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Presentation Material

**Consolidated Financial Results  
for the Nine Months Ended December 31, 2014  
and  
Sony Life's  
Market Consistent Embedded Value  
as of December 31, 2014**

**Sony Financial Holdings Inc.  
February 13, 2015**

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\*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded.

Also, a “-” is used where percentage changes exceed 1,000% and in cases where one or both comparisons are negative.

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

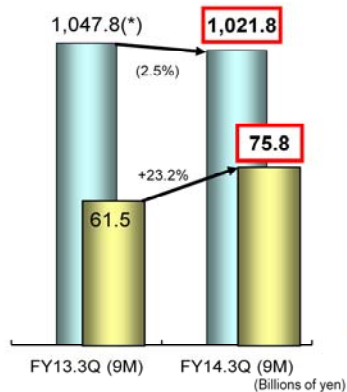
## Content

## **Consolidated Operating Results for the Nine Months Ended December 31, 2014**

## Highlights of Consolidated Operating Performance for the Nine Months Ended December 31, 2014 (1)



■ Consolidated ordinary revenues  
 ■ Consolidated ordinary profit



(\*) Banking business revised its method of recording ordinary revenues and ordinary expenses on hedge transactions from FY14. Ordinary revenues for FY13.3Q have been retroactively adjusted to reflect the change. Consequently, consolidated ordinary revenues for FY13.3Q have been revised from ¥1,047.3 billion to ¥1,047.8 billion. As adjustments to ordinary revenues were accompanied by adjustments in the same amount to ordinary expenses, ordinary profit and net income were unaffected.

(Billions of yen)		FY13.3Q (9M)	FY14.3Q (9M)	Change	
Life Insurance business	Ordinary revenues	954.8	925.7	(29.1)	(3.0%)
	Ordinary profit	53.3	65.9	+12.6	+23.7%
Non-life Insurance business	Ordinary revenues	67.4	69.9	+2.4	+3.6%
	Ordinary profit	2.7	4.4	+1.6	+60.5%
Banking business	Ordinary revenues	27.4	28.4	+0.9	+3.5%
	Ordinary profit	5.2	5.3	+0.0	+0.9%
Intersegment adjustments*	Ordinary revenues	(1.9)	(2.2)	(0.2)	—
	Ordinary profit	0.2	0.1	(0.0)	(24.3%)
Consolidated	Ordinary revenues	1,047.8	1,021.8	(25.9)	(2.5%)
	Ordinary profit	61.5	75.8	+14.3	+23.2%
	Net income	35.3	50.5	+15.1	+43.0%

\*Ordinary profit in "Intersegment adjustments" is mainly from SFH.

\*Comprehensive income: FY13.3Q (9M): ¥32.3 billion, FY14.3Q (9M): ¥90.0 billion

(Billions of yen)		14.3.31	14.12.31	Change from 14.3.31	
Consolidated	Net assets	467.0	550.0	+82.9	+17.8%
	Total assets	8,841.3	9,437.9	+596.5	+6.7%

During the nine months ended December 31, 2014 (April 1 to December 31, 2014), consolidated ordinary revenues decreased 2.5% compared with the same period of the previous fiscal year, to ¥1,021.8 billion, owing to a decrease in ordinary revenues from the life insurance business, whereas ordinary revenues from the non-life insurance and banking businesses increased.

Consolidated ordinary profit increased 23.2% year on year, to ¥75.8 billion, owing to increases in ordinary profit from all the businesses: life insurance, non-life insurance and banking.

Consolidated net income was up 43.0% year on year, to ¥50.5 billion, reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations for Sony Life.

## Highlights of Consolidated Operating Performance for the Nine Months Ended December 31, 2014 (2)



### ■ Life Insurance Business

Policy amount in force increased steadily, reflecting a record-high new policy amount during the nine months ended December 31, 2014. However, ordinary revenues decreased compared with the same period of the previous fiscal year due to a decline in income from insurance premiums, which offset a rise in gains on investment income. The decline in income from insurance premiums was principally because of the brisk sale of lump-sum payment endowment insurance prior to the sales suspension during the third quarter period (October 1 to December 31) of the previous fiscal year. Ordinary profit increased year on year, due mainly to two reasons: an increase in gains on sales of securities in the general account and the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on the interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year.

### ■ Non-life Insurance Business

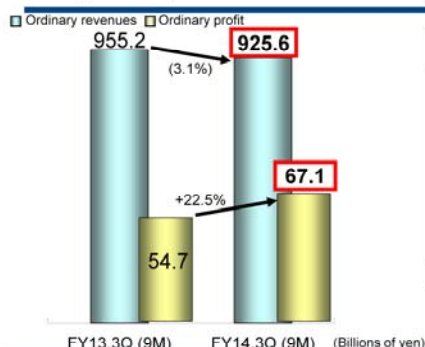
Ordinary revenues expanded year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance. Ordinary profit grew year on year due to a decline in the loss ratio mainly led by a lower car accident ratio, as well as the rise in ordinary revenues.

### ■ Banking Business

Ordinary revenues increased year on year, due mainly to an increase in bond-dealing transactions. Ordinary profit increased year on year, due mainly to the above-mentioned increase in ordinary revenues, despite a rise in operating expense.

■ Consolidated ordinary revenues decreased 2.5% compared with the same period of the previous fiscal year, to ¥1,021.8 billion, owing to a decrease in ordinary revenues from the life insurance, whereas ordinary revenues from the non-life insurance and banking businesses increased. Consolidated ordinary profit increased 23.2% year on year, to ¥75.8 billion, owing to increases in ordinary profit from all the businesses: life insurance, non-life insurance and banking. Consolidated net income was up 43.0% year on year, to ¥50.5 billion, reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations for Sony Life.

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



- ◆ Ordinary revenues decreased while ordinary profit increased year on year.
- ◆ The decline in income from insurance premiums was principally because of the brisk sale of lump-sum payment endowment insurance prior to the sales suspension in FY13.3Q (3M).
- ◆ Investment income increased due mainly to higher gains on sale of securities and higher interest income and dividends on general account assets.
- ◆ Ordinary profit increased year on year due mainly to two reasons: an increase in gains on sales of securities in the general account and the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on the interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year.
- ◆ Net income was up year on year reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations. The change was to accumulate the reserve up to required levels from FY14 while it had accumulated the reserve in excess of the required levels until FY13.

(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	
<b>Ordinary revenues</b>	955.2	925.6	(29.6)	(3.1%)
Income from insurance premiums	738.7	675.4	(63.3)	(8.6%)
Investment income	194.8	223.3	+28.5	+14.6%
Interest income and dividends	90.2	99.5	+9.3	+10.3%
Income from monetary trusts, net	3.9	3.9	(0.0)	(0.7%)
Gains on sale of securities	0.6	8.8	+8.2	—
Gains on separate accounts, net	98.7	105.3	+6.6	+6.7%
<b>Ordinary expenses</b>	900.4	858.4	(41.9)	(4.7%)
Insurance claims and other payments	251.4	292.5	+41.1	+16.4%
Provision for policy reserves and others	536.3	451.0	(85.2)	(15.9%)
Investment expenses	6.0	6.0	+0.0	+0.4%
Operating expenses	85.5	85.4	(0.0)	(0.1%)
<b>Ordinary profit</b>	54.7	67.1	+12.3	+22.5%
<b>Net income</b>	31.5	45.2	+13.6	+43.4%

(Billions of yen)	14.3.31	14.12.31	Change from 14.3.31	
<b>Securities</b>	5,954.7	6,382.6	+427.8	+7.2%
<b>Policy reserves</b>	6,123.6	6,573.0	+449.4	+7.3%
<b>Net assets</b>	369.2	445.8	+76.6	+20.8%
Net unrealized gains on other securities	83.4	122.1	+38.7	+46.4%
<b>Total assets</b>	6,624.9	7,227.4	+602.5	+9.1%
Separate account assets	640.5	763.7	+123.1	+19.2%

Sony Life's ordinary revenues decreased 3.1% year on year, to ¥925.6 billion, due to a decline in income from insurance premiums, which offset a rise in gains on investment income. The decline in income from insurance premiums was principally because of the brisk sale of lump-sum payment endowment insurance prior to the sales suspension during the third quarter period (October 1 to December 31) of the previous fiscal year.

Ordinary profit increased 22.5% year on year, to ¥67.1 billion, due mainly to two reasons: an increase in gains on sales of securities in the general account and the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on the interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year.

Net income increased 43.4% year on year, to ¥45.2 billion year on year reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations. The change was to accumulate the reserve up to required levels from FY14 while it had accumulated the reserve in excess of the required levels until FY13.

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



(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	<Reasons for changes>
New policy amount	3,003.1	3,619.0	+20.5%	◆ Increased due to higher sales of family income insurance and variable life insurance.
Lapse and surrender amount	1,327.5	1,562.1	+17.7%	
Lapse and surrender rate	3.52%	4.00%	+0.48pt	◆ Increased because some policyholders switched over to new types of family income insurance and living benefit insurance, which were launched in Oct. 2014.
Policy amount in force	38,863.7	40,593.6	+4.5%	
Annualized premiums from new policies	48.7	58.0	+19.1%	
Of which, third-sector products	10.5	11.7	+10.8%	
Annualized premiums from insurance in force	690.8	727.0	+5.2%	◆ Increased due to higher sales of variable life insurance, educational endowment insurance and living benefit insurance.
Of which, third-sector products	166.3	171.7	+3.3%	
(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	
Gains from investment, net (General account)	90.0	111.9	+24.3%	
Core profit	56.6	60.6	+6.9%	◆ Core profit increased year on year due mainly to the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year and an increase in positive spread, despite an increase in provision of policy reserves for minimum guarantees for variable life insurance stemming from its higher sales even in a favorable market environment.
Positive spread	5.7	9.4	+64.9%	
	14.3.31	14.12.31	Change from 14.3.31	
Non-consolidated solvency margin ratio	2,358.7%	2,644.2%	+285.5pt	

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.

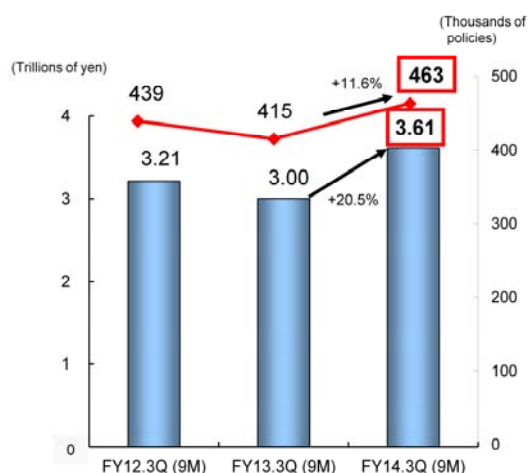


## Operating Performance : Sony Life (Non-consolidated) (1)



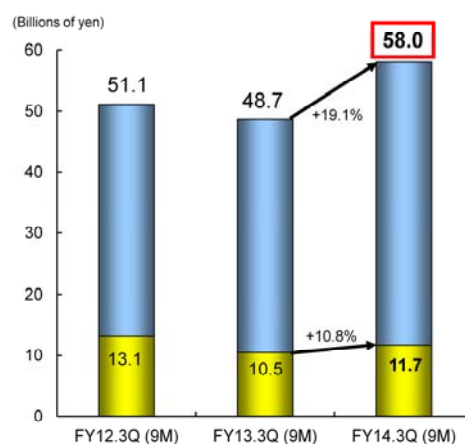
### Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ 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



#### (Left-hand graph)

New policy amount for the total of individual life insurance and individual annuities for the nine month ended December 31, 2014, increased 20.5% year on year, to ¥3,619.0 billion, reflecting a record-high new policy amount for the third quarter period.

This increase was because of strong sales of family income insurance and variable life insurance, in line with efforts to strengthen sales of death protection-type products.

In October 2014, Sony Life launched a new type of family income insurance with enhanced scope of protection and revised insurance premiums, which also contributed to the increase in new policy amount.

The number of new policies increased 11.6% year on year to 463 thousand policies.

#### (Right-hand graph)

Annualized premiums from new policies for the nine month ended December 31, 2014, increased 19.1% year on year, to ¥58.0 billion, due to higher sales of variable life insurance, educational endowment insurance, and living benefit insurance. A new product, "Living benefit whole life insurance (living standard type)", launched in October 2014, contributed to the increase in annualized premiums.

Of which, the figure for third-sector insurance products was up 10.8% year on year, to ¥11.7 billion.



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

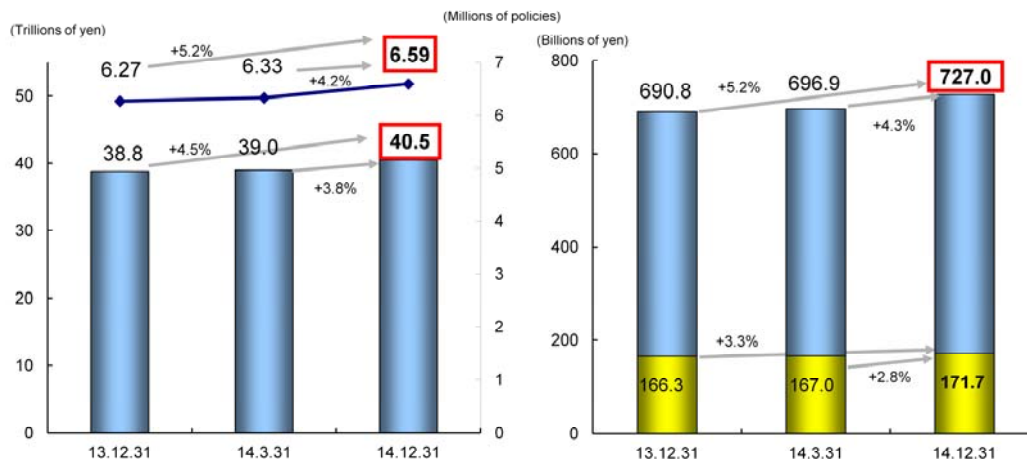


### Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

■ Policy amount in force — Number of policies in force

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

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



#### (Left-hand graph)

Policy amount in force for the total of individual life insurance and individual annuities increased 4.5% year on year, to ¥40,593.6 billion, due to a strong acquisition of new policies.

The number of policies in force increased 5.2% year on year, to ¥6.59 million policies.

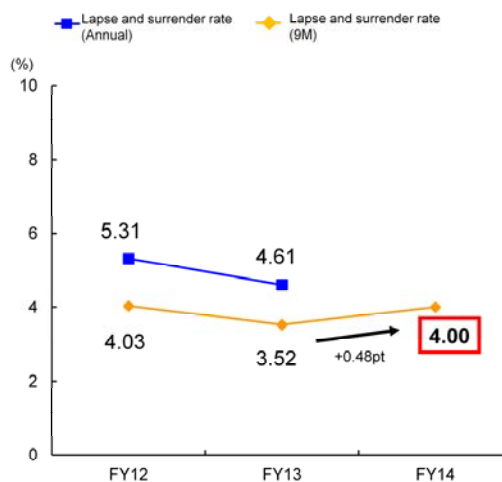
#### (Right-hand graph)

Annualized premiums from insurance in force increased 5.2% year on year, to ¥727.0 billion. Of this amount, the figure for third-sector products was up 3.3% year on year, to ¥171.7 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.

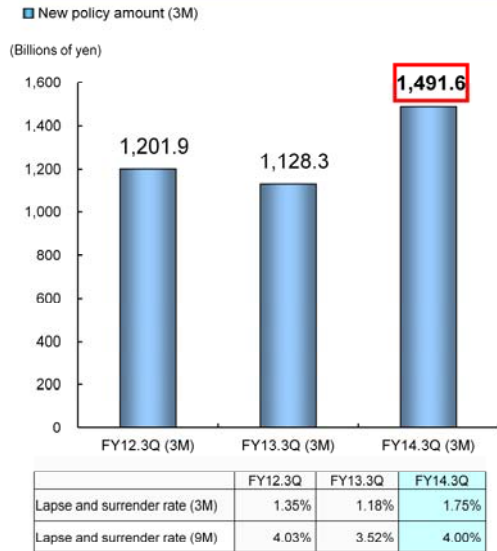
The lapse and surrender rate for the nine month ended December 31, 2014, increased 0.48 percentage point year on year, to 4.00%.

This is mainly because some policyholders switched over to new types of family income insurance and living benefit insurance which were launched in October 2014.

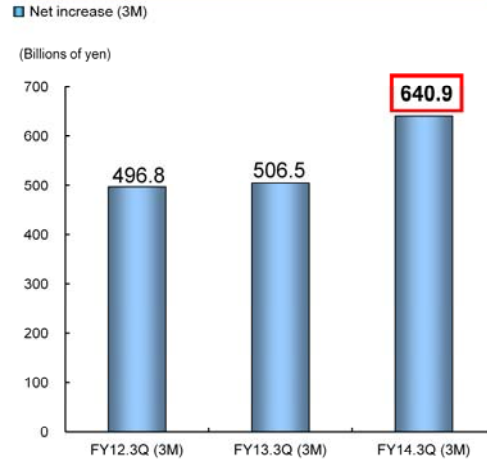
**(Reference) Sony Life's Quarterly Trend on New Policy Amount, Lapse and Surrender Rate and Net Increase**



**New Policy Amount/ Lapse and Surrender Rate  
(Individual Life Insurance + Individual Annuities)**



**Net Increase  
(Individual Life Insurance + Individual Annuities)**



As for your reference, we show you quarterly trend on new policy amount, lapse and surrender rate and net increase.

For the third quarter ended December 31, 2014 (FY14.3Q), Sony Life reached a record-high new policy amount whereas lapse and surrender rate rose, because some policyholders switched over to new types of insurance products which were launched in October 2014 as described in the previous pages.

Moreover, net increase in FY14.3Q (3M) which included the above effects, also reached record high.

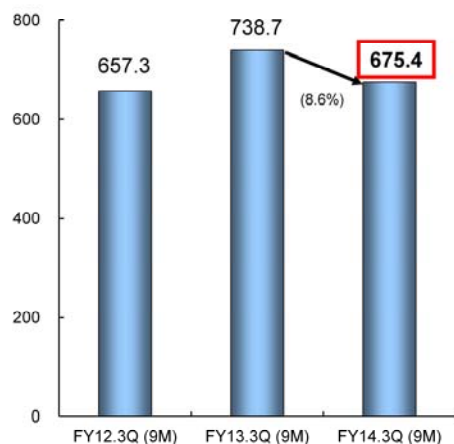
## Operating Performance : Sony Life (Non-consolidated) (4)



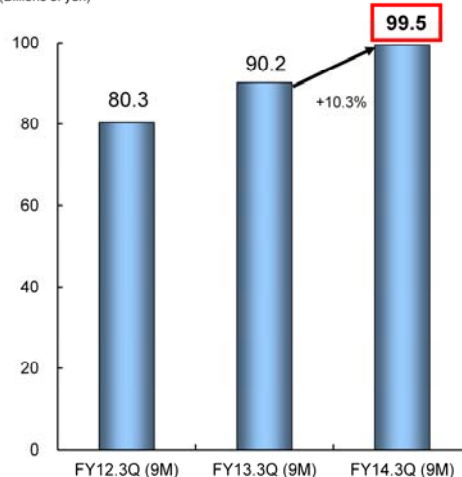
### Income from Insurance Premiums

### Interest Income and Dividends

(Billions of yen)



(Billions of yen)



#### (Left-hand graph)

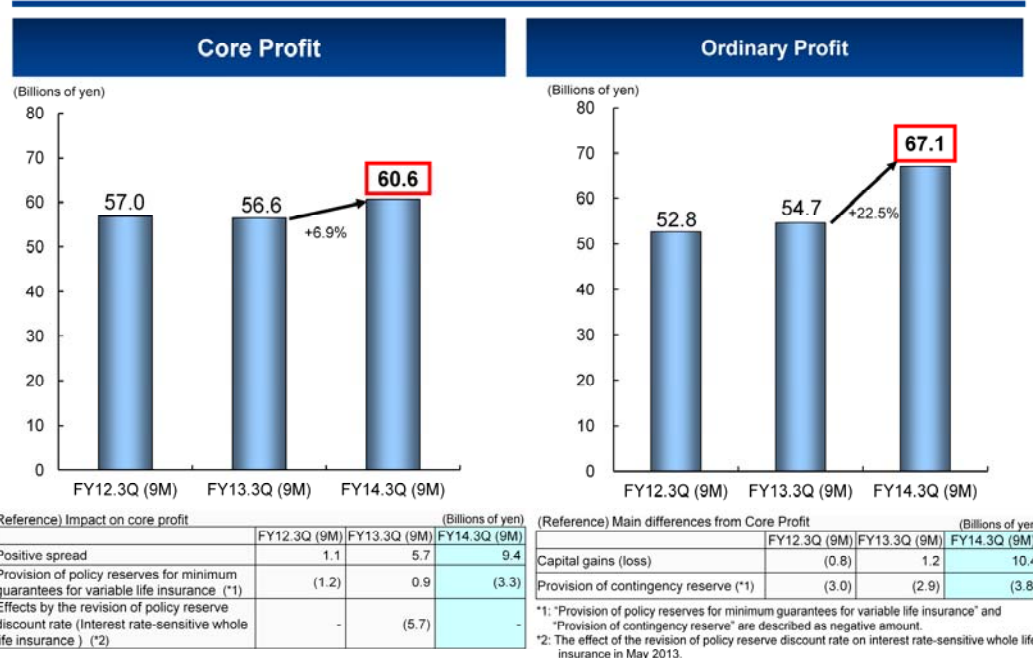
Income from insurance premiums decreased 8.6% year on year, to ¥675.4 billion, due to the brisk sale of lump-sum payment endowment insurance prior to the sales suspension during the third quarter period (October 1 to December 31) of the previous fiscal year.

Income from insurance premiums for level payment insurance has steadily increased in line with business expansion.

#### (Right-hand graph)

Interest income and dividends was up 10.3% year on year, to ¥99.5 billion, due to an expansion in investment assets.

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



### (Left-hand graph)

Core profit was up 6.9% year on year, to ¥60.6 billion, due mainly to the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year and an increase in positive spread, despite an increase in provision of policy reserves for minimum guarantees for variable life insurance stemming from its higher sales even in a favorable market environment.

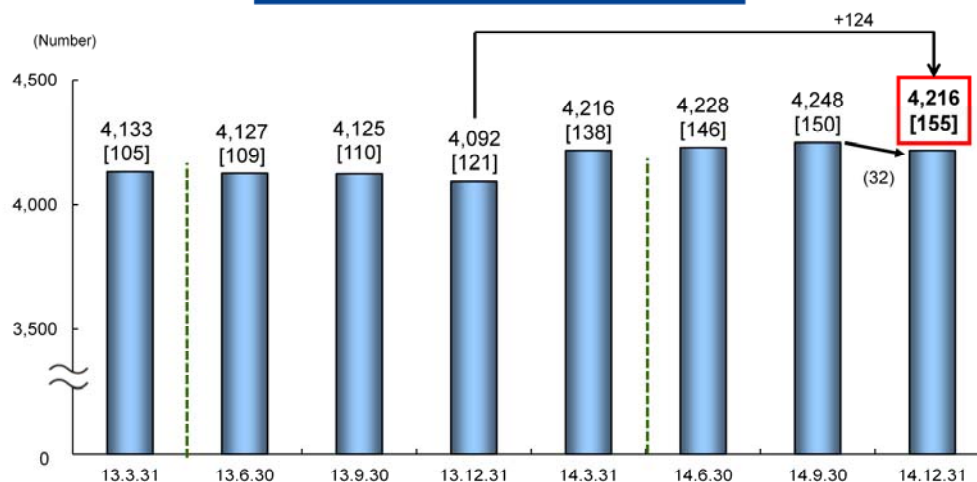
### (Right-hand graph)

Ordinary profit increased 22.5% year on year, to ¥67.1 billion, due mainly to an increase in gains on sales of securities in the general account as well as the increase in core profit.

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



Number of Lifeplanner Sales Employees



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.

The number of Lifeplanner sales employees as of December 31, 2014, was 4,216, down 32 from September 30, 2014.

Since Sony Life does not hire new Lifeplanner sales employees in December, in addition to promoting Lifeplanner sales employees to office manager in October, the number of Lifeplanner sales employees as of the end of December tends to be lower than that as of the end of September every year.

However, the number of Lifeplanner sales employees steadily increased, up 124 from a year earlier.

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



**Breakdown of General Account Assets**

(Billions of yen)	14.3.31		14.12.31	
	Amount	%	Amount	%
Japanese government and corporate bonds	5,190.0	86.7%	5,472.2	84.7%
Japanese stocks	33.2	0.6%	38.9	0.6%
Foreign bonds	79.8	1.3%	104.6	1.6%
Foreign stocks	26.9	0.4%	28.0	0.4%
Monetary trusts	305.3	5.1%	315.8	4.9%
Policy loans	154.1	2.6%	160.2	2.5%
Real estate	66.5	1.1%	118.0	1.8%
Cash and call loans	32.6	0.5%	124.4	1.9%
Others	95.6	1.6%	101.1	1.6%
<b>Total</b>	<b>5,984.3</b>	<b>100.0%</b>	<b>6,463.7</b>	<b>100.0%</b>

**<Asset management review>**

We have continued to accumulate ultralong-term bonds to match the liability characteristics of insurance policies with long-term maturities with the aim of reducing interest rate risk.

**<Bond duration>**

Mar. 31, 2013: 19.9 years

Mar. 31, 2014: 19.7 years

Dec. 31, 2014: 20.3years

■ Investment in the monetary trusts is mainly into Japanese government and corporate bonds.

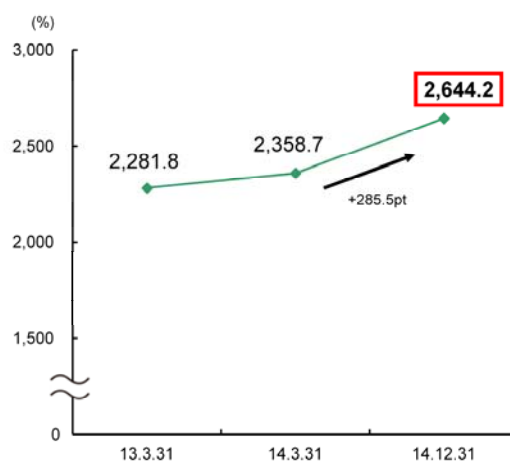
■ The holding ratio on the real status of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets: **As of Dec. 31, 2014: 89.6%**  
 (As of Mar. 31, 2014: 91.8%)

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 was 89.6% as of December 31, 2014.



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

### Non-consolidated Solvency Margin Ratio

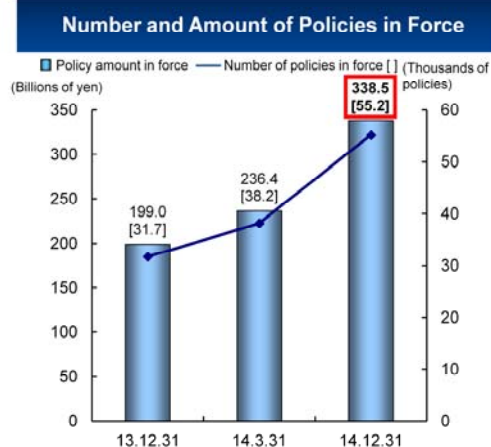
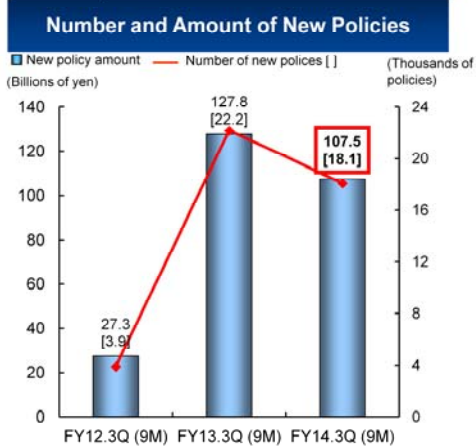


As of December 31, 2014, Sony Life's non-consolidated solvency margin ratio was 2,644.2%, up 285.5 percentage points from March 31, 2014, maintaining a high level.

## Operating Performance : AEGON Sony Life Insurance



\*AEGON Sony Life Insurance sells individual variable annuities.



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

	(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change
AEGON Sony Life Insurance		(2.6)	(3.6)	(0.9)
SA Reinsurance		0.4	1.0	+0.5

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.

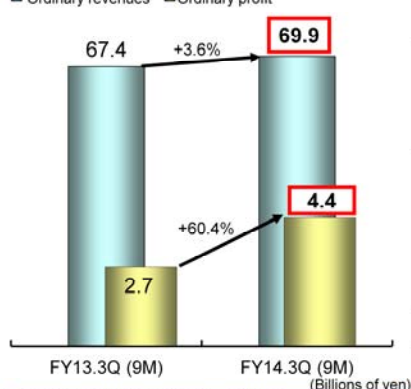
Operating results of AEGON Sony Life Insurance, which sells individual variable annuities, are shown here.

New policy amount fluctuates year by year, influenced by stock market conditions. However, the business scale itself has been expanding, shown as steady growth in policy amount in force.

## 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 a lower car accident ratio, as well as the rise in ordinary revenues. Ordinary profit for FY14.3Q (9M) reached record high.

(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	
<b>Ordinary revenues</b>	67.4	69.9	+2.4	+3.6%
Underwriting income	66.5	68.9	+2.3	+3.6%
Investment income	0.8	0.9	+0.0	+4.1%
<b>Ordinary expenses</b>	64.6	65.4	+0.7	+1.1%
Underwriting expenses	49.2	48.9	(0.3)	(0.6%)
Investment expenses	0.0	0.0	(0.0)	(48.6%)
Operating general and administrative expenses	15.4	16.4	+1.0	+6.8%
<b>Ordinary profit</b>	2.7	4.4	+1.6	+60.4%
<b>Net income</b>	1.7	3.1	+1.3	+79.6%

(Billions of yen)	14.3.31	14.12.31	Change from 14.3.31	
<b>Underwriting reserves</b>	78.0	84.7	+6.7	+8.6%
<b>Net assets</b>	21.4	25.0	+3.6	+17.1%
<b>Total assets</b>	142.7	152.1	+9.4	+6.6%

Sony Assurance's ordinary revenues increased 3.6% year on year, to ¥69.9 billion, due to an increase in net premiums written primarily for its mainstay automobile insurance.

Ordinary profit, up 60.4% year on year, to ¥4.4 billion, reached record high due to a decline in the loss ratio mainly led by a lower car accident ratio, as well as the rise in ordinary revenues.

Net income increased 79.6% year on year, to ¥3.1 billion, which was also record high.

## Overview of Operating Performance: Sony Assurance



(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	<b>&lt;Reasons for changes&gt;</b> ◆ Increased mainly in its mainstay automobile insurance. ◆ Declined due mainly to a lower car accident ratio. ◆ Increased due mainly to higher system-related expenses, a rise in insurance acquisition cost and a consumption tax rate rise.
Direct premiums written	65.5	67.9	+3.6%	
Net premiums written	66.5	68.9	+3.6%	
Net losses paid	35.0	33.6	(4.0%)	
Underwriting profit	1.9	3.5	+84.5%	
Net loss ratio	59.7%	56.2%	(3.5pt)	
Net expense ratio	24.6%	25.3%	+0.7pt	
Combined ratio	84.3%	81.5%	(2.8pt)	

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

	14.3.31	14.12.31	Change from 14.3.31	
Number of policies in force	1.61 million	1.67 million	+0.06 million	+4.0%
Non-consolidated solvency margin ratio	527.6%	625.4%	+97.8pt	

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.

## Sony Assurance's Underwriting Performance by Type of Policy



### Direct Premiums Written

(Millions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change
Fire	184	206	+11.8%
Marine	—	—	—
Personal accident	6,234	6,425	+3.1%
Voluntary automobile	59,151	61,319	+3.7%
Compulsory automobile liability	—	—	—
<b>Total</b>	<b>65,569</b>	<b>67,950</b>	<b>+3.6%</b>

### Net Premiums Written

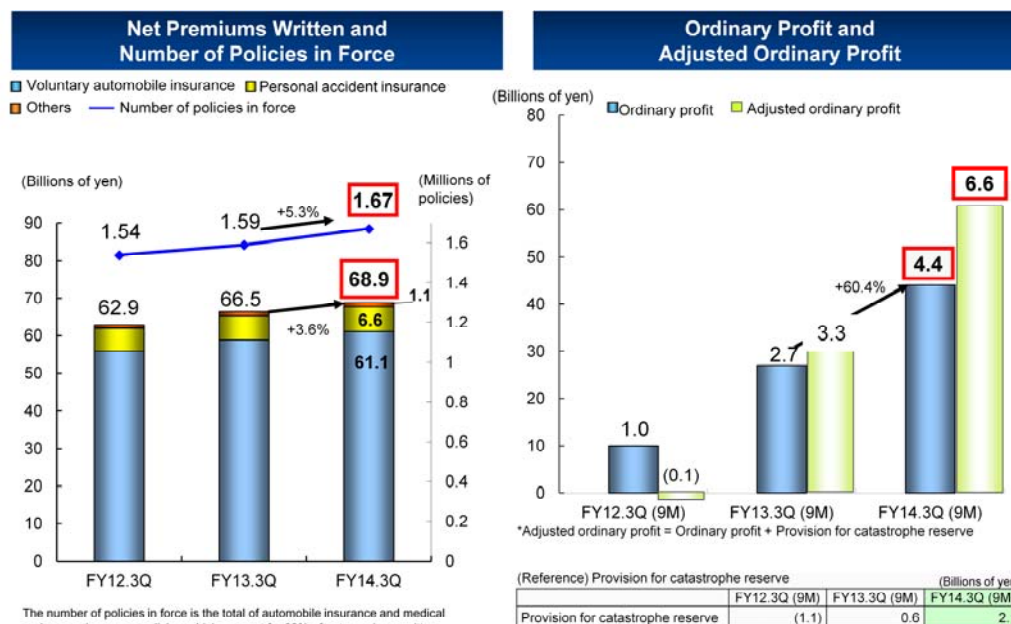
(Millions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change
Fire	92	28	(69.3%)
Marine	118	101	(14.2%)
Personal accident	6,440	6,642	+3.1%
Voluntary automobile	58,959	61,163	+3.7%
Compulsory automobile liability	931	995	+6.8%
<b>Total</b>	<b>66,542</b>	<b>68,931</b>	<b>+3.6%</b>

\*Medical and cancer insurance is included in personal accident.

### Net losses paid

(Millions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change
Fire	1	2	+43.7%
Marine	101	82	(18.3%)
Personal accident	1,537	1,714	+11.5%
Voluntary automobile	32,559	30,935	(5.0%)
Compulsory automobile liability	840	918	+9.3%
<b>Total</b>	<b>35,040</b>	<b>33,653</b>	<b>(4.0%)</b>

## 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 5.3% year on year, to 1.67 million policies.

Net premiums written increased 3.6% year on year, to ¥68.9 billion due to a stable sale of automobile insurance.

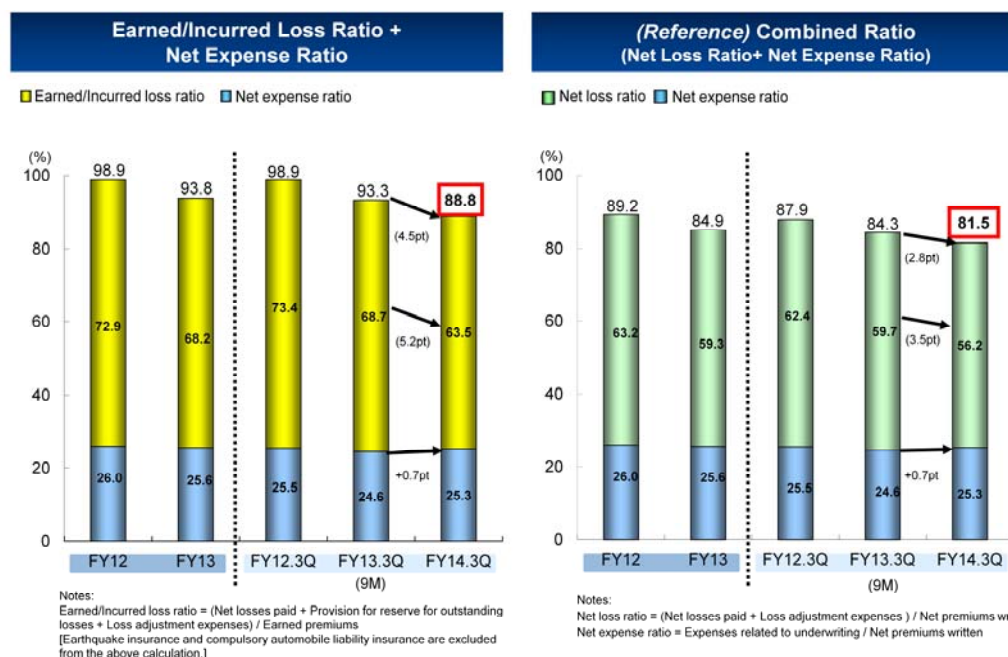
### (Right-hand graph)

Ordinary profit increased 60.4% year on year, to ¥4.4 billion 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 an 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 significantly increased year on year, to ¥6.6 billion, reaching record high.

## Operating Performance: Sony Assurance (2)



### (Left-hand graph)

For the nine month ended December 31 2014, the E.I. loss ratio declined 5.2 percentage points year on year, to 63.5%, 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 rose 0.7 percentage point year on year, to 25.3%, due mainly to higher system-related expenses, a rise in insurance acquisition cost and a consumption tax rate rise.

Consequently, the sum of the E.I. loss ratio and the net expense ratio declined 4.5 percentage points year on year, to 88.8%.

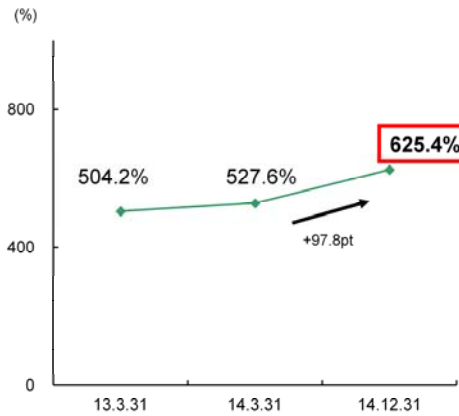
### (Right-hand graph)

The net loss ratio declined 3.5 percentage points year on year, to 56.2%.

The combined ratio (the sum of the net loss ratio and the net expense ratio) declined 2.8 percentage points year on year, to 81.5%.



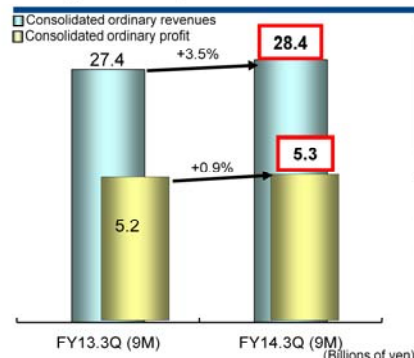
Non-consolidated Solvency Margin Ratio



As of December 31, 2014, Sony Assurance's non-consolidated solvency margin ratio was 625.4%, up 97.8 percentage points from March 31, 2014.

Sony Assurance has maintained a financial soundness.

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



**<Consolidated>**

- ◆ Ordinary revenues increased year on year due mainly to an increase in bond-dealing transactions. Consolidated ordinary profit increased year on year due mainly to an improved performance of its consolidated subsidiaries, whereas non-consolidated profit resulted in a decrease.

**<Non-consolidated>**

- ◆ Gross operating profit increased year on year. Net operating profit decreased due to an increase in general and administrative expenses.
- Net interest income decreased year on year, due mainly to lower interest income on securities under the lowering interest rates.
- Net fees and commissions remained at the same level, because higher fees received for mortgage loan business were offset by higher fees paid for ATM usage.
- Net other operating income increased due to higher gains on foreign exchange transactions and an increase in gains on bond-dealing transactions including sale of bonds.

<Consolidated>				
(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	
Consolidated ordinary revenues	27.4	28.4	+0.9	+3.5%
Consolidated ordinary profit	5.2	5.3	+0.0	+0.9%
Consolidated net income	3.2	3.2	(0.0)	(0.4%)

<Non-consolidated>				
(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	
Ordinary revenues	25.6	26.4	+0.8	+3.1%
Gross operating profit	16.4	16.6	+0.1	+1.0%
Net interest income	13.1	12.5	(0.6)	(4.7%)
Net fees and commissions	(0.2)	(0.2)	(0.0)	—
Net other operating income	3.5	4.3	+0.8	+23.3%
General and administrative expenses	10.9	11.4	+0.4	+4.4%
Net operating profit	5.5	5.3	(0.2)	(4.9%)
Ordinary profit	5.4	5.2	(0.1)	(2.5%)
Net income	3.3	3.3	(0.0)	(2.3%)

(Billions of yen)	14.3.31	14.12.31	Change from 14.3.31	
Net assets	72.7	75.6	+2.8	+3.9%
Net unrealized gains on other securities, net of taxes	7.2	6.6	(0.5)	(8.3%)
Total assets	2,056.7	2,044.3	(12.3)	(0.6%)

(\*) Sony Bank revised its method of recording ordinary revenues and ordinary expenses on hedge transactions from FY14. Ordinary revenues for FY13.3Q (9M) have been retroactively adjusted to reflect the change.

Sony Bank's consolidated ordinary revenues increased 3.5% year on year, to ¥28.4 billion, due mainly to an increase in bond-dealing transactions.

Consolidated ordinary profit increased year on year, amounting to ¥5.3 billion, due mainly to an improved performance of its consolidated subsidiaries, whereas non-consolidated profit resulted in a decrease.

On a non-consolidated basis, Sony Bank's ordinary revenues increased as the same reason as in the consolidated results.

Gross operating profit increased year on year due to an increase in net other operating income despite lower net interest income under the lowering interest rates.

Net other operating income increased due to higher gains on foreign exchange transactions and an increase in gains on bond-dealing transactions including sale of bonds.

Net operating profit and ordinary profit decreased year on year, due to an increase in general and administrative expenses.

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



(Billions of yen)	13.12.31	14.3.31	14.12.31	Change from 14.3.31	
<b>Customer assets</b>	1,972.9	2,007.5	<b>1,989.0</b>	(18.4)	(0.9%)
Deposits	1,857.4	1,890.0	<b>1,863.6</b>	(26.3)	(1.4%)
Yen	1,504.4	1,526.4	<b>1,531.6</b>	+5.1	+0.3%
Foreign currency	353.0	363.5	<b>331.9</b>	(31.5)	(8.7%)
Investment trusts	115.4	117.4	<b>125.3</b>	+7.8	+6.7%
<b>Loans outstanding</b>	1,025.1	1,057.4	<b>1,121.8</b>	+64.4	+6.1%
Mortgage loans	917.0	949.3	<b>1,011.6</b>	+62.3	+6.6%
Others	108.1	108.1	<b>110.1</b> <sup>*1</sup>	+2.0	+1.9%
<b>Capital adequacy ratio</b> <sup>*2</sup> (domestic criteria)	11.92%	11.72%	<b>11.23%</b>	(0.49pt)	

### <Reasons for changes>

◆ Yen deposit balance remained at the same levels under persistently low interest rates, despite a positive effect of converting from foreign currencies to yen in yen depreciation.

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

◆ Loan balance steadily increased mainly in mortgage loans.

\*1 Loans in others include corporate loans of ¥104.8 billion

\*2 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P28

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



### <Reference> On Managerial Accounting Basis

(Billions of yen)	FY13.3Q (9M)	FY14.3Q (9M)	Change	
<b>Gross operating profit</b>	16.3	16.5	+0.1	+1.0%
Net interest income <sup>*1</sup> ①	13.7	13.7	(0.0)	(0.2%)
Net fees and commissions <sup>*2</sup> ②	0.6	0.4	(0.2)	(38.7%)
Net other operating income <sup>*3</sup> ③	2.0	2.4	+0.4	+22.1%
<b>Gross operating profit (core profit) (A) = ① + ②</b>	14.3	14.1	(0.2)	(2.0%)
Operating expenses and other expenses ③	10.8	11.3	+0.4	+4.1%
<b>Net operating profit (core profit) = (A) - ③</b>	3.5	2.7	(0.7)	(20.7%)

#### ■ Managerial accounting basis

The following adjustments are made to the figures on a financial 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.

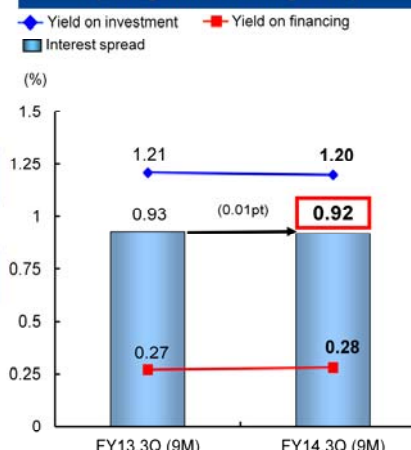
\*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

\*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)



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

We break down gross operating profit on a managerial accounting basis to facilitate an understanding of operational sources of revenues and profits.  
(Left-hand table)

Net interest income on a managerial accounting basis remained at the same level as the same period of the previous year, amounting to ¥13.7 billion, because improved interest income in foreign currencies was offset by lower interest income on securities under the lowering interest rates.

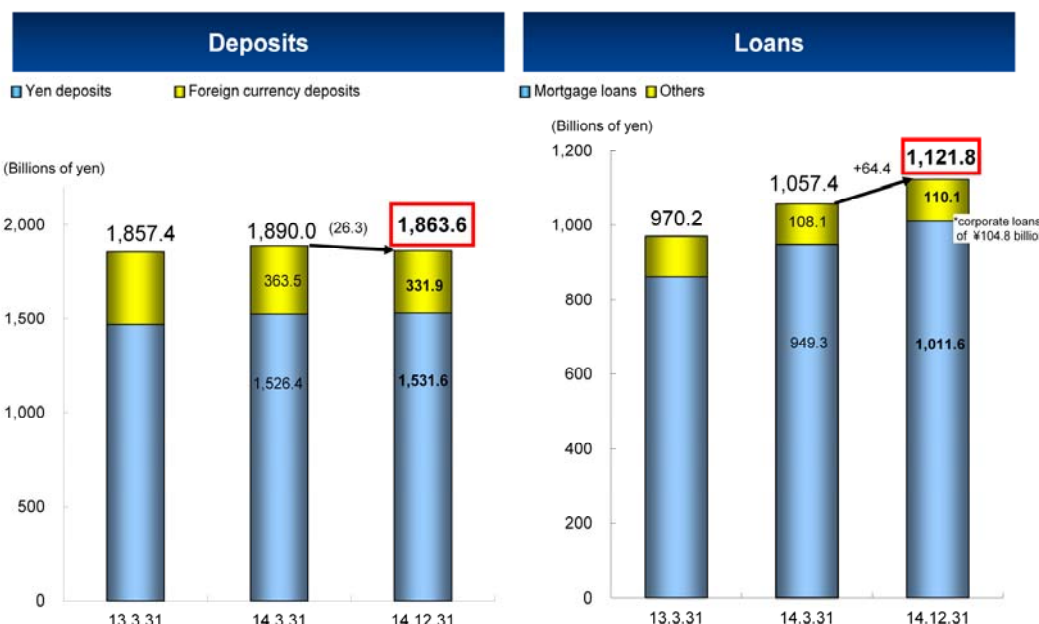
Net fees and commissions decreased ¥0.2 billion year on year, to ¥0.4 billion, due to lower volume on foreign exchange transactions stemming from passive foreign currency trading by customers in the first half of this fiscal year.

Consequently, gross operating profit on a core profit basis decreased ¥0.2 billion year on year, to ¥14.1 billion, and net operating profit on a core profit basis also decreased ¥0.7 billion year on year, to ¥2.7 billion.

(Right-hand graph)

The interest spread for FY14.3Q was 0.92%, which maintained a certain level under such a low interest rate environment.

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



### (Left-hand graph)

As of December 31, 2014, deposits (the sum of Japanese yen and foreign currency deposits) amounted to ¥1,863.6 billion, down ¥26.3 billion from March 31, 2014.

Of which, yen deposit balance remained at the same level, amounting to ¥1,531.6 billion, under persistently low interest rates, despite a positive effect of converting from foreign currencies to yen in yen depreciation.

Foreign currency deposit balance amounted to ¥331.9 billion, down ¥31.5 billion from March 31, 2014, due to an increase in selling to lock in profits led by yen depreciation.

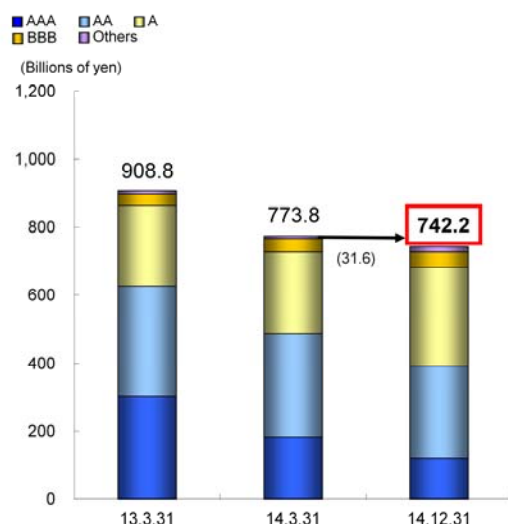
### (Right-hand graph)

Loan balance as of December 31, 2014 expanded to ¥1,121.8 billion, up ¥64.4 billion from March 31, 2014, due to the growing balance of mortgage loans.

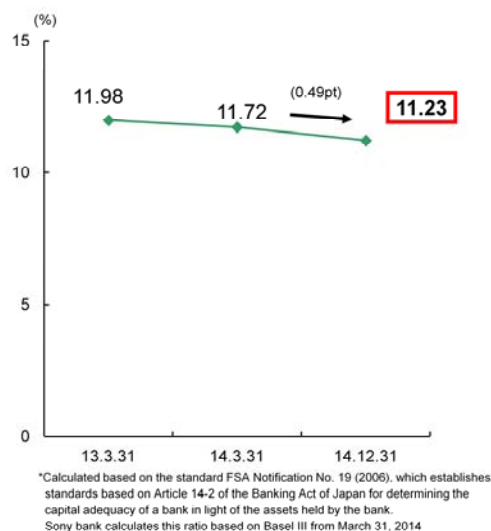
## Operating Performance: Sony Bank (Non-consolidated) (2)



### Balance of Securities by Credit Rating



### Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



(Left-hand graph)

As of December 31, 2014, the balance of securities amounted to ¥742.2 billion, down ¥31.6 billion from March 31, 2014.

Sony Bank continuously invests in highly rated bonds.

(Right-hand graph)

As of December 31, 2014, Sony Bank's non-consolidated capital adequacy ratio (domestic criteria) was 11.23%, down 0.49 percentage point from March 31, 2014.

Sony Bank has maintained financial soundness.

## **Consolidated Financial Forecast for the Year Ending March 31, 2015**



## Consolidated Financial Forecast for the Year Ending March 31, 2015



**Consolidated ordinary revenues, ordinary profit and net income have been revised upward.**

(Billions of yen)	FY13 (Actual)	FY14 (Forecast)	Change	FY14.3Q (9M) Actual	Progress rate
<b>Consolidated ordinary revenues</b>	1,320.4 <sup>2</sup>	<b>1,191.0⇒1,318.0</b>	(9.8%)⇒(0.2%)	1,021.8	77.5%
Life insurance business	1,196.6	<b>1,061.9⇒1,187.4</b>	(11.3%)⇒(0.8%)	925.7	78.0%
Non-life insurance business	89.8	<b>93.0</b>	+3.5%	69.9	75.2%
Banking business	36.4 <sup>2</sup>	<b>36.6⇒37.8</b>	+0.3%⇒+3.6%	28.4	75.2%
<b>Consolidated ordinary profit</b>	76.1	<b>77.0⇒91.0</b>	+1.1%⇒+19.5%	75.8	83.4%
Life insurance business	67.2	<b>67.4⇒79.5</b>	+0.2%⇒+18.2%	65.9	82.9%
Non-life insurance business	3.0	<b>4.5</b>	+49.8%	4.4	99.5%
Banking business	5.6	<b>5.3⇒7.0</b>	(6.0%)⇒24.2%	5.3	75.9%
<b>Consolidated net income</b>	40.5	<b>49.0⇒55.0<sup>1</sup></b>	+21.0%⇒+35.8%	50.5	91.9%

Notes:

1. The forecast of FY14 consolidated net income takes into account the assumed impact of a reversal of deferred tax assets, accompanying the corporate income tax cut, which was approved by the Cabinet.
2. Since the banking business revised its method of recording ordinary revenues and ordinary expenses on hedge transactions for FY14, ordinary revenues for FY13 have been retroactively adjusted to reflect the change. Consequently, consolidated ordinary revenues and ordinary revenues of the banking business for FY13 have been revised.

On February 4, 2015, we have revised upward our consolidated financial forecasts for the year ending March 31, 2015, from the forecast announced on May 14, 2014.

■Life insurance business

We have revised upward our full-year forecasts for ordinary revenues and ordinary profits from the forecast announced on May 14, 2014, because operating results for the nine months ended December 31, 2014 exceeded our previous forecast due mainly to an increase in investment income including gains on sale of securities.

■Non-life insurance business

We have stayed our forecast for ordinary revenues and ordinary profit unchanged from the forecast announced in November 2014.

■Banking business

We have revised upward our full-year forecasts for ordinary revenues and ordinary profits from the forecast announced on May 14, 2014, because operating results for the nine months ended December 31, 2014 exceeded our previous forecast due mainly to an increase in gains on bond-dealing transactions including sale of bonds.

On February 4, 2015, we have revised upward our consolidated financial forecast for ordinary revenues, ordinary profit and net income for the year ending March 31, 2015, from the forecast announced on May 14, 2014.

Consequently, consolidated financial forecast of ordinary profit and consolidated net income is expected to reach record high.

## **Sony Life's MCEV and Risk Amount Based on Economic Value as of December 31, 2014**

Please keep in mind that the validity of these calculations of MCEV as of Dec. 31, 2014, has not been verified by outside specialists.  
A part of the calculations of MCEV as of Dec. 31, 2014, adopted simplified method.

## Sony Life's MCEV as of December 31, 2014



(Billions of yen)	14.3.31	14.9.30	14.12.31	Change from 14.3.31	Change from 14.9.30
<b>MCEV</b>	1,221.3	1,313.1	<b>1,234.9</b>	+13.6	(78.2)
Adjusted net worth	722.1	833.4	<b>1,171.2</b>	+449.0	+337.7
Value of existing business	499.1	479.7	<b>63.8</b>	(435.4)	(415.9)

(Billions of yen)	14.3.31	14.9.30	14.12.31
<b>New business value</b>	55.2 (12M)	30.3 (6M)	<b>28.2 (9M)</b>
<b>New business margin</b>	5.2%	5.1%	<b>2.9%</b>

### Notes:

1. New business margin equals new business value divided by present value of premium income.
2. Calculated MCEV as of Sep. 30, 2014 and Dec. 31, 2014 by using updated economic assumptions and lapse and surrender rate.

### ◆ Reasons for changes in MCEV

- MCEV as of Dec. 31, 2014 decreased ¥78.2 billion from Sep. 30, 2014, due mainly to a significant decline in interest rates in Japanese yen.
- MCEV as of Dec. 31, 2014 increased ¥13.6 billion from Mar. 31, 2014, reflecting to an acquisition of new policies, a lower inflation rate and a rise in stock price despite a significant decline in interest rates in Japanese yen.

### ◆ New business value

- New business value as of Dec. 31, 2014 was ¥28.2 billion (9M).

This is because new business value for this third quarter ended Dec. 31, 2014 (FY14.3Q) gained ¥11.7 billion, and new business value for the six months ended Sep. 30, 2014 of ¥30.3 billion (6M) decreased ¥13.7 billion, to ¥16.5 billion, reflecting mainly a significant decline in interest rates in Japanese yen during this third quarter.

### ◆ New business margin

- New business margin as of Dec. 31, 2014 was down from Sep. 30, 2014 and Mar. 31, 2014 due mainly to lower interest rates in Japanese yen.

\*Please see page 41 for changes on new business value

\*Please see page 44 for trend on JGB yields

Sony Life's MCEV as of December 31, 2014 decreased ¥78.2 billion from September 30, 2014, to ¥1,234.9 billion, due mainly to a significant decline in interest rates in Japanese yen.

New business value as of December 31, 2014 was ¥28.2 billion (9M). This is because new business value for this third quarter ended December 31, 2014 (FY14.3Q) gained ¥11.7 billion, and new business value for the six months ended September 30, 2014 of ¥30.3 billion (6M) decreased ¥13.7 billion, to ¥16.5 billion, reflecting mainly a significant decline in interest rates in Japanese yen during this third quarter.

New business margin as of December 31, 2014 was 2.9%, down from September 30, 2014, due mainly to lower interest rates in Japanese yen.

Please see page 41 for the details of the decline in new business value.

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



(Billions of yen)	14.3.31	14.9.30	14.12.31
Insurance risk	654.5	673.3	709.6
Market-related risk	240.0	279.0	290.5
<i>Of which, interest rate risk*</i>	180.9	206.6	219.7
Operational risk	26.3	26.4	23.8
Counter party risk	1.3	1.4	3.0
Variance effect	(257.8)	(276.4)	(291.4)
The risk amount based on economic value	664.3	703.7	735.5

(\*) Interest rate risk excluding the variance effect within market-related risk.

(Billions of yen)	14.3.31	14.9.30	14.12.31
MCEV	1,221.3	1,313.1	1,234.9

### ◆ 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 Sep. 30, 2014 and Dec. 31, 2014 by using updated economic assumptions and lapse and surrender rate.

The risk amount based on economic value as of December 31, 2014 amounted to ¥735.5 billion. Within Sony Life's risks, insurance risk and market-related risk amounted to ¥709.6 billion and ¥290.5 billion respectively.

The risk amount based on economic value as of December 31, 2014, was up from September 30, 2014 due to lower interest rates and an increase in policy amount in force.

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: ¥26 billion (including capital surplus of ¥13 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\*)



### SA Reinsurance Ltd

Established: October 29, 2009

Common stock: ¥11 billion\*

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

Business: Reinsurance business

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

\*As of Feb.13, 2015

### Sony Bank's Mortgage Loans through Sony Life

■ Sony Life accounts for 23% of the balance of mortgage loans as of December 31, 2014

Sony Life accounts for 16% of the amount of new mortgage loans for FY14.3Q (9M)

\*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 FY14.3Q (9M)

\*Sony Life started handling automobile insurance in May 2001.



## Appendix

## Recent Topics 2



### <Highlights for FY2014.3Q>

- |            |  |
|------------|--|
| 2014-10-01 | Sony Lifecare Group announced the opening of the first newly built nursing care home in Tokyo in spring, 2016                                  |
| 2014-10-02 | Sony Life commenced sales of Living Benefit Whole Life Insurance (Living Standard Type) and Living Standard Special Provision 2014             |
| 2014-11-13 | Sony Assurance announced to launch a PHYD(Pay-How-You-Drive) type of automobile insurance "Gentle Driving Cash-Back Plan" in February 16, 2015 |
| 2014-12-16 | Sony Bank started offering "Exchange Rate-Linked Deposits"   |
| 2015-01-07 | Sony Assurance announced to open a customer service office in Kumamoto prefecture  |
| 2015-02-05 | Sony Life announced to commence sale of Lump-sum Payment Whole Life Insurance (No-notification Type) on May 2, 2015                            |

## Appendix



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



### Fair Value Information on Securities

#### Fair value information on securities with market value (except trading-purpose securities)

(Billions of yen)

	13.3.31			14.3.31			14.12.31		
	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	3,874.2	4,425.9	551.7	4,409.6	4,839.9	430.3	4,731.6	5,678.0	946.4
Available-for-sale securities	955.9	1,079.2	123.2	1,065.5	1,189.8	124.3	1,006.7	1,185.1	178.4
Japanese government and corporate bonds	925.3	1,036.9	111.6	1,035.9	1,146.7	110.8	974.9	1,132.4	157.5
Japanese stocks	14.7	20.9	6.2	12.2	21.2	8.9	12.6	25.9	13.2
Foreign securities	14.4	18.6	4.2	15.8	19.4	3.5	18.8	25.9	7.1
Other securities	1.4	2.6	1.1	1.4	2.5	1.0	0.3	0.7	0.3
Total	4,830.2	5,505.2	675.0	5,475.1	6,029.8	554.7	5,738.3	6,863.2	1,124.8

Notes:

1. The above table includes monetary trusts other than trading-purpose securities.

2. Derivative financial products such as principal protected 30 year notes with Nikkei 225 index-linked coupons are included in the "Held-to-maturity-securities" above.

Principal protected 30 year notes with Nikkei 225 index-linked coupons

As of Mar. 31, 2013: Carrying amount: ¥43.3 billion, Fair market value: ¥52.2 billion, Net unrealized gain (losses): ¥8.8 billion

As of Mar. 31, 2014: Carrying amount: ¥43.8 billion, Fair market value: ¥56.0 billion, Net unrealized gain (losses): ¥12.2 billion

As of Dec. 31, 2014: Carrying amount: ¥44.1 billion, Fair market value: ¥58.5 billion, Net unrealized gain (losses): ¥14.3 billion

#### Valuation gains (losses) on trading-purpose securities

(Billions of yen)

13.3.31		14.3.31		14.12.31	
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
—	—	—	—	4.4	0.3

Note: The above chart includes trading-purpose securities included in "monetary trusts," etc.

## Appendix

## Sony Life's Interest Income and Dividends (Details)



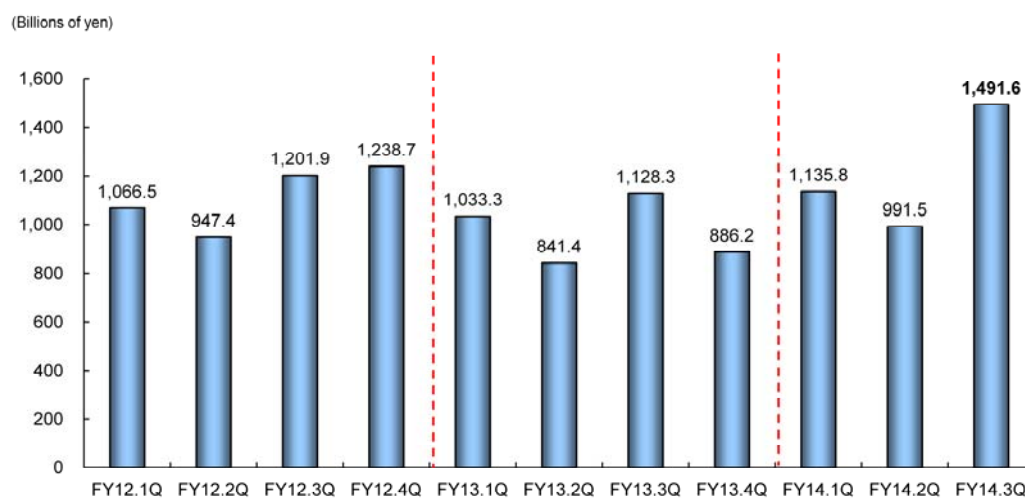
(Millions of yen)

	FY13.3Q (9M)	FY14.3Q (9M)	Change
Cash and deposits	0	0	(23.9%)
Japanese government and corporate bonds	72,947	80,022	+9.7%
Japanese stocks	234	299	+27.6%
Foreign securities	4,872	6,645	+36.4%
Other securities	172	355	+105.8%
Loans	4,264	4,439	+4.1%
Real estate	7,716	7,744	+0.4%
Others	23	56	+138.0%
Total	90,232	99,563	+10.3%

## Appendix

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

### Quarterly Trend on New Policy Amount

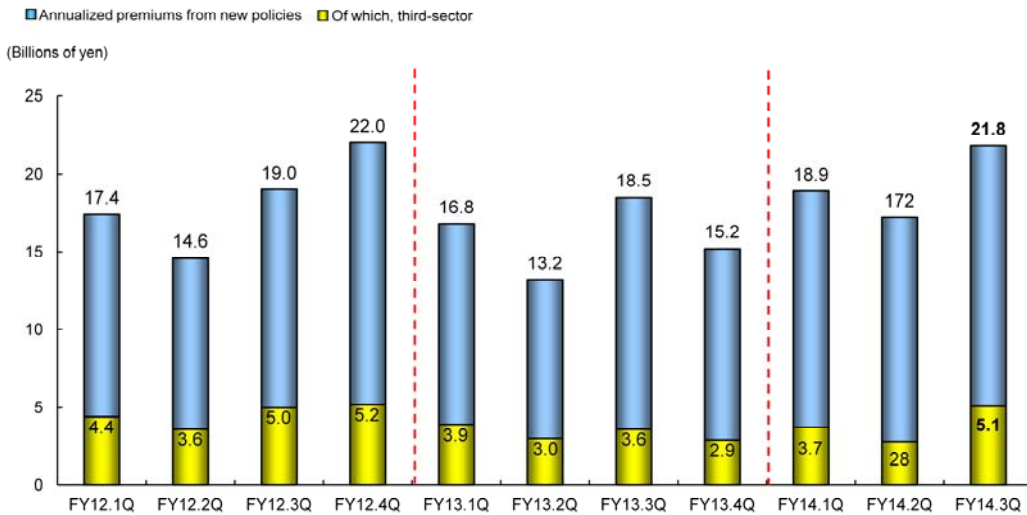


## Appendix

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



### Quarterly Trend on Annualized Premiums from New Policies

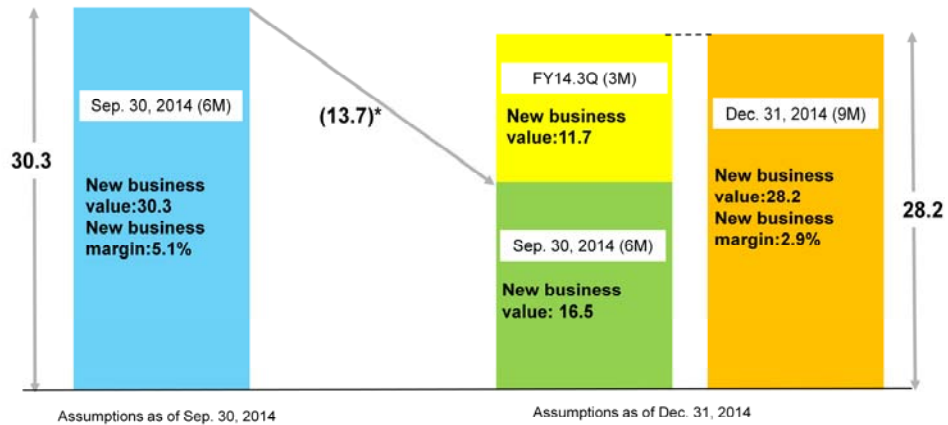


## Appendix

## Sony Life's Changes on New Business Value under Lower Interest Rates



(Billions of yen)



\*Effected amount by valuating new business value as of Sep. 30, 2014 (6M) mainly with interest rates as of Dec. 31, 2014

## Appendix

## Method of Measuring Risk Amount Based on Economic Value (1)

### ■ Market-related Risk<sup>1</sup>

	Sony Life	(Reference) EU Solvency II (QIS5)
Interest rate risk <small>Fluctuations in net asset value based on economic value in response to the shocks in the right columns. The same applies below.</small>	Percentage increases or decreases differ for each currency and term. As for measuring interest rate risk in Japanese yen, 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.  (Example) For Yen 30-year, 34% decrease (parallel shift), 28% decrease (twist), 7% decrease (butterfly)	Percentage increases or decreases differ for each currency and term but <u>no lower than 1%</u>  (Example) For Yen 30-year, 30% decrease
Equity risk	Listed equities 45%, Other securities 70%	Global 30%, Others 40% <sup>*2</sup>
Real estate risk	Actual real estate 25%	Real estate 25%
Credit risk	Credit risk = (market value) x (risk coefficient for each credit rating) x duration  Note that durations have caps and floors, depending on credit ratings. (Example) Rating A: Risk coefficient (1.4%), cap (23), floor (1)	Same as on the left
Currency risk	30% downside fluctuation	25% downside fluctuation

#### Notes

1. Principal items as of Dec. 31, 2014.

2. Standard risk coefficients are global: 39%/other: 49%. Symmetric adjustment (an adjustment of  $\pm 10\%$  of the average value of the stock price index during a defined period in the past) is applied; as of the QIS5 trial introduction (Dec.31, 2009), these were 30%/40%.

## Appendix

## Method of Measuring Risk Amount Based on Economic Value (2)



### ■ Insurance Risk<sup>1</sup>

	Sony Life	(Reference) EU Solvency II (QIS5)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; <sup>2</sup> ・Lapse rate increases by 50% for each year elapsed ・Lapse rate decreases by 50% for each year elapsed ・30% of policies on which surrender value is in excess of best estimate liability are immediately surrendered	The largest amount of these; ・Increases by 50% in the assumed rates of lapsation for Life module, 20% for Health module ・Decreases by 50% in the assumed rates of lapsation for Life module, 20% for Health module ・30% of policies (70% for group annuities, etc.) on which surrender value is in excess of best estimate liability are immediately surrendered
Expense risk	Operating expenses increase by 10% for each year elapsed Rate of inflation rises by 1%	Same as on the left
Disability risk	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter. Recovery rate decreases by 20%.

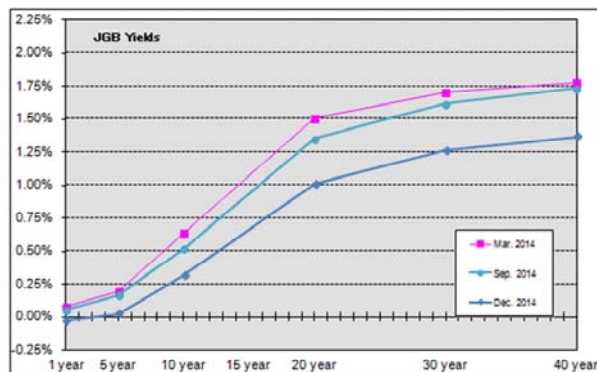
**Notes**

1. Principal items as of Dec. 31, 2014.

2. At Sony Life, lapse risk is calculated by computing and adding together the largest amount of three options for each insurance policy

## Appendix

## JGB Yields



As of the end of each month

JGB yields	Mar. 2014	Sep. 2014	Dec. 2014	Mar. 2014 → Dec. 2014	Sep. 2014 → Dec. 2014
1 year	0.08%	0.06%	(0.03%)	(0.11%)	(0.08%)
5 year	0.20%	0.17%	0.02%	(0.17%)	(0.15%)
10 year	0.64%	0.52%	0.32%	(0.31%)	(0.20%)
20 year	1.50%	1.35%	1.06%	(0.44%)	(0.29%)
30 year	1.70%	1.62%	1.27%	(0.44%)	(0.35%)
40 year	1.78%	1.73%	1.37%	(0.41%)	(0.37%)

## Appendix





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