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## Presentation Material

# **Consolidated Financial Results for the Nine Months Ended December 31, 2016 and Sony Life's MCEV as of December 31, 2016**

**Sony Financial Holdings Inc.  
February 14, 2017**

- **Consolidated Operating Results for the Nine Months Ended December 31, 2016  
<FY16.3Q (9M)>** **P.3**
- **Forecast of Consolidated Financial Results for the Year Ending March 31, 2017  
(FY16)** **P.29**
- **Sony Life’s MCEV and ESR as of December 31, 2016** **P.31**
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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.

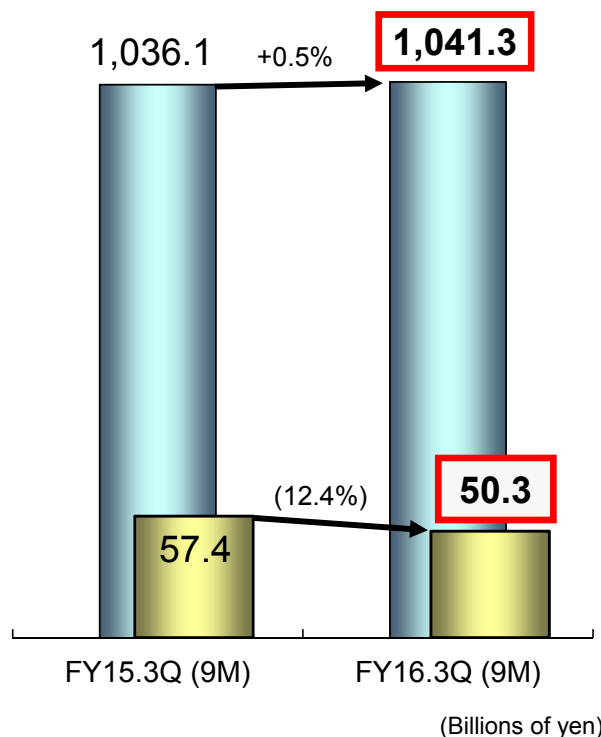
\* “Lifeplanner” is a registered trademark of Sony Life.

**Consolidated Operating Results for  
the Nine Months Ended December 31, 2016  
<FY16.3Q (9M)>**

# Highlights of Consolidated Operating Performance for FY16.3Q (9M) (1)



- Consolidated ordinary revenues
- Consolidated ordinary profit



		(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
Life Insurance business	Ordinary revenues		937.3	<b>939.1</b>	+1.7	+0.2%
	Ordinary profit		48.8	<b>42.3</b>	(6.4)	(13.1%)
Non-life Insurance business	Ordinary revenues		72.7	<b>75.9</b>	+3.1	+4.4%
	Ordinary profit		3.8	<b>4.9</b>	+1.1	+30.7%
Banking business	Ordinary revenues		28.1	<b>28.5</b>	+0.3	+1.4%
	Ordinary profit		4.6	<b>3.3</b>	(1.3)	(29.1%)
Intersegment adjustments*	Ordinary revenues		(2.1)	<b>(2.3)</b>	(0.1)	—
	Ordinary profit		0.1	<b>(0.4)</b>	(0.5)	—
Consolidated	Ordinary revenues		1,036.1	<b>1,041.3</b>	+5.1	+0.5%
	Ordinary profit		57.4	<b>50.3</b>	(7.1)	(12.4%)
	Profit attributable to owners of the parent		38.2	<b>33.7</b>	(4.5)	(11.8%)

\*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 : FY15.3Q (9M): ¥40.2 billion, FY16.3Q (9M): ¥18.2 billion

		(Billions of yen)	16.3.31	<b>16.12.31</b>	Change from 16.3.31	
Consolidated	Net assets		604.3	<b>597.9</b>	(6.4)	(1.1%)
	Total assets		10,352.1	<b>11,276.0</b>	+923.9	+8.9%

# Highlights of Consolidated Operating Performance for FY16.3Q (9M) (2)



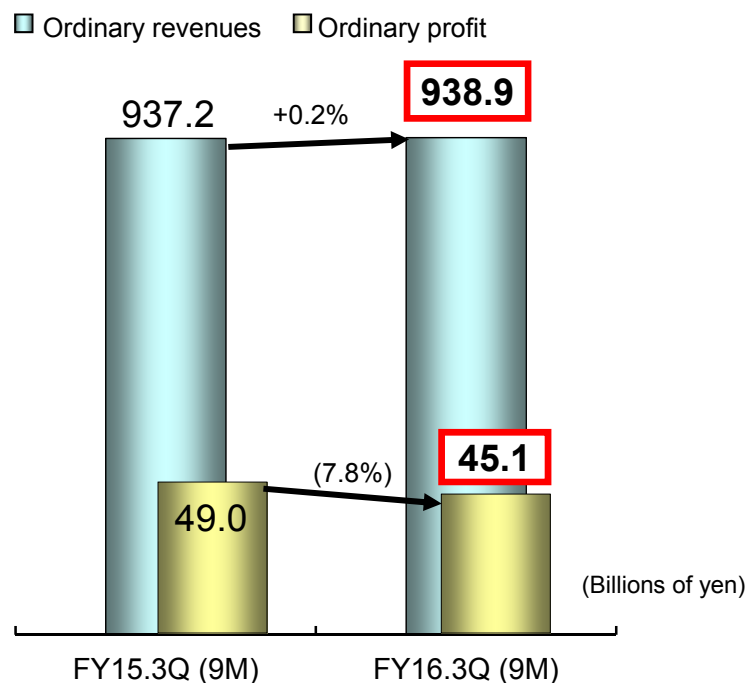
■ Life Insurance Business: Ordinary revenues were essentially flat year on year, because an increase in investment income was offset by a decrease in insurance premium revenues led by a decline in sales of single premium products. Ordinary profit decreased year on year due mainly to lower gains on sale of securities in the general account. The provision of policy reserves for minimum guarantees for variable life insurance declined owing to a lower acquisition of new policies and the improvement of the market conditions. This positive impact on ordinary profit, however, was partially offset by a deterioration in net gains/losses on derivative transactions to hedge market-related risks

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

■ Banking Business: Ordinary revenues increased year on year due to an increase in interest income on loans in line with a favorably growing balance of mortgage loans and an increase in ordinary revenues from Sony Payment Services (Sony Bank's 57% owned subsidiary), partially offset by a decrease in interest and dividend income on securities. Ordinary profit decreased year on year due to the lower level of interest rates, an increase in initial expenses led by a higher execution of mortgage loans, and decreased volumes of foreign currency and investment trust transactions of customers.

■ Consolidated ordinary revenues increased 0.5% year on year, to ¥1,041.3 billion. Ordinary revenues from the life insurance business were flat year on year, while ordinary revenues from the non-life insurance and the banking businesses increased. Consolidated ordinary profit decreased 12.4% year on year, to ¥50.3 billion. By business segment, ordinary profit from the life insurance and the banking businesses decreased, whereas ordinary profit from the non-life insurance business increased. Profit attributable to owners of the parent was down 11.8% year on year, to ¥33.7 billion due to the decrease in consolidated ordinary profit.

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



- ◆ Ordinary revenues were flat but ordinary profit decreased year on year.
- ◆ Income from insurance premiums decreased due to a decline in sales of single premium products.
- ◆ Investment income increased led by higher gains on separate account despite lower gains on sale of securities in the general account.
- ◆ Ordinary profit decreased due mainly to lower gains on sale of securities in the general account. The provision of policy reserves for minimum guarantees for variable life insurance declined owing to a lower acquisitions of new policies and the improvement of the market conditions. The positive impact on ordinary profit, however, was partially offset by a deterioration in net gains/losses on derivative transactions to hedge market-related risks.

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Ordinary revenues</b>	937.2	<b>938.9</b>	+1.7	+0.2%
Income from insurance premiums	754.8	<b>705.4</b>	(49.4)	(6.5%)
Investment income	153.4	<b>195.0</b>	+41.5	+27.1%
Interest income and dividends	105.5	<b>110.0</b>	+4.5	+4.3%
Income from monetary trusts, net	10.8	<b>3.3</b>	(7.4)	(68.9%)
Gains on sale of securities	12.1	<b>1.3</b>	(10.8)	(89.3%)
Foreign exchange gains, net	0.4	<b>24.2</b>	+23.7	—
Gains on separate accounts, net	24.4	<b>55.9</b>	+31.5	+129.2%
<b>Ordinary expenses</b>	888.2	<b>893.7</b>	+5.5	+0.6%
Insurance claims and other payments	279.3	<b>276.0</b>	(3.3)	(1.2%)
Provision for policy reserves and others	480.2	<b>447.0</b>	(33.1)	(6.9%)
Investment expenses	5.0	<b>38.9</b>	+33.9	+667.9%
Losses on derivatives, net	0.5	<b>34.2</b>	+33.7	—
Operating expenses	97.4	<b>101.6</b>	+4.2	+4.4%
<b>Ordinary profit</b>	49.0	<b>45.1</b>	(3.8)	(7.8%)
<b>Net income</b>	32.8	<b>31.2</b>	(1.6)	(5.0%)
(Billions of yen)	16.331	<b>16.1231</b>	Change from 16.331	
<b>Securities</b>	7,273.3	<b>7,916.0</b>	+642.6	+8.8%
<b>Policy reserves</b>	7,336.5	<b>7,783.1</b>	+446.6	+6.1%
<b>Net assets</b>	482.1	<b>483.0</b>	+0.9	+0.2%
Net unrealized gains on other securities	150.6	<b>133.5</b>	(17.0)	(11.3%)
<b>Total assets</b>	8,035.4	<b>8,721.1</b>	+685.7	+8.5%
Separate account assets	850.3	<b>957.9</b>	+107.5	+12.7%

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

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>New policy amount</b>	4,052.4	<b>3,499.7</b>	(13.6%)
<b>Lapse and surrender amount</b>	1,474.9	<b>1,371.1</b>	(7.0%)
<b>Lapse and surrender rate</b>	3.60%	<b>3.18%</b>	(0.42pt)
<b>Policy amount in force</b>	42,841.7	<b>44,633.9</b>	+4.2%
<b>Annualized premiums from new policies</b>	65.8	<b>54.1</b>	(17.7%)
Of which, third-sector products	12.0	<b>11.2</b>	(7.0%)
<b>Annualized premiums from insurance in force</b>	771.8	<b>807.3</b>	+4.6%
Of which, third-sector products	178.3	<b>185.1</b>	+3.8%

## <Reasons for changes>

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

◆ Decreased due to lower sales of variable life insurance despite favorable sales of term life insurance and U.S. dollar-denominated 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)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>Gains from investment, net (General account)</b>	123.9	<b>100.0</b>	(19.3%)
<b>Core profit</b>	35.1	<b>65.8</b>	+87.5%
<b>Positive spread</b>	11.7	<b>11.1</b>	(5.1%)

◆ Increased due mainly to a decrease in the provision of policy reserves for minimum guarantees for variable life insurance reflecting a lower acquisition of new policies and the improvement of the market conditions.

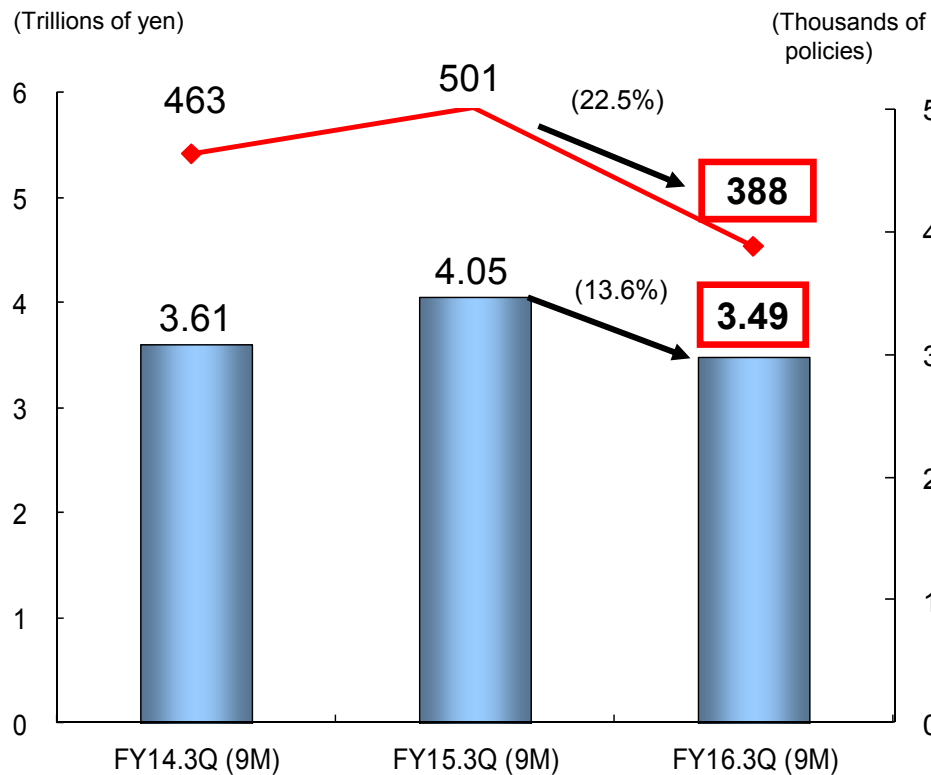
	16.3.31	<b>16.12.31</b>	Change from 16.3.31
<b>Non-consolidated solvency margin ratio</b>	2,722.8%	<b>2,731.1%</b>	+8.3pt

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



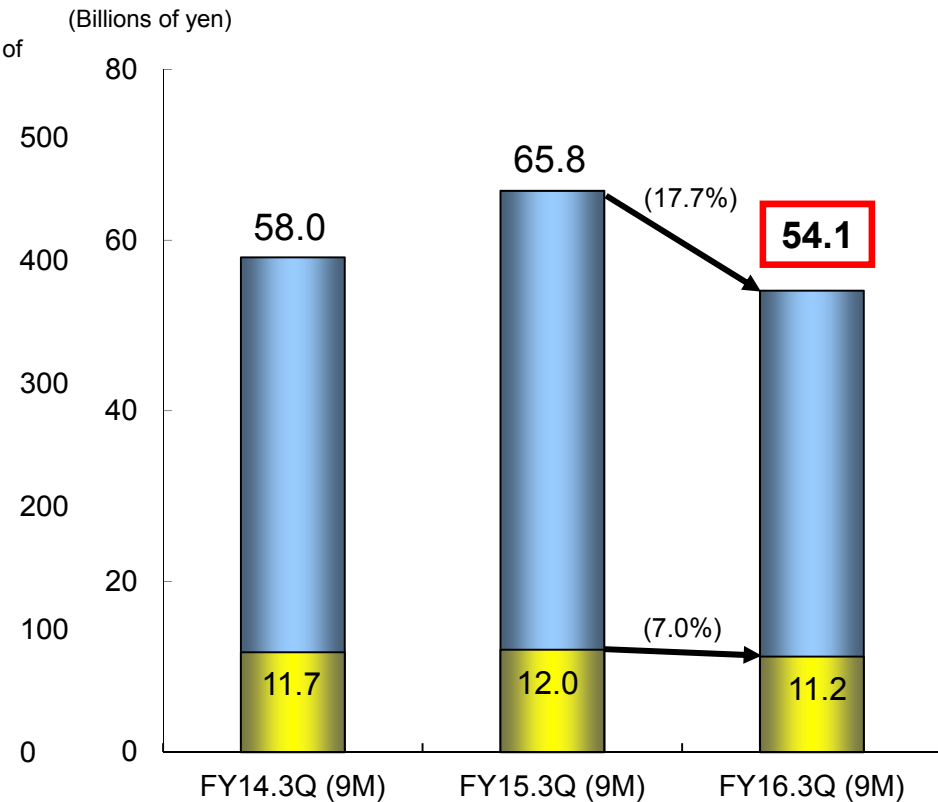
## Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ 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

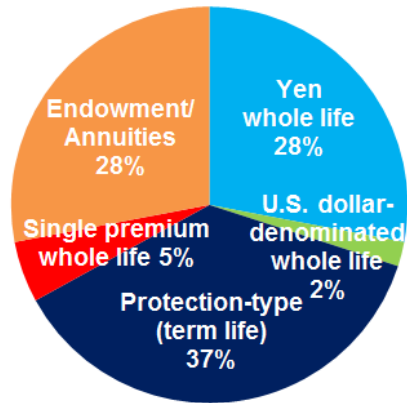




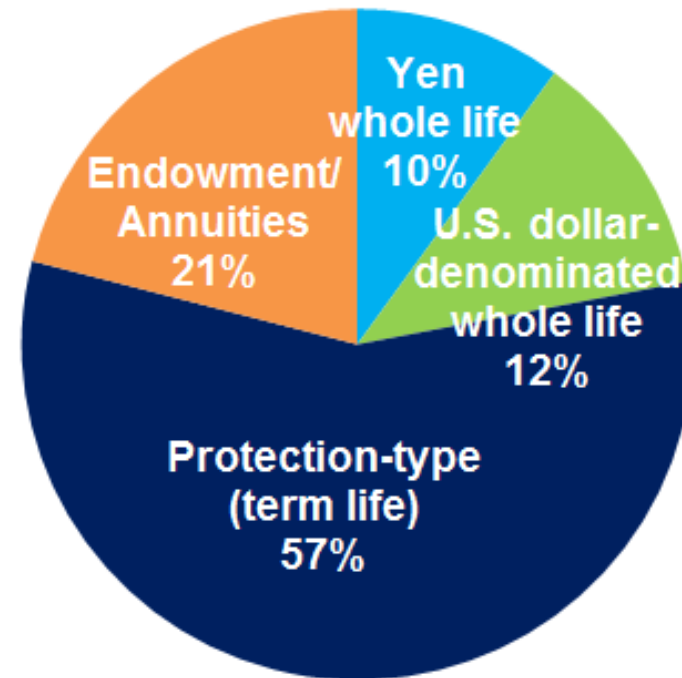
# Sony Life's Product Portfolio

## Annualized Premiums from New Policies by Product

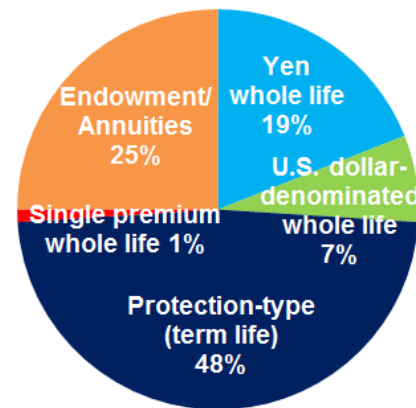
**FY15 (12M) ¥85.0 billion**



**FY16.3Q (3M) ¥15.3 billion**



**FY16.1H(6M) ¥38.7 billion**

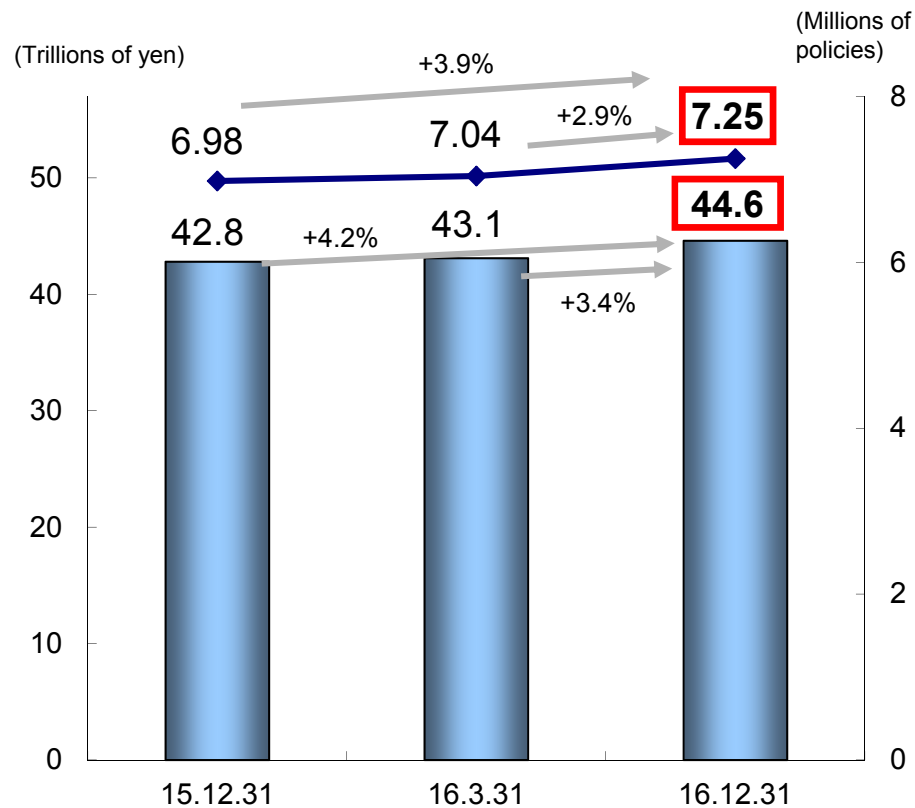


# Operating Performance : Sony Life (Non-consolidated) (2)



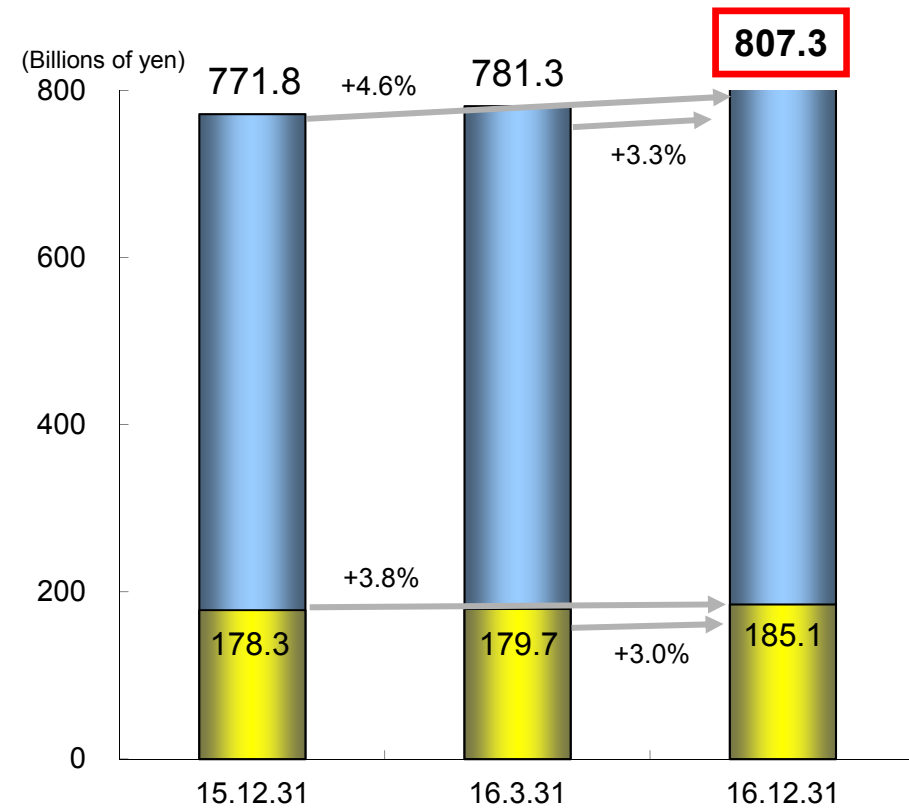
## Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

■ Policy amount in force    — Number of policies in force



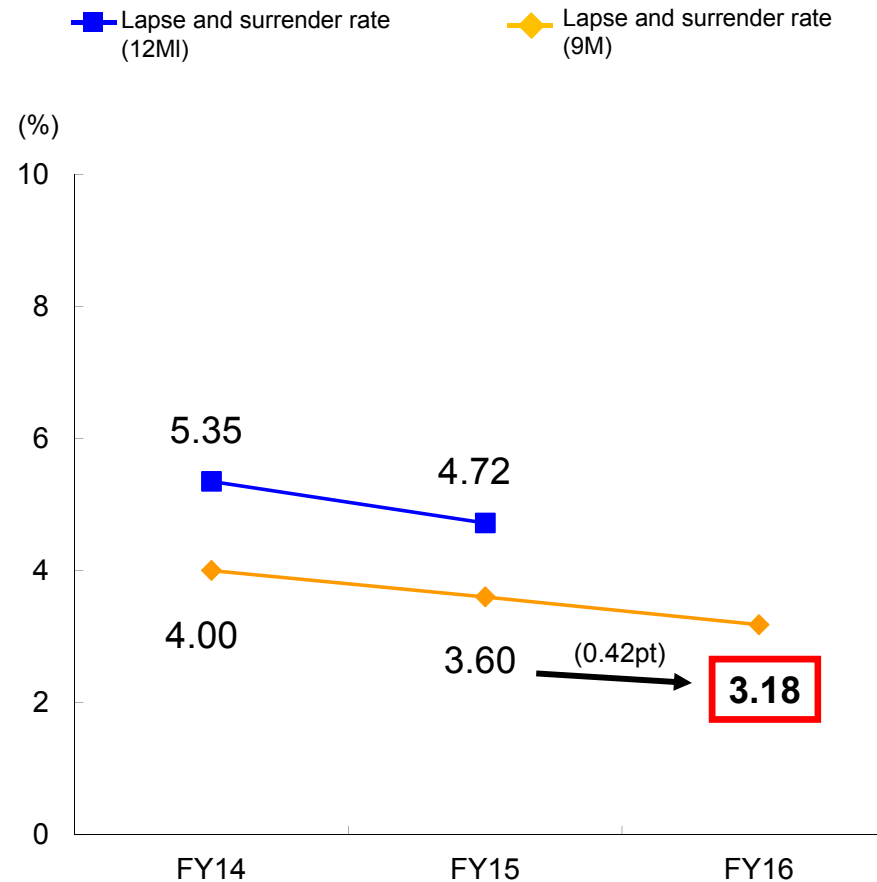
## Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)

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



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

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



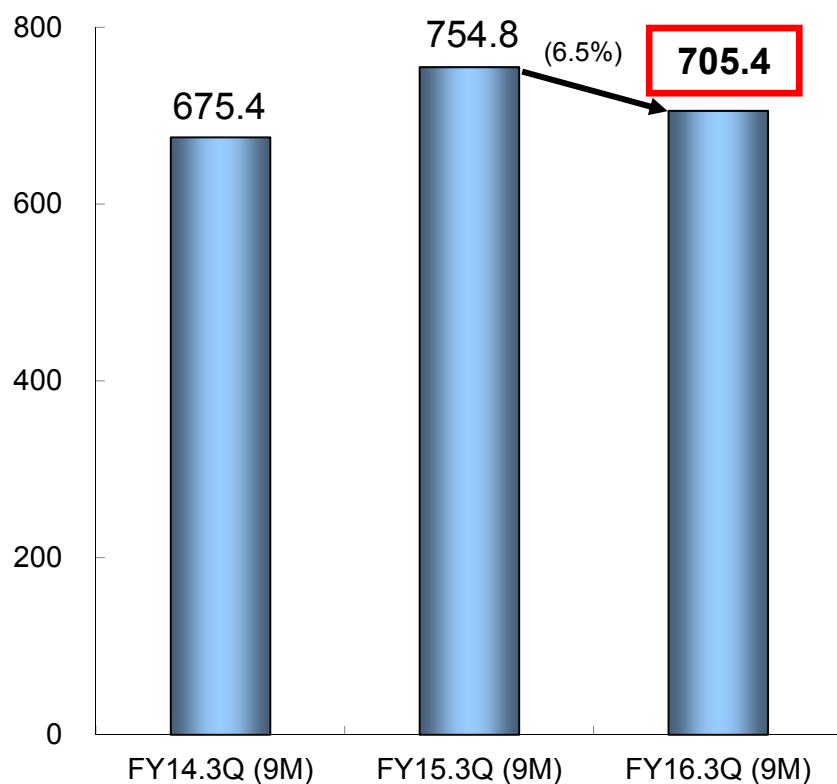
\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

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



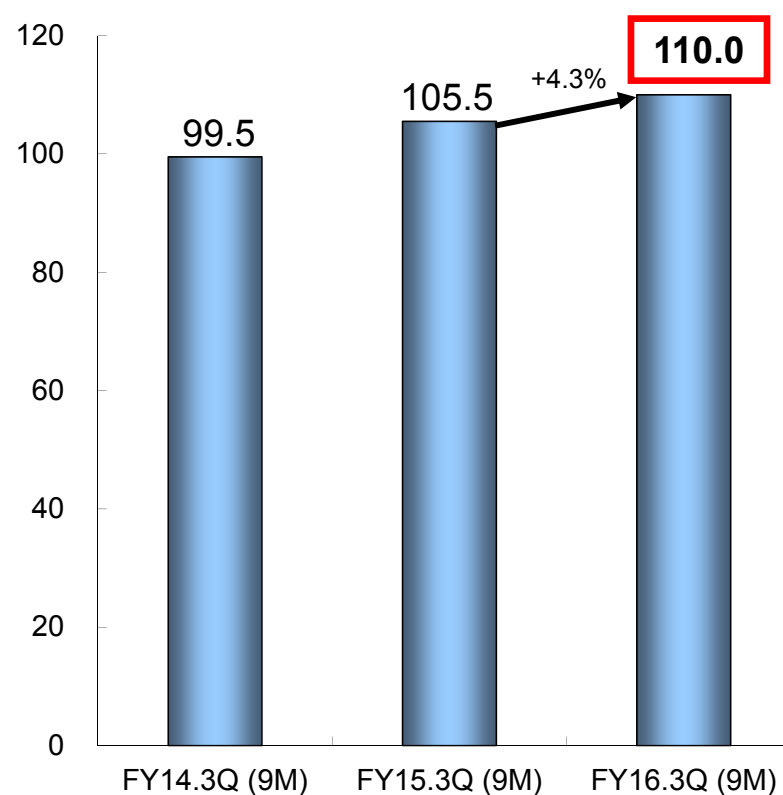
## Income from Insurance Premiums

(Billions of yen)



## Interest Income and Dividends

(Billions of yen)

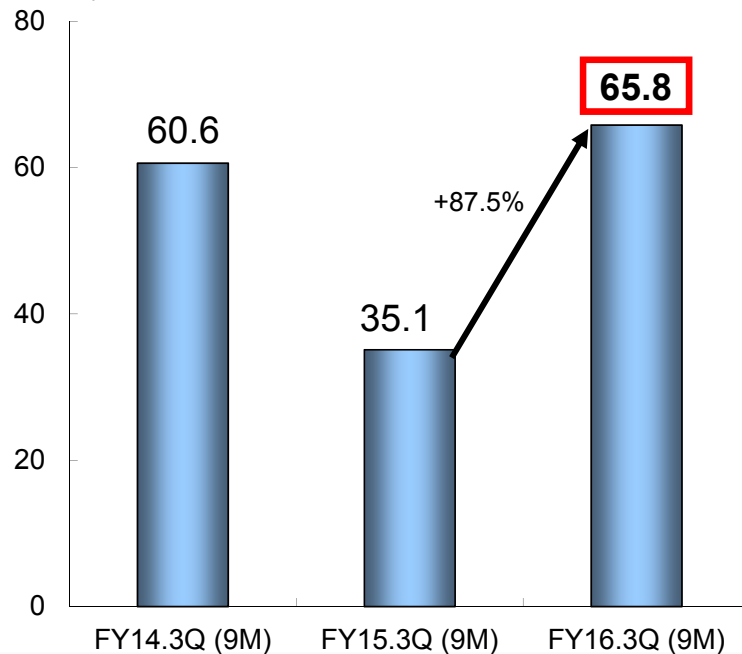


# Operating Performance : Sony Life (Non-consolidated) (5)



## Core Profit

(Billions of yen)

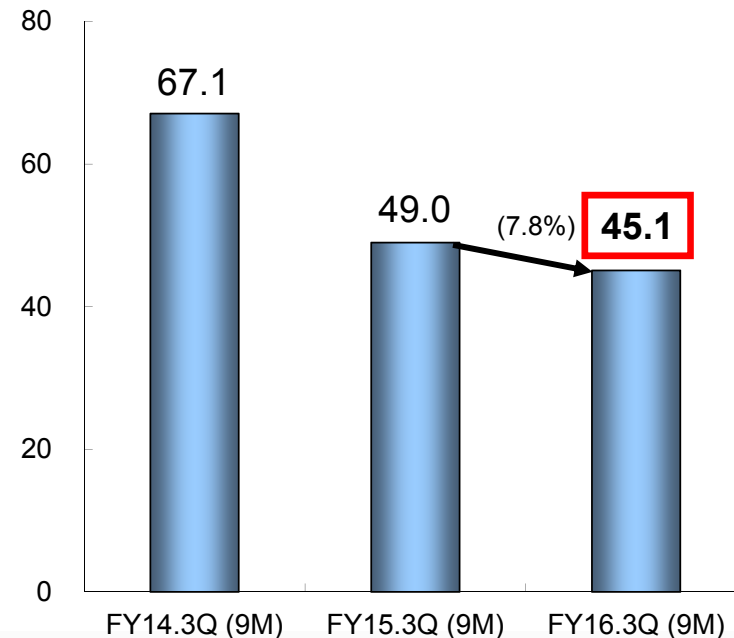


(Reference) Impact on core profit

(Billions of yen)	FY14.3Q (9M)	FY15.3Q (9M)	FY16.3Q (9M)
Positive spread	9.4	11.7	11.1
Provision of policy reserves for minimum guarantees for variable life insurance (*)	(3.3)	(24.2)	(4.5)
Others	54.5	47.6	59.2

## Ordinary Profit

(Billions of yen)



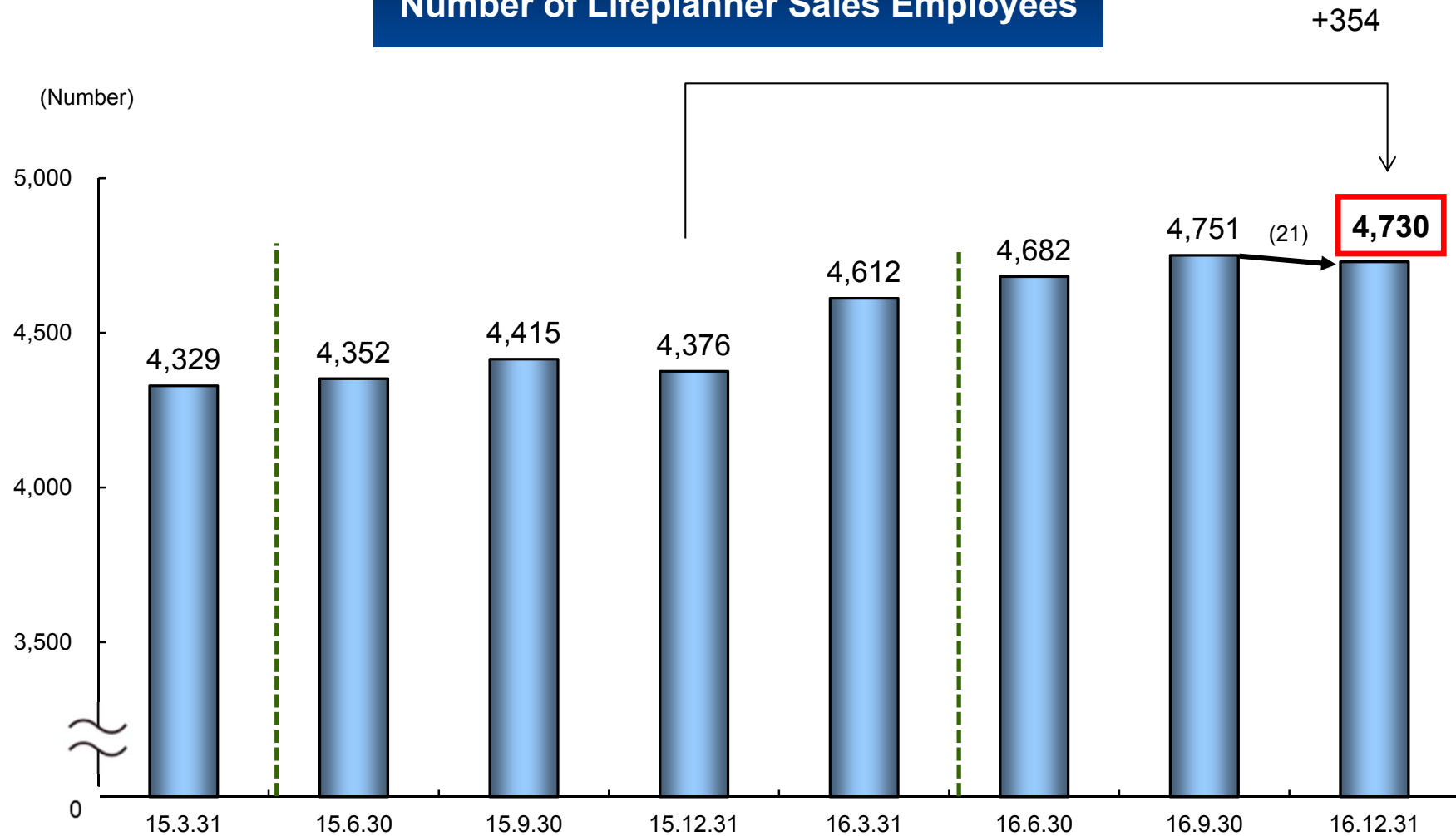
(Reference) Main differences from core profit

(Billions of yen)	FY14.3Q (9M)	FY15.3Q (9M)	FY16.3Q (9M)
Capital gains (losses) excluding gains or losses on hedges (*)	10.4	19.7	0.0
Gains (losses) on hedges of variable life insurance	—	(0.6)	(14.2)
Provision of contingency reserve (*)	(3.8)	(4.9)	(6.2)

\*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)

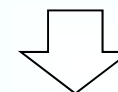
## Breakdown of General Account Assets

(Billions of yen)	16.3.31		16.12.31	
	Amount	%	Amount	%
<b>Japanese government and corporate bonds</b>	6,351.1	88.4%	<b>6,722.1</b>	<b>86.6%</b>
Japanese stocks	33.3	0.5%	<b>34.9</b>	<b>0.5%</b>
Foreign bonds	70.1	1.0%	<b>234.1</b>	<b>3.0%</b>
Foreign stocks	23.0	0.3%	<b>31.4</b>	<b>0.4%</b>
Monetary trusts	280.9	3.9%	<b>273.9</b>	<b>3.5%</b>
Policy loans	171.6	2.4%	<b>176.8</b>	<b>2.3%</b>
Real estate*	115.8	1.6%	<b>117.7</b>	<b>1.5%</b>
Cash and call loans	52.5	0.7%	<b>55.4</b>	<b>0.7%</b>
Others	86.4	1.2%	<b>116.6</b>	<b>1.5%</b>
<b>Total</b>	<b>7,185.0</b>	<b>100.0%</b>	<b>7,763.2</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**

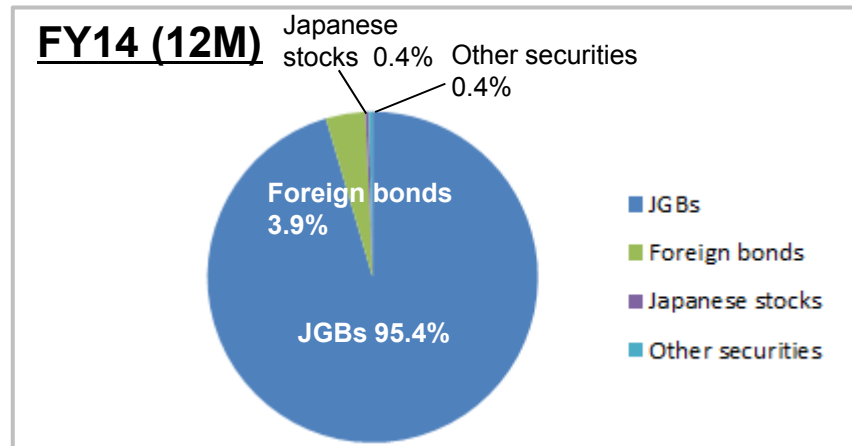
**Mar. 31, 2016: 21.8 years**

**Dec. 31, 2016: 21.5 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 Dec. 31, 2016: 90.1%  
(As of Mar. 31, 2016: 92.3%)

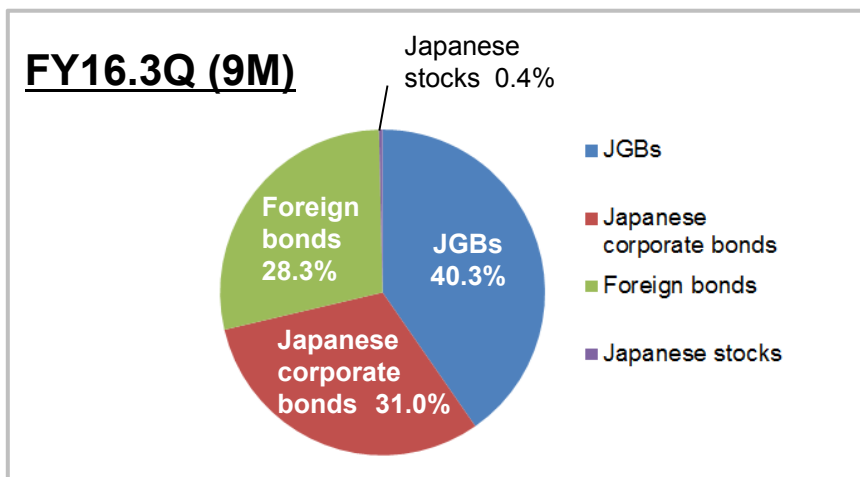
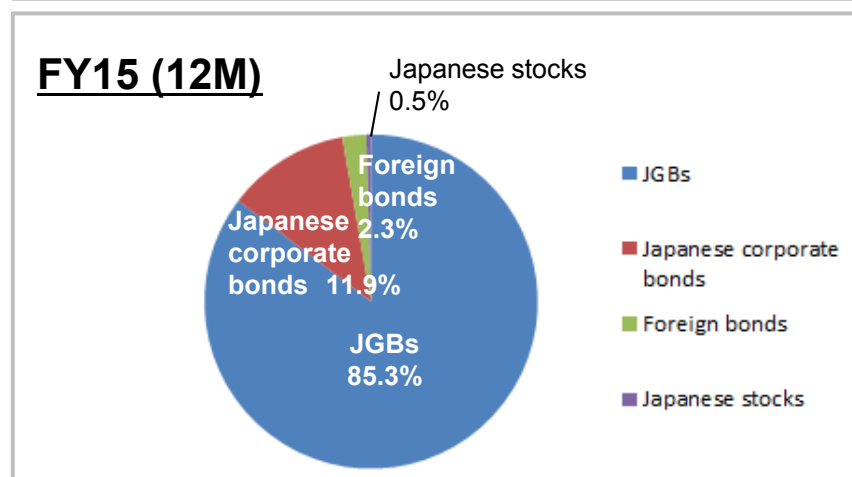
# Review of Sony Life's Asset Management

## 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. government bonds, responding to higher sales of U.S. dollar denominated insurance policies.**



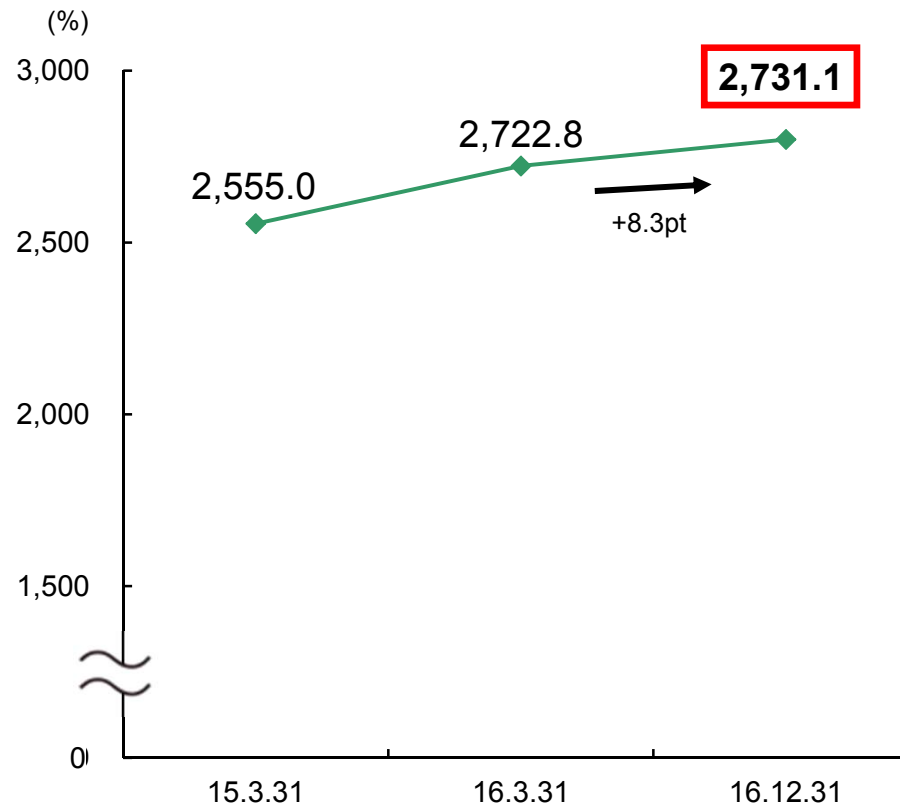
Notes:

1. Japanese corporate bonds include FILP agency bonds and Government-guaranteed bonds.
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)

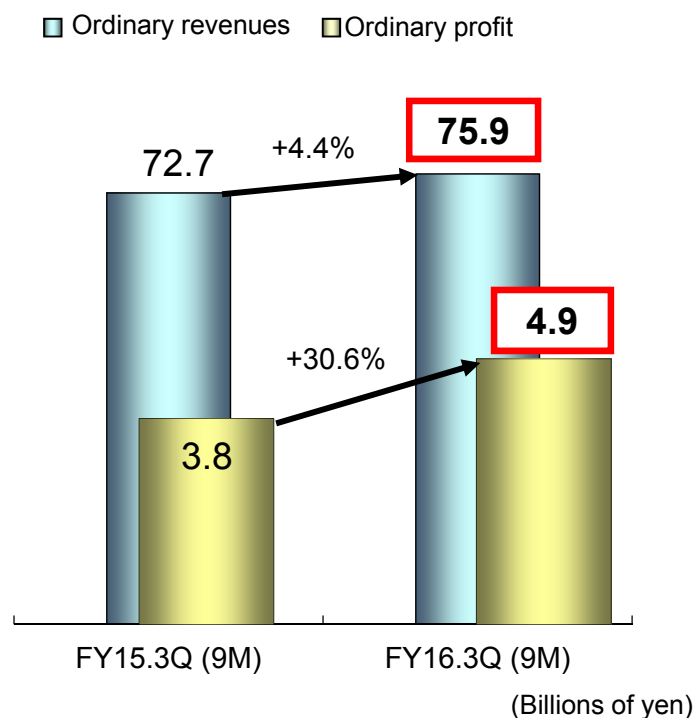


# Operating Performance : Sony Life (Non-consolidated) (8)

## 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.
- ◆ Ordinary profit increased due mainly to the increase in ordinary revenues, including gains on sale of securities, and a lower expense ratio.

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Ordinary revenues</b>	72.7	75.9	+3.1	+4.4%
Underwriting income	71.8	74.3	+2.5	+3.5%
Investment income	0.9	1.5	+0.6	+67.5%
<b>Ordinary expenses</b>	68.9	70.9	+1.9	+2.9%
Underwriting expenses	50.9	52.5	+1.6	+3.2%
Investment expenses	0.0	—	(0.0)	(100.0%)
Operating general and administrative expenses	18.0	18.3	+0.3	+2.0%
<b>Ordinary profit</b>	3.8	4.9	+1.1	+30.6%
<b>Extraordinary Losses</b>	0.8	0.0	(0.8)	(97.7%)
<b>Net income</b>	2.1	3.6	+1.4	+70.5%

(Billions of yen)	16.3.31	16.12.31	Change from 16.3.31	
<b>Underwriting reserves</b>	95.7	103.0	+7.3	+7.7%
<b>Net assets</b>	28.3	29.6	+1.3	+4.6%
<b>Total assets</b>	172.3	179.4	+7.0	+4.1%

# Overview of Operating Performance: Sony Assurance



(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>Direct premiums written</b>	70.8	<b>73.3</b>	+3.5%
<b>Net premiums written</b>	71.7	<b>74.2</b>	+3.5%
<b>Net losses paid</b>	35.5	<b>36.9</b>	+4.0%
<b>Underwriting profit</b>	2.9	<b>3.4</b>	+17.5%
<b>Net loss ratio</b>	56.8%	<b>57.2%</b>	+0.4pt
<b>Net expense ratio</b>	26.6%	<b>26.3%</b>	(0.3pt)
<b>Combined ratio</b>	83.4%	<b>83.5%</b>	+0.1pt

## <Reasons for changes>

◆ Increased mainly in its mainstay automobile insurance.

◆ Declined due to a proper control on overall operating expenses.

Note:

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

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

	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>E. I. loss ratio</b>	63.1%	<b>62.9%</b>	(0.2pt)
<b>E. I. loss ratio + Net expense ratio</b>	89.7%	<b>89.2%</b>	(0.5pt)

◆ Declined slightly due to a decrease in provision for reserve for outstanding losses in automobile insurance.

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	<b>16.12.31</b>	Change from 16.3.31	
<b>Number of policies in force</b>	1.79 million	<b>1.84 million</b>	+0.04 million	+2.5%
<b>Non-consolidated solvency margin ratio</b>	693.5%	<b>771.1%</b>	+77.6pt	

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)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>Fire</b>	259	<b>170</b>	(34.4%)
<b>Marine</b>	—	—	—
<b>Personal accident</b>	6,496	<b>6,583</b>	+1.3%
<b>Voluntary automobile</b>	64,053	<b>66,563</b>	+3.9%
<b>Compulsory automobile liability</b>	—	—	—
<b>Total</b>	70,810	<b>73,317</b>	+3.5%

## Net Premiums Written

(Millions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>Fire</b>	35	<b>18</b>	(48.9%)
<b>Marine</b>	36	<b>(2)</b>	—
<b>Personal accident</b>	6,721	<b>6,811</b>	+1.3%
<b>Voluntary automobile</b>	63,913	<b>66,371</b>	+3.8%
<b>Compulsory automobile liability</b>	1,055	<b>1,074</b>	+1.9%
<b>Total</b>	71,762	<b>74,273</b>	+3.5%

## Net losses paid

(Millions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>Fire</b>	1	<b>5</b>	+335.4%
<b>Marine</b>	122	<b>(9)</b>	—
<b>Personal accident</b>	1,838	<b>1,919</b>	+4.4%
<b>Voluntary automobile</b>	32,587	<b>34,034</b>	+4.4%
<b>Compulsory automobile liability</b>	963	<b>991</b>	+2.9%
<b>Total</b>	35,513	<b>36,941</b>	+4.0%

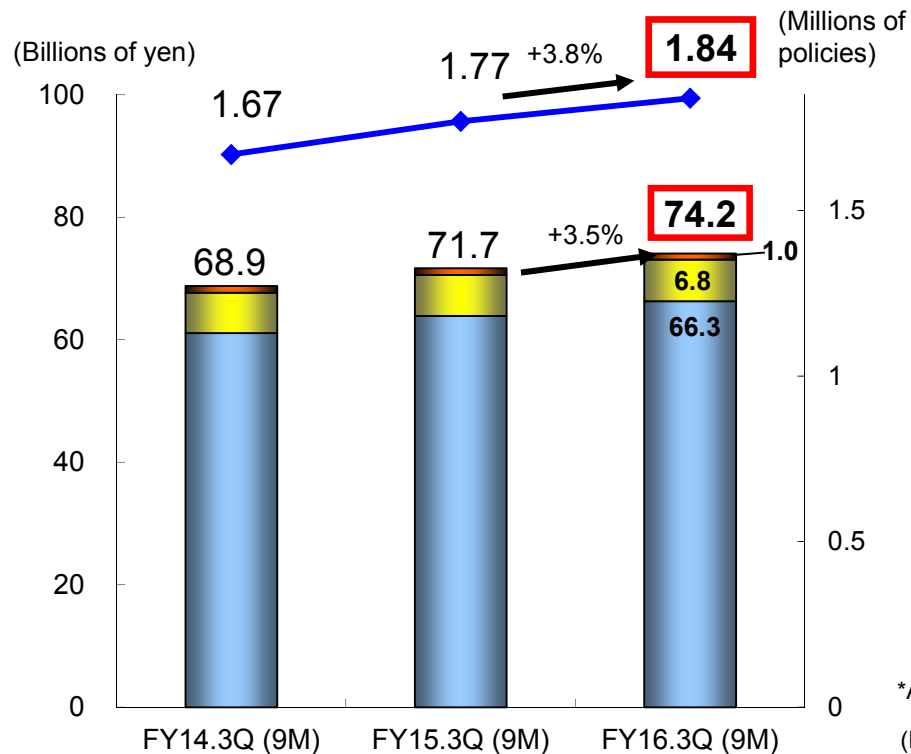
\*Medical and cancer insurance is included in personal accident.

# Operating Performance: Sony Assurance (1)



## Net Premiums Written and Number of Policies in Force

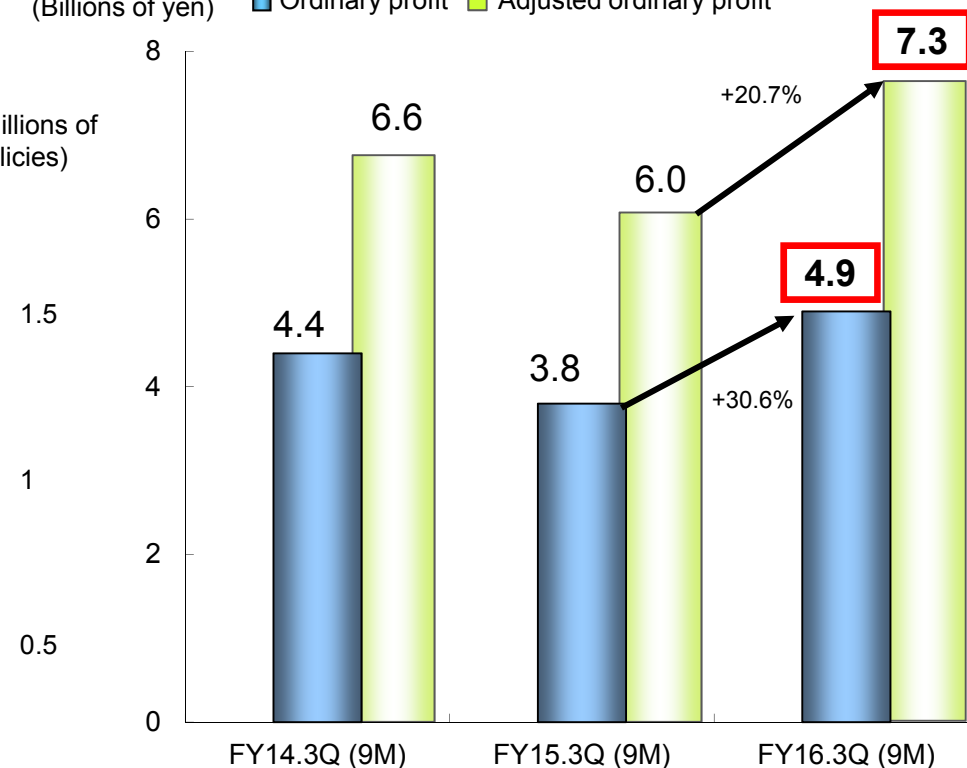
■ Voluntary automobile insurance 
 ■ Personal accident insurance 
 ■ Others 
 —◆— Number of policies in force



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)	FY14.3Q (9M)	FY15.3Q (9M)	FY16.3Q (9M)
Provision for catastrophe reserve	2.1	2.2	2.3

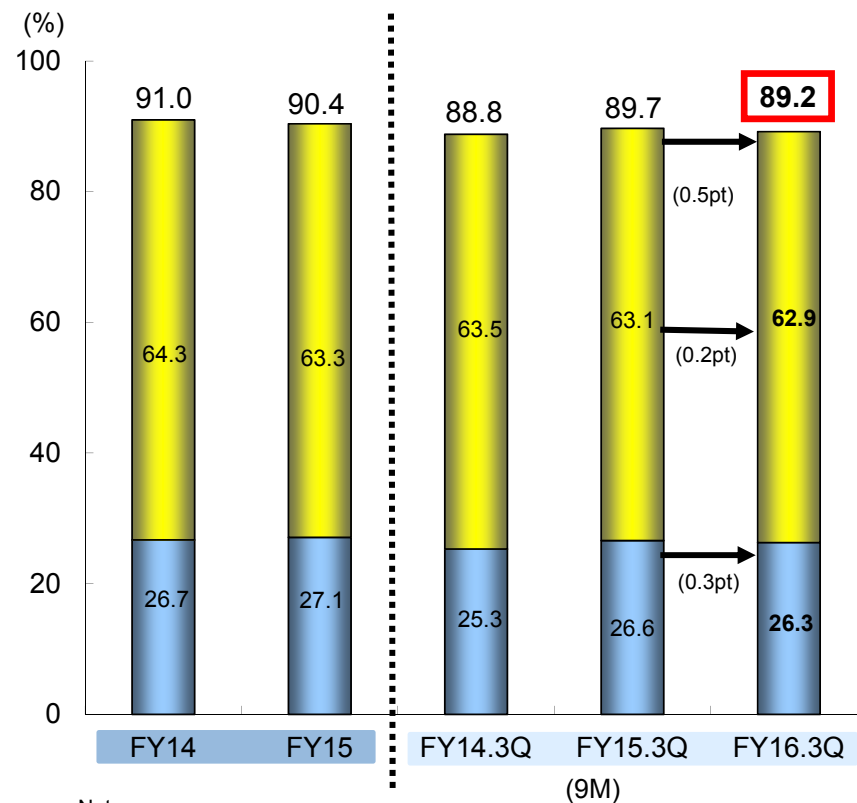
\*Provision for catastrophe reserve is described as positive amount.

# Operating Performance: Sony Assurance (2)



## Earned/Incurred Loss Ratio + Net Expense Ratio

■ Earned/Incurred loss ratio ■ Net expense ratio

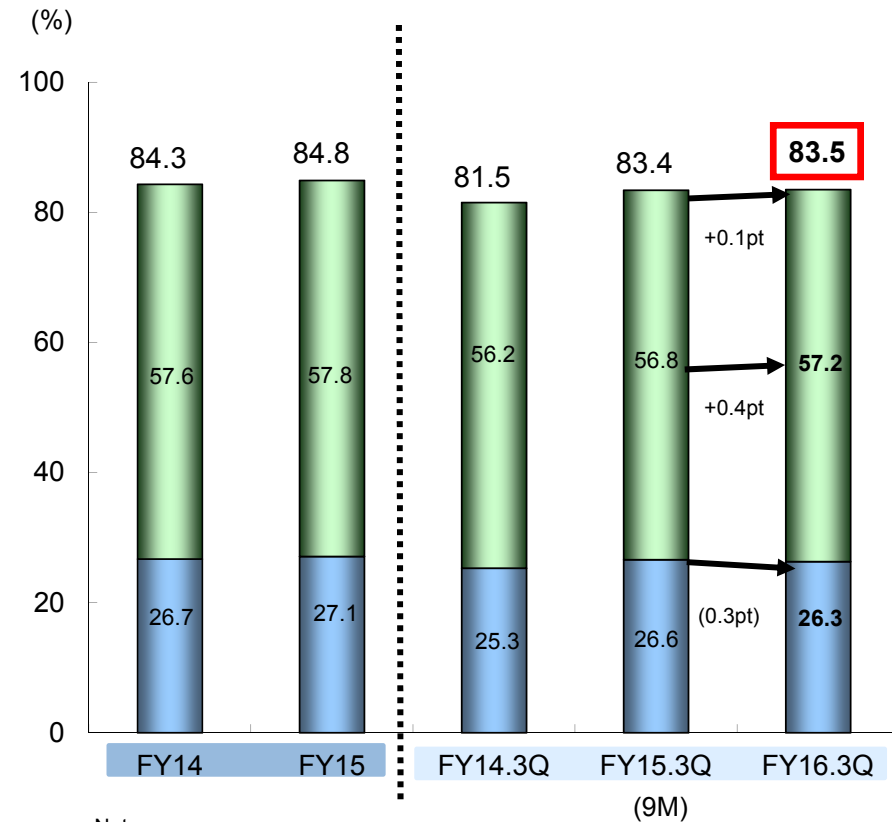


Notes:

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

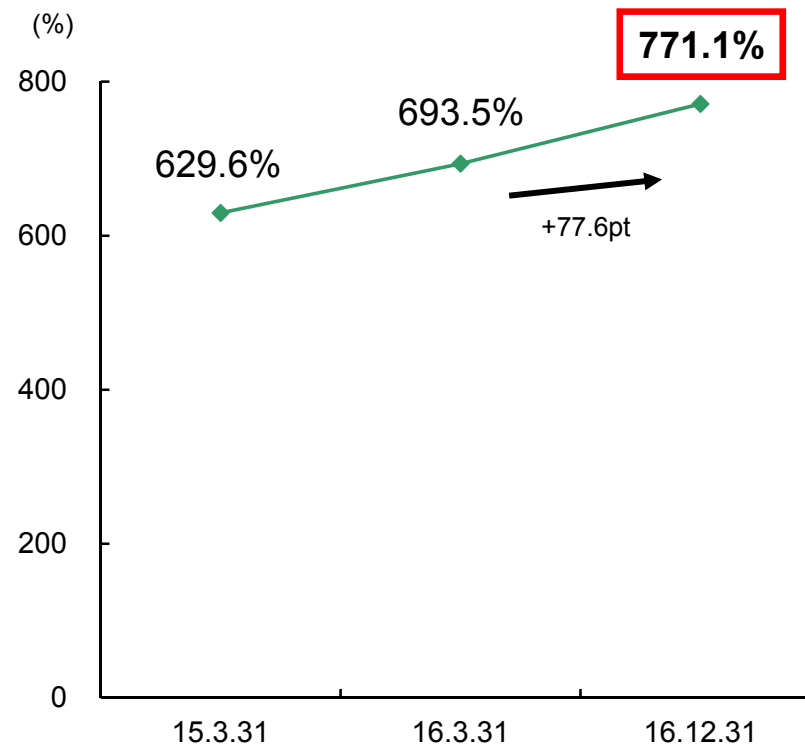


Notes:

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)

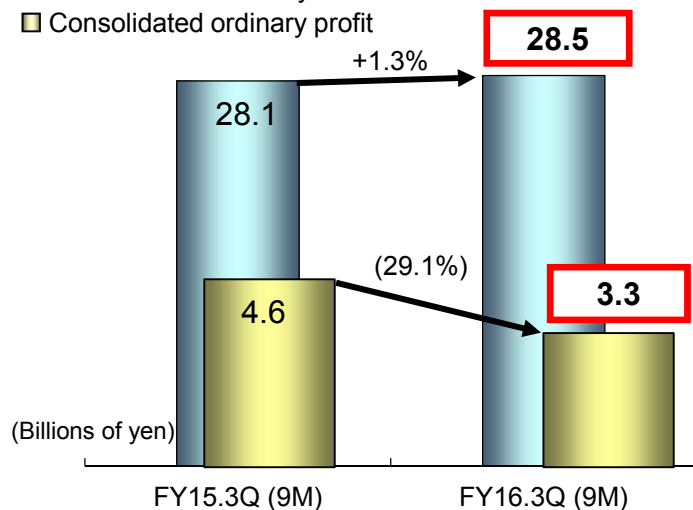
## Non-consolidated Solvency Margin Ratio



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



- Consolidated ordinary revenues
- Consolidated ordinary profit



## <Consolidated>

- ◆ Ordinary revenues increased due to an increase in interest income on loans in line with a favorably growing balance of mortgage loans and an increase in ordinary revenues from Sony Payment Services (Sony Bank's 57% owned subsidiary), partially offset by a decrease in interest and dividend income on securities.
- ◆ Ordinary profit decreased due to the lower level of interest rates, an increase in initial expenses led by a higher execution of mortgage loans, and decreased volumes of foreign currency and investment trust transactions of customers.

## <Non-consolidated>

- ◆ Both gross operating profit and net operating profit decreased.
  - Net interest income increased due to a rise in interest income on loans despite a decrease in interest and dividend income on securities.
  - Net fees and commissions decreased due to an increase in initial expenses led by a higher execution of mortgage loans and lower volumes of investment trust transactions.
  - Net other operating income decreased due to lower fees and commissions from foreign currency transactions of customers.

## <Consolidated>

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Consolidated ordinary revenues</b>	28.1	<b>28.5</b>	+0.3	+1.3%
<b>Consolidated ordinary profit</b>	4.6	<b>3.3</b>	(1.3)	(29.1%)
<b>Profit attributable to owners of the parent</b>	3.0	<b>2.1</b>	(0.8)	(29.4%)

## <Non-consolidated>

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Ordinary revenues</b>	25.9	<b>25.9</b>	+0.0	+0.2%
<b>Gross operating profit</b>	16.2	<b>15.5</b>	(0.6)	(4.2%)
Net interest income	12.3	<b>13.0</b>	+0.7	+6.4%
Net fees and commissions	0.1	<b>(1.1)</b>	(1.2)	—
Net other operating income	3.8	<b>3.5</b>	(0.2)	(6.4%)
<b>General and administrative expenses</b>	11.6	<b>12.4</b>	+0.8	+7.4%
<b>Net operating profit</b>	4.6	<b>3.0</b>	(1.5)	(33.3%)
<b>Ordinary profit</b>	4.6	<b>3.0</b>	(1.5)	(34.1%)
<b>Net income</b>	3.0	<b>2.0</b>	(0.9)	(32.0%)

(Billions of yen)	16.3.31	<b>16.12.31</b>	Change from 16.3.31	
<b>Net assets</b>	77.4	<b>79.5</b>	+2.1	+2.8%
Net unrealized gains on other securities, net of taxes	3.3	<b>4.3</b>	+1.0	+30.9%
<b>Total assets</b>	2,126.5	<b>2,392.9</b>	+266.3	+12.5%



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

## <Reasons for changes>

(Billions of yen)	15.12.31	16.3.31	16.12.31	Change from 16.3.31	
<b>Customer assets</b>	1,980.5	2,034.4	<b>2,227.3</b>	+192.9	+9.5%
Deposits	1,866.4	1,923.5	<b>2,117.3</b>	+193.8	+10.1%
Yen	1,538.5	1,587.9	<b>1,772.1</b>	+184.2	+11.6%
Foreign currency	327.9	335.5	<b>345.1</b>	+9.6	+2.9%
Investment trusts	114.1	110.9	<b>110.0</b>	(0.9)	(0.8%)
<b>Loans outstanding</b>	1,293.6	1,344.1	<b>1,504.4</b>	+160.2	+11.9%
Mortgage loans	1,181.8	1,237.1	<b>1,409.0</b>	+171.8	+13.9%
Card loans	8.0	10.5	<b>17.0</b>	+6.4	+61.6%
Others	103.6	96.5	<b>78.3<sup>*1</sup></b>	(18.1)	(18.8%)
<b>Capital adequacy ratio<sup>*2</sup></b> (domestic criteria)	10.50%	9.89%	<b>9.00%</b>	(0.89pt)	

◆ Yen deposit balance increased due to an increase in yen time deposit reflecting the special interest offering, as well as a rise in yen ordinary deposits converted from foreign currencies backed by yen depreciation.

◆ Yen-denominated balance of foreign currency deposit increased due to a favorable exchange rate even after the negative impact of the conversion from foreign currencies into yen led by yen depreciation.

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

\*1 Loans in others include corporate loans of ¥78.3 billion

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

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

## <Reference> On Managerial Accounting Basis

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Gross operating profit</b>	16.1	<b>15.5</b>	(0.6)	(4.2%)
Net interest income <sup>*1</sup> ①	13.9	<b>15.0</b>	+1.0	+7.8%
Net fees and commissions <sup>*2</sup> ②	0.7	<b>(0.6)</b>	(1.4)	—
Net other operating income <sup>*3</sup>	1.4	<b>1.0</b>	(0.3)	(24.3%)
<b>Gross operating profit (core profit) (A)=①+②</b>	14.7	<b>14.4</b>	(0.3)	(2.3%)
<b>Operating expenses and other expenses</b> ③	11.6	<b>12.4</b>	+0.8	+7.2%
<b>Net operating profit (core profit) = (A) - ③</b>	3.1	<b>1.9</b>	(1.1)	(37.6%)

### ■ Managerial accounting basis

The following adjustments are made to the figures on a financial account for profits and losses more appropriately.

\*1: Net interest income: Includes profits and losses associated with fund investment recorded in net other operating income, including gains or losses from currency swap transactions.

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

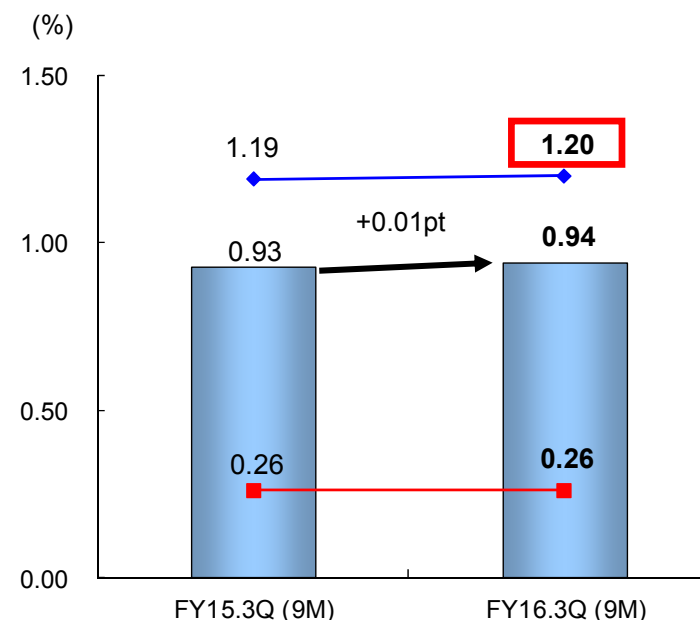
\*3: Net other operating income: After the above adjustments (\*1 and \*2), mainly consists of profits and losses for bond and derivative dealing transactions.

### ■ Core profit

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

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

— Yield on investment    ■ Yield on financing  
■ Interest spread



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

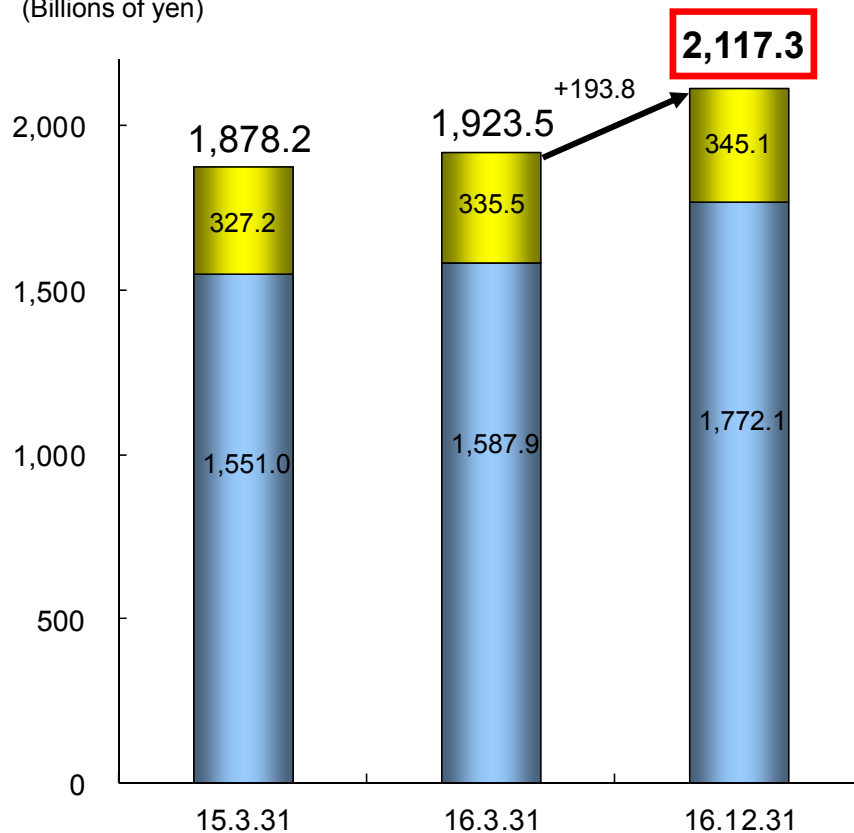
# Operating Performance: Sony Bank (Non-consolidated) (1)



## Deposits

■ Yen deposits ■ Foreign currency deposits

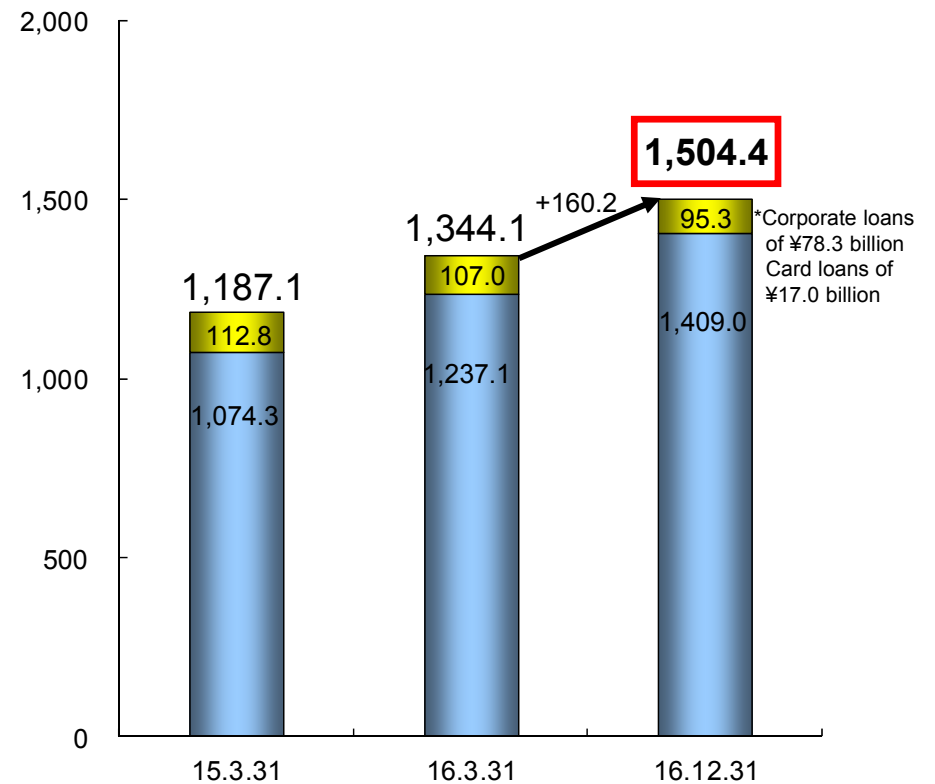
(Billions of yen)



## Loans

■ Mortgage loans ■ Others

(Billions of yen)

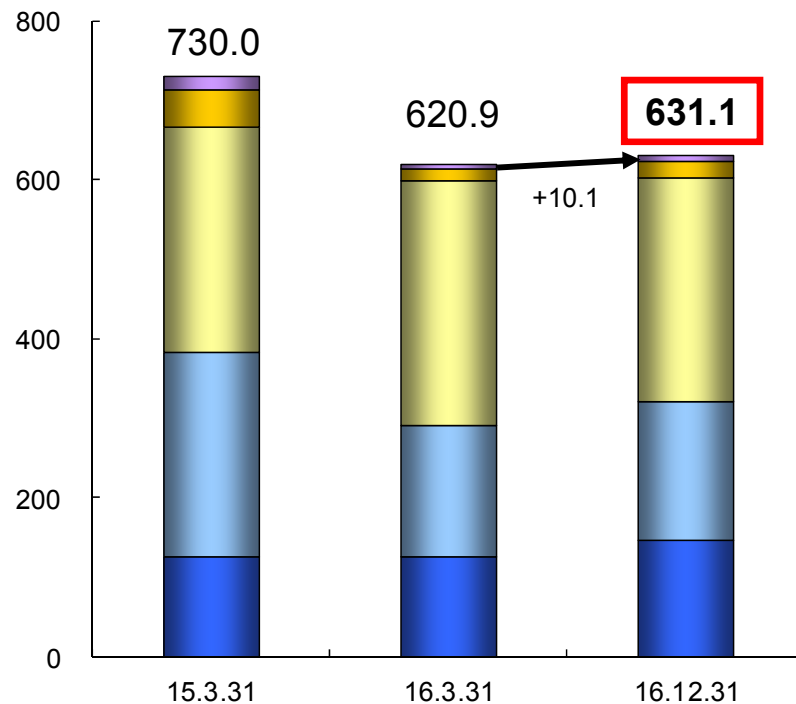


# Operating Performance: Sony Bank (Non-consolidated) (2)

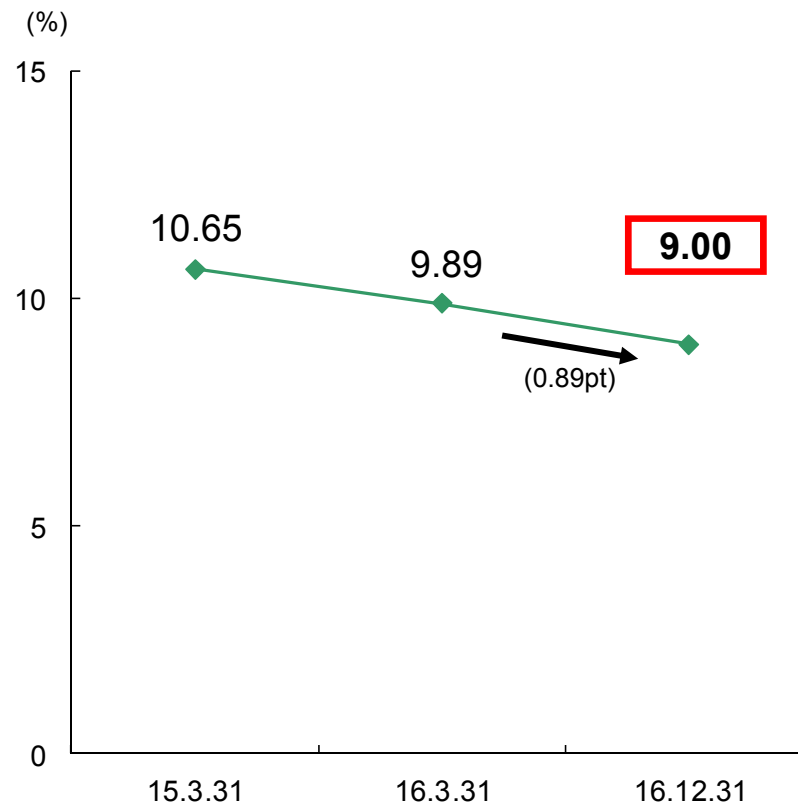
## Balance of Securities by Credit Rating

■ 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	FY16.3Q (9M Actual)	Progress rate
<b>Consolidated ordinary revenues</b>	1,362.0	<b>1,450.0</b>	+6.5%	1,041.3	71.8%
<u>Life insurance business</u>	1,230.2	<b>1,309.8</b>	+6.5%	939.1	71.7%
<u>Non-life insurance business</u>	96.9	<b>101.6</b>	+4.8%	75.9	74.8%
<u>Banking business</u>	37.9	<b>37.9</b>	(0.1%)	28.5	75.3%
<b>Consolidated ordinary profit</b>	71.1	<b>71.0</b>	(0.1%)	50.3	70.8%
<u>Life insurance business</u>	60.2	<b>62.5</b>	+3.8%	42.3	67.8%
<u>Non-life insurance business</u>	4.6	<b>4.4</b>	(6.0%)	4.9	113.6%
<u>Banking business</u>	5.9	<b>4.5</b>	(24.9%)	3.3	73.6%
<b>Profit attributable to owners of the parent</b>	43.3	<b>46.0</b>	+6.1%	33.7	73.3%

### ■ Life insurance business

In FY16.3Q (9M), ordinary revenues were below our initial expectations due to a decline in insurance premium revenues although investment income exceeded our initial expectations. Ordinary profit was nearly in line with our initial forecast. Therefore, we maintain our full year forecast of ordinary revenues and ordinary profit.

### ■ Non-life insurance business

Ordinary revenues for FY16.3Q (9M) were nearly the same as our initial forecast. Ordinary profit outpaced our initial expectations due mainly to higher gains on sale of securities recorded in FY16.1Q. As we expect higher expenses related to new policy acquisitions in FY16.4Q, we maintain our full year forecast of ordinary revenues and ordinary profit.

### ■ Banking business

We maintain our full year forecast of ordinary revenues and ordinary profit because the operating results in FY16.3Q (9M) were nearly the same as our initial forecast, and we expect this trend to continue in FY16.4Q.

# Sony Life's MCEV and ESR as of December 31, 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 has not been verified by outside specialists.  
A part of the calculations of MCEV adopted simplified method except for that as of March 31, 2016.

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

## Sony Life's MCEV as of December 31, 2016

(Billions of yen)	16.3.31	16.9.30	<b>16.12.31</b>	Change from 16.3.31	Change from 16.9.30
<b>MCEV</b>	1,330.1	1,229.3	<b>1,282.7</b>	(47.4)	+53.4
Adjusted net worth	2,074.4	2,187.8	<b>1,831.1</b>	(243.3)	(356.7)
Value of existing business	(744.4)	(958.5)	<b>(548.4)</b>	+196.0	+410.1

(Billions of yen)	FY15.4Q (3M)	FY16.1Q (3M)	FY16.2Q (3M)	<b>FY16.3Q (3M)</b>	<b>FY16.3Q (9M)</b>
<b>New business value</b>	3.9	(0.2)	5.0	<b>10.2</b>	<b>14.9</b>
<b>New business margin</b>	1.2%	(0.0%)	1.6%	<b>4.0%</b>	<b>1.6%</b>

Notes:

1. Calculated MCEV as of September 30, 2016 and December 31, 2016 by using updated economic assumptions and lapse and surrender rate from March 31, 2016.
2. New business value for FY16 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 December 31, 2016 increased ¥53.4 billion from September 30, 2016 due mainly to a rise in interest rates, decreased ¥47.4 billion from March 31, 2016 due mainly to a decrease in lapse and surrender rate and a rise in inflation rate despite a rise in interest rates.

### ◆ New business value / New business margin

- New business value for FY16.3Q (3M) was ¥10.2 billion.  
New business margin was up 2.5pt from FY16.2Q (3M), due mainly to a rise in interest rates and an effect of premium revisions.

\*Please refer to the appendix page 46 for trend on JGB yield.



## Sony Life's ESR as of December 31, 2016

(Billions of yen)	16.3.31	16.9.30	16.12.31
Insurance risk*	989.3	1,042.7	980.2
Market-related risk	324.2	341.6	369.5
<i>Of which, interest rate risk**</i>	255.2	264.1	288.5
Operational risk	31.4	31.3	31.1
Counter party risk	2.0	1.9	2.4
Variance effect	(374.4)	(394.5)	(390.4)
<b>The risk amount based on economic value</b>	972.4	1,023.0	992.9

(\* ) 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	16.9.30	16.12.31
<b>MCEV + Frictional costs</b>	1,366.5	1,266.2	1,325.5
<b>ESR</b>	141%	124%	134%

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 December 31, 2016 was up 10pt from September 30, 2016 due mainly to a rise in interest rates and new business value accumulated during FY16.3Q.
- ◆ 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 (30\*) \*As of Feb 14, 2017



## 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

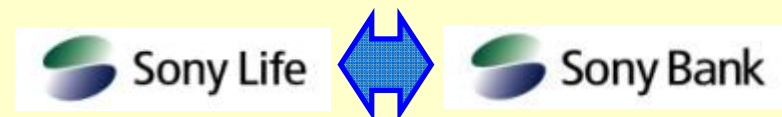
\*AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint ventures established by Sony Life and AEGON Group.

## Sony Bank's Mortgage Loans through Sony Life

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

Sony Life accounts for 21% of the amount of new mortgage loans for FY16.3Q (9M)

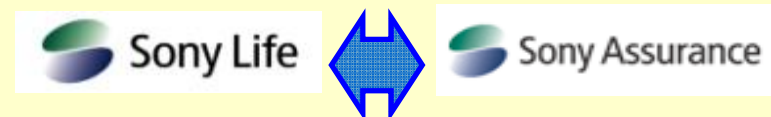
\*Sony Life started handling banking agency business in January 2008.



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

■ Sony Life accounts for approx. 4% of new automobile policies for FY16.3Q (9M)

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



## Recent Topics 2

### <Highlights on and after FY16.3Q>

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 acquired 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 and revised the service site
2016-11-01	Sony Lifecare Group started advertisement for residents for a newly build nursing care home “SONARE URAWA”, scheduled to open in May 2017
2016-11-07	Sony Bank began offering foreign currency settlement services for teenage customers
2016-11-14	Sony Life introduced a new system to quickly pay insurance claims and benefits
2016-12-01	Sony Assurance began offering new discounted premiums for new customers who contracted automobile insurance via Internet (increased discount rate from ¥8,000 to ¥10,000)
2017-01-04	Sony Bank began offering new preferential services called “Club S”
2017-01-04	Sony Life enhanced its investment product lineups for defined contribution pension plan (individual-type)
2017-01-10	Sony Assurance commenced sale of new product: “ZiPPi” medical insurance to indemnify hospital inpatient expenses and revised “SURE” medical and cancer insurance
2017-02-01	Sony Assurance and Yahoo! JAPAN announced to begin joint research with a view to developing telematics insurance products and services for individuals using driving behavior data from car navigation systems

## Sony Life's Product Revisions

### ◆ FY16 Product Revisions

#### (Sales suspension)

**May:** Single premium whole life insurance (non-notification type), Semi-participating individual annuities, Semi-participating endowment insurance (short-term payment), and Non-participating endowment insurance (short-term payment)

**Jul.:** Single premium semi-participating whole life nursing-care insurance

**Oct.:** Interest rate-sensitive whole life insurance

#### (Premium revisions)

**Apr.:** Single premium whole life insurance (non-notification type)

**Jul.:** Semi-participating endowment insurance, Non-participating endowment insurance

**Oct.:** Variable life insurance (whole life type), Limited payment whole life insurance, Living benefit whole life insurance (living standard type), Living benefit insurance (whole life type), Whole life nursing-care insurance (reduced surrender value), Semi-participating whole life nursing-care insurance, Specialty endowment insurance, Whole-life cancer insurance

### ◆ FY17 Premium Revisions (plan)

**Apr.:** Long-term level premium plan term life insurance (with disability benefit), Cancer hospitalization insurance and other products

# 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			16.12.31		
	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)
Held-to-maturity securities	4,878.7	5,718.2	839.4	5,383.9	7,410.1	2,026.2	5,921.3	7,607.7	1,686.3
Policy reserve matching bonds	-	-	-	251.2	292.5	41.3	279.3	312.2	32.9
Available-for-sale securities	1,007.8	1,176.6	168.8	887.9	1,091.6	203.6	889.1	1,070.2	181.1
Japanese government and corporate bonds	974.6	1,120.1	145.5	854.3	1,040.3	186.0	852.9	1,020.6	167.6
Japanese stocks	13.4	29.4	16.0	13.6	25.6	12.0	13.6	27.4	13.8
Foreign securities	19.4	26.4	6.9	19.8	25.2	5.4	22.4	21.8	(0.5)
Other securities	0.3	0.6	0.3	0.1	0.3	0.1	0.1	0.3	0.1
<b>Total</b>	<b>5,886.6</b>	<b>6,894.9</b>	<b>1,008.3</b>	<b>6,523.1</b>	<b>8,794.3</b>	<b>2,271.1</b>	<b>7,089.8</b>	<b>8,990.2</b>	<b>1,900.3</b>

#### Notes:

- The above table includes monetary trusts other than trading-purpose securities.
- Derivative financial products such as principal protected 30 year notes with Nikkei 225 index-linked coupons are included in the "Held-to-maturity-securities" above.  
Principal protected 30 year notes with Nikkei 225 index-linked coupons  
As of Mar. 31, 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 Dec. 31, 2016; Carrying amount: None

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

(Billions of yen)

15.3.31		16.3.31		16.12.31	
Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
1.0	0.0	2.2	0.1	-	(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)

	FY15.3Q (9M)	<b>FY16.3Q (9M)</b>	Change
Cash and deposits	0	<b>0</b>	+166.1%
Japanese government and corporate bonds	85,907	<b>90,445</b>	+5.3%
Japanese stocks	356	<b>345</b>	(3.0%)
Foreign securities	5,653	<b>6,017</b>	+6.4%
Other securities	1,260	<b>177</b>	(85.9%)
Loans	4,616	<b>4,784</b>	+3.6%
Real estate	7,681	<b>8,148</b>	+6.1%
Others	47	<b>144</b>	+202.0%
<b>Total</b>	<b>105,524</b>	<b>110,064</b>	<b>+4.3%</b>

# Sony Life's Capital Gains/Losses

(Millions of yen)	FY15.3Q (9M)	FY16.3Q (9M)
Capital gains	19,762	25,628
Income from monetary trusts, net	7,119	—
Income from trading securities, net	—	103
Gains on sale of securities	12,193	1,306
Gains on derivatives, net	—	—
Foreign exchange gains, net	435	24,218
Gains (losses) on sale of foreign bonds	(64)	2,375
Other capital gains	13	—
Capital losses	758	39,882
Losses on monetary trusts, net	—	—
Losses on trading securities, net	143	—
Losses on sale of securities	—	—
Devaluation losses on securities	—	—
Losses on derivatives, net	515	34,275
Losses on hedges of variable life insurance	699	14,292
Losses on hedges of available-for-sale securities	—	2,265
Foreign exchange losses, net	—	—
Other capital losses	99	5,606
Net capital gains (losses)	19,003	(14,253)

◆ In FY16.3Q (9M), recorded ¥3,681 million as a total of gains on sale of securities and foreign exchange gains on sale of foreign bonds.

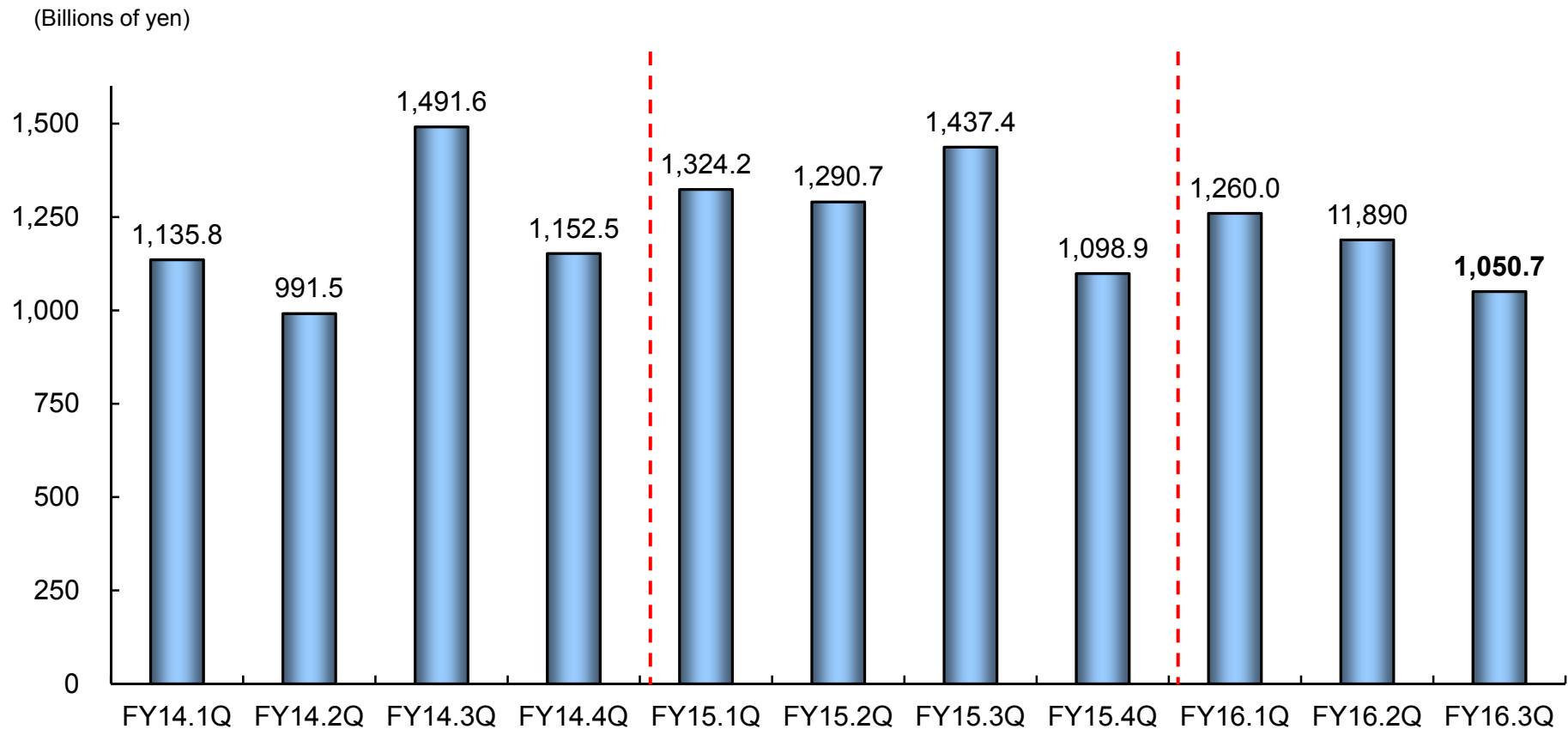
Notes:

- Foreign exchange gains, net for FY16.3Q (9M) include foreign exchange gains of ¥21,805 million relating to U.S. dollar-denominated insurance. Losses on derivatives, net include foreign exchange losses relating to U.S. dollar-denominated insurance of ¥ 17,445 million. Moreover, other capital losses include the provision of policy reserves for U.S. dollar-denominated insurance of ¥4,941 million relating to foreign exchange fluctuation.
- Foreign exchange gains, net for FY15.3Q (9M) include foreign exchange gains of ¥19 million relating to U.S. dollar-denominated insurance. Moreover, other capital gains include the reversal of policy reserves for U.S. dollar-denominated insurance of ¥13 million relating to foreign exchange fluctuation.
- The figures of income (losses) from monetary trust, net, income (losses) from trading securities, net, gains (losses) on derivatives and foreign exchange gains (losses), net were recorded after offsetting gains and losses of each item.



# Sony Life's Quarterly Trend on New Policy Amount

## Quarterly Trend on New Policy Amount

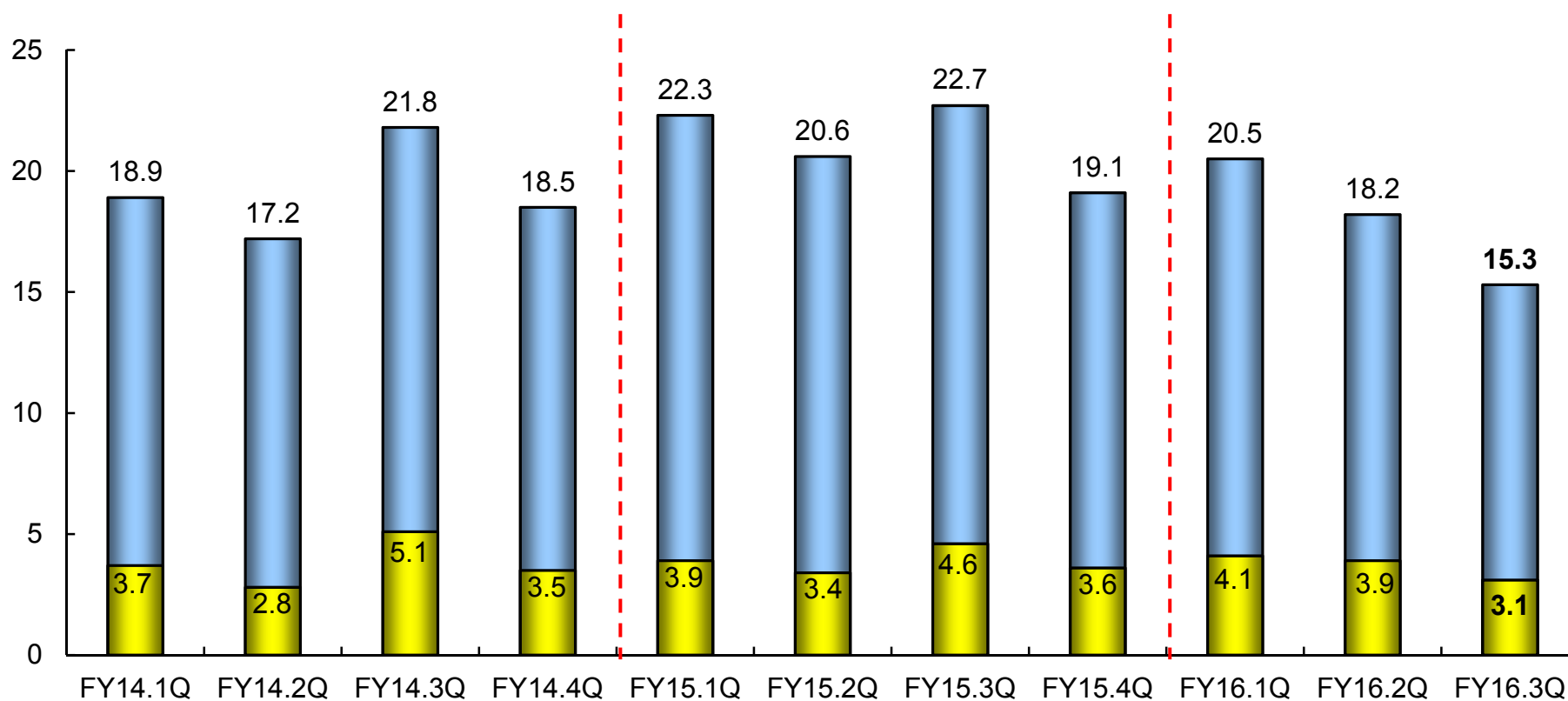


# Sony Life's Quarterly Trend on Annualized Premiums from New Policies

## Quarterly Trend on Annualized Premiums from New Policies

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

(Billions of yen)

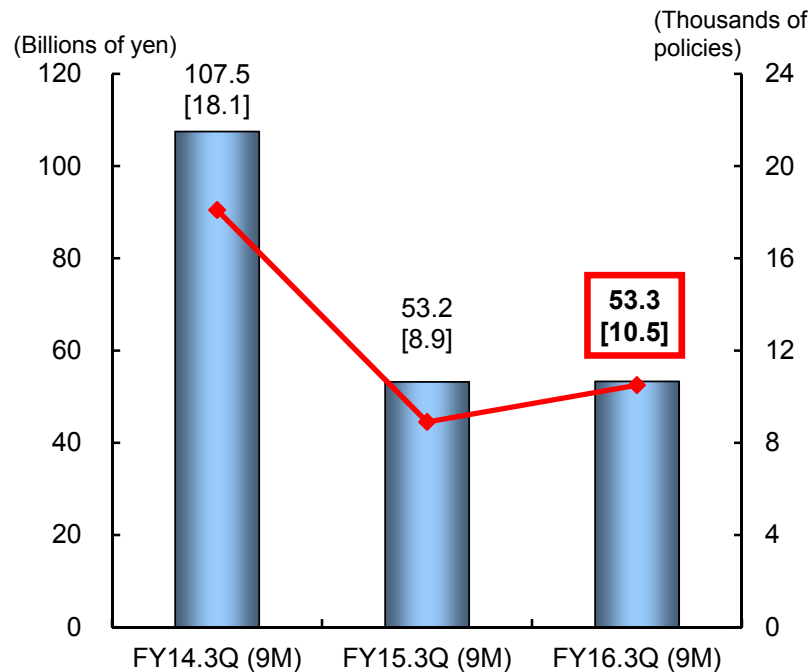


# Operating Performance : AEGON Sony Life Insurance

\*AEGON Sony Life Insurance sells individual variable annuities.

## Number and Amount of New Policies

■ New policy amount — Number of new policies [ ]

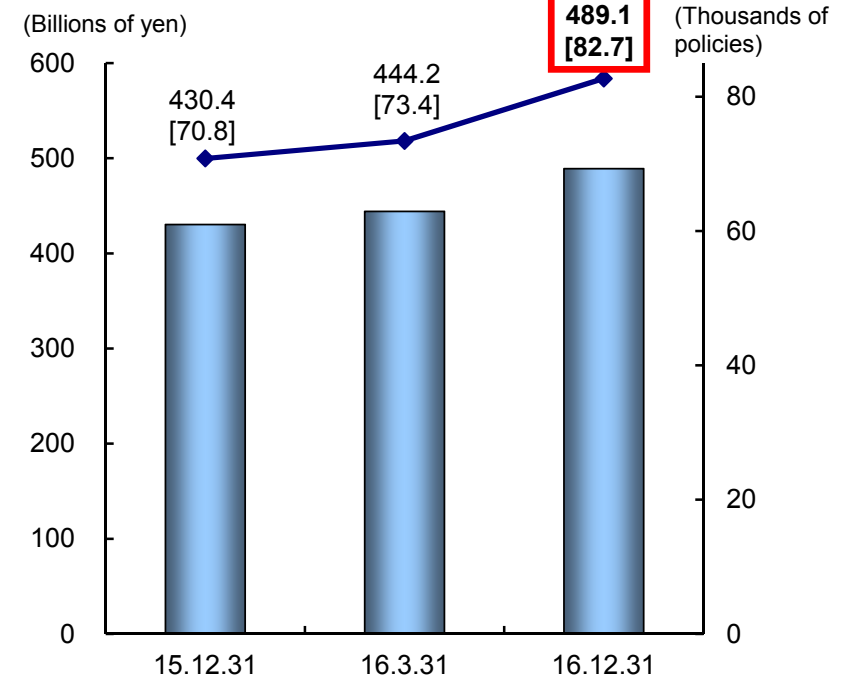


	(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>AEGON Sony Life Insurance</b>		(1.5)	<b>(3.1)</b>	(1.6)
<b>SA Reinsurance</b>		0.8	<b>(2.7)</b>	(3.6)

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.

## Number and Amount of Policies in Force

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



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

## ■ Market-related Risk\*1

	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
<b>Interest rate risk</b>  Fluctuations in net asset value based on economic value in response to the shocks in the right columns.  The same applies below.	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% *2
<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 December 31, 2016.
2. Symmetric adjustment (an adjustment of  $\pm 10\%$  of the average value of the stock price index during a defined period in the past) is applied.

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

## ■ Insurance Risk<sup>\*1</sup>

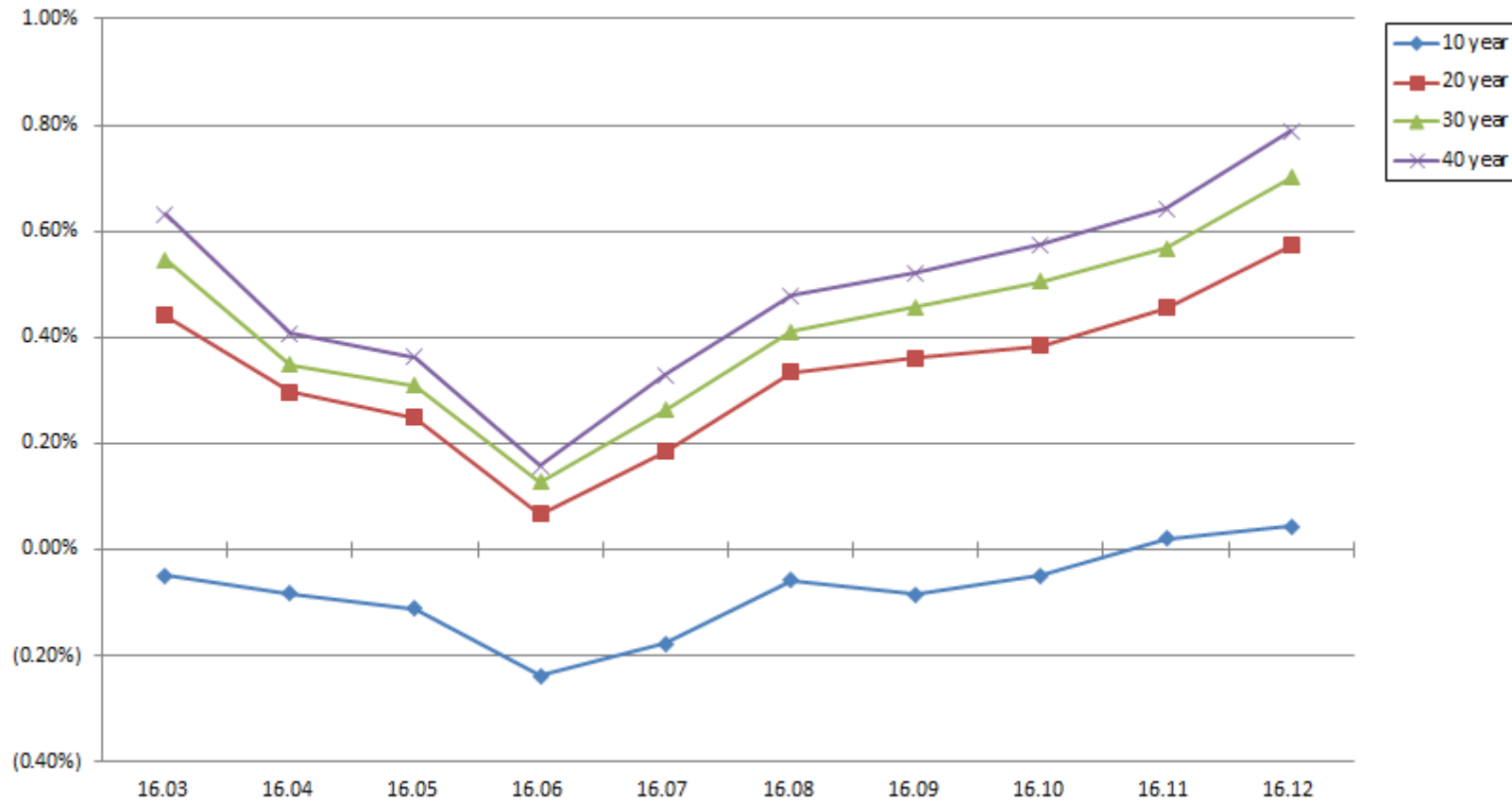
	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; <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 December 31, 2016.

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

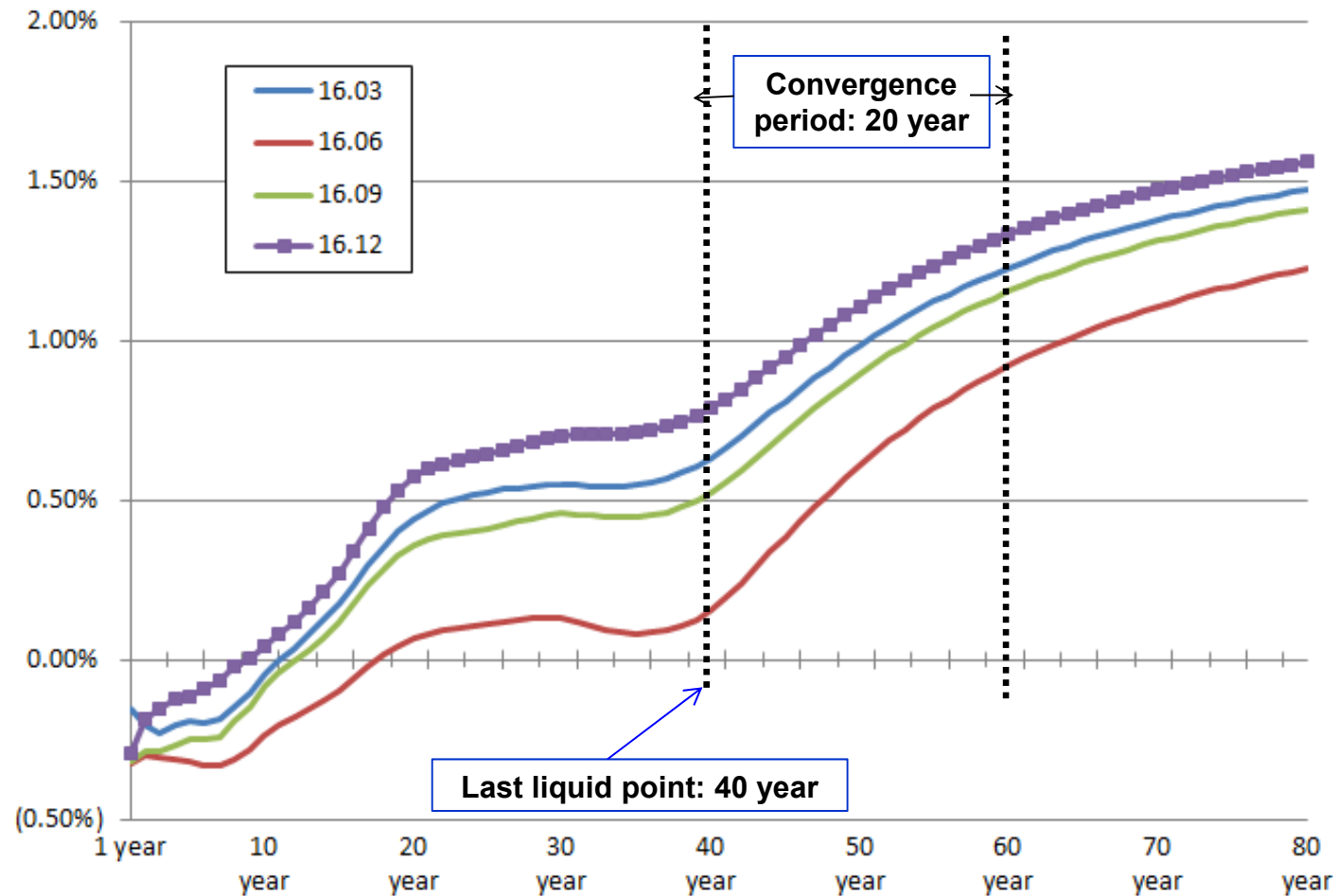
## Trend on JGB Yields (Par rate)



As of the end of each month

	16.03	16.04	16.05	16.06	16.07	16.08	16.09	16.10	16.11	16.12
10 year	(0.05%)	(0.08%)	(0.11%)	(0.24%)	(0.18%)	(0.06%)	(0.08%)	(0.05%)	0.02%	0.04%
20 year	0.44%	0.30%	0.25%	0.07%	0.18%	0.33%	0.36%	0.38%	0.46%	0.57%
30 year	0.55%	0.35%	0.31%	0.13%	0.26%	0.41%	0.46%	0.51%	0.57%	0.70%
40 year	0.63%	0.41%	0.36%	0.16%	0.33%	0.48%	0.52%	0.57%	0.64%	0.79%

# 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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