

**Presentation Material**

**Consolidated Financial Results  
for the Three Months Ended June 30, 2017  
and  
Sony Life's MCEV as of June 30, 2017**

**Sony Financial Holdings Inc.  
August 9, 2017**

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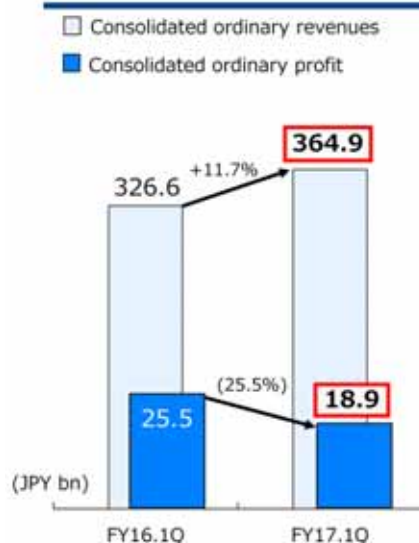
\*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded. Also, a “-” is used where percentage changes exceed 1,000% and in cases where one or both comparisons are negative.

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

## Content

**Consolidated Operating Results  
for the Three Months Ended June 30, 2017  
(FY17.1Q)**

## Highlights of Consolidated Operating Performance (1)



(JPY bn)		FY16.1Q	FY17.1Q	Change	
Life insurance business	Ordinary revenues	292.0	327.9	+35.9	+12.3%
	Ordinary profit	22.0	15.1	(6.8)	(31.3%)
Non-life insurance business	Ordinary revenues	26.0	28.0	+1.9	+7.7%
	Ordinary profit	2.8	2.3	(0.4)	(17.1%)
Banking business	Ordinary revenues	9.2	9.7	+0.4	+5.3%
	Ordinary profit	0.7	1.7	+0.9	+120.7%
Intersegment adjustments*	Ordinary revenues	(0.7)	(0.7)	(0.0)	-
	Ordinary profit	(0.1)	(0.2)	(0.0)	-
Consolidated	Ordinary revenues	326.6	364.9	+38.3	+11.7%
	Ordinary profit	25.5	18.9	(6.5)	(25.5%)
	Profit attributable to owners of the parent	17.6	12.5	(5.0)	(28.9%)

\*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 : FY16.1Q: ¥30.4 billion, FY17.1Q: ¥13.9 billion

(JPY bn)		Mar. 17	Jun. 17	Change from Mar. 17	
Consolidated	Net assets	601.1	591.2	(9.9)	(1.7%)
	Total assets	11,471.8	11,806.8	+334.9	+2.9%

Consolidated ordinary revenues increased 11.7% year on year, to ¥364.9 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking businesses.

Consolidated ordinary profit decreased 25.5% year on year, to ¥18.9 billion, owing to decreases in ordinary profit from the life insurance and the non-life insurance businesses, whereas ordinary profit from the Banking business increased.

Profit attributable to owners of the parent was down 28.9% year on year, to ¥12.5 billion, due to the decrease in consolidated ordinary profit.

- Life Insurance Business : Ordinary revenues increased year on year, due to an improvement of investment performance in the separate account following a recovery in the financial market conditions. Investment gains were recorded in FY17.1Q compared with investment losses in FY16.1Q. Ordinary profit decreased year on year due to a deterioration in net gains/losses on derivative transactions to hedge market risks for available-for-sale securities and lower gains on sale of securities in the general account.
- Non-life Insurance Business: Ordinary revenues expanded year on year, owing mainly to an increase in net premiums written for mainstay automobile insurance. Ordinary profit decreased year on year due primarily to lower gains on sale of securities.
- 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. Ordinary profit increased year on year, due to a decrease in operating expenses, especially in advertising expenses for the card loan business.
- Consolidated ordinary revenues increased 11.7% year on year, to ¥364.9 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking businesses. Consolidated ordinary profit decreased 25.5% year on year, to ¥18.9 billion. By business segment, ordinary profit from the life insurance and the non-life insurance businesses decreased, whereas ordinary profit from the banking business increased. Profit attributable to owners of the parent was down 28.9% year on year, to ¥12.5 billion due to the decrease in consolidated ordinary profit.

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



□ Ordinary revenues    ■ Ordinary profit



- Ordinary revenues increased but ordinary profit decreased year on year.
- Income from insurance premiums was flat year on year due to a decrease in sales of single premium whole life insurance although policy amount in force increased steadily.
- Investment income increased due to an improvement of investment performance in the separate account following a recovery in the financial market conditions. Investment gains were recorded in FY17.1Q compared with investment losses in FY16.1Q.
- Ordinary profit decreased, due to a deterioration in net gains/losses on derivative transactions to hedge market risks for available-for-sale securities and lower gains on sale of securities in the general account.

(JPY bn)	FY16.1Q	FY17.1Q	Change	
<b>Ordinary revenues</b>	292.0	327.9	+35.9	+12.3%
Income from insurance premiums	241.1	241.1	+0.0	+0.0%
Investment income	46.8	83.1	+36.2	+77.5%
Interest income and dividends	35.9	38.8	+2.8	+8.0%
Income from money held in trust, net	1.1	1.1	+0.0	+0.9%
Gains on sale of securities	0.9	0.0	(0.9)	(100.0%)
Gains on derivatives, net	8.8	-	(8.8)	(100.0%)
Gains on separate accounts, net	-	43.0	+43.0	-
<b>Ordinary expenses</b>	268.6	312.1	+43.4	+16.2%
Insurance claims and other payments	85.6	96.7	+11.1	+13.0%
Provision for policy reserves and others	93.9	165.5	+71.6	+76.2%
Investment expenses	48.7	8.9	(39.8)	(81.7%)
Losses on derivatives, net	-	7.0	+7.0	-
Losses on separate accounts, net	43.9	-	(43.9)	(100.0%)
Operating expenses	33.7	33.2	(0.4)	(1.3%)
<b>Ordinary profit</b>	23.3	15.8	(7.5)	(32.3%)
<b>Net income</b>	16.6	10.1	(6.5)	(39.1%)
(JPY bn)				
	Mar. 17	Jun. 17	Change from Mar. 17	
<b>Securities</b>	8,093.1	8,247.7	+154.5	+1.9%
<b>Policy reserves</b>	7,929.9	8,095.5	+165.5	+2.1%
<b>Net assets</b>	473.5	461.5	(11.9)	(2.5%)
Net unrealized gains on other securities	127.7	128.7	+0.9	+0.8%
<b>Total assets</b>	8,873.6	9,071.9	+198.2	+2.2%
Separate account assets	989.6	1,046.9	+57.3	+5.8%

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Sony Life's ordinary revenues increased 12.3% year on year, to ¥327.9 billion, due to an improvement of investment performance in the separate account following a recovery in the financial market conditions. Investment gains were recorded in FY17.1Q compared with investment losses in FY16.1Q.

Ordinary profit decreased 32.3% year on year, to ¥15.8 billion, due to a deterioration in net gains/losses on derivative transactions to hedge market risks for available-for-sale securities and lower gains on sale of securities in the general account.

Net income decreased 39.1% year on year, to ¥10.1 billion.



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

(JPY bn)	FY16.1Q	FY17.1Q	Change	<Reasons for changes>
New policy amount	1,260.0	<b>1,115.8</b>	(11.4%)	◆ Decreased due mainly to lower sales of family income insurance and term life insurance despite favorable sales of U.S. dollar-denominated insurance.
Lapse and surrender amount	479.8	<b>451.5</b>	(5.9%)	
Lapse and surrender rate	1.11%	<b>1.00%</b>	(0.11pt)	
Policy amount in force	43,634.2	<b>45,771.5</b>	+4.9%	
Annualized premiums from new policies	20.5	<b>16.1</b>	(21.2%)	◆ Decreased due mainly to lower sales of living benefit insurance and endowment insurance despite favorable sales of U.S. dollar-denominated insurance.
Of which, third-sector products	4.1	<b>3.1</b>	(25.9%)	
Annualized premiums from insurance in force	790.8	<b>826.9</b>	+4.6%	
Of which, third-sector products	182.2	<b>188.7</b>	+3.6%	

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.

(JPY bn)	FY16.1Q	FY17.1Q	Change	
Gains from investment, net (General account)	41.9	<b>311</b>	(25.9%)	◆ Increased due to a decline in the provision of policy reserves for minimum guarantees for variable life insurance led by a recovery in the financial market conditions.
Core profit	14.0	<b>249</b>	+77.7%	
Positive spread	3.2	<b>45</b>	+40.6%	

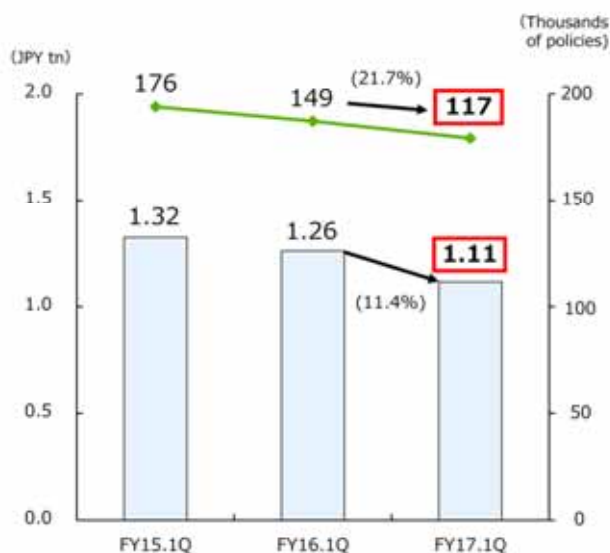
	Mar. 17	Jun. 17	Change from Mar. 17
Non-consolidated solvency margin ratio	2,568.8%	<b>2,620.4%</b>	+51.6pt

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



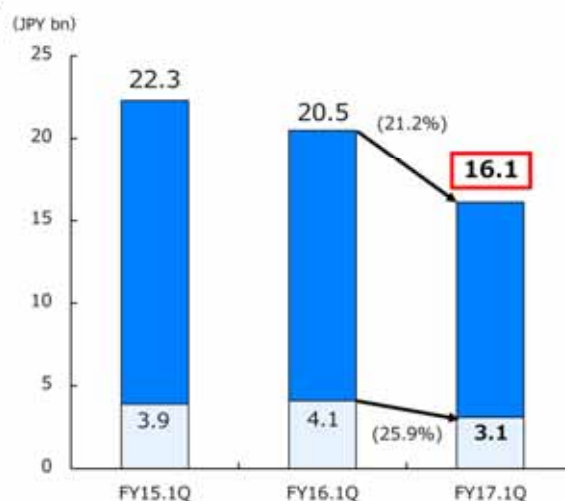
### Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

□ New policy amount — Number of new policies



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

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



#### (Left-hand graph)

New policy amount for the total of individual life insurance and individual annuities decreased 11.4% year on year, to ¥1,115.8 billion. This decrease was due mainly to lower sales of family income insurance and term life insurance, despite favorable sales of U.S. dollar-denominated insurance.

The number of new policies decreased 21.7% year on year, to 117 thousand policies.

#### (Right-hand graph)

Annualized premiums from new policies decreased 21.2% year on year, to ¥16.1 billion, due mainly to lower sales of living benefit insurance and endowment insurance, despite favorable sales of U.S. dollar-denominated insurance.

Of which, the figure for third-sector products decreased 25.9% year on year, to ¥3.1 billion.

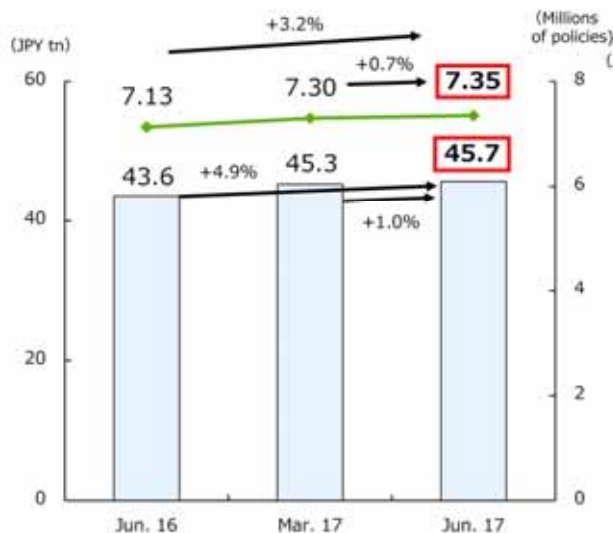


## Operating Performance : Sony Life (Non-consolidated) (2)



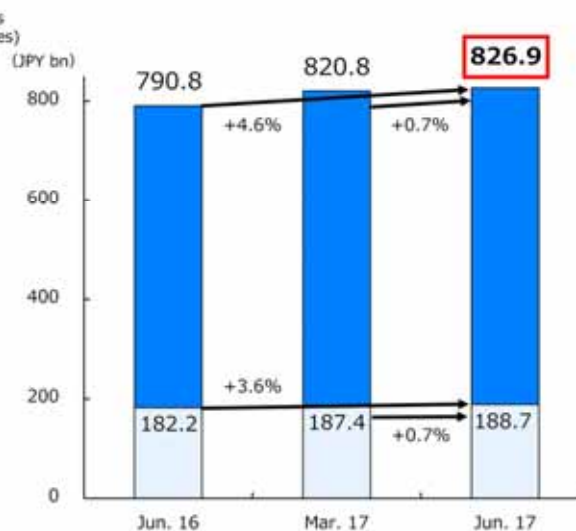
### Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

□ 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



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

(Left-hand graph)

Policy amount in force for the total of individual life insurance and individual annuities increased 4.9% year on year, to ¥45.7 trillion.

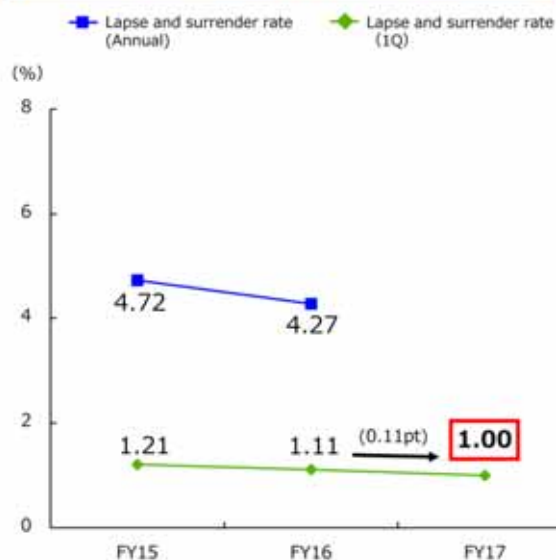
The number of policies in force increased 3.2% year on year, to ¥7.35 million policies.

(Right-hand graph)

Annualized premiums from insurance in force increased 4.6% year on year, to ¥826.9 billion.

Of which, the figure for third-sector products was up 3.6% year on year, to ¥188.7 billion.

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



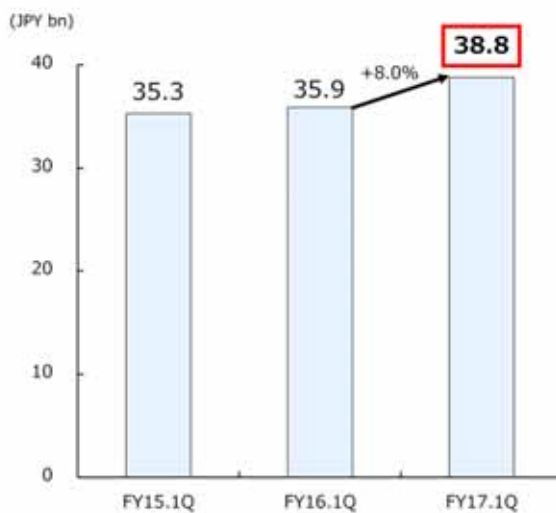
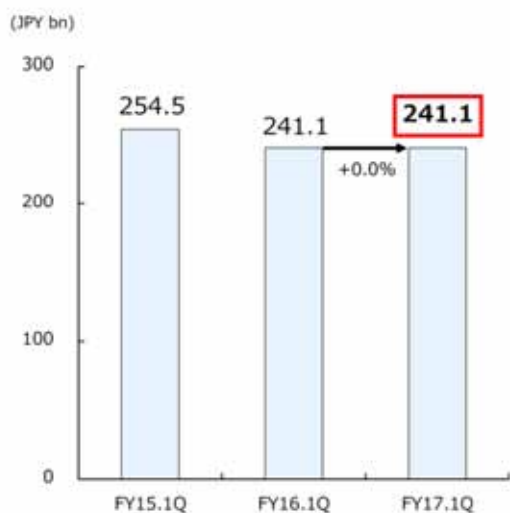
\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

The lapse and surrender rate was down 0.11 percentage points year on year, to 1.00%.

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

Income from Insurance Premiums

Interest Income and Dividends



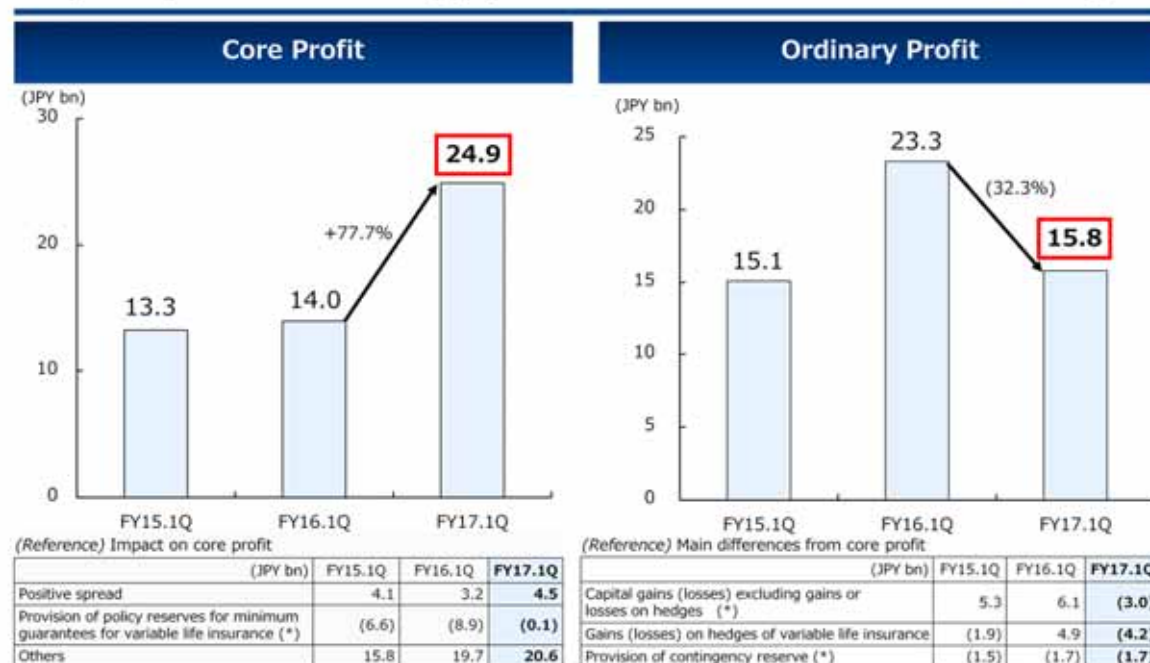
(Left-hand graph)

Income from insurance premiums was flat year on year, amounting to ¥241.1 billion, due to a decrease in sales of single premium whole life insurance although policy amount in force increased steadily.

(Right-hand graph)

Interest income and dividends increased 8.0% year on year, to ¥38.8 billion, reflecting an expansion in investment assets along with business expansion.

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



\*(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.

### (Left-hand graph)

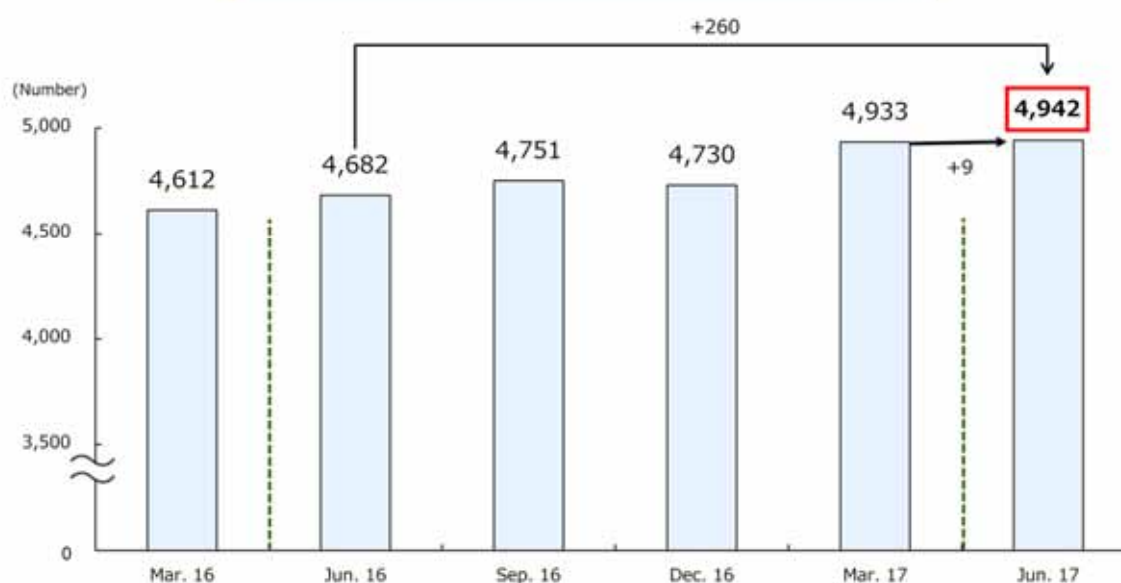
Core profit rose 77.7% year on year, to ¥24.9 billion, due to a decline in the provision of policy reserves for minimum guarantees for variable life insurance led by a recovery in the financial market conditions.

### (Right-hand graph)

Ordinary profit decreased 32.3% year on year, to ¥15.8 billion.

This was due to a deterioration in net gains/losses on derivative transactions to hedge market risks for available-for-sale securities and a decrease in the gain on sale of securities, as derivative transactions used as hedges related to variable life insurance offset the above mentioned gains in core profit.

Number of Lifeplanner Sales Employees



The number of Lifeplanner sales employees as of June 30, 2017, was 4,942, up 9 from March 31, 2017 and up 260 from June 30, 2016.

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



Breakdown of General Account Assets

(JPY bn)	Mar. 17		Jun. 17	
	Amount	%	Amount	%
Japanese bonds (including JGBs)	6,828.7	86.6%	6,909.2	86.1%
Japanese stocks	37.6	0.5%	33.5	0.4%
Foreign bonds	274.3	3.5%	300.2	3.7%
Foreign stocks	31.5	0.4%	32.4	0.4%
Money held in trust	273.8	3.5%	271.0	3.4%
Policy loans	180.3	2.3%	181.2	2.3%
Real estate*	117.5	1.5%	117.1	1.5%
Cash and call loans	40.8	0.5%	60.2	0.8%
Others	99.1	1.3%	120.0	1.5%
<b>Total</b>	<b>7,884.0</b>	<b>100.0%</b>	<b>8,024.9</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. 16 21.8 years

Mar. 17 21.3 years

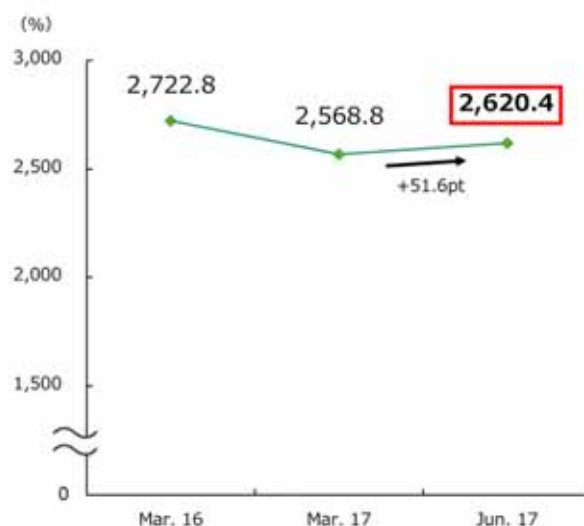
Jun. 17 21.2 years

- Investment in the money held in trust is mainly into Japanese bonds.
- The holding ratio on the real status of Japanese bonds including those invested in money held in trust in the general account : Jun. 17 ・ ・ ・ 89.5%  
(Mar. 17 ・ ・ ・ 90.1%)

Here is a breakdown of Sony Life's general account assets as of June 30, 2017, compared with that as of March 31, 2017.



Non-consolidated Solvency Margin Ratio



As of June 30, 2017, Sony Life's non-consolidated solvency margin ratio was 2,620.4%, up 51.6 percentage points from March 31, 2017, remaining at a high level.

## Highlights of Operating Performance: Sony Assurance

□ Ordinary revenues ■ Ordinary profit



(JPY bn)	FY16.1Q	FY17.1Q	Change	
<b>Ordinary revenues</b>	26.0	<b>28.0</b>	+1.9	+7.7%
Underwriting income	25.0	<b>27.5</b>	+2.5	+10.0%
Investment income	0.9	<b>0.4</b>	(0.5)	(53.0%)
<b>Ordinary expenses</b>	23.1	<b>25.6</b>	+2.4	+10.7%
Underwriting expenses	17.0	<b>19.0</b>	+1.9	+11.6%
Operating general and administrative expenses	6.1	<b>6.6</b>	+0.5	+8.5%
<b>Ordinary profit</b>	2.8	<b>2.3</b>	(0.4)	(17.1%)
<b>Net income</b>	2.0	<b>1.6</b>	(0.3)	(17.5%)

- ◆ Ordinary revenues increased but ordinary profit decreased year on year.
- ◆ Ordinary revenues expanded owing mainly to an increase in net premium written for mainstay automobile insurance.
- ◆ Ordinary profit decreased due primarily to lower gains on sale of securities.

(JPY bn)	Mar. 17	Jun. 17	Change from Mar. 17	
<b>Underwriting reserves</b>	106.1	<b>110.3</b>	+4.1	+3.9%
<b>Net assets</b>	29.4	<b>29.2</b>	(0.1)	(0.5%)
<b>Total assets</b>	186.5	<b>188.6</b>	+2.1	+1.2%

Sony Assurance's ordinary revenues expanded 7.7% year on year, to ¥28.0 billion, owing mainly to an increase in net premium written for mainstay automobile insurance.

Ordinary profit decreased 17.1% year on year, to ¥2.3 billion, due primarily to lower gains on sale of securities.

Net income decreased 17.5% year on year, to ¥1.6 billion.

## Overview of Operating Performance: Sony Assurance

(JPY bn)	FY16.1Q	FY17.1Q	Change	<Reasons for changes>
Direct premiums written	24.7	27.2	+10.0%	◆ Increased mainly in its mainstay automobile insurance.
Net premiums written	25.0	27.5	+10.0%	
Net losses paid	11.7	12.1	+3.8%	
Underwriting profit	1.8	1.9	+1.0%	
Net loss ratio	54.1%	50.8%	(3.3pt)	◆ Declined due to a proper control on overall operating expenses.
Net expense ratio	26.2%	25.9%	(0.3pt)	
Combined ratio	80.3%	76.7%	(3.6pt)	

Notes:

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

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

	FY16.1Q	FY17.1Q	Change	
E. I. loss ratio	59.0%	58.6%	(0.4pt)	◆ Declined due to a persistently low car accident ratio in automobile insurance.
E. I. loss ratio + Net expense ratio	85.2%	84.5%	(0.7pt)	

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.]

	Mar. 17	Jun. 17	Change from Mar. 17	
Number of policies in force	1.89 mn	1.95 mn	+0.06 mn	+3.5%
Non-consolidated solvency margin ratio	730.8%	767.6%	+36.8pt	

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)	FY16.1Q	FY17.1Q	Change
Fire	62	52	(15.4%)
Marine	—	—	—
Personal accident	2,190	2,178	(0.6%)
Voluntary automobile	22,533	25,029	+11.1%
Compulsory automobile liability	—	—	—
<b>Total</b>	<b>24,785</b>	<b>27,260</b>	<b>+10.0%</b>

### Net Premiums Written

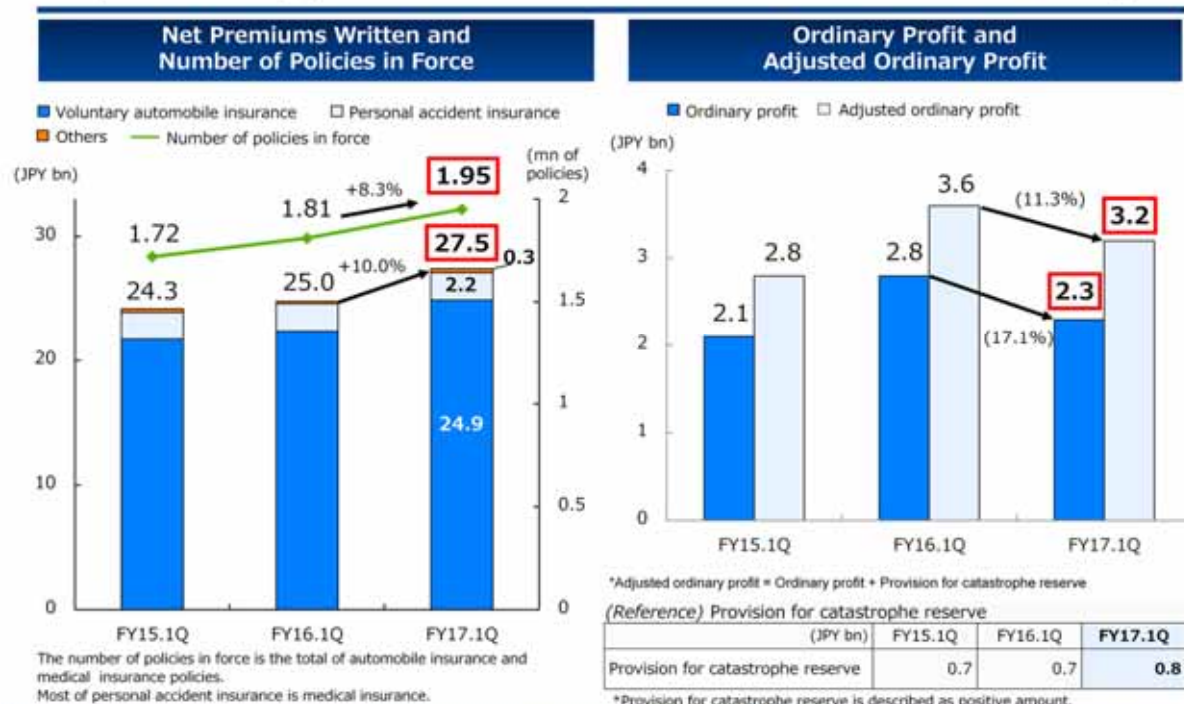
(JPY mn)	FY16.1Q	FY17.1Q	Change
Fire	6	4	(40.6%)
Marine	(1)	(0)	—
Personal accident	2,281	2,229	(2.3%)
Voluntary automobile	22,468	24,969	+11.1%
Compulsory automobile liability	293	352	+20.4%
<b>Total</b>	<b>25,048</b>	<b>27,556</b>	<b>+10.0%</b>

\*Medical insurance is included in personal accident.

### Net losses paid

(JPY mn)	FY16.1Q	FY17.1Q	Change
Fire	0	0	+43.3%
Marine	(12)	2	—
Personal accident	609	645	+5.9%
Voluntary automobile	10,813	11,219	+3.8%
Compulsory automobile liability	324	311	(3.7%)
<b>Total</b>	<b>11,734</b>	<b>12,180</b>	<b>+3.8%</b>

## Operating Performance: Sony Assurance (1)



### (Left-hand graph)

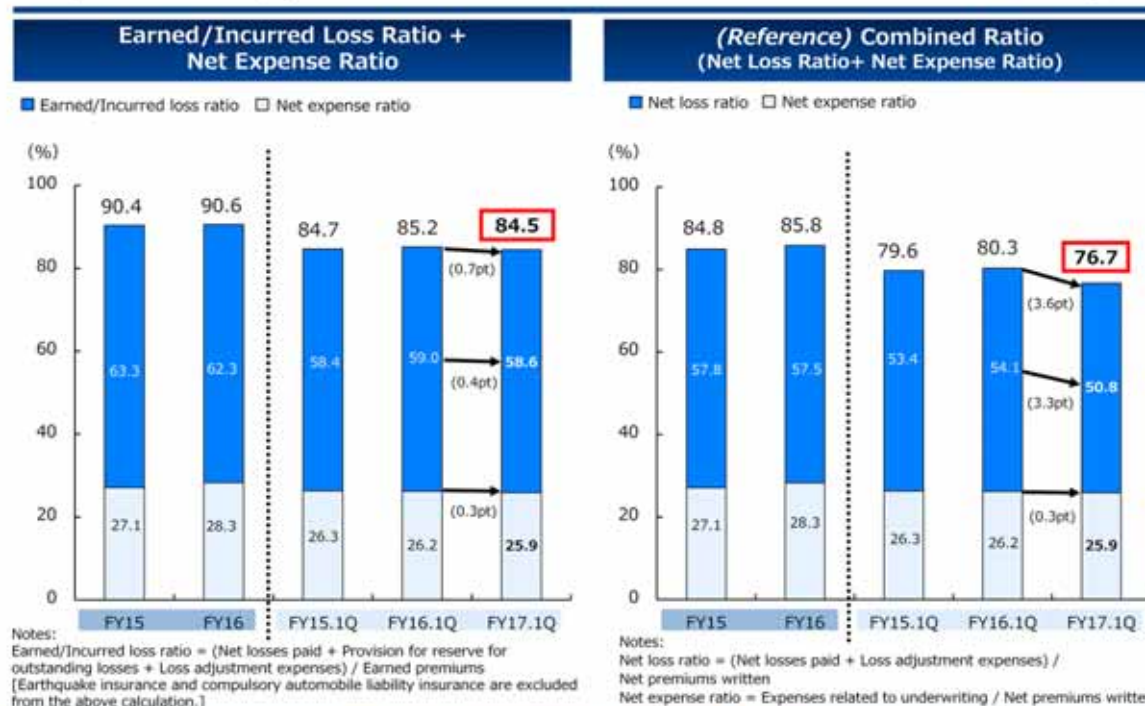
The number of policies in force for the total of automobile insurance and medical insurance increased 8.3% year on year, to 1.95 million policies. Net premiums written increased 10.0% year on year, to ¥27.5 billion due to stable sales of automobile insurance.

### (Right-hand graph)

Ordinary profit decreased year on year as described before.

Adjusted ordinary profit is an profit indicator on a managerial accounting basis. The figure is calculated by adjusting the amount of provision(reversal) for catastrophe reserve to ordinary profit. Adjusted ordinary profit was ¥3.2 billion.

## Operating Performance: Sony Assurance (2)



### (Left-hand graph)

The Earned/Incurred (E.I.) loss ratio was down 0.4 percentage points year on year, to 58.6%, due to a persistently low car accident ratio in automobile insurance.

The net expense ratio was down 0.3 percentage points year on year, to 25.9%, due to a proper control on overall operating expenses.

Consequently, the sum of the E.I. loss ratio and the net expense ratio was down 0.7 percentage points year on year, to 84.5%.

### (Right-hand graph)

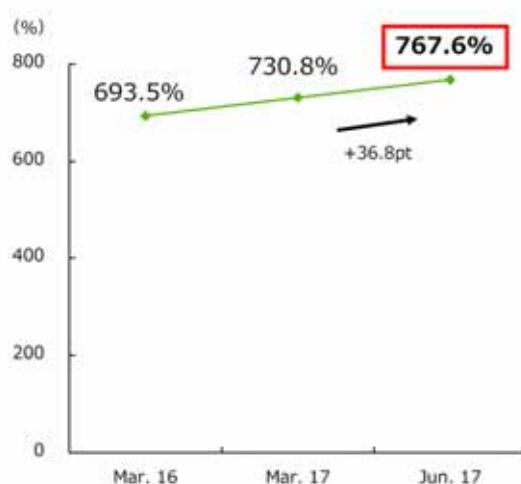
The net loss ratio was down 3.3 percentage points year on year, to 50.8%.

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

The combined ratio (the sum of the net loss ratio and the net expense ratio) was down 3.6 percentage points year on year, to 76.7%.



Non-consolidated Solvency Margin Ratio



As of June 30, 2017, Sony Assurance's non-consolidated solvency margin ratio was 767.6%, rose 36.8 percentage points from March 31, 2017, showing that Sony Assurance has maintained a financial soundness.

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



- Consolidated ordinary revenues
- Consolidated ordinary profit



### <Consolidated>

◆ Ordinary revenues increased due to an increase in interest income on loans in line with a favorably growing balance of mortgage loans. Ordinary profit increased due to a decrease in operating expenses, especially in advertising expenses for the card loan business.

### <Non-consolidated>

◆ Both gross operating profit and net operating profit increased.  
 • Net interest income increased due to an increase in interest income on loans and interest income and dividends on securities.  
 • Net fees and commissions decreased due mainly to lower fees and commissions on mortgage loans.  
 • Net other operating income increased due to an increase in gains on sales of bonds.

### <Consolidated>

(JPY bn)	FY16.1Q	FY17.1Q	Change	
Consolidated ordinary revenues	9.2	9.7	+0.4	+5.3%
Consolidated ordinary profit	0.7	1.7	+0.9	+120.7%
Profit attributable to owners of the parent	0.5	1.1	+0.6	+125.0%

### <Non-consolidated>

(JPY bn)	FY16.1Q	FY17.1Q	Change	
Ordinary revenues	8.4	8.8	+0.4	+5.1%
Gross operating profit	5.0	5.3	+0.3	+6.5%
Net interest income	4.1	4.9	+0.7	+18.2%
Net fees and commissions	(0.1)	(0.7)	(0.5)	-
Net other operating income	1.0	1.1	+0.1	+12.9%
General and administrative expenses	4.2	3.8	(0.4)	(9.9%)
Net operating profit	0.7	1.5	+0.7	+98.5%
Ordinary profit	0.7	1.5	+0.8	+116.5%
Net income	0.4	1.0	+0.5	+117.3%

(JPY bn)	Mar. 17	Jun. 17	Change from Mar. 17	
Net assets	81.3	81.1	(0.2)	(0.3%)
Net unrealized gains on other securities, net of taxes	4.7	5.0	+0.2	+5.1%
Total assets	2,424.2	2,552.3	+128.1	+5.3%

Sony Bank's consolidated ordinary revenues increased 5.3% year on year, to ¥9.7 billion, due to an increase in interest income on loans in line with a favorably growing balance of mortgage loans.

Consolidated ordinary profit increased 120.7% year on year, to ¥1.7 billion, due to a decrease in operating expenses, especially in advertising expenses for the card loan business.

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

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

(JPY bn)	Jun. 16	Mar. 17	Jun. 17	Change from Mar. 17	
<b>Customer assets</b>	2,013.6	2,227.1	<b>2,263.0</b>	+35.9	+1.6%
Deposits	1,908.1	2,112.9	<b>2,147.8</b>	+34.8	+1.7%
Yen	1,580.6	1,764.9	<b>1,794.3</b>	+29.4	+1.7%
Foreign currencies	327.4	348.0	<b>353.5</b>	+5.4	+1.6%
Investment trusts	105.4	114.1	<b>115.1</b>	+1.0	+0.9%
Loans	1,395.6	1,539.6	<b>1,552.0</b>	+12.4	+0.8%
Mortgage loans	1,289.3	1,452.4	<b>1,467.0</b>	+14.5	+1.0%
Card loans	13.2	18.0	<b>18.5</b>	+0.4	+2.6%
Others	93.0	69.0	<b>66.4</b> <sup>*1</sup>	(2.5)	(3.7)
<b>Non-consolidated Capital adequacy ratio</b> <sup>*2</sup> (domestic criteria)	9.90%	9.75%	<b>9.37%</b>	(0.38pt)	

### <Reasons for changes>

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

◆ Increased due to a favorable exchange rate even after the negative impact of the conversion from foreign currencies into yen led by a shift in the trend from yen appreciation to yen depreciation.

◆ Rose due to a steady increase in mortgage loans, despite a leveling off in demand for refinancing these loans.

\*1 Loans in others include corporate loans of ¥66.4 billion

\*2 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on page 26.  
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)	FY16.1Q	FY17.1Q	Change	
<b>Gross operating profit</b>	5.0	<b>5.3</b>	+0.3	+6.6%
Net interest income* <sup>1</sup> ①	4.7	<b>5.5</b>	+0.8	+16.9%
Net fees and commissions* <sup>2</sup> ②	(0.0)	<b>(0.6)</b>	(0.5)	—
Net other operating income* <sup>3</sup> ③	0.2	<b>0.4</b>	+0.1	+38.4%
<b>Gross operating profit (core profit) (A) = ① + ②</b>	4.7	<b>4.9</b>	+0.2	+4.6%
<b>Operating expenses and other expenses ④</b>	4.2	<b>3.8</b>	(0.4)	(9.9%)
<b>Net operating profit (core profit) = (A) - ④</b>	0.4	<b>1.0</b>	+0.6	+143.6%

#### ■ Managerial accounting basis

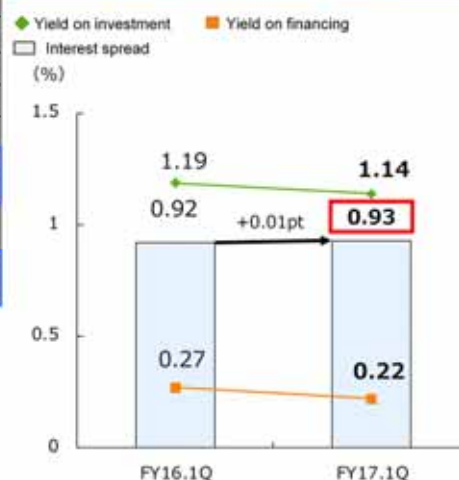
The following adjustments are made to the figures on a financial account for profits and losses more appropriately.

- \*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)



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

We break down gross operating profit on a managerial accounting basis to facilitate an understanding of operational sources of revenues and profits.

(Left-hand table)

Net interest income increased 16.9% year on year, to ¥5.5 billion, led by a favorable growing balance of mortgage loans and an increase in investment income on foreign currencies.

Net fees and commissions was negative ¥0.6 billion, due to lower fees and commissions associated with mortgage loans in comparison with the same period of the previous fiscal year, when new mortgage loans were more accumulated due to the impact of negative interest rates.

Consequently, gross operating profit on a core profit basis increased 4.6% year on year, to ¥4.9 billion. Net operating profit on a core profit basis increased 143.4% year on year, to ¥1.0 billion, due to a decrease in general and administrative expenses.

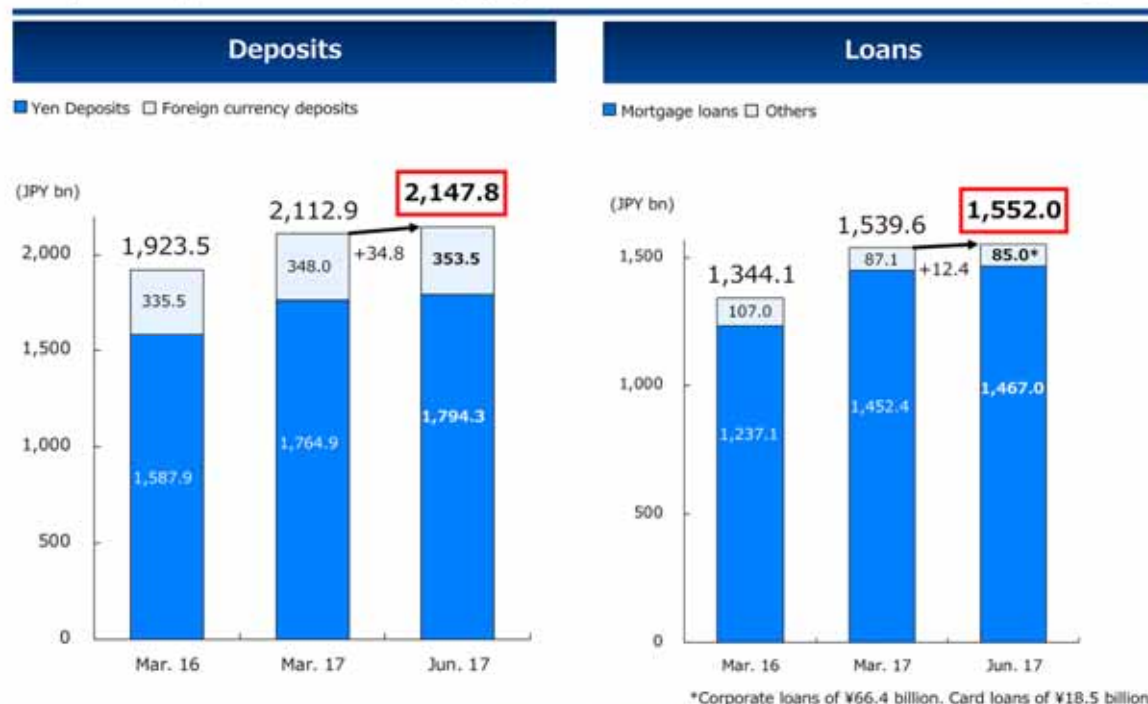
(Right-hand graph)

The yield on investment for FY17.1Q was 1.14%.

The yield on financing for FY17.1Q was 0.22%.

Consequently, interest spread for FY17.1Q was 0.93%.

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



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### (Left-hand graph)

As of June 30, 2017, deposits (the sum of Japanese yen and foreign currency deposits) amounted to ¥2,147.8 billion, up ¥34.8 billion from March 31, 2017. Of this amount, the yen deposit balance amounted to ¥1,794.3 billion, up ¥29.4 billion from March 31, 2017, as yen ordinary deposits increased due mainly to an increase in newly accumulated funds via the increased number of accounts, as well as the conversion from foreign currencies backed by yen depreciation.

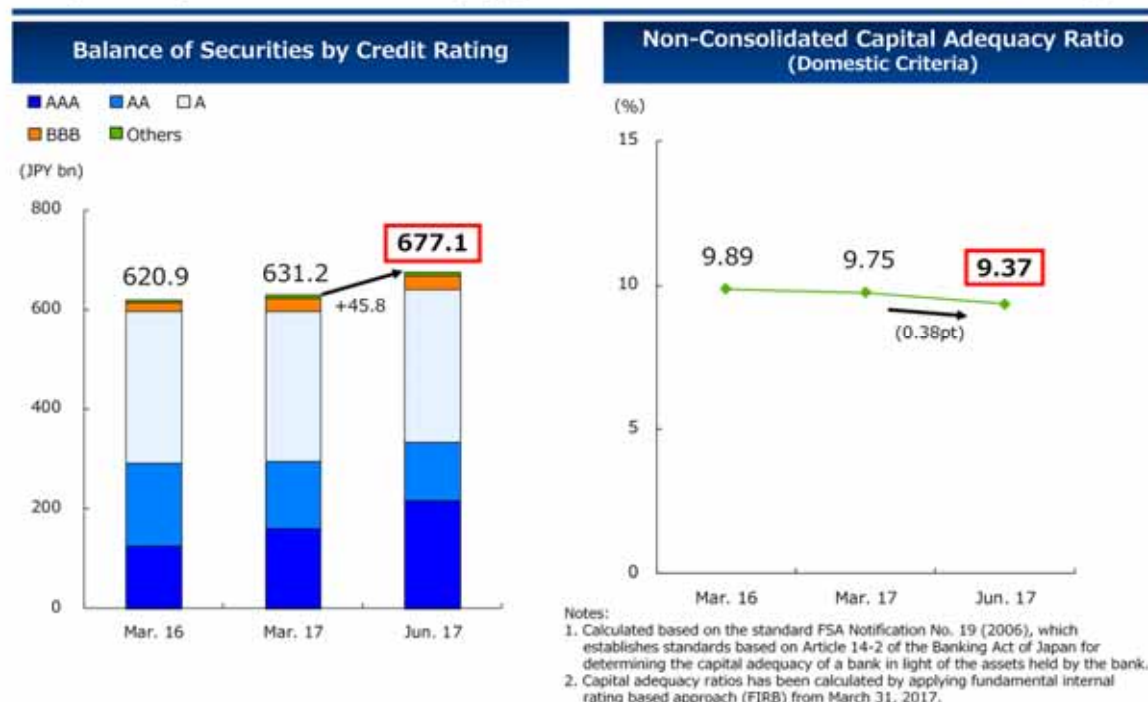
The yen-denominated balance of foreign currency deposits amounted to ¥353.5 billion, up ¥5.4 billion from March 31, 2017, due to a favorable exchange rate even after the negative impact of the conversion from foreign currencies into yen led by a shift in the trend from yen appreciation to yen depreciation.

.

### (Right-hand graph)

The loan balance as of June 30, 2017 expanded ¥12.4 billion from March 31, 2017, to ¥1,552.0 billion, due to a steady increase in mortgage loans, despite a leveling off in demand for refinancing these loans.

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



(Left-hand graph)

As of June 30, 2017, the balance of securities amounted to ¥677.1 billion, up ¥45.8 billion from March 31, 2017. Sony Bank continuously invests in highly rated bonds.

(Right-hand graph)

As of June 30, 2017, Sony Bank's non-consolidated capital adequacy ratio (domestic criteria) was 9.37%, down 0.38 percentage points from March 31, 2017. Sony Bank maintains financial soundness.



## **Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (FY17)**

## Forecast of Consolidated Financial Results for FY17

Forecast of consolidated financial results for FY17 is unchanged from the forecast announced on April 28, 2017

(JPY bn)	FY16 (Actual)	FY17 (Forecast)	Changes	FY17.1Q (3M Actual)	Progress rate
<b>Consolidated ordinary revenues</b>	1,381.6	<b>1,430.0</b>	+3.5%	364.9	25.5%
Life insurance business	1,243.9	<b>1,276.1</b>	+2.6%	327.9	25.7%
Non-life insurance business	102.3	<b>108.9</b>	+6.4%	28.0	25.8%
Banking business	38.5	<b>40.6</b>	+5.4%	9.7	24.0%
<b>Consolidated ordinary profit</b>	66.3	<b>67.0</b>	+1.0%	18.9	28.4%
Life insurance business	56.8	<b>56.4</b>	(0.7%)	15.1	26.9%
Non-life insurance business	5.0	<b>4.6</b>	(8.0%)	2.3	51.6%
Banking business	5.0	<b>6.6</b>	+30.6%	1.7	25.8%
<b>Profit attributable to owners of the parent</b>	41.6	<b>42.0</b>	+0.9%	12.5	29.9%

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

#### ■ Life insurance business

In FY17.1Q (3M), ordinary revenues exceeded our initial expectations, as an improved market environment prompted an increase in investment income in the separate account.

Ordinary profit exceeded our initial expectations due to a period shift in operating expenses, despite a deterioration in net gains/losses on derivative transactions to hedge market risks for available-for-sale securities and lower gains on sale of securities in the general account. We maintain our forecast for the full year, taking into consideration the business environment from FY17.2Q onward.

#### ■ Non-life insurance business

In FY17.1Q (3M), ordinary revenues were essentially in line with our expectations. Ordinary profit exceeded our expectations at the start of the period, as the loss ratio was lower than expected.

We maintain our forecast for the full year, as we believe revenue trends will need to be monitored from FY17.2Q onward.

#### ■ Banking business

In FY17.1Q (3M), ordinary revenues and ordinary profit were essentially in line with our expectations, so we maintain our full-year forecasts.

Forecast of consolidated financial results for FY17 is unchanged from the forecast announced on April 28, 2017.

## **Sony Life's MCEV and ESR as of June 30, 2017**

A part of the calculations of MCEV adopted simplified method for that as of June 30, 2017.  
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.

## Sony Life's MCEV

(JPY bn)	Mar. 17	Jun. 17	Change from Mar. 17
<b>MCEV</b>	1,441.1	<b>1,478.2</b>	+37.2
Adjusted net worth	1,657.7	<b>1,624.2</b>	(33.5)
Value of existing business	(216.7)	<b>(146.0)</b>	+70.6

(JPY bn)	FY16.4Q (3M)	FY17.1Q (3M)
<b>New business value</b>	14.1	<b>12.2</b>
<b>New business margin</b>	3.8%	<b>4.6%</b>

Notes:

1. Calculated MCEV as of June 30, 2017 by using updated economic assumptions and lapse and surrender rate from March 31, 2017.
2. New business value is calculated accumulating new business value for each month based on economic assumptions at the end of each month.

◆ **Reasons for changes in MCEV**

- MCEV as of June 30, 2017 increased ¥37.2 billion from March 31, 2017, due to an acquisition of new policies and a rise in interest rates in Japanese yen.

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

- New business value for FY17.1Q(3M) was ¥12.2 billion, down ¥1.9 billion from FY16.4Q(3M), due to lower acquisition of new policies.
- New business margin for FY17.1Q(3M) was up 0.7pt from FY16.4Q(3M), due mainly to a change in product mix.

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

Sony Life's MCEV as of June 30, 2017 was ¥1,478.2 billion, up ¥37.2 billion from March 31, 2017, due to an acquisition of new policies and a rise in interest rates in Japanese yen.

New business value for FY17.1Q(3M) was ¥12.2 billion, down ¥1.9 billion from FY16.4Q(3M), due to lower acquisition of new policies.

New business margin for FY17.1Q(3M) was 4.6%, up 0.7percentage points from FY16.4Q(3M), due mainly to a change in product mix.

(JPY bn)	Mar. 17	Jun. 17
Insurance risk*	937.5	933.6
Market-related risk	405.1	349.3
Of which, interest rate risk**	308.9	263.1
Operational risk	28.1	28.1
Counter party risk	1.9	2.5
Variance effect	(392.0)	(372.2)
<b>The risk amount based on economic value</b>	<b>980.6</b>	<b>941.3</b>

(\*) 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. 17	Jun. 17
<b>MCEV + Frictional costs</b>	<b>1,476.6</b>	<b>1,505.1</b>
<b>ESR</b>	<b>151%</b>	<b>160%</b>

Notes:

1. The risk amount based on economic value refers to the total amount of Sony Life's risks comprehensively examined by a market consistent approach, including insurance risk and market-related risk.
2. The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model, which is a similar but modified model based on the EU Solvency II standard method.
3. ESR=(MCEV + Frictional costs) / Risk amount based on economic value.

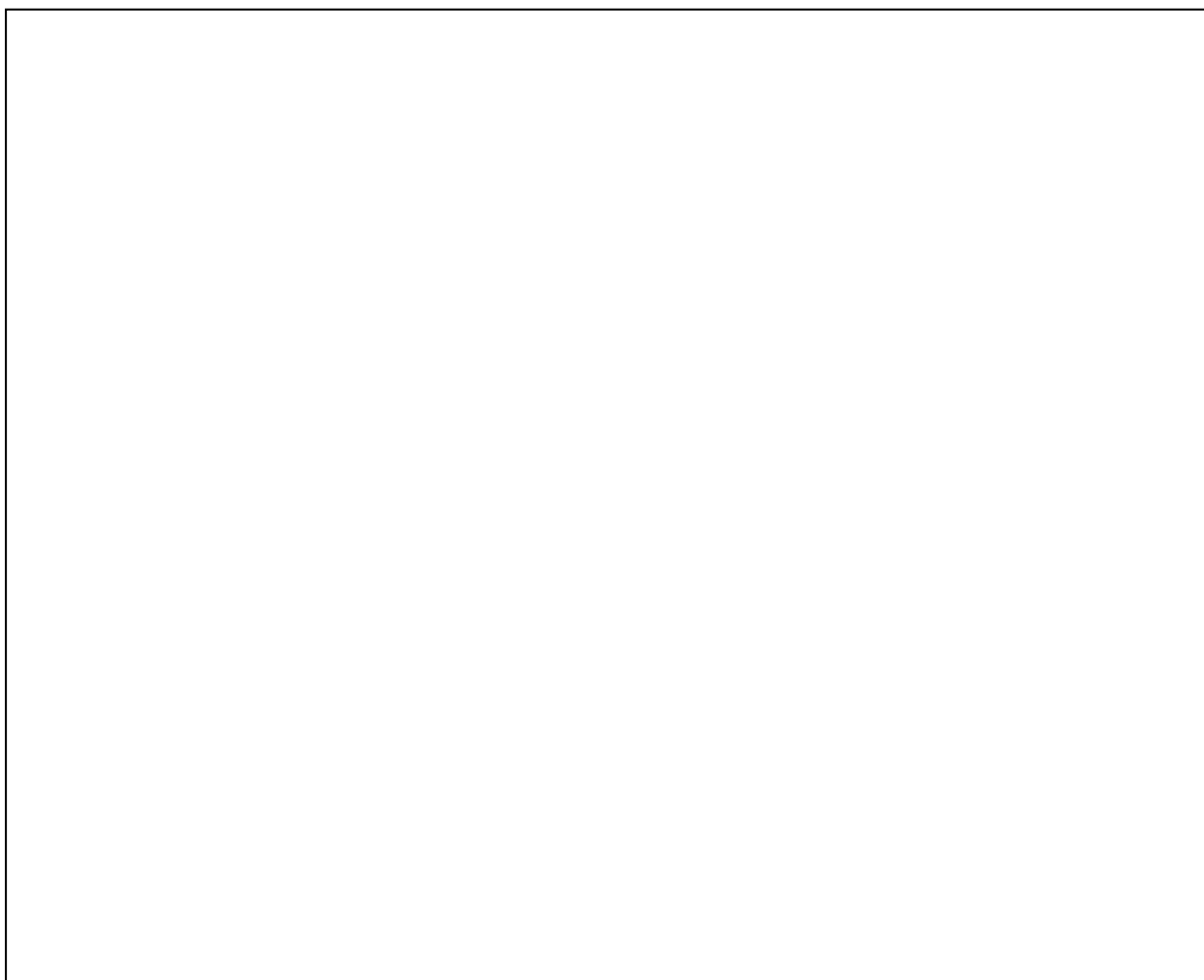
◆ The risk amount based on economic value as of June 30, 2017 amounted to ¥941.3 billion, down ¥39.2 billion from March 31, 2017, due mainly to a revision in the risk factors of market-related risk. (Please refer to page 44)

◆ ESR as of June 30, 2017 was 160%, up 9pt from March 31, 2017.

The risk amount based on economic value as of June 30, 2017 amounted to ¥941.3 billion, down ¥39.2 billion from March 31, 2017, due mainly to a revision in the risk factors of market-related risk.

ESR as of June 30, 2017 was 160%, up 9 percentage points from March 31, 2017.

## 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 (31\*) \*As of Aug. 9, 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 20% of the amount of new mortgage loans for FY17.1Q (3M)

Sony Life accounts for 21% of the balance of mortgage loans as of June 30, 2017

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

Sony Assurance's Auto Insurance Sold by Sony Life

■ Sony Life accounts for approx. 3% of new automobile policies for FY17.1Q (3M)

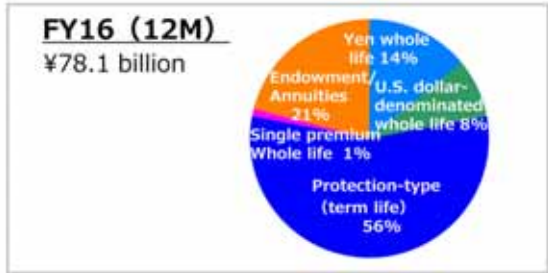
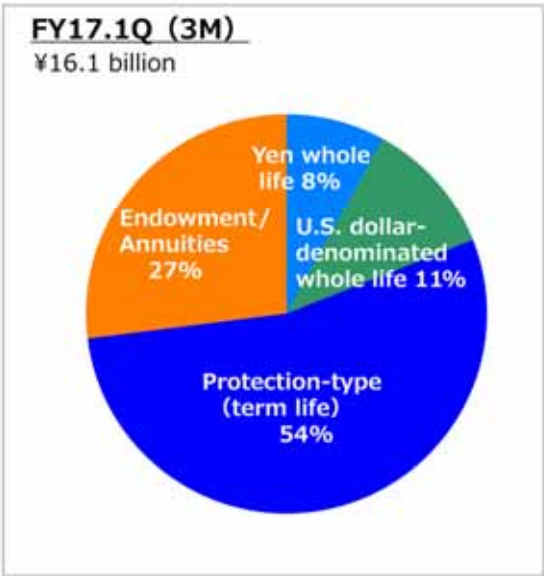
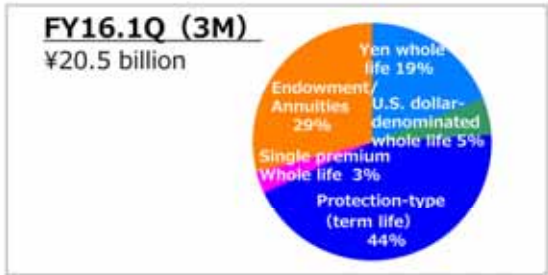
\*Sony Life started handling automobile insurance in May 2001.



## &lt;Highlights on and after FY17.1Q&gt;

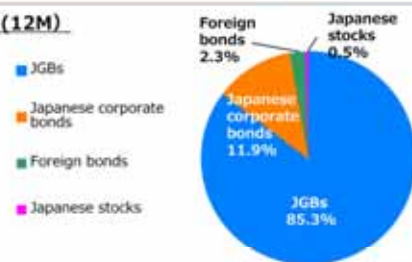
2017-04-02	Sony Life commenced sale of new product: "Living Benefit Decreasing Term Life Insurance (Living Standard Type / Non-Participating Type)"
2017-04-03	Sony Life upgraded "Quick Claims Payment Service" by changing credit limit of claim payment from ¥5 million to ¥10 million.
2017-04-03	Sony Bank began offering a simulation tool that suggests ways to save money for asset management customers.
2017-04-28	SFH announced an introduction of restricted stock compensation plan and changes in terms and conditions of stock acquisition rights as stock-type compensation stock options
2017-05-01	Sony Lifecare Group opened its second newly built nursing care home "SONARE Urawa" in Saitama Prefecture
2017-05-25	Sony Bank announced to relocate its "Housing Loan Plaza" to Ginza CONSULTING PLAZA on Sep. 1, 2017.
2017-06-21	Sony Bank changed its President, Representative Director
2017-06-28	SFH, Sony Life, Sony Assurance and Sony Bank has formulated and disclosed "Customer-First Business Operation Policy"
2017-06-29	Sony Life announced to set up a local subsidiary in Singapore and establish a joint venture with Starts Securities Co., Ltd.
2017-07-02	Sony Life began providing Web policy guides and agreements
2017-07-10	Sony Lifecare converted Yuuai Holdings Co., Ltd. to a wholly owned subsidiary (Yuuai Holding changed its corporate name to Proud Life Inc. on Aug. 1, 2017)
2017-08-08	Sony Bank began providing cloudfunding platform "Sony Bank GATE"

Annualized Premiums from New Policies by Product



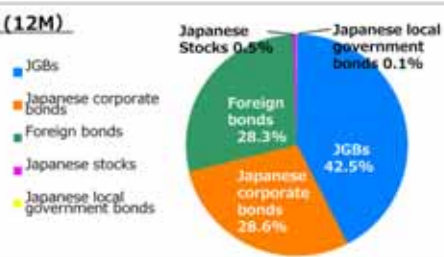
**Diversify Asset Management under the Negative Interest Rate Environment**  
(purchase securities in the general account)

**FY15 (12M)**



- Expand investments in ultralong-term Japanese corporate bonds (including FILP agency bonds), based on the asset investment policy to match the liability characteristics of insurance policies.
- Increase investments in U.S. government bonds, responding to higher sales of U.S. dollar denominated insurance policies.

**FY16 (12M)**



**FY17.1Q (3M)**



Notes:

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

## 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. 16			Mar. 17			Jun. 17		
	Carrying amount	Fair value	Net unrealized	Carrying amount	Fair value	Net unrealized	Carrying amount	Fair value	Net unrealized
Held-to-maturity securities	5,383.9	7,410.1	2,026.2	6,068.6	7,514.2	1,445.5	6,164.4	7,577.5	1,413.1
Policy reserve matching bonds	251.2	292.5	41.3	277.3	303.3	25.9	291.5	316.7	25.1
Available-for-sale securities	887.9	1,091.6	203.6	896.5	1,069.9	173.3	893.6	1,067.8	174.2
Japanese bonds (including JGBs)	854.3	1,040.3	186.0	852.6	1,013.3	160.7	847.3	1,004.9	157.6
Japanese stocks	13.6	25.6	12.0	13.6	27.0	13.3	13.6	29.1	15.4
Foreign securities	19.8	25.2	5.4	30.0	29.1	(0.8)	32.4	33.4	0.9
Other securities	0.1	0.3	0.1	0.1	0.3	0.1	0.1	0.3	0.1
Total	6,523.1	8,794.3	2,271.1	7,242.5	8,887.5	1,644.9	7,349.6	8,962.1	1,612.5

Note: The above table includes money held in trust other than trading-purpose securities.

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

(JPY bn)

Mar. 16		Mar. 17		Jun. 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
2.2	0.1	2.0	(0.1)	-	(0.6)

Note: The above chart includes trading-purpose securities included in "money held in trust", etc

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

(JPY mn)	FY16.1Q	FY17.1Q	Change
Cash and deposits	0	—	(100.0%)
Japanese bonds (including JGBs)	29,862	<b>30,865</b>	+3.4%
Japanese stocks	62	<b>66</b>	+5.2%
Foreign securities	1,698	<b>3,434</b>	+102.2%
Other securities	25	<b>7</b>	(71.8%)
Loans	1,572	<b>1,627</b>	+3.5%
Real estate	2,703	<b>2,719</b>	+0.6%
Others	23	<b>96</b>	+307.5%
Total	35,948	<b>38,817</b>	+8.0%



## Sony Life's Capital Gains/Losses

(JPY mn)	FY16				FY17
	1Q (3M)	2Q (6M)	3Q (9M)	4Q (12M)	1Q (3M)
Capital gains	14,501	11,796	25,628	16,114	124
Income from money held in trust, net	—	—	—	—	—
Income from trading securities, net	7	49	103	134	11
Gains on sale of securities	917	1,301	1,306	1,308	0
Gains on derivatives, net	8,821	4,577	—	—	—
Gains on hedges of variable life insurance	4,955	1,042	—	—	—
Gains on hedges of available-for-sale securities	3,021	1,386	—	—	—
Foreign exchange gains, net	—	—	24,218	14,670	49
Gains (losses) on sale of foreign bonds	—	—	2,375	2,375	—
Other capital gains	4,754	5,868	—	—	63
Capital losses	3,407	5,688	39,882	32,276	7,441
Losses on money held in trust, net	—	—	—	—	—
Losses on trading securities, net	—	—	—	—	—
Losses on sale of securities	—	—	—	—	—
Devaluation losses on securities	—	—	—	—	—
Losses on derivatives, net	—	—	34,275	30,050	7,015
Losses on hedges of variable life insurance	—	—	14,292	15,666	4,247
Losses on hedges of available-for-sale securities	—	—	2,265	2,460	1,713
Foreign exchange losses, net	3,139	5,023	—	—	—
Losses on sale of foreign bonds*	(1,681)	(2,375)	—	—	—
Other capital losses	267	665	5,606	2,226	426
Net capital gains (losses)	11,094	6,108	(14,253)	(16,162)	(7,316)

Total of gains on sale of securities and foreign exchange gains on sale of foreign bonds:  
FY17.1Q: ¥0 million  
FY16.1Q: ¥2,599 million.

\* (losses) represents positive figures.

Notes on Sony Life's Capital Gains/Losses are disclosed in page 40.

(Note1)

- Foreign exchange gains, net for FY17.1Q (3M) include foreign exchange losses of ¥242 million relating to U.S. dollar-denominated insurance. Losses on derivatives, net include foreign exchange losses relating to U.S. dollar-denominated insurance of ¥515 million. Moreover, other capital losses include the reversal of policy reserves for U.S. dollar-denominated insurance of ¥63 million relating to foreign exchange fluctuation.

(Note 2)

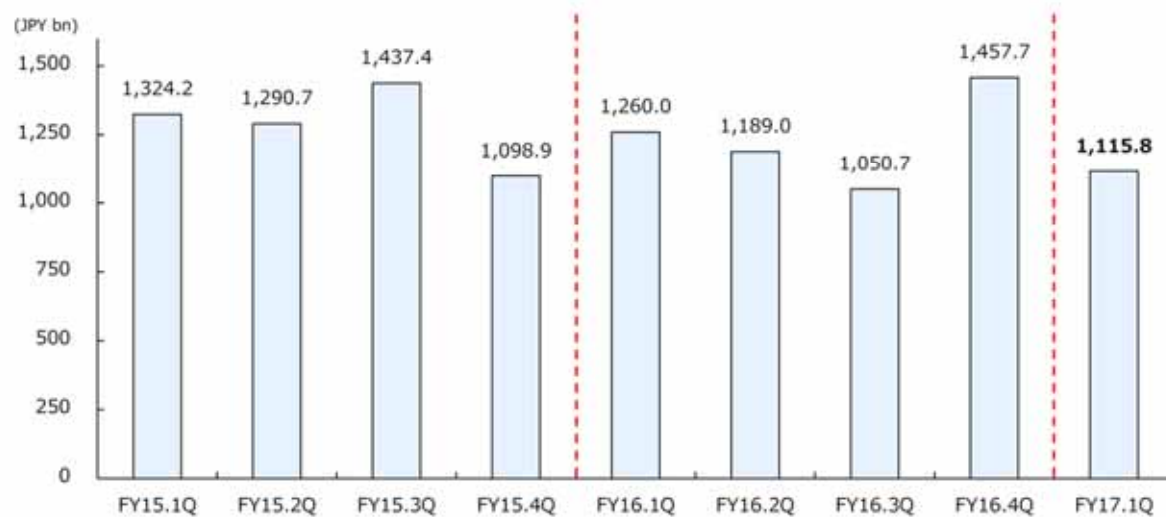
- Foreign exchange losses, net for FY16.1Q (3M) include foreign exchange losses of ¥4,280 million relating to U.S. dollar-denominated insurance. Moreover, other capital gains include the reversal of policy reserves for U.S. dollar-denominated insurance of ¥4,754 million relating to foreign exchange fluctuation.
- 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.

(Note3)

- The figures of income (losses) from money held in 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

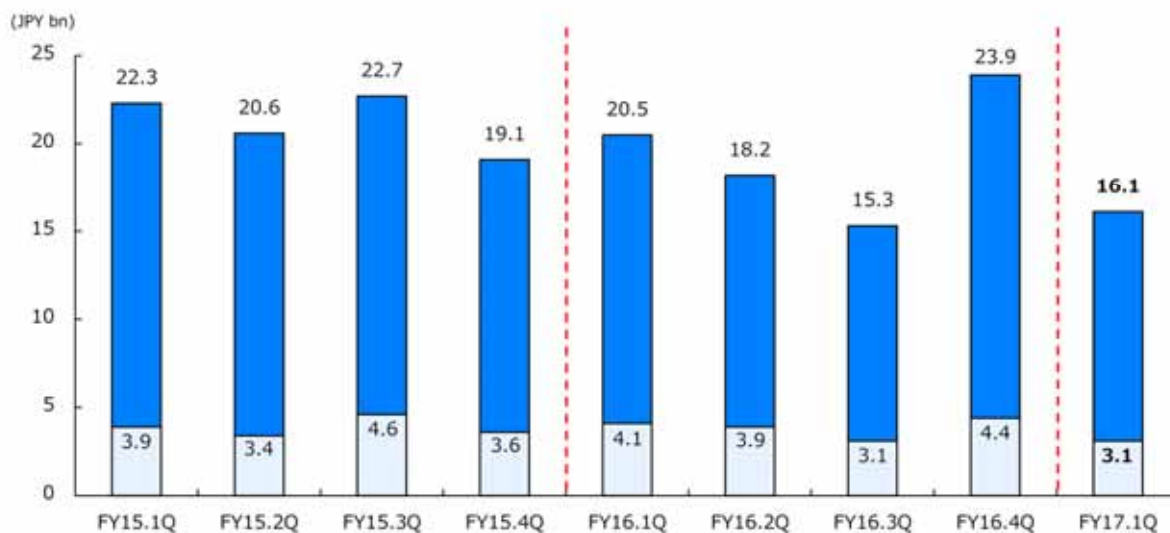
### Quarterly Trend on New Policy Amount



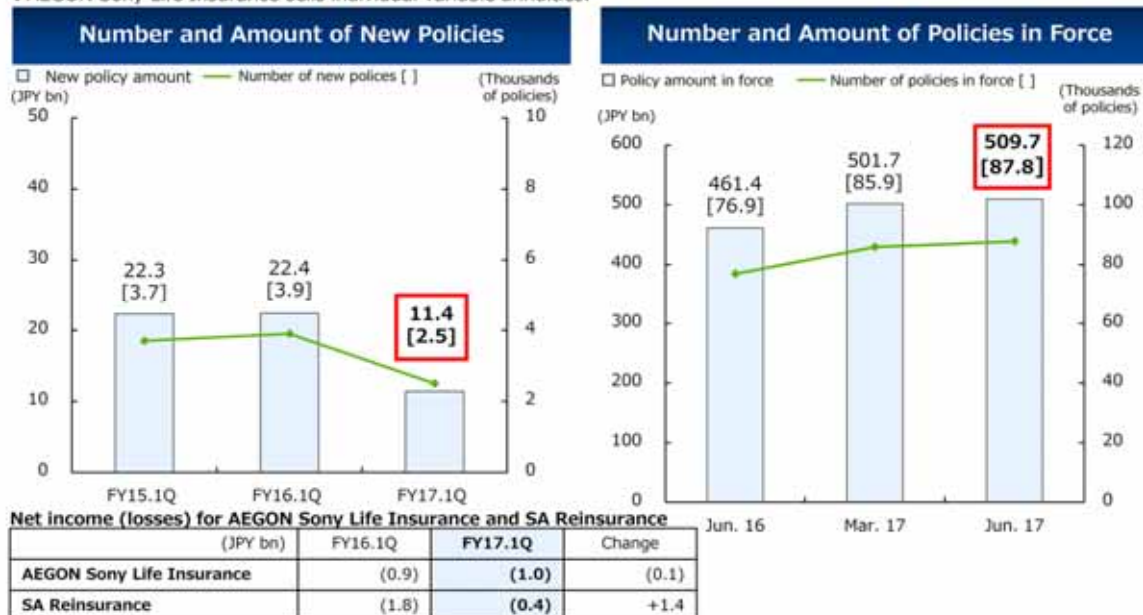
## Sony Life's Quarterly Trend on Annualized Premiums from New Policies

### Quarterly Trend on Annualized Premiums from New Policies

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



◆ AEGON Sony Life Insurance sells individual variable annuities.



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<sup>\*1</sup>

	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
Interest rate risk Fluctuations in net asset value based on economic value in response to the shocks in the right column. 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, 64% decrease (parallel shift), 19% decrease (twist), 4% 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
Equity risk	Listed equities 45%, Other securities 70%	Global 39%, Others 49% <sup>*2</sup>
Real estate risk	Actual real estate 25%	Same as on the left
Credit risk	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)
Currency risk	35% downside fluctuation	25% downside fluctuation

#### ◆ Revision in the risk factors of market-related risk

- In FY17.1Q, we partially revised the risk factors of market-related risk.
- Regarding interest rate risk in Japanese yen, the rate of change in interest rates for 40 years or less was updated based on recent market data, and the rate of change in interest rates beyond 40 years was revised, taking into account such factors as ICS<sup>(\*\*2)</sup> deliberations. The main result was a decrease in interest rate risk compared with March 31, 2017, due mainly to a decrease in the rate of change in Japanese yen beyond 40 years.

#### Notes

- \* 1. Principal items as of June 30, 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.
- \* 3. Capital requirements for internationally active insurance groups (IAIGs) being formulated by the International Association of Insurance Supervisors (IAIS).



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

### ■ Insurance Risk<sup>\*1</sup>

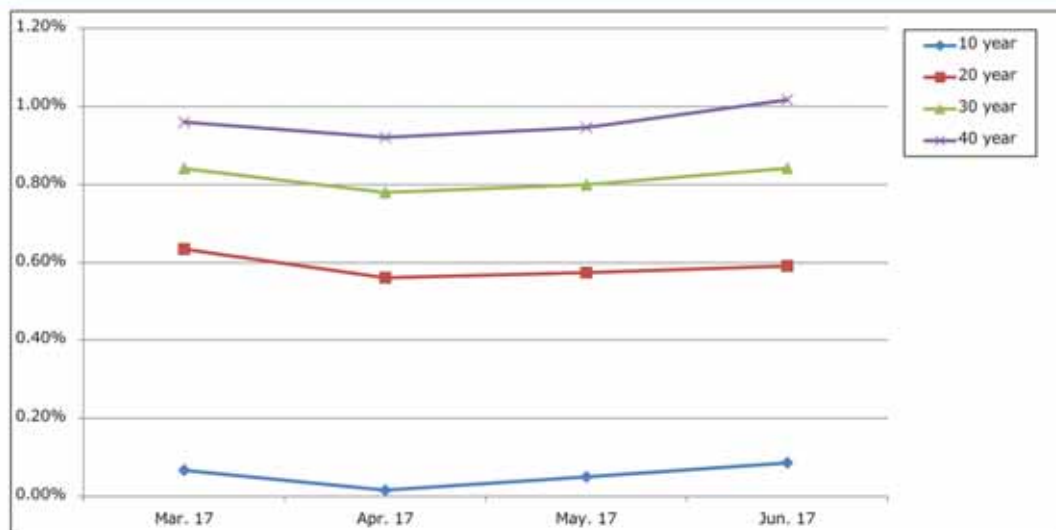
	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; <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 June 30, 2017.

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

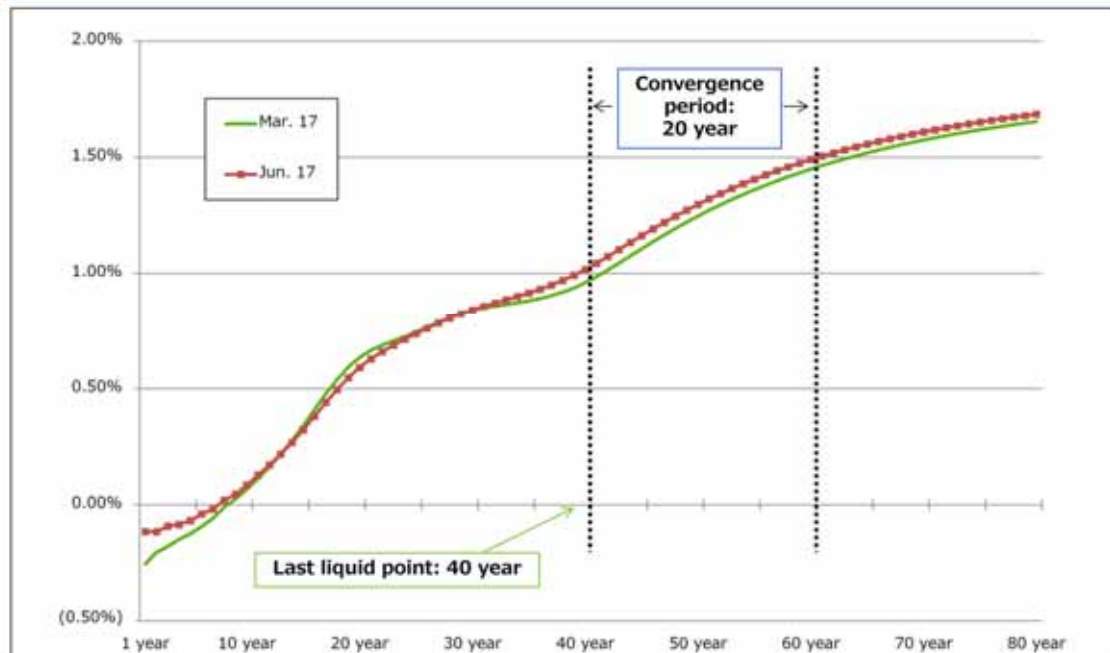
## Trend on JGB Yields (Par rate)



As of the end of each month

	Mar. 17	Apr. 17	May 17	Jun. 17
10 year	0.07%	0.02%	0.05%	0.09%
20 year	0.64%	0.56%	0.58%	0.59%
30 year	0.84%	0.78%	0.80%	0.84%
40 year	0.96%	0.92%	0.95%	1.02%

## 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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