

Financial Data (Consolidated)

Principal Indicators of Operating Performance

Sony Financial Holdings Inc.
For the years ended March 31,

Millions of yen

	2016	2017	2018	2019	2020
Ordinary revenues	1,362,044	1,381,667	1,503,630	1,629,182	1,781,420
Ordinary profit	71,103	66,326	66,843	93,856	111,880
Profit attributable to owners of the parent	43,355	41,621	51,895	62,074	74,429
Comprehensive income	71,105	21,433	52,207	57,415	62,192
Net assets	604,377	601,139	625,406	656,846	691,978
Total assets	10,352,114	11,471,845	12,401,446	13,468,215	15,125,710
Net assets per share (yen)	1,386.32	1,378.63	1,433.73	1,505.20	1,584.90
Net income per share (yen)	99.67	95.69	119.30	142.69	171.09
Diluted net income per share (yen)	—	95.68	119.29	142.67	171.04
Cash flows from operating activities	602,475	692,445	819,721	802,921	878,726
Cash flows from investing activities	(558,825)	(624,749)	(680,845)	(659,815)	(810,444)
Cash flows from financing activities	(17,437)	(34,057)	(14,496)	(26,645)	(27,707)
Cash and cash equivalents at the end of the period	233,620	268,381	393,133	509,594	549,964
Number of employees	9,029	9,739	10,719	11,055	11,487

Note: Diluted net income per share for the year ended March 31, 2016 is not shown because there are no dilutive shares.

For the years ended March 31,

%

	2016	2017	2018	2019	2020
Sony Life's core ROEV	5.0	3.6	5.9	6.4	4.9
Sony Assurance's adjusted ROE	13.3	14.4	16.1	15.2	14.7
Sony Bank's ROE	5.0	4.1	5.5	7.3	7.8
Consolidated adjusted ROE	5.2	3.9	6.1	6.7	5.3

Each ROE is calculated as follows:

Sony Life's core ROEV

$$\frac{\text{New business value} + \text{Expected existing business contribution}}{\text{MCEV}^* \text{ as of the beginning of the fiscal year less dividends paid plus MCEV}^* \text{ as of the end of the fiscal year, divided by two}}$$

Sony Assurance's adjusted ROE

$$\frac{\text{Net income (loss)} + \text{Provision amount for catastrophe reserve and its provision amount for reserve for price fluctuations, in each case after taxes}}{\text{The average amount of net assets plus the sum of catastrophe reserve and its reserve for price fluctuations during the fiscal year, in each case after taxes}}$$

Sony Bank's ROE

$$\frac{\text{Profit (loss) attributable to owners of the parent}}{\text{The average amount of net assets during the fiscal year}}$$

Consolidated adjusted ROE

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

$$\begin{aligned} & \text{Sony Life: New business value plus expected existing business contribution} \\ & + \text{Sony Assurance: Net income (loss) plus provision amount for catastrophe reserve and its provision} \\ & \text{amount for reserve for price fluctuations, in each case after taxes} \\ & + \text{Sony Bank: Profit (loss) attributable to owners of the parent} \end{aligned}$$

$$\frac{\text{Sony Life: MCEV}^* \text{ as of the beginning of the fiscal year less dividends paid plus MCEV}^* \text{ as of the end of the fiscal year, divided by two} + \text{Sony Assurance: The average amount of net assets plus the sum of catastrophe reserve and its reserve for price fluctuations during the fiscal year, in each case after taxes} + \text{Sony Bank: The average amount of net assets during the fiscal year}}$$

Note: Sony Life has changed its formula for calculating the numerator (adjusted profit) from fiscal 2016, whereby core ROEV rather than adjusted ROE is used as an indicator for calculating consolidated adjusted ROE. Meanwhile, as of fiscal 2016 Sony Life's MCEV is calculated by using the ultimate forward rate. Consolidated adjusted ROE for fiscal 2015 was recalculated based on these changes. However, Sony Life's core ROEV was partially calculated by the simplified method.

* Sony Life discloses Market Consistent Embedded Value ("MCEV"). Sony Life's MCEV is calculated in compliance with the European Insurance CFO Forum Market Consistent Embedded Value Principles©** ("MCEV Principles"), the international standard in disclosing MCEV published by the CFO Forum comprising CFOs from major insurance companies in Europe.

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■ SFH Consolidated Financial Statements

Consolidated Balance Sheets

Sony Financial Holdings Inc.
As of March 31, 2019 and 2020

	Millions of yen	
	2019	2020
Assets		
Cash and due from banks	415,894	549,964
Call loans and bills bought	93,700	—
Monetary claims purchased	4,916	6,006
Money held in trust	291,324	38,067
Securities	10,373,188	11,909,172
Loans	1,942,546	2,187,792
Tangible fixed assets	104,128	109,372
Land	63,106	65,562
Buildings	30,899	30,072
Leased assets	6,536	10,669
Construction in progress	77	66
Other tangible fixed assets	3,508	3,002
Intangible fixed assets	43,909	54,590
Software	43,327	50,461
Goodwill	551	4,097
Other intangible fixed assets	30	32
Due from reinsurers	1,341	4,936
Foreign exchanges	8,471	3,019
Other assets	159,361	221,762
Net defined benefit asset	3,476	3,391
Deferred tax assets	27,556	39,210
Reserve for possible loan losses	(1,602)	(1,575)
Total Assets	13,468,215	15,125,710

■ SFH Consolidated Financial Statements

	Millions of yen	
	2019	2020
Liabilities		
Policy reserves and others	9,479,071	10,731,488
Reserve for outstanding claims	78,285	81,238
Policy reserves	9,396,241	10,645,842
Reserve for policyholders' dividends	4,544	4,407
Due to agencies	2,073	2,471
Due to reinsurers	5,769	5,745
Deposits	2,302,313	2,440,783
Call money and bills sold	130,611	151,256
Borrowed money	203,871	241,826
Foreign exchanges	244	684
Bonds payable	20,000	20,000
Other liabilities	578,477	747,676
Reserve for employees' bonuses	4,377	4,297
Net defined benefit liability	34,081	34,170
Reserve under the special laws	50,343	53,060
Reserve for price fluctuations	50,343	53,060
Deferred tax liabilities	24	160
Deferred tax liabilities on land revaluation	109	109
Total Liabilities	12,811,368	14,433,732
Net Assets		
Shareholders' equity		
Common stock	19,963	19,994
Capital surplus	191,193	191,224
Retained earnings	319,886	367,127
Treasury stock	(55)	(55)
Total shareholders' equity	530,987	578,291
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	128,800	114,868
Net deferred gains (losses) on hedging instruments, net of taxes	(1,077)	(373)
Land revaluation, net of taxes	(2,439)	(2,439)
Remeasurements of defined benefit plans, net of taxes	(1,470)	(835)
Total accumulated other comprehensive income	123,812	111,221
Stock acquisition rights	149	215
Non-controlling interests	1,896	2,250
Total Net Assets	656,846	691,978
Total Liabilities and Net Assets	13,468,215	15,125,710

■ SFH Consolidated Financial Statements

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sony Financial Holdings Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

(1) Consolidated Statements of Income

	2019	2020
Ordinary Revenues	1,629,182	1,781,420
Ordinary Revenues from the Life Insurance Business	1,461,632	1,602,154
Income from insurance premiums	1,134,048	1,338,848
Insurance premiums	1,130,676	1,331,441
Ceded reinsurance commissions	3,372	7,407
Investment income	278,950	208,620
Interest income and dividends	166,953	181,812
Income from money held in trust, net	4,490	4,086
Gains on trading securities, net	—	317
Gains on sale of securities	6,107	3,637
Gains on derivatives, net	—	18,766
Foreign exchange gains, net	13,455	—
Other investment income	—	1
Gains on separate accounts, net	87,943	—
Other ordinary income	48,633	54,685
Ordinary Revenues from the Non-life Insurance Business	115,101	121,727
Underwriting income	113,173	119,746
Net premiums written	113,101	119,352
Interest and dividends on deposits of premiums	72	74
Reversal of reserve for outstanding losses and claims	—	320
Investment income	1,857	1,935
Interest income and dividends	1,372	1,337
Gains on sale of securities	557	672
Transfer to interest and dividends on deposits of premiums	(72)	(74)
Other ordinary income	69	44
Ordinary Revenues from the Banking Business	45,766	49,997
Interest income	31,926	33,950
Interest income on loans	17,473	18,729
Interest income and dividends on securities	14,382	15,148
Interest income on call loans and bills bought	1	0
Interest income on deposits with banks	62	61
Other interest income	7	10
Fees and commissions	9,398	12,101
Other operating income	3,926	3,515
Gains on foreign exchange transactions, net	3,599	3,258
Others	326	256
Other ordinary income	515	430
Other	6,681	7,541
Other ordinary income	6,681	7,541

■ SFH Consolidated Financial Statements

	Millions of yen	
	2019	2020
Ordinary Expenses	1,535,325	1,669,540
Ordinary Expenses from the Life Insurance Business	1,386,074	1,510,288
Insurance claims and other payments	457,252	521,198
Insurance claims	92,997	98,533
Annuity payments	13,489	15,036
Insurance benefits	131,824	157,074
Surrender payments	204,351	231,772
Other payments	3,659	3,732
Reinsurance premiums	10,929	15,048
Provision for policy reserves and others	704,780	678,724
Provision for reserve for outstanding claims	2,433	2,444
Provision for policy reserves	702,346	676,280
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	24,650	91,944
Interest expenses	1,604	5,064
Losses on trading securities, net	126	—
Losses on sale of securities	34	50
Losses on valuation of securities	4,026	6,316
Losses on derivatives, net	13,925	—
Foreign exchange losses, net	—	4,884
Provision for reserve for possible loan losses	329	43
Depreciation of real estate for rent and others	1,599	1,637
Other investment expenses	3,003	2,812
Losses on separate accounts, net	—	71,133
Operating expenses	146,776	157,537
Other ordinary expenses	52,614	60,883
Ordinary Expenses from the Non-life Insurance Business	107,413	112,785
Underwriting expenses	77,925	81,797
Net losses paid	56,608	60,315
Loss adjustment expenses	8,220	9,001
Net commission and brokerage fees	1,214	1,141
Provision for reserve for outstanding losses and claims	1,139	—
Provision for underwriting reserves	10,741	11,338
Investment expenses	1	0
Losses on sale of securities	0	—
Other investment expenses	1	0
Operating, general and administrative expenses	29,482	30,983
Other ordinary expenses	4	5

■ SFH Consolidated Financial Statements

	Millions of yen	
Consolidated Statements of Income (Continued)	2019	2020
Ordinary Expenses from Banking Business	34,135	37,483
Interest expenses	8,566	9,194
Interest expenses on deposits	6,744	7,274
Interest expenses on call money and bills sold	88	268
Interest on payables under repurchase agreements	312	348
Interest on borrowed money	0	2
Interest expenses on bonds	12	13
Interest expenses on interest rate swaps	1,400	1,280
Other interest expenses	7	6
Fees and commissions	5,883	7,077
Other operating expenses	485	126
General and administrative expenses	18,786	20,902
Other ordinary expenses	414	181
Other	7,702	8,982
Other ordinary expenses	7,702	8,982
Ordinary Profit	93,856	111,880
Extraordinary Gains	0	264
Gains on disposal of fixed assets	0	0
Gains on step acquisitions	—	248
Other extraordinary gains	—	16
Extraordinary Losses	2,367	3,139
Losses on disposal of fixed assets	92	120
Impairment losses	67	21
Provision for reserve under the special laws	2,207	2,695
Provision for reserve for price fluctuations	2,207	2,695
Other extraordinary losses	—	301
Provision for Reserve for Policyholders' Dividends	2,146	2,422
Income Before Income Taxes	89,343	106,583
Income Taxes-Current	31,871	37,747
Income Taxes-Deferred	(4,853)	(5,925)
Total Income Taxes	27,018	31,822
Profit	62,325	74,761
Profit Attributable to Non-controlling Interests	250	331
Profit Attributable to Owners of the Parent	62,074	74,429

	Millions of yen	
(2) Consolidated Statements of Comprehensive Income	2019	2020
Profit	62,325	74,761
Other Comprehensive Income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(5,215)	(13,907)
Net deferred gains (losses) on hedging instruments, net of taxes	(174)	703
Remeasurements of defined benefit plans, net of taxes	456	658
Share of other comprehensive income of affiliates accounted for using equity method	23	(23)
Total other comprehensive income	(4,909)	(12,569)
Comprehensive Income	57,415	62,192
Details:		
Comprehensive income attributable to owners of the parent	57,167	61,838
Comprehensive income attributable to non-controlling interests	248	353

■ SFH Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

Sony Financial Holdings Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019				
	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)
Purchase of treasury stock	—	—	—	—	—
Profit attributable to owners of the parent	—	—	62,074	—	62,074
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	35	35	35,975	—	36,046
Balance at the end of the period	19,963	191,193	319,886	(55)	530,987

Millions of yen

	2019							
	Accumulated other comprehensive income							
	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	Stock acquisition rights	Non-controlling interests	Total net assets
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)
Purchase of treasury stock	—	—	—	—	—	—	—	—
Profit attributable to owners of the parent	—	—	—	—	—	—	—	62,074
Net changes of items other than shareholders' equity	(5,191)	(174)	—	458	(4,907)	52	248	(4,606)
Total changes during the period	(5,191)	(174)	—	458	(4,907)	52	248	31,439
Balance at the end of the period	128,800	(1,077)	(2,439)	(1,470)	123,812	149	1,896	656,846

■ SFH Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets (Continued)

Millions of yen

	2020				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	19,963	191,193	319,886	(55)	530,987
Changes during the period					
Issuance of new shares	31	31	—	—	62
Dividends from surplus	—	—	(27,189)	—	(27,189)
Purchase of treasury stock	—	—	—	(0)	(0)
Profit attributable to owners of the parent	—	—	74,429	—	74,429
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	31	31	47,240	(0)	47,303
Balance at the end of the period	19,994	191,224	367,127	(55)	578,291

Millions of yen

	2020							
	Accumulated other comprehensive income							
	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	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the period	128,800	(1,077)	(2,439)	(1,470)	123,812	149	1,896	656,846
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	62
Dividends from surplus	—	—	—	—	—	—	—	(27,189)
Purchase of treasury stock	—	—	—	—	—	—	—	(0)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	74,429
Net changes of items other than shareholders' equity	(13,931)	703	—	635	(12,591)	65	353	(12,171)
Total changes during the period	(13,931)	703	—	635	(12,591)	65	353	35,131
Balance at the end of the period	114,868	(373)	(2,439)	(835)	111,221	215	2,250	691,978

■ SFH Consolidated Financial Statements

Consolidated Statements of Cash Flows

Sony Financial Holdings Inc.

For the years ended March 31, 2019 and 2020

Millions of yen

	2019	2020
Cash flows from operating activities		
Income before income taxes	89,343	106,583
Depreciation of real estate for rent and others	1,599	1,637
Depreciation and amortization	11,297	12,986
Impairment losses	67	21
Amortization of goodwill	32	62
Increase (decrease) in reserve for outstanding claims	3,573	2,105
Increase (decrease) in policy reserve	713,088	687,618
Interest portion of reserve for policyholders' dividends	0	0
Provision for (reversal of) reserve for policyholders' dividends	2,146	2,422
Increase (decrease) in reserve for possible loan losses	449	(26)
Increase (decrease) in net defined benefit liability	1,630	1,735
Increase (decrease) in reserve for price fluctuations	2,207	2,695
Interest income and dividends	(200,253)	(217,102)
(Gains) losses on securities	(94,790)	54,681
Interest expenses	10,698	14,984
Losses (gains) on derivatives	13,925	(18,766)
Exchange (gains) losses	(17,258)	26,169
(Gains) losses on disposal of tangible fixed assets	78	124
Losses (gains) on step acquisitions	—	(248)
Equity in (gains) losses of affiliates	1,748	11
Net (increase) decrease in loans	(147,727)	(235,023)
Net increase (decrease) in deposits	143,031	140,591
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	30,000	37,923
Net increase (decrease) in call money and bills sold	54,902	41,448
Net (increase) decrease in call loans and bills bought	461	(1,090)
Net (increase) decrease in foreign exchange (assets)	874	5,452
Net increase (decrease) in foreign exchange (liabilities)	16	440
Others, net	21,467	48,385
Subtotal	642,611	715,825
Interest and dividends received	205,869	217,591
Interest paid	(10,221)	(15,689)
Policyholders' dividends paid	(3,086)	(2,558)
Income taxes paid	(32,251)	(36,441)
Net cash provided by (used in) operating activities	802,921	878,726
Cash flows from investing activities		
Investments in money held in trust	(1,044)	(1,284)
Proceeds from money held in trust	4,522	4,047
Purchases of securities	(1,219,208)	(1,360,076)
Proceeds from sale and redemption of securities	526,015	489,737
Investments in loans	(63,716)	(71,794)
Collections of loans	30,341	35,463
Net increase (decrease) in payables under repurchase agreements	48,140	188,364
Net gains (losses) from the settlement of derivative financial instruments	7,389	(2,378)
Net increase (decrease) in collateral for securities lending transactions	27,166	(73,475)
Others, net	124	421
Total of net cash provided by (used in) investment transactions	(640,270)	(790,973)
Total of net cash provided by (used in) operating activities and investment transactions	162,651	87,752
Purchases of tangible fixed assets	(1,255)	(4,357)
Proceeds from sales of tangible fixed assets	1	0
Purchases of intangible fixed assets	(17,794)	(18,799)
Purchase of securities of non-consolidated subsidiaries	(50)	(1,900)
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	—	8,537
Purchase of securities of affiliates	(300)	(2,750)
Others, net	(147)	(200)
Net cash provided by (used in) investing activities	(659,815)	(810,444)
Cash flows from financing activities		
Proceeds from debt borrowing	4,640	6,400
Repayments of debt	(4,712)	(6,367)
Cash dividends paid	(26,095)	(27,187)
Purchases of treasury stock	—	(0)
Others, net	(476)	(551)
Net cash provided by (used in) financing activities	(26,645)	(27,707)
Effect of exchange rate changes on cash and cash equivalents	0	(204)
Net increase (decrease) in cash and cash equivalents	116,461	40,370
Cash and cash equivalents at the beginning of the period	393,133	509,594
Cash and cash equivalents at the end of the period	509,594	549,964

Note: The above Consolidated Statements of Cash Flows have been prepared based on Article 210-10 of Ordinance for Enforcement of the Insurance Business Act of Japan.