

**Consolidated Financial Summary (Japanese GAAP)  
for the Nine Months Ended December 31, 2016**

February 14, 2017

Company name: Sony Financial Holdings Inc.  
 (URL: [http://www.sonyfh.co.jp/index\\_en.html](http://www.sonyfh.co.jp/index_en.html))  
 Stock exchange listing: Tokyo Stock Exchange (code number: 8729)  
 Representative: Shigeru Ishii, President and Representative Director  
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 (Fractional amounts of less than ¥1 million are discarded.)

1. Consolidated financial results for the nine months ended December 31, 2016

(1) Operating results

	Ordinary Revenues		Ordinary Profit		Profit Attributable to Owners of the Parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the nine months ended December 31, 2016	1,041,307	0.5	50,300	(12.4)	33,716	(11.8)
For the nine months ended December 31, 2015	1,036,134	1.4	57,450	(24.3)	38,224	(24.3)

Note: Comprehensive Income: For the nine months ended December 31, 2016: ¥18,238 million: (54.7%)  
 For the nine months ended December 31, 2015: ¥40,268 million: (55.3%)

	Net Income per Share	Net Income per Share (Fully Diluted)
	Yen	Yen
For the nine months ended December 31, 2016	77.51	77.51
For the nine months ended December 31, 2015	87.87	—

(2) Financial conditions

	Total Assets	Total Net Assets	Net Asset Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	11,276,096	597,928	5.3
As of March 31, 2016	10,352,114	604,377	5.8

Note: Net Assets Attributable to Shareholders: As of December 31, 2016: ¥596,498 million  
 As of March 31, 2016: ¥603,048 million

2. Dividends

Record date	Dividend per Share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March 31, 2016	—	0.00	—	55.00	55.00
For the year ending March 31, 2017	—	0.00	—		
For the year ending March 31, 2017 (forecast)				55.00	55.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2017

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

	Ordinary Revenues		Ordinary Profit		Profit Attributable to Owners of the Parent		Net Income per Share
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Yen
For the year ending March 31, 2017	1,450,000	6.5	71,000	(0.1)	46,000	6.1	105.75

4. Notes

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

(2) Application of special accounting methods for preparing quarterly Consolidated Financial Statements: None

(3) 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 "2.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.

(4) Number of shares outstanding (common stock)

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

As of December 31, 2016: 435,000,000 shares

As of March 31, 2016: 435,000,000 shares

(b) Number of treasury shares

As of December 31, 2016: 52,975 shares

As of March 31, 2016: 75 shares

(c) Weighted-average number of shares

For the nine months ended December 31, 2016: 434,988,191 shares

For the nine months ended December 31, 2015: 434,999,936 shares

Status of quarterly review procedures

Quarterly review procedures are completed in accordance with Article 193-2-1 of the Financial Instruments and Exchange Law of Japan. However, quarterly Consolidated Financial Statements in this document are not subject to such quarterly review procedures.

## Content of Supplemental Materials

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\* The conference call for explaining the Sony Financial Group financial results will be held at 15:30 (Tokyo), February 14, 2017. Please note that our conference call will be held only in Japanese.

We will upload the presentation materials with speech text on February 14, 2017 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/en/financial\\_info/results/index.html](http://www.sonyfh.co.jp/en/financial_info/results/index.html)

\* On February 14, 2017, 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 nine months ended December 31, 2016. 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 significant subsidiaries during the period under review (changes in specified subsidiaries accompanying changes in scope of consolidation)**

None.

Although not specified subsidiaries, Sony Lifecare Inc., a holding company that oversees the Sony Financial Group's operations in the nursing care business, and nursing-care provider Lifecare Design Inc., which were non-consolidated subsidiaries in the previous consolidated fiscal year, have been included in the scope of consolidation, due to a rise in their importance from the first quarter of the fiscal year ending March 31, 2017. The results of both companies are included in the "other" category in the consolidated statements of income.

### **2. Changes in accounting policies, accounting estimates and restatements of the Consolidated Financial Statements**

Changes in accounting policies

(Application of the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26, March 28, 2016)(hereinafter, the "Recoverability Implementation Guidance") )

The Sony Financial Group has applied the Recoverability Implementation Guidance from the first quarter of the fiscal year ending March 31, 2017 and partially revised the accounting method of recoverability of deferred tax assets.

The Recoverability Implementation Guidance has been applied in accordance with the transitional treatment set forth in Article 49(4) of the Recoverability Implementation Guidance. The differences between (i) the amounts of deferred tax assets and deferred tax liabilities when provisions applicable from ① to ③ of Article 49(3) of the Recoverability Implementation Guidance were applied as of April 1, 2016, and (ii) the amounts of deferred tax assets and deferred tax liabilities at the end of the fiscal year ended March 31, 2016, were added to retained earnings as of April 1, 2016.

As a result, deferred tax assets increased ¥48 million and retained earnings rose ¥105 million, while deferred tax liabilities decreased ¥56 million as of April 1, 2016.

## **II. Consolidated Financial Statements**

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

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Cash and due from banks	¥144,364	¥290,943
Call loans and bills bought	88,200	–
Monetary claims purchased	884	651
Monetary trusts	303,973	296,991
Securities	8,021,493	8,677,903
Loans	1,515,833	1,681,277
Tangible fixed assets	121,376	124,197
Intangible fixed assets	29,887	29,943
Due from reinsurers	399	1,101
Foreign exchanges	1,139	4,926
Other assets	115,474	155,987
Net defined benefit asset	2,216	2,400
Deferred tax assets	8,181	11,125
Reserve for possible loan losses	(1,308)	(1,353)
<b>Total Assets</b>	<b>¥10,352,114</b>	<b>¥11,276,096</b>

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Policy reserves and others	¥7,504,420	¥7,960,873
Reserve for outstanding claims	67,177	69,144
Policy reserves	7,432,237	7,886,221
Reserve for policyholders' dividends	5,006	5,507
Due to agencies	2,455	1,496
Due to reinsurers	626	2,476
Deposits	1,912,592	2,081,100
Call money and bills sold	–	40,000
Borrowed money	40,000	90,000
Foreign exchanges	87	130
Bonds payable	20,000	10,000
Other liabilities	183,835	412,727
Reserve for employees' bonuses	3,557	1,977
Net defined benefit liability	29,263	30,857
Reserve for directors' retirement benefits	351	353
Special reserves	44,410	45,687
Reserve for price fluctuations	44,410	45,687
Deferred tax liabilities	5,647	–
Deferred tax liabilities on land revaluation	488	488
<b>Total Liabilities</b>	<b>9,747,736</b>	<b>10,678,168</b>
<b>Net Assets</b>		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	238,079	247,157
Treasury stock	(0)	(81)
Total shareholders' equity	453,256	462,253
Net unrealized gains (losses) on other securities, net of taxes	157,364	140,289
Net deferred gains (losses) on hedging instruments, net of taxes	(2,347)	(1,387)
Land revaluation, net of taxes	(1,465)	(1,465)
Remeasurements of defined benefit plans, net of taxes	(3,760)	(3,190)
Total accumulated other comprehensive income	149,791	134,245
Subscription rights to shares	–	32
Non-controlling interests	1,329	1,396
<b>Total Net Assets</b>	<b>604,377</b>	<b>597,928</b>
<b>Total Liabilities and Net Assets</b>	<b>¥10,352,114</b>	<b>¥11,276,096</b>

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

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Ordinary Revenues	¥1,036,134	¥1,041,307
Ordinary Revenues from the Life Insurance Business	935,374	936,806
Income from insurance premiums	753,964	704,439
Investment income	153,071	194,629
(Interest income and dividends)	105,180	109,689
(Income from monetary trusts, net)	10,837	3,366
(Gains on trading securities, net)	–	111
(Gains on sale of securities)	12,193	1,306
(Gains on separate accounts, net)	24,404	55,932
Other ordinary income	28,339	37,737
Ordinary Revenues from the Non-life Insurance Business	72,776	75,948
Underwriting income	71,803	74,323
(Net premiums written)	71,762	74,273
(Interest and dividends on deposits of premiums)	41	50
Investment income	952	1,595
(Interest income and dividends)	981	994
(Gains on sale of securities)	12	650
(Transfer to interest and dividends on deposits of premiums)	(41)	(50)
Other ordinary income	20	29
Ordinary Revenues from the Banking Business	27,983	28,379
Interest income	19,055	19,618
(Interest income on loans)	10,955	11,904
(Interest income and dividends on securities)	8,051	7,660
Fees and commissions	4,703	4,941
Other operating income	3,941	3,651
Other ordinary income	283	168
Other	–	173
Other ordinary income	–	173

(Continued)

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Ordinary Expenses	¥978,683	¥991,006
Ordinary Expenses from the Life Insurance Business	888,087	896,244
Insurance claims and other payments	279,355	276,009
(Insurance claims)	61,305	62,524
(Annuity payments)	7,725	8,266
(Insurance benefits)	60,979	75,877
(Surrender payments)	142,940	122,713
(Other payments)	4,920	2,428
Provision for policy reserves and others	480,245	447,069
Provision for reserve for outstanding claims	4,648	462
Provision for policy reserves	475,595	446,605
Interest portion of reserve for policyholders' dividends	1	0
Investment expenses	4,851	38,802
(Interest expenses)	40	26
(Losses on trading securities, net)	94	–
(Losses on derivatives, net)	515	34,275
Operating expenses	97,082	101,324
Other ordinary expenses	26,552	33,038
Ordinary Expenses from the Non-life Insurance Business	68,434	70,451
Underwriting expenses	50,580	52,231
(Net losses paid)	35,513	36,941
(Loss adjustment expenses)	5,267	5,519
(Net commission and brokerage fees)	779	887
(Provision for reserve for outstanding losses)	1,651	1,503
(Provision for underwriting reserves)	7,368	7,378
Investment expenses	4	2
(Losses on sale of securities)	4	–
Operating, general and administrative expenses	17,846	18,212
Other ordinary expenses	2	4

(Continued)



(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Ordinary Expenses from the Banking Business	¥22,161	¥23,603
Interest expenses	6,692	6,473
(Interest expenses on deposits)	3,532	3,842
Fees and commissions	1,713	2,658
Other operating expenses	125	77
General and administrative expenses	13,379	14,232
Other ordinary expenses	250	161
Other	–	708
Other ordinary expenses	–	708
Ordinary Profit	57,450	50,300
Extraordinary Losses	1,936	1,400
Losses on disposal of fixed assets	875	111
Impairment losses	6	4
Provision for special reserves	1,054	1,277
Provision for reserve for price fluctuations	1,054	1,277
Others	–	7
Provision for Reserve for Policyholders' Dividends	855	814
Income Before Income Taxes	54,658	48,085
Income Taxes – Current	19,860	16,653
Income Taxes – Deferred	(3,457)	(2,349)
Total Income Taxes	16,403	14,303
Profit	38,255	33,781
Profit Attributable to Non-controlling Interests	31	65
Profit Attributable to Owners of the Parent	¥38,224	¥33,716

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Profit	¥38,255	¥33,781
Other comprehensive income		
Net unrealized gains (losses) on other securities, net of taxes	1,417	(17,075)
Net deferred gains (losses) on hedging instruments, net of taxes	97	960
Foreign currency translation adjustments	0	–
Remeasurements of defined benefit plans, net of taxes	497	571
Total other comprehensive income	2,012	(15,543)
Comprehensive income	¥40,268	¥18,238
(Details)		
Comprehensive income attributable to owners of the parent	40,235	18,170
Comprehensive income attributable to non-controlling interests	32	67

### 3. Segment Information

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

For the nine months ended December 31, 2015

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues				
External customers	¥935,374	¥72,776	¥27,983	¥1,036,134
Intersegment	2,014	1	155	2,171
Total	937,389	72,777	28,139	1,038,305
Segment profit	¥48,804	¥3,824	¥4,666	¥57,294

For the nine months ended December 31, 2016

	Millions of yen					
	Life insurance business	Non-life insurance business	Banking business	Total	Other	Total
Ordinary revenues						
External customers	¥936,806	¥75,948	¥28,379	¥1,041,133	¥173	¥1,041,307
Intersegment	2,330	0	143	2,474	–	2,474
Total	939,137	75,948	28,522	1,043,608	173	1,043,781
Segment profit	¥42,392	¥4,999	¥3,310	¥50,702	¥(535)	¥50,167

(Note) “Other” consists of Sony Lifecare Inc., a holding company that oversees the Sony Financial Group’s operations in the nursing care business, and nursing-care provider Lifecare Design Inc., which have been included in the scope of consolidation from the first quarter of the fiscal year ending March 31, 2017.

#### (2) Reconciliations of the totals of reportable segments’ profit to quarterly consolidated statement of income

	Millions of yen	
	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Totals of reporting segments	¥57,294	¥50,702
Other	–	(535)
Adjustments for intersegment transactions	6	6
Amount not allocated to reporting segments	149	126
Ordinary profit in quarterly consolidated statement of income	¥57,450	¥50,300

#### (3) Information on impairment loss on fixed assets and goodwill by reporting segment

None

### 4. 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, SFH's parent company, which prepares its financial statements in accordance with U.S. GAAP.

\* SFH's scope of consolidation includes following companies:

Sony Financial Holdings Inc.  
Sony Life Insurance Co. Ltd.  
Sony Assurance Inc.  
Sony Bank Inc.  
Sony Payment Services Inc.  
SmartLink Network Hong Kong Limited.  
Sony Lifecare Inc\*  
Lifecare Design Inc.\*

\*Sony Lifecare Inc. and Lifecare Design Inc. are included in the scope of consolidation from the first quarter ended June 30, 2016.

Affiliated companies accounted for under the equity method:

AEGON Sony Life Insurance Co., Ltd.  
SA Reinsurance Ltd.

*Statements made in this press release concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that are not historical facts are forward-looking statements or pro forma information. Forward-looking statements may include—but are not limited to—words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “assume,” “forecast,” “predict,” “propose,” “intend” and “possibility” that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, may also be included in other materials released to the public. These forward-looking statements and pro forma information are based on assumptions, decisions and judgments made by the management of Sony Financial Group companies, and are based on information that is currently available to them. As such, they are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. Sony Financial Group companies are under no obligation to revise forward-looking statements or pro forma information in light of new information, future events or other findings. The information contained in this press release does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe to any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever in Japan or abroad.*

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### **III. Attachment**

Content of Presentation Material

#### **Consolidated Financial Results for the Nine Months Ended December 31, 2016 and Sony Life's Market Consistent Embedded Value as of December 31, 2016**

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## Presentation Material

# Consolidated Financial Results for the Nine Months Ended December 31, 2016 and Sony Life's MCEV as of December 31, 2016

Sony Financial Holdings Inc.  
February 14, 2017

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## Content

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■ Forecast of Consolidated Financial Results for the Year Ending March 31, 2017 (FY16)	P.29
■ Sony Life's MCEV and ESR as of December 31, 2016	P.31
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### Disclaimers:

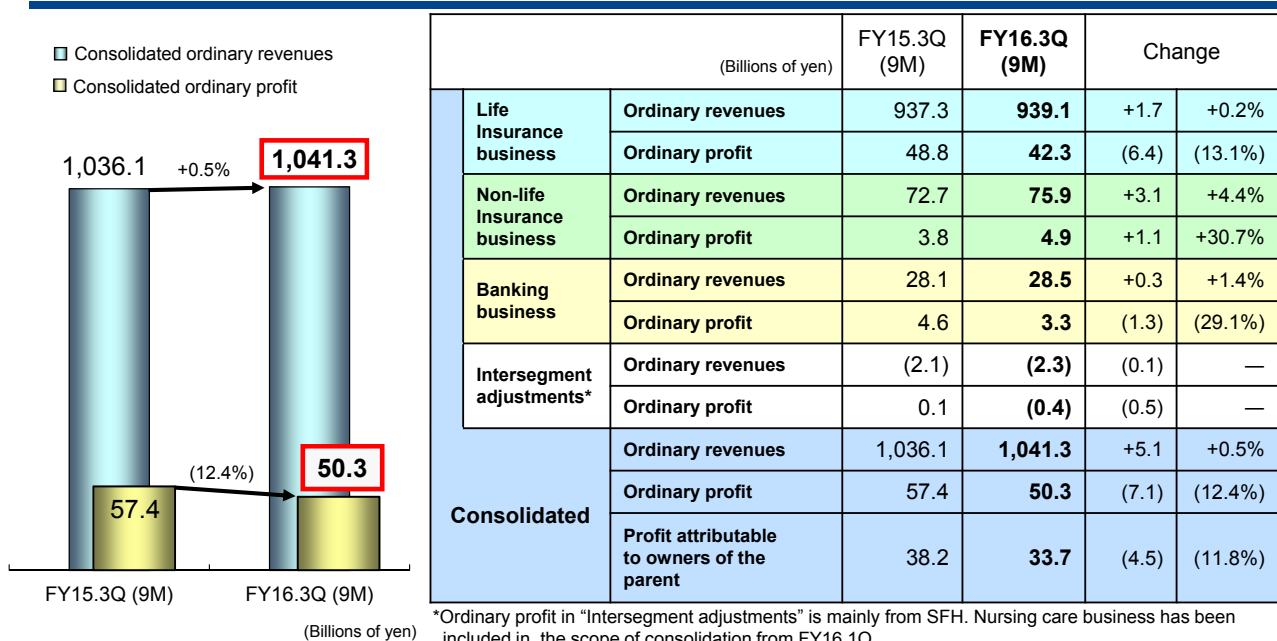
This presentation material contains statements concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that are not historical facts are forward-looking statements or pro forma information. Forward-looking statements may include—but are not limited to—words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “assume,” “forecast,” “predict,” “propose,” “intend” and “possibility” that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, may also be included in other materials released to the public. These forward-looking statements and pro forma information are based on assumptions, decisions and judgments made by the management of Sony Financial Group companies, and are based on information that is currently available to them. As such, they are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. Sony Financial Group companies are under no obligation to revise forward-looking statements or pro forma information in light of new information, future events or other findings. The information contained in this presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe to any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever in Japan or abroad.

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

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

## Consolidated Operating Results for the Nine Months Ended December 31, 2016 <FY16.3Q (9M)>

### Highlights of Consolidated Operating Performance for FY16.3Q (9M) (1)



		(Billions of yen)		Change from 16.3.31	
		16.3.31	<b>16.12.31</b>		
Consolidated	Net assets	604.3	<b>597.9</b>	(6.4)	(1.1%)
	Total assets	10,352.1	<b>11,276.0</b>	+923.9	+8.9%

## Highlights of Consolidated Operating Performance for FY16.3Q (9M) (2)



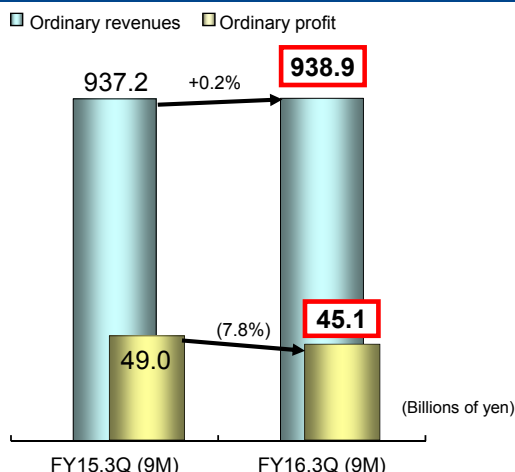
■ **Life Insurance Business:** Ordinary revenues were essentially flat year on year, because an increase in investment income was offset by a decrease in insurance premium revenues led by a decline in sales of single premium products. Ordinary profit decreased year on year due mainly to lower gains on sale of securities in the general account. The provision of policy reserves for minimum guarantees for variable life insurance declined owing to a lower acquisition of new policies and the improvement of the market conditions. This positive impact on ordinary profit, however, was partially offset by a deterioration in net gains/losses on derivative transactions to hedge market-related risks

■ **Non-life Insurance Business:** Ordinary revenues expanded year on year, owing mainly to an increase in net premiums written primarily for mainstay automobile insurance. Ordinary profit increased year on year, due mainly to the increase in ordinary revenues, including gains on sale of securities, and a lower expense ratio.

■ **Banking Business:** Ordinary revenues increased year on year due to an increase in interest income on loans in line with a favorably growing balance of mortgage loans and an increase in ordinary revenues from Sony Payment Services (Sony Bank's 57% owned subsidiary), partially offset by a decrease in interest and dividend income on securities. Ordinary profit decreased year on year due to the lower level of interest rates, an increase in initial expenses led by a higher execution of mortgage loans, and decreased volumes of foreign currency and investment trust transactions of customers.

■ Consolidated ordinary revenues increased 0.5% year on year, to ¥1,041.3 billion. Ordinary revenues from the life insurance business were flat year on year, while ordinary revenues from the non-life insurance and the banking businesses increased. Consolidated ordinary profit decreased 12.4% year on year, to ¥50.3 billion. By business segment, ordinary profit from the life insurance and the banking businesses decreased, whereas ordinary profit from the non-life insurance business increased. Profit attributable to owners of the parent was down 11.8% year on year, to ¥33.7 billion due to the decrease in consolidated ordinary profit.

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



- ◆ Ordinary revenues were flat but ordinary profit decreased year on year.
- ◆ Income from insurance premiums decreased due to a decline in sales of single premium products.
- ◆ Investment income increased led by higher gains on separate account despite lower gains on sale of securities in the general account.
- ◆ Ordinary profit decreased due mainly to lower gains on sale of securities in the general account. The provision of policy reserves for minimum guarantees for variable life insurance declined owing to a lower acquisitions of new policies and the improvement of the market conditions. The positive impact on ordinary profit, however, was partially offset by a deterioration in net gains/losses on derivative transactions to hedge market-related risks.

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Ordinary revenues</b>	937.2	938.9	+1.7	+0.2%
Income from insurance premiums	754.8	705.4	(49.4)	(6.5%)
Investment income	153.4	195.0	+41.5	+27.1%
Interest income and dividends	105.5	110.0	+4.5	+4.3%
Income from monetary trusts, net	10.8	3.3	(7.4)	(68.9%)
Gains on sale of securities	12.1	1.3	(10.8)	(89.3%)
Foreign exchange gains, net	0.4	24.2	+23.7	—
Gains on separate accounts, net	24.4	55.9	+31.5	+129.2%
<b>Ordinary expenses</b>	888.2	893.7	+5.5	+0.6%
Insurance claims and other payments	279.3	276.0	(3.3)	(1.2%)
Provision for policy reserves and others	480.2	447.0	(33.1)	(6.9%)
Investment expenses	5.0	38.9	+33.9	+667.9%
Losses on derivatives, net	0.5	34.2	+33.7	—
Operating expenses	97.4	101.6	+4.2	+4.4%
<b>Ordinary profit</b>	49.0	45.1	(3.8)	(7.8%)
<b>Net income</b>	32.8	31.2	(1.6)	(5.0%)
(Billions of yen)	16.3.31	16.12.31	Change from 16.3.31	
<b>Securities</b>	7,273.3	7,916.0	+642.6	+8.8%
<b>Policy reserves</b>	7,336.5	7,783.1	+446.6	+6.1%
<b>Net assets</b>	482.1	483.0	+0.9	+0.2%
Net unrealized gains on other securities	150.6	133.5	(17.0)	(11.3%)
<b>Total assets</b>	8,035.4	8,721.1	+685.7	+8.5%
Separate account assets	850.3	957.9	+107.5	+12.7%



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



(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>New policy amount</b>	4,052.4	<b>3,499.7</b>	(13.6%)
<b>Lapse and surrender amount</b>	1,474.9	<b>1,371.1</b>	(7.0%)
<b>Lapse and surrender rate</b>	3.60%	<b>3.18%</b>	(0.42pt)
<b>Policy amount in force</b>	42,841.7	<b>44,633.9</b>	+4.2%
<b>Annualized premiums from new policies</b>	65.8	<b>54.1</b>	(17.7%)
Of which, third-sector products	12.0	<b>11.2</b>	(7.0%)
<b>Annualized premiums from insurance in force</b>	771.8	<b>807.3</b>	+4.6%
Of which, third-sector products	178.3	<b>185.1</b>	+3.8%

**<Reasons for changes>**

◆ Decreased due to sales of variable life insurance despite favorable sales of U.S. dollar-denominated insurance and term life insurance.

◆ Decreased due to lower sales of variable life insurance despite favorable sales of term life insurance and U.S. dollar-denominated insurance.

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.

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>Gains from investment, net (General account)</b>	123.9	<b>100.0</b>	(19.3%)
<b>Core profit</b>	35.1	<b>65.8</b>	+87.5%
<b>Positive spread</b>	11.7	<b>11.1</b>	(5.1%)

◆ Increased due mainly to a decrease in the provision of policy reserves for minimum guarantees for variable life insurance reflecting a lower acquisition of new policies and the improvement of the market conditions.

	16.3.31	<b>16.12.31</b>	Change from 16.3.31
<b>Non-consolidated solvency margin ratio</b>	2,722.8%	<b>2,731.1%</b>	+8.3pt

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

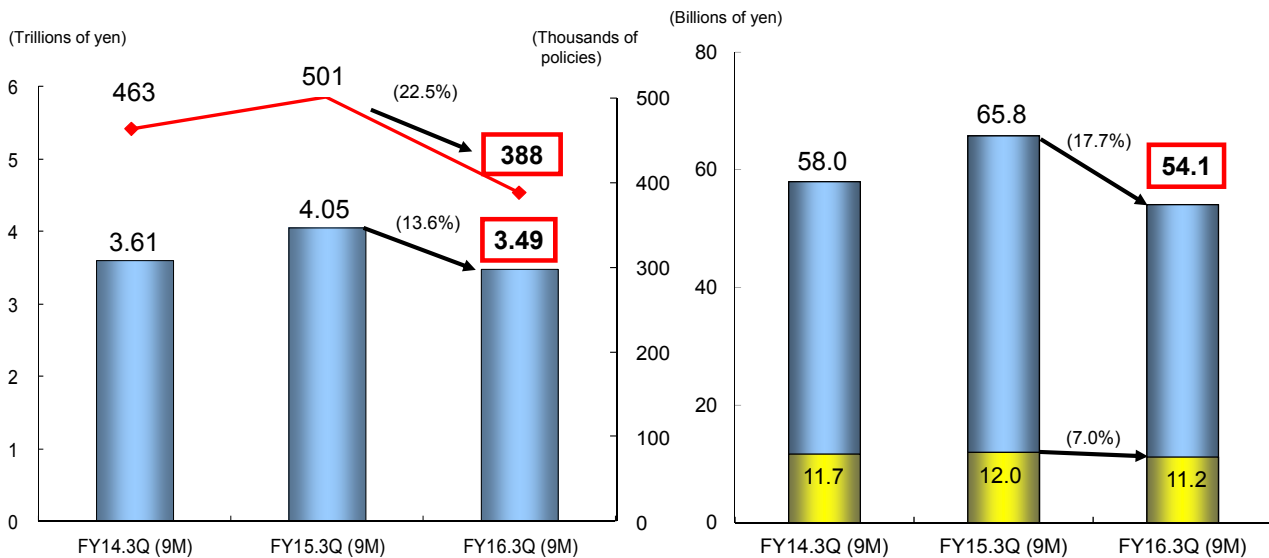


**Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)**

■ New policy amount      — Number of new policies

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

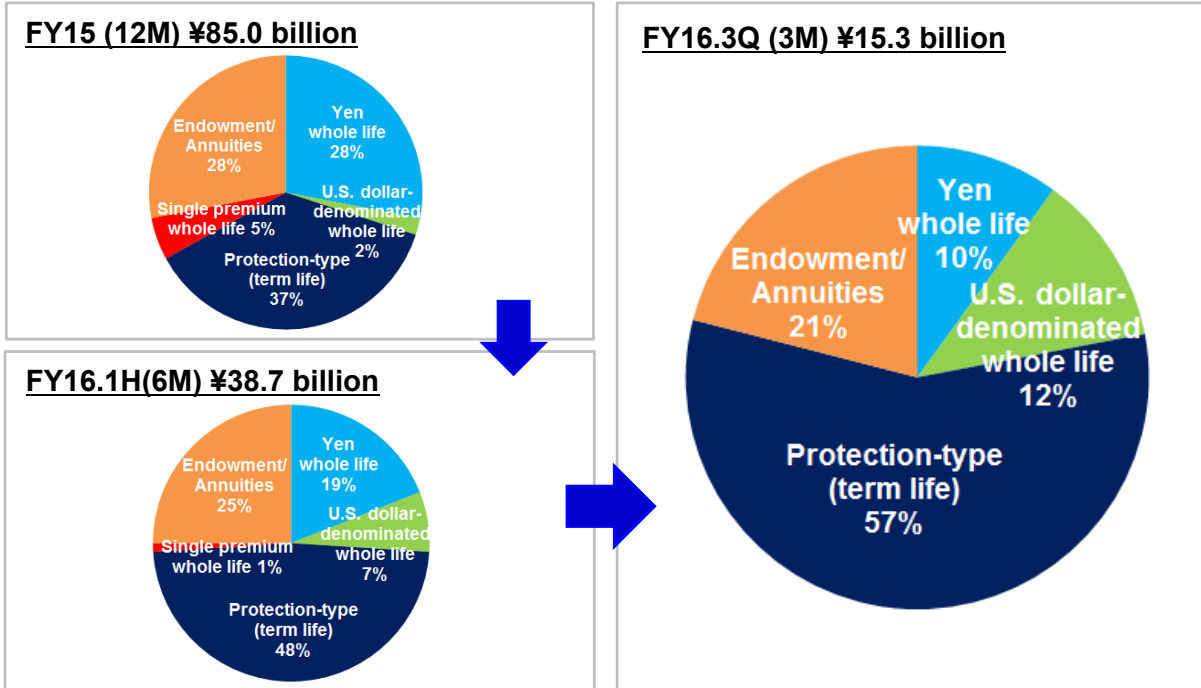
■ Annualized premiums from new policies      ■ Of which, third-sector



# Sony Life's Product Portfolio



## Annualized Premiums from New Policies by Product



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

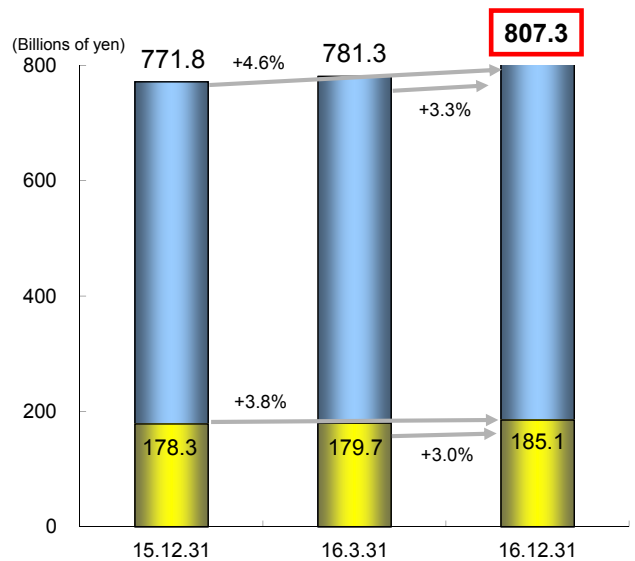
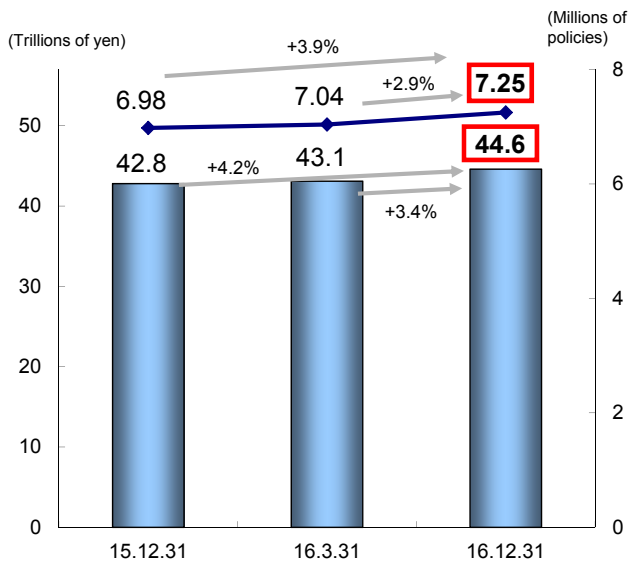


## Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

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

■ Policy amount in force    — Number of policies in force

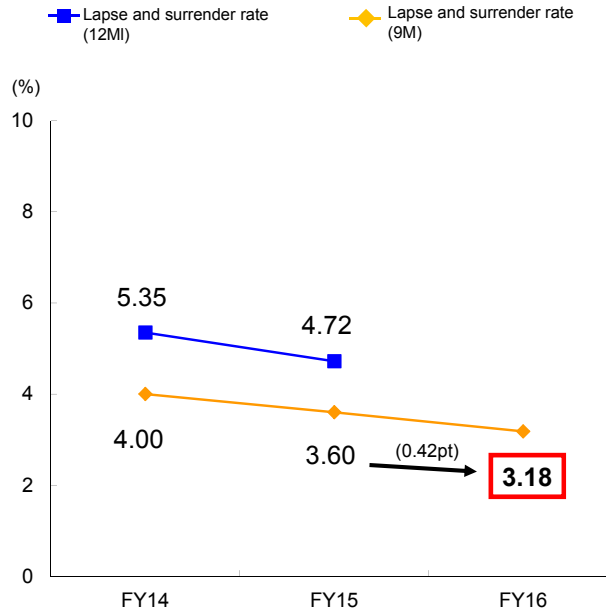
■ Annualized premiums from insurance in force    ■ Of which, third-sector



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



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



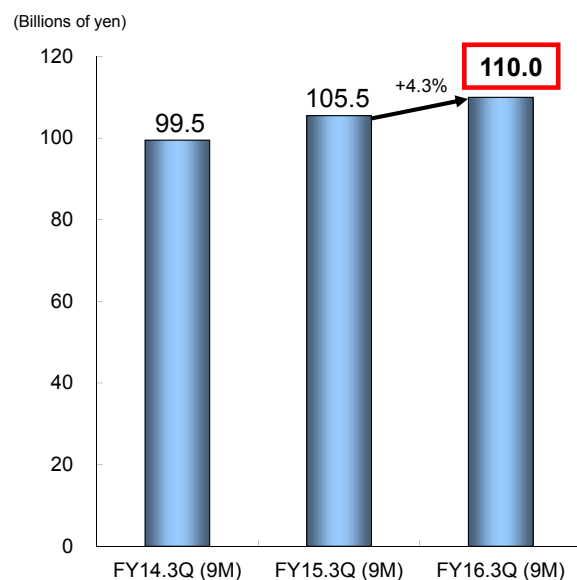
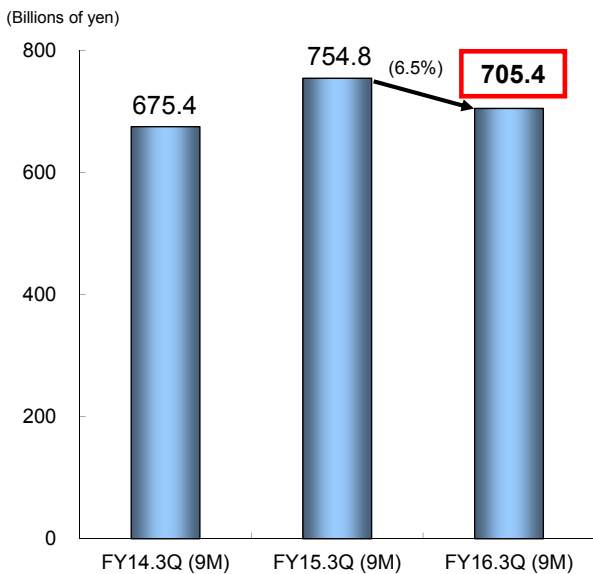
\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

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



## Income from Insurance Premiums

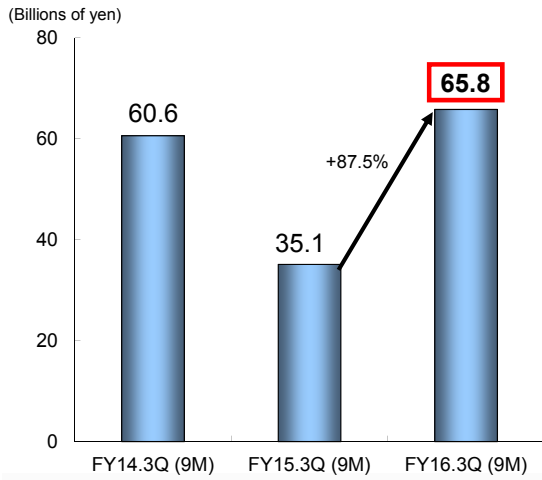
## Interest Income and Dividends



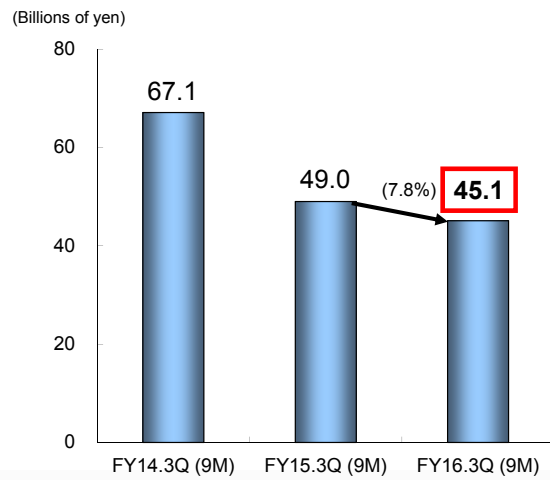
# Operating Performance : Sony Life (Non-consolidated) (5)



## Core Profit



## Ordinary Profit



(Reference) Impact on core profit

(Billions of yen)	FY14.3Q (9M)	FY15.3Q (9M)	FY16.3Q (9M)
Positive spread	9.4	11.7	11.1
Provision of policy reserves for minimum guarantees for variable life insurance (*)	(3.3)	(24.2)	(4.5)
Others	54.5	47.6	59.2

(Reference) Main differences from core profit

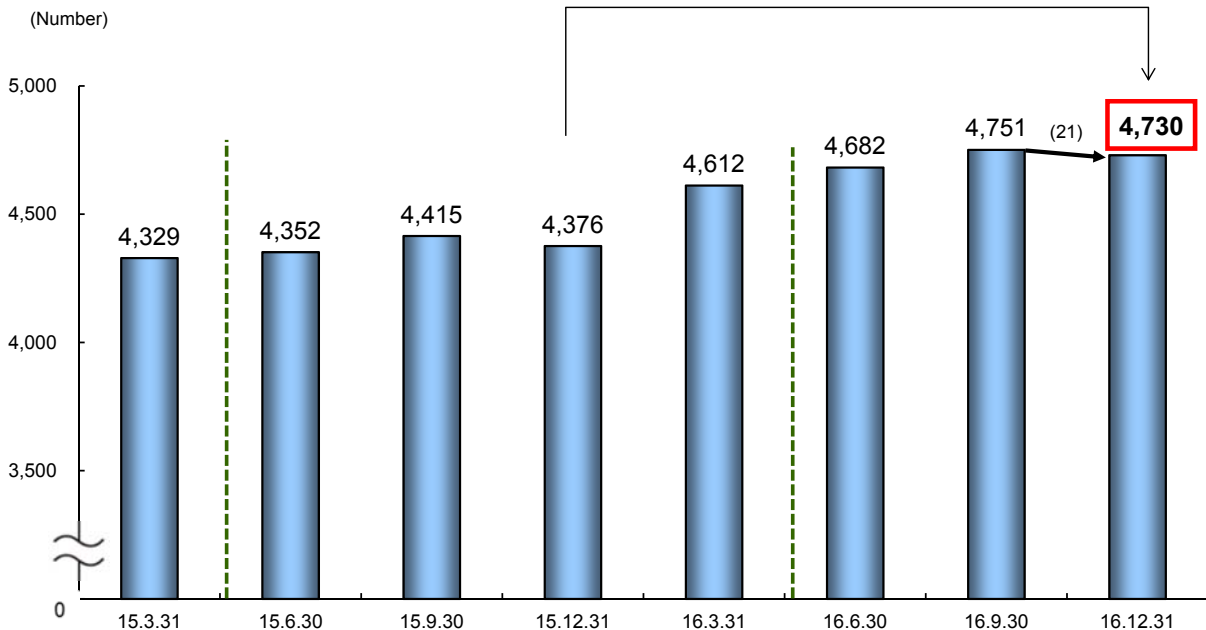
(Billions of yen)	FY14.3Q (9M)	FY15.3Q (9M)	FY16.3Q (9M)
Capital gains (losses) excluding gains or losses on hedges (*)	10.4	19.7	0.0
Gains (losses) on hedges of variable life insurance	—	(0.6)	(14.2)
Provision of contingency reserve (*)	(3.8)	(4.9)	(6.2)

\*Provision of policy reserves for minimum guarantees for variable life insurance\* and \*Provision of contingency reserve\* are described as negative amount. Capital gains (losses) exclude gains or losses on hedges of variable life insurance.

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



## Number of Lifepanner Sales Employees



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



## Breakdown of General Account Assets

(Billions of yen)	16.3.31		16.12.31	
	Amount	%	Amount	%
Japanese government and corporate bonds	6,351.1	88.4%	6,722.1	86.6%
Japanese stocks	33.3	0.5%	34.9	0.5%
Foreign bonds	70.1	1.0%	234.1	3.0%
Foreign stocks	23.0	0.3%	31.4	0.4%
Monetary trusts	280.9	3.9%	273.9	3.5%
Policy loans	171.6	2.4%	176.8	2.3%
Real estate*	115.8	1.6%	117.7	1.5%
Cash and call loans	52.5	0.7%	55.4	0.7%
Others	86.4	1.2%	116.6	1.5%
<b>Total</b>	<b>7,185.0</b>	<b>100.0%</b>	<b>7,763.2</b>	<b>100.0%</b>

### <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, 2015: 20.3 years

Mar. 31, 2016: 21.8 years

Dec. 31, 2016: 21.5 years

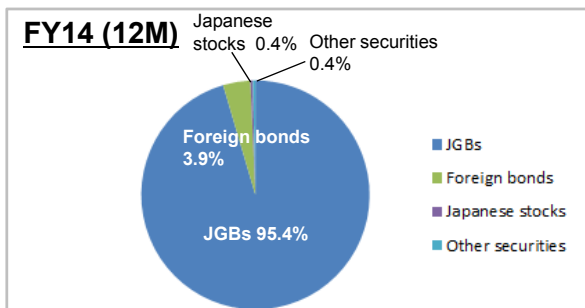
- Investment in the monetary trusts is mainly into Japanese government and corporate bonds.
- The holding ratio on the real status of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets: As of Dec. 31, 2016: 90.1% (As of Mar. 31, 2016: 92.3%)

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

## Review of Sony Life's Asset Management

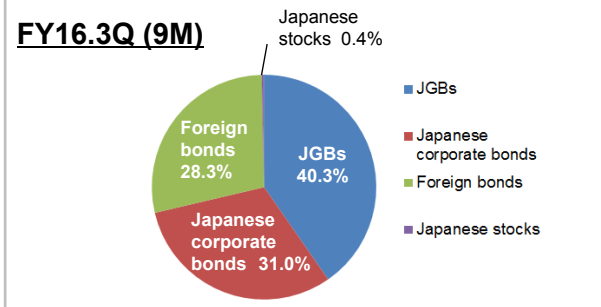
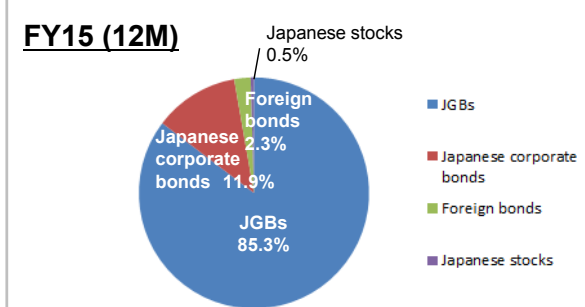


### Diversify asset management under the negative interest rate environment (purchase securities in the general account asset)



■ Promote diversification of investment assets while continue to invest in assets that match the liability characteristics.

- Expand investments in ultralong-term Japanese corporate bonds (including FILP agency bonds)
- Significantly increase investments in U.S. government bonds, responding to higher sales of U.S. dollar denominated insurance policies.



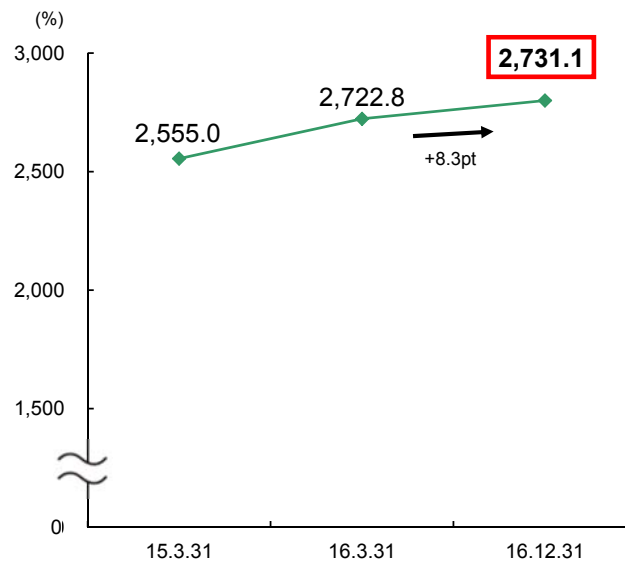
Notes:

- Japanese corporate bonds include FILP agency bonds and Government-guaranteed bonds.
- The graphs above are asset allocation for the relevant period. Total invested amount for the relevant period as 100%. (excluding, investment in subsidiaries and affiliates, and strategic investments)

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



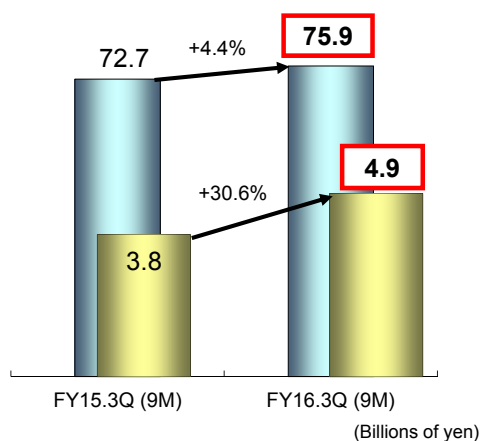
### Non-consolidated Solvency Margin Ratio



## Highlights of Operating Performance: Sony Assurance



□ Ordinary revenues □ Ordinary profit



- ◆ Both ordinary revenues and ordinary profit increased year on year.
- ◆ Ordinary revenues expanded owing to an increase in net premiums written primarily for mainstay automobile insurance.
- ◆ Ordinary profit increased due mainly to the increase in ordinary revenues, including gains on sale of securities, and a lower expense ratio.

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Ordinary revenues</b>	72.7	75.9	+3.1	+4.4%
Underwriting income	71.8	74.3	+2.5	+3.5%
Investment income	0.9	1.5	+0.6	+67.5%
<b>Ordinary expenses</b>	68.9	70.9	+1.9	+2.9%
Underwriting expenses	50.9	52.5	+1.6	+3.2%
Investment expenses	0.0	—	(0.0)	(100.0%)
Operating general and administrative expenses	18.0	18.3	+0.3	+2.0%
<b>Ordinary profit</b>	3.8	4.9	+1.1	+30.6%
<b>Extraordinary Losses</b>	0.8	0.0	(0.8)	(97.7%)
<b>Net income</b>	2.1	3.6	+1.4	+70.5%

(Billions of yen)	16.3.31	16.12.31	Change from 16.3.31	
<b>Underwriting reserves</b>	95.7	103.0	+7.3	+7.7%
<b>Net assets</b>	28.3	29.6	+1.3	+4.6%
<b>Total assets</b>	172.3	179.4	+7.0	+4.1%

# Overview of Operating Performance: Sony Assurance



(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
Direct premiums written	70.8	73.3	+3.5%
Net premiums written	71.7	74.2	+3.5%
Net losses paid	35.5	36.9	+4.0%
Underwriting profit	2.9	3.4	+17.5%
Net loss ratio	56.8%	57.2%	+0.4pt
Net expense ratio	26.6%	26.3%	(0.3pt)
Combined ratio	83.4%	83.5%	+0.1pt

## <Reasons for changes>

◆ Increased mainly in its mainstay automobile insurance.

◆ Declined due to a proper control on overall operating expenses.

Note:

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

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

	FY15.3Q (9M)	FY16.3Q (9M)	Change
E. I. loss ratio	63.1%	62.9%	(0.2pt)
E. I. loss ratio + Net expense ratio	89.7%	89.2%	(0.5pt)

◆ Declined slightly due to a decrease in provision for reserve for outstanding losses in automobile insurance.

Notes:

E.I. 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.]

	16.3.31	16.12.31	Change from 16.3.31	
Number of policies in force	1.79 million	1.84 million	+0.04 million	+2.5%
Non-consolidated solvency margin ratio	693.5%	771.1%	+77.6pt	

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.

# Sony Assurance's Underwriting Performance by Type of Policy



## Direct Premiums Written

(Millions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
Fire	259	170	(34.4%)
Marine	—	—	—
Personal accident	6,496	6,583	+1.3%
Voluntary automobile	64,053	66,563	+3.9%
Compulsory automobile liability	—	—	—
Total	70,810	73,317	+3.5%

## Net Premiums Written

(Millions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
Fire	35	18	(48.9%)
Marine	36	(2)	—
Personal accident	6,721	6,811	+1.3%
Voluntary automobile	63,913	66,371	+3.8%
Compulsory automobile liability	1,055	1,074	+1.9%
Total	71,762	74,273	+3.5%

\*Medical and cancer insurance is included in personal accident.

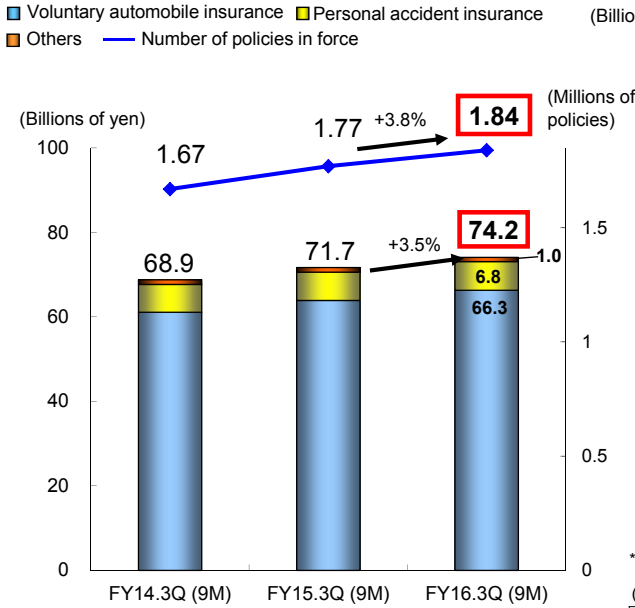
## Net losses paid

(Millions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
Fire	1	5	+335.4%
Marine	122	(9)	—
Personal accident	1,838	1,919	+4.4%
Voluntary automobile	32,587	34,034	+4.4%
Compulsory automobile liability	963	991	+2.9%
Total	35,513	36,941	+4.0%

# Operating Performance: Sony Assurance (1)

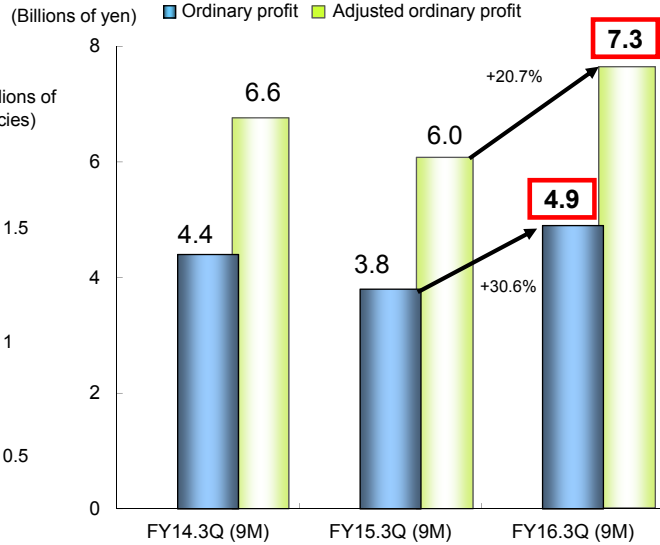


## Net Premiums Written and Number of Policies in Force



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 and Adjusted Ordinary Profit



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

(Reference) Provision for catastrophe reserve

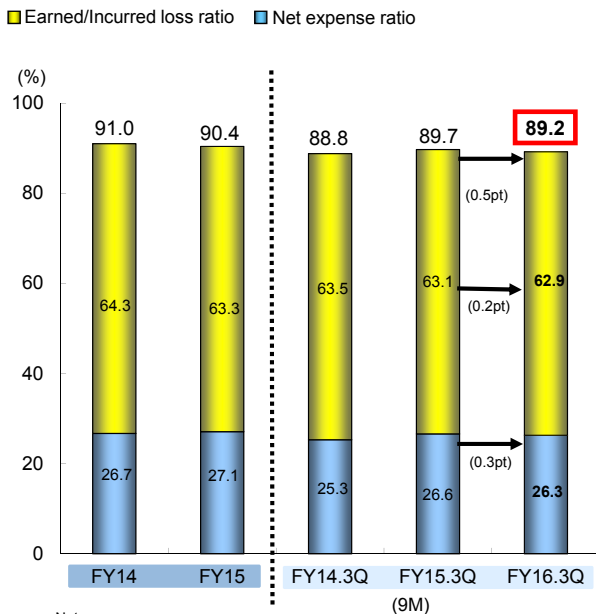
(Billions of yen)	FY14.3Q (9M)	FY15.3Q (9M)	FY16.3Q (9M)
Provision for catastrophe reserve	2.1	2.2	2.3

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

# Operating Performance: Sony Assurance (2)

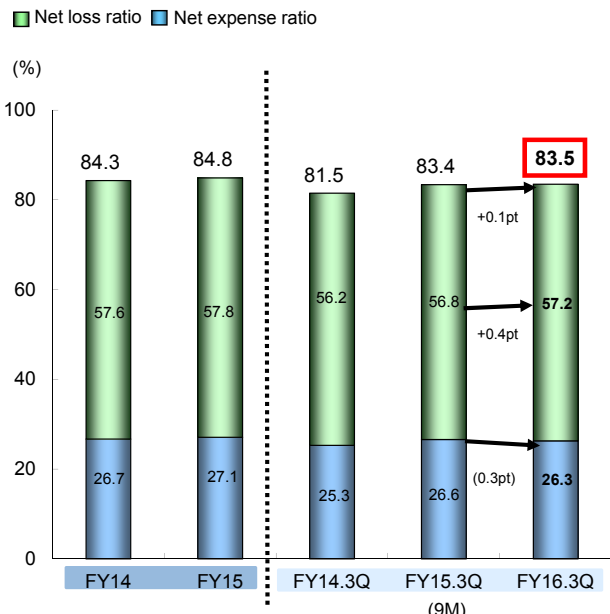


## Earned/Incurred Loss Ratio + Net Expense Ratio



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)



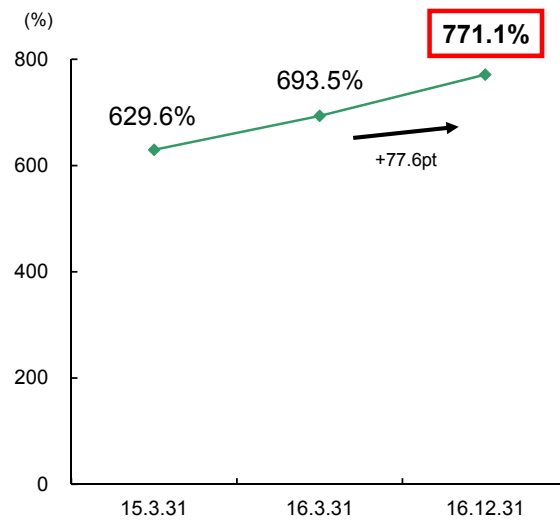
Notes:  
 Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written  
 Net expense ratio = Expenses related to underwriting / Net premiums written



## Operating Performance: Sony Assurance (3)



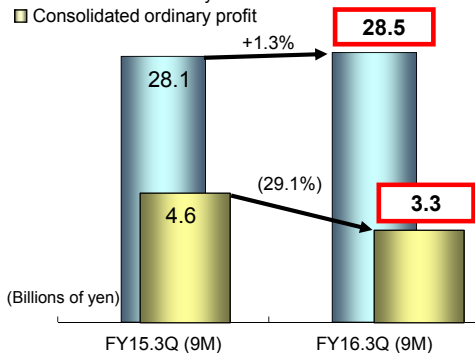
### Non-consolidated Solvency Margin Ratio



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



- Consolidated ordinary revenues
- Consolidated ordinary profit



#### <Consolidated>

- ◆ Ordinary revenues increased due to an increase in interest income on loans in line with a favorably growing balance of mortgage loans and an increase in ordinary revenues from Sony Payment Services (Sony Bank's 57% owned subsidiary), partially offset by a decrease in interest and dividend income on securities.
- ◆ Ordinary profit decreased due to the lower level of interest rates, an increase in initial expenses led by a higher execution of mortgage loans, and decreased volumes of foreign currency and investment trust transactions of customers.

#### <Non-consolidated>

- ◆ Both gross operating profit and net operating profit decreased.
  - Net interest income increased due to a rise in interest income on loans despite a decrease in interest and dividend income on securities.
  - Net fees and commissions decreased due to an increase in initial expenses led by a higher execution of mortgage loans and lower volumes of investment trust transactions.
  - Net other operating income decreased due to lower fees and commissions from foreign currency transactions of customers.

#### <Consolidated>

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
Consolidated ordinary revenues	28.1	28.5	+0.3	+1.3%
Consolidated ordinary profit	4.6	3.3	(1.3)	(29.1%)
Profit attributable to owners of the parent	3.0	2.1	(0.8)	(29.4%)

#### <Non-consolidated>

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
Ordinary revenues	25.9	25.9	+0.0	+0.2%
Gross operating profit	16.2	15.5	(0.6)	(4.2%)
Net interest income	12.3	13.0	+0.7	+6.4%
Net fees and commissions	0.1	(1.1)	(1.2)	—
Net other operating income	3.8	3.5	(0.2)	(6.4%)
General and administrative expenses	11.6	12.4	+0.8	+7.4%
Net operating profit	4.6	3.0	(1.5)	(33.3%)
Ordinary profit	4.6	3.0	(1.5)	(34.1%)
Net income	3.0	2.0	(0.9)	(32.0%)

(Billions of yen)	16.3.31	16.12.31	Change from 16.3.31	
Net assets	77.4	79.5	+2.1	+2.8%
Net unrealized gains on other securities, net of taxes	3.3	4.3	+1.0	+30.9%
Total assets	2,126.5	2,392.9	+266.3	+12.5%

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



(Billions of yen)	15.12.31	16.3.31	16.12.31	Change from 16.3.31	
<b>Customer assets</b>	1,980.5	2,034.4	<b>2,227.3</b>	+192.9	+9.5%
Deposits	1,866.4	1,923.5	<b>2,117.3</b>	+193.8	+10.1%
Yen	1,538.5	1,587.9	<b>1,772.1</b>	+184.2	+11.6%
Foreign currency	327.9	335.5	<b>345.1</b>	+9.6	+2.9%
Investment trusts	114.1	110.9	<b>110.0</b>	(0.9)	(0.8%)
<b>Loans outstanding</b>	1,293.6	1,344.1	<b>1,504.4</b>	+160.2	+11.9%
Mortgage loans	1,181.8	1,237.1	<b>1,409.0</b>	+171.8	+13.9%
Card loans	8.0	10.5	<b>17.0</b>	+6.4	+61.6%
Others	103.6	96.5	<b>78.3</b> <sup>*1</sup>	(18.1)	(18.8%)
<b>Capital adequacy ratio</b> <sup>*2</sup> (domestic criteria)	10.50%	9.89%	<b>9.00%</b>	(0.89pt)	

### <Reasons for changes>

◆ Yen deposit balance increased due to an increase in yen time deposit reflecting the special interest offering, as well as a rise in yen ordinary deposits converted from foreign currencies backed by yen depreciation.

◆ Yen-denominated balance of foreign currency deposit increased due to a favorable exchange rate even after the negative impact of the conversion from foreign currencies into yen led by yen depreciation.

◆ Loan balance expanded reflecting higher demand for refinancing mortgage loans.

\*1 Loans in others include corporate loans of ¥78.3 billion

\*2 Please refer to the graph of the non-consolidated capital adequacy ratio (Domestic criteria) on P28.

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



### <Reference> On Managerial Accounting Basis

(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change	
<b>Gross operating profit</b>	16.1	<b>15.5</b>	(0.6)	(4.2%)
Net interest income <sup>*1</sup> ①	13.9	<b>15.0</b>	+1.0	+7.8%
Net fees and commissions <sup>*2</sup> ②	0.7	<b>(0.6)</b>	(1.4)	—
Net other operating income <sup>*3</sup>	1.4	<b>1.0</b>	(0.3)	(24.3%)
<b>Gross operating profit (core profit) (A)=①+②</b>	14.7	<b>14.4</b>	(0.3)	(2.3%)
<b>Operating expenses and other expenses</b> ③	11.6	<b>12.4</b>	+0.8	+7.2%
<b>Net operating profit (core profit) =(A)-③</b>	3.1	<b>1.9</b>	(1.1)	(37.6%)

#### ■ Managerial accounting basis

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

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

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

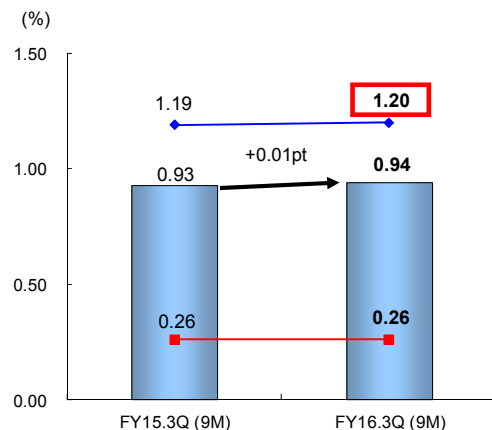
\*3: Net other operating income: After the above adjustments (\*1 and \*2), mainly consists of profits and losses for bond and derivative dealing transactions.

#### ■ Core profit

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

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

— Yield on investment    ■ Yield on financing  
■ Interest spread



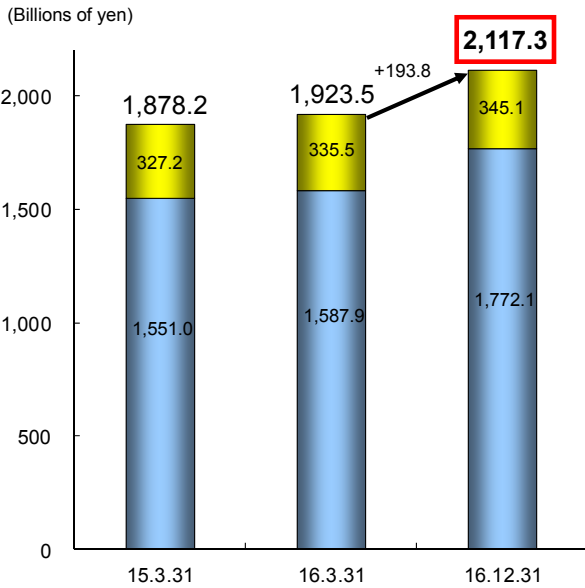
Note: Interest spread=(Yield on investment)-(Yield on financing)

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



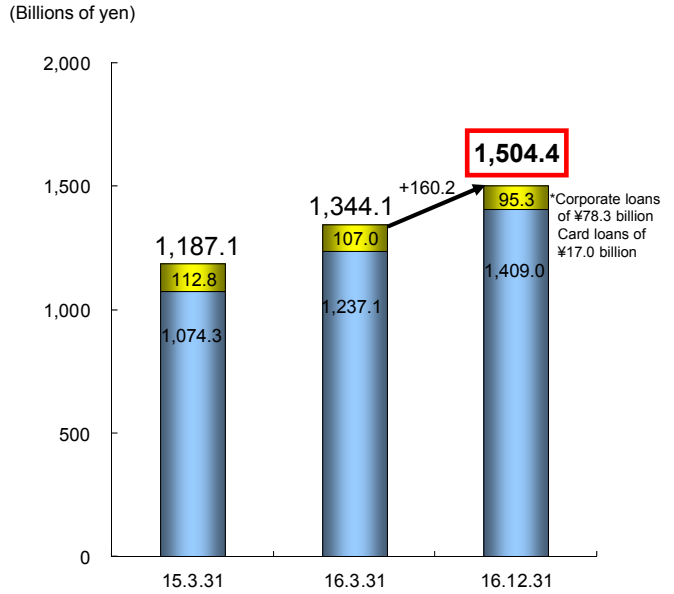
## Deposits

■ Yen deposits ■ Foreign currency deposits



## Loans

■ Mortgage loans ■ Others

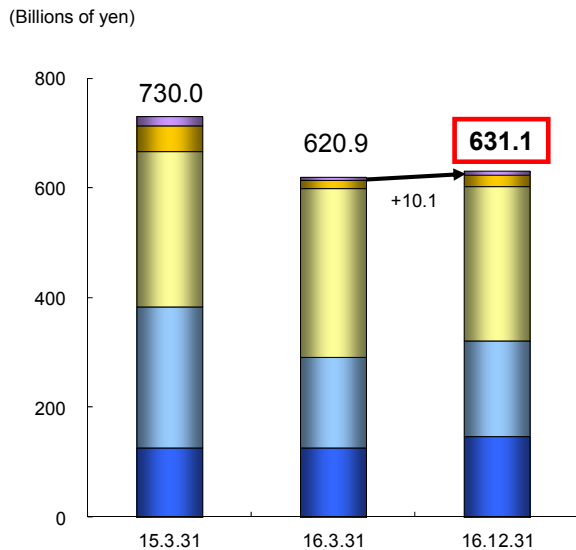


# Operating Performance: Sony Bank (Non-consolidated) (2)

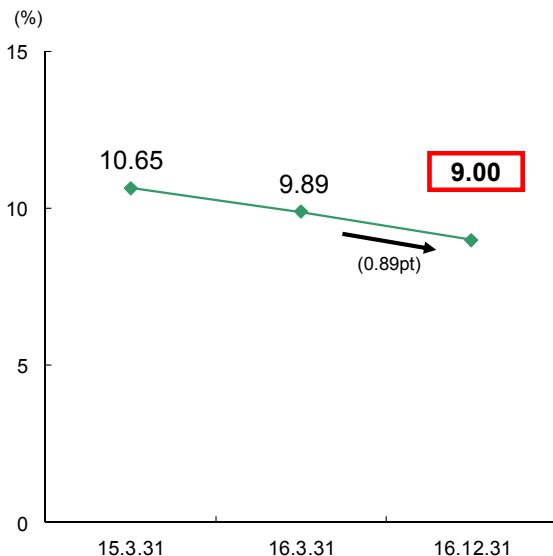


## Balance of Securities by Credit Rating

■ AAA ■ AA ■ A  
■ BBB ■ Others



## 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.

## Forecast of Consolidated Financial Results for the Year Ending March 31, 2017 (FY16)

### Forecast of Consolidated Financial Results for FY16

**Forecast of consolidated financial results for FY16 is unchanged from the forecast announced on April 28, 2016**

(Billions of yen)	FY15 (Actual)	FY16 (Forecast)	Change	FY16.3Q (9M Actual)	Progress rate
<b>Consolidated ordinary revenues</b>	1,362.0	1,450.0	+6.5%	1,041.3	71.8%
<u>Life insurance business</u>	1,230.2	1,309.8	+6.5%	939.1	71.7%
<u>Non-life insurance business</u>	96.9	101.6	+4.8%	75.9	74.8%
<u>Banking business</u>	37.9	37.9	(0.1%)	28.5	75.3%
<b>Consolidated ordinary profit</b>	71.1	71.0	(0.1%)	50.3	70.8%
<u>Life insurance business</u>	60.2	62.5	+3.8%	42.3	67.8%
<u>Non-life insurance business</u>	4.6	4.4	(6.0%)	4.9	113.6%
<u>Banking business</u>	5.9	4.5	(24.9%)	3.3	73.6%
<b>Profit attributable to owners of the parent</b>	43.3	46.0	+6.1%	33.7	73.3%

#### ■ Life insurance business

In FY16.3Q (9M), ordinary revenues were below our initial expectations due to a decline in insurance premium revenues although investment income exceeded our initial expectations. Ordinary profit was nearly in line with our initial forecast. Therefore, we maintain our full year forecast of ordinary revenues and ordinary profit.

#### ■ Non-life insurance business

Ordinary revenues for FY16.3Q (9M) were nearly the same as our initial forecast. Ordinary profit outpaced our initial expectations due mainly to higher gains on sale of securities recorded in FY16.1Q. As we expect higher expenses related to new policy acquisitions in FY16.4Q, we maintain our full year forecast of ordinary revenues and ordinary profit.

#### ■ Banking business

We maintain our full year forecast of ordinary revenues and ordinary profit because the operating results in FY16.3Q (9M) were nearly the same as our initial forecast, and we expect this trend to continue in FY16.4Q.

## Sony Life's MCEV and ESR as of December 31, 2016

MCEV as of March 31, 2016 is restated by using ultimate forward rates (UFR).  
Please keep in mind that the validity of these calculations has not been verified by outside specialists.  
A part of the calculations of MCEV adopted simplified method except for that as of March 31, 2016.

\*In this part, figures, ratios and percentages changes have been rounded.

### Sony Life's MCEV as of December 31, 2016

(Billions of yen)	16.3.31	16.9.30	<b>16.12.31</b>	Change from 16.3.31	Change from 16.9.30
<b>MCEV</b>	1,330.1	1,229.3	<b>1,282.7</b>	(47.4)	+53.4
Adjusted net worth	2,074.4	2,187.8	<b>1,831.1</b>	(243.3)	(356.7)
Value of existing business	(744.4)	(958.5)	<b>(548.4)</b>	+196.0	+410.1

(Billions of yen)	FY15.4Q (3M)	FY16.1Q (3M)	FY16.2Q (3M)	<b>FY16.3Q (3M)</b>	<b>FY16.3Q (9M)</b>
<b>New business value</b>	3.9	(0.2)	5.0	<b>10.2</b>	<b>14.9</b>
<b>New business margin</b>	1.2%	(0.0%)	1.6%	<b>4.0%</b>	<b>1.6%</b>

## Notes:

1. Calculated MCEV as of September 30, 2016 and December 31, 2016 by using updated economic assumptions and lapse and surrender rate from March 31, 2016.
2. New business value for FY16 is calculated accumulating new business value for each month based on economic assumptions at the end of each month.  
New business value for FY15.4Q is calculated accumulating new business value for each quarter based on economic assumptions at the end of each quarter.

#### ◆ Reasons for changes in MCEV

- MCEV as of December 31, 2016 increased ¥53.4 billion from September 30, 2016 due mainly to a rise in interest rates, decreased ¥47.4 billion from March 31, 2016 due mainly to a decrease in lapse and surrender rate and a rise in inflation rate despite a rise in interest rates.

#### ◆ New business value / New business margin

- New business value for FY16.3Q (3M) was ¥10.2 billion.  
New business margin was up 2.5pt from FY16.2Q (3M), due mainly to a rise in interest rates and an effect of premium revisions.

\*Please refer to the appendix page 46 for trend on JGB yield.

## Sony Life's ESR as of December 31, 2016

(Billions of yen)	16.3.31	16.9.30	16.12.31
Insurance risk*	989.3	1,042.7	980.2
Market-related risk	324.2	341.6	369.5
<i>Of which, interest rate risk**</i>	<i>255.2</i>	<i>264.1</i>	<i>288.5</i>
Operational risk	31.4	31.3	31.1
Counter party risk	2.0	1.9	2.4
Variance effect	(374.4)	(394.5)	(390.4)
<b>The risk amount based on economic value</b>	<b>972.4</b>	<b>1,023.0</b>	<b>992.9</b>

(\* ) Risk amount excluding the variance effect within Life module and Health module.

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

(Billions of yen)	16.3.31	16.9.30	16.12.31
<b>MCEV + Frictional costs</b>	<b>1,366.5</b>	<b>1,266.2</b>	<b>1,325.5</b>
<b>ESR</b>	<b>141%</b>	<b>124%</b>	<b>134%</b>

Notes:

1. The risk amount based on economic value refers to the total amount of Sony Life's risks comprehensively examined by a market consistent approach, including insurance risk and market-related risk.
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 standard method.
3.  $ESR = (MCEV + \text{Frictional costs}) / \text{Risk amount based on economic value}$ .

- ◆ ESR as of December 31, 2016 was up 10pt from September 30, 2016 due mainly to a rise in interest rates and new business value accumulated during FY16.3Q.
- ◆ Sony Life will continue to improve ESR levels by accumulating new business value through reinforcing its sales capabilities as well as ensuring profitability.

# Appendix

## Recent Topics 1

### AEGON Sony Life Insurance

Launch of sales: December 1, 2009

Common stock: ¥14 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 (30\*) \*As of Feb 14, 2017



### SA Reinsurance Ltd

Established: October 29, 2009

Common stock: ¥13.4 billion

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

Business: Reinsurance business

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

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

■ Sony Life accounts for 21% of the balance of mortgage loans as of December 31, 2016

Sony Life accounts for 21% of the amount of new mortgage loans for FY16.3Q (9M)

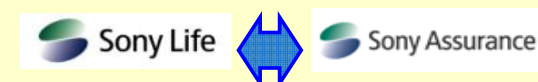
\*Sony Life started handling banking agency business in January 2008.



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

■ Sony Life accounts for approx. 4% of new automobile policies for FY16.3Q (9M)

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



## Recent Topics 2

### <Highlights on and after FY16.3Q>

2016-10-01	Sony Life commenced sale of new product: "Non-participating Group Welfare Term Life Insurance"
2016-10-03	Sony Life adopted paperless insurance procedures for its policyholders
2016-10-25	Sony Life acquired an entity stake in ClearView Wealth Limited (Australia) and announced business alliance
2016-10-31	Sony Bank began offering U.S. dollar-denominated active funds on investment trusts and revised the service site
2016-11-01	Sony Lifecare Group started advertisement for residents for a newly build nursing care home "SONARE URAWA", scheduled to open in May 2017
2016-11-07	Sony Bank began offering foreign currency settlement services for teenage customers
2016-11-14	Sony Life introduced a new system to quickly pay insurance claims and benefits
2016-12-01	Sony Assurance began offering new discounted premiums for new customers who contracted automobile insurance via Internet (increased discount rate from ¥8,000 to ¥10,000)
2017-01-04	Sony Bank began offering new preferential services called "Club S"
2017-01-04	Sony Life enhanced its investment product lineups for defined contribution pension plan (individual-type)
2017-01-10	Sony Assurance commenced sale of new product: "ZIPPI" medical insurance to indemnify hospital inpatient expenses and revised "SURE" medical and cancer insurance
2017-02-01	Sony Assurance and Yahoo! JAPAN announced to begin joint research with a view to developing telematics insurance products and services for individuals using driving behavior data from car navigation systems

## Sony Life's Product Revisions

### ◆ FY16 Product Revisions

#### (Sales suspension)

**May:** Single premium whole life insurance (non-notification type), Semi-participating individual annuities, Semi-participating endowment insurance (short-term payment), and Non-participating endowment insurance (short-term payment)

**Jul.:** Single premium semi-participating whole life nursing-care insurance

**Oct.:** Interest rate-sensitive whole life insurance

#### (Premium revisions)

**Apr.:** Single premium whole life insurance (non-notification type)

**Jul.:** Semi-participating endowment insurance, Non-participating endowment insurance

**Oct.:** Variable life insurance (whole life type), Limited payment whole life insurance, Living benefit whole life insurance (living standard type), Living benefit insurance (whole life type), Whole life nursing-care insurance (reduced surrender value), Semi-participating whole life nursing-care insurance, Specialty endowment insurance, Whole-life cancer insurance

### ◆ FY17 Premium Revisions (plan)

**Apr.:** Long-term level premium plan term life insurance (with disability benefit), Cancer hospitalization insurance and other products



## 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)

	15.3.31			16.3.31			16.12.31		
	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	4,878.7	5,718.2	839.4	5,383.9	7,410.1	2,026.2	5,921.3	7,607.7	1,686.3
Policy reserve matching bonds	-	-	-	251.2	292.5	41.3	279.3	312.2	32.9
Available-for-sale securities	1,007.8	1,176.6	168.8	887.9	1,091.6	203.6	889.1	1,070.2	181.1
Japanese government and corporate bonds	974.6	1,120.1	145.5	854.3	1,040.3	186.0	852.9	1,020.6	167.6
Japanese stocks	13.4	29.4	16.0	13.6	25.6	12.0	13.6	27.4	13.8
Foreign securities	19.4	26.4	6.9	19.8	25.2	5.4	22.4	21.8	(0.5)
Other securities	0.3	0.6	0.3	0.1	0.3	0.1	0.1	0.3	0.1
<b>Total</b>	<b>5,886.6</b>	<b>6,894.9</b>	<b>1,008.3</b>	<b>6,523.1</b>	<b>8,794.3</b>	<b>2,271.1</b>	<b>7,089.8</b>	<b>8,990.2</b>	<b>1,900.3</b>

## Notes:

- The above table includes monetary trusts other than trading-purpose securities.
- 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, 2015; Carrying amount: ¥44.2 billion, Fair market value: ¥57.5 billion, Net unrealized gain (losses): ¥13.2 billion  
As of Mar. 31, 2016; Carrying amount: None  
As of Dec. 31, 2016; Carrying amount: None

#### Valuation gains (losses) on trading-purpose securities

(Billions of yen)

15.3.31		16.3.31		16.12.31	
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
1.0	0.0	2.2	0.1	-	(0.1)

Note: The above chart includes trading-purpose securities included in "monetary trusts," etc

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



(Millions of yen)

	FY15.3Q (9M)	FY16.3Q (9M)	Change
Cash and deposits	0	0	+166.1%
Japanese government and corporate bonds	85,907	90,445	+5.3%
Japanese stocks	356	345	(3.0%)
Foreign securities	5,653	6,017	+6.4%
Other securities	1,260	177	(85.9%)
Loans	4,616	4,784	+3.6%
Real estate	7,681	8,148	+6.1%
Others	47	144	+202.0%
<b>Total</b>	<b>105,524</b>	<b>110,064</b>	<b>+4.3%</b>

## Sony Life's Capital Gains/Losses

(Millions of yen)	FY15.3Q (9M)	FY16.3Q (9M)
<b>Capital gains</b>	<b>19,762</b>	<b>25,628</b>
Income from monetary trusts, net	7,119	—
Income from trading securities, net	—	103
Gains on sale of securities	12,193	1,306
Gains on derivatives, net	—	—
Foreign exchange gains, net	435	24,218
Gains (losses) on sale of foreign bonds	(64)	2,375
Other capital gains	13	—
<b>Capital losses</b>	<b>758</b>	<b>39,882</b>
Losses on monetary trusts, net	—	—
Losses on trading securities, net	143	—
Losses on sale of securities	—	—
Devaluation losses on securities	—	—
Losses on derivatives, net	515	34,275
Losses on hedges of variable life insurance	699	14,292
Losses on hedges of available-for-sale securities	—	2,265
Foreign exchange losses, net	—	—
Other capital losses	99	5,606
<b>Net capital gains (losses)</b>	<b>19,003</b>	<b>(14,253)</b>

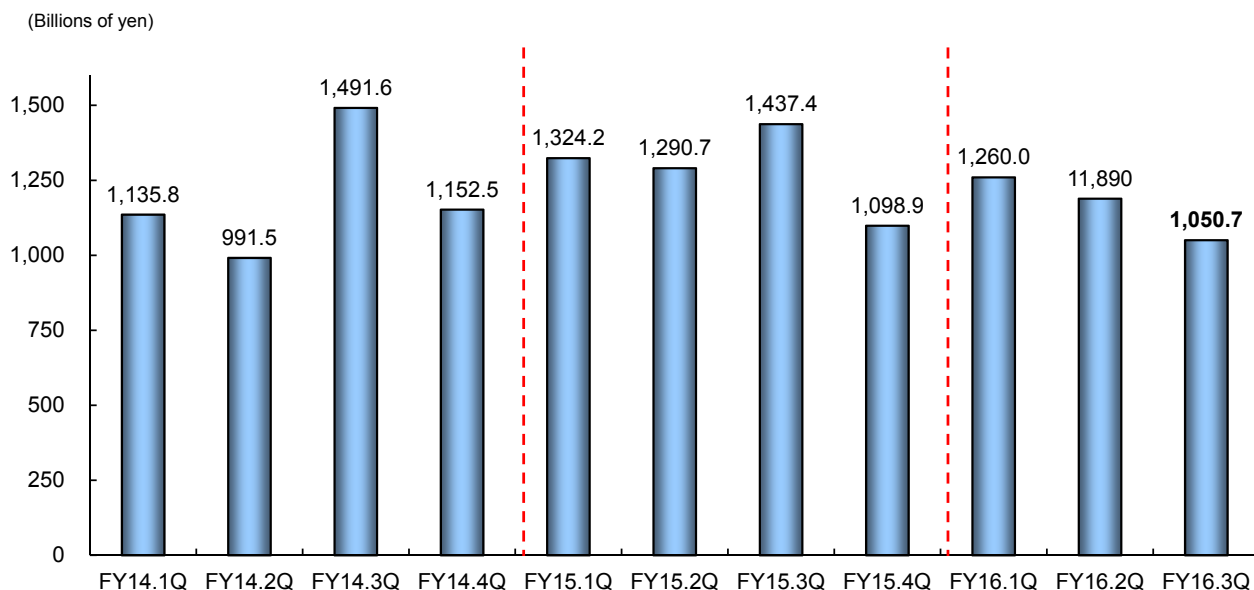
◆ In FY16.3Q (9M), recorded ¥3,681 million as a total of gains on sale of securities and foreign exchange gains on sale of foreign bonds.

## Notes:

- Foreign exchange gains, net for FY16.3Q (9M) include foreign exchange gains of ¥21,805 million relating to U.S. dollar-denominated insurance. Losses on derivatives, net include foreign exchange losses relating to U.S. dollar-denominated insurance of ¥ 17,445 million. Moreover, other capital losses include the provision of policy reserves for U.S. dollar-denominated insurance of ¥4,941 million relating to foreign exchange fluctuation.
- Foreign exchange gains, net for FY15.3Q (9M) include foreign exchange gains of ¥19 million relating to U.S. dollar-denominated insurance. Moreover, other capital gains include the reversal of policy reserves for U.S. dollar-denominated insurance of ¥13 million relating to foreign exchange fluctuation.
- The figures of income (losses) from monetary trust, net, income (losses) from trading securities, net, gains (losses) on derivatives and foreign exchange gains (losses), net were recorded after offsetting gains and losses of each item.

## Sony Life's Quarterly Trend on New Policy Amount

### Quarterly Trend on New Policy Amount



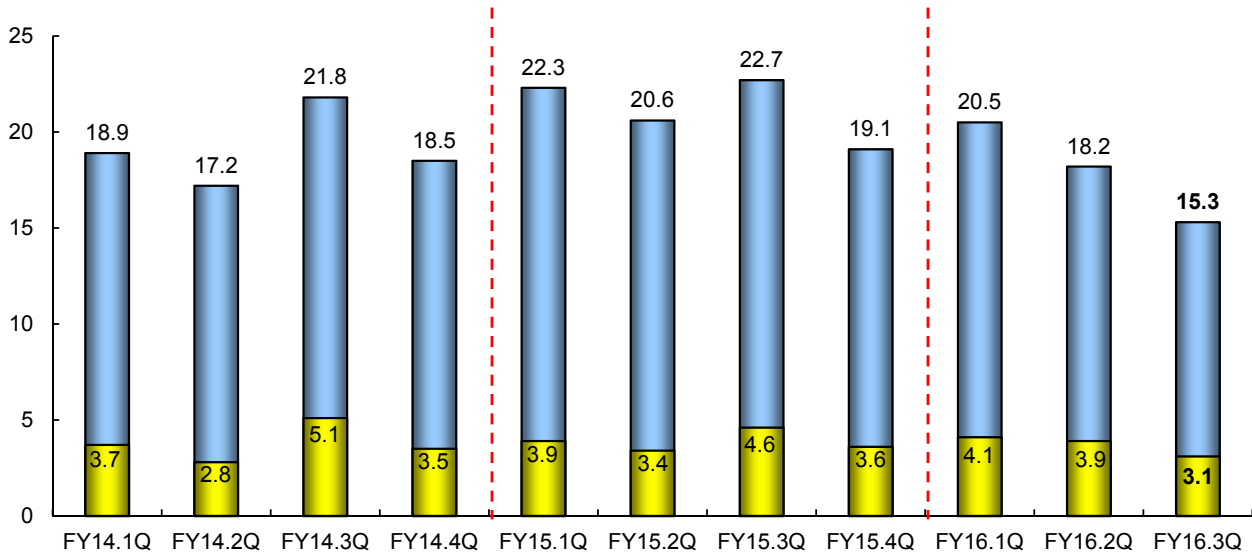
# Sony Life's Quarterly Trend on Annualized Premiums from New Policies



## Quarterly Trend on Annualized Premiums from New Policies

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

(Billions of yen)



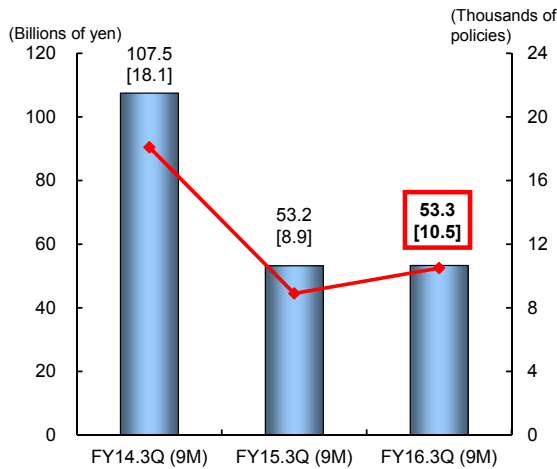
# Operating Performance : AEGON Sony Life Insurance



\*AEGON Sony Life Insurance sells individual variable annuities.

## Number and Amount of New Policies

■ New policy amount — Number of new policies [ ]

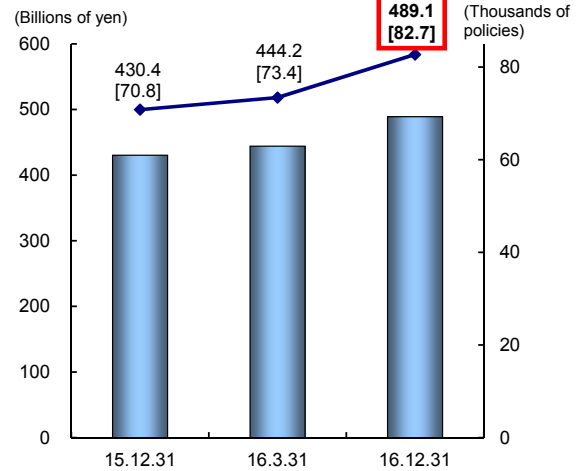


	(Billions of yen)	FY15.3Q (9M)	FY16.3Q (9M)	Change
<b>AEGON Sony Life Insurance</b>		(1.5)	(3.1)	(1.6)
<b>SA Reinsurance</b>		0.8	(2.7)	(3.6)

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.

## Number and Amount of Policies in Force

■ Policy amount in force — Number of policies in force [ ]



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



### ■ Market-related Risk<sup>1</sup>

	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
<b>Interest rate risk</b>  Fluctuations in net asset value based on economic value in response to the shocks in the right columns.  The same applies below.	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, 33% decrease (parallel shift), 28% decrease (twist), 8% decrease (butterfly)	Different percentage changes in interest rates are set for each term, from one year to 20 years. For terms longer than 20 years and through 90 years, percentage changes are set using linear interpolation, with negative 29% as the percentage change for 20 years and negative 20% as the percentage change for 90 years.
<b>Equity risk</b>	Listed equities 45%, Other securities 70%	Global 39%, Others 49% *2
<b>Real estate risk</b>	Actual real estate 25%	Same as on the left
<b>Credit risk</b>	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)	Credit risk = (market value) x (risk coefficient for each credit rating and duration) (Example) Rating A: Duration (Dur): 5-10 years Risk coefficient=7.0% + 0.7% x (Dur - 5)
<b>Currency risk</b>	35% downside fluctuation	25% downside fluctuation

#### Notes

1. Principal items as of December 31, 2016.

2. Symmetric adjustment (an adjustment of ±10% of the average value of the stock price index during a defined period in the past) is applied.

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



### ■ Insurance Risk<sup>1</sup>

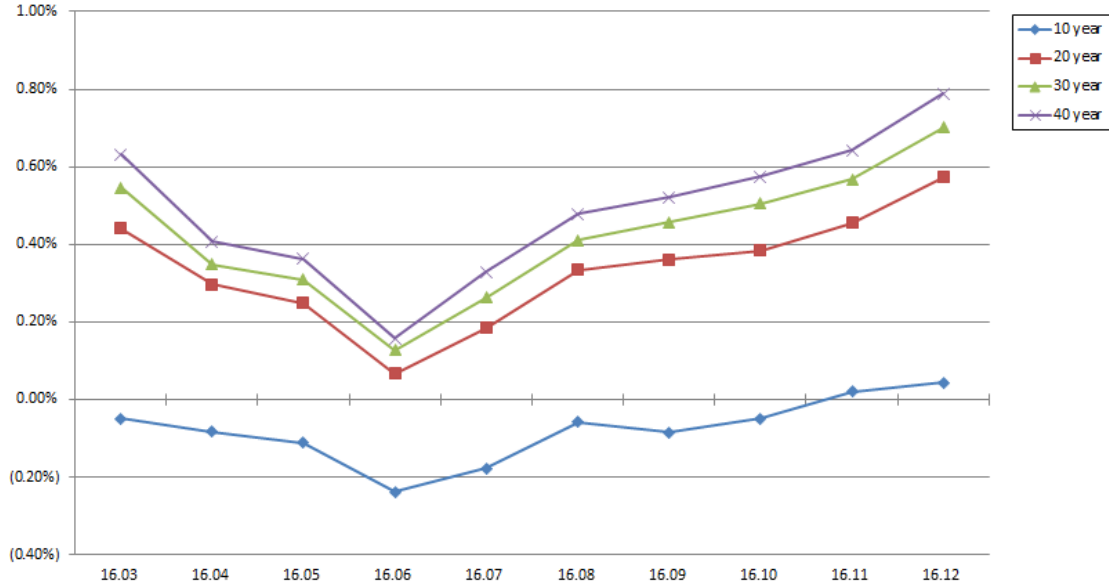
	Sony Life	(Reference) EU Solvency II Implementing Measures (Delegated Regulation)
<b>Mortality risk</b>	Mortality rate increases by 15% for each year elapsed	Same as on the left
<b>Longevity risk</b>	Mortality rate decreases by 20% for each year elapsed	Same as on the left
<b>Lapse risk</b>	The largest amount of these; <sup>-2</sup> <ul style="list-style-type: none"> <li>• Lapse rate increases by 50% for each year elapsed</li> <li>• Lapse rate decreases by 50% for each year elapsed</li> <li>• 30% of policies on which surrender value is in excess of best estimate liability are immediately surrendered</li> </ul>	The largest amount of these; <ul style="list-style-type: none"> <li>• Increases by 50% in the assumed rates of lapsation for Life module, 50% for Health module</li> <li>• Decreases by 50% in the assumed rates of lapsation for Life module, 50% for Health module</li> <li>• 40% of policies (70% for group annuities, etc.) on which surrender value is in excess of best estimate liability are immediately surrendered</li> </ul>
<b>Expense risk</b>	Operating expenses increase by 10% for each year elapsed Rate of inflation rises by 1%	Same as on the left
<b>Disability risk</b>	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 December 31, 2016.

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

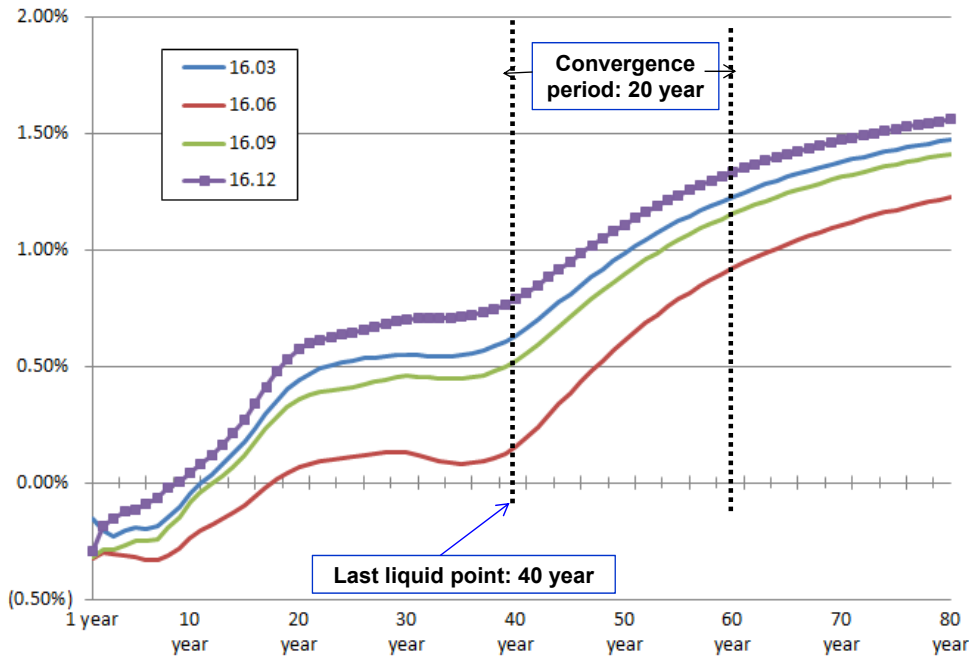
### Trend on JGB Yields (Par rate)



As of the end of each month

	16.03	16.04	16.05	16.06	16.07	16.08	16.09	16.10	16.11	16.12
10 year	(0.05%)	(0.08%)	(0.11%)	(0.24%)	(0.18%)	(0.06%)	(0.08%)	(0.05%)	0.02%	0.04%
20 year	0.44%	0.30%	0.25%	0.07%	0.18%	0.33%	0.36%	0.38%	0.46%	0.57%
30 year	0.55%	0.35%	0.31%	0.13%	0.26%	0.41%	0.46%	0.51%	0.57%	0.70%
40 year	0.63%	0.41%	0.36%	0.16%	0.33%	0.48%	0.52%	0.57%	0.64%	0.79%

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



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



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