
Presentation Material

Consolidated Financial Results for the Year Ended March 31, 2014 and Sony Life's Preliminary Market Consistent Embedded Value as of March 31, 2014

**Sony Financial Holdings Inc.
May 20, 2014**

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Disclaimers:

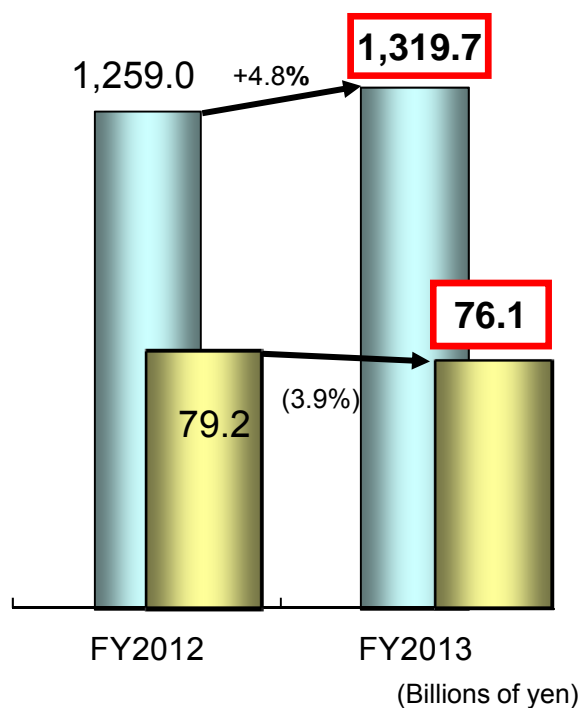
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Consolidated Operating Results for the Year Ended March 31, 2014

Highlights of Consolidated Operating Performance for the Year Ended March 31, 2014 (1)



■ Consolidated ordinary revenues
■ Consolidated ordinary profit



| | | (Billions of yen) | | FY2012 | FY2013 | Change | |
|-----------------------------|-------------------|-------------------|---------|---------|---------|---------------------|--|
| Life insurance business | Ordinary revenues | 1,142.3 | 1,196.6 | +54.2 | +4.8% | | |
| | Ordinary profit | 72.7 | 67.2 | (5.5) | (7.6%) | | |
| Non-life insurance business | Ordinary revenues | 84.7 | 89.8 | +5.1 | +6.1% | | |
| | Ordinary profit | 2.3 | 3.0 | +0.6 | +26.7% | | |
| Banking business | Ordinary revenues | 34.3 | 35.7 | +1.4 | +4.3% | | |
| | Ordinary profit | 3.9 | 5.6 | +1.6 | +42.6% | | |
| Intersegment adjustments* | Ordinary revenues | (2.3) | (2.5) | (0.1) | — | | |
| | Ordinary profit | 0.1 | 0.2 | +0.0 | +57.8% | | |
| Consolidated | Ordinary revenues | 1,259.0 | 1,319.7 | +60.7 | +4.8% | | |
| | Ordinary profit | 79.2 | 76.1 | (3.1) | (3.9%) | | |
| | Net income | 45.0 | 40.5 | (4.5) | (10.1%) | | |
| | | (Billions of yen) | | 13.3.31 | 14.3.31 | Change from 13.3.31 | |
| Consolidated | Total assets | 8,096.1 | 8,841.3 | +745.2 | +9.2% | | |
| | Net assets | 435.4 | 467.0 | +31.6 | +7.3% | | |

*Ordinary profit in “Intersegment adjustments” is mainly from SFH.
 *Comprehensive income: FY2012: ¥96.2 billion, FY2013: ¥44.7billion

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

Highlights of Consolidated Operating Performance for the Year Ended March 31, 2014 (2)

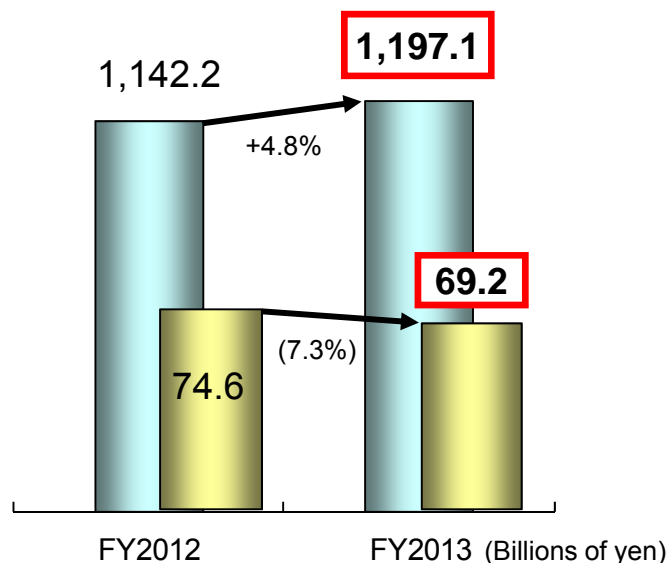


- **Life Insurance Business:** Ordinary revenues increased year on year, due mainly to a rise in income from insurance premiums associated with steady growth in policy amount in force, and higher interest income and dividends on general account assets. Ordinary profit decreased year on year due to an increase in provision of policy reserves resulting from the revision of discount rate used for calculating policy reserves and the provision of policy reserves for minimum guarantees for variable life insurance, despite the positive effect of an increase in the positive spread.
- **Non-life Insurance Business:** Ordinary revenues expanded year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance. Ordinary profit grew year on year due to a decline in the loss ratio mainly led by the revision of premium rates for automobile insurance and a lower car accident ratio owing to the introduction of a new bonus-malus system (non-fleet driver rating system), as well as the rise in ordinary revenues.
- **Banking Business:** Ordinary revenues increased year on year, due to higher gains on foreign exchange transactions stemming from active foreign currency trading by customers and a rise in interest income on loans led by the growing balance of mortgage loans. Ordinary profit expanded year on year, due mainly to lower interest expenses and an improvement in net gains on bond-dealing transactions, in addition to the increase in ordinary revenues.
- **Consolidated ordinary revenues rose 4.8% compared with the previous fiscal year, to ¥1,319.7 billion, owing to increases in ordinary revenues from all businesses: life insurance, non-life insurance and banking. Consolidated ordinary profit decreased 3.9% year on year, to ¥76.1 billion. By business segment, ordinary profit from the life insurance business fell, whereas ordinary profit from the non-life insurance and banking businesses rose year on year. Consolidated net income declined 10.1% year on year, to ¥40.5 billion.**

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

Highlights of Operating Performance: Sony Life (Non-consolidated)

□ Ordinary revenues □ Ordinary profit



- ◆ Ordinary revenues increased while ordinary profit decreased year on year.
- ◆ Income from insurance premiums increased due to a steady growth in policy amount in force.
- ◆ Investment income increased due mainly to higher interest income and dividends on general account assets.
- ◆ Ordinary profit decreased year on year due to an increase in provision of policy reserves resulting from the revision of discount rate used for calculating policy reserves and the provision of policy reserves for minimum guarantees for variable life insurance, despite the positive impact from an increase in the positive spread.

| (Billions of yen) | FY2012 | FY2013 | Change | |
|--|---------|---------|---------------------|----------|
| Ordinary revenues | 1,142.2 | 1,197.1 | +54.8 | +4.8% |
| Income from insurance premiums | 925.8 | 960.9 | +35.1 | +3.8% |
| Investment income | 199.8 | 212.3 | +12.4 | +6.3% |
| Interest income and dividends | 108.5 | 122.1 | +13.6 | +12.5% |
| Income from monetary trusts, net | 5.2 | 5.3 | +0.0 | +1.0% |
| Gains on sale of securities | 2.4 | 0.7 | (1.6) | (68.0%) |
| Gains on separate accounts, net | 83.6 | 82.6 | (0.9) | (1.1%) |
| Ordinary expenses | 1,067.6 | 1,127.9 | +60.2 | +5.6% |
| Insurance claims and other payments | 293.9 | 327.2 | +33.3 | +11.3% |
| Provision for policy reserves and others | 630.5 | 650.7 | +20.2 | +3.2% |
| Investment expenses | 11.6 | 8.5 | (3.1) | (27.2%) |
| Losses on sale of securities | 1.5 | 0.5 | (1.0) | (66.7%) |
| Losses on separate accounts, net | 0.3 | — | (0.3) | (100.0%) |
| Operating expenses | 109.0 | 113.8 | +4.8 | +4.4% |
| Ordinary profit | 74.6 | 69.2 | (5.4) | (7.3%) |
| Net income | 42.4 | 37.0 | (5.3) | (12.7%) |
| (Billions of yen) | 13.3.31 | 14.3.31 | Change from 13.3.31 | |
| Securities | 5,211.5 | 5,954.7 | +743.1 | +14.3% |
| Policy reserves | 5,472.9 | 6,123.6 | +650.7 | +11.9% |
| Total net assets | 342.3 | 369.2 | +26.8 | +7.9% |
| Net unrealized gains on other securities | 80.2 | 83.4 | +3.1 | +3.9% |
| Total assets | 5,952.7 | 6,624.9 | +672.1 | +11.3% |
| Separate account assets | 550.6 | 640.5 | +89.9 | +16.3% |

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

Overview of Operating Performance: Sony Life (Non-consolidated)



| (Billions of yen) | FY2012 | FY2013 | Change |
|--|----------|-----------------|----------|
| New policy amount | 4,454.6 | 3,889.3 | (12.7%) |
| Lapse and surrender amount | 1,911.9 | 1,739.4 | (9.0%) |
| Lapse and surrender rate | 5.31% | 4.61% | (0.70pt) |
| Policy amount in force | 37,779.0 | 39,095.0 | +3.5% |
| Annualized premiums from new policies | 73.2 | 63.9 | (12.7%) |
| Of which, third-sector products | 18.3 | 13.4 | (26.7%) |
| Annualized premiums from insurance in force | 669.9 | 696.9 | +4.0% |
| Of which, third-sector products | 158.6 | 167.0 | +5.3% |

| (Billions of yen) | FY2012 | FY2013 | Change |
|---|--------|--------------|---------|
| Gains from investment, net (General account) | 104.5 | 121.1 | +15.9% |
| Core profit | 80.0 | 72.3 | (9.6%) |
| Positive spread | 2.1 | 8.4 | +300.0% |

| | | | |
|---|----------|-----------------|---------------------|
| | 13.3.31 | 14.3.31 | Change from 13.3.31 |
| Non-consolidated solvency margin ratio | 2,281.8% | 2,358.7% | +76.9pt |

<Reasons for changes>

◆ Decreased due to lower sales of family income insurance and interest rate-sensitive whole life insurance despite higher sales of U.S. dollar denominated insurance and lump-sum payment endowment insurance.

◆ Decreased mainly in term-life insurance.

◆ Decreased due to lower sales of interest rate-sensitive whole life insurance and educational endowment insurance despite higher sales U.S. dollar denominated insurance and of lump-sum payment endowment insurance. Of which, in third-sector products, sale of lump-sum payment whole life nursing-care insurance decreased.

◆ Decreased due to an increase in provision of policy reserves resulting from the revision of discount rate used for calculating policy reserves and the provision of policy reserves for minimum guarantees for variable life insurance, despite the positive impact from an increase in the positive spread.

Notes:

1. Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, policy amount in force, annualized premiums from new policies and annualized premiums from insurance in force are calculated as the total of individual life insurance and individual annuities.
2. The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

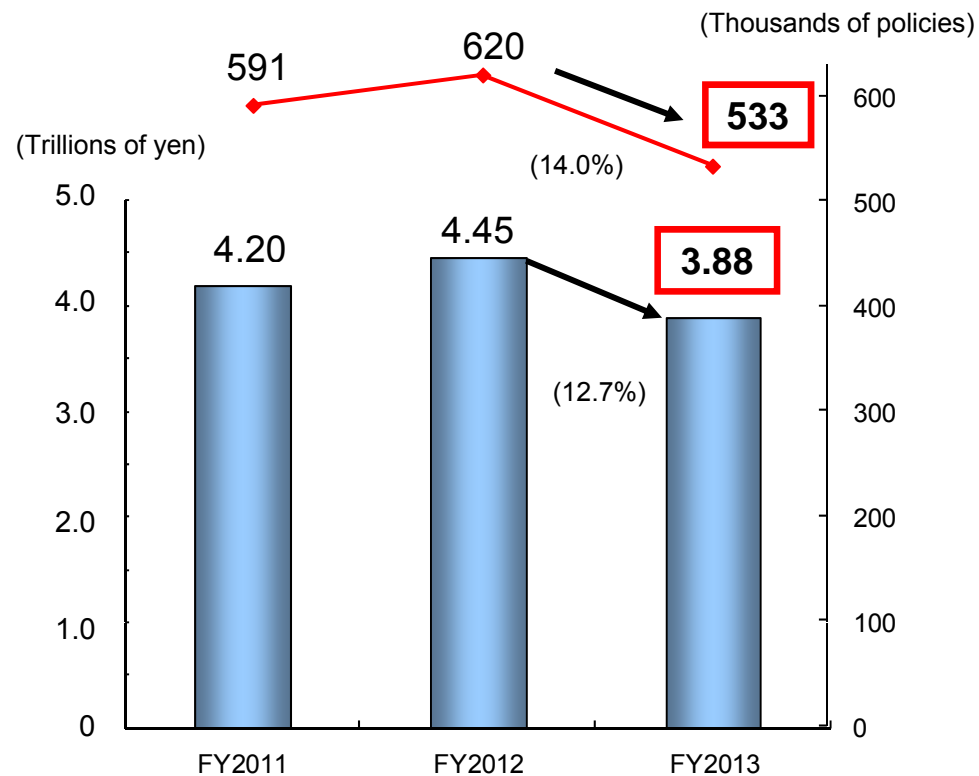
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Operating Performance : Sony Life (Non-consolidated) (1)



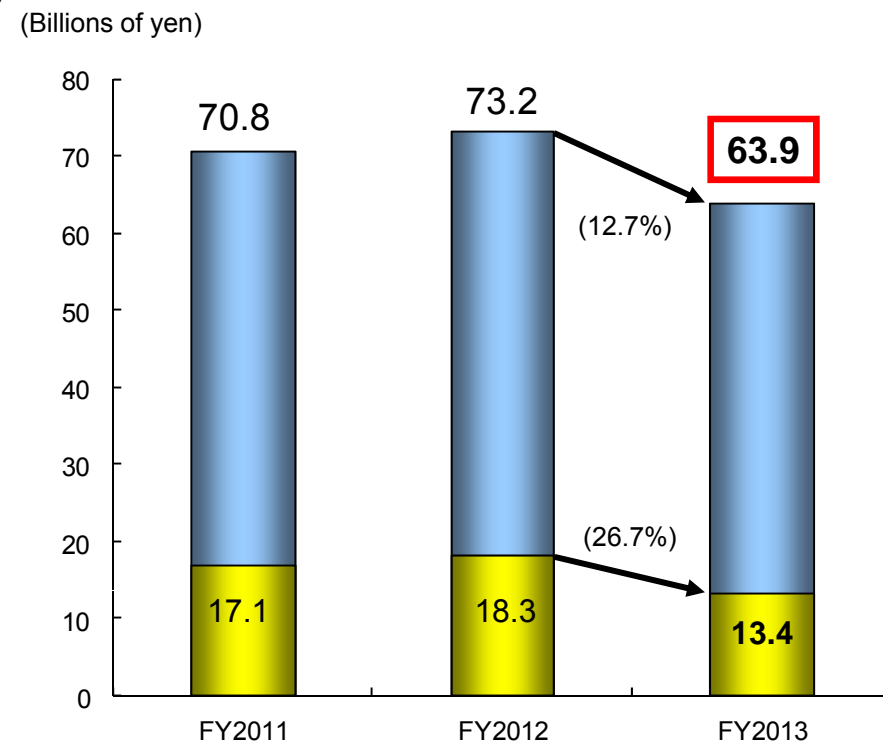
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ New policy amount — Number of new policies



Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)

■ Annualized premiums from new policies ■ Of which, third-sector

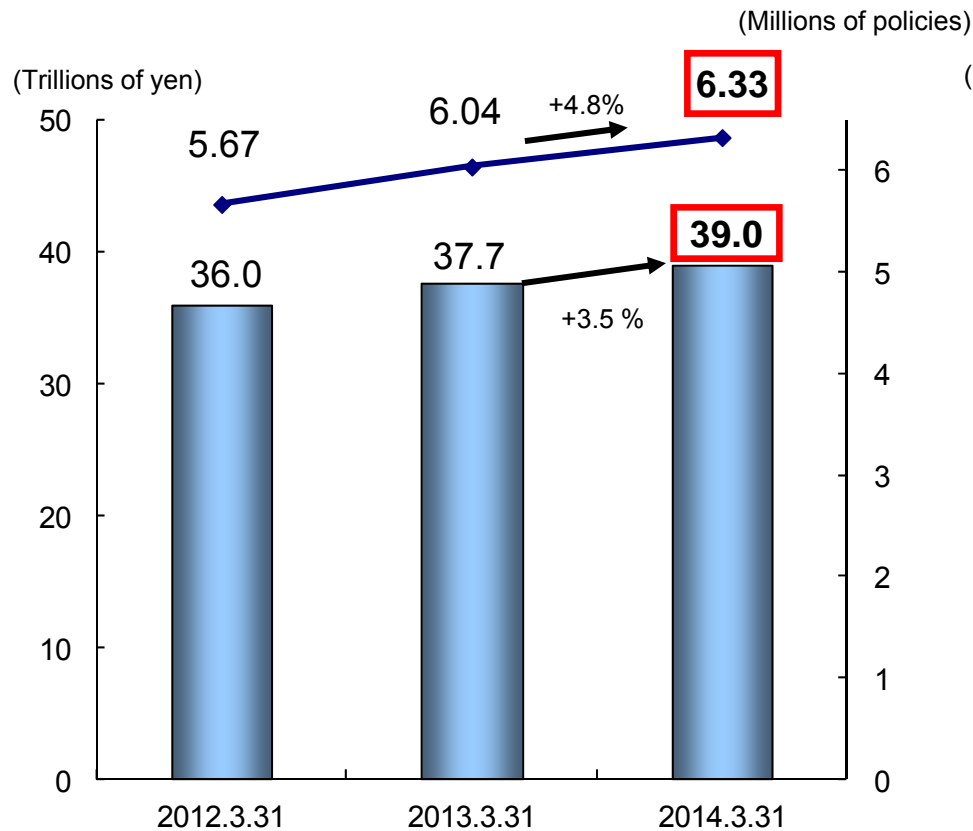


Line item amounts are truncated below ¥10 billion; numbers of policies are truncated below 1,000 policies; percentage change figures are rounded.

Operating Performance : Sony Life (Non-consolidated) (2)

Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

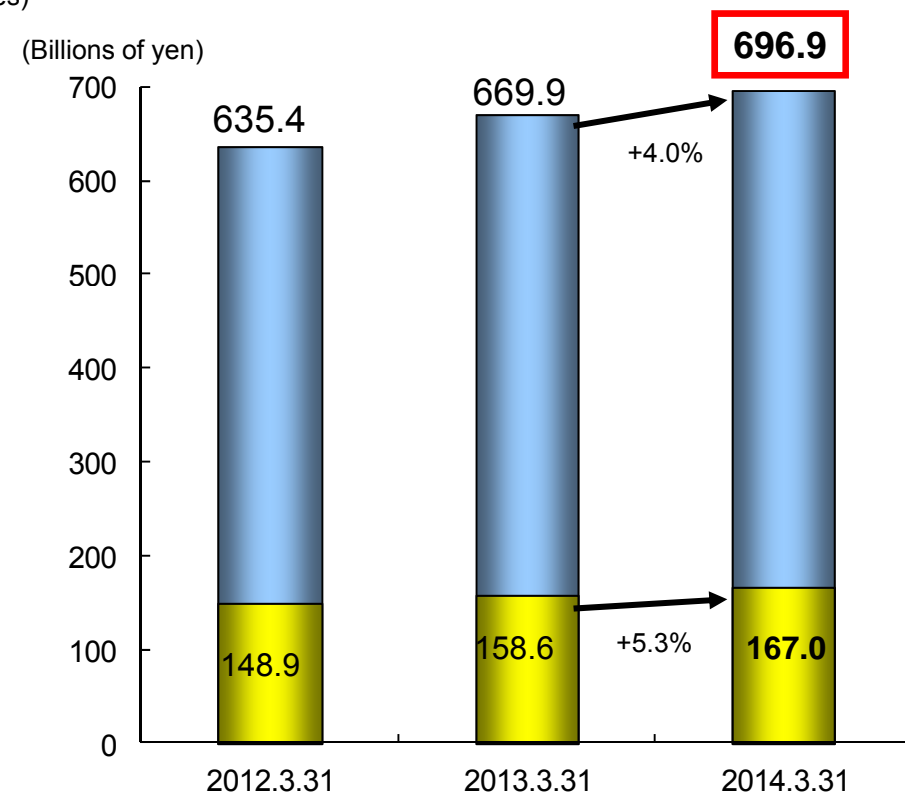
■ Policy amount in force — Number of policies in force



Line item amounts are truncated below ¥100 billion; numbers of policies are truncated below 10,000 policies; percentage change figures are rounded.

Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)

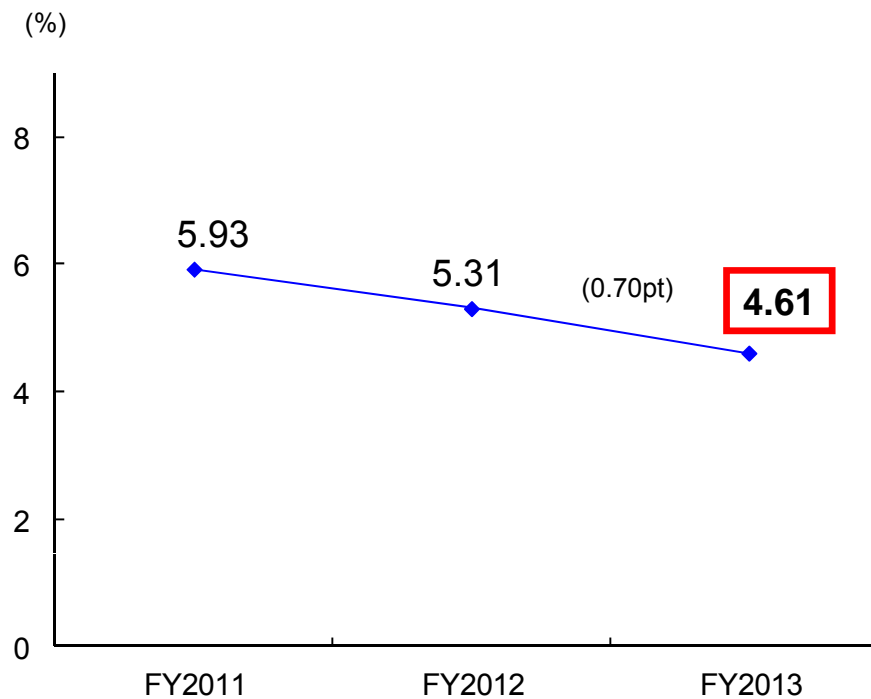
■ Annualized premiums from insurance in force ■ Of which, third-sector



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

Operating Performance : Sony Life (Non-consolidated) (3)

Lapse and Surrender Rate* (Individual Life Insurance + Individual Annuities)

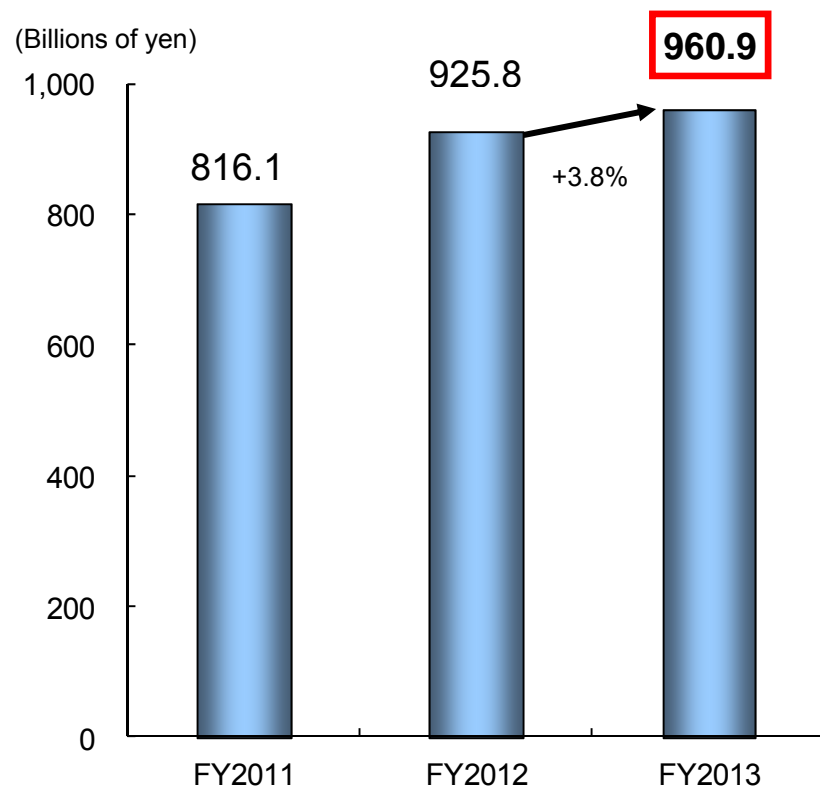


*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

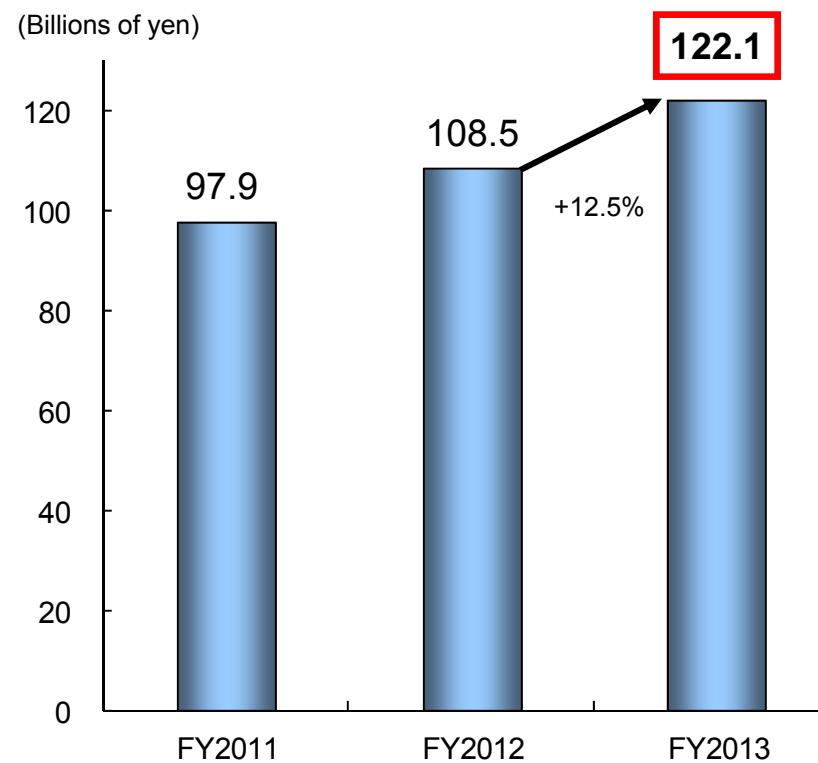
Operating Performance : Sony Life (Non-consolidated) (4)



Income from Insurance Premiums



Interest Income and Dividends



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

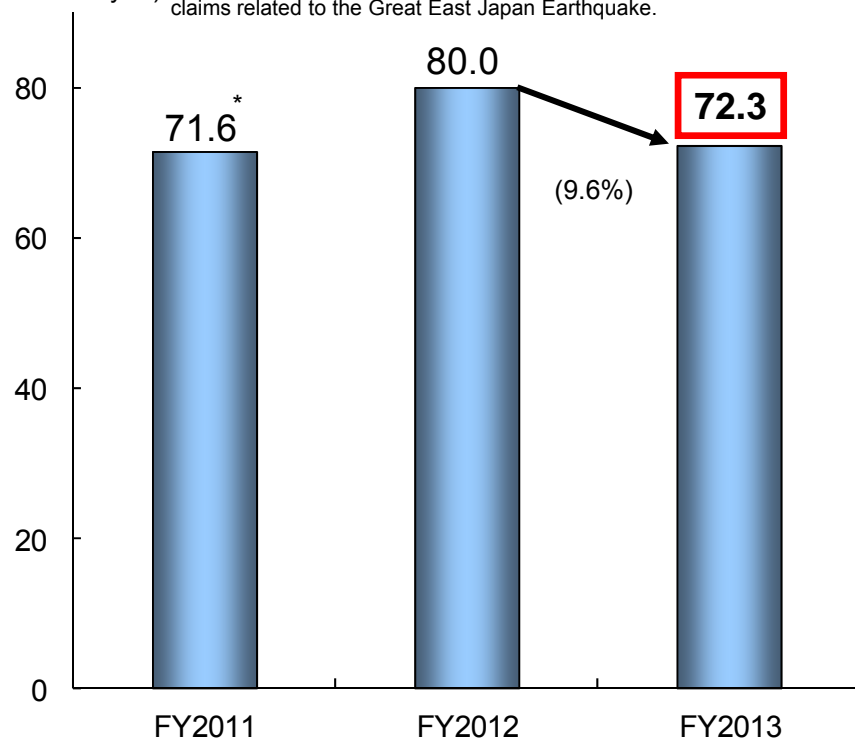
Operating Performance : Sony Life (Non-consolidated) (5)



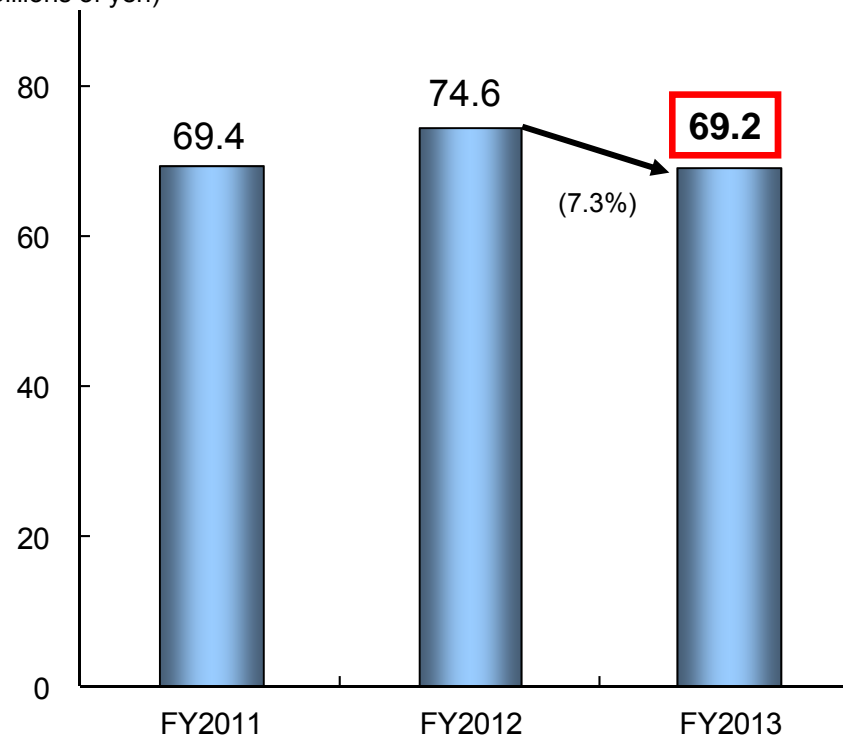
Core Profit

Ordinary Profit

(Billions of yen) *Included ¥3.9 billion of a reversal of reserve for outstanding claims related to the Great East Japan Earthquake.



(Billions of yen)



(Reference) Impact on core profit

| | (Billions of yen) | | |
|--|-------------------|--------|--------|
| | FY2011 | FY2012 | FY2013 |
| Positive (Negative) spread | (1.5) | 2.1 | 8.4 |
| Effects by the revision of policy reserve discount rate | — | — | (7.5) |
| Reversal of policy reserves for minimum guarantees for variable life insurance in the general account assets | (2.8) | 1.3 | (4.2) |

*The minus amount in positive spread indicates negative spread.

(Reference) Main differences from Core Profit

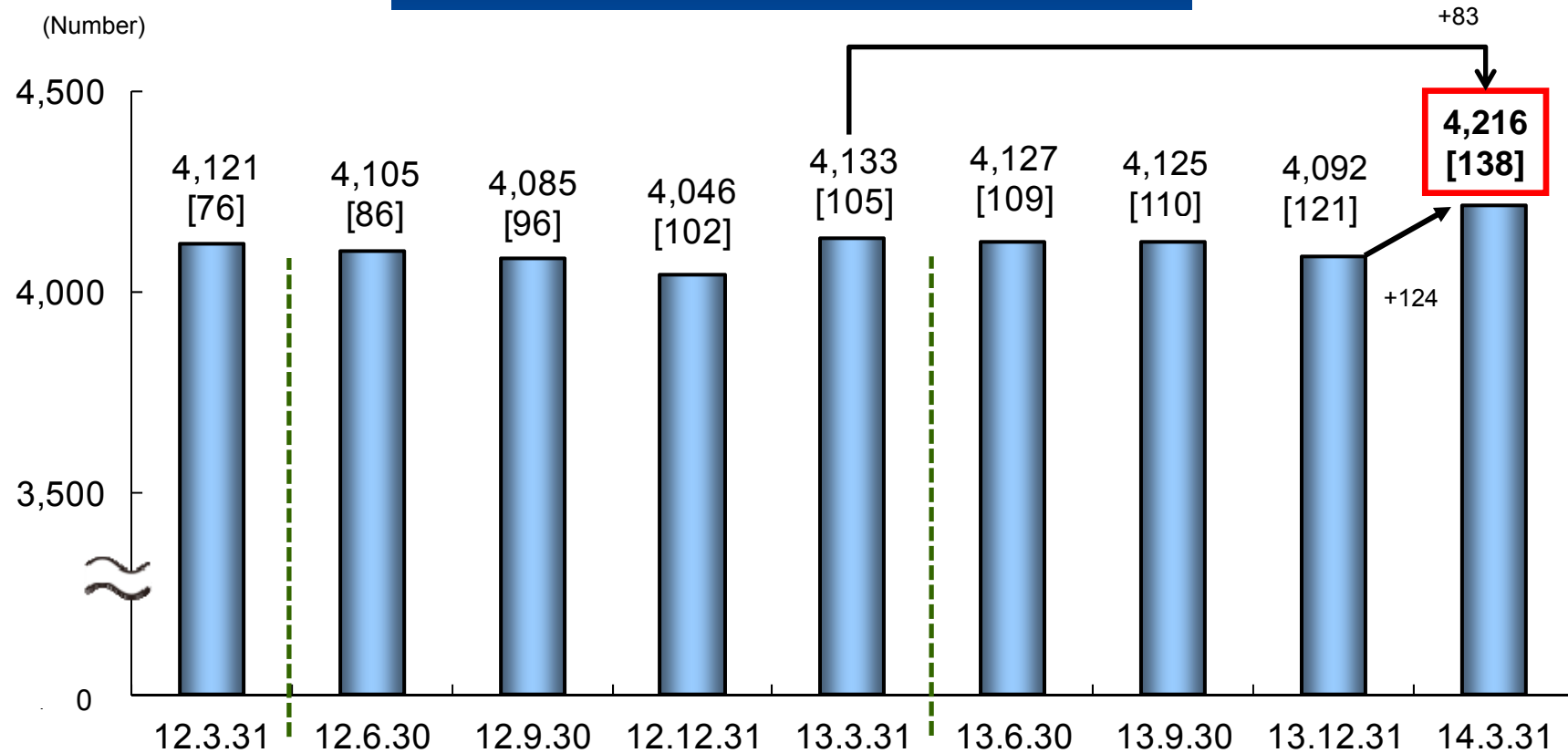
| | (Billions of yen) | | |
|----------------------------------|-------------------|--------|--------|
| | FY2011 | FY2012 | FY2013 |
| Capital gains (losses) | 1.7 | (0.9) | 1.1 |
| Provision of contingency reserve | (3.7) | (4.2) | (4.1) |

**Provision of policy reserves for minimum guarantees for variable life insurance in the general account assets" and "Provision of contingency reserve" are described as negative amount.

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

Operating Performance : Sony Life (Non-consolidated) (6)

Number of Lifepanner Sales Employees



Note: Figures in [] show the numbers of Lifepanner sales employees (rehired on a fixed-term contract basis after retirement) included in the overall numbers, those who have reached retirement age but who continue to work as Lifepanner sales employees that meet certain sales conditions and other requirement.

* "Lifepanner" is a registered trademark of Sony Life.

Operating Performance : Sony Life (Non-consolidated) (7)

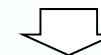
Breakdown of General Account Assets

| (Billions of yen) | 13.3.31 | | 14.3.31 | |
|--|----------------|---------------|----------------|---------------|
| | Amount | % | Amount | % |
| Japanese government and corporate bonds | 4,561.0 | 84.4% | 5,190.0 | 86.7% |
| Japanese stocks | 31.1 | 0.6% | 33.2 | 0.6% |
| Foreign securities | 62.0 | 1.1% | 79.8 | 1.3% |
| Foreign stocks | 25.4 | 0.5% | 26.9 | 0.4% |
| Monetary trusts | 306.1 | 5.7% | 305.3 | 5.1% |
| Policy loans | 145.0 | 2.7% | 154.1 | 2.6% |
| Real estate | 70.3 | 1.3% | 66.5 | 1.1% |
| Cash and call loans | 103.3 | 1.9% | 32.6 | 0.5% |
| Others | 97.7 | 1.8% | 95.6 | 1.6% |
| Total | 5,402.1 | 100.0% | 5,984.3 | 100.0% |

<Asset management review>

On the asset side, we lengthened the duration of securities held to match the liability characteristics of insurance policies with long-term maturities with the aim of reducing interest rate risk.

Japanese government and corporate bonds:
Continue to accumulate ultralong-term bonds in FY13.



<Bond duration>

Mar. 31, 2012: 19.2 years

Mar. 31, 2013: 19.9 years

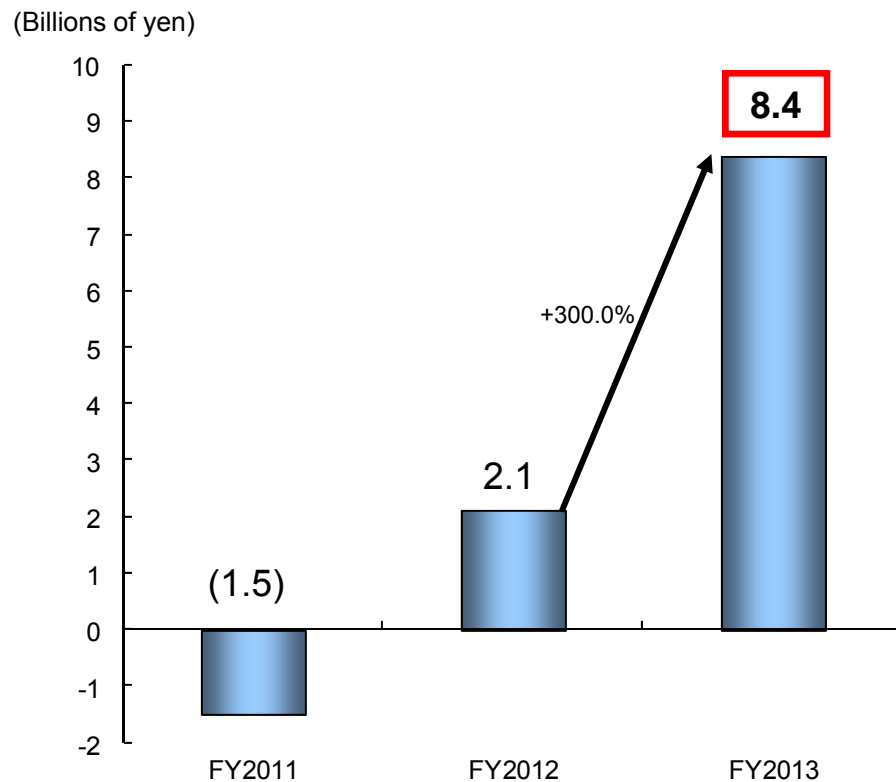
Mar. 31, 2014: 19.7 years

- Investment in the monetary trusts is mainly into Japanese government and corporate bonds
- The holding ratio on the real status, of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets: As of Mar. 31, 2014: 91.8%
(As of Mar. 31, 2013: 90.1%)

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

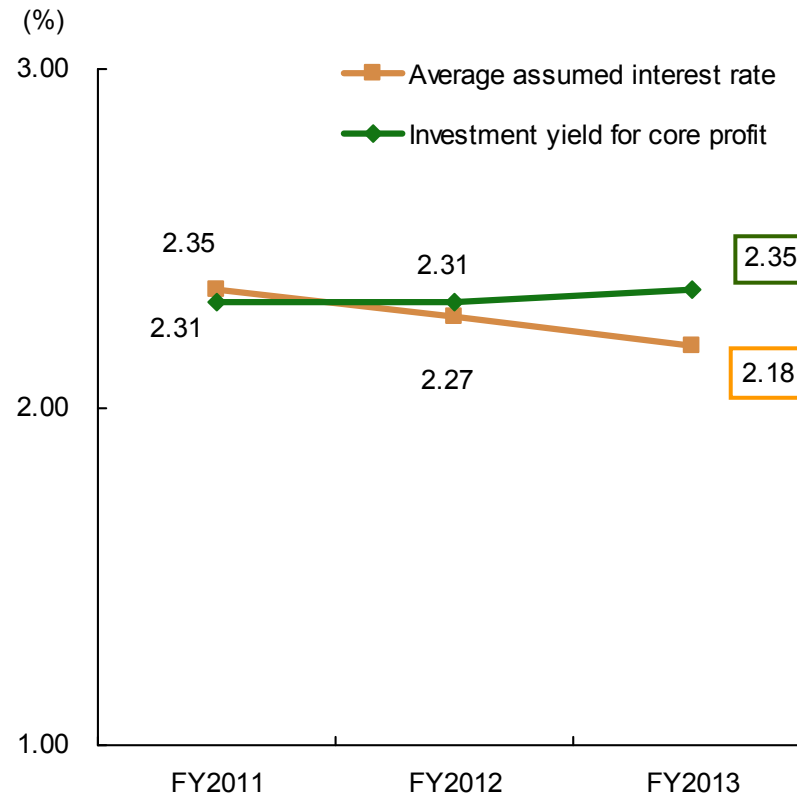
Operating Performance : Sony Life (Non-consolidated) (8)

Positive Spread



*The minus amount in positive spread indicates negative spread.

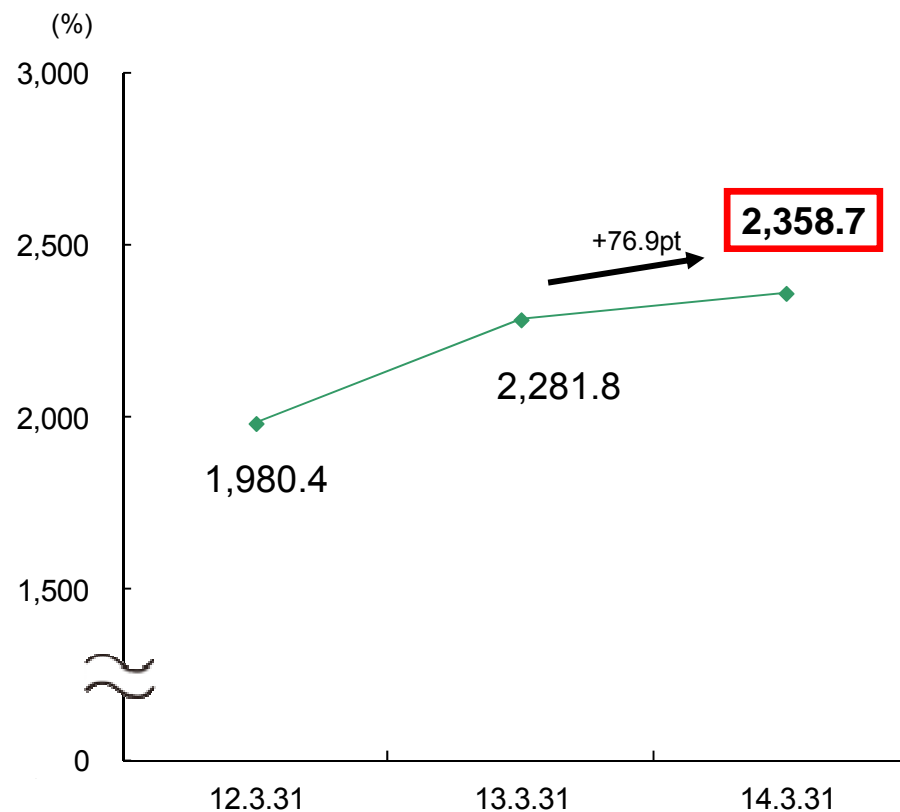
Average Assumed Interest Rate and Investment Yield for Core Profit



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

Operating Performance : Sony Life (Non-consolidated) (9)

Non-consolidated Solvency Margin Ratio

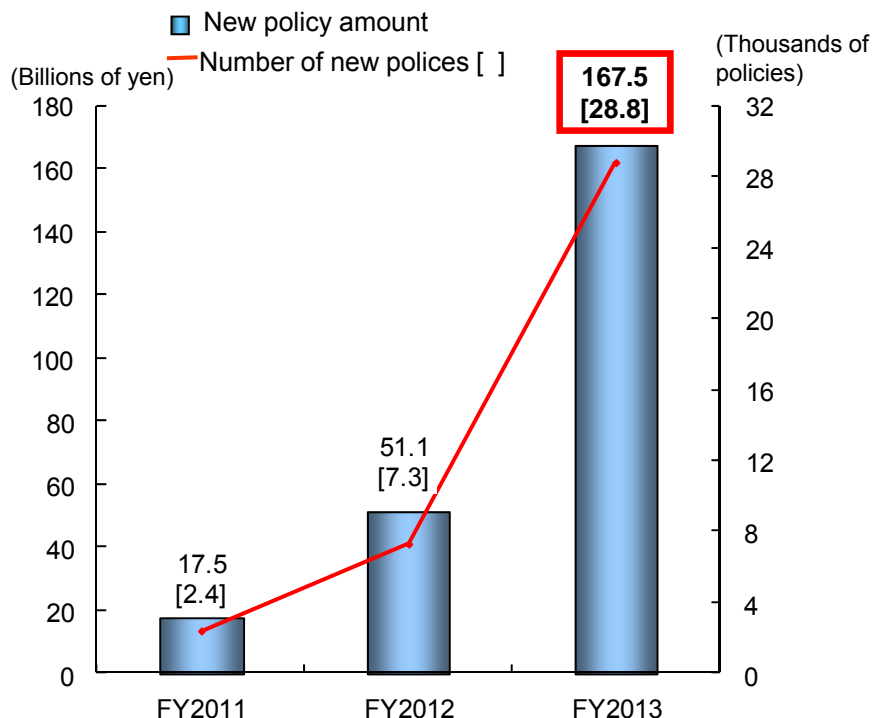


Operating Performance : AEGON Sony Life Insurance

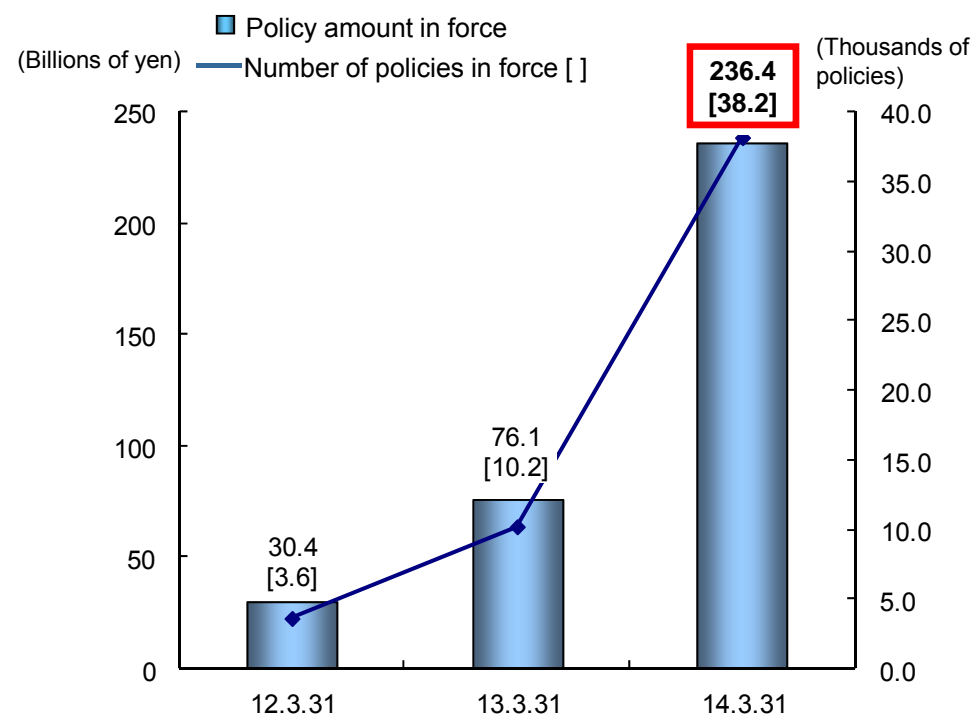


*AEGON Sony Life Insurance sells individual variable annuities.

Number and Amount of New Policies



Number and Amount of Policies in Force



Net income (losses) for AEGON Sony Life Insurance and SA Reinsurance

| (Billions of yen) | FY2012 | FY2013 | Change |
|----------------------------------|--------|--------|--------|
| AEGON Sony Life Insurance | (2.5) | (3.4) | (0.9) |
| SA Reinsurance | (0.9) | 0.4 | +1.3 |

AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint venture established by Sony Life and AEGON Group.

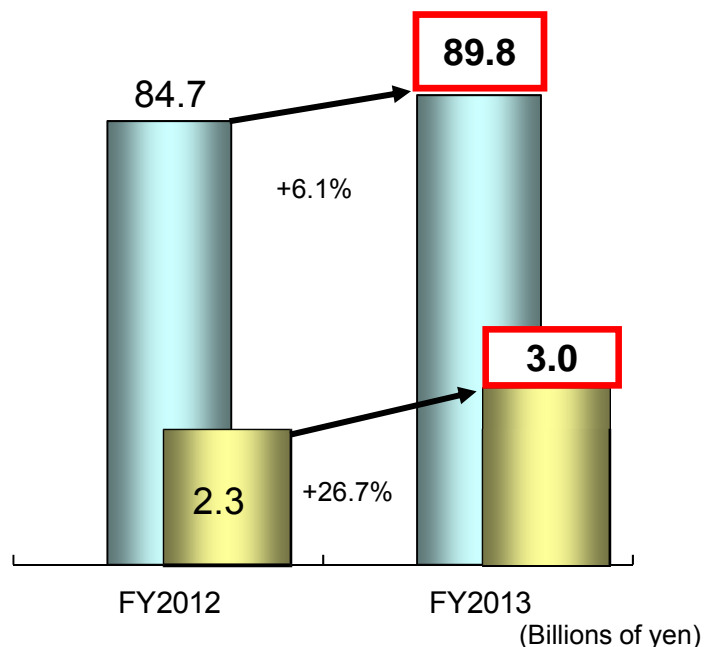
SA Reinsurance prepares its financial statements in accordance with U.S. GAAP.

50% of the net income (losses) for AEGON Sony Life Insurance and SA Reinsurance are recognized as investment profit (losses) on equity method in the SFH's consolidated net income.

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

Highlights of Operating Performance: Sony Assurance

■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues and ordinary profit increased year on year.
- ◆ Ordinary revenues increased year on year, due to an increase in net premiums written primarily for its mainstay automobile insurance.
- ◆ Ordinary profit grew year on year due to a decline in the loss ratio mainly led by the revision of premium rates for automobile insurance and a lower car accident ratio owing to the introduction of a new bonus-malus system (non-fleet driver rating system), as well as the rise in ordinary revenues.

| (Billions of yen) | FY2012 | FY2013 | Change | |
|--|---------|----------------|---------------------|--------|
| Ordinary revenues | 84.7 | 89.8 | +5.1 | +6.1% |
| Underwriting income | 83.6 | 88.6 | +5.0 | +6.0% |
| Investment income | 1.0 | 1.1 | +0.1 | +17.4% |
| Ordinary expenses | 82.3 | 86.8 | +4.5 | +5.5% |
| Underwriting expenses | 61.8 | 65.4 | +3.6 | +5.9% |
| Investment expenses | 0.0 | 0.0 | (0.0) | (2.4%) |
| Operating, general and administrative expenses | 20.4 | 21.3 | +0.8 | +4.4% |
| Ordinary profit | 2.3 | 3.0 | +0.6 | +26.7% |
| Net income | 1.4 | 1.6 | +0.2 | +14.4% |
| (Billions of yen) | 13.3.31 | 14.3.31 | Change from 13.3.31 | |
| Underwriting reserves | 70.6 | 78.0 | +7.4 | +10.5% |
| Total net assets | 19.9 | 21.4 | +1.4 | +7.4% |
| Total assets | 127.4 | 142.7 | +15.2 | +12.0% |

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

Overview of Operating Performance: Sony Assurance



| (Billions of yen) | FY2012 | FY2013 | Change |
|--------------------------------|--------|--------------|---------|
| Direct premiums written | 82.5 | 87.3 | +5.9% |
| Net premiums written | 83.5 | 88.6 | +6.0% |
| Net losses paid | 47.1 | 46.1 | (2.1%) |
| Underwriting profit | 1.3 | 1.8 | +34.0% |
| Net loss ratio | 63.2% | 59.3% | (3.9pt) |
| Net expense ratio | 26.0% | 25.6% | (0.4pt) |
| Combined ratio | 89.2% | 84.9% | (4.3pt) |

<Reasons for changes>

◆ Increased primarily in its mainstay automobile insurance.

◆ Decreased mainly led by the revision of premium rates for automobile insurance and a lower car accident ratio owing to the introduction of a new bonus-malus system.

◆ Declined due to a proper control of insurance acquisition cost, in addition to a rise in automobile insurance premiums.

Notes:

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

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

| | | | | |
|---|--------------|---------------------|---------------------|-------|
| | 13.3.31 | 14.3.31 | Change from 13.3.31 | |
| Number of policies in force | 1.55 million | 1.61 million | +0.06 million | +4.0% |
| Non-consolidated solvency margin ratio | 504.2% | 527.6% | +23.4pt | |

Note: The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written.

Line item amounts are truncated below ¥ 100 million;
numbers of policies are truncated below 10,000 policies;
percentage change figures are rounded.

Sony Assurance's Underwriting Performance by Type of Policy



Direct Premiums Written

| (Millions of yen) | FY2012 | FY2013 | Change |
|--|--------|---------------|--------|
| Fire | 236 | 275 | +16.4% |
| Marine | — | — | — |
| Personal accident | 7,898 | 8,360 | +5.8% |
| Voluntary automobile | 74,406 | 78,735 | +5.8% |
| Compulsory automobile liability | — | — | — |
| Total | 82,541 | 87,370 | +5.9% |

Net losses paid

| (Millions of yen) | FY2012 | FY2013 | Change |
|--|--------|---------------|---------|
| Fire | 1 | 3 | +207.2% |
| Marine | 185 | 129 | (30.4%) |
| Personal accident | 1,957 | 2,066 | +5.5% |
| Voluntary automobile | 44,004 | 42,860 | (2.6%) |
| Compulsory automobile liability | 1,004 | 1,123 | +11.8% |
| Total | 47,153 | 46,183 | (2.1%) |

Net Premiums Written

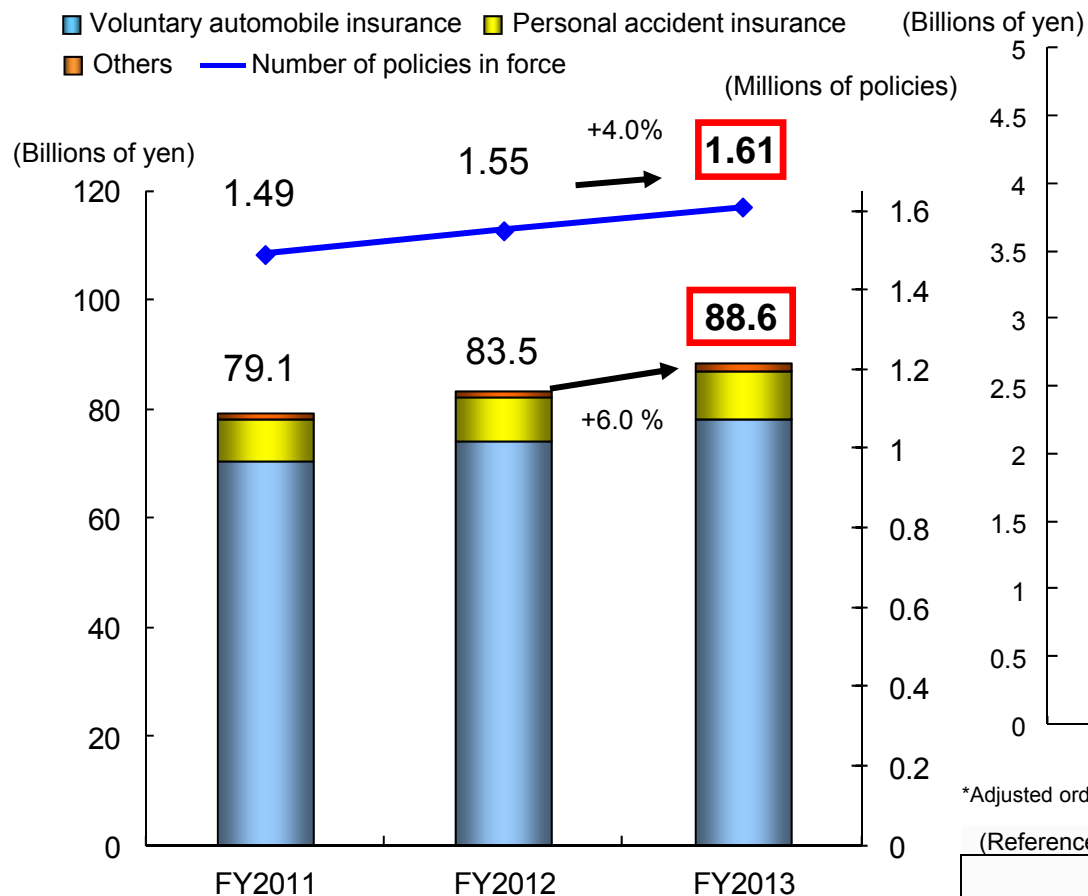
| (Millions of yen) | FY2012 | FY2013 | Change |
|--|--------|---------------|--------|
| Fire | 86 | 104 | +19.9% |
| Marine | 142 | 153 | +8.0% |
| Personal accident | 8,138 | 8,613 | +5.8% |
| Voluntary automobile | 74,140 | 78,473 | +5.8% |
| Compulsory automobile liability | 1,075 | 1,255 | +16.8% |
| Total | 83,582 | 88,600 | +6.0% |

*SURE, medical and cancer insurance is included in personal accident.

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

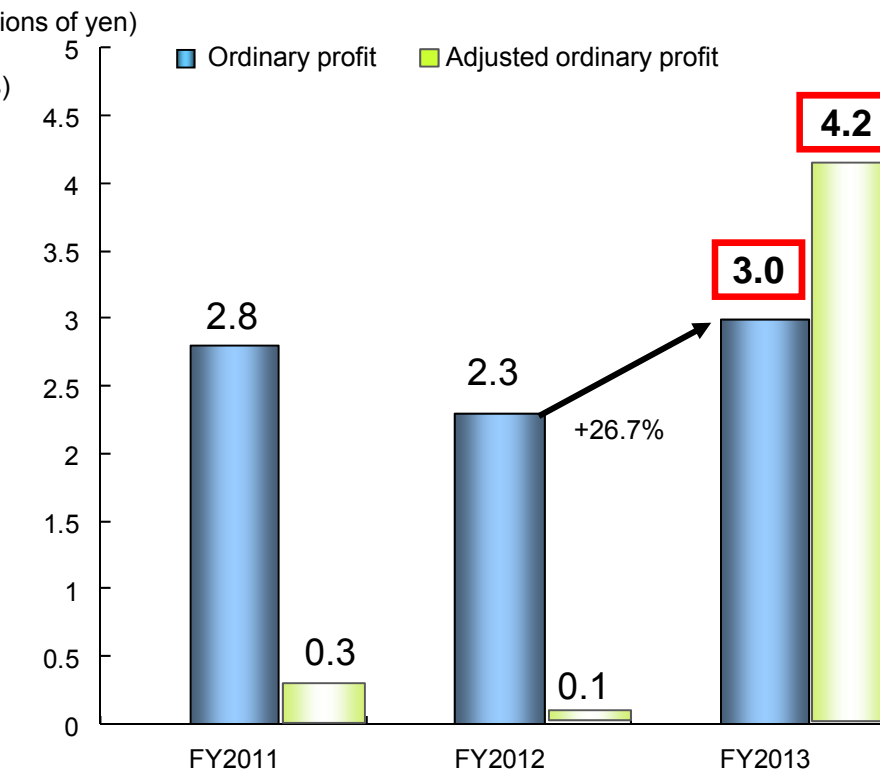
Operating Performance: Sony Assurance (1)

Net Premiums Written and Number of Policies in Force



The number of policies in force is the total of automobile insurance and medical and cancer insurance policies, which account for 99% of net premiums written. More than 90% of personal accident insurance is medical and cancer insurance.

Ordinary Profit and Adjusted Ordinary Profit



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

| (Reference) Provision for catastrophe reserve | (Billions of yen) | | |
|---|-------------------|--------|--------|
| | FY2011 | FY2012 | FY2013 |
| Provision for catastrophe reserve | (2.4) | (2.2) | 1.2 |

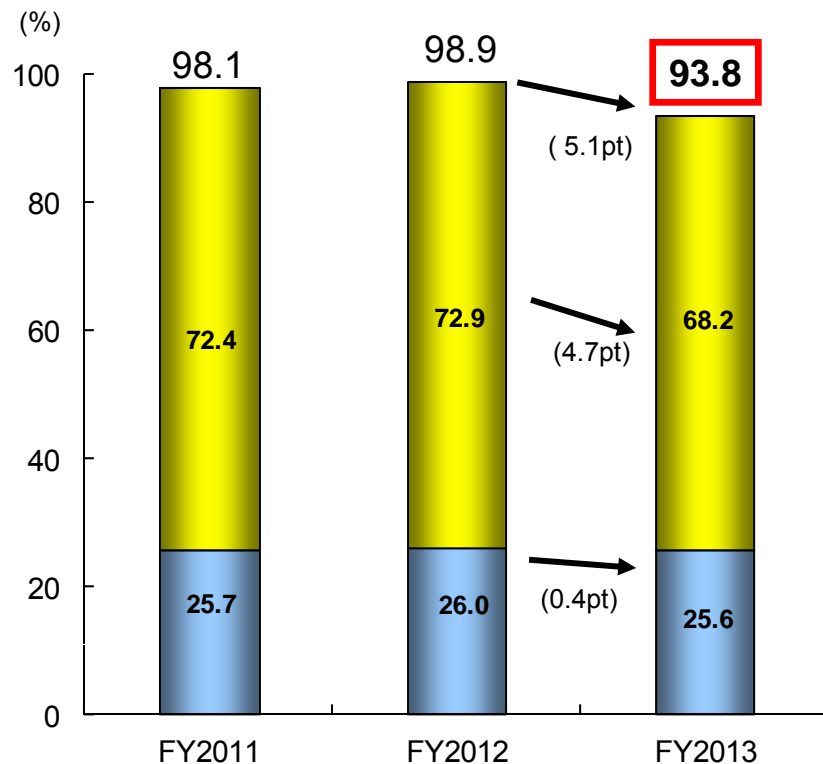
*Reversal for catastrophe reserve is described as negative amount.

Line item amounts are truncated below ¥100 million; numbers of policies are truncated below 10,000 policies; percentage change figures are rounded.

Operating Performance: Sony Assurance (2)

Earned/Incurred Loss Ratio + Net Expense Ratio

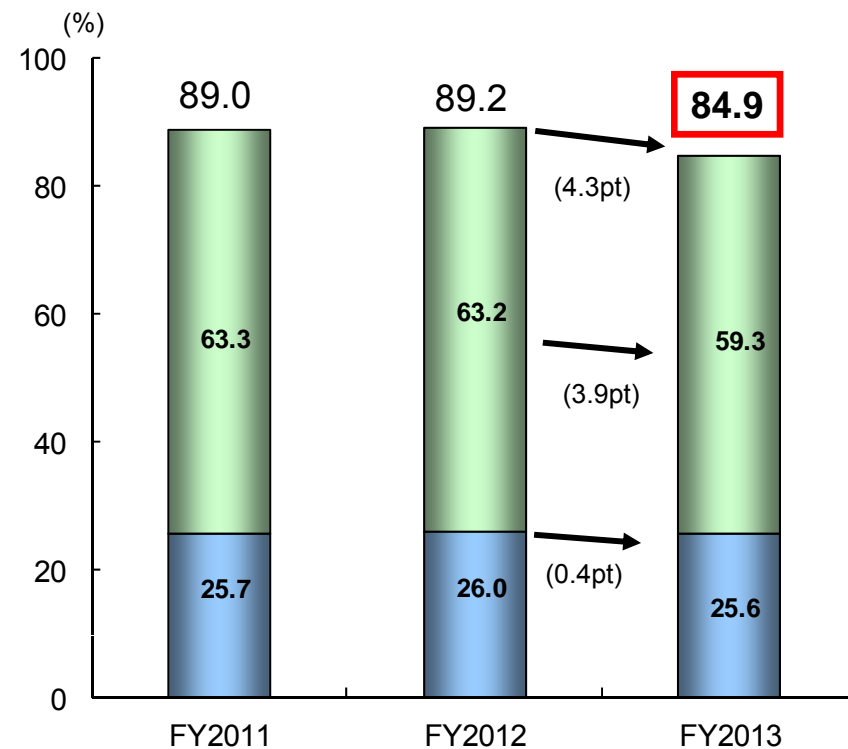
■ Earned/Incurred loss ratio ■ Net expense ratio



Notes:
 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.]

(Reference) Combined Ratio (Net Loss Ratio+ Net Expense Ratio)

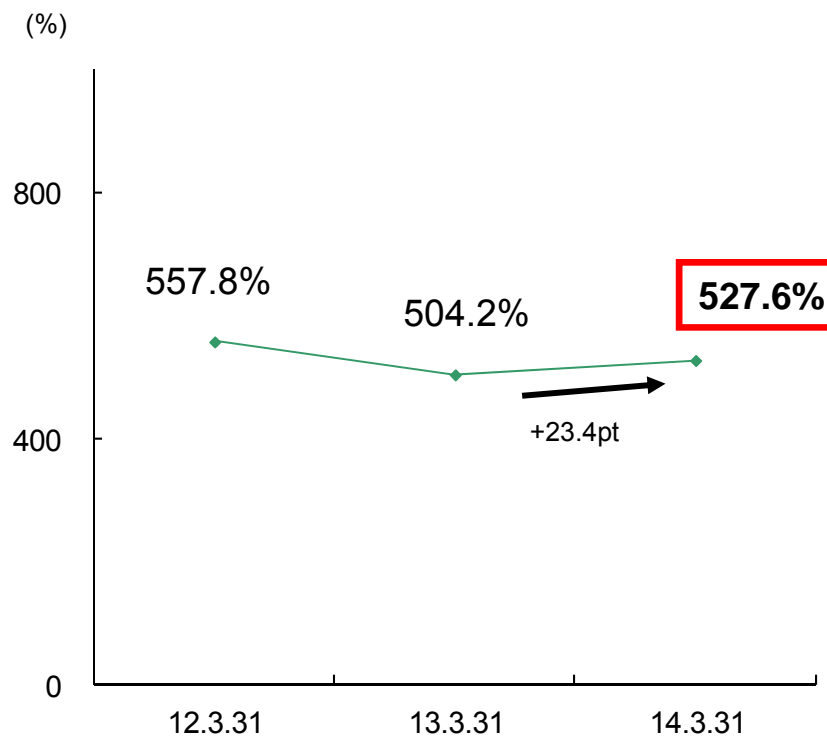
■ Net loss ratio ■ Net expense ratio



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

Operating Performance: Sony Assurance (3)

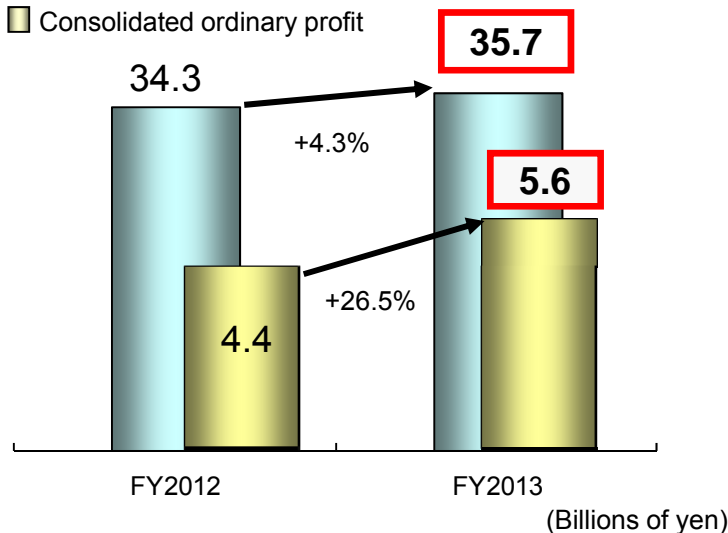
Non-consolidated Solvency Margin Ratio



Highlights of Operating Performance: Sony Bank (Consolidated/Non-consolidated)

■ Consolidated ordinary revenues

■ Consolidated ordinary profit



<Consolidated>

◆ Ordinary revenues increased year on year, due to higher gains on foreign exchange transactions stemming from active foreign currency trading by customers and a rise in interest income on loans led by the growing balance of mortgage loans. Ordinary profit expanded year on year, due mainly to lower interest expenses and an improvement in net gains on bond-dealing transactions, in addition to the increase in ordinary revenues.

<Non-consolidated>

◆ Both gross operating profit and net operating profit increased year on year.

-Net interest income increased owing to a rise in interest income on loans led by the growing balance of mortgage loans, and a decrease in interest expenses.

-Net other operating income increased due mainly to higher gains on foreign exchange transactions stemming from active foreign currency trading by customers, in addition to an improvement in net gains on bond-dealing transactions.

<Consolidated>

| (Billions of yen) | FY2012 | FY2013 | Change | |
|--------------------------------|--------|--------|--------|--------|
| Consolidated ordinary revenues | 34.3 | 35.7 | +1.4 | +4.3% |
| Consolidated ordinary profit | 4.4 | 5.6 | +1.1 | +26.5% |
| Consolidated net income | 3.2 | 3.4 | +0.1 | +5.2% |

<Non-consolidated>

| (Billions of yen) | FY2012 | FY2013 | Change | |
|-------------------------------------|--------|--------|--------|---------|
| Ordinary revenues | 31.3 | 33.3 | +1.9 | +6.2% |
| Gross operating profit | 18.5 | 20.7 | +2.1 | +11.7% |
| Net interest income | 18.1 | 19.9 | +1.8 | +10.1% |
| Net fees and commissions | 0.1 | (0.0) | (0.1) | — |
| Net other operating income | 0.2 | 0.7 | +0.4 | +171.1% |
| General and administrative expenses | 13.9 | 14.6 | +0.7 | +5.2% |
| Net operating profit | 4.5 | 6.0 | +1.4 | +32.5% |
| Ordinary profit | 4.2 | 5.8 | +1.5 | +36.5% |
| Net income | 0.8 | 3.5 | +2.7 | +307.8% |

| (Billions of yen) | 13.3.31 | 14.3.31 | Change from 13.3.31 | |
|--|---------|---------|---------------------|--------|
| Total net assets | 67.8 | 72.7 | +4.9 | +7.3% |
| Net unrealized gains on other securities, net of taxes | 6.5 | 7.2 | +0.7 | +11.0% |
| Total assets | 2,005.0 | 2,056.7 | +51.6 | +2.6% |

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

Overview of Operating Performance: Sony Bank (Non-consolidated) (1)

<Reasons for changes>

| (Billions of yen) | 13.3.31 | 14.3.31 | Change from 13.3.31 | |
|---|---------|--------------------------|------------------------|--------|
| Customer assets | 1,974.3 | 2,007.5 | +33.1 | +1.7% |
| Deposits | 1,857.4 | 1,890.0 | +32.5 | +1.8% |
| Yen | 1,467.2 | 1,526.4 | +59.2 | +4.0% |
| Foreign currency | 390.2 | 363.5 | (26.7) | (6.8%) |
| Investment trusts | 116.9 | 117.4 | +0.5 | +0.5% |
| Loans outstanding | 970.2 | 1,057.4 | +87.1 | +9.0% |
| Mortgage loans | 860.3 | 949.3 | +88.9 | +10.3% |
| Others | 109.8 | 108.1¹ | (1.7) | (1.6%) |
| Number of accounts (10 thousands) | 92 | 97 | +4 | +5.3% |
| Non-performing assets ratio ^{*2} (Based on Financial Reconstruction Law) | 0.41% | 0.35% | (0.06pt) | |
| Capital adequacy ratio ^{*3} (domestic criteria) | 11.98% | 11.72% | (0.26pt) | |

◆ Yen deposits increased from March 31, 2013 due to an effect of converting from foreign currencies to yen.

◆ Foreign currency deposit balance decreased due to an increase in selling to lock in profits led by yen depreciation.

◆ Loan balance increased due to an increase in the balance of mortgage loans.

*1 Loans in others include corporate loans of ¥102.2 billion

*2 Balance of problem assets based on the Financial Reconstruction Law / Total credit exposure

*3 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P28.

Line item amounts are truncated below ¥100 million;
numbers of accounts are truncated below 10 thousands accounts;
percentage change figures are rounded.

Overview of Operating Performance: Sony Bank (Non-consolidated) (2)

<Reference> On Managerial Accounting Basis

| (Billions of yen) | FY2012 | FY2013 | Change | |
|---|--------|-------------|--------|--------|
| Gross operating profit | 18.5 | 20.6 | +2.1 | +11.7% |
| Net interest income* ¹ ① | 17.6 | 18.2 | +0.5 | +3.2% |
| Net fees and commissions* ² ② | 1.0 | 1.0 | +0.0 | +7.4% |
| Net other operating income* ³ | (0.1) | 1.3 | +1.5 | — |
| Gross operating profit (core profit) (A) =①+② | 18.6 | 19.2 | +0.6 | +3.4% |
| Operating expenses and other expenses ③ | 13.9 | 14.6 | +0.6 | +4.9% |
| Net operating profit (core profit) =(A)−③ | 4.6 | 4.6 | (0.0) | (0.9%) |

■ Managerial accounting basis

The following adjustments are made to the figures on a financial accounting basis to account for profits and losses more appropriately.

*1: Net interest income: Includes profits and losses associated with fund investment recorded in net other operating income, including gains or losses from currency swap transactions.

*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

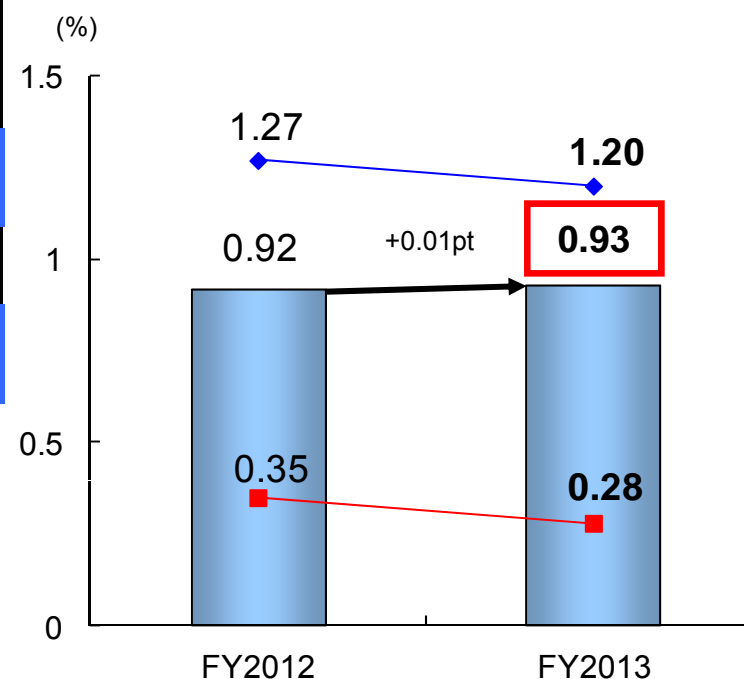
*3: Net other operating income: After the above adjustments (*1 and *2), consists of profits and losses for bond and derivative dealing transactions.

■ Core profit

Profits and losses exclude net other operating income, which includes those on bond and derivative dealing transactions, and stands for Sony Bank's basic profits.

<Reference> Interest Spread (Managerial Accounting Basis)

◆ Yield on investment ■ Yield on financing
■ Interest spread



Note: Interest spread=(Yield on investment)-(Yield on financing)

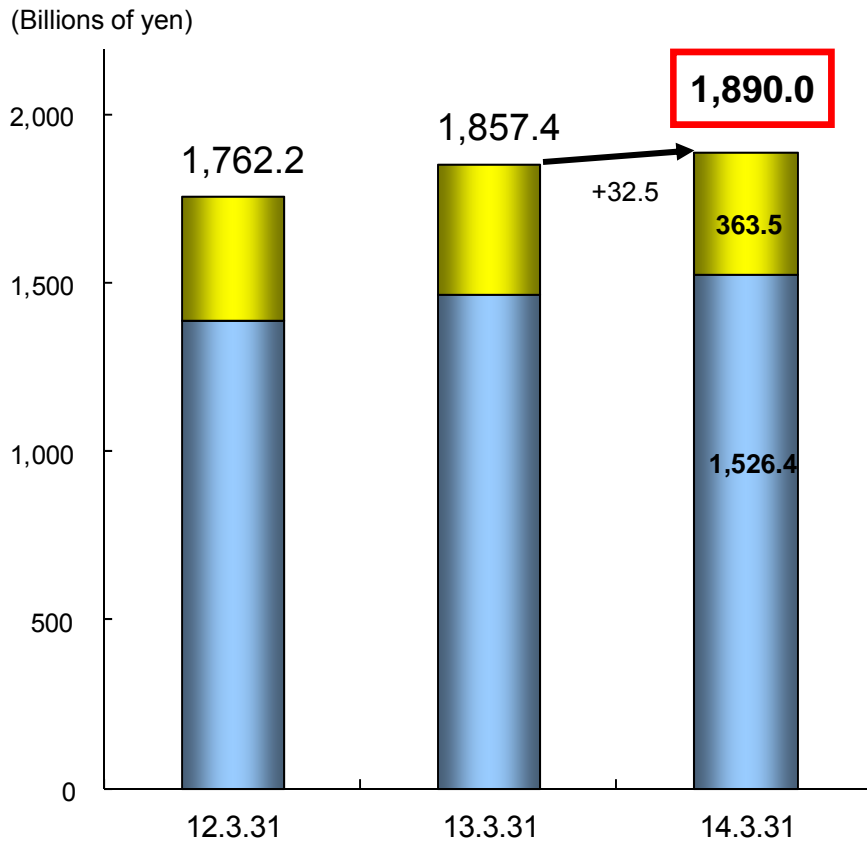
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Operating Performance: Sony Bank (Non-consolidated) (1)



Deposits

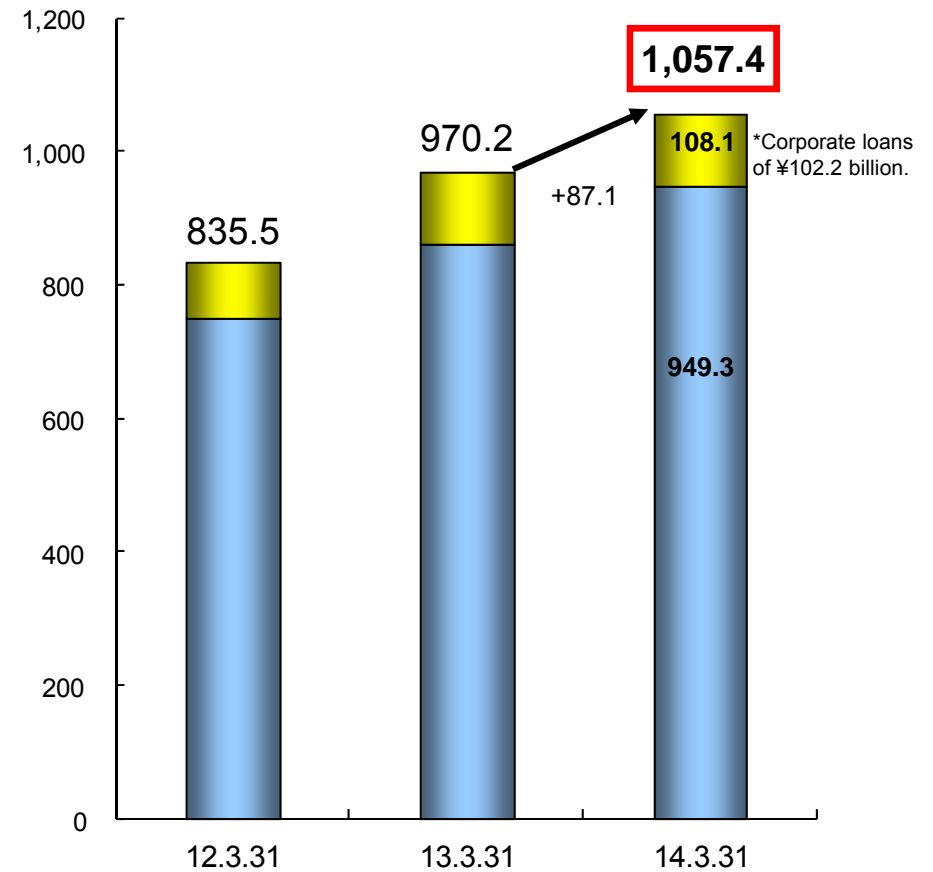
■ Yen deposits ■ Foreign currency deposits



Loans

■ Mortgage loans ■ Others

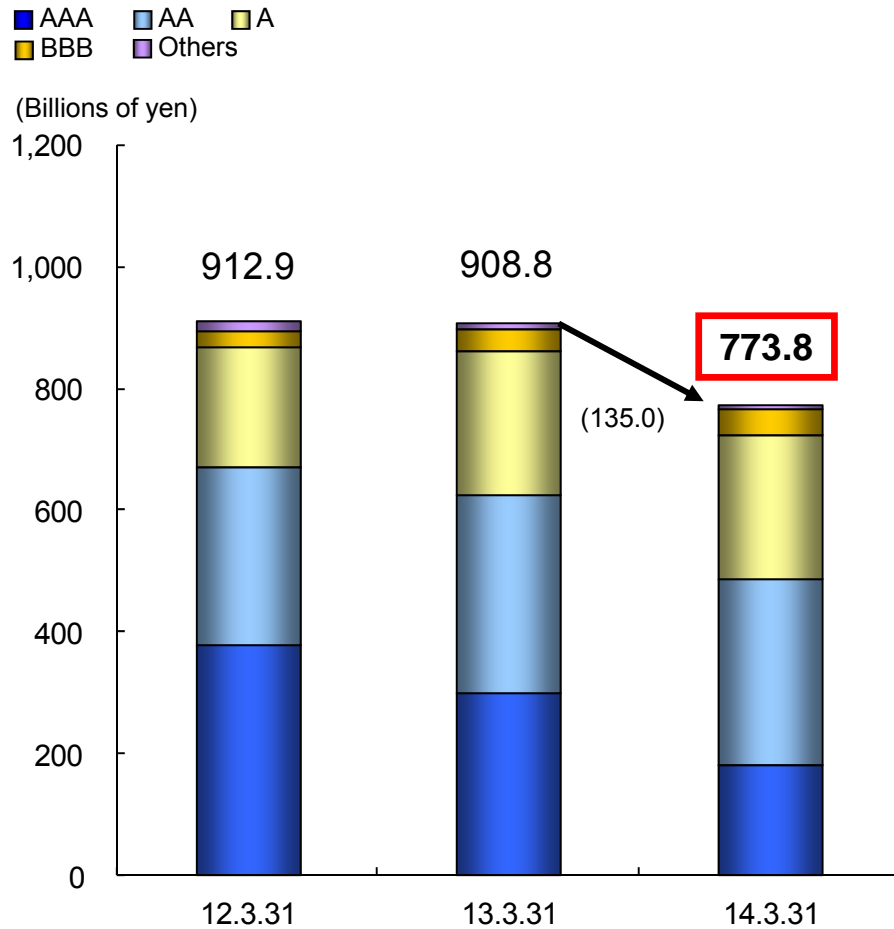
(Billions of yen)



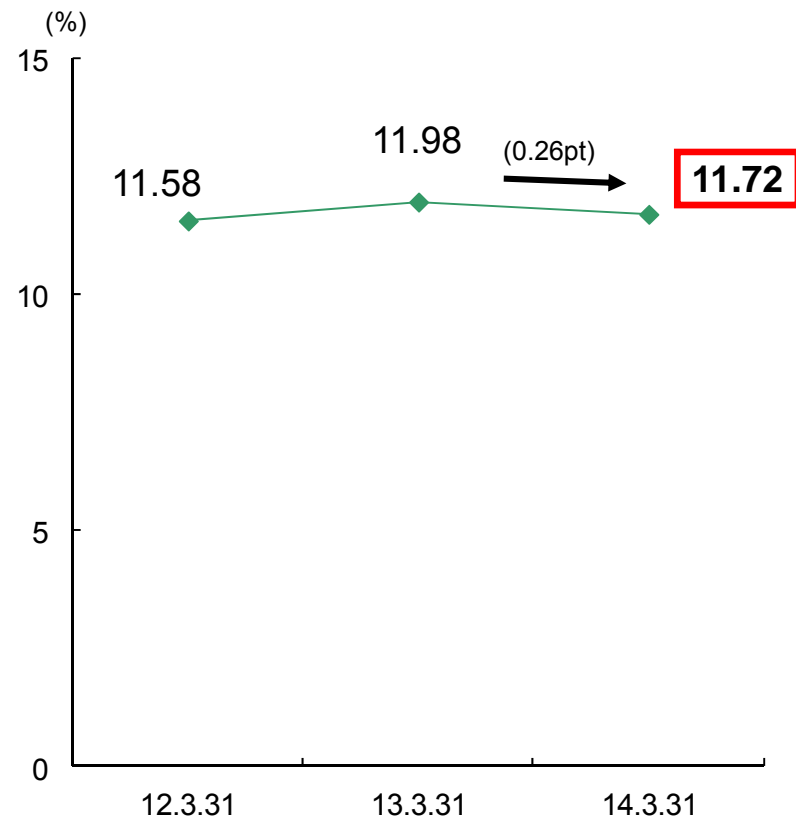
Line item amounts are truncated below ¥100 million.

Operating Performance: Sony Bank (Non-consolidated) (2)

Balance of Securities by Credit Rating



Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



*Calculated based on the standard FSA Notification No. 19 (2006), which establishes standards based on Article 14-2 of the Banking Act of Japan for determining the capital adequacy of a bank in light of the assets held by the bank.
Sony bank calculates this ratio based on Basel III from March 31, 2014.

Line item amounts are truncated below ¥100 million.

Consolidated Financial Forecast for the Year Ending March 31, 2015

Consolidated Financial Forecast for the Year Ending March 31, 2015



Consolidated ordinary revenues are expected to decrease, ordinary profit is expected to remain at the same levels, and net income is expected to grow significantly.

| (Billions of yen) | FY2013 (Actual) | FY2014 (Forecast) | Change |
|---------------------------------------|--------------------|----------------------|---------|
| Consolidated ordinary revenues | 1,319.7 | 1,191.0 | (9.8%) |
| <u>Life insurance business</u> | 1,196.6 | 1,061.9 | (11.3%) |
| <u>Non-life insurance business</u> | 89.8 | 92.4 | +2.8% |
| <u>Banking business</u> | 35.7 | 36.6 | +2.2% |
| Consolidated ordinary profit | 76.1 | 77.0 | +1.1% |
| <u>Life insurance business</u> | 67.2 | 67.4 | +0.2% |
| <u>Non-life insurance business</u> | 3.0 | 3.9 | +29.8% |
| <u>Banking business</u> | 5.6 | 5.3 | (6.0%) |
| Consolidated net income | 40.5 | 49.0 | +21.0% |

<Segment information for ordinary revenues and ordinary profit>

■ **Life Insurance Business**

Ordinary revenues are expected to decrease because we do not expect such an increase in lump-sum payment insurance premiums and investment income on separate account due to market recovery as recorded in the previous fiscal year. However, we expect steady growth in policy amount in force. Ordinary profit is expected to be nearly at the same level as in the previous fiscal year. This is because we expect a higher provision for policy reserves related to minimum guarantees for variable life insurance policies, as well as an increase in operating expenses due to the consumption tax rate rise. We do not expect any negative impact from a rise in provision of policy reserves resulting from the revision of the discount rate used for calculating policy reserves in the previous fiscal year.

■ **Non-life Insurance Business**

Ordinary revenues are expected to increase in line with growth in net premiums written, primarily for mainstay automobile insurance. Operating profit is expected to rise stemming from the rise in ordinary revenues and a decline in the loss ratio although we expect higher operating expenses.

■ **Banking Business**

Ordinary revenues are expected to rise year on year, because we regard to stable and sustainable business growth even in an environment characterized by persistently low interest rates. Ordinary profit is expected to decrease because we do not believe that foreign exchange transactions will be as vigorous as in the previous fiscal year, and we expect higher operating expenses as we pursue initiatives designed to strengthen our settlement function with an eye to future growth, while we expect higher ordinary revenues to lead to an increase in gross operating profit.

<**Consolidated net income**>

Net income is expected to grow significantly year on year. This is because Sony Life has changed its calculation policy of the reserve for price fluctuations to accumulate reserves up to required levels from this fiscal year while it had accumulated reserves in excess of the required levels until the previous fiscal year.

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

Dividend Forecast

Dividend Forecast for for the Year Ending March 31, 2015



- ◆ The proposed dividend for FY2013 is ¥30 per share, up ¥5 year on year.
- ◆ Given the substantial increase in net income forecast for FY2014, we expect to increase the dividend by ¥10 per share, to ¥40. This would correspond to the third consecutive year of dividend increases, since FY2012.
- ◆ SFH's dividend policy is to pay stable dividends, steadily increasing their level in line with earnings growth over the medium to long term, thereby enhancing ongoing shareholder returns.

■ Consolidated Net Income and Dividend Result/Forecast

| | FY2010 | FY2011 | FY2012 | FY2013 (Expected) | FY2014 (Forecast) |
|---|---------------|---------------|-----------------|----------------------|----------------------|
| Dividend per share | ¥20 | ¥20 | ¥25 | ¥30 | ¥40 |
| Annual dividend amount | ¥8.7 billion | ¥8.7 billion | ¥10.875 billion | ¥13.049 billion | ¥17.399 billion |
| Consolidated net income | ¥41.7 billion | ¥32.8 billion | ¥45.0 billion | ¥40.5 billion | ¥49.0 billion |
| Dividend payout ratio (consolidated) | 20.9% | 26.5% | 24.1% | 32.2% | 35.5% |

Note: Annual dividend amounts are truncated below ¥1 million, consolidated net income amounts are truncated below ¥100 million, and dividend payout ratios are rounded.

Sony Life's Preliminary MCEV and Risk Amount Based on Economic Value as of March 31, 2014

Please keep in mind that the validity of these calculations of MCEV as of March 31, 2014, has not been verified by outside specialists. The calculation of MCEV as of March 31, 2014, in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced on May 26, 2014.
A part of the calculations of MCEV as of December 31, 2013, adopted simplified method and has not been verified by outside specialists.

Sony Life's Preliminary MCEV as of March 31, 2014

| (Billions of yen) | 13.3.31 | 13.12.31 | 14.3.31 | Change from 13.3.31 | Change from 13.12.31 |
|----------------------------|---------|----------|----------------|---------------------|----------------------|
| MCEV | 1,064.7 | 1,186.9 | 1,221.3 | +156.6 | +34.4 |
| Adjusted net worth | 770.8 | 698.5 | 722.1 | (48.7) | +23.7 |
| Value of existing business | 293.9 | 488.4 | 499.1 | +205.3 | +10.7 |

| (Billions of yen) | 13.3.31 | 13.12.31 | 14.3.31 |
|---------------------|-----------|----------|-------------|
| New business value | 41.6(12M) | 45.2(9M) | 55.2(12M) |
| New business margin | 3.5% | 5.5% | 5.2% |

Notes:

1. New business margin equals new business value divided by present value of premium income.
2. Calculated MCEV as of December 31, 2013 by using updated lapse and surrender rate and economic assumptions as of March 31, 2013.

◆ Reasons for changes in MCEV

- Preliminary MCEV as of March 31, 2014, increased ¥156.6 billion from March 31, 2013, due mainly to an acquisition of new policies, assumption changes in mortality rates and lapse and surrender rates and higher interest rates.
- Preliminary MCEV as of March 31, 2014, increased ¥34.4 billion from December 31, 2013, due to changes in assumptions, mainly mortality rates and lapse and surrender rates.

◆ Reasons for changes in new business margin

- New business margin as of March 31, 2014, was up 1.7% from March 31, 2013, due mainly to the revision of Sony Life's Insurance premium rates in April 2013 and higher interest rates.
- New business margin as of March 31, 2014, was down 0.3% from December 31, 2013, due mainly to an increase in operating expenses driven by higher inflation rate in future.

*Please see page 44 for trend on JGB yields.

Sony Life's Risk Amount Based on Economic Value as of March 31, 2014



(after tax)

| (Billions of yen) | 13.3.31 | 13.12.31 | 14.3.31 *2 |
|---|---------|----------|------------|
| Insurance risk | 605.6 | 621.1 | 654.5 |
| Market-related risk | 289.9 | 260.8 | 240.0 |
| Of which, interest rate risk*1 | 234.2 | 198.3 | 180.9 |
| Operational risk | 26.0 | 27.9 | 26.3 |
| Counter party risk | 2.3 | 2.0 | 1.3 |
| Variance effect | (262.5) | (256.9) | (257.8) |
| The risk amount based on economic value | 661.3 | 654.8 | 664.3 |

*1 Interest amount excluding the variance effect within market-related risk

*2 Sony Life revised its method of measuring interest rate risk in Japanese yen on March 31, 2014. Please see page 43.

| (Billions of yen) | 13.3.31 | 13.12.31 | 14.3.31 |
|-------------------|---------|----------|---------|
| MCEV | 1,064.7 | 1,186.9 | 1,221.3 |

◆ Maintained capital adequacy by controlling market-related risk.

Notes:

1. The risk amount based on economic value refers to the total amount of Sony Life's risks, comprehensively examined and including insurance risk and market-related risk.
2. The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model, which is a similar but modified model based on the EU Solvency II (QIS5) standard method.
3. Calculated MCEV as of December 31, 2013 by using updated lapse and surrender rate and economic assumptions as of March 31, 2013.

Appendix

Recent Topics 1

AEGON Sony Life Insurance

Launch of sales: December 1, 2009

Common stock: ¥24 billion (including capital surplus of ¥12 billion)

Equity ownership: Sony Life insurance Co., Ltd. 50%, AEGON international B.V. 50%

Marketing products: Individual Variable Annuities

Sales Channels: Lifeplanner sales employees and partner Banks (20*) *As of May 20, 2014



SA Reinsurance Ltd

Established: October 29, 2009

Common stock: ¥8 billion

Equity ownership: Sony Life insurance Co., Ltd. 50%, AEGON international B.V. 50%

Business: Reinsurance business

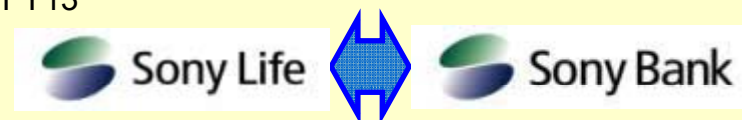
* AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint ventures established by Sony Life and AEGON Group.

Sony Bank's Mortgage Loans through Sony Life

■ Sony Life accounts for 24% of the balance of mortgage loans as of Mar. 31, 2014

Sony Life accounts for 17% of the amount of new mortgage loans for FY13

*Sony Life started handling banking agency business in January 2008.



Sony Assurance's Auto Insurance Sold by Sony Life

■ Sony Life accounts for approx. 5% of new automobile policies for FY13

*Sony Life started handling automobile insurance in May 2001.



* "Lifeplanner" is a registered trademark of Sony Life.

Recent Topics 2

<Highlights for FY2013>

| | |
|------------|--|
| 2013-04-01 | Sony Assurance revised its automobile insurance policy details. (including an increased discount of ¥8,000 for new customers who conclude contracts on line, introduction of new bonus-malus system and the revision on automobile insurance premium rates.) |
| 2013-04-02 | Sony Life revised insurance premium rates on some of its products in line with the reduction in discount rate used for calculating policy reserves. |
| 2013-05-01 | Sony Bank set service charge free on inward foreign currency remittances. |
| 2013-05-02 | Sony Life commenced sale of a new product: “ U.S. Dollar Denominated Insurance.” |
| 2013-08-01 | Sony Assurance enhanced special benefit service for its policyholders with renewal contract. |
| 2013-10-28 | Sony Bank launched new service: automatic saving plans for foreign currency deposits. |
| 2013-10-31 | Sony Bank closed its representative office in Sydney. |
| 2013-11-11 | The Sony Financial Group entered the nursing care business, acquiring Senior Enterprise Corporation as a wholly owned subsidiary of SFH. |
| 2013-12-02 | Sony Bank introduced paperless procedures to open bank accounts. |
| 2013-12-19 | Sony Bank announced plans to issue the new Sony Card with an enhanced credit and settlement function through a tie-up with Sumitomo Mitsui Card Company, with this credit card being offered to customers from February 7, 2014. |
| 2014-01-02 | Sony Life started selling new educational endowment insurance (non-participating type). |
| 2014-01-10 | Sony Bank enhanced its settlement function by starting withdrawal services for credit card payments for Sumitomo Mitsui Card holders. |
| 2014-02-12 | Sony Life dissolved tie-up with Watami Co., Ltd. in the nursing care business. |
| 2014-04-01 | "Sony Lifecare Inc." is established as a holding company to oversee the Group's operations in the nursing care business. |
| 2014-05-02 | Sony Life commenced sale of a new product: “Specialty Endowment Insurance.” |

Sony Life: Fair Value Information on Securities (General Account Assets)



Fair Value Information on Securities

Fair Value Information on Securities

(Billions of yen)

| | 12.3.31 | | | 13.3.31 | | | 14.3.31 | | |
|---|-----------------|----------------|-------------------------------|-----------------|----------------|-------------------------------|-----------------|----------------|-------------------------------|
| | Carrying amount | Fair value | Net unrealized gains (losses) | Carrying amount | Fair value | Net unrealized gains (losses) | Carrying amount | Fair value | Net unrealized gains (losses) |
| Held-to-maturity securities | 3,404.8 | 3,560.6 | 155.8 | 3,874.2 | 4,425.9 | 551.7 | 4,409.6 | 4,839.9 | 430.3 |
| Available-for-sale securities | 895.1 | 956.1 | 60.9 | 955.9 | 1,079.2 | 123.2 | 1,065.5 | 1,189.8 | 124.3 |
| Japanese government and corporate bonds | 849.1 | 902.6 | 53.4 | 925.3 | 1,036.9 | 111.6 | 1,035.9 | 1,146.7 | 110.8 |
| Japanese stocks | 29.1 | 34.9 | 5.8 | 14.7 | 20.9 | 6.2 | 12.2 | 21.2 | 8.9 |
| Foreign securities | 15.3 | 16.7 | 1.3 | 14.4 | 18.6 | 4.2 | 15.8 | 19.4 | 3.5 |
| Other securities | 1.4 | 1.7 | 0.2 | 1.4 | 2.6 | 1.1 | 1.4 | 2.5 | 1.0 |
| Total | 4,299.9 | 4,516.8 | 216.8 | 4,830.2 | 5,505.2 | 675.0 | 5,475.1 | 6,029.8 | 554.7 |

Valuation gains (losses) on trading-purpose securities

(Billions of yen)

| 12.3.31 | | 13.3.31 | | 14.3.31 | |
|----------------------|---|----------------------|---|----------------------|---|
| Balance sheet amount | Net valuation gains (losses) recorded in income | Balance sheet amount | Net valuation gains (losses) recorded in income | Balance sheet amount | Net valuation gains (losses) recorded in income |
| – | – | – | – | – | – |

Notes: 1) Line item amounts are truncated below ¥100 million. 2) Amounts above include those categorized as “monetary trusts.”

Sony Life's Interest Income and Dividends (Details)



(Millions of yen)

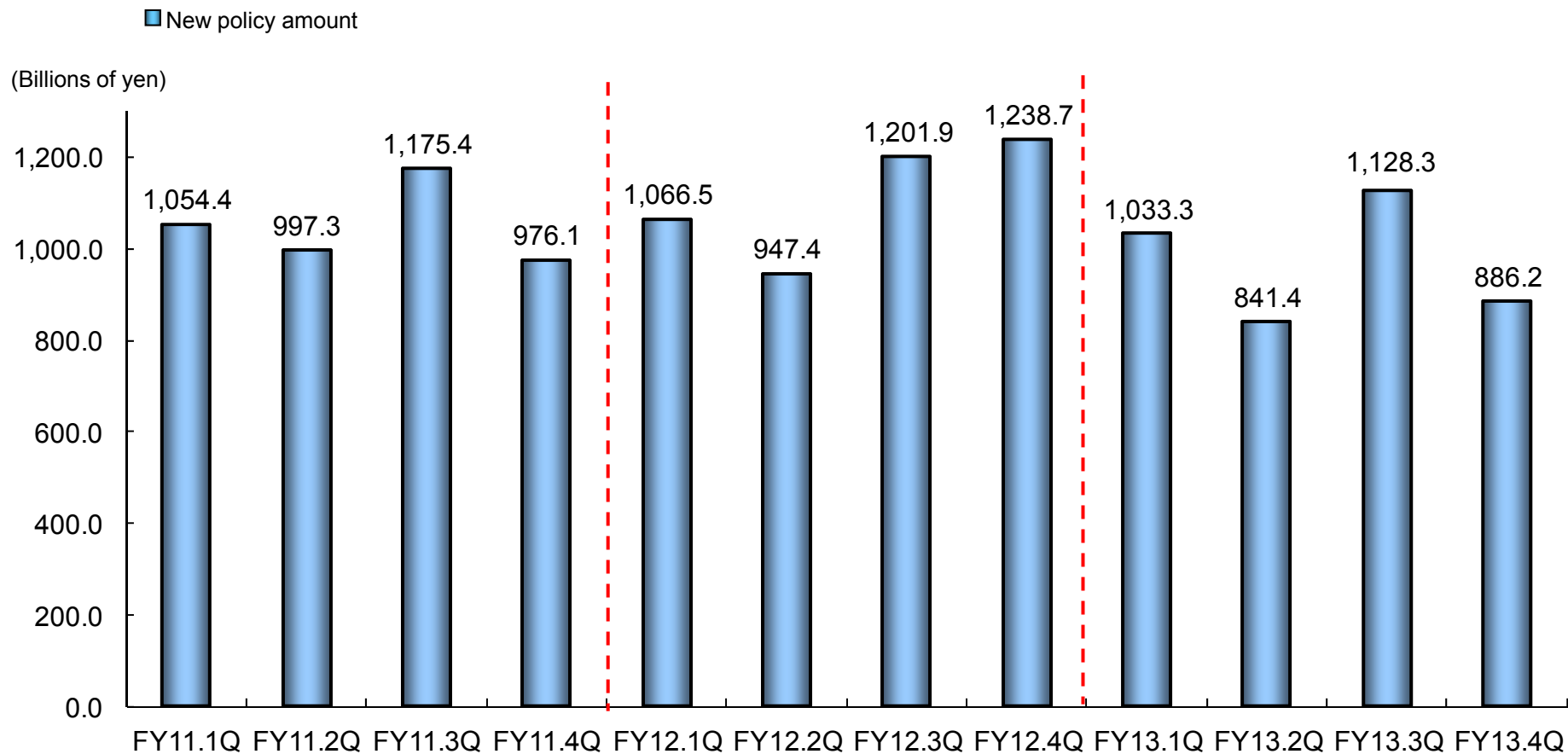
| | FY2012 | FY2013 | Change |
|---|---------|---------|---------|
| Cash and deposits | 0 | 0 | (39.8%) |
| Japanese government and corporate bonds | 87,634 | 98,588 | 12.5% |
| Japanese stocks | 536 | 397 | (25.9%) |
| Foreign securities | 3,746 | 6,740 | 79.9% |
| Other securities | 251 | 460 | 83.6% |
| Loans | 5,450 | 5,691 | 4.4% |
| Real estate | 10,854 | 10,250 | (5.6%) |
| Others | 67 | 31 | (53.7%) |
| Total | 108,539 | 122,160 | 12.5% |

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

Sony Life's Quarterly Trend on New Policies Amount



Quarterly Trend on New Policy Amount



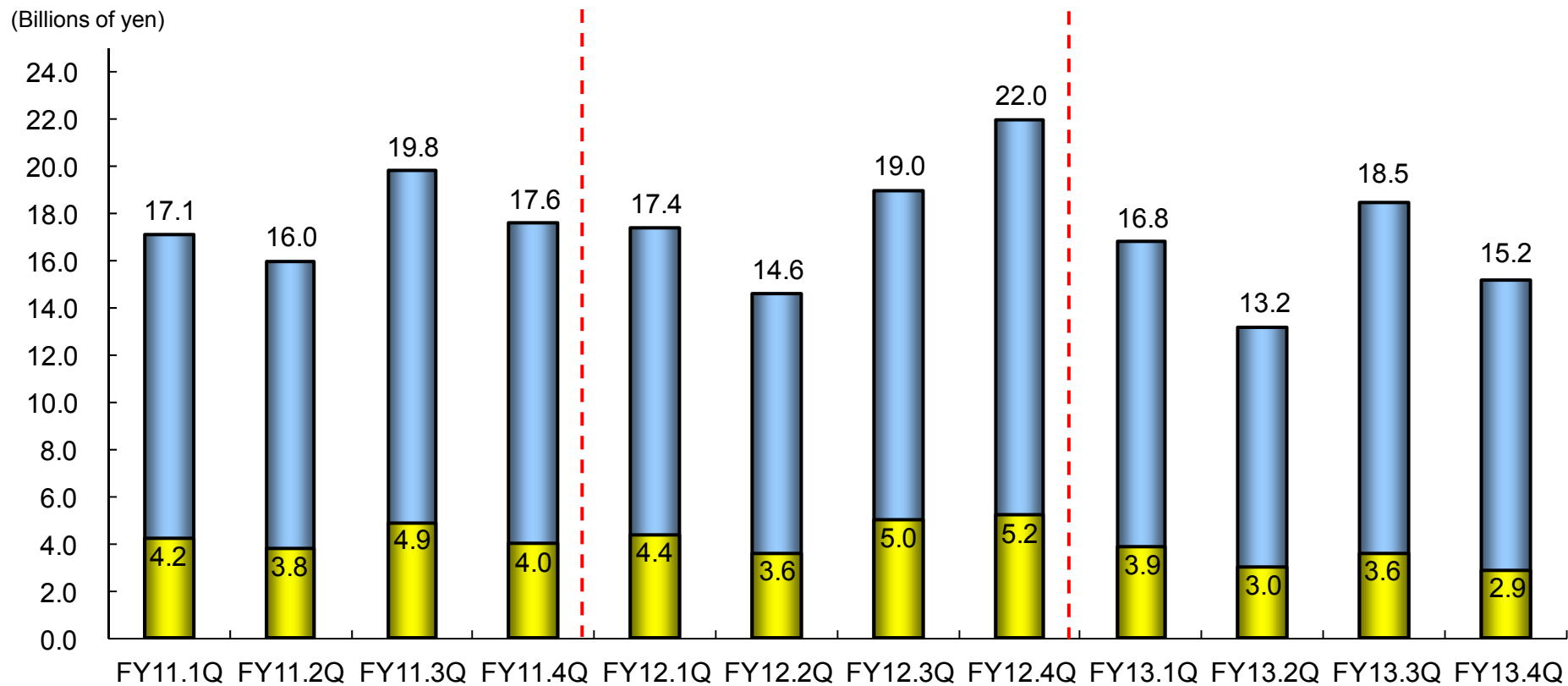
Line item amounts are truncated below ¥100 million.

Sony Life's Quarterly Trend on Annualized Premiums from New Policies



Quarterly Trend on Annualized Premiums from New Policies

■ Annualized premiums from new policies ■ Of which, third-sector

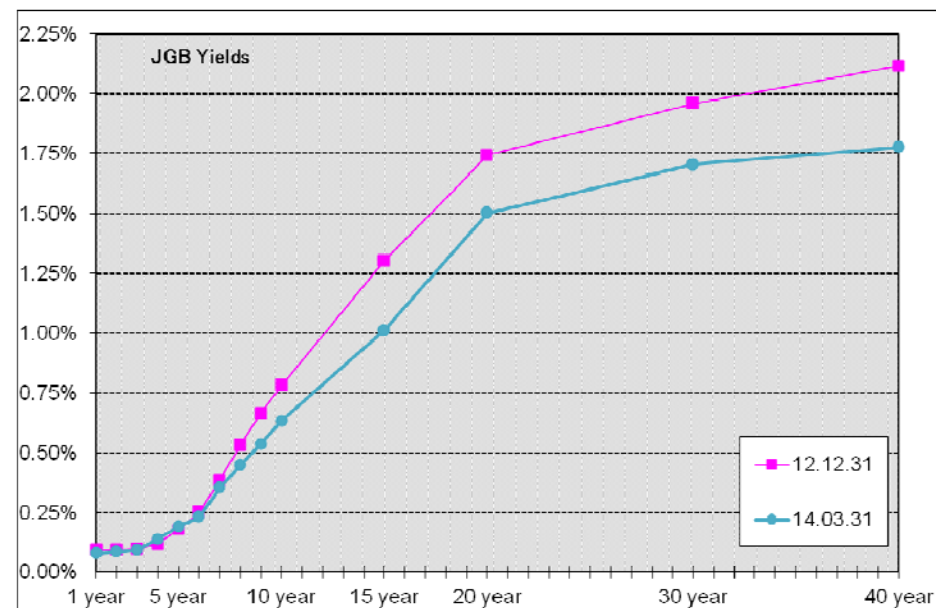


Line item amounts are truncated below ¥100 million.

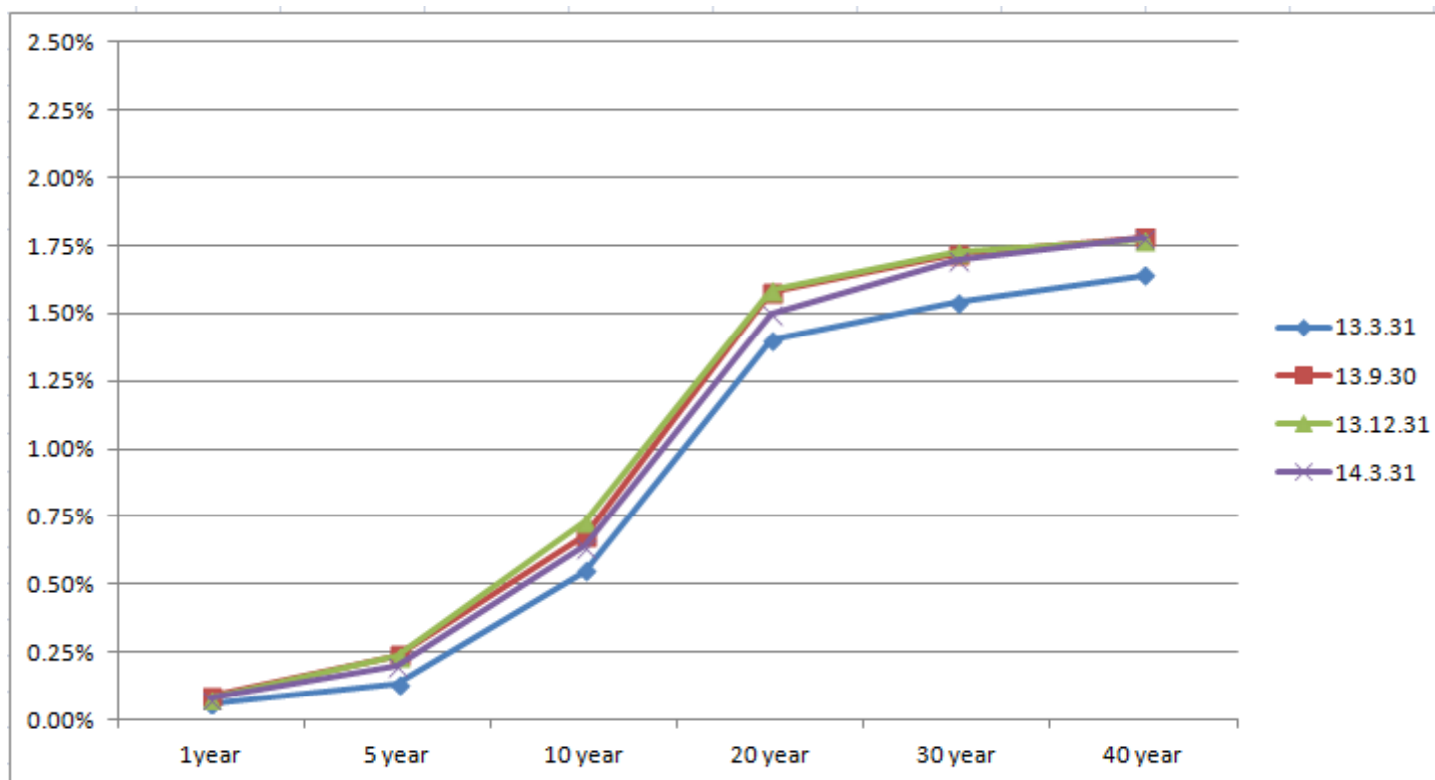
Sony Life: Revision of Method of Measuring Interest Rate Risk in Japanese Yen

- ◆ For interest rate risk in Japanese yen, Sony Life revised the risk measure at the end of March 2014, having observed significant changes in ultra-long term interest rates during the year 2013. More specifically, Sony Life revised the previous methodology which measured the shock by dropping interest rates by at least 1% for all maturities (parallel shift) and introduced principal component analysis, where yield curve changes are disaggregated into three components, parallel shift, twist and butterfly, and the yield curve is shocked by each component, to capture the risk of yield curve changes more precisely. The risk amount would be larger than the previous risk measure when ultra-long term interest rates are high and there is room for yield curve flattening (such as on December 31, 2012), while the risk amount would be smaller than the previous risk measure when ultra-long term interest rates are sufficiently low and there is little room for further decline in yield curve (such as on March 31, 2014). Interest rate risk at the end of March 31, 2014, prior to revising the risk measure was ¥233.6 billion (post-revision: ¥180.9 billion) and the solvency risk capital on an economic value basis was ¥697.5 billion (post-revision: ¥664.3 billion).

- ◆ Sony Life confirms its risk measure at least once a year. Not only the above risk measure revision for interest rate risk, Sony Life modified risk factors specified in QIS5 standard methodology appropriately to make them more suitable in light of the market risk attribute to which Sony Life is exposed, where risk factors specified in QIS5 or its previous risk measure are considered unable to capture enough risk amount at a 99.5% confidence level.



JGB Yields



| JGB yields | 13.3.31 | 13.9.30 | 13.12.31 | 14.3.31 | 13.3.31 → 14.3.31 | 13.12.31 → 14.3.31 |
|------------|---------|---------|----------|---------|----------------------|-----------------------|
| 1year | 0.06% | 0.09% | 0.08% | 0.08% | 0.02% | (0.01%) |
| 5 year | 0.13% | 0.24% | 0.24% | 0.20% | 0.07% | (0.05%) |
| 10 year | 0.55% | 0.68% | 0.73% | 0.64% | 0.09% | (0.10%) |
| 20 year | 1.40% | 1.58% | 1.59% | 1.50% | 0.10% | (0.08%) |
| 30 year | 1.54% | 1.72% | 1.73% | 1.70% | 0.16% | (0.02%) |
| 40 year | 1.64% | 1.78% | 1.77% | 1.78% | 0.14% | 0.00% |



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