

## Consolidated Financial Summary for the Year Ended March 31, 2013

May 20, 2013

Company name: Sony Financial Holdings Inc.  
(URL: [http://www.sonyfh.co.jp/web/index\\_en.html](http://www.sonyfh.co.jp/web/index_en.html))  
Stock exchange listing: Tokyo Stock Exchange (code number: 8729)  
Representative: Katsumi Ihara, President and Representative Director  
Inquiries: Masaaki Konoo, General Manager—Corporate Communications & Investor Relations Dept.  
(Fractional amounts of less than ¥1 million are discarded.)

### 1. Consolidated financial results for the year ended March 31, 2013

#### (1) Operating results

	Ordinary Revenues		Ordinary Profit		Net Income	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2013	1,259,041	16.8	79,252	6.2	45,064	37.3
For the year ended March 31, 2012	1,078,070	7.6	74,625	(2.9)	32,812	(21.3)

Note: Comprehensive Income: For the year ended March 31, 2013: ¥96,225 million: 59.4%  
For the year ended March 31, 2012: ¥60,376 million: 88.9%

	Net Income per Share	Net Income per Share (Fully Diluted)	Net Income on Shareholders' Equity	Ordinary Profit on Total Assets	Ordinary Profit on Ordinary Revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2013	103.60	—	11.5	1.0	6.3
For the year ended March 31, 2012	75.43	—	10.2	1.1	6.9

Notes: Equity in earnings (losses) of affiliates: For the year ended March 31, 2013: ¥(1,718) million  
For the year ended March 31, 2012: ¥(1,179) million

#### (2) Financial conditions

	Total Assets	Total Net Assets	Net Asset Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2013	8,096,164	435,444	5.4	997.94
As of March 31, 2012	7,241,414	347,800	4.8	796.64

Notes: 1. Shareholders' equity: As of March 31, 2013: ¥434,105 million  
As of March 31, 2012: ¥346,540 million

#### (3) Cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2013	580,882	(550,159)	(5,017)	201,404
For the year ended March 31, 2012	524,264	(512,198)	1,782	175,651

## 2. Dividends

Record date	Dividend per Share					Annual Dividend Amount	Dividend Payout Ratio	Dividend on Net Assets
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
For the year ended March 31, 2012	—	0.00	—	20.00	20.00	8,700	26.5	2.7
For the year ended March 31, 2013	—	0.00	—	25.00	25.00	10,875	24.1	2.8
For the year ending March 31, 2014 (forecast)	—	0.00	—	25.00	25.00		29.4	

## 3. Forecast of consolidated financial results for the year ending March 31, 2014

(Percentage figures represent changes from the results of the previous fiscal year.)

	Ordinary Revenues		Ordinary Profit		Net Income		Net Income per Share
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Yen
For the year ending March 31, 2014	1,222,000	(2.9)	69,000	(12.9)	37,000	(17.9)	85.06

## 4. Notes

- (1) Changes in scope of consolidation during the period under review (changes in specified subsidiaries accompanying changes in scope of consolidation): Yes

Excluded: Two companies; Corporate name: Sony Bank Securities Inc. • Sony Life Insurance (Philippines) Corporation

Note: For details, please refer to the section entitled “IV. Consolidated Financial Statements” under “5. Notes to the Consolidated Financial Statements” under “1) Changes in scope of consolidation during the period under review” on page 21 of the attachment.

- (2) Changes in accounting policies, accounting estimates and restatements of the consolidated financial statements

(a) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None

(b) Changes in accounting policies due to other reasons: Yes

(c) Changes in accounting estimates: Yes

(d) Restatements of the consolidated financial statements: None

Notes: Article 14-7 of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc., has been applied. For details, please refer to the section entitled “IV. Consolidated Financial Statements” under “5. Notes to the Consolidated Financial Statements” under “2) Changes in accounting policies which are difficult to distinguish from change in accounting estimates” on page 21 of the attachment.

- (3) Number of shares outstanding (common stock)

(a) Number of shares outstanding (including treasury shares)

As of March 31, 2013: 435,000,000 shares

As of March 31, 2012: 435,000,000 shares

(b) Number of treasury shares

As of March 31, 2013: — shares

As of March 31, 2012: — shares

(c) Weighted-average number of shares

For the year ended March 31, 2013: 435,000,000 shares

For the year ended March 31, 2012: 435,000,000 shares

## Audit of Quarterly Financial Statements

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. Audit procedures are underway as of the date of this report.

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\* We will upload the press releases on Sony Life's Market Consistent Embedded Value as of March 31, 2013, scheduled as below.

- Preliminary summary: Scheduled to be uploaded on May 20, 2013 at 15:00 (Tokyo)
- Detailed report: Scheduled to be uploaded on May 27, 2013 at 15:00 (Tokyo)

Please see further details at our website: [http://www.sonyfh.co.jp/web/index\\_en.html](http://www.sonyfh.co.jp/web/index_en.html)

\* The Conference Call for explaining the Sony Financial Group financial results will be held at 18:00 (Tokyo), May 20, 2013.

We are sorry for any inconvenience that our Conference Call will be held only in Japanese.

We will upload the Presentation Materials with speech text on May 20, 2013 after 15:00, and its Q&A summary at a later date on Earnings Releases and Presentation Materials page on our website:

[http://www.sonyfh.co.jp/web/en/financial\\_info\\_e/results.html](http://www.sonyfh.co.jp/web/en/financial_info_e/results.html)

\* On May 20, 2013, SFH's significant subsidiaries: Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. (Sony Assurance) and Sony Bank Inc. (Sony Bank) will announce its financial results for the year ended March 31, 2013. SFH prepared an English-language summary of those Japanese announcements made by the above subsidiaries, solely for convenience of non-Japanese readers.

## **I. Qualitative Information and Financial Statements**

### **1. Qualitative Information on Consolidated Operating Performance**

#### **1) Analysis of Operating Performance**

During the year ended March 31, 2013 (April 1, 2012 through March 31, 2013), the Japanese economy initially benefited from an increase in public spending led by reconstruction demand following the Great East Japan Earthquake, as well as firm personal consumption. However, affected by lackluster exports stemming from the protracted European debt crisis and other aspects of decelerating overseas economic activity, the economic outlook was uncertain from the summer of 2012. Looking at financial conditions, foreign exchange markets were initially characterized by high levels of yen appreciation against other major currencies as the global economy decelerated. Long-term interest rates remained low as investors continued to be risk-averse.

However, from around the middle of November 2012 consumer sentiment improved as stock prices rose, and personal consumption remained firm. At the same time, the change of administration in Japan was accompanied by mounting anticipation of aggressive monetary easing, causing long-term interest rates to fall further and prompting yen depreciation. Given ongoing global economic deceleration and the possibility that expectations of Japanese economic recovery may be premature, we believe that the outlook remains uncertain. Against this backdrop, the Sony Financial Group provided high-quality products and services with the aim of becoming one of the most highly trusted financial services groups. The Group also implemented various measures to satisfy increasingly diverse customer needs.

As for its operating results, **consolidated ordinary revenues** increased 16.8% compared with the previous fiscal year, to ¥1,259.0 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking. **Consolidated ordinary profit** increased 6.2% year on year, to ¥79.2 billion. By business segment, ordinary profit from the life insurance business and the banking business increased, whereas ordinary profit from the non-life insurance business decreased year on year.

**Extraordinary losses** were recorded during the year ended March 31, 2013 due mainly to the provision of a reserve for price fluctuations of ¥6.9 billion in the life insurance business, compared with a ¥8.5 billion provision during the previous fiscal year.

After accounting for extraordinary losses, provision for reserve for policyholders' dividends and income taxes, **net income** for the year ended March 31, 2013 was up 37.3% year on year, to ¥45.0 billion, reflecting the rise in ordinary profit, and the previous period's increase in deferred income taxes owing to the partial reversal of deferred tax assets associated with the reduction in the corporate tax rate.

#### **Segment Information by Business**

##### **< Life insurance business >**

In the life insurance business, ordinary revenues increased 18.1% year on year, to ¥1,142.3 billion, due mainly to a significant increase in income from insurance premiums associated with steady growth in policy amount in force, and an increase in investment income on separate accounts due to the market recovery. Ordinary profit increased 6.7% year on year, to ¥72.7 billion, due primarily to a reversal of policy reserves for minimum guarantees for variable life insurance and a recovery from negative spread into positive at Sony Life. These positive factors surpassed the company's negative effects stemming from recording higher profit in the previous fiscal year due to the reversal of reserve for outstanding claims related to the Great East Japan Earthquake.

##### **< Non-life insurance business >**

In the non-life insurance business, ordinary revenues increased 5.8% year on year, to ¥84.7 billion, due to an increase in net premiums written, as the number of insurance policies in force grew primarily for our mainstay automobile insurance. Ordinary profit decreased 17.1% year on year, to ¥2.3 billion, owing mainly to higher provision of reserve for outstanding losses, although net loss ratio remained at the same levels.

< Banking business >

In the banking business, ordinary revenues increased 5.5% compared with the previous fiscal year, to ¥34.3 billion, due to an increase in interest income on loans led by the growing balance of mortgage loans and an increase in net fees and commissions resulting from Sony Bank's July 2011 acquisition of SmartLink Network, Inc., which became its consolidated subsidiary. Ordinary profit rose 14.2% year on year, to ¥3.9 billion due mainly to the above-mentioned increase in profit related to mortgage loan business.

**Ordinary Revenues**

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013	Change (%)
Life insurance business	967,582	1,142,397	18.1
Non-life insurance business	80,096	84,711	5.8
Banking business	32,553	34,329	5.5
Subtotal	1,080,232	1,261,438	16.8
Intersegment adjustments	(2,162)	(2,396)	—
Consolidated	1,078,070	1,259,041	16.8

**Ordinary Profit**

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013	Change (%)
Life insurance business	68,187	72,770	6.7
Non-life insurance business	2,859	2,371	(17.1)
Banking business	3,463	3,953	14.2
Subtotal	74,509	79,095	6.2
Intersegment adjustments*	116	156	35.0
Consolidated	74,625	79,252	6.2

\*Amounts in the Ordinary profit in the "Intersegment adjustments" are mainly from SFH.

**2) Consolidated Financial Forecast for the Year Ending March 31, 2014**

With regard to SFH's financial forecast for the year ending March 31, 2014 (April 1, 2013, through March 31, 2014), stable and sustainable business growth is expected in all the businesses: life insurance, non-life insurance and banking.

However, ordinary revenues and ordinary profit for the year ending March 31, 2014 are expected to decrease year on year mainly because we do not expect such increases in ordinary revenues and ordinary profit due to the market recovery in the life insurance business as recorded in the previous fiscal year.

Without these market factors and influences by the revision of policy reserve discount rate, we expect stable increases in ordinary revenues and ordinary profit for the year ending March 31, 2014.

The consolidated financial forecast for the fiscal year ending March 31, 2014, as follows, is unchanged from the forecast announced on May 9, 2013.

(Billions of yen)

	(Reference) For the year ended March 31, 2013	(Forecast) For the year ending March 31, 2014
Ordinary revenues	1,259.0	1,220.0
Ordinary profit	79.2	69.0
Net income	45.0	37.0

We do not consider the effects of market fluctuations after April 2013 within our forecast. Therefore, the figures stated above may differ from actual results for a variety of reasons.

Business segment forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 through March 31, 2014) are as follows. Forecast figures from each business reflect corporate and eliminations.

<Life insurance business>

Ordinary revenues for the fiscal year ending March 31, 2014, are expected to decrease 3.7% year on year, to ¥1,099.9 billion. During the year ending March 31, 2014, we do not expect such an increase in investment income on separate account due to the market recovery as recorded in the previous fiscal year. We expect ordinary profit to decrease 15.5% year on year, to ¥61.4 billion since we do not expect such a reversal of policy reserves related to minimum guarantees for variable life insurance policies as recorded in the previous fiscal year. We also expect provision for policy reserves to increase reflecting a revision of discount rate used for calculating policy reserves.

	(Reference) For the year ended March 31, 2013	(Forecast) For the year ending March 31, 2014
Ordinary revenues	1,142.3	1,099.9
Ordinary profit	72.7	61.4

(Billions of yen)

<Non-life insurance business>

Ordinary revenues for the year ending March 31, 2014 are expected to rise 4.5% year on year, to ¥88.5 billion, due to an increase in net premiums written, mainly for mainstay automobile insurance. Ordinary profit is expected to increase 30.4% year on year, to ¥3.0 billion, mainly because we expect the aforementioned increase in net premiums written, as well as a decline in the loss ratio.

	(Reference) For the year ended March 31, 2013	(Forecast) For the year ending March 31, 2014
Ordinary revenues	84.7	88.5
Ordinary profit	2.3	3.0

(Billions of yen)

<Banking business>

Ordinary revenues for the year ending March 31, 2013, are expected to decrease 0.9% year on year, to ¥34.0 billion, owing mainly to a decrease in revenues from SmartLink network, Inc., Sony Bank's consolidated subsidiary, although an increase in interest income on loans led by a growing balance of mortgage loans is anticipated. Ordinary profit is expected to increase 10.3% year on year, to ¥4.3 billion, mainly because we anticipate a steady increase in gross operating profit, driven by business expansion.

	(Reference) For the year ended March 31, 2013	(Forecast) For the year ending March 31, 2014
Ordinary revenues	34.3	34.0
Ordinary profit	3.9	4.3

(Billions of yen)

## 2. Qualitative Information on Consolidated Financial Position

### 1) Assets, Liabilities and Net Assets

As of March 31, 2013, **total assets** amounted to ¥8,096.1 billion, up 11.8% from March 31, 2012. Among major components of assets, securities, mostly Japanese government bonds, amounted to ¥6,202.3 billion, up 12.1% from March 31, 2012. Loans came to ¥1,115.3 billion, up 14.4%, and monetary trusts amounted to ¥324.3 billion, up 7.0%.

**Total liabilities** were ¥7,660.7 billion, up 11.1% from March 31, 2012. Major components of liabilities included policy reserves and others of ¥5,601.0 billion, up 12.9%, and deposits totaled ¥1,857.3 billion, up 5.5%. In January 2013, SFH issued ¥10.0 billion in bonds and transferred the funds raised through this issue to Sony Bank as a loan aimed at reinforcing that company's financial base.

**Total net assets** were ¥435.4 billion, up 25.2% from March 31, 2012. This included net unrealized gains on other securities, net of taxes, which increased ¥51.3 billion, to ¥88.3 billion.

### 2) Cash Flows

**Net cash provided by operating activities** for the year ended March 31, 2013, was ¥580.8 billion, up ¥56.6 billion from the previous fiscal year, due mainly to higher income from insurance premiums in the life insurance business. The reason for this increase in cash inflows was higher income from insurance premiums owing to steady growth in the policy amount in force in the life insurance business which offset an increase in cash outflows due to an increase in loans resulting from a growing balance of mortgage loans in the banking business.

**Net cash used in investing activities** was ¥550.1 billion, up ¥37.9 billion from the previous fiscal year, due mainly to an increase in cash outflows from purchases of securities in the life insurance business. The primary reason for this increase in outflows was due to a decline in inflows from sale and redemption of securities in the life insurance business.

**Net cash used in financing activities** came to ¥5.0 billion due primarily to dividend payments, up ¥6.8 billion from the previous fiscal year.

As a result of the above factors, cash and cash equivalents at March 31, 2013, were ¥201.4 billion, up ¥25.7 billion from March 31, 2012.

## 3. Basic Policy on Returns to Shareholders and Dividends for the Year Ended March 31, 2013, and the Year Ending March 31, 2014

For the year ended March 31, 2013, taking this period's overall operating performance into consideration, we plan to pay a year-end dividend of ¥25 per share (total amount of dividend: ¥10.875 billion), up ¥5 from the previous period of ¥20.

Our basic dividend policy is to maintain stable dividend payments while securing sufficient internal reserves to ensure the financial soundness of the Group companies and invest in growing fields. Based on this policy, SFH aims for steady increases in dividends in line with earnings growth over the medium and long terms. Our medium-term target for the dividend payout ratio is 30% to 40% of consolidated net income. Management will determine specific dividend amounts for each fiscal year by taking into account a comprehensive range of factors, including the capital adequacy of each Group company relative to risk, investment opportunities, business forecasts and legal and regulatory developments worldwide.

For the year ending March 31, 2014, we plan to pay a year-end dividend of ¥25 per share (total amount of dividend: ¥10.875 billion).

We will continue to make dividend payments once a year, following the resolution of the general meeting of shareholders, with the dividend record date at the end of each fiscal year.

Please refer to the attached presentation materials for non-consolidated operating results of SFH's principal subsidiaries, Sony Life, Sony Assurance and Sony Bank for the year ended March 31, 2013.

## II. Status of the Corporate Group

On April 1, 2004, SFH was established as a financial holding company (an insurance holding company and a bank



holding company) through a corporate separation from Sony Corporation. On October 11, 2007, SFH listed its common stock on the First Section of the Tokyo Stock Exchange, by publicly offering its shares to Japanese and overseas investors, resulting in Sony Corporation's ownerships to account for 60% of the total outstanding shares of SFH.

As of March 31, 2013, Sony Financial Group included as direct subsidiaries Sony Life, Sony Assurance and Sony Bank and SmartLink Network, Inc., subsidiaries of Sony Bank. It also includes AEGON Sony Life Insurance Co., Ltd. (AEGON Sony Life Insurance) and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method.

- **Sony Financial Holdings Inc.** (Management control of its subsidiaries and all duties incidental to that role)  
[Directly Held, indirectly held subsidiaries and affiliated companies accounted for under the equity method]

<Life insurance business>

- Sony Life Insurance Co., Ltd. (Wholly-owned by SFH)
- AEGON Sony Life Insurance Co., Ltd. (50%-owned by Sony Life)
- SA Reinsurance Ltd. (50%-owned by Sony Life)

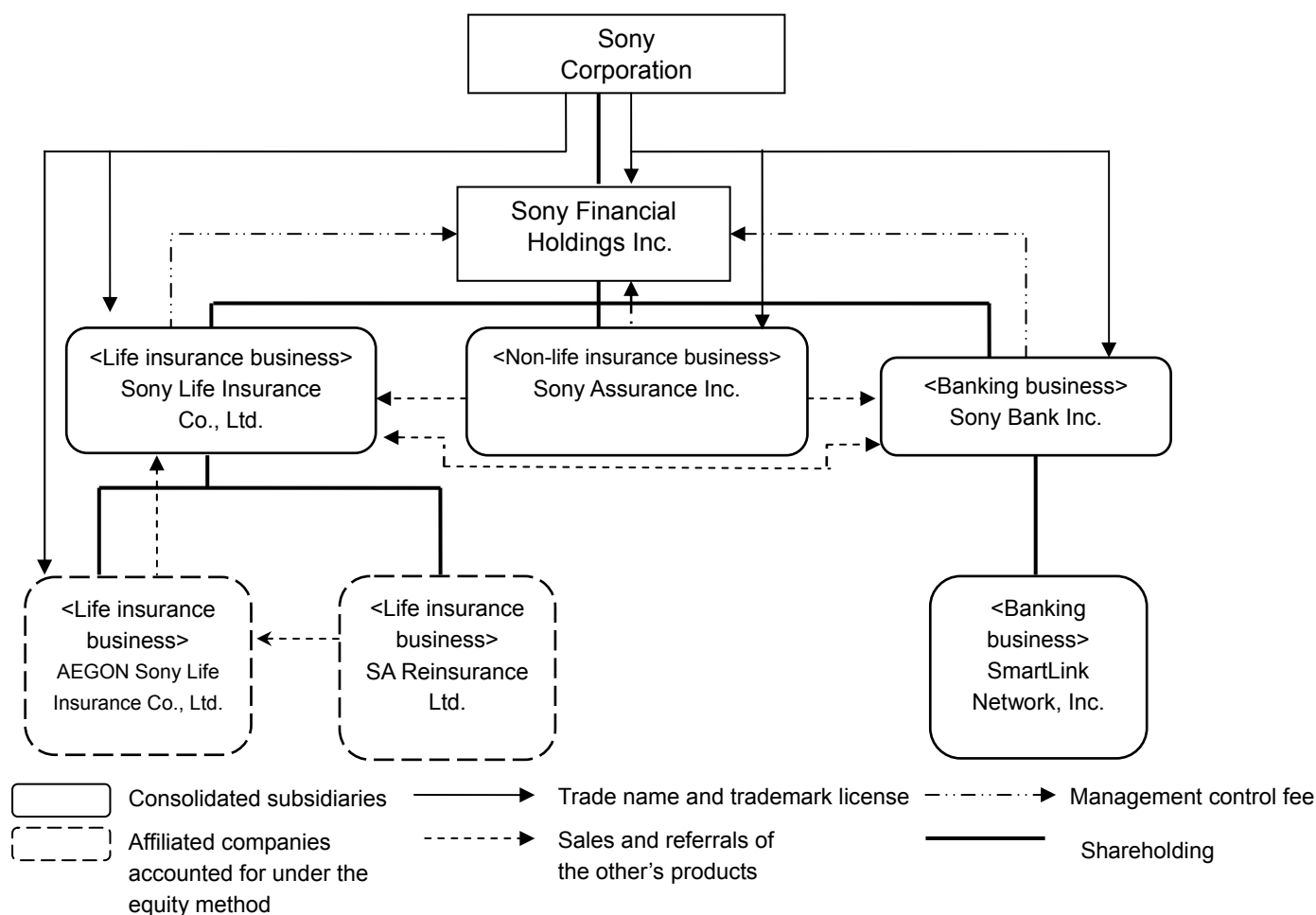
<Non-life insurance business>

- Sony Assurance Inc. (Wholly-owned by SFH)

<Banking business>

- Sony Bank Inc. (Wholly-owned by SFH)
- SmartLink Network, Inc. (57% -owned by Sony Bank)

**[Organizational chart]** (As of March 31, 2013)



### **III. Management Policies**

#### **1. Company's Basic Management Policies**

The Sony Financial Group positions its corporate vision and philosophy as the basic policy for setting management strategy and expediting management decision-making. The Group's corporate vision and philosophies are described below.

##### **a. Corporate Vision**

The Sony Financial Group seeks to become the most highly trusted financial services group by customers. To this end, the Sony Financial Group will combine many different financial functions (savings, investment, borrowing, and protection) to provide high-value-added financial products and high-quality services that meet every customer's financial needs.

##### **b. Corporate Principles**

###### **Put the Customer First**

We will provide financial products and services that satisfy customers by embracing their individual views, to ensure that we help them lead prosperous lives with financial security.

###### **Give Back to Society**

We believe that a special commitment to the public good is demanded of a financial services enterprise. Conscious of this, we will realize our vision by upholding the highest ethics and a strong sense of purpose, and thereby give back to society. In addition, we will fulfill our responsibilities as a good corporate citizen and member of society.

###### **Strive for Originality**

We will constantly strive to come up with fresh ideas from basic principles as we pursue creativity and innovation, instead of merely following custom and convention.

###### **Foster an Open Corporate Culture**

We believe that every employee's contribution is important to develop our ideal of a financial services enterprise. We will thus foster an open corporate culture where employees can freely express their individuality and demonstrate their abilities to the fullest.

#### **2. Key Management Benchmarks**

SFH closely follows the following management benchmarks aiming at raising its corporate value.

- Consolidated ordinary revenues
- Consolidated ordinary profit
- Consolidated net income
- Consolidated adjusted ROE

Consolidated adjusted ROE is calculated as follows.

Consolidated adjusted ROE = consolidated adjusted profit divided by consolidated adjusted capital

Consolidated adjusted profit is calculated as the sum of the following:

- 1) Sony Life: The amount of increase in Embedded Value (EV\* : adjusted net worth plus value of existing business) during the fiscal year plus dividends paid
- 2) Sony Assurance: The net income plus provision for catastrophe reserve and its provision for reserve for price fluctuations, in each case after taxes
- 3) Sony Bank: Net income

Consolidated adjusted capital is calculated as the sum of the following:

- 1) Sony Life: EV\* as of the beginning of the fiscal year less dividends paid plus EV\* as of the end of the fiscal year, divided by two
- 2) Sony Assurance: The average amount of net assets plus the sum of catastrophe reserve and its reserve for

price fluctuations, in each case after taxes

3) Sony Bank: The average amount of net assets

\*Sony Life discloses Market Consistent Embedded Value (“MCEV”). Sony Life’s MCEV is calculated in compliance with the European Insurance Chief Financial Officer (CFO) Forum Market Consistent Embedded Value Principles© (“MCEV Principles”), the international standard in disclosing MCEV published by the CFO Forum comprised of CFOs from major insurance companies in Europe.

Consolidated adjusted profit and consolidated adjusted capital take into consideration dividends from the Group subsidiaries and other special factors.

### 3. Medium- to Long-Term Management Strategies

The Sony Financial Group aims to maximize the corporate value of the Group over the medium to long term by implementing the management strategies outlined below.

#### (a) Sustainable and Stable Growth of Group Companies

Sony Life: Sony Life provides detailed tailored consulting and follow-up services through life insurance professionals—Lifeplanner sales employees and Partners (independent agencies)—who have broad-ranging expertise and extensive experience in such areas as economics, finance and taxation. Sony Life strives to strengthen its capabilities and hone its competitive edge in the individual life insurance market by providing value in a way that only Sony Life can.

Sony Assurance: Capitalizing on the strengths of its position as a direct insurance provider that communicates with each of its customers directly via the Internet and the telephone, Sony Assurance precisely understands customer opinions and needs, and provides products and services from a customer viewpoint. Sony Assurance aims to increase its income from insurance premiums by offering reasonably priced insurance premiums realized by risk-segmented products and operational efficiency.

Sony Bank: Sony Bank is an Internet bank focused on the needs of individual customers. By maximizing information technologies, the bank works to provide fair and highly convenient financial products and services. By ensuring its trustworthiness in such ways, the bank is working to expand its operations further.

#### (b) Fostering Synergy among Group Companies

In addition to the growth of each company within the Group, we seek to enhance synergies among the companies of the Sony Financial Group. Such efforts include the joint offering of products and services, the sharing of distribution channels and infrastructure and other forms of collaboration. By increasing intra-group synergies, SFH aims to offer customers attractive and high-value-added products and services that are unmatched by conventional financial institutions.

#### (c) Expanding into New Business Fields, Outside the Existing Framework

Through the growth of Group companies and increased synergies within the Group, we aim to move beyond the existing framework of the Sony Financial Group. We are examining active advancements into new business fields that will raise our corporate value even further.

### 4. Tasks Ahead for the Company

In the fiscal year ending March 31, 2014, signs indicate that the Japanese economy will recover, backed by the introduction of quantitative and qualitative monetary easing measures by the Bank of Japan to pull the economy out of deflation. However, ongoing caution is needed with respect to the impact of the European debt crisis on the global economy, the Chinese economy and Sino-Japanese relations, as well as the future directions of the Abe

administration's economic and fiscal policies. Accordingly, the outlook for the operating environment remains uncertain.

Regardless, the insurance and banking industries must serve their role in providing proper and stable financial services, while consistently executing growth strategies.

The Sony Financial Group seeks to become the financial services group that is most highly trusted by customers. To this end, the Group has redoubled its internal control efforts focused on compliance, risk management, eradicating anti-social influences and ensuring the protection of personal information. The Sony Financial Group has also explored its ideal of providing financial services for individual customers from various perspectives. We are working to realize our vision and achieve ongoing increases in corporate value by executing the above management strategies. At the same time, we identify our social role and mission as a financial institution as contributing to the realization of a sustainable society. We will fulfill our responsibilities to our stakeholders accordingly.

#### **IV. Consolidated Financial Statements**

##### **1. Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
<b>Assets</b>		
Cash and due from banks	¥118,877	¥104,142
Call loans and bills bought	66,300	107,088
Monetary trusts	303,058	324,305
Securities	5,531,585	6,202,333
Loans	975,032	1,115,330
Tangible fixed assets	75,169	73,217
Land	31,469	31,089
Buildings	41,906	39,696
Leased assets	208	302
Construction in progress	—	672
Other tangible fixed assets	1,585	1,456
Intangible fixed assets	36,636	38,232
Software	35,661	37,944
Goodwill	839	258
Other intangible fixed assets	135	29
Due from reinsurers	79	110
Foreign exchanges	8,936	7,954
Other assets	92,416	107,345
Deferred tax assets	34,171	17,980
Customers' liabilities for acceptances and guarantees	1,000	—
Reserve for possible loan losses	(1,848)	(1,877)
<b>Total Assets</b>	<b>¥7,241,414</b>	<b>¥8,096,164</b>

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
<b>Liabilities</b>		
Policy reserves and others	¥4,963,025	¥5,601,060
Reserve for outstanding claims	48,233	53,246
Policy reserves	4,910,669	5,543,540
Reserve for policyholders' dividends	4,122	4,273
Due to agencies	1,664	2,431
Due to reinsurers	647	600
Deposits	1,760,853	1,857,302
Call money and bills sold	10,000	10,000
Borrowed money	2,000	2,000
Foreign exchanges	35	87
Bonds payable	10,000	20,000
Other liabilities	93,563	106,365
Reserve for employees' bonuses	2,944	3,085
Reserve for employees' retirement benefits	21,547	24,216
Reserve for directors' retirement benefits	354	411
Special reserves	25,386	32,344
Reserve for price fluctuations	25,380	32,344
Reserve for financial products transaction liabilities	6	—
Deferred tax liabilities	—	275
Deferred tax liabilities on land revaluation	589	536
Acceptances and guarantees	1,000	—
<b>Total Liabilities</b>	<b>6,893,613</b>	<b>7,660,719</b>
<b>Net Assets</b>		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	98,677	135,160
Total shareholders' equity	313,854	350,337
Net unrealized gains on other securities, net of taxes	36,949	88,329
Net deferred losses on hedging instruments, net of taxes	(2,414)	(3,047)
Land revaluation, net of taxes	(1,395)	(1,513)
Foreign currency translation adjustments	(453)	—
Total accumulated other comprehensive income	32,685	83,767
Minority interests	1,260	1,339
<b>Total Net Assets</b>	<b>347,800</b>	<b>435,444</b>
<b>Total Liabilities and Net Assets</b>	<b>¥7,241,414</b>	<b>¥8,096,164</b>

**2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**(Consolidated Statements of Income)**

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
Ordinary Revenues	¥1,078,070	¥1,259,041
Ordinary Revenues from the Life Insurance Business	965,555	1,140,184
Income from insurance premiums	815,382	925,075
Insurance premiums	813,930	923,672
Ceded reinsurance commissions	1,452	1,402
Investment income	133,670	199,549
Interest income and dividends	97,649	108,153
Income from monetary trusts, net	5,278	5,259
Gains on sale of securities	7,592	2,522
Other investment income	12	13
Gains on separate accounts, net	23,137	83,601
Other ordinary income	16,501	15,559
Ordinary Revenues from the Non-life Insurance Business	80,094	84,711
Underwriting income	79,172	83,615
Net premiums written	79,141	83,582
Interest and dividends on deposits of premiums	31	33
Investment income	873	1,021
Interest income and dividends	874	1,027
Gains on sale of securities	23	26
Gains on redemption of securities	6	—
Transfer to interest and dividends on deposits of premiums	(31)	(33)
Other ordinary income	48	74
Ordinary Revenues from the Banking Business	32,420	34,145
Interest income	24,871	25,954
Interest income on loans	13,270	13,877
Interest income and dividends on securities	11,540	12,007
Interest income on call loans and bills bought	13	13
Interest income on deposits with banks	45	55
Other interest income	1	0
Fees and commissions	4,752	5,260
Other operating income	2,740	2,815
Gains on foreign exchange transactions, net	1,764	1,874
Others	976	940
Other ordinary income	56	114

(Continued)

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
Ordinary Expenses	¥1,003,444	¥1,179,789
Ordinary Expenses from the Life Insurance Business	898,925	1,069,007
Insurance claims and other payments	287,451	293,938
Insurance claims	69,002	71,065
Annuity payments	8,577	9,571
Insurance benefits	42,209	46,809
Surrender payments	163,274	161,873
Other payments	2,302	2,649
Reinsurance premiums	2,085	1,968
Provision for policy reserves and others	471,593	630,575
Provision for reserve for outstanding claims	—	607
Provision for policy reserves	471,576	629,955
Interest portion of reserve for policyholders' dividends	17	12
Investment expenses	14,167	11,450
Interest expenses	55	43
Losses on sale of securities	2,607	1,587
Devaluation losses on securities	1,692	327
Losses on derivatives, net	—	226
Foreign exchange losses, net	1,373	1,253
Provision for reserve for possible loan losses	2	21
Depreciation of real estate for rent and others	2,257	2,000
Other investment expenses	6,178	5,990
Operating expenses	105,324	108,849
Other ordinary expenses	20,388	24,192
Ordinary Expenses from the Non-life Insurance Business	76,674	81,704
Underwriting expenses	57,673	61,401
Net losses paid	45,032	47,153
Loss adjustment expenses	5,081	5,656
Net commission and brokerage fees	972	945
Provision for reserve for outstanding losses	3,287	4,407
Provision for underwriting reserves	3,298	3,238
Other underwriting expenses	0	0
Investment expenses	4	7
Losses on sale of securities	0	3
Losses on redemption of securities	4	3
Operating, general and administrative expenses	18,918	20,279
Other ordinary expenses	77	16

(Continued)



(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
Ordinary Expenses from the Banking Business	¥27,844	¥29,077
Interest expenses	8,798	7,811
Interest expenses on deposits	6,879	6,296
Interest expenses on call money and bills sold	10	10
Interest on borrowed money	95	86
Interest expenses on bonds	23	61
Interest expenses on interest rate swaps	1,784	1,355
Other interest expenses	4	0
Fees and commissions	1,416	1,546
Other operating expenses	735	2,568
General and administrative expenses	16,322	16,760
Other ordinary expenses	571	389
Ordinary Profit	74,625	79,252
Extraordinary Gains	99	—
Gains on disposal of fixed assets	0	—
Reversal of reserve for employees' retirement benefits	99	—
Extraordinary Losses	9,073	9,257
Losses on disposal of fixed assets	77	113
Impairment losses	274	962
Provision for special reserves	8,568	6,964
Provision for reserve for price fluctuations	8,568	6,964
Loss on sales of shares of subsidiaries and affiliates	—	1,216
Others	153	0
Provision for Reserve for Policyholders' Dividends	958	2,104
Income Before Income Taxes	64,693	67,890
Income Taxes	31,867	22,746
- Current	28,361	29,366
- Deferred	3,505	△6,620
Income Before Minority Interests	32,825	45,143
Minority interests in income	13	78
Net Income	¥32,812	¥45,064

**2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
Income Before Minority Interests	¥32,825	¥45,143
Other comprehensive income		
Net unrealized gains on other securities, net of taxes	28,422	51,381
Net deferred losses on hedging instruments, net of taxes	(855)	(633)
Land revaluation, net of taxes	103	(118)
Foreign currency translation adjustments	(122)	453
Share of other comprehensive income of affiliates accounted for using equity method	1	(1)
Total other comprehensive income	27,550	51,082
Comprehensive income	60,376	96,225
(Details)		
Comprehensive income attributable to parent company	60,362	96,146
Comprehensive income attributable to minority interests	13	78

### 3. Consolidated Statements of Changes in Net Assets

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
Shareholders' Equity		
Common stock		
Balance at the beginning of the fiscal year	¥19,900	¥19,900
Changes during the period		
Total changes during the period	—	—
Balance at the end of the current period	19,900	19,900
Capital surplus		
Balance at the beginning of the fiscal year	195,277	195,277
Changes during the period		
Total changes during the period	—	—
Balance at the end of the current period	195,277	195,277
Retained earnings		
Balance at the beginning of the fiscal year	74,565	98,677
Changes during the period		
Dividends from surplus	(8,700)	(8,700)
Net income	32,812	45,064
Reversal of land revaluation	—	118
Total changes during the period	24,112	36,482
Balance at the end of the current period	98,677	135,160
Total shareholders' equity		
Balance at the beginning of the fiscal year	289,742	313,854
Changes during the period		
Dividends from surplus	(8,700)	(8,700)
Net income	32,812	45,064
Reversal of land revaluation	—	118
Total changes during the period	24,112	36,482
Balance at the end of the current period	313,854	350,337
Total accumulated other comprehensive income		
Net unrealized gains on other securities, net of taxes		
Balance at the beginning of the fiscal year	8,525	36,949
Changes during the period		
Net changes of items other than shareholders' equity	28,424	51,380
Total changes during the period	28,424	51,380
Balance at the end of the current period	36,949	88,329

(Continued)

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
Net deferred losses on hedging instruments, net of taxes		
Balance at the beginning of the fiscal year	¥(1,558)	¥(2,414)
Changes during the period		
Net changes of items other than shareholders' equity	(855)	(633)
Total changes during the period	(855)	(633)
Balance at the end of the current period	(2,414)	(3,047)
Land revaluation, net of taxes		
Balance at the beginning of the fiscal year	(1,499)	(1,395)
Changes during the period		
Net changes of items other than shareholders' equity	103	(118)
Total changes during the period	103	(118)
Balance at the end of the current period	(1,395)	(1,513)
Foreign currency translation adjustments		
Balance at the beginning of the fiscal year	(331)	(453)
Changes during the period		
Net changes of items other than shareholders' equity	(122)	453
Total changes during the period	(122)	453
Balance at the end of the current period	(453)	—
Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	5,135	32,685
Changes during the period		
Net changes of items other than shareholders' equity	27,550	51,082
Total changes during the period	27,550	51,082
Balance at the end of the current period	32,685	83,767
Minority interests		
Balance at the beginning of the fiscal year	—	1,260
Changes during the period		
Net changes of items other than shareholders' equity	1,260	78
Total changes during the period	1,260	78
Balance at the end of the current period	1,260	1,339
Total Net Assets		
Balance at the beginning of the fiscal year	294,877	347,800
Changes during the period		
Dividends from surplus	(8,700)	(8,700)
Net income	32,812	45,064
Reversal of land revaluation	—	118
Net changes of items other than shareholders' equity	28,811	51,161
Total changes during the period	52,923	87,643
Balance at the end of the current period	¥347,800	¥435,444

#### 4. Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
<b>Cash flows from operating activities</b>		
Income before income taxes	¥64,693	¥67,890
Depreciation of real estate for rent and others	2,257	2,000
Depreciation and amortization	6,032	7,784
Impairment losses	274	962
Amortization of goodwill	560	580
Increase (decrease) in reserve for outstanding claims	(930)	5,015
Increase in policy reserve	474,875	633,193
Increase in interest portion of reserve for policyholders' dividends	17	12
Increase (decrease) in reserve for policyholders' dividends	958	2,104
Increase in reserve for possible loan losses	274	28
Increase in reserve for employees' retirement benefits	3,088	2,913
Increase (decrease) in reserve for directors' retirement benefits	(87)	57
Increase (decrease) in reserve for price fluctuations	8,568	6,964
Increase in reserve for financial products transaction liabilities	1	0
Interest income and dividends	(123,395)	(135,136)
(Gains) losses on securities	(36,774)	(87,294)
Interest expenses	8,853	7,855
Exchange losses	5,355	(35,508)
Losses on disposal of tangible fixed assets	78	69
Equity in losses of affiliates	1,179	1,718
Net increase in loans	(113,103)	(134,664)
Net increase in deposits	111,022	96,408
Net (increase) decrease in foreign exchange (assets)	(503)	981
Net increase (decrease) in foreign exchange (liabilities)	18	51
Others, net	28,269	27,437
Subtotal	441,584	471,428
Interest and dividends received	132,119	146,015
Interest paid	(9,192)	(8,330)
Policyholders' dividends paid	(1,692)	(1,966)
Income taxes paid	(38,554)	(26,264)
Net cash provided by operating activities	524,264	580,882

(Continued)

(Millions of yen)

	For the year ended March 31, 2012	For the year ended March 31, 2013
<b>Cash flows from investing activities</b>		
Investments in monetary trusts	¥(500)	¥ (4,942)
Proceeds from sale of monetary trusts	6,000	5,300
Purchases of securities	(1,037,882)	(973,738)
Proceeds from sale and redemption of securities	563,557	462,518
Investments in loans	(48,888)	(47,927)
Collections of loans	23,333	21,144
Others	—	(53)
Total of net cash used in investment transactions	(494,379)	(537,698)
Total of net cash provided by (used in) operating activities and investment transactions	29,884	43,184
Purchases of tangible fixed assets	(955)	(1,599)
Proceeds from sale of tangible fixed assets	0	—
Purchases of intangible fixed assets	(14,880)	(11,869)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	346	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	1,035
Purchase of securities of a subsidiary	—	(30)
Payments for transfer of business	(2,328)	—
Others	(1)	2
Net cash used in investing activities	(512,198)	(550,159)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	9,962	9,965
Cash dividends paid	(8,696)	(8,697)
Balance from securitization of lease receivables	550	(6,500)
Others	(33)	214
Net cash provided by (used in) financing activities	1,782	(5,017)
Effect of exchange rate changes on cash and cash equivalents	(0)	47
Net increase (decrease) in cash and cash equivalents	13,848	25,752
Cash and cash equivalents at beginning of the fiscal year	161,803	175,651
Cash and cash equivalents at end of the fiscal year	¥175,651	¥201,404

Note: Cash flows from investing activities include cash flows from lending operations of the insurance business.

## 5. Notes to the Consolidated Financial Statements

### 1) Changes in scope of consolidation during the period under review

Sony Bank Securities Inc. has been excluded from the scope of consolidation during the fiscal year, owing to the transfer of all shares in the company by SFH's banking subsidiary (Sony Bank Inc.). Sony Life Insurance (Philippines) Corporation has been excluded from the scope of consolidation during the fiscal year, owing to the transfer of all shares in the company by SFH's life insurance subsidiary (Sony Life Insurance Co., Ltd.).

### 2) Changes in accounting policies which are difficult to distinguish from changes in accounting estimates

(Changes in method of depreciation for Tangible fixed assets)

In the past, SFH and its domestic consolidated subsidiaries used the declining-balance method to depreciate certain of their tangible fixed assets. However, to ensure consistency with SFH's parent company, this has been changed to the straight-line method, beginning in the fiscal year ended March 31, 2013. Consequently, during the fiscal year depreciation and amortization and depreciation of real estate for rent and others were each ¥422 million lower, and ordinary profit and income before income taxes were ¥422 million higher than they would have been under the previous method.

### 3) Segment Information

For the year ended March 31, 2012

#### (1) Outline of reporting segments

The SFH Group's reporting segments are components of the Group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available.

SFH is the financial holding company of Sony Life Insurance Co., Sony Assurance Inc., and Sony Bank Inc., and pursues financial group strategies. The subsidiaries make their own business plans and engage in business activities from which they may earn revenues and incur expenses, under the Insurance Business Law of Japan, the Banking Law of Japan, and other regulations.

The SFH Group consists of three reporting segments: the life insurance business, the non-life insurance business and the banking business.

- The life insurance business consists of Sony Life Insurance Co., Ltd., Sony Life Insurance (Philippines) Corporation, AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd.
- The non-life insurance business consists of Sony Assurance Inc.
- The banking business consists of Sony Bank Inc., Sony Bank Securities Inc. and SmartLink Network, Inc.

#### (2) Segment Information by reporting segment

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues				
External customers	¥965,555	¥80,094	¥32,420	¥1,078,070
Intersegment	2,027	1	133	2,162
Total	967,582	80,096	32,553	1,080,232
Segment profit	68,187	2,859	3,463	74,509
Segment assets	5,219,990	118,612	1,897,694	7,236,297
Others				
Depreciation	5,567	1,033	1,822	8,422
Interest income and dividends	98,071	873	24,871	123,816
Interest expenses	55	—	8,825	8,880
Equity in earnings (losses) of affiliates	(1,179)	—	—	(1,179)
Investments in affiliates	9,718	—	—	9,718
Increase in tangible fixed assets and intangible fixed assets	¥9,081	¥4,256	¥2,722	¥16,060

(3) Reconciliations of the totals of each segment item to corresponding enterprise amounts

	Millions of yen
	For the year ended March 31, 2012
Totals of reporting segments	¥1,080,232
Adjustments for intersegment transactions	(2,162)
Ordinary revenues in statement of income	¥1,078,070

	Millions of yen
	For the year ended March 31, 2012
Totals of reporting segments	¥74,509
Adjustments for intersegment transactions	10
Amount not allocated to reporting segments	106
Ordinary profit in statement of income	¥74,625

	Millions of yen
	For the year ended March 31, 2012
Totals of reporting segments	¥7,236,297
Adjustments for intersegment transactions	(11,116)
Amount not allocated to reporting segments	16,233
Assets in balance sheets	¥7,241,414

	Millions of yen		
	For the year ended March 31, 2012		
	Total	Adjustments	Consolidated financial statements
Depreciation	¥8,422	¥7	¥8,430
Interest income and dividends	123,816	(421)	123,395
Interest expenses	8,880	(27)	8,853
Equity in earnings (losses) of affiliates	(1,179)	—	(1,179)
Investments in affiliates	9,718	—	9,718
Increase in tangible fixed assets and intangible fixed assets	¥16,060	¥27	¥16,088



For the year ended March 31, 2013

(1) Outline of reporting segments

The SFH Group's reporting segments are components of the Group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available.

SFH is the financial holding company of Sony Life Insurance Co., Sony Assurance Inc., and Sony Bank Inc., and pursues financial group strategies. The subsidiaries make their own business plans and engage in business activities from which they may earn revenues and incur expenses, under the Insurance Business Law of Japan, the Banking Law of Japan, and other regulations.

The SFH Group consists of three reporting segments: the life insurance business, the non-life insurance business and the banking business.

- The life insurance business consists of Sony Life Insurance Co., Ltd., AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd.
- The non-life insurance business consists of Sony Assurance Inc.
- The banking business consists of Sony Bank Inc. and SmartLink Network, Inc.

(2) Segment Information by reporting segment

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues				
External customers	¥1,140,184	¥84,711	¥34,145	¥1,259,041
Intersegment	2,213	0	183	2,396
Total	1,142,397	84,711	34,329	1,261,438
Segment profit	72,770	2,371	3,953	79,095
Segment assets	5,948,190	127,421	2,012,627	8,088,238
Others				
Depreciation	6,265	1,697	2,082	10,046
Interest income and dividends	108,614	1,027	25,954	135,596
Interest expenses	43	—	7,886	7,930
Equity in earnings (losses) of affiliates	(1,718)	—	—	(1,718)
Investments in affiliates	7,830	—	—	7,830
Increase in tangible fixed assets and intangible fixed assets	¥6,322	¥3,174	¥2,729	¥12,227

(3) Reconciliations of the totals of each segment item to corresponding enterprise amounts

	Millions of yen
	For the year ended March 31, 2013
Totals of reporting segments	¥1,261,438
Adjustments for intersegment transactions	(2,396)
Ordinary revenues in statement of income	¥1,259,041

	Millions of yen
	For the year ended March 31, 2013
Totals of reporting segments	¥79,095
Adjustments for intersegment transactions	7
Amount not allocated to reporting segments	149
Ordinary profit in statement of income	¥79,252

	Millions of yen
	For the year ended March 31, 2013
Totals of reporting segments	¥8,088,238
Adjustments for intersegment transactions	(20,978)
Amount not allocated to reporting segments	28,903
Assets in balance sheets	¥8,096,164

	Millions of yen		
	For the year ended March 31, 2013		
	Total	Adjustments	Consolidated financial statements
Depreciation	¥10,046	¥8	¥10,054
Interest income and dividends	135,596	(460)	135,136
Interest expenses	7,930	(74)	7,855
Equity in earnings (losses) of affiliates	(1,718)	—	(1,718)
Investments in affiliates	7,830	—	7,830
Increase in tangible fixed assets and intangible fixed assets	¥12,227	¥4	¥12,231

Relative information

For the year ended March 31, 2012

1. Information by business segment

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues from External customers	¥965,555	¥80,094	¥32,420	¥1,078,070

2. Geographic segment information

(1) Ordinary revenues

Ordinary revenues information by geographic segment is not shown, as ordinary revenues from external customers in Japan accounted for more than 90% of ordinary revenues in the consolidated statements of income.

(2) Tangible fixed assets

Information on tangible fixed assets by geographic segment is not shown, as tangible fixed assets in Japan accounted for more than 90% of tangible fixed assets in the consolidated balance sheets.

3. Information by major client

Information by major client is not shown, as ordinary revenues from external customers who are major clients accounted for less than 10% of ordinary revenues in the consolidated statements of income.

For the year ended March 31, 2013

1. Information by business segment

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues from External customers	¥1,140,184	¥84,711	¥34,145	¥1,259,041

2. Geographic segment information

(1) Ordinary revenues

Ordinary revenues information by geographic segment is not shown, as ordinary revenues from external customers in Japan accounted for more than 90% of ordinary revenues in the consolidated statements of income.

(2) Tangible fixed assets

Information on tangible fixed assets by geographic segment is not shown, as tangible fixed assets in Japan accounted for more than 90% of tangible fixed assets in the consolidated balance sheets.

3. Information by major client

Information by major client is not shown, as ordinary revenues from external customers who are major clients accounted for less than 10% of ordinary revenues in the consolidated statements of income.

Information on impairment losses on fixed assets by business segment

For the year ended March 31, 2012

No significant items to be reported.

For the year ended March 31, 2013

	Millions of yen					
	Reporting segments				Others	Consolidated
	Life insurance business	Non-life insurance business	Banking business	Total		
Impairment losses	¥962	—	—	¥962	—	¥962

Information on amortization of goodwill and unamortized balance by business segment

For the year ended March 31, 2012

	Millions of yen					
	Reporting segments				Others	Consolidated
	Life insurance business	Non-life insurance business	Banking business	Total		
Amortization of goodwill	—	—	¥560	¥560	—	¥560
Balance at end of period	—	—	¥839	¥839	—	¥839

For the year ended March 31, 2013

	Millions of yen					
	Reporting segments				Others	Consolidated
	Life insurance business	Non-life insurance business	Banking business	Total		
Amortization of goodwill	—	—	¥580	¥580	—	¥580
Balance at end of period	—	—	¥258	¥258	—	¥258

Information on negative goodwill by business segment

For the year ended March 31, 2012

No significant items to be reported.

For the year ended March 31, 2013

No significant items to be reported.

## 4) Financial Instruments

### *Fair value information on financial instruments*

Below is fair value information on financial instruments as of March 31, 2013, excluding securities whose fair values are not readily determinable.

#### **Financial assets**

Millions of yen			
As of March 31, 2013			
	Consolidated balance sheet amount	Fair value	Difference
Cash and due from banks	¥104,142	¥104,142	—
Call loans and bills bought	107,088	107,088	—
Monetary trusts			
Monetary trusts for trading purposes	442	442	—
Other monetary trusts	323,862	323,862	—
Securities			
Trading securities	527,787	527,787	—
Held-to-maturity securities	3,956,120	4,514,661	558,540
Available-for-sale securities	1,686,076	1,686,076	—
Loans	1,115,330		
Reserve for possible loan losses*	(1,422)		
	<u>1,113,908</u>	<u>1,214,326</u>	<u>100,418</u>
Total Financial Assets	<u>¥7,819,427</u>	<u>¥8,478,386</u>	<u>¥658,958</u>

\* Excludes general and specific reserves for possible loan losses.

#### **Financial liabilities**

Millions of yen			
As of March 31, 2013			
	Consolidated balance sheet amount	Fair value	Difference
Deposits	¥1,857,302	¥1,858,948	¥1,646
Call money and bills sold	10,000	10,000	—
Bonds payable	20,000	20,112	112
Total Financial Liabilities	<u>¥1,887,302</u>	<u>¥1,889,060</u>	<u>¥1,758</u>

#### **Derivative financial instruments**

Millions of yen			
As of March 31, 2013			
	Consolidated balance sheet amount	Fair value	Difference
Hedge accounting not applied*	¥(171)	¥(171)	—
Hedge accounting applied	(12,675)	(12,675)	—
Total Derivative Financial Instruments	<u>¥(12,846)</u>	<u>¥(12,846)</u>	<u>—</u>

\* Figures are totals resulting from derivatives transactions, which are accounted for as other assets and liabilities on the consolidated balance sheets. If the total is a debt amount, the above figure is negative.

## **Calculation of the fair value of financial instruments**

### Financial Assets

Cash and due from banks, call loans and bills bought

The fair value is regarded as the carrying amount, as they are approximately equal.

Monetary trusts

In individual monetary trusts mainly for investment purposes, the fair value of bonds is the market price on financial instrument exchanges or the price indicated by a financial institution. Please see “investment in monetary trust,” which indicates fair values by purpose.

Securities

The fair value of stocks is the market price on stock market or financial instrument exchanges. The fair value of bonds and investment funds is the market price or the price indicated by a financial institution. Please see “investment in securities,” which indicates fair values by purpose.

Loans

(i) Loans in the banking business

The value of these loans is calculated by estimating their future cash flows and then applying a prescribed discount rate. The discount rate is determined by adding to the Libor-based yield curve a risk premium corresponding to the allowance rate on the general provision for loan losses.

(ii) Policy loans in the life insurance business

Policyholder loans are valued by discounting future cash flows to their current value.

### Financial Liabilities

Deposits

The value of deposits is calculated by type, by estimating their future cash flows and then applying a prescribed discount rate. The discount rate is determined by adding to the Libor-based yield curve a premium corresponding to the banking subsidiary’s cumulative default rate by rating.

Call money and bills sold

The fair value is regarded as the carrying amount, as they are approximately equal.

Bonds payable

The fair value of bonds payable is the market price on bond and other markets.

## Derivative Transactions

Please see “derivative financial instruments,” which indicates calculations of fair value.

## Securities whose fair values are not readily determinable

	Millions of yen
	As of March 31, 2013
Non-consolidated subsidiaries and affiliates that are unlisted* <sup>1</sup>	¥7,938
Japanese stocks that are not listed on the stock market* <sup>1</sup>	4
Investment in partnership* <sup>2</sup>	24,406
Total	¥32,349

\*1. Unlisted stocks have no market prices and fair values are not readily determinable.

\*2. Assets included in “investment in partnership” are stocks in unlisted companies.

Note: Impairment losses on investment in partnership was recognized as ¥34 million for the year ended March 31, 2013.

Impairment losses are principally recorded when their fair value as of the end of the fiscal year has declined by 50% or more from the acquisition cost.

## The future redemption schedule of monetary claims and securities with maturities

	Millions of yen			
	As of March 31, 2013			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	Over 10 years
Cash and due from banks	¥104,142	—	—	—
Call loans and bills bought	107,088	—	—	—
Securities				
Held-to-maturity securities	5,049	¥20,030	¥31,124	¥3,889,229
Bonds				
Japanese government and municipal bonds	3,751	18,166	28,023	3,811,310
Japanese corporate bonds	998	1,864	2,901	22,919
Others	300	—	200	55,000
Available-for-sale securities	166,562	517,474	245,274	616,900
Bonds				
Japanese government and municipal bonds	30,401	101,778	144,077	616,850
Japanese corporate bonds	40,206	107,068	60,129	50
Others	95,955	308,627	41,068	—
Loans*	16,717	78,536	53,945	820,807
Total	¥399,559	¥616,042	¥330,345	¥5,326,936

\* This figure excludes loans of ¥145,019 million that have no fixed redemption period such as policyholder loans.

## The future return schedule of deposits and other liabilities with interest

	Millions of yen					
	As of March 31, 2013					
	1 year or less	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
Deposits*	¥1,779,125	¥18,221	¥16,661	¥3,356	¥2,840	¥37,095
Call money and bills sold	10,000	—	—	—	—	—
Bonds payable	—	—	—	10,000	10,000	—
Total	¥1,789,125	¥18,221	¥16,661	¥13,356	¥12,840	¥37,095

\*Demand deposits are included in “1 year or less.”

## 5) Investments in Securities

### Trading securities

Millions of yen
For the year ended
March 31,
2013
Valuation losses
charged to income
¥70,801

### Held-to-maturity securities

	Millions of yen					
	As of March 31, 2013					
	Fair values exceeding the consolidated balance sheet amount			Total		
	Consolidated balance sheet amount	Gross unrealized gains	Fair value	Consolidated balance sheet amount	Net unrealized gains	Fair value
Bonds						
Japanese government and municipal bonds	¥3,883,367	¥546,047	¥4,429,415	—	—	—
Japanese corporate bonds	28,914	3,574	32,488	—	—	—
Others	43,838	8,919	52,757	—	—	—
Total	¥3,956,120	¥558,540	¥4,514,661	¥3,956,120	¥558,540	¥4,514,661

Note: There were no fair values that did not exceed their consolidated balance sheet amounts.

### Available-for-sale securities

	Millions of yen								
	As of March 31, 2013								
	Fair values exceeding the acquisition cost			Fair values not exceeding the acquisition cost			Total		
	Consolidated balance sheet amount	Gross unrealized gains	Acquisition cost	Consolidated balance sheet amount	Gross unrealized losses	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Acquisition cost
Bonds									
Japanese government and municipal bonds	¥930,231	¥79,335	¥850,896	¥50,770	¥(464)	¥51,235	—	—	—
Japanese corporate bonds	206,060	2,713	203,347	6,103	(53)	6,157	—	—	—
Equity securities	18,394	6,803	11,591	3,850	(47)	3,898	—	—	—
Others	378,134	13,104	365,029	92,528	(1,657)	94,186	—	—	—
Total	¥1,532,821	¥101,956	¥1,430,864	¥153,254	¥(2,223)	¥155,477	¥1,686,076	¥99,733	¥1,586,342

Note: This chart as of March 31, 2013, excludes ¥4 million in unlisted stocks and an investment in partnership of ¥24,406 million (consolidated balance sheet amounts).



**Available-for-sale securities sold during the period**

	Millions of yen		
	For the year ended March 31, 2013		
	Sales	Gains on sales	Losses on sales
Bonds			
Japanese government and municipal bonds	¥22,954	¥168	¥82
Japanese corporate bonds	389	6	3
Equity securities	15,648	2,003	380
Others	63,243	1,165	1,228
Total	¥102,235	¥3,343	¥1,695

**Impairment of available-for-sale securities:**

Available-for-sale securities with market value are considered impaired if the market value decreases materially below the acquisition cost and such decline is considered non-recoverable. The market value is recognized as the consolidated balance sheet amount and the write-down is accounted for as a devaluation loss for the fiscal year.

Impairment losses on available-for-sale securities were recognized as ¥327 million for the year ended March 31, 2013.

“Material decline” is indicated when the market value is 30% or less than the acquisition cost.

## 6) Investments in Monetary Trusts

### Monetary trusts for trading purposes

Millions of yen	
As of March 31, 2013	
Consolidated balance sheet amount	Valuation gains charged to income
¥442	¥—

### Other monetary trusts

Millions of yen				
As of March 31, 2013				
	Consolidated balance sheet amount	Gross unrealized gains	Gross unrealized losses	Acquisition cost
Other monetary trusts	¥323,862	¥38,206	—	¥285,656

Note: Jointly invested monetary trusts included in the table above amount to ¥50 million for the year ended March 31, 2013.

### Impairment of other monetary trusts

Securities with market values that are included in monetary trusts for purposes other than trading, holding to maturity or policy reserve matching are considered impaired if their market value decreases materially below the acquisition cost and such decline is considered non-recoverable. Their market value is recognized as the consolidated balance sheet amount and the write-down is accounted for as a devaluation loss for the fiscal year.

No impairment loss was recognized for the year ended March 31, 2013.

“Material decline” is indicated when the market value is 30% or less than the acquisition cost.

## 7) Derivative Financial Instruments

### (1) Hedge accounting not applied

Below is a summary of contractual or notional amounts, current market or fair values, valuation gains or losses, and the method of calculating the fair values of derivatives, classified by transaction, to which hedge accounting is not applied. Notional amounts do not indicate exposure to credit loss.

#### (i) Interest rate derivatives

Millions of yen			
As of March 31, 2013			
Notional amount		Fair value	Valuation losses
Total	Over 1 year		
Over-the-counter transactions			
Interest rate swaps	¥20,000	¥—	¥(119)
Total	—	¥(119)	¥(119)

Notes:

1. The above transactions are valued at market, and valuation losses are recorded in the consolidated statements of income.
2. Market value is calculated using discounted present value.

#### (ii) Currency derivatives

Millions of yen			
As of March 31, 2013			
Notional amount		Fair value	Valuation gains (losses)
Total	Over 1 year		
Over-the-counter transactions:			
Forward foreign exchanges:			
Sold	¥46,407	—	¥(55)
Bought	91,703	—	(297)
Foreign exchange margin transactions			
Sold	47,646	—	(619)
Bought	10,587	—	916
Currency options			
Sold	1,036	—	(6)
Currency forward contracts			
Bought	7,559	—	10
Total	—	¥(52)	¥(37)

Notes:

1. The above transactions are valued at market, and valuation gains and losses are recorded in the consolidated statements of income.
2. Market values are calculated using discounted present value, option pricing models and other methods.

(2) Hedge accounting applied

The following provides a summary of contractual or notional amounts, current market or fair values, valuation gains or losses, and the method of calculating the fair values of derivatives, classified by transactions, to which hedge accounting is applied. Notional amounts do not indicate exposure to credit loss.

(i) Interest rate derivatives

Millions of yen			
As of March 31, 2013			
Notional amount		Fair value	Hedged item
Total	Over 1 year		
Deferred hedge accounting			
Interest rate swaps	¥79,195	¥74,491	¥(2,811) Loans
Fair value hedge accounting			
Interest rate swaps	378,446	332,030	(19,225) Available-for-sale securities (bonds)
Total	—	—	¥(22,036)

Notes:

1. SFH applies deferred hedge accounting and fair value hedge accounting in accordance with “Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry” (Industry Audit Committee of Japanese Institute of Certified Public Accountants No. 24).
2. Market value is calculated using discounted present value.

(ii) Currency derivatives

Millions of yen			
As of March 31, 2013			
Notional amount		Fair value	Hedged item
Total	Over 1 year		
Fair value hedge accounting			
Currency swaps	¥45,300	¥3,500	¥9,361 Available-for-sale securities (bonds)
Total	—	—	¥9,361

Notes:

1. SFH applies mainly fair value hedge accounting.
2. Market value is calculated mainly using discounted present value and other methods.

## 8) Subsequent Events

There were no applicable subsequent events.

SFH's consolidated results\* are prepared in accordance with Japanese GAAP. As such, these figures differ in significant respects from the financial information reported by Sony Corporation, the SFH's parent company, which prepares its financial statements in accordance with U.S. GAAP.

\*SFH's scope of consolidation includes Sony Financial Holdings Inc., Sony Life Insurance Co. Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Life Insurance (Philippines) Corporation, Sony Bank Securities Inc., and SmartLink Network, Inc. It also includes AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method. Sony Bank Securities Inc. and Sony Life Insurance (Philippines) Corporation were out of the scope of consolidation from August 1, 2012 and December 6, 2012, respectively and thereafter.

On May 9, 2013, Sony Corporation announced its consolidated financial results for the year ended March 31, 2013 (April 1, 2012, to March 31, 2013). Sony Financial Group companies constitute the majority of Sony Group's Financial Services segment. However, the scope of Sony Group's Financial Services segment differs from the scope of SFH's consolidated results. For the scope of Sony Group's Financial Services segment, please refer to the May 9, 2013, news release by Sony Corporation.

*This Consolidated Financial Summary contains statements concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that pertain to future operating performance and that are not historic facts are forward-looking statements. Forward-looking statements may include—but are not limited to—words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” and “possibility” that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of the Sony Financial Group, based on information that is currently available to it. As such, these forward-looking statements 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. The Sony Financial Group disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings. The information contained in this Consolidated Financial Summary 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 for 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.*

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[http://www.sonyfh.co.jp/web/index\\_en.html](http://www.sonyfh.co.jp/web/index_en.html)

#### **IV. Attachment**

Content of Presentation Material

#### **Consolidated Financial Results for the Year Ended March 31, 2013 and Sony Life's Preliminary Market Consistent Embedded Value as of March 31, 2013**

• Consolidated Operating Results for the Year Ended March 31, 2013 . . . . .	3
• Consolidated Financial Forecast for the Year Ending March 31, 2014 . . . . .	28
• Dividend Policies . . . . .	30
• Sony Life's Preliminary MCEV as of March 31, 2013 and Risk Amount Based on Economic Value . . . . .	32
• Sony Life's ALM and Asset Management . . . . .	34
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**Presentation Material**

# **Consolidated Financial Results for the Year Ended March 31, 2013 and Sony Life's Preliminary Market Consistent Embedded Value As of March 31, 2013**

**Sony Financial Holdings Inc.  
May 20, 2013**

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**1**

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**Content**

■ Consolidated Operating Results for the Year Ended March 31, 2013	<b>P.3</b>
■ Consolidated Financial Forecast for the Year Ending March 31, 2014	<b>P.28</b>
■ Dividend Policies	<b>P.30</b>
■ Sony Life's Preliminary MCEV as of March 31, 2013 and Risk Amount Based on Economic Value	<b>P.32</b>
■ Sony Life's ALM and Asset Management	<b>P.34</b>
■ Appendix	<b>P37</b>

**Disclaimers:**

This presentation material contains statements concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that pertain to future operating performance and that are not historic facts are forward-looking statements. Forward-looking statements may include—but are not limited to—words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” and “possibility” that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of the Sony Financial Group, based on information that is currently available to it. As such, these forward-looking statements 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. The Sony Financial Group disclaims any obligation to revise forward-looking statements 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 for 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.

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**2**

# Consolidated Operating Results for the Year Ended March 31, 2013

3

## Management Review

### ■ FY2012 Results and FY2013 Forecast (Consolidated)

- During FY2012, we maintained stable and sustainable business growth in all the businesses: life insurance, non-life insurance and banking. In addition, thanks to the market recovery, we posted increases in revenues and profit year on year, which exceeded our previous forecast announced on February 2013.
- For FY2013 forecast, stable and sustainable business growth is expected, however, both revenues and profit are expected to decrease year on year. This is because we do not expect such increases in revenues and profit due to the market recovery as recorded in FY2012. We also anticipate a negative impact resulting from the revision of discount rate used for calculating policy reserves.
- Without the above mentioned factors, we expect stable increases in revenues and profit in FY2013.

### ■ Sony Life's MCEV

- During FY2012, Sony Life's MCEV steadily increased due to an increase in policies in force, as well as reducing the impact of lower interest rates, based on Sony Life's ALM initiatives. Risk amount is also fully controlled within a low level of MCEV.

### ■ Return to Shareholders

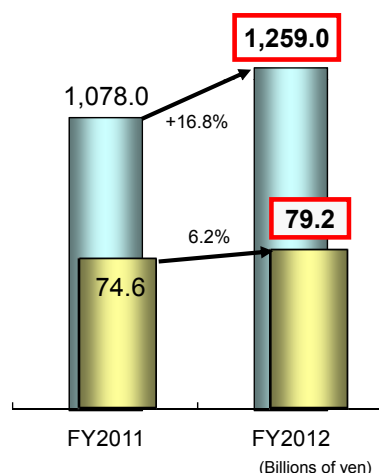
- We plan to pay a year-end dividend of ¥25 per share for FY2012, up ¥5 from FY2011. We will continue to return profits to shareholders through steadily increasing dividends.
- At this moment, we plan to pay a year-end dividend of ¥25 per share for FY2013, unchanged from FY2012.

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# Highlights of Consolidated Operating Performance for the Year Ended March 31, 2013 (1)

□ Ordinary revenues □ Ordinary profit



(Billions of yen)		FY2011	FY2012	Change	
Life Insurance Business	Ordinary revenues	967.5	1,142.3	+174.8	+18.1%
	Ordinary profit	68.1	72.7	+4.5	+6.7%
Non-life Insurance Business	Ordinary revenues	80.0	84.7	+4.6	+5.8%
	Ordinary profit	2.8	2.3	(0.4)	(17.1%)
Banking Business	Ordinary revenues	32.5	34.3	+1.7	+5.5%
	Ordinary profit	3.4	3.9	+0.4	+14.2%
Intersegment Adjustments*	Ordinary revenues	(2.1)	(2.3)	(0.2)	—
	Ordinary profit	0.1	0.1	+0.0	+35.0%
Consolidated	Ordinary revenues	1,078.0	1,259.0	+180.9	+16.8%
	Ordinary profit	74.6	79.2	+4.6	+6.2%
	Net income	32.8	45.0	+12.2	+37.3%

(Billions of yen)		12.3.31	13.3.31	Change from 12.3.31	
Consolidated	Total assets	7,241.4	8,096.1	+854.7	+11.8%
	Net assets	347.8	435.4	+87.6	+25.2%

\*Amounts in ordinary profit in the "Intersegment adjustments" are mainly from SFH.

\*Comprehensive income: FY2011: ¥60.3 billion, FY2012: ¥96.2 billion

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Highlights of Consolidated Operating Performance for the Year Ended March 31, 2013 (2)

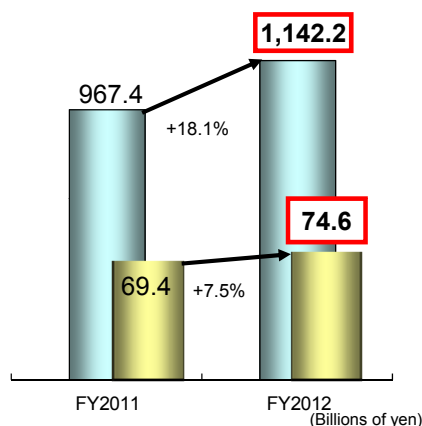
<YonY comparison>

- **Life insurance business:** Ordinary revenues increased year on year due mainly to a significant increase in income from insurance premiums associated with steady growth in policy amount in force, and an increase in investment income on separate accounts due to the market recovery. Ordinary profit increased due primarily to a reversal of policy reserves for minimum guarantees for variable life insurance and a recovery from negative spread into positive at Sony Life. These positive factors surpassed the company's negative effects stemming from recording higher profit in the previous fiscal year due to the reversal of reserve for outstanding claims related to the Great East Japan Earthquake.
- **Non-life insurance business:** Ordinary revenues increased year on year, owing to an increase in net premiums written, as the number of insurance policies in force grew primarily for its mainstay automobile insurance. Ordinary profit decreased year on year owing mainly to higher provision of reserve for outstanding losses, although net loss ratio remained at the same levels.
- **Banking business:** Ordinary revenues increased year on year due to an increase in interest income on loans led by the growing balance of mortgage loans and an increase in net fees and commissions resulting from Sony Bank's July 2011 acquisition of SmartLink Network, Inc., which became its consolidated subsidiary. Ordinary profit increased year on year due mainly to the increase in profit related to mortgage loan business.
- Consolidated ordinary revenues increased 16.8% compared with the previous fiscal year, to ¥1,259.0 billion, owing to increases in ordinary revenues from all the businesses. Consolidated ordinary profit increased 6.2% year on year, to ¥79.2 billion. By business segment, ordinary profit from the life insurance business and the banking business increased, whereas ordinary profit from the non-life insurance business decreased year on year. Consolidated net income increased 37.3% year on year, to ¥45.0 billion, reflecting the previous fiscal year's increase in deferred income taxes owing to the partial reversal of deferred tax assets associated with the reduction in the corporate tax rate.

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

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

■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues and ordinary profit increased year on year.
- ◆ Income from insurance premiums significantly increased due to steady growth in policy amount in force.
- ◆ Investment income increased year on year, reflecting an increase in investment income on separate accounts due to the market recovery.
- ◆ Ordinary profit increased due primarily to a reversal of policy reserves for minimum guarantees for variable life insurance and a recovery from negative spread into positive at Sony Life. These positive factors surpassed the company's negative effects stemming from recording higher profit in the previous fiscal year due to the reversal of reserve for outstanding claims related to the Great East Japan Earthquake.

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

(Billions of yen)	FY2011	FY2012	Change	
<b>Ordinary revenues</b>	967.4	1,142.2	+174.8	+18.1%
Income from insurance premiums	816.1	925.8	+109.7	+13.5%
Investment income	133.9	199.8	+65.8	+49.2%
Interest income and dividends	97.9	108.5	+10.5	+10.8%
Income from monetary trusts, net	5.2	5.2	(0.0)	(0.4%)
Gains on sale of securities	7.5	2.4	(5.1)	(68.0%)
Gains on separate accounts, net	23.1	83.6	+60.4	+261.3%
<b>Ordinary expenses</b>	897.9	1,067.6	+169.6	+18.9%
Insurance claims and other payments	287.4	293.9	+6.4	+2.3%
Provision for policy reserves and others	471.5	630.5	+158.9	+33.7%
Investment expenses	14.3	11.6	(2.6)	(18.7%)
Losses on sale of securities	2.6	1.5	(1.0)	(39.1%)
Losses on separate accounts, net	1.6	0.3	(1.3)	(80.7%)
Operating expenses	105.4	109.0	+3.5	+3.4%
<b>Ordinary profit</b>	69.4	74.6	+5.2	+7.5%
<b>Net income</b>	31.4	42.4	+11.0	+35.1%

(Billions of yen)	12.3.31	13.3.31	Change from 12.3.31	
<b>Securities</b>	4,545.0	5,211.5	+666.5	+14.7%
<b>Policy reserves</b>	4,843.0	5,472.9	+629.9	+13.0%
<b>Total net assets</b>	264.8	342.3	+77.4	+29.3%
Net unrealized gains on other securities	34.0	80.2	+46.2	+135.9%
<b>Total assets</b>	5,222.8	5,952.7	+729.9	+14.0%
Separate account assets	444.2	550.6	+106.3	+23.9%

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

(Billions of yen)	FY2011	FY2012	Change	
<b>New policy amount</b>	4,203.3	4,454.6	+6.0%	◆ Increased due to much higher sales of living benefit insurance and whole life insurance.
<b>Lapse and surrender amount</b>	2,056.2	1,911.9	(7.0%)	◆ Decreased due mainly to term-life insurance.
<b>Lapse and surrender rate</b>	5.93%	5.31%	(0.62pt)	
<b>Policy amount in force</b>	36,077.0	37,779.0	+4.7%	
<b>Annualized premiums from new policies</b>	70.8	73.2	+3.4%	◆ Increased due to much higher sales of living benefit insurance, whole life insurance and term life insurance.
Of which, third-sector products	17.1	18.3	+7.6%	
<b>Annualized premiums from insurance in force</b>	635.4	669.9	+5.4%	
Of which, third-sector products	148.9	158.6	+6.5%	
	FY2011	FY2012	Change	
<b>Gains from investment, net (general account)</b>	96.4	104.5	+8.4%	◆ Increased due to an increase in interest income and dividends despite lower gains on sale of securities.
<b>Core profit</b>	71.6	80.0	+11.7%	
<b>Positive (Negative) spread</b>	(1.5)	2.1	—	◆ Increased due primarily to a reversal of policy reserves for minimum guarantees for variable life insurance and a recovery from negative spread into positive at Sony Life. These positive factors surpassed the company's negative effects stemming from recording higher profit in the previous fiscal year due to the reversal of reserve for outstanding claims related to the Great East Japan Earthquake.
	12.3.31	13.3.31	Change from 12.3.31	
<b>Non-consolidated solvency margin ratio</b>	1,980.4%	2,281.8%	+301.4pt	

Notes:

- \*1. Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, policy amount in force, annualized premiums from new policies and annualized premiums from insurance in force are calculated as the total of individual life insurance and individual annuities.
- \*2. 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.
- \*3. The plus amount in negative spread indicates positive spread.

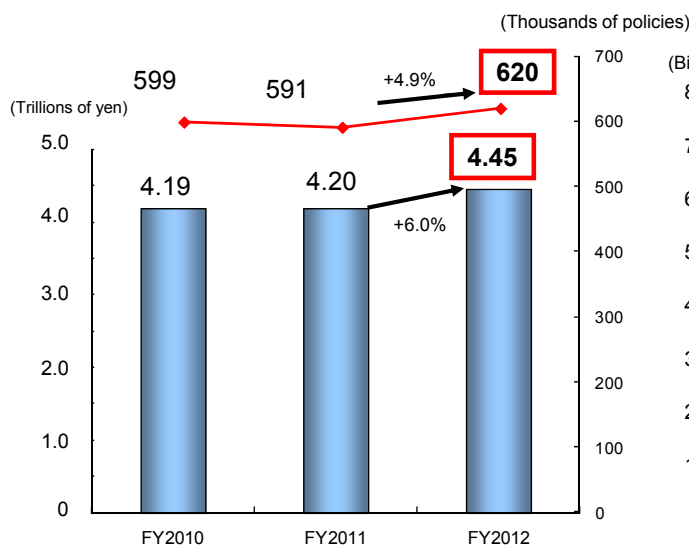
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

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# Sony Life Operating Performance (1)

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

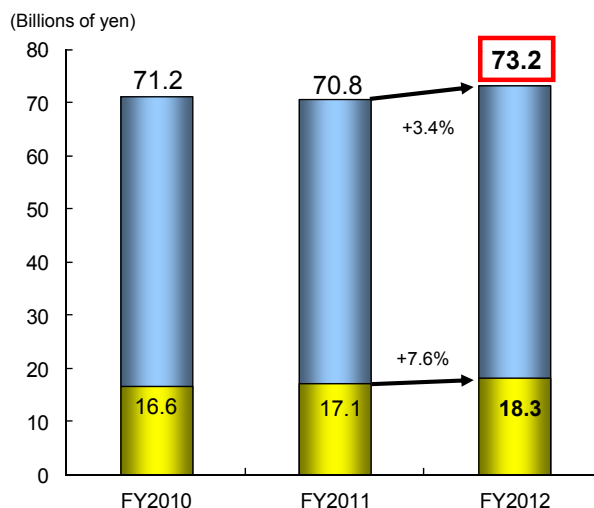
■ New Policy amount — Number of new policies



Line item amounts are truncated below ¥10 billion; numbers of policies are truncated below 1,000 policies; percentage change figures are rounded.

## Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)

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

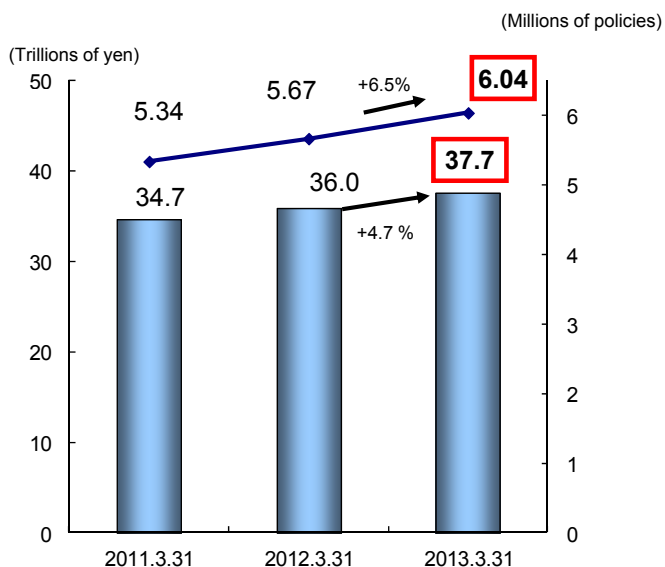


Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Sony Life Operating Performance (2)

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

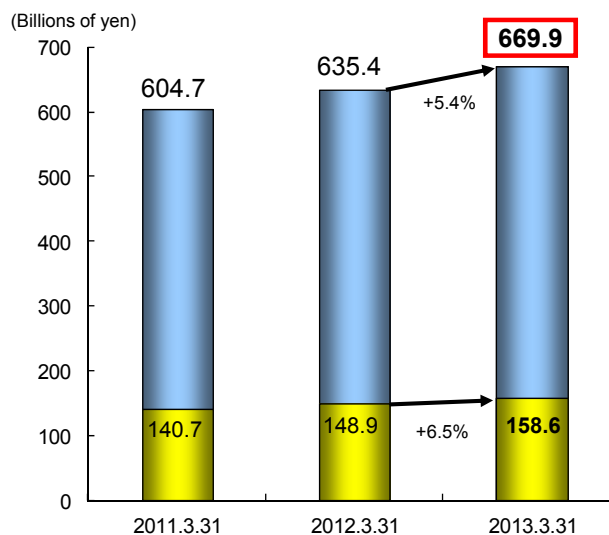
■ Policy amount in force — Number of policies in force



Line item amounts are truncated below ¥100 billion; numbers of policies are truncated below 10,000 policies; percentage change figures are rounded.

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

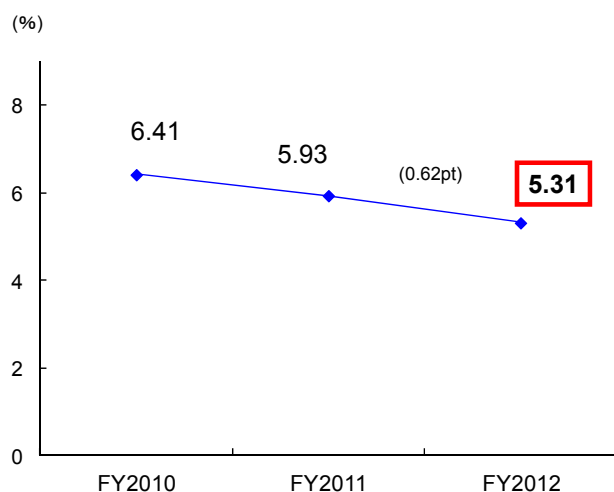
■ Annualized premiums from insurance in force ■ Of which, third-sector



Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

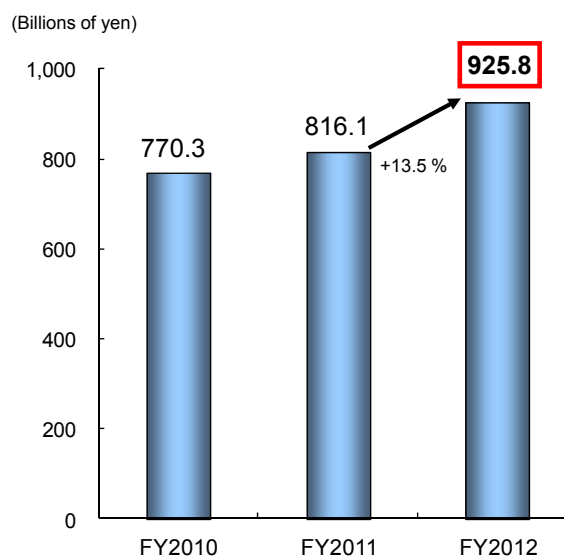
## Sony Life Operating Performance (3)

### 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.

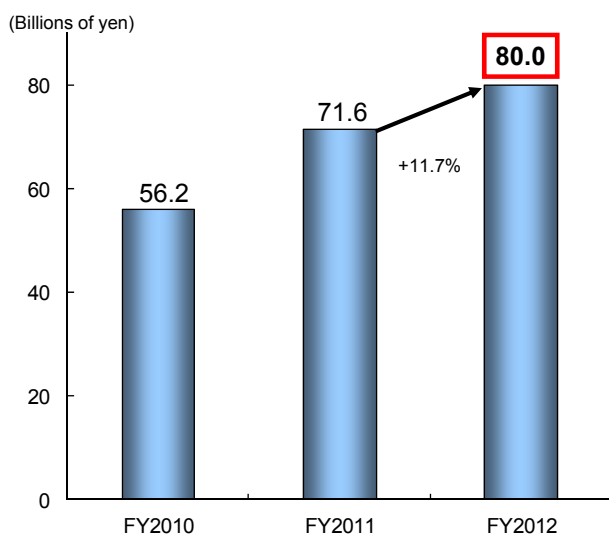
### Income from Insurance Premiums



Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

## Sony Life Operating Performance (4)

### Core Profit

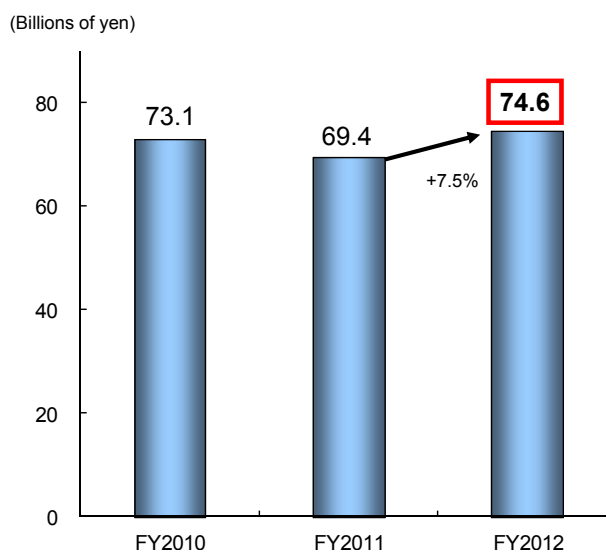


(Reference)  
Provision of policy reserves for minimum guarantees for variable life insurance in the general account assets

(Billions of yen)			
FY2010	FY2011	FY2012	Y on Y Change
5.0	2.8	(1.3)	(4.1)

Note: Negative amount in provision of policy reserves for minimum guarantees for variable life insurance indicate reversal of reserve for policy reserves.

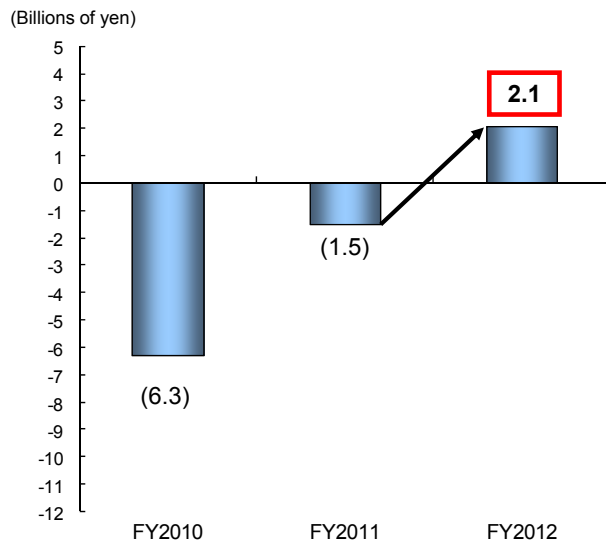
### Ordinary Profit



Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

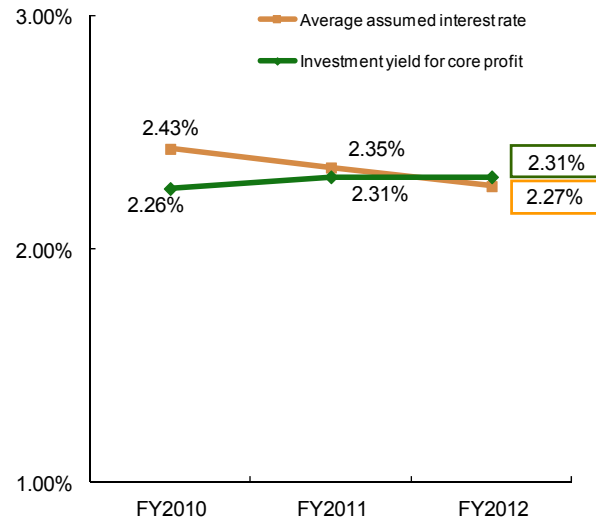
## Sony Life Operating Performance (5)

### Negative Spread



\* The plus amount in negative spread indicates positive spread.

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

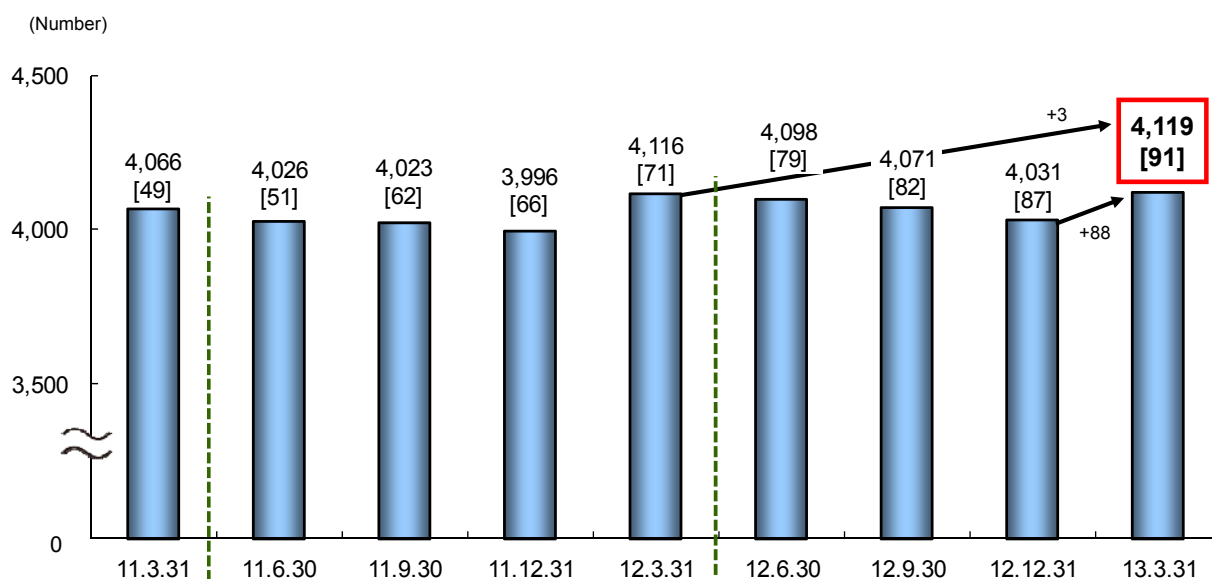


Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

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## Sony Life Operating Performance (6)

### Number of Lifepanner Sales Employees



Note: Figures in [ ] show the number of Lifepanner sales employees (rehired on a fixed-term contract basis after retirement) included in the overall numbers, those who have reached retirement age but who continue to work as Lifepanner sales employees that meet certain sales conditions and other requirements.

\* "Lifepanner" is a registered trademark of Sony Life Insurance Co., Ltd.

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## Sony Life Operating Performance (7)

### Breakdown of General Account Assets

(Billions of yen)	12.3.31		13.3.31	
	Amount	%	Amount	%
Japanese government and corporate bonds	3,975.7	83.2%	4,561.0	84.4%
Japanese stocks	45.0	0.9%	31.1	0.6%
Foreign securities	59.6	1.2%	62.0	1.1%
Foreign stocks	30.5	0.6%	25.4	0.5%
Monetary trusts	288.2	6.0%	306.1	5.7%
Policy loans	138.7	2.9%	145.0	2.7%
Real estate	72.9	1.5%	70.3	1.3%
Cash and call loans	64.8	1.4%	103.3	1.9%
Others	102.6	2.1%	97.7	1.8%
<b>Total</b>	<b>4,778.5</b>	<b>100.0%</b>	<b>5,402.1</b>	<b>100.0%</b>

#### <Asset management review>

On the asset side, we lengthened the duration of securities held to match the liability characteristics of insurance policies with long-term maturities with the aim of reducing interest rate risk.

Japanese government and corporate bonds: Continue to accumulate ultralong-term bonds in FY12



#### [Lengthened asset duration]

11.3.31 18.5 year

12.3.31 19.2 year

13.3.31 19.9 year

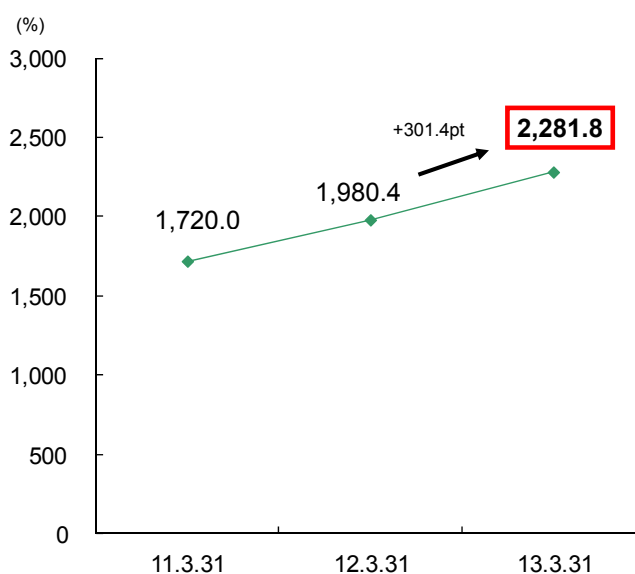
■ Investment in the monetary trusts is mainly into Japanese government and corporate bonds.

■ The holding ratio on the real status, of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets: As of Mar. 31, 2013: 90.1% (As of Mar. 31, 2012: 89.2%)

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

## Sony Life Operating Performance (8)

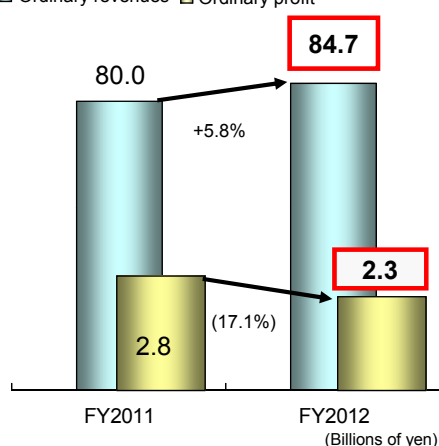
### Non-consolidated Solvency Margin Ratio



Note: The non-consolidated solvency margin ratios are calculated based on the current standards applied from the end of fiscal 2011 (March 31, 2012).

# Highlights of Operating Performance: Sony Assurance

■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues increased but ordinary profit decreased year on year.
- ◆ Ordinary revenues increased year on year, owing to an increase in net premiums written, as the number of insurance policies in force grew primarily for automobile insurance.
- ◆ Ordinary profit decreased year on year owing mainly to higher provision of reserve for outstanding losses, although net loss ratio remained at the same levels.

(Billions of yen)	FY2011	FY2012	Change	
<b>Ordinary revenues</b>	80.0	<b>84.7</b>	+4.6	+5.8%
Underwriting income	79.1	<b>83.6</b>	+4.4	+5.6%
Investment income	0.8	<b>1.0</b>	+0.1	+17.0%
<b>Ordinary expenses</b>	77.2	<b>82.3</b>	+5.1	+6.6%
Underwriting expenses	58.0	<b>61.8</b>	+3.7	+6.5%
Investment expenses	0.0	<b>0.0</b>	+0.0	+70.6%
Operating, general and administrative expenses	19.0	<b>20.4</b>	+1.4	+7.3%
<b>Ordinary profit</b>	2.8	<b>2.3</b>	(0.4)	(17.1%)
<b>Net income</b>	1.2	<b>1.4</b>	+0.1	+11.9%

(Billions of yen)	12.3.31	13.3.31	Change from 12.3.31	
<b>Underwriting reserves</b>	67.3	<b>70.6</b>	+3.2	+4.8%
<b>Total net assets</b>	18.0	<b>19.9</b>	+1.9	+10.7%
<b>Total assets</b>	118.6	<b>127.4</b>	+8.8	+7.4%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

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# Overview of Operating Performance: Sony Assurance

(Billions of yen)	FY2011	FY2012	Change
<b>Direct premiums written</b>	78.3	<b>82.5</b>	+5.4%
<b>Net premiums written</b>	79.1	<b>83.5</b>	+5.6%
<b>Net losses paid</b>	45.0	<b>47.1</b>	+4.7%
<b>Underwriting profit</b>	2.1	<b>1.3</b>	(33.7%)
<b>Net loss ratio</b>	63.3%	<b>63.2%</b>	(0.1pt)
<b>Net expense ratio</b>	25.7%	<b>26.0%</b>	+0.3pt
<b>Combines ratio</b>	89.0%	<b>89.2%</b>	+0.2pt

Notes:

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

	12.3.31	13.3.31	Change from 12.3.31	
<b>Number of policies in force</b>	1.49 million	<b>1.55 million</b>	+0.05 million	+4.0%
<b>Non-consolidated solvency margin ratio</b>	557.8%	<b>504.2%</b>	(53.6pt)	

Note: The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written.

## <Reasons for changes>

- ◆ Increased owing to an increase in the number of policies in force for automobile insurance.
- ◆ Increased owing mainly to an increase in the number of insurance payments due to the higher number of policies in force for automobile insurance.
- ◆ Increased owing mainly to increases in the system-related expenses, personnel expenses and insurance acquisition cost for new policies.

- ◆ Increased due to an increase in the number of policies in force for automobile insurance.

Line item amounts are truncated below ¥100 million; number of policies are truncated below 10,000 policies; percentage change figures are rounded.

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# Sony Assurance's Underwriting Performance by Type of Policy

## Direct Premiums Written

(Millions of yen)	FY2011	FY2012	Change
Fire	176	236	+34.1%
Marine	—	—	—
Personal accident*	7,424	7,898	+6.4%
Voluntary automobile	70,712	74,406	+5.2%
Compulsory automobile liability	—	—	—
Total	78,313	82,541	+5.4%

## Net Premiums Written

(Millions of yen)	FY2011	FY2012	Change
Fire	72	86	+19.3%
Marine	90	142	+56.9%
Personal accident*	7,626	8,138	+6.7%
Voluntary automobile	70,457	74,140	+5.2%
Compulsory automobile liability	893	1,075	+20.3%
Total	79,141	83,582	+5.6%

\*SURE, medical and cancer insurance is included in personal accident

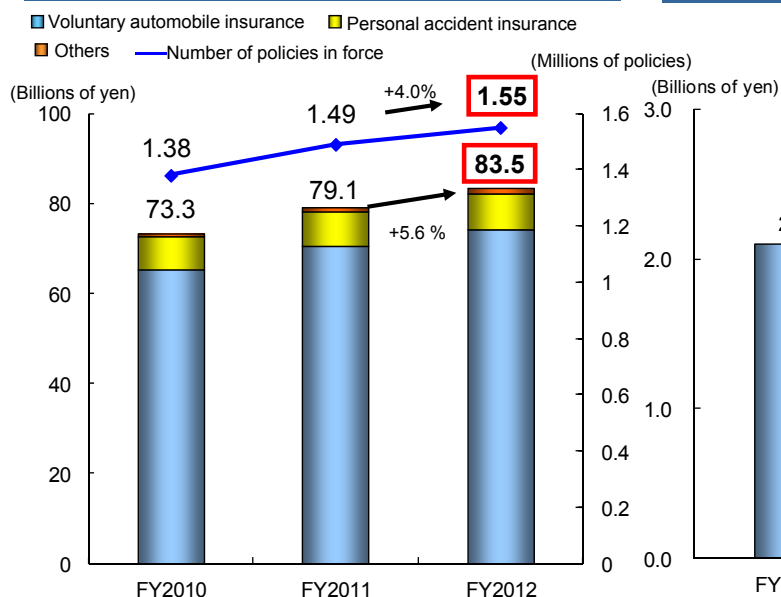
## Net Losses paid

(Millions of yen)	FY2011	FY2012	Change
Fire	40	1	(97.3%)
Marine	138	185	+33.8%
Personal accident*	1,796	1,957	+9.0%
Voluntary automobile	42,193	44,004	+4.3%
Compulsory automobile liability	862	1,004	+16.5%
Total	45,032	47,153	+4.7%

Line item amounts are truncated below ¥1 million; percentage change figures are rounded.

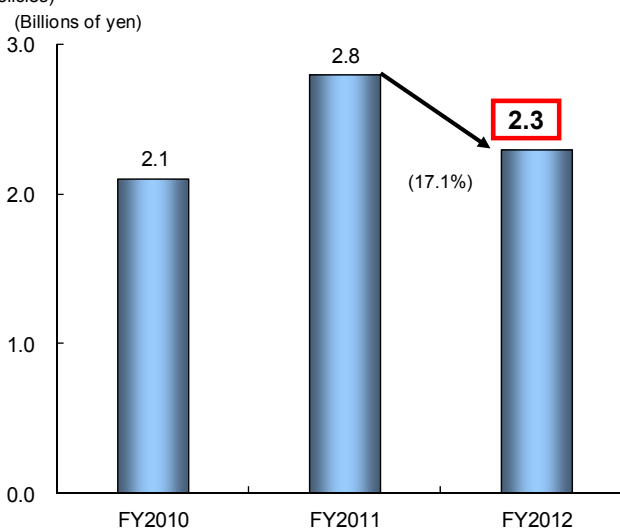
# Sony Assurance Operating Performance (1)

## Net Premiums Written and Number of Policies in Force



The number of policies in force is the total of automobile insurance and medical and cancer insurance policies, which account for 99% of net premiums written. More than 90% of personal accident insurance is medical and cancer insurance.

## Ordinary Profit



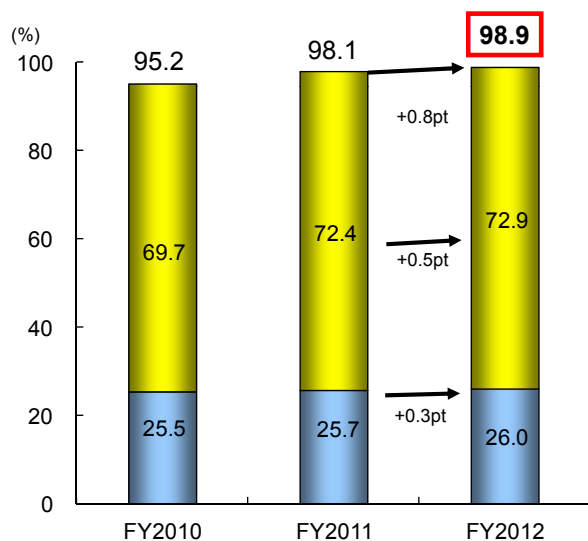
Line item amounts are truncated below ¥100 million; number of policies are truncated below 10,000 policies; percentage change figures are rounded.



## Sony Assurance Operating Performance (2)

### Earned/Incurred Loss Ratio + Net Expense Ratio

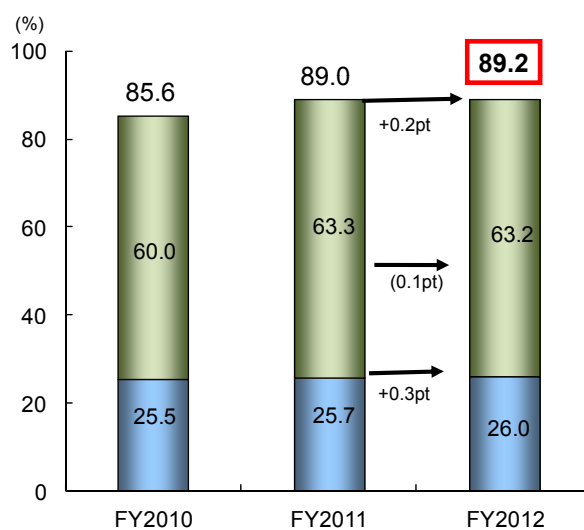
■ Earned/Incurred loss ratio ■ Net expense ratio



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

### <Reference> Combines Ratio (Net Loss Ratio + Net Expense Ratio)

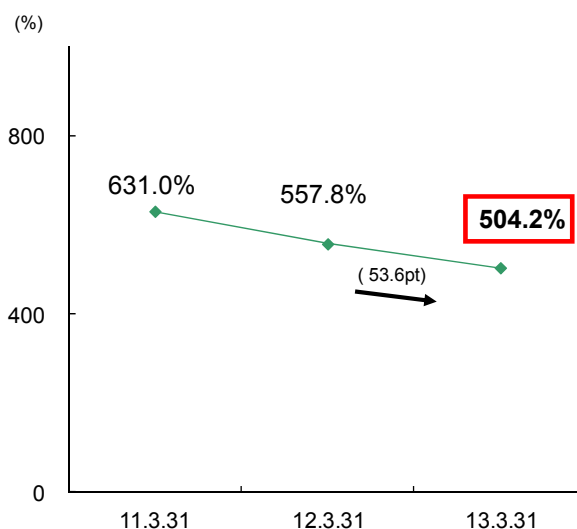
■ Net loss ratio ■ Net expense ratio



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

## Sony Assurance Operating Performance (3)

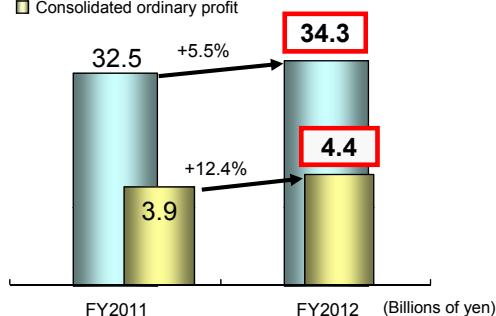
### Non-consolidated Solvency Margin Ratio



Note: The non-consolidated solvency margin ratios are calculated based on the current standards applied from the end of fiscal 2011 (March 31, 2012).

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

■ Consolidated ordinary revenues  
■ Consolidated ordinary profit



## <Consolidated>

◆ Consolidated ordinary revenues increased year on year due to an increase in interest income on loans led by the growing balance of mortgage loans and an increase in net fees and commissions resulting from Sony Bank's acquisition of SmartLink Network, Inc., which became its consolidated subsidiary. Consolidated ordinary profit increased year on year due mainly to an increase in profit related to mortgage loan business. Consolidated net income increased due to recording deferred tax assets on the sale of Sony Bank Securities on August 1, 2012.

## <Non-consolidated>

◆ Gross operating profit slightly increased year on year.  
-Net interest income increased owing to an increase in interest income on loans led by a growing balance of mortgage loans and a decrease in interest expenses.  
-Net fees and commissions slightly decreased as Sony Bank stopped charging FX transaction, despite higher gains on fees and commissions related to mortgage loan business.  
-Net other operating income decreased reflecting lower gains on bond dealing transactions.  
◆ Net income decreased owing to recording extraordinary losses (¥2.7 billion) on the sale of Sony Bank Securities Inc.

## <Consolidated>

(Billions of yen)	FY2011	FY2012	Change	
Consolidated ordinary revenues	32.5	34.3	+1.7	+5.5%
Consolidated ordinary profit	3.9	4.4	+0.4	+12.4%
Consolidated net income	1.7	3.2	+1.5	+87.6%

## <Non-consolidated>

(Billions of yen)	FY2011	FY2012	Change	
Ordinary revenues	30.0	31.3	+1.2	+4.2%
Gross operating profit	18.3	18.5	+0.1	+1.0%
Net interest income	16.1	18.1	+2.0	+12.5%
Net fees and commissions	0.1	0.1	(0.0)	(38.1%)
Net other operating income	2.0	0.2	(1.7)	(86.2%)
General and administrative expenses	13.8	13.9	+0.1	+1.1%
Net operating profit	4.3	4.5	+0.1	+4.5%
Ordinary profit	4.0	4.2	+0.2	+6.2%
Net income	2.3	0.8	(1.4)	(62.4%)

(Billions of yen)	12.3.31	13.3.31	Change from 12.3.31	
Total net assets	62.7	67.8	+5.0	+8.0%
Net unrealized gains on other securities (net of taxes)	1.7	6.5	+4.7	+269.9%
Total assets	1,890.5	2,005.0	+114.5	+6.1%

Line item amounts are truncated below ¥100 million ; percentage change figures are rounded.

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

## <Reasons for changes>

(Billions of yen)	12.3.31	13.3.31	Change from 12.3.31	
Customer assets	1,864.3	1,974.3	+110.0	+5.9%
Deposits	1,762.2	1,857.4	+95.1	+5.4%
Yen	1,390.5	1,467.2	+76.6	+5.5%
Foreign currency	371.7	390.2	+18.5	+5.0%
Investment trusts	102.0	116.9	+14.9	+14.6%
Loans outstanding	835.5	970.2	+134.6	+16.1%
Mortgage loans	749.6	860.3	+110.6	+14.8%
Others	85.9	109.8 <sup>*1</sup>	+23.9	+27.9%
Number of accounts (10 thousand)	89	92	+2	+3.3%
Non-performing assets ratio (Based on Financial <sup>*2</sup> Reconstruction Law)	0.44%	0.41%	(0.03pt)	
Capital adequacy ratio <sup>*3</sup> (domestic criteria)	11.58%	11.98%	+0.40pt	
Tier 1 ratio	9.63%	8.85%	(0.78pt)	

◆ Yen deposits increased due to the positive effect of special offer for summer 2012 bonus season, and shifting customer assets from foreign currencies to yen deposits backed by yen depreciation after the end of December 2012.

◆ Foreign currency deposits increased reflecting a positive impact from foreign exchange conversion (+ ¥50.1 billion), despite a negative impact from converting more foreign currencies into yen led by yen depreciation after the end of December 2012.

◆ Loan balance increased due to a growing balance of mortgage loans, in addition to a higher corporate loan balance centered on syndicated loans.

◆ Non-performing assets ratio was kept at an extremely low level.

◆ In February 2013, Sony Bank borrowed funds from SFH as subordinated loan to reinforce its financial base. The Tier 1 ratio was also kept at a high level.

<sup>\*1</sup> Loans in others include corporate loans of ¥103.3 billion.

<sup>\*2</sup> Balance of problem assets based on the Financial Reconstruction Law / Total credit exposure

<sup>\*3</sup> Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P27.

Line item amounts are truncated below ¥100 million; numbers of accounts are truncated below 10 thousands accounts; percentage change figures are rounded.

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

## <Reference> On Managerial Accounting Basis

(Billions of yen)	FY2011	FY2012	Change	
<b>Gross operating profit</b>	18.3	<b>18.5</b>	+0.1	+1.0%
Net interest income <sup>*1</sup> ①	16.9	<b>17.6</b>	+0.6	+4.1%
Net fees and commissions <sup>*2</sup> ②	1.1	<b>1.0</b>	(0.1)	(14.2%)
Net other operating income <sup>*3</sup>	0.1	<b>(0.1)</b>	(0.3)	—
<b>Gross operating profit (core profit) (A)=①+②</b>	<b>18.1</b>	<b>18.6</b>	+0.5	+2.9%
<b>Operating expenses and other expenses ③</b>	13.9	<b>13.9</b>	(0.0)	(0.1%)
<b>Net operating profit (core profit) =(A)-③</b>	<b>4.1</b>	<b>4.6</b>	+0.5	+13.0%

### ■ Managerial accounting basis

The following adjustments are made to the figures on a financial accounting basis to 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), consists of profits and losses for bond and derivative dealing transactions.

### ■ Core basis

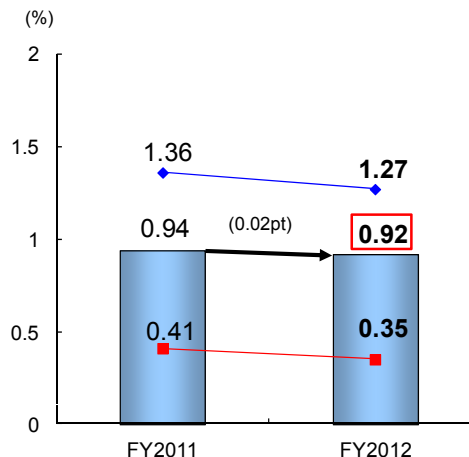
Profits and losses exclude net other operating income, which includes those on bond and derivative dealing transactions, and stands for Sony Bank's basic profits.

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

The calculation method on a managerial accounting basis was partly changed from this fiscal year. Accordingly, the figures for FY2011 were retroactively calculated.

## <Reference> Interest Spread (Managerial Accounting Basis)

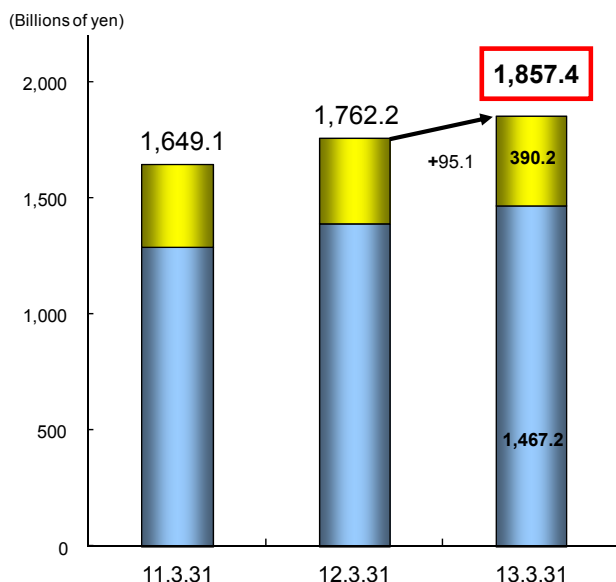
◆ Yield on investment    ■ Yield on financing  
■ Interest spread



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

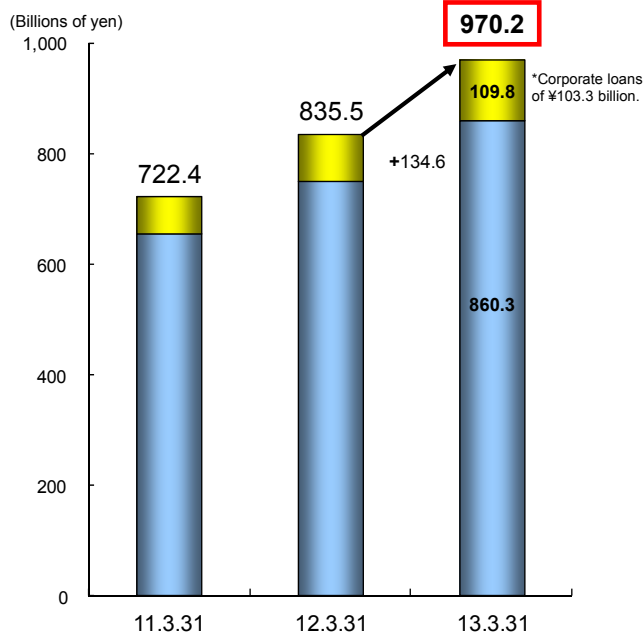
## Deposits

■ Yen deposits    ■ Foreign currency deposits



## Loans

■ Mortgage loans    ■ Others



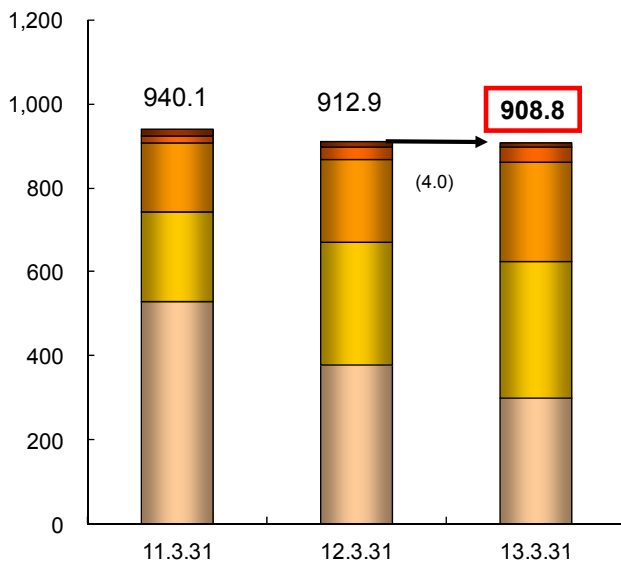
Line item amounts are truncated below ¥100 million

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

## Balance of Securities by Credit ratings

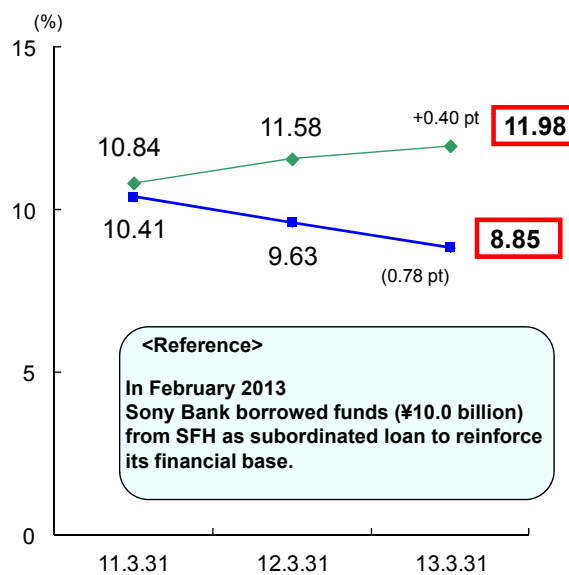
AAA AA A  
BBB Others

(Billions of yen)



## Non-consolidated Capital Adequacy Ratio (Domestic criteria)

Capital adequacy ratio Tier1 ratio



### <Reference>

In February 2013  
Sony Bank borrowed funds (¥10.0 billion)  
from SFH as subordinated loan to reinforce  
its financial base.

\*Calculated based on the standard FSA Notification No. 19 2006), which establishes standards based on Article 14-2 of the banking Act of Japan for determining the capital adequacy of a bank in light of the assets held by the bank.

Line item amounts are truncated below ¥100 million.

## Consolidated Financial Forecast for the Year Ending March 31, 2014

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## Consolidated Financial Forecast for the Year Ending March 31, 2014

### ■ FY2013 Consolidated Financial Forecast

(Billions of yen)	FY2012 (Actual)	FY2013 (Forecast)	Change
<b>Consolidated ordinary revenues</b>	1,259.0	<b>1,222.0</b>	(2.9%)
Life insurance business	1,142.3	<b>1,099.9</b>	(3.7%)
Non-life insurance business	84.7	<b>88.5</b>	+4.5%
Banking business	34.3	<b>34.0</b>	(0.9%)
<b>Consolidated ordinary profit</b>	79.2	<b>69.0</b>	(12.9%)
Life insurance business	72.7	<b>61.4</b>	(15.5%)
Non-life insurance business	2.3	<b>3.0</b>	+30.4%
Banking business	3.9	<b>4.3</b>	+10.3%
<b>Consolidated net income</b>	45.0	<b>37.0</b>	(17.8%)

#### ■ Life insurance business

Ordinary revenues are expected to decrease year on year, because we do not expect such an increase in investment income on separate account due to the market recovery as recorded in the previous fiscal year, although we expect higher income from insurance premiums. Ordinary profit is expected to decrease, since we do not expect such a reversal of policy reserves related to minimum guarantees for variable life insurance policies as recorded in the previous fiscal year. We also expect provision for policy reserves to increase reflecting a revision of discount rate used for calculating policy reserves.

#### ■ Non-life insurance business

Ordinary revenues are expected to increase year on year, owing to an increase in net premiums written, primarily for automobile insurance. Ordinary profit is expected to increase because we expect higher revenues and lower loss ratio.

#### ■ Banking Business

Ordinary revenues are expected to decrease year on year, owing mainly to a decrease in revenues in SmartLink Networks, despite an increase in interest income on loans led by a growing balance of mortgage loans. Ordinary profit is expected to rise, mainly because we anticipate a steady increase in gross operating profit, driven by business expansion.

Line item amounts are truncated below ¥1 million; percentage change figures are rounded.

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## Dividend Policies

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## Dividend Policies

**We plan to pay a year-end dividend of ¥25 per share for FY2012, up ¥5 from FY2011.  
(total dividend amount: ¥10.875 billion)**

### <Mid-term Dividend Policy>

- We aim for steady increases in dividends in line with earnings growth over the medium and long term, while securing sufficient internal reserves to ensure the financial soundness of the Group companies and invest in growing fields.
- Our mid-term target for the dividend payout ratio is 30% to 40% of consolidated net income.
- Management will determine specific dividend amounts for each fiscal year by taking into account a comprehensive range of factors, including the capital adequacy of each Group company relative to risk, investment opportunities, business forecasts and legal and regulatory developments worldwide.

### ■ Consolidated Net Income and Dividend Result/Forecast

	FY2010	FY2011	FY2012	FY2013 (Forecast)
Dividend per share	¥20	¥20	<b>¥25</b>	<b>¥25</b>
Annual dividend amount	¥8.7 billion	¥8.7 billion	<b>10.875 billion</b>	<b>¥10.875 billion</b>
Consolidated net income	¥41.7 billion	¥32.8 billion	<b>¥45.0 billion</b>	<b>¥37.0 billion</b>
Dividend payout ratio (consolidated)	20.9%	26.5%	<b>24.1%</b>	<b>29.4%</b>

Line item amounts are truncated below ¥100 million.

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## Sony Life's Preliminary MCEV as of March 31, 2013, and Risk Amount Based on Economic Value

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### Sony Life's Preliminary MCEV as of March 31, 2013, and Risk Amount Based on Economic Value

(Billions of yen)	12.3.31	13.3.31	Change from 12.3.31
<b>MCEV</b>	1,041.5	<b>1,064.7</b>	+23.2
Adjusted net worth	409.2	<b>770.8</b>	+361.7
Value of existing business	632.4	<b>293.9</b>	(338.5)
Of which, new business value	65.2	<b>41.6</b>	(23.6)

◆ MCEV steadily increased through Sony Life's efforts to increase policy amount in force and reduce a negative impact of lower interest rates with its ALM initiatives. This is because an increase in adjusted net worth led by a rise in price of ultralong-term JGBs held for ALM purpose, was enough to offset a decrease in value of existing business resulting from lower interest rates in the ultralong term.

◆ New business value and new business margin(\*) were ¥41.6 billion and 3.5% as of March 31, 2013, down compared with ¥65.2 billion and 6.4% as of March 31, 2012, due mainly to lower interest rates in the ultralong term.

(\*) New business margin equals new business value divided by present value of premium income.

(Billions of yen)	12.3.31	13.3.31	Change from 12.3.31
The risk amount based on economic value	551.5	<b>661.3</b>	+109.8

◆ The risk amount based on economic value increased due to business expansion and lower interest rates in the ultralong term, however, it was fully controlled within a low level of MCEV in terms of solvency.

Note1: The risk amount based on economic value refers to the total amount of Sony Life's risks, comprehensively examined and including insurance risk and market-related risk.

Note2: The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model, which is a similar but modified model based on the EU Solvency II (QIS5) standard method.

\* Please keep in mind that the validity of these calculations has not been verified by outside specialists. The calculation of MCEV as of March 31, 2013, in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced on May 27, 2013.

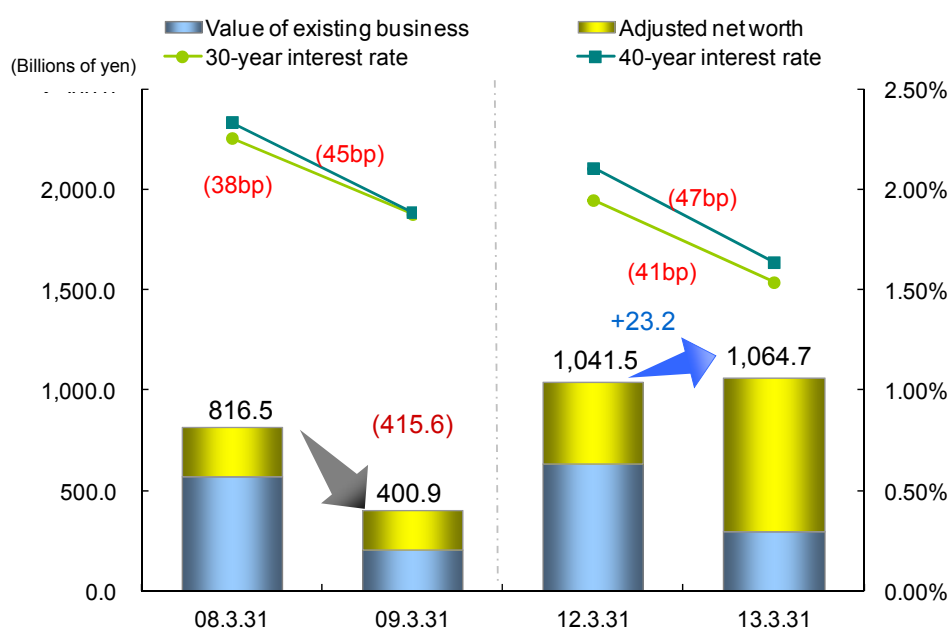
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## Sony Life's ALM and Asset Management

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### Result of Sony Life's ALM Initiatives

MCEV steadily increased by controlling interest rate risk with ALM initiatives, along with a steady acquisition of new policies



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No change in asset management policy, even after monetary easing

~ Investing most of new money in ultralong-term JGBs ~

## ■ Sony Life's Basic Policy on Risk Preferences

- Aims for stable and sustainable business growth in corporate value by aggressively increasing policies in force and underwriting insurance risk, while maintaining sufficient solvency based on economic value.
- Prioritizes investment in assets that match insurance liability characteristics to reduce interest rate risk pertaining to liabilities of insurance policies with long-term maturities, with the aim of securing corporate value of life insurance business.

## ■ Impact of and Response to Monetary Easing

- Maintains a sufficient level of solvency based on economic value, though interest rate sensitivity has risen and the amount of interest rate risk has increased due to a decline in ultralong-term interest rates.
- Continues to invest in ultralong-term JGBs while monitoring market trends, with the aim of reducing interest rate risk along with an acquisition of new policies though interest rates are expected to be persistently low.

## Appendix

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### Recent Topics 1

#### AEGON SONY LIFE INSURANCE Sales Update

Launch of sales: December 1, 2009

Common stock: ¥20 billion (including capital surplus of ¥10 billion)

Equity ownership: Sony Life insurance Co., Ltd. 50%, AEGON international B.V. 50%

Marketing products: Individual Variable Annuities (3 types, 4 products\*)

Sales Channels: Lifeplanner sales employees and partner Banks (9\*) \*As of May 20, 2013

Financial Highlights for FY2012: Number of new policies: 7,357, New policy amount: ¥51.1 billion  
(As of Mar. 31, 2013): Number of policies in force: 10,232, Policy amount in force: ¥76.1 billion



Line item amounts are truncated below ¥100 million.

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

■ Sony Life accounts for 25% of the balance of mortgage loans as of March 31, 2013

Sony Life accounts for 22% of the amount of new mortgage loans for FY12

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



#### Sony Assurance's Auto Insurance Sold by Sony Life

■ Sony Life accounts for approx. 5% of new automobile policies for FY12

\* Sony Life started handling automobile insurance in May 2001.



"Lifeplanner" is a registered trademark of Sony Life Insurance Co., Ltd.

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## <Highlight for FY2012>

2012-5-16	Sony Life launched the first phase of its "Co-Creation Project"
2012-7-27	Sony Assurance began providing smartphone applications designed to assist drivers to be conscious of the importance of safe driving, to solve problems when troubled and to get estimates and apply for automobile insurance via smartphone. Sony Assurance is the first Japanese automobile insurance provider to offer these smartphone applications and services.
2012-8-01	Sony Bank transferred all Sony Bank securities' shares to Monex Group with the aim of enhancing financial products intermediary services through strengthening business alliance with Monex Group.
2012-10-11	Sony Assurance added a GPS system to its free application, "Trouble Navigation" for smart phone users
2012-10-19	Sony Life launched the second phase of its "Co-Creation Project"
2012-10-22	Sony Bank began offering Chinese HongKong (CNH), South African Rand and Swedish Krona for foreign currency deposits
2012-11-01	Sony Assurance revised automobile insurance details including a discount on paperless insurance policies and establishing a new rider, commencing on or after November 1, 2012
2012-12-01	Sony Bank reduced exchange transaction fees for its all twelve foreign currency deposits and revised preferential system
2012-12-06	Sony Life transferred the business of Sony Life Insurance (Philippines) Corporation
2013-1-14	Sony bank launched new financial products intermediary services with Monex Group
2013-1-31	Sony Financial Holdings issued No. 2 unsecured corporate bonds (The bonds were raised as a subordinated loan aimed at reinforcing Sony Bank's financial base on February 1, 2013)
2013-4-02	Sony Life revised insurance premium rates on some products in line with the reduction in discount rate used for calculating policy reserves.
2013-5-01	Sony Life transferred the business of LIPLA Co., Ltd.
2013-5-02	Sony Life commenced sale of a new product: "U.S. Dollar Denominated Insurance."

## Sony Life: Fair Value Information on Securities (General Account Assets)

### Fair Value Information on Securities

Fair value information on securities with market value (except trading-purpose securities) (Billions of yen)

	11.3.31			12.3.31			13.3.31		
	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)
Held-to-maturity securities	2,914.3	2,892.1	(22.1)	3,404.8	3,560.6	155.8	3,874.2	4,425.9	551.7
Available-for-sale securities	940.1	964.3	24.2	895.1	956.1	60.9	955.9	1,079.2	123.2
Japanese government and corporate bonds	884.4	904.1	19.7	849.1	902.6	53.4	925.3	1,036.9	111.6
Japanese stocks	49.8	53.7	3.8	29.1	34.9	5.8	14.7	20.9	6.2
Foreign securities	1.9	1.8	(0.0)	15.3	16.7	1.3	14.4	18.6	4.2
Other securities	3.8	4.6	0.7	1.4	1.7	0.2	1.4	2.6	1.1
Total	3,854.4	3,856.5	2.0	4,299.9	4,516.8	216.8	4,830.2	5,505.2	675.0

Valuation gains (losses) on trading-purpose securities (Billions of yen)

11.3.31		12.3.31		13.3.31	
Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
-	-	-	-	-	-

Notes: 1) Line item amounts are truncated below ¥100 million. 2) Amounts above include those categorized as "monetary trusts."

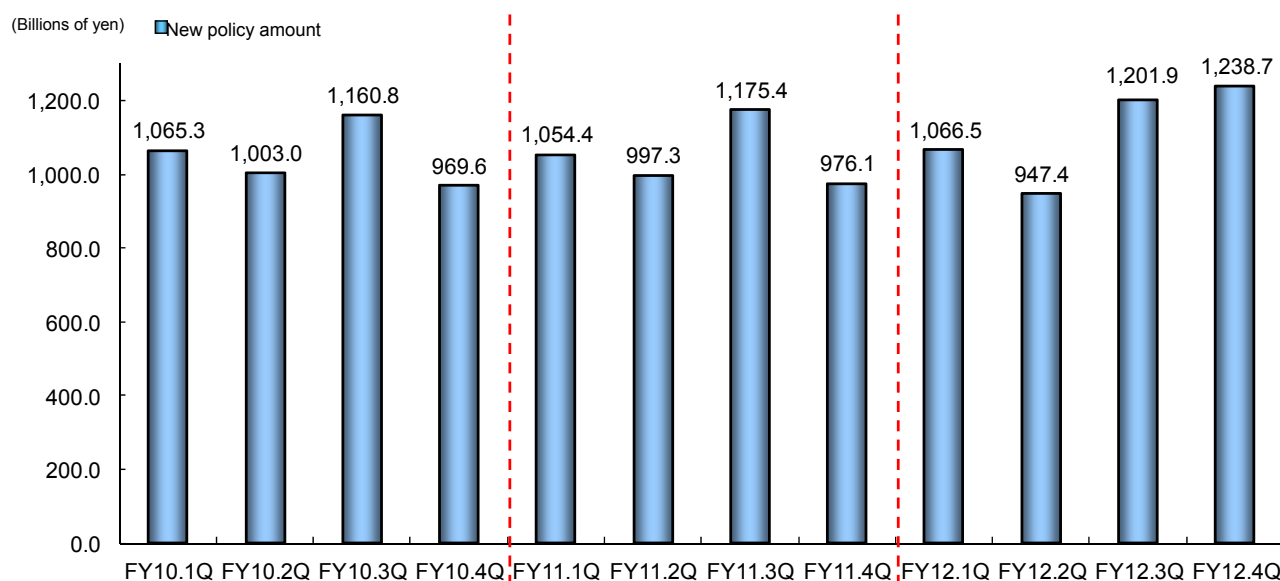
## Sony Life's Interest Income and Dividends (Details)

(Millions of yen)	FY2011	FY2012	Change
Cash and deposits	0	0	(6.8%)
Japanese government and corporate bonds	77,182	87,634	+13.5%
Japanese stocks	869	536	(38.4%)
Foreign securities	2,908	3,746	+28.8%
Other securities	285	251	(12.0%)
Loans	5,367	5,450	+1.5%
Real estate	11,241	10,854	(3.4%)
Others	105	67	(36.0%)
Total	97,960	108,539	+10.8%

Line item amounts are truncated below ¥1 million

## Sony Life's Quarter trend on New Policies Amount

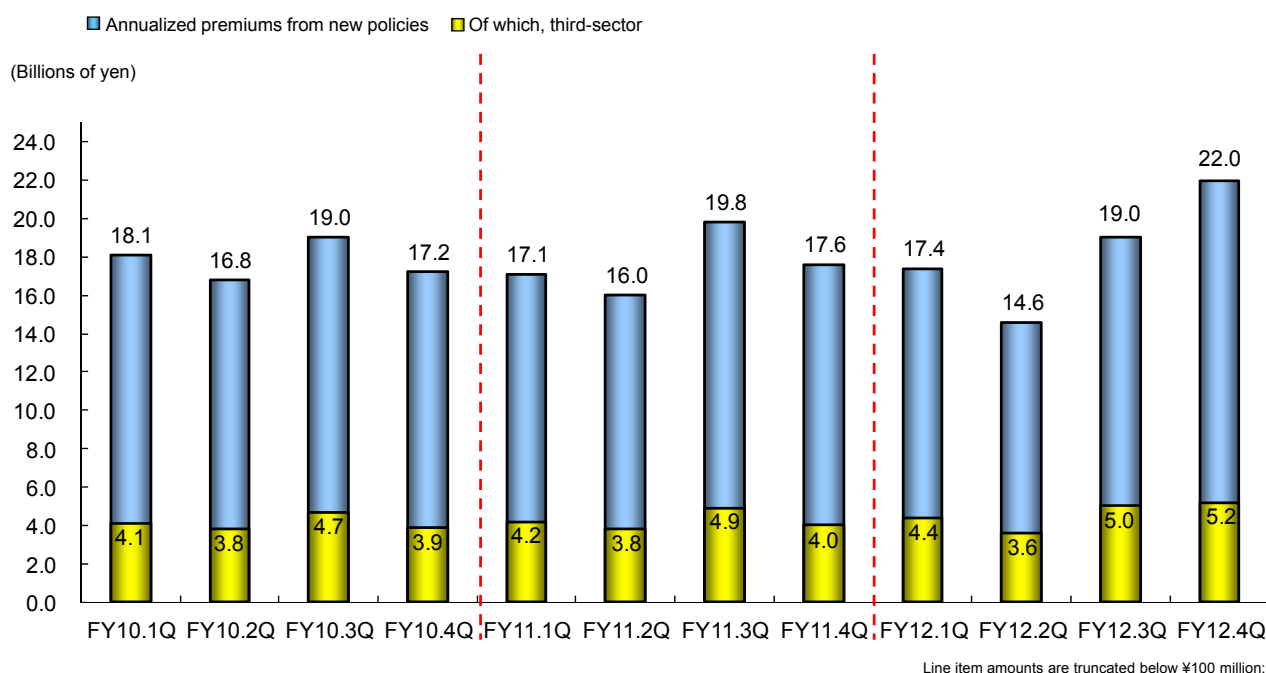
### Quarter (3M) trend on New Policies Amount



Line item amounts are truncated below ¥100 million;

# Sony Life's Quarter trend on Annualized Premiums from New Policies

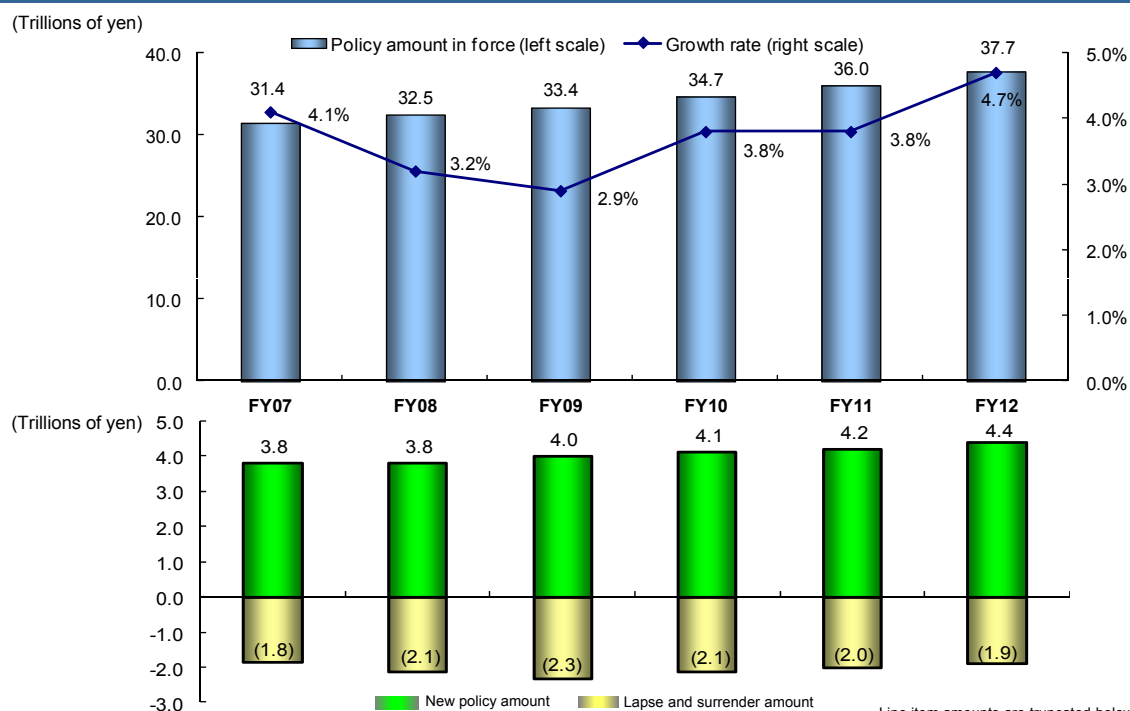
## Quarter (3M) trend on Annualized Premiums from of New Policies



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# Sony Life's Policy Amount in Force

## Policy Amount in Force/New Policy Amount/ Lapse and Surrender Amount



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