

**Summary Information on Sony Assurance's Financial Results**  
**for the Year Ended March 31, 2018**

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Disclaimer:

This English translation is prepared for the readers' convenience. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

# 1. Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets:</b>		
Cash and deposits	8,951	23,778
Cash	0	0
Deposits	8,951	23,778
Securities	137,553	145,349
Japanese government bonds	84,455	82,422
Japanese local government bonds	29,308	34,954
Japanese corporate bonds	21,544	24,750
Japanese stocks	2,046	3,023
Foreign securities	197	197
Tangible fixed assets	3,399	2,407
Buildings	188	177
Construction in progress	22	—
Other tangible fixed assets	3,188	2,229
Intangible fixed assets	6,529	6,196
Software	5,833	5,008
Software in progress	144	1,178
Other intangible fixed assets	550	9
Other assets	22,125	17,149
Accrued premiums	1,270	1,238
Due from reinsurers	36	4
Due from foreign reinsurers	8	0
Accounts receivable	15,097	10,432
Accrued income	149	149
Money on deposits	506	493
Suspense payments	5,056	4,831
Deferred tax assets	7,978	9,480
<b>Total Assets</b>	<b>186,537</b>	<b>204,362</b>

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities:</b>		
Underwriting reserves	144,514	156,612
Reserve for outstanding losses and claims	38,340	39,535
Underwriting reserves	106,173	117,077
Other liabilities	9,877	11,553
Due to reinsurers	68	55
Due to foreign reinsurers	5	10
Income taxes payable	1,746	2,363
Deposits received	65	66
Accounts payable	3,021	3,761
Suspense receipt	4,969	5,295
Reserve for employees' retirement benefits	1,440	1,667
Reserve for directors' retirement benefits	36	—
Reserve for employees' bonuses	1,082	1,132
Reserve under the special laws	177	206
Reserve for price fluctuations	177	206
<b>Total Liabilities</b>	<b>157,128</b>	<b>171,173</b>
<b>Net Assets:</b>		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus		
Capital reserve	3,389	3,389
Total capital surplus	3,389	3,389
Retained earnings		
Earned reserve	258	610
Other retained earnings	4,549	7,261
Unappropriated retained earnings	4,549	7,261
Total retained earnings	4,808	7,872
Total shareholders' equity	28,197	31,261
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities, net of taxes	1,211	1,927
Total valuation and translation adjustments	1,211	1,927
<b>Total Net Assets</b>	<b>29,409</b>	<b>33,189</b>
<b>Total Liabilities and Net Assets</b>	<b>186,537</b>	<b>204,362</b>

## 2. Statements of Income

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
<b>Ordinary Revenues</b>	<b>102,333</b>	<b>110,092</b>
Underwriting income	100,330	108,316
(Net premiums written)	100,274	108,254
(Interest and dividends on deposits of premiums)	55	62
Investment income	1,957	1,731
(Interest income and dividends)	1,327	1,324
(Gains on sale of securities)	685	470
(Gains on redemption of securities)	0	—
(Transfer to interest and dividends on deposits of premiums)	(55)	(62)
Other ordinary income	45	43
<b>Ordinary Expenses</b>	<b>97,336</b>	<b>103,517</b>
Underwriting expenses	70,553	74,419
(Net losses paid)	50,181	52,482
(Loss adjustment expenses)	7,458	8,067
(Net commissions and brokerage fees)	1,646	1,771
(Provision for reserve for outstanding losses and claims)	798	1,194
(Provision for underwriting reserves)	10,469	10,903
Investment expenses	0	—
(Losses on sale of securities)	0	—
Operating, general and administrative expenses	26,763	29,096
Other ordinary expenses	19	2
<b>Ordinary Profit</b>	<b>4,996</b>	<b>6,574</b>
Extraordinary Gains	—	—
Extraordinary Losses	47	35
Losses on sale or disposal of fixed assets	19	5
Provision for reserve under the special laws	27	29
Provision for reserve for price fluctuations	27	29
Income Before Income Taxes	4,949	6,539
Income Taxes –Current	2,669	3,497
Income Taxes –Deferred	(1,235)	(1,780)
Total Income Taxes	1,434	1,717
<b>Net Income</b>	<b>3,515</b>	<b>4,821</b>

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

(Millions of yen)

		For the year ended March 31, 2017	For the year ended March 31, 2018	Change (Amount)	Change (%)
<b>Gross direct premiums written</b>		<b>99,014</b>	<b>107,008</b>	<b>7,993</b>	<b>8.1 %</b>
(Direct premiums written)		99,014	107,008	7,993	8.1
<b>Ordinary Income (expenses)</b>	<b>Underwriting income</b>	<b>100,330</b>	<b>108,316</b>	<b>7,986</b>	<b>8.0</b>
	(Net premiums written)	100,274	108,254	7,979	8.0
	<b>Underwriting expenses</b>	<b>70,553</b>	<b>74,419</b>	<b>3,866</b>	<b>5.5</b>
	(Net losses paid)	50,181	52,482	2,301	4.6
	(Loss adjustment expenses)	7,458	8,067	608	8.2
	(Net commissions and brokerage fees)	1,646	1,771	125	7.6
	<b>Investment income</b>	<b>1,957</b>	<b>1,731</b>	<b>(226)</b>	<b>(11.5)</b>
	(Interest income and dividends)	1,327	1,324	(3)	(0.2)
	(Gains on sale of securities)	685	470	(215)	(31.4)
	<b>Investment expenses</b>	<b>0</b>	<b>—</b>	<b>(0)</b>	<b>(100.0)</b>
(Losses on sale of securities)	0	—	(0)	(100.0)	
<b>Operating, general and administrative expenses</b>		<b>26,763</b>	<b>29,096</b>	<b>2,332</b>	<b>8.7</b>
(Operating, general and administrative expenses related to underwriting)		26,706	29,032	2,325	8.7
<b>Other ordinary income, net</b>		<b>26</b>	<b>41</b>	<b>15</b>	<b>59.0</b>
<b>Ordinary profit</b>		<b>4,996</b>	<b>6,574</b>	<b>1,577</b>	<b>31.6</b>
(Underwriting profit)		3,070	4,863	1,793	58.4
<b>Extraordinary gains (losses)</b>	Extraordinary Gains	—	—	—	—
	Extraordinary Losses	47	35	(12)	(25.6)
	<b>Extraordinary gains (losses), net</b>	<b>(47)</b>	<b>(35)</b>	<b>12</b>	<b>—</b>
<b>Income Before Income Taxes</b>		<b>4,949</b>	<b>6,539</b>	<b>1,589</b>	<b>32.1</b>
<b>Income Taxes - Current</b>		<b>2,669</b>	<b>3,497</b>	<b>828</b>	<b>31.0</b>
<b>Income Taxes - Deferred</b>		<b>(1,235)</b>	<b>(1,780)</b>	<b>(545)</b>	<b>—</b>
<b>Total Income Taxes</b>		<b>1,434</b>	<b>1,717</b>	<b>282</b>	<b>19.7</b>
<b>Net Income</b>		<b>3,515</b>	<b>4,821</b>	<b>1,306</b>	<b>37.2</b>
<b>Ratios</b>	Net loss ratio	57.5%	55.9%		
	Net expense ratio	28.3%	28.5%		
	Yield on investments (income basis)	0.95%	0.85%		
	Yield on investments (realized basis)	1.44%	1.15%		

(Reference)

Yield on investments (market value basis) : 0.32% for the year ended March 31, 2017 and 1.77% for the year ended March 31, 2018.

Notes:

- 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.
- Calculation method for yield on investments is described in separate attachments

## Calculation method 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, 2017			For the year ended March 31, 2018		
	Amount	Composition %	YoY Change %	Amount	Composition %	YoY Change %
Fire	245	0.2	(29.6)	206	0.2	(15.9)
Marine	—	—	—	—	—	—
Personal accident	8,767	8.9	1.0	8,679	8.1	(1.0)
Voluntary automobile	90,001	90.9	5.5	98,123	91.7	9.0
Compulsory automobile liability	—	—	—	—	—	—
<b>Total</b>	<b>99,014</b>	<b>100.0</b>	<b>5.0</b>	<b>107,008</b>	<b>100.0</b>	<b>8.1</b>

### Net Premiums Written

(Millions of yen)

	For the year ended March 31, 2017			For the year ended March 31, 2018		
	Amount	Composition %	YoY Change %	Amount	Composition %	YoY Change %
Fire	24	0.0	(43.9)	16	0.0	(34.4)
Marine	(2)	(0.0)	(105.5)	0	0.0	—
Personal accident	9,044	9.0	1.0	8,887	8.2	(1.7)
Voluntary automobile	89,746	89.5	5.4	97,880	90.4	9.1
Compulsory automobile liability	1,460	1.5	5.5	1,469	1.4	0.6
<b>Total</b>	<b>100,274</b>	<b>100.0</b>	<b>4.9</b>	<b>108,254</b>	<b>100.0</b>	<b>8.0</b>

### Net Losses Paid

(Millions of yen)

	For the year ended March 31, 2017			For the year ended March 31, 2018		
	Amount	YoY Change %	Net loss ratio %	Amount	YoY Change %	Net loss ratio %
Fire	6	298.1	117.5	6	(1.4)	247.1
Marine	(6)	(114.9)	—	2	—	308.8
Personal accident	2,615	5.8	32.0	2,692	2.9	33.7
Voluntary automobile	46,263	4.4	59.5	48,464	4.8	57.4
Compulsory automobile liability	1,301	2.5	89.1	1,316	1.1	89.6
<b>Total</b>	<b>50,181</b>	<b>4.3</b>	<b>57.5</b>	<b>52,482</b>	<b>4.6</b>	<b>55.9</b>

## 5. Risk-monitored Loans

Not applicable

## 6. Securities

### (1) Trading-purpose Securities

Not applicable

### (2) Held-to-maturity Securities

(Millions of yen)

		As of March 31, 2017			As of March 31, 2018		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	Japanese bonds (including JGBs)	71,765	87,810	16,045	74,383	91,556	17,172
	Foreign securities	197	215	18	197	211	13
	Subtotal	71,962	88,026	16,063	74,581	91,767	17,185
Fair value is lower than balance sheet amount	Japanese bonds (including JGBs)	3,873	3,424	(449)	4,496	4,173	(323)
	Subtotal	3,873	3,424	(449)	4,496	4,173	(323)
<b>Total</b>		<b>75,836</b>	<b>91,451</b>	<b>15,614</b>	<b>79,078</b>	<b>95,940</b>	<b>16,862</b>

### (3) Available-for-sale Securities

(Millions of yen)

		As of March 31, 2017			As of March 31, 2018		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	Japanese bonds (including JGBs)	45,082	44,900	181	40,245	40,151	93
	Japanese stock	2,046	529	1,517	3,023	412	2,610
	Subtotal	47,129	45,430	1,698	43,268	40,564	2,704
Balance sheet amount is lower than acquisition cost	Japanese bonds (including JGBs)	14,587	14,603	(15)	23,002	23,029	(27)
	Subtotal	14,587	14,603	(15)	23,002	23,029	(27)
<b>Total</b>		<b>61,716</b>	<b>60,033</b>	<b>1,683</b>	<b>66,270</b>	<b>63,593</b>	<b>2,677</b>

### (4) Available-for-sale Securities Sold during the Fiscal Year

(Millions of yen)

	For the year ended March 31, 2017			For the year ended March 31, 2018		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
Japanese bonds (including JGBs)	1,885	6	0	4,622	14	—
Japanese stocks	937	679	—	573	455	—
<b>Total</b>	<b>2,823</b>	<b>685</b>	<b>0</b>	<b>5,195</b>	<b>470</b>	<b>—</b>



## 7. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
(A) Total non-consolidated solvency margin	46,724	54,244
Capital or treasury, etc.	26,439	28,849
Reserve for price fluctuations	177	206
Contingency reserve	101	109
Catastrophe reserve	17,542	20,970
General reserve for possible loan losses	—	—
Net unrealized gains on other securities and net deferred gains (losses) on hedging instruments (before tax deductions)	1,514	2,409
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	948	1,698
(B) Total non-consolidated risk	$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	12,786
Ordinary insurance risk (R <sub>1</sub> )	11,370	12,395
Third-sector insurance risk (R <sub>2</sub> )	—	—
Assumed interest rate risk (R <sub>3</sub> )	105	114
Asset management risk (R <sub>4</sub> )	1,431	1,712
Business management risk (R <sub>5</sub> )	278	305
Major catastrophe risk (R <sub>6</sub> )	1,033	1,036
(C) Non-consolidated solvency margin ratio [(A) / {(B) × 1/2}] × 100	730.8 %	782.1 %

Note: The above 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 the 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 : Risk which exceeds the normal estimates for the rate of accident occurrence  
(Ordinary insurance risk) (excluding major 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. When this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.