

2020

Financial Data Book

April 1, 2019 ▶ March 31, 2020

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Annual Report

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

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 2018 and fiscal 2019 represent the fiscal years ended March 31, 2019 and 2020, respectively.

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Financial Data (Consolidated)

Principal Indicators of Operating Performance

Sony Financial Holdings Inc.

For the years ended March 31,

Millions of yen

	2016	2017	2018	2019	2020
Ordinary revenues	1,362,044	1,381,667	1,503,630	1,629,182	1,781,420
Ordinary profit	71,103	66,326	66,843	93,856	111,880
Profit attributable to owners of the parent	43,355	41,621	51,895	62,074	74,429
Comprehensive income	71,105	21,433	52,207	57,415	62,192
Net assets	604,377	601,139	625,406	656,846	691,978
Total assets	10,352,114	11,471,845	12,401,446	13,468,215	15,125,710
Net assets per share (yen)	1,386.32	1,378.63	1,433.73	1,505.20	1,584.90
Net income per share (yen)	99.67	95.69	119.30	142.69	171.09
Diluted net income per share (yen)	—	95.68	119.29	142.67	171.04
Cash flows from operating activities	602,475	692,445	819,721	802,921	878,726
Cash flows from investing activities	(558,825)	(624,749)	(680,845)	(659,815)	(810,444)
Cash flows from financing activities	(17,437)	(34,057)	(14,496)	(26,645)	(27,707)
Cash and cash equivalents at the end of the period	233,620	268,381	393,133	509,594	549,964
Number of employees	9,029	9,739	10,719	11,055	11,487

Note: Diluted net income per share for the year ended March 31, 2016 is not shown because there are no dilutive shares.

For the years ended March 31,

%

	2016	2017	2018	2019	2020
Sony Life's core ROEV	5.0	3.6	5.9	6.4	4.9
Sony Assurance's adjusted ROE	13.3	14.4	16.1	15.2	14.7
Sony Bank's ROE	5.0	4.1	5.5	7.3	7.8
Consolidated adjusted ROE	5.2	3.9	6.1	6.7	5.3

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

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

$$\begin{aligned} & \text{Sony Life: New business value plus expected existing business contribution} \\ & + \text{Sony Assurance: Net income (loss) plus provision amount for catastrophe reserve and its provision} \\ & \quad \text{amount for reserve for price fluctuations, in each case after taxes} \\ & + \text{Sony Bank: Profit (loss) attributable to owners of the parent} \end{aligned}$$

$$\frac{\text{Sony Life: MCEV}^* \text{ as of the beginning of the fiscal year less dividends paid plus MCEV}^* \text{ as of the end of the fiscal year, divided by two} + \text{Sony Assurance: The average amount of net assets plus the sum of catastrophe reserve and its reserve for price fluctuations during the fiscal year, in each case after taxes} + \text{Sony Bank: The average amount of net assets during the fiscal year}}$$

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

* Sony Life 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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■ SFH Consolidated Financial Statements

Consolidated Balance Sheets

Sony Financial Holdings Inc.
As of March 31, 2019 and 2020

	Millions of yen	
	2019	2020
Assets		
Cash and due from banks	415,894	549,964
Call loans and bills bought	93,700	—
Monetary claims purchased	4,916	6,006
Money held in trust	291,324	38,067
Securities	10,373,188	11,909,172
Loans	1,942,546	2,187,792
Tangible fixed assets	104,128	109,372
Land	63,106	65,562
Buildings	30,899	30,072
Leased assets	6,536	10,669
Construction in progress	77	66
Other tangible fixed assets	3,508	3,002
Intangible fixed assets	43,909	54,590
Software	43,327	50,461
Goodwill	551	4,097
Other intangible fixed assets	30	32
Due from reinsurers	1,341	4,936
Foreign exchanges	8,471	3,019
Other assets	159,361	221,762
Net defined benefit asset	3,476	3,391
Deferred tax assets	27,556	39,210
Reserve for possible loan losses	(1,602)	(1,575)
Total Assets	13,468,215	15,125,710

■ SFH Consolidated Financial Statements

	Millions of yen	
	2019	2020
Liabilities		
Policy reserves and others	9,479,071	10,731,488
Reserve for outstanding claims	78,285	81,238
Policy reserves	9,396,241	10,645,842
Reserve for policyholders' dividends	4,544	4,407
Due to agencies	2,073	2,471
Due to reinsurers	5,769	5,745
Deposits	2,302,313	2,440,783
Call money and bills sold	130,611	151,256
Borrowed money	203,871	241,826
Foreign exchanges	244	684
Bonds payable	20,000	20,000
Other liabilities	578,477	747,676
Reserve for employees' bonuses	4,377	4,297
Net defined benefit liability	34,081	34,170
Reserve under the special laws	50,343	53,060
Reserve for price fluctuations	50,343	53,060
Deferred tax liabilities	24	160
Deferred tax liabilities on land revaluation	109	109
Total Liabilities	12,811,368	14,433,732
Net Assets		
Shareholders' equity		
Common stock	19,963	19,994
Capital surplus	191,193	191,224
Retained earnings	319,886	367,127
Treasury stock	(55)	(55)
Total shareholders' equity	530,987	578,291
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	128,800	114,868
Net deferred gains (losses) on hedging instruments, net of taxes	(1,077)	(373)
Land revaluation, net of taxes	(2,439)	(2,439)
Remeasurements of defined benefit plans, net of taxes	(1,470)	(835)
Total accumulated other comprehensive income	123,812	111,221
Stock acquisition rights	149	215
Non-controlling interests	1,896	2,250
Total Net Assets	656,846	691,978
Total Liabilities and Net Assets	13,468,215	15,125,710

■ SFH Consolidated Financial Statements

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

(1) Consolidated Statements of Income

	2019	2020
Ordinary Revenues	1,629,182	1,781,420
Ordinary Revenues from the Life Insurance Business	1,461,632	1,602,154
Income from insurance premiums	1,134,048	1,338,848
Insurance premiums	1,130,676	1,331,441
Ceded reinsurance commissions	3,372	7,407
Investment income	278,950	208,620
Interest income and dividends	166,953	181,812
Income from money held in trust, net	4,490	4,086
Gains on trading securities, net	—	317
Gains on sale of securities	6,107	3,637
Gains on derivatives, net	—	18,766
Foreign exchange gains, net	13,455	—
Other investment income	—	1
Gains on separate accounts, net	87,943	—
Other ordinary income	48,633	54,685
Ordinary Revenues from the Non-life Insurance Business	115,101	121,727
Underwriting income	113,173	119,746
Net premiums written	113,101	119,352
Interest and dividends on deposits of premiums	72	74
Reversal of reserve for outstanding losses and claims	—	320
Investment income	1,857	1,935
Interest income and dividends	1,372	1,337
Gains on sale of securities	557	672
Transfer to interest and dividends on deposits of premiums	(72)	(74)
Other ordinary income	69	44
Ordinary Revenues from the Banking Business	45,766	49,997
Interest income	31,926	33,950
Interest income on loans	17,473	18,729
Interest income and dividends on securities	14,382	15,148
Interest income on call loans and bills bought	1	0
Interest income on deposits with banks	62	61
Other interest income	7	10
Fees and commissions	9,398	12,101
Other operating income	3,926	3,515
Gains on foreign exchange transactions, net	3,599	3,258
Others	326	256
Other ordinary income	515	430
Other	6,681	7,541
Other ordinary income	6,681	7,541

■ SFH Consolidated Financial Statements

	Millions of yen	
	2019	2020
Ordinary Expenses	1,535,325	1,669,540
Ordinary Expenses from the Life Insurance Business	1,386,074	1,510,288
Insurance claims and other payments	457,252	521,198
Insurance claims	92,997	98,533
Annuity payments	13,489	15,036
Insurance benefits	131,824	157,074
Surrender payments	204,351	231,772
Other payments	3,659	3,732
Reinsurance premiums	10,929	15,048
Provision for policy reserves and others	704,780	678,724
Provision for reserve for outstanding claims	2,433	2,444
Provision for policy reserves	702,346	676,280
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	24,650	91,944
Interest expenses	1,604	5,064
Losses on trading securities, net	126	—
Losses on sale of securities	34	50
Losses on valuation of securities	4,026	6,316
Losses on derivatives, net	13,925	—
Foreign exchange losses, net	—	4,884
Provision for reserve for possible loan losses	329	43
Depreciation of real estate for rent and others	1,599	1,637
Other investment expenses	3,003	2,812
Losses on separate accounts, net	—	71,133
Operating expenses	146,776	157,537
Other ordinary expenses	52,614	60,883
Ordinary Expenses from the Non-life Insurance Business	107,413	112,785
Underwriting expenses	77,925	81,797
Net losses paid	56,608	60,315
Loss adjustment expenses	8,220	9,001
Net commission and brokerage fees	1,214	1,141
Provision for reserve for outstanding losses and claims	1,139	—
Provision for underwriting reserves	10,741	11,338
Investment expenses	1	0
Losses on sale of securities	0	—
Other investment expenses	1	0
Operating, general and administrative expenses	29,482	30,983
Other ordinary expenses	4	5

■ SFH Consolidated Financial Statements

	Millions of yen	
Consolidated Statements of Income (Continued)	2019	2020
Ordinary Expenses from Banking Business	34,135	37,483
Interest expenses	8,566	9,194
Interest expenses on deposits	6,744	7,274
Interest expenses on call money and bills sold	88	268
Interest on payables under repurchase agreements	312	348
Interest on borrowed money	0	2
Interest expenses on bonds	12	13
Interest expenses on interest rate swaps	1,400	1,280
Other interest expenses	7	6
Fees and commissions	5,883	7,077
Other operating expenses	485	126
General and administrative expenses	18,786	20,902
Other ordinary expenses	414	181
Other	7,702	8,982
Other ordinary expenses	7,702	8,982
Ordinary Profit	93,856	111,880
Extraordinary Gains	0	264
Gains on disposal of fixed assets	0	0
Gains on step acquisitions	—	248
Other extraordinary gains	—	16
Extraordinary Losses	2,367	3,139
Losses on disposal of fixed assets	92	120
Impairment losses	67	21
Provision for reserve under the special laws	2,207	2,695
Provision for reserve for price fluctuations	2,207	2,695
Other extraordinary losses	—	301
Provision for Reserve for Policyholders' Dividends	2,146	2,422
Income Before Income Taxes	89,343	106,583
Income Taxes-Current	31,871	37,747
Income Taxes-Deferred	(4,853)	(5,925)
Total Income Taxes	27,018	31,822
Profit	62,325	74,761
Profit Attributable to Non-controlling Interests	250	331
Profit Attributable to Owners of the Parent	62,074	74,429

	Millions of yen	
(2) Consolidated Statements of Comprehensive Income	2019	2020
Profit	62,325	74,761
Other Comprehensive Income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(5,215)	(13,907)
Net deferred gains (losses) on hedging instruments, net of taxes	(174)	703
Remeasurements of defined benefit plans, net of taxes	456	658
Share of other comprehensive income of affiliates accounted for using equity method	23	(23)
Total other comprehensive income	(4,909)	(12,569)
Comprehensive Income	57,415	62,192
Details:		
Comprehensive income attributable to owners of the parent	57,167	61,838
Comprehensive income attributable to non-controlling interests	248	353

■ SFH Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	19,927	191,157	283,911	(55)	494,941
Changes during the period					
Issuance of new shares	35	35	—	—	71
Dividends from surplus	—	—	(26,099)	—	(26,099)
Purchase of treasury stock	—	—	—	—	—
Profit attributable to owners of the parent	—	—	62,074	—	62,074
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	35	35	35,975	—	36,046
Balance at the end of the period	19,963	191,193	319,886	(55)	530,987

Millions of yen

	2019							
	Accumulated other comprehensive income							
	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	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the period	133,991	(902)	(2,439)	(1,929)	128,719	97	1,648	625,406
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	71
Dividends from surplus	—	—	—	—	—	—	—	(26,099)
Purchase of treasury stock	—	—	—	—	—	—	—	—
Profit attributable to owners of the parent	—	—	—	—	—	—	—	62,074
Net changes of items other than shareholders' equity	(5,191)	(174)	—	458	(4,907)	52	248	(4,606)
Total changes during the period	(5,191)	(174)	—	458	(4,907)	52	248	31,439
Balance at the end of the period	128,800	(1,077)	(2,439)	(1,470)	123,812	149	1,896	656,846

■ SFH Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets (Continued)

Millions of yen

	2020				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	19,963	191,193	319,886	(55)	530,987
Changes during the period					
Issuance of new shares	31	31	—	—	62
Dividends from surplus	—	—	(27,189)	—	(27,189)
Purchase of treasury stock	—	—	—	(0)	(0)
Profit attributable to owners of the parent	—	—	74,429	—	74,429
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	31	31	47,240	(0)	47,303
Balance at the end of the period	19,994	191,224	367,127	(55)	578,291

Millions of yen

	2020							
	Accumulated other comprehensive income							
	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	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the period	128,800	(1,077)	(2,439)	(1,470)	123,812	149	1,896	656,846
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	62
Dividends from surplus	—	—	—	—	—	—	—	(27,189)
Purchase of treasury stock	—	—	—	—	—	—	—	(0)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	74,429
Net changes of items other than shareholders' equity	(13,931)	703	—	635	(12,591)	65	353	(12,171)
Total changes during the period	(13,931)	703	—	635	(12,591)	65	353	35,131
Balance at the end of the period	114,868	(373)	(2,439)	(835)	111,221	215	2,250	691,978

■ SFH Consolidated Financial Statements

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019	2020
Cash flows from operating activities		
Income before income taxes	89,343	106,583
Depreciation of real estate for rent and others	1,599	1,637
Depreciation and amortization	11,297	12,986
Impairment losses	67	21
Amortization of goodwill	32	62
Increase (decrease) in reserve for outstanding claims	3,573	2,105
Increase (decrease) in policy reserve	713,088	687,618
Interest portion of reserve for policyholders' dividends	0	0
Provision for (reversal of) reserve for policyholders' dividends	2,146	2,422
Increase (decrease) in reserve for possible loan losses	449	(26)
Increase (decrease) in net defined benefit liability	1,630	1,735
Increase (decrease) in reserve for price fluctuations	2,207	2,695
Interest income and dividends	(200,253)	(217,102)
(Gains) losses on securities	(94,790)	54,681
Interest expenses	10,698	14,984
Losses (gains) on derivatives	13,925	(18,766)
Exchange (gains) losses	(17,258)	26,169
(Gains) losses on disposal of tangible fixed assets	78	124
Losses (gains) on step acquisitions	—	(248)
Equity in (gains) losses of affiliates	1,748	11
Net (increase) decrease in loans	(147,727)	(235,023)
Net increase (decrease) in deposits	143,031	140,591
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	30,000	37,923
Net increase (decrease) in call money and bills sold	54,902	41,448
Net (increase) decrease in call loans and bills bought	461	(1,090)
Net (increase) decrease in foreign exchange (assets)	874	5,452
Net increase (decrease) in foreign exchange (liabilities)	16	440
Others, net	21,467	48,385
Subtotal	642,611	715,825
Interest and dividends received	205,869	217,591
Interest paid	(10,221)	(15,689)
Policyholders' dividends paid	(3,086)	(2,558)
Income taxes paid	(32,251)	(36,441)
Net cash provided by (used in) operating activities	802,921	878,726
Cash flows from investing activities		
Investments in money held in trust	(1,044)	(1,284)
Proceeds from money held in trust	4,522	4,047
Purchases of securities	(1,219,208)	(1,360,076)
Proceeds from sale and redemption of securities	526,015	489,737
Investments in loans	(63,716)	(71,794)
Collections of loans	30,341	35,463
Net increase (decrease) in payables under repurchase agreements	48,140	188,364
Net gains (losses) from the settlement of derivative financial instruments	7,389	(2,378)
Net increase (decrease) in collateral for securities lending transactions	27,166	(73,475)
Others, net	124	421
Total of net cash provided by (used in) investment transactions	(640,270)	(790,973)
Total of net cash provided by (used in) operating activities and investment transactions	162,651	87,752
Purchases of tangible fixed assets	(1,255)	(4,357)
Proceeds from sales of tangible fixed assets	1	0
Purchases of intangible fixed assets	(17,794)	(18,799)
Purchase of securities of non-consolidated subsidiaries	(50)	(1,900)
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	—	8,537
Purchase of securities of affiliates	(300)	(2,750)
Others, net	(147)	(200)
Net cash provided by (used in) investing activities	(659,815)	(810,444)
Cash flows from financing activities		
Proceeds from debt borrowing	4,640	6,400
Repayments of debt	(4,712)	(6,367)
Cash dividends paid	(26,095)	(27,187)
Purchases of treasury stock	—	(0)
Others, net	(476)	(551)
Net cash provided by (used in) financing activities	(26,645)	(27,707)
Effect of exchange rate changes on cash and cash equivalents	0	(204)
Net increase (decrease) in cash and cash equivalents	116,461	40,370
Cash and cash equivalents at the beginning of the period	393,133	509,594
Cash and cash equivalents at the end of the period	509,594	549,964

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, 2019 and 2020

	2019		2020	
	Amount	Composition	Amount	Composition
Millions of yen, %				
Assets				
Cash and deposits	82,046	0.8%	157,709	1.4%
Cash	—		1	
Deposits	82,046		157,708	
Call loans	93,700	0.9	—	—
Money held in trust	269,387	2.6	40	0.0
Securities	9,523,877	91.8	10,629,972	94.6
Japanese government bonds	7,356,090		7,915,466	
Japanese local government bonds	448		1,045	
Japanese corporate bonds	536,373		616,199	
Japanese stocks	49,381		50,127	
Foreign securities	1,262,611		1,765,943	
Other securities	318,971		281,191	
Loans	198,410	1.9	208,632	1.9
Policy loans	198,369		208,069	
Commercial loans	41		562	
Tangible fixed assets	91,577	0.9	93,619	0.8
Land	62,259		64,715	
Buildings	28,544		27,843	
Leased assets	20		408	
Other tangible fixed assets	752		651	
Intangible fixed assets	26,352	0.3	28,629	0.3
Software	26,352		28,629	
Due from reinsurers	1,036	0.0	1,205	0.0
Other assets	81,154	0.8	99,286	0.9
Other receivables	39,287		41,194	
Prepaid expenses	2,345		2,556	
Accrued income	21,941		23,616	
Money on deposits	5,580		6,167	
Initial margins of futures markets	3,279		5,097	
Variation margins of futures markets	72		1,032	
Derivatives	448		18,776	
Cash collateral paid for financial instruments	7,410		—	
Advance payments	718		767	
Others	71		77	
Prepaid pension costs	2,629	0.0	3,271	0.0
Deferred tax assets	14,248	0.1	19,308	0.2
Reserve for possible loan losses	(623)	(0.0)	(652)	(0.0)
Reserve for investment losses	(3,650)	(0.0)	(3,899)	(0.0)
Total Assets	10,380,148	100.0	11,237,124	100.0

■ Sony Life Financial Data (Non-consolidated)

	Millions of yen, %			
	2019		2020	
	Amount	Composition	Amount	Composition
Liabilities				
Policy reserves and others	9,310,577	89.7%	10,004,643	89.0%
Reserve for outstanding claims	37,610		40,403	
Policy reserves	9,268,422		9,959,832	
Reserve for policyholders' dividends	4,544		4,407	
Due to agencies	2,073	0.0	2,408	0.0
Due to reinsurers	5,528	0.1	5,344	0.0
Other liabilities	469,820	4.5	602,739	5.4
Payables under repurchase agreements	81,474		268,520	
Collateral for securities lending transactions	331,055		257,580	
Accrued income tax	13,914		17,194	
Other payables	2,975		2,574	
Accrued expenses	21,071		24,338	
Unearned revenue	798		881	
Deposits received	1,321		620	
Deposits received for guarantee	4,204		4,539	
Variation margins of futures markets	753		—	
Derivatives	8,189		1,215	
Cash collateral received for financial instruments	—		17,990	
Lease obligations	22		456	
Asset retirement obligations	1,898		1,968	
Suspense receipt	2,140		4,859	
Reserve for employees' retirement benefits	28,002	0.3	29,528	0.3
Reserve under the special laws	50,105	0.5	52,768	0.5
Reserve for price fluctuations	50,105		52,768	
Deferred tax liabilities on land revaluation	109	0.0	109	0.0
Total Liabilities	9,866,217	95.0	10,697,541	95.2
Net Assets				
Common stock	70,000	0.7	70,000	0.6
Capital surplus	5,865	0.1	5,865	0.1
Capital reserve	5,865		5,865	
Retained earnings	317,777	3.1	342,321	3.0
Legal retained earnings	40,188		46,628	
Other retained earnings	277,588		295,692	
Unappropriated retained earnings	277,588		295,692	
Total shareholders' equity	393,642	3.8	418,186	3.7
Net unrealized gains (losses) on available-for-sale securities, net of taxes	122,727	1.2	123,835	1.1
Land revaluation, net of taxes	(2,439)	(0.0)	(2,439)	(0.0)
Total valuation and translation adjustments	120,288	1.2	121,396	1.1
Total Net Assets	513,930	5.0	539,582	4.8
Total Liabilities and Net Assets	10,380,148	100.0	11,237,124	100.0

■ Sony Life Financial Data (Non-consolidated)

Statements of Income

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2019 and 2020

	Millions of yen	
	2019	2020
Ordinary Revenues	1,464,218	1,580,117
Income from insurance premiums	1,136,104	1,330,860
Insurance premiums	1,132,732	1,327,857
Ceded reinsurance commissions	3,372	3,003
Investment income	278,935	193,718
Interest income and dividends	166,937	181,811
Interest income from deposits	0	0
Interest income and dividends on securities	150,733	164,700
Interest income from loans	6,828	7,049
Income from real estate for rent	8,831	9,710
Other interest income and dividends	543	350
Income from money held in trust, net	4,490	4,013
Gains on trading securities, net	—	156
Gains on sale of securities	6,107	3,637
Gains on derivatives, net	—	4,098
Foreign exchange gains, net	13,455	—
Other investment income	—	1
Gains on separate accounts, net	87,944	—
Other ordinary income	49,178	55,537
Income for annuity riders	4,027	4,893
Proceeds from deferred insurance	43,046	48,707
Other ordinary income	2,104	1,936

■ Sony Life Financial Data (Non-consolidated)

	Millions of yen	
	2019	2020
Ordinary Expenses	1,384,406	1,491,396
Insurance claims and other payments	457,252	511,945
Insurance claims	92,997	98,533
Annuity payments	13,489	14,644
Insurance benefits	131,824	155,883
Surrender payments	204,351	228,538
Refund to policyholders	3,659	3,722
Reinsurance premiums	10,929	10,622
Provision for policy reserves and others	704,780	694,202
Provision for reserve for outstanding claims	2,433	2,792
Provision for policy reserves	702,346	691,409
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	24,638	68,127
Interest expenses	1,604	5,059
Losses on trading securities, net	126	—
Losses on sale of securities	34	50
Losses on valuation of securities	4,026	6,316
Losses on derivatives, net	13,925	—
Foreign exchange losses, net	—	6,345
Provision for reserve for possible loan losses	329	43
Depreciation of real estate for rent and others	1,599	1,637
Other investment expenses	2,992	2,683
Losses on separate accounts, net	—	45,990
Operating expenses	146,984	156,454
Other ordinary expenses	50,750	60,666
Deferred insurance payments	28,655	34,795
Taxes	13,419	16,011
Depreciation and amortization	6,248	7,506
Provision for reserve for employees' retirement benefits	2,402	2,346
Others	25	7
Ordinary Profit	79,812	88,720

■ Sony Life Financial Data (Non-consolidated)

Statements of Income (Continued)

	Millions of yen	
	2019	2020
Extraordinary Losses	5,929	3,272
Losses on disposal of fixed assets	63	95
Impairment losses	39	21
Provision for reserve under the special laws	2,175	2,663
Provision for reserve for price fluctuations	2,175	2,663
Losses on valuation of shares of subsidiaries	—	244
Provision for reserve for investment losses	3,650	249
Provision for Reserve for Policyholders' Dividends	2,146	2,422
Income Before Income Taxes	71,737	83,025
Income Taxes - Current	25,328	31,333
Income Taxes - Deferred	(3,194)	(5,052)
Total Income Taxes	22,134	26,281
Net Income	49,602	56,743

■ Sony Life Financial Data (Non-consolidated)

Statements of Changes in Net Assets

Sony Life Insurance Co., Ltd.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019						
	Shareholders' equity						
	Capital surplus			Retained earnings			
	Common stock	Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
Unappropriated retained earnings							
Balance at the beginning of the period	70,000	5,865	5,865	34,938	259,486	294,424	370,289
Changes during the period							
Dividends from surplus	—	—	—	5,250	(31,500)	(26,250)	(26,250)
Net income	—	—	—	—	49,602	49,602	49,602
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	5,250	18,102	23,352	23,352
Balance at the end of the period	70,000	5,865	5,865	40,188	277,588	317,777	393,642

	2019			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Land revaluation, net of taxes	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the period	124,936	(2,439)	122,497	492,787
Changes during the period				
Dividends from surplus	—	—	—	(26,250)
Net income	—	—	—	49,602
Net changes of items other than shareholders' equity	(2,208)	—	(2,208)	(2,208)
Total changes during the period	(2,208)	—	(2,208)	21,143
Balance at the end of the period	122,727	(2,439)	120,288	513,930

■ Sony Life Financial Data (Non-consolidated)

Statements of Changes in Net Assets (Continued)

Millions of yen

	2020						
	Shareholders' equity						
	Capital surplus			Retained earnings			
	Common stock	Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
Unappropriated retained earnings							
Balance at the beginning of the period	70,000	5,865	5,865	40,188	277,588	317,777	393,642
Changes during the period							
Dividends from surplus	—	—	—	6,440	(38,640)	(32,200)	(32,200)
Net income	—	—	—	—	56,743	56,743	56,743
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	6,440	18,103	24,543	24,543
Balance at the end of the period	70,000	5,865	5,865	46,628	295,692	342,321	418,186

Millions of yen

	2020			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Land revaluation, net of taxes	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the period	122,727	(2,439)	120,288	513,930
Changes during the period				
Dividends from surplus	—	—	—	(32,200)
Net income	—	—	—	56,743
Net changes of items other than shareholders' equity	1,107	—	1,107	1,107
Total changes during the period	1,107	—	1,107	25,651
Balance at the end of the period	123,835	(2,439)	121,396	539,582

■ Sony Life Financial Data (Non-consolidated)

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 employees as a defined benefit plan. A defined benefit corporate pension plan is provided to office employees 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

	Millions of yen	
	2019	2020
Balance at the beginning of the period	41,964	43,359
Service cost	4,558	4,635
Interest cost	95	68
Net actuarial gains (losses)	117	(714)
Retirement benefits paid	(3,376)	(3,349)
Balance at the end of the period	43,359	44,001

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

	Millions of yen	
	2019	2020
Balance at the beginning of the period	15,371	16,195
Expected return on plan assets	153	161
Net actuarial gains (losses)	35	(688)
Employer contribution	1,201	1,463
Retirement benefits paid	(567)	(422)
Balance at the end of the period	16,195	16,709

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

	Millions of yen	
	2019	2020
Funded retirement benefit obligations	12,239	12,984
Plan assets	(16,195)	(16,709)
	(3,955)	(3,724)
Unfunded retirement benefit obligations	31,120	31,016
Unrecognized net actuarial gains (losses)	(1,791)	(1,034)
Net liabilities and assets recorded on the balance sheets	25,373	26,256
Reserve for employees' retirement benefits	28,002	29,528
Prepaid pension cost	(2,629)	(3,271)
Net liabilities and assets recorded on the balance sheets	25,373	26,256

(4) Gains (losses) related to retirement benefits

	Millions of yen	
	2019	2020
Service cost	4,558	4,635
Interest cost	95	68
Expected return on plan assets	(153)	(161)
Recognized actuarial gains (losses)	711	730
Others	80	71
Retirement benefit expenses related to defined benefit plans	5,291	5,344

■ Sony Life Financial Data (Non-consolidated)

(5) Main components of plan assets

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

	2019	2020
Bonds	67%	70%
Stocks	30%	26%
Others	3%	4%
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:

	2019	2020
Discount rate		
for sales employees	0.1%	0.4%
for office employees	0.3%	0.6%
Long-term expected rate of return on plan assets	1.0%	1.0%

3. Defined contribution plan

The amounts of contribution required for defined contribution plans by Sony Life were ¥111 million and ¥121 million for the year ended March 31, 2019 and 2020, respectively.

(Tax effect accounting)

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

1. The total amount of deferred tax assets was ¥68,594 million, while the total amount of deferred tax liabilities was ¥48,776 million for fiscal 2019. Of the deferred tax assets, the amount deducted as valuation allowance was ¥5,569 million.

The breakdown of major factors giving rise to the deferred tax assets is policy reserves and others of ¥34,020 million, a reserve for price fluctuations of ¥14,029 million, a reserve for employees' retirement benefits of ¥7,104 million, losses on valuation of securities of ¥4,637 million and excess depreciation and amortization of ¥2,940 million.

Of the amount deducted from deferred tax assets as the amount of valuation allowance, the amount of valuation allowance on total deductible temporary differences is ¥5,569 million.

The major factor giving rise to the deferred tax liabilities is net unrealized gains on available-for-sale securities of ¥48,142 million.

The main reason for changes in the amount deducted from deferred tax assets as the amount of valuation allowance is the additional recognition of valuation allowance pertaining to losses on valuation of securities and reserve for investment loss.

The total amount of deferred tax assets was ¥76,804 million, while the total amount of deferred tax liabilities was ¥50,122 million for fiscal 2020. Of the deferred tax assets, the amount deducted as valuation allowance was ¥7,373 million.

The breakdown of major factors giving rise to the deferred tax assets is policy reserves and others of ¥38,518 million, a reserve for price fluctuations of ¥14,775 million, a reserve for employees' retirement benefits of ¥7,351 million, losses on valuation of securities of ¥6,484 million and excess depreciation and amortization of ¥2,732 million.

Of the amount deducted from deferred tax assets as the amount of valuation allowance, the amount of valuation allowance on total deductible temporary differences is ¥7,373 million.

The major factor giving rise to the deferred tax liabilities is net unrealized gains on available-for-sale securities of ¥48,134 million.

The main reason for changes in the amount deducted from deferred tax assets as the amount of valuation allowance is the additional recognition of valuation allowance pertaining to losses on valuation of securities.

2. The statutory effective tax rate in fiscal 2019 was 28.0%. 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 2.21% increase in valuation allowance.

The statutory effective tax rate in fiscal 2020 was 28.0%. 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 2.17% increase in valuation allowance.

Sony Life Financial Data (Non-consolidated)

1 Loans by Borrower Category

As of March 31,	Millions of yen, %	
	2019	2020
Bankrupt and quasi-bankrupt loans	0	2
Doubtful loans	—	—
Sub-standard loans	—	—
Subtotal	0	2
[Ratio to total]	[0.0]	[0.0]
Normal loans	461,094	413,529
Total	461,094	413,531

- 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, as well as restructured loans. Note that loans past due for three months or more 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). Restructured loans are those for 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 notes 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, %	
	2019	2020
Bankrupt loans	—	0
Non-accrual delinquent loans	0	2
Past-due loans (3 months or more)	—	—
Restructured loans	—	—
Total	0	2
[Ratio to loan balance]	[0.0]	[0.0]

- Notes: 1. Bankrupt loans include loans that have been in arrears on principal or interest payments for a considerably long period of time or loans (non-accrual loans) on which principal or interest payments are considered unlikely to occur in the future for other reasons and on which interest income is not recognized. These are the loans to borrowers who have been legally bankrupt due to the petition for proceedings under the Corporate Reorganization Act, the Civil Rehabilitation Act, the Bankruptcy Act, and the Companies Act; or the loans to borrowers who have notes suspended from being traded; or the loans to borrowers who have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws.
2. Non-accrual delinquent loans are non-accrual loans other than bankrupt borrowers 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) 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 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 bankrupt loans, non-accrual delinquent loans and past-due loans (3 months or more).

3 Accounting Indicators

3-01 Reserve for outstanding claims

As of March 31,	Millions of yen	
	2019	2020
Insurance claims		
Death benefits	8,262	9,732
Accidental benefits	282	224
Disability payments	1,182	1,352
Maturity benefits	1,419	1,431
Others	2,920	3,987
Subtotal	14,067	16,727
Annuity payments	674	309
Insurance benefits	9,924	10,405
Surrender payments	11,948	11,746
Deferred insurance payments	878	1,044
Total, including others	37,610	40,403

■ Sony Life Financial Data (Non-consolidated)

3-02 Policy reserves

As of March 31,	Millions of yen	
	2019	2020
Policy reserves (excluding contingency reserve)		
Individual life insurance	8,751,152	9,369,164
General accounts	7,693,808	8,311,204
Separate accounts	1,057,344	1,057,959
Individual annuities	409,931	475,577
General accounts	188,133	209,589
Separate accounts	221,798	265,988
Group life insurance	60	65
General accounts	60	65
Separate accounts	—	—
Group annuities	8,664	7,364
General accounts	8,664	7,364
Separate accounts	—	—
Others	—	—
General accounts	—	—
Separate accounts	—	—
Subtotal	9,169,808	9,852,172
General accounts	7,890,665	8,528,224
Separate accounts	1,279,143	1,323,948
Contingency reserve	98,613	107,659
Total	9,268,422	9,959,832
General accounts	7,989,279	8,635,883
Separate accounts	1,279,143	1,323,948

3-03 Breakdown of policy reserves

As of March 31,	Millions of yen	
	2019	2020
Premium reserve	8,925,064	9,581,172
Unearned premiums	244,744	271,000
Refund reserve	—	—
Contingency reserve	98,613	107,659
Total	9,268,422	9,959,832

3-04 Policy reserve calculation methods, ratios and balance involving individual life insurance and individual annuities by contract fiscal year

Policy reserve calculation methods and ratios

As of March 31,	2019	2020
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.

Sony Life Financial Data (Non-consolidated)

Balance of policy reserves by contract fiscal year

Fiscal year issued	Millions of yen, %	
	Balance of policy reserves	Assumed interest rate
Up to FY1980	—	—%
FY1981 to FY1985	34,269	6.00 - 6.25
FY1986 to FY1990	53,140	6.00 - 6.25
FY1991 to FY1995	598,632	2.75 - 6.25
FY1996 to FY2000	1,143,072	1.90 - 4.00
FY2001 to FY2005	1,393,511	1.50
FY2006 to FY2010	1,949,615	1.50
FY2011	469,665	1.50
FY2012	517,091	1.50
FY2013	462,495	1.00
FY2014	388,162	1.00
FY2015	370,213	1.00
FY2016	270,311	1.00
FY2017	262,268	0.25
FY2018	261,218	0.25
FY2019	347,126	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, calculation 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)

As of March 31,	Millions of yen	
	2019	2020
Balance of policy reserves (general account)	125,574	149,821

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.

Calculation method and coefficient

	Contracts dated on or before January 1, 2019	Contracts dated on or after January 2, 2019
Products	Variable life insurance (whole life type), variable life insurance (limited term type), variable life insurance (term type)	
Calculation method	Standard policy reserve method stipulated in the Ministry of Finance Public Notice No. 48 (1996)	Alternative method (scenario testing method) stipulated in the Ministry of Finance Public Notice No. 48 (1996)
Coefficient	Rates stipulated in the Ministry of Finance Public Notice No. 48 (1996)	
Assumed mortality rate, discount rate, expected returns, volatility		
Assumed surrender rates	During the payment of insurance premiums: annual rate of 5.0% Other than the above: annual rate of 3.0%	Annual rate of 0.3% - 9.7% depending on products, years elapsed, etc.

3-06 Reserve for policyholders' dividends

For the year ended March 31,	Millions of yen						
	2019						
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	Total
At the beginning of the period	1,877	305	3,296	4	—	—	5,484
Increase due to interest	0	0	—	—	—	—	0
Decrease due to dividend payment	155	25	2,901	4	—	—	3,086
Provision for the period	87	15	2,041	1	—	—	2,146
At the end of the period	1,810	295	2,436	1	—	—	4,544
	[1,432]	[176]	[0]	[—]	[—]	[—]	[1,609]

■ Sony Life Financial Data (Non-consolidated)

Millions of yen

For the year ended March 31,	2020						Total
	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
At the beginning of the period	1,810	295	2,436	1	—	—	4,544
Increase due to interest	0	0	—	—	—	—	0
Decrease due to dividend payment	180	23	2,352	1	—	—	2,558
Provision for the period	84	17	2,317	3	—	—	2,422
At the end of the period	1,714	289	2,401	3	—	—	4,407
	[1,443]	[197]	[0]	[—]	[—]	[—]	[1,641]

Note: Figures in [] are accumulated dividends.

3-07 Other reserves

Millions of yen

For the years ended March 31,	2019			2020		
	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)
Reserve for possible loan losses						
General reserve for possible loan losses	0	2	2	2	0	(2)
Specific reserve for possible loan losses	294	620	326	620	652	31
Reserve for possible loan losses for specific foreign countries	—	—	—	—	—	—
Reserve for investment losses	—	3,650	3,650	3,650	3,899	249
Reserve for employees' retirement benefits	26,656	28,002	1,346	28,002	29,528	1,525
Reserve for directors' retirement benefits	—	—	—	—	—	—
Reserve for price fluctuations	47,929	50,105	2,175	50,105	52,768	2,663

3-08 Insurance premiums

Millions of yen

For the years ended March 31,	2019	2020
Individual life insurance	1,058,984	1,225,810
Single premium	102,191	211,675
Annual payment	278,229	314,564
Semi-annual payment	11,363	11,602
Monthly payment	667,199	687,968
Individual annuities	67,501	96,671
Single premium	30,683	47,725
Annual payment	5,492	5,881
Semi-annual payment	412	481
Monthly payment	30,912	42,582
Group life insurance	6,191	5,325
Group annuities	55	50
Total, including others	1,132,732	1,327,857

3-09 Insurance claims

Millions of yen

For the years ended March 31,	Total	2020						Total
		Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
Death benefits	52,685	53,786	—	1,369	—	—	—	55,155
Accidental benefits	621	545	—	—	—	—	—	545
Disability payments	2,855	2,601	—	189	—	—	—	2,791
Maturity benefits	22,781	22,885	—	—	—	—	—	22,885
Others	14,053	16,954	—	201	—	—	—	17,155
Total	92,997	96,772	—	1,760	—	—	—	98,533

■ Sony Life Financial Data (Non-consolidated)

3-10 Annuity payments

Millions of yen

For the years ended March 31,	2019		2020					Total
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
Annuity payments	13,489	—	13,395	0	1,248	—	—	14,644

3-11 Insurance benefits

Millions of yen

For the years ended March 31,	2019		2020					Total
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
Death benefits	2,942	3,037	67	—	—	—	—	3,104
Hospitalization benefits	9,793	9,883	—	1	—	—	—	9,885
Surgery benefits	10,730	11,588	—	—	—	—	—	11,588
Disability benefits	149	137	—	—	—	—	—	137
Living benefits	96,034	117,845	—	—	—	—	—	117,845
Others	12,174	12,416	720	—	185	—	—	13,321
Total	131,824	154,908	787	1	185	—	—	155,883

3-12 Surrender payments

Millions of yen

For the years ended March 31,	2019		2020					Total
	Total	Individual life insurance	Individual annuities	Group life insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Others	
Surrender payments	204,351	214,774	13,764	—	—	—	—	228,538

3-13 Depreciation and amortization

Millions of yen, %

For the years ended March 31,	2019					2020				
	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	9,392	562	3,570	5,821	38.0%	10,433	601	4,099	6,334	39.3%
Buildings	7,612	390	2,508	5,103	33.0	8,599	421	2,897	5,701	33.7
Leased assets	21	4	0	20	2.4	26	6	6	19	25.3
Other tangible fixed assets	1,759	166	1,061	697	60.4	1,807	174	1,194	612	66.1
Intangible fixed assets	63,864	5,682	37,512	26,352	58.7	73,033	6,903	44,404	28,629	60.8
Others	15	3	13	2	84.2	15	1	13	2	85.9
Total	73,273	6,248	41,096	32,176	56.1	83,482	7,506	48,517	34,965	58.1

3-14 Operating expenses

Millions of yen

For the years ended March 31,	2019	2020
Sales and marketing expenses	68,562	73,115
Sales administrative expenses	19,024	19,594
General administrative expenses	59,397	63,744
Total	146,984	156,454

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	
	2019	2020
Life Insurance Policyholders Protection Corporation of Japan	787	794

■ Sony Life Financial Data (Non-consolidated)

4 Reconciliation to Core Profit and Non-consolidated Ordinary Profit

		Millions of yen	
For the years ended March 31,		2019	2020
Core profit	(A)	97,242	96,168
Capital gains		19,562	14,507
Income from money held in trust, net		—	—
Gains on trading securities, net		—	149
Gains on sale of securities		6,107	3,637
Gains on derivatives, net		—	4,098
Foreign exchange gains, net		13,455	—
Other capital gains		—	6,622
Capital losses		27,847	12,745
Losses on money held in trust, net		—	—
Losses on trading securities, net		144	—
Losses on sale of securities		34	50
Losses on valuation of securities		4,026	6,316
Losses on derivatives, net		13,925	—
Foreign exchange losses, net		—	6,345
Other capital losses		9,716	32
Net capital gains (losses)	(B)	(8,284)	1,762
Core profit plus net capital gains (losses)	(A) + (B)	88,957	97,930
Other one-time gains		—	—
Gains from reinsurance		—	—
Reversal of contingency reserve		—	—
Reversal of specific reserve for possible loan losses		—	—
Others		—	—
Other one-time losses		9,145	9,210
Losses from reinsurance		—	—
Provision for contingency reserve		8,698	9,045
Provision for specific reserve for possible loan losses		326	46
Provision for reserve for possible loan losses for specific foreign countries		—	—
Write-off of loans		—	—
Others		119	118
Net other one-time gains (losses)	(C)	(9,145)	(9,210)
Ordinary profit	(A) + (B) + (C)	79,812	88,720

Reference: The breakdown of others

		Millions of yen	
For the years ended March 31,		2019	2020
Core profit		14,224	(2,602)
Income gains in income from money held in trust		4,490	4,013
Interest income and dividends in income from trading securities		17	7
Effect of change in the exchange rates related to foreign currency-denominated insurance contracts		9,716	(6,622)
Other capital gains		—	6,622
Effect of change in the exchange rates related to foreign currency-denominated insurance contracts		—	6,622
Other capital losses		9,716	32
Impairment losses from investment partnerships		—	32
Effect of change in the exchange rates related to foreign currency-denominated insurance contracts		9,716	—
Other one-time gains		—	—
Other one-time losses		119	118
Provision for additional policy reserve		119	118

■ Sony Life Financial Data (Non-consolidated)

Reference: Reconciliation to core profit

For the years ended March 31,	Millions of yen	
	2019	2020
Core Revenues	1,454,390	1,572,234
Income from insurance premiums	1,136,104	1,330,860
Insurance premiums	1,132,732	1,327,857
Ceded reinsurance commissions	3,372	3,003
Investment income	254,882	181,815
Interest income and dividends	166,937	181,811
Gains on redemption of securities	—	—
Reversal of general reserve for possible loan losses	—	2
Other investment income	—	1
Gains on separate accounts, net	87,944	—
Other ordinary income	49,178	55,537
Income for annuity riders	4,027	4,893
Proceeds from deferred insurance	43,046	48,707
Reversal of reserve for outstanding claims	—	—
Others	2,104	1,936
Other core revenues	14,224	4,020
Core Expenses	1,357,147	1,476,066
Insurance claims and other payments	457,252	511,945
Insurance claims	92,997	98,533
Annuity payments	13,489	14,644
Insurance benefits	131,824	155,883
Surrender payments	204,351	228,538
Refund to policyholders	3,659	3,722
Reinsurance premiums	10,929	10,622
Provision for policy reserves and others	695,962	685,039
Investment expenses	6,198	55,338
Interest expenses	1,604	5,059
Losses on redemption of securities	—	—
Provision for general reserve for possible loan losses	2	—
Depreciation of real estate for rent and others	1,599	1,637
Other investment expenses	2,992	2,650
Losses on separate accounts, net	—	45,990
Operating expenses	146,984	156,454
Other ordinary expenses	50,750	60,666
Deferred insurance payments	28,655	34,795
Taxes	13,419	16,011
Depreciation and amortization	6,248	7,506
Provision for reserve for employees' retirement benefits	2,402	2,346
Others	25	7
Other core expenses	—	6,622
Core Profit	97,242	96,168

Reference: Positive spread and yields

For the years ended March 31,	Billions of yen, %	
	2019	2020
Positive spread	18.2	19.3
Investment yield for core profit	2.19%	2.17%
Investment yield (general account)	1.94%	1.85%
Average assumed interest rate	1.94%	1.93%

Sony Life Financial Data (Non-consolidated)

5 Fair Value Information on Securities (General Account)

5-01 Fair value information on securities

Valuation gains (losses) on trading securities

	Millions of yen			
	2019		2020	
As of March 31,	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading securities	1,321	(160)	—	160

Fair value information on securities

a. Securities with fair value (except trading securities)

	Millions of yen				
	2019				
As of March 31,	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	6,770,008	8,800,847	2,030,838	2,051,389	20,551
Policy-reserve-matching bonds	680,757	764,282	83,525	83,733	208
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	964,854	1,132,524	167,670	169,810	2,140
Japanese bonds	867,645	1,024,732	157,086	157,086	—
Japanese stocks	9,685	19,143	9,458	9,555	96
Foreign securities	87,357	88,341	984	3,027	2,043
Bonds	79,568	81,811	2,243	3,027	784
Stocks, etc.	7,788	6,529	(1,259)	—	1,259
Other securities	165	307	141	141	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	8,415,620	10,697,654	2,282,034	2,304,933	22,899
Japanese bonds	7,858,097	10,129,659	2,271,562	2,277,594	6,032
Japanese stocks	9,685	19,143	9,458	9,555	96
Foreign securities	547,671	548,543	872	17,642	16,770
Bonds	539,883	542,014	2,131	17,642	15,511
Stocks, etc.	7,788	6,529	(1,259)	—	1,259
Other securities	165	307	141	141	—
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 securities, amounted to ¥232,566 million and ¥37,275 million, as of March 31, 2019, respectively.

■ Sony Life Financial Data (Non-consolidated)

Millions of yen

As of March 31,	2020				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	7,349,139	9,768,470	2,419,331	2,425,393	6,061
Policy-reserve-matching bonds	855,937	997,896	141,958	142,397	438
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	967,259	1,137,460	170,201	170,267	66
Japanese bonds	873,327	1,007,815	134,487	134,515	28
Japanese stocks	4,825	9,587	4,762	4,800	37
Foreign securities	89,106	120,057	30,950	30,950	—
Bonds	87,634	118,584	30,950	30,950	—
Stocks, etc.	1,472	1,472	—	—	—
Other securities	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	9,172,336	11,903,828	2,731,491	2,738,058	6,566
Japanese bonds	8,230,025	10,590,705	2,360,679	2,367,208	6,528
Japanese stocks	4,825	9,587	4,762	4,800	37
Foreign securities	937,485	1,303,535	366,049	366,049	—
Bonds	936,013	1,302,062	366,049	366,049	—
Stocks, etc.	1,472	1,472	—	—	—
Other securities	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Note: 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.

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

As of March 31,	Millions of yen	
	2019	2020
Held-to-maturity securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	16,276	39,682
Available-for-sale securities	5,445	4,620
Unlisted Japanese stocks (except OTC stocks)	159	159
Unlisted foreign stocks (except OTC stocks)	355	243
Unlisted foreign bonds	—	—
Others	4,929	4,216
Total	21,721	44,302

■ 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)

As of March 31,	2019				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	6,770,008	8,800,847	2,030,838	2,051,389	20,551
Policy-reserve-matching bonds	680,757	764,282	83,525	83,733	208
Stocks of subsidiaries and affiliated companies	16,276	16,280	4	4	—
Available-for-sale securities	970,299	1,141,169	170,869	173,361	2,491
Japanese bonds	867,645	1,024,732	157,086	157,086	—
Japanese stocks	9,845	19,303	9,458	9,555	96
Foreign securities	87,712	89,867	2,154	4,198	2,043
Bonds	79,568	81,811	2,243	3,027	784
Stocks, etc.	8,144	8,055	(88)	1,170	1,259
Other securities	5,095	7,265	2,170	2,521	351
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	8,437,341	10,722,579	2,285,238	2,308,489	23,251
Japanese bonds	7,858,097	10,129,659	2,271,562	2,277,594	6,032
Japanese stocks	17,832	27,290	9,458	9,555	96
Foreign securities	556,316	558,364	2,047	18,817	16,770
Bonds	539,883	542,014	2,131	17,642	15,511
Stocks, etc.	16,433	16,349	(84)	1,175	1,259
Other securities	5,095	7,265	2,170	2,521	351
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

As of March 31,	2020				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	7,349,139	9,768,470	2,419,331	2,425,393	6,061
Policy-reserve-matching bonds	855,937	997,896	141,958	142,397	438
Stocks of subsidiaries and affiliated companies	39,682	39,661	(21)	—	21
Available-for-sale securities	971,879	1,143,849	171,970	172,626	656
Japanese bonds	873,327	1,007,815	134,487	134,515	28
Japanese stocks	4,985	9,747	4,762	4,800	37
Foreign securities	89,349	121,356	32,006	32,006	—
Bonds	87,634	118,584	30,950	30,950	—
Stocks, etc.	1,715	2,771	1,056	1,056	—
Other securities	4,216	4,929	712	1,303	590
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	9,216,639	11,949,878	2,733,239	2,740,417	7,177
Japanese bonds	8,230,025	10,590,705	2,360,679	2,367,208	6,528
Japanese stocks	23,301	28,064	4,762	4,800	37
Foreign securities	959,095	1,326,179	367,084	367,105	21
Bonds	936,013	1,302,062	366,049	366,049	—
Stocks, etc.	23,081	24,116	1,034	1,056	21
Other securities	4,216	4,929	712	1,303	590
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

	2019					2020				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31,										
Money held in trust	269,387	269,387	—	—	—	40	40	—	—	—

Note: The amount of jointly invested monetary trusts that is included in the table above is ¥40 million as of March 31, 2019 and 2020, 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

	2019					2020				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
As of March 31,										
Money held in trust for held-to-maturity	—	—	—	—	—	—	—	—	—	—
Money held in trust for policy-reserve-matching	—	—	—	—	—	—	—	—	—	—
Other money held in trust	232,071	269,346	37,275	37,275	—	—	—	—	—	—

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

	2019						2020					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
As of March 31,												
Hedge accounting is applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting is not applied	—	(409)	(7,331)	—	—	(7,741)	—	215	17,346	—	—	17,561
Total	—	(409)	(7,331)	—	—	(7,741)	—	215	17,346	—	—	17,561

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

Not applicable

3. Currency derivatives

Millions of yen

As of March 31,	2019				2020			
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions								
Forward foreign exchanges								
Sold	21,154	—	(409)	(409)	11,809	—	215	215
U.S. dollars	12,740	—	(354)	(354)	3,262	—	(2)	(2)
Euro	8,413	—	(54)	(54)	8,547	—	217	217
Total				(409)				215

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. "Valuation gains (losses)" are stated at fair value.

4. Stock derivatives

Millions of yen

As of March 31,	2019				2020			
	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	58,724	—	308	308	39,525	—	(934)	(934)
Over-the-counter transactions								
Total return swap								
Sold	63,107	—	(7,640)	(7,640)	103,408	—	18,280	18,280
Total				(7,331)				17,346

Notes: 1. Fair value of stock index futures is the closing price on the Exchange at the end of the fiscal year.

2. Fair value of total return swap is calculated using the stock price, etc. at the end of the fiscal year.

3. "Valuation gains (losses)" are stated at fair value.

5. Bond derivatives

Not applicable

6. Others

Not applicable

Sony Life Financial Data (Non-consolidated)

6 Fair Value Information on Securities (Company Total)

6-01 Fair value information on securities

Valuation gains (losses) on trading securities

As of March 31,	Millions of yen			
	2019		2020	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading securities	1,185,507	30,070	1,241,363	(108,018)

Fair value information on securities

a. Securities with fair value (except trading securities)

As of March 31,	Millions of yen				
	2019				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	6,770,008	8,800,847	2,030,838	2,051,389	20,551
Policy-reserve-matching bonds	680,757	764,282	83,525	83,733	208
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	964,854	1,132,524	167,670	169,810	2,140
Japanese bonds	867,645	1,024,732	157,086	157,086	—
Japanese stocks	9,685	19,143	9,458	9,555	96
Foreign securities	87,357	88,341	984	3,027	2,043
Bonds	79,568	81,811	2,243	3,027	784
Stocks, etc.	7,788	6,529	(1,259)	—	1,259
Other securities	165	307	141	141	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	8,415,620	10,697,654	2,282,034	2,304,933	22,899
Japanese bonds	7,858,097	10,129,659	2,271,562	2,277,594	6,032
Japanese stocks	9,685	19,143	9,458	9,555	96
Foreign securities	547,671	548,543	872	17,642	16,770
Bonds	539,883	542,014	2,131	17,642	15,511
Stocks, etc.	7,788	6,529	(1,259)	—	1,259
Other securities	165	307	141	141	—
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 securities, amounted to ¥232,566 million and ¥37,275 million, as of March 31, 2019, respectively.

■ Sony Life Financial Data (Non-consolidated)

Fair value information on securities (continued)

	Millions of yen				
	2020				
As of March 31,	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	7,349,139	9,768,470	2,419,331	2,425,393	6,061
Policy-reserve-matching bonds	855,937	997,896	141,958	142,397	438
Stocks of subsidiaries and affiliated companies	—	—	—	—	—
Available-for-sale securities	967,259	1,137,460	170,201	170,267	66
Japanese bonds	873,327	1,007,815	134,487	134,515	28
Japanese stocks	4,825	9,587	4,762	4,800	37
Foreign securities	89,106	120,057	30,950	30,950	—
Bonds	87,634	118,584	30,950	30,950	—
Stocks, etc.	1,472	1,472	—	—	—
Other securities	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	9,172,336	11,903,828	2,731,491	2,738,058	6,566
Japanese bonds	8,230,025	10,590,705	2,360,679	2,367,208	6,528
Japanese stocks	4,825	9,587	4,762	4,800	37
Foreign securities	937,485	1,303,535	366,049	366,049	—
Bonds	936,013	1,302,062	366,049	366,049	—
Stocks, etc.	1,472	1,472	—	—	—
Other securities	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Note: 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.

○ Held-to-maturity securities

	Millions of yen					
	2019			2020		
As of March 31,	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeding balance sheet amount	6,477,032	8,528,421	2,051,389	7,110,414	9,535,807	2,425,393
Japanese bonds	6,270,702	8,311,604	2,040,902	6,371,113	8,509,573	2,138,459
Foreign securities	206,330	216,817	10,487	739,300	1,026,234	286,933
Other securities	—	—	—	—	—	—
Fair value not exceeding balance sheet amount	292,976	272,425	(20,551)	238,724	232,663	(6,061)
Japanese bonds	103,822	97,983	(5,839)	238,724	232,663	(6,061)
Foreign securities	189,153	174,441	(14,711)	—	—	—
Others	—	—	—	—	—	—

■ Sony Life Financial Data (Non-consolidated)

○ Policy-reserve-matching bonds

As of March 31,	Millions of yen					
	2019			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeding balance sheet amount	662,919	746,652	83,733	827,801	970,198	142,397
Japanese bonds	600,839	680,444	79,605	718,722	812,955	94,232
Foreign securities	62,079	66,207	4,128	109,078	157,243	48,165
Other securities	—	—	—	—	—	—
Fair value not exceeding balance sheet amount	17,838	17,629	(208)	28,136	27,697	(438)
Japanese bonds	15,087	14,894	(192)	28,136	27,697	(438)
Foreign securities	2,751	2,735	(15)	—	—	—
Other securities	—	—	—	—	—	—

○ Available-for-sale securities

As of March 31,	Millions of yen					
	2019			2020		
	Carrying amount	Balance sheet amount	Difference	Carrying amount	Balance sheet amount	Difference
Balance sheet amount exceeding carrying amount	930,381	1,100,192	169,810	961,134	1,131,401	170,267
Japanese bonds	867,645	1,024,732	157,086	869,036	1,003,552	134,515
Japanese stocks	8,777	18,332	9,555	4,463	9,264	4,800
Foreign securities	53,793	56,820	3,027	87,634	118,584	30,950
Other securities	165	307	141	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—
Balance sheet amount not exceeding carrying amount	34,472	32,332	(2,140)	6,125	6,059	(66)
Japanese bonds	—	—	—	4,291	4,263	(28)
Japanese stocks	908	811	(96)	361	323	(37)
Foreign securities	33,563	31,520	(2,043)	1,472	1,472	—
Other securities	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—
Others	—	—	—	—	—	—

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

As of March 31,	Millions of yen	
	2019	2020
Held-to-maturity securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	16,276	39,682
Available-for-sale securities	5,445	4,620
Unlisted Japanese stocks (except OTC stocks)	159	159
Unlisted foreign stocks (except OTC stocks)	355	243
Unlisted foreign bonds	—	—
Others	4,929	4,216
Total	21,721	44,302

■ 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)

As of March 31,	2019				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	6,770,008	8,800,847	2,030,838	2,051,389	20,551
Policy-reserve-matching bonds	680,757	764,282	83,525	83,733	208
Stocks of subsidiaries and affiliated companies	16,276	16,280	4	4	—
Available-for-sale securities	970,299	1,141,169	170,869	173,361	2,491
Japanese bonds	867,645	1,024,732	157,086	157,086	—
Japanese stocks	9,845	19,303	9,458	9,555	96
Foreign securities	87,712	89,867	2,154	4,198	2,043
Bonds	79,568	81,811	2,243	3,027	784
Stocks, etc.	8,144	8,055	(88)	1,170	1,259
Other securities	5,095	7,265	2,170	2,521	351
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	8,437,341	10,722,579	2,285,238	2,308,489	23,251
Japanese bonds	7,858,097	10,129,659	2,271,562	2,277,594	6,032
Japanese stocks	17,832	27,290	9,458	9,555	96
Foreign securities	556,316	558,364	2,047	18,817	16,770
Bonds	539,883	542,014	2,131	17,642	15,511
Stocks, etc.	16,433	16,349	(84)	1,175	1,259
Other securities	5,095	7,265	2,170	2,521	351
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

As of March 31,	2020				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Held-to-maturity securities	7,349,139	9,768,470	2,419,331	2,425,393	6,061
Policy-reserve-matching bonds	855,937	997,896	141,958	142,397	438
Stocks of subsidiaries and affiliated companies	39,682	39,661	(21)	—	21
Available-for-sale securities	971,879	1,143,849	171,970	172,626	656
Japanese bonds	873,327	1,007,815	134,487	134,515	28
Japanese stocks	4,985	9,747	4,762	4,800	37
Foreign securities	89,349	121,356	32,006	32,006	—
Bonds	87,634	118,584	30,950	30,950	—
Stocks, etc.	1,715	2,771	1,056	1,056	—
Other securities	4,216	4,929	712	1,303	590
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—
Total	9,216,639	11,949,878	2,733,239	2,740,417	7,177
Japanese bonds	8,230,025	10,590,705	2,360,679	2,367,208	6,528
Japanese stocks	23,301	28,064	4,762	4,800	37
Foreign securities	959,095	1,326,179	367,084	367,105	21
Bonds	936,013	1,302,062	366,049	366,049	—
Stocks, etc.	23,081	24,116	1,034	1,056	21
Other securities	4,216	4,929	712	1,303	590
Monetary claims purchased	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Others	—	—	—	—	—

Sony Life Financial Data (Non-consolidated)

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

As of March 31,	2019					2020				
	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	269,387	269,387	—	—	—	40	40	—	—	—

Millions of yen

Note: The amount of jointly invested monetary trusts that is included in the table above is ¥40 million as of March 31, 2019 and 2020, respectively.

Money held in trust for investment

Not applicable

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

As of March 31,	2019					2020				
	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses	Carrying amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Money held in trust for held-to-maturity	—	—	—	—	—	—	—	—	—	—
Money held in trust for policy-reserve-matching	—	—	—	—	—	—	—	—	—	—
Other money held in trust	232,071	269,346	37,275	37,275	—	—	—	—	—	—

Millions of yen

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:

- Currency-related: Forward foreign exchange transactions
- Stock-related: Stock index futures trading, total return swap 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.

- 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 (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)

As of March 31,	2019						2020					
	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	—	(409)	(7,331)	—	—	(7,741)	—	215	17,346	—	—	17,561
Total	—	(409)	(7,331)	—	—	(7,741)	—	215	17,346	—	—	17,561

Millions of yen

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
Not applicable

② Currency derivatives

	2019				2020				Millions of yen
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	
As of March 31,									
Over-the-counter transactions									
Forward foreign exchanges									
Sold	21,154	—	(409)	(409)	11,809	—	215	215	
U.S. dollars	12,740	—	(354)	(354)	3,262	—	(2)	(2)	
Euro	8,413	—	(54)	(54)	8,547	—	217	217	
Total				(409)				215	

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. "Valuation gains (losses)" are stated at fair value.

③ Stock derivatives

	2019				2020				Millions of yen
	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	Notional amount total	Over 1 year	Fair value	Valuation gains (losses)	
As of March 31,									
Listed									
Stock index futures									
Sold	58,724	—	308	308	39,525	—	(934)	(934)	
Over-the-counter transactions									
Total return swap									
Sold	63,107	—	(7,640)	(7,640)	103,408	—	18,280	18,280	
Total				(7,331)				17,346	

Notes: 1. Fair value of stock index futures is the closing price on the Exchange at the end of the fiscal year.

2. Fair value of total return swap is calculated using the stock price, etc. at the end of the fiscal year.

3. "Valuation gains (losses)" are stated at fair value.

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

Financial Data (Consolidated)

Consolidated Balance Sheet

Sony Life Insurance Co., Ltd. and consolidated subsidiaries
As of March 31,

Millions of yen

	2020
	Amount
Assets:	
Cash and deposits	224,211
Money held in trust	14,960
Securities	11,055,749
Loans	208,632
Tangible fixed assets	93,619
Land	64,715
Buildings	27,843
Leased assets	408
Other tangible fixed assets	651
Intangible fixed assets	32,208
Software	28,629
Goodwill	3,579
Due from reinsurers	4,837
Other assets	140,362
Net defined benefit asset	3,391
Deferred tax assets	19,598
Reserve for possible loan losses	(652)
Total Assets	11,796,918
Liabilities:	
Policy reserves and others	10,551,976
Reserve for outstanding claims	40,883
Policy reserves	10,506,684
Reserve for policyholders' dividends	4,407
Due to agencies	2,471
Due to reinsurers	5,356
Other liabilities	610,032
Net defined benefit liability	30,682
Reserve under the special laws	52,792
Reserve for price fluctuations	52,792
Deferred tax liabilities	142
Deferred tax liabilities on land revaluation	109
Total Liabilities	11,253,564
Net Assets:	
Common stock	70,000
Capital surplus	5,865
Retained earnings	347,230
Total shareholders' equity	423,095
Net unrealized gains (losses) on available-for-sale securities, net of taxes	123,443
Land revaluation, net of taxes	(2,439)
Remeasurements of defined benefit plans, net of taxes	(745)
Total accumulated other comprehensive income	120,259
Total Net Assets	543,354
Total Liabilities and Net Assets	11,796,918

Consolidated Statement of Income

Sony Life Insurance Co., Ltd. and consolidated subsidiaries
For the year ended March 31,

	Millions of yen
	2020
	Amount
Ordinary Revenues	1,604,755
Income from insurance premiums	1,340,661
Investment income	208,620
Interest income and dividends	181,812
Income from money held in trust, net	4,086
Gains on trading securities, net	317
Gains on sale of securities	3,637
Gains on derivatives, net	18,766
Other investment income	1
Other ordinary income	55,473
Ordinary Expenses	1,510,373
Insurance claims and other payments	521,198
Insurance claims	98,533
Annuity payments	15,036
Insurance benefits	157,074
Surrender payments	231,772
Refund to policyholders	18,781
Provision for policy reserves and others	678,724
Provision for reserve for outstanding claims	2,444
Provision for policy reserves	676,280
Interest portion of reserve for policyholders' dividends	0
Investment expenses	91,943
Interest expenses	5,064
Losses on sale of securities	50
Losses on valuation of securities	6,316
Foreign exchange losses, net	4,884
Provision for reserve for possible loan losses	43
Depreciation of real estate for rent and others	1,637
Other investment expenses	2,812
Losses on separate accounts, net	71,132
Operating expenses	157,726
Other ordinary expenses	60,780
Ordinary Profit	94,381
Extraordinary Gains	248
Gains on step acquisitions	248
Extraordinary Losses	3,026
Losses on disposal of fixed assets	95
Impairment losses	21
Provision for reserve under the special laws	2,665
Provision for reserve for price fluctuations	2,665
Losses on valuation of shares of subsidiaries	244
Provision for Reserve for Policyholders' Dividends	2,422
Income Before Income Taxes	89,181
Income Taxes - Current	31,334
Income Taxes - Deferred	(5,052)
Total Income Taxes	26,282
Net Income	62,899
Profit Attributable to Owners of the Parent	62,899

Performance Indicators (Non-consolidated)

1 Key Performance Indicators for Past Five Years

	Millions of yen				
For the years ended March 31,	2016	2017	2018	2019	2020
Policy amount in force	44,749,196	47,185,239	49,173,547	51,474,244	53,249,230
Individual life insurance	42,293,769	44,313,382	45,892,442	47,676,209	48,778,991
Individual annuities	856,062	1,020,810	1,360,998	1,894,670	2,668,626
Group life insurance	1,599,364	1,851,046	1,920,106	1,903,365	1,801,612
Policy amount in force for group annuities	13,093	11,570	10,037	8,664	7,364
Annualized premiums from insurance in force	781,315	820,856	848,823	889,347	922,781
Medical protection, living benefit protection and other products	179,707	187,449	191,895	197,520	201,358
New policy amount	5,152,456	5,004,921	5,346,249	6,177,542	5,416,127
Individual life insurance	4,871,062	4,765,257	4,912,156	5,573,556	4,563,208
Individual annuities	280,332	192,247	375,820	576,937	835,746
Group life insurance	1,061	47,415	58,272	27,049	17,172
Annualized premiums from new policies	85,018	78,127	73,073	87,918	82,146
Medical protection, living benefit protection and other products	15,717	15,718	12,984	15,251	12,901
Ordinary revenues	1,230,141	1,243,739	1,351,076	1,464,218	1,580,117
Income from insurance premiums	1,028,048	956,733	1,059,269	1,136,104	1,330,860
Investment income	170,517	245,339	243,293	278,935	193,718
Ordinary expenses	1,169,348	1,183,558	1,294,738	1,384,406	1,491,396
Insurance claims and other payments	363,370	372,407	436,538	457,252	511,945
Investment expenses	23,399	36,196	33,121	24,638	68,127
Operating expenses	133,334	137,094	139,937	146,984	156,454
Ordinary profit	60,792	60,180	56,338	79,812	88,720
Net income	37,096	35,185	45,134	49,602	56,743
Core profit	43,019	83,831	81,384	97,242	96,168
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	8,035,408	8,873,613	9,567,689	10,380,148	11,237,124
Separate account assets	850,323	989,605	1,128,817	1,300,701	1,323,948
Policy reserves	7,336,533	7,929,944	8,566,075	9,268,422	9,959,832
Loans	171,649	180,374	189,486	198,410	208,632
Securities	7,273,361	8,093,192	8,765,967	9,523,877	10,629,972
Solvency margin ratio	2,722.8%	2,568.8%	2,624.3%	2,590.5%	2,476.3%
Number of employees	7,289	7,865	8,246	8,461	8,642

- 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.).
6. Separate account assets included in total assets include a portion of surplus investment funds, which amounted to ¥1,740 million as of March 31, 2020.

■ Sony Life Performance Indicators (Non-consolidated)

2 Key Performance Indicators

2-01 Policy amount in force and new policy amount

Policy amount in force		2019				2020			
		Number	Comparison to March 31, 2018	Amount	Comparison to March 31, 2018	Number	Comparison to March 31, 2019	Amount	Comparison to March 31, 2019
Millions of yen, %									
As of March 31,									
Individual life insurance	7,513,563	102.7%	47,676,209	103.9%	7,708,641	102.6%	48,778,991	102.3%	
Individual annuities	334,433	132.4	1,894,670	139.2	452,214	135.2	2,668,626	140.8	
Group life insurance	—	—	1,903,365	99.1	—	—	1,801,612	94.7	
Group annuities	—	—	8,664	86.3	—	—	7,364	85.0	

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		2019				Amount, of which, new policies		Amount, of which, increase from conversion	
		Number	Comparison to previous year	Amount	Comparison to previous year				
Millions of yen, %									
For the year ended March 31,									
Individual life insurance	520,620	108.7%	5,573,556	113.5%	5,573,556	—			
Individual annuities	88,566	144.3	576,937	153.5	576,937	—			
Group life insurance	—	—	27,049	46.4	27,049	—			
Group annuities	—	—	—	—	—	—			

		2020				Amount, of which, new policies		Amount, of which, increase from conversion	
		Number	Comparison to previous year	Amount	Comparison to previous year				
Millions of yen, %									
For the year ended March 31,									
Individual life insurance	509,584	97.9%	4,563,208	81.9%	4,563,208	—			
Individual annuities	126,758	143.1	835,746	144.9	835,746	—			
Group life insurance	—	—	17,172	63.5	17,172	—			
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		2019		2020	
		Amount	Comparison to March 31, 2018	Amount	Comparison to March 31, 2019
Millions of yen, %					
As of March 31,					
Individual life insurance	836,267	103.6%	852,794	102.0%	
Individual annuities	53,079	128.3	69,986	131.9	
Total	889,347	104.8	922,781	103.8	
Medical protection, living benefit protection and other products	197,520	102.9	201,358	101.9	

New policies		2019		2020	
		Amount	Comparison to previous year	Amount	Comparison to previous year
Millions of yen, %					
For the years ended March 31,					
Individual life insurance	74,702	116.9%	63,496	85.0%	
Individual annuities	13,216	143.7	18,650	141.1	
Total	87,918	120.3	82,146	93.4	
Medical protection, living benefit protection and other products	15,251	117.5	12,901	84.6	

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

As of March 31,	2019		2020	
	Number	Amount	Number	Amount
Millions of yen				
Individual life insurance products				
Pure death-protection insurance	5,814,145	44,066,490	6,005,350	45,055,464
Variable life insurance (whole life type)	836,700	4,319,548	830,917	4,235,777
U.S. dollar-denominated whole life insurance	273,462	2,145,338	345,101	2,595,393
U.S. dollar-denominated single premium whole life insurance (non-notification type)	32,836	161,518	75,228	360,779
U.S. dollar-denominated living benefit whole life insurance (living standard type)	86,726	482,670	140,684	793,998
Modified payment whole life insurance	13,217	112,757	12,891	108,232
Limited payment whole life insurance	332,374	2,587,955	327,030	2,537,455
Family insurance	1,130	10,230	1,116	10,068
Interest rate-sensitive whole life insurance	498,577	2,678,199	485,158	2,588,541
Whole life insurance (no selection type)	3,270	5,621	2,899	5,034
Single premium whole life insurance (non-notification type)	12,315	70,197	11,864	67,751
Living benefit insurance (whole life type)	502,744	1,668,691	490,981	1,615,889
Living benefit whole life insurance (living standard type)	138,836	545,724	136,745	532,715
Variable life insurance (term type)	12,713	683,486	15,422	857,489
Family income insurance	360,088	9,463,315	382,202	10,106,217
Living standard insurance	1,836	20,220	1,622	16,756
Level premium plan term life insurance	73,420	1,428,493	71,332	1,377,408
Decreasing term life insurance	68,253	1,254,085	67,860	1,241,608
Living benefit insurance (term type)	86,844	742,013	86,468	726,590
Living benefit term life insurance (living standard type)	93,286	812,735	105,068	914,384
Living benefit decreasing term life insurance (living standard type)	46,685	539,915	69,353	786,234
Level premium plan term life insurance (non-smoker preferred risk)	16,108	659,653	15,619	639,183
Decreasing term life insurance (non-smoker preferred risk)	17,240	271,206	15,648	229,813
Family income insurance (non-smoker preferred risk)	35,717	779,823	32,688	673,489
Increasing term life insurance	13	1,685	8	735
Long-term level premium plan term life insurance (with disability benefit)	65,177	3,221,774	61,912	3,066,430
Level premium plan term life insurance with reduced surrender value (disability / nursing care type)	1,149	43,497	1,195	43,168
Increasing term life insurance (reduced surrender value)	5,690	233,747	5,257	219,142
Level premium plan term life insurance with no surrender value	54,109	1,051,221	55,066	1,088,700
Level premium plan term life insurance with no surrender value (disability / nursing care type)	1,475	26,435	1,687	31,829
Level premium plan term life insurance with accident coverage period	2,922	547	2,969	6,930
U.S. dollar-denominated level premium plan term life insurance	—	—	166	10,063
Income protection insurance to cover three major diseases	26,535	20,449	27,440	21,014
Semi-participating whole life nursing care insurance	126,386	464,303	122,586	449,080
Whole life nursing care insurance (reduced surrender value)	21,627	3,861	21,840	3,807
Cancer insurance	208,267	26,926	207,326	26,579
Whole life cancer insurance (08)	83,411	7,064	82,622	6,932
Cancer hospitalization insurance	25,546	—	23,454	—
Comprehensive medical insurance	1,559,079	585,456	1,493,925	561,118
Comprehensive medical insurance (no surrender value) 18	78,920	3,113	164,901	6,493
Long-term comprehensive medical insurance	9,423	4,144	9,065	4,035
Semi-participating living standard insurance (joint type)	39	758	35	690
Term riders and others	[486,602]	6,928,096	[466,866]	6,487,896
Mixed insurance	497,116	1,789,706	539,986	1,969,897
Variable life insurance (limited term type)	152,548	569,972	185,790	722,001
U.S. dollar-denominated endowment insurance	24,157	80,847	39,870	133,798
U.S. dollar-denominated specialty endowment insurance	9,391	54,676	12,276	73,201
Endowment insurance	242,279	893,455	234,858	854,313
Semi-participating endowment insurance	56,653	148,181	53,738	140,232
Specialty endowment insurance	12,088	42,572	13,454	46,350
Pure endowment insurance	1,202,302	1,820,012	1,163,305	1,753,629
Educational endowment insurance	192,679	211,228	211,436	232,598
Semi-participating educational endowment insurance	1,009,623	1,608,784	951,869	1,521,031
Total individual life insurance products	7,513,563	47,676,209	7,708,641	48,778,991
Individual annuity products				
Semi-participating individual annuities	79,100	333,067	79,271	328,769
Individual variable annuities	242,958	1,478,311	359,620	2,251,080
Others	12,375	83,291	13,323	88,776
Total individual annuity products	334,433	1,894,670	452,214	2,668,626
Group life insurance products				
Group term life insurance	135,882	158,961	136,148	154,000
Group welfare term life insurance	135,398	71,652	139,600	72,930
Non-participating group welfare term life insurance	38,912	107,392	42,368	115,648
Group credit life insurance	1,288,611	1,565,356	1,245,465	1,459,032
Annuity payment rider	8	1	3	0
Total group life insurance products	1,598,811	1,903,365	1,563,584	1,801,612
Group annuity products				
New-type corporate annuities	8,665	84	8,065	79
Defined contribution corporate annuities	38,125	8,579	32,962	7,284
Total group annuity products	46,790	8,664	41,027	7,364
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 number of policies in force for "term riders and others" 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 policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.
7. The amount of policies in force for group annuity products is equal to the amount of 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,	2019		2020	
	Number	Amount	Number	Amount
Individual life insurance products				
Pure death-protection insurance	435,999	5,311,248	416,279	4,223,519
Variable life insurance (whole life type)	11,998	53,113	12,889	65,531
U.S. dollar-denominated whole life insurance	72,322	534,509	79,635	596,503
U.S. dollar-denominated single premium whole life insurance (non-notification type)	18,777	93,337	42,942	199,848
U.S. dollar-denominated living benefit whole life insurance (living standard type)	58,758	329,438	57,069	342,551
Modified payment whole life insurance	—	—	—	—
Limited payment whole life insurance	1,822	9,104	1,320	8,550
Family insurance	—	—	—	—
Interest rate-sensitive whole life insurance	(1)	(14)	(7)	(43)
Whole life insurance (no selection type)	8	9	—	—
Single premium whole life insurance (non-notification type)	—	—	—	—
Living benefit insurance (whole life type)	1,460	5,436	1,149	4,853
Living benefit whole life insurance (living standard type)	4,194	16,274	3,215	16,154
Variable life insurance (term type)	6,807	393,758	3,222	199,333
Family income insurance	65,591	2,235,078	46,188	1,631,720
Living standard insurance	—	—	—	—
Level premium plan term life insurance	5,024	92,810	4,052	82,804
Decreasing term life insurance	6,945	191,921	4,639	134,281
Living benefit insurance (term type)	6,256	47,454	5,128	35,868
Living benefit term life insurance (living standard type)	22,436	224,307	17,030	153,683
Living benefit decreasing term life insurance (living standard type)	24,254	283,816	24,841	291,308
Level premium plan term life insurance (non-smoker preferred risk)	1,316	59,540	808	37,672
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)	4,336	207,090	673	24,094
Level premium plan term life insurance with reduced surrender value (disability / nursing care type)	227	8,143	109	3,338
Increasing term life insurance (reduced surrender value)	487	19,399	38	1,103
Level premium plan term life insurance with no surrender value	6,656	162,980	5,050	127,006
Level premium plan term life insurance with no surrender value (disability / nursing care type)	448	8,552	326	7,879
Level premium plan term life insurance with accident coverage period	2,922	547	106	16
U.S. dollar-denominated level premium plan term life insurance	—	—	168	10,177
Income protection insurance to cover three major diseases	2,586	1,934	2,326	1,765
Semi-participating whole life nursing care insurance	754	2,960	486	2,479
Whole life nursing care insurance (reduced surrender value)	1,292	76	1,200	99
Cancer insurance	5,971	579	5,754	572
Whole life cancer insurance (08)	3,676	313	2,939	256
Cancer hospitalization insurance	1,148	—	378	—
Comprehensive medical insurance	17,810	4,130	2,990	1,669
Comprehensive medical insurance (no surrender value) 18	79,719	3,137	89,617	3,516
Long-term comprehensive medical insurance	—	—	(1)	—
Semi-participating living standard insurance (joint type)	—	—	—	—
Term riders and others	[13,497]	321,504	[9,984]	238,921
Mixed insurance	60,799	233,838	72,828	316,290
Variable life insurance (limited term type)	34,575	143,980	38,990	182,626
U.S. dollar-denominated endowment insurance	11,350	35,154	16,573	58,283
U.S. dollar-denominated specialty endowment insurance	2,391	11,470	3,334	23,012
Endowment insurance	9,866	34,440	10,774	40,814
Semi-participating endowment insurance	850	3,294	916	3,740
Specialty endowment insurance	1,767	5,498	2,241	7,814
Pure endowment insurance	23,822	28,468	20,477	23,399
Educational endowment insurance	23,823	28,469	20,474	23,394
Semi-participating educational endowment insurance	(1)	(0)	3	5
Total individual life insurance products	520,620	5,573,556	509,584	4,563,208

■ Sony Life Performance Indicators (Non-consolidated)

Individual annuity products				
Semi-participating individual annuities	2,002	6,676	2,532	8,594
Individual variable annuities	86,564	570,261	124,226	827,151
Others	—	—	—	—
Total individual annuity products	88,566	576,937	126,758	835,746
Group life insurance products				
Group term life insurance	715	48	—	—
Group welfare term life insurance	7,701	2,877	1,646	2,985
Non-participating group welfare term life insurance	9,981	24,123	5,204	14,186
Group credit life insurance	—	—	—	—
Annuity payment rider	—	—	—	—
Total group life insurance products	18,397	27,049	6,850	17,172
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 number of policies in force for "Term riders and others" 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

	Millions of yen	
As of March 31,	2019	2020
Death protection		
Ordinary death		
Individual life insurance	45,856,197	47,025,362
Individual annuities	[390,782]	[488,900]
Group life insurance	1,903,363	1,801,611
Group annuities	—	—
Total, including others	47,759,561	48,826,973
Accidental death		
Individual life insurance	[6,157,420]	[5,952,344]
Individual annuities	—	—
Group life insurance	[317]	[293]
Group annuities	—	—
Total, including others	[6,157,737]	[5,952,638]
Death protection with other conditions		
Individual life insurance	[1,048,780]	[984,961]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	[1,048,780]	[984,961]
Living protection		
Maturity and living benefits		
Individual life insurance	1,820,012	1,753,629
Individual annuities	1,812,211	2,580,564
Group life insurance	—	—
Group annuities	—	—
Total, including others	3,632,223	4,334,193
Annuities		
Individual life insurance	—	—
Individual annuities	[214,623]	[297,101]
Group life insurance	[0]	[0]
Group annuities	—	—
Total, including others	[214,624]	[297,101]
Others		
Individual life insurance	—	—
Individual annuities	82,458	88,062
Group life insurance	1	0
Group annuities	8,664	7,364
Total, including others	91,124	95,427
Hospitalization protection		
Accidental hospitalization		
Individual life insurance	[17,965]	[17,719]
Individual annuities	—	—
Group life insurance	[34]	[37]
Group annuities	—	—
Total, including others	[17,999]	[17,756]
Disease hospitalization		
Individual life insurance	[17,965]	[17,719]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	[17,965]	[17,719]
Hospitalization with other conditions		
Individual life insurance	[6,818]	[6,716]
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	[6,818]	[6,716]

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.

■ Sony Life Performance Indicators (Non-consolidated)

2-05 Number of policies in force by insurance function

As of March 31,	2019	2020
Disability protection		
Individual life insurance	839,097	910,654
Individual annuities	—	—
Group life insurance	15,879	16,709
Group annuities	—	—
Total, including others	854,976	927,363
Surgery protection		
Individual life insurance	1,710,024	1,727,406
Individual annuities	—	—
Group life insurance	—	—
Group annuities	—	—
Total, including others	1,710,024	1,727,406

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

As of March 31,	2019	2020
		Millions of yen
Pure death-protection insurance		
Whole life insurance	10,468,906	11,215,860
Whole life insurance with term rider	—	—
Term life insurance	20,550,373	21,178,687
Total, including others	44,066,490	45,055,464
Mixed insurance		
Endowment insurance	1,122,485	1,128,344
Endowment insurance with term rider	—	—
Term life insurance with living benefits	—	—
Total, including others	1,789,706	1,969,897
Pure endowment insurance	1,820,012	1,753,629
Annuity products		
Individual annuities	1,894,670	2,668,626
Riders for disaster and disease		
Rider to cover accidental death	2,846,778	2,732,267
Injury rider	2,870,818	2,778,957
Comprehensive protection riders covering hospitalization	389	371
Comprehensive protection riders covering hospitalization for family	14	13
Comprehensive protection riders covering lifestyle-related disease	42	40
Medical treatment rider for adults	1,093	1,038
Medical treatment rider for women	1,145	1,090
Lifestyle diseases medical treatment rider	13	12
New medical treatment rider for women	3	3
Cancer rider	273	283
Rider to cover initial period of hospitalization	6,667	6,391
Rider to cover hospitalization due to three diseases	104	212

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.

Sony Life Performance Indicators (Non-consolidated)

2-07 Annualized premiums from insurance in force by type of individual life insurance and Individual annuities

For the years ended March 31,	Millions of yen	
	2019	2020
Pure death-protection insurance		
Whole life insurance	176,106	194,493
Whole life insurance with term rider	—	—
Term life insurance	197,617	195,692
Total, including others	599,582	615,470
Mixed insurance		
Endowment insurance	49,758	49,591
Endowment insurance with term rider	—	—
Term life insurance with living benefits	—	—
Total, including others	75,934	81,710
Pure endowment insurance	134,322	129,220
Annuity products		
Individual annuities	53,079	69,986
Riders for disaster and disease		
Rider to cover accidental death	1,099	1,052
Injury rider	1,547	1,495
Comprehensive protection riders covering hospitalization	1,513	1,433
Comprehensive protection riders covering hospitalization for family	109	100
Comprehensive protection riders covering lifestyle-related disease	108	103
Medical treatment rider for adults	3,964	3,764
Medical treatment rider for women	3,492	3,318
Lifestyle diseases medical treatment rider	65	62
New medical treatment rider for women	25	24
Cancer rider	489	511
Rider to cover initial period of hospitalization	5,182	4,967
Rider to cover hospitalization due to three diseases	185	374
Total, including others	26,428	26,392

Note: 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.)

2-08 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,	%	
	2019	2020
Level-premium		
Assumed interest rates of 1.00% or less	0.65	0.65
Assumed interest rates of more than 1.00%, and 2.00% or less	1.50	1.50
Assumed interest rates of more than 2.00%	1.35	1.35
Single premium and others		
Assumed interest rates of 0.85% or less	0.30	0.30
Assumed interest rates of more than 0.85%, and 2.00% or less	1.15	1.15
Assumed interest rates of more than 2.00%	1.00	1.00

■ Sony Life Performance Indicators (Non-consolidated)

2. The following is an example of policyholder dividends for Sony Life's semi-participating whole life nursing care insurance (before nursing care annuity payments commence) using figures for the fiscal year ended March 31, 2020.

<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)

Contract date	Assumed interest rate	Years elapsed	Ongoing policy	%, Years, Yen	
					Policies to which nursing care applies, ending at death of policyholder
Nov. 2, 2015	1.00%	5years	34,432		34,432
Nov. 2, 2014	1.00	6	—		5,873
Nov. 2, 2013	1.00	7	—		11,793
Nov. 2, 2012	1.50	8	—		0
Nov. 2, 2011	1.50	9	—		0
Nov. 2, 2010	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, 2020.
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, 2020 (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 0.70%, using figures for the fiscal year ended March 31, 2020.

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,	2019	2020
Individual life insurance	3.9	2.3
Individual annuities	39.2	40.8
Group life insurance	(0.9)	(5.3)
Group annuities	(13.7)	(15.0)

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

	Thousands of yen	
For the years ended March 31,	2019	2020
Average policy amount for new policies	10,705	8,954
Average policy amount for policies in force	6,345	6,327

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,	2019	2020
Individual life insurance	12.1	9.6
Individual annuities	45.0	46.1
Group life insurance products	1.4	0.9

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,	2019	2020
Individual life insurance	6.37	4.86
Individual annuities	3.24	3.26
Subtotal	6.28	4.80
Group life insurance	4.39	4.27

■ 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.

	2019	2020
For the years ended March 31, Individual life insurance + Individual annuities	6.06	4.46

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

	2019	2020
For the years ended March 31, Average premiums for new policies	12,743	11,782

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

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

	2019	2020
For the years ended March 31, Based on number of policies	1.85	1.91
Based on policy amount	1.62	1.71

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

	2019		2020	
	Number of policies	Policy amount	Number of policies	Policy amount
For the years ended March 31, Accidental death protection	0.116	0.112	0.087	0.110
Disability protection	0.107	0.039	0.106	0.124
Accidental hospitalization protection	3.868	94.632	4.048	99.089
Disease hospitalization protection	39.299	650.664	40.973	653.695
Lifestyle-related disease hospitalization protection	17.950	445.180	19.624	449.901
Disease and accidental surgery protection	51.345		55.685	
Lifestyle-related disease surgery protection	14.430		16.085	

3-08 Operating expense ratio (to insurance premiums)

	2019	2020
For the years ended March 31, Operating expense ratio	13.0	11.8

4 Indicators Related to Asset Management (General Account)

4-01 Overview of asset management (general account)

Status of asset management for the fiscal year ended March 31, 2020

(1) Investment Environment

The Japanese economy slowed down during the fiscal year ended March 31, 2020. Although the first half of the fiscal year saw a moderate economic growth, the growth decelerated during the October-December quarter due to the impact of natural disasters and the consumption tax hike. The global spread of novel coronavirus infections (COVID-19) in the January-March quarter led to the further weakening of the domestic economy. Meanwhile, prices rose for 39 consecutive months with March core CPI rising 0.4% year on year. The October-December real GDP* shrank 1.8% (annual rate: negative 7.1%) as downward pressures were applied by a 2.8% year-on-year drop in private consumption and a 4.6% year-on-year decline in capital expenditure.

Yields on the bond market rose with fluctuations. 10-year Japanese government bond (JGB) yields declined in the first half of the fiscal year as concerns grew over economic recessions caused by the U.S.-China trade friction. The subsequent progress in the U.S.-China trade talks ignited expectations for a global economic turnaround, leading to the higher yields. In February, though, JGB yields dipped as demands for JGBs, which were deemed safe assets, grew amid the spread of COVID-19. The yields, however, again trended upward as investors cashed out their JGB holdings to meet the increasing needs for cash on hand. The 10-year JGB yield as of March 31, 2020, was 0.031% (up 0.113 percentage points from a year earlier).

In the stock markets, stock prices dropped during the fiscal year. In the first half of the fiscal year, the markets remained soft against the backdrop of the U.S.-China trade friction. With the progress in the U.S.-China trade negotiations, stock prices rallied from September and the Nikkei Stock Average reached ¥24,000 in December when an agreement was reached on a Phase One trade deal. A global increase in cases with COVID-19, however, triggered steep falls in share prices in February 2020 and the Nikkei subsequently plummeted below ¥17,000. In response, national governments worldwide announced significant monetary easing and large-scale fiscal policies, which led to the recovery of the share prices to the ¥19,000 mark. The Nikkei Stock Average closed at ¥18,917.01 on March 31, 2020 (down ¥2,288.8 from a year earlier).

The foreign exchange market showed a yen appreciation against the dollar accompanying significant fluctuations. In the first half of the fiscal year, the yen gained ground versus the U.S. dollar against the backdrop of the shrinking interest rate differentials between the two countries and the U.S.-China trade friction. From September, the yen lost ground to the U.S. dollar falling to ¥112 at one stage, in response to the progress in the U.S.-China trade talks, strong economic indicators in the U.S., and the growing risk appetites among investors. The yen then appreciated to ¥101 in March due to the emergency rate cuts and other monetary easing measures implemented by the Federal Reserve Board (FRB) in response to the falling crude oil prices and spread of COVID-19. Thereafter, the rising demand for the U.S. dollar, the key currency, put the brakes on the appreciation of the yen. As of March 31, 2020, USD/JPY stood at ¥108.83 (down ¥2.16 from a year earlier).

*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, 2020, general account assets totaled ¥9,914.9 billion, up 9.2%, or ¥835.4 billion, from a year earlier. Within general account assets, Japanese bonds totaled ¥8,364.5 billion [accounting for 84.4% of total general account assets], foreign bonds ¥966.9 billion [9.8%], Japanese stocks ¥28.0 billion [0.3%], policy loans ¥208.0 billion [2.1%], real estate ¥92.5 billion [0.9%] and cash and due from banks ¥79.8 billion [0.8%].

Portfolio of general account assets

Components of general account assets

As of March 31,	2019		2020	
	Amount	Composition	Amount	Composition
Cash and due from banks, call loans	61,997	0.7%	79,846	0.8%
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	269,387	3.0	40	0.0
Securities	8,339,691	91.9	9,388,609	94.7
Japanese bonds	7,745,342	85.3	8,364,513	84.4
Japanese stocks	28,611	0.3	28,064	0.3
Foreign securities	564,666	6.2	995,567	10.0
Bonds	542,126	6.0	966,964	9.8
Stocks, etc.	22,539	0.2	28,603	0.3
Other securities	1,071	0.0	464	0.0
Loans	198,410	2.2	208,632	2.1
Policy loans	198,369	2.2	208,069	2.1
Commercial loans	41	0.0	562	0.0
Real estate	90,804	1.0	92,559	0.9
Deferred tax assets	14,248	0.2	19,308	0.2
Other assets	105,530	1.2	126,573	1.3
Reserve for possible loan losses	(623)	(0.0)	(652)	(0.0)
Total	9,079,446	100.0	9,914,916	100.0
Foreign currency-denominated assets	562,095	6.2	985,116	9.9

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

Changes in general account assets by categories

For the years ended March 31,	2019	2020
Cash and due from banks, call loans	21,135	17,848
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	(1,194)	(269,346)
Securities	621,785	1,048,917
Japanese bonds	464,197	619,170
Japanese stocks	(9,852)	(547)
Foreign securities	167,755	430,901
Bonds	175,555	424,837
Stocks, etc.	(7,799)	6,063
Other securities	(314)	(606)
Loans	8,924	10,221
Policy loans	8,908	9,700
Commercial loans	15	520
Real estate	(1,542)	1,755
Deferred tax assets	3,461	5,059
Other assets	(11,665)	21,043
Reserve for possible loan losses	(328)	(29)
Total	640,574	835,469
Foreign currency-denominated assets	152,232	423,021

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

■ Sony Life Performance Indicators (Non-consolidated)

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

	%	
For the years ended March 31,	2019	2020
Cash and due from banks, 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	1.93	1.90
Securities	2.11	1.79
Japanese bonds	1.76	1.71
Japanese stocks	32.26	19.34
Foreign securities	6.39	2.12
Loans	3.55	3.47
Commercial loans	0.53	1.47
Real estate	5.81	6.95
Total	1.94	1.85

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,	2019	2020
Cash and due from banks, call loans	62,289	69,789
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	232,461	210,929
Securities	7,899,966	8,616,094
Japanese bonds	7,403,902	7,817,077
Japanese stocks	20,103	19,854
Foreign securities	475,190	778,614
Loans	192,198	202,887
Commercial loans	28	221
Real estate	84,674	83,172
Total	8,570,661	9,287,747
Overseas investment	482,174	794,160

4-04 Investment income (general account)

	Millions of yen	
For the years ended March 31,	2019	2020
Interest income and dividends	166,937	181,811
Gains on securities under proprietary accounts	—	—
Income from money held in trust, net	4,490	4,013
Income from trading securities, net	—	156
Gains on sale of securities	6,107	3,637
Gains on redemption of securities	—	—
Gains on derivatives, net	—	4,098
Foreign exchange gains, net	13,455	—
Reversal of reserve for possible loan losses	—	—
Other investment income	—	1
Total	190,990	193,718

■ Sony Life Performance Indicators (Non-consolidated)

4-05 Investment expenses (general account)

For the years ended March 31,	Millions of yen	
	2019	2020
Interest expense	1,604	5,059
Losses on securities under proprietary accounts	—	—
Losses on money held in trust, net	—	—
Losses on trading securities, net	126	—
Losses on sale of securities	34	50
Losses on valuation of securities	4,026	6,316
Losses on redemption of securities	—	—
Losses on derivatives, net	13,925	—
Foreign exchange losses, net	—	6,345
Provision for reserve for possible loan losses	329	43
Write-off of loans	—	—
Depreciation of real estate for rent and others	1,599	1,637
Other investment expenses	2,992	2,683
Total	24,638	22,136

4-06 Interest income and dividends (general account)

For the years ended March 31,	Millions of yen	
	2019	2020
Interest income from deposits	0	0
Interest income and dividends on securities	150,733	164,700
Interest income from Japanese bonds	129,930	133,450
Dividends from Japanese stocks	556	319
Interest income and dividends on foreign securities	19,906	30,660
Interest income from loans	6,828	7,049
Income from real estate for rent	8,831	9,710
Total, including others	166,937	181,811

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

For the years ended March 31,	Millions of yen	
	2019	2020
Japanese bonds including JGBs	—	—
Japanese stocks, etc.	6,107	3,440
Foreign securities	—	—
Others	—	197
Total	6,107	3,637

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

For the years ended March 31,	Millions of yen	
	2019	2020
Japanese bonds including JGBs	—	—
Japanese stocks, etc.	34	50
Foreign securities	0	—
Others	—	—
Total	34	50

4-09 Losses on valuation of securities (general account)

For the years ended March 31,	Millions of yen	
	2019	2020
Japanese bonds including JGBs	—	—
Japanese stocks, etc.	—	—
Foreign securities	4,026	6,316
Others	—	—
Total	4,026	6,316

■ Sony Life Performance Indicators (Non-consolidated)

4-10 Securities (general account)

As of March 31,	2019		2020	
	Amount	Composition	Amount	Composition
Japanese government bonds	7,212,288	86.5%	7,757,263	82.6%
Japanese local government bonds	448	0.0	445	0.0
Japanese corporate bonds	532,604	6.4	606,804	6.5
Public corporation bonds	460,976	5.5	471,862	5.0
Japanese stocks	28,611	0.3	28,064	0.3
Foreign securities	564,666	6.8	995,567	10.6
Bonds	542,126	6.5	966,964	10.3
Stocks, etc.	22,539	0.3	28,603	0.3
Other securities	1,071	0.0	464	0.0
Total	8,339,691	100.0	9,388,609	100.0

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

As of March 31,	2019						Total
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	
Securities	4,806	8,828	58,659	272,892	392,177	7,602,326	8,339,691
Japanese government bonds	—	5,372	56,110	270,303	388,956	6,491,545	7,212,288
Japanese local government bonds	—	—	—	—	—	448	448
Japanese corporate bonds	—	—	2,327	2,588	3,220	524,468	532,604
Japanese stocks	—	—	—	—	—	28,611	28,611
Foreign securities	4,708	2,790	222	—	—	556,945	564,666
Bonds	—	—	—	—	—	542,126	542,126
Stocks, etc.	4,708	2,790	222	—	—	14,818	22,539
Other securities	98	665	—	—	—	307	1,071
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	4,806	8,828	58,659	272,892	392,177	7,602,326	8,339,691

As of March 31,	2020						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	11,520	21,516	257,181	315,545	487,383	8,295,461	9,388,609
Japanese government bonds	7,139	18,725	249,828	313,323	482,539	6,685,706	7,757,263
Japanese local government bonds	—	—	—	—	—	445	445
Japanese corporate bonds	—	—	4,882	1,043	2,176	598,701	606,804
Japanese stocks	—	—	—	—	—	28,064	28,064
Foreign securities	4,315	2,391	2,470	1,178	2,667	982,544	995,567
Bonds	—	1,128	2,284	1,178	2,667	959,706	966,964
Stocks, etc.	4,315	1,262	186	—	—	22,838	28,603
Other securities	65	398	—	—	—	—	464
Monetary claims purchased	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total	11,520	21,516	257,181	315,545	487,383	8,295,461	9,388,609

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,	%	
	2019	2020
Japanese bonds	1.76	1.71
Foreign bonds	2.55	2.54

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)

As of March 31,	Millions of yen, %			
	2019		2020	
	Amount	Composition	Amount	Composition
Fisheries, agriculture and forestry	—	—%	—	—%
Mining	—	—	—	—
Construction	1,806	6.3	354	1.3
Manufacturing industries				
Food products	93	0.3	—	—
Textiles and clothing	—	—	—	—
Pulp and paper	—	—	—	—
Chemicals	808	2.8	826	2.9
Medical products	887	3.1	706	2.5
Oil and coal products	—	—	—	—
Rubber products	—	—	—	—
Glass and stone products	143	0.5	—	—
Steel	—	—	—	—
Non-steel metals	—	—	—	—
Metal products	277	1.0	—	—
Machinery	940	3.3	705	2.5
Electric appliances	4,969	17.4	1,576	5.6
Transportation vehicles	2,434	8.5	924	3.3
Precision machinery	730	2.6	692	2.5
Others	810	2.8	538	1.9
Electric and gas utilities	—	—	—	—
Transportation / information telecommunications				
Ground transportation	1,187	4.2	800	2.9
Water transportation	—	—	—	—
Air transportation	—	—	—	—
Warehouses / transportation	—	—	—	—
Information / telecommunications	257	0.9	—	—
Commerce				
Wholesalers	106	0.4	—	—
Retailers	2,877	10.1	927	3.3
Financial services / insurance				
Banking	—	—	—	—
Securities and commodity futures trading	—	—	—	—
Insurance	8,096	28.3	18,426	65.7
Other financial services	926	3.2	379	1.4
Real estate	—	—	—	—
Service companies	1,256	4.4	1,206	4.3
Total	28,611	100.0	28,064	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)

As of March 31,	Millions of yen	
	2019	2020
Policy loans	198,369	208,069
Policyholder loans	180,988	190,521
Automatic premium loans	17,380	17,548
Commercial loans	41	562
[Loans to borrowers outside Japan]	[—]	[—]
Corporate loans	—	—
[Corporate loans - domestic]	[—]	[—]
Loans to national, international and government-affiliated organizations	—	—
Loans to public entities	—	—
Mortgage loans	—	—
Consumer loans	—	—
Other loans	41	562
Total	198,410	208,632

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,	2019						
	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	Ratio of accumulated depreciation
Land	62,259	—	—	—	62,259	—	—%
Buildings	30,087	494	69 [34]	1,967	28,544	27,459	49.0
Leased assets	5	21	1	4	20	0	2.4
Construction in progress	—	—	—	—	—	—	—
Other tangible assets	816	130	4 [2]	189	752	1,791	70.4
Total	93,169	646	76 [37]	2,161	91,577	29,251	49.9
Investment and rental properties	86,069	75	917	1,599	83,627	25,680	52.2

Millions of yen, %

For the year ended March 31,	2020						
	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	Ratio of accumulated depreciation
Land	62,259	2,456	—	—	64,715	—	—%
Buildings	28,544	1,406	112 [18]	1,995	27,843	29,269	51.2
Leased assets	20	443	—	54	408	55	11.9
Construction in progress	—	—	—	—	—	—	—
Other tangible assets	752	92	4 [2]	189	651	1,909	74.6
Total	91,577	4,397	116 [21]	2,239	93,619	31,234	51.9
Investment and rental properties	83,627	1,362	13	1,637	83,338	27,135	54.6

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,	2019	2020
Real estate balance	90,804	92,559
For corporate use	7,232	9,648
For rent	83,571	82,910
Number of buildings for rent	2	3

4-16 Overseas investment (general account)

Details by assets

Millions of yen, %

As of March 31,	2019		2020	
	Amount	Composition	Amount	Composition
Foreign currency-denominated assets (yen amount not fixed)				
Foreign bonds	542,126	95.1%	966,964	96.1%
Foreign stocks	8,395	1.5	3,267	0.3
Cash, deposits and others	11,573	2.0	14,884	1.5
Subtotal	562,095	98.6	985,116	97.9
Foreign currency-denominated assets (yen amount fixed)				
Foreign bonds	—	—	—	—
Cash, deposits and others	—	—	—	—
Subtotal	—	—	—	—
Yen-denominated assets				
Loans to borrowers outside Japan	—	—	—	—
Foreign bonds and others	8,199	1.4	20,885	2.1
Subtotal	8,199	1.4	20,885	2.1
Total				
Overseas investment	570,294	100.0	1,006,001	100.0

Note: "Foreign currency-denominated assets (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,	2019							
	Foreign securities		Foreign bonds		Foreign stocks, etc.		Loans to borrowers outside Japan	
	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition
North America	544,778	96.5%	542,126	100.0%	2,652	11.8%	—	—%
Europe	2,712	0.5	—	—	2,712	12.0	—	—
Oceania	6,529	1.2	—	—	6,529	29.0	—	—
Asia	339	0.1	—	—	339	1.5	—	—
Latin America	10,306	1.8	—	—	10,306	45.7	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	564,666	100.0	542,126	100.0	22,539	100.0	—	—

Millions of yen, %

As of March 31,	2020							
	Foreign securities		Foreign bonds		Foreign stocks, etc.		Loans to borrowers outside Japan	
	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition
North America	969,100	97.3%	966,964	100.0%	2,136	7.5%	—	—%
Europe	2,032	0.2	—	—	2,032	7.1	—	—
Oceania	1,472	0.1	—	—	1,472	5.1	—	—
Asia	496	0.0	—	—	496	1.7	—	—
Latin America	22,465	2.3	—	—	22,465	78.5	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	—	—	—	—	—	—	—	—
Total	995,567	100.0	966,964	100.0	28,603	100.0	—	—

Foreign currency-denominated assets by currency

Millions of yen, %

As of March 31,	2019		2020	
	Amount	Composition	Amount	Composition
U.S. dollar	553,290	98.4%	980,637	99.5%
Euro	1,853	0.3	2,432	0.2
Australian dollar	6,529	1.2	1,472	0.1
British pound	81	0.0	77	0.0
Singapore dollar	341	0.1	497	0.1
Total	562,095	100.0	985,116	100.0

4-17 Yield on overseas investments (general account)

%

For the years ended March 31,	2019	2020
Yield on overseas investments	6.30	2.09

Note: Overseas investments is the total of foreign currency-denominated assets and yen-denominated assets.

■ Sony Life Performance Indicators (Non-consolidated)

5 Status of Insurance Claims Paying Ability

5-01 Solvency margin ratio

	Millions of yen	
As of March 31,	2019	2020
(A) Total solvency margin	1,313,033	1,412,772
Common stock, etc.	361,442	390,186
Reserve for price fluctuations	50,105	52,768
Contingency reserve	98,613	107,659
General reserve for possible loan losses	2	0
Net unrealized gains (losses) on available-for-sale securities (before tax deductions) and net deferred gains (losses) on hedging instruments (before tax deductions) × 90% (100% if losses)	153,782	154,773
Net unrealized gains on real estate × 85% (100% if losses)	50,980	65,514
Amount excluded from deferred tax assets	—	—
Unallocated portion of reserve for policyholders' dividends	245	152
Deferred tax assets	92,924	101,924
Excess amount of policy reserves based on Zillmer method	544,688	554,097
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	(34,281)	(3,331)
Deductible items	(5,471)	(10,971)
(B) Total risk		
$\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$	101,371	114,101
Insurance risk R_1	24,574	24,498
Third-sector insurance risk R_6	8,526	8,459
Assumed interest rate risk R_2	34,062	36,468
Minimum guarantee risk R_7	22,141	23,810
Asset management risk R_3	36,935	46,045
Business management risk R_4	2,524	2,785
Solvency margin ratio		
$[(A)/\{(1/2)\times(B)\}]\times 100$	2,590.5%	2,476.3%

Notes: 1. The above figures are calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 (1996).
2. Minimum guarantee risk is calculated based on the standardized approach.

Reference: Real net assets

	Billions of yen	
As of March 31,	2019	2020
(1) Total amount to be recorded as assets (=① + ② + ③ + ④ - ⑤ - ⑥)	12,556.8	13,877.8
① Total assets on the balance sheets	10,380.1	11,237.1
② Difference between fair value and balance sheet amount of securities	2,114.3	2,561.2
③ Unrealized gain (losses) on tangible fixed assets	62.3	79.4
④ Unrealized gain (losses) 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)	9,124.4	9,934.7
① Total liabilities on the balance sheets	9,866.2	10,697.5
② Reserve for price fluctuations	50.1	52.7
③ Contingency reserve	98.6	107.6
④ Part of reserves for future insurance claim payment	544.9	554.2
Excess of amount equivalent to surrender values (④ (a))	544.6	554.0
Unallocated amount in reserve for policyholders' dividends (④ (b))	0.2	0.1
⑤ Deferred tax liabilities for net unrealized gains (losses) on available-for-sale securities	48.1	48.1
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)	3,432.3	3,943.0
(3) Unrealized gains (losses) on held-to-maturity securities and policy-reserve-matching bonds	2,114.3	2,561.2
Real net assets (B) (1)-(2)-(3) (excluding unrealized gains (losses) on held-to-maturity securities and policy-reserve-matching bonds)	1,318.0	1,381.8

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.

■ Sony Life Performance Indicators (Non-consolidated)

6 Balance of Separate Account Assets

	Millions of yen	
As of March 31,	2019	2020
Individual variable life insurance and individual variable annuities	1,300,701	1,323,948
Group annuities	—	—
Total separate account	1,300,701	1,323,948

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

	2020								%
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	(8.09)	(5.69)	(12.26)	(2.92)	0.00	4.32	(3.86)	(0.02)	

7-02 Investment progress (for the fiscal year ended March 31, 2020)

Equity-based investment

Benchmark: The Nikkei Stock Average

■ Investment progress in the period

Japanese stock markets fell during the fiscal year. In the period from the beginning to the midpoint of the fiscal year, the Nikkei Stock Average remained weak due to the deterioration of investor sentiment against the backdrop of U.S. tariff hikes on imports from China; however, share prices began to trend upward due to progress in U.S.-China trade talks from September, leading the index to briefly rise to the ¥24,000 level. Thereafter, the global spread of COVID-19 beginning in February 2020 led to a sharp decrease in the index to the ¥16,000 level in March. However, monetary easing and fiscal policies by national governments resulted in a rebound of the index to around ¥19,000 at the end of fiscal year, as investors expected these to prop up economies. The investment results of the fund were negative 8.09% year on year, while the benchmark return stood at negative 10.79%.

■ 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 negative 5.69% year on year, while the benchmark return stood at negative 9.50%.

■ Investment policy for the future

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

Global core equity-based investment

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

■ Investment progress in the period

Sony Life invested in the additional-type equity investment trust "World Equity Fund VL (exclusively for qualified institutional investors)" (provided by State Street Global Advisors (Japan) Co., Ltd.). Investment results of the fund were negative 12.26% year on year, while the benchmark return was negative 10.57%.

■ 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).

Sony Life Performance Indicators (Non-consolidated)

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

The world's major stock markets fell during the fiscal year. Up through the middle of the fiscal year, stocks continued to trend with a sluggish upside; however, progress in U.S.-China trade talks as well as a series of FRB interest rate cuts and strong economic statistics helped boost U.S. stock prices, which marked record highs in February 2020. However, this was followed by steep falls in share prices with the global spread of COVID-19. Towards the end of the fiscal year, share prices returned to a tight range amid high expectations that monetary easing and fiscal policies enacted by national governments would prop up economies. Investment results of the fund were negative 2.92% year on year, while the benchmark return was negative 10.57%.

■ Investment policy for the future

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

Bond-based investment

■ Investment progress in the period

The Japanese bond market experienced significant fluctuations in interest rates. In the first half of the fiscal year, long-term interest rates temporarily fell to the negative 0.28% range due to concerns over the economic outlook due to the intensifying U.S.-China trade friction. Then, with progress in U.S.-China trade talks, the risk averse sentiment receded and long-term interest rates began to rise. At the beginning of the calendar year, the spread of COVID-19 caused a decline in long-term interest rates; however, growing demand for funding accelerated bond sales, with interest rates temporarily rising to over positive 0.08% at the end of the fiscal year. Investment results of the fund were positive 0.00% 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

Interest rates fell in major world bond markets. In the first half of the fiscal year, U.S. interest rates were on a declining trend due to concerns over the economic outlook due to the intensifying U.S.-China trade friction. The FRB's preventive interest rate cuts created an ongoing state of poor outlook for rising interest rates from October onward. The global spread of COVID-19 caused a further, sharp decline in interest rates in February and thereafter. From March onward, though there were instances of temporary increases in interest rates due to bond sales as a result of increased demand for funding, the FRB's new unlimited bond-buying plan and other monetary easing policies held interest rates at low levels. The investment results of the fund were positive 4.32% year on year, while the benchmark return stood at positive 4.32%.

■ 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 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 investments were made in a diversified manner, primarily comprised of Japanese bonds, Japanese stocks and Exchange Traded Funds (ETF Nikkei 225). These funds registered investment results of negative 3.86% year on year, due to an increase in domestic bond market interest rates (and an associated decline in bond prices) and decline in the domestic stock 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 0.02% year on year, approximately tracking short-term interest.

■ Investment policy for the future

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

■ Sony Life Performance Indicators (Non-consolidated)

8 Status of Individual Variable Life Insurance and Individual Variable Annuities

8-01 Policy amount in force

Individual variable life insurance

	2019		2020	
	Number	Amount	Number	Amount
As of March 31,				
Variable life insurance (whole life type)	836,700	7,980,475	830,917	7,601,102
Variable life insurance (limited term type)	152,548	922,336	185,790	1,183,138
Variable life insurance (term type)	12,713	685,553	15,422	859,808
Total	1,001,961	9,588,365	1,032,129	9,644,050

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

Individual variable annuities

	2019		2020	
	Number	Amount	Number	Amount
As of March 31,				
Individual variable annuities	244,234	1,483,080	361,212	2,256,666

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

	2019		2020	
	Amount	Composition	Amount	Composition
As of March 31,				
Cash and due from banks, call loans	113,749	8.7%	77,863	5.9%
Securities	1,184,185	91.0	1,241,363	93.8
Japanese bonds	147,570	11.3	168,197	12.7
Japanese stocks	20,770	1.6	22,063	1.7
Foreign securities	697,945	53.7	770,376	58.2
Bonds	86,546	6.7	97,351	7.4
Stocks, etc.	611,398	47.0	673,024	50.8
Other securities	317,900	24.4	280,727	21.2
Loans	—	—	—	—
Others	2,766	0.2	4,721	0.4
Reserve for possible loan losses	—	—	—	—
Total	1,300,701	100.0	1,323,948	100.0

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

■ Sony Life Performance Indicators (Non-consolidated)

8-03 Net investment gains (losses) of separate account assets in individual variable life insurance and individual variable annuities

For the years ended March 31,	Millions of yen	
	2019	2020
Interest income and dividends	18,913	23,102
Gains on sale of securities	49,662	47,630
Gains on redemption of securities	50	6
Valuation gains on securities	298,688	231,734
Foreign exchange gains, net	—	—
Gains on derivatives, net	—	—
Other investment income	4,453	2,776
Losses on sale of securities	10,171	4,922
Losses on redemption of securities	76	79
Losses on valuation of securities	268,458	339,913
Foreign exchange losses, net	1,983	5,499
Losses on derivatives, net	—	—
Other investment expenses	3,134	826
Net investment gains (losses)	87,944	(45,990)

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 securities

	Millions of yen			
	2019		2020	
As of March 31,	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading securities	1,184,185	30,230	1,241,363	(108,179)

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,	2019	2020
Number of agencies	1,795	1,813

■ Sony Life Performance Indicators (Non-consolidated)

10 Number of Employees and Recruits

10-01 Number of employees

As of March 31,	2019	2020
Office employees	2,627	2,850
[Male]	[1,266]	[1,368]
[Female]	[1,361]	[1,482]
Sales employees	5,834	5,792
[Male]	[5,674]	[5,641]
[Female]	[160]	[151]

10-02 Number of recruits

For the years ended March 31,	2019	2020
Office employees	490	513
[Male]	[174]	[163]
[Female]	[316]	[350]
Sales employees	434	378
[Male]	[410]	[365]
[Female]	[24]	[13]

10-03 Average age and years of service

As of March 31,	2019		2020	
	Average age	Average years of service	Average age	Average years of service
Office employees	40.8	8.9	41.2	9.1
[Male]	[42.4]	[11.7]	[42.9]	[12.0]
[Female]	[39.4]	[6.4]	[39.7]	[6.5]
Sales employees	44.9	10.3	45.2	11.1
[Male]	[45.0]	[10.5]	[45.3]	[11.3]
[Female]	[39.6]	[3.3]	[40.6]	[4.4]

11 Average Salary

11-01 Average salary (office employees)

For the years ended March 31,	Thousands of yen	
	2019	2020
Office employees	382	387

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	
	2019	2020
Office employees	756	704

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

■ Sony Assurance

Financial Data

Balance Sheets

Sony Assurance Inc.

As of March 31, 2019 and 2020

Millions of yen, %

	2019		2020		Change
	Amount	Composition	Amount	Composition	
Assets					
Cash and deposits	20,043	9.13%	28,671	12.21%	8,627
Cash	0		0		
Deposits	20,043		28,670		
Call loans	—	—	10,000	4.26	10,000
Securities	157,959	71.92	147,813	62.93	(10,145)
Japanese government bonds	76,390		72,078		
Japanese local government bonds	50,504		42,610		
Japanese corporate bonds	29,268		30,377		
Japanese stocks	1,599		1,194		
Foreign securities	198		1,553		
Tangible fixed assets	1,689	0.77	1,266	0.54	(423)
Buildings	169		152		
Construction in progress	63		57		
Other tangible fixed assets	1,456		1,056		
Intangible fixed assets	10,012	4.56	14,845	6.32	4,832
Software	6,646		7,624		
Software in progress	3,356		7,210		
Other intangible fixed assets	9		11		
Other assets	18,609	8.47	19,884	8.47	1,275
Accrued premiums	1,234		1,241		
Due from reinsurers	290		67		
Due from foreign reinsurers	15		31		
Accounts receivable	11,115		12,307		
Accrued income	161		146		
Money on deposits	530		543		
Suspense payments	5,260		5,547		
Deferred tax assets	11,328	5.16	12,388	5.27	1,060
Total Assets	219,643	100.00	234,870	100.00	15,227

■ Sony Assurance Financial Data

Millions of yen, %

	2019		2020		Change
	Amount	Composition	Amount	Composition	
Liabilities					
Underwriting reserves	168,494	76.71%	179,511	76.43%	11,017
Reserve for outstanding losses and claims	40,674		40,354		
Underwriting reserves	127,819		139,157		
Other liabilities	13,018	5.93	14,101	6.00	1,083
Due to reinsurers	235		380		
Due to foreign reinsurers	5		9		
Income taxes payable	1,938		1,808		
Deposits received	73		74		
Accounts payable	5,099		5,179		
Suspense receipt	5,666		6,649		
Reserve for employees' retirement benefits	1,857	0.85	1,972	0.84	114
Reserve for employees' bonuses	1,236	0.56	1,231	0.52	(4)
Reserve under the special laws	238	0.11	268	0.11	29
Reserve for price fluctuations	238		268		
Total Liabilities	184,844	84.16	197,085	83.91	12,241
Net Assets					
Common stock	20,000	9.11	20,000	8.52	—
Capital surplus	3,389	1.54	3,389	1.44	—
Capital reserve	3,389		3,389		
Retained earnings	10,460	4.76	13,768	5.86	3,308
Legal retained earnings	1,092		1,592		
Other retained earnings	9,367		12,176		
Unappropriated retained earnings	9,367		12,176		
Total shareholders' equity	33,849	15.41	37,158	15.82	3,308
Net unrealized gains (losses) on available-for-sale securities, net of taxes	949	0.43	626	0.27	(322)
Total valuation and translation adjustments	949	0.43	626	0.27	(322)
Total Net Assets	34,798	15.84	37,785	16.09	2,986
Total Liabilities and Net Assets	219,643	100.00	234,870	100.00	15,227

■ Sony Assurance Financial Data

Statements of Income

Sony Assurance Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019	2020	Change
Ordinary Revenues	115,102	121,728	6,626
Underwriting income	113,174	119,747	6,573
Net premiums written	113,101	119,352	
Interest and dividends on deposits of premiums	72	74	
Reversal of reserve for outstanding losses and claims	—	320	
Investment income	1,857	1,935	78
Interest income and dividends	1,372	1,337	
Gains on sale of securities	557	672	
Transfer to interest and dividends on deposits of premiums	(72)	(74)	
Other ordinary income	70	44	(25)
Ordinary Expenses	108,204	113,655	5,450
Underwriting expenses	78,435	82,368	3,933
Net losses paid	56,608	60,315	
Loss adjustment expenses	8,220	9,001	
Net commissions and brokerage fees	1,724	1,713	
Provision for reserve for outstanding losses and claims	1,139	—	
Provision for underwriting reserves	10,741	11,338	
Investment expenses	0	—	(0)
Losses on sale of securities	0	—	
Operating, general and administrative expenses	29,766	31,283	1,517
Other ordinary expenses	2	3	0
Other ordinary expenses	2	3	
Ordinary Profit	6,897	8,072	1,175
Extraordinary Gains	—	—	—
Extraordinary Losses	39	49	10
Losses on disposal of fixed assets	7	20	
Provision for reserve under the special laws	31	29	
Provision for reserve for price fluctuations	31	29	
Income Before Income Taxes	6,858	8,022	1,164
Income Taxes - Current	3,325	3,148	(176)
Income Taxes - Deferred	(1,466)	(934)	531
Total Income Taxes	1,858	2,214	355
Net Income	4,999	5,808	808

Statements of Changes in Net Assets

Sony Assurance Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019						
	Shareholders' equity						
	Capital surplus			Retained earnings (deficits)			
	Common stock	Capital reserve	Total capital surplus	Legal retained earnings	Other retained earnings (deficits)	Unappropriated retained earnings (deficits)	Total retained earnings (deficits)
Balance at the beginning of the period	20,000	3,389	3,389	610	7,261	7,872	31,261
Changes during the period							
Dividends from surplus	—	—	—	482	(2,894)	(2,412)	(2,412)
Net income	—	—	—	—	4,999	4,999	4,999
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	482	2,105	2,587	2,587
Balance at the end of the period	20,000	3,389	3,389	1,092	9,367	10,460	33,849

	2019		
	Valuation and translation adjustments		
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Total valuation and translation adjustments	Total net assets
	Balance at the beginning of the period	1,927	1,927
Changes during the period			
Dividends from surplus	—	—	(2,412)
Net income	—	—	4,999
Net changes of items other than shareholders' equity	(978)	(978)	(978)
Total changes during the period	(978)	(978)	1,609
Balance at the end of the period	949	949	34,798

■ Sony Assurance Financial Data

Statements of Changes in Net Assets (Continued)

Millions of yen

	2020						
	Shareholders' equity						
	Capital surplus			Retained earnings (deficits)			
	Common stock	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	1,092	9,367	10,460	33,849
Changes during the period							
Dividends from surplus	—	—	—	500	(3,000)	(2,500)	(2,500)
Net income	—	—	—	—	5,808	5,808	5,808
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	500	2,808	3,308	3,308
Balance at the end of the period	20,000	3,389	3,389	1,592	12,176	13,768	37,158

Millions of yen

	2020		
	Valuation and translation adjustments		
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the period	949	949	34,798
Changes during the period			
Dividends from surplus	—	—	(2,500)
Net income	—	—	5,808
Net changes of items other than shareholders' equity	(322)	(322)	(322)
Total changes during the period	(322)	(322)	2,986
Balance at the end of the period	626	626	37,785

■ Sony Assurance Financial Data

Statements of Cash Flows

Sony Assurance Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019	2020	Change
Cash flows from operating activities			
Income before income taxes	6,858	8,022	1,164
Depreciation and amortization	2,457	2,476	18
Increase (decrease) in reserve for outstanding losses and claims	1,139	(320)	(1,459)
Increase (decrease) in underwriting reserves	10,741	11,338	596
Increase (decrease) in reserve for employees' retirement benefits	189	114	(74)
Increase (decrease) in reserve for employees' bonuses	103	(4)	(108)
Increase (decrease) in reserve for price fluctuations	31	29	(2)
Interest income and dividends	(1,372)	(1,337)	35
(Gains) losses on securities	(557)	(672)	(115)
(Gains) losses on tangible fixed assets	4	20	15
(Gains) losses on intangible fixed assets	2	—	(2)
(Increase) decrease in other assets (excluding those related to investing and financing activities)	(1,468)	(1,291)	177
Increase (decrease) in other liabilities (excluding those related to investing and financing activities)	1,550	920	(629)
Subtotal	19,681	19,296	(385)
Interest and dividends received	1,750	1,733	(17)
Income taxes (paid) refund	(3,757)	(3,297)	459
Net cash provided by (used in) operating activities	17,674	17,731	56
Cash flows from investing activities			
Net (increase) decrease in call loans	—	(10,000)	(10,000)
Purchases of securities	(43,286)	(14,644)	28,641
Proceeds from sale and redemption of securities	29,505	24,634	(4,870)
Total of net cash provided by (used in) investment transactions	(13,780)	(9)	13,770
[Total of net cash provided by (used in) operating activities and investment transactions]	[3,894]	[17,721]	[13,827]
Purchases of tangible fixed assets	(326)	(307)	19
Others, net	(4,890)	(6,287)	(1,396)
Net cash provided by (used in) investing activities	(18,998)	(6,604)	12,393
Cash flows from financing activities			
Cash dividends paid	(2,412)	(2,500)	(88)
Net cash provided by (used in) financing activities	(2,412)	(2,500)	(88)
Effect of exchange rate changes on cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	(3,735)	8,627	12,362
Cash and cash equivalents at the beginning of the period	23,778	20,043	(3,735)
Cash and cash equivalents at the end of the period	20,043	28,671	8,627

Sony Assurance Financial Data

Notes

Sony Assurance Inc.

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

1. The total amount of deferred tax assets was ¥11,697 million, while the total amount of deferred tax liabilities was ¥369 million for fiscal 2019. The breakdown of major factors giving rise to the deferred tax assets is underwriting reserves of ¥7,045 million and reserve for outstanding losses and claims of ¥1,764 million.

The total amount of deferred tax assets was ¥12,632 million, while the total amount of deferred tax liabilities was ¥243 million for fiscal 2020. The breakdown of major factors giving rise to deferred tax assets is underwriting reserves of ¥7,908 million and reserve for outstanding losses and claims of ¥1,732 million.

2. Information regarding retirement benefits is as follows:

- (1) Retirement benefit obligations and their breakdown

	Millions of yen	
	2019	2020
Retirement benefit obligations	(1,960)	(2,023)
Unrecognized net actuarial gains (losses)	102	51
Reserve for employees' retirement benefits	(1,857)	(1,972)

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

Method for attributing projected retirement benefits: Benefit formula basis

	2019	2020
Discount rate	0.3%	0.5%
Number of years for amortizing net actuarial gains (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:

	Millions of yen	
	2019	2020
Service cost	232	241
Interest cost	5	5
Recognized actual gains (losses)	17	17
Retirement benefit expenses	255	264
Contribution to defined contribution pension plan	193	199
Total	449	464

Sony Assurance Financial Data

1 Loans by Borrower Category

As of March 31,	Millions of yen	
	2019	2020
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	
	2019	2020
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, Paragraph 1, Item 3 i through v (allowed limits for uncollectible accounts) or Article 96, Paragraph 1, Item 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, %			
	2019		2020	
	Amount	Composition	Amount	Composition
Japanese government bonds	76,390	48.4%	72,078	48.8%
Japanese local government bonds	50,504	32.0	42,610	28.8
Japanese corporate bonds	29,268	18.5	30,377	20.6
Japanese stocks	1,599	1.0	1,194	0.8
Foreign securities	198	0.1	1,553	1.1
Total	157,959	100.0	147,813	100.0

Sony Assurance Financial Data

3-02 Yield on securities (yield on investments)

	%	
For the years ended March 31,	2019	2020
Japanese bonds	0.89	0.88
Japanese stocks	1.00	1.16
Foreign securities	2.82	0.65
Other securities	—	—
Total	0.89	0.88
Yield on investments	1.25	1.32
Reference: Yield on investments (fair value basis)	0.36	1.02

3-03 Balance of securities by remaining period

	Millions of yen						
	2019						
As of March 31,	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	Total
Japanese government bonds	7,999	4,509	98	—	1,490	62,292	76,390
Japanese local government bonds	8,278	26,881	13,726	410	700	507	50,504
Japanese corporate bonds	5,775	17,319	4,567	—	300	1,304	29,268
Japanese stocks	—	—	—	—	—	1,599	1,599
Foreign securities	100	—	97	—	—	—	198
Other securities	—	—	—	—	—	—	—
Total	22,153	48,710	18,490	410	2,491	65,703	157,959

	Millions of yen						
	2020						
As of March 31,	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years (including no fixed maturity)	Total
Japanese government bonds	4,503	99	—	—	1,491	65,984	72,078
Japanese local government bonds	9,301	30,308	1,582	410	500	507	42,610
Japanese corporate bonds	6,150	14,029	7,795	100	200	2,100	30,377
Japanese stocks	—	—	—	—	—	1,194	1,194
Foreign securities	199	861	492	—	—	—	1,553
Other securities	—	—	—	—	—	—	—
Total	20,156	45,298	9,870	510	2,191	69,786	147,813

3-04 Policy reserves and others

	Millions of yen	
Reserve for outstanding losses and claims	2019	2020
As of March 31,		
Fire	5	37
Marine	(4)	0
Personal accident	670	807
Voluntary automobile	39,540	39,036
Compulsory automobile liability	462	473
Others	—	—
Total	40,674	40,354

Sony Assurance Financial Data

Underwriting reserves

As of March 31,	Millions of yen	
	2019	2020
Fire	802	2,042
Marine	0	0
Personal accident	57,519	61,854
Voluntary automobile	67,023	72,358
Compulsory automobile liability	2,473	2,901
Others	—	—
Total	127,819	139,157

Breakdown of the balance of underwriting reserves

As of March 31,	2019						Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends		
Fire	657	143	1	—	—	802	
Marine	—	0	—	—	—	0	
Personal accident	53,783	3,614	121	—	—	57,519	
Voluntary automobile	46,139	20,878	—	6	—	67,023	
Compulsory automobile liability	2,473	—	—	—	—	2,473	
Others	—	—	—	—	—	—	
Total	103,054	24,636	122	6	—	127,819	

As of March 31,	2020						Total
	Unearned premium reserve	Catastrophe reserve	Contingency reserve	Refund reserve	Reserve for policyholders' dividends		
Fire	1,783	257	1	—	—	2,042	
Marine	—	0	—	—	—	0	
Personal accident	57,820	3,903	129	—	—	61,854	
Voluntary automobile	48,655	23,699	—	3	—	72,358	
Compulsory automobile liability	2,901	—	—	—	—	2,901	
Others	—	—	—	—	—	—	
Total	111,161	27,860	131	3	—	139,157	

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,	2019	2020
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.

Sony Assurance Financial Data

3-06 Other reserves

	Millions of yen				
	2018	2019			
	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 employees' bonuses	1,132	1,236	1,132	—	1,236
Reserve for price fluctuations	206	31	—	—	238

	Millions of yen				
	2019	2020			
	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 employees' bonuses	1,236	1,231	1,236	—	1,231
Reserve for price fluctuations	238	29	—	—	268

4 Profit and Loss

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

	Millions of yen					
	2019			2020		
For the years ended March 31,	Gains on sales	Losses on sales	Devaluation losses	Gains on sales	Losses on sales	Devaluation losses
Japanese government bonds, etc.	9	0	—	1	—	—
Japanese stocks	547	—	—	671	—	—
Foreign securities	—	—	—	—	—	—
Total	557	0	—	672	—	—

4-02 Gains (losses) on trading securities

Not applicable

■ Sony Assurance Financial Data

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

For the years ended March 31,	Millions of yen			
	2019		2020	
	Gains	Losses	Gains	Losses
Land and buildings	—	4	—	5
Other tangible fixed assets	—	0	—	15
Intangible fixed assets	—	2	—	—
Total	—	7	—	20

4-04 Operating expenses (including loss adjustment expenses)

For the years ended March 31,	Millions of yen	
	2019	2020
Personnel expenses	10,801	11,287
Non-personnel expenses	26,259	28,012
Taxes	925	985
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	1,724	1,713
Total	39,711	41,997

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

For the year ended March 31,	Millions of yen			
	2019			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	620	31	450	169
For corporate use	620	31	450	169
For rent	—	—	—	—
Other tangible fixed assets	6,172	1,013	4,716	1,456
Software	23,988	1,412	17,342	6,646
Other intangible fixed assets	1,879	0	1,870	9
Total	32,660	2,457	24,378	8,282

For the year ended March 31,	Millions of yen			
	2020			
	Acquisition cost	Depreciation expenses	Accumulated depreciation	Balance at the end of the period
Buildings	600	29	447	152
For corporate use	600	29	447	152
For rent	—	—	—	—
Other tangible fixed assets	6,461	784	5,405	1,056
Software	26,628	1,662	19,004	7,624
Other intangible fixed assets	1,881	0	1,870	11
Total	35,572	2,476	26,727	8,844

Sony Assurance Financial Data

5 Fair Value Information, etc.

5-01 Securities

Trading securities

Not applicable

Held-to-maturity securities

Millions of yen

As of March 31,	2019			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeding balance sheet amount						
Japanese bonds	79,921	101,571	21,650	74,587	97,506	22,918
Foreign securities	198	208	10	98	104	6
Subtotal	80,119	101,779	21,660	74,685	97,611	22,925
Fair value not exceeding balance sheet amount						
Japanese bonds	—	—	—	3,628	3,555	(72)
Foreign securities	—	—	—	—	—	—
Subtotal	—	—	—	3,628	3,555	(72)
Total	80,119	101,779	21,660	78,314	101,167	22,852

Stock of subsidiaries and affiliated companies

Not applicable

Available-for-sale securities

Millions of yen

As of March 31,	2019			2020		
	Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount exceeding acquisition cost						
Japanese bonds	49,970	49,899	70	21,819	21,796	23
Japanese stocks	1,599	324	1,274	1,194	202	991
Subtotal	51,569	50,223	1,345	23,014	21,998	1,015
Balance sheet amount not exceeding acquisition cost						
Japanese bonds	26,271	26,298	(27)	45,029	45,124	(95)
Japanese stocks	—	—	—	—	—	—
Foreign securities	—	—	—	1,455	1,505	(49)
Subtotal	26,271	26,298	(27)	46,485	46,630	(144)
Total	77,840	76,521	1,318	69,499	68,628	870

Available-for-sale securities sold during the year

Millions of yen

For the years ended March 31,	2019			2020		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
Japanese bonds	3,108	9	0	1,701	1	—
Japanese stocks	637	547	—	794	671	—
Total	3,746	557	0	2,496	672	—

Performance Indicators

1 Principal Indicators of Operating Performance

	Millions of yen				
For the years ended March 31,	2016	2017	2018	2019	2020
Net premiums written	95,549	100,274	108,254	113,101	119,352
Year-on-year change	4.2%	4.9%	8.0%	4.5%	5.5%
Underwriting profit	3,470	3,070	4,863	5,050	6,165
Year-on-year change	14.0%	(11.5%)	58.4%	3.8%	22.1%
Ordinary revenues	96,905	102,333	110,092	115,102	121,728
Year-on-year change	4.2%	5.6%	7.6%	4.6%	5.8%
Ordinary profit	4,680	4,996	6,574	6,897	8,072
Year-on-year change	11.2%	6.8%	31.6%	4.9%	17.0%
Net income	2,586	3,515	4,821	4,999	5,808
Year-on-year change	15.8%	35.9%	37.2%	3.7%	16.2%
Net loss ratio	57.8%	57.5%	55.9%	57.3%	58.1%
Net expense ratio	27.1%	28.3%	28.5%	27.8%	27.6%
Interest income and dividends	1,313	1,327	1,324	1,372	1,337
Year-on-year change	3.6%	1.0%	(0.2%)	3.7%	(2.6%)
Yield on investments (income basis)	1.03%	0.95%	0.85%	0.80%	0.74%
Yield on investments (realized basis)	1.03%	1.44%	1.15%	1.12%	1.11%
Securities	127,256	137,553	145,349	157,959	147,813
Loans	—	—	—	—	—
Underwriting reserves	95,704	106,173	117,077	127,819	139,157
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	28,305	29,409	33,189	34,798	37,785
Total assets	172,323	186,537	204,362	219,643	234,870
Assets accounted for as deposit premium accounts	—	—	—	—	—
Capital adequacy ratio	16.4%	15.8%	16.2%	15.8%	16.1%
Dividend payout ratio	50.0%	50.0%	50.0%	50.0%	50.0%
Non-consolidated solvency margin ratio	693.5%	730.8%	782.1%	813.0%	872.3%
Number of employees	1,178	1,203	1,235	1,303	1,351

■ Sony Assurance Performance Indicators

2 Underwriting Performance

2-01 Direct premiums written

Millions of yen, %

For the years ended March 31,	2019			2020		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	616	0.5%	198.8%	2,275	1.9%	269.2%
Marine	—	—	—	—	—	—
Personal accident	8,823	7.9	1.7	9,253	7.8	4.9
Voluntary automobile	102,758	91.6	4.7	107,606	90.3	4.7
Compulsory automobile liability	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	112,198	100.0	4.8	119,135	100.0	6.2
Direct premiums written per employee	86		(0.6)	88		2.4

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,	2019			2020		
	Amount	Composition	YoY change	Amount	Composition	YoY change
Fire	265	0.2%	1,533.0%	1,284	1.1%	384.6%
Marine	(0)	(0.0)	(100.0)	0	0.0	—
Personal accident	8,872	7.8	(0.2)	9,044	7.6	1.9
Voluntary automobile	102,458	90.6	4.7	107,311	89.9	4.7
Compulsory automobile liability	1,505	1.3	2.4	1,712	1.4	13.8
Others	—	—	—	—	—	—
Total	113,101	100.0	4.5	119,352	100.0	5.5

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,	2019			2020		
	Amount	Composition	Net loss ratio	Amount	Composition	Net loss ratio
Fire	15	0.0%	21.0%	205	0.3%	20.0%
Marine	10	0.0	—	(3)	(0.0)	—
Personal accident	3,009	5.3	37.6	3,249	5.4	39.2
Voluntary automobile	52,223	92.3	58.6	55,518	92.0	59.8
Compulsory automobile liability	1,350	2.4	89.7	1,346	2.2	78.6
Others	—	—	—	—	—	—
Total	56,608	100.0	57.3	60,315	100.0	58.1

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

For the years ended March 31,	Millions of yen	
	2019	2020
Expenses related to underwriting	31,411	32,925
Operating, general and administrative expenses related to underwriting	29,687	31,212
Net commissions and brokerage fees	1,724	1,713
Net expense ratio*	27.8%	27.6%

*Net expense ratio = Expenses related to underwriting / Net premiums written

2-05 Underwriting profit

For the years ended March 31,	Millions of yen	
	2019	2020
Underwriting income	113,174	119,747
Underwriting expenses	78,435	82,368
Operating, general and administrative expenses	29,687	31,212
Other income (expenses)	(1)	(1)
Underwriting profit	5,050	6,165

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

For the years ended March 31,	Millions of yen	
	2019	2020
Fire	(1,075)	(1,788)
Marine	(7)	(0)
Personal accident	(2,717)	(1,773)
Voluntary automobile	8,852	9,728
Compulsory automobile liability	—	—
Others	—	—
Total	5,050	6,165

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

For the years ended March 31,	%					
	2019			2020		
	Net loss ratio	Net expense ratio	Combined*	Net loss ratio	Net expense ratio	Combined*
Fire	21.0	346.7	367.7	20.0	120.1	140.2
Marine	—	—	—	—	—	—
Personal accident	37.6	34.8	72.4	39.2	31.0	70.2
Voluntary automobile	58.6	26.7	85.4	59.8	26.6	86.4
Compulsory automobile liability	89.7	—	89.7	78.6	—	78.6
Others	—	—	—	—	—	—
Total	57.3	27.8	85.1	58.1	27.6	85.7

*Combined ratio = Net loss ratio + Net expense ratio

■ Sony Assurance Performance Indicators

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

As of March 31,	2019		2020	
	Amount	Composition	Amount	Composition
Cash and deposits	20,043	9.1%	28,670	12.2%
Call loans	—	—	10,000	4.3
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	157,959	71.9	147,813	62.9
Loans	—	—	—	—
Land and buildings	169	0.1	152	0.1
Total	178,172	81.1	186,637	79.5
Total assets	219,643	100.0	234,870	100.0

■ Sony Assurance Performance Indicators

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

For the years ended March 31,	Millions of yen, %			
	2019		2020	
	Amount	Yield	Amount	Yield
Cash and deposits	0	0.00%	0	0.00%
Call loans	—	—	0	0.01
Bond trading with repurchase agreement	—	—	—	—
Bonds paid for securities borrowing transactions	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	—	—	—	—
Securities	1,372	0.89	1,336	0.88
Loans	—	—	—	—
Land and buildings	—	—	—	—
Subtotal	1,372	0.80	1,337	0.74
Others	0	—	0	—
Total	1,372	—	1,337	—
Yield on investments (realized basis)	—	1.12	—	1.11
(Reference) Yield on investments (fair value basis)	—	0.33	—	0.85

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

2. 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 (losses) 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 (losses) at end of period* – Net unrealized gains (losses) at end of previous period*)
- Denominator = Average balance of either acquisition cost or amortized cost + Net unrealized gains (losses) on available-for-sale securities at end of previous period*

*Amounts before tax deductions

3-04 Overseas investment

As of March 31,	Millions of yen, %			
	2019		2020	
	Amount	Composition	Amount	Composition
Foreign currency denominated				
Foreign bonds	—	—%	—	—%
Foreign stocks	—	—	—	—
Others	—	—	—	—
Subtotal	—	—	—	—
Yen denominated				
Loans to borrowers outside Japan	—	—	—	—
Foreign bonds	198	100.0	1,553	100.0
Others	—	—	—	—
Subtotal	198	100.0	1,553	100.0
Total	198	100.0	1,553	100.0
Yield on overseas investments				
Yield on investments (income basis)	—	2.82%	—	0.65%
Yield on investments (realized basis)	—	2.82	—	0.65
(Reference) Yield on investments (fair value basis)	—	2.82	—	(3.67)

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 2 of "3-03 Interest income and dividends, yield on investments (income basis)."

■ Sony Assurance Performance Indicators

4 Non-consolidated Solvency Margin Ratio

As of March 31,	Millions of yen	
	2019	2020
(A) Total non-consolidated solvency margin	60,010	66,674
Capital or treasury, etc.	31,349	34,252
Reserve for price fluctuations	238	268
Contingency reserve	122	131
Catastrophe reserve	24,636	27,860
General reserve for possible loan losses	—	—
Net unrealized gains (losses) on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)	1,186	783
Net unrealized gains (losses) 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	2,476	3,379
(B) Total non-consolidated risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	14,760	15,286
Ordinary insurance risk R_1	13,181	13,711
Third-sector insurance risk R_2	0	0
Assumed interest rate risk R_3	123	132
Asset management risk R_4	1,861	1,829
Business management risk R_5	325	335
Major catastrophe risk R_6	1,105	1,100
(C) Non-consolidated solvency margin ratio $[(A)/\{(B) \times (1/2)\}] \times 100$	813.0%	872.3%

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) applicable as of the end of the respective fiscal years. Therefore, simple comparisons cannot be made between the figures for each year.

- 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 as disposal of surplus, such as dividends to shareholders, 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 (losses) on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)
Net unrealized gains (losses) on available-for-sale securities (securities other than trading securities, held-to-maturity securities, stock of subsidiaries and affiliated companies) and associated net deferred gains (losses) on hedging instruments.
7. Net unrealized gains (losses) on real estate
Net unrealized gains (losses) 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.

■ Sony Assurance Performance Indicators

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 yields 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, 2019 and 2020

	Millions of yen	
	2019	2020
Assets		
Cash and due from banks	344,377	317,619
Monetary claims purchased	4,916	6,006
Money held in trust	21,937	23,107
Securities	694,447	701,332
Loans	1,744,103	1,979,126
Foreign exchanges	8,471	3,019
Other assets	51,685	51,733
Tangible fixed assets	1,633	1,493
Buildings	628	584
Other tangible fixed assets	1,004	909
Intangible fixed assets	6,903	6,930
Software	6,888	6,914
Other intangible fixed assets	14	15
Deferred tax assets	1,305	7,052
Reserve for possible loan losses	(903)	(846)
Total Assets	2,878,879	3,096,574
Liabilities		
Deposits	2,358,182	2,476,986
Call money and bills sold	130,611	176,256
Payables under repurchase agreements	20,290	41,093
Borrowed money	210,000	247,923
Foreign exchanges	244	684
Other liabilities	67,752	71,283
Reserve for employees' bonuses	777	467
Net defined benefit liability	1,323	1,290
Provision for reimbursement of deposits	125	111
Total Liabilities	2,789,308	3,016,096
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	33,067	37,136
Total shareholders' equity	85,067	89,136
Net unrealized gains (losses) on available-for-sale securities, net of taxes	3,974	(10,299)
Net deferred gains (losses) on hedging instruments, net of taxes	(1,260)	(556)
Remeasurements of defined benefit plans, net of taxes	(106)	(53)
Total accumulated other comprehensive income	2,606	(10,909)
Non-controlling interests	1,896	2,250
Total Net Assets	89,570	80,477
Total Liabilities and Net Assets	2,878,879	3,096,574

■ Sony Bank Financial Data (Consolidated)

Consolidated Statements of Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen	
	2019	2020
Ordinary Revenues	46,018	50,272
Interest income	31,926	33,950
Interest income on loans	17,473	18,729
Interest income and dividends on securities	14,382	15,148
Interest income on call loans and bills bought	1	0
Interest income on deposits with banks	62	61
Other interest income	7	10
Fees and commissions	9,650	12,376
Other operating income	3,926	3,515
Other ordinary income	515	429
Others	515	429
Ordinary Expenses	36,423	39,582
Interest expenses	8,643	9,270
Interest expenses on deposits	6,747	7,276
Interest expenses on call money and bills sold	88	269
Interest on payables under repurchase agreements	312	348
Interest expenses on borrowed money	88	88
Other interest expenses	1,407	1,287
Fees and commissions	8,083	9,089
Other operating expenses	485	126
General and administrative expenses	18,801	20,914
Other ordinary expenses	409	181
Provision for reserve for possible loan losses	167	38
Other ordinary expenses	242	142
Ordinary Profit	9,595	10,690
Extraordinary Gains	—	16
Other extraordinary gains	—	16
Extraordinary Losses	47	57
Losses on disposal of fixed assets	20	5
Impairment losses	27	—
Other extraordinary losses	—	52
Income Before Income Taxes	9,547	10,648
Income Taxes - Current	3,116	3,159
Income Taxes - Deferred	(177)	75
Total Income Taxes	2,939	3,235
Profit	6,608	7,413
Profit Attributable to Non-controlling Interests	250	331
Profit Attributable to Owners of the Parent	6,357	7,082

Consolidated Statements of Comprehensive Income

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen	
	2019	2020
Profit	6,608	7,413
Other Comprehensive Income	(2,243)	(13,494)
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(2,063)	(14,274)
Net deferred gains (losses) on hedging instruments, net of taxes	(174)	703
Remeasurements of defined benefit plans, net of taxes	(6)	76
Comprehensive Income	4,364	(6,080)
Comprehensive income attributable to owners of the parent	4,116	(6,434)
Comprehensive income attributable to non-controlling interests	248	353

■ Sony Bank Financial Data (Consolidated)

Consolidated Statements of Changes in Net Assets

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen			
	2019			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	31,000	21,000	28,948	80,948
Changes during the period				
Dividends from surplus	—	—	(2,238)	(2,238)
Profit attributable to owners of the parent	—	—	6,357	6,357
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	4,119	4,119
Balance at the end of the period	31,000	21,000	33,067	85,067

	Millions of yen					
	2019					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on available- for-sale securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Remeasure- ments of defined benefit plans, net of taxes	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
Balance at the beginning of the period	6,037	(1,086)	(103)	4,847	1,648	87,444
Changes during the period						
Dividends from surplus	—	—	—	—	—	(2,238)
Profit attributable to owners of the parent	—	—	—	—	—	6,357
Net changes of items other than shareholders' equity	(2,063)	(174)	(3)	(2,241)	248	(1,992)
Total changes during the period	(2,063)	(174)	(3)	(2,241)	248	2,126
Balance at the end of the period	3,974	(1,260)	(106)	2,606	1,896	89,570

■ Sony Bank Financial Data (Consolidated)

Millions of yen

	2020			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	31,000	21,000	33,067	85,067
Changes during the period				
Dividends from surplus	—	—	(3,013)	(3,013)
Profit attributable to owners of the parent	—	—	7,082	7,082
Net changes of items other than shareholders' equity	—	—	—	—
Total changes during the period	—	—	4,068	4,068
Balance at the end of the period	31,000	21,000	37,136	89,136

Millions of yen

	2020					
	Accumulated other comprehensive income					
	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	Non-controlling interests	Total net assets
Balance at the beginning of the period	3,974	(1,260)	(106)	2,606	1,896	89,570
Changes during the period						
Dividends from surplus	—	—	—	—	—	(3,013)
Profit attributable to owners of the parent	—	—	—	—	—	7,082
Net changes of items other than shareholders' equity	(14,274)	703	53	(13,516)	353	(13,162)
Total changes during the period	(14,274)	703	53	(13,516)	353	(9,093)
Balance at the end of the period	(10,299)	(556)	(53)	(10,909)	2,250	80,477

■ Sony Bank Financial Data (Consolidated)

Consolidated Statements of Cash Flows

Sony Bank Inc. and consolidated subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen	
	2019	2020
Cash flows from operating activities		
Income before income taxes	9,547	10,648
Depreciation and amortization	1,952	2,261
Impairment losses	27	—
Increase (decrease) in reserve for possible loan losses	96	(57)
Increase (decrease) in reserve for employees' bonuses	8	(310)
Increase (decrease) in net defined benefit liability	70	76
Increase (decrease) in provision for reimbursement of deposits	43	(13)
Interest income - accrual basis	(31,926)	(33,950)
Interest expenses - accrual basis	8,643	9,270
(Gains) losses on securities	(2,418)	(6,017)
(Gains) losses on money held in trust	(0)	(49)
Exchange (gains) losses	(3,803)	21,284
(Gains) losses on disposal of fixed assets	53	8
Net (increase) decrease in loans	(147,727)	(235,023)
Net increase (decrease) in deposits	138,822	120,925
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	30,000	37,923
Net (increase) decrease in call loans and bills sold	461	(1,090)
Net increase (decrease) in call money and bills bought	54,902	66,448
Net (increase) decrease in foreign exchange (assets)	874	5,452
Net increase (decrease) in foreign exchange (liabilities)	16	440
Interest income-cash basis	32,683	35,316
Interest expenses-cash basis	(8,183)	(10,020)
Others, net	2,241	9,402
Subtotal	86,387	32,926
Income taxes paid	(2,636)	(3,582)
Net cash provided by (used in) operating activities	83,751	29,344
Cash flows from investing activities		
Purchases of securities	(214,140)	(219,537)
Proceeds from sale of securities	66,935	33,780
Proceeds from redemption of securities	126,539	136,198
Investments in money held in trust	(943)	(1,169)
Purchases of tangible fixed assets	(244)	(126)
Purchases of intangible fixed assets	(3,033)	(2,239)
Others, net	(0)	3
Net cash provided by (used in) investing activities	(24,887)	(53,090)
Cash flows from financing activities		
Cash dividends paid	(2,238)	(3,013)
Payments for leased obligations	(0)	—
Net cash provided by (used in) financing activities	(2,238)	(3,013)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	56,625	(26,758)
Cash and cash equivalents at the beginning of the period	287,752	344,377
Cash and cash equivalents at the end of the period	344,377	317,619

Financial Data (Non-consolidated)

Balance Sheets

Sony Bank Inc.

As of March 31, 2019 and 2020

	Millions of yen	
	2019	2020
Assets		
Cash and due from banks	343,063	310,724
Cash	—	0
Due from banks	343,063	310,724
Monetary claims purchased	4,916	6,006
Money held in trust	21,937	23,107
Securities	696,468	703,352
Japanese government bonds	64,126	61,008
Japanese local government bonds	20,040	28,603
Japanese corporate bonds	49,994	46,850
Japanese stocks	2,050	2,050
Other securities	560,256	564,838
Loans	1,744,103	1,979,126
Loans on deeds	1,725,791	1,961,731
Overdrafts	18,312	17,394
Foreign exchanges	8,471	3,019
Due from foreign banks	8,471	3,019
Other assets	35,443	41,823
Domestic exchange settlement account, debit	1,349	1,032
Prepaid expenses	200	310
Accrued income	4,189	3,791
Derivatives	4,084	6,376
Cash collateral paid for financial instruments	18,148	23,684
Accounts receivable	5,005	4,053
Others	2,464	2,573
Tangible fixed assets	1,092	1,024
Buildings	575	533
Other tangible fixed assets	516	491
Intangible fixed assets	5,200	5,225
Software	5,195	5,221
Other intangible fixed assets	4	3
Deferred tax assets	1,133	6,909
Reserve for possible loan losses	(903)	(846)
Total Assets	2,860,925	3,079,472

■ Sony Bank Financial Data (Non-consolidated)

Balance Sheets (Continued)

	Millions of yen	
	2019	2020
Liabilities		
Deposits	2,358,985	2,481,890
Ordinary deposits	782,242	868,926
Time deposits	1,147,048	1,147,175
Other deposits	429,694	465,788
Call money	130,611	176,256
Payables under repurchase agreements	20,290	41,093
Borrowed money	210,000	247,923
Borrowed money	210,000	247,923
Foreign exchanges	244	684
Foreign bills sold	73	45
Foreign bills payable	170	639
Other liabilities	51,717	52,743
Domestic exchange settlement account, credit	959	525
Income taxes payable	2,041	1,608
Accrued expenses	6,410	6,142
Initial margins of futures markets	18,989	18,707
Derivatives	15,379	22,985
Cash collateral received for financial instruments	180	1,040
Asset retirement obligations	227	228
Others	7,529	1,504
Reserve for employees' bonuses	677	361
Reserve for employees' retirement benefits	994	1,068
Provision for reimbursement of deposits	125	111
Total Liabilities	2,773,646	3,002,133
Net Assets		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Capital reserves	21,000	21,000
Retained earnings	32,565	36,195
Legal retained earnings	1,157	1,760
Other retained earnings	31,407	34,434
Unappropriated retained earnings	31,407	34,434
Total shareholders' equity	84,565	88,195
Net unrealized gains (losses) on available-for-sale securities, net of taxes	3,974	(10,299)
Net deferred gains (losses) on hedging instruments, net of taxes	(1,260)	(556)
Total valuation and translation adjustments	2,713	(10,856)
Total Net Assets	87,279	77,338
Total Liabilities and Net Assets	2,860,925	3,079,472

■ Sony Bank Financial Data (Non-consolidated)

Statements of Income

Sony Bank Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019	2020
Ordinary Revenues	41,707	45,383
Interest income	31,926	33,950
Interest income on loans	17,473	18,729
Interest income and dividends on securities	14,382	15,148
Interest income on call loans	1	0
Interest income on deposits with banks	62	61
Other interest income	7	10
Fees and commissions	5,338	7,487
Fees and commissions on domestic and foreign exchanges	338	391
Other fees and commissions	5,000	7,095
Other operating income	3,926	3,515
Gains on foreign exchange transactions	3,599	3,258
Gains on sale of bonds	274	208
Gains on derivatives	51	48
Other ordinary income	515	429
Income from money held in trust, net	0	49
Others	515	380
Ordinary Expenses	33,009	35,793
Interest expenses	8,643	9,269
Interest expenses on deposits	6,747	7,276
Interest expenses on call money	88	269
Interest on payables under repurchase agreements	312	348
Interest expenses on borrowed money	88	88
Interest expenses on interest rate swaps	1,400	1,280
Other interest expenses	7	6
Fees and commissions	7,573	8,476
Fees and commissions on domestic and foreign exchanges	338	423
Other fees and commissions	7,234	8,052
Other operating expenses	485	126
Losses on sale of bonds	485	126
General and administrative expenses	15,901	17,782
Other ordinary expenses	405	138
Provision for reserve for possible loan losses	167	38
Write-off of loans	0	—
Others	238	100
Ordinary Profit	8,698	9,589
Extraordinary Losses	—	49
Other extraordinary losses	—	49
Income Before Income Taxes	8,698	9,540
Income Taxes - Current	2,828	2,817
Income Taxes - Deferred	(155)	79
Total Income Taxes	2,673	2,897
Net Income	6,025	6,642

■ Sony Bank Financial Data (Non-consolidated)

Statements of Changes in Net Assets

Sony Bank Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019						
	Shareholders' equity						
	Capital surplus			Retained earnings			
	Common stock	Capital reserves	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
Unappropriated retained earnings					Total retained earnings		
Balance at the beginning of the period	31,000	21,000	21,000	709	28,068	28,778	80,778
Changes during the period							
Dividends from surplus	—	—	—	447	(2,685)	(2,238)	(2,238)
Net income	—	—	—	—	6,025	6,025	6,025
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	447	3,339	3,787	3,787
Balance at the end of the period	31,000	21,000	21,000	1,157	31,407	32,565	84,565

	2019			
	Valuation and translation adjustments			
	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	Total net assets
Balance at the beginning of the period	6,037	(1,086)	4,950	85,729
Changes during the period				
Dividends from surplus	—	—	—	(2,238)
Net income	—	—	—	6,025
Net changes of items other than shareholders' equity	(2,063)	(174)	(2,237)	(2,237)
Total changes during the period	(2,063)	(174)	(2,237)	1,549
Balance at the end of the period	3,974	(1,260)	2,713	87,279

■ Sony Bank Financial Data (Non-consolidated)

Millions of yen

	2020						
	Shareholders' equity						
	Capital surplus			Retained earnings			
	Common stock	Capital reserves	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					Unappropriated retained earnings	Total	
	Common stock	Capital reserves	Total capital surplus	Legal retained earnings	Unappropriated retained earnings	Total retained earnings	Total shareholders' equity
Balance at the beginning of the period	31,000	21,000	21,000	1,157	31,407	32,565	84,565
Changes during the period							
Dividends from surplus	—	—	—	602	(3,615)	(3,013)	(3,013)
Net income	—	—	—	—	6,642	6,642	6,642
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	602	3,026	3,629	3,629
Balance at the end of the period	31,000	21,000	21,000	1,760	34,434	36,195	88,195

Millions of yen

	2020			
	Valuation and translation adjustments			
	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	Total net assets
Balance at the beginning of the period	3,974	(1,260)	2,713	87,279
Changes during the period				
Dividends from surplus	—	—	—	(3,013)
Net income	—	—	—	6,642
Net changes of items other than shareholders' equity	(14,274)	703	(13,570)	(13,570)
Total changes during the period	(14,274)	703	(13,570)	(9,940)
Balance at the end of the period	(10,299)	(556)	(10,856)	77,338

■ Sony Bank Financial Data (Non-consolidated)

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	
	2019	2020
Deferred tax assets		
Net unrealized losses on available-for-sale securities	—	5,369
Losses on valuation of securities	664	664
Reserve for possible loan losses	223	198
Provision for retirement benefits	304	327
Provision for bonuses	207	110
Net deferred losses on hedging instruments	556	245
Others	701	715
Subtotal of deferred tax assets	2,656	7,631
Valuation allowance on total deductible temporary differences	(664)	(664)
Subtotal of valuation allowance	(664)	(664)
Total deferred tax assets	1,992	6,967
Deferred tax liabilities		
Net unrealized gains on available-for-sale securities	796	—
Others	62	58
Total deferred tax liabilities	859	58
Net deferred tax assets	1,133	6,909

Sony Bank Financial Data (Non-consolidated)

1 Loans by Borrower Category

As of March 31, Category	Millions of yen	
	2019	2020
Bankrupt and quasi-bankrupt loans	596	483
Doubtful loans	807	822
Sub-standard loans	800	814
Normal loans	1,751,032	1,980,703
Total	1,753,237	1,982,824

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

2 Risk-monitored Loans

As of March 31,	Millions of yen	
	2019	2020
Bankrupt loans	180	186
Non-accrual delinquent loans	1,220	1,114
Past-due loans (3 months or more)	—	—
Restructured loans	800	814
Total	2,201	2,115

3 Profit and Loss

3-01 Gross operating profit

For the years ended March 31,	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
Net interest income	16,415	6,891	23,307	17,440	7,266	24,707
Interest income	18,932	13,027	31,926	20,159	14,180	33,950
Interest expenses	2,516	6,136	8,619	2,718	6,914	9,243
Net fees and commissions	(2,367)	132	(2,234)	(1,102)	113	(988)
Fees and commissions received	5,063	275	5,338	7,201	285	7,487
Fees and commissions paid	7,430	142	7,573	8,303	172	8,476
Net trading income	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Net other operating income	(220)	3,661	3,441	183	3,204	3,388
Other operating income	257	3,669	3,926	186	3,329	3,515
Other operating expenses	477	7	485	2	124	126
Gross operating profit	13,828	10,685	24,514	16,522	10,584	27,106
Gross operating profit ratio	0.62%	1.91%	0.89%	0.69%	1.77%	0.91%

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 (¥24 million in fiscal 2018, ¥25 million in fiscal 2019).

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,	2019			2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[38,331]	[33]	0.85%	[30,904]	[388]	0.84%
	2,220,115	18,932		2,388,493	20,159	
Loans	1,636,579	17,398	1.06	1,821,573	18,660	1.02
Securities	175,156	1,429	0.81	132,281	1,037	0.78
Call loans	—	—	—	—	—	—
Due from banks	348,222	62	0.01	379,541	61	0.01
Monetary claims purchased	4,269	6	0.16	4,822	10	0.22
Financing accounts	[—]	[—]	0.11	[—]	[—]	0.11
	2,202,407	2,516		2,360,254	2,718	
Deposits	1,887,444	1,856	0.09	1,984,420	1,880	0.09
Call money	149,189	(63)	(0.04)	186,998	(60)	(0.04)
Payables under repurchase agreements	—	—	—	—	—	—
Borrowed money	186,219	88	0.04	210,000	85	0.04

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" (¥1,488 million in fiscal 2018, ¥1,548 million in fiscal 2019) is excluded. In the financing accounts, the average balance of funds for investing money held in trust (¥21,087 million in fiscal 2018, ¥22,126 million in fiscal 2019) and the interest expenses on money held in trust (¥24 million in fiscal 2018, ¥25 million in fiscal 2019) are excluded, respectively.

International division

Millions of yen, %

For the years ended March 31,	2019			2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Investment accounts	[—]	[—]	2.33%	[—]	[—]	2.37%
	558,833	13,027		597,588	14,180	
Loans	8,446	74	0.88	8,331	69	0.83
Securities	540,064	12,952	2.39	579,158	14,110	2.43
Call loans	58	1	2.27	56	0	1.45
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Financing accounts	[38,331]	[33]	1.30	[30,904]	[388]	1.34
	469,589	6,136		514,161	6,914	
Deposits	411,987	4,891	1.18	436,413	5,395	1.23
Call money	6,683	151	2.26	17,399	329	1.89
Payables under repurchase agreements	12,353	312	2.52	28,908	348	1.20
Borrowed money	—	—	—	680	2	0.31

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.

■ Sony Bank Financial Data (Non-consolidated)

Total	Millions of yen, %					
	2019			2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
For the years ended March 31,						
Investment accounts	2,740,616	31,926	1.16%	2,955,177	33,950	1.14%
Loans	1,645,025	17,473	1.06	1,829,904	18,729	1.02
Securities	715,220	14,382	2.01	711,440	15,148	2.12
Call loans	58	1	2.27	56	0	1.45
Due from banks	348,222	62	0.01	379,541	61	0.01
Monetary claims purchased	4,269	6	0.16	4,822	10	0.22
Financing accounts	2,633,665	8,619	0.32	2,843,512	9,243	0.32
Deposits	2,299,441	6,747	0.29	2,420,833	7,276	0.30
Call money	155,872	88	0.05	204,397	269	0.13
Payables under repurchase agreements	12,353	312	2.52	28,908	348	1.20
Borrowed money	186,219	88	0.04	210,680	88	0.04

Note: In the investment accounts, the average balance of non-interest-bearing "due from banks" (¥1,488 million in fiscal 2018, ¥1,548 million in fiscal 2019) is excluded. In the financing accounts, the average balance of funds for investing money held in trust (¥21,087 million in fiscal 2018, ¥22,126 million in fiscal 2019) and the interest expenses on money held in trust (¥24 million in fiscal 2018, ¥25 million in fiscal 2019) are excluded, respectively.

Interest spread	%					
	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31,						
Yield on investment	0.85	2.33	1.16	0.84	2.37	1.14
Yield on financing	0.11	1.30	0.32	0.11	1.34	0.32
Interest spread	0.73	1.02	0.83	0.72	1.02	0.82

3-03 Interest income and interest expenses

Domestic division	Millions of yen					
	2019			2020		
	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)
For the years ended March 31,						
Interest income	1,242	(1,141)	101	1,435	(208)	1,227
Loans	913	(502)	411	1,966	(705)	1,261
Securities	(207)	(105)	(312)	(350)	(42)	(392)
Call loans	—	—	—	—	—	—
Due from banks	17	(18)	(0)	5	(6)	(0)
Monetary claims purchased	(9)	6	(2)	70	(66)	4
Interest expenses	226	(1,034)	(807)	180	22	202
Deposits	101	(234)	(133)	95	(70)	24
Call money	(5)	16	11	(15)	18	2
Payables under repurchase agreements	—	—	—	—	—	—
Borrowed money	29	(54)	(24)	11	(13)	(2)

■ Sony Bank Financial Data (Non-consolidated)

International division

Millions of yen

	2019			2020		
	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)
For the years ended March 31,						
Interest income	1,502	1,984	3,487	903	248	1,152
Loans	4	(7)	(2)	(1)	(4)	(5)
Securities	1,523	1,966	3,490	937	220	1,158
Call loans	(1)	0	(1)	(0)	(0)	(0)
Due from banks	—	—	—	—	—	—
Monetary claims purchased	—	—	—	—	—	—
Interest expenses	785	951	1,737	582	194	777
Deposits	372	1,185	1,558	289	214	504
Call money	105	45	150	242	(64)	178
Payables under repurchase agreements	—	312	312	418	(381)	36
Borrowed money	—	—	—	—	2	2

Total

Millions of yen

	2019			2020		
	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)
For the years ended March 31,						
Interest income	2,264	1,317	3,582	2,499	(475)	2,024
Loans	918	(509)	408	1,963	(707)	1,255
Securities	864	2,312	3,177	(76)	842	766
Call loans	(1)	0	(1)	(0)	(0)	(0)
Due from banks	17	(18)	(0)	5	(6)	(0)
Monetary claims purchased	(4)	1	(2)	0	3	4
Interest expenses	636	286	923	686	(62)	624
Deposits	325	1,098	1,424	356	173	529
Call money	(9)	170	161	27	153	180
Payables under repurchase agreements	—	312	312	418	(381)	36
Borrowed money	29	(54)	(24)	11	(11)	(0)

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

	2019	2020
For the years ended March 31,		
Salaries	3,902	4,062
Employee retirement benefits	147	161
Fringe benefit expenses	543	561
Depreciation and amortization	1,299	1,600
Leases on land, buildings and machinery	1,438	1,782
Maintenance fees	1,661	1,609
Repairs and utilities	2	2
Supplies expenses	235	189
Heat, light and water	25	25
Travel expenses	12	14
Communication expenses	773	790
Advertising expenses	1,188	1,942
Membership fees, donations and social expenses	24	18
Outsourcing	1,624	1,879
Taxes and public dues	1,123	1,183
Deposit insurance	588	600
Others	1,309	1,357
Total	15,901	17,782

Sony Bank Financial Data (Non-consolidated)

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 securities

Not applicable

Held-to-maturity securities

2019

Not applicable

As of March 31,	Millions of yen		
	2020		Difference
	Balance sheet amount	Fair value	
Fair value not exceeding balance sheet amount			
Foreign bonds	5,417	4,996	(420)
Total	5,417	4,996	(420)

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

2. There were no fair values that exceed their non-consolidated balance sheet amount.

Available-for-sale securities

As of March 31,	Millions of yen					
	2019			2020		
	Balance sheet amount	Acquisition cost	Unrealized gains (losses)	Balance sheet amount	Acquisition cost	Unrealized gains (losses)
Balance sheet amount exceeding acquisition cost						
Bonds	128,667	122,510	6,156	93,272	88,712	4,559
Japanese government bonds	62,126	56,922	5,203	37,949	33,895	4,053
Japanese local government bonds	20,040	19,689	351	19,330	19,149	180
Japanese corporate bonds	46,500	45,899	601	35,992	35,667	325
Others	233,113	228,207	4,905	177,243	171,392	5,851
Foreign bonds	226,698	224,196	2,502	172,332	168,348	3,984
Others	6,414	4,011	2,403	4,910	3,044	1,866
Subtotal	361,780	350,718	11,061	270,515	260,104	10,410
Balance sheet amount not exceeding acquisition cost						
Bonds	5,494	5,496	(2)	43,190	43,263	(73)
Japanese government bonds	2,000	2,001	(0)	23,059	23,074	(15)
Japanese local government bonds	—	—	—	9,273	9,292	(19)
Japanese corporate bonds	3,493	3,495	(1)	10,858	10,896	(37)
Others	332,059	333,742	(1,682)	388,184	404,331	(16,147)
Foreign bonds	328,870	330,552	(1,682)	372,942	389,083	(16,140)
Others	3,189	3,189	—	15,242	15,248	(6)
Subtotal	337,553	339,238	(1,684)	431,375	447,595	(16,147)
Total	699,334	689,957	9,376	701,890	707,700	(5,809)

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

Securities without fair value

As of March 31,	Millions of yen	
	2019	2020
	Balance sheet amount	Balance sheet amount
Stocks of subsidiaries and affiliated companies		
Stocks of subsidiaries	2,050	2,050

Sony Bank Financial Data (Non-consolidated)

4-02 Fair value information on money held in trust

Money held in trust for investment

Not applicable

Money held in trust for held-to-maturity

Not applicable

Other money held in trust

Millions of yen

As of March 31,	2019			Balance sheet amount exceeding acquisition cost	Balance sheet amount not exceeding acquisition cost
	Balance sheet amount	Acquisition cost	Difference		
Other money held in trust	21,937	21,943	(6)	—	(6)

Millions of yen

As of March 31,	2020			Balance sheet amount exceeding acquisition cost	Balance sheet amount not exceeding acquisition cost
	Balance sheet amount	Acquisition cost	Difference		
Other money held in trust	23,107	23,112	(5)	—	(5)

Note: "Balance sheet amount exceeding acquisition cost" and "Balance sheet amount not exceeding acquisition cost" are the breakdown of the difference.

4-03 Fair value information on derivatives

Interest rate derivatives

Derivatives for which hedge accounting is not applied

Millions of yen

Category	Type	2019			
		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	21,053	20,967	8	8
	Floating-rate receivable / Fixed-rate payable	23,064	22,978	4	4
	Interest swaption				
	Sold	5,300	5,300	(18)	12
	Bought	—	—	—	—
Total				(4)	25

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

2. Fair value is calculated using the discounted cash flow and option pricing models.

Derivatives for which hedge accounting is applied

Millions of yen

Method	Type	Hedged item	2019		
			Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Interest rate swaps				
	Floating-rate receivable / Fixed-rate payable	Deposits	73,000	73,000	(686)
Fair value hedge accounting	Interest rate swaps				
	Floating-rate receivable / Fixed-rate payable	Available-for-sale securities (bonds)	222,816	192,342	(10,672)
Total					(11,358)

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 cash flow and other methods.

■ Sony Bank Financial Data (Non-consolidated)

Derivatives for which hedge accounting is not applied		Millions of yen			
As of March 31,		2020			
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	15,735	11,235	23	23
	Floating-rate receivable / Fixed-rate payable	16,944	16,944	20	20
	Interest swaption				
	Sold	18,700	18,700	(56)	25
	Bought	—	—	—	—
Total				(12)	68

Notes: 1. The above transactions are valued at market, and the valuation gains (losses) are recorded in the statements of income.
2. Fair value is calculated using the discounted cash flow and option pricing models.

Derivatives for which hedge accounting is applied			Millions of yen		
As of March 31,			2020		
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 and loans	260,075	201,539	(50)
Fair value hedge accounting	Interest rate swaps				
	Floating-rate receivable / Fixed-rate payable	Available-for-sale securities (bonds)	223,013	184,346	(14,849)
Total					(14,900)

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 cash flow and other methods.

Currency derivatives

Derivatives for which hedge accounting is not applied		Millions of yen			
As of March 31,		2019			
Category	Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Forward foreign exchanges				
	Sold	51,109	—	(28)	(28)
	Bought	98,562	—	8	8
Foreign exchange margin transactions					
	Sold	46,283	—	954	954
	Bought	22,230	—	1,130	1,130
Currency options					
	Sold	60	—	(0)	(0)
	Bought	190	—	1	0
Currency forward contracts					
	Sold	15	—	(0)	(0)
	Bought	12,786	—	(270)	(270)
Total				1,795	1,795

Notes: 1. The above transactions are valued at market, and the valuation gains (losses) are recorded in the statements of income.
2. Fair value is calculated using the discounted cash flow and option pricing models.

■ Sony Bank Financial Data (Non-consolidated)

Derivatives for which hedge accounting is applied			Millions of yen		
As of March 31,			2019		
Method	Type	Hedged item	Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Currency swaps	Available-for-sale securities (bonds)	23,255	23,255	(931)
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	24,000	10,000	(795)
Total					(1,726)

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 cash flow and other methods.

Derivatives for which hedge accounting is not applied			Millions of yen		
As of March 31,			2020		
Category	Type	Notional amount	Notional amount over 1 year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Forward foreign exchanges				
	Sold	70,091	—	(123)	(123)
	Bought	168,750	—	497	497
	Foreign exchange margin transactions				
	Sold	43,373	—	2,215	2,215
	Bought	18,706	—	755	755
	Currency options				
	Sold	459	—	(4)	(0)
	Bought	473	—	6	4
	Currency forward contracts				
	Sold	—	—	—	—
	Bought	10,652	—	(1,534)	(1,534)
Total				1,812	1,815

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

2. Fair value is calculated using the discounted cash flow and option pricing models.

Derivatives for which hedge accounting is applied			Millions of yen		
As of March 31,			2020		
Method	Type	Hedged item	Notional amount	Notional amount over 1 year	Fair value
Deferred hedge accounting	Currency swaps	Available-for-sale securities (bonds)	22,753	—	(352)
Fair value hedge accounting	Currency swaps	Available-for-sale securities (bonds)	31,000	21,000	(3,154)
Total					(3,506)

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 cash flow and other methods.

Performance Indicators (Non-consolidated)

1 Key Performance Indicators

	Millions of yen				
For the years ended March 31,	2016	2017	2018	2019	2020
Ordinary revenues	34,892	35,105	36,270	41,707	45,383
Ordinary profit	5,857	4,634	6,557	8,698	9,589
Net income	3,912	3,176	4,474	6,025	6,642
Gross operating profit	21,684	21,121	21,421	24,514	27,106
Net operating profit	5,797	4,612	5,920	8,562	9,332
Real net operating profit	5,714	4,612	5,920	8,626	9,358
Net core operating profit	5,096	4,214	5,654	8,837	9,276
Net core operating profit (excluding gains (losses) on surrendered investment trusts)	5,096	4,214	5,654	8,837	9,276
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	77,428	81,332	85,729	87,279	77,338
Total assets	2,126,564	2,424,236	2,635,028	2,860,925	3,079,472
Deposits	1,923,506	2,112,985	2,219,325	2,358,985	2,481,890
Loans	1,344,184	1,539,630	1,596,376	1,744,103	1,979,126
Securities	620,993	631,296	674,285	696,468	703,352
Non-consolidated capital adequacy ratio	9.89%	9.75%	10.45%	9.58%	8.85%
Dividend payout ratio	50.07%	50.06%	50.01%	50.00%	50.02%
Number of employees	456	480	487	498	520

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

2. 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" in fiscal 2017.

2 Status of Operations (Deposits)

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

Average balance	Millions of yen					
	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31,						
Floating deposits	744,333	175,610	919,944	824,053	176,460	1,000,513
Time and saving deposits	1,141,975	236,312	1,378,287	1,158,734	259,856	1,418,590
Other deposits	1,134	75	1,209	1,632	96	1,729
Total	1,887,444	411,997	2,299,441	1,984,420	436,413	2,420,833

Year-end balance	Millions of yen					
	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31,						
Floating deposits	782,242	173,129	955,371	868,926	188,963	1,057,890
Time and saving deposits	1,147,048	255,304	1,402,352	1,147,175	275,041	1,422,216
Other deposits	1,178	82	1,260	1,738	44	1,783
Total	1,930,468	428,516	2,358,985	2,017,840	464,049	2,481,890

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 ¥56,671 million and ¥66,106 million as of March 31, 2019 and 2020, respectively.

■ Sony Bank Performance Indicators (Non-consolidated)

2-02 Balance of time deposits by remaining period

As of March 31,	Millions of yen					
	2019			2020		
	Fixed rate time deposits	Floating rate time deposits	Total	Fixed rate time deposits	Floating rate time deposits	Total
Less than 3 months	344,458	—	344,458	354,527	—	354,527
3 months or more, less than 6 months	429,750	—	429,750	460,475	—	460,475
6 months or more, less than 1 year	409,216	—	409,216	432,734	—	432,734
1 year or more, less than 2 years	67,375	—	67,375	39,161	—	39,161
2 years or more, less than 3 years	15,561	—	15,561	16,101	—	16,101
3 years or more	49,530	—	49,530	28,765	—	28,765
Total	1,315,893	—	1,315,893	1,331,765	—	1,331,765

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

3 Status of Operations (Loans)

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

Average balance	Millions of yen					
	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31,						
Loans on bills	—	—	—	—	—	—
Loans on deeds	1,618,016	8,441	1,626,458	1,803,837	8,327	1,812,165
Overdrafts	18,562	4	18,567	17,735	4	17,739
Bills discounted	—	—	—	—	—	—
Total	1,636,579	8,446	1,645,025	1,821,573	8,331	1,829,904

Year-end balance	Millions of yen					
	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31,						
Loans on bills	—	—	—	—	—	—
Loans on deeds	1,717,517	8,273	1,725,791	1,953,514	8,216	1,961,731
Overdrafts	18,308	3	18,312	17,391	2	17,394
Bills discounted	—	—	—	—	—	—
Total	1,735,826	8,276	1,744,103	1,970,906	8,219	1,979,126

3-02 Balance of loans by remaining period

As of March 31,	Millions of yen					
	2019			2020		
	Fixed interest rates	Floating interest rates	Total	Fixed interest rates	Floating interest rates	Total
Less than 1 year	126	7,045	7,171	193	6,475	6,669
Over 1 year, not exceeding 3 years	2,098	17,464	19,563	2,108	18,419	20,527
Over 3 years, not exceeding 5 years	6,010	13,136	19,146	6,212	6,141	12,354
Over 5 years, not exceeding 7 years	10,736	9,139	19,875	11,851	8,172	20,024
Over 7 years, not exceeding 10 years	27,883	16,102	43,985	26,778	19,484	46,262
Over 10 years	654,128	961,920	1,616,048	679,104	1,176,788	1,855,892
No fixed redemption	—	18,312	18,312	—	17,394	17,394
Total	700,983	1,043,120	1,744,103	726,249	1,252,876	1,979,126

■ Sony Bank Performance Indicators (Non-consolidated)

3-03 Balance of loans by collateral

As of March 31,	Millions of yen	
	2019	2020
Pledged securities	—	—
Pledged receivables	—	—
Pledged merchandise	—	—
Pledged real estate	1,167,547	1,291,532
Others	—	—
Subtotal	1,167,547	1,291,532
Guaranteed	307,220	394,734
Credit	269,335	292,858
Total	1,744,103	1,979,126

Balance of acceptances and guarantees at the end of the period

Not applicable

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

Not applicable

3-04 Balance of loans by industry

As of March 31,	Millions of yen, %			
	2019		2020	
	Balance	Composition	Balance	Composition
Individual	1,708,696	97.97%	1,952,271	98.64%
Corporation	35,406	2.03	26,854	1.36
Manufacturing industries	14,912	0.85	11,489	0.58
Construction	—	—	—	—
Information and telecommunications	441	0.02	315	0.02
Transportation / Mail services	3,057	0.17	2,051	0.10
Wholesalers / Retailers	1,653	0.09	1,019	0.05
Financial services / Insurance	1,131	0.06	—	—
Real estate / Goods leasing services	12,608	0.72	10,470	0.53
Various service	87	0.00	—	—
Local government	1,513	0.08	1,508	0.08
Total	1,744,103	100.00%	1,979,126	100.00%

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

As of March 31, for the years ended March 31,	%					
	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
At the year end	89.91	1.93	73.93	97.67	1.77	79.74
Annual average	86.70	2.05	71.54	91.79	1.90	75.58

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

■ Sony Bank Performance Indicators (Non-consolidated)

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

As of March 31, for the years ended March 31,	Millions of yen			
	2019		2020	
	Balance at the end of the period	Increase (Decrease)	Balance at the end of the period	Increase (Decrease)
General reserve for possible loan losses	480	64	506	26
Specific reserve for possible loan losses	422	31	339	(83)
Reserve for possible loan losses for specific foreign countries	—	—	—	—
Total	903	96	846	(57)

3-07 Write-off loans

For the years ended March 31,	Millions of yen	
	2019	2020
Total	0	—

4 Status of Operations (Securities)

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

Not applicable

4-02 Balance of securities by category and remaining period

As of March 31,	Millions of yen							
	2019							
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years	Unspecified term	Total
Japanese government bonds	15,032	12,102	—	—	17,941	19,050	—	64,126
Japanese local government bonds	503	19,227	309	—	—	—	—	20,040
Japanese corporate bonds	6,556	28,725	14,713	—	—	—	—	49,994
Japanese stocks	—	—	—	—	—	—	2,050	2,050
Other securities	94,785	145,596	99,351	18,107	17,899	179,827	4,687	560,256
Foreign bonds	94,785	145,596	99,351	18,107	17,899	179,827	—	555,568
Others	—	—	—	—	—	—	4,687	4,687
Total	116,877	205,651	114,373	18,107	35,840	198,878	6,738	696,468

As of March 31,	Millions of yen							
	2020							
	Within 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years to 7 years	More than 7 years to 10 years	Over 10 years	Unspecified term	Total
Japanese government bonds	10,011	21,095	—	—	11,121	18,780	—	61,008
Japanese local government bonds	6,821	14,550	—	7,231	—	—	—	28,603
Japanese corporate bonds	9,405	32,216	4,732	496	—	—	—	46,850
Japanese stocks	—	—	—	—	—	—	2,050	2,050
Other securities	96,645	144,677	80,878	17,416	35,784	175,289	14,146	564,838
Foreign bonds	96,645	144,677	80,878	17,416	35,784	175,289	9,993	560,686
Others	—	—	—	—	—	—	4,152	4,152
Total	122,884	212,540	85,611	25,143	46,906	194,069	16,196	703,352

■ Sony Bank Performance Indicators (Non-consolidated)

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

Average balance

Millions of yen

	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
For the years ended March 31,						
Japanese government bonds	75,929	—	75,929	59,467	—	59,467
Japanese local government bonds	32,848	—	32,848	20,095	—	20,095
Japanese corporate bonds	61,953	—	61,953	48,303	—	48,303
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	2,373	540,064	542,438	2,365	579,158	581,523
Foreign bonds	—	540,064	540,064	—	579,158	579,158
Others	2,373	—	2,373	2,365	—	2,365
Total	175,156	540,064	715,220	132,281	579,158	711,440

Year-end balance

Millions of yen

	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31,						
Japanese government bonds	64,126	—	64,126	61,008	—	61,008
Japanese local government bonds	20,040	—	20,040	28,603	—	28,603
Japanese corporate bonds	49,994	—	49,994	46,850	—	46,850
Japanese stocks	2,050	—	2,050	2,050	—	2,050
Other securities	4,687	555,568	560,256	4,152	560,686	564,838
Foreign bonds	—	555,568	555,568	—	560,686	560,686
Others	4,687	—	4,687	4,152	—	4,152
Total	140,899	555,568	696,468	142,666	560,686	703,352

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

%

	2019			2020		
	Domestic division	International division	Total	Domestic division	International division	Total
As of March 31, for the years ended March 31,						
At the year end	7.29	129.64	29.52	7.07	120.82	28.33
Annual average	9.28	131.08	31.10	6.66	132.70	29.38

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 as of March 31, 2020

1 MCEV results

Sony Life's MCEV as of March 31, 2020 was virtually unchanged from the previous year. Factors leading to an increase in value such as new business acquired were largely offset by factors such as the decrease in JPY interest rates and dividend payments to shareholders.

As of March 31,	Billions of yen		
	2019	2020	Change
MCEV	1,720.2	1,713.5	(6.7)
Adjusted net worth	2,195.7	2,565.8	370.0
Value of existing business	(475.5)	(852.3)	(376.8)

2 Adjusted net worth

The adjusted net worth as of March 31, 2020 increased ¥370.0 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,	Billions of yen		
	2019	2020	Change
Adjusted net worth	2,195.7	2,565.8	370.0
Total net assets	513.9	539.5	25.6
Reserve for price fluctuations	50.1	52.7	2.6
Contingency reserve	98.6	107.6	9.0
General reserve for possible loan losses	0.0	0.0	(0.0)
Reinsurance debit for coinsurance-type reinsurance	2.0	2.0	0.0
Unrealized gains or losses on held-to-maturity securities	2,030.8	2,419.3	388.4
Unrealized gains or losses on policy-reserve-matching bonds	83.5	141.9	58.4
Unrealized gains or losses on land and buildings	100.9	119.5	18.6
Unfunded pension liabilities	(1.7)	(1.0)	0.7
Intangible fixed assets	(26.3)	(28.6)	(2.2)
Tax effect equivalent of above nine items	(654.6)	(787.8)	(133.2)
Valuation gain or loss on subsidiaries and affiliated companies	(1.4)	0.4	1.8

As of March 31,	Billions of yen		
	2019	2020	Change
Adjusted net worth	2,195.7	2,565.8	370.0
Free surplus	1,001.4	938.1	(63.3)
Required capital	1,194.3	1,627.7	433.3

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 as of March 31, 2020 increased primarily because of an increase in the amount of liabilities on an economic basis caused by a fall in interest rates.

3 Value of existing business

The value of existing business as of March 31, 2020 decreased ¥376.8 billion, primarily due to a fall in interest rates. The breakdown of the value of existing business is shown in the table below.

As of March 31,	Billions of yen		
	2019	2020	Change
Value of existing business	(475.5)	(852.3)	(376.8)
Present value of certainty-equivalent profit	34.2	(317.8)	(352.1)
Time value of options and guarantees	(140.8)	(125.0)	15.7
Frictional costs	(23.4)	(29.8)	(6.3)
Cost of non-hedgeable risks	(345.4)	(379.5)	(34.0)

4 New business value

The new business value for the fiscal year ended March 31, 2020 decreased ¥24.4 billion, primarily because of the decrease in interest rates. The breakdown of new business value is as follows:

For the years ended March 31,	Billions of yen		
	2019	2020	Change
Value of new business	91.3	66.9	(24.4)
Present value of certainty-equivalent profit	120.2	73.2	(46.9)
Time value of options and guarantees	(7.7)	(7.4)	0.2
Frictional costs	(0.1)	(0.1)	0.0
Cost of non-hedgeable risks	(21.6)	(21.3)	0.3
Other profits or losses	0.6	22.6	21.9

5 New business margin

The new business margin described below is the ratio of the value of new business to the present value of premium income. The present value of premium income is calculated applying the same assumptions as those for the calculation of new business value, and is based on premiums before the deduction of reinsurance premiums. The new business margin for the fiscal year ended March 31, 2020 decreased primarily because of the decrease in interest rates.

For the years ended March 31,	Billions of yen		
	2019	2020	Change
Value of new business	91.3	66.9	(24.4)
Present value of premium income	1,426.2	1,495.2	68.9
New business margin	6.4%	4.5%	(1.9) points

6 Reconciliation analysis from MCEV at the end of the prior year

The table below shows the reconciliation analysis of MCEV as of March 31, 2020, from MCEV as of March 31, 2019.

	Billions of yen			
	Free surplus	Required capital	Value of existing business	MCEV
Opening MCEV (MCEV as of March 31, 2019)	1,001.4	1,194.3	(475.5)	1,720.2
Opening adjustments	(32.2)	—	—	(32.2)
Adjusted opening MCEV	969.2	1,194.3	(475.5)	1,688.0
New business value	21.2	1.4	44.3	66.9
Expected existing business contribution (risk-free rate)	(1.6)	(2.1)	19.5	15.7
Expected existing business contribution (in excess of risk-free rate)	2.3	3.0	13.6	19.0
Transfers from value of existing business and required capital to free surplus	(0.5)	(43.4)	43.9	—
On new business	(57.2)	—	57.2	—
Experience variances	8.7	(15.3)	(2.3)	(8.9)
Assumption changes	7.1	(7.1)	8.5	8.5
Other operating variance	(2.0)	2.0	(0.0)	(0.0)
Operating MCEV earnings	35.2	(61.6)	127.7	101.3
Economic variances	(66.3)	494.9	(504.5)	(75.8)
Other non-operating variance	—	—	—	—
Total MCEV earnings	(31.1)	433.3	(376.8)	25.4
Closing adjustments	—	—	—	—
Closing MCEV (MCEV as of March 31, 2020)	938.1	1,627.7	(852.3)	1,713.5

7 Sensitivity analysis

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

Assumption	Change in assumption	Billions of yen		
		MCEV	Change in amount	Rate of change
Base	No change	1,713.5	–	–
Interest rates	50bp decrease	1,675.3	(38.1)	(2%)
	50bp increase	1,723.2	9.7	1%
	Swap rates	1,234.5	(478.9)	(28%)
Stock / Real estate market value	10% decrease	1,687.1	(26.4)	(2%)
Stock / Real estate implied volatility	25% increase	1,682.1	(31.3)	(2%)
Interest swaption implied volatility	25% increase	1,694.5	(19.0)	(1%)
Maintenance expenses	10% decrease	1,742.1	28.6	2%
Lapse and surrender rates	× 0.9	1,661.4	(52.1)	(3%)
Mortality rates	Death protection products × 0.95	1,781.8	68.3	4%
	Third-sector and annuity products × 0.95	1,697.4	(16.0)	(1%)
Morbidity rates	× 0.95	1,786.4	72.8	4%
Required capital	Regulatory minimum	1,740.8	27.2	2%
Foreign exchange rates	10% appreciation of JPY	1,684.2	(29.3)	(2%)

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	(38.1)	1,054.3	(1,092.5)
	50bp increase	9.7	(911.8)	921.6
Stock / Real estate market value	10% decrease	(26.4)	(9.7)	(16.6)
Foreign exchange rates	10% appreciation of JPY	(29.3)	(17.1)	(12.1)

8 Primary assumptions

Sony Life has used the JGB yields and U.S. Treasury yields as of March 31, 2020 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 which 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).

■ Sony Life MCEV

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	
	2019	2020	2019	2020
1	(0.18)	(0.15)	2.39	0.16
5	(0.20)	(0.12)	2.23	0.38
10	(0.08)	0.03	2.41	0.67
20	0.34	0.31	2.63	1.05
30	0.51	0.42	2.82	1.32
40	0.58	0.44	2.87	1.57
50	0.94	0.83	2.93	1.78
60	1.19	1.10	2.96	1.91
70	1.35	1.27	2.98	1.99
80	1.44	1.37	3.00	2.04

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

Assumptions including mortality and morbidity rates, lapse and surrender rates, and operating expense rates were developed based on best estimates by product as of March 31, 2020. 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.

9 Opinion of Outside Specialist

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. Please refer to Sony Life's press release "Disclosure of Market Consistent Embedded Value as of March 31, 2020" (https://www.sonyfh.co.jp/en/news/article/200609_01.pdf) for details.

10 Risk Amount Based on Economic Value (After Tax)

Sony Life has been disclosing the risk amount based on economic value since the end of March 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 by a market consistent approach, including insurance risk, market-related risk and others. Sony Life's risk amount based on economic value as of March 31, 2020 was ¥805.2 billion, an increase of ¥62.8 billion year on year, primarily due to an increase in insurance risk arising from a drop in interest rates. The breakdown of the risk amount is as follows:

As of March 31,	Billions of yen		
	2019	2020	Change
Insurance risk	547.3	607.6	60.2
Market-related risk	332.5	334.9	2.3
<i>Interest rate risk</i>	202.1	178.5	(23.5)
Operational risk	33.4	40.3	6.9
Counterparty risk	3.0	3.8	0.7
Variance effect	(174.0)	(181.5)	(7.5)
Risk amount based on economic value	742.3	805.2	62.8

Notes: 1. The risk amount based on economic value is calibrated at VaR [99.5%] over one year and based on the internal model.
2. Interest rate risk excludes the variance effect within market-related risk.

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

B

Best-estimate assumption

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

C

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.

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

Implied volatility

The expected rate of future variability embedded in current market option prices.

N

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.

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.

