

**Consolidated Financial Summary (Japanese GAAP)
for the Six Months Ended September 30, 2014**

November 14, 2014

Company name: Sony Financial Holdings Inc.
(URL: 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 six months ended September 30, 2014

(1) Operating results

	Ordinary Revenues		Ordinary Profit		Net Income	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the six months ended September 30, 2014	643,065	5.2	46,967	27.6	31,180	49.3
For the six months ended September 30, 2013	611,121	11.7	36,810	10.9	20,884	5.9

Note: Comprehensive Income: For the six months ended September 30, 2014: ¥44,785million: 231.6%
For the six months ended September 30, 2013: ¥13,505million: (57.9)%

	Net Income per Share	Net Income per Share (Fully Diluted)
	Yen	Yen
For the six months ended September 30, 2014	71.68	—
For the six months ended September 30, 2013	48.01	—

(2) Financial conditions

	Total Assets	Total Net Assets	Net Asset Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2014	9,120,226	504,752	5.5
As of March 31, 2014	8,841,382	467,050	5.3

Note: Shareholders' equity: As of September 30, 2014: ¥503,459 million
As of March 31, 2014: ¥465,775 million

2. Dividends

	Dividend per Share				
Record date	1st quarter	2nd quarter	3rd quarter	Year-end	Annual Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March 31, 2014	—	0.00	—	30.00	30.00
For the year ending March 31, 2015	—	0.00			
For the year ending March 31, 2015 (forecast)			—	40.00	40.00

Note: Changes in dividend forecast since the most recent public announcement: None

3. Forecast of consolidated financial results for the year ending March 31, 2015

(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, 2015	1,191,000	(9.8)	77,000	1.1	49,000	21.0	112.64

4. Notes

(1) Changes in scope of consolidation during the period under review (changes in specified subsidiaries accompanying changes in scope of consolidation): None

(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: Yes

(b) Changes in accounting policies due to other reasons: None

(c) Changes in accounting estimates: None

(d) Restatements of the consolidated financial statements: None

Note: For details, please refer to the section entitled "1. Changes in accounting policies, accounting estimates and restatements of the consolidated financial statements" under "I. Notes Regarding Summary Information" on page 2 of the attachment.

(3) Number of shares outstanding (common stock)

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

As of September 30, 2014: 435,000,000 shares

As of March 31, 2014: 435,000,000 shares

(b) Number of treasury shares

As of September 30, 2014: 55 shares

As of March 31, 2014: 1 share

(c) Weighted-average number of shares

For the six months ended September 30, 2014: 434,999,945 shares

For the six months ended September 30, 2013: 434,999,999 shares

Status of quarterly review procedures

Interim financial statements in this document are 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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* The Conference Call for explaining the Sony Financial Group financial results will be held at 15:30 (Tokyo), November 14, 2014.

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 November 14, 2014 after 14:00, and its Q&A summary at a later date on Earning Releases and Presentation Materials page on our website:

http://www.sonyfh.co.jp/en/financial_info/results/

* On November 14, 2014, SFH's significant subsidiaries: Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. (Sony Assurance) and Sony Bank Inc. (Sony Bank) will announce their financial results for the six months ended September 30, 2014. SFH prepared an English-language summary of those Japanese announcements made by the above subsidiaries, solely for convenience of non-Japanese readers.

I. Notes Regarding Summary Information

1. Changes in accounting policies, accounting estimates and restatements of the consolidated financial statements

Changes in accounting policies

(Application of Accounting Standards for Retirement Benefits)

The Sony Financial Group has applied Clause 35 of the “Accounting Standards for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and Clause 67 of the “Guidance on Accounting Standards for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) from the first half of the fiscal year under review. Accordingly, the Company has reviewed its calculation method of retirement benefit obligations and service costs, changed the method of attributing expected benefit to periods from the point basis and straight-line basis to the benefit formula basis, and changed the method of determination of the discount rate. Primarily, this change was from a discount rate based on a number of years approximately equal to the average remaining service period to a weighted average discount rate for expected retirement benefit payment periods and the expected payment amount for each expected payment period.

Following Clause 37 of the “Accounting Standards for Retirement Benefits,” which stipulates transitional treatment of the new standard, the effect of the change in the calculation method of retirement benefit obligations and service costs is adjusted in retained earnings at the beginning of the current fiscal year.

As a result, at the beginning of the six months of the fiscal year under review, net defined benefit liability decreased ¥8,341 million, deferred tax assets fell ¥2,651 million, net defined benefit asset increased ¥274 million, and retained earnings grew ¥5,965 million. Ordinary profit and income before income taxes for the six months ended September 30, 2014, declined ¥115 million.

2. Additional Information

(Changes in presentation method)

In the past, the Sony Financial Group included amounts of interest on interest rate swaps and the like, which are hedging instrument gains (losses) resulting from interest rate risk hedging on available-for-sale securities, within “Other operating income” and “Other operating expenses” for the Banking Business. From the first half of the fiscal year under review, the Group has instead included these amounts in “Interest income” and “Interest expenses.”

The Sony Financial Group made this change to clarify hedging effectiveness by correlating the gains (losses) of hedged assets with the losses (gains) of the hedging instrument. The Group made this change because of the growing importance of hedge transactions following an increase in the bond investment balance that is hedged.

As a result, ¥782 million presented as “Other operating expenses” in the consolidated statements of income for the six months of the previous fiscal year has been restated to ¥334 million for “Other operating income” and ¥1,116 million for “Interest expenses.”

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Cash and due from banks	¥204,546	¥115,818
Call loans and bills bought	40,628	42,915
Monetary trusts	325,831	330,317
Securities	6,822,151	7,104,296
Loans	1,211,638	1,250,640
Tangible fixed assets	71,565	123,669
Intangible fixed assets	36,774	34,772
Goodwill	179	139
Others	36,595	34,633
Due from reinsurers	158	663
Foreign exchanges	7,752	6,499
Other assets	100,503	98,069
Net defined benefit asset	1,730	2,130
Deferred tax assets	19,872	12,121
Reserve for possible loan losses	(1,769)	(1,688)
Total Assets	¥8,841,382	¥9,120,226

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Policy reserves and others	¥6,263,315	¥6,562,536
Reserve for outstanding claims	57,400	62,388
Policy reserves	6,201,676	6,495,867
Reserve for policyholders' dividends	4,237	4,280
Due to agencies	2,169	2,067
Due to reinsurers	650	534
Deposits	1,889,970	1,824,588
Call money and bills sold	6,000	6,000
Borrowed money	20,000	20,000
Foreign exchanges	40	88
Bonds payable	20,000	20,000
Other liabilities	95,725	110,683
Reserve for employees' bonuses	3,204	2,994
Net defined benefit liability	30,272	22,794
Reserve for directors' retirement benefits	250	293
Special reserves	41,657	42,287
Reserve for price fluctuations	41,657	42,287
Deferred tax liabilities	539	67
Deferred tax liabilities on land revaluation	536	536
Total Liabilities	8,374,332	8,615,474
Net Assets		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	164,790	188,885
Treasury stock	(0)	(0)
Total shareholders' equity	379,967	404,062
Net unrealized gains (losses) on other securities, net of taxes	92,002	105,066
Net deferred gains (losses) on hedging instruments, net of taxes	(2,388)	(2,323)
Land revaluation, net of taxes	(1,513)	(1,513)
Foreign currency translation adjustments	0	0
Remeasurements of defined benefit plans, net of taxes	(2,292)	(1,833)
Total accumulated other comprehensive income	85,807	99,396
Minority interests	1,275	1,292
Total Net Assets	467,050	504,752
Total Liabilities and Net Assets	¥8,841,382	¥9,120,226

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

(Millions of yen)

	For the six months ended September 30, 2013	For the six months ended September 30, 2014
Ordinary Revenues	¥611,121	¥643,065
Ordinary Revenues from the Life Insurance Business	548,004	578,091
Income from insurance premiums	437,395	453,379
Insurance premiums	437,047	452,610
Ceded reinsurance commissions	348	768
Investment income	107,436	120,633
Interest income and dividends	58,721	65,649
Income from monetary trusts, net	2,674	2,646
Gains on trading securities	—	91
Gains on sale of securities	1	3,889
Gains on redemption of securities	0	1
Gains on derivatives, net	172	33
Foreign exchange gains, net	—	1,832
Other investment income	3	7
Gains on separate accounts, net	45,862	46,483
Other ordinary income	3,171	4,078
Ordinary Revenues from the Non-life Insurance Business	44,900	46,407
Underwriting income	44,297	45,774
Net premiums written	44,279	45,752
Interest and dividends on deposits of premiums	17	22
Other underwriting income	—	0
Investment income	587	617
Interest income and dividends	591	626
Gains on sale of securities	13	12
Transfer to interest and dividends on deposits of premiums	(17)	(22)
Other ordinary income	15	15
Ordinary Revenues from the Banking Business	18,216	18,567
Interest income	13,105	13,121
Interest income on loans	7,059	6,994
Interest income and dividends on securities	5,993	6,075
Interest income on call loans and bills bought	4	3
Interest income on deposits with banks	48	47
Others interest income	0	—
Fees and commissions	2,314	2,501
Other operating income	2,719	2,776
Gains on foreign exchange transactions, net	1,501	1,393
Others	1,218	1,383
Other ordinary income	77	168

(Continued)

(Millions of yen)

	For the six months ended September 30, 2013	For the six months ended September 30, 2014
Ordinary Expenses	¥574,311	¥596,097
Ordinary Expenses from the Life Insurance Business	518,707	539,035
Insurance claims and other payments	155,054	173,004
Insurance claims	37,609	40,082
Annuity payments	5,106	5,215
Insurance benefits	19,378	20,664
Surrender payments	90,410	104,652
Other payments	1,616	1,430
Reinsurance premiums	933	958
Provision for policy reserves and others	294,006	293,672
Provision for reserve for outstanding claims	55	3,882
Provision for policy reserves	293,946	289,788
Interest portion of reserve for policyholders' dividends	4	1
Investment expenses	3,918	4,428
Interest expenses	24	15
Losses on redemption of securities	—	0
Foreign exchange losses, net	91	—
Provision for reserve for possible loan losses	6	22
Depreciation of real estate for rent and others	977	920
Other investment expenses	2,818	3,470
Operating expenses	55,677	56,652
Other ordinary expenses	10,049	11,276
Ordinary Expenses from the Non-life Insurance Business	41,700	42,642
Underwriting expenses	31,580	31,807
Net losses paid	23,299	22,420
Loss adjustment expenses	3,078	3,397
Net commission and brokerage fees	508	481
Provision for reserve for outstanding losses	613	1,105
Provision for underwriting reserves	4,080	4,401
Others underwriting expenses	0	0
Investment expenses	1	0
Losses on sale of securities	—	0
Losses on redemption of securities	1	—
Operating, general and administrative expenses	10,117	10,832
Other ordinary expenses	1	2

(Continued)

(Millions of yen)

	For the six months ended September 30, 2013	For the six months ended September 30, 2014
Ordinary Expenses from the Banking Business	¥13,903	¥14,420
Interest expenses	4,245	4,816
Interest expenses on deposits	2,411	2,548
Interest expenses on call money and bills sold	3	3
Interest expenses on borrowed money	17	11
Interest expenses on bonds	49	49
Interest expenses on interest rate swaps	1,762	2,204
Others interest expenses	0	0
Fees and commissions	843	937
Other operating expenses	349	83
General and administrative expenses	8,359	8,562
Other ordinary expenses	105	20
Ordinary Profit	36,810	46,967
Extraordinary Losses	4,128	662
Losses on disposal of fixed assets	20	32
Impairment losses	0	0
Provision for special reserves	4,088	630
Provision for reserve for price fluctuations	4,088	630
Others	19	—
Provision for Reserve for Policyholders' Dividends	62	219
Income Before Income Taxes	32,618	46,085
Income Taxes	11,748	14,888
- Current	10,826	15,982
- Deferred	921	(1,093)
Income Before Minority Interests	20,870	31,197
Minority interests in income (losses)	(14)	16
Net Income	¥20,884	¥31,180

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2013	For the six months ended September 30, 2014
Income Before Minority Interests	¥20,870	¥31,197
Other comprehensive income		
Net unrealized gains (losses) on other securities, net of taxes	(7,878)	13,064
Net deferred gains (losses) on hedging instruments, net of taxes	514	64
Foreign currency translation adjustments	—	0
Remeasurements of defined benefit plans, net of taxes	—	459
Share of other comprehensive income of affiliates accounted for using equity method	0	0
Total other comprehensive income	(7,364)	13,588
Comprehensive income	¥13,505	¥44,785
(Details)		
Comprehensive income attributable to parent company	13,520	44,769
Comprehensive income attributable to minority interests	(14)	16

3. Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2013

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	¥19,900	¥195,277	¥135,160	—	¥350,337
Changes during the period					
Dividends from surplus	—	—	(10,875)	—	(10,875)
Net income	—	—	20,884	—	20,884
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	10,009	(0)	10,009
Balance at the end of the current period	¥19,900	¥195,277	¥145,170	¥ (0)	¥360,347

	Total accumulated other comprehensive income						Minority interests	Total Net Assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	¥88,329	¥ (3,047)	¥ (1,513)	—	—	¥83,767	¥1,339	¥435,444
Changes during the period								
Dividends from surplus	—	—	—	—	—	—	—	(10,875)
Net income	—	—	—	—	—	—	—	20,884
Purchase of treasury stock	—	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	(7,878)	514	—	—	—	(7,364)	(14)	(7,378)
Total changes during the period	(7,878)	514	—	—	—	(7,364)	(14)	2,630
Balance at the end of the current period	¥80,450	¥(2,533)	¥ (1,513)	—	—	¥76,403	¥1,324	¥438,075

For the six months ended September 30, 2014

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	¥19,900	¥195,277	¥164,790	¥ (0)	¥379,967
Cumulative effects of changes in accounting policies	—	—	5,965	—	5,965
Restated balance at the beginning of the fiscal year	19,900	195,277	170,755	(0)	385,932
Changes during the period					
Dividends from surplus	—	—	(13,049)	—	(13,049)
Net income	—	—	31,180	—	31,180
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	18,130	(0)	18,130
Balance at the end of the current period	¥19,900	¥195,277	¥188,885	¥(0)	¥404,062

	Total accumulated other comprehensive income						Minority interests	Total Net Assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	¥92,002	¥(2,388)	¥(1,513)	¥0	¥(2,292)	¥85,807	¥1,275	¥467,050
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	5,965
Restated balance at the beginning of the fiscal year	92,002	(2,388)	(1,513)	0	(2,292)	85,807	1,275	473,015
Changes during the period								
Dividends from surplus	—	—	—	—	—	—	—	(13,049)
Net income	—	—	—	—	—	—	—	31,180
Purchase of treasury stock	—	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	13,064	64	—	0	459	13,588	17	13,606
Total changes during the period	13,064	64	—	0	459	13,588	17	31,736
Balance at the end of the current period	¥105,066	¥ (2,323)	¥ (1,513)	¥0	¥ (1,833)	¥99,396	¥1,292	¥504,752

4. Segment Information

(1) Outline of reporting segments

The Sony Financial 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., SmartLink Network, Inc. and SmartLink Network Hong Kong Limited.

(2) Segment Information by reporting segment

For the six months ended September 30, 2013

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues				
External customers	¥548,004	¥44,900	¥18,216	¥611,121
Intersegment	1,242	0	98	1,341
Total	549,246	44,900	18,315	612,462
Segment profit	30,208	2,872	3,594	36,675
Segment assets	6,241,918	134,474	1,976,689	8,353,083
Others				
Depreciation	3,522	1,001	1,098	5,622
Interest income and dividends	58,960	591	13,105	72,658
Interest expenses	24	—	4,313	4,337
Equity in earnings (losses) of affiliates	(808)	—	—	(808)
Investments in affiliates	9,234	—	—	9,234
Increase in tangible fixed assets and intangible fixed assets	¥1,096	¥1,766	¥912	¥3,775

(Note) These figures are presented following restatement in accordance with the changes in financial presentation for the first half of the fiscal year under review, described in “2. Additional Information” to the “I. Notes Regarding Summary Information.”

For the six months ended September 30, 2014

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues				
External customers	¥578,091	¥46,407	¥18,567	¥643,065
Intersegment	1,385	0	89	1,475
Total	579,476	46,407	18,656	644,541
Segment profit	40,158	3,436	3,270	46,865
Segment assets	6,953,121	149,486	2,006,850	9,109,458
Others				
Depreciation	3,602	1,248	1,086	5,936
Interest income and dividends	65,888	626	13,121	79,636
Interest expenses	15	—	4,884	4,899
Equity in earnings (losses) of affiliates	(354)	—	—	(354)
Investments in affiliates	9,088	—	—	9,088
Increase in tangible fixed assets and intangible fixed assets	¥53,775	¥1,433	¥1,059	¥56,268

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

	Millions of yen	
	For the six months ended September 30, 2013	For the six months ended September 30, 2014
Totals of reporting segments	¥612,462	¥644,541
Adjustments for intersegment transactions	(1,341)	(1,475)
Ordinary revenues in statement of income	¥611,121	¥643,065

(Note) These figures are presented following restatement in accordance with the changes in financial presentation for the first half of the fiscal year under review, described in “2. Additional Information” to the “I. Notes Regarding Summary Information.”

	Millions of yen	
	For the six months ended September 30, 2013	For the six months ended September 30, 2014
Totals of reporting segments	¥36,675	¥46,865
Adjustments for intersegment transactions	3	3
Amount not allocated to reporting segments	130	98
Ordinary profit in statement of income	¥36,810	¥46,967

	Millions of yen	
	For the six months ended September 30, 2013	For the six months ended September 30, 2014
Totals of reporting segments	¥8,353,083	¥9,109,458
Adjustments for intersegment transactions	(21,077)	(21,067)
Amount not allocated to reporting segments	29,364	31,836
Assets in balance sheets	¥8,361,370	¥9,120,226

	Millions of yen					
	For the six months ended September 30, 2013			For the six months ended September 30, 2014		
	Total	Adjustments	Consolidated financial statements	Total	Adjustments	Consolidated financial statements
Depreciation	¥5,622	¥2	¥5,625	¥5,936	¥9	¥5,945
Interest income and dividends	72,658	(239)	72,419	79,636	(239)	79,396
Interest expenses	4,337	(67)	4,269	4,899	(67)	4,831
Equity in earnings (losses) of affiliates	(808)	—	(808)	(354)	—	(354)
Investments in affiliates	9,234	—	9,234	9,088	—	9,088
Increase in tangible fixed assets and intangible fixed assets	¥3,775	¥211	¥3,987	¥56,268	¥1	¥56,270

(Note) These figures are presented following restatement in accordance with the changes in financial presentation for the first half of the fiscal year under review, described in “2. Additional Information” to the “I. Notes Regarding Summary Information.”

5. 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., SmartLink Network, Inc. and SmartLink Network Hong Kong Limited.^{*1} It also includes AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method.

^{*1} SmartLink Network Hong Kong Limited was not included in the scope of consolidation for the six months ended September 30, 2013.

Statements made in this press release with respect to Sony Financial Holdings' current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony Financial Holdings. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony Financial Holdings cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony Financial Holdings to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony Financial Holdings disclaims any such obligation. The information contained in this statements 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 from the basis of or be relied on in connection with any contract or commitment whatsoever.

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Website of Sony Financial Holdings Inc.

http://www.sonyfh.co.jp/index_en.html

III. Attachment

Content of Presentation Material

Consolidated Financial Results for the Six Months Ended September 30, 2014 and Sony Life’s Market Consistent Embedded Value as of September 30, 2014

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Presentation Material

Consolidated Financial Results for the Six Months Ended September 30, 2014 and Sony Life's Market Consistent Embedded Value as of September 30, 2014

Sony Financial Holdings Inc.
November 14, 2014

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Disclaimers:

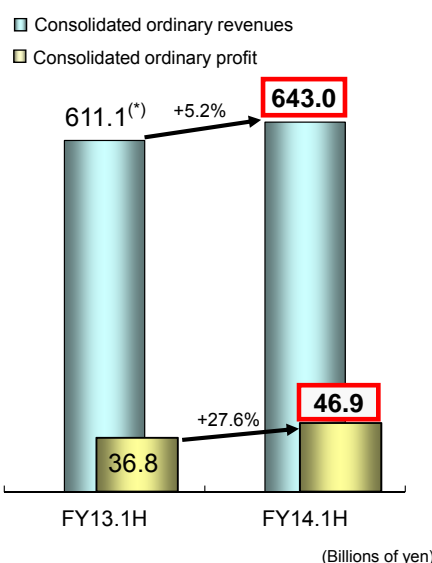
This presentation material contains statements concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that pertain to future operating performance and that are not historic facts are forward-looking statements. Forward-looking statements 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.

*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded. Also, a “-” is used where percentage changes exceed 1,000% and in cases where one or both comparisons are negative.

*“Lifeplanner” is a registered trademark of Sony Life.

Consolidated Operating Results for the Six Months Ended September 30, 2014

Highlights of Consolidated Operating Performance for the Six Months Ended September 30, 2014 (1)



(*) Banking business revised its method of recording ordinary revenues and ordinary expenses on hedge transactions for FY14.1H. Ordinary revenues for FY13.1H have been retroactively adjusted to reflect the change. Consequently, consolidated ordinary revenues for FY13.1H have been revised from ¥610.7 billion to ¥611.1 billion. As adjustments to ordinary revenues were accompanied by adjustments in the same amount to ordinary expenses, ordinary profit and net income were unaffected.

(Billions of yen)		FY13.1H	FY14.1H	Change	
Life Insurance business	Ordinary revenues	549.2	579.4	+30.2	+5.5%
	Ordinary profit	30.2	40.1	+9.9	+32.9%
Non-life Insurance business	Ordinary revenues	44.9	46.4	+1.5	+3.4%
	Ordinary profit	2.8	3.4	+0.5	+19.6%
Banking business	Ordinary revenues	18.3	18.6	+0.3	+1.9%
	Ordinary profit	3.5	3.2	(0.3)	(9.0%)
Intersegment adjustments*	Ordinary revenues	(1.3)	(1.4)	(0.1)	—
	Ordinary profit	0.1	0.1	(0.0)	(23.8%)
Consolidated	Ordinary revenues	611.1	643.0	+31.9	+5.2%
	Ordinary profit	36.8	46.9	+10.1	+27.6%
	Net income	20.8	31.1	+10.2	+49.3%

(Billions of yen)		14.3.31	14.9.30	Change from 14.3.31	
Consolidated	Total assets	8,841.3	9,120.2	+278.8	+3.2%
	Net assets	4,67.0	504.7	+37.7	+8.1%

*Ordinary profit in "Intersegment adjustments" is mainly from SFH.

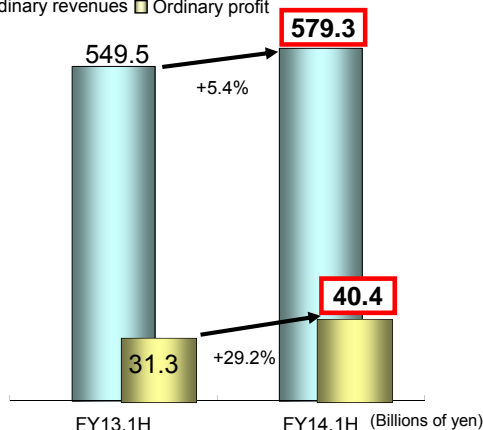
*Comprehensive income: FY13.1H: ¥13.5 billion, FY14.1H: ¥44.7 billion

Highlights of Consolidated Operating Performance for the Six Months Ended September 30, 2014 (2)

- **Life Insurance Business:** Policy amount in force increased steadily during the six months ended September 30, 2014, reflecting a record-high new policy amount for the first half (April 1 to September 30). Ordinary revenues increased compared with the same period of the previous fiscal year due to an increase in income from insurance premiums reflecting a steady increase in policy amount in force and higher interest income and dividends on general account assets. Ordinary profit increased year on year due mainly to two reasons: the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on the interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year, and an increase in gains on sales of securities in the general account in this first half.
- **Non-life Insurance Business:** Ordinary revenues expanded year on year owing to an increase in net premiums written primarily for mainstay automobile insurance. Ordinary profit grew year on year due to a decline in the loss ratio mainly led by a lower car accident ratio, as well as the rise in ordinary revenues.
- **Banking Business:** Ordinary revenues increased year on year due to higher gains from bond-dealing transactions. In spite of the increase in ordinary revenues, ordinary profit decreased due mainly to two reasons: lower volume on foreign exchange transactions stemming from passive foreign currency trading by customers compared with the same period of the previous fiscal year when foreign currency exchange rates fluctuated wildly, and an increase in operating expenses.
- Consolidated ordinary revenues increased 5.2% compared with the same period of the previous fiscal year, to ¥643.0 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking. Consolidated ordinary profit increased 27.6% year on year, to ¥46.9 billion. By business segment, ordinary profit from the life insurance and the non-life insurance businesses increased, whereas ordinary profit from the banking business decreased. Consolidated net income was up 49.3% year on year, to ¥31.1 billion, reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations for Sony Life.

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 increased due to a steady growth in policy amount in force.
- ◆ Investment income increased due mainly to higher interest income and dividends on general account assets.
- ◆ Ordinary profit increased year on year due mainly to two reasons: the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on the interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year, and an increase in gains on sales of securities in the general account in this first half.
- ◆ Net income was up year on year reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations. The change was to accumulate the reserve up to required levels from FY14 while it had accumulated the reserve in excess of the required levels until FY13.

(Billions of yen)	FY13.1H	FY14.1H	Change	
Ordinary revenues	549.5	579.3	+29.8	+5.4%
Income from insurance premiums	437.9	454.0	+16.0	+3.7%
Investment income	107.6	120.8	+13.1	+12.2%
Interest income and dividends	58.9	65.8	+6.9	+11.7%
Income from monetary trusts, net	2.6	2.6	(0.0)	(1.1%)
Gains on sale of securities	0.0	3.8	+3.8	—
Gains on separate accounts, net	45.8	46.4	+0.6	+1.4%
Ordinary expenses	518.2	538.9	+20.7	+4.0%
Insurance claims and other payments	155.0	173.0	+17.9	+11.6%
Provision for policy reserves and others	294.0	293.6	(0.3)	(0.1%)
Investment expenses	4.0	4.5	+0.4	+11.8%
Operating expenses	55.8	56.8	+0.9	+1.7%
Ordinary profit	31.3	40.4	+9.1	+29.2%
Net income	17.6	26.9	+9.2	+52.3%

(Billions of yen)	14.3.31	14.9.30	Change from 14.3.31	
Securities	5,954.7	6,235.6	+280.9	+4.7%
Policy reserves	6,123.6	6,413.4	+289.7	+4.7%
Net assets	369.2	402.4	+33.2	+9.0%
Net unrealized gains on other securities	83.4	97.0	+13.5	+16.3%
Total assets	6,624.9	6,959.1	+334.2	+5.0%
Separate account assets	640.5	702.0	+61.4	+9.6%

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

(Billions of yen)	FY13.1H	FY14.1H	Change
New policy amount	1,874.8	2,127.3	+13.5%
Lapse and surrender amount	876.4	862.5	(1.6%)
Lapse and surrender rate	2.32%	2.21%	(0.11pt)
Policy amount in force	38,357.1	39,952.7	+4.2%
Annualized premiums from new policies	30.1	36.2	+20.0%
Of which, third-sector products	6.9	6.5	(5.1%)
Annualized premiums from insurance in force	681.4	715.4	+5.0%
Of which, third-sector products	165.0	169.7	+2.9%

(Billions of yen)	FY13.1H	FY14.1H	Change
Gains from investment, net (General account)	57.7	69.8	+20.9%
Core profit	33.5	38.5	+14.9%
Positive spread	3.3	5.5	+66.7%

	14.3.31	14.9.30	Change from 14.3.31
Non-consolidated solvency margin ratio	2,358.7%	2,510.4%	+151.7pt

<Reasons for changes>

◆ Increased due to higher sales of U.S. dollar denominated insurance, variable life insurance and term-life insurance.

◆ Decreased in each product.

◆ Increased reflecting an increase in new policy amount and higher sales of endowment insurance and educational endowment insurance.

◆ Increased year on year, due mainly to the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year.

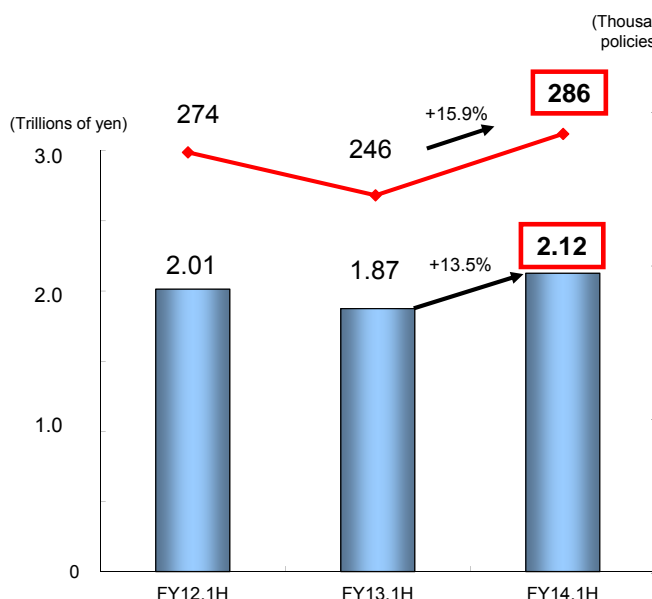
Notes:

- 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.
- 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

Operating Performance : Sony Life (Non-consolidated) (1)

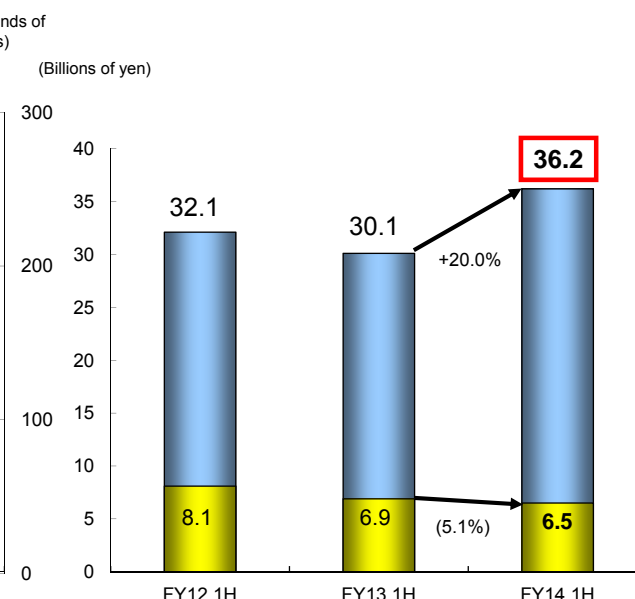
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ New policy amount ■ Number of new policies



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

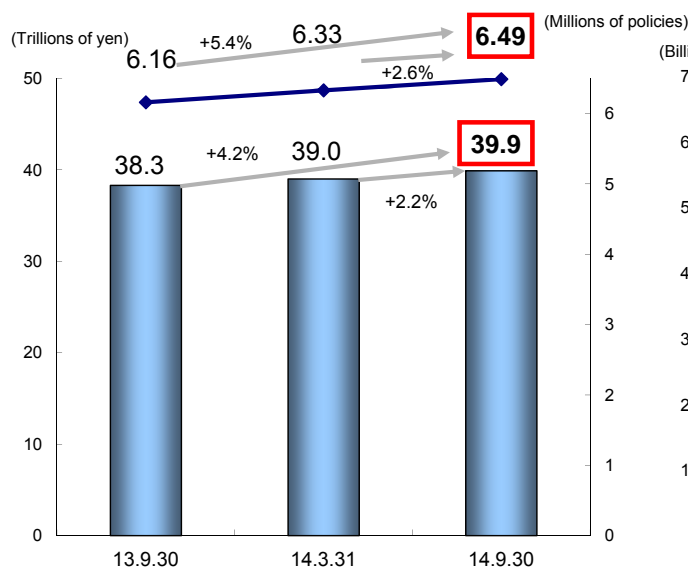
■ Annualized premiums from new policies ■ Of which, third-sector



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

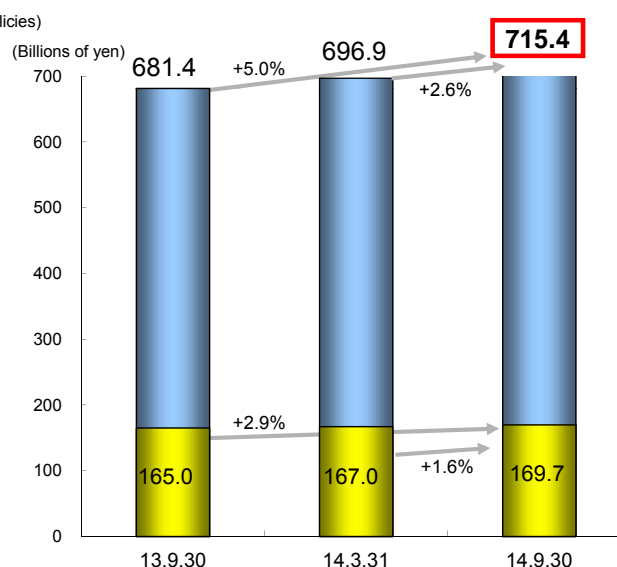
Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

■ Policy amount in force — Number of policies in force



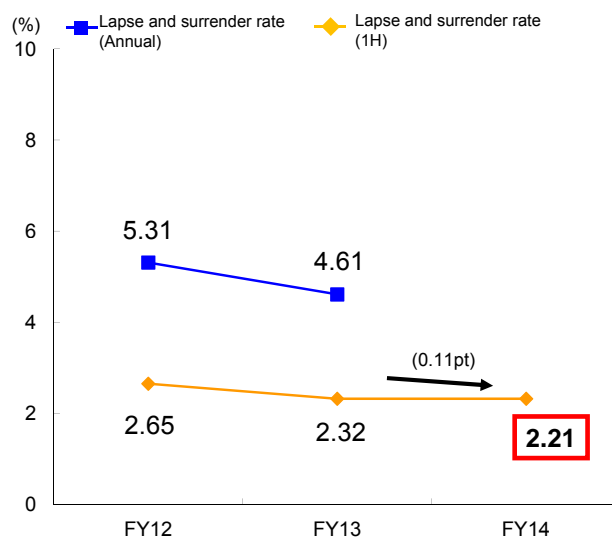
Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)

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



Operating Performance : Sony Life (Non-consolidated) (3)

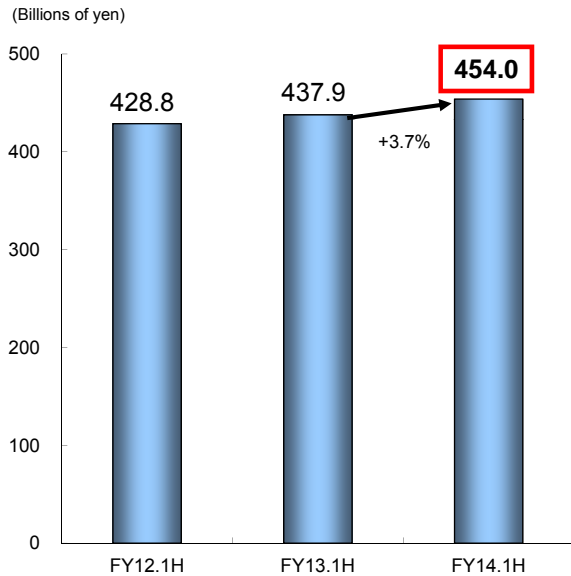
Lapse and Surrender Rate* (Individual Life Insurance + Individual Annuities)



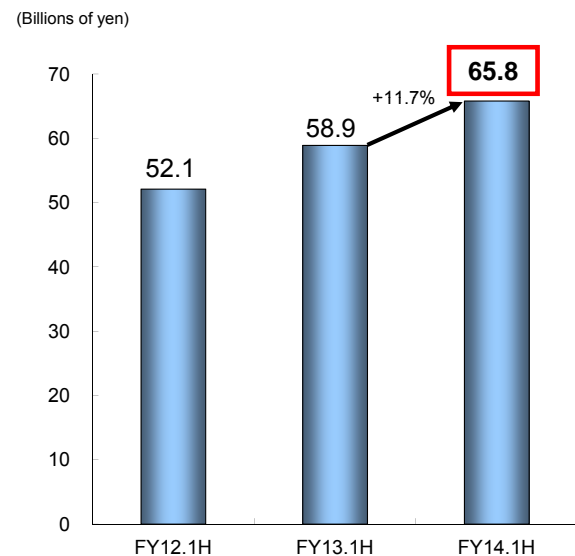
*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

Operating Performance : Sony Life (Non-consolidated) (4)

Income from Insurance Premiums

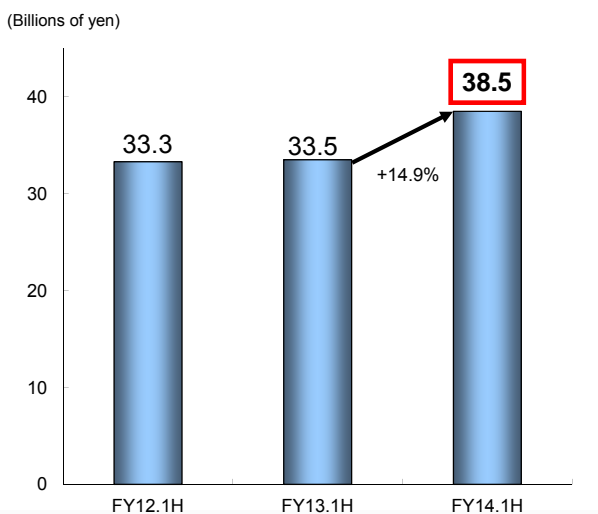


Interest Income and Dividends



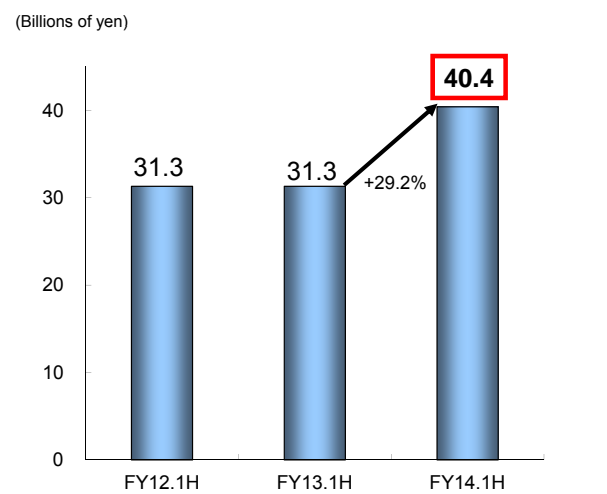
Operating Performance : Sony Life (Non-consolidated) (5)

Core Profit



(Reference) Impact on core profit (Billions of yen)			
	FY12.1H	FY13.1H	FY14.1H
Positive (Negative) spread (*1)	(0.4)	3.3	5.5
Provision of policy reserves for minimum guarantees for variable life insurance (*2)	(4.0)	(1.2)	(2.5)
Effects by the revision of policy reserve discount rate (Interest rate-sensitive whole life insurance) (*3)	-	(5.7)	-

Ordinary Profit



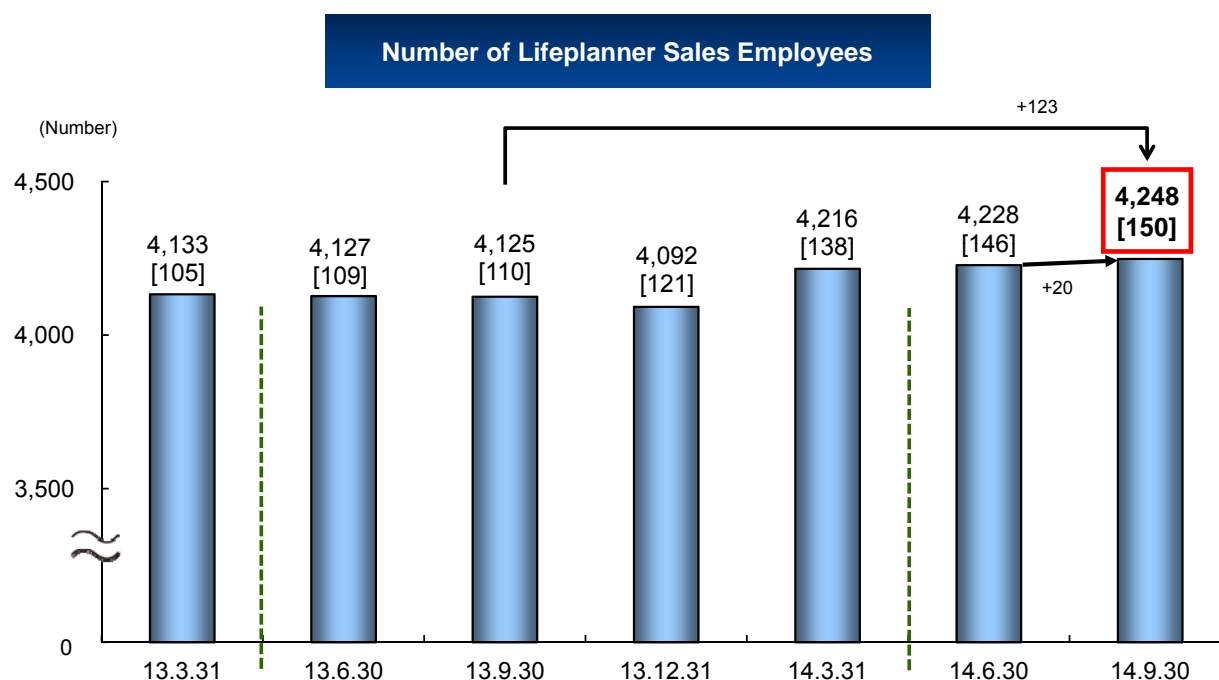
(Reference) Main differences from Core Profit (Billions of yen)			
	FY12.1H	FY13.1H	FY14.1H
Capital gains (loss)	0.1	(0.0)	4.4
Provision of contingency reserve (*2)	(1.9)	(2.1)	(2.4)

*1: The minus amount in positive spread indicates negative spread.

*2: "Provision of policy reserves for minimum guarantees for variable life insurance" and "Provision of contingency reserve" are described as negative amount.

*3: The effect of the revision of policy reserve discount rate on interest rate-sensitive whole life insurance in May 2013.

Operating Performance : Sony Life (Non-consolidated) (6)



Note: Figures in [] show the numbers of Lifeplanner 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 Lifeplanner sales employees that meet certain sales conditions and other requirement.

Operating Performance : Sony Life (Non-consolidated) (7)

Breakdown of General Account Assets

(Billions of yen)	14.3.31		14.9.30	
	Amount	%	Amount	%
Japanese government and corporate bonds	5,190.0	86.7%	5,390.7	86.2%
Japanese stocks	33.2	0.6%	36.1	0.6%
Foreign bonds	79.8	1.3%	93.5	1.5%
Foreign stocks	26.9	0.4%	26.6	0.4%
Monetary trusts	305.3	5.1%	308.8	4.9%
Policy loans	154.1	2.6%	158.5	2.5%
Real estate	66.5	1.1%	118.5	1.9%
Cash and call loans	32.6	0.5%	35.9	0.6%
Others	95.6	1.6%	88.1	1.4%
Total	5,984.3	100.0%	6,257.0	100.0%

<Asset management review>

We have continued to accumulate ultralong-term bonds to match the liability characteristics of insurance policies with long-term maturities with the aim of reducing interest rate risk.

<Bond duration>

Mar. 31, 2013: 19.9 years

Mar. 31, 2014: 19.7 years

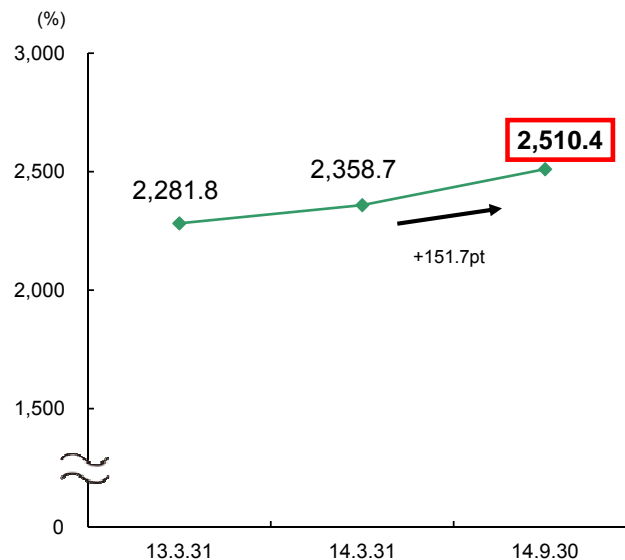
Sep. 30, 2014: 19.8 years

■ 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 Sep. 30, 2014: 91.1% (As of Mar. 31, 2014: 91.8%)

Operating Performance : Sony Life (Non-consolidated) (8)

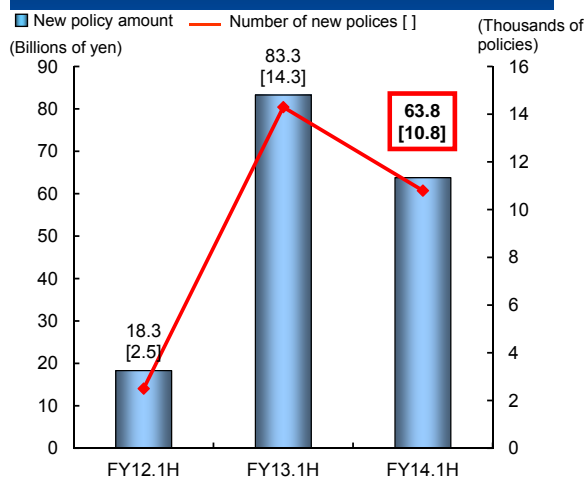
Non-consolidated Solvency Margin Ratio



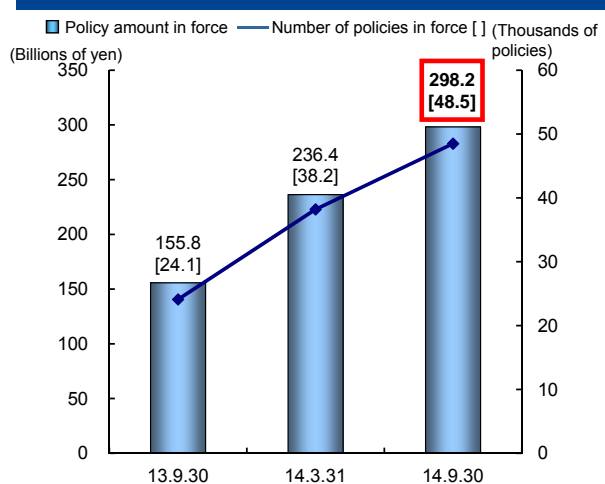
Operating Performance : AEGON Sony Life Insurance

*AEGON Sony Life Insurance sells individual variable annuities.

Number and Amount of New Policies



Number and Amount of Policies in Force



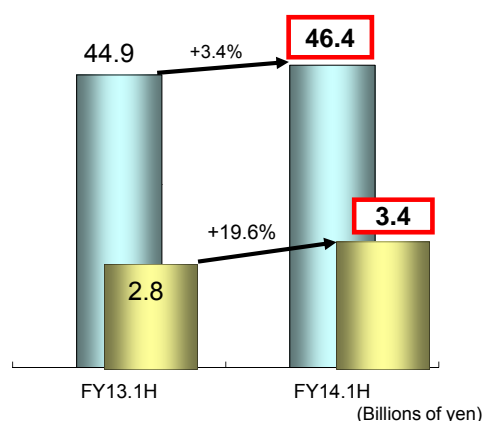
Net income (losses) for AEGON Sony Life Insurance and SA Reinsurance

	FY13.1H	FY14.1H	Change
AEGON Sony Life Insurance	(1.7)	(2.4)	(0.7)
SA Reinsurance	0.1	1.7	+1.6

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

Highlights of Operating Performance: Sony Assurance

■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues and ordinary profit increased year on year.
- ◆ Ordinary revenues increased year on year, due to an increase in net premiums written primarily for its mainstay automobile insurance.
- ◆ Ordinary profit grew year on year due to a decline in the loss ratio mainly led by a lower car accident ratio, as well as the rise in ordinary revenues.

(Billions of yen)	FY13.1H	FY14.1H	Change	
Ordinary revenues	44.9	46.4	+1.5	+3.4%
Underwriting income	44.2	45.7	+1.4	+3.3%
Investment income	0.5	0.6	+0.0	+5.1%
Ordinary expenses	42.0	42.9	+0.9	+2.2%
Underwriting expenses	31.7	32.0	+0.2	+0.7%
Investment expenses	0.0	0.0	(0.0)	(99.7%)
Operating general and administrative expenses	10.2	10.9	+0.7	+7.0%
Ordinary profit	2.8	3.4	+0.5	+19.6%
Net income	1.8	2.3	+0.5	+29.4%

(Billions of yen)	14.3.31	14.9.30	Change from 14.3.31	
Underwriting reserves	78.0	82.4	+4.4	+5.6%
Net assets	21.4	24.1	+2.7	+12.8%
Total assets	142.7	149.4	+6.7	+4.7%

Overview of Operating Performance: Sony Assurance

(Billions of yen)	FY13.1H	FY14.1H	Change
Direct premiums written	43.6	45.0	+3.3%
Net premiums written	44.2	45.7	+3.3%
Net losses paid	23.2	22.4	(3.8%)
Underwriting profit	2.3	2.8	+22.8%
Net loss ratio	59.6%	56.4%	(3.2pt)
Net expense ratio	24.6%	25.4%	+0.8pt
Combined ratio	84.2%	81.8%	(2.4pt)

Notes:

Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written.

Net expense ratio = Expenses related to underwriting / Net premiums written

<Reasons for changes>

◆ Increased mainly in its mainstay automobile insurance.

◆ Declined due mainly to a lower car accident ratio.

◆ Increased due mainly to higher system-related expenses, a rise in insurance acquisition cost and a consumption tax rate rise.

	14.3.31	14.9.30	Change from 14.3.31	
Number of policies in force	1.61 million	1.65 million	+0.04 million	+2.7%
Non-consolidated solvency margin ratio	527.6%	596.3%	+68.7pt	

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.

Sony Assurance's Underwriting Performance by Type of Policy

Direct Premiums Written

(Millions of yen)	FY13.1H	FY14.1H	Change
Fire	115	119	+3.3%
Marine	—	—	—
Personal accident	4,124	4,277	+3.7%
Voluntary automobile	39,391	40,671	+3.2%
Compulsory automobile liability	—	—	—
Total	43,632	45,069	+3.3%

Net Premiums Written

(Millions of yen)	FY13.1H	FY14.1H	Change
Fire	82	16	(80.0%)
Marine	68	84	+22.8%
Personal accident	4,254	4,411	+3.7%
Voluntary automobile	39,264	40,568	+3.3%
Compulsory automobile liability	608	671	+10.2%
Total	44,279	45,752	+3.3%

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

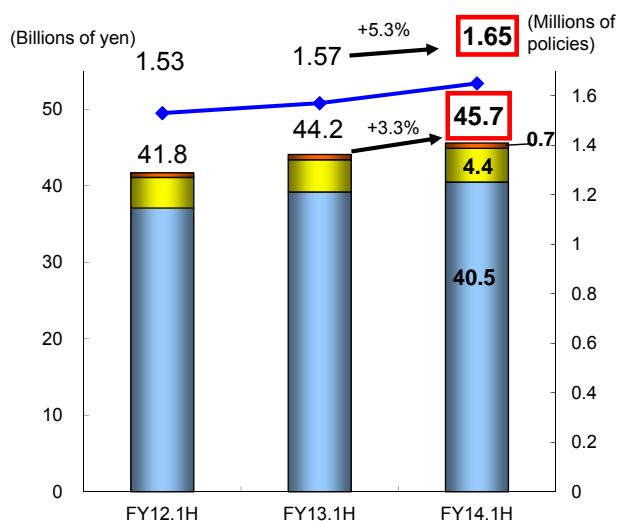
Net losses paid

(Millions of yen)	FY13.1H	FY14.1H	Change
Fire	0	2	+340.6%
Marine	77	73	(5.0%)
Personal accident	1,010	1,128	+11.7%
Voluntary automobile	21,667	20,616	(4.9%)
Compulsory automobile liability	544	601	+10.4%
Total	23,299	22,420	(3.8%)

Operating Performance: Sony Assurance (1)

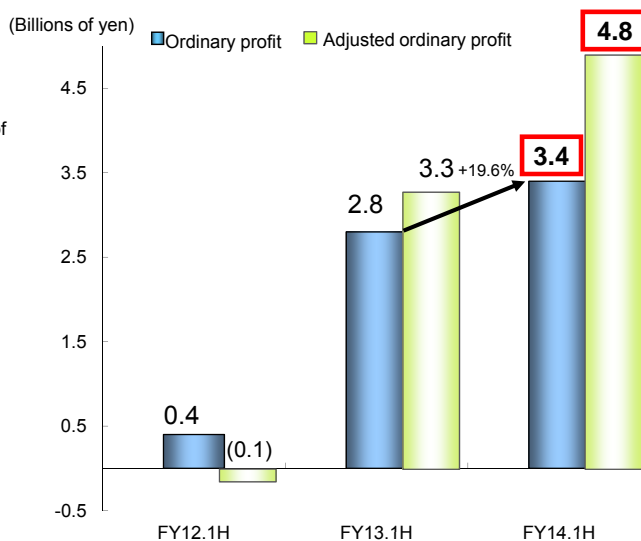
Net Premiums Written and Number of Policies in Force

■ Voluntary automobile insurance ■ Personal accident insurance
■ Others — 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 and Adjusted Ordinary Profit



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

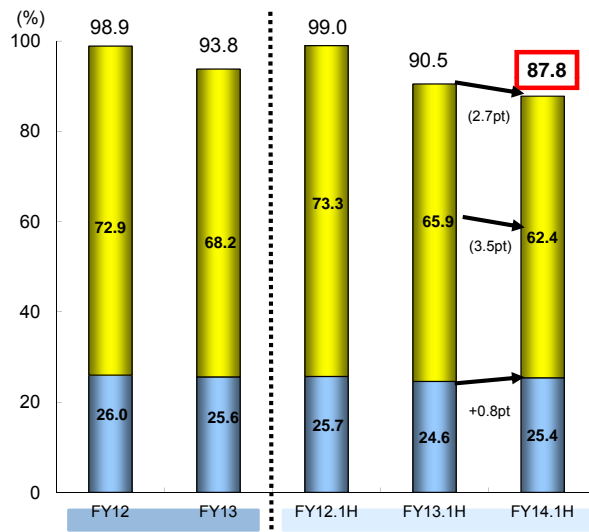
(Reference) Provision for catastrophe reserve	FY12.1H	FY13.1H	FY14.1H
Provision for catastrophe reserve	(0.6)	0.4	1.4

*Provision for catastrophe reserve is described as positive amount

Operating Performance: Sony Assurance (2)

Earned/Incurred Loss Ratio + Net Expense Ratio

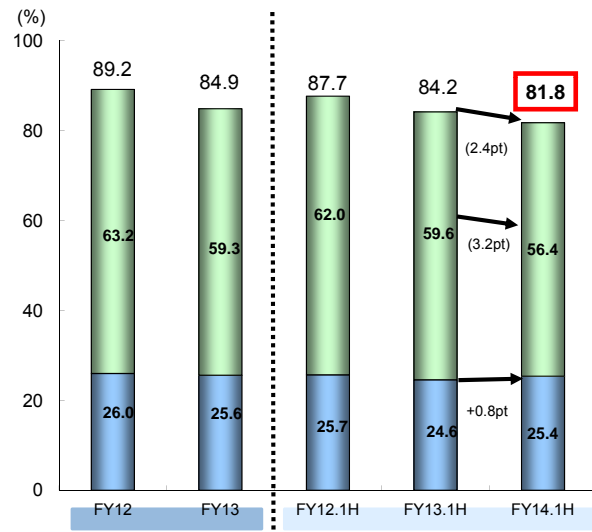
■ Earned/Incurred loss ratio ■ Net expense ratio



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) Combined Ratio (Net Loss Ratio + Net Expense Ratio)

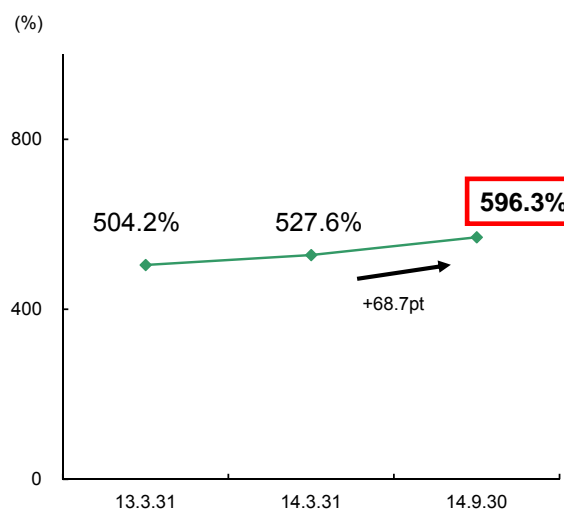
■ Net loss ratio ■ Net expense ratio



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

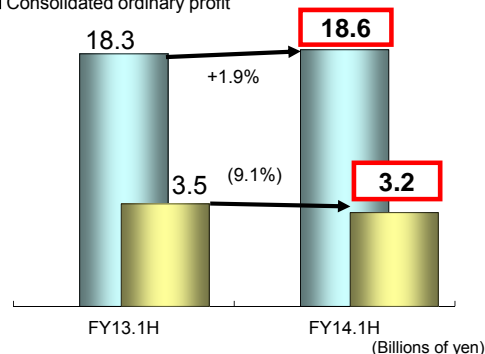
Operating Performance: Sony Assurance (3)

Non-consolidated Solvency Margin Ratio



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

■ Consolidated ordinary revenues
■ Consolidated ordinary profit



<Consolidated>

◆ Ordinary revenues increased year on year, due to higher gains from bond-dealing transactions. In spite of the increase in ordinary revenues, ordinary profit decreased due mainly to two reasons: lower volume on foreign exchange transactions stemming from passive foreign currency trading by customers compared with the same period of the previous fiscal year when foreign currency exchange rates fluctuated wildly, and an increase in operating expenses.

<Non-consolidated>

◆ Both gross operating profit and net operating profit decreased year on year, due to lower gains on foreign exchange transactions as the same reason as in the consolidated results.
 • Net interest income decreased year on year. Behind this drop was lower interest income on securities under the lowering interest rates.
 • Net fees and commissions decreased year on year due to lower fees on investment trusts and higher fees paid for ATM usage.
 • Net other operating income increased year on year due to higher net gains on bond-dealing transactions, despite lower gains on foreign exchange transactions.

<Consolidated>

(Billions of yen)	FY13.1H	FY14.1H	Change	
Consolidated ordinary revenues	18.3	18.6	+0.3	+1.9%
Consolidated ordinary profit	3.5	3.2	(0.3)	(9.1%)
Consolidated net income	2.2	2.0	(0.1)	(8.8%)

<Non-consolidated>

(Billions of yen)	FY13.1H	FY14.1H	Change	
Ordinary revenues	17.0	17.3	+0.2	+1.4%
Gross operating profit	11.0	10.6	(0.3)	(3.2%)
Net interest income	8.8	8.2	(0.5)	(6.2%)
Net fees and commissions	(0.1)	(0.3)	(0.1)	—
Net other operating income	2.3	2.6	+0.3	+13.7%
General and administrative expenses	7.2	7.5	+0.2	+3.6%
Net operating profit	3.7	3.1	(0.6)	(17.4%)
Ordinary profit	3.6	3.2	(0.4)	(11.9%)
Net income	2.3	2.0	(0.2)	(10.3%)

(Billions of yen)	14.3.31	14.9.30	Change from 14.3.31	
Net assets	72.7	74.0	+1.2	+1.7%
Net unrealized gains on other securities, net of taxes	7.2	6.3	(0.8)	(12.2%)
Total assets	2,056.7	1,996.2	(60.4)	(2.9%)

(*) Sony Bank revised its method of recording ordinary revenues and ordinary expenses on hedge transactions for FY14.1H. Ordinary revenues for FY13.1H have been retroactively adjusted to reflect the change.

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

(Billions of yen)	13.9.30	14.3.31	14.9.30	Change from 14.3.31	
Customer assets	1,930.7	2,007.5	1,945.2	(62.2)	(3.1%)
Deposits	1,813.0	1,890.0	1,824.6	(65.3)	(3.5%)
Yen	1,435.1	1,526.4	1,483.8	(42.6)	(2.8%)
Foreign currency	377.9	363.5	340.8	(22.7)	(6.2%)
Investment trusts	117.6	117.4	120.5	+3.0	+2.6%
Loans outstanding	1,009.5	1,057.4	1,092.1	+34.6	+3.3%
Mortgage loans	899.6	949.3	983.2	+33.9	+3.6%
Others	109.9	108.1	108.8 ^{*1}	+0.7	+0.7%
Number of accounts (10 thousands)	94	97	101	+3	
Non-performing assets ratio (Based on Financial Reconstruction Law)	0.39%	0.35%	0.32%	(0.03pt)	
Capital adequacy ratio (domestic criteria)	11.99%	11.72%	11.80%	+0.08pt	

<Reasons for changes>

◆ Yen deposit balance decreased from 14.3.31 under persistently low interest rates.

◆ Foreign currency deposit balance decreased due to an increase in selling to lock in profits led by yen depreciation.

◆ Loan balance steadily increased mainly in mortgage loans.

◆ Number of accounts increased reflecting a new operation by Sony Life's Lifepanner sales employees to handle opening account at Sony Bank from May 2014.

◆ Sony Bank maintains extremely low non-performing assets ratio.

^{*1} Loans in others include corporate loans of ¥103.2 billion

^{*2} Balance of problem assets based on the Financial Reconstruction Law / Total credit exposure

^{*3} Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P27

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

<Reference> On Managerial Accounting Basis

(Billions of yen)	FY13.1H	FY14.1H	Change	
Gross operating profit	10.9	10.6	(0.3)	(3.3%)
Net interest income ^{*1} ①	9.1	9.0	(0.0)	(0.9%)
Net fees and commissions ^{*2} ②	0.4	0.0	(0.4)	(97.5%)
Net other operating income ^{*3}	1.3	1.5	+0.2	+15.5%
Gross operating profit (core profit) (A)=①+②	9.6	9.0	(0.5)	(5.9%)
Operating expenses and other expenses ③	7.2	7.4	+0.1	+2.5%
Net operating profit (core profit) =(A)-③	2.4	1.6	(0.7)	(31.1%)

■ Managerial accounting basis

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

*1: Net interest income: Includes profits and losses associated with fund investment recorded in net other operating income, including gains or losses from currency swap transactions.

*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

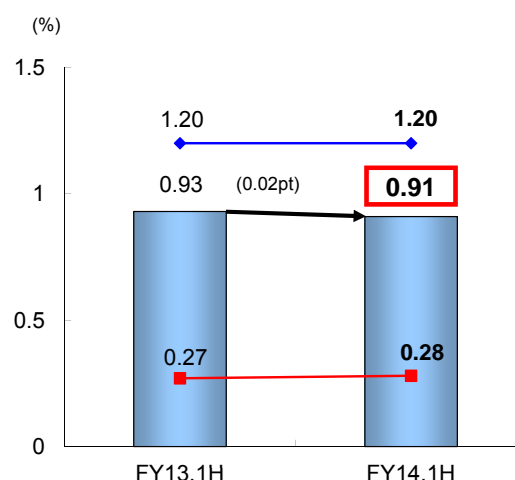
*3: Net other operating income: After the above adjustments (*1 and *2), consists of profits and losses for bond and derivative dealing transactions.

■ Core profit

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

<Reference> Interest Spread (Managerial Accounting Basis)

◆ Yield on investment ■ Yield on financing
■ Interest spread

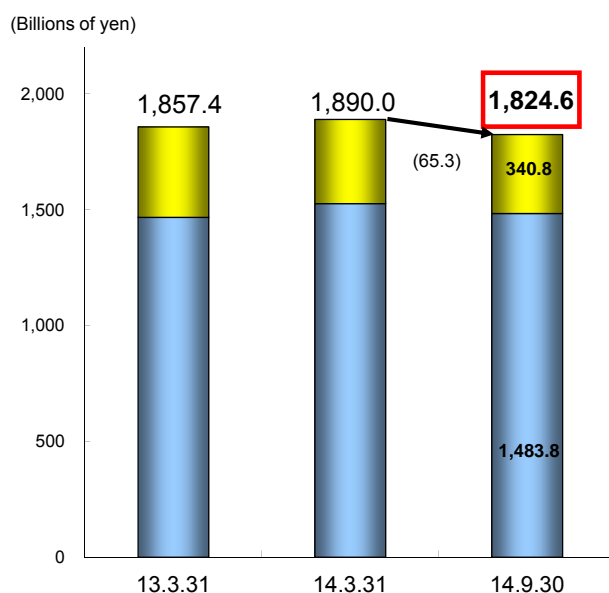


Note: Interest spread=(Yield on investment)-(Yield on financing)

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

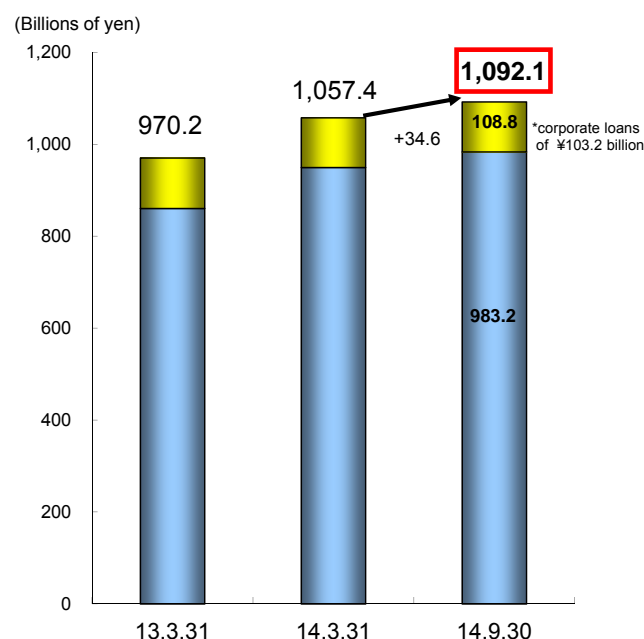
Deposits

■ Yen deposits ■ Foreign currency deposits



Loans

■ Mortgage loans ■ Others

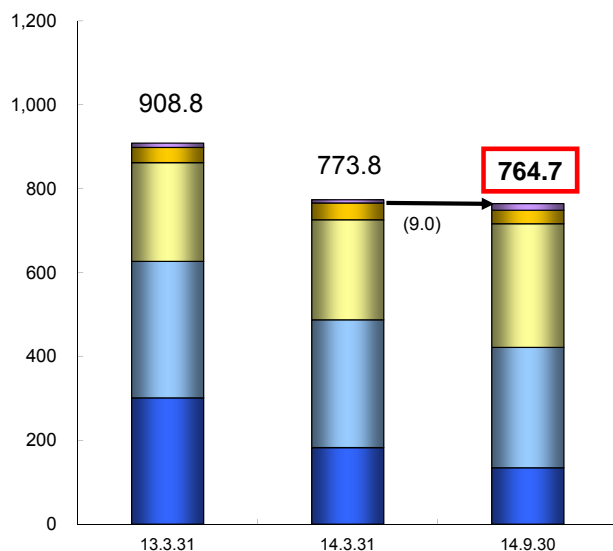


Operating Performance: Sony Bank (Non-consolidated) (2)

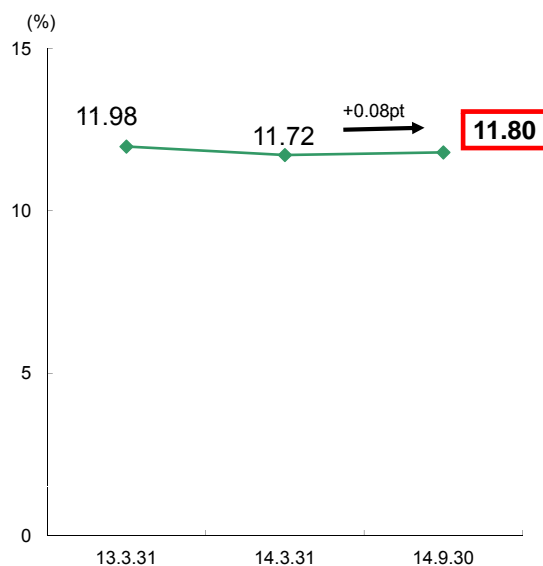
Balance of Securities by Credit Rating

■ AAA ■ AA ■ A
■ BBB ■ Others

(Billions of yen)



Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



*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.
Sony bank calculates this ratio based on Basel III from March 31, 2014

Consolidated Financial Forecast for the Year Ending March 31, 2015

Consolidated Financial Forecast for the Year Ending March 31, 2015

SFH's consolidated financial forecast for FY2014 is unchanged from the forecast announced on May 14, 2014, while the forecast of the non-life insurance is revised upward.

(Billions of yen)	FY2013 (Actual)	FY2014 (Forecast)	Change	FY14.1H (Actual)	Progress rate
Consolidated ordinary revenues	1,320.4 ¹⁾	1,191.0	(9.8%)	643.0	54.0%
Life insurance business	1,196.6	1,061.9	(11.3%)	579.4	54.6%
Non-life insurance business	89.8	92.4⇒93.0	+2.8%⇒+3.5%	46.4	50.2%⇒49.9%
Banking business	36.4 ¹⁾	36.6	+0.3%	18.6	51.0%
Consolidated ordinary profit	76.1	77.0	+1.1%	46.9	61.0%
Life insurance business	67.2	67.4	+0.2%	40.1	59.6%
Non-life insurance business	3.0	3.9⇒4.5	+29.8%⇒+49.8%	3.4	88.1%⇒76.4%
Banking business	5.6	5.3	(6.0%)	3.2	61.7%
Consolidated net income	40.5	49.0	+21.0%	31.1	63.6%

■ Life Insurance Business

Taking into consideration the market fluctuation risk on and after October 1, 2014, the forecast for ordinary revenues and ordinary profit remains unchanged even though the results for this first half exceeded our expectations.

■ Non-life Insurance Business

We have revised upward our forecast for ordinary revenues because we expect net premiums written in mainstay automobile insurance to continue increasing steadily in the second half. We have revised upward our forecast for ordinary profit because we expect the loss ratio to remain slow and stable in the second half despite a rise in the expense ratio.

■ Banking Business

Taking into consideration the current business performance and the market environment, our forecast for ordinary revenues and ordinary profit remains unchanged even though ordinary revenues increased because the rise in bond-dealing transactions for this first half exceeded our expectations.

(*) Since the banking business revised its method of recording ordinary revenues and ordinary expenses on hedge transactions for FY14.1H, ordinary revenues for FY13 have been retroactively adjusted to reflect the change. Consequently, consolidated ordinary revenues and ordinary revenues of the banking business for FY13 have been revised.

Sony Life's MCEV and Risk Amount Based on Economic Value as of September 30, 2014

Please keep in mind that the validity of these calculations of MCEV as of Sep. 30, 2014, has not been verified by outside specialists.
A part of the calculations of MCEV as of Sep. 30, 2014, adopted simplified method.

Sony Life's MCEV as of September 30, 2014

(Billions of yen)	14.3.31	14.6.30	14.9.30	Change from 14.3.31	Change from 14.6.30
MCEV	1,221.3	1,260.0	1,313.1	+91.8	+53.1
Adjusted net worth	722.1	758.4	833.4	+111.3	+75.1
Value of existing business	499.1	501.7	479.7	(19.5)	(22.0)

(Billions of yen)	14.3.31	14.6.30	14.9.30
New business value	55.2 (12M)	16.9 (3M)	30.3 (6M)
New business margin	5.2%	5.5%	5.1%

Notes:

1. New business margin equals new business value divided by present value of premium income.

2. Calculated MCEV as of Jun. 30, 2014 and Sep. 30, 2014 by using updated economic assumptions and lapse and surrender rate and other assumptions as of Mar. 31, 2014.

◆ **Reasons for changes in MCEV**

- MCEV as of Sep. 30, 2014 increased ¥53.1 billion from Jun. 30, 2014, due mainly to an acquisition of new policies, a lower inflation rate and a rise in stock price.
- MCEV as of Sep. 30, 2014 increased ¥91.8 billion from Mar. 31, 2014, due mainly to an acquisition of new policies, yield curve changes in Japanese yen and a rise in stock price.

◆ **New business value**

- New business value as of Sep. 30, 2014 was ¥30.3 billion (¥60.6 billion / annualized), reflecting brisk sales of new policies even in lower interest rates in Japanese yen.

◆ **New business margin**

- New business margin as of Sep. 30, 2014 was down 0.4% from Jun. 30, 2014 due mainly to lower interest rates in Japanese yen.
- New business margin as of Sep. 30, 2014 remained almost at the same level as on Mar. 31, 2014, mainly because the negative impact of lower interest rates in Japanese yen was offset by the positive impact stemming from the absence of the FY13 negative effects; a substantial increase in sale of lump-sum payment endowment insurance and the strong sale led by the revision of insurance premium rates on interest rate-sensitive whole life insurance.

Sony Life's Risk Amount Based on Economic Value as of September 30, 2014

(Billions of yen)	14.3.31	14.6.30	14.9.30
Insurance risk	654.5	663.9	673.3
Market-related risk	240.0	265.0	279.0
<i>Of which, interest rate risk*</i>	180.9	202.8	206.6
Operational risk	26.3	26.1	26.4
Counter party risk	1.3	1.7	1.4
Variance effect	(257.8)	(269.3)	(276.4)
The risk amount based on economic value	664.3	687.3	703.7

(*) Interest amount excluding the variance effect within market-related risk.

(Billions of yen)	14.3.31	14.6.30	14.9.30
MCEV	1,221.3	1,260.0	1,313.1

◆ Maintained capital adequacy by controlling market-related risk.

Notes:

1. 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.
2. The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model, which is a similar but modified model based on the EU Solvency II (QIS5) standard method.
3. Calculated MCEV as of June 30, 2014 and September 30, 2014 by using updated economic assumptions and lapse and surrender rate and other assumptions as of March 31, 2014.

Appendix

Recent Topics 1

AEGON Sony Life Insurance

Launch of sales: December 1, 2009

Common stock: ¥26 billion (including capital surplus of ¥13 billion)*

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

Marketing products: Individual Variable Annuities

Sales Channels: Lifeplanner sales employees and partner Banks (20*)



SA Reinsurance Ltd

Established: October 29, 2009

Common stock: ¥11 billion*

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

Business: Reinsurance business

Note) AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint ventures established by Sony Life and AEGON Group.

*As of November 14, 2014

Sony Bank's Mortgage Loans through Sony Life

■ Sony Life accounts for 24% of the balance of mortgage loans as of September 30, 2014

Sony Life accounts for 17% of the amount of new mortgage loans for FY14.1H

*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 FY14.1H

*Sony Life started handling automobile insurance in May 2001.



Recent Topics 2

<Highlights for FY2014.2Q>

- 2014-07-09 Sony Life closed its representative office in Beijing.
- 2014-07-28 Sony Life entered into an agreement to acquire Sony Corporation's headquarters site.
- 2014-08-01 Sony Bank entered into tie-up with "Sony Real Estate" in mortgage loans
- 2014-08-06 Sony Bank started ATM affiliation with Aeon Bank, Ltd.
- 2014-08-15 Sony Bank started offering interest rates on its mortgage loans based on customers' own funds
- 2014-10-01 Sony Lifecare Group announced the opening of the first newly built nursing care home in Tokyo in spring, 2016
- 2014-10-02 Sony Life commenced sales of Living Benefit Whole Life Insurance (Living Standard Type) and Living Standard Special Provision 2014
- 2014-11-13 Sony Assurance announced to launch a PHYD(Pay-How-You-Drive) type of automobile insurance "Gentle Driving Cash-Back Plan" in Mid-February 2015

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

Fair Value Information on Securities

Fair Value Information on Securities

(Billions of yen)

	13.3.31			14.3.31			14.9.30		
	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	3,874.2	4,425.9	551.7	4,409.6	4,839.9	430.3	4,629.7	5,152.9	523.1
Available-for-sale securities	955.9	1,079.2	123.2	1,065.5	1,189.8	124.3	1,044.1	1,187.2	143.1
Japanese government and corporate bonds	925.3	1,036.9	111.6	1,035.9	1,146.7	110.8	1,012.8	1,139.1	126.3
Japanese stocks	14.7	20.9	6.2	12.2	21.2	8.9	12.5	24.1	11.5
Foreign securities	14.4	18.6	4.2	15.8	19.4	3.5	18.0	22.6	4.6
Other securities	1.4	2.6	1.1	1.4	2.5	1.0	0.6	1.3	0.6
Total	4,830.2	5,505.2	675.0	5,475.1	6,029.8	554.7	5,673.8	6,340.1	666.2

Note: Derivative financial products such as principal protected 30 year notes with Nikkei 225 index-linked coupons are included in the "Held-to-maturity-securities" above.

Principal protected 30 year notes with Nikkei 225 index-linked coupons

As of Mar. 31, 2013; Carrying amount: ¥43.3 billion, Fair market value: ¥52.2 billion, Net unrealized gain (losses): ¥8.8 billion

As of Mar. 31, 2014; Carrying amount: ¥43.8 billion, Fair market value: ¥56.0 billion, Net unrealized gain (losses): ¥12.2 billion

As of Sep. 30, 2014; Carrying amount: ¥44.0 billion, Fair market value: ¥57.4 billion, Net unrealized gain (losses): ¥13.3 billion

Valuation gains (losses) on trading-purpose securities

(Billions of yen)

13.3.31		14.3.31		14.9.30	
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
—	—	—	—	2.0	0.0

Notes: Amounts above include those categorized as "monetary trusts."

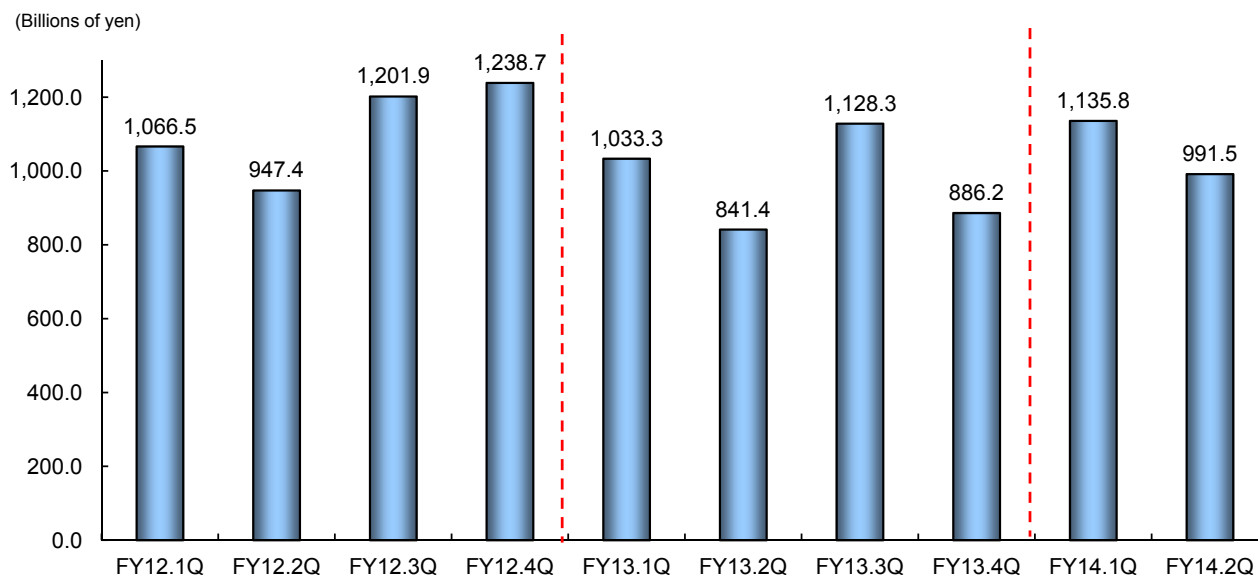
Sony Life's Interest Income and Dividends (Details)

(Millions of yen)

	FY13.1H	FY14.1H	Change
Cash and deposits	0	0	+12.2%
Japanese government and corporate bonds	47,874	52,735	+10.2%
Japanese stocks	198	221	+11.7%
Foreign securities	2,868	4,503	+57.0%
Other securities	47	278	+491.1%
Loans	2,820	2,937	+4.1%
Real estate	5,145	5,170	+0.5%
Others	17	32	+87.9%
Total	58,971	65,879	+11.7%

Sony Life's Quarterly Trend on New Policies Amount

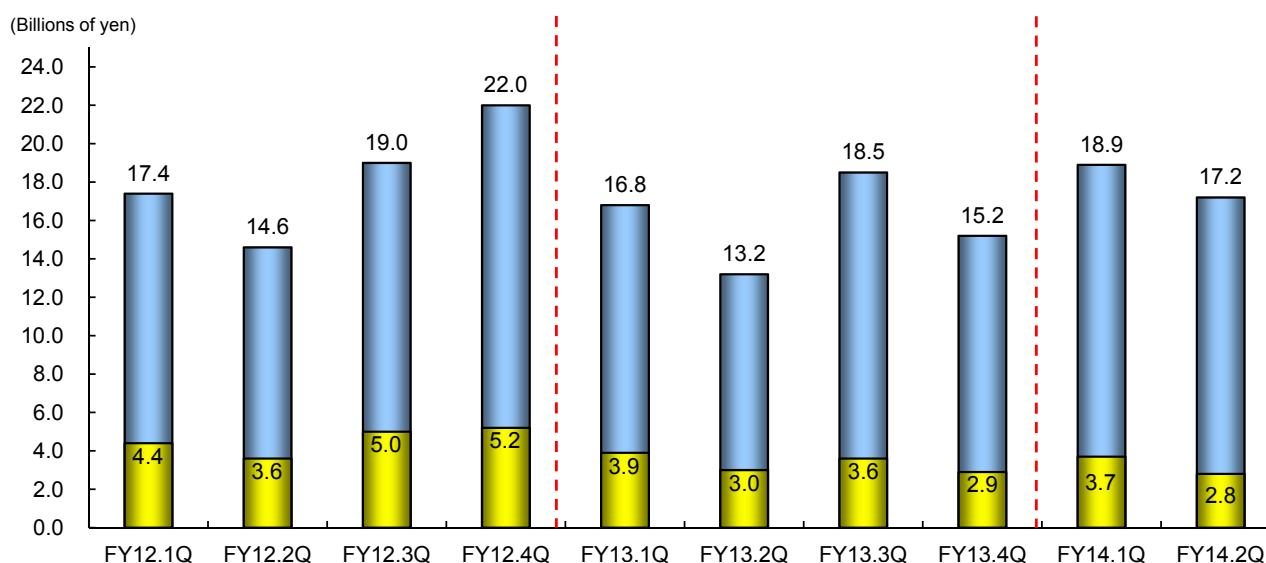
Quarterly Trend on New Policy Amount



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

Quarterly Trend on Annualized Premiums from New Policies

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



Method of Measuring Risk Amount Based on Economic Value (1)

■ Market-related Risk¹

	Sony Life	(Reference) EU Solvency II (QIS5)
Interest rate risk <small>Fluctuations in net asset value based on economic value in response to the shocks in the right columns. The same applies below.</small>	Percentage increases or decreases differ for each currency and term. As for measuring interest rate risk in Japanese yen, introduced principal component analysis, where yield curve changes are disaggregated into three components, parallel shift, twist and butterfly, and the yield curve is shocked by each component. (Example) For Yen 30-year, 34% decrease (parallel shift), 28% decrease (twist), 7% decrease (butterfly))	Percentage increases or decreases differ for each currency and term but <u>no lower than 1%</u> (Example) For Yen 30-year, 30% decrease
Equity risk	Listed equities 45%, Other securities 70%	Global 30%, Others 40% ^{*2}
Real estate risk	Actual real estate 25%	Real estate 25%
Credit risk	Credit risk = (market value) x (risk coefficient for each credit rating) x duration Note that durations have caps and floors, depending on credit ratings. (Example) Rating A: Risk coefficient (1.4%), cap (23), floor (1)	Same as on the left
Currency risk	30% downside fluctuation	25% downside fluctuation

Notes

1. Principal items as of Sep. 30, 2014.

2. Standard risk coefficients are global: 39%/other: 49%. Symmetric adjustment (an adjustment of $\pm 10\%$ of the average value of the stock price index during a defined period in the past) is applied; as of the QIS5 trial introduction (December 31, 2009), these were 30%/40%.

Method of Measuring Risk Amount Based on Economic Value (2)

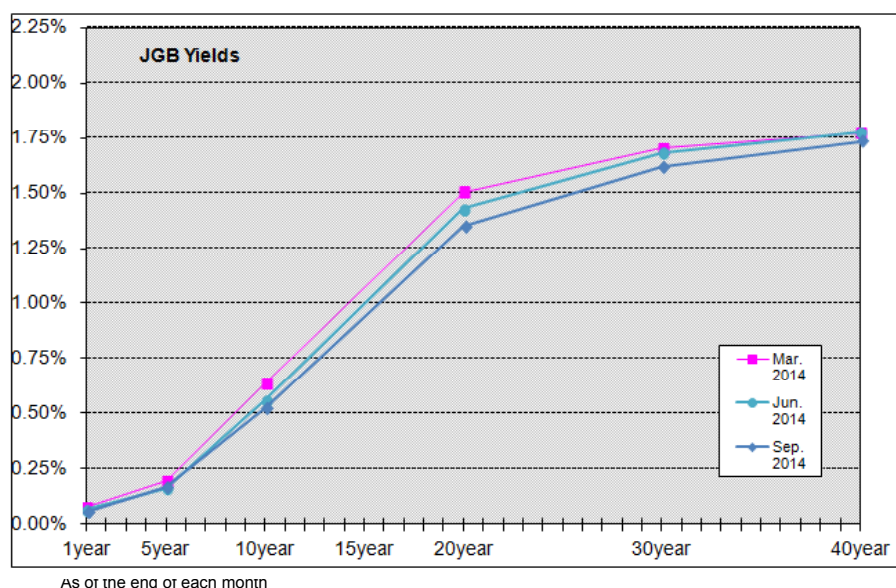
■ Insurance Risk¹

	Sony Life	(Reference) EU Solvency II (QIS5)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; ^{*2} <ul style="list-style-type: none"> • Lapse rate increases by 50% for each year elapsed • Lapse rate decreases by 50% for each year elapsed • 30% of policies on which surrender value is in excess of best estimate liability are immediately surrendered 	The largest amount of these; <ul style="list-style-type: none"> • Increases by 50% in the assumed rates of lapsation for Life module, 20% for Health module • Decreases by 50% in the assumed rates of lapsation for Life module, 20% for Health module • 30% of policies (70% for group annuities, etc.) on which surrender value is in excess of best estimate liability are immediately surrendered
Expense risk	Operating expenses increase by 10% for each year elapsed Rate of inflation rises by 1%	Same as on the left
Disability risk	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter. Recovery rate decreases by 20%.

Notes

1. Principal items as of Sep. 30, 2014.

2. At Sony Life, lapse risk is calculated by computing and adding together the largest amount of three options for each insurance policy



JGB yields	Mar. 2014	Jun. 2014	Sep. 2014	Mar. 2014	Jun. 2014
				→ Sep. 2014	→ Sep. 2014
1 year	0.08%	0.07%	0.06%	(0.02%)	(0.01%)
5 year	0.20%	0.16%	0.17%	(0.03%)	0.01%
10 year	0.64%	0.56%	0.52%	(0.11%)	(0.04%)
20 year	1.50%	1.43%	1.35%	(0.15%)	(0.08%)
30 year	1.70%	1.68%	1.62%	(0.08%)	(0.07%)
40 year	1.78%	1.78%	1.73%	(0.04%)	(0.04%)



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