

Sony Financial Holdings Inc.

2018

Financial Data Book

April 1, 2017–March 31, 2018

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The Financial Data Book and Annual Report are available only on SFH's website.



Annual Report

https://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 2016 and fiscal 2017 represent the fiscal years ended March 31, 2017 and 2018, respectively.

Financial Data (Consolidated)

Principal Indicators of Operating Performance

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

Millions of yen

	2014	2015	2016	2017	2018
Ordinary revenues	¥1,320,456	¥1,352,325	¥1,362,044	¥ 1,381,667	¥ 1,503,630
Ordinary profit	76,136	90,062	71,103	66,326	66,843
Profit attributable to owners of the parent	40,504	54,419	43,355	41,621	51,895
Comprehensive income	44,794	90,707	71,105	21,433	52,207
Total net assets	467,050	550,672	604,377	601,139	625,406
Total assets	8,841,382	9,545,868	10,352,114	11,471,845	12,401,446
Net assets per share (yen)	1,070.75	1,262.94	1,386.32	1,378.63	1,433.73
Net income per share (yen)	93.11	125.10	99.67	95.69	119.30
Diluted net income per share (yen)	—	—	—	95.68	119.29
Cash flows from operating activities	601,738	425,656	602,475	692,445	819,721
Cash flows from investing activities	(549,346)	(445,431)	(558,825)	(624,749)	(680,845)
Cash flows from financing activities	(13,522)	(13,087)	(17,437)	(34,057)	(14,496)
Cash and cash equivalents at the end of the period	240,279	207,422	233,620	268,381	393,133
Number of employees	8,150	8,448	9,029	9,739	10,719

Note: Diluted net income per share for the years ended March 31, 2014 through 2016 is not shown because there are no latent shares.

For the years ended March 31,	2014	2015	2016	2017	2018
Sony Life's adjusted ROE	14.9%	9.6%	—%	—%	—%
Sony Life's core ROEV	—	—	5.0	3.6	5.9
Sony Assurance's adjusted ROE	9.8	14.2	13.3	14.4	16.1
Sony Bank's ROE	4.8	6.0	5.0	4.1	5.5

Consolidated adjusted ROE	14.2%	9.5%	5.2%	3.9%	6.1%
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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 2017

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

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

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, 2017 and 2018

Millions of yen

	2017	2018
Assets		
Cash and due from banks	¥ 206,481	¥ 327,633
Call loans and bills bought	61,900	65,500
Monetary claims purchased	573	5,378
Money held in trust	296,877	291,582
Securities	8,857,436	9,581,206
Loans	1,720,004	1,785,877
Tangible fixed assets	123,614	106,051
Land	83,007	63,106
Buildings	34,964	32,468
Leased assets	715	6,074
Construction in progress	132	5
Other tangible fixed assets	4,794	4,397
Intangible fixed assets	30,776	35,684
Software	30,146	35,059
Goodwill	49	583
Leased assets	—	0
Other intangible fixed assets	579	40
Due from agencies	0	—
Due from reinsurers	1,438	934
Foreign exchanges	7,268	9,346
Other assets	148,650	168,736
Net defined benefit asset	2,752	3,426
Deferred tax assets	15,313	21,242
Reserve for possible loan losses	(1,243)	(1,152)
Total Assets	¥11,471,845	¥12,401,446

Millions of yen

	2017	2018
Liabilities		
Policy reserves and others	¥ 8,113,153	¥ 8,763,349
Reserve for outstanding claims	71,306	74,712
Policy reserves	8,036,118	8,683,153
Reserve for policyholders' dividends	5,729	5,484
Due to agencies	2,616	1,873
Due to reinsurers	3,737	5,563
Deposits	2,071,091	2,159,246
Call money and bills sold	70,000	96,000
Borrowed money	90,000	173,944
Foreign exchanges	108	228
Bonds payable	10,000	20,000
Other liabilities	427,866	470,501
Reserve for employees' bonuses	3,694	3,906
Net defined benefit liability	31,399	33,179
Reserve for directors' retirement benefits	366	—
Reserve under the special laws	46,182	48,135
Reserve for price fluctuations	46,182	48,135
Deferred tax liabilities	—	0
Deferred tax liabilities on land revaluation	488	109
Total Liabilities	10,870,705	11,776,039
Net Assets		
Shareholders' equity		
Common stock	19,900	19,927
Capital surplus	195,277	191,157
Retained earnings	255,062	283,911
Treasury stock	(81)	(55)
Total shareholders' equity	470,157	494,941
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	134,849	133,991
Net deferred gains (losses) on hedging instruments, net of taxes	(1,154)	(902)
Land revaluation, net of taxes	(1,465)	(2,439)
Remeasurements of defined benefit plans, net of taxes	(2,756)	(1,929)
Total accumulated other comprehensive income	129,472	128,719
Subscription rights to shares	49	97
Non-controlling interests	1,460	1,648
Total Net Assets	601,139	625,406
Total Liabilities and Net Assets	¥11,471,845	¥12,401,446

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2017 and 2018

Millions of yen

(1) Consolidated Statements of Income

	2017	2018
Ordinary Revenues	¥1,381,667	¥1,503,630
Ordinary Revenues from the Life Insurance Business	1,240,764	1,347,762
Income from insurance premiums	955,252	1,057,411
Insurance premiums	952,547	1,054,867
Ceded reinsurance commissions	2,704	2,544
Investment income	244,839	242,703
Interest income and dividends	147,785	157,276
Income from money held in trust, net	4,493	4,490
Gains on trading securities, net	152	2
Gains on sale of securities	1,308	0
Gains on redemption of securities	—	1
Foreign exchange gains, net	14,670	—
Other investment income	5	1
Gains on separate accounts, net	76,423	80,931
Other ordinary income	40,672	47,646
Ordinary Revenues from the Non-life Insurance Business	102,337	110,091
Underwriting income	100,329	108,316
Net premiums written	100,274	108,253
Interest and dividends on deposits of premiums	55	62
Investment income	1,957	1,731
Interest income and dividends	1,327	1,324
Gains on sale of securities	685	470
Gains on redemption of securities	0	—
Transfer to interest and dividends on deposits of premiums	(55)	(62)
Other ordinary income	49	43
Ordinary Revenues from the Banking Business	38,318	39,712
Interest income	26,534	28,344
Interest income on loans	16,065	17,064
Interest income and dividends on securities	10,394	11,204
Interest income on call loans and bills bought	—	2
Interest income on deposits with banks	63	63
Interest income on interest rate swaps	8	—
Other interest income	1	9
Fees and commissions	6,673	6,751
Other operating income	4,871	3,823
Gains on foreign exchange transactions, net	4,431	3,456
Others	439	366
Other ordinary income	238	794
Other	247	6,064
Other ordinary income	247	6,064

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Millions of yen

	2017	2018
Ordinary Expenses	¥1,315,341	¥1,436,787
Ordinary Expenses from the Life Insurance Business	1,186,465	1,296,417
Insurance claims and other payments	372,407	436,538
Insurance claims	84,178	92,342
Annuity payments	12,019	12,566
Insurance benefits	98,252	119,294
Surrender payments	168,409	199,263
Other payments	3,122	3,314
Reinsurance premiums	6,423	9,756
Provision for policy reserves and others	596,742	638,343
Provision for reserve for outstanding claims	3,330	2,211
Provision for policy reserves	593,411	636,131
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	35,937	32,889
Interest expenses	44	151
Losses on sale of securities	—	0
Losses on redemption of securities	53	2
Losses on derivatives, net	30,050	11,403
Foreign exchange losses, net	—	15,280
Provision for reserve for possible loan losses	—	23
Depreciation of real estate for rent and others	1,779	1,680
Other investment expenses	4,008	4,346
Operating expenses	136,645	139,420
Other ordinary expenses	44,733	49,226
Ordinary Expenses from the Non-life Insurance Business	96,639	102,798
Underwriting expenses	70,094	73,943
Net losses paid	50,181	52,482
Loss adjustment expenses	7,458	8,067
Net commission and brokerage fees	1,187	1,295
Provision for reserve for outstanding losses and claims	798	1,194
Provision for underwriting reserves	10,469	10,903
Investment expenses	3	2
Losses on sale of securities	0	—
Other investment expenses	3	2
Operating, general and administrative expenses	26,520	28,848
Other ordinary expenses	19	4

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Consolidated Statements of Income (Continued)

Millions of yen

	2017	2018
Ordinary Expenses from the Banking Business	¥31,274	¥30,428
Interest expenses	8,554	7,656
Interest expenses on deposits	5,104	5,320
Interest expenses on call money and bills sold	(17)	(73)
Interest on borrowed money	19	0
Interest expenses on bonds	74	40
Interest expenses on interest rate swaps	3,372	2,360
Other interest expenses	0	8
Fees and commissions	3,648	4,676
Other operating expenses	86	105
General and administrative expenses	18,843	17,733
Other ordinary expenses	142	257
Other	962	7,141
Other ordinary expenses	962	7,141
Ordinary Profit	66,326	66,843
Extraordinary Gains	—	13,258
Gains on disposal of fixed assets	—	13,258
Extraordinary Losses	2,032	2,180
Losses on disposal of fixed assets	134	187
Impairment losses	118	2
Provision for reserve under the special laws	1,772	1,953
Provision for reserve for price fluctuations	1,772	1,953
Others	7	36
Provision for Reserve for Policyholders' Dividends	4,153	3,271
Income Before Income Taxes	60,140	74,650
Income Taxes—Current	23,129	29,008
Income Taxes—Deferred	(4,724)	(6,344)
Total Income Taxes	18,405	22,664
Profit	41,734	51,985
Profit Attributable to Non-controlling Interests	113	90
Profit Attributable to Owners of the Parent	¥41,621	¥51,895

(2) Consolidated Statements of Comprehensive Income

Millions of yen

	2017	2018
Profit	¥ 41,734	¥51,985
Other Comprehensive Income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(22,515)	(857)
Net deferred gains (losses) on hedging instruments, net of taxes	1,192	251
Remeasurements of defined benefit plans, net of taxes	1,021	827
Total other comprehensive income	(20,301)	221
Comprehensive Income	¥ 21,433	¥52,207
Details:		
Comprehensive income attributable to owners of the parent	¥ 21,301	¥52,116
Comprehensive income attributable to non-controlling interests	¥ 131	¥ 91

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.

For the years ended March 31, 2017 and 2018

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
Purchase of treasury stock	—	—	—	(81)	(81)
Adjustments due to change of scope of consolidation	—	—	(818)	—	(818)
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 available-for-sale 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
Purchase of treasury stock	—	—	—	—	—	—	—	(81)
Adjustments due to change of scope of consolidation	—	—	—	—	—	—	—	(818)
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

(Continued on next page)

Consolidated Statements of Changes in Net Assets (Continued)

Millions of yen

	2018				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥19,900	¥195,277	¥255,062	¥(81)	¥470,157
Changes during the period					
Issuance of new shares	27	27	—	—	55
Dividends from surplus	—	—	(23,922)	—	(23,922)
Profit attributable to owners of the parent	—	—	51,895	—	51,895
Disposal of treasury shares	—	(5)	—	26	21
Transfer of loss on disposal of treasury shares	—	5	(5)	—	—
Reversal of land revaluation	—	—	973	—	973
Adjustments due to change of scope of consolidation	—	—	(92)	—	(92)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(4,147)	—	—	(4,147)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	27	(4,119)	28,849	26	24,784
Balance at the end of the period	¥19,927	¥191,157	¥283,911	¥(55)	¥494,941

Millions of yen

	2018							
	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale 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	¥134,849	¥(1,154)	¥(1,465)	¥(2,756)	¥129,472	¥49	¥1,460	¥601,139
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	55
Dividends from surplus	—	—	—	—	—	—	—	(23,922)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	51,895
Disposal of treasury shares	—	—	—	—	—	—	—	21
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—	—	—
Reversal of land revaluation	—	—	—	—	—	—	—	973
Adjustments due to change of scope of consolidation	—	—	—	—	—	—	—	(92)
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	(4,147)
Net changes of items other than shareholders' equity	(857)	251	(973)	827	(752)	48	187	(516)
Total changes during the period	(857)	251	(973)	827	(752)	48	187	24,267
Balance at the end of the period	¥133,991	¥ (902)	¥(2,439)	¥(1,929)	¥128,719	¥97	¥1,648	¥625,406

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018
Cash flows from operating activities		
Income before income taxes	¥ 60,140	¥ 74,650
Depreciation of real estate for rent and others	1,779	1,680
Depreciation and amortization	10,944	11,828
Impairment losses	118	2
Amortization of goodwill	22	32
Increase (decrease) in reserve for outstanding claims	4,128	3,405
Increase (decrease) in policy reserve	603,880	647,035
Interest portion of reserve for policyholders' dividends	0	0
Provision for (reversal of) reserve for policyholders' dividends	4,153	3,271
Increase (decrease) in reserve for possible loan losses	(65)	(140)
Increase (decrease) in net defined benefit liability	3,020	2,363
Increase (decrease) in reserve for directors' retirement benefits	14	(176)
Increase (decrease) in reserve for price fluctuations	1,772	1,953
Interest income and dividends	(175,647)	(186,943)
(Gains) losses on securities	(77,393)	(80,057)
Interest expenses	8,636	8,327
Losses (gains) on derivatives	30,050	11,403
Exchange (gains) losses	(10,843)	23,489
(Gains) losses on disposal of tangible fixed assets	107	(13,283)
Equity in (gains) losses of affiliates	3,551	2,338
Net (increase) decrease in loans	(195,446)	(56,745)
Net increase (decrease) in deposits	156,005	87,987
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	50,000	80,000
Net increase (decrease) in call money and bills sold	70,000	26,000
Net (increase) decrease in call loans and bills bought	311	(4,805)
Net (increase) decrease in foreign exchange (assets)	(6,129)	(2,077)
Net increase (decrease) in foreign exchange (liabilities)	21	119
Others, net	(1,710)	15,506
Subtotal	541,424	657,168
Interest and dividends received	188,230	197,007
Interest paid	(8,730)	(8,484)
Policyholders' dividends paid	(3,430)	(3,517)
Income taxes paid	(25,047)	(22,451)
Net cash provided by (used in) operating activities	692,445	819,721
Cash flows from investing activities		
Net (increase) decrease in deposits	—	5
Investments in money held in trust	(76)	(101)
Proceeds from money held in trust	5,160	6,532
Purchases of securities	(1,171,569)	(1,104,737)
Proceeds from sale and redemption of securities	375,241	427,925
Investments in loans	(57,798)	(60,315)
Collections of loans	27,949	28,761
Net gains (losses) from the settlement of derivative financial instruments	(35,401)	(22,997)
Net increase (decrease) in collateral for securities lending transactions	247,803	(6,719)
Others, net	—	32,553
Total of net cash provided by (used in) investment transactions	(608,689)	(699,092)
Total of net cash provided by (used in) operating activities and investment transactions	83,755	120,629
Purchases of tangible fixed assets	(3,977)	(2,049)
Proceeds from sales of tangible fixed assets	—	36,700
Purchases of intangible fixed assets	(9,024)	(12,481)
Purchase of securities of a non-consolidated subsidiary	—	(339)
Purchase of securities of affiliates	(3,045)	(3,450)
Others, net	(12)	(132)
Net cash provided by (used in) investing activities	(624,749)	(680,845)
Cash flows from financing activities		
Proceeds from debt borrowing	—	5,266
Repayments of debt	—	(5,133)
Cash dividends paid	(23,925)	(23,921)
Proceeds from issuance of bonds	—	19,938
Payments for redemption of bonds	(10,000)	(10,000)
Purchase of treasury stock	(81)	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(171)
Others, net	(51)	(474)
Net cash provided by (used in) financing activities	(34,057)	(14,496)
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)
Net increase (decrease) in cash and cash equivalents	33,636	124,377
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,124	373
Cash and cash equivalents at the beginning of the period	233,620	268,381
Cash and cash equivalents at the end of the period	¥ 268,381	¥ 393,133

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, 2017 and 2018

Millions of yen, %

	2017		2018	
	Amount	Composition	Amount	Composition
Assets				
Cash and deposits	¥ 47,016	0.5%	¥ 53,683	0.6%
Cash	2		—	
Deposits	47,013		53,683	
Call loans	61,900	0.7	65,500	0.7
Money held in trust	273,877	3.1	270,582	2.8
Securities	8,093,192	91.2	8,765,967	91.6
Japanese government bonds	6,664,639		6,966,434	
Japanese local government bonds	1,767		1,543	
Japanese corporate bonds	310,466		461,015	
Japanese stocks	86,954		88,376	
Foreign securities	782,064		959,188	
Other securities	247,299		289,408	
Loans	180,374	2.0	189,486	2.0
Policy loans	180,339		189,460	
Commercial loans	34		25	
Tangible fixed assets	118,441	1.3	93,169	1.0
Land	83,007		62,259	
Buildings	34,442		30,087	
Leased assets	10		5	
Construction in progress	75		—	
Other tangible fixed assets	906		816	
Intangible fixed assets	19,356	0.2	23,210	0.2
Software	19,347		23,201	
Other intangible fixed assets	9		8	
Due from agencies	0	0.0	—	—
Due from reinsurers	1,393	0.0	929	0.0
Other assets	74,245	0.8	92,184	1.0
Other receivables	35,316		37,411	
Prepaid expenses	1,651		1,983	
Accrued income	18,621		19,627	
Money on deposits	5,269		5,428	
Initial margins of futures markets	7,302		18,324	
Variation margins of futures markets	435		892	
Derivatives	5,212		7,969	
Advance payments	370		470	
Others	65		75	
Prepaid pension costs	2,376	0.0	2,483	0.0
Deferred tax assets	5,350	0.1	10,787	0.1
Reserve for possible loan losses	(271)	(0.0)	(295)	(0.0)
Reserve for investment losses	(3,640)	(0.0)	—	—
Total Assets	¥8,873,613	100.0%	¥9,567,689	100.0%

Sony Life Financial Data (Non-consolidated)

Millions of yen, %

	2017		2018	
	Amount	Composition	Amount	Composition
Liabilities				
Policy reserves and others	¥7,968,639	89.8%	¥8,606,736	90.0%
Reserve for outstanding claims	32,965		35,176	
Policy reserves	7,929,944		8,566,075	
Reserve for policyholders' dividends	5,729		5,484	
Due to agencies	2,616	0.0	1,873	0.0
Due to reinsurers	3,663	0.0	5,497	0.1
Other liabilities	353,812	4.0	386,099	4.0
Payables under repurchase agreements	—		31,696	
Collateral for securities lending transactions	310,608		303,889	
Accrued income tax	8,095		13,478	
Other payables	2,137		3,249	
Accrued expenses	17,923		20,325	
Unearned revenue	1,067		764	
Deposits received	2,094		1,237	
Deposits received for guarantee	5,420		4,202	
Variation margins of futures markets	446		2,194	
Derivative liabilities	614		1,410	
Lease obligations	10		6	
Asset retirement obligations	2,156		1,856	
Suspense receipt	3,235		1,787	
Reserve for employees' retirement benefits	24,678	0.3	26,656	0.3
Reserve for directors' retirement benefits	119	0.0	—	—
Reserve under the special laws	46,005	0.5	47,929	0.5
Reserve for price fluctuations	46,005		47,929	
Deferred tax liabilities	—	—	—	—
Deferred tax liabilities on land revaluation	488	0.0	109	0.0
Total Liabilities	8,400,024	94.7	9,074,902	94.8
Net Assets				
Common stock	70,000	0.8	70,000	0.7
Capital surplus	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865	
Retained earnings	271,416	3.1	294,424	3.1
Legal retained earnings	30,318		34,938	
Other retained earnings	241,098		259,486	
Unappropriated retained earnings	241,098		259,486	
Total shareholders' equity	347,281	3.9	370,289	3.9
Net unrealized gains (losses) on available-for-sale securities, net of taxes	127,772	1.4	124,936	1.3
Land revaluation, net of taxes	(1,465)	(0.0)	(2,439)	(0.0)
Total valuation and translation adjustments	126,307	1.4	122,497	1.3
Total Net Assets	473,589	5.3	492,787	5.2
Total Liabilities and Net Assets	¥8,873,613	100.0%	¥9,567,689	100.0%

Statements of Income

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018
Ordinary Revenues	¥1,243,739	¥1,351,076
Income from insurance premiums	956,733	1,059,269
Insurance premiums	954,028	1,056,725
Ceded reinsurance commissions	2,704	2,544
Investment income	245,339	243,293
Interest income and dividends	148,284	157,727
Interest income from deposits	0	0
Interest income and dividends on securities	130,772	140,435
Interest income from loans	6,377	6,610
Rent revenue from real estate	10,869	10,285
Other interest income and dividends	265	395
Income from money held in trust, net	4,493	4,490
Gains on trading securities, net	152	2
Gains on sale of securities	1,308	0
Gains on redemption of securities	—	1
Gains on derivatives, net	—	—
Foreign exchange gains, net	14,670	—
Reversal of reserve for possible loan losses	1	—
Other investment income	4	138
Gains on separate accounts, net	76,423	80,932
Other ordinary income	41,666	48,513
Income for annuity riders	3,001	5,065
Proceeds from deferred insurance	33,879	39,537
Other ordinary income	4,785	3,910

(Continued on next page)

Sony Life Financial Data (Non-consolidated)

Millions of yen

	2017	2018
Ordinary Expenses	¥1,183,558	¥1,294,738
Insurance claims and other payments	372,407	436,538
Insurance claims	84,178	92,342
Annuity payments	12,019	12,566
Insurance benefits	98,252	119,294
Surrender payments	168,409	199,263
Refund to policyholders	3,122	3,314
Reinsurance premiums	6,423	9,756
Provision for policy reserves and others	596,742	638,343
Provision for reserve for outstanding claims	3,330	2,211
Provision for policy reserves	593,411	636,131
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	36,196	33,121
Interest expenses	44	151
Losses on sale of securities	—	0
Losses on redemption of securities	53	2
Losses on derivatives, net	30,050	11,403
Foreign exchange losses, net	—	15,280
Provision for reserve for possible loan losses	—	23
Depreciation of real estate for rent and others	1,879	1,770
Other investment expenses	4,167	4,487
Losses on separate accounts, net	—	—
Operating expenses	137,094	139,937
Other ordinary expenses	41,118	46,796
Deferred insurance payments	19,889	25,487
Taxes	12,171	12,647
Depreciation and amortization	5,299	5,376
Provision for reserve for employees' retirement benefits	3,745	2,981
Provision for reserve for directors' retirement benefits	—	—
Others	12	304
Ordinary Profit	60,180	56,338

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Statements of Income (Continued)

Millions of yen

	2017	2018
Extraordinary Gains	¥ —	¥16,898
Gains on disposal of fixed assets	—	13,258
Reversal of reserve for investment losses	—	3,640
Extraordinary Losses	5,445	6,190
Losses on disposal of fixed assets	52	89
Impairment losses	7	0
Provision for reserve under the special laws	1,744	1,924
Provision for reserve for price fluctuations	1,744	1,924
Valuation losses on stocks of affiliated companies	—	4,176
Provision for reserve for investment losses	3,640	—
Provision for Reserve for Policyholders' Dividends	4,153	3,271
Income Before Income Taxes	50,581	63,774
Income Taxes—Current	18,973	23,224
Income Taxes—Deferred	(3,577)	(4,583)
Total Income Taxes	15,395	18,640
Net Income	¥35,185	¥45,134

Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2017 and 2018

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	
				Unappropriated 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 available-for-sale 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

(Continued on next page)

Statements of Changes in Net Assets (Continued)

Millions of yen

	2018						
	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		Total shareholders' equity
		Capital reserve	Total capital surplus		Unappropriated retained earnings	Other retained earnings	
Balance at the beginning of the period	¥70,000	¥5,865	¥5,865	¥30,318	¥241,098	¥271,416	¥347,281
Changes during the period							
Dividends from surplus	—	—	—	4,620	(27,720)	(23,100)	(23,100)
Net income	—	—	—	—	45,134	45,134	45,134
Reversal of land revaluation	—	—	—	—	973	973	973
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	4,620	18,387	23,007	23,007
Balance at the end of the period	¥70,000	¥5,865	¥5,865	¥34,938	¥259,486	¥294,424	¥370,289

Millions of yen

	2018			
	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Land revaluation, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the period	¥127,772	¥(1,465)	¥126,307	¥473,589
Changes during the period				
Dividends from surplus	—	—	—	(23,100)
Net income	—	—	—	45,134
Reversal of land revaluation	—	—	—	973
Net changes of items other than shareholders' equity	(2,836)	(973)	(3,809)	(3,809)
Total changes during the period	(2,836)	(973)	(3,809)	19,198
Balance at the end of the period	¥124,936	¥(2,439)	¥122,497	¥492,787

Statements of Cash Flows

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018
Cash flows from operating activities		
Income before income taxes	¥ 50,581	¥ 63,774
Depreciation of real estate for rent and others	1,879	1,770
Depreciation and amortization	5,299	5,376
Impairment losses	7	0
Valuation loss on stocks of affiliated companies	—	4,176
Increase (decrease) in reserve for outstanding claims	3,330	2,211
Increase (decrease) in policy reserves	593,411	636,131
Interest portion of reserve for policyholders' dividends	0	0
Provision for (reversal of) reserve for policyholders' dividends	4,153	3,271
Increase (decrease) in reserve for possible loan losses	(1)	23
Increase (decrease) in reserve for investment losses	3,640	(3,640)
Increase (decrease) in reserve for employees' retirement benefits	2,734	1,977
Increase (decrease) in reserve for directors' retirement benefits	(1)	(119)
Increase (decrease) in reserve for price fluctuations	1,744	1,924
Interest income and dividends	(148,284)	(157,727)
(Gains) losses on securities	(81,886)	(81,740)
(Gains) losses on derivatives	30,050	11,403
Interest expenses	44	151
Foreign exchange (gains) losses	(14,670)	15,280
(Gains) losses on disposal of tangible fixed assets	42	(13,359)
(Increase) decrease in due from agencies	(0)	0
(Increase) decrease in due from reinsurers	(1,094)	463
(Increase) decrease in other assets (excluding those related to investing and financing activities)	18,783	20,226
Increase (decrease) in due to agencies	161	(743)
Increase (decrease) in due to reinsurers	3,042	1,833
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	805	(876)
Others, net	3,730	724
Subtotal	477,503	512,516
Interest and dividends received	158,014	164,864
Interest paid	(44)	(152)
Policyholders' dividends paid	(3,430)	(3,517)
Others, net	(3,912)	(3,358)
Income taxes paid	(19,875)	(17,840)
Net cash provided by (used in) operating activities	608,256	652,511
Cash flows from investing activities		
Investments in money held in trust	(76)	(101)
Proceeds from money held in trust	5,160	4,532
Purchases of securities	(936,092)	(842,838)
Proceeds from sale and redemption of securities	173,781	223,951
Investments in loans	(57,798)	(60,315)
Collections of loans	27,949	28,760
Net gains (losses) from the settlement of derivative financial instruments	(35,401)	(22,997)
Net increase (decrease) in collateral for securities lending transactions	247,803	25,800
Total of net cash provided by (used in) investment transactions	(574,672)	(643,206)
[Total of net cash provided by (used in) operating activities and investment transactions]	[33,584]	[9,305]
Purchases of tangible fixed assets	(3,085)	(760)
Proceeds from sales of tangible fixed assets	—	36,700
Purchase of securities of subsidiaries	—	(339)
Purchase of securities of affiliates	(3,045)	(3,450)
Others, net	(4,125)	(8,080)
Net cash provided by (used in) investing activities	(584,928)	(619,136)
Cash flows from financing activities		
Cash dividends paid	(21,000)	(23,100)
Others, net	(4)	(5)
Net cash provided by (used in) financing activities	(21,004)	(23,105)
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)
Net increase (decrease) in cash and cash equivalents	2,321	10,267
Cash and cash equivalents at the beginning of the period	106,594	108,916
Cash and cash equivalents at the end of the period	¥ 108,916	¥ 119,183

Notes

Sony Life Insurance Co., Ltd.

(Retirement benefit obligations)

As of March 31, for the year ended March 31,

1. Overview of retirement benefit plans

A lump-sum retirement benefit plan is provided to sales staff as a defined benefit plan. A defined benefit corporate pension plan is provided to internal office staff as a defined benefit plan. Also, a defined contribution pension plan is provided as a defined contribution plan.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations

	2017	Millions of yen 2018
Balance at the beginning of the period	¥37,081	¥39,692
Service cost	4,409	4,401
Interest cost	(42)	90
Net actuarial gains (losses)	(82)	282
Retirement benefits paid	(1,672)	(2,502)
Balance at the end of the period	¥39,692	¥41,964

(2) Reconciliation of beginning and ending balances of plan assets

	2017	Millions of yen 2018
Balance at the beginning of the period	¥12,678	¥13,825
Expected return on plan assets	190	138
Net actuarial gains (losses)	174	556
Employer contribution	1,009	1,110
Retirement benefits paid	(227)	(258)
Balance at the end of the period	¥13,825	¥15,371

(3) Reconciliation of retirement benefit obligations and plan assets, and reserve for employees' retirement benefits and prepaid pension costs recorded on the balance sheets

	2017	Millions of yen 2018
Funded retirement benefit obligations	¥ 10,734	¥ 11,620
Plan assets	(13,825)	(15,371)
	(3,090)	(3,751)
Unfunded retirement benefit obligations	28,957	30,344
Unrecognized net actuarial gains (losses)	(3,565)	(2,419)
Net liabilities and assets recorded on the balance sheets	22,301	24,172
Reserve for employees' retirement benefits	24,678	26,656
Prepaid pension cost	(2,376)	(2,483)
Net liabilities and assets recorded on the balance sheets	¥ 22,301	¥ 24,172

(4) Gains (losses) related to retirement benefits

	2017	Millions of yen 2018
Service cost	¥4,409	¥4,401
Interest cost	(42)	90
Expected return on plan assets	(190)	(138)
Recognized actuarial gains (losses)	1,014	871
Others	59	49
Retirement benefit expenses related to defined benefit plans	¥5,250	¥5,274

(5) Main components of plan assets

The percentage share of components by main asset class out of total plan assets is as follows:

	2017	2018
Bonds	67%	68%
Stocks	30%	29%
Others	3%	3%
Total	100%	100%

(6) Method of setting the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined by taking into account the current and expected allocation of plan assets, and the current long-term return rate and the long-term return rate that are expected in the future based on the various assets that comprise the plan assets.

(7) Bases for calculating actuarial gain or loss

The main bases for calculating actuarial gain or loss are as follows:

	2017	2018
Discount rate		
for sales staff	0.2%	0.2%
for internal office staff	0.3%	0.3%
Long-term expected rate of return on plan assets	1.5%	1.0%

3. Defined contribution plan

The amounts of contribution required for defined contribution plans by Sony Life were ¥98 million and ¥103 million for the year ended March 31, 2017 and 2018, respectively.

(Tax effect accounting)

As of March 31, for the year ended March 31,

1. For the fiscal year ended March 31, 2017, the total amount of deferred tax assets was ¥59,221 million, while the total amount of deferred tax liabilities was ¥50,211 million. Of the deferred tax assets, the amount deducted as valuation allowance was ¥3,659 million.

The breakdown of major factors giving rise to the deferred tax assets is a policy reserves and others of ¥28,014 million, a reserve for price fluctuations of ¥12,881 million, a reserve for employees' retirement benefits of ¥6,244 million, and excess depreciation and amortization of ¥3,456 million.

The major factor giving rise to the deferred tax liabilities is net unrealized gains on available-for-sale securities of ¥49,641 million.

For the fiscal year ended March 31, 2018, the total amount of deferred tax assets was ¥63,744 million, while the total amount of deferred tax liabilities was ¥48,972 million. Of the deferred tax assets, the amount deducted as valuation allowance was ¥3,984 million.

The breakdown of major factors giving rise to the deferred tax assets is a policy reserves and others of ¥30,950 million, a reserve for price fluctuations of ¥13,420 million, a reserve for employees' retirement benefits of ¥6,768 million, and excess depreciation and amortization of ¥3,275 million.

The major factor giving rise to the deferred tax liabilities is net unrealized gains on available-for-sale securities of ¥48,409 million.

2. The statutory effective tax rate in the fiscal year ended March 31, 2017 was 28.24%. The major item giving rise to a difference between the statutory effective tax rate and the effective income tax rate after application of tax effect accounting is a 2.93% increase in valuation allowance.

The statutory effective tax rate in the fiscal year ended March 31, 2018 was 28.24%, registering a minimal difference between the statutory effective tax rate and the effective income tax rate after application of tax effect accounting.

1 Loans by Borrower Category

As of March 31,	Millions of yen	
	2017	2018
Bankrupt and quasi-bankrupt loans	¥ —	¥ —
Doubtful loans	—	—
Sub-standard loans	—	—
Subtotal	—	—
[% to total]	[—]	[—]
Normal loans	431,372	428,359
Total	¥431,372	¥428,359

- 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 loans that do not fall under the classifications for 1. to 3. above and where the borrowers have no financial or business performance problems.

2 Risk-monitored Loans

Not applicable

3 Accounting Indicators

3-01 Reserve for outstanding claims

As of March 31,	Millions of yen	
	2017	2018
Insurance claims		
Death benefits	¥ 9,148	¥ 8,542
Accidental benefits	258	278
Disability payments	2,200	1,464
Maturity benefits	1,224	1,234
Others	2,281	2,834
Subtotal	15,113	14,354
Annuity payments	170	600
Insurance benefits	8,081	8,734
Surrender payments	8,950	10,709
Deferred insurance payments	455	641
Total, including others	¥32,965	¥35,176

3-02 Policy reserves

Millions of yen

As of March 31,	2017	2018
Policy reserves (excluding contingency reserve)		
Individual life insurance		
General accounts	¥7,550,631	¥8,128,998
Separate accounts	6,704,429	7,183,813
Individual annuities		
General accounts	846,201	945,184
Separate accounts	285,231	337,064
Group life insurance		
General accounts	160,079	175,320
Separate accounts	125,152	161,743
Group annuities		
General accounts	47	60
Separate accounts	47	60
Others		
General accounts	—	—
Separate accounts	—	—
Subtotal	7,847,480	8,476,160
General accounts	6,876,127	7,369,232
Separate accounts	971,353	1,106,927
Contingency reserve	82,463	89,915
Total	¥7,929,944	¥8,566,075
General accounts	¥6,958,590	¥7,459,147
Separate accounts	971,353	1,106,927

3-03 Breakdown of policy reserves

Millions of yen

As of March 31,	2017	2018
Premium reserve	¥7,605,909	¥8,238,862
Unearned premiums	241,571	237,297
Refund reserve	—	—
Contingency reserve	82,463	89,915
Total	¥7,929,944	¥8,566,075

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,	2017	2018
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 calculation methods and ratios are set for individual life insurance and individual annuities. The concept of calculation method is not targeted at policy reserves for group life insurance and group annuities, so these insurance policies are not included.

2. The above ratios indicate the amounts of the company's policy reserves (excluding contingency reserve) to the required premium reserves and unearned premiums calculated by (a) the method laid down in the Ministry of Finance Public Notice No. 48 (1996) for policies to which the standard policy reserve method is applied, and (b) the net level premium reserve method for policies to which the standard policy reserve method is not applied. The amounts of the company's policy reserves include policy reserves additionally reserved to maintain the future soundness of certain policies.

Balance of policy reserves by contract year

Millions of yen, %

Fiscal year issued	Balance of policy reserves	Assumed interest rate
Up to FY1980	¥ —	—%
FY1981 to FY1985	33,821	6.00–6.25
FY1986 to FY1990	53,804	6.00–6.25
FY1991 to FY1995	581,036	2.75–6.25
FY1996 to FY2000	1,151,085	1.90–4.00
FY2001 to FY2005	1,437,987	1.50
FY2006 to FY2010	1,827,197	1.50
FY2011	417,543	1.50
FY2012	458,203	1.50
FY2013	418,019	1.00
FY2014	310,404	1.00
FY2015	304,649	1.00
FY2016	181,839	1.00
FY2017	183,545	0.25

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 whose insurance policies are invested in separate accounts

Balance of policy reserves (general account)

Millions of yen

As of March 31,	2017	2018
Balance of policy reserves (general account)	¥88,485	¥107,211

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 shows the total of premium reserve related to minimum guarantees and unearned premiums.

Calculating method and coefficient

- Policy reserves related to minimum guarantees are calculated using the standard policy reserve method based on the Ministry of Finance Public Notice No. 48 (1996), "Comprehensive Supervisory Guidelines for Insurance Companies (II-2-1-3-1)."
- Coefficients used in the calculations are stipulated in Article 9, Paragraph 1-2 of the above public notice. The assumed surrender rates consist of an annual rate of 5.0% during the payment of premiums, and an annual rate of 3.0% after the payment of premiums.

3-06 Reserve for policyholders' dividends

Millions of yen

For the year ended March 31,	2017						Total
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
At the beginning of the period	¥ 1,824	¥ 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]

Millions of yen

For the year ended March 31,	2018						Total
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
At the beginning of the period	¥ 1,859	¥ 270	¥3,525	¥ 74	¥ —	¥ —	¥ 5,729
Increase due to interest	0	0	—	—	—	—	0
Decrease due to dividend payment	103	21	3,319	74	—	—	3,517
Provision for the period	121	55	3,090	3	—	—	3,271
At the end of the period	1,877	305	3,296	4	—	—	5,484
	[1,392]	[156]	[0]	[—]	[—]	[—]	[1,549]

Note: Figures in [] are accumulated dividends.

Sony Life Financial Data (Non-consolidated)

3-07 Other reserves

Millions of yen

	2017			2018		
	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	272	270	(1)	270	294	23
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—	—
Reserve for investment losses	—	3,640	3,640	3,640	—	(3,640)
Reserve for employees' retirement benefits	21,944	24,678	2,734	24,678	26,656	1,977
Reserve for directors' retirement benefits	121	119	(1)	119	—	(119)
Reserve for price fluctuations	44,260	46,005	1,744	46,005	47,929	1,924

3-08 Insurance premiums

Millions of yen

For the years ended March 31,	2017	2018
Individual life insurance	¥912,353	¥ 996,545
Single premium	11,506	75,893
Annual payment	263,632	262,938
Semi-annual payment	10,927	11,049
Monthly payment	626,286	646,664
Individual annuities	35,633	53,793
Single premium	11,093	25,746
Annual payment	5,823	5,328
Semi-annual payment	321	347
Monthly payment	18,394	22,370
Group life insurance	5,895	6,255
Group annuities	145	130
Total, including others	¥954,028	¥1,056,725

3-09 Insurance claims

Millions of yen

	2017	2018						
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the years ended March 31,								
Death benefits	¥48,657	¥50,158	¥—	¥1,351	¥—	¥—	¥—	¥51,509
Accidental benefits	437	496	—	0	—	—	—	496
Disability payments	3,160	2,701	—	98	—	—	—	2,799
Maturity benefits	20,919	24,424	—	—	—	—	—	24,424
Others	11,004	12,920	—	191	—	—	—	13,112
Total	¥84,178	¥90,702	¥—	¥1,640	¥—	¥—	¥—	¥92,342

3-10 Annuity payments

Millions of yen

	2017	2018						
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
For the years ended March 31,								
Annuity payments	¥12,019	¥—	¥11,030	¥1	¥1,534	¥—	¥—	¥12,566

Sony Life Financial Data (Non-consolidated)

3-11 Insurance benefits

Millions of yen

For the years ended March 31,	2017	2018						
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
Death benefits	¥ 2,574	¥ 2,612	¥ 93	¥—	¥ —	¥—	¥—	¥ 2,706
Hospitalization benefits	9,291	9,573	—	1	—	—	—	9,574
Surgery benefits	9,622	10,317	—	—	—	—	—	10,317
Disability benefits	114	150	—	0	—	—	—	150
Living benefits	66,042	85,015	—	—	—	—	—	85,015
Others	10,606	10,694	599	—	236	—	—	11,530
Total	¥98,252	¥118,364	¥692	¥ 1	¥236	¥—	¥—	¥119,294

3-12 Surrender payments

Millions of yen

For the years ended March 31,	2017	2018						
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
Surrender payments	¥168,409	¥189,231	¥10,031	¥—	¥0	¥—	¥—	¥199,263

3-13 Depreciation and amortization

Millions of yen, %

For the years ended March 31,	2017					2018				
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period	Ratio of depreciation	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period	Ratio of depreciation
Tangible fixed assets	¥ 8,167	¥ 427	¥ 2,395	¥ 5,771	29.3%	¥ 8,483	¥ 523	¥ 2,788	¥ 5,694	32.9%
Buildings	6,448	291	1,496	4,952	23.2	6,785	361	1,839	4,946	27.1
Leased assets	22	4	12	10	56.0	23	4	17	5	74.6
Other tangible fixed assets	1,695	130	885	809	52.3	1,674	156	931	742	55.6
Intangible fixed assets	43,610	4,868	24,262	19,347	55.6	46,161	4,849	22,959	23,201	49.7
Others	22	3	15	7	68.4	15	3	10	5	66.7
Total	¥51,800	¥5,299	¥26,673	¥25,126	51.5%	¥54,660	¥5,376	¥25,758	¥28,902	47.1%

3-14 Operating expenses

Millions of yen

For the years ended March 31,	2017	2018
Sales and marketing expenses	¥ 65,072	¥ 64,566
Sales administrative expenses	19,080	19,824
General administrative expenses	52,942	55,547
Total	¥137,094	¥139,937

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:

For the years ended March 31,	Millions of yen	
	2017	2018
Life Insurance Policyholders Protection Corporation of Japan	¥736	¥751

4 Reconciliation to Core Profit and Non-consolidated Ordinary Profit

Millions of yen

For the years ended March 31,

		2017	2018
Core profit	(A)	¥ 83,831	¥ 81,384
Capital gains		16,114	9,894
Income from money held in trust, net		—	—
Income from trading securities, net		134	—
Gains on sale of securities		1,308	0
Gains on derivatives, net		—	—
Foreign exchange gains, net		14,670	—
Other capital gains		—	9,894
Capital losses		32,276	27,357
Losses on money held in trust, net		—	—
Losses on trading securities, net		—	8
Losses on sale of securities		—	0
Devaluation losses on securities		—	—
Losses on derivatives, net		30,050	11,403
Foreign exchange losses, net		—	15,280
Other capital losses		2,226	664
Net capital gains (losses)	(B)	(16,162)	(17,463)
Core profit plus net capital gains (losses)	(A) + (B)	67,669	63,920
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		7,490	7,582
Losses from reinsurance		—	—
Provision for contingency reserve		7,296	7,451
Provision for specific reserve for possible loan losses		—	23
Provision for reserve for possible loan losses for specific foreign countries		—	—
Write-off of loans		—	—
Others		193	107
Net other one-time gains (losses)	(C)	(7,488)	(7,582)
Ordinary profit	(A) + (B) + (C)	¥ 60,180	¥ 56,338

Notes: 1. Core profit for the fiscal year ended March 31, 2018 (A) includes income gains of ¥4,490 million in income from money held in trust along with interest income and dividends of ¥11 million in income from trading securities, net. Other capital gains consists of reversal of policy reserves and others of ¥9,894 million for currency market fluctuations of products denominated in foreign currencies, while other capital losses consist of impairment losses of ¥664 million from investment partnerships. "Others" of other one-time losses consists of provision of additional policy reserve of ¥107 million.

2. 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 along with interest income and dividends of ¥17 million in income from trading securities, net. Other capital losses consists of provision of 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 consists of provision of additional policy reserve of ¥193 million.

Sony Life Financial Data (Non-consolidated)

Reference: Reconciliation to core profit

	Millions of yen	
For the years ended March 31,	2017	2018
Core Revenues	¥1,227,623	¥1,351,085
Income from insurance premiums	956,733	1,059,269
Insurance premiums	954,028	1,056,725
Ceded reinsurance commissions	2,704	2,544
Investment income	224,713	238,800
Interest income and dividends	148,284	157,727
Gains on redemption of securities	—	1
Reversal of general reserve for possible loan losses	—	0
Other investment income	4	138
Gains on separate accounts, net	76,423	80,932
Other ordinary income	41,666	48,513
Income for annuity riders	3,001	5,065
Proceeds from deferred insurance	33,879	39,537
Reversal of reserves for outstanding claims	—	—
Others	4,785	3,910
Other core revenues	4,510	4,502
Core Expenses	1,143,791	1,269,701
Insurance claims and other payments	372,407	436,538
Insurance claims	84,178	92,342
Annuity payments	12,019	12,566
Insurance benefits	98,252	119,294
Surrender payments	168,409	199,263
Refund to policyholders	3,122	3,314
Reinsurance premiums	6,423	9,756
Provision for policy reserves and others	587,690	640,678
Investment expenses	5,480	5,749
Interest expenses	44	151
Losses on redemption of securities	53	2
Provision for general reserve for possible loan losses	0	—
Depreciation of real estate for rent and others	1,879	1,770
Other investment expenses	3,502	3,823
Losses on separate accounts, net	—	—
Operating expenses	137,094	139,937
Other ordinary expenses	41,118	46,796
Deferred insurance payments	19,889	25,487
Taxes	12,171	12,647
Depreciation and amortization	5,299	5,376
Provision for reserve for employees' retirement benefits	3,745	2,981
Provision for reserve for directors' retirement benefits	—	—
Others	12	304
Other core expenses	—	—
Core Profit	¥ 83,831	¥ 81,384

Reference: Positive spread and yields

	Billions of yen, %	
For the years ended March 31,	2017	2018
Positive spread	¥15.4	¥17.7
Investment yield for core profit	2.24%	2.22%
Investment yield (general account)	1.81%	1.63%
Average assumed interest rate	2.00%	1.97%

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,	2017		2018	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥2,054	¥(162)	¥—	¥(31)

Fair value information on securities

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

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 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 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.

(Continued on next page)

Fair value information on securities (continued)

Millions of yen

As of March 31,	2018				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,467,997	¥8,050,644	¥1,582,646	¥1,640,383	¥57,736
Policy-reserve-matching bonds	401,958	436,842	34,884	35,939	1,055
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	921,995	1,091,187	169,192	172,541	3,349
Japanese bonds	847,062	1,002,106	155,044	155,044	—
Japanese stocks	13,685	30,668	16,982	17,008	25
Foreign securities	61,081	58,125	(2,955)	368	3,323
Bonds	49,398	46,689	(2,709)	368	3,077
Stocks, etc.	11,682	11,436	(245)	—	245
Other securities	165	286	120	120	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,791,950	¥9,578,673	¥1,786,723	¥1,848,865	¥62,142
Japanese bonds	¥7,397,136	¥9,185,284	¥1,788,148	¥1,827,186	¥39,037
Japanese stocks	13,685	30,668	16,982	17,008	25
Foreign securities	380,962	362,434	(18,528)	4,550	23,078
Bonds	369,280	350,998	(18,282)	4,550	22,832
Stocks, etc.	11,682	11,436	(245)	—	245
Other securities	165	286	120	120	—
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, 2018, amounted to ¥232,484 million and ¥38,552 million, respectively.

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

Millions of yen

As of March 31,	2017	2018
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	16,312	15,926
Available-for-sale securities	9,896	7,719
Unlisted domestic stocks (except OTC stocks)	159	159
Unlisted foreign stocks (except OTC stocks)	608	590
Unlisted foreign bonds	—	—
Others	9,127	6,968
Total	¥26,209	¥23,645

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,	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 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 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	—	—	—	—	—

Millions of yen

As of March 31,	2018				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,467,997	¥8,050,644	¥1,582,646	¥1,640,383	¥57,736
Policy-reserve-matching bonds	401,958	436,842	34,884	35,939	1,055
Stocks of subsidiaries and affiliated companies	15,926	15,926	—	—	—
Available-for-sale securities	929,714	1,103,060	173,345	176,918	3,572
Japanese bonds	847,062	1,002,106	155,044	155,044	—
Japanese stocks	13,845	30,828	16,982	17,008	25
Foreign securities	61,671	59,702	(1,968)	1,354	3,323
Bonds	49,398	46,689	(2,709)	368	3,077
Stocks, etc.	12,273	13,013	740	986	245
Other securities	7,134	10,422	3,287	3,510	222
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,815,596	¥9,606,473	¥1,790,876	¥1,853,241	¥62,365
Japanese bonds	¥7,397,136	¥9,185,284	¥1,788,148	¥1,827,186	¥39,037
Japanese stocks	21,482	38,464	16,982	17,008	25
Foreign securities	389,842	372,301	(17,541)	5,536	23,078
Bonds	369,280	350,998	(18,282)	4,550	22,832
Stocks, etc.	20,562	21,302	740	986	245
Other securities	7,134	10,422	3,287	3,510	222
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

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

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	¥—	¥—	¥—

Millions of yen

As of March 31,	2018				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust	¥270,582	¥270,582	¥—	¥—	¥—

Note: The above tables include jointly invested money held in trust, which amounted to ¥40 million as of March 31, 2018 and ¥50 million as of March 31, 2017, respectively.

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,	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	—

Millions of yen

As of March 31,	2018				
	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	231,989	270,541	38,552	38,552	—

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 (losses) (Derivatives to which hedge accounting is applied and derivatives to which hedge accounting is not applied)

Millions of yen

As of March 31,	2017						2018					
	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	337	3,797	462	—	—	4,597	—	5,772	786	—	—	6,559
Total	¥337	¥3,797	¥462	¥—	¥—	¥4,597	¥—	¥5,772	¥786	¥—	¥—	¥6,559

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

Sony Life Financial Data (Non-consolidated)

2. Interest rate derivatives

Millions of yen

As of March 31,	2017				2018			
	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	¥337	¥337	¥—	¥—	¥—	¥—
Total				¥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,	2017							Total
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years		
Fixed-rate receivable/Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	
Average fixed-rate receivable	—	—	—	—	—	1.89%	1.89%	
Average floating-rate payable	—	—	—	—	—	(0.00%)	(0.00%)	
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	

Millions of yen, %

As of March 31,	2018							Total
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years		
Fixed-rate receivable/Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥—	¥—	
Average fixed-rate receivable	—	—	—	—	—	—	—	
Average floating-rate payable	—	—	—	—	—	—	—	
Total	¥—	¥—	¥—	¥—	¥—	¥—	¥—	

3. Currency derivatives

Millions of yen

As of March 31,	2017				2018			
	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	¥240,804	¥—	¥3,799	¥3,799	¥153,617	¥—	¥5,775	¥5,775
U.S. dollars	212,273	—	3,284	3,284	124,094	—	4,572	4,572
Euro	28,531	—	514	514	29,522	—	1,203	1,203
Australian dollars	—	—	—	—	—	—	—	—
Bought	169	—	(1)	(1)	172	—	(3)	(3)
U.S. dollars	169	—	(1)	(1)	172	—	(3)	(3)
Total				¥3,797				¥5,772

Notes: 1. The fair value of forward foreign exchanges is calculated using the discounted present value based on the fiscal year-end interest rate.

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

Sony Life Financial Data (Non-consolidated)

4. Stock derivatives

Millions of yen

As of March 31,	2017				2018			
	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	¥96,016	¥—	¥462	¥462	¥106,875	¥—	¥786	¥786
Total				¥462				¥786

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,	2017		2018	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥921,319	¥45,396	¥1,048,062	¥36,944

Fair value information on securities

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

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 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 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	—	—	—	—	—

(Continued on next page)

Fair value information on securities (continued)

Millions of yen

As of March 31,	2018				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,467,997	¥8,050,644	¥1,582,646	¥1,640,383	¥57,736
Policy-reserve-matching bonds	401,958	436,842	34,884	35,939	1,055
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	921,995	1,091,187	169,192	172,541	3,349
Japanese bonds	847,062	1,002,106	155,044	155,044	—
Japanese stocks	13,685	30,668	16,982	17,008	25
Foreign securities	61,081	58,125	(2,955)	368	3,323
Bonds	49,398	46,689	(2,709)	368	3,077
Stocks, etc.	11,682	11,436	(245)	—	245
Other securities	165	286	120	120	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,791,950	¥9,578,673	¥1,786,723	¥1,848,865	¥62,142
Japanese bonds	¥7,397,136	¥9,185,284	¥1,788,148	¥1,827,186	¥39,037
Japanese stocks	13,685	30,668	16,982	17,008	25
Foreign securities	380,962	362,434	(18,528)	4,550	23,078
Bonds	369,280	350,998	(18,282)	4,550	22,832
Stocks, etc.	11,682	11,436	(245)	—	245
Other securities	165	286	120	120	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

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

2. The carrying amount and net unrealized gains (losses) on money held in trust, including items other than trading securities, amounted to ¥232,484 million and ¥38,552 million, respectively, as of March 31, 2018 and ¥232,402 million and ¥41,919 million, respectively, as of March 31, 2017.

○ Held-to-maturity securities

Millions of yen

As of March 31,	2017			2018		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities whose fair value exceeds balance sheet amount	¥5,366,516	¥6,888,020	¥1,521,504	¥5,712,419	¥7,352,803	¥1,640,383
Japanese bonds	5,340,238	6,858,928	1,518,690	5,649,059	7,285,480	1,636,421
Foreign securities	26,278	29,092	2,813	63,360	67,322	3,962
Other securities	—	—	—	—	—	—
Held-to-maturity securities whose fair value does not exceed balance sheet amount	702,154	626,234	(75,919)	755,577	697,840	(57,736)
Japanese bonds	472,123	419,907	(52,215)	513,318	475,204	(38,113)
Foreign securities	230,031	206,327	(23,704)	242,259	222,636	(19,623)
Other securities	—	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

○ Policy-reserve-matching bonds

Millions of yen

As of March 31,	2017			2018		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Policy-reserve-matching bonds whose fair value exceeds balance sheet amount	¥230,196	¥258,073	¥27,876	¥346,779	¥382,719	¥35,939
Japanese bonds	230,196	258,073	27,876	340,492	376,212	35,720
Foreign securities	—	—	—	6,286	6,506	219
Other securities	—	—	—	—	—	—
Policy-reserve-matching bonds whose fair value does not exceed balance sheet amount	47,176	45,283	(1,893)	55,179	54,123	(1,055)
Japanese bonds	47,176	45,283	(1,893)	47,203	46,279	(924)
Foreign securities	—	—	—	7,975	7,843	(131)
Other securities	—	—	—	—	—	—

○ Available-for-sale securities

Millions of yen

As of March 31,	2017			2018		
	Carrying amount	Balance sheet amount	Difference	Carrying amount	Balance sheet amount	Difference
Available-for-sale securities whose balance sheet amount exceeds carrying amount	¥868,161	¥1,042,829	¥174,667	¥868,385	¥1,040,926	¥172,541
Japanese bonds	852,604	1,013,331	160,726	847,062	1,002,106	155,044
Japanese stocks	12,793	26,249	13,455	13,384	30,392	17,008
Foreign securities	2,597	2,935	337	7,772	8,140	368
Other securities	165	313	147	165	286	120
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—
Available-for-sale securities whose balance sheet amount does not exceed carrying amount	28,365	27,091	(1,274)	53,610	50,260	(3,349)
Japanese bonds	—	—	—	—	—	—
Japanese stocks	891	833	(58)	301	275	(25)
Foreign securities	27,473	26,257	(1,215)	53,308	49,984	(3,323)
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,	2017	2018
Held-to-maturity securities	¥ —	¥ —
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	16,312	15,926
Available-for-sale securities	9,896	7,719
Unlisted domestic stocks (except OTC stocks)	159	159
Unlisted foreign stocks (except OTC stocks)	608	590
Unlisted foreign bonds	—	—
Others	9,127	6,968
Total	¥26,209	¥23,645

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,	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 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 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	—	—	—	—	—

Millions of yen

As of March 31,	2018				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥6,467,997	¥8,050,644	¥1,582,646	¥1,640,383	¥57,736
Policy-reserve-matching bonds	401,958	436,842	34,884	35,939	1,055
Stocks of subsidiaries and affiliated companies	15,926	15,926	—	—	—
Available-for-sale securities	929,714	1,103,060	173,345	176,918	3,572
Japanese bonds	847,062	1,002,106	155,044	155,044	—
Japanese stocks	13,845	30,828	16,982	17,008	25
Foreign securities	61,671	59,702	(1,968)	1,354	3,323
Bonds	49,398	46,689	(2,709)	368	3,077
Stocks, etc.	12,273	13,013	740	986	245
Other securities	7,134	10,422	3,287	3,510	222
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	¥7,815,596	¥9,606,473	¥1,790,876	¥1,853,241	¥62,365
Japanese bonds	¥7,397,136	¥9,185,284	¥1,788,148	¥1,827,186	¥39,037
Japanese stocks	21,482	38,464	16,982	17,008	25
Foreign securities	389,842	372,301	(17,541)	5,536	23,078
Bonds	369,280	350,998	(18,282)	4,550	22,832
Stocks, etc.	20,562	21,302	740	986	245
Other securities	7,134	10,422	3,287	3,510	222
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,	2017					2018				
	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	¥273,877	¥273,877	¥—	¥—	¥—	¥270,582	¥270,582	¥—	¥—	¥—

Note: The above tables include jointly invested money held in trust, which amounted to ¥40 million as of March 31, 2018 and ¥50 million as of March 31, 2017.

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,	2017					2018				
	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	231,907	273,826	41,919	41,919	—	231,989	270,541	38,552	38,552	—

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-related 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 Sony Life'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 (losses) (Derivatives to which hedge accounting is applied and derivatives to which hedge accounting is not applied)

Millions of yen

As of March 31,	2017						2018					
	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	337	3,797	462	—	—	4,597	—	5,772	786	—	—	6,559
Total	¥337	¥3,797	¥462	¥—	¥—	¥4,597	¥—	¥5,772	¥786	¥—	¥—	¥6,559

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

Sony Life Financial Data (Non-consolidated)

2. Derivatives to which hedge accounting is not applied

① Interest rate derivatives

Millions of yen

As of March 31,	2017				2018			
	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	¥337	¥337	¥—	¥—	¥—	¥—
Total				¥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,	2017							Total
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years		
Fixed-rate receivable / Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	
Average fixed-rate receivable	—	—	—	—	—	1.89%	1.89%	
Average floating-rate payable	—	—	—	—	—	(0.00%)	(0.00%)	
Total	¥—	¥—	¥—	¥—	¥—	¥1,000	¥1,000	

Millions of yen, %

As of March 31,	2018							Total
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years		
Fixed-rate receivable / Floating-rate payable for notional principal of interest rate swap	¥—	¥—	¥—	¥—	¥—	¥—	¥—	
Average fixed-rate receivable	—	—	—	—	—	—	—	
Average floating-rate payable	—	—	—	—	—	—	—	
Total	¥—	¥—	¥—	¥—	¥—	¥—	¥—	

② Currency derivatives

Millions of yen

As of March 31,	2017				2018			
	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	¥240,804	¥—	¥3,799	¥3,799	¥153,617	¥—	¥5,775	¥5,775
U.S. dollars	212,273	—	3,284	3,284	124,094	—	4,572	4,572
Euro	28,531	—	514	514	29,522	—	1,203	1,203
Australian dollars	—	—	—	—	—	—	—	—
Bought	169	—	(1)	(1)	172	—	(3)	(3)
U.S. dollars	169	—	(1)	(1)	172	—	(3)	(3)
Total				¥3,797				¥5,772

Notes: 1. The fair value of forward foreign exchanges is calculated using the discounted present value based on the fiscal year-end interest rate.

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

③ Stock derivatives

Millions of yen

As of March 31,	2017				2018			
	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	¥96,016	¥—	¥462	¥462	¥106,875	¥—	¥786	¥786
Total				¥462				¥786

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,	2014	2015	2016	2017	2018
Policy amount in force	¥40,500,241	¥42,430,898	¥44,749,196	¥47,185,239	¥49,173,547
Individual life insurance	38,628,089	40,391,018	42,293,769	44,313,382	45,892,442
Individual annuities	466,915	597,682	856,062	1,020,810	1,360,998
Group life insurance	1,405,237	1,442,198	1,599,364	1,851,046	1,920,106
Policy amount in force for group annuities	55,196	17,210	13,093	11,570	10,037
Annualized premiums from insurance in force	696,986	735,728	781,315	820,856	848,823
Medical protection, living benefit protection and other products	167,075	172,800	179,707	187,449	191,895
New policy amount	3,894,484	4,776,917	5,152,456	5,004,921	5,346,249
Individual life insurance	3,814,291	4,625,700	4,871,062	4,765,257	4,912,156
Individual annuities	75,088	145,926	280,332	192,247	375,820
Group life insurance	5,104	5,291	1,061	47,415	58,272
Annualized premiums from new policies	63,992	76,612	85,018	78,127	73,073
Medical protection, living benefit protection and other products	13,486	15,285	15,717	15,718	12,984
Ordinary revenues	1,197,109	1,223,827	1,230,141	1,243,739	1,351,076
Income from insurance premiums	960,986	914,034	1,028,048	956,733	1,059,269
Investment income	212,323	280,148	170,517	245,339	243,293
Ordinary expenses	1,127,904	1,144,162	1,169,348	1,183,558	1,294,738
Insurance claims and other payments	327,257	382,902	363,370	372,407	436,538
Investment expenses	8,506	9,727	23,399	36,196	33,121
Operating expenses	113,868	115,603	133,334	137,094	139,937
Ordinary profit	69,205	79,665	60,792	60,180	56,338
Net income	37,063	42,524	37,096	35,185	45,134
Core profit	72,365	76,505	43,019	83,831	81,384
Common stock	70,000	70,000	70,000	70,000	70,000
Shares issued and outstanding (thousands of shares)	70,000	70,000	70,000	70,000	70,000
Total assets	6,624,903	7,301,350	8,035,408	8,873,613	9,567,689
Separate account assets	640,562	793,344	850,323	989,605	1,128,817
Policy reserves	6,123,633	6,727,241	7,336,533	7,929,944	8,566,075
Loans	154,219	162,399	171,649	180,374	189,486
Securities	5,954,716	6,543,703	7,273,361	8,093,192	8,765,967
Solvency margin ratio	2,358.7%	2,555.0%	2,722.8%	2,568.8%	2,624.3%
Number of employees	6,553	6,781	7,289	7,865	8,246

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 annuity payments have commenced.

2. The policy amount in force for group annuities is equal to the amount of 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 are the total of 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. Annualized premiums for "medical protection, living benefit protection and other products" include those 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,	2017				2018			
	Number	Comparison to March 31, 2016	Amount	Comparison to March 31, 2016	Number	Comparison to March 31, 2017	Amount	Comparison to March 31, 2017
Individual life insurance	7,112,052	103.4%	¥44,313,382	104.8%	7,316,968	102.9%	¥45,892,442	103.6%
Individual annuities	196,606	118.2	1,020,810	119.2	252,658	128.5	1,360,998	133.3
Group life insurance	—	—	1,851,046	115.7	—	—	1,920,106	103.7
Group annuities	—	—	11,570	88.4	—	—	10,037	86.8

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 annuity payments have commenced.
2. The policy amount in force for group annuities is equal to the amount of policy reserves.

New policy amount

Millions of yen, %

For the year ended March 31,	2017					
	Number	Comparison to previous year	Amount	Comparison to previous year	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	—	—	—	—	—	—

Millions of yen, %

For the year ended March 31,	2018					
	Number	Comparison to previous year	Amount	Comparison to previous year	Amount, of which, new policies	Amount, of which, increase from conversion
Individual life insurance	478,994	100.0%	¥4,912,156	103.1%	¥4,912,156	¥—
Individual annuities	61,374	177.9	375,820	195.5	375,820	—
Group life insurance	—	—	58,272	122.9	58,272	—
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,	2017		2018	
	Amount	Comparison to March 31, 2016	Amount	Comparison to March 31, 2017
Individual life insurance	¥787,005	104.7%	¥807,437	102.6%
Individual annuities	33,851	114.8	41,386	122.3
Total	¥820,856	105.1%	¥848,823	103.4%
Of which, medical protection, living benefit protection and other products	187,449	104.3	191,895	102.4

New policies

Millions of yen, %

For the years ended March 31,	2017		2018	
	Amount	Comparison to previous year	Amount	Comparison to previous year
Individual life insurance	¥72,786	95.4%	¥63,875	87.8%
Individual annuities	5,340	61.5	9,197	172.2
Total	¥78,127	91.9%	¥73,073	93.5%
Of which, medical protection, living benefit protection and other products	15,718	100.0	12,984	82.6

Notes: 1. Annualized premiums refer to an amount that is calculated by multiplying individual premium amounts by a coefficient that differs depending on the premium payment methods, thereby converting the figure to a per-year premium. (For single premium policies, premiums are divided by the number of coverage years.)
2. Annualized premiums for "medical protection, living benefit protection and other products" include those for medical protection benefits (hospitalization benefits, surgical procedure benefits, etc.) and living benefit protection (benefits for specific diseases, 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,	2017		2018	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	5,437,934	¥40,855,198	5,625,189	¥42,367,088
Variable life insurance (whole life type)	845,906	4,382,838	843,324	4,366,744
U.S. dollar-denominated whole life insurance	130,292	1,130,333	206,545	1,611,986
U.S. dollar-denominated single premium whole life insurance (non-notification type)	—	—	14,318	64,955
U.S. dollar-denominated living benefit whole life insurance (living standard type)	—	—	29,567	156,645
Modified payment whole life insurance	13,886	122,105	13,566	117,483
Limited payment whole life insurance	341,278	2,682,182	337,508	2,637,306
Family insurance	1,178	10,710	1,157	10,498
Interest rate-sensitive whole life insurance	525,489	2,876,061	511,912	2,776,525
Whole life insurance (no selection type)	3,773	6,606	3,707	6,358
Single premium whole life insurance (non-notification type)	12,967	72,743	12,648	71,545
Living benefit insurance (whole life type)	525,352	1,779,397	514,507	1,725,310
Living benefit whole life insurance (living standard type)	132,695	538,877	140,376	561,546
Variable life insurance (term type)	1,160	37,585	6,176	299,791
Family income insurance	301,711	7,704,077	331,719	8,518,053
Living standard insurance	2,361	29,361	2,115	24,842
Level premium plan term life insurance	79,193	1,579,254	75,960	1,498,413
Decreasing term life insurance	68,881	1,273,146	68,465	1,254,506
Living benefit insurance (term type)	84,107	751,117	86,414	751,283
Living benefit term life insurance (living standard type)	48,943	419,104	75,201	628,764
Living benefit decreasing term life insurance (living standard type)	—	—	23,627	280,512
Level premium plan term life insurance (non-smoker preferred risk)	17,291	712,186	16,646	682,498
Decreasing term life insurance (non-smoker preferred risk)	21,001	381,322	19,436	328,979
Family income insurance (non-smoker preferred risk)	43,007	1,057,556	40,149	933,000
Increasing term life insurance	25	3,802	17	2,735
Long-term level premium plan term life insurance (with disability benefit)	62,807	3,079,671	64,968	3,199,331
Level premium plan term life insurance with reduced surrender value (disability / nursing care type)	721	28,698	987	37,903
Increasing term life insurance (reduced surrender value)	4,509	182,966	5,714	231,994
Level premium plan term life insurance with no surrender value	50,609	954,664	52,368	1,002,448
Level premium plan term life insurance with no surrender value (disability / nursing care type)	700	12,546	1,130	19,720
Income protection insurance to cover three major diseases	24,028	18,933	25,367	19,738
Semi-participating whole life nursing care insurance	132,974	495,199	129,863	480,217
Whole life nursing care insurance (reduced surrender value)	20,568	3,995	21,389	3,952
Cancer insurance	208,710	27,718	209,291	27,344
Whole life cancer insurance (08)	80,685	7,003	83,305	7,135
Cancer hospitalization insurance	29,409	—	27,384	—
Comprehensive medical insurance	1,611,376	623,656	1,618,418	609,931
Long-term comprehensive medical insurance	10,294	4,401	9,905	4,279
Semi-participating living standard insurance (joint type)	48	927	40	816
Term riders and others	[525,045]	7,864,446	[508,347]	7,411,989
Mixed insurance	442,497	1,570,161	465,044	1,661,040
Variable life insurance (limited term type)	97,804	327,486	122,514	438,533
U.S. dollar-denominated endowment insurance	6,019	25,115	13,107	45,588
U.S. dollar-denominated specialty endowment insurance	5,451	32,651	7,329	43,747
Endowment insurance	260,200	981,704	251,130	935,744
Semi-participating endowment insurance	62,555	163,776	59,826	156,895
Specialty endowment insurance	10,468	39,428	11,138	40,531
Pure endowment insurance	1,231,621	1,888,021	1,226,735	1,864,313
Educational endowment insurance	134,305	145,313	170,181	184,308
Semi-participating educational endowment insurance	1,097,316	1,742,708	1,056,554	1,680,004
Living benefit rider	—	—	—	—
Total individual life insurance products	7,112,052	44,313,382	7,316,968	45,892,442
Individual annuity products				
Semi-participating individual annuities	80,359	350,831	79,373	341,258
Individual variable annuities	105,603	597,726	161,507	941,325
Others	10,644	72,252	11,778	78,414
Total individual annuity products	196,606	1,020,810	252,658	1,360,998
Group life insurance products				
Group term life insurance	118,661	168,646	117,089	159,095
Group welfare term life insurance	119,043	72,089	123,250	68,450
Non-participating group welfare term life insurance	13,267	40,322	30,649	88,614
Group credit life insurance	1,407,149	1,569,983	1,337,163	1,603,943
Annuity payment rider	15	4	12	3
Total group life insurance products	1,658,135	1,851,046	1,608,163	1,920,106
Group annuity products				
New-type corporate annuities	20,855	95	20,544	89
Defined contribution corporate annuities	56,164	11,475	55,425	9,948
Total group annuity products	77,019	11,570	75,969	10,037
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 are to commence.

4. "Others" under individual annuity products includes "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 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 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 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,	2017		2018	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	400,145	¥4,545,352	390,191	¥4,659,997
Variable life insurance (whole life type)	40,986	189,654	15,670	68,146
U.S. dollar-denominated whole life insurance	72,587	578,975	79,919	616,764
U.S. dollar-denominated single premium whole life insurance (non-notification type)	—	—	14,355	67,544
U.S. dollar-denominated living benefit whole life insurance (living standard type)	—	—	29,783	163,319
Modified payment whole life insurance	—	—	—	—
Limited payment whole life insurance	7,832	43,152	2,955	13,944
Family insurance	—	—	—	—
Interest rate-sensitive whole life insurance	1,459	9,797	(6)	(26)
Whole life insurance (no selection type)	289	440	400	532
Single premium whole life insurance (non-notification type)	1,201	7,012	—	—
Living benefit insurance (whole life type)	8,648	31,734	3,035	10,586
Living benefit whole life insurance (living standard type)	41,141	171,650	13,641	54,155
Variable life insurance (term type)	—	—	5,101	265,537
Family income insurance	44,039	1,362,255	55,759	1,802,802
Living standard insurance	—	—	—	—
Level premium plan term life insurance	4,883	104,897	3,364	68,408
Decreasing term life insurance	4,181	112,575	5,237	143,067
Living benefit insurance (term type)	11,271	78,475	8,108	55,315
Living benefit term life insurance (living standard type)	37,722	307,038	29,286	236,295
Living benefit decreasing term life insurance (living standard type)	—	—	23,949	284,929
Level premium plan term life insurance (non-smoker preferred risk)	1,129	57,078	690	36,751
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)	15,323	826,699	5,643	274,162
Level premium plan term life insurance with reduced surrender value (disability / nursing care type)	728	28,820	300	10,871
Increasing term life insurance (reduced surrender value)	2,274	102,346	1,631	65,539
Level premium plan term life insurance with no surrender value	5,634	125,467	5,906	136,173
Level premium plan term life insurance with no surrender value (disability / nursing care type)	717	13,022	521	8,549
Income protection insurance to cover three major diseases	3,515	2,966	2,927	2,262
Semi-participating whole life nursing care insurance	2,647	10,020	1,139	3,961
Whole life nursing care insurance (reduced surrender value)	3,209	332	1,826	124
Cancer insurance	6,957	698	7,993	775
Whole life cancer insurance (08)	9,221	766	5,746	475
Cancer hospitalization insurance	2,180	—	1,154	—
Comprehensive medical insurance	70,372	12,457	64,159	11,044
Long-term comprehensive medical insurance	—	—	—	—
Semi-participating living standard insurance (joint type)	—	—	—	—
Term riders and others	[19,298]	367,014	[12,018]	257,984
Mixed insurance	39,631	171,232	51,932	211,940
Variable life insurance (limited term type)	16,872	71,611	29,744	127,437
U.S. dollar-denominated endowment insurance	2,653	10,679	7,299	24,638
U.S. dollar-denominated specialty endowment insurance	1,784	14,187	2,124	15,393
Endowment insurance	14,466	61,836	10,441	36,654
Semi-participating endowment insurance	1,435	5,450	905	3,569
Specialty endowment insurance	2,421	7,467	1,419	4,246
Pure endowment insurance	39,355	48,673	36,871	40,218
Educational endowment insurance	39,354	48,670	36,871	40,218
Semi-participating educational endowment insurance	1	3	—	—
Living benefit rider	—	—	—	—
Total individual life insurance products	479,131	4,765,257	478,994	4,912,156
Individual annuity products				
Semi-participating individual annuities	6,723	29,639	1,260	4,158
Individual variable annuities	27,769	162,607	60,114	371,662
Others	—	—	—	—
Total individual annuity products	34,492	192,247	61,374	375,820
Group life insurance products				
Group term life insurance	—	—	—	—
Group welfare term life insurance	2,001	7,075	610	2,725
Non-participating group welfare term life insurance	13,264	40,340	18,845	55,547
Group credit life insurance	—	—	—	—
Annuity payment rider	—	—	—	—
Total group life insurance products	15,265	47,415	19,455	58,272
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.

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	
	2017	2018
Death protection		
Ordinary death		
Individual life insurance	¥42,425,360	¥44,028,129
Individual annuities	[233,025]	[296,045]
Group life insurance	1,851,042	1,920,103
Group annuities	—	—
Total, including others	44,276,402	45,948,233
Accidental death		
Individual life insurance	[6,156,920]	[5,940,789]
Individual annuities	—	—
Group life insurance	[310]	[327]
Group annuities	—	—
Total, including others	[6,157,230]	[5,941,116]
Death protection with other conditions		
Individual life insurance	[1,179,842]	[1,114,008]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	[1,179,842]	[1,114,008]
Living protection		
Maturity and living benefits		
Individual life insurance	1,888,021	1,864,313
Individual annuities	949,391	1,283,430
Group life insurance	—	—
Group annuities	—	—
Total, including others	2,837,413	3,147,743
Annuities		
Individual life insurance	—	—
Individual annuities	[118,959]	[157,039]
Group life insurance	[1]	[1]
Group annuities	—	—
Total, including others	[118,960]	[157,041]
Others		
Individual life insurance	—	—
Individual annuities	71,418	77,567
Group life insurance	4	3
Group annuities	11,570	10,037
Total, including others	82,994	87,608
Hospitalization protection		
Accidental hospitalization		
Individual life insurance	[18,188]	[18,209]
Individual annuities	—	—
Group life insurance	[17]	[29]
Group annuities	—	—
Total, including others	[18,205]	[18,239]
Disease hospitalization		
Individual life insurance	[18,188]	[18,209]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	[18,188]	[18,209]
Hospitalization with other conditions		
Individual life insurance	[7,067]	[6,934]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	[7,067]	[6,934]

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 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, including others" in "Disease 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,	2017	2018
Disability protection		
Individual life insurance	676,158	754,106
Individual annuities	—	—
Group life insurance	11,993	14,685
Group annuities	—	—
Total, including others	688,151	768,791
Surgery protection		
Individual life insurance	1,690,123	1,694,041
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	1,690,123	1,694,041

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

As of March 31,	2017	2018
		Millions of yen
Pure death-protection insurance		
Whole life insurance	¥ 9,219,018	¥ 9,740,161
Whole life insurance with term rider	—	—
Term life insurance	18,140,113	19,370,145
Total, including others	40,855,198	42,367,088
Mixed insurance		
Endowment insurance	1,170,595	1,138,227
Endowment insurance with term rider	—	—
Term life insurance with living benefits	—	—
Total, including others	1,570,161	1,661,040
Pure endowment insurance	1,888,021	1,864,313
Annuity products		
Individual annuities	1,020,810	1,360,998
Riders for disaster and disease		
Rider to cover accidental death	3,087,697	2,968,417
Injury rider	3,069,222	2,972,372
Comprehensive protection riders covering hospitalization	426	409
Comprehensive protection riders covering hospitalization for family	16	15
Comprehensive protection riders covering lifestyle-related disease	46	44
Medical treatment rider for adults	1,183	1,152
Medical treatment rider for women	1,220	1,200
Lifestyle diseases medical treatment rider	14	13
New medical treatment rider for women	4	3
Cancer rider	259	268
Rider to cover initial period of hospitalization	6,835	6,922

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,	2017		2018	
	Number	Amount	Number	Amount
Balance at the beginning of the period	6,880,470	¥42,293,769	7,112,052	¥44,313,382
New policy amount	479,131	4,765,257	478,994	4,912,156
Increase from renewal	12,619	46,029	13,695	49,030
Increase from reinstatement	18,191	120,415	15,747	108,579
Increase in policy amount	[234]	2,178	[265]	1,752
Increase from conversion	—	—	—	—
Increase for other reasons	5,553	149,243	6,569	148,633
Decrease from death	11,957	69,785	12,762	71,987
Decrease for maturity	46,733	138,327	58,289	162,364
Decrease in policy amount	[40,318]	188,878	[41,272]	199,976
Decrease from conversion	—	—	—	—
Surrender amount	182,344	1,578,540	198,985	2,000,829
Lapse amount	33,406	234,703	29,937	215,051
Decrease for other reasons	9,472	853,275	10,116	990,882
Balance at the end of the period	7,112,052	44,313,382	7,316,968	45,892,442
[Increase ratio]	[3.4%]	[4.8%]	[2.9%]	[3.6%]
Net increase	231,582	2,019,612	204,916	1,579,060
[Increase ratio]	[(29.3%)]	[6.1%]	[(11.5%)]	[(21.8%)]

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,	2017		2018	
	Number	Amount	Number	Amount
Balance at the beginning of the period	166,331	¥ 856,062	196,606	¥1,020,810
New policy amount	34,492	192,247	61,374	375,820
Increase from reinstatement	672	3,867	811	4,661
Increase from conversion	—	—	—	—
Increase for other reasons	1,656	5,009	2,039	6,877
Decrease from death	78	362	102	470
Decrease for maturity	784	459	868	464
Decrease in annuity amount	[506]	4,757	[666]	5,424
Decrease from conversion	—	—	—	—
Surrender amount	3,651	19,979	4,885	28,212
Lapse amount	1,073	6,162	1,200	6,730
Decrease for other reasons	957	4,654	1,117	5,870
Balance at the end of the period	196,606	1,020,810	252,658	1,360,998
[Increase ratio]	[18.2%]	[19.2%]	[28.5%]	[33.3%]
Net increase	30,275	164,748	56,052	340,187
[Increase ratio]	[(35.5%)]	[(36.2%)]	[85.1%]	[106.5%]

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,	2017		2018	
	Number	Amount	Number	Amount
Balance at the beginning of the period	1,743,119	¥1,599,364	1,658,135	¥1,851,046
New policy amount	15,265	47,415	19,455	58,272
Increase from renewal	237,340	234,567	250,140	257,008
Increase from reinstatement	12	120	10	15
Increase in policy amount (increase by additional purchase of riders)	111,440	387,248	92,573	221,145
Increase in policy amount	[569]	342	[632]	481
Increase for other reasons	66	101	221	136
Decrease from death	8,403	1,426	8,112	1,628
Decrease for maturity	239,727	240,695	254,524	277,376
Withdrawals	198,416	93,551	148,974	64,036
Decrease in policy amount	[732,441]	80,451	[820,567]	88,530
Surrender amount	2,395	1,748	563	1,311
Lapse amount	12	120	89	309
Decrease for other reasons	154	120	109	34,805
Balance at the end of the period	1,658,135	1,851,046	1,608,163	1,920,106
[Increase ratio]	[(4.9%)]	[15.7%]	[(3.0%)]	[3.7%]
Net increase	(84,984)	251,682	(49,972)	69,059
[Increase ratio]	[—]	[60.1%]	[—]	[(72.6%)]

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,	2017		2018	
	Number	Amount	Number	Amount
Balance at the beginning of the period	80,155	¥13,093	77,019	¥11,570
New policy amount	—	—	—	—
Annuity payment	211,085	1,664	193,475	1,534
Lump-sum payment	1,510	128	1,466	236
Surrender amount	—	—	—	—
Balance at the end of the period	77,019	11,570	75,969	10,037
[Increase ratio]	[(3.9%)]	[(11.6%)]	[(1.4%)]	[(13.2%)]
Net increase	(3,136)	(1,522)	(1,050)	(1,532)
[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,	2017	2018
Level-premium		
Assumed interest rates of 1.00% or less	0.70%	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%	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%

Sony Life Performance Indicators (Non-consolidated)

2. The following is an example of policyholder dividends for semi-participating whole life nursing care insurance (before nursing care annuity payments commence) using figures for the fiscal year ended March 31, 2018.

<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)

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%	3 years	¥ —	¥22,818
Nov. 2, 2014	1.00	4	—	30,629
Nov. 2, 2013	1.00	5	38,563	38,563
Nov. 2, 2012	1.50	6	—	0
Nov. 2, 2011	1.50	7	—	0
Nov. 2, 2010	1.50	8	—	0
Nov. 2, 2009	1.50	9	—	0
Nov. 2, 2008	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, 2018.

2. The amount of policyholders' dividends above is the sum of the prorated dividend amount (policy reserve × dividend participation ratio) and interest through November 2, 2018 (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 0.75%, using figures for the fiscal year ended March 31, 2018.

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,	2017	2018
Individual life insurance	4.8%	3.6%
Individual annuities	19.2	33.3
Group life insurance	15.7	3.7
Group annuities	(11.6)	(13.2)

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

Thousands of yen

For the years ended March 31,	2017	2018
Average policy amount for new policies	¥9,945	¥10,255
Average policy amount for policies in force	6,230	6,272

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,	2017	2018
Individual life insurance	11.3%	11.1%
Individual annuities	24.4	39.6
Group life insurance	3.0	3.1

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

3-04 Lapse and surrender rate (to policy amount in force at the beginning of the fiscal year)

The lapse and surrender rate is expressed as a ratio calculated by dividing the amounts of lapses and surrenders 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,	2017	2018
Individual life insurance	4.44%	5.20%
Individual annuities	3.42	3.76
Subtotal	4.43	5.17
Group life insurance	5.12	4.84

Sony Life Performance Indicators (Non-consolidated)

The following lapse and surrender rate is expressed as a ratio calculated by dividing the amounts of lapses and surrenders 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,	2017	2018
Individual life insurance + Individual annuities	4.27%	4.97%

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

For the years ended March 31,	2017	2018
Average premiums for new policies	¥13,582	¥13,036

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,	2017	2018
Based on number of policies	1.71‰	1.77‰
Based on policy amount	1.61	1.59

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

For the years ended March 31,	2017		2018	
	Number of policies	Policy amount	Number of policies	Policy amount
Accidental death protection	0.070‰	0.075‰	0.072‰	0.106‰
Disability protection	0.100	0.053	0.103	0.089
Accidental hospitalization protection	3.636	90.257	3.910	97.414
Disease hospitalization protection	38.017	611.877	38.764	627.210
Lifestyle-related disease hospitalization protection	16.261	418.817	17.334	445.314
Disease and accidental surgery protection	46.974		49.572	
Lifestyle-related disease surgery protection	12.184		13.358	

3-08 Operating expense ratio (to insurance premiums)

For the years ended March 31,	2017	2018
Operating expense ratio	14.4%	13.2%

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, 2018

(1) Investment Environment

During the fiscal year ended March 31, 2018, the Japanese economy registered gradual growth. Exports increased, thanks to generally healthy overseas economies, leading to an economic expansion surpassing the Izanagi economic boom. Capital investment also increased, driven by improvements in corporate earnings and business confidence. Personal consumption remained solid, supported by an improving employment environment and a growing sentiment for wage hikes. In the meantime, the consumer price index remained at a low level of near 0%, with a 0.5% increase in core CPI year on year. Real GDP growth, year on year, for the April–June quarter, July–September quarter, October–December quarter and January–March quarter was 2.1%, 2.0%, 1.0% and negative 0.6%*, respectively.

In the Japanese bond market, long-term interest rates moved within a narrow range. Yields on 10-year JGBs hovered around the targeted 0% level, in an inactive market with tight supply and demand, attributable to the buying operations of the Bank of Japan as part of its yield-curve control policy. Under these circumstances, the long-term interest rate as of March 31, 2018 was 0.043% (down 0.024 percentage points year on year).

Stock markets rose during the fiscal year. In September 2017, Prime Minister Abe announced a dissolution of the House of Representatives and a snap election, and the Liberal Democratic Party was victorious. The administration's stability gave confidence to the markets, which resulted in a rise of stock prices. This was followed by a further rally fueled by a series of announcements of healthy earnings both in Japan and the U.S., sending the Nikkei Stock Average above the ¥24,000 level in January 2018 for the first time in 26 years. The stock market, however, started to decline in late January following the State of the Union Address by U.S. President Trump, then fluctuated around the ¥21,000 level toward the end of the fiscal year. As of March 31, 2018, the Nikkei Stock Average was ¥21,454.30, up ¥2,545.04 from its level on March 31, 2017.

The foreign exchange market moved within a certain range. In the first half of the fiscal year, the market continued to fluctuate within a range from ¥108 to ¥114, under a general trend of risk aversion among investors in view of the geopolitical risks and political uncertainty in both Japan and abroad. In January, the U.S. dollar depreciated to a level as low as around ¥104 at one point, following a remark by the U.S. Treasury secretary that was viewed by the market as indicating a tolerance for a weaker dollar, along with a series of departures of high-ranking officials from the administration. The U.S. dollar later bounced back. As of March 31, 2018, the yen was traded at ¥106.24 to the U.S. dollar, still registering a slight yen appreciation compared with ¥112.19 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 ultralong-term Japanese 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, 2018, general account assets totaled ¥8,438.8 billion, up 7.0%, or ¥554.8 billion, from a year earlier. Within general account assets, Japanese bonds totaled ¥7,281.1 billion (accounting for 86.3% of total general account assets), foreign bonds ¥366.5 billion (4.3%), Japanese stocks ¥38.4 billion (0.5%), money held in trust ¥270.5 billion (3.2%), policy loans ¥189.4 billion (2.2%), real estate ¥92.3 billion (1.1%) and cash and deposits and call loans ¥40.8 billion (0.5%).

Portfolio of general account assets

Components of general account assets

Millions of yen, %

As of March 31,	2017		2018	
	Amount	Composition	Amount	Composition
Cash and deposits, call loans	¥ 40,896	0.5%	¥ 40,862	0.5%
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	273,877	3.5	270,582	3.2
Securities	7,173,927	91.0	7,717,905	91.5
Japanese bonds	6,828,743	86.6	7,281,144	86.3
Japanese stocks	37,659	0.5	38,464	0.5
Foreign securities	305,846	3.9	396,910	4.7
Bonds	274,306	3.5	366,571	4.3
Stocks, etc.	31,539	0.4	30,339	0.4
Other securities	1,678	0.0	1,385	0.0
Loans	180,374	2.3	189,486	2.2
Policy loans	180,339	2.3	189,460	2.2
Commercial loans	34	0.0	25	0.0
Real estate	117,525	1.5	92,346	1.1
Deferred tax assets	5,350	0.1	10,787	0.1
Other assets	92,328	1.2	117,195	1.4
Reserve for possible loan losses	(271)	(0.0)	(295)	(0.0)
Total	¥7,884,008	100.0%	¥8,438,872	100.0%
Of which, foreign-currency-denominated assets	309,046	3.9	409,863	4.9

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

Millions of yen

For the years ended March 31,	2017	2018
Cash and deposits, call loans	¥ (11,655)	¥ (33)
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	(7,095)	(3,295)
Securities	694,591	543,978
Japanese bonds	477,566	452,401
Japanese stocks	4,294	805
Foreign securities	212,705	91,064
Bonds	204,172	92,264
Stocks, etc.	8,533	(1,199)
Other securities	24	(292)
Loans	8,725	9,112
Policy loans	8,690	9,121
Commercial loans	34	(9)
Real estate	1,708	(25,178)
Deferred tax assets	5,350	5,437
Other assets	7,297	24,867
Reserve for possible loan losses	1	(23)
Total	¥698,923	¥554,864
Of which, foreign-currency-denominated assets	217,228	100,817

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,	2017	2018
Cash and deposits, call loans	0.00%	0.00%
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	1.94	1.93
Securities	2.19	1.68
Japanese bonds	1.88	1.81
Japanese stocks	2.80	3.22
Foreign securities	13.41	(1.21)
Loans	3.64	3.60
Commercial loans	0.02	0.23
Real estate	5.52	5.86
Total	1.81%	1.63%

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,	2017	2018
Cash and deposits, call loans	¥ 56,120	¥ 53,249
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	232,199	232,243
Securities	6,657,127	7,272,160
Japanese bonds	6,457,611	6,923,514
Japanese stocks	21,903	19,444
Foreign securities	176,307	328,134
Loans	175,071	183,551
Commercial loans	16	31
Real estate	111,951	103,115
Total	¥7,321,974	¥7,939,778
Of which, overseas investment	178,482	332,178

4-04 Investment income (general account)

Millions of yen

For the years ended March 31,	2017	2018
Interest income and dividends	¥148,284	¥157,727
Gains on securities under proprietary accounts	—	—
Income from money held in trust, net	4,493	4,490
Income from trading securities, net	152	2
Gains on sale of securities	1,308	0
Gains on redemption of securities	—	1
Gains on derivatives, net	—	—
Foreign exchange gains, net	14,670	—
Reversal of reserve for possible loan losses	1	—
Other investment income	4	138
Total	¥168,915	¥162,361

Sony Life Performance Indicators (Non-consolidated)

4-05 Investment expenses (general account)

Millions of yen

For the years ended March 31,	2017	2018
Interest expense	¥ 44	¥ 151
Losses on securities under proprietary accounts	—	—
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	—
Losses on sale of securities	—	0
Devaluation losses on securities	—	—
Losses on redemption of securities	53	2
Losses on derivatives, net	30,050	11,403
Foreign exchange losses	—	15,280
Provision for reserve for possible loan losses	—	23
Write-off of loans	—	—
Depreciation of real estate for rent and others	1,879	1,770
Other investment expenses	4,167	4,487
Total	¥36,196	¥33,121

4-06 Interest income and dividends (general account)

Millions of yen

For the years ended March 31,	2017	2018
Interest income from deposits	¥ 0	¥ 0
Interest income and dividends on securities	130,772	140,435
Interest income from Japanese bonds	121,103	125,271
Dividends from Japanese stocks	527	566
Interest income and dividends on foreign securities	8,886	13,975
Interest income from loans	6,377	6,610
Income from real estate for rent	10,869	10,285
Total, including others	¥148,284	¥157,727

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

Millions of yen

For the years ended March 31,	2017	2018
Gains on sale of Japanese bonds (including JGBs)	¥ 20	¥ 0
Gains on sale of Japanese stocks, etc.	—	—
Gains on sale of foreign securities	1,287	—
Total	¥1,308	¥ 0

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

Millions of yen

For the years ended March 31,	2017	2018
Losses on sale of Japanese bonds (including JGBs)	¥—	¥—
Losses on sale of Japanese stocks, etc.	—	—
Losses on sale of foreign securities	—	0
Total	¥—	¥ 0

4-09 Devaluation losses on securities (general account)

Not applicable

Sony Life Performance Indicators (Non-consolidated)

4-10 Securities (general account)

Millions of yen, %

As of March 31,	2017		2018	
	Amount	Composition	Amount	Composition
Japanese government bonds	¥6,521,494	90.9%	¥6,825,024	88.4%
Japanese local government bonds	454	0.0	451	0.0
Japanese corporate bonds	306,794	4.3	455,668	5.9
Of which, public corporation bonds	248,753	3.5	387,638	5.0
Japanese stocks	37,659	0.5	38,464	0.5
Foreign securities	305,846	4.3	396,910	5.1
Bonds	274,306	3.8	366,571	4.7
Stocks, etc.	31,539	0.4	30,339	0.4
Other securities	1,678	0.0	1,385	0.0
Total	¥7,173,927	100.0%	¥7,717,905	100.0%

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

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)	
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

Millions of yen

As of March 31,	2018						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Securities	¥5,876	¥3,309	¥18,847	¥218,745	¥420,836	¥7,050,288	¥7,717,905
Japanese government bonds	—	—	16,631	213,510	417,615	6,177,266	6,825,024
Japanese local government bonds	—	—	—	—	—	451	451
Japanese corporate bonds	—	—	—	4,925	3,220	447,522	455,668
Japanese stocks	—	—	—	—	—	38,464	38,464
Foreign securities	5,476	3,309	1,516	310	—	386,297	396,910
Bonds	—	—	—	—	—	366,571	366,571
Stocks, etc.	5,476	3,309	1,516	310	—	19,726	30,339
Other securities	400	—	699	—	—	286	1,385
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	¥5,876	¥3,309	¥18,847	¥218,745	¥420,836	¥7,050,288	¥7,717,905

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,	2017	2018
Japanese bonds	1.87%	1.82%
Foreign bonds	2.37	2.43

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

Sony Life Performance Indicators (Non-consolidated)

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

Millions of yen, %

As of March 31,	2017		2018	
	Amount	Composition	Amount	Composition
Fisheries, agriculture and forestry	¥ —	—%	¥ —	—%
Mining	—	—	—	—
Construction	1,729	4.6	2,003	5.2
Manufacturing industries				
Food products	1,047	2.8	833	2.2
Textiles and clothing	—	—	—	—
Pulp and paper	—	—	—	—
Chemicals	1,557	4.1	1,563	4.1
Medical products	1,484	3.9	1,431	3.7
Oil and coal products	—	—	—	—
Rubber products	—	—	—	—
Glass and stone products	128	0.3	171	0.4
Steel	—	—	—	—
Non-steel metals	—	—	—	—
Metal products	365	1.0	358	0.9
Machinery	1,610	4.3	1,662	4.3
Electric appliances	5,137	13.6	5,627	14.6
Transportation vehicles	2,466	6.5	2,566	6.7
Precision machinery	403	1.1	399	1.0
Others	612	1.6	585	1.5
Electric and gas utilities	460	1.2	512	1.3
Transportation / information telecommunications				
Ground transportation	1,706	4.5	1,821	4.7
Water transportation	—	—	—	—
Air transportation	—	—	—	—
Warehouses / transportation	—	—	—	—
Information / telecommunications	3,542	9.4	3,533	9.2
Commerce				
Wholesalers	212	0.6	—	—
Retailers	3,183	8.5	3,433	8.9
Financial services / insurance				
Banking	—	—	—	—
Securities and commodity futures trading	—	—	—	—
Insurance	8,522	22.6	7,796	20.3
Other financial services	960	2.6	1,093	2.8
Real estate	—	—	—	—
Service companies	2,528	6.7	3,068	8.0
Total	¥37,659	100.0%	¥38,464	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,	2017	2018
Policy loans	¥180,339	¥189,460
Policyholder loans	163,580	172,356
Automatic premium loans	16,758	17,104
Commercial loans	34	25
[Of which, loans to borrowers located outside 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	25
Total	¥180,374	¥189,486

Sony Life Performance Indicators (Non-consolidated)

4-15 Tangible fixed assets (general account)

Details of tangible fixed assets

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 [7]	2,103	34,442	27,406	44.3
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 [7]	¥2,288	¥118,441	¥29,036	45.1%
Of which, investment and rental properties	112,769	357	0	1,861	111,265	26,641	47.4

Millions of yen, %

For the year ended March 31,	2018						
	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	¥ —	¥20,747	¥ —	¥62,259	¥ —	—%
Buildings	34,442	731	2,976 [0]	2,109	30,087	25,522	45.9
Leased assets	10	0	—	4	5	17	74.6
Construction in progress	75	—	75	—	—	—	—
Other tangible assets	906	90	1	179	816	1,640	66.8
Total	¥118,441	¥822	¥23,801 [0]	¥2,293	¥93,169	¥27,180	46.8%
Of which, investment and rental properties	111,265	343	23,768	1,770	86,069	24,391	49.2

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,	2017	2018
Real estate balance	¥117,525	¥92,346
For corporate use	6,357	6,351
For rent	111,168	85,995
Number of buildings for rent	3	2

4-16 Overseas investment (general account)

Details by assets

Millions of yen, %

As of March 31,	2017		2018	
	Amount	Composition	Amount	Composition
Assets denominated in foreign currency (yen amount not fixed)				
Foreign bonds	¥274,306	86.4%	¥366,571	87.7%
Foreign stocks	12,950	4.1	13,352	3.2
Cash, deposits and others	21,789	6.9	29,939	7.2
Subtotal	309,046	97.3	409,863	98.0
Assets denominated in foreign currency (yen amount fixed)				
Foreign bonds	—	—	—	—
Cash, deposits and others	—	—	—	—
Subtotal	—	—	—	—
Assets denominated in yen				
Loans to borrowers located outside Japan	—	—	—	—
Foreign bonds and others	8,590	2.7	8,322	2.0
Subtotal	8,590	2.7	8,322	2.0
Total				
Overseas investment	¥317,636	100.0%	¥418,185	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,	2017							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside 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%	¥—	—%

Millions of yen, %

As of March 31,	2018							
	Foreign securities		Of which, foreign bonds		Of which, foreign stocks, etc.		Loans to borrowers located outside Japan	
	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition
North America	¥370,252	93.3%	¥366,571	100.0%	¥ 3,681	12.1%	¥—	—%
Europe	3,421	0.9	—	—	3,421	11.3	—	—
Oceania	11,436	2.9	—	—	11,436	37.7	—	—
Asia	339	0.1	—	—	339	1.1	—	—
Latin America	11,461	2.9	—	—	11,461	37.8	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	¥396,910	100.0%	¥366,571	100.0%	¥30,339	100.0%	¥—	—%

Foreign-currency-denominated assets by currency

Millions of yen, %

As of March 31,	2017		2018	
	Amount	Composition	Amount	Composition
U.S. dollar	¥291,759	94.4%	¥388,586	94.8%
Euro	5,853	1.9	9,376	2.3
Australian dollar	11,199	3.6	11,438	2.8
British pound	229	0.1	120	0.0
New Taiwanese dollar	—	—	—	—
Singapore dollar	4	0.0	341	0.1
Total	¥309,046	100.0%	¥409,863	100.0%

4-17 Yield on overseas investments (general account)

%

For the years ended March 31,	2017	2018
Yield on overseas investments	13.25%	(1.19%)

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,	2017	2018
(A) Total solvency margin	¥1,176,229	¥1,233,854
Common stock, etc.	324,181	344,039
Reserve for price fluctuations	46,005	47,929
Contingency reserve	82,463	89,915
General reserve for possible loan losses	0	0
Net unrealized gains on available-for-sale securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) × 90% (100% if losses)	159,672	156,011
Net unrealized gains on real estate × 85% (100% if losses)	30,847	29,830
Amount excluded from deferred tax assets	—	—
Unallotted portion of reserve for policyholders' dividends	442	377
Deferred tax assets	82,980	88,661
Excess amount of policy reserves based on Zillmer method	495,984	525,389
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	(42,891)	(43,128)
Deductible items	(3,457)	(5,171)
(B) Total risk		
$\sqrt{(R_1 + R_6)^2 + (R_2 + R_3 + R_7)^2} + R_4$	91,576	94,030
Insurance risk R_1	24,169	24,337
Third-sector insurance risk R_6	8,541	8,587
Assumed interest rate risk R_2	31,356	32,452
Minimum guarantee risk R_7	18,140	20,137
Asset management risk R_3	33,554	32,953
Business management risk R_4	2,315	2,369
Solvency margin ratio [(A)/{(1/2) × (B)}] × 100	2,568.8%	2,624.3%

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,	2017	2018
(1) Total amount to be recorded as assets (=①+②+③+④-⑤-⑥)	¥10,382.4	¥11,222.6
① Total assets on the balance sheets	8,873.6	9,567.6
② Difference between fair value and balance sheet amount of securities	1,471.5	1,617.5
③ Unrealized gain or loss on tangible fixed assets	37.2	37.4
④ Unrealized gain or loss other than tangible fixed assets	—	—
⑤ Deferred tax assets for net unrealized gains (losses) on available-for-sale 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)	7,725.4	8,362.8
① Total liabilities on the balance sheets	8,400.0	9,074.9
② Reserve for price fluctuations	46.0	47.9
③ Contingency reserve	82.4	89.9
④ Part of reserves for future insurance claim payment	496.4	525.7
Excess of amount equivalent to surrender values (④(a))	495.9	525.3
Unallocated amount in reserve for policyholders' dividends (④(b))	0.4	0.3
⑤ Deferred tax liabilities for net unrealized gains (losses) on available-for-sale securities	49.6	48.4
⑥ Deferred tax liabilities for net deferred gains (losses) on hedging instruments	—	—
Real net assets (A) (1)-(2) (including unrealized gains (losses) on held-to-maturity securities and policy-reserve-matching bonds)	2,656.9	2,859.7
(3) Unrealized gains (losses) on held-to-maturity securities and policy-reserve-matching bonds	1,471.5	1,617.5
Real net assets (B) (1)-(2)-(3) (excluding unrealized gains (losses) on held-to-maturity securities and policy-reserve-matching bonds)	1,185.3	1,242.2

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 (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,		2017	2018
Individual variable life insurance and individual variable annuities		¥989,605	¥1,128,817
Group annuities		—	—
Total separate account		¥989,605	¥1,128,817

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

		2018							%
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		15.01	25.02	8.52	6.68	0.60	2.76	7.18	(0.03)

7-02 Investment progress (for the fiscal year ended March 31, 2018)

Equity-based investment

Benchmark: The Nikkei Stock Average

■ Investment progress in the period

The Japanese stock market rose, reaching its highest level since the collapse of the bubble economy. The market remained bearish at the beginning of this period due to a stronger yen, pushing the Nikkei Stock Average down to as low as ¥18,335 in April. However, the U.S. interest rates were hiked in September, causing the yen to fall against the dollar, triggering another rally in the Japanese stock market in anticipation of an improvement in corporate earnings. The Nikkei Stock Average later registered gains for a record-breaking 16 consecutive trading sessions, to reach ¥24,124 in January 2018, its highest level since June 1996. However, the run was followed by a sizable drop shortly afterward, along with a sharp decline in the U.S. stock market at the heightened prospect of another interest rate hike. Thus, the Nikkei Stock Average remained largely at the ¥21,000 level after February. Investment results of the fund were positive 15.01% year on year, while the benchmark return stood at positive 13.46%.

■ 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 25.02% year on year, while the benchmark return stood at positive 15.87%.

■ 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 8.52% year on year, while the benchmark return was positive 8.10%.

■ 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 countries around the world. In the U.S., share prices continued an upward trend on solid economic expansion along with expected growth in corporate earnings, resulting from the enactment of the Tax Cuts and Jobs Act. The moves drove the major U.S. stock indices to set new records on a daily basis. However, U.S. share prices tumbled after January, resulting from heightened expectations of an interest rate hike associated with a growing awareness of inflation risk, as well as an increasing concern over trade friction, developing into a spell of some volatility toward the end of the fiscal year. Investment results of the fund were positive 6.68% year on year, while the benchmark return was positive 8.10%.

■ 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

In the Japanese bond market, long-term interest rates remained low while the Bank of Japan (BOJ) continued its negative interest rate policy. Rates started to rise and kept climbing until the beginning of July, due to strengthening expectations of monetary tightening by the European and U.S. central banks. However, rates started to drop again due to heightened geopolitical risks, falling into a negative range at one point in September. Afterward, interest rates rose, influenced by rate hikes overseas along with fueled expectations of a normalization of monetary policy by a reduction of the BOJ's JGB purchases in January. In February, however, interest rates declined again following a media report on the prospect that BOJ Governor Kuroda would be reappointed. The news raised expectations that the BOJ would continue its current monetary easing policy. Investment results of the fund were positive 0.60% year on year.

■ Investment policy for the future

Sony Life will continue to build a portfolio consisting mainly of Japanese yen-denominated bonds, with the aim of ensuring stable medium- to long-term yields. It will work to achieve stable investment results based on gains on sales, as well as ensuring stable interest income from the bond portfolio.

Global bond-based investment

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

■ Investment progress in the period

Bond markets in major countries around the world generally saw rising long-term interest rates, driven by the global economic recovery along with moves toward normalization at the Federal Reserve Board (FRB) and the European Central Bank (ECB). In the U.S., interest rates rose generally due to continuous rate increases by the FRB, as well as to the prospect of economic expansion coupled with concerns over a deterioration of the U.S. fiscal situation caused by the tax reform. In European markets, interest rates were restrained. The ECB Governing Council decided in October to taper the quantitative easing policy, yet favored the continuation of easing. Later, however, interest rates rose thanks to a general recovery of the European economies, giving rise to the market expectations of earlier tapering. The investment results of the fund were positive 2.76% year on year, while the benchmark return stood at positive 2.91%.

■ Investment policy for the future

Sony Life will continue investing in countries, that 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 FTSE 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 7.18% year on year, thanks to the buoyant domestic stock market, along with lower interest rates (and an associated rise in bond prices) in the Japanese bond market.

■ 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 0.03% 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,	2017		2018	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	845,906	¥8,680,668	843,324	¥8,384,508
Variable life insurance (limited term type)	97,804	421,300	122,514	628,240
Variable life insurance (term type)	1,160	38,716	6,176	301,218
Total	944,870	¥9,140,684	972,014	¥9,313,967

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

Individual variable annuities

Millions of yen

As of March 31,	2017		2018	
	Number	Amount	Number	Amount
Individual variable annuities	106,276	¥600,331	162,474	¥945,144

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,	2017		2018	
	Amount	Composition	Amount	Composition
Cash and deposits, call loans	¥ 68,020	6.9%	¥ 78,321	6.9%
Securities	919,265	92.9	1,048,062	92.8
Japanese bonds	148,130	15.0	147,849	13.1
Japanese stocks	49,294	5.0	49,911	4.4
Foreign securities	476,218	48.1	562,277	49.8
Bonds	68,315	6.9	77,350	6.9
Stocks, etc.	407,902	41.2	484,927	43.0
Other securities	245,621	24.8	288,022	25.5
Loans	—	—	—	—
Others	2,320	0.2	2,434	0.2
Reserve for possible loan losses	—	—	—	—
Total	¥989,605	100.0%	¥1,128,817	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,	2017	2018
Interest income and dividends	¥ 14,498	¥ 16,526
Gains on sale of securities	22,211	30,392
Gains on redemption of securities	21	32
Valuation gains on securities	215,402	258,562
Foreign exchange gains, net	—	—
Gains on derivatives, net	—	—
Other investment income	0	0
Losses on sale of securities	1,001	1,937
Losses on redemption of securities	37	83
Devaluation losses on securities	169,842	221,586
Foreign exchange losses, net	4,021	719
Losses on derivatives, net	—	—
Other investment expenses	806	253
Net investment gains (losses)	¥ 76,423	¥ 80,932

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

8-04 Fair values of securities relating to separate account assets in individual variable life insurance and individual variable annuities

Valuation gains (losses) on trading-purpose securities

Millions of yen

As of March 31,	2017		2018	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	¥919,265	¥45,559	¥1,048,062	¥36,976

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,	2017	2018
Number of agencies	1,818	1,811

10 Number of Employees and Recruits

10-01 Number of employees

As of March 31,	2017	2018
Office employees	2,280	2,420
[Male]	[1,064]	[1,120]
[Female]	[1,216]	[1,300]
Sales employees	5,585	5,826*
[Male]	[5,447]	[5,673]
[Female]	[138]	[153]

*Number of Lifeplanner sales employees (including those rehired on a fixed-term contract basis after retirement and contracted Lifeplanner sales employees) is 5,142 as of March 31, 2018.

10-02 Number of recruits

For the years ended March 31,	2017	2018
Office employees	339	366
[Male]	[81]	[93]
[Female]	[258]	[273]
Sales employees	685	617
[Male]	[643]	[585]
[Female]	[42]	[32]

10-03 Average age and years of service

As of March 31,	2017		2018	
	Average age	Average years of service	Average age	Average years of service
Office employees	40.5	9.0	40.7	9.1
[Male]	[42.2]	[11.9]	[42.3]	[12.1]
[Female]	[39.0]	[6.5]	[39.3]	[6.6]
Sales employees	44.9	10.0	44.7	10.0
[Male]	[45.0]	[10.2]	[44.9]	[10.2]
[Female]	[39.1]	[2.3]	[39.1]	[2.7]

11 Average Salary

11-01 Average salary (office employees)

For the years ended March 31,	Thousands of yen	
	2017	2018
Office employees	¥392	¥383

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

11-02 Average compensation (sales employees)

For the years ended March 31,	Thousands of yen	
	2017	2018
Sales employees	¥653	¥685

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, 2017 and 2018

Millions of yen, %

	2017		2018		Change
	Amount	Composition	Amount	Composition	
Assets					
Cash and deposits	¥ 8,951	4.80%	¥ 23,778	11.64%	¥14,827
Cash	0		0		
Deposits	8,951		23,778		
Securities	137,553	73.74	145,349	71.12	7,795
Japanese government bonds	84,455		82,422		
Japanese local government bonds	29,308		34,954		
Japanese corporate bonds	21,544		24,750		
Japanese stocks	2,046		3,023		
Foreign securities	197		197		
Tangible fixed assets	3,399	1.82	2,407	1.18	(991)
Buildings	188		177		
Construction in progress	22		—		
Other tangible fixed assets	3,188		2,229		
Intangible fixed assets	6,529	3.50	6,196	3.03	(332)
Software	5,833		5,008		
Software in progress	144		1,178		
Other intangible fixed assets	550		9		
Other assets	22,125	11.86	17,149	8.39	(4,976)
Accrued premiums	1,270		1,238		
Due from reinsurers	36		4		
Due from foreign reinsurers	8		0		
Accounts receivable	15,097		10,432		
Accrued income	149		149		
Money on deposits	506		493		
Suspense payments	5,056		4,831		
Deferred tax assets	7,978	4.28	9,480	4.64	1,502
Total Assets	¥186,537	100.00%	¥204,362	100.00%	¥17,824

Millions of yen, %

	2017		2018		Change
	Amount	Composition	Amount	Composition	
Liabilities					
Underwriting reserves	¥144,514	77.47%	¥156,612	76.63%	¥12,098
Reserve for outstanding losses and claims	38,340		39,535		
Underwriting reserves	106,173		117,077		
Other liabilities	9,877	5.29	11,553	5.65	1,676
Due to reinsurers	68		55		
Due to foreign reinsurers	5		10		
Income taxes payable	1,746		2,363		
Deposits received	65		66		
Accounts payable	3,021		3,761		
Suspense receipt	4,969		5,295		
Reserve for employees' retirement benefits	1,440	0.77	1,667	0.82	227
Reserve for directors' retirement benefits	36	0.02	—	—	(36)
Reserve for employees' bonuses	1,082	0.58	1,132	0.55	50
Reserve under the special laws	177	0.10	206	0.10	29
Reserve for price fluctuations	177		206		
Total Liabilities	157,128	84.23	171,173	83.76	14,044
Net Assets					
Common stock	20,000	10.72	20,000	9.79	—
Capital surplus	3,389	1.82	3,389	1.66	—
Capital reserve	3,389		3,389		
Retained earnings	4,808	2.58	7,872	3.85	3,063
Legal retained earnings	258		610		
Other retained earnings	4,549		7,261		
Unappropriated retained earnings	4,549		7,261		
Total shareholders' equity	28,197	15.12	31,261	15.30	3,063
Net unrealized gains (losses) on available-for-sale securities, net of taxes	1,211	0.65	1,927	0.94	715
Total valuation and translation adjustments	1,211	0.65	1,927	0.94	715
Total Net Assets	29,409	15.77	33,189	16.24	3,779
Total Liabilities and Net Assets	¥186,537	100.00%	¥204,362	100.00%	¥17,824

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018	Change
Ordinary Revenues	¥102,333	¥110,092	¥ 7,758
Underwriting income	100,330	108,316	7,986
Net premiums written	100,274	108,254	7,979
Interest and dividends on deposits of premiums	55	62	7
Investment income	1,957	1,731	(226)
Interest income and dividends	1,327	1,324	(3)
Gains on sale of securities	685	470	(215)
Gains on redemption of securities	0	—	(0)
Transfer to interest and dividends on deposits of premiums	(55)	(62)	(7)
Other ordinary income	45	43	(2)
Ordinary Expenses	97,336	103,517	6,181
Underwriting expenses	70,553	74,419	3,866
Net losses paid	50,181	52,482	2,301
Loss adjustment expenses	7,458	8,067	608
Net commissions and brokerage fees	1,646	1,771	125
Provision for reserve for outstanding losses and claims	798	1,194	396
Provision for underwriting reserves	10,469	10,903	434
Investment expenses	0	—	(0)
Losses on sale of securities	0	—	(0)
Operating, general and administrative expenses	26,763	29,096	2,332
Other ordinary expenses	19	2	(17)
Ordinary Profit	4,996	6,574	1,577
Extraordinary Gains	—	—	—
Extraordinary Losses	47	35	(12)
Losses on sale or disposal of fixed assets	19	5	(13)
Provision for reserve under the special laws	27	29	1
Provision for reserve for price fluctuations	27	29	1
Income Before Income Taxes	4,949	6,539	1,589
Income Taxes—Current	2,669	3,497	828
Income Taxes—Deferred	(1,235)	(1,780)	(545)
Total Income Taxes	1,434	1,717	282
Net Income	¥ 3,515	¥ 4,821	¥ 1,306

Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017						
	Shareholders' equity						
	Common stock	Capital surplus		Retained earnings (deficits)			Total shareholders' equity
		Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings (deficits)	Total retained earnings (deficits)	
				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 available-for-sale 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

(Continued on next page)

Statements of Changes in Net Assets (Continued)

Millions of yen

	2018						
	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings (deficits)		Total shareholders' equity
		Capital reserve	Total capital surplus		Other retained earnings (deficits)	Total retained earnings (deficits)	
				Unappropriated retained earnings (deficits)			
Balance at the beginning of the period	¥20,000	¥3,389	¥3,389	¥258	¥ 4,549	¥ 4,808	¥28,197
Changes during the period							
Dividends from surplus	—	—	—	351	(2,109)	(1,758)	(1,758)
Net income	—	—	—	—	4,821	4,821	4,821
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	351	2,712	3,063	3,063
Balance at the end of the period	¥20,000	¥3,389	¥3,389	¥610	¥ 7,261	¥ 7,872	¥31,261

Millions of yen

	2018		
	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Total valuation and translation adjustments	
Balance at the beginning of the period	¥1,211	¥1,211	¥29,409
Changes during the period			
Dividends from surplus	—	—	(1,758)
Net income	—	—	4,821
Net changes of items other than shareholders' equity	715	715	715
Total changes during the period	715	715	3,779
Balance at the end of the period	¥1,927	¥1,927	¥33,189

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018	Change
Cash flows from operating activities			
Income before income taxes	¥ 4,949	¥ 6,539	¥ 1,589
Depreciation and amortization	3,493	3,927	434
Increase (decrease) in reserve for outstanding losses and claims	798	1,194	396
Increase (decrease) in underwriting reserves	10,469	10,903	434
Increase (decrease) in reserve for employees' retirement benefits	158	227	69
Increase (decrease) in reserve for directors' retirement benefits	(7)	(36)	(29)
Increase (decrease) in reserve for employees' bonuses	125	50	(75)
Increase (decrease) in reserve for price fluctuations	27	29	1
Interest income and dividends	(1,327)	(1,324)	3
(Gains) losses on securities	(685)	(470)	215
(Gains) losses on tangible fixed assets	0	5	5
(Gains) losses on intangible fixed assets	19	—	(19)
(Increase) decrease in other assets (excluding those related to investing and financing activities)	(1,764)	4,987	6,752
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	1,369	956	(412)
Subtotal	17,626	26,990	9,364
Interest and dividends received	1,642	1,654	12
Income taxes (paid) refund	(2,376)	(2,909)	(533)
Net cash provided by (used in) operating activities	16,892	25,735	8,843
Cash flows from investing activities			
Purchases of securities	(24,161)	(33,558)	(9,396)
Proceeds from sale and redemption of securities	11,630	26,875	15,244
Total of net cash provided by (used in) investment transactions	(12,530)	(6,682)	5,848
[Total of net cash provided by (used in) operating activities and investment transactions]	[4,361]	[19,052]	[14,691]
Purchases of tangible fixed assets	(460)	(148)	312
Others, net	(3,092)	(2,318)	773
Net cash provided by (used in) investing activities	(16,084)	(9,150)	6,933
Cash flows from financing activities			
Cash dividends paid	(1,294)	(1,758)	(464)
Net cash provided by (used in) financing activities	(1,294)	(1,758)	(464)
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	(486)	14,827	15,313
Cash and cash equivalents at the beginning of the period	9,437	8,951	(486)
Cash and cash equivalents at the end of the period	¥ 8,951	¥ 23,778	¥ 14,827

Notes

Sony Assurance Inc.

As of March 31, for the year ended March 31,

1. For the fiscal year ended March 31, 2017, the total amount of deferred tax assets was ¥8,449 million, while the total amount of deferred tax liabilities was ¥471 million. The breakdown of major factors giving rise to the deferred tax assets is underwriting reserves of ¥4,782 million and reserve for outstanding losses and claims of ¥1,898 million.

For the fiscal year ended March 31, 2018, the total amount of deferred tax assets was ¥10,230 million, while the total amount of deferred tax liabilities was ¥749 million. The breakdown of major factors giving rise to the deferred tax assets is underwriting reserves of ¥5,767 million and reserve for outstanding losses and claims of ¥1,954 million.

2. Information regarding retirement benefits is as follows:

(1) Retirement benefit obligations and their breakdown

	2017	Millions of yen 2018
Retirement benefit obligations	¥(1,551)	¥(1,784)
Unrecognized net actuarial gains (losses)	111	116
Reserve for employees' retirement benefits	¥(1,440)	¥(1,667)

(2) The main basis for calculating retirement benefit obligations, etc.

Method for attributing projected retirement benefits: Benefit formula basis

	2017	2018
Discount rate	0.4%	0.3%
Number of years for amortizing net actuarial gains or losses	10 years	10 years

3. The breakdown of retirement benefit expenses recorded as loss adjustment expenses and operating, general and administrative expenses is as follows:

	2017	Millions of yen 2018
Service cost	¥199	¥201
Interest cost	1	6
Recognized actual gains (losses)	19	16
Recognized past service cost	—	67
Retirement benefit expenses	220	291
Contribution to defined contribution pension plan	176	185
Total	¥397	¥477

1 Loans by Borrower Category

As of March 31,	Millions of yen	
	2017	2018
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 loans that do not fall under the classifications for 1. to 3. above and where the borrowers have no financial or business performance problems.

2 Risk-monitored Loans

As of March 31,	Millions of yen	
	2017	2018
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 principals 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

As of March 31,	Millions of yen, %			
	2017		2018	
	Amount	Composition	Amount	Composition
Japanese government bonds	¥ 84,455	61.4%	¥ 82,422	56.7%
Japanese local government bonds	29,308	21.3	34,954	24.0
Japanese corporate bonds	21,544	15.7	24,750	17.0
Japanese stocks	2,046	1.5	3,023	2.1
Foreign securities	197	0.1	197	0.1
Total	¥137,553	100.0%	¥145,349	100.0%

3-02 Yield on securities (yield on investments)

%

For the years ended March 31,	2017	2018
Japanese bonds	1.01%	0.93%
Japanese stocks	1.08	0.96
Foreign securities	2.82	2.68
Other securities	0.01	—
Total	1.01%	0.94%
Yield on investments	1.53	1.27
Reference: Yield on investments (fair value basis)	0.34	1.95

3-03 Balance of securities by remaining period

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

Millions of yen

As of March 31,	2018						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	¥ 9,512	¥13,352	¥ 98	¥ —	¥ 698	¥58,760	¥ 82,422
Japanese local government bonds	7,372	15,252	10,711	200	710	707	34,954
Japanese corporate bonds	5,332	11,734	5,876	201	100	1,505	24,750
Japanese stocks	—	—	—	—	—	3,023	3,023
Foreign securities	—	100	96	—	—	—	197
Other securities	—	—	—	—	—	—	—
Total	¥22,218	¥40,440	¥16,782	¥401	¥1,510	¥63,996	¥145,349

3-04 Policy reserves and others

Reserve for outstanding losses and claims

Millions of yen

As of March 31,	2017	2018
Fire	¥ 1	¥ 5
Marine	10	(1)
Personal accident	680	694
Voluntary automobile	37,176	38,363
Compulsory automobile liability	471	471
Others	—	—
Total	¥38,340	¥39,535

Underwriting reserves

Millions of yen

As of March 31,	2017	2018
Fire	¥ 439	¥ 435
Marine	2	0
Personal accident	47,861	52,329
Voluntary automobile	55,848	62,074
Compulsory automobile liability	2,023	2,237
Others	—	—
Total	¥106,173	¥117,077

Breakdown of the balance of underwriting reserves

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

Millions of yen

As of March 31,	2018					Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends	
Fire	¥ 384	¥ 50	¥ 0	¥—	¥—	¥ 435
Marine	—	0	—	—	—	0
Personal accident	48,889	3,330	109	—	—	52,329
Voluntary automobile	44,478	17,589	—	6	—	62,074
Compulsory automobile liability	2,237	—	—	—	—	2,237
Others	—	—	—	—	—	—
Total	¥95,990	¥20,970	¥109	¥ 6	¥—	¥117,077

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,	2017	2018
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

	2016	2017			As of March 31,
	As of March 31,	For the year ended March 31,		As of March 31,	
		Increase	Decrease		
			Specific	Other	
Reserve for possible loan losses					
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥—	¥ —
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	44	6	14	—	36
Reserve for employees' bonuses	956	1,082	956	—	1,082
Reserve for price fluctuations	149	27	—	—	177

Millions of yen

	2017	2018			As of March 31,
	As of March 31,	For the year ended March 31,		As of March 31,	
		Increase	Decrease		
			Specific	Other	
Reserve for possible loan losses					
General reserve for possible loan losses	¥ —	¥ —	¥ —	¥—	¥ —
Specific reserve for possible loan losses	—	—	—	—	—
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—
Total	—	—	—	—	—
Reserve for directors' retirement benefits	36	—	36	—	—
Reserve for employees' bonuses	1,082	1,132	1,082	—	1,132
Reserve for price fluctuations	177	29	—	—	206

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,	2017			2018		
	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	¥ 6	¥ 0	¥—	¥ 14	¥—	¥—
Japanese stocks	679	—	—	455	—	—
Foreign securities	—	—	—	—	—	—
Total	¥685	¥ 0	¥—	¥470	¥—	¥—

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,	2017		2018	
	Gains	Losses	Gains	Losses
Land and buildings	¥—	¥ 0	¥—	¥ 5
Other tangible fixed assets	—	0	—	0
Intangible fixed assets	—	19	—	—
Total	¥—	¥19	¥—	¥ 5

4-04 Operating expenses (including loss adjustment expenses)

Millions of yen

For the years ended March 31,	2017	2018
Personnel expenses	¥ 9,875	¥10,176
Non-personnel expenses	23,504	26,072
Taxes	841	914
Contribution to fire prevention and traffic accident prevention	0	0
Contribution to Non-life Insurance Policyholders Protection Corporation of Japan	—	—
Net commissions and brokerage fees	1,646	1,771
Total	¥35,867	¥38,934

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.

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

Millions of yen

For the year 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

Millions of yen

For the year ended March 31,	2018			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	¥ 609	¥ 29	¥ 431	¥ 177
For corporate use	609	29	431	177
For rent	—	—	—	—
Other tangible fixed assets	5,936	1,088	3,706	2,229
Software	20,937	1,502	15,929	5,008
Other intangible fixed assets	1,879	1,307	1,869	9
Total	¥29,362	¥3,927	¥21,936	¥7,425

5 Fair Value Information, etc.

5-01 Securities

Trading-purpose securities

Not applicable

Held-to-maturity securities

Millions of yen

As of March 31,	2017			2018		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount						
Japanese bonds	¥71,765	¥87,810	¥16,045	¥74,383	¥91,556	¥17,172
Foreign securities	197	215	18	197	211	13
Subtotal	71,962	88,026	16,063	74,581	91,767	17,185
Fair value is lower than balance sheet amount						
Japanese bonds	3,873	3,424	(449)	4,496	4,173	(323)
Foreign securities	—	—	—	—	—	—
Subtotal	3,873	3,424	(449)	4,496	4,173	(323)
Total	¥75,836	¥91,451	¥15,614	¥79,078	¥95,940	¥16,862

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

Millions of yen

As of March 31,	2017			2018		
	Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost						
Japanese bonds	¥45,082	¥44,900	¥ 181	¥40,245	¥40,151	¥ 93
Japanese stocks	2,046	529	1,517	3,023	412	2,610
Subtotal	47,129	45,430	1,698	43,268	40,564	2,704
Balance sheet amount is lower than acquisition cost						
Japanese bonds	14,587	14,603	(15)	23,002	23,029	(27)
Japanese stocks	—	—	—	—	—	—
Subtotal	14,587	14,603	(15)	23,002	23,029	(27)
Total	¥61,716	¥60,033	¥1,683	¥66,270	¥63,593	¥2,677

Available-for-sale securities sold during the year

Millions of yen

For the years ended March 31,	2017			2018		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
Japanese bonds	¥1,885	¥ 6	¥ 0	¥4,622	¥ 14	¥—
Japanese stocks	937	679	—	573	455	—
Total	¥2,823	¥685	¥ 0	¥5,195	¥470	¥—

Performance Indicators

1 Principal Indicators of Operating Performance

Millions of yen

For the years ended March 31,

	2014	2015	2016	2017	2018
Net premiums written	¥ 88,600	¥ 91,712	¥ 95,549	¥100,274	¥108,254
Year-on-year change	6.0%	3.5%	4.2%	4.9%	8.0%
Underwriting profit	1,874	3,044	3,470	3,070	4,863
Year-on-year change	34.0%	62.4%	14.0%	(11.5%)	58.4%
Ordinary revenues	89,864	93,022	96,905	102,333	110,092
Year-on-year change	6.1%	3.5%	4.2%	5.6%	7.6%
Ordinary profit	3,003	4,209	4,680	4,996	6,574
Year-on-year change	26.7%	40.1%	11.2%	6.8%	31.6%
Net income	1,664	2,233	2,586	3,515	4,821
Year-on-year change	14.4%	34.2%	15.8%	35.9%	37.2%
Net loss ratio	59.3%	57.6%	57.8%	57.5%	55.9%
Net expense ratio	25.6%	26.7%	27.1%	28.3%	28.5%
Interest income and dividends	1,209	1,268	1,313	1,327	1,324
Year-on-year change	17.7%	4.9%	3.6%	1.0%	(0.2%)
Yield on investments (income basis)	1.17%	1.10%	1.03%	0.95%	0.85%
Yield on investments (realized basis)	1.19%	1.11%	1.03%	1.44%	1.15%
Securities	¥101,245	¥111,809	¥127,256	¥137,553	¥145,349
Loans	—	—	—	—	—
Underwriting reserves	78,043	86,508	95,704	106,173	117,077
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	21,418	24,741	28,305	29,409	33,189
Total assets	142,714	157,919	172,323	186,537	204,362
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	15.0%	15.7%	16.4%	15.8%	16.2%
Dividend payout ratio	—	—	50.0%	50.0%	50.0%
Non-consolidated solvency margin ratio	527.6%	629.6%	693.5%	730.8%	782.1%
Number of employees	1,090	1,119	1,178	1,203	1,235

2 Underwriting Performance

2-01 Direct premiums written

Millions of yen, %

For the years ended March 31,	2017			2018		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 245	0.2%	(29.6%)	¥ 206	0.2%	(15.9%)
Marine	—	—	—	—	—	—
Personal accident	8,767	8.9	1.0	8,679	8.1	(1.0)
Voluntary automobile	90,001	90.9	5.5	98,123	91.7	9.0
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	¥99,014	100.0%	5.0%	¥107,008	100.0%	8.1%
Direct premiums written per employee	¥ 82		2.8%	¥ 86		5.3%

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.

2-02 Net premiums written

Millions of yen, %

For the years ended March 31,	2017			2018		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	¥ 24	0.0%	(43.9%)	¥ 16	0.0%	(34.4%)
Marine	(2)	(0.0)	(105.5)	0	0.0	—
Personal accident	9,044	9.0	1.0	8,887	8.2	(1.7)
Voluntary automobile	89,746	89.5	5.4	97,880	90.4	9.1
Compulsory automobile liability	1,460	1.5	5.5	1,469	1.4	0.6
Others	—	—	—	—	—	—
Total	¥100,274	100.0%	4.9%	¥108,254	100.0%	8.0%

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,	2017			2018		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	¥ 6	0.0%	117.5%	¥ 6	0.0%	247.1%
Marine	(6)	(0.0)	—	2	0.0	308.8
Personal accident	2,615	5.2	32.0	2,692	5.1	33.7
Voluntary automobile	46,263	92.2	59.5	48,464	92.3	57.4
Compulsory automobile liability	1,301	2.6	89.1	1,316	2.5	89.6
Others	—	—	—	—	—	—
Total	¥50,181	100.0%	57.5%	¥52,482	100.0%	55.9%

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

Sony Assurance Performance Indicators

2-04 Expenses and net expense ratio related to underwriting

Millions of yen

For the years ended March 31,	2017	2018
Expenses related to underwriting	¥28,352	¥30,803
Operating, general and administrative expenses related to underwriting	26,706	29,032
Net commissions and brokerage fees	1,646	1,771
Net expense ratio	28.3%	28.5%

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

2-05 Underwriting profit

Millions of yen

For the years ended March 31,	2017	2018
Underwriting income	¥100,330	¥108,316
Underwriting expenses	70,553	74,419
Operating, general and administrative expenses	26,706	29,032
Other income (expenses)	(0)	(1)
Underwriting profit	¥ 3,070	¥ 4,863

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

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,	2017	2018
Fire	¥ (326)	¥ (314)
Marine	31	9
Personal accident	(1,013)	(1,595)
Voluntary automobile	4,378	6,764
Compulsory automobile liability	—	—
Others	—	—
Total	¥ 3,070	¥ 4,863

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

%

For the years ended March 31,	2017			2018		
	Net loss ratio	Net expense ratio	Combined ratio	Net loss ratio	Net expense ratio	Combined ratio
Fire	117.5%	1,232.7%	1,350.2%	247.1%	1,785.3%	2,032.3%
Marine	—	—	—	308.8	267.4	576.2
Personal accident	32.0	28.6	60.7	33.7	33.8	67.5
Voluntary automobile	59.5	28.4	87.9	57.4	28.1	85.5
Compulsory automobile liability	89.1	—	89.1	89.6	—	89.6
Others	—	—	—	—	—	—
Total	57.5%	28.3%	85.8%	55.9%	28.5%	84.4%

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,	2017		2018	
	Amount	Composition	Amount	Composition
Cash and deposits	¥ 8,951	4.8%	¥ 23,778	11.6%
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	137,553	73.7	145,349	71.1
Loans	—	—	—	—
Land and buildings	188	0.1	177	0.1
Total	146,693	78.6	169,305	82.8
Total assets	¥186,537	100.0%	¥204,362	100.0%

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

Millions of yen, %

For the years ended March 31,	2017		2018	
	Amount	Yield	Amount	Yield
Cash and deposits	¥ 0	0.00%	¥ 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	1,327	1.01	1,323	0.94
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	1,327	0.95	1,324	0.85
Others	0	—	0	—
Total	¥1,327	—	¥1,324	—
Yield on investments (realized basis)	1.44%		1.15%	
(Reference) Yield on investments (fair value basis)	0.32		1.77	

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 of investment assets 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 available-for-sale securities at end of previous period*

*Amounts before tax deductions

3-04 Overseas investment

Millions of yen, %

As of March 31,	2017		2018	
	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)	2.82%		2.68%	
Yield on investments (realized basis)	2.82%		2.68%	
(Reference) Yield on investments (fair value basis)	2.82%		2.68%	

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,	2017	2018
(A) Total non-consolidated solvency margin	¥46,724	¥54,244
Capital or treasury, etc.	26,439	28,849
Reserve for price fluctuations	177	206
Contingency reserve	101	109
Catastrophe reserve	17,542	20,970
General reserve for possible loan losses	—	—
Net unrealized gains on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)	1,514	2,409
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	948	1,698
(B) Total non-consolidated risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	12,786	13,871
Ordinary insurance risk R_1	11,370	12,395
Third-sector insurance risk R_2	—	—
Assumed interest rate risk R_3	105	114
Asset management risk R_4	1,431	1,712
Business management risk R_5	278	305
Major catastrophe risk R_6	1,033	1,036
(C) Non-consolidated solvency margin ratio $[(A)/\{(B) \times (1/2)\}] \times 100$	730.8%	782.1%

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 contingency 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 available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)
Net unrealized gains on available-for-sale 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 or 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, 2017 and 2018

Millions of yen

	2017	2018
Assets		
Cash and due from banks	¥ 180,581	¥ 287,752
Monetary claims purchased	573	5,378
Money held in trust	23,000	21,000
Securities	629,254	672,244
Loans	1,539,630	1,596,376
Foreign exchanges	7,268	9,346
Other assets	53,223	52,372
Tangible fixed assets	710	1,709
Buildings	106	658
Leased assets	0	0
Other tangible fixed assets	602	1,051
Intangible fixed assets	4,803	5,652
Software	4,789	5,637
Other intangible fixed assets	13	14
Deferred tax assets	762	138
Reserve for possible loan losses	(971)	(806)
Total Assets	¥2,438,836	¥2,651,162

Sony Bank Financial Data (Consolidated)

Millions of yen

	2017	2018
Liabilities		
Deposits	¥2,109,583	¥2,219,324
Call money and bills sold	70,000	96,000
Borrowed money	103,000	180,000
Foreign exchanges	108	228
Other liabilities	71,520	66,071
Reserve for employees' bonuses	782	769
Net defined benefit liability	1,117	1,243
Reserve for directors' retirement benefits	56	—
Provision for reimbursement of deposits	62	81
Total Liabilities	2,356,231	2,563,718
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	25,815	28,948
Total shareholders' equity	77,815	80,948
Net unrealized gains (losses) on available-for-sale securities, net of taxes	4,776	6,037
Net deferred gains (losses) on hedging instruments, net of taxes	(1,338)	(1,086)
Remeasurements of defined benefit plans, net of taxes	(109)	(103)
Total accumulated other comprehensive income	3,328	4,847
Non-controlling interests	1,460	1,648
Total Net Assets	82,604	87,444
Total Liabilities and Net Assets	¥2,438,836	¥2,651,162

Consolidated Statements of Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018
Ordinary Revenues	¥38,510	¥39,933
Interest income	26,533	28,344
Interest income on loans	16,065	17,064
Interest income and dividends on securities	10,394	11,204
Interest income on call loans and bills bought	—	2
Interest income on deposits with banks	63	63
Other interest income	9	9
Fees and commissions	6,870	6,961
Other operating income	4,871	3,823
Other ordinary income	234	804
Reversal of reserve for possible loan losses	22	96
Income from money held in trust, net	8	1
Others	203	706
Ordinary Expenses	33,460	32,752
Interest expenses	8,672	7,731
Interest expenses on deposits	5,105	5,322
Interest expenses on call money and bills sold	(17)	(73)
Interest expenses on borrowed money	211	113
Interest expenses on short-term corporate bonds	0	—
Other interest expenses	3,372	2,368
Fees and commissions	5,480	6,685
Other operating expenses	86	109
General and administrative expenses	19,079	18,084
Other ordinary expenses	142	141
Other ordinary expenses	142	141
Ordinary Profit	5,049	7,180
Extraordinary Losses	214	92
Losses on disposal of fixed assets	57	92
Impairment losses	150	—
Other extraordinary losses	7	—
Income Before Income Taxes	4,834	7,088
Income Taxes—Current	1,429	2,225
Income Taxes—Deferred	(14)	(46)
Total Income Taxes	1,414	2,179
Profit	3,420	4,909
Profit Attributable to Non-controlling Interests	113	186
Profit Attributable to Owners of the Parent	¥ 3,306	¥ 4,722

Consolidated Statements of Comprehensive Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018
Profit	¥3,420	¥4,909
Other Comprehensive Income	2,703	1,519
Net unrealized gains (losses) on available-for-sale securities, net of taxes	1,444	1,260
Net deferred gains (losses) on hedging instruments, net of taxes	1,192	251
Remeasurements of defined benefit plans, net of taxes	65	7
Comprehensive Income	6,123	6,429
Comprehensive income attributable to owners of the parent	5,992	6,242
Comprehensive income attributable to non-controlling interests	131	187

Consolidated Statements of Changes in Net Assets

 Sony Bank Inc. and consolidated subsidiaries
 For the years ended March 31, 2017 and 2018

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 available-for-sale 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

(Continued on next page)

Consolidated Statements of Changes in Net Assets (Continued)

Millions of yen

	2018			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	¥31,000	¥21,000	¥25,815	¥77,815
Changes during the period				
Dividends from surplus	—	—	(1,590)	(1,590)
Profit attributable to owners of the parent	—	—	4,722	4,722
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	3,132	3,132
Balance at the end of the period	¥31,000	¥21,000	¥28,948	¥80,948

Millions of yen

	2018					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale 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	¥4,776	¥(1,338)	¥(109)	¥3,328	¥1,460	¥82,604
Changes during the period						
Dividends from surplus	—	—	—	—	—	(1,590)
Profit attributable to owners of the parent	—	—	—	—	—	4,722
Net changes of items other than shareholders' equity	1,260	251	6	1,519	187	1,706
Total changes during the period	1,260	251	6	1,519	187	4,839
Balance at the end of the period	¥6,037	¥(1,086)	¥(103)	¥4,847	¥1,648	¥87,444

Consolidated Statements of Cash Flows

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018
Cash flows from operating activities		
Income before income taxes	¥ 4,834	¥ 7,088
Depreciation and amortization	1,989	1,812
Impairment losses	150	—
Amortization of goodwill	19	—
Increase (decrease) in reserve for possible loan losses	(64)	(164)
Increase (decrease) in reserve for employees' bonuses	67	(13)
Increase (decrease) in net defined benefit liability	107	137
Increase (decrease) in reserve for directors' retirement benefits	14	(19)
Increase (decrease) in provision for reimbursement of deposits	3	19
Interest income—accrual basis	(26,533)	(28,344)
Interest expenses—accrual basis	8,672	7,731
(Gains) losses on securities	5,146	2,126
(Gains) losses on money held in trust	(8)	(1)
Exchange (gains) losses	3,827	8,208
(Gains) losses on disposal of fixed assets	67	74
Net (increase) decrease in loans	(195,446)	(56,745)
Net increase (decrease) in deposits	185,285	109,572
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	50,000	80,000
Net (increase) decrease in call loans and bills sold	311	(4,805)
Net increase (decrease) in call money and bills bought	70,000	26,000
Net (increase) decrease in foreign exchange (assets)	(6,129)	(2,077)
Net increase (decrease) in foreign exchange (liabilities)	21	119
Interest income—cash basis	29,088	30,944
Interest expenses—cash basis	(8,782)	(7,907)
Others, net	(23,016)	(8,661)
Subtotal	99,628	165,095
Income taxes paid	(1,836)	(1,189)
Net cash provided by (used in) operating activities	97,791	163,906
Cash flows from investing activities		
Purchases of securities	(210,315)	(228,090)
Proceeds from sale of securities	51,393	51,241
Proceeds from redemption of securities	138,435	125,856
Proceeds from money held in trust	—	2,000
Purchases of tangible fixed assets	(154)	(1,066)
Purchases of intangible fixed assets	(1,793)	(2,086)
Net cash provided by (used in) investing activities	(22,434)	(52,144)
Cash flows from financing activities		
Net decrease in subordinated borrowings	(7,000)	(3,000)
Cash dividends paid	(1,959)	(1,590)
Payments for leased obligations	(30)	(0)
Net cash provided by (used in) financing activities	(8,989)	(4,590)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	66,367	107,171
Cash and cash equivalents at the beginning of the period	114,213	180,581
Cash and cash equivalents at the end of the period	¥ 180,581	¥ 287,752

Financial Data (Non-consolidated)

Balance Sheets

Sony Bank Inc.
As of March 31, 2017 and 2018

Millions of yen

	2017	2018
Assets		
Cash and due from banks	¥ 177,468	¥ 287,332
Due from banks	177,468	287,332
Monetary claims purchased	573	5,378
Money held in trust	23,000	21,000
Securities	631,296	674,285
Japanese government bonds	103,083	96,872
Japanese local government bonds	34,866	36,001
Japanese corporate bonds	63,611	65,366
Japanese stocks	2,050	2,050
Other securities	427,684	473,993
Loans	1,539,630	1,596,376
Loans on deeds	1,521,546	1,577,480
Overdrafts	18,084	18,895
Foreign exchanges	7,268	9,346
Due from foreign banks	7,268	9,346
Other assets	41,770	37,103
Domestic exchange settlement account debit	258	438
Prepaid expenses	149	149
Accrued income	3,859	3,687
Derivatives	5,153	7,320
Cash collateral paid for financial instruments	21,650	18,559
Accounts receivable	7,879	4,599
Others	2,821	2,349
Tangible fixed assets	398	1,204
Buildings	65	620
Other tangible fixed assets	332	584
Intangible fixed assets	3,170	3,808
Software	3,165	3,803
Other intangible fixed assets	4	5
Deferred tax assets	632	—
Reserve for possible loan losses	(971)	(806)
Total Assets	¥2,424,236	¥2,635,028

Sony Bank Financial Data (Non-consolidated)

Millions of yen

	2017	2018
Liabilities		
Deposits	¥2,112,985	¥2,219,325
Ordinary deposits	630,964	672,877
Time deposits	1,129,004	1,134,731
Other deposits	353,017	411,716
Call money	70,000	96,000
Borrowed money	103,000	180,000
Borrowed money	103,000	180,000
Foreign exchanges	108	228
Foreign bills sold	31	147
Foreign bills payable	77	81
Other liabilities	55,199	52,033
Income taxes payable	582	1,588
Accrued expenses	4,646	5,255
Initial margins of futures markets	20,661	20,205
Derivatives	20,582	16,349
Cash collateral received for financial instruments	757	590
Asset retirement obligations	144	226
Others	7,825	7,817
Reserve for employees' bonuses	705	687
Reserve for employees' retirement benefits	815	933
Reserve for directors' retirement benefits	27	—
Provision for reimbursement of deposits	62	81
Deferred tax liabilities	—	9
Total Liabilities	2,342,904	2,549,299
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Capital reserves	21,000	21,000
Retained earnings	25,893	28,778
Legal retained earnings	391	709
Other retained earnings	25,501	28,068
Unappropriated retained earnings	25,501	28,068
Total shareholders' equity	77,893	80,778
Net unrealized gains (losses) on available-for-sale securities, net of taxes	4,776	6,037
Net deferred gains (losses) on hedging instruments, net of taxes	(1,338)	(1,086)
Total valuation and translation adjustments	3,438	4,950
Total Net Assets	81,332	85,729
Total Liabilities and Net Assets	¥2,424,236	¥2,635,028

Statements of Income

Sony Bank Inc.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017	2018
Ordinary Revenues	¥35,105	¥36,270
Interest income	26,534	28,344
Interest income on loans	16,066	17,064
Interest income and dividends on securities	10,394	11,204
Interest income on call loans	—	2
Interest income on deposits with banks	63	63
Interest income on interest rate swaps	8	—
Other interest income	0	9
Fees and commissions	3,465	3,298
Fees and commissions on domestic and foreign exchanges	207	267
Other fees and commissions	3,257	3,030
Other operating income	4,871	3,823
Gains on foreign exchange transactions	4,431	3,456
Gains on sale of bonds	438	334
Gains on redemption of bonds	0	0
Gains on derivatives	—	32
Others	0	—
Other ordinary income	234	804
Reversal of reserve for possible loan losses	22	96
Income from money held in trust, net	8	1
Others	203	706
Ordinary Expenses	30,470	29,712
Interest expenses	8,671	7,730
Interest expenses on deposits	5,105	5,322
Interest expenses on call money	(17)	(73)
Interest expenses on borrowed money	211	113
Interest expenses on short-term corporate bonds	0	—
Interest expenses on interest rate swaps	3,372	2,360
Other interest expenses	0	8
Fees and commissions	5,046	6,238
Fees and commissions on domestic and foreign exchanges	188	265
Other fees and commissions	4,857	5,972
Other operating expenses	86	109
Losses on sale of bonds	41	68
Expenses from derivatives other than for trading or hedging	44	—
Others	0	40
General and administrative expenses	16,524	15,515
Other ordinary expenses	141	118
Write-off of loans	0	0
Others	141	118
Ordinary Profit	4,634	6,557
Extraordinary Losses	150	74
Losses on sale or disposal of fixed assets	—	74
Impairment losses	150	—
Income Before Income Taxes	4,484	6,482
Income Taxes—Current	1,307	2,033
Income Taxes—Deferred	1	(25)
Total Income Taxes	1,308	2,007
Net Income	¥ 3,176	¥ 4,474

Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2017 and 2018

Millions of yen

	2017						
	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		Total shareholders' equity
		Capital reserves	Total capital surplus		Unappropriated retained earnings	Other 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 available-for-sale 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

(Continued on next page)

Statements of Changes in Net Assets (Continued)

Millions of yen

	2018						
	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		Total shareholders' equity
		Capital reserves	Total capital surplus		Other retained earnings	Total retained earnings	
Balance at the beginning of the period	¥31,000	¥21,000	¥21,000	¥391	¥25,501	¥25,893	¥77,893
Changes during the period							
Dividends from surplus	—	—	—	318	(1,908)	(1,590)	(1,590)
Net income	—	—	—	—	4,474	4,474	4,474
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	318	2,566	2,884	2,884
Balance at the end of the period	¥31,000	¥21,000	¥21,000	¥709	¥28,068	¥28,778	¥80,778

Millions of yen

	2018			
	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale 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	¥4,776	¥(1,338)	¥3,438	¥81,332
Changes during the period				
Dividends from surplus	—	—	—	(1,590)
Net income	—	—	—	4,474
Net changes of items other than shareholders' equity	1,260	251	1,512	1,512
Total changes during the period	1,260	251	1,512	4,397
Balance at the end of the period	¥6,037	¥(1,086)	¥4,950	¥85,729

Notes

Sony Bank Inc.

As of March 31, for the year ended March 31,

The breakdown of major factors giving rise to deferred tax assets and deferred tax liabilities is as follows:

Millions of yen

	2017	2018
Deferred tax assets		
Devaluation losses on securities	¥ 664	¥ 664
Reserve for possible loan losses	251	198
Provision for retirement benefits	249	285
Provision for bonuses	217	210
Net deferred losses on hedging instruments	590	479
Others	493	589
Subtotal of deferred tax assets	2,467	2,427
Valuation allowance	(664)	(664)
Total deferred tax assets	1,803	1,763
Deferred tax liabilities		
Net unrealized gains on available-for-sale securities	1,150	1,707
Others	20	65
Total deferred tax liabilities	1,171	1,772
Net deferred tax assets	¥ 632	¥ 9

1 Loans by Borrower Category

Millions of yen

As of March 31,	2017	2018
Category		
Bankrupt and quasi-bankrupt loans	¥ 743	¥ 472
Doubtful loans	1,021	685
Sub-standard loans	1,227	842
Normal loans	1,544,587	1,604,392
Total	¥1,547,579	¥1,606,393

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

2 Risk-monitored Loans

Millions of yen

As of March 31,	2017	2018
Bankrupt loans	¥ 176	¥ 91
Non-accrual delinquent loans	1,580	1,061
Past due loans (3 months or more)	—	—
Restructured loans	1,227	842
Total	¥2,984	¥1,995

3 Profit and Loss

3-01 Gross operating profit

Millions of yen

For the years ended March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	¥13,813	¥4,104	¥17,917	¥15,506	¥5,141	¥20,648
Interest income	17,951	8,588	[5] 26,534	18,830	9,540	[27] 28,344
Interest expenses	4,138	4,483	[5] 8,616	3,323	4,399	[27] 7,695
Net fees and commissions	(1,665)	84	(1,580)	(3,048)	108	(2,940)
Fees and commissions received	3,328	136	3,465	3,093	204	3,298
Fees and commissions paid	4,994	51	5,046	6,142	95	6,238
Net trading income	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Net other operating income	4	4,780	4,785	54	3,658	3,713
Other operating income	49	4,821	4,871	112	3,710	3,823
Other operating expenses	44	41	86	57	51	109
Gross operating profit	12,152	8,968	21,121	12,512	8,909	21,421
Gross operating profit ratio	0.69%	2.09%	0.96%	0.60%	1.84%	0.84%

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 (¥54 million—FY2016, ¥34 million—FY2017).

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

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

Sony Bank Financial Data (Non-consolidated)

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,	2017			2018		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[4,067] ¥1,757,036	[5] ¥17,951	1.02%	[27,628] ¥2,082,692	[27] ¥18,830	0.90%
Loans	1,439,927	15,983	1.11	1,553,044	16,987	1.09
Securities	187,305	1,888	1.00	198,824	1,742	0.87
Call loans	—	—	—	—	—	—
Due from banks	116,068	63	0.05	272,724	63	0.02
Monetary claims purchased	734	0	0.08	7,363	9	0.13
Financing accounts	[—] 1,737,072	[—] 4,138	0.23	[—] 2,061,645	[—] 3,323	0.16
Deposits	1,665,317	2,322	0.13	1,796,170	1,989	0.11
Call money	22,315	(17)	(0.07)	138,594	(74)	(0.05)
Borrowed money	71,646	211	0.29	147,931	113	0.07

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" (¥1,500 million—FY2016, ¥1,497 million—FY2017) is excluded. In the financing accounts, the average balance of funds for investing money held in trust (¥23,000 million—FY2016, ¥21,679 million—FY2017) and the interest expenses on money held in trust (¥54 million—FY2016, ¥34 million—FY2017) are excluded, respectively.

International division

Millions of yen, %

For the years ended March 31,	2017			2018		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[—] ¥429,121	[—] ¥8,588	2.00%	[—] ¥482,786	[—] ¥9,540	1.97%
Loans	8,391	82	0.97	7,935	77	0.97
Securities	414,862	8,506	2.05	465,149	9,461	2.03
Call loans	—	—	—	140	2	1.79
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Financing accounts	[4,067] 347,060	[5] 4,483	1.29	[27,628] 398,441	[27] 4,399	1.10
Deposits	342,872	2,782	0.81	370,572	3,332	0.89
Call money	—	—	—	51	0	1.59
Borrowed money	—	—	—	—	—	—

Note: [] indicates the average balance and interest of borrowed funds between the Domestic division and the International division, and the total is presented in net.

Total

Millions of yen, %

For the years ended March 31,	2017			2018		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	¥2,182,089	¥26,534	1.21%	¥2,537,850	¥28,344	1.11%
Loans	1,448,319	16,066	1.10	1,560,979	17,064	1.09
Securities	602,167	10,394	1.72	663,973	11,204	1.68
Call loans	—	—	—	140	2	1.79
Due from banks	116,068	63	0.05	272,724	63	0.02
Monetary claims purchased	734	0	0.08	7,363	9	0.13
Financing accounts	2,080,065	8,616	0.41	2,432,459	7,695	0.31
Deposits	2,008,190	5,105	0.25	2,166,743	5,322	0.24
Call money	22,315	(17)	(0.07)	138,645	(73)	(0.05)
Borrowed money	71,646	211	0.29	147,931	113	0.07

Note: In the investment accounts, the average balance of non-interest-bearing "due from banks" (¥1,500 million—FY2016, ¥1,497 million—FY2017) is excluded. In the financing accounts, the average balance of funds for investing money held in trust (¥23,000 million—FY2016, ¥21,679 million—FY2017) and the interest expenses on money held in trust (¥54 million—FY2016, ¥34 million—FY2017) are excluded, respectively.

Sony Bank Financial Data (Non-consolidated)

Interest spread

%

For the years ended March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Yield on investment	1.02%	2.00%	1.21%	0.90%	1.97%	1.11%
Yield on financing	0.23	1.29	0.41	0.16	1.10	0.31
Interest spread	0.78	0.70	0.80	0.74	0.87	0.80

3-03 Interest income and interest expenses

Domestic division

Millions of yen

For the years ended March 31,	2017			2018		
	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)	Increase (decrease) due to balance	Increase (decrease) due to yield	Net increase (decrease)
Interest income	¥1,923	¥(857)	¥1,065	¥3,327	¥(2,447)	¥ 879
Loans	2,234	(901)	1,332	1,255	(252)	1,003
Securities	(224)	6	(218)	116	(261)	(145)
Call loans	(7)	—	(7)	—	—	—
Due from banks	44	(41)	2	86	(87)	(0)
Monetary claims purchased	0	(0)	0	5	3	9
Interest expenses	465	(563)	(97)	773	(1,587)	(814)
Deposits	187	(13)	173	182	(515)	(333)
Call money	16	(39)	(23)	(91)	34	(56)
Borrowed money	108	(162)	(53)	224	(322)	(97)

International division

Millions of yen

For the years ended March 31,	2017			2018		
	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	¥(571)	¥506	¥ (64)	¥1,074	¥(121)	¥952
Loans	(6)	0	(5)	(4)	(0)	(5)
Securities	(595)	536	(58)	1,031	(75)	955
Call loans	—	—	—	—	2	2
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Interest expenses	(230)	(61)	(292)	663	(748)	(84)
Deposits	149	(46)	102	224	325	550
Call money	—	—	—	—	0	0
Borrowed money	—	—	—	—	—	—

Total

Millions of yen

For the years ended March 31,	2017			2018		
	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	¥2,364	¥(1,312)	¥1,051	¥4,326	¥(2,515)	¥1,810
Loans	2,224	(897)	1,326	1,249	(251)	998
Securities	(868)	591	(276)	1,066	(257)	809
Call loans	(7)	—	(7)	—	2	2
Due from banks	44	(41)	2	86	(87)	(0)
Monetary claims purchased	0	(0)	0	5	3	9
Interest expenses	901	(1,241)	(339)	1,459	(2,380)	(920)
Deposits	394	(119)	275	403	(186)	217
Call money	16	(39)	(23)	(91)	35	(55)
Borrowed money	108	(162)	(53)	224	(322)	(97)

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,	2017	2018
Salaries	¥ 3,775	¥ 3,829
Employee retirement benefits	141	144
Fringe benefit expenses	542	535
Depreciation and amortization	1,280	1,254
Leases on land, buildings and machinery	1,299	1,371
Maintenance fees	1,924	1,780
Repairs and utilities	3	4
Supplies expenses	234	301
Heat, light and water	28	30
Travel expenses	9	11
Communication expenses	754	738
Advertising expenses	1,598	903
Membership fees, donations and social expenses	18	20
Outsourcing	1,877	1,563
Taxes and public dues	1,066	1,098
Deposit insurance	629	598
Others	1,341	1,327
Total	¥16,524	¥15,515

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 securities

Millions of yen

As of March 31,	2017			2018		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Held-to-maturity securities of which fair value exceeds balance sheet amount						
Japanese government bonds	¥5,990	¥6,073	¥83	¥ —	¥ —	¥—
Japanese corporate bonds	228	232	4	200	201	1
Total	¥6,218	¥6,306	¥87	¥200	¥201	¥ 1

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,	2017			2018		
	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	¥162,942	¥154,516	¥ 8,425	¥159,116	¥151,369	¥ 7,747
Japanese government bonds	69,596	63,897	5,699	62,248	56,567	5,681
Japanese local government bonds	34,866	33,697	1,168	34,500	33,624	876
Japanese corporate bonds	58,479	56,921	1,557	62,367	61,178	1,188
Others	283,047	277,903	5,143	287,657	282,442	5,215
Foreign bonds	278,572	275,617	2,955	279,376	276,933	2,442
Others	4,474	2,286	2,188	8,281	5,508	2,772
Subtotal	445,989	432,419	13,569	446,774	433,812	12,962
Available-for-sale securities of which balance sheet amount does not exceed acquisition cost						
Bonds	32,399	33,090	(690)	38,924	39,202	(278)
Japanese government bonds	27,496	28,175	(679)	34,623	34,901	(277)
Japanese local government bonds	—	—	—	1,501	1,501	(0)
Japanese corporate bonds	4,903	4,914	(11)	2,798	2,800	(1)
Others	145,210	145,977	(767)	191,714	192,956	(1,242)
Foreign bonds	144,636	145,404	(767)	189,559	190,801	(1,241)
Others	573	573	(0)	2,154	2,155	(0)
Subtotal	177,610	179,067	(1,457)	230,638	232,159	(1,520)
Total	¥623,599	¥611,487	¥12,112	¥677,412	¥665,971	¥11,441

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,	2017	2018
	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

Sony Bank Financial Data (Non-consolidated)

Other money held in trust

Millions of yen

As of March 31,	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
Other money held in trust	¥23,000	¥23,000	¥—	¥—	¥—

Millions of yen

As of March 31,	2018				
	Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
Other money held in trust	¥21,000	¥21,000	¥—	¥—	¥—

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,		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.

Derivatives for which hedge accounting is applied

Millions of yen

As of March 31,		2017			
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	¥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.

Derivatives for which hedge accounting is not applied

Millions of yen

As of March 31,		2018			
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	¥13,461	¥13,461	¥(66)	¥(66)
	Floating-rate receivable / Fixed-rate payable	13,461	13,461	66	66
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,			2018		
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	Deposits	¥103,000	¥103,000	¥ 130
Fair value hedge accounting	Interest rate swaps Floating-rate receivable / Fixed-rate payable	Available-for-sale securities (bonds)	268,367	241,415	(12,300)
Total					¥(12,169)

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,		2017			
Category	Type	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,			2017		
Method	Type	Hedged item	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 Financial Data (Non-consolidated)

Derivatives for which hedge accounting is not applied

Millions of yen

As of March 31,

Category	Type	2018			
		Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Forward foreign exchanges				
	Sold	¥ 66,635	¥—	¥ 152	¥ 152
	Bought	153,069	—	499	499
	Foreign exchange margin transactions				
	Sold	62,635	—	2,480	2,480
	Bought	21,987	—	1,020	1,020
	Currency options				
	Sold	156	—	(1)	0
	Bought	206	—	1	0
	Currency forwards				
Sold	—	—	—	—	
Bought	14,216	—	(325)	(325)	
Total				¥3,828	¥3,828

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	2018		
			Notional amount	Notional amount over 1 year	Fair value
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	¥19,200	¥14,000	¥(687)
Total					¥(687)

Notes: 1. Fair value hedge accounting is applied.

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

Performance Indicators (Non-consolidated)

1 Key Performance Indicators

Millions of yen

For the years ended March 31,	2014	2015	2016	2017	2018
Ordinary revenues	¥ 33,994	¥ 35,714	¥ 34,892	¥ 35,105	¥ 36,270
Ordinary profit	5,845	7,298	5,857	4,634	6,557
Net income	3,585	4,634	3,912	3,176	4,474
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	72,774	77,064	77,428	81,332	85,729
Total assets	2,056,704	2,062,525	2,126,564	2,424,236	2,635,028
Deposits	1,890,022	1,878,256	1,923,506	2,112,985	2,219,325
Loans	1,057,419	1,187,187	1,344,184	1,539,630	1,596,376
Securities	773,811	730,013	620,993	631,296	674,285
Non-consolidated capital adequacy ratio	11.72%	10.65%	9.89%	9.75%	10.45%
Dividend payout ratio	—	—	50.07%	50.06%	50.01%
Number of employees	430	455	456	480	487

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 "foundation internal ratings-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,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 563,912	¥177,323	¥ 741,235	¥ 664,602	¥177,041	¥ 841,643
Time and saving deposits	1,101,104	165,521	1,266,626	1,130,959	193,482	1,324,441
Other deposits	300	27	328	608	49	658
Total	¥1,665,317	¥342,872	¥2,008,190	¥1,796,170	¥370,572	¥2,166,743

Year-end balance

Millions of yen

As of March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Floating deposits	¥ 630,964	¥178,597	¥ 809,562	¥ 672,877	¥190,691	¥ 863,569
Time and saving deposits	1,129,004	174,023	1,303,027	1,134,731	220,247	1,354,978
Other deposits	348	46	395	720	56	777
Total	¥1,760,317	¥352,668	¥2,112,985	¥1,808,329	¥410,995	¥2,219,325

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 ¥41,894 million and ¥60,078 million as of March 31, 2017 and 2018, respectively.

2-02 Balance of time deposits by remaining period

Millions of yen

As of March 31,	2017			2018		
	Fixed rate time deposits	Floating rate time deposits	Total	Fixed rate time deposits	Floating rate time deposits	Total
Less than 3 months	¥ 284,575	¥—	¥ 284,575	¥ 329,325	¥—	¥ 329,325
3 months or more, less than 6 months	411,120	—	411,120	434,419	—	434,419
6 months or more, less than 1 year	403,920	—	403,920	401,735	—	401,735
1 year or more, less than 2 years	60,494	—	60,494	39,563	—	39,563
2 years or more, less than 3 years	15,381	—	15,381	19,365	—	19,365
3 years or more	52,275	—	52,275	49,454	—	49,454
Total	¥1,227,766	¥—	¥1,227,766	¥1,273,863	¥—	¥1,273,863

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

Sony Bank Performance Indicators (Non-consolidated)

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,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	1,423,903	8,390	1,432,294	1,534,294	7,933	1,542,227
Overdrafts	16,023	1	16,025	18,750	2	18,752
Bills discounted	—	—	—	—	—	—
Total	¥1,439,927	¥8,391	¥1,448,319	¥1,533,044	¥7,935	¥1,560,979

Year-end balance

Millions of yen

As of March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Loans on bills	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Loans on deeds	1,514,358	7,187	1,521,546	1,569,455	8,024	1,577,480
Overdrafts	18,081	2	18,084	18,893	1	18,895
Bills discounted	—	—	—	—	—	—
Total	¥1,532,440	¥7,190	¥1,539,630	¥1,588,349	¥8,026	¥1,596,376

3-02 Balance of loans by remaining period

Millions of yen

As of March 31,	2017			2018		
	Fixed interest rates	Floating interest rates	Total	Fixed interest rates	Floating interest rates	Total
Less than 1 year	¥ 913	¥ 14,787	¥ 15,700	¥ 1,316	¥ 11,861	¥ 13,178
Over 1 year, not exceeding 3 years	2,675	20,897	23,572	2,068	17,214	19,282
Over 3 years, not exceeding 5 years	5,658	22,143	27,802	5,548	21,251	26,800
Over 5 years, not exceeding 7 years	10,631	13,768	24,399	10,439	7,958	18,397
Over 7 years, not exceeding 10 years	28,493	16,324	44,818	28,072	16,209	44,282
Over 10 years	630,990	754,262	1,385,252	629,749	825,790	1,455,540
No fixed redemption	—	18,084	18,084	—	18,895	18,895
Total	¥679,363	¥860,267	¥1,539,630	¥677,195	¥919,180	¥1,596,376

3-03 Balance of loans by collateral

Millions of yen

As of March 31,	2017	2018
Pledged securities	¥ —	¥ —
Pledged receivables	—	—
Pledged merchandise	—	—
Pledged real estate	1,081,498	1,111,211
Others	—	—
Subtotal	1,081,498	1,111,211
Guaranteed	160,081	213,515
Credit	298,050	271,649
Total	¥1,539,630	¥1,596,376

Balance of acceptances and guarantees at the end of the period

Not applicable

Sony Bank Performance Indicators (Non-consolidated)

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

Not applicable

3-04 Balance of loans by industry

Millions of yen, %

As of March 31,	2017		2018	
	Balance	Composition	Balance	Composition
Individual	¥1,470,596	95.52%	¥1,544,485	96.74%
Corporation	69,034	4.48	51,890	3.25
Manufacturing industries	25,828	1.68	20,010	1.25
Construction	1,519	0.10	502	0.03
Information and telecommunications	2,589	0.17	568	0.03
Transportation / Mail services	6,156	0.40	4,189	0.26
Wholesalers / Retailers	4,752	0.31	2,489	0.15
Financial services / Insurance	5,010	0.33	3,000	0.18
Real estate / Goods leasing services	21,317	1.38	19,487	1.22
Various service	337	0.02	125	0.00
Local government	1,521	0.10	1,517	0.09
Total	¥1,539,630	100.00%	¥1,596,376	100.00%

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

%

As of March 31, for the years ended March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year end	87.05%	2.03%	72.86%	87.83%	1.95%	71.93%
Annual average	86.46	2.44	72.12	86.46	2.14	72.04

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

As of March 31, for the years ended March 31,	2017		2018	
	Balance at the end of the period	Increase (Decrease)	Balance at the end of the period	Increase (Decrease)
General reserve for possible loan losses	¥438	¥(73)	¥416	¥ (22)
Specific reserve for possible loan losses	532	9	390	(141)
Reserve for possible loan losses for specific foreign countries	—	—	—	—
Total	¥971	¥(64)	¥806	¥(164)

3-07 Write-off loans

Millions of yen

For the years ended March 31,	2017	2018
Total	¥0	¥0

Sony Bank Performance Indicators (Non-consolidated)

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,	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	Unspecified term	
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

Millions of yen

As of March 31,	2018							Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years	Unspecified term	
Japanese government bonds	¥ 12,867	¥ 15,078	¥ 2,085	¥ —	¥20,363	¥ 46,478	¥ —	¥ 96,872
Japanese local government bonds	1,501	14,603	19,896	—	—	—	—	36,001
Japanese corporate bonds	3,724	26,618	34,823	—	—	200	—	65,366
Japanese stocks	—	—	—	—	—	—	2,050	2,050
Other securities	88,227	145,038	107,084	16,794	17,819	93,970	5,058	473,993
Of which: Foreign bonds	88,227	145,038	107,084	16,794	17,819	93,970	—	468,935
Others	—	—	—	—	—	—	5,058	5,058
Total	¥106,320	¥201,338	¥163,889	¥16,794	¥38,182	¥140,649	¥7,109	¥674,285

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

Average balance

Millions of yen

For the years ended March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥ 85,241	¥ —	¥ 85,241	¥ 94,186	¥ —	¥ 94,186
Japanese local government bonds	35,520	—	35,520	35,082	—	35,082
Japanese corporate bonds	62,143	—	62,143	65,128	—	65,128
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	2,348	414,862	417,211	2,375	465,149	467,525
Of which: Foreign bonds	—	414,862	414,862	—	465,149	465,149
Others	2,348	—	2,348	2,375	—	2,375
Total	¥187,305	¥414,862	¥602,167	¥198,824	¥465,149	¥663,973

Sony Bank Performance Indicators (Non-consolidated)

Year-end balance

Millions of yen

As of March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
Japanese government bonds	¥103,083	¥ —	¥103,083	¥ 96,872	¥ —	¥ 96,872
Japanese local government bonds	34,866	—	34,866	36,001	—	36,001
Japanese corporate bonds	63,611	—	63,611	65,366	—	65,366
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	4,474	423,209	427,684	5,058	468,935	473,993
Of which: Foreign bonds	—	423,209	423,209	—	468,935	468,935
Others	4,474	—	4,474	5,058	—	5,058
Total	¥208,086	¥423,209	¥631,296	¥205,350	¥468,935	¥674,285

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

%

As of March 31, for the years ended March 31,	2017			2018		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year end	11.82%	120.00%	29.87%	11.35%	114.09%	30.38%
Annual average	11.24	120.99	29.98	11.06	125.52	30.64

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

MCEV Results for Sony Life

1 MCEV Results

1-01 MCEV results

Sony Life's MCEV as of March 31, 2018 increased ¥192.1 billion, due to the revision of the methodologies for the quantification of insurance risk, the addition of new business and other factors. Please refer to Sections 1-06 (8) and 3-07 (2) for the revision of the methodologies for the quantification of insurance risk.

As of March 31,	2017	2018	Change
MCEV	¥1,441.1	¥1,633.2	¥192.1
Adjusted net worth	1,657.7	1,786.1	128.4
Value of existing business	(216.7)	(152.9)	63.7

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 increased ¥128.4 billion, primarily because of the increase in unrealized gain on held-to-maturity securities caused by a decrease in interest rates. The breakdown is shown in the table below.

As of March 31,	2017	2018	Change
Adjusted net worth	¥1,657.7	¥1,786.1	¥128.4
Total net assets	473.6	492.8	19.2
Reserve for price fluctuations	46.0	47.9	1.9
Contingency reserve	82.5	89.9	7.5
Reserve for possible loan losses	0.0	0.0	(0.0)
Reinsurance debit for coinsurance-type reinsurance	1.2	2.1	0.9
Unrealized gains or losses on held-to-maturity securities	1,445.6	1,582.6	137.1
Unrealized gains or losses on policy-reserve-matching bonds	26.0	34.9	8.9
Unrealized gains or losses on land and buildings	71.0	69.7	(1.3)
Unfunded pension liabilities	(3.6)	(2.4)	1.1
Intangible fixed assets	(19.4)	(23.2)	(3.9)
Tax effect equivalent of above nine items	(461.8)	(504.4)	(42.6)
Valuation gain or loss on subsidiaries and affiliated companies	(3.4)	(3.7)	(0.4)

Billions of yen

As of March 31,	2017	2018	Change
Adjusted net worth	¥1,657.7	¥1,786.1	¥128.4
Free surplus	496.1	926.1	430.0
Required capital	1,161.7	860.0	(301.6)

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 the revision of the methodologies for the quantification of insurance risks. Please refer to Section 3-07 for the method used to calculate required capital.

1-03 Value of existing business

The value of existing business is the present value of certainty-equivalent profit less the time value of options and guarantees, and frictional costs and the cost of non-hedgeable risks. The value of existing business as of March 31, 2018 increased ¥63.7 billion, primarily due to a revision of the methodologies used for the quantification of insurance risks and the addition of new business, which increased value, offset by the effect of a decrease in interest rates, which lowered the value of existing business. The breakdown of the value of existing business is shown in the table below.

		Billions of yen		
As of March 31,		2017	2018	Change
Value of existing business		¥(216.7)	¥(152.9)	¥ 63.7
Present value of certainty-equivalent profit		350.0	316.7	(33.3)
Time value of options and guarantees		(145.2)	(136.0)	9.1
Frictional costs		(35.6)	(22.7)	12.9
Cost of non-hedgeable risks		(385.9)	(310.9)	75.0

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, 2018 and does not include the value of new business expected to be acquired in the future.

The new business value in this fiscal year increased ¥41.3 billion, primarily because of the increase in the overall level of interest rates throughout the year compared with the previous fiscal year. The breakdown of new business value is as follows:

		Billions of yen		
For the years ended March 31,		2017	2018	Change
Value of new business		¥ 29.1	¥ 70.4	¥41.3
Present value of certainty-equivalent profit		68.3	106.3	37.9
Time value of options and guarantees		(9.1)	(6.9)	2.3
Frictional costs		(0.1)	(0.2)	(0.1)
Cost of non-hedgeable risks		(29.8)	(26.8)	3.1
Other profits or losses		(0.2)	(2.0)	(1.9)

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. The business margin in the fiscal year ended March 31, 2018 increased due to a change in the product mix and the increase in the overall level of interest rates throughout the year compared with the previous fiscal year.

		Billions of yen		
For the years ended March 31,		2017	2018	Change
Value of new business		¥ 29.1	¥ 70.4	¥ 41.3
Present value of premium income		1,297.4	1,213.8	(83.5)
New business margin		2.2%	5.8%	3.6 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,		2017	2018	Change
New business single premium		¥ 22.6	¥101.5	¥ 79.0
Annualized premiums from level premium new business ¹		104.7	93.3	(11.4)
Average annualization multiplier ²		12.17	11.92	(0.25)

¹ Annualized premiums from level premium new business are calculated by multiplying the number of payments in a year by the amount of premiums received at one 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 issued by Sony Life.

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, 2018, from MCEV as of March 31, 2017.

	Billions of yen			
	Free surplus	Required capital	Value of existing business	MCEV
Opening MCEV (MCEV as of March 31, 2017)	¥496.1	¥1,161.7	¥(216.7)	¥1,441.1
Opening adjustments	(23.1)	—	—	(23.1)
Adjusted opening MCEV	¥473.0	¥1,161.7	¥(216.7)	¥1,418.0
New business value	(3.2)	1.1	72.5	70.4
Expected existing business contribution (risk-free rate)	(1.4)	(2.8)	20.5	16.4
Expected existing business contribution (in excess of risk-free rate)	0.6	1.2	5.1	6.8
Transfers from value of existing business and required capital to free surplus	(8.8)	(61.6)	70.3	—
Of which, on new business	(66.1)	—	66.1	—
Experience variances	119.5	(114.3)	4.0	9.2
Assumption changes	9.1	(9.1)	36.2	36.2
Other operating variance	373.3	(373.3)	80.4	80.4
Operating MCEV earnings	489.2	(558.8)	289.0	219.4
Economic variances	(36.1)	257.1	(225.3)	(4.2)
Other non-operating variance	—	—	—	—
Total MCEV earnings	453.1	(301.6)	63.7	215.2
Closing adjustments	—	—	—	—
Closing MCEV (MCEV as of March 31, 2018)	¥926.1	¥ 860.0	¥(152.9)	¥1,633.2

(1) Opening adjustments

These adjustments reflect dividend payments to shareholders.

(2) New business value

This figure reflects increases resulting from the acquisition of new business during the fiscal year ended March 31, 2018. Please refer to Section **3-10** for information concerning the calculation method.

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

This figure includes the release of the portion for the fiscal year ended March 31, 2018 of the time value of options and guarantees and the cost of non-hedgeable risks, in addition to the unwinding of the opening MCEV at a risk-free rate.

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

This figure reflects the profit expected in excess of the risk-free rate generated by holding assets such as ordinary corporate bonds, loans, stocks and real estate. The expected yield used for the fiscal year ended March 31, 2018 was negative 0.147%, which was developed by reflecting Sony Life's view of the market environment and annual investment plans for the year against the asset balance at the end of the previous fiscal year.

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

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

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

(6) Experience variances

These variances show the impact on MCEV of the actual versus assumed differences in non-economic expected profit for the fiscal year ended March 31, 2018 under the MCEV calculation as of March 31, 2017, and of the differences between actual policies in force as of March 31, 2018, and those that were projected to be in force on March 31, 2017 using persistency assumptions. The decrease in required capital by ¥114.3 billion was caused by the risk aggregation effect when the required capital for the new business, which was measured on a stand-alone basis, was aggregated with the required capital for existing business.

(7) Assumption changes

This figure primarily indicates the impact of changes in assumptions based on experience data for mortality and morbidity rates, lapse and surrender rates, and operating expense rates. The value of existing business increased primarily because of an improvement in mortality and morbidity.

(8) Other operating variance

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

Sony Life revised the methodologies for the quantification of insurance risks to better reflect its risk profile. Along with this revision, Sony Life also revised the cost of capital rate from 2.5% to 3.0%. Please refer to **3-07** (2) for the revision of insurance risk and **3-15** for the revision of the cost of capital rate.

In addition, Sony Life revised the shock factors on interest rates for ultra-long term durations where there is no market data, specifically, after the 40th year for the Japanese yen rates and after the 30th year for the U.S. dollar rates that are used for the calculation of non-hedgeable interest rate risks. This revision was made in consideration of the discussion on Insurance Capital Standard (ICS) being developed by the International Association of Insurance Supervisors (IAIS) for the international capital standard. This revision is reflected in this line, which decreased the required capital by ¥58.4 billion.

Sony Life revised pricing for some of its products in February 2018 and April 2018. Renewal premium in the projection reflects those pricing revisions.

(9) Operating MCEV earnings

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

(10) Economic variances

These variances show the impact of actual to assumed differences in economic assumptions, such as market interest rates and implied volatilities that were reflected in the market environment when calculating MCEV as of March 31, 2017 (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, 2018 under MCEV as of March 31, 2017.

The major reasons for the decrease in the value of existing business include an update of economic scenarios due to changes in the market environment such as a decrease in interest rates, an increase in stock prices and changes in implied volatilities, accounting for a decrease in the present value of certainty-equivalent profit of ¥225.6 billion, a decrease in the time value of options and guarantees of ¥19.8 billion, an increase in frictional costs of ¥4.5 billion and an increase in the cost of non-hedgeable risks of ¥13.2 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 ¥1.9 billion. The major reason for the increase in the adjusted net worth was the increase in prices of government bonds caused by a decrease in interest rates. The required capital increased primarily because the amount of liabilities and risks on an economic basis increased due to a decrease in interest rates, causing increases 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 is disaggregated into a decrease of ¥2.3 billion as a result of changes in the market environment such as the decrease in interest rates, and a decrease of ¥1.9 billion as a result of the increase in inflation rates.

(11) Other non-operating variance

No items were included in other non-operating variance.

(12) Closing adjustments

No items were included in closing adjustments.

1-07 Sensitivity analysis

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

Sensitivities of MCEV

Assumption	Change in assumption	Billions of yen		
		MCEV	Change in amount	Rate of change
Base	No change	¥1,633.2	¥ —	—
Interest rates	50bp decrease	1,552.6	(80.6)	(5%)
	50bp increase	1,679.2	46.0	3%
	Swap rates	1,656.3	23.1	1%
Stock / Real estate market value	10% decrease	1,610.7	(22.5)	(1%)
Stock / Real estate implied volatility	25% increase	1,604.2	(28.9)	(2%)
Interest swaption implied volatility	25% increase	1,614.5	(18.7)	(1%)
Maintenance expenses	10% decrease	1,659.7	26.5	2%
Lapse and surrender rates	× 0.9	1,617.9	(15.3)	(1%)
Mortality rates	Death protection products × 0.95	1,699.3	66.1	4%
	Third-sector and annuity products × 0.95	1,620.8	(12.3)	(1%)
Morbidity rates	× 0.95	1,698.6	65.5	4%
Required capital	Regulatory minimum	1,652.1	18.9	1%
Foreign exchange rates	10% appreciation of JPY	1,613.5	(19.7)	(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.

Assumption	Change in assumption	Billions of yen		
		MCEV	Adjusted net worth	Value of existing business
Interest rates	50bp decrease	¥(80.6)	¥ 830.8	¥(911.4)
	50bp increase	46.0	(718.2)	764.2
Stock / Real estate market value	10% decrease	(22.5)	(8.4)	(14.0)
Foreign exchange rates	10% appreciation of JPY	(19.7)	0.1	(19.8)

Sensitivity of new business value

Assumption	Change in assumption	Billions of yen		
		New business value	Change in amount	Rate of change
Base	No change	¥70.4	¥ —	—
Interest rates	50bp decrease	65.6	(4.8)	(7%)
	50bp increase	73.6	3.2	5%
	Swap rates	63.4	(7.1)	(10%)
Stock / Real estate market value	10% decrease	70.4	(0.0)	(0%)
Stock / Real estate implied volatility	25% increase	69.9	(0.5)	(1%)
Interest swaption implied volatility	25% increase	69.1	(1.3)	(2%)
Maintenance expenses	10% decrease	72.2	1.7	2%
Lapse and surrender rates	× 0.9	77.5	7.0	10%
Mortality rates	Death protection products × 0.95	75.4	5.0	7%
	Third-sector and annuity products × 0.95	70.1	(0.3)	(0%)
Morbidity rates	× 0.95	72.1	1.7	2%
Required capital	Regulatory minimum	70.4	0.0	0%
Foreign exchange rates	10% appreciation of JPY	67.0	(3.4)	(5%)

(1) Interest rates

This sensitivity represents the impact of an immediate parallel shift of the Japanese and foreign government bond yield curves as of the end of March 2018, 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 a change 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. In the previous year-end disclosure, the floor for downward changes in interest rates was set at 0%, but the floor was removed from the current year-end disclosure.

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.

The rate of change narrowed this fiscal year, due primarily to an increase in hedging of interest rate risk through an extended scope of products subject to pre-hedge scheme and a change in the product mix.

(2) Stock and real estate market value

This sensitivity represents the impact of an immediate drop in market values of stock and real estate as of the end of March 2018. Adjusted net worth is directly affected by a change in market value of stock and real estate. The value of existing business would also be affected by a 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 changes.

(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 disease 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 the Japanese yen as of the end of March 2018. Adjusted net worth is 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 and (10) foreign exchange rates, where the stock value of subsidiaries and affiliated companies is 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 2018.

(1) Risk-free rate

Sony Life has used the JGB yields and the U.S. Treasury yields as of the end of March 2018 as reference rates for the certainty-equivalent projections.

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

Regarding the extrapolation for ultra-long term risk-free rates where there is no market data, 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 ICS. 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).

The risk-free rates used in calculation for key terms (on a par-rate basis) are as follows:

As of March 31, Term (in years)	Japanese yen		U.S. dollar	
	2017	2018	2017	2018
1	(0.25%)	(0.13%)	1.02%	2.09%
5	(0.12)	(0.11)	1.92	2.56
10	0.07	0.04	2.39	2.74
20	0.64	0.53	2.75	2.85
30	0.84	0.74	3.01	2.97
40	0.96	0.89	3.04	3.02
50	1.25	1.19	3.07	3.05
60	1.45	1.40	3.09	3.08
70	1.57	1.53	3.11	3.09
80	1.65	1.61	3.12	3.10

(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
	2018	2018
1	0.03%	2.42%
5	0.11	2.71
10	0.26	2.78
20	0.62	2.85
30	0.78	2.82
40	0.87	2.86
50	1.16	2.91
60	1.38	2.95
70	1.52	2.97
80	1.60	2.99

(Data: Bloomberg [extrapolated])

(2) Interest rate model

Sony Life has calibrated the interest rate model to the market as of the end of March 2018. Sony Life has estimated parameters for the interest rate model from the yield curve and the implied volatilities of interest swaptions with different terms. Sony Life has used 1,000 scenarios generated by Milliman, Inc. in calculating the time value of options and guarantees under the stochastic method.

The implied volatilities of the interest swaption used in Sony Life's estimation are presented below.

As of 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)

As of March 31,		2018			
Term of swap (in years)	Term of option (in years)	Japanese yen	U.S. dollar	Euro	UK pound
1	1	8.7bp	52.4bp	20.6bp	41.3bp
10	1	17.6	68.6	45.7	65.4
10	10	29.6	64.4	61.1	65.8
10	20	33.6	50.3	52.3	57.1
20	1	22.0	65.8	45.5	63.5
20	10	31.5	57.7	53.6	61.2
20	20	35.9	46.8	45.3	51.9

(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,		2017					
Term (in years)	Foreign exchange			Stocks			
	U.S. dollar / Japanese yen	Euro / Japanese yen	UK pound / Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
1	9.5%	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)

As of March 31,		2018					
Term (in years)	Foreign exchange			Stocks			
	U.S. dollar / Japanese yen	Euro / Japanese yen	UK pound / Japanese yen	Japan TOPIX	U.S. S&P	Euro SX5E	UK FTSE
1	8.7%	9.1%	10.6%	17.5%	17.9%	15.3%	13.8%
5	9.2	10.2	12.0	17.0	19.6	16.6	15.8
10	10.7	11.8	13.0	17.3	23.7	17.9	18.4

(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 2013 to the end of March 2018 as there is no market-consistent data for correlation factors.

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)

As of March 31,	2018										
	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	0.13	0.16	0.24	0.36	0.37	0.44	0.37	0.12	0.26	(0.06)
U.S. dollar Interest rate 1Y	0.13	1.00	0.20	0.14	0.18	0.18	0.27	0.19	0.08	0.08	(0.15)
Euro Interest rate 1Y	0.16	0.20	1.00	0.12	0.03	0.31	0.23	0.08	0.05	(0.03)	(0.14)
UK pound Interest rate 1Y	0.24	0.14	0.12	1.00	0.08	0.09	0.24	0.16	0.02	0.19	(0.16)
U.S. dollar / Japanese yen	0.36	0.18	0.03	0.08	1.00	0.71	0.76	0.61	0.20	0.37	0.07
Euro / Japanese yen	0.37	0.18	0.31	0.09	0.71	1.00	0.77	0.51	0.31	0.17	0.03
UK pound / Japanese yen	0.44	0.27	0.23	0.24	0.76	0.77	1.00	0.70	0.39	0.40	(0.05)
TOPIX	0.37	0.19	0.08	0.16	0.61	0.51	0.70	1.00	0.58	0.63	0.27
S&P	0.12	0.08	0.05	0.02	0.20	0.31	0.39	0.58	1.00	0.66	0.59
SX5E	0.26	0.08	(0.03)	0.19	0.37	0.17	0.40	0.63	0.66	1.00	0.64
FTSE	(0.06)	(0.15)	(0.14)	(0.16)	0.07	0.03	(0.05)	0.27	0.59	0.64	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 2018.

The table below shows foreign exchange rates of major currencies.

As of March 31,	Yen	
	2017	2018
U.S. dollar / Japanese yen	¥112.19	¥106.24
Euro / Japanese yen	119.79	130.52
UK pound / Japanese yen	140.08	148.84

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 2018 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 2018, 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 2018. 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 (including U.S. dollar-denominated insurance)
- Non-participating endowment insurance (including U.S. dollar-denominated insurance)
- Non-participating educational endowment 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 2017 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, SFH, 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 28.00%.

(7) Consumption tax rate

The consumption tax rate is set at 8% in and before September 2019 and at 10% in and after October 2019 to reflect the increase in expenses due to the increase of the consumption tax rate.

(8) Inflation rate

Inflation rates for the first 40 years were set at 0.426% 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 ¥3.8 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.
- Sony Life Singapore Pte. Ltd. is valued at book value under Japanese GAAP adjusted for unrealized gains/losses due to foreign exchange rate movement (after tax), which is ¥0.3 billion.
- 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 Sony Life utilizes reinsurance for some in-force business, it reflects 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 is 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, 2018, 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 2018.

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 was revised to better reflect Sony Life's risk profile in reference to EU Solvency II and the discussion on economic value-based solvency regulation in Japan.

The solvency risk capital on an economic value basis as of the end of March 2018 was ¥729.7 billion (after tax). The effective tax rate used to adjust to the after-tax basis is 28.00%. The required capital is ¥860.0 billion, which is 2,500.8% of the regulatory minimum capital requirement.

Sony Life will consider revising the internal model as appropriate when necessary, 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.

The methodologies for the quantification of major risks in the internal model are as follows:

(1) Market risk

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 is 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.

(2) Insurance risk

Insurance risks are quantified as changes in the value of insurance liabilities on an economic value basis due to changes in insurance assumptions such as improvement or deterioration of mortality, deterioration of morbidity and fluctuations in surrender rate. Until the end of the previous fiscal year, methodologies that followed the EU Solvency II standard method were adopted from the viewpoint of transparency and comparability. From the end of this fiscal year, because discussions on risk quantification and an internal model have progressed in the insurance industry, because Sony Life has accumulated its own experience data for insurance risk and because it has gained experience deploying its internal model using these data, Sony Life revised its internal model to better reflect its risk profile. This revision decreased the solvency risk capital on an economic value basis (after tax) by ¥275.3 billion from ¥1,005.0 billion to ¥729.7 billion as of the end of this fiscal year. This revision caused a decrease in the cost of non-hedgeable risks of ¥138.3 billion, an increase in the value of existing business of ¥149.6 billion and also a decrease in the required capital of ¥413.6 billion.

(3) Operational risk

EU Solvency II standard method is followed.

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, 2018. The definition of new business is consistent with the financial information Sony Life 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 that represent 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, 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 (7).

The assumptions for lapse and surrender rates are those as of the end of the previous quarter. 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 (7) under Section 1-06 (7).

Economic assumptions and inflation rates are set as those as of the end of each month. 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 (10).

The revision of the methodologies for the quantification of insurance risks that took effect at the end of this fiscal year was not reflected in the new business value. The impact of applying this revision to the value of new business is included in the line item described in 1-06 (8).

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 the internal model as the cost of non-hedgeable risks and calculated it using the cost of capital approach.

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 3.0% consistent with the MCEV framework, considering Japanese long-term equity risk premiums, the beta of SFH, and the anticipated impact of Sony Life's equity risk exposure on the beta of SFH, which is a hedgeable risk. The cost of capital rate increased by 0.5 percentage points compared to the end of the previous fiscal year. This revision increased the cost of non-hedgeable risks by ¥51.8 billion, decreased the value of existing business by ¥53.0 billion and increased the required capital by ¥51.8 billion.

Sony Life may revise the method of setting the cost of capital rate in the future, as an industry standard has not yet been established.

Sony Life requested Milliman, Inc., an external actuarial consulting firm with expert knowledge in the area of MCEV valuations, to review the methodology, assumptions and calculations and obtained an opinion from this firm. For further details, please refer to Sony Life's press release "Disclosure Market Consistent Embedded Value as of March 31, 2018" (https://www.sonyfhn.co.jp/index_en.html)

4 Overview of MCEV

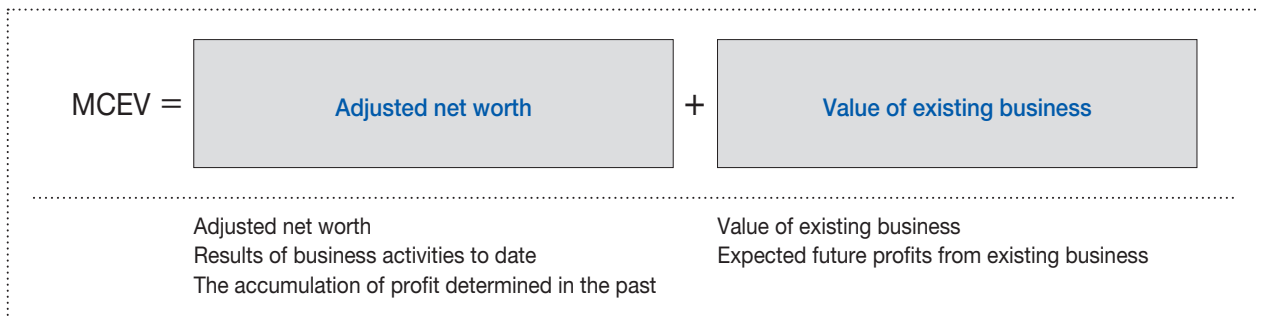
4-01 What is MCEV?

Embedded value (EV) is an indicator used to evaluate corporate value in the life insurance industry. In Europe, EV is disclosed by many life insurers as part of their financial reports and is used as an internal management tool. Under Japanese GAAP, which is applied to life insurance companies in Japan, the balance sheets do not indicate the present value of future profits on in-force business, while EV indicates the present value of future profits on in-force business together with the company's adjusted net worth. Sony Life believes EV serves as a valuable supplement to the financial information provided under Japanese GAAP and is a helpful indicator used to evaluate corporate value.

As an alternative to traditional EV, Sony Life began disclosing, as of March 31, 2008, Market Consistent Embedded Value (MCEV), based on European Insurance CFO Forum Market Consistent Embedded Value Principles^{®*} (MCEV Principles). MCEV represents the present value of the current and future distributable earnings to shareholders generated from assets allocated to the covered business after sufficient allowance for the aggregate risks in the covered business. MCEV is presented as the sum of adjusted net worth and value of existing business.

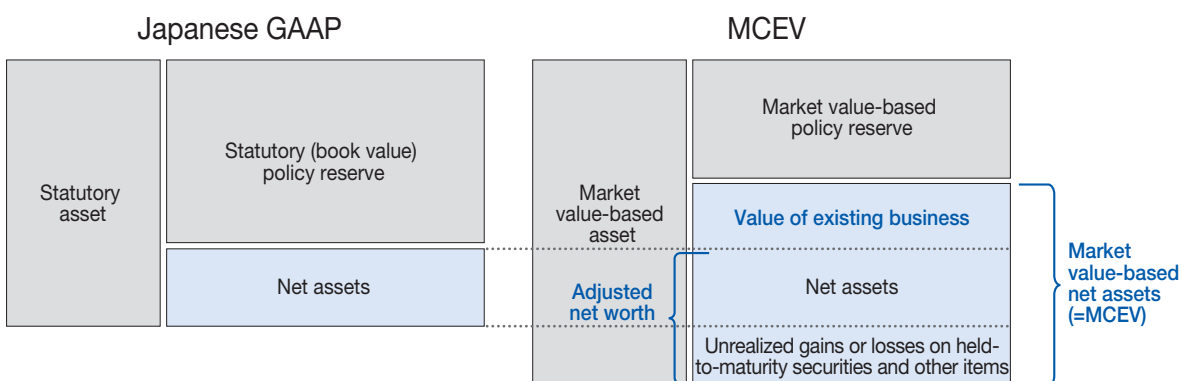
However, MCEV covers only policy amount in force as of the date of valuation, and excludes the potential value of future new business, which is considered a constituent of the economic value of an insurance company.

* Copyright[®]Stichting CFO Forum Foundation 2008



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, adding reserve for price fluctuations, contingency reserve and unrealized gains or losses on held-to-maturity securities, etc., less intangible fixed assets, etc., and adjusting for the amount of tax effect equivalent to these items, on which valuation gains or losses on subsidiaries and affiliated companies are added. 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 decreased ¥250.8 billion from March 31, 2017 to ¥729.7 billion, due mainly to the revision of the methodologies for the qualification of insurance risk. The breakdown of the risk amount is as follows:

As of March 31,	Billions of yen	
	2017	2018
Insurance risk ¹	¥ 937.5	¥ 497.5
Market-related risk	405.1	380.6
<i>Of which interest rate risk²</i>	308.9	275.3
Operational risk	28.1	31.0
Counterparty risk	1.9	2.6
Variance effect	(392.0)	(182.0)
Risk amount based on economic value	980.6	729.7

Notes: 1. Insurance risk as of March 31, 2017 excludes the variance effect within Life module and Health module.

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

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.

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 as the present value of the cost to hold capital required in the future.

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) that 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) developed by the International Association of Insurance Supervisors (IAIS).

Implied volatility

- The expected rate of future variability embedded in current option prices, representing the expected value of the market against 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.

R

Required capital

- The MCEV Principles define required capital as the capital that is needed in excess of statutory policy reserves (excluding contingency reserves). It is determined as 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

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 in a macroeconomic approach.

