

**Summary Information on Sony Assurance's Financial Results**  
**for the Six Months Ended September 30, 2016**

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# 1. Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Assets:</b>		
Cash and deposits	8,381	9,227
Securities	127,256	132,188
Tangible fixed assets	4,024	3,805
Intangible fixed assets	5,988	7,333
Other assets	20,363	18,172
Accounts receivable	13,493	11,144
Others	6,870	7,028
Deferred tax assets	6,308	7,149
<b>Total Assets</b>	<b>172,323</b>	<b>177,876</b>
<b>Liabilities:</b>		
Underwriting reserves	133,246	139,367
Reserve for outstanding losses and claims	37,542	39,146
Underwriting reserves	95,704	100,221
Other liabilities	8,339	7,386
Income taxes payable	1,442	1,614
Others	6,897	5,771
Reserve for employees' retirement benefits	1,281	1,374
Reserve for directors' retirement benefits	44	33
Reserve for employees' bonuses	956	989
Reserve under the special laws	149	163
Reserve for price fluctuations	149	163
<b>Total Liabilities</b>	<b>144,018</b>	<b>149,314</b>
<b>Net Assets:</b>		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	3,389	3,389
Retained earnings	2,586	3,769
Total shareholders' equity	25,976	27,159
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities, net of taxes	2,328	1,403
Total valuation and translation adjustments	2,328	1,403
<b>Total Net Assets</b>	<b>28,305</b>	<b>28,562</b>
<b>Total Liabilities and Net Assets</b>	<b>172,323</b>	<b>177,876</b>

## 2. Statements of Income

(Millions of yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
<b>Ordinary Revenues</b>	<b>48,250</b>	<b>50,266</b>
Underwriting income	47,601	48,967
(Net premiums written)	47,574	48,934
(Interest and dividends on deposits of premiums)	27	33
Investment income	631	1,277
(Interest income and dividends)	648	661
(Gains on sale of securities)	9	649
(Transfer to interest and dividends on deposits of premiums)	(27)	(33)
Other ordinary income	17	21
<b>Ordinary Expenses</b>	<b>45,498</b>	<b>46,898</b>
Underwriting expenses	33,468	34,641
(Net losses paid)	23,033	24,046
(Loss adjustment expenses)	3,568	3,683
(Net commissions and brokerage fees)	732	790
(Provision for reserve for outstanding losses)	1,256	1,603
(Provision for underwriting reserves)	4,877	4,517
Investment expenses	2	-
(Losses on sale of securities)	2	-
Operating, general and administrative expenses	12,025	12,253
Other ordinary expenses	2	2
<b>Ordinary Profit</b>	<b>2,751</b>	<b>3,368</b>
Extraordinary Gains	-	-
Extraordinary Losses	12	13
Losses on sale or disposal of fixed assets	0	0
Provision for reserve under the special laws	12	13
Provision for reserve for price fluctuations	12	13
Income Before Income Taxes	2,738	3,355
Income Taxes –Current	1,052	1,358
Income Taxes –Deferred	(305)	(480)
Total Income Taxes	747	878
<b>Net Income</b>	<b>1,991</b>	<b>2,476</b>

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

(Millions of yen)

		For the six months ended September 30, 2015	For the six months ended September 30, 2016	Change (Amount)	Change (%)
<b>Gross direct premiums written</b>		<b>46,963</b>	<b>48,319</b>	<b>1,356</b>	<b>2.9 %</b>
(Direct premiums written)		46,963	48,319	1,356	2.9
<b>Ordinary Income (expenses)</b>	<b>Underwriting income</b>	<b>47,601</b>	<b>48,967</b>	<b>1,366</b>	<b>2.9</b>
	(Net premiums written)	47,574	48,934	1,359	2.9
	<b>Underwriting expenses</b>	<b>33,468</b>	<b>34,641</b>	<b>1,172</b>	<b>3.5</b>
	(Net losses paid)	23,033	24,046	1,012	4.4
	(Loss adjustment expenses)	3,568	3,683	114	3.2
	(Net commissions and brokerage fees)	732	790	57	7.9
	<b>Investment income</b>	<b>631</b>	<b>1,277</b>	<b>646</b>	<b>102.4</b>
	(Interest income and dividends)	648	661	12	2.0
	(Gains on sale of securities)	9	649	639	6,565.2
	<b>Investment expenses</b>	<b>2</b>	<b>-</b>	<b>(2)</b>	<b>(100.0)</b>
(Losses on sale of securities)	2	-	(2)	(100.0)	
<b>Operating, general and administrative expenses</b>		<b>12,025</b>	<b>12,253</b>	<b>228</b>	<b>1.9</b>
(Operating, general and administrative expenses related to underwriting)		11,988	12,226	238	2.0
<b>Other ordinary income, net</b>		<b>15</b>	<b>18</b>	<b>3</b>	<b>21.0</b>
<b>Ordinary profit</b>		<b>2,751</b>	<b>3,368</b>	<b>617</b>	<b>22.4</b>
(Underwriting profit)		2,144	2,099	(44)	(2.1)
<b>Extraordinary gains (losses)</b>	Extraordinary Gains	-	-	-	-
	Extraordinary Losses	12	13	0	7.1
	<b>Extraordinary gains (losses), net</b>	<b>(12)</b>	<b>(13)</b>	<b>(0)</b>	<b>-</b>
<b>Income Before Income Taxes</b>		<b>2,738</b>	<b>3,355</b>	<b>616</b>	<b>22.5</b>
<b>Income Taxes -Current</b>		<b>1,052</b>	<b>1,358</b>	<b>306</b>	<b>29.1</b>
<b>Income Taxes -Deferred</b>		<b>(305)</b>	<b>(480)</b>	<b>(174)</b>	<b>-</b>
<b>Total Income Taxes</b>		<b>747</b>	<b>878</b>	<b>131</b>	<b>17.5</b>
<b>Net Income</b>		<b>1,991</b>	<b>2,476</b>	<b>485</b>	<b>24.4</b>
<b>Ratios</b>	Net loss ratio	55.9 %	56.7 %		
	Net expense ratio	26.7 %	26.6 %		

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, 2015			For the six months ended September 30, 2016		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	199	0.4	66.2	117	0.2	(41.2)
Marine	-	-	-	-	-	-
Personal accident	4,321	9.2	1.0	4,388	9.1	1.6
Voluntary automobile	42,442	90.4	4.4	43,814	90.7	3.2
Compulsory automobile liability	-	-	-	-	-	-
<b>Total</b>	<b>46,963</b>	<b>100.0</b>	<b>4.2</b>	<b>48,319</b>	<b>100.0</b>	<b>2.9</b>

### Net Premiums Written

(Millions of yen)

	For the six months ended September 30, 2015			For the six months ended September 30, 2016		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	28	0.1	73.5	12	0.0	(55.0)
Marine	22	0.0	(73.7)	(2)	(0.0)	(111.1)
Personal accident	4,461	9.4	1.1	4,527	9.3	1.5
Voluntary automobile	42,349	89.0	4.4	43,686	89.3	3.2
Compulsory automobile liability	712	1.5	6.2	709	1.4	(0.5)
<b>Total</b>	<b>47,574</b>	<b>100.0</b>	<b>4.0</b>	<b>48,934</b>	<b>100.0</b>	<b>2.9</b>

### Net Losses Paid

(Millions of yen)

	For the six months ended September 30, 2015			For the six months ended September 30, 2016		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	0	(65.9)	45.3	4	491.3	119.6
Marine	100	36.4	449.6	(11)	(111.3)	-
Personal accident	1,207	7.1	30.1	1,228	1.7	30.1
Voluntary automobile	21,096	2.3	57.9	22,175	5.1	58.9
Compulsory automobile liability	628	4.6	88.2	649	3.3	91.6
<b>Total</b>	<b>23,033</b>	<b>2.7</b>	<b>55.9</b>	<b>24,046</b>	<b>4.4</b>	<b>56.7</b>

## 5. Risk-monitored Loans

None

## 6. Securities

### (1) Held-to-maturity securities

(Millions of yen)

		As of March 31, 2016			As of September 30, 2016		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	JGBs and corporate bonds	71,050	92,796	21,745	72,098	95,302	23,204
	Foreign securities	197	221	23	197	217	20
	Subtotal	71,248	93,017	21,769	72,295	95,520	23,224
Fair value is lower than balance sheet amount	JGBs and corporate bonds	-	-	-	1,712	1,627	(85)
<b>Total</b>		<b>71,248</b>	<b>93,017</b>	<b>21,769</b>	<b>74,008</b>	<b>97,147</b>	<b>23,138</b>

### (2) Available-for-sale securities

(Millions of yen)

		As of March 31, 2016			As of September 30, 2016		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	JGBs and corporate bonds	45,054	44,787	266	49,742	49,445	296
	Japanese stocks	3,708	729	2,978	2,199	541	1,658
	Subtotal	48,762	45,517	3,245	51,941	49,986	1,954
Balance sheet amount is lower than acquisition cost	JGBs and corporate bonds	6,190	6,201	(10)	6,238	6,243	(5)
	Others	1,055	1,055	-	-	-	-
	Subtotal	7,245	7,256	(10)	6,238	6,243	(5)
<b>Total</b>		<b>56,008</b>	<b>52,774</b>	<b>3,234</b>	<b>58,179</b>	<b>56,230</b>	<b>1,949</b>

## 7. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
(A) Total non-consolidated solvency margin	42,701	45,560
Capital or treasury, etc	24,682	26,512
Reserve for price fluctuations	149	163
Contingency reserve	91	96
Catastrophe reserve	14,363	15,920
General reserve for possible loan losses	-	-
Net unrealized gains on other securities and net deferred gains (losses) on hedging instruments (before tax deductions)	2,910	1,754
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	502	1,113
(B) Total non-consolidated risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	12,313	12,536
Ordinary insurance risk (R <sub>1</sub> )	10,906	11,136
Third-sector insurance risk (R <sub>2</sub> )	-	-
Assumed interest rate risk (R <sub>3</sub> )	96	100
Asset management risk (R <sub>4</sub> )	1,416	1,345
Business management risk (R <sub>5</sub> )	269	272
Major catastrophe risk (R <sub>6</sub> )	1,033	1,033
(C) Non-consolidated solvency margin ratio [(A) / {(B) × 1/2}] × 100	693.5 %	726.8 %

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 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 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))

"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.