Capital Adequacy Status

Qualitative Disclosure

(1) Scope of Consolidation

The group of companies used in calculating Sony Financial Holdings' consolidated capital adequacy ratio (hereinafter, "Holding Company Group") is determined based on the "Standards based on Article 52-25 of the Banking Law of Japan for determining the capital adequacy of the bank holding company in light of the assets held by the bank holding company and its subsidiary (Financial Services Agency Public Announcement No. 20 published on March 27, 2006, hereinafter, "Consolidated Capital Adequacy Ratio Public Announcement")". This Holding Company Group includes Sony Bank and Sony Bank Securities as consolidated subsidiaries, but does not include in consolidation the three insurance subsidiaries of Sony Life Insurance, Sony Life Insurance (Philippines), and Sony Assurance. The three insurance subsidiaries are subject to capital deductions listed in Article 20, Paragraph 1, Item 2 (c) (insurance subsidiaries, etc.) of the Consolidated Capital Adequacy Ratio Public Announcement. However, the five companies of Sony Life Insurance, Sony Life Insurance (Philippines), Sony Assurance, Sony Bank, and Sony Bank Securities are included in consolidation based on regulations for purpose of consolidated financial statements.

For details on the operations of Sony Life Insurance, Sony Life Insurance (Philippines), Sony Assurance, Sony Bank, and Sony Bank Securities, please refer to pages 30 to 44 of this report.

We do not have any affiliated companies engaged in financial services subject to Article 21 of the Consolidated Capital Adequacy Ratio Public Announcement; companies subject to deductions listed in Article 20, Paragraph 1, Item 2 (a) and (b) of the Consolidated Capital Adequacy Ratio Public Announcement; or companies listed in Article 52-23, Paragraph 1, Item 10 the Banking Law of Japan that engage mainly in services listed in Item 10 (a) or companies listed in Item 11 that do not belong to the Holding Company Group.

As noted above, the Holding Company Group based on the Consolidated Capital Adequacy Ratio Public Announcement comprises Sony Financial Holdings, Sony Bank, and Sony Bank Securities. We do not have any particular restrictions related to the movement of funds and capital between Sony Financial Holdings and Sony Bank or Sony Bank Securities, but we do not have any fund transactions between the three companies. We also give sufficient attention to the soundness of subsidiary Sony Bank and work to maintain required capital.

(2) Overview of Capital Raising Methods

We raise all Tier I capital through the issuance of common stock. Shareholders comprise Sony Corporation with a 60.0% equity stake and other shareholders with a 40.0% equity stake. We also raise Tier II capital through subordinated term debt.

(3) Overview of Method for Assessing the Holding Company Group's Capital Adequacy Based on the Consolidated Capital Adequacy Ratio Public Announcement

Our capital adequacy ratio was 13.32% (Tier I ratio: 46.63%) at the end of March 2009, as calculated based on the Consolidated Capital Adequacy Ratio Public Announcement. This ratio is well above the domestic criteria of 4%, indicating that our business is sufficiently sound and secure. In calculating our consolidated capital adequacy ratio, we use the standard method to calculate credit risk and the basic method to calculate operational risk.

At Sony Bank, a core operating company of the Holding Company Group based on the Consolidated Capital Adequacy Ratio Public Announcement, in addition to management and assessment based on the capital adequacy ratio, we conduct management through capital allocation to ensure sufficient soundness while balancing risk and return. To perform this capital allocation, we prepared Risk Management Guidelines to serve as one method of risk management for the Sony Financial Holdings Group. We perform capital allocation by measuring various risks, including credit risk, market risk, and operational risk, using methods appropriate to risk characteristics, and then allocating capital within the scope of Sony Bank's business capacity (capital). We monitor Sony Bank's methods of capital allocation, levels of allocated capital, and levels of actual capital used of the allocated capital, based on the Risk Management Guidelines. Through these efforts, we seek from a comprehensive standpoint to ensure the adequacy of non-consolidated capital at Sony Bank and consolidated capital for the Holding Company Group.

To replenish capital in the future, we intend to increase capital through the profits earned by pursuing operations based on the business plans prepared each fiscal year by Sony Financial Holdings, and group companies including Sony

Bank. Additionally, in response to increased risk from expanding our operations, we intend to augment capital as needed through capital increases at Sony Financial Holdings and Sony Bank.

The consolidated risk assets of Sony Financial Holdings and Sony Bank, which belong to the Holding Company Group based on the Consolidated Capital Adequacy Ratio Public Announcement, are subject the various risks outlined below. This discussion focuses mainly on the risk assets of Sony Bank because risk assets account for a small percentage of the non-consolidated assets owned by Sony Financial Holdings, which is a bank holding company, and because Sony Financial Holdings, aside from owning stock in its subsidiaries, does not engage in marketable securities investments, loans, or financial derivative product transactions.

Sony Financial Holdings, as a bank holding company, conducts general monitoring of the risk management approach of Sony Bank as explained below, and pursues risk management for the overall Sony Financial Holdings Group by setting Risk Management Guidelines and holding risk management meetings. For information about the overall risk management approach of the Sony Financial Holdings Group, please refer to the Risk Management section on page 15 and 16 of this report.

(4) Credit Risk

(a) Overview of Risk Management Policies and Procedures

(i) Individual Credit Risk

Individual credit risk refers to the risk of incurring losses from a decrease or disappearance in the value of credit-related assets due to deterioration in the credit standing of individual debtors. At Sony Bank, the department responsible for individual credit risk prepares policies related to risk measurement, monitoring, and management. The Board of Directors prepares basic policies on individual credit risk management and an appropriate credit risk management structure based on a recognition of the existence and characteristics of individual credit risk as well the methods for measuring and managing this risk.

Individual credit risk involves the management of mortgage loans, special-purpose loans, card loans, and other customer transactions for which the management of individual credit risk is deemed necessary. These loans are screened by the responsible departments based on screening criteria administered by the individual credit risk department. The individual credit risk department also monitors the default status of granted loans on a daily basis and periodically reports on the results of this monitoring to the Board of Directors.

We also record reserve for possible loan losses as described below based on amortization and reserve criteria determined in advance. We divide normal loans and potential problem loans into specific categories and provide reserves based on a loan loss ratio derived from historical loan losses in each category in certain periods. For loans to borrowers at risk of bankruptcy, we subtract the amount we expect to recover through collateral disposal and guarantees, and based on the remaining balance, we provide reserves at an amount deemed necessary. For loans to effectively bankrupt borrowers, we subtract the amount we expect to recover through collateral disposal and guarantees, and provide reserves for the remaining balance. An asset assessment department conducts asset assessments for all loans based on asset self-assessment standards and with the cooperation of related departments, and we provide reserves based on the assessment results.

(ii) Market Credit Risk

Market credit risk refers to the risk of incurring losses from changes in the market value of securities due to changes in the credit standing of the issuer of owned securities, and the risk of incurring losses from the non-fulfillment of contracts due to changes in the financial standing of contract counterparties in market transactions. At Sony Bank, the department responsible for market credit risk prepares policies related to risk measurement, monitoring, and management. The Board of Directors prepares basic policies on market credit risk management and an appropriate credit risk management structure based on a recognition of the existence and characteristics of market credit risk as well the methods for measuring and managing this risk.

Market credit risk involves the management of risk arising from marketable securities transactions, yen and foreign currency monetary transactions, foreign exchange transactions, financial derivative product transactions, and other market transactions for which risk management is deemed necessary. We manage market credit risk by first establishing capital-at-risk ceiling and other credit limits based in principle on ratings by external rating institutions, various guidelines, and credit monitoring stages, and by then monitoring and reporting on compliance with established limits and guidelines, and reporting to management if limits are exceeded and considering necessary responses. We also periodically report on the status of risk management to the Board of Directors.

We classify owned marketable securities according to self-assessment standards and classification methods established by Sony Bank and manage any problem assets.

(b) Eligible Rating Agencies Used to Determine Risk Weights

Sony Financial Holdings and Sony Bank use the five eligible rating institutions listed below to determine risk weights. We do not use different eligible rating institutions for different types of exposure.

The five eligible rating agencies are Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd., Moody's Investors Service, Inc., Standard & Poor's Corp. and Fitch Ratings, Ltd.

(5) Overview of Risk Management Policies and Procedures for Credit Risk Mitigation

Sony Bank's loan exposure is limited to loans to individuals, comprising mortgage loans, special-purpose loans and card loans. We seek adequate small-loan diversification. We try to have all special-purpose loans and card loans guaranteed by surety companies. Home loans are all secured by real estate collateral, and we increase collection effectiveness by outsourcing collection activities to credit management and collection companies (servicers). We reappraise real estate collateral on an annual basis.

For some mortgage loans we accept guarantees by certain business partners in place of real estate collateral. Of these, only Sony Corporation is subject to the credit risk reduction methods in Basel II. These guarantees account for 0.78% of our total loan exposure, which is not an excessive concentration.

We use certain credit derivatives as a means of reducing credit risk on securities. In using credit derivatives, we establish transaction limits based on the rating of the protection provider, and employ restrictions to prevent bias toward certain providers. In using legally valid netting contracts in derivatives transactions, we conclude an International Swap Dealers Association (ISDA) master contracts and confirm legal validity.

(6) Overview of Risk Management Policies and Procedures Related to Counterparties Risks in Derivative Product Transactions and Long Settlement Transactions

Sony Bank uses derivative product transactions for the main purpose of appropriate market risk management. Derivative product transactions have the market risk of possibly incurring losses from market fluctuations and the credit risk of possibly incurring losses from the inability of transaction counterparties to meet payment obligations.

We respond to market risk by calculating daily transaction valuation gains/losses and the amount of market risk. Sony Bank uses maximum expected loss (Value at Risk) as a general measure of its overall market risk and establishes risk limits to keep the amount of risk within an appropriate range. We respond to credit risk by establishing and managing credit limits based on counterparty ratings and transaction periods. We set these limits within the range of our business capacity based on capital allocation. We do not calculate collateral coverage and reserves. Even if we would need to provide additional collateral to transaction counterparties due to deterioration in Sony Bank’s creditworthiness, we have sufficient assets available and the impact would be limited.

We do not have any long settlement transactions.

(7) Securitization Exposure

(a) Overview of Risk Management Policies and Procedures

We strive to recognize and appropriately manage risk associated with securitized products based on an understanding of market trends, status of underlying assets, market valuations, and rating information provided by eligible rating institutions. We also manage risk by setting transaction limits according to ratings and time to maturity. We have no securitization exposure as of the end of March 2009.

(b) Method for Calculating Credit Risk Asset Amount of Securitization Exposure

Sony Financial Holdings and Sony Bank use the standard method.

(c) Method of Accounting for Securitization Transactions

We appropriately account for securitization transactions based on the Practical Guidelines for Accounting for Financial Instruments published by the Japanese Institute of Certified Public Accountants.

(d) Eligible Rating Agencies Used to Determine Risk Weights by Securitization Exposure Type

We employ the five eligible rating institutions listed below to determine risk weights of securitization exposure. We do not use different eligible rating institutions for different types of exposure.

The five eligible rating agencies are Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd., Moody's Investors Service, Inc., Standard & Poor's Corp. and Fitch Ratings, Ltd.

(8) Market Risk

Not applicable because, in accordance with Article 16 of the Consolidated Capital Adequacy Ratio Public Announcement, Sony Financial Holdings does not include a market risk equivalent amount in its calculation based on Article 14 of said notification.

(9) Operational Risk

(a) Overview of Risk Management Policies and Procedures

Sony Bank faces the following operational risks. Administrative risk is the risk of incurring tangible or intangible losses from mistakes, misconduct, or trouble related to problems with administrative processes. System risk is the risk of incurring losses from trouble, damage, improper use, or information leaks related to systems. Outsourcing risk is the risk of incurring losses from inappropriate management of operations and information by outsourcers and from difficulty in maintaining outsourcing contracts. Legal risk is the risk of incurring losses from legal violations or contractual issues. Reputational risk is the risk of incurring losses from erosion of the company' s reputation in the market and among customers due to acts contrary to social mores, unfair transactions, or inappropriate information disclosure. The various departments responsible for these operational risks prepare policies related to risk measurement, monitoring, and management. The Board of Directors prepares basic risk management policies and an appropriate risk management structure based on a recognition of the existence and characteristics of operational risks as well the methods for measuring and managing these risks.

Risk management departments monitor the risks for which they are responsible, report to management if serious risk materializes, and consider required responses. These departments also report periodically to the Board of Directors on the status of risk management.

(b) Method for Calculating Operational Risk Equivalent Amount

Sony Financial Holdings and Sony Bank use the basic method.

(10) Overview of Risk Management Policies and Procedures for Banking Account Investments and Equity Exposures

The consolidate groups of Sony Bank and Sony Bank Securities, the main banking entities of the Holding Company Group based on the Consolidated Capital Adequacy Ratio Public Announcement, do not have any investments or equity exposures.

(11) Banking Account Interest Rate Risk

(a) Overview of Risk Management Policies and Procedures

Interest rate risk is the risk of incurring losses from fluctuations in market interest rates. Sony Bank regularly assesses and measures this risk and prepares appropriate countermeasures.

Specifically, in addition to managing and assessing interest rate risk measured by Basel II, we periodically measure banking account interest rate risk (BPV) assuming certain interest rate shocks as well as value at risk. This information is reported to management and considered by the ALM committee. Through these and other actions, we seek to control risk to optimize assets and liabilities.

(b) Overview of Method for Calculating Banking Account Interest Rate Risk Used for Internal Control

Banking account interest rate risk is the amount of risk resulting from an interest rate shock for certain financial institution assets and liabilities affected by market interest rates (e.g., loans, deposits, and securities). For liquid deposits, we measure the amount of risk based on balance and maturity assumptions for core deposits, defined as those deposits that are not withdrawn and remain at the bank for a long period of time, from among demand deposits that do not have defined interest rate revision intervals and can be withdrawn by depositors at any time.

Sony Bank calculates banking account interest rate risk in Basel II based on the following definitions.

· **Measurement method**	GPS approach
· **Interest rate sensitive assets and liabilities**	Deposits, loans, foreign exchange, securities, fund transactions, and financial derivative products
· **Core deposits**	Target: Yen liquid deposits (ordinary deposits) Calculation method: Use the lowest of the (1) smallest balance during the past five years, (2) balance after subtracting the largest annual outflow during the past five years from the current balance, or (3) 50% of the current balance Maturity: Within five years (average two and a half years)
· **Repayment prior to maturity**	For mortgage loans, we calculate the rate of repayment prior to maturity based on historical results and add this to cash flow
· **Interest rate shock margin**	Use 99th or 1st percentile of interest rate fluctuations on products held for one year as measured during the previous five years
· **Risk measurement frequency**	Quarterly (based on the end of the preceding month)

Quantitative Disclosure

(1) Companies subject to deductions listed in Article 8, Paragraph 1, Item 2 (a) to (c), and in Article 20, Paragraph 1, Item 2 (a) to (c) of the Consolidated Capital Adequacy Ratio Public Announcement that are deficient in regulatory capital, and the amount of regulatory capital deficiency

Not applicable

(2) Capital composition

As of March 31 (Millions of yen)

Item			2008	2009
■Capital				
		Common stock	19,900	19,900
		Capital surplus	195,277	195,277
		Retained earnings	3,087	1,926
		Net unrealized losses on other securities	7,788	—
		Minority interests in consolidated subsidiaries	—	—
		Goodwill equivalents	2,505	2,004
Tier I (core) capital	[A]		207,970	215,098
Preferred securities with step-up interest rate conditions			—	—
		General reserve for possible loan losses	161	211
		Fund-raising procedures	—	2,000
		Subordinated debt	—	—
		Subordinated term debt and term preferred stock	—	2,000
Tier II (supplementary) capital	[B]		161	2,211
Tier III (sub-supplementary) capital	[C]		—	—
Capital subtotal [A+B+ C]	[D]		208,131	217,310
		Fund-raising procedures by financial subsidiaries, subsidiaries engaged in financial services, insurance subsidiaries, and affiliates engaged in financial services that are not included in consolidation	145,881	155,881
Deductions	[E]		145,881	155,881
Total capital [D]−[E]	[F]		62,249	61,428
■Risk-adjusted assets				
		Balance sheet items	389,532	422,781
		Off-balance-sheet items	312	1,395
		Result of dividing operational risk equivalent amount by 8%	35,861	37,154
Total risk assets	[G]		425,705	461,332
Consolidated capital requirement	[G] × 4%		17,028	18,453
Capital adequacy ratio (domestic criteria)	[F] / [G]		14.62%	13.32%
Reference: Tier I ratio (domestic criteria)	[A] / [G]		48.85%	46.63%

Notes: 1. Calculated based on the “Standards based on Article 52-25 of the Banking Law of Japan for determining the capital adequacy of the bank holding company in light of the assets held by the bank holding company and its subsidiary (Financial Services Agency Public Announcement No. 20 published on March 27, 2006)”. We apply Standard Two (domestic criteria).
2. Since FY2008, we have applied the “Special Provision of Standards based on Article 52-25 of the Banking Law of Japan for determining the capital adequacy of the bank holding company in light of the assets held by the bank holding company and its subsidiary (Financial Services Agency Public Announcement No. 79 published in 2008)”.
3. Goodwill equivalent amounts are listed in Article 17, Paragraph 1, Items 1 to 4 of the Consolidated Capital Adequacy Ratio Public Announcement.
4. Calculated without including insurance subsidiaries within the scope of consolidation.

(3) Capital adequacy

As of March 31 (Millions of yen)

	2008		2009	
	Risk assets	Required Capital	Risk assets	Required Capital
(a) Total credit risk assets and required capital	389,844	15,593	424,177	16,967
(1) Exposure by portfolio applying the standard method	389,844	15,593	424,177	16,967
(i) Sovereigns	5,697	227	8,861	354
(ii) Financial institutions	142,217	5,688	93,668	3,746
(iii) Corporations	71,745	2,869	77,609	3,104
(iv) Small and medium-sized businesses, individuals	79,063	3,162	114,396	4,575
(v) Collateralized mortgage loans	83,997	3,359	113,020	4,520
(vi) Real estate related businesses	—	—	—	—
(vii) Exposure to items past due by three months or more	39	1	159	6
(viii) Others	7,083	283	16,460	658
(2) Securitization risk exposure	—	—	—	—
(b) Operational risk	35,861	1,434	37,154	1,486
(c) Consolidated total of required capital (a+b)	425,705	17,028	461,332	18,453

Notes: 1. Required capital = risk assets × 4%
2. "Exposure" consists of the credit equivalent amount of assets (excluding assets resulting from derivative product transactions), off-balance-sheet transactions and derivative product transactions.
3. "Sovereign" refers to central governments, central banks, local public entities, Japanese government-affiliated institutions, overseas public sector bodies other than central banks, international development banks, and international settlement banks.
4. "Exposure to items past due by three months or more" refers to exposure to debtors whose principal or interest payments are past due by three months or more from the day following the contract payment date.
5. We apply the basic method for operational risk.

Method of calculating operational risk (basic method):

$$\frac{\text{Gross profit (total of positive values during the previous three years)} \times 15\%}{\text{Number of years with positive gross profit during the previous three years}} \div 8\%$$

6. Consolidated total of required capital = Denominator of consolidated capital adequacy ratio × 4%

(4) Credit risk (excluding securitization exposure)

(a) Year-end credit risk exposure and breakdown by main categories

■ Year-end exposure by industries and counterparties

As of March 31 (Millions of yen)

	Year-end credit risk exposure						Exposure to items past due by three months or more	
			Loans		Marketable securities			
	2008	2009	2008	2009	2008	2009	2008	2009
Sovereigns	297,415	609,296	—	—	295,404	602,945	—	—
Financial institutions	479,031	202,332	—	—	86,604	112,104	—	—
Corporations	104,283	121,895	—	—	103,769	121,288	—	—
Small and medium-sized businesses, individuals	106,874	153,933	106,964	154,129	—	—	39	149
Collateralized mortgage loans	239,991	322,900	239,991	322,942	—	—	—	20
Real estate related businesses	—	—	—	—	—	—	—	—
Other	7,653	16,584	109	—	—	—	—	—
Total	1,235,250	1,426,943	347,065	477,072	485,777	836,338	39	170

Note: "Exposure to items past due by three months or more" refers to exposure to debtors whose principal or interest payments are past due by three or more months from the day following the contract payment date.

Year-end balance of loans by type and department

As of March 31 (Millions of yen)

	2008			2009		
	Domestic	International	Total	Domestic	International	Total
Loans on bills	—	—	—	—	—	—
Loans on deeds	339,088	478	339,566	468,420	555	468,975
Overdrafts	7,498	—	7,498	8,096	—	8,096
Discount bills	—	—	—	—	—	—
Total	346,586	478	347,065	476,517	555	477,072

Year-end balance of loans by maturity

As of March 31 (Millions of yen)

	2008			2009		
	Fixed interest rate	Variable interest rate	Total	Fixed interest rate	Variable interest rate	Total
Under one year	26	46	72	25	54	79
One to three years	300	349	650	439	402	842
Three to five years	892	849	1,741	1,273	1,164	2,437
Five to seven years	1,969	1,958	3,927	2,100	2,121	4,221
Over seven years	156,284	176,890	333,174	233,727	227,666	461,394
Unspecified period	—	7,498	7,498	—	8,096	8,096
Total	159,473	187,592	347,065	237,565	239,506	477,072

Year-end balance of securities by type and department

As of March 31 (Millions of yen)

	2008			2009		
	Domestic	International	Total	Domestic	International	Total
JGBs	171,157	—	171,157	288,348	—	288,348
Municipal bonds	—	—	—	5,305	—	5,305
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	152,107	—	152,107	303,353	—	303,353
Stocks	—	—	—	—	—	—
Other securities	9,705	152,806	162,512	7,848	231,483	239,331
Foreign bonds	—	152,806	152,806	—	215,319	215,319
Foreign stocks	—	—	—	—	—	—
Other	9,705	—	9,705	7,848	16,163	24,011
Total	332,971	152,806	485,777	604,854	231,483	836,338

Year-end balance of securities by maturity

As of March 31, 2009 (Millions of yen)

	Under one year	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years	Unspecified period	Total
JGBs	57,240	80,343	25,374	—	9,944	115,445	—	288,348
Municipal bonds	—	3,193	—	—	2,112	—	—	5,305
Corporate bonds	40,219	178,610	80,760	2,865	—	896	—	303,353
Stocks	—	—	—	—	—	—	—	—
Other securities	65,887	107,281	52,959	3,239	2,115	—	7,848	239,331
Foreign bonds	49,723	107,281	52,959	3,239	2,115	—	—	215,319
Other	16,163	—	—	—	—	—	7,848	24,011
Total	163,348	369,428	159,093	6,105	14,171	116,342	7,848	836,338

As of March 31, 2008 (Millions of yen)

	Under one year	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years	Unspecified period	Total
JGBs	13,315	17,993	24,722	—	4,002	111,123	—	171,157
Municipal bonds	—	—	—	—	—	—	—	—
Corporate bonds	18,575	62,443	69,051	1,032	—	1,003	—	152,107
Stocks	—	—	—	—	—	—	—	—
Other securities	27,360	68,964	46,522	9,959	—	—	9,705	162,512
Foreign bonds	27,360	68,964	46,522	9,959	—	—	—	152,806
Other	—	—	—	—	—	—	9,705	9,705
Total	59,251	149,401	140,296	10,992	4,002	112,126	9,705	485,777

(b) Year-end balance and change during year of general and specific reserves for possible loan losses

For the years ended March 31 (Millions of yen)

		Beginning balance	Increase	Decrease		Ending balance
				Use for purpose	Other	
General reserve for possible loan losses	2008	152	161	—	152	161
	2009	161	211	—	161	211
Specific reserve for possible loan losses	2008	9	91	—	9	91
	2009	91	244	19	72	244
Total	2008	162	253	—	162	253
	2009	253	456	19	233	456

Note: Loan loss reserves target all individual accounts.

(c) Loan amortization by category

For the years ended March 31 (Millions of yen)

	2008	2009
Individuals	0	0

(d) Exposure by risk weight

As of March 31 (Millions of yen)

Risk weight based on notification	Exposure			
	2008		2009	
	Rated	Not rated	Rated	Not rated
0%	241,336	—	532,935	—
10%	55,185	—	64,110	—
20%	434,110	713	167,959	154
35%	—	239,991	—	322,900
50%	45,558	4,248	50,594	3,725
75%	—	102,585	—	150,058
100%	96,834	14,686	112,076	22,427
150%	—	0	—	—
350%	—	—	—	—
Capital deductions	—	—	—	—
Total	873,024	362,225	927,676	499,267

Notes: 1. Ratings are only provided by eligible rating agencies.
2. Exposure is separated by risk weight after applying credit risk mitigation methods.

(5) Credit risk mitigation

■ Exposures subject to credit risk mitigation

As of March 31 (Millions of yen)

	Eligible financial collateral		Guarantees		Credit derivatives	
	2008	2009	2008	2009	2008	2009
Exposures subject to credit risk mitigation	—	10,000	4,248	3,705	15,997	8,668
(i) Sovereigns	—	—	—	—	—	—
(ii) Financial institutions	—	10,000	—	—	8,760	4,112
(iii) Corporations	—	—	—	—	7,237	4,555
(iv) Small and medium-sized businesses, individuals	—	—	4,248	3,705	—	—
(v) Collateralized mortgage loans	—	—	—	—	—	—
(vi) Real estate related businesses	—	—	—	—	—	—
(vii)Exposure to items past due by three months or more	—	—	—	—	—	—

(6) Counterparties risk on derivative transactions and long settlement transactions

As of March 31 (Millions of yen)

	2008	2009
Method for calculating credit equivalent amounts	Current exposure method	Current exposure method
Gross restructuring costs	600	4,522

	Credit equivalent amount before credit risk mitigation from collateral		Credit equivalent amount after credit risk mitigation from collateral	
	2008	2009	2008	2009
(1) Derivative transactions	1,557	4,735	1,557	4,735
(i) Foreign exchange transactions	1,715	4,779	1,715	4,779
(ii) Interest rate transactions	1,557	3,155	1,557	3,155
(iii) Gold transactions	—	—	—	—
(iv) Stock transactions	—	—	—	—
(v) Precious metals (excluding gold) transactions	—	—	—	—
(vi) Other commodity transactions	—	—	—	—
(vii) Credit derivatives	—	51	—	51
Credit equivalent amount reduction from close out netting contracts	1,715	3,250	1,715	3,250
(2) Long settlement transactions	—	—	—	—
Total	1,557	4,735	1,557	4,735

Notes: 1. Gross restructuring costs are limited to items that do not fall below zero.
2. "Credit equivalent amount reduction from close out netting contracts" is derived by subtracting the "credit equivalent amount before credit risk mitigation from collateral" from total gross restructuring costs and total gross add-ons.
3. We do not use credit risk mitigation from collateral for derivative transactions.
4. Credit derivatives subject to credit equivalent amount calculation were purchased as protection for credit default swaps and have notional principal of ¥650 million.
5. Credit derivatives used to account for credit risk mitigation have notional principal of ¥10,187 million.

(7) Securitization exposure

(a) Securitization exposure as originator

Not applicable

(b) Securitization exposure as investor

1) Securitization exposure amount and breakdown by main underlying assets

Not applicable

2) Securitization exposure balances by risk weight and capital requirements

Not applicable

3) Credit risk assets calculated based on Article 15 of the Supplementary Provisions to the Consolidated Capital Adequacy Ratio Public Announcement (Interim measure for securitization exposure).
Not applicable

(8) Market risk

Not applicable because, in accordance with Article 16 of the Consolidated Capital Adequacy Ratio Public Announcement, Sony Financial Holdings does not include a market risk equivalent amount in its calculation based on Article 14 of said public announcement.

(9) Banking account investments and equity exposures

The consolidate groups of Sony Bank and Sony Bank Securities, the main banking entities of the Holding Company Group based on the Consolidated Capital Adequacy Ratio Public Announcement, do not have any investments or equity exposures.

(10) Exposures considered credit risk assets and subject to calculation

Not applicable because Sony Financial Holdings and Sony Bank use the standardized approach in calculating credit risk.

(11) Banking account interest rate risk

As of March 31 (Millions of yen)

	Interest rate risk	
	2008	2009
Decrease in economic value from an interest rate shock	3,447	9,699
Japanese yen	3,056	8,246
U.S. dollars	185	540
Others	204	911
Outlier ratio	9.2%	16.2%

Notes: 1. We measure the decrease in economic value from an interest rate shock based on the calculation method shown on page 87 under "11. Banking Account Interest Rate Risk" in the qualitative disclosure section.
2. We manage these figures on a non-consolidated basis for Sony Bank because interest rate risk at Sony Financial Holdings and Sony Bank Securities is negligible.