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## Presentation Material

# **Consolidated Financial Results for the Year Ended March 31, 2016 and Sony Life's Preliminary Market Consistent Embedded Value as of March 31, 2016**

**Sony Financial Holdings Inc.  
May 16, 2016**

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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.

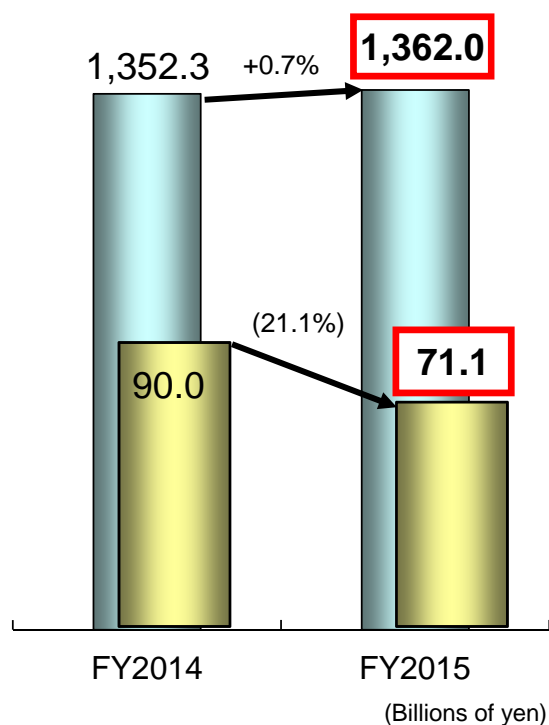
\* “Lifeplanner” is a registered trademark of Sony Life.

# **Consolidated Operating Results for the Year Ended March 31, 2016**

- ◆ In FY2015, Sony Life's new policy amount surpassed ¥5 trillion, reaching the highest level to date. Sony Bank also performed favorably, thanks to the introduction of Sony Bank WALLET and other new products. As a result, the Group's business volume continued to expand steadily. However, consolidated ordinary profit declined year on year, owing to a rise in provision of policy reserves for minimum guarantees for variable life insurance stemming from an increase in new policies and the worsened financial market conditions at Sony Life.
- ◆ In FY2016, we expect the business environment to worsen somewhat with negative interest rates continuing, but we anticipate that each Group company will continue to steadily expand its field of business. Consequently, we forecast a 6.5% increase in consolidated ordinary revenues year on year, essentially flat consolidated ordinary profit and a rise in profit attributable to owners of the parent owing to a reduction in the corporate tax rate.
- ◆ As of March 31, 2016, Sony Life's MCEV was down from a year earlier due to a significant decline in yen interest rates. By responding promptly with measures including premium revisions, Sony Life is working to improve profitability to ensure steady growth in MCEV even under low interest rates environment.
- ◆ For FY2015, we plan to pay a year-end dividend of ¥55 per share, up ¥15 year on year (for the 4th consecutive year of dividend increases). For FY2016, we expect to maintain this level of dividends (¥55 per share) from FY2015, after taking into account our business environment surrounding the Group and our forecast of consolidated financial results.

# Highlights of Consolidated Operating Performance (1)

- Consolidated ordinary revenues
- Consolidated ordinary profit



		(Billions of yen)	FY2014	FY2015	Change	
Life Insurance business	Ordinary revenues		1,223.9	1,230.2	+6.3	+0.5%
	Ordinary profit		78.3	60.2	(18.0)	(23.1%)
Non-life Insurance business	Ordinary revenues		93.0	96.9	+3.8	+4.2%
	Ordinary profit		4.2	4.6	+0.4	+11.2%
Banking business	Ordinary revenues		38.4	37.9	(0.4)	(1.3%)
	Ordinary profit		7.3	5.9	(1.3)	(18.3%)
Intersegment adjustments*	Ordinary revenues		(3.1)	(3.0)	+0.0	—
	Ordinary profit		0.2	0.2	+0.0	+3.7%
Consolidated	Ordinary revenues		1,352.3	1,362.0	+9.7	+0.7%
	Ordinary profit		90.0	71.1	(18.9)	(21.1%)
	Profit attributable to owners of the parent		54.4	43.3	(11.0)	(20.3%)

\*Ordinary profit in "Intersegment adjustments" is mainly from SFH.  
 \*Comprehensive income: FY2014: ¥90.7billion, FY2015: ¥71.1 billion

		(Billions of yen)	15.3.31	16.3.31	Change from 15.3.31	
Consolidated	Net assets		550.6	604.3	+53.7	+9.8%
	Total assets		9,545.8	10,352.1	+806.2	+8.4%

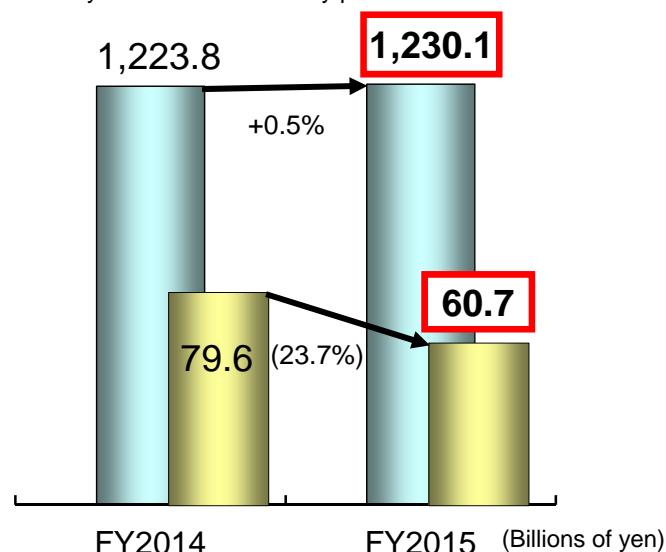
## Highlights of Consolidated Operating Performance (2)



- Life Insurance Business: Ordinary revenues were almost flat year on year. This was due to an increase in insurance premium revenues reflecting a favorable acquisition of new policies and an increase in gains on sale of securities in the general account, substantially offset by a deterioration in investment performance in the separate account, driven by the worsened financial market conditions. Ordinary profit decreased year on year. This was due to a significant increase in provision of policy reserves for minimum guarantees for variable life insurance as a result of an increase in new policies and the worsened financial market conditions. Moreover, increased expenses incurred by strong sales of new policies also contributed to the decrease in profit.
- Non-life Insurance Business: Ordinary revenues rose year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance. Ordinary profit increased year on year. This was due to a decline in provision for reserve for outstanding losses led by a lower car accident ratio, as well as the rise in ordinary revenues.
- Banking Business: Ordinary revenues decreased year on year, mainly due to a decline in gains on sale of bonds despite higher revenues related to mortgage loans. Ordinary profit decreased year on year due to an increase in operating expenses, as well as the decline in ordinary revenues.
- Consolidated ordinary revenues increased 0.7% year on year, to ¥1,362.0 billion, owing to increases in ordinary revenues from the life insurance and the non-life insurance businesses, whereas ordinary revenues from the banking business decreased. Consolidated ordinary profit decreased 21.1% year on year, to ¥71.1 billion, owing to decreases in ordinary profit from the life insurance and the banking businesses, whereas ordinary profit from the non-life insurance business increased. Profit attributable to owners of the parent was down 20.3% year on year, to ¥43.3 billion due to the decrease in ordinary profit.

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

■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues were almost flat 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 decreased due to a deterioration in investment performance in the separate account, driven by the worsened financial market conditions.
- ◆ Ordinary profit decreased year on year. This was due to a significant increase in provision of policy reserves for minimum guarantees for variable life insurance as a result of an increase in new policies and the worsened financial market conditions, partially offset by an increase on gains on sale of securities in the general account. Moreover, increased expenses incurred by strong sales of new policies also contributed to the decrease in profit.

(Billions of yen)	FY2014	FY2015	Change	
<b>Ordinary revenues</b>	1,223.8	<b>1,230.1</b>	+6.3	+0.5%
Income from insurance premiums	914.0	<b>1,028.0</b>	+114.0	+12.5%
Investment income	280.1	<b>170.5</b>	(109.6)	(39.1%)
Interest income and dividends	133.5	<b>141.4</b>	+7.8	+5.9%
Income from monetary trusts, net	5.2	<b>11.9</b>	+6.6	+126.6%
Gains on sale of securities	8.8	<b>12.2</b>	+3.3	+37.1%
Gains on separate accounts, net	126.7	—	(126.7)	(100.0%)
<b>Ordinary expenses</b>	1,144.1	<b>1,169.3</b>	+25.1	+2.2%
Insurance claims and other payments	382.9	<b>363.3</b>	(19.5)	(5.1%)
Provision for policy reserves and others	604.3	<b>613.4</b>	+9.1	+1.5%
Investment expenses	9.7	<b>23.3</b>	+13.6	+140.6%
Losses on separate accounts, net	—	<b>14.7</b>	+14.7	—
Operating expenses	115.6	<b>133.3</b>	+17.7	+15.3%
<b>Ordinary profit</b>	79.6	<b>60.7</b>	(18.8)	(23.7%)
<b>Net income</b>	42.5	<b>37.0</b>	(5.4)	(12.8%)

(Billions of yen)	15.3.31	16.3.31	Change from 15.3.31	
<b>Securities</b>	6,543.7	<b>7,273.3</b>	+729.6	+11.2%
<b>Policy reserves</b>	6,727.2	<b>7,336.5</b>	+609.2	+9.1%
<b>Net assets</b>	432.5	<b>482.1</b>	+49.6	+11.5%
Net unrealized gains on other securities	118.1	<b>150.6</b>	+32.5	+27.5%
<b>Total assets</b>	7,301.3	<b>8,035.4</b>	+734.0	+10.1%
Separate account assets	793.3	<b>850.3</b>	+56.9	+7.2%

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



(Billions of yen)	FY2014	FY2015	Change
<b>New policy amount</b>	4,771.6	<b>5,151.3</b>	+8.0%
<b>Lapse and surrender amount</b>	2,088.4	<b>1,931.4</b>	(7.5%)
<b>Lapse and surrender rate</b>	5.35%	<b>4.72%</b>	(0.63pt)
<b>Policy amount in force</b>	40,988.7	<b>43,149.8</b>	+5.3%
<b>Annualized premiums from new policies</b>	76.6	<b>85.0</b>	+11.0%
Of which, third-sector products	15.2	<b>15.7</b>	+2.8%
<b>Annualized premiums from insurance in force</b>	735.7	<b>781.3</b>	+6.2%
Of which, third-sector products	172.8	<b>179.7</b>	+4.0%

## <Reasons for changes>

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

◆ Increased due to higher sales of variable life insurance, lump-sum payment whole life insurance and variable annuities.

(Billions of yen)	FY2014	FY2015	Change
<b>Gains from investment, net (General account)</b>	143.6	<b>161.8</b>	+12.7%
<b>Core profit</b>	76.5	<b>43.0</b>	(43.8%)
<b>Positive spread</b>	13.0	<b>15.3</b>	+17.7%

◆ Decreased year on year due to a significant increase in provision of policy reserves for minimum guarantees for variable life insurance as a result of an increase in new policies and the worsened financial market conditions, despite higher positive spread. Moreover, increased expenses incurred by strong sales of new policies also contributed to the decrease in profit.

	15.3.31	<b>16.3.31</b>	Change from 15.3.31
<b>Non-consolidated solvency margin ratio</b>	2,555.0%	<b>2,722.8%</b>	+167.8pt

### Notes:

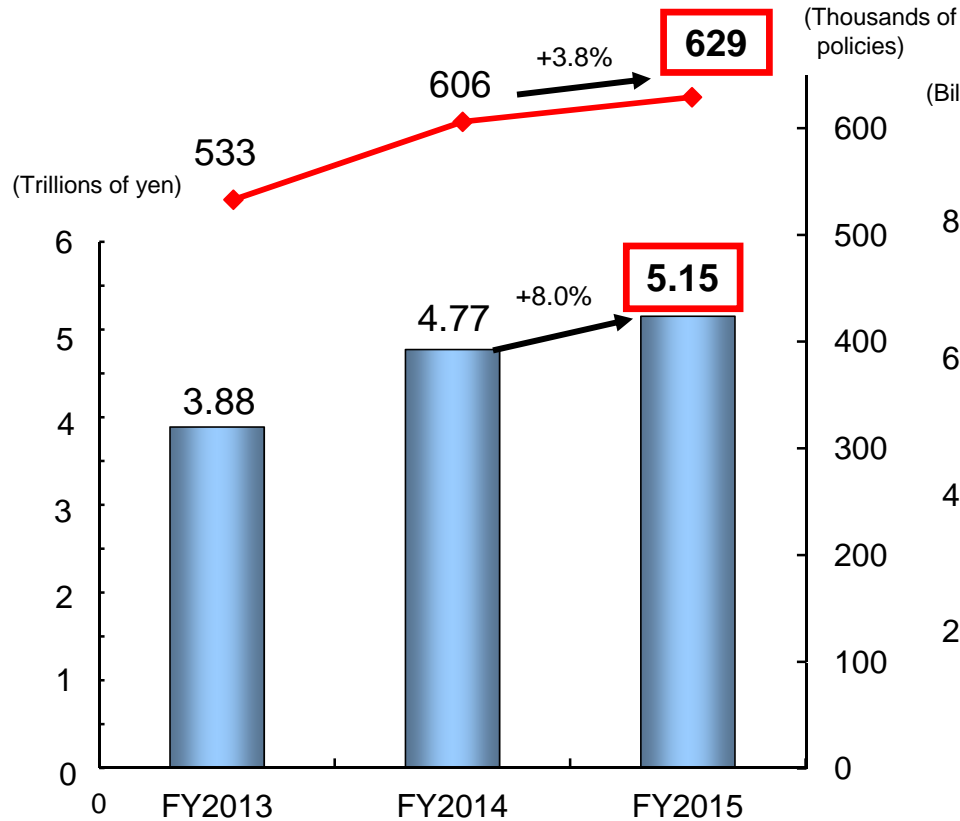
1. Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, policy amount in force, annualized premiums from new policies and annualized premiums from insurance in force are calculated as the total of individual life insurance and individual annuities.
2. The lapse and surrender 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)

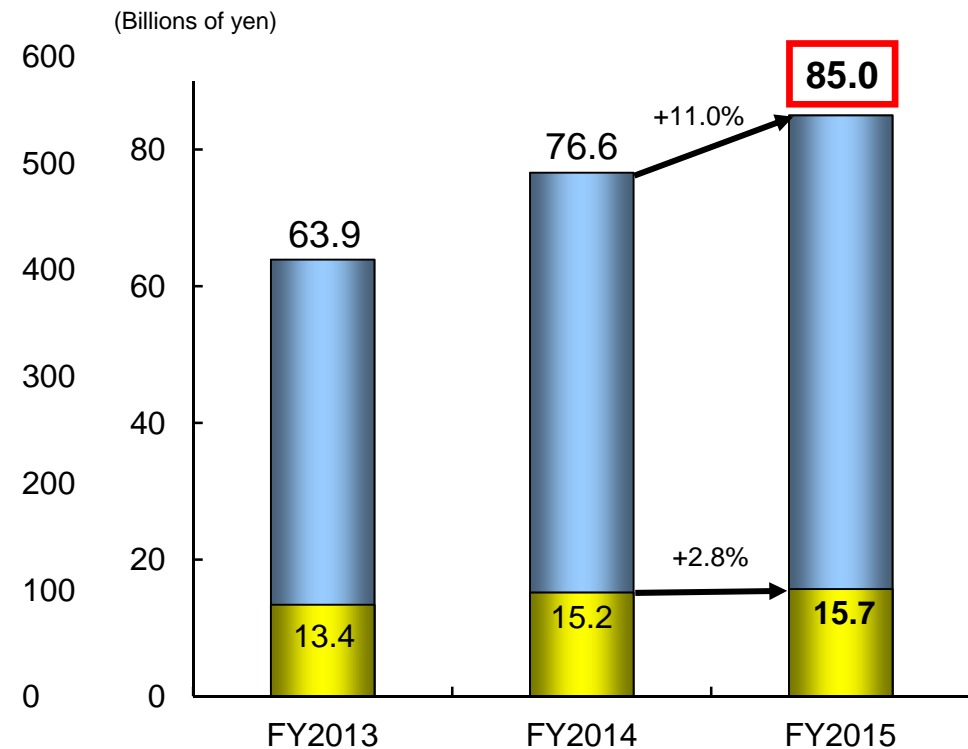
## Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ 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

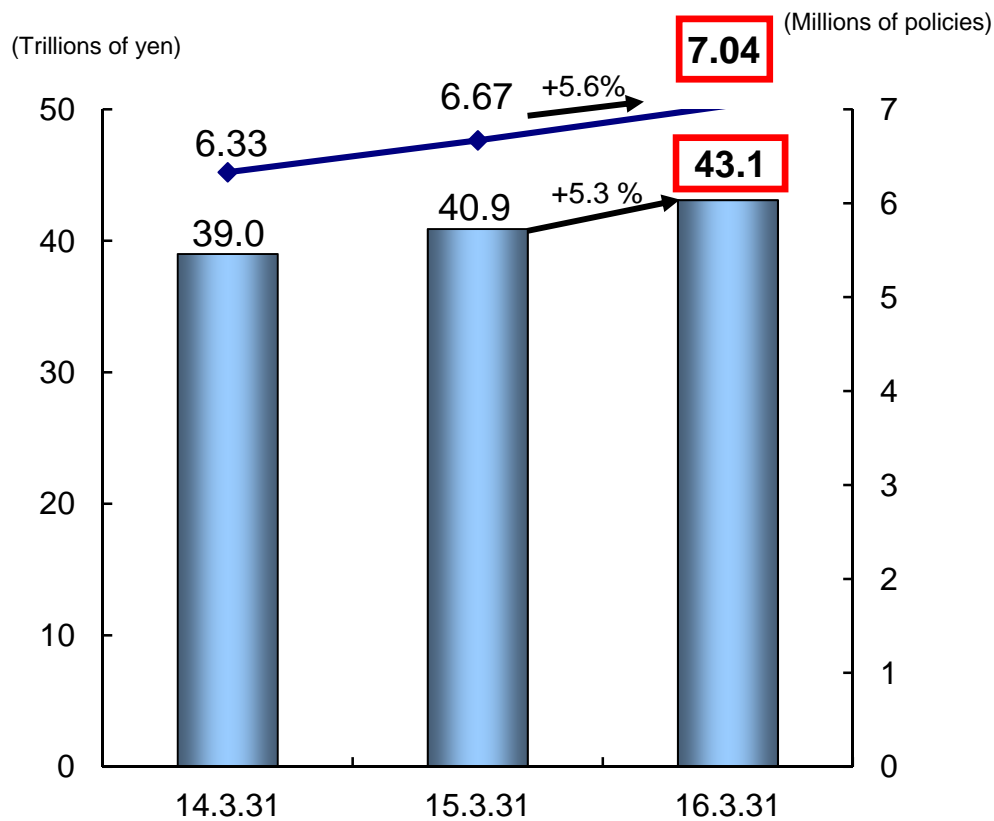


# Operating Performance : Sony Life (Non-consolidated) (2)



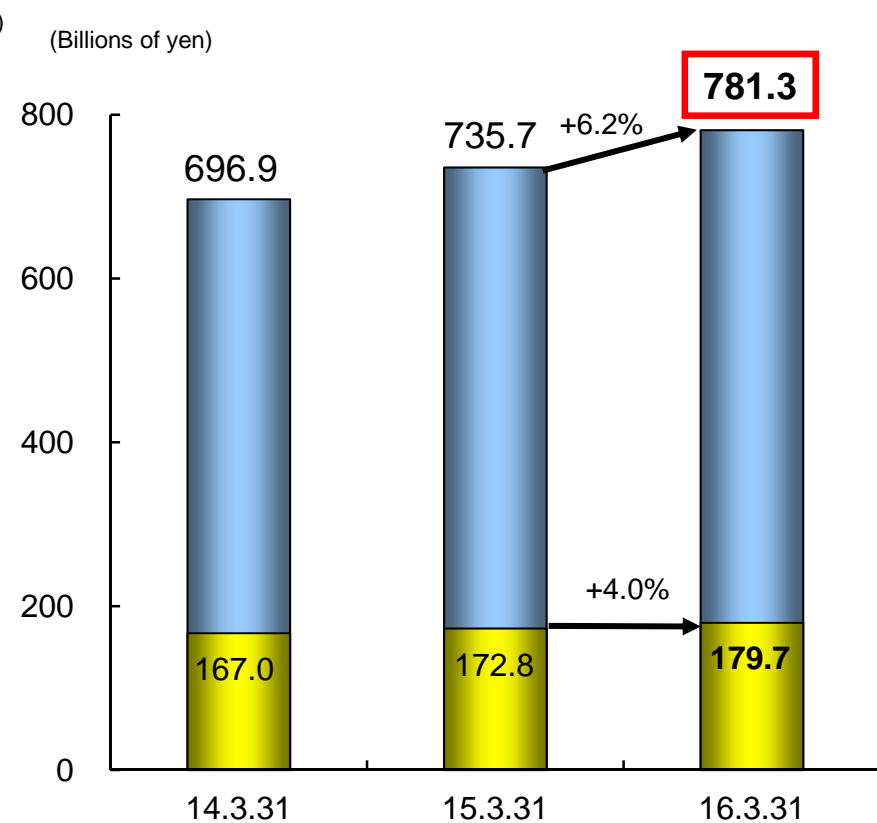
## Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

■ Policy amount in force    — Number of policies in force



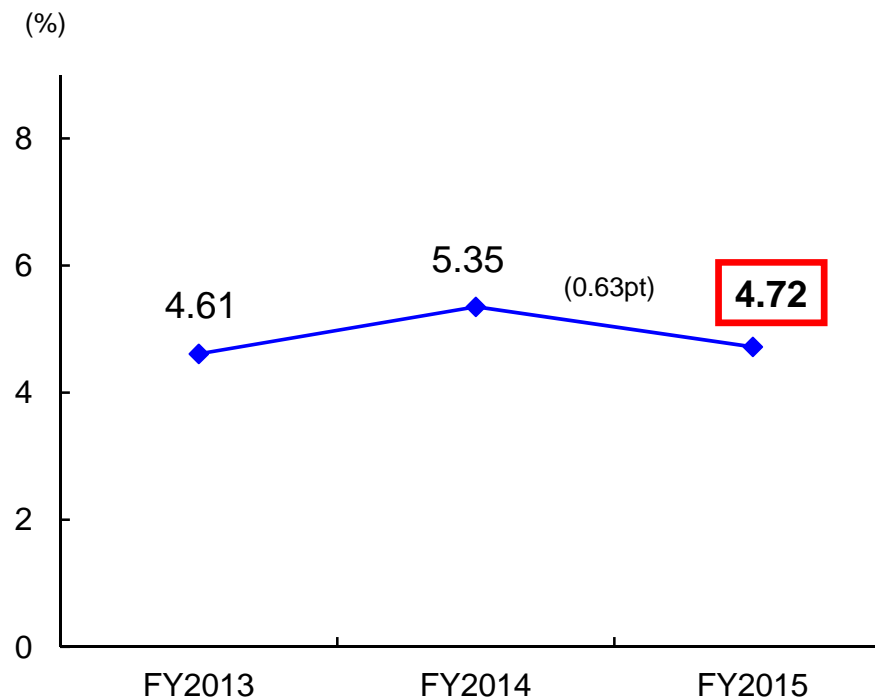
## Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)

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



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

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



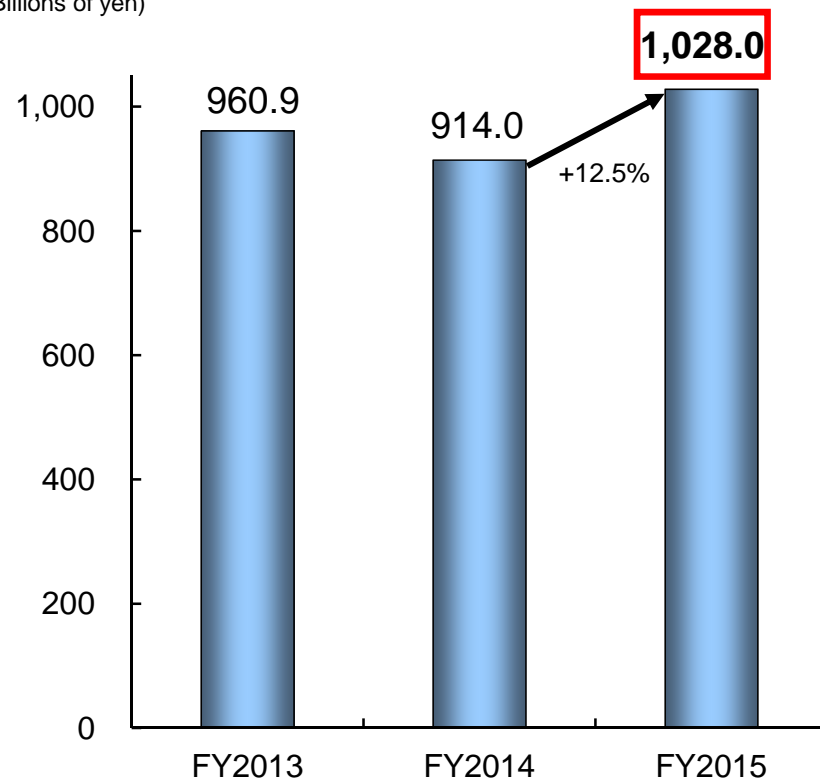
\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

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



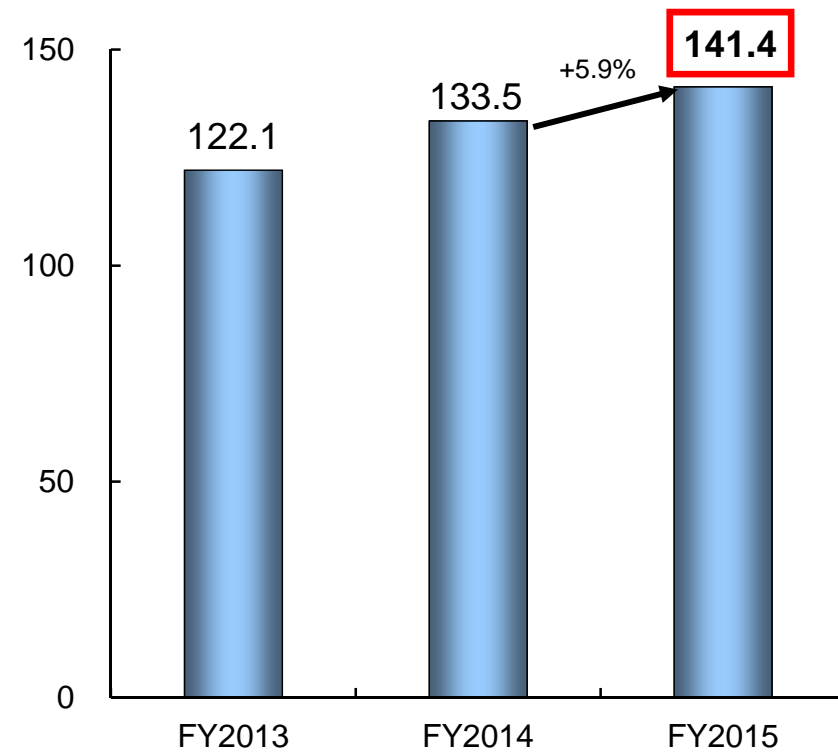
## Income from Insurance Premiums

(Billions of yen)



## Interest Income and Dividends

(Billions of yen)

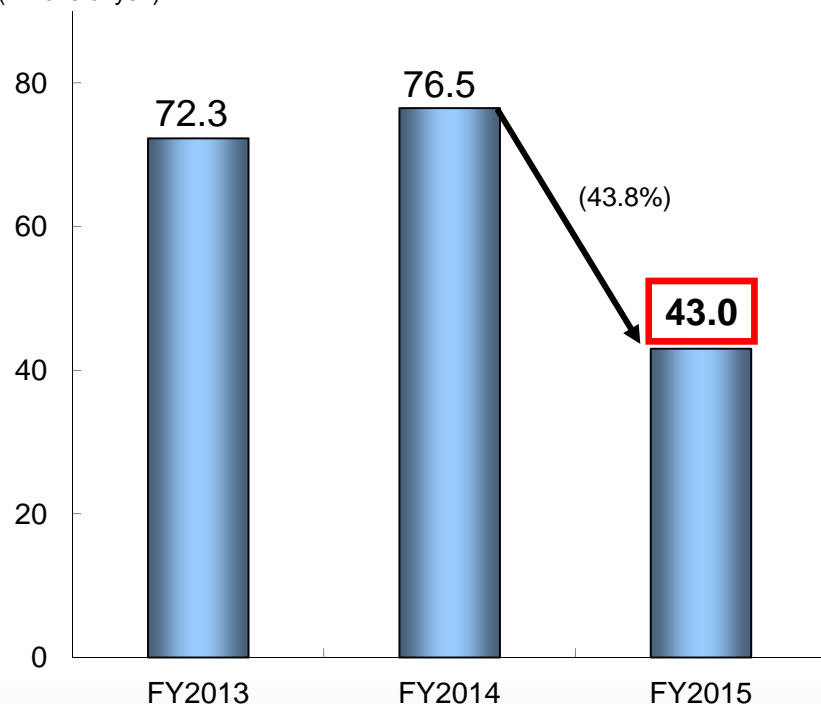


# Operating Performance : Sony Life (Non-consolidated) (5)



## Core Profit

(Billions of yen)

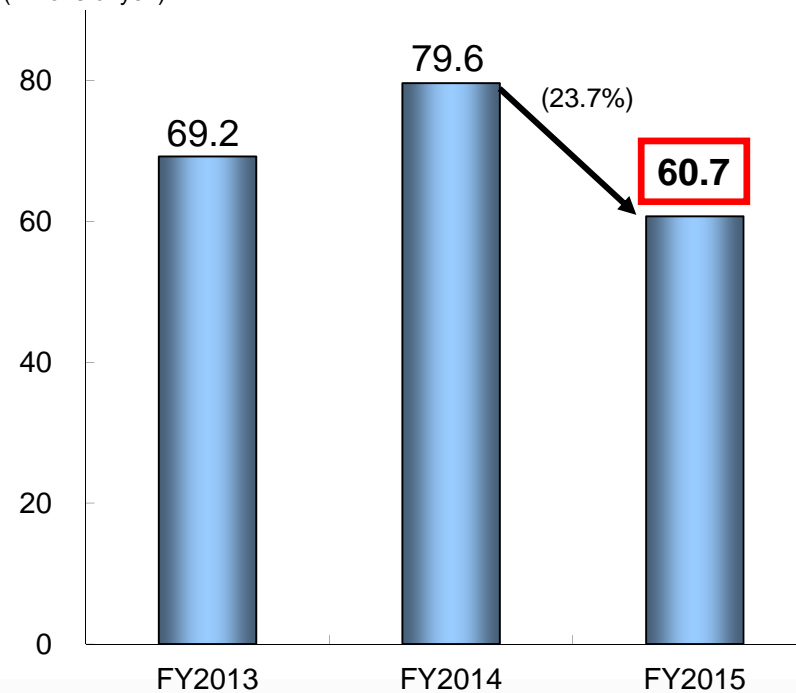


(Reference) Impact on core profit

	(Billions of yen)		
	FY2013	FY2014	FY2015
Positive spread	8.4	13.0	15.3
Provision of policy reserves for minimum guarantees for variable life insurance (*1)	(4.2)	(10.6)	(34.7)
Effects by the revision of policy reserve discount rate (Interest rate-sensitive whole life insurance) (*2)	(5.7)	—	—

## Ordinary Profit

(Billions of yen)



(Reference) Main differences from Core Profit

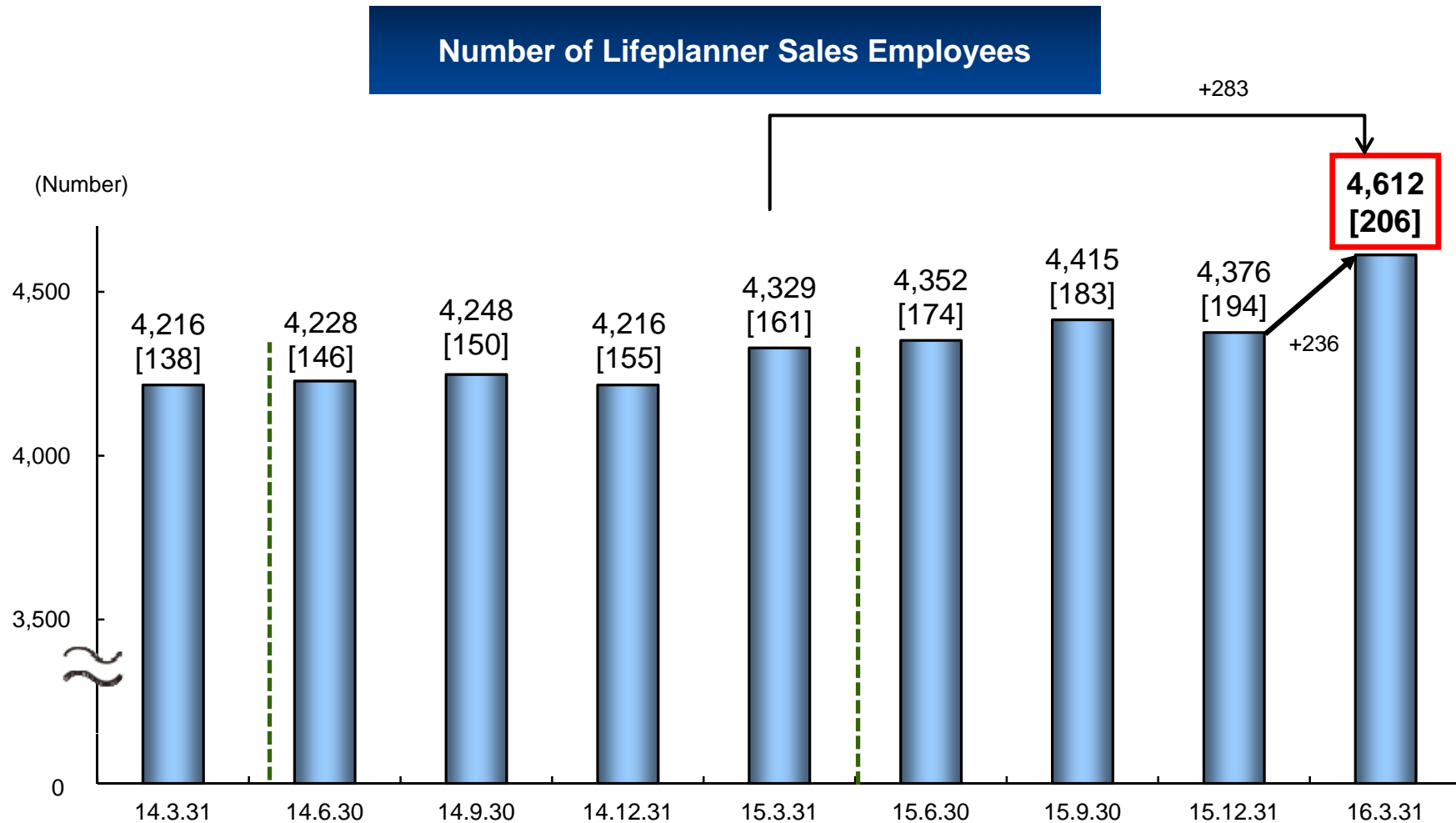
	(Billions of yen)		
	FY2013	FY2014	FY2015
Capital gains (losses) excluding gains or losses on hedges (*1)	1.1	10.7	20.4
Gains (losses) on hedges of variable life insurance	—	(2.3)	3.9
Provision of contingency reserve (*1)	(4.1)	(5.0)	(6.4)

\*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 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.

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

## Breakdown of General Account Assets

(Billions of yen)	15.3.31		16.3.31	
	Amount	%	Amount	%
Japanese government and corporate bonds	5,606.8	86.2%	<b>6,351.1</b>	<b>88.4%</b>
Japanese stocks	42.4	0.7%	<b>33.3</b>	<b>0.5%</b>
Foreign bonds	105.5	1.6%	<b>70.1</b>	<b>1.0%</b>
Foreign stocks	26.0	0.4%	<b>23.0</b>	<b>0.3%</b>
Monetary trusts	313.2	4.8%	<b>280.9</b>	<b>3.9%</b>
Policy loans	162.3	2.5%	<b>171.6</b>	<b>2.4%</b>
Real estate*	117.7	1.8%	<b>115.8</b>	<b>1.6%</b>
Cash and call loans	56.8	0.9%	<b>52.5</b>	<b>0.7%</b>
Others	76.7	1.2%	<b>86.4</b>	<b>1.2%</b>
<b>Total</b>	<b>6,508.0</b>	<b>100.0%</b>	<b>7,185.0</b>	<b>100.0%</b>

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

### <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

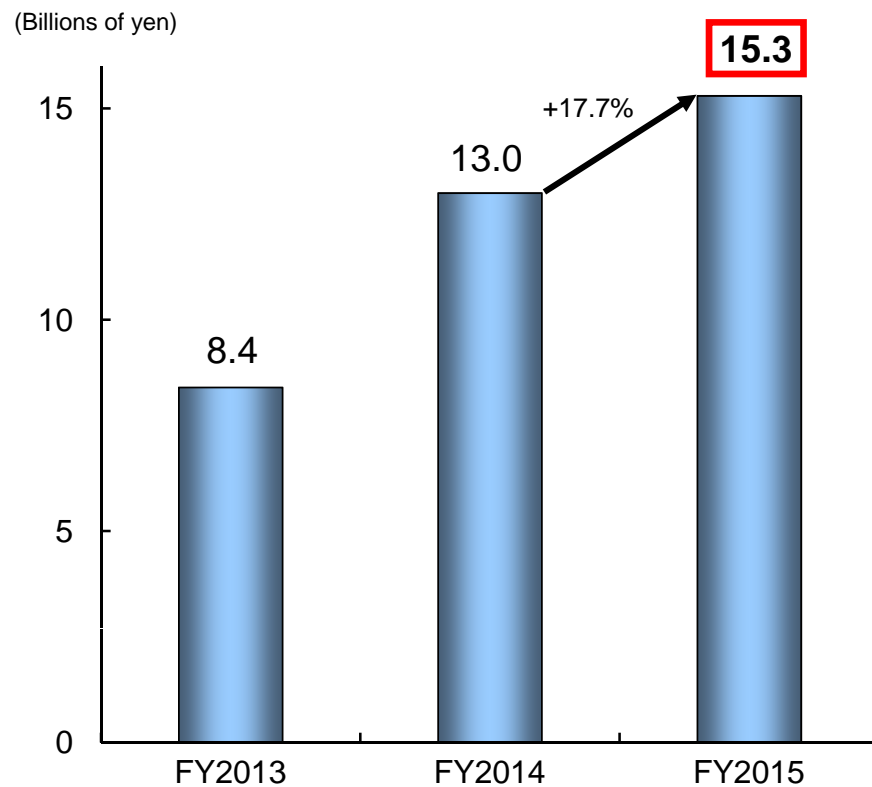
Mar. 31, 2015: 20.3 years

**Mar. 31, 2016: 21.8 years**

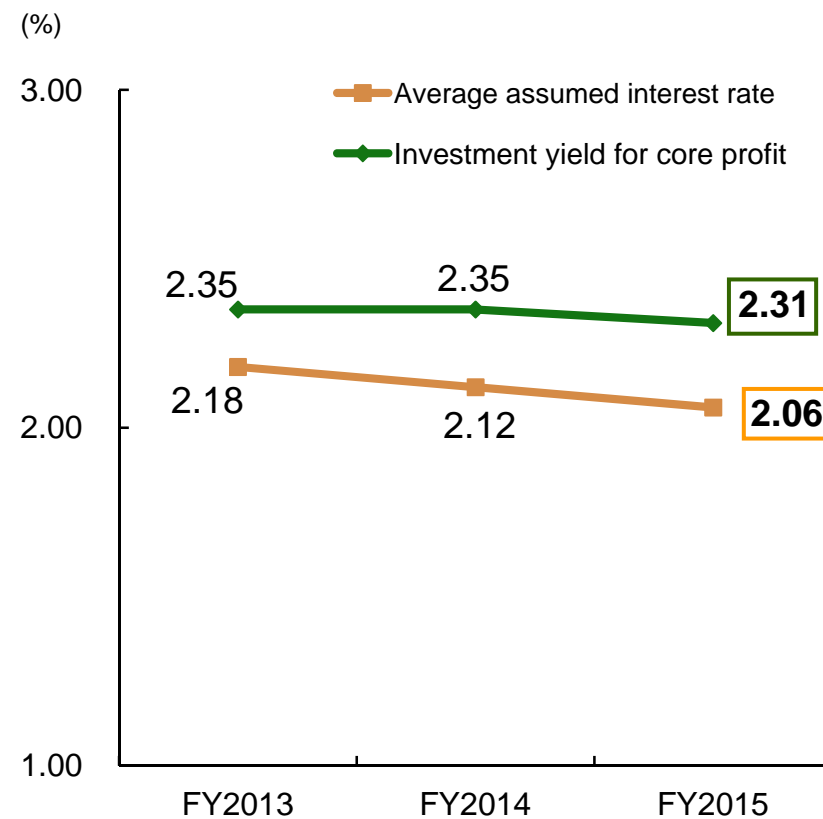
- Investment in the monetary trusts is mainly into Japanese government and corporate bonds.
- The holding ratio on the real status of Japanese government and corporate bonds including those invested in monetary trusts in the general account: **As of Mar. 31, 2016: 92.3%**  
(As of Mar. 31, 2015: 91.0%)

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

## Positive Spread



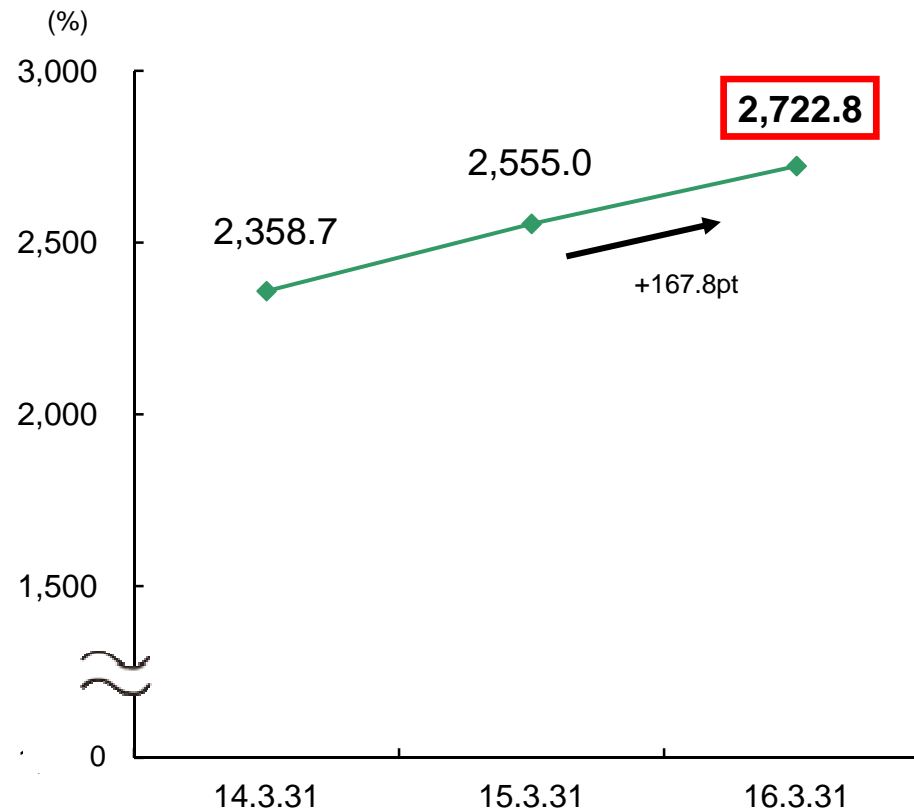
## Average Assumed Interest Rate and Investment Yield for Core Profit





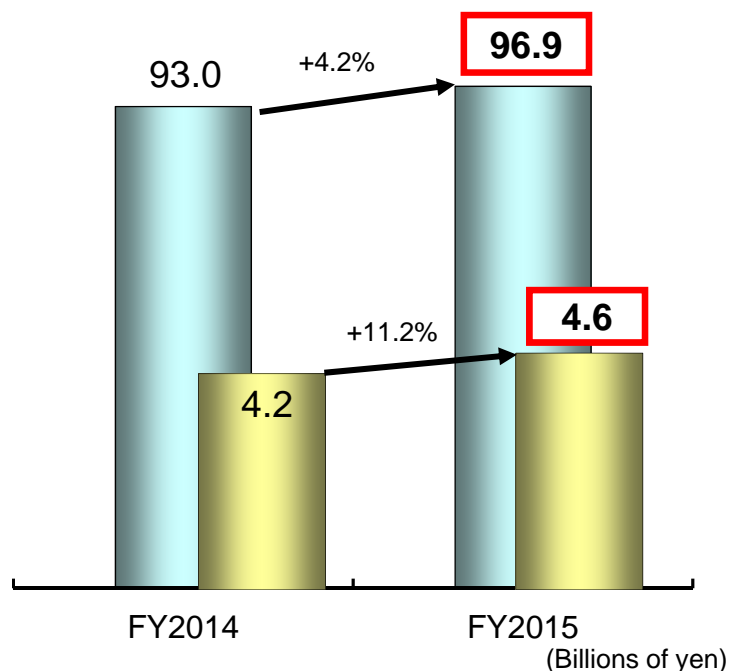
# Operating Performance : Sony Life (Non-consolidated) (9)

## Non-consolidated Solvency Margin Ratio



# Highlights of Operating Performance: Sony Assurance

■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues and ordinary profit increased year on year.
- ◆ Ordinary revenues rose year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance.
- ◆ Ordinary profit increased year on year, due to a decline in provision for reserve for outstanding losses led by a lower car accident ratio, as well as the rise in ordinary revenues.

(Billions of yen)	FY2014	FY2015	Change	
<b>Ordinary revenues</b>	93.0	<b>96.9</b>	+3.8	+4.2%
Underwriting income	91.7	<b>95.6</b>	+3.8	+4.2%
Investment income	1.2	<b>1.2</b>	+0.0	+2.3%
<b>Ordinary expenses</b>	88.8	<b>92.2</b>	+3.4	+3.8%
Underwriting expenses	65.6	<b>67.7</b>	+2.1	+3.2%
Investment expenses	0.0	<b>0.0</b>	+0.0	+372.7%
Operating general and administrative expenses	23.1	<b>24.4</b>	+1.2	+5.5%
<b>Ordinary profit</b>	4.2	<b>4.6</b>	+0.4	+11.2%
<b>Net income</b>	2.2	<b>2.5</b>	+0.3	+15.8%

(Billions of yen)	15.3.31	<b>16.3.31</b>	Change from 15.3.31	
<b>Underwriting reserves</b>	86.5	<b>95.7</b>	+9.1	+10.6%
<b>Net assets</b>	24.7	<b>28.3</b>	+3.5	+14.4%
<b>Total assets</b>	157.9	<b>172.3</b>	+14.4	+9.1%

# Overview of Operating Performance: Sony Assurance

(Billions of yen)	FY2014	FY2015	Change	
<b>Direct premiums written</b>	90.4	<b>94.3</b>	+4.2%	◆ Increased mainly in its mainstay automobile insurance.
<b>Net premiums written</b>	91.7	<b>95.5</b>	+4.2%	
<b>Net losses paid</b>	45.9	<b>48.1</b>	+4.6%	
<b>Underwriting profit</b>	3.0	<b>3.4</b>	+14.0%	
<b>Net loss ratio</b>	57.6%	<b>57.8%</b>	+0.2pt	
<b>Net expense ratio</b>	26.7%	<b>27.1%</b>	+0.4pt	◆ Increased mainly due to higher advertising expenses.
<b>Combined ratio</b>	84.3%	<b>84.8%</b>	+0.5pt	

Notes:

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

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

	FY2014	FY2015	Change	
<b>E.I. loss ratio</b>	64.3%	<b>63.3%</b>	(1.0pt)	◆ Declined reflecting lower car accident ratio.
<b>E.I. loss ratio + Net expense ratio</b>	91.0%	<b>90.4%</b>	(0.6pt)	

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	<b>16.3.31</b>	Change from 15.3.31	
<b>Number of policies in force</b>	1.70 million	<b>1.79 million</b>	+0.09 million	+5.8%
<b>Non-consolidated solvency margin ratio</b>	629.6%	<b>693.5%</b>	+63.9pt	

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)	FY2014	FY2015	Change
Fire	332	348	+4.6%
Marine	—	—	—
Personal accident	8,576	8,679	+1.2%
Voluntary automobile	81,585	85,308	+4.6%
Compulsory automobile liability	—	—	—
<b>Total</b>	<b>90,495</b>	<b>94,336</b>	<b>+4.2%</b>

## Net Premiums Written

(Millions of yen)	FY2014	FY2015	Change
Fire	45	44	(2.8%)
Marine	110	44	(59.7%)
Personal accident	8,845	8,953	+1.2%
Voluntary automobile	81,375	85,123	+4.6%
Compulsory automobile liability	1,335	1,384	+3.6%
<b>Total</b>	<b>91,712</b>	<b>95,549</b>	<b>+4.2%</b>

## Net losses paid

(Millions of yen)	FY2014	FY2015	Change
Fire	3	1	(46.1%)
Marine	90	46	(48.9%)
Personal accident	2,265	2,472	+9.1%
Voluntary automobile	42,414	44,320	+4.5%
Compulsory automobile liability	1,212	1,270	+4.8%
<b>Total</b>	<b>45,985</b>	<b>48,111</b>	<b>+4.6%</b>

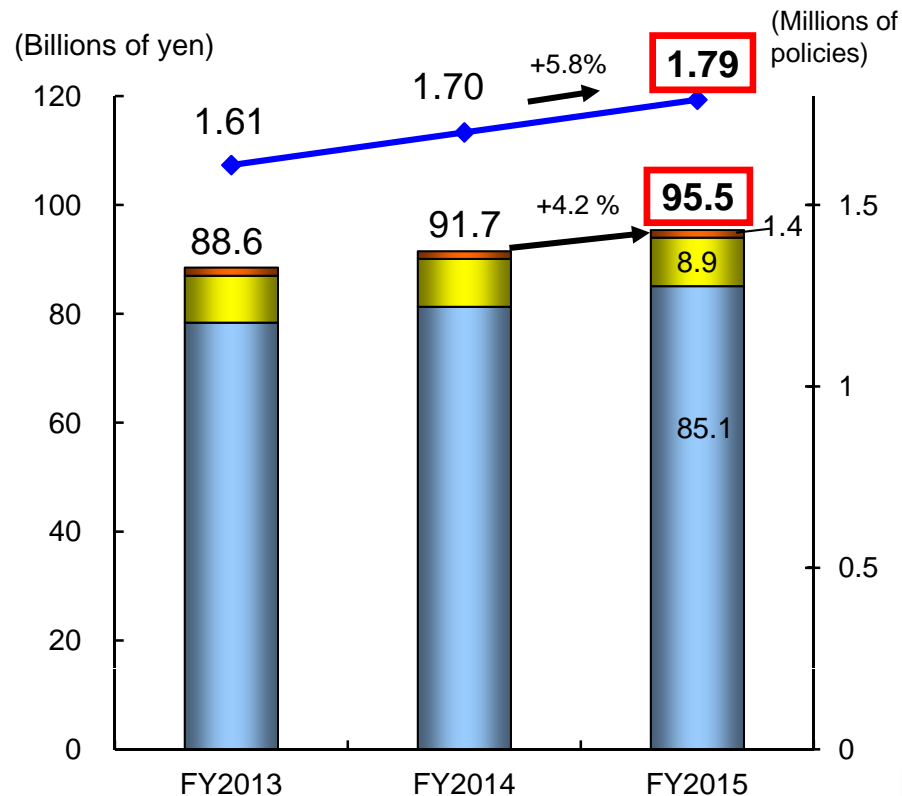
\*Medical and cancer insurance is included in personal accident.

# Operating Performance: Sony Assurance (1)



## Net Premiums Written and Number of Policies in Force

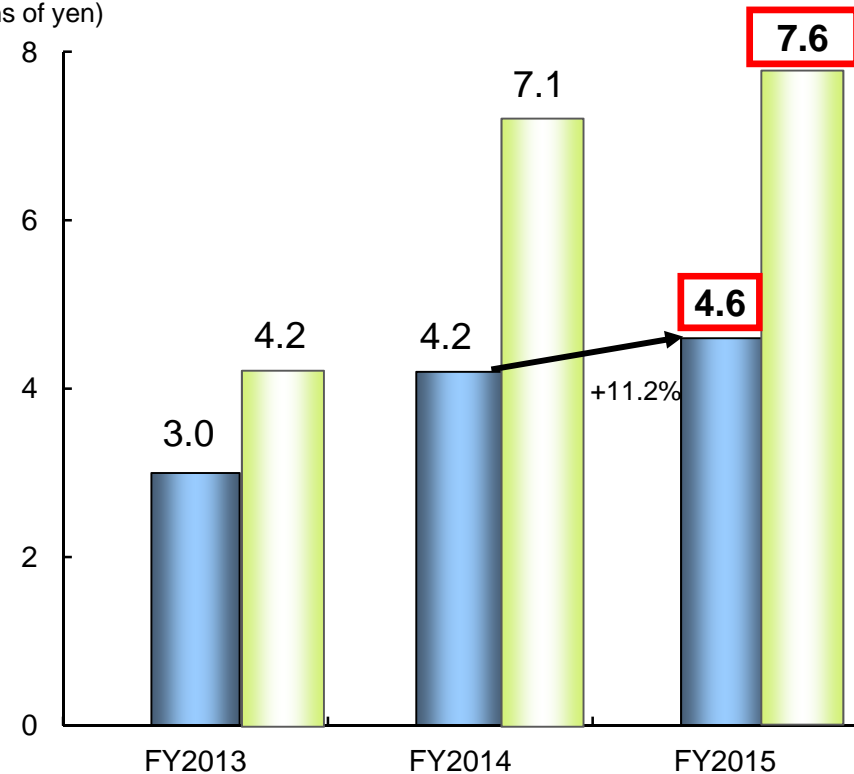
- Voluntary automobile insurance ■ Personal accident insurance
- Others — Number of policies in force



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

(Billions of yen)



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

(Reference) Provision for catastrophe reserve

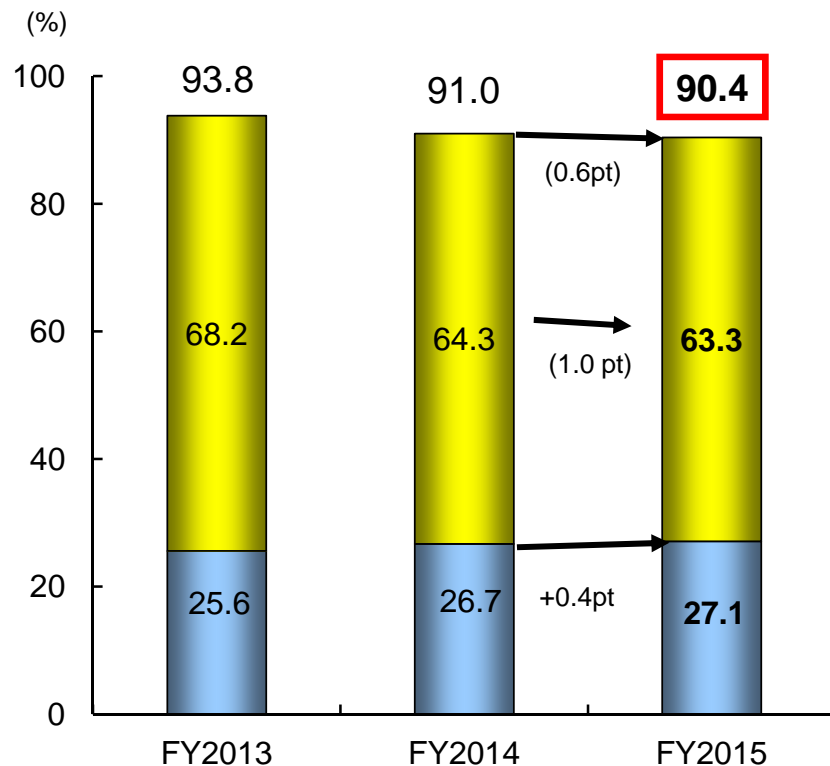
	(Billions of yen)		
	FY2013	FY2014	FY2015
Provision for catastrophe reserve	1.2	2.8	3.0

\*Provision for catastrophe reserve is described as positive amount.

# Operating Performance: Sony Assurance (2)

## Earned/Incurred Loss Ratio + Net Expense Ratio

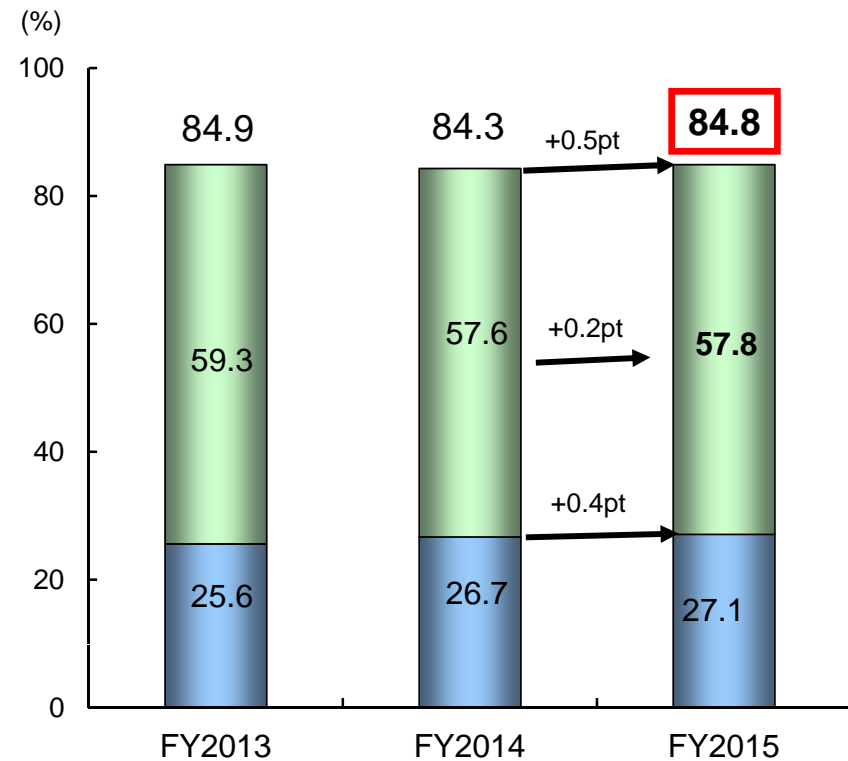
■ Earned/Incurred loss ratio ■ Net expense ratio



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)

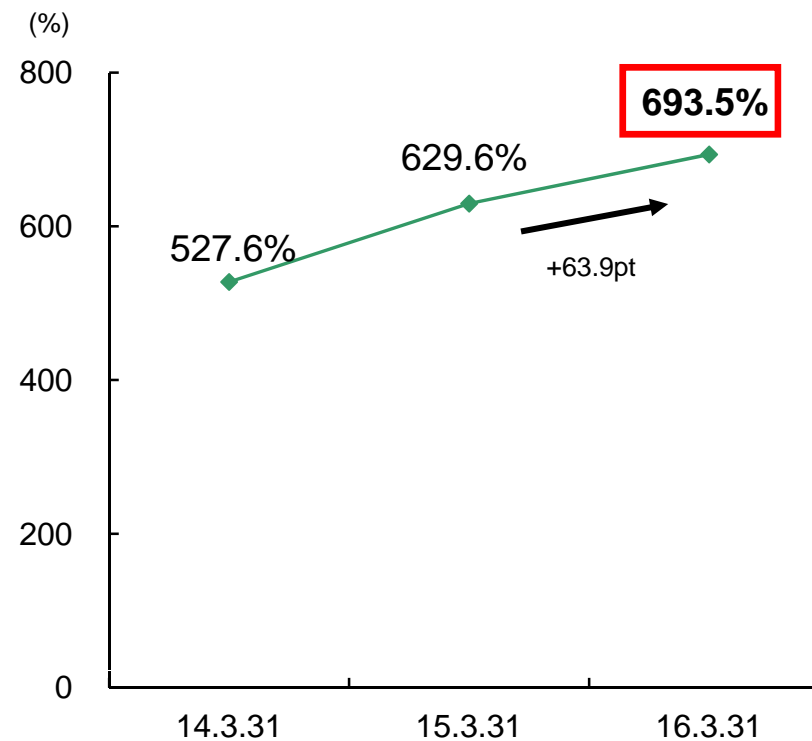
■ Net loss ratio ■ Net expense ratio



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

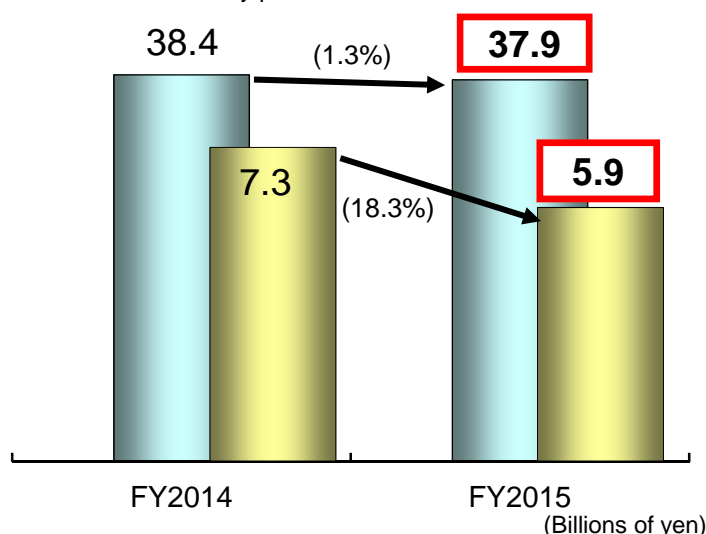
# Operating Performance: Sony Assurance (3)

## Non-consolidated Solvency Margin Ratio



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

■ Consolidated ordinary revenues  
■ Consolidated ordinary profit



## <Consolidated>

◆ Ordinary revenues decreased year on year, mainly due to a decline in gains on sale of bonds despite higher revenues related to mortgage loans. Ordinary profit decreased year on year due to an increase in operating expenses, as well as the decline in ordinary revenues.

## <Non-consolidated>

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

- Net interest income decreased due to lower interest income and dividends on securities.
- Net fees and commissions improved due to higher fees on mortgage loans.
- Net other operating income decreased due to a decline in gains on sale of bonds.

## <Consolidated>

(Billions of yen)	FY2014	FY2015	Change	
Consolidated ordinary revenues	38.4	37.9	(0.4)	(1.3%)
Consolidated ordinary profit	7.3	5.9	(1.3)	(18.3%)
Profit attributable to owners of the parent	4.5	3.9	(0.6)	(14.8%)

## <Non-consolidated>

(Billions of yen)	FY2014	FY2015	Change	
Ordinary revenues	35.7	34.8	(0.8)	(2.3%)
Gross operating profit	22.5	21.6	(0.8)	(3.9%)
Net interest income	16.6	16.5	(0.1)	(0.8%)
Net fees and commissions	0.0	0.1	+0.1	+448.7%
Net other operating income	5.8	5.0	(0.8)	(14.6%)
General and administrative expenses	15.3	15.9	+0.6	+4.2%
Net operating profit	7.2	5.7	(1.4)	(19.6%)
Ordinary profit	7.2	5.8	(1.4)	(19.8%)
Net income	4.6	3.9	(0.7)	(15.6%)

(Billions of yen)	15.3.31	16.3.31	Change from 15.3.31	
Net assets	77.0	77.4	+0.3	+0.5%
Net unrealized gains on other securities, net of taxes	6.6	3.3	(3.2)	(49.7%)
Total assets	2,062.5	2,126.5	+64.0	+3.1%



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

## <Reasons for changes>

(Billions of yen)	15.3.31	16.3.31	Change	
<b>Customer assets</b>	2,007.9	2,034.4	+26.5	+1.3%
Deposits	1,878.2	1,923.5	+45.2	+2.4%
Yen	1,551.0	1,587.9	+36.9	+2.4%
Foreign currency	327.2	335.5	+8.3	+2.5%
Investment trusts	129.6	110.9	(18.7)	(14.4%)
<b>Loans outstanding</b>	1,187.1	1,344.1	+156.9	+13.2%
Mortgage loans	1,074.3	1,237.1	+162.7	+15.1%
Others	112.8	107.0 <sup>*1</sup>	(5.7)	(5.1%)
<b>Number of accounts</b>	1.05 million	1.13 million	+0.07 million	+7.3%
<b>Non-performing assets ratio<sup>2</sup></b> (Based on Financial Reconstruction Law)	0.28%	0.23%	(0.05pt)	
<b>Capital adequacy ratio<sup>3</sup></b> (domestic criteria)	10.66%	9.90%	(0.76pt)	

◆ Yen deposit balance increased reflecting special interest rates offerings for yen time deposits in the second half.

◆ The yen-denominated balance of foreign currency deposits increased due to higher foreign currency purchases, driven by rising market sentiment that yen depreciation had nearly stopped.

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

◆ Number of accounts increased due to a launch of Sony Bank WALLET service in Jan. 2016.

◆ Sony Bank maintained an extremely low non-performing assets ratio.

\*1 Loans in others include corporate loans of ¥96.4billion

\*2 Non-performing loans (loans based on the Financial Reconstruction Act) /Total loan exposure

\*3 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)	FY2014	FY2015	Change	
<b>Gross operating profit</b>	22.4	<b>21.6</b>	(0.8)	(3.8%)
Net interest income* <sup>1</sup> ①	18.2	<b>18.8</b>	+0.5	+3.0%
Net fees and commissions* <sup>2</sup> ②	0.9	<b>0.9</b>	(0.0)	(1.6%)
Net other operating income* <sup>3</sup>	3.2	<b>1.8</b>	(1.3)	(43.0%)
<b>Gross operating profit (core profit) (A) = ①+②</b>	19.2	<b>19.7</b>	+0.5	+2.7%
<b>Operating expenses and other expenses ③</b>	15.2	<b>15.9</b>	+0.6	+4.5%
<b>Net operating profit (core profit) = (A) - ③</b>	4.0	<b>3.8</b>	(0.1)	(3.8%)

### ■ 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.

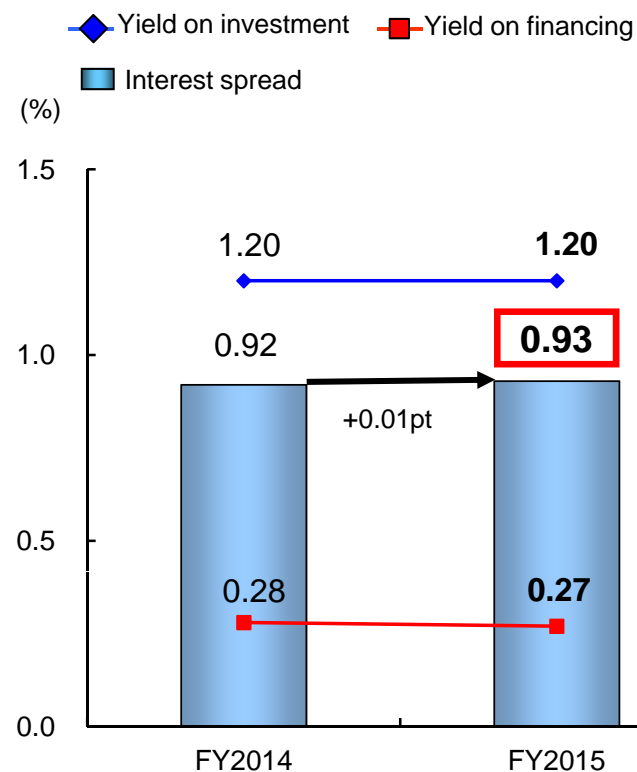
\*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

\*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)



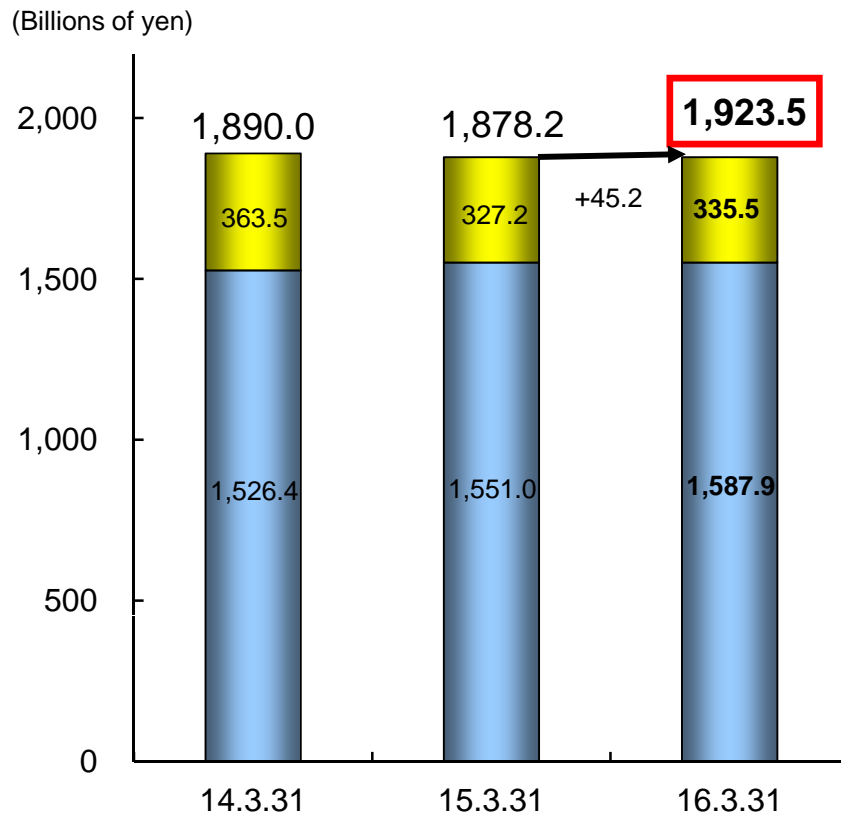
Note: Interest spread=(Yield on investment)-(Yield on financing)

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



## Deposits

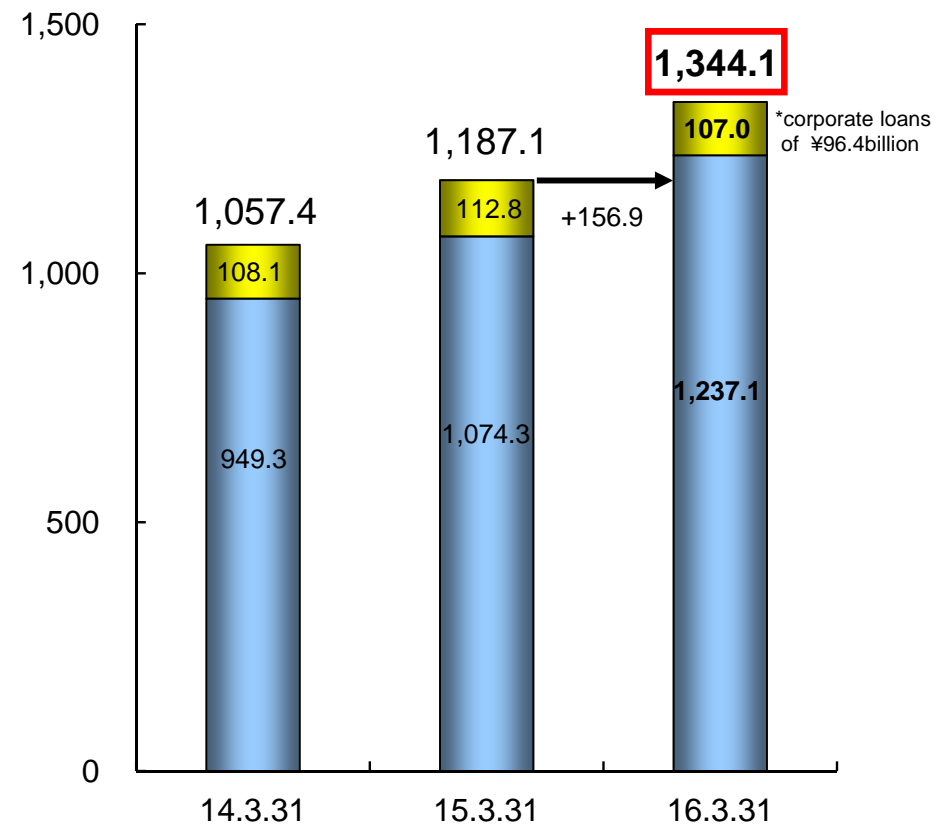
■ Yen deposits ■ Foreign currency deposits



## Loans

■ Mortgage loans ■ Others

(Billions of yen)

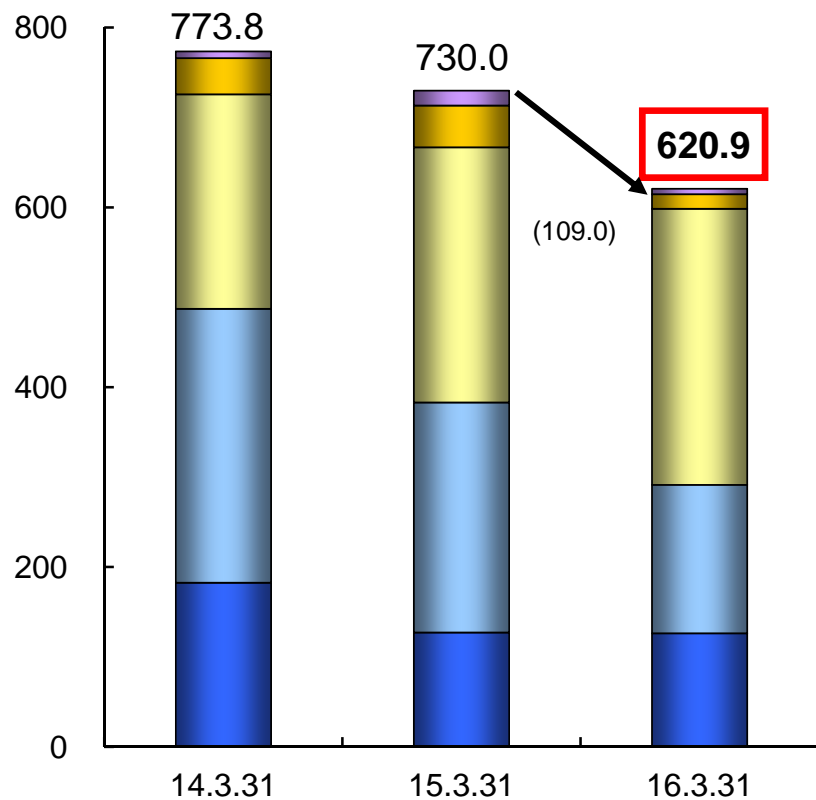


# Operating Performance: Sony Bank (Non-consolidated) (2)

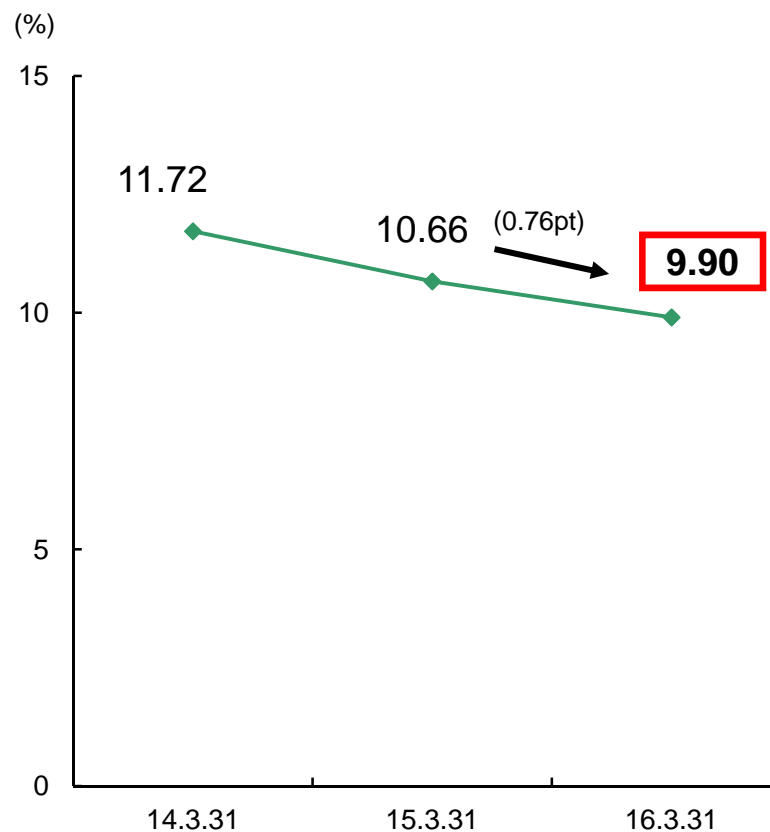
## Balance of Securities by Credit Rating

■ 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.

# **Forecast of Consolidated Financial Results for the Year Ending March 31, 2017**

# Forecast of Consolidated Financial Results for FY2016



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

(Billions of yen)	FY2015 (Actual)	FY2016 (Forecast)	Change
<b>Consolidated ordinary revenues</b>	1,362.0	<b>1,450.0</b>	+6.5%
<u>Life insurance business</u>	1,230.2	<b>1,309.8</b>	+6.5%
<u>Non-life insurance business</u>	96.9	<b>101.6</b>	+4.8%
<u>Banking business</u>	37.9	<b>37.9</b>	(0.1%)
<b>Consolidated ordinary profit</b>	71.1	<b>71.0</b>	(0.1%)
<u>Life insurance business</u>	60.2	<b>62.5</b>	+3.8%
<u>Non-life insurance business</u>	4.6	<b>4.4</b>	(6.0%)
<u>Banking business</u>	5.9	<b>4.5</b>	(24.9%)
<b>Profit attributable to owners of the parent</b>	43.3	<b>46.0</b>	+6.1%

For FY2016, stable and sustainable business growth is expected in all the businesses.

Consolidated ordinary revenues are expected to increase because we anticipate higher revenues in the life insurance business. Consolidated ordinary profit is expected to be almost flat because we anticipate an increase in profit in the life insurance business, offset by a decrease in profit in the banking business. Profit attributable to owners of the parent is expected to increase due to the impact of a reduction in the effective corporate income tax rate for FY2016, compared with FY2015's negative impact of the reversal of deferred tax assets, accompanied by the cut in corporate income tax.

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

### ■ Life insurance business

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

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

### ■ Non-life insurance business

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

Ordinary profit is expected to decrease year on year because we expect the loss ratio to be higher than the ratio in FY2015.

### ■ Banking business

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

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

\*Please see page 40 for the detail of Life insurance business forecast.

# Dividend Forecast

## Dividend Forecast for FY2016

**The dividend forecast for FY2016 is ¥55 per share, unchanged from FY2015, after taking into account our business environment and our forecast of consolidated financial results.**

### <Medium-term Dividend Policy>

- Our basic dividend policy is to steadily increase dividends in line with earnings growth over the medium and long terms.
- Our target for the dividend payout ratio is 40% to 50% of profit attributable to owners of the parent.

Note: We will determine specific dividend amounts for each fiscal year by taking into account a comprehensive range of factors, including capital adequacy, investment opportunities, business forecasts and legal and regulatory developments.

### ■ Profit attributable to owners of the parent and dividend results/forecast

	FY2012	FY2013	FY2014	FY2015	FY2016 (Forecast)
Profit attributable to owners of the parent	¥45.0 billion	¥40.5 billion	¥54.4 billion	<b>¥43.3 billion</b>	<b>¥46.0 billion</b>
Net income per share	¥103.60	¥93.11	¥125.10	<b>¥99.67</b>	<b>¥105.75</b>
Dividend per share	¥25	¥30	¥40	<b>¥55<sub>(Expected)</sub></b>	<b>¥55</b>
Dividend payout ratio (consolidated)	24.1%	32.2%	32.0%	<b>55.2%</b>	<b>52.0%</b>



# Sony Life's Preliminary MCEV and Risk Amount Based on Economic Value as of March 31, 2016

Please keep in mind that the validity of the calculation of MCEV as of March 31, 2016 has not been verified by outside specialists. The calculation of MCEV as of March 31, 2016, in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced on May 23, 2016.  
A part of the calculation of MCEV as of December 31, 2015 adopted simplified method and has not been verified by outside specialists.

\*In this part, figures, ratios and percentages changes have been rounded.

# Sony Life's MCEV

(Billions of yen)	15.3.31	15.12.31	16.3.31	Change from 15.3.31	Change from 15.12.31
<b>MCEV</b>	1,322.9	1,386.9	<b>1,063.7</b>	(259.2)	(323.3)
Adjusted net worth	1,119.2	1,229.5	<b>2,074.4</b>	955.2	844.9
Value of existing business	203.7	157.4	<b>(1,010.7)</b>	(1,214.4)	(1,168.2)
	<b>Previous method</b>	<b>New method</b>	<b>New method</b>		
(Billions of yen)	FY14 (12M)	FY15.3Q (9M)	FY15 (12M)		
<b>New business value</b>	48.6	37.0	<b>35.2</b>		
<b>New business margin</b>	3.8%	3.2%	<b>2.4%</b>		

Notes:

1. Calculated MCEV as of December 31, 2015 by using updated economic assumptions and lapse and surrender rate from March 31, 2015.
2. The method of calculating new business value and new business margin for FY15.3Q (9M) and FY15 (12M) has been changed from the previous method based on economic assumptions as of the valuation date to a method of accumulating new business value for each quarter.

◆ **Reasons for changes in MCEV**

• MCEV as of March 31, 2016 decreased ¥323.3 billion from December 31, 2015 and decreased ¥259.2 billion from March 31, 2015 due to a significant decline in interest rates in Japanese yen. While the value of existing business decreased significantly, most of the decrease was offset by an increase in the adjusted net worth with the benefit of ALM.

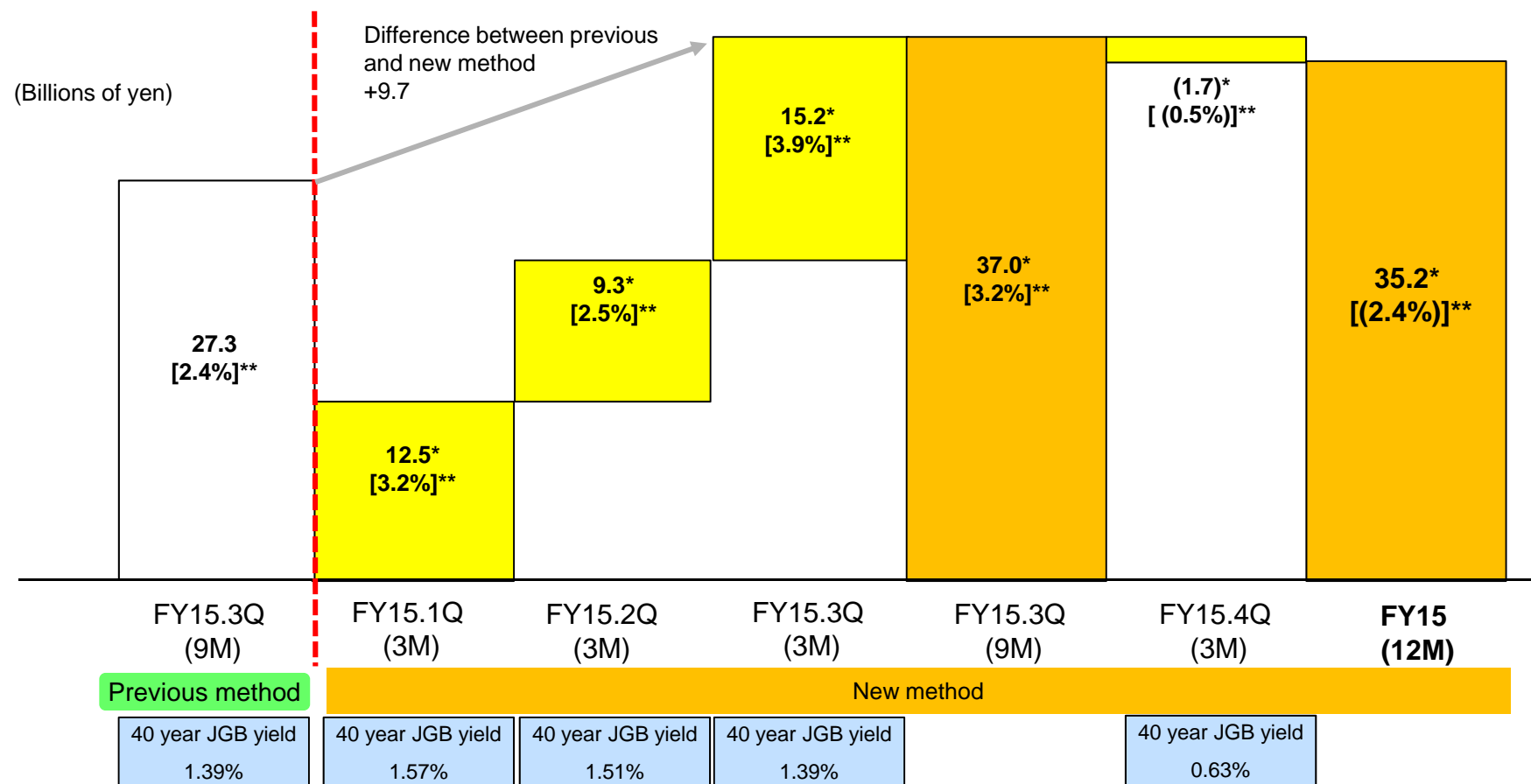
◆ **New business value / new business margin**

- For new business value, the method was changed to one of accumulating new business value for each quarter (3M).
- For FY15.4Q (3M), the new business value was negative ¥1.7 billion, and the new business margin was negative 0.5%.
- For FY15 (12M), the new business value was ¥35.2 billion, including ¥37.0 billion for FY15.3Q (9M) and negative ¥1.7 billion for FY15.4Q (3M).

◆ **By responding promptly with measures including premium revisions, Sony Life is working to improve profitability to ensure steady growth in MCEV even under low interest rates environment.**

\*Please see page 48 for trend on JGB yield.

# Changes on Sony Life's Calculation Method for New Business Value



\* New business value for each of the quarter is calculated using economic assumptions at the end of that quarter.

\*\* Figures in [ ] shows new business margin.

【Reference】 Product revisions and sales suspensions in FY2015

May 2015: Discontinued sales of Educational Endowment Insurance (Non-participating)

Aug. 2015: Funding limits on Variable life insurance (Whole life type)

Jan. 2016: Premium revision on Variable life insurance (Whole life type) and premium revision and recommenced sales of Educational Endowment Insurance (Non-participating)

# Sony Life's Risk Amount Based on Economic Value

	(after tax)		
(Billions of yen)	15.3.31	15.12.31	<b>16.3.31</b>
Insurance risk*	724.2	782.6	<b>1,097.6</b>
Market-related risk	287.0	301.1	<b>256.3</b>
<i>Of which, interest rate risk**</i>	<i>218.5</i>	<i>232.0</i>	<b>183.6</b>
Operational risk	25.9	26.7	<b>31.4</b>
Counter party risk	1.8	2.8	<b>2.0</b>
Variance effect	(293.4)	(313.3)	<b>(368.1)</b>
The risk amount based on economic value	745.5	799.9	<b>1,019.2</b>

(\* ) Insurance risk excluding the variance effect within Life module and Health module.

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

	(Billions of yen)		
	15.3.31	15.12.31	<b>16.3.31</b>
MCEV	1,322.9	1,386.9	<b>1,063.7</b>
ESR	177%	173%	<b>104%</b>

Notes:

1. The risk amount based on economic value refers to the total amount of Sony Life's risks comprehensively examined by a market consistent approach, 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 standard method.
3. ESR=MCEV / Risk amount based on economic value.

- ◆ **ESR fell sharply, but going forward Sony Life will monitor interest rate fluctuations and consider response measures aimed at improving soundness.**

# Appendix

# Recent Topics 1

## AEGON Sony Life Insurance

Launch of sales: December 1, 2009

Common stock: ¥14 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 (26\*) \*As of May 16, 2016



## SA Reinsurance Ltd

Established: October 29, 2009

Common stock: ¥13.4 billion

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

Business: Reinsurance business

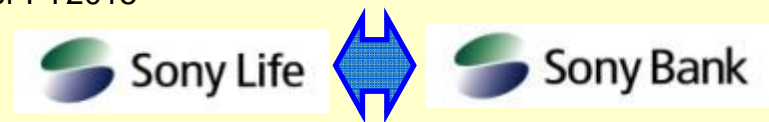
Note) AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint ventures established by Sony Life and AEGON Group.

## Sony Bank's Mortgage Loans through Sony Life

■ Sony Life accounts for 21% of the balance of mortgage loans as of March 31, 2016

Sony Life accounts for 14% of the amount of new mortgage loans for FY2015

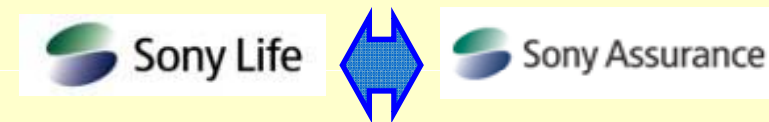
\*Sony Life started handling banking agency business in January 2008.



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

■ Sony Life accounts for 4% of new automobile policies for FY2015

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

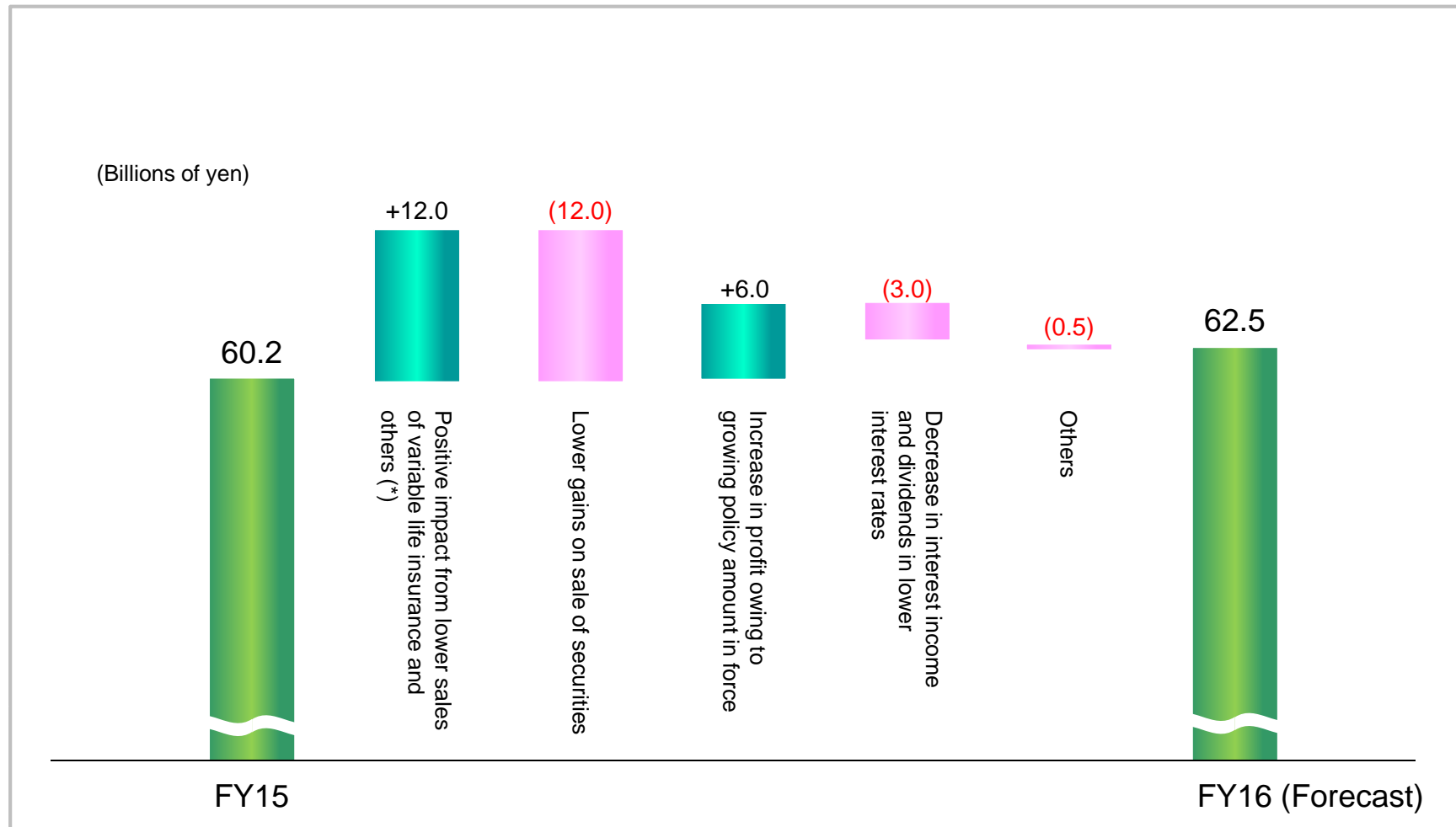


## Recent Topics 2 <Highlights for FY2015>



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 in Yuuai Holdings Co., Ltd.
2015-05-02	Sony Life commenced sale of a new product: "Lump-sum Payment Whole Life Insurance (No-notification Type)" *Discontinued sales from March 2016
2015-06-01	Sony Bank began offering "Yen Time Deposits plus+ "
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.
2015-10-01	Sony Assurance introduced a system for the direct payment to medical institutions of advance medical insurance claims.
2015-11-02	Sony Life commenced sale of a new product: "Living Benefit Term Life Insurance (living Standard Type)"
2016-01-04	Sony Bank commenced service of "Sony Bank WALLET," a cash card with a Visa debit function.
2016-03-16	Sony Life began immediate underwriting of new policies, the first in the Japan's Life insurance industry.
2016-04-01	Sony Life opened its new sales office in Akita and Yamaguchi prefecture.
2016-04-01	Sony Lifecare Group opened its first newly built nursing care home "SONARE Soshigaya-Okura" in Tokyo
2016-04-28	Sony Life announced an opening of a Representative Office in Singapore in July 1, 2016
2016-05-02	Sony Life commenced sale of a new product: "Level Premium Plan Term Life Insurance with Reduced Surrender Value (Disability/Nursing Care Type)" and "Level Premium Plan Term Life Insurance with No Surrender Value (Disability/Nursing Care Type)"
2016-05-12	Sony Lifecare Group announced an opening of the second SONARE newly built nursing care home in Saitama prefecture in Spring 2017.

# Analysis on Ordinary Profit for Life Insurance Business



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



# 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			16.3.31		
	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)
Held-to-maturity securities	4,409.6	4,839.9	430.3	4,878.7	5,718.2	839.4	5,383.9	7,410.1	2,026.2
Policy reserve matching bonds	-	-	-	-	-	-	251.2	292.5	41.3
Available-for-sale securities	1,065.5	1,189.8	124.3	1,007.8	1,176.6	168.8	887.9	1,091.6	203.6
Japanese government and corporate bonds	1,035.9	1,146.7	110.8	974.6	1,120.1	145.5	854.3	1,040.3	186.0
Japanese stocks	12.2	21.2	8.9	13.4	29.4	16.0	13.6	25.6	12.0
Foreign securities	15.8	19.4	3.5	19.4	26.4	6.9	19.8	25.2	5.4
Other securities	1.4	2.5	1.0	0.3	0.6	0.3	0.1	0.3	0.1
<b>Total</b>	<b>5,475.1</b>	<b>6,029.8</b>	<b>554.7</b>	<b>5,886.6</b>	<b>6,894.9</b>	<b>1,008.3</b>	<b>6,523.1</b>	<b>8,794.3</b>	<b>2,271.1</b>

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 Mar. 31, 2014; Carrying amount: ¥43.8 billion, Fair market value: ¥56.0 billion, Net unrealized gain (losses): ¥12.2 billion  
As of Mar. 31, 2015; Carrying amount: ¥44.2 billion, Fair market value: ¥57.5 billion, Net unrealized gain (losses): ¥13.2 billion  
As of Mar. 31, 2016; Carrying amount: None

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

14.3.31		15.3.31		16.3.31	
Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
-	-	1.0	0.0	2.2	0.1

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

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

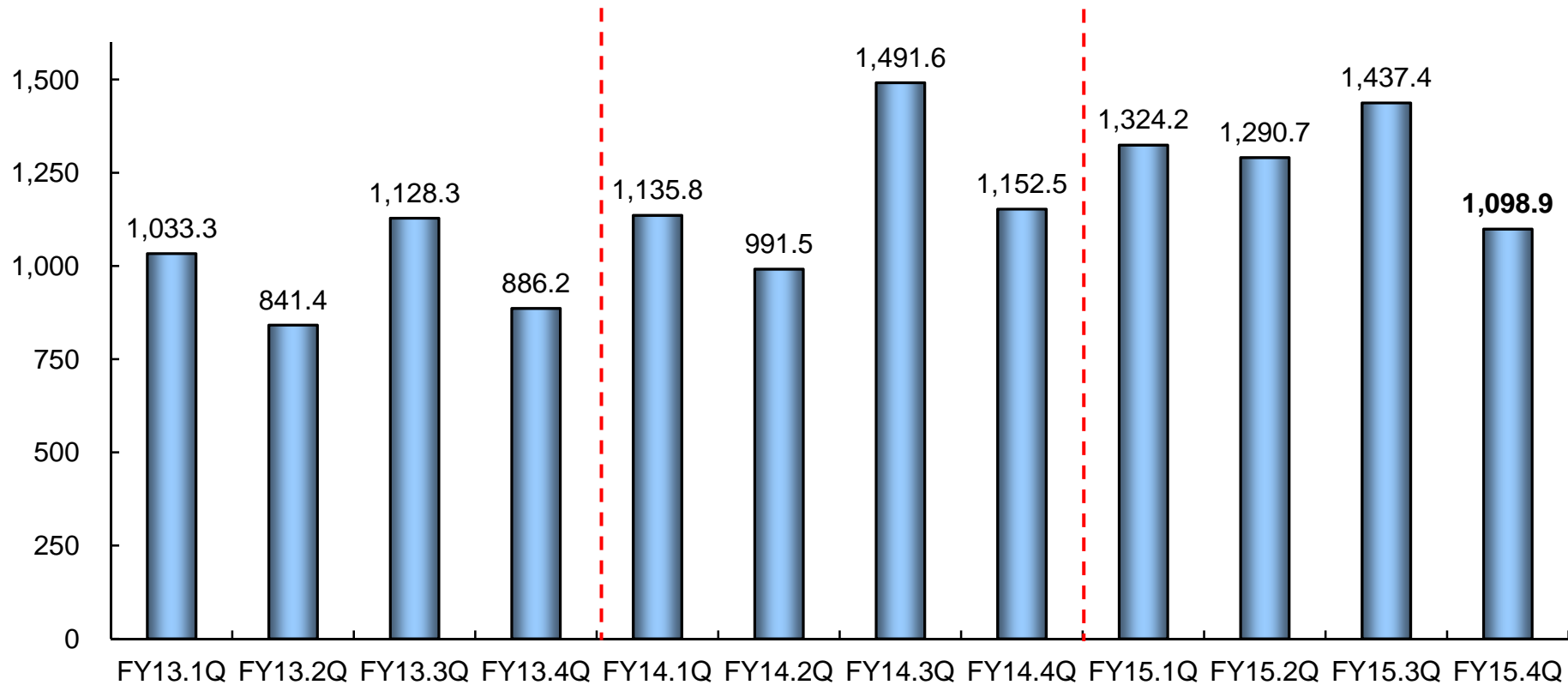
(Millions of yen)

	FY2014	FY2015	Change
Cash and deposits	0	0	+219.0%
Japanese government and corporate bonds	107,383	115,655	+7.7%
Japanese stocks	464	522	+12.5%
Foreign securities	8,998	7,246	(19.5%)
Other securities	430	1,519	+253.1%
Loans	5,921	6,174	+4.3%
Real estate	10,327	10,261	(0.6%)
Others	66	71	+7.5%
Total	133,592	141,450	+5.9%

# Sony Life's Quarterly Trend on New Policy Amount

## Quarterly Trend on New Policy Amount

(Billions of yen)

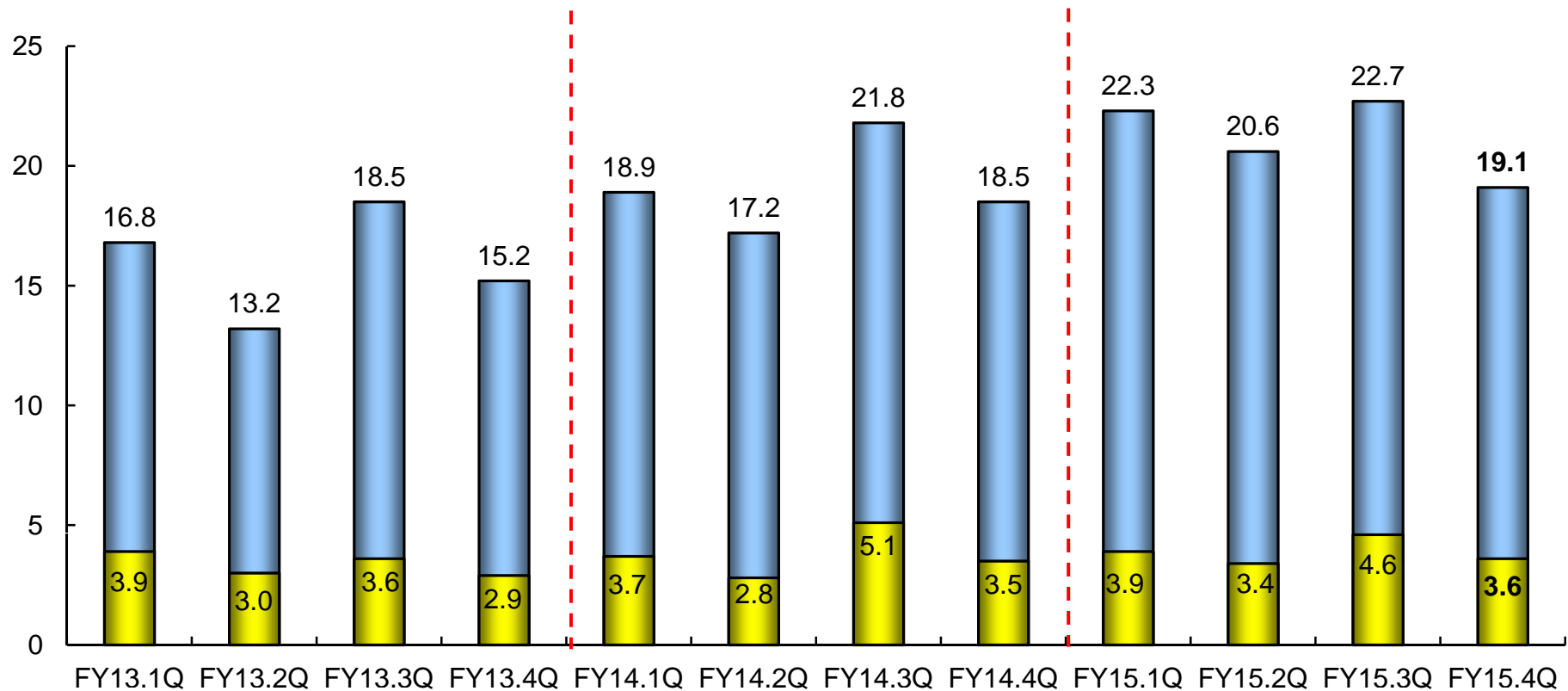


# Sony Life's Quarterly Trend on Annualized Premiums from New Policies

## Quarterly Trend on Annualized Premiums from New Policies

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

(Billions of yen)



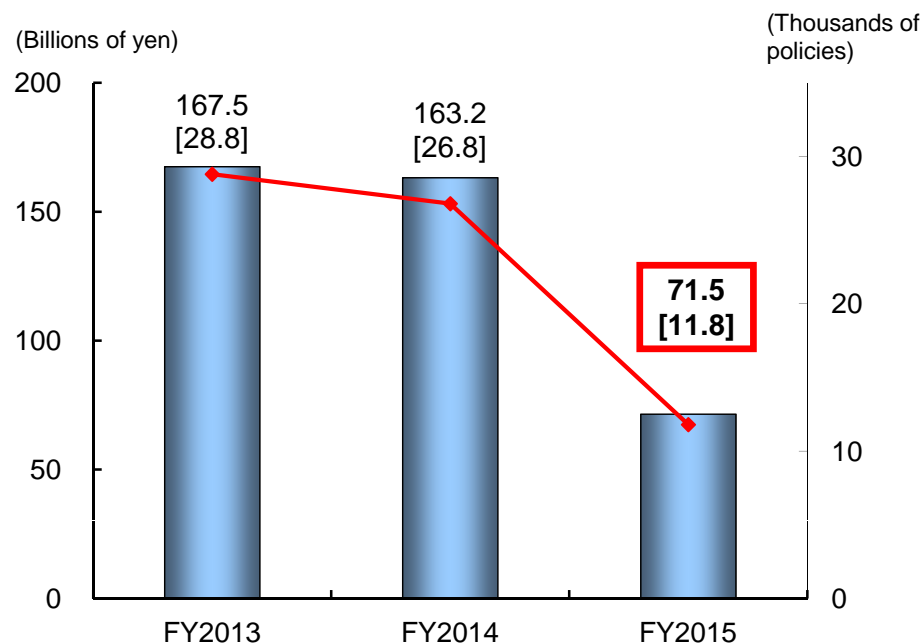
# Operating Performance : AEGON Sony Life Insurance



\*AEGON Sony Life Insurance sells individual variable annuities.

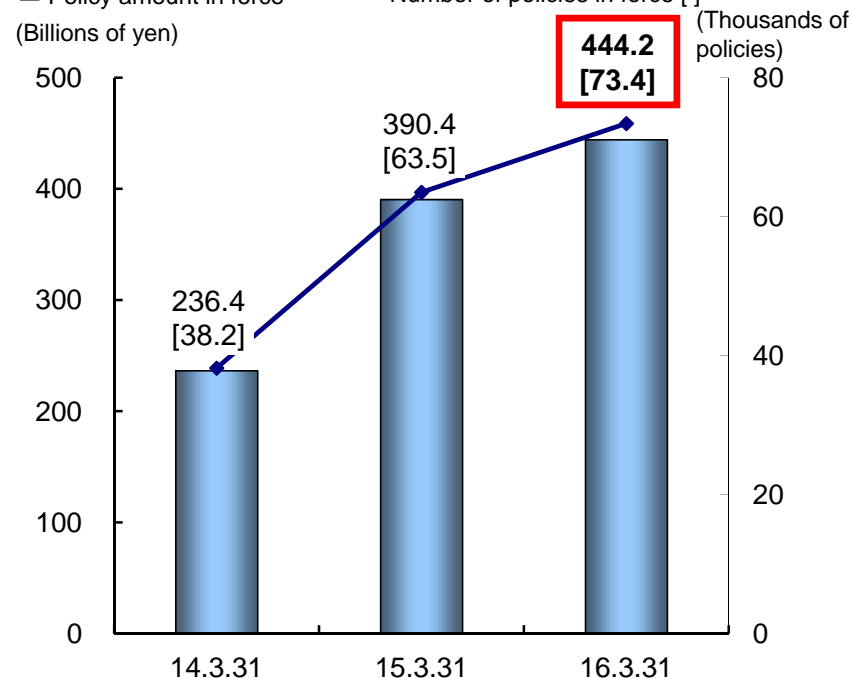
## Number and Amount of New Policies

■ New policy amount — Number of new polices [ ]



## Number and Amount of Policies in Force

■ Policy amount in force — Number of policies in force [ ] (Thousands of policies)



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

(Billions of yen)	FY2014	FY2015	Change
<b>AEGON Sony Life Insurance</b>	(5.4)	<b>(3.2)</b>	+2.2
<b>SA Reinsurance</b>	2.4	<b>1.8</b>	(0.6)

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.

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

## ■ Market-related Risk\*1

	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
<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>Different percentage changes in interest rates are set for each term, from one year to 20 years. For terms longer than 20 years and through 90 years, percentage changes are set using linear interpolation, with negative 29% as the percentage change for 20 years and negative 20% as the percentage change for 90 years.</p>
<b>Equity risk</b>	Listed equities 45%, Other securities 70%	Global 39%, Others 49% *2
<b>Real estate risk</b>	Actual real estate 25%	Same as on the left
<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>	<p>Credit risk = (market value) x (risk coefficient for each credit rating and duration)</p> <p>(Example) Rating A: Duration (Dur): 5-10 years Risk coefficient=7.0% + 0.7% x (Dur – 5)</p>
<b>Currency risk</b>	35% downside fluctuation	25% downside fluctuation

Notes

1. Principal items as of Mar. 31, 2016.

2. Symmetric adjustment (an adjustment of ±10% of the average value of the stock price index during a defined period in the past) is applied.

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

## ■ Insurance Risk<sup>\*1</sup>

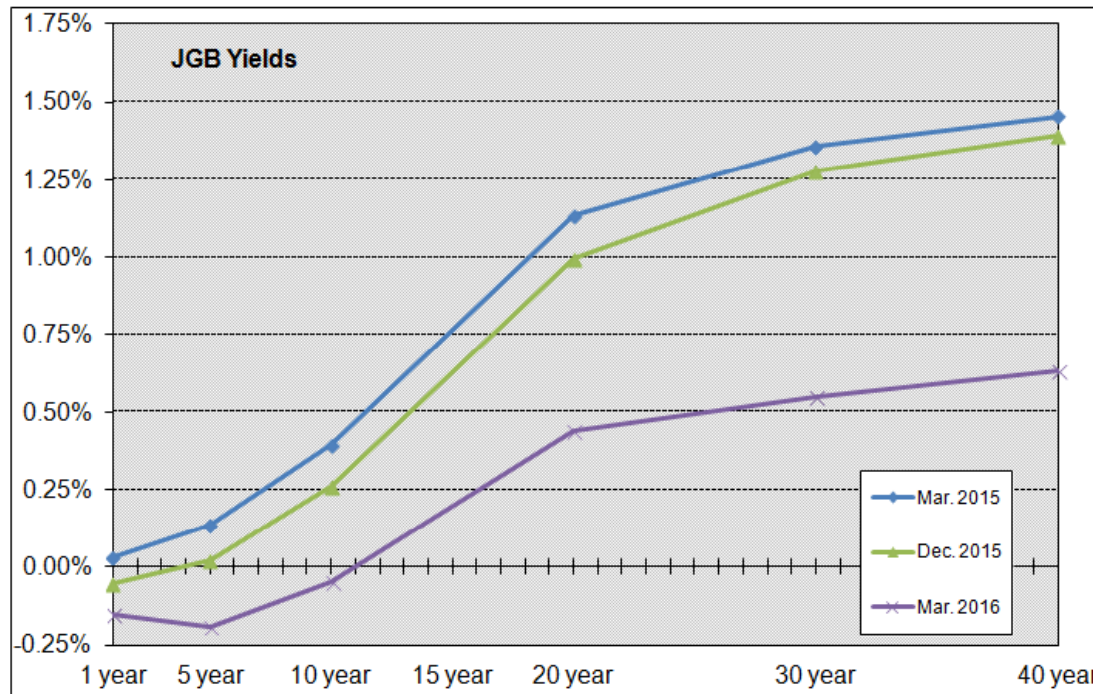
	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; <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, 50% for Health module</li> <li>• Decreases by 50% in the assumed rates of lapsation for Life module, 50% for Health module</li> <li>• 40% 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 Mar. 31, 2016.

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

# JGB Yields



As of the end of each month

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





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