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**[Presentation Material]**

**Sony Financial Group  
Corporate Strategy Meeting  
for Fiscal Year 2013**

**Sony Financial Holdings Inc.  
June 3, 2013**

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Sony Financial Group



Sony Life



Sony Assurance



Sony Bank

Outline of Group Mid-Term  
Management Policy

- ◆ By pursuing each Group company's core competencies in providing high-quality services, further enhance customer satisfaction and expand our customer base, thereby achieving sustainable growth for the Group
- ◆ Establish a revenue base that is unshakable in the face of a changing management environment
- ◆ Enhance shareholder returns, underpinned by a stable revenue base and solid financial soundness

- ◆ By providing high-quality services, further enhance customer satisfaction and expand our customer base, thereby achieving sustainable growth for the Group
- ◆ Establish a revenue base that is unshakable in the face of a changing management environment/ enhance shareholder returns

**1. Accelerate top-line growth by expanding operations in the three major businesses**

- Consolidated ordinary revenues are outpacing the level outlined in last year's mid-term plan, and are expected to reach approx. ¥1,400.0 billion in FY2015.

**2. Consolidated ordinary profit target: ¥80.0 billion in FY2015; forecast for consolidated adjusted ROE: 7 to 8 % in FY2015**

- Profit levels are down temporarily, affected by external factors, but the profit growth trend is unchanged.
- Sony Life's adjusted ROE (MCEV growth rate) steadily increases even under the lower interest rate environment.

**3. Enter new fields of business**

- Take advantage of new opportunities for growth from a long-term perspective, such as by entering the nursing care business.

**4. Establish a solid revenue base that is unaffected by changes in the management environment**

- For each Group company, establish a solid revenue base by pursuing more sophisticated risk management and ALM, and steadily increase profits although interest rates are likely to remain low for the foreseeable future.

**5. Enhance shareholder returns**

- We expect to increase dividends for FY2012.
- Our mid-term dividend policy, which remains unchanged from FY2012, is to steadily raise dividend amount.

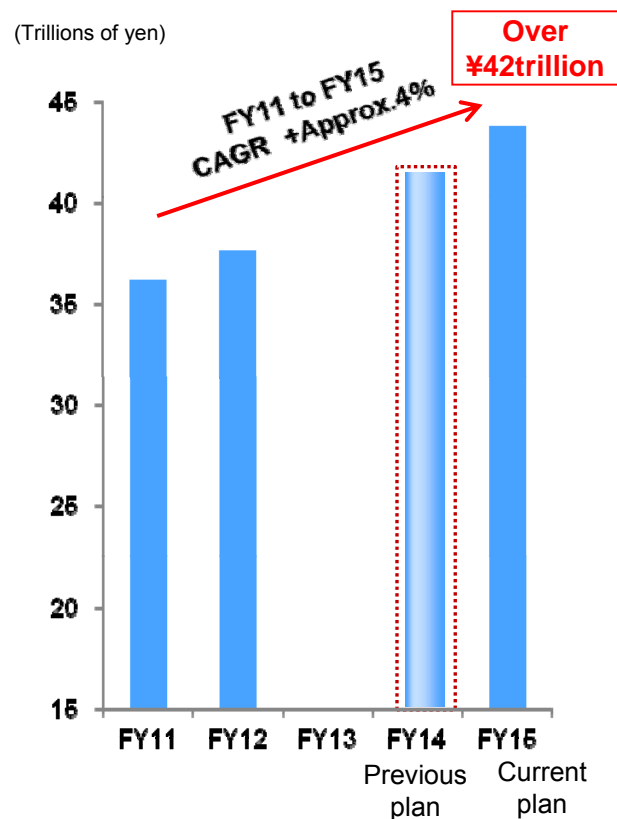
# Sony Financial Group

## Business Growth by Segment

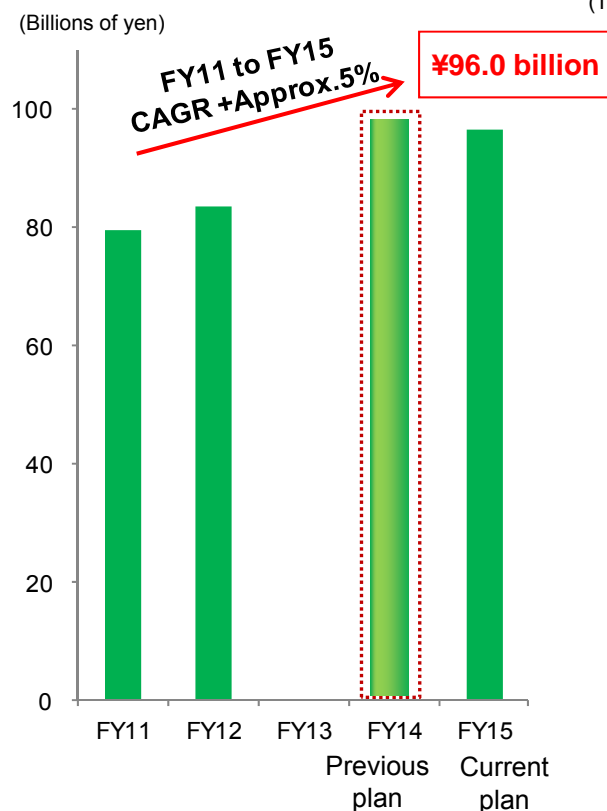


**Achieve sustainable growth in top line in line with each business expansion at core three businesses**

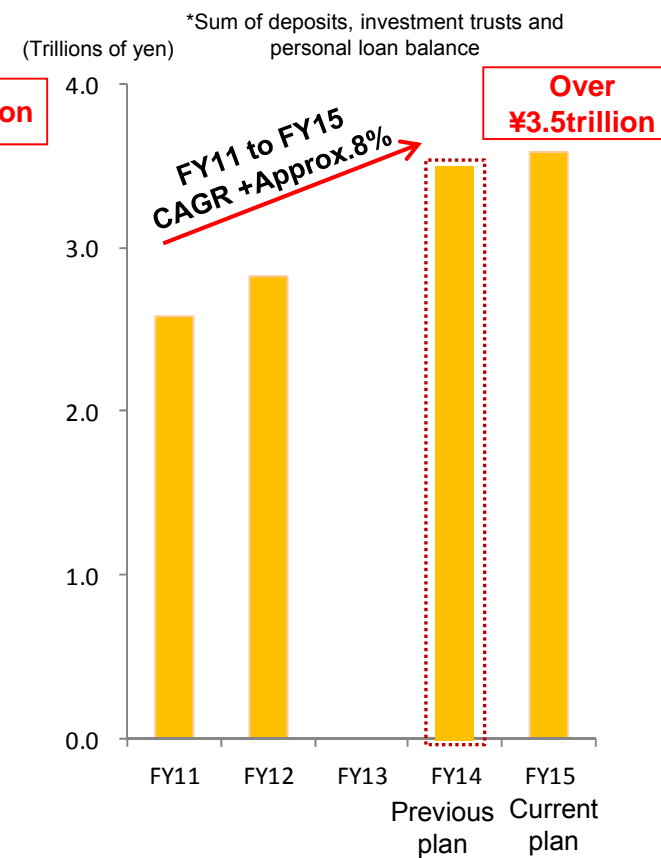
Sony Life  
Policy Amount in Force



Sony Assurance  
Direct Premiums Written



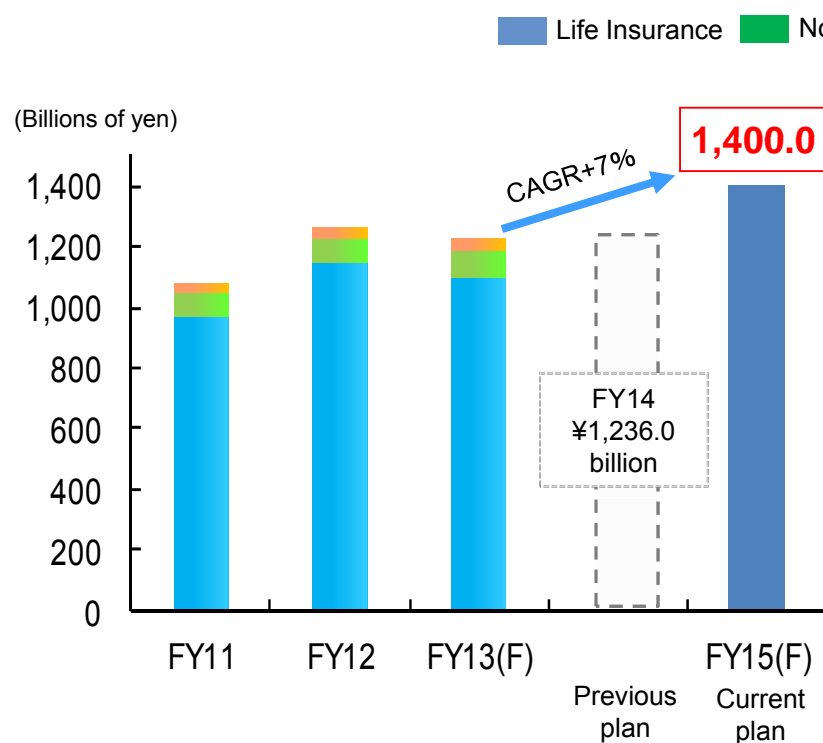
Sony Bank  
Retail Balance\*



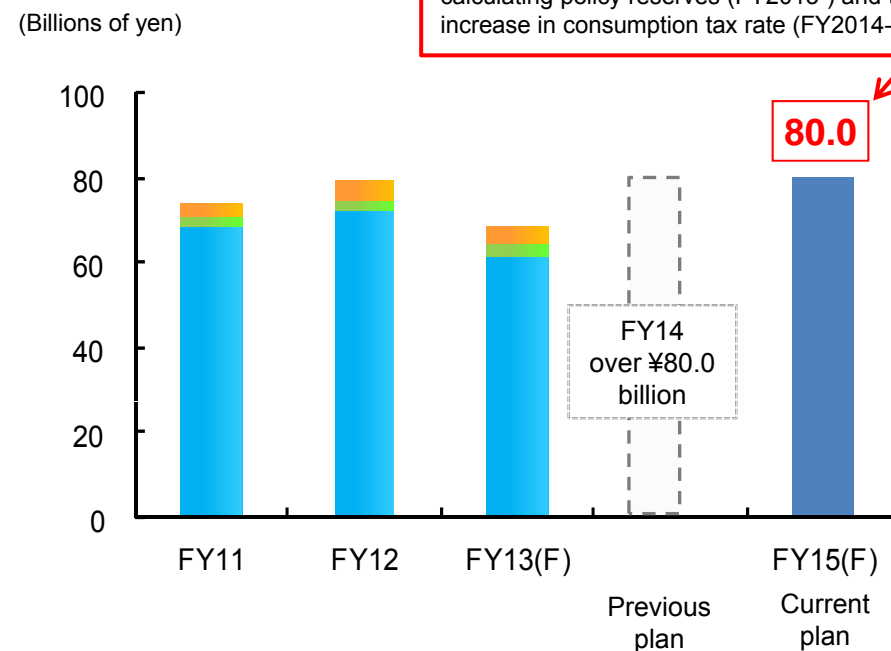
# Consolidated Ordinary Revenues and Ordinary profit

- Consolidated ordinary revenues are outpacing the level outlined in last year's mid-term plan, and is expected to reach approx. ¥1,400.0 billion in FY2015
- Consolidated ordinary profit is targeted to reach over ¥80.0 billion in FY2015, in consideration of a negative impact of external factors

## Consolidated Ordinary Revenues



## Consolidated Ordinary Profit



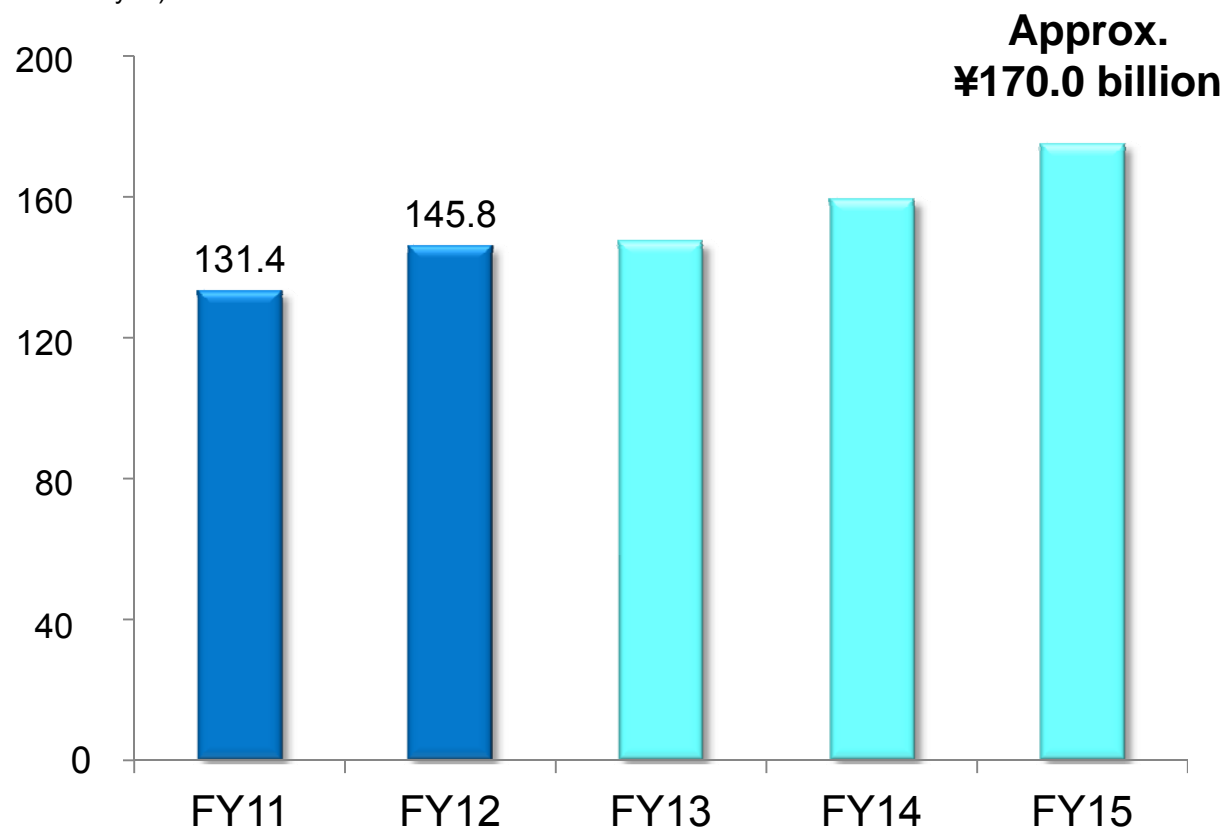
Negative impact of around ¥10.0 billion is assumed in the FY2015 forecast of the current plan due to the revision of discount rate for calculating policy reserves (FY2013-) and the increase in consumption tax rate (FY2014-)

## Sony Financial Group (Reference) U.S. GAAP Operating Income



U.S. GAAP-based operating income for Sony Financial Group is expected to grow, reaching Approx. ¥170.0 billion in FY2015.

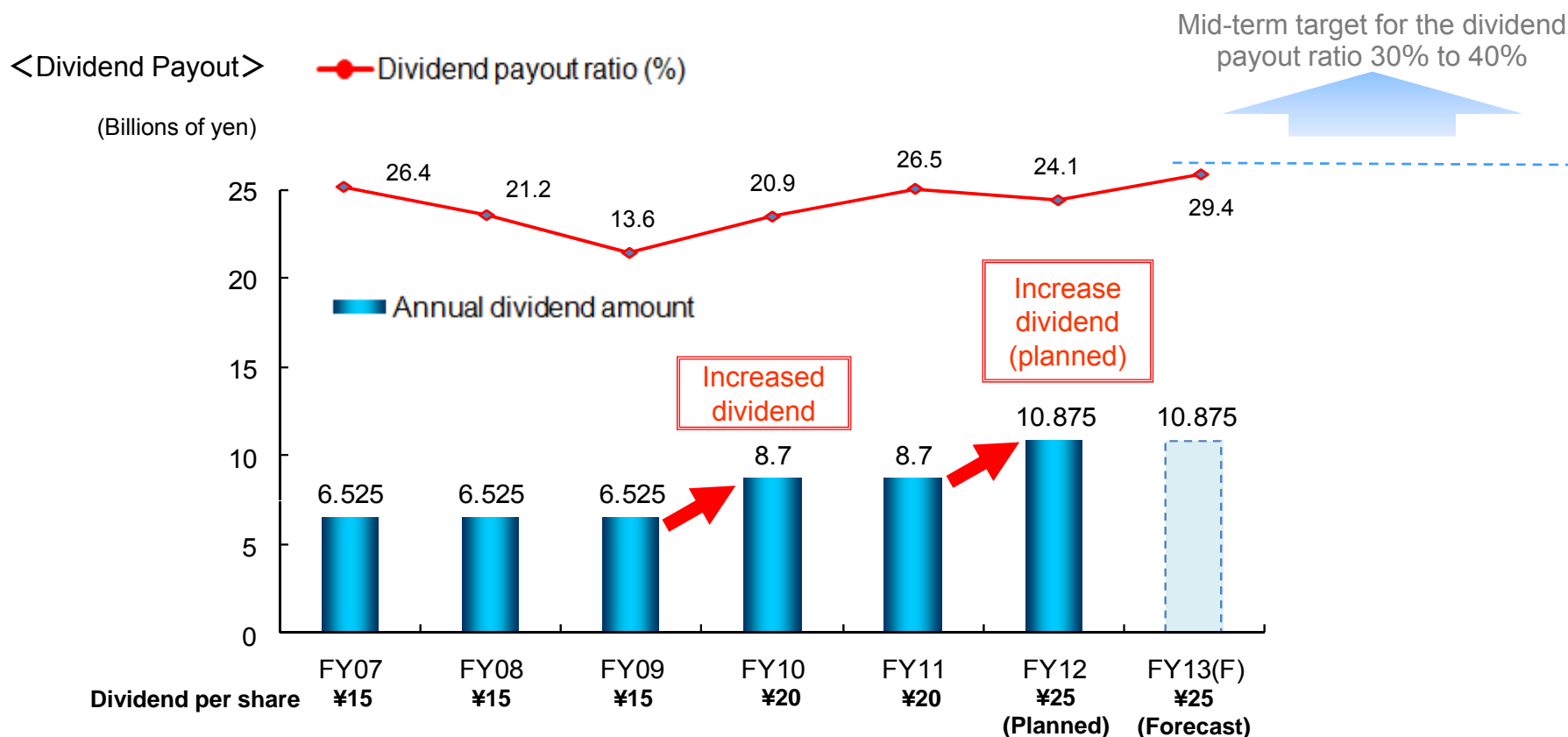
(Billions of yen)



◆ Sony Corporation, the parent company of Sony Financial Holdings Inc. ("SFH"), prepares its consolidated financial statements in accordance with U.S. GAAP. This reporting in accordance with U.S. GAAP includes the disclosure of financial information for the Sony Group's Financial Services segment, including the Sony Financial Group. On the other hand, the Sony Financial Group, which accounts for the majority of the Sony Group's Financial Services segment, discloses financial information in accordance with Japanese GAAP.

◆ Please refer to P44 for the details of the difference in accounting principles between J-GAAP and US-GAAP.

- We plan to pay a year-end dividend of ¥25 per share for FY2012, up ¥5 from FY2011, reflecting our strong results.
- Our mid-term target for the dividend payout ratio is 30% to 40% of consolidated net income. Going forward, we will steadily raise dividend amount, taking into account management environment.





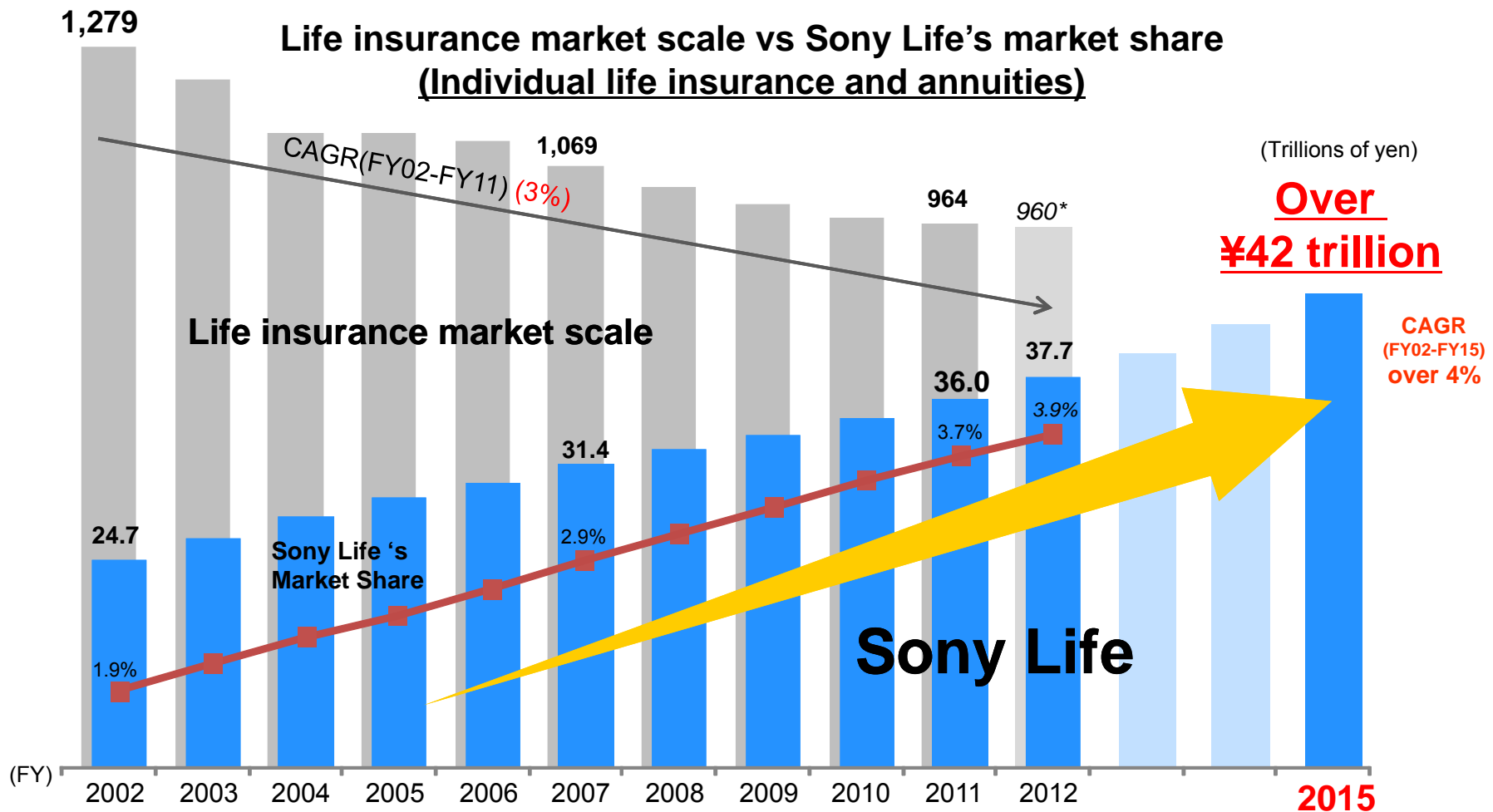
# Sony Life

# Sony Life

## Achieve Steady Growth



Life insurance market is shrinking by 3% per annum while Sony Life steadily increases its policy amount in force at approx. 4% per annum.



**Further enhance  
marketing  
channels**

- Expand cadre of quality Lifeplanner sales employees
- Accelerate expansion of independent agent channel to meet diverse needs

**Continuously  
pursue  
operational  
excellence**

- Through Business Process Re-engineering, dramatically improve service quality and marketing and operational efficiencies
- Strengthen product lineups to contribute to customers' asset building by introducing U.S. dollar denominated insurance products, and enhance the product portfolio

**Achieve steady  
growth in  
corporate value**

- Achieve steady growth in corporate value through the steady acquisition of new policies and by mitigating interest rate risk

Build the business portfolio by balancing two sales channels, the Lifeplanner channel and the independent agent channel

### Lifeplanner channel

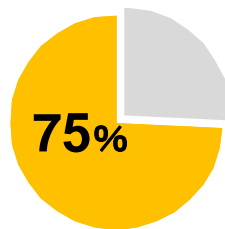
### Independent agent channel

#### Feature

- High-quality consulting and lifelong follow-up services

- Response to diverse customer preferences in how to buy life insurance products

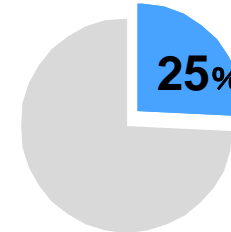
#### Channel share / growth potential



Channel share within Sony Life



Growth rate (CAGR FY08-FY12)



Channel share within Sony Life



Growth rate (CAGR FY08-FY12)

#### Action for the future growth

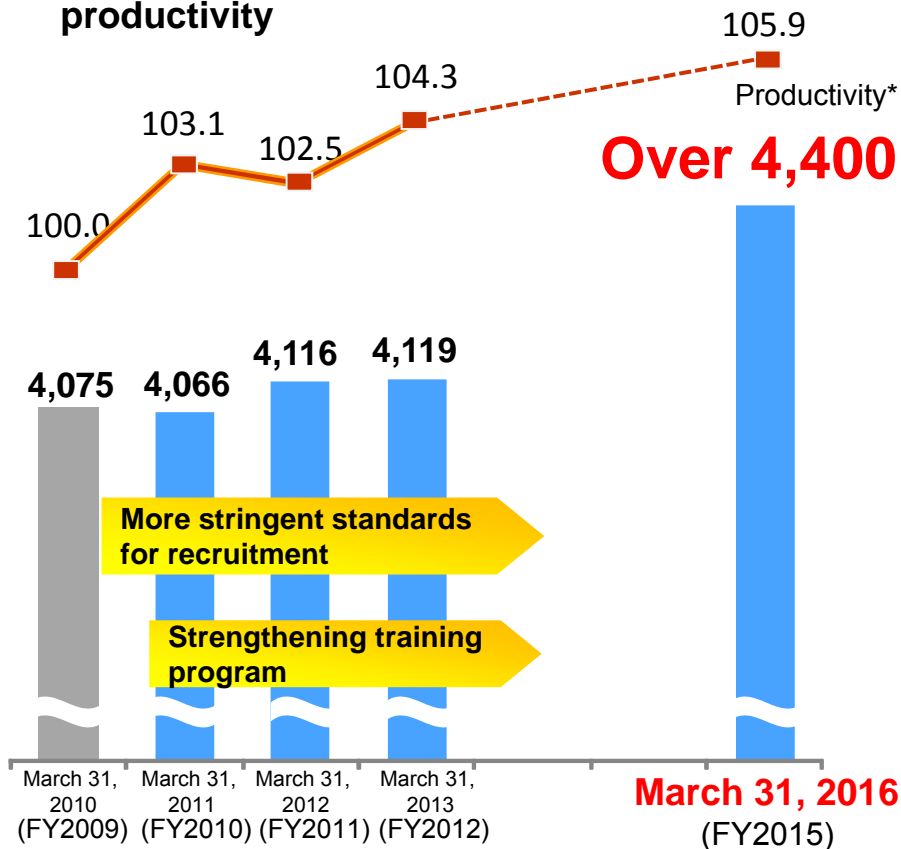
- To achieve sustainable growth, maintain high productivity by hiring and training sales people with outstanding consulting skills, and increasing the number of Lifeplanner sales employees.

- Pursue high growth by developing tie-ups with various types of independent agents, centering on shop-style agents.

(Note: Channel share and growth rate are calculated based on annualized premiums from new policies.)

**The productivity of Lifeplanner sales employees has improved substantially since FY2010; strive to increase the number of these employees to a target number of 4,400 in FY2015**

**Number of Lifeplanner sales employees & productivity**



Note: The figure as of March 31, 2016 includes the number of contracted Lifeplanner sales employees.

■ The productivity of Lifeplanner sales employees improved as a result of more stringent standards for recruitment and reinforced training programs.

⇒ Enhance productivity while increasing the number of Lifeplanner sales employees

(Initiatives)

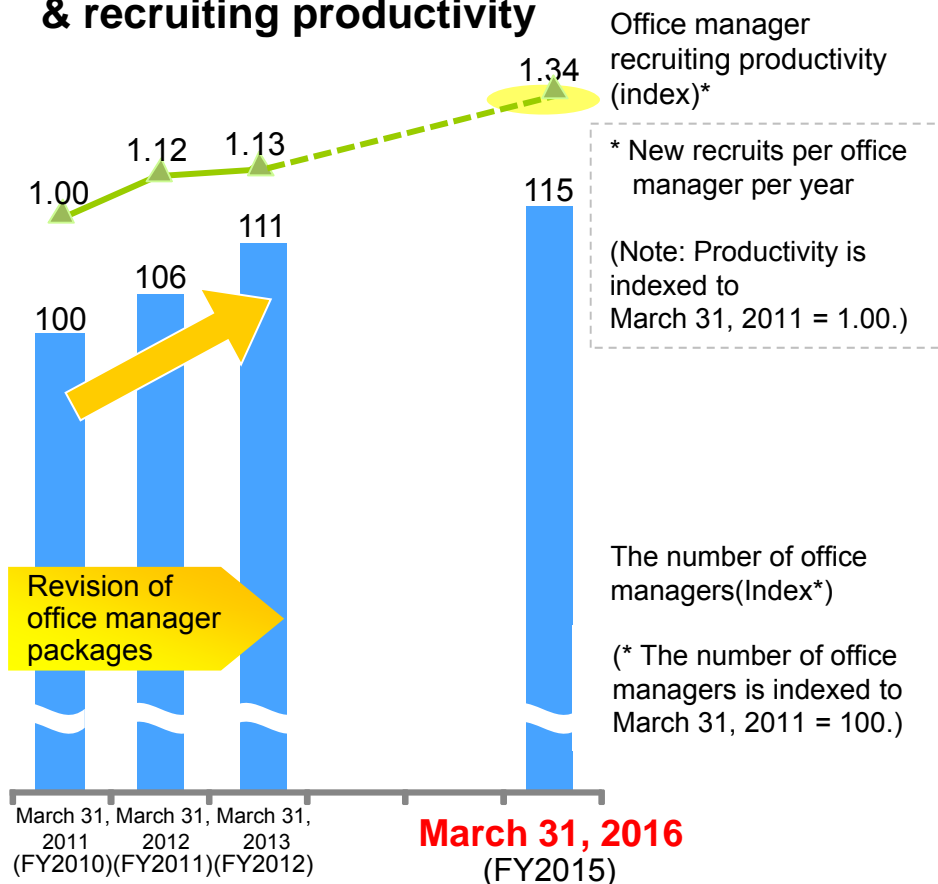
- Appoint more competent Lifeplanner sales employees as office managers to enhance recruiting activities.
- Standardize the training program for newly recruited employees.
- Strengthen sales efficiency and service quality by utilizing information technology.

(Note: Productivity is indexed to March, 31 2010 =100, calculated on the basis of annualized premiums from new policies.)

The number of office managers increased due to the revision of office manager evaluation and compensation systems to enhance recruiting activities. We will strive to boost recruiting productivity by appointing more competent Lifeplanner sales employees as office managers.

## Number of office managers

### & recruiting productivity



- Enhance office managers' evaluation and compensation systems and other packages. Number of office managers increased due to improved recruiting productivity and by appointing more competent Lifeplanner sales employees as office managers who act as recruiters.

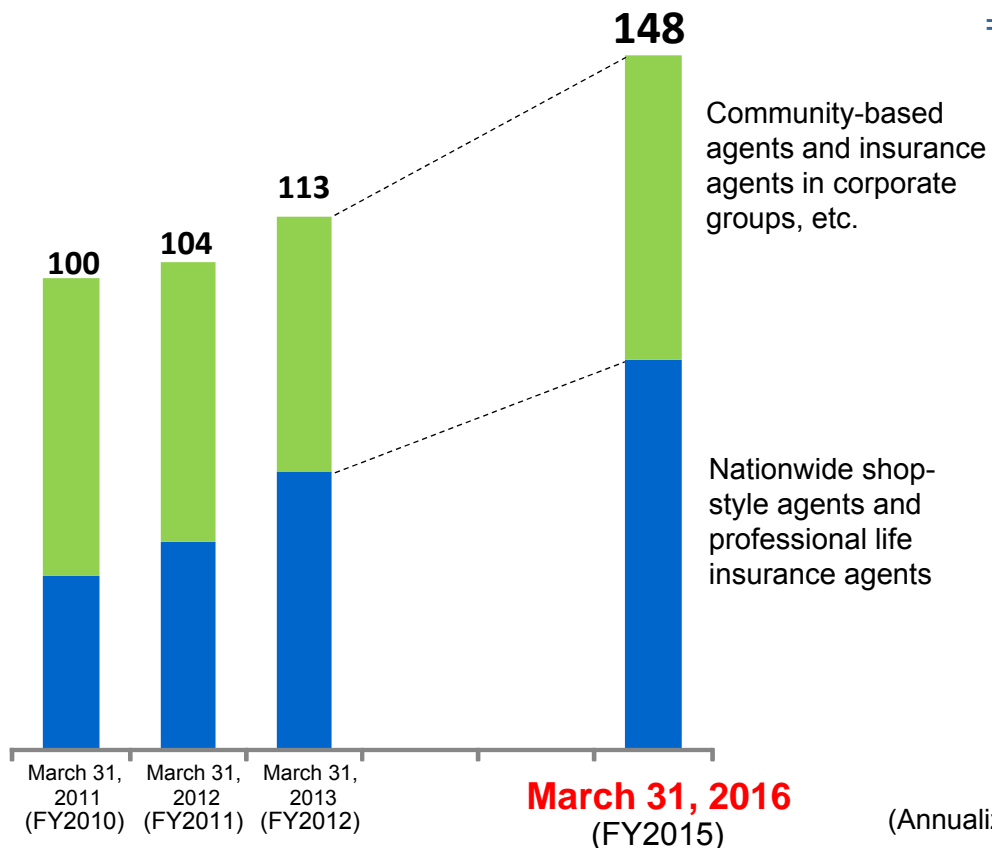
⇒ Strive to enhance recruiting productivity to rejuvenate Lifeplanner Channel while increasing the number by appointing more competent Lifeplanner sales employees as office managers.

#### (Initiatives)

- Standardize recruiting procedure and training program
- Make additional revisions to performance evaluation system
- Utilize IT to raise business efficiency, but more importantly to focus on recruiting and training activities

**Pursue high growth by developing tie-ups with various types of independent agents, centering on shop-style agents, community-based agents and insurance agents in corporate groups**

### Operating performance of independent agent channel



■ Pursue high growth through tie-ups with rapidly growing nationwide shop-style agents.

⇒ Pursue further growth by enhancing tie-ups with community-based agents and insurance agents in corporate groups, in addition to nationwide shop-style agents and professional life insurance agents.

#### (Initiatives)

- Leverage community-based independent agents and provide training programs
- Build business tie-ups with insurance agents in corporate groups
- Provide ongoing training programs to Sony Life's agent sales support staff

(Annualized premiums from new policies are indexed to March 31, 2011 = 100.)

Realized on-line paperless applications through “Co-Creation Project”, which dramatically improves marketing and operational efficiency and contributes to Lifeplanner’s productivity.

**Introducing on-line  
paperless application for  
new contract**

“Co-Creation IT project” released in Oct. 2012  
will be implemented nationwide by the end of FY2013.



Implementation ratio

**approx. 90%**

(As of March 31, 2013)

**Flawed paperwork**

Before

**After  
introducing  
new IT system**

**approx. 70% cut**

**Screening period**

Before

**After  
introducing  
new IT system**

**approx. 50% cut**

*Voice of office manager and Lifeplanner*

- ✓ *Save time for paper work.*
- ✓ *Use more time for marketing activities.*



Launch U.S. dollar denominated insurance from May 2013, with the aim of providing products that enable Sony Life to offer diverse proposals for protection and asset-building.

2006

**Semi-Participating whole life Nursing-care insurance**  
**Semi-Participating lump sum rider for Nursing-care insurance**

Income protection insurance to cover three major diseases

2008

Whole-life cancer insurance (08)  
 Level premium plan term life insurance (No surrender value)  
 Level premium plan term life insurance rider (No surrender value)

2009

**Aegon Sony Life Variable Individual Annuity**

Cancer hospitalization insurance, Advanced medical Treatment rider and Hospitalization surgical benefits rider, Additional Benefits for Bone Marrow Donors  
 Discount Rider for Nonsmokers and Others in Excellent Health for Family Income Insurance

2010

Whole life Nursing-care insurance (reduced surrender value)  
 Lump sum rider for Nursing-care insurance  
 Discount Rider for Nonsmokers and Others in Excellent Health for Decreasing Term Life Insurance

2011

Income Protection Insurance to Cover Three Major Diseases (Type II)  
 Cancer drug therapy benefits

**2013**

**U.S. dollar denominated insurance**  
**(Whole life, Endowment and Specialty endowment)**



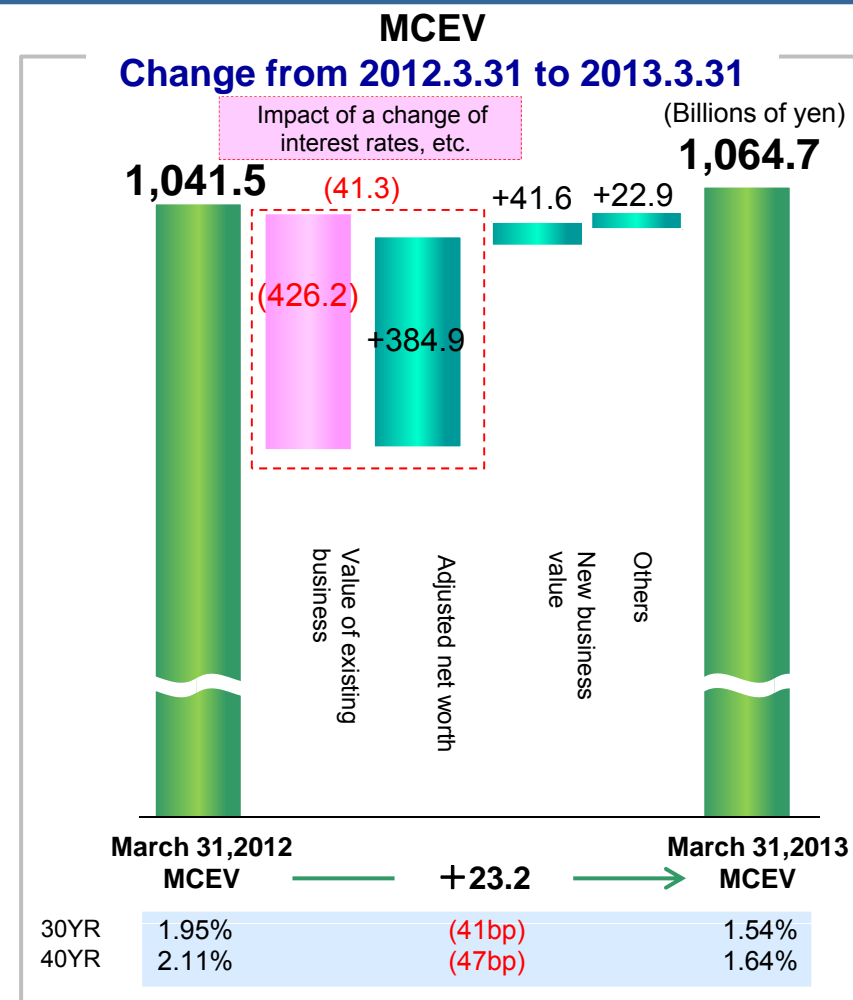
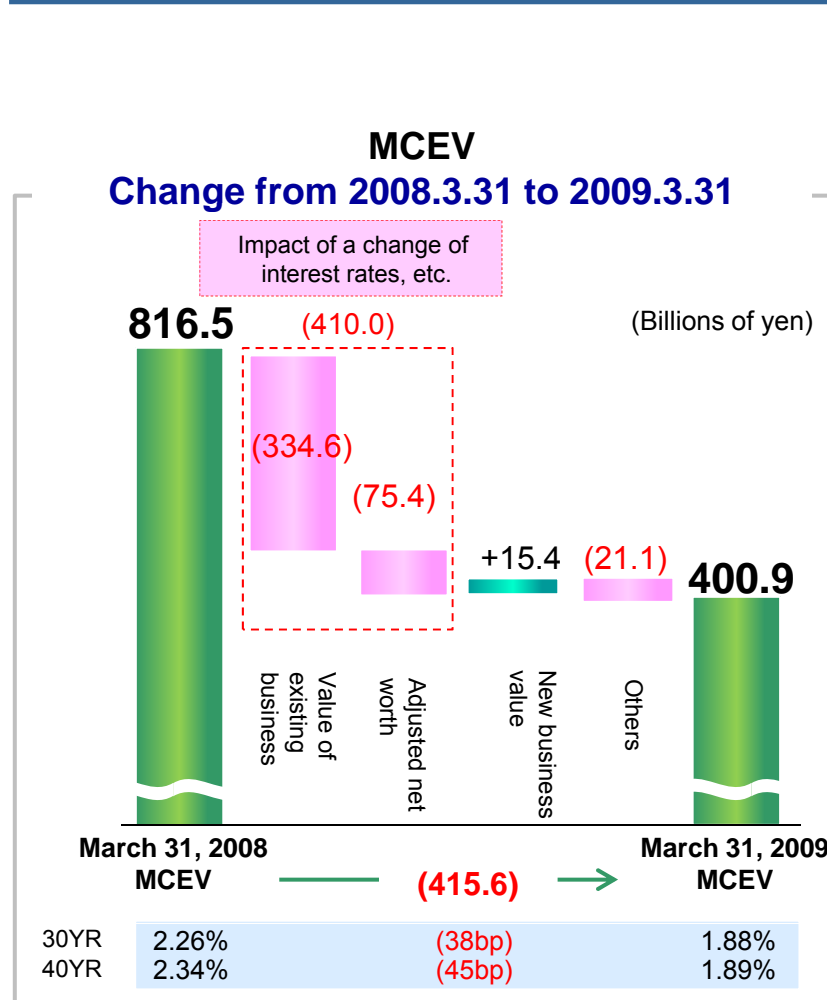
\*Product brochure of U.S. dollar denominated insurance

# Sony Life

## Stable Growth in Corporate Value



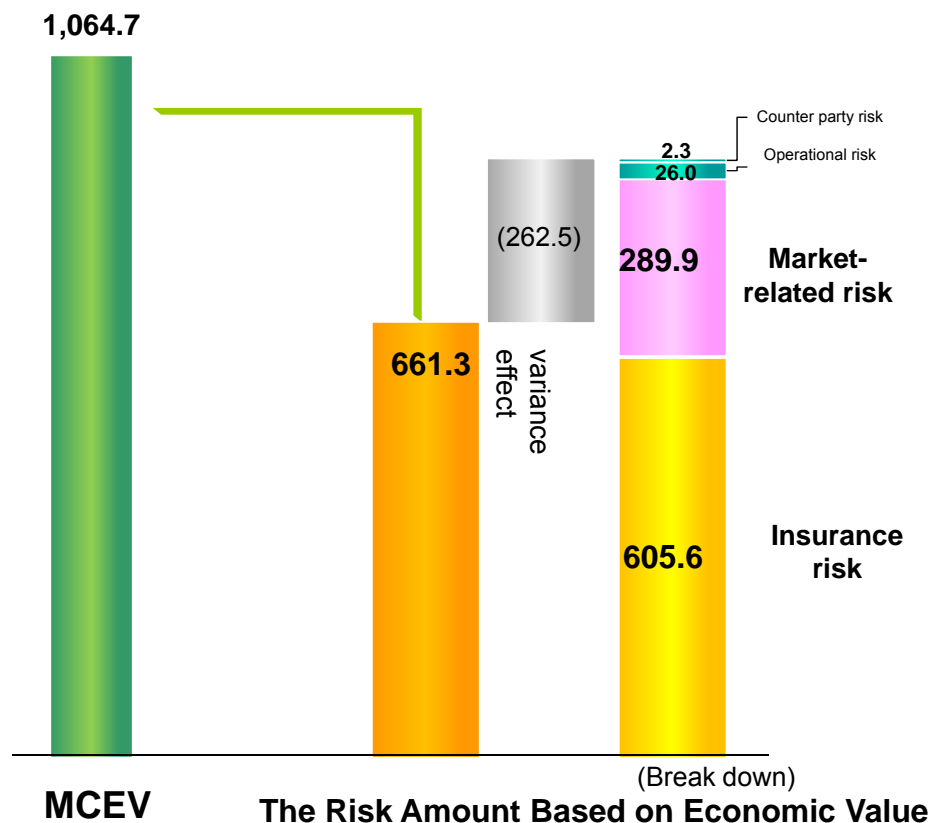
Achieve steady growth in corporate value through the steady acquisition of new policies and by mitigating interest rate risk



To improve disclosure on financial soundness based on economic value, upload a breakdown of the risk amount (insurance risk, market-related risk, etc.)

**2013.3.31**

(Billions of yen)



#### ■ Sony Life's Basic Policy on Risk Preferences

- Aims for stable and sustainable business growth in corporate value by aggressively increasing policies in force and underwriting insurance risk, while maintaining sufficient solvency based on economic value.
- Prioritizes investment in assets that match insurance liability characteristics to reduce interest rate risk pertaining to liabilities of insurance policies with long-term maturities, with the aim of stably growing corporate value of life insurance business.

\*Interest rate risk amounted to ¥234.2 billion, excluding the variance effect within market-related risk.

	FY2012		FY2015
<b>Number of Lifeplanner</b> <small>(The figure for FY2015 includes the number of contracted Lifeplanner sales employees.)</small>	4,119	Approx. 300 increase	Over 4,400
<b>Policy amount in force</b> <small>(Individual insurance and annuities)</small>	¥37.7 trillion	CAGR approx. 4%	Over ¥42 trillion
<b>MCEV</b> <small>(Sony Life non-consolidated)</small>	¥1,064.7 billion	<b>ROEV 7 to 8%</b> <small>JGB interest rate assumption based on market conditions as of the end of March 2013.</small>	¥1.3 trillion
<b>Ordinary income</b> <small>(Sony Life consolidated)</small>	¥72.7 billion	<b>(From FY2013) CAGR over 6%</b>	¥71.0 billion

# Sony Assurance

**Improve  
profitability**

- **Make improving the loss ratio a topmost priority, and return profitability to an appropriate level by FY2015**

**Maintain growth**

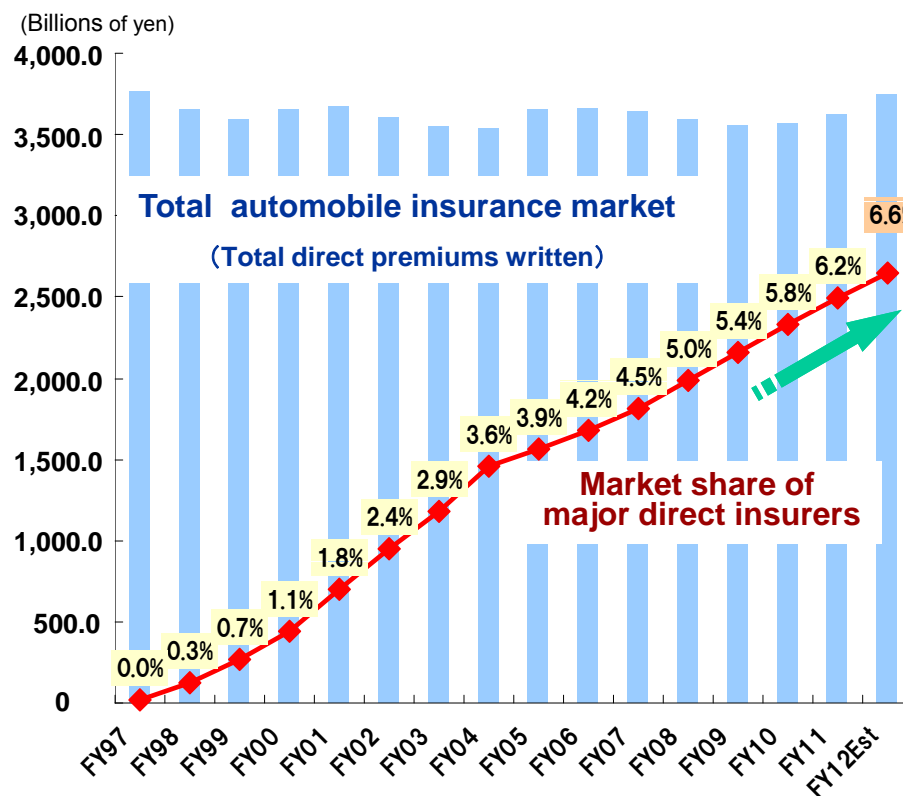
- **While prioritizing profitability, continue to achieve stable growth to firmly maintain its leading position in the direct market**

**Maximize customer  
satisfaction levels**

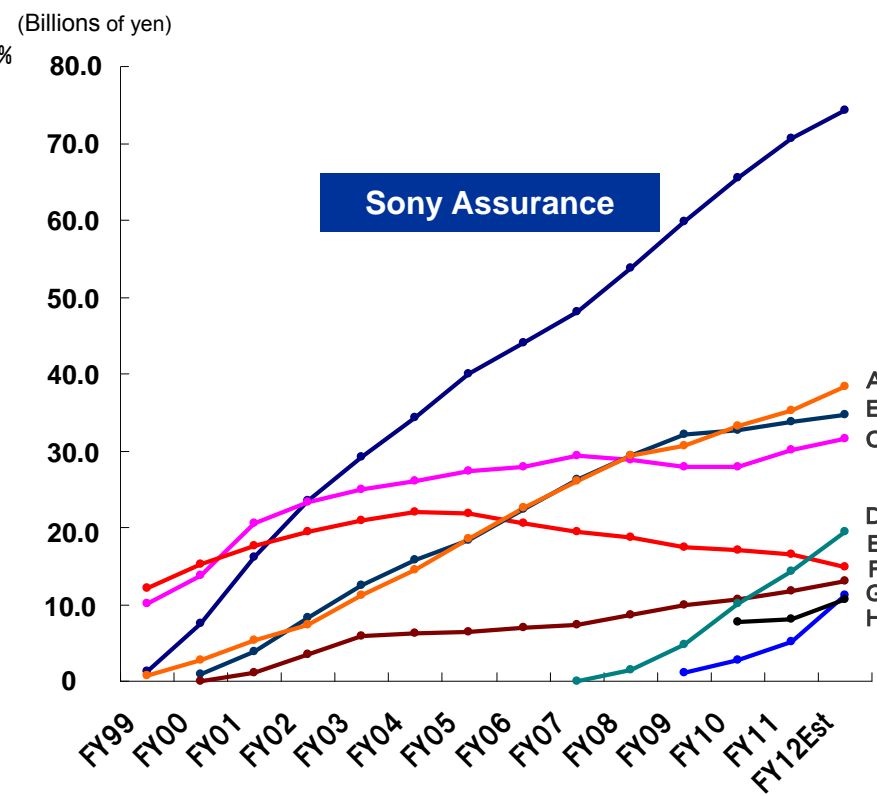
- **By making further improvements in service quality, earn customer trust and maintain their support of the brand**

The Market share of major direct non-life insurers has been steadily expanding. Sony Assurance has maintained a leading position in the direct market.

Automobile Insurance market and market share of major direct non-life insurers

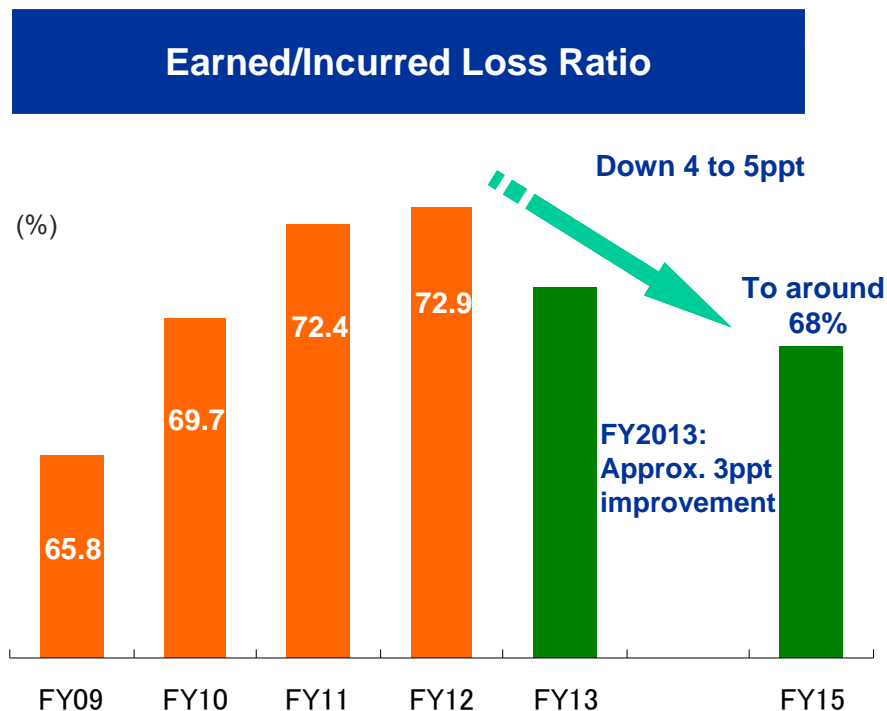


Direct premiums written by major direct insurers (Automobile insurance)



The figure for FY12Est is calculated by Sony Assurance, using the growth rate for the nine months ended Dec. 31, 2012 to estimate an annual figure for FY12.

**As the loss ratio on automobile insurance is up sharply, set top priority on improving this ratio, improving the ratio by 4–5 percentage points by FY2015**



Note: Loss ratio based on all categories

### **Initiatives for improving the loss ratio on automobile insurance**

#### **Review insurance premium levels**

Introduced successively in November 2012 and April 2013

#### **Revise the non-fleet driver rating system** (From April 2013)

Gradually improve the loss ratio by revising discount rates for policies involving accidents

#### **Normalize unit insurance claim amounts**

Encourage tie-ups with excellent repair shops and reinforce the appraisal process to hold down costs on repairs and loaner vehicles

#### **Revise underwriting standards**



**Prioritize improving profitability for the time being, while maintaining stable growth.  
To achieve growth over the medium to long term, develop highly advanced new products, and diversify the product lineup**

**[New product development]**

Develop even more attractive new products in mainstay fields and provide products that meet diverse needs

**[Marketing]**

Maintain advertising investment in TV and Web media and further enhance advertising productivity

**Product Lineup**

**Automobile**

- Be innovative and pursue further rationality
- Incorporate increasingly sophisticated risk segmentation

**Medical**

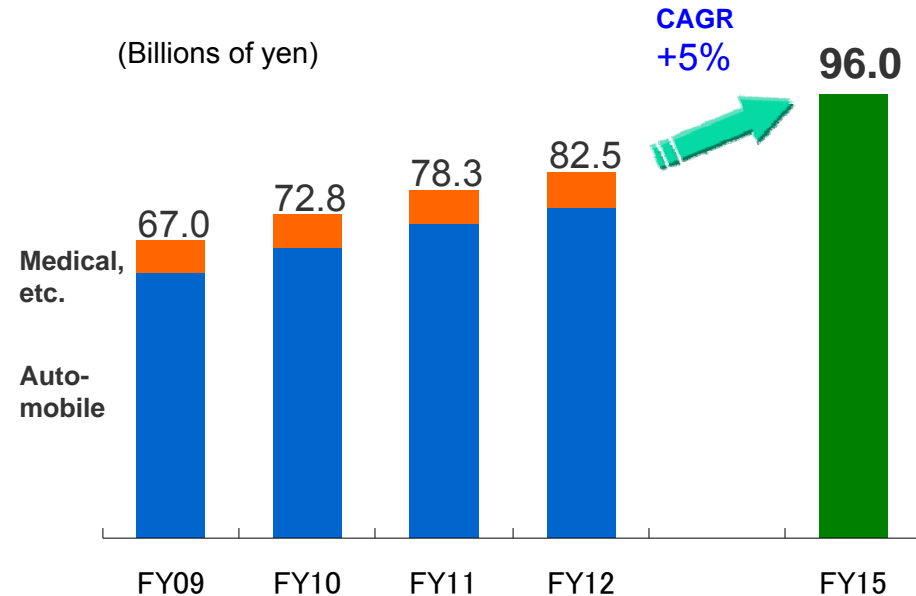
- Begin soliciting for policies which processing is completed on the Web or via smartphone
- Develop and launch new medical products

**New areas**

- Develop new non-life insurance products
- Introduce products in new categories that leverage the strengths of direct insurance

**Direct Premiums Written**

(Billions of yen)



# Sony Assurance

## Maximize Customer Satisfaction Levels



By making further improvements in service quality,  
earn customer trust and maintain their support of the brand

### Initiatives for Enhancing Customer Satisfaction

#### Accident response services

- Provide optimal services that meet accident type and customers' needs
- Provide systems and enhance training to boost accident resolution capabilities

#### Customer center

- Use consulting to provide more rational contract methods
- Augment call support service for website and smartphone users

#### Web/smartphone services

- Establish position as leading provider of non-life insurance via smartphone
- Extend functions to expand Web business and boost usability

### 2012 Customer Satisfaction Ratings

#### Nikkei Business after-sales service satisfaction level

Automobile Insurance Division

**No. 1**  
(Two consecutive years)

#### HDI-Japan WEB Support Portal Rating

Non-Life Insurance Division

**Three stars**  
(Three consecutive years)

#### HDI-Japan Inquiry Desk Rating

Non-Life Insurance Division

**Three stars**

#### Japan Brand Strategy, Overall Customer Support

Automobile Insurance Division

**No. 1**



\*Sony Assurance 's official website as of June 2013

	FY2012		FY2015
Direct premiums written	¥82.5 billion	CAGR approx.5%	¥96.0 billion
Net Expense ratio	26.0%	Sum of two ratio improve 4 to 5ppt	approx. 25%
E.I. loss ratio(*)	72.9%		approx. 68%
Sum of two ratios	98.9%		approx. 94%
Ordinary income	¥2.3 billion	CAGR approx. 20%	¥4.0 billion

※Including all type of policy and cost of investigation for the cause of damage.

# Sony Bank

**Increase business volume  
based on strong customer  
satisfaction**

- Steadily increase business volume, backed by high levels of customer satisfaction

**Strengthen strategic  
products**

- Further enhance two major engines of business: mortgage loans and the foreign currency business
- Expand the customer base further by offering expanded settlement functions with a Sony Bank flavor

**Maintain profit-  
generating capacity**

- Through appropriate execution of ALM, maintain a stable interest spread and continue to expand a core base of profits that is relatively impervious to the financial environment

Sony Bank has stably grown business volume, backed by high levels of customer satisfaction even in the long-time stagnant growth of business volume in the industry.



**1<sup>st</sup> in Nikkei financial institution customer satisfaction rankings for the sixth straight year announced in January 2013**



**Three stars in HDI-Japan Support Portal/ Inquiry Desk Ratings announced in February 2013**



**1<sup>st</sup> in Oricon Mortgage Loan Customer Satisfaction Rankings announced in FY2011 & FY2012**



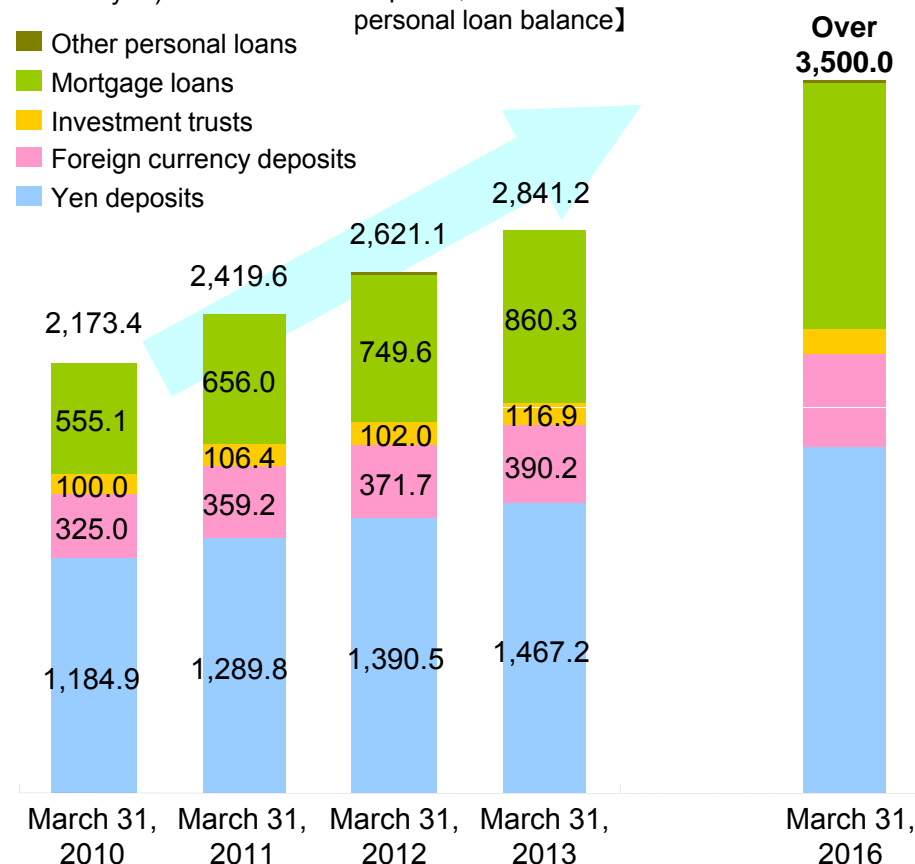
**1<sup>st</sup> in Nikkei Business after-sales service satisfaction level rankings announced in July 2012**

## Retail Balance

(Billions of yen)

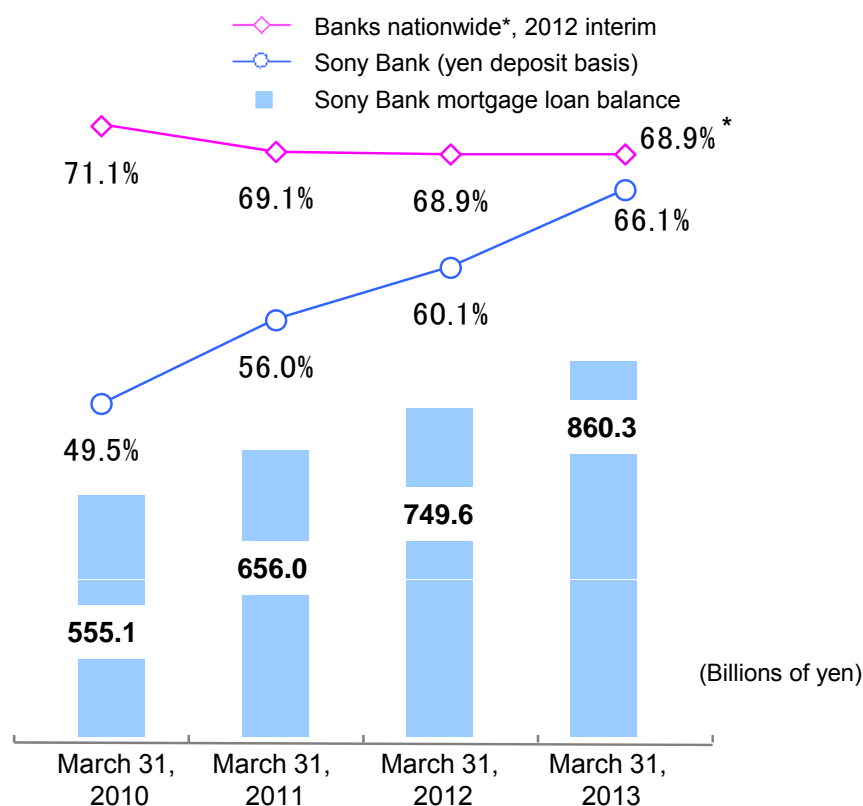
【Sum of deposits, investment trusts and personal loan balance】

- Other personal loans
- Mortgage loans
- Investment trusts
- Foreign currency deposits
- Yen deposits



While loan-deposit ratios throughout the banking industry continue their downward trend, Sony Bank aims to boost its volume of mortgage loan activity and its lending balance by further enhancing its sales channels

Mortgage loan balance and loan-deposit ratio



Source: Nationwide Bank Financial Statement Analysis, Japanese Bankers Association

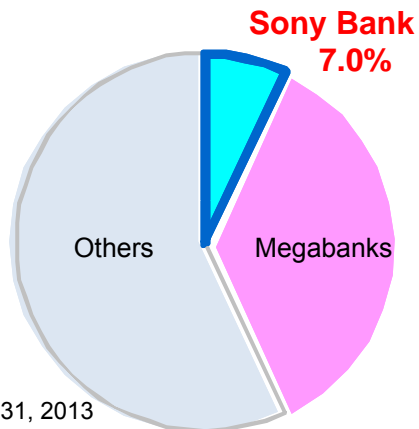
### Well-balanced sales channel expansion

- (1) Simplify operations for Internet applications, and improve marketing sophistication
- (2) Cultivate new home market
  - Deepen and broaden tie-ups with builders
  - Strengthen alliances with Sony Life's Lifeplanner sales employees
- (3) Cultivate markets outside major metropolitan areas

Put in place a structure to increase the annual mortgage loan volume from present level of ¥200.0 billion now to **¥250.0 billion in FY2015**

Amid increasingly active foreign exchange markets, strengthen the functions of Sony Bank's "Foreign Currency World" savings, asset building and spend, thereby securing an overwhelming share

Share of foreign  
currency deposits



Note: As of March 31, 2013

**Scale of foreign currency deposit market:  
Approx. ¥5.5 trillion**

**Principal measures for boosting  
competitiveness (enacted in FY2012)**

- (1) Added three currencies (total of 12) Oct. 2012
- (2) Reduced foreign exchange commissions Dec. 2012

Note: As of March 31, 2013. Source for share information: Bank of Japan statistics (individual customer deposit balances)

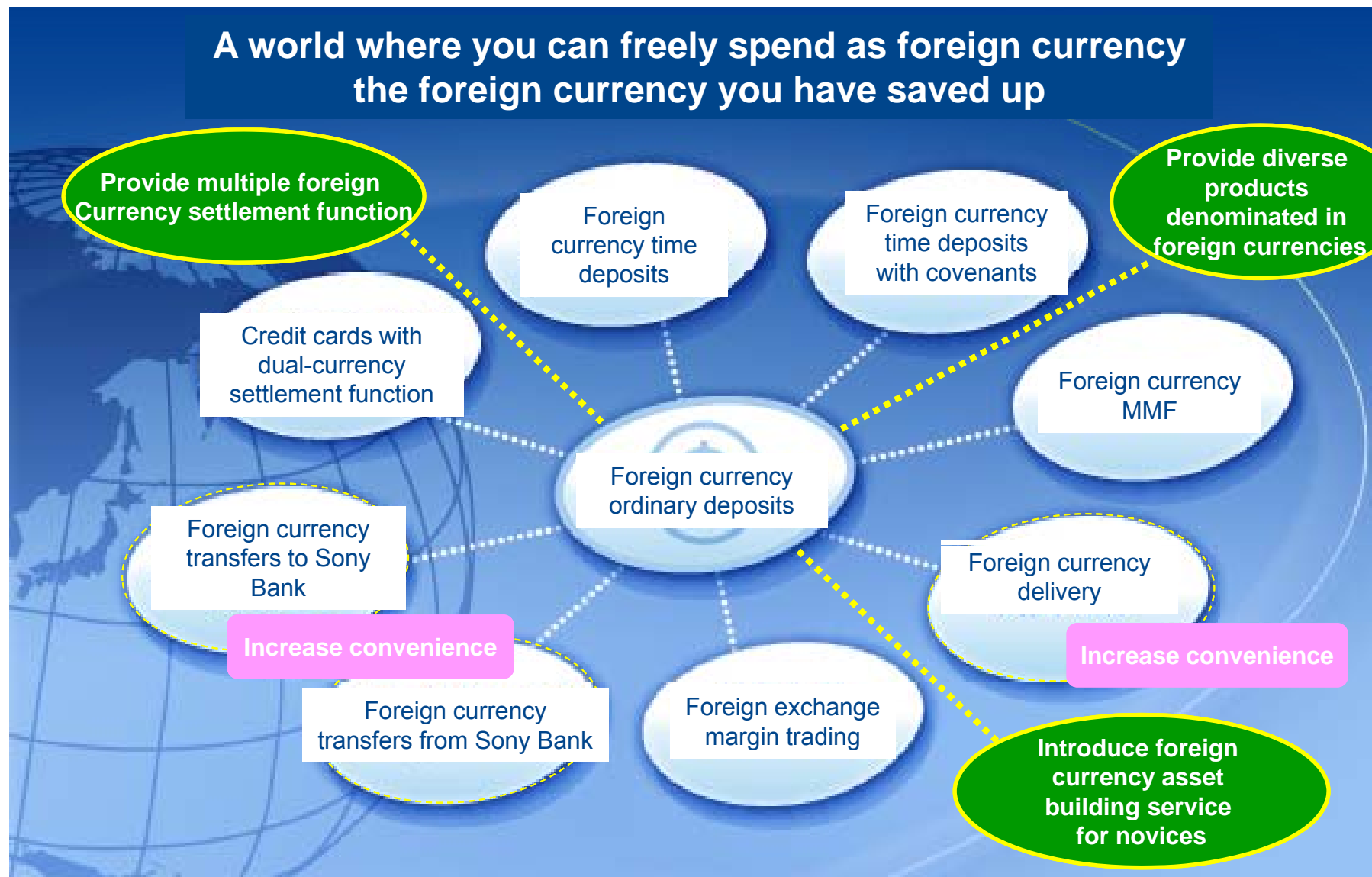
**Build share to level  
in line with megabanks**

Enhance functionality to allow savings, asset building and spend in foreign currencies

- Provide benefits when remitting foreign currency from other banks
- Provide more diverse products denominated in foreign currencies (including by strengthening alliance with Monex Inc.)
- Introduce unique Sony Bank type of foreign currency asset building service for novices
- Provide Japan's first multicurrency settlement function
- Increase convenience through foreign currency delivery, Web-based outward foreign currency remittances

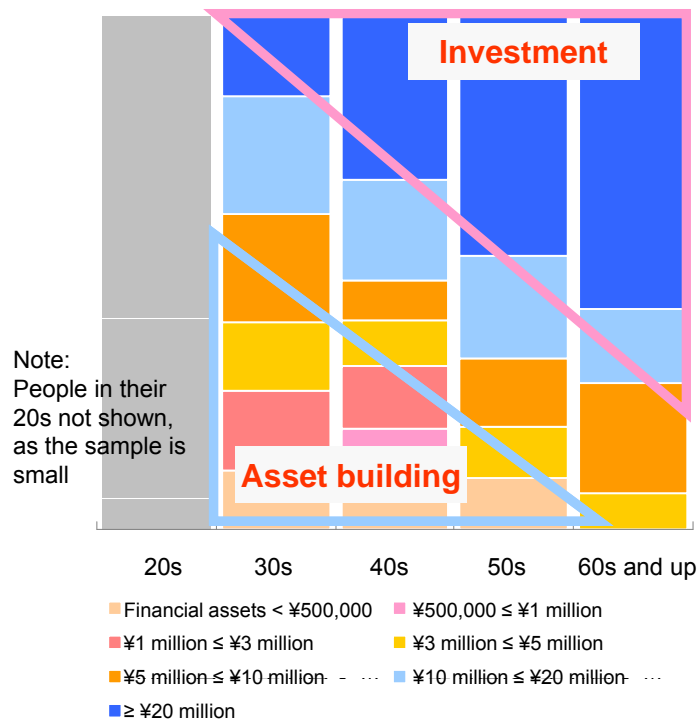






To expand the customer base further, promote an increase of transactions in the asset-building category by providing settlement services unique to Sony Bank

Sony Bank's current customer distribution weighs on the investment category



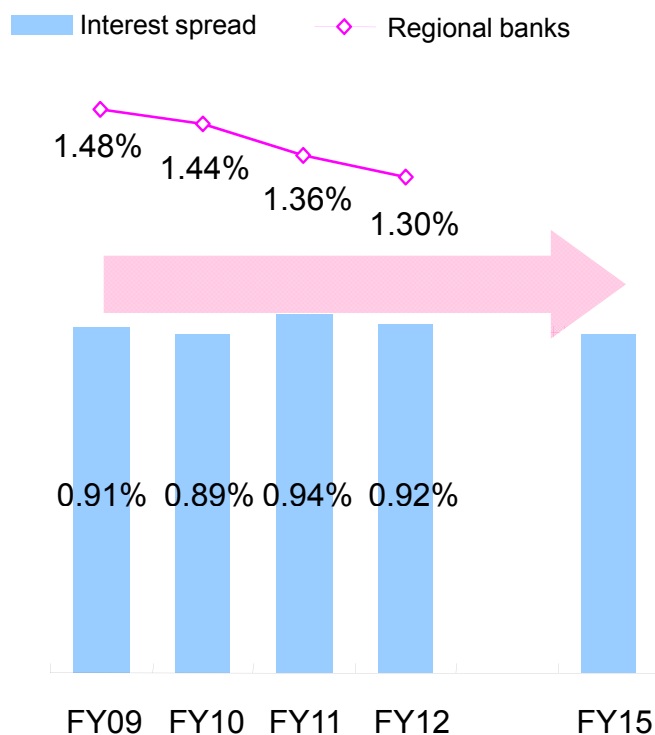
Expand transactions among people in the asset-building category, who will be in the investment category in the future

- (1) Accelerate account acquisition through stronger liaisons with Sony Life and Sony Assurance
- (2) Provide new services that will link to increased transactions in the asset-building category
  - Provide easily accessible and diverse asset-building products
  - Introduce unique settlement-related products
  - Begin handling highly convenient card loans

Source: User profile from customer satisfaction survey conducted in November 2012 by Macromill

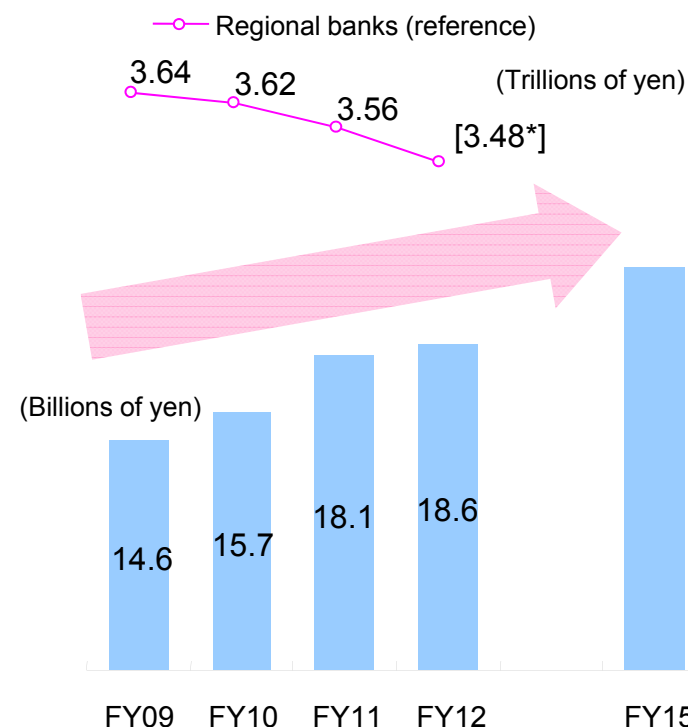
**[Expanding Business Volume] X [Maintaining a Stable Interest Spread that is impervious to the financial environment] = [Steady Growth in Profits]**

## Sony Bank's Stable Interest Spread (appropriate execution of ALM)



Source: Nationwide Bank Financial Results Announcements, Japan Bankers Association

## Stably Growing Core-based Gross Operating Profit in line with Business Expansion



Source: Japan Bankers Association, Figures are sum of net interest income and net fees and commissions  
\*The above figure in FY2012 is an estimate, calculated by doubling the first-half financial results.

Sony Bank will stably grow business volume and profits with its high competitive edge and enhanced ALM operations, even though the banking industry faces difficulty in raising core profits, some of which are depending on gains from bond dealing transactions.

	FY2012		FY2015
<b>Retail balance</b> [Sum of deposits, investment trusts and personal loan balance]	¥2.8 trillion	CAGR Over 8%	Over ¥3.5 trillion
<b>Gross operating Profit</b> (Sony Bank consolidated)	¥21.1 billion	CAGR Over 6%	¥25.6 billion
<b>Operating profit</b> (Sony Bank consolidated)	¥4.4 billion	CAGR Over 10%	Over ¥6.0 billion

# Sony Financial Group

# Sony Financial Group

## Group Mid-Term Management Policy (Overview: Business Strategy)



By working to provide high-quality services, achieve further increases in customer satisfaction and expand the customer base, thereby accelerating top-line growth.

Consolidated ordinary revenues outpacing levels announced in last year's mid-term management plan; anticipating approx. ¥1,400.0 billion in FY2015

### 1. Three core existing businesses

	Key Strategic Measures	FY2015 Targets
<b>Sony Life</b>	<ul style="list-style-type: none"> <li>➤ Expand Lifeplanner channel while maintaining quality</li> <li>➤ Accelerate growth in independent agent channel</li> <li>➤ Enhance operating efficiency through Business Process Re-engineering.</li> <li>➤ Expand product portfolio through introduction of U.S. dollar denominated insurance products</li> </ul>	<ul style="list-style-type: none"> <li>◆ Policy amount in force of more than ¥42 trillion (Annual growth rate of approx. 4%)</li> <li>◆ Approximately 4,400 Lifeplanner sales employees (Up by approx. 300)</li> </ul>
<b>Sony Assurance</b>	<ul style="list-style-type: none"> <li>➤ Take initiatives that prioritize profitability improvements by improving the loss ratio</li> <li>➤ Aggressively develop business in categories other than automobile insurance</li> <li>➤ Achieve further increase in service quality</li> </ul>	<ul style="list-style-type: none"> <li>◆ Improve the earned/incurred loss ratio by 4-5 ppt</li> <li>◆ Direct premiums written of ¥96.0 billion (Annual growth rate of approx. 5%)</li> </ul>
<b>Sony Bank</b>	<ul style="list-style-type: none"> <li>➤ Continue to expand the mortgage loan and foreign currency businesses</li> <li>➤ Expand highly convenient settlement services</li> </ul>	<ul style="list-style-type: none"> <li>◆ Retail balance of more than ¥3.5 trillion (Annual growth rate of over 8%)</li> </ul>

### 2. New business development: Making specific preparations for entering the nursing care business


# Group Mid-Term Management Policy (Overview: Revenue/Profit Targets, etc.)

## 1. Consolidated earnings targets

- Consolidated ordinary profit: Target of approx. ¥80.0 billion for FY2015. Profit levels are down temporarily as a result of external factors, but the Company's trend toward stable profit growth remains unchanged. (Because of Sony Life's policy of maintaining an excess in its reserve for price fluctuations, consolidated net income should be essentially unchanged.)
- Consolidated adjusted ROE: Expected to be around 7-8 % in FY2015. Even under the lower interest rate environment, Sony Life's adjusted ROE (MCEV growth rate), which makes up the core, continues to grow stably thanks to robust new policy acquisition.

## 2. Establish a solid revenue base by continuing to promote more sophisticated risk management and ALM

## 3. Continue to augment shareholder returns, predicated on a stable revenue base and robust financial soundness

Group revenue/profit indicators	FY2012 (Actual)	FY2013 (Forecast)		FY2015 (Mid-Term Plan)
Consolidated ordinary revenues	¥1,259.0 billion	¥1,222.0 billion	CAGR 7%	<b>Approx. ¥1,400.0 billion</b>
Consolidated ordinary profit	¥79.2 billion	¥69.0 billion	Over CAGR 7%	<b>Over ¥80.0 billion</b>
Consolidated net income	¥45.0 billion	¥37.0 billion		<b>Over ¥37.0 billion</b>
Consolidated adjusted ROE	3.3%			<b>7-8%</b>
Of which, Sony Life (Non-consolidated)	3.3%			<b>7-8%</b>
Of which, Sony Assurance	(0.1%)			<b>9-10%</b>
Of which, Sony Bank (Consolidated)	4.3%			<b>5-6%</b>

(Note) Please refer to slide 45 for the details on the method for calculating adjusted ROE.

**End**



# Appendix

# Sony Financial Group (Reference 1)

## Consolidated Financial Forecast for FY2013



### ■ FY2013 Consolidated Financial Forecast

(Billions of yen)	FY2012 (Actual)	FY2013 (Forecast)	Change
<b>Consolidated ordinary revenues</b>	1,259.0	<b>1,222.0</b>	(2.9%)
<u>Life insurance business</u>	1,142.3	<b>1,099.9</b>	(3.7%)
<u>Non-life insurance business</u>	84.7	<b>88.5</b>	+4.5%
<u>Banking business</u>	34.3	<b>34.0</b>	(0.9%)
<b>Consolidated ordinary profit</b>	79.2	<b>69.0</b>	(12.9%)
<u>Life insurance business</u>	72.7	<b>61.4</b>	(15.5%)
<u>Non-life insurance business</u>	2.3	<b>3.0</b>	+30.4%
<u>Banking business</u>	3.9	<b>4.3</b>	+10.3%
<b>Consolidated net income</b>	45.0	<b>37.0</b>	(17.8%)

#### ■ Life insurance business

Ordinary revenues are expected to decrease year on year, because we do not expect such an increase in investment income on separate account due to the market recovery as recorded in the previous fiscal year, although we expect higher income from insurance premiums. Ordinary profit is expected to decrease, since we do not expect such a reversal of policy reserves related to minimum guarantees for variable life insurance policies as recorded in the previous fiscal year. We also expect provision for policy reserves to increase reflecting a revision of discount rate used for calculating policy reserves.

#### ■ Non-life insurance business

Ordinary revenues are expected to increase year on year, owing to an increase in net premiums written, primarily for automobile insurance. Ordinary profit is expected to increase because we expect higher revenues and lower loss ratio.

#### ■ Banking Business

Ordinary revenues are expected to decrease year on year, owing mainly to a decrease in revenues in SmartLink Networks, despite an increase in interest income on loans led by a growing balance of mortgage loans.

Ordinary profit is expected to rise, mainly because we anticipate a steady increase in gross operating profit, driven by business expansion.

Line item amounts are truncated below ¥1 million; percentage change figures are rounded.

	<b>2013.3.31 (Actual)</b>		<b>Mid-term Policy</b>
<b>Sony Life</b> (non-consolidated)	Solvency margin ratio	2,281.8%	<ul style="list-style-type: none"> <li>Conduct ongoing risk management which has been incorporating possible tightening of capital requirements based on economic value in future.</li> <li>Sony Life ensures financial soundness by keeping its risks within a proper level of MCEV, which is capital based on economic value (MCEV as of the end of March 2013: ¥1,064.7 billion).</li> </ul>
	Risk amount based on economic value	¥661.3 billion	
<b>Sony Assurance</b>	Solvency margin ratio	504.2%	
<b>Sony Bank</b> (non-consolidated)	Capital adequacy ratio	11.98%	<ul style="list-style-type: none"> <li>In preparation for future growth of business volume and risk assets, ensure soundness which is consistent with levels ultimately required by Basel III. Also consider Tier 1 and Tier 2 balance from standpoint of capital efficiency.</li> </ul>
	Tier 1 ratio	8.85%	

## Sony Financial Group (Reference 3) U.S. GAAP-based Operating Income



- As for profit of an insurer with growing policies in force, the following two reasons increase profit for U.S. GAAP-based operating income of the Sony Group's financial services segment compared with Japanese GAAP-based ordinary profit of the Sony Financial Group:
  - Different accounting treatment for policy reserves (future insurance policy benefits)
  - Accounting treatment of deferred insurance acquisition costs (recorded in U.S. GAAP only)

SFH's consolidated results\* are prepared in accordance with Japanese GAAP. As such, these figures differ in significant respects from the financial information reported by Sony, the SFH's parent company, which prepares its financial statements in accordance with U.S. GAAP.

\*SFH's scope of consolidation includes Sony Financial Holdings Inc., Sony Life Insurance Co. Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Life Insurance (Philippines) Corporation, Sony Bank Securities Inc., and SmartLink Network, Inc. It also includes AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method. Sony Bank Securities Inc. and Sony Life Insurance (Philippines) Corporation were out of the scope of consolidation from August 1, 2012 and December 6, 2012, respectively and thereafter.


Sony Financial Group companies constitute the majority of Sony Group's Financial Services segment. However, the scope of Sony Group's Financial Services segment differs from the scope of SFH's consolidated results.

SFH announced [Reference Disclosure] Key Performance Figures Based on U.S. GAAP. Please refer the announcement.  
[http://www.sonyfh.co.jp/web/en/financial\\_info\\_e/results\\_e/sfh\\_fy2012\\_4q\\_02.pdf](http://www.sonyfh.co.jp/web/en/financial_info_e/results_e/sfh_fy2012_4q_02.pdf)

## Sony Financial Group (Reference 4) Adjusted ROE (Consolidated)



- Sony Life's adjusted ROE (MCEV growth rate) for FY12 declined due to lower interest rates in the ultra-long term.
- SFH's adjusted ROE is at 7 to 8% based on market conditions as of the end of March 2013.

	FY2012		FY15
<b>Consolidated adjusted ROE</b>	<b>3.3%</b>		<b>7 - 8%</b>
<b>Of which</b>	<b>3.3%</b>	<p>* As for Sony Life's target, market assumptions are unchanged from the market conditions as of the end of March 2013.</p>	<b>7 - 8%</b>
Sony Life (non-consolidated)	(0.1%)		<b>9 - 10%</b>
Sony Assurance	4.3%		<b>5 - 6%</b>
Sony Bank (consolidated)			

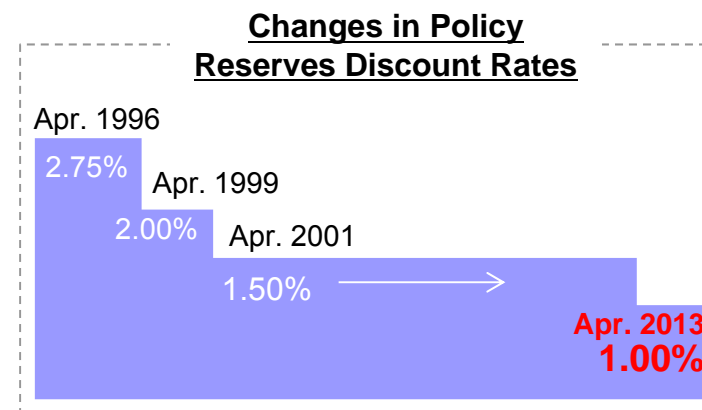
Note: Calculation of consolidated adjusted ROE is as follows.

	Numerator	Denominator
Sony Life (non-consolidated)	Net increase in MCEV plus dividends	The average of (MCEV at previous fiscal year-end minus dividends plus MCEV at current fiscal year-end)
Sony Assurance	Net income+ increase in provision for catastrophe reserve (after tax)+ increase in reserve for price fluctuations (after tax)	The average of (net assets + catastrophe reserve (after-tax) and reserve for price fluctuations (after-tax)) as of the previous fiscal year-end and the current fiscal year-end
Sony Bank (consolidated)	Net income	The average of net assets as of the previous fiscal year-end and the current fiscal year-end

**FY13-:**

**Sony Life Revises insurance premium rate in line with the reduction in policy reserves discount rates.**

- Rates are not revised on its mainstay term life insurance products, including family income insurance, and annuities.
- Rates are revised 5 to 10% upward on saving-type insurance products, such as whole life insurance, living benefit insurance, nursing care insurance and educational endowment insurance products, etc.



- **Operating profit for FY2013 and thereafter will be somewhat decreased due to an increase in provision of policy reserves.**
- **Improvement on new business margin of MCEV**
- **Little impact on U.S. GAAP-based operating income**

【Reference】Press release: Sony Life Revises Insurance Premium Rate (Feb.19, 2013)

[http://www.sonyfh.co.jp/web/en/news\\_e/article\\_e/130219.html](http://www.sonyfh.co.jp/web/en/news_e/article_e/130219.html)

No change in asset management policy, even after monetary easing  
~Investing most of new money in ultralong-term JGBs~

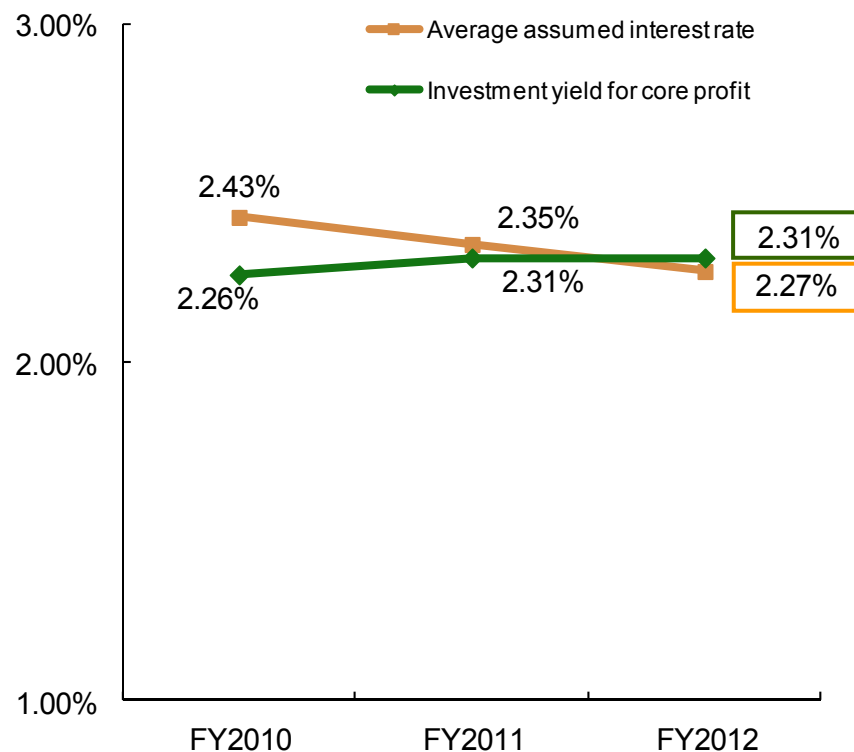
■ Sony Life's Basic Policy on Risk Preferences

- Aims for stable and sustainable business growth in corporate value by aggressively increasing policies in force and underwriting insurance risk, while maintaining sufficient solvency based on economic value.
- Prioritizes investment in assets that match insurance liability characteristics to reduce interest rate risk pertaining to liabilities of insurance policies with long-term maturities, with the aim of securing corporate value of life insurance business.

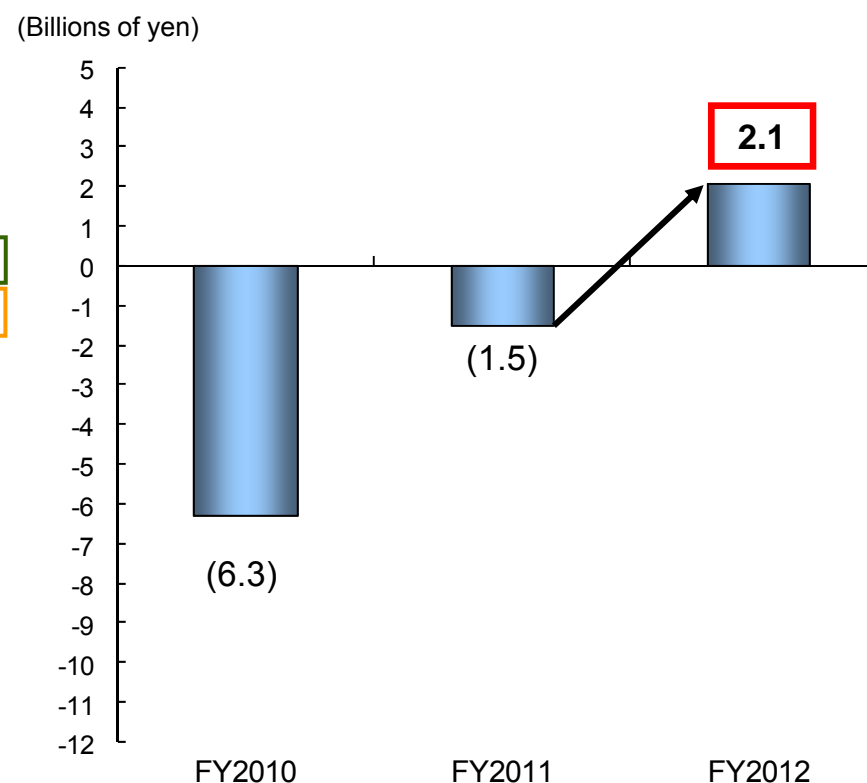
■ Impact of and Response to Monetary Easing

- Maintains a sufficient level of solvency based on economic value, though interest rate sensitivity has risen and the amount of interest rate risk has increased due to a decline in ultralong-term interest rates.
- Continues to invest in ultralong-term JGBs while monitoring market trends, with the aim of reducing interest rate risk along with an acquisition of new policies though interest rates are expected to be persistently low.

## Average Assumed Interest Rate and Investment Yield for Core Profit



## Negative Spread

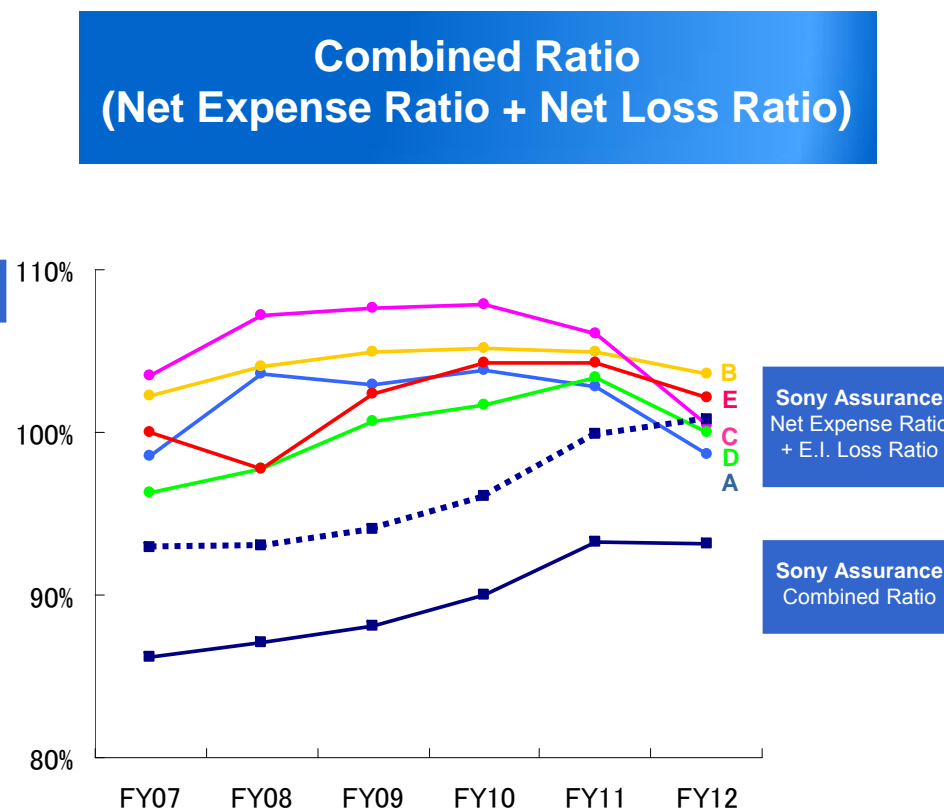
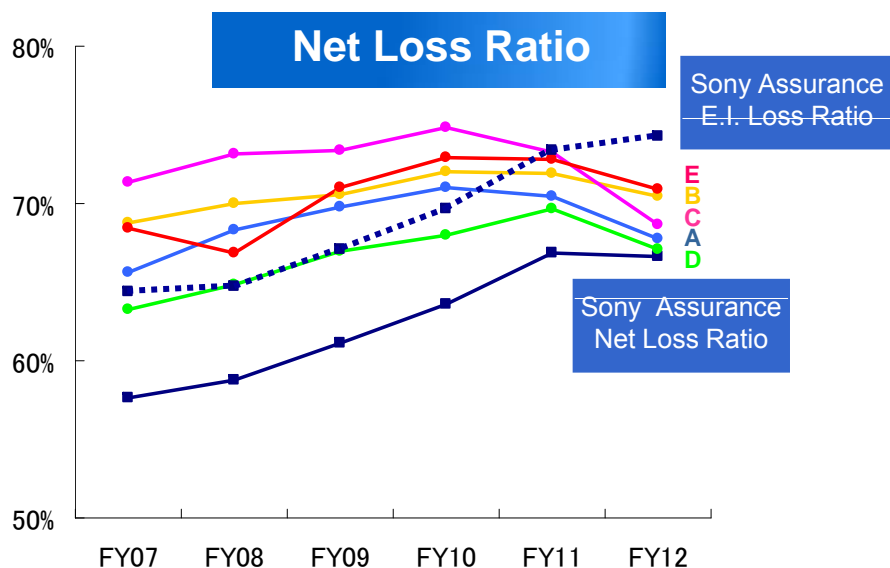
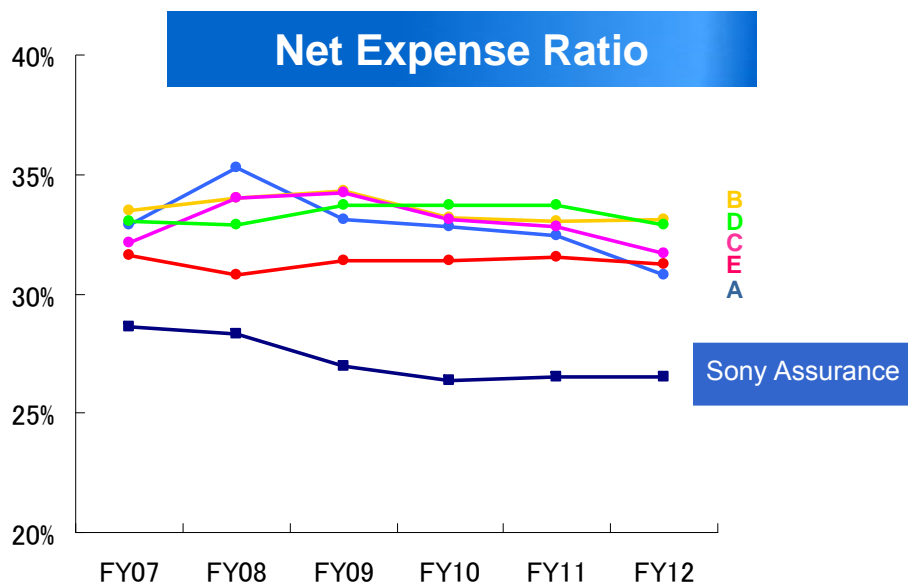


\* The plus amount in negative spread indicates positive spread.

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.



# Sony Assurance (Reference 8) Automobile Insurance



Notes: Sony Assurance

Net expense ratio= Expenses related to underwriting / Net premiums written

Net loss ratio= (Net losses paid + Loss adjustment expenses) / Net premiums written

Earned/Incurred loss ratio = (Net losses paid + Provision for reserve for outstanding losses + Loss adjustment expenses) / Earned premiums.

[Earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.]

Source: Disclosure from each insurer

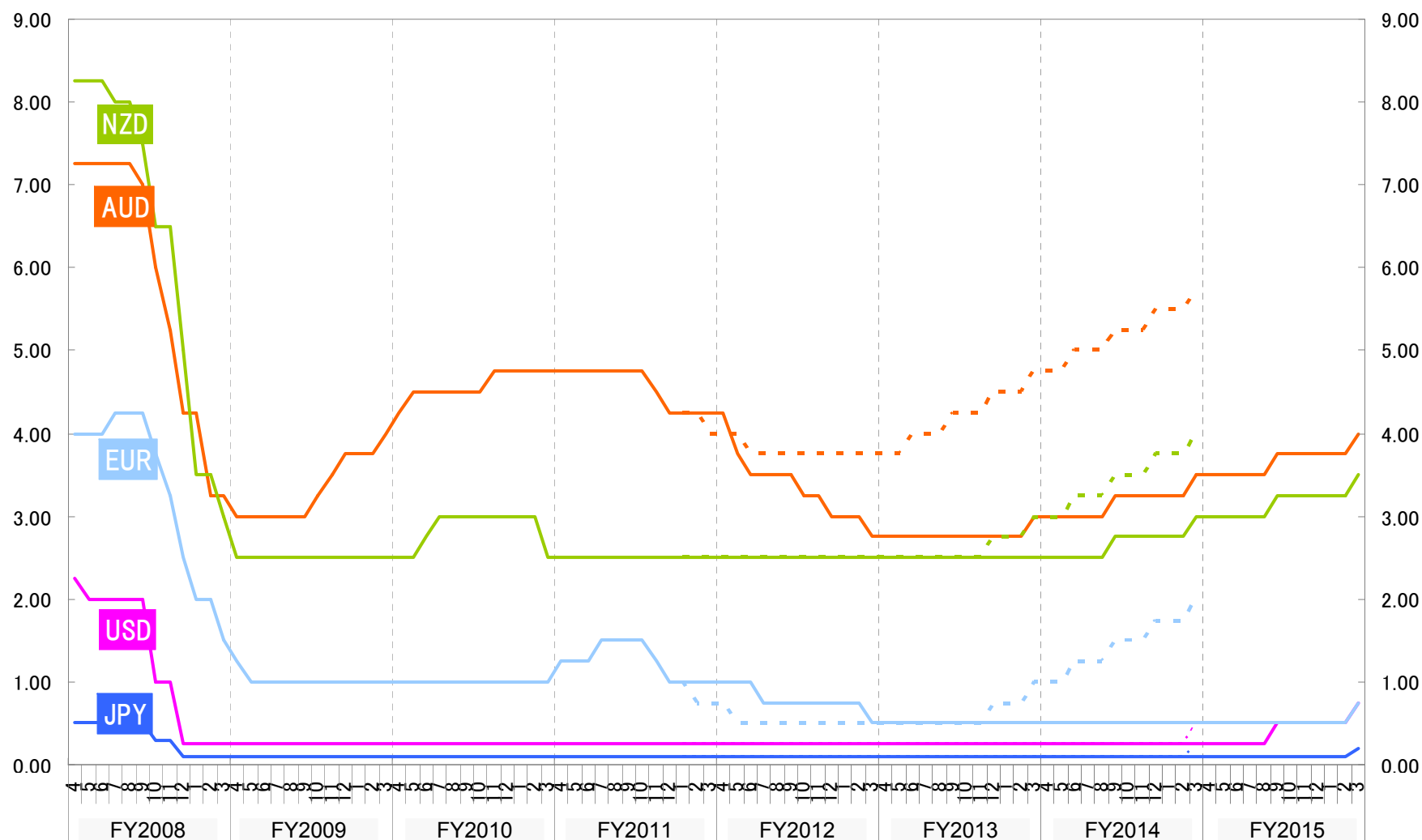
# Interest Rate Assumptions by Currency



\* Solid lines show the assumption in Jan. 2013, while dotted lines show those set in Jan. 2012

\* Implied forward rates are used for the future assumption.

Sony Bank: Assumption on interest rates of each currency





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