

Summary Information on Sony Life's Financial Results
for the Six Months Ended September 30, 2017

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1. Key Performance Results

(1) Policy Amount in Force and New Policy Amount

Policy amount in force

(Number: Thousand, Amount: 100 millions of yen, %)

Category	As of September 30, 2016		As of March 31, 2017		As of September 30, 2017					
	Number	Amount	Number	Amount	Number	Comparison to Sep. 30, 2016	Comparison to Mar. 31, 2017	Amount	Comparison to Sep. 30, 2016	Comparison to Mar. 31, 2017
Individual life insurance	7,019	431,645	7,112	443,133	7,202	102.6	101.3	450,687	104.4	101.7
Individual annuities	184	9,499	196	10,208	218	118.6	111.2	11,503	121.1	112.7
Subtotal	7,203	441,144	7,308	453,341	7,421	103.0	101.5	462,191	104.8	102.0
Group life insurance	—	17,268	—	18,510	—	—	—	18,873	109.3	102.0
Group annuities	—	122	—	115	—	—	—	107	87.4	92.8

Notes:

- The policy amount in force for individual annuities are equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.
- The policy amount in force for group annuities is equal to the amount of outstanding policy reserves.

New policy amount

(Number: Thousand, Amount: 100 millions of yen, %)

Category	For the six months ended September 30, 2016				For the six months ended September 30, 2017					
	Number	Amount	New policies	Increase from conversion	Number	Comparison to Sep. 30, 2016	Amount	Comparison to Sep. 30, 2016	New policies	Increase from conversion
Individual life insurance	260	23,440	23,440	—	215	82.7	20,854	89.0	20,854	—
Individual annuities	19	1,049	1,049	—	24	123.2	1,452	138.4	1,452	—
Subtotal	280	24,490	24,490	—	240	85.6	22,307	91.1	22,307	—
Group life insurance	—	16	16	—	—	—	397	2,373.8	397	—
Group annuities	—	—	—	—	—	—	—	—	—	—

Notes:

- The new policy amount including increase from conversion for individual annuities is equal to the funds held at the time annuity payments commence.
- The new policy amount for group annuities is equal to the initial premium payment.

(2) Annualized Premiums

Policy amount in force

(Millions of yen, %)

Category	As of September 30, 2016	As of March 31, 2017	As of September 30, 2017	Comparison to Sep. 30, 2016	Comparison to Mar. 31, 2017
	Individual life insurance	767,484	787,005	797,006	103.8
Individual annuities	32,197	33,851	36,502	113.4	107.8
Total	799,681	820,856	833,509	104.2	101.5
Of which, medical protection, living benefit protection and other products	184,055	187,449	189,603	103.0	101.1

New policies

(Millions of yen, %)

Category	For the six months ended September 30, 2016	For the six months ended September 30, 2017	Comparison to Sep. 30, 2016
	Individual life insurance	35,625	28,801
Individual annuities	3,133	3,590	114.6
Total	38,759	32,391	83.6
Of which, medical protection, living benefit protection and other products	8,101	5,991	74.0

Notes:

- Annualized premiums refer to an amount that is calculated by multiplying individual premium amounts by a coefficient that differs depending on the premium payment methods, thereby converting the figure to a per-year premium. (For single premium policies, premiums are divided by the number of coverage years.)
- “Medical protection, living benefit protection and other products” indicates the portion of annualized premiums for medical protection benefits (hospitalization benefits, surgical procedure benefits, etc.) and products with living benefit protection (benefits for specific illness, nursing care benefits, etc.).

(3) Major P/L Items

(Millions of yen, %)

Category	For the six months ended September 30, 2016	For the six months ended September 30, 2017	Comparison to
			Sep. 30, 2016
Income from insurance premiums	477,426	480,491	100.6
Investment income	80,477	145,196	180.4
Insurance claims and other payments	163,350	187,384	114.7
Investment expenses	40,604	18,171	44.8

(4) Total Assets

(Millions of yen, %)

Category	As of March 31, 2017	As of September 30, 2017	Comparison to
			Mar. 31, 2016
Total assets	8,873,613	9,208,334	103.8

2. Status of Investment Assets (General Account)

(1) Status of Investment Assets

1) Investment Environment

During the six months ended September 30, 2017, the Japanese economy expanded modestly, against a backdrop of improved wages, an accompanying rise in personal consumption and a robust capital expenditure. Year on year, real GDP growth (2nd preliminary figures¹) was positive 0.6% for the April–June quarter (seasonally adjusted annualized rate of 2.5%), exhibiting positive year-on-year growth. Individual demand factors demonstrating solid growth were personal consumption, which was up 0.8%; housing investment, up 1.3%; and public investment, up 6.0%. Nominal GDP growth for the quarter was positive 0.7% year on year (seasonally adjusted annualized rate of 3.0%). Real GDP growth² for the July–September quarter is expected to have continued, with capital expenditure contributing to the modest expansion. Looking at commodity prices, the core consumer price index remained in positive territory, moving gradually upward. The outlook for a continued rise in commodity prices is unclear, however, due to the impact of exchange rates.

Bond markets remained within a narrow range. With growing political risk rising in Europe and geopolitical risk due to such factors as the US military’s aerial bombing of Syria and North Korean missile launches, yields on 10-year Japanese government bonds (JGBs) fell to around 0%. Meanwhile, overseas interest rates rose amid expectations that the US and European central banks would scale back their policies of monetary easing, and Japanese interest rates rose in tandem. However, the fluctuation in long-term interest rates was limited, as the Bank of Japan (BOJ) maintained its yield curve control policy. As of September 30, 2017, the yield on 10-year JGBs was 0.062%, essentially unchanged from the level as of March 31, 2017.

Stock markets rose to new year-to-date highs. The market focused on the numerous companies with March fiscal year-ends recording favorable performance, including record-high earnings. Even so, due to rising political uncertainty in Japan and overseas and a growing distaste for geopolitical risk, the Nikkei Stock Average remained essentially flat from June, trading in a narrow range around the ¥20,000 marker. After that point, rising political and military tension between the United States and North Korea stoked by the latter’s increased nuclear testing caused the Nikkei to drop to ¥19,300 at one stage. However, with the North Korean situation having cooled back down since mid-September, key US stock market indicators recorded new highs on successive days. This strong showing lent positive direction to the Japanese stock market, pushing the Nikkei up from ¥18,909.26 on March 31, 2017, to ¥20,356.28 on September 30, 2017.

The US dollar–yen foreign exchange market remained essentially flat, with a certain degree of amplitude. The yen appreciated against the dollar at one point, against a backdrop of growing geopolitical risk centered on Asia and a low rate of growth in US commodity prices, but economic improvement and expectations that revisions to the US tax system would result in lower taxes caused this appreciation to abate. As of September 30, 2017, the yen was trading at ¥112.73 to the US dollar, depreciating from the March 31, 2017, level of ¥112.19 to the US dollar. In the euro–yen market, expectations that the European Central Bank would scale back its monetary easing led to consistent yen depreciation/euro appreciation. As of September 30, 2017, the yen was trading at ¥132.85 to the euro, compared with ¥119.79 to the euro on March 31, 2017.

¹ Announced on September 8, 2017

² Initial preliminary report expected on November 14, 2017

2) Investment Policy

Sony Life's investment policy is based on asset liability management (ALM), a strategy stemming from an understanding of the characteristics of insurance liabilities and prioritizing investments in assets that have corresponding characteristics. Specifically, as life insurance policies represent long-term liabilities, we invest primarily in ultralong-term Japanese government and corporate bonds that have a long term remaining until maturity. This approach allows us to appropriately control the risks associated with interest rate fluctuations on insurance liabilities. Meanwhile, we limit our investments in risky assets such as equities.

3) Results of Investment

As of September 30, 2017, general account assets totaled ¥8,124.1 billion, up 3.0%, or ¥240.1 billion, from previous fiscal year ended March 31, 2017. Within general account assets, Japanese government and corporate bond investment totaled ¥7,031.1 billion (accounting for 86.5% of total general account assets), foreign government and corporate bonds ¥308.7 billion (3.8%), Japanese stocks ¥34.1 billion (0.4%), money held in trust ¥271.9 billion (3.3%), policy loans ¥184.5 billion (2.3%), real estate ¥116.6 billion (1.4%), and cash and cash deposits and call loans ¥44.5 billion (0.5%).

(2) Portfolio of General Account Assets

(Millions of yen, %)

Category	As of March 31, 2017		As of September 30, 2017	
	Amount	Composition	Amount	Composition
Cash and deposits, call loans	40,896	0.5	44,594	0.5
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	273,877	3.5	271,940	3.3
Securities	7,173,927	91.0	7,408,899	91.2
Japanese government and corporate bonds	6,828,743	86.6	7,031,145	86.5
Japanese stocks	37,659	0.5	34,175	0.4
Foreign securities	305,846	3.9	341,998	4.2
Bonds	274,306	3.5	308,712	3.8
Stocks, etc.	31,539	0.4	33,285	0.4
Other securities	1,678	0.0	1,579	0.0
Loans	180,374	2.3	184,563	2.3
Real estate	117,525	1.5	116,664	1.4
Deferred tax assets	5,350	0.1	5,623	0.1
Other assets	92,328	1.2	92,130	1.1
Reserve for possible loan losses	(271)	(0.0)	(277)	(0.0)
Total	7,884,008	100.0	8,124,137	100.0
Of which, foreign-currency-denominated assets	309,046	3.9	343,337	4.2

Note: The amount for real estate is equivalent to the total amount of land, buildings and construction in progress.

(3) Changes in General Account Assets by Category

(Millions of yen)

Category	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Cash and deposits, call loans	(8,064)	3,698
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	(1,445)	(1,937)
Securities	325,253	234,971
Japanese government and corporate bonds	235,388	202,402
Japanese stocks	(286)	(3,483)
Foreign securities	90,233	36,152
Bonds	93,928	34,405
Stocks, etc.	(3,695)	1,746
Other securities	(81)	(99)
Loans	4,315	4,189
Real estate	2,382	(861)
Deferred tax assets	—	273
Other assets	1,038	(197)
Reserve for possible loan losses	(2)	(5)
Total	323,477	240,129
Of which, foreign-currency-denominated assets	92,184	34,291

Note: The amount for real estate is equivalent to the total amount of land, buildings and construction in progress.

(4) Investment Income

(Millions of yen)

Category	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Interest income and dividends	72,291	78,241
Interest income from deposits	0	0
Interest income and dividends from securities	63,635	69,309
Interest income from loans	3,171	3,285
Rent revenue from real estate	5,430	5,455
Other interest income and dividends	53	191
Gains on securities under proprietary accounts	—	—
Income from money held in trust, net	2,248	2,246
Income from trading securities, net	56	22
Gains on sale of securities	1,301	0
Gains on sale of Japanese bonds (including JGBs)	14	0
Gains on sale of Japanese stocks, etc.	—	—
Gains on sale of foreign securities	1,287	—
Other	—	—
Gains on redemption of securities	—	1
Gains on derivatives, net	4,577	—
Foreign exchange gains, net	—	2,078
Reversal of reserve for possible loan losses	—	—
Other investment income	1	0
Total	80,477	82,591

(5) Investment Expenses

(Millions of yen)

Category	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Interest expenses	15	35
Losses on securities under proprietary accounts	—	—
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	—
Losses on sale of securities	—	0
Losses on sale of Japanese bonds (including JGBs)	—	—
Losses on sale of Japanese stocks, etc.	—	—
Losses on sale of foreign securities	—	0
Other	—	—
Devaluation losses on securities	—	—
Devaluation losses on Japanese bonds (including JGBs)	—	—
Devaluation losses on Japanese stocks, etc.	—	—
Devaluation losses on foreign securities	—	—
Other	—	—
Losses on redemption of securities	23	2
Losses on derivatives, net	—	14,739
Foreign exchange losses	5,023	—
Provision for reserve for possible loan losses	2	5
Write-off of loans	—	—
Depreciation of real estate for rent and others	946	925
Other investment expenses	2,458	2,462
Total	8,470	18,171

(6) Valuation Gains (Losses) on Trading-purpose Securities

(Millions of yen)

Category	As of March 31, 2017		As of September 30, 2017	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	2,054	(162)	—	(31)

Note: The above table includes trading-purpose securities included in "money held in trust," etc.

(7) Fair Value Information on Securities

a. Fair value information on securities with market value (except trading-purpose securities)

(Millions of yen)

Category	As of March 31, 2017					As of September 30, 2017				
	Carrying amount	Fair value	Net unrealized gains (losses)			Carrying amount	Fair value	Net unrealized gains (losses)		
			Unrealized gains	Unrealized losses	Unrealized gains			Unrealized losses		
Held-to-maturity securities	6,068,671	7,514,255	1,445,584	1,521,504	75,919	6,259,143	7,642,698	1,383,554	1,465,251	81,696
Policy-reserve-matching bonds	277,372	303,356	25,983	27,876	1,893	322,255	347,298	25,042	26,878	1,836
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	896,527	1,069,920	173,392	174,667	1,274	898,642	1,073,776	175,133	175,640	507
Japanese government and corporate bonds	852,604	1,013,331	160,726	160,726	—	847,244	1,004,641	157,397	157,404	6
Japanese stocks	13,685	27,082	13,396	13,455	58	13,685	29,829	16,143	16,175	32
Foreign securities	30,071	29,193	(878)	337	1,215	37,547	39,030	1,483	1,951	468
Bonds	18,545	17,996	(548)	337	886	25,864	26,201	336	804	468
Stocks, etc.	11,525	11,196	(329)	—	329	11,682	12,829	1,147	1,147	—
Other securities	165	313	147	147	—	165	274	108	108	—
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	7,242,571	8,887,532	1,644,961	1,724,048	79,087	7,480,042	9,063,772	1,583,729	1,667,770	84,040
Japanese government and corporate bonds	6,942,338	8,595,523	1,653,185	1,707,293	54,108	7,146,132	8,722,816	1,576,684	1,643,696	67,012
Japanese stocks	13,685	27,082	13,396	13,455	58	13,685	29,829	16,143	16,175	32
Foreign securities	286,381	264,612	(21,768)	3,151	24,920	320,058	310,851	(9,206)	7,789	16,996
Bonds	274,855	253,416	(21,439)	3,151	24,590	308,376	298,022	(10,353)	6,642	16,996
Stocks, etc.	11,525	11,196	(329)	—	329	11,682	12,829	1,147	1,147	—
Other securities	165	313	147	147	—	165	274	108	108	—
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Notes:

1. The above table includes assets which are permitted to be treated as equivalent to securities defined in the Financial Instruments and Exchange Act of Japan.

2. Carrying amount and net unrealized gains (losses) on money held in trust, including items other than trading-purpose securities, amounted to ¥232,443 million and ¥39,941 million, respectively.

b. Carrying amounts of securities without market value

(Millions of yen)

Category	As of March 31, 2017	As of September 30, 2017
Held-to-maturity securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	16,312	12,476
Available-for-sale securities	9,896	9,193
Unlisted domestic stocks (except OTC stocks)	159	159
Unlisted foreign stocks (except OTC stocks)	608	683
Unlisted foreign bonds	—	—
Others	9,127	8,349
Total	26,209	21,669

c. Fair Value information consisting of that stated in the previous table-a and foreign exchange and other gains (losses) for table-b

(Millions of yen)

Category	As of March 31, 2017					As of September 30, 2017				
	Carrying amount	Fair value	Net unrealized gains (losses)			Carrying amount	Fair value	Net unrealized gains (losses)		
			Unrealized gains	Unrealized losses	Unrealized gains			Unrealized losses		
Held-to-maturity securities	6,068,671	7,514,255	1,445,584	1,521,504	75,919	6,259,143	7,642,698	1,383,554	1,465,251	81,696
Policy-reserve-matching bonds	277,372	303,356	25,983	27,876	1,893	322,255	347,298	25,042	26,878	1,836
Stocks of subsidiaries and affiliated companies	16,312	16,312	—	—	—	12,476	12,476	—	—	—
Available-for-sale securities	906,423	1,083,838	177,414	179,270	1,856	907,836	1,087,407	179,570	180,175	604
Japanese government and corporate bonds	852,604	1,013,331	160,726	160,726	—	847,244	1,004,641	157,397	157,404	6
Japanese stocks	13,845	27,242	13,396	13,455	58	13,845	29,989	16,143	16,175	32
Foreign securities	30,680	30,947	266	1,482	1,215	38,231	40,748	2,517	2,985	468
Bonds	18,545	17,996	(548)	337	886	25,864	26,201	336	804	468
Stocks, etc.	12,134	12,950	815	1,145	329	12,366	14,546	2,180	2,180	—
Other securities	9,293	12,317	3,024	3,606	581	8,515	12,028	3,512	3,609	97
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	7,268,780	8,917,763	1,648,982	1,728,652	79,669	7,501,712	9,089,879	1,588,167	1,672,304	84,137
Japanese government and corporate bonds	6,942,338	8,595,523	1,653,185	1,707,293	54,108	7,146,132	8,722,816	1,576,684	1,643,696	67,012
Japanese stocks	22,208	35,605	13,396	13,455	58	18,032	34,175	16,143	16,175	32
Foreign securities	294,940	274,316	(20,623)	4,296	24,920	329,032	320,858	(8,173)	8,822	16,996
Bonds	274,855	253,416	(21,439)	3,151	24,590	308,376	298,022	(10,353)	6,642	16,996
Stocks, etc.	20,084	20,900	815	1,145	329	20,655	22,836	2,180	2,180	—
Other securities	9,293	12,317	3,024	3,606	581	8,515	12,028	3,512	3,609	97
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

(8) Fair Value Information on Money held in trust (General Account)

(Millions of yen)

Category	As of March 31, 2017					As of September 30, 2017				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
			Unrealized gains	Unrealized losses	Unrealized gains			Unrealized losses		
Money held in trust	273,877	273,877	—	—	—	271,940	271,940	—	—	—

Note: The above table includes ¥50 million of jointly invested money held in trust.

Money held in trust for investment

(Millions of yen)

Category	As of March 31, 2017		As of September 30, 2017	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Money held in trust for investment	—	—	—	—

Money held in trust for held-to-maturity, policy-reserve-matching and other

(Millions of yen)

Category	As of March 31, 2017					As of September 30, 2017				
	Carrying amount	Fair value	Net unrealized gains (losses)			Carrying amount	Fair value	Net unrealized gains (losses)		
			Unrealized gains	Unrealized losses	Unrealized gains			Unrealized losses		
Money held in trust for held-to-maturity	—	—	—	—	—	—	—	—	—	—
Money held in trust for policy-reserve-matching	—	—	—	—	—	—	—	—	—	—
Other money held in trust	231,907	273,826	41,919	41,919	—	231,948	271,889	39,941	39,941	—

Note: Money held in trust include cash and call loans, etc.

3. Non-consolidated Balance Sheets

(Millions of yen)

	As of	As of		As of	As of
	Mar. 31, 2017	Sep. 30, 2017		Mar. 31, 2017	Sep. 30, 2017
	Amount	Amount		Amount	Amount
Assets:			Liabilities:		
Cash and deposits	47,016	42,375	Policy reserves and others	7,968,639	8,286,407
Cash	2	—	Reserve for outstanding claims	32,965	34,069
Deposits	47,013	42,375	Policy reserves	7,929,944	8,246,575
Call loans	61,900	76,900	Reserve for policyholders' dividends	5,729	5,762
Money held in trust	273,877	271,940	Due to agencies	2,616	1,430
Securities	8,093,192	8,416,379	Due to reinsurers	3,663	4,286
Japanese government bonds	6,664,639	6,791,148	Other liabilities	353,812	373,876
Japanese local government bonds	1,767	1,755	Collateral for securities lending transactions	310,608	325,800
Japanese corporate bonds	310,466	385,123	Accrued income tax	8,095	7,954
Japanese stocks	86,954	86,117	Other payables	2,137	7,432
Foreign securities	782,064	877,051	Accrued expenses	17,923	17,230
Other securities	247,299	275,183	Unearned revenue	1,067	966
Loans	180,374	184,563	Deposits received	2,094	860
Policy loans	180,339	184,531	Deposits received for guarantee	5,420	5,441
Commercial loans	34	32	Variation margins of futures markets	446	—
Tangible fixed assets	118,441	117,508	Derivative liabilities	614	5,032
Land	83,007	83,007	Lease obligations	10	9
Buildings	34,442	33,581	Asset retirement obligations	2,156	2,198
Leased assets	10	8	Suspense receipt	3,235	949
Construction in progress	75	75	Reserve for employees' retirement benefits	24,678	25,858
Other tangible fixed assets	906	835	Reserve for directors' retirement benefits	119	—
Intangible fixed assets	19,356	19,486	Reserve under the special laws	46,005	46,909
Software	19,347	19,478	Reserve for price fluctuations	46,005	46,909
Other intangible fixed assets	9	8	Deferred tax liabilities	488	488
Due from agencies	0	—			
Due from reinsurers	1,393	788	Total Liabilities	8,400,024	8,739,257
Other assets	74,245	70,598			
Other receivable	35,316	32,681	Net Assets:		
Prepaid expenses	1,651	2,171	Common stock	70,000	70,000
Accrued income	18,621	18,415	Capital surplus	5,865	5,865
Money on deposits	5,269	5,311	Capital reserve	5,865	5,865
Initial margins of futures markets	7,302	7,097	Retained earnings	271,416	265,303
Variation margins of futures markets	435	3,487	Legal retained earnings	30,318	34,938
Derivative	5,212	920	Other retained earnings	241,098	230,364
Advance payments	370	436	Unappropriated retained earnings	241,098	230,364
Others	65	76	Total shareholders' equity	347,281	341,168
Prepaid pension costs	2,376	2,447	Net unrealized gains (losses) on other securities, net of taxes	127,772	129,373
Deferred tax assets	5,350	5,623	Land revaluation, net of taxes	(1,465)	(1,465)
Reserve for possible loan losses	(271)	(277)	Total valuation and translation adjustments	126,307	127,907
Reserve for investment losses	(3,640)	—	Total Net Assets	473,589	469,076
			Total Liabilities and Net Assets	8,873,613	9,208,334
Total Assets	8,873,613	9,208,334			

4. Non-consolidated Statements of Income

(Millions of yen)

	For the six months ended	For the six months ended
	September 30, 2016	September 30, 2017
	Amount	Amount
Ordinary Revenues	564,426	632,357
Income from insurance premiums	477,426	480,491
Insurance premiums	476,586	479,458
Ceded reinsurance commissions	840	1,033
Investment income	80,477	145,196
Interest income and dividends	72,291	78,241
Interest income from deposits	0	0
Interest income and dividends from securities	63,635	69,309
Interest income from loans	3,171	3,285
Rent revenue from real estate	5,430	5,455
Other interest income and dividends	53	191
Income from money held in trust, net	2,248	2,246
Gains on trading securities, net	56	22
Gains on sale of securities	1,301	0
Gains on redemption of securities	—	1
Gains on derivatives, net	4,577	—
Foreign exchange gains, net	—	2,078
Other investment income	1	0
Gains on separate accounts, net	—	62,605
Other ordinary income	6,522	6,670
Income for annuity riders	1,523	2,298
Income for deferred payment of claims	1,974	2,448
Reversal of reserves for outstanding claims	238	—
Other ordinary income	2,785	1,922
Ordinary Expenses	531,204	606,285
Insurance claims and other payments	163,350	187,384
Insurance claims	42,443	45,157
Annuity payments	5,617	5,618
Insurance benefits	27,837	40,400
Surrender payments	83,139	90,159
Refund to policyholders	1,607	1,673
Reinsurance premiums	2,705	4,375
Provision for policy reserves and others	244,117	317,735
Provision for reserve for outstanding claims	—	1,104
Provision for policy reserves	244,117	316,630
Interest on policyholders' dividend reserve	0	0
Investment expenses	40,604	18,171
Interest expenses	15	35
Losses on trading securities, net	—	0
Losses on redemption of securities	23	2
Losses on derivatives, net	—	14,739
Foreign exchange losses, net	5,023	—
Provision for reserve for possible loan losses	2	5
Depreciation of real estate for rent and others	946	925
Other investment expenses	2,458	2,462
Losses on separate accounts, net	32,134	—
Operating expenses	70,056	68,157
Other ordinary expenses	13,075	14,836
Payments of deferred claims	2,312	4,512
Taxes	6,173	6,016
Depreciation and amortization	2,670	2,642
Provision for reserve for employees' retirement benefits	1,904	1,661
Others	13	4
Ordinary Profit	33,221	26,072
Extraordinary Gains	—	3,640
Reversal of reserve for investment loss	—	3,640
Extraordinary Losses	830	5,083
Losses on disposal of fixed assets	49	2
Impairment losses	0	0
Provision for reserve under the special laws	780	904
Provision for reserve for price fluctuations	780	904
Valuation loss on stocks of affiliated companies	—	4,176
Provision for Reserve for Policyholders' Dividends	682	297
Income Before Income Taxes	31,709	24,331
Income Taxes -Current	10,452	8,173
Income Taxes -Deferred	(1,568)	(829)
Total Income Taxes	8,883	7,344
Net Income	22,825	16,986

5. Reconciliation to Core Profit and Non-consolidated Ordinary Profit

(Millions of yen)

		For the six months ended September 30, 2016	For the six months ended September 30, 2017
Core profit	A	30,687	43,898
Capital gains		11,796	2,098
Income from money held in trust, net		—	—
Income from trading securities, net		49	19
Gains on sale of securities		1,301	0
Gains on derivatives, net		4,577	—
Foreign exchange gains, net		—	2,078
Other capital gains		5,868	—
Capital losses		5,688	16,257
Losses on money held in trust, net		—	—
Losses on trading securities, net		—	—
Losses on sale of securities		—	0
Devaluation losses on securities		—	—
Losses on derivatives, net		—	14,739
Foreign exchange losses, net		5,023	—
Other capital losses		665	1,518
Net capital gains (losses)	B	6,108	(14,159)
Core profit plus net capital gains (losses)	A+B	36,795	29,739
Other one-time gains		—	—
Gains from reinsurance		—	—
Reversal of contingency reserve		—	—
Reversal of specific reserve for possible loan losses		—	—
Others		—	—
Other one-time losses		3,574	3,666
Losses from reinsurance		—	—
Provision for contingency reserve		3,471	3,613
Provision for specific reserve for possible loan losses		1	3
Provision for reserve for possible loan losses for specific foreign countries		—	—
Write-off of loans		—	—
Others		101	49
Net other one-time gains (losses)	C	(3,574)	(3,666)
Ordinary profit	A+B+C	33,221	26,072

Notes:

- Core profit for the six months ended September 30, 2017 (A) includes income gains of ¥2,246 million in income from money held in trust along with interest income and dividends of ¥3 million in income from trading securities, net. Other capital costs include the provision for policy reserves and others of ¥853 million for currency market fluctuations of products dominated in foreign currencies; other capital losses include impairment losses of ¥664 million from investment partnership. "Others" of other one-time losses included provision of additional policy reserve of ¥49 million.
- Core profit for the six months ended September 30, 2016 (A) includes income gains of ¥2,248 million in income from money held in trust along with interest income and dividends of ¥6 million in income from trading securities, net. Other capital gains include the reversal of policy reserves and others of ¥5,868 million for currency market fluctuations of products dominated in foreign currencies; other capital losses include impairment losses of ¥665 million from investment partnership. "Others" of other one-time losses included provision of additional policy reserve of ¥101 million.

6. Loans by Borrower Category

(Millions of yen, %)

Category	As of March 31, 2017	As of September 30, 2017
Bankrupt and quasi-bankrupt loans	-	-
Doubtful loans	-	-
Sub-standard loans	-	-
Subtotal	-	-
[% to total]	[-]	[-]
Normal loans	431,372	440,669
Total	431,372	440,669

Notes:

1. Bankrupt and quasi-bankrupt loans are loans to borrowers who are subject to bankruptcy, corporate reorganization, rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Doubtful loans are loans to borrowers (other than bankrupt and quasi-bankrupt borrowers) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Sub-standard loans are loans on which principal and/or interest are past due for three months or more (excluding loans described in notes 1. and 2. above) and loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt waiver) in order to support the borrowers' recovery from financial difficulties (excluding loans described in notes 1. and 2. above and loans on which principal and/or interest are past due for three months or more).
4. Normal loans are all other loans.

7. Risk-monitored Loans

Not applicable

8. Solvency Margin Ratio

(Millions of yen)

Category	As of March 31, 2017	As of September 30, 2017
Total solvency margin (A)	1,176,229	1,228,795
Common stock, etc.	324,181	339,389
Reserve for price fluctuations	46,005	46,909
Contingency reserve	82,463	86,076
General reserve for possible loan losses	0	2
Net unrealized gains on other securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) x 90% (100% if losses)	159,672	161,613
Net unrealized gains on real estate multiplied by 85% (100% if losses)	30,847	30,847
Amount excluded from deferred tax assets	—	—
Unallocated portion of reserve for policyholders' dividends	442	2,202
Deferred tax assets	82,980	88,894
Excess amount of policy reserves based on Zillmer method	495,984	511,960
Subordinated debt	—	—
The portion of the excess amount of policy reserves based on Zillmer method and subordinated debt that is not included in the margin	(42,891)	(37,381)
Deductible items	(3,457)	(1,721)
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2} + R_4$ (B)	91,576	93,380
Insurance risk R_1	24,169	24,251
Third-sector insurance risk R_8	8,541	8,537
Assumed interest rate risk R_2	31,356	31,811
Minimum guarantee risk R_7	18,140	19,361
Asset management risk R_3	33,554	33,742
Business management risk R_4	2,315	2,354
Solvency margin ratio $(A) / \left\{ (B) \times \frac{1}{2} \right\} \times 100$	2,568.8%	2,631.8%

Notes:

1. The figures are calculated based on 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.
2. Minimum guarantee risk is calculated based on the standardized approach.

(Reference) Consolidated Solvency Margin Ratio

Although Sony Life is not required to prepare consolidated financial statements since it does not have consolidated subsidiaries, Sony Life discloses consolidated solvency margin ratio consolidated with its affiliated companies quarterly.

(Millions of yen)

Category	As of March 31, 2017	As of September 30, 2017
Total solvency margin (A)	1,162,007	1,212,807
Common stock, etc.	322,640	337,211
Reserve for price fluctuations	46,005	46,909
Contingency reserve	82,463	86,076
Catastrophe reserve	—	—
General reserve for possible loan losses	0	2
Net unrealized gains on other securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) × 90% (100% if losses)	159,672	161,613
Net unrealized gains on real estate multiplied by 85% (100% if losses)	30,847	30,847
Total amount of unrecognized net actuarial differences, and unrecognized prior service cost	(3,565)	(3,129)
Amount excluded from deferred tax assets	—	—
Unallocated portion of reserve for policyholders' dividends	442	2,202
Deferred tax assets	82,980	88,894
Excess amount of policy reserves based on Zillmer method	495,984	511,960
Subordinated debt	—	—
The portion of the excess amount of policy reserves based on Zillmer method and subordinated debt that is not included in the margin	(44,432)	(39,560)
Deductible items	(11,031)	(10,222)
Total risk $\sqrt{(\sqrt{R_1^2+R_5^2+R_8+R_9})^2+(R_2+R_3+R_7)^2+R_4+R_6}$ (B)	88,302	90,710
Insurance risk R_1	24,169	24,251
Ordinary insurance risk R_5	—	—
Major Catastrophe risk R_6	—	—
Third-sector insurance risk R_8	8,541	8,537
Insurance risk of small-amount short-term insurance providers R_9	—	—
Assumed interest rate risk R_2	31,356	31,811
Minimum guarantee risk R_7	18,140	19,361
Asset management risk R_3	30,099	30,934
Business management risk R_4	2,246	2,297
Solvency margin ratio $(A) / \left\{ (B) \times \frac{1}{2} \right\} \times 100$	2,631.8%	2,674.0%

Notes:

- The figures are calculated based on provisions in Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act of Japan and Public Notice of Financial Services Agency No. 23 of 2011.
- Minimum guarantee risk is calculated based on the standardized approach.

9. Status of Separate Account Assets

(1) Balance of Separate Account Assets

(Millions of yen)

Category	As of March 31, 2017	As of September 30, 2017
Individual variable life insurance and individual variable annuities	989,605	1,084,196
Group annuities	—	—
Total separate account	989,605	1,084,196

Note: Assets relating to individual variable life insurance and individual variable annuities are jointly invested at Sony Life.

(2) Policy Amount in Force (Separate Account)

Individual variable life insurance

(Number: Thousand, Amount: Millions of yen)

Category	As of March 31, 2017		As of September 30, 2017	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	845	8,680,668	844	8,557,187
Variable life insurance (limited term type)	97	421,300	107	499,866
Variable life insurance (term type)	1	38,716	3	141,244
Total	944	9,140,684	955	9,198,298

Note: Amounts include the rider portion of variable life insurance.

Individual variable annuities

(Number: Thousand, Amount: Millions of yen)

Category	As of March 31, 2017		As of September 30, 2017	
	Number	Amount	Number	Amount
Individual variable annuities	106	600,331	128	733,382

Note: The amount of individual variable annuities is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserves for policies for which payments have commenced.