

Presentation Material

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 and Sony Life's Preliminary MCEV as of March 31, 2017

**Sony Financial Holdings Inc.
May 15, 2017**

■ Consolidated Operating Results for the Fiscal Year Ended March 31, 2017 (FY2016)	P.3
■ Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (FY2017)	P.31
■ Changes in Medium-term Dividend Policy and Dividend Forecast for FY2017	P.33
■ Sony Life's Preliminary MCEV and ESR as of March 31, 2017	P.35
■ Appendix	P.38

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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 Fiscal Year Ended March 31, 2017 (FY2016)

Financial Results for FY2016

- ◆ Amid an environment of ultralow interest rates, we expeditiously introduced measures to improve profitability, and all three businesses steadily expanded their business scale.
- ◆ Sony Life ensured profitability through product revisions and product shifts toward US dollar-denominated insurance and term life insurance. Efforts to recruit Lifeplanner sales employees significantly outpaced plans, accelerating expansion of Sony Life's sales foundation. Ordinary profit was flat, but MCEV increased thanks to expanded business scale and a market recovery.

Forecast of Financial Results for FY2017

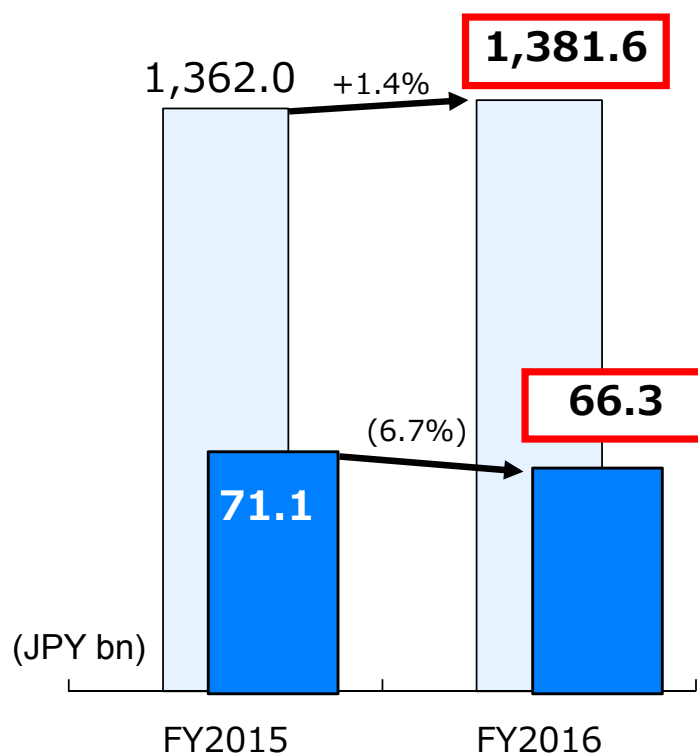
- ◆ We forecast that all three businesses will expand their business scale, but expect ordinary profit to be flat.
- ◆ At Sony Life, we expect ordinary profit to be flat due to an increase in the provision of policy reserves, stemming from the April 2017 revision in standard yields used for calculating policy reserves. However, we anticipate a rise in MCEV due to the steady accumulation of new business value.

Dividend Policy/ Shareholder Returns

- ◆ As the expansion of business scale accelerates, we will determine specific dividend amounts by taking into account not only statutory profit but also other economic value-based profit indicators.
- ◆ For FY2017, we plan to maintain the dividend amount at ¥55 per share. For the foreseeable future, we plan to pay a dividend corresponding to more than 50% of net income per share.

Highlights of Consolidated Operating Performance (1)

- Consolidated ordinary revenues
- Consolidated ordinary profit



		(JPY bn)	FY2015	FY2016	Change	
Life insurance business	Ordinary revenues		1,230.2	1,243.9	+13.6	+1.1%
	Ordinary profit		60.2	56.8	(3.4)	(5.7%)
Non-life insurance business	Ordinary revenues		96.9	102.3	+5.4	+5.6%
	Ordinary profit		4.6	5.0	+0.3	+6.8%
Banking business	Ordinary revenues		37.9	38.5	+0.5	+1.5%
	Ordinary profit		5.9	5.0	(0.9)	(15.6%)
Intersegment adjustments*	Ordinary revenues		(3.0)	(3.1)	(0.0)	-
	Ordinary profit		0.2	(0.5)	(0.7)	-
Consolidated	Ordinary revenues		1,362.0	1,381.6	+19.6	+1.4%
	Ordinary profit		71.1	66.3	(4.7)	(6.7%)
	Profit attributable to owners of the parent		43.3	41.6	(1.7)	(4.0%)

*Ordinary profit in "Intersegment adjustments" is mainly from SFH. Nursing care business has been included in the scope of consolidation from FY16.1Q.

(Note) Comprehensive income : FY2015: ¥71.1 billion, FY2016: ¥21.4 billion

		(JPY bn)	Mar. 16	Mar. 17	Change from Mar. 16	
Consolidated	Net assets		604.3	601.1	(3.2)	(0.5%)
	Total assets		10,352.1	11,471.8	+1,119.7	+10.8%

■Life Insurance Business: Ordinary revenues increased year on year, due to an increase in investment income in the separate account, which positive effect was partially offset by a decrease in insurance premium revenues led by a decline in sales of single premium products. Ordinary profit decreased due to a deterioration in performance at affiliated companies, although ordinary profit at Sony Life was flat year on year.

As for Sony Life, positive factors, including a decline in the provision of policy reserves for minimum guarantees for variable life insurance owing to a lower acquisition of new policies and an improvement in market conditions, and an increase in profit from accumulated policies in force, were offset by such negative factors as a deterioration in net gains/losses on derivative transactions to hedge market risks related to minimum guarantees for variable life insurance and lower gains on sale of securities in the general account.

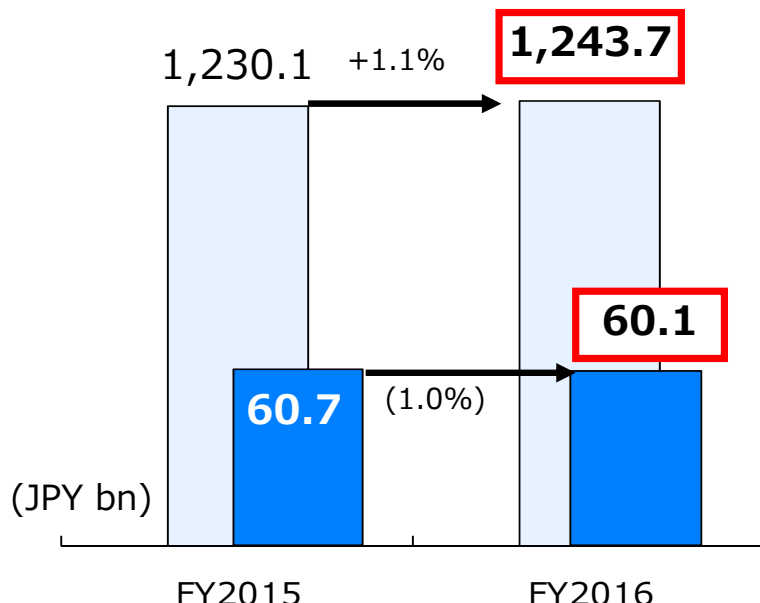
■Non-life Insurance Business: Ordinary revenues rose year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance. Ordinary profit increased year on year, due mainly to a decline in provision for reserve for outstanding losses, an increase in underwriting profit and higher investment income, partially offset by an increase in operating expense.

■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, 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 lower volumes of foreign currency and investment trust transactions of customers.

■ Consolidated ordinary revenues increased 1.4% year on year, to ¥1,381.6 billion, owing to increases in ordinary revenues from all the businesses: life insurance business, non-life insurance and banking businesses. Consolidated ordinary profit decreased 6.7% year on year, to ¥66.3 billion, owing to decreases in ordinary profit from the life insurance and the banking businesses, whereas ordinary profit from the non-life insurance business increased. Profit attributable to owners of the parent was down 4.0% year on year, to ¥41.6 billion due to the decrease in consolidated ordinary profit.

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

□ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues increased year on year.
- ◆ Income from insurance premiums decreased led by a decline in sales of single premium products.
- ◆ Investment income increased due mainly to an increase in investment income in the separate account.
- ◆ Ordinary profit was flat year on year. This was due to positive factors, including a decline in the provision of policy reserves for minimum guarantees for variable life insurance owing to a lower acquisition of new policies and an improvement in market conditions, and an increase in profit from accumulated policies in force, were offset by such negative factors as a deterioration in net gains/losses on derivative transactions to hedge market risks related to minimum guarantees for variable life insurance and lower gains on sale of securities in the general account.

	(JPY bn)	FY2015	FY2016	Change	
Ordinary revenues		1,230.1	1,243.7	+13.5	+1.1%
Income from insurance premiums		1,028.0	956.7	(71.3)	(6.9%)
Investment income		170.5	245.3	+74.8	+43.9%
Interest income and dividends		141.4	148.2	+6.8	+4.8%
Income from monetary trusts, net		11.9	4.4	(7.4)	(62.5%)
Gains on sale of securities		12.2	1.3	(10.8)	(89.3%)
Foreign exchange gains, net		–	14.6	+14.6	–
Gains on separate accounts, net		–	76.4	+76.4	–
Ordinary expenses		1,169.3	1,183.5	+14.2	+1.2%
Insurance claims and other payments		363.3	372.4	+9.0	+2.5%
Provision for policy reserves and others		613.4	596.7	(16.7)	(2.7%)
Investment expenses		23.3	36.1	+12.7	+54.7%
Losses on derivatives, net		–	30.0	+30.0	–
Losses on separate accounts, net		14.7	–	(14.7)	(100.0%)
Operating expenses		133.3	137.0	+3.7	+2.8%
Ordinary profit		60.7	60.1	(0.6)	(1.0%)
Net income		37.0	35.1	(1.9)	(5.2%)
	(JPY bn)	Mar. 16	Mar. 17	Change from Mar. 16	
Securities		7,273.3	8,093.1	+819.8	+11.3%
Policy reserves		7,336.5	7,929.9	+593.4	+8.1%
Net assets		482.1	473.5	(8.6)	(1.8%)
Net unrealized gains on other securities		150.6	127.7	(22.8)	(15.2%)
Total assets		8,035.4	8,873.6	+838.2	+10.4%
Separate account assets		850.3	989.6	+139.2	+16.4%

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

(JPY bn)	FY2015	FY2016	Change
New policy amount	5,151.3	4,957.5	(3.8%)
Lapse and surrender amount	1,931.4	1,839.3	(4.8%)
Lapse and surrender rate	4.72%	4.27%	(0.45pt)
Policy amount in force	43,149.8	45,334.1	+5.1%
Annualized premiums from new policies	85.0	78.1	(8.1%)
Of which, third-sector products	15.7	15.7	+0.0%
Annualized premiums from insurance in force	781.3	820.8	+5.1%
Of which, third-sector products	179.7	187.4	+4.3%

- 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.

<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 and single premium whole life products despite favorable sales of term life insurance and U.S. dollar-denominated insurance.

(JPY bn)	FY2015	FY2016	Change
Gains from investment, net (General account)	161.8	132.7	(18.0%)
Core profit	43.0	83.8	+94.9%
Positive spread	15.3	15.4	+0.7%

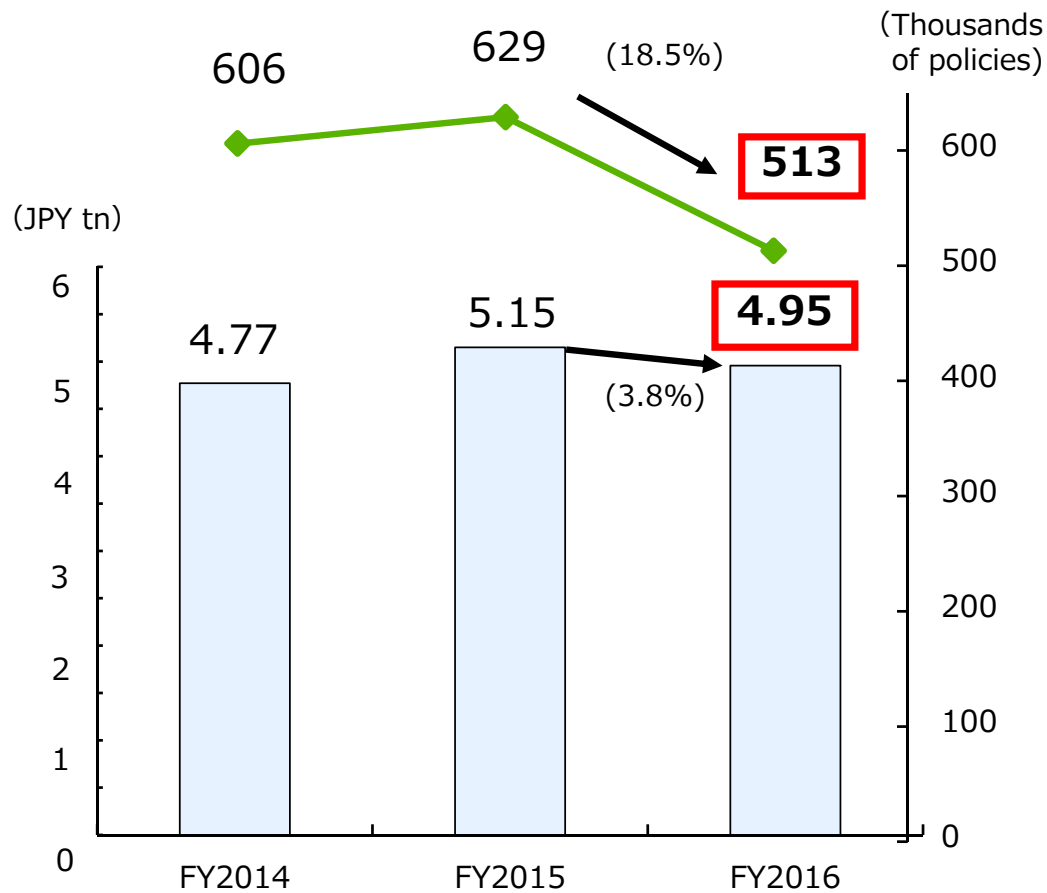
◆ Increased due to a decline in the provision of policy reserves for minimum guarantees for variable life insurance owing to a lower acquisition of new policies and an improvement in market conditions, and an increase in profit from accumulated policies in force.

	Mar. 16	Mar. 17	Change from Mar. 16
Non-consolidated solvency margin ratio	2,722.8%	2,568.8%	(154.0pt)

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

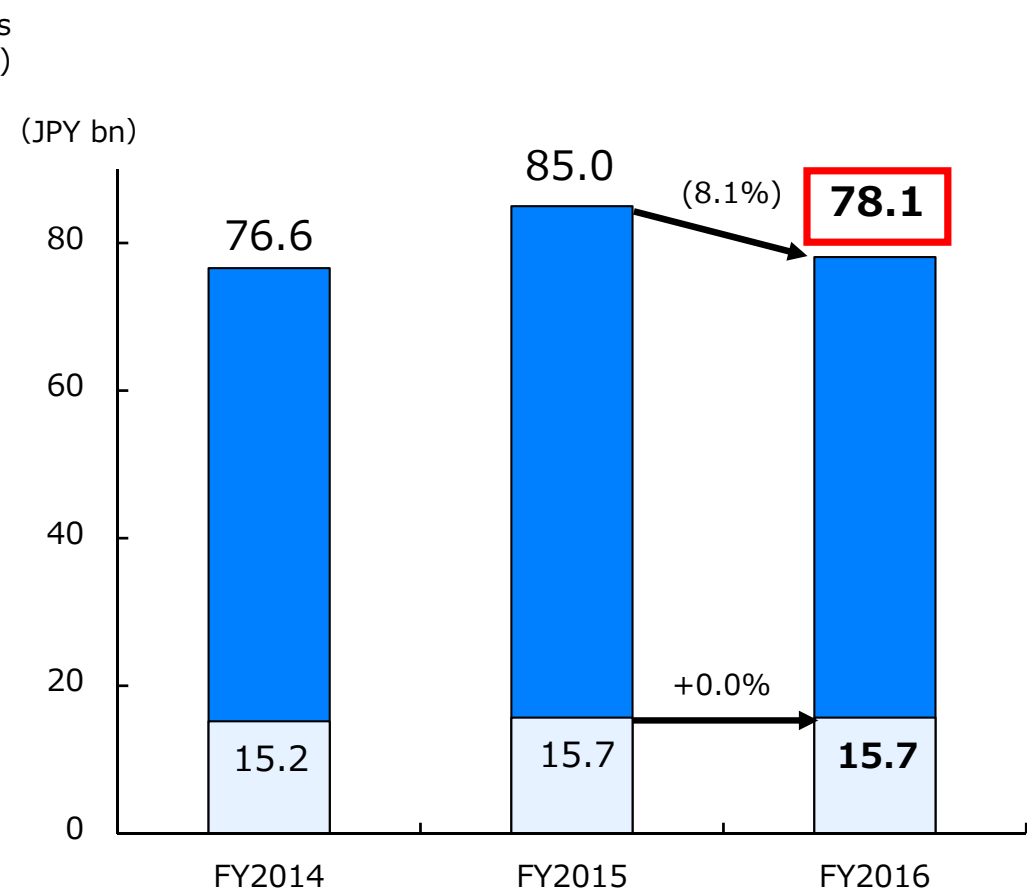
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

□ New policy amount ◆ Number of new policies



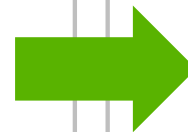
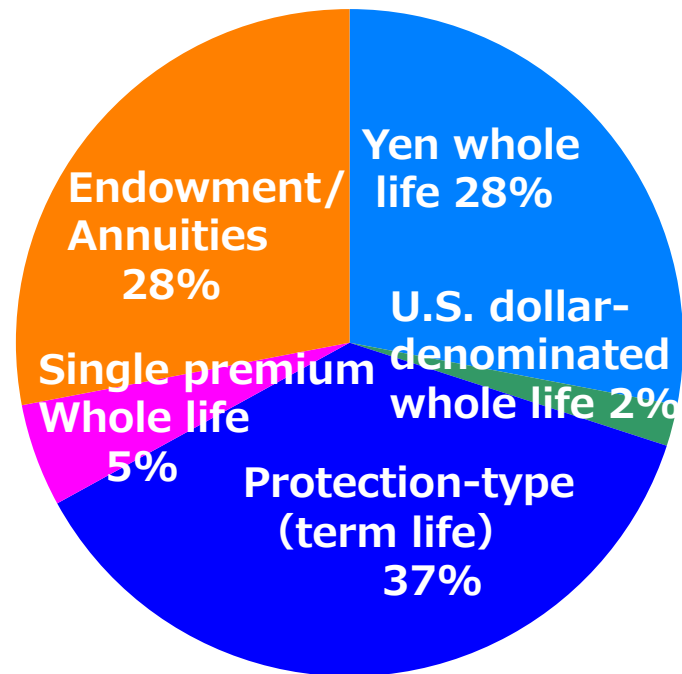
Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)

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

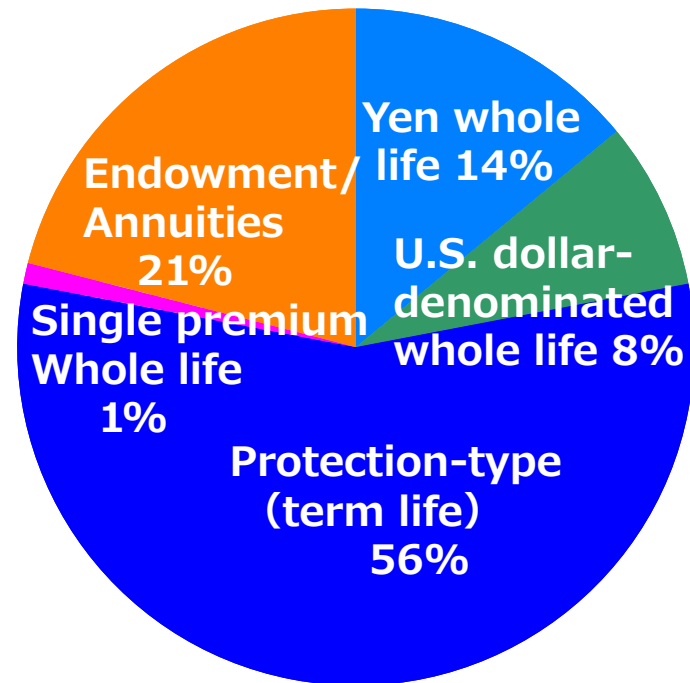


Annualized Premiums from New Policies by Product

FY2015 (12M) ¥85.0 billion



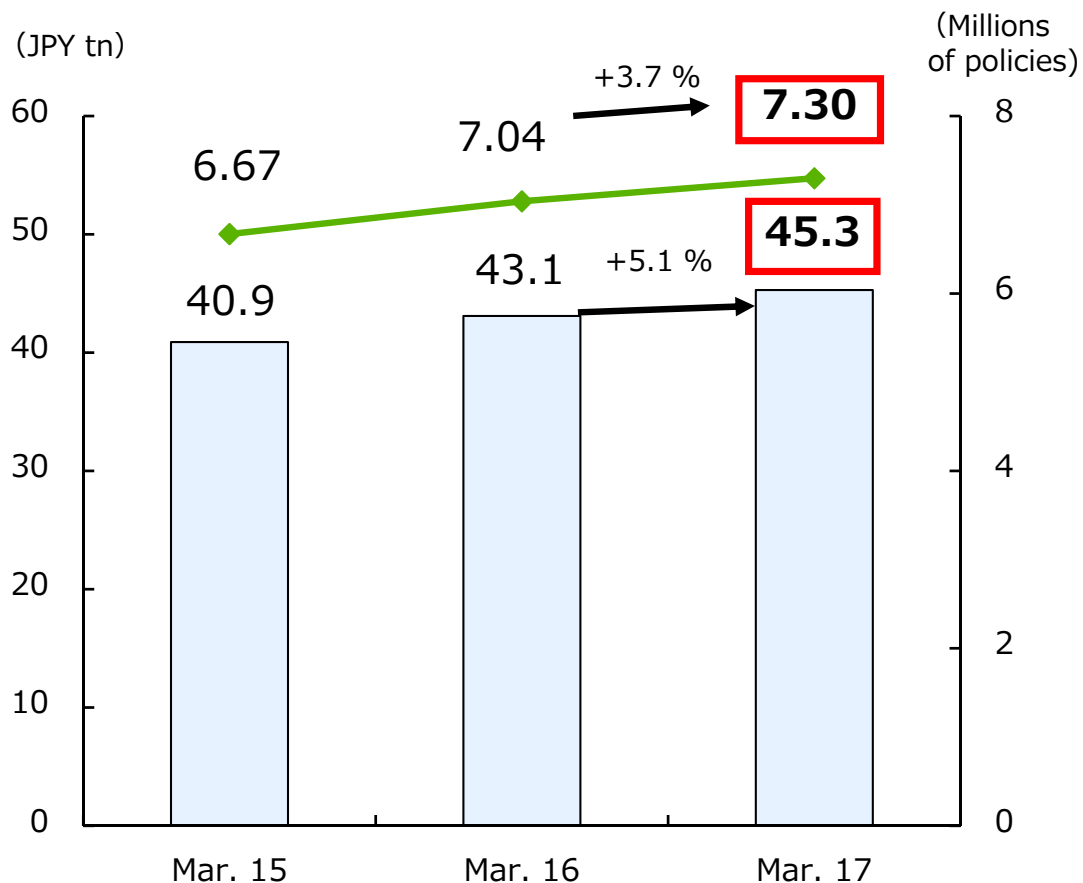
FY2016 (12M) ¥78.1 billion



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

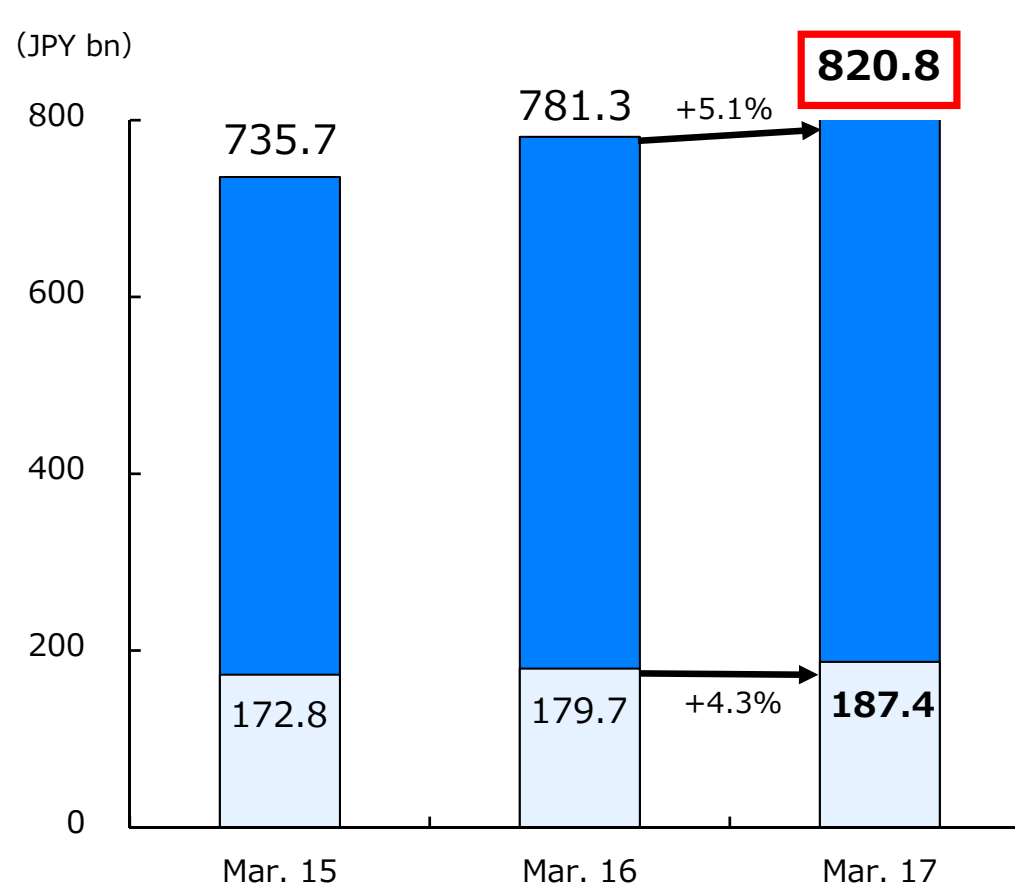
Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

□ Policy amount in force — Number of policies in force

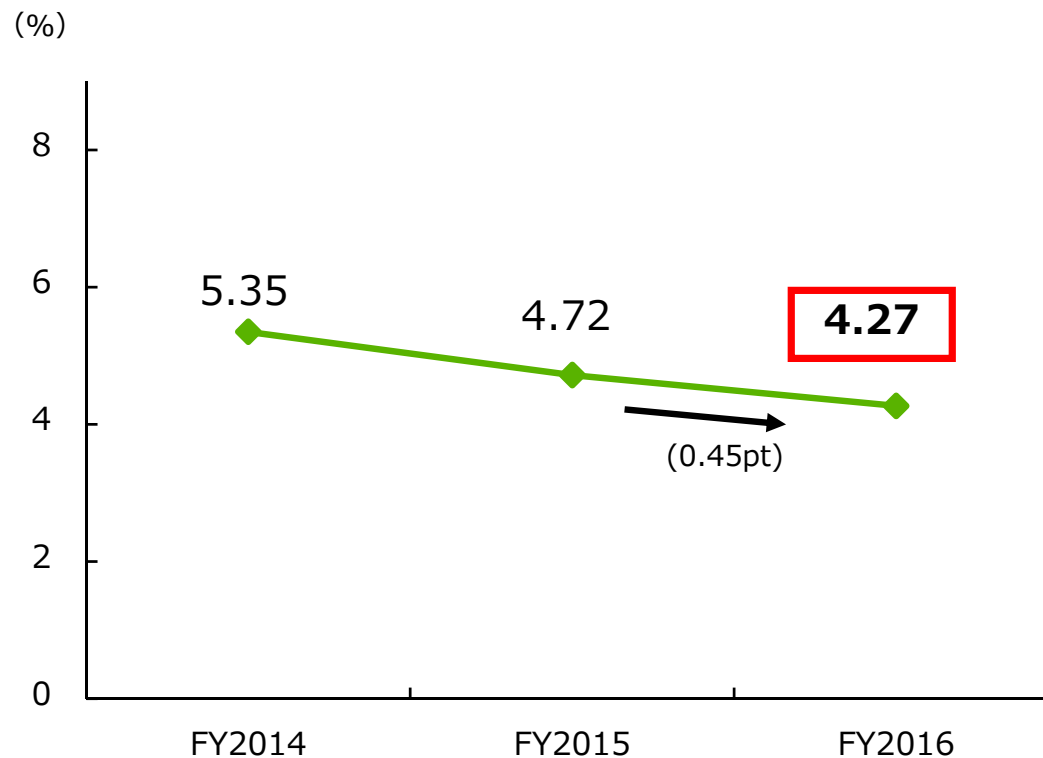


Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)

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



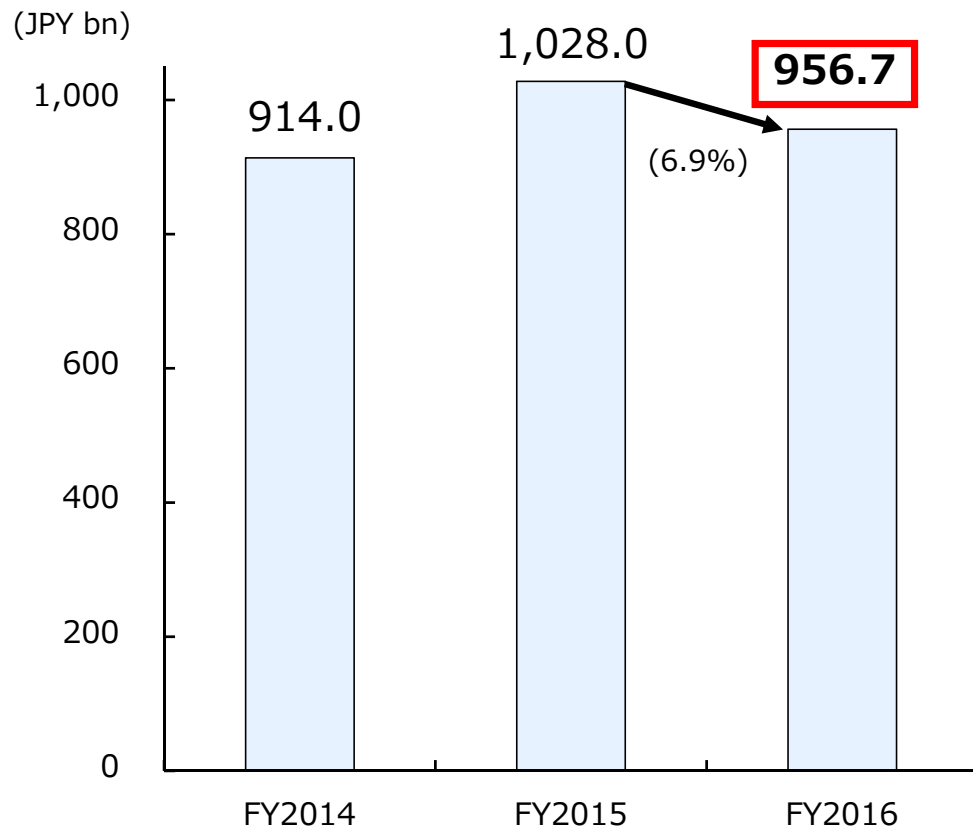
Lapse and Surrender Rate* (Individual Life Insurance + Individual Annuities)



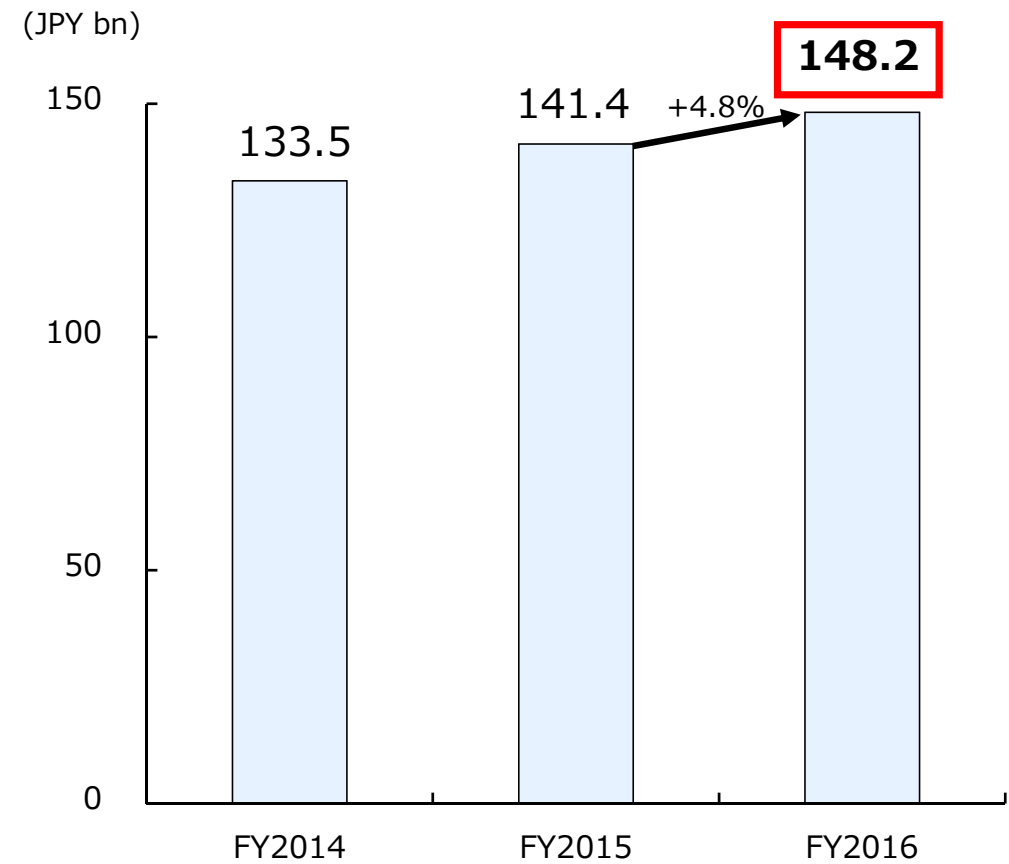
*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

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

Income from Insurance Premiums

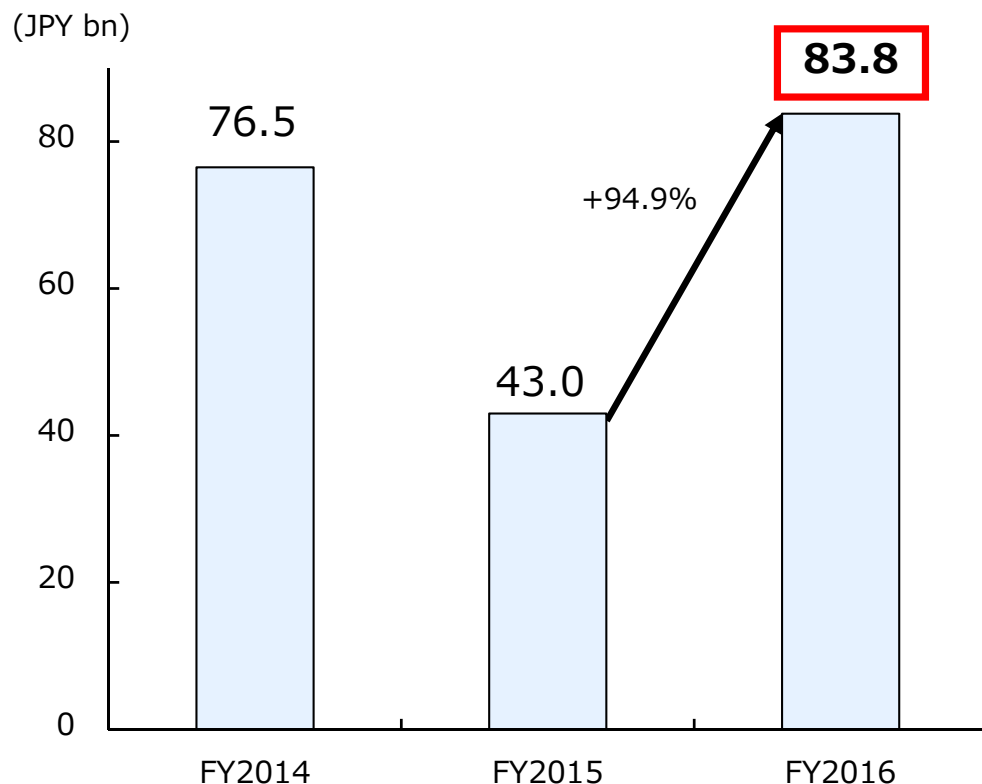


Interest Income and Dividends



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

Core Profit

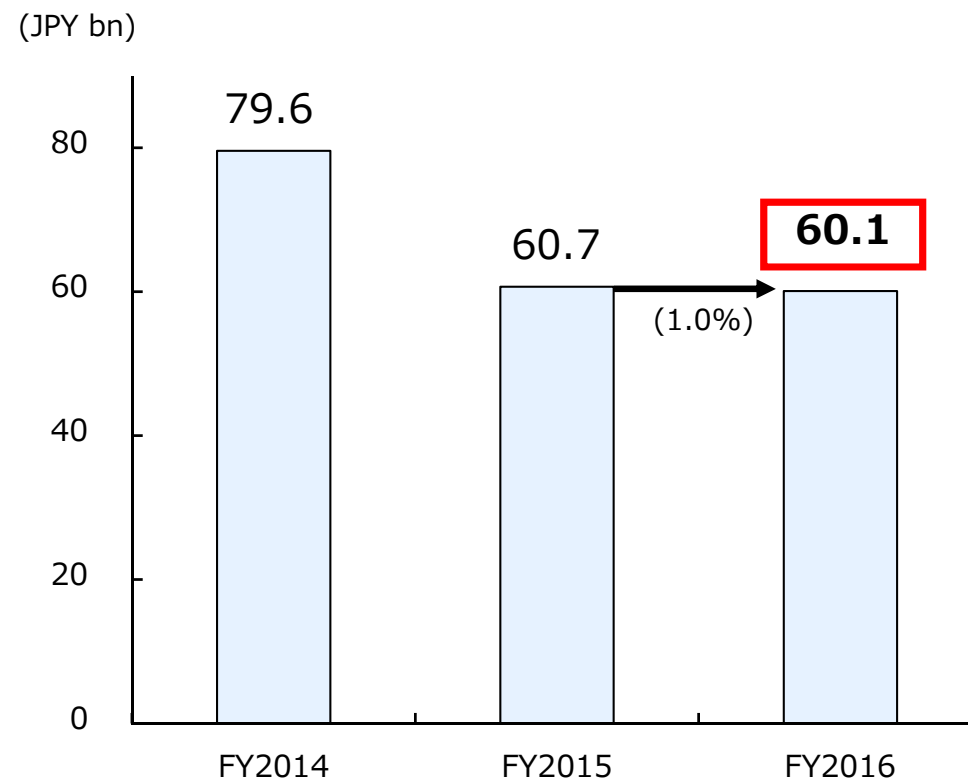


(Reference) Impact on core profit

(JPY bn)	FY2014	FY2015	FY2016
Positive spread	13.0	15.3	15.4
Provision of policy reserves for minimum guarantees for variable life insurance (*)	(10.6)	(34.7)	(7.8)
Others	74.1	62.5	76.2

*"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.

Ordinary Profit

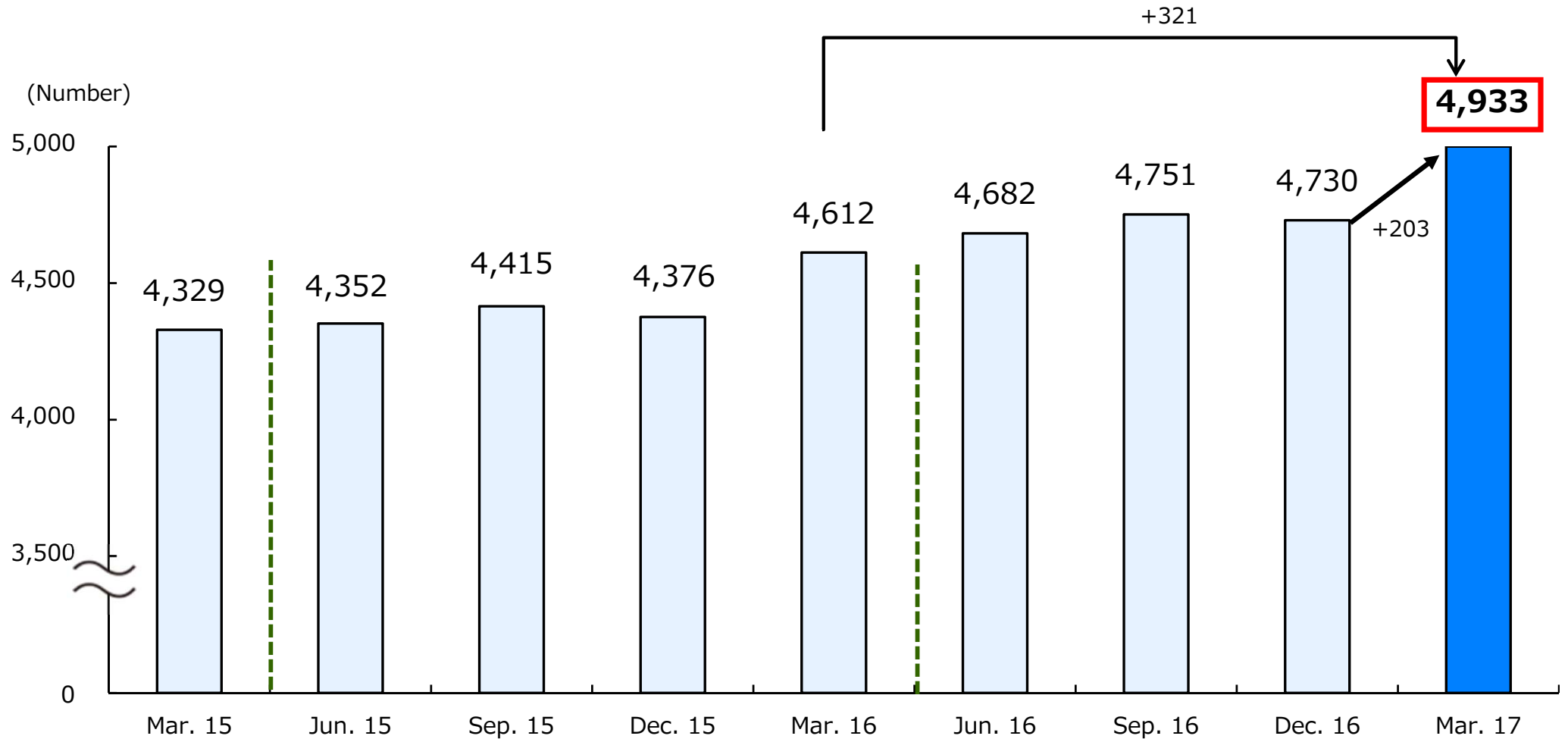


(Reference) Main differences from core profit

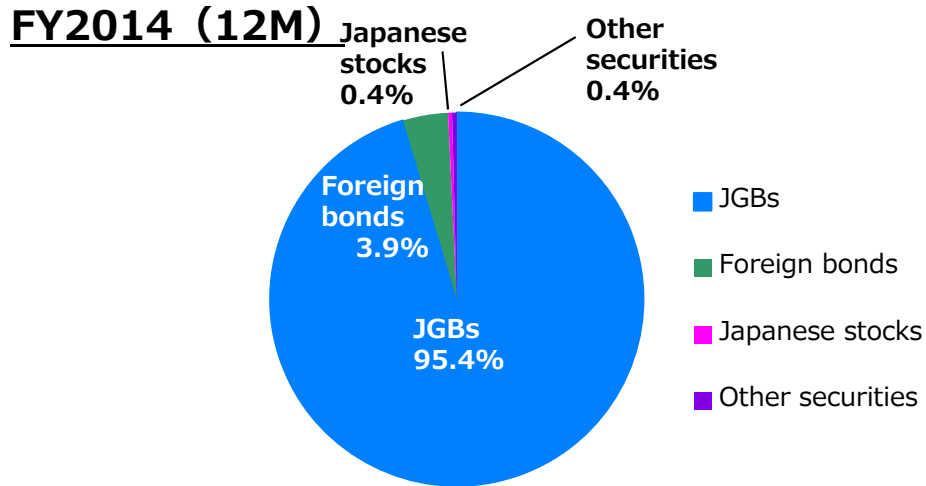
(JPY bn)	FY2014	FY2015	FY2016
Capital gains (losses) excluding gains or losses on hedges (*)	10.7	20.4	(0.4)
Gains (losses) on hedges of variable life insurance	(2.3)	3.9	(15.6)
Provision of contingency reserve (*)	(5.0)	(6.4)	(7.2)

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

Number of Lifepanner Sales Employees

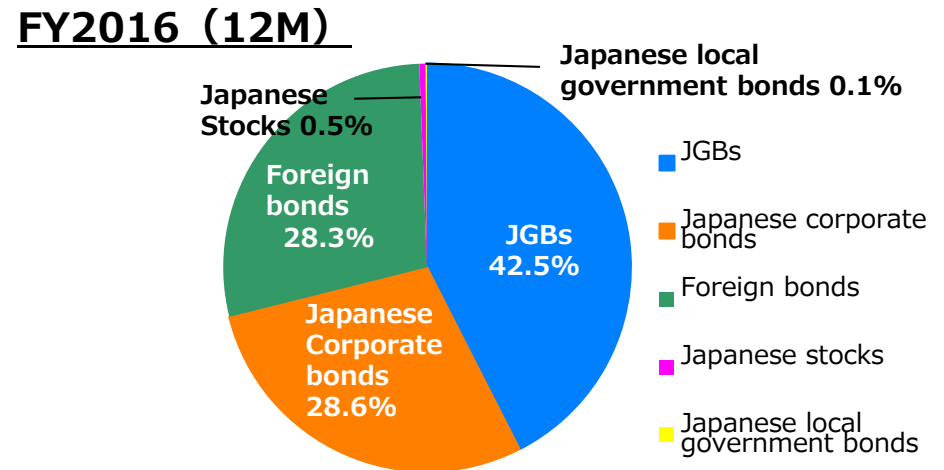
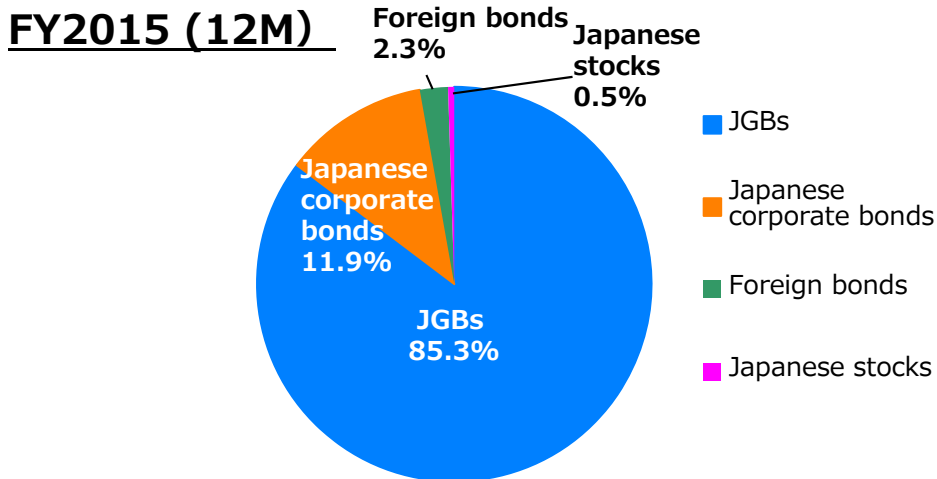


Diversify asset management under the negative interest rate environment (purchase securities in the general account assets)



■ 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)

Breakdown of General Account Assets

(JPY bn)	Mar. 16		Mar. 17	
	Amount	%	Amount	%
Japanese bonds (including JGBs)	6,351.1	88.4%	6,828.7	86.6%
Japanese stocks	33.3	0.5%	37.6	0.5%
Foreign bonds	70.1	1.0%	274.3	3.5%
Foreign stocks	23.0	0.3%	31.5	0.4%
Monetary trusts	280.9	3.9%	273.8	3.5%
Policy loans	171.6	2.4%	180.3	2.3%
Real estate*	115.8	1.6%	117.5	1.5%
Cash and call loans	52.5	0.7%	40.8	0.5%
Others	86.4	1.2%	99.1	1.3%
Total	7,185.0	100.0%	7,884.0	100.0%

*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. 15 20.3 years

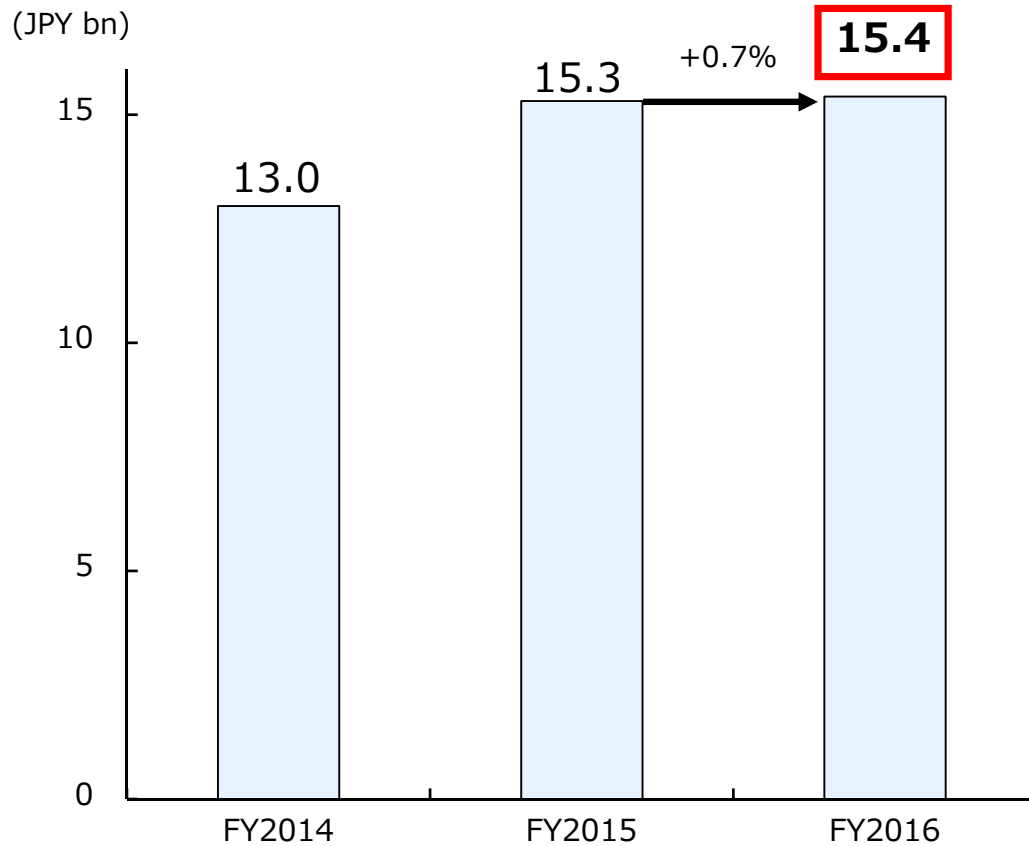
Mar. 16 21.8 years

Mar. 17 21.3 years

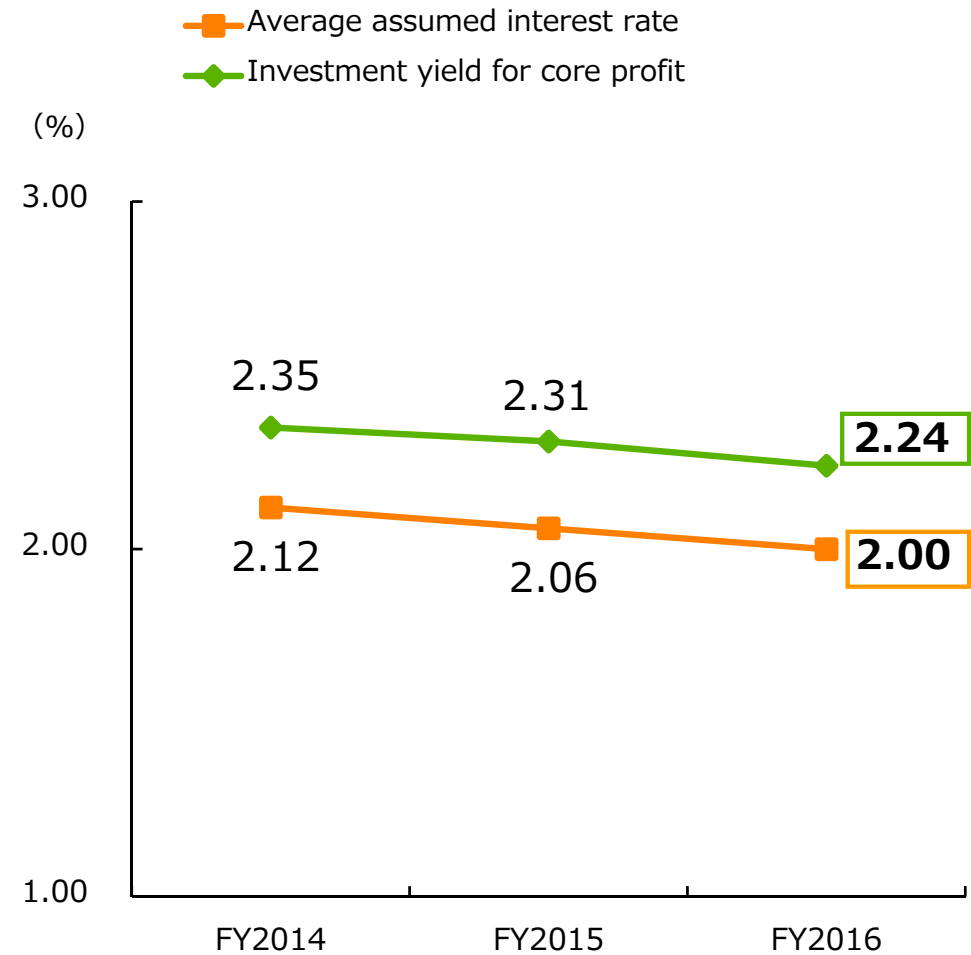
- Investment in the monetary trusts is mainly into Japanese government bonds.
- The holding ratio on the real status of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets: Mar. 17 . . . 90.1%
(Mar. 16 . . . 92.3 %)

Operating Performance : Sony Life (Non-consolidated) (10)

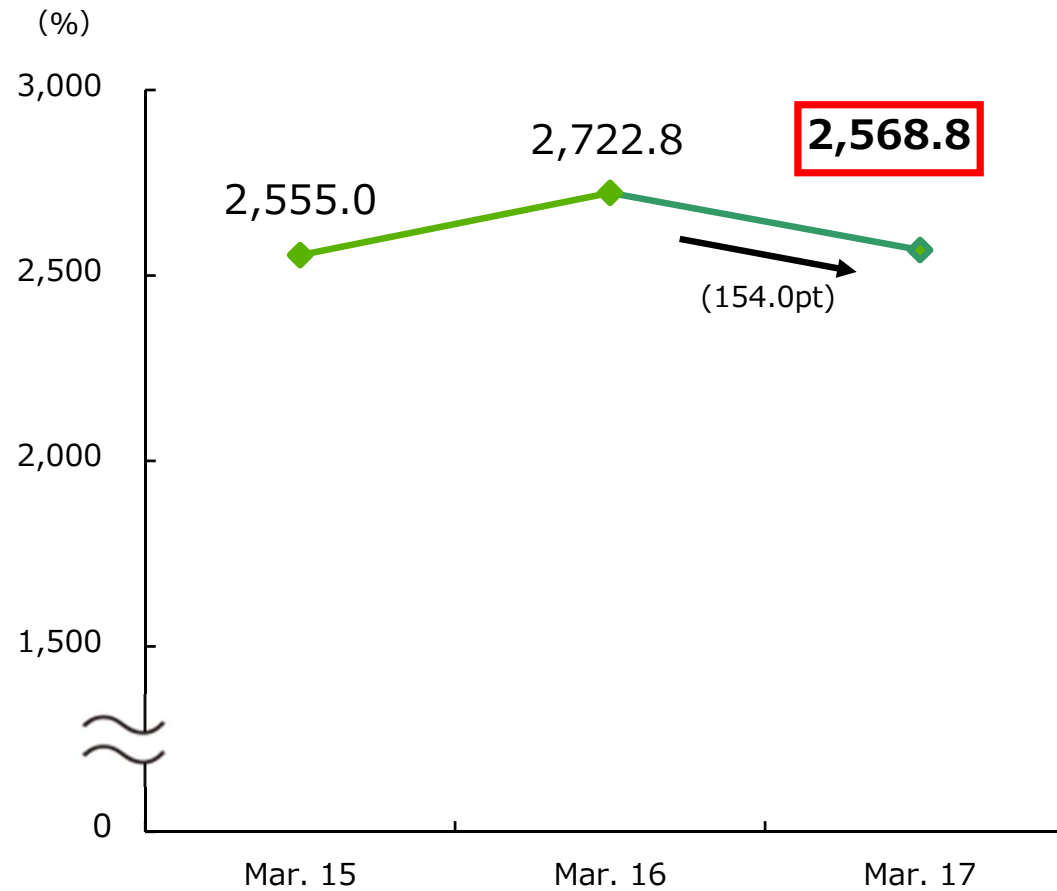
Positive Spread



Average Assumed Interest Rate and Investment Yield for Core Profit

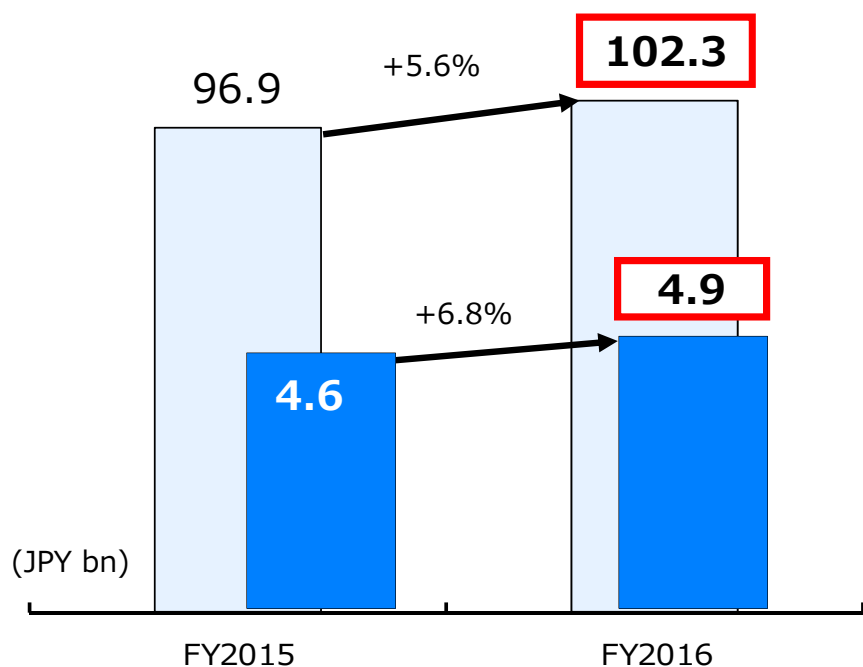


Non-consolidated Solvency Margin Ratio



Highlights of Operating Performance: Sony Assurance

□ Ordinary revenues ■ Ordinary profit



(JPY bn)	FY2015	FY2016	Change	
Ordinary revenues	96.9	102.3	+5.4	+5.6%
Underwriting income	95.6	100.3	+4.7	+4.9%
Investment income	1.2	1.9	+0.6	+54.9%
Ordinary expenses	92.2	97.3	+5.1	+5.5%
Underwriting expenses	67.7	70.5	+2.7	+4.1%
Investment expenses	0.0	0.0	(0.0)	(92.6%)
Operating general and administrative expenses	24.4	26.7	+2.3	+9.6%
Ordinary profit	4.6	4.9	+0.3	+6.8%
Net income	2.5	3.5	+0.9	+35.9%

(JPY bn)	Mar. 16	Mar. 17	Change from Mar. 16	
Underwriting reserves	95.7	106.1	+10.4	+10.9%
Net assets	28.3	29.4	+1.1	+3.9%
Total assets	172.3	186.5	+14.2	+8.2%

- ◆ 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 a decline in provision for reserve for outstanding losses, an increase in underwriting profit and higher investment income, partially offset by an increase in operating expenses.
- ◆ Net income increased owing to the recording of a loss on disposal of software in progress of ¥0.8 billion as an extraordinary loss in FY2015, in addition to the increase in ordinary profit.

Overview of Operating Performance: Sony Assurance

(JPY bn)	FY2015	FY2016	Change
Direct premiums written	94.3	99.0	+5.0%
Net premiums written	95.5	100.2	+4.9%
Net losses paid	48.1	50.1	+4.3%
Underwriting profit	3.4	3.0	(11.5%)
Net loss ratio	57.8%	57.5%	(0.3pt)
Net expense ratio	27.1%	28.3%	+1.2pt
Combined ratio	84.8%	85.8%	+1.0pt

<Reasons for changes>

◆ Increased mainly in its mainstay automobile insurance.

◆ Increased due to an increase in system-related expenses, in addition to higher marketing costs in line with new product launch.

Notes:

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

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

	FY2015	FY2016	Change
E. I. loss ratio	63.3%	62.3%	(1.0pt)
E. I. loss ratio + Net expense ratio	90.4%	90.6%	+0.2pt

◆ Declined due to a decrease in provision for reserve for outstanding losses, in addition to a persistently low car accident ratio in automobile insurance.

	Mar. 16	Mar. 17	Change from Mar. 16	
Number of policies in force	1.79 mn	1.89 mn	+0.09 mn	+5.3%
Non-consolidated solvency margin ratio	693.5%	730.8%	+37.3pt	

Note: The number of policies in force is the total of automobile insurance and medical insurance policies.

Sony Assurance's Underwriting Performance by Type of Policy

Direct Premiums Written

(JPY mn)	FY2015	FY2016	Change
Fire	348	245	(29.6%)
Marine	–	–	–
Personal accident	8,679	8,767	+1.0%
Voluntary automobile	85,308	90,001	+5.5%
Compulsory automobile liability	–	–	–
Total	94,336	99,014	+5.0%

Net Premiums Written

(JPY mn)	FY2015	FY2016	Change
Fire	44	24	(43.9%)
Marine	44	(2)	–
Personal accident	8,953	9,044	+1.0%
Voluntary automobile	85,123	89,746	+5.4%
Compulsory automobile liability	1,384	1,460	+5.5%
Total	95,549	100,274	+4.9%

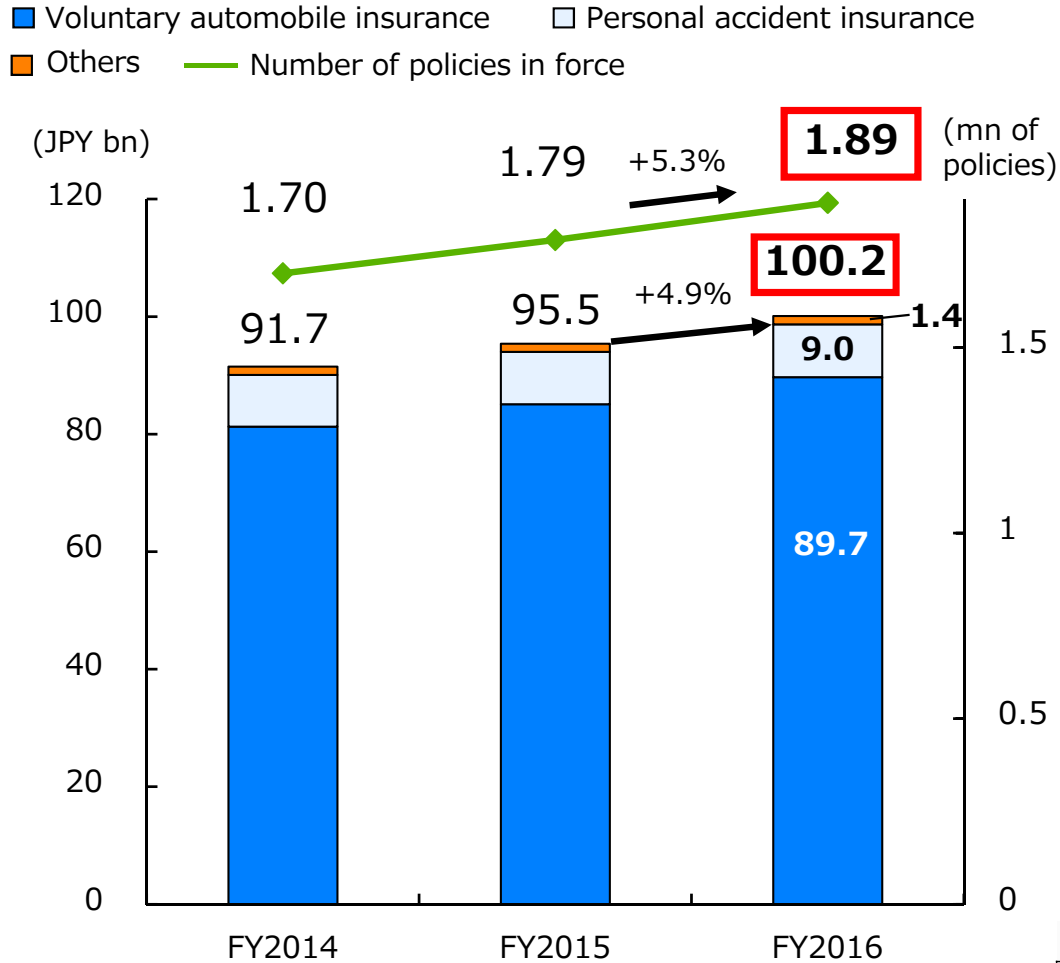
Net losses paid

(JPY mn)	FY2015	FY2016	Change
Fire	1	6	+298.1%
Marine	46	(6)	–
Personal accident	2,472	2,615	+5.8%
Voluntary automobile	44,320	46,263	+4.4%
Compulsory automobile liability	1,270	1,301	+2.5%
Total	48,111	50,181	+4.3%

*Medical insurance is included in personal accident.

Operating Performance: Sony Assurance (1)

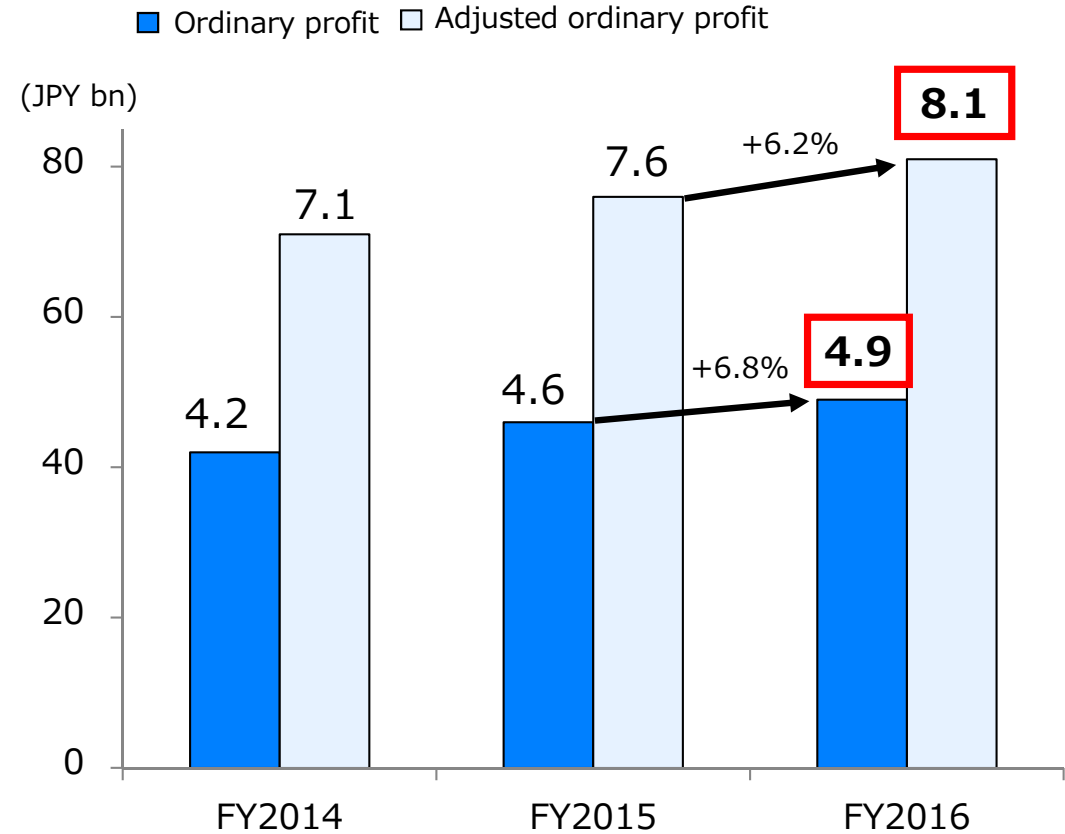
Net Premiums Written and Number of Policies in Force



The number of policies in force is the total of automobile insurance and medical insurance policies.

More than 90% of personal accident insurance is medical insurance.

Ordinary Profit and Adjusted Ordinary Profit



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

(Reference) Provision for catastrophe reserve

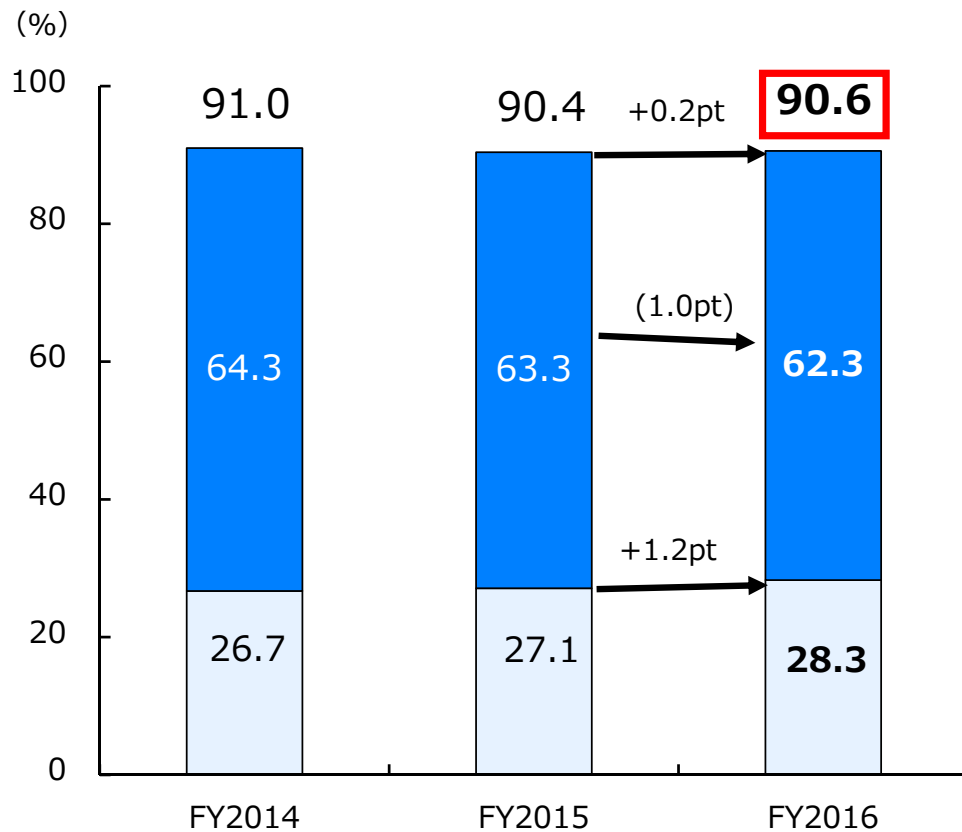
(JPY bn)	FY2014	FY2015	FY2016
Provision for catastrophe reserve	2.8	3.0	3.1

*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

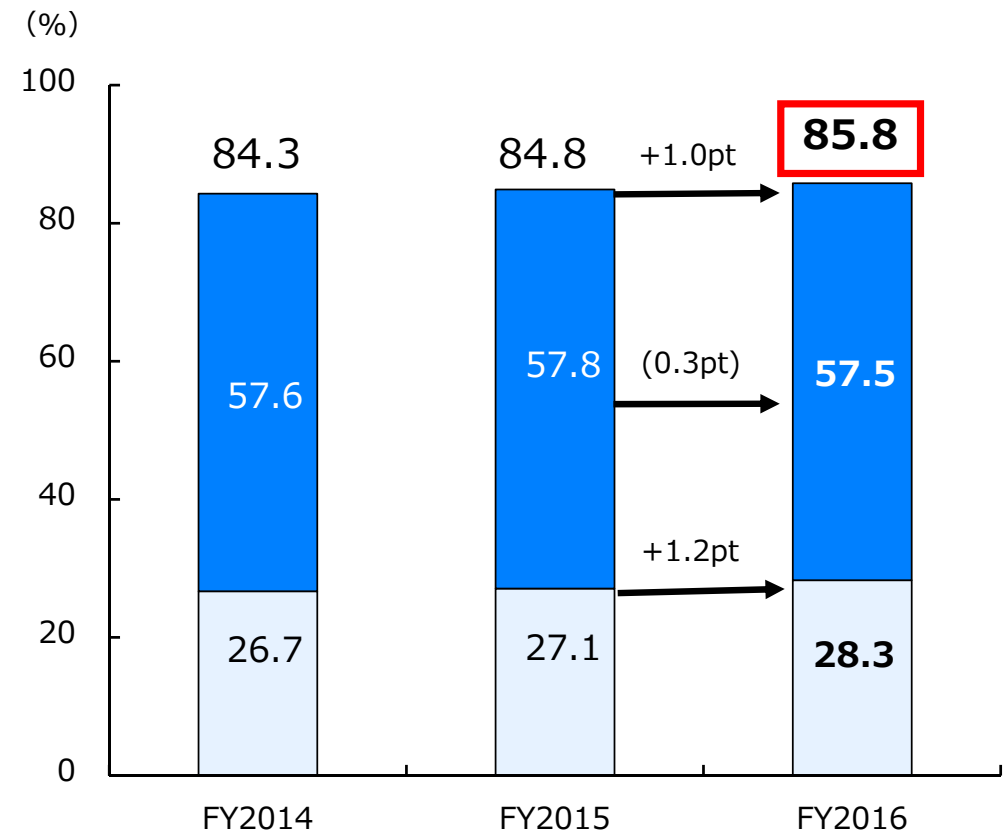


Notes:

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)

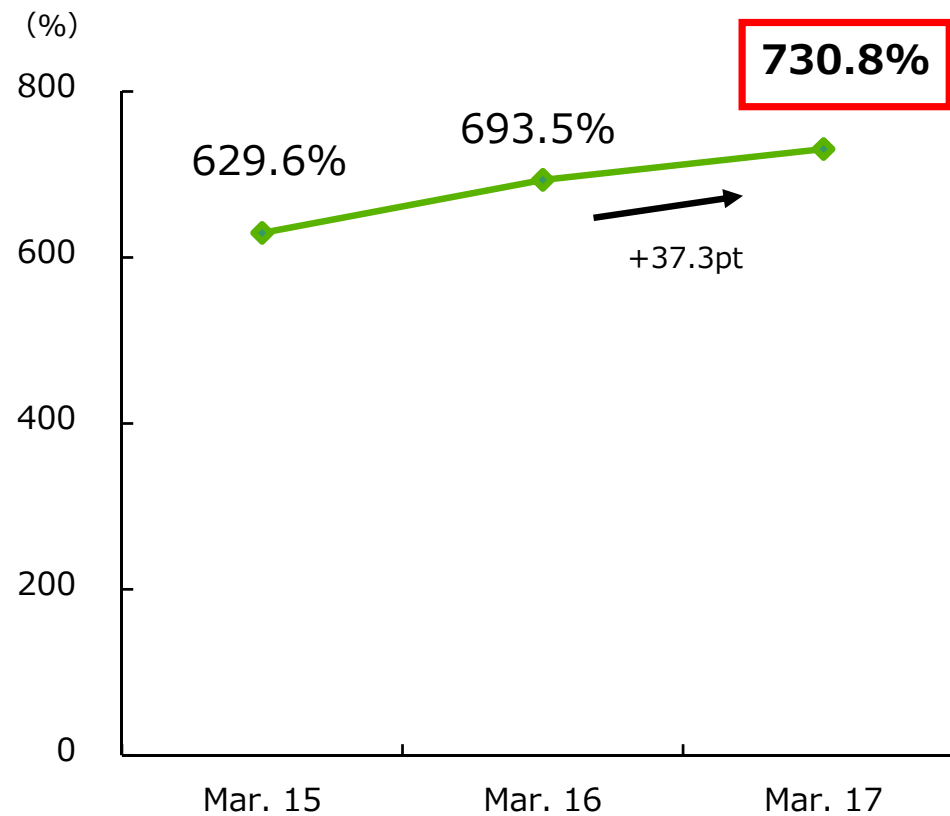
■ Net loss ratio □ Net expense ratio



Notes:

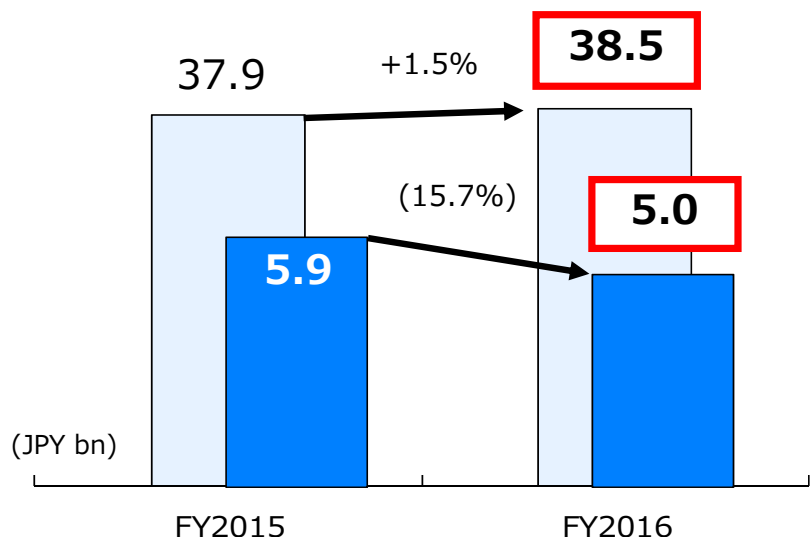
Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written
 Net expense ratio = Expenses related to underwriting / Net premiums written

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, 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 lower 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.
 - Net fees and commissions decreased due to an increase in initial expenses led by a higher execution of mortgage loans.
 - Net other operating income decreased due to lower fees and commissions from foreign currency transactions of customers.

<Consolidated>

	(JPY bn)	FY2015	FY2016	Change	
Consolidated ordinary revenues		37.9	38.5	+0.5	+1.5%
Consolidated ordinary profit		5.9	5.0	(0.9)	(15.7%)
Profit attributable to owners of the parent		3.9	3.3	(0.5)	(15.3%)

<Non-consolidated>

	(JPY bn)	FY2015	FY2016	Change	
Ordinary revenues		34.8	35.1	+0.2	+0.6%
Gross operating profit		21.6	21.1	(0.5)	(2.6%)
Net interest income		16.5	17.9	+1.3	+8.4%
Net fees and commissions		0.1	(1.5)	(1.7)	–
Net other operating income		5.0	4.7	(0.2)	(4.5%)
General and administrative expenses		15.9	16.5	+0.5	+3.3%
Net operating profit		5.7	4.6	(1.1)	(20.4%)
Ordinary profit		5.8	4.6	(1.2)	(20.9%)
Net income		3.9	3.1	(0.7)	(18.8%)

	(JPY bn)	Mar. 16	Mar. 17	Change from Mar. 16	
Net assets		77.4	81.3	+3.9	+5.0%
Net unrealized gains on other securities, net of taxes		3.3	4.7	+1.4	+43.4%
Total assets		2,126.5	2,424.2	+297.6	+14.0%

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

(JPY bn)	Mar. 16	Mar. 17	Change from Mar. 16	
Customer assets	2,034.4	2,227.1	+192.6	+9.5%
Deposits	1,923.5	2,112.9	+189.4	+9.9%
Yen	1,587.9	1,764.9	+177.0	+11.1%
Foreign currency	335.5	348.0	+12.4	+3.7%
Investment trusts	110.9	114.1	+3.1	+2.9%
Loans outstanding	1,344.1	1,539.6	+195.4	+14.5%
Mortgage loans	1,237.1	1,452.4	+215.3	+17.4%
Card loans	10.5	18.0	+7.5	+71.7%
Others	96.5	69.0	(27.4)	+28.5%
Number of accounts	1.13 mn	1.24 mn	+0.11 mn	+9.8%
Non-performing assets ratio *2 (Based on Financial Reconstruction Law)	0.23%	0.19%	(0.04pt)	
Capital adequacy ratio *3 (domestic criteria)	9.89%	9.75%	(0.14pt)	

<Reasons for changes>

◆ Increased in yen ordinary deposits increased due mainly to newly accumulated funds via the increased number of accounts, as well as the conversion from foreign currencies backed by yen depreciation.

◆ Increased despite the conversion from foreign currencies into yen, led by yen depreciation.

◆ Expanded reflecting higher demand for refinancing mortgage loans.

*1 Loans in others include corporate loans of ¥69.0billion

*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 P30.

Capital adequacy ratios has been calculated by applying fundamental internal rating based approach (FIRB) from March 31, 2017.

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

<Reference> On Managerial Accounting Basis

(JPY bn)	FY2015	FY2016	Change	
Gross operating profit	21.6	21.0	(0.5)	(2.6%)
Net interest income* ¹ ①	18.8	20.6	+1.8	+9.6%
Net fees and commissions* ² ②	0.9	(0.9)	(1.9)	—
Net other operating income* ³	1.8	1.4	(0.4)	(23.0%)
Gross operating profit (core profit) (A)=①+②	19.7	19.6	(0.1)	(0.6%)
Operating expenses and other expenses ③	15.9	16.5	+0.6	+3.9%
Net operating profit (core profit) =(A)-③	3.8	3.1	(0.7)	(19.2%)

■ Managerial accounting basis

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

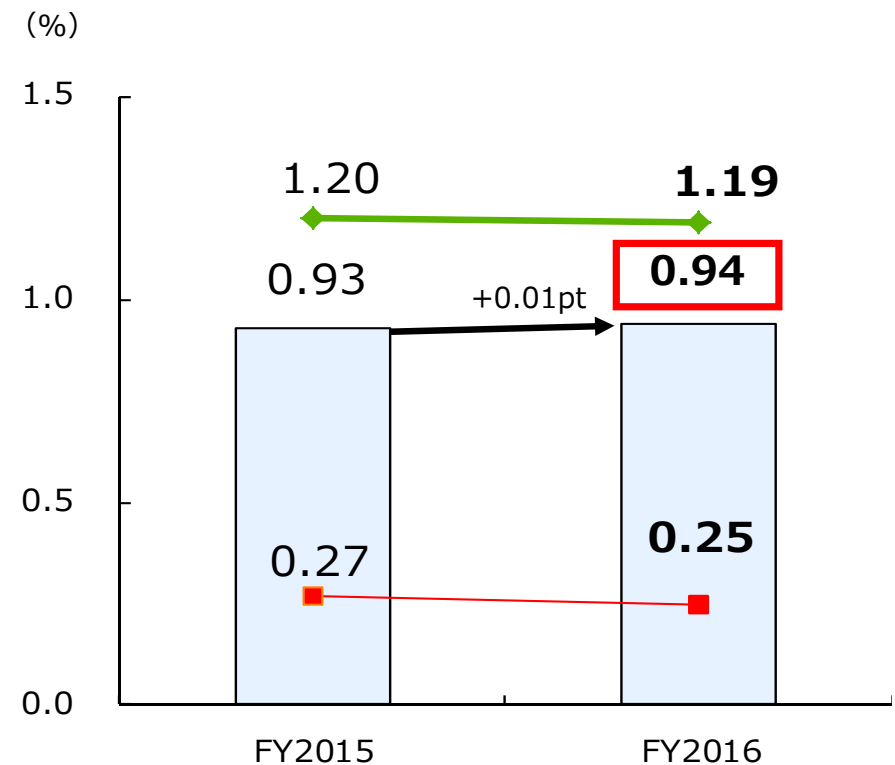
- *1: Net interest income: Includes profits and losses associated with fund investment recorded in net other operating income, including gains or losses from currency swap transactions.
- *2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.
- *3: Net other operating income: After the above adjustments (*1 and *2), mainly consists of profits and losses for bond and derivative dealing transactions.

■ Core profit

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

<Reference> Interest Spread (Managerial Accounting Basis)

◆ Yield on investment ■ Yield on financing
□ Interest spread

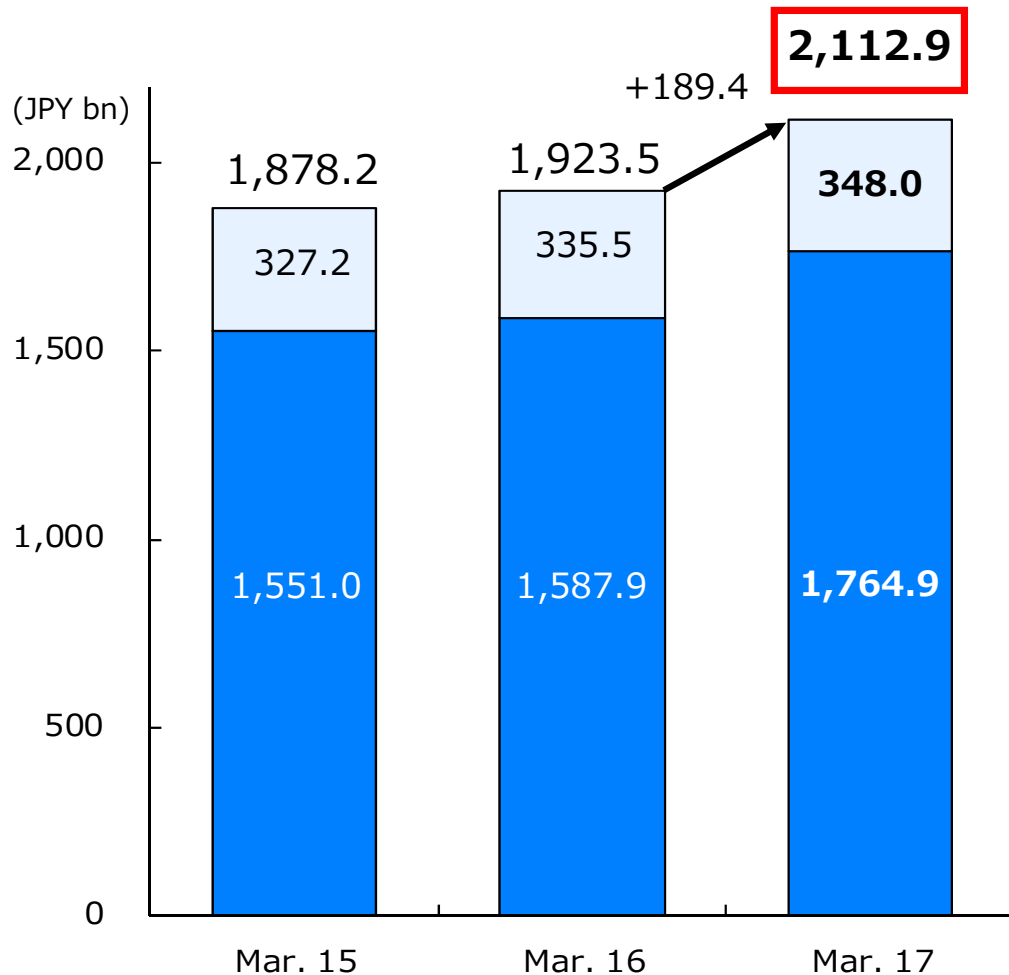


Note: Interest spread=(Yield on investment)-(Yield on financing)

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

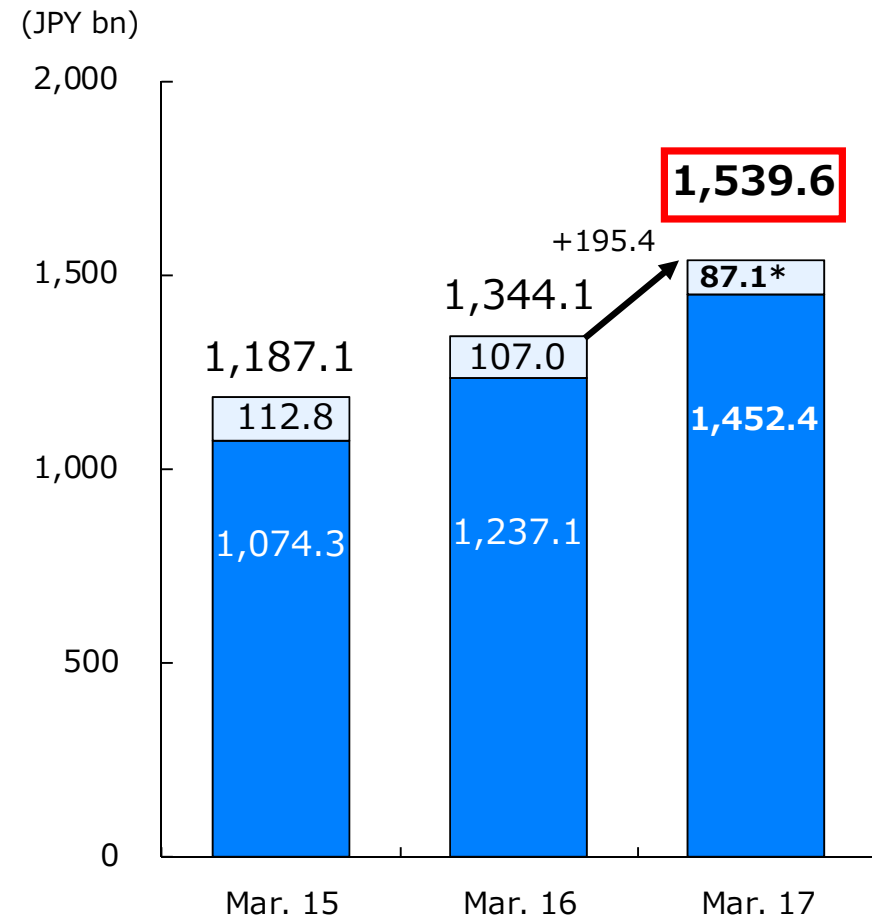
Deposits

■ Yen Deposits □ Foreign currency deposits



Loans

■ Mortgage loans □ Others

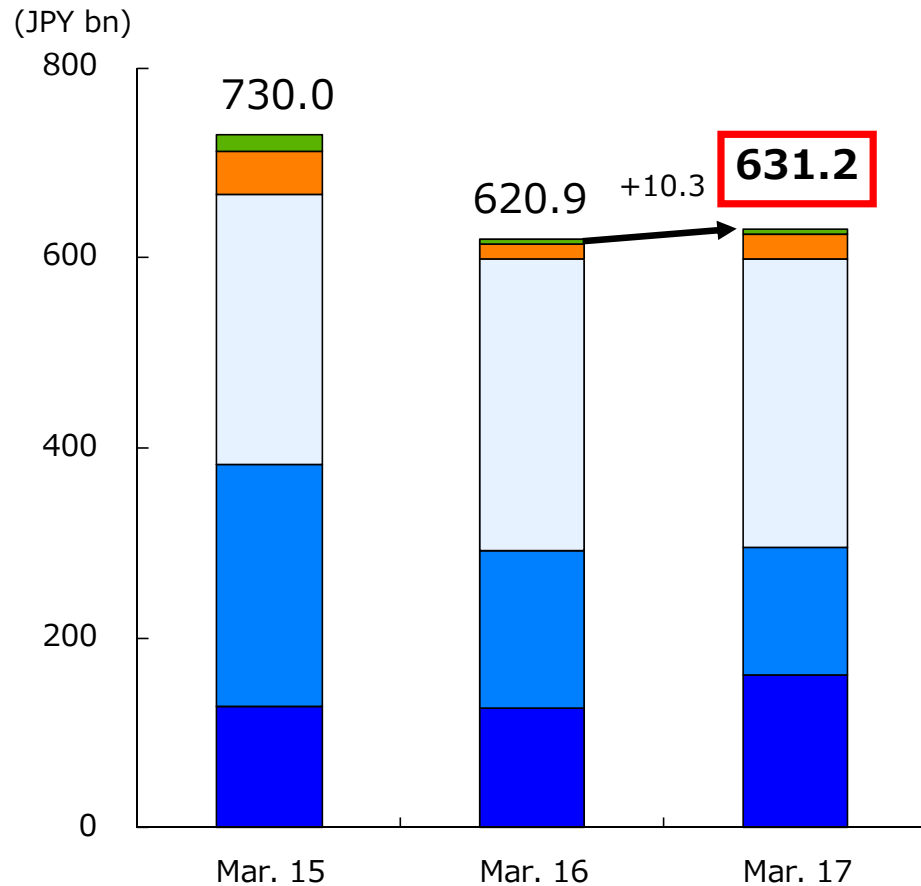


*Corporate loans of ¥69.0 billion, Card loans of ¥18.0 billion

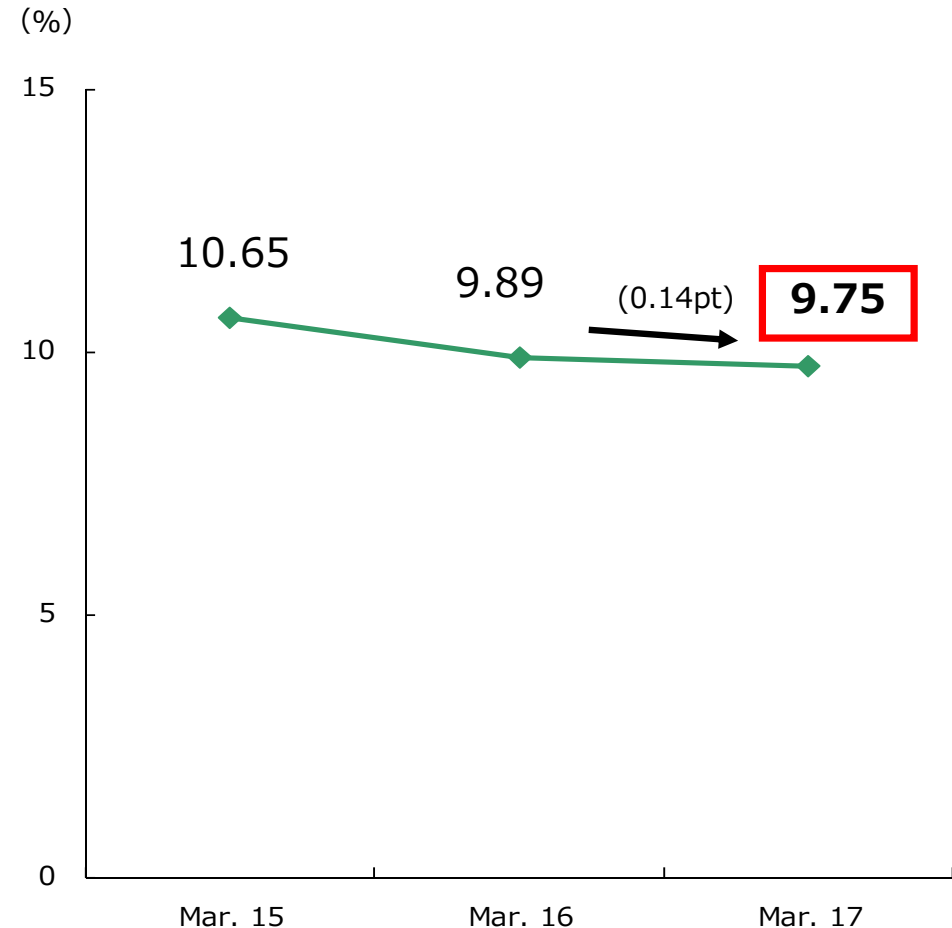
Operating Performance: Sony Bank (Non-consolidated) (2)

Balance of Securities by Credit Rating

■ AAA ■ AA □ A
■ BBB ■ Others



Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



Notes:

1. 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.
2. Capital adequacy ratios has been calculated by applying fundamental internal rating based approach (FIRB) from March 31, 2017.

Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (FY2017)

Forecast of Consolidated Financial Results for FY2017

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

	FY2016 (Actual)	FY2017 (Forecast)	Change
Consolidated ordinary revenues	1,381.6	1,430.0	+3.5%
<u>Life insurance business</u>	1,243.9	1,276.1	+2.6%
<u>Non-life insurance business</u>	102.3	108.9	+6.4%
<u>Banking business</u>	38.5	40.6	+5.4%
Consolidated ordinary profit	66.3	67.0	+1.0%
<u>Life insurance business</u>	56.8	56.4	(0.7%)
<u>Non-life insurance business</u>	5.0	4.6	(8.0%)
<u>Banking business</u>	5.0	6.6	+30.6%
Profit attributable to owners of the parent	41.6	42.0	+0.9%

For FY2017, stable business growth is expected to continue in all the businesses.

Consolidated ordinary revenues are expected to increase, while consolidated ordinary profit and profit attributable to owners of the parent are expected to be essentially flat.

<Segment information for ordinary revenues and ordinary profit>

■ **Life insurance business**

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

Ordinary profit is expected to be almost flat because we expect the provision of policy reserves to rise in line with revision in standard yields used for calculating policy reserves even though we expect an improvement in net gains/losses on derivative transactions to hedge market risks related to minimum guarantee for variable life insurance as well as an increase in profit from accumulated policies in force.

■ **Non-life insurance business**

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

Ordinary profit is expected to decrease year on year because we expect the loss ratio to be higher due to higher provision for reserve for outstanding losses than in FY2016.

■ **Banking business**

Ordinary revenues are expected to increase year on year, due to stable business growth, reflecting a growing balance of mortgage loans and strengthened foreign currency business

Ordinary profit is expected to increase year on year, due mainly to efforts to appropriately control operating expenses and the increase in ordinary revenues.

*Please see P41 for the detail of Life insurance business forecast.

Changes in Medium-term Dividend Policy and Dividend Forecast for FY2017

Changes in Medium-term Dividend Policy and Dividend Forecast for FY2017

As the expansion of business scale accelerates, we will determine specific dividend amounts by taking into account not only statutory profit but also other economic value-based profit indicators

<Medium-term Dividend Policy>

- SFH aims for steady increases in dividends in line with earnings growth over the medium to long term, while securing sufficient internal reserves to ensure the financial soundness of Group companies and to invest in growth fields. Management will examine earnings growth over the medium to long term by taking into account not only statutory profit but also other economic value-based profit indicators that are more suitable for valuing the growth of the life insurance business. Furthermore, management will determine specific dividend amounts for each fiscal year by taking into account a comprehensive range of factors surrounding the Sony Financial Group.

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

	FY2013	FY2014	FY2015	FY2016 (Plan)	FY2017 (Forecast)
Profit attributable to owners of the parent	¥40.5 billion	¥54.4 billion	¥43.3 billion	¥41.6 billion	¥42.0 billion
Net income per share	¥93.11	¥125.10	¥99.67	¥95.69	¥96.65
Dividend per share	¥30	¥40	¥55	¥55	¥55

* For the foreseeable future, we plan to pay a dividend corresponding to more than 50% of net income per share.

(Reference) Dividend payout ratio	32.2%	32.0%	55.2%	57.5%	57.0%
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Sony Life's Preliminary MCEV and ESR as of March 31, 2017

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

The calculation of MCEV as of March 31, 2016 (after restated) and as of March 31, 2017, in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced on May 22, 2017.

A part of the calculations of MCEV adopted simplified method for that as of December 31, 2016.

Please keep in mind that the validity of these calculations has not been verified by outside specialists.

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

(JPY bn)	Mar. 16	Dec. 16	Mar. 17	Change from Mar. 16	Change from Dec. 16
MCEV	1,330.1	1,282.7	1,441.1	+111.0	+158.4
Adjusted net worth	2,074.4	1,831.1	1,657.7	(416.7)	(173.4)
Value of existing business	(744.4)	(548.4)	(216.7)	+527.7	+331.7

(JPY bn)	FY15.4Q (3M)	FY16.1Q (3M)	FY16.2Q (3M)	FY16.3Q (3M)	FY16.4Q (3M)	FY16.4Q (12M)
New business value	3.9	(0.2)	5.0	10.2	14.1	29.1
New business margin	1.2%	(0.0%)	1.6%	4.0%	3.8%	2.2%

Notes:

1. Calculated MCEV as of 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 (3M) 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 March 31, 2017 increased ¥158.4 billion from December 31, 2016, due mainly to an acquisition of new policies and a rise in interest rates in Japanese yen.

◆ **New business value**

- New business value was steadily increased due to a favorable sales and a rise in interest rates in Japanese yen, consequently, that for FY16.4Q (3M) was ¥14.1 billion while that for FY16.4Q (12M) was ¥29.1 billion.

*Please refer to the appendix P52 for trend on JGB yields.

(JPY bn)	Mar. 16	Dec. 16	Mar. 17
Insurance risk*	989.3	980.2	937.5
Market-related risk	324.2	369.5	405.1
<i>Of which, interest rate risk**</i>	255.2	288.5	308.9
Operational risk	31.4	31.1	28.1
Counter party risk	2.0	2.4	1.9
Variance effect	(374.4)	(390.4)	(392.0)
The risk amount based on economic value	972.4	992.9	980.6

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

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

(JPY bn)	Mar. 16	Dec. 16	Mar. 17
MCEV + Frictional costs	1,366.5	1,325.5	1,476.6
ESR	141%	134%	151%

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

◆ **The risk amount based on economic value as of March 31, 2017 amounted to ¥980.6 billion, down ¥12.3 billion from December 31, 2016, due mainly to a decrease in insurance risk reflecting a rise in interest rates.**

ESR as of March 31, 2017 was 151%, up 17pt from December 31, 2016 due mainly to a decrease in a risk amount and an increase in MCEV.

◆ **Sony Life will continue to improve ESR levels by accumulating new business value through reinforcing its sales capabilities as well as ensuring profitability.**

Appendix

AEGON Sony Life Insurance

Launch of sales: December 1, 2009

Common stock: ¥30 billion (including capital reserves of 15 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 May 15, 2017



SA Reinsurance Ltd

Established : October 29, 2009

Common stock: ¥15.9 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 March 31, 2017

Sony Life accounts for 20% of the amount of new mortgage loans for FY2016

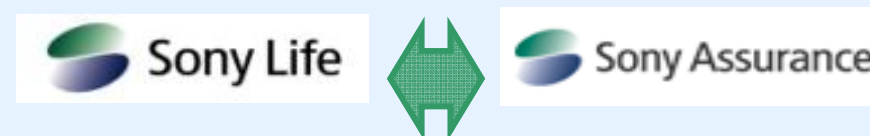
*Sony Life started handling banking agency business in January 2008.



Sony Assurance's Auto Insurance Sold by Sony Life

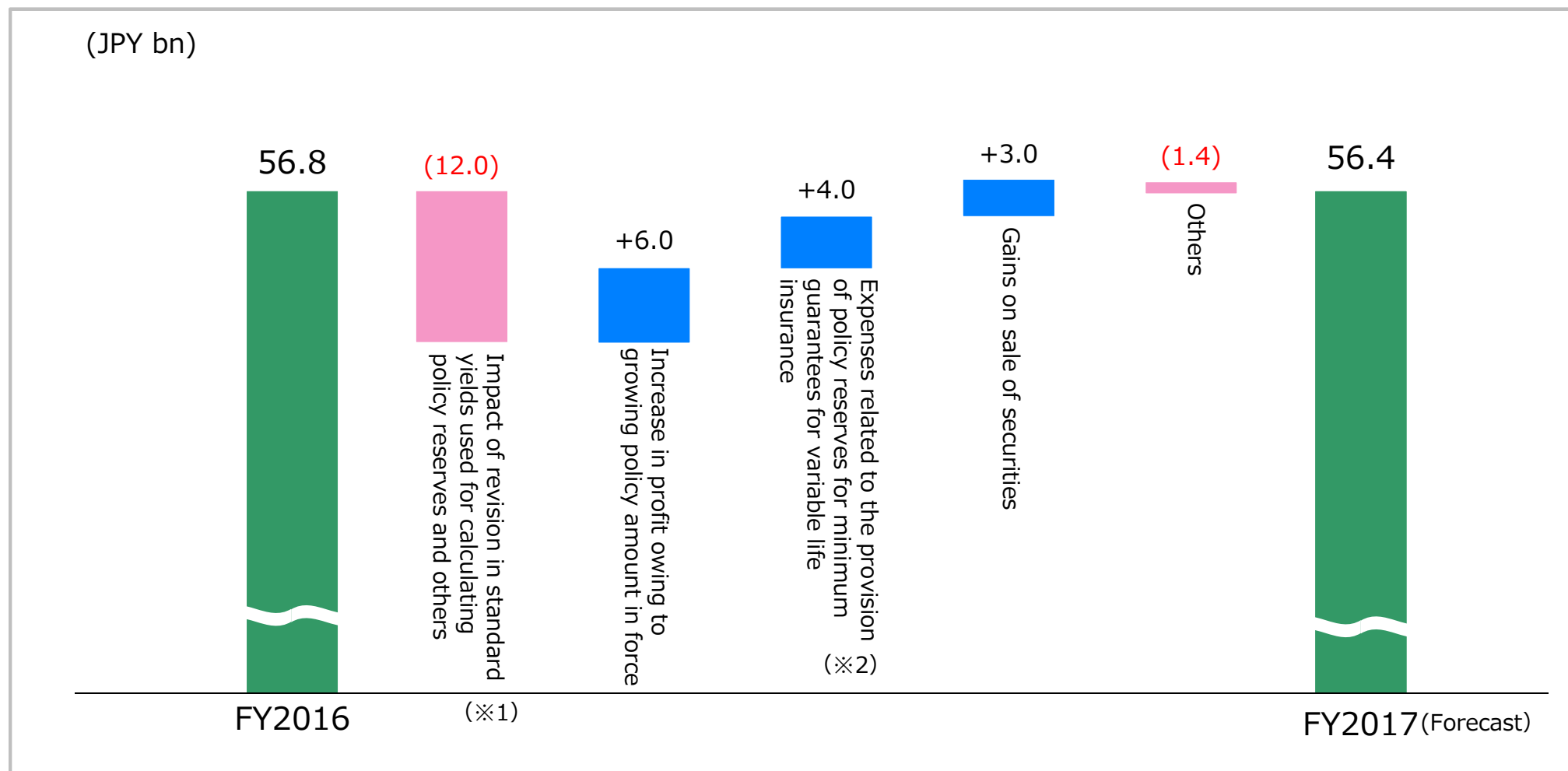
■ Sony Life accounts for approx. 4% of new automobile policies for FY2016

*Sony Life started handling automobile insurance in May 2001.



Recent Topics 2

2016-04-01	Sony Lifecare Group opened its first newly built nursing care home "SONARE Soshigaya-Okura" in Tokyo
2016-05-02	Sony Life commenced sale of a new product: "Level Premium Plan Term Life Insurance with Reduced Surrender Value (Disability/Nursing Care Type)" and "Level Premium Plan Term Life Insurance with No Surrender Value (Disability/Nursing Care Type)"
2016-06-23	SFH changed its President, Representative Director
2016-07-01	Sony Life opened a representative office in Singapore
2016-07-04	SFH and Sony Life relocated their headquarters to Chiyoda-ku, Tokyo
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 (entered into cooperation agreement on Jan. 13, 2017)
2016-10-31	Sony Bank began offering U.S. dollar-denominated active funds on investment trusts and revised the service site
2016-11-07	Sony Bank began offering foreign currency settlement services for teenage customers for Sony Bank WALLET
2016-12-01	Sony Assurance began offering new discount premiums for new customers who contracted automobile insurance via Internet (increased discount rates from ¥8,000 to ¥10,000)
2017-01-04	Sony Bank began offering new preferential services called "Club S"
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
2017-02-20	Sony Life's Lifepanner Sales Employees began handling Sumitomo Mitsui Trust Bank's life insurance trusts and other services
2017-03-01	Sony Life established a joint venture "IBJ Life Design Support Inc." with IBJ Inc.
2017-03-01	Sony Bank began issuing cards with a Sony Bank WALLET / "PlayStation" design through an alliance with Sony Interactive Entertainment Inc.
2017-04-02	Sony Life commenced sale of new product: "Living Benefit Decreasing Term Life Insurance (Living Standard Type / Non-Participating Type)"
2017-04-14	Sony Lifecare announced to convert Yuuai Holdings to a subsidiary
2017-04-28	Sony Bank announced changes of its President, Representative Director
2017-05-01	Sony Lifecare Group opened its second newly built nursing care home "SONARE Urawa" in Saitama Prefecture



(※1) Including higher expenses in line with new policies and changes in product mix for new policies and others. However, excluding changes in provision of policy reserves for minimum guarantees for valuable life insurance.

(※2) Including changes in provision of policy reserves for minimum guarantees for valuable life insurance and gains (losses) on hedges of variable life insurance.

◆ 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

- 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)

(JPY bn)	Mar. 15			Mar. 16			Mar. 17		
	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	6,068.6	7,514.2	1,445.5
Policy reserve matching bonds	-	-	-	251.2	292.5	41.3	277.3	303.3	25.9
Available-for-sale securities	1,007.8	1,176.6	168.8	887.9	1,091.6	203.6	896.5	1,069.9	173.3
Japanese government and corporate bonds	974.6	1,120.1	145.5	854.3	1,040.3	186.0	852.6	1,013.3	160.7
Japanese stocks	13.4	29.4	16.0	13.6	25.6	12.0	13.6	27.0	13.3
Foreign securities	19.4	26.4	6.9	19.8	25.2	5.4	30.0	29.1	(0.8)
Other securities	0.3	0.6	0.3	0.1	0.3	0.1	0.1	0.3	0.1
Total	5,886.6	6,894.9	1,008.3	6,523.1	8,794.3	2,271.1	7,242.5	8,887.5	1,644.9

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 Mar. 31, 2017; Carrying amount: None

Valuation gains (losses) on trading-purpose securities

(JPY bn)

Mar. 15		Mar. 16		Mar. 17	
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	2.0	(0.1)

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

Sony Life's Interest Income and Dividends (Details)

(JPY mn)	FY2015	FY2016	Change
Cash and deposits	0	0	+286.6%
Japanese government and corporate bonds	115,655	121,103	+4.7%
Japanese stocks	522	527	+0.9%
Foreign securities	7,246	8,886	+22.6%
Other securities	1,519	255	(83.2%)
Loans	6,174	6,377	+3.3%
Real estate	10,261	10,869	+5.9%
Others	71	265	+269.9%
Total	141,450	148,284	+4.8%

Sony Life's Capital Gains/Losses

	(JPY mn)	FY15				FY16			
		1Q (3M)	2Q (6M)	3Q (9M)	4Q (12M)	1Q (3M)	2Q (6M)	3Q (9M)	4Q (12M)
Capital gains		6,258	12,246	19,762	27,387	14,501	11,796	25,628	16,114
Income from monetary trusts, net		1,846	3,631	7,119	7,119	–	–	–	–
Income from trading securities, net		–	–	–	41	7	49	103	134
Gains on sale of securities		3,631	6,591	12,193	12,204	917	1,301	1,306	1,308
Gains on derivatives, net		–	1,676	–	4,768	8,821	4,577	–	–
Gains on hedges of variable life insurance		–	1,420	–	3,939	4,955	1,042	–	–
Gains on hedges of available-for-sale securities		–	–	–	117	3,021	1,386	–	–
Foreign exchange gains, net		780	146	435	–	–	–	24,218	14,670
Gains (losses) on sale of foreign bonds*		(64)	(64)	(64)	–	–	–	2,375	2,375
Other capital gains		–	199	13	3,253	4,754	5,868	–	–
Capital losses		2,839	518	758	2,951	3,407	5,688	39,882	32,276
Losses on monetary trusts, net		–	–	–	–	–	–	–	–
Losses on trading securities, net		75	419	143	–	–	–	–	–
Losses on sale of securities		–	–	–	–	–	–	–	–
Devaluation losses on securities		–	–	–	–	–	–	–	–
Losses on derivatives, net		2,097	–	515	–	–	–	34,275	30,050
Losses on hedges of variable life insurance		1,970	–	699	–	–	–	14,292	15,666
Losses on hedges of available-for-sale securities		–	–	–	–	–	–	2,265	2,460
Foreign exchange losses, net		–	–	–	2,798	3,139	5,023	–	–
Losses on sale of foreign bonds**		–	–	–	64	(1,681)	(2,375)	–	–
Other capital losses		665	99	99	153	267	665	5,606	2,226
Net capital gains (losses)		3,419	11,728	19,003	24,435	11,094	6,108	(14,253)	(16,162)

In FY16, recorded ¥3,683 million as a total of gains on sale of securities and foreign exchange gains on sale of foreign bonds.

* (losses) represents negative figures. ** (losses) represents positive figures.

Notes on Sony Life's Capital Gains/Losses are disclosed in page 46.

(Note 1)

- Foreign exchange losses, net for FY16.1Q (3M) include foreign exchange losses of ¥4,280 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 ¥4,754 million relating to foreign exchange fluctuation.
- Foreign exchange losses, net for FY16.2Q (6M) include foreign exchange losses of ¥6,720 million relating to U.S. dollar-denominated insurance. Gains on derivatives, net include foreign exchange gains relating to U.S. dollar-denominated insurance of ¥ 1,337 million. Moreover, other capital gains include the reversal of policy reserves for U.S. dollar-denominated insurance of ¥5,868 million relating to foreign exchange fluctuation.
- 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 FY16.4Q (12M) include foreign exchange gains of ¥12,389 million relating to U.S. dollar-denominated insurance. Losses on derivatives, net include foreign exchange losses relating to U.S. dollar-denominated insurance of ¥ 12,010 million. Moreover, other capital losses include the provision of policy reserves for U.S. dollar-denominated insurance of ¥1,560 million relating to foreign exchange fluctuation.

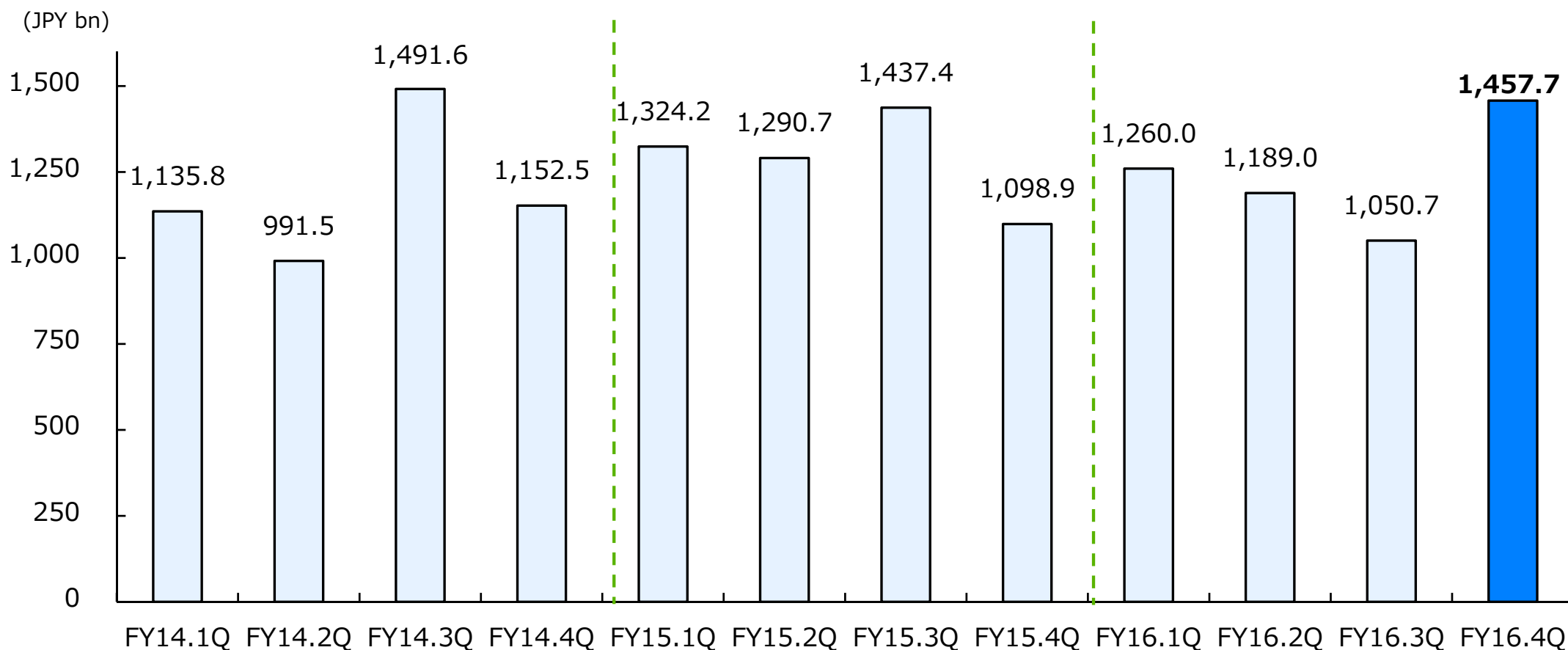
(Note2)

- Foreign exchange gains, net for FY15.1Q (3M) include foreign exchange gains of ¥673 million relating to U.S. dollar-denominated insurance. Moreover, other capital losses include the provision of policy reserves for U.S. dollar-denominated insurance of ¥656 million relating to foreign exchange fluctuation.
- Foreign exchange gains, net for FY15.2Q (6M) include foreign exchange gains of ¥164 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 ¥199 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.
- Foreign exchange losses, net for FY15.4Q (12M) include foreign exchange losses of ¥3,094 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 ¥3,253 million relating to foreign exchange fluctuation.

(Note3)

- 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.

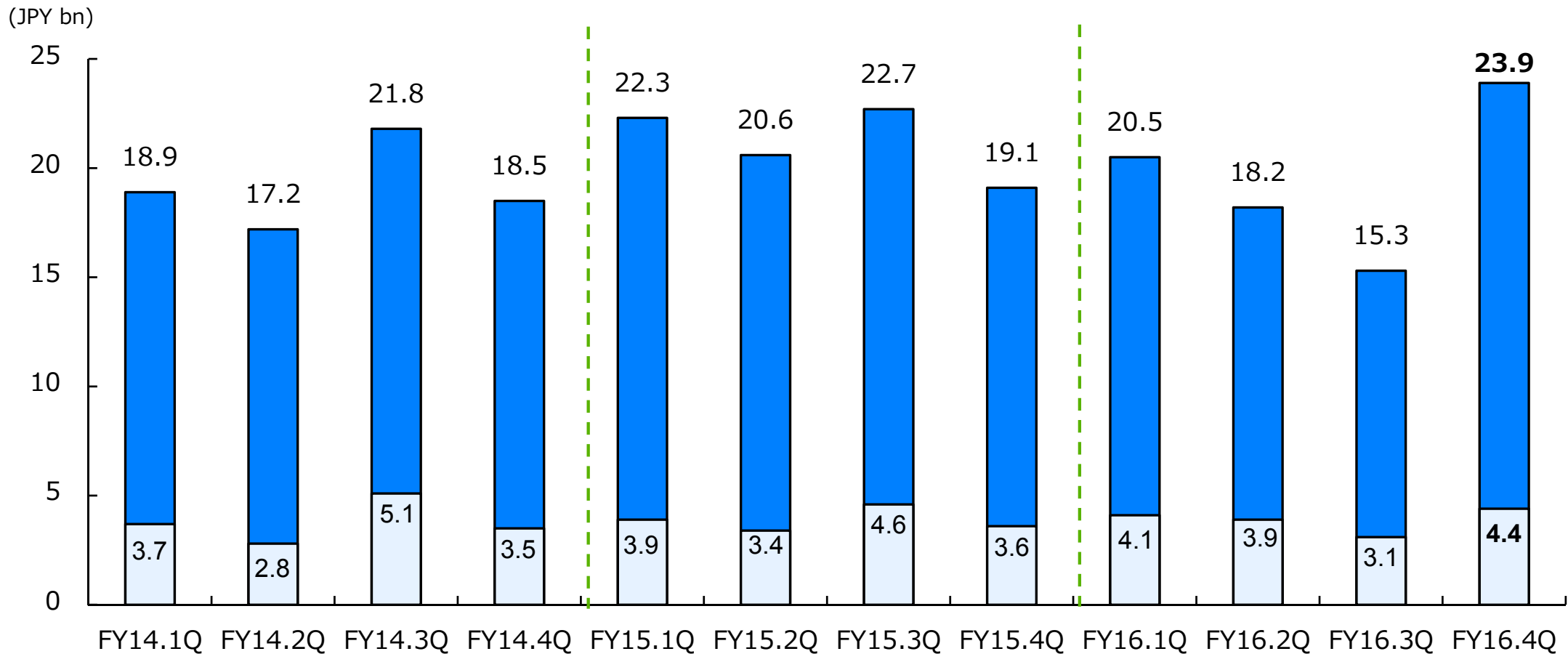
Quarterly Trend on New Policy Amount



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

Quarterly Trend on Annualized Premiums from New Policies

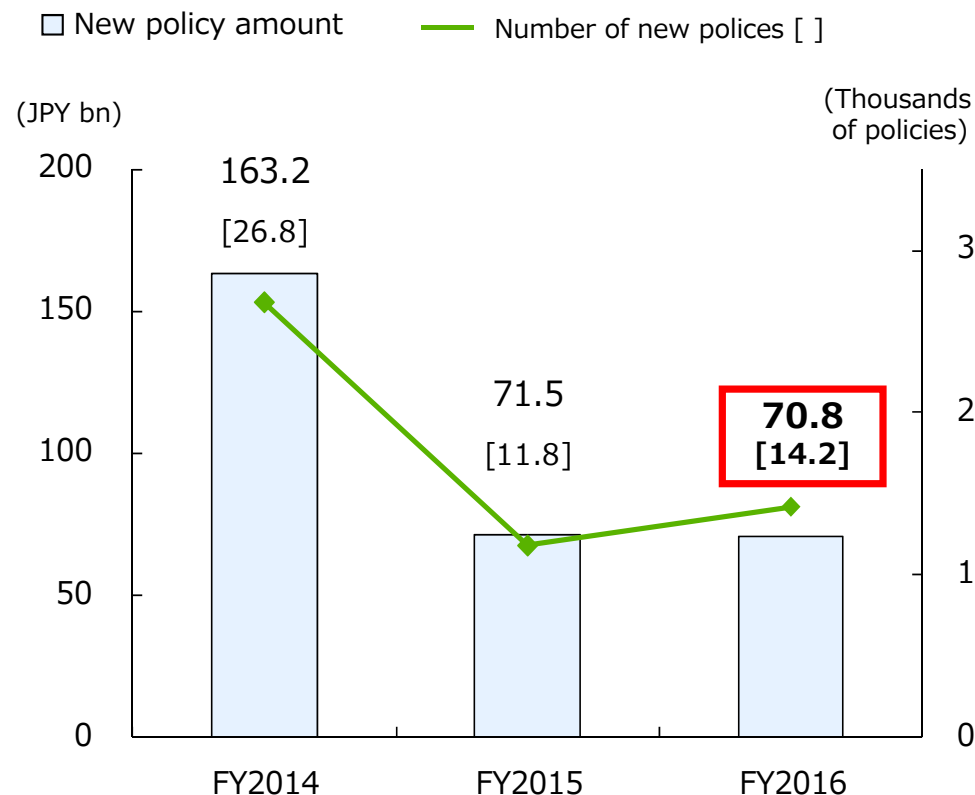
■ Annualized premiums from new policies □ Of which, third-sector



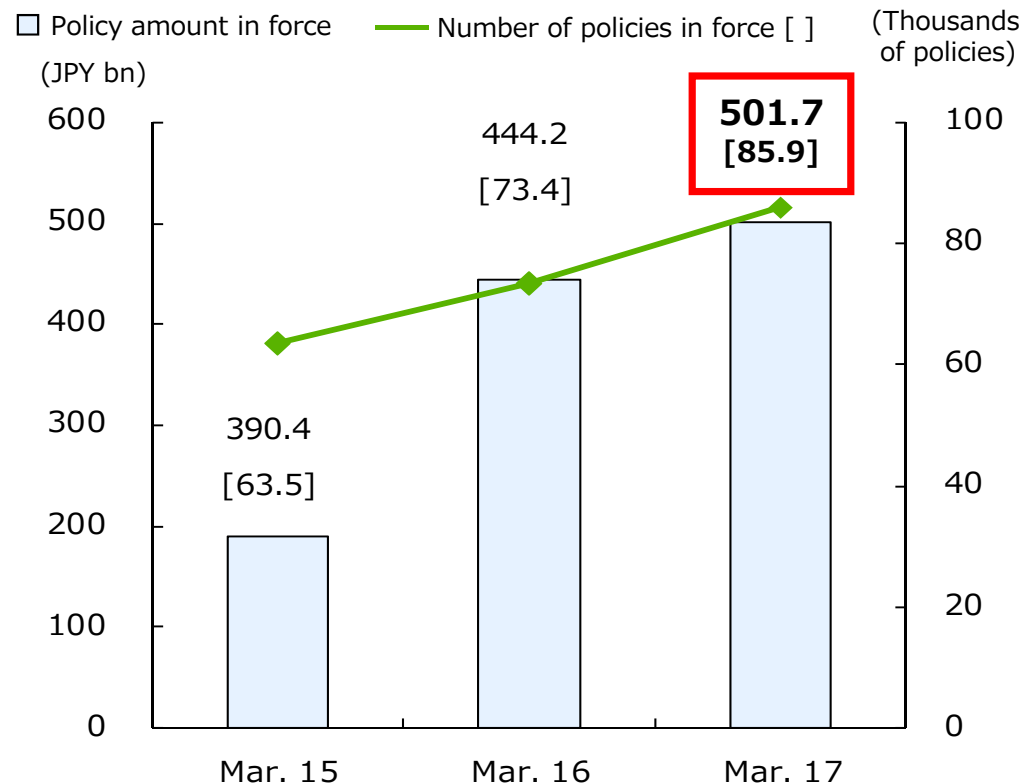
Operating Performance : AEGON Sony Life Insurance

*AEGON Sony Life Insurance sells individual variable annuities.

Number and Amount of New Policies



Number and Amount of Policies in Force



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

(JPY bn)	FY2015	FY2016	Change
AEGON Sony Life Insurance	(3.2)	(4.4)	(1.2)
SA Reinsurance	1.8	(2.6)	(4.4)

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.</p> <p>The same applies below.</p>	<p>Percentage increases or decreases differ for each currency and term.</p> <p>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.</p> <p>(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 March 31, 2017.

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}

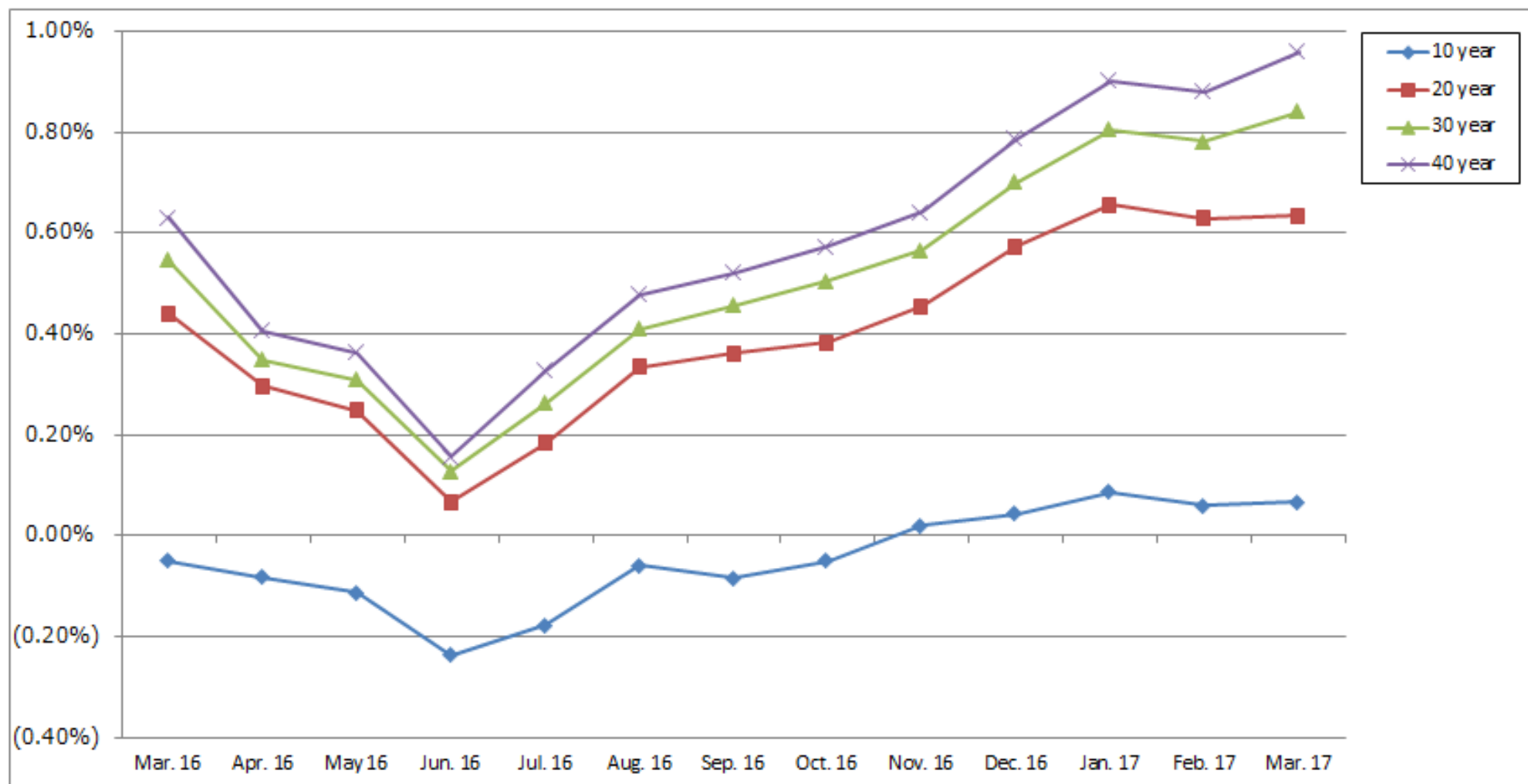
	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; ^{*2} <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 March 31, 2017.

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

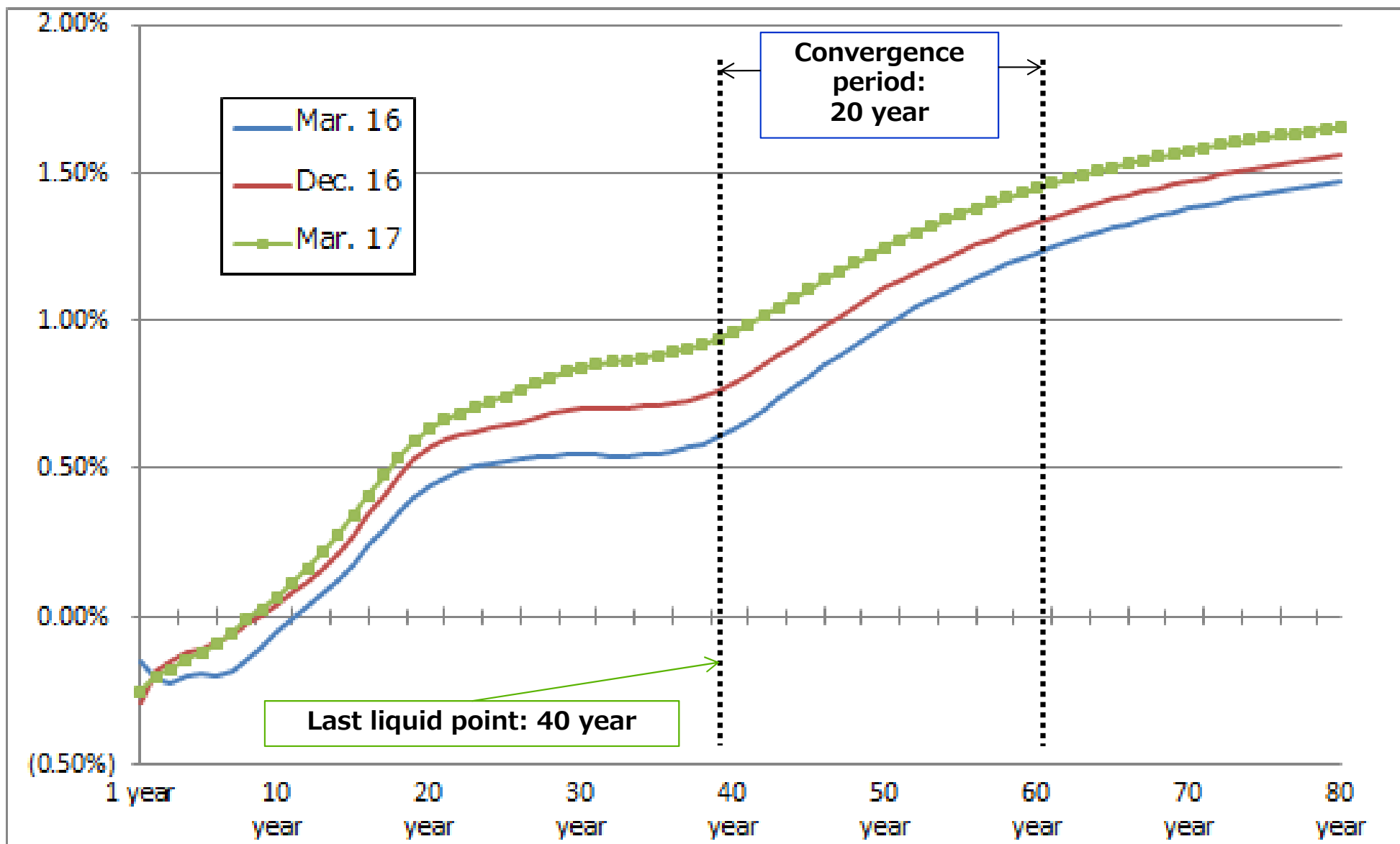
Trend on JGB Yields (Par rate)



As of the end of each month

	Mar. 16	Apr. 16	May 16	Jun. 16	Jul. 16	Aug. 16	Sep. 16	Oct. 16	Nov. 16	Dec. 16	Jan. 17	Feb. 17	Mar. 17
10 year	(0.05%)	(0.08%)	(0.11%)	(0.24%)	(0.18%)	(0.06%)	(0.08%)	(0.05%)	0.02%	0.04%	0.09%	0.06%	0.07%
20 year	0.44%	0.30%	0.25%	0.07%	0.18%	0.33%	0.36%	0.38%	0.46%	0.57%	0.66%	0.63%	0.64%
30 year	0.55%	0.35%	0.31%	0.13%	0.26%	0.41%	0.46%	0.51%	0.57%	0.70%	0.81%	0.78%	0.84%
40 year	0.63%	0.41%	0.36%	0.16%	0.33%	0.48%	0.52%	0.57%	0.64%	0.79%	0.90%	0.88%	0.96%

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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