

**Consolidated Financial Summary (Japanese GAAP)
for the Six Months Ended September 30, 2018**

November 12, 2018

Company name: Sony Financial Holdings Inc.
 (URL: https://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 six months ended September 30, 2018

(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 six months ended September 30, 2018	860,895	21.5	47,228	44.6	31,770	47.1
For the six months ended September 30, 2017	708,324	12.1	32,669	(12.0)	21,596	(14.0)

Note: Comprehensive income: For the six months ended September 30, 2018: ¥ 19,205 million: (22.4)%
 For the six months ended September 30, 2017: ¥ 24,737 million: 30.8%

	Net Income per Share	Net Income per Share (Fully Diluted)
	Yen	Yen
For the six months ended September 30, 2018	73.04	73.02
For the six months ended September 30, 2017	49.65	49.65

(2) Financial condition

	Total Assets	Total Net Assets	Net Asset Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	13,062,017	618,604	4.7
As of March 31, 2018	12,401,446	625,406	5.0

Note: Net assets attributable to shareholders: As of September 30, 2018: ¥ 616,716 million
 As of March 31, 2018: ¥ 623,661 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, 2018	—	0.00	—	60.00	60.00
For the year ending March 31, 2019	—	0.00			
For the year ending March 31, 2019 (forecast)			—	62.50	62.50

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

3. Forecast of consolidated financial results for the year ending March 31, 2019

(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, 2019	1,578,000	4.9	83,000	24.2	55,000	6.0	126.44

Note: Changes in forecast of financial results since the most recent public announcement: None

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: None

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

(c) Changes in accounting estimates: None

(d) Restatements of the consolidated financial statements: None

(4) Number of shares outstanding (common stock)

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

As of September 30, 2018: 435,062,983 shares

As of March 31, 2018: 435,027,513 shares

(b) Number of treasury shares

As of September 30, 2018: 35,775 shares

As of March 31, 2018: 35,775 shares

(c) Weighted-average number of shares

For the six months ended September 30, 2018: 435,006,128 shares

For the six months ended September 30, 2017: 434,967,663 shares

Status of interim audit procedures

This document is exempt from interim audit procedures by certified public accountants or audit firm.

Content of Supplemental Materials

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* The conference call for explaining the Sony Financial Group financial results will be held at 16:00 (Tokyo), November 12, 2018. Please note that our conference call will be held only in Japanese. We will upload the presentation materials with speech text on November 12, 2018 after 15:00, the translation of the conference call (audio) on November 13 and the Q&A summary (text) at a later date on Earnings Releases and Presentation Materials page on our website:
https://www.sonyfh.co.jp/en/financial_info/results/index.html

* On November 12, 2018, Sony Financial Holdings Inc.'s (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, 2018. SFH has prepared an English-language summary of those Japanese announcements made by the above subsidiaries, solely for the convenience of non-Japanese readers.

I. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Cash and due from banks	¥ 327,633	¥ 379,438
Call loans and bills bought	65,500	86,200
Monetary claims purchased	5,378	3,271
Money held in trust	291,582	288,081
Securities	9,581,206	10,141,654
Loans	1,785,877	1,832,055
Tangible fixed assets	106,051	104,506
Intangible fixed assets	35,684	37,676
Due from reinsurers	934	711
Foreign exchanges	9,346	9,968
Other assets	168,736	149,517
Net defined benefit asset	3,426	3,557
Deferred tax assets	21,242	26,626
Reserve for possible loan losses	(1,152)	(1,249)
Total Assets	¥ 12,401,446	¥ 13,062,017

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Policy reserves and others	¥ 8,763,349	¥ 9,197,337
Reserve for outstanding claims	74,712	80,221
Policy reserves	8,683,153	9,111,766
Reserve for policyholders' dividends	5,484	5,349
Due to agencies	1,873	1,646
Due to reinsurers	5,563	5,093
Deposits	2,159,246	2,252,480
Call money and bills sold	96,000	121,280
Borrowed money	173,944	183,902
Foreign exchanges	228	112
Bonds payable	20,000	20,000
Other liabilities	470,501	574,903
Reserve for employees' bonuses	3,906	3,765
Net defined benefit liability	33,179	33,576
Reserve under the special laws	48,135	49,189
Reserve for price fluctuations	48,135	49,189
Deferred tax liabilities	0	15
Deferred tax liabilities on land revaluation	109	109
Total Liabilities	11,776,039	12,443,413
Net Assets		
Common stock	19,927	19,963
Capital surplus	191,157	191,193
Retained earnings	283,911	289,582
Treasury stock	(55)	(55)
Total shareholders' equity	494,941	500,684
Net unrealized gains (losses) on other securities, net of taxes	133,991	120,798
Net deferred gains (losses) on hedging instruments, net of taxes	(902)	(666)
Land revaluation, net of taxes	(2,439)	(2,439)
Remeasurements of defined benefit plans, net of taxes	(1,929)	(1,660)
Total accumulated other comprehensive income	128,719	116,032
Subscription rights to shares	97	117
Non-controlling interests	1,648	1,770
Total Net Assets	625,406	618,604
Total Liabilities and Net Assets	¥ 12,401,446	¥ 13,062,017

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, 2017	For the six months ended September 30, 2018
Ordinary Revenues	¥ 708,324	¥ 860,895
Ordinary Revenues from the Life Insurance Business	630,822	777,970
Income from insurance premiums	479,629	540,924
Insurance premiums	478,596	539,796
Ceded reinsurance commissions	1,033	1,128
Investment income	144,945	231,430
Interest income and dividends	77,991	81,806
Income from money held in trust, net	2,246	2,246
Gains on trading securities, net	22	—
Gains on sale of securities	0	3,316
Gains on redemption of securities	1	—
Foreign exchange gains, net	2,078	21,398
Other investment income	0	—
Gains on separate accounts, net	62,604	122,662
Other ordinary income	6,247	5,614
Ordinary Revenues from the Non-life Insurance Business	54,798	57,761
Underwriting income	53,817	56,552
Net premiums written	53,786	56,519
Interest and dividends on deposits of premiums	30	32
Investment income	956	1,172
Interest income and dividends	667	678
Gains on sale of securities	320	526
Transfer to interest and dividends on deposits of premiums	(30)	(32)
Other ordinary income	24	36
Ordinary Revenues from the Banking Business	19,714	21,911
Interest income	14,005	15,433
Interest income on loans	8,457	8,627
Interest income and dividends on securities	5,510	6,771
Interest income on call loans and bills bought	—	0
Interest income on deposits with banks	31	31
Other interest income	5	3
Fees and commissions	3,033	4,042
Other operating income	2,104	2,133
Other ordinary income	570	301
Other	2,988	3,251
Other ordinary income	2,988	3,251

(Continued)

(Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Ordinary Expenses	¥ 675,654	¥ 813,666
Ordinary Expenses from the Life Insurance Business	607,188	741,913
Insurance claims and other payments	187,384	200,482
Insurance claims	45,157	45,222
Annuity payments	5,618	6,347
Insurance benefits	40,400	43,073
Surrender payments	90,159	98,856
Other payments	1,673	1,928
Reinsurance premiums	4,375	5,054
Provision for policy reserves and others	317,735	426,877
Provision for reserve for outstanding claims	1,104	3,726
Provision for policy reserves	316,630	423,150
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	18,039	26,654
Interest expenses	35	577
Losses on trading securities, net	—	11
Losses on sale of securities	0	34
Losses on valuation of securities	—	4,026
Losses on redemption of securities	2	—
Losses on derivatives, net	14,739	19,704
Provision for reserve for possible loan losses	5	1
Depreciation of real estate for rent and others	876	800
Other investment expenses	2,380	1,497
Operating expenses	67,941	71,372
Other ordinary expenses	16,086	16,526
Ordinary Expenses from the Non-life Insurance Business	49,843	51,929
Underwriting expenses	36,538	38,733
Net losses paid	24,937	26,830
Loss adjustment expenses	3,672	4,031
Net commission and brokerage fees	669	625
Provision for reserve for outstanding losses and claims	1,046	1,782
Provision for underwriting reserves	6,211	5,463
Investment expenses	1	1
Losses on sale of securities	—	0
Other investment expenses	1	1
Operating, general and administrative expenses	13,302	13,193
Other ordinary expenses	1	1

(Continued)

(Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Ordinary Expenses from the Banking Business	¥ 15,002	¥ 16,177
Interest expenses	3,884	3,993
Interest expenses on deposits	2,582	3,139
Interest expenses on call money and bills sold	(35)	3
Interest on payables under repurchase agreements	—	64
Interest on borrowed money	0	0
Interest expenses on bonds	21	6
Interest expenses on interest rate swaps	1,310	775
Other interest expenses	5	3
Fees and commissions	2,199	2,778
Other operating expenses	49	106
General and administrative expenses	8,822	9,091
Other ordinary expenses	47	207
Other	3,620	3,646
Other ordinary expenses	3,620	3,646
Ordinary Profit	32,669	47,228
Extraordinary Gains	—	0
Gains on disposal of fixed assets	—	0
Extraordinary Losses	1,039	1,115
Losses on disposal of fixed assets	85	51
Impairment losses	0	10
Provision for reserve under the special laws	919	1,053
Provision for reserve for price fluctuations	919	1,053
Others	34	—
Provision for Reserve for Policyholders' Dividends	297	62
Income Before Income Taxes	31,332	46,052
Income Taxes - Current	11,105	14,659
Income Taxes - Deferred	(1,353)	(498)
Total Income Taxes	9,752	14,160
Profit	21,579	31,891
Profit Attributable to Non-controlling Interests	(16)	120
Profit Attributable to Owners of the Parent	¥ 21,596	¥ 31,770

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Profit	¥ 21,579	¥ 31,891
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	2,702	(13,192)
Net deferred gains (losses) on hedging instruments, net of taxes	127	236
Remeasurements of defined benefit plans, net of taxes	327	269
Total other comprehensive income	3,157	(12,686)
Comprehensive income	¥ 24,737	¥ 19,205
(Details)		
Comprehensive income attributable to owners of the parent	24,752	19,083
Comprehensive income attributable to non-controlling interests	(15)	122

3. Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2017

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 19,900	¥ 195,277	¥ 255,062	¥ (81)	¥ 470,157
Changes during the period					
Issuance of new shares	27	27	—	—	55
Dividends from surplus	—	—	(23,922)	—	(23,922)
Profit attributable to owners of the parent	—	—	21,596	—	21,596
Disposal of treasury shares	—	(5)	—	26	21
Transfer of loss on disposal of treasury shares	—	5	(5)	—	—
Adjustments due to change of scope of consolidation	—	—	(92)	—	(92)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(4,147)	—	—	(4,147)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	27	(4,119)	(2,423)	26	(6,488)
Balance at the end of the period	¥ 19,927	¥ 191,157	¥ 252,638	¥ (55)	¥ 463,668

(Continued)

	Total accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income			
Balance at the beginning of the period	¥ 134,849	¥ (1,154)	¥ (1,465)	¥ (2,756)	¥ 129,472	¥ 49	¥ 1,460	¥ 601,139
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	55
Dividends from surplus	—	—	—	—	—	—	—	(23,922)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	21,596
Disposal of treasury shares	—	—	—	—	—	—	—	21
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—	—	—
Adjustments due to change of scope of consolidation	—	—	—	—	—	—	—	(92)
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	(4,147)
Net changes of items other than shareholders' equity	2,702	127	—	325	3,156	12	80	3,249
Total changes during the period	2,702	127	—	325	3,156	12	80	(3,238)
Balance at the end of the period	¥ 137,551	¥ (1,027)	¥ (1,465)	¥ (2,430)	¥ 132,628	¥ 61	¥ 1,541	¥ 597,900

For the six months ended September 30, 2018

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 19,927	¥ 191,157	¥ 283,911	¥ (55)	¥ 494,941
Changes during the period					
Issuance of new shares	35	35	—	—	71
Dividends from surplus	—	—	(26,099)	—	(26,099)
Profit attributable to owners of the parent	—	—	31,770	—	31,770
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	35	35	5,671	—	5,742
Balance at the end of the period	¥ 19,963	¥ 191,193	¥ 289,582	¥ (55)	¥ 500,684

	Total accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income			
Balance at the beginning of the period	¥ 133,991	¥ (902)	¥ (2,439)	¥ (1,929)	¥ 128,719	¥ 97	¥ 1,648	¥ 625,406
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	71
Dividends from surplus	—	—	—	—	—	—	—	(26,099)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	31,770
Net changes of items other than shareholders' equity	(13,192)	236	—	268	(12,687)	20	122	(12,545)
Total changes during the period	(13,192)	236	—	268	(12,687)	20	122	(6,802)
Balance at the end of the period	¥ 120,798	¥ (666)	¥ (2,439)	¥ (1,660)	¥ 116,032	¥ 117	¥ 1,770	¥ 618,604

4. Note on Going Concern

Not applicable.

5. Material Changes in Stockholders' Equity

Not applicable.

6. Changes in Significant Subsidiaries during the Period

Not applicable.

Although specified subsidiaries have not changed, Sony Financial Ventures Inc., a subsidiary that invests in venture companies, was established and entered the scope of consolidation in the first half of the fiscal year ending March 31, 2019. The company's results are included in the "other" category in the consolidated statements of income.

7. Segment Information

(1) Outline of reportable segments

The Sony Financial Group consists of three reportable 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., Sony Payment Services Inc. and SmartLink Network Hong Kong Limited.

(2) Segment information by reportable segment

For the six months ended September 30, 2017

	Millions of yen					
	Life insurance business	Non-life insurance business	Banking business	Total	Other	Total
Ordinary revenues						
External customers	¥ 630,822	¥ 54,798	¥ 19,714	¥ 705,335	¥ 2,988	¥ 708,324
Intersegment	1,609	0	104	1,715	—	1,715
Total	632,432	54,798	19,819	707,050	2,988	710,039
Segment profit	¥ 24,925	¥ 4,587	¥ 3,712	¥ 33,225	¥ (631)	¥ 32,593
Segment assets	9,207,448	194,312	2,592,552	11,994,313	14,370	12,008,683
Others						
Depreciation	3,567	2,033	1,236	6,838	307	7,146
Interest income and dividends	78,249	667	14,005	92,921	0	92,921
Interest expenses	35	—	3,923	3,958	275	4,233
Equity in earnings (losses) of affiliates	(1,221)	—	—	(1,221)	—	(1,221)
Investments in affiliates	9,838	—	—	9,838	—	9,838
Increase in tangible fixed assets and intangible fixed assets	¥ 2,737	¥ 1,067	¥ 1,843	¥ 5,647	¥ 77	¥ 5,725

(Note) “Other” consists of the nursing care business, which is not a reportable segment.

For the six months ended September 30, 2018

	Millions of yen					
	Life insurance business	Non-life insurance business	Banking business	Total	Other	Total
Ordinary revenues						
External customers	¥ 777,970	¥ 57,761	¥ 21,911	¥ 857,643	¥ 3,251	¥ 860,895
Intersegment	1,402	0	126	1,530	—	1,530
Total	779,373	57,762	22,038	859,173	3,251	862,425
Segment profit	¥ 37,421	¥ 5,449	¥ 4,669	¥ 47,540	¥ (394)	¥ 47,145
Segment assets	10,068,492	210,016	2,795,224	13,073,734	21,995	13,095,729
Others						
Depreciation	3,775	1,211	1,253	6,239	306	6,546
Interest income and dividends	81,806	679	15,433	97,919	1	97,920
Interest expenses	577	—	4,032	4,610	234	4,845
Equity in earnings (losses) of affiliates	(400)	—	—	(400)	—	(400)
Investments in affiliates	11,919	—	—	11,919	—	11,919
Increase in tangible fixed assets and intangible fixed assets	¥ 2,763	¥ 2,674	¥ 1,476	¥ 6,913	¥ 79	¥ 6,992

(Note) “Other” consists of the nursing care business and venture capital operations, which is not a reportable segment.

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

	Millions of yen			
	For the six months ended September 30, 2017		For the six months ended September 30, 2018	
	¥		¥	
Totals of reportable segments	¥	707,050	¥	859,173
Other		2,988		3,251
Adjustments for intersegment transactions		(1,715)		(1,530)
Ordinary revenues in statement of income	¥	708,324	¥	860,895

	Millions of yen			
	For the six months ended September 30, 2017		For the six months ended September 30, 2018	
	¥		¥	
Totals of reportable segments	¥	33,225	¥	47,540
Other		(631)		(394)
Adjustments for intersegment transactions		1		—
Amount not allocated to reportable segments		74		82
Ordinary profit in statement of income	¥	32,669	¥	47,228

	Millions of yen			
	For the six months ended September 30, 2017		For the six months ended September 30, 2018	
	¥		¥	
Totals of reportable segments	¥	11,994,313	¥	13,073,734
Other		14,370		21,995
Adjustments for intersegment transactions		(56,437)		(66,917)
Amount not allocated to reportable segments		27,035		33,205
Assets in balance sheets	¥	11,979,281	¥	13,062,017

	Millions of yen							
	For the six months ended September 30, 2017				For the six months ended September 30, 2018			
	Total	Other	Adjustments	Consolidated financial statements	Total	Other	Adjustments	Consolidated financial statements
Depreciation	¥ 6,838	¥ 307	¥ 18	¥ 7,164	¥ 6,239	¥ 306	¥ 20	¥ 6,567
Interest income and dividends	92,921	0	(257)	92,663	97,919	1	(0)	97,920
Interest expenses	3,958	275	(38)	4,194	4,610	234	(39)	4,806
Equity in earnings (losses) of affiliates	(1,221)	—	—	(1,221)	(400)	—	—	(400)
Investments in affiliates	9,838	—	—	9,838	11,919	—	—	11,919
Increase in tangible fixed assets and intangible fixed assets	¥ 5,647	¥ 77	¥ 1	¥ 5,727	¥ 6,913	¥ 79	¥ 24	¥ 7,017

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

Not applicable.

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.
Proud Life Inc.**
Sony Financial Ventures Inc.**

Affiliated companies accounted for under the equity method:

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

** Proud Life Inc. is included in the scope of consolidation from the second quarter ended September 30, 2017.

Sony Financial Ventures Inc. is included in the scope of consolidation from the second quarter ended September 30, 2018.

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.

II. Attachment

Content of Presentation Material

Consolidated Financial Results for the Six Months Ended September 30, 2018 and Sony Life's MCEV as of September 30, 2018

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Presentation Material

Consolidated Financial Results for the Six Months Ended September 30, 2018 and Sony Life's MCEV as of September 30, 2018

Sony Financial Holdings Inc.
November 12, 2018

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*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, 2018 (FY18.1H)

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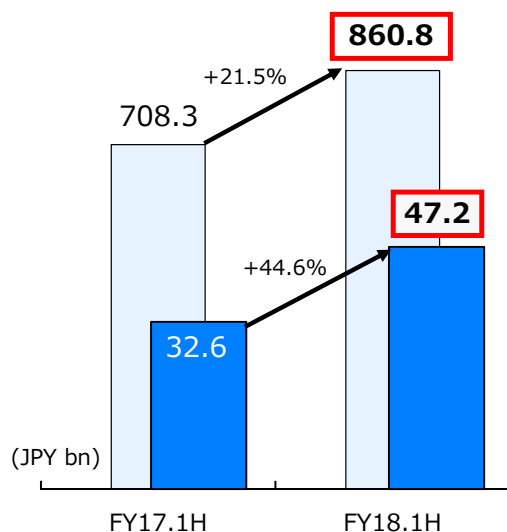
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Highlights of Consolidated Operating Performance (1)



<Consolidated>

- Ordinary revenues
- Ordinary profit



		(JPY bn)	FY17.1H	FY18.1H	Change	
Life insurance business	Ordinary revenues		632.4	779.3	+146.9	+23.2%
	Ordinary profit		24.9	37.4	+12.4	+50.1%
Non-life insurance business	Ordinary revenues		54.7	57.7	+2.9	+5.4%
	Ordinary profit		4.5	5.4	+0.8	+18.8%
Banking business	Ordinary revenues		19.8	22.0	+2.2	+11.2%
	Ordinary profit		3.7	4.6	+0.9	+25.8%
Intersegment adjustments*	Ordinary revenues		1.2	1.7	+0.4	+35.2%
	Ordinary profit		(0.5)	(0.3)	+0.2	-
Consolidated	Ordinary revenues		708.3	860.8	+152.5	+21.5%
	Ordinary profit		32.6	47.2	+14.5	+44.6%
	Profit attributable to owners of the parent		21.5	31.7	+10.1	+47.1%

*"Intersegment adjustments" is from SFH, the nursing care business, and the venture capital business. Proud Life Inc. and Sony Financial Ventures Inc. are included in the scope of consolidation from FY17.2Q and FY18.2Q, respectively.

(Note) Comprehensive income : FY17.1H: ¥24.7 billion, FY18.1H: ¥19.2 billion

		(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Consolidated	Net assets		625.4	618.6	(6.8)	(1.1%)
	Total assets		12,401.4	13,062.0	+660.5	+5.3%

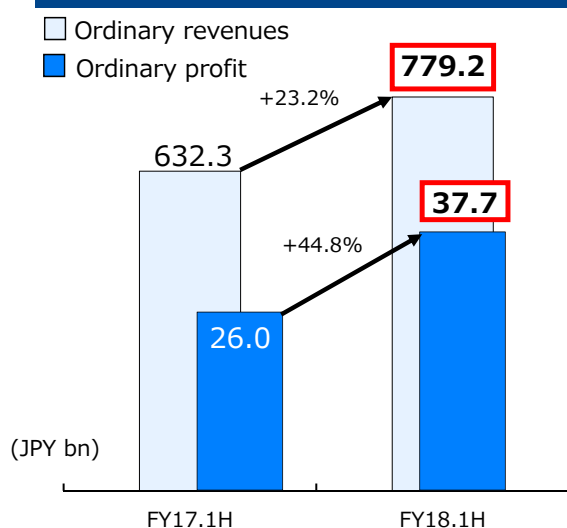
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Highlights of Consolidated Operating Performance (2)

- **Life Insurance Business** : Ordinary revenues grew year on year due to an increase in insurance premiums in line with a steady rise in the policy amount in force and favorable investment performance in the separate account. Ordinary profit increased year on year due mainly to a recording of gains on sale of securities in the general account, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders, which more than offset the effect of an impairment loss relating to available-for-sale securities in the general account.
- **Non-life Insurance Business**: Ordinary revenues expanded year on year, owing to an increase in net premiums written for mainstay automobile insurance. Ordinary profit increased year on year due mainly to a decline in the net expense ratio, despite the negative impact of a higher loss ratio, driven by natural disasters.
- **Banking Business** : Both ordinary revenues and ordinary profit rose year on year due to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.
- Ordinary revenues increased 21.5% year on year, to ¥860.8 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance, and banking businesses. Ordinary profit increased 44.6% year on year, to ¥47.2 billion, owing to increases in ordinary profit from all the businesses mentioned above. Profit attributable to owners of the parent was up 47.1% year on year, to ¥31.7 billion due to the increase in ordinary profit.

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



- ◆ Both ordinary revenues and ordinary profit increased year on year.
- ◆ Income from insurance premiums increased due mainly to a steady rise in the policy amount in force.
- ◆ Investment income increased due mainly to an increase in gains on separate account.
- ◆ Ordinary profit increased year on year due mainly to a recording of gains on sale of securities in the general account, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders, which more than offset the effect of an impairment loss relating to available-for-sale securities in the general account.

	(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues		632.3	779.2	+146.9	+23.2%
Income from insurance premiums		480.4	542.0	+61.5	+12.8%
Investment income		145.1	231.4	+86.2	+59.4%
Interest income and dividends		78.2	81.7	+3.5	+4.5%
Gains on sale of securities		0.0	3.3	+3.3	-
Foreign exchange gains, net		2.0	21.3	+19.3	+929.5%
Gains on separate accounts, net		62.6	122.6	+60.0	+95.9%
Ordinary expenses		606.2	741.5	+135.2	+22.3%
Insurance claims and other payments		187.3	200.4	+13.0	+7.0%
Provision for policy reserves and others		317.7	426.8	+109.1	+34.4%
Investment expenses		18.1	26.6	+8.4	+46.6%
Devaluation losses on securities		-	4.0	+4.0	-
Losses on derivatives, net		14.7	19.7	+4.9	+33.7%
Operating expenses		68.1	71.4	+3.3	+4.9%
Ordinary profit		26.0	37.7	+11.6	+44.8%
Net income		16.9	25.4	+8.4	+49.8%

	(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Securities		8,765.9	9,257.8	+491.8	+5.6%
Policy reserves		8,566.0	8,989.2	+423.1	+4.9%
Net assets		492.7	480.3	(12.4)	(2.5%)
Net unrealized gains on other securities		124.9	113.2	(11.6)	(9.3%)
Total assets		9,567.6	10,070.5	+502.8	+5.3%
Separate account assets		1,128.8	1,289.8	+161.0	+14.3%

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



(JPY bn)	FY17.1H	FY18.1H	Change
New policy amount	2,230.7	3,159.7	+41.6%
Lapse and surrender amount	873.4	1,587.3	+81.7%
Lapse and surrender rate	1.93%	3.36%	+1.43pt
Annualized premiums from new policies	32.3	37.9	+17.3%
Of which, third-sector products	5.9	7.3	+22.0%

(JPY bn)	FY17.1H	FY18.1H	Change
Gains from investment, net (General account)	64.4	82.1	+27.5%
Core profit	43.8	57.8	+31.8%
Positive spread	9.3	8.7	(6.5%)

(JPY bn)	Mar. 18	Sep. 18	Change From Mar. 18
Policy amount in force	47,253.4	48,506.6	+2.7%
Annualized premiums from insurance in force	848.8	864.6	+1.9%
Of which, third-sector products	191.8	194.9	+1.6%
Non-consolidated solvency margin ratio	2,624.3%	2,618.9%	(5.4pt)

<Reasons for changes>

◆ Increased due to favorable sales of family income insurance.

◆ Increased due to cancellations of existing policies from certain customers taking out new policies such as family income insurance. This shift resulted from premium revisions, owing to the revision of the standard mortality tables.

◆ Increased due to favorable sales of U.S. dollar-denominated insurance and individual annuities.

◆ Increased due mainly to a decline in the provision of policy reserves for minimum guarantees for variable life insurance, an increase in profit on higher policies in force and a decline in provision of policy reserves for products with higher surrenders.

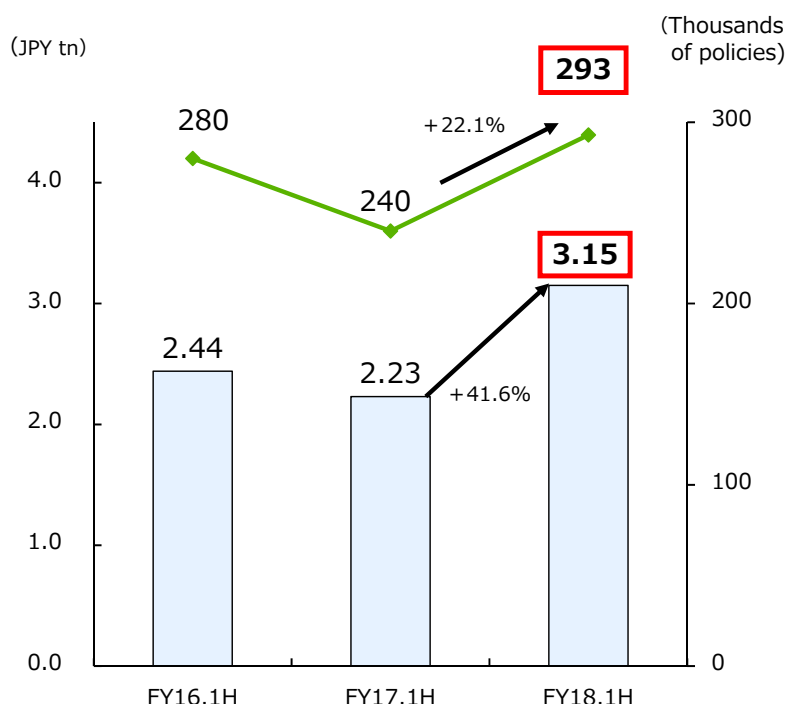
Note: Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, annualized premiums from new policies, policy amount in force, and annualized premiums from insurance in force are calculated as the total of individual life insurance and individual annuities. The lapse and surrender 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)



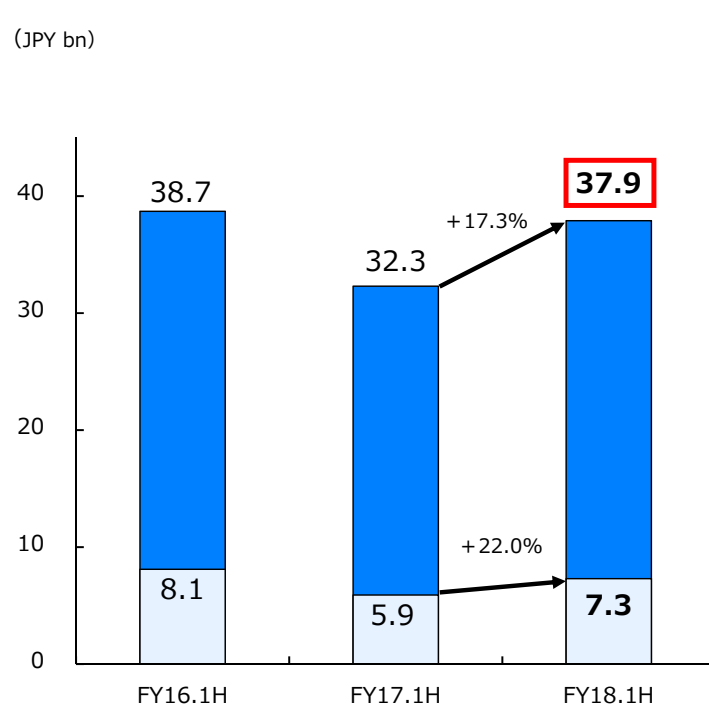
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

□ New policy amount — Number of new policies



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

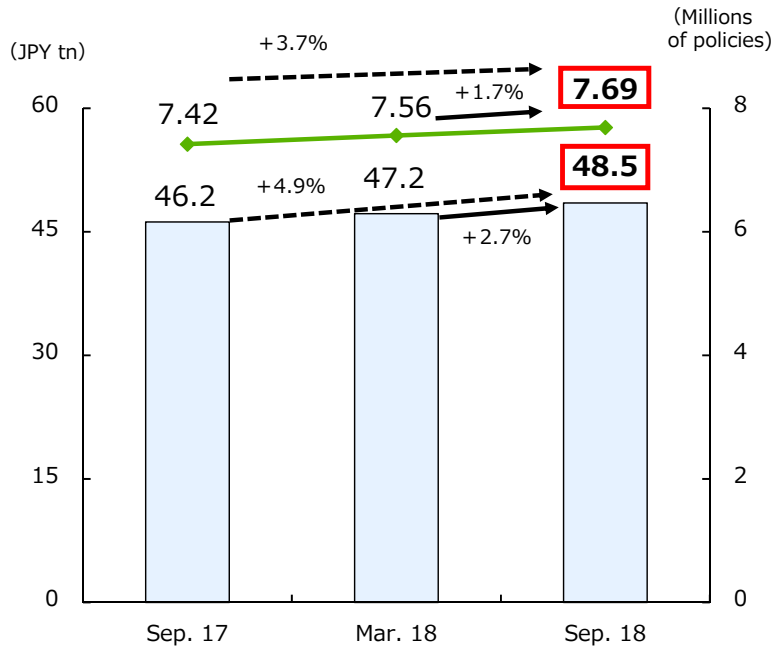
■ Annualized premiums from new policies □ Of which, third-sector



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

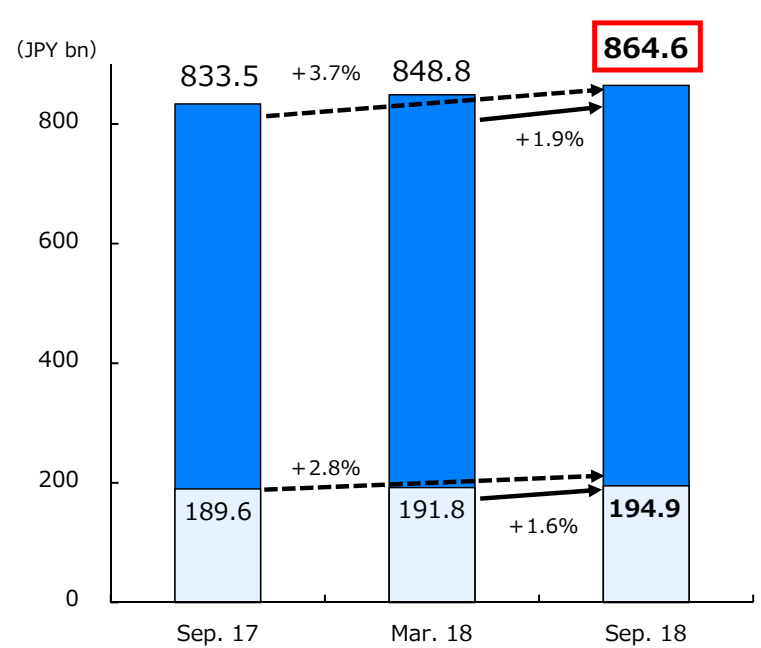
Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

□ Policy amount in force ◆ Number of policies in force



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

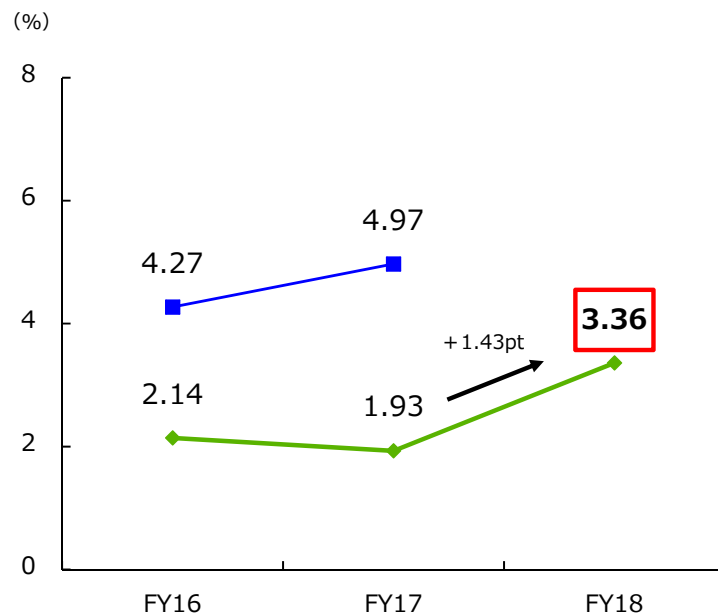
■ Annualized premiums from insurance in force □ Of which, third-sector



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

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

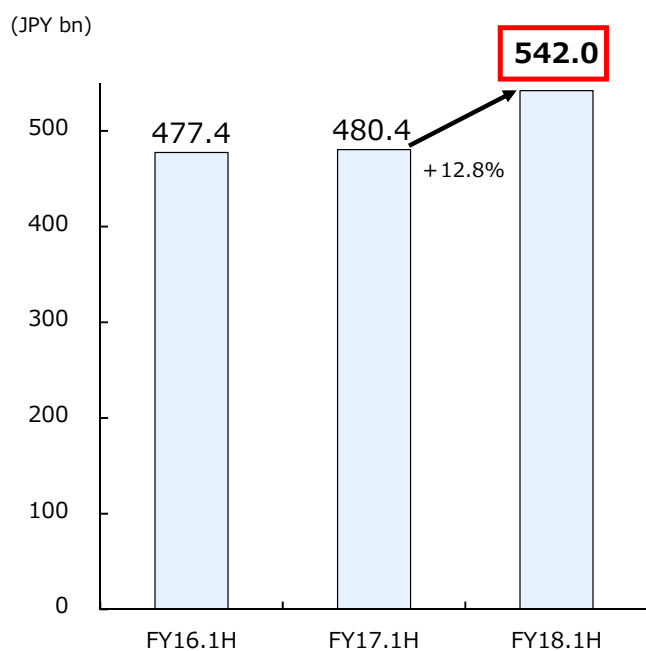
■ Lapse and surrender rate (Annual) ◆ Lapse and surrender rate (1H)



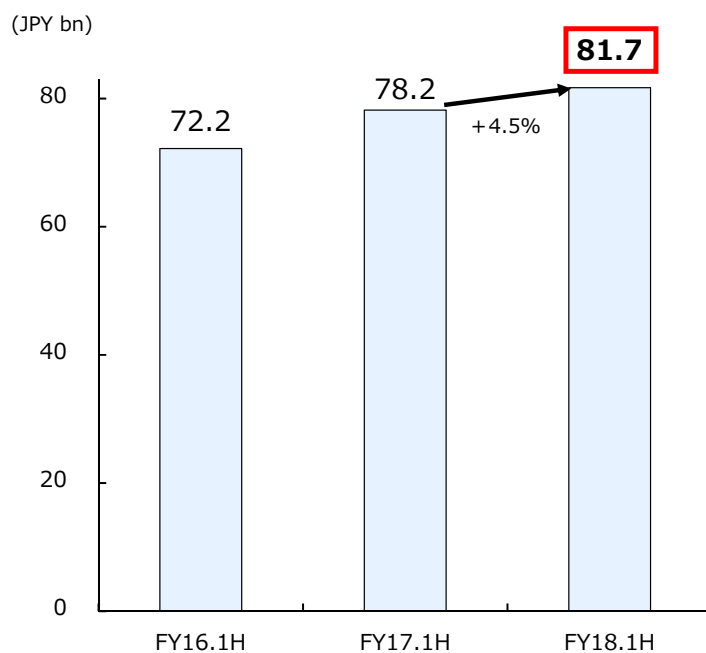
*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

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

Income from Insurance Premiums

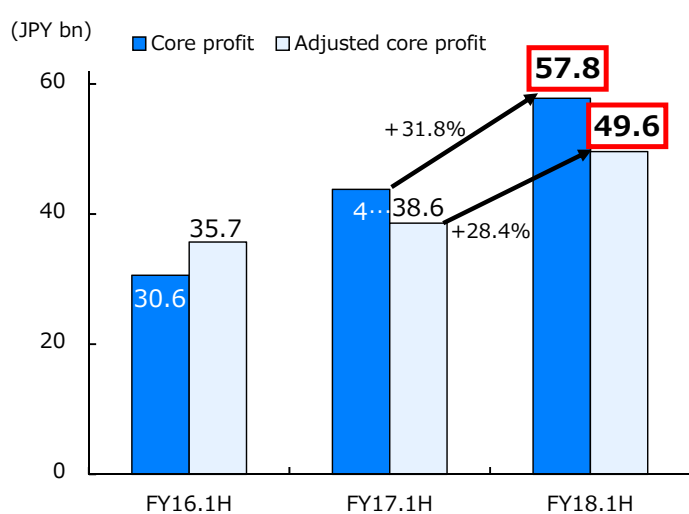


Interest Income and Dividends



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

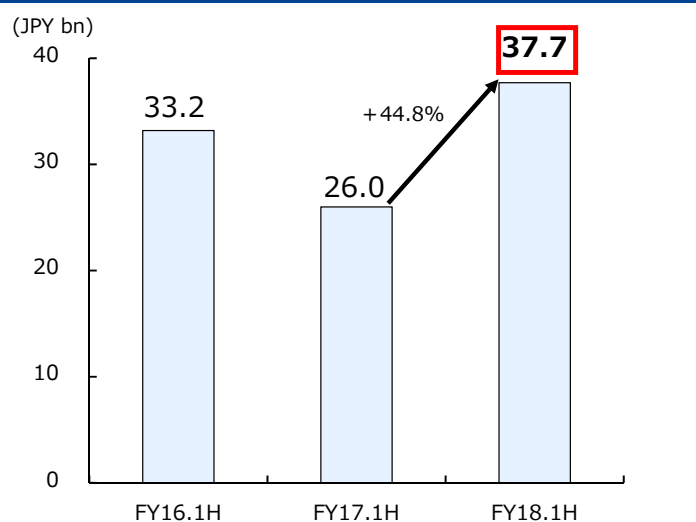
Core Profit



(Reference) Impact on core profit

(JPY bn)	FY16.1H	FY17.1H	FY18.1H
Positive spread	6.5	9.3	8.7
Provision of policy reserves for minimum guarantees for variable life insurance (*)	(11.6)	(4.0)	(0.4)
Adjusted core profit (**)	35.7	38.6	49.6

Ordinary Profit



(Reference) Main differences from core profit

(JPY bn)	FY16.1H	FY17.1H	FY18.1H
Capital gains (losses) excluding gains or losses on hedges (*)	5.0	(5.6)	(3.3)
Gains (losses) on hedges of variable life insurance	1.0	(8.5)	(12.3)
Provision of contingency reserve (*)	(3.4)	(3.6)	(4.4)

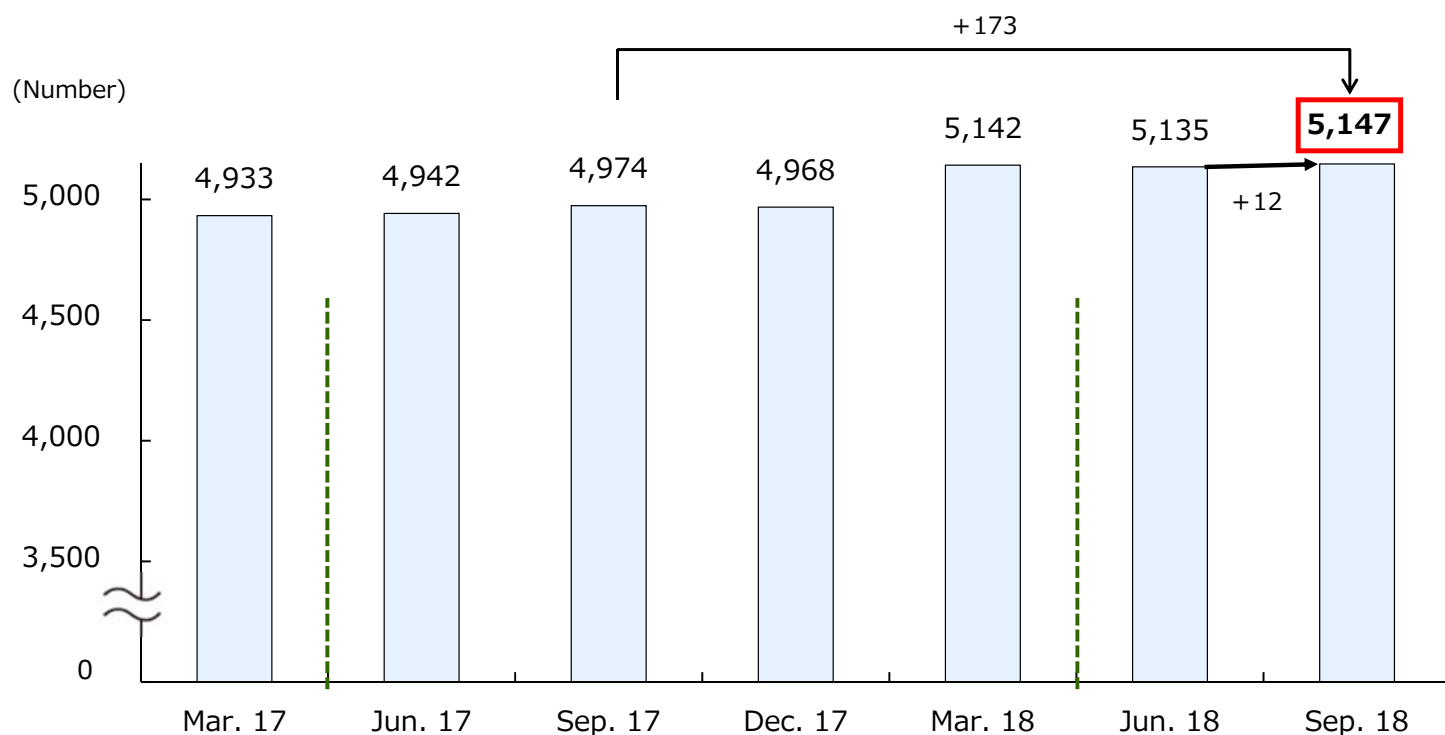
**Provision of policy reserves for minimum guarantees for variable life insurance" and "Provision of contingency reserve" are described as negative amount.

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

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

(JPY bn)	Mar. 18		Sep. 18	
	Amount	%	Amount	%
Japanese bonds (including JGBs)	7,281.1	86.3%	7,516.1	85.6%
Japanese stocks	38.4	0.5%	35.2	0.4%
Foreign bonds	366.5	4.3%	476.3	5.4%
Foreign stocks	30.3	0.4%	26.5	0.3%
Money held in trust	270.5	3.2%	267.0	3.0%
Policy loans	189.4	2.2%	193.6	2.2%
Real estate*	92.3	1.1%	91.5	1.0%
Cash and call loans	40.8	0.5%	58.3	0.7%
Others	129.1	1.5%	115.8	1.3%
Total	8,438.8	100.0%	8,780.7	100.0%

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

<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. 17 21.3 years

Mar. 18 21.4 years

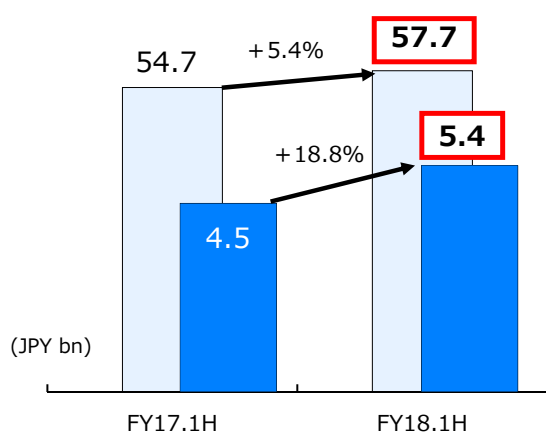
Sep. 18 21.1 years

- Investment in the money held in trust is mainly into Japanese bonds.
- The holding ratio on the real status of Japanese bonds including those invested in money held in trust in the general account : Sep. 18 ····88.6%
(Mar. 18 ····89.5%)

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 premium written for mainstay automobile insurance.
- ◆ Ordinary profit increased year on year due mainly to a decline in the net expense ratio, despite the negative impact of a higher loss ratio, driven by natural disasters.

(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues	54.7	57.7	+2.9	+5.4%
Underwriting income	53.8	56.5	+2.7	+5.1%
Investment income	0.9	1.1	+0.2	+22.6%
Ordinary expenses	50.2	52.3	+2.1	+4.2%
Underwriting expenses	36.7	38.9	+2.2	+6.0%
Operating general and administrative expenses	13.4	13.3	(0.1)	(0.8%)
Ordinary profit	4.5	5.4	+0.8	+18.8%
Net income	3.3	3.8	+0.5	+16.1%

(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Underwriting reserves	117.0	122.5	+5.4	+4.7%
Net assets	33.1	33.9	+0.8	+2.4%
Total assets	204.3	209.9	+5.6	+2.8%

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Overview of Operating Performance: Sony Assurance



(JPY bn)	FY17.1H	FY18.1H	Change
Direct premiums written	53.1	55.9	+5.3%
Net premiums written	53.7	56.5	+5.1%
Net losses paid	24.9	26.8	+7.6%
Underwriting profit	3.6	4.2	+17.5%
Net loss ratio	53.2%	54.6%	+1.4pt
Net expense ratio	26.6%	25.1%	(1.5pt)
Combined ratio	79.8%	79.7%	(0.1pt)

<Reasons for changes>

- ◆ Increased in its mainstay automobile insurance.

- ◆ Declined due mainly to a decrease in system-related expenses.

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

	FY17.1H	FY18.1H	Change
E. I. loss ratio	59.6%	61.2%	+1.6pt
E. I. loss ratio + Net expense ratio	86.2%	86.3%	+0.1pt

- ◆ Rose due to natural disasters.

Note: 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.]

	Mar. 18	Sep. 18	Change from Mar. 18
Non-consolidated solvency margin ratio	782.1%	821.0%	+38.9pt

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Sony Assurance's Underwriting Performance by Type of Policy

Direct Premiums Written

(JPY mn)	FY17.1H	FY18.1H	Change
Fire	102	110	+7.0%
Marine	–	–	–
Personal accident	4,348	4,361	+0.3%
Voluntary automobile	48,664	51,478	+5.8%
Compulsory automobile liability	–	–	–
Total	53,116	55,950	+5.3%

Net Premiums Written

(JPY mn)	FY17.1H	FY18.1H	Change
Fire	8	8	+8.5%
Marine	(0)	–	–
Personal accident	4,452	4,441	(0.3%)
Voluntary automobile	48,545	51,336	+5.7%
Compulsory automobile liability	780	733	(6.0%)
Total	53,786	56,520	+5.1%

Net losses paid

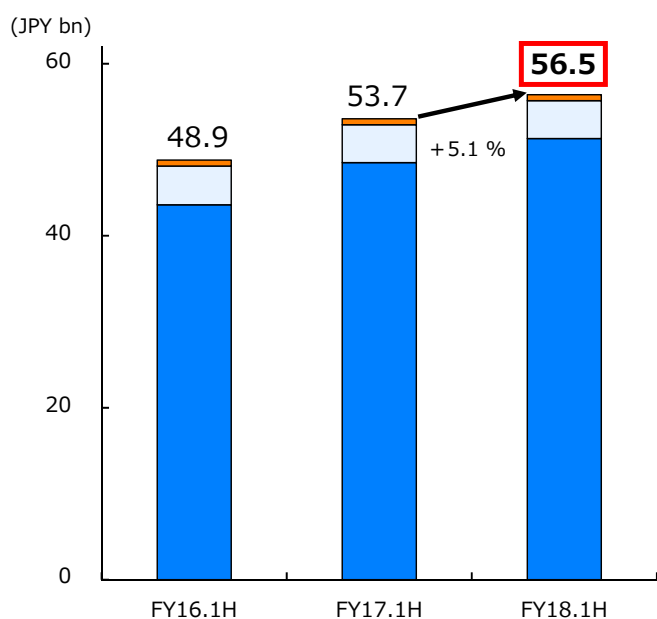
(JPY mn)	FY17.1H	FY18.1H	Change
Fire	2	3	+63.8%
Marine	3	2	(36.4%)
Personal accident	1,361	1,402	+3.0%
Voluntary automobile	22,915	24,749	+8.0%
Compulsory automobile liability	655	671	+2.6%
Total	24,937	26,830	+7.6%

*Medical insurance is included in personal accident.

Operating Performance: Sony Assurance (1)

Net Premiums Written and Number of Policies in Force

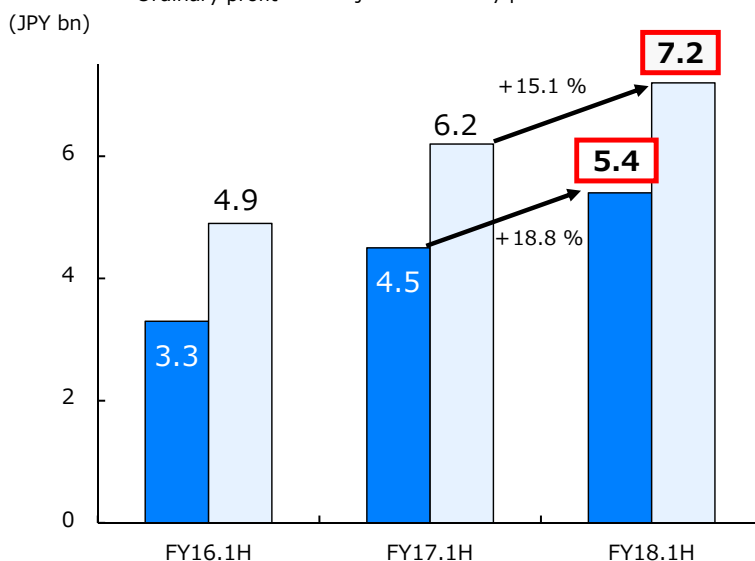
■ Voluntary automobile insurance □ Personal accident insurance
■ Others



Note: Most of personal accident insurance is medical insurance.

Ordinary Profit and Adjusted Ordinary Profit

■ Ordinary profit □ Adjusted ordinary profit



*Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve
(Reference) Provision for catastrophe reserve

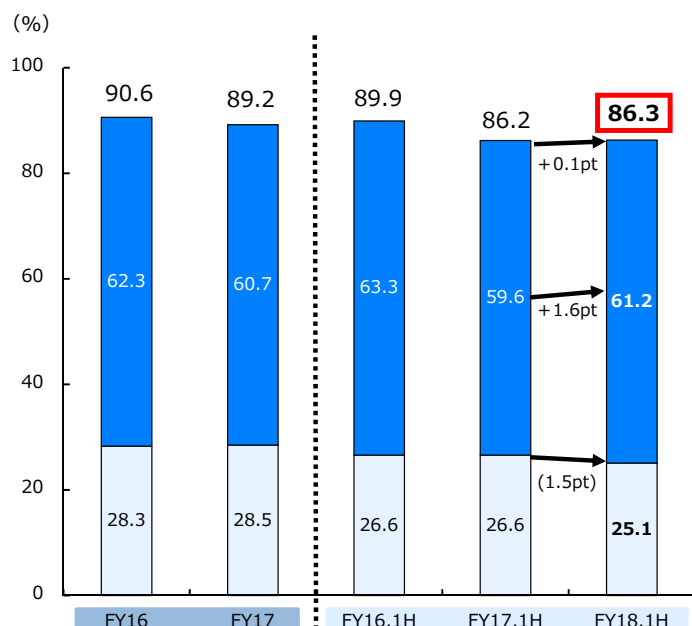
(JPY bn)	FY16.1H	FY17.1H	FY18.1H
Provision for catastrophe reserve	1.5	1.7	1.7

*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

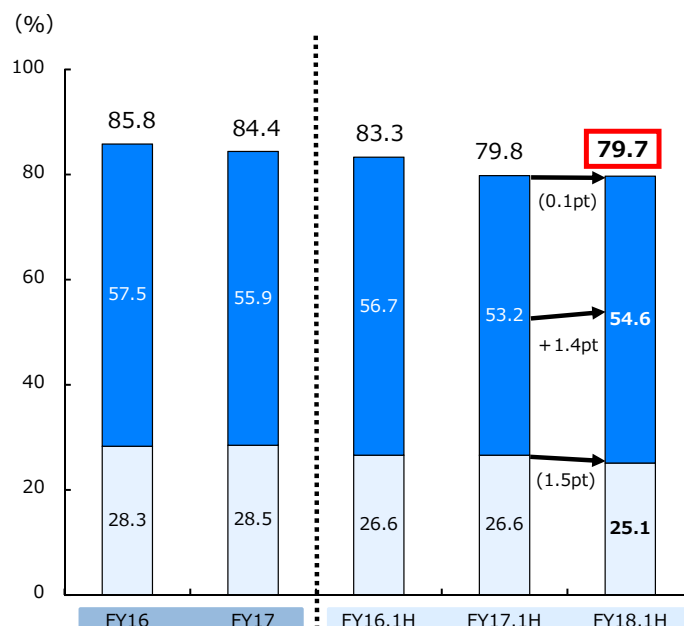


Notes:

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

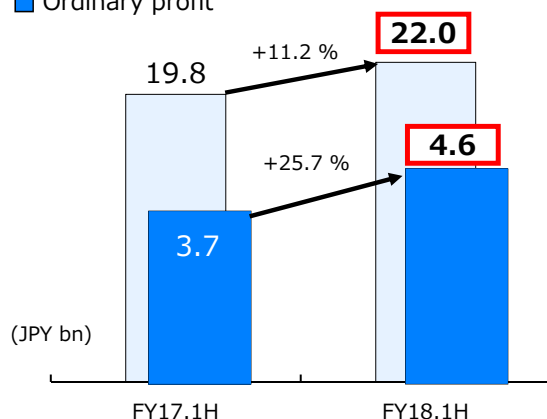
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Highlights of Operating Performance: Sony Bank (Consolidated/Non-consolidated)

<Consolidated>

□ Ordinary revenues
■ Ordinary profit



<Consolidated>

◆ Both ordinary revenues and ordinary profit rose year on year due to increases in interest income on investment securities and on loans in line with a growing balance of mortgage loans.

<Non-consolidated>

◆ Both gross operating profit and net operating profit increased.
• Net interest income increased due to increases in interest income on investment securities and loans.

<Consolidated>

	(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues		19.8	22.0	+2.2	+11.2%
Ordinary profit		3.7	4.6	+0.9	+25.7%
Profit attributable to owners of the parent		2.4	3.0	+0.6	+27.7%

<Non-consolidated>

	(JPY bn)	FY17.1H	FY18.1H	Change	
Ordinary revenues		18.0	19.9	+1.8	+10.3%
Gross operating profit		10.5	11.8	+1.2	+11.6%
Net interest income		10.1	11.4	+1.3	+13.0%
Net fees and commissions		(1.5)	(1.6)	(0.0)	-
Net other operating income		2.0	2.0	(0.0)	(1.4%)
General and administrative expenses		7.6	7.6	(0.0)	(0.2%)
Net operating profit		2.9	4.1	+1.1	+40.2%
Ordinary profit		3.4	4.2	+0.8	+23.9%
Net income		2.3	2.9	+0.6	+26.6%

	(JPY bn)	Mar. 18	Sep. 18	Change from Mar. 18	
Net assets		85.7	85.7	+0.0	+0.1%
Net unrealized gains on other securities, net of taxes		6.0	5.1	(0.8)	(14.4%)
Total assets		2,635.0	2,778.6	+143.5	+5.4%

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

(JPY bn)	Sep. 17	Mar. 18	Sep. 18	Change from Mar. 18	
Customer assets	2,284.8	2,343.0	2,436.1	+93.0	+4.0%
Deposits	2,165.2	2,219.3	2,308.9	+89.6	+4.0%
Yen	1,800.5	1,814.7	1,909.8	+95.1	+5.2%
Foreign currencies	364.6	404.6	399.1	(5.4)	(1.4%)
Investment trusts	119.6	123.7	127.1	+3.4	+2.8%
Loans outstanding	1,559.3	1,596.3	1,638.3	+41.9	+2.6%
Mortgage loans	1,477.9	1,525.5	1,574.8	+49.2	+3.2%
Card loans	18.9	18.8	18.5	(0.3)	(1.7%)
Others	62.4	51.8	45.0^{*1}	(6.8)	(13.3%)
Number of accounts	1.29mm	1.35mm	1.42mm	+0.07mm	+5.2%
Non-performing assets ratio^{*2} (Based on Financial Reconstruction Law)	0.15%	0.12%	0.12%		(0.01pt)
Non-consolidated capital Adequacy ratio^{*3} (domestic criteria)	9.43%	10.45%	10.43%		(0.02pt)

<Reasons for changes>

◆ Increased due mainly to an increase in newly accumulated funds via the increased number of accounts, as well as a conversion from foreign currencies backed by yen depreciation.

◆ Decreased due to a conversion and a transfer from foreign ordinary deposits into yen deposits led by yen depreciation, despite an increase in foreign currency time deposits.

◆ Rose due to a steady increase in mortgage loans.

*1 Loans in others include corporate loans of ¥44.9 billion

*2 Non-performing loans (loans based on the Financial Reconstruction Act) / Total loan exposure

*3 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on page 24.

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

<Reference> On Managerial Accounting Basis

(JPY bn)	FY17.1H	FY18.1H	Change	
Gross operating profit	10.5	11.8	+1.2	+11.6%
Net interest income ^{*1} ①	11.3	12.5	+1.2	+11.3%
Net fees and commissions ^{*2} ②	(1.3)	(1.3)	(0.0)	—
Net other operating income ^{*3}	0.5	0.6	+0.0	+5.5%
Gross operating profit (core profit)(A) = ① + ②	10.0	11.2	+1.1	+12.0%
Operating expenses and other Expenses ③	7.6	7.7	+0.0	+0.6%
Net operating profit (core profit) = (A) - ③	2.3	3.4	+1.1	+49.4%

■ Managerial accounting basis

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

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

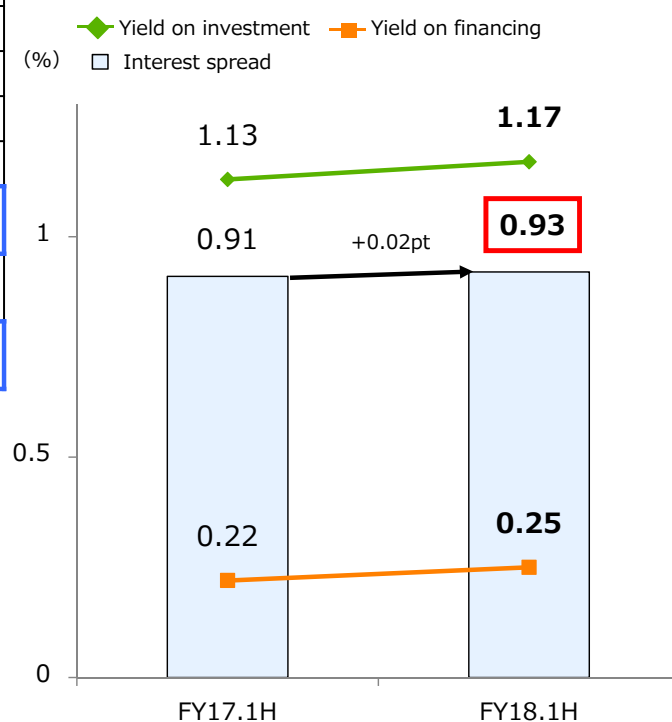
*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

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

■ Core profit

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

<Reference> Interest Spread (Managerial Accounting Basis)

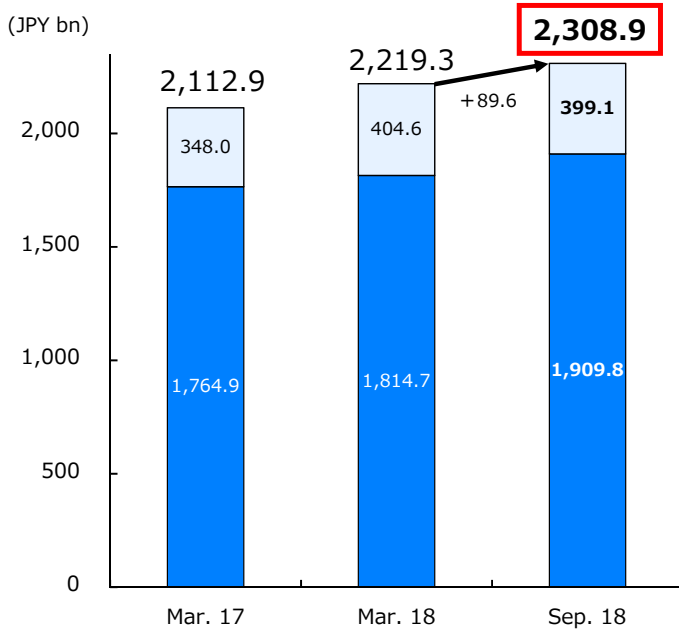


Note: Interest spread=(Yield on investment)-(Yield on financing)

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

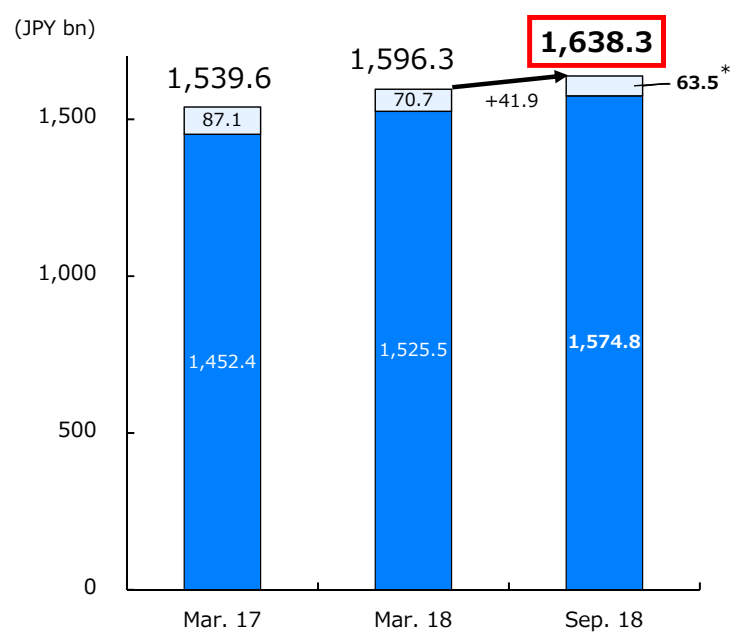
Deposits

■ Yen Deposits □ Foreign currency deposits



Loans

■ Mortgage loans □ Others



*Corporate loans of ¥44.9 billion. Card loans of ¥18.5 billion.

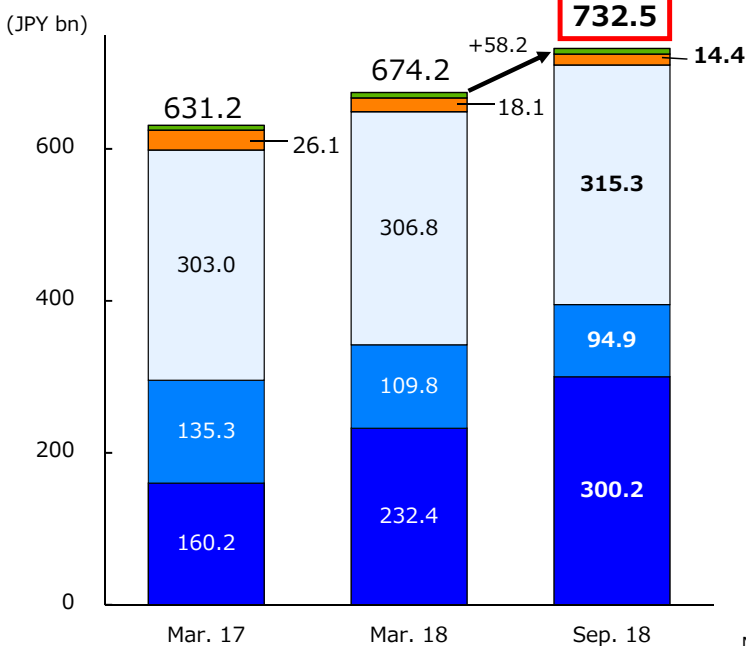
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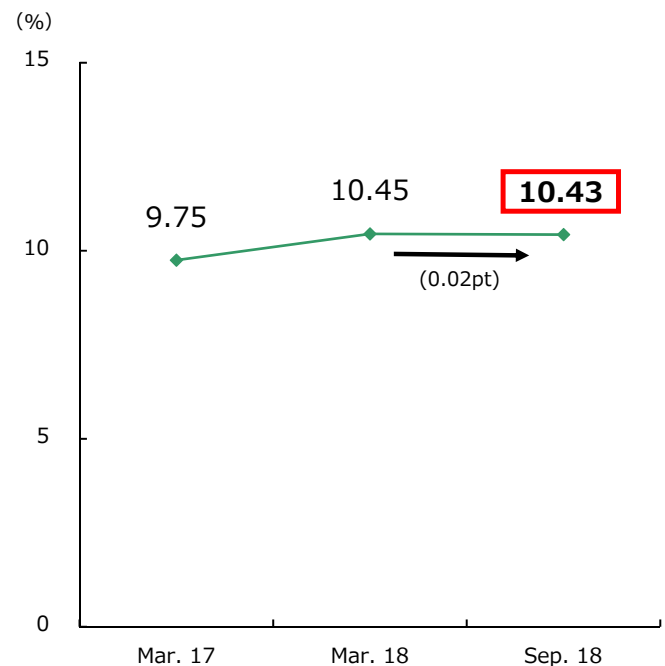
Operating Performance: Sony Bank (Non-consolidated) (2)

Balance of Securities by Credit Rating

■ AAA □ AA □ A
■ BBB ■ Others



Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



Note: 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.

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Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (FY18)

Forecast of Consolidated Financial Results for FY18

Forecast of consolidated financial results for FY18 is unchanged from the forecast announced on April 27, 2018

(JPY bn)	FY17 (Actual)	FY18 (Forecast)	Change	FY18.1H (Actual)	Progress rate
Ordinary revenues	1,503.6	1,578.0	+4.9%	860.8	54.6%
<u>Life insurance business</u>	1,351.2	1,416.1	+4.8%	779.3	55.0%
<u>Non-life insurance business</u>	110.0	112.3	+2.0%	57.7	51.4%
<u>Banking business</u>	39.9	42.8	+7.2%	22.0	51.5%
Ordinary profit	66.8	83.0	+24.2%	47.2	56.9%
<u>Life insurance business</u>	54.1	70.9	+30.9%	37.4	52.8%
<u>Non-life insurance business</u>	6.5	6.5	(1.1%)	5.4	83.8%
<u>Banking business</u>	7.1	7.0	(2.0%)	4.6	66.7%
Profit attributable to owners of the parent	51.8	55.0	+6.0%	31.7	57.8%

<Segment information for ordinary revenues and ordinary profit>

■ Life insurance, Non-life insurance, and Banking businesses

Although both ordinary revenues and ordinary profit exceeded our initial expectations in FY18.1H, we maintain our full-year forecasts for FY18, taking into consideration the business environment from FY18.3Q onward.

Sony Life's MCEV and ESR as of September 30, 2018

Some parts of the calculations of MCEV adopted simplified method except for those as of March 31, 2018.
Please keep in mind that the validity of these calculations has not been verified by outside specialists.

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

Sony Life's MCEV

(JPY bn)	Mar. 18	Jun. 18	Sep. 18	Change from Mar. 18	Change from Jun. 18
MCEV	1,633.2	1,593.5	1,715.3	+82.1	+121.8
Adjusted net worth	1,786.1	1,804.3	1,560.0	(226.1)	(244.3)
Value of existing business	(152.9)	(210.8)	155.3	+308.2	+366.1

(JPY bn)	FY17.4Q (3M)	FY18.1Q (3M)	FY18.2Q (3M)	FY18.1H (6M)
New business value	21.2	21.9	22.6	44.6
New business margin	6.1%	7.1%	6.9%	7.0%

◆ Reasons for changes in MCEV

- MCEV as of September 30, 2018 increased ¥121.8 billion from June 30, 2018, due mainly to an increase in interest rates in Japanese yen.

◆ New business value / New business margin

- New business value for FY18.2Q (3M) was ¥22.6 billion, due to a favorable acquisition of new policies.
- New business margin for FY18.2Q (3M) was down 0.2pt from FY18.1Q (3M), due mainly to a change in product mix.

Notes:

1. Calculated MCEV as of June 30, 2018 onward by using mainly updated economic assumptions and lapse and surrender rate from March 31, 2018.
2. New business value and new business margin are calculated accumulating new business value for each month based on economic assumptions at the end of each month. The figures for FY18 onward reflect the revision in the insurance risk measurement method and others which revised in March 31, 2018. For details of the revision in the insurance risk measurement method and others, please refer to the Presentation Materials "Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 and Sony Life's Preliminary MCEV as of March 31, 2018."

*Please refer to the appendix page 41-44 for trend on bond yields and yield curves.

(JPY bn)	Mar. 18	Jun. 18	Sep. 18
Insurance risk	497.5	506.8	488.7
Market-related risk	380.6	379.6	407.6
<i>Of which, interest rate risk</i>	<i>275.3</i>	<i>270.4</i>	<i>300.7</i>
Operational risk	31.0	32.1	33.0
Counter party risk	2.6	2.6	2.7
Variance effect	(182.0)	(183.1)	(187.8)
The risk amount based on economic value	729.7	738.0	744.1

(JPY bn)	Mar. 18	Jun. 18	Sep. 18
MCEV + Frictional costs	1,655.8	1,619.2	1,731.6
ESR	227%	219%	233%

- ◆ The risk amount based on economic value as of September 30, 2018 amounted to ¥744.1 billion, up ¥6.1 billion from June 30, 2018, due mainly to an increase in interest rate risk.
- ◆ ESR as of September 30, 2018 was 233%, up 13pt from June 30, 2018.

Notes:

1. The risk amount based on economic value refers to the total amount of Sony Life's risks comprehensively examined by a market consistent approach, including insurance risk and market-related risk and others.
2. The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model.
3. Risk amount excluding the variance effect within market-related risk.
4. $ESR = (MCEV + \text{Frictional costs}) / \text{Risk amount based on economic value}$.

Appendix

Recent Topics

◆ Sony Bank's Mortgage Loans through Sony Life

Sony Life accounts for 12% of the amount of new mortgage loans for FY18.1H (6M)
Sony Life accounts for 20% of the balance of mortgage loans as of September 30, 2018

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



◆ Sony Assurance's Automobile Insurance sold by Sony Life

Sony Life accounts for 5% of new automobile policies for FY18.1H (6M)

*Sony Life started handling automobile insurance in May 2001.



◆ Highlights on and after FY18.2Q

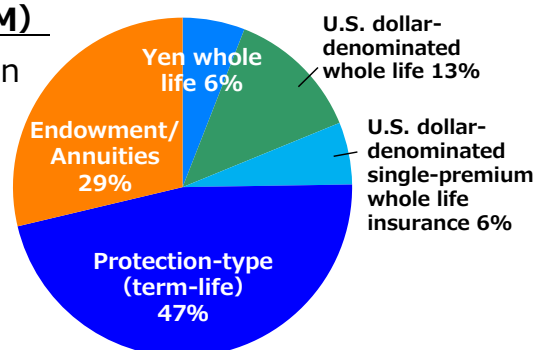
2018-09-22	Sony Life opened the financial advisory retail shop in Singapore
2018-10-01	Sony Bank began offering new mortgage loan, "Fixed-rate Select Mortgage Loan" and new group credit life insurance with disease protection rider
2018-10-11	Sony Financial Ventures announced the launch of its first venture capital fund with Global Brain Corporation, one of the largest venture capital firms in Japan
2018-10-15	Sony Assurance began selling internet-only fire insurance
2018-10-15	Sony Lifecare announced to open its 4th "SONARE" brand nursing care home in Suginami-city, Tokyo in autumn 2019

Sony Life's Product Portfolio

Annualized Premiums from New Policies by Product

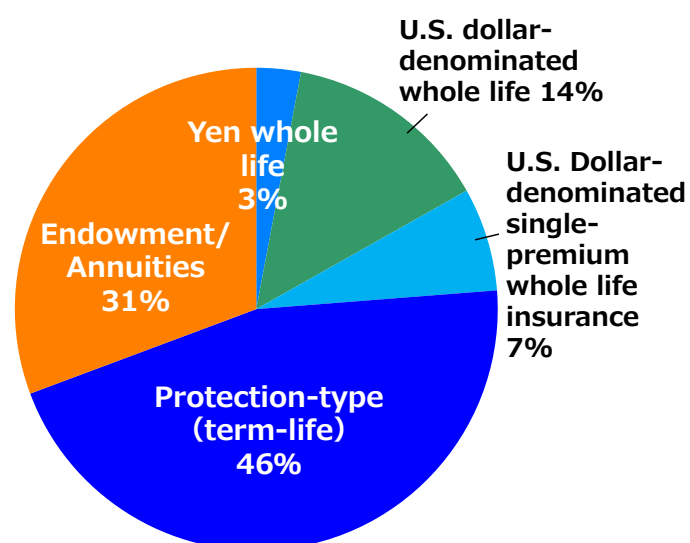
FY17 (12M)

¥73.0 billion



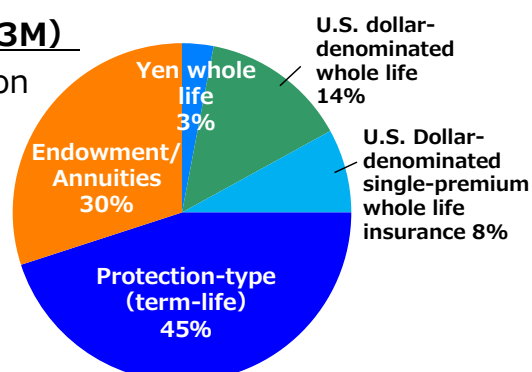
FY18.2Q (3M)

¥19.2 billion



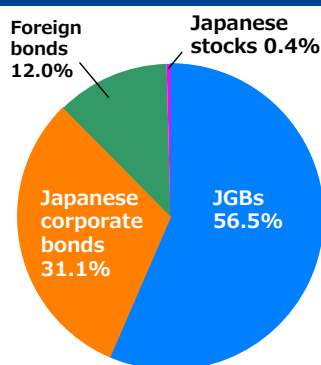
FY18.1Q (3M)

¥18.7 billion

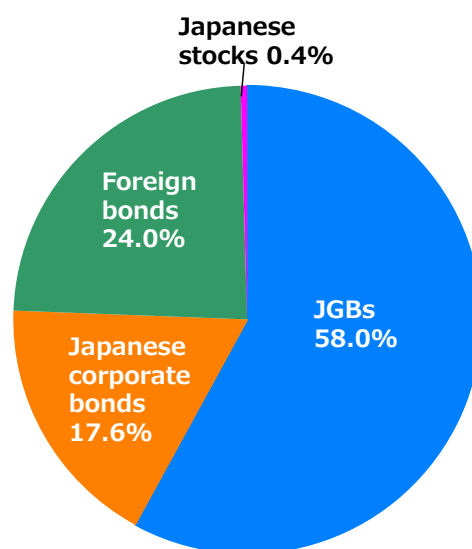


Purchase Securities in the General Account

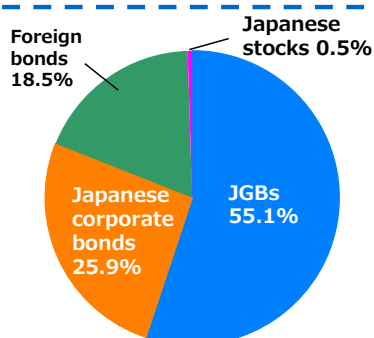
FY17.1H (6M)



FY18.1H (6M)



FY17 (12M)



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

Sony Life: 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)

(JPY bn)	Mar. 17			Mar. 18			Sep. 18		
	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	6,068.6	7,514.2	1,445.5	6,467.9	8,050.6	1,582.6	6,663.4	7,961.2	1,297.8
Policy reserve matching bonds	277.3	303.3	25.9	401.9	436.8	34.8	522.9	540.8	17.9
Available-for-sale securities	896.5	1,069.9	173.3	921.9	1,091.1	169.1	955.1	1,107.7	152.5
Japanese bonds (including JGBs)	852.6	1,013.3	160.7	847.0	1,002.1	155.0	862.7	1,002.3	139.5
Japanese stocks	13.6	27.0	13.3	13.6	30.6	16.9	11.2	25.9	14.7
Foreign securities	30.0	29.1	(0.8)	61.0	58.1	(2.9)	80.9	79.0	(1.8)
Other securities	0.1	0.3	0.1	0.1	0.2	0.1	0.1	0.2	0.1
Total	7,242.5	8,887.5	1,644.9	7,791.9	9,578.6	1,786.7	8,141.5	9,609.8	1,468.3

Note: The above table includes money held in trust other than trading-purpose securities.

Valuation gains (losses) on trading-purpose securities

(JPY bn)

Mar. 17		Mar. 18		Sep. 18	
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	(0.1)	-	(0.0)	1.4	(0.0)

Sony Life's Interest Income and Dividends (Details)

(JPY mn)	FY17.1H	FY18.1H	Change
Cash and deposits	0	0	+145.4%
Japanese bonds (including JGBs)	61,875	64,207	+3.8%
Japanese stocks	282	295	+4.5%
Foreign securities	7,027	8,988	+27.9%
Other securities	124	293	+135.4%
Loans	3,285	3,396	+3.4%
Real estate	5,455	4,347	(20.3%)
Others	191	269	+41.3%
Total	78,241	81,798	+4.5%

Sony Life's Capital Gains/Losses

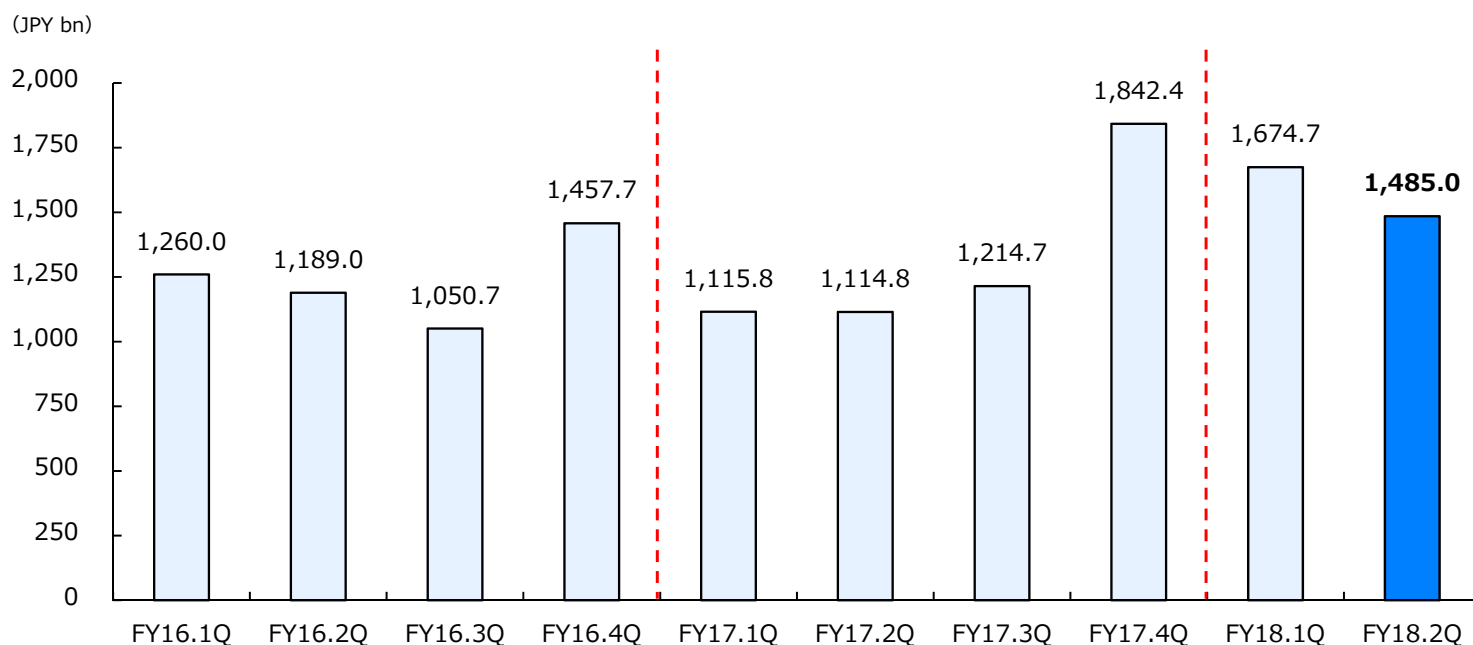
(JPY mn)	FY17.1H	FY18.1H	(JPY mn)	FY17.1H	FY18.1H
Capital losses	16,257	40,355	Capital gains	2,098	24,715
Losses on trading securities, net	–	19	Income from trading securities, net	19	–
Losses on sale of securities…(3)	0	34	Gains on sale of securities…(3)	0	3,316
Devaluation losses on securities…(4)	–	4,026	Gains on derivatives, net	–	–
Losses on derivatives, net	14,739	19,704	Foreign exchange gains, net	2,078	21,398
Losses on hedges of variable life insurance…(1)	8,555	12,304	Gains on U.S. dollar-denominated insurance (foreign exchange gains in separate accounting) …(5)	1,583	21,280
Losses on hedges of available-for-sale securities…(2)	2,767	2,628	Other capital gains	–	–
Losses on U.S. dollar-denominated insurance…(5)	2,489	4,461	Net capital gains (losses)	(14,159)	(15,639)
Foreign exchange losses, net	–	–			
Other capital losses	1,518	16,570			
Losses on U.S. dollar-denominated insurance (the provision of policy reserves for foreign exchange fluctuations) …(5)	853	16,570			

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

(JPY mn)	FY17.1H	FY18.1H
(1) Gains (Losses) on hedges of variable life insurance	(8,555)	(12,304)
(2) Gains (losses) on hedges of available-for-sale securities	(2,767)	(2,628)
(3) Gains (losses) on sale of securities	0	3,282
(4) Devaluation losses on securities	–	(4,026)
(5) Gains (losses) on U.S. dollar-denominated insurance	(1,759)	249

Sony Life's Quarterly Trend on New Policy Amount

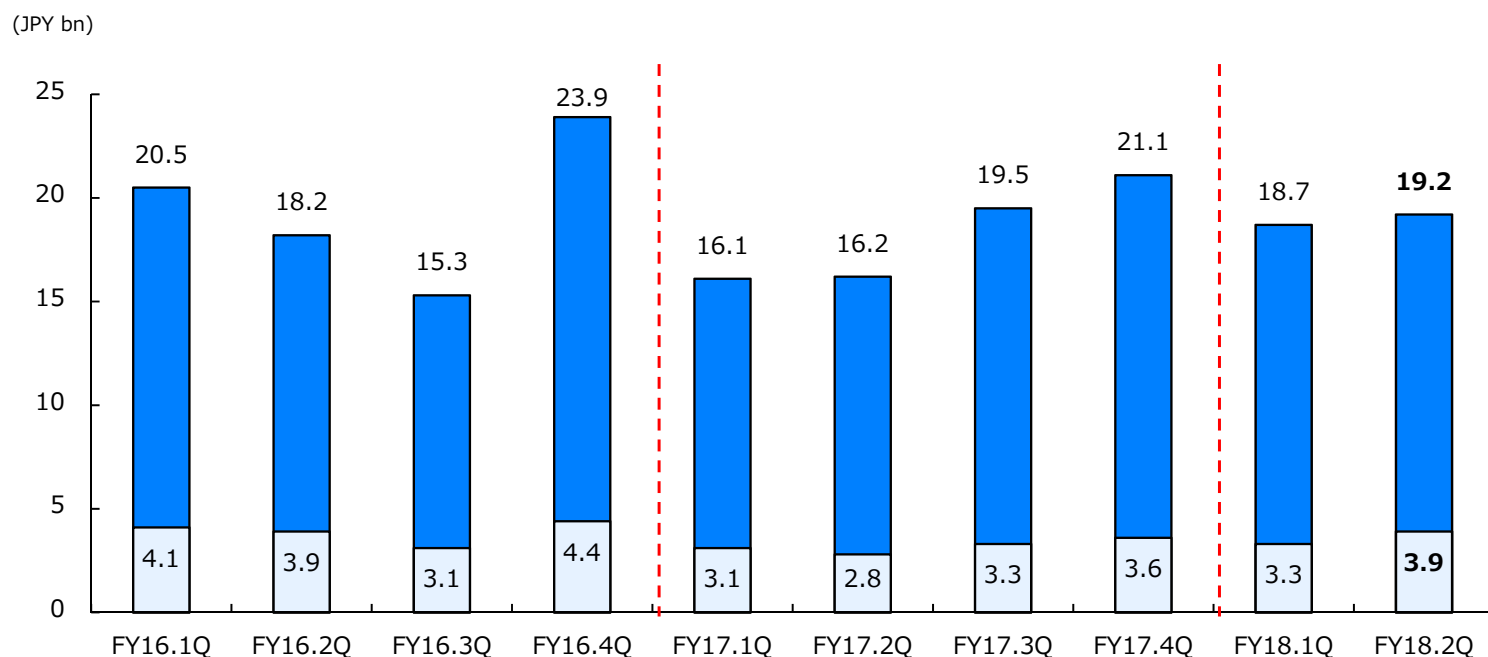
Quarterly Trend on New Policy Amount (Individual Life Insurance + Individual Annuities)



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

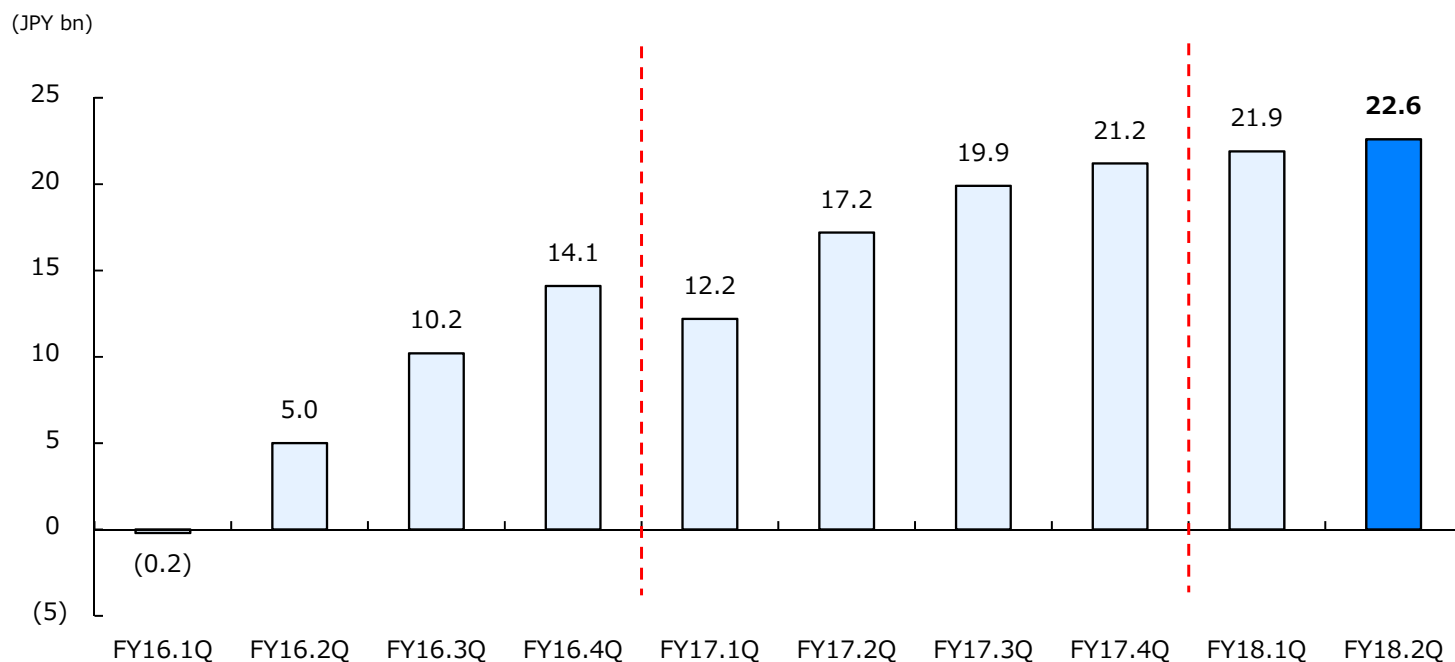
Quarterly Trend on Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)

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



Sony Life's Quarterly Trend on New Business Value

Quarterly Trend on New Business Value

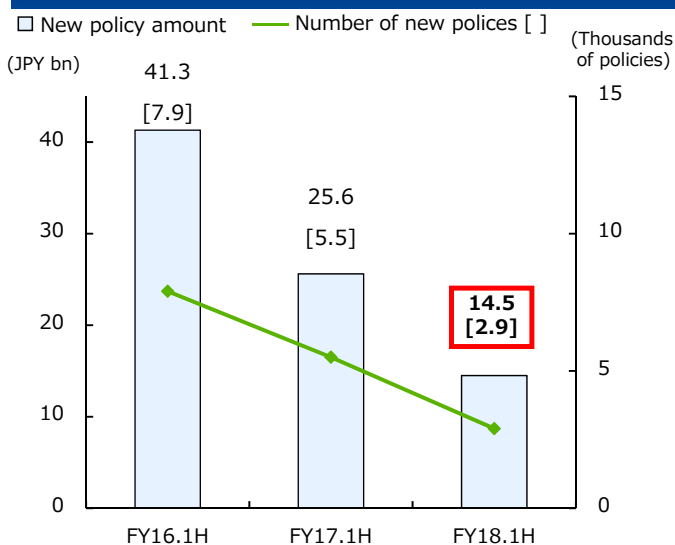


Note: New business value is calculated accumulating new business value for each month based on economic assumptions at the end of each month. The figures for FY18 onward reflect the revision in the insurance risk measurement method and others which revised on March 31, 2018.

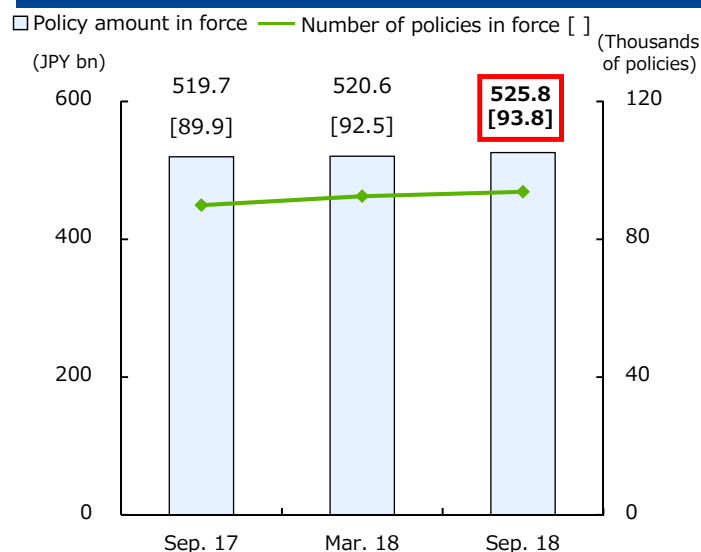
Operating Performance : AEGON Sony Life Insurance

◆ AEGON Sony Life Insurance sells individual variable annuities.

Number and Amount of New Policies



Number and Amount of Policies in Force

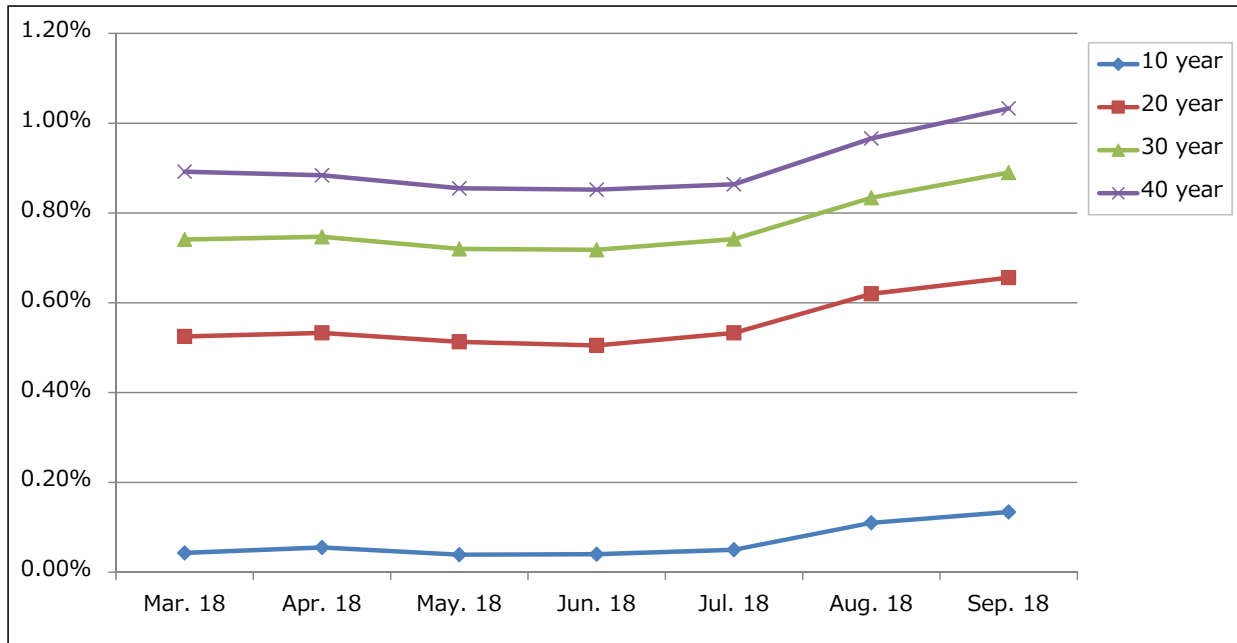


Net income (losses) for AEGON Sony Life Insurance and SA Reinsurance

(JPY bn)	FY17.1H	FY18.1H	Change
AEGON Sony Life Insurance	(2.4)	(1.7)	+0.6
SA Reinsurance	(0.0)	1.1	+1.2

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

Trend on JGB Yields (Par rate)



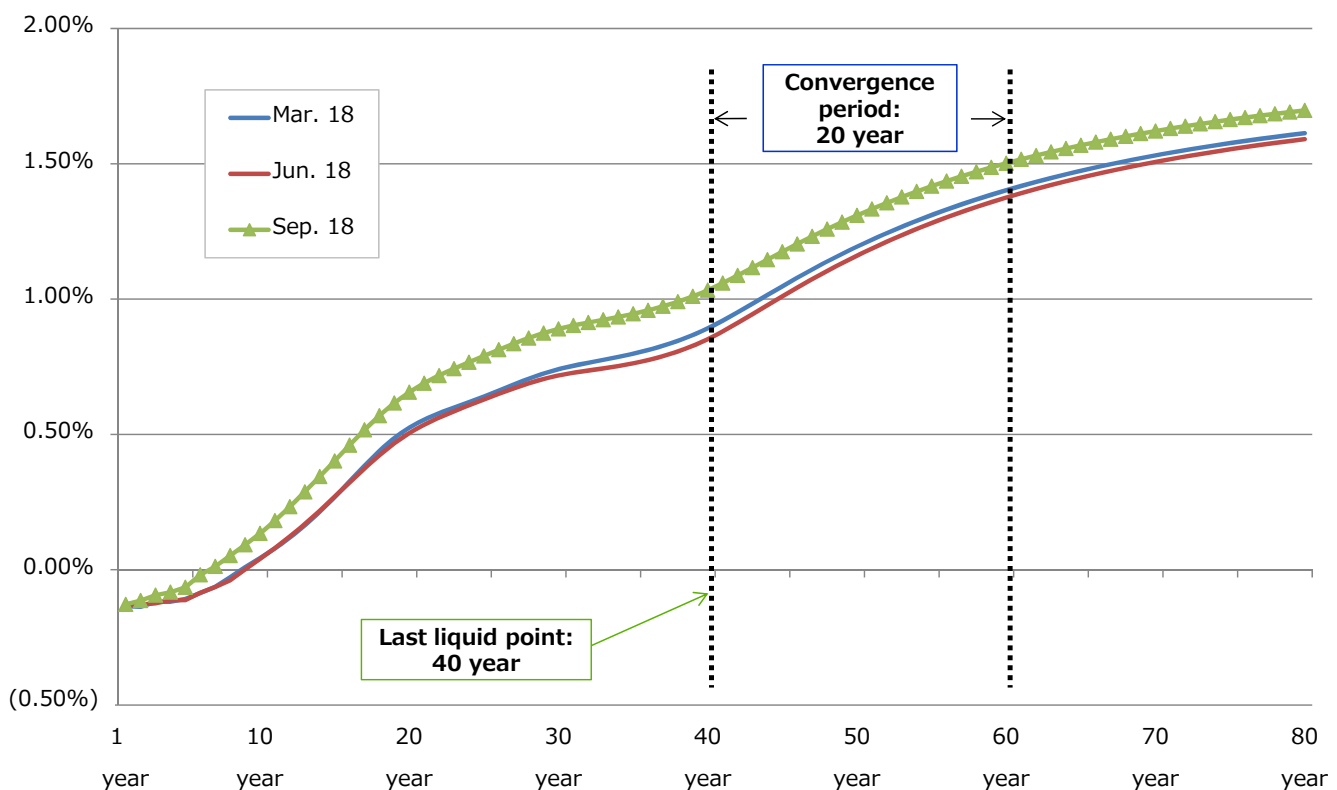
As of the end of each month

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
10 year	0.04%	0.06%	0.04%	0.04%	0.05%	0.11%	0.13%
20 year	0.53%	0.53%	0.51%	0.51%	0.53%	0.62%	0.66%
30 year	0.74%	0.75%	0.72%	0.72%	0.74%	0.83%	0.89%
40 year	0.89%	0.88%	0.86%	0.85%	0.86%	0.97%	1.03%

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

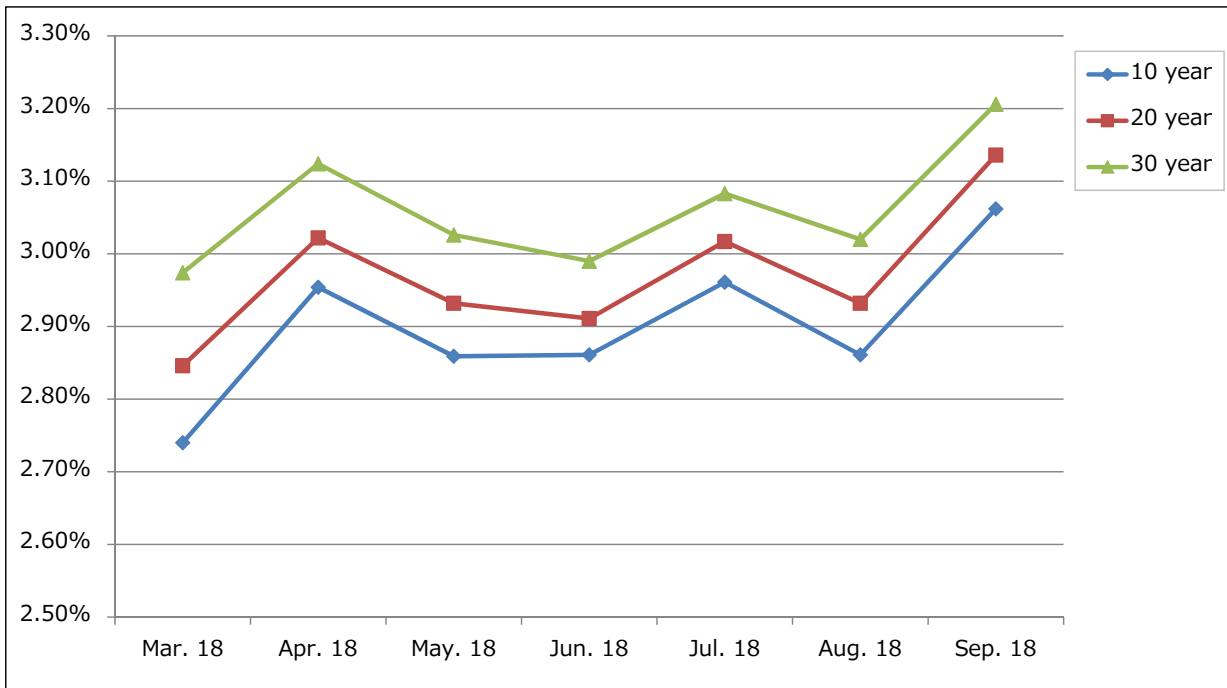


*For above risk-free rate, we employ the Smith-Wilson method for extrapolation so that the 60-year forward rate will coverage on the UFR (3.5%).

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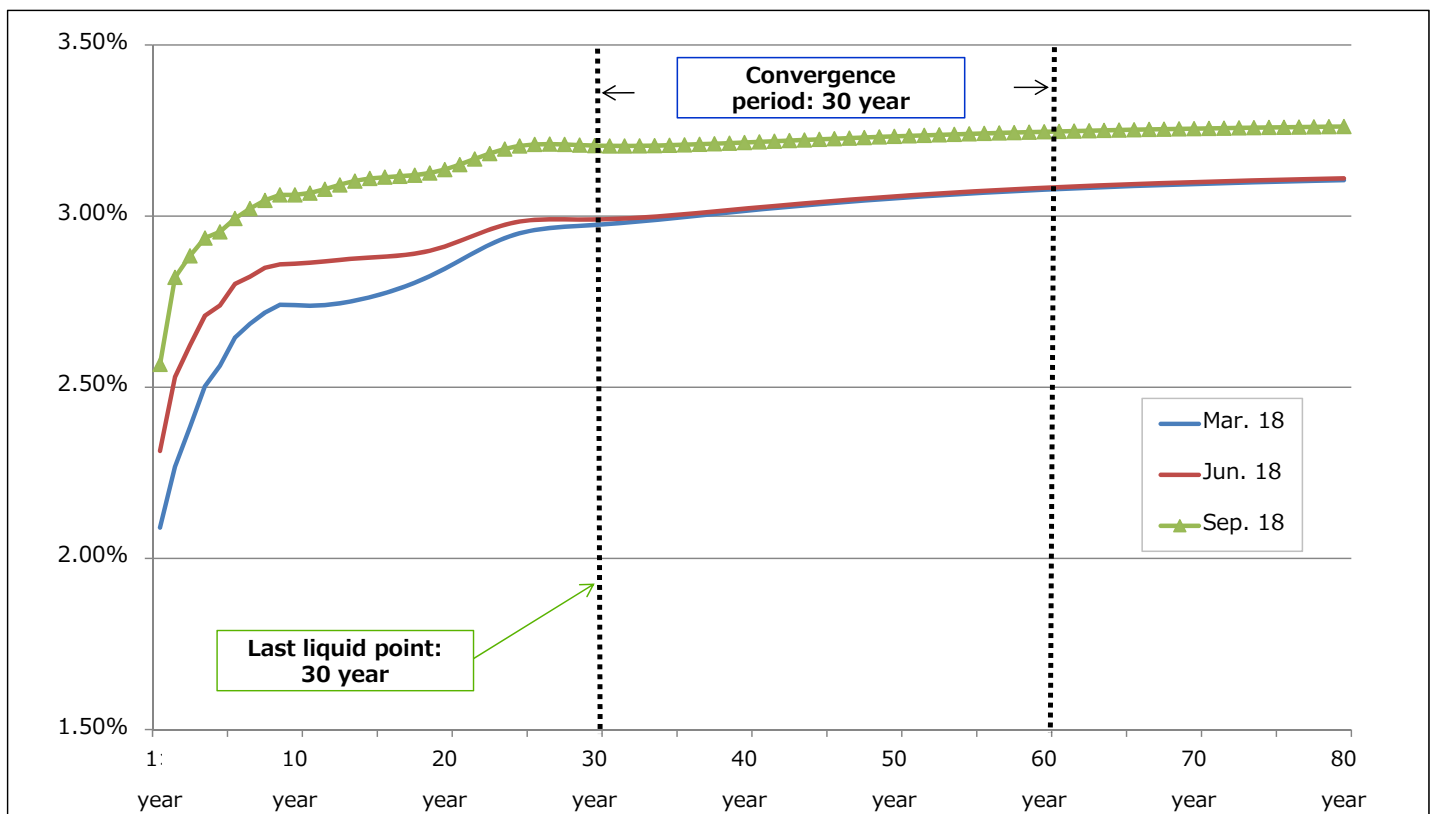
Trend on U.S. Dollar Bonds Yields (Par rate)



As of the end of each month

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
10 year	2.74%	2.95%	2.86%	2.86%	2.96%	2.86%	3.06%
20 year	2.85%	3.02%	2.93%	2.91%	3.02%	2.93%	3.14%
30 year	2.97%	3.12%	3.03%	2.99%	3.08%	3.02%	3.21%

Trend on Risk-free Rate (U.S. Dollar / Par rate)



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

Detail of Consolidated Adjusted ROE

	FY17 (12M)	FY17.1H (6M)	FY18.1H (6M)
Consolidated Adjusted ROE	6.1%	2.8%	3.3%
(Sony Life) Core ROEV*	5.9%	2.6%	3.1%
(Sony Assurance) Adjusted ROE	16.1%	10.5%	10.5%
(Sony Bank) ROE	5.5%	2.9%	3.6%

*The figures for FY17 and FY17.1H excluded the impact of the revision in the insurance risk measurement method and others for Sony Life.

Detail of Consolidated Adjusted Profit and Consolidated Adjusted Capital

Adjusted profit (Numerator)

Sony Financial Group (consolidated) (JPY bn)	FY2017	FY17.1H	FY18.1H
Adjusted profit (consolidated)	98.8	44.9	60.0

Sony Life (non-consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
New business value ^{*1}	70.4	29.3	44.5
Expected existing business contribution ^{*1}	16.3	8.5	7.1
Adjusted profit	86.7	37.9	51.7

Sony Assurance (JPY bn)	FY17	FY17.1H	FY18.1H
Net income	4.8	3.3	3.8
Provision amount for catastrophe reserve (after tax)	2.4	1.2	1.2
Provision amount for reserve for price fluctuations (after tax)	0.0	0.0	0.0
Adjusted profit	7.3	4.5	5.1

Sony Bank (consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
Profit attributable to owners of the parent	4.7	2.4	3.0

Adjusted capital (Denominator)

Sony Financial Group (consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
Adjusted capital (consolidated)	1,607.6	1,597.4	1,797.7

Sony Life (non-consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
①MCEV as of the beginning of the fiscal year	1,441.0	1,441.0	1,633.1
②Dividends paid	23.1	23.1	26.2
③MCEV as of the end of the period ^{*2*3}	1,536.5	1,523.0	1,715.2
Adjusted capital (① - ② + ③) / 2	1,477.2	1,470.5	1,661.0

Sony Assurance (JPY bn)	FY17	FY17.1H	FY18.1H
①The average amount of net assets during the period	33.1	31.0	33.9
②The average amount of catastrophe reserve (after tax) during the period	15.0	13.8	16.3
③The average amount of reserve for price fluctuations (after tax) during the period	0.1	0.1	0.1
Adjusted capital (① + ② + ③)	45.2	43.5	49.4

Sony Bank (consolidated) (JPY bn)	FY17	FY17.1H	FY18.1H
Adjusted capital (The average amount of net assets during the period)	85.1	83.3	87.2

*1. Please keep in mind that the validity of these calculations has not been verified by outside specialists for the figures for FY17.1H and FY18.1H.

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

*3. The figures for FY17 and FY17.1H excluded the impact of the revision in the insurance risk measurement method and others.

Note: The figures on this page unit have been truncated. Therefore, some figures may differ from other pages.

Definition of Consolidated Adjusted ROE

Calculation of Consolidated Adjusted ROE

Since each company of Sony Financial Group differs by industry such as insurance and banking, each group company calculate its "Adjusted ROE" based on adjusted profit and adjusted capital to realize its corporate value and capital efficiency.

		Sony Financial Group *		
		Sony Life Core ROEV	Sony Assurance Adjusted ROE	Sony Bank ROE
Numerator (Adjusted profit)		New business value + Expected existing business contribution ①	+	Net income (loss) + Provision amount for catastrophe reserve and its provision amount for reserve for price fluctuations, in each case after taxes ②
			+	+
		Profit (loss) attributable to owners of the parent ③		
Denominator (Adjusted capital)		MCEV as of the beginning of the fiscal year less dividends paid plus MCEV as of the end of the fiscal year, divided by two. ④	+	The average amount of net assets plus the sum of catastrophe reserve and its reserve for price fluctuations during the fiscal year, in each case after taxes ⑤
			+	The average amount of net assets during the fiscal year ⑥

* Consolidated Adjusted ROE = Consolidated Adjusted Profit divided by Consolidated Adjusted Capital
 Consolidated Adjusted Profit = ①+②+③
 Consolidated Adjusted Capital = ④+⑤+⑥



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