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**Presentation Material**

**Consolidated Financial Results  
for the Three Months Ended June 30, 2016  
and  
Sony Life's MCEV as of June 30, 2016**

**Sony Financial Holdings Inc.  
August 10, 2016**

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

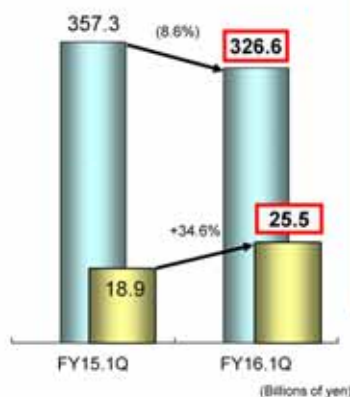
## Content

**Consolidated Operating Results for  
the Three Months Ended June 30, 2016  
(FY16.1Q)**

## Highlights of Consolidated Operating Performance for FY16.1Q (1)



- Consolidated ordinary revenues
- Consolidated ordinary profit



(Billions of yen)		FY15.1Q	FY16.1Q	Change	
Life Insurance business	Ordinary revenues	323.9	292.0	(31.8)	(9.8%)
	Ordinary profit	14.9	22.0	+7.1	+47.7%
Non-life Insurance business	Ordinary revenues	24.7	26.0	+1.2	+5.2%
	Ordinary profit	2.1	2.8	+0.7	+35.0%
Banking business	Ordinary revenues	9.3	9.2	(0.1)	(1.3%)
	Ordinary profit	1.8	0.7	(1.0)	(58.6%)
Others (*)	Ordinary revenues	(0.7)	(0.7)	+0.0	—
	Ordinary profit	0.0	(0.1)	(0.2)	—
Consolidated	Ordinary revenues	357.3	326.6	(30.6)	(8.6%)
	Ordinary profit	18.9	25.5	+6.5	+34.6%
	Profit attributable to owners of the parent	12.8	17.6	+4.8	+37.6%

\*Ordinary profit in "Intersegment adjustments" is mainly from SFH. Nursing care business has been included in the scope of consolidation from FY16.1Q.  
 \*Comprehensive income : FY15.1Q: ¥5.4 billion, FY16.1Q: ¥30.4 billion

(Billions of yen)		16.3.31	16.6.30	Change from 16.3.31	
Consolidated	Net assets	604.3	610.1	+5.7	+1.0%
	Total assets	10,352.1	10,427.0	+74.9	+0.7%

Consolidated ordinary revenues decreased 8.6% year on year, to ¥326.6 billion. This is because ordinary revenues from the life insurance business decreased, while ordinary revenues from the non-life insurance business increased. Ordinary revenues from the banking business were essentially flat year on year. Consolidated ordinary profit increased 34.6% year on year, to ¥25.5 billion. By business segment, ordinary profit from the life insurance and the non-life insurance businesses increased, whereas ordinary profit from the banking business decreased. Profit attributable to owners of the parent was up 37.6% year on year, to ¥17.6 billion due to the increase in ordinary profit.

## Highlights of Consolidated Operating Performance for FY16.1Q (2)

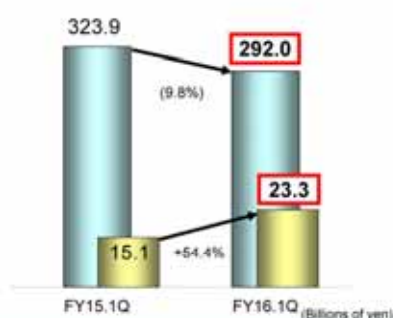


- Life Insurance Business: Policy amount in force increased steadily during FY16.1Q. However, ordinary revenues decreased compared with FY15.1Q due to a decrease in insurance premium revenues led by a decline in sales of single premium products and a deterioration in investment performance in the separate account reflecting the worsened financial market conditions. Ordinary profit increased year on year due to a significant decline in provision of policy reserves for minimum guarantees for variable life insurance owing to a lower acquisition of new policies and a decrease in insurance claim payments.
- Non-life Insurance Business: Ordinary revenues and ordinary profit expanded year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance and an increase in gains on sale of securities.
- Banking Business: Ordinary revenues were essentially flat year on year. Interest income on loans increased in line with a favorably growing balance of mortgage loans, whereas interest income and dividends on securities decreased. Ordinary profit decreased significantly year on year, due to an increase in operating expenses, mainly in advertising expenses for card loan business.
- Consolidated ordinary revenues decreased 8.6% year on year, to ¥326.6 billion. Ordinary revenues from the life insurance business decreased, while ordinary revenues from the non-life insurance business increased. Ordinary revenues from the banking business were essentially flat year on year. Consolidated ordinary profit increased 34.6% year on year, to ¥25.5 billion. By business segment, ordinary profit from the life insurance and the non-life insurance businesses increased, whereas ordinary profit from the banking business decreased. Profit attributable to owners of the parent was up 37.6% year on year, to ¥17.6 billion due to the increase in ordinary profit.

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



■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues decreased but ordinary profit increased year on year.
- ◆ Income from insurance premiums decreased due to a decline in sales of single premium products.
- ◆ Investment income decreased due to a deterioration in investment performance in the separate account reflecting the worsened financial market conditions.
- ◆ Ordinary profit increased due to a significant decline in provision of policy reserves for minimum guarantees for variable life insurance owing to a lower acquisition of new policies and a decrease in insurance claim payments.

(Billions of yen)	FY15.1Q	FY16.1Q	Change
<b>Ordinary revenues</b>	323.9	292.0	(31.8) (9.8%)
Income from insurance premiums	254.5	241.1	(13.4) (5.3%)
Investment income	67.7	46.8	(20.8) (30.9%)
Interest income and dividends	35.3	35.9	+0.5 +1.7%
Income from monetary trusts, net	3.1	1.1	(2.0) (64.5%)
Gains on sale of securities	3.6	0.9	(2.7) (74.7%)
Gains on derivatives, net	—	8.8	+8.8 —
Gains on separate accounts, net	24.7	—	(24.7) (100.0%)
<b>Ordinary expenses</b>	306.7	268.6	(40.1) (13.0%)
Insurance claims and other payments	91.3	85.6	(5.7) (6.2%)
Provision for policy reserves and others	176.7	93.9	(82.7) (46.8%)
Investment expenses	4.0	48.7	+44.7 —
Losses on derivatives, net	2.0	—	(2.0) (100.0%)
Losses on separate accounts, net	—	43.9	+43.9 —
Operating expenses	30.6	33.7	+3.0 +10.1%
<b>Ordinary profit</b>	15.1	23.3	+8.2 +54.4%
<b>Net income</b>	10.2	16.6	+6.4 +62.6%

(Billions of yen)	16.3.31	16.6.30	Change from 16.3.31
<b>Securities</b>	7,273.3	7,337.0	+63.6 +0.9%
<b>Policy reserves</b>	7,336.5	7,430.5	+93.9 +1.3%
<b>Net assets</b>	482.1	499.1	+16.9 +3.5%
Net unrealized gains on other securities	150.6	164.1	+13.5 +9.0%
<b>Total assets</b>	8,035.4	8,130.5	+95.1 +1.2%
Separate account assets	850.3	831.9	(18.3) (2.2%)

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Sony Life's ordinary revenues decreased 9.8% year on year, to ¥292.0 billion. This was due to a decrease in insurance premium revenues led by a decline in sales of single premium products and a deterioration in investment performance in the separate account reflecting the worsened financial market conditions, although policy amount in force increased steadily during FY16.1Q.

Ordinary profit increased 54.4% year on year, to ¥23.3 billion, due to a significant decline in provision of policy reserves for minimum guarantees for variable life insurance owing to a lower acquisition of new policies and a decrease in insurance claim payments.

Net income increased 62.6% year on year, to ¥16.6 billion.



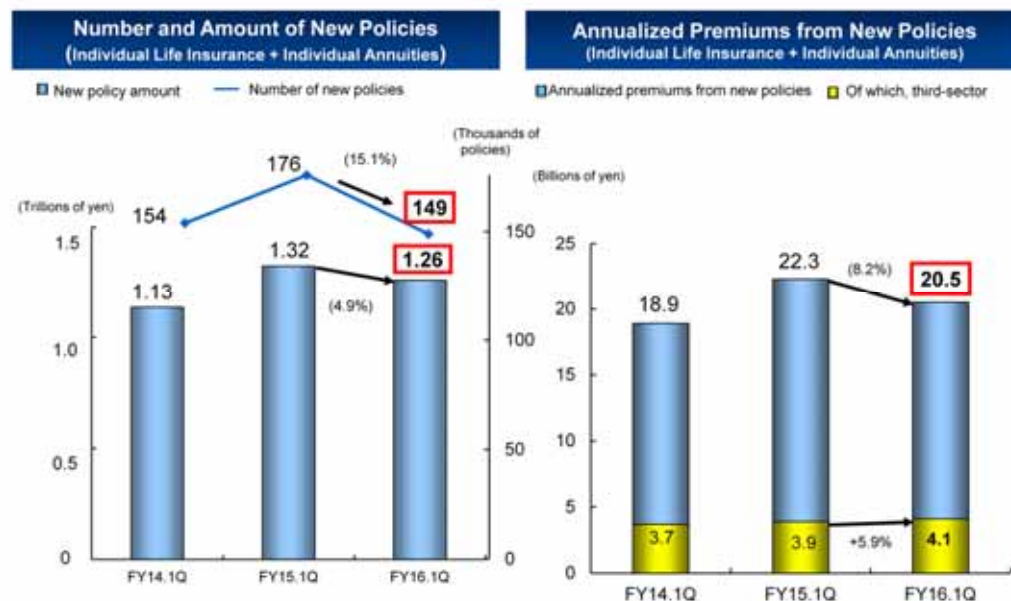
## Overview of Operating Performance: Sony Life (Non-consolidated)



(Billions of yen)	FY15.1Q	FY16.1Q	Change	
New policy amount	1,324.2	1,260.0	(4.9%)	◆ Decreased due to lower sales of variable life insurance despite higher sales of U.S. dollar-denominated insurance.
Lapse and surrender amount	495.0	479.8	(3.1%)	
Lapse and surrender rate	1.21%	1.11%	(0.1pt)	
Policy amount in force	41,609.6	43,634.2	+4.9%	
Annualized premiums from new policies	22.3	20.5	(8.2%)	◆ Decreased due to lower sales of variable life insurance and educational endowment insurance despite favorable sales of term life insurance and U.S. dollar-denominated insurance.
Of which, third-sector products	3.9	4.1	+5.9%	
Annualized premiums from insurance in force	747.6	790.8	+5.8%	
Of which, third-sector products	174.6	182.2	+4.2%	
(Billions of yen)	FY15.1Q	FY16.1Q	Change	
Gains from investment, net (General account)	38.9	41.9	+7.9%	◆ Core profit rose year on year due to an decrease in insurance claim payments, despite a fall in the positive spread and an increase in the provision of policy reserves for minimum guarantees for variable life insurance due to a worsening market. In ordinary profit, however, the negative impact on profit of policy reserves for minimum guarantees associated with this worsening market was offset by hedge gains, which are included in capital gains and losses.
Core profit	13.3	14.0	+5.4%	
Positive spread	4.1	3.2	(22.0%)	
	16.3.31	16.6.30	Change from 16.3.31	
Non-consolidated solvency margin ratio	2,722.8%	2,831.3%	+108.5pt	

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

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



### (Left-hand graph)

New policy amount for the total of individual life insurance and individual annuities decreased 4.9% year on year, to ¥1.26 trillion. This increase was because of lower sales of variable life insurance despite higher sales of U.S. dollar-denominated insurance.

The number of new policies decreased 15.1% year on year, to 149 thousand policies.

### (Right-hand graph)

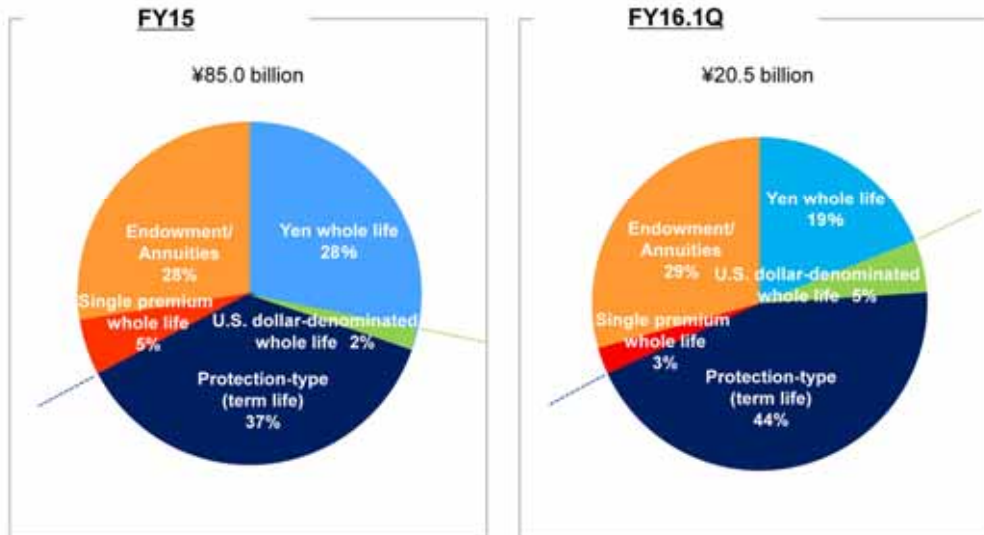
Annualized premiums from new policies decreased 8.2% year on year, to ¥20.5 billion, due to lower sales of variable life insurance and educational endowment insurance despite favorable sales of term life insurance and U.S. dollar-denominated insurance.

Of which, the figure for the third-sector products was up 5.9% year on year, to ¥4.1 billion.



## Sony Life's Product Portfolio

### Annualized Premiums from New Policies by Product



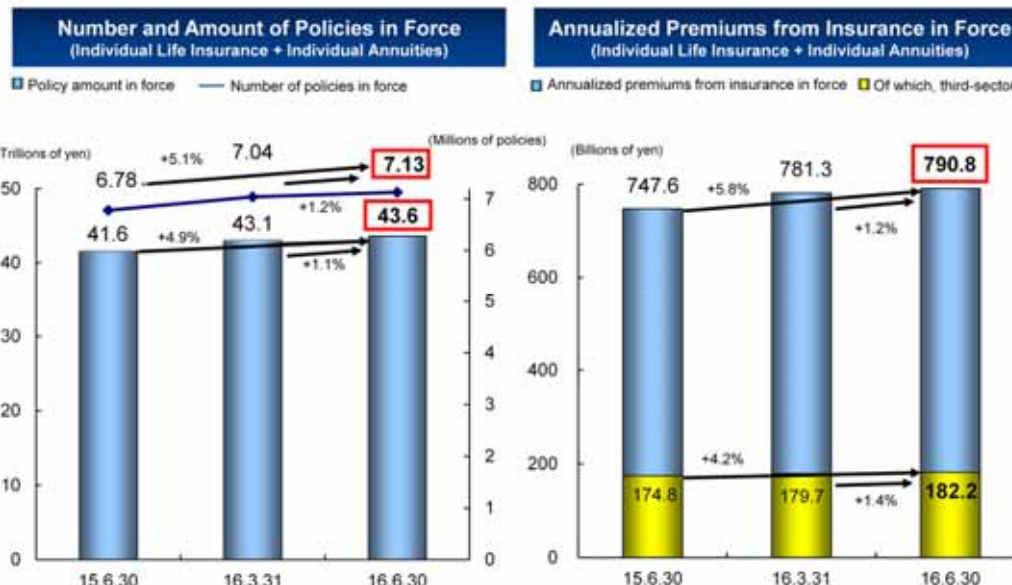
These graphs show Sony Life's product portfolio of annualized premiums from new policies by product.

(Right-hand graph)

Sony Life has been strengthening sales of U.S. dollar-denominated whole life insurance and term life insurance under the low interest rate environment.

In FY16.1Q, U.S. dollar-denominated whole life insurance accounts for 5% and protection-type products including term life insurance accounts for 44% on total product portfolio, showing a change in product portfolio.

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



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

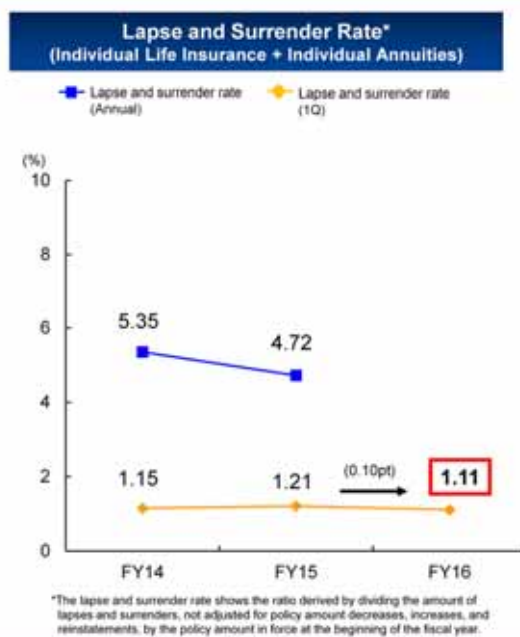
(Left-hand graph)

Policy amount in force for the total of individual life insurance and individual annuities increased 4.9% year on year, to ¥43.6 trillion. The number of policies in force increased 5.1% year on year, to 7.13 million policies.

(Right-hand graph)

Annualized premiums from insurance in force increased 5.8% year on year, to ¥790.8 billion. Of which, the figure for third-sector products was up 4.2% year on year, to ¥182.2 billion.

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



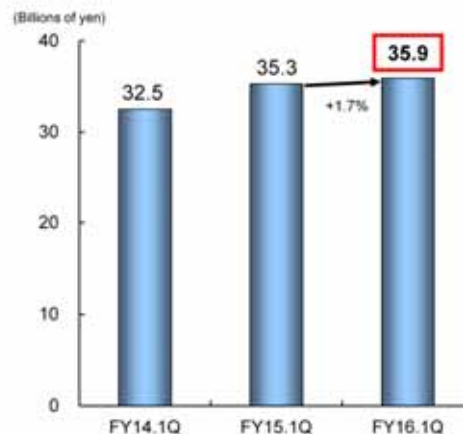
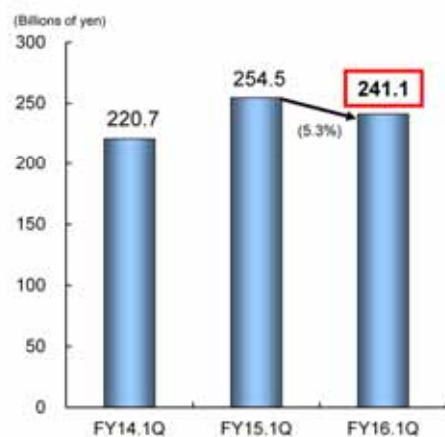
The lapse and surrender rate decreased 0.10 percentage points year on year, to 1.11%.

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



### Income from Insurance Premiums

### Interest Income and Dividends



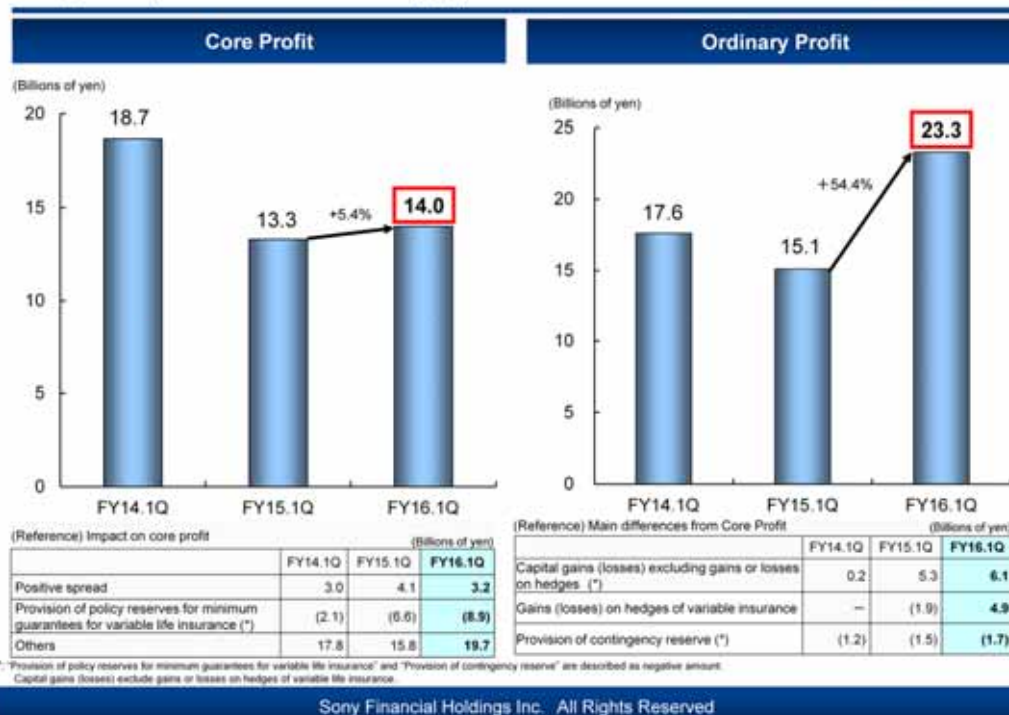
#### (Left-hand graph)

Income from insurance premiums decreased 5.3% year on year, to ¥241.1 billion led by a decline in sales of single premium products such as variable annuities, variable life insurance and Single Premium Payment Whole Life Insurance (Non-notification type).

#### (Right-hand graph)

Investment assets increased due to business expansion. However, the impact on earnings growth of the allotment of gains on the IPO of private equity fund in FY15.1Q was absent, which holds the rise in interest income and dividends to 1.7% year on year, to ¥35.9 billion.

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



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### (Left-hand graph)

Core profit rose 5.4% year on year, to ¥14.0 billion due to a decrease in insurance claim payments, despite a fall in the positive spread and an increase in the provision of policy reserves for minimum guarantees for variable life insurance due to a worsening market.

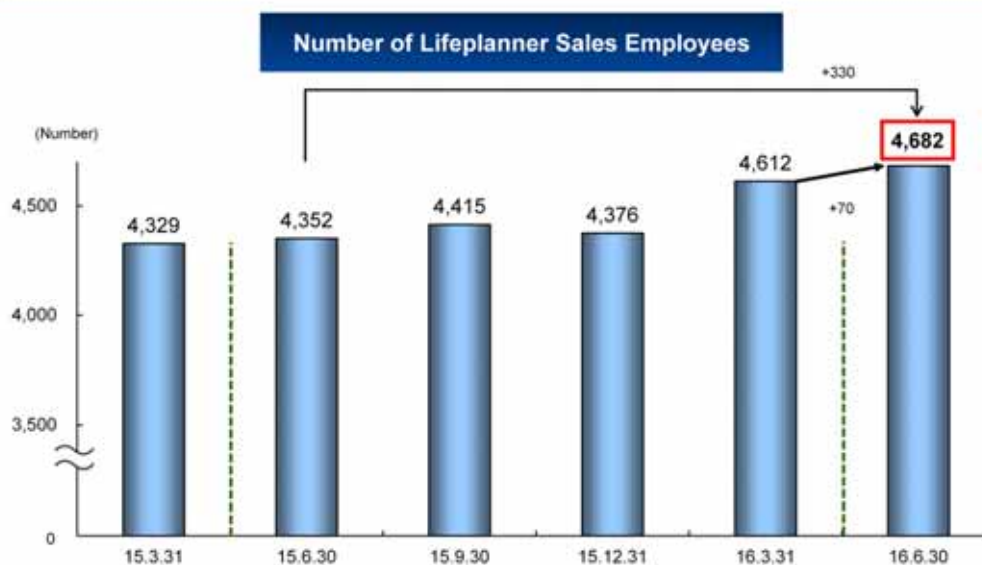
### (Right-hand graph)

Ordinary profit increased 54.4% year on year, to ¥23.3 billion.

Changes in the provision of policy reserves for minimum guarantees for variable life insurance accompanying market fluctuations were offset by gains or losses on hedges, which are included in capital gains and losses.

The total of gains or losses on hedges and gains or losses related to policy reserves for minimum guarantees for variable life insurance amounted to a ¥4.6 billion year-on-year improvement, as the provision of policy reserves decreased due to the acquisition of new policies. This factor, plus a decline in insurance claim payments, promoted an increase in ordinary profit.

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



The number of Lifeplanner sales employees as of June 30, 2016, was 4,682, up 70 from March 31, 2016 and up 330 from June 30, 2015.

The number of Lifeplanner sales employees steadily increased, reflecting Sony Life's initiatives to promote skilled personnel to office managers responsible for recruiting new Lifeplanner sales employees.



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



### Breakdown of General Account Assets

(Billions of yen)	16.3.31		16.6.30	
	Amount	%	Amount	%
Japanese government and corporate bonds	6,351.1	88.4%	6,453.8	88.4%
Japanese stocks	33.3	0.5%	33.3	0.5%
Foreign bonds	70.1	1.0%	59.6	0.8%
Foreign stocks	23.0	0.3%	20.7	0.3%
Monetary trusts	280.9	3.9%	283.1	3.9%
Policy loans	171.6	2.4%	172.9	2.4%
Real estate*	115.8	1.6%	115.4	1.6%
Cash and call loans	52.5	0.7%	44.6	0.6%
Others	86.4	1.2%	114.7	1.6%
<b>Total</b>	<b>7,185.0</b>	<b>100.0%</b>	<b>7,298.6</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, 2015: 20.3 years

Mar. 31, 2016: 21.8 years

Jun. 30, 2016: 22.4 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 Jun. 30, 2016: 92.3%**  
(As of Mar. 31, 2016: 92.3%)

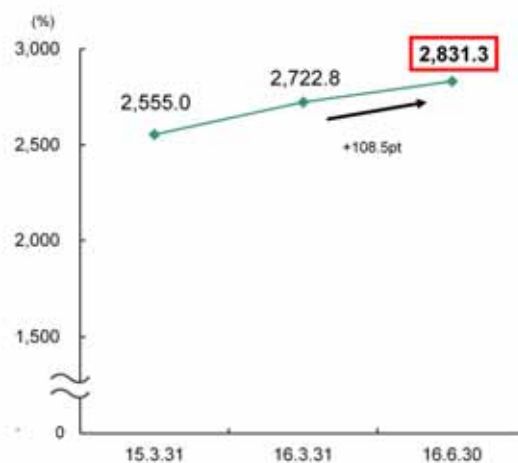
Here is a breakdown of Sony Life's general account assets as of June 30, 2016, compared with that as of March 31, 2016.

Sony Life had begun investing in ultralong-term Financial Investment and Loan Program (FILP) agency bonds and corporate bonds under the negative interest rate environment.

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



### Non-consolidated Solvency Margin Ratio

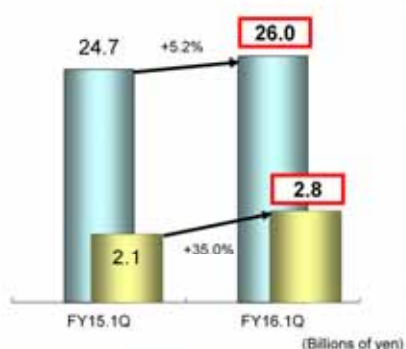


As of June 30, 2016, Sony Life's non-consolidated solvency margin ratio was 2,831.3%, up 108.5 percentage points from March 31, 2016, remaining at a high level.

## Highlights of Operating Performance: Sony Assurance



□ Ordinary revenues □ Ordinary profit



◆ Ordinary revenues and ordinary profit increased year on year, owing to an increase in net premium written primarily for mainstay automobile insurance and an increase in gains on sale of securities.

(Billions of yen)	FY15.1Q	FY16.1Q	Change	
Ordinary revenues	24.7	26.0	+1.2	+5.2%
Underwriting income	24.4	25.0	+0.6	+2.6%
Investment income	0.3	0.9	+0.6	+205.4%
Ordinary expenses	22.6	23.1	+0.5	+2.4%
Underwriting expenses	16.5	17.0	+0.4	+2.6%
Investment expenses	0.0	—	(0.0)	(100.0%)
Operating general and administrative expenses	6.0	6.1	+0.1	+1.9%
Ordinary profit	2.1	2.8	+0.7	+35.0%
Net income	1.4	2.0	+0.5	+37.8%

(Billions of yen)	16.3.31	16.6.30	Change from 16.3.31	
Underwriting reserves	95.7	98.6	+2.9	+3.1%
Net assets	28.3	28.3	+0.0	+0.3%
Total assets	172.3	173.9	+1.6	+1.0%

Sony Assurance's ordinary revenues increased 5.2% year on year, to ¥26.0 billion, owing to an increase in net premiums written primarily for mainstay automobile insurance and an increase in gains on sale of securities. Ordinary profit increased 35.0% year on year, to ¥2.8 billion. Net income increased 37.8% year on year, to ¥2.0 billion.

## Overview of Operating Performance: Sony Assurance



(Billions of yen)	FY15.1Q	FY16.1Q	Change
Direct premiums written	24.0	24.7	+2.9%
Net premiums written	24.3	25.0	+2.8%
Net losses paid	11.2	11.7	+4.1%
Underwriting profit	1.8	1.8	+4.5%
Net loss ratio	53.4%	54.1%	+0.7pt
Net expense ratio	26.3%	26.2%	(0.1pt)
Combined ratio	79.6%	80.3%	+0.7pt

### <Reasons for changes>

◆ Increased mainly in its mainstay automobile insurance.

◆ Remained flat due to a proper control on overall operating expenses.

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

	FY15.1Q	FY16.1Q	Change
E.I. loss ratio	58.4%	59.0%	+0.6pt
E.I. loss ratio + Net expense ratio	84.7%	85.2%	+0.5pt

◆ Rose slightly compared with FY15.1Q results which recorded a reversal of reserve for outstanding losses.  
Car accident ratio remained at low levels.

Notes:  
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.]

	16.3.31	16.6.30	Change from 16.3.31
Number of policies in force	1.79 million	1.81million	+0.01 million +0.6%
Non-consolidated solvency margin ratio	693.5%	732.9%	+39.4pt

Note: The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 90% of net premiums written.

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



### Direct Premiums Written

(Millions of yen)	FY15.1Q	FY16.1Q	Change
Fire	89	62	(30.4%)
Marine	—	—	—
Personal accident	2,156	2,190	+1.6%
Voluntary automobile	21,840	22,533	+3.2%
Compulsory automobile liability	—	—	—
<b>Total</b>	<b>24,086</b>	<b>24,785</b>	<b>+2.9%</b>

### Net Premiums Written

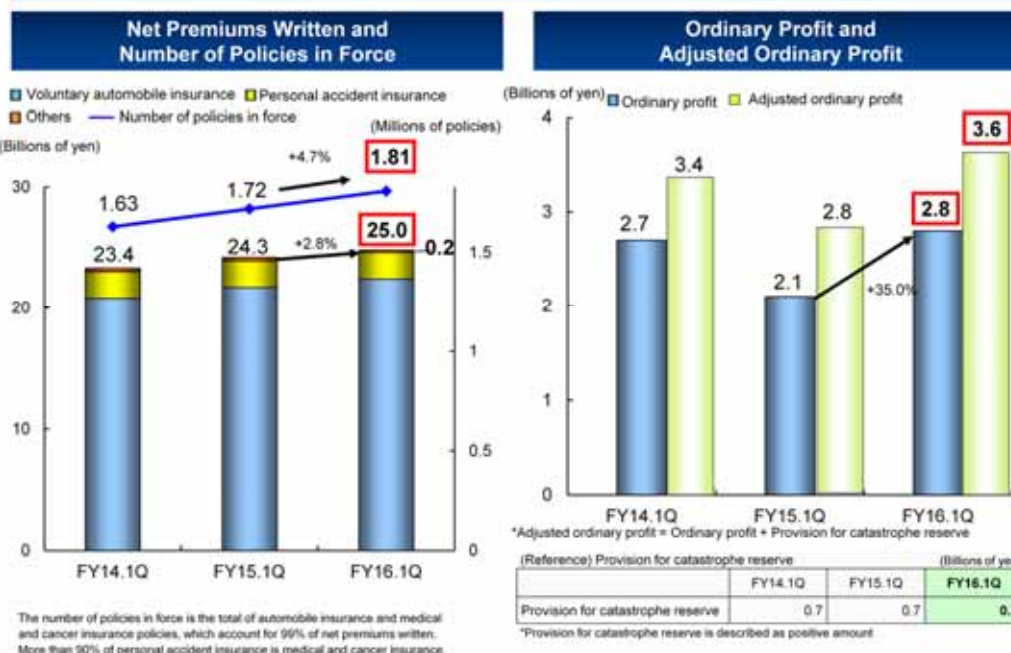
(Millions of yen)	FY15.1Q	FY16.1Q	Change
Fire	13	6	(47.0%)
Marine	11	(1)	(116.4%)
Personal accident	2,245	2,281	+1.6%
Voluntary automobile	21,793	22,468	+3.1%
Compulsory automobile liability	311	293	(5.9%)
<b>Total</b>	<b>24,375</b>	<b>25,048</b>	<b>+2.8%</b>

### Net losses paid

(Millions of yen)	FY15.1Q	FY16.1Q	Change
Fire	0	0	+398.2%
Marine	12	(12)	(203.8%)
Personal accident	593	609	+2.7%
Voluntary automobile	10,359	10,813	+4.4%
Compulsory automobile liability	303	324	+6.8%
<b>Total</b>	<b>11,268</b>	<b>11,734</b>	<b>+4.1%</b>

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

## Operating Performance: Sony Assurance (1)



### (Left-hand graph)

The number of policies in force for the total of automobile insurance and medical and cancer insurance increased 4.7% year on year, to 1.81 million policies.

Net premiums written increased 2.8% year on year, to ¥25.0 billion, due to a stable sale of automobile insurance.

### (Right-hand graph)

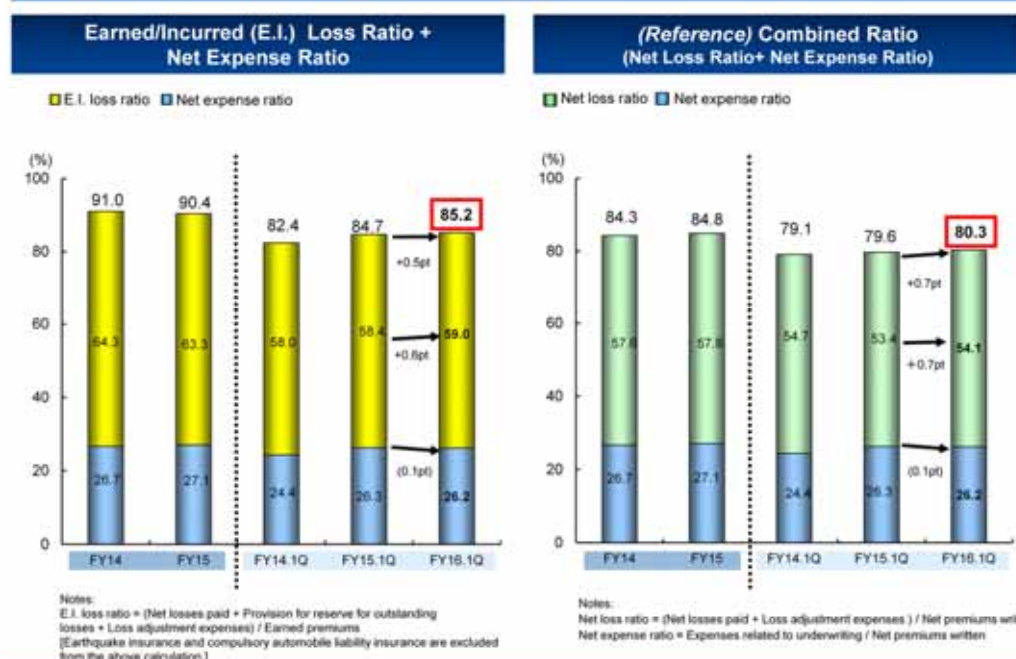
Ordinary profit increased year on year as described before.

Adjusted ordinary profit is an profit indicator on a managerial accounting basis. The figure is calculated by adjusting the amount of provision(reversal) for catastrophe reserve to ordinary profit.

Adjusted ordinary profit was ¥3.6 billion.



## Operating Performance: Sony Assurance (2)



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### (Left-hand graph)

The Earned/Incurred (E.I.) loss ratio was up 0.6 percentage points year on year, to 59.0%. This is because Sony Assurance recorded the reversal of reserve for outstanding losses in FY15.1Q.

The car accident ratio remained at low levels in FY16.1Q.

The net expense ratio declined 0.1 percentage points year on year, to 26.2%, due to a proper control on overall operating expenses.

Consequently, the sum of the E.I. loss ratio and the net expense ratio was up 0.5 percentage points year on year, to 85.2%.

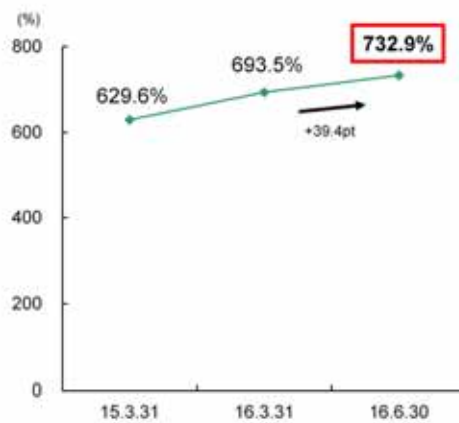
### (Right-hand graph)

The net loss ratio was up 0.7 percentage points year on year, to 54.1%.

This is different from the E.I. loss ratio, which reflects an increase or a decrease in provision for reserve for outstanding losses.

The combined ratio (the sum of the net loss ratio and the net expense ratio) was up 0.7 percentage points year on year, to 80.3%.

Non-consolidated Solvency Margin Ratio

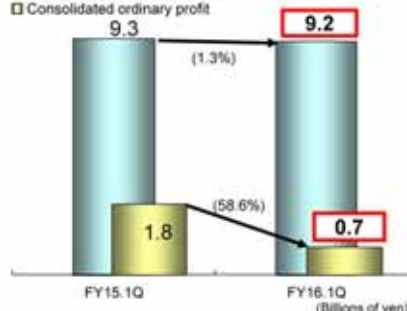


As of June 30, 2016, Sony Assurance's non-consolidated solvency margin ratio was 732.9%, up 39.4 percentage points from March 31, 2016, showing that Sony Assurance has maintained a financial soundness.

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



- Consolidated ordinary revenues
- Consolidated ordinary profit



### <Consolidated>

- ◆ Ordinary revenues were essentially flat year on year. Interest income on loans increased in line with a favorably growing balance of mortgage loans, whereas interest income and dividends on securities decreased. Ordinary profit decreased significantly year on year, due to an increase in operating expenses, mainly in advertising expenses for card loan business.

### <Non-consolidated>

- ◆ Both gross operating profit and net operating profit decreased year on year.
- Net interest income increased due to an increase in interest income on loans, although interest income and dividends on securities decreased.
- Net fees and commissions decreased due mainly to higher fees on guarantee commission.
- Net other operating income decreased due to lower gains on foreign exchange transactions.

### <Consolidated>

(Billions of yen)	FY15.1Q	FY16.1Q	Change	
Consolidated ordinary revenues	9.3	9.2	(0.1)	(1.3%)
Consolidated ordinary profit	1.8	0.7	(1.0)	(58.6%)
Profit attributable to owners of the parent	1.2	0.5	(0.7)	(59.5%)

### <Non-consolidated>

(Billions of yen)	FY15.1Q	FY16.1Q	Change	
Ordinary revenues	8.6	8.4	(0.2)	(2.7%)
Gross operating profit	5.3	5.0	(0.3)	(6.5%)
Net interest income	3.9	4.1	+0.1	+4.1%
Net fees and commissions	0.0	(0.1)	(0.1)	—
Net other operating income	1.3	1.0	(0.3)	(23.2%)
General and administrative expenses	3.5	4.2	+0.7	+20.6%
Net operating profit	1.8	0.7	(1.0)	(58.7%)
Ordinary profit	1.8	0.7	(1.1)	(61.5%)
Net income	1.2	0.4	(0.7)	(60.7%)

(Billions of yen)	16.3.31	16.6.30	Change from 16.3.31	
Net assets	77.4	75.6	(1.7)	(2.3%)
Net unrealized gains on other securities, net of taxes	3.3	3.1	(0.2)	(6.7%)
Total assets	2,126.5	2,107.1	(19.4)	(0.9%)

Sony Bank's consolidated ordinary revenues decreased 1.3% year on year, to ¥9.2 billion. This is because interest income on loans increased in line with a favorably growing balance of mortgage loans, whereas interest income and dividends on securities decreased.

Consolidated ordinary profit decreased 58.6% year on year, to ¥0.7 billion. This is due to an increase in up-front expenses incurred by investment on measures to expand the customer base mainly on advertising expenses related to card loans.

Moreover, the balance of card loans steadily expanded.

On a non-consolidated basis, Sony Bank's ordinary revenues and ordinary profit decreased year on year as the same reasons as in the consolidated results.

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



(Billions of yen)	15.6.30	16.3.31	16.6.30	Change from 16.3.31	
<b>Customer assets</b>	2,001.1	2,034.4	2,013.6	(20.8)	(1.0%)
Deposits	1,872.2	1,923.5	1,908.1	(15.3)	(0.8%)
Yen	1,558.9	1,587.9	1,580.6	(7.3)	(0.5%)
Foreign currency	313.3	335.5	327.4	(8.0)	(2.4%)
Investment trusts	128.9	110.9	105.4	(5.4)	(4.9%)
<b>Loans outstanding</b>	1,226.0	1,344.1	1,395.6	+51.4	+3.8%
Mortgage loans	1,111.2	1,237.1	1,289.3	+52.2	+4.2%
Card loans	5.0	10.5	13.2	+2.6	+25.5%
Others	109.7	96.5	93.0 <sup>*1</sup>	(3.4)	(3.6%)
<b>Capital adequacy ratio (domestic criteria)</b> <sup>*2</sup>	10.56%	9.90%	9.90%	±0.00pt	

### <Reasons for changes>

◆ Yen deposit balance slightly decreased due to a decrease in yen time deposit balance partially offset by an increase in yen ordinary deposit balance.

◆ Yen-denominated balance of foreign currency deposit decreased due to yen appreciation despite higher foreign currency purchases.

◆ Loan balance expanded reflecting higher demand of refinancing mortgage loans.

◆ The balance of new card loans launched in July 2015, steadily expanded.

<sup>\*1</sup> Loans in others include corporate loans of ¥93.0 billion

<sup>\*2</sup> Please refer to the page 27 for the graph of the non-consolidated capital adequacy ratio (domestic criteria)

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



### <Reference> On Managerial Accounting Basis

(Billions of yen)	FY15.1Q	FY16.1Q	Change	
Gross operating profit	5.3	5.0	(0.3)	(6.5%)
Net interest income <sup>*1</sup> ①	4.5	4.7	+0.2	+5.2%
Net fees and commissions <sup>*2</sup> ②	0.2	(0.0)	(0.3)	—
Net other operating income <sup>*3</sup> ③	0.5	0.2	(0.2)	(46.4%)
Gross operating profit (core profit)(A) = ① + ②	4.8	4.7	(0.0)	(1.9%)
Operating expenses and other expenses ④	3.5	4.2	+0.7	+20.2%
Net operating profit (core profit) = (A) - ④	1.2	0.4	(0.8)	(64.4%)

#### ■ 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.

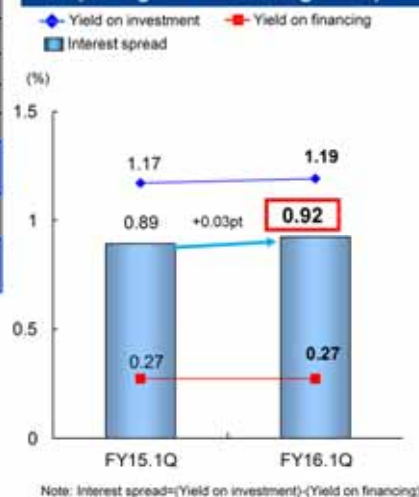
\*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

\*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)



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

Net interest income increased 5.2% year on year, to ¥4.7 billion, led by the growing balance of mortgage loans.

Net fees and commissions decreased ¥0.3 billion year on year. This is due to lower gains on foreign exchange transactions compared with active transactions in FY15.1Q, in addition to an increase in fees on guarantee commission.

Consequently, gross operating profit on a core profit basis decreased 1.9% year on year, to ¥4.7 billion. Net operating profit on a core profit basis also decreased 64.4% year on year, to ¥0.4 billion, owing to an increase in up-front investment expenses to enact measures aimed at expanding the customer base.

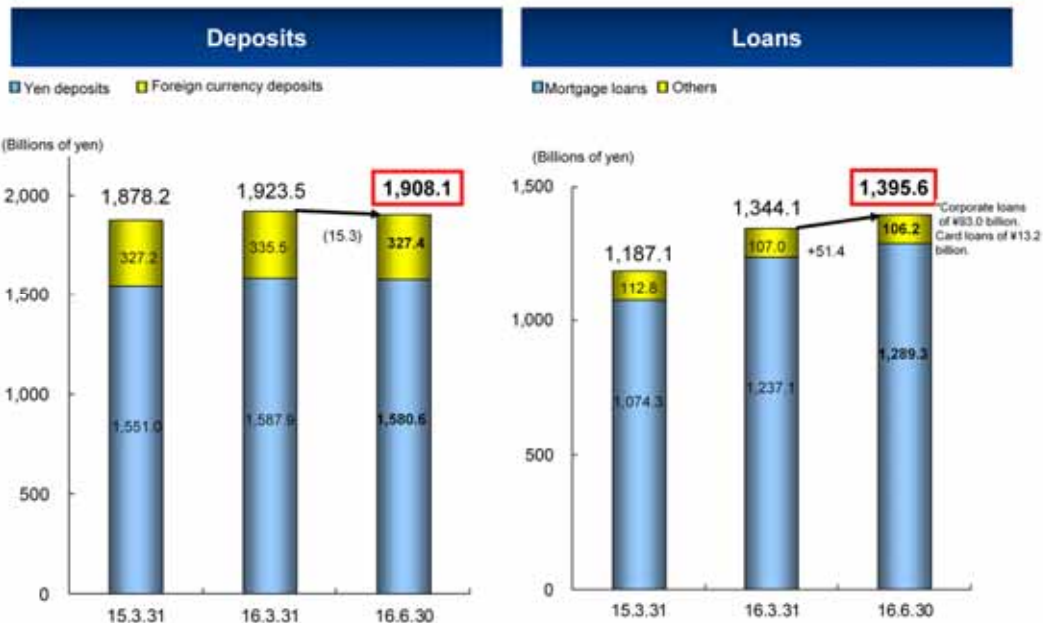
( Right-hand graph)

The yield on investment for FY16.1Q was 1.19%, reflecting higher yield on investment into foreign currency-based assets.

The yield on financing for FY16.1Q was 0.27%.

Consequently, interest spread for FY16.1Q was 0.92%.

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



### (Left-hand graph)

As of June 30, 2016, deposits (the sum of Japanese yen and foreign currency deposits) amounted to ¥1,908.1 billion, down ¥15.3 billion from March 31, 2016. Of which, yen deposit balance amounted to ¥1,580.6 billion, down ¥7.3 billion from March 31, 2016, due to a decrease in yen time deposit balance, partially offset by an increase in yen ordinary deposit balance.

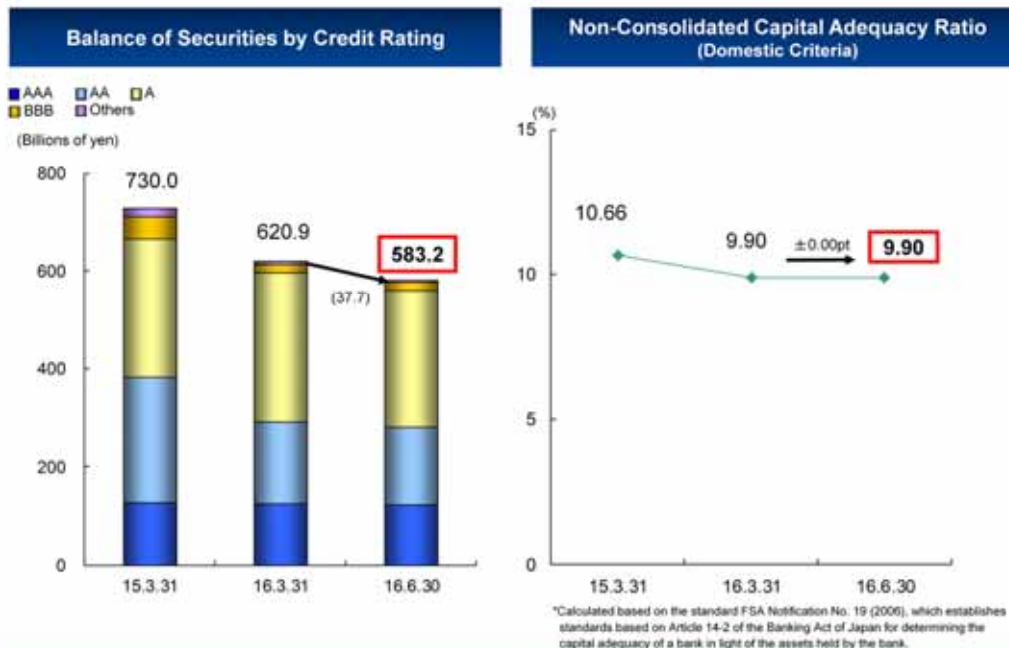
The yen-denominated balance of foreign currency deposits amounted to ¥327.4 billion, down ¥8.0 billion from March 31, 2016, due to yen appreciation despite higher foreign currency purchases.

### (Right-hand graph)

Loan balance as of June 30, 2016 expanded to ¥1,395.6 billion, up ¥51.4 billion from March 31, 2016, reflecting higher demand of refinancing mortgage loans.



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



(Left-hand graph)

As of June 30, 2016, the balance of securities amounted to ¥583.2 billion, down ¥37.7 billion from March 31, 2016. Sony Bank continuously invests in highly rated bonds.

(Right-hand graph)

As of June 30, 2016, Sony Bank's non-consolidated capital adequacy ratio (domestic criteria) was almost flat year on year, at 9.90%, maintaining financial soundness.

## **Forecast of Consolidated Financial Results for the Year Ending March 31, 2017 (FY16)**

## Forecast of Consolidated Financial Results for FY16



Forecast of consolidated financial results for FY16 is unchanged from the forecast announced on April 28, 2016

(Billions of yen)	FY15 (Actual)	FY16 (Forecast)	Change	FY16 1Q (3M Actual)	Progress rate
<b>Consolidated ordinary revenues</b>	1,362.0	<b>1,450.0</b>	+6.5%	326.6	22.5%
Life insurance business	1,230.2	<b>1,309.8</b>	+6.5%	292.0	22.3%
Non-life insurance business	96.9	<b>101.6</b>	+4.8%	26.0	25.6%
Banking business	37.9	<b>37.9</b>	(0.1%)	9.2	24.4%
<b>Consolidated ordinary profit</b>	71.1	<b>71.0</b>	(0.1%)	25.5	35.9%
Life insurance business	60.2	<b>62.5</b>	+3.8%	22.0	35.2%
Non-life insurance business	4.6	<b>4.4</b>	(6.0%)	2.8	65.1%
Banking business	5.9	<b>4.5</b>	(24.9%)	0.7	17.2%
<b>Profit attributable to owners of the parent</b>	43.3	<b>46.0</b>	+6.1%	17.6	38.4%

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

#### ■ Life insurance business

In FY16.1Q, ordinary revenues were below our initial expectations because of a decline in insurance premium revenues, but ordinary profit exceeded our initial expectations. This situation was due to valuation gains on hedges on securities, lower insurance claim payments and a decrease in the provision of policy reserves for minimum guarantees for variable life insurance owing to the acquisition of new policies.

We maintain our forecast for the full year, taking into consideration such factors as the market environment from the second quarter onward and trends in insurance claim payments.

#### ■ Non-life insurance business

Ordinary revenues were essentially in line with our expectations in FY16.1Q. Ordinary profit outpaced our initial expectations, due to factors including higher gains on sale of securities. We maintain our forecast for the full year.

#### ■ Banking business

The introduction of negative interest rates affected earnings in FY16.1Q. Also, we incurred up-front investment expenses to enact measures aimed at expanding the customer base over the medium term. Taking into account our progress on this front, performance was essentially in line with expectations, and we maintain our forecast for the full year.

Forecast of consolidated financial results for FY16 is unchanged from the forecast announced on April 28, 2016.

## **Sony Life's MCEV and ESR as of June 30, 2016**

Please keep in mind that the validity of these calculations of MCEV as of March 31, 2016 (after restated) and as of June 30, 2016 has not been verified by outside specialists. A part of the calculations of MCEV as of June 30, 2016 adopted simplified method.

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

## Sony Life Adopts UFR for MCEV and ESR



Taking the points described below into consideration, from FY16, Sony Life has changed to the method of using ultimate forward rates (UFR) as its extrapolation method for ultralong-term interest rates to obtain the risk-free rate used in calculating MCEV and ESR.

- ◆ When evaluating ESR, which indicates capital sufficiency, we consider it appropriate to reflect the status of deliberations on international capital regulations. However, as no evaluation method is established at present, taking market consistency into account we have set the start of extrapolation beyond the 40th year.
- ◆ We judge it desirable at present to maintain consistency with MCEV and ESR, an important indicator for the company. We have taken into consideration the compliance with MCEV Principles (ensuring consistency in asset and liability valuations by using reliable market data to determine interest rates up to the 40th year) and such factors as the disclosure status of European and Japanese life insurers.

Note: For interest rates up to the 40th year, we use rates on Japanese government bonds, which can be obtained in the market. For interest rates beyond the 40th year, we employ the Smith-Wilson method (in the past we conducted extrapolation using a fixed 40th-year forward rate) for extrapolation so that the 60-year forward rate will converge on the UFR (3.5%). As a result, whereas the 40-year interest rate as of March 31, 2016, is 0.63%, based on market data, and 60- and 80-year rates are 1.23% and 1.47%, for which market data is not available. Please refer to the appendix page 51 for details.

In line with this change, we disclose revalued key indicators as of March 31, 2016.

From FY16, Sony Life has changed to the method of using ultimate forward rates (UFR) as its extrapolation method for ultralong-term interest rates to obtain the risk-free rate used in calculating MCEV and ESR.

The reasons for this change are as follows.

When evaluating ESR, which indicates capital sufficiency, we consider it appropriate to reflect the status of deliberations on international capital regulations. However, as no evaluation method is established at present, taking market consistency into account we have set the start of extrapolation beyond the 40th year.

Also, we judge it desirable at present to maintain consistency with MCEV and ESR, an important indicator for the company. We have taken into consideration the compliance with MCEV Principles and such factors as the disclosure status of European and Japanese life insurers.

For interest rates up to the 40th year, we use rates on Japanese government bonds, which can be obtained in the market. For interest rates beyond the 40th year, we use extrapolation in which the 60-year forward rate converges on the UFR (3.5%).

As a result, whereas the 40-year interest rate as of March 31, 2016, is 0.63%, based on market data, the 60- and 80-year rates are 1.23% and 1.47%, for which market data is not available. Please refer to the appendix page for details.

In line with this change, we disclose revalued key indicators as of March 31, 2016.

## Sony Life's MCEV as March 31, 2016 (after restated)



(Billions of yen)	16.3.31 (before restated)	16.3.31 (after restated)
<b>MCEV</b>	1,063.7	<b>1,330.1</b>
Adjusted net worth	2,074.4	<b>2,074.4</b>
Value of existing business	(1,010.7)	<b>(744.4)</b>

(Billions of yen)	FY15.4Q (3M) (before restated)	FY15.4Q (3M) (after restated)
<b>New business value</b>	(1.7)	<b>3.9</b>
<b>New business margin</b>	(0.5%)	<b>1.2%</b>

\*Please refer to the appendix page 47 for details of adjusted net worth and value of existing business.

Sony Life's MCEV as of March 31, 2016 (after restated) was ¥1,330.1 billion. Please refer to the appendix page for details of adjusted net worth and value of existing business.

For FY15.4Q (3M), the new business value was ¥3.9 billion, and the new business margin was 1.2%.



## Sony Life's ESR as of March 31, 2016 (after restated)



	(after tax)	
(Billions of yen)	16.3.31 (before restated)	16.3.31 (after restated)
Insurance risk*	1,097.6	989.3
Market-related risk	256.3	324.2
Of which, interest rate risk**	183.6	255.2
Operational risk	31.4	31.4
Counter party risk	2.0	2.0
Variance effect	(368.1)	(374.4)
<b>The risk amount based on economic value</b>	<b>1,019.2</b>	<b>972.4</b>

(\*) Risk amount excluding the variance effect within Life module and Health module.

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

(Billions of yen)	16.3.31 (before restated)	16.3.31 (after restated)
<b>MCEV + Frictional costs***</b>	<b>1,063.7</b>	<b>1,366.5</b>
<b>ESR</b>	<b>104%</b>	<b>141%</b>

(\*\*\* ) The amount as of March 31, 2016 (before restated) is only for MCEV.

The risk amount based on economic value as of March 31, 2016 (after restated) amounted to ¥972.4 billion.

In addition to this change, Sony Life has changed ESR numerator to the total amount of MCEV and frictional costs.

Consequently, Sony Life's ESR as of March 31, 2016 (after restated) is 141%.

## Sony Life's Interest Rate Sensitivities as of March 31, 2016 (after restated)



### <Sensitivities of MCEV>

(Billions of yen)

Assumption	Change in assumption	MCEV	Change in amount	Rate of change
Base	No Change	1,330.1	—	—
Interest rates	50bp decrease	1,170.4	(159.7)	(12%)
	50bp increase	1,398.7	68.6	5%

### <Sensitivities of new business value>

(Billions of yen)

Assumption	Change in assumption	New business value	Change in amount	Rate of change
Base	No Change	3.9	—	—
Interest rates	50bp decrease	(7.7)	(11.5)	(298%)
	50bp increase	12.4	8.5	221%

#### Notes:

1. For interest rate sensitivity, we have shifted the yield curve by 50bp up to the year in which extrapolation commenced and extrapolated using the same UFR.
2. Regarding sensitivity to MCEV, the adoption of UFR does not affect on the changes in adjusted net worth.
3. The definition of new business for interest rate sensitivity is that for FY15 4Q (3M).  
Please be aware that the definition of new business differs from MCEV full report disclosed on May 23, 2016.

Sony Life's interest rate sensitivities as of March 31, 2016 (after restated) are shown here, as they are largely affected by this change.

Regarding sensitivities to MCEV, changes in 50bp decrease is minus ¥159.7 billion and negative 12%, while changes in 50bp increase is ¥68.6 billion and 5%.

## Sony Life's MCEV as of June 30, 2016



(Billions of yen)	16.3.31	16.6.30	Change
<b>MCEV</b>	1,330.1	1,076.4	(253.7)
Adjusted net worth	2,074.4	2,671.8	597.4
Value of existing business	(744.4)	(1,595.5)	(851.1)

(Billions of yen)	FY15.4Q (3M)	FY16.1Q (3M)
<b>New business value</b>	3.9	(0.2)
<b>New business margin</b>	1.2%	(0.0%)

**Notes:**

1. Calculated MCEV as of June 30, 2016 by using updated economic assumptions and lapse and surrender rate from March 31, 2016.

2. New business value for FY16.1Q is calculated accumulating new business value for each month based on economic assumptions at the end of each month.

New business value for FY15.4Q is calculated accumulating new business value for each quarter based on economic assumptions at the end of each quarter.

◆ **Reasons for changes in MCEV**

• MCEV as of June 30, 2016 decreased ¥253.7 billion from March 31, 2016 due to a significant decline in interest rates in Japanese yen.

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

• From FY16, Sony Life has changed to the calculation method of new business value and new business margin. The method has been changed to one of accumulating new business value from at the end of each quarter to the end of each month.

• For FY16.1Q(3M), the new business value was negative ¥0.2 billion, and the new business margin was negative 0.0%, down 1.2pt from FY15.4Q(3M).

\*Please refer to the appendix page 50 for trend on JGB yield.

Sony Life's MCEV as of June 30, 2016 decreased ¥253.7 billion from March 31, 2016, to ¥1,076.4 billion due to a significant decline in interest rates in Japanese yen. From FY16, Sony Life has changed to the calculation method of new business value and new business margin.

The method has been changed to one of accumulating new business value from at the end of each quarter to the end of each month.

For FY16.1Q (3M), new business value was negative ¥0.2 billion, and the new business margin was negative 0.0%.

This was because of a significant decline in interest rates in Japanese yen, which offset the improvement in profitability stemming from product revisions and changes in the product portfolio for protection-type products.

By responding promptly with measure, Sony Life is working to improve profitability to ensure steady growth in MCEV even under the low interest rate environment.

## Sony Life's ESR as of June 30, 2016

		(after tax)
(Billions of yen)	16.3.31	16.6.30
Insurance risk*	989.3	1,227.6
Market-related risk	324.2	295.0
Of which, interest rate risk**	255.2	218.0
Operational risk	31.4	31.5
Counter party risk	2.0	2.2
Variance effect	(374.4)	(414.5)
<b>The risk amount based on economic value</b>	<b>972.4</b>	<b>1,141.8</b>

(\*) Risk amount excluding the variance effect within Life module and Health module.

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

(Billions of yen)	16.3.31	16.6.30
<b>MCEV + Frictional costs</b>	<b>1,366.5</b>	<b>1,085.5</b>
<b>ESR</b>	<b>141%</b>	<b>95%</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.  $ESR = \text{MCEV} + \text{Frictional costs} / \text{Risk amount based on economic value}$ .

The risk amount based on economic value as of June 30, 2016 amounted to ¥1,141.8 billion, up ¥169.4 billion from March 31, 2016, owing to an increase in insurance risk reflecting a significant decline in interest rates in Japanese yen.

ESR as of June 30, 2016 was 95%, down sharply from March 31, 2016, due to a significant decline in interest rates in Japanese yen.

## Responses to an Environment of Ultralow Interest Rates and Our Perspective on Soundness



### <Responses to an Environment of Ultralow Interest Rates>

- **Product and sales strategies:**
  - We discontinued sales of some saving-type products in May 2016.
  - In October 2016, we plan to revise insurance premium rates on such products as variable life insurance (whole life type), limited payment whole life insurance, living benefit whole life insurance (living standard type) and living benefit insurance (whole life type), and discontinue sales of interest rate-sensitive whole life insurance.
  - We will reinforce our ability to offer U.S. dollar-denominated insurance and term life insurance.
- **Asset management policy:**
  - Based on an ALM perspective, we will continue to invest in assets that match our liability characteristics, while at the same time working to diversify our investment methods.
  - We will expand our investment in ultralong-term FILP bonds and corporate bonds.
  - Although continuing to invest in ultralong-term bonds, we will not invest in products with negative interest rates.

### <Our Perspective on Soundness>

- ESR fell below 100% as of June 30, 2016, but the figure had recovered to around 110%\* as of July 31, 2016. As described above, we are working to revise our products and reinforce our sales capabilities. We believe that current ESR levels will recover due to the accumulation of new business value from the second half of FY16. Accordingly, at present we do not believe an increase in capital is necessary.

\*ESR as of July 31, 2016 is calculated by using updated interest rates as of June 30, 2016, based on ESR as of June 30, 2016.

In May 2016, we discontinued sales of some savings-type products. In October 2016, we also plan to revise insurance premium rates on variable life insurance (whole life type) and other whole life insurance, and discontinue sales of interest rate-sensitive whole life insurance.

In addition, we will continue to reinforce our ability to offer U.S. dollar-denominated insurance and term life insurance, in an effort to steadily improve profitability.

ESR fell below 100% as of June 30, 2016.

However, by revising our products and reinforcing our sales capabilities, we expect to accumulate new business value from the second half of FY16. As a result, we believe that current ESR levels will recover. Accordingly, at present we do not believe an increase in capital is necessary.

## 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 Aug. 10, 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

\*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 20% of the balance of mortgage loans as of Jun. 30, 2016

Sony Life accounts for 17% of the amount of new mortgage loans for FY16.1Q

\*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 FY16.1Q

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





## Recent Topics 2

### <Highlights on and after FY16.1Q>

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
2016-04-07	Sony Bank began offering "Sony Bank WALLET App." for smart-phone users
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
2016-05-18	Sony Life closed a representative office in Taipei
2016-05-19	Sony Life announced to begin new services for corporate policyholders to support their health, management and employee welfare
2016-06-23	SFH changed its President, Representative Director
2016-07-01	Sony Life opened a representative office in Singapore
2016-07-04	SFH and Sony Life relocated their headquarters to Chiyoda-ku, Tokyo

## 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)

	15.3.31			16.3.31			16.6.30		
	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	4,878.7	5,718.2	839.4	5,383.9	7,410.1	2,026.2	5,453.7	8,257.6	2,803.9
Policy reserve matching bonds	-	-	-	251.2	292.5	41.3	265.1	332.0	66.9
Available-for-sale securities	1,007.8	1,175.5	168.8	887.9	1,091.6	203.6	879.6	1,103.8	224.2
Japanese government and corporate bonds	974.6	1,129.1	145.5	854.3	1,040.3	186.0	853.8	1,066.1	212.2
Japanese stocks	13.4	29.4	16.0	13.6	25.6	12.0	13.6	23.9	10.3
Foreign securities	19.4	26.4	6.9	19.8	25.2	5.4	11.9	13.4	1.4
Other securities	0.3	0.6	0.3	0.1	0.3	0.1	0.1	0.3	0.1
Total	5,896.4	6,894.9	1,008.3	6,523.1	8,794.3	2,271.1	6,598.5	9,693.6	3,095.1

Notes:

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

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

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

As of Mar. 31, 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

As of Jun. 30, 2016: Carrying amount: None

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

15.3.31		16.3.31		16.6.30	
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	2.2	0.1	1.9	(0.2)

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

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



(Millions of yen)

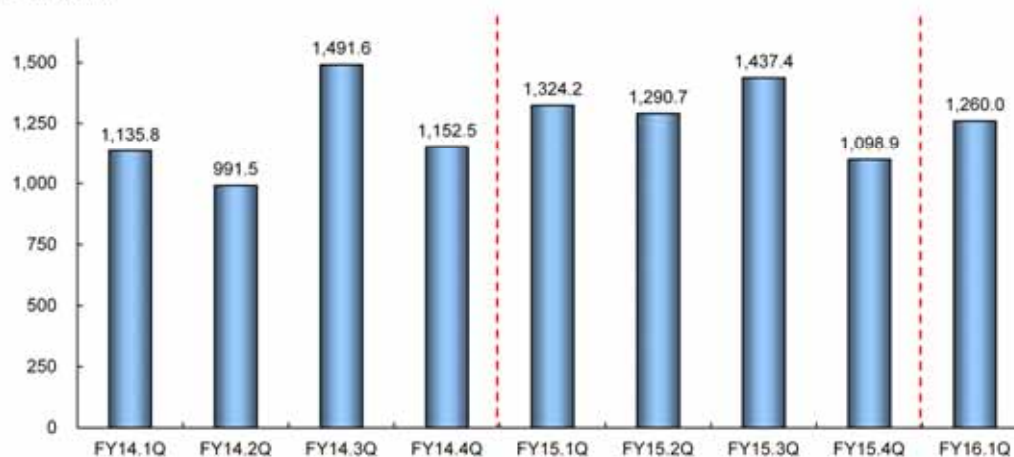
	FY15.1Q	FY16.1Q	Change
Cash and deposits	0	0	(94.1%)
Japanese government and corporate bonds	27,811	29,862	+ 7.4%
Japanese stocks	79	62	(20.4%)
Foreign securities	2,334	1,698	(27.2%)
Other securities	1,036	25	(97.6%)
Loans	1,512	1,572	+ 3.9%
Real estate	2,570	2,703	+ 5.2%
Others	18	23	+ 25.7%
Total	35,363	35,948	+ 1.7%

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



### Quarterly Trend on New Policy Amount

(Billions of yen)



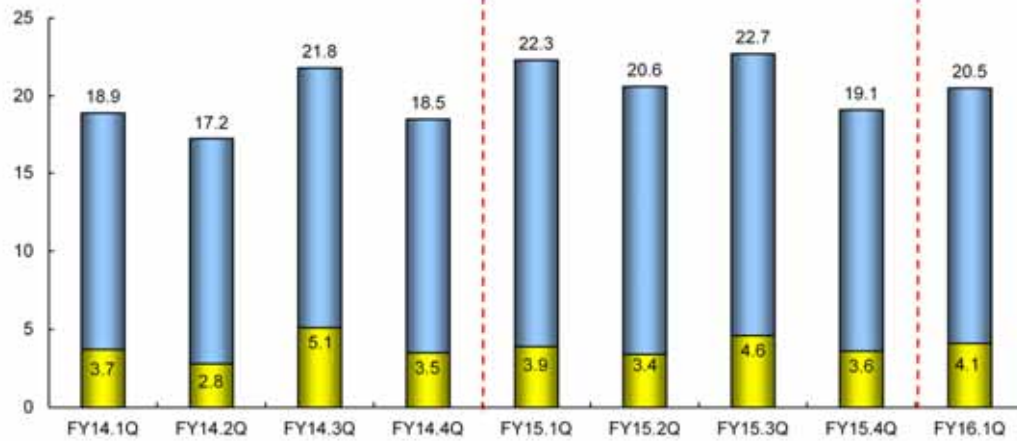
## Sony Life's Quarterly Trend on Annualized Premiums from New Policies



### Quarterly Trend on Annualized Premiums from New Policies

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

(Billions of yen)

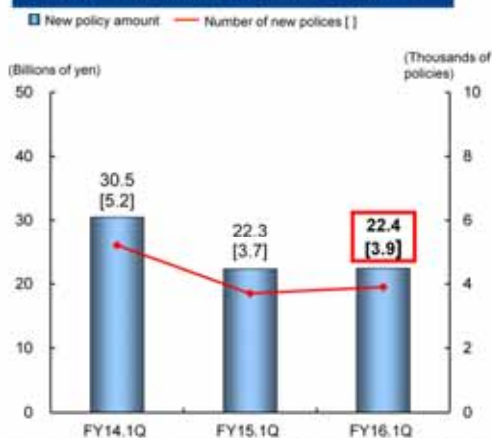


## Operating Performance : AEGON Sony Life Insurance

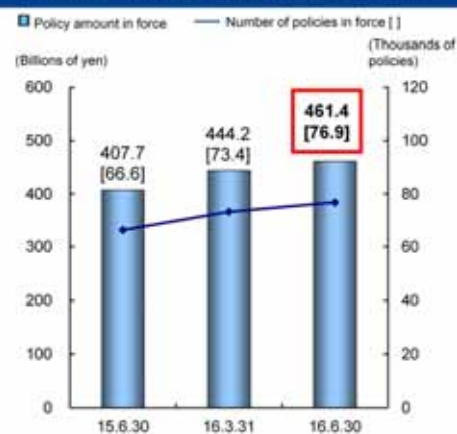


\*AEGON Sony Life Insurance sells individual variable annuities.

### Number and Amount of New Policies



### Number and Amount of Policies in Force



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

(Billions of yen)	FY15.1Q	FY16.1Q	Change
AEGON Sony Life Insurance	(0.2)	(0.9)	(0.6)
SA Reinsurance	(0.2)	(1.8)	(1.6)

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.

## Sony Life's Medium-term Target for MCEV (after restated)



In line with adopting UFR, Sony Life's medium-term target for MCEV has changed as follows.

	FY15		FY18
MCEV (before restated)	¥1.0 trillion	ROEV4-5%	Over ¥1.1 trillion
MCEV (after restated)	¥1.3 trillion	ROEV4-5%	Over ¥1.4 trillion

➤ Medium-term targets toward FY18, Sony Life's ROEV and Consolidated Adjusted ROE are 4~5%, unchanged from the amount on before restated.

Notes:

1. Medium-term targets are calculated based on interest rates as of March 31, 2016.
2. For calculation of Sony Life's ROEV and consolidated adjusted ROE, please refer to the page 51 on presentation material "Sony Financial Group Corporate Strategy Meeting for Fiscal Year 2016" held on June 1, 2016.



**Sony Life's MCEV related amounts as of March 31, 2016  
(after restated)**



(Billions of yen)	16.3.31 (before restated)	16.3.31 (after restated)
<b>Value of existing business</b>	(1,010.7)	(744.4)
Present value of certainty-equivalent profit	(393.1)	(169.9)
Time value of options and guarantees	(127.6)	(137.3)
Frictional costs	(55.6)	(36.4)
Cost of non-hedgeable risks	(434.4)	(400.7)

(Billions of yen)	16.3.31 (before restated)	16.3.31 (after restated)
<b>Adjusted net worth</b>	2,074.4	2,074.4
Free surplus	100.1	394.0
Required capital	1,974.3	1,680.4

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

### ■ Market-related Risk<sup>1</sup>

	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
<b>Interest rate risk</b>  <small>Fluctuations in net asset value based on economic value in response to the shocks in the right columns. The same applies below.</small>	Percentage increases or decreases differ for each currency and term. As for measuring interest rate risk in Japanese yen, introduced principal component analysis, where yield curve changes are disaggregated into three components, parallel shift, twist and butterfly, and the yield curve is shocked by each component.  (Example) For Yen 30-year, 33% decrease (parallel shift), 28% decrease (twist), 8% decrease (butterfly)	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.
<b>Equity risk</b>	Listed equities 45%, Other securities 70%	Global 39%, Others 49% <sup>42</sup>
<b>Real estate risk</b>	Actual real estate 25%	Same as on the left
<b>Credit risk</b>	Credit risk = (market value) x (risk coefficient for each credit rating) x duration  Note that durations have caps and floors, depending on credit ratings. (Example) Rating A: Risk coefficient (1.4%), cap (23), floor (1)	Credit risk = (market value) x (risk coefficient for each credit rating and duration) (Example) Rating A: Duration (Dur): 5-10 years Risk coefficient=7.0% + 0.7% x (Dur - 5)
<b>Currency risk</b>	35% downside fluctuation	25% downside fluctuation

#### Notes

1. Principal items as of Jun. 30, 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>

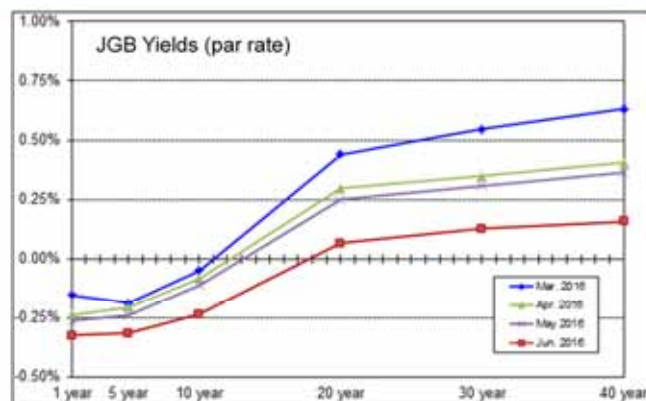
	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; <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 Jun. 30, 2016.

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

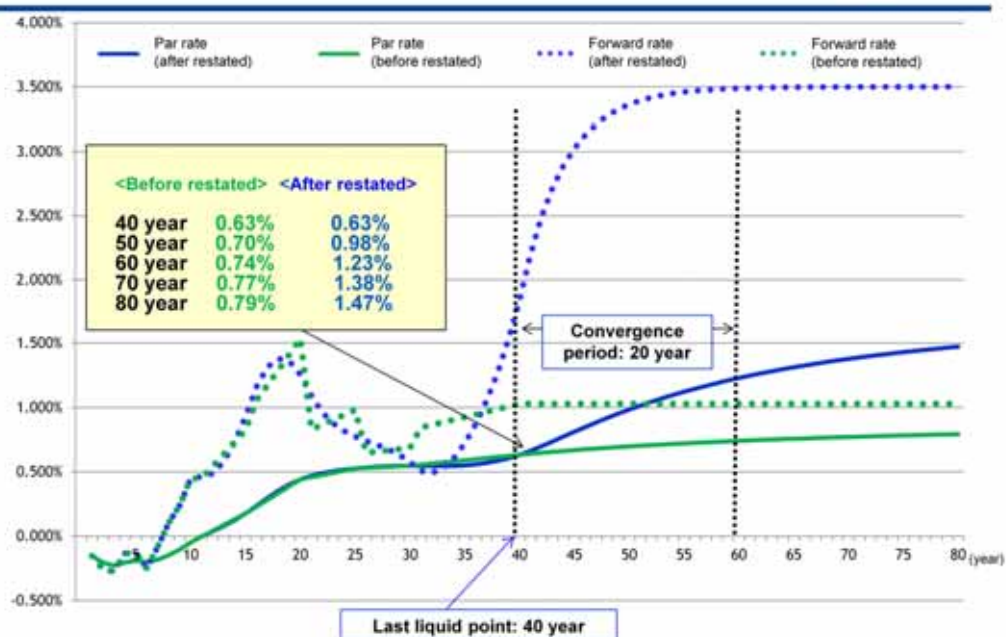
## Trend on JGB Yields



As of the end of each month

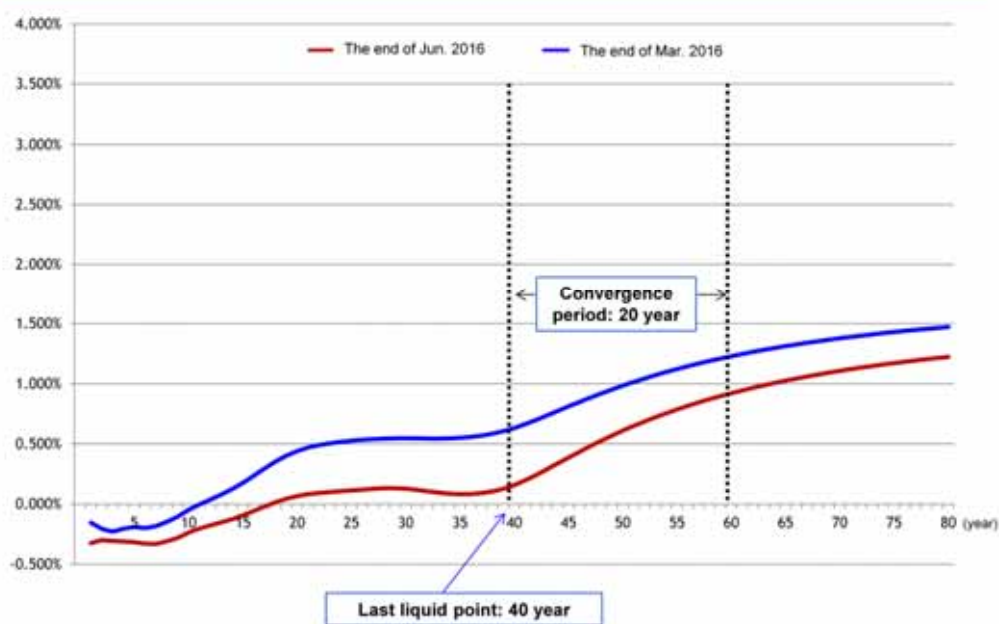
	Mar. 2016	Apr. 2016	May 2016	Jun. 2016	Mar. 2016 → Jun. 2016
1 year	(0.15%)	(0.24%)	(0.27%)	(0.33%)	(0.17%)
5 year	(0.19%)	(0.21%)	(0.24%)	(0.32%)	(0.13%)
10 year	(0.05%)	(0.08%)	(0.11%)	(0.24%)	(0.19%)
20 year	0.44%	0.30%	0.25%	0.07%	(0.37%)
30 year	0.55%	0.35%	0.31%	0.13%	(0.42%)
40 year	0.63%	0.41%	0.36%	0.16%	(0.48%)

## Risk-free Rate as of March 31, 2016 (Japanese yen)



As for interest rates in U.S. dollar beyond the 30th year, we also use extrapolation in which the 60-year forward rate converges on the UFR (3.5%).

## Trend on Risk-free Rate (Japanese yen and par rate)





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