

Summary Information on Sony Assurance's Financial Results
for the Six Months Ended September 30, 2013

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1. Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets:		
Cash and deposits	8,443	5,934
Securities	88,670	99,448
Tangible fixed assets	1,160	1,921
Intangible fixed assets	7,515	7,518
Other assets	17,677	15,391
Accounts receivable	11,892	9,706
Others	5,785	5,685
Deferred tax assets	3,953	4,258
Total Assets	127,421	134,474
Liabilities:		
Underwriting reserves	99,209	103,904
Reserve for outstanding losses	28,599	29,213
Underwriting reserves	70,609	74,690
Other liabilities	6,537	6,804
Income taxes payable	227	1,586
Others	6,309	5,218
Reserve for employees' retirement benefits	850	901
Reserve for directors' retirement benefits	53	16
Reserve for employees' bonuses	756	891
Reserve for price fluctuations and others	80	90
Reserve for price fluctuations	80	90
Total Liabilities	107,487	112,609
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	20,000	20,000
Retained deficits	(20,492)	(18,644)
Total shareholders' equity	19,507	21,355
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	426	509
Total valuation and translation adjustments	426	509
Total Net Assets	19,934	21,865
Total Liabilities and Net Assets	127,421	134,474

2. Statements of Income

(Millions of yen)

	For the six months ended September 30, 2012	For the six months ended September 30, 2013
Ordinary Revenues	42,373	44,900
Underwriting income	41,861	44,297
(Net premiums written)	41,845	44,279
(Interest and dividends on deposits of premiums)	15	17
Investment income	478	587
(Interest income and dividends)	470	591
(Gains on sale of securities)	24	13
(Transfer to interest and dividends on deposits of premiums)	(15)	(17)
Other ordinary income	34	15
Ordinary Expenses	41,910	42,028
Underwriting expenses	31,794	31,794
(Net losses paid)	23,137	23,299
(Loss adjustment expenses)	2,801	3,078
(Net commissions and brokerage fees)	706	722
(Provision for reserve for outstanding losses)	2,428	613
(Provision for underwriting reserves)	2,720	4,080
Investment expenses	5	1
(Losses on sale of securities)	3	-
Operating, general and administrative expenses	10,098	10,228
Other ordinary expenses	12	3
Ordinary Profit	463	2,872
Extraordinary Gains	-	-
Extraordinary Losses	10	10
Losses on sale or disposal of fixed assets	0	0
Provision for reserve for price fluctuations and others	9	10
Provision for reserve for price fluctuations	9	10
Income Before Income Taxes	453	2,861
Income Taxes –current	12	1,356
Income Taxes –deferred	200	(342)
Total Income Taxes	213	1,013
Net Income	240	1,848

3. Financial Summary (Year-on-Year Comparison)

(Millions of yen)

		For the six months ended September 30, 2012	For the six months ended September 30, 2013	Change (Amount)	Change (%)
Gross direct premiums written		41,300	43,632	2,331	5.6 %
(Direct premiums written)		41,300	43,632	2,331	5.6
Ordinary Income (expenses)	Underwriting income	41,861	44,297	2,435	5.8
	(Net premiums written)	41,845	44,279	2,433	5.8
	Underwriting expenses	31,794	31,794	0	0.0
	(Net losses paid)	23,137	23,299	161	0.7
	(Loss adjustment expenses)	2,801	3,078	276	9.9
	(Net commissions and brokerage fees)	706	722	15	2.3
	Investment income	478	587	108	22.7
	(Interest income and dividends)	470	591	121	25.8
	(Gains on sale of securities)	24	13	(10)	(44.3)
	Investment expenses	5	1	(4)	(81.4)
(Losses on sale of securities)	3	—	(3)	(100.0)	
Operating, general and administrative expenses	10,098	10,228	130	1.3	
(Operating, general and administrative expenses related to underwriting)	10,047	10,184	137	1.4	
Other ordinary income, net	21	12	(8)	(41.2)	
Ordinary profit	463	2,872	2,408	520.0	
(Underwriting profit)	18	2,316	2,297	12,104.6	
Extraordinary gains (losses)	Extraordinary Gains	—	—	—	—
	Extraordinary Losses	10	10	0	3.7
	Extraordinary gains (losses), net	(10)	(10)	(0)	—
Income before income taxes		453	2,861	2,408	531.4
Income taxes -current		12	1,356	1,344	10,706.4
Income taxes -deferred		200	(342)	(543)	(271.0)
Total income taxes		213	1,013	800	375.6
Net Income		240	1,848	1,608	669.8
Ratios	Net loss ratio	62.0%	59.6%		
	Net expense ratio	25.7%	24.6%		

Notes: 1. Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses related to underwriting) ± Other income (expenses)

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

2. Ratios are calculated as follows:

Net loss ratio=(Net losses paid + Loss adjustment expenses) / Net premiums written x 100

Net expense ratio=(Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premium written x 100

4. Premiums and Losses Paid by Type of Policy

Direct Premiums Written

(Millions of yen)

	For the six months ended September 30, 2012			For the six months ended September 30, 2013		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	111	0.3	68.7	115	0.3	3.5
Marine	—	—	—	—	—	—
Personal accident	3,895	9.4	6.9	4,124	9.5	5.9
Voluntary automobile	37,293	90.3	5.5	39,391	90.3	5.6
Compulsory automobile liability	—	—	—	—	—	—
Total	41,300	100.0	5.8	43,632	100.0	5.6

Net Premiums Written

(Millions of yen)

	For the six months ended September 30, 2012			For the six months ended September 30, 2013		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	73	0.2	13.6	82	0.2	12.4
Marine	74	0.2	294.7	68	0.2	(7.0)
Personal accident	4,009	9.6	7.0	4,254	9.6	6.1
Voluntary automobile	37,155	88.8	5.5	39,264	88.7	5.7
Compulsory automobile liability	532	1.3	30.6	608	1.4	14.3
Total	41,845	100.0	6.1	44,279	100.0	5.8

Net Losses Paid

(Millions of yen)

	For the six months ended September 30, 2012			For the six months ended September 30, 2013		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	0	(98.8)	15.8	0	1.3	6.4
Marine	142	1,098.4	192.3	77	(45.8)	112.1
Personal accident	941	8.6	26.6	1,010	7.2	26.8
Voluntary automobile	21,562	8.5	65.2	21,667	0.5	62.7
Compulsory automobile liability	489	19.4	91.9	544	11.1	89.4
Total	23,137	9.2	62.0	23,299	0.7	59.6

5. Risk-monitored Loans

None

6. Securities

(1) Held-to-maturity securities

(Millions of yen)

		As of March 31, 2013			As of September 30, 2013		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	JGBs and corporate bonds	73,019	79,207	6,188	72,369	76,880	4,510
	Foreign securities	497	516	19	497	513	16
	Subtotal	73,516	79,723	6,207	72,866	77,394	4,527
Fair value is lower than balance sheet amount	JGBs and corporate bonds	—	—	—	87	87	(0)
Total		73,516	79,723	6,207	72,954	77,481	4,527

(2) Available-for-sale securities

(Millions of yen)

		As of March 31, 2013			As of September 30, 2013		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	JGBs and corporate bonds	12,524	12,421	102	14,303	14,229	73
	Japanese stocks	1,251	729	522	1,404	729	674
	Subtotal	13,775	13,151	624	15,707	14,958	748
Balance sheet amount is lower than acquisition cost	JGBs and corporate bonds	1,204	1,212	(8)	8,782	8,794	(11)
	Others	174	174	—	2,004	2,004	—
	Subtotal	1,378	1,387	(8)	10,787	10,799	(11)
Total		15,154	14,538	616	26,494	25,758	736

7. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
(A) Total non-consolidated solvency margin	27,370	29,775
Capital or treasury	19,507	21,355
Reserve for price fluctuations	80	90
Contingency reserve	63	68
Catastrophe reserve	7,164	7,598
General reserve for possible loan losses	-	-
Net unrealized gains on other securities (before subtracting tax effects)	554	662
Net unrealized gains on real estate	-	-
Excess refund reserve	-	-
Subordinated debt	-	-
The portion of the excess refund reserve and subordinated debt that is not included in the margin	-	-
Deductible items	-	-
Others	-	-
(B) Total non-consolidated risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	10,855	10,881
Ordinary insurance risk (R_1)	9,865	9,867
Third-sector insurance risk (R_2)	-	-
Assumed interest rate risk (R_3)	67	72
Asset management risk (R_4)	485	678
Business management risk (R_5)	331	337
Major catastrophe risk (R_6)	643	647
(C) Non-consolidated solvency margin ratio $[(A) \div \{(B) \times 1/2\}] \times 100$	504.2 %	547.2 %

Note: The figures were calculated based on the provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and Ministry of Finance Public Notice No. 50 of 1996.

<Non-consolidated Solvency Margin Ratio>

Non-life insurance companies maintain reserves to ensure their ability to pay claims when accidents occur and return contracted amounts at maturity on savings-type insurance. Non-life insurance companies must also maintain sufficient ability to pay in the event of a major catastrophe or a dramatic drop in the value of the assets they hold—risk events outside the normal scope of expectations.

Total risk (item (B) in the table above) indicates dangers outside the general scope of expectations. The non-consolidated solvency margin ratio (item (C) in the table above) 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) above).

“Risk events outside the normal scope of expectations” refers to the total of the amounts represented by the following risks:

- (1) Insurance underwriting risk : Risk outside the scope of risk incorporated into the rate of accident occurrence (excluding major
(Ordinary insurance risk) catastrophe risk)
(Third-sector insurance 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. If this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.