

Summary Information on Sony Assurance's Financial Results
for the Year Ended March 31, 2015

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1. Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets:		
Cash and deposits	6,912	10,738
Cash	0	0
Deposits	6,911	10,738
Securities	101,245	111,809
Japanese government bonds	79,685	85,698
Japanese municipal bonds	11,579	15,218
Japanese corporate bonds	7,661	6,760
Japanese stock	1,016	2,548
Foreign securities	197	197
Other securities	1,105	1,385
Tangible fixed assets	3,105	3,539
Buildings	243	228
Construction in progress	947	1,666
Other tangible fixed assets	1,914	1,644
Intangible fixed assets	8,283	7,084
Software	5,318	3,949
Software in progress	2,963	3,134
Other intangible fixed assets	1	0
Other assets	18,450	19,294
Accrued premiums	1,250	1,265
Due from reinsurers	10	93
Due from foreign reinsurers	9	22
Accounts receivable	12,304	12,931
Accrued income	132	135
Deposits	448	446
Suspense payment	4,294	4,399
Deferred tax assets	4,716	5,452
Total Assets	142,714	157,919

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities:		
Underwriting reserves	110,741	122,173
Reserve for outstanding losses	32,698	35,665
Underwriting reserves	78,043	86,508
Other liabilities	8,543	8,787
Due to reinsurers	67	78
Due to foreign reinsurers	16	11
Income taxes payable	2,159	2,005
Deposits received	12	15
Accounts payable	2,364	2,678
Suspense receipt	3,923	3,997
Reserve for employees' retirement benefits	969	1,130
Reserve for directors' retirement benefits	22	33
Reserve for employees' bonuses	918	927
Reserve for price fluctuations and others	101	124
Reserve for price fluctuations	101	124
Total Liabilities	121,295	133,178
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	(18,828)	(16,610)
Unappropriated retained deficits	(18,828)	(16,610)
Total retained deficits	(18,828)	(16,610)
Total shareholders' equity	21,171	23,389
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	246	1,351
Total valuation and translation adjustments	246	1,351
Total Net Assets	21,418	24,741
Total Liabilities and Net Assets	142,714	157,919

2. Statements of Income

(Millions of yen)

	For the year ended March 31, 2014	For the year ended March 31, 2015
Ordinary Revenues	89,864	93,022
Underwriting income	88,639	91,761
(Net premiums written)	88,600	91,712
(Interest and dividends on deposits of premiums)	39	48
(Other underwriting income)	—	0
Investment income	1,198	1,235
(Interest income and dividends)	1,209	1,268
(Gains on sale of securities)	25	15
(Gains on redemption of securities)	3	—
(Transfer to interest and dividends on deposits of premiums)	(39)	(48)
Other ordinary income	25	25
Ordinary Expenses	86,860	88,812
Underwriting expenses	65,469	65,668
(Net losses paid)	46,183	45,985
(Loss adjustment expenses)	6,367	6,857
(Net commissions and brokerage fees)	1,387	1,392
(Provision for reserve for outstanding losses)	4,098	2,966
(Provision for underwriting reserves)	7,433	8,465
(Other underwriting expenses)	0	0
Investment expenses	7	1
(Losses on sale of securities)	5	1
(Losses on redemption of securities)	2	—
Operating, general and administrative expenses	21,378	23,135
Other ordinary expenses	4	7
Ordinary Profit	3,003	4,209
Extraordinary Gains	—	—
Extraordinary Losses	106	503
Losses on sale or disposal of fixed assets	85	480
Provision for reserve for price fluctuations and others	21	22
Provision for reserve for price fluctuations	21	22
Income Before Income Taxes	2,897	3,706
Income Taxes –current	1,916	2,639
Income Taxes –deferred	(683)	(1,166)
Total Income Taxes	1,232	1,472
Net Income	1,664	2,233

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

(Millions of yen)

		For the year ended March 31, 2014	For the year ended March 31, 2015	Change (Amount)	Change (%)
Gross direct premiums written		87,370	90,495	3,124	3.6 %
(Direct premiums written)		87,370	90,495	3,124	3.6
Ordinary Income (expenses)	Underwriting income	88,639	91,761	3,121	3.5
	(Net premiums written)	88,600	91,712	3,111	3.5
	Underwriting expenses	65,469	65,668	198	0.3
	(Net losses paid)	46,183	45,985	(197)	(0.4)
	(Loss adjustment expenses)	6,367	6,857	489	7.7
	(Net commissions and brokerage fees)	1,387	1,392	4	0.3
	Investment income	1,198	1,235	36	3.0
	(Interest income and dividends)	1,209	1,268	58	4.9
	(Gains on sale of securities)	25	15	(9)	(37.5)
	Investment expenses	7	1	(6)	(85.7)
(Losses on sale of securities)	5	1	(4)	(79.7)	
Operating, general and administrative expenses	21,378	23,135	1,756	8.2	
(Operating, general and administrative expenses related to underwriting)	21,293	23,053	1,760	8.3	
Other ordinary income, net	21	17	(3)	(16.4)	
Ordinary profit	3,003	4,209	1,205	40.1	
(Underwriting profit)	1,874	3,044	1,170	62.4	
Extraordinary gains (losses)	Extraordinary Gains	—	—	—	—
	Extraordinary Losses	106	503	396	372.2
	Extraordinary gains (losses), net	(106)	(503)	(396)	—
Income before income taxes	2,897	3,706	808	27.9	
Income taxes -current	1,916	2,639	722	37.7	
Income taxes -deferred	(683)	(1,166)	(483)	—	
Total income taxes	1,232	1,472	239	19.4	
Net Income	1,664	2,233	569	34.2	
Ratios	Net loss ratio	59.3%	57.6%		
	Net expense ratio	25.6%	26.7%		
	Yield on investments (income basis)	1.17%	1.10%		
	Yield on investments (realized basis)	1.19%	1.11%		

(Reference) Yield on investments (market value basis) : 0.93% for the year ended March 31, 2014 and 2.44% for the year ended March 31, 2015.

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, 2014			For the year ended March 31, 2015		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	275	0.3	16.4	332	0.4	21.0
Marine	—	—	—	—	—	—
Personal accident	8,360	9.6	5.8	8,576	9.5	2.6
Voluntary automobile	78,735	90.1	5.8	81,585	90.2	3.6
Compulsory automobile liability	—	—	—	—	—	—
Total	87,370	100.0	5.9	90,495	100.0	3.6

Net Premiums Written

(Millions of yen)

	For the year ended March 31, 2014			For the year ended March 31, 2015		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	104	0.1	19.9	45	0.0	(56.4)
Marine	153	0.2	8.0	110	0.1	(27.9)
Personal accident	8,613	9.7	5.8	8,845	9.6	2.7
Voluntary automobile	78,473	88.6	5.8	81,375	88.7	3.7
Compulsory automobile liability	1,255	1.4	16.8	1,335	1.5	6.4
Total	88,600	100.0	6.0	91,712	100.0	3.5

Net Losses Paid

(Millions of yen)

	For the year ended March 31, 2014			For the year ended March 31, 2015		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	3	207.2	12.1	3	(6.3)	45.3
Marine	129	(30.4)	84.3	90	(30.1)	81.7
Personal accident	2,066	5.5	27.2	2,265	9.7	28.7
Voluntary automobile	42,860	(2.6)	62.4	42,414	(1.0)	60.2
Compulsory automobile liability	1,123	11.8	89.5	1,212	7.9	90.8
Total	46,183	(2.1)	59.3	45,985	(0.4)	57.6

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, 2014			As of March 31, 2015		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	JGBs, other bonds	73,217	77,844	4,626	68,986	77,952	8,965
	Foreign securities	197	216	18	197	222	24
	Subtotal	73,414	78,060	4,645	69,183	78,174	8,990
Fair value is lower than balance sheet amount	JGBs, other bonds	873	869	(3)	—	—	—
Total		74,288	78,930	4,642	69,183	78,174	8,990

(3) Available-for-sale securities

(Millions of yen)

		As of March 31, 2014			As of March 31, 2015		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	JGBs, other bonds	19,414	19,341	73	30,042	29,951	91
	Japanese stocks	1,016	729	286	2,548	729	1,819
	Subtotal	20,430	20,071	359	32,591	30,681	1,910
Balance sheet amount is lower than acquisition cost	JGBs, other bonds	5,421	5,425	(3)	8,648	8,658	(10)
	Others	1,105	1,105	—	1,385	1,385	—
	Subtotal	6,526	6,530	(3)	10,033	10,044	(10)
Total		26,957	26,601	356	42,625	40,725	1,899

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

(Millions of yen)

	For the year ended March 31, 2014			For the year ended March 31, 2015		
	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	4,121	25	5	6,952	15	1

7. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
(A) Total non-consolidated solvency margin	30,118	36,650
Capital or treasury	21,171	23,389
Reserve for price fluctuations	101	124
Contingency reserve	73	82
Catastrophe reserve	8,451	11,344
General reserve for possible loan losses	—	—
Net unrealized gains on other securities (before subtracting tax effects)	320	1,709
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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	11,416	11,641
Ordinary insurance risk (R_1)	10,386	10,465
Third-sector insurance risk (R_2)	—	—
Assumed interest rate risk (R_3)	77	86
Asset management risk (R_4)	662	1,101
Business management risk (R_5)	353	371
Major catastrophe risk (R_6)	649	737
(C) Non-consolidated solvency margin ratio $[(A) \div \{(B) \times 1/2\}] \times 100$	527.6 %	629.6 %

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.