

【Presentation Material】



Sony Financial  
Holdings

Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2019  
and  
Sony Life's Preliminary MCEV  
as of March 31, 2019

Sony Financial Holdings Inc.

May 15, 2019

# AGENDA

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## Disclaimers:

This presentation material contains statements concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that are not historical facts are forward-looking statements or pro forma information. Forward-looking statements may include—but are not limited to—words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “assume,” “forecast,” “predict,” “propose,” “intend” and “possibility” that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, may also be included in other materials released to the public. These forward-looking statements and pro forma information are based on assumptions, decisions and judgments made by the management of Sony Financial Group companies, and are based on information that is currently available to them. As such, they are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. Sony Financial Group companies are under no obligation to revise forward-looking statements or pro forma information in light of new information, future events or other findings. The information contained in this presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe to any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever in Japan or abroad.

\*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.



Sony Financial  
Holdings

Consolidated Operating Results  
for the Fiscal Year Ended March 31, 2019  
(FY2018)

## Financial Results for FY2018

- ◆ All three businesses steadily expanded their business scale.
- ◆ On a consolidated basis, both ordinary revenues and ordinary profit reached record high.
- ◆ At Sony Life, both ordinary revenues and ordinary profit grew year-on-year due mainly to a steady rise in the policy amount in force.
- ◆ Consolidated adjusted ROE, an economic value-based profit indicator, reached 6.7%.

## Forecast of Financial Results for FY2019

- ◆ We expect that all three businesses will continue to expand their business scale, sustaining the growth trend. On a consolidated basis, we anticipate increases in both ordinary revenue and ordinary profit.
- ◆ At Sony Life, we expect income from insurance premiums to grow, due to solid growth in the policy amount in force.
- ◆ Consolidated adjusted ROE is expected to be Approx. 6%.

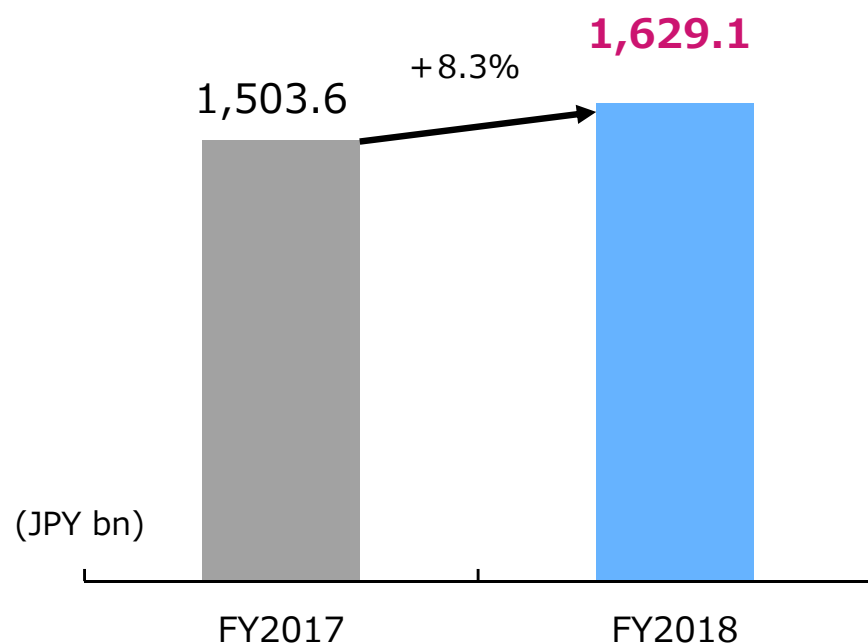
## Shareholder Returns

- ◆ In line with our medium-term dividend policy, for FY2019 we expect to raise the dividend amount by ¥2.5 per share compared with FY2018, to ¥65.0, taking into overall account such factors as the operating environment, growth in business scale, and higher profit based on economic value. We aim to continue steadily increasing dividends going forward.

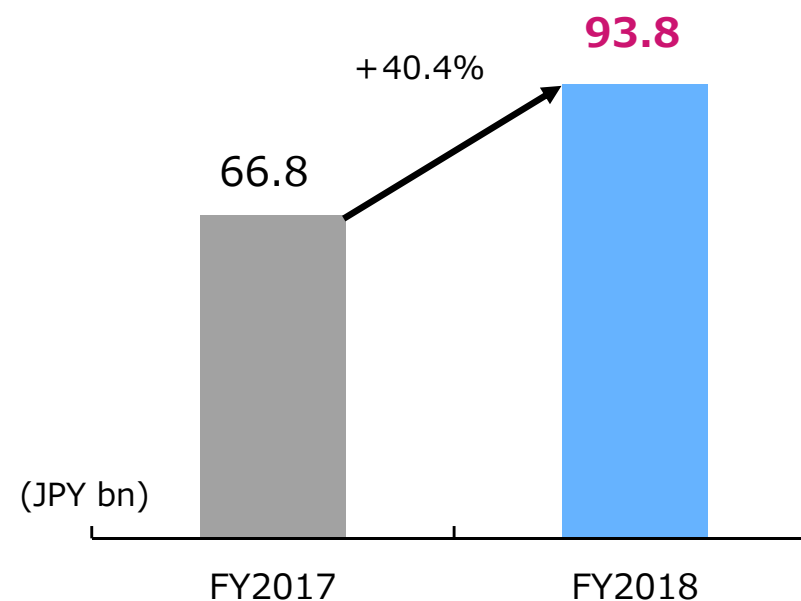
# Highlights of Consolidated Financial Results

- ◆ Ordinary Revenues : Increased owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance, and banking businesses.
- ◆ Ordinary Profit : Increased owing to increases in ordinary profit from all the above businesses.

## Ordinary Revenues

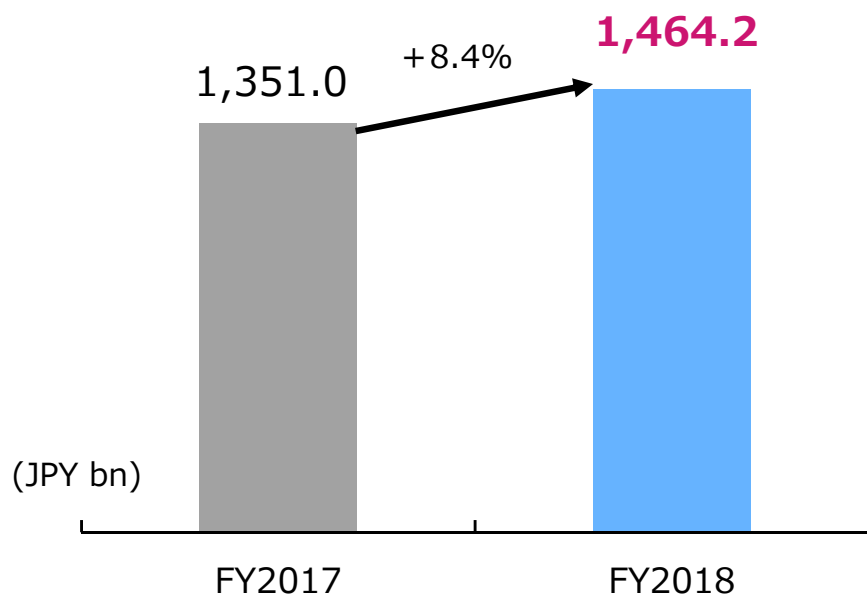


## Ordinary Profit

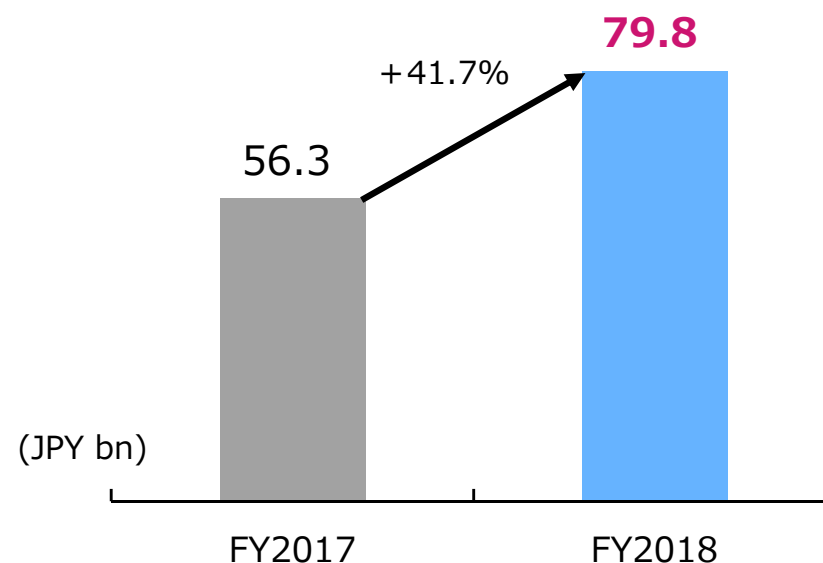


- ◆ Ordinary Revenues : Grew due to higher insurance premiums owing mainly to a steady rise in the policy amount in force.
- ◆ Ordinary Profit : increased year on year due to an increase in profit on higher policies in force, a recording of gains on sale of securities in the general account, a decline in provision of policy reserves for products with higher surrenders, and an improvement in net gains (losses) on derivative transactions to hedge market risks for available-for-sale 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.

Ordinary Revenues

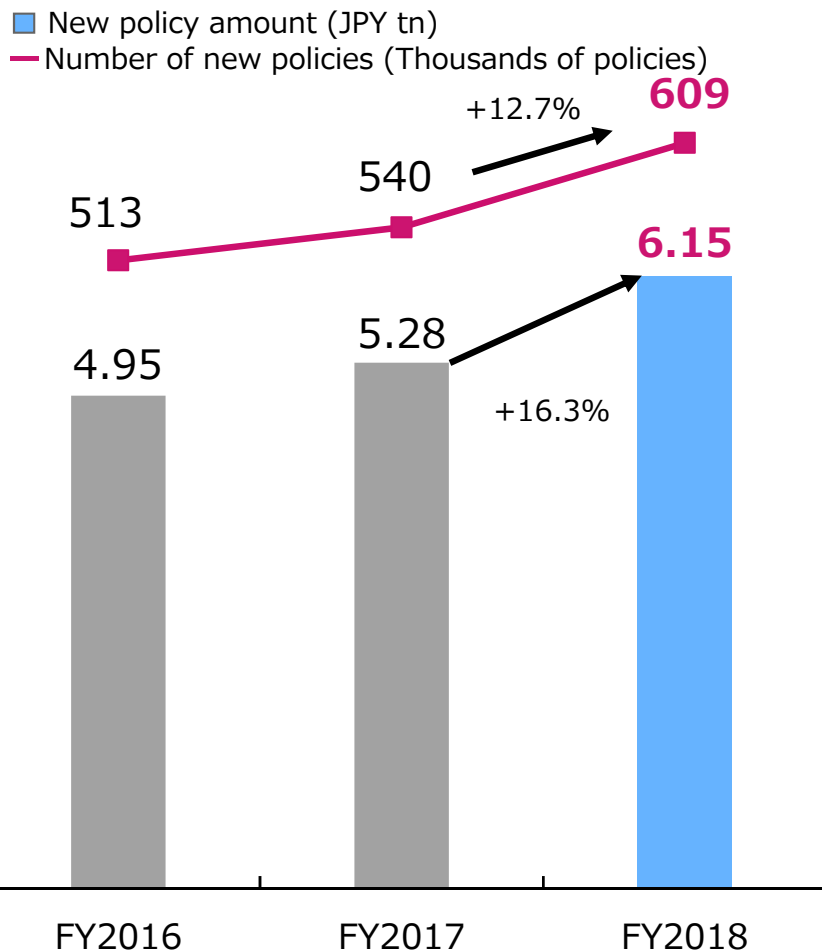


Ordinary Profit

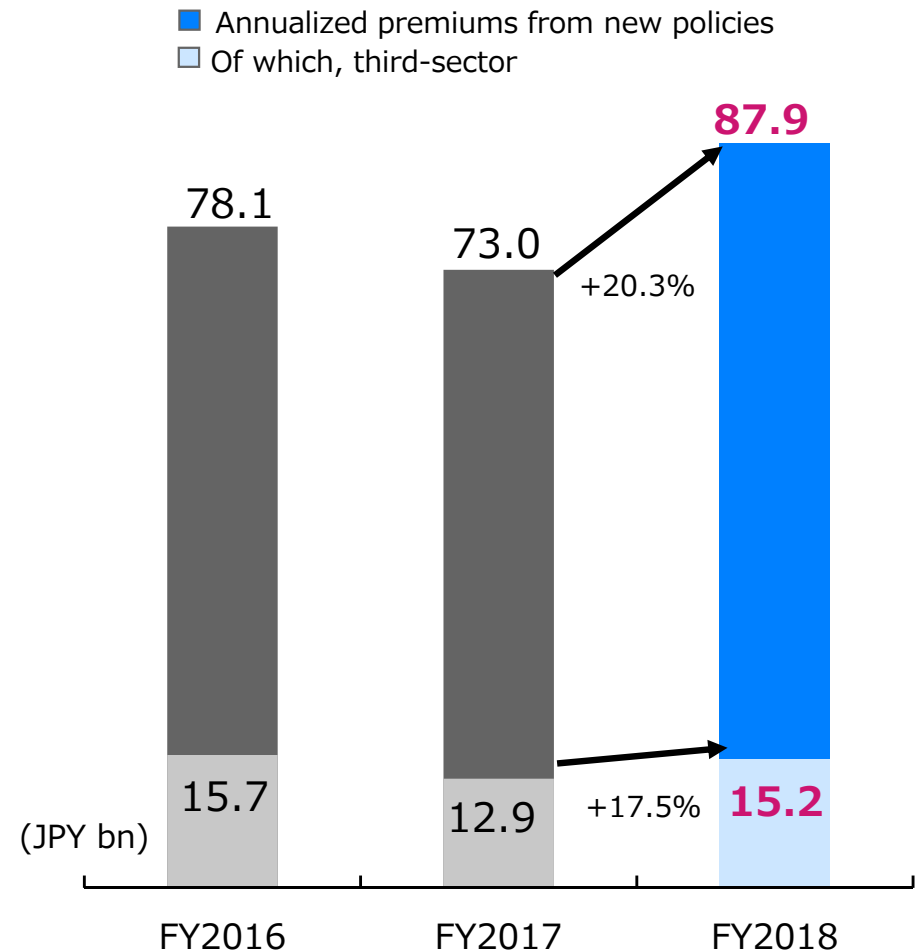


- ◆ New Policy Amount : Increased due to higher sales of family income insurance.
- ◆ Annualized Premiums from New Policies : Increased due to higher sales of term life insurance and variable annuities.

Number and Amount of New Policies  
(Individual life insurance + Individual annuities)

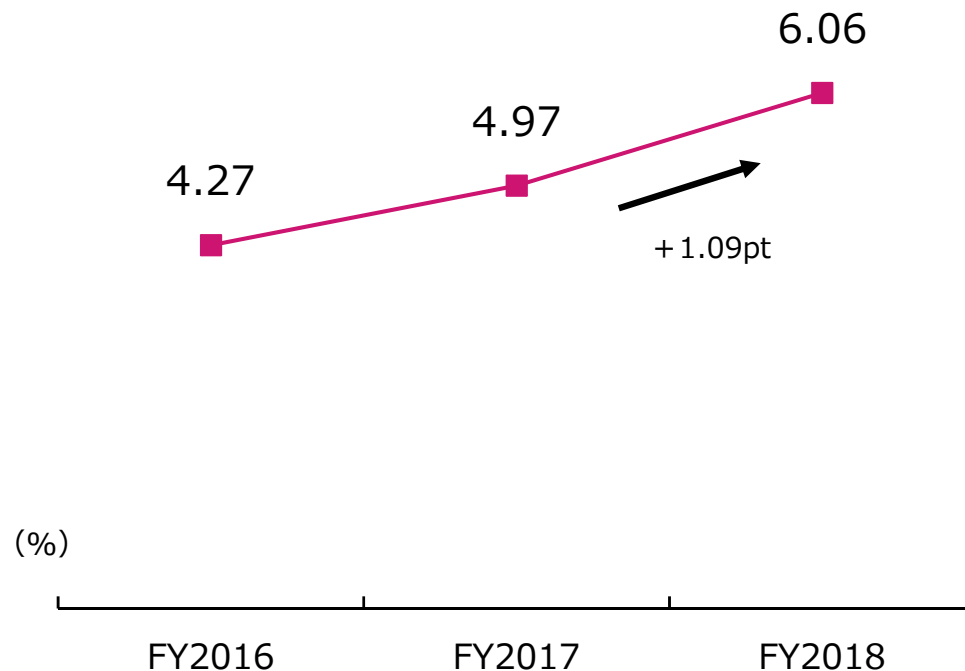


Annualized Premiums from New Policies  
(Individual life insurance + Individual annuities)



- ◆ Lapse and Surrender Rate : Increased 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.

## Lapse and Surrender Rate\* (Individual life insurance + Individual annuities)

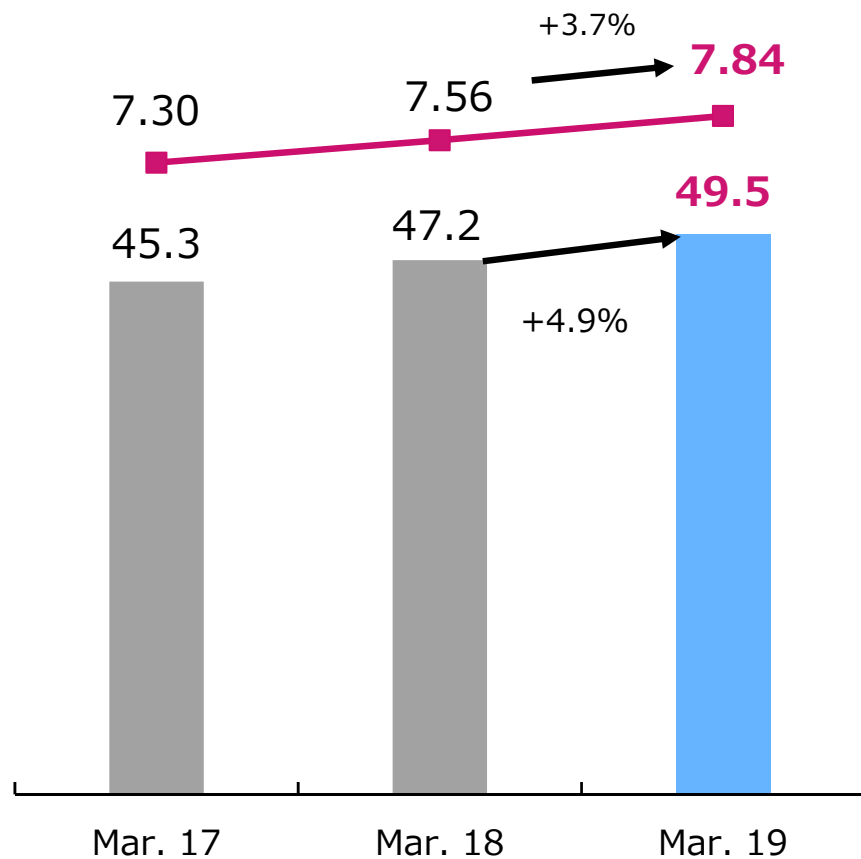


\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.



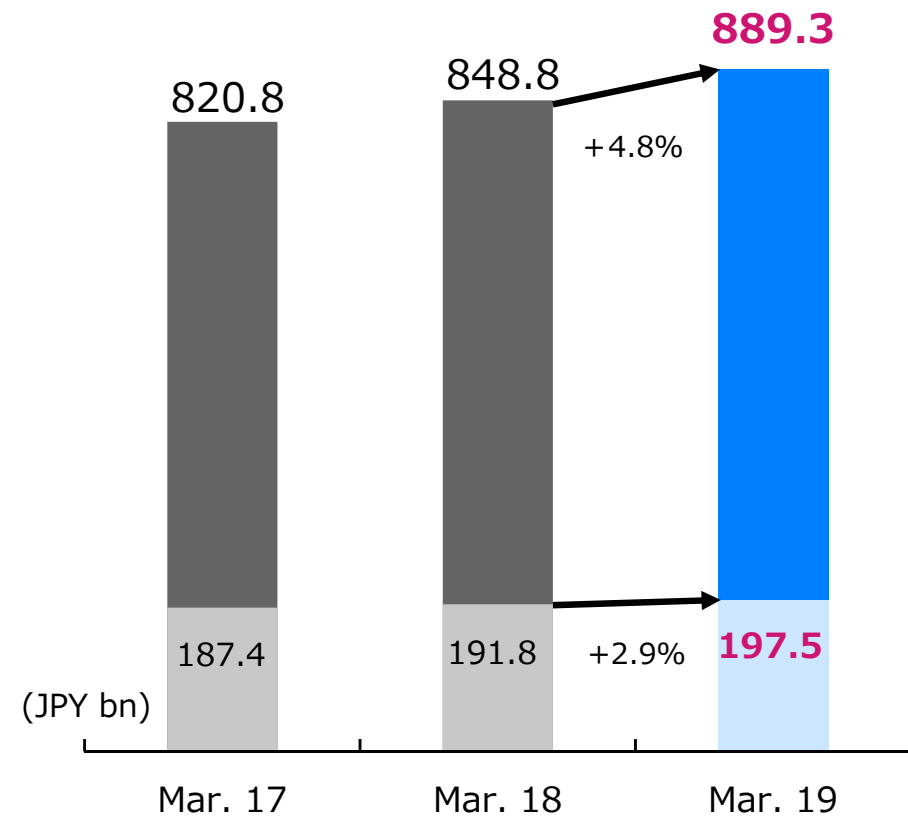
## Number and Amount of Policies in Force (Individual life insurance + Individual annuities)

- Policy amount in force (JPY tn)
- Number of policies in force (Millions of policies)



## Annualized Premiums from Insurance in Force (Individual life insurance + Individual annuities)

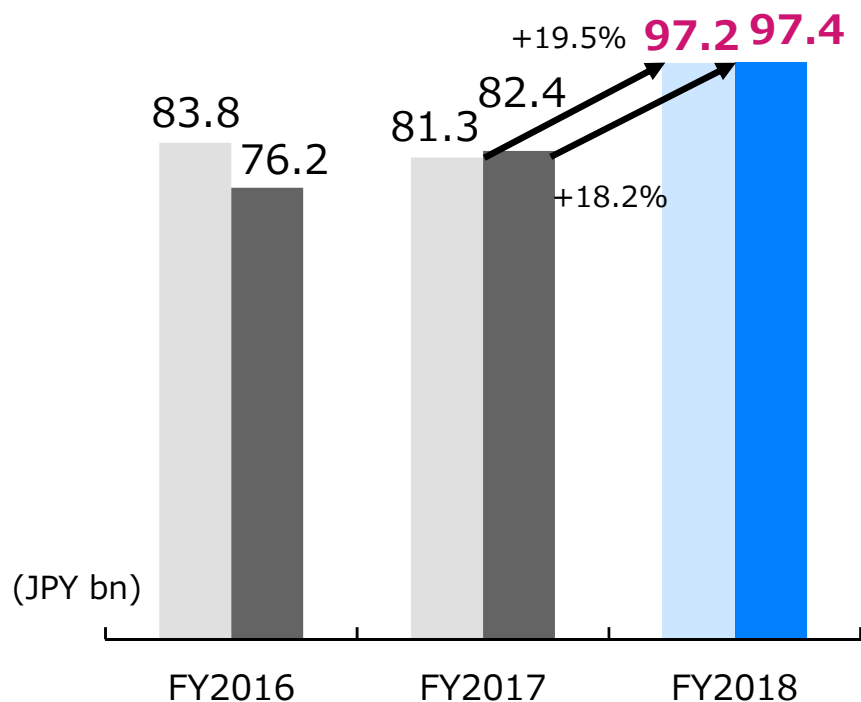
- Annualized premiums from insurance in force
- Of which, third-sector



- ◆ Core Profit : Increased due to an increase in profit on higher policies in force and a decline in provision of policy reserve for products with higher surrenders.

## Core Profit and Adjusted Core Profit

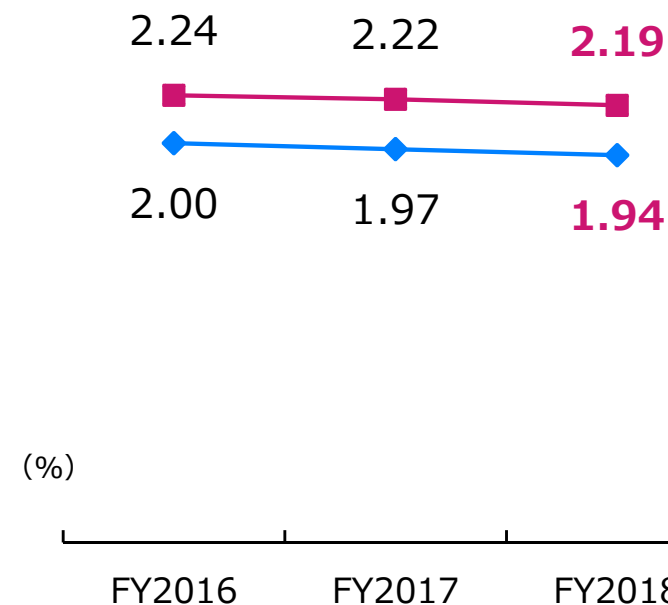
□ Core profit    ■ Adjusted core profit



## Reference

## Average Assumed Interest Rate and Investment Yield for Core Profit

■ Investment yield for core profit  
◆ Average assumed interest rate



## ◆ Details of core profit

(JPY bn)	FY2016	FY2017	FY2018
Positive spread	15.4	17.7	<b>18.2</b>
Provision of policy reserve for minimum guarantees for variable life insurance (*)	(7.8)	(18.7)	<b>(18.3)</b>
Adjusted core profit (**)	76.2	82.4	<b>97.4</b>

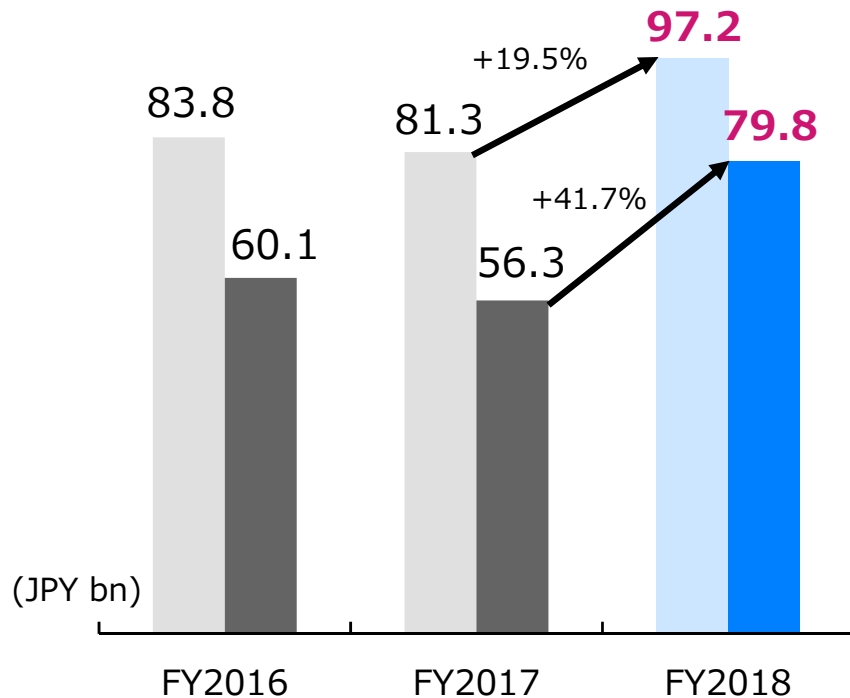
\*Provision of policy reserves for minimum guarantees for variable life insurance is described as negative amount.

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

- ◆ Ordinary Profit : Increased due to an increase in core profit and a recording of gains on sale of securities in the general account.

## Core Profit and Ordinary Profit

□ Core profit    ■ Ordinary profit



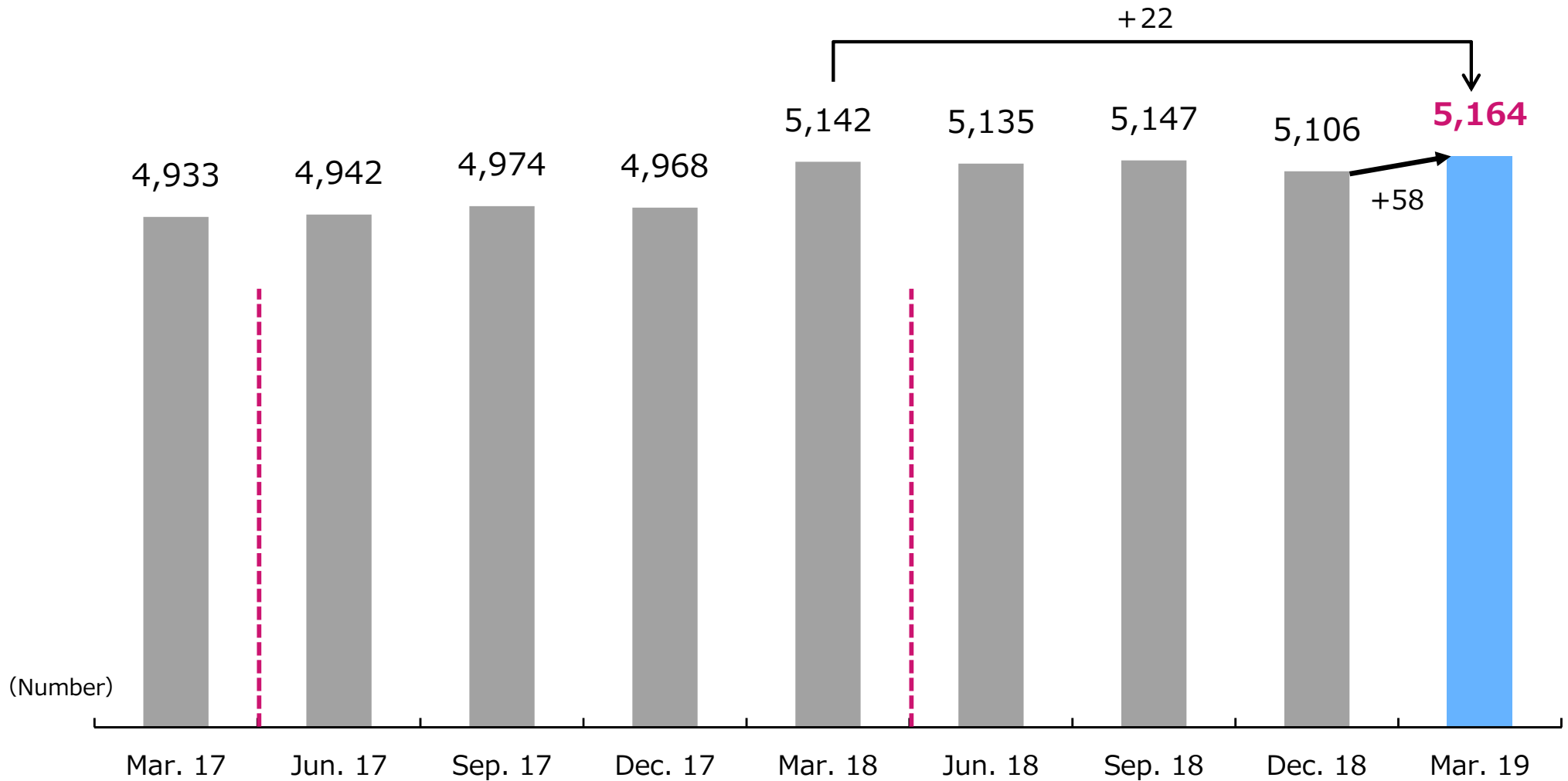
## ◆ Difference from core profit

(JPY bn)	FY2016	FY2017	FY2018
Core profit	83.8	81.3	<b>97.2</b>
Capital gains (losses) excluding gains or losses on hedges (*)	(0.4)	(9.0)	<b>1.6</b>
Gains (losses) on hedges of variable life insurance	(15.6)	(8.4)	<b>(9.9)</b>
Provision of contingency reserve (**)	(7.2)	(7.4)	<b>(8.6)</b>
Others	(0.1)	(0.1)	<b>(0.4)</b>
Ordinary profit	60.1	56.3	<b>79.8</b>

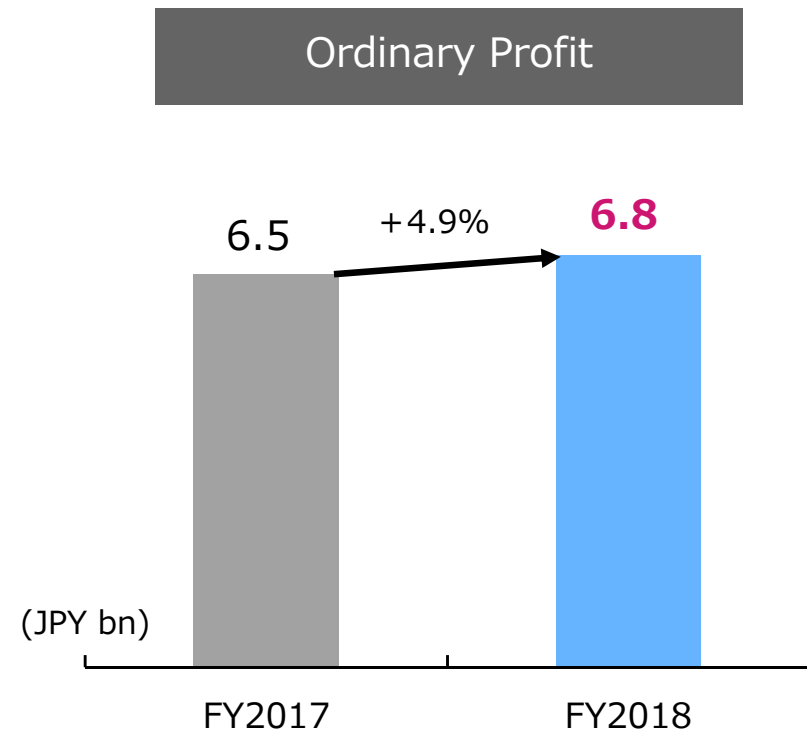
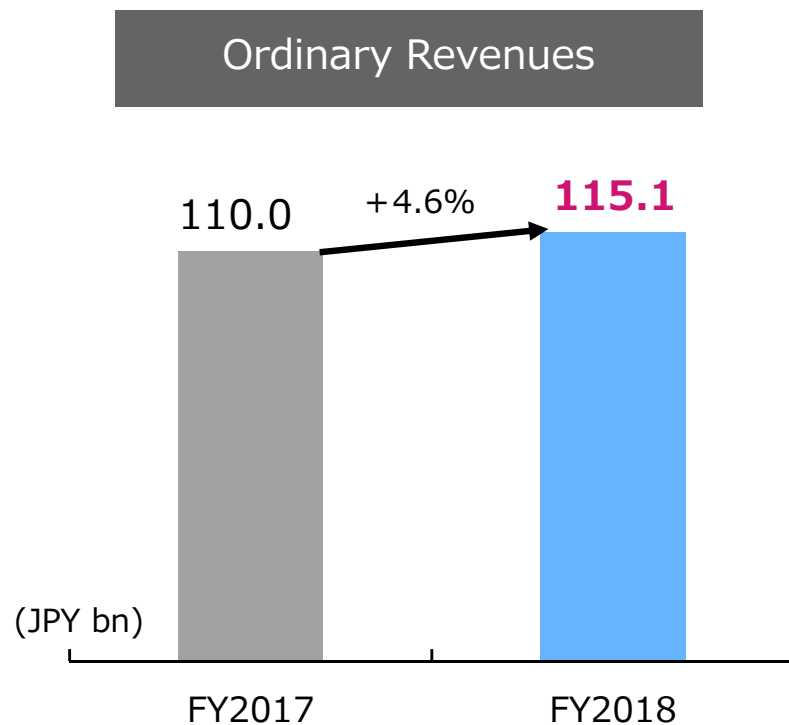
\*Capital gains (losses) exclude gains or losses on hedges of variable life insurance.

\*\* Provision of contingency reserve is described as negative amount.

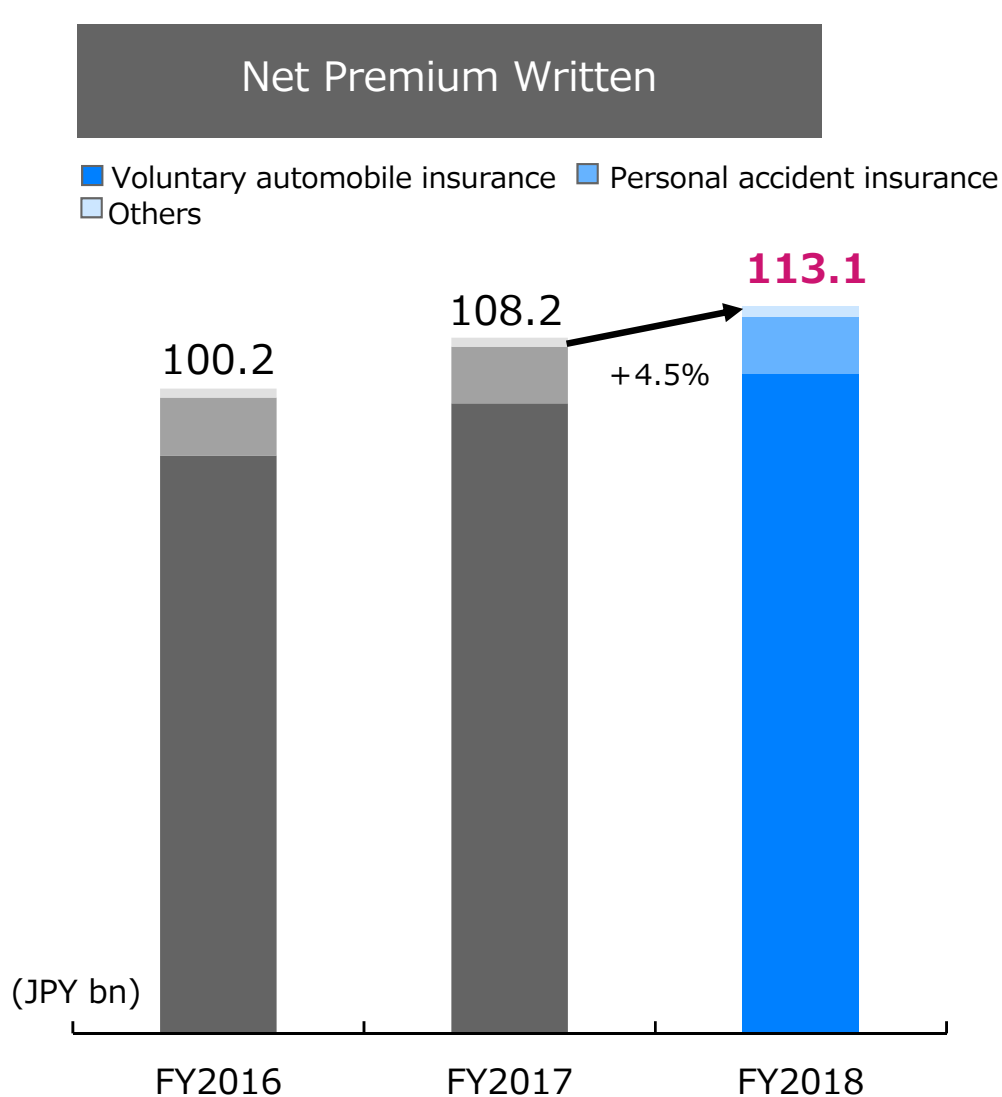
Number of Lifepanner Sales Employees



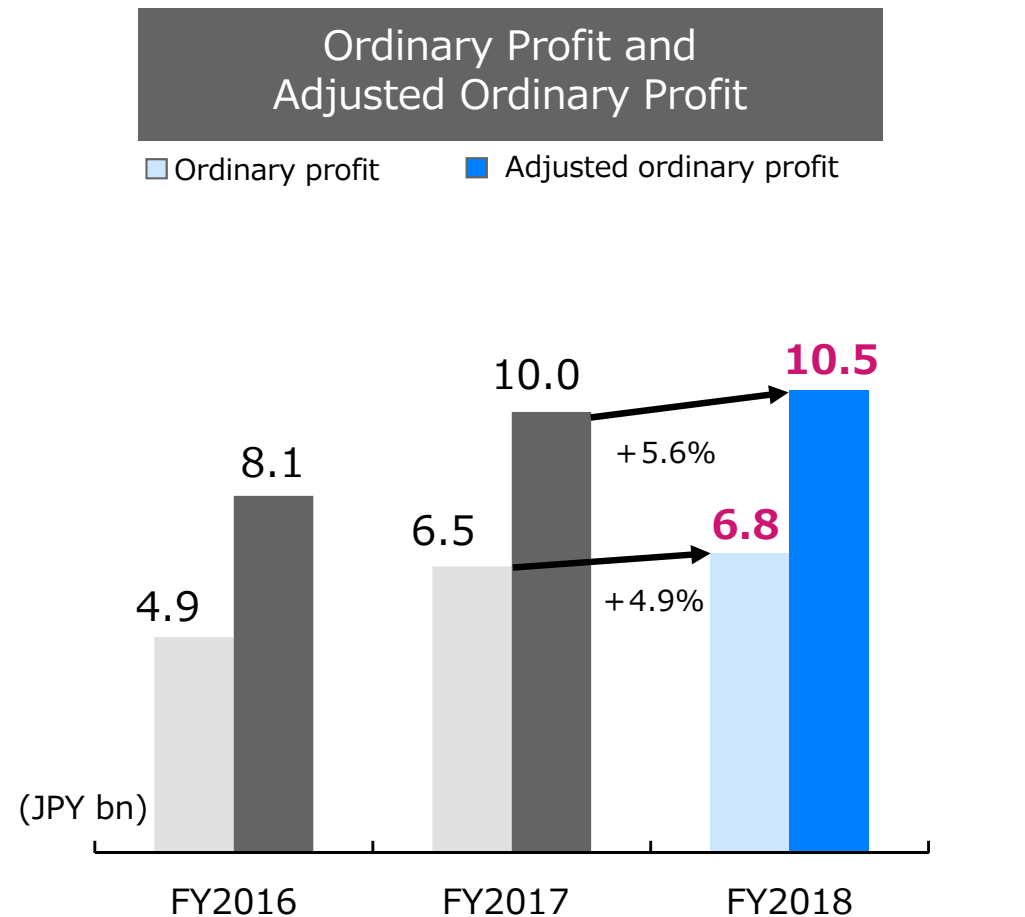
- ◆ Ordinary Revenues : Rose due to an increase in net premiums written for mainstay automobile insurance.
- ◆ Ordinary Profit : Up due to a lower expense ratio and higher revenues, despite a rise in the loss ratio stemming from natural disaster damage and the recording of additional policy reserves for a certain product.



◆ Net Premium Written : Increased due to stable sales of automobile insurance.



Note: Most of personal accident insurance is medical insurance.



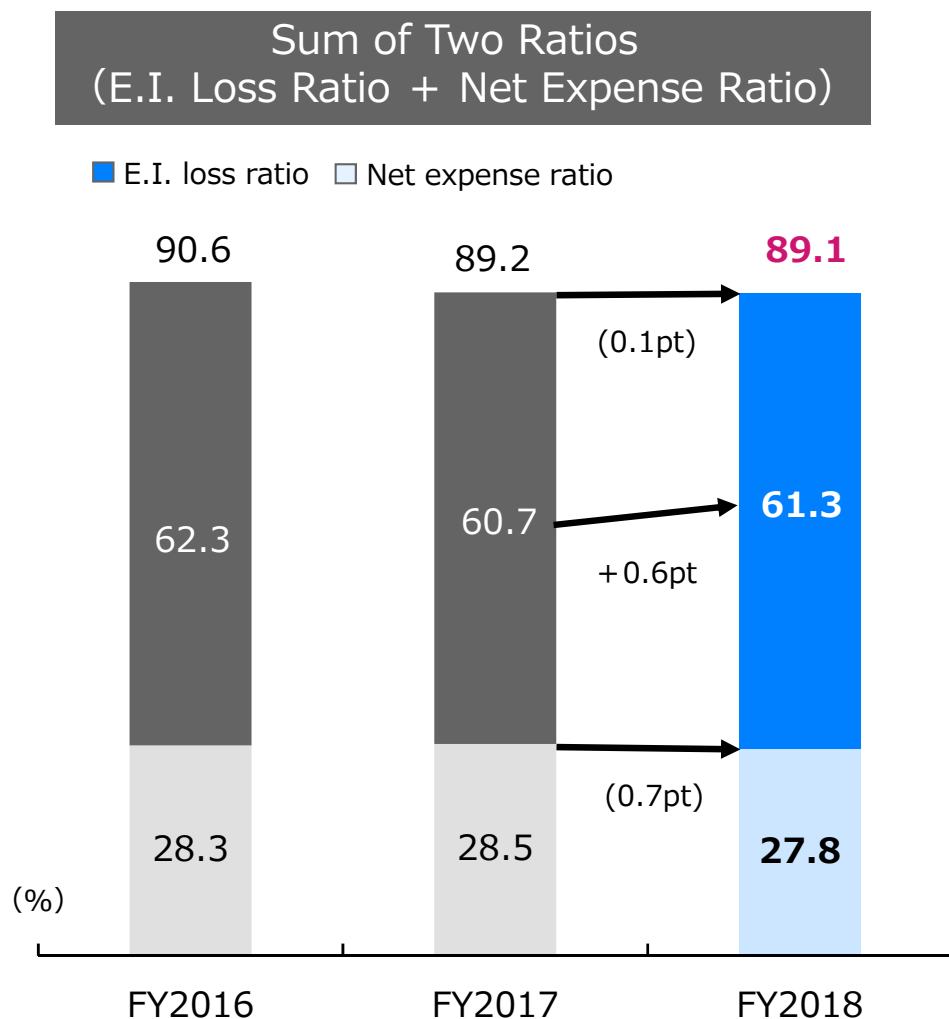
\*Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve

(Reference) Provision for catastrophe reserve

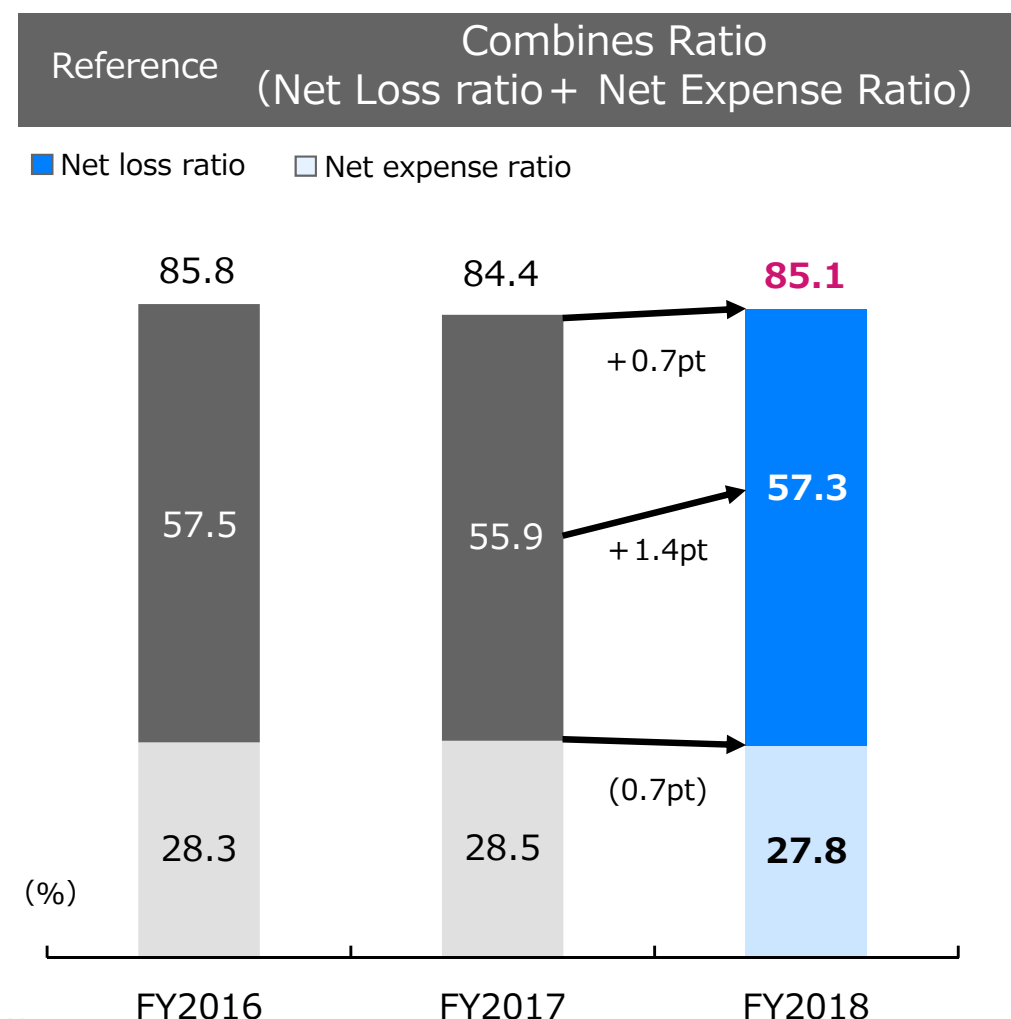
(JPY bn)	FY2016	FY2017	FY2018
Provision for catastrophe reserve	3.1	3.4	3.6

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

- ◆ Earned/Incurred (E.I.) Loss Ratio : Up due to natural disasters.
- ◆ Net Expense Ratio : Down due mainly to a decrease in system-related expenses.



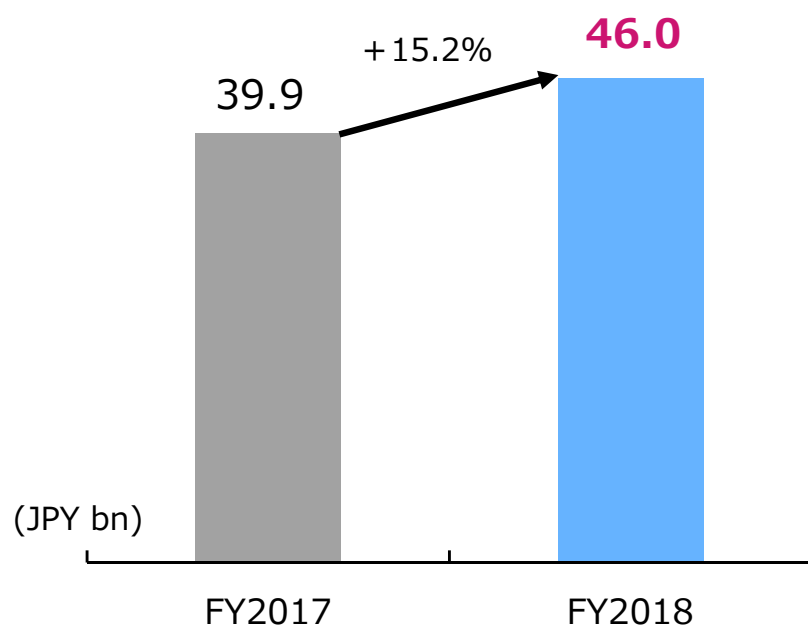
Notes:  
 E.I. loss ratio = (Net losses paid + Provision for reserve for outstanding losses + Loss adjustment expenses) / Earned premiums  
 [Earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.]



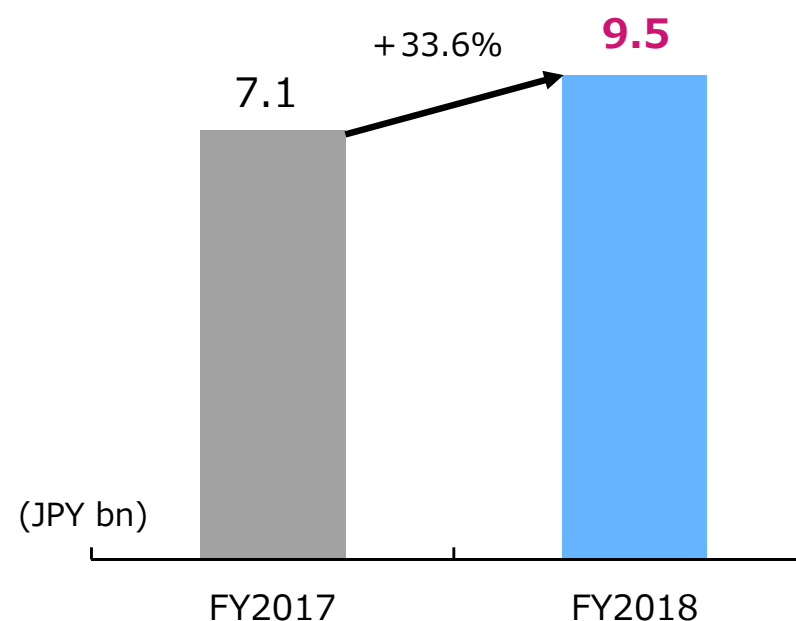
Notes:  
 Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written  
 Net expense ratio = Expenses related to underwriting / Net premiums written

- ◆ Ordinary Revenues and Ordinary Profit : Rose due mainly to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.

## Ordinary Revenues



## Ordinary Profit



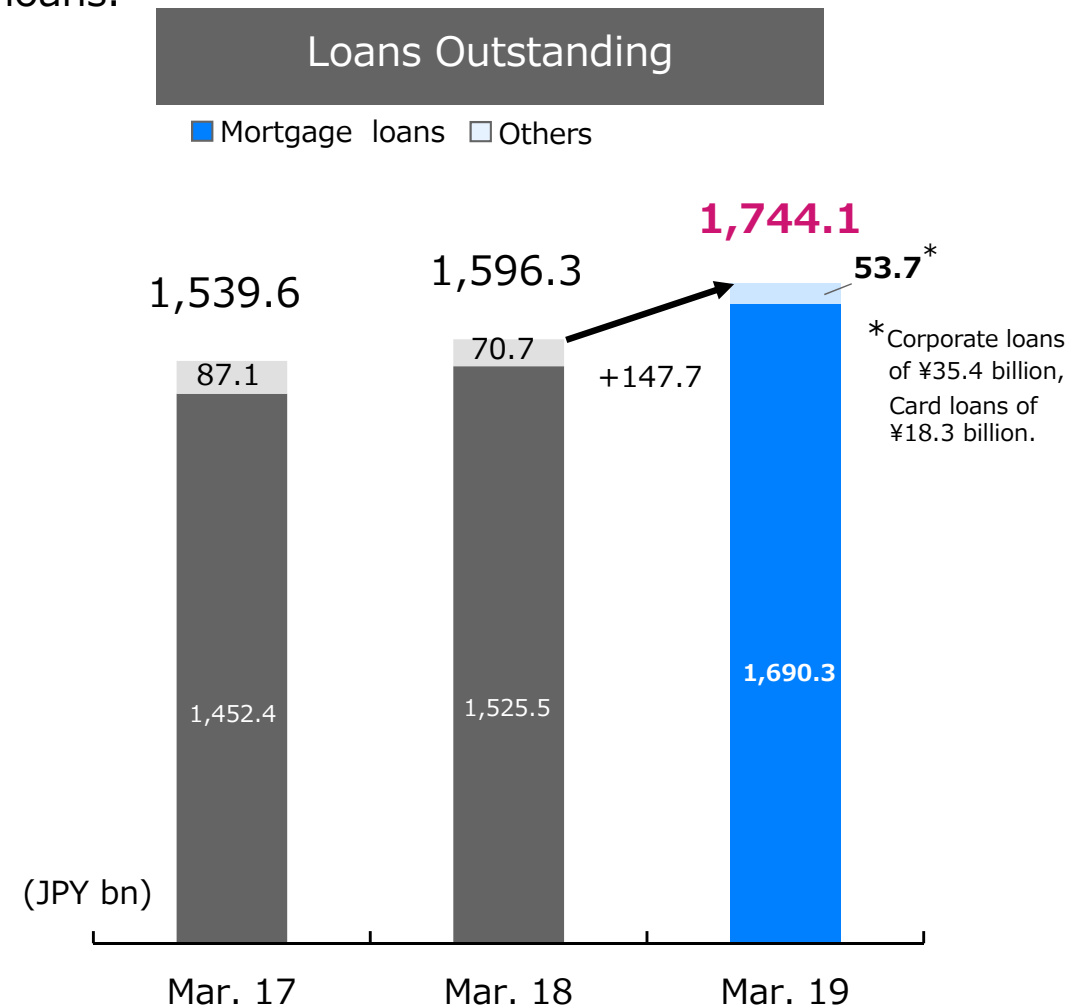
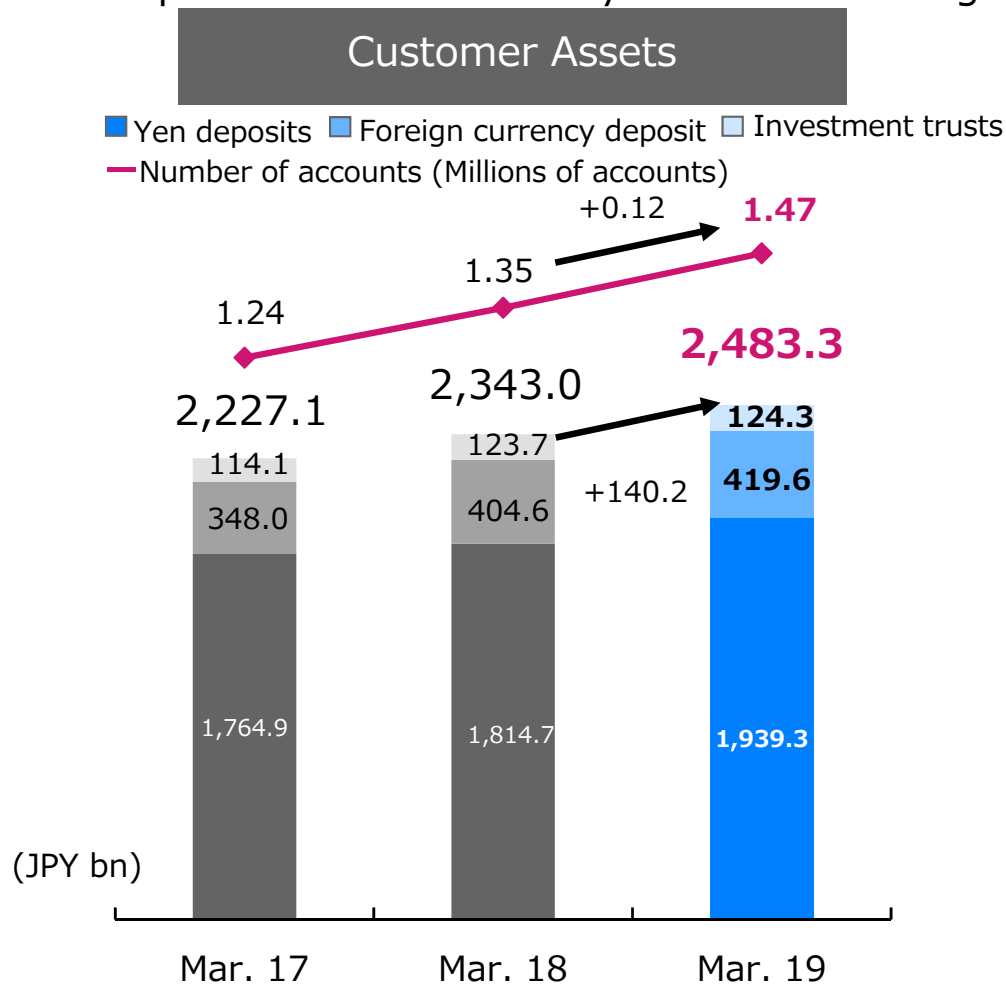


## ◆ Customer Assets

- Yen Deposits : Increased due mainly to an increase in newly accumulated funds via the increased number of accounts.
- Foreign Currency Deposits : Increased due mainly to the launch of the “Set Time Deposits Program,” which simultaneously employs yen and foreign currency time deposits.

## ◆ Loans Outstanding

- Expanded due to a steady increase in mortgage loans.





Forecast of Consolidated Financial  
Results for the Fiscal Year Ending  
March 31, 2020  
(FY2019)

# Forecast of Consolidated Financial Results for FY2019

Ordinary revenues, ordinary profit and profit attributable to owners of the parent are expected to increase

For FY2019, we expect stable business growth to continue in all the businesses

## ◆Life insurance business

We expect ordinary revenues to increase from FY2018, due mainly to a steady rise in insurance premium revenues. We also expect ordinary profit to rise in line with growth in the policy amount in force, despite the increased provision of policy reserves stemming from a decrease in surrenders. Also, although we booked an impairment loss relating to available-for-sale securities in the general account in FY2018, no equivalent loss is included in our forecast for FY2019.

## ◆Non-life insurance business

We expect ordinary revenues to increase from FY2018, in line with growth in net premiums written, primarily for automobile insurance. We expect ordinary profit will remain flat. We anticipate higher revenues from automobile insurance, and anticipate the impact of a temporary accumulation of policy reserves for a certain product in FY2018 will disappear. At the same time, however, we expect the provision for underwriting reserves to rise in line with an increase in the acquisition of fire insurance policies.

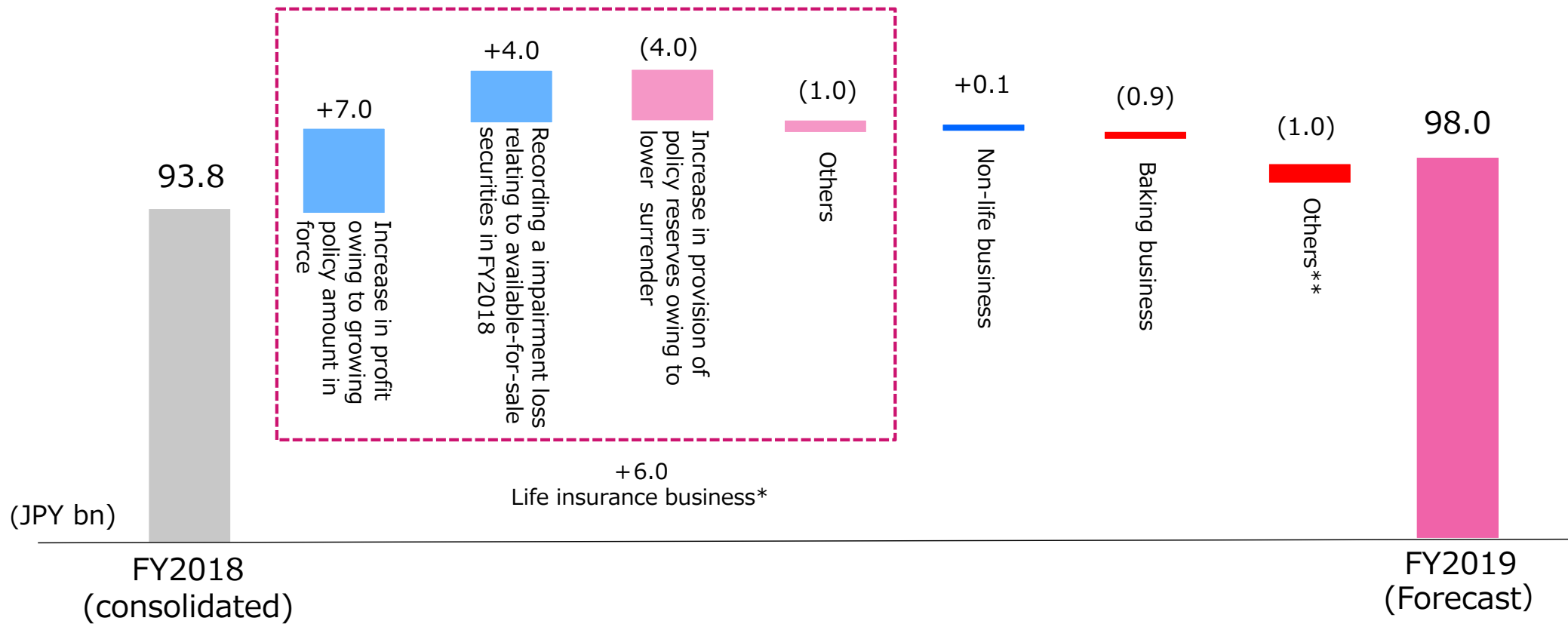
## ◆Banking business

We expect ordinary revenues to rise year on year due to stable business growth stemming from the steady ongoing accumulation of mortgage loans and the strengthening of the foreign currency business.

Although we anticipate a rise in gross operating profit in line with revenue growth, we expect ordinary profit to decrease year on year due to a rise in operating expenses rise.

	(JPY bn)	FY2018 (Actual)	FY2019 (Forecast)	Change
Ordinary revenues		1,629.1	<b>1,690.0</b>	<b>+3.7%</b>
Life insurance business		1,464.3	<b>1,520.5</b>	<b>+3.8%</b>
Non-life insurance business		115.1	<b>121.2</b>	<b>+5.3%</b>
Banking business		46.0	<b>49.3</b>	<b>+7.1%</b>
Ordinary profit		93.8	<b>98.0</b>	<b>+4.4%</b>
Life insurance business		78.2	<b>84.2</b>	<b>+7.7%</b>
Non-life insurance business		6.8	<b>7.0</b>	<b>+1.5%</b>
Banking business		9.5	<b>8.6</b>	<b>(10.4%)</b>
Profit attributable to owners of the parents		62.0	<b>65.0</b>	<b>+4.7%</b>

# Analysis on Ordinary Profit



**\*Assumption**

- Market environment : At the level as of Mar. 19
- Gains on sale of securities : Approx. ¥4.0 billion

**\*\*Others** include total of profit and loss of SFH, the nursing care business, and the venture capital business as well as intersegment adjustment.



## Dividend Forecast for FY2019

# Dividend Forecast for FY2019

## ◆ Medium-term Dividend Policy : Unchanged

We aim for steady increases in dividends in line with earnings growth over the medium to long term, while securing sufficient internal reserves to ensure the financial soundness of Group companies and to invest in growth fields. Management will examine earnings growth over the medium to long term by placing more importance on economic value-based profit indicators that are more suitable for evaluating the growth of the life insurance business, in addition to statutory profit. Furthermore, management will determine specific dividend amounts for each year by taking into account a comprehensive range of factors surrounding the Group.

## ◆ Dividend Results/Forecast

Dividends for FY2018 are expected to be ¥62.5 per share.

For FY2019, after considering the business environment, the expansion of the Group's business volume and the level of economic value-based profit growth, we forecast dividends of ¥65.0 per share, an increase of ¥2.5 from the planned dividends of FY2018. Consolidated adjusted ROE, an economic value-based profit indicator, is expected to be Approx. 6% for FY2019.

	FY2015	FY2016	FY2017	FY2018 (Plan)	FY2019 (Forecast)
Dividend per share	¥55.0	¥55.0	¥60.0	<b>¥62.5</b>	<b>¥65.0</b>

\*Please refer to page 27-29 for details of consolidated adjusted ROE.



## Sony Life's Preliminary MCEV as of March 31, 2019

Please keep in mind that the validity of these calculations has not been verified by outside specialists as of March 31, 2019. The calculation of MCEV as of March 31, 2019, in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced on May 20, 2019.

A part of the calculations of MCEV adopted simplified method for that as of December 31, 2018.

\*Also in this part, figures less than the indicated unit have been truncated from March 31, 2019.

## ◆ Reasons for Changes in MCEV

- MCEV as of March 31, 2019 increased ¥55.6 billion from December 31, 2018, due mainly to an assumption changes and an acquisition of new policies, despite a decrease in interest rates in Japanese yen.

## ◆ New Business Value / New Business Margin

- New business margin for FY18.4Q(3M) was down 2.2pt from FY18.3Q(3M), due to changes in product mix(including premium revisions in January 2019) and a decrease in interest rates.
- New business value for FY18.4Q(3M) was ¥23.1 billion, due to a steady acquisition of new policies.

(JPY bn)	Mar. 18	Dec. 18	Mar. 19	Change from Mar. 18	Change from Dec. 18	
<b>MCEV</b>	1,633.1	1,664.6	<b>1,720.2</b>	+87.1	+55.6	
Adjusted net worth	1,786.1	1,824.0	<b>2,195.7</b>	+409.6	+371.7	
Value of existing business	(152.9)	(159.4)	<b>(475.5)</b>	(322.5)	(316.0)	
(JPY bn)	FY17.4Q (3M)	FY18.1Q (3M)	FY18.2Q (3M)	FY18.3Q (3M)	FY18.4Q (3M)	FY18.4Q (12M)
<b>New business value</b>	21.1	21.9	22.6	23.6	<b>23.1</b>	<b>91.3</b>
<b>New business margin</b>	6.1%	7.1%	6.9%	7.3%	<b>5.0%</b>	<b>6.4%</b>

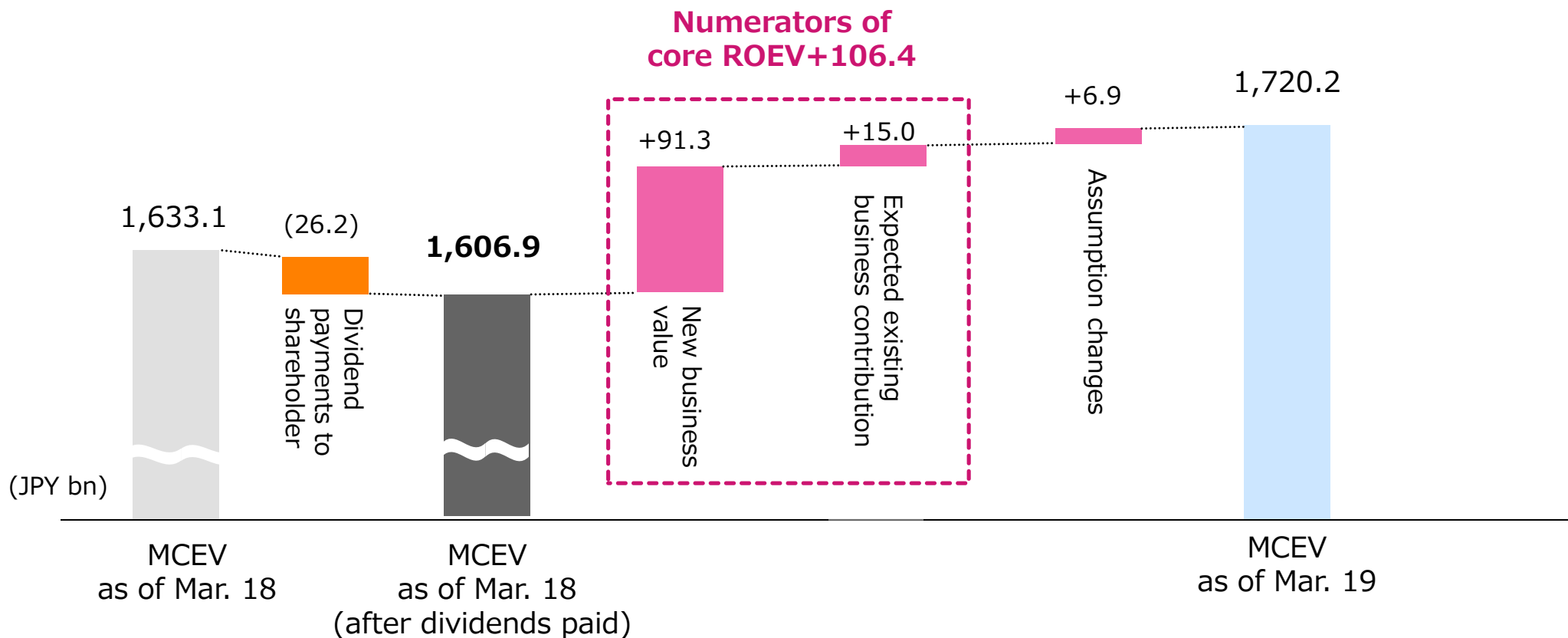
Notes:

1. Calculated MCEV as of December 31, 2018 by using updated mainly economic assumptions and lapse and surrender rates 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 page 42-45 for trend on bond yields and yield curves.



# Reconciliation Analysis of Sony Life's MCEV



Note: Details on assumption changes : Insurance-related assumption changes : +¥69.6 billion, economic variances changes : (62.6) billion.

# Appendix |

- ◆ Sony Financial Group
  - Detail of Consolidated Adjusted ROE
  - Detail of Consolidated Adjusted Profit and Consolidated Adjusted Capital
  - Calculation of Consolidated Adjusted ROE
  - Update of Major KPIs
  - Financial Soundness
  - Results of Cross-selling
  
- ◆ Sony Life
  - Product Portfolio
  - Asset Management
  - General Account Assets
  - Interest Income and Dividends (Details)
  - Capital Gains (Losses)
  - Quarterly Trend on New Policy Amount
  - Quarterly Trend on Annualized Premiums from New Policies
  - Quarterly Trend on New Business Value
  - ESR
  - Trend on JGB Yields (Par rate)
  - Trend on Risk-free Rate (Japanese yen/Par rate)
  - Trend on U.S. Dollar Bonds Yields (Par rate)
  - Trend on Risk-free Rate (U.S. Dollar /Par rate)
  
- ◆ Financial Results of Each Group Company (Summary Financial Statements, etc.)
  - Consolidated/Sony Life/Sony Assurance/Sony Bank

	FY2017	FY2018
Consolidated Adjusted ROE	6.1%	<b>6.7%</b>
(Sony Life) Core ROEV	5.9%	<b>6.4%</b>
(Sony Assurance) Adjusted ROE	16.1%	<b>15.2%</b>
(Sony Bank) ROE	5.5%	<b>7.3%</b>

Note: The figures for FY2017 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	FY2018
<b>Adjusted profit (consolidated)</b>	98.8	<b>120.4</b>

Sony Life (non-consolidated) (JPY bn)	FY2017	FY2018
New business value *1	70.4	<b>91.3</b>
Expected existing business contribution *1	16.3	<b>15.0</b>
<b>Adjusted profit</b>	86.7	<b>106.4</b>

Sony Assurance (JPY bn)	FY2017	FY2018
Net income	4.8	<b>4.9</b>
Provision amount for catastrophe reserve (after tax)	2.4	<b>2.6</b>
Provision amount for reserve for price fluctuations (after tax)	0.0	<b>0.0</b>
<b>Adjusted profit</b>	7.3	<b>7.6</b>

Sony Bank (consolidated) (JPY bn)	FY2017	FY2018
<b>Profit attributable to owners of the parent</b>	4.7	<b>6.3</b>

## Adjusted capital (Denominator)

Sony Financial Group (consolidated) (JPY bn)	FY2017	FY2018
<b>Adjusted capital (consolidated)</b>	1,607.6	<b>1,801.8</b>

Sony Life (non-consolidated) (JPY bn)	FY2017	FY2018
①MCEV as of the beginning of the fiscal year	1,441.0	<b>1,633.1</b>
②Dividends paid	23.1	<b>26.2</b>
③MCEV as of the end of the period *2	1,536.5	<b>1,720.2</b>
<b>Adjusted capital (① - ② + ③) / 2</b>	1,477.2	<b>1,663.5</b>

Sony Assurance (JPY bn)	FY2017	FY2018
①The average amount of net assets during the period	33.1	<b>34.7</b>
②The average amount of catastrophe reserve (after tax) during the period	15.0	<b>17.7</b>
③The average amount of reserve for price fluctuations (after tax) during the period	0.1	<b>0.1</b>
<b>Adjusted capital (① + ② + ③)</b>	45.2	<b>50.5</b>

Sony Bank (consolidated) (JPY bn)	FY2017	FY2018
<b>Adjusted capital (The average amount of net assets during the period)</b>	85.1	<b>87.6</b>

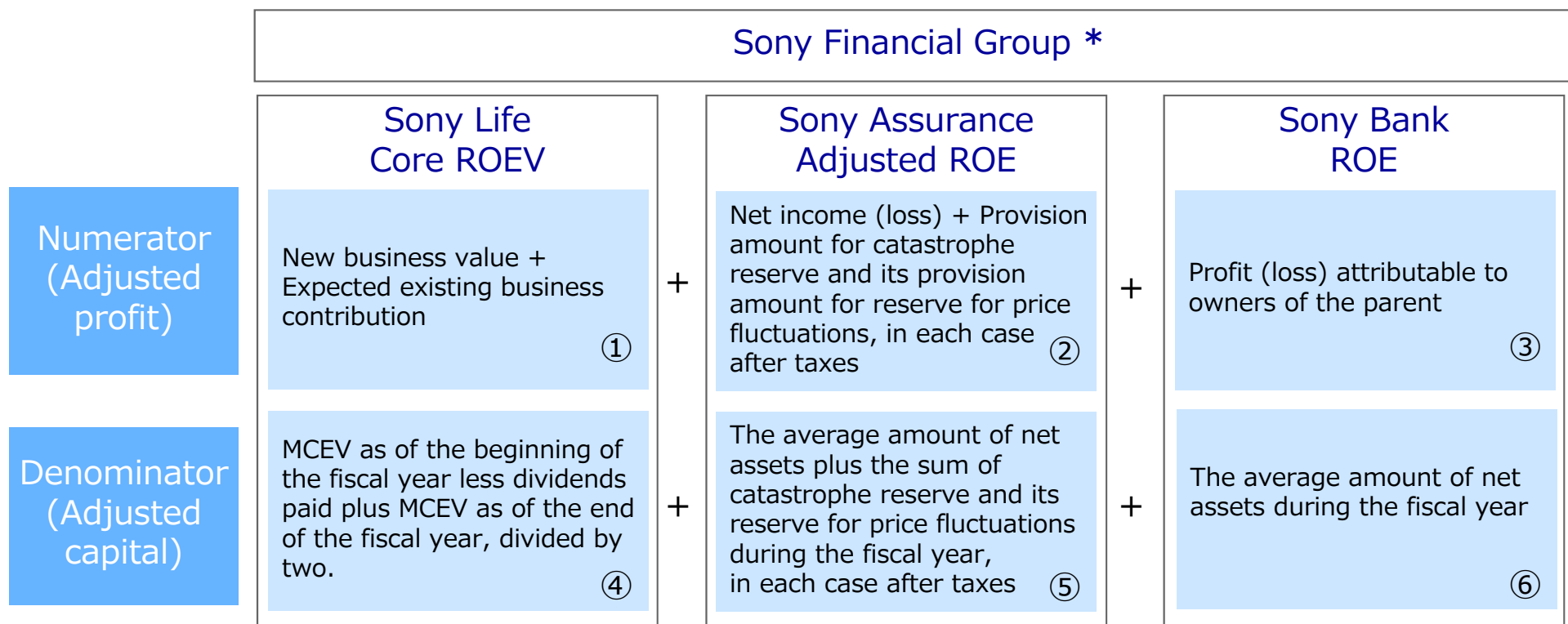
\*1. Please keep in mind that the validity of these calculations has not been verified by outside specialists for the figures for FY2018.

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

Note: The figures for FY2017 excluded the impact of the revision in the insurance risk measurement method and others for Sony Life.

# 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.



\* Consolidated Adjusted ROE = Consolidated Adjusted Profit divided by Consolidated Adjusted Capital

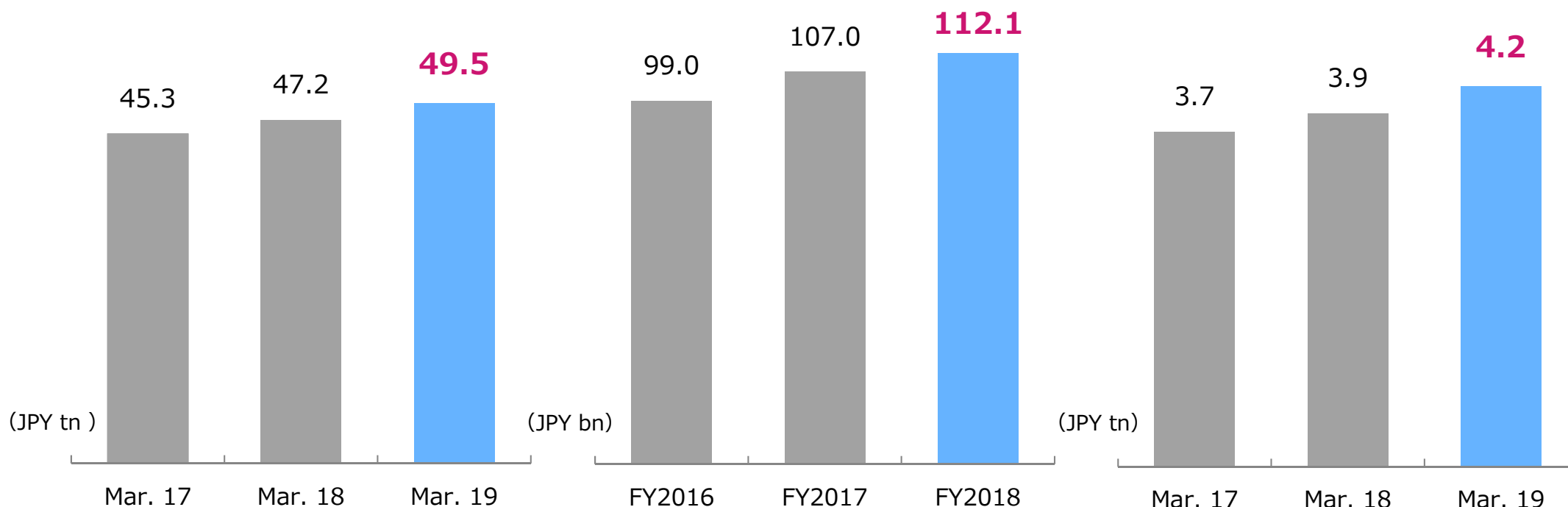
Consolidated Adjusted Profit = ① + ② + ③

Consolidated Adjusted Capital = ④ + ⑤ + ⑥

## Sony Life Policy Amount in Force <sup>\*1</sup>

## Sony Assurance Direct Premiums Written

## Sony Bank Retail Balance <sup>\*2</sup>



\*1 Individual Life Insurance + Individual Annuities

\*2 Sum of yen deposits, foreign currency deposits, investment trusts, securities brokerage, mediated discretionary investment contracts and personal loans

(%)	Mar. 18	Mar. 19	Change from Mar. 18
Sony Life (non-consolidated) Solvency margin ratio	2,624.3%	<b>2,590.5%</b>	(33.8pt)
Sony Assurance Solvency margin ratio	782.1%	<b>813.0%</b>	+30.9pt
Sony Bank (non-consolidated) Capital adequacy ratio (domestic standard)	10.45%	<b>9.58%</b>	(0.87pt)

(%)	Mar. 18	Mar. 19	Change from Mar. 18
Sony Bank (non-consolidated) Non-performing assets ratio (based on Financial Reconstruction Law)	0.12%	<b>0.12%</b>	+0.00pt

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

## ◆ Sony Bank's Mortgage Loans through Sony Life

Sony Life accounts for 10% of the amount of new mortgage loans for FY2018

Sony Life accounts for 17% of the balance of mortgage loans as of March 31, 2019

※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 FY2018

※Sony Life started handling automobile insurance in May 2001.



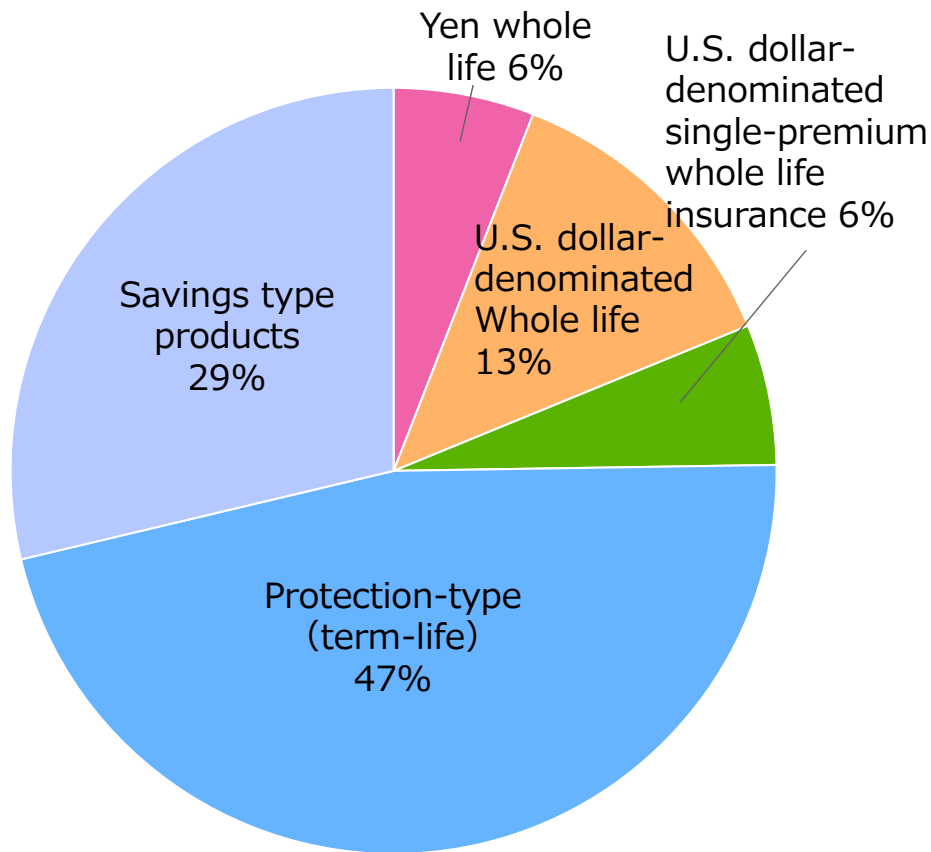


# Sony Life's Product Portfolio (Annualized Premiums from New Policies by Product)



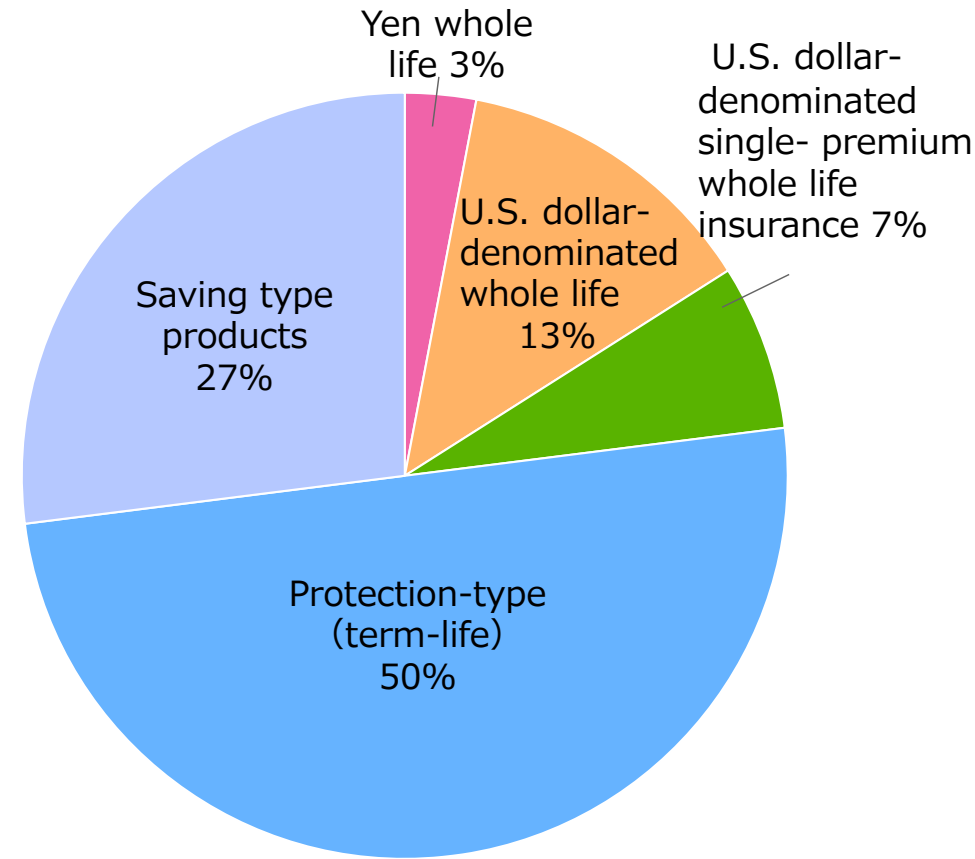
FY2017

¥73.0 billion



FY2018

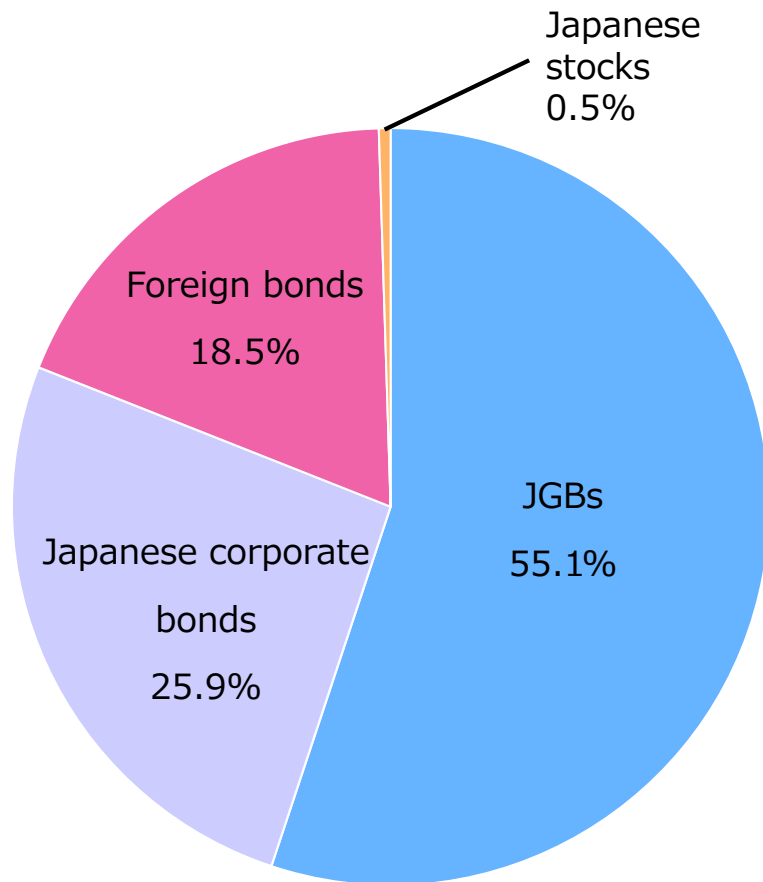
¥87.9 billion



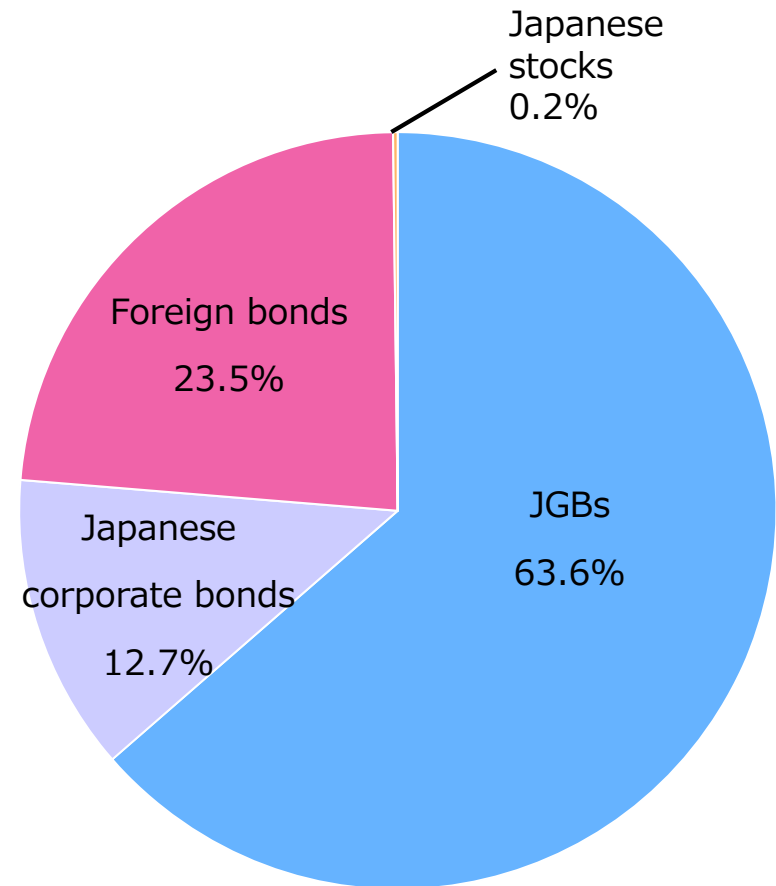
Note: Savings type products = Endowment • Annuities • Educational endowment insurance

# Sony Life's Asset Management (Purchase Securities in the General Account)

FY2017



FY2018



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's General Account Assets (Detail of General Account Assets)

## ◆ 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.

(JPY bn)	Mar. 18		Mar. 19	
	Amount	%	Amount	%
<b>Japanese bonds (including JGBs)</b>	7,281.1	86.3%	<b>7,745.3</b>	<b>85.3%</b>
<b>Japanese stocks</b>	38.4	0.5%	<b>28.6</b>	<b>0.3%</b>
<b>Foreign bonds</b>	366.5	4.3%	<b>542.1</b>	<b>6.0%</b>
<b>Foreign stocks</b>	30.3	0.4%	<b>22.5</b>	<b>0.2%</b>
<b>Money held in trust</b>	270.5	3.2%	<b>269.3</b>	<b>3.0%</b>
<b>Policy loans</b>	189.4	2.2%	<b>198.3</b>	<b>2.2%</b>
<b>Real estate*</b>	92.3	1.1%	<b>90.8</b>	<b>1.0%</b>
<b>Cash and call loans</b>	40.8	0.5%	<b>61.9</b>	<b>0.7%</b>
<b>Others</b>	129.1	1.5%	<b>120.2</b>	<b>1.3%</b>
<b>Total</b>	<b>8,438.8</b>	<b>100.0%</b>	<b>9,079.4</b>	<b>100.0%</b>

### ◆ Bond duration

Mar. 17 : 21.3 years

Mar. 18 : 21.4 years

Mar. 19 : 21.8 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 :

Mar. 17 : 90.1%

Mar. 18 : 89.5%

Mar. 19 : 88.3%

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

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

(JPY mn)

	FY2017	FY2018	Change
Cash and deposits	0	<b>0</b>	(49.3%)
Japanese bonds (including JGBs)	125,271	<b>129,930</b>	+ 3.7%
Japanese stocks	566	<b>556</b>	(1.7%)
Foreign securities	13,975	<b>19,906</b>	+ 42.4%
Other securities	621	<b>340</b>	(45.3%)
Loans	6,610	<b>6,828</b>	+ 3.3%
Real estate	10,285	<b>8,831</b>	(14.1%)
Others	395	<b>543</b>	+ 37.4%
<b>Total</b>	<b>157,727</b>	<b>166,937</b>	<b>+ 5.8%</b>

# Sony Life's Capital Gains (Losses)

	(JPY mn)	FY2017	FY2018
Capital losses		27,357	<b>27,847</b>
Losses on trading securities, net		8	<b>144</b>
Losses on sale of securities...(3)		0	<b>34</b>
Devaluation losses on securities...(4)		–	<b>4,026</b>
Losses on derivatives, net		11,403	<b>13,925</b>
Losses on hedges of variable life insurance...(1)		8,424	<b>9,983</b>
Losses on hedges of available-for-sale securities...(2)		4,350	<b>(246)</b>
Losses on U.S. dollar-denominated insurance...(5)		(2,004)	<b>4,072</b>
Foreign exchange losses, net		15,280	–
Losses on U.S. dollar-denominated insurance...(5)		15,465	–
Other capital losses		664	<b>9,716</b>
Losses on U.S. dollar-denominated insurance (the provision of policy reserves for foreign exchange fluctuations)...(5)		–	<b>9,716</b>

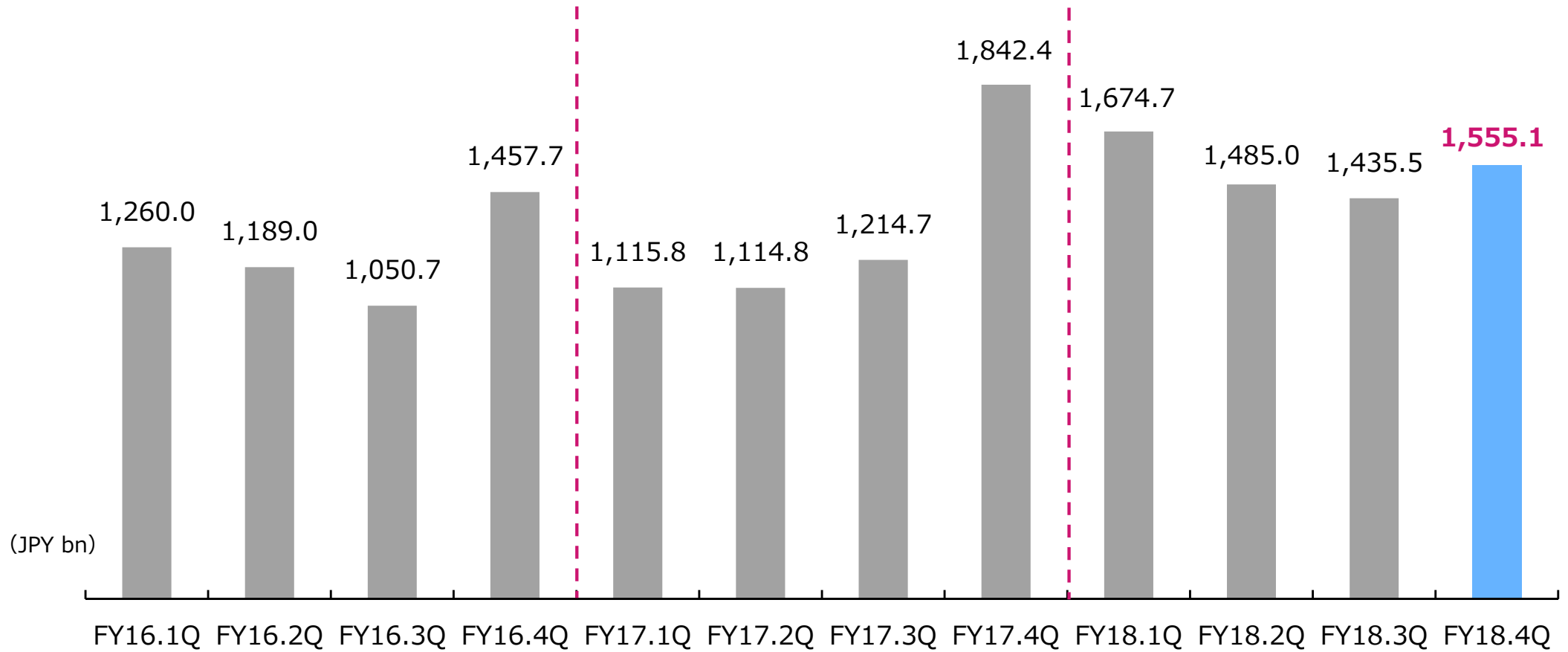
## ● Capital Gains (Losses) on Main Items, Net Amounts

	(JPY mn)	FY2017	FY2018
(1) Gains (Losses) on hedges of variable life insurance		(8,424)	<b>(9,983)</b>
(2) Gains (losses) on hedges of available-for-sale securities		(4,350)	<b>246</b>
(3) Gains (losses) on sale of securities		0	<b>6,072</b>
(4) Devaluation losses on securities		–	<b>(4,026)</b>
(5) Gains (losses) on U.S. dollar-denominated insurance		(3,566)	<b>(457)</b>

	(JPY mn)	FY2017	FY2018
Capital gains		9,894	<b>19,562</b>
Gains on sale of securities...(3)		0	<b>6,107</b>
Foreign exchange gains, net		–	<b>13,455</b>
Gains on U.S. dollar- denominated insurance (foreign exchange gains in separate account) ...(5)		–	<b>13,331</b>
Other capital gains		9,894	–
Gains on U.S. dollar-denominated insurance (the reversal of policy reserves for foreign exchange fluctuations)...(5)		9,894	–
Net capital gains (losses)		(17,463)	<b>(8,284)</b>

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.

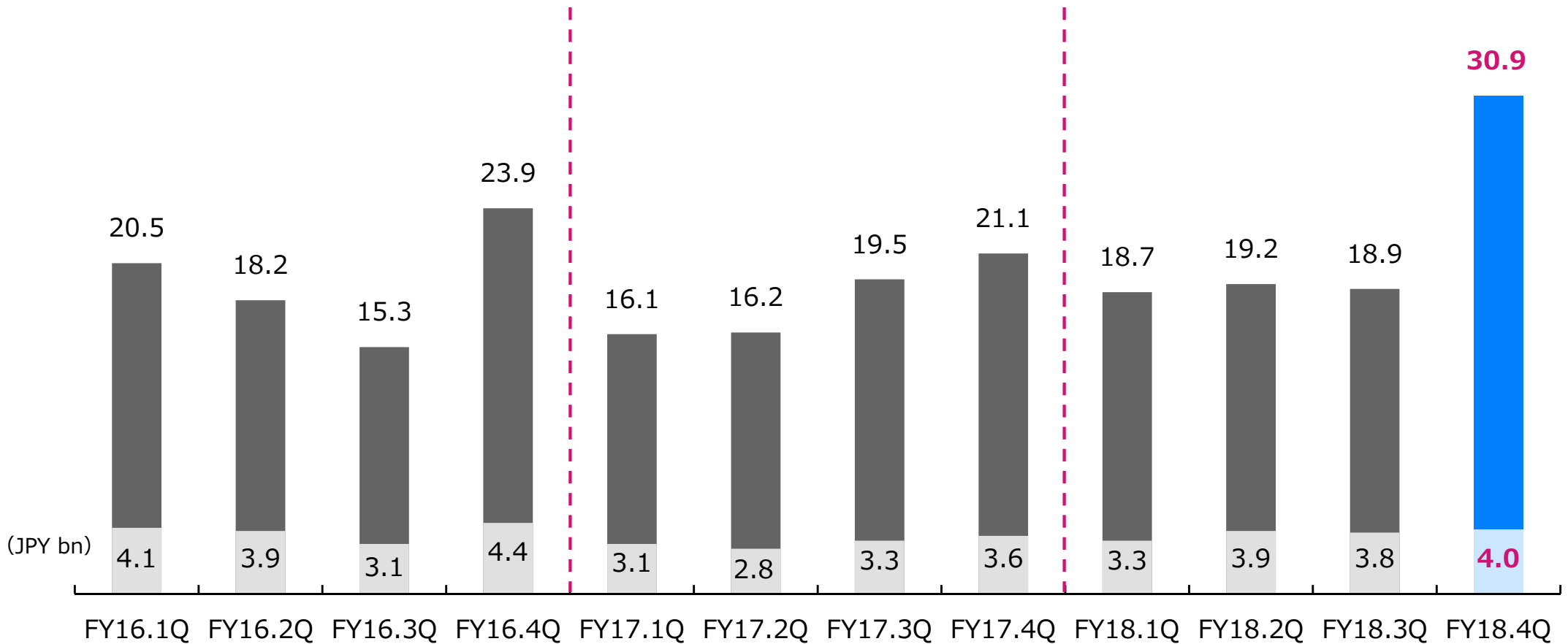
# Sony Life's Quarterly Trend on New Policy Amount



Note : Individual Life Insurance + Individual Annuities

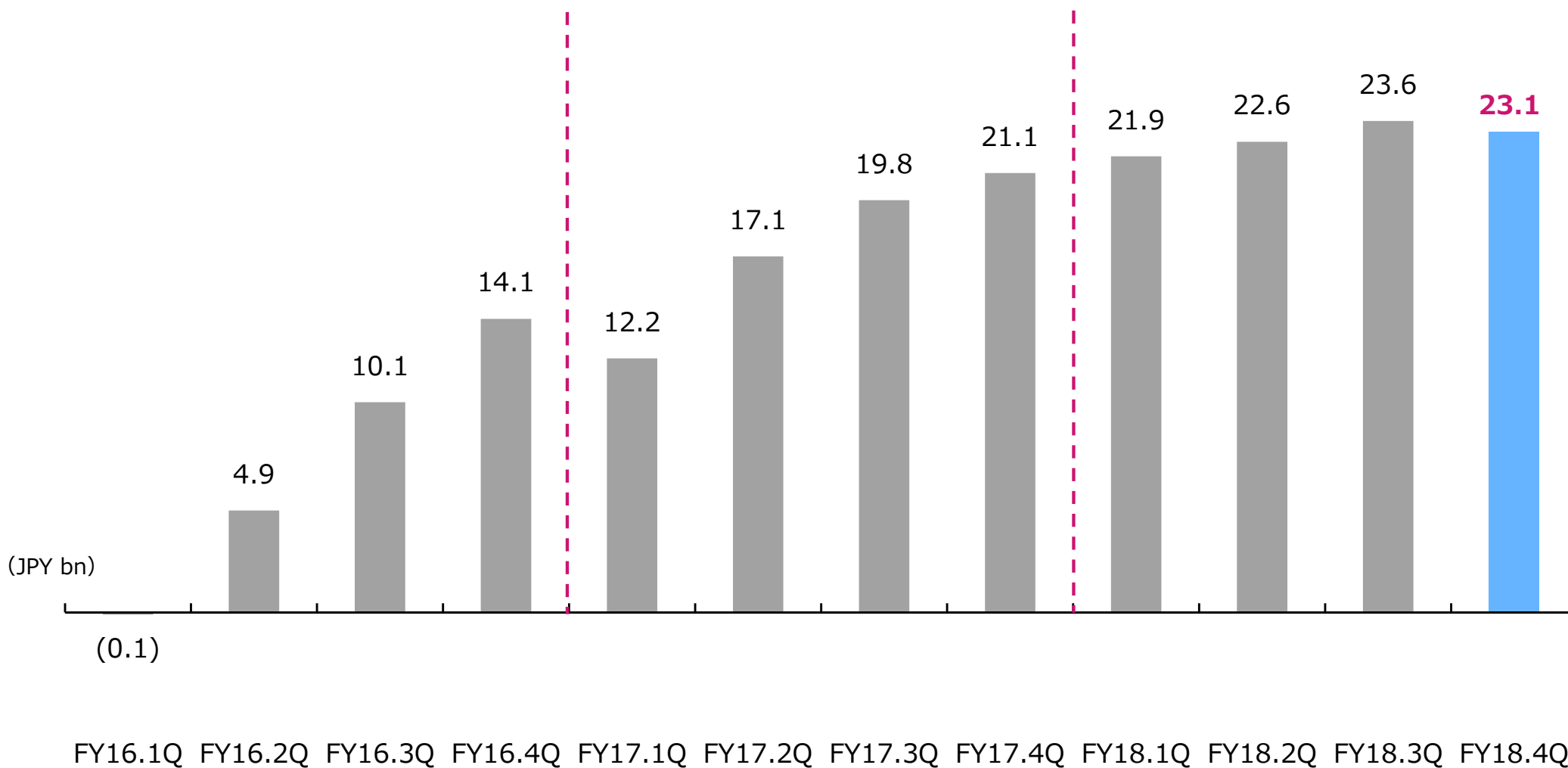
# Sony Life's Quarterly Trend on Annualized Premiums from New Policies

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



Note : Individual Life Insurance + Individual Annuities

# Sony Life's 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 FY2018 onward reflect the revision in the insurance risk measurement method and others which revised on March 31, 2018.



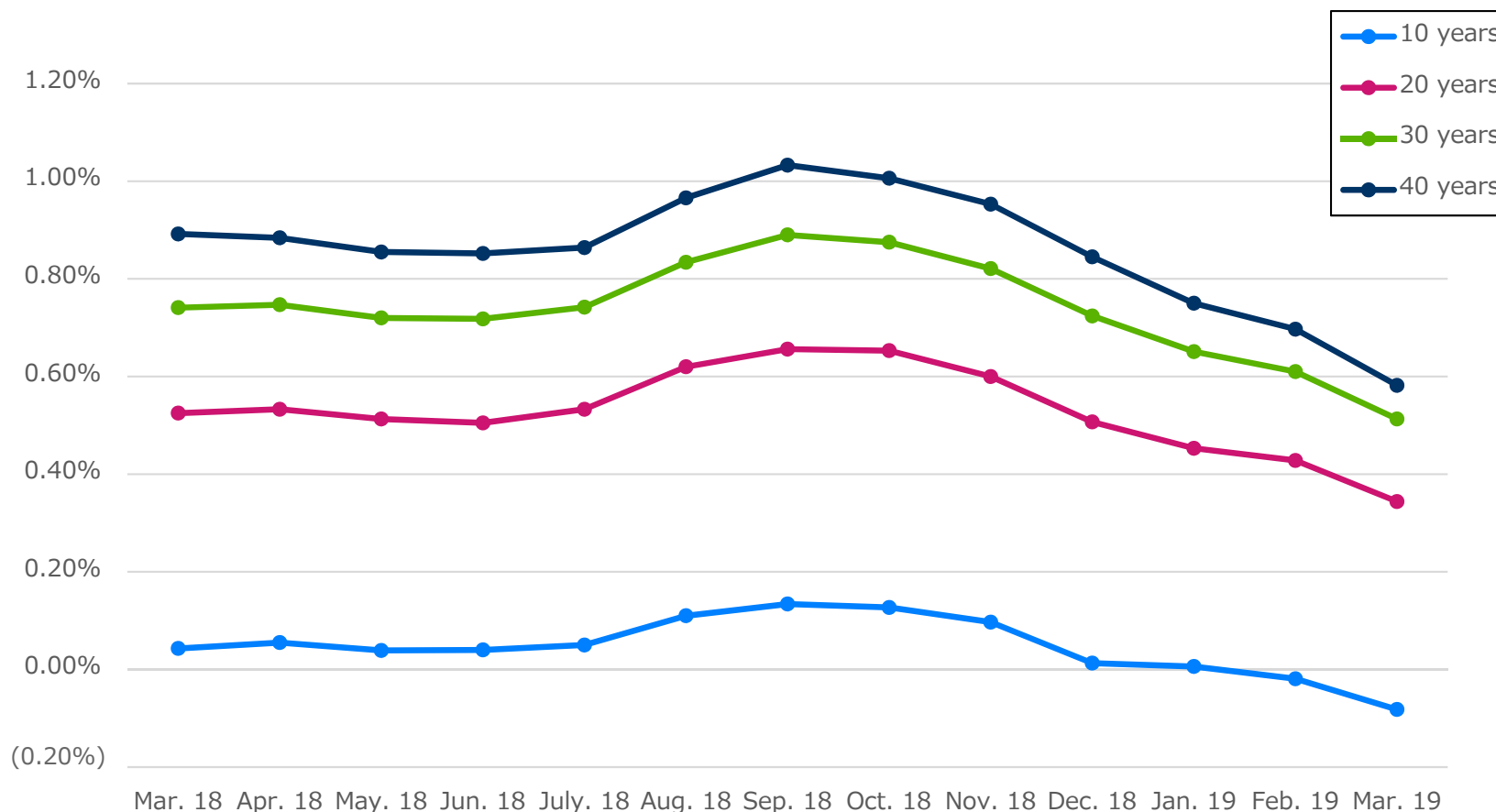
- ◆ The risk amount based on economic value as of March 31, 2019 was ¥742.3 billion, remained flat compared to the as of December 31, 2018, due to an increase in insurance risk offsets the decrease in interest rate risk resulting drop in interest rates.
- ◆ ESR as of March 31, 2019 was 235%, up 10pt from December 31, 2018 due to an increase in MCEV.

(JPY bn)	Mar. 18	Dec. 18	Mar. 19
Insurance risk	497.5	513.9	<b>547.3</b>
Market-related risk	380.6	385.2	<b>332.5</b>
Of which, interest rate risk	275.3	264.1	<b>202.1</b>
Operational risk	31.0	31.8	<b>33.4</b>
Counter party risk	2.5	2.8	<b>3.0</b>
Variance effect	(181.9)	(185.9)	<b>(174.0)</b>
<b>The risk amount based on economic value</b>	729.7	748.0	<b>742.3</b>
(JPY bn)	Mar. 18	Dec. 18	Mar. 19
<b>MCEV + Frictional costs</b>	1,655.8	1,685.7	<b>1,743.7</b>
<b>ESR</b>	227%	225%	<b>235%</b>

Notes:

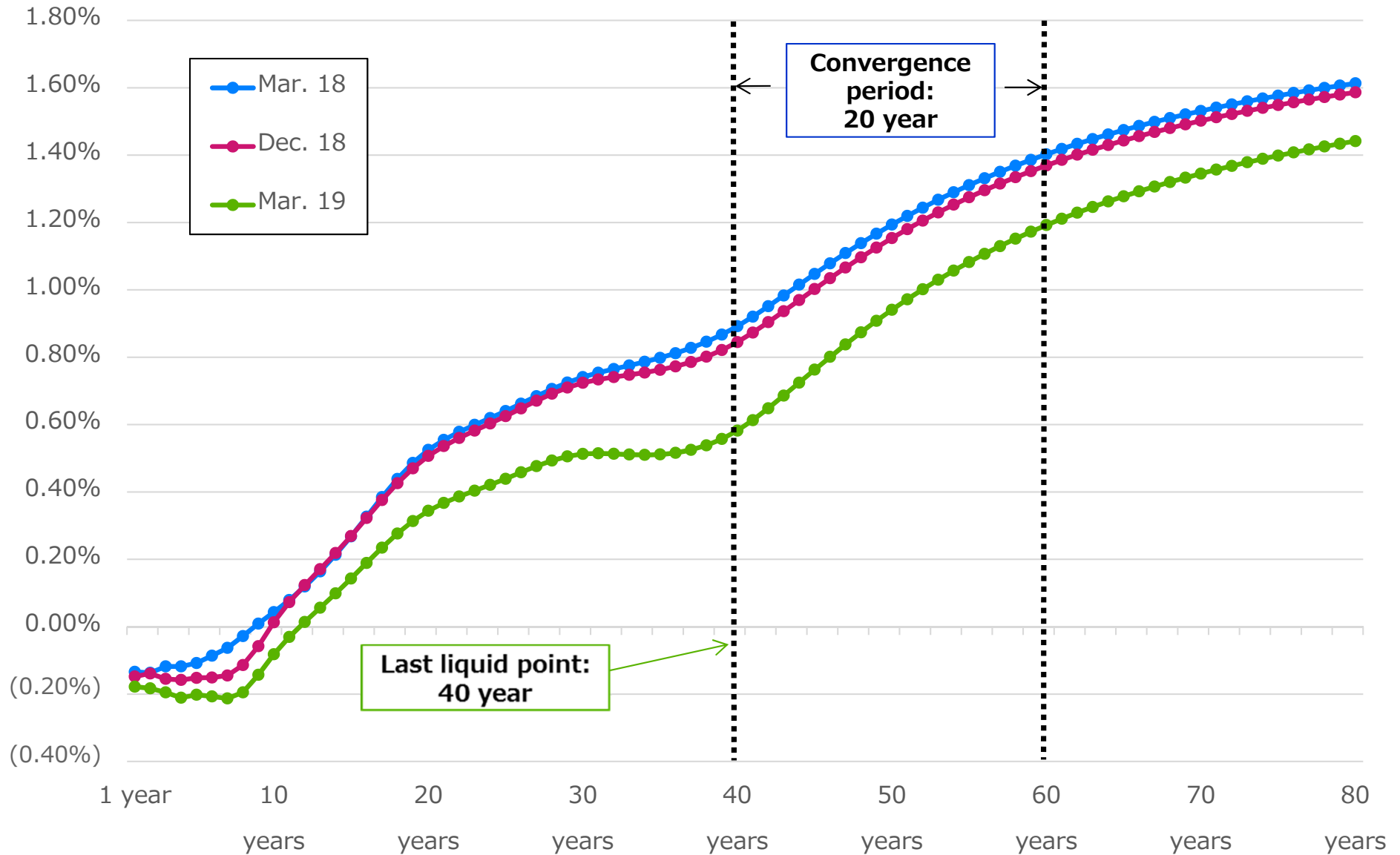
1. The risk amount based on economic value refers to the total amount of Sony Life's risks comprehensively examined by a market consistent approach, including insurance risk and market-related risk and others.
2. The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model.
3. Risk amount excluding the variance effect within market-related risk.
4.  $ESR = (MCEV + Frictional\ costs) / Risk\ amount\ based\ on\ economic\ value.$

# Trend on JGB Yields (Par rate)



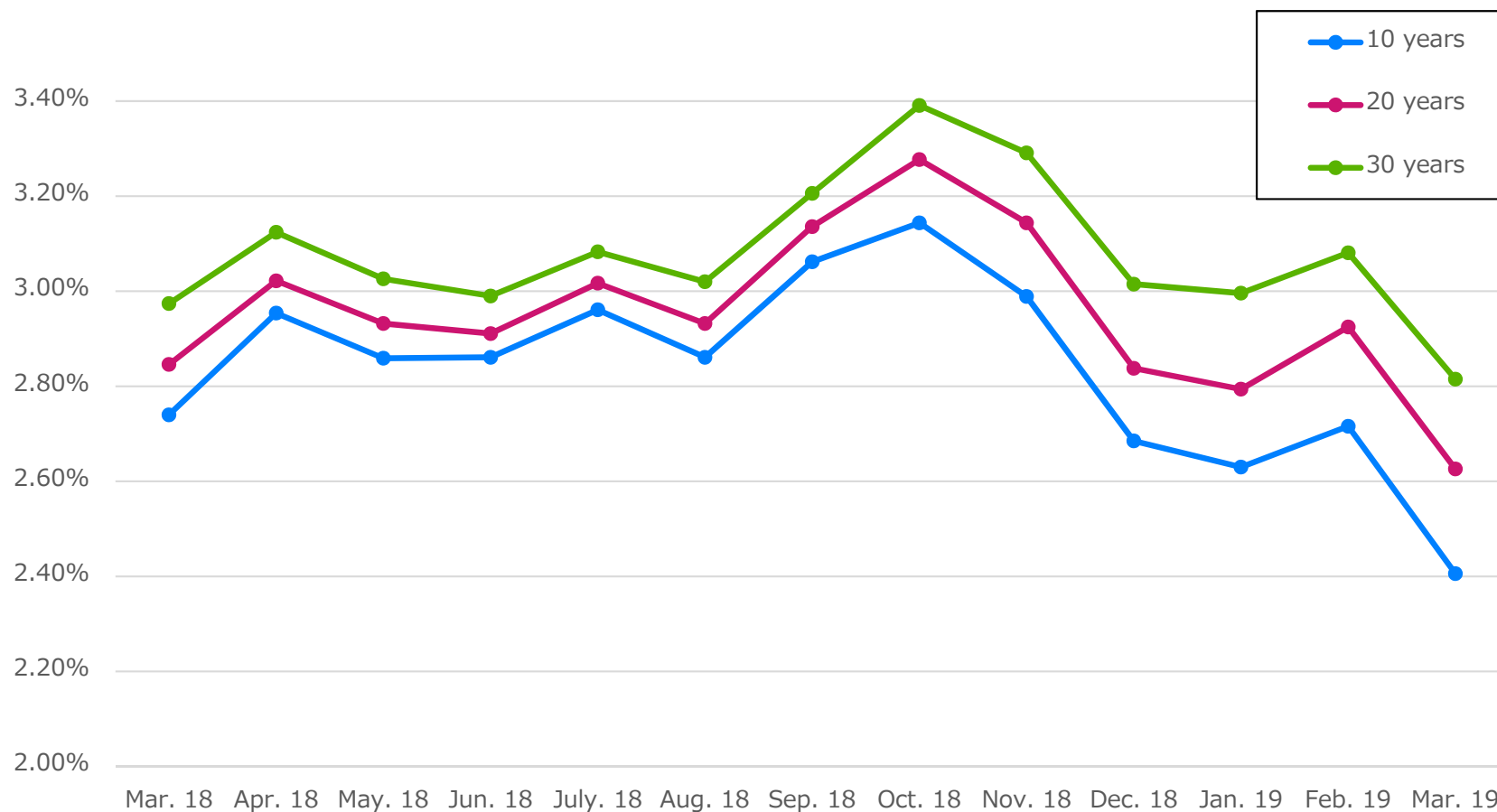
	Mar. 18	Apr. 18	May. 18	Jun. 18	July. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	Mar. 19
10 years	0.04%	0.06%	0.04%	0.04%	0.05%	0.11%	0.13%	0.13%	0.10%	0.01%	0.01%	(0.02%)	(0.08%)
20 years	0.53%	0.53%	0.51%	0.51%	0.53%	0.62%	0.66%	0.65%	0.60%	0.51%	0.45%	0.43%	0.34%
30 years	0.74%	0.75%	0.72%	0.72%	0.74%	0.83%	0.89%	0.88%	0.82%	0.72%	0.65%	0.61%	0.51%
40 years	0.89%	0.88%	0.86%	0.85%	0.86%	0.97%	1.03%	1.01%	0.95%	0.85%	0.75%	0.70%	0.58%

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



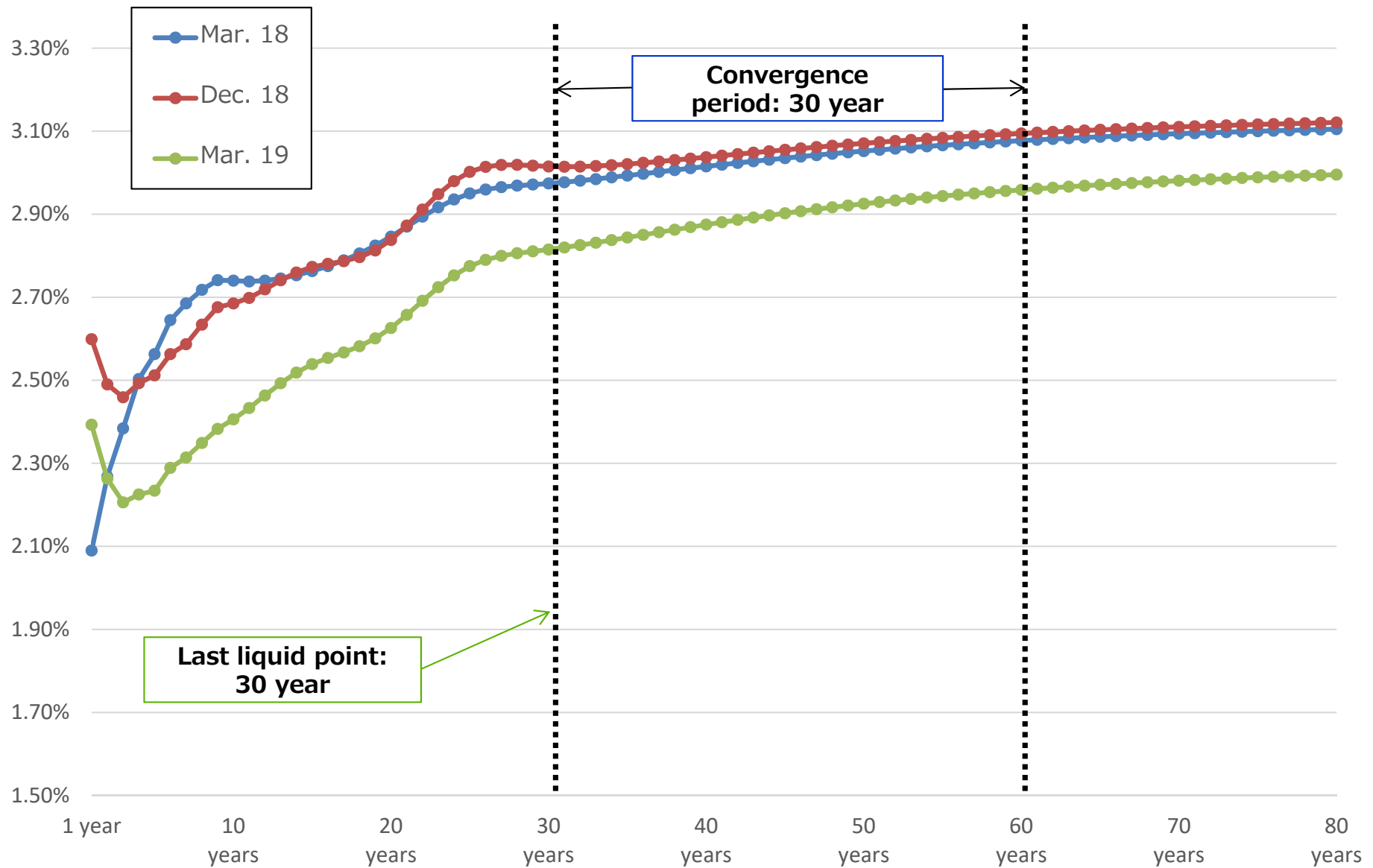
\*For above risk-free rate, we employ the Smith-Wilson method for extrapolation so that the 60-year forward rate will coverage on the UFR (3.5%).

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



	Mar. 18	Apr. 18	May. 18	Jun. 18	July. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	Mar. 19
10 years	2.74%	2.95%	2.86%	2.86%	2.96%	2.86%	3.06%	3.14%	2.99%	2.69%	2.63%	2.72%	2.41%
20 years	2.85%	3.02%	2.93%	2.91%	3.02%	2.93%	3.14%	3.28%	3.14%	2.84%	2.79%	2.93%	2.63%
30 years	2.97%	3.12%	3.03%	2.99%	3.08%	3.02%	3.21%	3.39%	3.29%	3.02%	3.00%	3.08%	2.82%

# 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%).

# Consolidated : Summary Financial Statements

		(JPY bn)	FY2017	FY2018	Change	
Life insurance business	Ordinary revenues		1,351.2	<b>1,464.3</b>	+113.1	+8.4%
	Ordinary profit		54.1	<b>78.2</b>	+24.0	+44.4%
Non-life insurance business	Ordinary revenues		110.0	<b>115.1</b>	+5.0	+4.6%
	Ordinary profit		6.5	<b>6.8</b>	+0.3	+4.9%
Banking business	Ordinary revenues		39.9	<b>46.0</b>	+6.0	+15.2%
	Ordinary profit		7.1	<b>9.5</b>	+2.4	+34.3%
Intersegment adjustments*	Ordinary revenues		2.3	<b>3.6</b>	+1.3	+55.2%
	Ordinary profit		(1.0)	<b>(0.8)</b>	+0.1	—
Consolidated	Ordinary revenues		1,503.6	<b>1,629.1</b>	+125.5	+8.3%
	Ordinary profit		66.8	<b>93.8</b>	+27.0	+40.4%
	Profit attributable to owners of the parent		51.8	<b>62.0</b>	+10.1	+19.6%

\*"Intersegment adjustments" is from SFH, the nursing care business, and the venture capital business. Proud Life Inc., Sony Financial Ventures Inc. and SFV · GB L.P. are included in the scope of consolidation from FY17.2Q, FY18.2Q, and FY18.4Q, respectively.

(Note) Comprehensive income : FY2017: ¥52.2 billion, FY2018: ¥57.4 billion

		(JPY bn)	Mar. 18	Mar. 19	Change from Mar. 18	
Consolidated	Net assets		625.4	<b>656.8</b>	+31.4	+5.0%
	Total assets		12,401.4	<b>13,468.2</b>	+1,066.7	+8.6%

# Sony Life : Summary Financial Statements (Non-consolidated)



(JPY bn)	FY2017	FY2018	Change	
Ordinary revenues	1,351.0	<b>1,464.2</b>	+113.1	+8.4%
Income from insurance premiums	1,059.2	<b>1,136.1</b>	+76.8	+7.3%
Investment income	243.2	<b>278.9</b>	+35.6	+14.6%
Interest income and dividends	157.7	<b>166.9</b>	+9.2	+5.8%
Gains on sale of securities	0.0	<b>6.1</b>	+6.1	—
Foreign exchange gains, net	—	<b>13.4</b>	+13.4	—
Gains on separate accounts, net	80.9	<b>87.9</b>	+7.0	+8.7%
Ordinary expenses	1,294.7	<b>1,384.4</b>	+89.6	+6.9%
Insurance claims and other payments	436.5	<b>457.2</b>	+20.7	+4.7%
Provision for policy reserves and others	638.3	<b>704.7</b>	+66.4	+10.4%
Investment expenses	33.1	<b>24.6</b>	(8.4)	(25.6%)
Devaluation losses on securities	—	<b>4.0</b>	+4.0	—
Losses on derivatives, net	11.4	<b>13.9</b>	+2.5	+22.1%
Foreign exchange losses, net	15.2	—	(15.2)	(100.0%)
Operating expenses	139.9	<b>146.9</b>	+7.0	+5.0%
Ordinary profit	56.3	<b>79.8</b>	+23.4	+41.7%
Gains on disposal of fixed assets	13.2	—	(13.2)	(100.0%)
Net income	45.1	<b>49.6</b>	+4.4	+9.9%

(JPY bn)	Mar. 18	Mar. 19	Change from Mar. 18	
Securities	8,765.9	<b>9,523.8</b>	+757.9	+8.6%
Policy reserves	8,566.0	<b>9,268.4</b>	+702.3	+8.2%
Net assets	492.7	<b>513.9</b>	+21.1	+4.3%
Net unrealized gains on other securities	124.9	<b>122.7</b>	(2.2)	(1.8%)
Total assets	9,567.6	<b>10,380.1</b>	+812.4	+8.5%
Separate account assets	1,128.8	<b>1,300.7</b>	+171.8	+15.2%

(JPY bn)	FY2017	FY2018	Change	
Gains from investment, net (General account)	129.2	<b>166.3</b>	+37.1	+28.7%

# Sony Assurance : Summary Financial Statements (Underwriting Performance by Type of Policy)



(JPY bn)	FY2017	FY2018	Change	
Ordinary revenues	110.0	<b>115.1</b>	+5.0	+4.6%
Underwriting income	108.3	<b>113.1</b>	+4.8	+4.5%
Investment income	1.7	<b>1.8</b>	+0.1	+7.3%
Ordinary expenses	103.5	<b>108.2</b>	+4.6	+4.5%
Underwriting expenses	74.4	<b>78.4</b>	+4.0	+5.4%
Operating general and administrative expenses	29.0	<b>29.7</b>	+0.6	+2.3%
Ordinary profit	6.5	<b>6.8</b>	+0.3	+4.9%
Underwriting income	4.8	<b>5.0</b>	+0.1	+3.8%
Net income	4.8	<b>4.9</b>	+0.1	+3.7%

(JPY bn)	Mar. 18	Mar. 19	Change from Mar. 18	
Underwriting reserves	117.0	<b>127.8</b>	+10.7	+9.2%
Net assets	33.1	<b>34.7</b>	+1.6	+4.9%
Total assets	204.3	<b>219.6</b>	+15.2	+7.5%

## Direct Premiums Written \*Medical insurance is included in personal accident.

(JPY mn)	FY2017	FY2018	Change
Fire	206	<b>616</b>	+198.8%
Marine	—	—	—
Personal accident	8,679	<b>8,823</b>	+1.7%
Voluntary automobile	98,123	<b>102,758</b>	+4.7%
Compulsory automobile liability	—	—	—
Total	107,008	<b>112,198</b>	+4.8%

## Net Premiums Written

(JPY mn)	FY2017	FY2018	Change
Fire	16	<b>265</b>	—
Marine	0	<b>(0)</b>	—
Personal accident	8,887	<b>8,872</b>	(0.2%)
Voluntary automobile	97,880	<b>102,458</b>	+4.7%
Compulsory automobile liability	1,469	<b>1,505</b>	+2.4%
Total	108,254	<b>113,101</b>	+4.5%

## Net losses paid

(JPY mn)	FY2017	FY2018	Change
Fire	6	<b>15</b>	+126.8%
Marine	2	<b>10</b>	+291.0%
Personal accident	2,692	<b>3,009</b>	+11.7%
Voluntary automobile	48,464	<b>52,223</b>	+7.8%
Compulsory automobile liability	1,316	<b>1,350</b>	+2.6%
Total	52,482	<b>56,608</b>	+7.9%



# Sony Bank : Summary Financial Statements (Balance of Securities by Credit Rating)



## ◆ Consolidated

(JPY bn)	FY2017	FY2018	Change	
Ordinary revenues	39.9	<b>46.0</b>	+6.0	+15.2%
Ordinary profit	7.1	<b>9.5</b>	+2.4	+33.6%
Profit attributable to owners of the parent	4.7	<b>6.3</b>	+1.6	+34.6%

## ◆ Non-consolidated

(JPY bn)	FY2017	FY2018	Change	
Ordinary revenues	36.2	<b>41.7</b>	+5.4	+15.0%
Gross operating profit	21.4	<b>24.5</b>	+3.0	+14.4%
Net interest income	20.6	<b>23.3</b>	+2.6	+12.9%
Net fees and Commissions	(2.9)	<b>(2.2)</b>	+0.7	–
Net other operating income	3.7	<b>3.4</b>	(0.2)	(7.3%)
General and administrative expenses	15.5	<b>15.9</b>	+0.3	+2.5%
Net operating profit	5.9	<b>8.5</b>	+2.6	+44.6%
Ordinary profit	6.5	<b>8.6</b>	+2.1	+32.6%
Net income	4.4	<b>6.0</b>	+1.5	+34.6%

(JPY bn)	Mar. 18	Mar. 19	Change from Mar. 18	
Net assets	85.7	<b>87.2</b>	+1.5	+1.8%
Net unrealized gains on other securities, net of taxes	6.0	<b>3.9</b>	(2.0)	(34.2%)
Total assets	2,635.0	<b>2,860.9</b>	+225.8	+8.6%

## ◆ Balance of Securities by Credit Rating (Non-consolidated)

(JPY bn)	FY2017	FY2018	Change	
AAA	232.4	<b>296.6</b>	+64.2	+27.7%
AA	109.8	<b>77.3</b>	(32.4)	(29.6%)
A	306.8	<b>288.0</b>	(18.7)	(6.1%)
BBB	18.1	<b>24.4</b>	+6.2	+34.4%
Others	7.1	<b>10.0</b>	+2.9	+41.0%
Total	674.2	<b>696.4</b>	+22.1	+3.3%

# Sony Bank : Operating Performance (On Managerial Accounting Basis)

## ◆ On Managerial Accounting Basis

- Net interest income : Increased due to an increase of interest income on investment securities and on loans in line with a growing balance of mortgage loans.
- Net fees and commissions : Improved due to an increase of mortgage loans' fees and commissions

(JPY bn)	FY2017	FY2018	Change	
Gross operating profit	21.3	<b>24.4</b>	+3.1	+14.5%
Net interest income <sup>*1</sup> ①	23.0	<b>25.5</b>	+2.5	+11.1%
Net fees and commissions <sup>*2</sup> ②	(2.5)	<b>(1.7)</b>	+0.7	—
Net other operating income <sup>*3</sup>	0.9	<b>0.7</b>	(0.2)	(23.6%)
Gross operating profit (core profit)(A) = ① + ②	20.4	<b>23.7</b>	+3.3	+16.2%
Operating expenses and other Expenses ③	15.5	<b>15.9</b>	+0.4	+2.9%
Net operating profit (core profit) = (A) - ③	4.9	<b>7.8</b>	+2.8	+58.0%

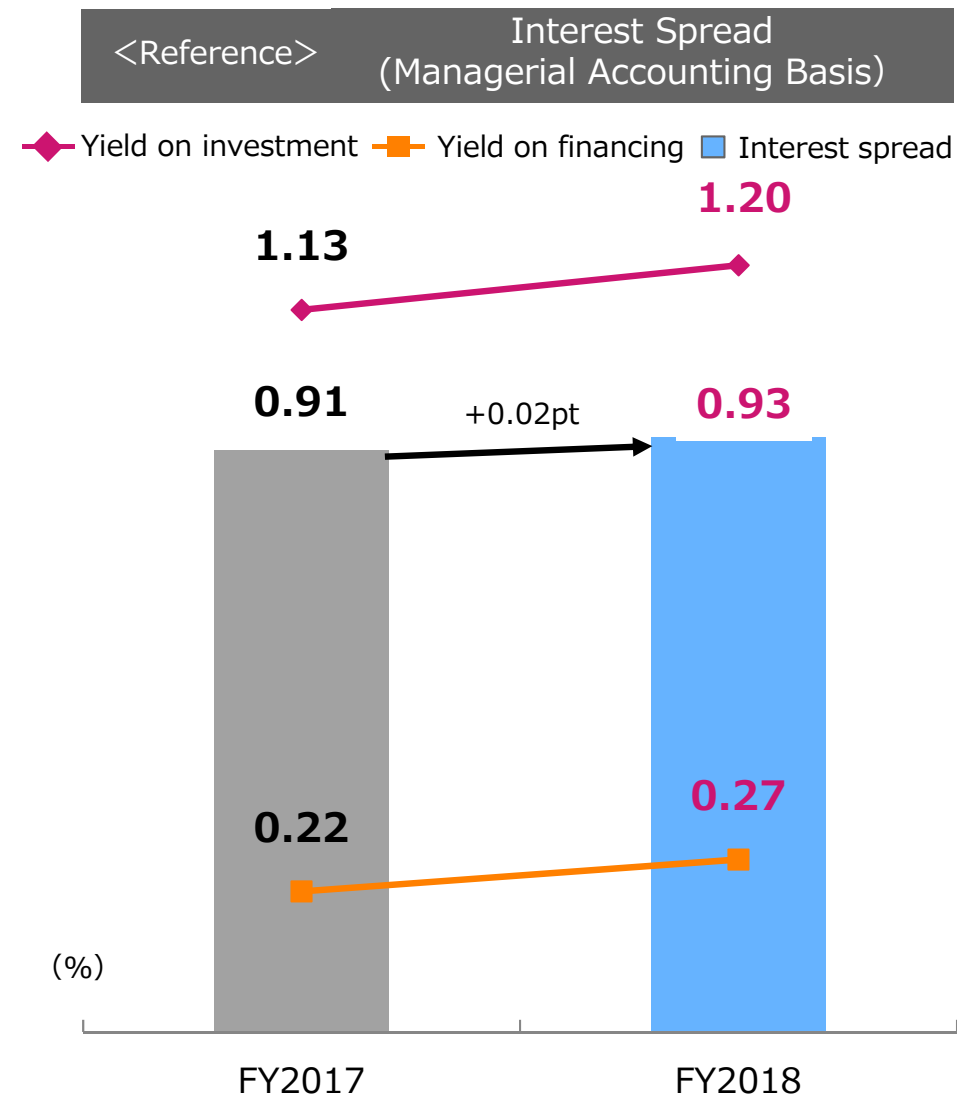
## ■ Managerial accounting basis

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.



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



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