,361
Solvency margin ratio	1,980.4%	2,281.8%	2,358.7%	2,555.0%	2,722.8%
Number of employees	6,060	6,323	6,553	6,781	7,289

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 single premium 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.).

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,	2015				2016			
	Number	Change from March 31, 2014	Amount	Change from March 31, 2014	Number	Change from March 31, 2015	Amount	Change from March 31, 2015
Individual life insurance	6,552,685	105.1%	¥40,391,018	104.6%	6,880,470	105.0%	¥42,293,769	104.7%
Individual annuities	119,419	126.5	597,682	128.0	166,331	139.3	856,062	143.2
Group life insurance	—	—	1,442,198	102.6	—	—	1,599,364	110.9
Group annuities	—	—	17,210	31.2	—	—	13,093	76.1

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

New policy amount

(Millions of yen, %)

For the year ended March 31,	2015					
	Number	YoY change	Amount	YoY change	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	578,831	111.8%	¥4,625,700	121.3%	¥4,625,700	¥—
Individual annuities	27,823	177.0	145,926	194.3	145,926	—
Group life insurance	—	—	5,291	103.7	5,291	—
Group annuities	—	—	—	—	—	—

(Millions of yen, %)

For the year ended March 31,	2016					
	Number	YoY change	Amount	YoY change	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	579,282	100.1%	¥4,871,062	105.3%	¥4,871,062	¥—
Individual annuities	50,709	182.3	280,332	192.1	280,332	—
Group life insurance	—	—	1,061	20.1	1,061	—
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,	2015		2016	
	Amount	Change from March 31, 2014	Amount	Change from March 31, 2015
Individual life insurance	¥714,620	105.1%	¥751,820	105.2%
Individual annuities	21,107	124.3	29,495	139.7
Total	¥735,728	105.6%	¥781,315	106.2%
Of which, medical protection, living benefit protection and other products	172,800	103.4	179,707	104.0

New policies

(Millions of yen, %)

For the years ended March 31,	2015		2016	
	Amount	YoY change	Amount	YoY change
Individual life insurance	¥71,795	117.2%	¥76,334	106.3%
Individual annuities	4,816	176.9	8,684	180.3
Total	¥76,612	119.7%	¥85,018	111.0%
Of which, medical protection, living benefit protection and other products	15,285	113.3	15,717	102.8

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 single premium 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,	2015		2016	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	4,958,598	¥37,129,771	5,226,764	¥38,899,244
Variable life insurance (whole life type)	685,767	3,602,970	823,273	4,275,541
U.S. dollar-denominated whole life insurance	46,680	476,044	59,731	567,438
Modified payment whole life insurance	14,621	133,183	14,232	126,546
Limited payment whole life insurance	338,058	2,710,522	340,179	2,699,573
Family insurance	1,217	11,128	1,196	10,917
Interest rate-sensitive whole life insurance	552,782	3,085,149	538,555	2,972,267
Whole life insurance (no selection type)	4,092	7,255	3,908	6,895
Single premium whole life insurance (non-notification type)	—	—	11,937	66,519
Living benefit insurance (whole life type)	532,627	1,831,852	530,977	1,810,966
Living benefit whole life insurance (living standard type)	41,301	164,163	95,362	385,449
Variable life insurance (term type)	1,288	43,018	1,225	39,288
Family income insurance	245,845	6,340,146	271,949	6,968,621
Living standard insurance	2,898	40,801	2,624	34,711
Level premium plan term life insurance	83,600	1,709,811	81,164	1,641,168
Decreasing term life insurance	69,811	1,321,041	69,376	1,303,547
Living benefit insurance (term type)	70,823	658,024	79,185	735,716
Living benefit term life insurance (living standard type)	—	—	12,404	123,077
Level premium plan term life insurance (non-smoker preferred risk)	18,101	743,221	17,632	723,217
Decreasing term life insurance (non-smoker preferred risk)	24,289	502,884	22,562	438,058
Family income insurance (non-smoker preferred risk)	48,267	1,316,593	45,395	1,177,456
Increasing term life insurance	47	5,395	34	4,032
Long-term level premium plan term life insurance (with disability benefit)	43,121	1,985,996	50,569	2,386,042
Increasing term life insurance (reduced surrender value)	3,102	108,573	2,760	95,717
Level premium plan term life insurance (no surrender value)	46,548	862,868	48,685	910,666
Income protection insurance to cover three major diseases	19,819	15,888	22,112	17,855
Semi-participating whole life nursing-care insurance	133,832	502,877	134,657	503,702
Whole life nursing-care insurance (reduced surrender value)	15,910	3,210	18,333	3,827
Cancer insurance	210,300	28,487	208,483	27,976
Whole-life cancer insurance (08)	67,395	6,084	74,610	6,592
Cancer hospitalization insurance	30,821	—	29,907	—
Comprehensive medical insurance	1,594,273	656,479	1,602,956	638,904
Long-term comprehensive medical insurance	11,308	4,787	10,741	4,564
Semi-participating living standard insurance (joint type)	55	1,089	51	990
Term riders and others	[527,854]	8,250,219	[533,419]	8,191,390
Mixed insurance	407,795	1,422,354	429,167	1,504,136
Variable life insurance (limited term type)	61,492	184,187	84,805	265,213
U.S. dollar-denominated endowment insurance	2,918	13,703	3,470	15,530
U.S. dollar-denominated specialty endowment insurance	3,411	18,183	3,903	21,879
Endowment insurance	267,362	1,006,238	264,200	998,024
Semi-participating endowment insurance	66,251	173,342	64,159	169,527
Specialty endowment insurance	6,361	26,699	8,630	33,961
Pure endowment insurance	1,186,292	1,838,892	1,224,539	1,890,387
Educational endowment insurance	73,793	79,087	95,683	97,571
Semi-participating educational endowment insurance	1,112,499	1,759,805	1,128,856	1,792,815
Living benefit rider	—	—	—	—
Total individual life insurance products	6,552,685	40,391,018	6,880,470	42,293,769
Individual annuity products				
Semi-participating individual annuities	64,138	282,646	75,667	334,053
Individual variable annuities	46,192	250,875	80,862	454,185
Others	9,089	64,160	9,802	67,823
Total individual annuity products	119,419	597,682	166,331	856,062
Group life insurance products				
Group term life insurance	93,235	178,128	122,445	172,913
Group welfare term life insurance	126,811	69,746	113,340	67,159
Group credit life insurance	1,599,340	1,194,312	1,507,312	1,359,283
Annuity payment rider	35	10	22	7
Total group life insurance products	1,819,421	1,442,198	1,743,119	1,599,364
Group annuity products				
New-type corporate annuities	21,525	2,505	21,177	100
Defined contribution corporate annuities	59,871	14,704	58,978	12,992
Total group annuity products	81,396	17,210	80,155	13,093
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 single premium 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,	2015		2016	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	434,256	¥4,321,409	470,261	¥4,598,378
Variable life insurance (whole life type)	91,162	444,259	154,214	824,693
U.S. dollar-denominated whole life insurance	29,162	265,734	14,475	150,587
Modified payment whole life insurance	—	—	—	—
Limited payment whole life insurance	12,795	69,174	9,380	55,884
Family insurance	—	—	—	—
Interest rate-sensitive whole life insurance	6,714	38,968	3,599	21,104
Whole life insurance (no selection type)	267	408	278	422
Single premium whole life insurance (non-notification type)	—	—	11,999	66,953
Living benefit insurance (whole life type)	44,824	172,252	15,167	57,127
Living benefit whole life insurance (living standard type)	41,636	165,826	56,043	230,547
Variable life insurance (term type)	—	—	—	—
Family income insurance	41,925	1,254,219	40,870	1,245,454
Living standard insurance	—	—	—	—
Level premium plan term life insurance	5,196	106,237	5,019	105,735
Decreasing term life insurance	6,394	171,229	4,683	129,988
Living benefit insurance (term type)	19,938	191,091	16,732	159,800
Living benefit term life insurance (living standard type)	—	—	12,497	123,838
Level premium plan term life insurance (non-smoker preferred risk)	1,147	61,399	1,025	52,017
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)	9,431	460,524	10,060	512,301
Increasing term life insurance (reduced surrender value)	180	6,330	170	4,929
Level premium plan term life insurance (no surrender value)	7,242	141,832	5,560	119,827
Income protection insurance to cover three major diseases	4,285	4,191	3,804	3,287
Semi-participating whole life nursing-care insurance	8,532	33,144	5,874	23,053
Whole life nursing-care insurance (reduced surrender value)	4,214	925	3,405	803
Cancer insurance	4,541	482	5,777	613
Whole-life cancer insurance (08)	8,839	769	10,255	823
Cancer hospitalization insurance	2,454	—	2,288	—
Comprehensive medical insurance	83,378	16,708	77,087	14,395
Long-term comprehensive medical insurance	—	—	—	—
Semi-participating living standard insurance (joint type)	—	—	—	—
Term riders and others	[37,807]	715,699	[36,286]	694,189
Mixed insurance	54,786	194,725	48,942	188,049
Variable life insurance (limited term type)	16,235	50,354	25,951	92,754
U.S. dollar-denominated endowment insurance	1,134	4,224	666	3,292
U.S. dollar-denominated specialty endowment insurance	1,242	6,933	670	6,922
Endowment insurance	27,792	99,207	17,104	69,189
Semi-participating endowment insurance	1,916	6,970	2,002	7,882
Specialty endowment insurance	6,467	27,034	2,549	8,008
Pure endowment insurance	89,789	109,565	60,079	84,634
Educational endowment insurance	60,953	64,004	22,430	19,061
Semi-participating educational endowment insurance	28,836	45,560	37,649	65,573
Living benefit rider	—	—	—	—
Total individual life insurance products	578,831	4,625,700	579,282	4,871,062
Individual annuity products				
Semi-participating individual annuities	10,252	46,040	14,060	65,167
Individual variable annuities	17,571	99,885	36,649	215,165
Others	—	—	—	—
Total individual annuity products	27,823	145,926	50,709	280,332
Group life insurance products				
Group term life insurance	2,162	4,248	—	—
Group welfare term life insurance	764	1,043	14,404	1,061
Group credit life insurance	—	—	—	—
Annuity payment rider	—	—	—	—
Total group life insurance products	2,926	5,291	14,404	1,061
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 single premium 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.

Sony Life Performance Indicators (Non-consolidated)

2-04 Policy amount in force by insurance function

(Millions of yen)

As of March 31,	2015	2016
Death protection		
Ordinary death		
Individual life insurance	¥38,552,125	¥40,403,381
Individual annuities	[144,044]	[191,749]
Group life insurance	1,442,187	1,599,357
Group annuities	—	—
Total	39,994,313	42,002,738
Accidental death		
Individual life insurance	[6,590,527]	[6,376,107]
Individual annuities	—	—
Group life insurance	[345]	[339]
Group annuities	—	—
Total	[6,590,873]	[6,376,447]
Death protection with other conditions		
Individual life insurance	[1,279,418]	[1,222,535]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[1,279,418]	[1,222,535]
Living protection		
Maturity and living benefits		
Individual life insurance	1,838,892	1,890,387
Individual annuities	534,163	789,035
Group life insurance	—	0
Group annuities	—	—
Total	2,373,056	2,679,424
Annuities		
Individual life insurance	—	—
Individual annuities	[70,474]	[100,324]
Group life insurance	[5]	[2]
Group annuities	—	—
Total	[70,479]	[100,327]
Others		
Individual life insurance	—	—
Individual annuities	63,518	67,026
Group life insurance	10	6
Group annuities	17,210	13,093
Total	80,740	80,126
Hospitalization protection		
Accidental hospitalization		
Individual life insurance	[18,120]	[18,156]
Individual annuities	—	—
Group life insurance	[9]	[7]
Group annuities	—	—
Total	[18,130]	[18,164]
Sickness hospitalization		
Individual life insurance	[18,120]	[18,156]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[18,120]	[18,156]
Hospitalization with other conditions		
Individual life insurance	[7,251]	[7,142]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[7,251]	[7,142]

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

As of March 31,	2015	2016
Disability protection		
Individual life insurance	535,195	600,135
Individual annuities	—	—
Group life insurance	48,142	9,934
Group annuities	—	—
Total	583,337	610,069
Surgery protection		
Individual life insurance	1,680,530	1,685,198
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	1,680,530	1,685,198

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

As of March 31,	2015	2016
		(Millions of yen)
Pure death-protection insurance		
Whole life insurance	¥ 8,419,299	¥ 8,646,575
Whole life insurance with term rider	—	—
Term life insurance	15,554,558	16,507,322
Total	37,129,771	38,899,244
Mixed insurance		
Endowment insurance	1,193,284	1,183,082
Endowment insurance with term rider	—	—
Term life insurance with living benefits	—	—
Total	1,422,354	1,504,136
Pure endowment insurance	1,838,892	1,890,387
Annuity products		
Individual annuities	597,682	856,062
Riders for disaster and disease		
Rider to cover accidental death	3,347,551	3,214,336
Injury rider	3,242,975	3,161,771
Comprehensive protection riders covering hospitalization	467	445
Comprehensive protection riders covering hospitalization for family	19	18
Comprehensive protection riders covering lifestyle-related disease	50	48
Medical treatment rider for adults	1,252	1,216
Medical treatment rider for women	1,259	1,238
Lifestyle diseases medical treatment rider	15	14
New medical treatment rider for women	4	4
Cancer rider	243	251
Rider to cover initial period of hospitalization	6,628	6,737

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,	2015		2016	
	Number	Amount	Number	Amount
Balance at the beginning of the period	6,236,000	¥38,628,089	6,552,685	¥40,391,018
New policy amount	578,831	4,625,700	579,282	4,871,062
Increase from renewal	13,859	49,869	13,053	47,587
Increase from reinstatement	17,796	105,965	18,479	119,711
Increase in policy amount	[309]	2,241	[309]	1,897
Increase from conversion	—	—	—	—
Increase for other reasons	12,015	242,220	10,341	187,579
Decrease from death	10,379	62,727	11,389	68,065
Decrease for maturity	30,525	113,452	36,532	123,903
Decrease in policy amount	[42,765]	190,478	[44,682]	204,038
Decrease from conversion	—	—	—	—
Surrender amount	214,052	1,857,459	196,144	1,684,170
Lapse amount	34,294	215,454	34,374	227,980
Decrease for other reasons	16,566	823,495	14,931	1,016,928
Balance at the end of the period	6,552,685	40,391,018	6,880,470	42,293,769
[Increase ratio]	[5.1%]	[4.6%]	[5.0%]	[4.7%]
Net increase	316,685	1,762,928	327,785	1,902,751
[Increase ratio]	[14.3%]	[39.7%]	[3.5%]	[7.9%]

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,	2015		2016	
	Number	Amount	Number	Amount
Balance at the beginning of the period	94,413	¥466,915	119,419	¥597,682
New policy amount	27,823	145,926	50,709	280,332
Increase from reinstatement	189	932	421	2,325
Increase from conversion	—	—	—	—
Increase for other reasons	1,718	5,933	1,732	4,257
Decrease from death	65	354	82	389
Decrease for maturity	799	641	986	487
Decrease in annuity amount	[415]	1,615	[446]	2,810
Decrease from conversion	—	—	—	—
Surrender amount	2,752	14,060	3,113	15,968
Lapse amount	308	1,487	621	3,321
Decrease for other reasons	800	3,864	1,142	5,557
Balance at the end of the period	119,419	597,682	166,331	856,062
[Increase ratio]	[26.5%]	[28.0%]	[39.3%]	[43.2%]
Net increase	25,006	130,767	46,912	258,379
[Increase ratio]	[105.8%]	[141.2%]	[87.6%]	[97.6%]

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

Sony Life Performance Indicators (Non-consolidated)

Group life insurance

(Millions of yen, %)

For the years ended March 31,	2015		2016	
	Number	Amount	Number	Amount
Balance at the beginning of the period	1,958,703	¥1,405,237	1,819,421	¥1,442,198
New policy amount	2,926	5,291	14,404	1,061
Increase from renewal	216,872	242,642	236,054	239,581
Increase from reinstatement	—	—	—	—
Increase in policy amount (increase by additional purchase of riders)	70,166	215,697	87,754	299,944
Increase in policy amount	[2,218]	559	[2,682]	677
Increase for other reasons	113	5,179	72	68
Decrease from death	9,525	1,825	8,769	1,566
Decrease for maturity	229,804	302,788	235,732	245,808
Withdrawals	189,095	55,309	168,510	61,183
Decrease in policy amount	[549,031]	67,802	[629,904]	74,137
Surrender amount	549	2,289	391	890
Lapse amount	151	2,210	348	348
Decrease for other reasons	235	182	836	233
Balance at the end of the period	1,819,421	1,442,198	1,743,119	1,599,364
[Increase ratio]	[(7.1%)]	[2.6%]	[(4.2%)]	[10.9%]
Net increase	(139,282)	36,961	(76,302)	157,166
[Increase ratio]	[—]	[(38.0%)]	[—]	[325.2%]

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,	2015		2016	
	Number	Amount	Number	Amount
Balance at the beginning of the period	184,705	¥55,196	81,396	¥17,210
New policy amount	—	—	—	—
Annuity payment	234,801	2,022	223,456	1,765
Single premium	4,579	1,073	1,718	192
Surrender amount	91,023	35,950	—	—
Balance at the end of the period	81,396	17,210	80,155	13,093
[Increase ratio]	[(55.9%)]	[(68.8%)]	[(1.5%)]	[(23.9%)]
Net increase	(103,309)	(37,986)	(1,241)	(4,117)
[Increase ratio]	[—]	[—]	[—]	[—]

Notes: 1. The amounts at the beginning and end of the period 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,	2015	2016
Assumed interest rates of 2.00% or less		
Level-premium	1.55%	1.55%
Single premium and others	1.20%	1.20%
Assumed interest rates of more than 2.00%		
Level-premium	1.40%	1.40%
Single 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, 2016.

<Example> Semi-participating whole life nursing-care insurance (before nursing care annuity payments commence)
Entered at 30, male, single premium, 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, 2015	1.00%	1 year	¥—	¥ 7,533
Nov. 2, 2014	1.00	2	—	15,185
Nov. 2, 2013	1.00	3	—	22,957
Nov. 2, 2012	1.50	4	—	0
Nov. 2, 2011	1.50	5	0	0
Nov. 2, 2010	1.50	6	—	0
Nov. 2, 2009	1.50	7	—	0
Nov. 2, 2008	1.50	8	—	0
Nov. 2, 2007	1.50	9	—	0
Nov. 2, 2006	1.50	10	0	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, 2016.

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, 2016 (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 1.80%, using figures for the fiscal year ended March 31, 2016.

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,	2015	2016
Individual life insurance	4.6%	4.7%
Individual annuities	28.0	43.2
Group life insurance	2.6	10.9
Group annuities	(68.8)	(23.9)

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

(Thousands of yen)

For the years ended March 31,	2015	2016
Average policy amount for new policies	¥7,991	¥8,408
Average policy amount for policies in force	6,164	6,146

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,	2015	2016
Individual life insurance	12.0%	12.1%
Individual annuities	35.7	52.5
Group life insurance	0.4	0.1

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,	2015	2016
Individual life insurance	5.58%	4.94%
Individual annuities	3.97	3.70
Subtotal	5.56	4.92
Group life insurance	5.11	5.18

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,	2015	2016
Individual life insurance + Individual annuities	5.35%	4.72%

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,	2015	2016
Average premiums for new policies	¥12,200	¥12,851

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,	2015	2016
Based on number of policies	1.62‰	1.69‰
Based on policy amount	1.59	1.65

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

(%)

For the years ended March 31,	2015		2016	
	Number of policies	Policy amount	Number of policies	Policy amount
Accidental death protection	0.063‰	0.106‰	0.075‰	0.097‰
Disability protection	0.095	0.027	0.086	0.100
Accidental hospitalization protection	3.608	88.526	3.651	88.569
Sickness hospitalization protection	36.673	596.877	38.139	615.824
Lifestyle-related disease hospitalization protection	15.567	423.462	16.011	411.494
Sickness and accidental surgery protection	43.526		45.970	
Lifestyle-related disease surgery protection	10.695		11.567	

3-08 Operating expense ratio (to insurance premiums)

(%)

For the years ended March 31,	2015	2016
Operating expense ratio	12.7%	13.0%

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, 2016

(1) Investment Environment

During the fiscal year ended March 31, 2016, the Japanese economy remained stagnant due to factors including sluggish personal consumption, economic slowdowns in emerging markets and impact of disturbances in the global financial markets. In the domestic economy, decelerated growth has been reflected in personal consumption, held down by increased prices of food and daily commodities affected by the soaring cost of raw materials, as well as in the slower-than-expected increase in the company's capital expenditure. On the other hand, as there was continuous inbound consumption by foreign tourists and the balance of trade improved due to the decline in the price of resources, the economic growth fluctuated.

Real GDP growth, year on year, was negative 1.7% for the April–June quarter, followed by positive 1.7% for the July–September quarter, then negative 1.8% for the October–December quarter, and finally positive 1.9%* for the January–March quarter.

The Japanese bond market rose, while yields declined. Interest rates, which were already dominated by the downward pressure due to the quantitative and qualitative monetary easing by the Bank of Japan (BOJ), further declined following the BOJ's announcement in January 2016 of the introduction of quantitative and qualitative monetary easing incorporating negative interest rates. The buying operation by the BOJ gave rise to tight supply and demand in the bond market, where the yields on 10-year JGBs, an indicator of long-term interest rates, fell to a level below negative 0.1% at one point. Subsequently, interest rates slightly increased to reach negative 0.049% (down 0.447 percentage point year on year), as of March 31, 2016, due to concerns associated with the uncertain impact of the negative interest rates on the market, as well as concerns over the behavior of investors in the new fiscal year.

Stock market performance was down. Stock prices remained firm in the first half of the year on rising corporate performance and expectations of growing shareholder returns, but then turned downward after the sharp fall in the Chinese stock market in the summer. Thereafter, the Japanese stock market remained a largely volatile environment, in which investors became aware of concerns over the economic slowdowns in emerging markets triggered by the falling resource prices, as well as uncertainty about the outlook of the Japanese economy. As of March 31, 2016, the Nikkei Stock Average was ¥16,758.67, down ¥2,448.32 from its level on March 31, 2015.

In the foreign exchange market, the yen was getting stronger over the second half of the year. In the first half of the year, the yen remained generally weak against the U.S. dollar hovering around the ¥120 level, due primarily to the heightened expectation of a rise in U.S. interest rates. Uncertainty grew in the global economy thereafter, giving rise to the improbable thought of another rise in interest rates in the U.S., slowly changing the tide into yen appreciation against the dollar, which, at one point, reached the level of ¥111 to the U.S. dollar. Also contributing to the yen appreciation was the balance of trade, which continued to be a deficit, turning into a surplus mainly due to the falling resource prices. As of March 31, 2016, the yen was trading at ¥112.68 to the U.S. dollar, appreciating ¥7.49 from the ¥120.17 a year ago.

*Second preliminary estimates

Sony Life Performance Indicators (Non-consolidated)

(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 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. Meanwhile, it is Sony Life's policy to limit its investment in risky assets including stocks.

(3) Results of Investment

As of March 31, 2016, general account assets totaled ¥7,185.0 billion, up 10.4%, or ¥677.0 billion, from a year earlier. Within general account assets, Japanese government and corporate bonds totaled ¥6,351.1 billion (accounting for 88.4% of total general account assets), foreign bonds ¥70.1 billion (1.0%), Japanese stocks ¥33.3 billion (0.5%), monetary trusts ¥280.9 billion (3.9%), policy loans ¥171.6 billion (2.4%), real estate ¥115.8 billion (1.6%) and cash and deposits and call loans ¥52.5 billion (0.7%).

Portfolio of general account assets

General account assets

As of March 31,	2015		2016	
	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 56,818	0.9%	¥ 52,551	0.7%
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	313,276	4.8	280,973	3.9
Securities	5,783,292	88.9	6,479,336	90.2
Japanese government and corporate bonds	5,606,885	86.2	6,351,176	88.4
Japanese stocks	42,496	0.7	33,364	0.5
Foreign securities	131,627	2.0	93,140	1.3
Bonds	105,556	1.6	70,134	1.0
Stocks, etc.	26,070	0.4	23,005	0.3
Other securities	2,283	0.0	1,654	0.0
Loans	162,399	2.5	171,649	2.4
Policy loans	162,397	2.5	171,649	2.4
Commercial loans	2	0.0	—	—
Real estate	117,764	1.8	115,816	1.6
Deferred tax assets	—	—	—	—
Other assets	74,722	1.1	85,031	1.2
Reserve for possible loan losses	(268)	(0.0)	(272)	(0.0)
Total	¥6,508,006	100.0%	¥7,185,084	100.0%
Of which, foreign-currency-denominated assets	82,158	1.3	91,817	1.3

Note: The amount for real estate is equivalent to the total amount of land, buildings and construction in progress.

Changes in general account assets by categories

For the years ended March 31,	2015	2016
Cash and deposits, call loans	¥ 24,201	¥ (4,267)
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Monetary trusts	7,929	(32,302)
Securities	449,242	696,043
Japanese government and corporate bonds	416,819	744,291
Japanese stocks	9,290	(9,131)
Foreign securities	24,875	(38,487)
Bonds	25,721	(35,422)
Stocks, etc.	(845)	(3,065)
Other securities	(1,743)	(629)
Loans	8,180	9,249
Policy loans	8,216	9,251
Commercial loans	(35)	(2)
Real estate	51,231	(1,948)
Deferred tax assets	(13,643)	—
Other assets	(3,451)	10,309
Reserve for possible loan losses	(26)	(4)
Total	¥523,665	¥677,078
Of which, foreign-currency-denominated assets	23,963	9,658

Note: The amount for real estate is equivalent to the total amount of land, buildings and construction in progress.

Sony Life Performance Indicators (Non-consolidated)

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

(%)

For the years ended March 31,	2015	2016
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	1.97	4.84
Securities	2.40	2.23
Japanese government and corporate bonds	2.17	2.16
Japanese stocks	3.35	4.90
Foreign securities	12.69	4.13
Loans	3.74	3.71
Commercial loans	0.59	0.83
Real estate	4.39	4.90
Total	2.36%	2.42%

Notes: 1. The denominator for the investment yield calculation is a daily averaged carrying amount, while the numerator is investment income minus investment expenses under ordinary profit (loss).

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,	2015	2016
Cash and deposits, call loans	¥ 63,624	¥ 75,378
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Monetary trusts	268,749	247,391
Securities	5,433,180	5,992,602
Japanese government and corporate bonds	5,300,313	5,879,645
Japanese stocks	25,043	24,468
Foreign securities	105,299	87,047
Loans	158,224	166,487
Commercial loans	54	0
Real estate	93,211	113,719
Total	¥6,093,806	¥6,675,387
Of which, overseas investment	106,324	87,965

4-04 Investment income (general account)

(Millions of yen)

For the years ended March 31,	2015	2016
Interest income and dividends	¥133,592	¥141,450
Gains on securities under proprietary accounts	—	—
Income from monetary trusts, net	5,283	11,973
Income from trading securities, net	507	98
Gains on sale of securities	8,899	12,204
Gains on redemption of securities	1	—
Gains on derivatives, net	—	4,768
Foreign exchange gains, net	5,068	—
Reversal of reserve for possible loan losses	—	—
Other investment income	7	21
Total	¥153,359	¥170,517

4-05 Investment expenses (general account)

(Millions of yen)

For the years ended March 31,	2015	2016
Interest expense	¥ 31	¥ 53
Losses on securities under proprietary accounts	—	—
Losses on monetary trusts, net	—	—
Losses on trading securities, net	—	—
Losses on sale of securities	0	—
Devaluation losses on securities	—	—
Losses on redemption of securities	0	1
Losses on derivatives, net	2,099	—
Foreign exchange losses	—	2,798
Provision for reserve for possible loan losses	32	5
Write-off of loans	—	—
Depreciation of real estate for rent and others	1,931	1,936
Other investment expenses	5,630	3,868
Total	¥9,727	¥8,664

4-06 Interest income and dividends (general account)

(Millions of yen)

For the years ended March 31,	2015	2016
Interest income from deposits	¥ 0	¥ 0
Interest income and dividends from securities	117,276	124,943
Interest income from Japanese bonds	107,383	115,655
Dividends from Japanese stocks	464	522
Interest income and dividends from foreign securities	8,998	7,246
Interest income from loans	5,921	6,174
Income from real estate for rent	10,327	10,261
Total, including others	¥133,592	¥141,450

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

(Millions of yen)

For the years ended March 31,	2015	2016
Gains on sale of Japanese bonds (including JGBs)	¥7,601	¥11,247
Gains on sale of Japanese stocks, etc.	1,298	882
Gains on sale of foreign securities	—	75
Total	¥8,899	¥12,204

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

(Millions of yen)

For the years ended March 31,	2015	2016
Losses on sale of Japanese bonds (including JGBs)	¥ 0	¥—
Losses on sale of Japanese stocks, etc.	—	—
Losses on sale of foreign securities	—	—
Total	¥ 0	¥—

4-09 Devaluation losses on securities (general account)

Not applicable

Sony Life Performance Indicators (Non-consolidated)

4-10 Securities (general account)

(Millions of yen, %)

As of March 31,	2015		2016	
	Amount	% of total	Amount	% of total
Japanese government bonds	¥5,585,685	96.6%	¥6,233,852	96.2%
Japanese local government bonds	—	—	—	—
Japanese corporate bonds	21,200	0.4	117,324	1.8
Of which, public corporation bonds	21,200	0.4	113,424	1.8
Japanese stocks	42,496	0.7	33,364	0.5
Foreign securities	131,627	2.3	93,140	1.4
Bonds	105,556	1.8	70,134	1.1
Stocks, etc.	26,070	0.5	23,005	0.4
Other securities	2,283	0.0	1,654	0.0
Total	¥5,783,292	100.0%	¥6,479,336	100.0%

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

(Millions of yen)

As of March 31,	2015						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Securities	¥4,028	¥24,052	¥11,155	¥22,101	¥233,584	¥5,488,369	¥5,783,292
Japanese government bonds	—	14,960	—	5,447	228,796	5,336,480	5,585,685
Japanese local government bonds	—	—	—	—	—	—	—
Japanese corporate bonds	—	—	—	—	1,635	19,564	21,200
Japanese stocks	—	—	—	—	—	42,496	42,496
Foreign securities	4,028	9,091	9,982	16,207	3,152	89,165	131,627
Bonds	—	2,022	4,044	13,413	2,410	83,665	105,556
Stocks, etc.	4,028	7,069	5,937	2,793	741	5,500	26,070
Other securities	—	—	1,173	446	—	663	2,283
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	¥4,028	¥24,052	¥11,155	¥22,101	¥233,584	¥5,488,369	¥5,783,292

(Millions of yen)

As of March 31,	2016						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Securities	¥24,336	¥23,322	¥16,746	¥21,143	¥322,431	¥6,071,355	¥6,479,336
Japanese government bonds	—	13,243	—	16,630	320,234	5,883,743	6,233,852
Japanese local government bonds	—	—	—	—	—	—	—
Japanese corporate bonds	20,282	571	—	—	1,631	94,838	117,324
Japanese stocks	—	—	—	—	—	33,364	33,364
Foreign securities	4,054	8,824	16,746	3,848	565	59,100	93,140
Bonds	—	1,822	13,615	2,296	—	52,400	70,134
Stocks, etc.	4,054	7,002	3,131	1,552	565	6,700	23,005
Other securities	—	682	—	664	—	307	1,654
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	¥24,336	¥23,322	¥16,746	¥21,143	¥322,431	¥6,071,355	¥6,479,336

Note: Items treated as securities based on "financial product accounting standards" (Corporate Accounting Standards, No. 10) are included.

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

(%)

As of March 31,	2015	2016
Japanese government and corporate bonds	2.04%	1.97%
Foreign bonds	4.70	4.14

Note: Figures in this table are calculated excluding discount bonds.

Sony Life Performance Indicators (Non-consolidated)

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

(Millions of yen, %)

As of March 31,	2015		2016	
	Amount	Composition	Amount	Composition
Fisheries, agriculture and forestry	¥ —	—%	¥ —	—%
Mining	—	—	—	—
Construction	2,089	4.9	1,758	5.3
Manufacturing industries				
Food products	1,153	2.7	1,214	3.6
Textiles and clothing	—	—	—	—
Pulp and paper	—	—	—	—
Chemicals	1,284	3.0	1,143	3.4
Medical products	1,276	3.0	1,420	4.3
Oil and coal products	—	—	—	—
Rubber products	—	—	—	—
Glass and stone products	108	0.3	107	0.3
Steel	—	—	—	—
Non-steel metals	—	—	—	—
Metal products	316	0.7	418	1.3
Machinery	1,654	3.9	1,279	3.8
Electric appliances	5,207	12.3	4,229	12.7
Transportation vehicles	3,256	7.7	2,394	7.2
Precision machinery	362	0.9	389	1.2
Others	313	0.7	433	1.3
Electric and gas utilities	687	1.6	476	1.4
Transportation/information telecommunications				
Ground transportation	1,760	4.1	1,753	5.3
Water transportation	—	—	—	—
Air transportation	—	—	—	—
Warehouses/transportation	—	—	—	—
Information/telecommunications	3,314	7.8	3,042	9.1
Commerce				
Wholesalers	—	—	—	—
Retailers	2,666	6.3	3,057	9.2
Financial services/insurance				
Banking	—	—	—	—
Securities and commodity futures trading	—	—	—	—
Insurance	13,000	30.6	6,717	20.1
Other financial services	984	2.3	935	2.8
Real estate	—	—	—	—
Service companies	3,058	7.2	2,594	7.8
Total	¥42,496	100.0%	¥33,364	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,	2015	2016
Policy loans	¥162,397	¥171,649
Policyholder loans	146,442	155,413
Automatic premium loans	15,954	16,235
Commercial loans	2	—
[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	2	—
Total	¥162,399	¥171,649

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,	2015						
	Balance at the beginning of the period	Increase in the period	Decrease in the period	Amount of depreciation in the period	Balance at the end of the period	Amount of accumulated depreciation	% of accumulated depreciation
Land	¥30,103	¥52,903	¥ —	¥ —	¥ 83,007	¥ —	—%
Buildings	36,429	374	40	2,005	34,757	23,849	40.7
			[10]				
Leased assets	19	—	—	4	15	4	21.7
Construction in progress	—	—	—	—	—	—	—
Other tangible assets	548	49	1	144	452	1,631	78.3
			[0]				
Total	¥67,100	¥53,327	¥ 42	¥2,154	¥118,232	¥25,485	42.0%
			[10]				
Of which, investment and rental properties	63,334	53,119	13	1,887	114,552	22,902	41.0

(Millions of yen, %)

For the year ended March 31,	2016						
	Balance at the beginning of the period	Increase in the period	Decrease in the period	Amount of depreciation in the period	Balance at the end of the period	Amount of accumulated depreciation	% of accumulated depreciation
Land	¥ 83,007	¥ —	¥ —	¥ —	¥ 83,007	¥ —	—%
Buildings	34,757	364	318	2,025	32,777	25,852	44.1
			[312]				
Leased assets	15	0	—	4	12	8	41.0
Construction in progress	—	31	—	—	31	—	—
Other tangible assets	452	169	50	144	427	1,723	80.1
			[49]				
Total	¥118,232	¥566	¥ 368	¥2,173	¥116,256	¥27,584	45.4%
			[362]				
Of which, investment and rental properties	114,552	122	5	1,900	112,769	24,788	44.3

Note: Figures in [] in the "Decrease in the period" describe the amount of impairment losses.

Balance of real estate and number of buildings for rent

(Millions of yen)

As of March 31,	2015	2016
Real estate balance	¥117,764	¥115,816
For corporate use	3,397	3,193
For rent	114,366	112,623
Number of buildings for rent	3	3

4-16 Overseas investment (general account)

Details by assets

(Millions of yen, %)

As of March 31,	2015		2016	
	Amount	% of total	Amount	% of total
Assets denominated in foreign currency (yen amount not fixed)				
Foreign bonds	¥ 61,258	46.0%	¥70,134	70.6%
Foreign stocks	2,076	1.6	1,992	2.0
Cash, deposits and others	18,824	14.1	19,690	19.8
Subtotal	82,158	61.7	91,817	92.4
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	51,094	38.3	7,576	7.6
Subtotal	51,094	38.3	7,576	7.6
Total				
Overseas investment	¥133,253	100.0%	¥99,394	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,	2015							
	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	¥ 61,032	46.4%	¥ 54,129	51.3%	¥ 6,902	26.5%	¥—	—%
Europe	52,492	39.9	47,160	44.7	5,332	20.5	—	—
Oceania	4,267	3.2	4,267	4.0	—	—	—	—
Asia	—	—	—	—	—	—	—	—
Latin America	13,835	10.5	—	—	13,835	53.1	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	¥131,627	100.0%	¥105,556	100.0%	¥26,070	100.0%	¥—	—%

(Millions of yen, %)

As of March 31,	2016							
	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	¥72,644	78.0%	¥67,242	95.9%	¥5,402	23.5%	¥—	—%
Europe	4,428	4.8	—	—	4,428	19.2	—	—
Oceania	2,892	3.1	2,892	4.1	—	—	—	—
Asia	—	—	—	—	—	—	—	—
Latin America	13,175	14.1	—	—	13,175	57.3	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	¥93,140	100.0%	¥70,134	100.0%	¥23,005	100.0%	¥—	—%

Foreign-currency-denominated assets by currency

(Millions of yen, %)

As of March 31,	2015		2016	
	Amount	% of total	Amount	% of total
U.S. dollar	¥70,505	85.8%	¥82,500	89.9%
Euro	7,020	8.5	6,151	6.7
Australian dollar	4,306	5.2	2,914	3.2
British pound	324	0.4	248	0.3
Offshore renminbi	—	—	—	—
New Taiwanese dollar	2	0.0	2	0.0
Total	¥82,158	100.0%	¥91,817	100.0%

4-17 Yield on overseas investments (general account)

(%)

For the years ended March 31,	2015	2016
Yield on overseas investments	12.57%	4.09%

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,	2015	2016
(A) Total solvency margin	¥1,078,363	¥1,169,875
Common stock, etc.	301,193	319,740
Reserve for price fluctuations	42,845	44,260
Contingency reserve	68,707	75,166
General reserve for possible loan losses	0	0
Net unrealized gains on other securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) × 90% (100% if losses)	158,917	188,217
Net unrealized gains on real estate multiplied by 85% (100% if losses)	15,325	20,778
Amount excluded from deferred tax assets	—	—
Unallotted portion of reserve for policyholders' dividends	212	302
Deferred tax assets	81,201	83,648
Excess amount of policy reserves based on Zillmer method	429,392	470,777
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	(16,433)	(31,308)
Deductible items	(3,000)	(1,707)
(B) Total risk		
$\sqrt{(R_1 + R_6)^2 + (R_2 + R_3 + R_7)^2} + R_4$	84,411	85,930
Insurance risk R_1	23,045	23,576
Third-sector insurance risk R_6	8,422	8,519
Assumed interest rate risk R_2	30,138	30,613
Minimum guarantee risk R_7	14,373	15,902
Asset management risk R_3	31,493	30,831
Business management risk R_4	2,149	2,188
Solvency margin ratio [(A)/{(1/2) × (B)}] × 100	2,555.0%	2,722.8%

Notes: 1. The above 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 (1996).
2. Minimum guarantee risk is calculated based on the standardized approach.

Reference: Real net assets

(Billions of yen)

As of March 31,	2015	2016
(1) Total amount to be recorded as assets (=①+②+③+④-⑤-⑥)	¥8,159.8	¥10,128.3
① Total assets on the balance sheets	7,301.3	8,035.4
② Difference between fair value and balance sheet amount of securities	839.4	2,067.5
③ Unrealized gain or loss on tangible fixed assets	19.0	25.4
④ Unrealized gain or loss other than tangible fixed assets	—	—
⑤ Deferred tax assets for net unrealized gains (losses) on other securities	—	—
⑥ Deferred tax assets for net deferred gains (losses) on hedging instruments	—	—
(2) An amount calculated based on total amount to be recorded as liabilities (=①-②-③-④-⑤-⑥)	6,276.8	6,904.1
① Total liabilities on the balance sheets	6,868.8	7,553.2
② Reserve for price fluctuations	42.8	44.2
③ Contingency reserve	68.7	75.1
④ Part of reserves for future insurance claim payment	429.6	471.0
Excess of amount equivalent to surrender values (④(a))	429.3	470.7
Unallocated amount in reserve for policyholders' dividends (④(b))	0.2	0.3
⑤ Deferred tax liabilities for net unrealized gains (losses) on other securities	50.8	58.5
⑥ Deferred tax liabilities for net deferred gains (losses) on hedging instruments	—	—
Real net assets (A) (1)-(2) (including unrealized gains and losses on held-to-maturity securities and policy-reserve-matching securities)	1,883.0	3,224.1
(3) Unrealized gains and losses on held-to-maturity securities and policy-reserve-matching securities	839.4	2,067.5
Real net assets (B) (1)-(2)-(3) (excluding unrealized gains and losses on held-to-maturity securities and policy-reserve-matching securities)	1,043.5	1,156.6

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,	2015	2016
Individual variable life insurance and individual variable annuities	¥793,344	¥850,323
Group annuities	—	—
Total separate account	¥793,344	¥850,323

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

7 Investment Progress of Separate Account Assets in Individual Variable Life Insurance and Individual Variable Annuities

7-01 Results of investment

(%)

As of March 31,	2016							
	Equity-based investment	Japanese growth equity-based investment	Global core equity-based investment	Global equity-based investment	Bond-based investment	Global bond-based investment	Hybrid investment	Short-term monetary market-based investment
Results of investment	(10.12)	(6.18)	(10.65)	1.55	4.60	(0.49)	(0.66)	0.04

7-02 Investment progress (for the fiscal year ended March 31, 2016)

Equity-based investment

Benchmark: The Nikkei Stock Average (©Nikkei Inc.)

Investment progress in the period

Stock market performance was down. In the early part of this period, the Nikkei Stock Average (©Nikkei Inc.) stayed robust due to global monetary easing and expectations for improvement in corporate earnings, to reach the level of ¥20,868 in June exceeding the peak of the IT bubble era in April 2000. However, the Nikkei Stock Average fell significantly, following the sharp decline in the global stock market in August due to concerns over the prospects of the Chinese economy. Following a modest rebound, the stock market further declined, discouraged by the plummeting crude oil prices as well as the underlying yen appreciation, to reach a level of ¥14,952 at one point in February, and then bounced back slightly in March registering a closing price of ¥16,758.67 as of the end of March. Investment results of the fund were negative 10.12% year on year, while the benchmark return stood at negative 12.75%.

Investment policy for the future

Sony Life's investment activities will remain primarily focused on the Exchange Traded Fund (ETF Nikkei 225), to ensure linkage to the stock market. Furthermore, Sony Life will aim to achieve medium- to long-term investment results in excess of the Nikkei Stock Average (©Nikkei Inc.) through diversified investments in domestic stocks.

Japanese growth equity-based investment

Benchmark: TOPIX (inclusive of dividends)

Investment progress in the period

Sony Life invested in the additional-type equity investment trust "Fidelity Japan Growth Stock Fund VA3 (exclusively for qualified institutional investors)" (provided by FIL Investments (Japan) Limited). Investment results of the fund were negative 6.18% year on year, while the benchmark return stood at negative 10.82%.

Investment policy for the future

Sony Life will continue investing in the additional-type equity investment trust "Fidelity Japan Growth Stock Fund VA3 (exclusively for qualified institutional investors)." This investment trust invests mainly in stocks listed on the Japanese stock exchanges (or stocks equivalent thereto), with the basic strategies involving active investment aiming to achieve long-term growth of the investment trust asset.

Global core equity-based investment

Benchmark: MSCI World Index (inclusive of dividends, in yen terms)

Investment progress in the period

Sony Life invested in the additional-type equity investment trust "World Equity Fund VL (exclusively for qualified institutional investors)" (provided by State Street Global Advisors (Japan) Co., Ltd.). Investment results of the fund were negative 10.65% year on year, while the benchmark return was negative 9.63%.

Investment policy for the future

Sony Life will continue investing in the additional-type equity investment trust "World Equity Fund VL (exclusively for qualified institutional investors)." This investment trust invests mainly in stocks both in Japan and abroad aiming to achieve investment results in excess of the benchmark "MSCI World Index (converted to yen)."

Global equity-based investment

Benchmark: MSCI World Index (inclusive of dividends, in yen terms)
Investment advisor: Morgan Stanley Investment Management (Japan) Co., Ltd.

■ Investment progress in the period

Stock markets in the major economies around the world experienced significant volatility. In the U.S., stock markets remained in the vicinity of its historical peak in the early part of the period, due to the solid domestic economy until August when share prices plunged triggered by concerns over the prospect of the Chinese economy. Then after a certain rebound, the stock market plunged again in February on a global scale, due to falling crude oil prices and recurring uncertainty over the prospects of the Chinese economy. Thereafter, for a period up to the fiscal year-end, the U.S. stock market again bounced back because of the Chinese government's announcement of economic measures along with the expectation of the ECB's additional monetary easing, to reach nearly the same level achieved at the beginning of this remarkably volatile year. Investment results of the fund were positive 1.55% year on year, while the benchmark return was negative 9.63%.

■ Investment policy for the future

Sony Life will continue investing in globally diversified stocks, based on its further analysis of fundamentals, focusing on stocks with significant intangible assets (brand value), thereby aiming to achieve investment results in excess of the MSCI World Index (inclusive of dividends, in yen terms) over the medium- to long-term.

Bond-based investment

■ Investment progress in the period

The Japanese bond market was continuously subjected to historically low interest rates, including long-term interest rates falling into the negative range for the first time in history. Interest rates climbed at the beginning of the period, due to a cautious mood owing to concerns over a dip following the peak, as well as profit-booking, but started to sink following on-and-off bond buying by the BOJ. Long-term interest rates turned negative for the first time in history, as the BOJ decided at the end of January 2016 to introduce negative interest rates as an additional monetary easing measure, while investors became increasingly risk-averse in February owing to the gloomy outlook in the global economy. Long-term interest rates further declined to a level around negative 0.1%. Investment results of the fund were positive 4.60% year on year.

■ Investment policy for the future

Sony Life will continue to build a portfolio, consisting mainly of Japanese yen-denominated bonds, with the aim of ensuring stable medium- to long-term yields. It will work to achieve stable investment results based on gains on sales through the trading of bonds, convertible bonds, foreign-currency-denominated foreign bonds, and so forth, while earning secure investment results from the bond portfolio.

Global bond-based investment

Benchmark: The Citigroup World Government Bond Index (unhedged, in yen terms)

■ Investment progress in the period

Bond markets in major economies around the world have been affected by the financial policy trends of their respective governments. In the U.S., the interest rate was increasingly expected to rise in view of the country's economic recovery, supporting the long-term interest rate to be above 2%. In December, the FRB increased its policy rates for the first time in nine and a half years, but the pace of further rate increases was increasingly expected to be modest due to the economic recovery slowdown. Meanwhile, cheaper crude oil price turned investors risk-averse, temporarily pushing down the long-term interest rate to the level of 1.6%. In the European markets, interest rates rose in the first half of the year due to a cautious mood owing to the worry of a spike after the excessive decrease of interest rates, followed by a decline in the latter half due primarily to the expectation of additional monetary easing by the ECB. The investment results of the fund were negative 0.49% year on year, while the benchmark return stood at negative 1.11%.

■ Investment policy for the future

Sony Life will continue investing in countries, where it believes, based on its interest rate analysis, offer higher real interest rates, as well as wider differentials between long-term interest rates and short-term interest rates, in addition to a favorable economic environment, aiming to achieve medium- to long-term investment results in excess of the Citigroup World Government Bond Index (unhedged, in yen terms).

Hybrid investment

■ Investment progress in the period

Hybrid investment comprising Japanese bonds, Japanese stocks and the Exchange Traded Fund (ETF Nikkei 225), secured constant interest income from the Japanese yen-denominated bond portfolio, which, however, was more than offset by the impact from the falling stock market, ending up with investment results of negative 0.66% year on year.

■ Investment policy for the future

Sony Life will continue to actively allocate assets into the classes deemed, based on its analysis of economic/financial circumstances, to offer higher expected returns compared to investment risks over the medium- to long-term, while earning constant interest income from the Japanese yen-denominated bond portfolio.

Short-term monetary market-based investment

Benchmark: Short-term interest rate (unsecured overnight call rate, etc.)

■ Investment progress in the period

Investment was focused on bonds with shorter remaining maturities as well as short-term financial instruments, and achieved investment results of positive 0.04% year on year, approximately tracking short-term interest.

■ Investment policy for the future

Sony Life will invest primarily in short-term bonds and short-term financial instruments, to secure yields on investments approximately tracking short-term interest.

8 Status of Individual Variable Life Insurance and Individual Variable Annuities

8-01 Policy amount in force

Individual variable life insurance

(Millions of yen)

As of March 31,	2015		2016	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	685,767	¥7,826,857	823,273	¥8,690,797
Variable life insurance (limited term type)	61,492	222,443	84,805	323,349
Variable life insurance (term type)	1,288	44,356	1,225	40,538
Total	748,547	¥8,093,657	909,303	¥9,054,686

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

Individual variable annuities

(Millions of yen)

As of March 31,	2015		2016	
	Number	Amount	Number	Amount
Individual variable annuities	46,508	¥252,266	81,325	¥456,096

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.

8-02 Portfolio of separate account assets in individual variable life insurance and individual variable annuities

(Millions of yen, %)

As of March 31,	2015		2016	
	Amount	% of total	Amount	% of total
Cash and deposits, call loans	¥ 30,950	3.9%	¥ 54,043	6.4%
Securities	760,411	95.8	794,025	93.4
Japanese government and corporate bonds	165,980	20.9	158,244	18.6
Japanese stocks	50,068	6.3	50,046	5.9
Foreign securities	319,985	40.3	378,833	44.6
Bonds	59,918	7.6	62,504	7.4
Stocks, etc.	260,067	32.8	316,328	37.2
Other securities	224,376	28.3	206,902	24.3
Loans	—	—	—	—
Others	1,982	0.2	2,254	0.3
Reserve for possible loan losses	—	—	—	—
Total	¥793,344	100.0%	¥850,323	100.0%

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

8-03 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,	2015	2016
Interest income and dividends	¥ 13,175	¥ 15,220
Gains on sale of securities	17,275	36,481
Gains on redemption of securities	16	4
Valuation gains on securities	232,096	163,414
Foreign exchange gains, net	8,458	12,643
Gains on derivatives, net	—	—
Other investment income	—	0
Losses on sale of securities	993	2,103
Losses on redemption of securities	103	33
Devaluation losses on securities	142,989	239,513
Foreign exchange losses, net	—	—
Losses on derivatives, net	—	—
Other investment expenses	146	850
Net investment gains (losses)	¥126,789	¥ (14,735)

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

8-04 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,	2015		2016	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥760,411	¥89,106	¥794,025	¥(76,099)

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

9 Number of Agencies

As of March 31,	2015	2016
Number of agencies	1,912	1,864

10 Number of Employees and Recruits

10-01 Number of employees

As of March 31,	2015	2016
Office employees	1,924	2,096
[Male]	[925]	[995]
[Female]	[999]	[1,101]
Sales employees	4,857	5,193*
[Male]	[4,782]	[5,088]
[Female]	[75]	[105]

*Number of Lifeplanner sales employees (including those rehired on a fixed-term contract basis after retirement and contracted Lifeplanner sales employees) is 4,612 as of March 31, 2016.

10-02 Number of recruits

For the years ended March 31,	2015	2016
Office employees	254	325
[Male]	[55]	[89]
[Female]	[199]	[236]
Sales employees	419	577
[Male]	[388]	[537]
[Female]	[31]	[40]

10-03 Average age and years of service

As of March 31,	2015		2016	
	Average age	Average years of service	Average age	Average years of service
Office employees	39.7	8.4	40.3	8.8
[Male]	[41.6]	[11.2]	[41.9]	[11.4]
[Female]	[38.1]	[5.9]	[39.8]	[6.4]
Sales employees	45.6	10.4	45.3	10.2
[Male]	[45.7]	[10.5]	[45.4]	[10.4]
[Female]	[40.4]	[2.2]	[39.8]	[2.1]

11 Average Salary

11-01 Average salary (office employees)

For the years ended March 31,	(Thousands of yen)	
	2015	2016
Office employees	¥395	¥388

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

11-02 Average compensation (sales employees)

For the years ended March 31,	(Thousands of yen)	
	2015	2016
Sales employees	¥656	¥693

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, 2015 and 2016

(Millions of yen, %)

	2015		2016		Change
	Amount	Composition	Amount	Composition	
Assets					
Cash and deposits	¥ 10,738	6.80%	¥ 8,381	4.86%	¥ (2,357)
Cash	0		0		
Deposits	10,738		8,381		
Securities	111,809	70.80	127,256	73.85	15,447
Japanese government bonds	85,698		82,427		
Japanese local government bonds	15,218		27,207		
Japanese corporate bonds	6,760		12,660		
Japanese stocks	2,548		3,708		
Foreign securities	197		197		
Other securities	1,385		1,055		
Tangible fixed assets	3,539	2.24	4,024	2.34	484
Buildings	228		201		
Construction in progress	1,666		181		
Other tangible fixed assets	1,644		3,641		
Intangible fixed assets	7,084	4.49	5,988	3.48	(1,096)
Software	3,949		3,347		
Software in progress	3,134		2,640		
Other intangible fixed assets	0		0		
Other assets	19,294	12.22	20,363	11.82	1,069
Accrued premiums	1,265		1,273		
Due from reinsurers	93		96		
Due from foreign reinsurers	22		4		
Accounts receivable	12,931		13,493		
Accrued income	135		152		
Money on deposits	446		443		
Suspense payments	4,399		4,900		
Deferred tax assets	5,452	3.45	6,308	3.66	856
Total Assets	¥157,919	100.00%	¥172,323	100.00%	¥ 1,404

(Millions of yen, %)

	2015		2016		Change
	Amount	Composition	Amount	Composition	
Liabilities					
Underwriting reserves	¥122,173	77.36%	¥133,246	77.32%	¥ 11,072
Reserve for outstanding losses and claims	35,665		37,542		
Underwriting reserves	86,508		95,704		
Other liabilities	8,787	5.56	8,339	4.84	(447)
Due to reinsurers	78		—		
Due to foreign reinsurers	11		5		
Income taxes payable	2,005		1,442		
Deposits received	15		15		
Accounts payable	2,678		2,724		
Suspense receipt	3,997		4,152		
Reserve for employees' retirement benefits	1,130	0.72	1,281	0.74	151
Reserve for directors' retirement benefits	33	0.02	44	0.03	10
Reserve for employees' bonuses	927	0.59	956	0.55	28
Reserve under the special laws	124	0.08	149	0.09	25
Reserve for price fluctuations	124		149		
Total Liabilities	133,178	84.33	144,018	83.57	10,840
Net Assets					
Common stock	20,000	12.66	20,000	11.61	—
Capital surplus	20,000	12.66	3,389	1.97	(16,610)
Capital reserve	20,000		3,389		
Retained earnings (deficits)	(16,610)	(10.52)	2,586	1.50	19,197
Other retained earnings (deficits)	(16,610)		2,586		
Unappropriated retained earnings (deficits)	(16,610)		2,586		
Total shareholders' equity	23,389	14.81	25,976	15.07	2,586
Net unrealized gains (losses) on other securities, net of taxes	1,351	0.86	2,328	1.35	977
Total valuation and translation adjustments	1,351	0.86	2,328	1.35	977
Total Net Assets	24,741	15.67	28,305	16.43	3,563
Total Liabilities and Net Assets	¥157,919	100.00%	¥172,323	100.00%	¥ 14,404

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016	Change
Ordinary Revenues	¥93,022	¥96,905	¥ 3,883
Underwriting income	91,761	95,612	3,850
Net premiums written	91,712	95,549	3,837
Interest and dividends on deposits of premiums	48	62	13
Other underwriting income	0	0	(0)
Investment income	1,235	1,263	28
Interest income and dividends	1,268	1,313	45
Gains on sale of securities	15	12	(3)
Transfer to interest and dividends on deposits of premiums	(48)	(62)	(13)
Other ordinary income	25	29	3
Ordinary Expenses	88,812	92,225	3,412
Underwriting expenses	65,668	67,798	2,129
Net losses paid	45,985	48,111	2,125
Loss adjustment expenses	6,857	7,098	241
Net commissions and brokerage fees	1,392	1,515	123
Provision for reserve for outstanding losses and claims	2,966	1,877	(1,089)
Provision for underwriting reserves	8,465	9,195	729
Other underwriting expenses	0	0	(0)
Investment expenses	1	4	3
Losses on sale of securities	1	4	3
Operating, general and administrative expenses	23,135	24,418	1,283
Other ordinary expenses	7	3	(4)
Ordinary Profit	4,209	4,680	470
Extraordinary Gains	—	—	—
Extraordinary Losses	503	890	386
Losses on sale or disposal of fixed assets	480	864	384
Provision for reserve under the special laws	22	25	2
Provision for reserve for price fluctuations	22	25	2
Income Before Income Taxes	3,706	3,790	84
Income Taxes—Current	2,639	2,417	(221)
Income Taxes—Deferred	(1,166)	(1,213)	(47)
Total Income Taxes	1,472	1,203	(269)
Net Income	¥ 2,233	¥ 2,586	¥ 353

Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015					
	Shareholders' equity					
	Common stock	Capital surplus		Retained earnings (deficits)		Total shareholders' equity
		Capital reserve	Total capital surplus	Other retained earnings (deficits)	Total retained earnings (deficits)	
Balance at the beginning of the period	¥20,000	¥20,000	¥20,000	¥(18,828)	¥(18,828)	¥21,171
Cumulative effects of changes in accounting policies	—	—	—	(16)	(16)	(16)
Restated balance at the beginning of the period	20,000	20,000	20,000	(18,844)	(18,844)	21,155
Changes during the period						
Net income	—	—	—	2,233	2,233	2,233
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Total changes during the period	—	—	—	2,233	2,233	2,233
Balance at the end of the period	¥20,000	¥20,000	¥20,000	¥(16,610)	¥(16,610)	¥23,389

(Millions of yen)

	2015		
	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the period	¥ 246	¥ 246	¥21,418
Cumulative effects of changes in accounting policies	—	—	(16)
Restated balance at the beginning of the period	246	246	21,402
Changes during the period			
Net income	—	—	2,233
Net changes of items other than shareholders' equity	1,105	1,105	1,105
Total changes during the period	1,105	1,105	3,338
Balance at the end of the period	¥1,351	¥1,351	¥24,741

Statements of Changes in Net Assets (Continued)

(Millions of yen)

	2016						
	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings (deficits)		Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings (deficits)	Total retained earnings (deficits)	
Balance at the beginning of the period	¥20,000	¥ 20,000	¥ —	¥ 20,000	¥(16,610)	¥(16,610)	¥23,389
Changes during the period							
Reversal of capital reserve	—	(16,610)	16,610	—	—	—	—
Deficit disposition	—	—	(16,610)	(16,610)	16,610	16,610	—
Net income	—	—	—	—	2,586	2,586	2,586
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	(16,610)	—	(16,610)	19,197	19,197	2,586
Balance at the end of the period	¥20,000	¥ 3,389	¥ —	¥ 3,389	¥ 2,586	¥ 2,586	¥25,976

(Millions of yen)

	2016		
	Valuation and translation adjustments		
	Net unrealized gains (losses) on other securities, net of taxes	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the period	¥1,351	¥1,351	¥24,741
Changes during the period			
Reversal of capital reserve	—	—	—
Deficit disposition	—	—	—
Net income	—	—	2,586
Net changes of items other than shareholders' equity	977	977	977
Total changes during the period	977	977	3,563
Balance at the end of the period	¥2,328	¥2,328	¥28,305

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016	Change
Cash flows from operating activities			
Income before income taxes	¥ 3,706	¥ 3,790	¥ 84
Depreciation and amortization	2,480	2,645	165
Increase (decrease) in reserve for outstanding losses and claims	2,966	1,877	(1,089)
Increase (decrease) in underwriting reserves	8,465	9,195	729
Increase (decrease) in reserve for employees' retirement benefits	137	151	13
Increase (decrease) in reserve for directors' retirement benefits	11	10	(0)
Increase (decrease) in reserve for employees' bonuses	9	28	18
Increase (decrease) in reserve for price fluctuations	22	25	2
Interest income and dividends	(1,268)	(1,313)	(45)
(Gains) losses on securities	(14)	(7)	7
(Gains) losses on tangible fixed assets	10	0	(10)
(Gains) losses on intangible fixed assets	469	864	394
(Increase) decrease in other assets (excluding those related to investing and financing activities)	(840)	(1,052)	(212)
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	435	(52)	(487)
Subtotal	16,592	16,162	(430)
Interest and dividends received	1,471	1,578	107
Income taxes (paid) refund	(2,795)	(3,000)	(204)
Net cash provided by (used in) operating activities	15,268	14,740	(527)
Cash flows from investing activities			
Purchases of securities	(36,277)	(45,735)	(9,458)
Proceeds from sale and redemption of securities	27,346	31,019	3,672
Total of net cash provided by (used in) investment transactions	(8,930)	(14,716)	(5,785)
[Total of net cash provided by (used in) operating activities and investment transactions]	[6,337]	[24]	[(6,313)]
Purchases of tangible fixed assets	(953)	(1,215)	(262)
Others, net	(1,277)	(1,495)	(218)
Net cash provided by (used in) investing activities	(11,161)	(17,427)	(6,266)
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	4,106	(2,686)	(6,793)
Cash and cash equivalents at the beginning of the period	8,017	12,124	4,106
Cash and cash equivalents at the end of the period	¥ 12,124	¥ 9,437	¥ (2,686)

1 Loans by Borrower Category

(Millions of yen)

As of March 31,	2015	2016
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 restructured loans, excluding loans described in notes 1. and 2. above. 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.
4. **Normal loans** Normal loans are all other loans.

2 Risk-monitored Loans

(Millions of yen)

As of March 31,	2015	2016
Bankrupt loans	¥—	¥—
Non-accrual delinquent loans	—	—
Past due loans (3 months or more)	—	—
Restructured loans	—	—
Total	¥—	¥—

- Notes: 1. **Bankrupt loans** Bankrupt loans are non-accrual loans which meet the event defined under Article 96-1-3, i through v (allowed limits for uncollectible accounts) or 96-1-4 of the Order for Enforcement of the Corporation Tax Act (Enforcement Order 97 (1965)). Non-accrual loans are loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.
2. **Non-accrual delinquent loans** Non-accrual delinquent loans are non-accrual loans other than 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 on which the payments of principles or interests are past the due date for 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,	2015		2016	
	Amount	Composition	Amount	Composition
Japanese government bonds	¥ 85,698	76.6%	¥ 82,427	64.8%
Japanese local government bonds	15,218	13.6	27,207	21.4
Japanese corporate bonds	6,760	6.0	12,660	9.9
Japanese stocks	2,548	2.3	3,708	2.9
Foreign securities	197	0.2	197	0.2
Other securities	1,385	1.2	1,055	0.8
Total	¥111,809	100.0%	¥127,256	100.0%

3-02 Yield on securities (yield on investments)

(%)

For the years ended March 31,	2015	2016
Japanese government and corporate bonds	1.19%	1.10%
Japanese stocks	—	—
Foreign securities	3.04	2.84
Other securities	0.04	0.03
Total	1.17%	1.08%
Yield on investments	1.19	1.09
Reference: Yield on investments (fair value basis)	2.61	2.16

3-03 Balance of securities by remaining period

(Millions of yen)

As of March 31,	2015						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Japanese government bonds	¥3,425	¥ 9,761	¥20,688	¥4,930	¥ 97	¥46,795	¥ 85,698
Japanese local government bonds	1,975	3,894	5,261	1,522	1,147	1,417	15,218
Japanese corporate bonds	504	1,106	2,311	1,078	302	1,457	6,760
Japanese stocks	—	—	—	—	—	2,548	2,548
Foreign securities	—	—	102	—	95	—	197
Other securities	—	—	—	—	—	1,385	1,385
Total	¥5,905	¥14,762	¥28,363	¥7,531	¥1,642	¥53,603	¥111,809

(Millions of yen)

As of March 31,	2016						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Japanese government bonds	¥3,277	¥15,406	¥13,853	¥ 97	¥104	¥49,688	¥ 82,427
Japanese local government bonds	4,251	13,665	5,902	1,566	612	1,207	27,207
Japanese corporate bonds	1,268	7,261	1,806	466	201	1,654	12,660
Japanese stocks	—	—	—	—	—	3,708	3,708
Foreign securities	—	—	101	95	—	—	197
Other securities	—	—	—	—	—	1,055	1,055
Total	¥8,798	¥36,333	¥21,664	¥2,226	¥918	¥57,314	¥127,256

3-04 Policy reserves and others

Reserve for outstanding losses and claims

(Millions of yen)

As of March 31,	2015	2016
Fire	¥ 0	¥ 1
Marine	135	17
Personal accident	690	654
Voluntary automobile	34,369	36,388
Compulsory automobile liability	469	480
Others	—	—
Total	¥35,665	¥37,542

Underwriting reserves

(Millions of yen)

As of March 31,	2015	2016
Fire	¥ 388	¥ 421
Marine	14	24
Personal accident	38,784	43,315
Voluntary automobile	45,690	50,143
Compulsory automobile liability	1,630	1,799
Others	—	—
Total	¥86,508	¥95,704

Breakdown of the balance of underwriting reserves

(Millions of yen)

As of March 31,	2015					Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	
Fire	¥ 353	¥ 34	¥ 0	¥—	¥—	¥ 388
Marine	8	5	—	—	—	14
Personal accident	36,231	2,469	81	2	—	38,784
Voluntary automobile	36,853	8,836	—	0	—	45,690
Compulsory automobile liability	1,630	—	—	—	—	1,630
Others	—	—	—	—	—	—
Total	¥75,077	¥11,344	¥82	¥ 3	¥—	¥86,508

(Millions of yen)

As of March 31,	2016					Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	
Fire	¥ 382	¥ 38	¥ 0	¥—	¥—	¥ 421
Marine	22	2	—	—	—	24
Personal accident	40,466	2,755	90	2	—	43,315
Voluntary automobile	38,569	11,567	—	6	—	50,143
Compulsory automobile liability	1,799	—	—	—	—	1,799
Others	—	—	—	—	—	—
Total	¥81,239	¥14,363	¥91	¥ 8	¥—	¥95,704

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,	2015	2016
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 whose principal insurance is pertaining to such classes of insurance.
2. The calculation method is described for insurance due reserves and refund reserve for 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, which 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 unearned premium 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)

	2014	2015			As of March 31,
	As of March 31,	For the year ended March 31,		As of March 31,	
		Increase	Decrease		
			Specific	Other	
Reserve for possible loan losses					
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥—	¥ —
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	22	11	—	—	33
Reserve for employees' bonuses	918	927	918	—	927
Reserve for price fluctuations	101	22	—	—	124

(Millions of yen)

	2015	2016			As of March 31,
	As of March 31,	For the year ended March 31,		As of March 31,	
		Increase	Decrease		
			Specific	Other	
Reserve for possible loan losses					
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥—	¥ —
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	33	10	—	—	44
Reserve for employees' bonuses	927	956	927	—	956
Reserve for price fluctuations	124	25	—	—	149

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,	2015			2016		
	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	¥15	¥ 1	¥—	¥12	¥ 4	¥—
Japanese stocks	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Total	¥15	¥ 1	¥—	¥12	¥ 4	¥—

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,	2015	2016
Personnel expenses	¥ 8,867	¥ 9,438
Non-personnel expenses	20,453	21,352
Taxes	672	726
Contribution to fire prevention and traffic accident prevention	0	0
Contribution to Non-life Insurance Policy-holders Protection Corporation of Japan	—	—
Net commissions and brokerage fees	1,392	1,515
Total	¥31,384	¥33,033

Note: The total of operating expenses above is the total amount of "loss adjustment expenses," "operating, general and administrative expenses," and "net commissions and brokerage fees" in the statements of income of Sony Assurance.

4-04 Gains (losses) on sale or disposal of fixed assets

(Millions of yen)

For the years ended March 31,	2015		2016	
	Gains	Losses	Gains	Losses
Land and buildings	¥—	¥ 8	¥—	¥ 0
Other tangible fixed assets	—	1	—	0
Intangible fixed assets	—	469	—	864
Total	¥—	¥480	¥—	¥864

4-05 Depreciation and amortization; depreciation of real estate for rent and others

(Millions of yen)

For the years ended March 31,	2015			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	¥ 582	¥ 29	¥ 353	¥ 228
For corporate use	582	29	353	228
For rent	—	—	—	—
Other tangible fixed assets	2,510	448	865	1,644
Software	14,624	2,000	10,674	3,949
Other intangible fixed assets	13	1	12	0
Total	¥17,729	¥2,480	¥11,906	¥5,823

(Millions of yen)

For the years ended March 31,	2016			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	¥ 583	¥ 30	¥ 381	¥ 201
For corporate use	583	30	381	201
For rent	—	—	—	—
Other tangible fixed assets	5,215	719	1,574	3,641
Software	15,917	1,895	12,569	3,347
Other intangible fixed assets	13	0	12	0
Total	¥21,730	¥2,645	¥14,538	¥7,191

5 Fair Value Information, etc.

5-01 Securities

Trading-purpose securities

Not applicable

Held-to-maturity securities

(Millions of yen)

As of March 31,	2015			2016		
	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	¥68,986	¥77,952	¥8,965	¥71,050	¥92,796	¥21,745
Foreign securities	197	222	24	197	221	23
Subtotal	69,183	78,174	8,990	71,248	93,017	21,769
Fair value is lower than balance sheet amount						
Japanese government and corporate bonds	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	¥69,183	¥78,174	¥8,990	¥71,248	¥93,017	¥21,769

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

(Millions of yen)

As of March 31,	2015			2016		
	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	¥30,042	¥29,951	¥ 91	¥45,054	¥44,787	¥ 266
Japanese stocks	2,548	729	1,819	3,708	729	2,978
Others	—	—	—	—	—	—
Subtotal	32,591	30,681	1,910	48,762	45,517	3,245
Balance sheet amount is lower than acquisition cost						
Japanese government and corporate bonds	8,648	8,658	(10)	6,190	6,201	(10)
Japanese stocks	—	—	—	—	—	—
Others	1,385	1,385	—	1,055	1,055	—
Subtotal	10,033	10,044	(10)	7,245	7,256	(10)
Total	¥42,625	¥40,725	¥1,899	¥56,008	¥52,774	¥3,234

Available-for-sale securities sold during the year

(Millions of yen)

For the years ended March 31,	2015			2016		
	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	¥6,952	¥15	¥1	¥9,480	¥12	¥4

Sony Assurance Performance Indicators

1 Principal Indicators of Operating Performance

(Millions of yen)

For the years ended March 31,	2012	2013	2014	2015	2016
Net premiums written	¥79,141	¥83,582	¥ 88,600	¥ 91,712	¥ 95,549
Year-on-year change	7.9%	5.6%	6.0%	3.5%	4.2%
Underwriting profit	2,109	1,398	1,874	3,044	3,470
Year-on-year change	43.5%	(33.7%)	34.0%	62.4%	14.0%
Ordinary revenues	80,096	84,711	89,864	93,022	96,905
Year-on-year change	8.0%	5.8%	6.1%	3.5%	4.2%
Ordinary profit	2,859	2,371	3,003	4,209	4,680
Year-on-year change	33.3%	(17.1%)	26.7%	40.1%	11.2%
Net income	1,299	1,454	1,664	2,233	2,586
Year-on-year change	0.2%	11.9%	14.4%	34.2%	15.8%
Net loss ratio	63.3%	63.2%	59.3%	57.6%	57.8%
Net expense ratio	25.7%	26.0%	25.6%	26.7%	27.1%
Interest income and dividends	873	1,027	1,209	1,268	1,313
Year-on-year change	11.4%	17.6%	17.7%	4.9%	3.6%
Yield on investments (income basis)	0.98%	1.09%	1.17%	1.10%	1.03%
Yield on investments (realized basis)	1.01%	1.11%	1.19%	1.11%	1.03%
Securities	¥84,474	¥88,670	¥101,245	¥111,809	¥127,256
Loans	—	—	—	—	—
Underwriting reserves	67,371	70,609	78,043	86,508	95,704
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	18,009	19,934	21,418	24,741	28,305
Total assets	118,612	127,421	142,714	157,919	172,323
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	15.2%	15.6%	15.0%	15.7%	16.4%
Dividend payout ratio	—	—	—	—	50.0%
Non-consolidated solvency margin ratio	557.8%	504.2%	527.6%	629.6%	693.5%
Number of employees	979	1,079	1,090	1,119	1,178

2 Underwriting Performance

2-01 Direct premiums written

(Millions of yen, %)

For the years ended March 31,	2015			2016		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 332	0.4%	21.0%	¥ 348	0.4%	4.6%
Marine	—	—	—	—	—	—
Personal accident	8,576	9.5	2.6	8,679	9.2	1.2
Voluntary automobile	81,585	90.2	3.6	85,308	90.4	4.6
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	¥90,495	100.0%	3.6%	¥94,336	100.0%	4.2%
Direct premiums written per employee	¥ 80		0.9%	¥ 80		(1.0%)

Notes: 1. Direct premiums written = Gross premiums written – (Surrender benefits of direct policies + Other returned direct premiums)

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

3. Sony Assurance has no deposits of premiums.

Sony Assurance Performance Indicators

2-02 Net premiums written

(Millions of yen, %)

For the years ended March 31,	2015			2016		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 45	0.0%	(56.4%)	¥ 44	0.0%	(2.8%)
Marine	110	0.1	(27.9)	44	0.0	(59.7)
Personal accident	8,845	9.6	2.7	8,953	9.4	1.2
Voluntary automobile	81,375	88.7	3.7	85,123	89.1	4.6
Compulsory automobile liability	1,335	1.5	6.4	1,384	1.4	3.6
Others	—	—	—	—	—	—
Total	¥91,712	100.0%	3.5%	¥95,549	100.0%	4.2%

Note: Net premiums written = Direct 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,	2015			2016		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	¥ 3	0.0%	45.3%	¥ 1	0.0%	65.7%
Marine	90	0.2	81.7	46	0.1	103.7
Personal accident	2,265	4.9	28.7	2,472	5.1	30.5
Voluntary automobile	42,414	92.2	60.2	44,320	92.1	60.1
Compulsory automobile liability	1,212	2.6	90.8	1,270	2.6	91.8
Others	—	—	—	—	—	—
Total	¥45,985	100.0%	57.6%	¥48,111	100.0%	57.8%

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,	2015	2016
Expenses related to underwriting	¥24,446	¥25,862
Operating, general and administrative expenses related to underwriting	23,053	24,347
Net commissions and brokerage fees	1,392	1,515
Net expense ratio	26.7%	27.1%

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

2-05 Underwriting profit

(Millions of yen)

For the years ended March 31,	2015	2016
Underwriting income	¥91,761	¥95,612
Underwriting expenses	65,668	67,798
Operating, general and administrative expenses	23,053	24,347
Other income (expenses)	5	3
Underwriting profit	¥ 3,044	¥ 3,470

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.

Sony Assurance Performance Indicators

Underwriting profit by type of policy

(Millions of yen)

For the years ended March 31,	2015	2016
Fire	¥ (18)	¥ (81)
Marine	64	100
Personal accident	(298)	(293)
Voluntary automobile	3,296	3,744
Compulsory automobile liability	—	—
Others	—	—
Total	¥3,044	¥3,470

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

(%)

For the years ended March 31,	2015			2016		
	Net loss ratio	Net expense ratio	Combined ratio	Net loss ratio	Net expense ratio	Combined ratio
Fire	45.3%	23.0%	68.4%	65.7%	140.7%	206.4%
Marine	81.7	4.1	85.8	103.7	13.2	116.9
Personal accident	28.7	23.4	52.0	30.5	22.6	53.1
Voluntary automobile	60.2	27.5	87.7	60.1	27.9	88.0
Compulsory automobile liability	90.8	—	90.8	91.8	—	91.8
Others	—	—	—	—	—	—
Total	57.6%	26.7%	84.3%	57.8%	27.1%	84.8%

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

3 Asset Management

3-01 Asset management policy

The goal is to assure stable medium- 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,	2015		2016	
	Amount	Composition	Amount	Composition
Cash and deposits	¥ 10,738	6.8%	¥ 8,381	4.9%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	—	—	—	—
Securities	111,809	70.8	127,256	73.8
Loans	—	—	—	—
Land and buildings	228	0.1	201	0.1
Total	122,775	77.7	135,839	78.8
Total assets	¥157,919	100.0%	¥172,323	100.0%

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

(Millions of yen, %)

For the years ended March 31,	2015		2016	
	Amount	Yield	Amount	Yield
Cash and deposits	¥ 1	0.02%	¥ 1	0.02%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Monetary trusts	—	—	—	—
Securities	1,266	1.17	1,312	1.08
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	1,268	1.10	1,313	1.03
Others	0		0	
Total	¥1,268		¥1,313	
Yield on investments (realized basis)	1.11%		1.03%	
Reference: Yield on investments (fair value basis)	2.44		2.05	

Notes: 1. Total revenues are equal to "interest income and dividends" in the statements of income of Sony Assurance.

2. In principle, the average balance of investments is calculated based on average balances of either acquisition cost or amortized cost at the end of each month, then divided by 12.

3. Calculation methods for yield on investments are as follows:

(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 (fair value basis)

An indicator of investment efficiency based on fair value. Realized profit and loss plus net unrealized gains is the numerator, and fair 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 of either 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,	2015		2016	
	Amount	Composition	Amount	Composition
Foreign currency denominated				
Foreign bonds	¥ —	—%	¥ —	—%
Foreign stocks	—	—	—	—
Others	—	—	—	—
Subtotal	—	—	—	—
Yen denominated				
Loans to borrowers outside Japan	—	—	—	—
Foreign bonds	197	100.0	197	100.0
Others	—	—	—	—
Subtotal	197	100.0	197	100.0
Total	¥197	100.0%	¥197	100.0%
Yield on overseas investments				
Yield on investments (income basis)	3.04%		2.84%	
Yield on investments (realized basis)	3.04%		2.84%	
Reference: Yield on investments (fair value basis)	3.04%		2.84%	

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 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 acquisition cost or amortized cost for assets relating to overseas investments.

4 Non-consolidated Solvency Margin Ratio

(Millions of yen)

As of March 31,	2015	2016
(A) Total non-consolidated solvency margin	¥36,650	¥42,701
Capital or treasury, etc.	23,389	24,682
Reserve for price fluctuations	124	149
Contingency reserve	82	91
Catastrophe reserve	11,344	14,363
General reserve for possible loan losses	—	—
Net unrealized gains on other securities and net deferred gains (losses) on hedging instruments (before tax deductions)	1,709	2,910
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	—	502
(B) Total non-consolidated risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	11,641	12,313
Ordinary insurance risk R_1	10,465	10,906
Third-sector insurance risk R_2	—	—
Assumed interest rate risk R_3	86	96
Asset management risk R_4	1,101	1,416
Business management risk R_5	371	269
Major catastrophe risk R_6	737	1,033
(C) Non-consolidated solvency margin ratio $[(A)/\{(B) \times (1/2)\}] \times 100$	629.6%	693.5%

Note: The above figures are 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 (1996).

The ratios for fiscal 2014 are based on regulations in force prior to the applications of revised content in Cabinet Office Ordinance No. 16 (2016) and Public Notice No. 10 (2016) issued by the Financial Services Agency. "Net unrealized gains on other securities and net deferred gains (losses) on hedging instruments (before tax deductions)," under "(A) Total non-consolidated solvency margin" is the amount of net unrealized gains on other securities (before tax deductions).

- Breakdown of non-consolidated solvency margin:
 1. Capital or treasury, etc.
Net assets of the balance sheets, excluding the amount of expected outflow from the company, such as dividends to shareholders and directors' bonuses, deferred assets, and the amount of valuation and translation adjustments.
 2. Reserve for price fluctuations
The reserve for price fluctuations shown on the balance sheets.
 3. Contingency reserve
The contingency reserve included in underwriting reserves shown on the balance sheets.
 4. Catastrophe reserve
The total amount of both the catastrophe reserve and the catastrophe reserve concerning residential earthquake insurance that are included in underwriting reserves shown on the balance sheets.
 5. General reserve for possible loan losses
The general reserve for possible loan losses included in the reserve for possible loan losses shown on the balance sheets. This does not apply to Sony Assurance.
 6. Net unrealized gains on other securities and net deferred gains (losses) on hedging instruments (before tax deductions)
Net unrealized gains on other securities (securities other than trading-purpose securities, held-to-maturity securities, stock of subsidiaries and affiliated companies) and associated net deferred gains (losses) on hedging instruments.
 7. Net unrealized gains on real estate
Net unrealized gains on real estate, representing the difference between the fair value of land, leaseholds and other properties and their respective balance sheet amount (amounts shown on the balance sheets). This does not apply to Sony Assurance.
 8. Excess refund reserve
Excess refund reserve refers to the surplus refund reserve included in underwriting reserves shown on the balance sheets. This does not apply to Sony Assurance.

9. Subordinated debt
Subordinated debt refers to those funds raised by taking out subordinated loans, issuing subordinated bonds or through other means that meet a certain set of conditions. This does not apply to Sony Assurance.
10. The portion of the excess refund reserve and subordinated debt that is not included in the margin
If the total amount of 8. and 9. above exceeds the base amount calculated according to the method prescribed by laws and regulations, such excess amount shall be deducted from the non-consolidated solvency margin. This does not apply to Sony Assurance.
11. 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.
12. Others
Others refers to deferred tax assets related to other retained earnings (deficits) included in the net assets section of the balance sheets.

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 cover against risk events which exceed its normal estimates, i.e. occurrence of a major catastrophe or a dramatic drop in the value of the assets they hold.

Total risk (item (B) in the table) indicates risk events which exceed the normal estimates. 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)).

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

- "Risk events which exceed the normal estimates" refers to the total of the amounts represented by the following risks:
 - ① Insurance underwriting risk (ordinary insurance risk, third-sector insurance risk)
Risk which exceeds the normal estimates for 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. When 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, 2015 and 2016

(Millions of yen)

	2015	2016
Assets		
Cash and due from banks	¥ 101,248	¥ 114,213
Call loans and bills bought	6,000	—
Monetary claims purchased	—	884
Monetary trusts	23,565	23,000
Securities	727,962	618,942
Loans	1,187,187	1,344,184
Foreign exchanges	2,224	1,139
Other assets	21,442	31,507
Tangible fixed assets	1,151	1,057
Buildings	246	254
Leased assets	58	28
Other tangible fixed assets	846	774
Intangible fixed assets	4,670	4,711
Software	4,567	4,677
Goodwill	99	19
Other intangible fixed assets	3	14
Deferred tax assets	324	1,681
Reserve for possible loan losses	(1,154)	(1,035)
Total Assets	¥2,074,623	¥2,140,286

Sony Bank Financial Data (Consolidated)

(Millions of yen)

	2015	2016
Liabilities		
Deposits	¥1,878,256	¥1,921,805
Call money and bills sold	6,000	—
Borrowed money	40,000	60,000
Foreign exchanges	46	87
Other liabilities	70,507	78,084
Reserve for employees' bonuses	753	714
Net defined benefit liability	904	1,103
Reserve for directors' retirement benefits	67	41
Provision for reimbursement of deposits	23	58
Total Liabilities	1,996,559	2,061,895
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	20,514	24,419
Total shareholders' equity	72,514	76,419
Net unrealized gains (losses) on other securities, net of taxes	6,618	3,331
Net deferred gains (losses) on hedging instruments, net of taxes	(2,269)	(2,531)
Foreign currency translation adjustment	0	—
Remeasurements of defined benefit plans, net of taxes	(91)	(157)
Total accumulated other comprehensive income	4,258	643
Non-controlling interests	1,292	1,329
Total Net Assets	78,064	78,391
Total Liabilities and Net Assets	¥2,074,623	¥2,140,286

Consolidated Statements of Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Ordinary Revenues	¥38,424	¥37,937
Interest income	26,131	25,482
Interest income on loans	14,070	14,739
Interest income and dividends on securities	11,960	10,671
Interest income on call loans and bills bought	7	7
Interest income on deposits with banks	93	61
Other interest income	0	3
Fees and commissions	6,082	6,886
Other operating income	5,997	5,189
Other ordinary income	212	379
Reversal of reserve for possible loan losses	0	—
Income from monetary trusts, net	22	54
Others	189	325
Ordinary Expenses	31,096	31,949
Interest expenses	9,543	9,022
Interest expenses on deposits	5,012	4,829
Interest expenses on call money and bills sold	6	5
Interest expenses on borrowed money	255	266
Other interest expenses	4,268	3,921
Fees and commissions	3,648	4,054
Other operating expenses	135	181
General and administrative expenses	17,718	18,541
Other ordinary expenses	50	150
Provision of reserve for possible loan losses	—	36
Other ordinary expenses	50	113
Ordinary Profit	7,327	5,987
Extraordinary Losses	93	11
Losses on disposal of fixed assets	—	11
Impairment losses	60	—
Losses on sale of shares of subsidiaries and affiliates	32	—
Income Before Income Taxes	7,234	5,976
Income Taxes—Current	2,430	1,954
Income Taxes—Deferred	195	62
Total Income Taxes	2,626	2,017
Profit	4,608	3,959
Profit Attributable to Non-controlling Interests	23	54
Profit Attributable to Owners of the Parent	¥ 4,585	¥ 3,905

Consolidated Statements of Comprehensive Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Profit	¥4,608	¥ 3,959
Other Comprehensive Income	(374)	(3,632)
Net unrealized gains (losses) on other securities, net of taxes	(636)	(3,286)
Net deferred gains (losses) on hedging instruments, net of taxes	302	(261)
Foreign currency translation adjustment	1	(1)
Remeasurements of defined benefit plans, net of taxes	(41)	(82)
Comprehensive Income	4,234	327
Comprehensive income attributable to parent company	4,217	290
Comprehensive income attributable to non-controlling interests	16	37

Consolidated Statements of Changes in Net Assets

 Sony Bank Inc. and consolidated subsidiaries
 For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	¥31,000	¥21,000	¥15,939	¥67,939
Cumulative effects of changes in accounting policies	—	—	(10)	(10)
Restated balance at the beginning of the period	31,000	21,000	15,928	67,928
Changes during the period				
Profit attributable to owners of the parent	—	—	4,585	4,585
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	4,585	4,585
Balance at the end of the period	¥31,000	¥21,000	¥20,514	¥72,514

(Millions of yen)

	2015						
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (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 period	¥7,255	¥(2,571)	¥ 0	¥(57)	¥4,626	¥1,275	¥73,840
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	(10)
Restated balance at the beginning of the period	7,255	(2,571)	0	(57)	4,626	1,275	73,830
Changes during the period							
Profit attributable to owners of the parent	—	—	—	—	—	—	4,585
Net changes of items other than shareholders' equity	(636)	302	0	(34)	(368)	16	(351)
Total changes during the period	(636)	302	0	(34)	(368)	16	4,234
Balance at the end of the period	¥6,618	¥(2,269)	¥ 0	¥(91)	¥4,258	¥1,292	¥78,064

Consolidated Statements of Changes in Net Assets (Continued)

(Millions of yen)

	2016			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	¥31,000	¥21,000	¥20,514	¥72,514
Changes during the period				
Profit attributable to owners of the parent	—	—	3,905	3,905
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	3,905	3,905
Balance at the end of the period	¥31,000	¥21,000	¥24,419	¥76,419

(Millions of yen)

	2016						
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (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 period	¥ 6,618	¥(2,269)	¥ 0	¥ (91)	¥ 4,258	¥1,292	¥78,064
Changes during the period							
Profit attributable to owners of the parent	—	—	—	—	—	—	3,905
Net changes of items other than shareholders' equity	(3,286)	(261)	(0)	(65)	(3,614)	37	(3,577)
Total changes during the period	(3,286)	(261)	(0)	(65)	(3,614)	37	327
Balance at the end of the period	¥ 3,331	¥(2,531)	¥—	¥(157)	¥ 643	¥1,329	¥78,391

Consolidated Statements of Cash Flows

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Cash flows from operating activities		
Income before income taxes	¥ 7,234	¥ 5,976
Depreciation and amortization	1,821	1,951
Impairment losses	60	—
Amortization of goodwill	79	79
Increase (decrease) in reserve for possible loan losses	(142)	(118)
Increase (decrease) in reserve for employees' bonuses	94	(38)
Increase (decrease) in net defined benefit liability	105	85
Increase (decrease) in reserve for directors' retirement benefits	16	(26)
Increase (decrease) in provision for reimbursement of deposits	23	34
Increase (decrease) in provision for point card certificates	(22)	—
Interest income—accrual basis	(26,131)	(25,482)
Interest expenses—accrual basis	9,543	9,022
(Gains) losses on securities	(6,917)	(7,222)
(Gains) losses on monetary trusts	(22)	(54)
Exchange (gains) losses	(27,272)	20,126
(Gains) losses on disposal of fixed assets	2	13
(Gains) losses on transfer of business	32	—
Net (increase) decrease in loans	(129,767)	(156,996)
Net increase (decrease) in deposits	(10,749)	43,751
Net (increase) decrease in call loans and others	—	5,115
Net increase (decrease) in call money and others	—	(6,000)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	—	20,000
Net (increase) decrease in foreign exchange (assets)	5,528	1,085
Net increase (decrease) in foreign exchange (liabilities)	6	40
Interest income—cash basis	29,521	28,395
Interest expenses—cash basis	(9,221)	(9,279)
Others, net	17,231	(6,131)
Subtotal	(138,945)	(75,671)
Income taxes paid	(3,390)	(2,322)
Net cash provided by (used in) operating activities	(142,336)	(77,993)
Cash flows from investing activities		
Purchases of securities	(235,739)	(154,201)
Proceeds from sale of securities	107,295	87,584
Proceeds from redemption of securities	201,026	159,383
Investments in monetary trusts	(3,081)	—
Proceeds from sale of monetary trusts	—	565
Purchases of tangible fixed assets	(382)	(268)
Purchases of intangible fixed assets	(1,129)	(2,071)
Proceeds from transfer of business	698	—
Others	58	—
Net cash provided by (used in) investing activities	68,747	90,992
Cash flows from financing activities		
Payments for leased obligations	(31)	(32)
Net cash provided by (used in) financing activities	(31)	(32)
Effect of exchange rate changes on cash and cash equivalents	3	(1)
Net increase (decrease) in cash and cash equivalents	(73,616)	12,965
Cash and cash equivalents at the beginning of the period	174,865	101,248
Cash and cash equivalents at the end of the period	¥ 101,248	¥ 114,213

Financial Data (Non-consolidated)

Balance Sheets

Sony Bank Inc.
As of March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Assets		
Cash and due from banks	¥ 96,978	¥ 110,669
Cash	20	18
Due from banks	96,957	110,650
Call loans	6,000	—
Monetary claims purchased	—	884
Monetary trusts	23,565	23,000
Securities	730,013	620,993
Japanese government bonds	82,878	81,487
Japanese local government bonds	56,668	37,811
Japanese corporate bonds	107,750	64,626
Japanese stocks	2,050	2,050
Other securities	480,665	435,017
Loans	1,187,187	1,344,184
Loans on deed	1,180,420	1,332,050
Overdrafts	6,766	12,133
Foreign exchanges	2,224	1,139
Due from foreign banks	2,224	1,139
Other assets	13,794	21,272
Domestic exchange settlement account debit	325	207
Prepaid expenses	99	130
Accrued income	4,292	3,889
Derivatives	4,389	5,235
Cash collateral paid for financial instruments	—	7,701
Accounts receivable	2,640	1,740
Others	2,047	2,367
Tangible fixed assets	774	667
Buildings	201	210
Leased assets	0	0
Other tangible fixed assets	573	456
Intangible fixed assets	2,967	3,253
Software	2,964	3,248
Other intangible fixed assets	2	5
Deferred tax assets	174	1,536
Reserve for possible loan losses	(1,154)	(1,035)
Total Assets	¥2,062,525	¥2,126,564

Sony Bank Financial Data (Non-consolidated)

(Millions of yen)

	2015	2016
Liabilities		
Deposits	¥1,878,256	¥1,923,506
Ordinary deposits	494,003	503,957
Time deposits	1,053,960	1,080,159
Other deposits	330,293	339,388
Call money	6,000	—
Borrowed money	40,000	60,000
Borrowed money	40,000	60,000
Foreign exchanges	46	87
Foreign bills sold	12	12
Foreign bills payable	34	74
Other liabilities	59,735	64,088
Income taxes payable	1,304	950
Accrued expenses	4,690	4,845
Unearned revenue	5	—
Initial margins of futures markets	22,315	22,041
Derivatives	30,112	30,913
Cash collateral received for financial instruments	—	312
Leased obligation	0	0
Asset retirement obligations	122	139
Others	1,185	4,886
Reserve for employees' bonuses	686	645
Reserve for employees' retirement benefits	658	731
Reserve for directors' retirement benefits	53	20
Provision for reimbursement of deposits	23	58
Total Liabilities	1,985,461	2,049,136
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Capital reserves	21,000	21,000
Retained earnings	20,715	24,627
Other retained earnings	20,715	24,627
Unappropriated retained earnings	20,715	24,627
Total shareholders' equity	72,715	76,627
Net unrealized gains (losses) on other securities, net of taxes	6,618	3,331
Net deferred gains (losses) on hedging instruments, net of taxes	(2,269)	(2,531)
Total valuation and translation adjustments	4,348	800
Total Net Assets	77,064	77,428
Total Liabilities and Net Assets	¥2,062,525	¥2,126,564

Statements of Income

Sony Bank Inc.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015	2016
Ordinary Revenues	¥35,714	¥34,892
Interest income	26,132	25,482
Interest income on loans	14,070	14,739
Interest income and dividends on securities	11,960	10,671
Interest income on call loans	7	7
Interest income on deposits with banks	93	61
Other interest income	0	3
Fees and commissions	3,372	3,842
Fees and commissions on domestic and foreign exchanges	157	177
Other fees and commissions	3,215	3,664
Other operating income	5,997	5,189
Gains on foreign exchange transactions	3,906	4,263
Gains on sale of bonds	2,090	799
Gains on redemption of bonds	0	0
Gains on derivatives	—	126
Others	—	0
Other ordinary income	212	377
Reversal of reserve for possible loan losses	0	—
Income from monetary trusts, net	22	54
Others	189	323
Ordinary Expenses	28,416	29,035
Interest expenses	9,540	9,021
Interest expenses on deposits	5,012	4,829
Interest expenses on call money	6	5
Interest expenses on borrowed money	253	264
Interest expenses on interest rate swaps	4,268	3,921
Other interest expenses	0	0
Fees and commissions	3,345	3,692
Fees and commissions on domestic and foreign exchanges	117	134
Other fees and commissions	3,227	3,558
Other operating expenses	134	181
Losses on sale of bonds	30	181
Expenses from derivatives other than for trading or hedging	103	—
General and administrative expenses	15,346	15,991
Other ordinary expenses	49	148
Provision of reserve for possible loan losses	—	36
Write-off of loans	0	0
Others	48	111
Ordinary Profit	7,298	5,857
Extraordinary Losses	93	—
Impairment losses	60	—
Losses on transfer of business	32	—
Income Before Income Taxes	7,205	5,857
Income Taxes—Current	2,418	1,920
Income Taxes—Deferred	152	24
Total Income Taxes	2,571	1,944
Net Income	¥ 4,634	¥ 3,912

Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2015 and 2016

(Millions of yen)

	2015					
	Shareholders' equity					
	Common stock	Capital surplus		Retained earnings		Total shareholders' equity
		Capital reserve	Total capital surplus	Other retained earnings	Total retained earnings	
			Unappropriated retained earnings			
Balance at the beginning of the period	¥31,000	¥21,000	¥21,000	¥16,091	¥16,091	¥68,091
Cumulative effects of changes in accounting policies	—	—	—	(10)	(10)	(10)
Restated balance at the beginning of the period	31,000	21,000	21,000	16,080	16,080	68,080
Changes during the period						
Net income	—	—	—	4,634	4,634	4,634
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Total changes during the period	—	—	—	4,634	4,634	4,634
Balance at the end of the period	¥31,000	¥21,000	¥21,000	¥20,715	¥20,715	¥72,715

(Millions of yen)

	2015			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the period	¥7,255	¥(2,571)	¥4,683	¥72,774
Cumulative effects of changes in accounting policies	—	—	—	(10)
Restated balance at the beginning of the period	7,255	(2,571)	4,683	72,764
Changes during the period				
Net income	—	—	—	4,634
Net changes of items other than shareholders' equity	(636)	302	(334)	(334)
Total changes during the period	(636)	302	(334)	4,299
Balance at the end of the period	¥6,618	¥(2,269)	¥4,348	¥77,064

Statements of Changes in Net Assets (Continued)

(Millions of yen)

	2016					Total shareholders' equity
	Shareholders' equity					
	Common stock	Capital surplus		Retained earnings		
		Capital reserve	Total capital surplus	Other retained earnings Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the period	¥31,000	¥21,000	¥21,000	¥20,715	¥20,715	¥72,715
Changes during the period						
Net income	—	—	—	3,912	3,912	3,912
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Total changes during the period	—	—	—	3,912	3,912	3,912
Balance at the end of the period	¥31,000	¥21,000	¥21,000	¥24,627	¥24,627	¥76,627

(Millions of yen)

	2016			
	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the period	¥ 6,618	¥(2,269)	¥ 4,348	¥77,064
Changes during the period				
Net income	—	—	—	3,912
Net changes of items other than shareholders' equity	(3,286)	(261)	(3,548)	(3,548)
Total changes during the period	(3,286)	(261)	(3,548)	363
Balance at the end of the period	¥ 3,331	¥(2,531)	¥ 800	¥77,428

1 Loans by Borrower Category

(Millions of yen)

As of March 31,	2015	2016
Category		
Bankrupt and quasi-bankrupt loans	¥ 744	¥ 732
Doubtful loans	899	890
Sub-standard loans	1,716	1,443
Normal loans	1,186,701	1,342,916
Total	¥1,190,062	¥1,345,983

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

2 Risk-monitored Loans

(Millions of yen)

As of March 31,	2015	2016
Bankrupt loans	¥ 207	¥ 285
Non-accrual delinquent loans	1,430	1,332
Past due loans (3 months or more)	—	—
Restructured loans	1,715	1,443
Total	¥3,353	¥3,061

3 Profit and Loss

3-01 Gross operating profit

(Millions of yen)

For the years ended March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	¥11,640	¥5,024	¥16,665	¥12,649	¥3,876	¥16,525
Interest income	16,468	9,777	[113] 26,132	16,885	8,652	[56] 25,482
Interest expenses	4,827	4,752	[113] 9,466	4,236	4,776	[56] 8,956
Net fees and commissions	(39)	67	27	72	78	150
Fees and commissions received	3,281	90	3,372	3,753	88	3,842
Fees and commissions paid	3,321	23	3,345	3,681	10	3,692
Net trading income	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Net other operating income	835	5,027	5,863	377	4,631	5,008
Other operating income	939	5,057	5,997	398	4,791	5,189
Other operating expenses	103	30	134	21	160	181
Gross operating profit	12,436	10,119	22,555	13,098	8,585	21,684
Gross operating profit ratio	0.81%	2.01%	1.14%	0.83%	1.86%	1.08%

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 (¥73 million—FY2014, ¥64 million—FY2015).

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,	2015			2016		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[68,339] ¥1,528,827	[113] ¥16,468	1.07%	[40,019] ¥1,577,374	[56] ¥16,885	1.07%
Of which: Loans	1,090,738	14,008	1.28	1,249,373	14,651	1.17
Securities	269,283	2,244	0.83	209,673	2,106	1.00
Call loans	6,000	7	0.12	5,598	7	0.12
Due from banks	94,463	93	0.09	67,444	61	0.09
Monetary claims purchased	—	—	—	275	0	0.14
Financing accounts	[—] 1,515,616	[—] 4,827	0.31	[—] 1,565,074	[—] 4,236	0.27
Of which: Deposits	1,490,904	2,478	0.16	1,531,568	2,149	0.14
Call money	6,000	6	0.10	5,669	5	0.09
Borrowed money	40,000	253	0.63	50,765	264	0.52

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" (¥2,005 million—FY2014, ¥1,531 million—FY2015) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥21,347 million—FY2014, ¥23,000 million—FY2015) and the interest expenses on monetary trusts (¥67 million—FY2014, ¥62 million—FY2015) are excluded, respectively.

International division

(Millions of yen, %)

For the years ended March 31,	2015			2016		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[—] ¥502,476	[—] ¥9,777	1.94%	[—] ¥459,444	[—] ¥8,652	1.88%
Of which: Loans	5,712	61	1.07	9,051	88	0.97
Securities	489,164	9,715	1.98	445,850	8,564	1.92
Call loans	—	—	—	—	—	—
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Financing accounts	[68,339] 417,281	[113] 4,752	1.13	[40,019] 364,696	[56] 4,776	1.30
Of which: Deposits	349,408	2,534	0.72	324,800	2,680	0.82
Call money	—	—	—	—	—	—
Borrowed money	—	—	—	—	—	—

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 (¥517 million—FY2014, ¥200 million—FY2015) and the interest expenses on monetary trusts (¥5 million—FY2014, ¥2 million—FY2015) are excluded, respectively.

Total

(Millions of yen, %)

For the years ended March 31,	2015			2016		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	¥1,962,964	¥26,132	1.33%	¥1,996,800	¥25,482	1.27%
Of which: Loans	1,096,450	14,070	1.28	1,258,425	14,739	1.17
Securities	758,447	11,960	1.57	655,523	10,671	1.62
Call loans	6,000	7	0.12	5,598	7	0.12
Due from banks	94,463	93	0.09	67,444	61	0.09
Monetary claims purchased	—	—	—	275	0	0.14
Financing accounts	1,864,559	9,466	0.50	1,889,751	8,956	0.47
Of which: Deposits	1,840,312	5,012	0.27	1,856,369	4,829	0.26
Call money	6,000	6	0.10	5,669	5	0.09
Borrowed money	40,000	253	0.63	50,765	264	0.52

Note: In the investment accounts, the average balance of non-interest-bearing "due from banks" (¥2,005 million—FY2014, ¥1,531 million—FY2015) is excluded. In the financing accounts, the average balance of funds for investing monetary trusts (¥21,865 million—FY2014, ¥23,200 million—FY2015) and the interest expenses on monetary trusts (¥73 million—FY2014, ¥64 million—FY2015) are excluded, respectively.

Sony Bank Financial Data (Non-consolidated)

Interest spread

(%)

For the years ended March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Yield on investment	1.07%	1.94%	1.33%	1.07%	1.88%	1.27%
Yield on financing	0.31	1.13	0.50	0.27	1.30	0.47
Interest spread	0.75	0.80	0.82	0.79	0.57	0.80

3-03 Interest income and interest expenses

Domestic division

(Millions of yen)

For the years ended March 31,	2015			2016		
	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	¥ 400	¥ (688)	¥(287)	¥ 522	¥ (105)	¥ 417
Of which: Loans	1,247	(1,326)	(79)	2,037	(1,395)	642
Securities	(647)	353	(293)	(496)	359	(137)
Call loans	(0)	(0)	(0)	(0)	(0)	(0)
Due from banks	(19)	5	(13)	(26)	(5)	(32)
Monetary claims purchased	—	—	—	—	0	0
Interest expenses	119	(674)	(555)	157	(749)	(591)
Of which: Deposits	49	(316)	(266)	67	(396)	(329)
Call money	(0)	(0)	(0)	(0)	(0)	(0)
Borrowed money	72	(75)	(2)	68	(56)	11

International division

(Millions of yen)

For the years ended March 31,	2015			2016		
	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	¥1,008	¥(817)	¥ 191	¥(837)	¥(287)	¥(1,124)
Of which: Loans	23	(8)	15	35	(9)	26
Securities	993	(816)	176	(860)	(290)	(1,151)
Call loans	—	—	—	—	—	—
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Interest expenses	330	774	1,105	(598)	622	24
Of which: Deposits	(152)	526	373	(178)	323	145
Call money	—	—	—	—	—	—
Borrowed money	(0)	(0)	(0)	—	—	—

Total

(Millions of yen)

For the years ended March 31,	2015			2016		
	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	¥ 301	¥ (497)	¥(196)	¥ 450	¥(1,100)	¥ (649)
Of which: Loans	1,273	(1,337)	(63)	2,078	(1,409)	668
Securities	(690)	573	(116)	(1,623)	334	(1,288)
Call loans	(0)	(0)	(0)	(0)	(0)	(0)
Due from banks	(19)	5	(13)	(26)	(5)	(32)
Monetary claims purchased	—	—	—	—	0	0
Interest expenses	29	419	449	127	(638)	(510)
Of which: Deposits	(0)	107	106	43	(227)	(183)
Call money	(0)	(0)	(0)	(0)	(0)	(0)
Borrowed money	72	(75)	(2)	68	(56)	11

Note: Where the reason for an increase or decrease is overlapping between "due to balance" and "due to yield," the amount of the increase or decrease is included in "due to yield."

3-04 General and administrative expenses

(Millions of yen)

For the years ended March 31,	2015	2016
Salaries	¥ 3,700	¥ 3,592
Employee retirement benefits	117	131
Fringe benefit expenses	496	524
Depreciation and amortization	1,192	1,249
Leases on land, buildings and machinery	1,087	1,173
Maintenance fees	2,300	2,055
Repairs and utilities	8	5
Supplies expenses	141	222
Heat, light and water	34	31
Travel expenses	8	15
Communication expenses	719	743
Advertising expenses	979	1,927
Membership fees, donations and social expenses	15	18
Outsourcing	1,731	1,629
Taxes and public dues	745	918
Deposit insurance	997	612
Others	1,069	1,139
Total	¥15,346	¥15,991

4 Fair Value Information

4-01 Fair value information on securities

*In addition to "Securities" on the non-consolidated balance sheets, the figures in the following tables include beneficiary certificates of investment trust in "Monetary claims purchased."

Trading-purpose securities

Not applicable

Held-to-maturity bonds

(Millions of yen)

As of March 31,	2015			2016		
	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	¥7,971	¥8,305	¥333	¥7,980	¥8,212	¥231
Japanese corporate bonds	313	327	14	273	283	10
Subtotal	8,284	8,632	347	8,254	8,495	241
Total	¥8,284	¥8,632	¥347	¥8,254	¥8,495	¥241

Notes: 1. Fair value is based upon the value measured at the year-end.

2. There were no fair values that did not exceed their non-consolidated balance sheet amount.

Available-for-sale securities

(Millions of yen)

As of March 31,	2015			2016		
	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	¥218,017	¥210,175	¥ 7,841	¥175,071	¥164,469	¥10,602
Japanese government bonds	58,910	55,466	3,443	73,506	66,273	7,233
Japanese local government bonds	56,668	54,585	2,082	37,811	36,384	1,427
Japanese corporate bonds	102,438	100,123	2,315	63,753	61,812	1,941
Others	352,552	344,168	8,384	289,500	283,186	6,314
Foreign bonds	347,998	341,882	6,115	284,640	280,016	4,624
Others	4,554	2,286	2,268	4,860	3,170	1,689
Subtotal	570,569	554,344	16,225	464,572	447,655	16,916
Available-for-sale securities of which balance sheet amount does not exceed acquisition cost						
Bonds	20,995	21,262	(266)	599	600	(0)
Japanese government bonds	15,997	16,261	(264)	—	—	—
Japanese local government bonds	—	—	—	—	—	—
Japanese corporate bonds	4,998	5,000	(2)	599	600	(0)
Others	128,112	128,291	(179)	146,400	147,110	(709)
Foreign bonds	128,112	128,291	(179)	146,400	147,110	(709)
Others	—	—	—	—	—	—
Subtotal	149,107	149,553	(445)	147,000	147,710	(709)
Total	¥719,677	¥703,898	¥15,779	¥611,572	¥595,366	¥16,206

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

Securities without fair value

(Millions of yen)

As of March 31,	2015	2016
	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,	2015		2016	
	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	¥565	¥—	¥—	¥—

Monetary trusts for held-to-maturity

Not applicable

Other monetary trusts

(Millions of yen)

As of March 31,	2015				
	Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
Other monetary trusts	¥23,000	¥23,000	¥—	¥—	¥—

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)

As of March 31,	2016				
	Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
Other monetary trusts	¥23,000	¥23,000	¥—	¥—	¥—

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, 2015]

Derivatives for which hedge accounting is not applied

Not applicable

Derivatives for which hedge accounting is applied

(Millions of yen)

As of March 31,			2015		
Method	Type	Hedged item	Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Interest rate swaps Floating-rate receivable/Fixed-rate payable	Loans, deposits	¥ 39,000	¥ 39,000	¥ (1,095)
Fair value hedge accounting	Interest rate swaps Floating-rate receivable/Fixed-rate payable	Available-for-sale securities (bonds)	362,048	321,092	(24,635)
Total			—	—	¥(25,731)

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, February 13, 2002) and derivatives for which fair value hedge accounting is applied.

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

[For the year ended March 31, 2016]

Derivatives for which hedge accounting is not applied

(Millions of yen)

As of March 31,		2016			
Category	Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Interest rate swaps Fixed-rate receivable/Floating-rate payable	¥25,921	¥25,921	¥ 25	¥ 25
	Floating-rate receivable/Fixed-rate payable	25,921	25,921	(25)	(25)
Total		—	—	¥ —	¥ —

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

2. Fair value is calculated using the price indicated by the financial institution.

Sony Bank Financial Data (Non-consolidated)

Derivatives for which hedge accounting is applied (Millions of yen)

As of March 31,			2016		
Method	Type	Hedged item	Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Interest rate swaps Floating-rate receivable/Fixed-rate payable	Loans, deposits	¥ 50,111	¥ 49,942	¥ (2,048)
Fair value hedge accounting	Interest rate swaps Floating-rate receivable/Fixed-rate payable	Available-for-sale securities (bonds)	333,785	286,112	(26,945)
Total			—	—	¥(28,993)

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, February 13, 2002) and derivatives for which fair value hedge accounting is applied.

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

Currency derivatives

[For the year ended March 31, 2015]

Derivatives for which hedge accounting is not applied (Millions of yen)

As of March 31,		2015			
Category	Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Forward foreign exchanges				
	Sold	¥123,229	¥—	¥ 49	¥ 49
	Bought	188,611	—	121	121
	Foreign exchange margin transactions				
	Sold	63,105	—	(1,319)	(1,319)
	Bought	20,875	—	1,624	1,624
	Currency options				
	Sold	503	—	(3)	0
	Bought	514	—	3	0
	Currency forwards				
Sold	—	—	—	—	
Bought	12,917	—	(903)	(903)	
Total		—	—	¥ (427)	¥ (426)

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

2. Fair 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,			2015		
Method	Type	Hedged item	Notional amount	Notional amount over 1 year	Fair value
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	¥8,998	¥2,168	¥435
Total			—	—	¥435

Notes: 1. Fair value hedge accounting is applied.

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

Sony Bank Financial Data (Non-consolidated)

[For the year ended March 31, 2016]

Derivatives for which hedge accounting is not applied

(Millions of yen)

As of March 31,

Category	Type	2016			
		Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Forward foreign exchanges				
	Sold	¥ 80,622	¥—	¥ (23)	¥ (23)
	Bought	146,481	—	239	239
	Foreign exchange margin transactions				
	Sold	54,688	—	1,920	1,920
	Bought	20,508	—	794	794
	Currency options				
	Sold	210	—	(2)	0
	Bought	211	—	2	0
	Currency forwards				
Sold	—	—	—	—	
Bought	12,735	—	680	680	
Total		—	—	¥3,611	¥3,612

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

2. Fair 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	2016		
			Notional amount	Notional amount over 1 year	Fair value
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	¥15,206	¥—	¥(296)
Total			—	—	¥(296)

Notes: 1. Fair value hedge accounting is applied.

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

Sony Bank Performance Indicators (Non-consolidated)

1 Key Performance Indicators

(Millions of yen)

For the years ended March 31,	2012	2013	2014	2015	2016
Ordinary revenues	¥ 30,075	¥ 31,351	¥ 33,994	¥ 35,714	¥ 34,892
Ordinary profit	4,033	4,282	5,845	7,298	5,857
Net income	2,340	879	3,585	4,634	3,912
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	62,796	67,811	72,774	77,064	77,428
Total assets	1,890,503	2,005,081	2,056,704	2,062,525	2,126,564
Deposits	1,762,282	1,857,447	1,890,022	1,878,256	1,923,506
Loans	835,582	970,226	1,057,419	1,187,187	1,344,184
Securities	912,933	908,847	773,811	730,013	620,993
Non-consolidated capital adequacy ratio	11.58%	11.98%	11.72%	10.65%	9.89%
Dividend payout ratio	—	—	—	—	50.07%
Number of employees	321	371	430	455	456

2 Status of Operations (Deposits)

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

Average balance

(Millions of yen)

For the years ended March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 479,918	¥176,848	¥ 656,767	¥ 522,222	¥167,584	¥ 689,806
Time and saving deposits	1,010,935	172,557	1,183,492	1,009,260	157,214	1,166,475
Other deposits	50	2	52	85	1	86
Total	¥1,490,904	¥349,408	¥1,840,312	¥1,531,568	¥324,800	¥1,856,369

Year-end balance

(Millions of yen)

As of March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 494,003	¥169,085	¥ 663,088	¥ 503,957	¥178,474	¥ 682,432
Time and saving deposits	1,053,960	161,192	1,215,153	1,080,159	160,749	1,240,909
Other deposits	14	—	14	150	14	164
Total	¥1,547,978	¥330,278	¥1,878,256	¥1,584,267	¥339,238	¥1,923,506

Note: Deposits (floating deposits and time and saving deposits) of the Domestic division include deposits from the parent company and its subsidiaries in the amount of ¥5,395 million and ¥10,913 million as of March 31, 2015 and 2016, respectively.

2-02 Balance of time deposits by remaining period

(Millions of yen)

As of March 31,	2015			2016		
	Fixed rate time deposits	Floating rate time deposits	Total	Fixed rate time deposits	Floating rate time deposits	Total
Less than 3 months	¥ 135,469	¥—	¥ 135,469	¥ 290,247	¥—	¥ 290,247
3 months or more, less than 6 months	529,308	—	529,308	315,660	—	315,660
6 months or more, less than 1 year	384,084	—	384,084	459,673	—	459,673
1 year or more, less than 2 years	29,534	—	29,534	13,882	—	13,882
2 years or more, less than 3 years	11,118	—	11,118	9,101	—	9,101
3 years or more	60,871	—	60,871	84,184	—	84,184
Total	¥1,150,387	¥—	¥1,150,387	¥1,172,749	¥—	¥1,172,749

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

3 Status of Operations (Loans)

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

Average balance

(Millions of yen)

For the years ended March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	1,085,184	5,712	1,090,896	1,241,588	9,051	1,250,640
Overdrafts	5,553	—	5,553	7,785	0	7,785
Bills discounted	—	—	—	—	—	—
Total	¥1,090,738	¥5,712	¥1,096,450	¥1,249,373	¥9,051	¥1,258,425

Year-end balance

(Millions of yen)

As of March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	1,172,605	7,814	1,180,420	1,322,682	9,368	1,332,050
Overdrafts	6,766	—	6,766	12,133	0	12,133
Bills discounted	—	—	—	—	—	—
Total	¥1,179,372	¥7,814	¥1,187,187	¥1,334,815	¥9,368	¥1,344,184

3-02 Balance of loans by remaining period

(Millions of yen)

As of March 31,	2015			2016		
	Fixed interest rates	Floating interest rates	Total	Fixed interest rates	Floating interest rates	Total
Less than 1 year	¥ 103	¥ 34,140	¥ 34,243	¥ 585	¥ 30,049	¥ 30,634
Over 1 year, not exceeding 3 years	2,507	36,829	39,337	3,297	30,649	33,946
Over 3 years, not exceeding 5 years	3,474	22,022	25,496	4,790	22,932	27,722
Over 5 years, not exceeding 7 years	8,658	16,807	25,466	9,523	22,914	32,438
Over 7 years, not exceeding 10 years	22,830	17,860	40,691	23,881	18,304	42,185
Over 10 years	537,722	484,229	1,021,951	502,278	674,977	1,177,256
Total	¥575,297	¥611,890	¥1,187,187	¥544,356	¥799,827	¥1,344,184

3-03 Balance of loans by collateral

(Millions of yen)

As of March 31,	2015	2016
Pledged securities	¥ —	¥ —
Pledged receivables	—	—
Pledged merchandise	—	—
Pledged real estate	797,292	922,520
Others	—	—
Subtotal	797,292	922,520
Guaranteed	94,738	121,070
Credit	295,156	300,593
Total	¥1,187,187	¥1,344,184

Balance of acceptances and guarantees at the end of the period

Not applicable

Customers' liabilities for acceptances and guarantees classified by type of collateral

Not applicable

Sony Bank Performance Indicators (Non-consolidated)

3-04 Balance of loans by industry

(Millions of yen, %)

As of March 31,	2015		2016	
	Balance	Composition	Balance	Composition
Individual	¥1,079,643	90.94%	¥1,247,703	92.82%
Corporation	107,543	9.06	96,480	7.18
Manufacturing industries	40,813	3.44	34,605	2.57
Construction	1,753	0.15	1,536	0.11
Electricity, gas, heat and water supplies	1,000	0.08	1,000	0.07
Information and telecommunications	620	0.05	1,907	0.14
Transportation/Mail services	7,995	0.67	6,969	0.52
Wholesalers/Retailers	12,537	1.06	7,432	0.55
Financial services/Insurance	13,780	1.16	9,821	0.73
Real estate/Goods leasing services	23,555	1.98	26,431	1.97
Various service	2,456	0.21	3,750	0.28
Local government	3,030	0.26	3,026	0.23
Total	¥1,187,187	100.00%	¥1,344,184	100.00%

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

(%)

For the years ended March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year-end	76.18%	2.36%	63.20%	84.25%	2.76%	69.88%
Annual average	73.15	1.63	59.57	81.57	2.78	67.78

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 Reserve for possible loan losses: balance at year-end and increase (decrease) during the year

(Millions of yen)

For the years ended March 31,	2015		2016	
	Balance at the end of the period	Increase (Decrease)	Balance at the end of the period	Increase (Decrease)
General reserve for possible loan losses	¥ 595	¥(195)	¥ 512	¥ (82)
Specific reserve for possible loan losses	559	(177)	523	(35)
Reserve for possible loan losses for specific foreign countries	—	—	—	—
Total	¥1,154	¥(373)	¥1,035	¥(118)

3-07 Write-off loans

(Millions of yen)

For the years ended March 31,	2015	2016
Total	¥0	¥0

4 Status of Operations (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,	2015							Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years	Unspecified term	
Japanese government bonds	¥ —	¥ 23,489	¥ 11,579	¥ 2,130	¥ —	¥45,679	¥ —	¥ 82,878
Japanese local government bonds	—	2,675	526	51,063	2,402	—	—	56,668
Japanese corporate bonds	26,675	10,007	12,303	39,323	19,127	313	—	107,750
Japanese stocks	—	—	—	—	—	—	2,050	2,050
Other securities	139,369	168,507	109,667	21,838	36,727	—	4,554	480,665
Of which: Foreign bonds	139,369	168,507	109,667	21,838	36,727	—	—	476,110
Others	—	—	—	—	—	—	4,554	4,554
Total	¥166,044	¥204,679	¥134,078	¥114,355	¥58,256	¥45,992	¥6,605	¥730,013

(Millions of yen)

As of March 31,	2016							Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years	Unspecified term	
Japanese government bonds	¥ 4,009	¥ 29,798	¥ 1,056	¥ 2,147	¥ —	¥44,475	¥ —	¥ 81,487
Japanese local government bonds	2,629	—	14,922	20,259	—	—	—	37,811
Japanese corporate bonds	4,729	8,060	22,054	27,427	2,080	273	—	64,626
Japanese stocks	—	—	—	—	—	—	2,050	2,050
Other securities	126,787	147,855	86,378	41,874	22,676	5,469	3,975	435,017
Of which: Foreign bonds	126,787	147,855	86,378	41,874	22,676	5,469	—	431,041
Others	—	—	—	—	—	—	3,975	3,975
Total	¥138,155	¥185,714	¥124,411	¥91,708	¥24,757	¥50,218	¥6,026	¥620,993

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

Average balance

(Millions of yen)

For the years ended March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥ 73,978	¥ —	¥ 73,978	¥ 79,519	¥ —	¥ 79,519
Japanese local government bonds	54,926	—	54,926	44,202	—	44,202
Japanese corporate bonds	135,985	—	135,985	81,542	—	81,542
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	2,342	489,164	491,506	2,358	445,850	448,209
Of which: Foreign bonds	—	489,164	489,164	—	445,850	445,850
Others	2,342	—	2,342	2,358	—	2,358
Total	¥269,283	¥489,164	¥758,447	¥209,673	¥445,850	¥655,523

Sony Bank Performance Indicators (Non-consolidated)

Year-end balance

(Millions of yen)

As of March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥ 82,878	¥ —	¥ 82,878	¥ 81,487	¥ —	¥ 81,487
Japanese local government bonds	56,668	—	56,668	37,811	—	37,811
Japanese corporate bonds	107,750	—	107,750	64,626	—	64,626
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	4,554	476,110	480,665	3,975	431,041	435,017
Of which: Foreign bonds	—	476,110	476,110	—	431,041	431,041
Others	4,554	—	4,554	3,975	—	3,975
Total	¥253,902	¥476,110	¥730,013	¥189,951	¥431,041	¥620,993

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

(%)

For the years ended March 31,	2015			2016		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year-end	16.40%	144.15%	38.86%	11.98%	127.06%	32.28%
Annual average	18.06	139.99	41.21	13.69	137.26	35.31

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, 2016 decreased ¥259.2 billion due to a large fall in Japanese yen (JPY) interest rates and other factors. While the value of existing business decreased significantly and turned negative due to a large fall in JPY interest rates, a large part of the decrease was offset with the benefit of ALM (by the increase in the adjusted net worth). The breakdown is shown in the table below.

As of March 31,	2015	2016	Change
MCEV	¥1,322.9	¥ 1,063.7	¥ (259.2)
Adjusted net worth	1,119.2	2,074.4	955.2
Value of existing business	203.7	(1,010.7)	(1,214.4)

(Billions of yen)

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 section 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, unrealized gains or losses on policy-reserve-matching bonds and unrealized gains or losses on land and buildings, less unfunded pension liabilities and intangible fixed assets, and adjusting for the amount of tax effect equivalent to these seven items, on which valuation gains or losses on subsidiaries and affiliated companies are added. The adjusted net worth at the end of the current fiscal year increased by ¥955.2 billion, primarily because of the increase in unrealized gain on held-to-maturity securities caused by a large fall in JPY interest rates. The breakdown is shown in the table below.

As of March 31,	2015	2016	Change
Adjusted net worth	¥1,119.2	¥2,074.4	¥ 955.2
Total net assets	432.5	4,82.2	49.7
Reserve for price fluctuations	42.8	44.3	1.4
Contingency reserve	68.7	75.2	6.5
Reserve for possible loan losses	0.0	0.0	(0.0)
Unrealized gains or losses on held-to-maturity securities	839.5	2,026.2	1,186.8
Unrealized gains or losses on policy-reserve-matching bonds	—	41.3	41.3
Unrealized gains or losses on land and buildings	49.8	56.5	6.7
Unfunded pension liabilities	(1.9)	(4.8)	(2.9)
Intangible fixed assets	(21.6)	(19.2)	2.4
Tax effect equivalent of above eight items	(282.0)	(621.4)	(339.4)
Valuation gain or loss on subsidiaries and affiliated companies	(8.7)	(5.8)	2.9

(Billions of yen)

As of March 31,	2015	2016	Change
Adjusted net worth	¥1,119.2	¥2,074.4	¥ 955.2
Free surplus	597.6	100.1	(497.5)
Required capital	521.6	1,974.3	1,452.7

(Billions of yen)

Sony Life sets its required capital as the larger of the amount of Japanese regulatory minimum capital requirement at the solvency margin ratio of 200% or the amount of capital to cover risks based on an internal model based on economic value. The required capital at the end of the current fiscal year increased due to an increase in the economic value of technical provisions that mainly resulted from a fall in JPY 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 as of March 31, 2016 decreased by ¥1,214.4 billion and turned negative, primarily because the assumed investment returns fell below the interest rates assumed in statutory reserve for a large part of in-force business due to a large fall in JPY interest rates. On the other hand, as noted in Sections 1-01 and 1-02 above, please note that the value of bonds held for ALM purposes moves in a way to offset such a change in the value of existing business. The breakdown of the value of existing business is shown in the table below.

(Billions of yen)			
As of March 31,	2015	2016	Change
Value of existing business	¥ 203.7	¥(1,010.7)	¥(1,214.4)
Present value of certainty-equivalent profit	652.9	(393.1)	(1,046.0)
Time value of options and guarantees	(154.9)	(127.6)	27.3
Frictional costs	(20.2)	(55.6)	(35.5)
Cost of non-hedgeable risks	(274.1)	(434.4)	(160.2)

1-04 New business value

New business value represents the value of new business acquired during the fiscal year ended March 31, 2016, and does not include the value of new business expected to be acquired in the future. Until the previous year-end disclosure, the value of new business had been calculated as a value at the end of the year; from this year-end disclosure, it is calculated as a value at point of sale. The value of new business as of March 31, 2016 was calculated quarterly using the assumptions as of the end of each quarter. Please refer to Section 3-10 for details. Despite the strong sales, new business value in this fiscal year decreased by ¥13.4 billion primarily because of a large fall in JPY interest rates. A breakdown of the value of new business is as follows:

(Billions of yen)			
For the years ended March 31,	2015	2016	Change
Value of new business	¥ 48.6	¥ 35.2	¥(13.4)
Present value of certainty-equivalent profit	92.5	101.0	8.4
Time value of options and guarantees	(17.2)	(29.4)	(12.2)
Frictional costs	(0.4)	(0.7)	(0.3)
Cost of non-hedgeable risks	(26.3)	(36.9)	(10.6)
Others	—	1.3	1.3

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.

(Billions of yen)			
For the years ended March 31,	2015	2016	Change
Value of new business	¥ 48.6	¥ 35.2	¥(13.4)
Present value of premium income	1,289.0	1,476.9	187.9
Value of new business / Present value of premium income	3.8%	2.4%	(1.4) points

Relationships between annualized premiums from new policies and the present value of premium income from new business were as follows:

(Billions of yen)			
For the years ended March 31,	2015	2016	Change
New business single premium	¥ 73.9	¥125.2	¥51.3
Annualized premiums from level premium new business ¹	100.5	111.0	10.5
Average annualization multiplier ²	12.09	12.18	0.09

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, 2016, from MCEV as of March 31, 2015. The format of the table is in line with the format prescribed by the MCEV Principles.

(Billions of yen)

	Free surplus	Required capital	Value of existing business	MCEV
Opening MCEV (MCEV as of March 31, 2015)	¥ 597.6	¥ 521.6	¥ 203.7	¥1,322.9
Opening adjustments	(20.0)	—	—	(20.0)
Adjusted opening MCEV	577.6	521.6	203.7	1,302.9
New business value	(5.0)	6.3	34.0	35.2
Expected existing business contribution (risk-free rate)	0.2	0.2	15.8	16.1
Expected existing business contribution (in excess of risk-free rate)	(1.6)	1.8	12.6	15.9
Transfers from value of existing business and required capital to free surplus	(13.5)	(43.3)	56.9	—
<i>Of which, on new business</i>	<i>(70.8)</i>	—	<i>70.8</i>	—
Experience variances	(4.4)	2.0	(4.1)	(6.5)
Assumption changes	(14.5)	14.5	29.7	29.7
Other operating variance	(4.1)	7.4	10.3	13.7
Operating MCEV earnings	(39.8)	(11.2)	155.0	104.1
Economic variances	(433.6)	1,440.6	(1,359.1)	(352.1)
Other non-operating variance	(4.1)	23.3	(10.4)	8.8
Total MCEV earnings	(477.5)	1,452.7	(1,214.4)	(239.3)
Closing adjustments	—	—	—	—
Closing MCEV (MCEV as of March 31, 2016)	¥ 100.1	¥1,974.3	¥(1,010.7)	¥1,063.7

(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, 2016. Please refer to Section 3-10 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, 2016 of the time value of options and guarantees and the cost of non-hedgeable risks, in addition to the unwinding of the opening MCEV at a risk-free rate.

(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, 2016 was 0.337%, 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, 2016 under the MCEV calculation as of March 31, 2015, and of the differences between actual policies in force as of March 31, 2016, and those that were projected to be in force on March 31, 2015 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 value of existing business increased due to the improvements in mortality rates and other factors.

(8) Other operating variance

This represents the impact of improvements and corrections of the model used in calculating MCEV. Regarding renewals arising from in-force business in the future, until the previous year-end disclosure, some renewals had been reflected in a simplified manner; from this year-end disclosure, renewals are modeled for all renewable policies.

(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, 2015 (for new business values, as of the date when they were calculated) on future values, and the impact of the actual to assumed difference in expected investment income that was assumed to be realized during the year ended March 31, 2016 under MCEV as of March 31, 2015.

The major reasons for decreases in the value of existing business include an update of economic scenarios due to the change in the market environment such as a fall in JPY interest rates, a decrease in stock prices and changes in implied volatilities, accounting for a decrease in the present value of certainty-equivalent profit of ¥1,323.9 billion, a decrease in the time value of options and guarantees of ¥66.9 billion, an increase in frictional costs of ¥36.4 billion and an increase in the cost of non-hedgeable risks of ¥117.6 billion. Another factor is a decrease in expenses tied to the decrease in inflation rates, accounting for an increase in the value of existing business of ¥51.9 billion. The major reason for the increase in the adjusted net worth was the increase in prices of government bonds caused by a fall in JPY interest rates. The required capital increased primarily because the amount of liabilities and risks on an economic basis increased due to a fall in JPY interest rates, causing increases in the frictional costs and the cost of non-hedgeable risks. While the value of existing business decreased significantly and turned negative, a large part of the decrease was offset with the benefit of ALM (by the increase in the adjusted net worth). Overall MCEV changes are disaggregated into a decrease of ¥404.0 billion as a result of the change in the market environment such as a large fall in JPY interest rates, and an increase of ¥51.9 billion as a result of the decrease in inflation rates.

(11) Other non-operating variance

This figure shows the effect of the reduction in the corporate tax rate. Please refer to Section 2-03 (6) for details.

(12) Closing adjustments

No items were included in closing adjustments.

1-07 Sensitivity analysis

The impact of changing the underlying assumptions on MCEV and new business value is as follows:

Sensitivities of MCEV

		(Billions of yen)		
Assumption	Change in assumption	MCEV	Change in amount	Rate of change
Base	No change	¥1,063.7	¥ —	—
Interest rates	50bp decrease	766.5	(297.1)	(28%)
	50bp increase	1,225.0	161.3	15%
	Swap rates	1,001.7	(62.0)	(6%)
Stock / Real estate market value	10% decrease	1,043.2	(20.5)	(2%)
Stock / Real estate implied volatility	25% increase	1,041.7	(22.0)	(2%)
Interest swaption implied volatility	25% increase	1,062.9	(0.8)	(0%)
	25% decrease	1,067.7	4.0	0%
Maintenance expenses	10% decrease	1,087.1	23.4	2%
Lapse and surrender rates	× 0.9	991.3	(72.3)	(7%)
Mortality rates	Death protection products × 0.95	1,116.6	52.9	5%
	Third-sector and annuity products × 0.95	1,049.2	(14.5)	(1%)
Morbidity rates	× 0.95	1,126.4	62.7	6%
Required capital	Regulatory minimum	1,117.1	53.5	5%
Foreign exchange rates	10% appreciation of JPY	1,055.8	(7.8)	(1%)

The breakdown of the changes in MCEV into the adjusted net worth and the value of existing business 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)		
Assumption	Change in assumption	MCEV	Adjusted net worth	The value of existing business
Interest rates	50bp decrease	¥(297.1)	¥ 645.0	¥(942.1)
	50bp increase	161.3	(663.1)	824.5
Stock / Real estate market value	10% decrease	(20.5)	(10.8)	(9.7)
Foreign exchange rates	10% appreciation of JPY	(7.8)	0.0	(7.8)

Sensitivity of new business value

(Billions of yen)

Assumption	Change in assumption	New Business Value	Change in amount	Rate of change
Base	No change	¥ 35.2	¥ —	—%
Interest rates	50bp decrease	(21.4)	(56.7)	(161%)
	50bp increase	74.1	38.8	110%
	Swap rates	15.1	(20.1)	(57%)
Stock / Real estate market value	10% decrease	35.1	(0.2)	(0%)
Stock / Real estate implied volatility	25% increase	31.5	(3.8)	(11%)
Interest swaption implied volatility	25% increase	34.8	(0.5)	(1%)
	25% decrease	36.0	0.8	2%
Maintenance expenses	10% decrease	37.4	2.2	6%
Lapse and surrender rates	× 0.9	29.7	(5.6)	(16%)
Mortality rates	Death protection products × 0.95	41.1	5.9	17%
	Third sector and annuity products × 0.95	34.7	(0.6)	(2%)
Morbidity rates	× 0.95	37.6	2.4	7%
Required capital	Regulatory minimum	35.4	0.2	0%
Foreign exchange rates	10% appreciation of JPY	34.7	(0.6)	(2%)

(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 2016, and the impact if 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 and other assets change.

Please note that, due to bonds held for ALM purposes, the adjusted net worth moves in a direction to offset changes in the value of existing business.

The sensitivities are calculated for a 50bp increase and decrease rather than a 100bp increase and decrease as required in the MCEV Principles, considering the level of interest rates in Japan. Here, the sensitivity scenarios were made so that the parameters related to interest rate volatility were equal to those derived for the base case. Only the parameters related to the interest rate term structure were altered when scenarios were developed using the interest rate model. The floor for downward changes in interest rates was set at 0%.

The sensitivities of new business value reflect the changes in unrealized gains or losses of pre-hedge assets included in new business value. Please refer to Section 3-10 for details on pre-hedge.

(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 2016. Adjusted net worth is directly affected by the change in market value of stock and real estate. The value of existing business would also be affected by the change in the value of assets.

(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. The value of existing business changes because changes in stock implied volatilities change the time value of options and guarantees.

(4) Interest swaption implied volatility

This sensitivity represents the impact of changes 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. We have shown the impact on "death protection products" and the impact on "third-sector insurance and annuity products" separately, as they would have different impacts. In the segment of "third-sector insurance and annuity products," we include base policies and riders of which the principal benefits are accidental death, disability, cancer, medical and nursing care benefits, and individual annuities. 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 regulatory minimum level, which is a solvency margin ratio of 200%.

(10) Foreign exchange rates

This sensitivity represents the impact of an immediate appreciation of Japanese yen as of the end of March 2016. Adjusted net worth is directly affected by the change in value of assets and liabilities denominated in foreign currency. The value of existing business would also be affected.

(11) Other

The following points should be noted regarding the 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 (2) stock and real estate market value, 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 the 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 2016.

(1) Risk-free rate

Sony Life has used the JGB yields and the U.S. Treasury yields as of the end of March 2016 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.

The government bond yields for key terms are as follows:

As of the end of March,	Japanese yen		U.S. dollar	
	2015	2016	2015	2016
Term (in years)				
1	0.03%	(0.15%)	0.23%	0.58%
5	0.13	(0.19)	1.37	1.21
10	0.40	(0.05)	1.92	1.77
20	1.14	0.44	2.30	2.17
30	1.36	0.55	2.54	2.61
40	1.46	0.63	—	—

(Data: Ministry of Finance Japan for JGB as of March 2016 and Bloomberg for others)

The swap rates 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
	2016	2016
Term (in years)		
1	(0.05%)	0.74%
5	(0.07)	1.17
10	0.15	1.64
20	0.50	2.03
30	0.60	2.14
40	0.60	2.15
50	—	2.14

(Data: Bloomberg)

Sony Life has not added a 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 2016. 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 presented below.

(%)

As of the end of March,		2015			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1	1	95.3%	60.5%	—%	76.6%
5	1	62.3	46.7	107.4	57.3
5	5	47.2	37.3	84.6	42.8
5	7	38.5	34.7	83.5	39.4
5	10	32.7	32.0	95.0	34.7
5	15	26.5	27.9	109.6	30.4
5	20	27.4	24.9	68.3	29.1
10	1	54.3	39.4	89.8	48.7
10	5	38.6	34.7	83.6	39.2
10	7	33.7	32.8	84.3	36.5
10	10	29.7	30.2	101.0	32.7
10	15	27.5	27.1	128.4	29.6
10	20	29.4	24.1	65.6	27.9
15	1	42.8	37.2	84.1	45.5
15	5	33.5	32.3	78.9	37.2
15	7	31.1	30.4	80.9	34.9
15	10	29.4	28.2	93.7	31.5
15	15	27.4	25.2	123.6	28.4
15	20	28.9	22.6	289.7	26.8
20	1	39.7	35.9	84.9	44.3
20	5	33.1	31.3	81.5	36.7
20	7	31.4	29.3	82.4	34.3
20	10	30.0	27.1	91.1	30.6
20	15	27.8	24.3	155.0	27.5
20	20	29.3	22.4	129.2	25.8

(Data: Bloomberg)

(%)

As of the end of March,		2016			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1	1	—%	65.4%	—%	85.2%
10	1	152.8	46.2	93.5	54.7
10	10	55.0	32.3	54.1	37.6
10	20	80.3	25.7	—	40.8
20	1	78.5	36.9	69.0	46.7
20	10	65.2	27.9	54.9	38.3
20	20	118.2	23.6	114.7	40.8

(Data: Bloomberg)

(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.

Sony Life has assumed that forward implied volatilities in the 11th year and beyond are equal to those in the 10th year for both foreign exchange rates and the stock price index as these derivatives have low liquidities for the period over 10 years.

Implied volatilities used for the estimation are as follows:

2015 (%)							
As of the end of March, Term (in years)	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	9.9%	11.2%	11.7%	18.5%	16.6%	19.4%	15.6%
5	11.4	13.0	13.8	18.6	22.0	21.4	19.4
10	14.1	15.0	15.9	20.1	27.3	21.7	22.0

(Data: Bloomberg for foreign exchange and average of those provided by securities firms for stocks)

2016 (%)							
As of the end of March, Term (in years)	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	9.8%	10.5%	15.0%	20.3%	16.3%	21.1%	18.2%
5	10.6	12.7	16.0	18.7	21.0	20.2	19.6
10	13.7	14.5	14.2	19.0	26.4	20.7	21.7

(Data: Bloomberg for foreign exchange and Markit for stocks)

(4) Correlation factors

Sony Life has calculated correlation factors from the monthly return of each index for a period of five years from April 2011 to the end of March 2016 as there is no market-consistent data for correlation factors.

2015											
As of the end of March,	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	(0.18)	0.02	0.30	0.08	(0.04)	0.09	0.22	0.01	0.23	0.00
U.S. dollar Interest rate 1Y	(0.18)	1.00	0.15	0.09	0.40	0.22	0.25	0.32	0.18	0.05	0.03
Euro Interest rate 1Y	0.02	0.15	1.00	0.27	0.10	0.47	0.37	0.25	0.41	0.51	0.34
UK pound Interest rate 1Y	0.30	0.09	0.27	1.00	0.14	0.30	0.20	0.28	0.20	0.30	0.15
U.S. dollar / Japanese yen	0.08	0.40	0.10	0.14	1.00	0.66	0.71	0.59	0.24	0.21	0.18
Euro / Japanese yen	(0.04)	0.22	0.47	0.30	0.66	1.00	0.86	0.58	0.65	0.49	0.53
UK pound / Japanese yen	0.09	0.25	0.37	0.20	0.71	0.86	1.00	0.65	0.55	0.42	0.37
TOPIX	0.22	0.32	0.25	0.28	0.59	0.58	0.65	1.00	0.56	0.52	0.45
S&P	0.01	0.18	0.41	0.20	0.24	0.65	0.55	0.56	1.00	0.72	0.84
SX5E	0.23	0.05	0.51	0.30	0.21	0.49	0.42	0.52	0.72	1.00	0.80
FTSE	0.00	0.03	0.34	0.15	0.18	0.53	0.37	0.45	0.84	0.80	1.00

(Data: Bloomberg)

2016											
As of the end of March,	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	(0.40)	(0.02)	0.22	0.23	0.12	0.33	0.25	0.05	0.29	0.01
U.S. dollar Interest rate 1Y	(0.40)	1.00	0.19	(0.14)	0.03	(0.03)	(0.08)	0.10	0.07	0.05	0.00
Euro Interest rate 1Y	(0.02)	0.19	1.00	0.10	0.23	0.44	0.34	0.34	0.40	0.44	0.34
UK pound Interest rate 1Y	0.22	(0.14)	0.10	1.00	0.25	0.23	0.24	0.27	0.10	0.21	0.06
U.S. dollar / Japanese yen	0.23	0.03	0.23	0.25	1.00	0.70	0.75	0.64	0.32	0.39	0.31
Euro / Japanese yen	0.12	(0.03)	0.44	0.23	0.70	1.00	0.83	0.56	0.50	0.36	0.41
UK pound / Japanese yen	0.33	(0.08)	0.34	0.24	0.75	0.83	1.00	0.72	0.58	0.50	0.42
TOPIX	0.25	0.10	0.34	0.27	0.64	0.56	0.72	1.00	0.60	0.62	0.49
S&P	0.05	0.07	0.40	0.10	0.32	0.50	0.58	0.60	1.00	0.76	0.82
SX5E	0.29	0.05	0.44	0.21	0.39	0.36	0.50	0.62	0.76	1.00	0.81
FTSE	0.01	0.00	0.34	0.06	0.31	0.41	0.42	0.49	0.82	0.81	1.00

(Data: Ministry of Finance Japan for JPY interest rate and Bloomberg for others)

(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 2016.

The table below shows foreign exchange rates of major currencies.

As of the end of March,	2015	2016
U.S. dollar / Japanese yen	¥120.17	¥112.68
Euro / Japanese yen	130.32	127.70
UK pound / Japanese yen	178.07	161.92

(Yen)

2-02 Future asset allocation

(1) Asset allocation in the general account

Segment accounting is conducted for individual life insurance and individual annuity based on the classifications of the non-participating product segment, the semi-participating product segment, the interest rate-sensitive whole life insurance segment and the 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 2016 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 2016 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 2016. 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 accidental and health (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 experience 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 that relate interest rates or the level of account value against minimum guarantee amount to lapse and surrender rates for policies other than variable insurance, Sony Life has developed dynamic surrender rates by examining experience on similar products, and taking into account current domestic and overseas practice. Going forward, Sony Life will strive to improve its approach to dynamic surrender assumptions 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

Developed based on past experiences. Deterioration in mortality and morbidity rates after renewal due to anti-selection is also reflected.

(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 ¥1.5 billion (fiscal 2015 base), which are for system revisions.

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 the parent company, Sony Financial Holdings Inc., unit cost includes management administration charges payable to the parent company. In relation to 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

With “The Law to Revise the Income Tax, etc.,” enacted in the Diet, etc., on March 29, 2016, the corporate tax rate was reduced. Reflecting this change, the effective tax rate is set at 28.85% in the fiscal year 2015, 28.24% in the fiscal years 2016 and 2017, and 28.00% in and after the fiscal year 2018.

(7) Consumption tax rate

Future expenses were increased by reflecting the increase in the consumption tax rate to 10% on and after April 1, 2017.

(8) Inflation rate

Inflation rates in the future were set at 0.091% by referring to a 10-year inflation swap rate and removing the effect of the increase in the consumption tax rate.

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 ¥0.7 billion, which is equal to net asset value plus reserve for price fluctuations and contingency reserve, minus intangible fixed assets, reinsurance credits on modified coinsurance (to be amortized in the future) and Insurance Business Law Article 113 deferred assets, plus the tax effect equivalent on Insurance Business Law Article 113 deferred assets, multiplied by the participation rate.
- Other companies are valued at book value under Japanese GAAP, which is ¥6.7 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, 2016, 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, unrealized gains or losses on policy-reserve-matching bonds 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 eight 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 regulatory 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 sets its required capital as the larger of the amount of capital required for the Japanese regulatory minimum at the solvency margin ratio of 200% or the amount of capital to cover risks based on the internal model on an economic value basis. The latter is larger as of the end of March 2016.

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 EU Solvency II standard method.

The solvency risk capital on an economic value basis as of the end of March 2016 was ¥1,019.2 billion (after tax). The effective tax rate used to adjust to the after-tax basis is 28.00%. The required capital is ¥1,974.3 billion, which is 6,399.1% of the regulatory minimum capital requirement.

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 EU Solvency II standard formula are as follows:

(1) Market risk

Market risk quantification follows EU Solvency II standard method approach in principle. However, Sony Life modified risk factors specified in EU Solvency II standard method to make them more suitable in light of the market risk attribute to which Sony Life is exposed, where risk factors specified in EU Solvency II standard method or its previous risk measure are considered unable to reflect enough of the risk amount at a 99.5% confidence level.

For interest rate risk in Japanese yen, principal component analysis is employed, 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. For other risks, major stress parameters different from EU Solvency II include 45% for listed stocks, 100% for subsidiaries and affiliated companies' stocks and 35% for currency risk.

(2) Insurance underwriting risk

Quantification of insurance underwriting risk follows EU Solvency II standard method, with the exception of quantification of morbidity, lapse and catastrophe risk which follows the QIS4 approach.

(3) Operational risk

EU Solvency II standard method is followed.

(4) Correlation parameters

Correlation parameters follow EU Solvency II standard method 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 EU Solvency II standard.

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.

3-10 New business value

New business value represents the value of new business acquired during the fiscal year ended March 31, 2016. The definition of new business is consistent with the financial information we have disclosed. New business value does not include the value of new business expected to be acquired in the future. As with value of in-force business, new business value 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. In addition, other profits and losses are reflected which represents unrealized gains or losses in assets purchased prior to acquisition of new business to hedge interest rate risk on new business (pre-hedge gains or losses).

Until the previous year-end disclosure, the value of new business had been calculated for new business acquired during the year as a value at the end of the fiscal year; from this year-end disclosure, it is calculated as a value at point of sale. The value of new business as of March 31, 2016 was calculated quarterly as a value at the end of each quarter, using the assumptions as of the end of each quarter for economic ones, inflation rate and lapse and surrender rates and the same assumptions as the end of previous year for others. As new business value includes profits and losses from the point of sale to the end of March 2016, actual investment gains and losses during the period are reflected.

The effect of changing assumptions of new business value to those used to value in-force business as of the end of March 2016 is included in (7), (10) and (11) in Section 1-06.

3-11 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.

3-12 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 that relate interest rates or the level of account value against the minimum guarantee amount to lapse and surrender rates for policies other than variable insurance, Sony Life has developed dynamic surrender rates by examining experience on similar products, and taking into account current domestic and overseas practices. Going forward, Sony Life will strive to improve its approach to dynamic surrender assumptions 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.

3-13 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.

3-14 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 EU Solvency II standard method 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 EU Solvency II standard method:

- Non-hedgeable interest rate risk, which is not subject to risk margin in EU Solvency II, reflects the uncertainty of the risk-free rate beyond the 40th year for Japanese yen and the 30th year for U.S. dollars.
- Morbidity, lapse, and catastrophe risk 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 3-15.

3-15 Cost of capital rate

EU Solvency II has set the 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, we have decided to use a cost of capital rate of 2.5 % consistent with the MCEV framework considering Japanese long-term equity risk premiums, the beta of Sony Financial Holdings Inc., and the anticipated impact of Sony Life's equity risk exposure on the beta of Sony Financial Holdings Inc., which is a hedgeable risk. We 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 and obtained opinion from this firm. For further details, please refer to Sony Life's press release of "Disclosure of Market Consistent Embedded Value as of March 31, 2016" (http://www.sonyfh.co.jp/index_en.html)

4 Overview of MCEV

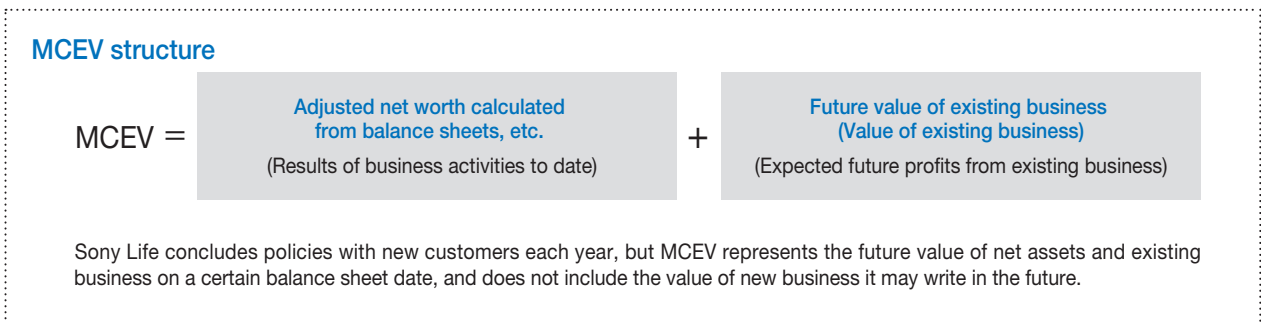
4-01 What is EV?

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.

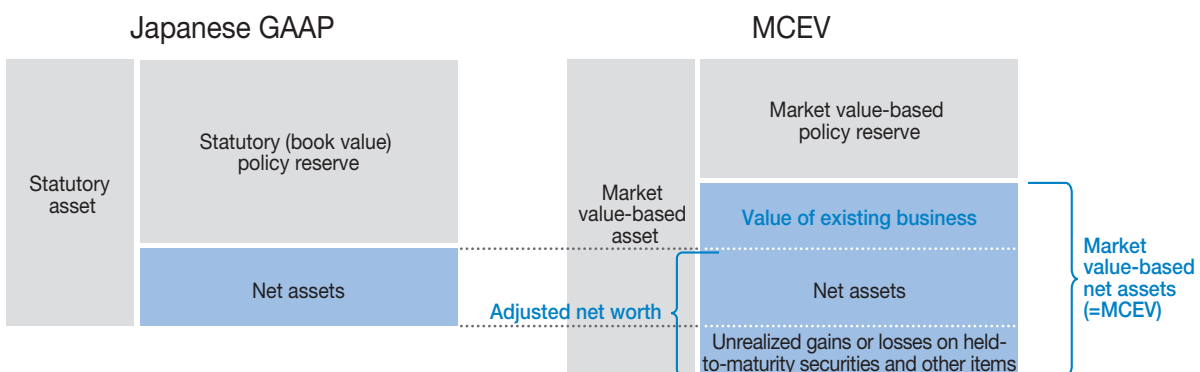
However, as the EEV Principles allow various calculation methodologies, the CFO Forum published the MCEV Principles in June 2008 in order to make EV information more effective and appropriate for investors by streamlining MCEV disclosure standards for international use.

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.)



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 has been disclosing risk amount based on economic value since March 31, 2012, in an effort to provide a clearer picture of its financial soundness based on economic value. The risk amount based on economic value* refers to the total amount of Sony Life's risks, comprehensively examined and includes insurance risk and market-related risk. Sony Life's risk amount based on economic value amounted to ¥1,019.2 billion, a sharp increase from the end of the previous fiscal year. This was due to a rise in insurance risk primarily because of a large fall in JPY interest rates. The breakdown of the risk amount is as follows:

		(Billions of yen)	
As of March 31,		2015	2016
Insurance risk ¹		¥724.2	¥1,097.6
Market-related risk		287.0	256.3
<i>Of which interest rate risk²</i>		218.5	183.6
Operational risk		25.9	31.4
Counter party risk		1.8	2.0
Variance effect		(293.4)	(368.1)
Risk amount based on economic value		745.5	1,019.2

¹ Insurance risk excludes the variance effect within Life module and Health module.

² Interest rate risk excludes the variance effect within market-related risk.

As of March 31,		2015	2016
MCEV		¥1,322.9	¥1,063.7

Sony Life is making every effort to ensure its financial soundness by maintaining the risk amount based on economic value at an appropriate level relative to MCEV, which is capital based on economic value.

Note: The 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 standard method.

5 Glossary of MCEV-related Terminology (in Alphabetical Order)

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

- Insurance regulation (economic value-based solvency regulation) which was introduced to the European Union in January 2016.

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 guaranteed minimum death benefits 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 EU Solvency II. The 4th study was conducted in May 2008 and is referred to as QIS4.

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 on an economic value basis.

Risk-free rate

- The reference rate defined in the MCEV Principles. The MCEV Principles state that it should be the swap rate of the currency of 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 the 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.

