
Presentation Material

Consolidated Financial Results for the Six Months Ended September 30, 2016 and Sony Life's MCEV as of September 30, 2016

**Sony Financial Holdings Inc.
November 14, 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.

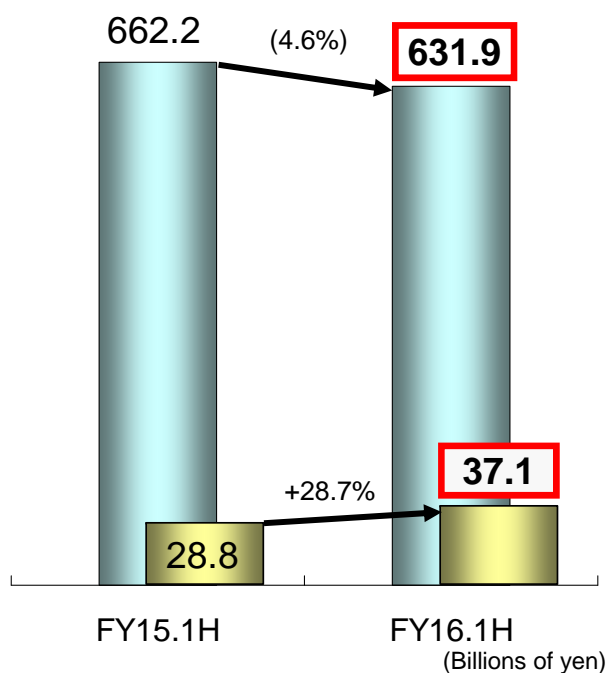
* “Lifeplanner” is a registered trademark of Sony Life.

Consolidated Operating Results for the Six Months Ended September 30, 2016 (FY16.1H)

Highlights of Consolidated Operating Performance for FY16.1H (1)



- Consolidated ordinary revenues
- Consolidated ordinary profit



		(Billions of yen)		FY15.1H	FY16.1H	Change	
Life Insurance business	Ordinary revenues	596.4	564.5	(31.9)	(5.3%)		
	Ordinary profit	22.5	32.2	+9.6	+42.8%		
Non-life Insurance business	Ordinary revenues	48.2	50.2	+2.0	+4.2%		
	Ordinary profit	2.7	3.3	+0.6	+22.6%		
Banking business	Ordinary revenues	19.0	18.6	(0.4)	(2.1%)		
	Ordinary profit	3.4	1.7	(1.6)	(47.5%)		
Intersegment adjustments*	Ordinary revenues	(1.4)	(1.5)	(0.0)	—		
	Ordinary profit	0.1	(0.2)	(0.3)	—		
Consolidated	Ordinary revenues	662.2	631.9	(30.3)	(4.6%)		
	Ordinary profit	28.8	37.1	+8.2	+28.7%		
	Profit attributable to owners of the parent	19.1	25.1	+5.9	+31.2%		

*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 : FY15.1H: ¥16.4 billion, FY16.1H: ¥18.9 billion

		(Billions of yen)		16.3.31	16.9.30	Change from 16.3.31	
Consolidated	Net assets	604.3	598.6	(5.7)	(0.9%)		
	Total assets	10,352.1	10,744.6	+392.5	+3.8%		

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



■ Life Insurance Business: Policy amount in force increased steadily year on year. However, ordinary revenues decreased year on year due to a decrease in insurance premium revenues led by a decline in sales of single premium products. Ordinary profit increased significantly 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, despite lower gains on sale of securities in the general account.

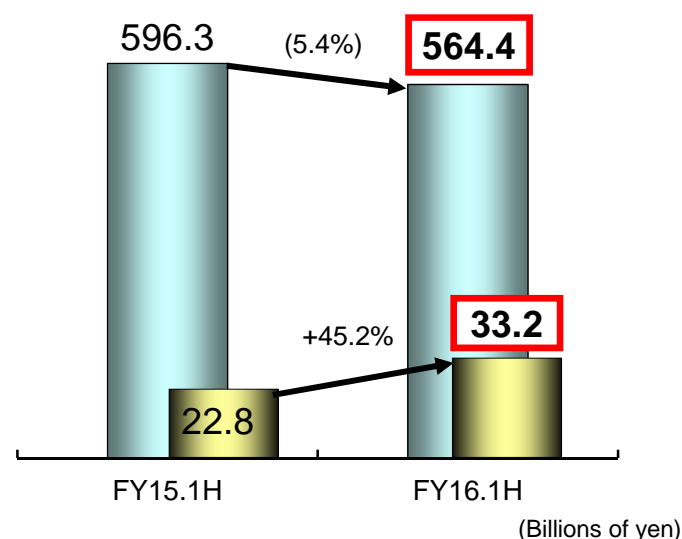
■ Non-life Insurance Business: Ordinary revenues expanded year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance and an increase in gains on sale of securities. Ordinary profit increased year on year, due to the above-mentioned increase in gains on sale of securities.

■ Banking Business: Ordinary revenues decreased year on year due to a decrease in interest and dividend income on securities, partially offset by an increase in interest income on loans in line with a favorably growing balance of mortgage loans. Ordinary profit decreased significantly year on year, due to lower interest rates, an increase in operating expenses, mainly in advertising expenses for card loan business, as well as decreased volumes of foreign currency and investment trust transactions.

■ Consolidated ordinary revenues decreased 4.6% year on year, to ¥631.9 billion. Ordinary revenues from the life insurance and the banking businesses decreased, while ordinary revenues from the non-life insurance business increased. Consolidated ordinary profit increased 28.7% year on year, to ¥37.1 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 31.2% year on year, to ¥25.1 billion due to the increase in consolidated 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 lower gains on sale of securities despite higher gains on interest income and dividends in the general account.
- ◆ Ordinary profit increased significantly 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, despite lower gains on sale of securities in the general account.

(Billions of yen)	FY15.1H	FY16.1H	Change	
Ordinary revenues	596.3	564.4	(31.9)	(5.4%)
Income from insurance premiums	508.7	477.4	(31.1)	(6.2%)
Investment income	84.4	80.4	(3.9)	(4.7%)
Interest income and dividends	69.8	72.2	+2.4	+3.5%
Income from monetary trusts, net	6.1	2.2	(3.9)	(63.7%)
Gains on sale of securities	6.5	1.3	(5.2)	(80.3%)
Gains on derivatives, net	1.6	4.5	+2.9	+173.0%
Ordinary expenses	573.4	531.2	(42.2)	(7.4%)
Insurance claims and other payments	173.1	163.3	(9.7)	(5.6%)
Provision for policy reserves and others	287.2	244.1	(43.1)	(15.0%)
Investment expenses	35.6	40.6	+4.9	+13.8%
Losses on separate accounts, net	31.9	32.1	+0.1	+0.6%
Operating expenses	65.6	70.0	+4.4	+6.8%
Ordinary profit	22.8	33.2	+10.3	+45.2%
Net income	14.8	22.8	+7.9	+53.6%

(Billions of yen)	16.3.31	16.9.30	Change from 16.3.31	
Securities	7,273.3	7,601.0	+327.6	+4.5%
Policy reserves	7,336.5	7,580.6	+244.1	+3.3%
Net assets	482.1	485.5	+3.3	+0.7%
Net unrealized gains on other securities	150.6	144.3	(6.2)	(4.1%)
Total assets	8,035.4	8,365.2	+329.7	+4.1%
Separate account assets	850.3	856.6	+6.3	+0.7%

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



(Billions of yen)	FY15.1H	FY16.1H	Change
New policy amount	2,615.0	2,449.0	(6.3%)
Lapse and surrender amount	951.5	922.5	(3.0%)
Lapse and surrender rate	2.33%	2.14%	(0.19pt)
Policy amount in force	42,143.0	44,114.4	+4.7%
Annualized premiums from new policies	43.0	38.7	(10.0%)
Of which, third-sector products	7.3	8.1	+9.7%
Annualized premiums from insurance in force	759.1	799.6	+5.3%
Of which, third-sector products	176.1	184.0	+4.5%

<Reasons for changes>

◆ Decreased due to lower sales of variable life insurance despite favorable sales of U.S. dollar-denominated insurance, term life insurance and living benefit insurance.

◆ Decreased due to lower sales of variable life insurance and educational endowment insurance despite favorable sales of term life insurance, U.S. dollar-denominated insurance and living benefit insurance.

Notes:

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

(Billions of yen)	FY15.1H	FY16.1H	Change
Gains from investment, net (General account)	80.7	72.0	(10.8%)
Core profit	14.4	30.6	+112.2%
Positive spread	7.3	6.5	(11.0%)

◆ Significantly increased due to a significant decline in provision of policy reserves for minimum guarantees for variable life insurance and an decrease in insurance claim payments, despite a fall in the positive spread.

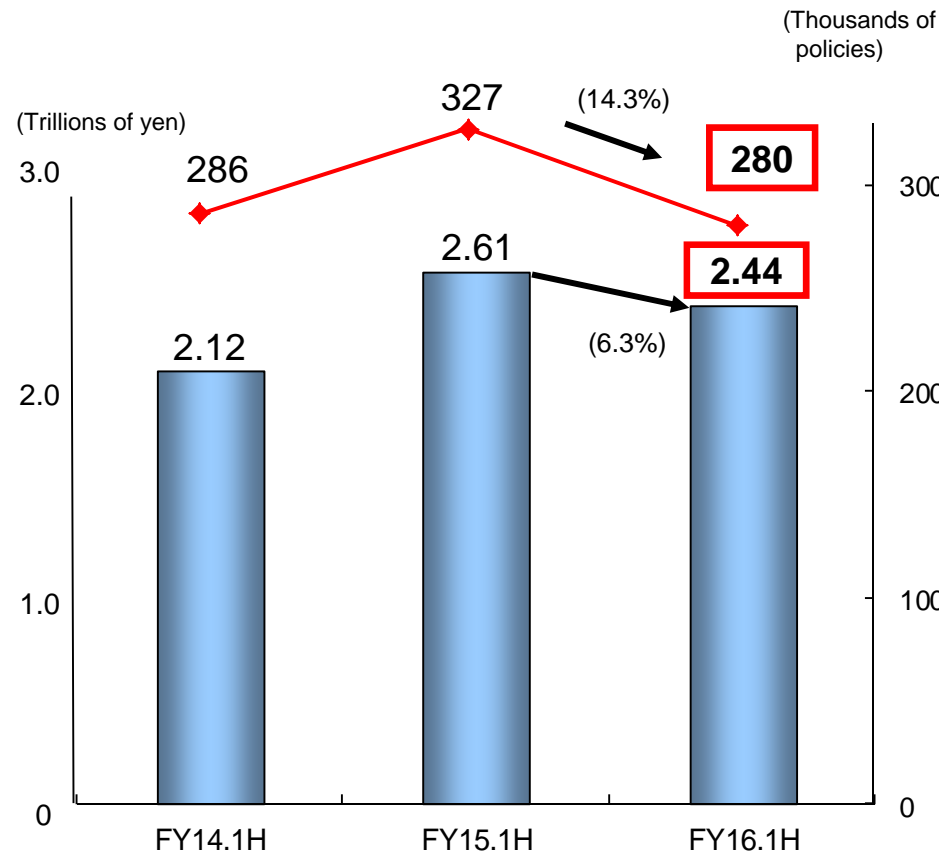
	16.3.31	16.9.30	Change from 16.3.31
Non-consolidated solvency margin ratio	2,722.8%	2,774.4%	+51.6pt

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



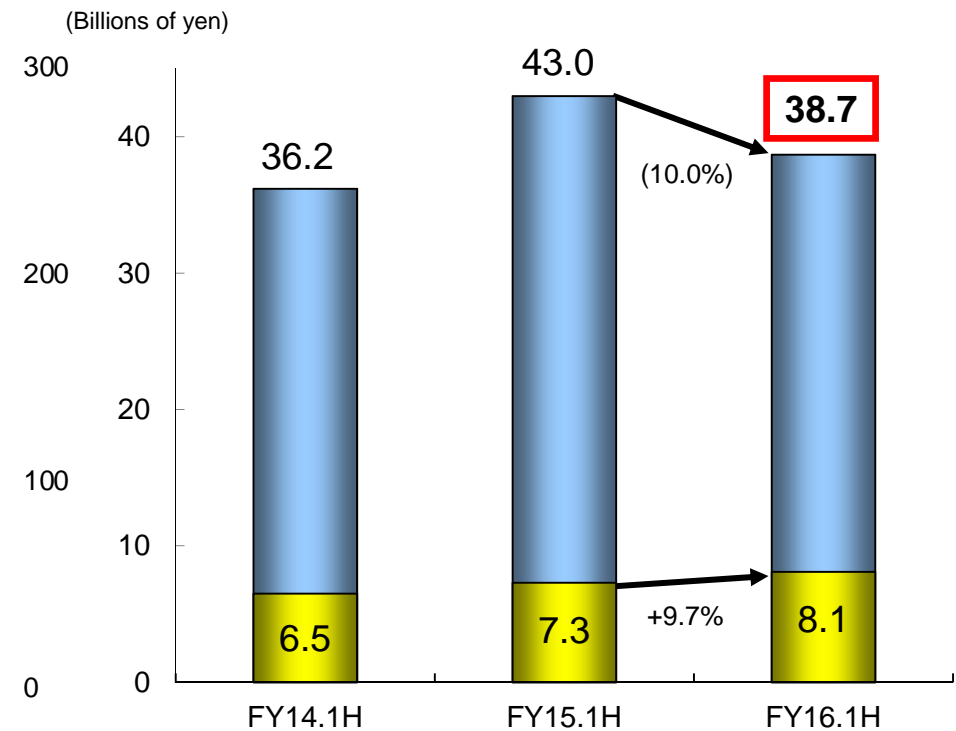
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ New policy amount — Number of new policies

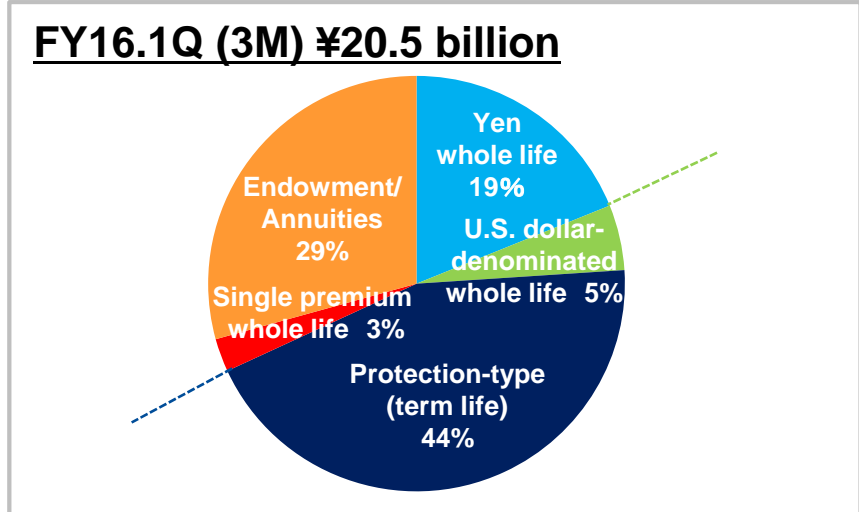
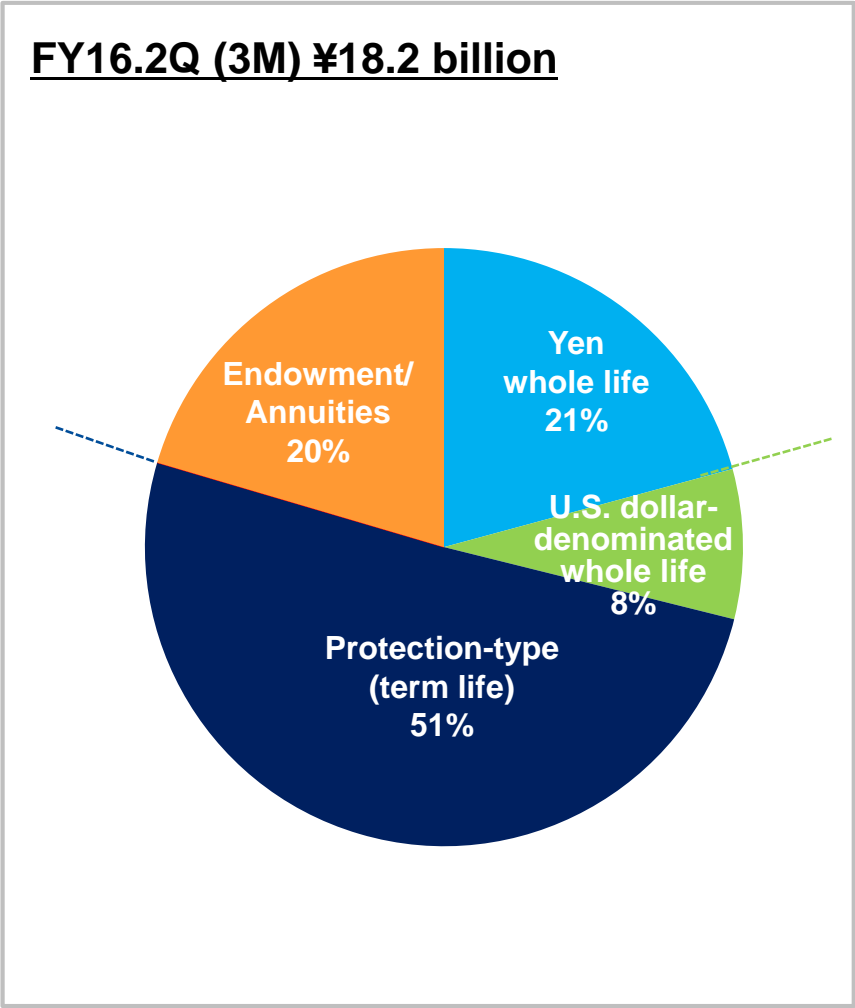
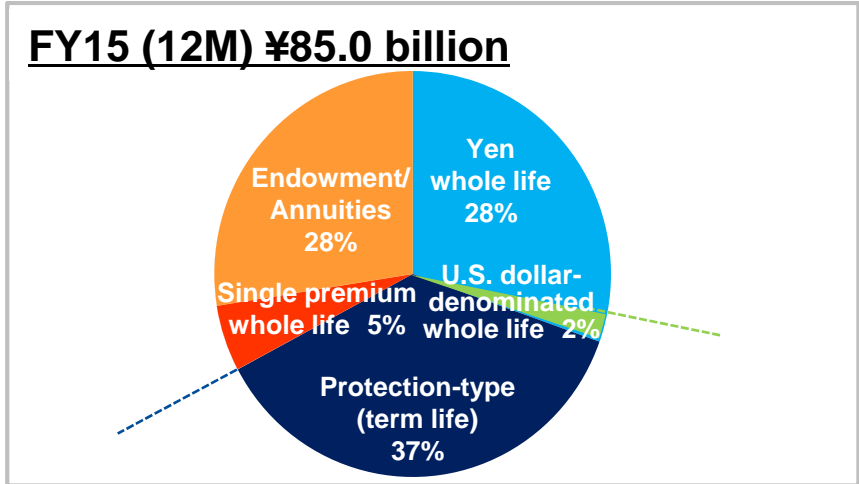


Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)

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



Annualized Premiums from New Policies by Product

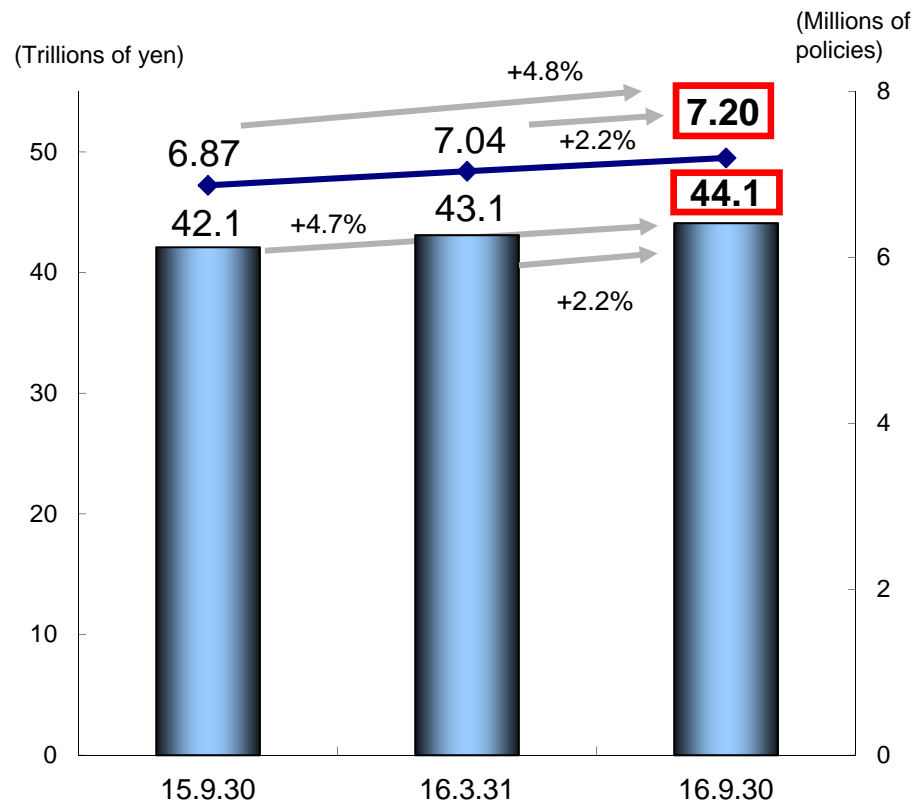


Operating Performance : Sony Life (Non-consolidated) (2)



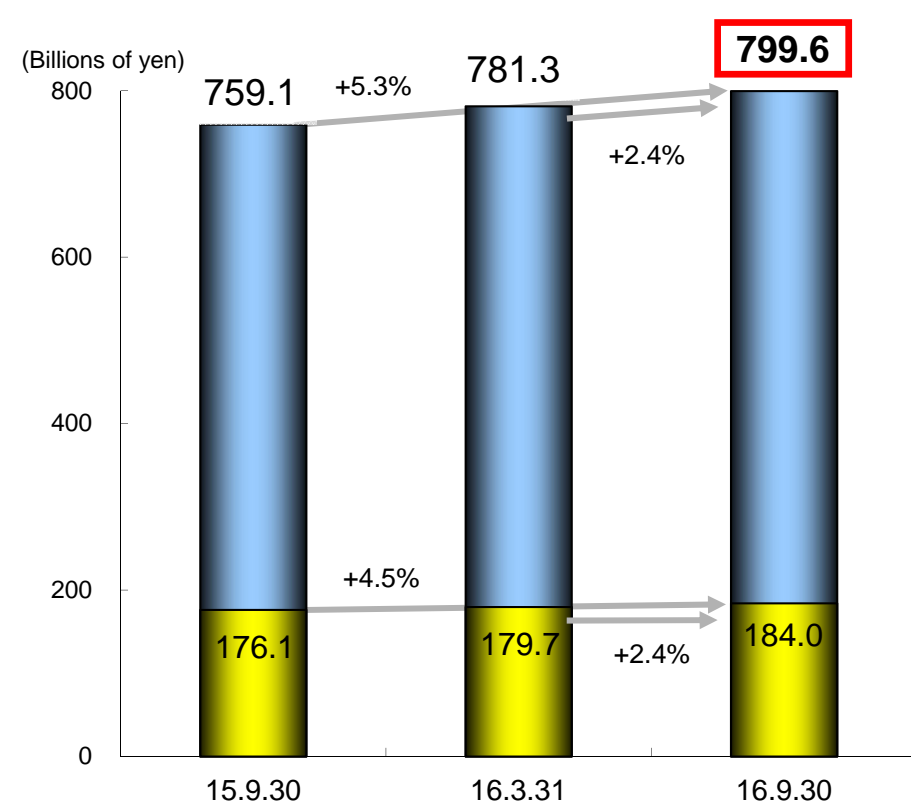
Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

■ Policy amount in force — Number of policies in force



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

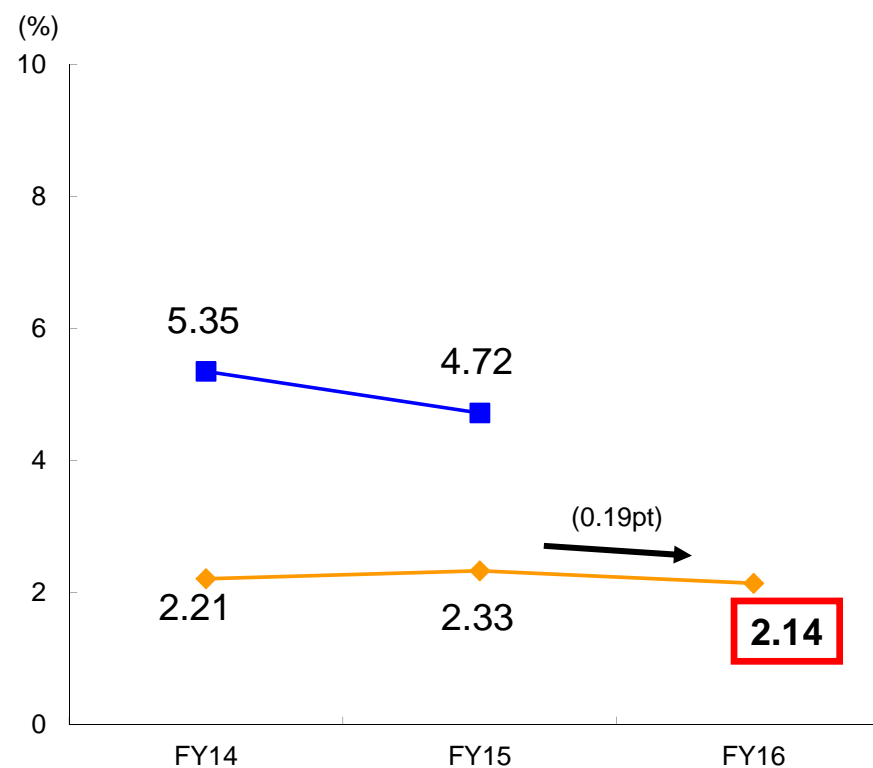
■ Annualized premiums from insurance in force ■ Of which, third-sector



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

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

■ Lapse and surrender rate (Annual) ◆ Lapse and surrender rate (1H)

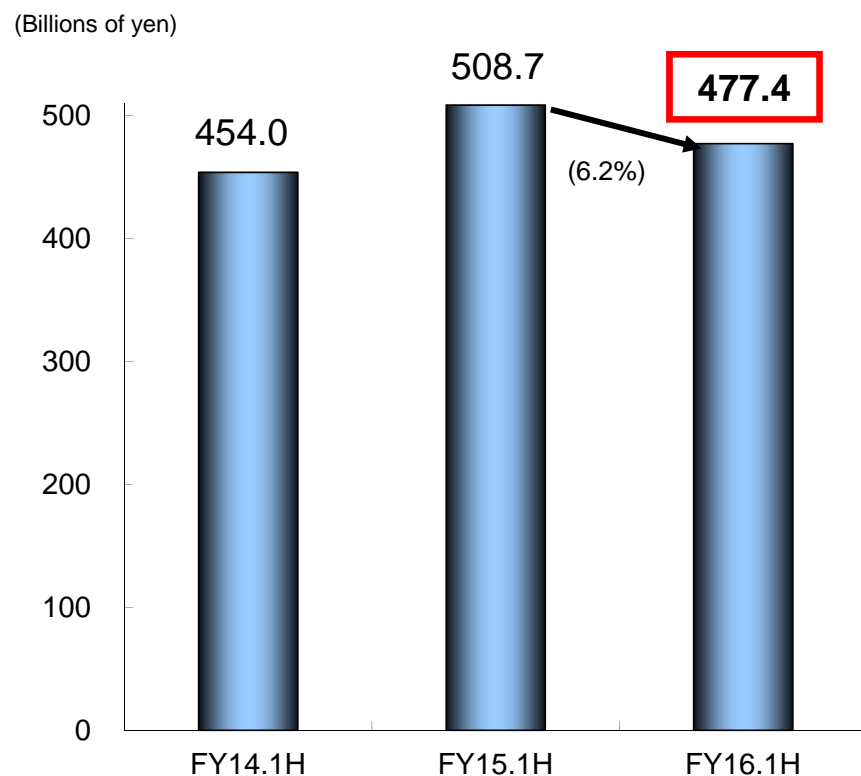


*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

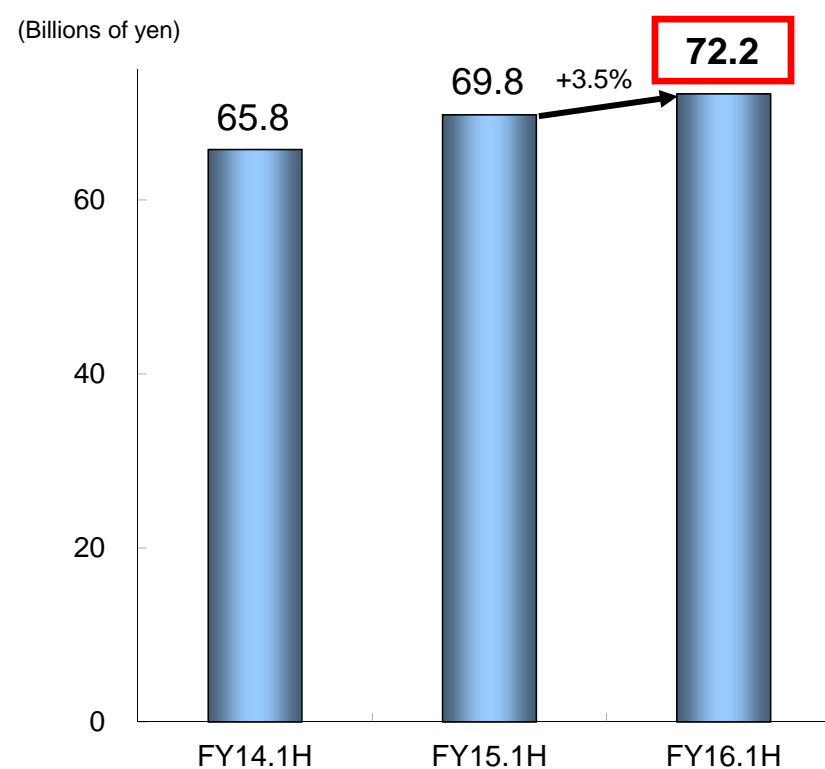
Operating Performance : Sony Life (Non-consolidated) (4)



Income from Insurance Premiums



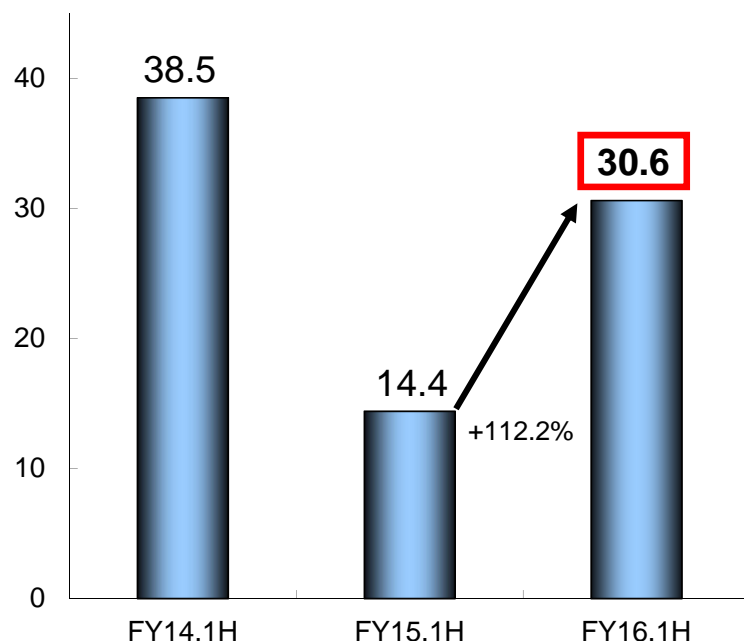
Interest Income and Dividends



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

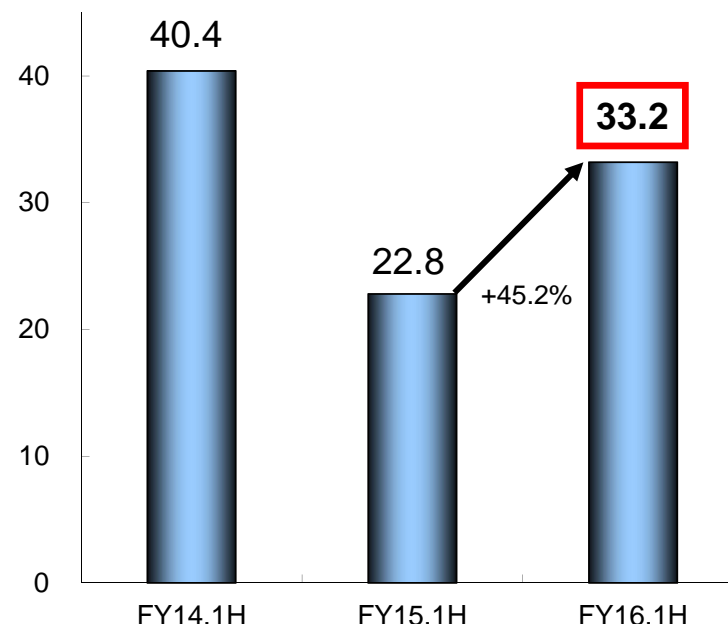
Core Profit

(Billions of yen)



Ordinary Profit

(Billions of yen)



(Reference) Impact on core profit

(Billions of yen)

	FY14.1H	FY15.1H	FY16.1H
Positive spread	5.5	7.3	6.5
Provision of policy reserves for minimum guarantees for variable life insurance (*)	(2.5)	(22.1)	(11.6)
Others	35.5	29.2	35.7

(Reference) Main differences from core profit

(Billions of yen)

	FY14.1H	FY15.1H	FY16.1H
Capital gains (losses) excluding gains or losses on hedges (*)	4.4	10.3	5.0
Gains (losses) on hedges of variable life insurance	—	1.4	1.0
Provision of contingency reserve (*)	(2.4)	(3.1)	(3.4)

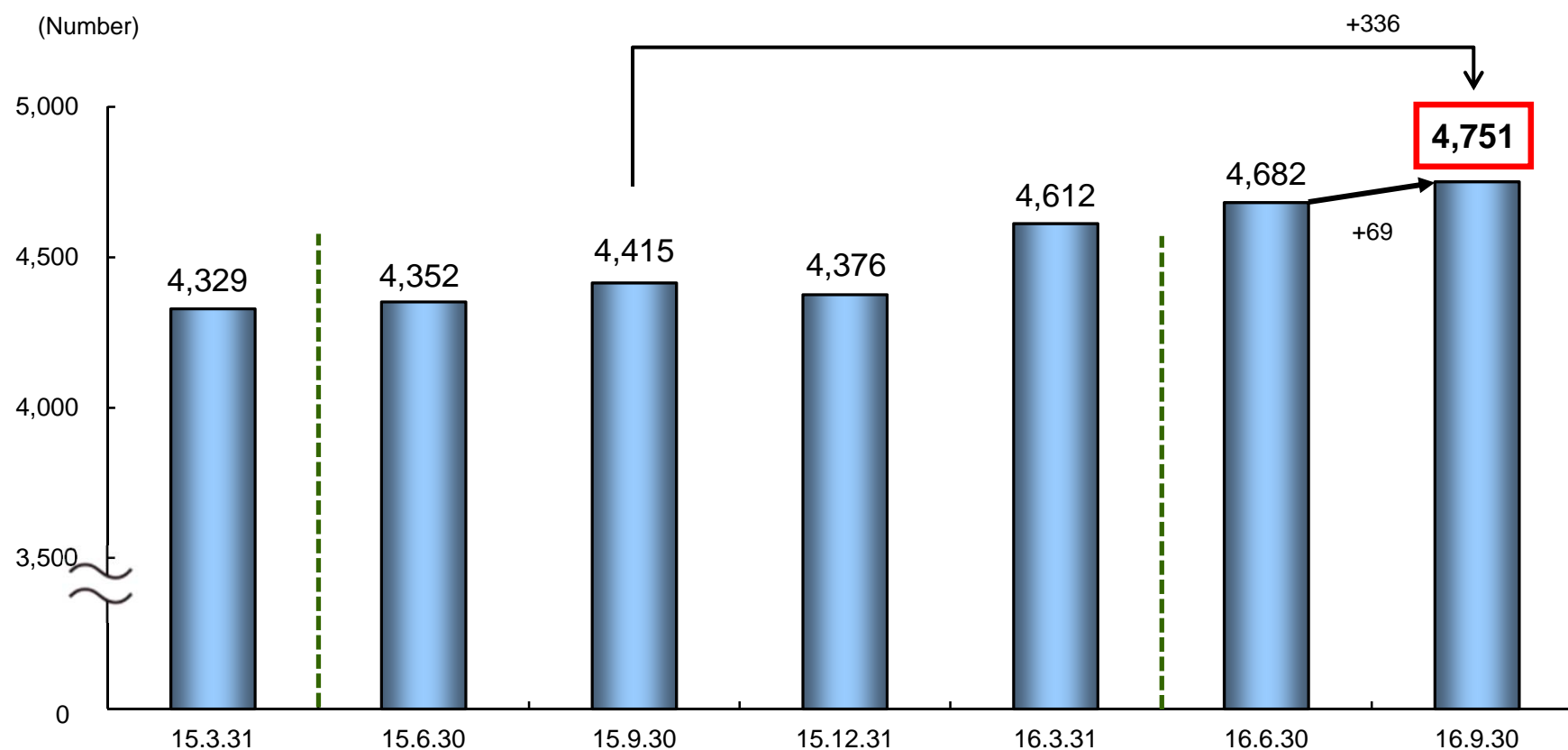
*"Provision of policy reserves for minimum guarantees for variable life insurance" and "Provision of contingency reserve" are described as negative amount.

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

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



Number of Lifeplanner Sales Employees



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

Breakdown of General Account Assets

(Billions of yen)	16.3.31		16.9.30	
	Amount	%	Amount	%
Japanese government and corporate bonds	6,351.1	88.4%	6,586.5	87.7%
Japanese stocks	33.3	0.5%	33.0	0.4%
Foreign bonds	70.1	1.0%	164.0	2.2%
Foreign stocks	23.0	0.3%	19.3	0.3%
Monetary trusts	280.9	3.9%	279.5	3.7%
Policy loans	171.6	2.4%	175.9	2.3%
Real estate*	115.8	1.6%	118.1	1.6%
Cash and call loans	52.5	0.7%	44.4	0.6%
Others	86.4	1.2%	87.3	1.2%
Total	7,185.0	100.0%	7,508.5	100.0%

<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

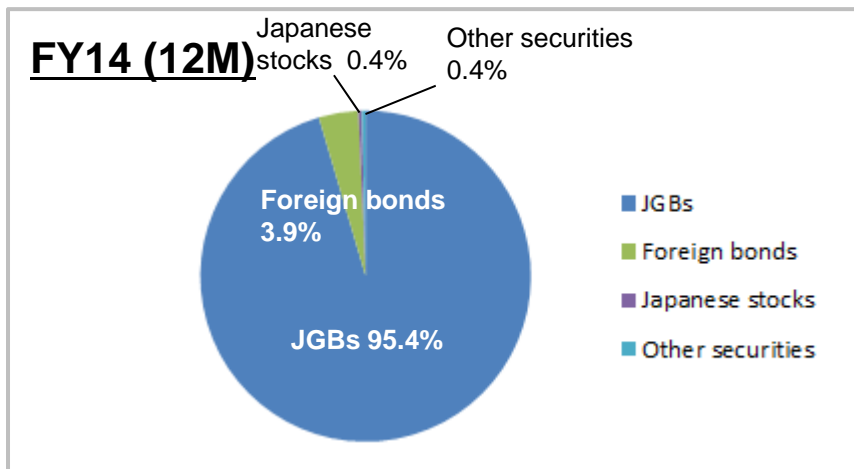
Sep. 30, 2016: 22.0 years

- Investment in the monetary trusts is mainly into Japanese government and corporate bonds.
- The holding ratio on the real status of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets: As of Sep. 30, 2016: 91.4%
(As of Mar. 31, 2016: 92.3%)

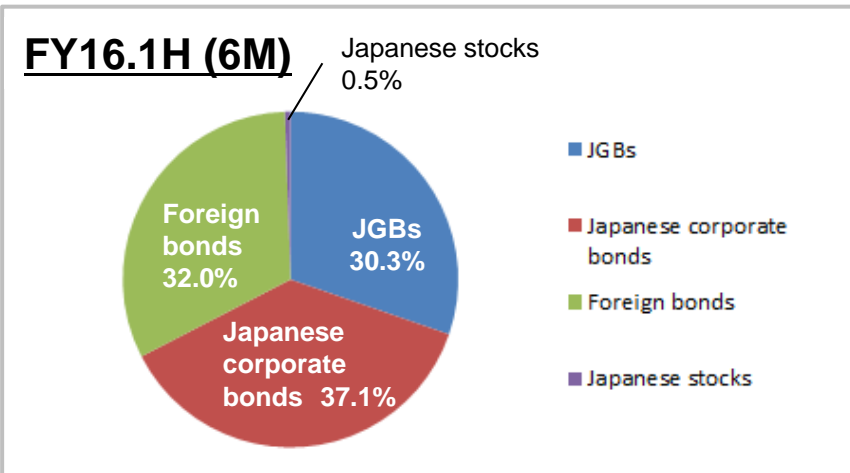
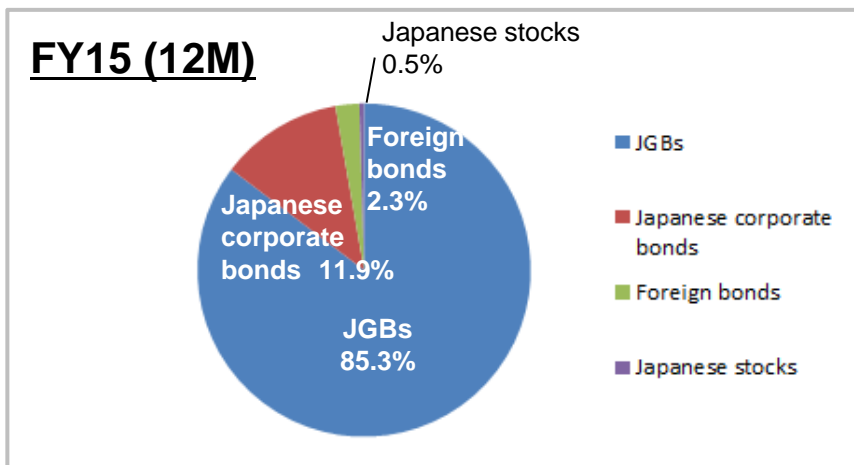
*Real estate is the total of land, buildings, and construction in progress.

Review of Sony Life's Asset Management

Diversify asset management under the negative interest rate environment (purchase securities in the general account asset)



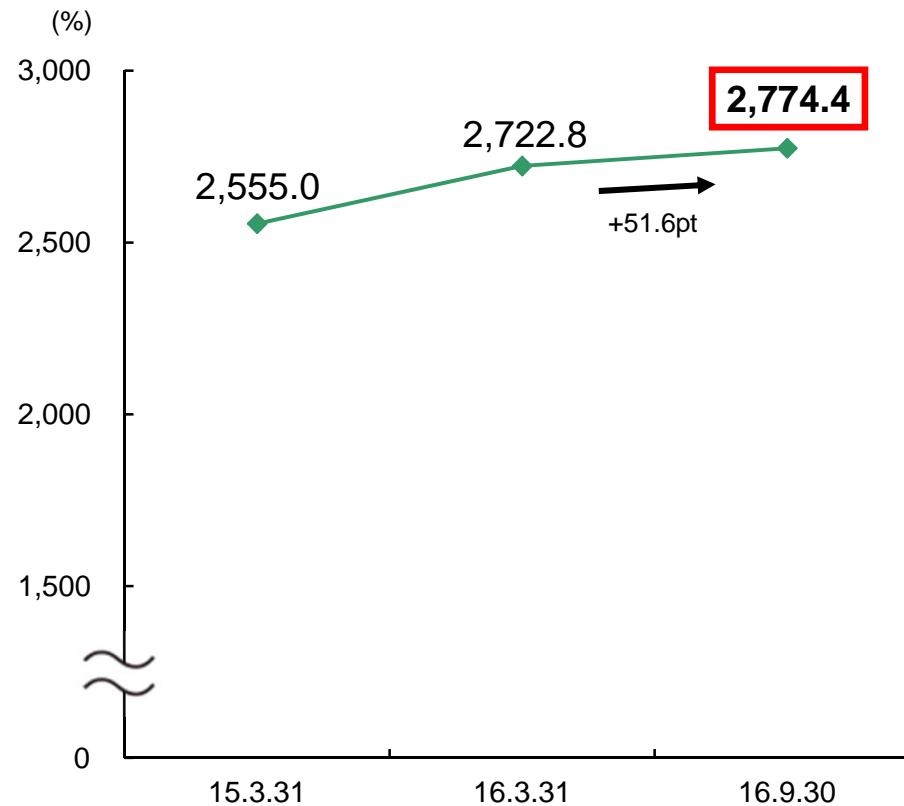
- **Promote diversification of investment assets while continue to invest in assets that match the liability characteristics.**
- **Expand investments in ultralong-term Japanese corporate bonds (including FILP agency bonds)**
- **Significantly increase investments in U.S. dollar bonds, responding to higher sales of U.S. dollar-denominated insurance policies.**



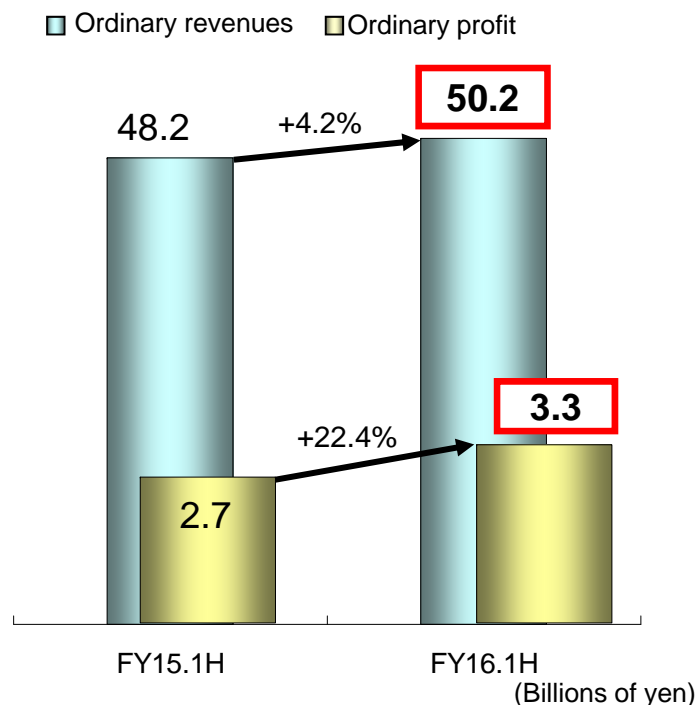
(Note 1) Japanese corporate bonds include FILP agency bonds and Government-guaranteed bonds.
 (Note 2) The graphs above are asset allocation for the relevant period. Total invested amount for the relevant period as 100%.
 (excluding, investment in subsidiaries and affiliates, and strategic investments)

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

Non-consolidated Solvency Margin Ratio



Highlights of Operating Performance: Sony Assurance



- ◆ Both ordinary revenues and ordinary profit increased year on year.
- ◆ Ordinary revenues expanded 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 due to the increase in gains on sale of securities.

(Billions of yen)	FY15.1H	FY16.1H	Change	
Ordinary revenues	48.2	50.2	+2.0	+4.2%
Underwriting income	47.6	48.9	+1.3	+2.9%
Investment income	0.6	1.2	+0.6	+102.4%
Ordinary expenses	45.4	46.8	+1.3	+3.1%
Underwriting expenses	33.4	34.6	+1.1	+3.5%
Investment expenses	0.0	—	(0.0)	(100.0%)
Operating general and administrative expenses	12.0	12.2	+0.2	+1.9%
Ordinary profit	2.7	3.3	+0.6	+22.4%
Net income	1.9	2.4	+0.4	+24.4%

(Billions of yen)	16.3.31	16.9.30	Change from 16.3.31	
Underwriting reserves	95.7	100.2	+4.5	+4.7%
Net assets	28.3	28.5	+0.2	+0.9%
Total assets	172.3	177.8	+5.5	+3.2%

Overview of Operating Performance: Sony Assurance



(Billions of yen)	FY15.1H	FY16.1H	Change
Direct premiums written	46.9	48.3	+2.9%
Net premiums written	47.5	48.9	+2.9%
Net losses paid	23.0	24.0	+4.4%
Underwriting profit	2.1	2.0	(2.1%)
Net loss ratio	55.9%	56.7%	+0.8pt
Net expense ratio	26.7%	26.6%	(0.1pt)
Combined ratio	82.7%	83.3%	+0.6pt

<Reasons for changes>

◆ Increased mainly in its mainstay automobile insurance.

◆ Declined slightly 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

	FY15.1H	FY16.1H	Change
E. I. loss ratio	62.4%	63.3%	+0.9pt
E. I. loss ratio + Net expense ratio	89.1%	89.9%	+0.8pt

◆ Rose slightly compared with FY15.1H results which recorded a reversal of reserve for outstanding losses.

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	16.9.30	Change from 16.3.31	
Number of policies in force	1.79 million	1.82 million	+0.02 million	+1.2%
Non-consolidated solvency margin ratio	693.5%	726.8%	+33.3pt	

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)	FY15.1H	FY16.1H	Change
Fire	199	117	(41.2%)
Marine	—	—	—
Personal accident	4,321	4,388	+1.6%
Voluntary automobile	42,442	43,814	+3.2%
Compulsory automobile liability	—	—	—
Total	46,963	48,319	+2.9%

Net Premiums Written

(Millions of yen)	FY15.1H	FY16.1H	Change
Fire	28	12	(55.0%)
Marine	22	(2)	—
Personal accident	4,461	4,527	+1.5%
Voluntary automobile	42,349	43,686	+3.2%
Compulsory automobile liability	712	709	(0.5%)
Total	47,574	48,934	+2.9%

Net losses paid

(Millions of yen)	FY15.1H	FY16.1H	Change
Fire	0	4	+491.3%
Marine	100	(11)	—
Personal accident	1,207	1,228	+1.7%
Voluntary automobile	21,096	22,175	+5.1%
Compulsory automobile liability	628	649	+3.3%
Total	23,033	24,046	+4.4%

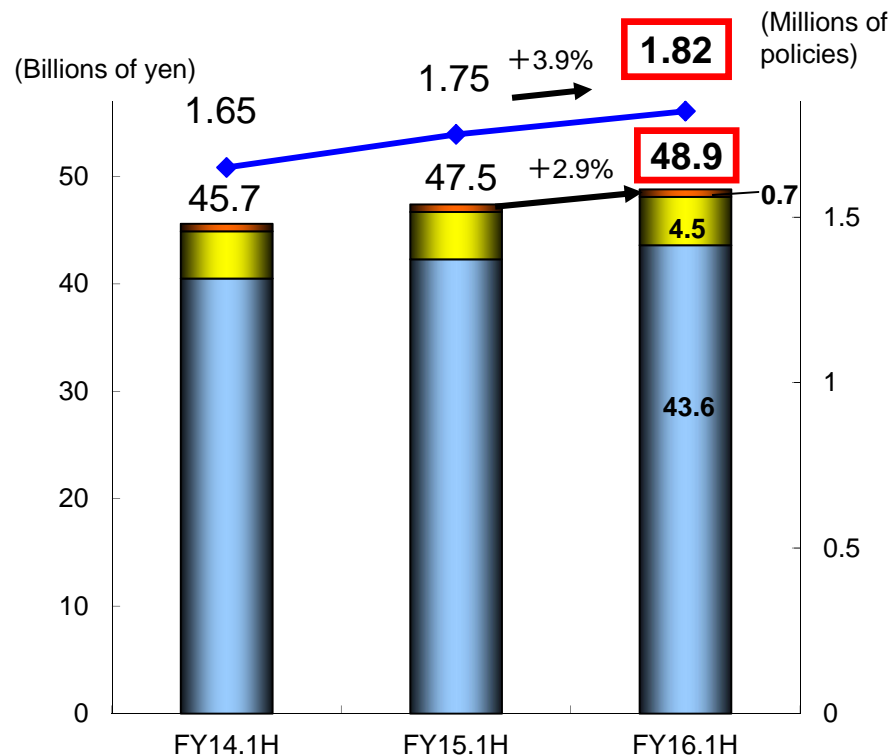
*Medical and cancer insurance is included in personal accident.

Operating Performance: Sony Assurance (1)



Net Premiums Written and Number of Policies in Force

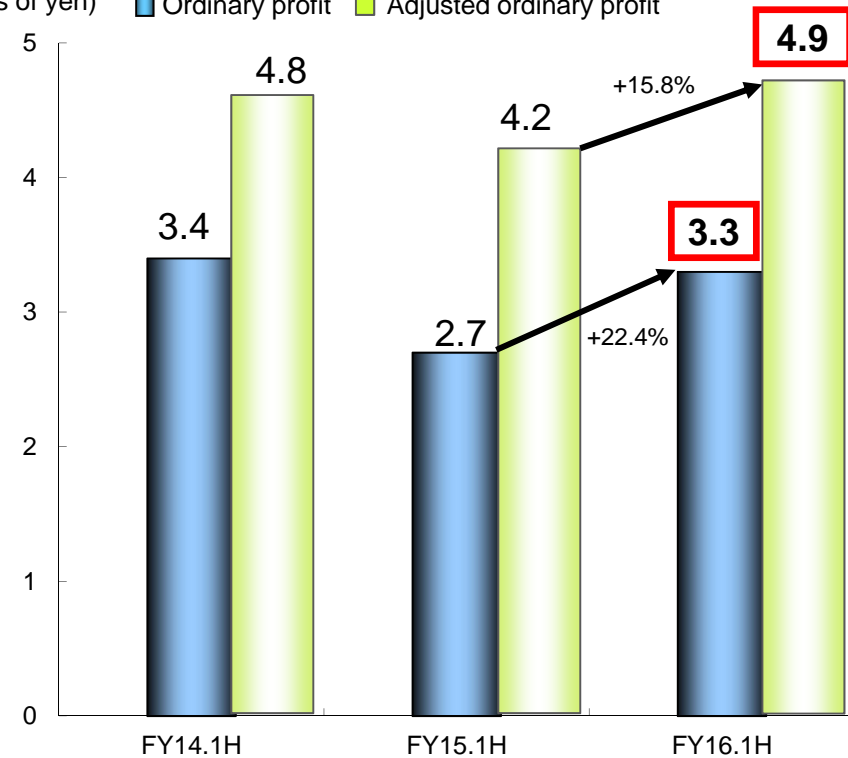
■ Voluntary automobile insurance
 ■ Personal accident insurance
 ■ Others
 —◆— Number of policies in force



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) ■ Ordinary profit ■ Adjusted ordinary profit



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

(Reference) Provision for catastrophe reserve

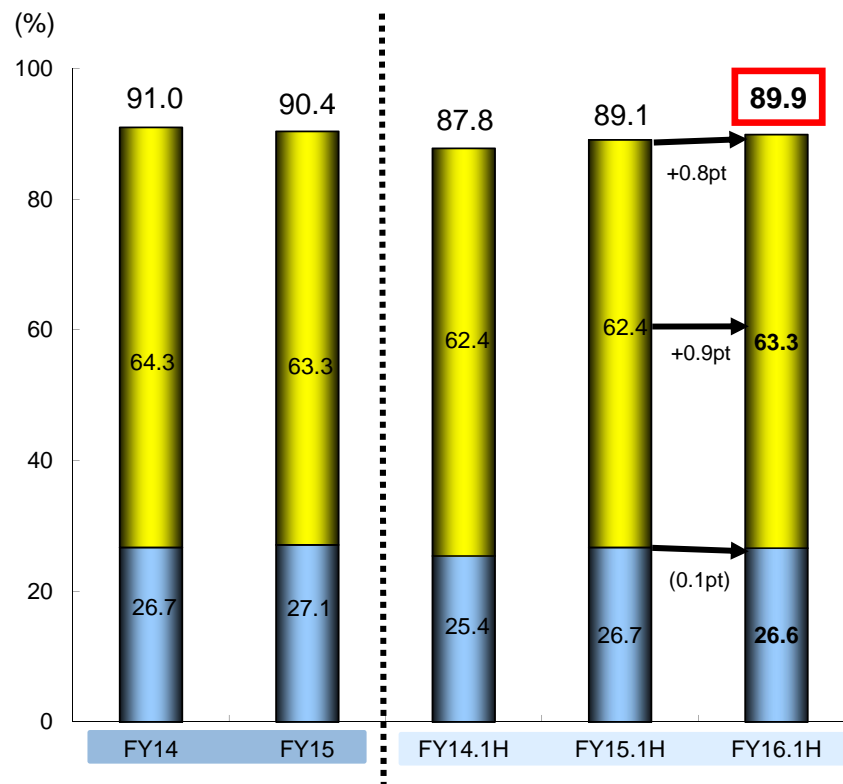
	(Billions of yen)		
	FY14.1H	FY15.1H	FY16.1H
Provision for catastrophe reserve	1.4	1.5	1.5

*Provision for catastrophe reserve is described as positive amount.

Operating Performance: Sony Assurance (2)

Earned/Incurred Loss Ratio + Net Expense Ratio

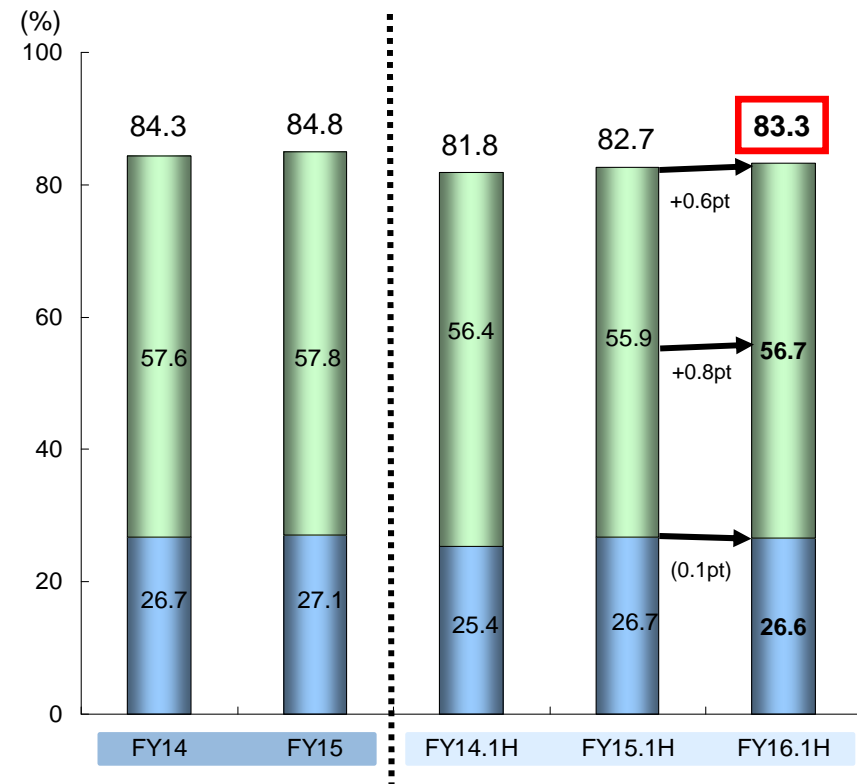
■ Earned/Incurred loss ratio ■ Net expense ratio



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)

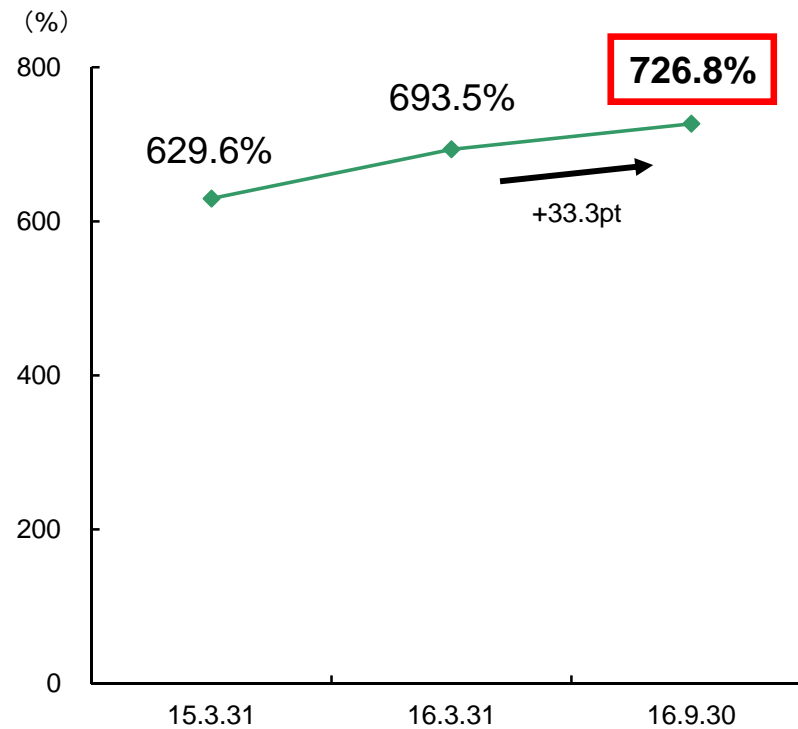
■ Net loss ratio ■ Net expense ratio



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

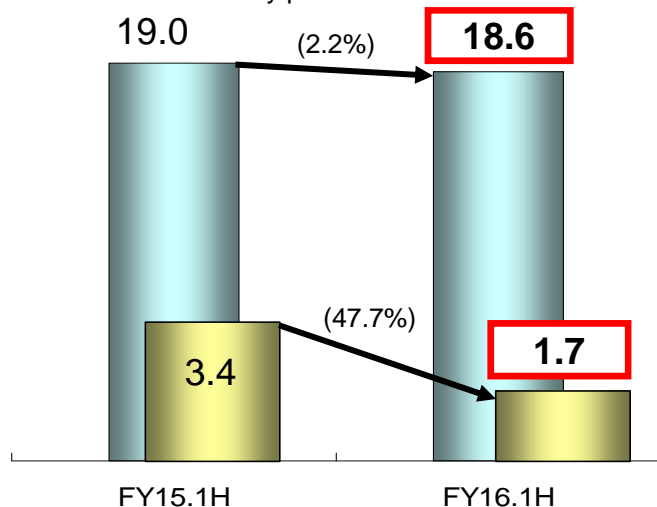
Operating Performance: Sony Assurance (3)

Non-consolidated Solvency Margin Ratio



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

- Consolidated ordinary revenues
- Consolidated ordinary profit



<Consolidated>

◆ Ordinary revenues decreased due to a decrease in interest and dividend income on securities, partially offset by an increase in interest income on loans in line with a favorably growing balance of mortgage loans. Ordinary profit decreased significantly due to lower interest rates, an increase in operating expenses, mainly in advertising expenses for card loan business, as well as decreased volumes of foreign currency and investment trust transactions.

<Non-consolidated>

- ◆ Both gross operating profit and net operating profit decreased year on year.
- Net interest income increased reflecting a growing balance of mortgage loans under the low interest rates environment.
- Net fees and commissions decreased due to lower sales of investment trusts and higher fees on guarantee commission.
- Net other operating income decreased due to lower gains on customer dealings in foreign currency transactions.

<Consolidated>

(Billions of yen)	FY15.1H	FY16.1H	Change	
Consolidated ordinary revenues	19.0	18.6	(0.4)	(2.2%)
Consolidated ordinary profit	3.4	1.7	(1.6)	(47.7%)
Profit attributable to owners of the parent	2.2	1.1	(1.0)	(48.9%)

<Non-consolidated>

(Billions of yen)	FY15.1H	FY16.1H	Change	
Ordinary revenues	17.5	16.9	(0.6)	(3.7%)
Gross operating profit	10.9	10.0	(0.9)	(8.2%)
Net interest income	8.0	8.4	+0.3	+4.9%
Net fees and commissions	0.2	(0.5)	(0.7)	—
Net other operating income	2.7	2.1	(0.5)	(21.7%)
General and administrative expenses	7.6	8.4	+0.7	+10.0%
Net operating profit	3.3	1.6	(1.6)	(50.0%)
Ordinary profit	3.3	1.6	(1.7)	(52.0%)
Net income	2.2	1.1	(1.1)	(50.4%)

(Billions of yen)	16.3.31	16.9.30	Change from 16.3.31	
Net assets	77.4	77.1	(0.2)	(0.3%)
Net unrealized gains on other securities, net of taxes	3.3	3.8	+0.4	+14.8%
Total assets	2,126.5	2,190.0	+63.4	+3.0%

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

(Billions of yen)	15.9.30	16.3.31	16.9.30	Change from 16.3.31	
Customer assets	1,915.7	2,034.4	2,095.7	+61.3	+3.0%
Deposits	1,795.2	1,923.5	1,989.6	+66.1	+3.4%
Yen	1,476.4	1,587.9	1,649.7	+61.7	+3.9%
Foreign currency	318.7	335.5	339.9	+4.3	+1.3%
Investment trusts	120.5	110.9	106.1	(4.7)	(4.3%)
Loans outstanding	1,266.7	1,344.1	1,460.6	+116.5	+8.7%
Mortgage loans	1,154.4	1,237.1	1,362.9	+125.7	+10.2%
Card loans	6.1	10.5	15.3	+4.8	+46.2%
Others	106.1	96.5	82.3^{*1}	(14.1)	(14.7%)
Number of accounts	1.08 million	1.13 million	1.19 million	+0.05 million	+4.9%
Non-performing assets ratio^{*2} (Based on Financial Reconstruction Law)	0.25%	0.23%	0.21%	(0.02pt)	
Capital adequacy ratio^{*3} (domestic criteria)	10.58%	9.89%	9.57%	(0.32pt)	

<Reasons for changes>

◆ Yen deposit balance increased due mainly to an increase in yen time deposit balance.

◆ Yen-denominated balance of foreign currency deposit increased even after the negative impact of exchange rates led by yen appreciation.

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

*1 Loans in others include corporate loans of ¥82.3 billion

*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)	FY15.1H	FY16.1H	Change	
Gross operating profit	10.9	10.0	(0.9)	(8.2%)
Net interest income* ¹ ①	9.1	9.7	+0.5	+5.8%
Net fees and commissions* ² ②	0.7	(0.2)	(0.9)	—
Net other operating income* ³	1.0	0.5	(0.4)	(45.9%)
Gross operating profit (core profit) (A)=①+②	9.9	9.4	(0.4)	(4.2%)
Operating expenses and other expenses ③	7.6	8.4	+0.7	+9.8%
Net operating profit (core profit) =(A)−③	2.2	1.0	(1.1)	(52.5%)

■ 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.

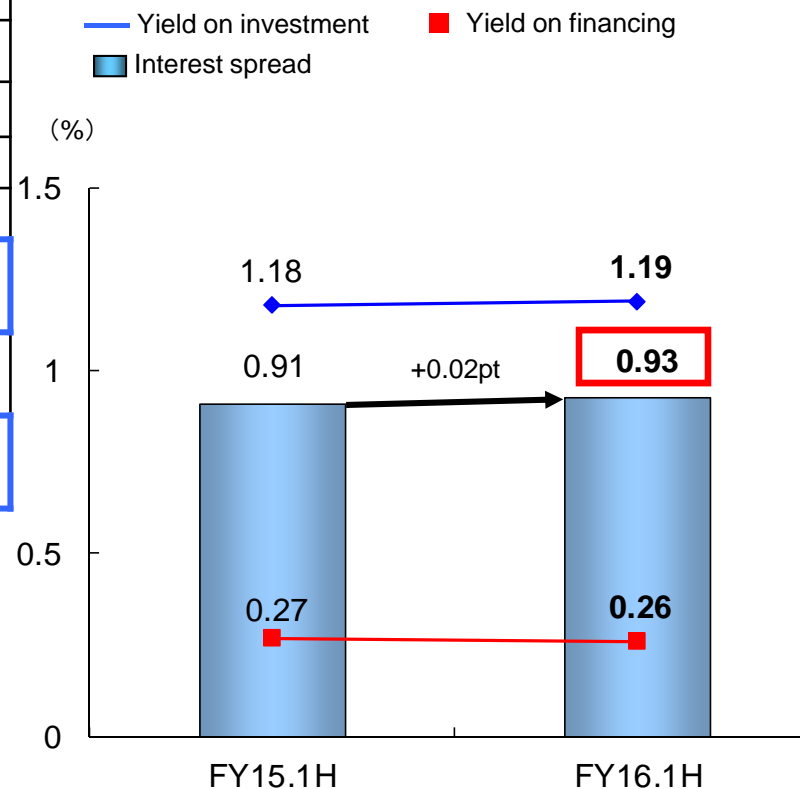
*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

*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)



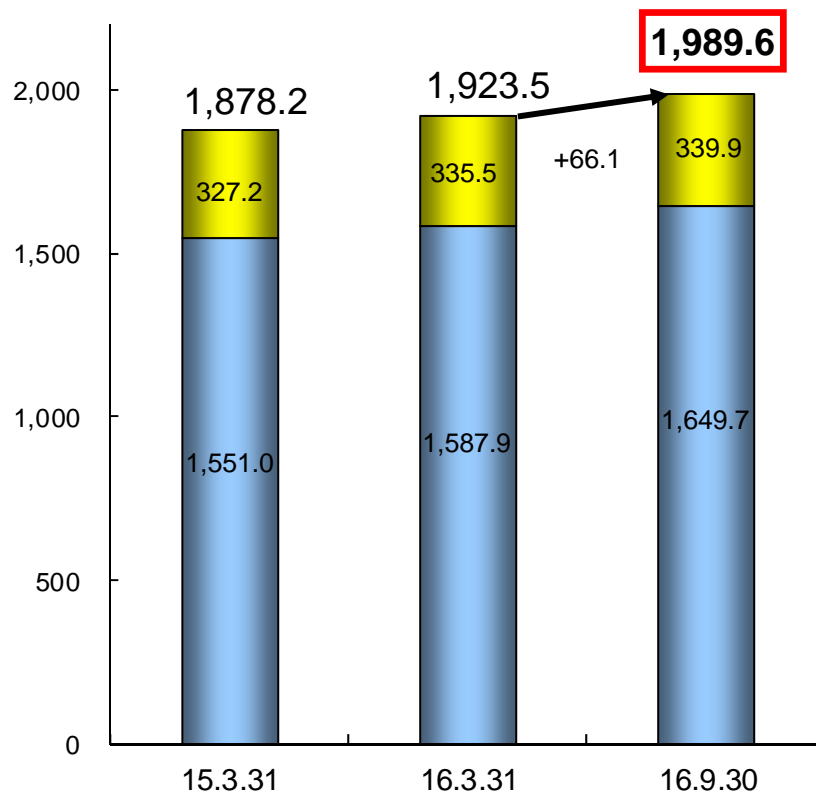
Operating Performance: Sony Bank (Non-consolidated) (1)



Deposits

■ Yen deposits ■ Foreign currency deposits

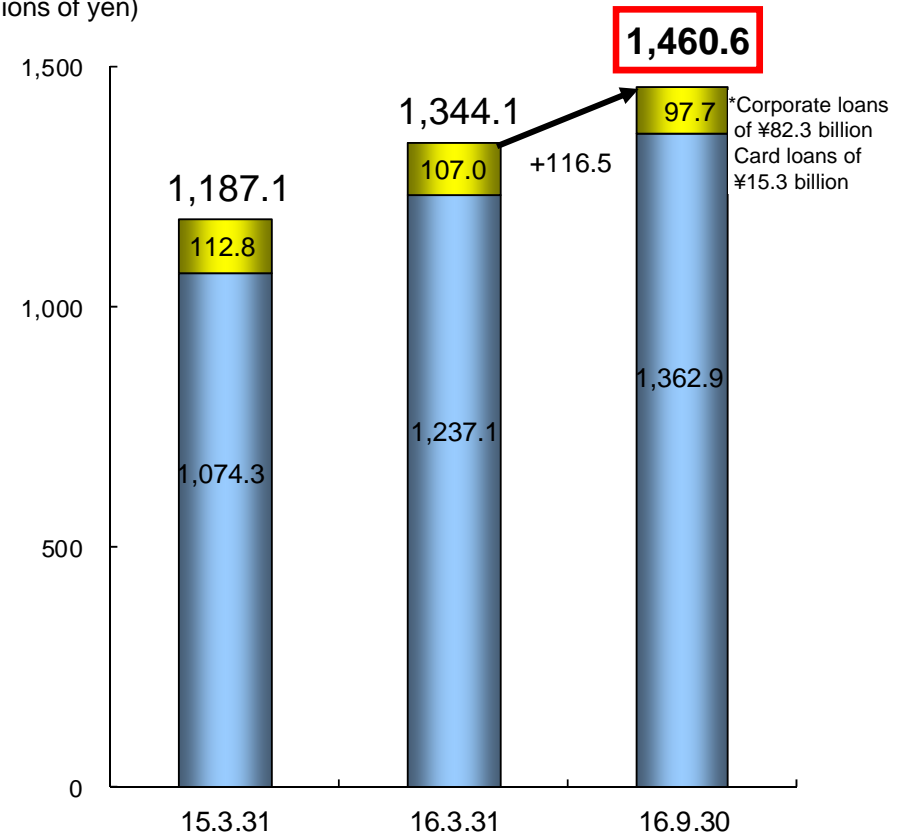
(Billions of yen)



Loans

■ Mortgage loans ■ Others

(Billions of yen)

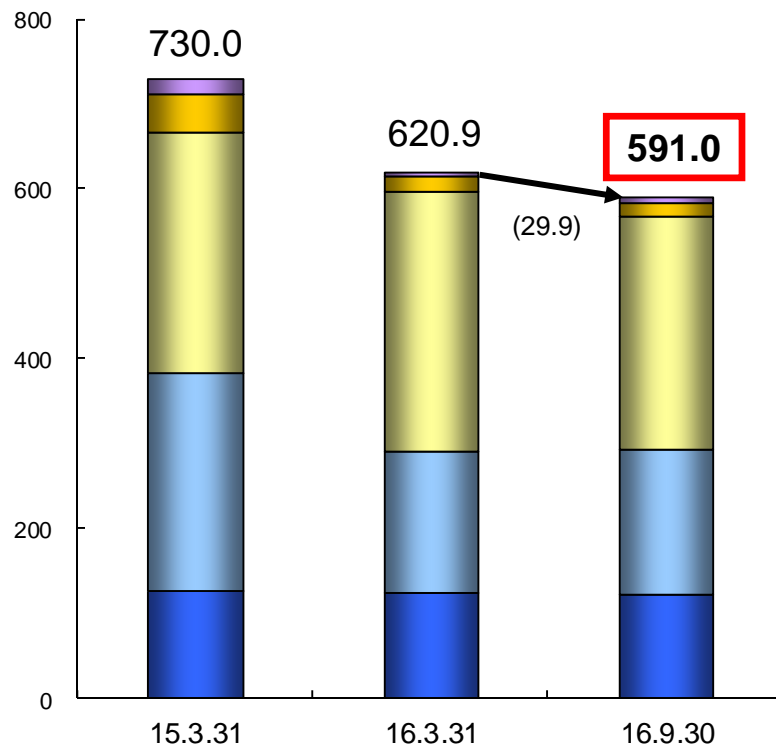


Operating Performance: Sony Bank (Non-consolidated) (2)

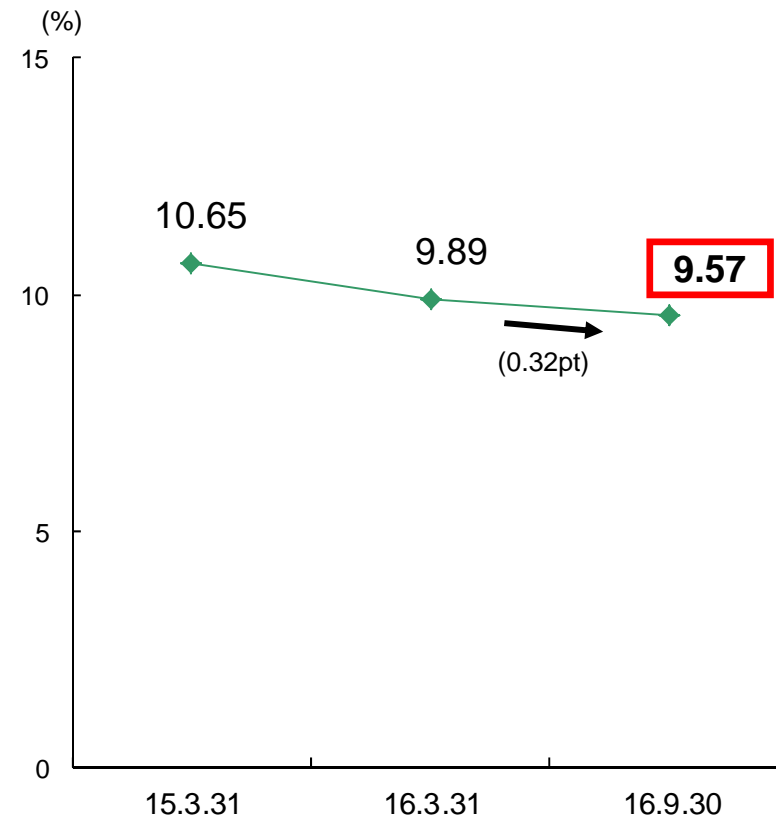
Balance of Securities by Credit Rating

■ 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 (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	FY16.1H (Actual)	Progress rate
Consolidated ordinary revenues	1,362.0	1,450.0	+6.5%	631.9	43.6%
<u>Life insurance business</u>	1,230.2	1,309.8	+6.5%	564.5	43.1%
<u>Non-life insurance business</u>	96.9	101.6	+4.8%	50.2	49.5%
<u>Banking business</u>	37.9	37.9	(0.1%)	18.6	49.1%
Consolidated ordinary profit	71.1	71.0	(0.1%)	37.1	52.3%
<u>Life insurance business</u>	60.2	62.5	+3.8%	32.2	51.6%
<u>Non-life insurance business</u>	4.6	4.4	(6.0%)	3.3	76.7%
<u>Banking business</u>	5.9	4.5	(24.9%)	1.7	39.8%
Profit attributable to owners of the parent	43.3	46.0	+6.1%	25.1	54.6%

■ Life insurance business

In FY16.1H, ordinary revenues were below our initial expectations due mainly to a decline in insurance premium revenues, but ordinary profit exceeded our initial expectations due mainly to an decrease in insurance claim payments. We maintain our ordinary revenues and ordinary profit forecast for the full year, taking into consideration such factors as the trends in insurance claim payments and the financial market environment in the second half of the fiscal year.

■ Non-life insurance business

Although ordinary profit in the first half outpaced our initial expectations due mainly to higher gains on sale of securities, we maintain our ordinary revenues and ordinary profit forecast for the full year because we expect higher fees related to new policy acquisitions in the second half.

■ Banking business

We maintain our ordinary revenues and ordinary profit forecast for the full year because the operating results in the first half were nearly the same as our initial forecast, and we expect this trend to continue in the second half.

Sony Life's MCEV and ESR as of September 30, 2016

MCEV as of March 31, 2016 is restated by using ultimate forward rates (UFR).

Please keep in mind that the validity of these calculations of MCEV as of March 31, 2016, June 30, 2016 and September 30, 2016 has not been verified by outside specialists.

A part of the calculations of MCEV as of June 30, 2016 and September 30, 2016 adopted simplified method.

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

Sony Life's MCEV as of September 30, 2016



(Billions of yen)	16.3.31	16.6.30	16.9.30	Change from 16.3.31	Change from 16.6.30
MCEV	1,330.1	1,076.4	1,229.3	(100.8)	+152.9
Adjusted net worth	2,074.4	2,671.8	2,187.8	+113.3	(484.1)
Value of existing business	(744.4)	(1,595.5)	(958.5)	(214.1)	+637.0

(Billions of yen)	FY15.4Q (3M)	FY16.1Q (3M)	FY16.2Q (3M)	FY16.1H (6M)
New business value	3.9	(0.2)	5.0	4.8
New business margin	1.2%	(0.0%)	1.6%	0.7%

Notes:

1. Calculated MCEV as of June 30, 2016 and September 30, 2016 by using updated economic assumptions and lapse and surrender rate from March 31, 2016.
2. New business value for FY16.1Q and FY16.2Q are 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 September 30, 2016 increased ¥152.9 billion from June 30, 2016 due mainly to a rise in interest rates.

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

- New business value for FY16.2Q (3M), was ¥5.0 billion. New business margin was up 1.6pt from FY16.1Q (3M), due mainly to a rise in interest rates and a change of product mix.

*Please refer to the appendix page 44 for trend on JGB yield.

Sony Life's ESR as of September 30, 2016

	(after tax)		
(Billions of yen)	16.3.31	16.6.30	16.9.30
Insurance risk*	989.3	1,227.6	1,042.7
Market-related risk	324.2	295.0	341.6
<i>Of which, interest rate risk**</i>	255.2	218.0	264.1
Operational risk	31.4	31.5	31.3
Counter party risk	2.0	2.2	1.9
Variance effect	(374.4)	(414.5)	(394.5)
The risk amount based on economic value	972.4	1,141.8	1,023.0

(*) 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	16.9.30
MCEV + Frictional costs	1,366.5	1,085.5	1,266.2
ESR	141%	95%	124%

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. $ESR = (MCEV + Frictional\ costs) / Risk\ amount\ based\ on\ economic\ value$.

- ◆ ESR as of September 30, 2016 was up 29pt from June 30, 2016 due mainly to a rise in interest rates.
- ◆ Sony Life will continue to improve ESR levels by accumulating new business value through reinforcing its sales capabilities as well as ensuring profitability.

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 (29*) *As of Nov. 14, 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 September 30, 2016

Sony Life accounts for 19% of the amount of new mortgage loans for FY16.1H

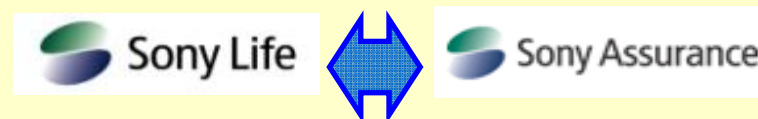
*Sony Life started handling banking agency business in January 2008.



Sony Assurance's Auto Insurance Sold by Sony Life

■ Sony Life accounts for approx. 4% of new automobile policies for FY16.1H

*Sony Life started handling automobile insurance in May 2001.



Recent Topics 2

<Highlights on and after FY16.2Q>

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
2016-08-08	SFH announced the determination of the final terms of the issuance of stock acquisition rights as stock-type compensation stock option
2016-10-01	Sony Life commenced sale of new product: “Non-participating Group Welfare Term Life Insurance”
2016-10-03	Sony Life adopted paperless insurance procedures for its policyholders
2016-10-25	Sony Life agreed to acquire an entity stake in ClearView Wealth Limited (Australia) and announced business alliance
2016-10-31	Sony Bank began offering U.S. dollar-denominated active funds on investment trusts
2016-11-07	Sony Bank began expanding foreign currency settlement services for Sony Bank WALLET users

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			16.9.30		
	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	5,709.3	7,877.7	2,168.3
Policy reserve matching bonds	-	-	-	251.2	292.5	41.3	270.3	316.7	46.3
Available-for-sale securities	1,007.8	1,176.6	168.8	887.9	1,091.6	203.6	878.1	1,075.7	197.5
Japanese government and corporate bonds	974.6	1,120.1	145.5	854.3	1,040.3	186.0	853.4	1,040.0	186.5
Japanese stocks	13.4	29.4	16.0	13.6	25.6	12.0	13.6	24.5	10.9
Foreign securities	19.4	26.4	6.9	19.8	25.2	5.4	10.8	10.8	(0.0)
Other securities	0.3	0.6	0.3	0.1	0.3	0.1	0.1	0.2	0.1
Total	5,886.6	6,894.9	1,008.3	6,523.1	8,794.3	2,271.1	6,857.9	9,270.1	2,412.2

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, 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 Sep. 30, 2016; Carrying amount: None

Valuation gains (losses) on trading-purpose securities

(Billions of yen)

15.3.31		16.3.31		16.9.30	
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	1.0	(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)

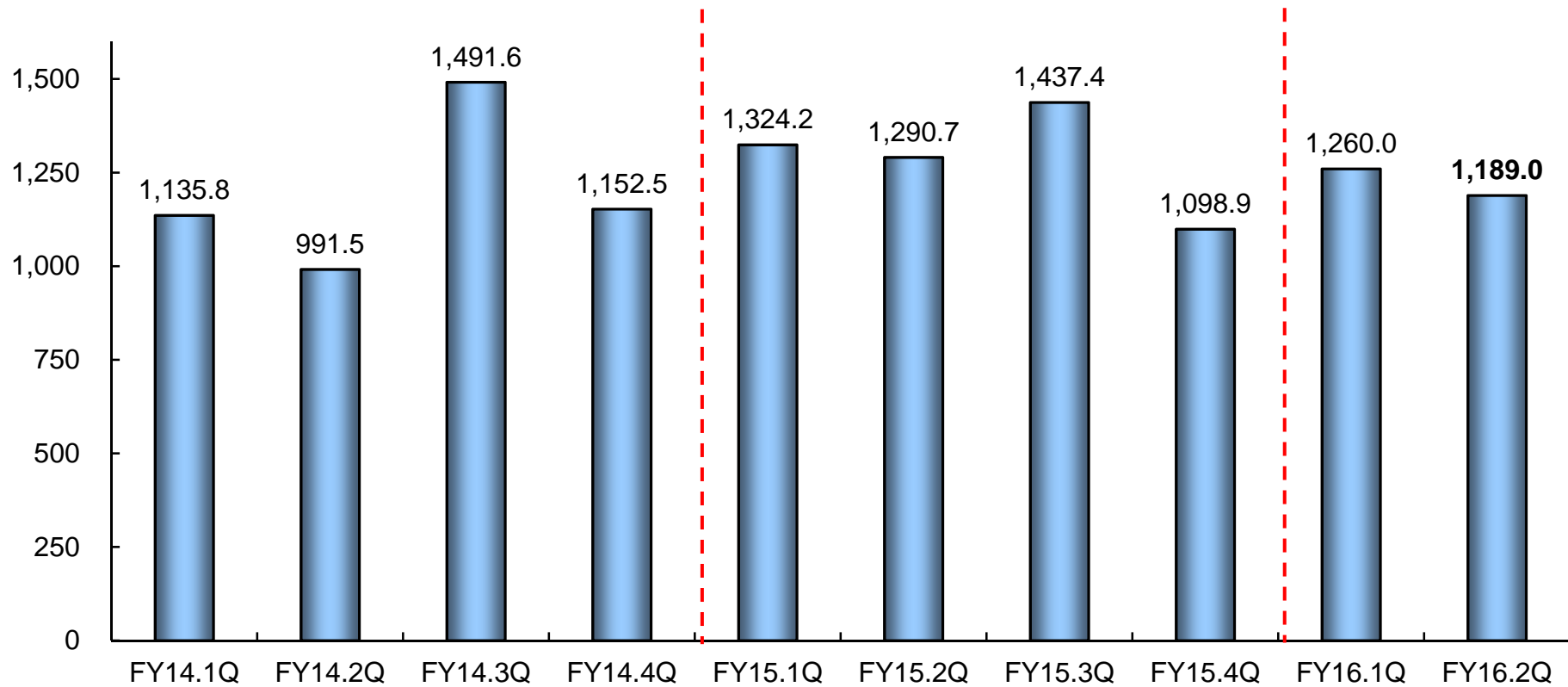
	FY15.1H	FY16.1H	Change
Cash and deposits	0	0	+ 177.5%
Japanese government and corporate bonds	56,333	59,830	+ 6.2%
Japanese stocks	263	260	(1.3%)
Foreign securities	3,982	3,512	(11.8%)
Other securities	1,041	31	(97.0%)
Loans	3,056	3,171	+ 3.8%
Real estate	5,135	5,430	+ 5.8%
Others	33	53	+ 60.0%
Total	69,846	72,291	+ 3.5%

Sony Life's Quarterly Trend on New Policy Amount



Quarterly Trend on New Policy Amount

(Billions of yen)

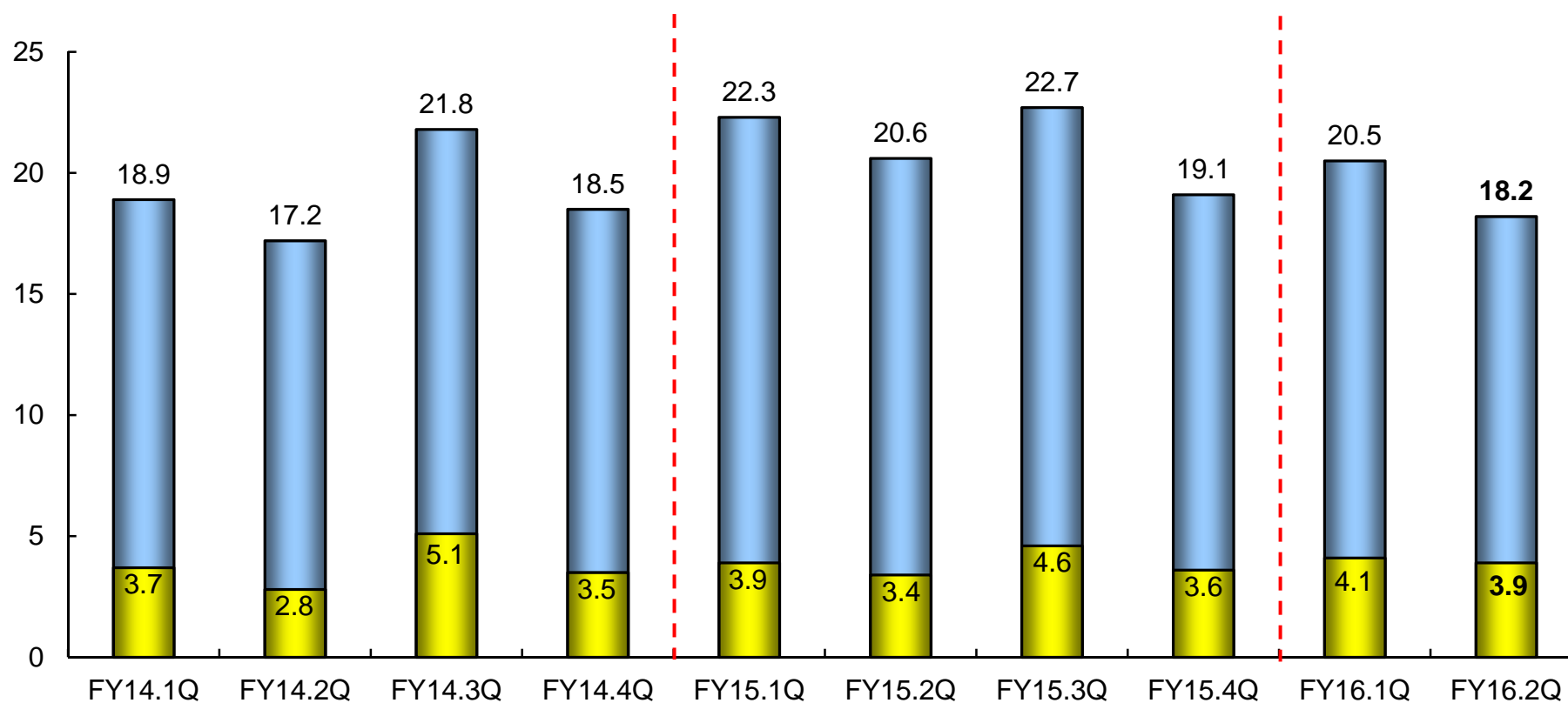


Sony Life's Quarterly Trend on Annualized Premiums from New Policies

Quarterly Trend on Annualized Premiums from New Policies

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

(Billions of yen)



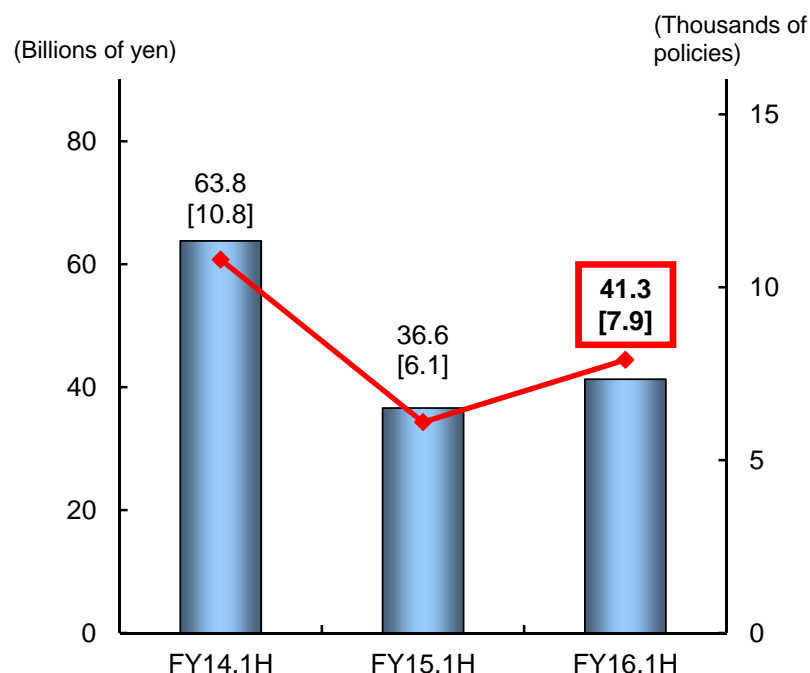
Operating Performance : AEGON Sony Life Insurance



*AEGON Sony Life Insurance sells individual variable annuities.

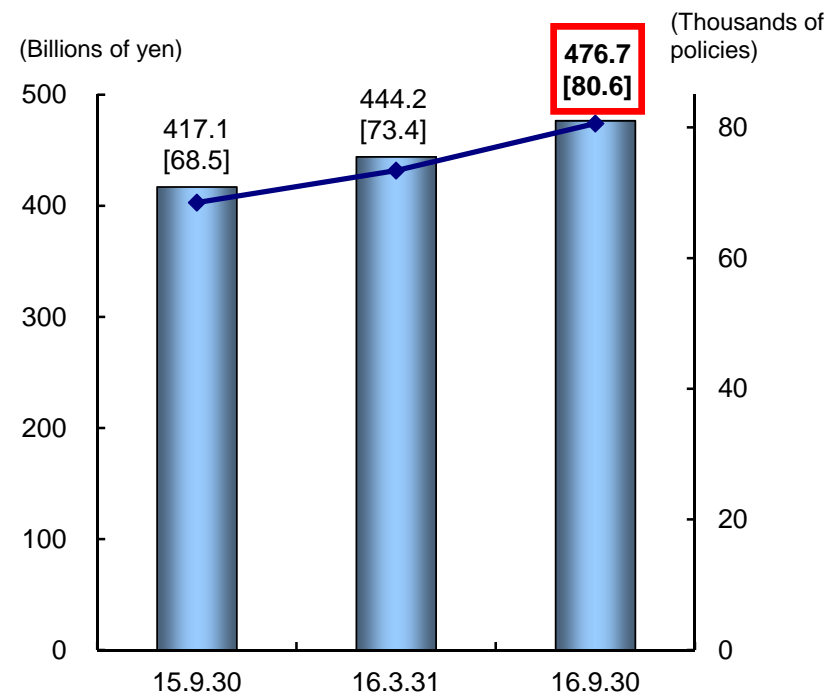
Number and Amount of New Policies

■ New policy amount — Number of new policies []



Number and Amount of Policies in Force

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



(Billions of yen)	FY15.1H	FY16.1H	Change
AEGON Sony Life Insurance	(0.7)	(1.9)	(1.2)
SA Reinsurance	(0.0)	(0.3)	(0.2)

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>Interest rate risk</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>
Equity risk	Listed equities 45%, Other securities 70%	Global 39%, Others 49% ^{*2}
Real estate risk	Actual real estate 25%	Same as on the left
Credit risk	<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>
Currency risk	35% downside fluctuation	25% downside fluctuation

Notes

1. Principal items as of September 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^{*1}

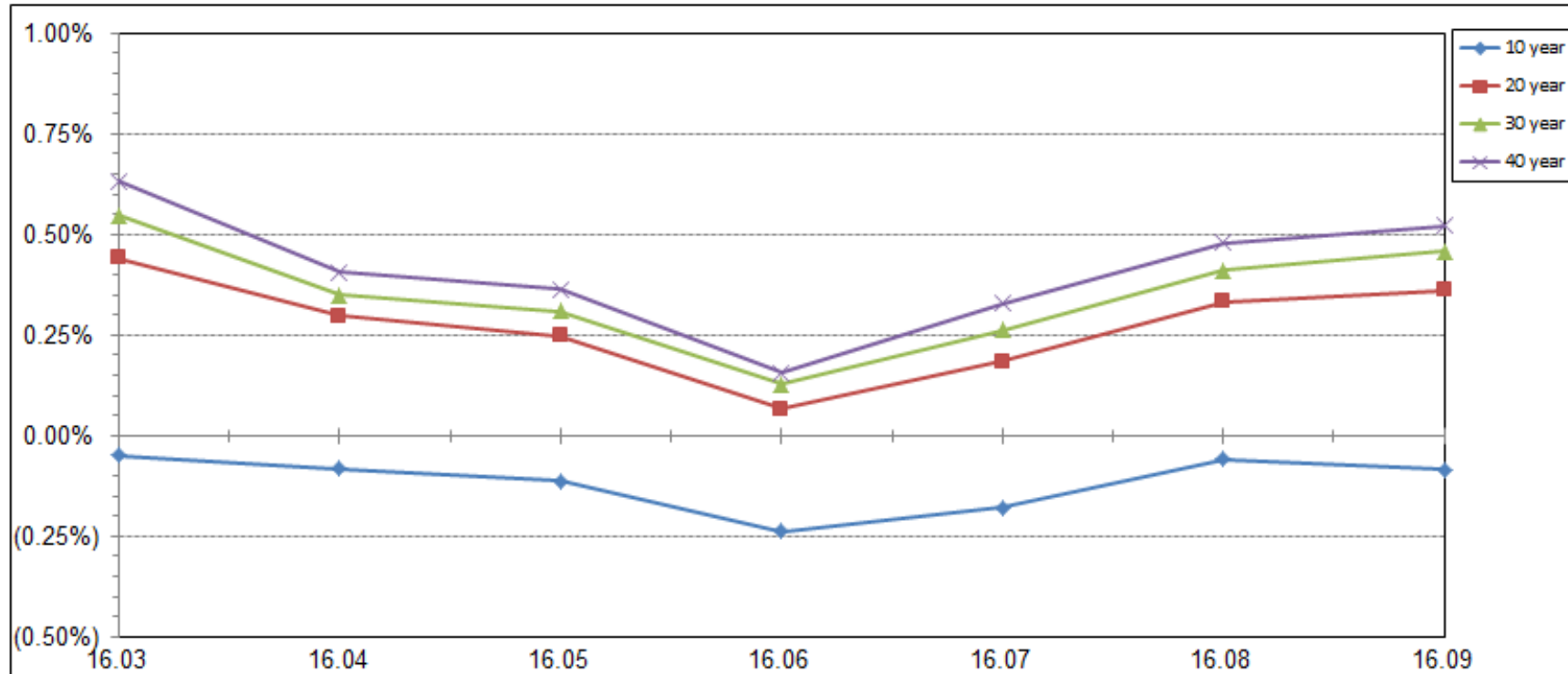
	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; ^{*2} <ul style="list-style-type: none"> • Lapse rate increases by 50% for each year elapsed • Lapse rate decreases by 50% for each year elapsed • 30% of policies on which surrender value is in excess of best estimate liability are immediately surrendered 	The largest amount of these; <ul style="list-style-type: none"> • Increases by 50% in the assumed rates of lapsation for Life module, 50% for Health module • Decreases by 50% in the assumed rates of lapsation for Life module, 50% for Health module • 40% of policies (70% for group annuities, etc.) on which surrender value is in excess of best estimate liability are immediately surrendered
Expense risk	Operating expenses increase by 10% for each year elapsed Rate of inflation rises by 1%	Same as on the left
Disability risk	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter. Recovery rate decreases by 20%.

Notes

1. Principal items as of September 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

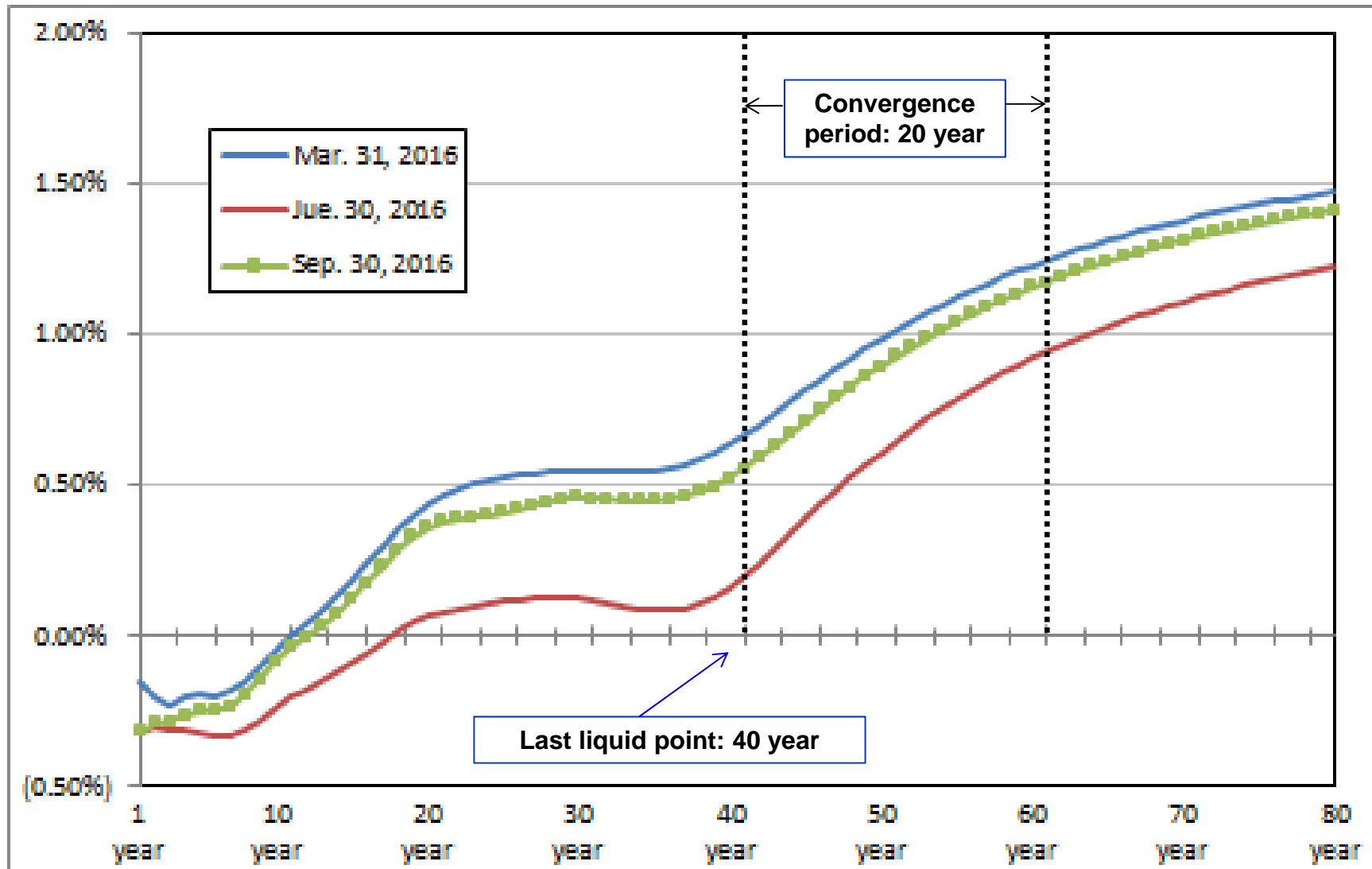
Trend on JGB Yields (Par rate)



As of the end of each month

	16.03	16.04	16.05	16.06	16.07	16.08	16.09
10 year	(0.05%)	(0.08%)	(0.11%)	(0.24%)	(0.18%)	(0.06%)	(0.08%)
20 year	0.44%	0.30%	0.25%	0.07%	0.18%	0.33%	0.36%
30 year	0.55%	0.35%	0.31%	0.13%	0.26%	0.41%	0.46%
40 year	0.63%	0.41%	0.36%	0.16%	0.33%	0.48%	0.52%

Trend on Risk-free Rate (Japanese yen/ Par rate)



*For above risk-free rate, we employ the Smith-Wilson method for extrapolation so that the 60-year forward rate will coverage on the UFR (3.5%).



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