

【Presentation Material】



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

Sony Financial Holdings Inc.  
November 12, 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.



Consolidated Operating Results  
for the Six Months Ended  
September 30, 2019  
(FY19.1H)

- ◆ In each of the three main businesses, ordinary revenues and ordinary profit for FY19.1H outpaced our expectations, and consolidated operating performance is progressing ahead of our forecasts.
- ◆ At Sony Life, lower sales of family income insurance in FY19.1H caused the new policy amount to decrease year on year. Insurance acquisition costs fell mainly due to the lower new policy amount, leading to a year-on-year increase in ordinary profit.

In FY19.2Q (3M), new business value and the new business margin were down from FY19.1Q (3M), mainly owing to a decline in U.S. dollar interest rates and changes in the product mix.

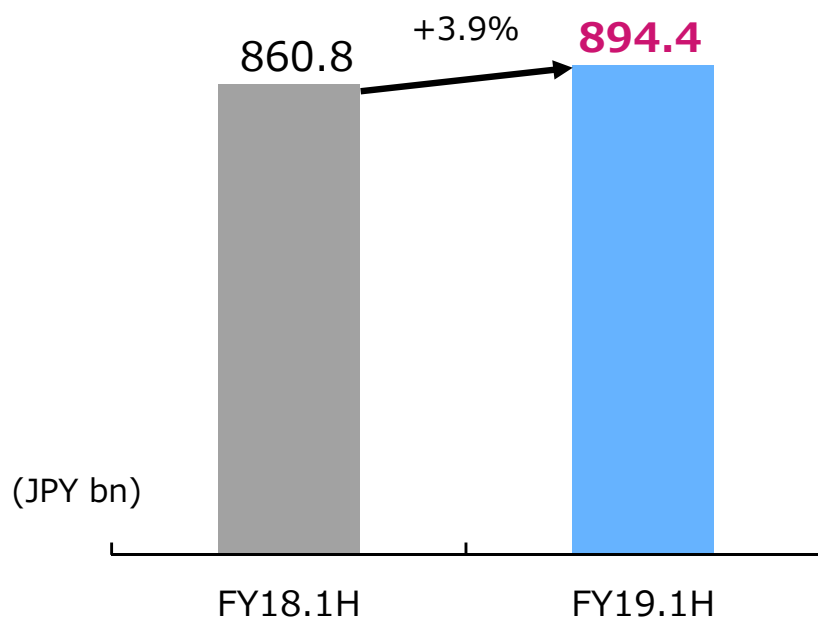
In FY19.2H, we expect new business value to be higher than in FY19.1H, thanks in part to contributions from corporate products, on which we recommenced sales in August.

- ◆ At Sony Assurance, sales of automobile insurance were robust.
- ◆ At Sony Bank, mortgage loans drove performance.

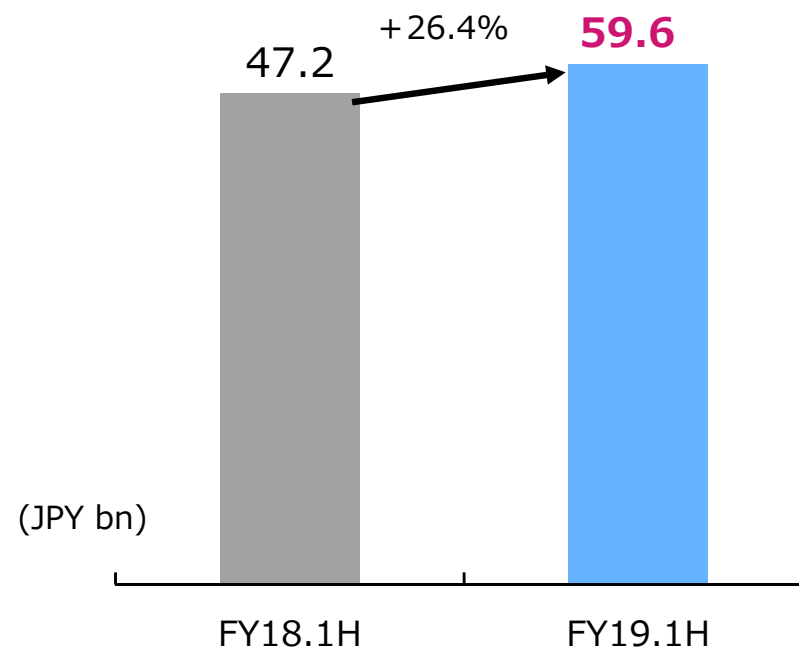
# Highlights of Consolidated Operating Performance

- ◆ Ordinary Revenues :  
Increased 3.9% year on year, to ¥894.4 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking businesses.
- ◆ Ordinary Profit :  
Increased 26.4% year on year, to ¥59.6 billion, owing to increases in ordinary profit from all the businesses mentioned above.

Ordinary Revenues



Ordinary Profit

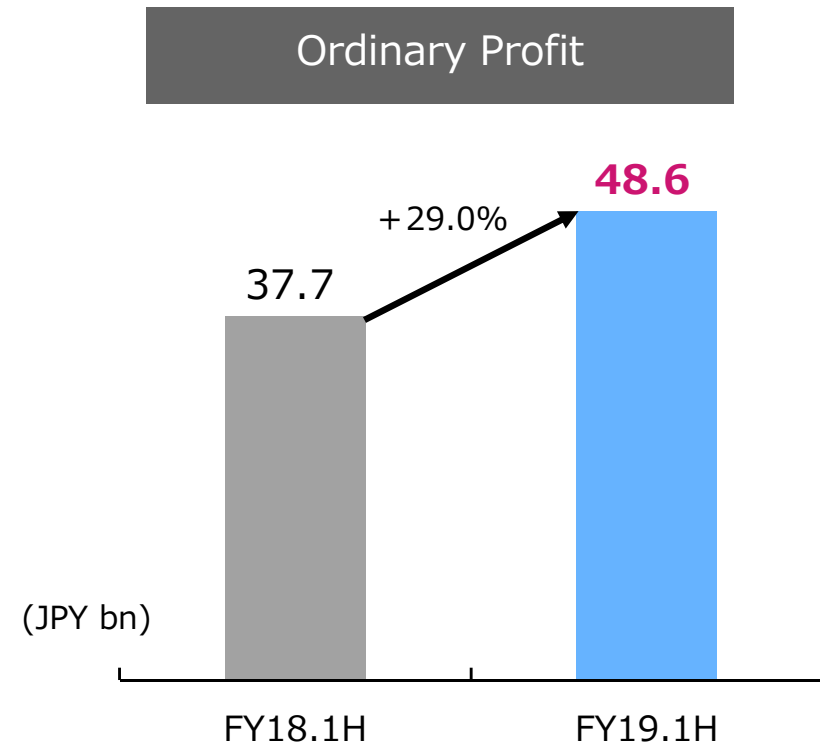
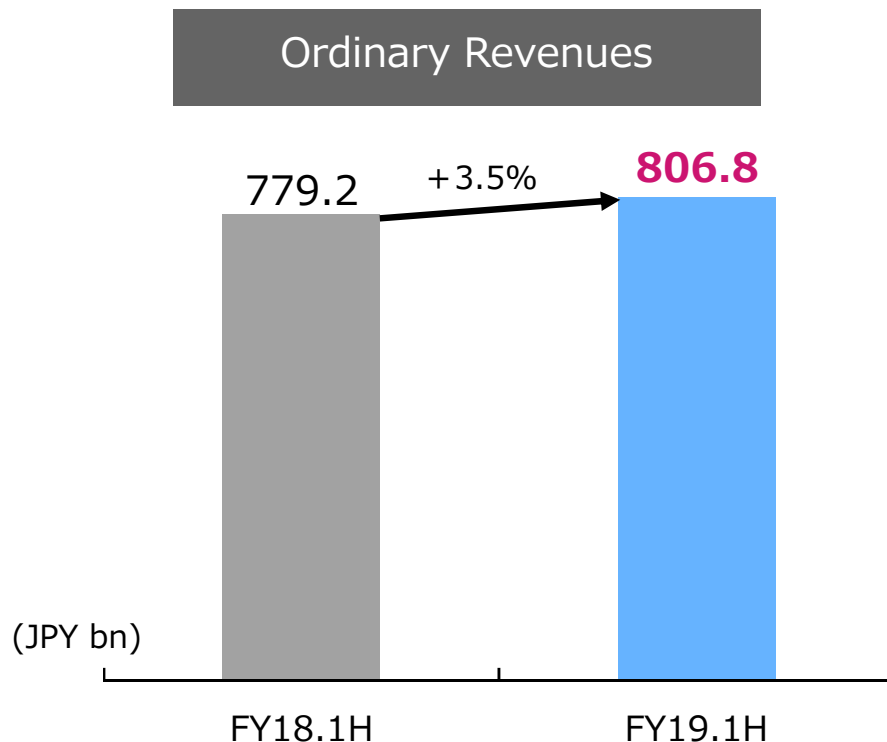


## ◆ Ordinary Revenues :

Increased 3.5% year on year, to ¥806.8 billion, due to higher insurance premium revenue, mainly from single premiums insurance, despite a decrease in net gains on investments in the separate account.

## ◆ Ordinary Profit :

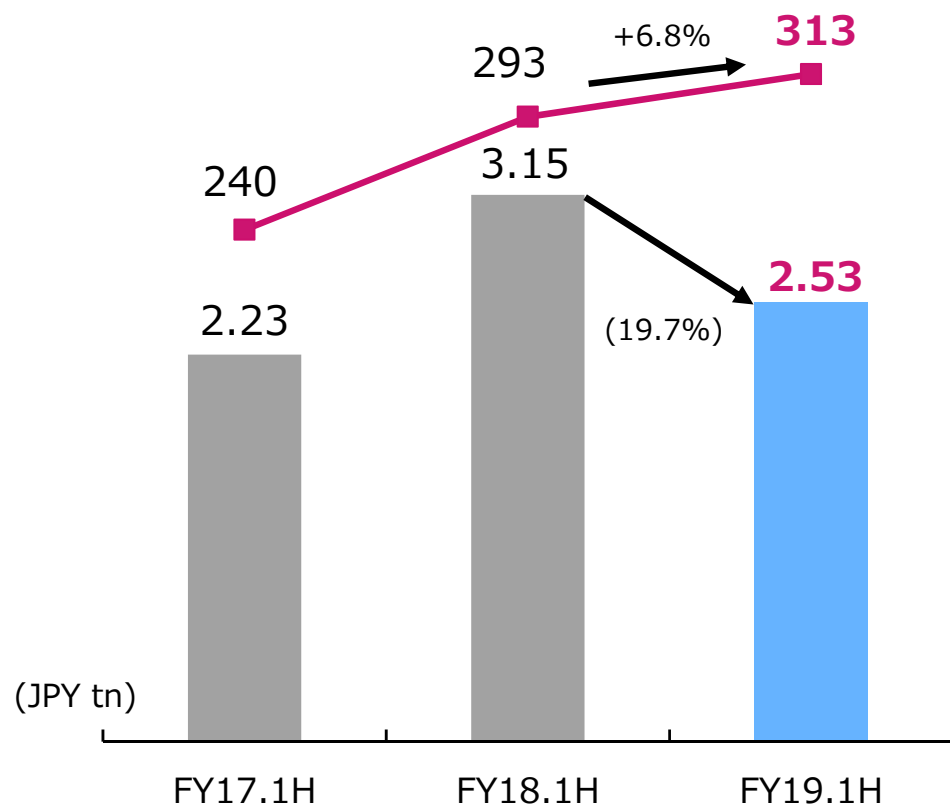
Rose 29.0% year on year, to ¥48.6 billion, as costs related to the acquisition of new policies fell due to a decline in the new policy amount and profit rose in tandem with expansion of the policy amount in force.



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

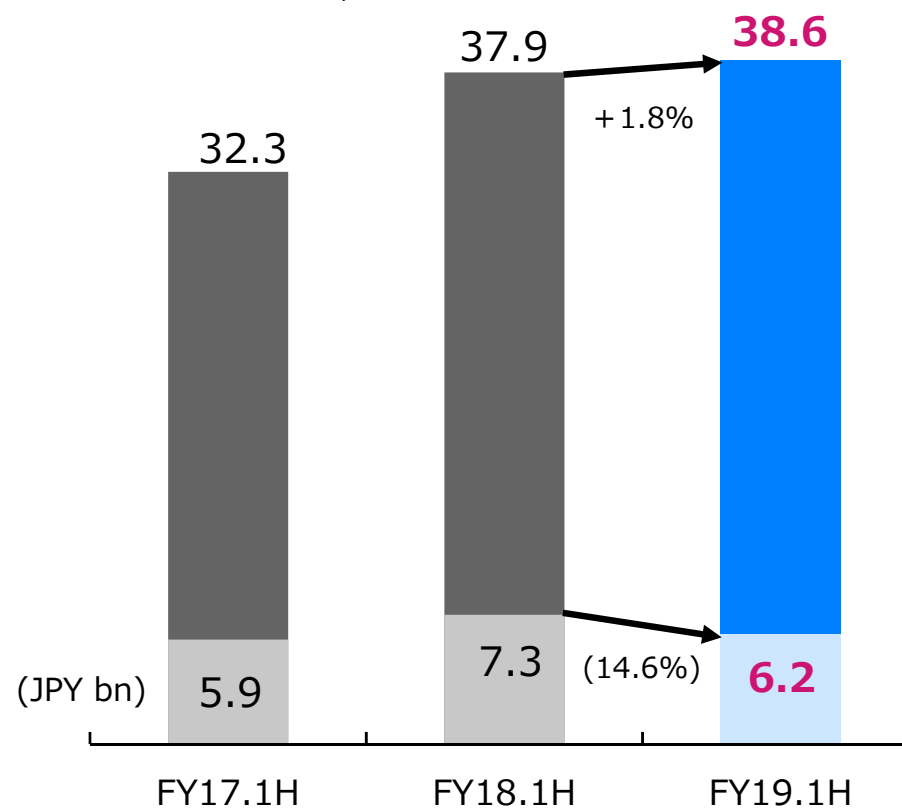
### Number and Amount of New Policies (Individual life insurance + Individual annuities)

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



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

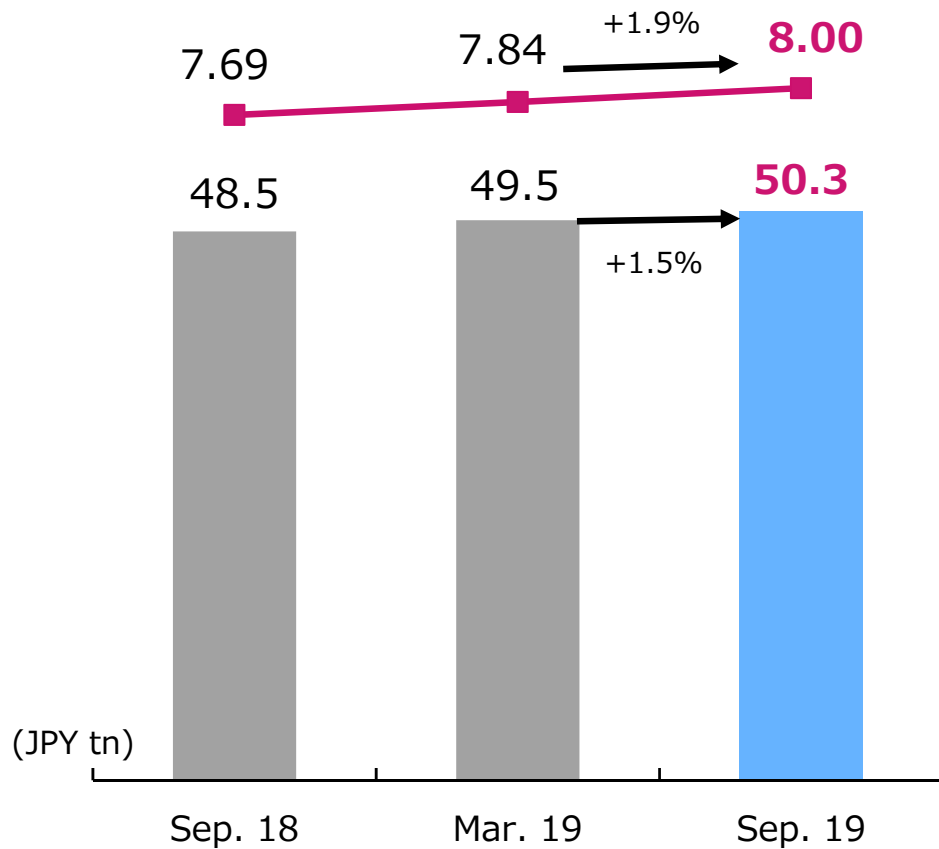
■ Annualized premiums from new policies  
■ Of which, third-sector



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

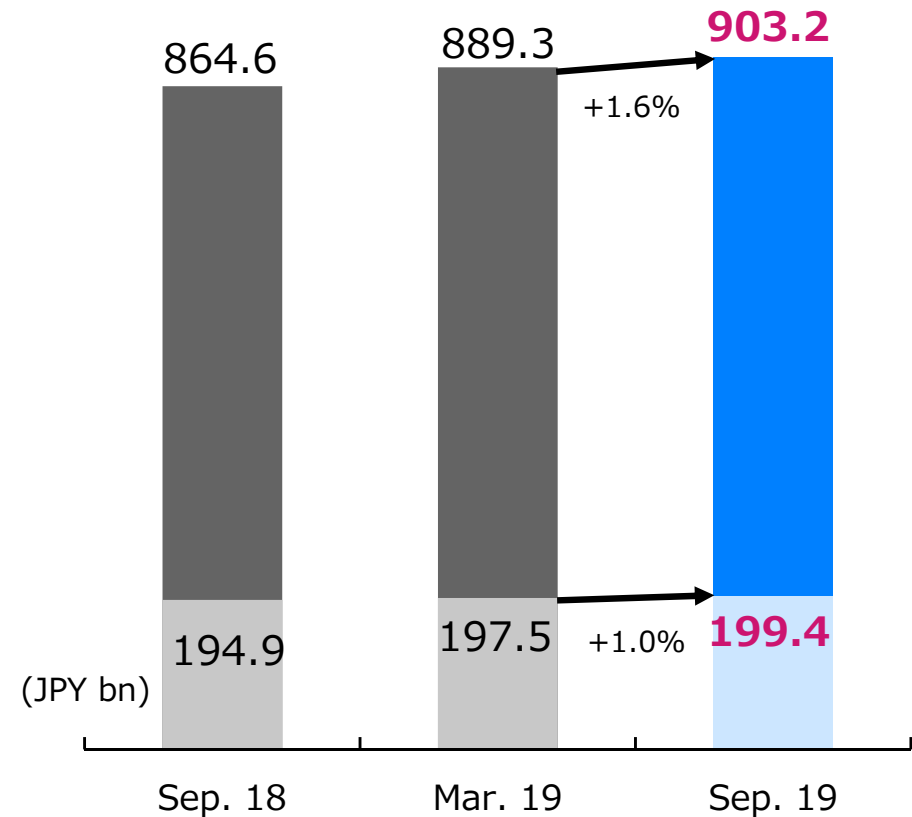
## Number and Amount of Policies in Force (Individual life insurance + Individual annuities)

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



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

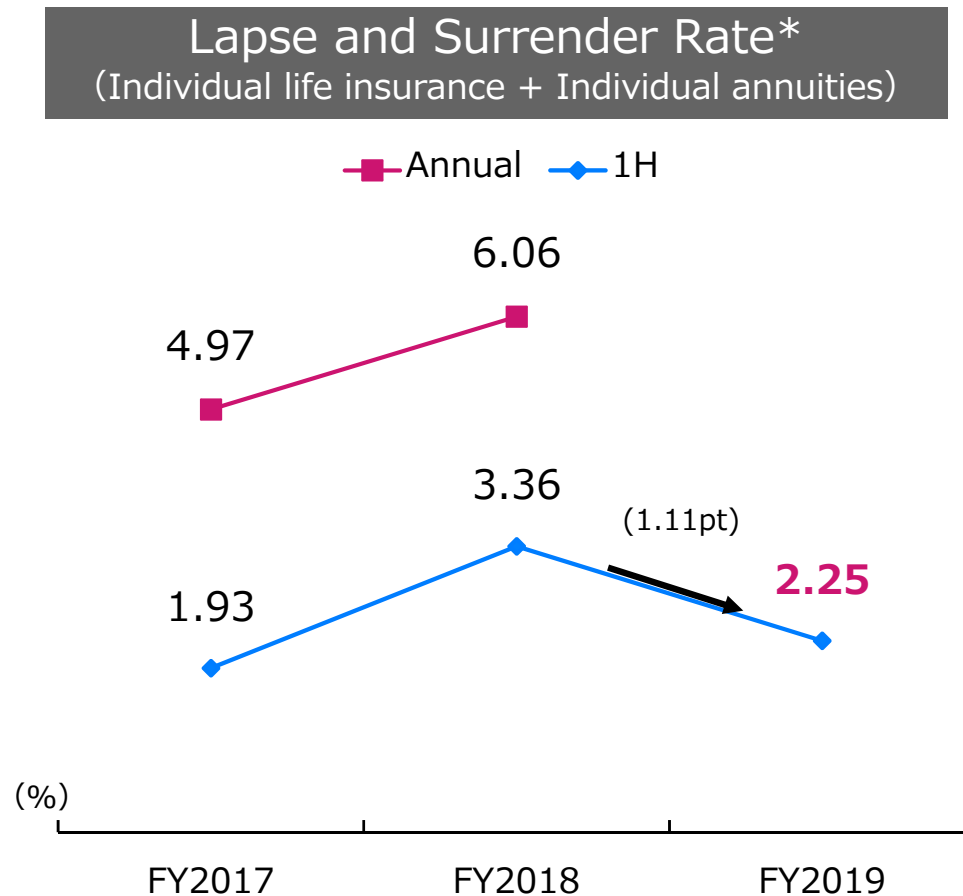
- Annualized premiums from insurance in force
- Of which, third-sector





## ◆ 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.



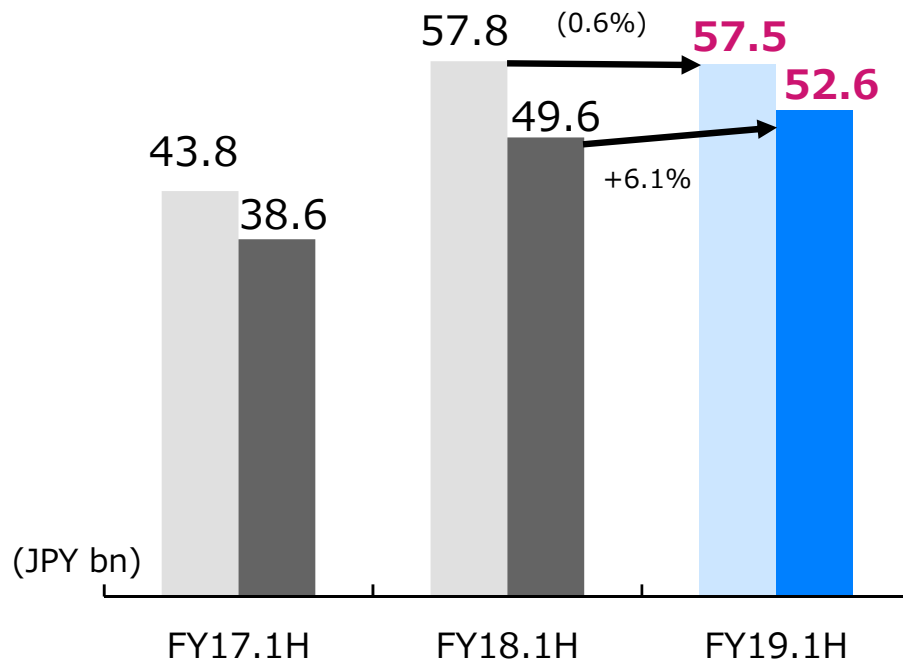
\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

◆ Core Profit :

Remained essentially flat year on year due to an increase in the provision of policy reserves for minimum guarantees for variable life insurance despite 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)	FY17.1H	FY18.1H	FY19.1H
Positive spread	9.3	8.7	<b>9.0</b>
Provision of policy reserve for minimum guarantees for variable life insurance (*)	(4.0)	(0.4)	<b>(4.1)</b>
Adjusted core profit (**)	38.6	49.6	<b>52.6</b>

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

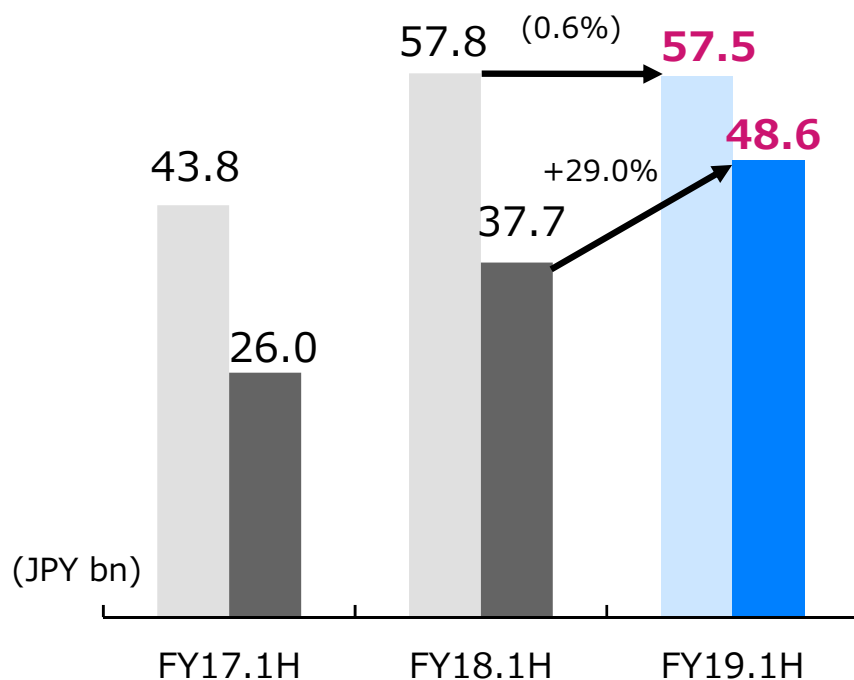
\*\*Adjusted core profit = (Core profit) – (Positive spread) – (Provision of policy reserves for minimum guarantees for variable life insurance)

## ◆ Ordinary Profit :

Increased due to an increase in gains on hedges of variable life insurance in addition to a factor in core profit.

### Core Profit and Ordinary Profit

□ Core profit    ■ Ordinary profit



## ◆ Difference from core profit

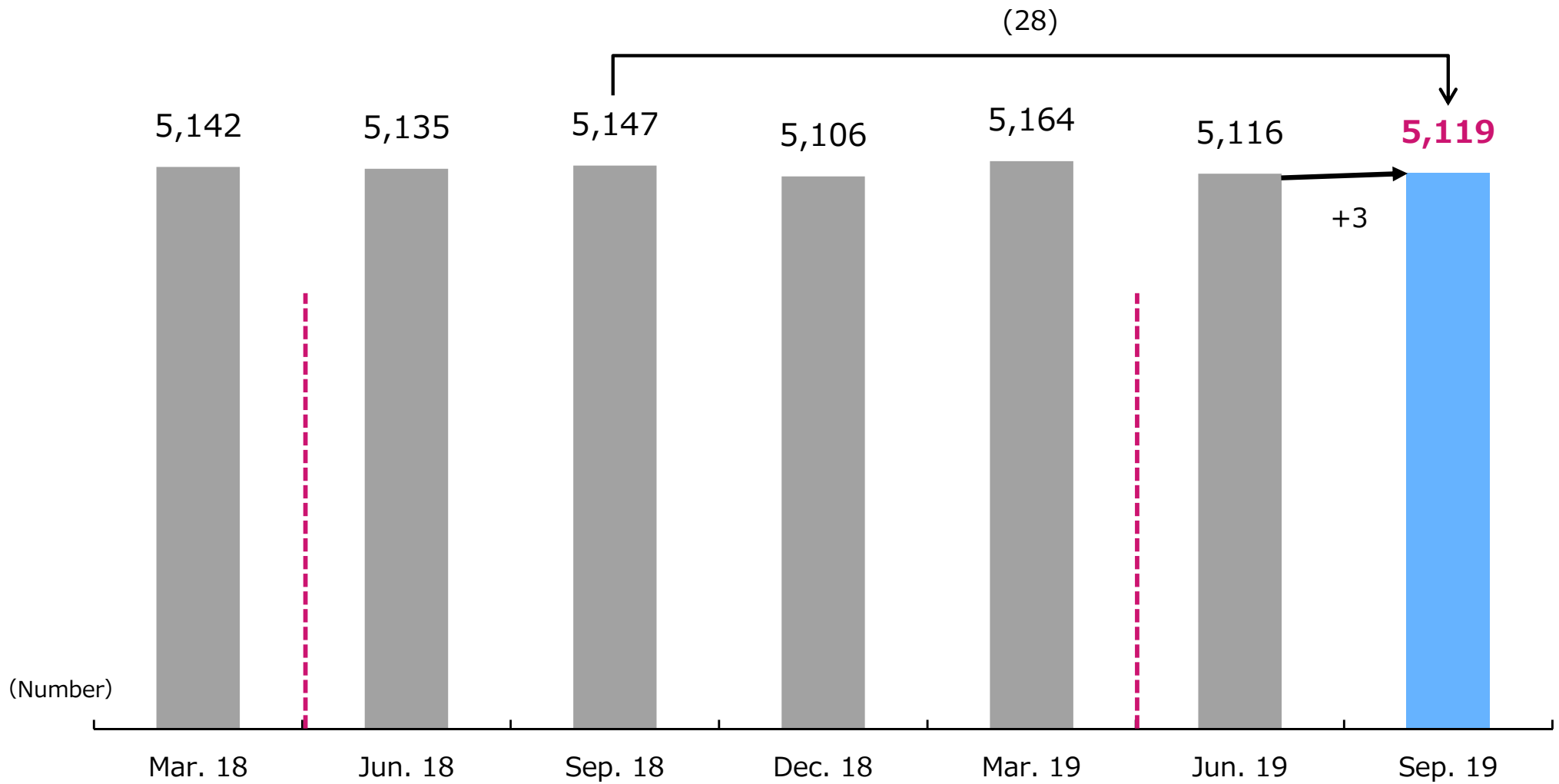
	(JPY bn)	FY17.1H	FY18.1H	FY19.1H
Core profit		43.8	57.8	<b>57.5</b>
Capital gains (losses) excluding gains or losses on hedges (*)		(5.6)	(3.3)	<b>(0.4)</b>
Gains (losses) on hedges of variable life insurance (**)		(8.5)	(12.3)	<b>(3.6)</b>
Provision of contingency reserve (***)		(3.6)	(4.4)	<b>(4.6)</b>
Others		(0.0)	(0.0)	<b>(0.0)</b>
Ordinary profit		26.0	37.7	<b>48.6</b>

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

\*\* Gains (losses) on hedges of variable life insurance offset the impact of market fluctuations on provision of policy reserves for minimum guarantees for variable life insurance on the previous page.

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

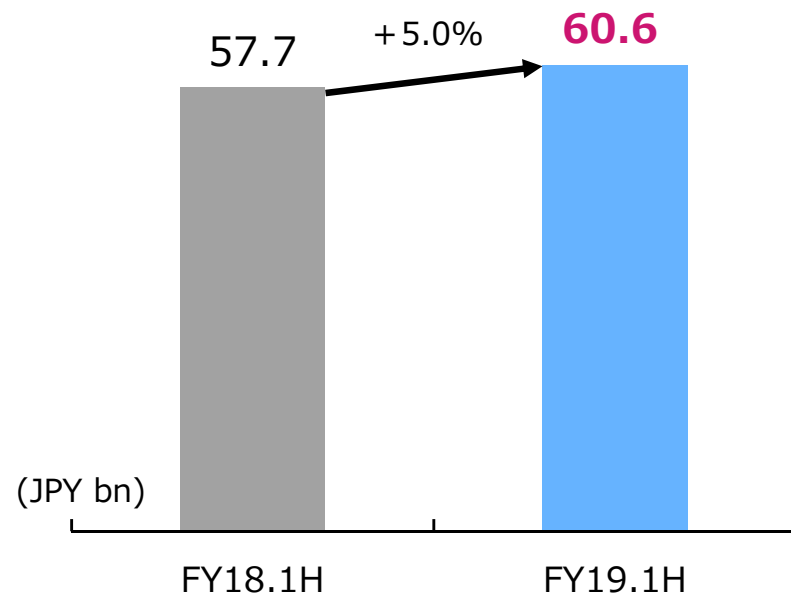
**Number of Lifeplanner Sales Employees**



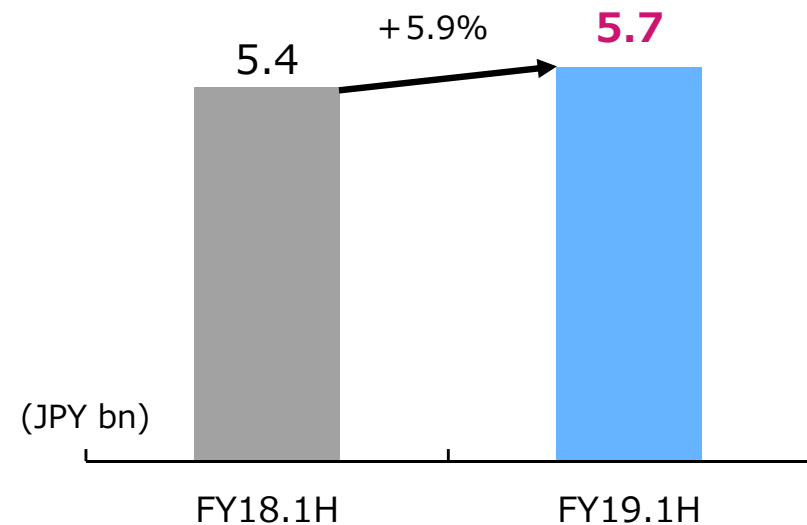
◆ Ordinary Revenues and Ordinary Profit :

Ordinary revenues expanded 5.0% year on year, to ¥60.6 billion, and ordinary profit increased 5.9% year on year, to ¥5.7 billion, due mainly to an increase in net premiums written for mainstay automobile insurance.

Ordinary Revenues



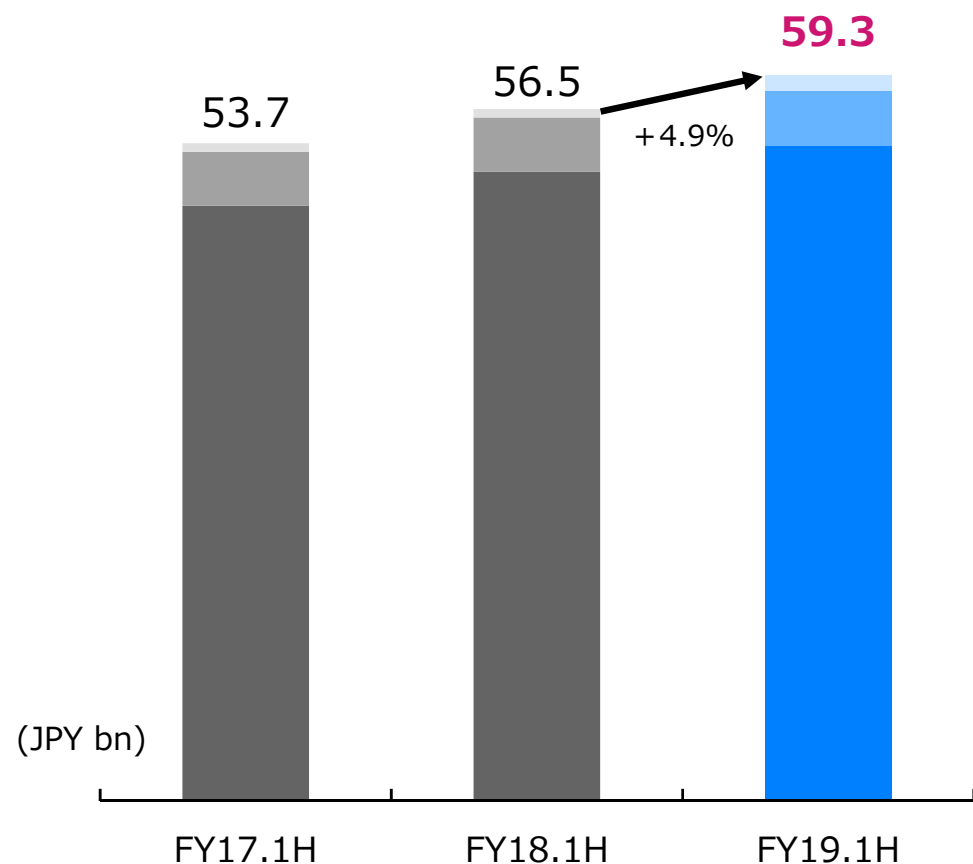
Ordinary Profit



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

## Net Premium Written

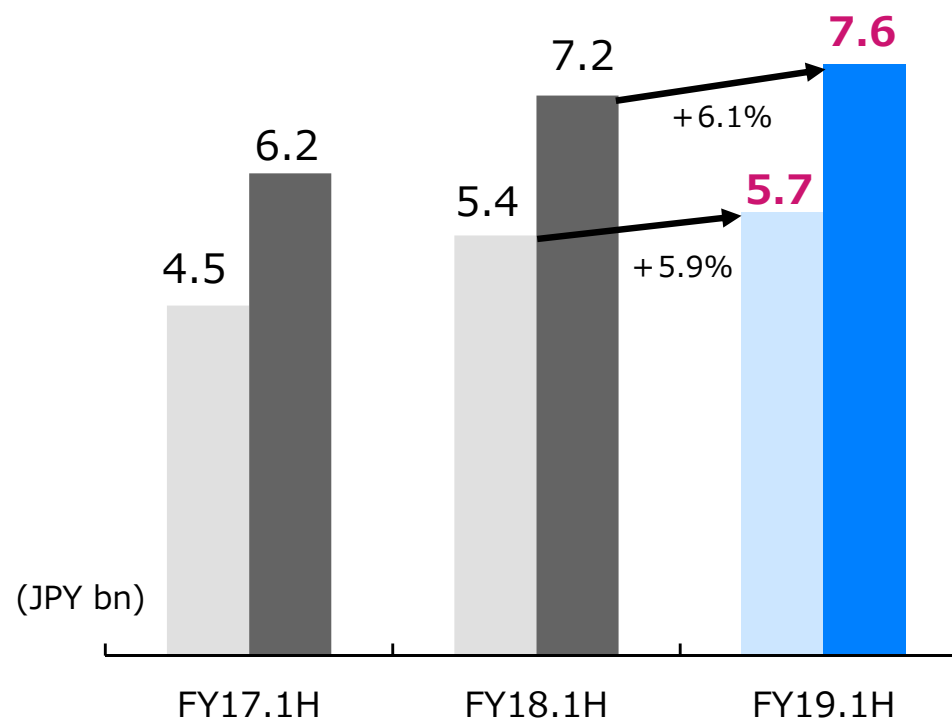
■ Voluntary automobile insurance 
 ■ Personal accident insurance  
■ Others



Note: Most of personal accident insurance is medical insurance.

## Ordinary Profit and Adjusted Ordinary Profit

■ Ordinary profit 
 ■ Adjusted ordinary profit



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

(Reference) Provision for catastrophe reserve

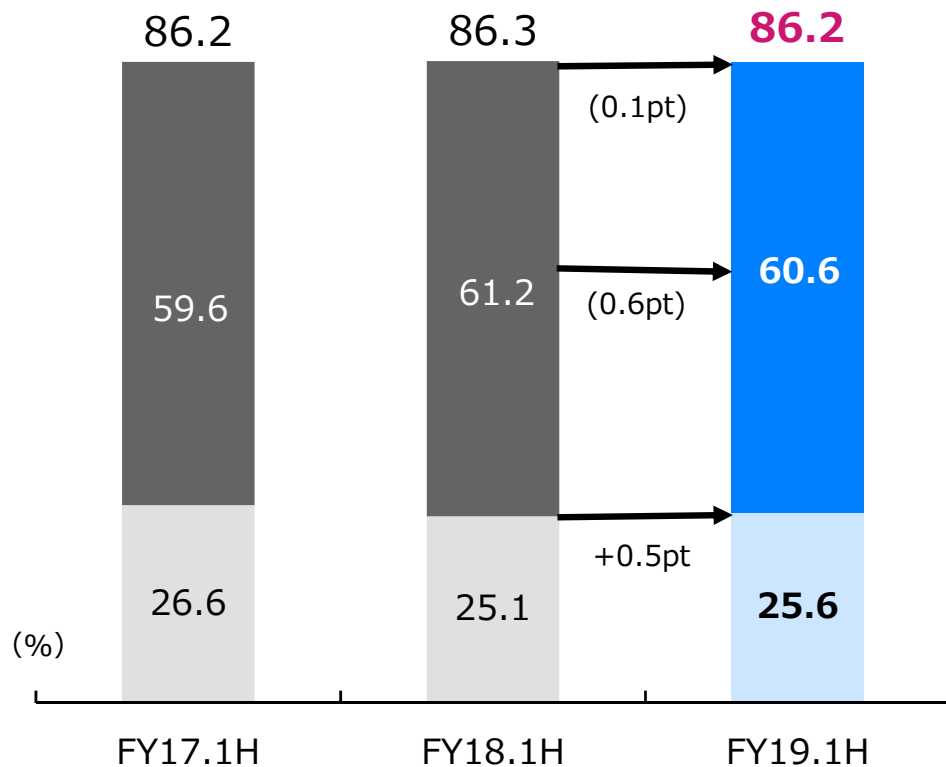
(JPY bn)	FY17.1H	FY18.1H	FY19.1H
Provision for catastrophe reserve	1.7	1.7	1.9

Note: Provision for catastrophe reserve is described as positive amount.

- ◆ Sum of Two Ratios :  
Remained essentially flat due to a decline in E.I. loss ratio, driven mainly by a car accident ratio despite an increase in expense ratio.

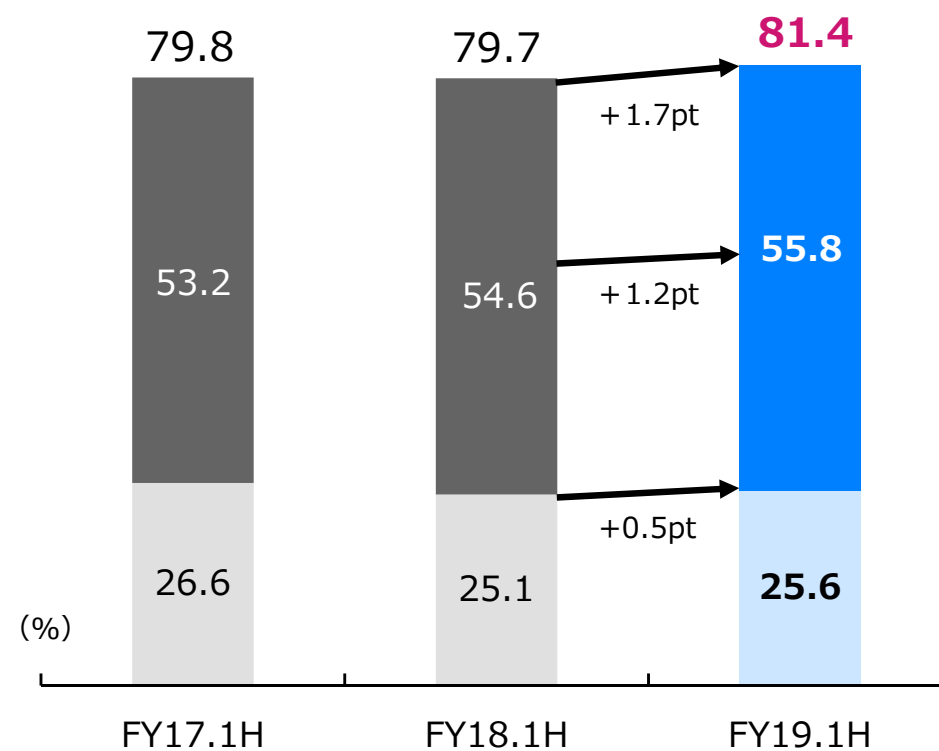
**Sum of Two Ratios  
(E.I. Loss Ratio + Net Expense Ratio)**

■ E.I. loss ratio    □ Net expense ratio



**Combines Ratio  
(Net Loss ratio + Net Expense Ratio)**

■ Net loss ratio    □ Net expense ratio



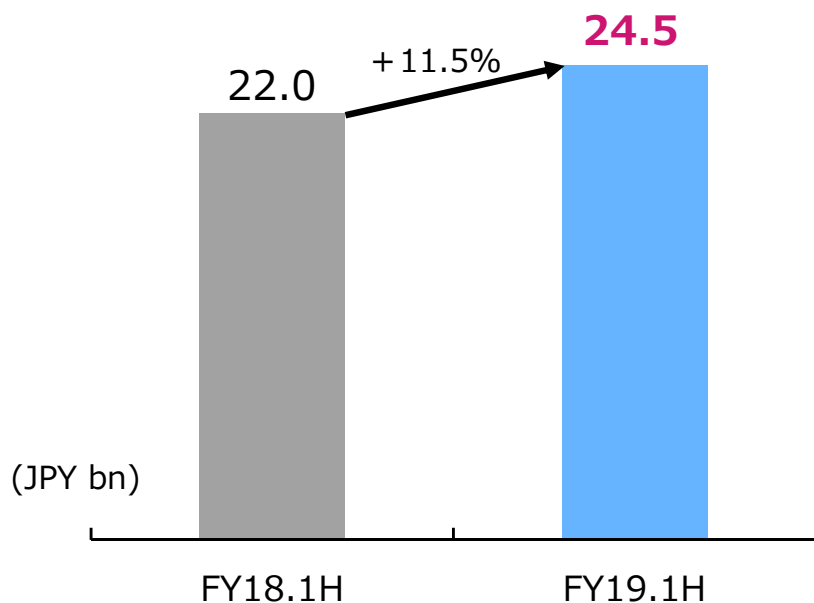
Notes:  
 E.I. loss ratio = (Net losses paid + Provision for reserve for outstanding losses and claims+ Loss adjustment expenses) / Earned premiums x100  
 [Earthquake insurance and compulsory automobile liability insurance are excluded.]

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

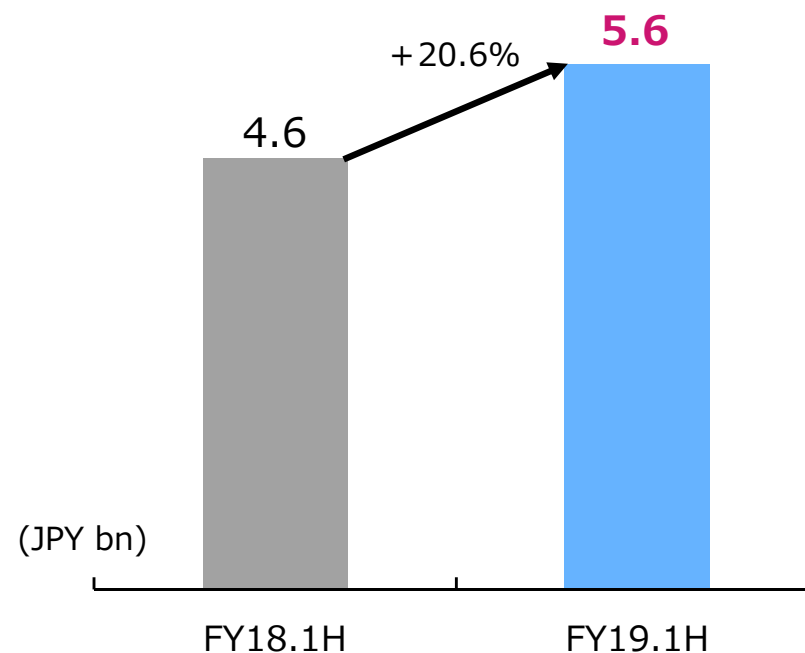
◆ Ordinary Revenues and Ordinary Profit :

Ordinary revenues expanded 11.5% year on year, to ¥24.5 billion, and ordinary profit was up 20.6% year on year, to ¥5.6 billion, due to increases in such income as interest on loans in line with a growing balance of mortgage loans and higher interest income on investment securities.

Ordinary Revenues



Ordinary Profit





# Operating Performance : Sony Bank (Non-consolidated)



## ◆ Customer Assets

### • Yen Deposits :

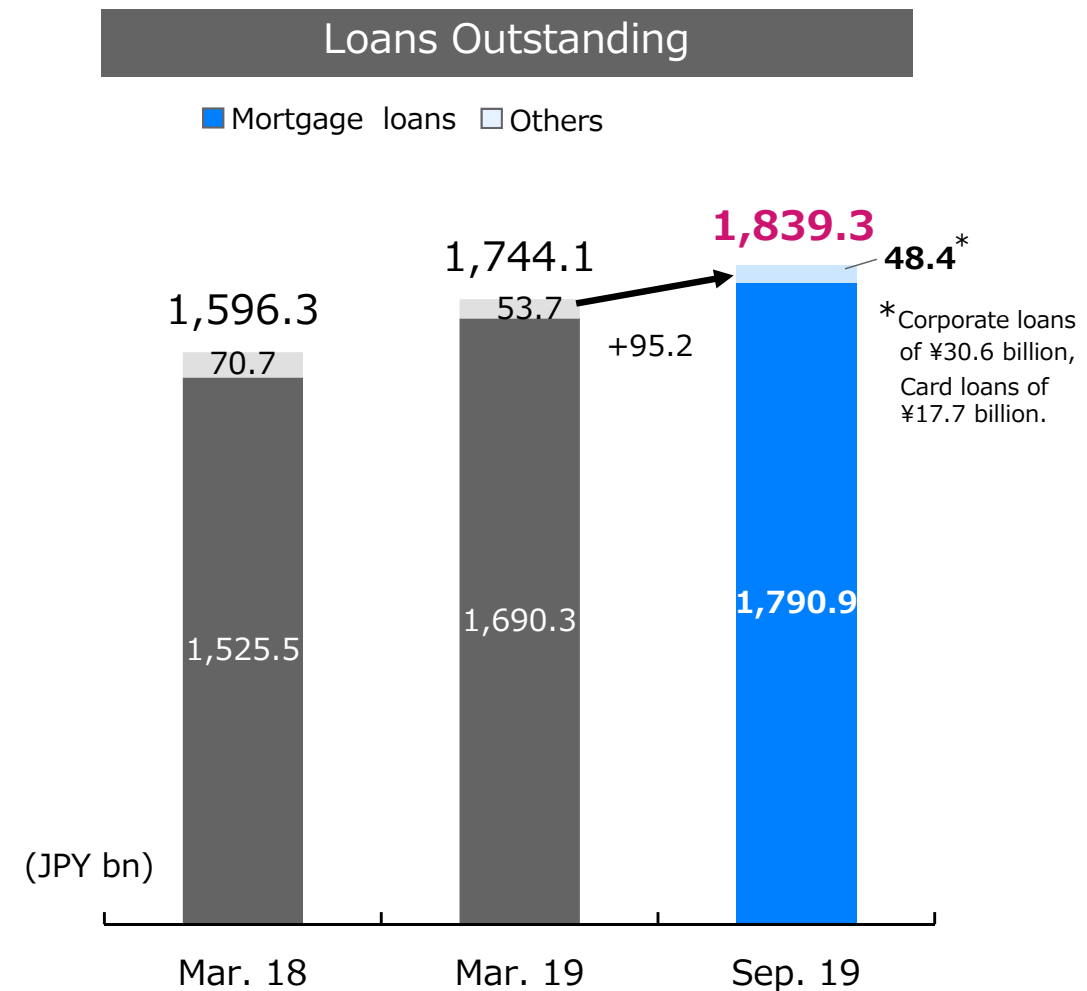
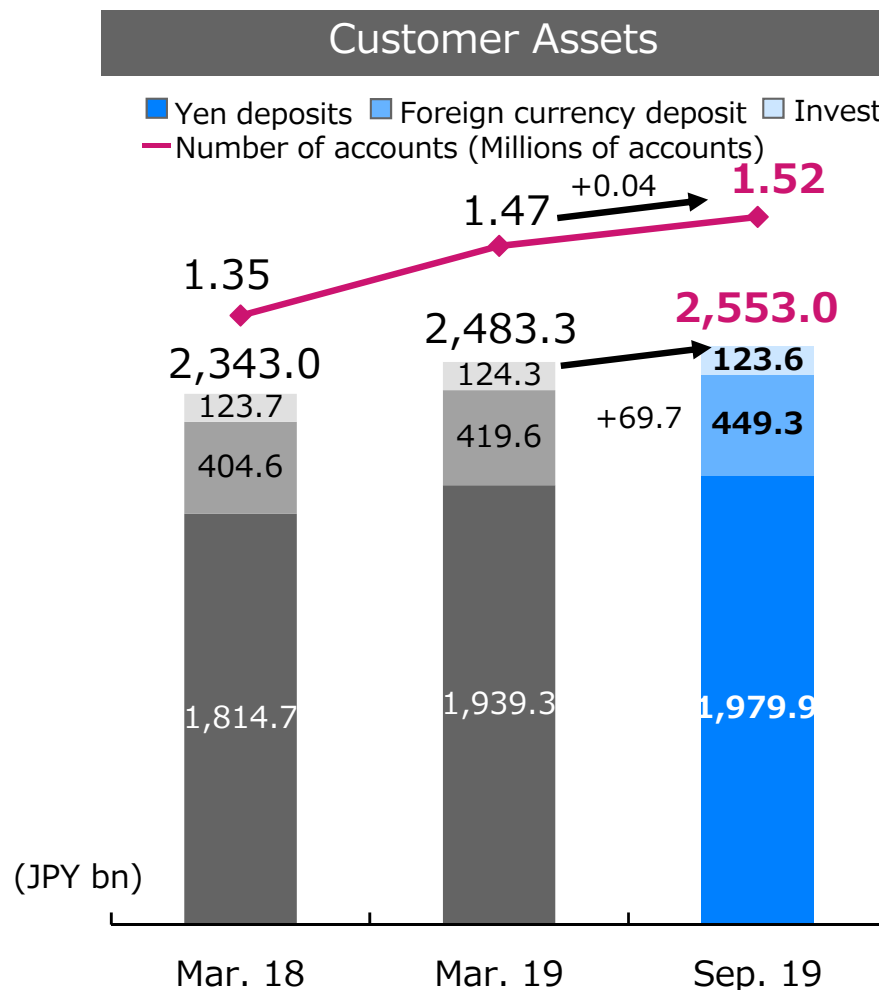
Increased due to an increase in newly accumulated funds via the increased number of accounts.

### • 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 FY19.2H onward, although ordinary revenues and ordinary profit exceeded our expectation in FY19.1H for all three core 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%

※ As we announced on June 28, 2019, Sony Life is expected to acquire shares in two joint ventures, AEGON Sony Life Insurance and SA Reinsurance. As a result, they will be converted to wholly owned subsidiaries of SFH and Sony Life. The above forecast of financial results includes the impact of this conversion, which is expected to be slight.



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

Some parts of the calculations of MCEV adopted simplified method expect for those as of March 31, 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 September 30, 2019 increased ¥40.6 billion from June 30, 2019, due mainly to a change in interest rates and acquisition of new policies.

## ◆ New Business Value / New Business Margin

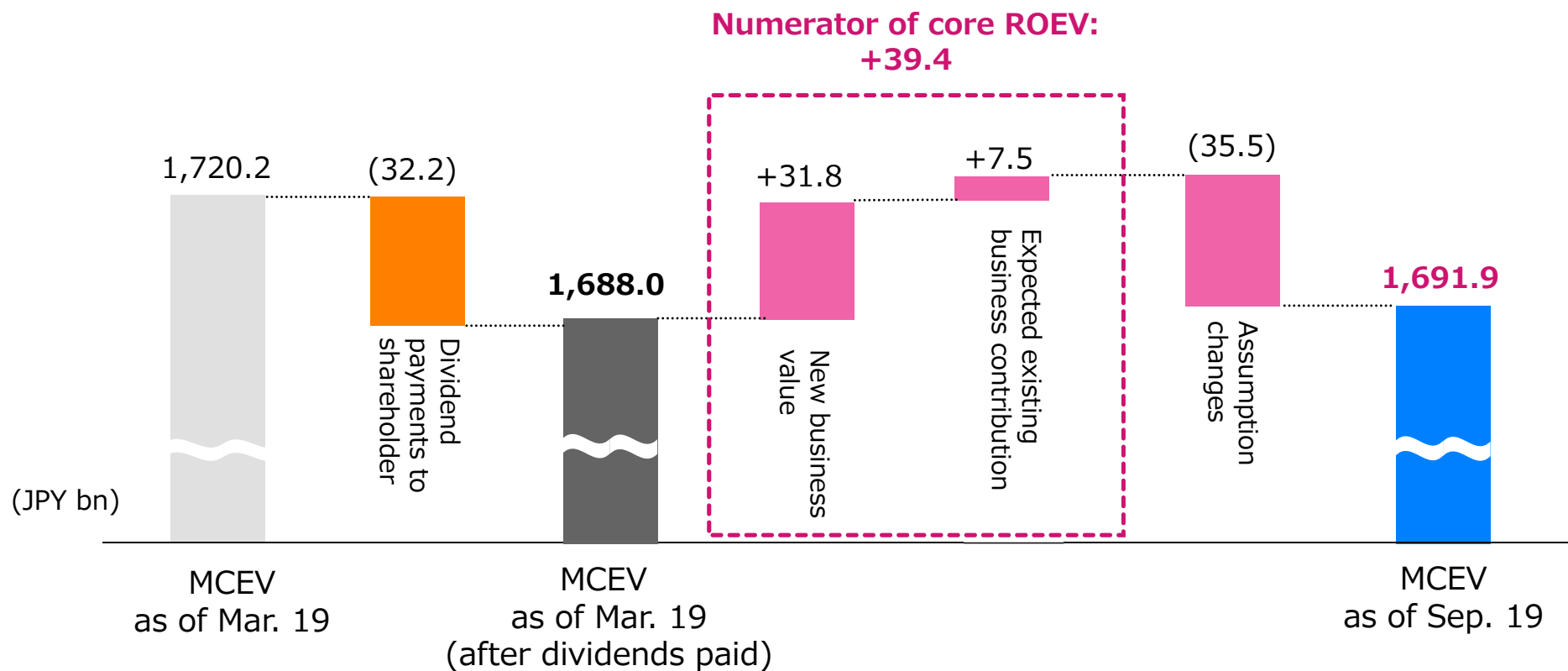
- New business margin for FY19.2Q (3M) was down 1.6pt from FY19.1Q (3M), mainly owing to a decline in U.S. dollar interest rates and changes in the product mix.
- New business value for FY19.2Q (3M) was ¥14.8 billion, due mainly to a decline in new business margin.

(JPY bn)	Mar. 19	Jun. 19	Sep. 19	Change from Mar. 19	Change from Jun. 19
<b>MCEV</b>	1,720.2	1,651.2	<b>1,691.9</b>	(28.3)	+40.6
Adjusted net worth	2,195.7	2,432.0	<b>2,498.9</b>	+303.1	+66.9
Value of existing business	(475.5)	(780.7)	<b>(807.0)</b>	(331.5)	(26.3)

(JPY bn)	FY18.4Q (3M)	FY19.1Q (3M)	FY19.2Q (3M)	FY19.1H (6M)
<b>New business value</b>	23.1	17.0	<b>14.8</b>	<b>31.8</b>
<b>New business margin</b>	5.0%	5.4%	<b>3.8%</b>	<b>4.5%</b>

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

# Sony Life's MCEV: Breakdown of MCEV for FY19.1H (6M)



Note: Details on assumption changes : Insurance-related assumption changes: +¥13.9 billion, economic variances changes (included interest rate fluctuation): (49.5) 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
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  - Capital Gains (Losses)
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  - Quarterly Trend on Annualized Premiums from New Policies
  - Quarterly Trend on New Business Value
  - ESR
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  - 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)	FY18.1H (6M)	FY19.1H (6M)
Consolidated Adjusted ROE	6.7%	3.3%	<b>2.7%</b>
(Sony Life) Core ROEV	6.4%	3.1%	<b>2.3%</b>
(Sony Assurance) Adjusted ROE	15.2%	10.5%	<b>10.2%</b>
(Sony Bank) ROE	7.3%	3.6%	<b>4.2%</b>



# Detail of Consolidated Adjusted Profit and Consolidated Adjusted Capital

## ◆ Adjusted profit (Numerator)

Sony Financial Group (consolidated) (JPY bn)	FY2018	FY18.1H	FY19.1H
<b>Adjusted profit (consolidated)</b>	120.4	60.0	<b>48.6</b>

Sony Life (non-consolidated) (JPY bn)	FY2018	FY18.1H	FY19.1H
New business value *	91.3	44.5	<b>31.8</b>
Expected existing business contribution *	15.0	7.1	<b>7.5</b>
<b>Adjusted profit</b>	106.4	51.7	<b>39.4</b>

Sony Assurance (JPY bn)	FY2018	FY18.1H	FY19.1H
Net income	4.9	3.8	<b>4.1</b>
Provision amount for catastrophe reserve (after tax)	2.6	1.2	<b>1.3</b>
Provision amount for reserve for price fluctuations (after tax)	0.0	0.0	<b>0.0</b>
<b>Adjusted profit</b>	7.6	5.1	<b>5.4</b>

Sony Bank (consolidated) (JPY bn)	FY2018	FY18.1H	FY19.1H
<b>Profit attributable to owners of the parent</b>	6.3	3.0	<b>3.7</b>

## ◆ Adjusted capital (Denominator)

Sony Financial Group (consolidated) (JPY bn)	FY2018	FY18.1H	FY19.1H
<b>Adjusted capital (consolidated)</b>	1,801.8	1,797.7	<b>1,833.7</b>

Sony Life (non-consolidated) (JPY bn)	FY2018	FY18.1H	FY19.1H
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	1,715.2	<b>1,691.9</b>
<b>Adjusted capital (① - ② + ③) / 2</b>	1,663.5	1,661.0	<b>1,689.9</b>

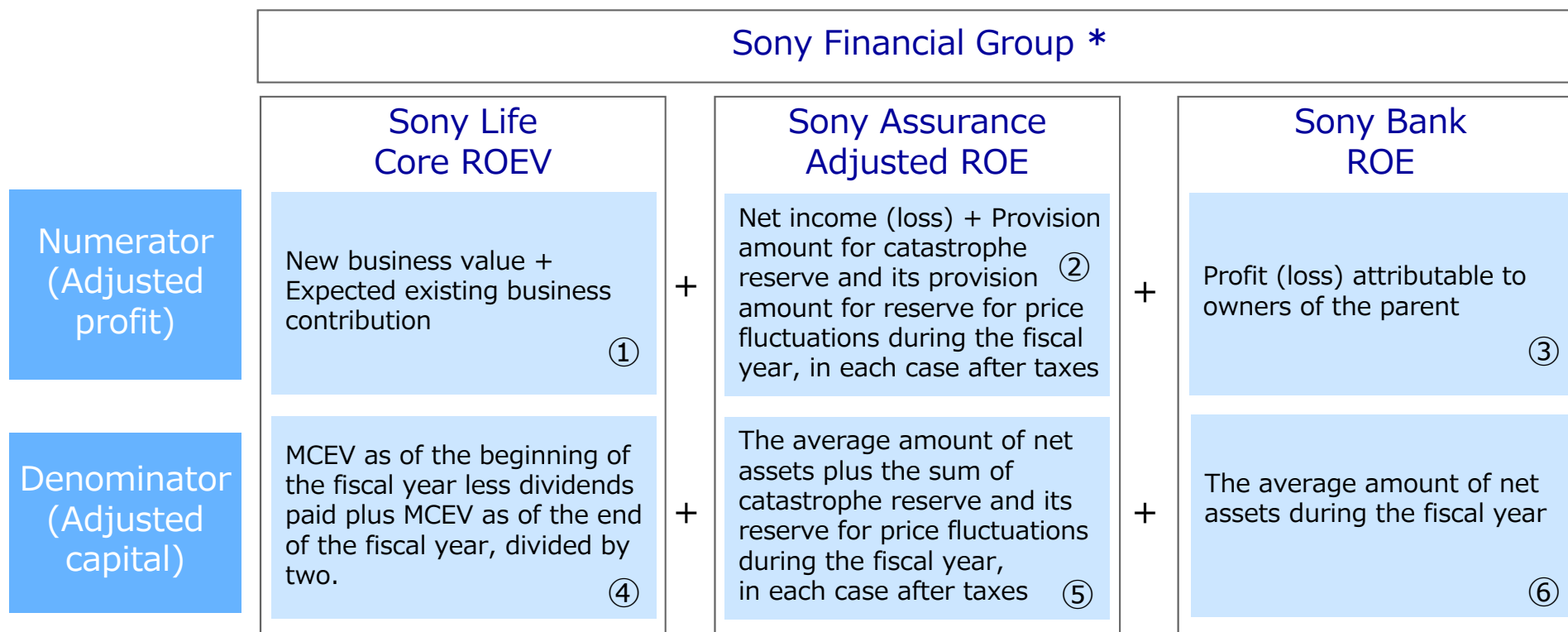
Sony Assurance (JPY bn)	FY2018	FY18.1H	FY19.1H
①Net assets	34.7	33.9	<b>36.3</b>
②Catastrophe reserve	17.7	16.3	<b>19.1</b>
③Reserve for price fluctuations	0.1	0.1	<b>0.1</b>
<b>Adjusted capital (The average amount of ① + ② + ③)</b>	50.5	49.4	<b>54.1</b>

Sony Bank (consolidated) (JPY bn)	FY2018	FY18.1H	FY19.1H
<b>Adjusted capital (The average amount of net assets during the period)</b>	87.6	87.2	<b>89.6</b>

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

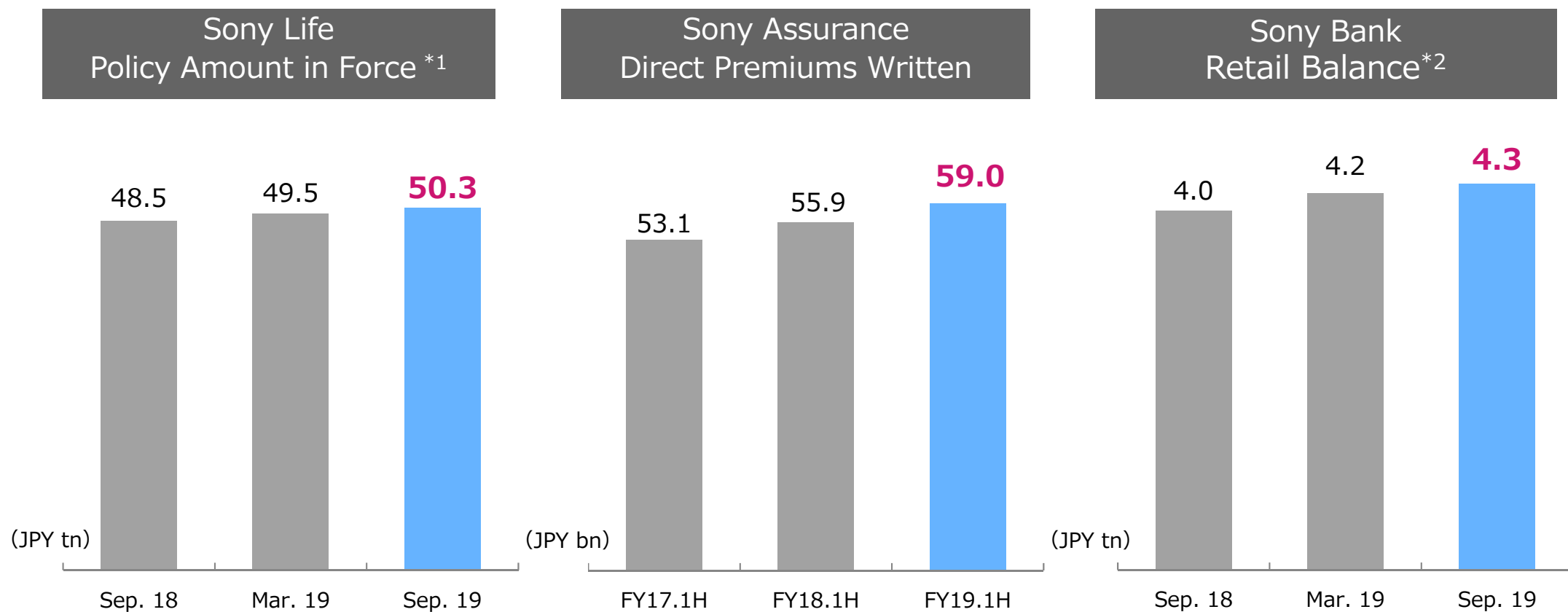
# Calculation of Consolidated Adjusted ROE

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

	Sep. 18	Mar. 19	Sep. 19	Change from Mar. 19
Sony Life (non-consolidated) Solvency margin ratio	2,618.9%	2,590.5%	<b>2,654.9%</b>	+64.4pt
Sony Assurance Solvency margin ratio	821.0%	813.0%	<b>876.2%</b>	+63.2pt
Sony Bank (non-consolidated) Capital adequacy ratio (domestic standard)	10.43%	9.58%	<b>9.42%</b>	(0.16pt)

	Sep. 18	Mar. 19	Sep. 19	Change from Mar. 19
Sony Bank (non-consolidated) Non-performing assets ratio (based on Financial Reconstruction Law) *	0.11%	0.12%	<b>0.12%</b>	+0.00pt

\*Non-performing loans (loans based on the Financial Reconstruction Act) / Total loan exposure  
 (Note) Ratios less than the indicated unit have been truncated.

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

Sony Life accounts for 11% of the amount of new mortgage loans for FY19.1H (6M)

Sony Life accounts for 18% of the balance of mortgage loans as of September 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 FY19.1H (6M)

※Sony Life started handling automobile insurance in May 2001.

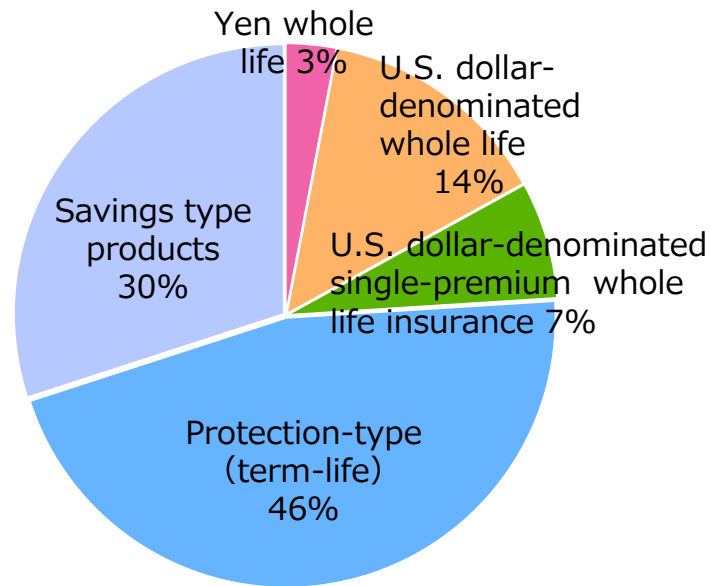


# Sony Life's Product Portfolio (Annualized Premiums from New Policies by Product)



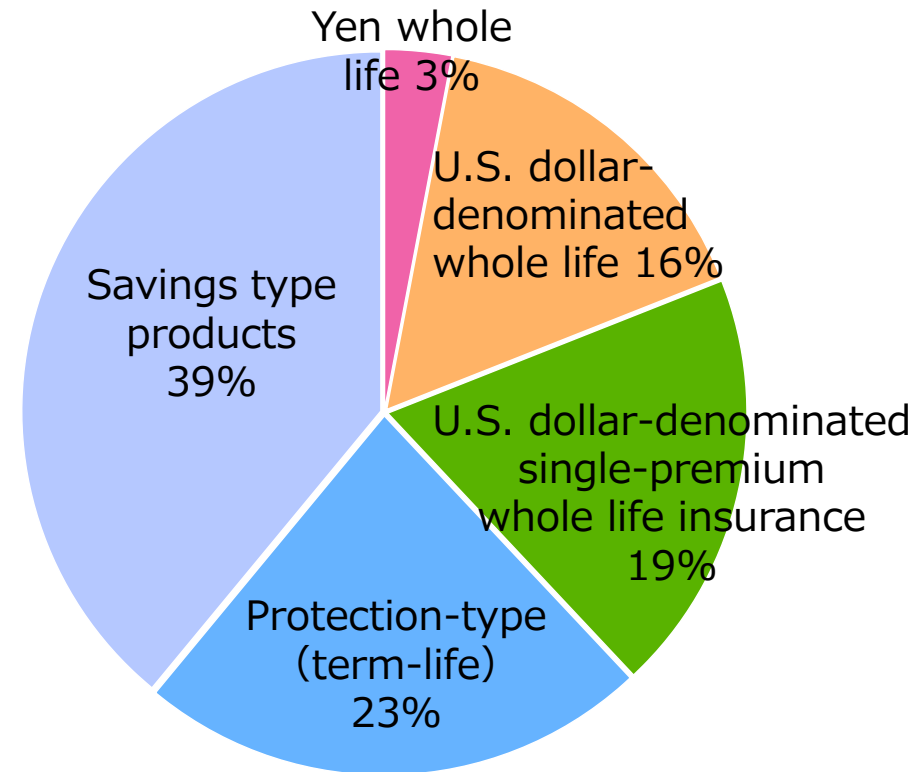
FY18.1H (6M)

¥37.9 billion



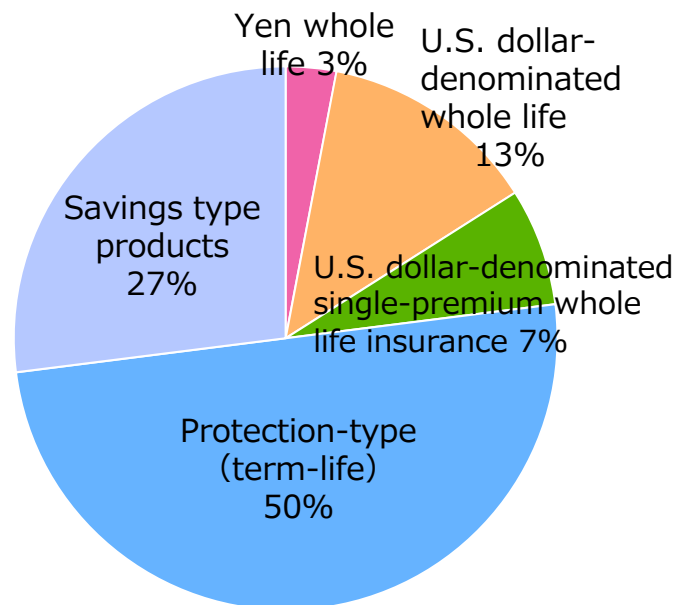
FY19.1H (6M)

¥38.6 billion



FY18 (12M)

¥87.9 billion

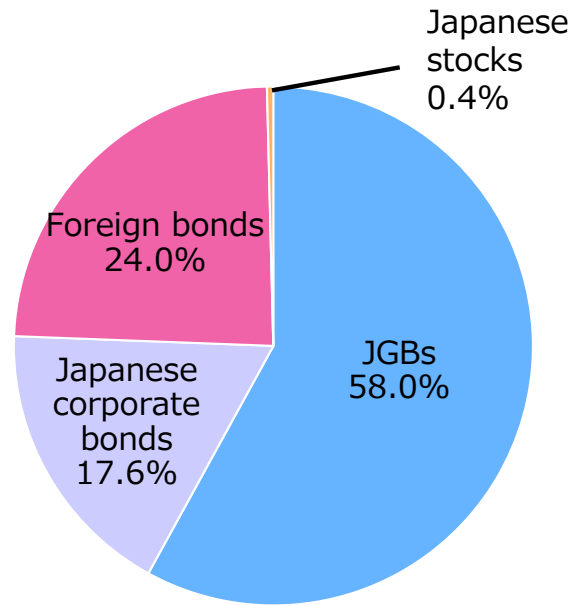


Note: Savings type products : Endowment, annuities, and educational endowment insurances

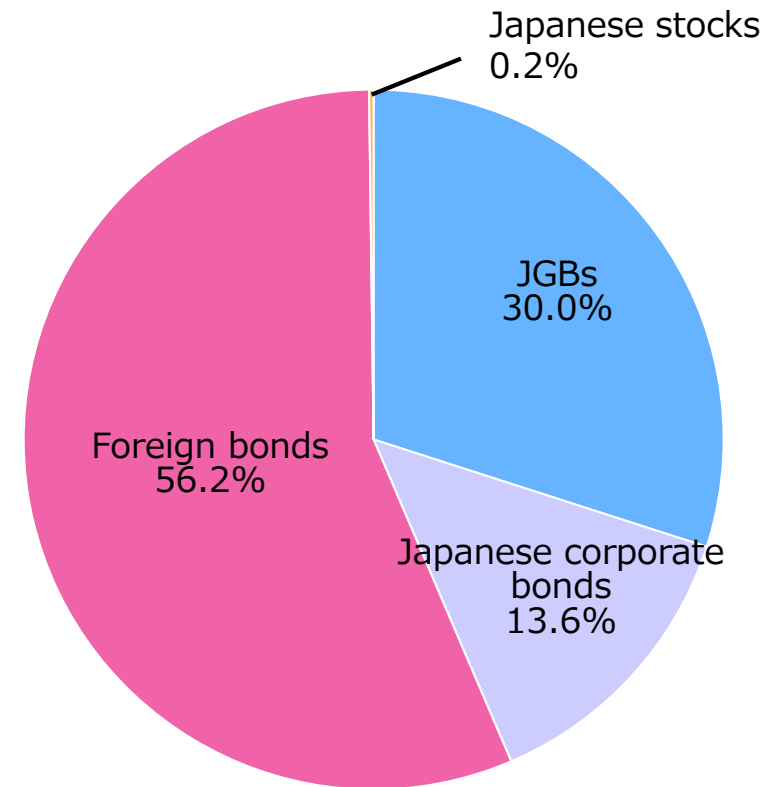
# Sony Life's Asset Management (Purchase Securities in the General Account)



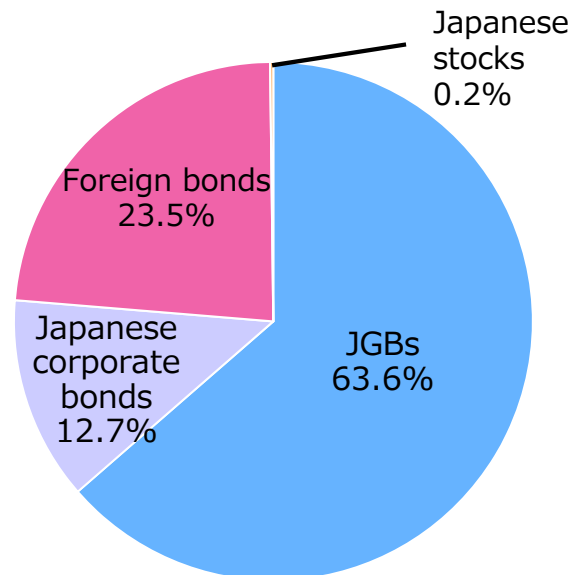
FY18.1H (6M)



FY19.1H (6M)



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		Sep. 19	
	Amount	%	Amount	%
<b>Japanese bonds (including JGBs)</b>	7,745.3	85.3%	<b>7,918.9</b>	<b>83.3%</b>
<b>Japanese stocks</b>	28.6	0.3%	<b>27.6</b>	<b>0.3%</b>
<b>Foreign bonds</b>	542.1	6.0%	<b>766.8</b>	<b>8.1%</b>
<b>Foreign stocks</b>	22.5	0.2%	<b>19.4</b>	<b>0.2%</b>
<b>Money held in trust</b>	269.3	3.0%	<b>269.8</b>	<b>2.8%</b>
<b>Policy loans</b>	198.3	2.2%	<b>203.6</b>	<b>2.1%</b>
<b>Real estate*</b>	90.8	1.0%	<b>90.1</b>	<b>0.9%</b>
<b>Cash and call loans</b>	61.9	0.7%	<b>93.3</b>	<b>1.0%</b>
<b>Others</b>	120.2	1.3%	<b>114.3</b>	<b>1.2%</b>
<b>Total</b>	<b>9,079.4</b>	<b>100.0%</b>	<b>9,504.1</b>	<b>100.0%</b>

### ◆ Bond duration

Mar. 18 : 21.4 years

Mar. 19 : 21.8 years

Sep. 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%

Sep. 19 : 86.2%

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



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



(JPY mn)	FY18.1H	FY19.1H	Change
Cash and deposits	0	<b>0</b>	+22.2%
Japanese bonds (including JGBs)	64,207	<b>66,031</b>	+2.8%
Japanese stocks	295	<b>216</b>	(26.8%)
Foreign securities	8,988	<b>13,279</b>	+47.7%
Other securities	293	<b>11</b>	(96.2%)
Loans	3,396	<b>3,500</b>	+3.1%
Real estate	4,347	<b>4,860</b>	+11.8%
Others	269	<b>206</b>	(23.4%)
Total	81,798	<b>88,105</b>	+7.7%

# Sony Life's Capital Gains (Losses)

	(JPY mn)	FY18.1H	FY19.1H
<b>Capital losses</b>		<b>40,355</b>	<b>17,821</b>
Losses on trading securities, net		19	—
Losses on sale of securities…(3)		34	—
Losses on valuation of securities…(4)		4,026	<b>2,991</b>
Losses on derivatives, net		19,704	<b>4,251</b>
Losses on hedges of variable life insurance…(1)		12,304	<b>3,974</b>
Losses on hedges of available-for-sale securities…(2)		2,628	<b>242</b>
Losses on U.S. dollar-denominated insurance (foreign exchange losses)…(5)		4,461	<b>7</b>
Foreign exchange losses, net		—	<b>10,552</b>
Losses on U.S. dollar-denominated insurance…(5)		—	<b>10,859</b>
Losses on hedges of variable life insurance…(1)		—	<b>(323)</b>
Other capital losses		16,570	<b>25</b>
Losses on U.S. dollar-denominated insurance (the provision of policy reserves for foreign exchange fluctuations)…(5)		16,570	—

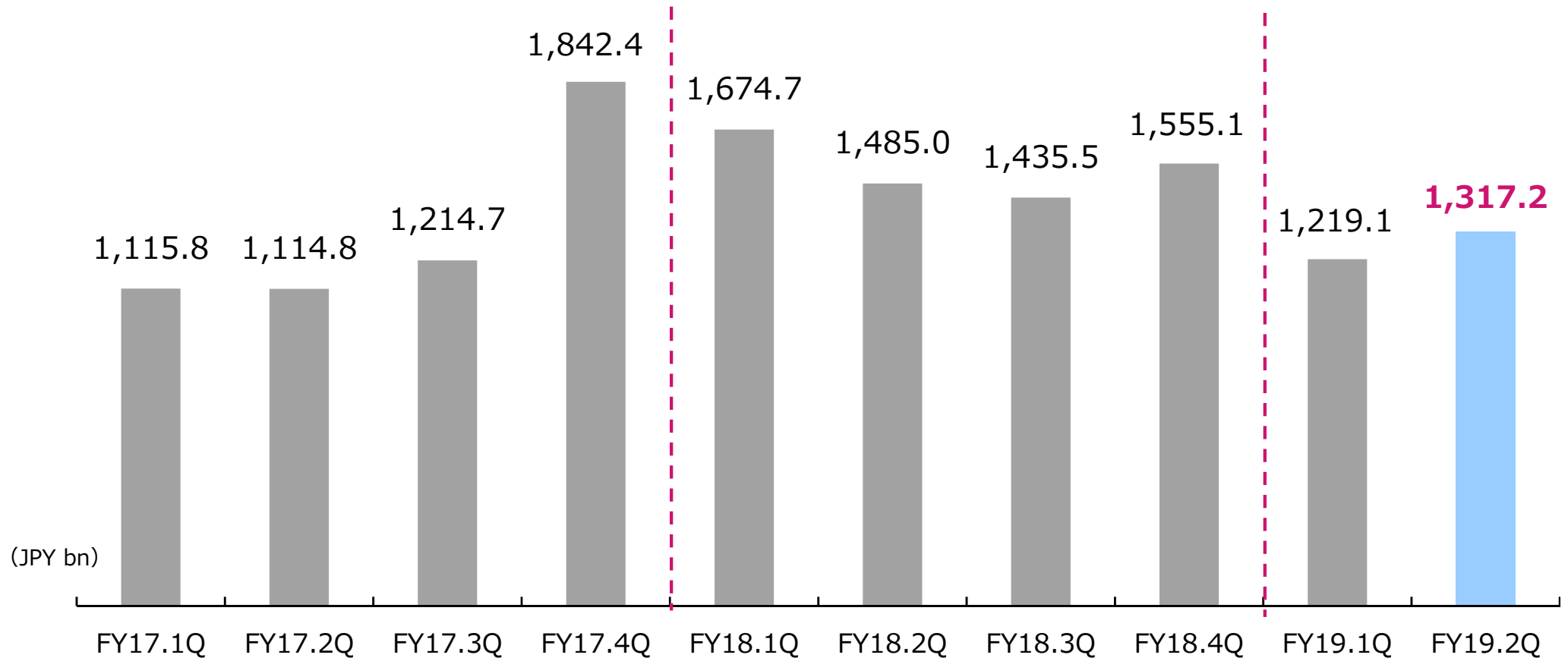
	(JPY mn)	FY18.1H	FY19.1H
<b>Capital gains</b>		<b>24,715</b>	<b>13,738</b>
Income from trading securities, net		—	<b>63</b>
Gains on sale of securities…(3)		3,316	<b>2,317</b>
Foreign exchange gains, net		21,398	—
Gains on U.S. dollar-denominated insurance (foreign exchange gains)…(5)		21,280	—
Other capital gains		—	<b>11,356</b>
Gains on U.S. dollar-denominated insurance (the reversal of policy reserves for foreign exchange fluctuations)…(5)		—	<b>11,356</b>
<b>Net capital gains (losses)</b>		<b>(15,639)</b>	<b>(4,083)</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.

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

	(JPY mn)	FY18.1H	FY19.1H
(1) Gains (Losses) on hedges of variable life insurance		(12,304)	<b>(3,650)</b>
(2) Gains (losses) on hedges of available-for-sale securities		(2,628)	<b>(242)</b>
(3) Gains (losses) on sale of securities		3,282	<b>2,317</b>
(4) Losses on valuation of securities		(4,026)	<b>(2,991)</b>
(5) Gains (losses) on U.S. dollar-denominated insurance		249	<b>489</b>

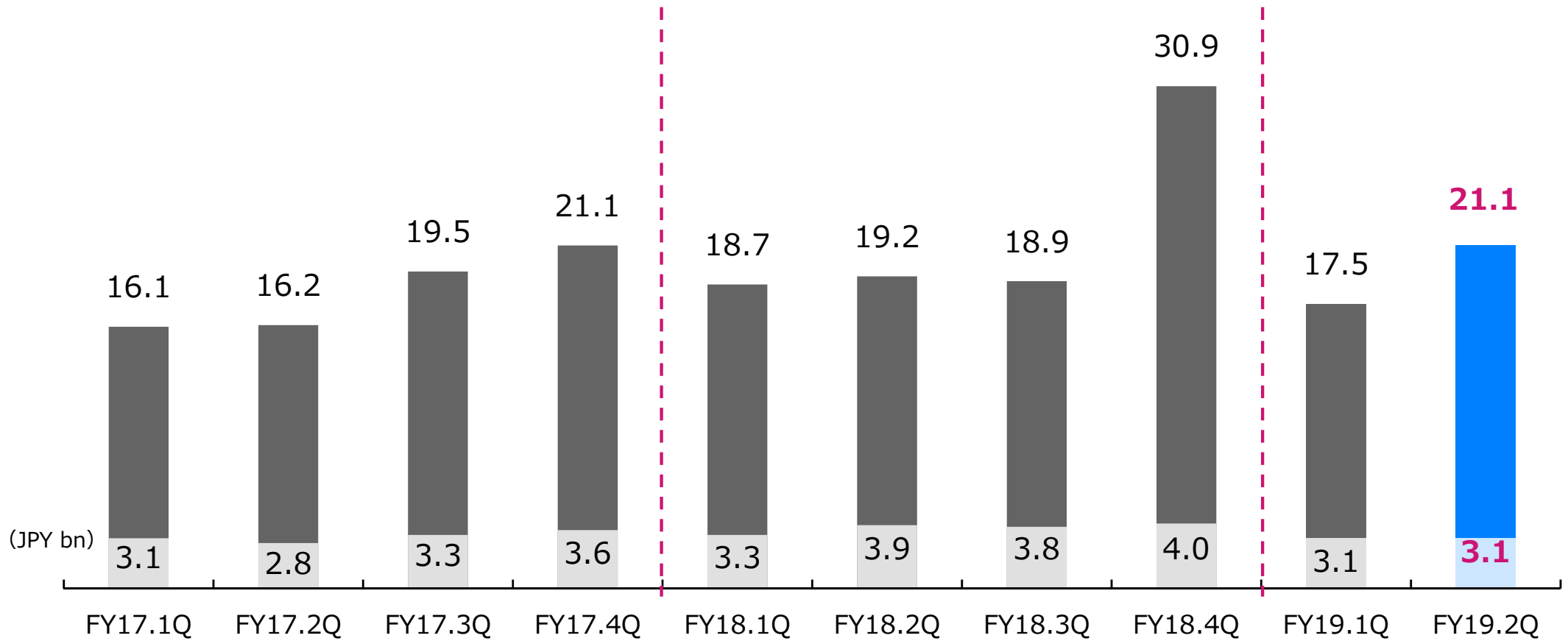
# Sony Life's Quarterly Trend on New Policy Amount



Note : Individual Life Insurance + Individual Annuities

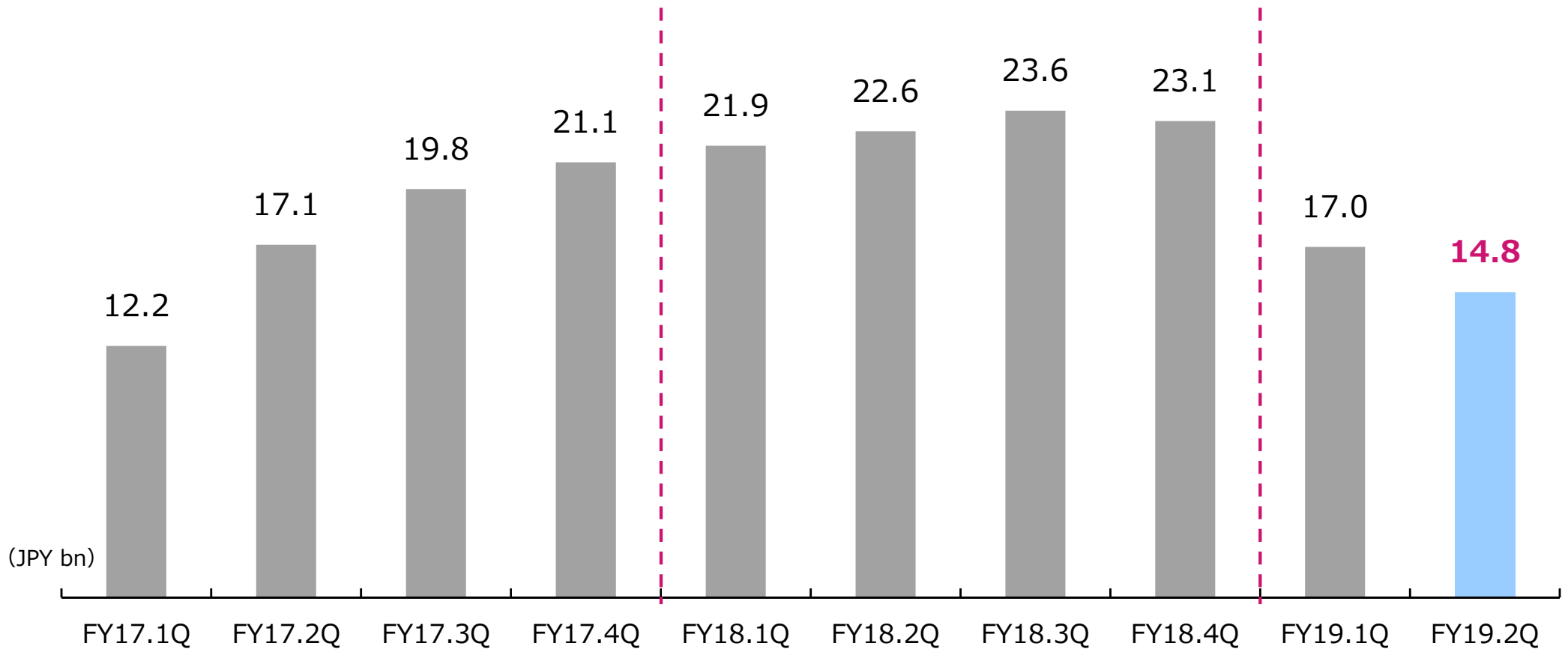
# Sony Life's Quarterly Trend on Annualized Premiums from New Policies

■ 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 September 30, 2019 was ¥768.8 billion, up ¥10.3 billion from June 30, 2019, resulting from an increase in interest rate risk, due to an increase in yen interest rates.
- ◆ ESR as of September 30, 2019 was 222%, up 2pt from June 30, 2019 due mainly to an increase in MCEV.

(JPY bn)	Mar. 19	Jun. 19	Sep. 19	Change from Mar. 19	Change from Jun. 19
Insurance risk	547.3	586.2	<b>588.5</b>	+41.1	+2.3
Market-related risk	332.5	299.9	<b>303.1</b>	(29.3)	+3.2
Of which, interest rate risk	202.1	159.2	<b>166.7</b>	(35.3)	+7.4
Operational risk	33.4	35.0	<b>41.4</b>	+8.0	+6.3
Counter party risk	3.0	4.1	<b>3.7</b>	+0.6	(0.4)
Variance effect	(174.0)	(166.8)	<b>(167.9)</b>	+6.1	(1.1)
<b>The risk amount based on economic value</b>	742.3	758.5	<b>768.8</b>	+26.5	+10.3

(JPY bn)	Mar. 19	Jun. 19	Sep. 19	Change from Mar. 19	Change from Jun. 19
<b>MCEV + Frictional costs</b>	1,743.7	1,672.2	<b>1,709.4</b>	(34.3)	+37.1
<b>ESR</b>	235%	220%	<b>222%</b>	(13pt)	+2pt

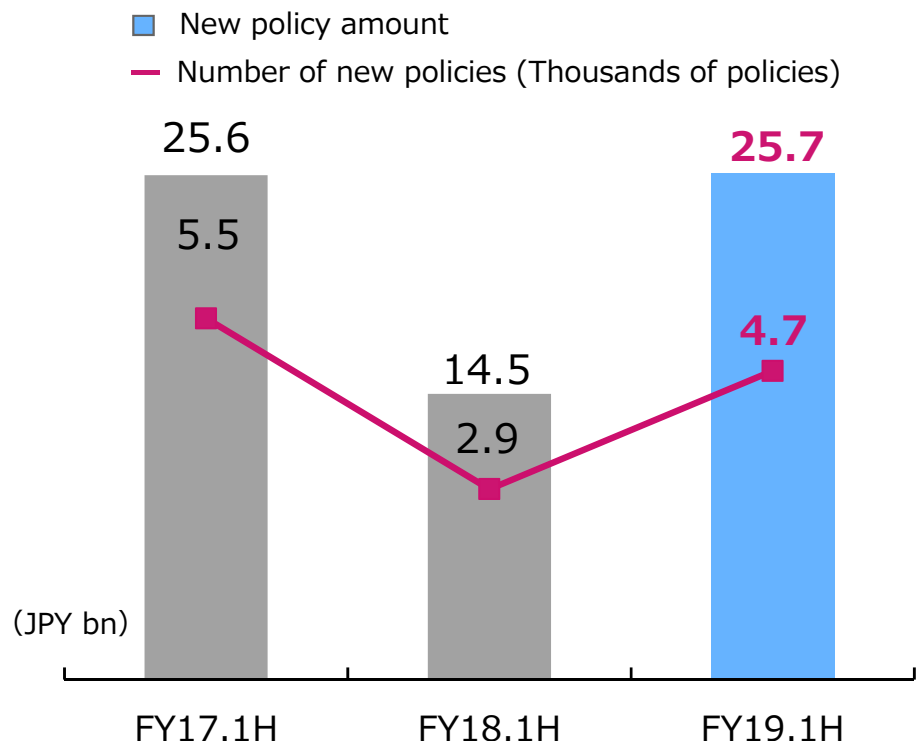
Notes:

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

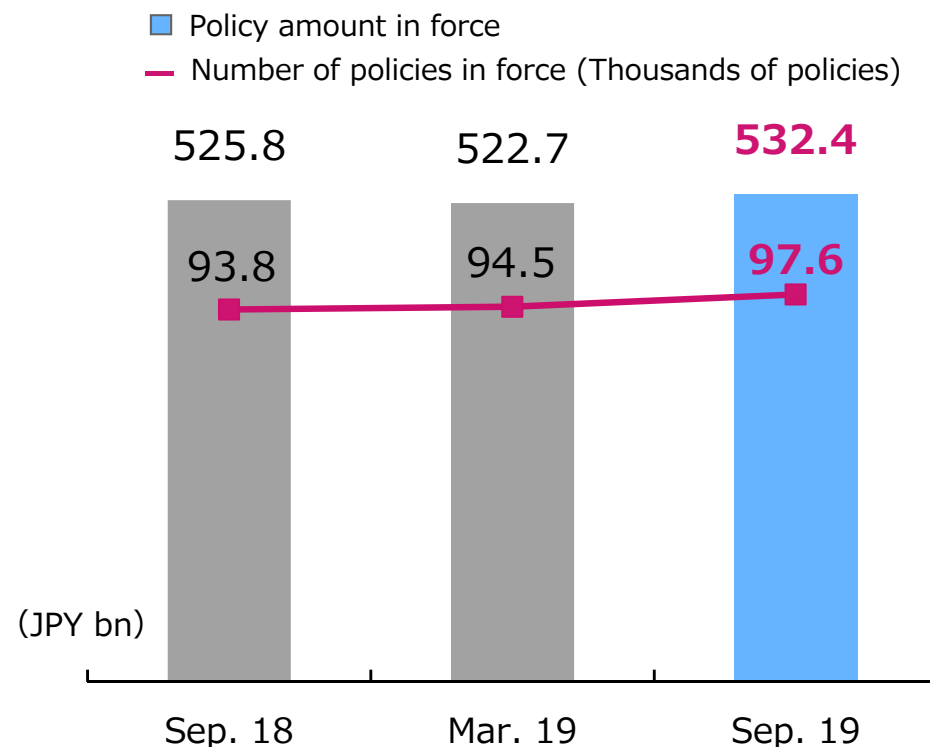
## ◆AEGON Sony Life Insurance’s new policy amount and policy amount in force

### Number and Amount of New Policies\*



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

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



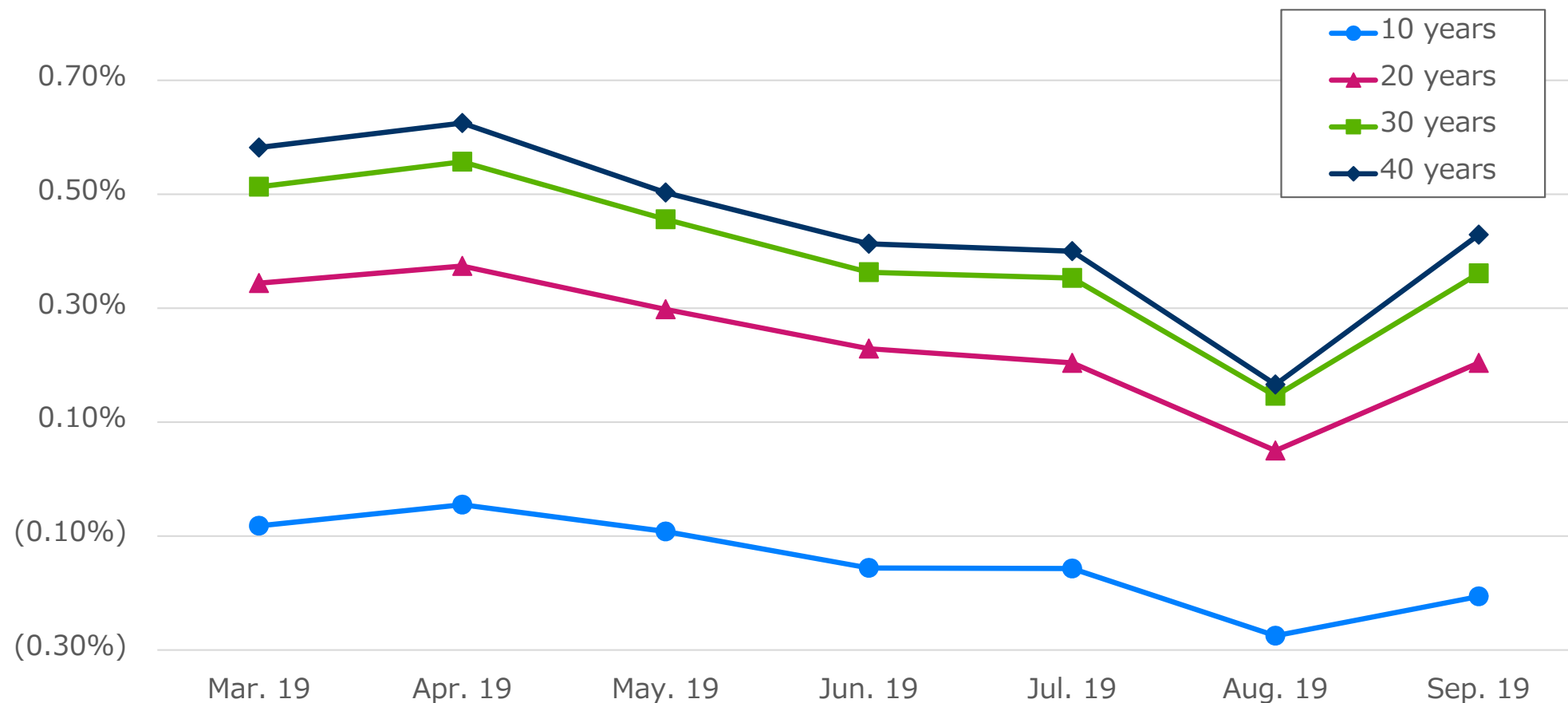
\*\* Amounts for as of Sep. 2018 are individual annuities while amounts for Mar. 2019 and Sep. 2019 are total of individual insurance and individual annuities

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

(JPY bn)	FY18.1H	FY19.1H	Change
AEGON Sony Life	(1.7)	<b>(0.7)</b>	+1.0
SA Reinsurance	1.1	<b>1.0</b>	(0.1)

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.

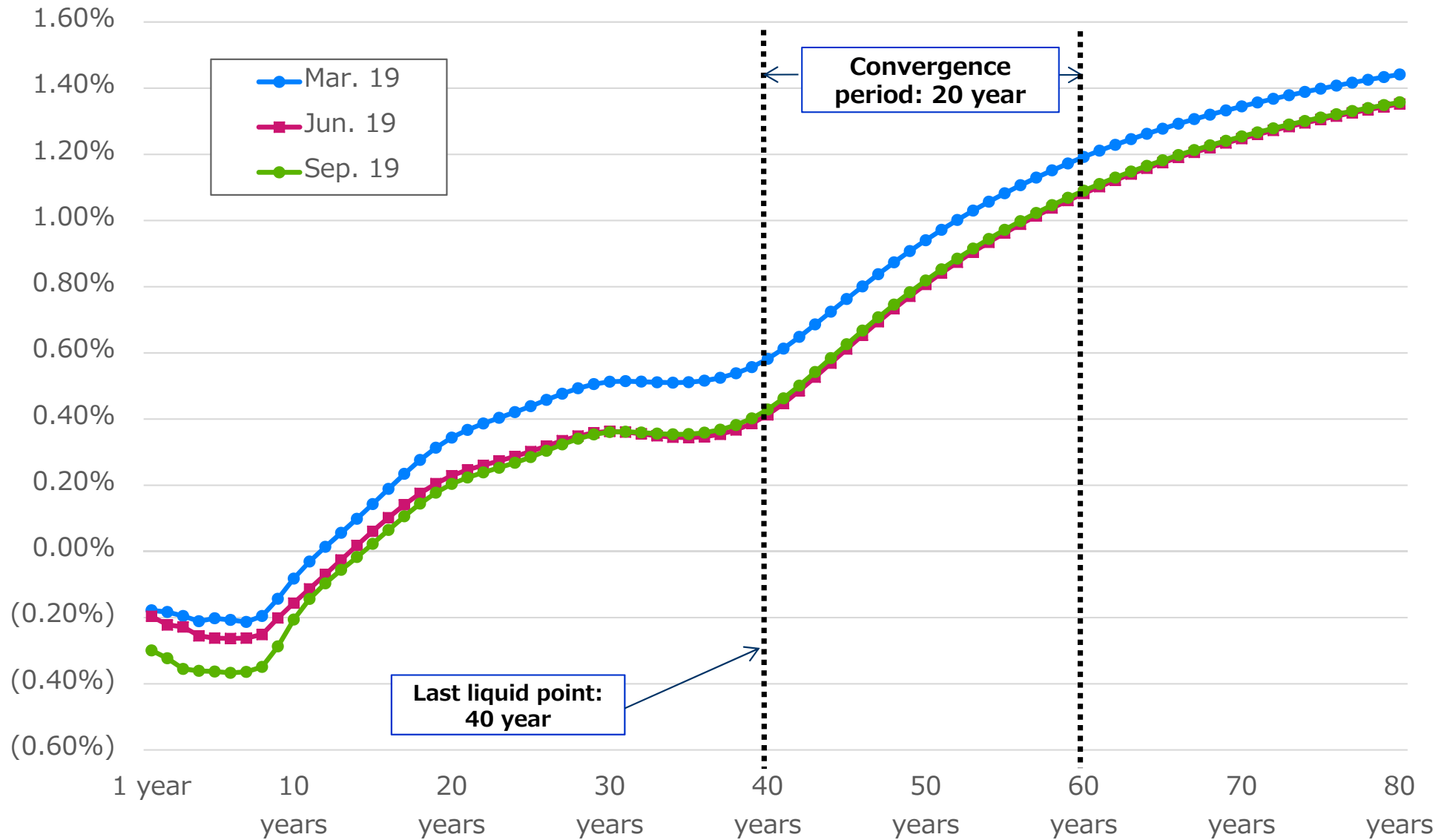
# Trend on JGB Yields (Par rate)



	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19
10 years	(0.08%)	(0.05%)	(0.09%)	(0.16%)	(0.16%)	(0.28%)	(0.21%)
20 years	0.34%	0.37%	0.30%	0.23%	0.20%	0.05%	0.20%
30 years	0.51%	0.56%	0.46%	0.36%	0.35%	0.15%	0.36%
40 years	0.58%	0.63%	0.50%	0.41%	0.40%	0.17%	0.43%

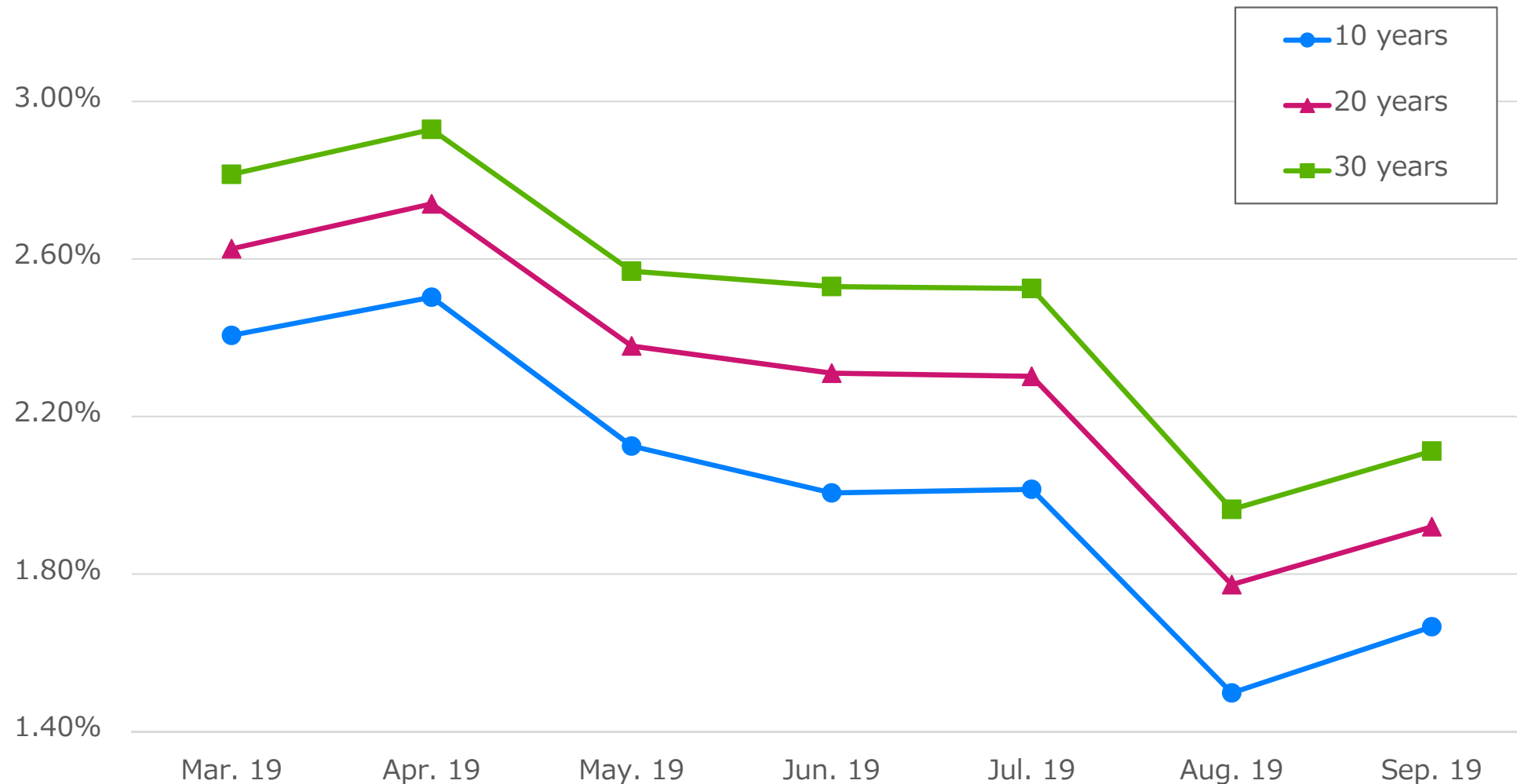


# Trend on Risk-free Rate (Japanese yen/Par rate)



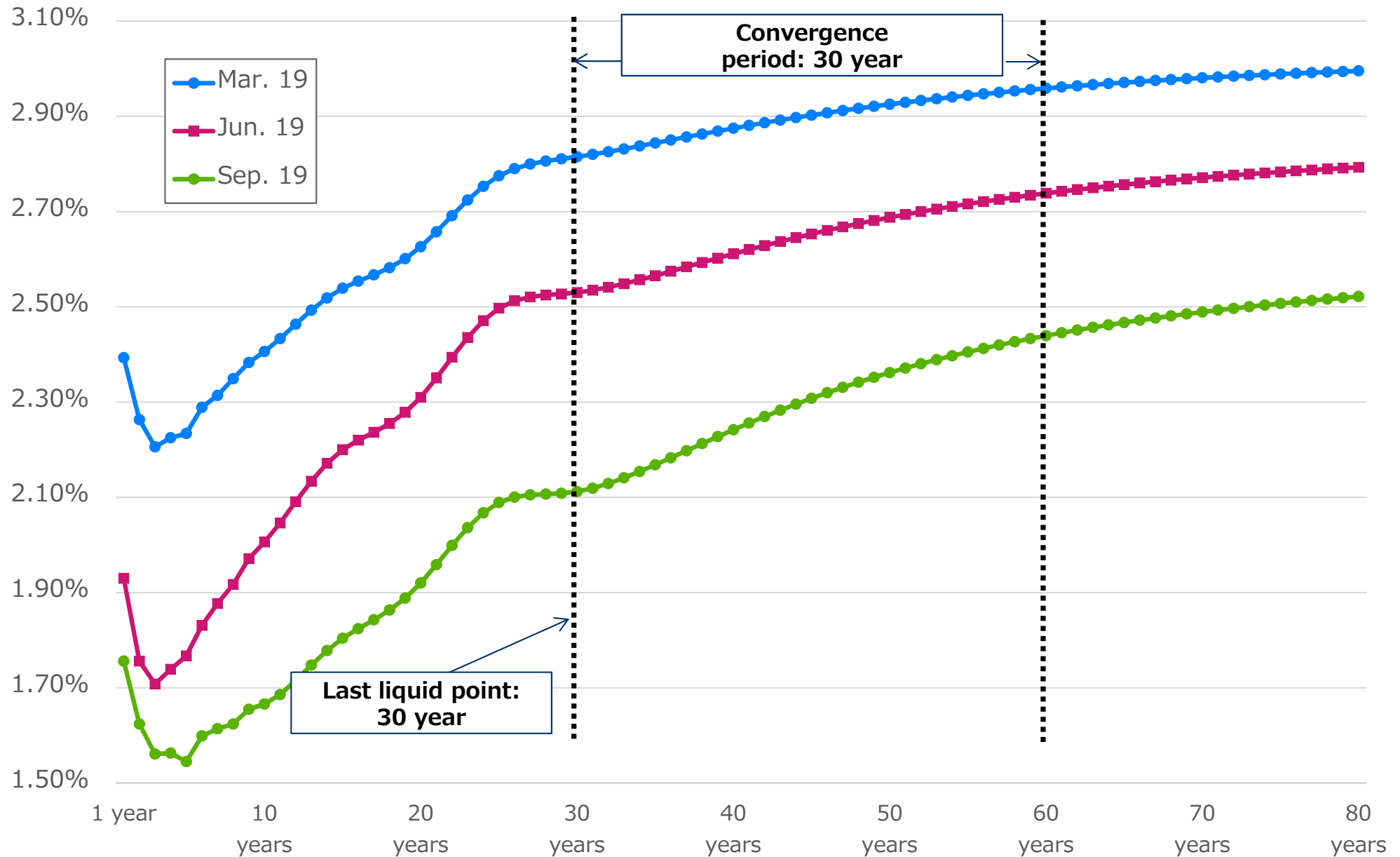
\*For above risk-free rate, we employ the Smith-Wilson method for extrapolation so that the 60-year forward rate will coverage on the UFR (3.5%).

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



	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19
10 years	2.41%	2.50%	2.13%	2.01%	2.02%	1.50%	1.67%
20 years	2.63%	2.74%	2.38%	2.31%	2.30%	1.77%	1.92%
30 years	2.82%	2.93%	2.57%	2.53%	2.53%	1.96%	2.11%

# 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)	FY18.1H	FY19.1H	Change	
Life insurance business	Ordinary revenues		779.3	<b>806.9</b>	+27.5	+3.5%
	Ordinary profit		37.4	<b>48.7</b>	+11.3	+30.3%
Non-life insurance business	Ordinary revenues		57.7	<b>60.6</b>	+2.9	+5.0%
	Ordinary profit		5.4	<b>5.7</b>	+0.3	+5.9%
Banking business	Ordinary revenues		22.0	<b>24.5</b>	+2.5	+11.5%
	Ordinary profit		4.6	<b>5.6</b>	+0.9	+20.5%
Intersegment adjustments*	Ordinary revenues		1.7	<b>2.2</b>	+0.5	+33.2%
	Ordinary profit		(0.3)	<b>(0.4)</b>	(0.1)	—
Consolidated	Ordinary revenues		860.8	<b>894.4</b>	+33.6	+3.9%
	Ordinary profit		47.2	<b>59.6</b>	+12.4	+26.4%
	Profit attributable to owners of the parent		31.7	<b>40.4</b>	+8.6	+27.3%

\*"Intersegment adjustments" is from SFH, the nursing care business, and the venture capital business. Sony Financial Ventures Inc. is included in the scope of consolidation from FY18.2Q, SFV · GB L.P. is included in the scope of consolidation from the FY18.4Q and SmartLink Network Europe B.V. is included in the scope of consolidation from FY19.2Q, respectively.

(Note) Comprehensive income : FY18.1H: ¥19.2 billion, FY19.1H: ¥51.8 billion

		(JPY bn)	Mar. 19	Sep. 19	Change from Mar. 19	
Consolidated	Net assets		656.8	<b>681.6</b>	+24.7	+3.8%
	Total assets		13,468.2	<b>14,143.3</b>	+675.1	+5.0%

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



(JPY bn)	FY18.1H	FY19.1H	Change	
Ordinary revenues	779.2	<b>806.8</b>	+27.5	+3.5%
Income from insurance premiums	542.0	<b>665.4</b>	+123.4	+22.8%
Investment income	231.4	<b>134.1</b>	(97.2)	(42.0%)
Interest income and dividends	81.7	<b>88.1</b>	+6.3	+7.7%
Gains on sale of securities	3.3	<b>2.3</b>	(0.9)	(30.1%)
Foreign exchange gains, net	21.3	—	(21.3)	(100.0%)
Gains on separate accounts, net	122.6	<b>41.3</b>	(81.2)	(66.3%)
Ordinary expenses	741.5	<b>758.2</b>	+16.6	+2.2%
Insurance claims and other payments	200.4	<b>222.6</b>	+22.1	+11.0%
Provision for policy reserves and others	426.8	<b>415.1</b>	(11.7)	(2.8%)
Investment expenses	26.6	<b>22.0</b>	(4.6)	(17.3%)
Losses on derivatives, net	19.7	<b>4.2</b>	(15.4)	(78.4%)
Foreign exchange losses, net	—	<b>10.5</b>	+10.5	—
Operating expenses	71.4	<b>78.5</b>	+7.0	+9.9%
Ordinary profit	37.7	<b>48.6</b>	+10.9	+29.0%
Net income	25.4	<b>32.7</b>	+7.3	+28.9%

(JPY bn)	Mar. 19	Sep. 19	Change from Mar. 19	
Securities	9,523.8	<b>10,039.4</b>	+515.5	+5.4%
Policy reserves	9,268.4	<b>9,681.7</b>	+413.2	+4.5%
Net assets	513.9	<b>525.2</b>	+11.3	+2.2%
Net unrealized gains on other securities	122.7	<b>133.4</b>	+10.7	+8.7%
Total assets	10,380.1	<b>10,897.4</b>	+517.2	+5.0%
Separate account assets	1,300.7	<b>1,393.2</b>	+92.5	+7.1%

(JPY bn)	FY18.1H	FY19.1H	Change	
Gains from investment, net (General account)	82.1	<b>70.7</b>	(11.3)	(13.8%)

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



(JPY bn)	FY18.1H	FY19.1H	Change	
Ordinary revenues	57.7	<b>60.6</b>	+2.9	+5.0%
Underwriting income	56.5	<b>59.3</b>	+2.7	+4.9%
Investment income	1.1	<b>1.3</b>	+0.1	+11.1%
Ordinary expenses	52.3	<b>54.9</b>	+2.5	+4.9%
Underwriting expenses	38.9	<b>40.5</b>	+1.5	+4.0%
Operating, general and administrative expenses	13.3	<b>14.3</b>	+1.0	+7.7%
Ordinary profit	5.4	<b>5.7</b>	+0.3	+5.9%
Underwriting income	4.2	<b>4.4</b>	+0.2	+5.0%
Net income	3.8	<b>4.1</b>	+0.2	+5.6%

(JPY bn)	Mar. 19	Sep. 19	Change from Mar. 19	
Underwriting reserves	127.8	<b>133.9</b>	+6.1	+4.8%
Net assets	34.7	<b>36.3</b>	+1.5	+4.4%
Total assets	219.6	<b>225.2</b>	+5.6	+2.6%

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

(JPY mn)	FY18.1H	FY19.1H	Change
Fire	110	<b>819</b>	+645.0%
Marine	—	—	—
Personal accident	4,361	<b>4,637</b>	+6.3%
Voluntary automobile	51,478	<b>53,638</b>	+4.2%
Compulsory automobile liability	—	—	—
Total	55,950	<b>59,096</b>	+5.6%

## Net Premiums Written

(JPY mn)	FY18.1H	FY19.1H	Change
Fire	8	<b>449</b>	—
Marine	—	<b>0</b>	—
Personal accident	4,441	<b>4,502</b>	+1.4%
Voluntary automobile	51,336	<b>53,491</b>	+4.2%
Compulsory automobile liability	733	<b>863</b>	+17.7%
Total	56,520	<b>59,307</b>	+4.9%

## Net losses paid

(JPY mn)	FY18.1H	FY19.1H	Change
Fire	3	<b>9</b>	+131.2%
Marine	2	<b>(3)</b>	—
Personal accident	1,402	<b>1,559</b>	+11.2%
Voluntary automobile	24,749	<b>26,595</b>	+7.5%
Compulsory automobile liability	671	<b>660</b>	(1.6%)
Total	26,830	<b>28,821</b>	+7.4%

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



## ◆ Consolidated

(JPY bn)	FY18.1H	FY19.1H	Change	
Ordinary revenues	22.0	<b>24.5</b>	+2.5	+11.5%
Ordinary profit	4.6	<b>5.6</b>	+0.9	+20.6%
Profit attributable to owners of the parent	3.0	<b>3.7</b>	+0.6	+20.7%

## ◆ Non-consolidated

(JPY bn)	FY18.1H	FY19.1H	Change	
Ordinary revenues	19.9	<b>22.2</b>	+2.3	+11.6%
Gross operating profit	11.8	<b>13.2</b>	+1.4	+11.9%
Net interest income	11.4	<b>12.0</b>	+0.6	+5.9%
Net fees and Commissions	(1.6)	<b>(0.7)</b>	+0.8	–
Net other operating income	2.0	<b>1.8</b>	(0.1)	(7.1%)
General and administrative expenses	7.6	<b>8.1</b>	+0.5	+7.0%
Net operating profit	4.1	<b>5.0</b>	+0.9	+22.4%
Ordinary profit	4.2	<b>5.0</b>	+0.8	+19.8%
Net income	2.9	<b>3.5</b>	+0.5	+19.8%

(JPY bn)	Mar. 19	Sep. 19	Change from Mar. 19	
Net assets	87.2	<b>87.9</b>	+0.6	+0.8%
Net unrealized gains on other securities, net of taxes	3.9	<b>4.2</b>	+0.2	+6.1%
Total assets	2,860.9	<b>3,003.9</b>	+143.0	+5.0%

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

(JPY bn)	Mar. 19	Sep. 19	Change from Mar. 19	
AAA	296.6	<b>327.8</b>	+31.1	+10.5%
AA	77.3	<b>63.3</b>	(13.9)	(18.1%)
A	288.0	<b>307.5</b>	+19.4	+6.8%
BBB	24.4	<b>29.6</b>	+5.2	+21.4%
Others	10.0	<b>8.7</b>	(1.2)	(12.4%)
Total	696.4	<b>737.1</b>	+40.6	+5.8%

# 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)	FY18.1H	FY19.1H	Change	
Gross operating profit	11.8	<b>13.2</b>	+1.4	+11.9%
Net interest income* <sup>1</sup> ①	12.5	<b>13.0</b>	+0.5	+4.0%
Net fees and commissions* <sup>2</sup> ②	(1.3)	<b>(0.5)</b>	+0.8	—
Net other operating income* <sup>3</sup>	0.6	<b>0.6</b>	+0.0	+9.2%
Gross operating profit (core profit)(A) = ① + ②	11.2	<b>12.5</b>	+1.3	+12.1%
Operating expenses and other Expenses ③	7.7	<b>8.2</b>	+0.4	+6.3%
Net operating profit (core profit) = (A) - ③	3.4	<b>4.3</b>	+0.8	+24.9%

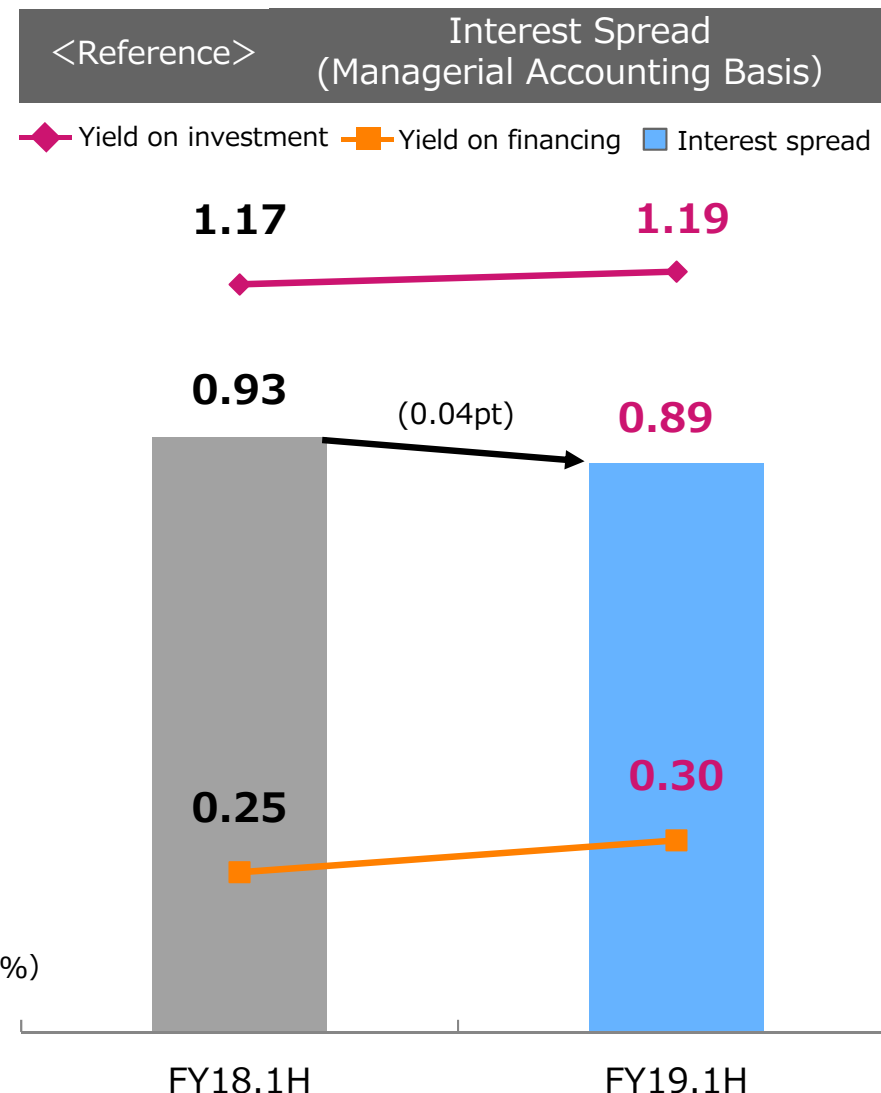
## ■ Managerial accounting basis

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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