



2017

Financial Data Book

April 1, 2016 – March 31, 2017

Sony Financial Holdings Inc.

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The Financial Data Book and Annual Report are available only 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 2015 and fiscal 2016 represent the fiscal years ended March 31, 2016 and 2017, respectively.

Financial Data (Consolidated)

Principal Indicators of Operating Performance

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

Millions of yen

	2013	2014	2015	2016	2017
Ordinary revenues	¥1,259,041	¥1,320,456	¥1,352,325	¥1,362,044	¥ 1,381,667
Ordinary profit	79,252	76,136	90,062	71,103	66,326
Profit attributable to owners of the parent	45,064	40,504	54,419	43,355	41,621
Comprehensive income	96,225	44,794	90,707	71,105	21,433
Total net assets	435,444	467,050	550,672	604,377	601,139
Total assets	8,096,164	8,841,382	9,545,868	10,352,114	11,471,845
Net assets per share (yen)	997.94	1,070.75	1,262.94	1,386.32	1,378.63
Net income per share (yen)	103.60	93.11	125.10	99.67	95.69
Diluted net income per share (yen)	—	—	—	—	95.68
Cash flows from operating activities	580,882	601,738	425,656	602,475	692,445
Cash flows from investing activities	(550,159)	(549,346)	(445,431)	(558,825)	(624,749)
Cash flows from financing activities	(5,017)	(13,522)	(13,087)	(17,437)	(34,057)
Cash and cash equivalents at the end of the period	201,404	240,279	207,422	233,620	268,381
Number of employees	7,841	8,150	8,448	9,029	9,739

Note: Diluted net income per share for the years ended March 31, 2013 through 2016 is not shown because there are no latent shares.

%

For the years ended March 31,	2013	2014	2015	2016	2017
Sony Life's adjusted ROE	3.3%	14.9%	9.6%	—%	—%
Sony Life's core ROEV	—	—	—	5.0	3.6
Sony Assurance's adjusted ROE	(0.1)	9.8	14.2	13.3	14.4
Sony Bank's ROE	4.3	4.8	6.0	5.0	4.1

Consolidated adjusted ROE	3.3%	14.2%	9.5%	5.2%	3.9%
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Each ROE is calculated as follows:

Sony Life's core ROEV

$$\frac{\text{New business value} + \text{Expected existing business contribution}}{\text{MCEV}^* \text{ as of the beginning of the fiscal year less dividends paid plus MCEV}^* \text{ as of the end of the fiscal year, divided by two}}$$

Sony Assurance's adjusted ROE

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

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 2016

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

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

Note: Sony Life has changed its formula for calculating the numerator (adjusted profit) from fiscal 2016, whereby core ROEV rather than adjusted ROE is used as an indicator for calculating consolidated adjusted ROE. Meanwhile, as of fiscal 2016 Sony Life's MCEV is calculated by using the ultimate forward rate. Consolidated adjusted ROE for fiscal 2015 was recalculated based on these changes. However, Sony Life's core ROEV was partially calculated by the simplified method.

Sony Life's adjusted ROE (used for calculating consolidated adjusted ROE up to fiscal 2014)

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

*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, 2016 and 2017

Millions of yen

	2016	2017
Assets		
Cash and due from banks	¥ 144,364	¥ 206,481
Call loans and bills bought	88,200	61,900
Monetary claims purchased	884	573
Money held in trust	303,973	296,877
Securities	8,021,493	8,857,436
Loans	1,515,833	1,720,004
Tangible fixed assets	121,376	123,614
Land	83,007	83,007
Buildings	33,215	34,964
Leased assets	40	715
Construction in progress	213	132
Other tangible fixed assets	4,900	4,794
Intangible fixed assets	29,887	30,776
Software	29,836	30,146
Goodwill	19	49
Other intangible fixed assets	31	579
Due from agencies	—	0
Due from reinsurers	399	1,438
Foreign exchanges	1,139	7,268
Other assets	115,474	148,650
Net defined benefit asset	2,216	2,752
Deferred tax assets	8,181	15,313
Reserve for possible loan losses	(1,308)	(1,243)
Total Assets	¥10,352,114	¥11,471,845

Millions of yen

	2016	2017
Liabilities		
Policy reserves and others	¥ 7,504,420	¥ 8,113,153
Reserve for outstanding claims	67,177	71,306
Policy reserves	7,432,237	8,036,118
Reserve for policyholders' dividends	5,006	5,729
Due to agencies	2,455	2,616
Due to reinsurers	626	3,737
Deposits	1,912,592	2,071,091
Call money and bills sold	—	70,000
Borrowed money	40,000	90,000
Foreign exchanges	87	108
Bonds payable	20,000	10,000
Other liabilities	183,835	427,866
Reserve for employees' bonuses	3,557	3,694
Net defined benefit liability	29,263	31,399
Reserve for directors' retirement benefits	351	366
Reserve under the special laws	44,410	46,182
Reserve for price fluctuations	44,410	46,182
Deferred tax liabilities	5,647	—
Deferred tax liabilities on land revaluation	488	488
Total Liabilities	9,747,736	10,870,705
Net Assets		
Shareholders' equity		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	238,079	255,062
Treasury stock	(0)	(81)
Total shareholders' equity	453,256	470,157
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities, net of taxes	157,364	134,849
Net deferred gains (losses) on hedging instruments, net of taxes	(2,347)	(1,154)
Land revaluation, net of taxes	(1,465)	(1,465)
Remeasurements of defined benefit plans, net of taxes	(3,760)	(2,756)
Total accumulated other comprehensive income	149,791	129,472
Subscription rights to shares	—	49
Non-controlling interests	1,329	1,460
Total Net Assets	604,377	601,139
Total Liabilities and Net Assets	¥10,352,114	¥11,471,845

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2016 and 2017

Millions of yen

(1) Consolidated Statements of Income

	2016	2017
Ordinary Revenues	¥1,362,044	¥1,381,667
Ordinary Revenues from the Life Insurance Business	1,227,409	1,240,764
Income from insurance premiums	1,026,615	955,252
Insurance premiums	1,024,974	952,547
Ceded reinsurance commissions	1,640	2,704
Investment income	170,048	244,839
Interest income and dividends	140,981	147,785
Income from money held in trust, net	11,973	4,493
Gains on trading securities, net	98	152
Gains on sale of securities	12,204	1,308
Gains on derivatives, net	4,768	—
Foreign exchange gains, net	—	14,670
Other investment income	21	5
Gains on separate accounts, net	—	76,423
Other ordinary income	30,745	40,672
Ordinary Revenues from the Non-life Insurance Business	96,904	102,337
Underwriting income	95,612	100,329
Net premiums written	95,549	100,274
Interest and dividends on deposits of premiums	62	55
Other underwriting income	0	—
Investment income	1,264	1,957
Interest income and dividends	1,313	1,327
Gains on sale of securities	12	685
Gains on redemption of securities	—	0
Transfer to interest and dividends on deposits of premiums	(62)	(55)
Other ordinary income	27	49
Ordinary Revenues from the Banking Business	37,731	38,318
Interest income	25,481	26,534
Interest income on loans	14,739	16,065
Interest income and dividends on securities	10,671	10,394
Interest income on call loans and bills bought	7	—
Interest income on deposits with banks	61	63
Interest income on interest rate swaps	—	8
Other interest income	2	1
Fees and commissions	6,679	6,673
Other operating income	5,189	4,871
Gains on foreign exchange transactions, net	4,263	4,431
Others	926	439
Other ordinary income	379	238
Other	—	247
Other ordinary income	—	247

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Millions of yen

	2016	2017
Ordinary Expenses	¥1,290,941	¥1,315,341
Ordinary Expenses from the Life Insurance Business	1,169,419	1,186,465
Insurance claims and other payments	363,370	372,407
Insurance claims	84,283	84,178
Annuity payments	11,496	12,019
Insurance benefits	74,842	98,252
Surrender payments	184,936	168,409
Other payments	5,711	3,122
Reinsurance premiums	2,099	6,423
Provision for policy reserves and others	613,480	596,742
Provision for reserve for outstanding claims	4,185	3,330
Provision for policy reserves	609,291	593,411
Interest portion of reserve for policyholders' dividends	2	0
Investment expenses	23,095	35,937
Interest expenses	53	44
Losses on redemption of securities	1	53
Losses on derivatives, net	—	30,050
Foreign exchange losses, net	2,798	—
Provision for reserve for possible loan losses	5	—
Depreciation of real estate for rent and others	1,825	1,779
Other investment expenses	3,675	4,008
Losses on separate accounts, net	14,735	—
Operating expenses	132,896	136,645
Other ordinary expenses	36,578	44,733
Ordinary Expenses from the Non-life Insurance Business	91,522	96,639
Underwriting expenses	67,326	70,094
Net losses paid	48,111	50,181
Loss adjustment expenses	7,098	7,458
Net commission and brokerage fees	1,043	1,187
Provision for reserve for outstanding losses and claims	1,877	798
Provision for underwriting reserves	9,195	10,469
Other underwriting expenses	0	—
Investment expenses	4	3
Losses on sale of securities	4	0
Other investment expenses	—	3
Operating, general and administrative expenses	24,188	26,520
Other ordinary expenses	3	19

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Consolidated Statements of Income (Continued)

Millions of yen

	2016	2017
Ordinary Expenses from the Banking Business	¥29,999	¥31,274
Interest expenses	8,884	8,554
Interest expenses on deposits	4,827	5,104
Interest expenses on call money and bills sold	5	(17)
Interest on borrowed money	32	19
Interest expenses on bonds	98	74
Interest expenses on interest rate swaps	3,921	3,372
Other interest expenses	0	0
Fees and commissions	2,437	3,648
Other operating expenses	181	86
General and administrative expenses	18,347	18,843
Other ordinary expenses	147	142
Other	—	962
Other ordinary expenses	—	962
Ordinary Profit	71,103	66,326
Extraordinary Losses	2,793	2,032
Losses on disposal of fixed assets	882	134
Impairment losses	470	118
Provision for reserve under the special laws	1,440	1,772
Provision for reserve for price fluctuations	1,440	1,772
Others	—	7
Provision for Reserve for Policyholders' Dividends	3,564	4,153
Income Before Income Taxes	64,744	60,140
Income Taxes—Current	26,191	23,129
Income Taxes—Deferred	(4,856)	(4,724)
Total Income Taxes	21,335	18,405
Profit	43,409	41,734
Profit Attributable to Non-controlling Interests	54	113
Profit Attributable to Owners of the Parent	¥43,355	¥41,621

(2) Consolidated Statements of Comprehensive Income

Millions of yen

	2016	2017
Profit	¥43,409	¥ 41,734
Other Comprehensive Income		
Net unrealized gains (losses) on other securities, net of taxes	30,198	(22,515)
Net deferred gains (losses) on hedging instruments, net of taxes	(261)	1,192
Land revaluation, net of taxes	14	—
Foreign currency translation adjustments	(1)	—
Remeasurements of defined benefit plans, net of taxes	(2,254)	1,021
Total other comprehensive income	27,695	(20,301)
Comprehensive Income	¥71,105	¥ 21,433
Details:		
Comprehensive income attributable to owners of the parent	¥71,068	¥ 21,301
Comprehensive income attributable to non-controlling interests	¥ 37	¥ 131

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.

For the years ended March 31, 2016 and 2017

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						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	¥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	27,750
Total changes during the period	30,198	(261)	14	(0)	(2,237)	27,713	53,705
Balance at the end of the period	¥157,364	¥(2,347)	¥(1,465)	¥—	¥(3,760)	¥149,791	¥604,377

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Consolidated Statements of Changes in Net Assets (Continued)

Millions of yen

	2017				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥19,900	¥195,277	¥238,079	¥ (0)	¥453,256
Cumulative effects of changes in accounting policies	—	—	105	—	105
Restated balance at the beginning of the period	19,900	195,277	238,185	(0)	453,362
Changes during the period					
Dividends from surplus	—	—	(23,924)	—	(23,924)
Profit attributable to owners of the parent	—	—	41,621	—	41,621
Adjustments due to change of scope of consolidation	—	—	(818)	—	(818)
Purchase of treasury stock	—	—	—	(81)	(81)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	16,877	(81)	16,795
Balance at the end of the period	¥19,900	¥195,277	¥255,062	¥(81)	¥470,157

Millions of yen

	2017							
	Accumulated other comprehensive income					Subscription rights to shares	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	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income			
Balance at the beginning of the period	¥ 157,364	¥(2,347)	¥(1,465)	¥(3,760)	¥149,791	¥—	¥1,329	¥604,377
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	105
Restated balance at the beginning of the period	157,364	(2,347)	(1,465)	(3,760)	149,791	—	1,329	604,482
Changes during the period								
Dividends from surplus	—	—	—	—	—	—	—	(23,924)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	41,621
Adjustments due to change of scope of consolidation	—	—	—	—	—	—	—	(818)
Purchase of treasury stock	—	—	—	—	—	—	—	(81)
Net changes of items other than shareholders' equity	(22,515)	1,192	—	1,003	(20,319)	49	131	(20,138)
Total changes during the period	(22,515)	1,192	—	1,003	(20,319)	49	131	(3,343)
Balance at the end of the period	¥ 134,849	¥(1,154)	¥(1,465)	¥(2,756)	¥129,472	¥49	¥1,460	¥601,139

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017
Cash flows from operating activities		
Income before income taxes	¥ 64,744	¥ 60,140
Depreciation of real estate for rent and others	1,825	1,779
Depreciation and amortization	10,067	10,944
Impairment losses	470	118
Amortization of goodwill	79	22
Increase (decrease) in reserve for outstanding claims	6,063	4,128
Increase (decrease) in policy reserve	618,487	603,880
Interest portion of reserve for policyholders' dividends	2	0
Provision for (reversal of) reserve for policyholders' dividends	3,564	4,153
Increase (decrease) in reserve for possible loan losses	(113)	(65)
Increase (decrease) in net defined benefit liability	2,469	3,020
Increase (decrease) in reserve for directors' retirement benefits	69	14
Increase (decrease) in reserve for price fluctuations	1,440	1,772
Interest income and dividends	(167,777)	(175,647)
(Gains) losses on securities	7,620	(77,393)
Interest expenses	8,938	8,636
Exchange (gains) losses	22,924	(10,843)
(Gains) losses on disposal of tangible fixed assets	18	107
Equity in (gains) losses of affiliates	718	3,551
Net (increase) decrease in loans	(156,996)	(195,446)
Net increase (decrease) in deposits	39,935	156,005
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	20,000	50,000
Net (increase) decrease in call loans and others	5,115	311
Net increase (decrease) in call money and others	(6,000)	70,000
Net (increase) decrease in foreign exchange (assets)	1,085	(6,129)
Net increase (decrease) in foreign exchange (liabilities)	40	21
Others, net	(16,020)	28,339
Subtotal	468,773	541,424
Interest and dividends received	180,527	188,230
Interest paid	(9,196)	(8,730)
Policyholders' dividends paid	(2,752)	(3,430)
Income taxes paid	(34,875)	(25,047)
Net cash provided by (used in) operating activities	602,475	692,445
Cash flows from investing activities		
Investments in money held in trust	—	(76)
Proceeds from money held in trust	48,465	5,160
Purchases of securities	(1,327,890)	(1,171,569)
Proceeds from sale and redemption of securities	698,310	375,241
Investments in loans	(56,782)	(57,798)
Collections of loans	28,761	27,949
Net increase (decrease) in collateral for securities lending transactions	62,804	247,803
Others	(567)	(35,401)
Total of net cash provided by (used in) investment transactions	(546,898)	(608,689)
Total of net cash provided by (used in) operating activities and investment transactions	55,576	83,755
Purchases of tangible fixed assets	(2,049)	(3,977)
Purchases of intangible fixed assets	(6,927)	(9,024)
Purchase of securities of a non-consolidated subsidiary	(1,500)	—
Purchase of securities of affiliates	(1,450)	(3,045)
Others	—	(12)
Net cash provided by (used in) investing activities	(558,825)	(624,749)
Cash flows from financing activities		
Cash dividends paid	(17,401)	(23,925)
Payments for redemption of bonds payable	—	(10,000)
Purchase of treasury stock	(0)	(81)
Others	(36)	(51)
Net cash provided by (used in) financing activities	(17,437)	(34,057)
Effect of exchange rate changes on cash and cash equivalents	(13)	(1)
Net increase (decrease) in cash and cash equivalents	26,197	33,636
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	1,124
Cash and cash equivalents at the beginning of the period	207,422	233,620
Cash and cash equivalents at the end of the period	¥ 233,620	¥ 268,381

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, 2016 and 2017

Millions of yen, %

	2016		2017	
	Amount	Composition	Amount	Composition
Assets				
Cash and deposits	¥ 18,394	0.2%	¥ 47,016	0.5%
Cash	2		2	
Deposits	18,392		47,013	
Call loans	88,200	1.1	61,900	0.7
Money held in trust	280,973	3.5	273,877	3.1
Securities	7,273,361	90.5	8,093,192	91.2
Japanese government bonds	6,382,481		6,664,639	
Japanese local government bonds	1,836		1,767	
Japanese corporate bonds	125,101		310,466	
Japanese stocks	83,411		86,954	
Foreign securities	471,973		782,064	
Other securities	208,556		247,299	
Loans	171,649	2.1	180,374	2.0
Policy loans	171,649		180,339	
Commercial loans	—		34	
Tangible fixed assets	116,256	1.4	118,441	1.3
Land	83,007		83,007	
Buildings	32,777		34,442	
Leased assets	12		10	
Construction in progress	31		75	
Other tangible fixed assets	427		906	
Intangible fixed assets	19,171	0.2	19,356	0.2
Software	19,162		19,347	
Other intangible fixed assets	9		9	
Due from agencies	—	—	0	0.0
Due from reinsurers	298	0.0	1,393	0.0
Other assets	64,998	0.8	74,245	0.8
Other receivables	33,407		35,316	
Prepaid expenses	1,216		1,651	
Accrued income	17,205		18,621	
Money on deposits	5,313		5,269	
Initial margins of futures markets	4,797		7,302	
Variation margins of futures markets	979		435	
Derivatives	1,640		5,212	
Advance payments	359		370	
Others	77		65	
Prepaid pension costs	2,377	0.0	2,376	0.0
Deferred tax assets	—	—	5,350	0.1
Reserve for possible loan losses	(272)	(0.0)	(271)	(0.0)
Reserve for investment losses	—	—	(3,640)	(0.0)
Total Assets	¥8,035,408	100.0%	¥8,873,613	100.0%

Sony Life Financial Data (Non-consolidated)

Millions of yen, %

	2016		2017	
	Amount	Composition	Amount	Composition
Liabilities				
Policy reserves and others	¥7,371,174	91.7%	¥7,968,639	89.8%
Reserve for outstanding claims	29,635		32,965	
Policy reserves	7,336,533		7,929,944	
Reserve for policyholders' dividends	5,006		5,729	
Due to agencies	2,455	0.0	2,616	0.0
Due to reinsurers	621	0.0	3,663	0.0
Other liabilities	104,996	1.3	353,812	4.0
Collateral for securities lending transactions	62,804		310,608	
Accrued income tax	8,998		8,095	
Other payables	2,765		2,137	
Accrued expenses	18,920		17,923	
Unearned income	995		1,067	
Deposits received	1,594		2,094	
Deposits received for guarantee	5,186		5,420	
Variation margins of futures markets	168		446	
Derivative liabilities	711		614	
Lease obligations	13		10	
Asset retirement obligations	679		2,156	
Suspense receipt	2,157		3,235	
Reserve for employees' retirement benefits	21,944	0.3	24,678	0.3
Reserve for directors' retirement benefits	121	0.0	119	0.0
Reserve under the special laws	44,260	0.6	46,005	0.5
Reserve for price fluctuations	44,260		46,005	
Deferred tax liabilities	7,151	0.1	—	—
Deferred tax liabilities on land revaluation	488	0.0	488	0.0
Total Liabilities	7,553,212	94.0	8,400,024	94.7
Net Assets				
Common stock	70,000	0.9	70,000	0.8
Capital surplus	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865	
Retained earnings	257,175	3.2	271,416	3.1
Legal retained earnings	26,118		30,318	
Other retained earnings	231,056		241,098	
Unappropriated retained earnings	231,056		241,098	
Total shareholders' equity	333,040	4.1	347,281	3.9
Net unrealized gains (losses) on other securities, net of taxes	150,621	1.9	127,772	1.4
Land revaluation, net of taxes	(1,465)	(0.0)	(1,465)	(0.0)
Total valuation and translation adjustments	149,155	1.9	126,307	1.4
Total Net Assets	482,195	6.0	473,589	5.3
Total Liabilities and Net Assets	¥8,035,408	100.0%	¥8,873,613	100.0%

Statements of Income

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017
Ordinary Revenues	¥1,230,141	¥1,243,739
Income from insurance premiums	1,028,048	956,733
Insurance premiums	1,026,407	954,028
Ceded reinsurance commissions	1,640	2,704
Investment income	170,517	245,339
Interest income and dividends	141,450	148,284
Interest income from deposits	0	0
Interest income and dividends from securities	124,943	130,772
Interest income from loans	6,174	6,377
Rent revenue from real estate	10,261	10,869
Other interest income and dividends	71	265
Income from money held in trust, net	11,973	4,493
Gains on trading securities, net	98	152
Gains on sale of securities	12,204	1,308
Gains on redemption of securities	—	—
Gains on derivatives, net	4,768	—
Foreign exchange gains, net	—	14,670
Reversal of reserve for possible loan losses	—	1
Other investment income	21	4
Gains on separate accounts, net	—	76,423
Other ordinary income	31,575	41,666
Income for annuity riders	2,352	3,001
Income for deferred payment of claims	26,828	33,879
Other ordinary income	2,394	4,785

(Continued on next page)

Sony Life Financial Data (Non-consolidated)

Millions of yen

	2016	2017
Ordinary Expenses	¥1,169,348	¥1,183,558
Insurance claims and other payments	363,370	372,407
Insurance claims	84,283	84,178
Annuity payments	11,496	12,019
Insurance benefits	74,842	98,252
Surrender payments	184,936	168,409
Refund to policyholders	5,711	3,122
Reinsurance premiums	2,099	6,423
Provision for policy reserves and others	613,480	596,742
Provision for reserve for outstanding claims	4,185	3,330
Provision for policy reserves	609,291	593,411
Interest on policyholders' dividend reserve	2	0
Investment expenses	23,399	36,196
Interest expenses	53	44
Losses on sale of securities	—	—
Losses on redemption of securities	1	53
Losses on derivatives, net	—	30,050
Foreign exchange losses, net	2,798	—
Provision for reserve for possible loan losses	5	—
Depreciation of real estate for rent and others	1,936	1,879
Other investment expenses	3,868	4,167
Losses on separate accounts, net	14,735	—
Operating expenses	133,334	137,094
Other ordinary expenses	35,764	41,118
Payments of deferred claims	14,939	19,889
Taxes	12,373	12,171
Depreciation and amortization	5,342	5,299
Provision for reserve for employees' retirement benefits	3,077	3,745
Provision for reserve for directors' retirement benefits	30	—
Others	0	12
Ordinary Profit	60,792	60,180

(Continued on next page)

Statements of Income (Continued)

Millions of yen

	2016	2017
Extraordinary Gains	¥ 6,352	¥ —
Reversal of reserve for investment loss	6,352	—
Extraordinary Losses	8,466	5,445
Losses on disposal of fixed assets	7	52
Impairment losses	362	7
Provision for reserve under the special laws	1,415	1,744
Provision for reserve for price fluctuations	1,415	1,744
Valuation loss on stocks of affiliated companies	6,682	—
Provision for reserve for investment losses	—	3,640
Provision for Reserve for Policyholders' Dividends	3,564	4,153
Income Before Income Taxes	55,113	50,581
Income Taxes—Current	21,735	18,973
Income Taxes—Deferred	(3,718)	(3,577)
Total Income Taxes	18,016	15,395
Net Income	¥37,096	¥35,185

Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016						
	Shareholders' equity						
	Common stock	Capital surplus		Retained earnings			Total shareholders' equity
		Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings 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 Changes in Net Assets (Continued)

Millions of yen

	2017						
	Shareholders' equity						
	Common stock	Capital surplus		Retained earnings			Total shareholders' equity
		Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the period	¥70,000	¥5,865	¥5,865	¥26,118	¥231,056	¥257,175	¥333,040
Cumulative effects of changes in accounting policies	—	—	—	—	56	56	56
Restated balance at the beginning of the period	70,000	5,865	5,865	26,118	231,112	257,231	333,096
Changes during the period							
Dividends from surplus	—	—	—	4,200	(25,200)	(21,000)	(21,000)
Net income	—	—	—	—	35,185	35,185	35,185
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	4,200	9,985	14,185	14,185
Balance at the end of the period	¥70,000	¥5,865	¥5,865	¥30,318	¥241,098	¥271,416	¥347,281

Millions of yen

	2017			
	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	¥150,621	¥(1,465)	¥149,155	¥482,195
Cumulative effects of changes in accounting policies	—	—	—	56
Restated balance at the beginning of the period	150,621	(1,465)	149,155	482,252
Changes during the period				
Dividends from surplus	—	—	—	(21,000)
Net income	—	—	—	35,185
Net changes of items other than shareholders' equity	(22,848)	—	(22,848)	(22,848)
Total changes during the period	(22,848)	—	(22,848)	(8,662)
Balance at the end of the period	¥127,772	¥(1,465)	¥126,307	¥473,589

Statements of Cash Flows

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017
Cash flows from operating activities		
Income before income taxes	¥ 55,113	¥ 50,581
Depreciation of real estate for rent and others	1,936	1,879
Depreciation and amortization	5,342	5,299
Impairment losses	362	7
Valuation loss on stocks of affiliated companies	6,682	—
Increase (decrease) in reserve for outstanding claims	4,185	3,330
Increase (decrease) in policy reserves	609,291	593,411
Interest portion of reserve for policyholders' dividends	2	0
Provision for (reversal of) reserve for policyholders' dividends	3,564	4,153
Increase (decrease) in reserve for possible loan losses	4	(1)
Increase (decrease) in reserve for investment losses	(6,352)	3,640
Increase (decrease) in reserve for employees' retirement benefits	2,218	2,734
Increase (decrease) in reserve for directors' retirement benefits	30	(1)
Increase (decrease) in reserve for price fluctuations	1,415	1,744
Interest income and dividends	(141,450)	(148,284)
(Gains) losses on securities	14,905	(81,886)
Interest expenses	53	44
Foreign exchange (gains) losses	2,798	(14,670)
(Gains) losses on disposal of tangible fixed assets	6	42
(Increase) decrease in due from agencies	—	(0)
(Increase) decrease in due from reinsurers	(117)	(1,094)
(Increase) decrease in other assets (excluding those related to investing and financing activities)	16,937	18,783
Increase (decrease) in due to agencies	4	161
Increase (decrease) in due to reinsurers	35	3,042
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	2,772	805
Others, net	(25,366)	33,781
Subtotal	554,378	477,503
Interest and dividends received	151,036	158,014
Interest paid	(53)	(44)
Policyholders' dividends paid	(2,752)	(3,430)
Others, net	(3,696)	(3,912)
Income taxes paid	(29,479)	(19,875)
Net cash provided by (used in) operating activities	669,432	608,256
Cash flows from investing activities		
Investments in money held in trust	—	(76)
Proceeds from money held in trust	47,900	5,160
Purchases of securities	(1,127,702)	(936,092)
Proceeds from sale and redemption of securities	420,322	173,781
Investments in loans	(56,782)	(57,798)
Proceeds from collections of loans	28,761	27,949
Net increase (decrease) in collateral for securities lending transactions	62,804	247,803
Others, net	(567)	(35,401)
Total of net cash provided by (used in) investment transactions	(625,264)	(574,672)
[Total of net cash provided by (used in) operating activities and investment transactions]	[44,167]	[33,584]
Purchases of tangible fixed assets	(565)	(3,085)
Purchase of securities of affiliates	(1,450)	(3,045)
Others, net	(3,360)	(4,125)
Net cash provided by (used in) investing activities	(630,640)	(584,928)
Cash flows from financing activities		
Cash dividends paid	(19,950)	(21,000)
Others, net	(4)	(4)
Net cash provided by (used in) financing activities	(19,954)	(21,004)
Effect of exchange rate changes on cash and cash equivalents	(12)	(1)
Net increase (decrease) in cash and cash equivalents	18,825	2,321
Cash and cash equivalents at the beginning of the period	87,769	106,594
Cash and cash equivalents at the end of the period	¥ 106,594	¥ 108,916

1 Loans by Borrower Category

		Millions of yen	
As of March 31,		2016	2017
Bankrupt and quasi-bankrupt loans	¥	—	¥ —
Doubtful loans		—	—
Sub-standard loans		—	—
Subtotal		—	—
[% to total]		[—]	[—]
Normal loans		223,255	431,372
Total		¥223,255	¥431,372

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

		Millions of yen	
As of March 31,		2016	2017
Insurance claims			
Death benefits	¥	8,767	¥ 9,148
Accidental benefits		387	258
Disability payments		2,494	2,200
Maturity benefits		1,504	1,224
Others		2,027	2,281
Subtotal		15,180	15,113
Annuity payments		174	170
Insurance benefits		6,210	8,081
Surrender payments		7,726	8,950
Deferred insurance benefits		171	455
Total, including others		¥29,635	¥32,965

3-02 Policy reserves

Millions of yen

As of March 31,	2016	2017
Policy reserves (excluding contingency reserve)		
Individual life insurance	¥7,001,664	¥7,550,631
General accounts	6,264,631	6,704,429
Separate accounts	737,033	846,201
Individual annuities	246,585	285,231
General accounts	145,001	160,079
Separate accounts	101,584	125,152
Group life insurance	22	47
General accounts	22	47
Separate accounts	—	—
Group annuities	13,093	11,570
General accounts	13,093	11,570
Separate accounts	—	—
Others	—	—
General accounts	—	—
Separate accounts	—	—
Subtotal	7,261,366	7,847,480
General accounts	6,422,748	6,876,127
Separate accounts	838,617	971,353
Contingency reserve	75,166	82,463
Total	¥7,336,533	¥7,929,944
General accounts	¥6,497,915	¥6,958,590
Separate accounts	838,617	971,353

3-03 Breakdown of policy reserves

Millions of yen

As of March 31,	2016	2017
Premium reserve	¥7,036,247	¥7,605,909
Unearned premiums	225,118	241,571
Refund reserve	—	—
Contingency reserve	75,166	82,463
Total	¥7,336,533	¥7,929,944

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,	2016	2017
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

Fiscal year issued	Millions of yen, %	
	Balance of policy reserves	Assumed interest rate
Up to FY1980	¥ —	—%
FY1981 to FY1985	33,373	6.00–6.25
FY1986 to FY1990	53,230	6.00–6.25
FY1991 to FY1995	569,606	2.75–6.25
FY1996 to FY2000	1,169,696	1.90–4.00
FY2001 to FY2005	1,423,295	1.50
FY2006 to FY2010	1,746,298	1.50
FY2011	388,343	1.50
FY2012	424,290	1.50
FY2013	389,480	1.00
FY2014	270,607	1.00
FY2015	265,004	1.00
FY2016	131,279	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)

As of March 31,	Millions of yen	
	2016	2017
Balance of policy reserves (general account)	¥80,678	¥88,485

Notes: 1. Calculations employed in the above table 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

	2016						
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the year ended March 31,							
At the beginning of the 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]

	2017						
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the year ended March 31,							
At the beginning of the period	¥ 1,824	¥ 237	¥2,861	¥ 82	¥ —	¥ —	¥ 5,006
Increase due to interest	0	0	—	—	—	—	0
Decrease due to dividend payment	92	14	3,241	82	—	—	3,430
Provision for the period	126	48	3,904	73	—	—	4,153
At the end of the period	1,859	270	3,525	74	—	—	5,729
	[1,488]	[152]	[0]	[—]	[—]	[—]	[1,640]

Note: Figures in [] are accumulated dividends.

Sony Life Financial Data (Non-consolidated)

3-07 Other reserves

Millions of yen

	2016			2017		
	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	267	272	4	272	270	(1)
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—	—
Reserve for investment losses	6,352	—	(6,352)	—	3,640	3,640
Reserve for employees' retirement benefits	19,725	21,944	2,218	21,944	24,678	2,734
Reserve for directors' retirement benefits	91	121	30	121	119	(1)
Reserve for price fluctuations	42,845	44,260	1,415	44,260	46,005	1,744

3-08 Insurance premiums

Millions of yen

	2016	2017
For the years ended March 31,		
Individual life insurance	¥ 967,324	¥912,353
Single premium	93,702	11,506
Annual payment	263,622	263,632
Semi-annual payment	10,649	10,927
Monthly payment	599,350	626,286
Individual annuities	53,732	35,633
Single premium	31,586	11,093
Annual payment	7,869	5,823
Semi-annual payment	284	321
Monthly payment	13,992	18,394
Group life insurance	5,250	5,895
Group annuities	99	145
Total, including others	¥1,026,407	¥954,028

3-09 Insurance claims

Millions of yen

	2016	2017					
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Total
For the years ended March 31,							
Death benefits	¥45,530	¥47,506	¥—	¥1,151	¥—	¥—	¥48,657
Accidental benefits	510	437	—	—	—	—	437
Disability payments	3,584	3,060	—	99	—	—	3,160
Maturity benefits	24,749	20,919	—	—	—	—	20,919
Others	9,907	10,888	—	115	—	—	11,004
Total	¥84,283	¥82,812	¥—	¥1,366	¥—	¥—	¥84,178

3-10 Annuity payments

Millions of yen

	2016	2017					
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Total
For the years ended March 31,							
Annuity payments	¥11,496	¥—	¥10,352	¥2	¥1,664	¥—	¥12,019

3-11 Insurance benefits

Millions of yen

	2016	2017					
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others
For the years ended March 31,							
Death benefits	¥ 2,658	¥ 2,503	¥ 71	¥—	¥—	¥—	¥—
Hospitalization benefits	9,364	9,290	—	0	—	—	—
Surgery benefits	9,428	9,622	—	—	—	—	—
Disability benefits	94	114	—	—	—	—	—
Living benefits	41,093	66,042	—	—	—	—	—
Others	12,204	10,208	270	—	128	—	—
Total	¥74,842	¥97,781	¥341	¥ 0	¥128	¥—	¥—

3-12 Surrender payments

Millions of yen

	2016	2017					
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others
For the years ended March 31,							
Surrender payments	¥184,936	¥162,637	¥5,772	¥—	¥—	¥—	¥—

3-13 Depreciation and amortization

Millions of yen, %

	2016					2017				
	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
For the years ended March 31,										
Tangible fixed assets	¥ 4,845	¥ 273	¥ 2,795	¥ 2,049	57.7%	¥ 8,167	¥ 427	¥ 2,395	¥ 5,771	29.3%
Buildings	3,507	184	1,751	1,756	49.9	6,448	291	1,496	4,952	23.2
Leased assets	20	4	8	12	41.0	22	4	12	10	56.0
Other tangible fixed assets	1,317	84	1,036	281	78.7	1,695	130	885	809	52.3
Intangible fixed assets	41,380	5,064	22,218	19,162	53.7	43,610	4,868	24,262	19,347	55.6
Others	22	4	12	10	54.6	22	3	15	7	68.4
Total	¥46,249	¥5,342	¥25,026	¥21,222	54.1%	¥51,800	¥5,299	¥26,673	¥25,126	51.5%

3-14 Operating expenses

Millions of yen

For the years ended March 31,	2016	2017
Sales and marketing expenses	¥ 64,852	¥ 65,072
Sales administrative expenses	18,095	19,080
General administrative expenses	50,386	52,942
Total	¥133,334	¥137,094

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,	2016	2017
Life Insurance Policyholders Protection Corporation of Japan	¥703	¥736

4 Reconciliation to Core Profit and Non-consolidated Ordinary Profit

Millions of yen

For the years ended March 31,		2016	2017
Core profit	(A)	¥43,019	¥ 83,831
Capital gains		27,387	16,114
Income from money held in trust, net		7,119	—
Income from trading securities, net		41	134
Gains on sale of securities		12,204	1,308
Gains on derivatives, net		4,768	—
Foreign exchange gains, net		—	14,670
Other capital gains		3,253	—
Capital losses		2,951	32,276
Losses on money held in trust, net		—	—
Losses on trading securities, net		—	—
Losses on sale of securities		—	—
Devaluation losses on securities		—	—
Losses on derivatives, net		—	30,050
Foreign exchange losses, net		2,798	—
Other capital losses		153	2,226
Net capital gains (losses)	(B)	24,435	(16,162)
Core profit plus net capital gains (losses)	(A) + (B)	67,455	67,669
Other one-time gains		—	1
Gains from reinsurance		—	—
Reversal of contingency reserve		—	—
Reversal of specific reserve for possible loan losses		—	1
Others		—	—
Other one-time losses		6,662	7,490
Losses from reinsurance		—	—
Provision for contingency reserve		6,458	7,296
Provision for specific reserve for possible loan losses		5	—
Provision for reserve for possible loan losses for specific foreign countries		—	—
Write-off of loans		—	—
Others		197	193
Net other one-time gains (losses)	(C)	(6,662)	(7,488)
Ordinary profit	(A) + (B) + (C)	¥60,792	¥ 60,180

Notes: 1. Core profit for the fiscal year ended March 31, 2017 (A) includes income gains of ¥4,493 million in income from money held in trust, net, along with interest income and dividends of ¥17 million in income from trading securities, net. Other capital losses consist of the sum of provision for policy reserves and others of ¥1,560 million for currency market fluctuations of products denominated in foreign currencies and impairment losses of ¥665 million from investment partnerships. "Others" of other one-time losses consist of provision of additional policy reserve of ¥193 million.

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

Reference: Reconciliation to core profit

Millions of yen

For the years ended March 31,	2016	2017
Core Revenues	¥1,206,007	¥1,227,623
Income from insurance premiums	1,028,048	956,733
Insurance premiums	1,026,407	954,028
Ceded reinsurance commissions	1,640	2,704
Investment income	141,472	224,713
Interest income and dividends	141,450	148,284
Gain on redemption of securities	—	—
Reversal of general reserve for possible loan losses	0	—
Other investment income	21	4
Gains on separate accounts, net	—	76,423
Other ordinary income	31,575	41,666
Income for annuity riders	2,352	3,001
Income for deferred payment of claims	26,828	33,879
Reversal of reserves for outstanding claims	—	—
Other ordinary income	2,394	4,785
Other core revenues	4,911	4,510
Core Expenses	1,162,988	1,143,791
Insurance claims and other payments	363,370	372,407
Insurance claims	84,283	84,178
Annuity payments	11,496	12,019
Insurance benefits	74,842	98,252
Surrender payments	184,936	168,409
Refund to policyholders	5,711	3,122
Reinsurance premiums	2,099	6,423
Provision for policy reserves and others	610,076	587,690
Investment expenses	20,442	5,480
Interest expenses	53	44
Losses on redemption of securities	1	53
Provision for general reserve for possible loan losses	—	0
Depreciation of real estate for rent and others	1,936	1,879
Other investment expenses	3,715	3,502
Losses on separate accounts, net	14,735	—
Operating expenses	133,334	137,094
Other ordinary expenses	35,764	41,118
Payments of deferred claims	14,939	19,889
Taxes	12,373	12,171
Depreciation and amortization	5,342	5,299
Provision for reserve for employees' retirement benefits	3,077	3,745
Provision for reserve for directors' retirement benefits	30	—
Others	0	12
Other core expenses	—	—
Core Profit	¥ 43,019	¥ 83,831

Reference: Positive spread and yields

Billions of yen, %

For the years ended March 31,	2016	2017
Positive spread	¥15.3	¥15.4
Investment yield for core profit	2.31%	2.24%
Investment yield (general account)	2.42%	1.81%
Average assumed interest rate	2.06%	2.00%

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,	2016		2017	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥2,215	¥153	¥2,054	¥(162)

Note: The above table includes trading-purpose securities included in "money held in trust," etc.

Fair value information on securities

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

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	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

Millions of yen

As of March 31,	2017				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,068,671	¥7,514,255	¥1,445,584	¥1,521,504	¥75,919
Policy-reserve-matching bonds	277,372	303,356	25,983	27,876	1,893
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	896,527	1,069,920	173,392	174,667	1,274
Japanese government and corporate bonds	852,604	1,013,331	160,726	160,726	—
Japanese stocks	13,685	27,082	13,396	13,455	58
Foreign securities	30,071	29,193	(878)	337	1,215
Bonds	18,545	17,996	(548)	337	886
Stocks, etc.	11,525	11,196	(329)	—	329
Other securities	165	313	147	147	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,242,571	¥8,887,532	¥1,644,961	¥1,724,048	¥79,087
Japanese government and corporate bonds	¥6,942,338	¥8,595,523	¥1,653,185	¥1,707,293	¥54,108
Japanese stocks	13,685	27,082	13,396	13,455	58
Foreign securities	286,381	264,612	(21,768)	3,151	24,920
Bonds	274,855	253,416	(21,439)	3,151	24,590
Stocks, etc.	11,525	11,196	(329)	—	329
Other securities	165	313	147	147	—
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 money held in trust, including items other than trading-purpose securities, as of March 31, 2017 amounted to ¥232,402 million and ¥41,919 million, respectively.

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

Millions of yen

As of March 31,	2016	2017
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	13,267	16,312
Available-for-sale securities	12,301	9,896
Unlisted domestic stocks (except OTC stocks)	149	159
Unlisted foreign stocks (except OTC stocks)	439	608
Unlisted foreign bonds	—	—
Others	11,712	9,127
Total	¥25,569	¥26,209

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,	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	—	—	—	—	—

Millions of yen

As of March 31,	2017				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,068,671	¥7,514,255	¥1,445,584	¥1,521,504	¥75,919
Policy-reserve-matching bonds	277,372	303,356	25,983	27,876	1,893
Stocks of subsidiaries and affiliated companies	16,312	16,312	—	—	—
Available-for-sale securities	906,423	1,083,838	177,414	179,270	1,856
Japanese government and corporate bonds	852,604	1,013,331	160,726	160,726	—
Japanese stocks	13,845	27,242	13,396	13,455	58
Foreign securities	30,680	30,947	266	1,482	1,215
Bonds	18,545	17,996	(548)	337	886
Stocks, etc.	12,134	12,950	815	1,145	329
Other securities	9,293	12,317	3,024	3,606	581
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,268,780	¥8,917,763	¥1,648,982	¥1,728,652	¥79,669
Japanese government and corporate bonds	¥6,942,338	¥8,595,523	¥1,653,185	¥1,707,293	¥54,108
Japanese stocks	22,208	35,605	13,396	13,455	58
Foreign securities	294,940	274,316	(20,623)	4,296	24,920
Bonds	274,855	253,416	(21,439)	3,151	24,590
Stocks, etc.	20,084	20,900	815	1,145	329
Other securities	9,293	12,317	3,024	3,606	581
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

5-02 Fair value information on money held in trust (general account)

Millions of yen

As of March 31,	2016				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust	¥280,973	¥280,973	¥—	¥—	¥—

Millions of yen

As of March 31,	2017				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust	¥273,877	¥273,877	¥—	¥—	¥—

Note: The above table includes ¥50 million of jointly invested money held in trust.

Money held in trust for investment

Not applicable

Money held in trust for held-to-maturity, policy-reserve-matching, and other

Millions of yen

As of March 31,	2016				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust for held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥—
Money held in trust for policy-reserve-matching	—	—	—	—	—
Other money held in trust	232,491	280,922	48,431	48,431	—

Millions of yen

As of March 31,	2017				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust for held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥—
Money held in trust for policy-reserve-matching	—	—	—	—	—
Other money held in trust	231,907	273,826	41,919	41,919	—

Note: Money held in trust includes cash and call loans, etc.

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,	2016						2017					
	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	422	737	(230)	—	—	929	337	3,797	462	—	—	4,597
Total	¥422	¥737	¥(230)	¥—	¥—	¥929	¥337	¥3,797	¥462	¥—	¥—	¥4,597

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

	2016				2017			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
As of March 31,								
Over-the-counter transactions								
Interest rate swaps								
Fixed-rate receivable/ Floating-rate payable	¥1,000	¥1,000	¥422	¥422	¥1,000	¥1,000	¥337	¥337
Total				¥422				¥337

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, %

	2016						
	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	Total
As of March 31,							
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

Millions of yen, %

	2017						
	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	Total
As of March 31,							
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	—	—	—	—	—	(0.00%)	(0.00%)
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000

3. Currency derivatives

Millions of yen

	2016				2017			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
As of March 31,								
Over-the-counter transactions								
Forward foreign exchanges								
Sold	¥50,035	¥—	¥737	¥737	¥240,804	¥—	¥3,799	¥3,799
U.S. dollars	31,792	—	714	714	212,273	—	3,284	3,284
Euro	15,387	—	25	25	28,531	—	514	514
Australian dollars	2,855	—	(2)	(2)	—	—	—	—
Bought	—	—	—	—	169	—	(1)	(1)
U.S. dollars	—	—	—	—	169	—	(1)	(1)
Total				¥737				¥3,797

Notes: 1. As of March 31, 2016: The forward rate of exchange is used to value forward foreign exchanges at the end of the fiscal year.

2. As of March 31, 2017: The fair value of forward foreign exchanges is calculated using the discounted present value based on the fiscal year-end interest rate.

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

4. Stock derivatives

Millions of yen

As of March 31,	2016				2017			
	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	¥72,793	¥—	¥(230)	¥(230)	¥96,016	¥—	¥462	¥462
Total				¥(230)				¥462

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,	2016		2017	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥796,241	¥(75,945)	¥921,319	¥45,396

Note: The above table includes trading-purpose securities included in "money held in trust," etc.

Fair value information on securities

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

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	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

Millions of yen

As of March 31,	2017				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,068,671	¥7,514,255	¥1,445,584	¥1,521,504	¥75,919
Policy-reserve-matching bonds	277,372	303,356	25,983	27,876	1,893
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	896,527	1,069,920	173,392	174,667	1,274
Japanese government and corporate bonds	852,604	1,013,331	160,726	160,726	—
Japanese stocks	13,685	27,082	13,396	13,455	58
Foreign securities	30,071	29,193	(878)	337	1,215
Bonds	18,545	17,996	(548)	337	886
Stocks, etc.	11,525	11,196	(329)	—	329
Other securities	165	313	147	147	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,242,571	¥8,887,532	¥1,644,961	¥1,724,048	¥79,087
Japanese government and corporate bonds	¥6,942,338	¥8,595,523	¥1,653,185	¥1,707,293	¥54,108
Japanese stocks	13,685	27,082	13,396	13,455	58
Foreign securities	286,381	264,612	(21,768)	3,151	24,920
Bonds	274,855	253,416	(21,439)	3,151	24,590
Stocks, etc.	11,525	11,196	(329)	—	329
Other securities	165	313	147	147	—
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 money held in trust, including items other than trading-purpose securities, as of March 31, 2017 amounted to ¥232,402 million and ¥41,919 million, respectively.

○ Held-to-maturity securities

Millions of yen

As of March 31,	2016			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount	¥5,383,938	¥7,410,168	¥2,026,230	¥5,366,516	¥6,888,020	¥1,521,504
Japanese government and corporate bonds	5,339,082	7,356,603	2,017,520	5,340,238	6,858,928	1,518,690
Foreign securities	44,855	53,565	8,709	26,278	29,092	2,813
Other securities	—	—	—	—	—	—
Held-to-maturity securities whose fair value does not exceed balance sheet amount	—	—	—	702,154	626,234	(75,919)
Japanese government and corporate bonds	—	—	—	472,123	419,907	(52,215)
Foreign securities	—	—	—	230,031	206,327	(23,704)
Other securities	—	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

○ Policy-reserve-matching bonds

Millions of yen

As of March 31,	2016			2017		
	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	¥230,196	¥258,073	¥27,876
Japanese government and corporate bonds	245,519	286,826	41,306	230,196	258,073	27,876
Foreign securities	—	—	—	—	—	—
Other securities	—	—	—	—	—	—
Held-to-maturity securities whose fair value does not exceed balance sheet amount	5,741	5,740	(0)	47,176	45,283	(1,893)
Japanese government and corporate bonds	5,741	5,740	(0)	47,176	45,283	(1,893)
Foreign securities	—	—	—	—	—	—
Other securities	—	—	—	—	—	—

○ Available-for-sale securities

Millions of yen

As of March 31,	2016			2017		
	Carrying amount	Balance sheet amount	Difference	Carrying amount	Balance sheet amount	Difference
Available-for-sale securities whose balance sheet amount exceeds carrying amount	¥883,355	¥1,087,094	¥203,739	¥868,161	¥1,042,829	¥174,667
Japanese government and corporate bonds	854,339	1,040,351	186,011	852,604	1,013,331	160,726
Japanese stocks	13,452	25,501	12,049	12,793	26,249	13,455
Foreign securities	15,398	20,934	5,536	2,597	2,935	337
Other securities	165	307	142	165	313	147
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—
Available-for-sale securities whose balance sheet amount does not exceed carrying amount	4,618	4,508	(109)	28,365	27,091	(1,274)
Japanese government and corporate bonds	—	—	—	—	—	—
Japanese stocks	173	163	(10)	891	833	(58)
Foreign securities	4,444	4,344	(99)	27,473	26,257	(1,215)
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,	2016	2017
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	13,267	16,312
Available-for-sale securities	12,301	9,896
Unlisted domestic stocks (except OTC stocks)	149	159
Unlisted foreign stocks (except OTC stocks)	439	608
Unlisted foreign bonds	—	—
Others	11,712	9,127
Total	¥25,569	¥26,209

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,	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	—	—	—	—	—

Millions of yen

As of March 31,	2017				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,068,671	¥7,514,255	¥1,445,584	¥1,521,504	¥75,919
Policy-reserve-matching bonds	277,372	303,356	25,983	27,876	1,893
Stocks of subsidiaries and affiliated companies	16,312	16,312	—	—	—
Available-for-sale securities	906,423	1,083,838	177,414	179,270	1,856
Japanese government and corporate bonds	852,604	1,013,331	160,726	160,726	—
Japanese stocks	13,845	27,242	13,396	13,455	58
Foreign securities	30,680	30,947	266	1,482	1,215
Bonds	18,545	17,996	(548)	337	886
Stocks, etc.	12,134	12,950	815	1,145	329
Other securities	9,293	12,317	3,024	3,606	581
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,268,780	¥8,917,763	¥1,648,982	¥1,728,652	¥79,669
Japanese government and corporate bonds	¥6,942,338	¥8,595,523	¥1,653,185	¥1,707,293	¥54,108
Japanese stocks	22,208	35,605	13,396	13,455	58
Foreign securities	294,940	274,316	(20,623)	4,296	24,920
Bonds	274,855	253,416	(21,439)	3,151	24,590
Stocks, etc.	20,084	20,900	815	1,145	329
Other securities	9,293	12,317	3,024	3,606	581
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

6-02 Fair value information on money held in trust (company total)

Millions of yen

As of March 31,	2016					2017				
	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
Money held in trust	¥280,973	¥280,973	¥—	¥—	¥—	¥273,877	¥273,877	¥—	¥—	¥—

Note: The above table includes ¥50 million of jointly invested money held in trust.

Money held in trust for investment

Not applicable

Money held in trust for held-to-maturity, policy-reserve-matching, and other

Millions of yen

As of March 31,	2016					2017				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust for held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Money held in trust for policy-reserve-matching	—	—	—	—	—	—	—	—	—	—
Other money held in trust	232,491	280,922	48,431	48,431	—	231,907	273,826	41,919	41,919	—

Note: Money held in trust includes cash and call loans, etc.

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.

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,	2016						2017					
	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	422	737	(230)	—	—	929	337	3,797	462	—	—	4,597
Total	¥422	¥737	¥(230)	¥—	¥—	¥929	¥337	¥3,797	¥462	¥—	¥—	¥4,597

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,	2016				2017			
	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	¥422	¥422	¥1,000	¥1,000	¥337	¥337
Total				¥422				¥337

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,	2016						
	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	Total
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

Millions of yen, %

As of March 31,	2017						
	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	Total
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	—	—	—	—	—	(0.00%)	(0.00%)
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000

② Currency derivatives

Millions of yen

As of March 31,	2016				2017			
	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	¥50,035	¥—	¥737	¥737	¥240,804	¥—	¥3,799	¥3,799
U.S. dollars	31,792	—	714	714	212,273	—	3,284	3,284
Euro	15,387	—	25	25	28,531	—	514	514
Australian dollars	2,855	—	(2)	(2)	—	—	—	—
Bought	—	—	—	—	169	—	(1)	(1)
U.S. dollars	—	—	—	—	169	—	(1)	(1)
Total				¥737				¥3,797

Notes: 1. As of March 31, 2016: The forward rate of exchange is used to value forward foreign exchanges at the end of the fiscal year.

2. As of March 31, 2017: The fair value of forward foreign exchanges is calculated using the discounted present value based on the fiscal year-end interest rate.

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

③ Stock derivatives

Millions of yen

As of March 31,	2016				2017			
	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	¥72,793	¥—	¥(230)	¥(230)	¥96,016	¥—	¥462	¥462
Total				¥(230)				¥462

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,	2013	2014	2015	2016	2017
Policy amount in force	¥39,124,675	¥40,500,241	¥42,430,898	¥44,749,196	¥47,185,239
Individual life insurance	37,366,333	38,628,089	40,391,018	42,293,769	44,313,382
Individual annuities	412,709	466,915	597,682	856,062	1,020,810
Group life insurance	1,345,632	1,405,237	1,442,198	1,599,364	1,851,046
Policy amount in force for group annuities	56,503	55,196	17,210	13,093	11,570
Annualized premiums from insurance in force	669,937	696,986	735,728	781,315	820,856
Of which, medical protection, living benefit protection and other products	158,686	167,075	172,800	179,707	187,449
New policy amount	4,460,210	3,894,484	4,776,917	5,152,456	5,004,921
Individual life insurance	4,396,676	3,814,291	4,625,700	4,871,062	4,765,257
Individual annuities	57,931	75,088	145,926	280,332	192,247
Group life insurance	5,602	5,104	5,291	1,061	47,415
Annualized premiums from new policies	73,263	63,992	76,612	85,018	78,127
Of which, medical protection, living benefit protection and other products	18,397	13,486	15,285	15,717	15,718
Ordinary revenues	1,142,274	1,197,109	1,223,827	1,230,141	1,243,739
Of which, income from insurance premiums	925,874	960,986	914,034	1,028,048	956,733
Of which, investment income	199,833	212,323	280,148	170,517	245,339
Ordinary expenses	1,067,614	1,127,904	1,144,162	1,169,348	1,183,558
Of which, insurance claims and other payments	293,929	327,257	382,902	363,370	372,407
Of which, investment expenses	11,686	8,506	9,727	23,399	36,196
Of which, operating expenses	109,060	113,868	115,603	133,334	137,094
Ordinary profit	74,659	69,205	79,665	60,792	60,180
Net income	42,444	37,063	42,524	37,096	35,185
Core profit	80,045	72,365	76,505	43,019	83,831
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	5,952,750	6,624,903	7,301,350	8,035,408	8,873,613
Of which, separate account assets	550,624	640,562	793,344	850,323	989,605
Policy reserves	5,472,930	6,123,633	6,727,241	7,336,533	7,929,944
Loans	145,104	154,219	162,399	171,649	180,374
Securities	5,211,535	5,954,716	6,543,703	7,273,361	8,093,192
Solvency margin ratio	2,281.8%	2,358.7%	2,555.0%	2,722.8%	2,568.8%
Number of employees	6,323	6,553	6,781	7,289	7,865

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,	2016				2017			
	Number	Change from March 31, 2015	Amount	Change from March 31, 2015	Number	Change from March 31, 2016	Amount	Change from March 31, 2016
Individual life insurance	6,880,470	105.0%	¥42,293,769	104.7%	7,112,052	103.4%	¥44,313,382	104.8%
Individual annuities	166,331	139.3	856,062	143.2	196,606	118.2	1,020,810	119.2
Group life insurance	—	—	1,599,364	110.9	—	—	1,851,046	115.7
Group annuities	—	—	13,093	76.1	—	—	11,570	88.4

Notes: 1. The policy amount in force 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.

New policy amount

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	—	—	—	—	—	—

Millions of yen, %

For the year ended March 31,	2017					
	Number	YoY change	Amount	YoY change	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	479,131	82.7%	¥4,765,257	97.8%	¥4,765,257	¥—
Individual annuities	34,492	68.0	192,247	68.6	192,247	—
Group life insurance	—	—	47,415	4,468.6	47,415	—
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 sum of the initial premium payments.

2-02 Annualized premiums

Policy amount in force

Millions of yen, %

As of March 31,	2016		2017	
	Amount	Change from March 31, 2015	Amount	Change from March 31, 2016
Individual life insurance	¥751,820	105.2%	¥787,005	104.7%
Individual annuities	29,495	139.7	33,851	114.8
Total	¥781,315	106.2%	¥820,856	105.1%
Of which, medical protection, living benefit protection and other products	179,707	104.0	187,449	104.3

New policies

Millions of yen, %

For the years ended March 31,	2016		2017	
	Amount	YoY change	Amount	YoY change
Individual life insurance	¥76,334	106.3%	¥72,786	95.4%
Individual annuities	8,684	180.3	5,340	61.5
Total	¥85,018	111.0%	¥78,127	91.9%
Of which, medical protection, living benefit protection and other products	15,717	102.8	15,718	100.0

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

Policy amount in force by product

Millions of yen

As of March 31,	2016		2017	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	5,226,764	¥38,899,244	5,437,934	¥40,855,198
Variable life insurance (whole life type)	823,273	4,275,541	845,906	4,382,838
U.S. dollar-denominated whole life insurance	59,731	567,438	130,292	1,130,333
Modified payment whole life insurance	14,232	126,546	13,886	122,105
Limited payment whole life insurance	340,179	2,699,573	341,278	2,682,182
Family insurance	1,196	10,917	1,178	10,710
Interest rate-sensitive whole life insurance	538,555	2,972,267	525,489	2,876,061
Whole life insurance (no selection type)	3,908	6,895	3,773	6,606
Single premium whole life insurance (non-notification type)	11,937	66,519	12,967	72,743
Living benefit insurance (whole life type)	530,977	1,810,966	525,352	1,779,397
Living benefit whole life insurance (living standard type)	95,362	385,449	132,695	538,877
Variable life insurance (term type)	1,225	39,288	1,160	37,585
Family income insurance	271,949	6,968,621	301,711	7,704,077
Living standard insurance	2,624	34,711	2,361	29,361
Level premium plan term life insurance	81,164	1,641,168	79,193	1,579,254
Decreasing term life insurance	69,376	1,303,547	68,881	1,273,146
Living benefit insurance (term type)	79,185	735,716	84,107	751,117
Living benefit term life insurance (living standard type)	12,404	123,077	48,943	419,104
Level premium plan term life insurance (non-smoker preferred risk)	17,632	723,217	17,291	712,186
Decreasing term life insurance (non-smoker preferred risk)	22,562	438,058	21,001	381,322
Family income insurance (non-smoker preferred risk)	45,395	1,177,456	43,007	1,057,556
Increasing term life insurance	34	4,032	25	3,802
Long-term level premium plan term life insurance (with disability benefit)	50,569	2,386,042	62,807	3,079,671
Level premium plan term life insurance with reduced surrender value (disability/nursing care type)	—	—	721	28,698
Increasing term life insurance (reduced surrender value)	2,760	95,717	4,509	182,966
Level premium plan term life insurance with no surrender value	48,685	910,666	50,609	954,664
Level premium plan term life insurance with no surrender value (disability/nursing care type)	—	—	700	12,546
Income protection insurance to cover three major diseases	22,112	17,855	24,028	18,933
Semi-participating whole life nursing-care insurance	134,657	503,702	132,974	495,199
Whole life nursing-care insurance (reduced surrender value)	18,333	3,827	20,568	3,995
Cancer insurance	208,483	27,976	208,710	27,718
Whole-life cancer insurance (08)	74,610	6,592	80,685	7,003
Cancer hospitalization insurance	29,907	—	29,409	—
Comprehensive medical insurance	1,602,956	638,904	1,611,376	623,656
Long-term comprehensive medical insurance	10,741	4,564	10,294	4,401
Semi-participating living standard insurance (joint type)	51	990	48	927
Term riders and others	[533,419]	8,191,390	[525,045]	7,864,446
Mixed insurance	429,167	1,504,136	442,497	1,570,161
Variable life insurance (limited term type)	84,805	265,213	97,804	327,486
U.S. dollar-denominated endowment insurance	3,470	15,530	6,019	25,115
U.S. dollar-denominated specialty endowment insurance	3,903	21,879	5,451	32,651
Endowment insurance	264,200	998,024	260,200	981,704
Semi-participating endowment insurance	64,159	169,527	62,555	163,776
Specialty endowment insurance	8,630	33,961	10,468	39,428
Pure endowment insurance	1,224,539	1,890,387	1,231,621	1,888,021
Educational endowment insurance	95,683	97,571	134,305	145,313
Semi-participating educational endowment insurance	1,128,856	1,792,815	1,097,316	1,742,708
Living benefit rider	—	—	—	—
Total individual life insurance products	6,880,470	42,293,769	7,112,052	44,313,382
Individual annuity products				
Semi-participating individual annuities	75,667	334,053	80,359	350,831
Individual variable annuities	80,862	454,185	105,603	597,726
Others	9,802	67,823	10,644	72,252
Total individual annuity products	166,331	856,062	196,606	1,020,810
Group life insurance products				
Group term life insurance	122,445	172,913	118,661	168,646
Group welfare term life insurance	113,340	67,159	119,043	72,089
Non-participating group welfare term life insurance	—	—	13,267	40,322
Group credit life insurance	1,507,312	1,359,283	1,407,149	1,569,983
Annuity payment rider	22	7	15	4
Total group life insurance products	1,743,119	1,599,364	1,658,135	1,851,046
Group annuity products				
New-type corporate annuities	21,177	100	20,855	95
Defined contribution corporate annuities	58,978	12,992	56,164	11,475
Total group annuity products	80,155	13,093	77,019	11,570
Medical protection insurance (group-type)	—	—	—	—
Reinsurance recipients	—	—	—	—

- Notes: 1. "Term riders and others" includes, in addition to "term riders," "living benefit whole life policy riders" and "semi-participating lump sum nursing-care riders every five years."
2. The total number of policies in force for "term riders and others" and "living benefit rider" is excluded from total individual life insurance products.
3. "Semi-participating individual annuities" and "Individual variable annuities" under individual annuity products refer to the policies for which annuity payments have not yet commenced.
- The amounts of policies for which annuity payments have not yet commenced are the funds to be held at the time annuity payments commence.
4. "Others" under individual annuity products include "semi-participating nursing-care riders," "semi-participating fixed individual annuity riders," and the policies for which annuity payments have commenced.
- The amounts of 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 amount of policies 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 policy amount by product

Millions of yen

For the years ended March 31,	2016		2017	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	470,261	¥4,598,378	400,145	¥4,545,352
Variable life insurance (whole life type)	154,214	824,693	40,986	189,654
U.S. dollar-denominated whole life insurance	14,475	150,587	72,587	578,975
Modified payment whole life insurance	—	—	—	—
Limited payment whole life insurance	9,380	55,884	7,832	43,152
Family insurance	—	—	—	—
Interest rate-sensitive whole life insurance	3,599	21,104	1,459	9,797
Whole life insurance (no selection type)	278	422	289	440
Single premium whole life insurance (non-notification type)	11,999	66,953	1,201	7,012
Living benefit insurance (whole life type)	15,167	57,127	8,648	31,734
Living benefit whole life insurance (living standard type)	56,043	230,547	41,141	171,650
Variable life insurance (term type)	—	—	—	—
Family income insurance	40,870	1,245,454	44,039	1,362,255
Living standard insurance	—	—	—	—
Level premium plan term life insurance	5,019	105,735	4,883	104,897
Decreasing term life insurance	4,683	129,988	4,181	112,575
Living benefit insurance (term type)	16,732	159,800	11,271	78,475
Living benefit term life insurance (living standard type)	12,497	123,838	37,722	307,038
Level premium plan term life insurance (non-smoker preferred risk)	1,025	52,017	1,129	57,078
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)	10,060	512,301	15,323	826,699
Level premium plan term life insurance with reduced surrender value (disability/nursing care type)	—	—	728	28,820
Increasing term life insurance (reduced surrender value)	170	4,929	2,274	102,346
Level premium plan term life insurance with no surrender value	5,560	119,827	5,634	125,467
Level premium plan term life insurance with no surrender value (disability/nursing care type)	—	—	717	13,022
Income protection insurance to cover three major diseases	3,804	3,287	3,515	2,966
Semi-participating whole life nursing-care insurance	5,874	23,053	2,647	10,020
Whole life nursing-care insurance (reduced surrender value)	3,405	803	3,209	332
Cancer insurance	5,777	613	6,957	698
Whole-life cancer insurance (08)	10,255	823	9,221	766
Cancer hospitalization insurance	2,288	—	2,180	—
Comprehensive medical insurance	77,087	14,395	70,372	12,457
Long-term comprehensive medical insurance	—	—	—	—
Semi-participating living standard insurance (joint type)	—	—	—	—
Term riders and others	[36,286]	694,189	[19,298]	367,014
Mixed insurance	48,942	188,049	39,631	171,232
Variable life insurance (limited term type)	25,951	92,754	16,872	71,611
U.S. dollar-denominated endowment insurance	666	3,292	2,653	10,679
U.S. dollar-denominated specialty endowment insurance	670	6,922	1,784	14,187
Endowment insurance	17,104	69,189	14,466	61,836
Semi-participating endowment insurance	2,002	7,882	1,435	5,450
Specialty endowment insurance	2,549	8,008	2,421	7,467
Pure endowment insurance	60,079	84,634	39,355	48,673
Educational endowment insurance	22,430	19,061	39,354	48,670
Semi-participating educational endowment insurance	37,649	65,573	1	3
Living benefit rider	—	—	—	—
Total individual life insurance products	579,282	4,871,062	479,131	4,765,257
Individual annuity products				
Semi-participating individual annuities	14,060	65,167	6,723	29,639
Individual variable annuities	36,649	215,165	27,769	162,607
Others	—	—	—	—
Total individual annuity products	50,709	280,332	34,492	192,247
Group life insurance products				
Group term life insurance	—	—	—	—
Group welfare term life insurance	14,404	1,061	2,001	7,075
Non-participating group welfare term life insurance	—	—	13,264	40,340
Group credit life insurance	—	—	—	—
Annuity payment rider	—	—	—	—
Total group life insurance products	14,404	1,061	15,265	47,415
Group annuity products				
New-type corporate annuities	—	—	—	—
Defined contribution corporate annuities	—	—	—	—
Total group annuity products	—	—	—	—
Medical protection insurance (group-type)	—	—	—	—
Reinsurance recipients	—	—	—	—

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

2. The total number of policies in force for "term riders and others" and "living benefit rider" is excluded from total individual life insurance products.

3. Figures for individual annuity products show the funds to be held at the time annuity payments are to commence for policies.

4. The number of new policies for group life insurance products, group annuity products, medical protection insurance (group-type) and "reinsurance recipients" reflect the total number of insured parties.

5. The new policy amount for group annuity products is equal to the sum of the initial premium payments.

6. The amount of medical protection insurance (group-type) is equal to the daily benefits for hospitalization.

Sony Life Performance Indicators (Non-consolidated)

2-04 Policy amount in force by insurance function

As of March 31,	Millions of yen	
	2016	2017
Death protection		
Ordinary death		
Individual life insurance	¥40,403,381	¥42,425,360
Individual annuities	[191,749]	[233,025]
Group life insurance	1,599,357	1,851,042
Group annuities	—	—
Total	42,002,738	44,276,402
Accidental death		
Individual life insurance	[6,376,107]	[6,156,920]
Individual annuities	—	—
Group life insurance	[339]	[310]
Group annuities	—	—
Total	[6,376,447]	[6,157,230]
Death protection with other conditions		
Individual life insurance	[1,222,535]	[1,179,842]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[1,222,535]	[1,179,842]
Living protection		
Maturity and living benefits		
Individual life insurance	1,890,387	1,888,021
Individual annuities	789,035	949,391
Group life insurance	0	—
Group annuities	—	—
Total	2,679,424	2,837,413
Annuities		
Individual life insurance	—	—
Individual annuities	[100,324]	[118,959]
Group life insurance	[2]	[1]
Group annuities	—	—
Total	[100,327]	[118,960]
Others		
Individual life insurance	—	—
Individual annuities	67,026	71,418
Group life insurance	6	4
Group annuities	13,093	11,570
Total	80,126	82,994
Hospitalization protection		
Accidental hospitalization		
Individual life insurance	[18,156]	[18,188]
Individual annuities	—	—
Group life insurance	[7]	[17]
Group annuities	—	—
Total	[18,164]	[18,205]
Sickness hospitalization		
Individual life insurance	[18,156]	[18,188]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[18,156]	[18,188]
Hospitalization with other conditions		
Individual life insurance	[7,142]	[7,067]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	[7,142]	[7,067]

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 of 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,	2016	2017
Disability protection		
Individual life insurance	600,135	676,158
Individual annuities	—	—
Group life insurance	9,934	11,993
Group annuities	—	—
Total	610,069	688,151
Surgery protection		
Individual life insurance	1,685,198	1,690,123
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total	1,685,198	1,690,123

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

As of March 31,	2016	2017
	Millions of yen	
Pure death-protection insurance		
Whole life insurance	¥ 8,646,575	¥ 9,219,018
Whole life insurance with term rider	—	—
Term life insurance	16,507,322	18,140,113
Total (including other types of insurance)	38,899,244	40,855,198
Mixed insurance		
Endowment insurance	1,183,082	1,170,595
Endowment insurance with term rider	—	—
Term life insurance with living benefits	—	—
Total (including other types of insurance)	1,504,136	1,570,161
Pure endowment insurance	1,890,387	1,888,021
Annuity products		
Individual annuities	856,062	1,020,810
Riders for disaster and disease		
Rider to cover accidental death	3,214,336	3,087,697
Injury rider	3,161,771	3,069,222
Comprehensive protection riders covering hospitalization	445	426
Comprehensive protection riders covering hospitalization for family	18	16
Comprehensive protection riders covering lifestyle-related disease	48	46
Medical treatment rider for adults	1,216	1,183
Medical treatment rider for women	1,238	1,220
Lifestyle diseases medical treatment rider	14	14
New medical treatment rider for women	4	4
Cancer rider	251	259
Rider to cover initial period of hospitalization	6,737	6,835

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,	2016		2017	
	Number	Amount	Number	Amount
Balance at the beginning of the period	6,552,685	¥40,391,018	6,880,470	¥42,293,769
New policy amount	579,282	4,871,062	479,131	4,765,257
Increase from renewal	13,053	47,587	12,619	46,029
Increase from reinstatement	18,479	119,711	18,191	120,415
Increase in policy amount	[309]	1,897	[234]	2,178
Increase from conversion	—	—	—	—
Increase for other reasons	10,341	187,579	5,553	149,243
Decrease from death	11,389	68,065	11,957	69,785
Decrease for maturity	36,532	123,903	46,733	138,327
Decrease in policy amount	[44,682]	204,038	[40,318]	188,878
Decrease from conversion	—	—	—	—
Surrender amount	196,144	1,684,170	182,344	1,578,540
Lapse amount	34,374	227,980	33,406	234,703
Decrease for other reasons	14,931	1,016,928	9,472	853,275
Balance at the end of the period	6,880,470	42,293,769	7,112,052	44,313,382
[Increase ratio]	[5.0%]	[4.7%]	[3.4%]	[4.8%]
Net increase	327,785	1,902,751	231,582	2,019,612
[Increase ratio]	[3.5%]	[7.9%]	[(29.3%)]	[6.1%]

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

Individual annuities

Millions of yen, %

For the years ended March 31,	2016		2017	
	Number	Amount	Number	Amount
Balance at the beginning of the period	119,419	¥597,682	166,331	¥ 856,062
New policy amount	50,709	280,332	34,492	192,247
Increase from reinstatement	421	2,325	672	3,867
Increase from conversion	—	—	—	—
Increase for other reasons	1,732	4,257	1,656	5,009
Decrease from death	82	389	78	362
Decrease for maturity	986	487	784	459
Decrease in annuity amount	[446]	2,810	[506]	4,757
Decrease from conversion	—	—	—	—
Surrender amount	3,113	15,968	3,651	19,979
Lapse amount	621	3,321	1,073	6,162
Decrease for other reasons	1,142	5,557	957	4,654
Balance at the end of the period	166,331	856,062	196,606	1,020,810
[Increase ratio]	[39.3%]	[43.2%]	[18.2%]	[19.2%]
Net increase	46,912	258,379	30,275	164,748
[Increase ratio]	[87.6%]	[97.6%]	[(35.5%)]	[(36.2%)]

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,	2016		2017	
	Number	Amount	Number	Amount
Balance at the beginning of the period	1,819,421	¥1,442,198	1,743,119	¥1,599,364
New policy amount	14,404	1,061	15,265	47,415
Increase from renewal	236,054	239,581	237,340	234,567
Increase from reinstatement	—	—	12	120
Increase in policy amount (increase by additional purchase of riders)	87,754	299,944	111,440	387,248
Increase in policy amount	[2,682]	677	[569]	342
Increase for other reasons	72	68	66	101
Decrease from death	8,769	1,566	8,403	1,426
Decrease for maturity	235,732	245,808	239,727	240,695
Withdrawals	168,510	61,183	198,416	93,551
Decrease in policy amount	[629,904]	74,137	[732,441]	80,451
Surrender amount	391	890	2,395	1,748
Lapse amount	348	348	12	120
Decrease for other reasons	836	233	154	120
Balance at the end of the period	1,743,119	1,599,364	1,658,135	1,851,046
[Increase ratio]	[(4.2%)]	[10.9%]	[(4.9%)]	[15.7%]
Net increase	(76,302)	157,166	(84,984)	251,682
[Increase ratio]	[—]	[325.2%]	[—]	[60.1%]

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,	2016		2017	
	Number	Amount	Number	Amount
Balance at the beginning of the period	81,396	¥17,210	80,155	¥13,093
New policy amount	—	—	—	—
Annuity payment	223,456	1,765	211,085	1,664
Lump-sum payment	1,718	192	1,510	128
Surrender amount	—	—	—	—
Balance at the end of the period	80,155	13,093	77,019	11,570
[Increase ratio]	[(1.5%)]	[(23.9%)]	[(3.9%)]	[(11.6%)]
Net increase	(1,241)	(4,117)	(3,136)	(1,522)
[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,	2016	2017
Level-premium		
Assumed interest rates of 1.00% or less	—	0.70%
Assumed interest rates of more than 1.00%, and 2.00% or less	1.55%	1.55%
Assumed interest rates of more than 2.00%	1.40%	1.40%
Single premium and others		
Assumed interest rates of 0.85% or less	—	0.35%
Assumed interest rates of more than 0.85%, and 2.00% or less	1.20%	1.20%
Assumed interest rates of more than 2.00%	1.05%	1.05%

2. The following 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, 2017.

<Example> Semi-participating whole life nursing-care insurance (before nursing care annuity payments commence)
Entered at age 30, male, single premium, 10x death benefit, basic care annuity amount of ¥0.5 million
(Sales discontinued in July 2016)

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%	2 years	¥—	¥15,165
Nov. 2, 2014	1.00	3	—	22,917
Nov. 2, 2013	1.00	4	—	30,790
Nov. 2, 2012	1.50	5	0	0
Nov. 2, 2011	1.50	6	—	0
Nov. 2, 2010	1.50	7	—	0
Nov. 2, 2009	1.50	8	—	0
Nov. 2, 2008	1.50	9	—	0
Nov. 2, 2007	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, 2017.

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, 2017 (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, 2017.

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,	2016	2017
Individual life insurance	4.7%	4.8%
Individual annuities	43.2	19.2
Group life insurance	10.9	15.7
Group annuities	(23.9)	(11.6)

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

Thousands of yen

For the years ended March 31,	2016	2017
Average policy amount for new policies	¥8,408	¥9,945
Average policy amount for policies in force	6,146	6,230

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,	2016	2017
Individual life insurance	12.1%	11.3%
Individual annuities	52.5	24.4
Group life insurance	0.1	3.0

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,	2016	2017
Individual life insurance	4.94%	4.44%
Individual annuities	3.70	3.42
Subtotal	4.92	4.43
Group life insurance	5.18	5.12

The following 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,	2016	2017
Individual life insurance + Individual annuities	4.72%	4.27%

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,	2016	2017
Average premiums for new policies	¥12,851	¥13,582

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,	2016	2017
Based on number of policies	1.69‰	1.71‰
Based on policy amount	1.65	1.61

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

‰

For the years ended March 31,	2016		2017	
	Number of policies	Policy amount	Number of policies	Policy amount
Accidental death protection	0.075‰	0.097‰	0.070‰	0.075‰
Disability protection	0.086	0.100	0.100	0.053
Accidental hospitalization protection	3.651	88.569	3.636	90.257
Sickness hospitalization protection	38.139	615.824	38.017	611.877
Lifestyle-related disease hospitalization protection	16.011	411.494	16.261	418.817
Sickness and accidental surgery protection	45.970		46.974	
Lifestyle-related disease surgery protection	11.567		12.184	

3-08 Operating expense ratio (to insurance premiums)

%

For the years ended March 31,	2016	2017
Operating expense ratio	13.0%	14.4%

4 Indicators Related to Asset Management (General Account)

4-01 Overview of asset management (general account)

Overview of asset management for the fiscal year ended March 31, 2017

(1) Investment Environment

During the fiscal year ended March 31, 2017, the Japanese economy remained on a track of gradual growth. Real GDP growth, year on year, for the April–June quarter, July–September quarter, October–December quarter, and January–March quarter were 1.6%, 1.0%, 1.4% and 1.0%*, respectively. While the Japanese economy has been underpinned by an increase in exports attributable mainly to the recovery in emerging economies along with the recovery in capital expenditure thanks to improvement in business confidence since the July–September quarter, its recovery remained at a modest level as improvements in employment and income conditions failed to sufficiently influence personal consumption. In the meantime, the consumer price index remained at the low level of near 0%, despite the positive shift in core CPI due to the decline in energy prices this year, which no longer exerted downward pressure on prices.

The Japanese bond market saw an increase in the interest rate in the latter part of the fiscal year. Yields on 10-year JGBs decreased to reach, at one point, the negative 0.3% level over the summer under tight supply and demand in the bond market, triggered by the introduction of “quantitative and qualitative monetary easing incorporating negative interest rates,” and positive buying operations by the Bank of Japan. Subsequently, the Bank of Japan newly adopted its “policy for quantitative and qualitative monetary easing with short- and long-term interest rate control” based on a “comprehensive assessment” of the monetary easing, and the central banks of major countries changed their direction toward higher rates under the tapering. Against the backdrop of such situations, the interest rate started to rise, pushing the long-term interest rate as high as 0.067% (up 0.116 percentage point year on year), as of March 31, 2017.

Stock markets rose in the latter part of the fiscal year. The Nikkei Stock Average fell below the ¥15,000 level at one point in June 2016 amid global risk-off behavior following the U.K.’s decision on Brexit. However, this was followed by a significant rally of stock prices toward the year-end thanks to the Bank of Japan’s policy to increase the purchase of ETF underpinning the stock prices, and the expectation of expansionary fiscal policy by newly elected U.S. President Trump along with the yen depreciation in the foreign exchange market. As of March 31, 2017, the Nikkei Stock Average was ¥18,909.26, up ¥2,150.59 from its level on March 31, 2016.

The foreign exchange market experienced some fluctuations. In the first half of the fiscal year, the yen appreciated against the U.S. dollar to reach the ¥99 level at one point, due to the expectation of a rather moderate pace of rate increase by the Federal Reserve Board, as well as the results of the Brexit referendum in the U.K. However, the yen depreciated rapidly against the U.S. dollar due to inflationary expectations and the associated rise in the U.S. interest rate, triggered by the prospect of expansionary fiscal policy to be adopted by the next U.S. administration, following the victory of Republican candidate Mr. Trump in the U.S. presidential election in November. As of March 31, 2017, the yen was traded at ¥112.19 to the U.S. dollar, almost flat compared with ¥112.68 as of the end of the previous fiscal year.

*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 Japanese government and corporate bonds 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, 2017, general account assets totaled ¥7,884.0 billion, up 9.7%, or ¥698.9 billion, from a year earlier. Within general account assets, Japanese government and corporate bonds totaled ¥6,828.7 billion (accounting for 86.6% of total general account assets), foreign bonds ¥274.3 billion (3.5%), Japanese stocks ¥37.6 billion (0.5%), money held in trust ¥273.8 billion (3.5%), policy loans ¥180.3 billion (2.3%), real estate ¥117.5 billion (1.5%) and cash and deposits and call loans ¥40.8 billion (0.5%).

Portfolio of general account assets

Components of general account assets

As of March 31,	2016		2017	
	Amount	Composition	Amount	Composition
Cash and deposits, call loans	¥ 52,551	0.7%	¥ 40,896	0.5%
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	280,973	3.9	273,877	3.5
Securities	6,479,336	90.2	7,173,927	91.0
Japanese government and corporate bonds	6,351,176	88.4	6,828,743	86.6
Japanese stocks	33,364	0.5	37,659	0.5
Foreign securities	93,140	1.3	305,846	3.9
Bonds	70,134	1.0	274,306	3.5
Stocks, etc.	23,005	0.3	31,539	0.4
Other securities	1,654	0.0	1,678	0.0
Loans	171,649	2.4	180,374	2.3
Policy loans	171,649	2.4	180,339	2.3
Commercial loans	—	—	34	0.0
Real estate	115,816	1.6	117,525	1.5
Deferred tax assets	—	—	5,350	0.1
Other assets	85,031	1.2	92,328	1.2
Reserve for possible loan losses	(272)	(0.0)	(271)	(0.0)
Total	¥7,185,084	100.0%	¥7,884,008	100.0%
Of which, foreign-currency-denominated assets	91,817	1.3	309,046	3.9

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,	2016		2017	
	2016	2017	2016	2017
Cash and deposits, call loans	¥ (4,267)	¥ (11,655)	—	—
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	(32,302)	(7,095)	—	—
Securities	696,043	694,591	—	—
Japanese government and corporate bonds	744,291	477,566	—	—
Japanese stocks	(9,131)	4,294	—	—
Foreign securities	(38,487)	212,705	—	—
Bonds	(35,422)	204,172	—	—
Stocks, etc.	(3,065)	8,533	—	—
Other securities	(629)	24	—	—
Loans	9,249	8,725	—	—
Policy loans	9,251	8,690	—	—
Commercial loans	(2)	34	—	—
Real estate	(1,948)	1,708	—	—
Deferred tax assets	—	5,350	—	—
Other assets	10,309	7,297	—	—
Reserve for possible loan losses	(4)	1	—	—
Total	¥677,078	¥698,923	—	—
Of which, foreign-currency-denominated assets	9,658	217,228	—	—

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

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

%

For the years ended March 31,	2016	2017
Cash and deposits, call loans	0.05%	0.00%
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	4.84	1.94
Securities	2.23	2.19
Japanese government and corporate bonds	2.16	1.88
Japanese stocks	4.90	2.80
Foreign securities	4.13	13.41
Loans	3.71	3.64
Commercial loans	0.83	0.02
Real estate	4.90	5.52
Total	2.42%	1.81%

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,	2016	2017
Cash and deposits, call loans	¥ 75,378	¥ 56,120
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	247,391	232,199
Securities	5,992,602	6,657,127
Japanese government and corporate bonds	5,879,645	6,457,611
Japanese stocks	24,468	21,903
Foreign securities	87,047	176,307
Loans	166,487	175,071
Commercial loans	0	16
Real estate	113,719	111,951
Total	¥6,675,387	¥7,321,974
Of which, overseas investment	87,965	178,482

4-04 Investment income (general account)

Millions of yen

For the years ended March 31,	2016	2017
Interest income and dividends	¥141,450	¥148,284
Gains on securities under proprietary accounts	—	—
Income from money held in trust, net	11,973	4,493
Income from trading securities, net	98	152
Gains on sale of securities	12,204	1,308
Gains on redemption of securities	—	—
Gains on derivatives, net	4,768	—
Foreign exchange gains, net	—	14,670
Reversal of reserve for possible loan losses	—	1
Other investment income	21	4
Total	¥170,517	¥168,915

Sony Life Performance Indicators (Non-consolidated)

4-05 Investment expenses (general account)

Millions of yen

For the years ended March 31,	2016	2017
Interest expense	¥ 53	¥ 44
Losses on securities under proprietary accounts	—	—
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	—
Losses on sale of securities	—	—
Devaluation losses on securities	—	—
Losses on redemption of securities	1	53
Losses on derivatives, net	—	30,050
Foreign exchange losses	2,798	—
Provision for reserve for possible loan losses	5	—
Write-off of loans	—	—
Depreciation of real estate for rent and others	1,936	1,879
Other investment expenses	3,868	4,167
Total	¥8,664	¥36,196

4-06 Interest income and dividends (general account)

Millions of yen

For the years ended March 31,	2016	2017
Interest income from deposits	¥ 0	¥ 0
Interest income and dividends from securities	124,943	130,772
Interest income from Japanese government and corporate bonds	115,655	121,103
Dividends from Japanese stocks	522	527
Interest income and dividends from foreign securities	7,246	8,886
Interest income from loans	6,174	6,377
Income from real estate for rent	10,261	10,869
Total, including others	¥141,450	¥148,284

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

Millions of yen

For the years ended March 31,	2016	2017
Gains on sale of Japanese bonds (including JGBs)	¥11,247	¥ 20
Gains on sale of Japanese stocks, etc.	882	—
Gains on sale of foreign securities	75	1,287
Total	¥12,204	¥1,308

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

Millions of yen

For the years ended March 31,	2016	2017
Losses on sale of Japanese bonds (including JGBs)	¥—	¥—
Losses on sale of Japanese stocks, etc.	—	—
Losses on sale of foreign securities	—	—
Total	¥—	¥—

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,	2016		2017	
	Amount	Composition	Amount	Composition
Japanese government bonds	¥6,233,852	96.2%	¥6,521,494	90.9%
Japanese local government bonds	—	—	454	0.0
Japanese corporate bonds	117,324	1.8	306,794	4.3
Of which, public corporation bonds	113,424	1.8	248,753	3.5
Japanese stocks	33,364	0.5	37,659	0.5
Foreign securities	93,140	1.4	305,846	4.3
Bonds	70,134	1.1	274,306	3.8
Stocks, etc.	23,005	0.4	31,539	0.4
Other securities	1,654	0.0	1,678	0.0
Total	¥6,479,336	100.0%	¥7,173,927	100.0%

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

Millions of yen

As of March 31,	2016						
	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)	Total
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

Millions of yen

As of March 31,	2017						
	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)	Total
Securities	¥16,624	¥5,493	¥8,805	¥59,094	¥417,229	¥6,666,680	¥7,173,927
Japanese government bonds	11,638	—	5,422	57,009	417,229	6,030,193	6,521,494
Japanese local government bonds	—	—	—	—	—	454	454
Japanese corporate bonds	561	—	—	1,627	—	304,605	306,794
Japanese stocks	—	—	—	—	—	37,659	37,659
Foreign securities	4,424	4,918	2,592	457	—	293,452	305,846
Bonds	—	—	—	—	—	274,306	274,306
Stocks, etc.	4,424	4,918	2,592	457	—	19,146	31,539
Other securities	—	574	790	—	—	313	1,678
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	¥16,624	¥5,493	¥8,805	¥59,094	¥417,229	¥6,666,680	¥7,173,927

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,	2016	2017
Japanese government and corporate bonds	1.97%	1.87%
Foreign bonds	4.14	2.37

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

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

Millions of yen, %

As of March 31,	2016		2017	
	Amount	Composition	Amount	Composition
Fisheries, agriculture and forestry	¥ —	—%	¥ —	—%
Mining	—	—	—	—
Construction	1,758	5.3	1,729	4.6
Manufacturing industries				
Food products	1,214	3.6	1,047	2.8
Textiles and clothing	—	—	—	—
Pulp and paper	—	—	—	—
Chemicals	1,143	3.4	1,557	4.1
Medical products	1,420	4.3	1,484	3.9
Oil and coal products	—	—	—	—
Rubber products	—	—	—	—
Glass and stone products	107	0.3	128	0.3
Steel	—	—	—	—
Non-steel metals	—	—	—	—
Metal products	418	1.3	365	1.0
Machinery	1,279	3.8	1,610	4.3
Electric appliances	4,229	12.7	5,137	13.6
Transportation vehicles	2,394	7.2	2,466	6.5
Precision machinery	389	1.2	403	1.1
Others	433	1.3	612	1.6
Electric and gas utilities	476	1.4	460	1.2
Transportation/information telecommunications				
Ground transportation	1,753	5.3	1,706	4.5
Water transportation	—	—	—	—
Air transportation	—	—	—	—
Warehouses/transportation	—	—	—	—
Information/telecommunications	3,042	9.1	3,542	9.4
Commerce				
Wholesalers	—	—	212	0.6
Retailers	3,057	9.2	3,183	8.5
Financial services/insurance				
Banking	—	—	—	—
Securities and commodity futures trading	—	—	—	—
Insurance	6,717	20.1	8,522	22.6
Other financial services	935	2.8	960	2.6
Real estate	—	—	—	—
Service companies	2,594	7.8	2,528	6.7
Total	¥33,364	100.0%	¥37,659	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,	2016	2017
Policy loans	¥171,649	¥180,339
Policyholder loans	155,413	163,580
Automatic premium loans	16,235	16,758
Commercial loans	—	34
[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	—	34
Total	¥171,649	¥180,374

4-15 Tangible fixed assets (general account)

Tangible fixed assets

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

Millions of yen, %

For the year ended March 31,	2017						
	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	32,777	3,810	41	2,103	34,442	27,406	44.3
			[7]				
Leased assets	12	2	—	4	10	12	56.0
Construction in progress	31	163	119	—	75	—	—
Other tangible assets	427	677	18	180	906	1,617	64.1
Total	¥116,256	¥4,653	¥180	¥2,288	¥118,441	¥29,036	45.1%
			[7]				
Of which, investment and rental properties	112,769	357	0	1,861	111,265	26,641	47.4

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,	2016	2017
Real estate balance	¥115,816	¥117,525
For corporate use	3,193	6,357
For rent	112,623	111,168
Number of buildings for rent	3	3

4-16 Overseas investment (general account)

Details by assets

Millions of yen, %

As of March 31,	2016		2017	
	Amount	Composition	Amount	Composition
Assets denominated in foreign currency (yen amount not fixed)				
Foreign bonds	¥70,134	70.6%	¥274,306	86.4%
Foreign stocks	1,992	2.0	12,950	4.1
Cash, deposits and others	19,690	19.8	21,789	6.9
Subtotal	91,817	92.4	309,046	97.3
Assets denominated in foreign currency (yen amount fixed)				
Foreign bonds	—	—	—	—
Cash, deposits and others	—	—	—	—
Subtotal	—	—	—	—
Assets denominated in yen				
Loans to borrowers located outside of Japan	—	—	—	—
Foreign bonds and others	7,576	7.6	8,590	2.7
Subtotal	7,576	7.6	8,590	2.7
Total				
Overseas investment	¥99,394	100.0%	¥317,636	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,	2016							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside of Japan	
	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition
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%	¥—	—%

Millions of yen, %

As of March 31,	2017							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside of Japan	
	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition
North America	¥278,242	91.0%	¥274,306	100.0%	¥ 3,936	12.5%	¥—	—%
Europe	3,707	1.2	—	—	3,707	11.8	—	—
Oceania	11,196	3.7	—	—	11,196	35.5	—	—
Asia	—	—	—	—	—	—	—	—
Latin America	12,699	4.2	—	—	12,699	40.3	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	¥305,846	100.0%	¥274,306	100.0%	¥31,539	100.0%	¥—	—%

Foreign-currency-denominated assets by currency

Millions of yen, %

As of March 31,	2016		2017	
	Amount	Composition	Amount	Composition
U.S. dollar	¥82,500	89.9%	¥291,759	94.4%
Euro	6,151	6.7	5,853	1.9
Australian dollar	2,914	3.2	11,199	3.6
British pound	248	0.3	229	0.1
New Taiwanese dollar	2	0.0	—	—
Singapore dollar	—	—	4	0.0
Total	¥91,817	100.0%	¥309,046	100.0%

4-17 Yield on overseas investments (general account)

%

For the years ended March 31,	2016	2017
Yield on overseas investments	4.09%	13.25%

Note: Overseas investments is the total of assets denominated in foreign currencies and yen.

5 Status of Insurance Claims Paying Ability

5-01 Solvency margin ratio

As of March 31,	Millions of yen	
	2016	2017
(A) Total solvency margin	¥1,169,875	¥1,176,229
Common stock, etc.	319,740	324,181
Reserve for price fluctuations	44,260	46,005
Contingency reserve	75,166	82,463
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)	188,217	159,672
Net unrealized gains on real estate × 85% (100% if losses)	20,778	30,847
Amount excluded from deferred tax assets	—	—
Unallotted portion of reserve for policyholders' dividends	302	442
Deferred tax assets	83,648	82,980
Excess amount of policy reserves based on Zillmer method	470,777	495,984
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	(31,308)	(42,891)
Deductible items	(1,707)	(3,457)
(B) Total risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	85,930	91,576
Insurance risk R_1	23,576	24,169
Third-sector insurance risk R_8	8,519	8,541
Assumed interest rate risk R_2	30,613	31,356
Minimum guarantee risk R_7	15,902	18,140
Asset management risk R_3	30,831	33,554
Business management risk R_4	2,188	2,315
Solvency margin ratio [(A)/{(1/2) × (B)}] × 100	2,722.8%	2,568.8%

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

As of March 31,	Billions of yen	
	2016	2017
(1) Total amount to be recorded as assets (= ①+②+③+④-⑤-⑥)	¥10,128.3	¥10,382.4
① Total assets on the balance sheets	8,035.4	8,873.6
② Difference between fair value and balance sheet amount of securities	2,067.5	1,471.5
③ Unrealized gain or loss on tangible fixed assets	25.4	37.2
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)	6,904.1	7,725.4
① Total liabilities on the balance sheets	7,553.2	8,400.0
② Reserve for price fluctuations	44.2	46.0
③ Contingency reserve	75.1	82.4
④ Part of reserves for future insurance claim payment	471.0	496.4
Excess of amount equivalent to surrender values (④(a))	470.7	495.9
Unallocated amount in reserve for policyholders' dividends (④(b))	0.3	0.4
⑤ Deferred tax liabilities for net unrealized gains (losses) on other securities	58.5	49.6
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 bonds)	3,224.1	2,656.9
(3) Unrealized gains and losses on held-to-maturity securities and policy-reserve-matching bonds	2,067.5	1,471.5
Real net assets (B) (1)-(2)-(3) (excluding unrealized gains and losses on held-to-maturity securities and policy-reserve-matching bonds)	1,156.6	1,185.3

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 securities 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,	2016	2017
Individual variable life insurance and individual variable annuities	¥850,323	¥989,605
Group annuities	—	—
Total separate account	¥850,323	¥989,605

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

	2017							%
As of March 31,	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	14.62	12.13	14.05	11.35	(1.11)	(4.04)	5.25	(0.02)

7-02 Investment progress (for the fiscal year ended March 31, 2017)

Equity-based investment

Benchmark: The Nikkei Stock Average

Investment progress in the period

The Japanese stock market rose. The market remained bearish at the beginning of this period under the stronger yen, which was followed by a trend toward full risk aversion resulting from the victory of the Brexiters at the referendum held in June, pushing the Nikkei Stock Average down as low as ¥14,952. However, the Japanese stock market showed a strong rally subsequently, as market participants reacted positively to the rising overseas stock markets triggered by the victory of Mr. Trump in the U.S. presidential election in November, along with the trend of yen depreciation in the foreign exchange market. After the Nikkei Stock Average achieved the ¥19,000 level in December, selling and buying alternately prevailed for a period. Investment results of the fund were positive 14.62% year on year, while the benchmark return stood at positive 12.83%.

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 through 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 positive 12.13% year on year, while the benchmark return stood at positive 14.69%.

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 positive 14.05% year on year, while the benchmark return was positive 14.87%.

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 (inclusive of dividends, in yen terms).

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 rose in major economies around the world. In the U.S., the stock market was bearish at one point, as a result of the victory of the Brexiters at the U.K. referendum held in June. However, following the victory of Mr. Trump in the U.S. presidential election in November, U.S. share prices rallied in anticipation of his economic policy, marking a record high in major U.S. stock indices. Investment results of the fund were positive 11.35% year on year, while the benchmark return was positive 14.87%.

■ 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

Interest rates of Japanese bonds rose after having been continuously subjected to historically low levels. At the beginning of the period, the 10-year JGB yield remained low, confined to the negative range. JGBs known as safe-haven assets became the focus of buying following the decision on Brexit at the end of June in the U.K., pushing down the 10-year JGB yield to the negative 0.30% level at one point. However, the 10-year JGB yield improved into the positive range, due to the rise in the U.S. interest rate along with the global stock market rally in response to the victory of Mr. Trump in the U.S. presidential election in November. Investment results of the fund were negative 1.11% 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, as well as ensuring stable interest income 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 saw a rise in interest rates centered on the U.S. Interest rates continued to fluctuate in the U.S., but significantly increased thereafter in anticipation of economic policies following Mr. Trump's victory in the U.S. presidential election in November. In European markets, interest rates fell in the first half of the year, due to risk aversion among investors in view of factors including the Brexit decision in the U.K. However, interest rates rose in the latter half of the year, thanks to the recovery in business confidence in European economies. The investment results of the fund were negative 4.04% year on year, while the benchmark return stood at negative 3.95%.

■ 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 funds with a diversified portfolio mainly comprising Japanese bonds, Japanese stocks and the Exchange Traded Fund (ETF Nikkei 225) registered investment results of positive 5.25% year on year, thanks to the buoyant domestic stock market more than offsetting the adverse effect of the rise in interest rates in the Japanese bond market (and the associated fall in bond prices).

■ 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 negative 0.02% 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,	2016		2017	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	823,273	¥8,690,797	845,906	¥8,680,668
Variable life insurance (limited term type)	84,805	323,349	97,804	421,300
Variable life insurance (term type)	1,225	40,538	1,160	38,716
Total	909,303	¥9,054,686	944,870	¥9,140,684

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

Individual variable annuities

Millions of yen

As of March 31,	2016		2017	
	Number	Amount	Number	Amount
Individual variable annuities	81,325	¥456,096	106,276	¥600,331

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,	2016		2017	
	Amount	Composition	Amount	Composition
Cash and deposits, call loans	¥ 54,043	6.4%	¥ 68,020	6.9%
Securities	794,025	93.4	919,265	92.9
Japanese government and corporate bonds	158,244	18.6	148,130	15.0
Japanese stocks	50,046	5.9	49,294	5.0
Foreign securities	378,833	44.6	476,218	48.1
Bonds	62,504	7.4	68,315	6.9
Stocks, etc.	316,328	37.2	407,902	41.2
Other securities	206,902	24.3	245,621	24.8
Loans	—	—	—	—
Others	2,254	0.3	2,320	0.2
Reserve for possible loan losses	—	—	—	—
Total	¥850,323	100.0%	¥989,605	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,	2016	2017
Interest income and dividends	¥ 15,220	¥ 14,498
Gains on sale of securities	36,481	22,211
Gains on redemption of securities	4	21
Valuation gains on securities	163,414	215,402
Foreign exchange gains, net	12,643	—
Gains on derivatives, net	—	—
Other investment income	0	0
Losses on sale of securities	2,103	1,001
Losses on redemption of securities	33	37
Devaluation losses on securities	239,513	169,842
Foreign exchange losses, net	—	4,021
Losses on derivatives, net	—	—
Other investment expenses	850	806
Net investment gains (losses)	¥ (14,735)	¥ 76,423

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

	2016		2017	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
As of March 31,				
Trading-purpose securities	¥794,025	¥(76,099)	¥919,265	¥45,559

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

Fair value information on money held in trust

Not applicable

Fair value information on derivative transactions

Not applicable

9 Number of Agencies

As of March 31,	2016	2017
Number of agencies	1,864	1,818

10 Number of Employees and Recruits

10-01 Number of employees

As of March 31,	2016	2017
Office employees	2,096	2,280
[Male]	[995]	[1,064]
[Female]	[1,101]	[1,216]
Sales employees	5,193	5,585*
[Male]	[5,088]	[5,447]
[Female]	[105]	[138]

*Number of Lifeplanner sales employees (including those rehired on a fixed-term contract basis after retirement and contracted Lifeplanner sales employees) is 4,933 as of March 31, 2017.

10-02 Number of recruits

For the years ended March 31,	2016	2017
Office employees	325	339
[Male]	[89]	[81]
[Female]	[236]	[258]
Sales employees	577	685
[Male]	[537]	[643]
[Female]	[40]	[42]

10-03 Average age and years of service

As of March 31,	2016		2017	
	Average age	Average years of service	Average age	Average years of service
Office employees	40.3	8.8	40.5	9.0
[Male]	[41.9]	[11.4]	[42.2]	[11.9]
[Female]	[39.8]	[6.4]	[39.0]	[6.5]
Sales employees	45.3	10.2	44.9	10.0
[Male]	[45.4]	[10.4]	[45.0]	[10.2]
[Female]	[39.8]	[2.1]	[39.1]	[2.3]

11 Average Salary

11-01 Average salary (office employees)

		Thousands of yen	
For the years ended March 31,	2016	2017	
Office employees	¥388	¥392	

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)

		Thousands of yen	
For the years ended March 31,	2016	2017	
Sales employees	¥693	¥653	

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, 2016 and 2017

Millions of yen, %

	2016		2017		Change
	Amount	Composition	Amount	Composition	
Assets					
Cash and deposits	¥ 8,381	4.86%	¥ 8,951	4.80%	¥ 569
Cash	0		0		
Deposits	8,381		8,951		
Securities	127,256	73.85	137,553	73.74	10,296
Japanese government bonds	82,427		84,455		
Japanese local government bonds	27,207		29,308		
Japanese corporate bonds	12,660		21,544		
Japanese stocks	3,708		2,046		
Foreign securities	197		197		
Other securities	1,055		—		
Tangible fixed assets	4,024	2.34	3,399	1.82	(624)
Buildings	201		188		
Construction in progress	181		22		
Other tangible fixed assets	3,641		3,188		
Intangible fixed assets	5,988	3.48	6,529	3.50	540
Software	3,347		5,833		
Software in progress	2,640		144		
Other intangible fixed assets	0		550		
Other assets	20,363	11.82	22,125	11.86	1,762
Accrued premiums	1,273		1,270		
Due from reinsurers	96		36		
Due from foreign reinsurers	4		8		
Accounts receivable	13,493		15,097		
Accrued income	152		149		
Money on deposits	443		506		
Suspense payments	4,900		5,056		
Deferred tax assets	6,308	3.66	7,978	4.28	1,669
Total Assets	¥172,323	100.00%	¥186,537	100.00%	¥14,213

Millions of yen, %

	2016		2017		Change
	Amount	Composition	Amount	Composition	
Liabilities					
Underwriting reserves	¥133,246	77.32%	¥144,514	77.47%	¥ 11,267
Reserve for outstanding losses and claims	37,542		38,340		
Underwriting reserves	95,704		106,173		
Other liabilities	8,339	4.84	9,877	5.29	1,537
Due to reinsurers	—		68		
Due to foreign reinsurers	5		5		
Income taxes payable	1,442		1,746		
Deposits received	15		65		
Accounts payable	2,724		3,021		
Suspense receipt	4,152		4,969		
Reserve for employees' retirement benefits	1,281	0.74	1,440	0.77	158
Reserve for directors' retirement benefits	44	0.03	36	0.02	(7)
Reserve for employees' bonuses	956	0.55	1,082	0.58	125
Reserve under the special laws	149	0.09	177	0.10	27
Reserve for price fluctuations	149		177		
Total Liabilities	144,018	83.57	157,128	84.23	13,109
Net Assets					
Common stock	20,000	11.61	20,000	10.72	—
Capital surplus	3,389	1.97	3,389	1.82	—
Capital reserve	3,389		3,389		
Retained earnings (deficits)	2,586	1.50	4,808	2.58	2,221
Legal retained earnings	—		258		
Other retained earnings (deficits)	2,586		4,549		
Unappropriated retained earnings (deficits)	2,586		4,549		
Total shareholders' equity	25,976	15.07	28,197	15.12	2,221
Net unrealized gains (losses) on other securities, net of taxes	2,328	1.35	1,211	0.65	(1,116)
Total valuation and translation adjustments	2,328	1.35	1,211	0.65	(1,116)
Total Net Assets	28,305	16.43	29,409	15.77	1,104
Total Liabilities and Net Assets	¥172,323	100.00%	¥186,537	100.00%	¥ 14,213

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017	Change
Ordinary Revenues	¥96,905	¥102,333	¥ 5,428
Underwriting income	95,612	100,330	4,717
Net premiums written	95,549	100,274	4,724
Interest and dividends on deposits of premiums	62	55	(7)
Other underwriting income	0	—	(0)
Investment income	1,263	1,957	693
Interest income and dividends	1,313	1,327	13
Gains on sale of securities	12	685	672
Gains on redemption of securities	—	0	0
Transfer to interest and dividends on deposits of premiums	(62)	(55)	7
Other ordinary income	29	45	16
Ordinary Expenses	92,225	97,336	5,111
Underwriting expenses	67,798	70,553	2,755
Net losses paid	48,111	50,181	2,070
Loss adjustment expenses	7,098	7,458	359
Net commissions and brokerage fees	1,515	1,646	130
Provision for reserve for outstanding losses and claims	1,877	798	(1,079)
Provision for underwriting reserves	9,195	10,469	1,274
Other underwriting expenses	0	—	(0)
Investment expenses	4	0	(4)
Losses on sale of securities	4	0	(4)
Operating, general and administrative expenses	24,418	26,763	2,344
Other ordinary expenses	3	19	16
Ordinary Profit	4,680	4,996	316
Extraordinary Gains	—	—	—
Extraordinary Losses	890	47	(843)
Losses on sale or disposal of fixed assets	864	19	(845)
Provision for reserve under the special laws	25	27	2
Provision for reserve for price fluctuations	25	27	2
Income Before Income Taxes	3,790	4,949	1,159
Income Taxes—Current	2,417	2,669	252
Income Taxes—Deferred	(1,213)	(1,235)	(21)
Total Income Taxes	1,203	1,434	230
Net Income	¥ 2,586	¥ 3,515	¥ 928

Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2016 and 2017

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		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	¥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 Changes in Net Assets (Continued)

Millions of yen

	2017						
	Shareholders' equity						
		Capital surplus		Retained earnings (deficits)			Total shareholders' equity
		Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings (deficits)	Total retained earnings (deficits)	
	Common stock				Unappropriated retained earnings (deficits)		
Balance at the beginning of the period	¥20,000	¥3,389	¥3,389	¥ —	¥ 2,586	¥ 2,586	¥25,976
Changes during the period							
Dividends from surplus	—	—	—	258	(1,552)	(1,294)	(1,294)
Net income	—	—	—	—	3,515	3,515	3,515
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	258	1,962	2,221	2,221
Balance at the end of the period	¥20,000	¥3,389	¥3,389	¥258	¥ 4,549	¥ 4,808	¥28,197

Millions of yen

	2017		
	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	¥ 2,328	¥ 2,328	¥28,305
Changes during the period			
Dividends from surplus	—	—	(1,294)
Net income	—	—	3,515
Net changes of items other than shareholders' equity	(1,116)	(1,116)	(1,116)
Total changes during the period	(1,116)	(1,116)	1,104
Balance at the end of the period	¥ 1,211	¥ 1,211	¥29,409

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017	Change
Cash flows from operating activities			
Income before income taxes	¥ 3,790	¥ 4,949	¥ 1,159
Depreciation and amortization	2,645	3,493	847
Increase (decrease) in reserve for outstanding losses and claims	1,877	798	(1,079)
Increase (decrease) in underwriting reserves	9,195	10,469	1,274
Increase (decrease) in reserve for employees' retirement benefits	151	158	7
Increase (decrease) in reserve for directors' retirement benefits	10	(7)	(18)
Increase (decrease) in reserve for employees' bonuses	28	125	97
Increase (decrease) in reserve for price fluctuations	25	27	2
Interest income and dividends	(1,313)	(1,327)	(13)
(Gains) losses on securities	(7)	(685)	(677)
(Gains) losses on tangible fixed assets	0	0	(0)
(Gains) losses on intangible fixed assets	864	19	(844)
(Increase) decrease in other assets (excluding those related to investing and financing activities)	(1,052)	(1,764)	(711)
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	(52)	1,369	1,421
Subtotal	16,162	17,626	1,464
Interest and dividends received	1,578	1,642	63
Income taxes (paid) refund	(3,000)	(2,376)	624
Net cash provided by (used in) operating activities	14,740	16,892	2,151
Cash flows from investing activities			
Purchases of securities	(45,735)	(24,161)	21,573
Proceeds from sale and redemption of securities	31,019	11,630	(19,388)
Total of net cash provided by (used in) investment transactions	(14,716)	(12,530)	2,185
[Total of net cash provided by (used in) operating activities and investment transactions]	[24]	[4,361]	[4,337]
Purchases of tangible fixed assets	(1,215)	(460)	754
Others, net	(1,495)	(3,092)	(1,597)
Net cash provided by (used in) investing activities	(17,427)	(16,084)	1,342
Cash flows from financing activities			
Cash dividends paid	—	(1,294)	(1,294)
Net cash provided by (used in) financing activities	—	(1,294)	(1,294)
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	(2,686)	(486)	2,200
Cash and cash equivalents at the beginning of the period	12,124	9,437	(2,686)
Cash and cash equivalents at the end of the period	¥ 9,437	¥ 8,951	¥ (486)

1 Loans by Borrower Category

		Millions of yen	
As of March 31,		2016	2017
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,		2016	2017
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, %			
		2016		2017	
As of March 31,		Amount	Composition	Amount	Composition
Japanese government bonds		¥ 82,427	64.8%	¥ 84,455	61.4%
Japanese local government bonds		27,207	21.4	29,308	21.3
Japanese corporate bonds		12,660	9.9	21,544	15.7
Japanese stocks		3,708	2.9	2,046	1.5
Foreign securities		197	0.2	197	0.1
Other securities		1,055	0.8	—	—
Total		¥127,256	100.0%	¥137,553	100.0%

3-02 Yield on securities (yield on investments)

%

For the years ended March 31,

	2016	2017
Japanese government and corporate bonds	1.10%	1.01%
Japanese stocks	—	1.08
Foreign securities	2.84	2.82
Other securities	0.03	0.01
Total	1.08%	1.01%
Yield on investments	1.09	1.53
Reference: Yield on investments (fair value basis)	2.16	0.34

3-03 Balance of securities by remaining period

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

Millions of yen

As of March 31,	2017						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	¥ 5,720	¥18,157	¥ 5,224	¥ 98	¥ 72	¥55,182	¥ 84,455
Japanese local government bonds	8,760	11,575	5,587	1,523	854	1,007	29,308
Japanese corporate bonds	3,716	10,653	5,267	301	100	1,505	21,544
Japanese stocks	—	—	—	—	—	2,046	2,046
Foreign securities	—	101	—	96	—	—	197
Other securities	—	—	—	—	—	—	—
Total	¥18,196	¥40,487	¥16,079	¥2,018	¥1,028	¥59,741	¥137,553

3-04 Policy reserves and others

Reserve for outstanding losses and claims

Millions of yen

As of March 31,	2016	2017
Fire	¥ 1	¥ 1
Marine	17	10
Personal accident	654	680
Voluntary automobile	36,388	37,176
Compulsory automobile liability	480	471
Others	—	—
Total	¥37,542	¥38,340

Underwriting reserves

Millions of yen

As of March 31,	2016	2017
Fire	¥ 421	¥ 439
Marine	24	2
Personal accident	43,315	47,861
Voluntary automobile	50,143	55,848
Compulsory automobile liability	1,799	2,023
Others	—	—
Total	¥95,704	¥106,173

Breakdown of the balance of underwriting reserves

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

Millions of yen

As of March 31,	2017					Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	
Fire	¥ 390	¥ 47	¥ 0	¥—	¥—	¥ 439
Marine	0	2	—	—	—	2
Personal accident	44,713	3,045	100	1	—	47,861
Voluntary automobile	41,393	14,447	—	6	—	55,848
Compulsory automobile liability	2,023	—	—	—	—	2,023
Others	—	—	—	—	—	—
Total	¥88,521	¥17,542	¥101	¥ 8	¥—	¥106,173

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,	2016	2017
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

	2015	2016			
	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

Millions of yen

Millions of Yen

	2016	2017			
	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	44	6	14	—	36
Reserve for employees' bonuses	956	1,082	956	—	1,082
Reserve for price fluctuations	149	27	—	—	177

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,	2016			2017		
	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	¥12	¥ 4	¥—	¥ 6	¥ 0	¥—
Japanese stocks	—	—	—	679	—	—
Foreign securities	—	—	—	—	—	—
Total	¥12	¥ 4	¥—	¥685	¥ 0	¥—

4-02 Gains (losses) on trading securities

Not applicable

4-03 Gains (losses) on sale or disposal of fixed assets

Millions of yen

For the years ended March 31,	2016		2017	
	Gains	Losses	Gains	Losses
Land and buildings	¥—	¥ 0	¥—	¥ 0
Other tangible fixed assets	—	0	—	0
Intangible fixed assets	—	864	—	19
Total	¥—	¥864	¥—	¥19

4-04 Operating expenses (including loss adjustment expenses)

Millions of yen

For the years ended March 31,	2016	2017
Personnel expenses	¥ 9,438	¥ 9,875
Non-personnel expenses	21,352	23,504
Taxes	726	841
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	1,515	1,646
Total	¥33,033	¥35,867

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.

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

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

Millions of yen

For the years ended March 31,	2017			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	¥ 597	¥ 27	¥ 408	¥ 188
For corporate use	597	27	408	188
For rent	—	—	—	—
Other tangible fixed assets	5,810	1,058	2,622	3,188
Software	20,260	1,856	14,426	5,833
Other intangible fixed assets	1,113	550	562	550
Total	¥27,781	¥3,493	¥18,020	¥9,761

5 Fair Value Information, etc.

5-01 Securities

Trading-purpose securities

Not applicable

Held-to-maturity securities

Millions of yen

As of March 31,	2016			2017		
	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	¥71,050	¥92,796	¥21,745	¥71,765	¥87,810	¥16,045
Foreign securities	197	221	23	197	215	18
Subtotal	71,248	93,017	21,769	71,962	88,026	16,063
Fair value is lower than balance sheet amount						
Japanese government and corporate bonds	—	—	—	3,873	3,424	(449)
Foreign securities	—	—	—	—	—	—
Subtotal	—	—	—	3,873	3,424	(449)
Total	¥71,248	¥93,017	¥21,769	¥75,836	¥91,451	¥15,614

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

Millions of yen

As of March 31,	2016			2017		
	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	¥45,054	¥44,787	¥ 266	¥45,082	¥44,900	¥ 181
Japanese stocks	3,708	729	2,978	2,046	529	1,517
Others	—	—	—	—	—	—
Subtotal	48,762	45,517	3,245	47,129	45,430	1,698
Balance sheet amount is lower than acquisition cost						
Japanese government and corporate bonds	6,190	6,201	(10)	14,587	14,603	(15)
Japanese stocks	—	—	—	—	—	—
Others	1,055	1,055	—	—	—	—
Subtotal	7,245	7,256	(10)	14,587	14,603	(15)
Total	¥56,008	¥52,774	¥3,234	¥61,716	¥60,033	¥1,683

Available-for-sale securities sold during the year

Millions of yen

For the years ended March 31,	2016			2017		
	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	¥9,480	¥12	¥ 4	¥1,885	¥ 6	¥ 0
Japanese stocks	—	—	—	937	679	—
Total	¥9,480	¥12	¥ 4	¥2,823	¥685	¥ 0

Sony Assurance Performance Indicators

1 Principal Indicators of Operating Performance

Millions of yen

For the years ended March 31,	2013	2014	2015	2016	2017
Net premiums written	¥ 83,582	¥ 88,600	¥ 91,712	¥ 95,549	¥100,274
Year-on-year change	5.6%	6.0%	3.5%	4.2%	4.9%
Underwriting profit	1,398	1,874	3,044	3,470	3,070
Year-on-year change	(33.7%)	34.0%	62.4%	14.0%	(11.5%)
Ordinary revenues	84,711	89,864	93,022	96,905	102,333
Year-on-year change	5.8%	6.1%	3.5%	4.2%	5.6%
Ordinary profit	2,371	3,003	4,209	4,680	4,996
Year-on-year change	(17.1%)	26.7%	40.1%	11.2%	6.8%
Net income	1,454	1,664	2,233	2,586	3,515
Year-on-year change	11.9%	14.4%	34.2%	15.8%	35.9%
Net loss ratio	63.2%	59.3%	57.6%	57.8%	57.5%
Net expense ratio	26.0%	25.6%	26.7%	27.1%	28.3%
Interest income and dividends	1,027	1,209	1,268	1,313	1,327
Year-on-year change	17.6%	17.7%	4.9%	3.6%	1.0%
Yield on investments (income basis)	1.09%	1.17%	1.10%	1.03%	0.95%
Yield on investments (realized basis)	1.11%	1.19%	1.11%	1.03%	1.44%
Securities	¥ 88,670	¥101,245	¥111,809	¥127,256	¥137,553
Loans	—	—	—	—	—
Underwriting reserves	70,609	78,043	86,508	95,704	106,173
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	19,934	21,418	24,741	28,305	29,409
Total assets	127,421	142,714	157,919	172,323	186,537
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	15.6%	15.0%	15.7%	16.4%	15.8%
Dividend payout ratio	—	—	—	50.0%	50.0%
Non-consolidated solvency margin ratio	504.2%	527.6%	629.6%	693.5%	730.8%
Number of employees	1,079	1,090	1,119	1,178	1,203

2 Underwriting Performance

2-01 Direct premiums written

Millions of yen, %

For the years ended March 31,	2016			2017		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 348	0.4%	4.6%	¥ 245	0.2%	(29.6%)
Marine	—	—	—	—	—	—
Personal accident	8,679	9.2	1.2	8,767	8.9	1.0
Voluntary automobile	85,308	90.4	4.6	90,001	90.9	5.5
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	¥94,336	100.0%	4.2%	¥99,014	100.0%	5.0%
Direct premiums written per employee	¥ 80		(1.0%)	¥ 82		2.8%

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,	2016			2017		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 44	0.0%	(2.8%)	¥ 24	0.0%	(43.9%)
Marine	44	0.0	(59.7)	(2)	(0.0)	(105.5)
Personal accident	8,953	9.4	1.2	9,044	9.0	1.0
Voluntary automobile	85,123	89.1	4.6	89,746	89.5	5.4
Compulsory automobile liability	1,384	1.4	3.6	1,460	1.5	5.5
Others	—	—	—	—	—	—
Total	¥95,549	100.0%	4.2%	¥100,274	100.0%	4.9%

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,	2016			2017		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	¥ 1	0.0%	65.7%	¥ 6	0.0%	117.5%
Marine	46	0.1	103.7	(6)	(0.0)	—
Personal accident	2,472	5.1	30.5	2,615	5.2	32.0
Voluntary automobile	44,320	92.1	60.1	46,263	92.2	59.5
Compulsory automobile liability	1,270	2.6	91.8	1,301	2.6	89.1
Others	—	—	—	—	—	—
Total	¥48,111	100.0%	57.8%	¥50,181	100.0%	57.5%

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,	2016	2017
Expenses related to underwriting	¥25,862	¥28,352
Operating, general and administrative expenses related to underwriting	24,347	26,706
Net commissions and brokerage fees	1,515	1,646
Net expense ratio	27.1%	28.3%

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

2-05 Underwriting profit

Millions of yen

For the years ended March 31,	2016	2017
Underwriting income	¥95,612	¥100,330
Underwriting expenses	67,798	70,553
Operating, general and administrative expenses	24,347	26,706
Other income (expenses)	3	(0)
Underwriting profit	¥ 3,470	¥ 3,070

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

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

Underwriting profit by type of policy

Millions of yen

For the years ended March 31,

	2016	2017
Fire	¥ (80)	¥ (326)
Marine	100	31
Personal accident	(293)	(1,013)
Voluntary automobile	3,744	4,378
Compulsory automobile liability	—	—
Others	—	—
Total	¥3,470	¥ 3,070

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

%

For the years ended March 31,

	2016			2017		
	Net loss ratio	Net expense ratio	Combined ratio	Net loss ratio	Net expense ratio	Combined ratio
Fire	65.7%	140.7%	206.4%	117.5%	1,232.7%	1,350.2%
Marine	103.7	13.2	116.9	—	—	—
Personal accident	30.5	22.6	53.1	32.0	28.6	60.7
Voluntary automobile	60.1	27.9	88.0	59.5	28.4	87.9
Compulsory automobile liability	91.8	—	91.8	89.1	—	89.1
Others	—	—	—	—	—	—
Total	57.8%	27.1%	84.8%	57.5%	28.3%	85.8%

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,

	2016		2017	
	Amount	Composition	Amount	Composition
Cash and deposits	¥ 8,381	4.9%	¥ 8,951	4.8%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	127,256	73.8	137,553	73.7
Loans	—	—	—	—
Land and buildings	201	0.1	188	0.1
Total	135,839	78.8	146,693	78.6
Total assets	¥172,323	100.0%	¥186,537	100.0%

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

Millions of yen, %

For the years ended March 31,	2016		2017	
	Amount	Yield	Amount	Yield
Cash and deposits	¥ 1	0.02%	¥ 0	0.00%
Call loans	—	—	—	—
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	1,312	1.08	1,327	1.01
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	1,313	1.03	1,327	0.95
Others	0		0	
Total	¥1,313		¥1,327	
Yield on investments (realized basis)	1.03%		1.44%	
Reference: Yield on investments (fair value basis)	2.05		0.32	

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,	2016		2017	
	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)	2.84%		2.82%	
Yield on investments (realized basis)	2.84%		2.82%	
Reference: Yield on investments (fair value basis)	2.84%		2.82%	

Note: "Yield on overseas investments" is calculated with respect to assets relating to overseas investments, using the formula equivalent to the "Calculation methods for yield on investments" in Note 3 of "3-03 Interest income and dividends, yield on investments (income basis)."

4 Non-consolidated Solvency Margin Ratio

Millions of yen

As of March 31,	2016	2017
(A) Total non-consolidated solvency margin	¥42,701	¥46,724
Capital or treasury, etc.	24,682	26,439
Reserve for price fluctuations	149	177
Contingency reserve	91	101
Catastrophe reserve	14,363	17,542
General reserve for possible loan losses	—	—
Net unrealized gains on other securities and net deferred gains (losses) on hedging instruments (before tax deductions)	2,910	1,514
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	948
(B) Total non-consolidated risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	12,313	12,786
Ordinary insurance risk R_1	10,906	11,370
Third-sector insurance risk R_2	—	—
Assumed interest rate risk R_3	96	105
Asset management risk R_4	1,416	1,431
Business management risk R_5	269	278
Major catastrophe risk R_6	1,033	1,033
(C) Non-consolidated solvency margin ratio $[(A)/\{(B) \times (1/2)\}] \times 100$	693.5%	730.8%

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).

- 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, 2016 and 2017

Millions of yen

	2016	2017
Assets		
Cash and due from banks	¥ 114,213	¥ 180,581
Monetary claims purchased	884	573
Money held in trust	23,000	23,000
Securities	618,942	629,254
Loans	1,344,184	1,539,630
Foreign exchanges	1,139	7,268
Other assets	31,507	53,223
Tangible fixed assets	1,057	710
Buildings	254	106
Leased assets	28	0
Other tangible fixed assets	774	602
Intangible fixed assets	4,711	4,803
Software	4,677	4,789
Goodwill	19	—
Other intangible fixed assets	14	13
Deferred tax assets	1,681	762
Reserve for possible loan losses	(1,035)	(971)
Total Assets	¥2,140,286	¥2,438,836

Sony Bank Financial Data (Consolidated)

Millions of yen

	2016	2017
Liabilities		
Deposits	¥1,921,805	¥2,109,583
Call money and bills sold	—	70,000
Borrowed money	60,000	103,000
Foreign exchanges	87	108
Other liabilities	78,084	71,520
Reserve for employees' bonuses	714	782
Net defined benefit liability	1,103	1,117
Reserve for directors' retirement benefits	41	56
Provision for reimbursement of deposits	58	62
Total Liabilities	2,061,895	2,356,231
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	24,419	25,815
Total shareholders' equity	76,419	77,815
Net unrealized gains (losses) on other securities, net of taxes	3,331	4,776
Net deferred gains (losses) on hedging instruments, net of taxes	(2,531)	(1,338)
Remeasurements of defined benefit plans, net of taxes	(157)	(109)
Total accumulated other comprehensive income	643	3,328
Non-controlling interests	1,329	1,460
Total Net Assets	78,391	82,604
Total Liabilities and Net Assets	¥2,140,286	¥2,438,836

Consolidated Statements of Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017
Ordinary Revenues	¥37,937	¥38,510
Interest income	25,482	26,533
Interest income on loans	14,739	16,065
Interest income and dividends on securities	10,671	10,394
Interest income on call loans and bills bought	7	—
Interest income on deposits with banks	61	63
Other interest income	3	9
Fees and commissions	6,886	6,870
Other operating income	5,189	4,871
Other ordinary income	379	234
Reversal of reserve for possible loan losses	—	22
Income from money held in trust, net	54	8
Others	325	203
Ordinary Expenses	31,949	33,460
Interest expenses	9,022	8,672
Interest expenses on deposits	4,829	5,105
Interest expenses on call money and bills sold	5	(17)
Interest expenses on borrowed money	266	211
Interest expenses on short-term corporate bonds	—	0
Other interest expenses	3,921	3,372
Fees and commissions	4,054	5,480
Other operating expenses	181	86
General and administrative expenses	18,541	19,079
Other ordinary expenses	150	142
Provision of reserve for possible loan losses	36	—
Other ordinary expenses	113	142
Ordinary Profit	5,987	5,049
Extraordinary Losses	11	214
Losses on disposal of fixed assets	11	57
Impairment losses	—	150
Other extraordinary losses	—	7
Income Before Income Taxes	5,976	4,834
Income Taxes—Current	1,954	1,429
Income Taxes—Deferred	62	(14)
Total Income Taxes	2,017	1,414
Profit	3,959	3,420
Profit Attributable to Non-controlling Interests	54	113
Profit Attributable to Owners of the Parent	¥ 3,905	¥ 3,306

Consolidated Statements of Comprehensive Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017
Profit	¥ 3,959	¥3,420
Other Comprehensive Income	(3,632)	2,703
Net unrealized gains (losses) on other securities, net of taxes	(3,286)	1,444
Net deferred gains (losses) on hedging instruments, net of taxes	(261)	1,192
Foreign currency translation adjustments	(1)	—
Remeasurements of defined benefit plans, net of taxes	(82)	65
Comprehensive Income	327	6,123
Comprehensive income attributable to parent company	290	5,992
Comprehensive income attributable to non-controlling interests	37	131

Consolidated Statements of Changes in Net Assets

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2016 and 2017

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 Changes in Net Assets (Continued)

Millions of yen

	2017			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	¥31,000	¥21,000	¥24,419	¥76,419
Cumulative effects of changes in accounting policies	—	—	48	48
Restated balance at the beginning of the period	31,000	21,000	24,468	76,468
Changes during the period				
Dividends from surplus	—	—	(1,959)	(1,959)
Profit attributable to owners of the parent	—	—	3,306	3,306
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	1,347	1,347
Balance at the end of the period	¥31,000	¥21,000	¥25,815	¥77,815

Millions of yen

	2017					
	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	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the period	¥3,331	¥(2,531)	¥(157)	¥ 643	¥1,329	¥78,391
Cumulative effects of changes in accounting policies	—	—	—	—	—	48
Restated balance at the beginning of the period	3,331	(2,531)	(157)	643	1,329	78,440
Changes during the period						
Dividends from surplus	—	—	—	—	—	(1,959)
Profit attributable to owners of the parent	—	—	—	—	—	3,306
Net changes of items other than shareholders' equity	1,444	1,192	47	2,685	131	2,816
Total changes during the period	1,444	1,192	47	2,685	131	4,164
Balance at the end of the period	¥4,776	¥(1,338)	¥(109)	¥3,328	¥1,460	¥82,604

Consolidated Statements of Cash Flows

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017
Cash flows from operating activities		
Income before income taxes	¥ 5,976	¥ 4,834
Depreciation and amortization	1,951	1,989
Impairment losses	—	150
Amortization of goodwill	79	19
Increase (decrease) in reserve for possible loan losses	(118)	(64)
Increase (decrease) in reserve for employees' bonuses	(38)	67
Increase (decrease) in net defined benefit liability	85	107
Increase (decrease) in reserve for directors' retirement benefits	(26)	14
Increase (decrease) in provision for reimbursement of deposits	34	3
Interest income—accrual basis	(25,482)	(26,533)
Interest expenses—accrual basis	9,022	8,672
(Gains) losses on securities	(7,222)	5,146
(Gains) losses on money held in trust	(54)	(8)
Exchange (gains) losses	20,126	3,827
(Gains) losses on disposal of fixed assets	13	67
Net (increase) decrease in loans	(156,996)	(195,446)
Net increase (decrease) in deposits	43,751	185,285
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	20,000	50,000
Net (increase) decrease in call loans and others	5,115	311
Net increase (decrease) in call money and others	(6,000)	70,000
Net (increase) decrease in foreign exchange (assets)	1,085	(6,129)
Net increase (decrease) in foreign exchange (liabilities)	40	21
Interest income—cash basis	28,395	29,088
Interest expenses—cash basis	(9,279)	(8,782)
Others, net	(6,131)	(23,016)
Subtotal	(75,671)	99,628
Income taxes paid	(2,322)	(1,836)
Net cash provided by (used in) operating activities	(77,993)	97,791
Cash flows from investing activities		
Purchases of securities	(154,201)	(210,315)
Proceeds from sale of securities	87,584	51,393
Proceeds from redemption of securities	159,383	138,435
Proceeds from money held in trust	565	—
Purchases of tangible fixed assets	(268)	(154)
Purchases of intangible fixed assets	(2,071)	(1,793)
Net cash provided by (used in) investing activities	90,992	(22,434)
Cash flows from financing activities		
Net decrease in subordinated borrowings	—	(7,000)
Cash dividends paid	—	(1,959)
Payments for leased obligations	(32)	(30)
Net cash provided by (used in) financing activities	(32)	(8,989)
Effect of exchange rate changes on cash and cash equivalents	(1)	—
Net increase (decrease) in cash and cash equivalents	12,965	66,367
Cash and cash equivalents at the beginning of the period	101,248	114,213
Cash and cash equivalents at the end of the period	¥ 114,213	¥ 180,581

Financial Data (Non-consolidated)

Balance Sheets

Sony Bank Inc.

As of March 31, 2016 and 2017

Millions of yen

	2016	2017
Assets		
Cash and due from banks	¥ 110,669	¥ 177,468
Cash	18	—
Due from banks	110,650	177,468
Monetary claims purchased	884	573
Money held in trust	23,000	23,000
Securities	620,993	631,296
Japanese government bonds	81,487	103,083
Japanese local government bonds	37,811	34,866
Japanese corporate bonds	64,626	63,611
Japanese stocks	2,050	2,050
Other securities	435,017	427,684
Loans	1,344,184	1,539,630
Loans on deeds	1,332,050	1,521,546
Overdrafts	12,133	18,084
Foreign exchanges	1,139	7,268
Due from foreign banks	1,139	7,268
Other assets	21,272	41,770
Domestic exchange settlement account debit	207	258
Prepaid expenses	130	149
Accrued income	3,889	3,859
Derivatives	5,235	5,153
Cash collateral paid for financial instruments	7,701	21,650
Accounts receivable	1,740	7,879
Others	2,367	2,821
Tangible fixed assets	667	398
Buildings	210	65
Leased assets	0	—
Other tangible fixed assets	456	332
Intangible fixed assets	3,253	3,170
Software	3,248	3,165
Other intangible fixed assets	5	4
Deferred tax assets	1,536	632
Reserve for possible loan losses	(1,035)	(971)
Total Assets	¥2,126,564	¥2,424,236

Sony Bank Financial Data (Non-consolidated)

Millions of yen

	2016	2017
Liabilities		
Deposits	¥1,923,506	¥2,112,985
Ordinary deposits	503,957	630,964
Time deposits	1,080,159	1,129,004
Other deposits	339,388	353,017
Call money	—	70,000
Borrowed money	60,000	103,000
Borrowed money	60,000	103,000
Foreign exchanges	87	108
Foreign bills sold	12	31
Foreign bills payable	74	77
Other liabilities	64,088	55,199
Income taxes payable	950	582
Accrued expenses	4,845	4,646
Initial margins of futures markets	22,041	20,661
Derivatives	30,913	20,582
Cash collateral received for financial instruments	312	757
Leased obligation	0	—
Asset retirement obligations	139	144
Others	4,886	7,825
Reserve for employees' bonuses	645	705
Reserve for employees' retirement benefits	731	815
Reserve for directors' retirement benefits	20	27
Provision for reimbursement of deposits	58	62
Total Liabilities	2,049,136	2,342,904
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Capital reserves	21,000	21,000
Retained earnings	24,627	25,893
Legal retained earnings	—	391
Other retained earnings	24,627	25,501
Unappropriated retained earnings	24,627	25,501
Total shareholders' equity	76,627	77,893
Net unrealized gains (losses) on other securities, net of taxes	3,331	4,776
Net deferred gains (losses) on hedging instruments, net of taxes	(2,531)	(1,338)
Total valuation and translation adjustments	800	3,438
Total Net Assets	77,428	81,332
Total Liabilities and Net Assets	¥2,126,564	¥2,424,236

Statements of Income

Sony Bank Inc.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016	2017
Ordinary Revenues	¥34,892	¥35,105
Interest income	25,482	26,534
Interest income on loans	14,739	16,066
Interest income and dividends on securities	10,671	10,394
Interest income on call loans	7	—
Interest income on deposits with banks	61	63
Interest income on interest rate swaps	—	8
Other interest income	3	0
Fees and commissions	3,842	3,465
Fees and commissions on domestic and foreign exchanges	177	207
Other fees and commissions	3,664	3,257
Other operating income	5,189	4,871
Gains on foreign exchange transactions	4,263	4,431
Gains on sale of bonds	799	438
Gains on redemption of bonds	0	0
Gains on derivatives	126	—
Others	0	0
Other ordinary income	377	234
Reversal of reserve for possible loan losses	—	22
Income from money held in trust, net	54	8
Others	323	203
Ordinary Expenses	29,035	30,470
Interest expenses	9,021	8,671
Interest expenses on deposits	4,829	5,105
Interest expenses on call money	5	(17)
Interest expenses on borrowed money	264	211
Interest expenses on short-term corporate bonds	—	0
Interest expenses on interest rate swaps	3,921	3,372
Other interest expenses	0	0
Fees and commissions	3,692	5,046
Fees and commissions on domestic and foreign exchanges	134	188
Other fees and commissions	3,558	4,857
Other operating expenses	181	86
Losses on sale of bonds	181	41
Expenses from derivatives other than for trading or hedging	—	44
Others	—	0
General and administrative expenses	15,991	16,524
Other ordinary expenses	148	141
Provision of reserve for possible loan losses	36	—
Write-off of loans	0	0
Others	111	141
Ordinary Profit	5,857	4,634
Extraordinary Losses	—	150
Impairment losses	—	150
Income Before Income Taxes	5,857	4,484
Income Taxes—Current	1,920	1,307
Income Taxes—Deferred	24	1
Total Income Taxes	1,944	1,308
Net Income	¥ 3,912	¥ 3,176

Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2016 and 2017

Millions of yen

	2016						
	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		Total shareholders' equity
		Capital reserve	Total capital surplus		Other retained earnings Unappropriated retained earnings	Total retained earnings	
Balance at the beginning of the 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

Statements of Changes in Net Assets (Continued)

Millions of yen

	2017						
	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		Total shareholders' equity
		Capital reserve	Total capital surplus		Other retained earnings	Total retained earnings	
Balance at the beginning of the period	¥31,000	¥21,000	¥21,000	¥ —	¥24,627	¥24,627	¥76,627
Cumulative effects of changes in accounting policies	—	—	—	—	48	48	48
Restated balance at the beginning of the period	31,000	21,000	21,000	—	24,676	24,676	76,676
Changes during the period							
Dividends from surplus	—	—	—	391	(2,351)	(1,959)	(1,959)
Net income	—	—	—	—	3,176	3,176	3,176
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	391	825	1,217	1,217
Balance at the end of the period	¥31,000	¥21,000	¥21,000	¥391	¥25,501	¥25,893	¥77,893

Millions of yen

	2017			
	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	¥3,331	¥(2,531)	¥ 800	¥77,428
Cumulative effects of changes in accounting policies	—	—	—	48
Restated balance at the beginning of the period	3,331	(2,531)	800	77,477
Changes during the period				
Dividends from surplus	—	—	—	(1,959)
Net income	—	—	—	3,176
Net changes of items other than shareholders' equity	1,444	1,192	2,637	2,637
Total changes during the period	1,444	1,192	2,637	3,854
Balance at the end of the period	¥4,776	¥(1,338)	¥3,438	¥81,332

1 Loans by Borrower Category

As of March 31,

	2016	2017
Category		
Bankrupt and quasi-bankrupt loans	¥ 732	¥ 743
Doubtful loans	890	1,021
Sub-standard loans	1,443	1,227
Normal loans	1,342,916	1,544,587
Total	¥1,345,983	¥1,547,579

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

2 Risk-monitored Loans

As of March 31,

	2016	2017
Bankrupt loans	¥ 285	¥ 176
Non-accrual delinquent loans	1,332	1,580
Past due loans (3 months or more)	—	—
Restructured loans	1,443	1,227
Total	¥3,061	¥2,984

3 Profit and Loss

3-01 Gross operating profit

For the years ended March 31,

	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	¥12,649	¥3,876	¥16,525	¥13,813	¥4,104	¥17,917
Interest income	16,885	8,652	[56] 25,482	17,951	8,588	[5] 26,534
Interest expenses	4,236	4,776	[56] 8,956	4,138	4,483	[5] 8,616
Net fees and commissions	72	78	150	(1,665)	84	(1,580)
Fees and commissions received	3,753	88	3,842	3,328	136	3,465
Fees and commissions paid	3,681	10	3,692	4,994	51	5,046
Net trading income	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Net other operating income	377	4,631	5,008	4	4,780	4,785
Other operating income	398	4,791	5,189	49	4,821	4,871
Other operating expenses	21	160	181	44	41	86
Gross operating profit	13,098	8,585	21,684	12,152	8,968	21,121
Gross operating profit ratio	0.83%	1.86%	1.08%	0.69%	2.09%	0.96%

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 money held in trust (¥64 million—FY2015, ¥54 million—FY2016).

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,	2016			2017		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[40,019]	[56]	1.07%	[4,067]	[5]	1.02%
	¥1,577,374	¥16,885		¥1,757,036	¥17,951	
Of which: Loans	1,249,373	14,651	1.17	1,439,927	15,983	1.11
Securities	209,673	2,106	1.00	187,305	1,888	1.00
Call loans	5,598	7	0.12	—	—	—
Due from banks	67,444	61	0.09	116,068	63	0.05
Monetary claims purchased	275	0	0.14	734	0	0.08
Financing accounts	[—]	[—]	0.27	[—]	[—]	0.23
	1,565,074	4,236		1,737,072	4,138	
Of which: Deposits	1,531,568	2,149	0.14	1,665,317	2,322	0.13
Call money	5,669	5	0.09	22,315	(17)	(0.07)
Borrowed money	50,765	264	0.52	71,646	211	0.29

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" (¥1,531 million—FY2015, ¥1,500 million—FY2016) is excluded. In the financing accounts, the average balance of funds for investing money held in trust (¥23,000 million—FY2015, ¥23,000 million—FY2016) and the interest expenses on money held in trust (¥62 million—FY2015, ¥54 million—FY2016) are excluded, respectively.

International division

Millions of yen, %

For the years ended March 31,	2016			2017		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[—]	[—]	1.88%	[—]	[—]	2.00%
	¥459,444	¥8,652		¥429,121	¥8,588	
Of which: Loans	9,051	88	0.97	8,391	82	0.97
Securities	445,850	8,564	1.92	414,862	8,506	2.05
Call loans	—	—	—	—	—	—
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Financing accounts	[40,019]	[56]	1.30	[4,067]	[5]	1.29
	364,696	4,776		347,060	4,483	
Of which: Deposits	324,800	2,680	0.82	342,872	2,782	0.81
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 money held in trust (¥200 million—FY2015, ¥— million—FY2016) and the interest expenses on money held in trust (¥2 million—FY2015, ¥— million—FY2016) are excluded, respectively.

Total

Millions of yen, %

For the years ended March 31,	2016			2017		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	¥1,996,800	¥25,482	1.27%	¥2,182,089	¥26,534	1.21%
Of which: Loans	1,258,425	14,739	1.17	1,448,319	16,066	1.10
Securities	655,523	10,671	1.62	602,167	10,394	1.72
Call loans	5,598	7	0.12	—	—	—
Due from banks	67,444	61	0.09	116,068	63	0.05
Monetary claims purchased	275	0	0.14	734	0	0.08
Financing accounts	1,889,751	8,956	0.47	2,080,065	8,616	0.41
Of which: Deposits	1,856,369	4,829	0.26	2,008,190	5,105	0.25
Call money	5,669	5	0.09	22,315	(17)	(0.07)
Borrowed money	50,765	264	0.52	71,646	211	0.29

Note: In the investment accounts, the average balance of non-interest-bearing "due from banks" (¥1,531 million—FY2015, ¥1,500 million—FY2016) is excluded. In the financing accounts, the average balance of funds for investing money held in trust (¥23,200 million—FY2015, ¥23,000 million—FY2016) and the interest expenses on money held in trust (¥64 million—FY2015, ¥54 million—FY2016) are excluded, respectively.

Sony Bank Financial Data (Non-consolidated)

Interest spread

For the years ended March 31,	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
Yield on investment	1.07%	1.88%	1.27%	1.02%	2.00%	1.21%
Yield on financing	0.27	1.30	0.47	0.23	1.29	0.41
Interest spread	0.79	0.57	0.80	0.78	0.70	0.80

%

3-03 Interest income and interest expenses

Domestic division

Millions of yen

For the years ended March 31,	2016			2017		
	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	¥ 522	¥ (105)	¥ 417	¥1,923	¥(857)	¥1,065
Of which: Loans	2,037	(1,395)	642	2,234	(901)	1,332
Securities	(496)	359	(137)	(224)	6	(218)
Call loans	(0)	(0)	(0)	(7)	—	(7)
Due from banks	(26)	(5)	(32)	44	(41)	2
Monetary claims purchased	—	0	0	0	(0)	0
Interest expenses	157	(749)	(591)	465	(563)	(97)
Of which: Deposits	67	(396)	(329)	187	(13)	173
Call money	(0)	(0)	(0)	16	(39)	(23)
Borrowed money	68	(56)	11	108	(162)	(53)

International division

Millions of yen

For the years ended March 31,	2016			2017		
	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	¥(837)	¥(287)	¥(1,124)	¥(571)	¥506	¥ (64)
Of which: Loans	35	(9)	26	(6)	0	(5)
Securities	(860)	(290)	(1,151)	(595)	536	(58)
Call loans	—	—	—	—	—	—
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Interest expenses	(598)	622	24	(230)	(61)	(292)
Of which: Deposits	(178)	323	145	149	(46)	102
Call money	—	—	—	—	—	—
Borrowed money	—	—	—	—	—	—

Total

Millions of yen

For the years ended March 31,	2016			2017		
	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	¥ 450	¥(1,100)	¥ (649)	¥2,364	¥(1,312)	¥1,051
Of which: Loans	2,078	(1,409)	668	2,224	(897)	1,326
Securities	(1,623)	334	(1,288)	(868)	591	(276)
Call loans	(0)	(0)	(0)	(7)	—	(7)
Due from banks	(26)	(5)	(32)	44	(41)	2
Monetary claims purchased	—	0	0	0	(0)	0
Interest expenses	127	(638)	(510)	901	(1,241)	(339)
Of which: Deposits	43	(227)	(183)	394	(119)	275
Call money	(0)	(0)	(0)	16	(39)	(23)
Borrowed money	68	(56)	11	108	(162)	(53)

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,	2016	2017
Salaries	¥ 3,592	¥ 3,775
Employee retirement benefits	131	141
Fringe benefit expenses	524	542
Depreciation and amortization	1,249	1,280
Leases on land, buildings and machinery	1,173	1,299
Maintenance fees	2,055	1,924
Repairs and utilities	5	3
Supplies expenses	222	234
Heat, light and water	31	28
Travel expenses	15	9
Communication expenses	743	754
Advertising expenses	1,927	1,598
Membership fees, donations and social expenses	18	18
Outsourcing	1,629	1,877
Taxes and public dues	918	1,066
Deposit insurance	612	629
Others	1,139	1,341
Total	¥15,991	¥16,524

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,	2016			2017		
	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	¥7,980	¥8,212	¥231	¥5,990	¥6,073	¥83
Japanese corporate bonds	273	283	10	228	232	4
Subtotal	8,254	8,495	241	6,218	6,306	87
Total	¥8,254	¥8,495	¥241	¥6,218	¥6,306	¥87

Notes: 1. Fair value is based upon the value measured at the fiscal 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,	2016			2017		
	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	¥175,071	¥164,469	¥10,602	¥162,942	¥154,516	¥ 8,425
Japanese government bonds	73,506	66,273	7,233	69,596	63,897	5,699
Japanese local government bonds	37,811	36,384	1,427	34,866	33,697	1,168
Japanese corporate bonds	63,753	61,812	1,941	58,479	56,921	1,557
Others	289,500	283,186	6,314	283,047	277,903	5,143
Foreign bonds	284,640	280,016	4,624	278,572	275,617	2,955
Others	4,860	3,170	1,689	4,474	2,286	2,188
Subtotal	464,572	447,655	16,916	445,989	432,419	13,569
Available-for-sale securities of which balance sheet amount does not exceed acquisition cost						
Bonds	599	600	(0)	32,399	33,090	(690)
Japanese government bonds	—	—	—	27,496	28,175	(679)
Japanese local government bonds	—	—	—	—	—	—
Japanese corporate bonds	599	600	(0)	4,903	4,914	(11)
Others	146,400	147,110	(709)	145,210	145,977	(767)
Foreign bonds	146,400	147,110	(709)	144,636	145,404	(767)
Others	—	—	—	573	573	(0)
Subtotal	147,000	147,710	(709)	177,610	179,067	(1,457)
Total	¥611,572	¥595,366	¥16,206	¥623,599	¥611,487	¥12,112

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

Securities without fair value

Millions of yen

As of March 31,	2016	2017
	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 money held in trust

Money held in trust for investment

Not applicable

Money held in trust for held-to-maturity

Not applicable

Other money held in trust

Millions of yen

	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
As of March 31,					
Other money held in trust	¥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

	2017				
	Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
As of March 31,					
Other money held in trust	¥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

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.

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.

Derivatives for which hedge accounting is not applied

Millions of yen

As of March 31,		2017			
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	¥3,528	¥3,528	¥(50)	¥(50)
	Floating-rate receivable/Fixed-rate payable	3,528	3,528	50	50
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,

Method	Type	Hedged item	2017		
			Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Interest rate swaps Floating-rate receivable/Fixed-rate payable	Deposits	¥103,000	¥103,000	¥ 353
Fair value hedge accounting	Interest rate swaps Floating-rate receivable/Fixed-rate payable	Available-for-sale securities (bonds)	304,661	266,269	(17,639)
Total			—	—	¥(17,285)

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

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 Financial Data (Non-consolidated)

Derivatives for which hedge accounting is not applied

Millions of yen

As of March 31,

Category	Type	2017			
		Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Forward foreign exchanges				
	Sold	¥ 47,967	¥—	¥ 69	¥ 69
	Bought	104,561	—	258	258
	Foreign exchange margin transactions				
	Sold	46,494	—	1,309	1,309
	Bought	18,449	—	1,018	1,018
	Currency options				
	Sold	214	—	(1)	0
	Bought	212	—	1	0
	Currency forwards				
	Sold	—	—	—	—
	Bought	15,265	—	(126)	(126)
Total		—	—	¥2,529	¥2,530

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	2017		
			Notional amount	Notional amount over 1 year	Fair value
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	¥14,645	¥4,700	¥(673)
Total			—	—	¥(673)

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,	2013	2014	2015	2016	2017
Ordinary revenues	¥ 31,351	¥ 33,994	¥ 35,714	¥ 34,892	¥ 35,105
Ordinary profit	4,282	5,845	7,298	5,857	4,634
Net income	879	3,585	4,634	3,912	3,176
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	67,811	72,774	77,064	77,428	81,332
Total assets	2,005,081	2,056,704	2,062,525	2,126,564	2,424,236
Deposits	1,857,447	1,890,022	1,878,256	1,923,506	2,112,985
Loans	970,226	1,057,419	1,187,187	1,344,184	1,539,630
Securities	908,847	773,811	730,013	620,993	631,296
Non-consolidated capital adequacy ratio	11.98%	11.72%	10.65%	9.89%	9.75%
Dividend payout ratio	—	—	—	50.07%	50.06%
Number of employees	371	430	455	456	480

Notes: 1. Number of employees refers to full-time employees.

2. In the fiscal year ended March 31, 2017, the method for measuring credit risk in the calculation of the non-consolidated capital adequacy ratio was changed from the previous "standard approach" to the "fundamental internal rating based approach."

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,	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 522,222	¥167,584	¥ 689,806	¥ 563,912	¥177,323	¥ 741,235
Time and saving deposits	1,009,260	157,214	1,166,475	1,101,104	165,521	1,266,626
Other deposits	85	1	86	300	27	328
Total	¥1,531,568	¥324,800	¥1,856,369	¥1,665,317	¥342,872	¥2,008,190

Year-end balance

Millions of yen

As of March 31,	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 503,957	¥178,474	¥ 682,432	¥ 630,964	¥178,597	¥ 809,562
Time and saving deposits	1,080,159	160,749	1,240,909	1,129,004	174,023	1,303,027
Other deposits	150	14	164	348	46	395
Total	¥1,584,267	¥339,238	¥1,923,506	¥1,760,317	¥352,668	¥2,112,985

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 ¥10,913 million and ¥41,894 million as of March 31, 2016 and 2017, respectively.

2-02 Balance of time deposits by remaining period

Millions of yen

As of March 31,	2016			2017		
	Fixed rate time deposits	Floating rate time deposits	Total	Fixed rate time deposits	Floating rate time deposits	Total
Less than 3 months	¥ 290,247	¥—	¥ 290,247	¥ 284,575	¥—	¥ 284,575
3 months or more, less than 6 months	315,660	—	315,660	411,120	—	411,120
6 months or more, less than 1 year	459,673	—	459,673	403,920	—	403,920
1 year or more, less than 2 years	13,882	—	13,882	60,494	—	60,494
2 years or more, less than 3 years	9,101	—	9,101	15,381	—	15,381
3 years or more	84,184	—	84,184	52,275	—	52,275
Total	¥1,172,749	¥—	¥1,172,749	¥1,227,766	¥—	¥1,227,766

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,	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	1,241,588	9,051	1,250,640	1,423,903	8,390	1,432,294
Overdrafts	7,785	0	7,785	16,023	1	16,025
Bills discounted	—	—	—	—	—	—
Total	¥1,249,373	¥9,051	¥1,258,425	¥1,439,927	¥8,391	¥1,448,319

Year-end balance

Millions of yen

As of March 31,	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	1,322,682	9,368	1,332,050	1,514,358	7,187	1,521,546
Overdrafts	12,133	0	12,133	18,081	2	18,084
Bills discounted	—	—	—	—	—	—
Total	¥1,334,815	¥9,368	¥1,344,184	¥1,532,440	¥7,190	¥1,539,630

3-02 Balance of loans by remaining period

Millions of yen

As of March 31,	2016			2017		
	Fixed interest rates	Floating interest rates	Total	Fixed interest rates	Floating interest rates	Total
Less than 1 year	¥ 585	¥ 30,049	¥ 30,634	¥ 913	¥ 32,871	¥ 33,785
Over 1 year, not exceeding 3 years	3,297	30,649	33,946	2,675	20,897	23,572
Over 3 years, not exceeding 5 years	4,790	22,932	27,722	5,658	22,143	27,802
Over 5 years, not exceeding 7 years	9,523	22,914	32,438	10,631	13,768	24,399
Over 7 years, not exceeding 10 years	23,881	18,304	42,185	28,493	16,324	44,818
Over 10 years	502,278	674,977	1,177,256	630,990	754,262	1,385,252
Total	¥544,356	¥799,827	¥1,344,184	¥679,363	¥860,267	¥1,539,630

3-03 Balance of loans by collateral

Millions of yen

As of March 31,	2016	2017
Pledged securities	¥ —	¥ —
Pledged receivables	—	—
Pledged merchandise	—	—
Pledged real estate	922,520	1,081,498
Others	—	—
Subtotal	922,520	1,081,498
Guaranteed	121,070	160,081
Credit	300,593	298,050
Total	¥1,344,184	¥1,539,630

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,	2016		2017	
	Balance	Composition	Balance	Composition
Individual	¥1,247,703	92.82%	¥1,470,596	95.52%
Corporation	96,480	7.18	69,034	4.48
Manufacturing industries	34,605	2.57	25,828	1.68
Construction	1,536	0.11	1,519	0.10
Electricity, gas, heat and water supplies	1,000	0.07	—	—
Information and telecommunications	1,907	0.14	2,589	0.17
Transportation/Mail services	6,969	0.52	6,156	0.40
Wholesalers/Retailers	7,432	0.55	4,752	0.31
Financial services/Insurance	9,821	0.73	5,010	0.33
Real estate/Goods leasing services	26,431	1.97	21,317	1.38
Various service	3,750	0.28	337	0.02
Local government	3,026	0.23	1,521	0.10
Total	¥1,344,184	100.00%	¥1,539,630	100.00%

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

%

For the years ended March 31,	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year-end	84.25%	2.76%	69.88%	87.05%	2.03%	72.86%
Annual average	81.57	2.78	67.78	86.46	2.44	72.12

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,	2016		2017	
	Balance at the end of the period	Increase (Decrease)	Balance at the end of the period	Increase (Decrease)
General reserve for possible loan losses	¥ 512	¥ (82)	¥438	¥(73)
Specific reserve for possible loan losses	523	(35)	532	9
Reserve for possible loan losses for specific foreign countries	—	—	—	—
Total	¥1,035	¥(118)	¥971	¥(64)

3-07 Write-off loans

Millions of yen

For the years ended March 31,	2016	2017
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,	2016							
	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	Total
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

Millions of yen

As of March 31,	2017							
	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	Total
Japanese government bonds	¥ 19,154	¥ 15,117	¥ 2,113	¥ —	¥ —	¥66,696	¥ —	¥103,083
Japanese local government bonds	—	516	34,034	315	—	—	—	34,866
Japanese corporate bonds	5,055	13,042	37,066	6,139	2,079	228	—	63,611
Japanese stocks	—	—	—	—	—	—	2,050	2,050
Other securities	87,714	152,294	109,574	43,461	10,574	19,589	4,474	427,684
Of which: Foreign bonds	87,714	152,294	109,574	43,461	10,574	19,589	—	423,209
Others	—	—	—	—	—	—	4,474	4,474
Total	¥111,924	¥180,971	¥182,789	¥49,916	¥12,653	¥86,515	¥6,525	¥631,296

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

Average balance

Millions of yen

For the years ended March 31,	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥ 79,519	¥ —	¥ 79,519	¥ 85,241	¥ —	¥ 85,241
Japanese local government bonds	44,202	—	44,202	35,520	—	35,520
Japanese corporate bonds	81,542	—	81,542	62,143	—	62,143
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	2,358	445,850	448,209	2,348	414,862	417,211
Of which: Foreign bonds	—	445,850	445,850	—	414,862	414,862
Others	2,358	—	2,358	2,348	—	2,348
Total	¥209,673	¥445,850	¥655,523	¥187,305	¥414,862	¥602,167

Sony Bank Performance Indicators (Non-consolidated)

Year-end balance

Millions of yen

	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31,						
Japanese government bonds	¥ 81,487	¥ —	¥ 81,487	¥103,083	¥ —	¥103,083
Japanese local government bonds	37,811	—	37,811	34,866	—	34,866
Japanese corporate bonds	64,626	—	64,626	63,611	—	63,611
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	3,975	431,041	435,017	4,474	423,209	427,684
Of which: Foreign bonds	—	431,041	431,041	—	423,209	423,209
Others	3,975	—	3,975	4,474	—	4,474
Total	¥189,951	¥431,041	¥620,993	¥208,086	¥423,209	¥631,296

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

%

	2016			2017		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31,						
At the year-end	11.98%	127.06%	32.28%	11.82%	120.00%	29.87%
Annual average	13.69	137.26	35.31	11.24	120.99	29.98

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

Beginning with the disclosure as of March 31, 2017, the extrapolation methodology for ultra-long term risk-free rates was changed from assuming a flat forward rate after the last market data to applying an ultimate forward rate. Due to this change, Sony Life restated its MCEV as of March 31, 2016 and new business value during the fiscal year ended March 31, 2016 by applying the same methodology. Please refer to Section 2-01 (1) for the risk-free rates used for restatement.

	2016	2016 (Restated)	Change
As of March 31,			
MCEV	¥ 1,063.7	¥1,330.1	¥266.4
Adjusted net worth	2,074.4	2,074.4	—
Value of existing business	(1,010.7)	(744.4)	266.4

Billions of yen

	2016	2016 (Restated)	Change
For the year ended March 31,			
New business value	¥35.2	¥50.4	¥15.1

Billions of yen

Sony Life's MCEV as of March 31, 2017 increased ¥111.0 billion, due to an increase in interest rates and other factors. Please note that the significant changes in adjusted net worth and value of existing business offset each other with the effect of ALM.

	2016 (Restated)	2017	Change
As of March 31,			
MCEV	¥1,330.1	¥1,441.1	¥ 111.0
Adjusted net worth	2,074.4	1,657.7	(416.7)
Value of existing business	(744.4)	(216.7)	527.7

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. Based on generally accepted accounting principles and practices in Japan ("Japanese GAAP"), it is calculated as the total amount of the net assets section on the balance sheets, adding reserve for price fluctuations, contingency reserve, reserve for possible loan losses, reinsurance debit for coinsurance-type reinsurance (future profits to be recognized), 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 nine items, on which valuation gains or losses on subsidiaries and affiliated companies are added. The adjusted net worth at the end of the current fiscal year decreased ¥416.7 billion, primarily because of the decrease in unrealized gain on held-to-maturity securities caused by an increase in interest rates. The breakdown is shown in the table below. Please note that the restatement as of March 31, 2016 had no impact on the adjusted net worth as of March 31, 2016.

	2016	2017	Change
As of March 31,			
Adjusted net worth	¥2,074.4	¥1,657.7	¥(416.7)
Total net assets	482.2	473.6	(8.6)
Reserve for price fluctuations	44.3	46.0	1.7
Contingency reserve	75.2	82.5	7.3
Reserve for possible loan losses	0.0	0.0	0.0
Reinsurance debit for coinsurance-type reinsurance	—	1.2	1.2
Unrealized gains or losses on held-to-maturity securities	2,026.2	1,445.6	(580.6)
Unrealized gains or losses on policy-reserve-matching bonds	41.3	26.0	(15.3)
Unrealized gains or losses on land and buildings	56.5	71.0	14.5
Unfunded pension liabilities	(4.8)	(3.6)	1.3
Intangible fixed assets	(19.2)	(19.4)	(0.2)
Tax effect equivalent of above nine items	(621.4)	(461.8)	159.6
Valuation gain or loss on subsidiaries and affiliated companies	(5.8)	(3.4)	2.5

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 decreased due to a decrease in the economic value of technical provisions that mainly resulted from an increase in interest rates. Please refer to Section 3-07 for the method used to calculate required capital.

	Billions of yen		
As of March 31,	2016 (Restated)	2017	Change
Adjusted net worth	¥2,074.4	¥1,657.7	¥(416.7)
Free surplus	394.0	496.1	102.0
Required capital	1,680.4	1,161.7	(518.7)

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, 2017 increased ¥527.7 billion, primarily because of an increase in interest rates. The breakdown of the value of existing business is shown in the table below.

	Billions of yen		
As of March 31,	2016 (Restated)	2017	Change
Value of existing business	¥(744.4)	¥(216.7)	¥527.7
Present value of certainty-equivalent profit	(169.9)	350.0	519.9
Time value of options and guarantees	(137.3)	(145.2)	(7.8)
Frictional costs	(36.4)	(35.6)	0.8
Cost of non-hedgeable risks	(400.7)	(385.9)	14.8

1-04 New business value

New business value represents the value at point of sale of new business acquired during the fiscal year ended March 31, 2017, and does not include the value of new business expected to be acquired in the future. In the previous year-end disclosure, new business value was calculated quarterly using the assumptions as of the end of each quarter. From this year-end disclosure, economic assumptions as of the end of each month are applied. Please refer to Section 3-10 for details. The new business value in this fiscal year decreased ¥21.3 billion, primarily because the overall level of interest rates throughout the year decreased compared with the previous fiscal year. The breakdown of new business value is as follows:

	Billions of yen		
For the years ended March 31,	2016 (Restated*)	2017	Change
Value of new business	¥ 50.4	¥ 29.1	¥(21.3)
Present value of certainty-equivalent profit	114.2	68.3	(45.8)
Time value of options and guarantees	(29.6)	(9.1)	20.5
Frictional costs	(0.4)	(0.1)	0.3
Cost of non-hedgeable risks	(35.0)	(29.8)	5.2
Other profits or losses	1.3	(0.2)	(1.5)

*The new business value as of March 31, 2016 was restated for the change in extrapolation methodology for ultra-long term risk-free rates and calculated quarterly using the assumptions as of the end of each quarter.

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,	2016 (Restated)	2017	Change
Value of new business	¥ 50.4	¥ 29.1	¥ (21.3)
Present value of premium income	1,475.9	1,297.4	(178.5)
Value of new business / Present value of premium income	3.4%	2.2%	(1.2) 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,	2016 (Restated)	2017	Change
New business single premium	¥125.2	¥ 22.6	¥(102.6)
Annualized premiums from level premium new business ¹	111.0	104.7	(6.2)
Average annualization multiplier ²	12.17	12.17	(0.00)

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, 2017, from MCEV as of March 31, 2016.

	Billions of yen			
	Free surplus	Required capital	Value of existing business	MCEV
Opening MCEV (MCEV as of March 31, 2016)	¥100.1	¥1,974.3	¥(1,010.7)	¥1,063.7
Change in extrapolation methodology for risk-free rates	293.9	(293.9)	266.4	266.4
Opening MCEV (MCEV as of March 31, 2016) (restated)	394.0	1,680.4	(744.4)	1,330.1

	Billions of yen			
	Free surplus	Required capital	Value of existing business	MCEV
Opening MCEV (MCEV as of March 31, 2016) (restated)	¥394.0	¥1,680.4	¥(744.4)	¥1,330.1
Opening adjustments	(21.0)	—	—	(21.0)
Adjusted opening MCEV	373.0	1,680.4	(744.4)	1,309.1
New business value	(1.3)	1.1	29.3	29.1
Expected existing business contribution (risk-free rate)	(0.5)	(2.6)	23.6	20.4
Expected existing business contribution (in excess of risk-free rate)	0.9	4.2	10.5	15.6
Transfers from value of existing business and required capital to free surplus	18.2	(69.7)	51.5	—
Of which, on new business	(56.5)	—	56.5	—
Experience variances	47.0	(39.9)	3.3	10.4
Assumption changes	(61.9)	61.9	(45.0)	(45.0)
Other operating variance	0.0	(0.0)	0.0	0.0
Operating MCEV earnings	2.3	(44.9)	73.1	30.5
Economic variances	119.1	(472.2)	453.2	100.0
Other non-operating variance	1.6	(1.6)	1.4	1.4
Total MCEV earnings	123.0	(518.7)	527.7	132.0
Closing adjustments	—	—	—	—
Closing MCEV (MCEV as of March 31, 2017)	¥496.1	¥1,161.7	¥(216.7)	¥1,441.1

(1) Change in extrapolation methodology for risk-free rates

This figure reflects the impact of the change in the extrapolation methodology for ultra-long term risk-free rates from assuming a flat forward rate after the last market data to applying an ultimate forward rate. It also includes the impact of the change in inflation rates for the 41st year and later to assure consistency with the extrapolation methodology for ultra-long term risk-free rates. For details of the inflation rates, please refer to Section 2-03 (8).

(2) Opening adjustments

These adjustments reflect changes in dividends paid to shareholders.

(3) New business value

This figure reflects increases resulting from the acquisition of new business during the fiscal year ended March 31, 2017. Please refer to Section 3-10 for information concerning the calculation method.

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

This figure includes the release of the portion for the fiscal year ended March 31, 2017 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.

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

This figure reflects the profit expected in excess of the risk-free rate generated by holding assets such as ordinary corporate bonds, loans, stocks, and real estate. The expected yield used for the fiscal year ended March 31, 2017 was 0.095%, which was developed by reflecting Sony Life's view of the market environment and annual investment plans for the year against the asset balance at the end of the previous fiscal year.

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

This figure 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.

(7) Experience variances

These variances show the impact on MCEV of the actual versus assumed differences in non-economic expected profit for the fiscal year ended March 31, 2017 under the MCEV calculation as of March 31, 2016, and of the differences between actual policies in force as of March 31, 2017, and those that were projected to be in force on March 31, 2016 using persistency assumptions.

(8) 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. While mortality and morbidity rates are declining, the value of existing business fell primarily because of a decrease in assumed lapse and surrender rates this fiscal year. The primary cause for this is higher persistency on those blocks of business for which risk-free rates are below the assumed interest rates underlying statutory reserve in the low interest rates environment in Japan.

(9) Other operating variance

This represents the impact of improvements and corrections of the model used in calculating MCEV.

(10) Operating MCEV earnings

This figure shows the aggregate amount of items (3) through (9).

(11) Economic variances

These variances show the impact of actual to assumed differences in economic assumptions, such as market interest rates and implied volatilities that were reflected in the market environment when calculating MCEV as of March 31, 2016 (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, 2017 under MCEV as of March 31, 2016.

The major reasons for the increase in the value of existing business include an update of economic scenarios due to changes in the market environment such as an increase in interest rates, an increase in stock prices and changes in implied volatilities, accounting for an increase in the present value of certainty-equivalent profit of ¥416.2 billion, a decrease in the time value of options and guarantees of ¥14.6 billion, a decrease in frictional costs of ¥4.6 billion and a decrease in the cost of non-hedgeable risks of ¥35.4 billion. Another factor is an increase in expenses tied to the rise in inflation rates, accounting for a decrease in the value of existing business of ¥17.6 billion. The major reason for the decline in the adjusted net worth was the decrease in prices of government bonds caused by an increase in interest rates. The required capital fell primarily because the amount of liabilities and risks on an economic basis decreased due to an increase in interest rates, causing declines in frictional costs and the cost of non-hedgeable risks.

Please note that the significant changes in adjusted net worth and value of existing business offset each other with the effect of ALM. The total amount of changes in MCEV are disaggregated into an increase of ¥117.6 billion as a result of changes in the market environment such as the increase in interest rates, and a decrease of ¥17.6 billion as a result of the increase in inflation rates.

(12) Other non-operating variance

This figure includes the impact of the change in timing of the consumption tax increase. Please refer to Section 2-03 (7) for details.

(13) 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	¥1,441.1	¥ —	—
Interest rates	50bp decrease	1,309.6	(131.4)	(9%)
	50bp increase	1,492.3	51.2	4%
	Swap rates	1,404.4	(36.7)	(3%)
Stock / Real estate market value	10% decrease	1,418.6	(22.5)	(2%)
Stock / Real estate implied volatility	25% increase	1,413.1	(27.9)	(2%)
Interest swaption implied volatility	25% increase	1,420.2	(20.9)	(1%)
Maintenance expenses	10% decrease	1,464.7	23.7	2%
Lapse and surrender rates	× 0.9	1,427.6	(13.5)	(1%)
Mortality rates	Death protection products × 0.95	1,503.7	62.6	4%
	Third-sector and annuity products × 0.95	1,429.5	(11.5)	(1%)
Morbidity rates	× 0.95	1,504.1	63.0	4%
Required capital	Regulatory minimum	1,472.7	31.6	2%
Foreign exchange rates	10% appreciation of JPY	1,432.6	(8.5)	(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	Value of existing business
Interest rates	50bp decrease	¥(131.4)	¥ 695.0	¥(826.4)
	50bp increase	51.2	(664.4)	715.6
Stock / Real estate market value	10% decrease	(22.5)	(10.9)	(11.6)
Foreign exchange rates	10% appreciation of JPY	(8.5)	3.6	(12.1)

Sensitivity of new business value

Billions of yen				
Assumption	Change in assumption	New business value	Change in amount	Rate of change
Base	No change	¥29.1	¥ —	—
Interest rates	50bp decrease	0.7	(28.4)	(98%)
	50bp increase	51.7	22.7	78%
	Swap rates	17.7	(11.4)	(39%)
Stock / Real estate market value	10% decrease	29.0	(0.0)	(0%)
Stock / Real estate implied volatility	25% increase	28.4	(0.7)	(2%)
Interest swaption implied volatility	25% increase	27.5	(1.6)	(6%)
Maintenance expenses	10% decrease	30.7	1.6	6%
Lapse and surrender rates	× 0.9	36.2	7.1	24%
Mortality rates	Death protection products × 0.95	34.1	5.0	17%
	Third-sector and annuity products × 0.95	28.7	(0.4)	(1%)
Morbidity rates	× 0.95	31.1	2.0	7%
Required capital	Regulatory minimum	29.1	0.0	0%
Foreign exchange rates	10% appreciation of JPY	27.5	(1.5)	(5%)

(1) Interest rates

This sensitivity represents the impact of an immediate parallel shift of the Japanese and foreign government bond yield curves, 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 illustrated 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 ultra-long term risk-free rates were extrapolated without changing the ultimate forward rate. 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. 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 a change 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.

Please note that the definition of implied volatility was changed as of this fiscal year-end. Please refer to Section 2-01 (2) for details.

(5) Maintenance expenses

This sensitivity represents the impact of a decrease in maintenance expenses. It should be noted that maintenance expenses do not include sales commissions from the in-force policies payable to Sony Life's Lifeplanner sales employees and other sales force in future periods.

(6) Lapse and surrender rates

This sensitivity represents the impact of a decrease in lapse and surrender rates.

(7) Mortality rates

This sensitivity represents the impact of a decrease in mortality rates. Sony Life has shown the impact on "death protection products" and the impact on "third-sector insurance and annuity products" separately, as they would have different impacts. In the segment of "third-sector insurance and annuity products," Sony Life includes 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. 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 2017.

(1) Risk-free rate

Sony Life has used the JGB yields and the U.S. Treasury yields as of the end of March 2017 as risk-free rates for the certainty-equivalent projections.

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.

Previously, regarding the extrapolation for ultra-long term risk-free rates where there is no market data, flat forward rates were assumed after the latest market data (40 years for JPY and 30 years for USD). From this year-end disclosure, an ultimate forward rate was applied. More specifically, the ultimate forward rate was set at 3.5% and the last liquid point was set at 40 years (30 years for USD) and, based on Smith-Wilson methodology, forward rates on or after 41 years (31 years for USD) were extrapolated to converge to the ultimate forward rate over 20 years (30 years for USD). These parameters were set primarily in reference to the discussion on Insurance Capital Standard (ICS) being developed by the International Association of Insurance Supervisors (IAIS) for the international capital standard. The reasons for setting the last liquid point at 40 years (30 years for USD) are as follows:

- Government bonds with 40-year maturity (30-year maturity for USD) have high liquidity and observable market data.
- Consistency in valuation between assets and liabilities as Sony Life holds a large amount of government bonds with 30- to 40-year maturity (30-year maturity for USD).

As of March 31, Term (in years)	Japanese yen			U.S. dollar		
	2016	2016 (Restated)	2017	2016	2016 (Restated)	2017
1	(0.15)%	(0.15)%	(0.25)%	0.58%	0.58%	1.02%
5	(0.19)	(0.19)	(0.12)	1.21	1.21	1.92
10	(0.05)	(0.05)	0.07	1.77	1.77	2.39
20	0.44	0.44	0.64	2.17	2.17	2.75
30	0.55	0.55	0.84	2.61	2.61	3.01
40	0.63	0.63	0.96	2.81	2.75	3.04
50	0.70	0.98	1.25	2.92	2.82	3.07
60	0.74	1.23	1.45	2.98	2.86	3.09
70	0.77	1.38	1.57	3.02	2.88	3.11
80	0.79	1.47	1.65	3.04	2.90	3.12

(Data: Ministry of Finance Japan for JGB [extrapolated] and Bloomberg for U.S. Treasury [extrapolated])

For the swap rates used for sensitivity in Section 1-07 (1), the last liquid point and convergence period were set the same as the base case. The swap rates used for the sensitivity result (on a par-rate basis) are as follows:

As of March 31, Term (in years)	Japanese yen	U.S. dollar
	2017	2017
1	0.05%	1.38%
5	0.11	2.05
10	0.27	2.38
20	0.68	2.62
30	0.83	2.65
40	0.91	2.72
50	1.20	2.78
60	1.41	2.83
70	1.54	2.86
80	1.63	2.88

(Data: Bloomberg [extrapolated])

(2) Interest-rate model

Sony Life has calibrated the interest rate model to the market as of the end of March 2017. 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.

bp

As of March 31,		2017			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1	1	11.9bp	50.7bp	28.8bp	37.4bp
10	1	21.4	76.1	61.2	73.9
10	10	34.6	71.9	68.2	69.5
10	20	38.9	55.0	56.8	57.9
20	1	32.6	72.3	65.5	73.8
20	10	38.2	63.8	59.5	64.8
20	20	40.6	51.0	46.9	53.0

(Data: Markit)

Until the previous fiscal year, implied volatilities were expressed as a percentage change in interest rates assuming the Black model. As of this fiscal year, they are expressed as a basis point change in interest rates assuming a normal distribution on the Bachelier model. The implied volatilities as of the end of March 2016 based on the same method are presented below.

bp

As of March 31,		2016			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1	1	29.2bp	60.3bp	25.0bp	58.0bp
10	1	33.5	80.9	63.2	84.5
10	10	44.5	76.5	72.3	70.5
10	20	43.1	59.5	64.5	55.4
20	1	45.9	78.4	72.1	80.1
20	10	48.9	66.7	63.9	64.5
20	20	42.3	53.1	54.9	49.8

(Data: Markit)

(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:

As of March 31, Term (in years)	2016						
	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)

As of March 31, Term (in years)	2017						
	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	9.5%	10.4%	11.1%	17.4%	13.7%	16.7%	13.5%
5	9.9	11.2	12.3	18.3	19.4	19.4	17.8
10	12.3	13.0	11.7	18.6	25.0	20.8	20.6

(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 2012 to the end of March 2017 as there is no market-consistent data for correlation factors.

As of March 31,	2016										
	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)

As of March 31,	2017										
	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	0.11	0.04	0.26	0.37	0.25	0.40	0.32	0.10	0.27	(0.08)
U.S. dollar Interest rate 1Y	0.11	1.00	0.12	(0.01)	0.24	0.15	0.26	0.17	0.05	0.15	(0.12)
Euro Interest rate 1Y	0.04	0.12	1.00	0.20	0.14	0.37	0.23	0.16	0.07	0.09	(0.00)
UK pound Interest rate 1Y	0.26	(0.01)	0.20	1.00	0.20	0.30	0.34	0.28	0.15	0.34	0.07
U.S. dollar / Japanese yen	0.37	0.24	0.14	0.20	1.00	0.76	0.79	0.67	0.27	0.40	0.14
Euro / Japanese yen	0.25	0.15	0.37	0.30	0.76	1.00	0.79	0.61	0.38	0.30	0.20
UK pound / Japanese yen	0.40	0.26	0.23	0.34	0.79	0.79	1.00	0.71	0.43	0.43	0.09
TOPIX	0.32	0.17	0.16	0.28	0.67	0.61	0.71	1.00	0.62	0.63	0.39
S&P	0.10	0.05	0.07	0.15	0.27	0.38	0.43	0.62	1.00	0.67	0.71
SX5E	0.27	0.15	0.09	0.34	0.40	0.30	0.43	0.63	0.67	1.00	0.70
FTSE	(0.08)	(0.12)	(0.00)	0.07	0.14	0.20	0.09	0.39	0.71	0.70	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 2017.

The table below shows foreign exchange rates of major currencies.

As of March 31,	2016	2017
U.S. dollar / Japanese yen	¥112.68	¥112.19
Euro / Japanese yen	127.70	119.79
UK pound / Japanese yen	161.92	140.08

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 2017 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 2017 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 2017. 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 2016 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

The effective tax rate is set at 28.24% in the fiscal years 2016 and 2017, and 28.00% in and after the fiscal year 2018.

(7) Consumption tax rate

As a result of bills passed by the Japanese Diet on November 18, 2016 to postpone, until October 1, 2019, the consumption tax increase to 10%, future expenses grew from the reflection of this increase on and after October 1, 2019.

(8) Inflation rate

Inflation rates for the first 40 years were set at 0.376% by referring to a 10-year inflation swap rate and removing the effect of the consumption tax increase. For the 41st year and later, to assure consistency with the extrapolation of ultra-long term risk-free rates, inflation rates were assumed to gradually increase to 2.0% in the 60th year, which is the inflation rate assumed for the ultimate forward 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 ¥1.3 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 ¥8.0 billion.

There are no other values reflected in the values of Sony Life's subsidiaries and affiliated companies except for the above, and all other results solely reflect Sony Life (on a non-consolidated basis).

3-03 Treatment of reinsurance

As we utilize reinsurance for some in-force business, we reflect reinsurance premiums as expenses and reinsurance benefits and reinsurance commissions as income in the projections. Because part of the reinsurance commissions received on coinsurance-type reinsurance are recognized as a reinsurance debit to defer the recognition of revenue in Japanese GAAP, the reinsurance debit for coinsurance-type reinsurance is added to the adjusted net worth.

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, 2017, 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. Based on Japanese GAAP, it is calculated as the total amount of the net assets section on the balance sheets, adding reserve for price fluctuations, contingency reserve, reserve for possible loan losses, reinsurance debit for coinsurance-type reinsurance (future profits to be recognized), 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 nine 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 2017.

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 2017 was ¥980.6 billion (after tax). The effective tax rate used to adjust to the after-tax basis is 28.00%. The required capital is ¥1,161.7 billion, which is 3,508.7% 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 at point of sale of new business acquired during the fiscal year ended March 31, 2017. 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).

The assumptions used in calculation, other than surrender and lapse rates, consumption tax, economic assumptions and inflation rates, are the same as those used to value in-force business as of the end of the previous fiscal year. The impact of changing these assumptions to those used to value in-force business as of the end of this fiscal year is included in the line item described in Section 1-06 (8).

The assumptions for lapse and surrender rates and the consumption tax rate are those as of the end of the previous quarter. The timing of the consumption tax increase to 10% is assumed to be April 1, 2017 for new business acquired before December, and October 1, 2019 for new business acquired after January. The impact of changing these assumptions to those used to value in-force business as of the end of this fiscal year is included in the line items described in (8) and (12) under Section 1-06.

In the previous year-end disclosure, economic assumptions and inflation rates were those as of the end of the previous quarter. From this year-end disclosure, economic assumptions and inflation rates as of the end of each month are applied. The impact of changing these assumptions to those used to value in-force business as of the end of this fiscal year is included in the line item described in Section 1-06 (11).

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).
- 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, Sony Life has 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, 2017" (http://www.sonyfh.co.jp/index_en.html)

4 Overview of MCEV

4-01 What is MCEV?

Embedded value (EV) is an indicator used to evaluate the corporate value of a life insurance business. Many insurance companies in Europe disclose EV as part of their financial reports and use EV as an internal management tool. Under Japanese GAAP for life insurance companies, the balance sheets do not indicate the present value of future profits from existing business, while EV indicates the present value of future profits from existing business along with total net assets of an insurance company.

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

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

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

MCEV structure

MCEV =

Adjusted net worth

+

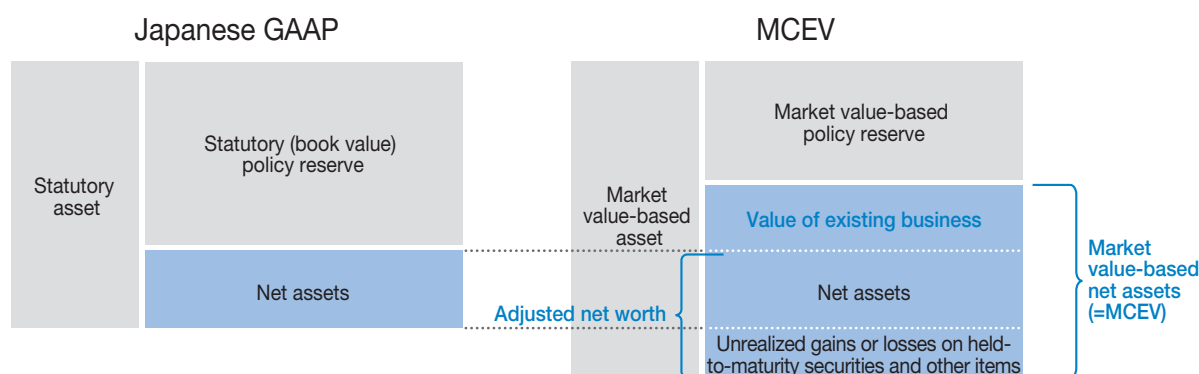
Value of existing business

Adjusted net worth
Results of business activities to date

Value of existing business
Expected future profits from existing business

The relation between MCEV and balance sheets (under Japanese GAAP) is as follows. Adjusted net worth is calculated as the total amount of the net assets section on the balance sheets, plus reserve for price fluctuations, contingency reserve and unrealized gains or losses on held-to-maturity securities, etc., less intangible fixed assets, etc., subject to the adjustment for the amount of tax effect equivalent to the aforementioned items. 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).

Relation 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 the 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. The solvency risk capital on an economic value basis at Sony Life increased ¥8.2 billion since March 31, 2016, to ¥980.6 billion, due mainly to an increase in market-related risk (mainly interest rate risk), despite a decrease in insurance risk associated with an increase in interest rates. The breakdown of the risk amount is as follows:

	Billions of yen	
As of March 31,	2016 (Restated)	2017
Insurance risk ¹	¥ 989.3	¥ 937.5
Market-related risk	324.2	405.1
Of which interest rate risk ²	255.2	308.9
Operational risk	31.4	28.1
Counterparty risk	2.0	1.9
Variance effect	(374.4)	(392.0)
Risk amount based on economic value	972.4	980.6

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.

	Billions of yen	
As of March 31,	2016 (Restated)	2017
MCEV	¥1,330.1	¥1,441.1

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.

*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

ICS (Insurance Capital Standard)

- The capital standard for internationally active insurance groups (IAIGs), being developed by the International Association of Insurance Supervisors (IAIS).

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 fourth 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.

U

Ultimate forward rate

- The level of forward rate to which future forward rates are assumed to ultimately converge. It is generally determined through the macro-economic approach.

