

---

## Presentation Material

# **Consolidated Financial Results for the Three Months Ended June 30, 2015 and Sony Life's Market Consistent Embedded Value as of June 30, 2015**

**Sony Financial Holdings Inc.  
August 7, 2015**

# Content

■ Consolidated Operating Results for the Three Months Ended June 30, 2015 (FY15.1Q)	P.3
■ Consolidated Financial Forecast for the Year Ending March 31, 2016 (FY15)	P.28
■ Sony Life’s MCEV and Risk Amount Based on Economic Value as of June 30, 2015	P.30
■ Appendix	P.33

## Disclaimers:

This presentation material contains statements concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that pertain to future operating performance and that are not historical facts are forward-looking statements. Forward-looking statements may include—but are not limited to—words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “assume,” “forecast,” “predict,” “propose,” “intend” and “possibility” that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, may also be included in other materials released to the public. These statements are based on assumptions, decisions and judgments made by the management of Sony Financial Group companies, and are based on information that is currently available to them. As such, they are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. Sony Financial Group companies are under no obligation to revise forward-looking statements in light of new information, future events or other findings. The information contained in this presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe to any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever in Japan or abroad.

\*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.

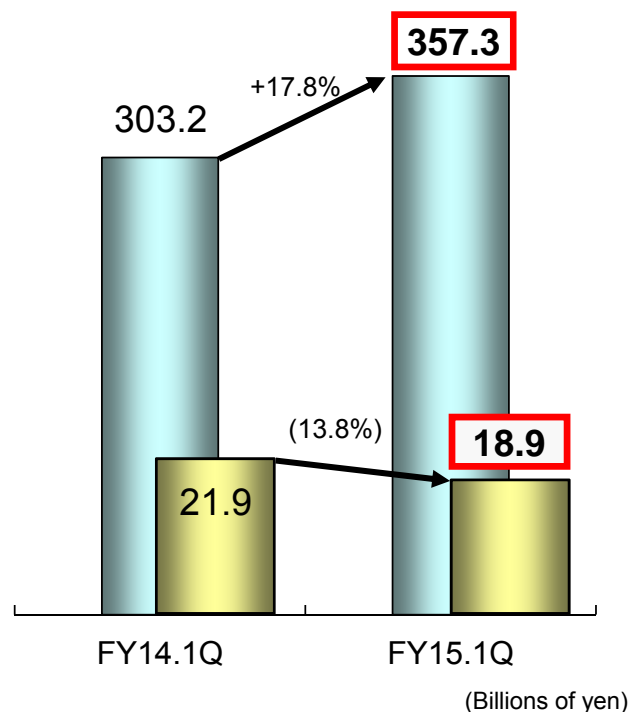
\* “Lifeplanner” is a registered trademark of Sony Life.

# **Consolidated Operating Results for the Three Months Ended June 30, 2015 (FY15.1Q)**

# Highlights of Consolidated Operating Performance for FY15.1Q (1)



- Consolidated ordinary revenues
- Consolidated ordinary profit



		(Billions of yen)	FY14.1Q	FY15.1Q	Change	
Life Insurance business	Ordinary revenues		270.5	323.9	+53.3	+19.7%
	Ordinary profit		17.4	14.9	(2.5)	(14.7%)
Non-life Insurance business	Ordinary revenues		24.1	24.7	+0.6	+2.7%
	Ordinary profit		2.7	2.1	(0.5)	(21.7%)
Banking business	Ordinary revenues		9.3	9.3	+0.0	+0.4%
	Ordinary profit		1.7	1.8	+0.1	+7.2%
Intersegment adjustments*	Ordinary revenues		(0.7)	(0.7)	(0.0)	—
	Ordinary profit		0.0	0.0	+0.0	+2.7%
Consolidated	Ordinary revenues		303.2	357.3	+54.0	+17.8%
	Ordinary profit		21.9	18.9	(3.0)	(13.8%)
	Profit attributable to owners of the parent		14.5	12.8	(1.7)	(11.9%)

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

\*Comprehensive income : FY14.1Q: ¥22.6 billion, FY15.1Q: ¥5.4 billion

		(Billions of yen)	15.3.31	15.6.30	Change from 15.3.31	
Consolidated	Net assets		550.6	538.6	(11.9)	(2.2%)
	Total assets		9,545.8	9,732.9	+187.1	+2.0%

# Highlights of Consolidated Operating Performance for FY15.1Q (2)

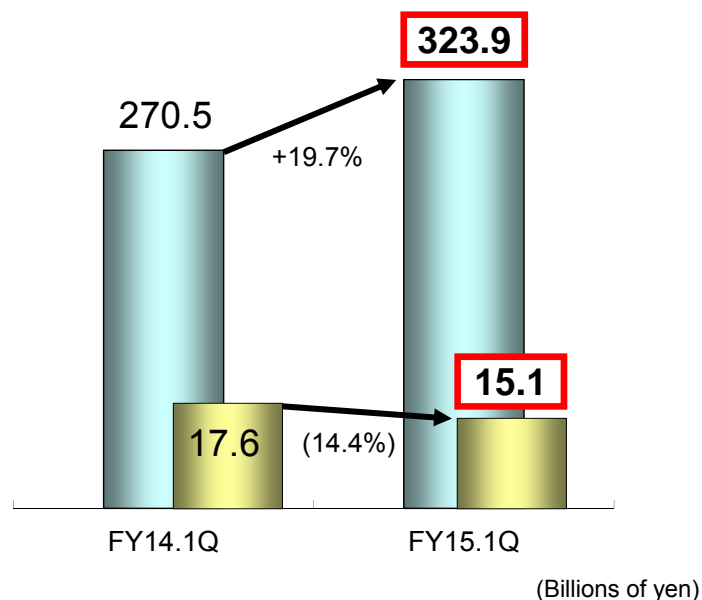


- Life Insurance Business: Policy amount in force increased steadily, reflecting a record-high new policy amount for this quarter (April 1 to June 30). Ordinary revenues increased year on year due to an increase in investment performance in the separate account, benefiting from a favorable market condition, in addition to an increase in income from insurance premiums. Ordinary profit decreased year on year, due mainly to an increase in provision of policy reserves for minimum guarantees for variable life insurance and an increase in insurance claims and other payments, whereas an increase in net gains on sales of securities and higher interest and dividend income in the general account.
- 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 decreased year on year due mainly to a rise in operating expenses despite the increase in ordinary revenues.
- Banking Business: Ordinary revenues and ordinary profit increased year on year, due mainly to higher revenues related to foreign currency transactions and mortgage loan business.
- Consolidated ordinary revenues increased 17.8% year on year, to ¥357.3 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking. Consolidated ordinary profit decreased 13.8% year on year, to ¥18.9 billion. By business segment, ordinary profit from the banking business increased, whereas ordinary profit from the life insurance and the non-life insurance businesses decreased. Profit attributable to owners of the parent was down 11.9% year on year, to ¥12.8 billion.

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



□ Ordinary revenues □ Ordinary profit



- ◆ Ordinary revenues increased but ordinary profit decreased year on year.
- ◆ Income from insurance premiums increased year on year, reflecting a steady increase in policy amount in force.
- ◆ Investment income increased due to higher gains on separate accounts, benefiting from a favorable market condition.
- ◆ Ordinary profit decreased year on year, due mainly to an increase in provision of policy reserves for minimum guarantees for variable life insurance and an increase in insurance claims and other payment, whereas an increase in net gains on sales of securities and higher interest and dividend income in the general account.

(Billions of yen)	FY14.1Q	FY15.1Q	Change	
<b>Ordinary revenues</b>	270.5	<b>323.9</b>	+53.4	+19.7%
Income from insurance premiums	220.7	<b>254.5</b>	+33.8	+15.3%
Investment income	48.1	<b>67.7</b>	+19.5	+40.6%
Interest income and dividends	32.5	<b>35.3</b>	+2.8	+8.6%
Income from monetary trusts, net	1.3	<b>3.1</b>	+1.8	+138.2%
Gains on sale of securities	0.1	<b>3.6</b>	+3.4	-
Gains on separate accounts, net	14.0	<b>24.7</b>	+10.7	+76.2%
<b>Ordinary expenses</b>	252.8	<b>308.7</b>	+55.9	+22.1%
Insurance claims and other payments	74.4	<b>91.3</b>	+16.9	+22.7%
Provision for policy reserves and others	143.4	<b>176.7</b>	+33.3	+23.2%
Investment expenses	1.9	<b>4.0</b>	+2.0	+103.8%
Operating expenses	27.5	<b>30.6</b>	+3.0	+11.1%
<b>Ordinary profit</b>	17.6	<b>15.1</b>	(2.5)	(14.4%)
<b>Net income</b>	11.7	<b>10.2</b>	(1.5)	(13.1%)

(Billions of yen)	15.3.31	<b>15.6.30</b>	Change from 15.3.31	
<b>Securities</b>	<b>6,543.7</b>	<b>6,723.3</b>	+179.6	+2.7%
<b>Policy reserves</b>	<b>6,727.2</b>	<b>6,901.4</b>	+174.1	+2.6%
<b>Net assets</b>	<b>432.5</b>	<b>420.8</b>	(11.7)	(2.7%)
Net unrealized gains on other securities	<b>118.1</b>	<b>110.8</b>	(7.2)	(6.1%)
<b>Total assets</b>	<b>7,301.3</b>	<b>7,494.5</b>	+193.2	+2.6%
Separate account assets	<b>793.3</b>	<b>829.8</b>	+36.5	+4.6%

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



(Billions of yen)	FY14.1Q	FY15.1Q	Change
<b>New policy amount</b>	1,135.8	<b>1,324.2</b>	+16.6%
<b>Lapse and surrender amount</b>	449.4	<b>495.0</b>	+10.1%
<b>Lapse and surrender rate</b>	1.15%	<b>1.21%</b>	+0.06pt
<b>Policy amount in force</b>	39,559.7	<b>41,609.6</b>	+5.2%
<b>Annualized premiums from new policies</b>	18.9	<b>22.3</b>	+18.2%
Of which, third-sector products	3.7	<b>3.9</b>	+6.5%
<b>Annualized premiums from insurance in force</b>	706.5	<b>747.6</b>	+5.8%
Of which, third-sector products	168.9	<b>174.8</b>	+3.5%

## <Reasons for changes>

◆ Increased due to higher sales of variable life insurance and family income insurance.

◆ Increased due to higher sales of variable life insurance.

### 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

(Billions of yen)	FY14.1Q	FY15.1Q	Change
<b>Gains from investment, net (General account)</b>	32.1	<b>38.9</b>	+21.2%
<b>Core profit</b>	18.7	<b>13.3</b>	(28.9%)
<b>Positive spread</b>	3.0	<b>4.1</b>	+36.7%

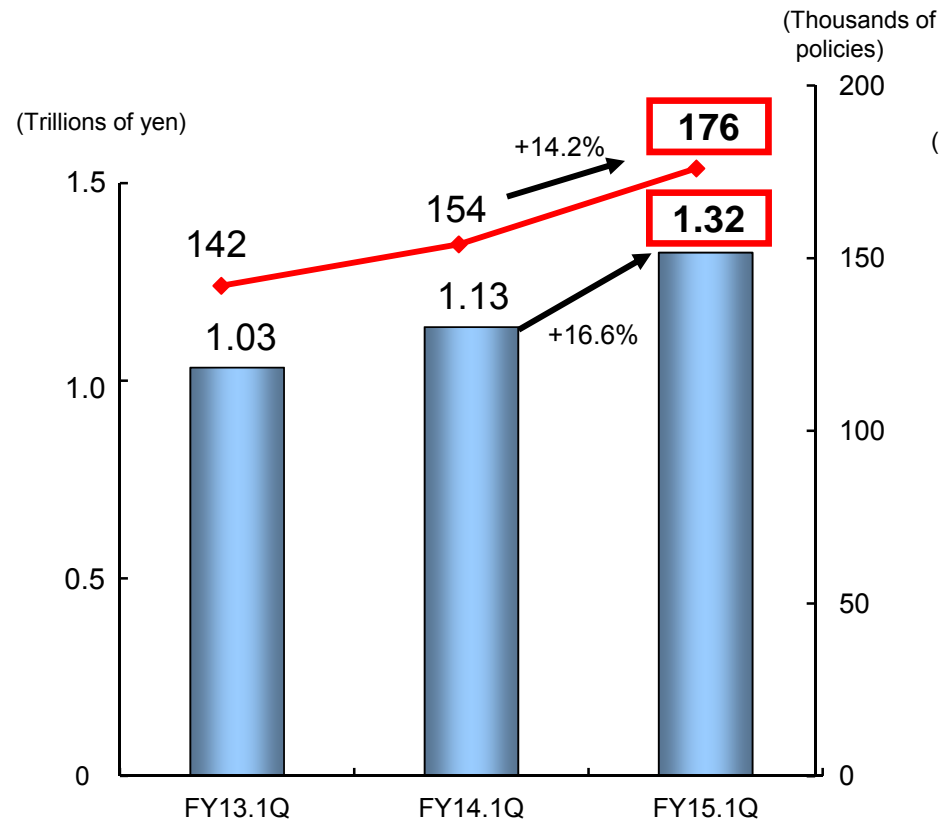
◆ Decreased year on year, due to an increase in provision of policy reserves for minimum guarantees for variable life insurance and an increase in insurance claims and other payments despite an increase in positive spread.

	15.3.31	<b>15.6.30</b>	Change from 15.3.31
<b>Non-consolidated solvency margin ratio</b>	2,555.0%	<b>2,579.9%</b>	+24.9pt

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

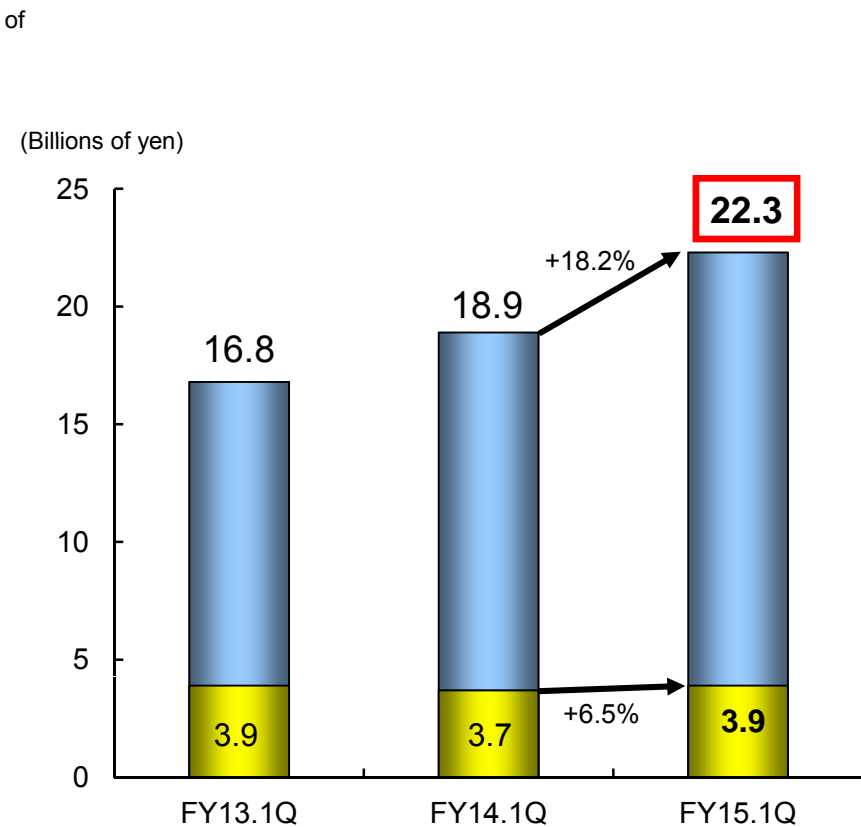
## Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ 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





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

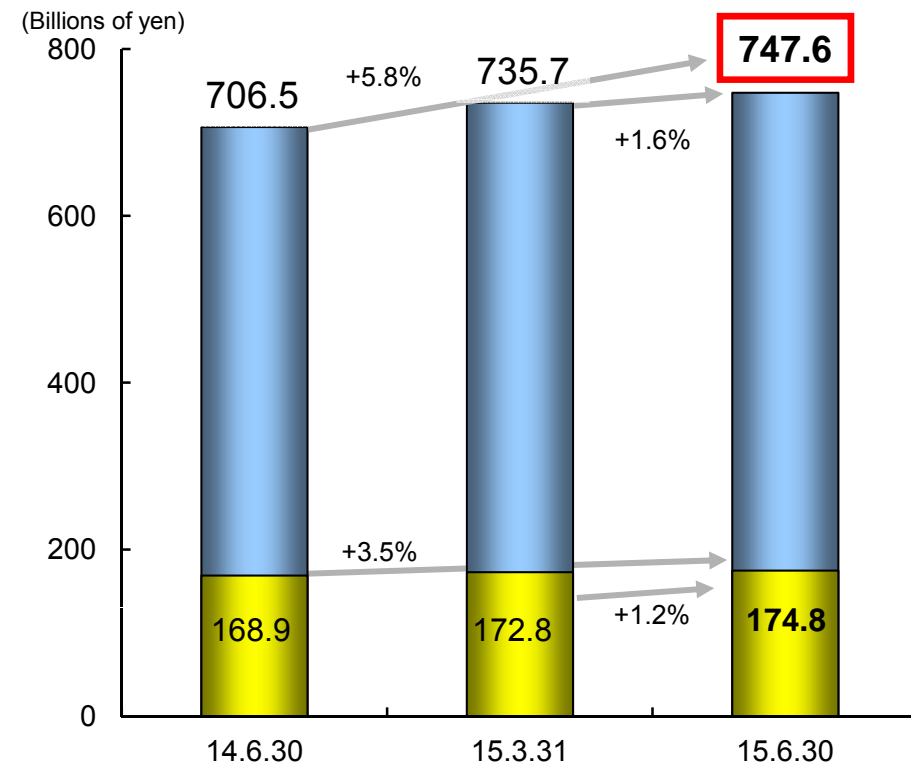
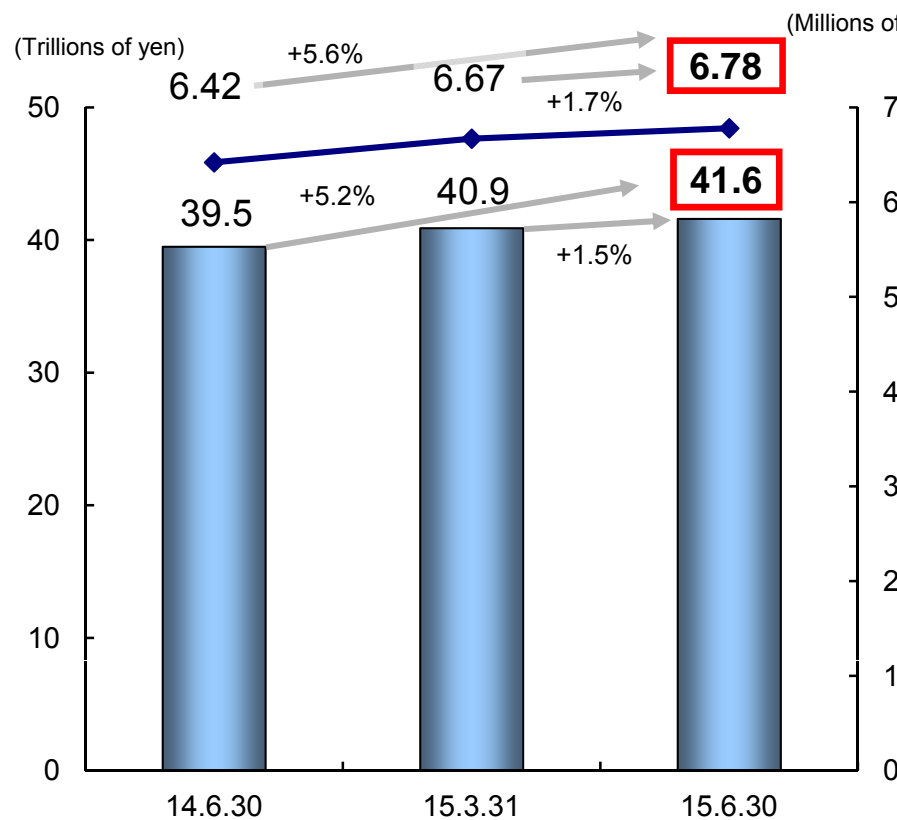


## Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

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

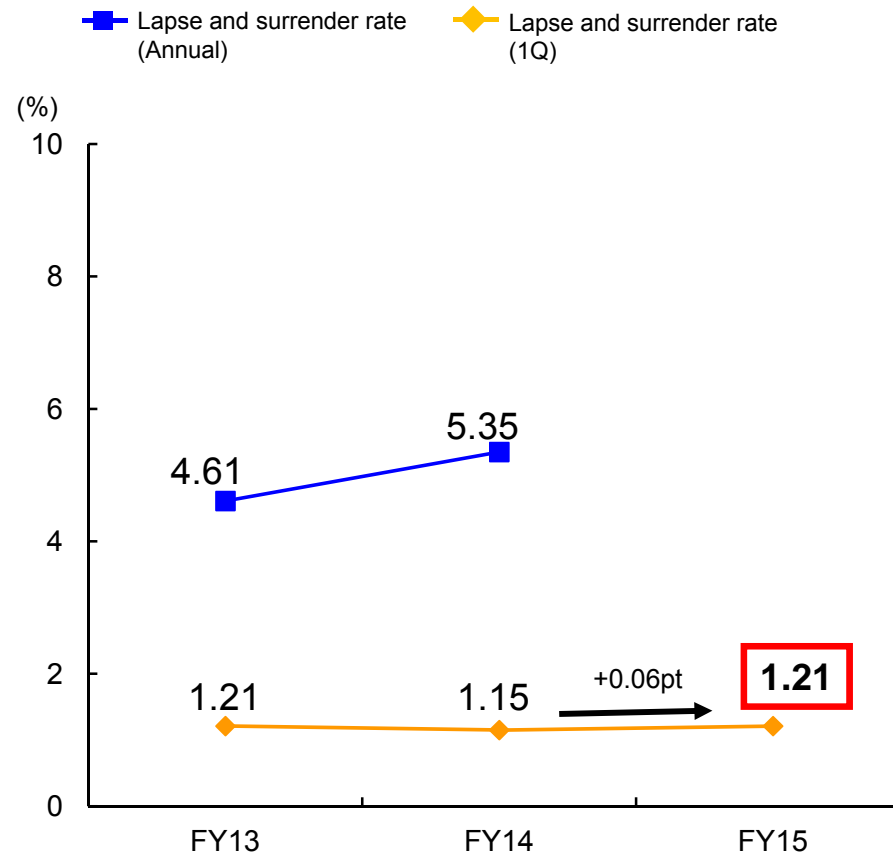
■ Policy amount in force    — Number of policies in force

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



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

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

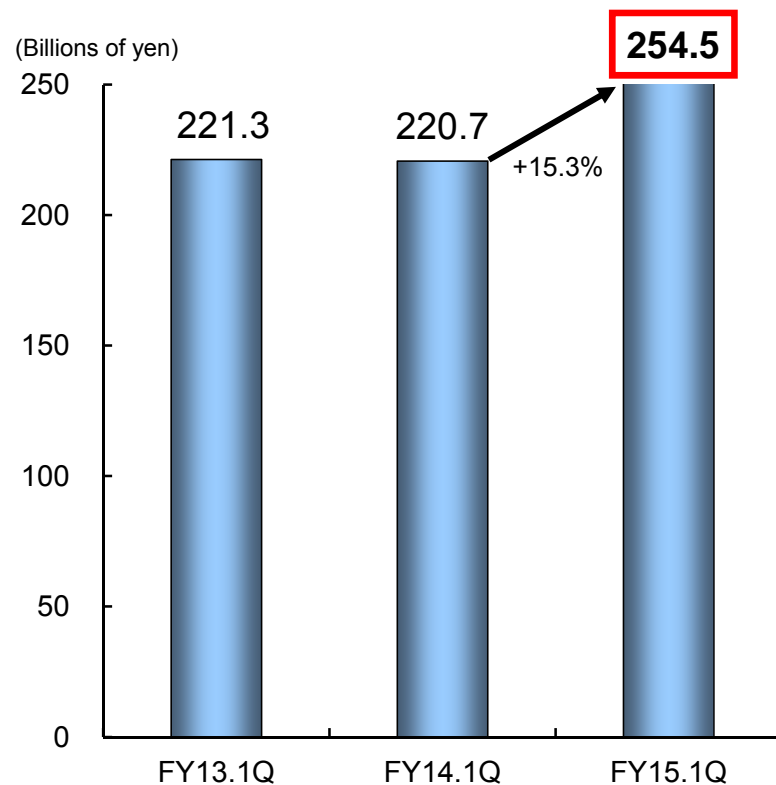


\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

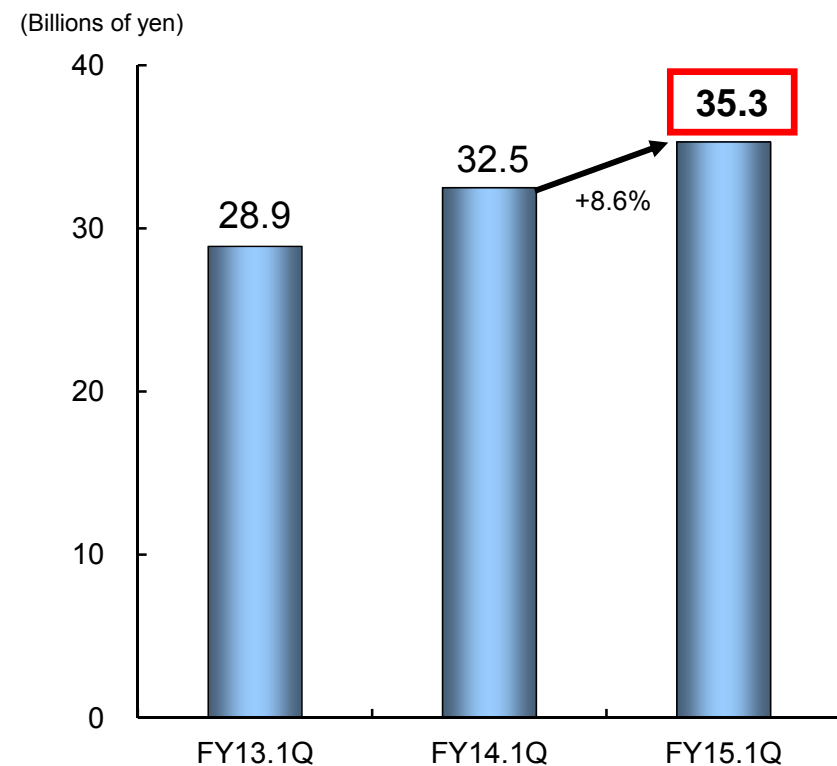
# Operating Performance : Sony Life (Non-consolidated) (4)



## Income from Insurance Premiums



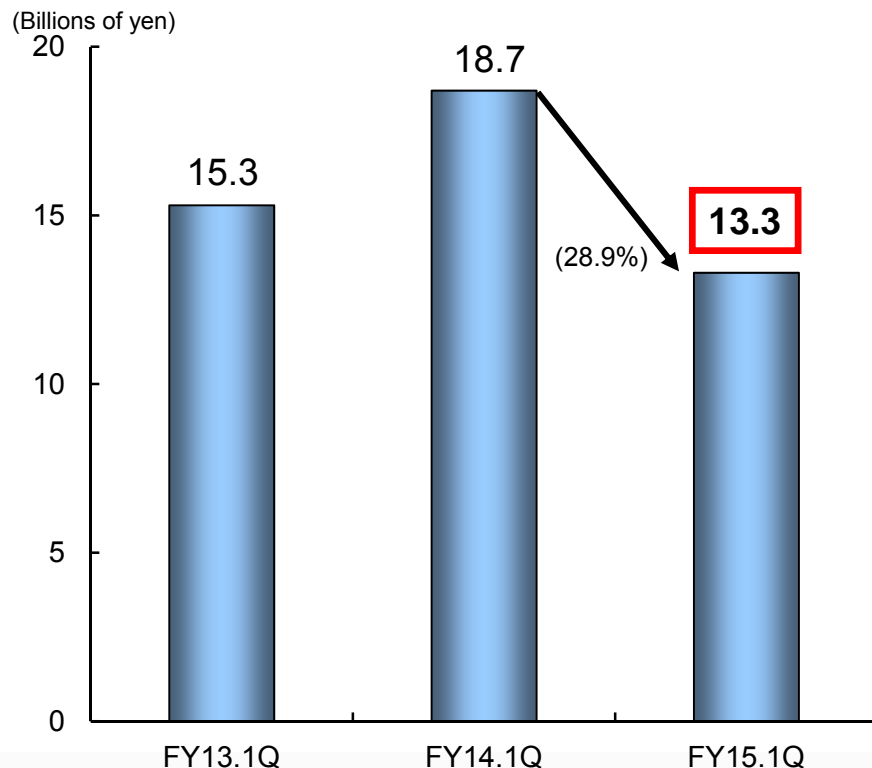
## Interest Income and Dividends



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



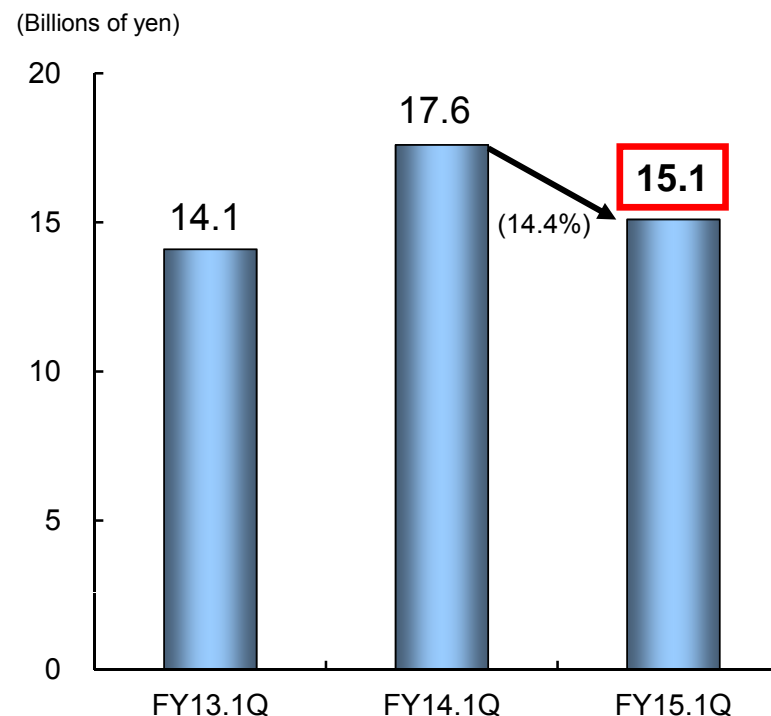
## Core Profit



(Reference) Impact on core profit

	(Billions of yen)		
	FY13.1Q	FY14.1Q	FY15.1Q
Positive spread	1.2	3.0	4.1
Provision of policy reserves for minimum guarantees for variable life insurance (*1)	(0.9)	(2.1)	(6.6)
Effects by the revision of policy reserve discount rate (Interest rate-sensitive whole life insurance) (*2)	(5.7)	-	-

## Ordinary Profit



(Reference) Main differences from Core Profit

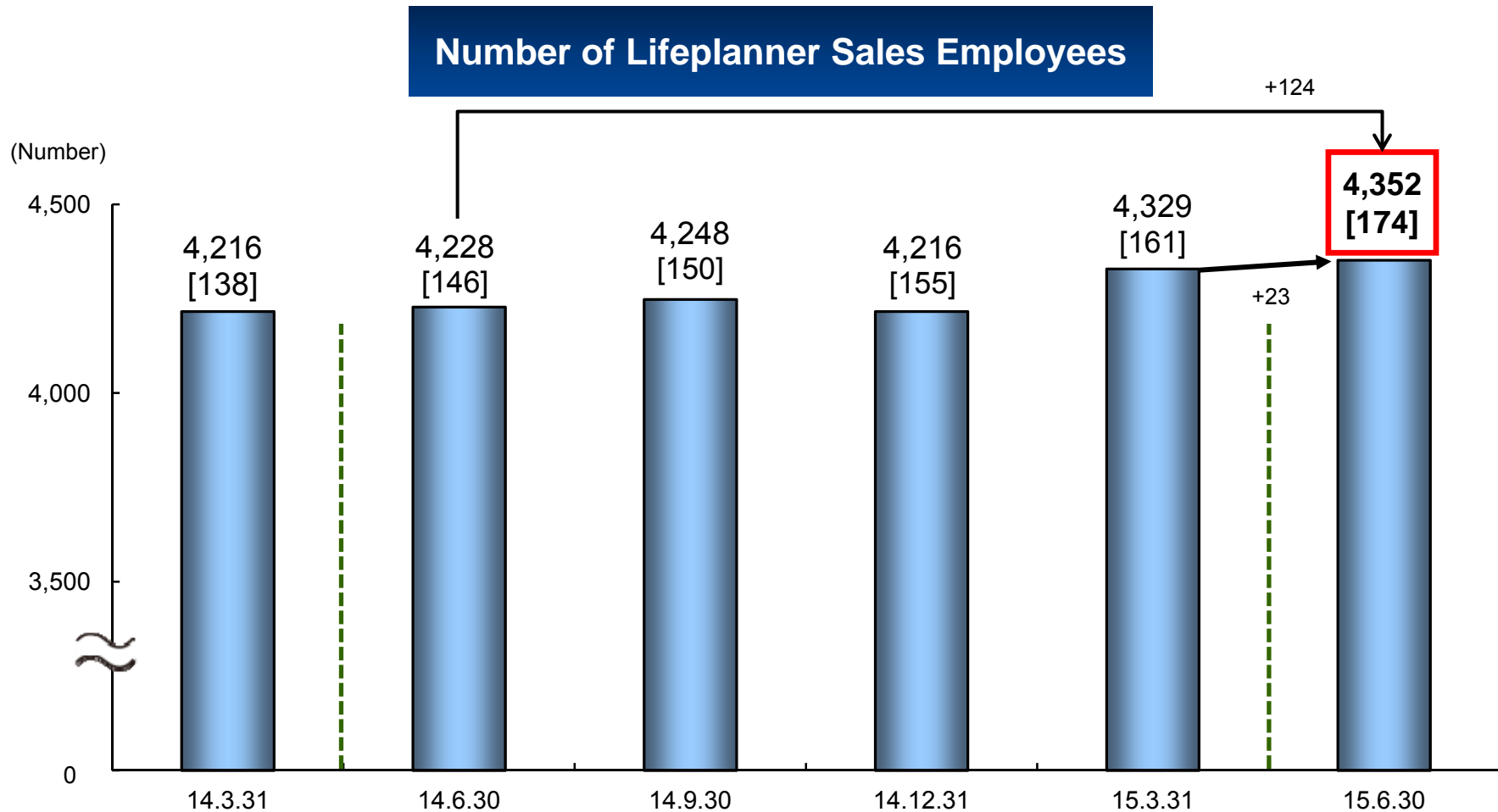
	(Billions of yen)		
	FY13.1Q	FY14.1Q	FY15.1Q
Capital gains (losses) excluding gains or losses on hedges (*1)	0.0	0.2	5.3
Gains (losses) on hedges of variable insurance	-	-	(1.9)
Provision of contingency reserve (*1)	(1.0)	(1.2)	(1.5)

\*1: "Provision of policy reserves for minimum guarantees for variable life insurance" and "Provision of contingency reserve" are described as negative amount.

Capital gains (losses) exclude gains or losses on hedges of variable life insurance.

\*2: The effected amount of a surge of sales of interest rate-sensitive whole life insurance due to a delay in rising insurance premiums (May 2013) against the revision of policy reserve discount rate.

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



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

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



## Breakdown of General Account Assets

(Billions of yen)	15.3.31		15.6.30	
	Amount	%	Amount	%
<b>Japanese government and corporate bonds</b>	5,606.8	86.2%	<b>5,756.0</b>	<b>86.4%</b>
Japanese stocks	42.4	0.7%	<b>43.8</b>	<b>0.7%</b>
Foreign bonds	105.5	1.6%	<b>100.3</b>	<b>1.5%</b>
Foreign stocks	26.0	0.4%	<b>26.2</b>	<b>0.4%</b>
Monetary trusts	313.2	4.8%	<b>296.5</b>	<b>4.4%</b>
Policy loans	162.3	2.5%	<b>163.5</b>	<b>2.5%</b>
Real estate*	117.7	1.8%	<b>117.2</b>	<b>1.8%</b>
Cash and call loans	56.8	0.9%	<b>58.9</b>	<b>0.9%</b>
Others	76.7	1.2%	<b>101.8</b>	<b>1.5%</b>
<b>Total</b>	<b>6,508.0</b>	<b>100.0%</b>	<b>6,664.6</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, 2014: 19.7 years**

**Mar. 31, 2015: 20.3 years**

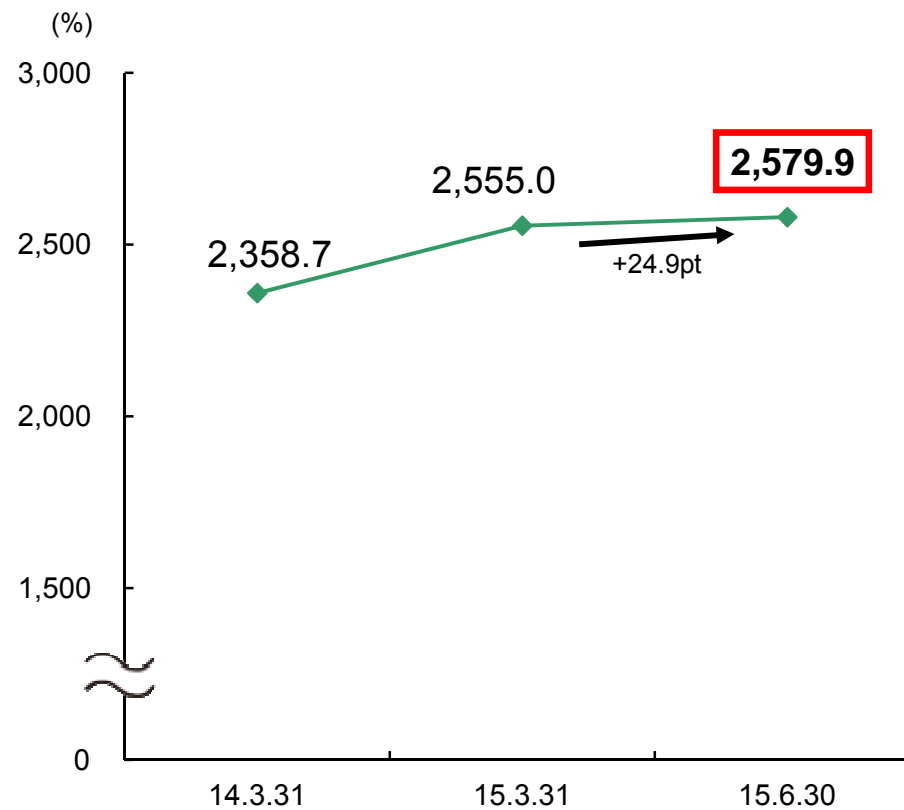
**Jun. 30, 2015: 20.1 years**

- 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 Jun. 30, 2015: 90.9%  
(As of Mar. 31, 2015: 91.0%)

\*Real estate is the total of land, buildings, and construction in progress.

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

## Non-consolidated Solvency Margin Ratio



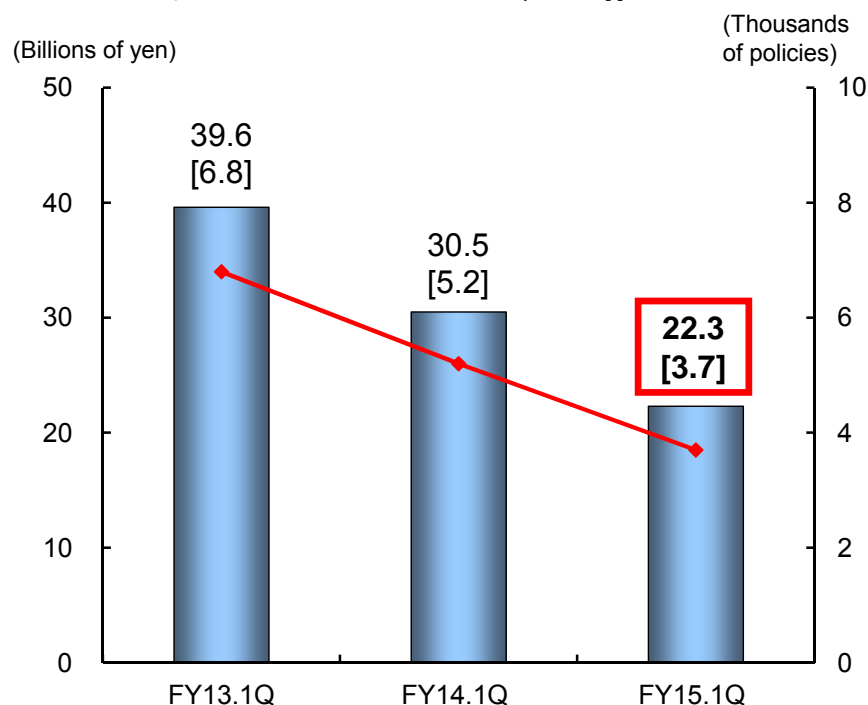
# Operating Performance : AEGON Sony Life Insurance



\*AEGON Sony Life Insurance sells individual variable annuities.

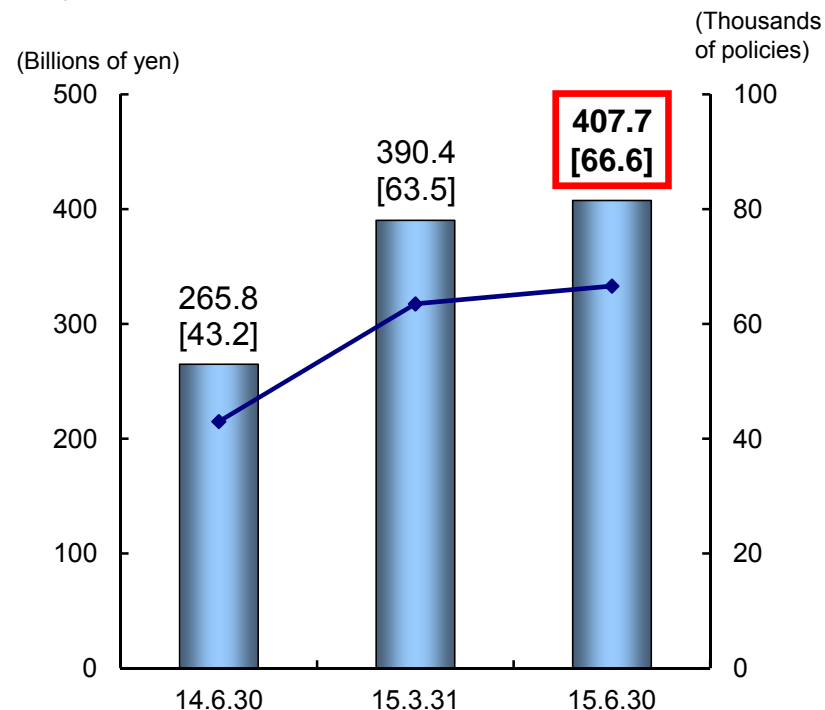
## Number and Amount of New Policies

■ New policy amount — Number of new policies [ ]



## Number and Amount of Policies in Force

■ Policy amount in force — Number of policies in force [ ]



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

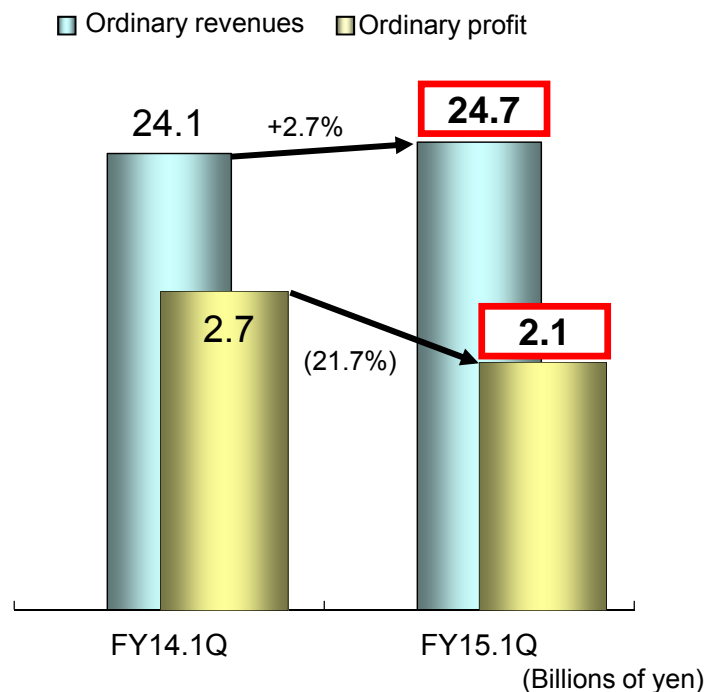
(Billions of yen)	FY14.1Q	FY15.1Q	Change
<b>AEGON Sony Life Insurance</b>	(1.2)	<b>(0.2)</b>	+0.9
<b>SA Reinsurance</b>	0.7	<b>(0.2)</b>	(0.9)

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 profit attributable to owners of the parent.



# Highlights of Operating Performance: Sony Assurance



- ◆ Ordinary revenues increased but ordinary profit decreased year on year.
- ◆ Ordinary revenues increased, due to an increase in net premiums written primarily for its mainstay automobile insurance.
- ◆ Ordinary profit decreased, due mainly to a rise in operating expenses despite the increase in ordinary revenues.

(Billions of yen)	FY14.1Q	FY15.1Q	Change	
<b>Ordinary revenues</b>	24.1	<b>24.7</b>	+0.6	+2.7%
Underwriting income	23.8	<b>24.4</b>	+0.6	+2.6%
Investment income	0.3	<b>0.3</b>	+0.0	+4.1%
<b>Ordinary expenses</b>	21.4	<b>22.6</b>	+1.2	+5.8%
Underwriting expenses	16.0	<b>16.5</b>	+0.5	+3.4%
Investment expenses	0.0	<b>0.0</b>	+0.0	—
Operating general and administrative expenses	5.3	<b>6.0</b>	+0.6	+12.8%
<b>Ordinary profit</b>	2.7	<b>2.1</b>	(0.5)	(21.7%)
<b>Net income</b>	1.8	<b>1.4</b>	(0.3)	(19.9%)

(Billions of yen)	15.3.31	15.6.30	Change from 15.3.31	
<b>Underwriting reserves</b>	86.5	<b>89.7</b>	+3.2	+3.7%
<b>Net assets</b>	24.7	<b>26.3</b>	+1.6	+6.5%
<b>Total assets</b>	157.9	<b>159.9</b>	+2.0	+1.3%

# Overview of Operating Performance: Sony Assurance

(Billions of yen)	FY14.1Q	FY15.1Q	Change
<b>Direct premiums written</b>	23.1	24.0	+4.2%
<b>Net premiums written</b>	23.4	24.3	+4.0%
<b>Net losses paid</b>	11.1	11.2	+0.9%
<b>Underwriting profit</b>	2.4	1.8	(24.8%)
<b>Net loss ratio</b>	54.7%	53.4%	(1.3pt)
<b>Net expense ratio</b>	24.4%	26.3%	+1.9pt
<b>Combined ratio</b>	79.1%	79.6%	+0.5pt

## <Reasons for changes>

◆ Increased mainly in its mainstay automobile insurance.

◆ Increased due mainly to higher advertising expenses.

Notes:

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

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

	FY14.1Q	FY15.1Q	Change
<b>E. I. loss ratio</b>	58.0%	58.4%	+0.4pt
<b>E. I. loss ratio + Net expense ratio</b>	82.4%	84.7%	+2.3pt

◆ Rose due to a decrease in reversal of reserve for outstanding losses despite persistently low car accident ratio.

Notes:

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

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

	15.3.31	15.6.30	Change from 15.3.31	
<b>Number of policies in force</b>	1.70 million	1.72 million	+0.02 million	+1.6%
<b>Non-consolidated solvency margin ratio</b>	629.6%	655.1%	+25.5pt	

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)	FY14.1Q	FY15.1Q	Change
<b>Fire</b>	62	89	+42.4%
<b>Marine</b>	—	—	—
<b>Personal accident</b>	2,134	2,156	+1.0%
<b>Voluntary automobile</b>	20,920	21,840	+4.4%
<b>Compulsory automobile liability</b>	—	—	—
<b>Total</b>	23,117	24,086	+4.2%

## Net Premiums Written

(Millions of yen)	FY14.1Q	FY15.1Q	Change
<b>Fire</b>	8	13	+51.3%
<b>Marine</b>	50	11	(78.0%)
<b>Personal accident</b>	2,218	2,245	+1.2%
<b>Voluntary automobile</b>	20,868	21,793	+4.4%
<b>Compulsory automobile liability</b>	289	311	+7.6%
<b>Total</b>	23,434	24,375	+4.0%

## Net losses paid

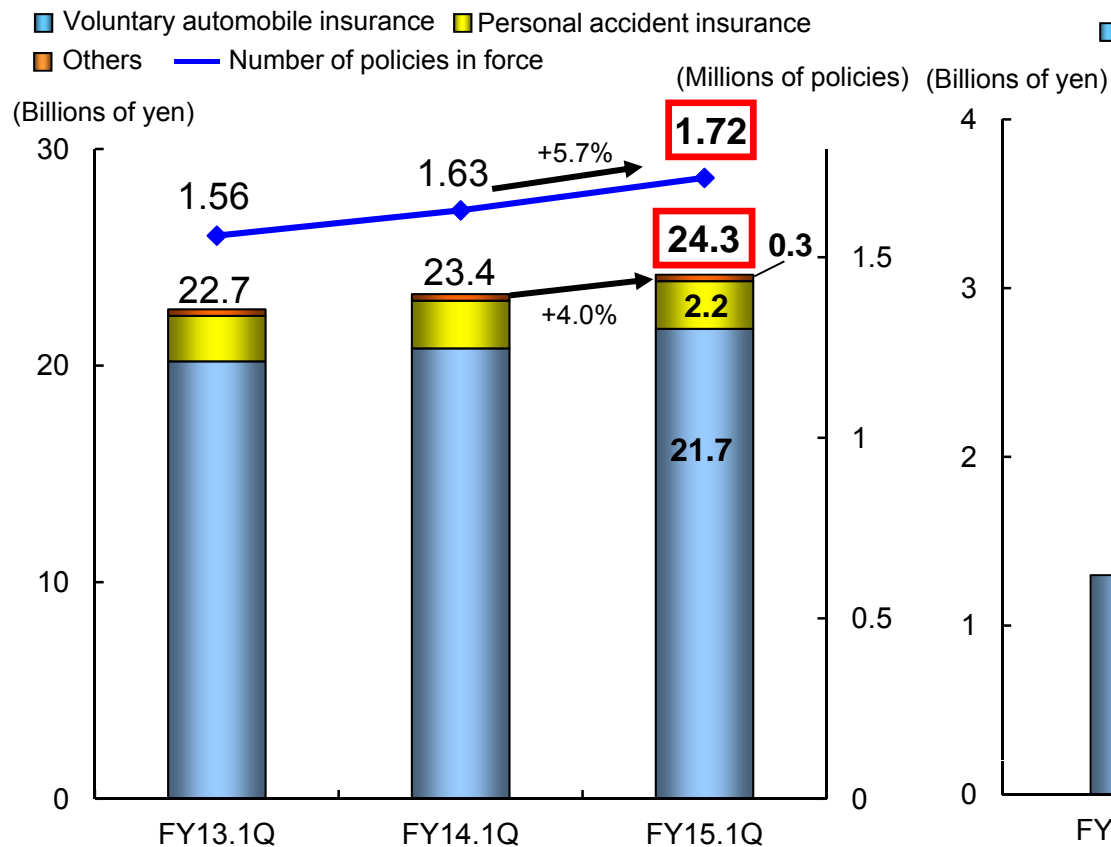
(Millions of yen)	FY14.1Q	FY15.1Q	Change
<b>Fire</b>	1	0	(92.7%)
<b>Marine</b>	47	12	(74.6%)
<b>Personal accident</b>	541	593	+9.7%
<b>Voluntary automobile</b>	10,288	10,359	+0.7%
<b>Compulsory automobile liability</b>	291	303	+4.0%
<b>Total</b>	11,170	11,268	+0.9%

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

# Operating Performance: Sony Assurance (1)



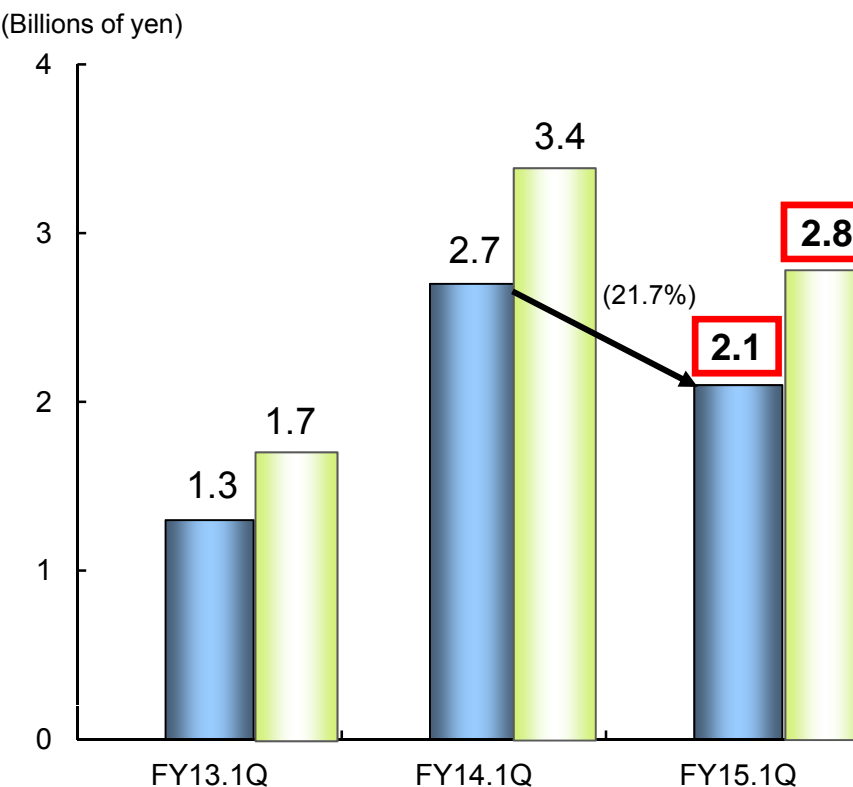
## Net Premiums Written and Number of Policies in Force



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

## Ordinary Profit and Adjusted Ordinary Profit

■ Ordinary profit 
 ■ Adjusted ordinary profit



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

(Reference) Provision for catastrophe reserve

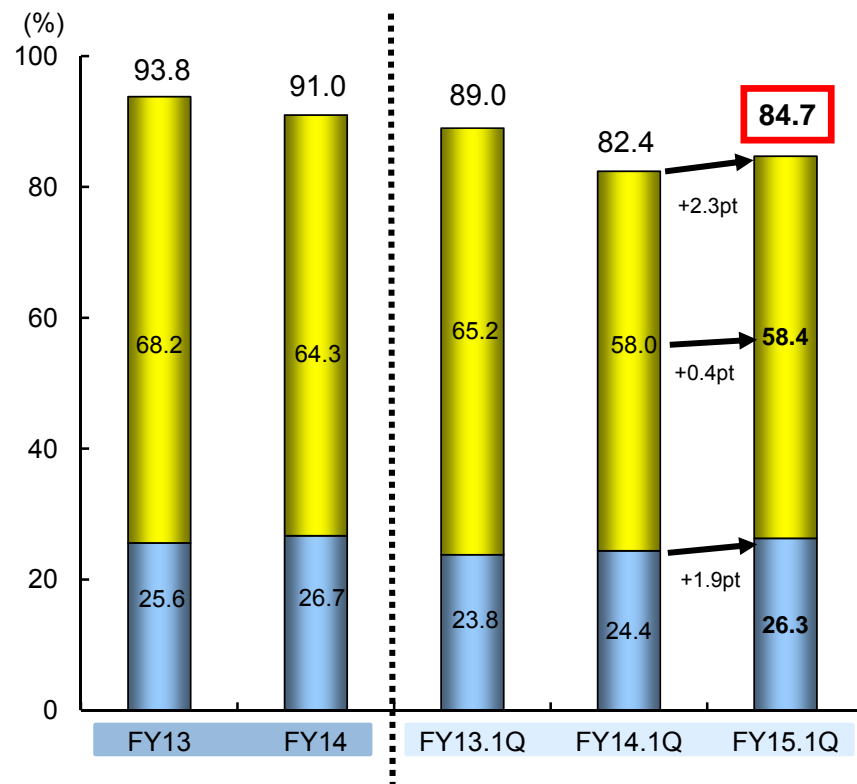
	(Billions of yen)		
	FY13.1Q	FY14.1Q	FY15.1Q
Provision for catastrophe reserve	+0.4	+0.7	+0.7

\*Provision for catastrophe reserve is described as positive amount

# Operating Performance: Sony Assurance (2)

## Earned/Incurred Loss Ratio + Net Expense Ratio

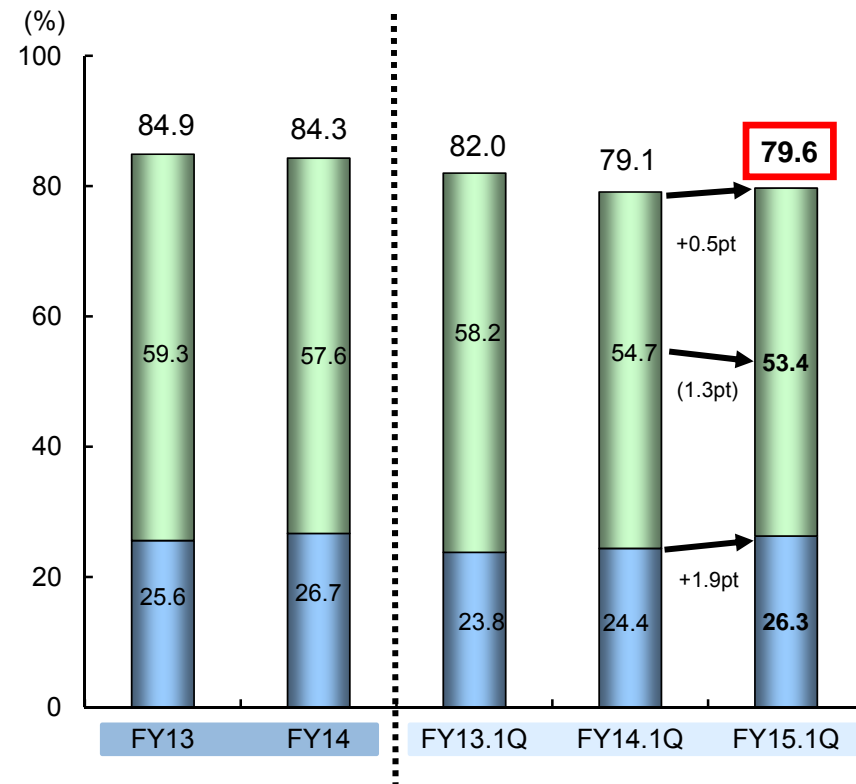
■ Earned/Incurred loss ratio ■ Net expense ratio



Notes:  
 Earned/Incurred loss ratio = (Net losses paid + Provision for reserve for outstanding losses + Loss adjustment expenses) / Earned premiums  
 [Earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.]

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

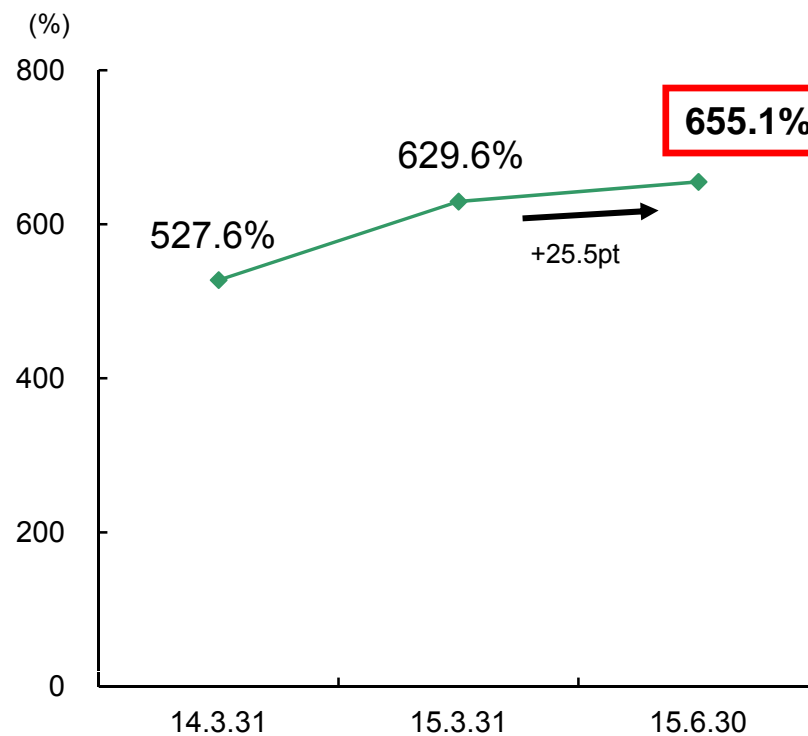
■ Net loss ratio ■ Net expense ratio



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

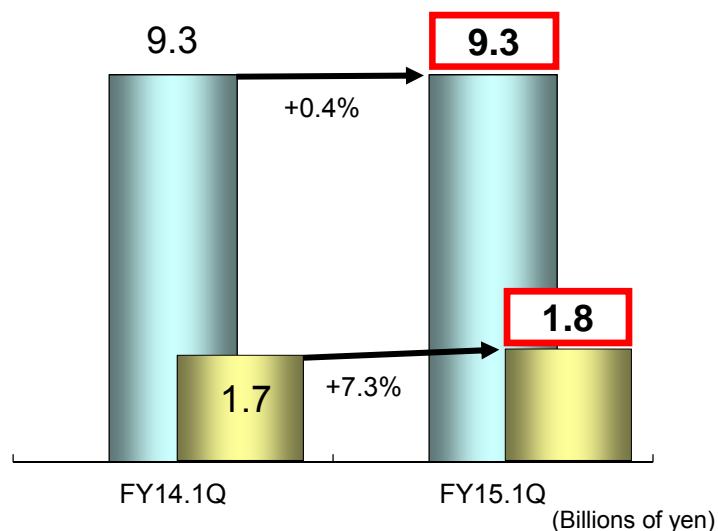
# Operating Performance: Sony Assurance (3)

## Non-consolidated Solvency Margin Ratio



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

- Consolidated ordinary revenues
- Consolidated ordinary profit



## <Consolidated>

- ◆ Ordinary revenues and ordinary profit increased year on year, due to higher revenues related to foreign currency transactions and mortgage loan business.

## <Non-consolidated>

- ◆ Both gross operating profit and net operating profit increased year on year.
  - Net interest income decreased, due to lower interest income and dividends on securities.
  - Net fees and commissions increased, due to higher fees on mortgage loans.
  - Net other operating income increased, due to higher gains on foreign exchange transactions stemming from customers' active foreign currency trading whereas gains on the bond-dealing transaction was recorded in the same period of the previous fiscal year.

## <Consolidated>

(Billions of yen)	FY14.1Q	FY15.1Q	Change	
<b>Consolidated ordinary revenues</b>	9.3	<b>9.3</b>	+0.0	+0.4%
<b>Consolidated ordinary profit</b>	1.7	<b>1.8</b>	+0.1	+7.3%
<b>Profit attributable to owners of the parent</b>	1.1	<b>1.2</b>	+0.1	+12.6%

## <Non-consolidated>

(Billions of yen)	FY14.1Q	FY15.1Q	Change	
<b>Ordinary revenues</b>	8.6	<b>8.6</b>	+0.0	+0.0%
<b>Gross operating profit</b>	5.2	<b>5.3</b>	+0.0	+1.6%
Net interest income	4.1	<b>3.9</b>	(0.1)	(3.8%)
Net fees and commissions	(0.2)	<b>0.0</b>	+0.2	—
Net other operating income	1.3	<b>1.3</b>	+0.0	+0.9%
<b>General and administrative expenses</b>	3.7	<b>3.5</b>	(0.1)	(4.6%)
<b>Net operating profit</b>	1.5	<b>1.8</b>	+0.2	+16.1%
<b>Ordinary profit</b>	1.7	<b>1.8</b>	+0.1	+8.9%
<b>Net income</b>	1.1	<b>1.2</b>	+0.1	+13.4%

(Billions of yen)	15.3.31	<b>15.6.30</b>	Change from 15.3.31	
<b>Net assets</b>	77.0	<b>77.8</b>	+0.7	+1.0%
Net unrealized gains on other securities, net of taxes	6.6	<b>5.9</b>	(0.6)	(9.7%)
<b>Total assets</b>	2,062.5	<b>2,055.6</b>	(6.8)	(0.3%)

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

(Billions of yen)	14.6.30	15.3.31	15.6.30	Change from 15.3.31	
<b>Customer assets</b>	1,950.0	2,007.9	<b>2,001.1</b>	(6.7)	(0.3%)
Deposits	1,829.7	1,878.2	<b>1,872.2</b>	(6.0)	(0.3%)
Yen	1,462.8	1,551.0	<b>1,558.9</b>	+7.8	+0.5%
Foreign currency	366.9	327.2	<b>313.3</b>	(13.9)	(4.3%)
Investment trusts	120.2	129.6	<b>128.9</b>	(0.7)	(0.6%)
<b>Loans outstanding</b>	1,071.6	1,187.1	<b>1,226.0</b>	+38.8	+3.3%
Mortgage loans	962.7	1,074.3	<b>1,111.2</b>	+36.8	+3.4%
Others	108.9	112.8	<b>114.7<sup>*1</sup></b>	+1.9	+1.8%
<b>Capital adequacy ratio<sup>*2</sup> (domestic criteria)</b>	11.68%	10.66%	<b>10.56%</b>	(0.10pt)	

## <Reasons for changes>

◆ Yen deposit balance remained at the same level, reflecting severe interest rate competitions despite an increase due to a conversion from foreign currencies to yen.

◆ Yen-denominated balance of foreign currency deposit decreased due to a conversion and a transfer into yen deposit led by yen depreciation.

◆ Loan balance expanded reflecting a growing balance of mortgage loans.

\*1 Loans in others include corporate loans of ¥109.7 billion

\*2 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P27



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

## <Reference> On Managerial Accounting Basis

(Billions of yen)	FY14.1Q	FY15.1Q	Change	
<b>Gross operating profit</b>	5.2	<b>5.3</b>	+0.0	+1.6%
Net interest income* <sup>1</sup> ①	4.4	<b>4.5</b>	+0.0	+1.0%
Net fees and commissions* <sup>2</sup> ②	(0.0)	<b>0.2</b>	+0.3	—
Net other operating income* <sup>3</sup>	0.8	<b>0.5</b>	(0.3)	(37.0%)
<b>Gross operating profit (core profit)</b> (A)=①+②	4.4	<b>4.8</b>	+0.4	+9.2%
Operating expenses and other expenses ③	3.6	<b>3.5</b>	(0.0)	(1.5%)
<b>Net operating profit (core profit)</b> =(A)−③	0.7	<b>1.2</b>	+0.4	+57.6%

### ■ 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.

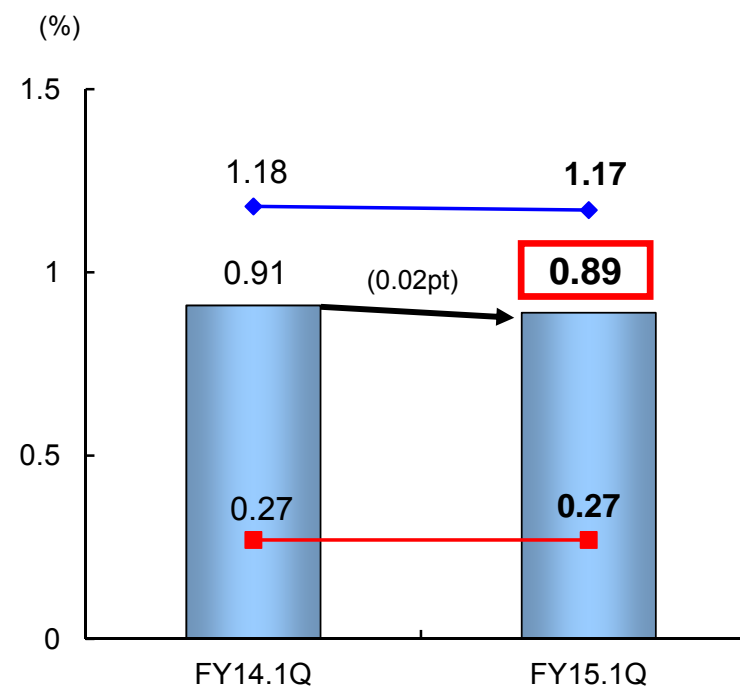
\*3: Net other operating income: After the above adjustments (\*1 and \*2), mainly consists of profits and losses for bond and derivative dealing transactions.

### ■ Core profit

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

## <Reference> Interest Spread (Managerial Accounting Basis)

◆ Yield on investment    ■ Yield on financing  
■ Interest spread



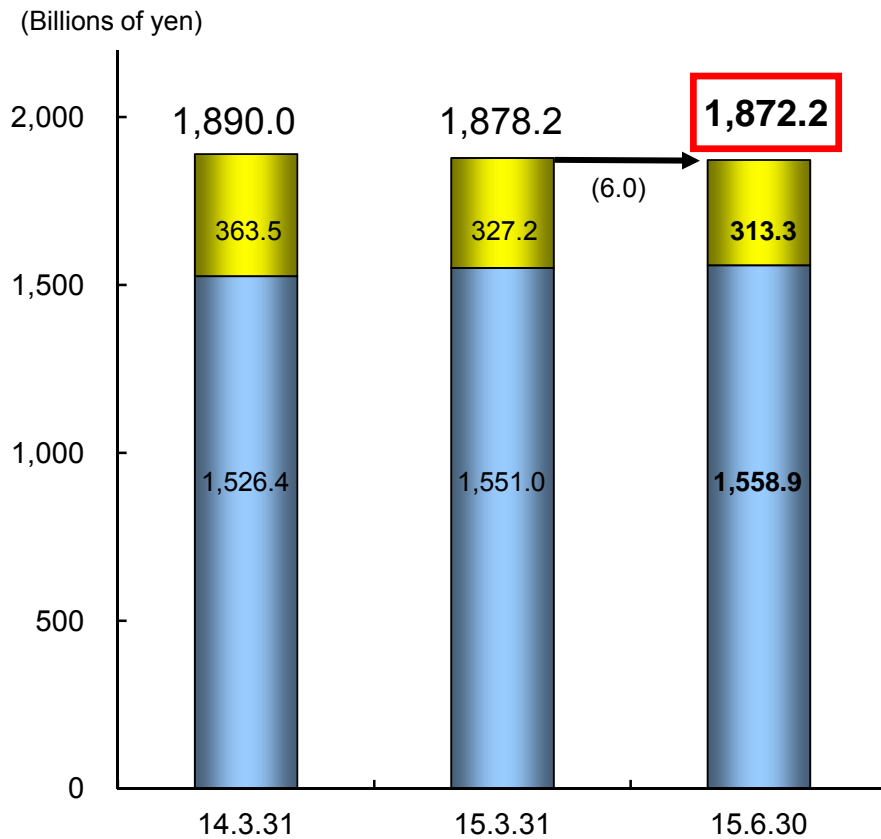
Note: Interest spread=(Yield on investment)-(Yield on financing)

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



## Deposits

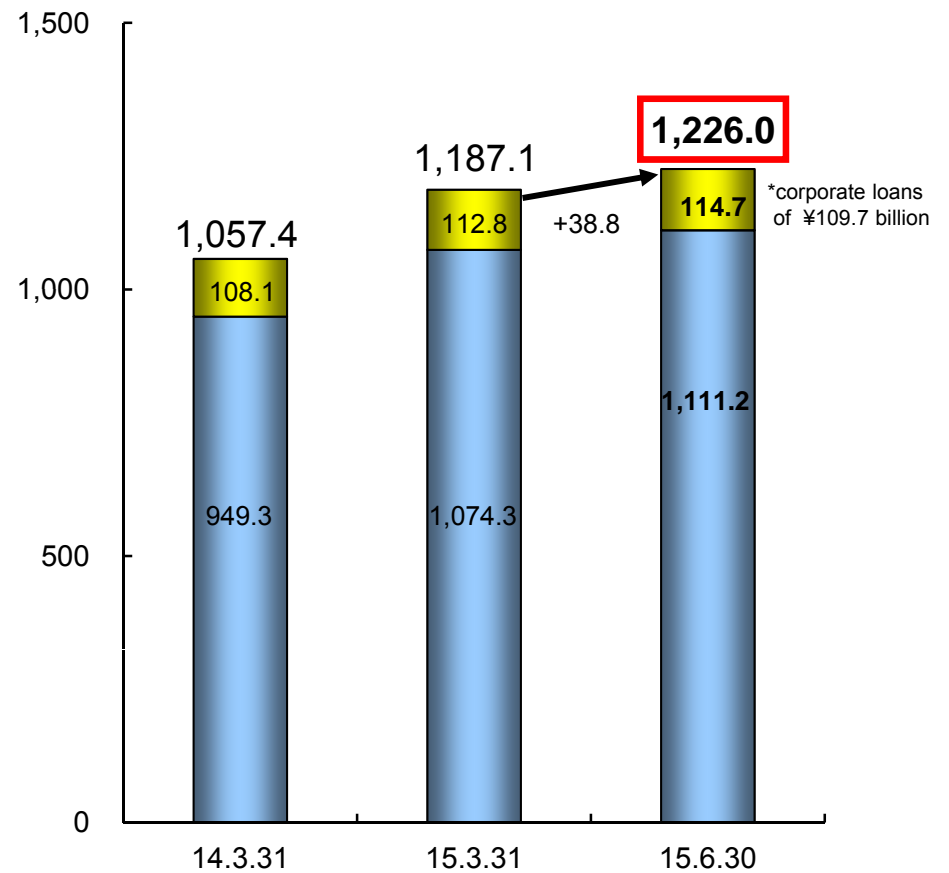
■ Yen deposits ■ Foreign currency deposits



## Loans

■ Mortgage loans ■ Others

(Billions of yen)

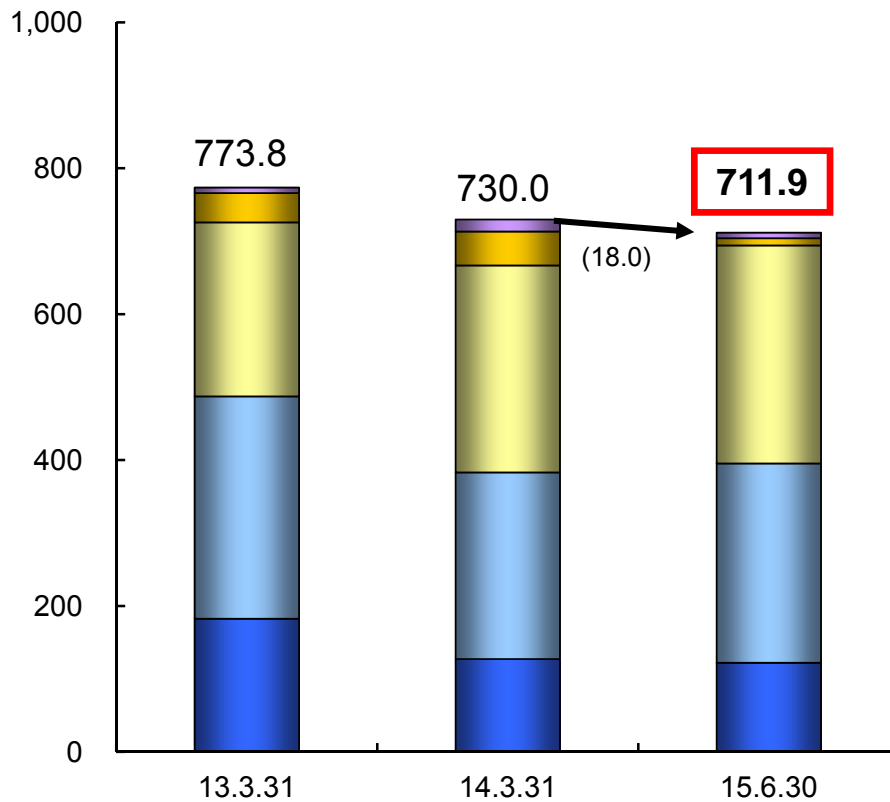


# Operating Performance: Sony Bank (Non-consolidated) (2)

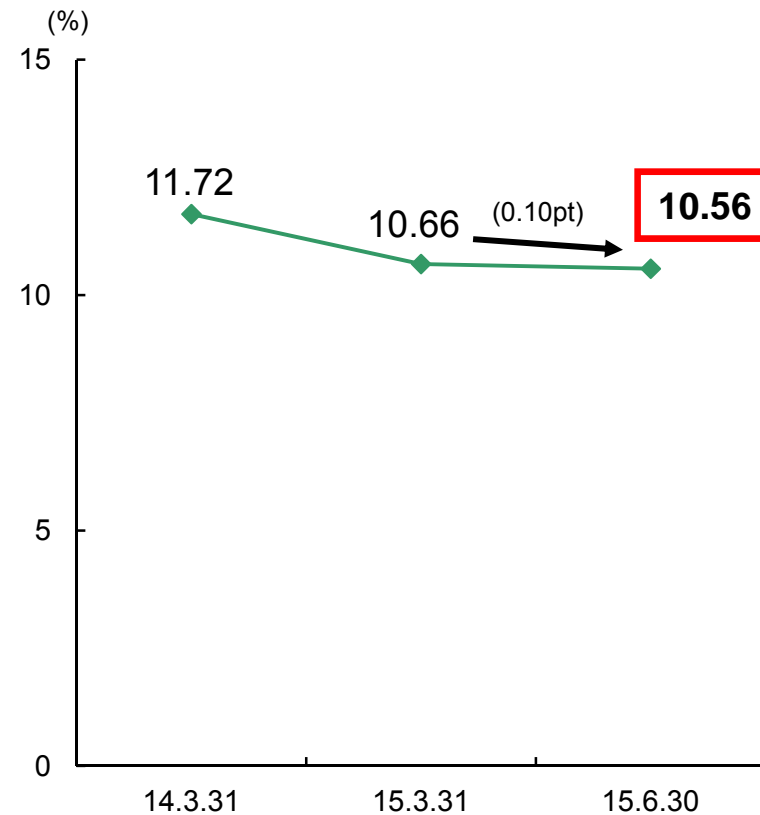
## Balance of Securities by Credit Rating

■ AAA ■ AA ■ A  
■ BBB ■ Others

(Billions of yen)



## 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.

# **Consolidated Financial Forecast for the Year Ending March 31, 2016 (FY15)**

# Consolidated Financial Forecast for FY15



**Consolidated Financial Forecast for FY15 is unchanged from the forecast announced on April 30, 2015**

(Billions of yen)	FY14 (Actual)	FY15 (Forecast)	Change	FY15.1Q (3M) Actual	Progress rate
<b>Consolidated ordinary revenues</b>	1,352.3	<b>1,300.0</b>	(3.9%)	357.3	27.5%
<u>Life insurance business</u>	1,223.9	<b>1,168.0</b>	(4.6%)	323.9	27.7%
<u>Non-life insurance business</u>	93.0	<b>97.1</b>	+4.4%	24.7	25.5%
<u>Banking business</u>	38.4	<b>36.8</b>	(4.2%)	9.3	25.4%
<b>Consolidated ordinary profit</b>	90.0	<b>85.0</b>	(5.6%)	18.9	22.3%
<u>Life insurance business</u>	78.3	<b>74.1</b>	(5.4%)	14.9	20.1%
<u>Non-life insurance business</u>	4.2	<b>4.4</b>	+4.5%	2.1	48.2%
<u>Banking business</u>	7.3	<b>6.4</b>	(12.7%)	1.8	29.1%
<b>Profit attributable to owners of the parent</b>	54.4	<b>57.0</b>	+4.7%	12.8	22.5%

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

### ■ Life insurance business

In FY15.1Q, ordinary revenues was higher than initially expected due to an increase in income from insurance premiums and higher gains investment income in the separate accounts. However, ordinary profit was lower than initially expected, due mainly to an increase in provision of policy reserves for minimum guarantees for variable life insurance. We remain unchanged our forecast for FY15 taking into account the potential impact of sales trends of variable life insurance and market price fluctuations from FY15.2Q onward.

### ■ Non-life insurance business

In FY15.1Q, the loss ratio improved more than initially expected, but we remain unchanged our forecast for FY15 because we expect a rise in operating expenses and a higher loss ratio associated with natural disasters and other factors from FY15.2Q onward.

### ■ Banking business

In FY15.1Q, ordinary revenues and ordinary profit was higher than initially expected due to higher revenues related to foreign currency transactions and mortgage loan business. We remain unchanged our forecast for FY15 taking into account the business trends and market environment from FY15.2Q onward.

# **Sony Life's MCEV and Risk Amount Based on Economic Value as of June 30, 2015**

Please keep in mind that the validity of these calculations of MCEV as of June 30, 2015, has not been verified by outside specialists.  
A part of the calculations of MCEV as of June 30, 2015, adopted simplified method.

# Sony Life's MCEV as of June 30, 2015

	(Billions of yen)	15.3.31	15.6.30	Change from 15.3.31
<b>MCEV</b>		1,322.9	1,388.8	+66.0
Adjusted net worth		1,119.2	1,017.1	(102.1)
Value of existing business		203.7	371.8	+168.1
	(Billions of yen)	15.3.31	15.6.30	
New business value		48.6 (12M)	12.5 (3M)	
New business margin		3.8%	3.2%	

Notes:

1. New business margin equals new business value divided by present value of premium income.
2. In calculating MCEV as of June 30, 2015, Sony Life updated economic assumptions and lapse and surrender rates from March 31, 2015.

## ◆ Reasons for changes in MCEV

- MCEV as of June 30, 2015 increased ¥66.0 billion from March 31, 2015, due mainly to a rise in interest rates and an acquisition of new policies.

## ◆ New business value and new business margin

- New business value as of June 30, 2015 (3M) was ¥12.5 billion. (¥50.0 billion / annualized)
- New business margin as of June 30, 2015 (3M) was down 0.6pt from March 31, 2015 (12M), due mainly to a change of product mix despite higher interest rates.

\*Please see page 42 for trend on JGB yields.

# Sony Life's Risk Amount Based on Economic Value as of June 30, 2015

(Billions of yen)	15.3.31	15.6.30
Insurance risk	724.2	732.8
Market-related risk	287.0	300.0
<i>Of which, interest rate risk*</i>	218.5	227.7
Operational risk	25.9	26.3
Counter party risk	1.8	2.1
Variance effect	(293.4)	(299.9)
<b>The risk amount based on economic value</b>	<b>745.5</b>	<b>761.2</b>

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

(Billions of yen)	15.3.31	15.6.30
MCEV	1,322.9	1,388.8
ESR	177%	182%

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. ESR=MCEV/ Risk amount based on economic value.

◆ **Maintained financial soundness by controlling market-related risk.**



# 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 (22\*) \*As of Aug. 7, 2015



## 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

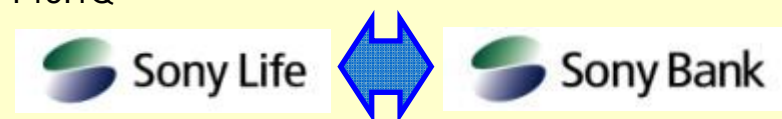
\*AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint ventures established by Sony Life and AEGON Group.

## Sony Bank's Mortgage Loans through Sony Life

■ Sony Life accounts for 22% of the balance of mortgage loans as of Jun. 30, 2015

Sony Life accounts for 16% of the amount of new mortgage loans for FY15.1Q

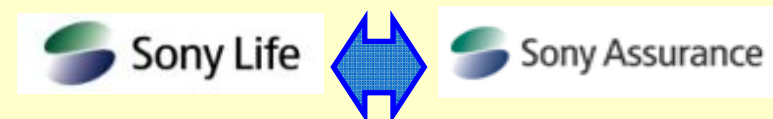
\*Sony Life started handling banking agency business in January 2008.



## Sony Assurance's Auto Insurance Sold by Sony Life

■ Sony Life accounts for approx. 4% of new automobile policies for FY15.1Q

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



# Recent Topics 2

## <Highlights for FY2015.1Q>

2015-04-01	Sony Life changed its President, Representative Director
2015-04-01	Sony Life opened its new sales office in Fukui prefecture
2015-04-01	SmartLink Network, Sony Bank's subsidiary, changed its corporate name to Sony Payment Services Inc.
2015-04-30	Sony Lifecare entered into an agreement to enter capital participation with Yuuai Holdings Co., Ltd.
2015-05-02	Sony Life commenced sale of a new product: "Lump-sum Payment Whole Life Insurance (No-notification Type) "
2015-06-01	Sony Bank began offering "Yen Time Deposits plus <sup>+</sup> "
2015-06-24	Sony Bank changed its President, Representative Director
2015-07-01	Sony Assurance commenced operations at "Kumamoto Contact Center"
2015-07-13	Sony Bank began handling a new type of card loans

# 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)

	14.3.31			15.3.31			15.6.30		
	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	4,409.6	4,839.9	430.3	4,878.7	5,718.2	839.4	4,970.0	5,679.0	708.9
Policy-reserve-matching bonds	-	-	-	-	-	-	91.9	91.9	0.0
Available-for-sale securities	1,065.5	1,189.8	124.3	1,007.8	1,176.6	168.8	967.0	1,122.6	155.5
Japanese government and corporate bonds	1,035.9	1,146.7	110.8	974.6	1,120.1	145.5	936.0	1,068.2	132.2
Japanese stocks	12.2	21.2	8.9	13.4	29.4	16.0	13.2	29.8	16.5
Foreign securities	15.8	19.4	3.5	19.4	26.4	6.9	17.6	24.2	6.6
Other securities	1.4	2.5	1.0	0.3	0.6	0.3	0.1	0.3	0.1
Total	5,475.1	6,029.8	554.7	5,886.6	6,894.9	1,008.3	6,029.0	6,893.6	864.6

Notes:

- The above table includes monetary trusts other than trading-purpose securities.
- 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 March 31, 2014; Carrying amount: ¥43.8 billion, Fair market value: ¥56.0 billion, Net unrealized gain (losses): ¥12.2 billion  
As of March 31, 2015; Carrying amount: ¥44.2 billion, Fair market value: ¥57.5 billion, Net unrealized gain (losses): ¥13.2 billion  
As of June 30, 2015 ; Carrying amount: ¥36.4 billion, Fair market value: ¥45.5 billion, Net unrealized gain (losses): ¥9.1 billion

### Valuation gains (losses) on trading-purpose securities (Billions of yen)

14.3.31		15.3.31		15.6.30	
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
-	-	1.0	0.0	2.9	(0.0)

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

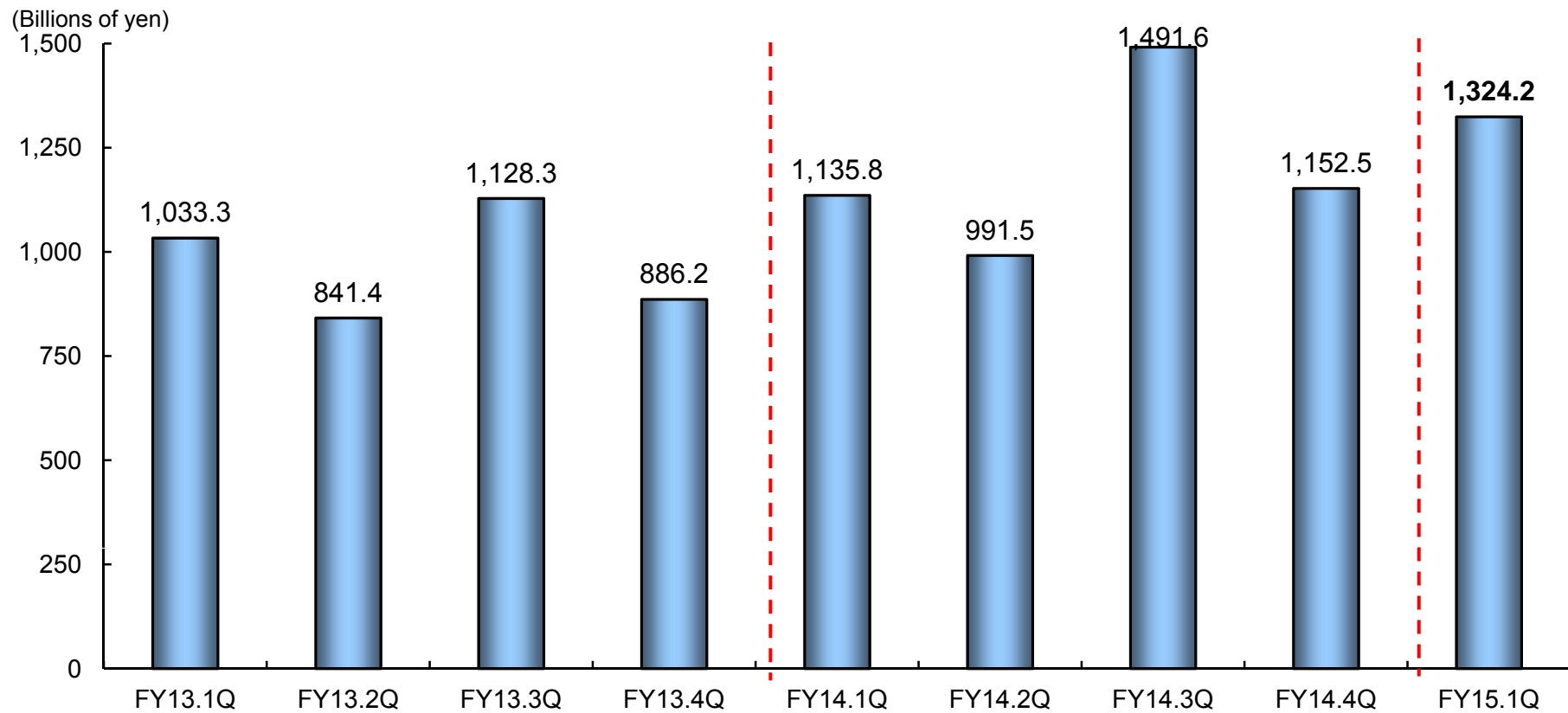
## Sony Life's Interest Income and Dividends (Details)

(Millions of yen)

	FY14.1Q	FY15.1Q	Change
Cash and deposits	0	0	+212.6%
Japanese government and corporate bonds	26,173	27,811	+6.3%
Japanese stocks	63	79	+24.2%
Foreign securities	2,230	2,334	+4.7%
Other securities	56	1,036	—
Loans	1,457	1,512	+3.8%
Real estate	2,570	2,570	+0.0%
Others	5	18	+215.3%
<b>Total</b>	<b>32,557</b>	<b>35,363</b>	<b>+8.6%</b>

# Sony Life's Quarterly Trend on New Policy Amount

## Quarterly Trend on New Policy Amount

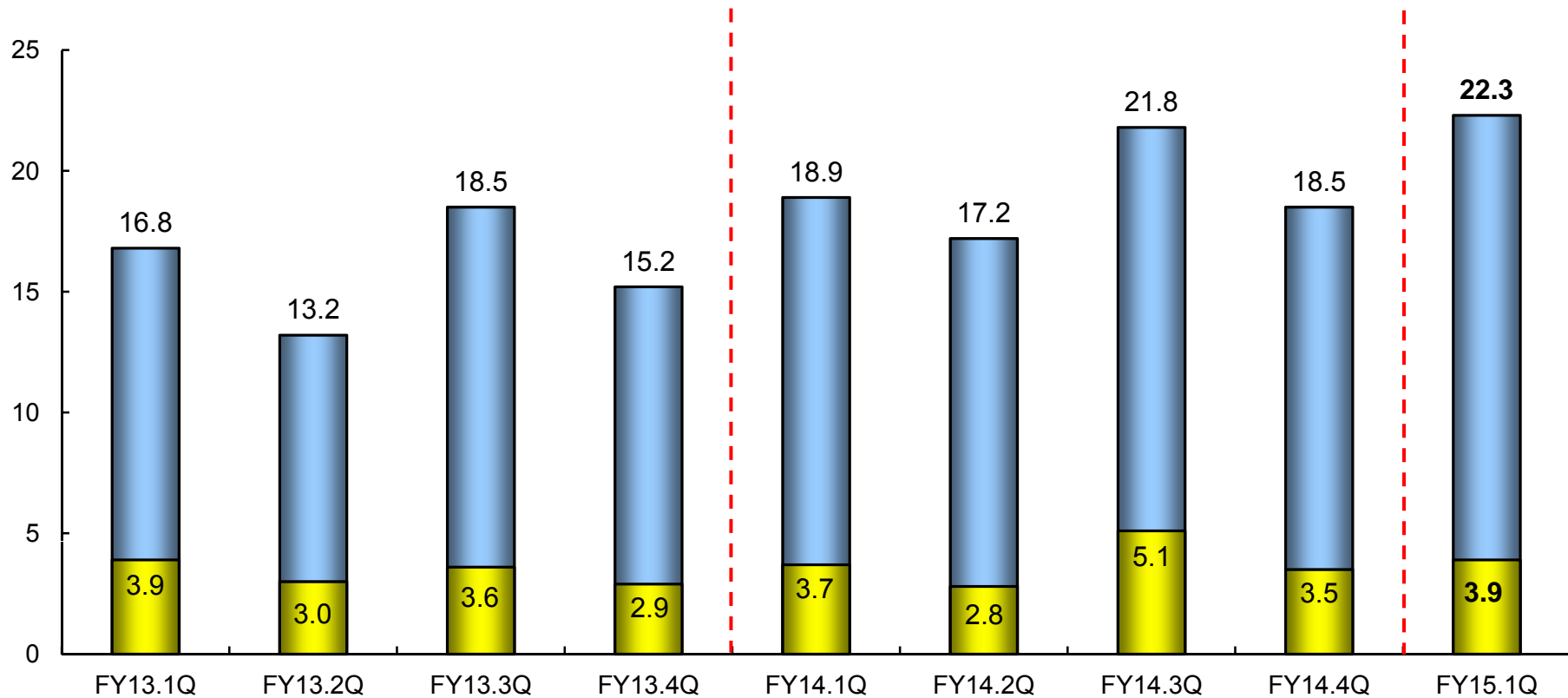


# Sony Life's Quarterly Trend on Annualized Premiums from New Policies

## Quarterly Trend on Annualized Premiums from New Policies

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

(Billions of yen)



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

## ■ Market-related Risk\*1

	Sony Life	(Reference) EU Solvency II (QIS5)
<p><b>Interest rate risk</b></p> <p>Fluctuations in net asset value based on economic value in response to the shocks in the right columns. The same applies below.</p>	<p>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.</p> <p>(Example) For Yen 30-year, 33% decrease (parallel shift), 28% decrease (twist), 8% decrease (butterfly)</p>	<p>Percentage increases or decreases differ for each currency and term but <u>no lower than 1%</u></p> <p>(Example) For Yen 30-year, 30% decrease</p>
<b>Equity risk</b>	Listed equities 45%, Other securities 70%	Global 30%, Others 40% *2
<b>Real estate risk</b>	Actual real estate 25%	Real estate 25%
<b>Credit risk</b>	<p>Credit risk = (market value) x (risk coefficient for each credit rating) x duration</p> <p>Note that durations have caps and floors, depending on credit ratings. (Example) Rating A: Risk coefficient (1.4%), cap (23), floor (1)</p>	Same as on the left
<b>Currency risk</b>	30% downside fluctuation	25% downside fluctuation

Notes

1. Principal items as of June 30, 2015.
2. Standard risk coefficients are global: 39%/other: 49%. Symmetric adjustment (an adjustment of ±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%.



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

## ■ Insurance Risk<sup>\*1</sup>

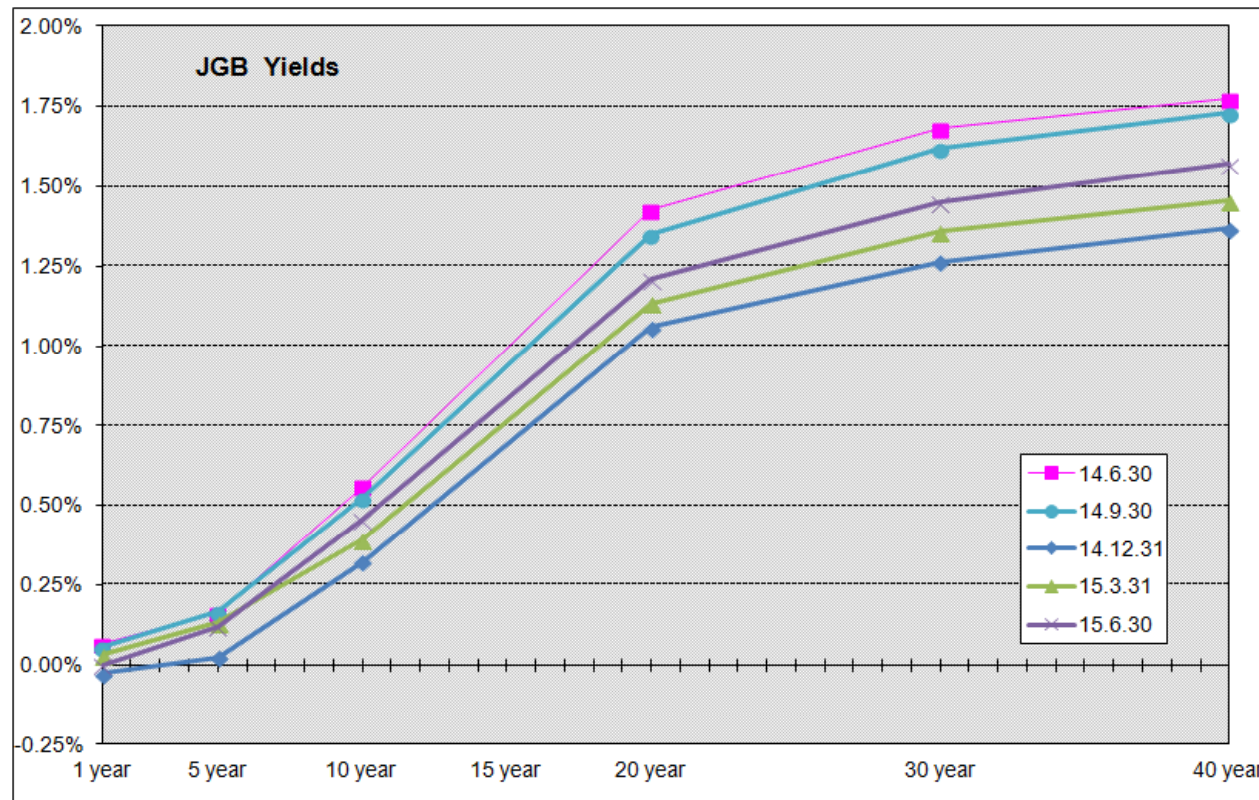
	Sony Life	(Reference) EU Solvency II (QIS5)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; <sup>*2</sup> <ul style="list-style-type: none"> <li>• Lapse rate increases by 50% for each year elapsed</li> <li>• Lapse rate decreases by 50% for each year elapsed</li> <li>• 30% of policies on which surrender value is in excess of best estimate liability are immediately surrendered</li> </ul>	The largest amount of these; <ul style="list-style-type: none"> <li>• Increases by 50% in the assumed rates of lapsation for Life module, 20% for Health module</li> <li>• Decreases by 50% in the assumed rates of lapsation for Life module, 20% for Health module</li> <li>• 30% of policies (70% for group annuities, etc.) on which surrender value is in excess of best estimate liability are immediately surrendered</li> </ul>
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 June 30, 2015.

2. At Sony Life, the largest amount of three options for each insurance policy

# JGB Yields



As of the end of each month

JGB yields	Jun. 2014	Sep. 2014	Dec. 2014	Mar. 2015	Jun. 2015	Mar. 2015 → Jun. 2015
1 year	0.07%	0.06%	(0.03%)	0.03%	0.00%	(0.03%)
5 year	0.16%	0.17%	0.02%	0.13%	0.12%	(0.01%)
10 year	0.56%	0.52%	0.32%	0.40%	0.46%	0.06%
20 year	1.43%	1.35%	1.06%	1.14%	1.21%	0.07%
30 year	1.68%	1.62%	1.27%	1.36%	1.45%	0.09%
40 year	1.78%	1.73%	1.37%	1.46%	1.57%	0.12%



**Contact:**  
**Communications & Investor Relations Department**  
**Sony Financial Holdings Inc.**  
**TEL: +81-3-5785-1074**