

【Presentation Material】



Consolidated Financial Results
for the Fiscal Year
Ended March 31, 2020
and
Sony Life's Preliminary MCEV
as of March 31, 2020

Sony Financial Holdings Inc.
May 19, 2020

I am Kiyomiya from Sony Financial Holdings.
I would like to explain about consolidated financial results for FY2019
followed by this presentation material.

AGENDA

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(Note 1) 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.

(Note 2) “Lifeplanner” is a registered trademark of Sony Life.



Consolidated Operating Results
for the Fiscal Year Ended
March 31, 2020
<FY2019>

- ◆ On a consolidated Group basis, both ordinary revenues and ordinary profit increased year on year, owing to increases in ordinary revenues and ordinary profit from all the businesses: life insurance, non-life insurance and banking businesses.
- ◆ Sony Life's new policy amount for FY2019 decreased year on year due to lower sales of family income insurance, however new business value for FY19.4Q (3M) increased from FY19.3Q (3M), due mainly to favorable sales of insurance products for corporate customers.
- ◆ Our forecast for the consolidated financial results for FY2020 is undetermined since a rational calculation is problematic at present due to the numerous uncertainties regarding the COVID-19 pandemic. However, we will strive to enhance our corporate value through further expansion of our customer base by the enhanced utilization of technologies and the establishment of a cooperative structure with Sony Group.
- ◆ SFH decided to express its support to Sony's tender offer, and recommends that shareholders tender as SFH anticipates synergies will be created as a result of becoming a wholly-owned subsidiary of Sony, which will lead to growth in corporate value, as well as contribute to interests of shareholders.

We would like to start from sharing the management message.

On a consolidated Group basis, both ordinary revenues and ordinary profit for FY2019 increased year on year, owing to increases in ordinary revenues and ordinary profit from all the businesses: life insurance, non-life insurance and banking businesses.

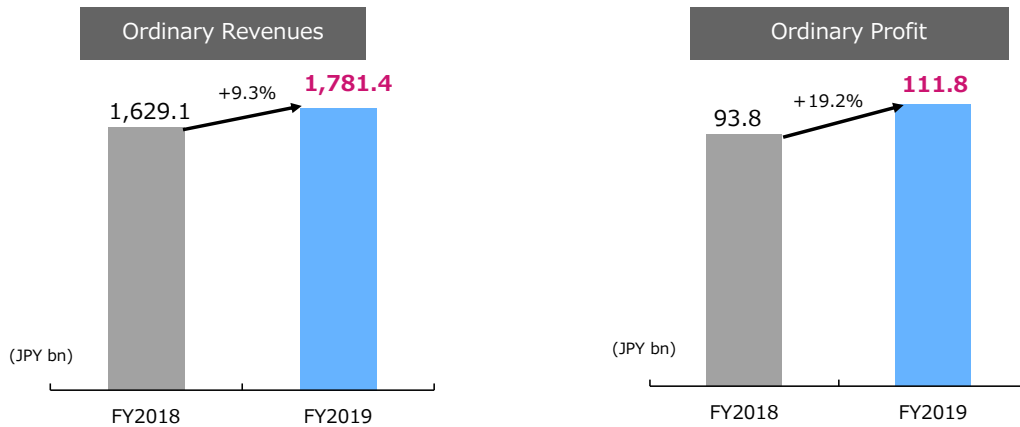
Sony Life's new policy amount for FY2019 decreased year on year due to lower sales of family income insurance, however new business value for FY19.4Q (3M) increased from FY19.3Q (3M), due mainly to favorable sales of insurance products for corporate customers.

Our consolidated financial forecast for FY2020 are undetermined since a rational calculation is problematic at present due to the numerous uncertainties about the COVID-19 pandemic.

However, we will strive to enhance our corporate value through further expansion of our customer base by the enhanced utilization technologies and establishment of a cooperative structure with Sony Group.

In addition, today, we expressed our support in Sony's tender offer for SFH's shares etc. and recommends that shareholders tender. We will explain in more detail later.

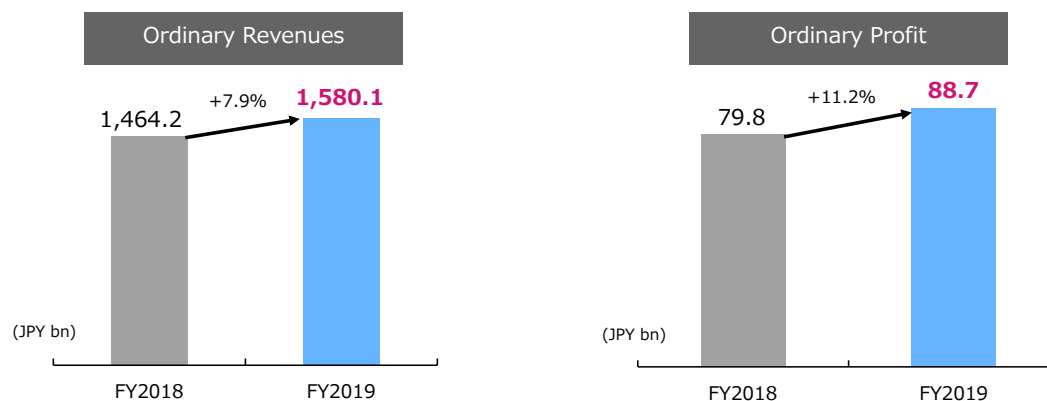
- ◆ Ordinary Revenues : Increased 9.3% year on year, to ¥1,781.4 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking businesses.
- ◆ Ordinary Profit : Increased 19.2% year on year, to ¥111.8 billion, owing to increases in ordinary profit from all the businesses mentioned above.



Next, I would like to explain about consolidated operating performance.

Ordinary revenues increased 9.3% year on year, to ¥1,781.4 billion.
 Ordinary profit increased 19.2% year on year, to ¥111.8 billion.

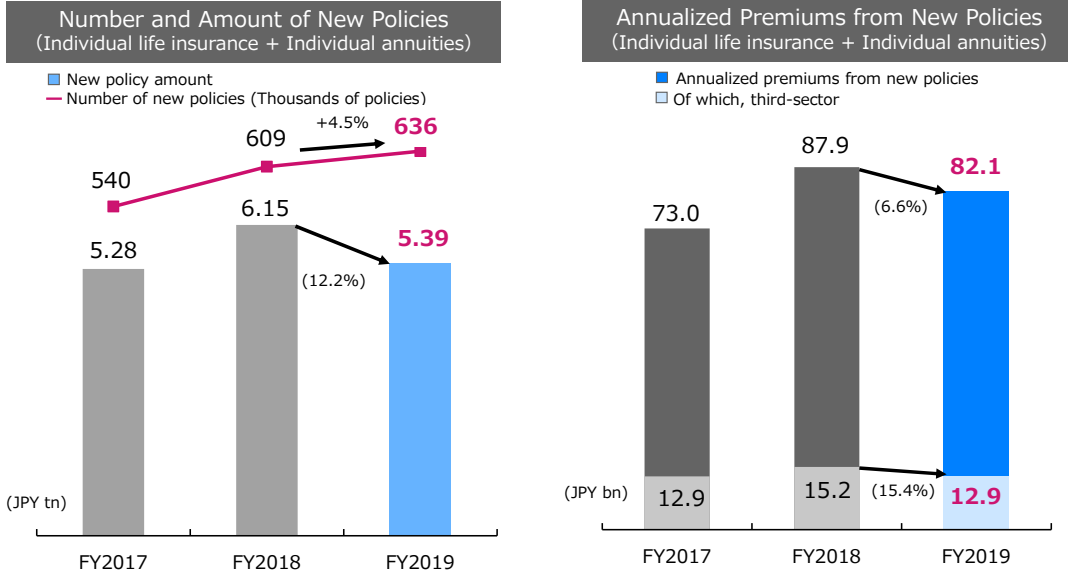
- ◆ Ordinary Revenues : Increased 7.9% year on year, to ¥1,580.1 billion, due primarily to higher insurance premium revenue, mainly from single premium insurance.
- ◆ Ordinary Profit : Increased 11.2% year on year, to ¥88.7 billion, due chiefly to a decrease in costs related to the acquisition of new policies and a rise in profit in tandem with expansion of the policy amount in force, which more than offset higher operating expenses.



Sony Life's ordinary revenues increased 7.9% year on year, to ¥1,580.1 billion, due primarily to higher insurance premium revenue, mainly from single premium insurance.

Ordinary profit rose 11.2% year on year, to ¥88.7 billion, due chiefly to a decrease in costs related to the acquisition of new policies and a rise in profit in tandem with expansion of the policy amount in force, which more than offset higher operating expenses.

- ◆ 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 for corporate customers despite a favorable sales of U.S. dollar-denominated insurance.



(Left-hand graph)

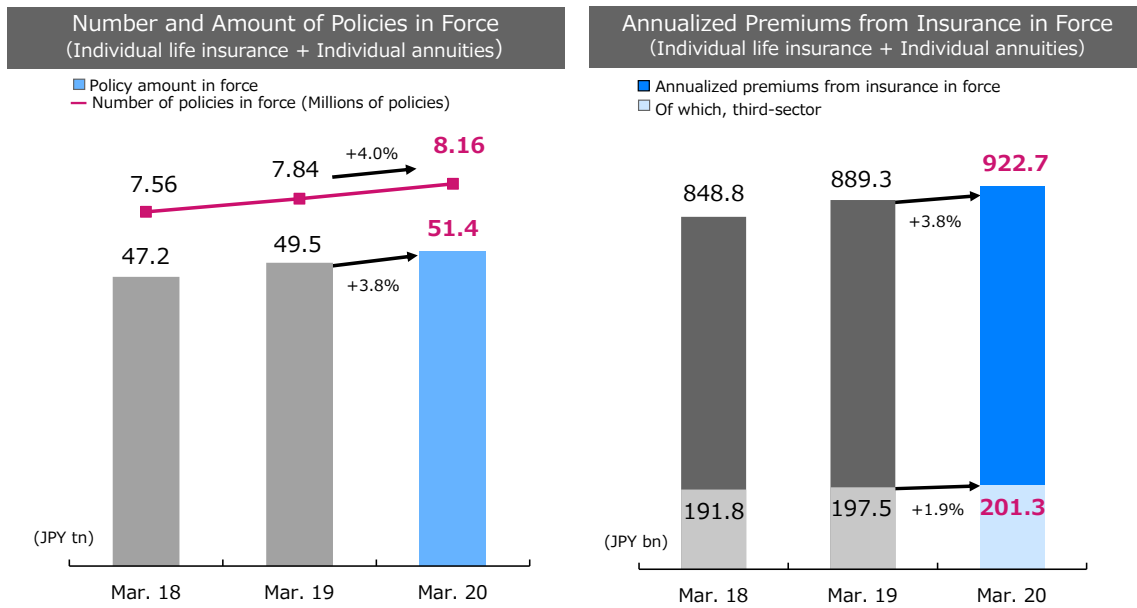
New policy amount decreased 12.2% year on year, to ¥5,398.9 billion, due to lower sales of family income insurance.

The number of new policies increased 4.5% year on year, to 636 thousand policies.

(Right-hand graph)

Annualized premiums from new policies decreased 6.6% year on year, to ¥82.1 billion, due to lower sales of term life insurance for corporate customers despite a favorable sales of U.S. dollar-denominated insurance.

Of which, the figure for third-sector products decreased 15.4% year on year, to ¥12.9 billion.



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

(Left-hand graph)

Policy amount in force for the total of individual life insurance and individual annuities increased 3.8% from March 31, 2019, to ¥51.4 trillion.

The number of policies in force increased 4.0% from March 31, 2019, to 8.16 million polices.

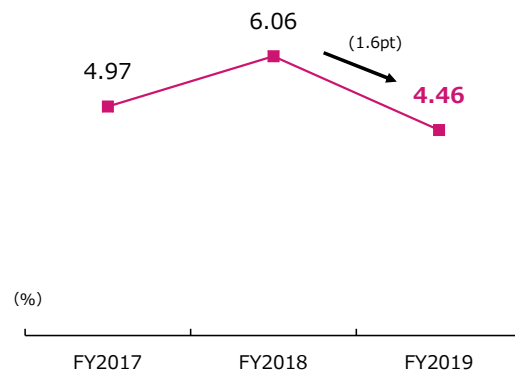
(Right-hand graph)

Annualized premiums from insurance in force increased 3.8% from March 31, 2019, to ¥922.7 billion.

Of which, the figure for third-sector products was up 1.9% from March 31, 2019, to ¥201.3 billion.

- ◆ **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.

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



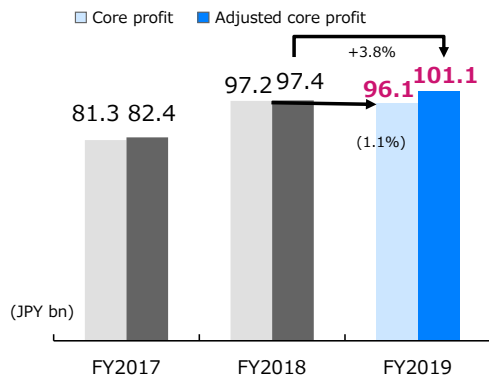
*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

The lapse and surrender rate was down 1.6 percentage points year on year, to 4.46%.

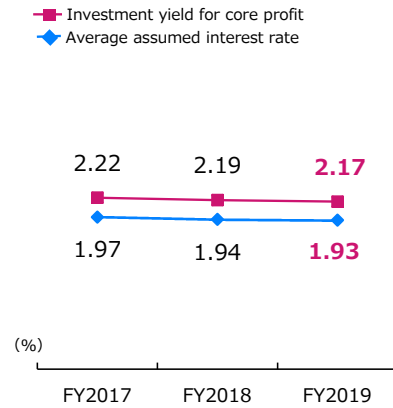
The fall in the lapse and surrender rate was due to a decrease in cancellation of policies, with certain customers cancelling existing policies and, taking out new family income insurance and other policies, as premiums were revised in line with revisions to the standard mortality tables in February 2018.

- ◆ Core Profit : Remained almost flat due to an increase in provision of policy reserve for minimum guarantees for variable life insurance despite a profit rose in tandem with expansion of the policy amount in force.

Core Profit and Adjusted Core Profit



Reference Average Assumed Interest Rate and Investment Yield for Core Profit



◆ Details of core profit

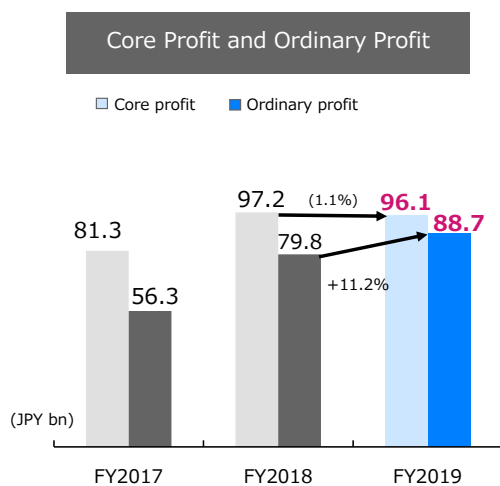
(JPY bn)	FY2017	FY2018	FY2019
Positive spread	17.7	18.2	19.3
Provision of policy reserve for minimum guarantees for variable life insurance *1	(18.7)	(18.3)	(24.2)
Adjusted core profit *2	82.4	97.4	101.1

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

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

Core profit remained almost flat year on year, to ¥96.1 billion, due to an increase in the provision of policy reserves for minimum guarantees for variable life insurance despite a profit rose in tandem with expansion of the policy amount in force.

- ◆ Ordinary Profit : Increased due to an increase in gains (losses) on hedges of variable life insurance in addition to a factor in core profit.



- ◆ Difference from core profit

(JPY bn)	FY2017	FY2018	FY2019
Core profit	81.3	97.2	96.1
Capital gains (losses) ^{*1}	(9.0)	1.6	(1.9)
Gains (losses) on hedges of variable life insurance ^{*2}	(8.4)	(9.9)	3.6
Provision of contingency reserve ^{*3}	(7.4)	(8.6)	(9.0)
Others	(0.1)	(0.4)	(0.1)
Ordinary profit	56.3	79.8	88.7

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

*2 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 page 10.

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

(Note) Regarding hedges of variable life insurance

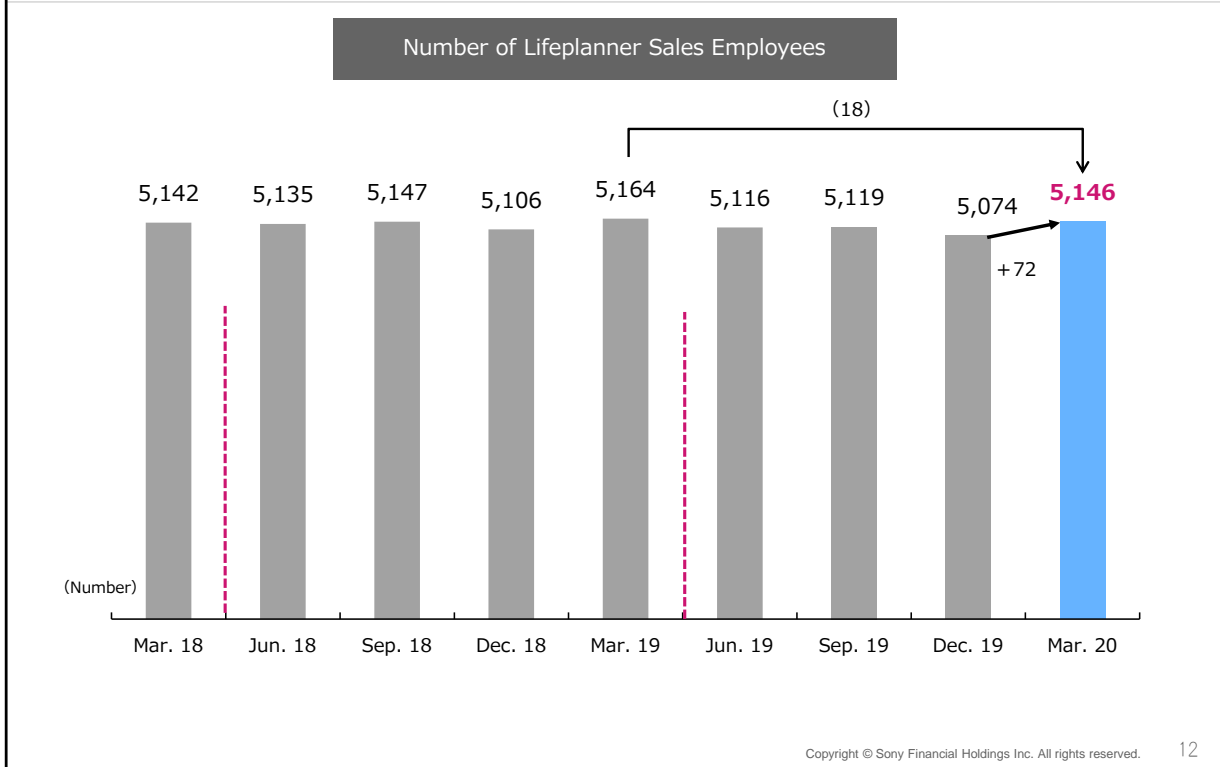
Market fluctuations resulted in the following accounting gains (losses), due to differences between Japanese GAAP and economic value-based valuation. Please refer to page 40 for details.

(JPY bn)	FY2017	FY2018	FY2019
Gains (losses) of variable life insurance related to market fluctuations	(0.2)	(0.5)	(2.0)

Ordinary profit increased 11.2% year on year to ¥88.7 billion, due to an increase in gains (losses) on hedges of variable life insurance in addition to a factor in core profit.

Net gains (losses) on hedges of variable life insurance offset the impact of market fluctuations related to provision of policy reserve for minimum guarantees for variable life insurance on page 10.

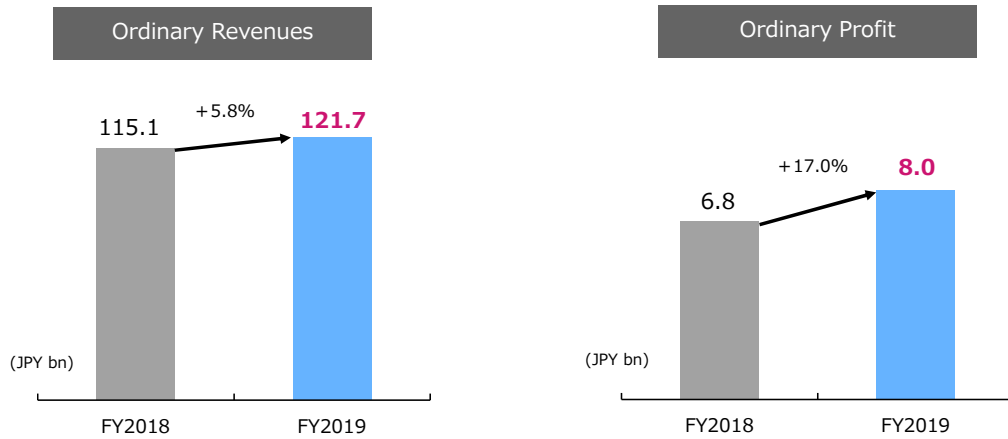
The accounting impact resulting from the difference between Japanese GAAP and economic value-based valuation is as described in the note.



The number of Lifeplanner sales employees as of March 31, 2020, was 5,146, up 72 from December 31, 2019 and down 18 from March 31, 2019.

Next, I would like to explain about operating performance of Sony Assurance.

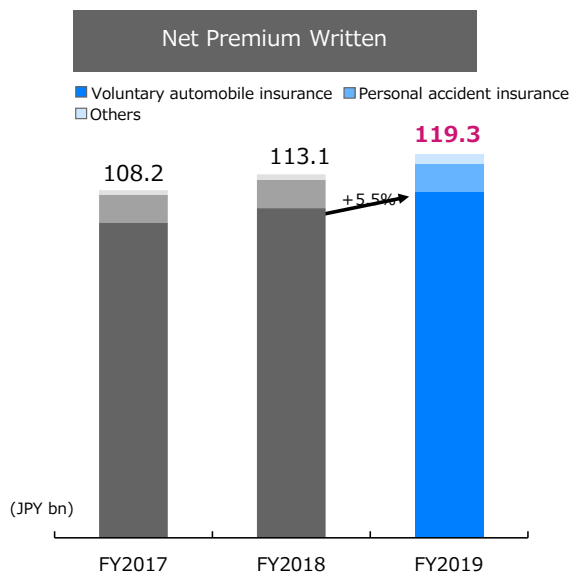
- ◆ Ordinary Revenues : Increased 5.8% year on year, to ¥121.7 billion, due mainly to an increase in net premiums written for mainstay automobile insurance.
- ◆ Ordinary Profit : Increased 17.0% year on year, to ¥8.0 billion, due mainly to a reversal of a portion of reserves for some products that made provisions in FY2018 and in addition that reversal of catastrophe reserves were recorded in FY2019.



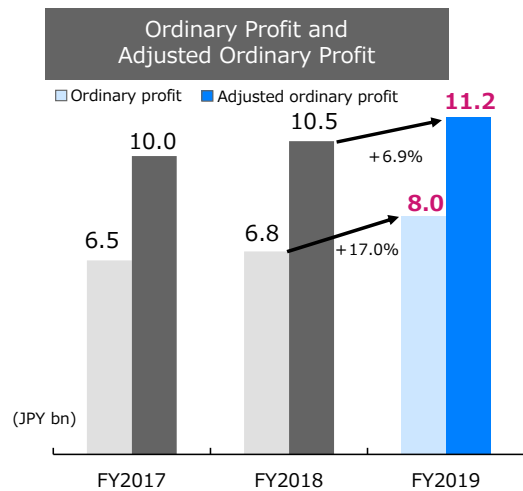
Ordinary revenues increased 5.8% year on year, to ¥121.7 billion, due mainly to an increase in net premiums written for mainstay automobile insurance.

Ordinary profit increased 17.0% year on year, to ¥8.0 billion, mainly due to a reversal of the catastrophe reserves for some products that made provisions in FY2018 and in addition that reversal of catastrophe reserves were recorded in FY2019.

◆ Net Premium Written :
Increased due to stable sales of mainstay 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)	FY2017	FY2018	FY2019
Provision for catastrophe reserve	3.4	3.6	3.2

(Note) Provision for catastrophe reserve is described as positive amount.

(Left-hand graph)

Net premiums written increased 5.5% year on year, to ¥119.3 billion due to stable sales of mainstay automobile insurance.

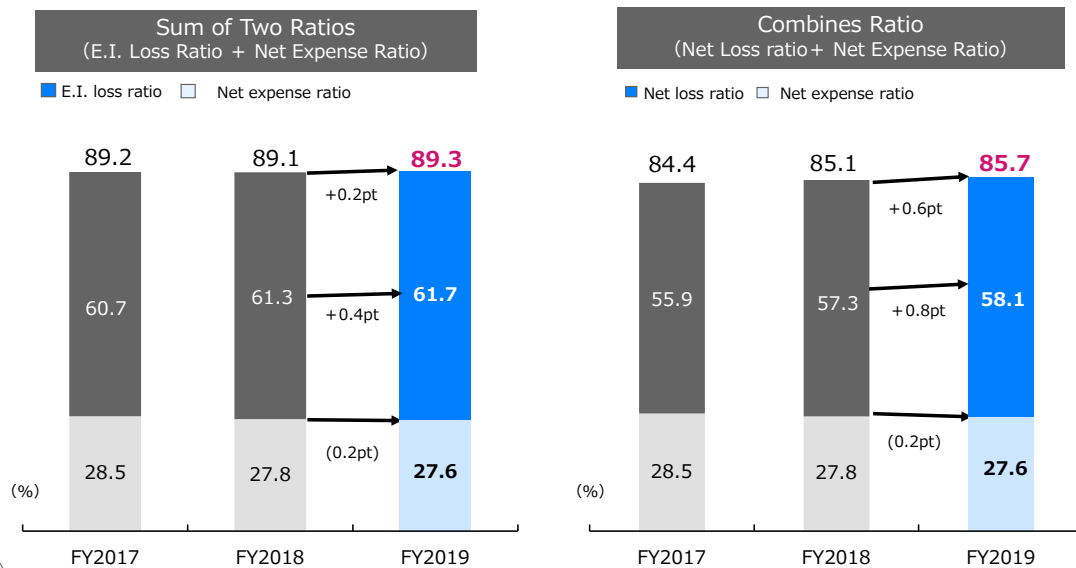
(Right-hand graph)

Ordinary profit increased year on year as described before.

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

Adjusted ordinary profit was ¥11.2 billion.

- ◆ Sum of Two Ratios :
Almost flat due to a rise in E.I. loss ratio despite a decrease in net expense ratio.



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

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

(Left-hand graph)

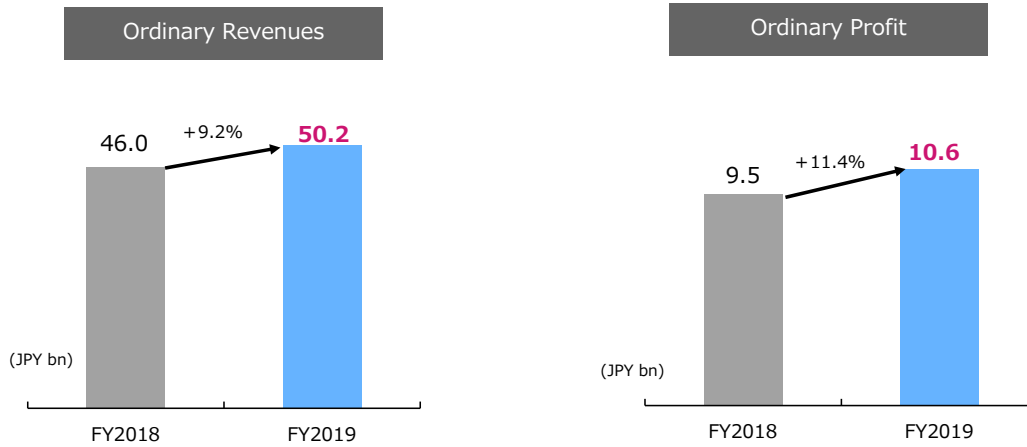
The sum of two ratios (E.I. loss ratio + net expense ratio) remained almost flat year on year, to 89.3%, due to an increase in E.I. loss ratio despite a decrease in net expense ratio.

(Right-hand graph)

The net loss ratio was up 0.8 percentage points year on year, to 58.1%. This is different from the E.I. loss ratio, which reflects an increase or a decrease in provision for reserve for outstanding losses and claims.

The combined ratio (the sum of the net loss ratio and the net expense ratio) was up 0.6 percentage points year on year, to 85.7%.

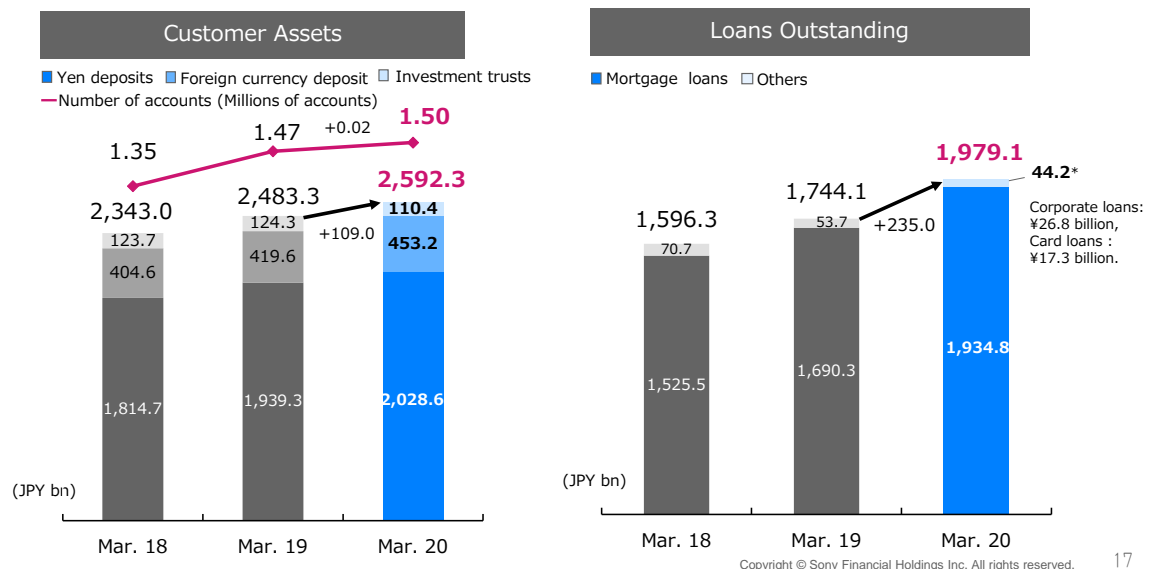
- ◆ Ordinary Revenues and Ordinary Profit :
Ordinary revenues expanded 9.2% year on year, to ¥50.2 billion, and ordinary profit was up 11.4% year on year, to ¥10.6 billion, due to increases in such income as interest on loans in line with a growing number of newly executed mortgage loans.



In consolidated basis, ordinary revenues expanded 9.2% year on year, to ¥50.2 billion, and ordinary profit was up 11.4% year on year, to ¥10.6 billion, due to increases in such income as interest on loans in line with a growing number of newly executed mortgage loans.

Ordinary profit increased 11.4% year on year, to ¥10.6 billion, for the same reasons as ordinary revenues.

- ◆ 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 an increase in time deposit.
- ◆ Loans Outstanding
 - Expanded due to a steady increase in mortgage loans.



(Left-hand graph)

As of March 31, 2020, customer assets amounted to ¥2,592.3 billion, up ¥109.0 billion from March 31, 2019.

Of this amount, the yen deposit balance amounted to ¥2,028.6 billion, up ¥89.2 billion from March 31, 2019, due mainly to an increase in newly accumulated funds via the increased number of accounts.

The yen-denominated balance of foreign currency deposits amounted to ¥453.2 billion, up ¥33.6 billion from March 31, 2019, due mainly to an increase in time deposit.

(Right-hand graph)

The loan balance as of March 31, 2020 expanded ¥235.0 billion from March 31, 2019, to ¥1,979.1 billion, due to a steady increase in mortgage loans.



Forecast of Consolidated Financial Results
and Dividends for the Fiscal Year Ending
March 31, 2021 <FY2020>

◆ Dividends for FY2019

Dividends for FY2019 are expected to be ¥70.0 per share, an increase of ¥7.5 from the dividends of FY2018.

◆ Forecast of Consolidated Financial Results for the FY2020

Due to the numerous uncertainties about how the COVID-19 pandemic will affect our operating performance, calculating a financial forecast rationally is problematic at present, since it is currently difficult to predict when the COVID-19 pandemic to get settled and the pace of the recovery of business activities and others. Accordingly, our consolidated financial forecast and dividend forecast for FY2020 are undetermined.

◆ Forecast of Dividends for the FY2020

As described in the "Announcement of Opinion in Support of Tender Offer for Shares, Etc. in Sony Financial Holdings Inc. by Sony Corporation, the Controlling Shareholder, and Recommendation to Tender Shares, Etc." announced on May 19, 2020, SFH made a resolution at the meeting of its board of directors held today, decided not to pay a dividend for the FY2020, subject to the successful completion of the Tender Offer.

◆ In response to the growing COVID-19 pandemic

SFH and its Group companies in principle refrain from conducting business face to face, out of consideration for the health and safety of our customers, business partners and employees. We have also introduced teleworking and other measures to help curtail infection.

<Initiative at Sony Life>

Going forward, Sony Life plans to gradually resume face-to-face sales activities, by taking into consideration of the relaxation of restricted movement request and pace of the resumption of economic activities. In addition, Sony Life plans to enhance its response to the situation, by gradually increasing its use of telephone- and video-based consulting tools.

I would like to explain about forecast of consolidated financial results and dividends for FY2020 is as follows.

As previously announced, dividends for FY2019 are expected to be ¥70.0 per share, an increase of ¥7.5 from the dividends of FY2018.

Our consolidated financial forecast for FY2020 are undetermined. Because the numerous uncertainties about how the COVID-19 pandemic will affect our operating performance, calculating a financial forecast rationally is problematic at present, since it is currently difficult to predict when the COVID-19 pandemic to get settled and the pace of the recovery of business activities and others.

Regarding the dividend for FY2020, we have resolved at the meeting of our board of directors that we have decided not to pay dividend for FY2020, subject to the successful completion of Sony's Tender Offer for SFHs' Shares Etc.

Furthermore, in response to the growing COVID-19 pandemic, SFH and its Group companies in principle refrain from conducting business face to face, out of consideration for the health and safety of our customers, business partners and employees. We have also introduced teleworking and other measures to help curtail infection.

At Sony Life, which accounts for the largest portion of the consolidated revenue and profit, Lifepanner sales employees have suspended their face-to-face sales activities. If the situation continues for a long period, it may have a major impact on future performance, with the number of new policies falling and expenses rising in response to the situation.

Going forward, Sony Life plans to gradually resume face-to-face sales activities, by taking into consideration of the relaxation of restricted movement request and pace of the resumption of economic activities. In addition, Sony Life plans to enhance its response to the situation, by gradually increasing its use of telephone- and video-based consulting tools.



Sony Life's Preliminary MCEV as of March 31, 2020

Please keep in mind that the validity of these calculations has not been verified by outside specialists as of March 31, 2020. The calculation of MCEV as of March 31, 2020, in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced on June 9, 2020. A part of the calculations of MCEV adopted simplified method for that as of December 31, 2019.

◆ **Reasons for Changes in MCEV**

- MCEV as of March 31, 2020 increased ¥20.5 billion from December 31, 2019, due mainly to an acquisition of new policies

◆ **New Business Value / New Business Margin**

- New business value for FY19.4Q (3M) increased ¥17.8 billion from FY19.3Q (3M), due mainly to favorable sales of insurance products for corporate customers.
- New business margin for FY19.4Q (3M) was down 1.2pt from FY19.3Q (3M), due mainly to a decline in U.S. dollar interest rates.

(JPY bn)	Mar. 19	Dec. 19	Mar. 20	Change from Mar. 19	Change from Dec. 19
MCEV	1,720.2	1,692.9	1,713.5	(6.7)	+20.5
Adjusted net worth	2,195.7	2,372.2	2,565.8	+370.0	+193.5
Value of existing business	(475.5)	(679.3)	(862.3)	(376.8)	(172.9)

(JPY bn)	FY18.4Q (3M)	FY19.1Q (3M)	FY19.2Q (3M)	FY19.3Q (3M)	FY19.4Q (3M)	FY2019 (12M)
New business value	23.1	17.0	14.8	17.1	17.8	66.9
New business margin	5.0%	5.4%	3.8%	5.1%	3.9%	4.5%

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

*Please refer to page 46-49 for trend on bond yields and yield curves.

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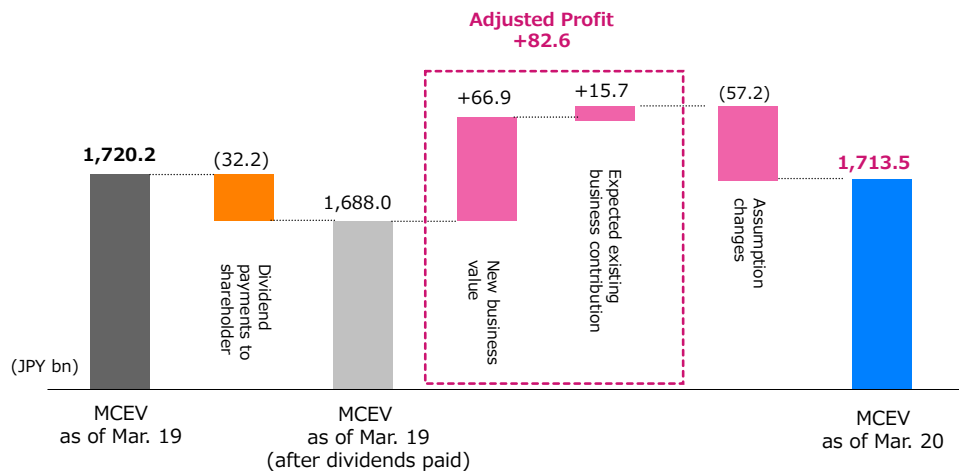
Sony Life's MCEV as of March 31, 2020 increased ¥20.5 billions from December 31, 2019, to ¥1,713.5 billion due mainly to an acquisition of new policies.

New business value for FY19.4Q (3M) increased quarter on quarter to ¥17.8 billions, due mainly to favorable sales of insurance products for corporate customers.

New business value for FY2019 (12M) was ¥66.9 billion.

New business margin for FY19.4Q (3M) was down 1.2 percentage points from FY19.3Q (3M), to 3.9%, due mainly to a decline in U.S. dollar interest rates.

Sony Life's MCEV: Breakdown of MCEV for FY2019 (12M)



Note: Details on assumption changes : Insurance-related assumption changes: +¥8.5 billion, economic variances changes (included interest rate fluctuation): ¥(65.8) billion.

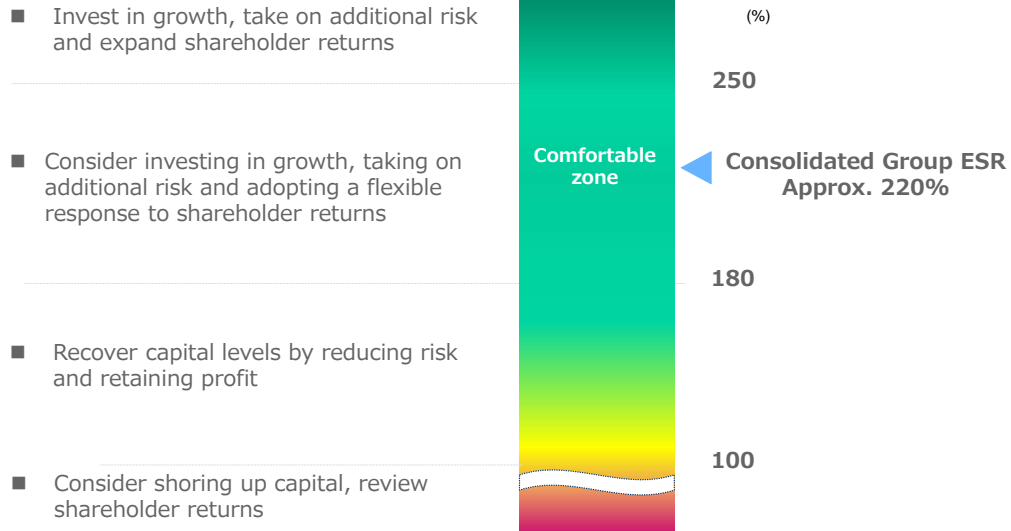
Sony Life's MCEV as of March 31, 2020 was ¥1,713.5 billion, due to an increase in new business value as an adjusted profit and expected existing business contribution despite a negative factor in interest rate fluctuations and dividend payments to shareholders.



Consolidated Group ESR

◆ Consolidated Group ESR :

Consolidated Group ESR is an indicator of capital sufficiency with respect to the Group’s risk amount. Currently the target level of consolidated Group ESR is between 180% and 250% from the viewpoint of ERM to ensure financial soundness and capital efficiency.



(Note 1) We use consolidated Group ESR (an internal management indicator) to assist in making comprehensive management decisions. The indicator refers to the calculation methods used for European Solvency II and ICS, with some simplification. No third-party verification is conducted with respect to the calculation process or the appropriateness of its results.
 (Note 2) Please refer to page 44 for Sony Life’s ESR.

From this time, we decided to disclose Consolidated Group ESR.

Consolidated Group ESR is an indicator of capital sufficiency with respect to the Group’s risk amount. Currently the target level of consolidated Group ESR is between 180% and 250% from the viewpoint of ERM to ensure financial soundness and capital efficiency.



Sony's Tender Offer for SFH's Shares Etc.

Sony, the controlling shareholder of Sony Financial Holdings ("SFH"), announced on May 19 the tender offer for SFH shares etc.

- ◆ Tender offer price : 2,600 yen per common share, and 259,900 yen per stock acquisition right
 - Premium on the closing price of the SFH's share :

The immediately preceding business day :	25.97%
The simple average closing price for the one-month period :	31.58%
The simple average closing price for the three-month period :	34.09%
The simple average closing price for the six-month period :	14.94%
- ◆ Tender offer period : Wednesday, May 20, 2020 ~ Monday, July 13, 2020 39 business days
- ◆ Minimum threshold of purchase : 2/3 of total voting rights (following dilution) (7,070,000 shares)
Maximum threshold : N/A
- ◆ SFH anticipates synergies will be created as a result of becoming a wholly-owned subsidiary of Sony, which will lead to growth in corporate value, as well as contribute to interests of shareholders. For these reasons, SFH decided to express its support to the tender offer, and recommends that shareholders tender.

➤ Announcement of Opinion in Support of Tender Offer for Shares, Etc. in Sony Financial Holdings Inc. by Sony Corporation, the Controlling Shareholder, and Recommendation to Tender Shares, Etc.
https://www.sonyfh.co.jp/en/news/article/200519_01.pdf

As mentioned at the beginning of the presentation, Sony announced today the tender offer for Sony Financial Holding's shares etc.

As Sony Financial Holding, we anticipate creation of synergies and increased corporate value, as well as contribute to interests of shareholders as a result of becoming a wholly-owned subsidiary of Sony. For these reasons, we decided to express support to the tender offer.

Please also refer to the slides 27 and 28 for specific reasons for supporting this tender offer and recommending that shareholders tender, as well as the measures to ensure the fairness of the tender offer, respectively.

The decision was made after discussing and examining the appropriateness of the terms and conditions (including the tender offer price) of the transaction, as well as strategic rationales of the transaction, anticipated synergies, etc. as described below:

- ◆ In order to achieve sustainable growth, it is necessary to achieve organic growth of the existing businesses and create new highly-value added financial services.
- ◆ Under the current conditions of the falling birthrate and aging population, changes in economic structure, and technologies symbolized by fintech, a deep involvement and contribution based on the experience of the Sony Group as a global technology company can be expected.
- ◆ By becoming a wholly-owned subsidiary of Sony, SFH will be able to implement bold management measures including further integration and reorganization of the service development system and corporate functions across both company groups in a prompt and flexible manner, as well as promptly develop financial services in response to changing business environment and diversified customer needs.
- ◆ Leverage Sony's R&D functions, artificial intelligence (AI) technologies and brand power more than ever, to promote and accelerate the development of new products and new services.
- ◆ By sharing part of the functions with Sony Group, SFH is expected to reduce marketing costs and corporate costs.

- ◆ This decision was made following careful discussion and evaluation of the rationale of the transaction, the appropriateness of the transaction terms and conditions, as well as the fairness of the procedures, following the implementation of the below measures to ensure fairness, including the establishment of a special committee consisting of independent outside directors, from the viewpoint of securing the interests of the general shareholders of SFH, and based on the “Fair M&A Guidelines” by the Ministry of Economy, Trade and Industry (METI).
- ◆ The unanimous opinion that this transaction is not disadvantageous to the minority shareholders of SFH was obtained in the Special Committee held today.

Measures to ensure fairness

- 1 Establishment of an Independent Special Committee at SFH, and the substantial involvement of the Special Committee to the negotiations
- 2 Procurement by the Special Committee of advice from an Independent Legal Advisor
- 3 Procurement by the Special Committee of the Valuation Report (on the valuation of SFH’s common shares) and the Fairness Opinion from an Independent Financial Advisor and Third-Party Valuation Institution
- 4 Procurement by SFH of an opinion from an independent legal advisor
- 5 Procurement by SFH of a Valuation Report (on the valuation of SFH’s common shares) and Fairness Opinion from an independent financial advisor and a third-party valuation institution
- 6 Establishment of an Independent Evaluation Framework at SFH
- 7 Unanimous approval of all non-interested directors and opinion of all non-interested statutory auditors that they had no objection at SFH
- 8 No transaction protection clause
- 9 Measures to Ensure an opportunity for SFH’s Shareholders and the holders of the Stock Acquisition Rights to appropriately decide whether to tender their Company’s Common Shares and the Stock Acquisition Rights in the Tender Offer (such as setting a relatively long tender offer period of 39 business days, etc.)

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
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 - 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 Profit and Consolidated Adjusted Capital

◆ Adjusted profit

Sony Financial Group (consolidated) (JPY bn)	FY2018	FY2019
Consolidated adjusted profit	120.4	97.9

Sony Life (non-consolidated) (JPY bn)	FY2018	FY2019
New business value *	91.3	66.9
Expected existing business contribution *	15.0	15.7
Adjusted profit	106.4	82.6

Sony Assurance (JPY bn)	FY2018	FY2019
Net income	4.9	5.8
Provision amount for catastrophe reserve (after tax)	2.6	2.3
Provision amount for reserve for price fluctuations (after tax)	0.0	0.0
Adjusted profit	7.6	8.1

Sony Bank (consolidated) (JPY bn)	FY2018	FY2019
Profit attributable to owners of the parent	6.3	7.0

◆ Adjusted capital

Sony Financial Group (consolidated) (JPY bn)	FY2018	FY2019
Consolidated adjusted profit	1,801.8	1,846.4

Sony Life (non-consolidated) (JPY bn)	FY2018	FY2019
①MCEV as of the beginning of the fiscal year	1,633.1	1,720.2
②Dividends paid	26.2	32.2
③MCEV as of the end of the period *	1,720.2	1,713.5
Adjusted capital (① - ② + ③) / 2	1,663.5	1,700.8

Sony Assurance (JPY bn)	FY2018	FY2019
①Net assets	34.7	37.7
②Catastrophe reserve	17.7	20.0
③Reserve for price fluctuations	0.1	0.1
Adjusted capital (The average amount of ① + ② + ③)	50.5	55.3

Sony Bank (consolidated) (JPY bn)	FY2018	FY2019
Adjusted capital (The average amount of net assets during the period)	87.6	90.2

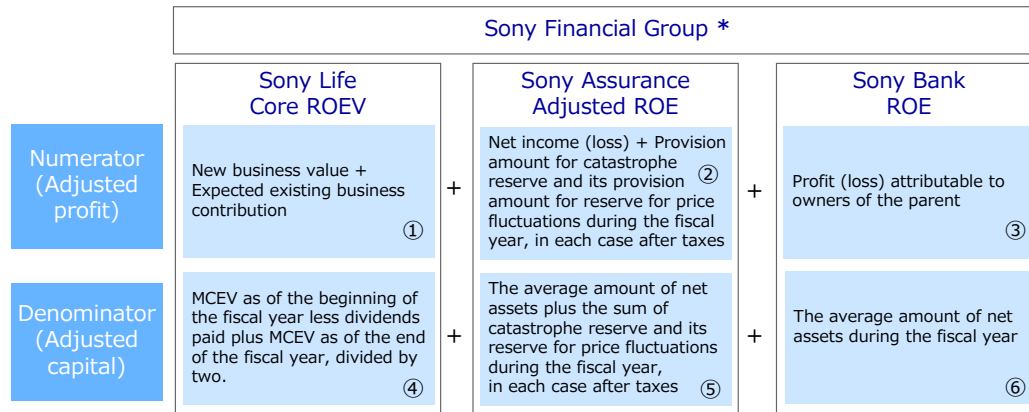
* Please keep in mind that the validity of these calculations has not been verified by outside specialists for the figures for FY2019.

Detail of Consolidated Adjusted ROE

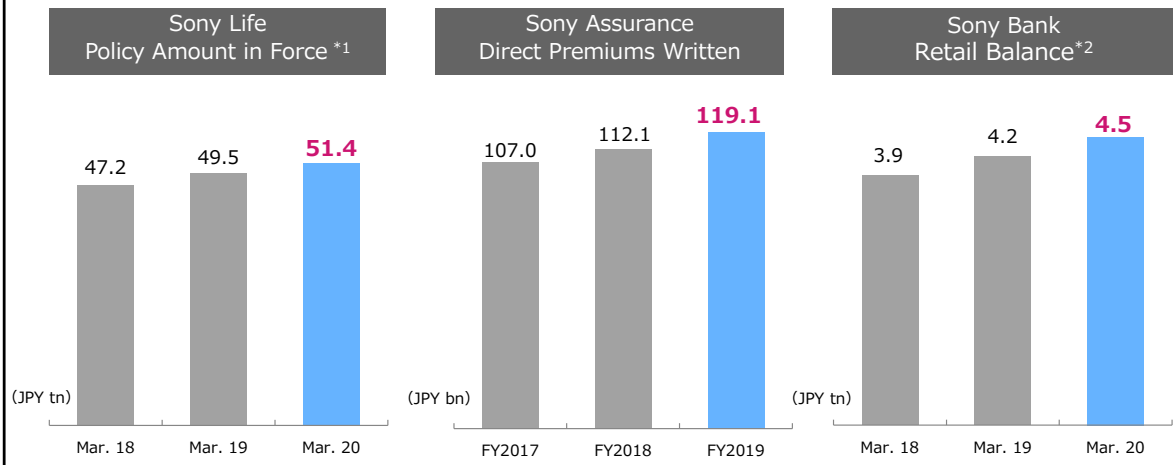
	FY2018 (12M)	FY2019 (12M)
Consolidated Adjusted ROE	6.7%	5.3%
(Sony Life) Core ROEV	6.4%	4.9%
(Sony Assurance) Adjusted ROE	15.2%	14.7%
(Sony Bank) ROE	7.3%	7.8%

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



*1 Individual Life Insurance + Individual Annuities

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

	Mar. 19	Mar. 20	Change from Mar. 19
Sony Life (non-consolidated) Solvency margin ratio	2,590.5%	2,476.3%	(114.2pt)
Sony Assurance Solvency margin ratio	813.0%	872.3%	+59.3pt
Sony Bank (non-consolidated) Capital adequacy ratio (domestic standard)	9.58%	8.85%	(0.73pt)

(%)	Mar. 19	Mar. 20	Change from Mar. 19
Sony Bank (non-consolidated) Non-performing assets ratio (based on Financial Reconstruction Law) *	0.12%	0.10%	(0.02pt)

*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 10% of the amount of new mortgage loans for FY2019

Sony Life accounts for 17% of the balance of mortgage loans as of March 31, 2020

※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 FY2019

※Sony Life started handling automobile insurance in May 2001.

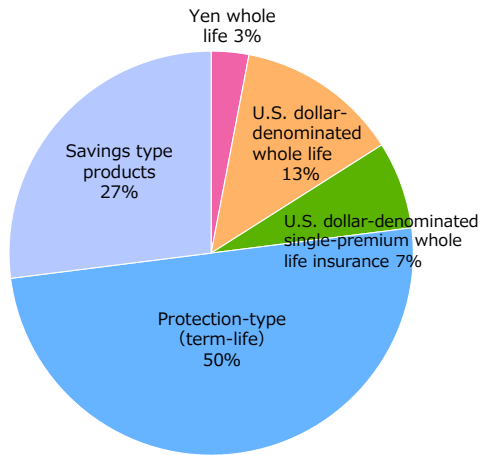


Sony Life's Product Portfolio
(Annualized Premiums from New Policies by Product)



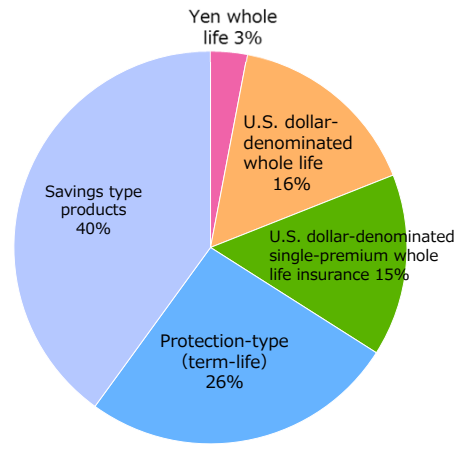
FY2018 (12M)

¥87.9 billion



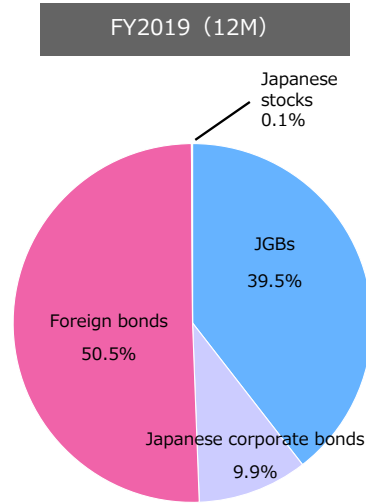
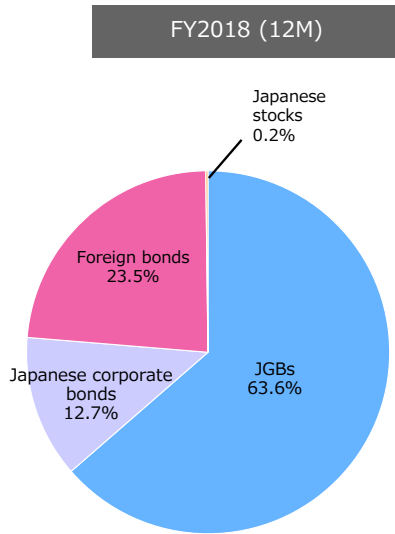
FY2019 (12M)

¥82.1 billion



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

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



(Note 1) Japanese corporate bonds include FILP agency bonds and Government-guaranteed bonds.

(Note 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)

◆ 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		Mar. 20	
	Amount	%	Amount	%
Japanese bonds (including JGBs)	7,745.3	85.3%	8,364.5	84.4%
Japanese stocks	28.6	0.3%	28.0	0.3%
Foreign bonds	542.1	6.0%	966.9	9.8%
Foreign stocks	22.5	0.2%	28.6	0.3%
Money held in trust	269.3	3.0%	0.0	0.0%
Policy loans	198.3	2.2%	208.0	2.1%
Real estate*	90.8	1.0%	92.5	0.9%
Cash and call loans	61.9	0.7%	79.8	0.8%
Others	120.2	1.3%	146.2	1.5%
Total	9,079.4	100.0%	9,914.9	100.0%

(Note) Real estate is the total of land, buildings, and construction in progress.

◆ Yen Bond duration
 Mar. 18 : 21.4 years
 Mar. 19 : 21.8 years
 Mar. 20 : 21.8 years

◆ 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%
 Mar. 20 : 84.4%

(JPY mn)	FY2018	FY2019	Change
Cash and deposits	0	0	+91.4%
Japanese bonds (including JGBs)	129,930	133,450	+2.7%
Japanese stocks	556	319	(42.6%)
Foreign securities	19,906	30,660	+54.0%
Other securities	340	270	(20.4%)
Loans	6,828	7,049	+3.2%
Real estate	8,831	9,710	+9.9%
Others	543	350	(35.4%)
Total	166,937	181,811	+8.9%

Sony Life's Capital Gains (Losses)



	(JPY mn)	FY2018	FY2019
Capital losses		2,784.7	1,274.5
Losses on trading securities, net		14.4	—
Losses on sale of securities…(3)		3.4	5.0
Losses on valuation of securities…(4)		402.6	631.6
Losses on derivatives, net		1,392.5	—
Losses on hedges of variable life insurance…(1)		998.3	—
Losses on hedges of available-for-sale securities…(2)		(24.6)	—
Losses on U.S. dollar-denominated insurance (foreign exchange losses)…(5)		407.2	—
Foreign exchange losses, net		—	634.5
Losses on U.S. dollar-denominated insurance…(5)		—	657.1
Losses on hedges of variable life insurance…(1)		—	(20.0)
Other capital losses		971.6	3.2
Losses on U.S. dollar-denominated insurance (the provision of policy reserves for foreign exchange fluctuations)…(5)		971.6	—

	(JPY mn)	FY2018	FY2019
Capital gains		1,956.2	1,450.7
Gains on trading securities, net		—	14.9
Gains on sale of securities…(3)		610.7	363.7
Gains on derivatives, net		—	409.8
Gains on hedges of variable life insurance…(1)		—	347.4
Gains on hedges of available-for-sale securities…(2)		—	63.6
The figures of gains (losses) on trading securities, net		—	(11.8)
Gains on U.S. dollar-denominated insurance (foreign exchange losses)…(5)		—	9.3
Foreign exchange gains, net		1,345.5	—
Gains on U.S. dollar-denominated insurance (foreign exchange gains)…(5)		1,333.1	—
Other capital gains		—	662.2
Gains on U.S. dollar-denominated insurance (the reversal of policy reserves for foreign exchange fluctuations)…(5)		—	662.2
Net capital gains (losses)		(828.4)	176.2

◆ Capital Gains (Losses) on Main Items, Net Amounts

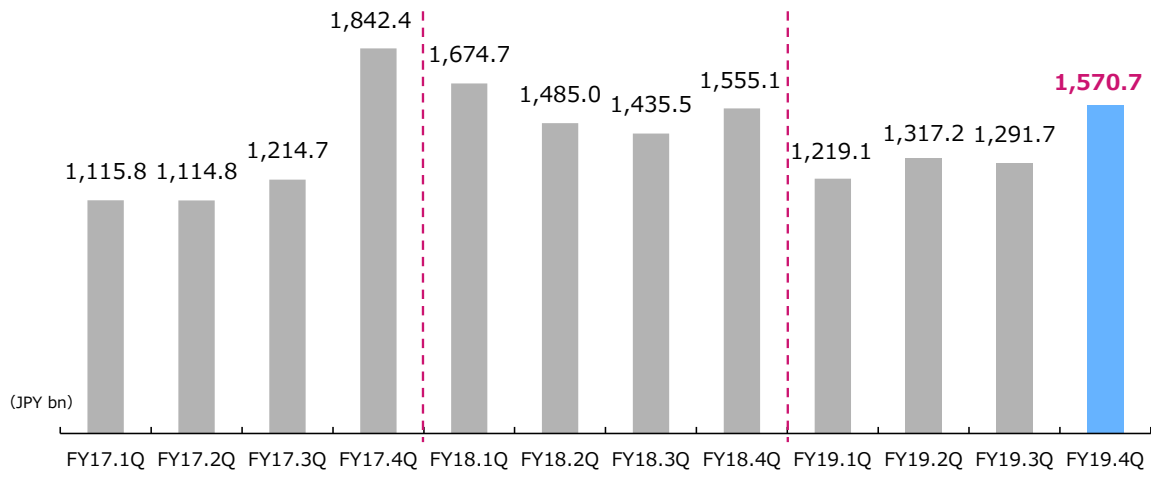
	(JPY mn)	FY2018	FY2019
(1) Gains (losses) on hedges of variable life insurance		(998.3)	367.4
(2) Gains (losses) on hedges of available-for-sale securities		24.6	63.6
(3) Gains (losses) on sale of securities		607.2	358.6
(4) Losses on valuation of securities		(402.6)	(631.6)
(5) Gains (losses) on U.S. dollar-denominated insurance		(45.7)	14.4

(Note 1) The figures of gains (losses) on trading securities, net, gains (losses) on derivatives and foreign exchange gains (losses), net were recorded after offsetting gains and losses of each item.

(Note 2) Sony Life increased its hedge ratio for variable life insurance and exchange fluctuation risk related to U.S. dollar-denominated insurance from FY2019 with a greater emphasis on suppressing capital fluctuations based on economic value, which are more suitable for valuing the growth of the life insurance business. However, assessment of the policy reserve and others differs between Japanese GAAP and economic value-based valuation, which makes Japanese GAAP accounting profits more susceptible to market conditions.

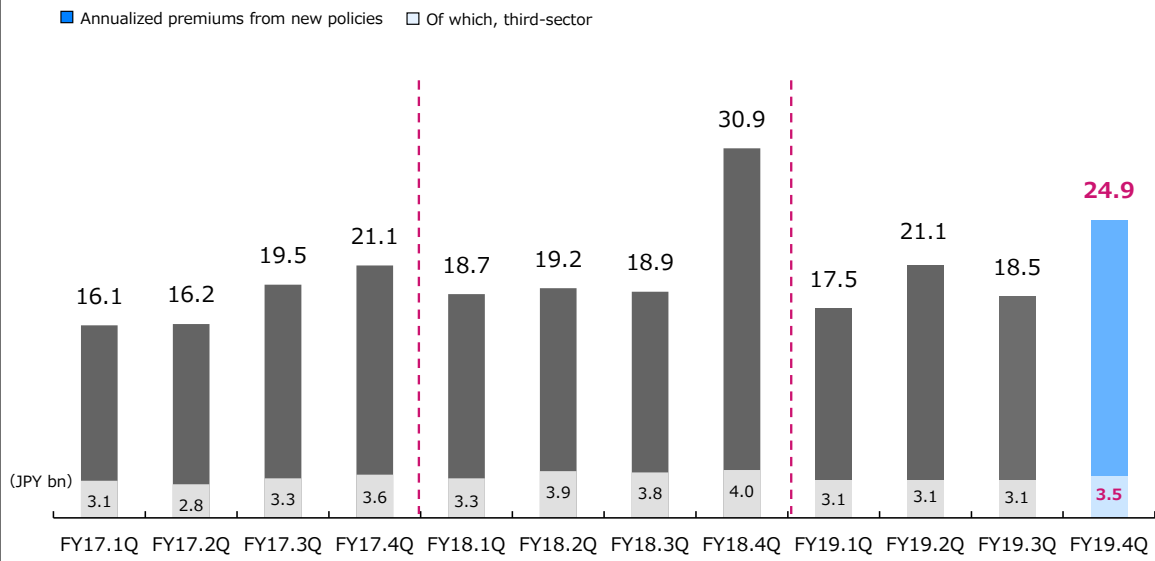
• Please refer page 11 for the relationship between the (1) Gains (Losses) on hedges of variable life insurance and fluctuation of liabilities, which are the hedged items.
 • (5) Gains (losses) on U.S. dollar-denominated insurance under "Capital Gains (Losses) on Main Items, Net Amounts" are the net amount after offsetting net gains (losses) on hedges exchange fluctuation risk related to U.S. dollar-denominated insurance and fluctuation of liabilities which are the hedged items.

Sony Life's Quarterly Trend on New Policy Amount



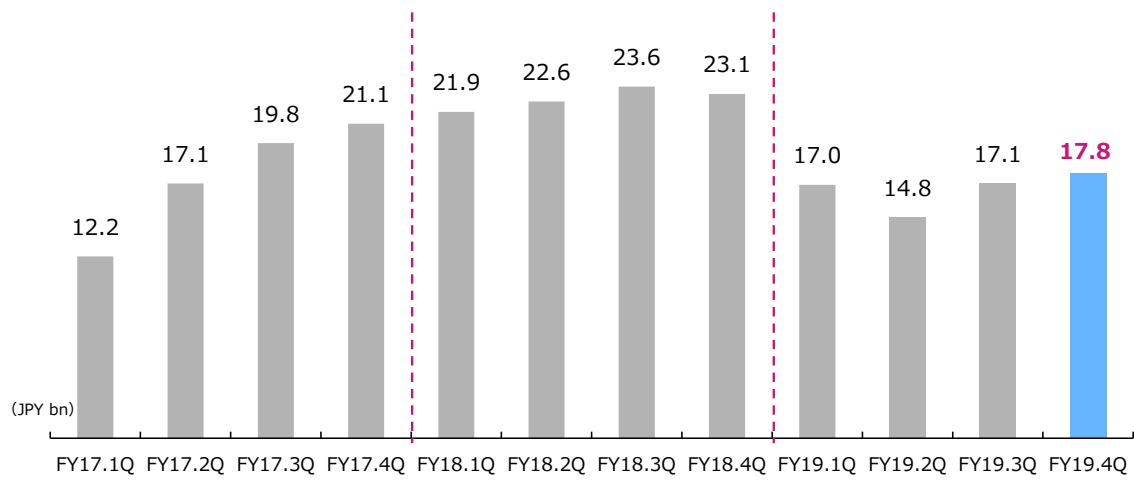
(Note) Individual Life Insurance + Individual Annuities

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



(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, 2020 was ¥805.2 billion, up ¥45.1 billion from December 31, 2019, resulting mainly from updating interest rate risk coefficients.
- ◆ ESR as of March 31, 2020 was 216%, down 9pt from December 31, 2019 due mainly to an increase in risk amount based on economic value.

(JPY bn)	Mar. 19	Dec. 19	Mar. 20	Change from Mar. 19	Change from Dec. 19
Insurance risk	547.3	587.6	607.6	+60.2	+20.0
Market-related risk	332.5	292.1	334.9	+2.3	+42.7
Of which, interest rate risk	202.1	155.1	178.5	(23.5)	+23.4
Operational risk	33.4	40.2	40.3	+6.9	+0.1
Counter party risk	3.0	4.0	3.8	+0.7	(0.1)
Variance effect	(174.0)	(163.8)	(181.5)	(7.5)	(17.7)
The risk amount based on economic value	742.3	760.1	805.2	+62.8	+45.1

(JPY bn)	Mar. 19	Dec. 19	Mar. 20	Change from Mar. 19	Change from Dec. 19
MCEV + Frictional costs	1,743.7	1,717.4	1,743.3	(0.4)	+25.9
ESR	235%	226%	216%	(18pt)	(9pt)

(Note 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.

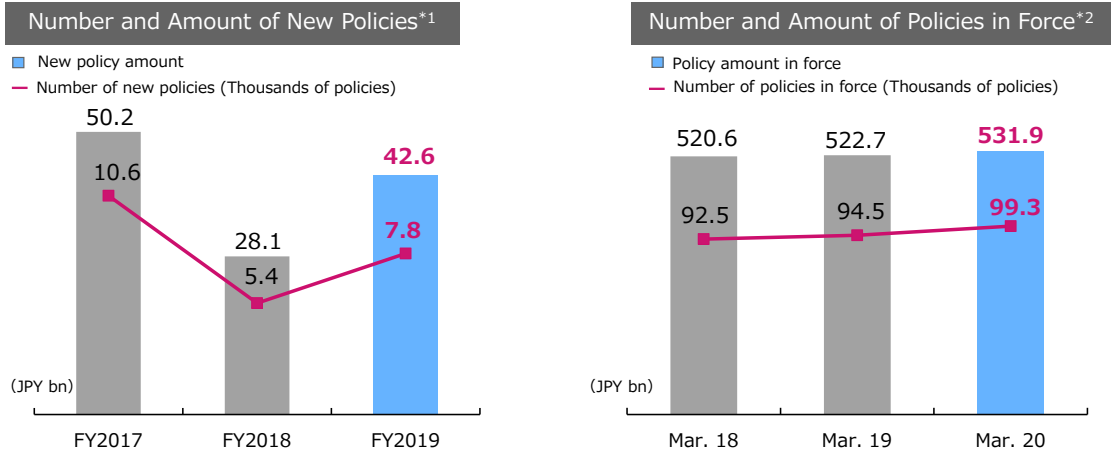
(Note 2) The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model.

(Note 3) Risk amount excluding the variance effect within market-related risk.

(Note 4) ESR=(MCEV + Frictional costs) / Risk amount based on economic value.

(Note 5) The interest rate risk coefficient has been updated by taking into account of the deepening of negative interest rates in major countries.

◆ Sony Life With Insurance's new policy amount and policy amount in force



*1 Amounts for FY2017 are individual annuities while amounts for FY2018 and FY2019 are total of individual insurance and individual annuities.

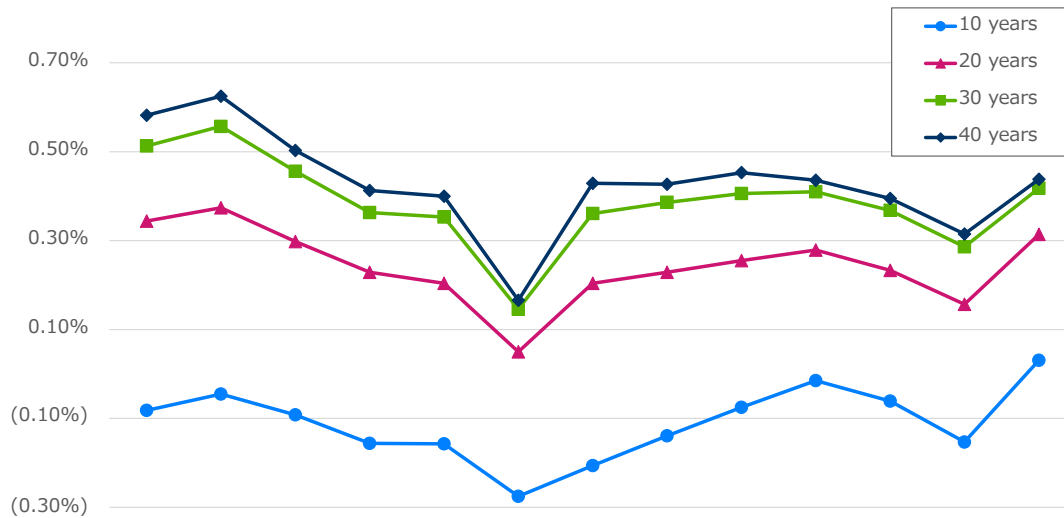
*2 Amounts for as of Mar. 18 are individual annuities while amounts for Mar. 19 and Mar. 20 are total of individual insurance and individual annuities

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

	(JPY bn)	FY2018	FY2019	Change
Sony Life With Insurance		(3.9)	(1.2)	+2.7
SA Reinsurance		0.3	8.2	+7.8

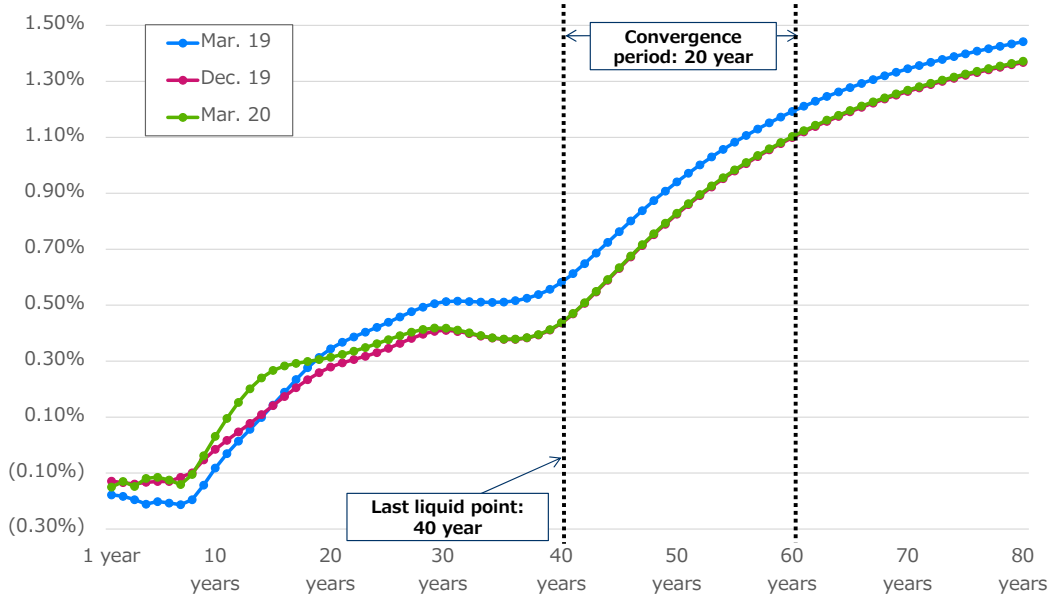
(Note) On Jan. 29, 2020, Sony Life With Insurance (former AEGON Sony Life Insurance) and SA Reinsurance converted into wholly owned subsidiary's of SFH and Sony Life. Furthermore, AEGON Sony Life Insurance changed its name to Sony Life With Insurance on Apr.1, 2020. For FY2018, 50% of the net income (losses) was recognized as investment profit (losses) on equity method in the SFH's consolidated net income. SA Reinsurance prepares its financial statements in accordance with U.S. GAAP.

Trend on JGB Yields (Par rate)



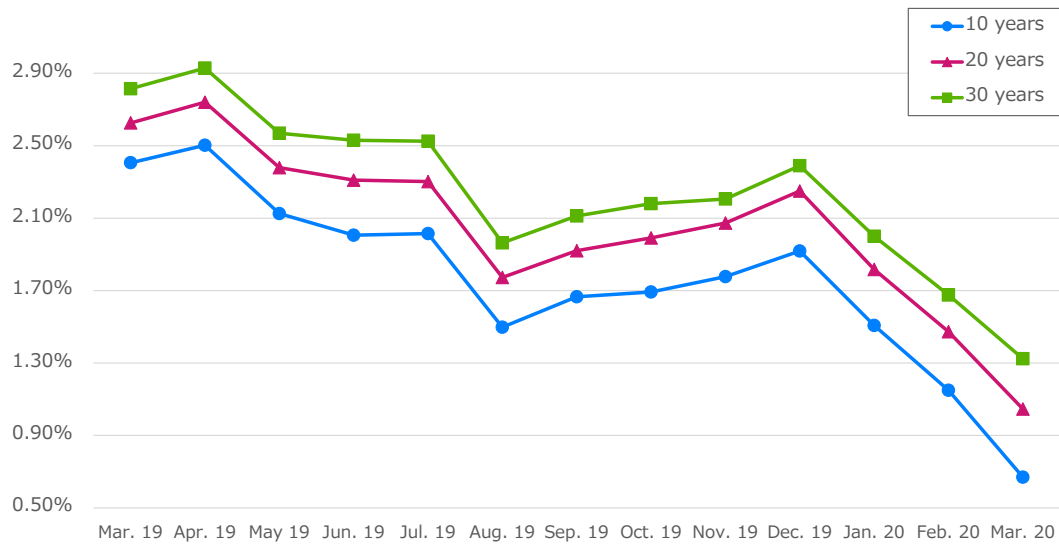
	Mar. 19	Apr. 19	May 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20
10 years	(0.08%)	(0.05%)	(0.09%)	(0.16%)	(0.16%)	(0.28%)	(0.21%)	(0.14%)	(0.08%)	(0.02%)	(0.06%)	(0.15%)	0.03%
20 years	0.34%	0.37%	0.30%	0.23%	0.20%	0.05%	0.20%	0.23%	0.26%	0.28%	0.23%	0.16%	0.31%
30 years	0.51%	0.56%	0.46%	0.36%	0.35%	0.15%	0.36%	0.39%	0.41%	0.41%	0.37%	0.29%	0.42%
40 years	0.58%	0.63%	0.50%	0.41%	0.40%	0.17%	0.43%	0.43%	0.45%	0.44%	0.40%	0.32%	0.44%

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



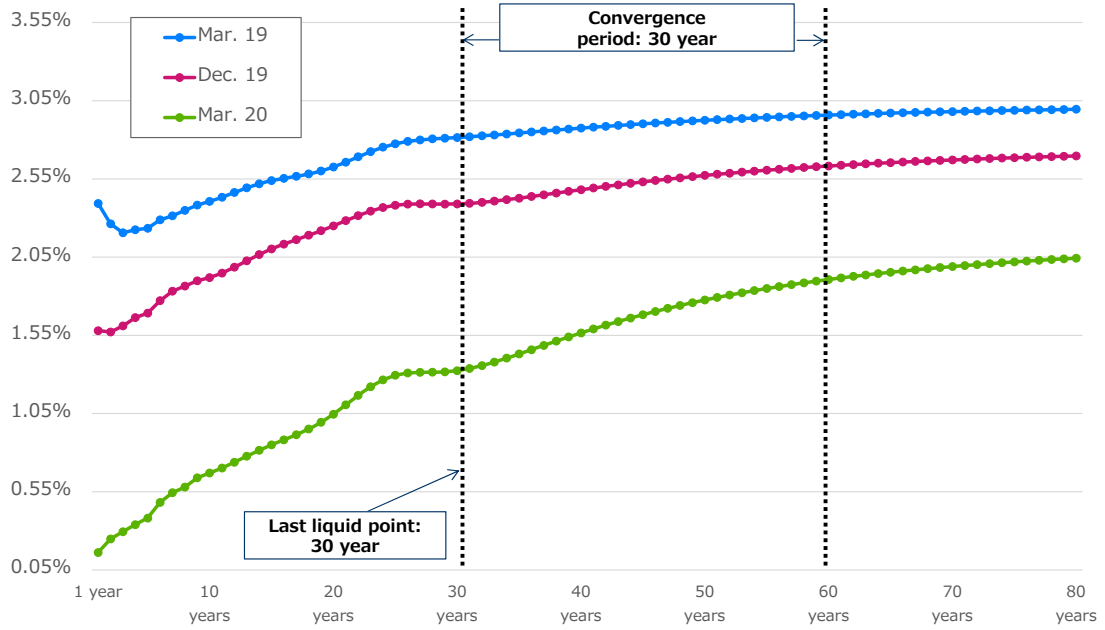
*For above risk-free rate, we employ the Smith-Wilson method for extrapolation so that the 60-year forward rate will coverage on the UFR (3.5%).

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



	Mar. 19	Apr. 19	May 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20
10 years	2.41%	2.50%	2.13%	2.01%	2.02%	1.50%	1.67%	1.69%	1.78%	1.92%	1.51%	1.15%	0.67%
20 years	2.63%	2.74%	2.38%	2.31%	2.30%	1.77%	1.92%	1.99%	2.07%	2.25%	1.82%	1.47%	1.05%
30 years	2.82%	2.93%	2.57%	2.53%	2.53%	1.96%	2.11%	2.18%	2.21%	2.39%	2.00%	1.68%	1.32%

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)	FY2018	FY2019	Change	
Life insurance business	Ordinary revenues		1,464.3	1,604.7	+140.3	+9.6%
	Ordinary profit		78.2	94.3	+16.1	+20.7%
Non-life insurance business	Ordinary revenues		115.1	121.7	+6.6	+5.8%
	Ordinary profit		6.8	8.0	+1.1	+17.0%
Banking business	Ordinary revenues		46.0	50.2	+4.2	+9.2%
	Ordinary profit		9.5	10.6	+1.0	+11.4%
Intersegment adjustments*	Ordinary revenues		3.6	4.6	+0.9	+26.3%
	Ordinary profit		(0.8)	(1.2)	(0.4)	—
Consolidated	Ordinary revenues		1,629.1	1,781.4	+152.2	+9.3%
	Ordinary profit		93.8	111.8	+18.0	+19.2%
	Profit attributable to owners of the parent		62.0	74.4	+12.3	+19.9%

**"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, SmartLink Network Europe B.V. is included in the scope of consolidation from FY19.2Q, and Sony Life With Insurance (former AEGON Sony Life Insurance) and SA Reinsurance are included in the scope of consolidation from FY19.4Q respectively.

(Note) Comprehensive income : FY2018: ¥ 57.4 billion, FY2019: ¥62.1 billion

		(JPY bn)	Mar. 19	Mar. 20	Change from Mar. 19	
Consolidated	Net assets		656.8	691.9	+35.1	+5.3%
	Total assets		13,468.2	15,125.7	+1,657.4	+12.3%

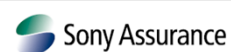
(JPY bn)	FY2018	FY2019	Change	
Ordinary revenues	1,464.2	1,580.1	+115.8	+7.9%
Income from insurance premiums	1,136.1	1,330.8	+194.7	+17.1%
Investment income	278.9	193.7	(85.2)	(30.6%)
Interest income and dividends	166.9	181.8	+14.8	+8.9%
Foreign exchange gains, net	13.4	—	(13.4)	(100.0%)
Gains on separate accounts, net	87.9	—	(87.9)	(100.0%)
Ordinary expenses	1,384.4	1,491.3	+106.9	+7.7%
Insurance claims and other payments	457.2	511.9	+54.6	+12.0%
Provision for policy reserves and others	704.7	694.2	(10.5)	(1.5%)
Investment expenses	24.6	68.1	+43.4	+176.5%
Losses on valuation of securities	4.0	6.3	+2.2	+56.9%
Losses on derivatives, net	13.9	—	(13.9)	(100.0%)
Foreign exchange losses, net	—	6.3	+6.3	—
Losses on separate accounts, net	—	45.9	+45.9	—
Operating expenses	146.9	156.4	+9.4	+6.4%
Ordinary profit	79.8	88.7	+8.9	+11.2%
Net income	49.6	56.7	+7.1	+14.4%

(JPY bn)	Mar. 19	Dec. 19	Change from Mar. 19	
Securities	9,523.8	10,629.9	+1,106.0	+11.6%
Policy reserves	9,268.4	9,959.8	+691.4	+7.5%
Net assets	513.9	539.5	+25.6	+5.0%
Net unrealized gains on other securities	122.7	123.8	+1.1	+0.9%
Total assets	10,380.1	11,237.1	+856.9	+8.3%
Separate account Assets *	1,300.7	1,323.9	+23.2	+1.8%

(JPY bn)	FY2018	FY2019	Change	
Gains from investment, net (General account)	166.3	171.5	+5.2	+3.1%

*A portion of surplus investment funds are jointly invested, which amounted to ¥1.7 billion as of March 31, 2020.

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



(JPY bn)	FY2018	FY2019	Change	
Ordinary revenues	115.1	121.7	+6.6	+5.8%
Underwriting income	113.1	119.7	+6.5	+5.8%
Investment income	1.8	1.9	+0.0	+4.2%
Ordinary expenses	108.2	113.6	+5.4	+5.0%
Underwriting expenses	78.4	82.3	+3.9	+5.0%
Operating, general and administrative expenses	29.7	31.2	+1.5	+5.1%
Ordinary profit	6.8	8.0	+1.1	+17.0%
Underwriting income	5.0	6.1	+1.1	+22.1%
Net income	4.9	5.8	+0.8	+16.2%

(JPY bn)	Mar. 19	Mar. 20	Change from Mar. 19	
Underwriting reserves	127.8	139.1	+11.3	+8.9%
Net assets	34.7	37.7	+2.9	+8.6%
Total assets	219.6	234.8	+15.2	+6.9%

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

(JPY mn)	FY2018	FY2019	Change
Fire	616	2,275	+269.2%
Marine	—	—	—
Personal accident	8,823	9,253	+4.9%
Voluntary automobile	102,758	107,606	+4.7%
Compulsory automobile liability	—	—	—
Total	112,198	119,135	+6.2%

Net Premiums Written

(JPY mn)	FY2018	FY2019	Change
Fire	265	1,284	+384.6
Marine	(0)	0	—
Personal accident	8,872	9,044	+1.9%
Voluntary automobile	102,458	107,311	+4.7%
Compulsory automobile liability	1,505	1,712	+13.8%
Total	113,101	119,352	+5.5%

Net losses paid

(JPY mn)	FY2018	FY2019	Change
Fire	15	205	—
Marine	10	(3)	—
Personal accident	3,009	3,249	+8.0%
Voluntary automobile	52,223	55,518	+6.3%
Compulsory automobile liability	1,350	1,346	(0.3%)
Total	56,608	60,315	+6.5%

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



◆ Consolidated

(JPY bn)	FY2018	FY2019	Change	
Ordinary revenues	46.0	50.2	+4.2	+9.2%
Ordinary profit	9.5	10.6	+1.0	+11.4%
Profit attributable to owners of the parent	6.3	7.0	+0.7	+11.4%

◆ Non-consolidated

(JPY bn)	FY2018	FY2019	Change	
Ordinary revenues	41.7	45.3	+3.6	+8.8%
Gross operating profit	24.5	27.1	+2.5	+10.6%
Net interest income	23.3	24.7	+1.3	+6.0%
Net fees and Commissions	(2.2)	0.9	+1.2	—
Net other operating income	3.4	3.3	(0.0)	(1.5%)
General and administrative expenses	15.9	17.7	+1.8	+11.8%
Net operating profit	8.5	9.3	+0.7	+9.0%
Ordinary profit	8.6	9.5	+0.8	+10.2%
Net income	6.0	6.6	+0.6	+10.2%

(JPY bn)	Mar. 19	Mar. 20	Change from Mar. 19	
Net assets	87.2	77.3	(9.9)	(11.4%)
Net unrealized gains on other securities, net of taxes	3.9	(10.2)	(14.2)	—
Total assets	2,860.9	3,079.4	+218.5	+7.6%

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

(JPY bn)	Mar. 19	Mar 20	Change from Mar. 19	
AAA	296.6	308.1	+11.4	+3.9%
AA	77.3	67.4	(9.9)	(12.8%)
A	288.0	277.3	(10.6)	(3.7%)
BBB	24.4	28.9	+4.5	+18.8%
Others	10.0	21.4	+11.4	+113.9%
Total	696.4	703.3	+6.8	+1.0%

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)	FY2018	FY2019	Change	
Gross operating profit	24.4	27.0	+2.5	+10.6%
Net interest income* ¹ ①	25.5	26.4	+0.8	+3.4%
Net fees and commissions* ² ②	(1.7)	(0.5)	+1.2	-
Net other operating income* ³ ③	0.7	1.2	+0.5	+72.0%
Gross operating profit (core profit)(A) = ①+②	23.7	25.8	+2.0	+8.8%
Operating expenses and other Expenses ③	15.9	17.8	+1.8	+11.5%
Net operating profit (core profit) = (A) - ③	7.8	8.0	+0.2	+3.1%

■ Managerial accounting basis

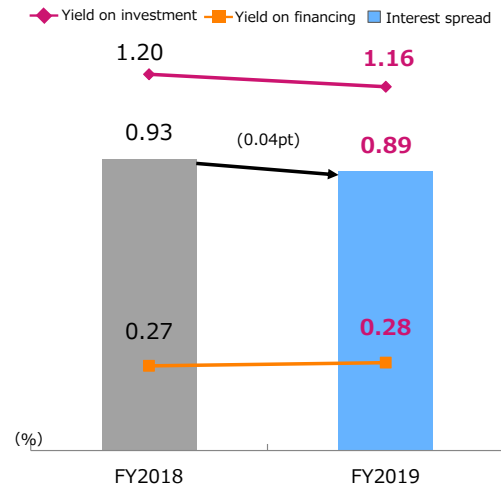
The following adjustments are made to the figures on a financial account for profits and losses more appropriately.

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

■ Core profit

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

<Reference> Interest Spread (Managerial Accounting Basis)



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



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