

**Consolidated Financial Summary (Japanese GAAP)
for the Fiscal Year Ended March 31, 2018**

May 14, 2018

Company name: Sony Financial Holdings Inc.
 (URL: https://www.sonyfh.co.jp/web/index_en.html)
 Stock exchange listing: Tokyo Stock Exchange (code number: 8729)
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(Fractional amounts of less than ¥1 million are discarded.)

1. Consolidated financial results for the fiscal year ended March 31, 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 year ended March 31, 2018	1,503,630	8.8	66,843	0.8	51,895	24.7
For the year ended March 31, 2017	1,381,667	1.4	66,326	(6.7)	41,621	(4.0)

Note: Comprehensive Income: For the year ended March 31, 2018: ¥ 52,207 million: 143.6%
 For the year ended March 31, 2017: ¥ 21,433 million: (69.9)%

	Net Income per Share	Net Income per Share (Fully Diluted)	Net Income on Shareholders' Equity	Ordinary Profit on Total Assets	Ordinary Profit on Ordinary Revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2018	119.30	119.29	8.5	0.6	4.4
For the year ended March 31, 2017	95.69	95.68	6.9	0.6	4.8

Notes: Equity in earnings (losses) of affiliates: For the year ended March 31, 2018: ¥ (2,338) million
 For the year ended March 31, 2017: ¥ (3,551) million

(2) Financial conditions

	Total Assets	Total Net Assets	Net Asset Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	12,401,446	625,406	5.0	1,433.73
As of March 31, 2017	11,471,845	601,139	5.2	1,378.63

Note: Net Assets Attributable to Shareholders: As of March 31, 2018: ¥ 623,661 million
 As of March 31, 2017: ¥ 599,630 million

(3) Cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2018	819,721	(680,845)	(14,496)	393,133
For the year ended March 31, 2017	692,445	(624,749)	(34,057)	268,381

2. Dividends

Record date	Dividend per Share					Annual Dividend Amount	Dividend Payout Ratio	Dividend on Net Assets
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
For the year ended March 31, 2017	—	0.00	—	55.00	55.00	23,922	57.5	4.0
For the year ended March 31, 2018	—	0.00	—	60.00	60.00	26,099	50.3	4.3
For the year ending March 31, 2019 (forecast)	—	0.00	—	62.50	62.50		49.4	

3. Forecast of consolidated financial results for the fiscal 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

4. Notes

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

(2) Changes in accounting policies, accounting estimates and restatements of the Consolidated Financial Statements

(a) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: 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

(3) Number of shares outstanding (common stock)

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

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

As of March 31, 2017: 435,000,000 shares

(b) Number of treasury shares

As of March 31, 2018: 35,775 shares

As of March 31, 2017: 52,975 shares

(c) Weighted-average number of shares

For the year ended March 31, 2018: 434,979,667 shares

For the year ended March 31, 2017: 434,978,040 shares

Audit of Financial Statements

This earnings report is exempt from audit procedure of certified public accountants or audit firm.

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* The conference call for explaining the Sony Financial Group financial results will be held at 16:00 (Tokyo), May 14, 2018. Please note that our conference call will be held only in Japanese.

We will upload the presentation materials with speech text on May 14, 2018 after 15:00 (Tokyo), the translation of the conference call (audio) on May 15 and the Q&A summary (text) at a later date on the Earnings Releases and Presentation Materials page of our website:

https://www.sonyfh.co.jp/en/financial_info/results/index.html

* We will upload the press releases on Sony Life’s Market Consistent Embedded Value as of March 31, 2018, scheduled as below.

• Full report: Scheduled to be uploaded on May 21, 2018 at 15:00 (Tokyo)

Please see further details at our website: https://www.sonyfh.co.jp/index_en.html

* On May 14, 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 year ended March 31, 2018. SFH prepared an English-language summary of those Japanese announcements made by the above subsidiaries, solely for convenience of non-Japanese readers.

I. Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Operating Performance

1) Analysis of Operating Performance

During the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018), the Japanese economy continued to recover. Global demand for IT products drove external demand, while a stable recovery in the employment situation fueled internal demand. The current economic recovery, which began in December 2012, has now surpassed the Izanagi economic boom (1965–1970) to become Japan’s second-largest post-war period of economic growth. However, early 2018 was marked by a growing sense of uncertainty regarding the overseas political and economic situation, and financial markets were characterized by instability, with the yen appreciating and stock prices falling. The Bank of Japan’s (BOJ’s) quarterly Short-term Economic Survey of Principal Enterprise in Japan (Tankan survey) in March reported worsening business sentiment for the first time in eight quarters, indicating that optimism about the Japanese economy was waning to some degree.

In bond markets, yields on 10-year Japanese government bonds (JGBs) ranged between negative 0.02% and positive 0.09%. Between April and the first half of September, such factors as political uncertainty surrounding the French presidential election and geopolitical risk in the Middle East and North Korea pushed down JGB yields. On the other hand, from October debates on tax reform in the United States prompted a rise in US government bond yields, which rippled outward to affect JGB yields. Furthermore, with crude oil prices beginning to trend upward Japan’s core consumer price index increased by nearly 1%, spurring expectations among market participants that the BOJ would lift the 10-year interest rate target defined in its “quantitative and qualitative monetary easing with long- and short-term interest rate controls.” However, as this situation prompted yen appreciation the BOJ engaged in fixed-rate buying operations to curtail the rise in JGB yields, thereby indicating its stance toward continuing current levels of monetary easing.

In foreign exchange markets, the yen traded near ¥112 to the US dollar from April 2017 to early January 2018. The yen dipped to ¥110 at several points during this period, owing to such factors as the French presidential elections, Russiagate allegations and geopolitical risk surrounding North Korea. Meanwhile, from October debates on tax reform in the United States prompted expectations of a rise in interest rates, causing the yen to depreciate to around ¥114 against the US dollar. Since mid-January 2018, mounting expectations of monetary policy normalization in Japan and bearish sentiment stemming from the jump in US government bond yields have prompted a decline in global stock markets, and caution regarding the protectionist trade policies of the Trump presidency have led to sudden yen appreciation, rising to around ¥104 against the US dollar at one point in late March.

Amid these circumstances, the Sony Financial Group sought to become the financial services group most highly trusted by customers. To this end, we undertook a variety of measures to maintain a sound financial base, reinforce and expand our product and service offerings in order to deliver high-value-added products and high-quality services to each of our customers, and enhance our internal control system.

Consolidated ordinary revenues increased 8.8% year on year, to ¥1,503.6 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking businesses. **Consolidated ordinary profit** increased 0.8% year on year, to ¥66.8 billion. By business segment, ordinary profit from the life insurance business decreased, ordinary profit from the non-life insurance and banking businesses rose. **Profit attributable to owners of the parent** was up 24.7% year on year, to ¥51.8 billion. This increase was due to a gain on disposal of fixed assets from a sale of the real estate held for investment of ¥13.2 billion in the life insurance business, which was recorded in extraordinary gains in this fiscal year ended March 31, 2018.

Operating results by business segment are as described below.

Ordinary Revenues

(Billions of yen)

	Year ended March 31, 2017 (Apr. 1, 2016, to Mar. 31, 2017)	Year ended March 31, 2018 (Apr. 1, 2017, to Mar. 31, 2018)	Change (%)
Life insurance business	1,243.9	1,351.2	8.6
Non-life insurance business	102.3	110.0	7.6
Banking business	38.5	39.9	3.7
Subtotal	1,384.7	1,501.2	8.4
Other*1	0.2	6.0	—
Intersegment adjustments	(3.3)	(3.6)	—
Consolidated	1,381.6	1,503.6	8.8

Ordinary Profit

(Billions of yen)

	Year ended March 31, 2017 (Apr. 1, 2016, to Mar. 31, 2017)	Year ended March 31, 2018 (Apr. 1, 2017, to Mar. 31, 2018)	Change (%)
Life insurance business	56.8	54.1	(4.7)
Non-life insurance business	5.0	6.5	31.5
Banking business	5.0	7.1	41.4
Subtotal	66.8	67.8	1.5
Other*1	(0.7)	(1.0)	—
Intersegment adjustments*2	0.1	0.0	(69.7)
Consolidated	66.3	66.8	0.8

*1: "Other" consists of nursing care business. Proud Life Inc., a company of nursing care business, has been included in the scope of consolidation from FY17.2Q.

*2: Amounts in the "Intersegment adjustments" of the Ordinary profit are mainly from SFH and eliminations of intersegment transactions.

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

For the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019), we expect sustainable growth to continue, with business expansion ongoing in all the businesses.

We forecast increases in ordinary revenues and ordinary profit, owing mainly to the impact of the life insurance business. Although we expect extraordinary gains to decline, we anticipate that profit attributable to owners of the parent will grow in tandem with ordinary profit.

Note: The effects of market fluctuations after April 1, 2018 have not been incorporated in the forecast.

* The effects of market fluctuations after April 1, 2018 have not been incorporated within the forecast.

The forecast of consolidated financial results for the year ending March 31, 2019 below remains unchanged from the forecast announced on April 27, 2018.

(Billions of yen)

	(Reference) Actual results for the year ended March 31, 2018	Forecast for the year ending March 31, 2019	Change (%)
Ordinary revenues	1,503.6	1,578.0	4.9
Ordinary profit	66.8	83.0	24.2
Profit attributable to owners of the parent	51.8	55.0	6.0
Net income per share (Yen)	119.30	126.44	—

Forecast by business segment is as follows.

<Life insurance business>

We forecast ordinary revenues to increase from the year ended March 31, 2018, owing to robust income from insurance premiums. We also anticipate a year-on-year rise in ordinary profit, stemming from an increase in profit on higher policies in force, a rise in gains on sale of securities, and an improvement in net gains/losses on derivative transactions to hedge market risks for available-for-sale securities.

(Billions of yen)

	(Reference) Actual results for the year ended March 31, 2018	Forecast for the year ending March 31, 2019	Change (%)
Ordinary revenues	1,351.2	1,416.1	4.8
Ordinary profit	54.1	70.9	30.9

<Non-life insurance business>

We expect ordinary revenues to increase from the year ended March 31, 2018, in line with growth in net premiums written, primarily for automobile insurance. Despite the higher revenues, we believe ordinary profit will be flat year on year, with the loss ratio rising slightly from the year ended March 31, 2018, when the ratio was lower than we had anticipated.

(Billions of yen)

	(Reference) Actual results for the year ended March 31, 2018	Forecast for the year ending March 31, 2019	Change (%)
Ordinary revenues	110.0	112.3	2.0
Ordinary profit	6.5	6.5	(1.1)

<Banking business>

We expect ordinary revenues to rise year on year due to stable business growth stemming from the ongoing steady accumulation of mortgage loans and strengthening of foreign currency business. Although we anticipate a rise in gross operating profit in line with revenue growth, we expect ordinary profit to be flat year on year, as operating expenses rise.

(Billions of yen)

	(Reference) Actual results for the year ended March 31, 2018	Forecast for the year ending March 31, 2019	Change (%)
Ordinary revenues	39.9	42.8	7.2
Ordinary profit	7.1	7.0	(2.0)

2. Qualitative Information on Consolidated Financial Position

1) Assets, Liabilities and Net Assets

As of March 31, 2018, **total assets** amounted to ¥12,401.4 billion, up 8.1% from March 31, 2017. Among major components of assets, securities, mostly Japanese government bonds, amounted to ¥9,581.2 billion, up 8.2% from March 31, 2017. Loans came to ¥1,785.8 billion, up 3.8%.

Total liabilities were ¥11,776.0 billion, up 8.3% from March 31, 2017. Major components of liabilities included policy reserves and others of ¥8,763.3 billion, up 8.0%, and deposits totaled ¥2,159.2 billion, up 4.3%.

Total net assets were ¥625.4 billion, up 4.0% from March 31, 2017. This included net unrealized gains on other securities, net of taxes, which decreased 0.8 billion, to ¥133.9 billion.

2) Cash Flows

Net cash provided by operating activities for the year ended March 31, 2018, was ¥819.7 billion, primarily due to income from insurance premiums in the life insurance business. The amount of net cash provided was up 127.2 billion (18.4%) year on year, mainly because of a smaller rise in mortgage loans and other lending in the banking business.

Net cash used in investing activities was ¥680.8 billion, mainly because payments to acquire marketable securities exceeded proceeds from sale and redemption of securities in the life insurance and banking businesses. The amount of net cash used increased ¥56.0 billion (9.0%), year on year because of a decrease in proceeds from net increase in collateral for securities lending transactions in the life insurance business during the year under review compared with an increase in the previous fiscal year.

Net cash used in financing activities came to ¥14.4 billion as the payments for cash dividends more than offset the proceeds from issuance of bonds. Net cash used in these activities was down ¥19.5 billion (57.4%) year on year, due to proceeds from issuance of bonds during the year ended March 31, 2018.

As a result of the above factors and others, cash and cash equivalents at March 31, 2018, were ¥393.1 billion, up ¥124.7 billion (46.5%) from March 31, 2017.

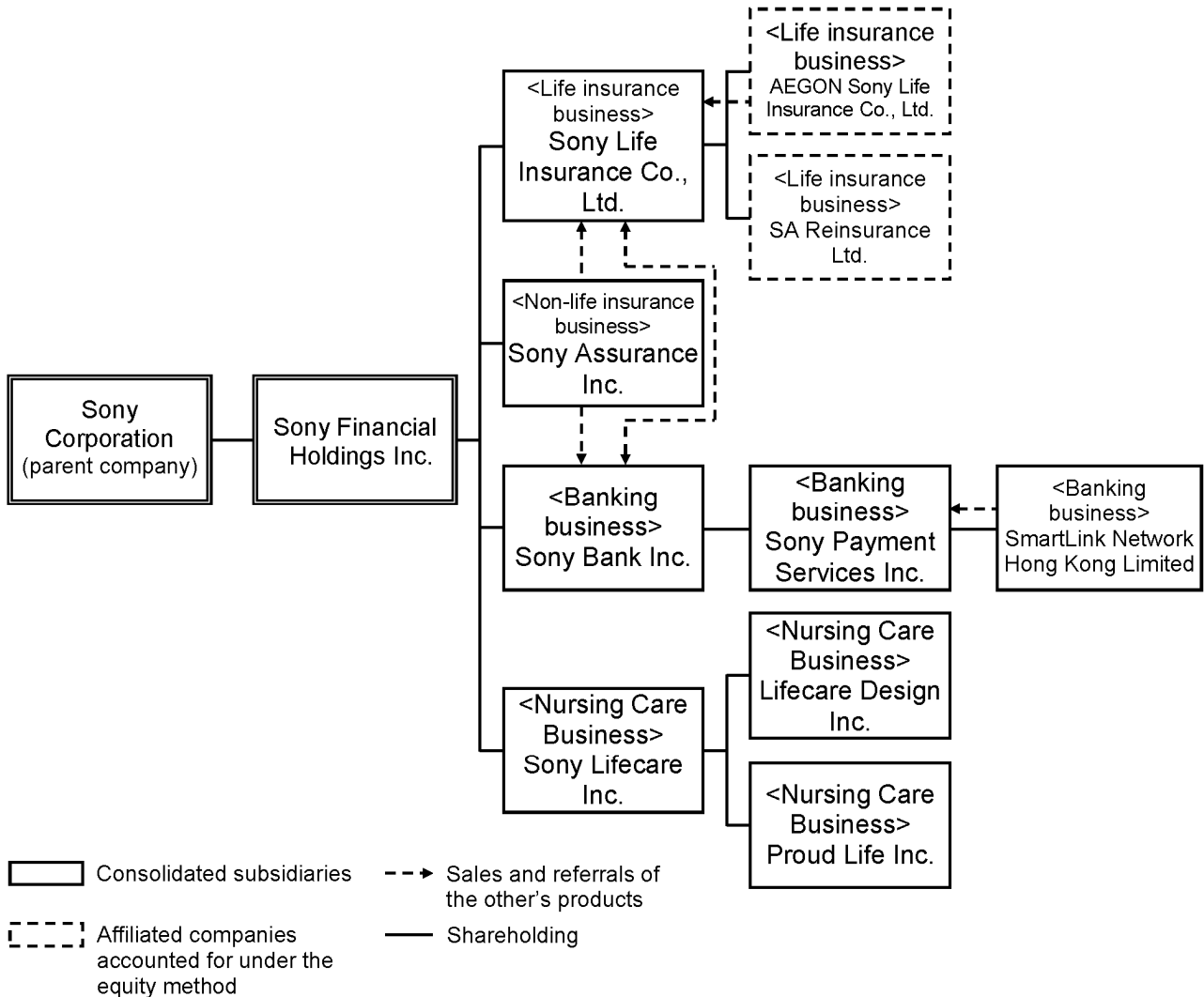
Please refer to the attached presentation materials for non-consolidated operating results of SFH's principal subsidiaries, Sony Life, Sony Assurance and Sony Bank for the year ended March 31, 2018.

II. Status of the Corporate Group

The Sony Financial Group is composed chiefly of Sony Life, Sony Assurance and Sony Bank. These companies are direct subsidiaries of SFH, the financial holding company.

The Sony financial Group are positioned as shown in the following organizational chart.

[Organizational chart] (As of March 31, 2018)



III. Basic Views on Selection of Accounting Standards

SFH's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. SFH is considering whether to adopt International Financial Reporting Standards ("IFRS") while closely monitoring the development of new accounting standards and the stance of regulatory bodies at home and abroad.

IV. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Cash and due from banks	¥ 206,481	¥ 327,633
Call loans and bills bought	61,900	65,500
Monetary claims purchased	573	5,378
Money held in trust	296,877	291,582
Securities	8,857,436	9,581,206
Loans	1,720,004	1,785,877
Tangible fixed assets	123,614	106,051
Land	83,007	63,106
Buildings	34,964	32,468
Leased assets	715	6,074
Construction in progress	132	5
Other tangible fixed assets	4,794	4,397
Intangible fixed assets	30,776	35,684
Software	30,146	35,059
Goodwill	49	583
Leased assets	—	0
Other intangible fixed assets	579	40
Due from agencies	0	—
Due from reinsurers	1,438	934
Foreign exchanges	7,268	9,346
Other assets	148,650	168,736
Net defined benefit asset	2,752	3,426
Deferred tax assets	15,313	21,242
Reserve for possible loan losses	(1,243)	(1,152)
Total Assets	¥ 11,471,845	¥ 12,401,446

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Policy reserves and others	¥ 8,113,153	¥ 8,763,349
Reserve for outstanding claims	71,306	74,712
Policy reserves	8,036,118	8,683,153
Reserve for policyholders' dividends	5,729	5,484
Due to agencies	2,616	1,873
Due to reinsurers	3,737	5,563
Deposits	2,071,091	2,159,246
Call money and bills sold	70,000	96,000
Borrowed money	90,000	173,944
Foreign exchanges	108	228
Bonds payable	10,000	20,000
Other liabilities	427,866	470,501
Reserve for employees' bonuses	3,694	3,906
Net defined benefit liability	31,399	33,179
Reserve for directors' retirement benefits	366	—
Special reserves	46,182	48,135
Reserve for price fluctuations	46,182	48,135
Deferred tax liabilities	—	0
Deferred tax liabilities on land revaluation	488	109
Total Liabilities	10,870,705	11,776,039
Net Assets		
Common stock	19,900	19,927
Capital surplus	195,277	191,157
Retained earnings	255,062	283,911
Treasury Stock	(81)	(55)
Total shareholders' equity	470,157	494,941
Net unrealized gains (losses) on other securities, net of taxes	134,849	133,991
Net deferred gains (losses) on hedging instruments, net of taxes	(1,154)	(902)
Land revaluation, net of taxes	(1,465)	(2,439)
Remeasurements of defined benefit plans, net of taxes	(2,756)	(1,929)
Total accumulated other comprehensive income	129,472	128,719
Subscription rights to shares	49	97
Non-controlling interests	1,460	1,648
Total Net Assets	601,139	625,406
Total Liabilities and Net Assets	¥ 11,471,845	¥ 12,401,446

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

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Ordinary Revenues	¥ 1,381,667	¥ 1,503,630
Ordinary Revenues from the Life Insurance Business	1,240,764	1,347,762
Income from insurance premiums	955,252	1,057,411
Insurance premiums	952,547	1,054,867
Ceded reinsurance commissions	2,704	2,544
Investment income	244,839	242,703
Interest income and dividends	147,785	157,276
Income from monetary trusts, net	4,493	4,490
Gains on trading securities, net	152	2
Gains on sale of securities	1,308	0
Gains on redemption of securities	—	1
Foreign exchange gains, net	14,670	—
Other investment income	5	1
Gains on separate accounts, net	76,423	80,931
Other ordinary income	40,672	47,646
Ordinary Revenues from the Non-life Insurance Business	102,337	110,091
Underwriting income	100,329	108,316
Net premiums written	100,274	108,253
Interest and dividends on deposits of premiums	55	62
Investment income	1,957	1,731
Interest income and dividends	1,327	1,324
Gains on sale of securities	685	470
Gains on redemption of securities	0	—
Transfer to interest and dividends on deposits of premiums	(55)	(62)
Other ordinary income	49	43
Ordinary Revenues from the Banking Business	38,318	39,712
Interest income	26,534	28,344
Interest income on loans	16,065	17,064
Interest income and dividends on securities	10,394	11,204
Interest income on call loans and bills bought	—	2
Interest income on deposits with banks	63	63
Interest income on interest rate swaps	8	—
Other interest income	1	9
Fees and commissions	6,673	6,751
Other operating income	4,871	3,823
Gains on foreign exchange transactions, net	4,431	3,456
Others	439	366
Other ordinary income	238	794
Other	247	6,064
Other ordinary income	247	6,064

(Continued)

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Ordinary Expenses	¥ 1,315,341	¥ 1,436,787
Ordinary Expenses from the Life Insurance Business	1,186,465	1,296,417
Insurance claims and other payments	372,407	436,538
Insurance claims	84,178	92,342
Annuity payments	12,019	12,566
Insurance benefits	98,252	119,294
Surrender payments	168,409	199,263
Other payments	3,122	3,314
Reinsurance premiums	6,423	9,756
Provision for policy reserves and others	596,742	638,343
Provision for reserve for outstanding claims	3,330	2,211
Provision for policy reserves	593,411	636,131
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	35,937	32,889
Interest expenses	44	151
Losses on sale of securities	—	0
Losses on redemption of securities	53	2
Losses on derivatives, net	30,050	11,403
Foreign exchange losses, net	—	15,280
Provision for reserve for possible loan losses	—	23
Depreciation of real estate for rent and others	1,779	1,680
Other investment expenses	4,008	4,346
Operating expenses	136,645	139,420
Other ordinary expenses	44,733	49,226
Ordinary Expenses from the Non-life Insurance Business	96,639	102,798
Underwriting expenses	70,094	73,943
Net losses paid	50,181	52,482
Loss adjustment expenses	7,458	8,067
Net commission and brokerage fees	1,187	1,295
Provision for reserve for outstanding losses	798	1,194
Provision for underwriting reserves	10,469	10,903
Investment expenses	3	2
Losses on sale of securities	0	—
Other investment expenses	3	2
Operating, general and administrative expenses	26,520	28,848
Other ordinary expenses	19	4

(Continued)

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Ordinary Expenses from the Banking Business	¥ 31,274	¥ 30,428
Interest expenses	8,554	7,656
Interest expenses on deposits	5,104	5,320
Interest expenses on call money and bills sold	(17)	(73)
Interest on borrowed money	19	0
Interest expenses on bonds	74	40
Interest expenses on interest rate swaps	3,372	2,360
Other interest expenses	0	8
Fees and commissions	3,648	4,676
Other operating expenses	86	105
General and administrative expenses	18,843	17,733
Other ordinary expenses	142	257
Other	962	7,141
Other ordinary expenses	962	7,141
Ordinary Profit	66,326	66,843
Extraordinary Gains	—	13,258
Gains on disposal of fixed assets	—	13,258
Extraordinary Losses	2,032	2,180
Losses on disposal of fixed assets	134	187
Impairment losses	118	2
Provision for special reserves	1,772	1,953
Provision for reserve for price fluctuations	1,772	1,953
Others	7	36
Provision for Reserve for Policyholders' Dividends	4,153	3,271
Income Before Income Taxes	60,140	74,650
Income Taxes - Current	23,129	29,008
Income Taxes - Deferred	(4,724)	(6,344)
Total Income Taxes	18,405	22,664
Profit	41,734	51,985
Profit Attributable to Non-controlling Interests	113	90
Profit Attributable to Owners of the Parent	¥ 41,621	¥ 51,895

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit	¥ 41,734	¥ 51,985
Other comprehensive income		
Net unrealized gains (losses) on other securities, net of taxes	(22,515)	(857)
Net deferred gains (losses) on hedging instruments, net of taxes	1,192	251
Remeasurements of defined benefit plans, net of taxes	1,021	827
Total other comprehensive income	(20,301)	221
Comprehensive income	¥ 21,433	¥ 52,207
(Details)		
Comprehensive income attributable to owners of the parent	21,301	52,116
Comprehensive income attributable to non-controlling interests	131	91

3. Consolidated Statements of Changes in Net Assets

For the year ended March 31, 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	¥ 238,079	¥ (0)	¥ 453,256
Cumulative effects of changes in accounting policies	—	—	105	—	105
Restated balance at the beginning of the period	19,900	195,277	238,185	(0)	453,362
Changes during the period					
Dividends from surplus	—	—	(23,924)	—	(23,924)
Profit attributable to owners of the parent	—	—	41,621	—	41,621
Purchase of treasury stock	—	—	—	(81)	(81)
Adjustments due to change of scope of consolidation	—	—	(818)	—	(818)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes during the period	—	—	16,877	(81)	16,795
Balance at the end of the period	¥ 19,900	¥ 195,277	¥ 255,062	¥ (81)	¥ 470,157

	Total accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income			
Balance at the beginning of the period	¥ 157,364	¥ (2,347)	¥ (1,465)	¥ (3,760)	¥ 149,791	¥ —	¥ 1,329	¥ 604,377
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	105
Restated balance at the beginning of the period	157,364	(2,347)	(1,465)	(3,760)	149,791	—	1,329	604,482
Changes during the period								
Dividends from surplus	—	—	—	—	—	—	—	(23,924)
Profit attributable to owners of the parent	—	—	—	—	—	—	—	41,621
Purchase of treasury stock	—	—	—	—	—	—	—	(81)
Adjustments due to change of scope of consolidation	—	—	—	—	—	—	—	(818)
Net changes of items other than shareholders' equity	(22,515)	1,192	—	1,003	(20,319)	49	131	(20,138)
Total changes during the period	(22,515)	1,192	—	1,003	(20,319)	49	131	(3,343)
Balance at the end of the period	¥ 134,849	¥ (1,154)	¥ (1,465)	¥ (2,756)	¥ 129,472	¥ 49	¥ 1,460	¥ 601,139

For the year ended March 31, 2018

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 19,900	¥ 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	—	—	51,895	—	51,895
Disposal of treasury shares	—	(5)	—	26	21
Transfer of loss on disposal of treasury shares	—	5	(5)	—	—
Reversal of land revaluation	—	—	973	—	973
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)	28,849	26	24,784
Balance at the end of the period	¥ 19,927	¥ 191,157	¥ 283,911	¥ (55)	¥ 494,941

(Continued)

	Total accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities, net of taxes	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation, net of taxes	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	—	—	—	—	—	—	—	51,895
Disposal of treasury shares	—	—	—	—	—	—	—	21
Transfer of loss on disposal of treasury shares	—	—	—	—	—	—	—	—
Reversal of land revaluation	—	—	—	—	—	—	—	973
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	(857)	251	(973)	827	(752)	48	187	(516)
Total changes during the period	(857)	251	(973)	827	(752)	48	187	24,267
Balance at the end of the period	¥ 133,991	¥ (902)	¥ (2,439)	¥ (1,929)	¥ 128,719	¥ 97	¥ 1,648	¥ 625,406

4. Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	¥ 60,140	¥ 74,650
Depreciation of real estate for rent and others	1,779	1,680
Depreciation and amortization	10,944	11,828
Impairment losses	118	2
Amortization of goodwill	22	32
Increase (decrease) in reserve for outstanding claims	4,128	3,405
Increase (decrease) in policy reserve	603,880	647,035
Increase in interest portion of reserve for policyholders' dividends	0	0
Increase (decrease) in reserve for policyholders' dividends	4,153	3,271
Increase (decrease) in reserve for possible loan losses	(65)	(140)
Increase (decrease) in net defined benefit liability	3,020	2,363
Increase (decrease) in reserve for directors' retirement benefits	14	(176)
Increase (decrease) in reserve for price fluctuations	1,772	1,953
Interest income and dividends	(175,647)	(186,943)
(Gains) losses on securities	(77,393)	(80,057)
Interest expenses	8,636	8,327
Losses (gains) on derivative	30,050	11,403
Exchange (gains) losses	(10,843)	23,489
Losses (gains) on disposal of tangible fixed assets	107	(13,283)
Equity in losses of affiliates	3,551	2,338
Net (increase) decrease in loans	(195,446)	(56,745)
Net increase in deposits	156,005	87,987
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	50,000	80,000
Net increase (decrease) in call money and bills sold	70,000	26,000
Net (increase) decrease in call loans and bills bought	311	(4,805)
Net (increase) decrease in foreign exchange (assets)	(6,129)	(2,077)
Net increase (decrease) in foreign exchange (liabilities)	21	119
Others	(1,710)	15,506
Subtotal	541,424	657,168
Interest and dividends received	188,230	197,007
Interest paid	(8,730)	(8,484)
Policyholders' dividends paid	(3,430)	(3,517)
Income taxes paid	(25,047)	(22,451)
Net cash provided by operating activities	692,445	819,721

(Continued)

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash flows from investing activities		
Net (increase) decrease in deposits	¥ —	¥ 5
Investments in monetary trusts	(76)	(101)
Proceeds from sale of monetary trusts	5,160	6,532
Purchases of securities	(1,171,569)	(1,104,737)
Proceeds from sale and redemption of securities	375,241	427,925
Investments in loans	(57,798)	(60,315)
Collections of loans	27,949	28,761
Net gains (losses) from the settlement of derivative financial instruments	(35,401)	(22,997)
Net increase (decrease) in collateral for securities lending transactions	247,803	(6,719)
Others	—	32,553
Total of net cash used in investment transactions	(608,689)	(699,092)
Total of net cash provided by (used in) operating activities and investment transactions	83,755	120,629
Purchases of tangible fixed assets	(3,977)	(2,049)
Proceeds from sales of tangible fixed assets	—	36,700
Purchases of intangible fixed assets	(9,024)	(12,481)
Purchase of securities of a non-consolidated subsidiary	—	(339)
Purchase of securities of affiliates	(3,045)	(3,450)
Others	(12)	(132)
Net cash used in investing activities	(624,749)	(680,845)
Cash flows from financing activities		
Proceeds from debt borrowing	—	5,266
Repayments of debt	—	(5,133)
Cash dividends paid	(23,925)	(23,921)
Proceeds from issuance of bonds	—	19,938
Payments for redemption of bonds	(10,000)	(10,000)
Purchase of treasury stock	(81)	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(171)
Others	(51)	(474)
Net cash provided by (used in) financing activities	(34,057)	(14,496)
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)
Net increase (decrease) in cash and cash equivalents	33,636	124,377
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,124	373
Cash and cash equivalents at beginning of the period	233,620	268,381
Cash and cash equivalents at end of the period	¥ 268,381	¥ 393,133

5. Notes to the Consolidated Financial Statements

1) Note on Going Concern

Not applicable.

2) Segment Information

(1) Outline of reporting segments

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

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

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

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

(2) Segment Information by reporting segment

For the year ended March 31, 2017

Millions of yen

	Life insurance business	Non-life insurance business	Banking business	Total	other	Total
Ordinary revenues						
External customers	¥ 1,240,764	¥ 102,337	¥ 38,318	¥ 1,381,420	¥ 247	¥ 1,381,667
Intersegment	3,161	0	196	3,358	—	3,358
Total	1,243,925	102,337	38,514	1,384,778	247	1,385,026
Segment profit	¥ 56,815	¥ 5,001	¥ 5,053	¥ 66,870	¥ (714)	¥ 66,155
Segment assets	8,873,446	186,569	2,438,836	11,498,851	3,544	11,502,396
Others						
Depreciation	7,178	3,493	2,618	13,290	41	13,331
Interest income and dividends	148,300	1,327	26,533	176,162	0	176,162
Interest expenses	44	—	8,672	8,717	36	8,753
Equity in earnings (losses) of affiliates	(3,551)	—	—	(3,551)	—	(3,551)
Investments in affiliates	10,986	—	—	10,986	—	10,986
Increase in tangible fixed assets and intangible fixed assets	¥ 9,607	¥ 3,500	¥ 2,451	¥ 15,559	¥ 46	¥ 15,606

For the year ended March 31, 2018

Millions of yen

	Life insurance business	Non-life insurance business	Banking business	Total	other	Total
Ordinary revenues						
External customers	¥ 1,347,762	¥ 110,091	¥ 39,712	¥ 1,497,566	¥ 6,064	¥ 1,503,630
Intersegment	3,462	1	221	3,685	—	3,685
Total	1,351,225	110,092	39,934	1,501,251	6,064	1,507,316
Segment profit	¥ 54,148	¥ 6,574	¥ 7,146	¥ 67,869	¥ (1,077)	¥ 66,792
Segment assets	9,566,063	204,395	2,651,162	12,421,622	13,532	12,435,155
Others						
Depreciation	7,147	3,927	2,458	13,532	616	14,148
Interest income and dividends	157,743	1,324	28,344	187,411	0	187,411
Interest expenses	151	—	7,731	7,883	516	8,400
Equity in earnings (losses) of affiliates	(2,338)	—	—	(2,338)	—	(2,338)
Investments in affiliates	12,245	—	—	12,245	—	12,245
Increase in tangible fixed assets and intangible fixed assets	¥ 9,511	¥ 2,660	¥ 4,709	¥ 16,882	¥ 930	¥ 17,812

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

	Millions of yen			
	For the year ended March 31, 2017		For the year ended March 31, 2018	
Totals of reporting segments	¥	1,384,778	¥	1,501,251
Other		247		6,064
Adjustments for intersegment transactions		(3,358)		(3,685)
Ordinary revenues in statement of income	¥	1,381,667	¥	1,503,630

	Millions of yen			
	For the year ended March 31, 2017		For the year ended March 31, 2018	
Totals of reporting segments	¥	66,870	¥	67,869
Other		(714)		(1,077)
Adjustments for intersegment transactions		9		(133)
Amount not allocated to reporting segments		161		185
Ordinary profit in statement of income	¥	66,326	¥	66,843

	Millions of yen			
	For the year ended March 31, 2017		For the year ended March 31, 2018	
Totals of reporting segments	¥	11,498,851	¥	12,421,622
Other		3,544		13,532
Adjustments for intersegment transactions		(58,287)		(70,927)
Amount not allocated to reporting segments		27,736		37,218
Assets in balance sheets	¥	11,471,845	¥	12,401,446

	Millions of yen							
	For the year ended March 31, 2017				For the year ended March 31, 2018			
	Total	Other	Adjustments	Consolidated financial statements	Total	Other	Adjustments	Consolidated financial statements
Depreciation	¥ 13,290	¥ 41	¥ 24	¥ 13,356	¥ 13,532	¥ 616	¥ 38	¥ 14,187
Interest income and dividends	176,162	0	(514)	175,647	187,411	0	(467)	186,944
Interest expenses	8,717	36	(117)	8,635	7,883	516	(74)	8,325
Equity in earnings (losses) of affiliates	(3,551)	—	—	(3,551)	(2,338)	—	—	(2,338)
Investments in affiliates	10,986	—	—	10,986	12,245	—	—	12,245
Increase in tangible fixed assets and intangible fixed assets	¥ 15,559	¥ 46	¥ 269	¥ 15,875	¥ 16,882	¥ 930	¥ 10	¥ 17,822

3) Subsequent Events

(Establishment of a subsidiary)

May 14, 2018—The Board of Directors passed a comprehensive resolution to establish a subsidiary through a company split (simple incorporation-type company split).

1.Objective

SFH will establish an investment subsidiary to invest in venture companies with strengths in Fintech and other fields in the interest of obtaining a financial return and promoting collaboration and cooperation between venture companies and individual companies in the Sony Financial Group. As a result, SFH aims to enhance the Sony Financial Group's existing businesses and create new businesses.

2.Overview of the subsidiary

Name	Sony Financial Ventures Inc. (scheduled)
Head office	Chiyoda-ku, Tokyo (scheduled)
Business	Venture capital operations and any other operations ancillary to or related to venture capital operations
Common stock	¥10 million (scheduled)
Issued shares	10,000 shares (scheduled)
Established	July 10, 2018 (scheduled)
Shareholder composition	Sony Financial Holdings Inc. 100%

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

Consolidated subsidiaries:

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.**

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.

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.

V. Attachment

Content of Presentation Material

**Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 and
Sony Life's MCEV as of March 31, 2018**

▪ Consolidated Operating Results for the Fiscal Year Ended March 31, 2018 (FY2017)	3
▪ Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (FY2018)	29
▪ Dividend Forecast for FY2018.....	31
▪ Sony Life's Preliminary MCEV and ESR as of March 31, 2018.....	33
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Presentation Material

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 and Sony Life's Preliminary MCEV as of March 31, 2018

Sony Financial Holdings Inc.
May 14, 2018

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Content

■ Consolidated Operating Results for the Fiscal Year Ended March 31, 2018 (FY2017)	P.3
■ Forecast of Consolidated Financial Results for FY2018	P.29
■ Dividend Forecast for FY2018	P.31
■ Sony Life's Preliminary MCEV and ESR as of March 31, 2018	P.33
■ Appendix	P.36

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 Fiscal Year Ended March 31, 2018 (FY2017)

Executive Summary

Financial Results for FY2017

- ◆ All three businesses steadily expanded their business scale. On a consolidated Group basis, ordinary revenues rose, while ordinary profit was flat.
- ◆ At Sony Life, sales of U.S. dollar-denominated insurance were favorable, leading to a substantial increase in income from insurance premiums year on year
- ◆ The steady acquisition of new policies prompted solid growth in new business value.

Forecast of Financial Results for FY2018

- ◆ We forecast that all three businesses will continue to expand their business scale, sustaining the growth trend. On a consolidated Group basis, we anticipate revenue and profit increases.
- ◆ At Sony Life, we expect income from insurance premiums to grow, due to solid growth in the policy amount in force, leading to higher revenues and profit. We forecast a rise in MCEV, owing to the acquisition of new policies.

Shareholder Returns

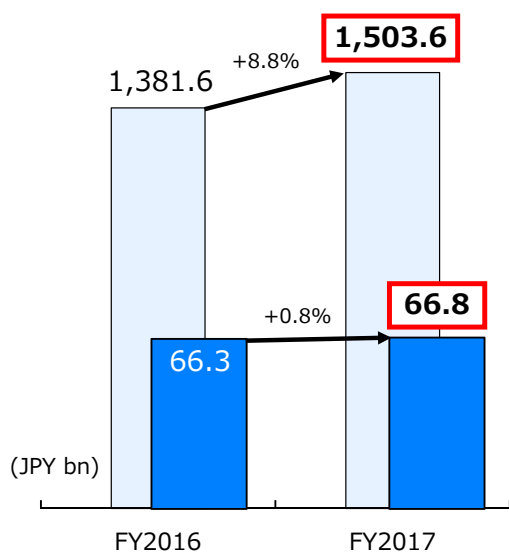
- ◆ In line with our medium-term dividend policy, for FY2018 we expect to raise the dividend amount by ¥2.5 per share compared with FY2017, to ¥62.5, taking into overall account such factors as the operating environment, growth in business scale, and higher profit based on economic value. We aim to continue steadily increasing dividends going forward.

Highlights of Consolidated Operating Performance (1)



<Consolidated>

- Ordinary revenues
- Ordinary profit



		(JPY bn)	FY2016	FY2017	Change	
Life insurance business	Ordinary revenues		1,243.9	1,351.2	+107.2	+8.6%
	Ordinary profit		56.8	54.1	(2.6)	(4.7%)
Non-life insurance business	Ordinary revenues		102.3	110.0	+7.7	+7.6%
	Ordinary profit		5.0	6.5	+1.5	+31.5%
Banking business	Ordinary revenues		38.5	39.9	+1.4	+3.7%
	Ordinary profit		5.0	7.1	+2.0	+41.4%
Intersegment adjustments*	Ordinary revenues		(3.1)	2.3	+5.4	—
	Ordinary profit		(0.5)	(1.0)	(0.4)	—
Consolidated	Ordinary revenues		1,381.6	1,503.6	+121.9	+8.8%
	Ordinary profit		66.3	66.8	+0.5	+0.8%
	Profit attributable to owners of the parent		41.6	51.8	+10.2	+24.7%

*"Intersegment adjustments" is mainly from SFH and the nursing care business. Proud Life Inc., a company of nursing care business, has been included in the scope of consolidation from FY2017.2Q.

(Note) Comprehensive income : FY2016: ¥21.4 billion, FY2017: ¥ 52.2 billion

		(JPY bn)	Mar. 17	Mar. 18	Change from Mar. 17	
Consolidated	Net assets		601.1	625.4	+24.2	+4.0%
	Total assets		11,471.8	12,401.4	+929.6	+8.1%

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Highlights of Consolidated Operating Performance (2)



- **Life Insurance Business** : Ordinary revenues grew year-on-year due to higher income from insurance premiums, owing to a steady rise in the policy amount in force. Ordinary profit decreased year on year due to a higher provision of policy reserve relating to the acquisition of new policies reflecting a revision in the standard yields used for calculating policy reserves and lower gains on sale of securities in the general account. On the other hand, gains/losses related to market fluctuations for variable life insurance* improved year on year, which partially offset the negative impact of the above-mentioned decreases in ordinary profit.
 - *Total of (a) the provision of policy reserves for minimum guarantees for variable life insurance according to market fluctuations and (b) net gains/losses on derivative transactions to hedge market risks for the products
- **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 to a decline in the loss ratio, driven mainly by a lower car accident ratio.
- **Banking Business** : Ordinary revenues rose year on year due to increases in interest income on loans in line with a favorably growing balance of mortgage loans and on investment securities. Ordinary profit grew year on year, due to a decrease in operating expenses, especially in advertising expenses for the card loan business.
- Ordinary revenues increased 8.8% year on year, to ¥1,503.6 billion, owing to increases in ordinary revenues from all the businesses: life insurance, non-life insurance and banking businesses. Ordinary profit increased 0.8% year on year, to ¥66.8 billion. By business segment, ordinary profit from the life insurance business decreased, ordinary profit from the non-life insurance and banking businesses rose. Profit attributable to owners of the parent was up 24.7% year on year, to ¥51.8 billion. This increase was due mainly to a gain on disposal of fixed assets from a sale of the real estate held for investment of ¥13.2 billion in the life insurance business, which was recorded in extraordinary gains.

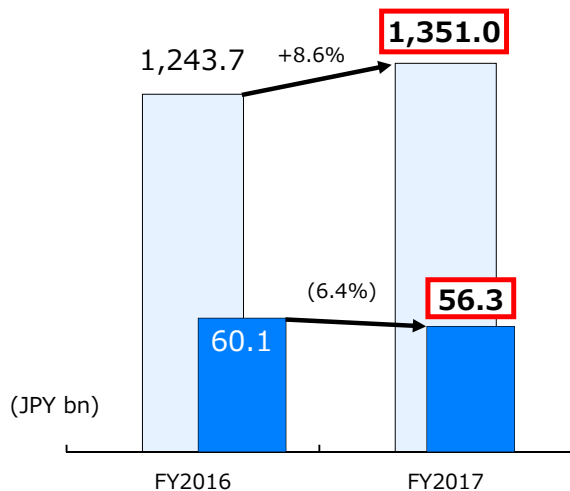
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Highlights of Operating Performance: Sony Life (Non-consolidated)



□ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues increased but ordinary profit decreased.
- ◆ Income from insurance premiums increased owing to a steady rise in the policy amount in force.
- ◆ Investment income decreased due to a decrease in gains on foreign exchange which turned into losses.
- ◆ Ordinary profit decreased due to a higher provision of policy reserve relating to the acquisition of new policies reflecting a revision in the standard yields used for calculating policy reserves and lower gains on sale of securities in the general account. On the other hand, gains/losses related to market fluctuations for variable life insurance* improved year on year, which partially offset the negative impact of the above-mentioned decreases in ordinary profit.

*Total of (a) the provision of policy reserves for minimum guarantees for variable life insurance according to market fluctuations and (b) net gains/losses on derivative transactions to hedge market risks for the products

(JPY bn)	FY2016	FY2017	Change	
Ordinary revenues	1,243.7	1,351.0	+107.3	+8.6%
Income from insurance premiums	956.7	1,059.2	+102.5	+10.7%
Investment income	245.3	243.2	(2.0)	(0.8%)
Interest income and dividends	148.2	157.7	+9.4	+6.4%
Gains on sale of securities	1.3	0	(1.3)	(100.0%)
Foreign exchange gains, net	14.6	—	(14.6)	(100.0%)
Gains on separate accounts, net	76.4	80.9	+4.5	+5.9%
Ordinary expenses	1,183.5	1,294.7	+111.1	+9.4%
Insurance claims and other payments	372.4	436.5	+64.1	+17.2%
Provision for policy reserves and others	596.7	638.3	+41.6	+7.0%
Investment expenses	36.1	33.1	(3.0)	(8.5%)
Losses on derivatives, net	30.0	11.4	(18.6)	(62.1%)
Foreign exchange losses, net	—	15.2	+15.2	—
Operating expenses	137.0	139.9	+2.8	+2.1%
Ordinary profit	60.1	56.3	(3.8)	(6.4%)
Gains on disposal of fixed assets	—	13.2	+13.2	—
Net income	35.1	45.1	+9.9	+28.3%

(JPY bn)	Mar. 17	Mar. 18	Change from Mar. 17	
Securities	8,093.1	8,765.9	+672.7	+8.3%
Policy reserves	7,929.9	8,566.0	+636.1	+8.0%
Net assets	473.5	492.7	+19.1	+4.1%
Net unrealized gains on other securities	127.7	124.9	(2.8)	(2.2%)
Total assets	8,873.6	9,567.6	+694.0	+7.8%
Separate account assets	989.6	1,128.8	+139.2	+14.1%

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



(JPY bn)	FY2016	FY2017	Change
New policy amount	4,957.5	5,287.9	+6.7%
Lapse and surrender amount	1,839.3	2,250.8	+22.4%
Lapse and surrender rate	4.27%	4.97%	+0.70pt
Policy amount in force	45,334.1	47,253.4	+4.2%
Annualized premiums from new policies	78.1	73.0	(6.5%)
Of which, third-sector products	15.7	12.9	(17.4%)
Annualized premiums from insurance in force	820.8	848.8	+3.4%
Of which, third-sector products	187.4	191.8	+2.4%

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.

(JPY bn)	FY2016	FY2017	Change
Gains from investment, net (General account)	132.7	129.2	(2.6%)
Core profit	83.8	81.3	(2.9%)
Positive spread	15.4	17.7	+14.9%

	Mar. 17	Mar. 18	Change from Mar. 17
Non-consolidated solvency margin ratio	2,568.8%	2,624.3%	+55.5pt

<Reasons for changes>

◆ Increased due to higher sales of family income insurance and U.S. dollar-denominated insurance.

◆ Decreased due mainly to lower sales of term life insurance and living benefit insurance, despite favorable sales of U.S. dollar-denominated insurance, variable life insurance and individual annuities.

◆ Decreased due to a higher provision of policy reserve relating to the acquisition of new policies reflecting a revision in the standard yields used for calculating policy reserves, despite an increase in profit from accumulated policies in force and a rise in positive spread.

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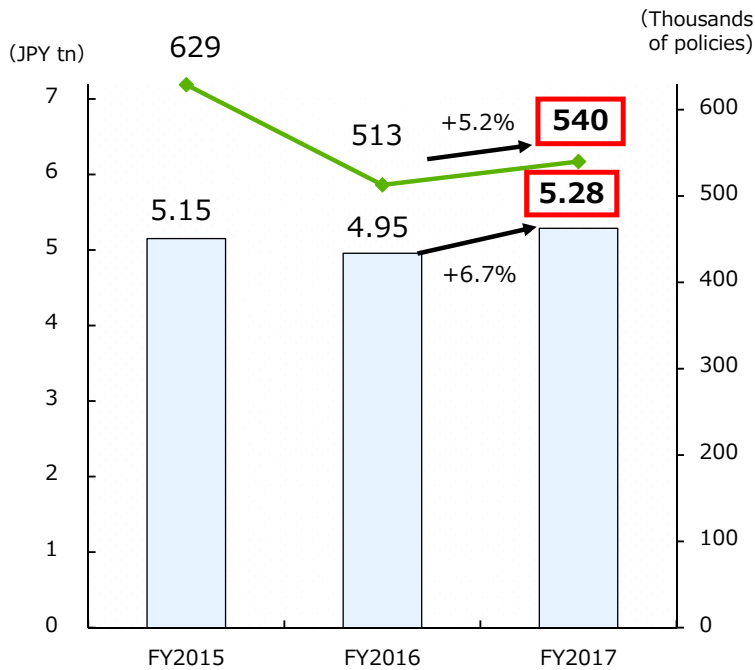
8

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



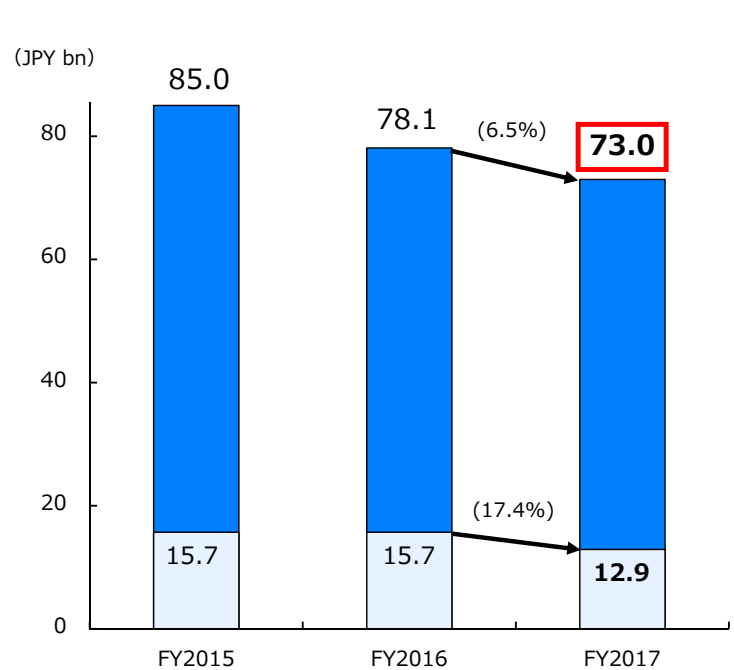
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

□ New policy amount — Number of new policies



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

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

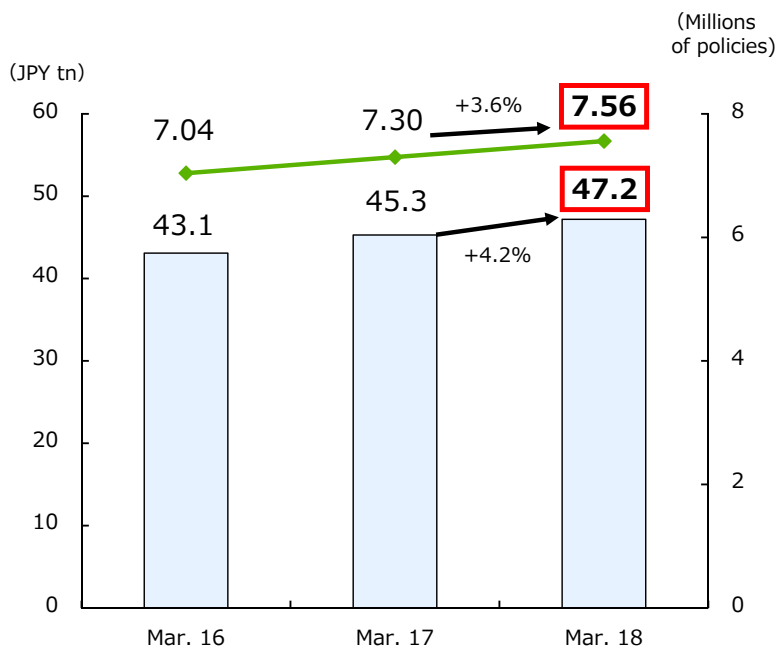


Operating Performance : Sony Life (Non-consolidated) (2)



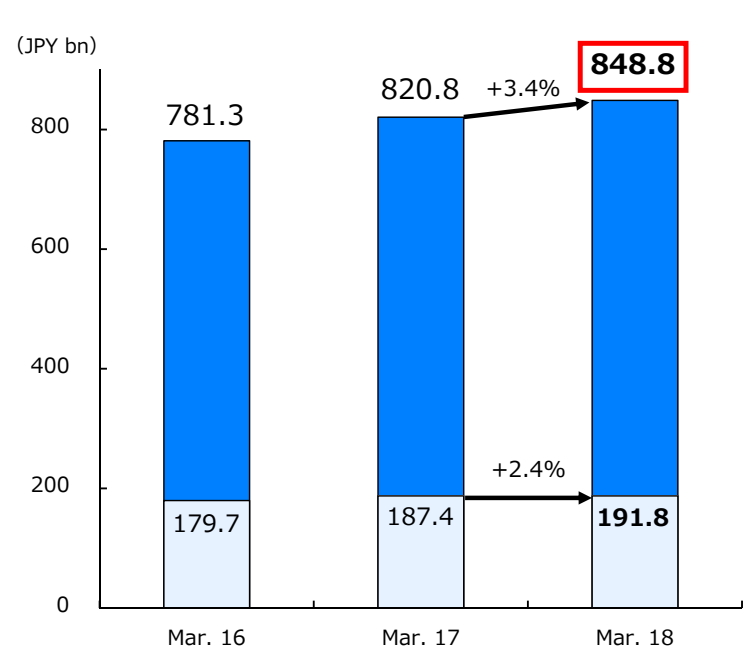
Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)

□ Policy amount in force — Number of policies in force



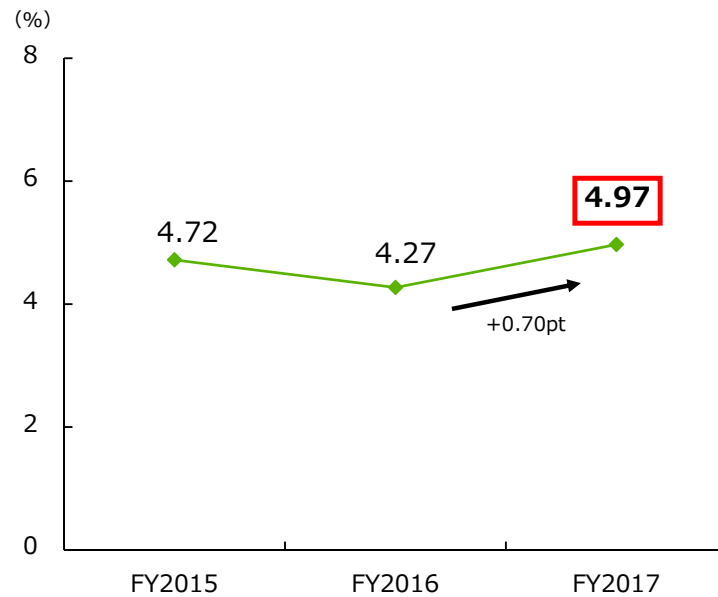
Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)

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



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

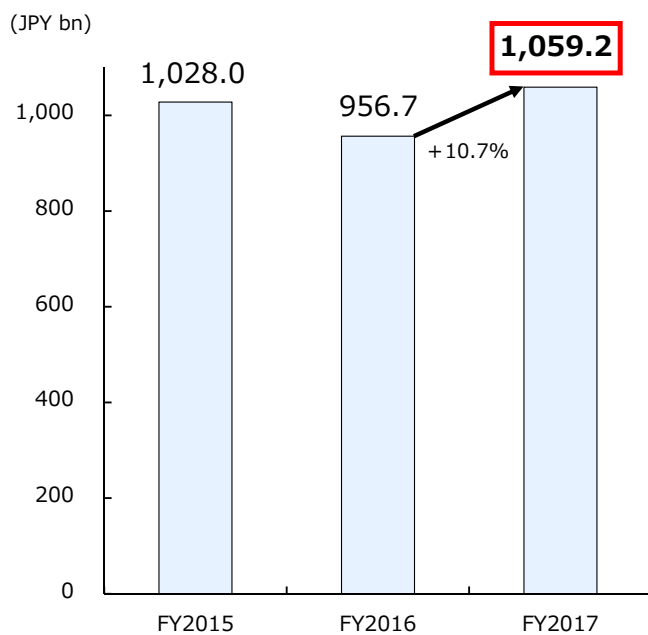
Lapse and Surrender Rate* (Individual Life Insurance + Individual Annuities)



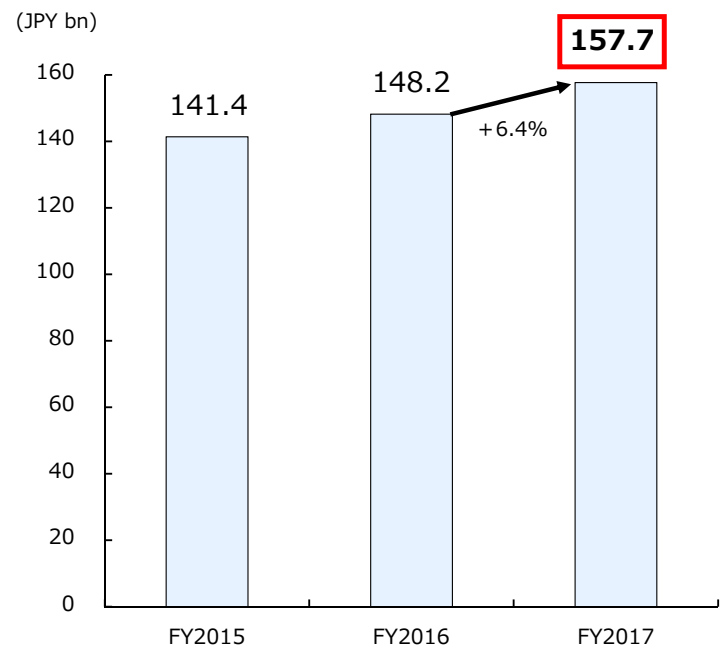
*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

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

Income from Insurance Premiums



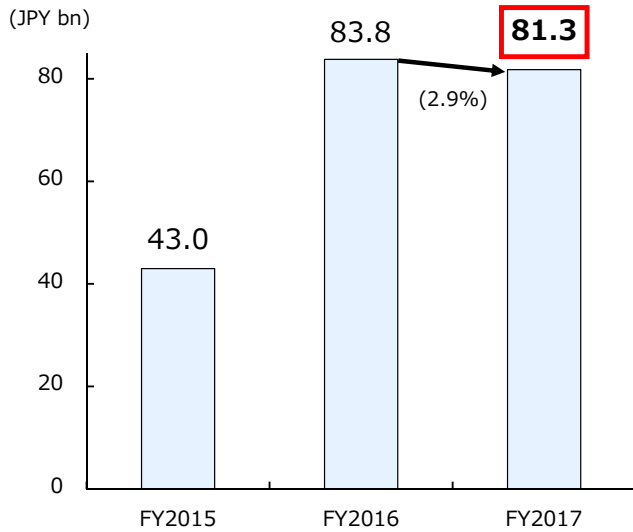
Interest Income and Dividends



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



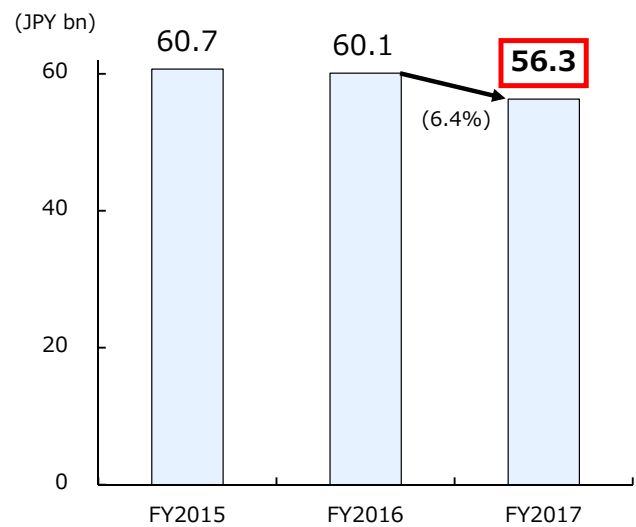
Core Profit



(Reference) Impact on core profit

	(JPY bn)	FY2015	FY2016	FY2017
Positive spread		15.3	15.4	17.7
Provision of policy reserves for minimum guarantees for variable life insurance (*)		(34.7)	(7.8)	(18.7)
Others		62.5	76.2	82.4

Ordinary Profit



(Reference) Main differences from core profit

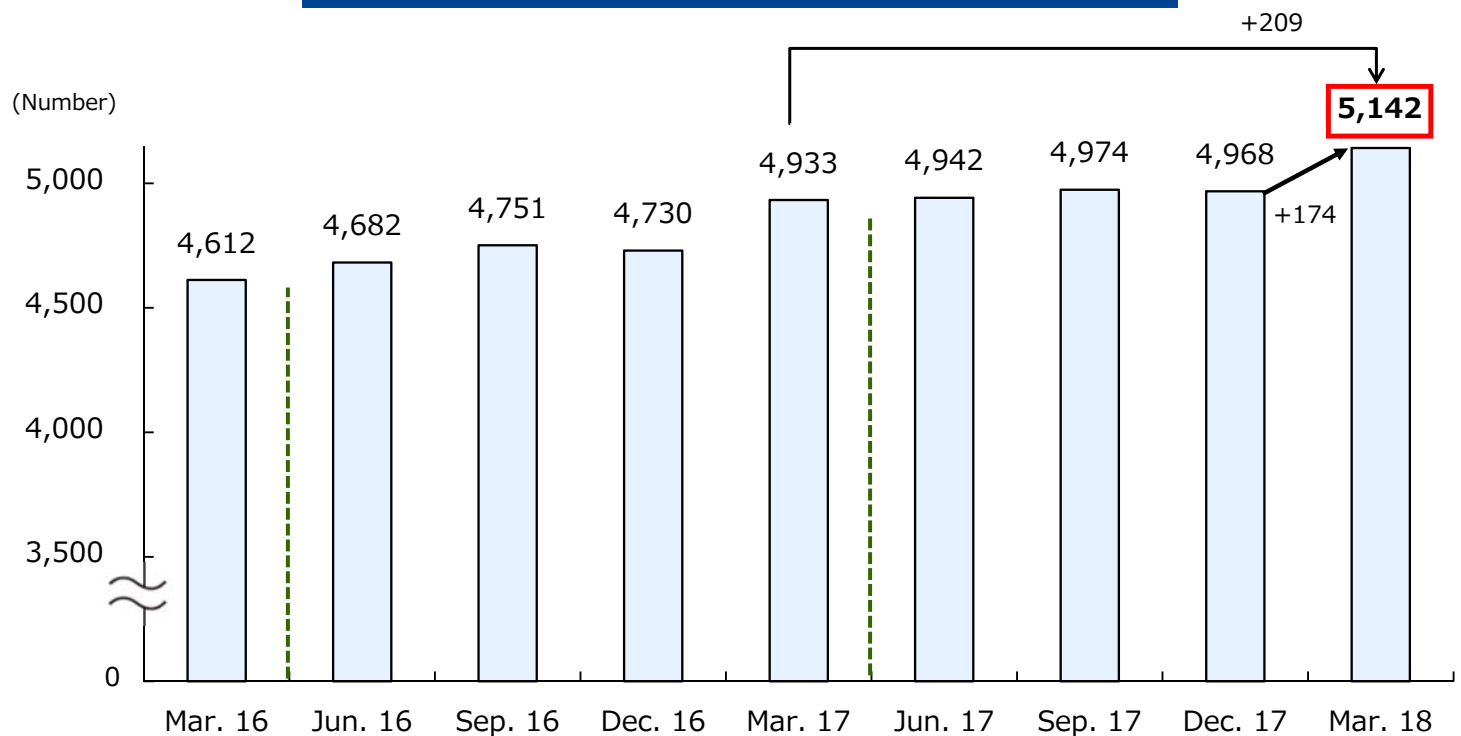
	(JPY bn)	FY2015	FY2016	FY2017
Capital gains (losses) excluding gains or losses on hedges (*)		20.4	(0.4)	(9.0)
Gains (losses) on hedges of variable life insurance		3.9	(15.6)	(8.4)
Provision of contingency reserve (*)		(6.4)	(7.2)	(7.4)

*"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.

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. 17		Mar. 18	
	Amount	%	Amount	%
Japanese bonds (including JGBs)	6,828.7	86.6%	7,281.1	86.3%
Japanese stocks	37.6	0.5%	38.4	0.5%
Foreign bonds	274.3	3.5%	366.5	4.3%
Foreign stocks	31.5	0.4%	30.3	0.4%
Money held in trust	273.8	3.5%	270.5	3.2%
Policy loans	180.3	2.3%	189.4	2.2%
Real estate*	117.5	1.5%	92.3	1.1%
Cash and call loans	40.8	0.5%	40.8	0.5%
Others	99.1	1.3%	129.1	1.5%
Total	7,884.0	100.0%	8,438.8	100.0%

<Asset management review>

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



<Bond duration>

Mar. 16 21.8 years

Mar. 17 21.3 years

Mar. 18 21.4 years

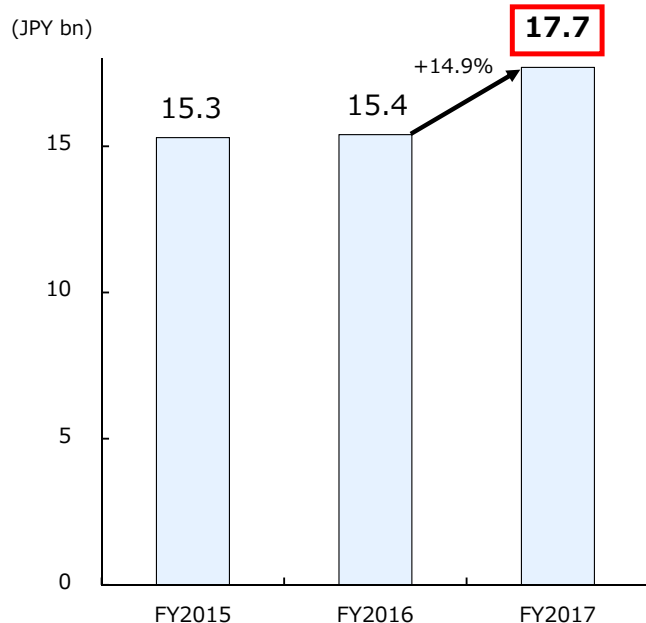
- Investment in the money held in trust is mainly into Japanese bonds.
- The holding ratio on the real status of Japanese bonds including those invested in the money held in trust in the general account : Mar. 18 · · · 89.5% (Mar. 17 · · · 90.1%)

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

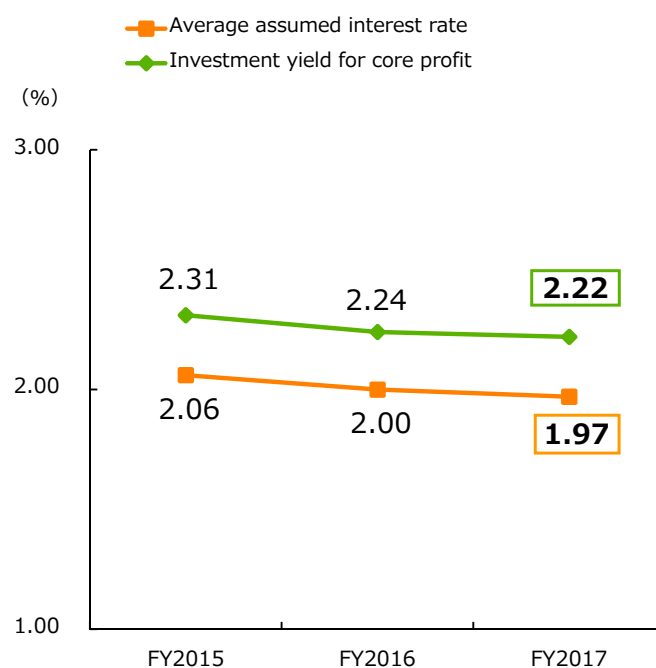
*The decrease in real estate was owing to a sale of the real estate held for investment in FY2017.3Q.

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

Positive Spread

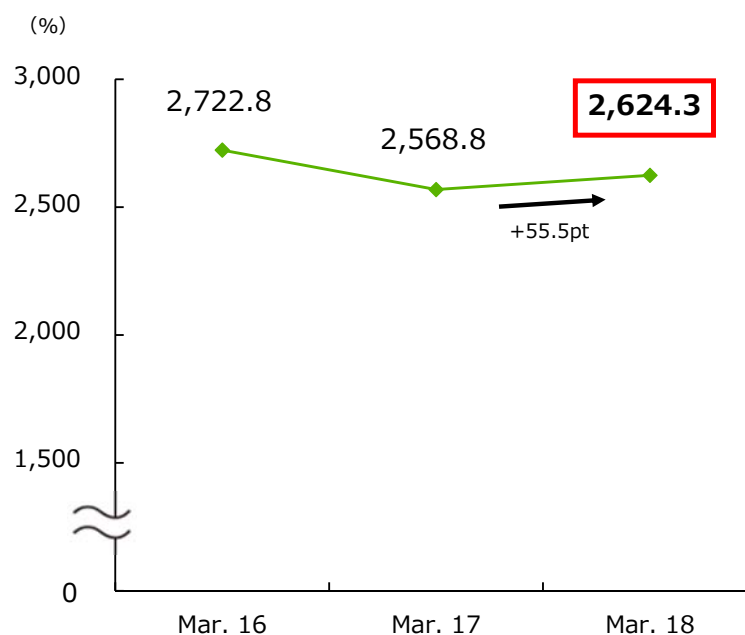


Average Assumed Interest Rate and Investment Yield for Core Profit



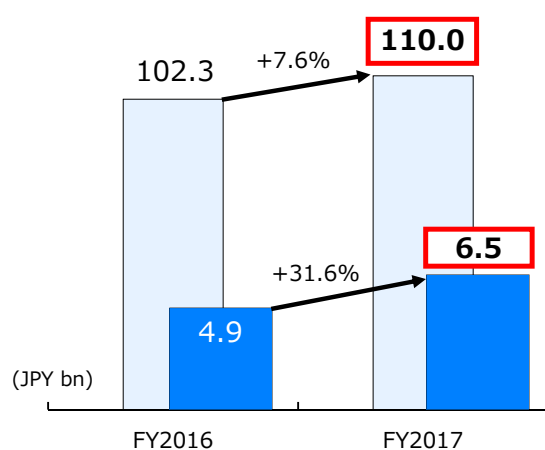
Operating Performance : Sony Life (Non-consolidated) (9)

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 for mainstay automobile insurance.
- ◆ Due to a decline in the loss ratio, driven by a lower car accident ratio, ordinary profit increased year on year.

	(JPY bn)	FY2016	FY2017	Change	
Ordinary revenues		102.3	110.0	+7.7	+7.6%
Underwriting income		100.3	108.3	+7.9	+8.0%
Investment income		1.9	1.7	(0.2)	(11.5%)
Ordinary expenses		97.3	103.5	+6.1	+6.4%
Underwriting expenses		70.5	74.4	+3.8	+5.5%
Operating general and administrative expenses		26.7	29.0	+2.3	+8.7%
Ordinary profit		4.9	6.5	+1.5	+31.6%
Net income		3.5	4.8	+1.3	+37.2%

	(JPY bn)	Mar. 17	Mar. 18	Change from Mar. 17	
Underwriting reserves		106.1	117.0	+10.9	+10.3%
Net assets		29.4	33.1	+3.7	+12.9%
Total assets		186.5	204.3	+17.8	+9.6%

Overview of Operating Performance: Sony Assurance



(JPY bn)	FY2016	FY2017	Change
Direct premiums written	99.0	107.0	+8.1%
Net premiums written	100.2	108.2	+8.0%
Net losses paid	50.1	52.4	+4.6%
Underwriting profit	3.0	4.8	+58.4%
Net loss ratio	57.5%	55.9%	(1.6pt)
Net expense ratio	28.3%	28.5%	+0.2pt
Combined ratio	85.8%	84.4%	(1.4pt)

<Reasons for changes>

◆ Increased in its mainstay automobile insurance.

Notes:

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

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

	FY2016	FY2017	Change
E. I. loss ratio	62.3%	60.7%	(1.6pt)
E. I. loss ratio + Net expense ratio	90.6%	89.2%	(1.4pt)

◆ Declined due to a lower car accident ratio in automobile insurance.

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. 17	Mar. 18	Change from Mar. 17	
Number of policies in force	1.89 mn	2.07 mn	+0.18 mn	+9.7%
Non-consolidated solvency margin ratio	730.8%	782.1%	+51.3pt	

Sony Assurance's Underwriting Performance by Type of Policy



Direct Premiums Written

(JPY mn)	FY2016	FY2017	Change
Fire	245	206	(15.9%)
Marine	–	–	–
Personal accident	8,767	8,679	(1.0%)
Voluntary automobile	90,001	98,123	+9.0%
Compulsory automobile liability	–	–	–
Total	99,014	107,008	+8.1%

Net Premiums Written

(JPY mn)	FY2016	FY2017	Change
Fire	24	16	(34.4%)
Marine	(2)	0	–
Personal accident	9,044	8,887	(1.7%)
Voluntary automobile	89,746	97,880	+9.1%
Compulsory automobile liability	1,460	1,469	+0.6%
Total	100,274	108,254	+8.0%

*Medical insurance is included in personal accident.

Net losses paid

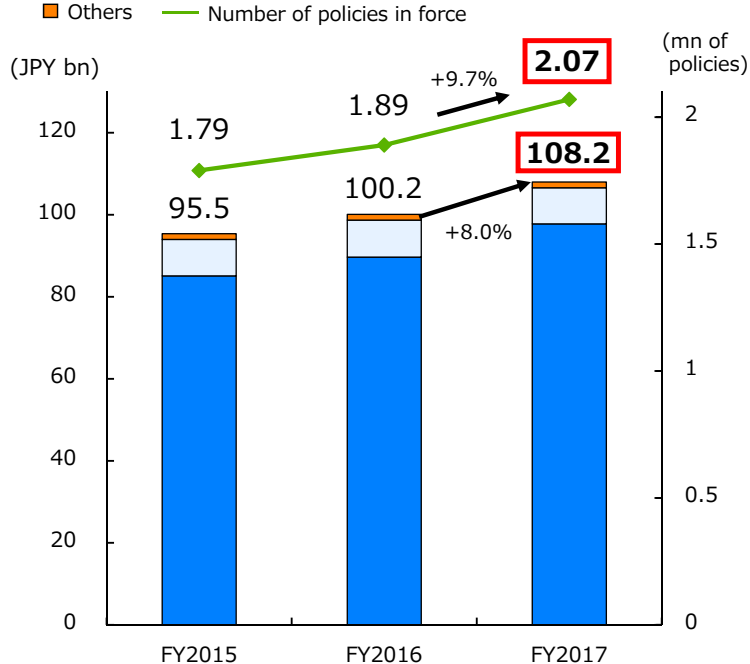
(JPY mn)	FY2016	FY2017	Change
Fire	6	6	(1.4%)
Marine	(6)	2	–
Personal accident	2,615	2,692	+2.9%
Voluntary automobile	46,263	48,464	+4.8%
Compulsory automobile liability	1,301	1,316	+1.1%
Total	50,181	52,482	+4.6%

Operating Performance: Sony Assurance (1)



Net Premiums Written and Number of Policies in Force

■ Voluntary automobile insurance □ Personal accident insurance
■ Others — Number of policies in force

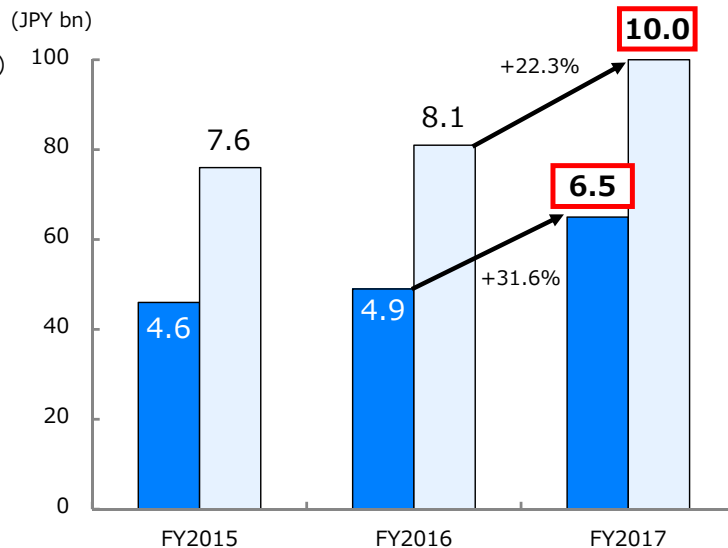


The number of policies in force is the total of automobile insurance and medical insurance policies.

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)	FY2015	FY2016	FY2017
Provision for catastrophe reserve		3.0	3.1	3.4

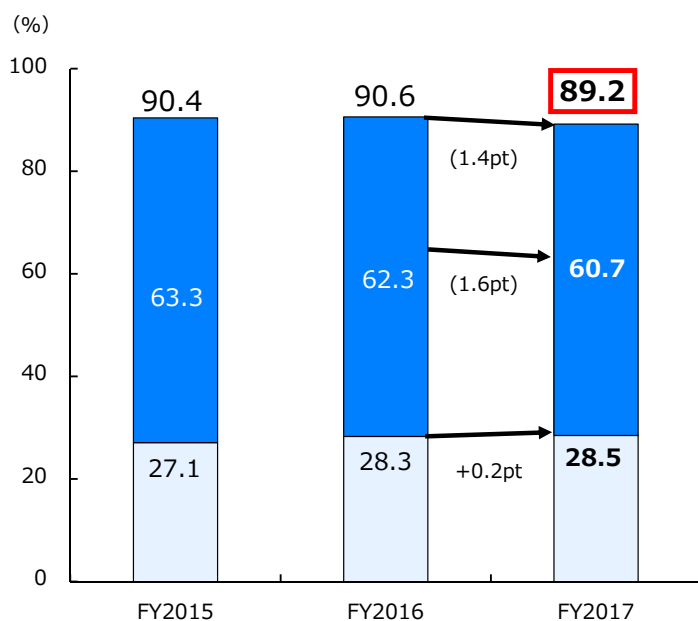
*Provision for catastrophe reserve is described as positive amount.

Operating Performance: Sony Assurance (2)



Earned/Incurred Loss Ratio + Net Expense Ratio

■ Earned/Incurred loss ratio □ Net expense ratio

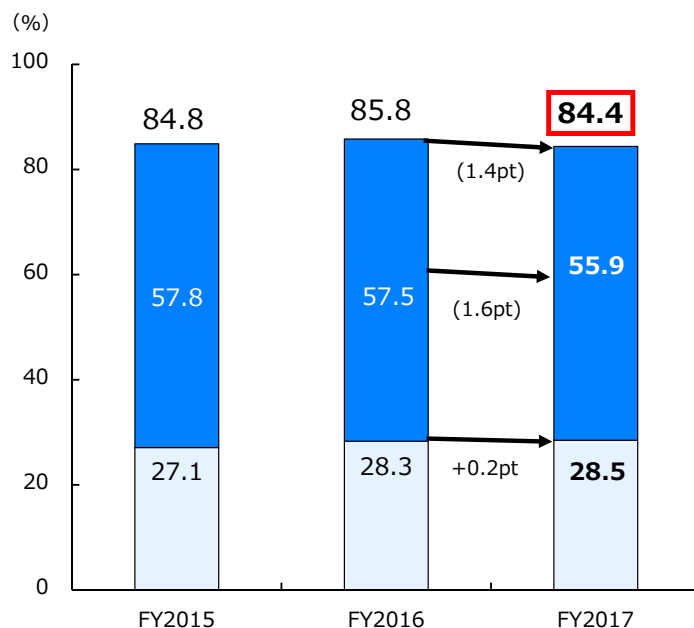


Notes:

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

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

■ Net loss ratio □ Net expense ratio

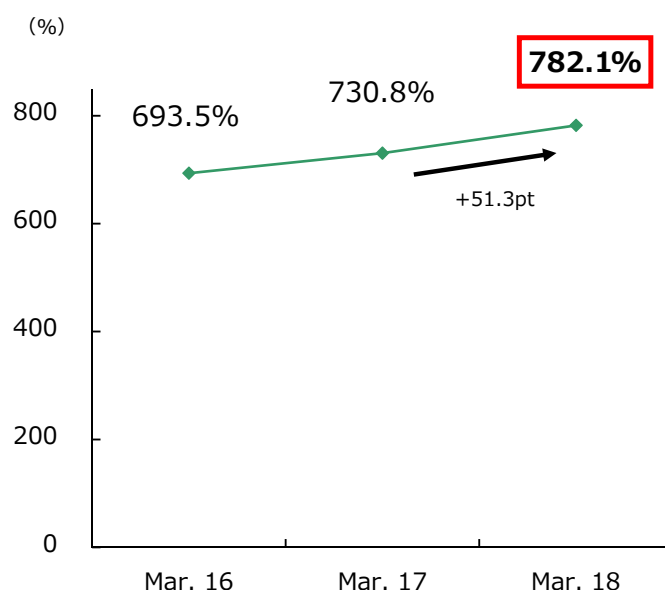


Notes:

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

Operating Performance: Sony Assurance (3)

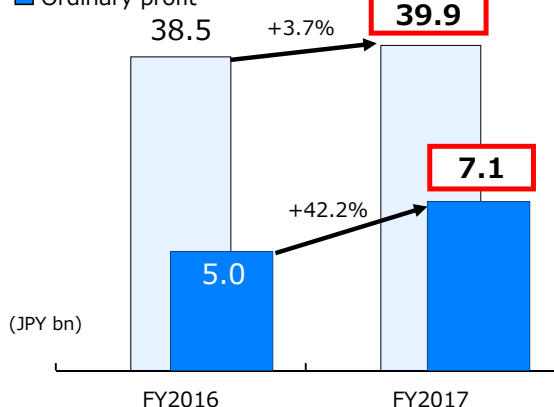
Non-consolidated Solvency Margin Ratio



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

<Consolidated>

□ Ordinary revenues
■ Ordinary profit



<Consolidated>

- ◆ Ordinary revenues rose year on year due to increases in interest income on loans in line with a favorably growing balance of mortgage loans and on investment securities.
- ◆ Ordinary profit grew year on year, due to a decrease in operating expenses, especially in advertising expenses for the card loan business.

<Non-consolidated>

- ◆ Both gross operating profit and net operating profit increased.
- Net interest income increased due to increases in interest income on loans and investment securities.
- Net fees and commissions decreased due mainly to lower fees and commissions on mortgage loans, in addition to higher fees paid for loan guarantees reflecting the growing loan balance.
- Net other operating income decreased due mainly to a decrease in gains on foreign exchange transactions.

<Consolidated>

	(JPY bn)	FY2016	FY2017	Change	
Ordinary revenues		38.5	39.9	+1.4	+3.7%
Ordinary profit		5.0	7.1	+2.1	+42.2%
Profit attributable to owners of the parent		3.3	4.7	+1.4	+42.8%

<Non-consolidated>

	(JPY bn)	FY2016	FY2017	Change	
Ordinary revenues		35.1	36.2	+1.1	+3.3%
Gross operating profit		21.1	21.4	+0.3	+1.4%
Net interest income		17.9	20.6	+2.7	+15.2%
Net fees and commissions		(1.5)	(2.9)	(1.3)	-
Net other operating income		4.7	3.7	(1.0)	(22.4%)
General and administrative expenses		16.5	15.5	(1.0)	(6.1%)
Net operating profit		4.6	5.9	+1.3	+28.4%
Ordinary profit		4.6	6.5	+1.9	+41.5%
Net income		3.1	4.4	+1.2	+40.9%

	(JPY bn)	Mar. 17	Mar. 18	Change from Mar. 17	
Net assets		81.3	85.7	+4.3	+5.4%
Net unrealized gains on other securities, net of taxes		4.7	6.0	+1.2	+26.4%
Total assets		2,424.2	2,635.0	+210.7	+8.7%

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

(JPY bn)	Mar. 17	Mar. 18	Change from Mar. 17	
Customer assets	2,227.1	2,343.0	+115.9	+5.2%
Deposits	2,112.9	2,219.3	+106.3	+5.0%
Yen	1,764.9	1,814.7	+49.7	+2.8%
Foreign currency	348.0	404.6	+56.5	+16.3%
Investment trusts	114.1	123.7	+9.6	+8.5%
Loans outstanding	1,539.6	1,596.3	+56.7	+3.7%
Mortgage loans	1,452.4	1,525.5	+73.0	+5.0%
Card loans	18.0	18.8	+0.8	+4.5%
Others	69.0	51.8¹	(17.1)	(24.8%)
Number of accounts	1.24 mn	1.35 mn	+0.10 mn	+8.8%
Non-performing assets ratio^{*2} (Based on Financial Reconstruction Law)	0.19%	0.12%		(0.06)pt
Capital adequacy ratio^{*3} (domestic criteria)	9.75%	10.45%		+0.70pt

<Reasons for changes>

◆ Increased in yen ordinary deposit balance due mainly to an increase in newly accumulated funds via the increased number of accounts.

◆ Increased in foreign currency deposits, due to an increase in time deposits, led by the impact of an exchange cost campaign and promotional effect from of a rise in U.S. interest rates on US dollar-denominated time deposits.

◆ Rose due to a steady increase in mortgage loans, despite a decrease in demand for refinancing these loans.

*1 Loans in others include corporate loans of ¥51.8 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 28.

Capital adequacy ratios has been calculated by applying fundamental internal rating based approach (FIRB) from March 31, 2017.

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

<Reference> On Managerial Accounting Basis

(JPY bn)	FY2016	FY2017	Change	
Gross operating profit	21.0	21.3	+0.3	+1.5%
Net interest income ^{*1} ①	20.6	23.0	+2.3	+11.6%
Net fees and commissions ^{*2} ②	(0.9)	(2.5)	(1.5)	—
Net other operating income ^{*3}	1.4	0.9	(0.4)	(34.9%)
Gross operating profit (core profit) (A) = ① + ②	19.6	20.4	+0.8	+4.2%
Operating expenses and other expenses ③	16.5	15.5	(1.0)	(6.1%)
Net operating profit (core profit) = (A) - ③	3.1	4.9	+1.8	+58.4%

■ 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.

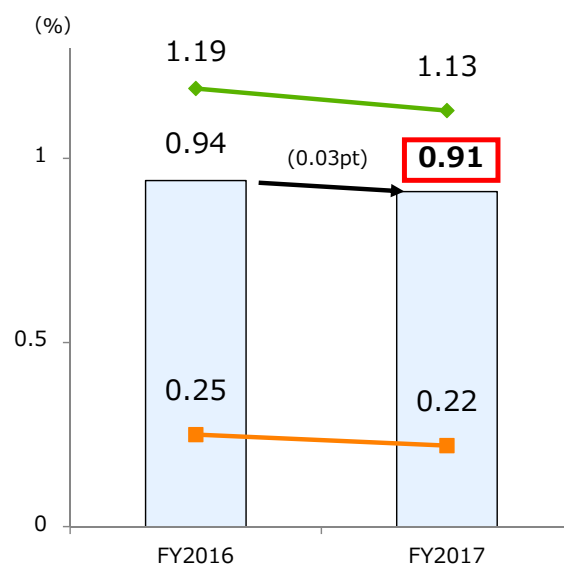
*3: Net other operating income: After the above adjustments (*1 and *2), mainly consists of profits and losses for bond and derivative dealing transactions.

■ 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)

◆ Yield on investment ■ Yield on financing
□ Interest spread



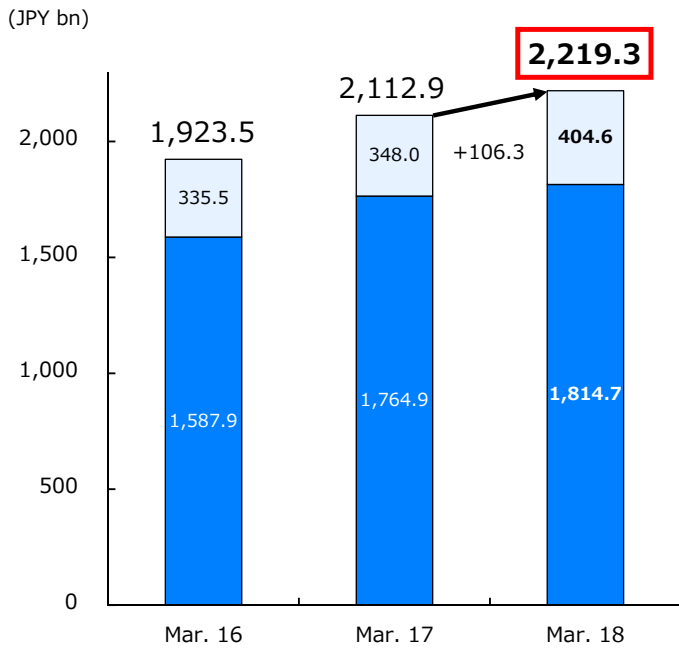
Note: Interest spread=(Yield on investment)-(Yield on financing)

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



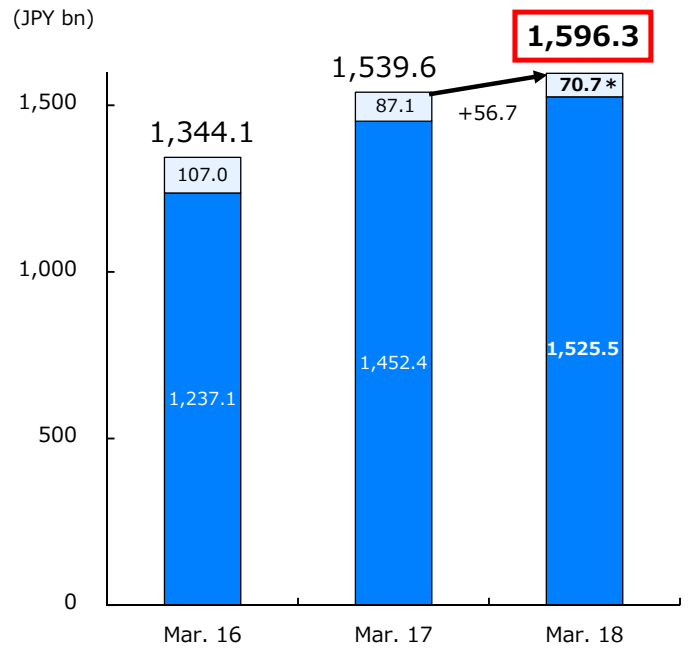
Deposits

■ Yen Deposits □ Foreign currency deposits



Loans

■ Mortgage loans □ Others



*Corporate loans of ¥51.8 billion. Card loans of ¥18.8 billion.

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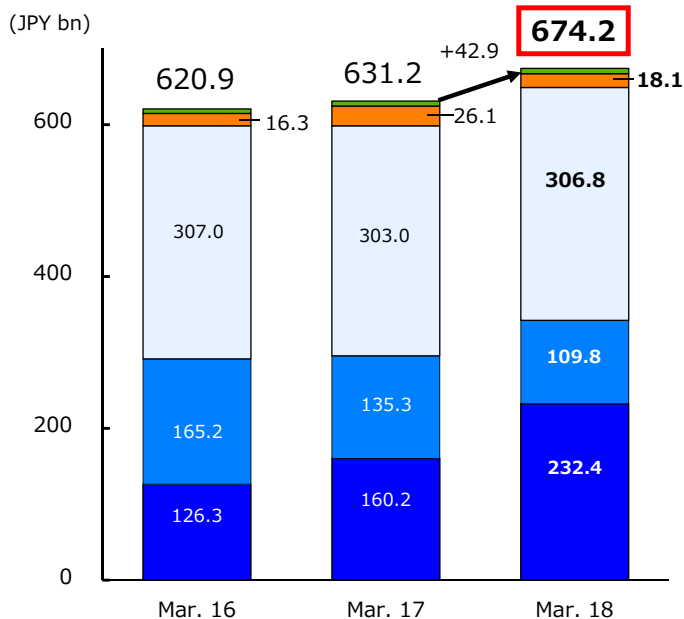
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Operating Performance: Sony Bank (Non-consolidated) (2)

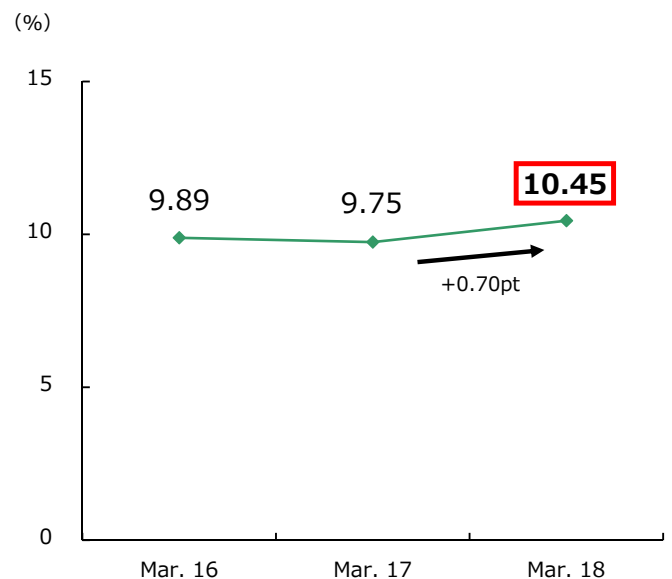


Balance of Securities by Credit Rating

■ AAA □ AA □ A
■ BBB ■ Others



Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



Notes:

1. 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.
2. Capital adequacy ratios has been calculated by applying fundamental internal rating based approach (FIRB) from March 31, 2017.

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Forecast of Consolidated Financial Results for FY2018

Forecast of Consolidated Financial Results for FY2018

Ordinary revenues, ordinary profit and profit attributable to owners of the parent are expected to increase.

(JPY bn)	FY2017 (Actual)	FY2018 (Forecast)	Changes
Ordinary revenues	1,503.6	1,578.0	+4.9%
<u>Life insurance business</u>	1,351.2	1,416.1	+4.8%
<u>Non-life insurance business</u>	110.0	112.3	+2.0%
<u>Banking business</u>	39.9	42.8	+7.2%
Ordinary profit	66.8	83.0	+24.2%
<u>Life insurance business</u>	54.1	70.9	+30.9%
<u>Non-life insurance business</u>	6.5	6.5	(1.1%)
<u>Banking business</u>	7.1	7.0	(2.0%)
Profit attributable to owners of the parent	51.8	55.0	+6.0%

For FY2018, stable business growth is expected to continue in all the businesses.

<Segment information for ordinary revenues and ordinary profit>

■ Life insurance business

We forecast ordinary revenues to increase from FY2017, owing to robust income from insurance premiums.

We also anticipate a year-on-year rise in ordinary profit, stemming from an increase in profit on higher policies in force, a rise in gains on sale of securities, and an improvement in net gains/losses on derivative transactions to hedge market risks for available-for-sale securities.

■ Non-life insurance business

We expect ordinary revenues to increase from FY2017, in line with growth in net premiums written, primarily for automobile insurance. Despite the higher revenues, we believe ordinary profit will be flat year on year, with the loss ratio rising slightly from FY2017, when the ratio was lower than we had anticipated.

■ Banking business

We expect ordinary revenues to rise year on year due to stable business growth stemming from the ongoing steady accumulation of mortgage loans and strengthening of foreign currency business. Although we anticipate a rise in gross operating profit in line with revenue growth, we expect ordinary profit to be flat year on year, as operating expenses rise.

Dividend Forecast for FY2018

Dividend Forecast for FY2018

■ Medium-term Dividend Policy : Unchanged

We aim for steady increases in dividends in line with earnings growth over the medium to long term, while securing sufficient internal reserves to ensure the financial soundness of Group companies and to invest in growth fields. Management will examine earnings growth over the medium to long term by placing more importance on economic value-based profit indicators that are more suitable for valuing the growth of the life insurance business, in addition to statutory profit. Furthermore, management will determine specific dividend amounts for each year by taking into account a comprehensive range of factors surrounding the Sony Financial Group.

■ Dividend results/forecast

Dividends for FY2017 are expected to be ¥60 per share.

For FY2018, considering the business environment, growth of our group and the level of economic value-based profit growth, we forecast dividends of ¥62.5 per share, an increase of ¥2.5 from the planned dividends of ¥60 per share for FY2017.

	FY2014	FY2015	FY2016	FY2017 (Plan)	FY2018 (Forecast)
Dividend per share	¥40.0	¥55.0	¥55.0	¥60.0	¥62.5

Sony Life's Preliminary MCEV and ESR as of March 31, 2018

Please keep in mind that the validity of these calculations has not been verified by outside specialists as of the end of March, 2018.
The calculation of MCEV as of March 31, 2018, in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced on May 21, 2018.
A part of the calculations of MCEV adopted simplified method for that as of December 31, 2017.

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

Sony Life's MCEV

(JPY bn)	Mar. 17	Dec. 17	Mar. 18 ^{*3}	Change from Mar. 17	Change from Dec. 17	
MCEV	1,441.1	1,509.6	1,633.2	+192.1	+123.6	
Adjusted net worth	1,657.7	1,717.1	1,786.1	+128.4	+69.0	
Value of existing business	(216.7)	(207.5)	(152.9)	+63.7	+54.6	
(JPY bn)	FY16.4Q (3M)	FY17.1Q (3M)	FY17.2Q (3M)	FY17.3Q (3M)	FY17.4Q (3M)	FY17.4Q (12M)
New business value	14.1	12.2	17.2	19.9	21.2	70.4
New business margin	3.8%	4.6%	6.4%	6.0%	6.1%	5.8%

◆ Reasons for changes in MCEV

- MCEV as of March 31, 2018 increased ¥123.6 billion from December 31, 2017, due mainly to a revision in the insurance risk measurement method and favorable acquisition of new policies.

◆ New business value/ New business margin

- New business value for FY17.4Q (3M) was ¥21.2 billion due to a favorable acquisition of new policies.
- New business margin for FY17.4Q (3M) increased 0.1pt from December 31, 2017, due mainly to the change of product portfolio, despite a decrease in interest rates in Japanese yen.

Notes:

1. Calculated MCEV as of December 31, 2017 onward by using updated economic assumptions and lapse and surrender rate from March 31, 2017.
2. New business value is calculated accumulating new business value for each month based on economic assumptions at the end of each month. The insurance risk measurement method and others have not changed for new business value and new business margin.
3. The amount as of March 31, 2018 was after a revision in the insurance risk measurement method and others. Please refer to page 48,49 for the details

*Please refer to the appendix page 50 for trend on JGB yields.

(JPY bn)	Mar. 17	Dec. 17	Mar. 18 ^{*3}
Insurance risk ^{*1}	937.5	970.4	497.5
Market-related risk	405.1	352.5	380.6
<i>Of which, interest rate risk ^{*2}</i>	<i>308.9</i>	<i>257.2</i>	<i>275.3</i>
Operational risk	28.1	29.5	31.0
Counter party risk	1.9	2.8	2.6
Variance effect	(392.0)	(383.1)	(182.0)
The risk amount based on economic value	980.6	972.2	729.7
(JPY bn)	Mar. 17	Dec. 17	Mar. 18 ^{*3}
MCEV + Frictional costs	1,476.6	1,539.3	1,655.8
ESR	151%	158%	227%

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. ESR=(MCEV + Frictional costs) / Risk amount based on economic value.

- ◆ **The risk amount based on economic value as of March 31, 2018 amounted to ¥729.7 billion, decreased ¥242.4 billion from December 31, 2017, due mainly to a revision in the insurance risk measurement method and others.**
- ◆ **ESR as of March 31, 2018 was 227%, up 69pt from December, 2017 due to a revision in the insurance risk measurement method and others.**

*1 Risk amount excluding the variance effect within Life module and Health module.

*2 Risk amount excluding the variance effect within market-related risk.

*3 The amount as of March 31, 2018 was after a revision in the insurance risk measurement method and others. Please refer to page 48,49 for the details.

Appendix

Recent Topics 1

AEGON Sony Life Insurance

Launch of sales: December 1, 2009

Common stock: ¥36.9 billion (including capital reserves of ¥18.45 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 (33*) *As of May 14, 2018



SA Reinsurance Ltd

Established: October 29, 2009

Common stock: ¥15.9 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 16% of the amount of new mortgage loans for FY2017

Sony Life accounts for 20% of the balance of mortgage loans as of March 31, 2018

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



Sony Assurance's Auto Insurance Sold by Sony Life

■ Sony Life accounts for 4% of new automobile policies for FY2017

*Sony Life started handling automobile insurance in May 2001.



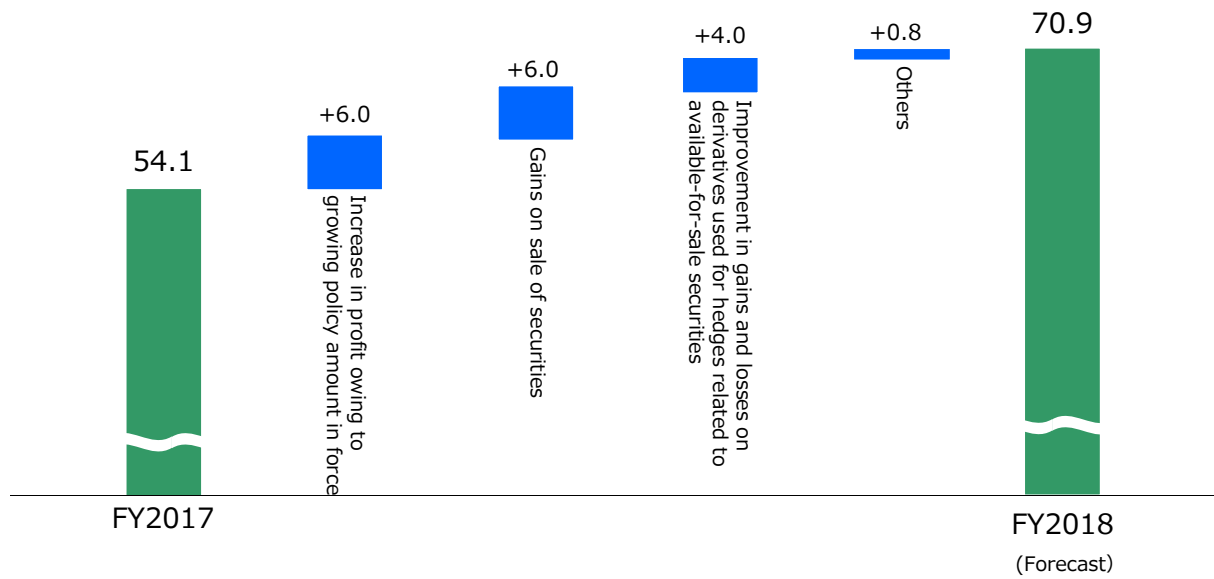
Recent Topics 2

<Highlights on and after FY17>

- 2017-04-02 Sony Life commenced sale of new product: "Living Benefit Decreasing Term Life Insurance (Living Standard Type / Non-Participating Type)"
- 2017-05-01 Sony Lifecare Group opened the nursing care home "SONARE Urawa" in Saitama Prefecture
- 2017-06-21 Sony Bank changed its President, Representative Director
- 2017-06-28 Sony Financial Holdings, Sony Life, Sony Assurance and Sony Bank has formulated and disclosed "Customer-First Business Operation Policy"
- 2017-07-10 Sony Lifecare converted Yuuai Holdings Co., Ltd. to a wholly owned subsidiary (Yuuai Holding changed its corporate name to Proud Life Inc. on Aug. 1, 2017)
- 2017-08-08 Sony Bank began providing cloudfunding platform "Sony Bank GATE"
- 2017-08-10 Sony Life established a joint venture, Sony Life Financial Advisors Pte. Ltd., with Starts Securities Co., Ltd. in Singapore
- 2017-09-01 Sony Bank opened "CONCULTING PLAZA" in Ginza, Tokyo
- 2017-10-02 Sony Life commenced sale of new product: "U.S. Dollar-Denominated Single Premium Whole Life Insurance (Non-Notification Type)" and "U.S. Dollar-Denominated Living Benefit Whole Life Insurance (Living Standard Type)"
- 2017-10-05 Sony Assurance began offering a web-based insurance claims service, allowing policyholders to make medical insurance claims via its website
- 2017-10-09 Sony Bank began issuing "Takashimaya Platinum Debit Card" and recruiting its members through an alliance with Takashimaya Co., Ltd. and Takashimaya Credit Co., Ltd.
- 2017-11-01 Sony Assurance expanded its "Secom accident on-site rush service" for automobile insurance policyholders
- 2017-11-29 Sony Financial Holdings issued ¥10 billion of No.3 unsecured corporate bonds
- 2017-12-01 Sony Assurance promote tie-up with auto repair shops which were certificated by TÜV Rheinland Japan Ltd.
- 2017-12-14 Sony Bank began offering "WealthNavi for Sony Bank" an automated asset investment service, in collaboration with WealthNavi Inc.
- 2017-12-18 Sony Bank relocated its headquarter in Chiyoda-ku, Tokyo
- 2018-01-09 Sony Life announced revisions to its insurance premium rates on certain term life insurance products within individual life insurance, in line with April 2018 revisions to the Standard Mortality Table
- 2018-04-01 Sony Assurance began offering ASV (Advanced Safety Vehicles) discounts for its automobile insurance commencing on or after Apr. 1, 2018
- 2018-05-02 Sony Life announced sale of new product "Medical Benefit" and "Medical Benefit Return" from July 2, 2018

Analysis on Ordinary Profit for Life Insurance Business

(JPY bn)

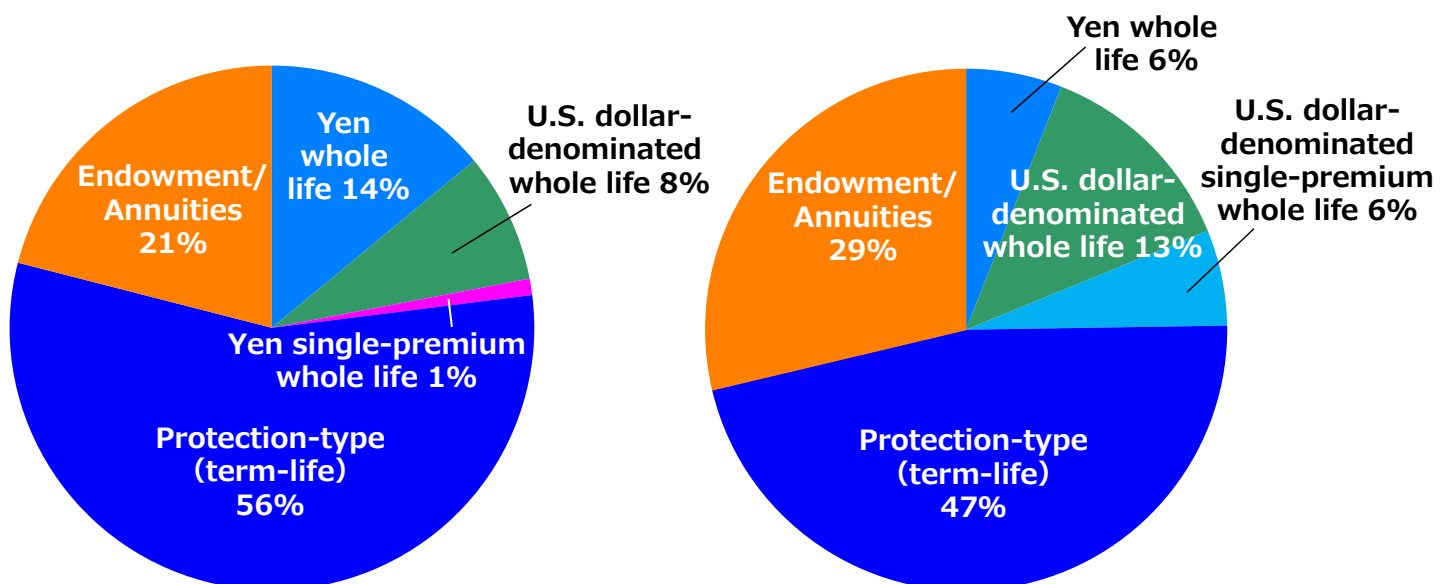


Sony Life's Product Portfolio

Annualized Premiums from New Policies by Product

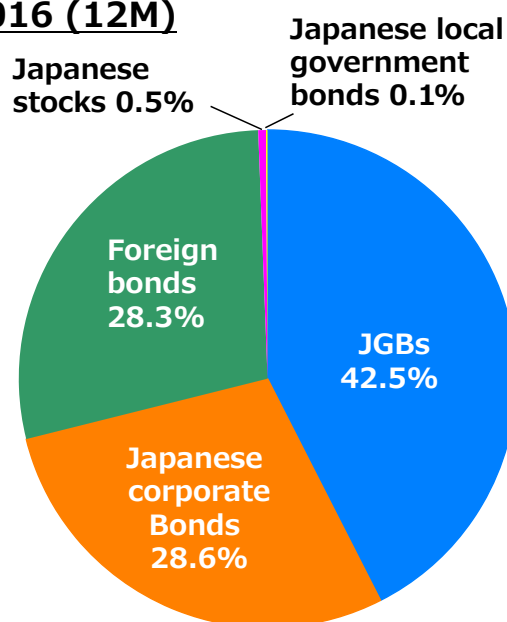
FY2016 (12M) ¥78.1 billion

FY2017 (12M) ¥73.0 billion

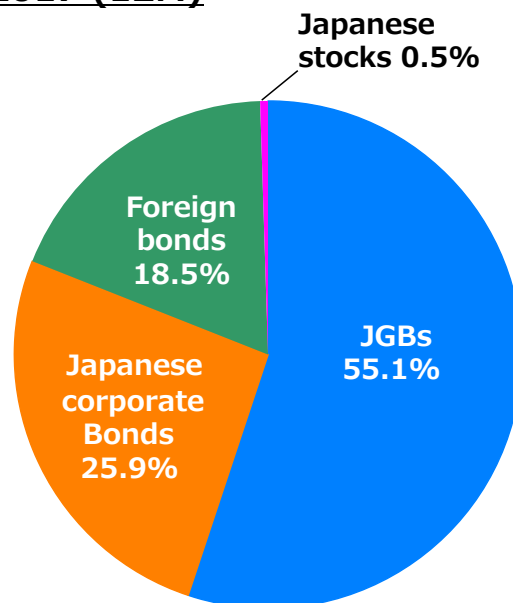


Purchase Securities in the General Account

FY2016 (12M)



FY2017 (12M)



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)

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. 16			Mar. 17			Mar. 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	5,383.9	7,410.1	2,026.2	6,068.6	7,514.2	1,445.5	6,467.9	8,050.6	1,582.6
Policy reserve matching bonds	251.2	292.5	41.3	277.3	303.3	25.9	401.9	436.8	34.8
Available-for-sale securities	887.9	1,091.6	203.6	896.5	1,069.9	173.3	921.9	1,091.1	169.1
Japanese bonds (including JGBs)	854.3	1,040.3	186.0	852.6	1,013.3	160.7	847.0	1,002.1	155.0
Japanese stocks	13.6	25.6	12.0	13.6	27.0	13.3	13.6	30.6	16.9
Foreign securities	19.8	25.2	5.4	30.0	29.1	(0.8)	61.0	58.1	(2.9)
Other securities	0.1	0.3	0.1	0.1	0.3	0.1	0.1	0.2	0.1
Total	6,523.1	8,794.3	2,271.1	7,242.5	8,887.5	1,644.9	7,791.9	9,578.6	1,786.7

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

Valuation gains (losses) on trading-purpose securities

(JPY bn)

Mar. 16		Mar. 17		Mar. 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
2.2	0.1	2.0	(0.1)	—	(0.0)

Sony Life's Interest Income and Dividends (Details)

(JPY mn)	FY2016	FY2017	Change
Cash and deposits	0	0	+681.5%
Japanese bonds (including JGBs)	121,103	125,271	+3.4%
Japanese stocks	527	566	+7.4%
Foreign securities	8,886	13,975	+57.3%
Other securities	255	621	+143.6%
Loans	6,377	6,610	+3.7%
Real estate	10,869	10,285	(5.4%)
Others	265	395	+49.0%
Total	148,284	157,727	+6.4%

Sony Life's Capital Gains/Losses

(JPY mn)	FY2016	FY2017
Capital losses	32,276	27,357
Losses on trading securities, net	–	8
Losses on sale of securities… (3)	–	0
Losses on derivatives, net	30,050	11,403
Losses on hedges of variable life insurance…(1)	15,666	8,424
Losses on hedges of available-for-sale securities… (2)	2,460	4,350
Losses on dollar-denominated insurance…(4)	12,010	(2,004)
Foreign exchange losses, net	–	15,280
Losses on dollar-denominated insurance (foreign exchange losses in separate accounting) …(4)	–	15,465
Other capital losses	2,226	664
Losses on dollar-denominated insurance (the provision of policy reserves for foreign exchange fluctuations) …(4)	1,560	–

(JPY mn)	FY2016	FY2017
Capital gains	16,114	9,894
Income from trading securities, net	134	–
Gains on sale of securities…(3)	1,308	0
Gains on derivatives, net	–	–
Foreign exchange gains, net	14,670	–
Gains on dollar-denominated insurance (foreign exchange gains in separate accounting) …(4)	12,389	–
Gains (losses) on sale of foreign bonds	2,375	–
Other capital gains	–	9,894
Gains on dollar-denominated insurance (the reversal of policy reserves for foreign exchange fluctuations)	–	9,894
Net capital gains (losses)	(16,162)	(17,463)

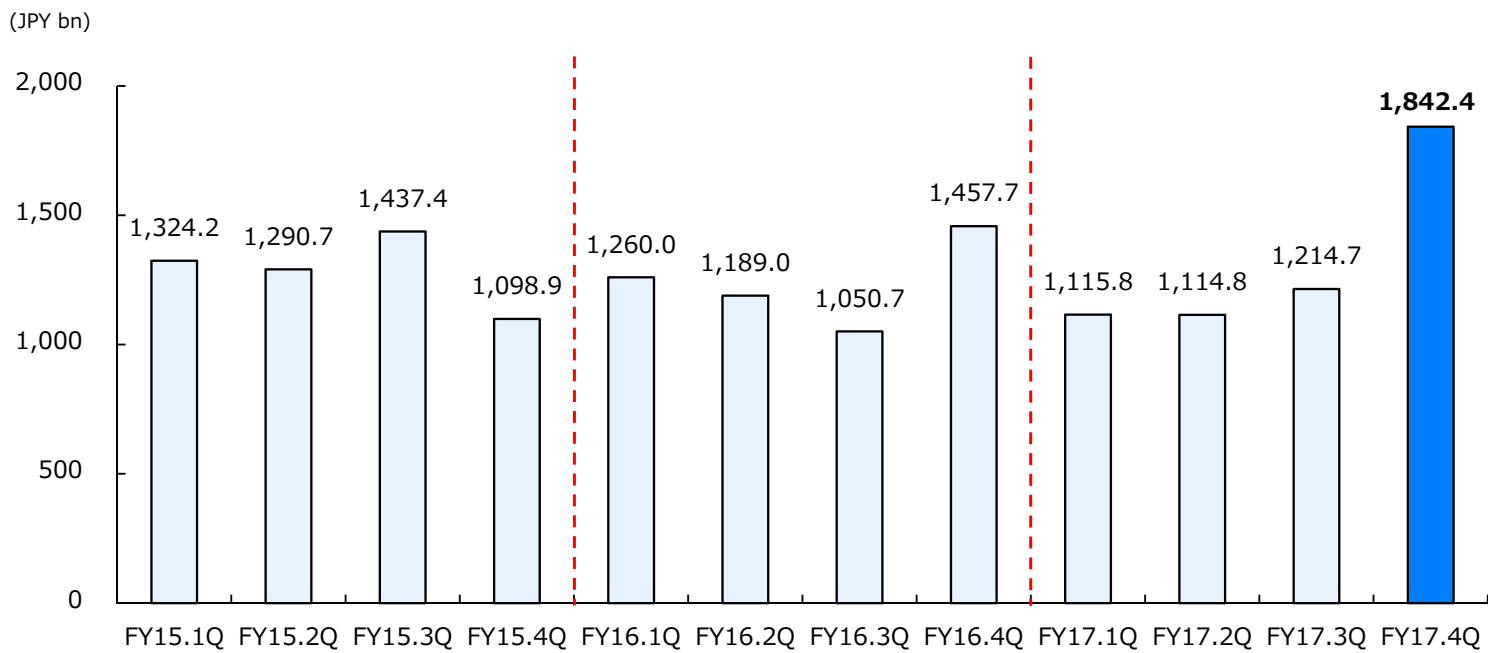
Note: The figures of income (losses) from trading securities, net, gains (losses) on derivatives and foreign exchange gains (losses), net were recorded after offsetting gains and losses of each item.

(JPY mn)	FY2016	FY2017
(1) Gains (Losses) on hedges of variable life insurance	(15,666)	(8,424)
(2) Gains (losses) on hedges of available-for-sale securities	(2,460)	(4,350)
(3) Gains (losses) on sale of securities	1,308	0
(4) Gains (losses) on dollar-denominated insurance	(1,181)	(3,566)

(JPY mn)	FY2016	FY2017
The total amount of gains (losses) on sale of securities and gains (losses) on sale of foreign bonds	3,683	0

Sony Life's Quarterly Trend on New Policy Amount

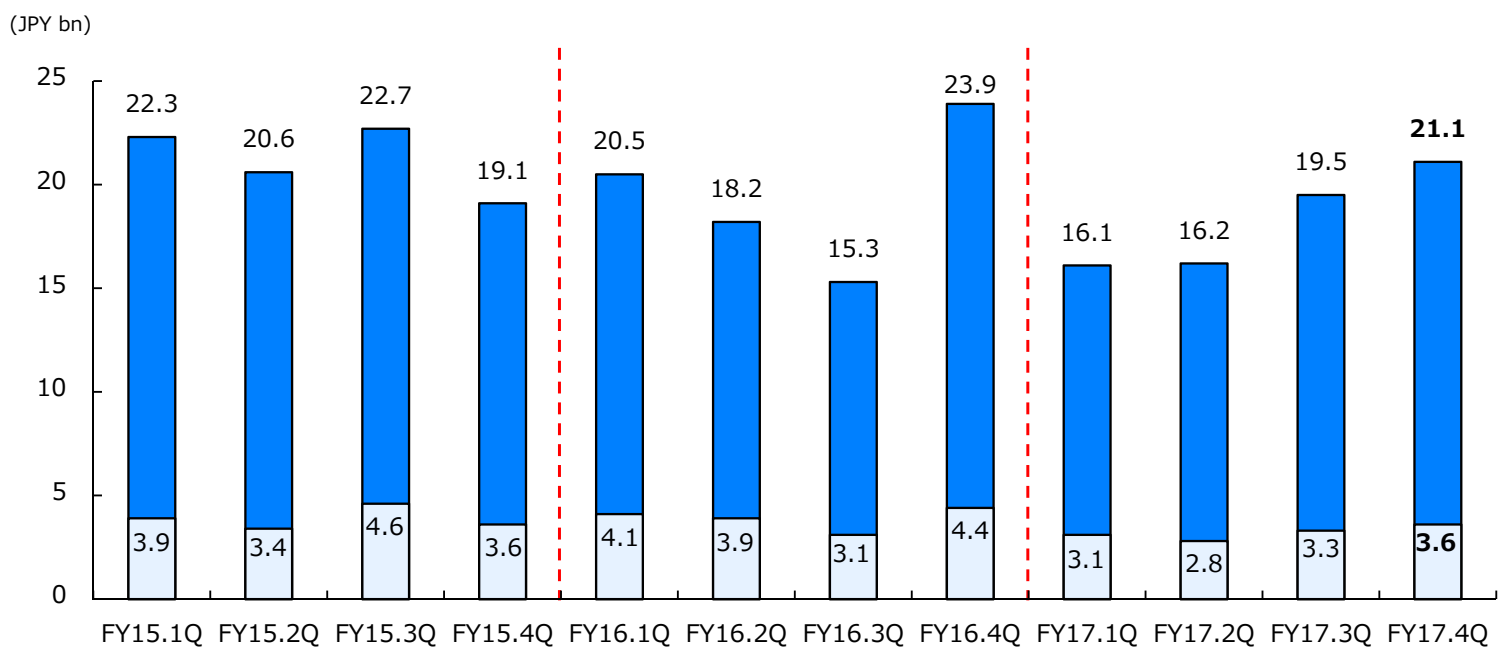
Quarterly Trend on New Policy Amount



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

Quarterly Trend on Annualized Premiums from New Policies

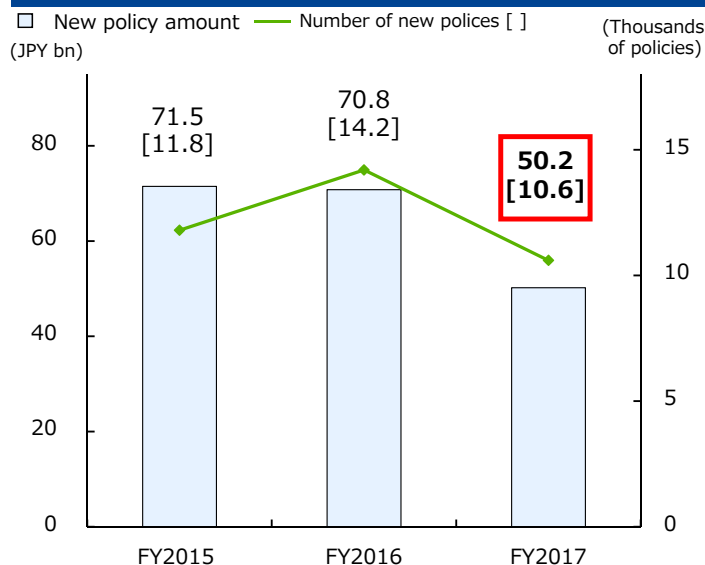
■ Annualized premiums from new policies □ Of which, third-sector



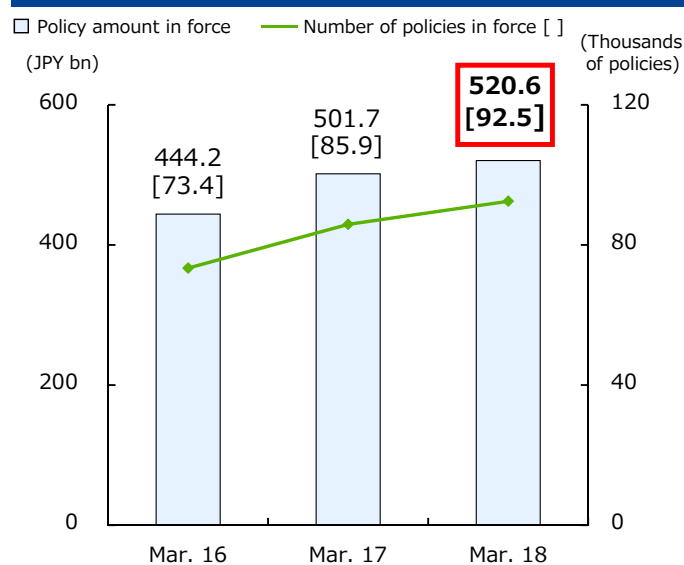
Operating Performance : AEGON Sony Life Insurance

◆ 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)	FY2016	FY2017	Change
AEGON Sony Life Insurance	(4.4)	(4.3)	+0.1
SA Reinsurance	(2.6)	(0.2)	+2.3

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.

Revision in Sony Life's Method of Measuring Insurance Risk and others

◆ About the method measuring insurance risk

- From the time it began disclosing MCEV up until the present, from the perspective of transparency and comparability Sony Life has employed a measurement method based on the EU Solvency II standard, which is a leader in capital requirements based on economic value.
- During this time, the industry has deliberated risk measurement methods and internal models. Also, Sony Life has accumulated its own experiential data related to insurance risk, as well as knowledge about this risk in relation to its internal model. As a result, the internal model has grown more sophisticated.
- For these reasons, as of March 31, 2018, Sony Life changed its method of measuring insurance risk to employ an internal model that reflects the company's own risk characteristics.

◆ About the cost of capital rate

- We have set a cost of capital rate conforming to an MCEV framework that takes market data into consideration. Taking the status of recent market data and trends into consideration, as of March 31, 2018, we revised the cost of capital rate for measuring MCEV as of March 31, 2018 (increasing the rate from 2.5% to 3.0%).

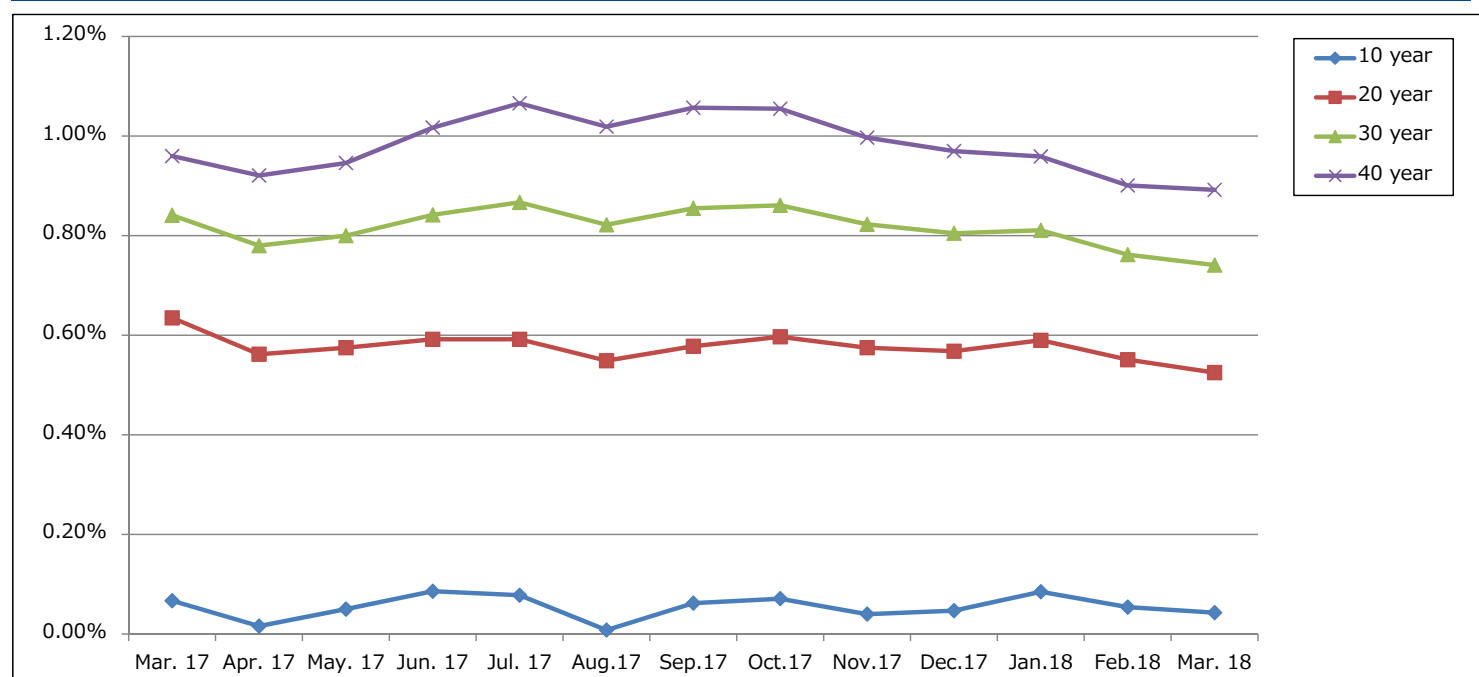
The following page shows the impact of these changes on MCEV and ESR and others as of March 31, 2018.

Amount of Impact led by Revision in Sony Life's Method of Measuring Insurance Risk and others

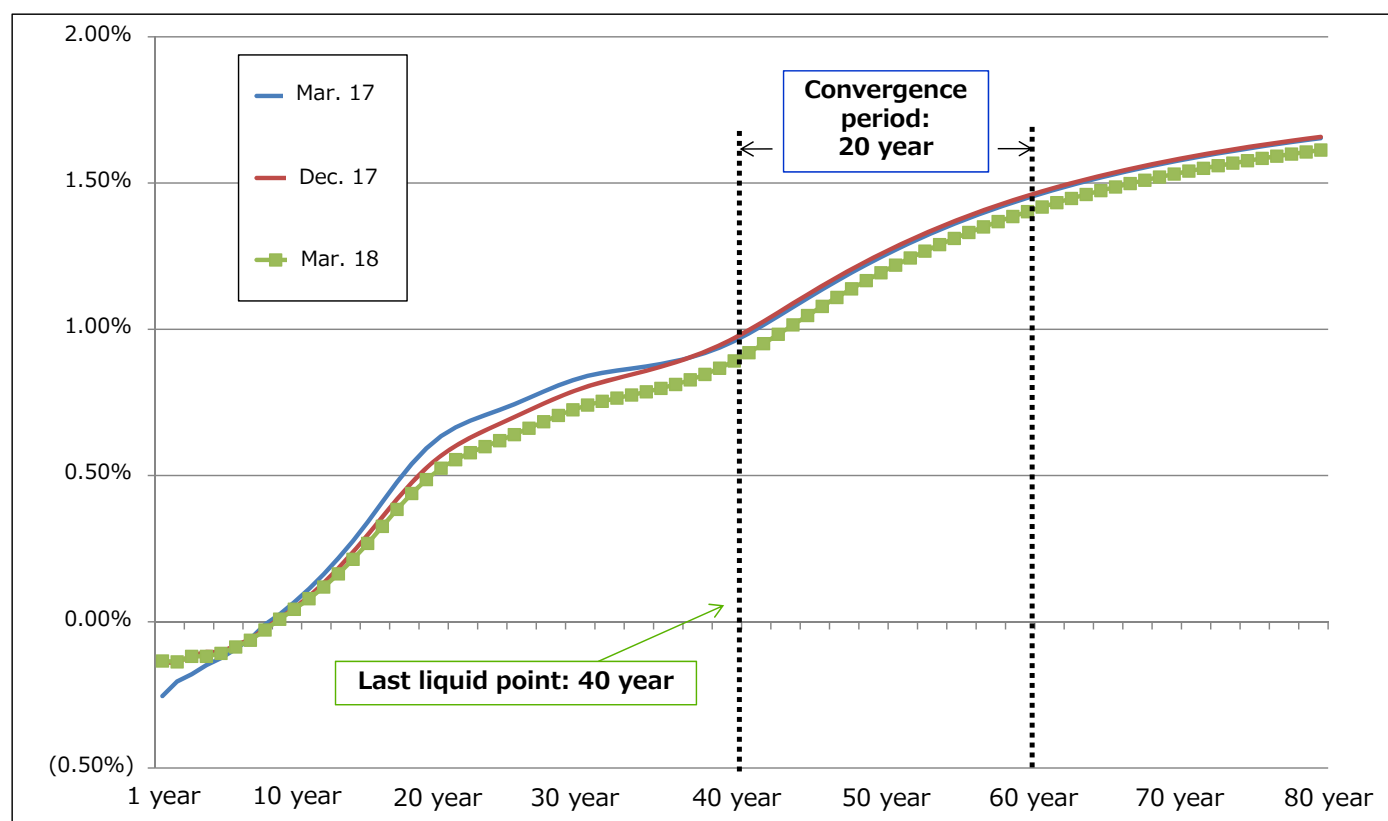
March 31, 2018 (JPY bn)	Before revision	After revision	The amount of impact
MCEV	1,536.5	1,633.2	+96.6
Insurance risk	987.9	497.5	(490.4)
Market-related risk	380.6	380.6	—
Operational risk	31.0	31.0	—
Counter party risk	2.6	2.6	—
Variance effect	(397.1)	(182.0)	+215.1
The risk amount based on economic value	1,005.0	729.7	(275.3)
MCEV + Frictional costs	1,569.3	1,655.8	+86.5
ESR	156%	227%	+71pt

- ◆ Of the MCEV impact of +¥96.6 billion, changes in capital cost rates had an impact on MCEV of negative ¥53.0 billion.
- ◆ New business value reflects such factors as a revision in the insurance risk measurement method and others from FY2018. The impact on the new business margin for new policies in FY2017 if the revised insurance risk measurement method were reflected would be +0.7 pt.

Trend on JGB Yields (Par rate)



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

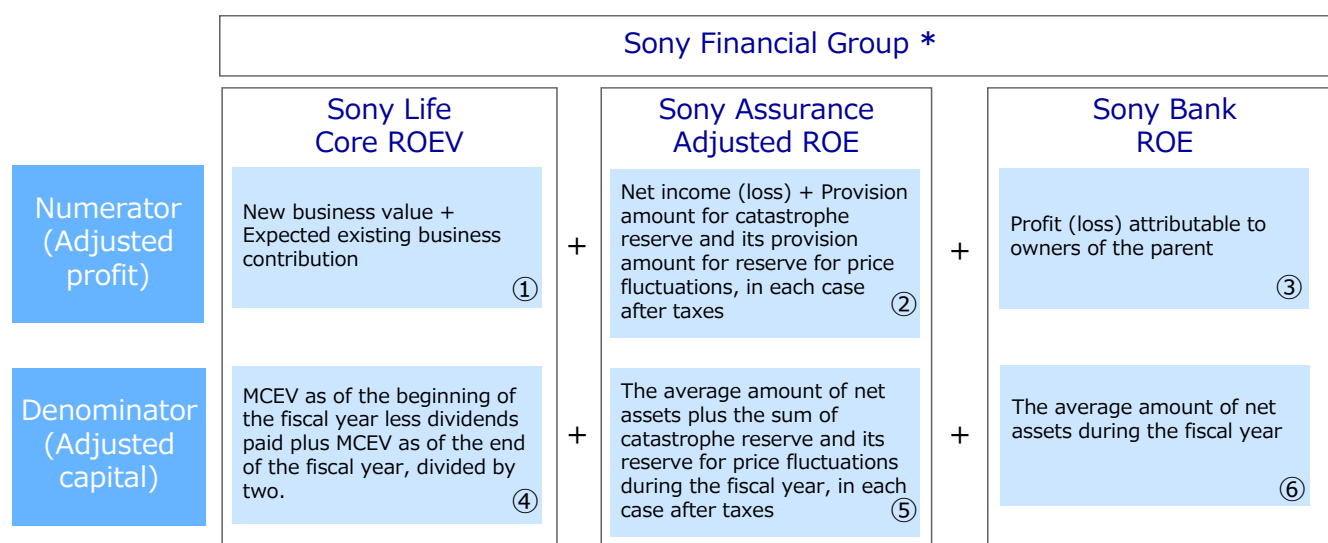


*For above risk-free rate, we employ the Smith-Wilson method for extrapolation so that the 60-year forward rate will coverage on the UFR (3.5%).

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.



*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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