

Summary Information on Sony Assurance's Financial Results
for the Year Ended March 31, 2014

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1. Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Assets:		
Cash and deposits	8,443	6,912
Cash	0	0
Deposits	8,443	6,911
Securities	88,670	101,245
Japanese government bonds	68,646	79,685
Japanese municipal bonds	9,648	11,579
Japanese corporate bonds	8,452	7,661
Japanese stock	1,251	1,016
Foreign securities	497	197
Other securities	174	1,105
Tangible fixed assets	1,160	3,105
Buildings	249	243
Construction in progress	672	947
Other tangible fixed assets	238	1,914
Intangible fixed assets	7,515	8,283
Software	6,285	5,318
Software in progress	1,226	2,963
Other intangible fixed assets	3	1
Other assets	17,677	18,450
Accrued premiums	1,199	1,250
Due from reinsurers	9	10
Due from foreign reinsurers	0	9
Accounts receivable	11,892	12,304
Accrued income	129	132
Deposits	419	448
Suspense payment	4,026	4,294
Deferred tax assets	3,953	4,716
Total Assets	127,421	142,714

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities:		
Underwriting reserves	99,209	110,741
Reserve for outstanding losses	28,599	32,698
Underwriting reserves	70,609	78,043
Other liabilities	6,537	8,543
Due to reinsurers	45	67
Due to foreign reinsurers	7	16
Income taxes payable	227	2,159
Deposits received	11	12
Accounts payable	1,980	2,364
Suspense receipt	4,264	3,923
Reserve for employees' retirement benefits	850	969
Reserve for directors' retirement benefits	53	22
Reserve for employees' bonuses	756	918
Reserve for price fluctuations and others	80	101
Reserve for price fluctuations	80	101
Total Liabilities	107,487	121,295
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus		
Capital reserve	20,000	20,000
Total capital surplus	20,000	20,000
Retained deficits		
Other retained deficits	(20,492)	(18,828)
Unappropriated retained deficits	(20,492)	(18,828)
Total retained deficits	(20,492)	(18,828)
Total shareholders' equity	19,507	21,171
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	426	246
Total valuation and translation adjustments	426	246
Total Net Assets	19,934	21,418
Total Liabilities and Net Assets	127,421	142,714

2. Statements of Income

(Millions of yen)

	For the year ended March 31, 2013	For the year ended March 31, 2014
Ordinary Revenues	84,711	89,864
Underwriting income	83,615	88,639
(Net premiums written)	83,582	88,600
(Interest and dividends on deposits of premiums)	33	39
Investment income	1,021	1,198
(Interest income and dividends)	1,027	1,209
(Gains on sale of securities)	26	25
(Gains on redemption of securities)	—	3
(Transfer to interest and dividends on deposits of premiums)	(33)	(39)
Other ordinary income	74	25
Ordinary Expenses	82,340	86,860
Underwriting expenses	61,830	65,469
(Net losses paid)	47,153	46,183
(Loss adjustment expenses)	5,656	6,367
(Net commissions and brokerage fees)	1,373	1,387
(Provision for reserve for outstanding losses)	4,407	4,098
(Provision for underwriting reserves)	3,238	7,433
(Other underwriting expenses)	0	0
Investment expenses	7	7
(Losses on sale of securities)	3	5
(Losses on redemption of securities)	3	2
Operating, general and administrative expenses	20,485	21,378
Other ordinary expenses	17	4
Ordinary Profit	2,371	3,003
Extraordinary Gains	—	—
Extraordinary Losses	59	106
Losses on sale or disposal of fixed assets	41	85
Provision for reserve for price fluctuations and others	18	21
Provision for reserve for price fluctuations	18	21
Income Before Income Taxes	2,311	2,897
Income Taxes –current	25	1,916
Income Taxes –deferred	831	(683)
Total Income Taxes	856	1,232
Net Income	1,454	1,664

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

(Millions of yen)

		For the year ended March 31, 2013	For the year ended March 31, 2014	Change (Amount)	Change (%)
Gross direct premiums written		82,541	87,370	4,829	5.9 %
(Direct premiums written)		82,541	87,370	4,829	5.9
Ordinary Income (expenses)	Underwriting income	83,615	88,639	5,024	6.0
	(Net premiums written)	83,582	88,600	5,017	6.0
	Underwriting expenses	61,830	65,469	3,639	5.9
	(Net losses paid)	47,153	46,183	(970)	(2.1)
	(Loss adjustment expenses)	5,656	6,367	711	12.6
	(Net commissions and brokerage fees)	1,373	1,387	13	1.0
	Investment income	1,021	1,198	177	17.4
	(Interest income and dividends)	1,027	1,209	181	17.7
	(Gains on sale of securities)	26	25	(1)	(4.4)
	Investment expenses	7	7	(0)	(2.4)
(Losses on sale of securities)	3	5	1	31.6	
Operating, general and administrative expenses		20,485	21,378	892	4.4
(Operating, general and administrative expenses related to underwriting)		20,386	21,293	907	4.5
Other ordinary income, net		57	21	(36)	(63.1)
Ordinary profit		2,371	3,003	632	26.7
(Underwriting profit)		1,398	1,874	475	34.0
Extraordinary gains (losses)	Extraordinary Gains	—	—	—	—
	Extraordinary Losses	59	106	46	78.4
	Extraordinary gains (losses), net	(59)	(106)	(46)	—
Income before income taxes		2,311	2,897	585	25.4
Income taxes -current		25	1,916	1,890	7,307.4
Income taxes -deferred		831	(683)	(1,514)	(182.3)
Total income taxes		856	1,232	375	43.9
Net Income		1,454	1,664	209	14.4
Ratios	Net loss ratio	63.2%	59.3%		
	Net expense ratio	26.0%	25.6%		
	Yield on investments (income basis)	1.09%	1.17%		
	Yield on investments (realized basis)	1.11%	1.19%		

(Reference) Yield on investments (market value basis) : 1.84% for the year ended March 31, 2013 and 0.93% for the year ended March 31, 2014.

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. Calculation methods for yield on investments are described in separate attachments.

Calculation methods for yield on investments

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 (market value basis)

An indicator of investment efficiency based on market value. Realized profit and loss plus net unrealized gains is the numerator, and market value is the denominator.

- Numerator = (Investment income + Interest and dividends on deposits of premiums – Investment expenses) + (Net unrealized gains at end of period* – Net unrealized gains at end of previous period*)
- Denominator = Average balance according to the acquisition cost or amortized cost + Net unrealized gains on other securities at end of previous period*

*Amounts before tax deductions

4. Premiums and Losses Paid by Type of Policy

Direct Premiums Written

(Millions of yen)

	For the year ended March 31, 2013			For the year ended March 31, 2014		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	236	0.3	34.1	275	0.3	16.4
Marine	—	—	—	—	—	—
Personal accident	7,898	9.6	6.4	8,360	9.6	5.8
Voluntary automobile	74,406	90.1	5.2	78,735	90.1	5.8
Compulsory automobile liability	—	—	—	—	—	—
Total	82,541	100.0	5.4	87,370	100.0	5.9

Net Premiums Written

(Millions of yen)

	For the year ended March 31, 2013			For the year ended March 31, 2014		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	86	0.1	19.3	104	0.1	19.9
Marine	142	0.2	56.9	153	0.2	8.0
Personal accident	8,138	9.7	6.7	8,613	9.7	5.8
Voluntary automobile	74,140	88.7	5.2	78,473	88.6	5.8
Compulsory automobile liability	1,075	1.3	20.3	1,255	1.4	16.8
Total	83,582	100.0	5.6	88,600	100.0	6.0

Net Losses Paid

(Millions of yen)

	For the year ended March 31, 2013			For the year ended March 31, 2014		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	1	(97.3)	22.1	3	207.2	12.1
Marine	185	33.8	130.7	129	(30.4)	84.3
Personal accident	1,957	9.0	27.0	2,066	5.5	27.2
Voluntary automobile	44,004	4.3	66.6	42,860	(2.6)	62.4
Compulsory automobile liability	1,004	16.5	93.5	1,123	11.8	89.5
Total	47,153	4.7	63.2	46,183	(2.1)	59.3

5. Risk-Monitored Loans

None

6. Securities

(1) Trading-purpose securities

Not applicable

(2) Held-to-maturity securities

(Millions of yen)

		As of March 31, 2013			As of March 31, 2014		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	JGBs, other bonds	73,019	79,207	6,188	73,217	77,844	4,626
	Foreign securities	497	516	19	197	216	18
	Subtotal	73,516	79,723	6,207	73,414	78,060	4,645
Fair value is lower than balance sheet amount	JGBs, other bonds	—	—	—	873	869	(3)
Total		73,516	79,723	6,207	74,288	78,930	4,642

(3) Available-for-sale securities

(Millions of yen)

		As of March 31, 2013			As of March 31, 2014		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	JGBs, other bonds	12,524	12,421	102	19,414	19,341	73
	Japanese stocks	1,251	729	522	1,016	729	286
	Subtotal	13,775	13,151	624	20,430	20,071	359
Balance sheet amount is lower than acquisition cost	JGBs, other bonds	1,204	1,212	(8)	5,421	5,425	(3)
	Others	174	174	—	1,105	1,105	—
	Subtotal	1,378	1,387	(8)	6,526	6,530	(3)
Total		15,154	14,538	616	26,957	26,601	356

(4) Available-for-sale securities sold during the year

(Millions of yen)

	For the year ended March 31, 2013			For the year ended March 31, 2014		
	Amount of sales	Total gains on sales	Total losses on sale	Amount of sales	Total gains on sales	Total losses on sale
JGBs, other bonds	1,605	26	3	4,121	25	5

7. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
(A) Total non-consolidated solvency margin	27,370	30,118
Capital or treasury	19,507	21,171
Reserve for price fluctuations	80	101
Contingency reserve	63	73
Catastrophe reserve	7,164	8,451
General reserve for possible loan losses	—	—
Net unrealized gains on other securities (before subtracting tax effects)	554	320
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	11,416
Ordinary insurance risk (R_1)	9,865	10,386
Third-sector insurance risk (R_2)	—	—
Assumed interest rate risk (R_3)	67	77
Asset management risk (R_4)	485	662
Business management risk (R_5)	331	353
Major catastrophe risk (R_6)	643	649
(C) Non-consolidated solvency margin ratio $[(A) \div \{(B) \times 1/2\}] \times 100$	504.2 %	527.6 %

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.