

Review of Operations / Organizational Chart of Business Operations

Review of Operations

On a consolidated basis, Ordinary revenues increased 8.3% year on year, to ¥1,629.1 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking businesses. Ordinary profit increased 40.4% year on year, to ¥93.8 billion, owing to increases in ordinary profit from all the above businesses. Profit attributable to owners of the parent was up 19.6% year on year, to ¥62.0 billion. Note that a ¥13.2 billion gain on disposal of fixed assets from a sale of the real estate held for investment in the life insurance business, which was recorded in extraordinary gains in the fiscal year ended March 31, 2018.

Segment results are described below.

1) Life Insurance Business

Ordinary revenues grew 8.4% year on year, to ¥1,464.3 billion, due to higher insurance premiums due to a steady rise in the policy amount in force. Ordinary profit increased 44.4% year on year, to ¥78.2 billion, due to an increase in profit on higher policy amount in force, a recording of gains on sale of securities in the general account, a decline in provision of policy reserves for products with higher surrenders, and an improvement in net gains (losses) on derivative transactions to hedge market risks for available-for-sale securities in the general account, which more than offset the effect of an impairment loss relating to available-for-sale securities in the general account.

2) Non-life Insurance Business

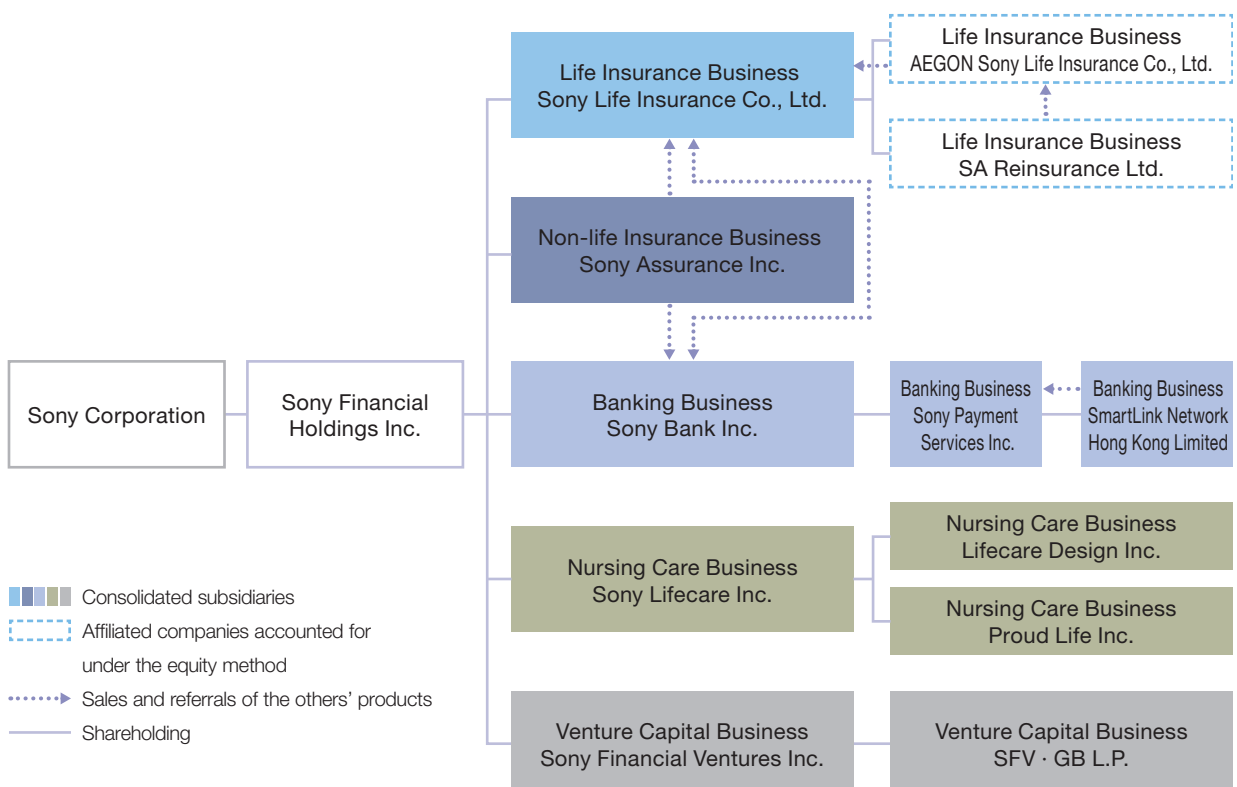
Ordinary revenues rose 4.6% year on year, to ¥115.1 billion, due to an increase in net premiums written for mainstay automobile insurance. Ordinary profit increased 4.9% year on year, to ¥6.8 billion, due to a lower expense ratio and higher revenues, despite a rise in the loss ratio stemming from natural disaster damage and the recording of additional policy reserves for a certain product.

3) Banking Business

Ordinary revenues rose 15.2% year on year, to ¥46.0 billion and ordinary profit grew 34.3% year on year, to ¥9.5 billion, due mainly to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.

Sony Financial Group Organizational Chart of Business Operations

(As of July 1, 2019)



Financial Highlights

■ Sony Financial Holdings (Consolidated)

	Millions of yen				
	2015	2016	2017	2018	2019
Ordinary revenues	1,352,325	1,362,044	1,381,667	1,503,630	1,629,182
Ordinary profit	90,062	71,103	66,326	66,843	93,856
Profit attributable to owners of the parent	54,419	43,355	41,621	51,895	62,074
Comprehensive income	90,707	71,105	21,433	52,207	57,415
Total assets	9,545,868	10,352,114	11,471,845	12,401,446	13,468,215
Net assets	550,672	604,377	601,139	625,406	656,846
Consolidated capital adequacy ratio (Domestic standard) ^(Note 1) ^(Note 2)	11.91%	10.70%	14.39%	18.58%	18.11%
Consolidated solvency margin ratio ^(Note 1)	1,634.9%	1,637.1%	1,632.9%	1,748.7%	1,726.3%

■ Sony Life (Non-consolidated)

	Millions of yen				
	2015	2016	2017	2018	2019
Ordinary revenues	1,223,827	1,230,141	1,243,739	1,351,076	1,464,218
Ordinary profit	79,665	60,792	60,180	56,338	79,812
Net income	42,524	37,096	35,185	45,134	49,602
Total assets	7,301,350	8,035,408	8,873,613	9,567,689	10,380,148
Net assets	432,526	482,195	473,589	492,787	513,930
Non-consolidated solvency margin ratio ^(Note 1)	2,555.0%	2,722.8%	2,568.8%	2,624.3%	2,590.5%

■ Sony Assurance

	Millions of yen				
	2015	2016	2017	2018	2019
Ordinary revenues	93,022	96,905	102,333	110,092	115,102
Ordinary profit	4,209	4,680	4,996	6,574	6,897
Net income	2,233	2,586	3,515	4,821	4,999
Total assets	157,919	172,323	186,537	204,362	219,643
Net assets	24,741	28,305	29,409	33,189	34,798
Non-consolidated solvency margin ratio ^(Note 1)	629.6%	693.5%	730.8%	782.1%	813.0%

■ Sony Bank (Non-consolidated)

	Millions of yen				
	2015	2016	2017	2018	2019
Ordinary revenues	35,714	34,892	35,105	36,270	41,707
Ordinary profit	7,298	5,857	4,634	6,557	8,698
Net income	4,634	3,912	3,176	4,474	6,025
Total assets	2,062,525	2,126,564	2,424,236	2,635,028	2,860,925
Net assets	77,064	77,428	81,332	85,729	87,279
Non-consolidated capital adequacy ratio (Domestic standard) ^(Note 1) ^(Note 2)	10.65%	9.89%	9.75%	10.45%	9.58%

Notes: 1. Calculated based on rules in force at the respective dates.

2. Capital adequacy ratio has been calculated by applying foundation internal ratings-based (FIRB) approach from March 31, 2017.

SFH Consolidated Financial Statements

Consolidated Balance Sheets

Sony Financial Holdings Inc.

As of March 31, 2018 and 2019

	Millions of yen	
	2018	2019
Assets		
Cash and due from banks	327,633	415,894
Call loans and bills bought	65,500	93,700
Monetary claims purchased	5,378	4,916
Money held in trust	291,582	291,324
Securities	9,581,206	10,373,188
Loans	1,785,877	1,942,546
Tangible fixed assets	106,051	104,128
Land	63,106	63,106
Buildings	32,468	30,899
Leased assets	6,074	6,536
Construction in progress	5	77
Other tangible fixed assets	4,397	3,508
Intangible fixed assets	35,684	43,909
Software	35,059	43,327
Goodwill	583	551
Leased assets	0	—
Other intangible fixed assets	40	30
Due from reinsurers	934	1,341
Foreign exchanges	9,346	8,471
Other assets	168,736	159,361
Net defined benefit asset	3,426	3,476
Deferred tax assets	21,242	27,556
Reserve for possible loan losses	(1,152)	(1,602)
Total Assets	12,401,446	13,468,215

	Millions of yen	
	2018	2019
Liabilities		
Policy reserves and others	8,763,349	9,479,071
Reserve for outstanding claims	74,712	78,285
Policy reserves	8,683,153	9,396,241
Reserve for policyholders' dividends	5,484	4,544
Due to agencies	1,873	2,073
Due to reinsurers	5,563	5,769
Deposits	2,159,246	2,302,313
Call money and bills sold	96,000	130,611
Borrowed money	173,944	203,871
Foreign exchanges	228	244
Bonds payable	20,000	20,000
Other liabilities	470,501	578,477
Reserve for employees' bonuses	3,906	4,377
Net defined benefit liability	33,179	34,081
Reserve under the special laws	48,135	50,343
Reserve for price fluctuations	48,135	50,343
Deferred tax liabilities	0	24
Deferred tax liabilities on land revaluation	109	109
Total Liabilities	11,776,039	12,811,368
Net Assets		
Shareholders' equity		
Common stock	19,927	19,963
Capital surplus	191,157	191,193
Retained earnings	283,911	319,886
Treasury stock	(55)	(55)
Total shareholders' equity	494,941	530,987
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	133,991	128,800
Net deferred gains (losses) on hedging instruments, net of taxes	(902)	(1,077)
Land revaluation, net of taxes	(2,439)	(2,439)
Remeasurements of defined benefit plans, net of taxes	(1,929)	(1,470)
Total accumulated other comprehensive income	128,719	123,812
Subscription rights to shares	97	149
Non-controlling interests	1,648	1,896
Total Net Assets	625,406	656,846
Total Liabilities and Net Assets	12,401,446	13,468,215

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2018 and 2019

	Millions of yen	
(1) Consolidated Statements of Income	2018	2019
Ordinary Revenues	1,503,630	1,629,182
Ordinary Revenues from the Life Insurance Business	1,347,762	1,461,632
Income from insurance premiums	1,057,411	1,134,048
Insurance premiums	1,054,867	1,130,676
Ceded reinsurance commissions	2,544	3,372
Investment income	242,703	278,950
Interest income and dividends	157,276	166,953
Income from money held in trust, net	4,490	4,490
Gains on trading securities, net	2	—
Gains on sale of securities	0	6,107
Gains on redemption of securities	1	—
Foreign exchange gains, net	—	13,455
Other investment income	1	—
Gains on separate accounts, net	80,931	87,943
Other ordinary income	47,646	48,633
Ordinary Revenues from the Non-life Insurance Business	110,091	115,101
Underwriting income	108,316	113,173
Net premiums written	108,253	113,101
Interest and dividends on deposits of premiums	62	72
Investment income	1,731	1,857
Interest income and dividends	1,324	1,372
Gains on sale of securities	470	557
Transfer to interest and dividends on deposits of premiums	(62)	(72)
Other ordinary income	43	69
Ordinary Revenues from the Banking Business	39,712	45,766
Interest income	28,344	31,926
Interest income on loans	17,064	17,473
Interest income and dividends on securities	11,204	14,382
Interest income on call loans and bills bought	2	1
Interest income on deposits with banks	63	62
Other interest income	9	7
Fees and commissions	6,751	9,398
Other operating income	3,823	3,926
Gains on foreign exchange transactions, net	3,456	3,599
Others	366	326
Other ordinary income	794	515
Other	6,064	6,681
Other ordinary income	6,064	6,681

	Millions of yen	
	2018	2019
Ordinary Expenses	1,436,787	1,535,325
Ordinary Expenses from the Life Insurance Business	1,296,417	1,386,074
Insurance claims and other payments	436,538	457,252
Insurance claims	92,342	92,997
Annuity payments	12,566	13,489
Insurance benefits	119,294	131,824
Surrender payments	199,263	204,351
Other payments	3,314	3,659
Reinsurance premiums	9,756	10,929
Provision for policy reserves and others	638,343	704,780
Provision for reserve for outstanding claims	2,211	2,433
Provision for policy reserves	636,131	702,346
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	32,889	24,650
Interest expenses	151	1,604
Losses on trading securities, net	—	126
Losses on sale of securities	0	34
Losses on valuation of securities	—	4,026
Losses on redemption of securities	2	—
Losses on derivatives, net	11,403	13,925
Foreign exchange losses, net	15,280	—
Provision for reserve for possible loan losses	23	329
Depreciation of real estate for rent and others	1,680	1,599
Other investment expenses	4,346	3,003
Operating expenses	139,420	146,776
Other ordinary expenses	49,226	52,614
Ordinary Expenses from the Non-life Insurance Business	102,798	107,413
Underwriting expenses	73,943	77,925
Net losses paid	52,482	56,608
Loss adjustment expenses	8,067	8,220
Net commission and brokerage fees	1,295	1,214
Provision for reserve for outstanding losses and claims	1,194	1,139
Provision for underwriting reserves	10,903	10,741
Investment expenses	2	1
Losses on sale of securities	—	0
Other investment expenses	2	1
Operating, general and administrative expenses	28,848	29,482
Other ordinary expenses	4	4

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Consolidated Statements of Income (Continued)

	Millions of yen	
	2018	2019
Ordinary Expenses from the Banking Business	30,428	34,135
Interest expenses	7,656	8,566
Interest expenses on deposits	5,320	6,744
Interest expenses on call money and bills sold	(73)	88
Interest on payables under repurchase agreements	—	312
Interest on borrowed money	0	0
Interest expenses on bonds	40	12
Interest expenses on interest rate swaps	2,360	1,400
Other interest expenses	8	7
Fees and commissions	4,676	5,883
Other operating expenses	105	485
General and administrative expenses	17,733	18,786
Other ordinary expenses	257	414
Other	7,141	7,702
Other ordinary expenses	7,141	7,702
Ordinary Profit	66,843	93,856
Extraordinary Gains	13,258	0
Gains on disposal of fixed assets	13,258	0
Extraordinary Losses	2,180	2,367
Losses on disposal of fixed assets	187	92
Impairment losses	2	67
Provision for reserve under the special laws	1,953	2,207
Provision for reserve for price fluctuations	1,953	2,207
Others	36	—
Provision for Reserve for Policyholders' Dividends	3,271	2,146
Income Before Income Taxes	74,650	89,343
Income Taxes-Current	29,008	31,871
Income Taxes-Deferred	(6,344)	(4,853)
Total Income Taxes	22,664	27,018
Profit	51,985	62,325
Profit Attributable to Non-controlling Interests	90	250
Profit Attributable to Owners of the Parent	51,895	62,074

	Millions of yen	
	2018	2019
(2) Consolidated Statements of Comprehensive Income		
Profit	51,985	62,325
Other Comprehensive Income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(857)	(5,215)
Net deferred gains (losses) on hedging instruments, net of taxes	251	(174)
Remeasurements of defined benefit plans, net of taxes	827	456
Share of other comprehensive income of affiliates accounted for using equity method	—	23
Total other comprehensive income	221	(4,909)
Comprehensive Income	52,207	57,415
Details:		
Comprehensive income attributable to owners of the parent	52,116	57,167
Comprehensive income attributable to non-controlling interests	91	248

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.

For the years ended March 31, 2018 and 2019

	Millions of yen				
	2018				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	19,900	195,277	255,062	(81)	470,157
Changes during the period					
Issuance of new shares	27	27	—	—	55
Dividends from surplus	—	—	(23,922)	—	(23,922)
Profit attributable to owners of the parent	—	—	51,895	—	51,895
Disposal of treasury shares	—	(5)	—	26	21
Transfer of loss on disposal of treasury shares	—	5	(5)	—	—
Reversal of land revaluation	—	—	973	—	973
Adjustments due to change of scope of consolidation	—	—	(92)	—	(92)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(4,147)	—	—	(4,147)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	27	(4,119)	28,849	26	24,784
Balance at the end of the period	19,927	191,157	283,911	(55)	494,941

	Millions of yen							
	2018							
	Accumulated other comprehensive income							
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the period	134,849	(1,154)	(1,465)	(2,756)	129,472	49	1,460	601,139
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	55
Dividends from surplus	—	—	—	—	—	—	—	(23,922)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	51,895
Disposal of treasury shares	—	—	—	—	—	—	—	21
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—	—	—
Reversal of land revaluation	—	—	—	—	—	—	—	973
Adjustments due to change of scope of consolidation	—	—	—	—	—	—	—	(92)
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	(4,147)
Net changes of items other than shareholders' equity	(857)	251	(973)	827	(752)	48	187	(516)
Total changes during the period	(857)	251	(973)	827	(752)	48	187	24,267
Balance at the end of the period	133,991	(902)	(2,439)	(1,929)	128,719	97	1,648	625,406

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Consolidated Statements of Changes in Net Assets (Continued)

Millions of yen

	2019				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	19,927	191,157	283,911	(55)	494,941
Changes during the period					
Issuance of new shares	35	35	—	—	71
Dividends from surplus	—	—	(26,099)	—	(26,099)
Profit attributable to owners of the parent	—	—	62,074	—	62,074
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	35	35	35,975	—	36,046
Balance at the end of the period	19,963	191,193	319,886	(55)	530,987

Millions of yen

	2019							
	Accumulated other comprehensive income							
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the period	133,991	(902)	(2,439)	(1,929)	128,719	97	1,648	625,406
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	71
Dividends from surplus	—	—	—	—	—	—	—	(26,099)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	62,074
Net changes of items other than shareholders' equity	(5,191)	(174)	—	458	(4,907)	52	248	(4,606)
Total changes during the period	(5,191)	(174)	—	458	(4,907)	52	248	31,439
Balance at the end of the period	128,800	(1,077)	(2,439)	(1,470)	123,812	149	1,896	656,846

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2018 and 2019

	Millions of yen	
	2018	2019
Cash flows from operating activities		
Income before income taxes	74,650	89,343
Depreciation of real estate for rent and others	1,680	1,599
Depreciation and amortization	11,828	11,297
Impairment losses	2	67
Amortization of goodwill	32	32
Increase (decrease) in reserve for outstanding claims	3,405	3,573
Increase (decrease) in policy reserve	647,035	713,088
Interest portion of reserve for policyholders' dividends	0	0
Provision for (reversal of) reserve for policyholders' dividends	3,271	2,146
Increase (decrease) in reserve for possible loan losses	(140)	449
Increase (decrease) in net defined benefit liability	2,363	1,630
Increase (decrease) in reserve for directors' retirement benefits	(176)	—
Increase (decrease) in reserve for price fluctuations	1,953	2,207
Interest income and dividends	(186,943)	(200,253)
(Gains) losses on securities	(80,057)	(94,790)
Interest expenses	8,327	10,698
Losses (gains) on derivatives	11,403	13,925
Exchange (gains) losses	23,489	(17,258)
(Gains) losses on disposal of tangible fixed assets	(13,283)	78
Equity in (gains) losses of affiliates	2,338	1,748
Net (increase) decrease in loans	(56,745)	(147,727)
Net increase (decrease) in deposits	87,987	143,031
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	80,000	30,000
Net increase (decrease) in call money and bills sold	26,000	54,902
Net (increase) decrease in call loans and bills bought	(4,805)	461
Net (increase) decrease in foreign exchange (assets)	(2,077)	874
Net increase (decrease) in foreign exchange (liabilities)	119	16
Others, net	15,506	21,467
Subtotal	657,168	642,611
Interest and dividends received	197,007	205,869
Interest paid	(8,484)	(10,221)
Policyholders' dividends paid	(3,517)	(3,086)
Income taxes paid	(22,451)	(32,251)
Net cash provided by (used in) operating activities	819,721	802,921
Cash flows from investing activities		
Net (increase) decrease in deposits	5	—
Investments in money held in trust	(101)	(1,044)
Proceeds from money held in trust	6,532	4,522
Purchases of securities	(1,104,737)	(1,219,208)
Proceeds from sale and redemption of securities	427,925	526,015
Investments in loans	(60,315)	(63,716)
Collections of loans	28,761	30,341
Net gains (losses) from the settlement of derivative financial instruments	(22,997)	7,389
Net increase (decrease) in collateral for securities lending transactions	(6,719)	27,166
Others, net	32,553	48,264
Total of net cash provided by (used in) investment transactions	(699,092)	(640,270)
Total of net cash provided by (used in) operating activities and investment transactions	120,629	162,651
Purchases of tangible fixed assets	(2,049)	(1,255)
Proceeds from sales of tangible fixed assets	36,700	1
Purchases of intangible fixed assets	(12,481)	(17,794)
Purchase of securities of non-consolidated subsidiaries	(339)	(50)
Purchase of securities of affiliates	(3,450)	(300)
Others, net	(132)	(147)
Net cash provided by (used in) investing activities	(680,845)	(659,815)
Cash flows from financing activities		
Proceeds from debt borrowing	5,266	4,640
Repayments of debt	(5,133)	(4,712)
Cash dividends paid	(23,921)	(26,095)
Proceeds from issuance of bonds	19,938	—
Payments for redemption of bonds	(10,000)	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(171)	—
Others, net	(474)	(476)
Net cash provided by (used in) financing activities	(14,496)	(26,645)
Effect of exchange rate changes on cash and cash equivalents	(2)	0
Net increase (decrease) in cash and cash equivalents	124,377	116,461
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	373	—
Cash and cash equivalents at the beginning of the period	268,381	393,133
Cash and cash equivalents at the end of the period	393,133	509,594

Note: The above Consolidated Statements of Cash Flows have been prepared based on Article 210-10 of Ordinance for Enforcement of the Insurance Business Act of Japan.

Segment Information

1 Outline of Reportable Segments

The Sony Financial Group's reportable segments are components of the Group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available.

SFH is the financial holding company of Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Lifecare Inc., and Sony Financial Ventures Inc., and pursues financial group strategies. The subsidiaries make their own business plans and engage in business activities from which they may earn revenues and incur expenses, under the Insurance Business Law of Japan, the Banking Law of Japan, and other regulations.

The Sony Financial Group consists of three reportable segments: the life insurance business, the non-life insurance business and the banking business.

- The life insurance business consists of Sony Life Insurance Co., Ltd., AEGON Sony Life Insurance Co., Ltd. and SA Re-insurance Ltd.
- The non-life insurance business consists of Sony Assurance Inc.
- The banking business consists of Sony Bank Inc., Sony Payment Services Inc. and SmartLink Network Hong Kong Limited.

2 Calculation Method for Amounts of Ordinary Revenues, Profit, Assets, Liabilities and Other Items by Each Reportable Segment

Accounting of reported business segments is roughly the same as described in page 10 through page 12 "(Notes to the Consolidated Financial Statements)" of the Financial Data Book.

Intersegment ordinary revenues are based on third-party transaction prices.

3 Information on Amounts of Ordinary Revenues, Profit, Assets, Liabilities and Other Items by Each Reportable Segment

	Millions of yen					
	2018					
	Reportable Segments			Total	Other (Note 1)	Total
Life Insurance Business	Non-life Insurance Business	Banking Business				
Ordinary revenues (Note 2)						
(1) External customers	1,347,762	110,091	39,712	1,497,566	6,064	1,503,630
(2) Intersegment	3,462	1	221	3,685	—	3,685
Total	1,351,225	110,092	39,934	1,501,251	6,064	1,507,316
Segment profit	54,148	6,574	7,146	67,869	(1,077)	66,792
Segment assets	9,566,063	204,395	2,651,162	12,421,622	13,532	12,435,155
Other						
Depreciation (Note 3)	7,147	3,927	2,458	13,532	616	14,148
Interest income and dividends	157,743	1,324	28,344	187,411	0	187,411
Interest expenses	151	—	7,731	7,883	516	8,400
Equity in earnings (losses) of affiliates	(2,338)	—	—	(2,338)	—	(2,338)
Investments in equity-method affiliates	12,245	—	—	12,245	—	12,245
Increase in tangible fixed assets and intangible fixed assets (Note 4)	9,511	2,660	4,709	16,882	930	17,812

Notes: 1. "Other" represents the nursing care business, which is a business segment not included in reportable segments.
 2. Ordinary revenues stated herein are equivalent to net sales of a regular entity.
 3. Depreciation includes amortization of long-term prepaid expenses, etc.
 4. Increase in tangible fixed assets and intangible fixed assets includes an increase in long-term prepaid expenses, etc.

	Millions of yen					
	2019					
	Reportable Segments			Total	Other (Note 1)	Total
Life Insurance Business	Non-life Insurance Business	Banking Business				
Ordinary revenues (Note 2)						
(1) External customers	1,461,632	115,101	45,766	1,622,500	6,681	1,629,182
(2) Intersegment	2,735	1	252	2,988	—	2,988
Total	1,464,367	115,102	46,018	1,625,488	6,681	1,632,170
Segment profit	78,213	6,897	9,597	94,708	(1,021)	93,687
Segment assets	10,380,274	219,672	2,878,879	13,478,825	22,636	13,501,462
Other						
Depreciation (Note 3)	7,847	2,457	2,489	12,794	631	13,425
Interest income and dividends	166,953	1,372	31,926	200,252	2	200,255
Interest expenses	1,604	—	8,643	10,248	507	10,755
Equity in earnings (losses) of affiliates	(1,748)	—	—	(1,748)	—	(1,748)
Investments in equity-method affiliates	10,969	—	—	10,969	—	10,969
Increase in tangible fixed assets and intangible fixed assets (Note 4)	9,496	5,790	3,977	19,264	1,141	20,406

Notes: 1. "Other" represents the nursing care business and the venture capital business, which are business segments not included in reportable segments.
 2. Ordinary revenues stated herein are equivalent to net sales of a regular entity.
 3. Depreciation includes amortization of long-term prepaid expenses, etc.
 4. Increase in tangible fixed assets and intangible fixed assets includes an increase in long-term prepaid expenses, etc.

4 Differences between the Reportable Segments Total and the Amount in the Consolidated Financial Statements, and the Main Components of Such Differences (Matters Related to Reconciliation)

1 Total ordinary revenues of reportable segments and ordinary revenues in the consolidated statements of income

	Millions of yen	
	2018	2019
Totals of reportable segments	1,501,251	1,625,488
Other	6,064	6,681
Adjustments for intersegment transactions	(3,685)	(2,988)
Ordinary revenues in statement of income	1,503,630	1,629,182

2 Total profit of reportable segments and ordinary profit in the consolidated statements of income

	Millions of yen	
	2018	2019
Totals of reportable segments	67,869	94,708
Other	(1,077)	(1,021)
Adjustments for intersegment transactions	(133)	—
Amount not allocated to reportable segments	185	169
Ordinary profit in statement of income	66,843	93,856

3 Total assets of reportable segments and the amount of assets in the consolidated balance sheets

	Millions of yen	
	2018	2019
Totals of reportable segments	12,421,622	13,478,825
Other	13,532	22,636
Adjustments for intersegment transactions	(70,927)	(66,653)
Amount not allocated to reportable segments	37,218	33,406
Assets in balance sheets	12,401,446	13,468,215

4 Total other items of reportable segments and the amount of the items equivalent thereto in the consolidated financial statements

	Millions of yen							
	Reportable Segments				Amounts in the Consolidated Financial Statements			
	Total		Other		Reconciliation			
	2018	2019	2018	2019	2018	2019	2018	2019
Depreciation	13,532	12,794	616	631	38	40	14,187	13,466
Interest income and dividends	187,411	200,252	0	2	(467)	(0)	186,944	200,255
Interest expenses	7,883	10,248	516	507	(74)	(77)	8,325	10,678
Equity in earnings (losses) of affiliates	(2,338)	(1,748)	—	—	—	—	(2,338)	(1,748)
Investments in affiliates	12,245	10,969	—	—	—	—	12,245	10,969
Increase in tangible fixed assets and intangible fixed assets	16,882	19,264	930	1,141	10	69	17,822	20,475

Other Financial Data

SFH

Risk-monitored Loans

As of March 31, Category	Millions of yen	
	2018	2019
Bankrupt loans	91	180
Non-accrual delinquent loans	1,075	1,220
Past-due loans (3 months or more)	—	—
Restructured loans	842	800
Total	2,009	2,201

Consolidated Solvency Margin Ratio

As of March 31,	Millions of yen	
	2018	2019
(A) Total consolidated solvency margin	1,381,575	1,481,117
Common stock, etc.	470,030	505,148
Reserve for price fluctuations	48,135	50,343
Contingency reserve	90,025	98,736
Catastrophe reserve	20,970	24,636
General reserve for possible loan losses	416	483
Net unrealized gains on available-for-sale securities and net deferred gains or losses on hedging instruments, net of taxes (before tax deductions) x 90% (100% if losses)	163,989	157,692
Net unrealized gains on real estate x 85% (100% if losses)	30,023	51,154
Total amount of unrecognized net actuarial gain (loss) and unrecognized prior service cost (before subtracting tax effects)	(2,724)	(2,090)
Amount excluded from deferred tax assets	—	—
Unallotted portion of reserve for policyholders' dividends	377	245
Deferred tax assets (after deducting amount excluded)	90,359	95,400
Subordinated debt and surplus components of premium reserve	482,261	510,406
Total solvency margin of small-amount short-term insurers	—	—
Deductible items	12,290	11,040
(B) Total consolidated risk $\sqrt{[(R_1^2+R_5^2)+R_6+R_9]^2+(R_2+R_3+R_7)^2}+R_4+R_6$	158,006	171,586
Insurance risk (R ₁)	24,337	24,574
Ordinary insurance risk (R ₅)	12,395	13,181
Major catastrophe risk (R ₆)	1,036	1,105
Third-sector insurance risk (R ₉)	8,587	8,527
Insurance risk of small-amount short-term insurers (R ₉)	—	—
Assumed interest rate risk (R ₂)	32,566	34,186
Minimum guarantee risk (R ₇)	20,137	22,141
Asset management risk (R ₃)	93,730	103,438
Business management risk (R ₄)	6,199	6,618
Consolidated solvency margin ratio (A)/{(1/2)x(B)} x 100	1,748.7%	1,726.3%

Notes: 1. Figures are calculated in accordance with Article 210, Paragraph 11-3 and Paragraph 11-4 of the Ordinance of Enforcement of the Insurance Business Act of Japan, and FSA Notification No. 23 (2011).

2. Minimum guarantee risk is calculated based on the standardized method.

■ Sony Life (Non-consolidated)

Risk-monitored Loans

As of March 31,	Billions of yen	
	2018	2019
Category		
Bankrupt loans	—	—
Non-accrual delinquent loans	—	0.0
Past-due loans (3 months or more)	—	—
Restructured loans	—	—
Total	—	0.0

■ Sony Assurance

Risk-monitored Loans

The company does not have any risk-monitored loans (loans for which repayment conditions are not ordinary).

■ Sony Bank (Non-consolidated)

Risk-monitored Loans

As of March 31,	Billions of yen	
	2018	2019
Category		
Bankrupt loans	0.0	0.1
Non-accrual delinquent loans	1.0	1.2
Past-due loans (3 months or more)	—	—
Restructured loans	0.8	0.8
Total	1.9	2.2

Relationship with Parent Company, Sony Corporation

(As of July 1, 2019)

As described in the Basic Policy on Corporate Governance (please see page 35), SFH is a listed subsidiary of Sony Corporation. Accordingly, SFH maintains managerial independence from its parent company and strives to ensure highly transparent management.

● Capital Relationship

SFH is a financial holding company, established in April 2004 as a corporate spin-off from Sony Corporation. In October 2007, SFH's shares were listed on the First Section of the Tokyo Stock Exchange with the initial public offering conducted in Japan and overseas. Sony Corporation later made additional purchases of SFH shares, bringing its shareholding to 65.06% (excluding treasury stocks) as of March 31, 2019. As a result, regardless of the intentions and interests of other shareholders, Sony Corporation may have an impact on all matters requiring shareholder approval such as the appointment and dismissal of SFH directors and audit & supervisory board members, mergers and other organizational restructuring, material asset and business transfers, amendments to the Articles of Incorporation and the payment of dividends.

● Ensuring Independence in Business Activities

Because SFG's business operations have a tenuous connection with the Sony Group's business domains except for Financial Services, and because SFG operates its business primarily in accordance with the Insurance Business Act and the Banking Act of Japan, under the supervision of the Financial Services Agency (FSA) of Japan, SFH believes that SFG conducts its business with a certain degree of independence from the Sony Group. In addition, Sony Corporation, which has obtained approval from FSA to remain a major SFH shareholder, recognizes and respects SFH's corporate philosophy.

● Personnel Relationship

SFH's three directors and one audit & supervisory board member serve concurrently as executives / employees of the Sony Group. Moreover, Sony Corporation has seconded five employees to SFH. Based on the above-stated Ensuring Independence in Business Activities, SFH believes that concurrent directors and audit & supervisory board member are positioned to make independent management decisions. From the standpoint of further enhancing independence from the parent company, SFH has appointed four outside directors and two outside audit & supervisory board members who have no special relationship with the Sony Group and designated them as independent directors and/or independent audit & supervisory board members based on rules set forth by the Tokyo Stock Exchange regulations, respectively.

● Using the "Sony" Trade Name and Trademark

SFH and Group companies have entered into royalty agreements with Sony Corporation for the use of the "Sony" trade name and trademark. However, these agreements can be rescinded by Sony Corporation under certain conditions, such as its share of voting rights in SFH falling below a majority, or SFH's percentage ownership of the voting rights of SFG companies dropping. Furthermore, Sony Financial Group companies pay royalty fees to Sony Corporation based on these agreements. The amount paid in fiscal 2018 was ¥2,862 million and the amount of these royalty fees has no material impact on the management base of SFG.

SFG believes that the use of the "Sony" trade name and trademark confers certain advantages, including stronger brand recognition, enhanced trustworthiness and higher employee motivation and awareness.

● Transactions with Sony Corporation

SFH is a listed subsidiary of Sony Corporation. For this reason, SFH has set out a Policy Concerning Measures to Protect Minority Shareholders in Transactions with the Controlling Shareholder to protect the interests of minority shareholders.

► Policy Concerning Measures to Protect Minority Shareholders in Transactions with Sony Corporation (Controlling Shareholder) can be viewed at the following SFH's website:

<https://www.sonyfh.co.jp/en/company/management.html>

Financial Data Book Contents



Please visit SFH's website to view the Financial Data Book.

Detailed financial data for each operating company is presented in the Financial Data Book and it is only disclosed on the website.

https://www.sonyfh.co.jp/en/financial_info/annualreport

SFH Financial Data (Consolidated)

Principal Indicators of Operating Performance
Consolidated Balance Sheets
Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income
Consolidated Statements of Changes in Net Assets
Consolidated Statements of Cash Flows
Notes to the Consolidated Financial Statements

Sony Life Financial Data (Non-consolidated)

Balance Sheets
Statements of Income
Statements of Changes in Net Assets
Statements of Cash Flows
1. Loans by Borrower Category
2. Risk-monitored Loans
3. Accounting Indicators
4. Reconciliation to Core Profit and
Non-consolidated Ordinary Profit
5. Fair Value Information on Securities (General Account)
6. Fair Value Information on Securities (Company Total)

Sony Life Performance Indicators (Non-consolidated)

1. Key Performance Indicators for Past Five Years
2. Key Performance Indicators
3. Indicators for Insurance Policies
4. Indicators Related to Asset Management
(General Account)
5. Status of Insurance Claims Paying Ability
6. Balance of Separate Account Assets
7. Investment Progress of Separate Account Assets in
Individual Variable Life Insurance and Individual Variable
Annuities
8. Status of Individual Variable Life Insurance and Individual
Variable Annuities
9. Number of Agencies
10. Number of Employees and Recruits
11. Average Salary

Sony Assurance Financial Data

Balance Sheets
Statements of Income
Statements of Changes in Net Assets
Statements of Cash Flows
1. Loans by Borrower Category
2. Risk-monitored Loans
3. Assets and Liabilities
4. Profit and Loss
5. Fair Value Information, etc.

Sony Assurance Performance Indicators

1. Principal Indicators of Operating Performance
2. Underwriting Performance
3. Asset Management
4. Non-consolidated Solvency Margin Ratio

Sony Bank Financial Data (Consolidated)

Consolidated Balance Sheets
Consolidated Statements of Income
Consolidated Statements of Comprehensive Income
Consolidated Statements of Changes in Net Assets
Consolidated Statements of Cash Flows

Sony Bank Financial Data (Non-consolidated)

Balance Sheets
Statements of Income
Statements of Changes in Net Assets
1. Loans by Borrower Category
2. Risk-monitored Loans
3. Profit and Loss
4. Fair Value Information

Sony Bank Performance Indicators (Non-consolidated)

1. Key Performance Indicators
2. Status of Operations (Deposits)
3. Status of Operations (Loans)
4. Status of Operations (Securities)

MCEV Results for Sony Life

MCEV Results for Sony Life as of March 31, 2019

Glossary (in Alphabetical Order)

A

ALM (asset liability management)

A method for maximizing and stabilizing net asset value, which is calculated by deducting the value of liabilities from the value of assets, through the comprehensive grasp and management of assets and liabilities in consideration of their special characteristics.

Annualized insurance premiums

An indicator of the approximate annual premium income from existing policies, which is used as a performance indicator. Annualized insurance premiums are calculated by adjusting differences in the payment methods since insurance premiums can be paid monthly, annually or in a lump sum, and by assuming that average payments will be made over the term of the policy.

Assumed interest rate

Insurance companies anticipate a certain return on invested assets in advance and discount insurance premiums only by this amount.

This discount rate is called the assumed interest rate.

Assumed mortality rate

The mortality rate is the percentage of people who die in a single year for a given large population. The assumed mortality rate is the mortality rate used when calculating the amount of insurance premiums needed to cover future benefit payments, and represents a projection of the number of deaths by gender and age based on past statistics.

Assumed rate of expense

In operating their businesses, insurance companies forecast their expenses, and then incorporate this amount in their insurance premiums. This expense rate is called the assumed rate of expense.

C

Capital adequacy ratio

The ratio of capital to total assets. An indicator of whether a bank has enough capital, including common stock, versus credit risk assets (of total assets, those which could become non-performing). If a bank is unable to recover a large amount of loans, it can draw on capital and write off these loans. A sharp decrease in capital creates difficulties in bank management.

Capital adequacy ratio regulations ensure that banks are soundly managed by keeping the capital adequacy ratio above a certain level. This ratio is therefore an important indicator to show financial soundness. For banks possessing business bases overseas, the internationally standardized regulations to preserve financial soundness are a capital adequacy ratio of over 8%, and for banks not possessing business bases overseas, in Japan a capital adequacy ratio of 4% is required.

Catastrophe reserve

A type of policy reserve, under which, pursuant to the provisions of the Insurance Business Act of Japan, non-life insurance companies are required to accumulate each fiscal year as an amount calculated based on premium income to cover losses due to catastrophic events.

In consideration of the special need for the non-life insurance business to cover a wide range of risks, the catastrophe reserve acts as a provision against the risk of large insurance claims resulting from earthquakes, typhoons and other catastrophic events. It is structured to be accumulated over the course of multiple fiscal years, and reversed during the fiscal year in which a disaster occurs.

Combined ratio

The sum of a net loss ratio and net expense ratio. Indicates an insurance company's profitability in the primary business operations.

Compulsory automobile liability insurance

Compulsory automobile liability insurance is legally required for all vehicles and provides protection for victims of traffic accidents resulting in injury or death. Compulsory automobile liability mutual aid is similar. With compulsory automobile liability insurance (mutual aid), indemnity payments per person per accident are capped at ¥30 million for death, ¥40 million for serious residual disability and ¥1.2 million for injury. Benefits are not paid for vehicle or property damage.

Contingency reserve

Reserve to prepare for possible contingencies, including insurance risk and assumed interest rate risk.

Core profit

An indicator of profits (losses) in the primary insurance business over a one-year period.

It is derived by subtracting from ordinary profit any profits earned from operations other than the primary insurance business. Profit categories subtracted from ordinary profit include gains and losses on the sale of securities and one-time gains and losses, such as profits from the sale of assets owned by the insurance company.

D

Direct premiums written

Premiums received from policyholders, calculated by subtracting direct surrender payments and other direct payments from direct premiums.

Duration

A sensitivity index indicating the extent to which the present value of future cash flow (interest income, repayment of principal, receipt of premiums, payment of insurance benefits and dividends, etc.) from eligible assets (managed assets) and liabilities (policy liabilities) will be

affected by interest rate fluctuations. While a variety of types and methods for calculating duration exists, a method expressing the weighted average maturity of the cash flow in question is relatively widely used.

E

Earned/incurred (E.I.) loss ratio

An indicator that represents the loss ratio incurred during the current period that takes into account the provision and reversal of reserve for outstanding losses and ordinary underwriting reserves calculated using the following formula: Earned/incurred (E.I.) loss ratio = (Net losses paid + Provision for reserve for outstanding losses + Loss adjustment expenses) / Earned premiums (excluding earthquake insurance and compulsory automobile liability insurance) × 100.

Endowment insurance

Endowment insurance entitles a beneficiary to receive death or serious disability benefits upon the death or serious disability of the insured within an insurance period specified when the policy is purchased, or to receive maturity benefits upon policy maturity.

ERM (enterprise risk management)

An approach to accomplishing corporate strategic goals and sustainable growth in corporate value by conducting integrated recognition and control of all risks a company faces and seeking to optimize the risk from a company-wide perspective.

ESR (economic solvency ratio)

ESR is one of the financial soundness indicators, which measures whether an organization possesses sufficient capital in relation to its risks.

Sony Life computes its ESR by dividing MCEV by the risk amount based on economic value. For details on MCEV and the risk amount based on economic value, please see "MCEV Results for Sony Life" in the Financial Data Book.

EV (embedded value)

An indicator of the corporate value of a life insurance company. Sony Life discloses MCEV (market consistent embedded value) in conformity with the MCEV Principles. For details on MCEV, please see "MCEV Results for Sony Life" in the Financial Data Book.

Expense ratio

The ratio of expenses to insurance premiums. Used as an indicator of business efficiency at insurance companies. Expenses are used for soliciting, maintaining and managing insurance as well as for payment of insurance claims.

F

Foreign currency-denominated insurance

Insurance product in which insurance premiums are invested in foreign currency. Sony Life sells U.S.

dollar-denominated insurance, in which policyholders pay the Japanese yen equivalent of the U.S. dollar-denominated insurance premiums and select the Japanese yen or U.S. dollar when they receive insurance claims.

Foundation internal ratings-based approach

The amount of credit risk assets is calculated mainly by the standard approach or internal rating based approach for computing the capital adequacy ratio. The standard approach calculates the amount of credit risk assets by using the risk weight set by authorities. On the other hand, the internal rating based approach calculates the amount of credit risk assets by using the default rate, etc. as estimated internally by financial institutions that practice advanced risk management. This approach includes a fundamental internal rating based approach that partly uses the values set by authorities for loss rates at the time of default, and an advanced internal rating based approach that uses the values estimated internally by financial institutions in every situation.

G

General accounts

Accounts for managing financial assets not included in separate accounts. This account guarantees policyholders a certain assumed interest rate, while the life insurance company bears the asset management risk.

Gross operating profit

The total income from the four components of banking services income: net interest income, net fees and commissions, net trading income and net other operating income. Equivalent to gross profit (sales minus purchases) and an indicator of the amount of profits a bank generates from its main services.

I

Individual annuities

Policyholders are eligible for receiving annuity payments from funds accumulated by paid insurance premiums at a certain age prescribed in the policy. There are a variety of types depending on the period for receiving the annuity, structure of the annuity, method for paying premiums and death protection prior to receiving the annuity.

Individual variable annuities

Individual annuity product in which assets are invested mainly in stocks and bonds, and annuity and surrender payments increase or decrease depending on investment returns. The individual policyholder bears the asset management risk.

Insurance premiums

Money paid by policyholders to an insurance company based on the insurance policy.

Even after submitting an insurance policy application, no protection or compensation is provided unless premiums are paid.

Investment crowd funding

Investment crowd funding is an arrangement that uses the Internet to link venture companies' fund-raising needs for their projects with investors' money management needs. Unlike donation-type and purchase-type crowd funding, which do not involve monetary return, investors can receive dividends.

Meanwhile, investment crowd funding has the feature of investment products associated with risks, whereby dividends may not be paid or the investment value may fall below the amount invested due to the performance of venture companies, etc.

L

Lapse and surrender rate

Surrender refers to the cancellation of an insurance policy at some point in the future. Upon surrender, the policy is terminated, and from that point protection or coverage is lost. On the other hand, a lapse is when a policyholder fails to pay premiums within the payment grace period, causing the policy to lapse, from which point the policy will no longer provide protection.

The lapse and surrender rate is the ratio of lapses and surrenders to policies in force at the beginning of the fiscal year. It is calculated by adding the total of lapses and surrenders for the year in question, and then dividing by the amount of policies in force at the beginning of the fiscal year.

Living benefit insurance

This insurance provides a lump-sum benefit payment when the insured is diagnosed with a disease such as one of the three major diseases (cancer, heart attack or stroke).

Loss adjustment expenses

Expenses incurred by an insurance company in examining an insured event. These include personnel and non-personnel expenses.

Loss ratio

The ratio of insurance claims paid to premium income. Used in analyzing the business of an insurance company and in calculating insurance premium rates. The net loss ratio is the ratio derived by adding loss adjustment expenses to net losses paid, then dividing by net premiums written.

M

MDRT (Million Dollar Round Table)

A global, independent association of the world's leading life insurance and financial services professionals with 66,000 members from 72 countries and territories (as of August 2018). MDRT members demonstrate exceptional professional knowledge and strict ethical

conduct. Through their outstanding client services, MDRT members are recognized as leaders of the business and local communities. They are also internationally recognized as professionals in the life insurance and financial services business.

N

Net fees and commissions

Fees and commissions charged for providing services. These refer to income generated by providing services, such as bank transfer fees and investment trust sales commissions, less the costs associated with providing these services.

Net interest income

Net interest income accounts for the largest percentage of the four income components of gross operating profit. Banks generally use the deposits received from individuals and the funds raised in interbank markets to provide loans to individuals and companies and to invest in securities. Net interest income is the difference between the total interest received from loans and other items (interest income) and the total interest paid for deposits and other items (interest expenses). Net interest income is affected by changes in interest rates (e.g., if deposit interest rates rise while loan interest rates stay at the same levels, net interest income will decrease), and by deposit and loan balances.

Net other operating income

Net other operating income is derived from services other than the primary banking services income categories of net interest income, net fees and commissions, and net trading income. One example is buying and selling in dollars and other foreign currencies. In this case, after purchasing foreign currency at a certain price, any gain from a subsequent sale at a price higher than the purchase price would be recorded in other operating income, and any loss from a subsequent sale at a price lower than the purchase price would be recorded in other operating expenses.

Net premiums written

Premiums received directly from policyholders (direct premiums written), adjusting for reinsurance premiums (subtracting reinsurance premiums paid and adding direct reinsurance premiums received).

Non-performing assets

Non-performing assets are claims against parties in bankruptcy, claims against parties in effective bankruptcy due to poor business or other reasons, and claims against parties at risk of bankruptcy. Non-performing assets also include loans for which principal or interest payments are past due by three months or more, and loans for which repayment on initial terms is impossible and interest has been reduced or exempted and the repayment of principal has been extended.

O

Over-the-counter (OTC) sales of insurance products at banks

A bank serves as an insurance agency to solicit insurance.

P

Policy amount in force

Total amount of protection provided by life insurance companies to individual policyholders. This is different from the total amount of premiums paid by policyholders (premium income).

Policy reserves (Underwriting reserves)

Reserves that insurance companies accumulate in advance, funded by premiums, investment income, and other sources, to prepare for future liabilities resulting from insurance policies, including payments of claims, annuities and benefits.

Policy reserves and others (Underwriting reserves)

Reserves recorded in the liabilities section of the balance sheets for which insurance companies are required in the Insurance Business Act of Japan to accumulate to prepare for the payment of future claims and other items to fulfill their obligations for paying claims and other actions based on insurance policies. Policy reserves and others include "reserve for outstanding claims" and "policy reserves."

Policyholder loans

As one of the asset management operations of life insurance companies, loans provided up to a certain level of the surrender payment on life insurance policies. In general, policyholders retain insurance protection and rights to receive dividends during the period of the policyholder loan. However, policyholder loans may not be available depending on the type of insurance.

Policyholders' dividend reserve

A reserve accumulated to fund dividend payments to policyholders pursuant to the provisions of the Insurance Business Act of Japan.

Positive spread

The amount by which the actual investment income is higher than the expected investment income from the assumed interest rate.

R

Reference loss cost rates

Non-life insurance premium rates comprise net insurance premium rates used for paying insurance claims and loading insurance premium rates used for operating insurance businesses. Net insurance premium rates calculated by the General Insurance Rating

Organization of Japan are called reference loss cost rates. Member insurers of the organization can use the

rates as the basis for calculating their own insurance premium rates.

Reinsurance

The insurance agreement that insurance companies conclude with domestic and overseas reinsurance companies for some of the insurance policies they underwrite in order to diversify risks on insurance policies.

Reserve for outstanding claims (Reserve for outstanding losses)

Reserve for the estimated amount of unfixed insurance payments and unpaid insurance claims at the end of the fiscal year, among payment obligations for insurance claims, surrender value and other benefits.

Reserve for price fluctuations

This reserve is set aside to prepare for losses caused by price fluctuations in stocks, bonds and other assets held by an insurance company.

Riders

Riders can enlarge the scope of protection in the primary policy by adding provisions to the primary coverage. Riders do not constitute a policy by themselves. Multiple riders can be added to the primary policy. Riders are canceled when the primary policy is canceled due to maturity, surrender or other reasons.

ROEV (return on embedded value)

ROEV is an indicator that refers to the growth potential of corporate value. The amount of increase of EV (embedded value), an indicator of a life insurance company's corporate value, is deemed to be profit that takes into account the unique aspects of life insurance accounting.

Core ROEV is the growth rate of EV that excludes any fluctuation effects of the investment yield and discounted rate.

S

Separate accounts

Separate accounts are used for variable life insurance, variable annuities and other insurance products to invest assets separately from the other financial assets owned by an insurance company in order to pay investment returns directly to policyholders.

Solvency margin

The solvency margin indicates payment ability. Insurance companies accumulate policy reserves to prepare for the payment of future claims, allowing them to adequately respond to risks within a normally anticipated range.

However, unforeseen events can occur due to changes in the environment such as major disasters and substantial declines in stock prices. The solvency margin ratio is one measure used by regulatory authorities to determine how much an insurance company is able to pay in response to the risk of such unpredictable events.

Standard Mortality Table

The Institute of Actuaries of Japan prepares a table that compiles data including mortality rates and average life expectancies by gender and age. Of these data, mortality rates are verified by the Commissioner of Financial Services Agency of Japan, and then used as the assumed mortality rates in calculating standard policy reserves required under the Insurance Business Act of Japan.

Standard yield

The standard yield is the calculating rate insurance companies are required to use when accumulating policy reserves for future insurance payments.

Surrender payments

Money refunded to the policyholder in the event that the insurance policy is surrendered or cancelled. Surrender payment amounts vary depending on several factors, including the type of insurance, insurance period and years elapsed.

T

Term insurance

Term insurance entitles a beneficiary to receive benefits in the event of death or serious disability of the insured within an insurance period specified when the policy is purchased.

U

Underwriting profit

Underwriting profit is calculated by subtracting any underwriting expenses (net losses paid and loss adjustment expenses, etc.) and operating, general and administrative expenses associated with underwriting from underwriting income (net premiums written, etc.), then adding or subtracting other income and expenses (income taxes associated with compulsory automobile liability insurance, etc.)

V

Variable life insurance

Insurance product in which assets are invested mainly in stocks and bonds, and claims and surrender payments increase or decrease depending on investment returns. The individual policyholder bears the asset management risk. The minimum insurance payment is guaranteed, regardless of investment performance.

W

Whole life insurance

Insurance that pays benefits in the event the insured dies or is disabled. Unlike term life insurance, protection continues for an entire life.

