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**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**

## Content



■ Consolidated Operating Results for the Year Ended March 31, 2014	P. 3
■ Consolidated Financial Forecast for the Year Ending March 31, 2015	P. 29
■ Dividend Forecast	P. 31
■ Sony Life's Preliminary MCEV and Risk Amount Based on Economic Value as of March 31, 2014	P. 33
■ Appendix	P. 36

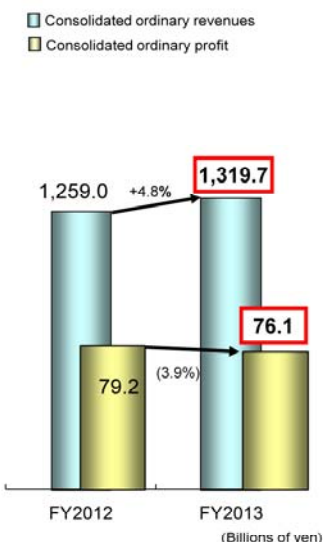
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## Content

## **Consolidated Operating Results for the Year Ended March 31, 2014**

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



(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.

During the year ended March 31, 2014, consolidated ordinary revenues rose 4.8% year on year, to ¥1,319.7 billion, owing to increases in ordinary revenues from all the 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.

## 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.

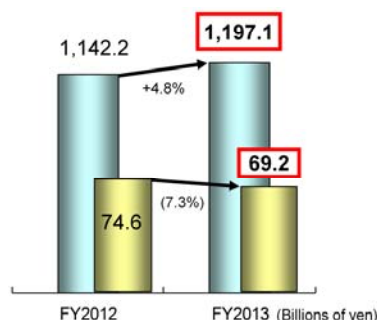
Line item amounts are truncated below ¥100 million; percentage change figures are rounded

Here is highlights of consolidated operating performance.

## 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	
<b>Ordinary revenues</b>	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%)
<b>Ordinary expenses</b>	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%
<b>Ordinary profit</b>	74.6	69.2	(5.4)	(7.3%)
<b>Net income</b>	42.4	37.0	(5.3)	(12.7%)
(Billions of yen)	13.3.31	14.3.31	Change from 13.3.31	
<b>Securities</b>	5,211.5	5,954.7	+743.1	+14.3%
<b>Policy reserves</b>	5,472.9	6,123.6	+650.7	+11.9%
<b>Total net assets</b>	342.3	369.2	+26.8	+7.9%
Net unrealized gains on other securities	80.2	83.4	+3.1	+3.9%
<b>Total assets</b>	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.

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6

Highlights of Sony Life's operating performance (non-consolidated basis) are shown here.

Sony Life's ordinary revenues increased 4.8% year on year, to ¥1,197.1 billion.

Of this amount, income from insurance premiums grew 3.8% year on year, to ¥960.9 billion, due to a steady growth in policy amount in force.

Investment income increased 6.3% year on year, to ¥212.3 billion, due mainly to higher interest income and dividends on general account assets.

Ordinary profit decreased 7.3% year on year, to ¥69.2 billion. This is because of an increase in provision of policy reserves resulting from a 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.

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



(Billions of yen)	FY2012	FY2013	Change	<Reasons for changes>
New policy amount	4,454.6	3,889.3	(12.7%)	◆ 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.
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%	◆ Decreased mainly in term-life insurance.
Annualized premiums from new policies	73.2	63.9	(12.7%)	
Of which, third-sector products	18.3	13.4	(26.7%)	◆ 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.
Annualized premiums from insurance in force	669.9	696.9	+4.0%	
Of which, third-sector products	158.6	167.0	+5.3%	◆ 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.
	13.3.31	14.3.31	Change from 13.3.31	
Non-consolidated solvency margin ratio	2,281.8%	2,358.7%	+76.9pt	

### Notes:

- 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.
- 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.

Here is an overview Sony Life's operating performance (non-consolidated basis)

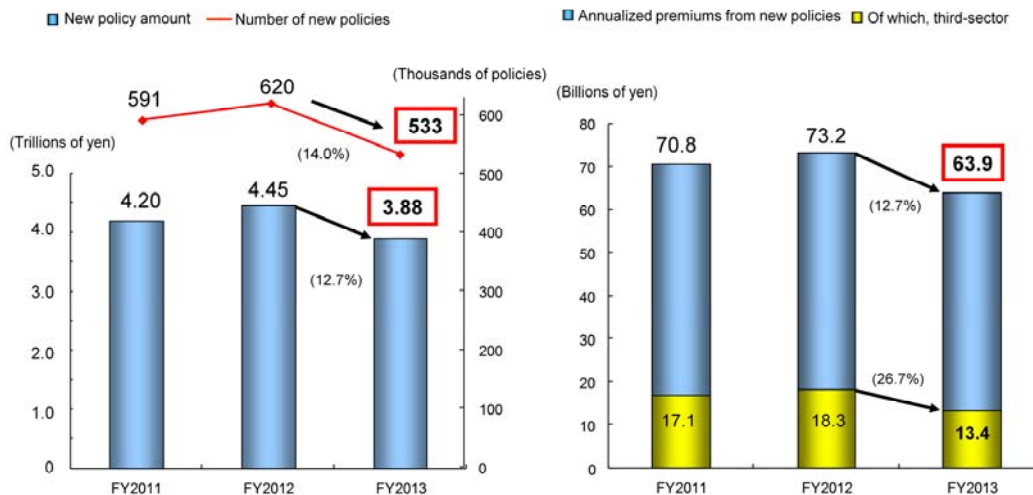


## Operating Performance : Sony Life (Non-consolidated) (1)



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

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



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

#### (Left-hand graph)

New policy amount for the total of individual life insurance and individual annuities for the year ended March 31, 2014, decreased 12.7% year on year, to ¥3.88 trillion, due mainly to the revision of insurance premium rates.

By product type, sales of family income insurance and interest rate-sensitive whole life insurance decreased while sales of U.S. dollar denominated insurance which was newly launched this fiscal year and lump-sum payment endowment insurance increased.

The number of new policies decreased 14.0% year on year, to 533 thousand policies.

#### (Right-hand graph)

Annualized premiums from new policies for the year ended March 31, 2014, decreased 12.7% year on year, to ¥63.9 billion, due to the revision of insurance premium rates.

By product type, sales of interest rate-sensitive whole life insurance and educational endowment insurance decreased while sales of lump-sum payment endowment insurance. Of which, the figure for third-sector insurance products was down 26.7% year on year, to ¥13.4 billion due to a decrease in sale of lump-sum payment whole life nursing-care insurance.

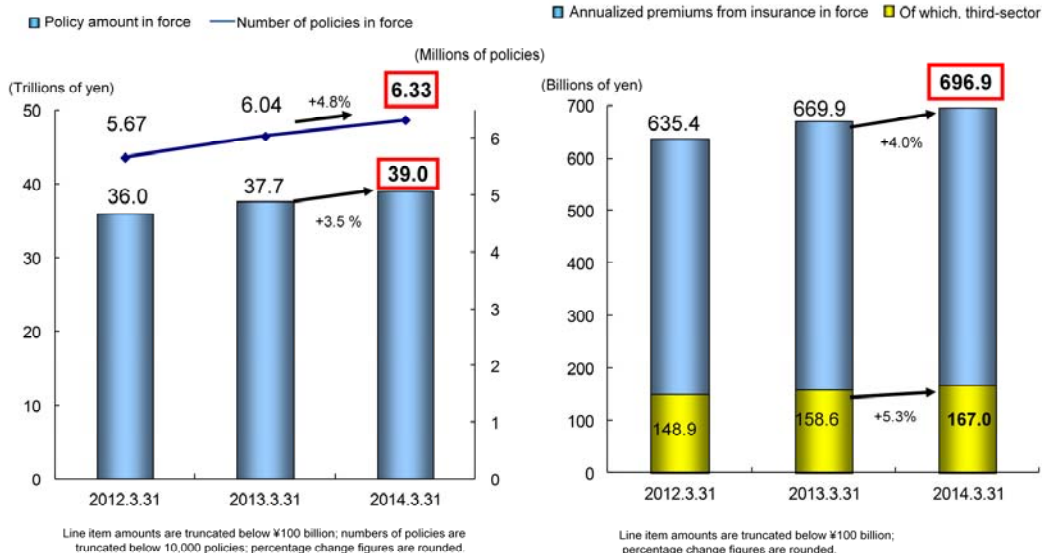


## Operating Performance : Sony Life (Non-consolidated) (2)



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

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



Sony Life's policy amount in force which reflects new policy amount and lapse and surrender amount, is shown here.

(Left-hand graph)

Policy amount in force for the total of individual life insurance and individual annuities increased 3.5% year on year, to ¥39.0 trillion, due to an increase in new policies and a decline in lapse and surrender rate.

Annual growth rate for the year ended March 31, 2014, was lower than that in the previous fiscal year. However, the average growth rate for the past two years was 4.1%, which is in line with Sony Life's mid-term target rate of 4.0%. Sony Life has been stably growing its business volume.

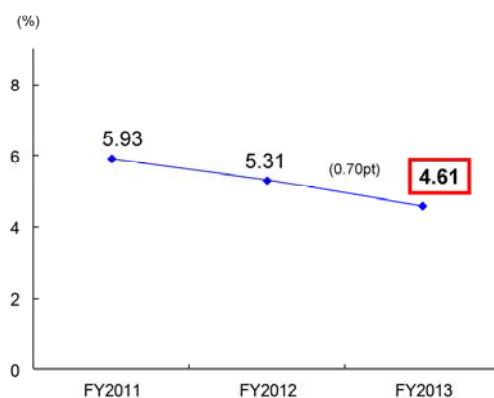
(Right-hand graph)

Annualized premiums from insurance in force increased 4.0% year on year, to ¥696.9 billion.

## 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.

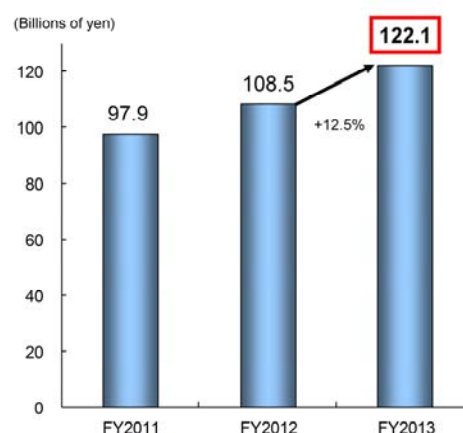
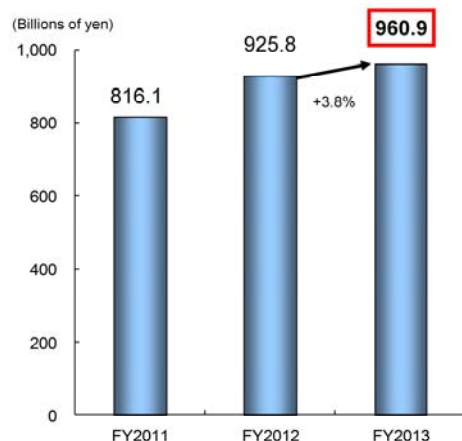
The lapse and surrender rate for the year ended March 31, 2014, decreased 0.70 percentage point year on year, to 4.61%, due to the further lowering of lapse and surrender rates primarily for term-life insurance.

## 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.

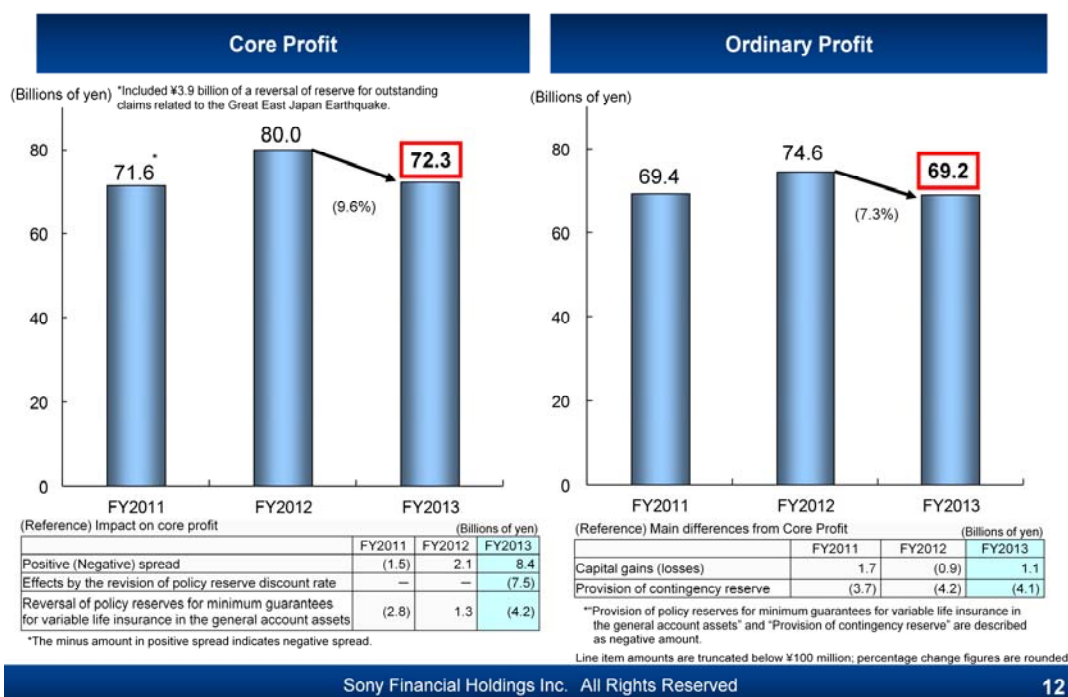
(Left-hand graph)

Income from insurance premiums increased 3.8% year on year, to ¥960.9 billion, due to a steady growth in policy amount in force.

(Right-hand graph)

Interest income and dividends was up 12.5% year on year, to ¥122.1 billion, due to an expansion in investment assets along with business expansion.

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



### (Left-hand graph)

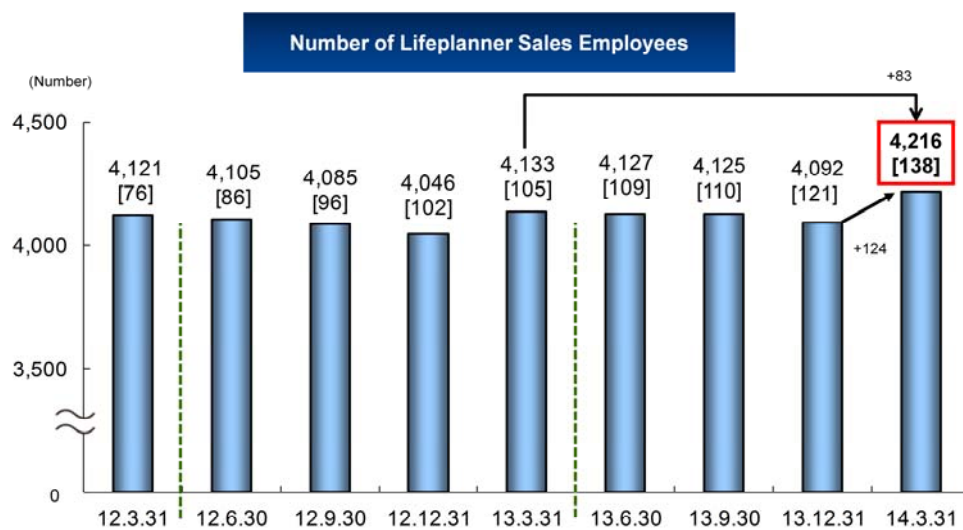
Core profit was down 9.6% year on year, to ¥72.3 billion, due to an increase in provision of policy reserves resulting from a revision in the discount rate used for calculating policy reserves and the provision of policy reserves for minimum guarantees for variable life insurance, despite the positive effect of an increase in the positive spread.

### (Right-hand graph)

Ordinary profit decreased 7.3% year on year, to ¥69.2 billion.

Main differences between core profit and ordinary profit include a provision of contingency reserve and capital gains and losses.

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



Note: Figures in [ ] show the numbers of Lifeplanner 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 Lifeplanner sales employees that meet certain sales conditions and other requirement.

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

The number of Lifeplanner sales employees as of March 31, 2014, was 4,216, up 124 from December 31, 2013, and up 83 from March 31, 2013.

## 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%
<b>Total</b>	<b>5,402.1</b>	<b>100.0%</b>	<b>5,984.3</b>	<b>100.0%</b>

**<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.

Here is a breakdown of Sony Life's general account assets as of March 31, 2014, compared with March 31, 2013.

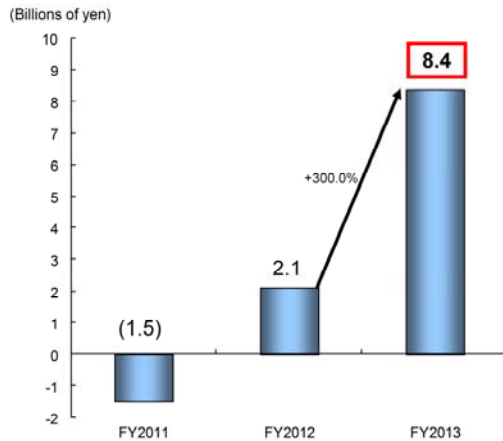
As Sony Life continued its investment in ultralong-term bonds, the holding ratio on the real status, of Japanese government and corporate bonds including those invested in monetary trusts rose to 91.8% as of March 31, 2014.

Going forward, Sony Life will invest most of new money acquired from income from insurance premiums in ultralong-term bonds in order to properly control interest rate risk on insurance liabilities.

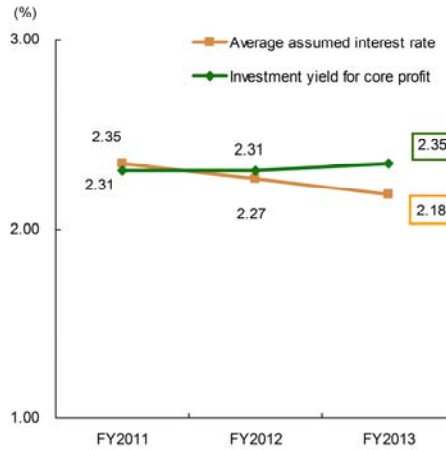
## Operating Performance : Sony Life (Non-consolidated) (8)



### Positive Spread



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



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

(Left-hand graph)

Positive spread for the year ended March 31, 2014, increased ¥6.3 billion year on year, to ¥8.4 billion, due to a lower average assumed interest rate and higher investment yield for core profit.

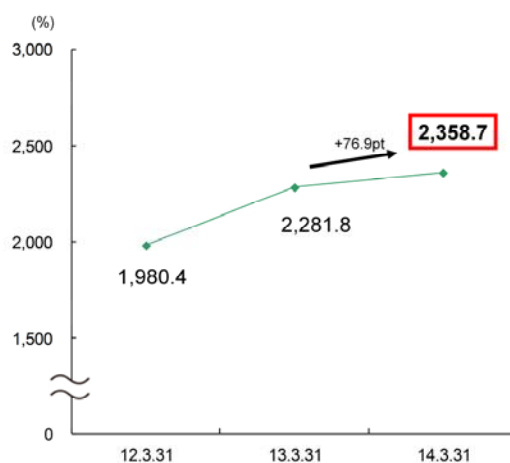
(Right-hand graph)

Investment yield for core profit for the year ended March 31, 2014, was 2.35% which exceeds the average assumed interest rate, 2.18%.



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

### Non-consolidated Solvency Margin Ratio



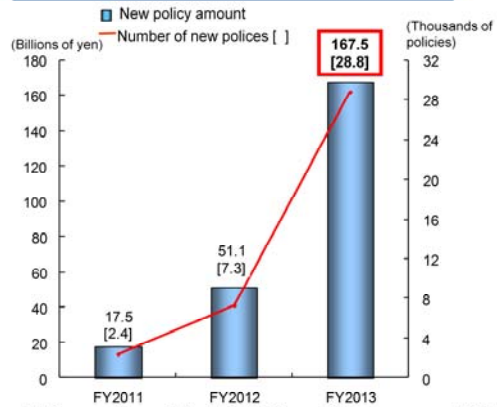
As of March 31, 2014, Sony Life's non-consolidated solvency margin ratio was 2,358.7%, up 76.9 percentage points from March 31, 2013, remaining at a high level.

## Operating Performance : AEGON Sony Life Insurance

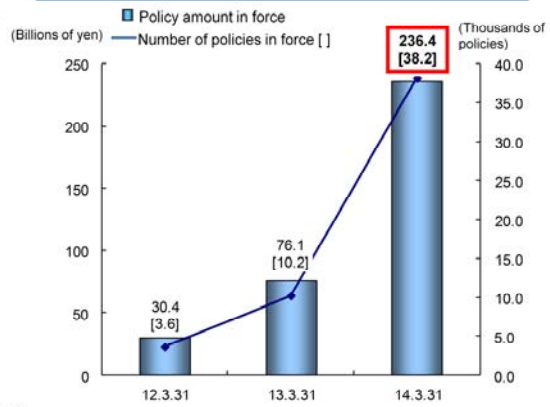


\*AEGON Sony Life Insurance sells individual variable annuities.

### 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.

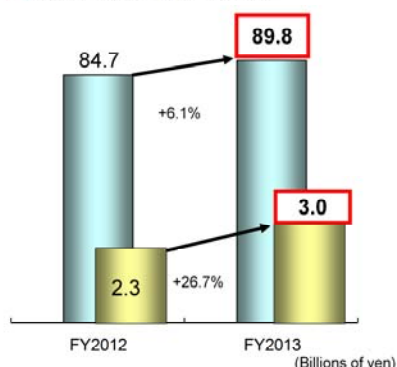
Line item amounts are truncated below ¥100 million; numbers of policies are truncated below 100 policies; percentage change figures are rounded.

AEGON Sony Life Insurance, which sells individual variable annuities, has steadily expanded its business volume.

## 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	
<b>Ordinary revenues</b>	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%
<b>Ordinary expenses</b>	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%
<b>Ordinary profit</b>	2.3	3.0	+0.6	+26.7%
<b>Net income</b>	1.4	1.6	+0.2	+14.4%

(Billions of yen)	13.3.31	14.3.31	Change from 13.3.31	
<b>Underwriting reserves</b>	70.6	78.0	+7.4	+10.5%
<b>Total net assets</b>	19.9	21.4	+1.4	+7.4%
<b>Total assets</b>	127.4	142.7	+15.2	+12.0%

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

Sony Assurance's ordinary revenues increased 6.1% year on year, to ¥89.8 billion, due to an increase in net premiums written primarily for automobile insurance. Ordinary profit increased 26.7% year on year, to ¥3.0 billion, 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.

## Overview of Operating Performance: Sony Assurance



(Billions of yen)	FY2012	FY2013	Change	<b>&lt;Reasons for changes&gt;</b> ◆ 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.
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)	

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.

Here is an overview of Sony Assurance's operating performance.

## 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	—	—	—
<b>Total</b>	<b>82,541</b>	<b>87,370</b>	<b>+5.9%</b>

### 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%
<b>Total</b>	<b>83,582</b>	<b>88,600</b>	<b>+6.0%</b>

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

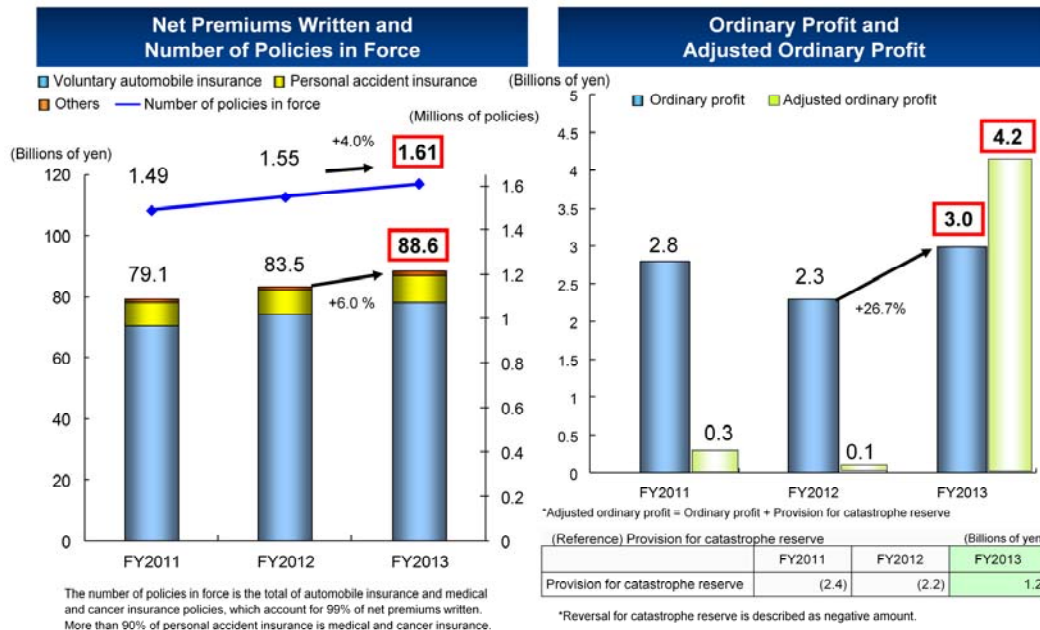
### Net losses paid

(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%
<b>Total</b>	<b>47,153</b>	<b>46,183</b>	<b>(2.1%)</b>

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

This slide shows direct premiums written, net premiums written and net losses paid by type of policy.

## Operating Performance: Sony Assurance (1)



### (Left-hand graph)

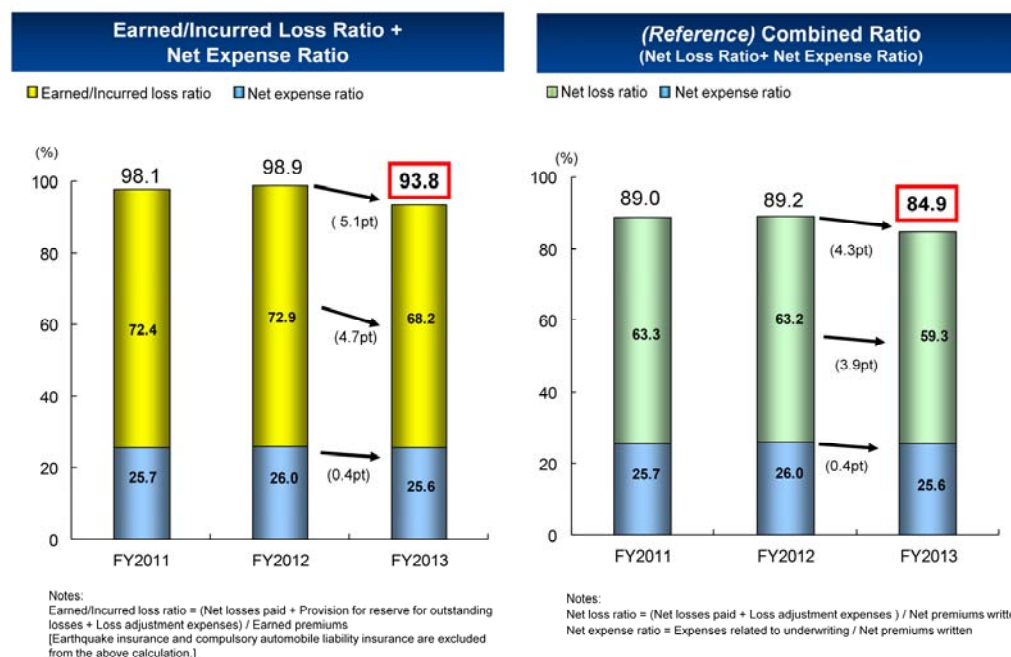
The number of policies in force for the total of automobile insurance and medical and cancer insurance steadily increased 4.0% year on year, to 1.61 million policies. This is because Sony Assurance has begun offering a new discounted premiums (increased discount rate from ¥5,000 to ¥8,000) for new customers who contracted automobile insurance via Internet from April 2013.

Net premiums written posted a 6.0% year-on-year increase, to ¥88.6 billion, owing to an increase in the number of automobile insurance and the effect of the premium revision.

### (Right-hand graph)

Ordinary profit significantly increased year on year, due mainly to a decline in the loss ratio as described in the previous pages. We also show you adjusted ordinary profit in addition to ordinary profit on the graph. Adjusted ordinary profit is a profit indicator on a managerial accounting basis. The figure is calculated by adjusting the amount of provision(reversal) for catastrophe reserve to ordinary profit. Adjusted ordinary profit also increased significantly year on year, to ¥4.2 billion.

## Operating Performance: Sony Assurance (2)



### (Left-hand graph)

For year ended March 31, 2014, the E.I. loss ratio declined 4.7 percentage points year on year, to 68.2%, 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).

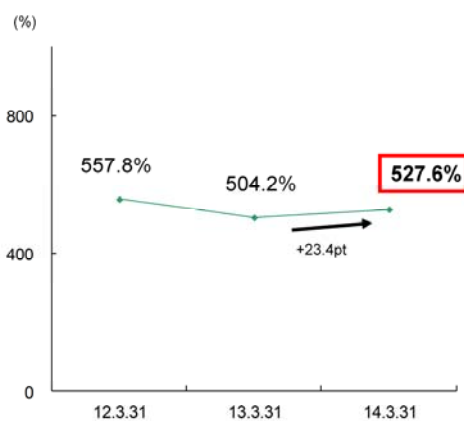
The net expense ratio declined 0.4 percentage point year on year, to 25.6%, due to a proper control of insurance acquisition cost and a rise in automobile insurance premiums. Consequently, the sum of the E.I. loss ratio and the net expense ratio declined 5.1 percentage points year on year, to 93.8%.

### (Right-hand graph)

The net loss ratio declined 3.9 percentage points year on year, to 59.3%. This is different from the E.I. loss ratio, which reflects an increase or a decrease in provision for outstanding losses. The combined ratio (the sum of the net loss ratio and the net expense ratio) declined 4.3 percentage points year on year, to 84.9%.



Non-consolidated Solvency Margin Ratio

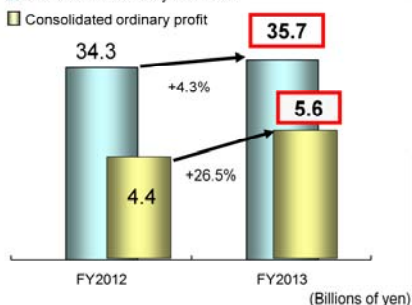


As of March 31, 2014, Sony Assurance's non-consolidated solvency margin ratio was 527.6%, up 23.4 percentage points from March 31, 2013.

## 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.

Sony Bank's consolidated ordinary revenues and ordinary profit increased year on year. Consolidated ordinary revenues increased 4.3% year on year, to ¥35.7 billion and consolidated ordinary profit increased 26.5% year on year, to ¥5.6 billion.

On a non-consolidated basis, Sony Bank's net interest income increased owing to an increase in interest income on loans led by the growing balance of mortgage loans and a decrease in interest expenses.

Moreover, gross operating profit increased 11.7% year on year, to ¥20.7 billion and net operating profit increased 32.5% year on year, to ¥6.0 billion. This is because of a 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.

Sony Bank achieved a record-high in ordinary profit, gross operating profit and net operating profit on both consolidated and non-consolidated basis for the year ended March 31, 2014.

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



(Billions of yen)	13.3.31	14.3.31	Change from 13.3.31	
<b>Customer assets</b>	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%
<b>Loans outstanding</b>	970.2	1,057.4	+87.1	+9.0%
Mortgage loans	860.3	949.3	+88.9	+10.3%
Others	109.8	108.1 <sup>1</sup>	(1.7)	(1.6%)
<b>Number of accounts</b> (10 thousands)	92	97	+4	+5.3%
<b>Non-performing assets ratio</b> <sup>*2</sup> (Based on Financial Reconstruction Law)	0.41%	0.35%	(0.06pt)	
<b>Capital adequacy ratio</b> <sup>*3</sup> (domestic criteria)	11.98%	11.72%	(0.26pt)	

### <Reasons for changes>

◆ 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.

<sup>\*1</sup> Loans in others include corporate loans of ¥102.2 billion

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

<sup>\*3</sup> 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.

Here is an overview of Sony Bank's operating performance.

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



### <Reference> On Managerial Accounting Basis

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

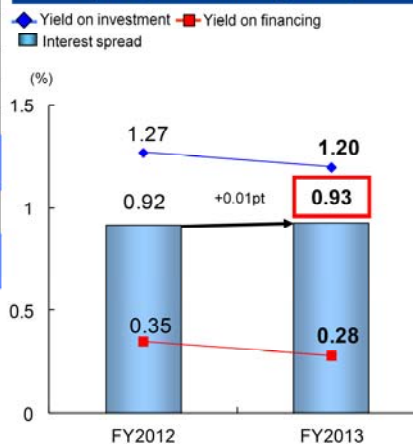
\*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

\*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)



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

We break down gross operating profit on a managerial accounting basis to facilitate an understanding of operational sources of revenue and profits.

#### (Left-hand table)

Net interest income on a managerial accounting basis increased 3.2% year on year, to ¥18.2 billion, owing to an increase in interest income on loans led by the growing balance of mortgage loans and a decrease in interest expenses.

Net fees and commissions increased 7.4% year on year, to ¥1.0 billion, owing to higher gains on foreign exchange transactions stemming from active foreign currency trading by customers.

Net other operating income increased to ¥1.3 billion, due to an improvement in net gains on bond-dealing transactions. Consequently, gross operating profit on a core profit basis increased 3.4% year on year, to ¥19.2 billion, and net operating profit on a core profit basis amounted to ¥4.6 billion.

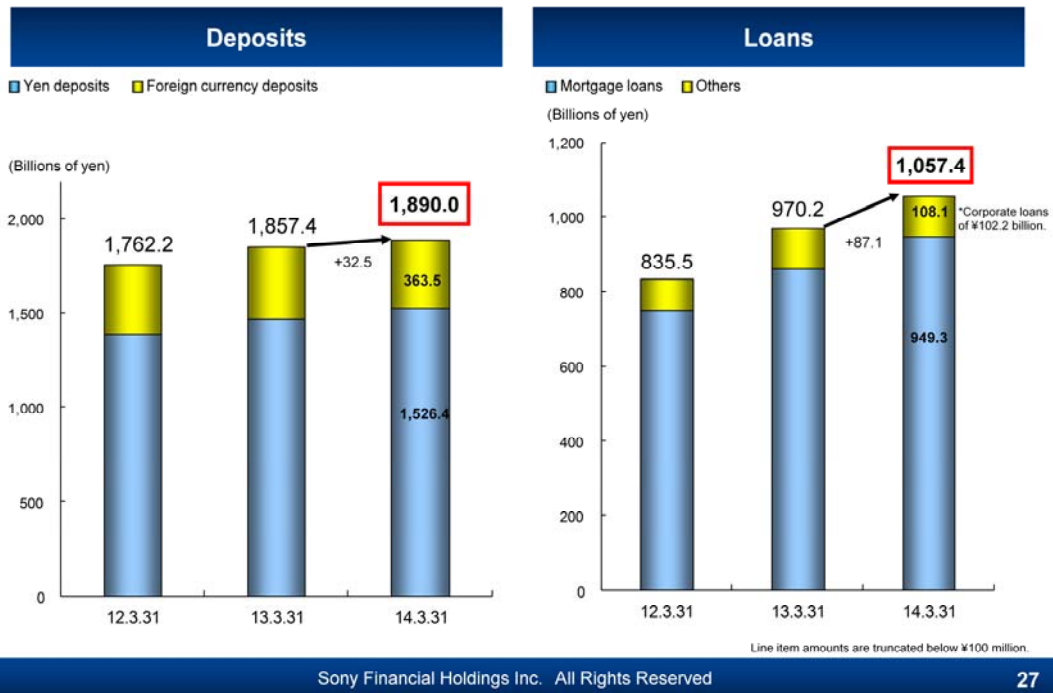
#### (Right-hand graph)

The yield on investment for FY2013 was 1.20%.

The yield on financing for FY2013 was 0.28%.

Consequently, interest spread for FY2013 was 0.93%.

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



(Left-hand graph)

As of March 31, 2014, deposits (the sum of Japanese yen and foreign currency deposits) amounted to ¥1,890.0 billion, up ¥32.5 billion from March 31, 2013. Of which, yen deposits balance amounted to ¥1,526.4 billion, up ¥59.2 billion from March 31, 2013, owing to an effect of converting from foreign currencies to yen backed by yen depreciation. Foreign currency deposits balance amounted to ¥363.5 billion, down ¥26.7 billion from March 31, 2013, due to an increase in selling to lock in profits led by yen depreciation.

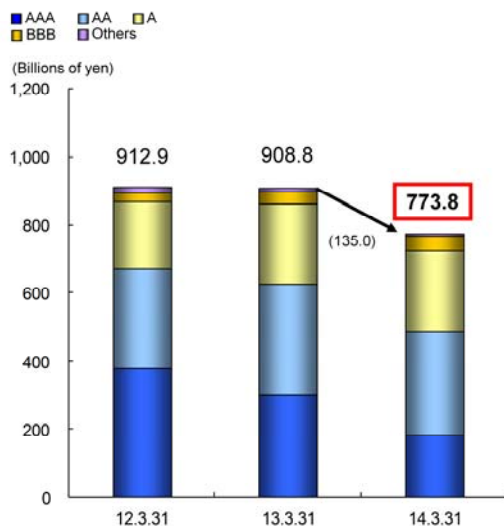
(Right-hand graph)

Loans balance expanded to ¥1,057.4 billion, up ¥87.1 billion from March 31, 2013, due to the growing balance of mortgage loans.

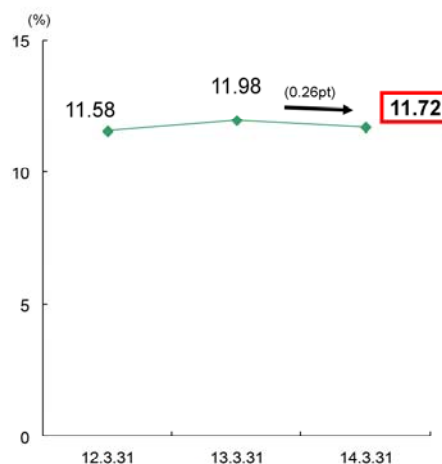
## Operating Performance: Sony Bank (Non-consolidated) (2)



### 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.

(Left-hand graph)

As of March 31, 2014, the balance of securities amounted to ¥773.8 billion, down ¥135.0 billion from March 31, 2013. Sony Bank continuously invests in highly rated bonds while keeping close eyes on interest rate environment.

(Right-hand graph)

As of March 31, 2014, Sony Bank's non-consolidated capital adequacy ratio (domestic criteria) was 11.72%. Sony Bank has maintained financial soundness.  
Sony bank calculates this ratio based on Basel III from March 31, 2014.

## **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
<b>Consolidated ordinary revenues</b>	1,319.7	1,191.0	(9.8%)
Life insurance business	1,196.6	1,061.9	(11.3%)
Non-life insurance business	89.8	92.4	+2.8%
Banking business	35.7	36.6	+2.2%
<b>Consolidated ordinary profit</b>	76.1	77.0	+1.1%
Life insurance business	67.2	67.4	+0.2%
Non-life insurance business	3.0	3.9	+29.8%
Banking business	5.6	5.3	(5.0%)
<b>Consolidated net income</b>	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.

With regard to SFH's financial forecast for the year ending March 31, 2015, stable and sustainable business growth is expected in all the businesses: life insurance, non-life insurance and banking.

We expect ordinary revenues for the fiscal year ending March 31, 2015, to decrease because we do not anticipate the same level of 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 do look forward to steady growth in policy amount in force in the life insurance business.

We anticipate the same level of ordinary profit in this fiscal year as in the year ended March 31, 2014. 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.

We expect net income to grow significantly year on year. 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.

The policy change is a result of its ALM initiatives where Sony Life has successfully reduced its risk assets.

## 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.

Taking into account such factors as operating performance during the fiscal year ended March 31, 2014, we plan to pay a year-end dividend of ¥30 per share, up ¥5 from the previous fiscal 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.

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## **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
<b>MCEV</b>	1,064.7	1,186.9	<b>1,221.3</b>	+156.6	+34.4
Adjusted net worth	770.8	698.5	<b>722.1</b>	(48.7)	+23.7
Value of existing business	293.9	488.4	<b>499.1</b>	+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 preliminary MCEV as of March 31, 2014, increased ¥156.6 billion from March 31, 2013, to ¥ 1,221.3 billion, due mainly to an acquisition of new policies, assumption changes in mortality rates and lapse and surrender rates and higher interest rates.

New business value (new business margin) for 12 months ended March 31, 2014 was ¥55.2 billion (5.2%) while that for 12 months ended March 31, 2013 was ¥41.6 billion (3.5%).

New business margin as of March 31, 2014, was up from March 31, 2013, due mainly to the revision of Sony Life's insurance premium rates in April 2013 and higher interest rates.

## 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.

The risk amount based on economic value as of March 31, 2014 amounted to ¥664.3 billion. Within Sony Life's risks, insurance risk and market-related risk amounted to ¥654.5 billion and ¥240.0 billion respectively.

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

The risk amount based on economic value as of March 31, 2014, was slightly up from March 31, 2013.

However, Sony Life has maintained high financial soundness by keeping MCEV, which is capital based on economic value, at a higher level than the risk amount.

## Appendix

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.

## Appendix

## 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."

## Appendix

## 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."

## Appendix

## 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%

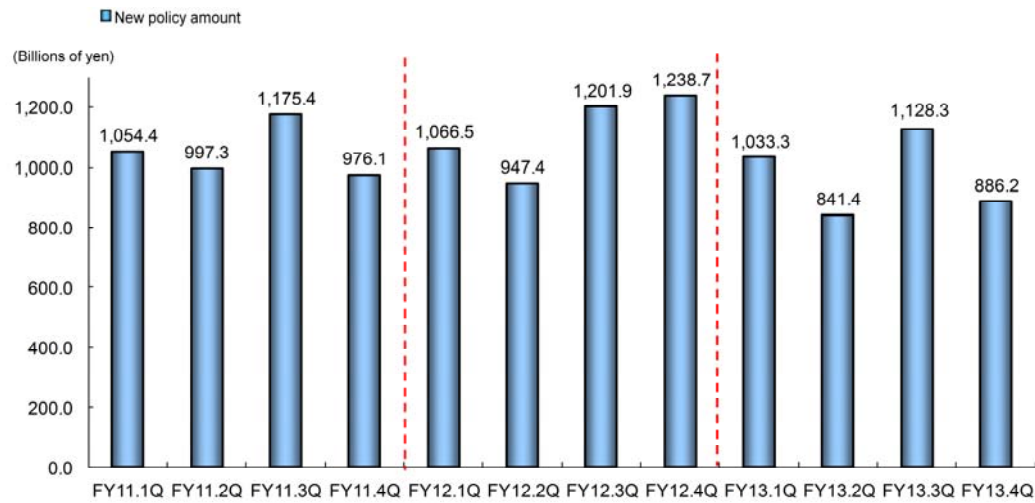
Line item amounts are truncated below ¥1 million; percentage change figures are rounded.

## Appendix

## Sony Life's Quarterly Trend on New Policies Amount



### Quarterly Trend on New Policy Amount



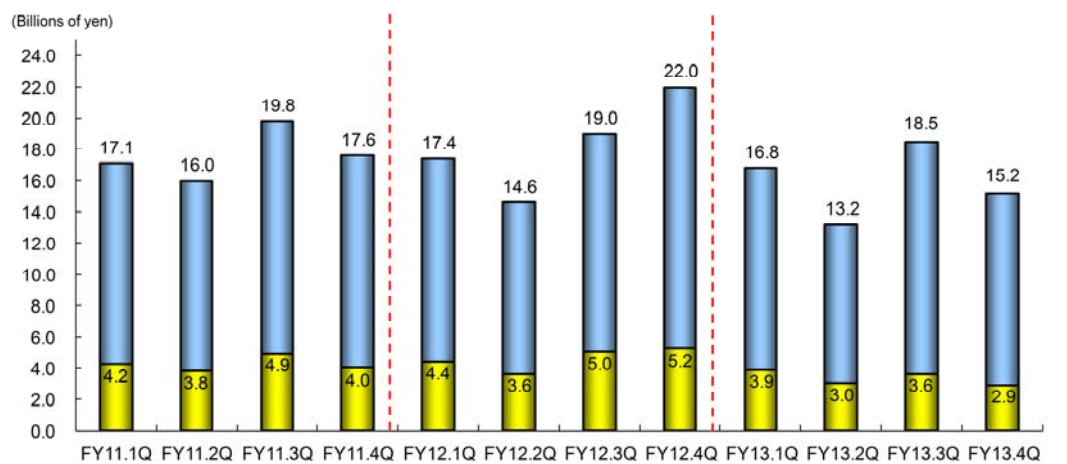
## Appendix

## 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

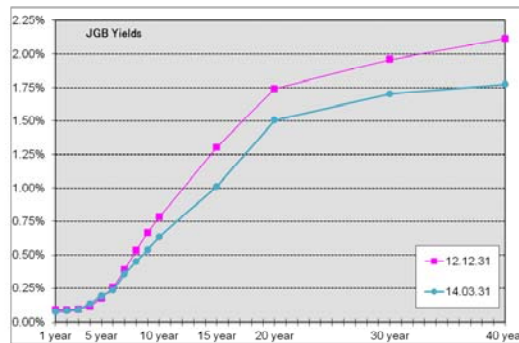


## Appendix

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

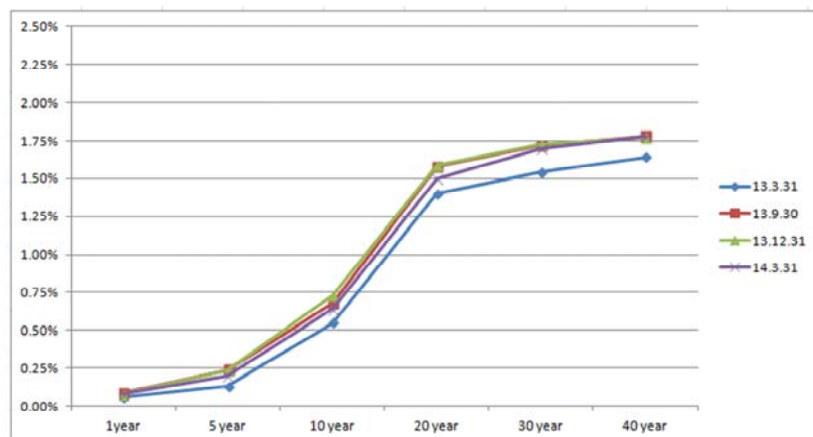
- ◆ For interest rate risk in Japanese yen, Sony Life revised the risk measure at the end of March 2014, having observed significant changes in ultra-long term interest rates during the year 2013. More specifically, Sony Life revised the previous methodology which measured the shock by dropping interest 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.



## Appendix

## 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
1 year	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%

## Appendix





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