

Summary Information on Sony Assurance's Financial Results
for the Six Months Ended September 30, 2015

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1. Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets:		
Cash and deposits	10,738	6,979
Securities	111,809	123,743
Tangible fixed assets	3,539	4,083
Intangible fixed assets	7,084	7,050
Other assets	19,294	17,486
Accounts receivable	12,931	10,768
Others	6,363	6,718
Deferred tax assets	5,452	5,563
Total Assets	157,919	164,906
Liabilities:		
Underwriting reserves	122,173	128,307
Reserve for outstanding losses	35,665	36,921
Underwriting reserves	86,508	91,385
Other liabilities	8,787	7,074
Income taxes payable	2,005	1,279
Others	6,781	5,795
Reserve for employees' retirement benefits	1,130	1,199
Reserve for directors' retirement benefits	33	37
Reserve for employees' bonuses	927	938
Reserve for price fluctuations and others	124	136
Reserve for price fluctuations	124	136
Total Liabilities	133,178	137,694
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	20,000	3,389
Retained earnings (deficits)	(16,610)	1,991
Total shareholders' equity	23,389	25,380
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities, net of taxes	1,351	1,831
Total valuation and translation adjustments	1,351	1,831
Total Net Assets	24,741	27,212
Total Liabilities and Net Assets	157,919	164,906

2. Statements of Income

(Millions of yen)

	For the six months ended September 30, 2014	For the six months ended September 30, 2015
Ordinary Revenues	46,406	48,250
Underwriting income	45,774	47,601
(Net premiums written)	45,752	47,574
(Interest and dividends on deposits of premiums)	22	27
Investment income	617	631
(Interest income and dividends)	626	648
(Gains on sale of securities)	12	9
(Transfer to interest and dividends on deposits of premiums)	(22)	(27)
Other ordinary income	14	17
Ordinary Expenses	42,971	45,498
Underwriting expenses	32,027	33,468
(Net losses paid)	22,420	23,033
(Loss adjustment expenses)	3,397	3,568
(Net commissions and brokerage fees)	701	732
(Provision for reserve for outstanding losses)	1,105	1,256
(Provision for underwriting reserves)	4,401	4,877
Investment expenses	0	2
(Losses on sale of securities)	0	2
Operating, general and administrative expenses	10,940	12,025
Other ordinary expenses	3	2
Ordinary Profit	3,434	2,751
Extraordinary Gains	—	—
Extraordinary Losses	28	12
Losses on sale or disposal of fixed assets	17	0
Provision for reserve for price fluctuations and others	11	12
Provision for reserve for price fluctuations	11	12
Income Before Income Taxes	3,406	2,738
Income Taxes –current	1,742	1,052
Income Taxes –deferred	(728)	(305)
Total Income Taxes	1,014	747
Net Income	2,392	1,991

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

(Millions of yen)

		For the six months ended September 30, 2014	For the six months ended September 30, 2015	Change (Amount)	Change (%)
Gross direct premiums written		45,069	46,963	1,893	4.2
(Direct premiums written)		45,069	46,963	1,893	4.2
Ordinary Income (expenses)	Underwriting income	45,774	47,601	1,826	4.0
	(Net premiums written)	45,752	47,574	1,821	4.0
	Underwriting expenses	32,027	33,468	1,440	4.5
	(Net losses paid)	22,420	23,033	612	2.7
	(Loss adjustment expenses)	3,397	3,568	171	5.0
	(Net commissions and brokerage fees)	701	732	30	4.3
	Investment income	617	631	14	2.3
	(Interest income and dividends)	626	648	22	3.5
	(Gains on sale of securities)	12	9	(2)	(23.1)
	Investment expenses	0	2	2	87,239.7
	(Losses on sale of securities)	0	2	2	87,239.7
Operating, general and administrative expenses	10,940	12,025	1,084	9.9	
(Operating, general and administrative expenses related to underwriting)	10,902	11,988	1,085	10.0	
Other ordinary income, net	11	15	4	36.2	
Ordinary profit	3,434	2,751	(683)	(19.9)	
(Underwriting profit)	2,843	2,144	(699)	(24.6)	
Extraordinary gains (losses)	Extraordinary Gains	—	—	—	—
	Extraordinary Losses	28	12	(15)	(55.9)
	Extraordinary gains (losses), net	(28)	(12)	15	—
Income before income taxes		3,406	2,738	(667)	(19.6)
Income taxes -current		1,742	1,052	(689)	(39.6)
Income taxes -deferred		(728)	(305)	422	—
Total income taxes		1,014	747	(266)	(26.3)
Net Income		2,392	1,991	(400)	(16.8)
Ratios	Net loss ratio	56.4%	55.9%		
	Net expense ratio	25.4%	26.7%		

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:

$$\text{Net loss ratio} = (\text{Net losses paid} + \text{Loss adjustment expenses}) / \text{Net premiums written} \times 100$$

$$\text{Net expense ratio} = (\text{Net commissions and brokerage fees} + \text{Operating, general and administrative expenses related to underwriting}) / \text{Net premium written} \times 100$$

4. Premiums and Losses Paid by Type of Policy

Direct Premiums Written

(Millions of yen)

	For the six months ended September 30, 2014			For the six months ended September 30, 2015		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	119	0.3	3.3	199	0.4	66.2
Marine	—	—	—	—	—	—
Personal accident	4,277	9.5	3.7	4,321	9.2	1.0
Voluntary automobile	40,671	90.2	3.2	42,442	90.4	4.4
Compulsory automobile liability	—	—	—	—	—	—
Total	45,069	100.0	3.3	46,963	100.0	4.2

Net Premiums Written

(Millions of yen)

	For the six months ended September 30, 2014			For the six months ended September 30, 2015		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	16	0.0	(80.0)	28	0.1	73.5
Marine	84	0.2	22.8	22	0.0	(73.7)
Personal accident	4,411	9.6	3.7	4,461	9.4	1.1
Voluntary automobile	40,568	88.7	3.3	42,349	89.0	4.4
Compulsory automobile liability	671	1.5	10.2	712	1.5	6.2
Total	45,752	100.0	3.3	47,574	100.0	4.0

Net Losses Paid

(Millions of yen)

	For the six months ended September 30, 2014			For the six months ended September 30, 2015		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	2	340.6	64.8	0	(65.9)	45.3
Marine	73	(5.0)	86.8	100	36.4	449.6
Personal accident	1,128	11.7	28.6	1,207	7.1	30.1
Voluntary automobile	20,616	(4.9)	58.8	21,096	2.3	57.9
Compulsory automobile liability	601	10.4	89.5	628	4.6	88.2
Total	22,420	(3.8)	56.4	23,033	2.7	55.9

5. Risk-monitored Loans

None

6. Securities

(1) Held-to-maturity securities

(Millions of yen)

		As of March 31, 2015			As of September 30, 2015		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	JGBs and corporate bonds	68,986	77,952	8,965	70,225	78,619	8,394
	Foreign securities	197	222	24	197	221	24
	Subtotal	69,183	78,174	8,990	70,422	78,841	8,418
Fair value is lower than balance sheet amount	JGBs and corporate bonds	—	—	—	—	—	—
Total		69,183	78,174	8,990	70,422	78,841	8,418

(2) Available-for-sale securities

(Millions of yen)

		As of March 31, 2015			As of September 30, 2015		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	JGBs and corporate bonds	30,042	29,951	91	38,566	38,444	121
	Japanese stocks	2,548	729	1,819	3,190	729	2,461
	Subtotal	32,591	30,681	1,910	41,756	39,174	2,582
Balance sheet amount is lower than acquisition cost	JGBs and corporate bonds	8,648	8,658	(10)	10,508	10,517	(9)
	Others	1,385	1,385	—	1,055	1,055	—
	Subtotal	10,033	10,044	(10)	11,563	11,572	(9)
Total		42,625	40,725	1,899	53,320	50,747	2,573

7. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
(A) Total non-consolidated solvency margin	36,650	40,767
Capital or treasury	23,389	25,380
Reserve for price fluctuations	124	136
Contingency reserve	82	87
Catastrophe reserve	11,344	12,846
General reserve for possible loan losses	–	–
Net unrealized gains on other securities (before subtracting tax effects)	1,709	2,316
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 $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	11,641	12,047
Ordinary insurance risk (R_1)	10,465	10,660
Third-sector insurance risk (R_2)	–	–
Assumed interest rate risk (R_3)	86	91
Asset management risk (R_4)	1,101	1,310
Business management risk (R_5)	371	261
Major catastrophe risk (R_6)	737	1,033
(C) Non-consolidated solvency margin ratio $[(A) \div \{(B) \times 1/2\}] \times 100$	629.6 %	676.7 %

Note: The non-consolidated solvency margin ratio was 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.