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**[Presentation Material]**

# Sony Financial Group Corporate Strategy Meeting for Fiscal Year 2016

**Sony Financial Holdings Inc.  
June 1, 2016**

## ➤ Sony Financial Group

### Market Overview and Basic Policy / Key Messages

## ➤ Medium-term Business Strategies of Each Group Company

Sony Life

Sony Assurance

Sony Bank

Sony Lifecare

## ➤ Sony Financial Group

### Consolidated Management Targets / Returns to Shareholders

#### Disclaimers:

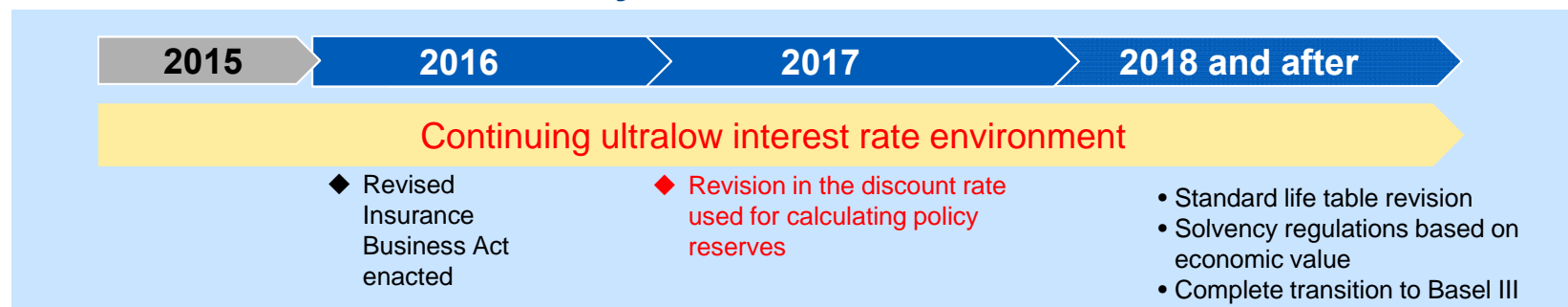
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\*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded. Also, a “—” is used where percentage changes exceed 1,000% and in cases where one or both comparisons are negative.

\* “Lifeplanner” is a registered trademark of Sony Life.

On the earnings front, the Group will be affected by the ultralow interest rate environment, but we expect to achieve ongoing growth by responding expeditiously with measures for improving earnings and stepping up and enhancing efforts to provide high customer value.

## <Medium-term market overview, key events>



Prepared based on the Company's understanding

## <Basic policy for the overall group>

- We will confidently execute expeditious measures to improve earnings in response to the current declines in yen interest rates.
- We see the difficult operating environment as an opportunity to enhance the strengths and competitive edge of individual group companies, and aim to continue growing.

## Respond to the ultralow interest rate environment

- We will respond expeditiously to maintain or improve profitability. (In particular, with regard to products, sales, risk management, etc., in the life insurance business)

## Achieve ongoing growth for the group as a whole

- We will reinforce our provision of high-quality, highly convenient services, and continue expanding our business operations by strengthening our competitive edge.
- While monitoring operating expenses closely, we will confidently make up-front investments aimed at future growth.
- We will make steady progress on initiatives in new business fields and new services. At the same time, we will work proactively to adopt technologies that contribute to increases in customer value, and consider new ways of providing our services.

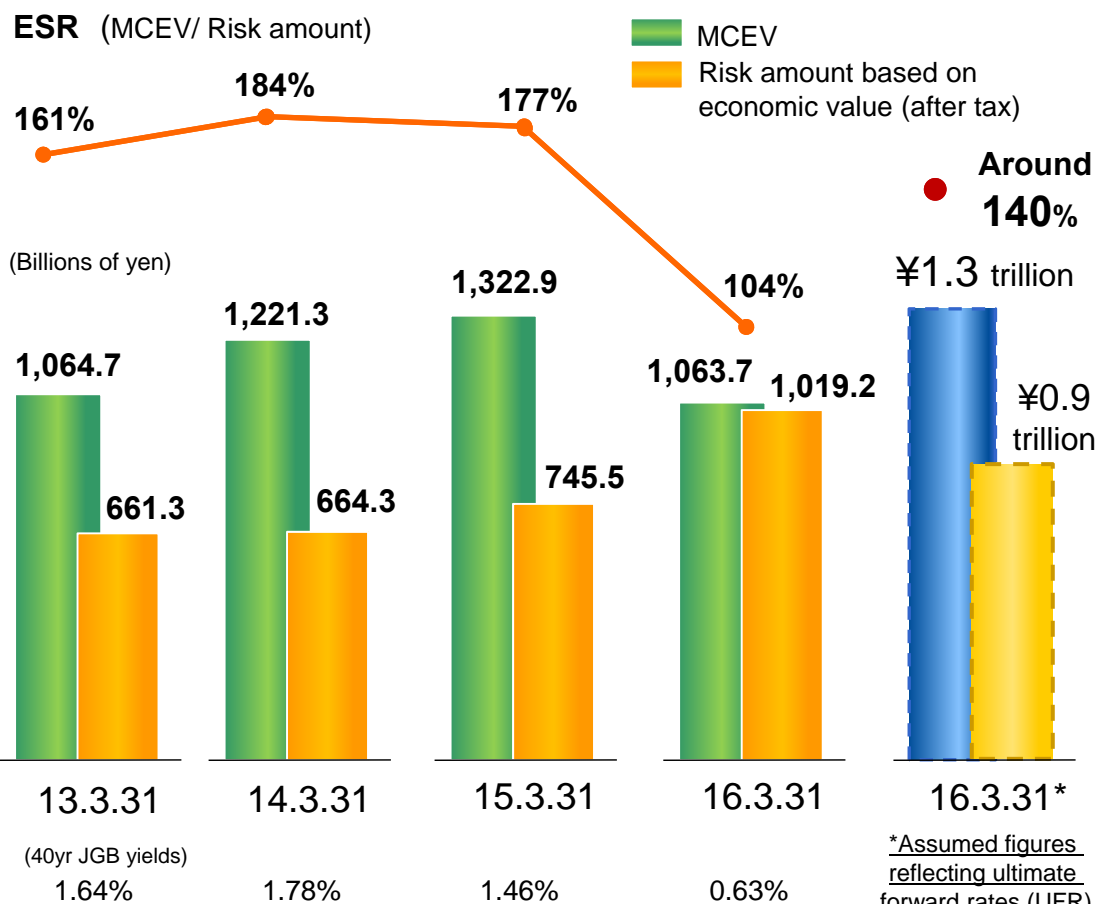
## Capital policies, shareholder returns

- Our understanding is that the individual businesses currently have sufficient capital. We will continue to monitor the interest rate environment, but at present we have no plans to procure capital.
- Dividends have increased for the four consecutive fiscal years through FY15. Given the business environment, we plan to maintain dividends at the present level in FY16. Based on the assumption that we will maintain financial soundness in each of our businesses, our policy of aiming for steady increases in dividends in line with earnings growth over the medium to long term remains unchanged.

# Sony Life

**Sony Life has no need to procure capital even though it is affected by a decline in interest rates.**

### Soundness based on economic value



### ESR as of Mar. 31, 2016

- Sony Life has adopted a conservative method of calculating ESR to ensure high soundness in an environment where the outlook for regulatory changes is uncertain.
- It has partially revised the calculation method in anticipation of future solvency requirements.
- As a result, it has adequate capital compared to risk amount based on economic value. At present, it has no need to procure capital.

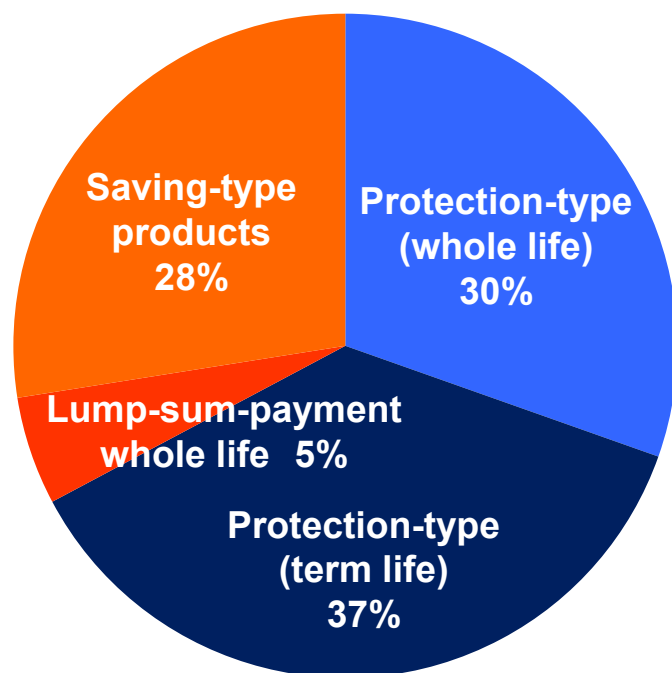
Note: Sony Life changed its extrapolation method for ultra-long term interest rates in Japanese yen to use the ultimate forward rates (UFR). (In the 41<sup>st</sup> year and beyond, the yield curve is extrapolated to make the UFR for 20 years 3.5%.)

## Effects of Ultralow Interest Rates (2)

**Secure growth in corporate value by further promoting sales of death-protection type**

### Product portfolio

(Based on annualized premiums from new policies)



\* Based on product mix for FY15

### ■ In May 2016, suspended sales of some saving-type products

- Lump-sum-payment whole life insurance (non-notification type)
- Semi-participating individual annuities
- Endowment insurance (short-term payment)

### ■ Increase insurance premiums of whole life insurance to improve profitability

**Promote “sales of death-protection type insurance,” our basic marketing strategy**

## Key Messages: Initiatives Toward Growth

### Strengthen our ability to provide protection, cultivate new business fields

- Further enhance our provision of death protection based on life planning.
- Conduct full-fledged development of the business of providing protection in the corporate market.

### Expand sales channels

- Accelerate expansion in the number of sales personnel in the Lifeplanner channel.
- Take changes in the operating environment as an opportunity to expand the foundations of the independent agent channel.

### Ensure corporate value and steady growth

- Augment new business value through changes in the product mix and enhanced sales.
- By expanding business operations, achieve profit growth over the medium to long term.



Through high-quality consulting, propose necessary amounts of protection throughout life

### High-quality consulting utilizing LiPSS

#### ■ Propose necessary amounts of protection

Utilize life planning to clearly provide basis for rational death protection

#### ■ Review protection in a timely manner after contract

Conduct appropriate follow-ups by meticulously obtaining and storing customer information

Use life planning to ascertain customers' needs and economic situations, and then offer an appropriate combination of products that provide the necessary amount of protection

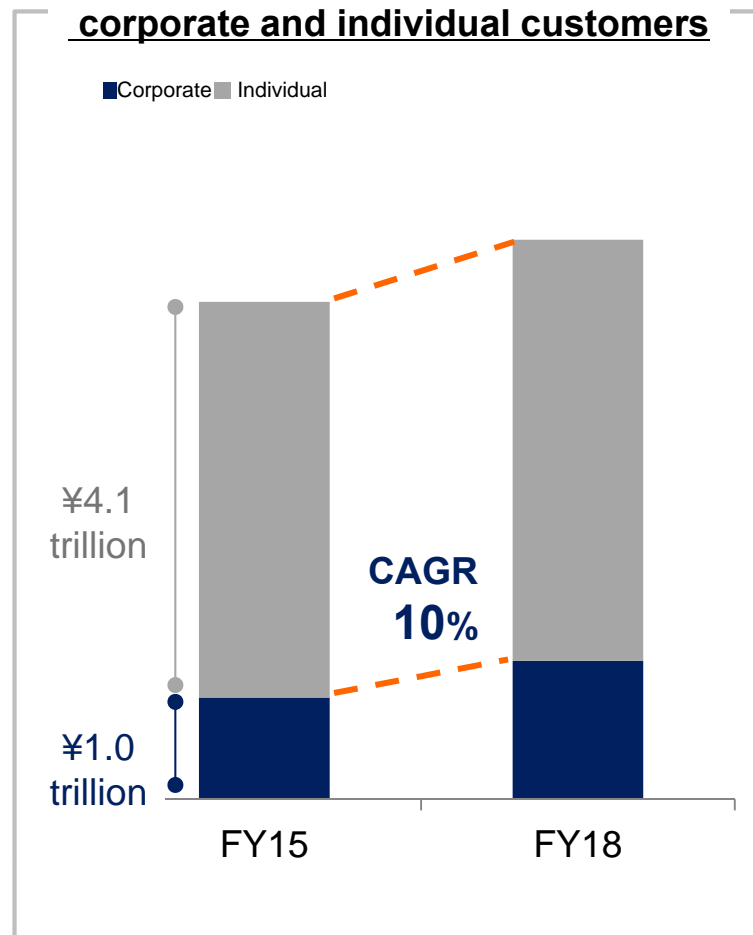
### Utilizing LiPSS

**LiPSS** = **L**ife **P**lanning **S**upport **S**ervice



**Make a full-fledged start of the business of providing protection in the corporate market.**

**New policy amount,  
corporate and individual customers**



### ■ Launch products for corporate customers

(May 2016)

- Level premium plan term life insurance with reduced surrender value (Disability/Nursing Care Type)
- Revised increasing term life insurance (reduced surrender value)

### ■ Begin offering services for business owners and employees

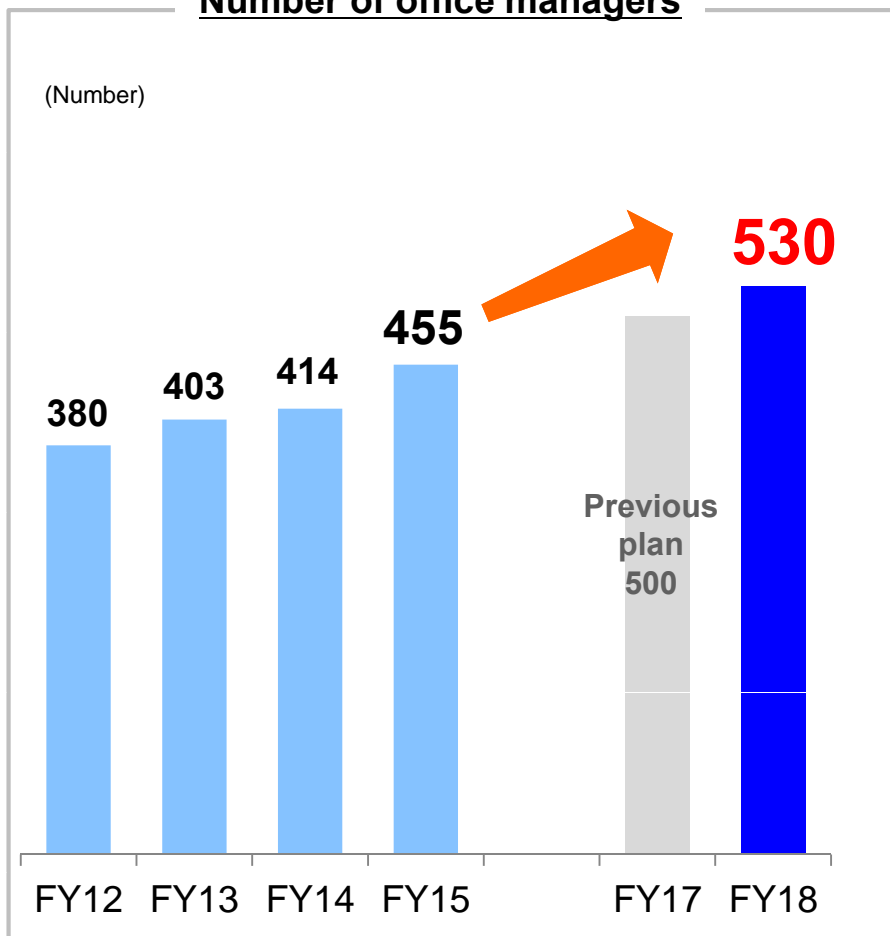
- Offer diagnostic services, such as for employment regulations and retirement benefit systems
- Provide fringe benefit menu

### ■ Enhance the training and support system

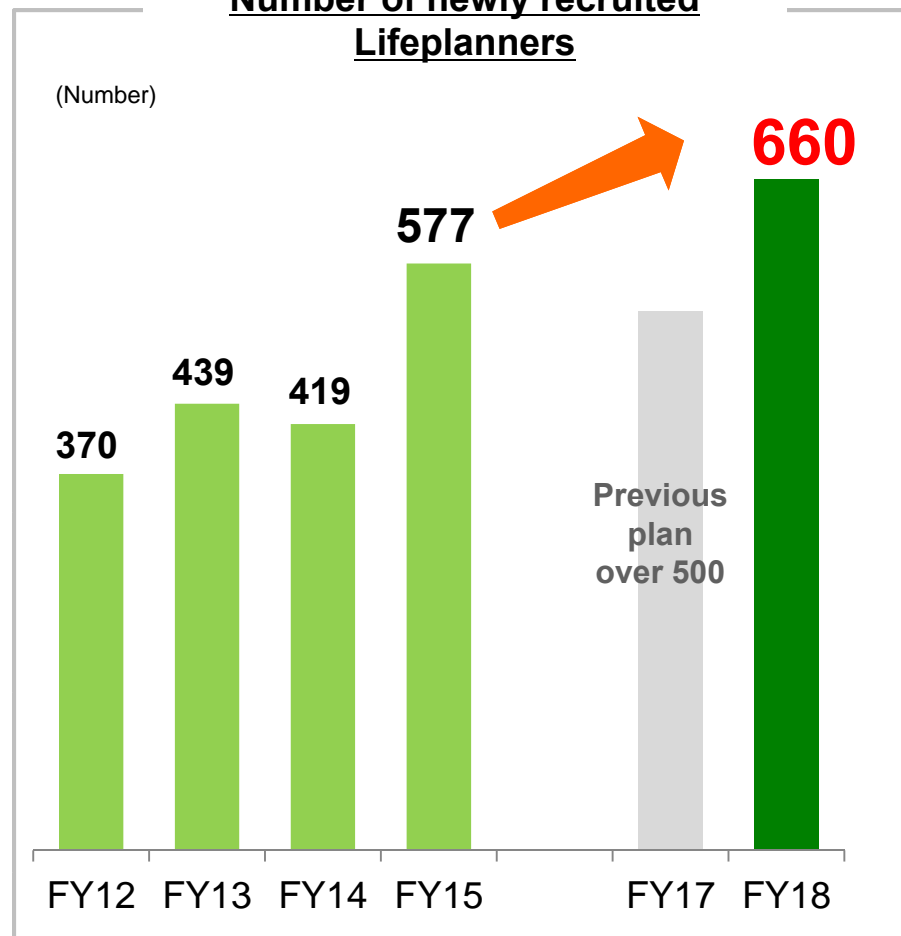
- Provide a system of basic and general training according to level
- Provide sales support via a specialized organization at headquarters

Achieved to hire 577 newly recruited Lifeplanners annually by actively promoting Lifeplanners to “Office managers,” responsible for recruiting

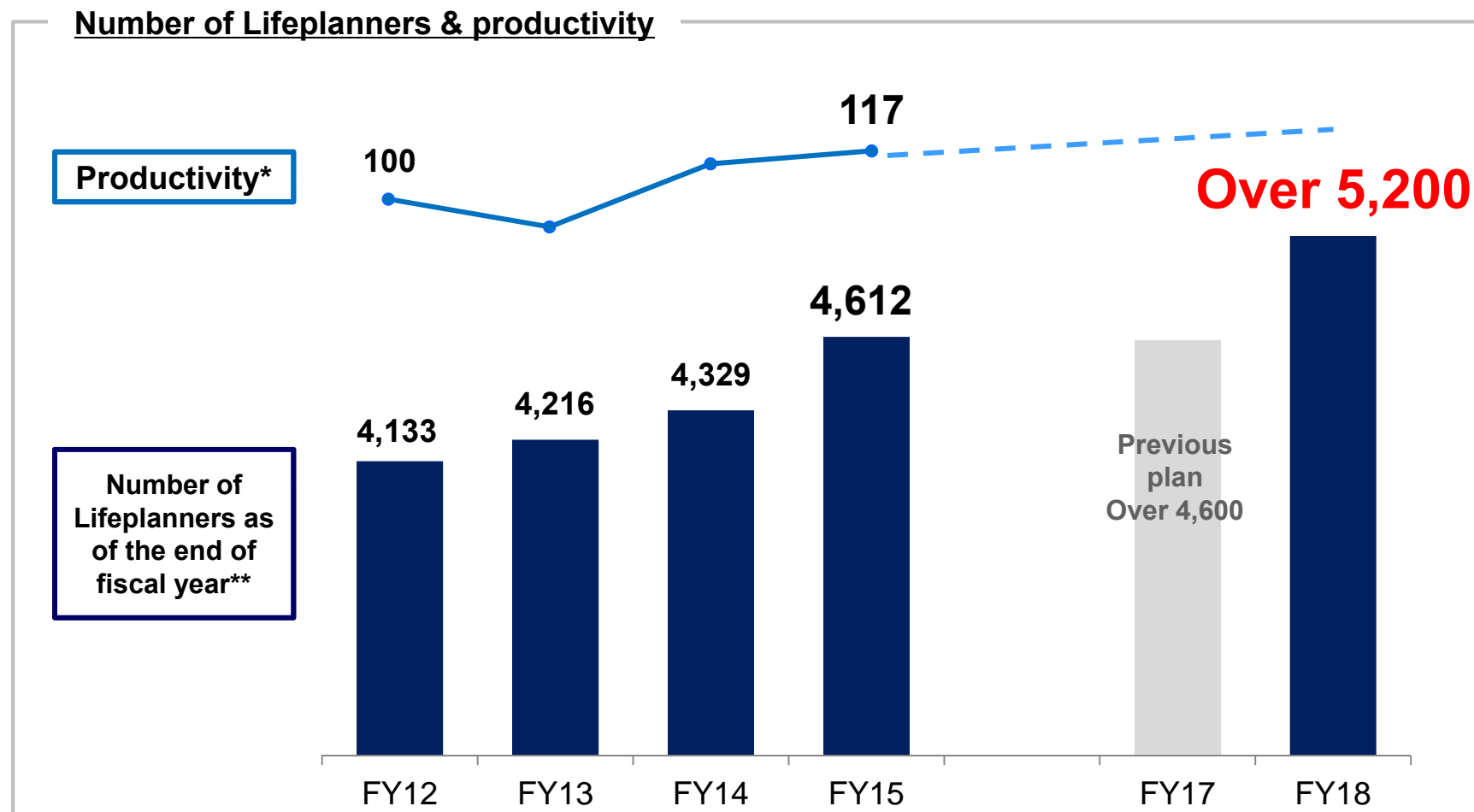
Number of office managers



Number of newly recruited Lifeplanners



Further increase the number of Lifeplanners,  
while improving their productivity



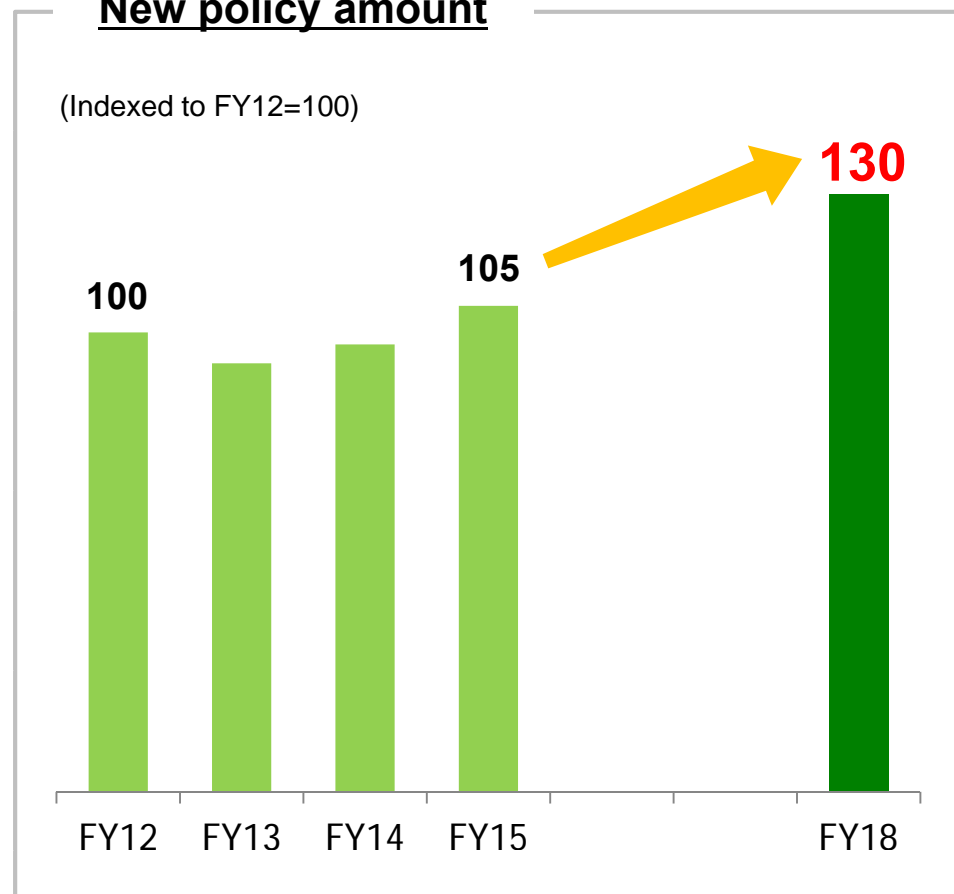
\* Productivity is indexed to FY12 = 100, calculated on the basis of new policy amount.

\*\* The figure as of the end of fiscal year includes the number of contracted Lifeplanner sales employees and those rehired on a fixed-term contract basis after retirement.

Take changes in the operating environment as an opportunity to expand the foundation for growth

### New policy amount

(Indexed to FY12=100)



### Impact on independent agents of the revised Insurance Business Act

- Establishment of management and training systems for insurance agents
- Identify and offer proposals in response to customer needs
- Provide information to assist customer decisions to take out insurance

**Strength in consulting-based sales  
as an opportunity for growth**

#### ■ Independent agents with close regional ties

Cultivate partners that share our philosophies  
Support enhanced marketing and management capabilities

#### ■ Independent agents covering a broad area

Individual support for agent education and cultivation

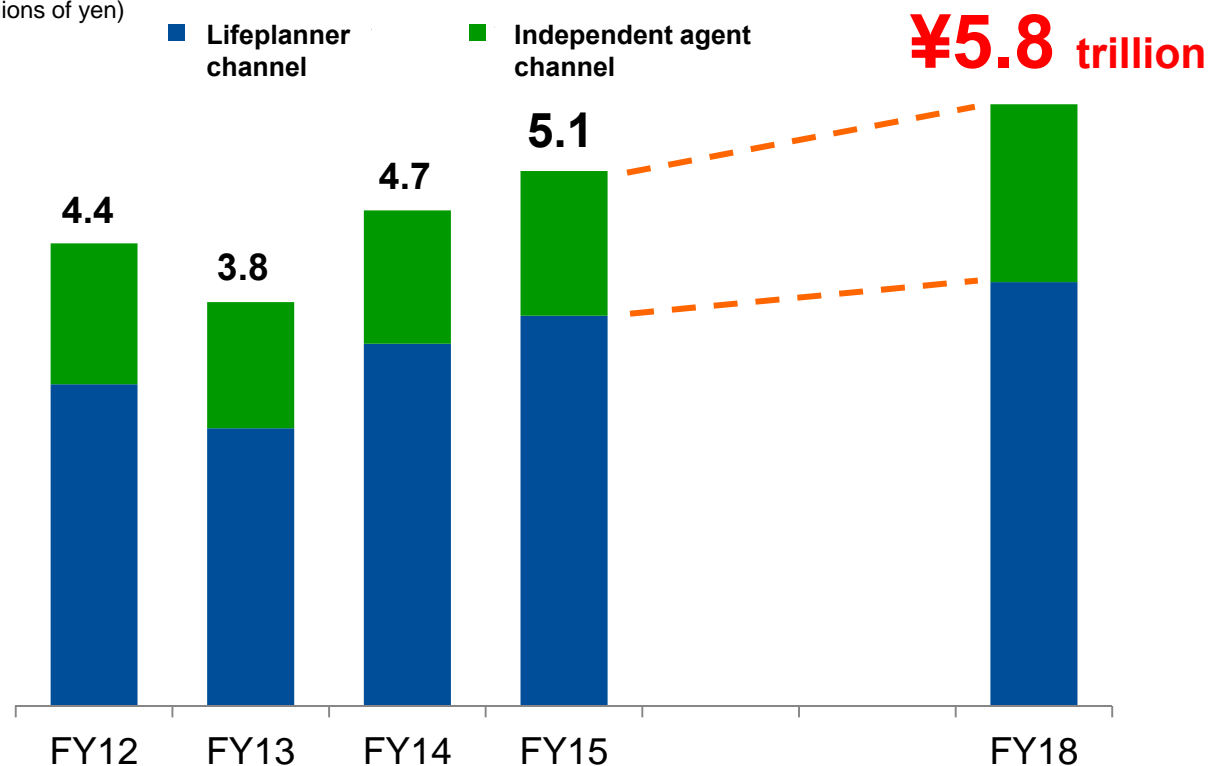
**Increase sales volume by promoting sales of death-protection type insurance and extending sales force network**

**Trends of Sony Life's new policy amount  
(Individual life insurance and annuities)**

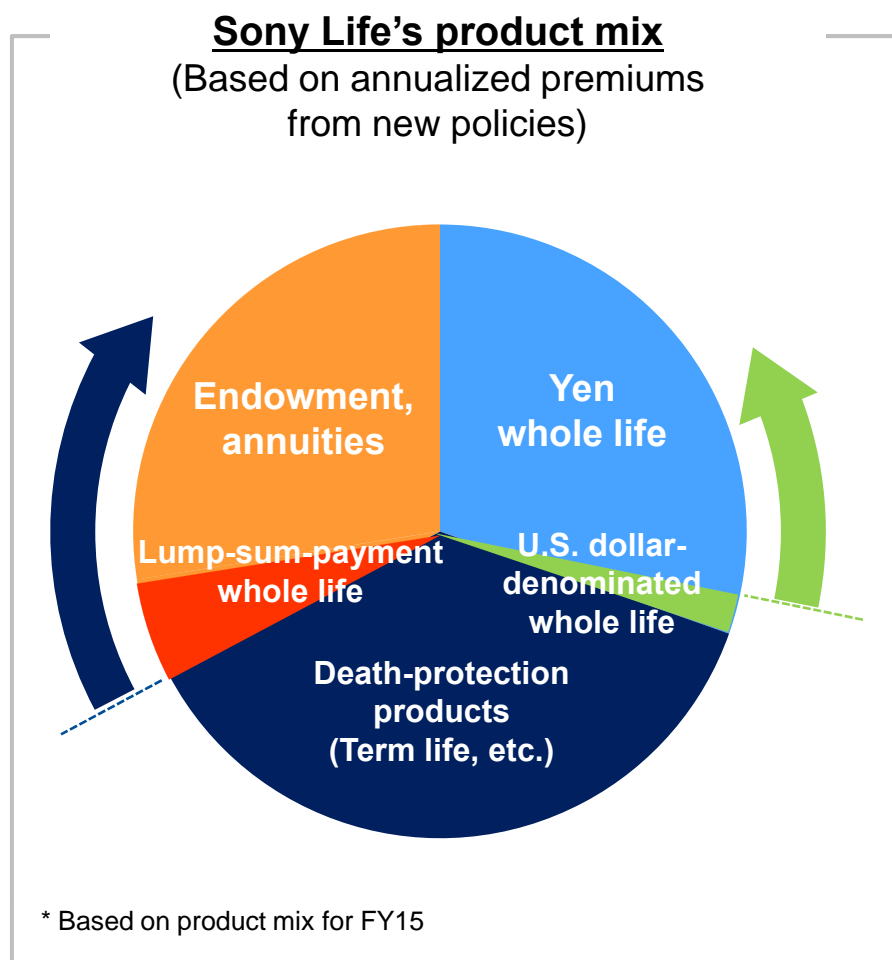
(Trillions of yen)

■ Lifeplanner  
channel

■ Independent agent  
channel



## Initiatives in anticipation of the April 2017 revision in the discount rate used for calculating policy reserves

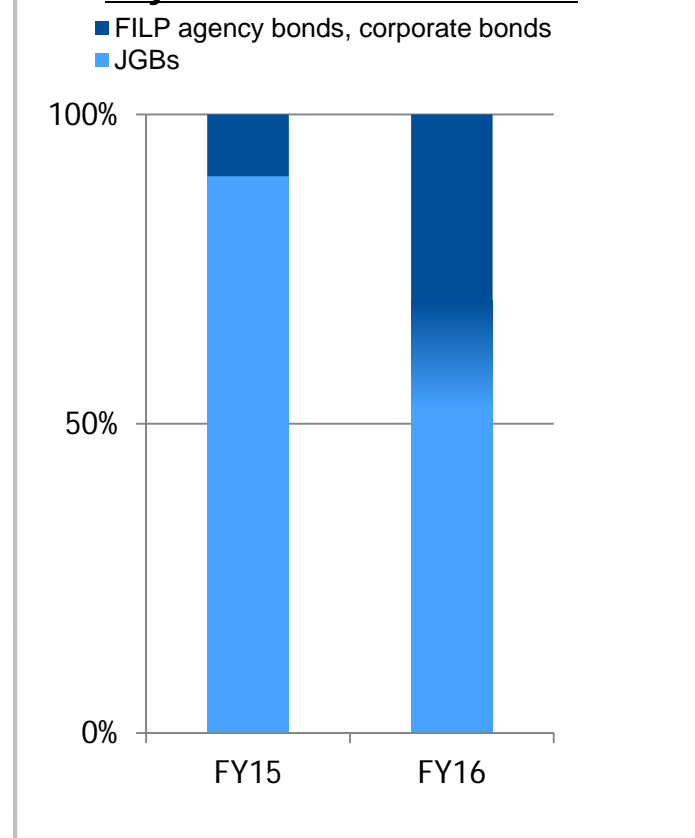


- Due to the revision of premium rates, the pricing of yen-denominated whole-life insurance has become less attractive for customers

- To meet demand for whole-life products, strengthen proposals offering U.S. dollar-denominated whole-life insurance
- To fulfill protection needs, strengthen proposal-making capabilities for offering term-life insurance

**Promote diversification of investment methods, while maintaining basic principle of ALM-based investment**

**Breakdown of new investment in yen-denominated bonds**



■ **Continue to invest in ultralong-term JGBs**

Investing in ultralong-term JGBs essential in response to long-term liability characteristics, centered on death protection

■ **Increase investment in FILP agency bonds and corporate bonds**

As in the previous fiscal year, continue to increase investment in FILP agency bonds

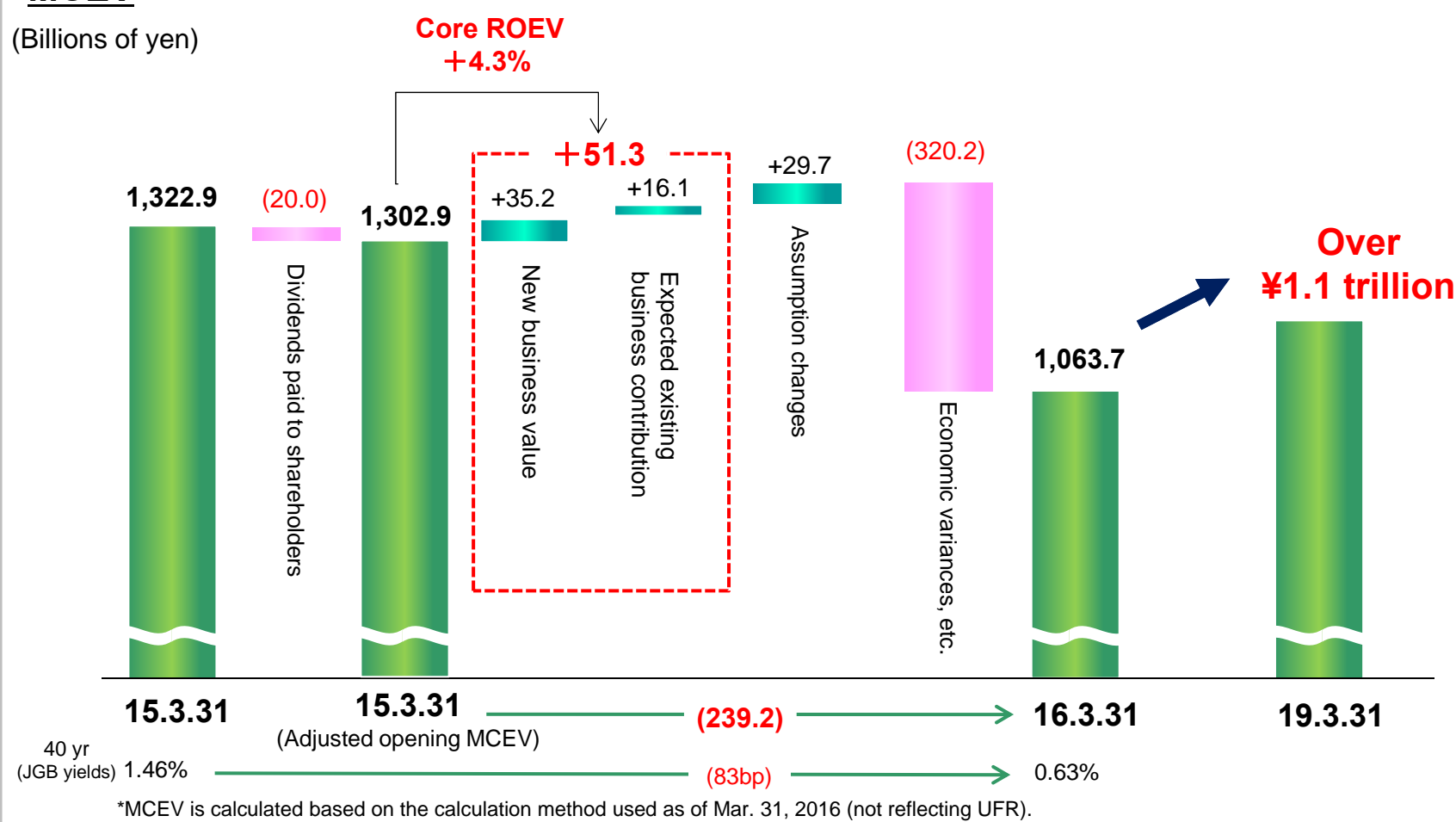
Invest in corporate bonds, primarily long-term bonds



**Achieve steady growth in corporate value by accumulating new business value through changes in the product mix and enhanced sales**

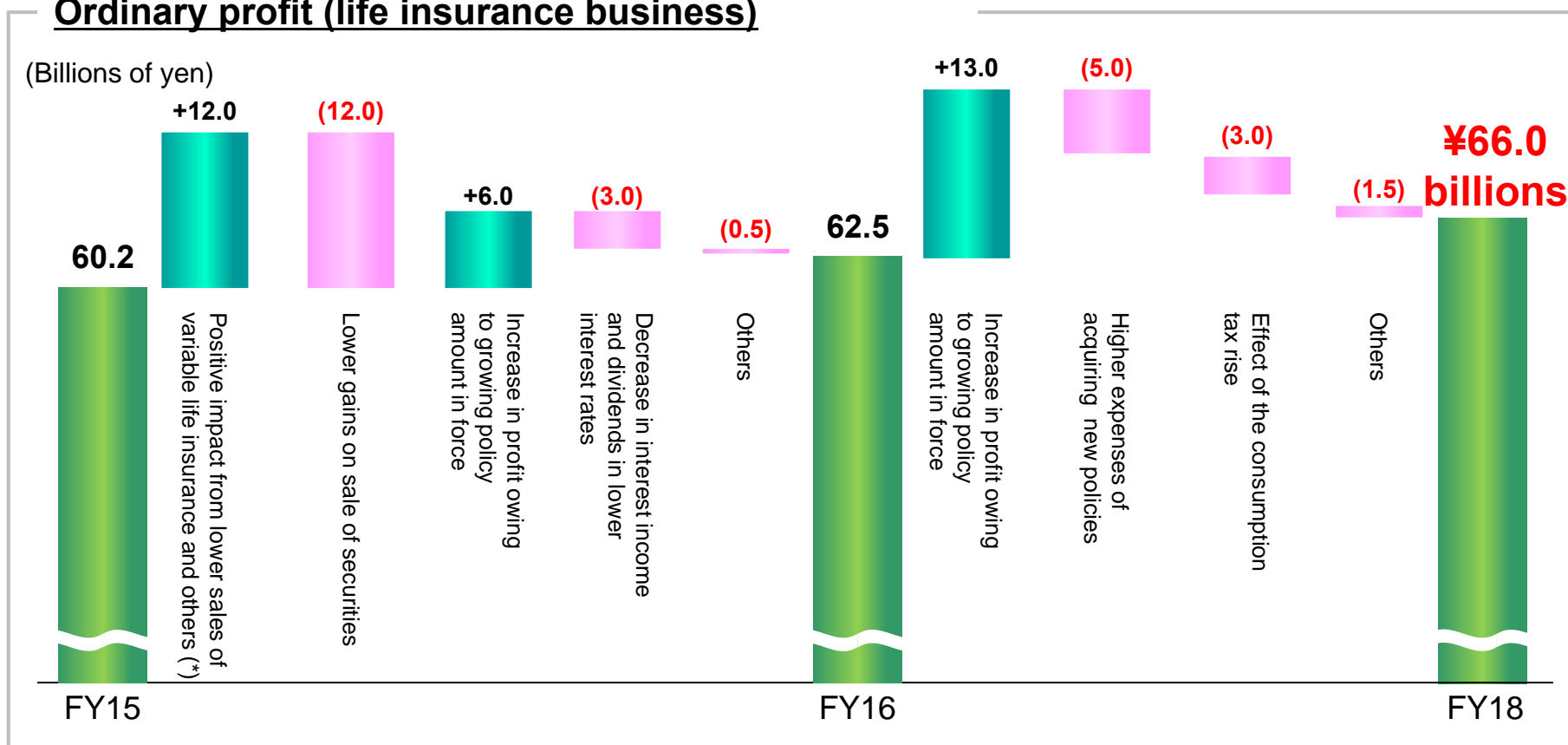
### MCEV

(Billions of yen)



Despite the effects of the lower interest rates, aim for profit growth through expanding the scale of policies in force

### Ordinary profit (life insurance business)



\*Including changes in provision of policy reserves for minimum guarantees for valuable life insurance and gains (losses) on hedges of variable life insurance, and changes in product mix for new policies and others.

The ordinary profit forecast for FY18 does not reflect the effect of a revision in the discount rate used for calculating policy reserves that is scheduled for April 2017.

**Ensure steadily growing profit by expanding business volume, even in the ultralow interest rate environment**

	FY15		FY18
<b>Policy amount in force</b>	<b>¥43.1 trillion</b>	CAGR approx. 5%	<b>Over ¥49 trillion</b>
<b>Number of Lifeplanners</b> <small>(Note1)</small>	<b>4,612</b>	Increase approx. 600	<b>Over 5,200</b>
<b>MCEV</b> <small>(Note2)</small>	<b>¥1.0 trillion</b>	ROEV4-5%	<b>Over ¥1.1 trillion</b>
<b>Ordinary profit</b> <small>(Note2)</small> (Life insurance business)	<b>¥60.2 billion</b>	CAGR approx. 3%	<b>¥66.0 billion</b>

(Note1) The figure includes the number of contracted Lifeplanner sales employees and those rehired on a fixed-term contract basis after retirement.

(Note2) MCEV is calculated based on the calculation method used as of Mar. 31, 2016 (not reflecting UFR) and market assumptions are as of the end of March, 2016 for FY18 target.

The ordinary profit forecast for FY18 does not reflect the effect of a revision in the discount rate used for calculating policy reserves that is scheduled for April 2017.

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# Sony Assurance

## Key Messages: Initiatives Toward Growth

### Ensure sound profitability

- Three consecutive years of record profits, with solid operating performance in FY15
- By thoroughly controlling the loss ratio and operating costs, continue to steadily increase profits during the period of the medium-term plan

### Sustain growth and enhance customer experience in automobile insurance

- Firmly maintain a leading position in the direct automobile insurance market
- Provide progressive and unique products, and sustain growth by enhancing the customer experience through customer contact points

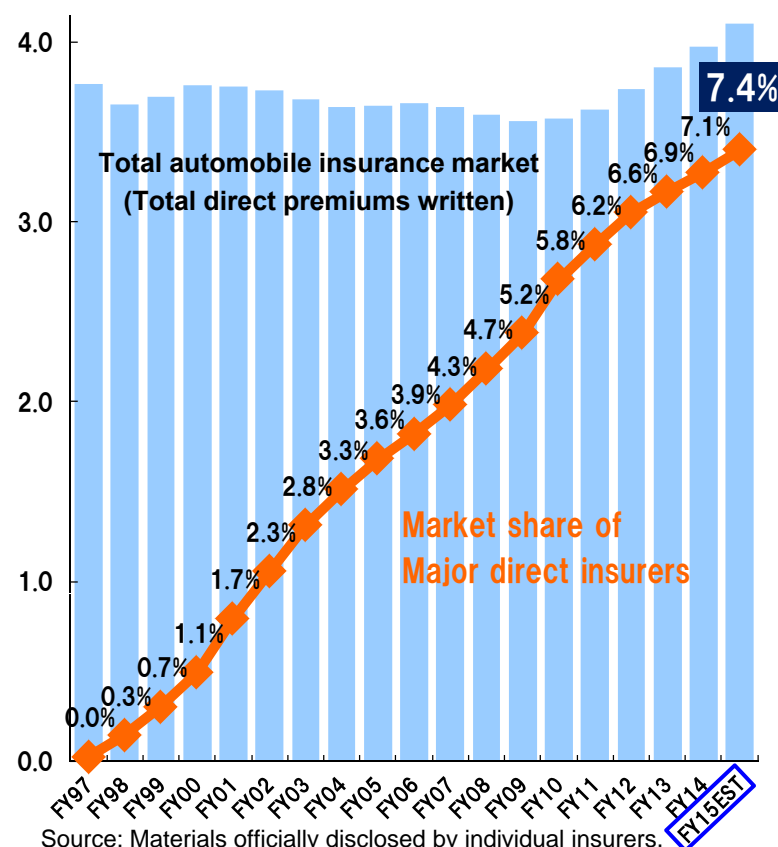
### Expand business categories outside automobile insurance

- To ensure stable, long-term earnings, expand business categories outside automobile insurance, moving away from a structure heavily concentrated on automobiles
- Introduce new products in the medical insurance, and promote developing other categories

Maintain an overwhelmingly leading position  
in the growing direct automobile insurance market

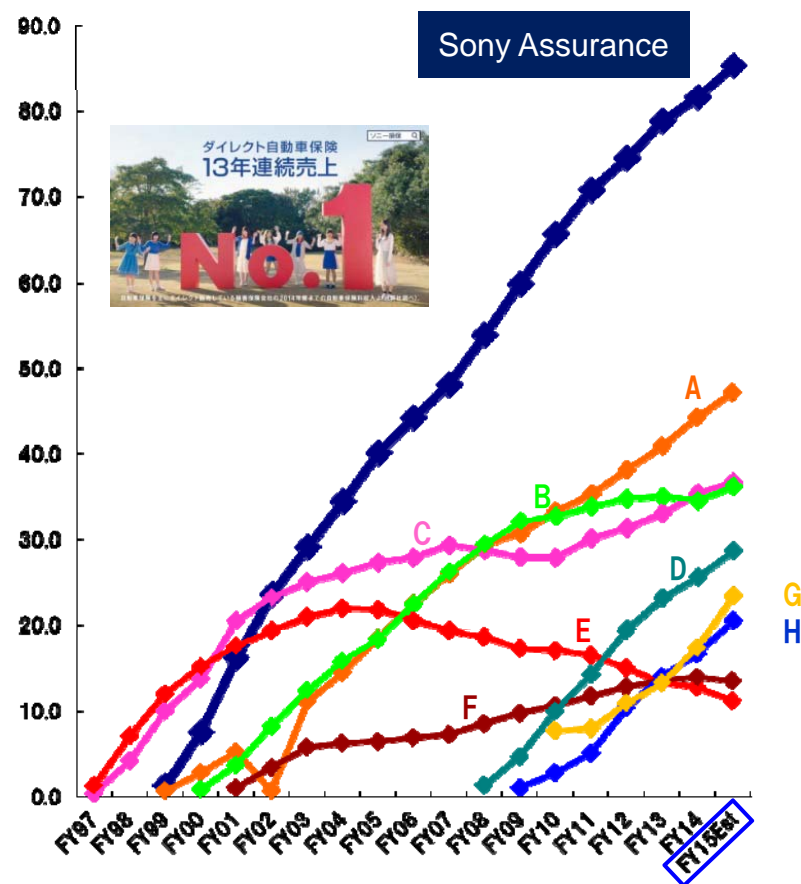
Automobile insurance market and market  
share of major direct non-life insurers

(Trillions of yen)



Direct premiums written by major direct  
Insurers (Automobile insurance)

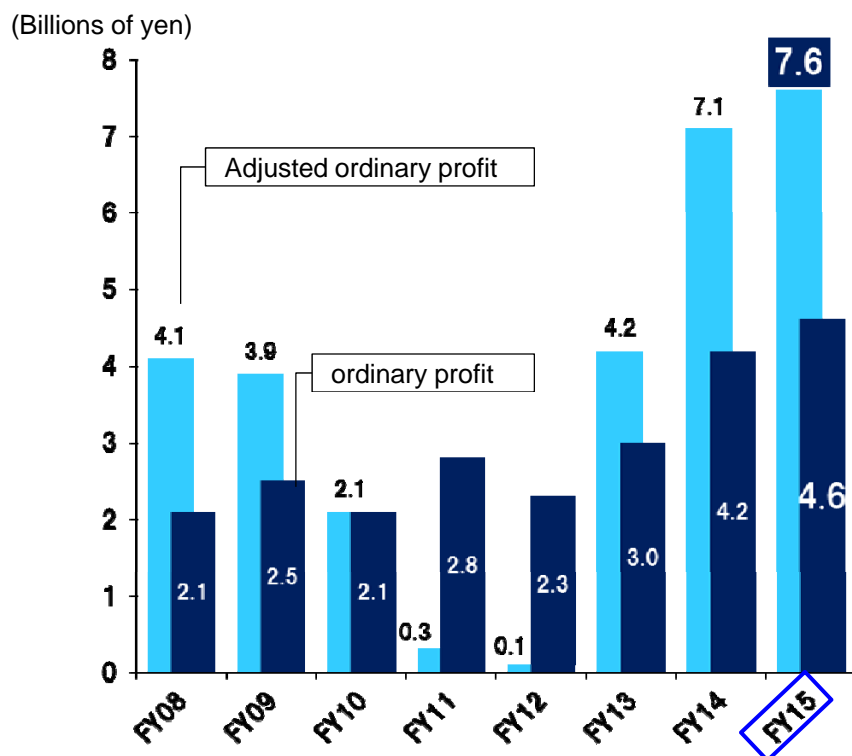
(Billions of yen)



## Ensuring Sound Profitability

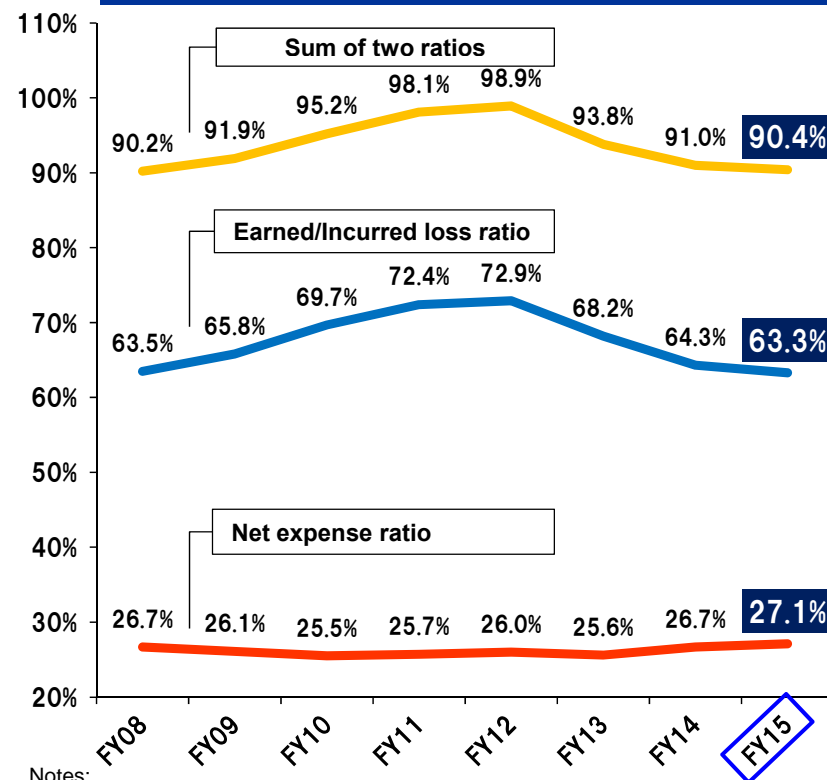
- Reached record high in profits in FY15 due to higher revenues and a decline in the loss ratio
- By controlling the loss ratio and reducing operating costs, continue to further increase profits during the period of the medium-term plan.

Trend of ordinary profit and adjusted ordinary profit



Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve

Trend of Earned/Incurred loss ratio, net expense ratio and Sum of two ratios



Notes:

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

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

Sum of two ratios = Earned/Incurred loss ratio + Net expense ratio

**Sustain growth by reinforcing product strength in mainstay automobile insurance and enhancing the customer experience**

**Firmly maintain a leading position and favorable profitability in the direct market**

➤ **Further enhance customer retention by maximizing customer satisfaction**

- FY15: Increased the retention rate through NPS utilization and companywide deployment of enhancing the customer experience
- Further reinforce retention capabilities by offering high-value-added services during the accident response, at the call center and via the website

➤ **Continue to be a front-runner in PHYD-type\* products and telematics**

- Gentle Driving Cash-Back Plan ⇒ Measured reduction of approx. 30% in accident rates, compared with conventional products
- Based on our lead in knowledge compared with other companies, promote developing higher-value-added telematics products



➤ **Continue proactive direct marketing, and expand the independent agent channel**

- From our accumulation of proprietary expertise in direct marketing, continue to invest proactively in marketing, particularly via TV and Internet
- Concentrate on expanding the independent agent channel, centering on face-to-face sales via shops and Lifeplanner sales employees

➤ **Ensure favorable profitability by reducing the expense ratio, and reinforce price competitiveness**

- Promote reducing the expense ratio through operational efficiency and BPR measures, mainly in the major cost areas

\*PHYD-type (Pay How You Drive)



# Maximizing Customer Value and Enhancing the Customer Experience as the Source of the Company's Growth

Focus on reinforcing customer retention capabilities through initiatives aimed at augmenting service quality  
Enhance the customer experience through customer contact points through the companywide deployment of improvement activities utilizing NPS



## Accident response service

- Pursue accident response speed and satisfactory response, clearly communicating to customers details about response plans and progress reporting
- Business process reengineering in Sony Assurance's respective specialized fields  
⇒ Reform operations by improving their quality and efficiency



## Customer service

- Reinforce incoming telephone response capabilities and improve response quality
  - Establish system of three call centers, in Sapporo, Tokyo and Kumamoto
  - Increase nighttime and holiday hours of operation, and set up response desks to meet customer needs
  - Introduce leading-edge technologies for customer response and operations management



## Web/smartphone service

- Expand services targeting smartphone users, which show a remarkable increase
  - Improve UI to optimize website for smartphone use
  - Improve convenience by using smartphones to make procedures paperless
  - Develop and provide various types of unique smartphone apps



## Customer satisfaction surveys in FY15

External rating agencies have ranked Sony Assurance at the top of the industry in customer satisfaction for many years

### ☆ JD Power Automobile Insurance

#### Satisfaction Survey

Overall accident satisfaction **No. 1**  
Policyholder satisfaction **No. 2**  
Call center satisfaction **1/TOP3**

### ☆ JCSI Customer Satisfaction Index

Overall satisfaction for non-life insurance **No. 1**

### ☆ HDI-JAPAN

Total support ranking **Three stars**  
Help desk rating **Three stars**

# Expanding Business Categories Outside Automobile Insurance

To ensure stable, long-term earnings growth, accelerate business by expanding into multiple other categories outside automobile insurance

Appeal to our strengths as a direct provider over the Internet and reasonable prices

## Medical insurance

Strengthen business by launching distinctive new medical products + revising existing products

- Appeal points: easy to understand, simple, reasonable
- Use characteristics of the Internet to make policy procedures more convenient, and provide reasonable pricing
- Expand compensation content and ancillary services



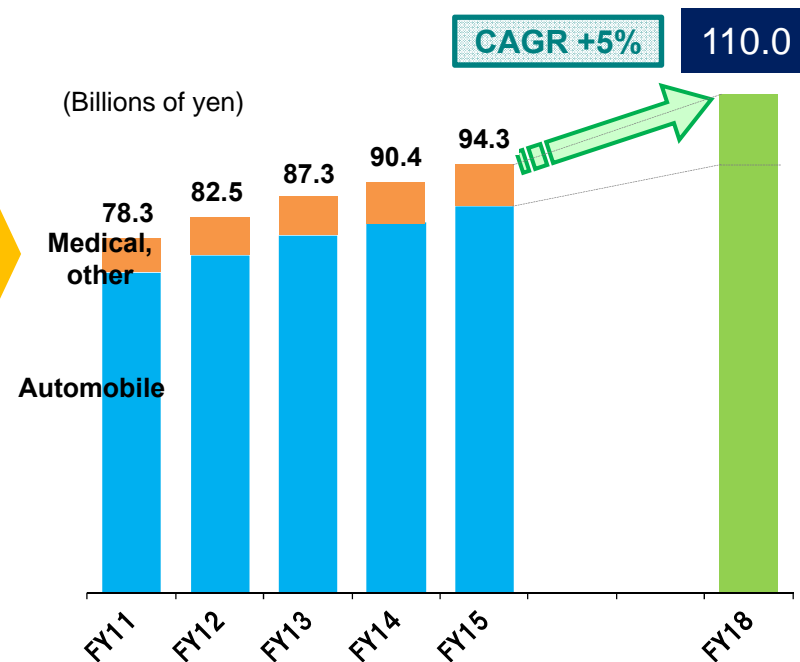
## New categories

Launch products that will become third and fourth pillars of business

- Augment product uniqueness and proprietary compensation
- Use Internet/direct to pursue reasonable pricing and customer convenience
- Increase cross-selling of different categories of products, including automobile and medical

## Direct premiums written

In addition to ongoing growth in automobile insurance, increase percentage of medical and new categories of insurance



Maintain steady growth by exceeding ¥100 billion in direct premiums written during the medium-term business plan.

Continue raising profit by keeping and improving solid earnings structure

	FY15		FY18
Direct premiums written	¥94.3 billion	CAGR +5%	Approx. ¥110.0 billion
Net Expense ratio	27.1%	Sum of two ratios Decrease	Sum of two ratios 90% range
E. I. loss ratio (*1)	63.3%		
Sum of two ratios	90.4%		
Ordinary profit	¥4.6 billion	CAGR +4%	¥5.2 billion
Adjusted ordinary profit (*2)	¥7.6 billion	CAGR +4%	¥8.7 billion
Adjusted ROE	13.3%	Remain at a high level	13%

\* 1 For all types of policies and including loss adjustment expenses.

\* 2 Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve

# Sony Bank

## Key Messages: Initiatives Toward Growth

### Strengthen strategic products

- Establish a solid market position as the “Foreign Currency Specialist”
- Reinforce the realtor sales channel and improve product characteristics to further expand mortgage loans

### Expand the customer base

- Expand preferential services with Sony Bank WALLET as a hub
- Provide products and services targeting asset investment (wealthy) stratum

### Enhance customer response capabilities

- Enhance customer response capabilities, using “people” and “IT”, in dealing with changes in awareness of “independent individuals”

Retail balance has been increasing steadily leveraged by high customer satisfaction. By the end of FY18, increase retail balance to over ¥4 trillion, up approx. ¥1 trillion from the end of FY15.

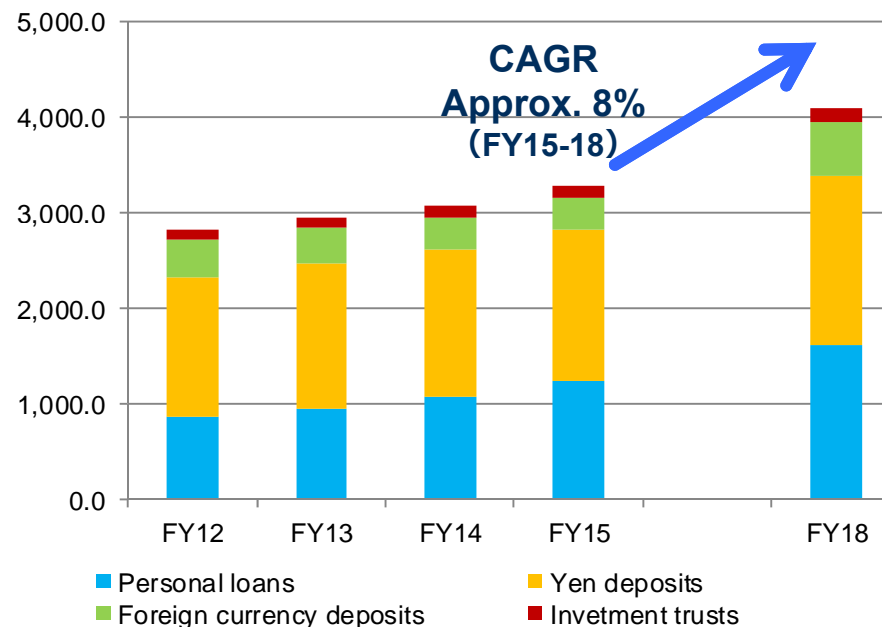
	Awards	
	<b>Nikkei's financial institution customer satisfaction rankings</b> <b>Ranked 1st*</b>	
	<b>HDI-Japan (Help desk Institute) Inquiry desks rankings</b> <b>Five-star rating for the third consecutive years</b>	
	<b>HDI-Japan (Help desk Institute) Web Support portals rankings</b> <b>Five-star rating for the third consecutive years</b>	

\*Nikkei Veritas  
Announced in January 31, 2016

## Retail balance

[Sum of deposits, investment trusts and personal loan balance]

(Billions of yen)



Sony Bank has been recognized as the “Foreign Currency Specialist” once again after the launch of Sony Bank WALLET. Establish a solid market position by continuously working on the development of foreign currency products and services.

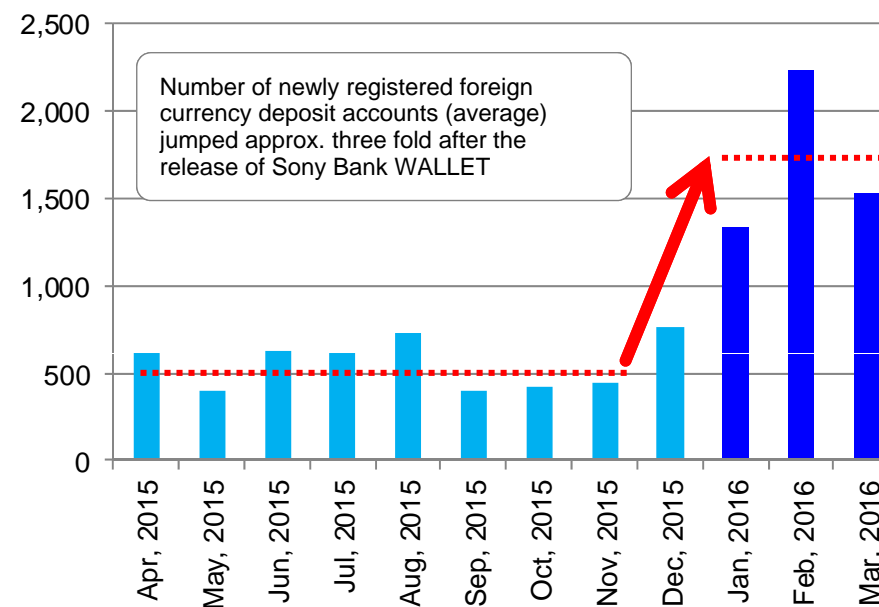
January 2016

**Sony Bank WALLET launched!**



Number of newly registered foreign currency deposit accounts in FY15

(Number)



June 2015

- Renewed Foreign Exchange Margin Trading (FX) service
  - Increase of currency pairs, Adding new features such as direct-login

March 2016

- Upgraded the preferential services for foreign currency deposit business (phase 1)

April 2016

- Launched “Sony Bank WALLET app” for Android device users.

Future plans

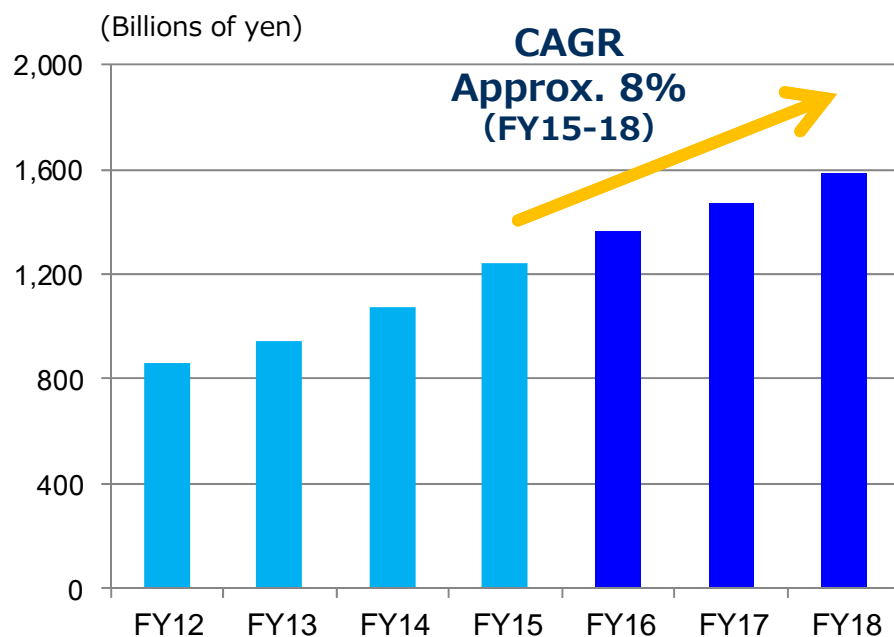
- Expand a lineup of foreign currency-denominated investment products (e.g. foreign currency-denominated investment trusts)
- Upgrade the preferential services for foreign currency deposit business (phase 2), etc.

## Expanding Mortgage Loan Balance

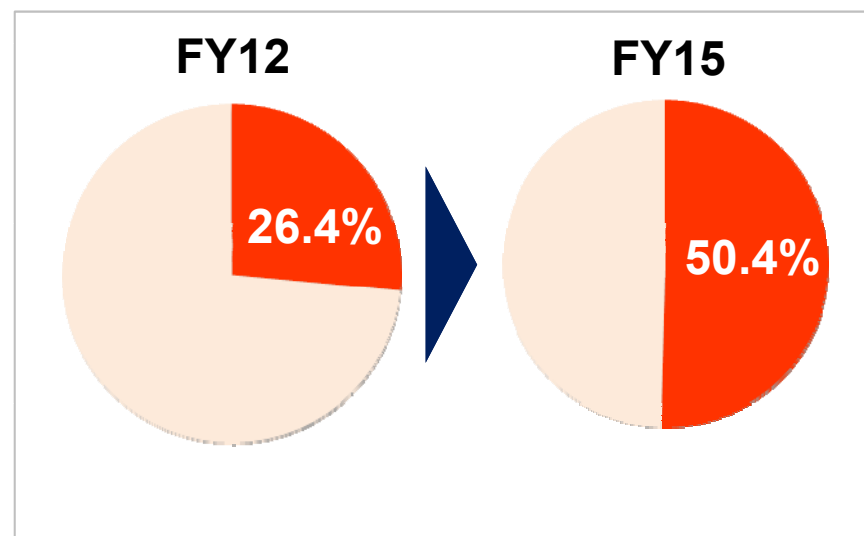
Steadily expanded mortgage loan balance by strengthening alliances with realtors and increasing the number of alliance partners.

Aim to expand mortgage loan balance further by product renewals and improved service quality.

### Trend of mortgage loan balance



### Percentage of new mortgage loan amount via the realtor sales channel



■ Percentage of new mortgage loan amount via the realtor sales channel

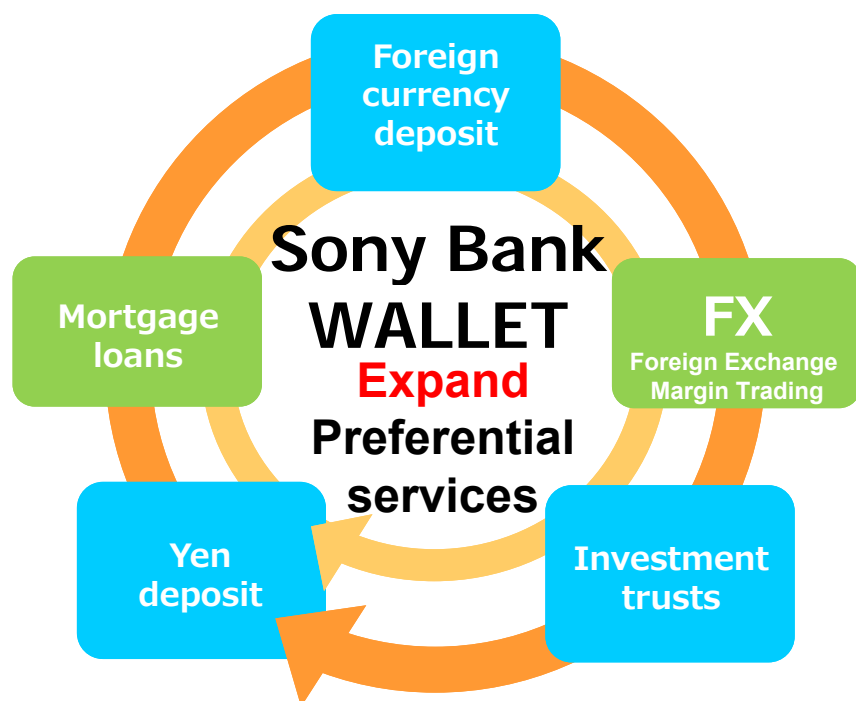


# Expanding the Client Base

Cultivate relationships with customers by expanding preferential services with Sony Bank WALLET as a hub.

Target asset investment (wealthy) stratum, after the launch of new card loan service for asset building stratum.

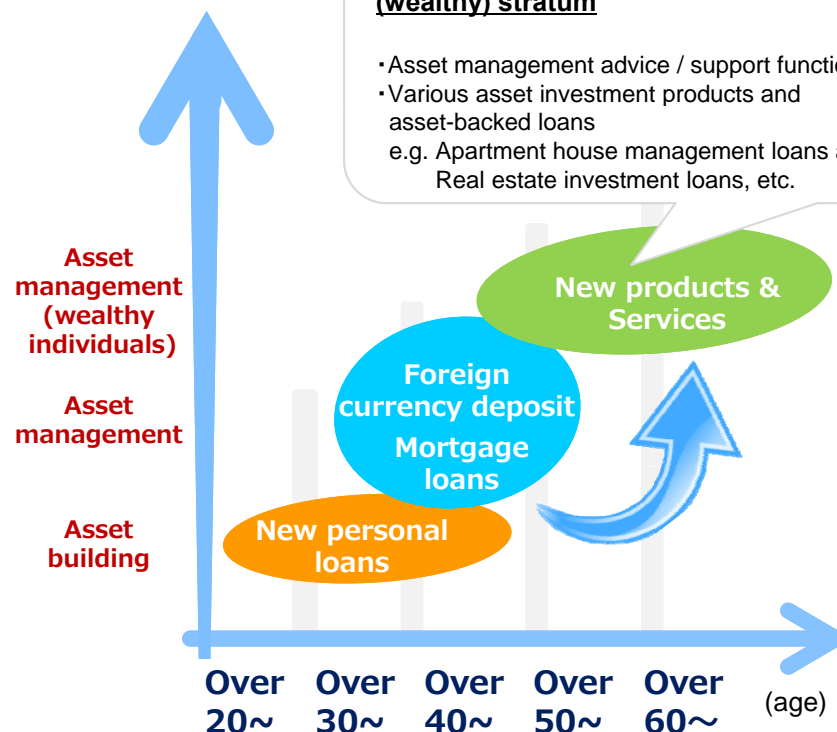
## Cross-selling with “Sony Bank WALLET” as a hub



## Approach to new customer segments

### Products & Services for asset investment (wealthy) stratum

- Asset management advice / support function
- Various asset investment products and asset-backed loans  
e.g. Apartment house management loans and Real estate investment loans, etc.



Enhance customer response capabilities, using people and IT, in dealing with changes in awareness of “independent individuals”

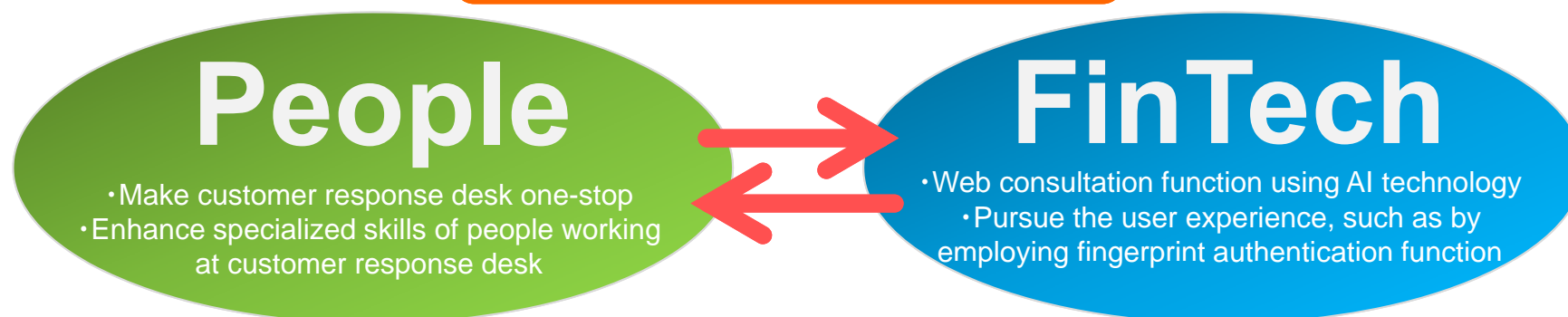
Changes in Sony Bank’s targeted  
“Independent Individual” customers

People who obtain necessary information themselves, and think and make decisions independently



People who obtain necessary information themselves, and think and make decisions independently, referring to specialist opinions and advice.

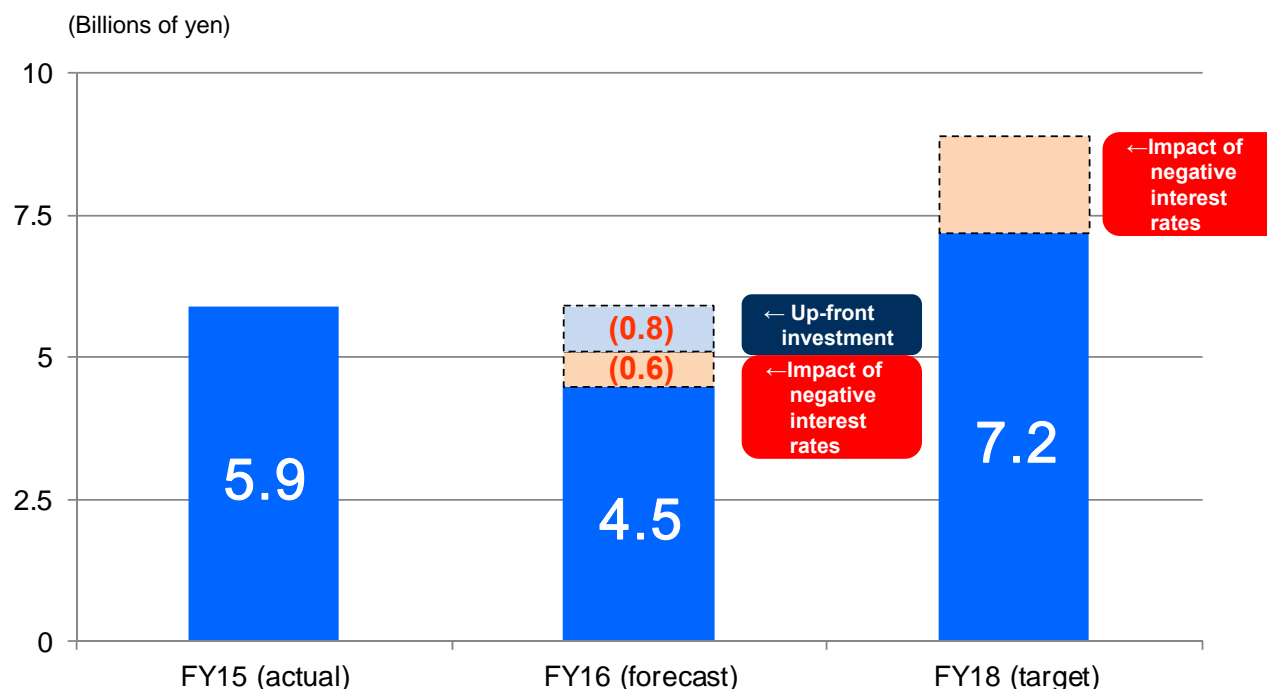
Seamless customer response  
utilizing people and IT



## Impact of Negative Interest Rate

- Ordinary profit for FY16 is expected to decrease year on year due to the BOJ's introduction of negative interest rates and an increase in up-front expenses incurred by investment on measures to expand the customer base. (e.g. marketing costs)
- Achieve steady growth in profit over medium term even though assuming the impact of continued negative interest rates.

### Ordinary profit

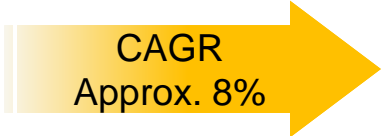
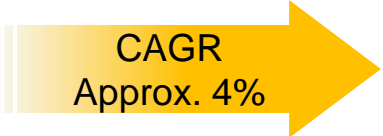
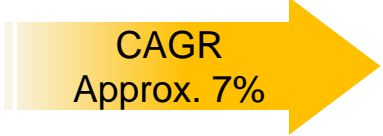
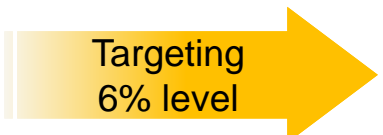


### Sustainable growth

- 1) Achieve steady growth in profit even though assuming the impact of negative interest rates by
  - Further strengthen foreign currency deposit business
  - Steadily expand card loan business
- 2) Accelerate profit growth by extending revenue opportunities and by expanding customer base.

## Sony Bank: Medium-term Targets

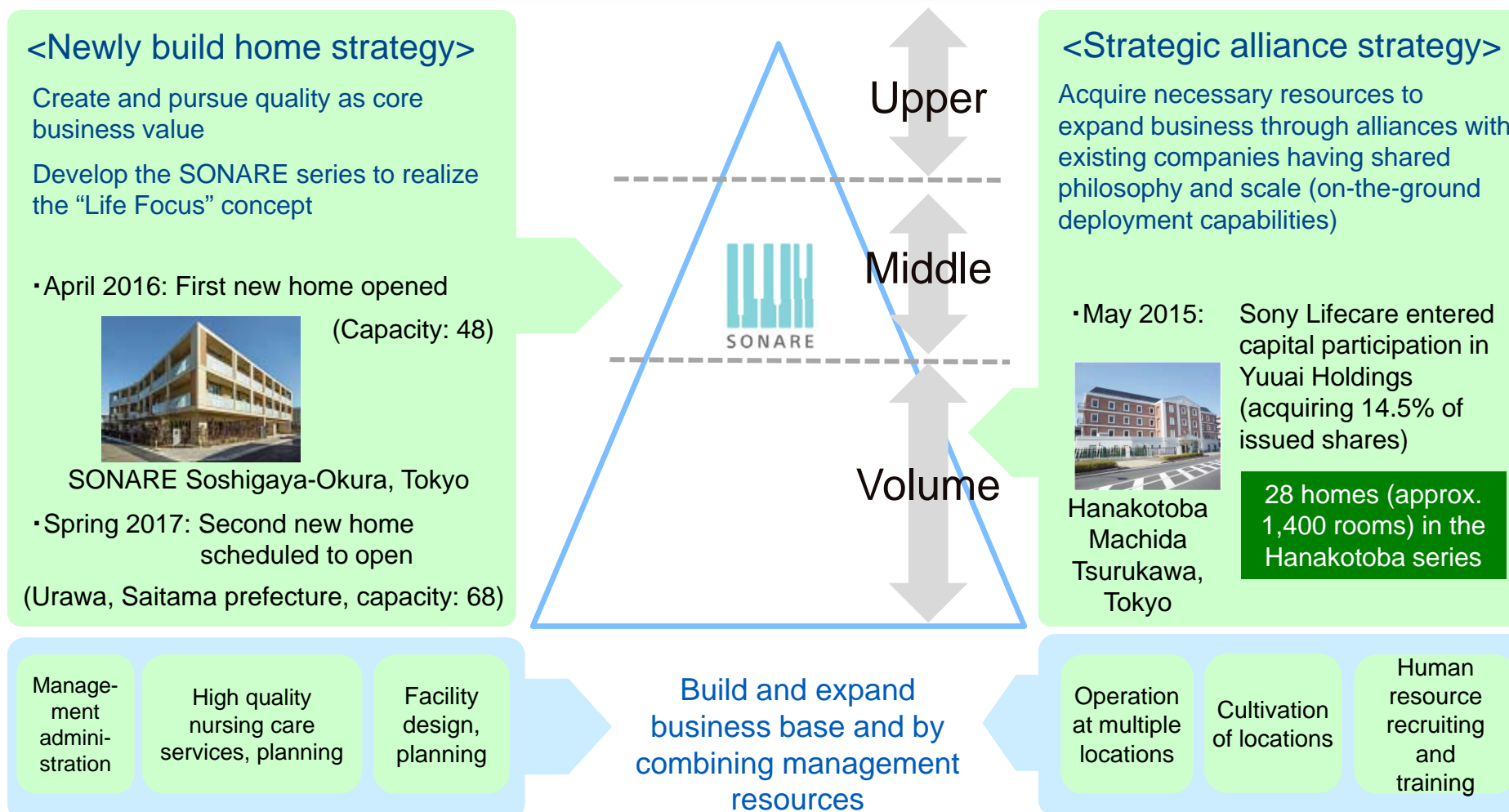
Achieve an expansion of customer base and a more stable revenue stream that cannot be easily swayed by market conditions by offering high-value-added products and services to customers and enhancing ALM

	FY15		FY18
<b>Retail balance</b> [Sum of deposits, investment trusts and personal loan balance]	¥3.2 trillion	 CAGR Approx. 8%	¥4.1 trillion
<b>Gross Operating Profit</b> (Sony Bank consolidated)	¥24.3 billion	 CAGR Approx. 4%	¥27.6 billion
<b>Ordinary Profit</b> (Sony Bank consolidated)	¥5.9 billion	 CAGR Approx. 7%	¥7.2 billion
<b>ROE</b> (Sony Bank consolidated)	5.0%	 Targeting 6% level	Around 6%

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# Nursing Care Business

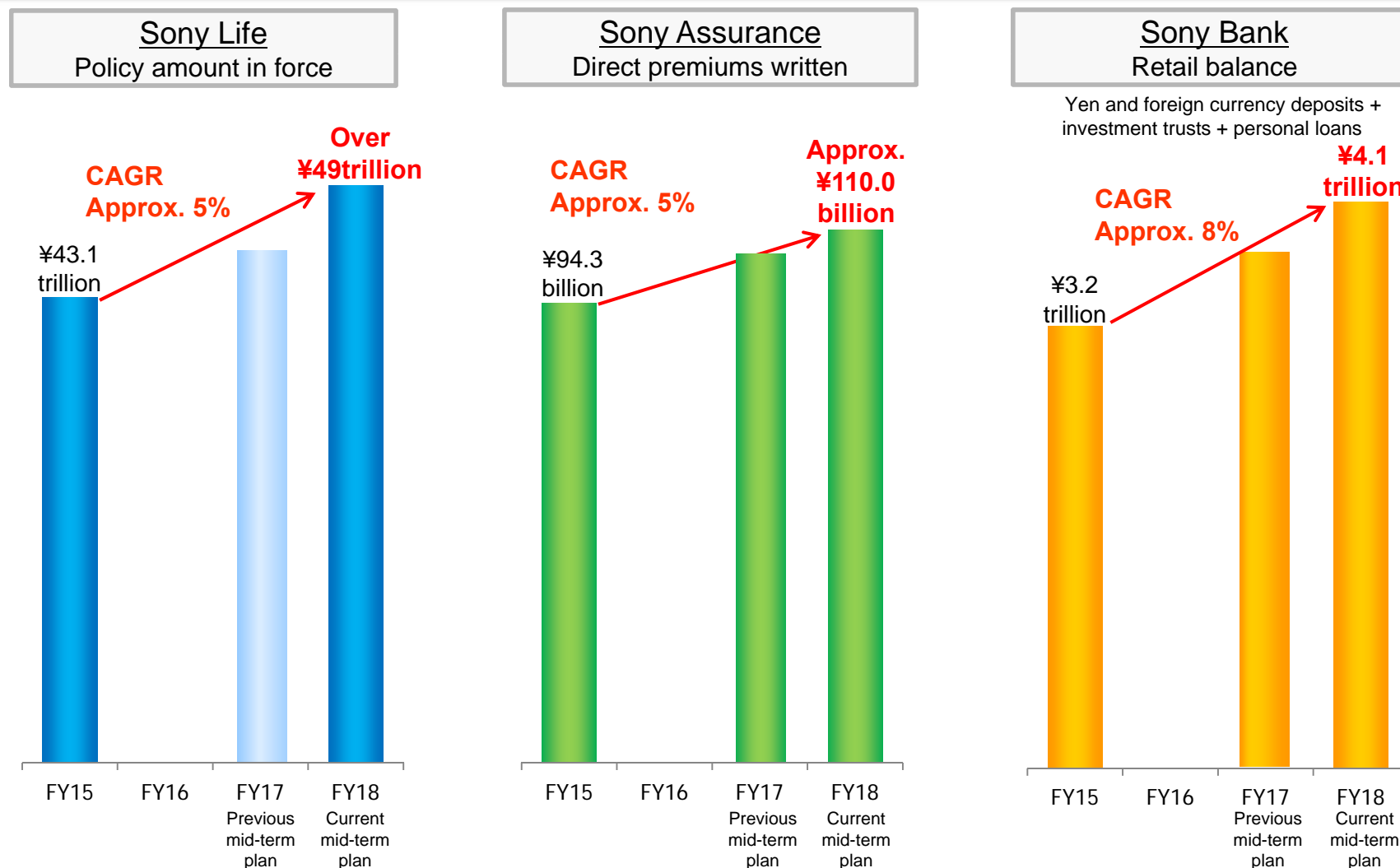
**Create two pillar business base: newly built nursing care homes and strategic alliances**  
**Move to business expansion phase through combination of service quality on new facilities and Yuuai Holdings' on-the-ground deployment capabilities**



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# Sony Financial Group

Maintain top-line growth through the steady expansion of our three core businesses





# Consolidated Ordinary Revenues and Profit

Consolidated ordinary revenues are expected to grow as a result of business expansion. However, consolidated ordinary profit is expected to moderately increase under the ongoing ultralow interest rate environment.

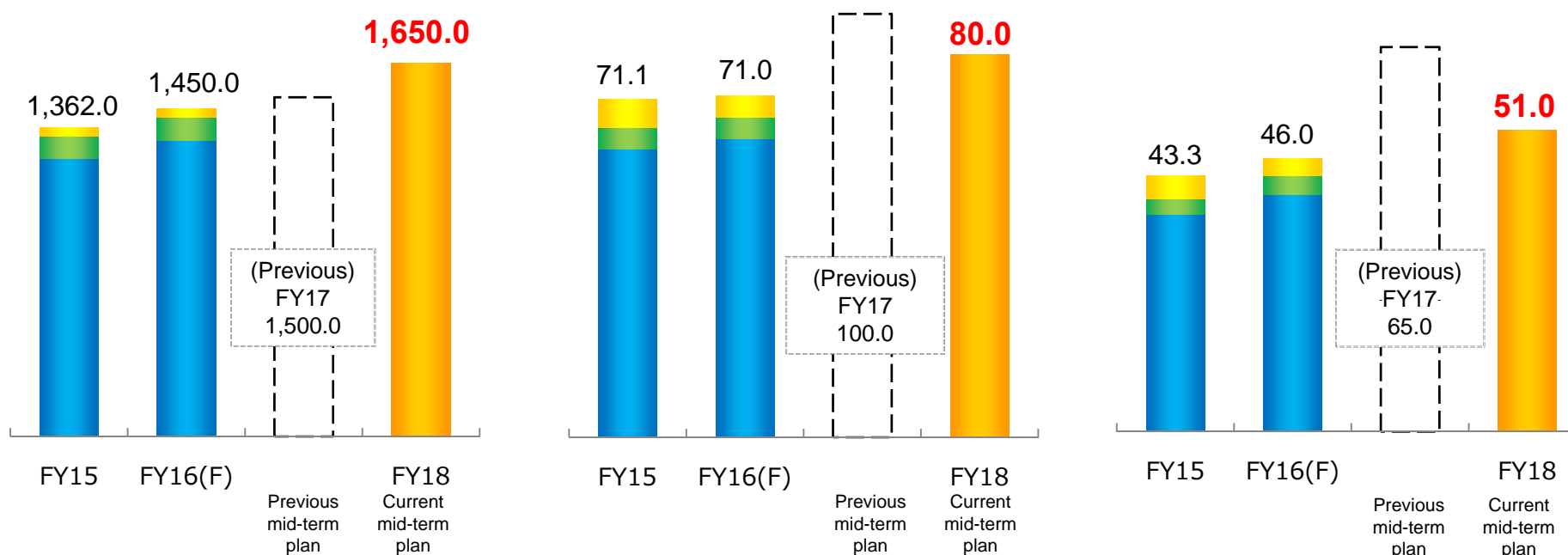
## Consolidated ordinary revenues

## Consolidated ordinary profit

## Profit attributable to owners of parent

(Billions of yen)

Life Insurance business Non-life insurance business Banking business



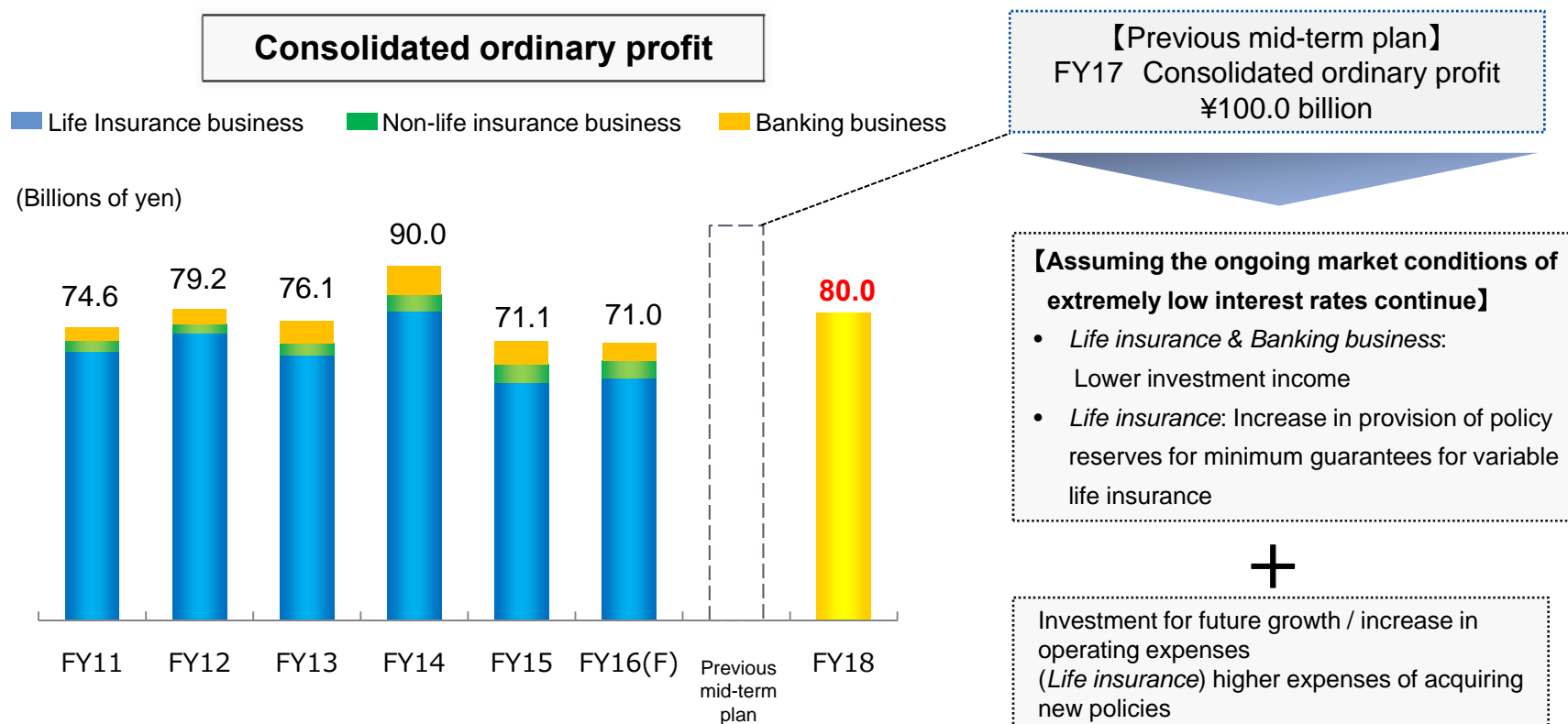
\* Assumption for calculating mid-term target figures for FY18

Sony Life: Interest rates as of the end of March 2016, Sony Bank: Please see page 54.

These figures reflect the effects of the consumption tax rise from FY17 but not those of the revision in the discount rate used for calculating policy reserves.

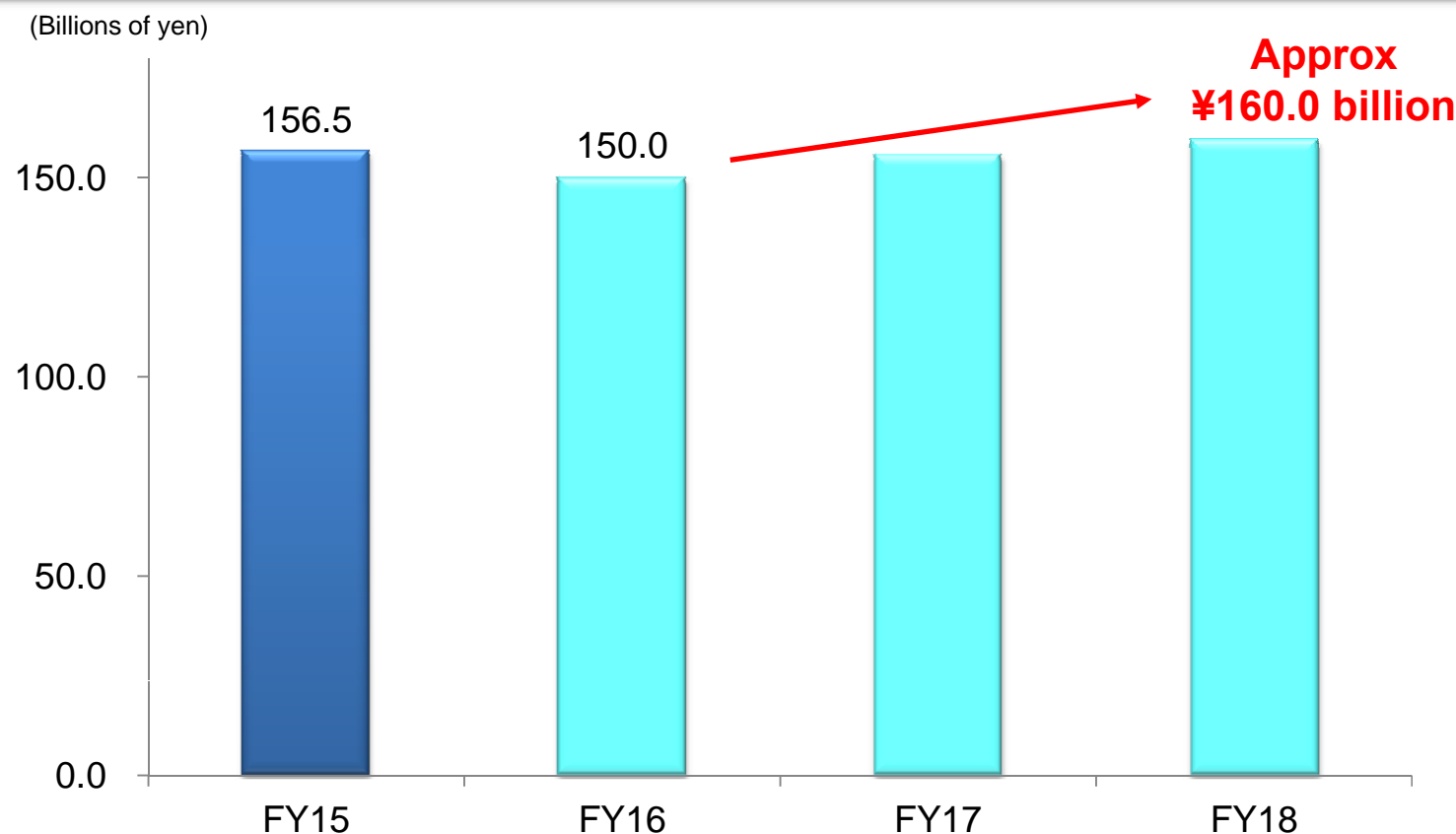
# Revision of the previous medium-term plan (Consolidated Ordinary Profit)

Profit projection is revised downward compared with the previous medium-term plan due to an expected lower investment returns for the life insurance and the banking businesses under the extremely low interest rate environment and an expected higher expenses of acquiring new policies\* in the life insurance business.



\*Increase in initial costs of acquiring new policies, especially a provision of policy reserve for minimum guarantees for variable life insurance




Operating Income under US-GAAP for FY18 is expected to be around ¥160 billion due to a decrease in interest income and dividends and a drop in expected rate of return on investments under the lower interest rate environment.



SFH's parent company, Sony Corporation, presents its consolidated financial statements in accordance with U.S. GAAP. The financial information for the Sony Group's Financial Services segment, which includes the Sony Financial Group, is presented in accordance with U.S. GAAP. Although the Sony Financial Group constitutes the majority of the Sony Group's Financial Services segment, our Group presents its consolidated financial statements in accordance with Japanese GAAP.

Please see page 50 for an explanation of the primary discrepancies and differences in scope between U.S. and Japanese accounting practices.

- ✓ Sony Life's ROEV decreased due to a further decline in interest rates.
- ✓ Consolidated ROE (Japanese GAAP) is expected to recover to around 10% in FY18.

Adjusted ROE	FY11	FY12	FY13	FY14	FY15		FY18
Sony Life: ROEV	14.1%	3.3%	14.9%	9.6%	(20.2%)		4~5%*
core ROEV	7.9%	5.2%	6.0%	5.0%	3.9%		
Sony Assurance: Adjusted ROE	(1.2%)	(0.1%)	9.8%	14.2%	13.3%		13%
Sony Bank (Consolidated): ROE	2.9%	4.3%	4.8%	6.0%	5.0%		Approx. 6%*
Consolidated adjusted ROE	13.1%	3.3%	14.2%	9.5%	(17.8%)		4~5%

Please see page 51 for the formula of adjusted ROE calculation.

\* Assumption for calculating adjusted ROE for FY18

Sony Life: Interest rates as of the end of March 2016; Sony Bank: Please see page 54 for Interest rate assumptions by currency.

Consolidated ROE	FY11	FY12	FY13	FY14	FY15
ROE (J-GAAP)	10.2%	11.5%	9.0%	10.7%	7.8%
ROE (US-GAAP) reference	14.6%	11.1%	11.3%	13.0%	9.0%



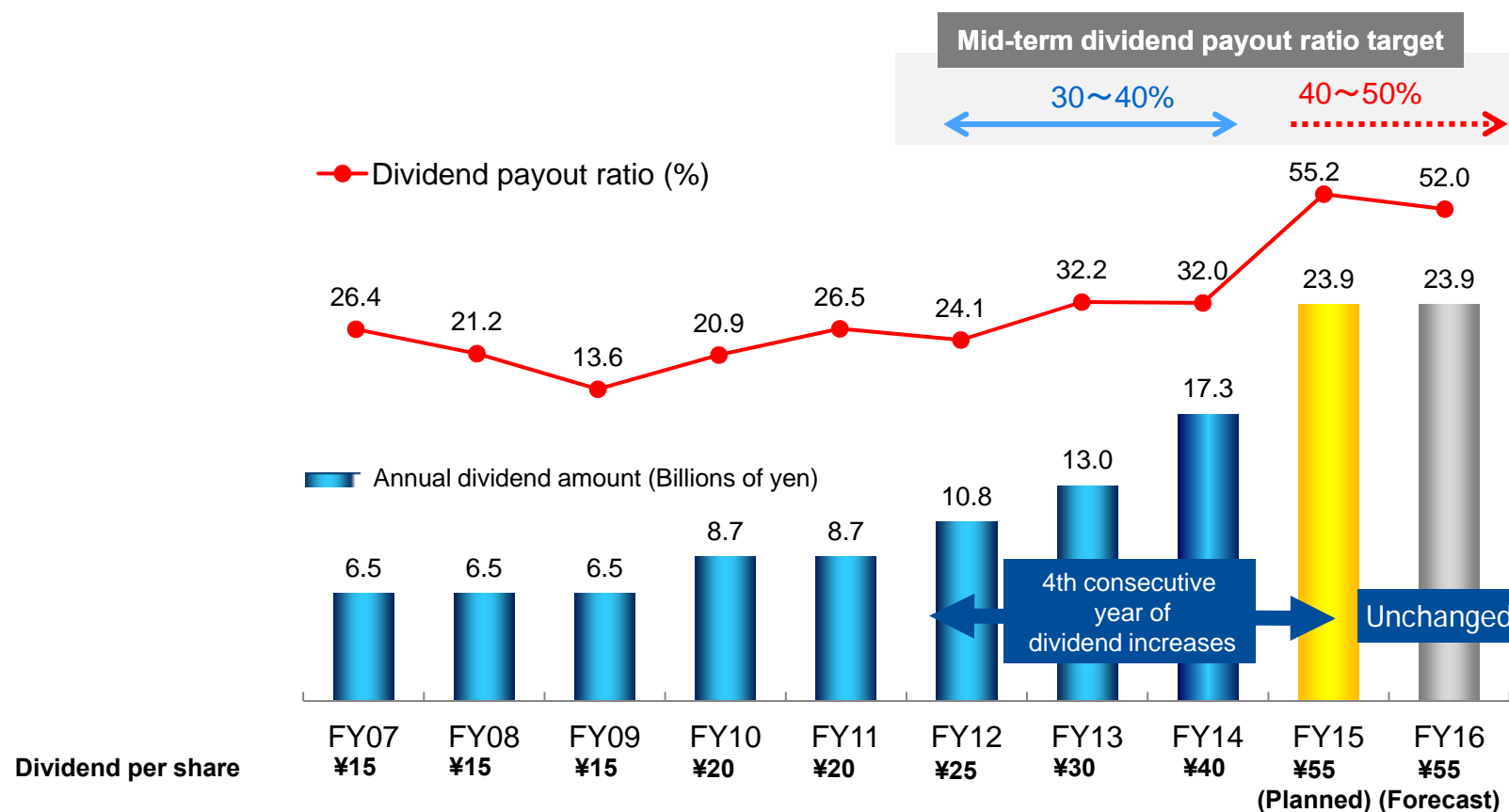
Recover to  
around 10%  
level

ROE (J-GAAP, US-GAAP) = Net income / Average of stockholders' equity (Total net assets minus minority interests)

## Sony Financial Group Shareholder Returns



- Dividends have increased for the four consecutive fiscal years through FY15. Given the business environment, we plan to maintain dividends at the present level in FY16.
- Based on the assumption that we will maintain financial soundness in each of our businesses, We aim for steady increases in dividends in line with earnings growth over the medium to long term.



END

# Appendix

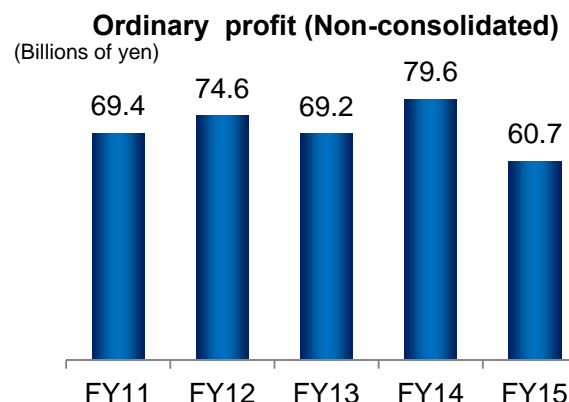
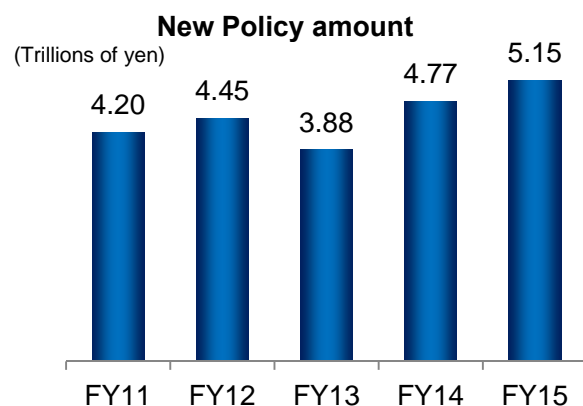
# Sony Financial Group (Reference 1)

## Financial Review for FY15



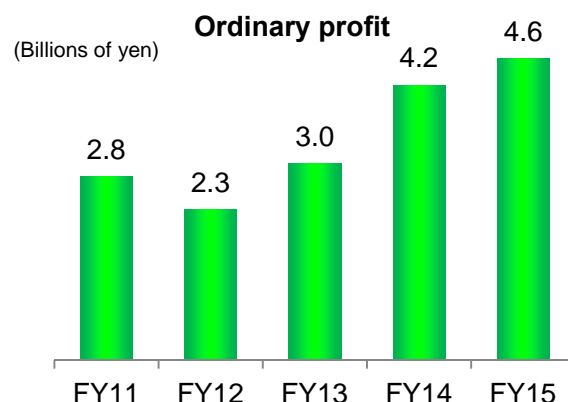
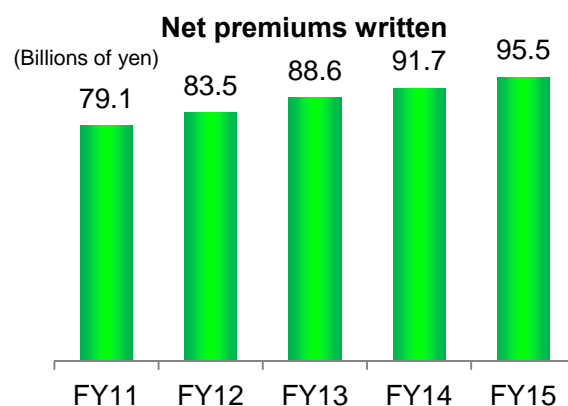
### Sony Life

Sony Life posted a second consecutive year of record high new policy amount in line with the sales promotion of death protection products



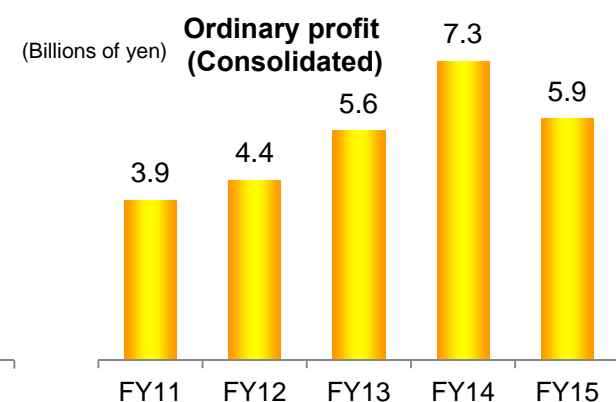
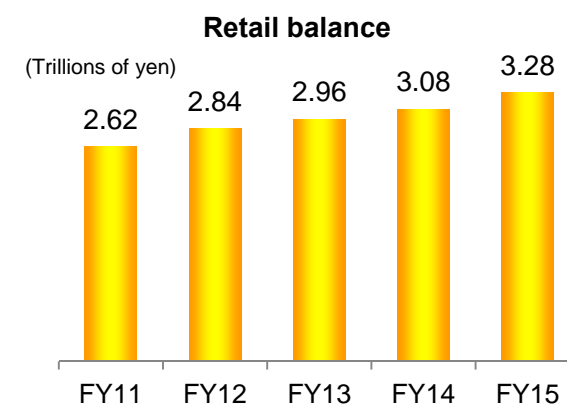
### Sony Assurance

Sony Assurance posted a record high ordinary profit, mainly because of a steady increase in new policies in automobile insurance and an improvement in the loss ratio.



### Sony Bank

Sony Bank's retail balance has been continuously grown. Ordinary profit was down due to a decline in gains on sale of bonds.





## Consolidated Financial Forecast for FY16

**Consolidated ordinary revenues are expected to increase, consolidated ordinary profit is expected to be almost flat, and profit attributable to owners of the parent is expected to increase.**

(Billions of yen)	FY15 (Actual)	FY16 (Forecast)	Change
<b>Consolidated ordinary revenues</b>	1,362.0	<b>1,450.0</b>	+6.5%
Life insurance business	1,230.2	<b>1,309.8</b>	+6.5%
Non-life insurance business	96.9	<b>101.6</b>	+4.8%
Banking business	37.9	<b>37.9</b>	(0.1%)
<b>Consolidated ordinary profit</b>	71.1	<b>71.0</b>	(0.1%)
Life insurance business	60.2	<b>62.5</b>	+3.8%
Non-life insurance business	4.6	<b>4.4</b>	(6.0%)
Banking business	5.9	<b>4.5</b>	(24.9%)
<b>Profit attributable to owners of the parent</b>	43.3	<b>46.0</b>	+6.1%

For FY16, stable and sustainable business growth is expected in all the businesses.

Consolidated ordinary revenues are expected to increase because we anticipate higher revenues in the life insurance business. Consolidated ordinary profit is expected to be almost flat because we anticipate an increase in profit in the life insurance business, offset by a decrease in profit in the banking business. Profit attributable to owners of the parent is expected to increase due to the impact of a reduction in the effective corporate income tax rate for FY16, compared with FY15's negative impact of the reversal of deferred tax assets, accompanied by the cut in corporate income tax.

**<Segment information for ordinary revenues and ordinary profit>**

■ **Life insurance business**

Ordinary revenues are expected to increase year on year because we anticipate stable increases in insurance premium revenues and investment income.

Ordinary profit is expected to increase year on year because we expect a positive impact of a decline in provision of policy reserves for minimum guarantees for variable life insurance to be offset by lower gains on sale of securities.

■ **Non-life insurance business**

Ordinary revenues are expected to increase year on year in line with growth in net premiums written primarily for automobile insurance.

Ordinary profit is expected to decrease year on year because we expect the loss ratio to be higher than the ratio in FY15.

■ **Banking business**

Although we anticipate stable growth in business scale, ordinary revenues are expected to be flat year on year due to lower interest rates associated with the BOJ's introduction of negative interest rates.

Ordinary profit is expected to decrease year on year due to an increase in up-front expenses incurred by investment on measures to expand the customer base over the medium term, in addition to an expected lower interest spread.

## 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. Sony Financial Group's scope of consolidation and that of Sony Group's Financial Services segment are described below.

< Sony Financial Group's scope of consolidation under Japanese 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., Sony Payment Services Inc., and SmartLink Network Hong Kong Limited. It also includes AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method. Sony Payment Services Inc. and SmartLink Network Hong Kong Limited were included in the scope of consolidation from the second quarter of the year ended March 31, 2012 and the fourth quarter of the year ended March 31, 2014, respectively. Sony Bank Securities Inc. and Sony Life Insurance (Philippines) Corporation were out of the scope of consolidation from the second quarter of the year ended March 31, 2013 and the third quarter of the year ended March 31, 2013, respectively and thereafter. Sony Lifecare Inc. and Lifecare Design Inc. are included in the scope of consolidation from the financial forecast for the fiscal year ending March 31, 2017.

<Scope of consolidation of the Sony Group's Financial Services segment under U.S. GAAP>

Sony Group's Financial Services segment includes Sony Financial Holdings Inc., Sony Life Insurance Co. Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Bank Securities Inc., Sony Payment Services Inc., SmartLink Network Hong Kong Limited and Sony Finance International, Inc. as consolidated subsidiaries. It also includes AEGON Sony Life Insurance Co., Ltd., SA Reinsurance Ltd., and SFI Leasing Company, Limited as affiliated companies accounted for under the equity method. However, from the fiscal year ended March 31, 2013, Sony Finance International, Inc., and the equity results of SFI Leasing Company, Limited, are not included in the Sony Group's Financial Services segment. Sony Bank Securities Inc. was out of the scope of consolidation from the second quarter of the year ended March 31, 2013 and thereafter. Sony Lifecare Inc. and Lifecare Design Inc. are included in the scope of consolidation from the financial forecast for the fiscal year ending March 31, 2017.

\*SmartLink Network, Inc. changed its corporate name to Sony Payment Services Inc. on April 1, 2015.

SFH announced [Reference Disclosure] Key Performance Figures Based on U.S. GAAP on Apr. 28, 2016. Please refer the announcement.  
[http://www.sonyfh.co.jp/en/financial\\_info/results/sfh\\_fy2015\\_4q\\_02.pdf](http://www.sonyfh.co.jp/en/financial_info/results/sfh_fy2015_4q_02.pdf)

## Sony Financial Group (Reference 4)

# Definition of Adjusted ROE

### Calculation of Adjusted ROE

Since each company of Sony Financial Group differs by industry such as insurance and banking, each group company calculate its “Adjusted ROE” based on adjusted profit and adjusted capital to realize its corporate value and capital efficiency.

Sony Financial Group					
	Sony Life ROEV		Sony Assurance Adjusted ROE		Sony Bank ROE
<b>Numerator (Adjusted profit)</b>	The amount of increase in Embedded Value (EV) during the fiscal year plus dividends paid (1)	+	Net income plus provision amount for catastrophe reserve and its provision amount for reserve for price fluctuations, in each case after taxes (2)	+	Profit attributable to owners of the parent (3)
<b>Denominator (Adjusted capital)</b>	EV as of the beginning of the fiscal year less dividends paid plus EV as of the end of the fiscal year, divided by two. (4)	+	The average amount of net assets plus the sum of catastrophe reserve and its reserve for price fluctuations during the fiscal year, in each case after taxes (5)	+	The average amount of net assets during the fiscal year (6)

\* **Consolidated Adjusted ROE**= Consolidated Adjusted Profit divided by Consolidated Adjusted Capital

Consolidated Adjusted Profit = (1)+(2)+(3)

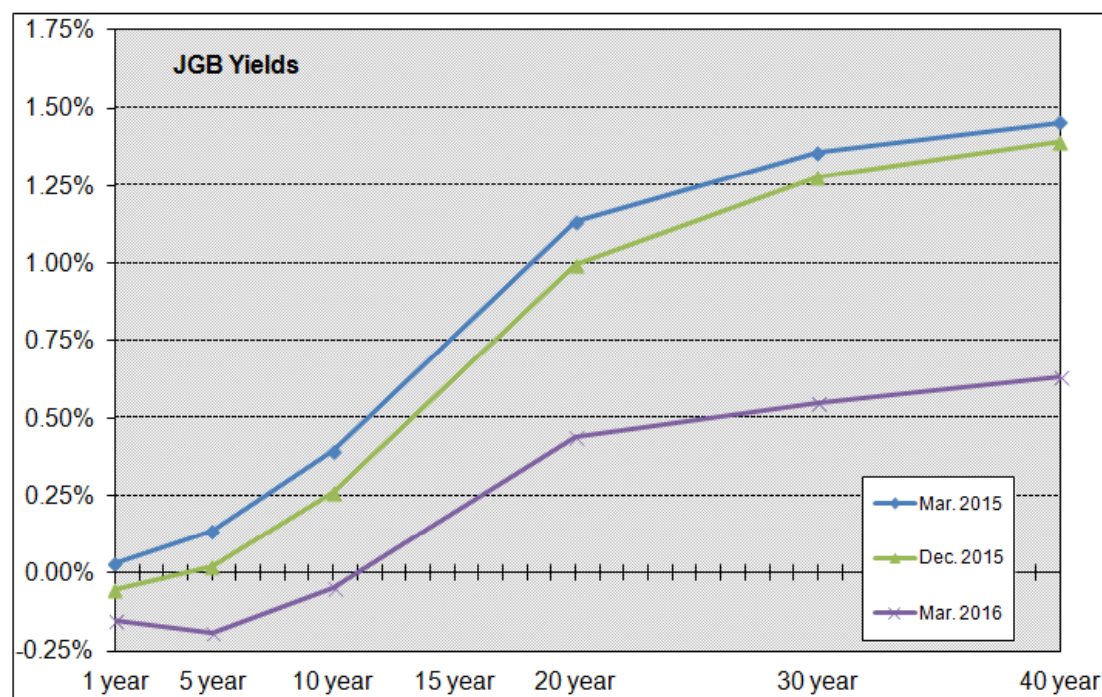
Consolidated Adjusted Capital = (4)+(5)+(6)

\* **Sony Life's Core ROEV**= Calculated by excluding impact of environmental changes such as interest rate fluctuations.

Numerator : New business value plus expected existing business contribution (risk-free-rate)

Denominator : EV as of the end of the fiscal year less dividends paid plus EV as of the end of the fiscal year, divided by two

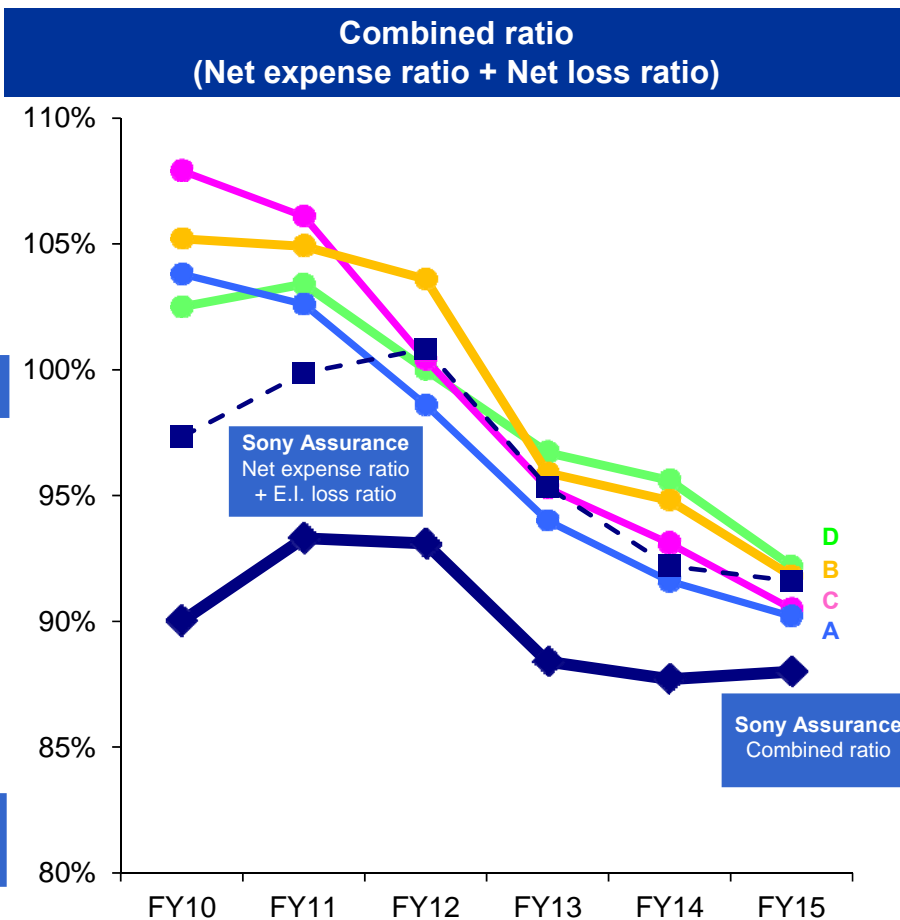
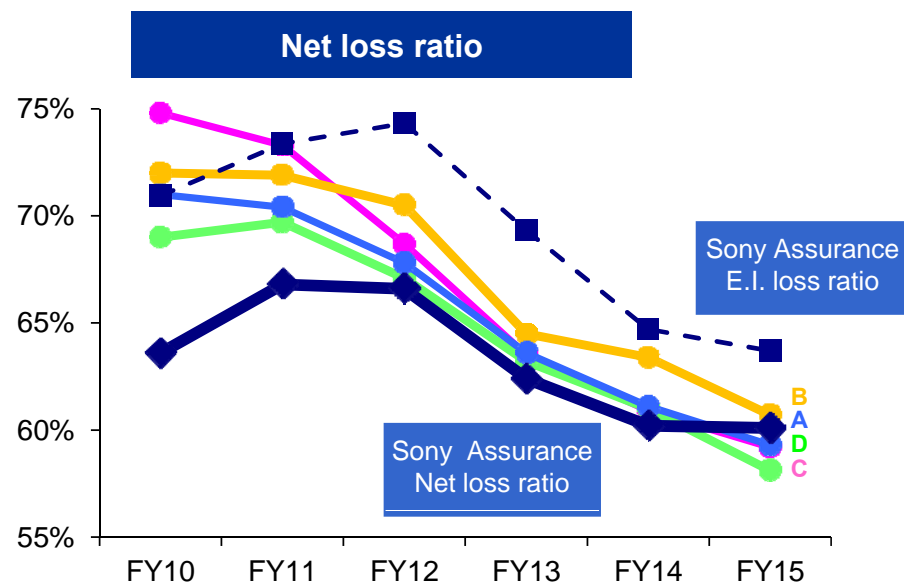
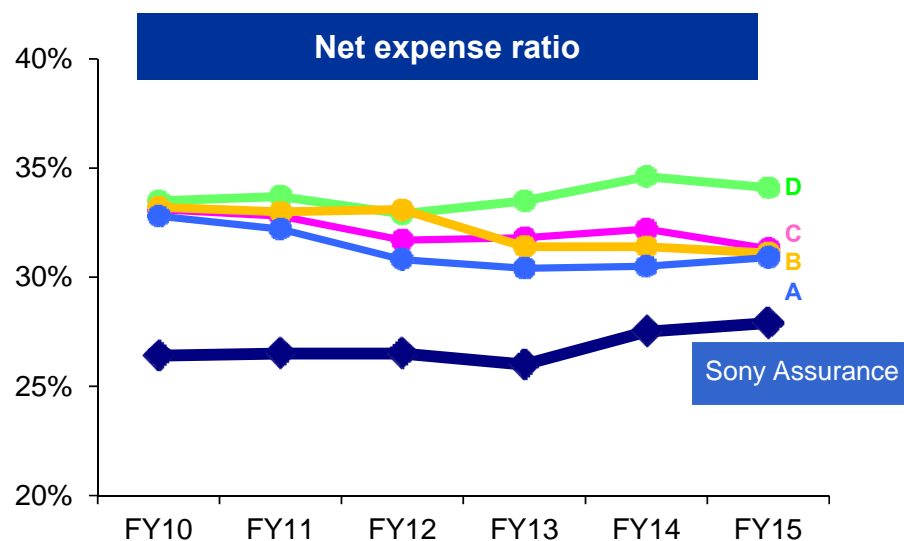
## Sony Life (Reference 5) JGB Yields



As of the end of each month

JGB yields	Mar. 2015	Dec. 2015	Mar. 2016	Mar. 2015 →Mar. 2016	Dec. 2015 →Mar. 2016
1 year	0.03%	(0.05%)	(0.15%)	(0.19%)	(0.10%)
5 year	0.13%	0.02%	(0.19%)	(0.32%)	(0.21%)
10 year	0.40%	0.26%	(0.05%)	(0.44%)	(0.31%)
20 year	1.14%	1.00%	0.44%	(0.69%)	(0.55%)
30 year	1.36%	1.28%	0.55%	(0.81%)	(0.73%)
40 year	1.46%	1.39%	0.63%	(0.82%)	(0.76%)

## Sony Assurance (Reference 6) Automobile Insurance



Notes: Sony Assurance  
 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.]  
 Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written  
 Net expense ratio = Expenses related to underwriting / Net premiums written

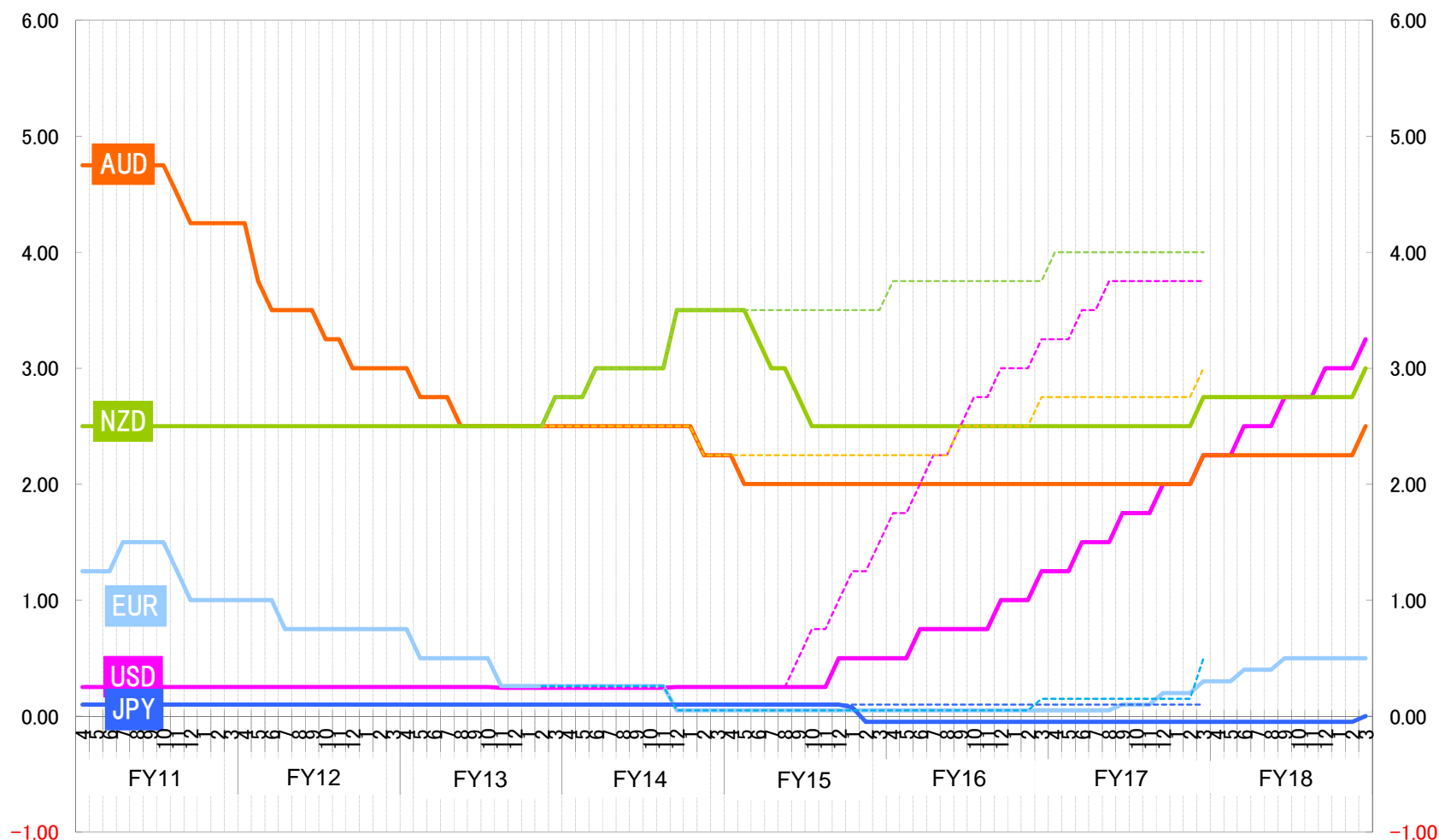
Source: Disclosure from each insurer

# Interest Rate Assumptions by Currency

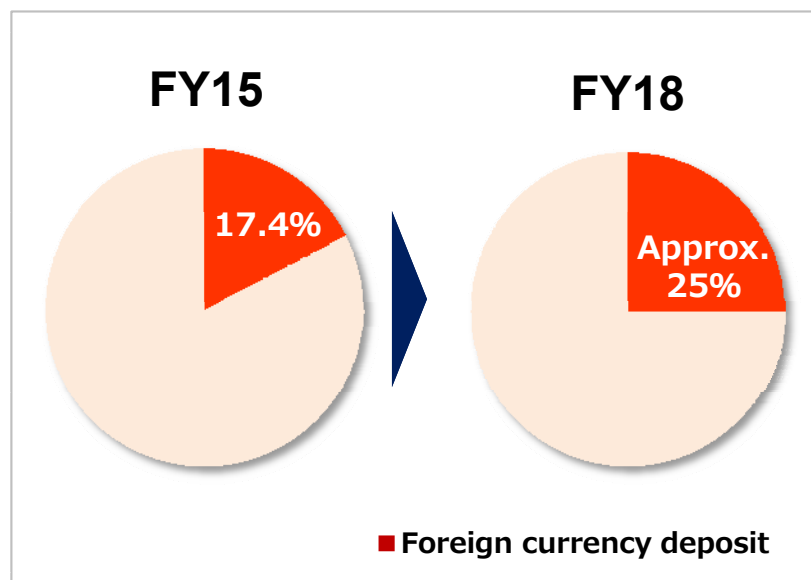
## Trends and future assumption on interest rates of each currency

\* Solid lines show the assumption as of the end of Jan. 2016, while dotted lines show those set as of the end of Jan. 2015.

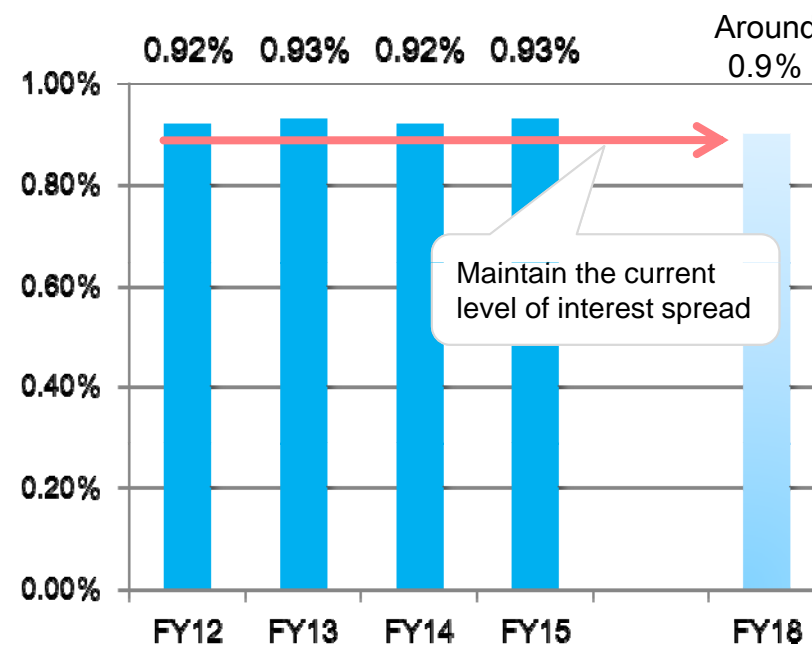
\* Implied forward rates are used for the future assumption.



**The ratio of foreign currency deposit in the total deposit balance**



**Trend of Interest spread**





## Progress in the Nursing Care Business (Newly Built Nursing Care Home)

- “Life Focus:” Aim to provide homes that help people live the sort of life that suits them best
- The first home in the SONARE series opened in April 2016 in Setagaya-ku, Tokyo. A second home is scheduled to open in the city of Saitama next spring.

### Key Characteristics of the SONARE Series

- Creates a **cooperation system of multiple specialists** to provide high-quality care
  - Closely linked network of caregivers, nurses, dieticians, occupational therapists and life managers
  - Computerized daily care records to enable sharing of information effectively and in real time
- Assignment of **life managers** and employment of various measures to improve quality of life
  - Sleep management proposals to optimize sleep for individual residents
  - Natural introduction of rehabilitation to everyday life activities
  - Proposals of individual recreation programs catering to residents' likes and tastes
- **Facility design targeting flexibility and livability**
  - Nearly square layout, diagonally placed toilets and other room design features to adapt to changing physical conditions
  - Rooms equipped with well-soundproofed entry doors to ensure privacy



SONARE  
Soshigaya-Okura, Tokyo





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