

【Presentation Material】



Consolidated Financial Results  
for the Three Months  
Ended June 30, 2019  
and  
Sony Life's MCEV  
as of June 30, 2019

Sony Financial Holdings Inc.  
August 8, 2019

# AGENDA

Consolidated Operating Results for the Three Months Ended June 30, 2019 (FY19.1Q)	P. 3
Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020 (FY2019)	P. 18
Sony Life's MCEV as of June 30, 2019	P. 20
Appendix	P. 22

## 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.



Consolidated Operating Results  
for the Three Months Ended  
June 30, 2019  
(FY19.1Q)

## Consolidated Financial Results for FY19.1Q

- ◆ YoY comparison: Decreased in revenues by 1.7%, increased in profit by 19.3%.
- ◆ Ordinary revenues decreased due mainly to lower net gains on investments in the separate accounts despite higher income from insurance premiums in the life insurance business. Ordinary revenues for the non-life insurance and the banking businesses increased.
- ◆ Ordinary profit increased as the life insurance and the banking businesses delivered higher profit while the non-life insurance business was essentially flat.

## Operating Performance

- ◆ All three businesses steadily expanded their business scale.
- ◆ Sony Life's new policy amount was down in comparison with corresponding period of the previous fiscal year, when the new policy amount was high as premiums were changed in line with revisions to the standard mortality tables. The policy amount in force was up only slightly from March 31, 2019, due in part to the impact of yen appreciation.

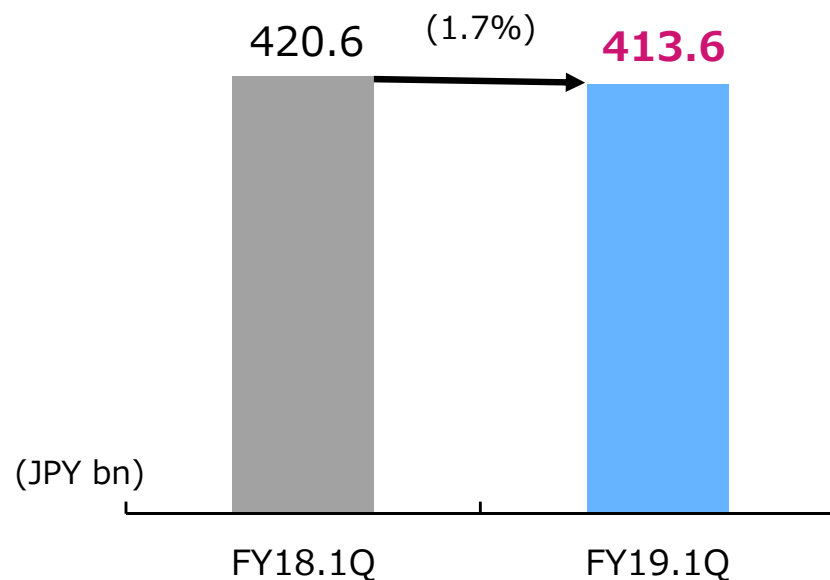
## Economic Value-based Profit Indicator

- ◆ MCEV as of June 30, 2019 was ¥1,651.2 billion, decreased from March 31, 2019, due mainly to a decrease in interest rates in Japanese yen.
- ◆ New business value as of FY19.1Q(3M) was ¥17.0 billion, decreased from FY18.4Q (3M), due mainly to a lower sales of insurance products for corporate customers.

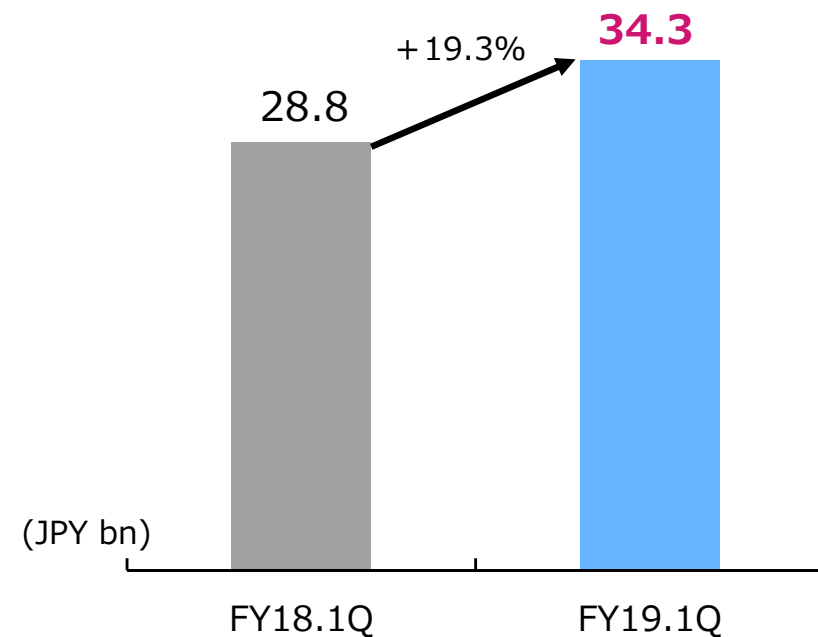
# Highlights of Consolidated Financial Results

- ◆ Ordinary Revenues : Decreased owing to a decrease in ordinary revenues from the life insurance business, whereas ordinary revenues from the non-life insurance and the banking businesses increased.
- ◆ Ordinary Profit : Increased as the life insurance and the banking businesses delivered higher ordinary profit, while ordinary profit from the non-life insurance business was essentially flat.

Ordinary Revenues

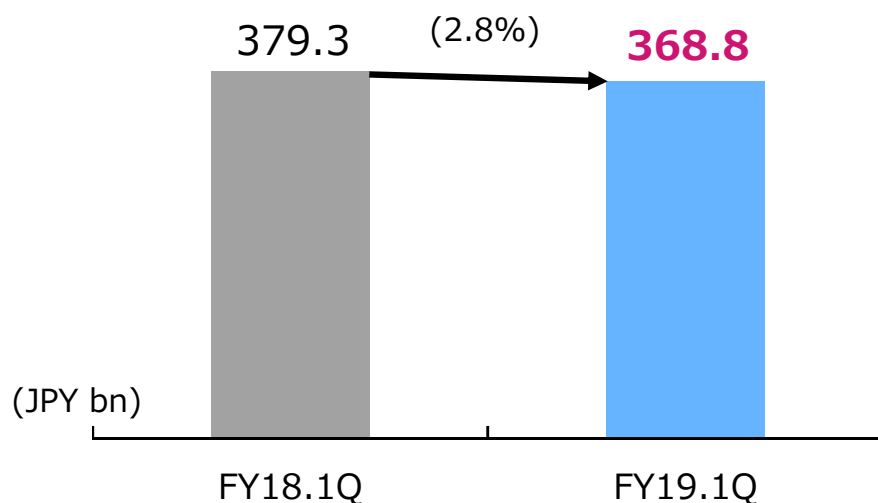


Ordinary Profit

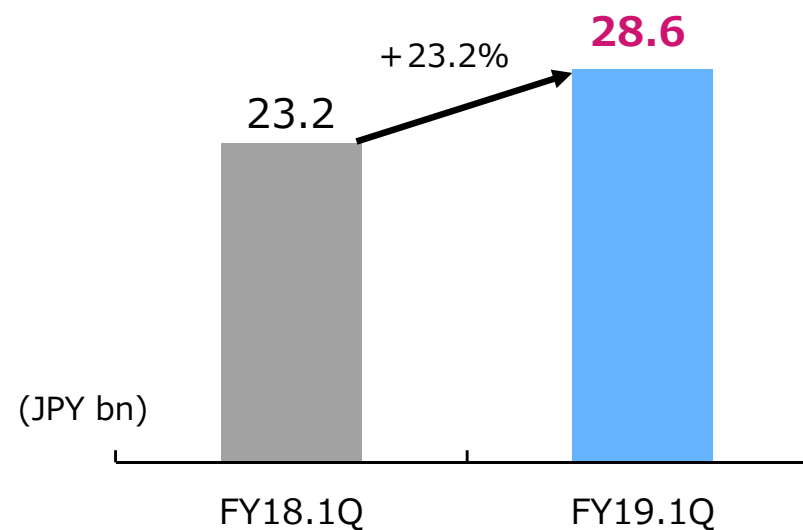


- ◆ Ordinary Revenues : Decreased year on year due to a decrease in net gains on investments in the separate account, despite higher income from insurance premiums due mainly to a steady rise in the policy amount in force.
- ◆ Ordinary Profit : Rose year on year despite lower gains on sale of securities in the general account, a decrease in acquisition cost in line with lower acquisition of new policies, a decline in lower insurance claims and other payments, and an increase in profit owing to growing policy amount in force.

## Ordinary Revenues



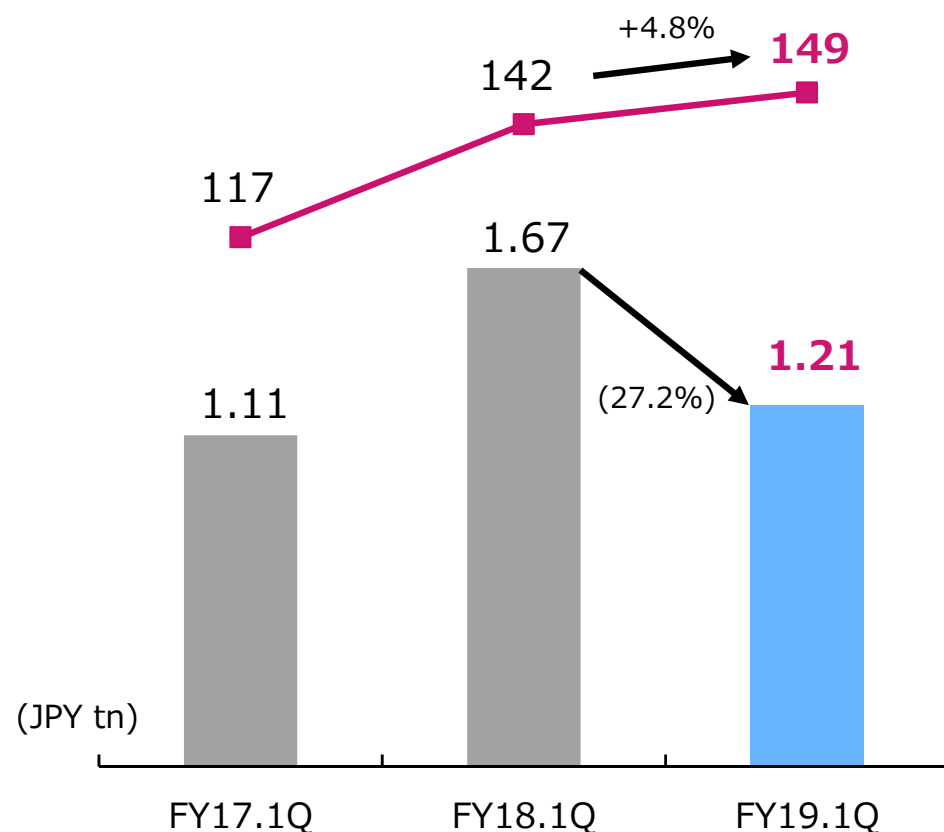
## Ordinary Profit



- ◆ New Policy Amount : Decreased due to lower sales of family income insurance.
- ◆ Annualized Premiums from New Policies : Decreased due to lower sales of term life insurance and variable life insurance for corporate customers despite a favorable sales of U.S. dollar-denominated insurance.

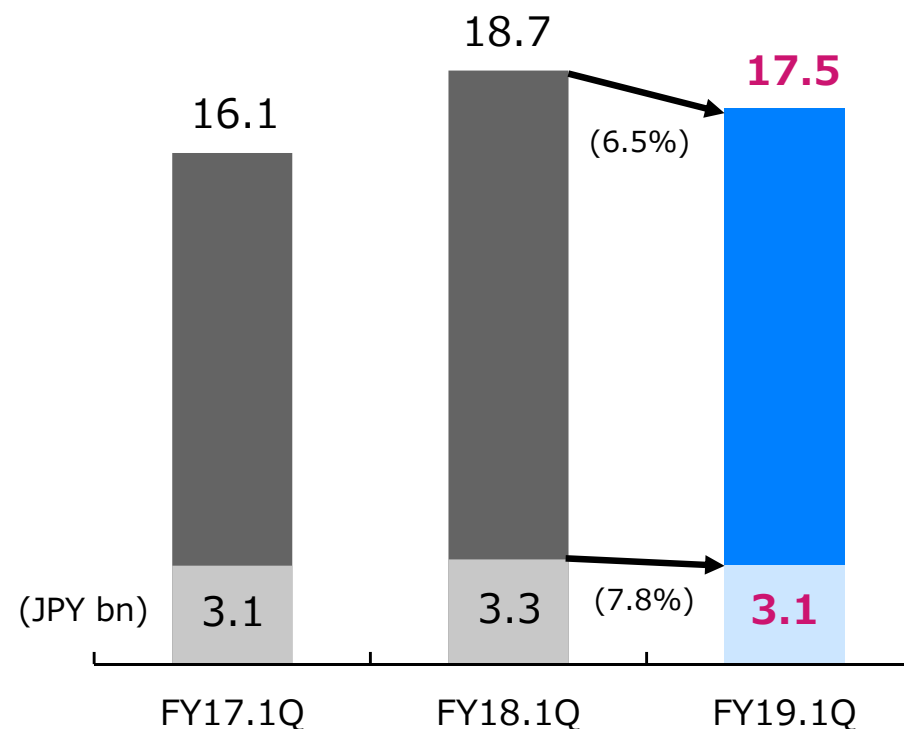
Number and Amount of New Policies  
(Individual life insurance + Individual annuities)

■ New policy amount  
— Number of new policies (Thousands of policies)



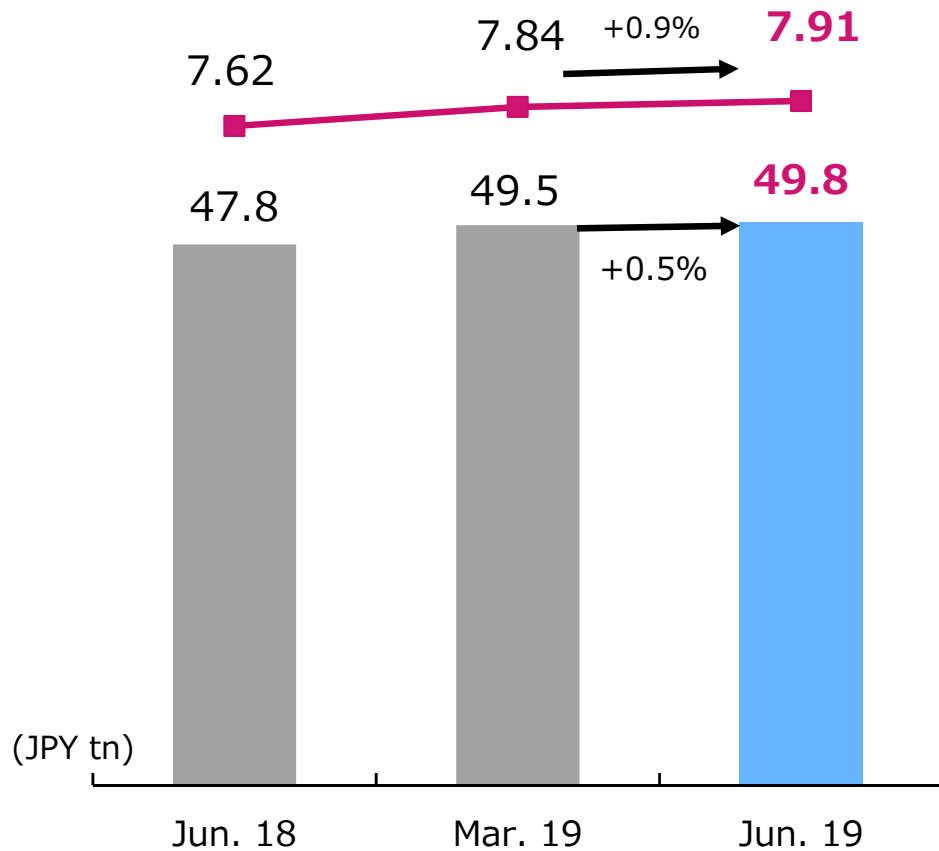
Annualized Premiums from New Policies  
(Individual life insurance + Individual annuities)

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



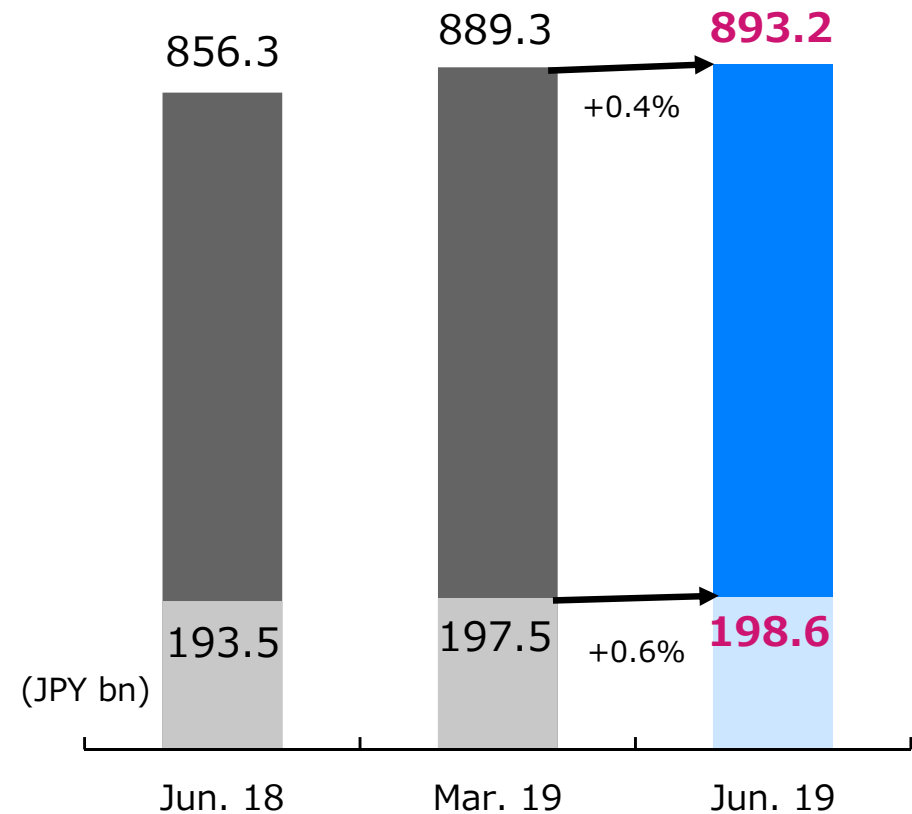
## Number and Amount of Policies in Force (Individual life insurance + Individual annuities)

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



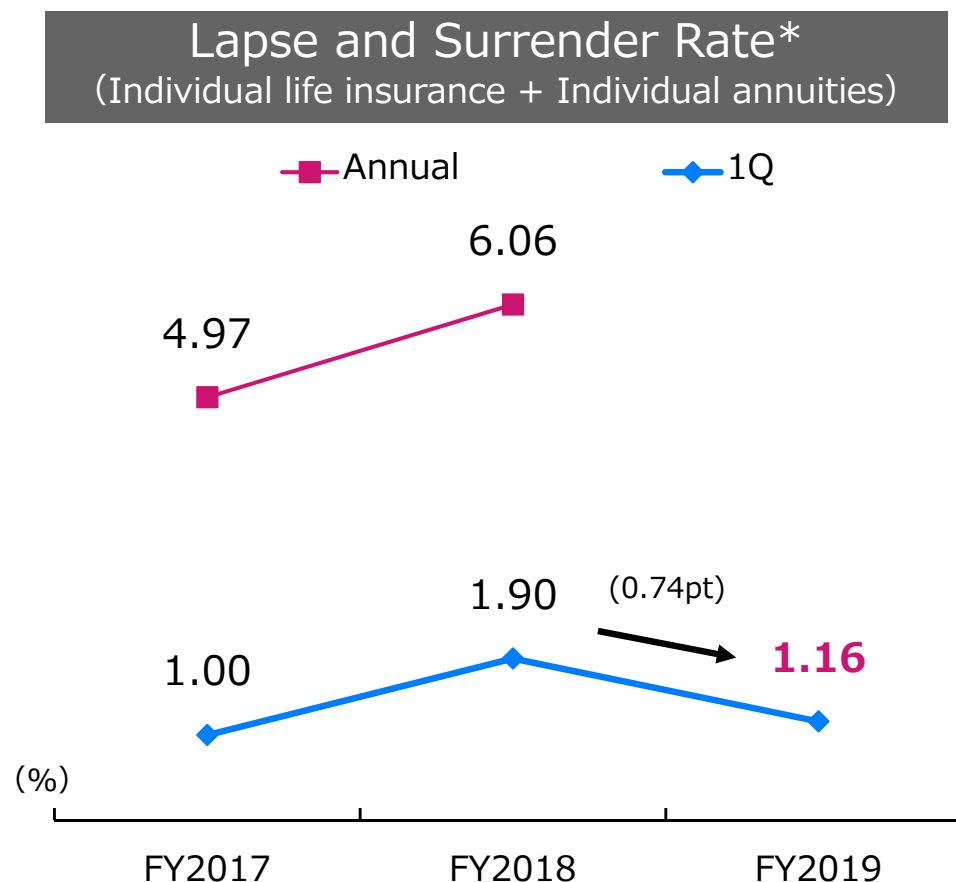
## Annualized Premiums from Insurance in Force (Individual life insurance + Individual annuities)

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





- ◆ Lapse and Surrender Rate : Down due to a decrease in cancellation of policies, with certain customers cancelling existing policies and, taking out new family income insurance and other policies, as premiums were revised in line with revision to the standard mortality tables in February 2018.

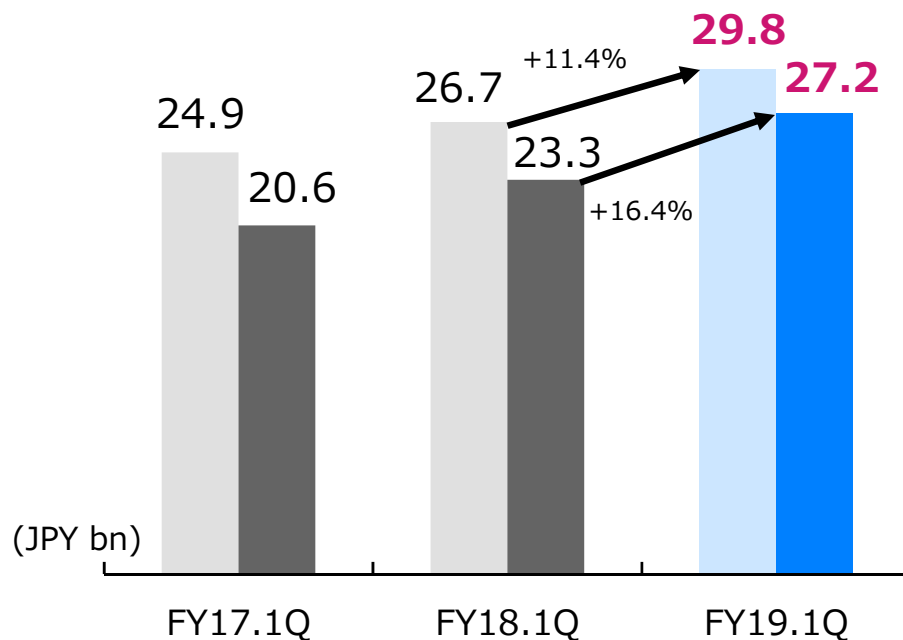


\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

- ◆ Core Profit : Increased due to a decrease in acquisition cost in line with lower acquisition of new policies, lower insurance payments and an increase in profit owing to growing policy amount in force.

## Core Profit and Adjusted Core Profit

□ Core profit ■ Adjusted core profit



## ◆ Details of core profit

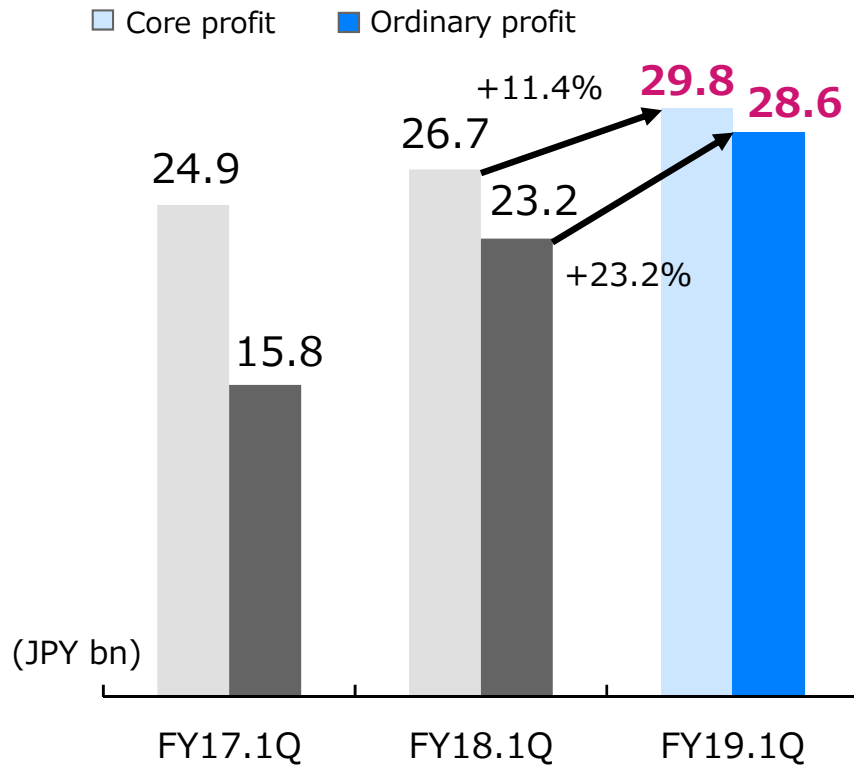
(JPY bn)	FY17.1Q	FY18.1Q	FY19.1Q
Positive spread	4.5	4.2	<b>4.7</b>
Provision of policy reserve for minimum guarantees for variable life insurance (*)	(0.1)	(0.8)	<b>(2.0)</b>
Adjusted core profit (**)	20.6	23.3	<b>27.2</b>

\*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 an increase in gains on hedges of variable life insurance.

## Core Profit and Ordinary Profit



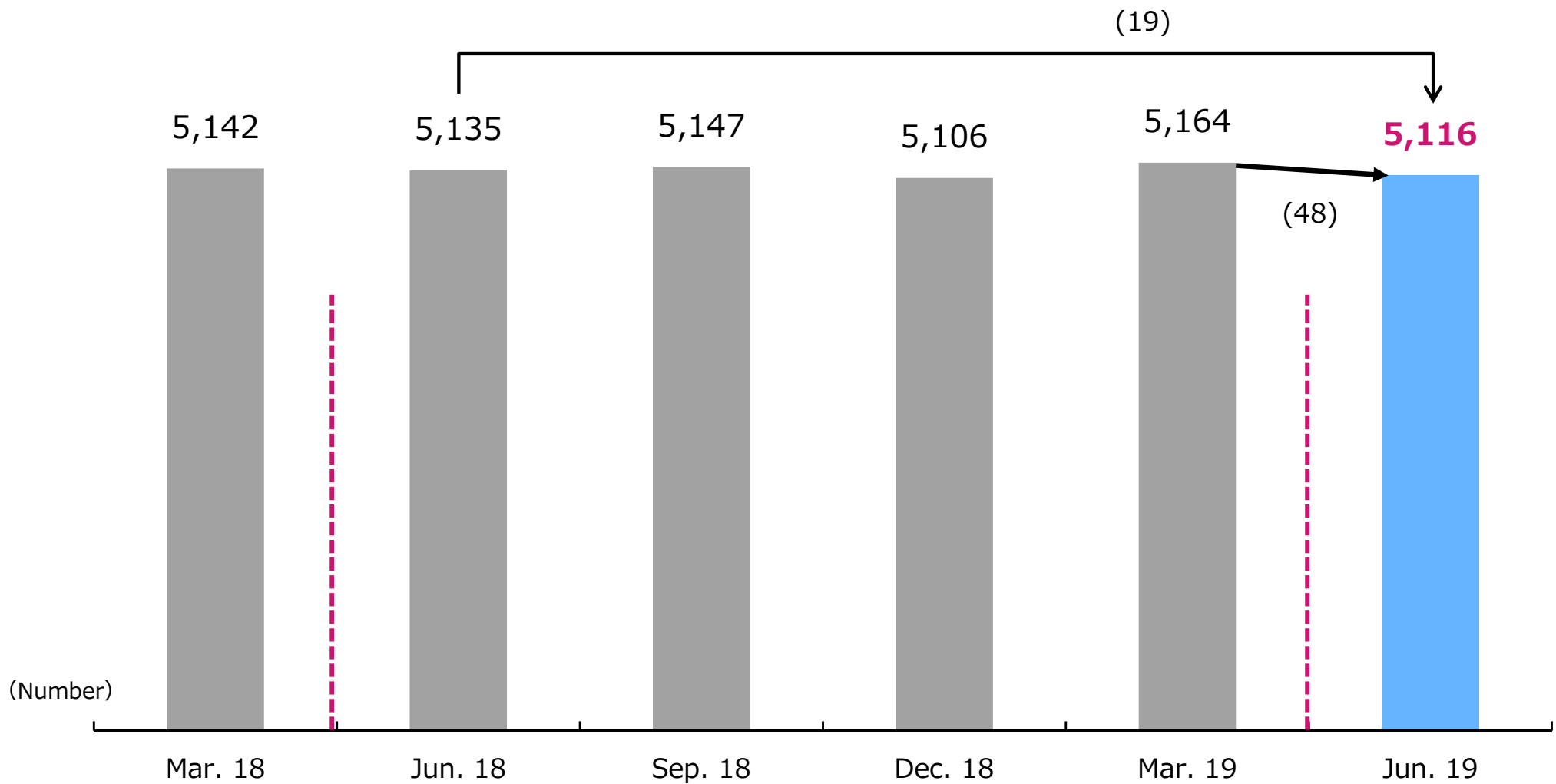
## ◆ Difference from core profit

(JPY bn)	FY17.1Q	FY18.1Q	FY19.1Q
Core profit	24.9	26.7	<b>29.8</b>
Capital gains (losses) excluding gains or losses on hedges (*)	(3.0)	2.6	<b>2.5</b>
Gains (losses) on hedges of variable life insurance	(4.2)	(3.9)	<b>(1.4)</b>
Provision of contingency reserve (**)	(1.7)	(2.1)	<b>(2.2)</b>
Others	(0.0)	(0.0)	<b>(0.0)</b>
Ordinary profit	15.8	23.2	<b>28.6</b>

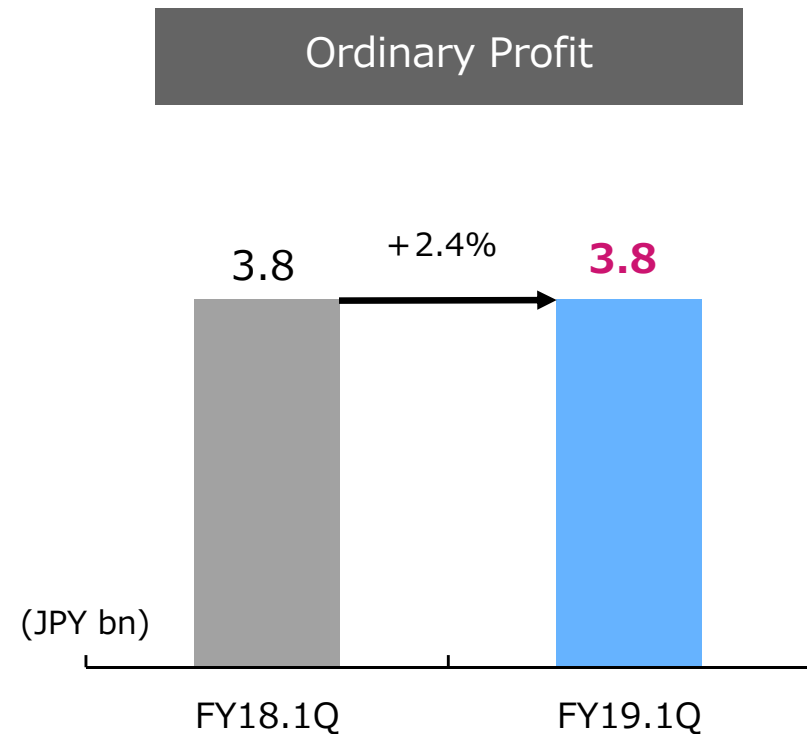
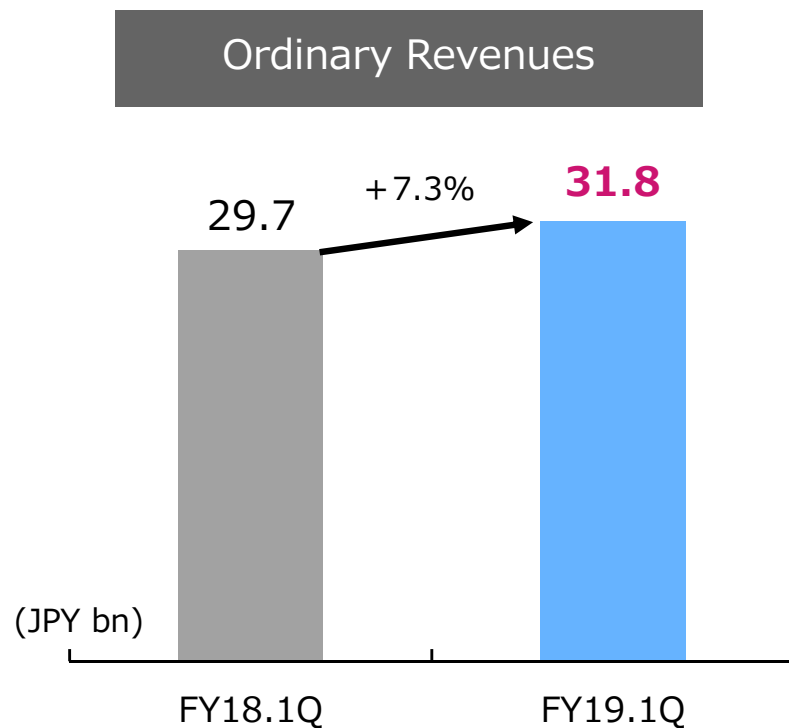
\*Capital gains (losses) exclude gains or losses on hedges of variable life insurance.

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

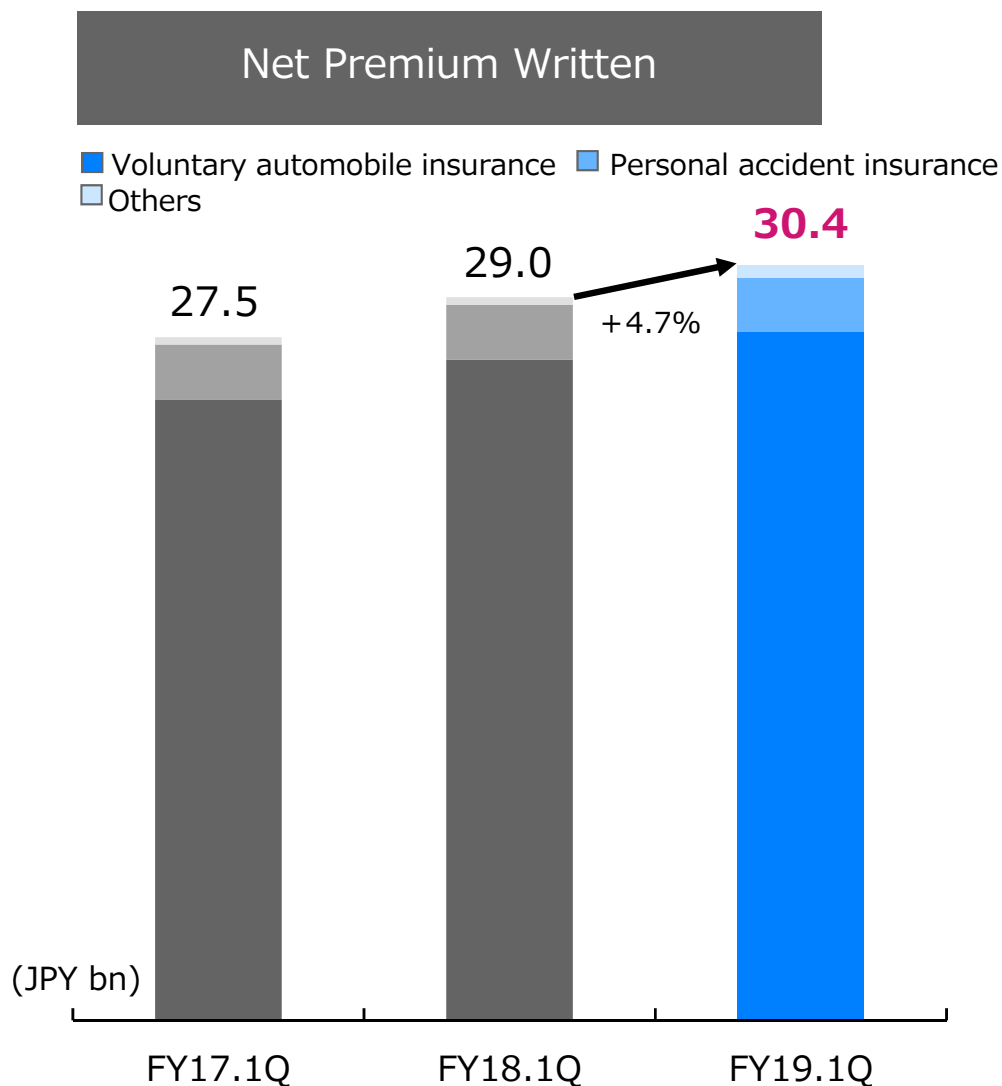
**Number of Lifeplanner Sales Employees**



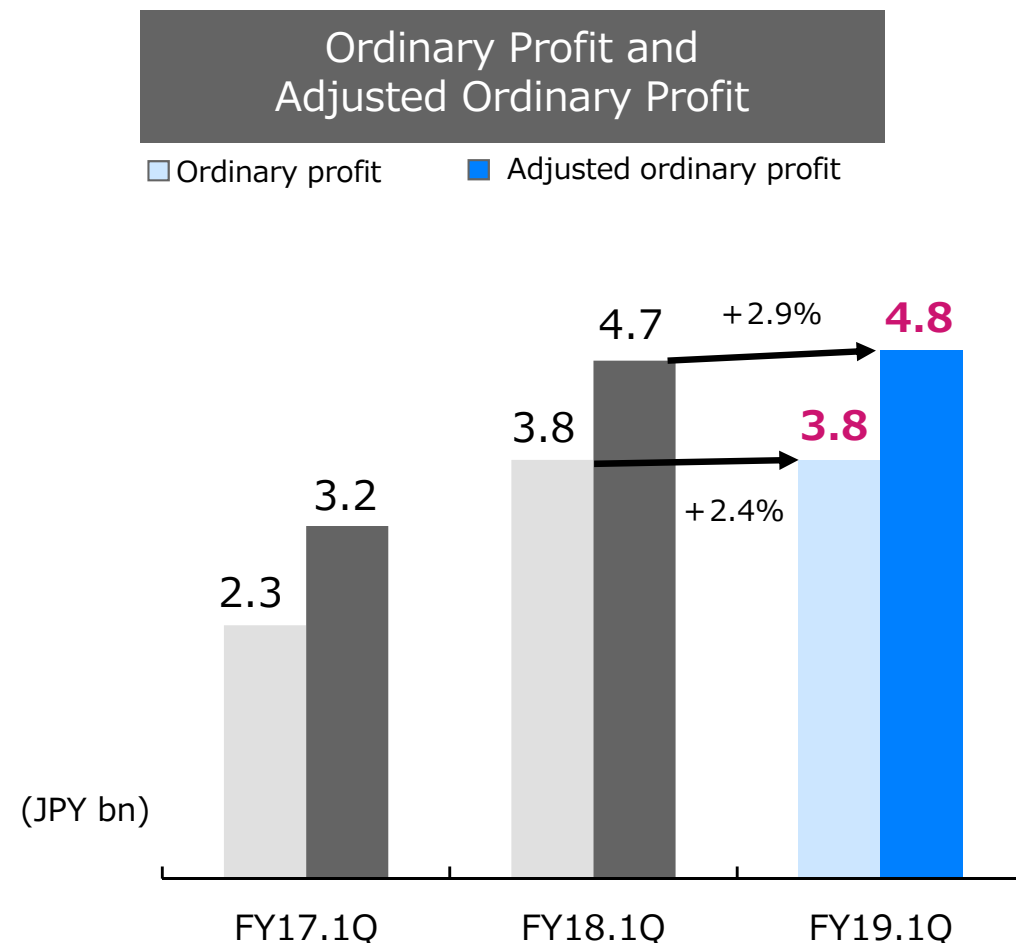
- ◆ Ordinary Revenues and Ordinary Profit : Ordinary revenues rose due mainly to an increase in net premiums written for mainstay automobile insurance. Ordinary profit was essentially flat.



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



Note: Most of personal accident insurance is medical insurance.



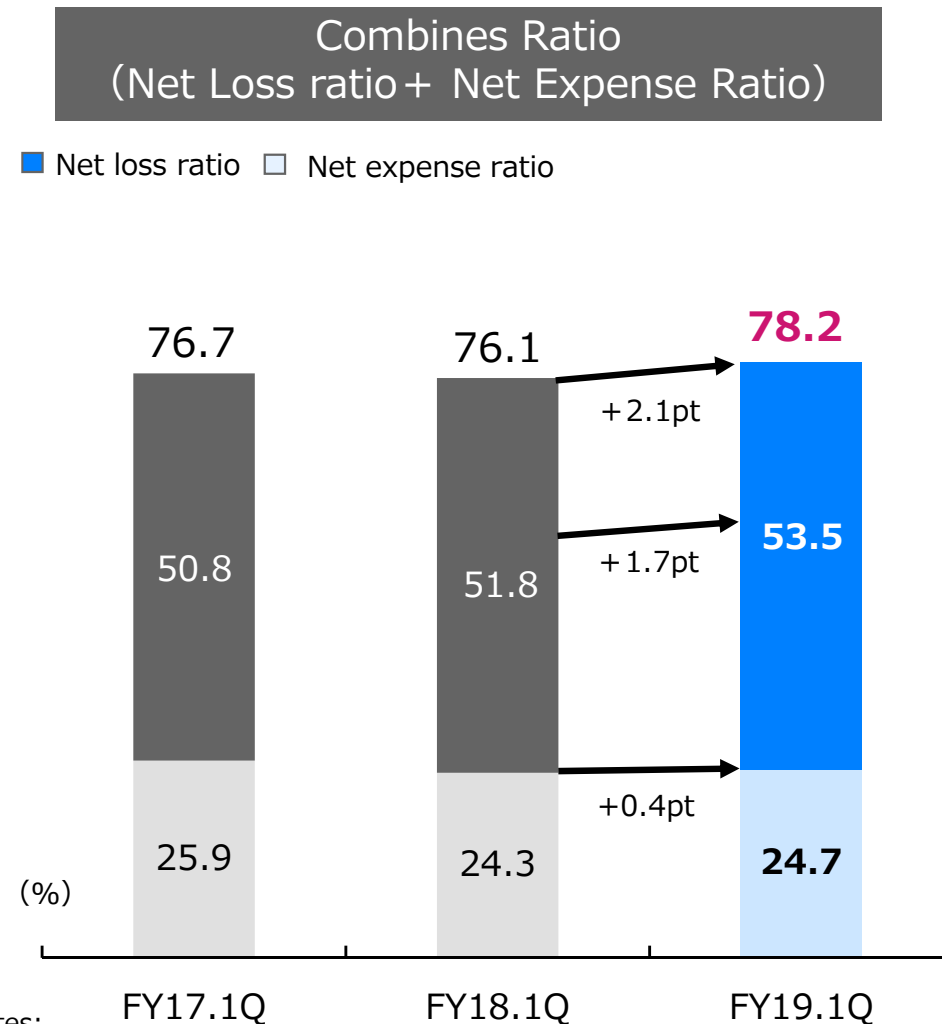
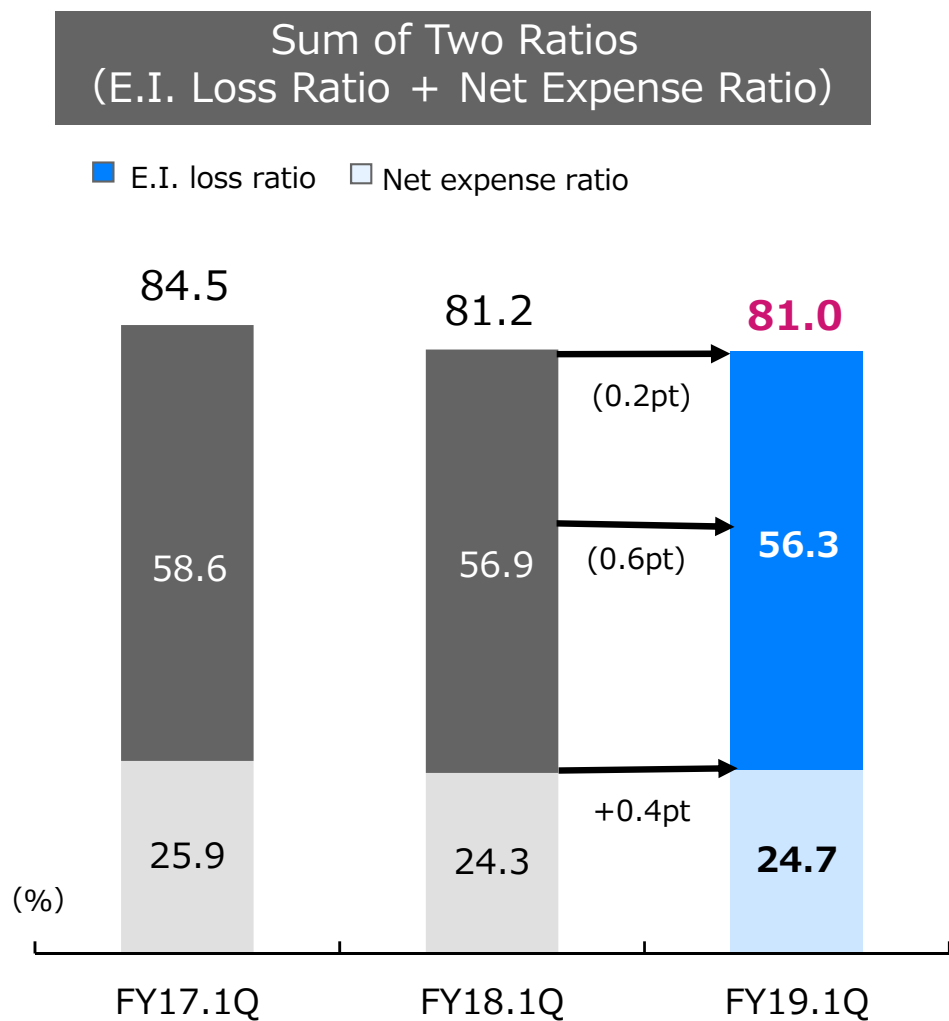
\*Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve

(Reference) Provision for catastrophe reserve

(JPY bn)	FY17.1Q	FY18.1Q	FY19.1Q
Provision for catastrophe reserve	0.8	0.9	<b>0.9</b>

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

- ◆ Sum of Two Ratios : Remained essentially flat due mainly to lower E.I. loss ratio reflecting lower accident ratio despite an increase in expense ratio.

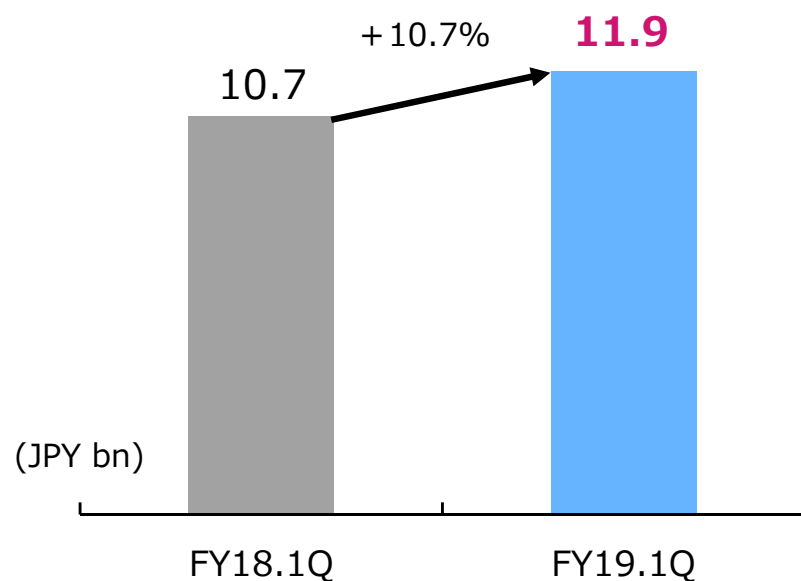


Notes:  
 E.I. loss ratio = (Net losses paid + Provision for reserve for outstanding losses and claims+ Loss adjustment expenses) / Earned premiums x100  
 [Earthquake insurance and compulsory automobile liability insurance are excluded.]

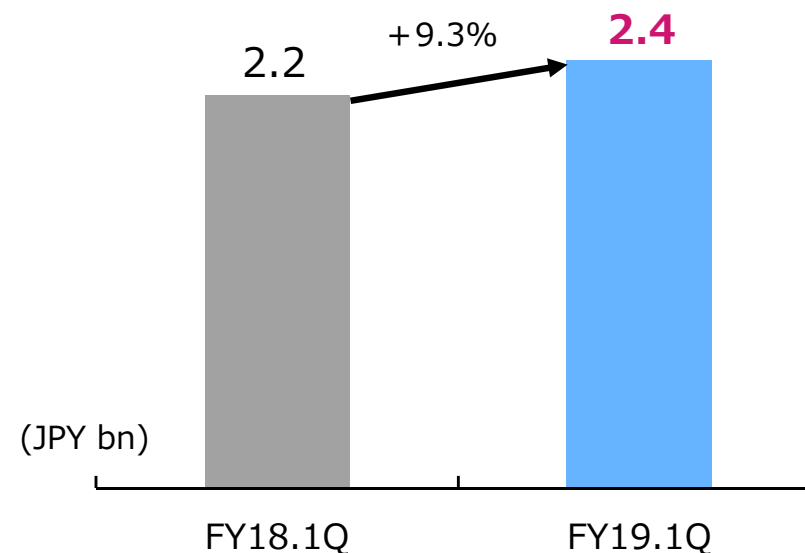
Notes:  
 Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written x100  
 Net expense ratio = Expenses related to underwriting / Net premiums written x100

- ◆ 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



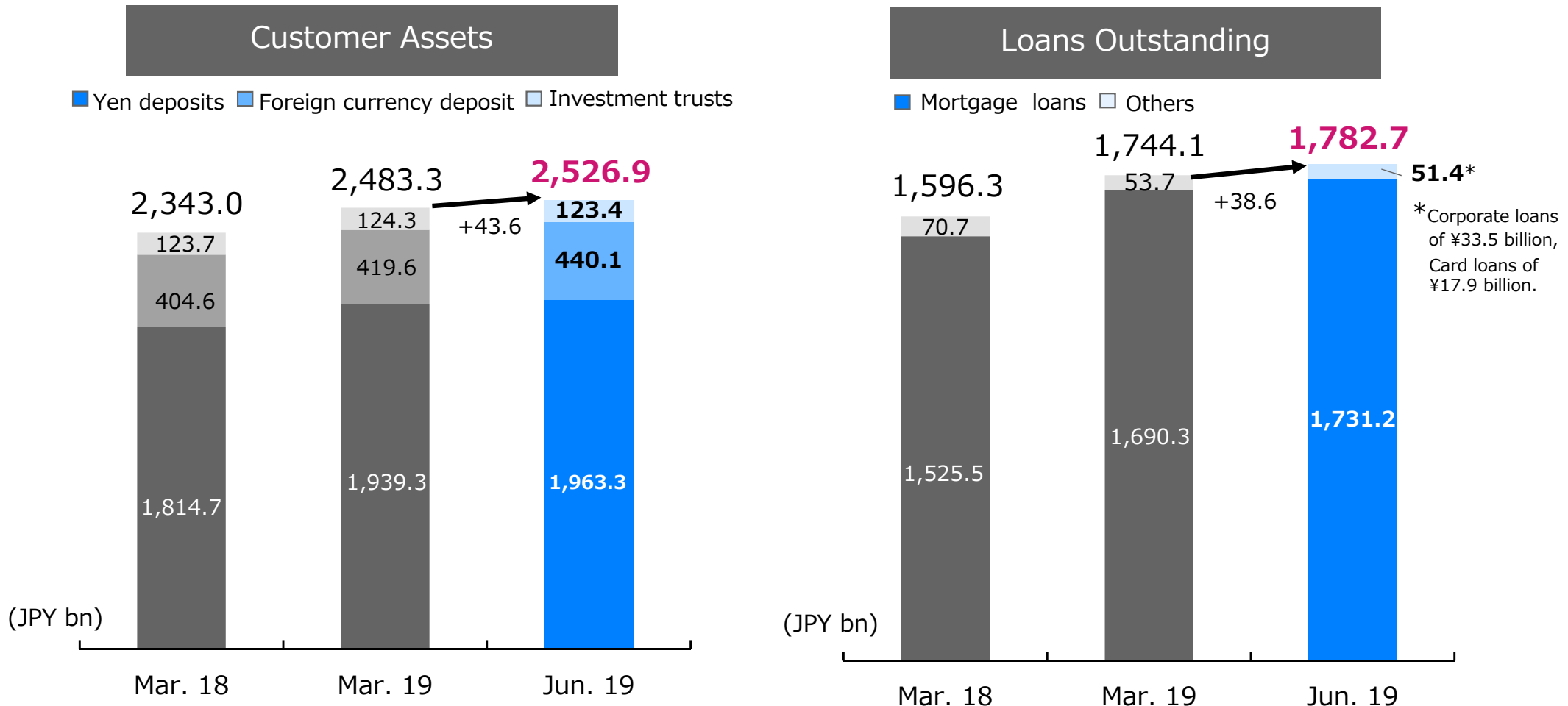


## ◆ Customer Assets

- Yen Deposits : Increased due to an increase in newly accumulated funds via the increased number of accounts.
- Foreign Currency Deposits : Increased due mainly to an increase in U.S. dollar deposits in line with appreciation of Japanese yen.

## ◆ 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

Forecast of consolidated financial results for FY2019 is unchanged from the forecast announced on April 26, 2019.

We maintain our full-year forecasts, taking into consideration the business environment from FY19.2Q onward, although ordinary revenues were essentially in line with our expectations and ordinary profit exceeded our expectation in FY19.1Q for all three businesses.

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

Note: The above forecast is not included the impact of conversion AEGON Sony Life Insurance and SA Reinsurance into wholly-owned subsidiaries of Sony Life. The impact on forecast of consolidated financial results is currently under careful evaluation.



## Sony Life's MCEV as of June 30, 2019

A part of the calculations of MCEV adopted simplified method for that as of June 30, 2019.  
Please keep in mind that the validity of these calculations has not been verified by outside specialists.

## ◆ Reasons for Changes in MCEV

- MCEV as of June 30, 2019 decreased ¥69.0 billion from March 31, 2019, due mainly to a decrease in interest rates in Japanese yen.

## ◆ New Business Value / New Business Margin

- New business value for FY19.1Q (3M) was ¥17.0 billion, due mainly to a lower sales of insurance products for corporate customers.
- New business margin for FY19.1Q (3M) was up 0.4pt from FY18.4Q (3M), due to an assumption changes and changes in product mix despite a decrease in interest rates.

(JPY bn)	Mar. 19	Jun. 19	Change from Mar. 19
<b>MCEV</b>	1,720.2	<b>1,651.2</b>	(69.0)
Adjusted net worth	2,195.7	<b>2,432.0</b>	+236.2
Value of existing business	(475.5)	<b>(780.7)</b>	(305.2)

(JPY bn)	FY18.4Q (3M)	FY19.1Q (3M)
<b>New business value</b>	23.1	<b>17.0</b>
<b>New business margin</b>	5.0%	<b>5.4%</b>

Note: Calculated MCEV as of June 30, 2019 by using mainly updated economic assumptions and lapse and surrender rate from March 31, 2019.

# 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
  - Operating Performance : AEGON Sony Life Insurance
  - 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

# Detail of Consolidated Adjusted ROE

	FY2018 (12M)	FY18.1Q (3M)	FY19.1Q (3M)
Consolidated Adjusted ROE	6.7%	1.7%	<b>1.4%</b>
(Sony Life) Core ROEV	6.4%	1.6%	<b>1.2%</b>
(Sony Assurance) Adjusted ROE	15.2%	7.0%	<b>6.5%</b>
(Sony Bank) ROE	7.3%	1.7%	<b>1.8%</b>

# Detail of Consolidated Adjusted Profit and Consolidated Adjusted Capital

## ◆ Adjusted profit (Numerator)

Sony Financial Group (consolidated)	FY2018	FY18.1Q	FY19.1Q
<b>Adjusted profit (consolidated)</b>	120.4	30.3	<b>25.9</b>

Sony Life (non-consolidated)	FY2018	Fy18.1Q	FY19.1Q
New business value *	91.3	21.9	<b>17.0</b>
Expected existing business contribution *	15.0	3.5	<b>3.7</b>
<b>Adjusted profit</b>	106.4	25.5	<b>20.8</b>

Sony Assurance	FY2018	FY18.1Q	FY19.1Q
Net income	4.9	2.7	<b>2.7</b>
Provision amount for catastrophe reserve (after tax)	2.6	0.6	<b>0.7</b>
Provision amount for reserve for price fluctuations (after tax)	0.0	0.0	<b>0.0</b>
<b>Adjusted profit</b>	7.6	3.3	<b>3.4</b>

Sony Bank (consolidated)	FY2018	FY18.1Q	FY19.1Q
<b>Profit attributable to owners of the parent</b>	6.3	1.4	<b>1.6</b>

## ◆ Adjusted capital (Denominator)

Sony Financial Group (consolidated)	FY2018	FY18.1Q	FY19.1Q
<b>Adjusted capital (consolidated)</b>	1,801.8	1,735.8	<b>1,811.8</b>

Sony Life (non-consolidated)	FY2018	FY18.1Q	FY19.1Q
①MCEV as of the beginning of the fiscal year	1,633.1	1,633.1	<b>1,720.2</b>
②Dividends paid	26.2	26.2	<b>32.2</b>
③MCEV as of the end of the period *	1,720.2	1,593.4	<b>1,651.2</b>
<b>Adjusted capital (① - ② + ③) / 2</b>	1,663.5	1,600.2	<b>1,669.6</b>

Sony Assurance	FY2018	FY18.1Q	FY19.1Q
①Net assets	34.7	33.1	<b>35.1</b>
②Catastrophe reserve	17.7	15.7	<b>18.4</b>
③Reserve for price fluctuations	0.1	0.1	<b>0.1</b>
<b>Adjusted capital (① + ② + ③)</b>	50.5	48.7	<b>53.2</b>

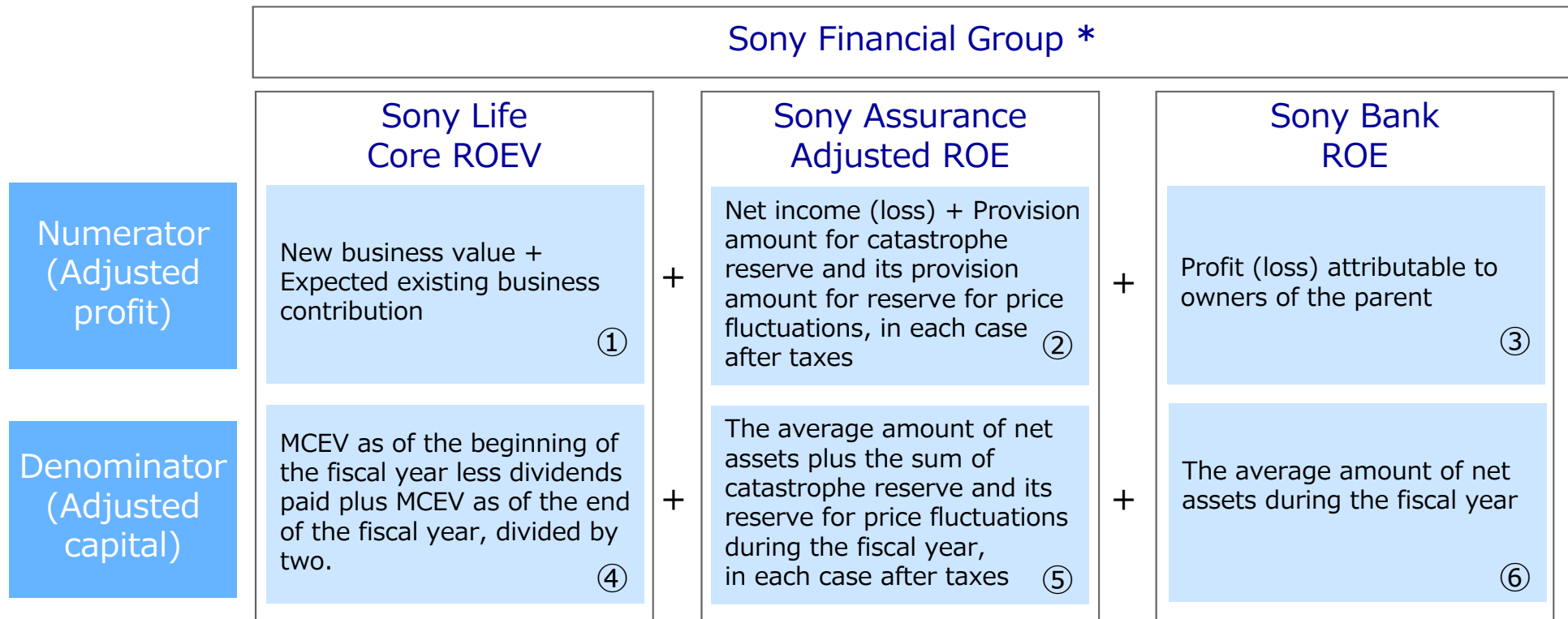
Sony Bank (consolidated)	FY2018	FY18.1Q	FY19.1Q
<b>Adjusted capital (The average amount of net assets during the period)</b>	87.6	86.9	<b>88.9</b>

\* Please keep in mind that the validity of these calculations has not been verified by outside specialists for the figures for FY18.1Q and FY19.1Q.



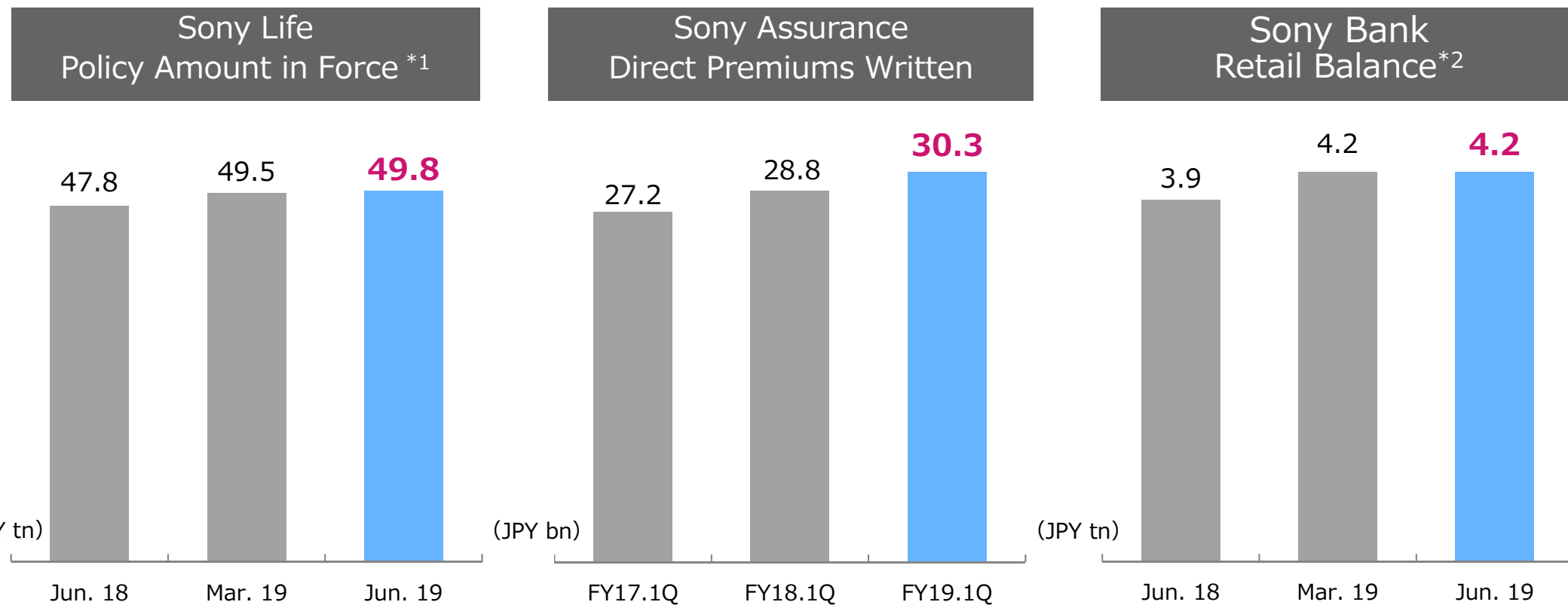
# Calculation of Consolidated Adjusted ROE

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

$$\begin{aligned} \text{Consolidated Adjusted Profit} &= \quad + \quad + \\ \text{Consolidated Adjusted Capital} &= \quad + \quad + \end{aligned}$$



\*1 Individual Life Insurance + Individual Annuities

\*2 Sum of yen deposits, foreign currency deposits, investment trusts, financial products intermediary services, mediated discretionary investment contracts and personal loans

(%)	Jun. 18	Mar. 19	<b>Jun. 19</b>	Change from Mar. 19
Sony Life (non-consolidated) Solvency margin ratio	2,648.6%	2,590.5%	<b>2,612.5%</b>	+22.0pt
Sony Assurance Solvency margin ratio	828.4%	813.0%	<b>872.9%</b>	+59.9pt
Sony Bank (non-consolidated) Capital adequacy ratio (domestic standard)	10.42%	9.58%	<b>9.54%</b>	(0.04pt)

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

Sony Life accounts for 11% of the amount of new mortgage loans for FY19.1Q (3M)

Sony Life accounts for 18% of the balance of mortgage loans as of June 30, 2019

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



## ◆ Sony Assurance's Automobile Insurance Sold by Sony Life

Sony Life accounts for 6% of new automobile policies for FY19.1Q (3M)

※Sony Life started handling automobile insurance in May 2001.

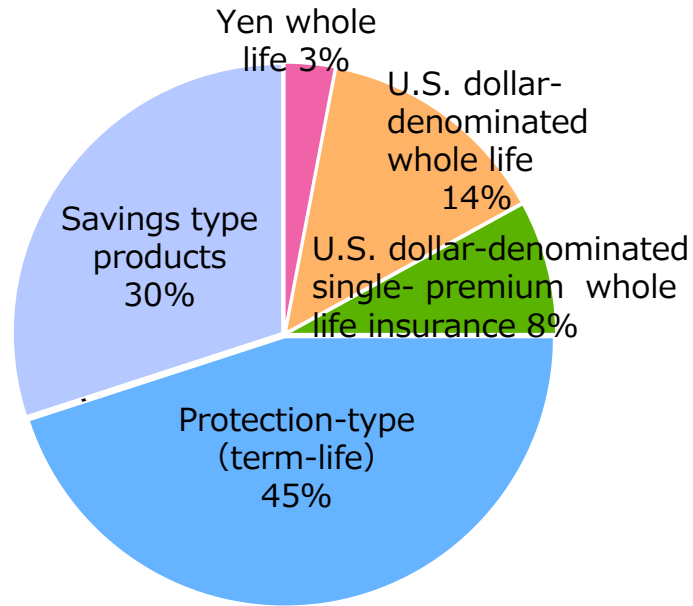


# Sony Life's Product Portfolio (Annualized Premiums from New Policies by Product)



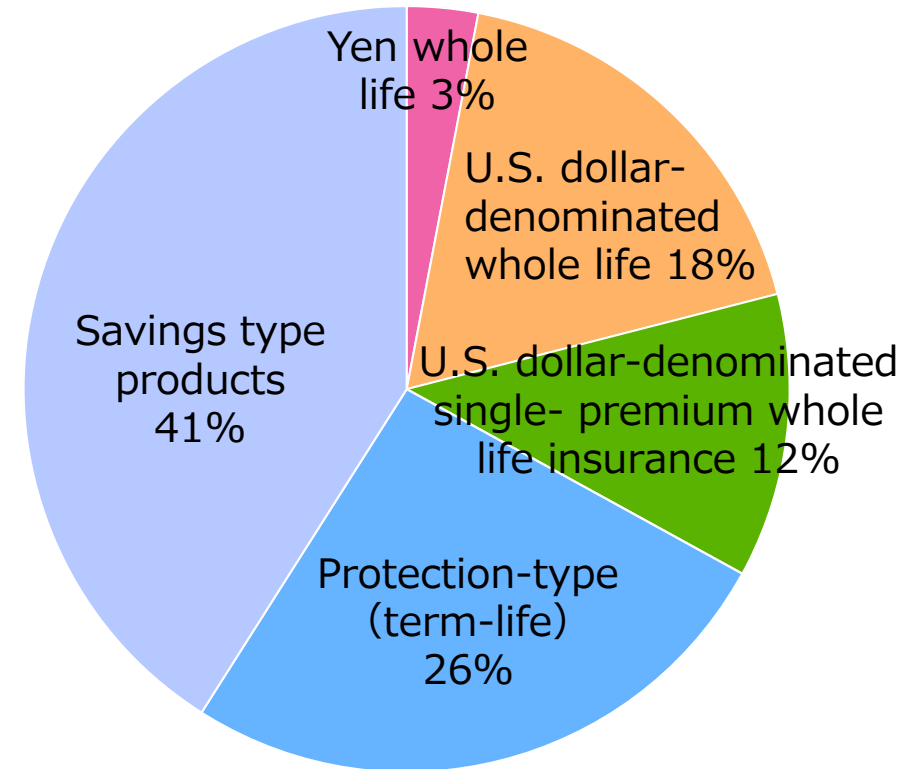
FY18.1Q (3M)

¥18.7 billion



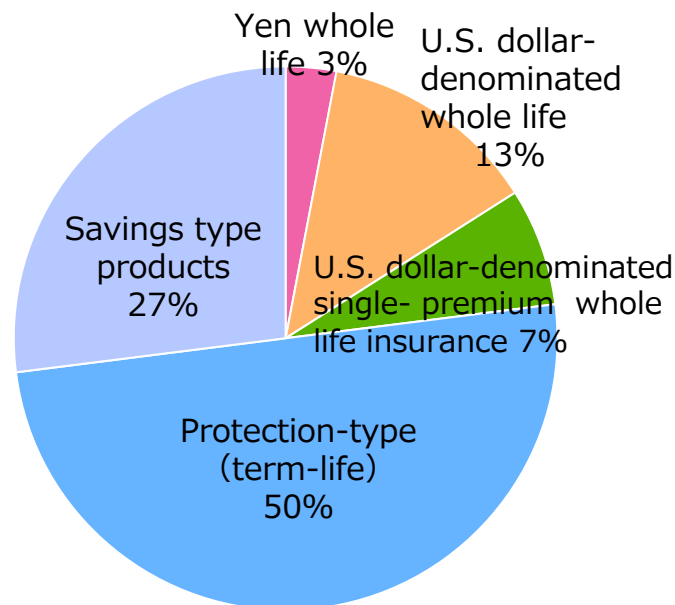
FY19.1Q (3M)

¥17.5 billion



FY18 (12M)

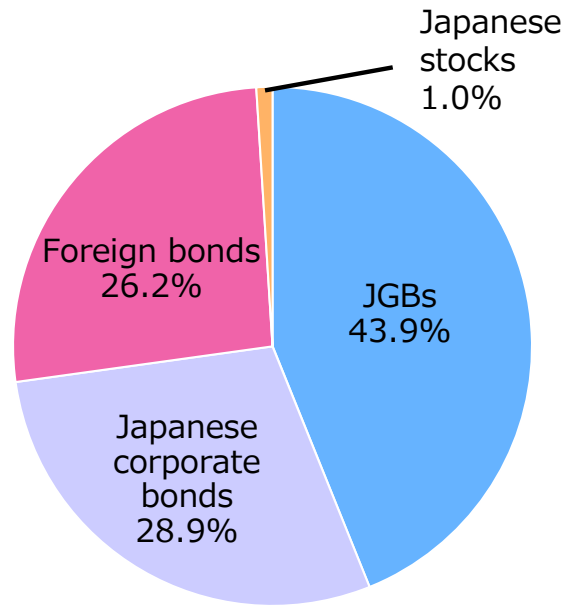
¥87.9 billion



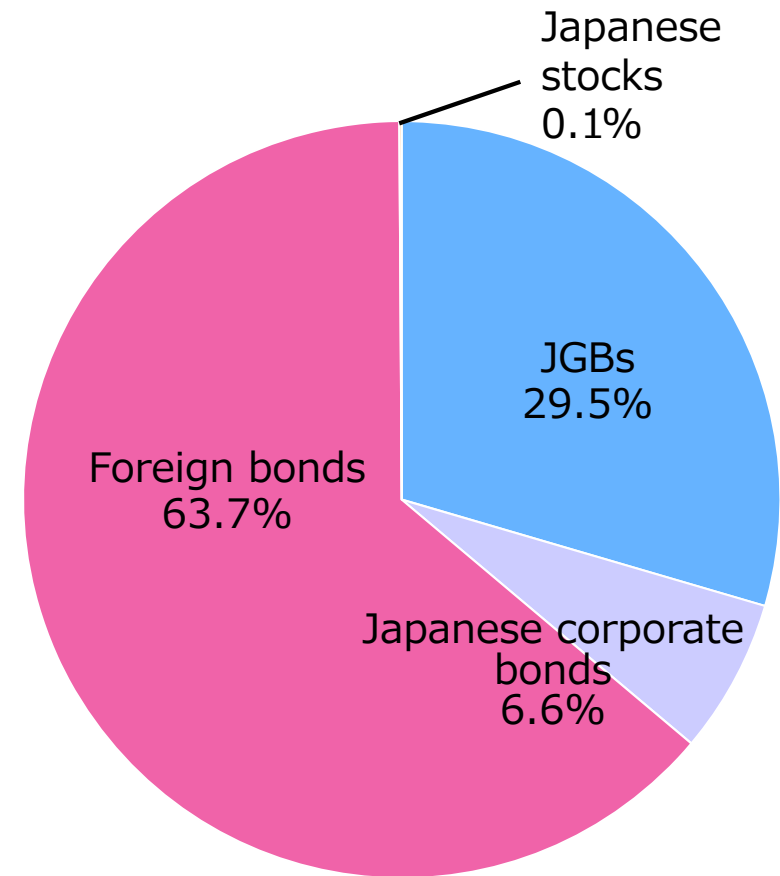
# Sony Life's Asset Management (Purchase Securities in the General Account)



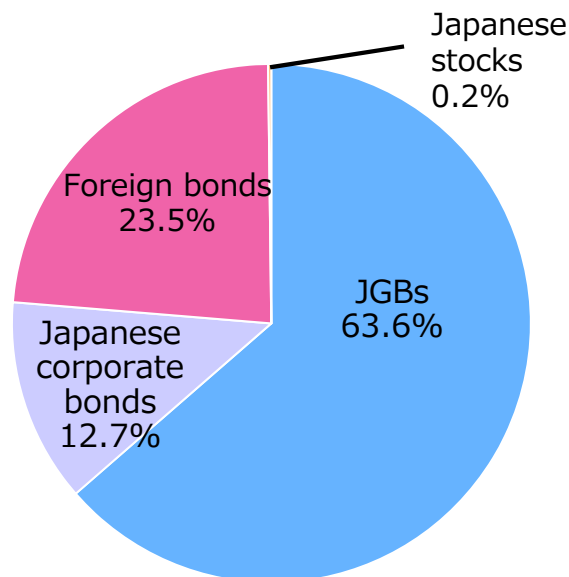
FY18.1Q (3M)



FY19.1Q (3M)



FY18 (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'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. 19		Jun. 19	
	Amount	%	Amount	%
<b>Japanese bonds (including JGBs)</b>	7,745.3	85.3%	<b>7,848.4</b>	<b>83.2%</b>
<b>Japanese stocks</b>	28.6	0.3%	<b>28.6</b>	<b>0.3%</b>
<b>Foreign bonds</b>	542.1	6.0%	<b>710.5</b>	<b>7.5%</b>
<b>Foreign stocks</b>	22.5	0.2%	<b>20.5</b>	<b>0.2%</b>
<b>Money held in trust</b>	269.3	3.0%	<b>267.9</b>	<b>2.8%</b>
<b>Policy loans</b>	198.3	2.2%	<b>200.6</b>	<b>2.1%</b>
<b>Real estate*</b>	90.8	1.0%	<b>90.5</b>	<b>1.0%</b>
<b>Cash and call loans</b>	61.9	0.7%	<b>126.4</b>	<b>1.3%</b>
<b>Others</b>	120.2	1.3%	<b>134.9</b>	<b>1.4%</b>
<b>Total</b>	<b>9,079.4</b>	<b>100.0%</b>	<b>9,428.6</b>	<b>100.0%</b>

### ◆ Bond duration

Mar. 18 : 21.4 years

Mar. 19 : 21.8 years

Jun. 19 : 21.9 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. 18 : 89.5%

Mar. 19 : 88.3%

Jun. 19 : 86.1%

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

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

(JPY mn)	FY18.1Q	FY19.1Q	Change
Cash and deposits	32,010	<b>33,011</b>	+3.1%
Japanese bonds (including JGBs)	100	<b>81</b>	(19.0%)
Japanese stocks	4,053	<b>6,141</b>	+51.5%
Foreign securities	277	—	(100.0%)
Other securities	1,685	<b>1,736</b>	+3.0%
Loans	2,151	<b>2,422</b>	+12.6%
Real estate	139	<b>109</b>	(21.8%)
Others	40,419	<b>43,501</b>	+7.6%



# Sony Life's Capital Gains (Losses)

(JPY mn)	FY18.1Q	FY19.1Q
<b>Capital losses</b>	<b>16,850</b>	<b>12,643</b>
Losses on trading securities, net	42	–
Losses on sale of securities…(3)	34	–
<b>Losses on derivatives, net</b>	<b>7,855</b>	<b>1,579</b>
Losses on hedges of variable life insurance…(1)	3,901	<b>1,781</b>
Losses on hedges of available-for-sale securities…(2)	874	<b>(222)</b>
Losses on U.S. dollar-denominated insurance…(4)	2,974	<b>7</b>
<b>Foreign exchange losses, net</b>	<b>–</b>	<b>11,039</b>
Losses on U.S. dollar-denominated insurance…(4)	–	<b>11,365</b>
Losses on hedges of variable life insurance…(1)	–	<b>(333)</b>
<b>Other capital losses</b>	<b>8,917</b>	<b>25</b>
Losses on U.S. dollar-denominated insurance (the provision of policy reserves for foreign exchange fluctuations)…(4)	8,917	–

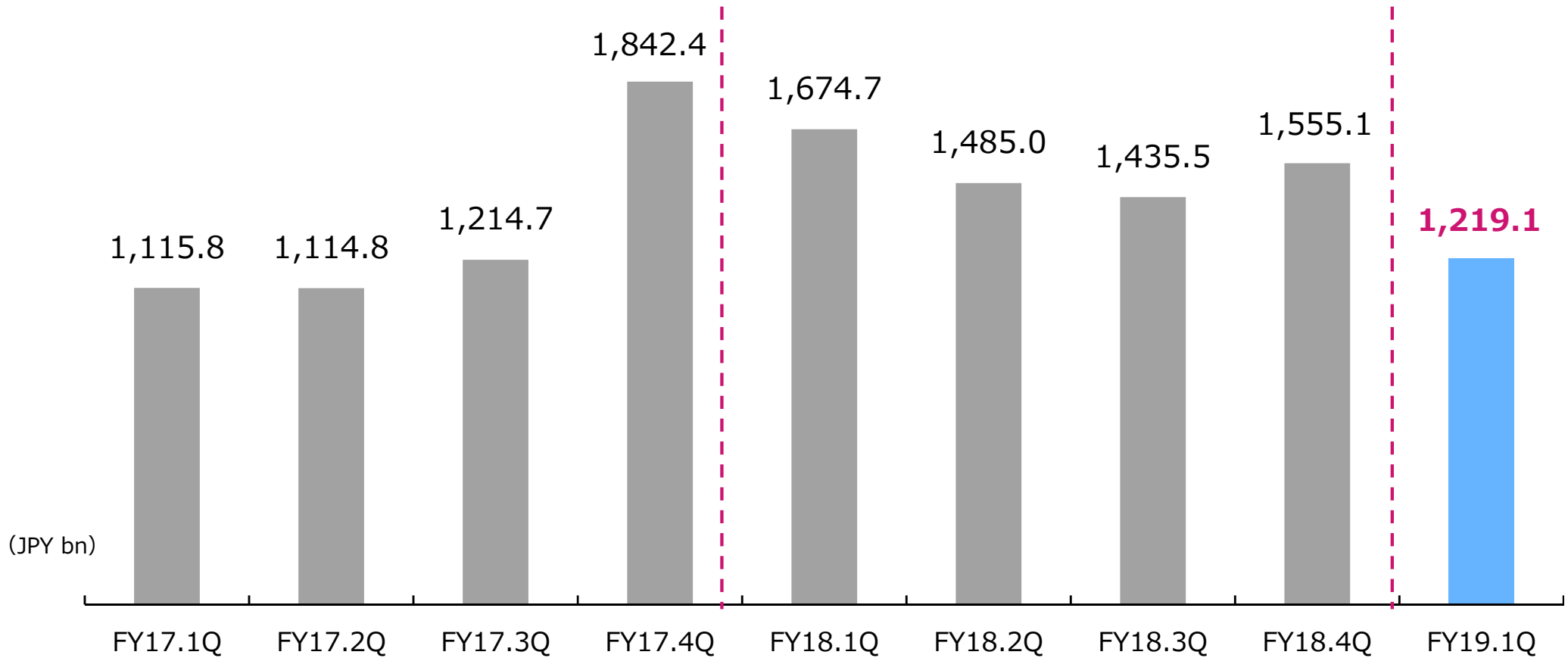
## ● Capital Gains (Losses) on Main Items, Net Amounts

(JPY mn)	FY18.1Q	FY19.1Q
(1) Gains (Losses) on hedges of variable life insurance	(3,901)	<b>(1,447)</b>
(2) Gains (losses) on hedges of available-for-sale securities	(874)	<b>222</b>
(3) Gains (losses) on sale of securities	3,230	<b>1,238</b>
(4) Gains (losses) on U.S. dollar-denominated insurance	311	<b>1,124</b>

(JPY mn)	FY18.1Q	FY19.1Q
<b>Capital gains</b>	<b>15,552</b>	<b>13,741</b>
Gains on sale of securities…(3)	3,265	<b>1,238</b>
<b>Foreign exchange gains, net</b>	<b>12,287</b>	<b>–</b>
Gains on U.S. dollar- denominated insurance (foreign exchange gains in separate account) …(4)	12,203	–
<b>Other capital gains</b>	<b>–</b>	<b>12,497</b>
Gains on U.S. dollar-denominated insurance (the reversal of policy reserves for foreign exchange fluctuations)…(4)	–	<b>12,249</b>
<b>Net capital gains (losses)</b>	<b>(1,297)</b>	<b>1,097</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.

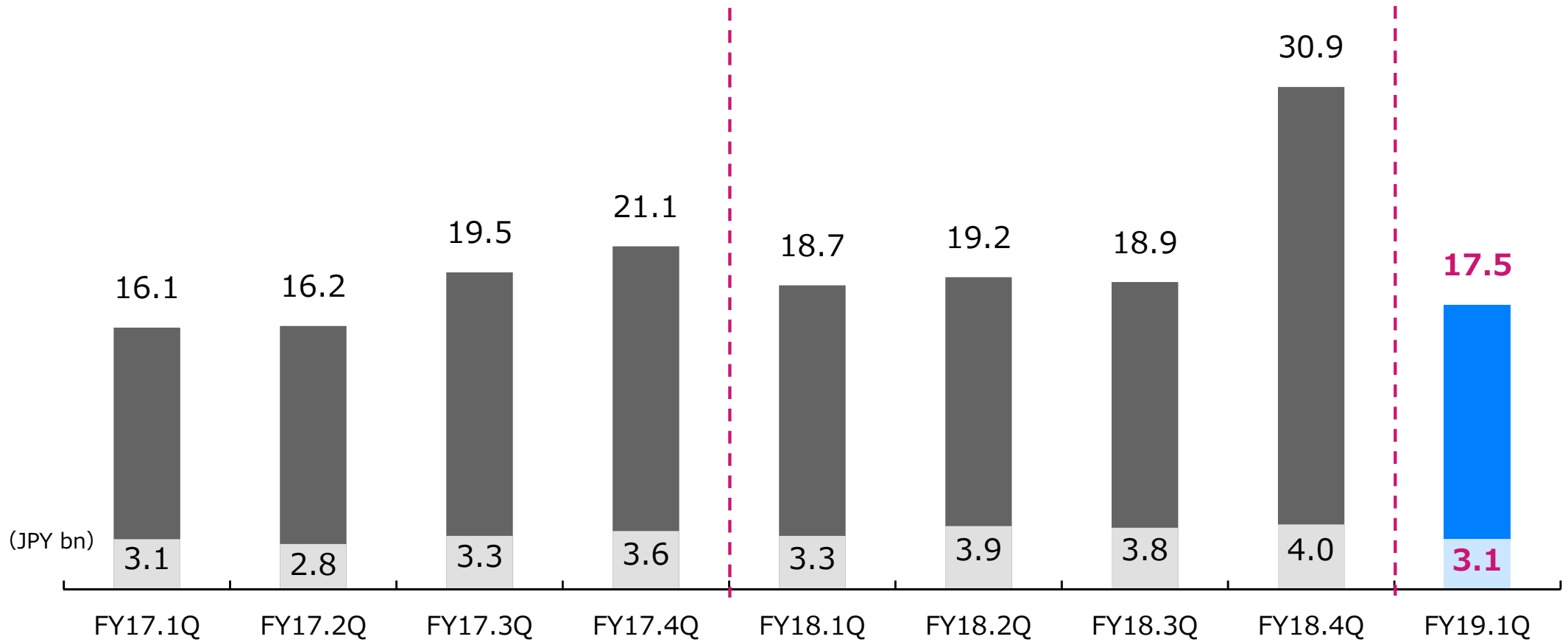
# Sony Life's Quarterly Trend on New Policy Amount



Note : Individual Life Insurance + Individual Annuities

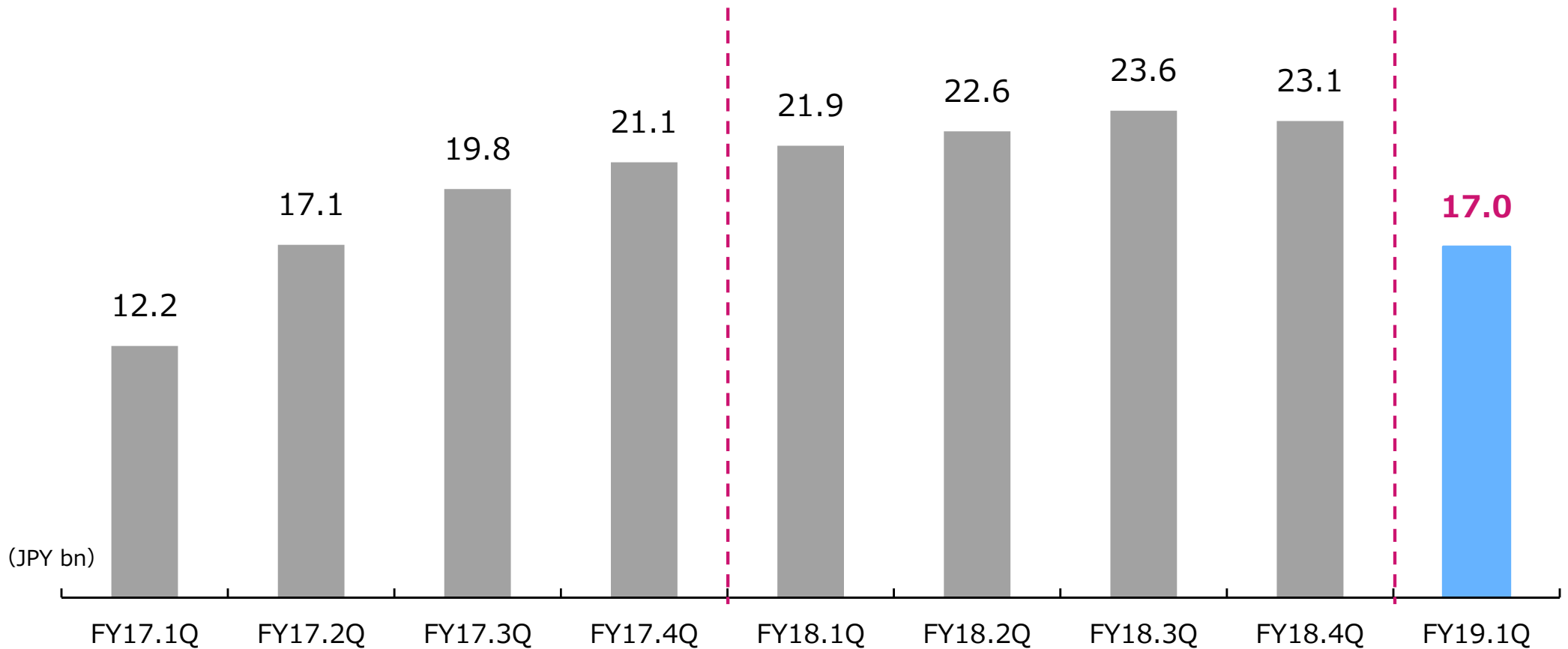
# Sony Life's Quarterly Trend on Annualized Premiums from New Policies

■ 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 June 30, 2019 was ¥758.5 billion, up ¥16.1 billion from March 31, 2019, resulting from a decrease in interest rate risk, offsets by an increase in insurance risk due to a drop in interest rates.
- ◆ ESR as of June 30, 2019 was 220%, down 14pt from March 31, 2019 due mainly to a decrease in MCEV.

(JPY bn)	Mar. 19	Jun. 19	Change
Insurance risk	547.3	<b>586.2</b>	+38.8
Market-related risk	332.5	<b>299.9</b>	(32.6)
Of which, interest rate risk	202.1	<b>159.2</b>	(42.8)
Operational risk	33.4	<b>35.0</b>	+1.6
Counter party risk	3.0	<b>4.1</b>	+1.0
Variance effect	(174.0)	<b>(166.8)</b>	+7.2
<b>The risk amount based on economic value</b>	742.3	<b>758.5</b>	+16.1

(JPY bn)	Mar. 19	Jun. 19	Change
<b>MCEV + Frictional costs</b>	1,743.7	<b>1,672.2</b>	(71.5)
<b>ESR</b>	235%	<b>220%</b>	(14pt)

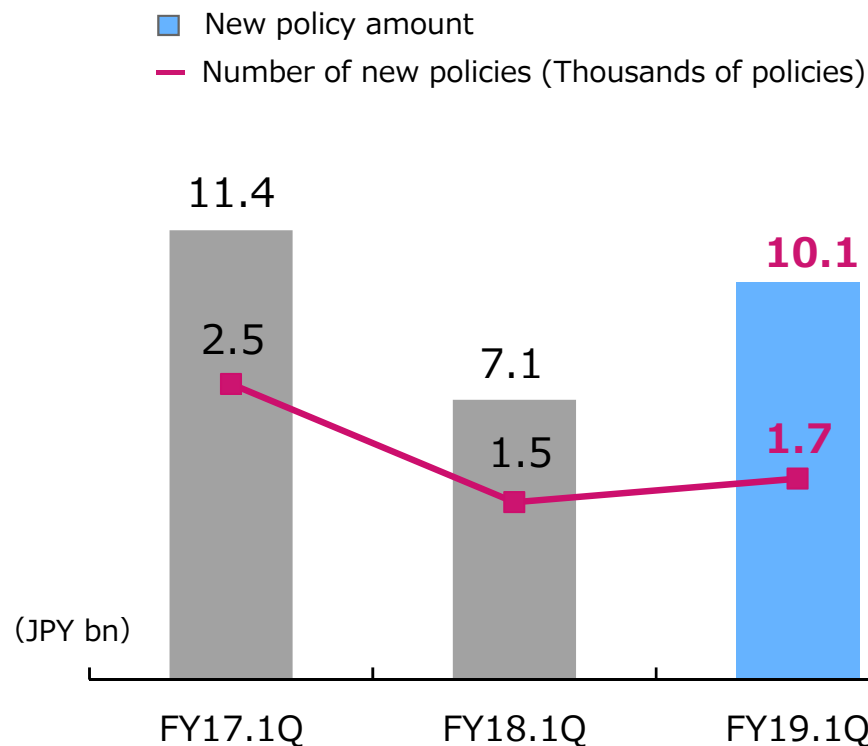
Notes:

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

# Operating Performance : AEGON Sony Life Insurance

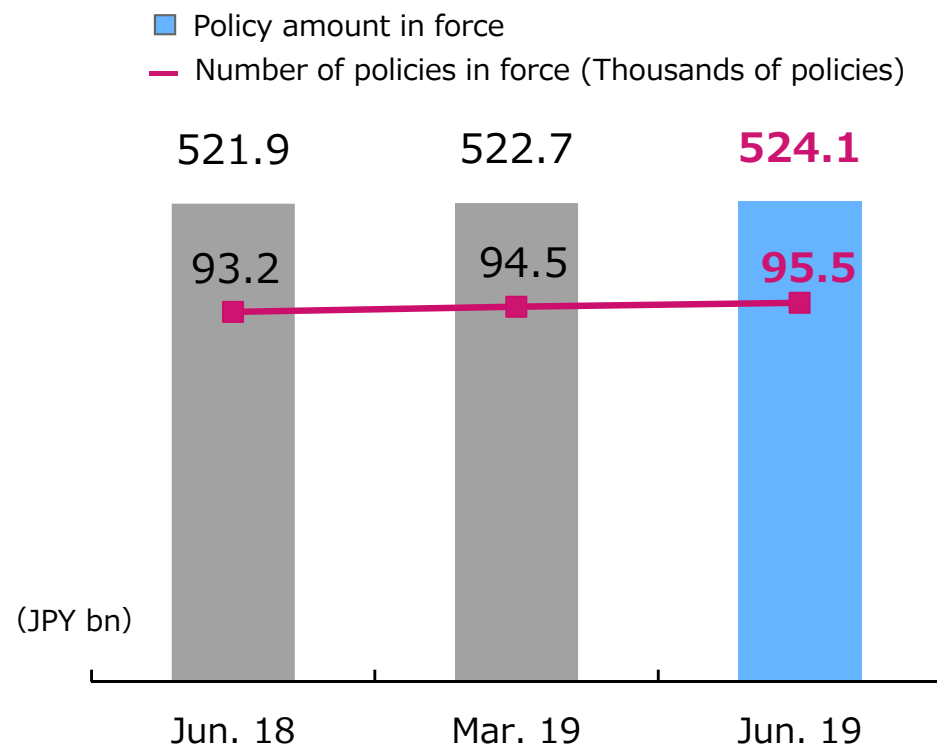
## ◆AEGON Sony Life Insurance’s new policy amount and policy amount in force

### Number and Amount of New Policies\*



\*Amounts for FY17.1Q and FY18.1Q are individual annuities while amounts for FY19.1Q are total of individual insurance and individual annuities

### Number and Amount of Policies in Force\*\*



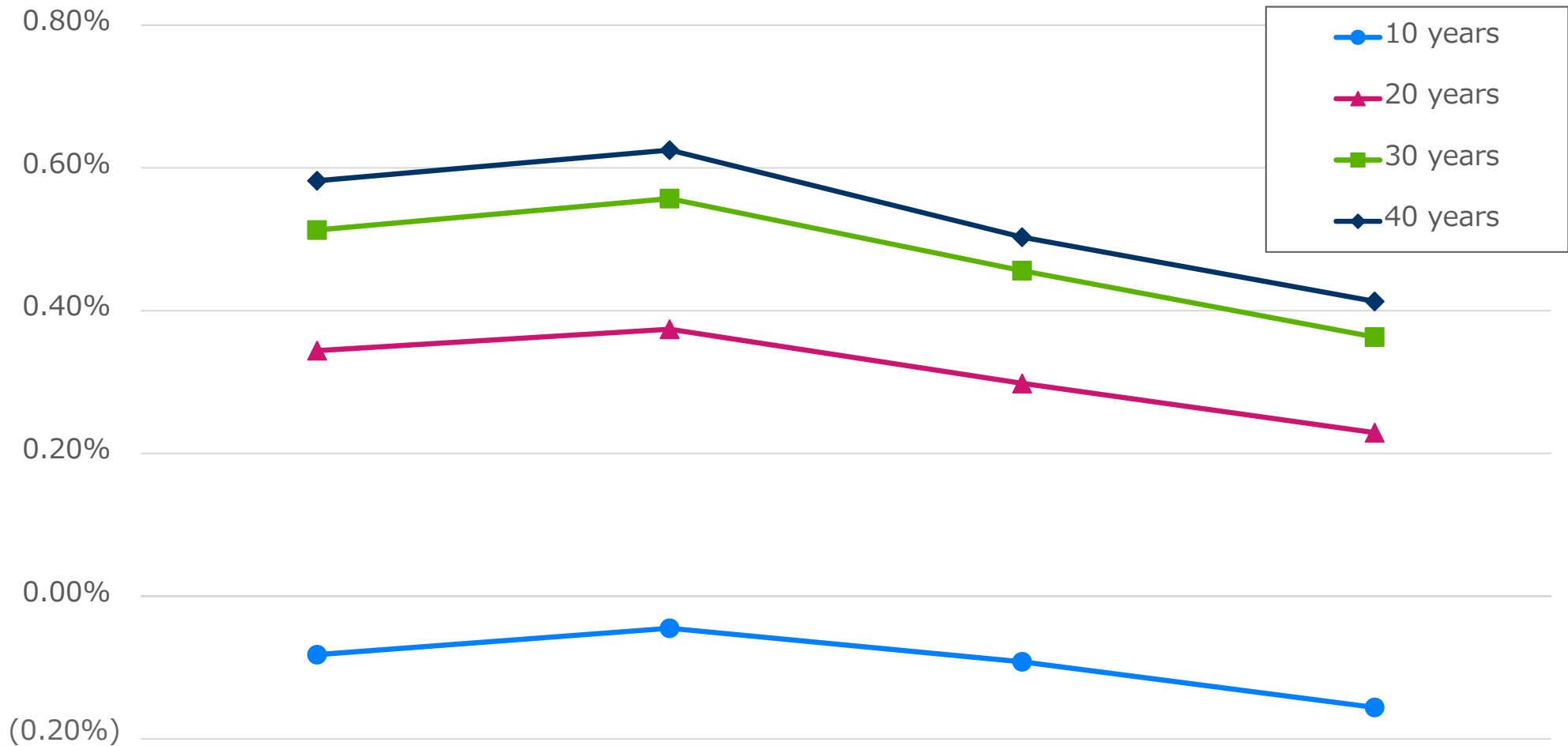
\*\* Amounts for as of Jun. 2018 are individual annuities while amounts for Mar. 2019 and Jun. 2019 are total of individual insurance and individual annuities

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

(JPY bn)	FY18.1Q	FY19.1Q	Change
AEGON Sony Life	(0.8)	<b>(0.4)</b>	+0.4
SA Reinsurance	0.3	<b>0.0</b>	(0.2)

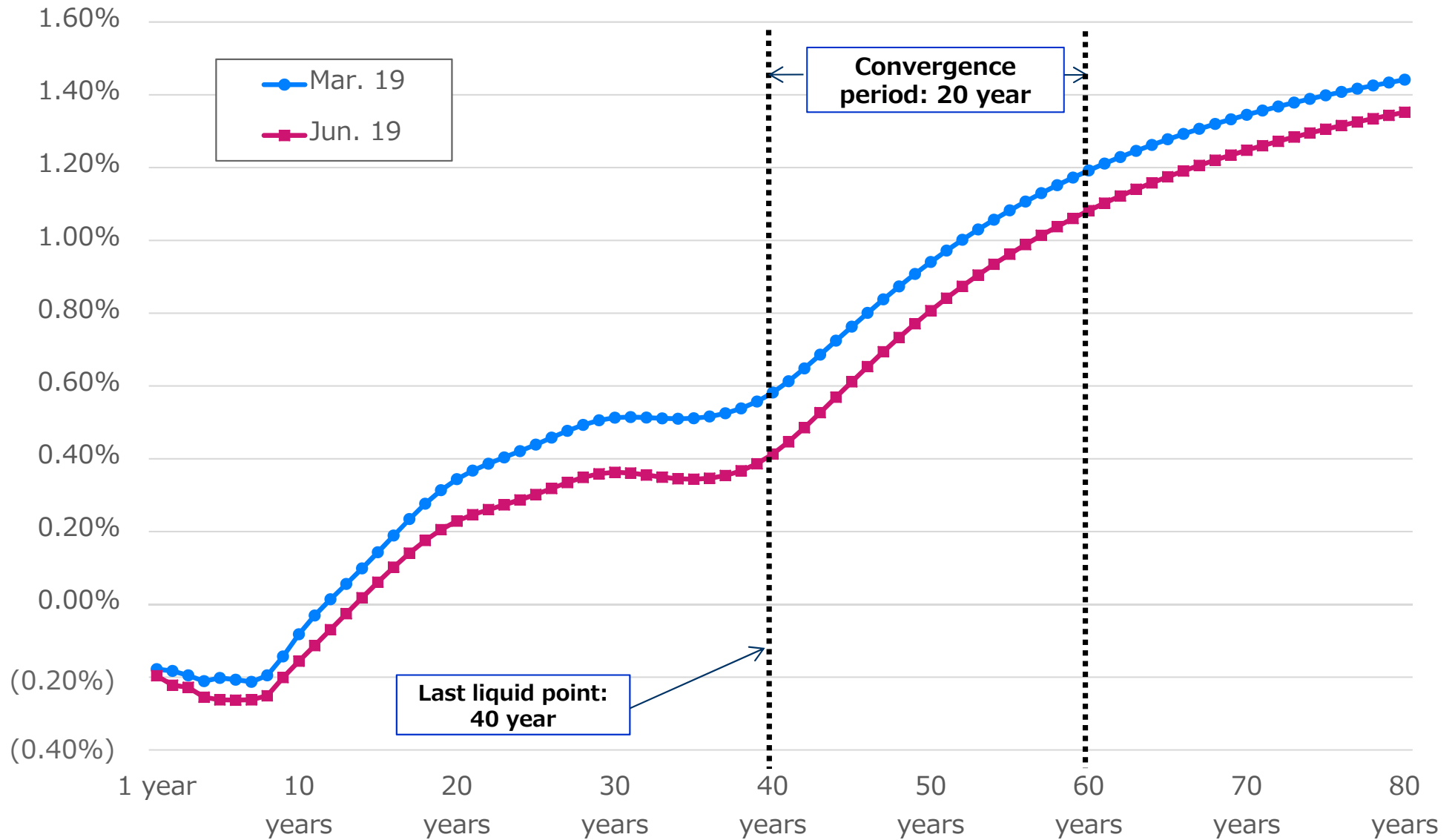
AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint venture established by Sony Life and AEGON Group. SA Reinsurance prepares its financial statements in accordance with U.S. GAAP. 50% of the net income (losses) for AEGON Sony Life Insurance and SA Reinsurance are recognized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

# Trend on JGB Yields (Par rate)



	Mar. 19	Apr. 19	May 19	Jun. 19
10 years	(0.08%)	(0.05%)	(0.09%)	(0.16%)
20 years	0.34%	0.37%	0.30%	0.23%
30 years	0.51%	0.56%	0.46%	0.36%
40 years	0.58%	0.63%	0.50%	0.41%

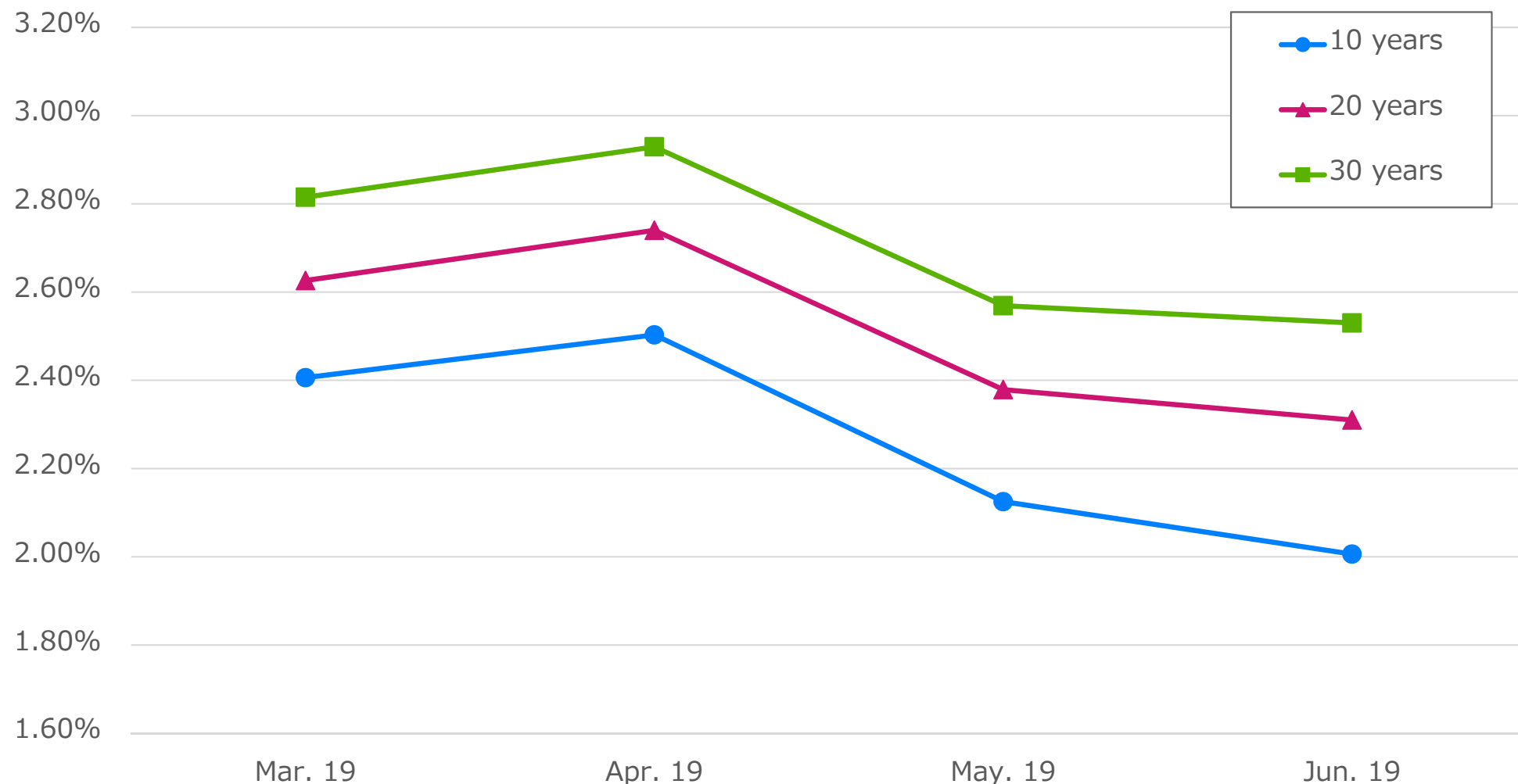
# Trend on Risk-free Rate (Japanese yen/Par rate)



\*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%).

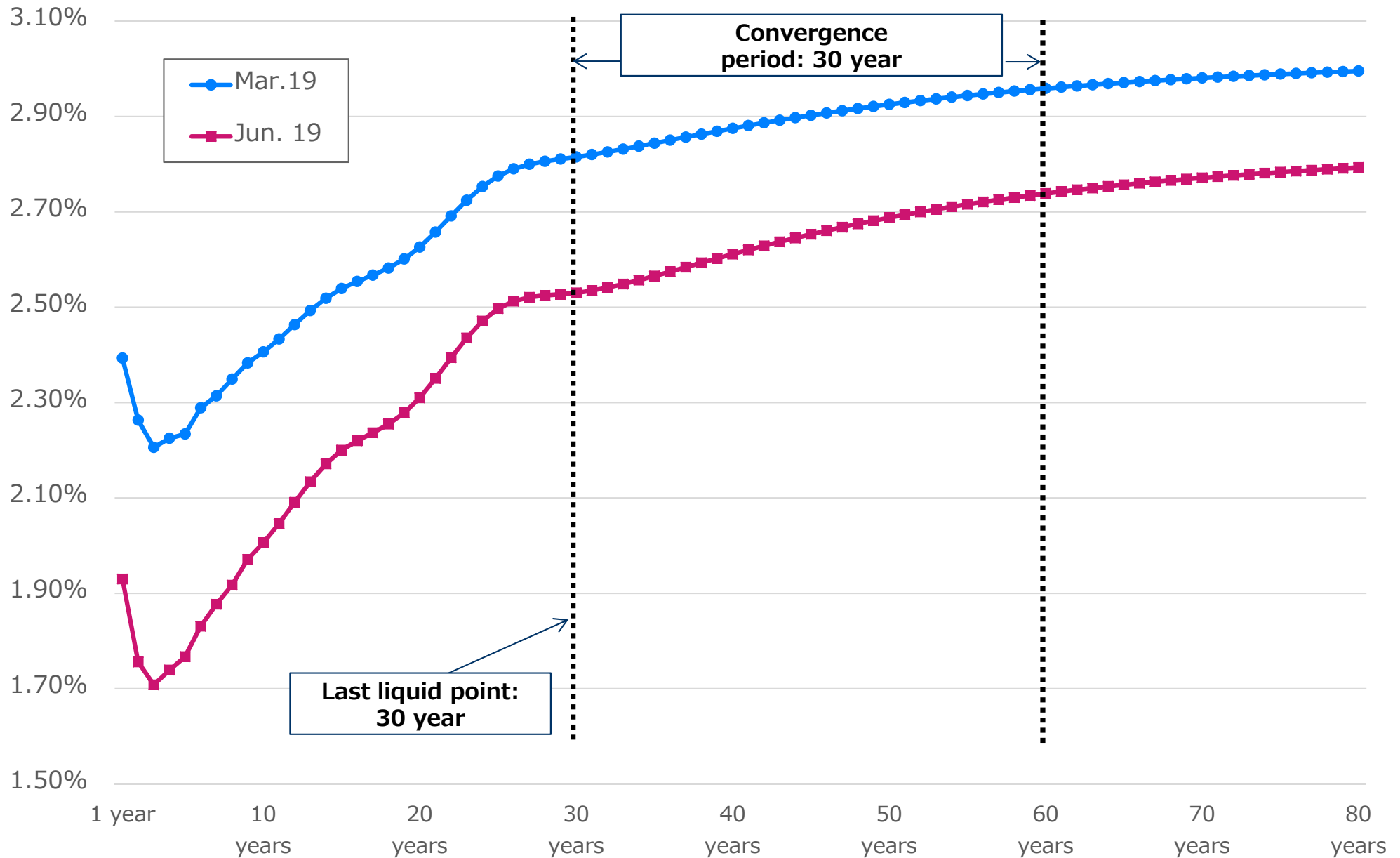


# Trend on U.S. Dollar Bonds Yields (Par rate)



	Mar. 19	Apr. 19	May. 19	Jun. 19
10 years	2.41%	2.50%	2.13%	2.01%
20 years	2.63%	2.74%	2.38%	2.31%
30 years	2.82%	2.93%	2.57%	2.53%

# 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)	FY18.1Q	FY19.1Q	Change	
Life insurance business	Ordinary revenues		379.4	<b>368.8</b>	(10.5)	(2.8%)
	Ordinary profit		22.9	<b>28.3</b>	+5.3	+23.5%
Non-life insurance business	Ordinary revenues		29.7	<b>31.8</b>	+2.1	+7.3%
	Ordinary profit		3.8	<b>3.8</b>	+0.0	+2.4%
Banking business	Ordinary revenues		10.7	<b>11.9</b>	+1.1	+10.7%
	Ordinary profit		2.2	<b>2.4</b>	+0.2	+9.2%
Intersegment adjustments*	Ordinary revenues		0.7	<b>1.0</b>	+0.2	+32.7%
	Ordinary profit		(0.1)	<b>(0.2)</b>	(0.1)	—
Consolidated	Ordinary revenues		420.6	<b>413.6</b>	(7.0)	(1.7%)
	Ordinary profit		28.8	<b>34.3</b>	+5.5	+19.3%
	Profit attributable to owners of the parent		20.0	<b>24.0</b>	+3.9	+19.6%

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

(Note) Comprehensive income : FY18.1Q: ¥15.7 billion, FY19.1Q: ¥25.5 billion

		(JPY bn)	Mar. 19	Jun. 19	Change from Mar. 19	
Consolidated	Net assets		656.8	<b>655.2</b>	(1.6)	(0.2%)
	Total assets		13,468.2	<b>13,989.3</b>	+521.1	+3.9%

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



(JPY bn)	FY18.1Q	FY19.1Q	Change	
Ordinary revenues	379.3	<b>368.8</b>	(10.5)	(2.8%)
Income from insurance premiums	269.5	<b>301.4</b>	+31.8	+11.8%
Investment income	106.9	<b>64.3</b>	(42.6)	(39.8%)
Interest income and dividends	40.4	<b>43.5</b>	+3.0	+7.6%
Gains on sale of securities	3.2	<b>1.2</b>	(2.0)	(62.1%)
Foreign exchange gains, net	12.2	—	(12.2)	(100.0%)
Gains on separate accounts, net	49.8	<b>18.4</b>	(31.4)	(63.0%)
Ordinary expenses	356.0	<b>340.1</b>	(15.9)	(4.5%)
Insurance claims and other payments	100.8	<b>109.4</b>	+8.6	+8.5%
Provision for policy reserves and others	202.0	<b>168.9</b>	(33.0)	(16.4%)
Investment expenses	9.3	<b>14.4</b>	+5.1	+54.9%
Losses on derivatives, net	7.8	<b>1.5</b>	(6.2)	(79.9%)
Foreign exchange losses, net	—	<b>11.0</b>	+11.0	—
Operating expenses	35.4	<b>37.3</b>	+1.9	+5.4%
Ordinary profit	23.2	<b>28.6</b>	+5.3	+23.2%
Net income	16.3	<b>20.0</b>	+3.6	+22.2%

(JPY bn)	Mar. 19	Jun. 19	Change from Mar. 19	
Securities	9,523.8	<b>9,862.6</b>	+338.8	+3.6%
Policy reserves	9,268.4	<b>9,436.9</b>	+168.5	+1.8%
Net assets	513.9	<b>502.7</b>	(11.1)	(2.2%)
Net unrealized gains on other securities	122.7	<b>123.7</b>	+1.0	+0.8%
Total assets	10,380.1	<b>10,767.6</b>	+387.5	+3.7%
Separate account assets	1,300.7	<b>1,338.9</b>	+38.2	+2.9%

(JPY bn)	FY18.1Q	FY19.1Q	Change from Mar. 19	
Gains from investment, net (General account)	47.7	<b>31.4</b>	(16.3)	(34.2%)

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



(JPY bn)	FY18.1Q	FY19.1Q	Change	
Ordinary revenues	29.7	<b>31.8</b>	+2.1	+7.3%
Underwriting income	29.0	<b>31.2</b>	+2.1	+7.5%
Investment income	0.6	<b>0.6</b>	+0.0	+0.9%
Ordinary expenses	25.9	<b>27.9</b>	+2.0	+8.0%
Underwriting expenses	19.3	<b>20.9</b>	+1.6	+8.3%
Operating general and administrative expenses	6.5	<b>7.0</b>	+0.4	+7.0%
Ordinary profit	3.8	<b>3.8</b>	+0.0	+2.4%
Underwriting income	3.1	<b>3.2</b>	+0.0	+3.0%
Net income	2.7	<b>2.7</b>	+0.0	+1.8%

(JPY bn)	Mar. 19	Jun. 19	Change from Mar. 19	
Underwriting reserves	127.8	<b>131.9</b>	+4.1	+3.3%
Net assets	34.7	<b>35.1</b>	+0.3	+1.1%
Total assets	219.6	<b>220.0</b>	+0.4	+0.2%

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

(JPY mn)	FY18.1Q	FY19.1Q	Change
Fire	54	<b>374</b>	+582.7%
Marine	—	—	—
Personal accident	2,163	<b>2,277</b>	+5.3%
Voluntary automobile	26,583	<b>27,695</b>	+4.2%
Compulsory automobile liability	—	—	—
Total	28,802	<b>30,347</b>	+5.4%

## Net Premiums Written

(JPY mn)	FY18.1Q	FY19.1Q	Change
Fire	4	<b>197</b>	—
Marine	—	—	—
Personal accident	2,221	<b>2,244</b>	+1.0%
Voluntary automobile	26,524	<b>27,621</b>	+4.1%
Compulsory automobile liability	300	<b>354</b>	+18.1%
Total	29,051	<b>30,418</b>	+4.7%

## Net losses paid

(JPY mn)	FY18.1Q	FY19.1Q	Change
Fire	1	<b>3</b>	+96.6%
Marine	1	<b>(3)</b>	—
Personal accident	691	<b>763</b>	+10.5%
Voluntary automobile	12,052	<b>13,097</b>	+8.7%
Compulsory automobile liability	329	<b>323</b>	(1.6%)
Total	13,076	<b>14,183</b>	+8.5%

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



## ◆ Consolidated

(JPY bn)	FY18.1Q	FY19.1Q	Change	
Ordinary revenues	10.7	<b>11.9</b>	+1.1	+10.7%
Ordinary profit	2.2	<b>2.4</b>	+0.2	+9.3%
Profit attributable to owners of the parent	1.4	<b>1.6</b>	+0.1	+8.9%

## ◆ Non-consolidated

(JPY bn)	FY18.1Q	FY19.1Q	Change	
Ordinary revenues	9.7	<b>10.7</b>	+1.0	+10.8%
Gross operating profit	5.7	<b>6.2</b>	+0.4	+8.4%
Net interest income	5.5	<b>5.9</b>	+0.3	+6.9%
Net fees and Commissions	(0.8)	<b>(0.6)</b>	+0.2	—
Net other operating income	1.0	<b>0.8</b>	(0.1)	(16.4%)
General and administrative expenses	3.7	<b>4.1</b>	+0.3	+9.0%
Net operating profit	1.9	<b>2.1</b>	+0.2	+10.6%
Ordinary profit	2.0	<b>2.1</b>	+0.1	+6.9%
Net income	1.4	<b>1.5</b>	+0.0	+7.1%

(JPY bn)	Mar. 19	Jun. 19	Change from Mar. 19	
Net assets	87.2	<b>85.8</b>	(1.4)	(1.7%)
Net unrealized gains on other securities, net of taxes	3.9	<b>4.0</b>	+0.1	+2.7%
Total assets	2,860.9	<b>2,987.7</b>	+126.8	+4.4%

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

(JPY bn)	Mar. 19	Jun. 19	Change from Mar. 19	
AAA	296.6	<b>321.3</b>	+24.6	+8.3%
AA	77.3	<b>74.4</b>	(2.8)	(3.7%)
A	288.0	<b>298.8</b>	+10.7	+3.7%
BBB	24.4	<b>23.6</b>	(0.7)	(3.1%)
Others	10.0	<b>9.8</b>	(0.1)	(1.3%)
Total	696.4	<b>728.1</b>	+31.7	+4.6%

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



## ◆ On Managerial Accounting Basis

- Net interest income : Increased due to an increase of interest income in 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)	FY18.1Q	FY19.1Q	Change	
Gross operating profit	5.7	<b>6.2</b>	+0.4	+8.4%
Net interest income <sup>*1</sup> ①	6.2	<b>6.4</b>	+0.2	+3.4%
Net fees and commissions <sup>*2</sup> ②	(0.7)	<b>(0.4)</b>	+0.2	—
Net other operating income <sup>*3</sup>	0.2	<b>0.2</b>	(0.0)	(0.5%)
Gross operating profit (core profit)(A) = ① + ②	5.4	<b>5.9</b>	+0.4	+8.9%
Operating expenses and other Expenses ③	3.8	<b>4.1</b>	+0.2	+7.3%
Net operating profit (core profit) = (A) - ③	1.6	<b>1.8</b>	+0.2	+12.8%

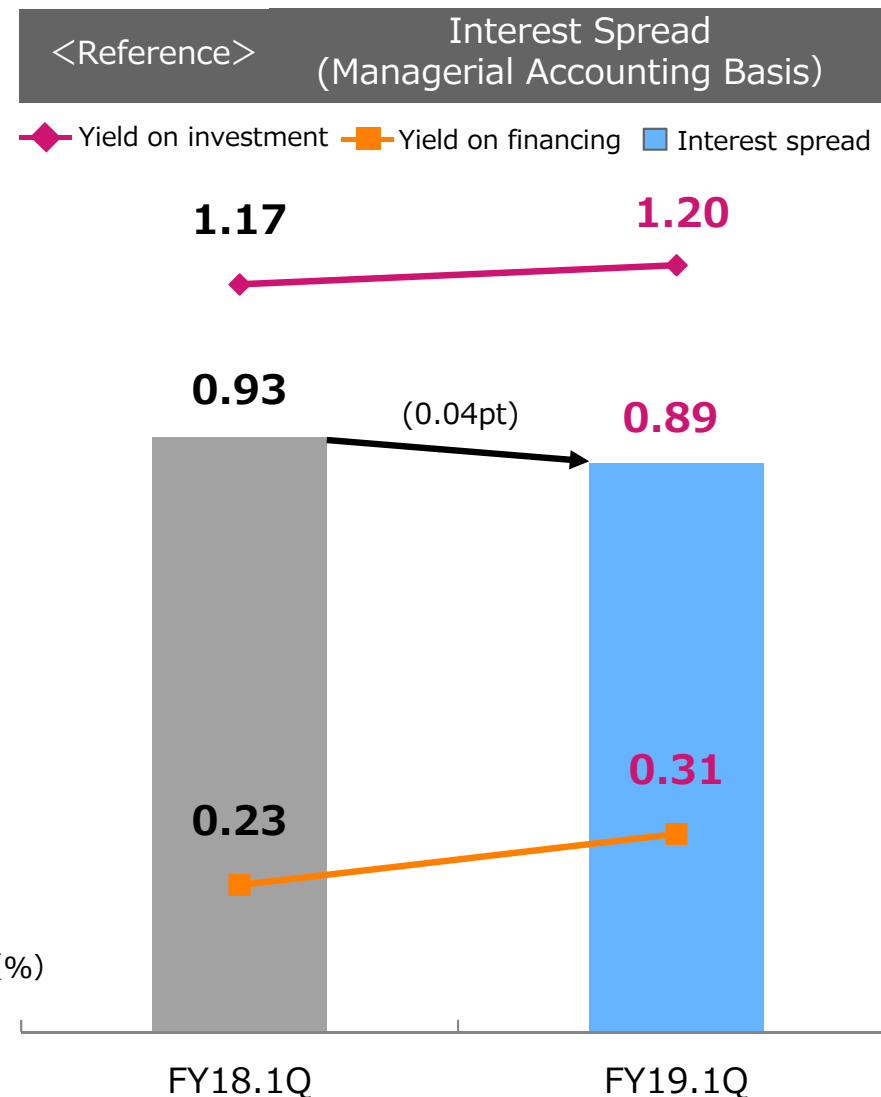
## ■ Managerial accounting basis

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)



**Contact :  
Investor Relations Department  
Sony Financial Holdings Inc.  
TEL : +81-3-5290-6500**