

Presentation Material

**Consolidated Financial Results
for the Six Months Ended September 30, 2018
and
Sony Life's MCEV as of September 30, 2018**

**Sony Financial Holdings Inc.
November 12, 2018**

■ Consolidated Operating Results for the Six Months Ended September 30, 2018 (FY18.1H)	P.3
■ Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (FY18)	P.25
■ Sony Life's MCEV and ESR as of September 30, 2018	P.27
■ Appendix	P.30

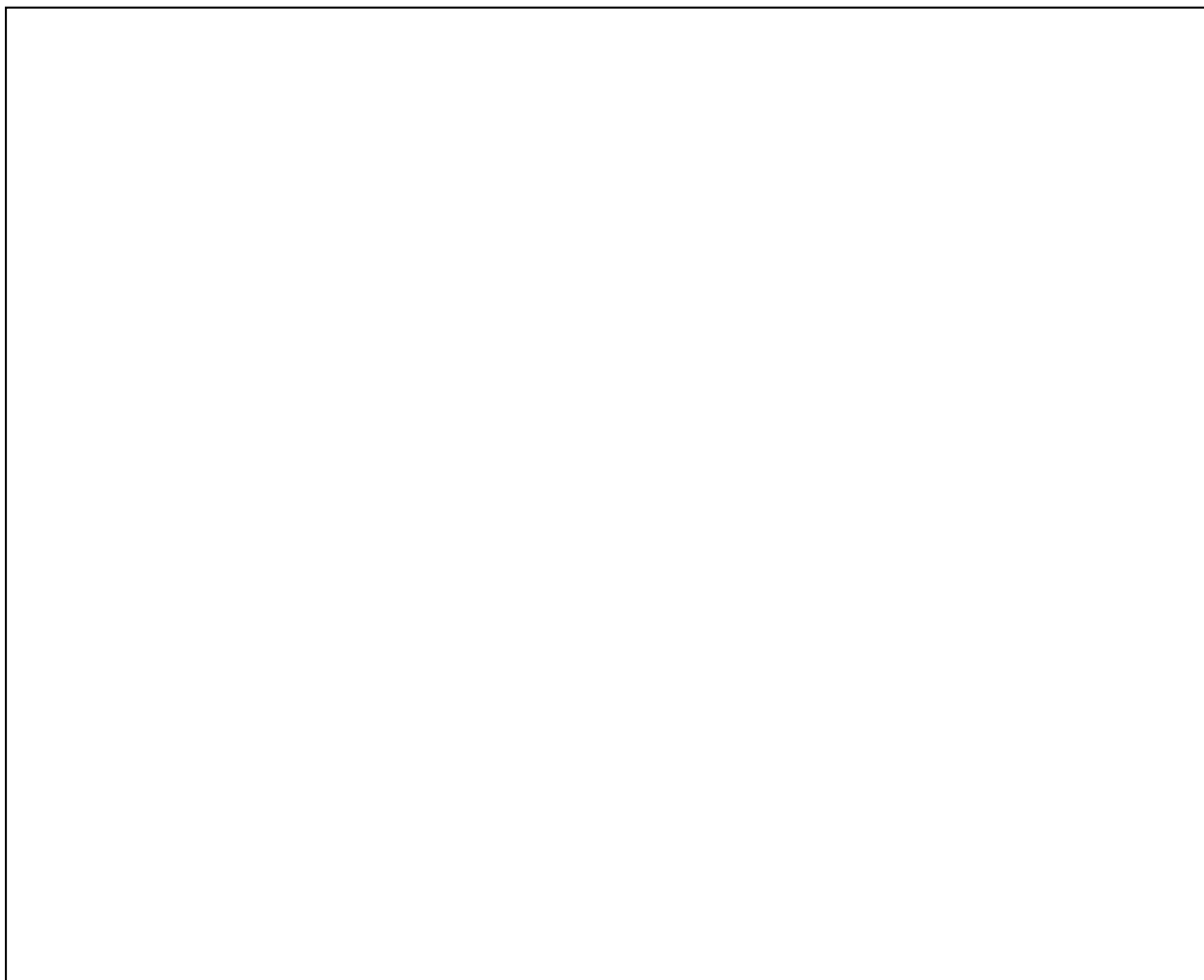
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*“Lifeplanner” is a registered trademark of Sony Life.

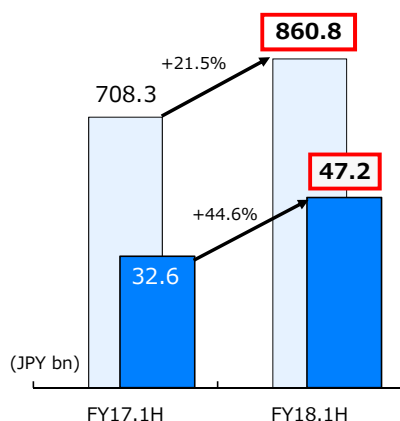
**Consolidated Operating Results
for the Six Months Ended September 30, 2018
(FY18.1H)**



Highlights of Consolidated Operating Performance (1)

<Consolidated>

- Ordinary revenues
- Ordinary profit



		(JPY bn)	FY17.1H	FY18.1H	Change	
Life insurance business	Ordinary revenues		632.4	779.3	+146.9	+23.2%
	Ordinary profit		24.9	37.4	+12.4	+50.1%
Non-life insurance business	Ordinary revenues		54.7	57.7	+2.9	+5.4%
	Ordinary profit		4.5	5.4	+0.8	+18.8%
Banking business	Ordinary revenues		19.8	22.0	+2.2	+11.2%
	Ordinary profit		3.7	4.6	+0.9	+25.8%
Intersegment adjustments*	Ordinary revenues		1.2	1.7	+0.4	+35.2%
	Ordinary profit		(0.5)	(0.3)	+0.2	-
Consolidated	Ordinary revenues		708.3	860.8	+152.5	+21.5%
	Ordinary profit		32.6	47.2	+14.5	+44.6%
	Profit attributable to owners of the parent		21.5	31.7	+10.1	+47.1%

Intersegment adjustments is from SFH, the nursing care business, and the venture capital business. Proud Life Inc. and Sony Financial Ventures Inc. are included in the scope of consolidation from FY17.2Q and FY18.2Q, respectively.

(Note) Comprehensive income : FY17.1H: ¥24.7 billion, FY18.1H: ¥19.2 billion

		(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Consolidated	Net assets		625.4	618.6	(6.8)	(1.1%)
	Total assets		12,401.4	13,062.0	+660.5	+5.3%

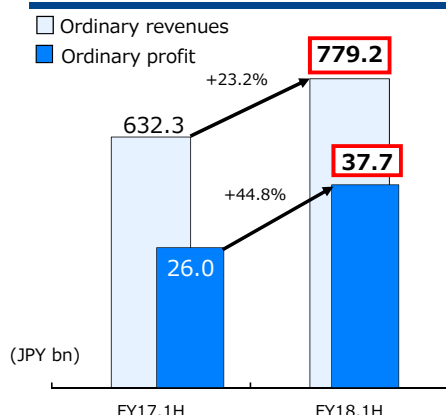
Ordinary revenues increased 21.5% year on year, to ¥860.8 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance, and banking businesses.

Ordinary profit increased 44.6% year on year, to ¥47.2 billion, owing to increases in ordinary profit from all the businesses mentioned above.

Profit attributable to owners of the parent was up 47.1% year on year, to ¥31.7 billion, due to the increase in ordinary profit.

- **Life Insurance Business** : Ordinary revenues grew year on year due to an increase in insurance premiums in line with a steady rise in the policy amount in force and favorable investment performance in the separate account. Ordinary profit increased year on year due mainly to a recording of gains on sale of securities in the general account, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders, which more than offset the effect of an impairment loss relating to available-for-sale securities in the general account.
- **Non-life Insurance Business**: Ordinary revenues expanded year on year, owing to an increase in net premiums written for mainstay automobile insurance. Ordinary profit increased year on year due mainly to a decline in the net expense ratio, despite the negative impact of a higher loss ratio, driven by natural disasters.
- **Banking Business** : Both ordinary revenues and ordinary profit rose year on year due to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.
- Ordinary revenues increased 21.5% year on year, to ¥860.8 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance, and banking businesses. Ordinary profit increased 44.6% year on year, to ¥47.2 billion, owing to increases in ordinary profit from all the businesses mentioned above. Profit attributable to owners of the parent was up 47.1% year on year, to ¥31.7 billion due to the increase in ordinary profit.

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



- ◆ Both ordinary revenues and ordinary profit increased year on year.
- ◆ Income from insurance premiums increased due mainly to a steady rise in the policy amount in force.
- ◆ Investment income increased due mainly to an increase in gains on separate account.
- ◆ Ordinary profit increased year on year due mainly to a recording of gains on sale of securities in the general account, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders, which more than offset the effect of an impairment loss relating to available-for-sale securities in the general account.

	(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues		632.3	779.2	+146.9	+23.2%
Income from insurance premiums		480.4	542.0	+61.5	+12.8%
Investment income		145.1	231.4	+86.2	+59.4%
Interest income and dividends		78.2	81.7	+3.5	+4.5%
Gains on sale of securities		0.0	3.3	+3.3	-
Foreign exchange gains, net		2.0	21.3	+19.3	+929.5%
Gains on separate accounts, net		62.6	122.6	+60.0	+95.9%
Ordinary expenses		606.2	741.5	+135.2	+22.3%
Insurance claims and other payments		187.3	200.4	+13.0	+7.0%
Provision for policy reserves and others		317.7	426.8	+109.1	+34.4%
Investment expenses		18.1	26.6	+8.4	+46.6%
Devaluation losses on securities		-	4.0	+4.0	-
Losses on derivatives, net		14.7	19.7	+4.9	+33.7%
Operating expenses		68.1	71.4	+3.3	+4.9%
Ordinary profit		26.0	37.7	+11.6	+44.8%
Net income		16.9	25.4	+8.4	+49.8%

	(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Securities		8,765.9	9,257.8	+491.8	+5.6%
Policy reserves		8,566.0	8,989.2	+423.1	+4.9%
Net assets		492.7	480.3	(12.4)	(2.5%)
Net unrealized gains on other securities		124.9	113.2	(11.6)	(9.3%)
Total assets		9,567.6	10,070.5	+502.8	+5.3%
Separate account assets		1,128.8	1,289.8	+161.0	+14.3%

Sony Life's ordinary revenues increased 23.2% year on year, to ¥779.2 billion, due to an increase in insurance premiums in line with a steady rise in the policy amount in force and favorable investment performance in the separate account.

Ordinary profit increased 44.8% year on year, to ¥37.7 billion, due mainly to a recording of gains on sale of securities in the general account, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders, which more than offset the effect of an impairment loss relating to available-for-sale securities in the general account.

Net income increased 49.8% year on year, to ¥25.4 billion.

Sony Life's total assets exceeded ¥10 trillion as of September 30, 2018 for the first time.

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

(JPY bn)	FY17.1H	FY18.1H	Change
New policy amount	2,230.7	3,159.7	+41.6%
Lapse and surrender amount	873.4	1,587.3	+81.7%
Lapse and surrender rate	1.93%	3.36%	+1.43pt
Annualized premiums from new policies	32.3	37.9	+17.3%
Of which, third-sector products	5.9	7.3	+22.0%

(JPY bn)	FY17.1H	FY18.1H	Change
Gains from investment, net (General account)	64.4	82.1	+27.5%
Core profit	43.8	57.8	+31.8%
Positive spread	9.3	8.7	(6.5%)

(JPY bn)	Mar. 18	Sep. 18	Change From Mar. 18
Policy amount in force	47,253.4	48,506.6	+2.7%
Annualized premiums from insurance in force	848.8	864.6	+1.9%
Of which, third-sector products	191.8	194.9	+1.6%
Non-consolidated solvency margin ratio	2,624.3%	2,618.9%	(5.4pt)

<Reasons for changes>

◆ Increased due to favorable sales of family income insurance.

◆ Increased due to cancellations of existing policies from certain customers taking out new policies such as family income insurance. This shift resulted from premium revisions, owing to the revision of the standard mortality tables.

◆ Increased due to favorable sales of U.S. dollar-denominated insurance and individual annuities.

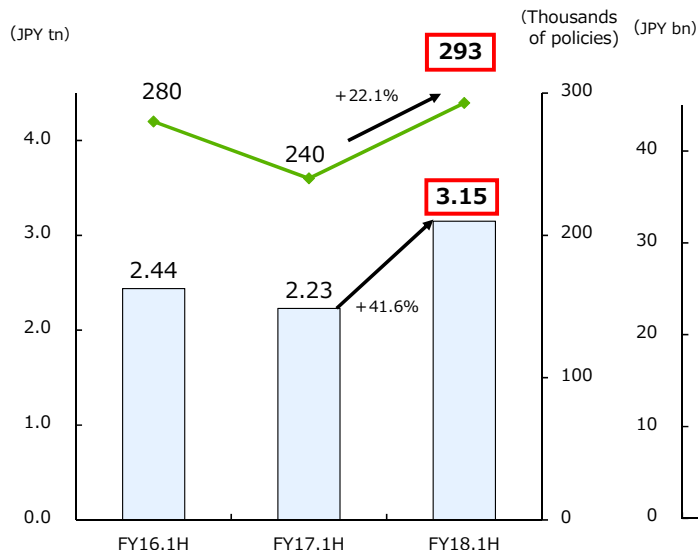
◆ Increased due mainly to a decline in the provision of policy reserves for minimum guarantees for variable life insurance, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders.

Note: Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, annualized premiums from new policies, policy amount in force, 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.

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

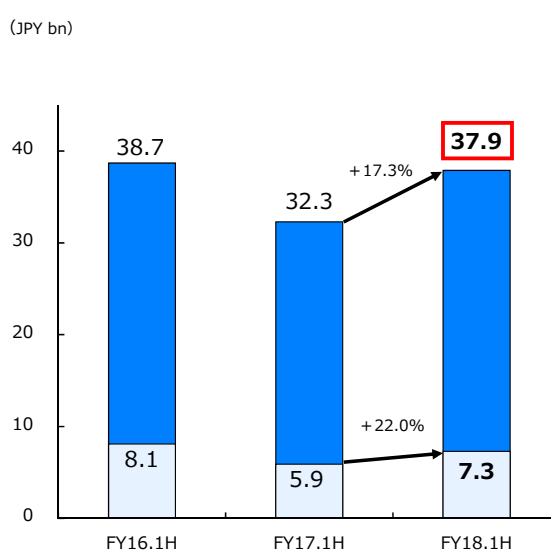
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

□ 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 increased 41.6% year on year, to ¥3,159.7 billion, due to favorable sales of family income insurance.

The number of new policies increased 22.1% year on year, to 293 thousand policies.

(Right-hand graph)

Annualized premiums from new policies increased 17.3% year on year, to ¥37.9 billion, due to favorable sales of U.S. dollar-denominated insurance and individual annuities.

Of which, the figure for third-sector products increased 22.0% year on year, to ¥7.3 billion.

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

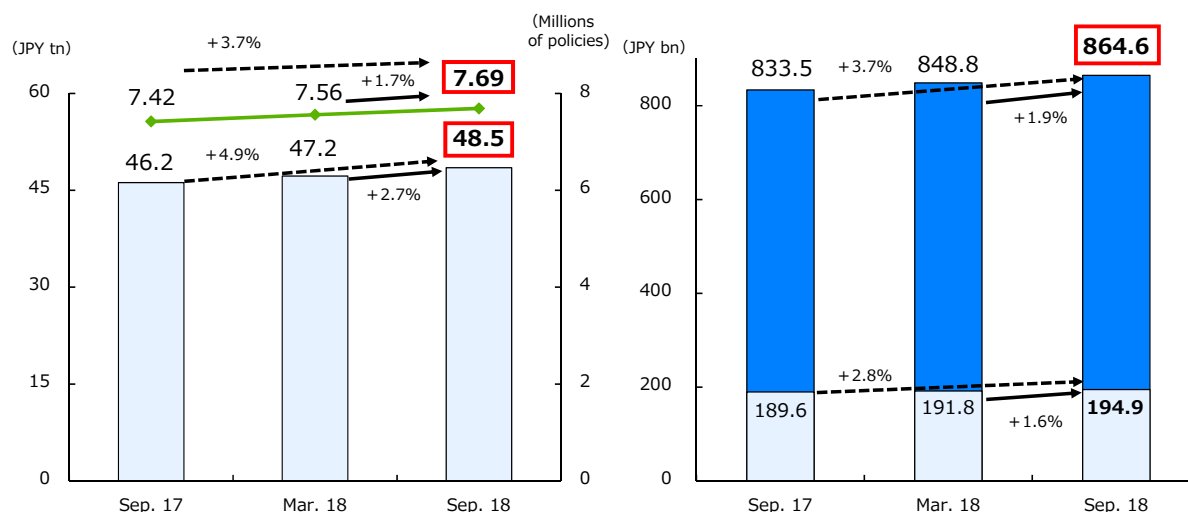


Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

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

□ Policy amount in force — Number of policies in force

■ 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 2.7% from March 31, 2018, to ¥48.5 trillion.

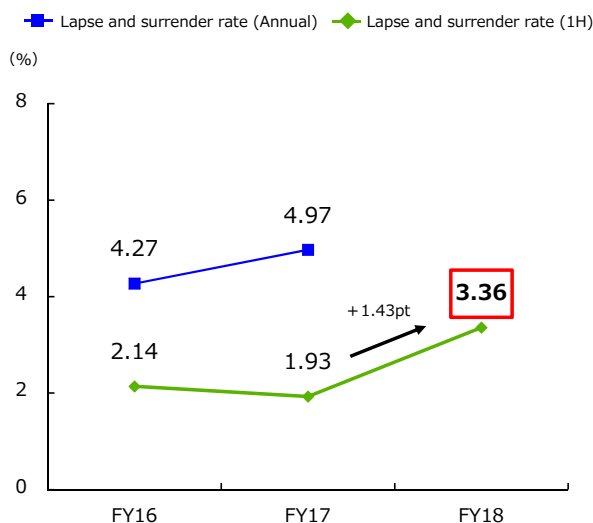
The number of policies in force increased 1.7% from March 31, 2018, to ¥7.69 million polices.

(Right-hand graph)

Annualized premiums from insurance in force increased 1.9% from March 31, 2018, to ¥864.6 billion.

Of which, the figure for third-sector products was up 1.6% from March 31, 2018, to ¥194.9 billion.

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



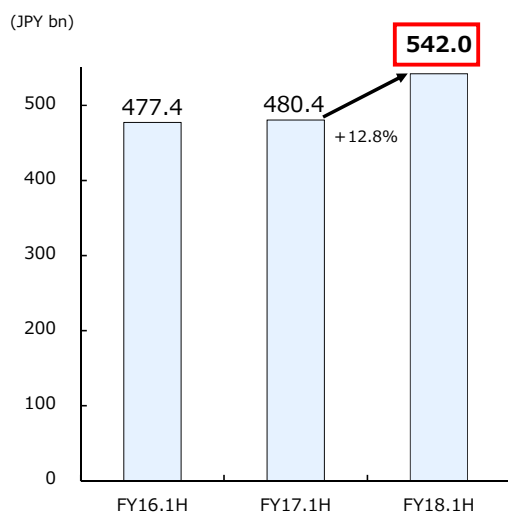
*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

Lapse and surrender rate was up 1.43 percentage points year on year, to 3.36%.

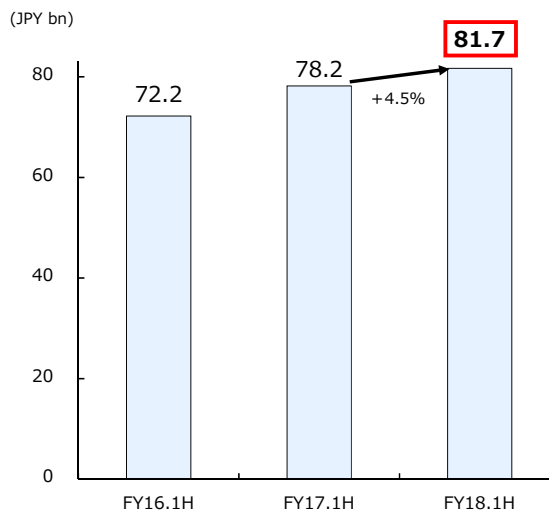
The increase in the lapse and surrender rate was mainly due to certain customers cancelling existing policies, taking out new policies such as family income insurance since premiums were revised in line with revisions of the standard mortality tables.

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

Income from Insurance Premiums



Interest Income and Dividends



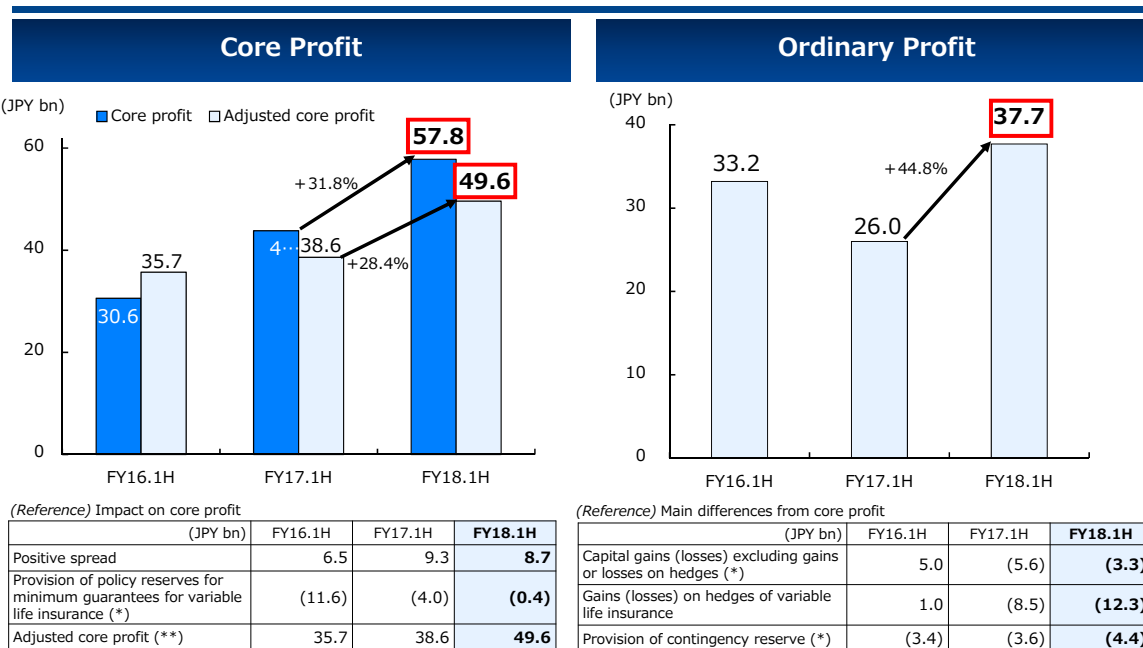
(Left-hand graph)

Income from insurance premiums increased 12.8% year on year, amounting to ¥542.0 billion, due to a steady rise in the policy amount in force.

(Right-hand graph)

Interest income and dividends increased 4.5% year on year, to ¥81.7 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.

**Adjusted core profit = (Core profit) - (Positive spread) - (Provision of policy reserves for minimum guarantees for variable life insurance)

(Left-hand graph)

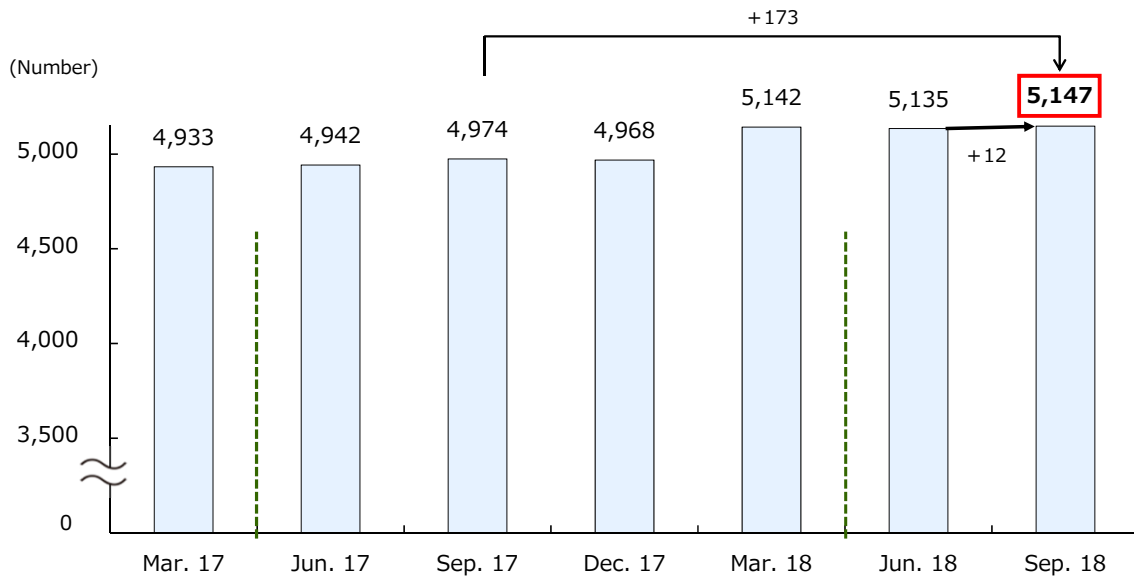
Core profit rose 31.8% year on year, to ¥57.8 billion, due mainly to a decline in the provision of policy reserves for minimum guarantees for variable life insurance, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders.

Adjusted core profit, which subtracting positive spread and provision of policy reserves for minimum guarantees for variable life insurance from core profit, increased 28.4% year on year, to ¥49.6 billion.

(Right-hand graph)

Ordinary profit increased 44.8% year on year, to ¥37.7 billion, due mainly to an increase of core profit and a recording of gains on sale of securities in the general account, which more than offset the effect of an impairment loss relating to available-for-sale securities in the general account.

Number of Lifeplanner Sales Employees



The number of Lifeplanner sales employees as of September 30, 2018, was 5,147, up 12 from June 30, 2018 and up 173 from September 30, 2017.

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

Breakdown of General Account Assets

(JPY bn)	Mar. 18		Sep. 18	
	Amount	%	Amount	%
Japanese bonds (including JGBs)	7,281.1	86.3%	7,516.1	85.6%
Japanese stocks	38.4	0.5%	35.2	0.4%
Foreign bonds	366.5	4.3%	476.3	5.4%
Foreign stocks	30.3	0.4%	26.5	0.3%
Money held in trust	270.5	3.2%	267.0	3.0%
Policy loans	189.4	2.2%	193.6	2.2%
Real estate*	92.3	1.1%	91.5	1.0%
Cash and call loans	40.8	0.5%	58.3	0.7%
Others	129.1	1.5%	115.8	1.3%
Total	8,438.8	100.0%	8,780.7	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. 17 21.3 years

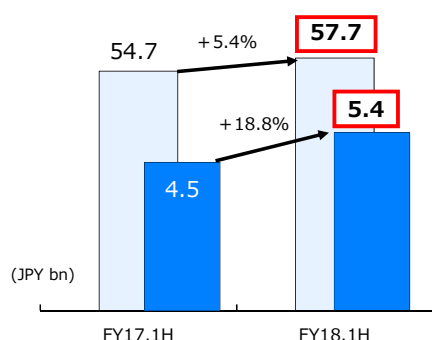
Mar. 18 21.4 years

Sep. 18 21.1 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 : Sep. 18 . . . 88.6%
(Mar. 18 . . . 89.5%)

Highlights of Operating Performance: Sony Assurance

□ Ordinary revenues ■ Ordinary profit



- ◆ Both ordinary revenues and ordinary profit increased year on year.
- ◆ Ordinary revenues expanded owing to an increase in net premium written for mainstay automobile insurance.
- ◆ Ordinary profit increased year on year due mainly to a decline in the net expense ratio, despite the negative impact of a higher loss ratio, driven by natural disasters.

(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues	54.7	57.7	+2.9	+5.4%
Underwriting income	53.8	56.5	+2.7	+5.1%
Investment income	0.9	1.1	+0.2	+22.6%
Ordinary expenses	50.2	52.3	+2.1	+4.2%
Underwriting expenses	36.7	38.9	+2.2	+6.0%
Operating general and administrative expenses	13.4	13.3	(0.1)	(0.8%)
Ordinary profit	4.5	5.4	+0.8	+18.8%
Net income	3.3	3.8	+0.5	+16.1%

(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Underwriting reserves	117.0	122.5	+5.4	+4.7%
Net assets	33.1	33.9	+0.8	+2.4%
Total assets	204.3	209.9	+5.6	+2.8%

Sony Assurance's ordinary revenues expanded 5.4% year on year, to ¥57.7 billion, owing to an increase in net premium written for mainstay automobile insurance.

Ordinary profit increased 18.8% year on year, to ¥5.4 billion, due mainly to a decline in the net expense ratio, despite the negative impact of a higher loss ratio, driven by natural disasters.

Net income increased 16.1% year on year, to ¥3.8 billion.

Overview of Operating Performance: Sony Assurance

(JPY bn)	FY17.1H	FY18.1H	Change	
Direct premiums written	53.1	55.9	+5.3%	◆ Increased in its mainstay automobile insurance.
Net premiums written	53.7	56.5	+5.1%	
Net losses paid	24.9	26.8	+7.6%	
Underwriting profit	3.6	4.2	+17.5%	
Net loss ratio	53.2%	54.6%	+1.4pt	
Net expense ratio	26.6%	25.1%	(1.5pt)	◆ Declined due mainly to a decrease in system-related expenses.
Combined ratio	79.8%	79.7%	(0.1pt)	

Notes:

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

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

	FY17.1H	FY18.1H	Change	
E. I. loss ratio	59.6%	61.2%	+1.6pt	◆ Rose due to natural disasters.
E. I. loss ratio + Net expense ratio	86.2%	86.3%	+0.1pt	

Note: 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. 18	Sep. 18	Change from Mar. 18
Non-consolidated solvency margin ratio	782.1%	821.0%	+38.9pt

Sony Assurance's Underwriting Performance by Type of Policy

Direct Premiums Written

(JPY mn)	FY17.1H	FY18.1H	Change
Fire	102	110	+7.0%
Marine	–	–	–
Personal accident	4,348	4,361	+0.3%
Voluntary automobile	48,664	51,478	+5.8%
Compulsory automobile liability	–	–	–
Total	53,116	55,950	+5.3%

Net Premiums Written

(JPY mn)	FY17.1H	FY18.1H	Change
Fire	8	8	+8.5%
Marine	(0)	–	–
Personal accident	4,452	4,441	(0.3%)
Voluntary automobile	48,545	51,336	+5.7%
Compulsory automobile liability	780	733	(6.0%)
Total	53,786	56,520	+5.1%

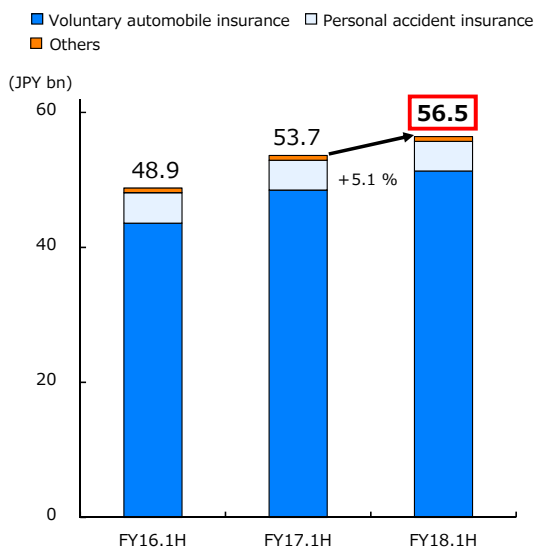
Net losses paid

(JPY mn)	FY17.1H	FY18.1H	Change
Fire	2	3	+63.8%
Marine	3	2	(36.4%)
Personal accident	1,361	1,402	+3.0%
Voluntary automobile	22,915	24,749	+8.0%
Compulsory automobile liability	655	671	+2.6%
Total	24,937	26,830	+7.6%

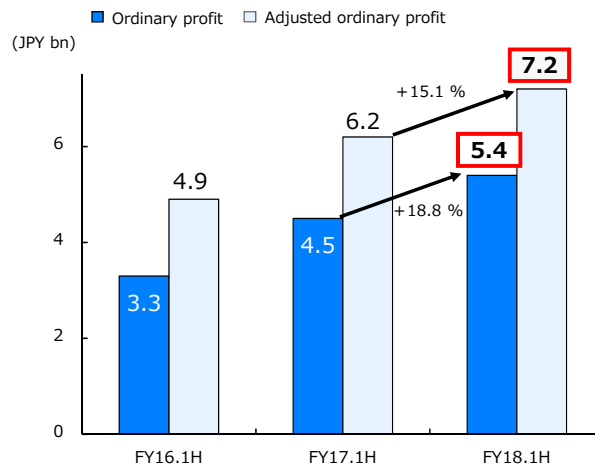
*Medical insurance is included in personal accident.

Operating Performance: Sony Assurance (1)

Net Premiums Written and Number of Policies in Force



Ordinary Profit and Adjusted Ordinary Profit



*Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve
(Reference) Provision for catastrophe reserve

	(JPY bn)	FY16.1H	FY17.1H	FY18.1H
Provision for catastrophe reserve		1.5	1.7	1.7

*Provision for catastrophe reserve is described as positive amount.

(Left-hand graph)

Net premiums written increased 5.1% year on year, to ¥56.5 billion due to stable sales of automobile insurance.

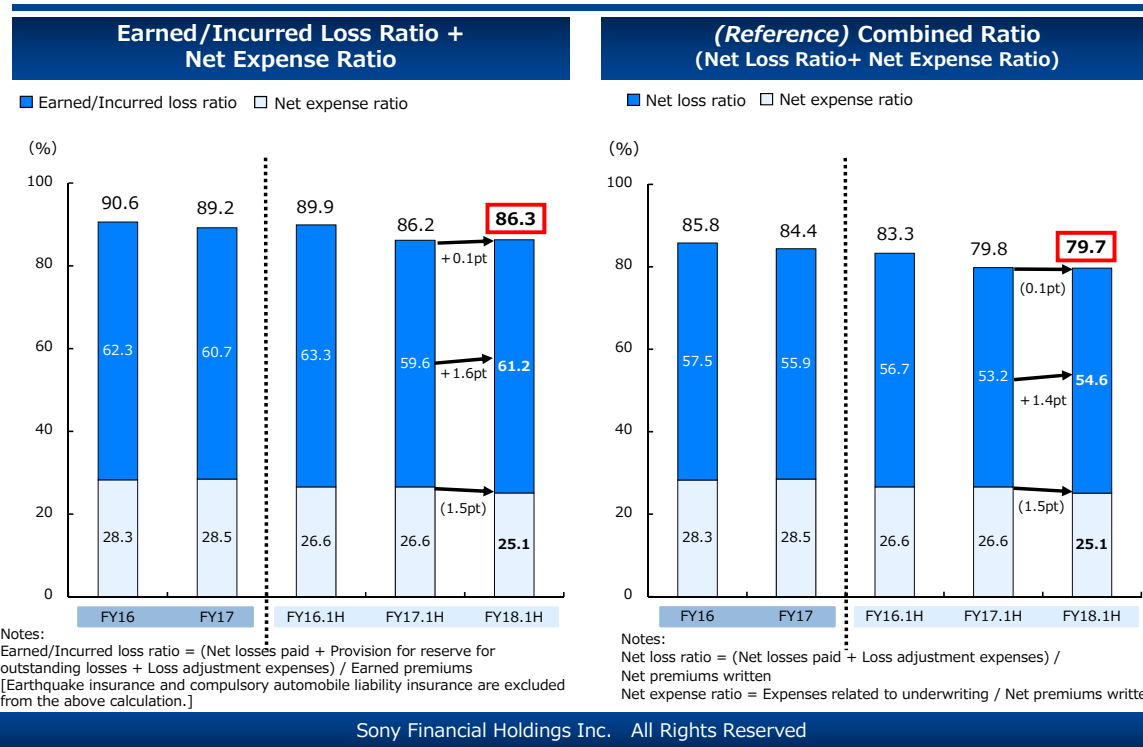
(Right-hand graph)

Ordinary profit increased year on year as described before.

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

Adjusted ordinary profit was ¥7.2 billion.

Operating Performance: Sony Assurance (2)



(Left-hand graph)

The Earned/Incurred (E.I.) loss ratio was up 1.6 percentage points year on year, to 61.2%, driven by natural disasters.

The net expense ratio was down 1.5 percentage points year on year, to 25.1%, due mainly to a decrease in system-related expenses.

Consequently, the sum of the E.I. loss ratio and the net expense ratio was up 0.1 percentage points year on year, to 86.3%.

(Right-hand graph)

The net loss ratio was up 1.4 percentage points year on year, to 54.6%. This is different from the E.I. loss ratio, which reflects an increase or a decrease in provision for reserve for outstanding losses.

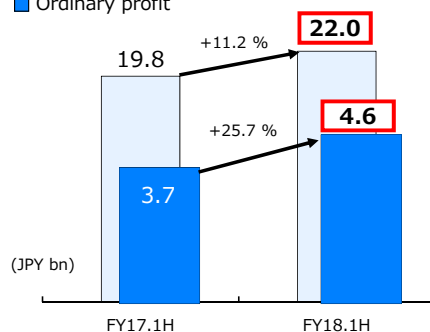
The combined ratio (the sum of the net loss ratio and the net expense ratio) was down 0.1 percentage points year on year, to 79.7%.

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



<Consolidated>

- Ordinary revenues
- Ordinary profit



<Consolidated>

- ◆ Both ordinary revenues and ordinary profit rose year on year due to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.

<Non-consolidated>

- ◆ Both gross operating profit and net operating profit increased.
- Net interest income increased due to increases in interest income on investment securities and loans.

<Consolidated>

(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues	19.8	22.0	+2.2	+11.2%
Ordinary profit	3.7	4.6	+0.9	+25.7%
Profit attributable to owners of the parent	2.4	3.0	+0.6	+27.7%

<Non-consolidated>

(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues	18.0	19.9	+1.8	+10.3%
Gross operating profit	10.5	11.8	+1.2	+11.6%
Net interest income	10.1	11.4	+1.3	+13.0%
Net fees and commissions	(1.5)	(1.6)	(0.0)	–
Net other operating income	2.0	2.0	(0.0)	(1.4%)
General and administrative expenses	7.6	7.6	(0.0)	(0.2%)
Net operating profit	2.9	4.1	+1.1	+40.2%
Ordinary profit	3.4	4.2	+0.8	+23.9%
Net income	2.3	2.9	+0.6	+26.6%

(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Net assets	85.7	85.7	+0.0	+0.1%
Net unrealized gains on other securities, net of taxes	6.0	5.1	(0.8)	(14.4%)
Total assets	2,635.0	2,778.6	+143.5	+5.4%

On a consolidated basis, Sony Bank's ordinary revenues increased 11.2% year on year, to ¥22.0 billion, due to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.

Ordinary profit increased 25.7% year on year, to ¥4.6 billion, for the same reasons as ordinary revenues.

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

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

(JPY bn)	Sep. 17	Mar. 18	Sep. 18	Change from Mar. 18	
Customer assets	2,284.8	2,343.0	2,436.1	+93.0	+4.0%
Deposits	2,165.2	2,219.3	2,308.9	+89.6	+4.0%
Yen	1,800.5	1,814.7	1,909.8	+95.1	+5.2%
Foreign currencies	364.6	404.6	399.1	(5.4)	(1.4%)
Investment trusts	119.6	123.7	127.1	+3.4	+2.8%
Loans outstanding	1,559.3	1,596.3	1,638.3	+41.9	+2.6%
Mortgage loans	1,477.9	1,525.5	1,574.8	+49.2	+3.2%
Card loans	18.9	18.8	18.5	(0.3)	(1.7%)
Others	62.4	51.8	45.0^{*1}	(6.8)	(13.3%)
Number of accounts	1.29mm	1.35mm	1.42mm	+0.07mm	+5.2%
Non-performing assets ratio^{*2} (Based on Financial Reconstruction Law)	0.15%	0.12%	0.12%		(0.01pt)
Non-consolidated capital Adequacy ratio^{*3} (domestic criteria)	9.43%	10.45%	10.43%		(0.02pt)

<Reasons for changes>

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

◆ Decreased due to a conversion and a transfer from foreign ordinary deposits into yen deposits led by yen depreciation, despite an increase in foreign currency time deposits.

◆ Rose due to a steady increase in mortgage loans.

*1 Loans in others include corporate loans of ¥44.9 billion

*2 Non-performing loans (loans based on the Financial Reconstruction Act) / Total loan exposure

*3 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on page 24.

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

<Reference> On Managerial Accounting Basis

(JPY bn)	FY17.1H	FY18.1H	Change	
Gross operating profit	10.5	11.8	+1.2	+11.6%
Net interest income* ¹ ①	11.3	12.5	+1.2	+11.3%
Net fees and commissions* ² ②	(1.3)	(1.3)	(0.0)	—
Net other operating income* ³	0.5	0.6	+0.0	+5.5%
Gross operating profit (core profit)(A) = ① + ②	10.0	11.2	+1.1	+12.0%
Operating expenses and other Expenses ③	7.6	7.7	+0.0	+0.6%
Net operating profit (core profit) = (A) - ③	2.3	3.4	+1.1	+49.4%

■ Managerial accounting basis

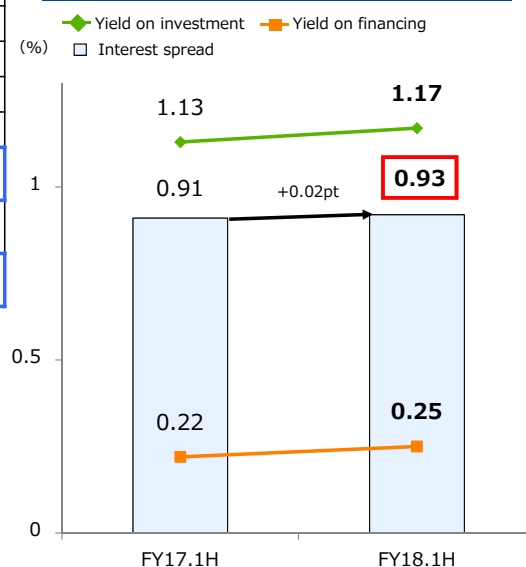
The following adjustments are made to the figures on a financial account for profits and losses more appropriately.

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

■ Core profit

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

<Reference> Interest Spread (Managerial Accounting Basis)



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 11.3% year on year, to ¥12.5 billion, due to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.

Net fees and commissions was a loss of ¥1.3 billion, due mainly to higher fees associated with mortgage loans.

Consequently, gross operating profit on a core profit basis increased 12.0% year on year, to ¥11.2 billion. Net operating profit on a core profit basis increased 49.4% year on year, to ¥3.4 billion.

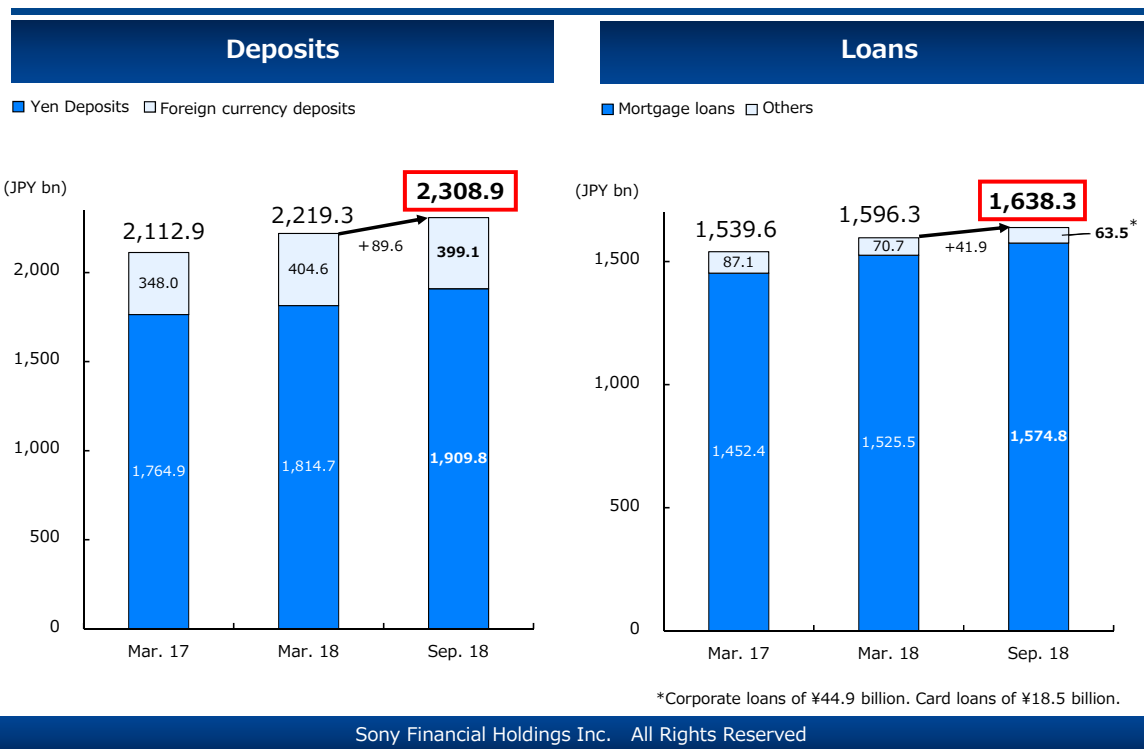
(Right-hand graph)

The yield on investment for FY18.1H was 1.17%.

The yield on financing for FY18.1H was 0.25%.

Consequently, interest spread for FY18.1H was 0.93%.

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



(Left-hand graph)

As of September 30, 2018, deposits (the sum of Japanese yen and foreign currency deposits) amounted to ¥2,308.9 billion, up ¥89.6 billion from March 31, 2018.

Of this amount, the yen deposit balance amounted to ¥1,909.8 billion, up ¥95.1 billion from March 31, 2018, as yen ordinary deposits increased due mainly to an increase in newly accumulated funds via the increased number of accounts, as well as a conversion from foreign currencies backed by yen depreciation.

The yen-denominated balance of foreign currency deposits amounted to ¥399.1 billion, down ¥5.4 billion from March 31, 2018, reflecting a conversion and a transfer from foreign ordinary deposits into yen deposits led by yen depreciation, despite an increase in foreign currency time deposits.

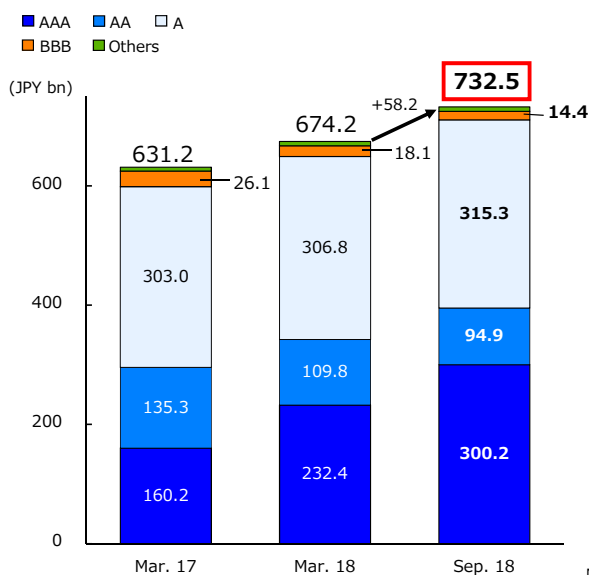
(Right-hand graph)

The loan balance as of September 30, 2018 expanded ¥41.9 billion from March 31, 2018, to ¥1,638.3 billion, due to a steady increase in mortgage loans.

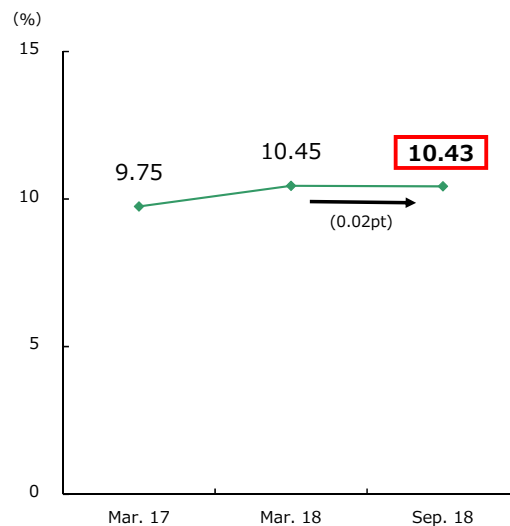
Operating Performance: Sony Bank (Non-consolidated) (2)



Balance of Securities by Credit Rating



Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



Note: 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.

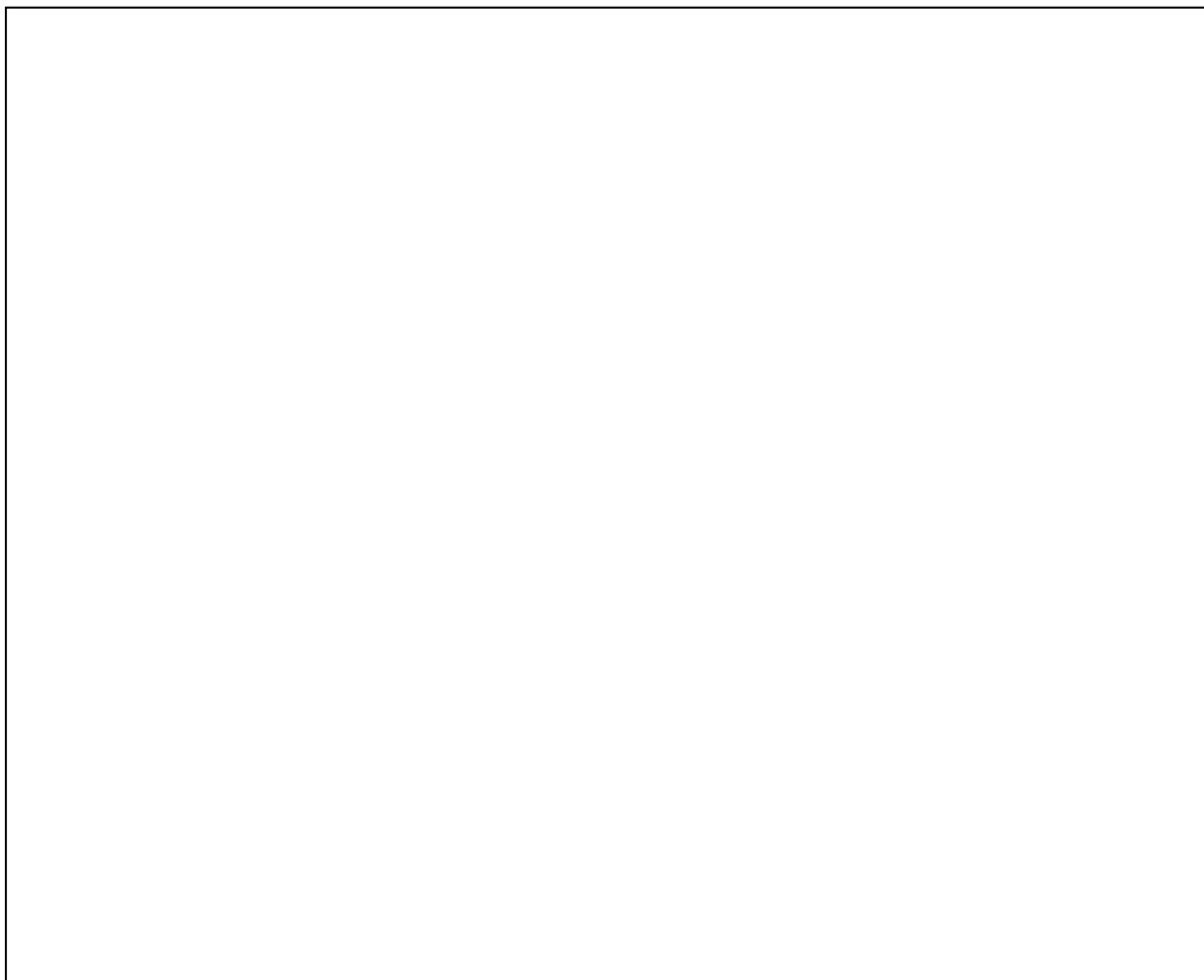
(Left-hand graph)

As of September 30, 2018, the balance of securities amounted to ¥732.5 billion, up ¥58.2 billion from March 31, 2018. Sony Bank continuously invests in highly rated bonds.

(Right-hand graph)

As of September 30, 2018, Sony Bank's non-consolidated capital adequacy ratio (domestic criteria) was 10.43%, down 0.02 percentage points from March 31, 2018. Sony Bank maintains financial soundness.

Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (FY18)



Forecast of Consolidated Financial Results for FY18

Forecast of consolidated financial results for FY18 is unchanged from the forecast announced on April 27, 2018

(JPY bn)	FY17 (Actual)	FY18 (Forecast)	Change	FY18.1H (Actual)	Progress rate
Ordinary revenues	1,503.6	1,578.0	+4.9%	860.8	54.6%
<u>Life insurance business</u>	1,351.2	1,416.1	+4.8%	779.3	55.0%
<u>Non-life insurance business</u>	110.0	112.3	+2.0%	57.7	51.4%
<u>Banking business</u>	39.9	42.8	+7.2%	22.0	51.5%
Ordinary profit	66.8	83.0	+24.2%	47.2	56.9%
<u>Life insurance business</u>	54.1	70.9	+30.9%	37.4	52.8%
<u>Non-life insurance business</u>	6.5	6.5	(1.1%)	5.4	83.8%
<u>Banking business</u>	7.1	7.0	(2.0%)	4.6	66.7%
Profit attributable to owners of the parent	51.8	55.0	+6.0%	31.7	57.8%

<Segment information for ordinary revenues and ordinary profit>

■ Life insurance, Non-life insurance, and Banking businesses

Although both ordinary revenues and ordinary profit exceeded our initial expectations in FY18.1H, we maintain our full-year forecasts for FY18, taking into consideration the business environment from FY18.3Q onward.

Forecast of consolidated financial results for FY18 is unchanged from the forecast announced on April 27, 2018.

Sony Life's MCEV and ESR as of September 30, 2018

Some parts of the calculations of MCEV adopted simplified method except for those as of March 31, 2018.
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. 18	Jun. 18	Sep. 18	Change from Mar. 18	Change from Jun. 18
MCEV	1,633.2	1,593.5	1,715.3	+82.1	+121.8
Adjusted net worth	1,786.1	1,804.3	1,560.0	(226.1)	(244.3)
Value of existing business	(152.9)	(210.8)	155.3	+308.2	+366.1

(JPY bn)	FY17.4Q (3M)	FY18.1Q (3M)	FY18.2Q (3M)	FY18.1H (6M)
New business value	21.2	21.9	22.6	44.6
New business margin	6.1%	7.1%	6.9%	7.0%

◆ **Reasons for changes in MCEV**

- MCEV as of September 30, 2018 increased ¥121.8 billion from June 30, 2018, due mainly to an increase in interest rates in Japanese yen.

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

- New business value for FY18.2Q (3M) was ¥22.6 billion, due to a favorable acquisition of new policies.
- New business margin for FY18.2Q (3M) was down 0.2pt from FY18.1Q (3M), due mainly to a change in product mix.

Notes:

1. Calculated MCEV as of June 30, 2018 onward by using mainly updated economic assumptions and lapse and surrender rate from March 31, 2018.
2. New business value and new business margin are calculated accumulating new business value for each month based on economic assumptions at the end of each month. The figures for FY18 onward reflect the revision in the insurance risk measurement method and others which revised in March 31, 2018. For details of the revision in the insurance risk measurement method and others, please refer to the Presentation Materials "Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 and Sony Life's Preliminary MCEV as of March 31, 2018."

*Please refer to the appendix page 41-44 for trend on bond yields and yield curves.

Sony Life's MCEV as of September 30, 2018 was ¥1,715.3 billion, increased ¥121.8 billion from June 30, 2018, due mainly to an increase in interest rates in Japanese yen.

New business value for FY18.2Q (3M) was ¥22.6 billion, due to a favorable acquisition of new policies.

New business margin for FY18.2Q (3M) was down 0.2 percentage points from FY18.1Q (3M), to 6.9%, due mainly to a change in product mix.

(JPY bn)	Mar. 18	Jun. 18	Sep. 18
Insurance risk	497.5	506.8	488.7
Market-related risk	380.6	379.6	407.6
<i>Of which, interest rate risk</i>	275.3	270.4	300.7
Operational risk	31.0	32.1	33.0
Counter party risk	2.6	2.6	2.7
Variance effect	(182.0)	(183.1)	(187.8)
The risk amount based on economic value	729.7	738.0	744.1

(JPY bn)	Mar. 18	Jun. 18	Sep. 18
MCEV + Frictional costs	1,655.8	1,619.2	1,731.6
ESR	227%	219%	233%

- ◆ The risk amount based on economic value as of September 30, 2018 amounted to ¥744.1 billion, up ¥6.1 billion from June 30, 2018, due mainly to an increase in interest rate risk.
- ◆ ESR as of September 30, 2018 was 233%, up 13pt from June 30, 2018.

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 and others.
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.
3. Risk amount excluding the variance effect within market-related risk.
4. ESR=(MCEV + Frictional costs) / Risk amount based on economic value.

The risk amount based on economic value as of September 30, 2018 amounted to ¥744.1 billion, up ¥6.1 billion from June 30, 2018, due mainly to an increase in interest rate risk.

ESR as of September 30, 2018 was 233%, up 13 percentage points from June 30, 2018.

Consolidated adjusted ROE for FY18.1H was 3.3%.
For details, please refer to page 45 to 47.

Appendix



◆ Sony Bank's Mortgage Loans through Sony Life

Sony Life accounts for 12% of the amount of new mortgage loans for FY18.1H (6M)
 Sony Life accounts for 20% of the balance of mortgage loans as of September 30, 2018

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



◆ Sony Assurance's Automobile Insurance sold by Sony Life

Sony Life accounts for 5% of new automobile policies for FY18.1H (6M)

*Sony Life started handling automobile insurance in May 2001.



◆ Highlights on and after FY18.2Q

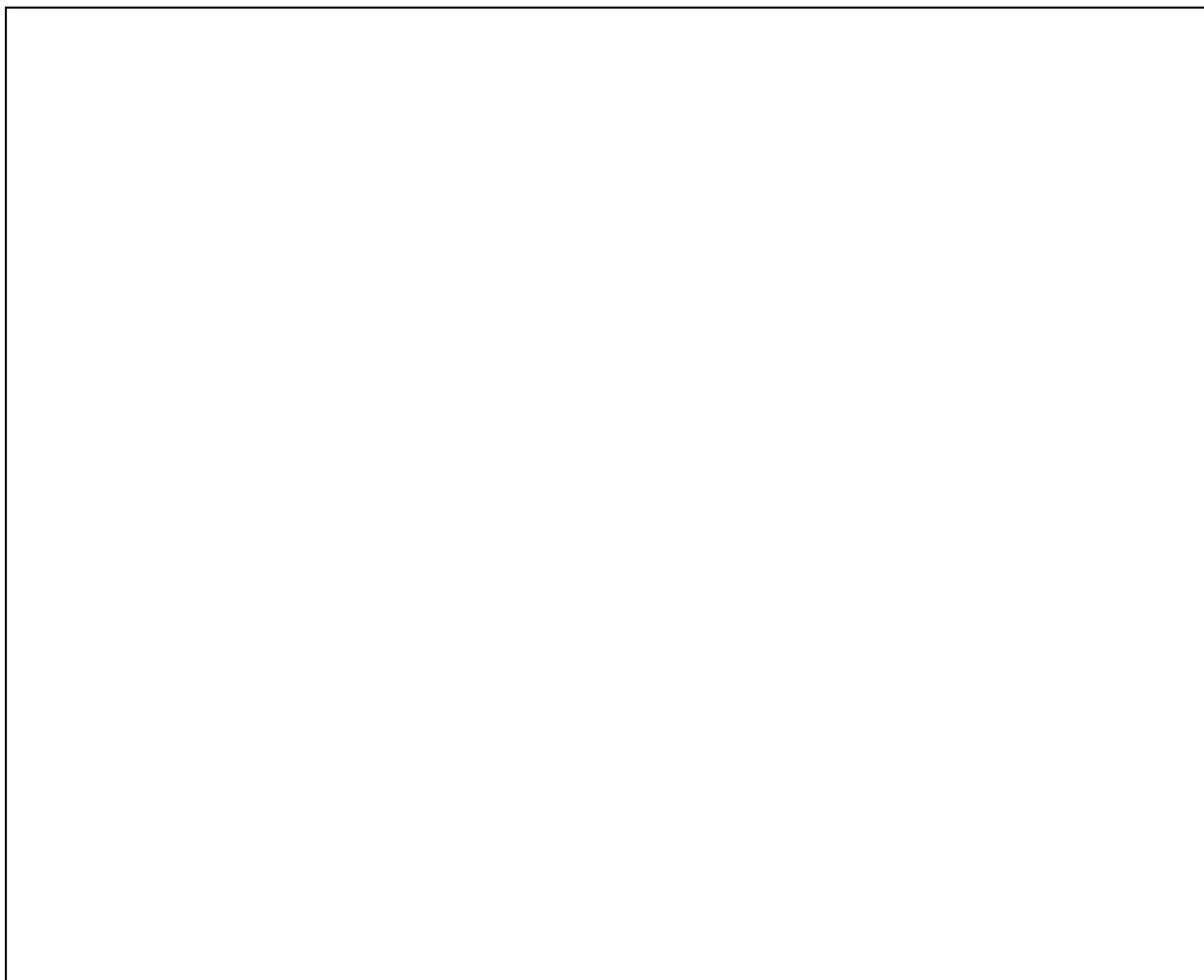
2018-09-22 Sony Life opened the financial advisory retail shop in Singapore

2018-10-01 Sony Bank began offering new mortgage loan, "Fixed-rate Select Mortgage Loan" and new group credit life insurance with disease protection rider

2018-10-11 Sony Financial Ventures announced the launch of its first venture capital fund with Global Brain Corporation, one of the largest venture capital firms in Japan

2018-10-15 Sony Assurance began selling internet-only fire insurance

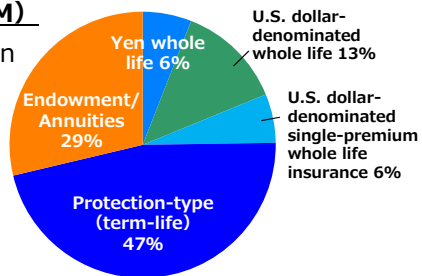
2018-10-15 Sony Lifecare announced to open its 4th "SONARE" brand nursing care home in Suginami-city, Tokyo in autumn 2019



Annualized Premiums from New Policies by Product

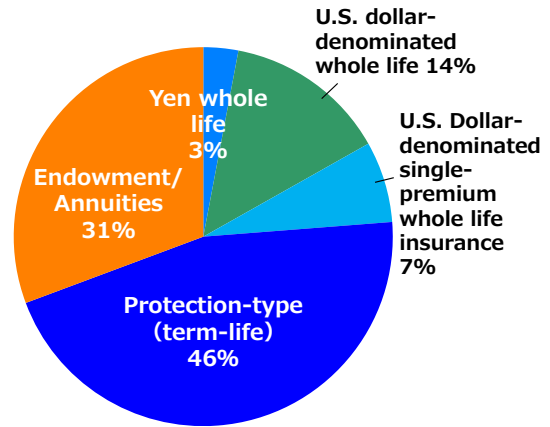
FY17 (12M)

¥73.0 billion



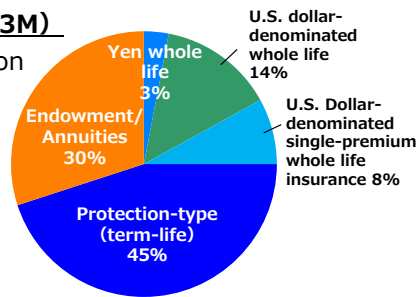
FY18.2Q (3M)

¥19.2 billion



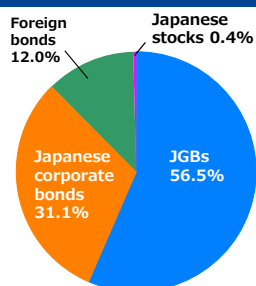
FY18.1Q (3M)

¥18.7 billion

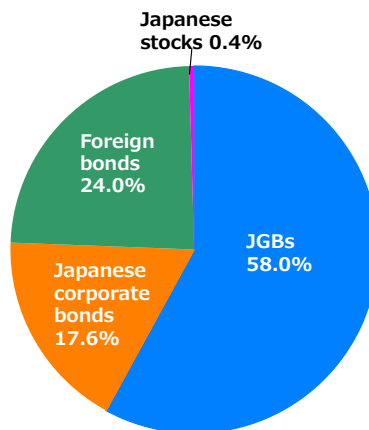


Purchase Securities in the General Account

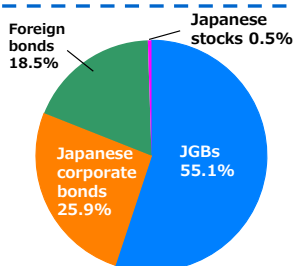
FY17.1H (6M)



FY18.1H (6M)



FY17 (12M)



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)

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. 17			Mar. 18			Sep. 18		
	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	6,068.6	7,514.2	1,445.5	6,467.9	8,050.6	1,582.6	6,663.4	7,961.2	1,297.8
Policy reserve matching bonds	277.3	303.3	25.9	401.9	436.8	34.8	522.9	540.8	17.9
Available-for-sale securities	896.5	1,069.9	173.3	921.9	1,091.1	169.1	955.1	1,107.7	152.5
Japanese bonds (including JGBs)	852.6	1,013.3	160.7	847.0	1,002.1	155.0	862.7	1,002.3	139.5
Japanese stocks	13.6	27.0	13.3	13.6	30.6	16.9	11.2	25.9	14.7
Foreign securities	30.0	29.1	(0.8)	61.0	58.1	(2.9)	80.9	79.0	(1.8)
Other securities	0.1	0.3	0.1	0.1	0.2	0.1	0.1	0.2	0.1
Total	7,242.5	8,887.5	1,644.9	7,791.9	9,578.6	1,786.7	8,141.5	9,609.8	1,468.3

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

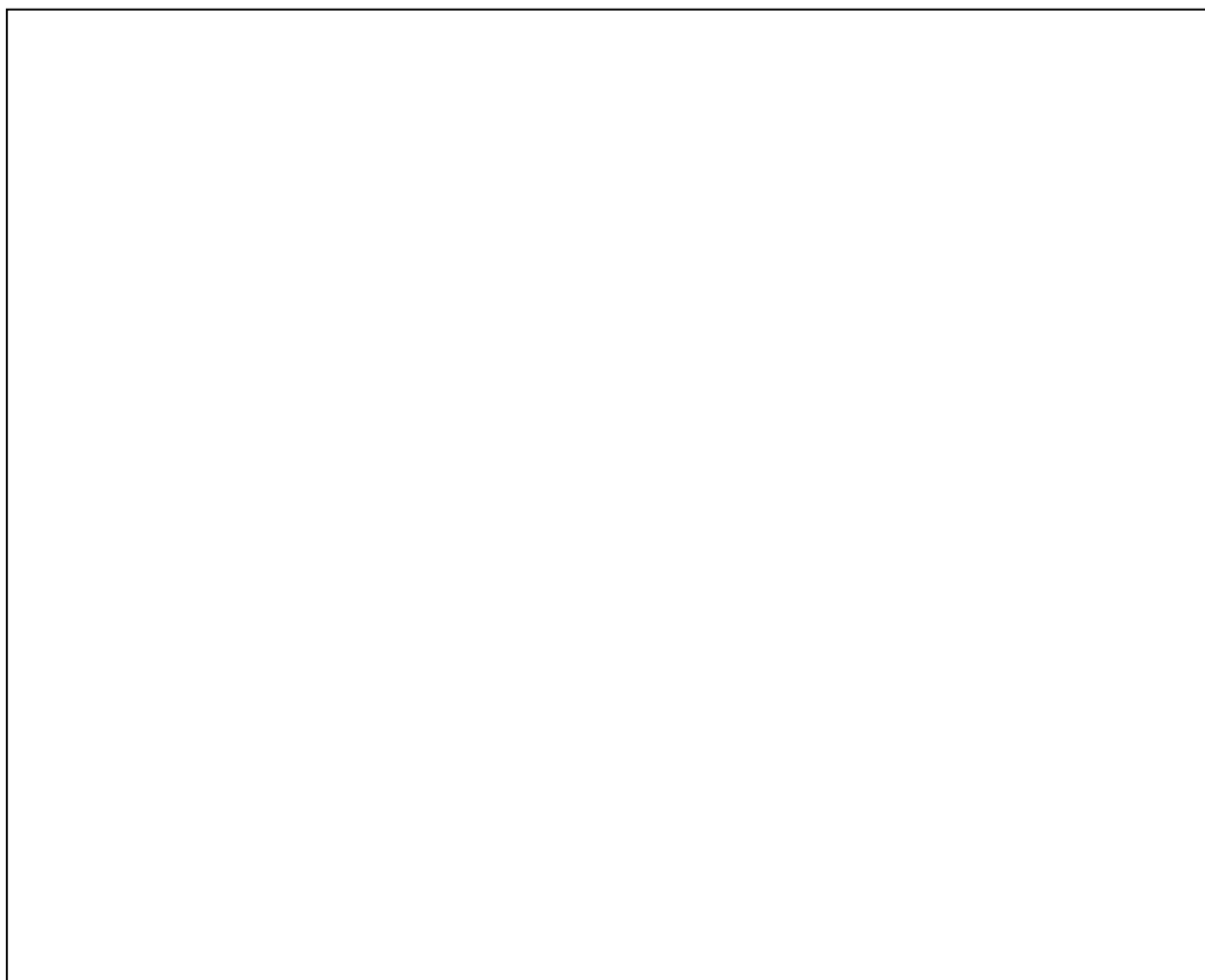
Valuation gains (losses) on trading-purpose securities

(JPY bn)

Mar. 17		Mar. 18		Sep. 18	
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
2.0	(0.1)	–	(0.0)	1.4	(0.0)

Sony Life's Interest Income and Dividends (Details)

(JPY mn)	FY17.1H	FY18.1H	Change
Cash and deposits	0	0	+145.4%
Japanese bonds (including JGBs)	61,875	64,207	+3.8%
Japanese stocks	282	295	+4.5%
Foreign securities	7,027	8,988	+27.9%
Other securities	124	293	+135.4%
Loans	3,285	3,396	+3.4%
Real estate	5,455	4,347	(20.3%)
Others	191	269	+41.3%
Total	78,241	81,798	+4.5%



Sony Life's Capital Gains/Losses



	(JPY mn)	FY17.1H	FY18.1H		(JPY mn)	FY17.1H	FY18.1H
Capital losses		16,257	40,355	Capital gains		2,098	24,715
Losses on trading securities, net		–	19	Income from trading securities, net		19	–
Losses on sale of securities…(3)		0	34	Gains on sale of securities…(3)		0	3,316
Devaluation losses on securities…(4)		–	4,026	Gains on derivatives, net		–	–
Losses on derivatives, net		14,739	19,704	Foreign exchange gains, net		2,078	21,398
Losses on hedges of variable life insurance…(1)		8,555	12,304	Gains on U.S. dollar-denominated insurance (foreign exchange gains in separate accounting) …(5)		1,583	21,280
Losses on hedges of available-for-sale securities…(2)		2,767	2,628	Other capital gains		–	–
Losses on U.S. dollar-denominated insurance…(5)		2,489	4,461	Net capital gains (losses)		(14,159)	(15,639)
Foreign exchange losses, net		–	–				
Other capital losses		1,518	16,570				
Losses on U.S. dollar-denominated insurance (the provision of policy reserves for foreign exchange fluctuations) …(5)		853	16,570				

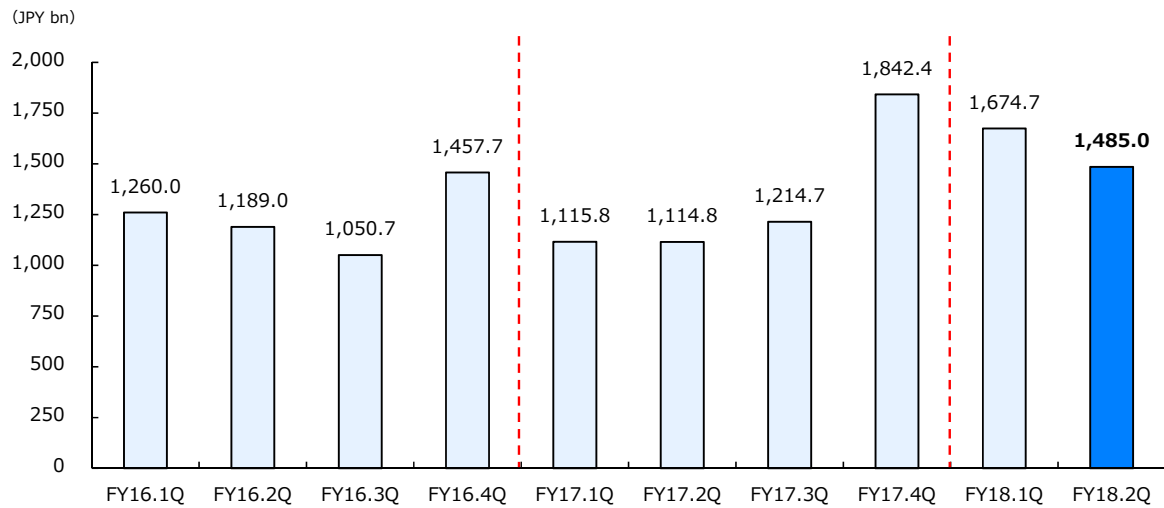
Note: The figures of income (losses) from trading securities, net, gains (losses) on derivatives and foreign exchange gains (losses), net were recorded after offsetting gains and losses of each item.

	(JPY mn)	FY17.1H	FY18.1H
(1) Gains (Losses) on hedges of variable life insurance		(8,555)	(12,304)
(2) Gains (losses) on hedges of available-for-sale securities		(2,767)	(2,628)
(3) Gains (losses) on sale of securities		0	3,282
(4) Devaluation losses on securities		–	(4,026)
(5) Gains (losses) on U.S. dollar-denominated insurance		(1,759)	249

Sony Life's Quarterly Trend on New Policy Amount



Quarterly Trend on New Policy Amount (Individual Life Insurance + Individual Annuities)



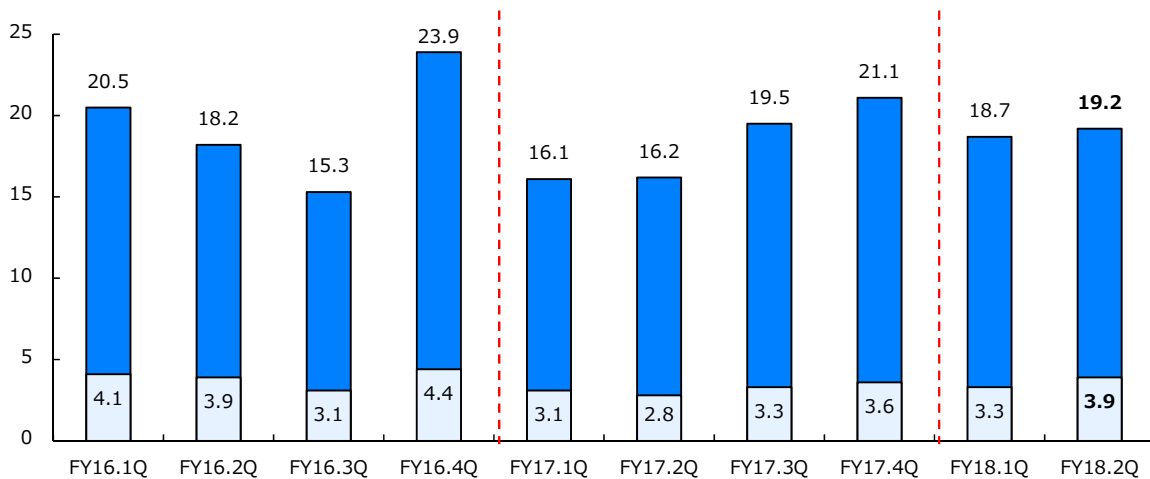
Sony Life's Quarterly Trend on Annualized Premiums from New Policies



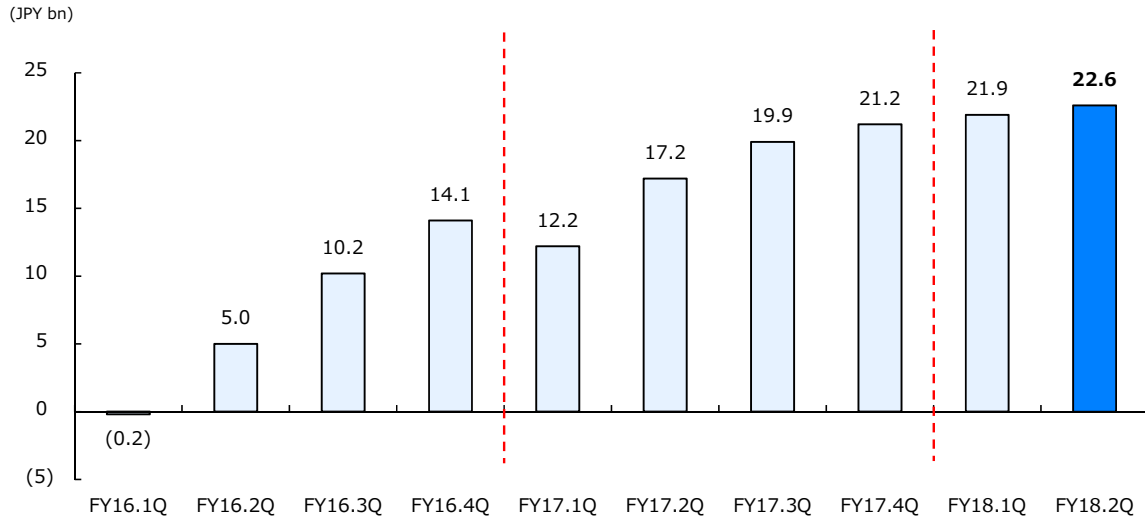
Quarterly Trend on Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)

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

(JPY bn)



Quarterly Trend on New Business Value

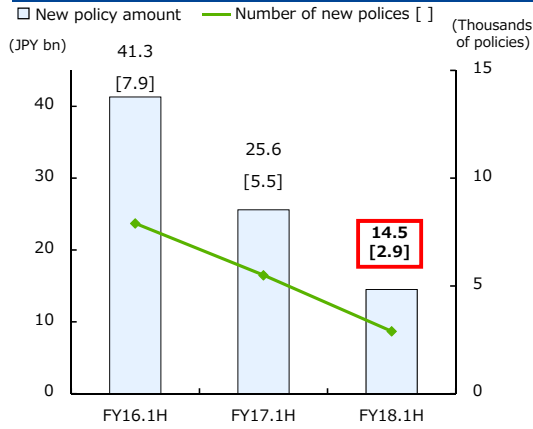


Note: New business value is calculated accumulating new business value for each month based on economic assumptions at the end of each month. The figures for FY18 onward reflect the revision in the insurance risk measurement method and others which revised on March 31, 2018.

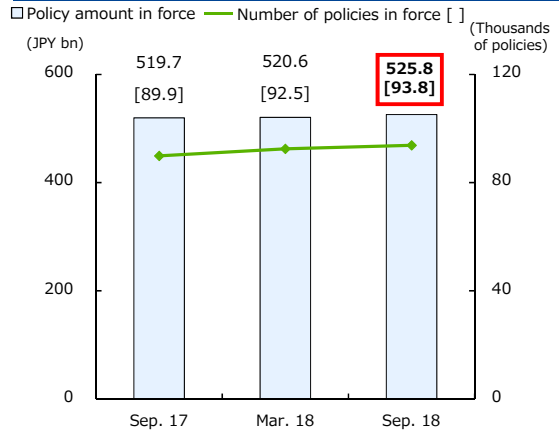


◆AEGON Sony Life Insurance sells individual variable annuities.

Number and Amount of New Policies



Number and Amount of Policies in Force

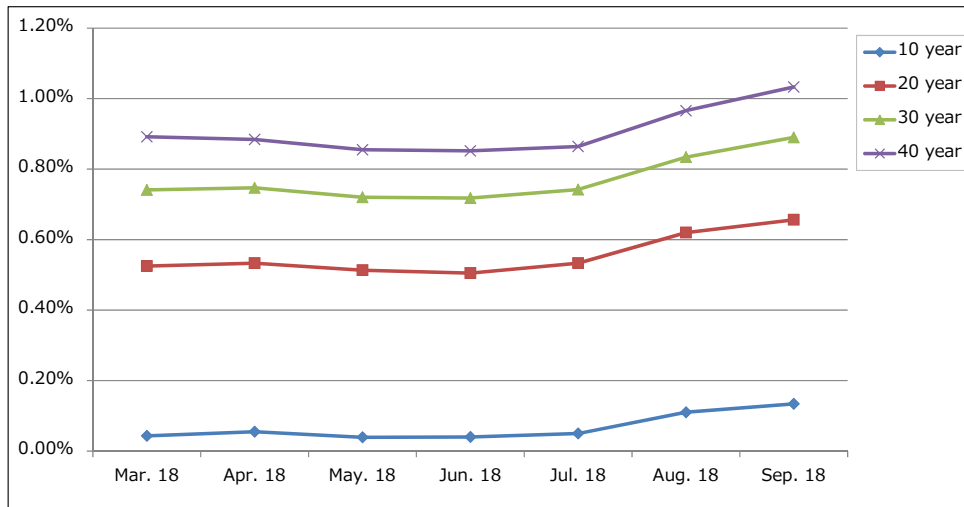


Net income (losses) for AEGON Sony Life Insurance and SA Reinsurance

	(JPY bn)	FY17.1H	FY18.1H	Change
AEGON Sony Life Insurance		(2.4)	(1.7)	+0.6
SA Reinsurance		(0.0)	1.1	+1.2

AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint venture established by Sony Life and AEGON Group. SA Reinsurance prepares its financial statements in accordance with U.S. GAAP. 50% of the net income (losses) for AEGON Sony Life Insurance and SA Reinsurance are recognized as investment profit (losses) on equity method in the SFH's consolidated net income.

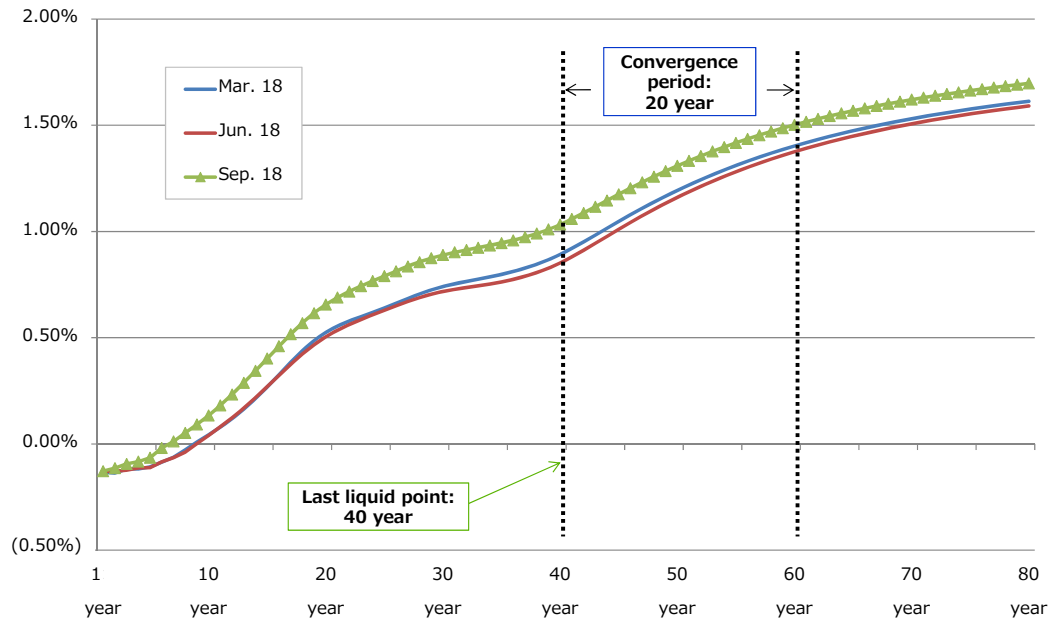
Trend on JGB Yields (Par rate)



As of the end of each month

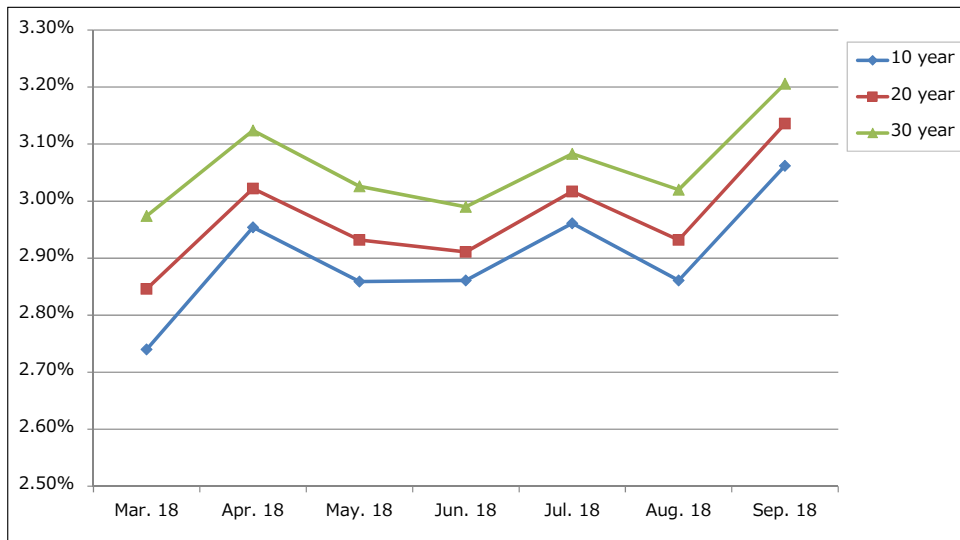
	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
10 year	0.04%	0.06%	0.04%	0.04%	0.05%	0.11%	0.13%
20 year	0.53%	0.53%	0.51%	0.51%	0.53%	0.62%	0.66%
30 year	0.74%	0.75%	0.72%	0.72%	0.74%	0.83%	0.89%
40 year	0.89%	0.88%	0.86%	0.85%	0.86%	0.97%	1.03%

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%).

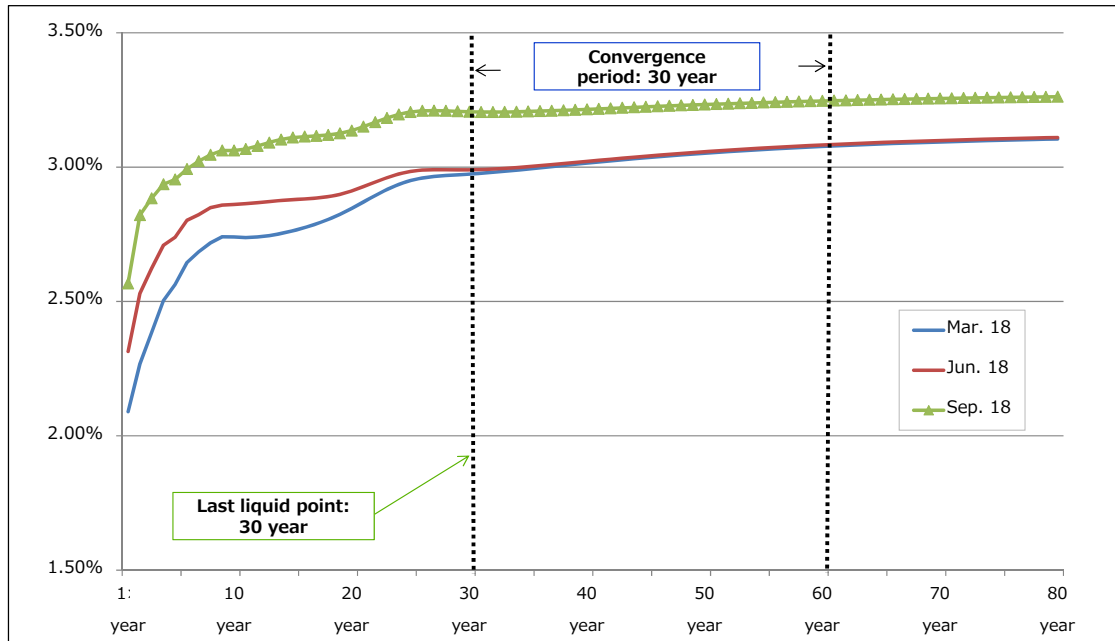
Trend on U.S. Dollar Bonds Yields (Par rate)



As of the end of each month

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
10 year	2.74%	2.95%	2.86%	2.86%	2.96%	2.86%	3.06%
20 year	2.85%	3.02%	2.93%	2.91%	3.02%	2.93%	3.14%
30 year	2.97%	3.12%	3.03%	2.99%	3.08%	3.02%	3.21%

Trend on Risk-free Rate (U.S. Dollar /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%).



Detail of Consolidated Adjusted ROE

	FY17 (12M)	FY17.1H (6M)	FY18.1H (6M)
Consolidated Adjusted ROE	6.1%	2.8%	3.3%
(Sony Life) Core ROEV*	5.9%	2.6%	3.1%
(Sony Assurance) Adjusted ROE	16.1%	10.5%	10.5%
(Sony Bank) ROE	5.5%	2.9%	3.6%

*The figures for FY17 and FY17.1H excluded the impact of the revision in the insurance risk measurement method and others for Sony Life.

Detail of Consolidated Adjusted Profit and Consolidated Adjusted Capital

Adjusted profit (Numerator)

Sony Financial Group (consolidated) (JPY bn)	FY2017	FY17.1H	FY18.1H
Adjusted profit (consolidated)	98.8	44.9	60.0

Sony Life (non-consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
New business value ^{*1}	70.4	29.3	44.5
Expected existing business contribution ^{*1}	16.3	8.5	7.1
Adjusted profit	86.7	37.9	51.7

Sony Assurance (JPY bn)	FY17	FY17.1H	FY18.1H
Net income	4.8	3.3	3.8
Provision amount for catastrophe reserve (after tax)	2.4	1.2	1.2
Provision amount for reserve for price fluctuations (after tax)	0.0	0.0	0.0
Adjusted profit	7.3	4.5	5.1

Sony Bank (consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
Profit attributable to owners of the parent	4.7	2.4	3.0

Adjusted capital (Denominator)

Sony Financial Group (consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
Adjusted capital (consolidated)	1,607.6	1,597.4	1,797.7

Sony Life (non-consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
① MCEV as of the beginning of the fiscal year	1,441.0	1,441.0	1,633.1
② Dividends paid	23.1	23.1	26.2
③ MCEV as of the end of the period ^{**3}	1,536.5	1,523.0	1,715.2
Adjusted capital (① - ② + ③) / 2	1,477.2	1,470.5	1,661.0

Sony Assurance (JPY bn)	FY17	FY17.1H	FY18.1H
① The average amount of net assets during the period	33.1	31.0	33.9
② The average amount of catastrophe reserve (after tax) during the period	15.0	13.8	16.3
③ The average amount of reserve for price fluctuations (after tax) during the period	0.1	0.1	0.1
Adjusted capital (① + ② + ③)	48.2	44.9	50.3

Sony Bank (consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
Adjusted capital (The average amount of net assets during the period)	85.1	83.3	87.2

*1. Please keep in mind that the validity of these calculations has not been verified by outside specialists for the figures for FY17.1H and FY18.1H.

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

*3. The figures for FY17 and FY17.1H excluded the impact of the revision in the insurance risk measurement method and others.

Note: The figures on this page unit have been truncated. Therefore, some figures may differ from other pages.

Definition of Consolidated Adjusted ROE

Calculation of Consolidated Adjusted ROE

Since each company of Sony Financial Group differs by industry such as insurance and banking, each group company calculate its "Adjusted ROE" based on adjusted profit and adjusted capital to realize its corporate value and capital efficiency.

Sony Financial Group *			
	Sony Life Core ROEV	Sony Assurance Adjusted ROE	Sony Bank ROE
Numerator (Adjusted profit)	New business value + Expected existing business contribution ①	+ Net income (loss) + Provision amount for catastrophe reserve and its provision amount for reserve for price fluctuations, in each case after taxes ②	+ Profit (loss) attributable to owners of the parent ③
Denominator (Adjusted capital)	+ MCEV as of the beginning of the fiscal year less dividends paid plus MCEV as of the end of the fiscal year, divided by two. ④	+ The average amount of net assets plus the sum of catastrophe reserve and its reserve for price fluctuations during the fiscal year, in each case after taxes ⑤	+ The average amount of net assets during the fiscal year ⑥

* Consolidated Adjusted ROE = Consolidated Adjusted Profit divided by Consolidated Adjusted Capital
 Consolidated Adjusted Profit = ①+②+③
 Consolidated Adjusted Capital = ④+⑤+⑥



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