

Summary Information on Sony Life's Financial Results
for the Six Months Ended September 30, 2019

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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. Key Operating Performance

(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, 2018		As of March 31, 2019		As of September 30, 2019					
	Number	Amount	Number	Amount	Number	Comparison to Sep. 30, 2018	Comparison to Mar. 31, 2019	Amount	Comparison to Sep. 30, 2018	Comparison to Mar. 31, 2019
Individual life insurance	7,408	469,049	7,513	476,762	7,618	102.8	101.4	481,168	102.6	100.9
Individual annuities	289	16,017	334	18,946	382	132.3	114.5	22,139	138.2	116.8
Subtotal	7,697	485,066	7,847	495,708	8,000	103.9	101.9	503,307	103.8	101.5
Group life insurance	—	19,434	—	19,033	—	—	—	18,603	95.7	97.7
Group annuities	—	93	—	86	—	—	—	80	86.1	92.7

Notes: 1. The policy amount in force for individual 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.
2. The policy amount in force for group annuities is equal to the amount of policy reserves.

New policy amount

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

Category	For the six months ended September 30, 2018				For the six months ended September 30, 2019					
	Number	Amount	New policies	Increase from conversion	Number	Comparison to FY18.2Q	Amount	Comparison to FY18.2Q	New policies	Increase from conversion
Individual life insurance	253	28,999	28,999	—	260	102.8	21,889	75.5	21,889	—
Individual annuities	39	2,597	2,597	—	52	132.2	3,475	133.8	3,475	—
Subtotal	293	31,597	31,597	—	313	106.8	25,364	80.3	25,364	—
Group life insurance	—	117	117		—	—	107	91.4	107	
Group annuities	—	—	—		—	—	—	—	—	

Notes: 1. The new policy amount including increase from conversion for individual annuities is equal to the funds held at the time annuity payments commence.
2. The new policy amount for group annuities is equal to the initial premium payments.

(2) Annualized Premiums

Policy amount in force

(Millions of yen, %)

Category	As of September 30, 2018	As of March 31, 2019	As of September 30, 2019	Comparison to Sep. 30, 2018	Comparison to Mar. 31, 2019
Individual life insurance	817,912	836,267	843,286	103.1	100.8
Individual annuities	46,756	53,079	59,953	128.2	112.9
Total	864,668	889,347	903,239	104.5	101.6
Medical protection, living benefit protection and other products	194,918	197,520	199,464	102.3	101.0

New policies

(Millions of yen, %)

Category	For the six months ended September 30, 2018	For the six months ended September 30, 2019	Comparison to FY18.2Q
Individual life insurance	31,973	30,952	96.8
Individual annuities	6,015	7,722	128.4
Total	37,989	38,674	101.8
Medical protection, living benefit protection and other products	7,311	6,246	85.4

Notes: 1. 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.)
2. Annualized premiums for "medical protection, living benefit protection and other products" include those for medical protection benefits (hospitalization benefits, surgical procedure benefits, etc.) and living benefit protection (benefits for specific diseases, nursing care benefits, etc.).

2. Status of Investment Assets (General Account)

(1) Status of Investment

(i) Investment Environment

During the six months ended September 30, 2019, the Japanese economy grew moderately. While capital spending by Japanese companies to address the worker shortage and to improve productivity was strong, exports slowed against the backdrop of the U.S.-China trade friction. Overall, however, the Japanese economy remained on the growth course. The September core CPI rose 0.3% year on year. Real GDP¹ in the April-June quarter grew 0.3% quarter on quarter (annualized growth rate of 1.3%). Looking at respective components, the sustained economic growth was confirmed with private consumption growing 0.6% and private-sector capital expenditure increasing 0.2%, both from the previous quarter.

The bond market saw the declining yields on Japanese government bonds (JGBs). As concerns over the global economic recession grew due to the U.S.-China trade friction, Japanese and overseas investors anticipated interest rate cuts by central banks in the U.S. and Europe, which led to the declining yields on government bonds of the U.S. and European countries. Against this background, yields on the 10-year JGBs stayed on a downward trend from May to August 2019, before moving upward in response to the Bank of Japan Governor Haruhiko Kuroda's warning against drops in the yields of ultralong-term JGBs. The long-term interest rate as of September 30, 2019 was negative 0.206%, down 0.124 percentage point compared to March 31, 2019.

The stock market moved upward. In April 2019, the market advanced on the growing expectation of the global economic recovery backed by the improved overseas economic indexes. As the trade friction between the U.S. versus Mexico and China intensified, however, the markets turned downward, with the Nikkei Stock Average falling temporarily below ¥20,500. Subsequently, the stock market hiked in September 2019 as concerns over the trade frictions receded. The Nikkei Stock Average as of September 30, 2019 was ¥21,755.84, up ¥550.03 compared to March 31, 2019.

The foreign exchange market was unstable and trended toward a stronger yen against the U.S. dollar. The Japanese yen appreciated on the back of the growing concerns over the global economic recession and the diminishing interest rate gap between the U.S. and Japan, temporarily strengthening to ¥105 to the U.S. dollar. The subsequent progress in the U.S.-China trade negotiations and preventative rate cuts in the U.S. restored a sense of security in the market, resulting in a slightly weaker yen. As of September 30, 2019, the exchange rate was ¥107.92 to the U.S. dollar, with the yen strengthening from its March 31, 2019 level of ¥110.99 to the U.S. dollar.

¹ Second preliminary figures.

(ii) Investment Policy

Sony Life's investment policy is to understand the characteristics of insurance liabilities, and prioritize investment in the assets that meet such characteristics based on ALM (asset liability management, the comprehensive management of assets and liabilities). Specifically, Sony Life is investing primarily in ultralong-term Japanese bonds with longer remaining maturity, to meet the long-term liabilities of life insurance policies, in an effort to maintain adequate control over the risks associated with interest rate fluctuations involved in such insurance liabilities. Meanwhile, it is Sony Life's policy to limit its investment in risky assets including stocks.

(iii) Results of Investment

As of September 30, 2019, general account assets totaled ¥9,504.1 billion, up 4.7%, or ¥424.6 billion, from previous fiscal year ended March 31, 2019. Within general account assets, Japanese bonds totaled ¥7,918.9 billion (accounting for 83.3% of total general account assets), foreign bonds ¥766.8 billion (8.1%), Japanese stocks ¥27.6 billion (0.3%), money held in trust ¥269.8 billion (2.8%), policy loans ¥203.6 billion (2.1%), cash and deposits and call loans ¥93.3 billion (1.0%), and real estate ¥90.1 billion (0.9%).

(2) Portfolio of General Account Assets

(Millions of yen)

Category	As of March 31, 2019		As of September 30, 2019	
	Amount	%	Amount	%
Cash and deposits, call loans	61,997	0.7	93,343	1.0
Securities repurchased under resale agreements	—	—	—	—
Pledged money for bond borrowing transaction	—	—	—	—
Monetary claims purchased	—	—	—	—
Securities under proprietary accounts	—	—	—	—
Money held in trust	269,387	3.0	269,852	2.8
Securities	8,339,691	91.9	8,733,797	91.9
Japanese bonds	7,745,342	85.3	7,918,926	83.3
Japanese stocks	28,611	0.3	27,619	0.3
Foreign securities	564,666	6.2	786,254	8.3
Bonds	542,126	6.0	766,815	8.1
Stocks, etc.	22,539	0.2	19,438	0.2
Other securities	1,071	0.0	996	0.0
Loans	198,410	2.2	203,708	2.1
Real estate	90,804	1.0	90,120	0.9
Deferred tax assets	14,248	0.2	14,219	0.1
Other assets	105,530	1.2	99,728	1.0
Reserve for possible loan losses	(623)	(0.0)	(649)	(0.0)
Total	9,079,446	100.0	9,504,119	100.0
Foreign currency-denominated assets	562,095	6.2	791,033	8.3

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, 2018	For the six months ended September 30, 2019
Cash and deposits, call loans	17,528	31,345
Securities repurchased under resale agreements	—	—
Pledged money for bond borrowing transaction	—	—
Monetary claims purchased	—	—
Securities under proprietary accounts	—	—
Money held in trust	(3,500)	465
Securities	337,453	394,105
Japanese bonds	235,007	173,584
Japanese stocks	(3,225)	(992)
Foreign securities	105,948	221,588
Bonds	109,762	224,689
Stocks, etc.	(3,814)	(3,100)
Other securities	(276)	(74)
Loans	4,164	5,297
Real estate	(802)	(684)
Deferred tax assets	4,754	(29)
Other assets	(17,764)	(5,802)
Reserve for possible loan losses	(1)	(25)
Total	341,831	424,672
Foreign currency-denominated assets	91,547	228,938

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, 2018	For the six months ended September 30, 2019
Interest income and dividends	81,798	88,105
Interest income from deposits	0	0
Interest income and dividends on securities	73,784	79,537
Interest income from loans	3,396	3,500
Income from real estate for rent	4,347	4,860
Other interest income and dividends	269	206
Gains on securities under proprietary accounts	—	—
Income from money held in trust, net	2,246	2,282
Income from trading securities, net	—	70
Gains on sale of securities	3,316	2,317
Gains on sale of Japanese bonds	—	—
Gains on sale of Japanese stocks, etc.	3,316	2,317
Gains on sale of foreign securities	—	—
Others	—	—
Gains on redemption of securities	—	—
Gains on derivatives, net	—	—
Foreign exchange gains, net	21,398	—
Reversal of reserve for possible loan losses	—	—
Other investment income	—	1
Total	108,760	92,778

(5) Investment Expenses

(Millions of yen)

Category	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Interest expenses	577	2,210
Losses on securities under proprietary accounts	—	—
Losses on money held in trust, net	—	—
Losses on trading securities, net	11	—
Losses on sale of securities	34	—
Losses on sale of Japanese bond	—	—
Losses on sale of Japanese stocks, etc.	34	—
Losses on sale of foreign securities	0	—
Others	—	—
Losses on valuation of securities	4,026	2,991
Losses on valuation of Japanese bonds	—	—
Losses on valuation of Japanese stocks, etc.	—	—
Losses on valuation of foreign securities	4,026	2,991
Others	—	—
Losses on redemption of securities	—	—
Losses on derivatives, net	19,704	4,251
Foreign exchange losses	—	10,552
Provision for reserve for possible loan losses	1	26
Write-off of loans	—	—
Depreciation of real estate for rent and others	800	811
Other investment expenses	1,485	1,180
Total	26,642	22,024

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

(Millions of yen)

Category	As of March 31, 2019		As of September 30, 2019	
	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
Trading-purpose securities	1,321	(160)	1,505	168

(7) Fair Value Information on Securities

a. Securities with fair value (except trading-purpose securities)

(Millions of yen)

Category	As of March 31, 2019					As of September 30, 2019				
	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	6,770,008	8,800,847	2,030,838	2,051,389	20,551	7,098,288	9,489,328	2,391,039	2,395,532	4,493
Policy-reserve-matching bonds	680,757	764,282	83,525	83,733	208	728,802	852,912	124,110	124,290	180
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	964,854	1,132,524	167,670	169,810	2,140	964,944	1,147,821	182,877	182,954	77
Japanese bonds	867,645	1,024,732	157,086	157,086	—	873,508	1,036,055	162,546	162,546	—
Japanese stocks	9,685	19,143	9,458	9,555	96	6,429	13,717	7,287	7,364	77
Foreign securities	87,357	88,341	984	3,027	2,043	84,840	97,698	12,858	12,858	—
Bonds	79,568	81,811	2,243	3,027	784	80,043	92,902	12,858	12,858	—
Stocks, etc.	7,788	6,529	(1,259)	—	1,259	4,796	4,796	—	—	—
Other securities	165	307	141	141	—	165	350	184	184	—
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	8,415,620	10,697,654	2,282,034	2,304,933	22,899	8,792,035	11,490,062	2,698,027	2,702,778	4,750
Japanese bonds	7,858,097	10,129,659	2,271,562	2,277,594	6,032	8,026,686	10,588,468	2,561,782	2,566,456	4,673
Japanese stocks	9,685	19,143	9,458	9,555	96	6,429	13,717	7,287	7,364	77
Foreign securities	547,671	548,543	872	17,642	16,770	758,753	887,526	128,772	128,772	—
Bonds	539,883	542,014	2,131	17,642	15,511	753,957	882,729	128,772	128,772	—
Stocks, etc.	7,788	6,529	(1,259)	—	1,259	4,796	4,796	—	—	—
Other securities	165	307	141	141	—	165	350	184	184	—
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Notes:

- The above table includes assets that are permitted to be treated as equivalent to securities defined in the Financial Instruments and Exchange Act of Japan.
- Carrying amount and net unrealized gains (losses) on money held in trust, including items other than trading-purpose securities, amounted to ¥232,566 million and ¥37,275 million as of March 31, 2019, respectively, and amounted to ¥232,607 million and ¥37,699 million as of September 30, 2019, respectively.

b. Carrying amounts of securities for which fair value cannot be measured reliably

(Millions of yen)

Category	As of March 31, 2019	As of September 30, 2019
Held-to-maturity securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	16,276	20,282
Available-for-sale securities	5,445	4,971
Unlisted domestic stocks (except OTC stocks)	159	159
Unlisted foreign stocks (except OTC stocks)	355	293
Unlisted foreign bonds	—	—
Others	4,929	4,518
Total	21,721	25,253

c. Fair Value information consisting of those stated in the previous Table a. and Table b. after evaluating foreign exchange and other gains (losses)

(Millions of yen)

Category	As of March 31, 2019					As of September 30, 2019				
	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	6,770,008	8,800,847	2,030,838	2,051,389	20,551	7,098,288	9,489,328	2,391,039	2,395,532	4,493
Policy-reserve-matching bonds	680,757	764,282	83,525	83,733	208	728,802	852,912	124,110	124,290	180
Stocks of subsidiaries and affiliated companies	16,276	16,280	4	4	—	20,282	20,282	—	—	—
Available-for-sale securities	970,299	1,141,169	170,869	173,361	2,491	969,915	1,155,224	185,309	185,872	563
Japanese bonds	867,645	1,024,732	157,086	157,086	—	873,508	1,036,055	162,546	162,546	—
Japanese stocks	9,845	19,303	9,458	9,555	96	6,589	13,877	7,287	7,364	77
Foreign securities	87,712	89,867	2,154	4,198	2,043	85,133	99,098	13,964	13,964	—
Bonds	79,568	81,811	2,243	3,027	784	80,043	92,902	12,858	12,858	—
Stocks, etc.	8,144	8,055	(88)	1,170	1,259	5,089	6,196	1,106	1,106	—
Other securities	5,095	7,265	2,170	2,521	351	4,683	6,193	1,509	1,996	486
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	8,437,341	10,722,579	2,285,238	2,308,489	23,251	8,817,288	11,517,747	2,700,459	2,705,696	5,237
Japanese bonds	7,858,097	10,129,659	2,271,562	2,277,594	6,032	8,026,686	10,588,468	2,561,782	2,566,456	4,673
Japanese stocks	17,832	27,290	9,458	9,555	96	18,825	26,113	7,287	7,364	77
Foreign securities	556,316	558,364	2,047	18,817	16,770	767,092	896,971	129,878	129,878	—
Bonds	539,883	542,014	2,131	17,642	15,511	753,957	882,729	128,772	128,772	—
Stocks, etc.	16,433	16,349	(84)	1,175	1,259	13,135	14,241	1,106	1,106	—
Other securities	5,095	7,265	2,170	2,521	351	4,683	6,193	1,509	1,996	486
Monetary claims purchased	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

(8) Fair Value Information on Money Held in Trust

(Millions of yen)

Category	As of March 31, 2019					As of September 30, 2019				
	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	269,387	269,387	—	—	—	269,852	269,852	—	—	—

Note: The above table includes jointly invested money held in trust, which amounted to ¥40 million as of March 31, 2019 and September 30, 2019, respectively.

Money held in trust for investment

Not applicable

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

(Millions of yen)

Category	As of March 31, 2019					As of September 30, 2019				
	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	232,071	269,346	37,275	37,275	—	232,112	269,811	37,699	37,699	—

3. Non-consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019		As of Mar. 31, 2019	As of Sep. 30, 2019
	Amount	Amount		Amount	Amount
Assets:			Liabilities:		
Cash and deposits	82,046	91,777	Policy reserves and others	9,310,577	9,725,587
Deposits	82,046	91,777	Reserve for outstanding claims	37,610	39,445
Call loans	93,700	87,000	Policy reserves	9,268,422	9,681,706
Money held in trust	269,387	269,852	Reserve for policyholders' dividends	4,544	4,434
Securities	9,523,877	10,039,412	Due to agencies	2,073	2,110
Japanese government bonds	7,356,090	7,494,770	Due to reinsurers	5,528	4,593
Japanese local government bonds	448	446	Other liabilities	469,820	559,585
Japanese corporate bonds	536,373	589,669	Payables under repurchase agreements	81,474	245,893
Japanese stocks	49,381	52,011	Collateral for securities lending transactions	331,055	250,613
Foreign securities	1,262,611	1,577,876	Accrued income tax	13,914	16,713
Other securities	318,971	324,637	Other payables	2,975	9,456
Loans	198,410	203,708	Accrued expenses	21,071	22,225
Policy loans	198,369	203,667	Unearned revenue	798	875
Commercial loans	41	40	Deposits received	1,321	637
Tangible fixed assets	91,577	91,262	Deposits received for guarantee	4,204	4,532
Land	62,259	62,259	Variation margins of futures markets	753	76
Buildings	28,544	27,860	Derivatives	8,189	1,113
Leased assets	20	448	Cash collateral received for financial instruments	—	845
Other tangible fixed assets	752	693	Lease obligations	22	500
Intangible fixed assets	26,352	27,441	Asset retirement obligations	1,898	1,886
Software	26,352	27,441	Suspense receipt	2,140	4,215
Due from reinsurers	1,036	490	Reserve for employees' retirement benefits	28,002	28,871
Other assets	81,154	73,825	Reserve under the special laws	50,105	51,318
Other receivables	39,287	37,434	Reserve for price fluctuations	50,105	51,318
Prepaid expenses	2,345	3,154	Deferred tax liabilities on land revaluation	109	109
Accrued income	21,941	22,302			
Money on deposits	5,580	5,642	Total Liabilities	9,866,217	10,372,176
Initial margins of futures markets	3,279	1,921	Net Assets:		
Variation margins of futures markets	72	1,274	Common stock	70,000	70,000
Derivatives	448	1,198	Capital surplus	5,865	5,865
Cash collateral paid for financial instruments	7,410	—	Capital reserve	5,865	5,865
Advance payments	718	832	Retained earnings	317,777	318,367
Others	71	64	Legal retained earnings	40,188	46,628
Prepaid pension costs	2,629	2,961	Other retained earnings	277,588	271,739
Deferred tax assets	14,248	14,219	Unappropriated retained earnings	277,588	271,739
Reserve for possible loan losses	(623)	(649)	Total shareholders' equity	393,642	394,232
Reserve for investment losses	(3,650)	(3,886)	Net unrealized gains (losses) on available-for-sale securities, net of taxes	122,727	133,445
			Land revaluation, net of taxes	(2,439)	(2,439)
			Total valuation and translation adjustments	120,288	131,006
			Total Net Assets	513,930	525,239
Total Assets	10,380,148	10,897,415	Total Liabilities and Net Assets	10,380,148	10,897,415

4. Non-consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2018	For the six months ended September 30, 2019
	Amount	Amount
Ordinary Revenues	779,298	806,887
Income from insurance premiums	542,005	665,428
Insurance premiums	540,877	664,298
Ceded reinsurance commissions	1,128	1,129
Investment income	231,423	134,156
Interest income and dividends	81,798	88,105
Interest income from deposits	0	0
Interest income and dividends on securities	73,784	79,537
Interest income from loans	3,396	3,500
Income from real estate for rent	4,347	4,860
Other interest income and dividends	269	206
Income from money held in trust, net	2,246	2,282
Gains on trading securities, net	—	70
Gains on sale of securities	3,316	2,317
Foreign exchange gains, net	21,398	—
Other investment income	—	1
Gains on separate accounts, net	122,663	41,378
Other ordinary income	5,868	7,302
Income for annuity riders	1,943	2,159
Proceeds from deferred insurance	2,918	4,103
Other ordinary income	1,006	1,039
Ordinary Expenses	741,550	758,211
Insurance claims and other payments	200,482	222,613
Insurance claims	45,222	47,081
Annuity payments	6,347	7,174
Insurance benefits	43,073	53,625
Surrender payments	98,856	108,017
Refund to policyholders	1,928	1,820
Reinsurance premiums	5,054	4,894
Provision for policy reserves and others	426,877	415,119
Provision for reserve for outstanding claims	3,726	1,834
Provision for policy reserves	423,150	413,284
Interest portion of reserve on policyholders' dividends	0	0
Investment expenses	26,642	22,024
Interest expenses	577	2,210
Losses on trading securities, net	11	—
Losses on sale of securities	34	—
Losses on valuation of securities	4,026	2,991
Losses on derivatives, net	19,704	4,251
Foreign exchange losses, net	—	10,552
Provision for reserve for possible loan losses	1	26
Depreciation of real estate for rent and others	800	811
Other investment expenses	1,485	1,180
Operating expenses	71,478	78,563
Other ordinary expenses	16,068	19,891
Deferred insurance payments	5,555	7,590
Taxes	6,440	7,387
Depreciation and amortization	2,974	3,620
Provision for reserve for employees' retirement benefits	1,079	1,270
Others	18	22
Ordinary Profit	37,747	48,676
Extraordinary Losses	1,078	1,741
Losses on disposal of fixed assets	30	32
Impairment losses	10	15
Provision for reserve under the special laws	1,038	1,213
Provision for reserve for price fluctuations	1,038	1,213
Valuation losses on stocks of subsidiaries	—	244
Provision for reserve for investment losses	—	236
Provision for Reserve for Policyholders' Dividends	62	128
Income Before Income Taxes	36,606	46,806
Income Taxes—Current	11,476	17,708
Income Taxes—Deferred	(310)	(3,692)
Total Income Taxes	11,166	14,015
Net Income	25,440	32,790

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

(Millions of yen)

	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Core profit A	57,868	57,539
Capital gains	24,715	13,738
Income from money held in trust, net	—	—
Income from trading securities, net	—	63
Gains on sale of securities	3,316	2,317
Gains on derivatives, net	—	—
Foreign exchange gains, net	21,398	—
Other capital gains	—	11,356
Capital losses	40,355	17,821
Losses on money held in trust, net	—	—
Losses on trading securities, net	19	—
Losses on sale of securities	34	—
Losses on valuation of securities	4,026	2,991
Losses on derivatives, net	19,704	4,251
Foreign exchange losses, net	—	10,552
Other capital losses	16,570	25
Net capital gains (losses) B	(15,639)	(4,083)
Core profit plus net capital gains (losses) A+B	42,228	53,455
Other one-time gains	—	—
Gains from reinsurance	—	—
Reversal of contingency reserve	—	—
Reversal of specific reserve for possible loan losses	—	—
Others	—	—
Other one-time losses	4,481	4,778
Losses from reinsurance	—	—
Provision for contingency reserve	4,410	4,682
Provision for specific reserve for possible loan losses	1	29
Provision for reserve for possible loan losses for specific foreign countries	—	—
Write-off of loans	—	—
Others	69	67
Net other one-time gains (losses) C	(4,481)	(4,778)
Ordinary profit A+B+C	37,747	48,676

(Reference) The breakdown of Others

(Millions of yen)

	For the six months ended September 30, 2018	For the six months ended September 30, 2019
Core profit	18,824	(9,067)
Income gains in income from money held in trust	2,246	2,282
Interest income and dividends in income from trading securities	7	6
Effects of change in the exchange rates related to foreign currency-denominated insurance contracts	16,570	(11,356)
Other capital gains	—	11,356
Effect of change in the exchange rates related to foreign currency-denominated insurance contracts	—	11,356
Other capital losses	16,570	25
Impairment losses from investment partnership	—	25
Effect of change in the exchange rates related to foreign currency-denominated insurance contracts	16,570	—
Other one-time gains	—	—
Other one-time losses	69	67
Provision of additional policy reserve	69	67

6. Loans by Borrower Category

(Millions of yen, %)

Category	As of March 31, 2019	As of September 30, 2019
Bankrupt and quasi-bankrupt loans	0	0
Doubtful loans	—	—
Sub-standard loans	—	—
Subtotal	0	0
[% to total]	[0.0]	[0.0]
Normal loans	461,094	400,919
Total	461,094	400,919

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 loans that do not fall under the classifications for 1. to 3. above and where the borrowers have no financial or business performance problems.

7. Risk-monitored Loans

(Millions of yen, %)

Category	As of March 31, 2019	As of September 30, 2019
Bankrupt loans	—	—
Non-accrual delinquent loans	0	0
Past due loans (three months or more)	—	—
Restructured loans	—	—
Total	0	0
[% to the loan balance]	[0.0]	[0.0]

8. Solvency Margin Ratio

(Millions of yen)

Category		As of March 31, 2019	As of September 30, 2019
Total solvency margin (A)		1,313,033	1,412,885
Common stock, etc.		361,442	393,288
Reserve for price fluctuations		50,105	51,318
Contingency reserve		98,613	103,296
General reserve for possible loan losses		2	0
Net unrealized gains on available-for-sale securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) x 90% (100% if losses)		153,782	166,778
Net unrealized gains on real estate x 85% (100% if losses)		50,980	50,980
Amount excluded from deferred tax assets		—	—
Unallocated portion of reserve for policyholders' dividends		245	1,116
Deferred tax assets		92,924	105,309
Excess amount of policy reserves based on Zillmer method		544,688	550,065
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		(34,281)	(1,045)
Deductible items		(5,471)	(8,221)
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)		101,371	106,432
Insurance risk R_1		24,574	24,425
Third-sector insurance risk R_8		8,526	8,473
Assumed interest rate risk R_2		34,062	35,470
Minimum guarantee risk R_7		22,141	23,677
Asset management risk R_3		36,935	39,305
Business management risk R_4		2,524	2,627
Solvency margin ratio $(A) / \left\{ \frac{1}{2} \times (B) \right\} \times 100$		2,590.5%	2,654.9%

Notes: 1. The above 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 (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, 2019	As of September 30, 2019
Total solvency margin (A)	1,302,890	1,402,576
Common stock, etc.	360,050	392,388
Reserve for price fluctuations	50,105	51,318
Contingency reserve	98,613	103,296
Catastrophe loss reserve	—	—
General reserve for possible loan losses	2	0
Net unrealized gains on available-for-sale securities (before tax deductions) and net deferred gains or losses on hedging instruments (before tax deductions) x 90% (100% if losses)	153,782	166,778
Net unrealized gains on real estate x 85% (100% if losses)	50,980	50,980
Total amount of unrecognized net actuarial gains (losses) and unrecognized past service cost	(1,791)	(1,426)
Amount excluded from deferred tax assets	—	—
Unallocated portion of reserve for policyholders' dividends	245	1,116
Deferred tax assets	92,924	105,309
Excess amount of policy reserves based on Zillmer method	544,688	550,065
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	(35,672)	(1,945)
Deductible items	(11,040)	(15,304)
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)	98,666	103,335
Insurance risk R_1	24,574	24,425
Ordinary insurance risk R_5	—	—
Major catastrophe risk R_6	—	—
Third-sector insurance risk R_8	8,526	8,473
Insurance risk of small-amount short-term insurance providers R_9	—	—
Assumed interest rate risk R_2	34,062	35,470
Minimum guarantee risk R_7	22,141	23,677
Asset management risk R_3	34,119	36,101
Business management risk R_4	2,468	2,563
Solvency margin ratio $(A)/\left\{\frac{1}{2} \times (B)\right\} \times 100$	2,641.0%	2,714.6%

Notes: 1. The above 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 (2011).

2. 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, 2019	As of September 30, 2019
Individual variable life insurance and individual variable annuities	1,300,701	1,393,296
Group annuities	—	—
Total separate account	1,300,701	1,393,296

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

(2) Policy Amount in Force

Individual variable life insurance

(Number: Thousand, Amount: Millions of yen)

Category	As of March 31, 2019		As of September 30, 2019	
	Number	Amount	Number	Amount
Variable life insurance (whole life type)	836	7,980,475	833	7,809,614
Variable life insurance (limited term type)	152	922,336	167	1,045,680
Variable life insurance (term type)	12	685,553	12	699,443
Total	1,001	9,588,365	1,013	9,554,738

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

Individual variable annuities

(Number: Thousand, Amount: Millions of yen)

Category	As of March 31, 2019		As of September 30, 2019	
	Number	Amount	Number	Amount
Individual variable annuities	244	1,483,080	292	1,803,433

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.

10. Consolidated Summary

Not applicable