



Sony Financial Group Corporate Strategy Meeting for Fiscal Year 2017

Sony Financial Holdings Inc.
May 31, 2017

Sony Financial Group

Review of Progress on the Medium-term Plan (Consolidated) for FY16-18
Market Overview and Medium-term Issues
Priority Measures and Issues for Group Companies in FY17

Business Strategies of Each Group Company

Sony Life
Sony Assurance
Sony Bank
Sony Lifecare

Sony Financial Group

Changes in Medium-term Dividend Policy and others

*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded.

* "Lifeplanner" is a registered trademark of Sony Life.

Key Messages in the Medium-term Plan for FY16–18

(Text in blue indicates additions or changes from last fiscal year's medium-term plan for FY16–18.)

Respond to the
ultralow interest rate
environment

- ◆ We will respond expeditiously to improve profitability (particularly in the life insurance business).

Achieve ongoing
growth for the Group
as a whole

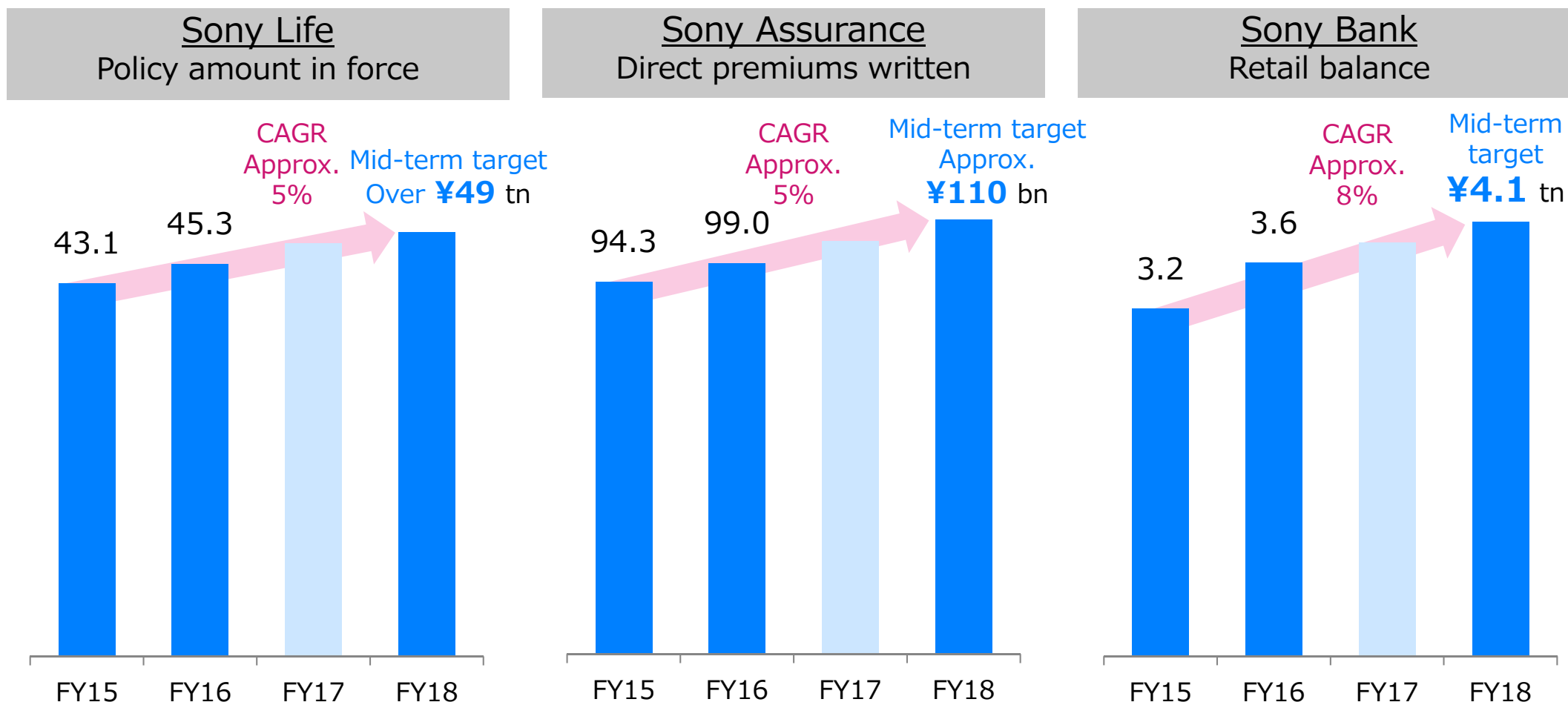
- ◆ We will reinforce our provision of high-quality, highly convenient services, and continue expanding our business operations by strengthening our competitive edge.
- ◆ While monitoring operating expenses closely, we will confidently make up-front investments aimed for future growth.
- ◆ We will engage steadily in initiatives targeting new business fields and new services. At the same time, we will utilize technologies that contribute to increases in customer value.
- ◆ We have introduced an ERM framework into Group management, and are strengthening our management platform with a view to improve Group profitability and capital efficiency.

Capital policies,
shareholder returns

- ◆ Based on the assumption that we will maintain financial soundness in each of our businesses, we will aim for steady increases in dividends in line with earnings growth over the medium to long term.
- ◆ We will change our medium-term dividend policy in line with growth in the Group's business operations. (When determining dividends, we will place importance on profit indicators based on economic value.)

Review of Progress on the Medium-term Plan (Consolidated) for FY16–18

- ◆ While expeditiously introducing measures to improve profitability in the ultralow interest rate environment, each of the Group's three core businesses expanded their operations, essentially in line with our medium-term plan.

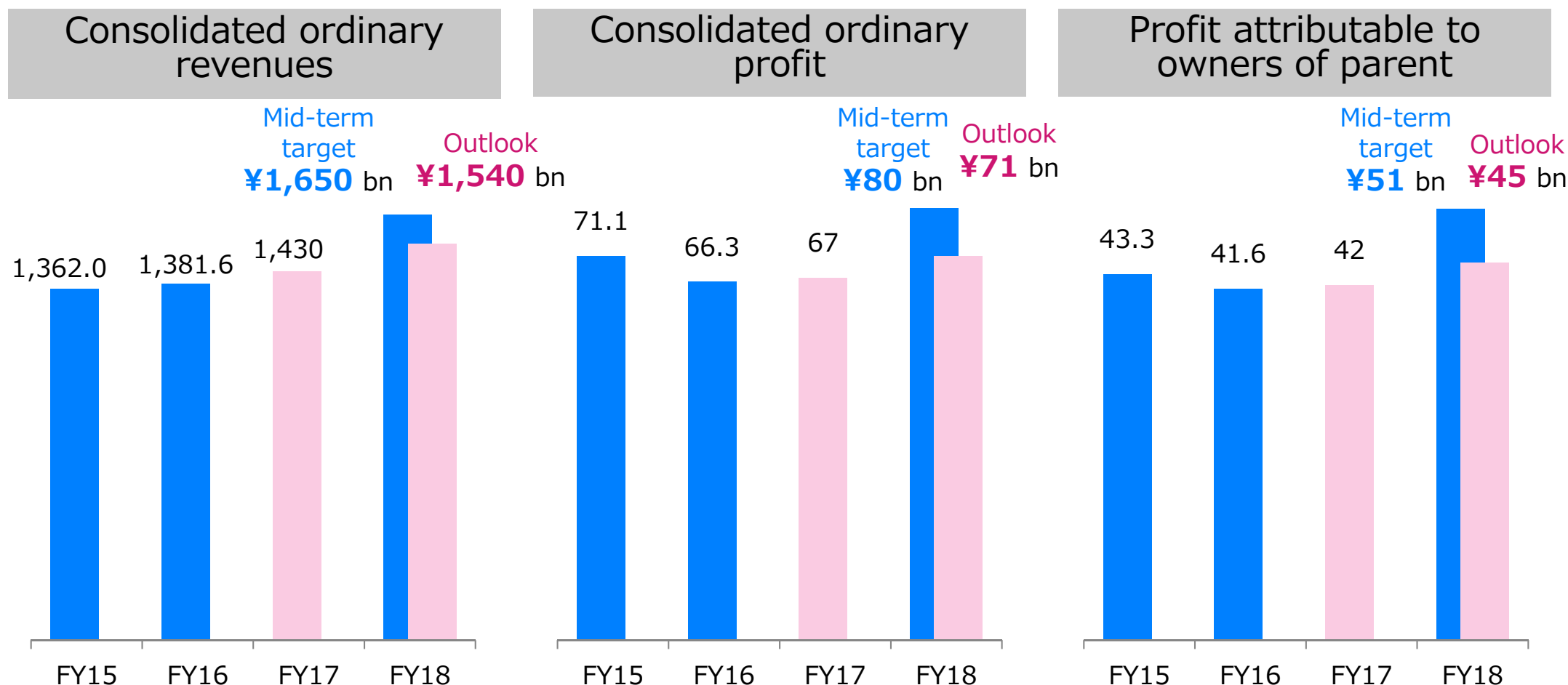


<Summary of business conditions in FY16 by Group company>

Sony Life	<ul style="list-style-type: none">◆ The company ensured profitability by making expeditious product revisions and shifting toward such products as US dollar-denominated insurance and term life insurance.◆ The company achieved performance on a par with the previous year, with new policy amount reaching a record high. Recruiting of Lifeplanner sales employees significantly outpaced plans, accelerating the expansion of the company's sales base.
Sony Assurance	<ul style="list-style-type: none">◆ In automobile insurance, the company increased the discount for customers who conclude contracts on line and achieved a smooth transition of contracts from former American Home Assurance policyholders.◆ In January 2017, the company began offering "ZiPPi" medical insurance to indemnify hospital inpatient expenses, expanding offerings outside automobile insurance.
Sony Bank	<ul style="list-style-type: none">◆ Mortgage loans substantially outpaced plans, as the company responded to re-borrowing demand. Sony Bank WALLET continued to perform favorably.
Sony Lifecare	<ul style="list-style-type: none">◆ The company opened its first home, "SONARE Soshigaya-Okura", in April 2016, and the second, "SONARE Urawa", in May 2017.◆ The company put in place management systems for Yuuai Holdings and announced its conversion to a subsidiary in April 2017.

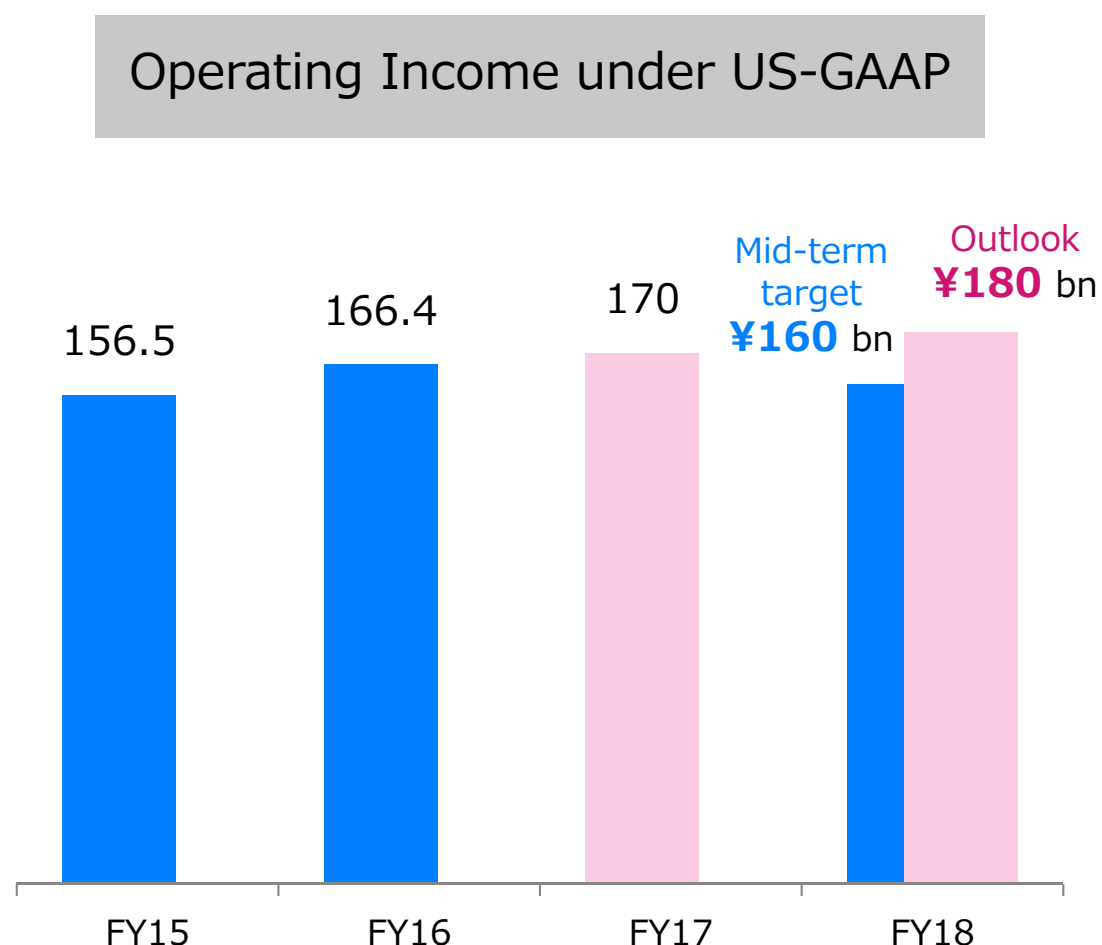
Review of Progress on the Medium-term Plan (Consolidated) for FY16–18

- ◆ Consolidated financial results for FY16 based on statutory accounting were below our initial forecasts.
- ◆ Statutory profit is also expected to be below our medium-term targets for FY18, due to the impact of revision in the standard yields used for calculating policy reserves and anticipated acceleration in new policy acquisition in the life insurance business.



Operating Income under US-GAAP [Reference]

- ◆ Partly due to the impact of improved market conditions, FY16 Group operating income under US-GAAP substantially surpassed our initial forecast.
- ◆ Our FY18 operating income is also expected to outpace our Medium-term target.

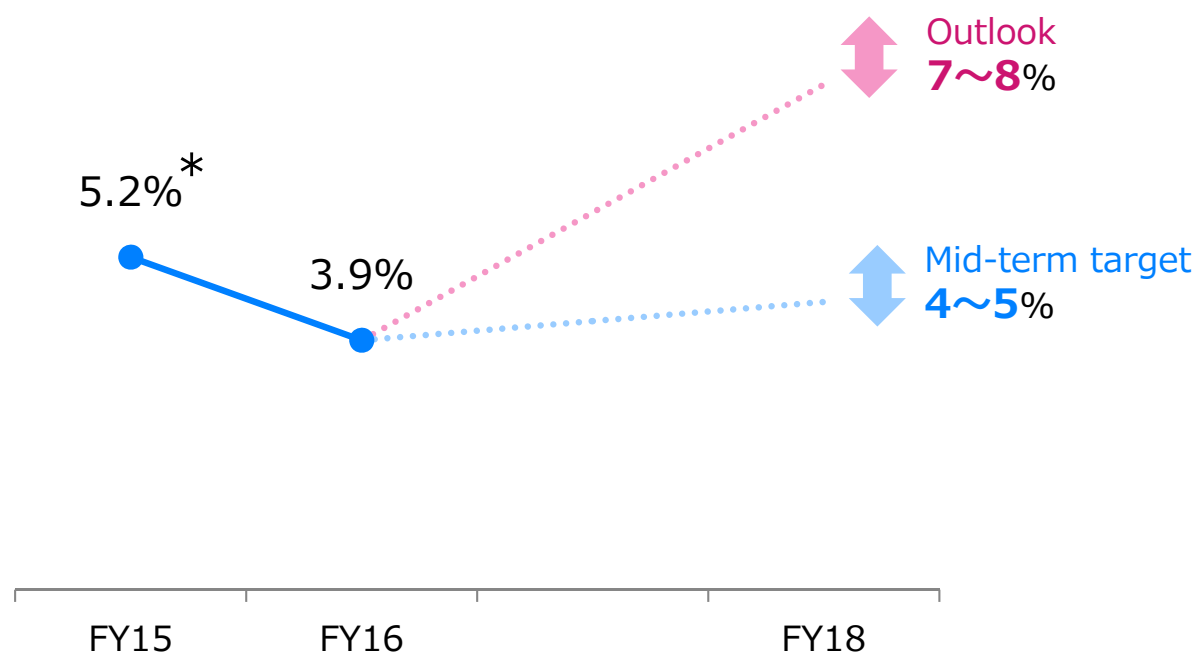


- ◆ SFH's parent company, Sony Corporation, presents its consolidated financial statements in accordance with U.S. GAAP. The financial information for the Sony Group's Financial Services segment, which includes the Sony Financial Group, is presented in accordance with U.S. GAAP. Although the Sony Financial Group constitutes the majority of the Sony Group's Financial Services segment, our Group presents its consolidated financial statements in accordance with Japanese GAAP. Please see page 64 for an explanation of the primary discrepancies and differences in scope between U.S. and Japanese accounting practices.

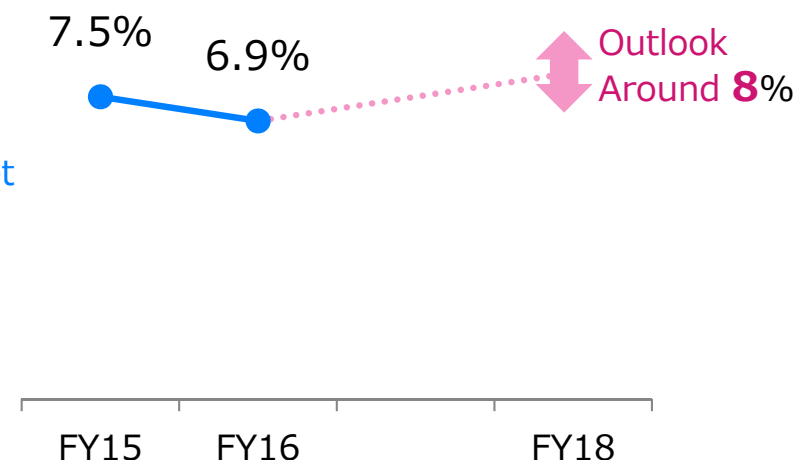
Consolidated Adjusted ROE

- ◆ We anticipate an improvement in consolidated adjusted ROE in FY18, as Sony Life's profit on the basis of economic value is expected to grow beyond our medium-term target.

Consolidated Adjusted ROE

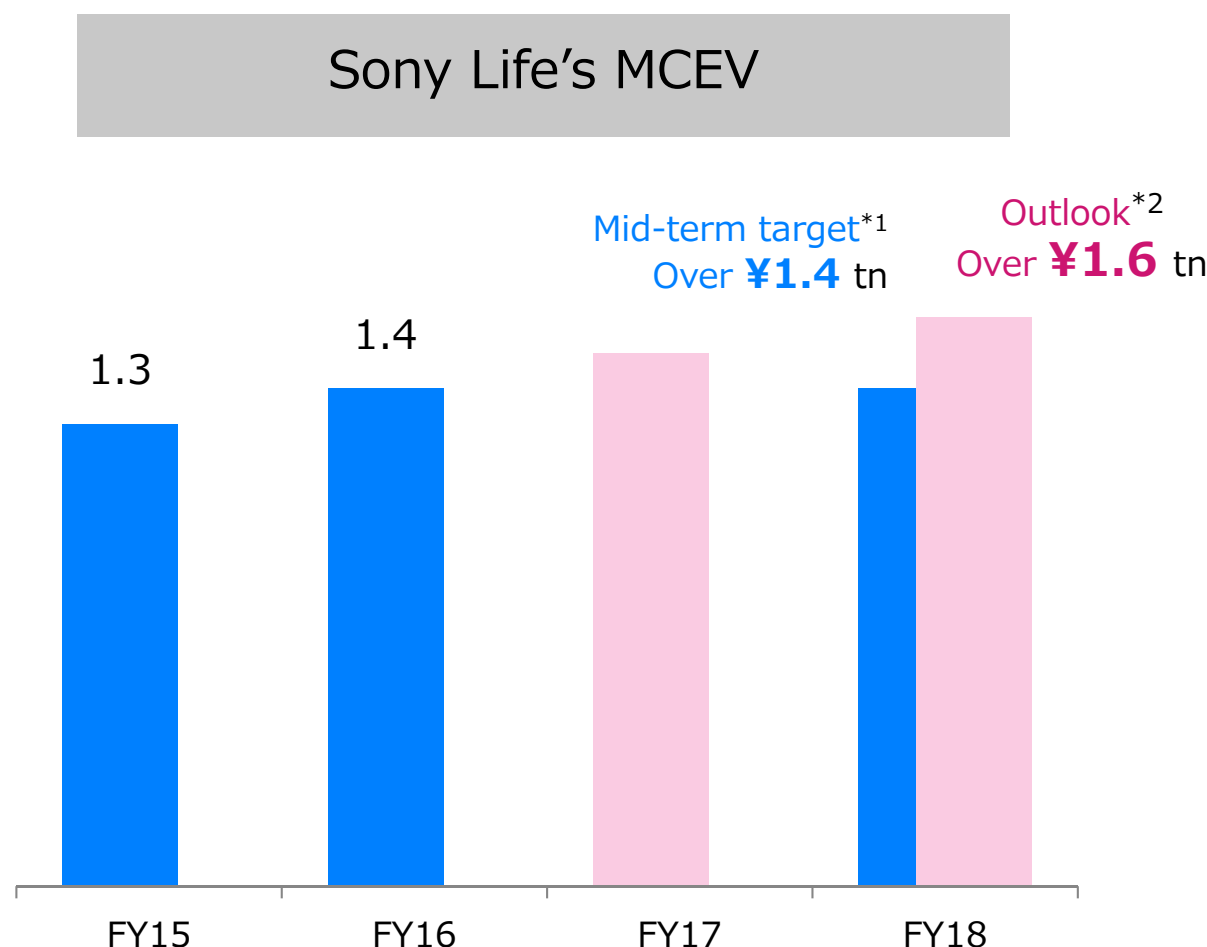


Consolidated ROE (Statutory accounting basis)



* From FY16, we have revised the calculation of consolidated adjusted ROE, changing Sony Life's method of calculating adjusted profit to the total of new business value plus expected existing business contribution. Furthermore, from FY16 Sony Life's MCEV is calculated by using the ultimate forward rate (UFR). Consolidated adjusted ROE for FY15 has been recalculated to reflect these changes. (However, simplified calculation of Sony Life's core ROEV has been used in some places.) See page 62 for details.

- ◆ MCEV increased in FY16, due to business expansion and improved market conditions.
- ◆ The figure is also expected to substantially exceed our FY18 Medium-term target of more than ¥1.4 trillion.



*1 Interest rate levels as of March 31, 2016. The medium-term target was revaluated in line with the adoption of UFR for calculating MCEV in the first quarter of FY16

*2 Forecast based on interest rate levels as of March 31, 2017

- ◆ We expect the market environment to continue staying stringent as we move toward FY18.
- ◆ Even taking these changes in the medium- to long-term environment into account, our medium-term policy has been unchanged in our effort to continuously grow through business expansion based on the provision of high-quality services from a customer perspective.

<Medium- to long-term market overview>

Economic environment

- Continued ultralow interest rates
- Growing geopolitical risk

Regulatory environment

- Revisions in the standard yields used for calculating policy reserves and in standard life tables
- Reduction in the reference-loss-cost rates

Social environment

- Reinforcement of fiduciary duty
- Continued falling birthrate and aging society
- Widening income gap
- Uncertainty about social security systems

Technological innovation

- Advances in AI and self-driving technologies
- Sophistication and application of Fintech

Priority Measures and Issues for Group Companies in FY17

Sony Life

- ◆ In the Lifeplanner channel, the company will aim for steady growth by accelerating expansion and by maintaining or increasing productivity. In the independent agency channel, the company will expand businesses of large corporate agencies and of agencies with close ties to their local community.
- ◆ Revisions in the standard yields used for calculating policy reserves and accelerated business expansion will put downward pressure on profits based on statutory accounting, but we expect MCEV to outpace our medium-term target.

Sony Assurance

- ◆ In automobile insurance, the company will work to achieve further growth by pursuing initiatives to reinforce product strength, enhancing customer satisfaction and employing advanced technologies.
- ◆ The company will also work to expand its operations in insurance categories other than automobile insurance.

Sony Bank

- ◆ By leveraging Sony Bank WALLET, the company will pursue measures aimed at positioning itself as the bank that easily deals with foreign currency transactions. The company will expand its customer base by forming alliances with other companies in the foreign currency and mortgage loan businesses.
- ◆ The company will seek to realize higher profitability through business expansion.

Sony Lifecare

- ◆ The company will work to establish the SONARE brand and open new homes to realize its "Life Focus" concept.
- ◆ The company aims to expand its scale by converting Yuuai Holdings to a subsidiary and improve management efficiency from a Group perspective.



Sony Life

Lifepanner Channel
Expansion in the
number of sales
personnel to drive
stable growth

- ◆ Enhancing recruitment process and initial training
- ◆ Further strengthening the provision of value (corporate market/"Karte" customer database)

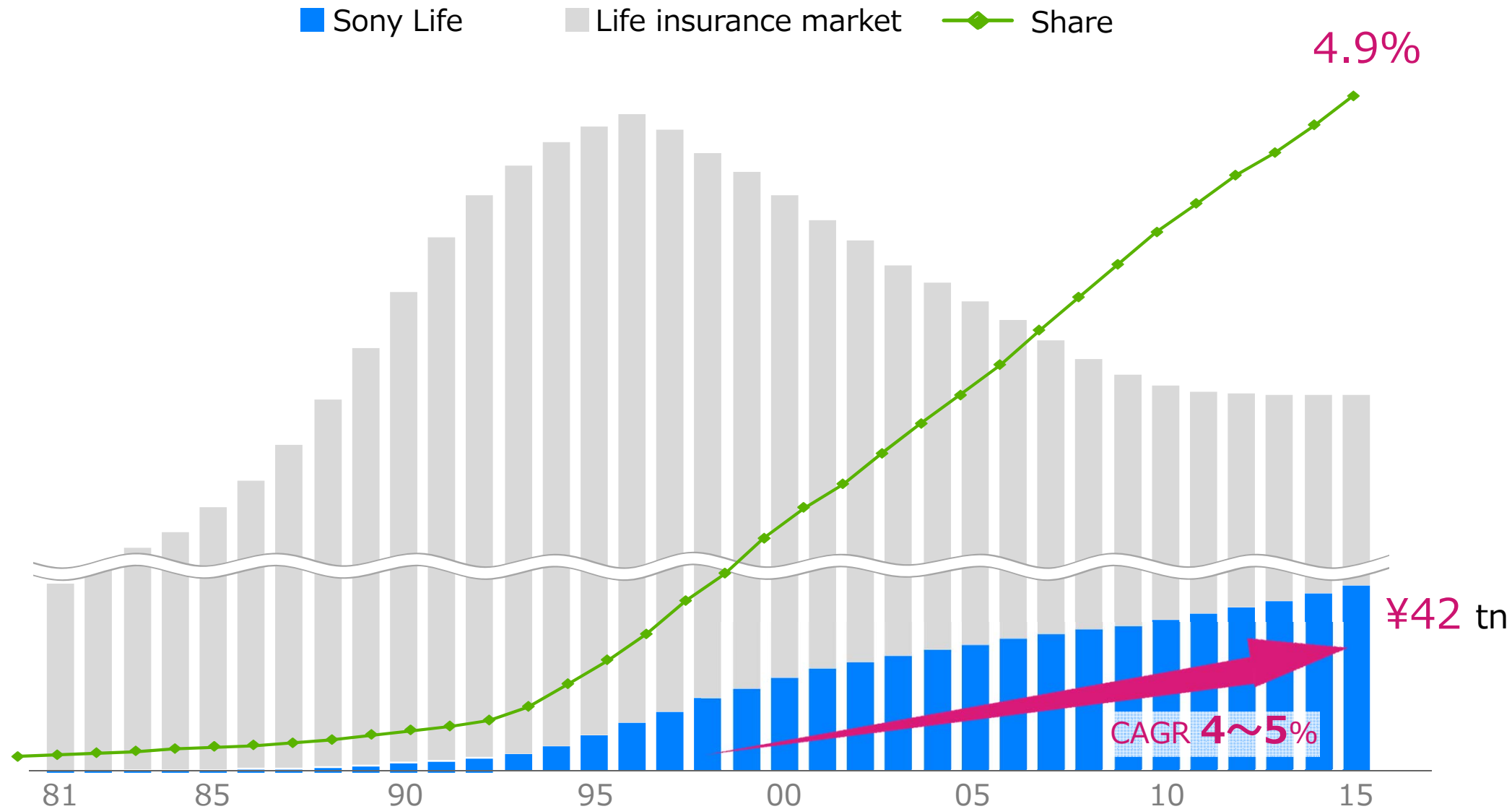
Independent Agency
Channel
Realize growth

- ◆ Achieving steady business growth in large corporate independent agencies
- ◆ Expanding independent agencies with close ties to their local community through establishing solid structure of sales operation

Solid growth of
corporate value

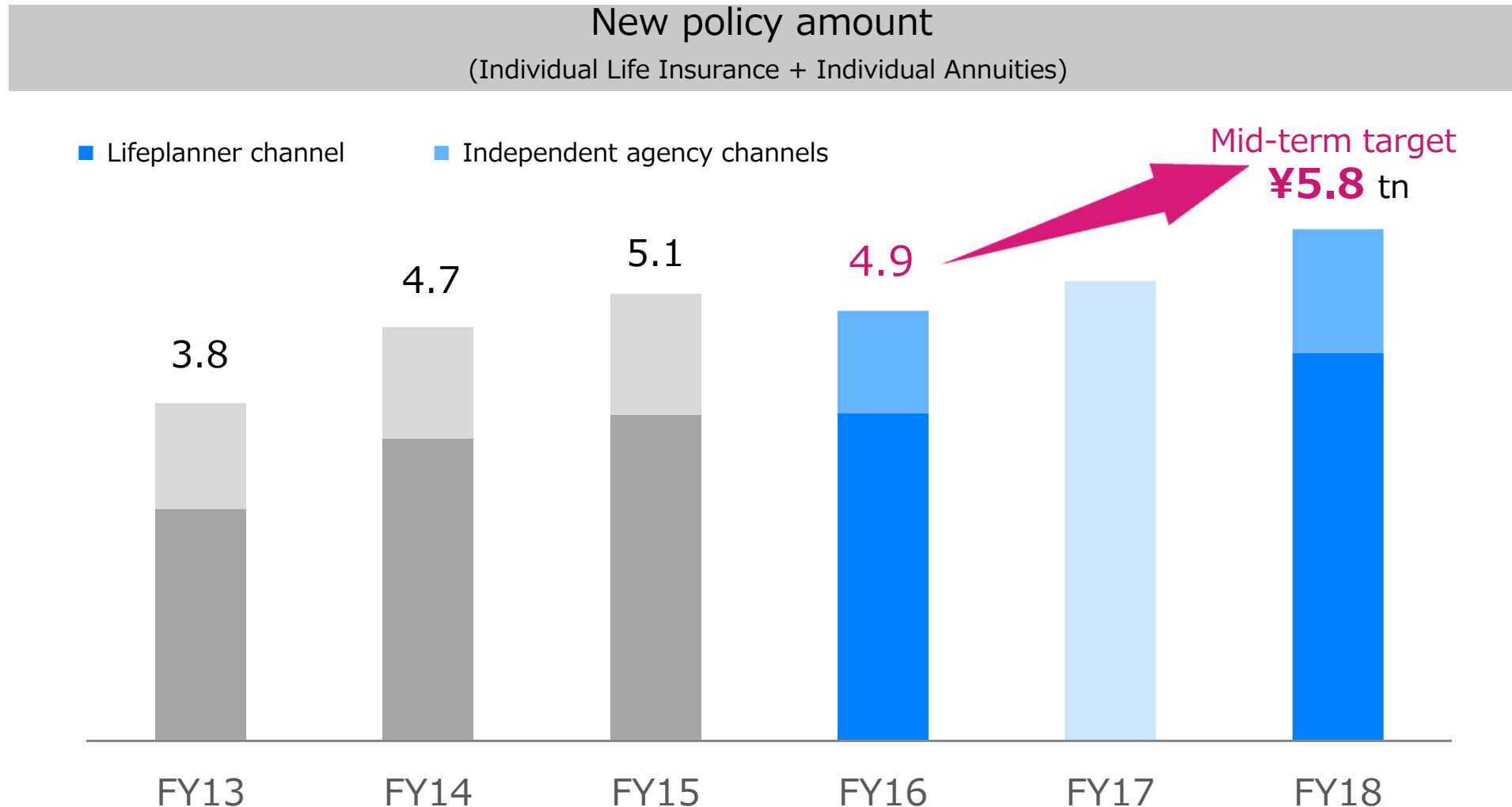
- ◆ Realizing profit growth exceeding medium-term targets based on economic value

Trend of year-end policy amount in force (Individual insurance)



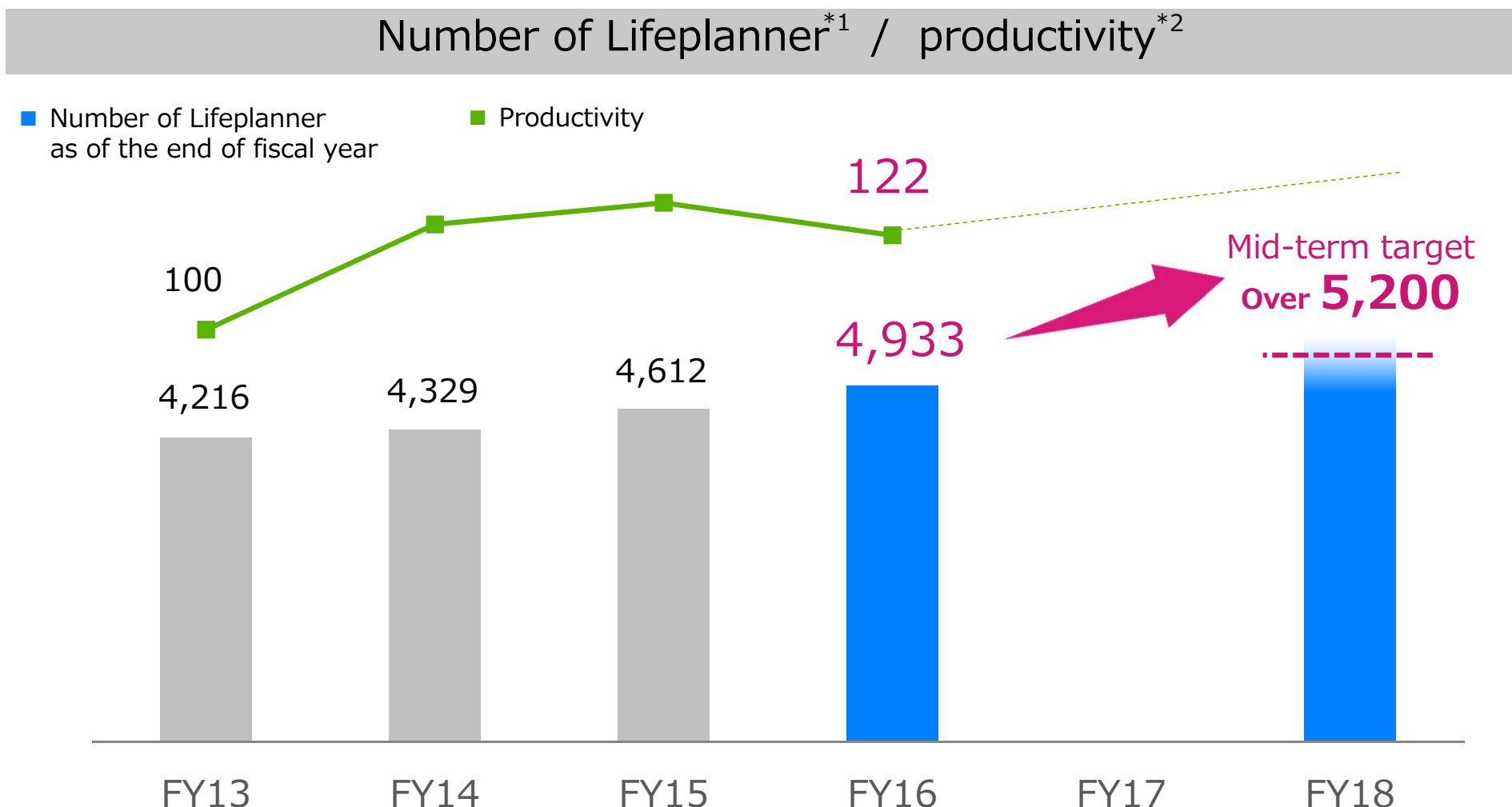
Expansion of New Policies

- ◆ Maintain high level of new policies on a par with the historical high in the previous year despite the challenging ultralow interest rate environment
- ◆ Further accelerate growth of new policies aimed at achieving medium-term targets



Expansion in the Number of Sales Personnel to Drive Stable Growth in the Lifeplanner Channel

- ◆ Expand number of Lifeplanner sales employees as of the end of fiscal year at a pace exceeding medium-term targets through strong recruitment
- ◆ Aim for further growth by accelerating sales force expansion and maintaining/increasing high productivity



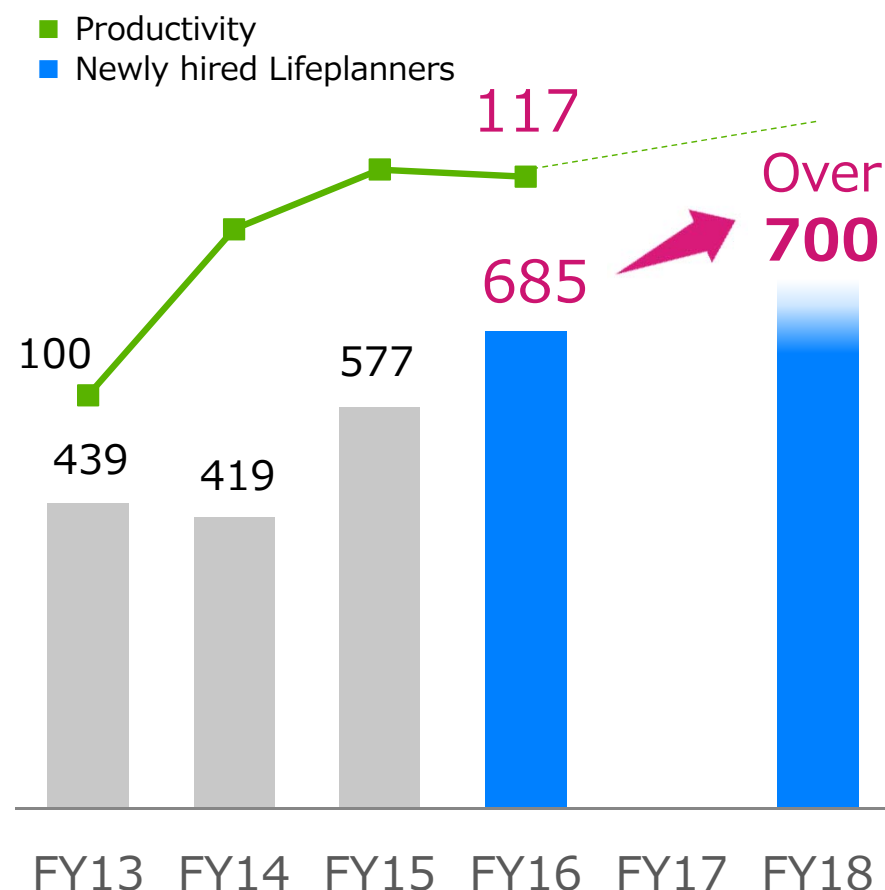
*1 : The figure includes the number of contracted Lifeplanner sales employees and those rehired on a fixed-term contract basis after retirement.

*2 : Productivity is indexed to FY13 = 100, calculated on the basis of new policy amount.

Enhancing Recruitment Process and Initial Training

- ◆ In addition to steadily increasing recruitment numbers, we will strengthen the recruitment process to further improve the quality of recruitment
- ◆ We will thoroughly enhance the ability of the newly hired to provide initial protection and achieve a sound start

Number of newly hired Lifeplanners / productivity*¹



*1: The new policy amount productivity of Lifeplanners who joined the company in the past three years in FY13 is indexed as 100.

◆ Further Enhancing Quality Recruitment

- Stringent candidate selection criteria
- Enhance interview process
- Promotion of introduction by Lifeplanner sales employees

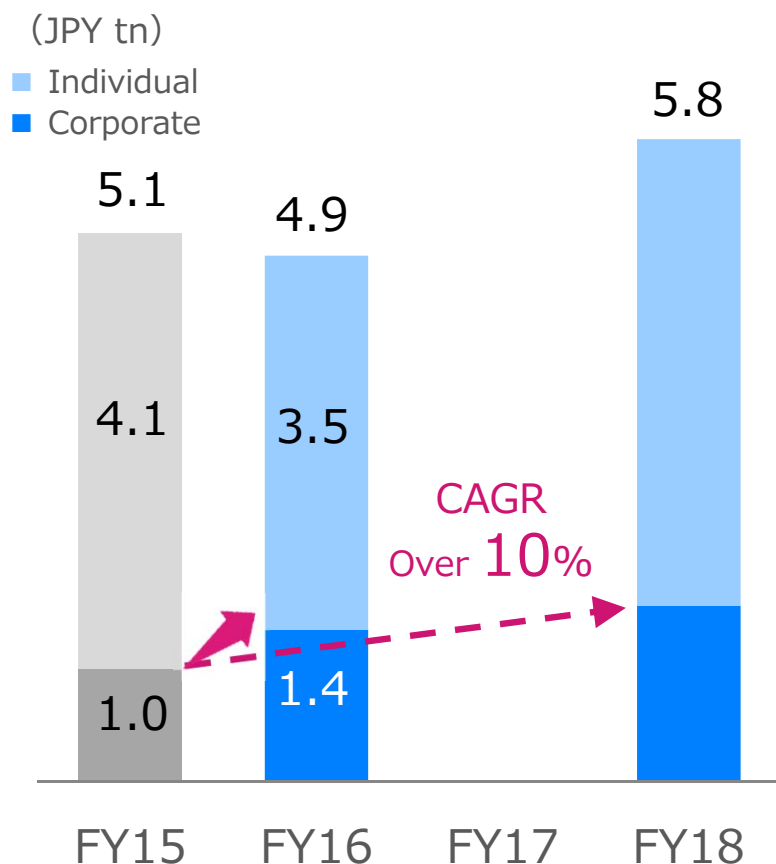
◆ Strengthening Initial Training

- Strengthen ability to provide protection thorough LiPSS and “Karte” customer database
- Provide regular individual support and follow-ups
- Expand manager training to strengthen training capabilities

Further Increasing the Provision of Value (Corporate Market Initiatives)

- ◆ Full-fledged development from last fiscal year has led new policies in the corporate market to exceed plans
- ◆ In addition to expanding new products and services, we aim to achieve further growth through the enhancement of training and sales support systems

Break down of new policy amount



◆ New Products and Services with Strong Appeal

- Sales of non-participating group welfare term life insurance
- Sales of corporate variable term-life insurance
- Launch of ES Solution Service

◆ Further Enhancement of Training and Support Systems

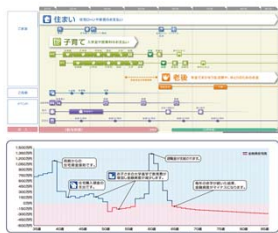
- Expanding the range of Lifeplanner sales employees handling corporate customers through enhanced corporate training
- Expansion of corporate sales support system by headquarters

Further Increasing the Provision of Value (Use of “Karte” customer database)

- ◆ To augment the strength of LiPSS, we will introduce “Karte” customer database to record information gained through interviews
- ◆ We will bolster consulting sales and follow-ups by utilizing “Karte”. We will attempt to further strengthen relationships with customers by increasing customer assent and satisfaction

LiPSS + Charts

LiPSS



- Life plan
- Dreams
- Concerns



NEW

“Karte” customer database



- Negotiation history
- Recommendation reasons
- Contact history
- Next interview schedule

◆ Data Collection, Updates and Sharing

- In addition to our strength in LiPSS data, we will chronologically record and update various information during interviews
- Information will be transferred with customer consent via chart sharing

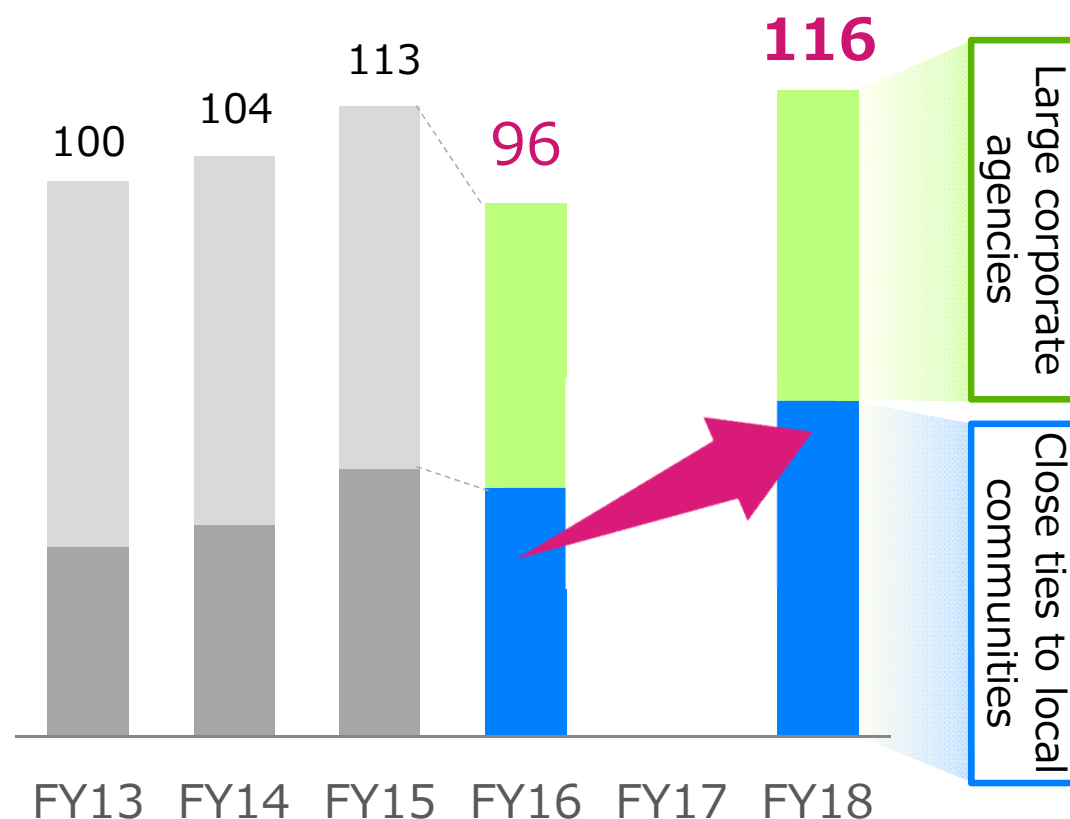
◆ Proposals and Follow-ups Based on Evidence

- In addition to life-planning based on LiPSS data, provide proposals based on the demonstrable reasons for recommendations
- Solid follow-ups via recording of next interview schedule
- Optimize protection in light of past negotiation details

- ◆ Aiming for further growth by building a robust sales foundation to expand independent agencies with close ties to their local communities while ensuring the stable performance of large corporate agencies

New policy amount index^{*1}

- Large corporate agencies
- Close ties to local communities



In FY16, our market share declined mainly in large corporate agencies as we revised insurance premium rates ahead of other companies

◆ Ensuring Stable Performance

- Stronger support corresponding to partner characteristics
- Considering alliances with compatible companies

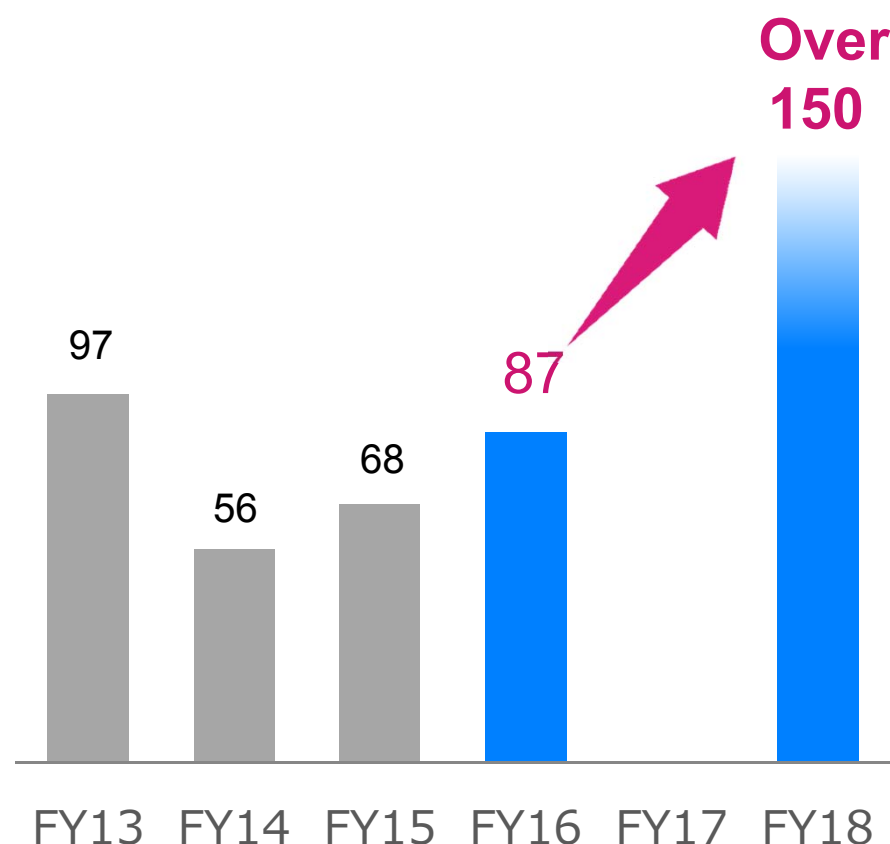
◆ Robust Sales Foundation for Growth

- Promoting development and enhancing initial training
- Expanding management support targeting agencies not handling our products
- Alliances with personnel possessing expertise and skills

*1: FY13 new policies indexed as 100

- ◆ We will promote development to increase partners who share our philosophy and further enhance our strength in training to realize quick start-ups and improve performance

Number of New Developments



◆ Accelerating Development

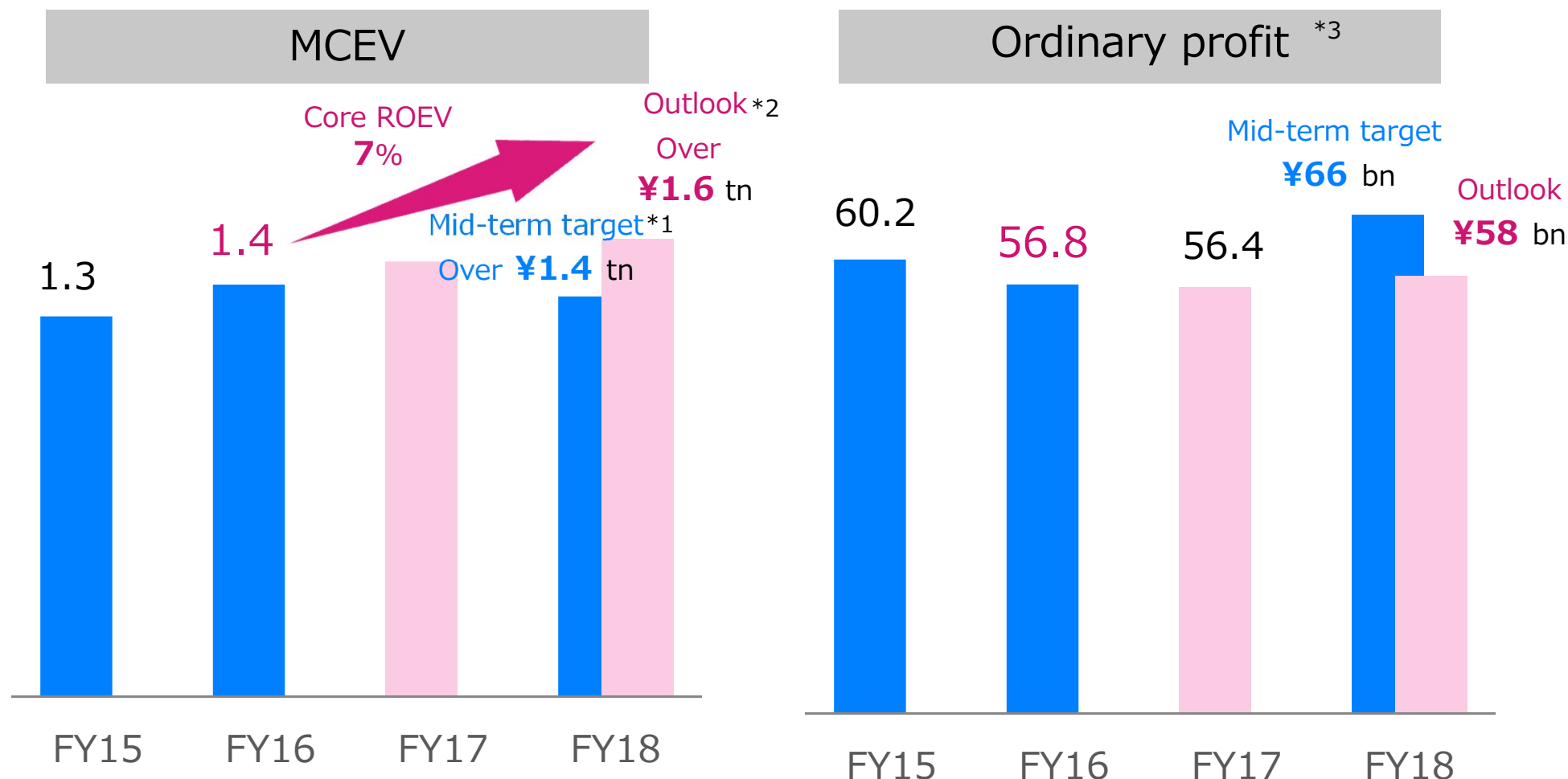
- Strengthen activities management and follow-up with each staff member through visualization of development activities
- Create development approach tools customized for partner characteristics

◆ Further Enhancement of Initial Training

- Reestablish training structures and systems corresponding to partner growth phase
- Conduct agency training on sales methods, etc., utilizing Company know-how

Realizing Profit Growth Exceeding Medium-Term Targets on an Economic Value Basis

- ◆ We developed a strategy for realizing growth over the medium-term on an economic value basis
- ◆ While MCEV is expected to exceed the medium-term target, ordinary profit is expected to fall short of the medium-term target due to the impact of the revision in standard yields used for calculating policy reserves



*1: Based on interest rate level at the end of March 2016. With the adoption of UFR for MCEV in the first quarter of FY16, medium-term targets were reevaluated.

*2: Based on interest rate level at end of March 2017.

*3: Ordinary profit in life insurance business.

Sony Life Progress toward FY18 Medium-Term Targets

	FY16 Actual	Progress toward Mid-term target (outlook)	FY18 Mid-term target
Policy amount in force	¥45.3 tn	In line	Over ¥49 tn
Number of Lifeplanners ^{*1}	4,933	Exceeding initial targets	Over 5,200
MCEV ^{*2}	¥1.4 tn	Over ¥1.6 tn	Over 1.4 tn
Core ROEV	3.6%	7%	4-5%
Ordinary profit (consolidated)	¥56.8 bn	¥58.0 bn	¥66.0 bn

*1 : The figure includes the number of contracted Lifeplanner sales employees and those rehired on a fixed-term contract basis after retirement.

*2 : Figures in "FY18 Mid-term target" are based on interest rate levels at the end of March 2016, and others are based on those at the end of March 2017. With the adoption of UFR for MCEV in the first quarter of FY16, medium-term targets were reevaluated.



Sony Assurance

Sustain growth in automobile insurance

Work to maintain leading position in the direct automobile insurance market and respond to future changes in the operating environment

- ◆ Provide products that are rational, progressive and unique. Focus on the telematics field.
- ◆ Apply progressive technologies to increase sophistication of marketing and services.
- ◆ Improve the operating expense ratio in preparation for future reductions in insurance premium rates

Expand business categories other than automobile insurance

By expanding business categories other than automobile insurance, moving away from a structure heavily relied on automobile and ensure a stable, long-term earnings base

- ◆ Accelerate expansion in area of medical insurance by introducing new products and enhancing existing products.
- ◆ Consider expansion of new categories within fire and casualty insurance, the business domains that we can leverage the company's strengths.

Maximize customer value

As a source of growth, enhance the customer experience, as well as product and service specifications

- ◆ Enhance the customer experience through customer contact points, thereby raising NPS* and augmenting customer retention.
- ◆ Increase perceived quality by raising product and service specifications, sweeping away uncertainties about direct insurance and strengthening the ability to acquire new contracts.

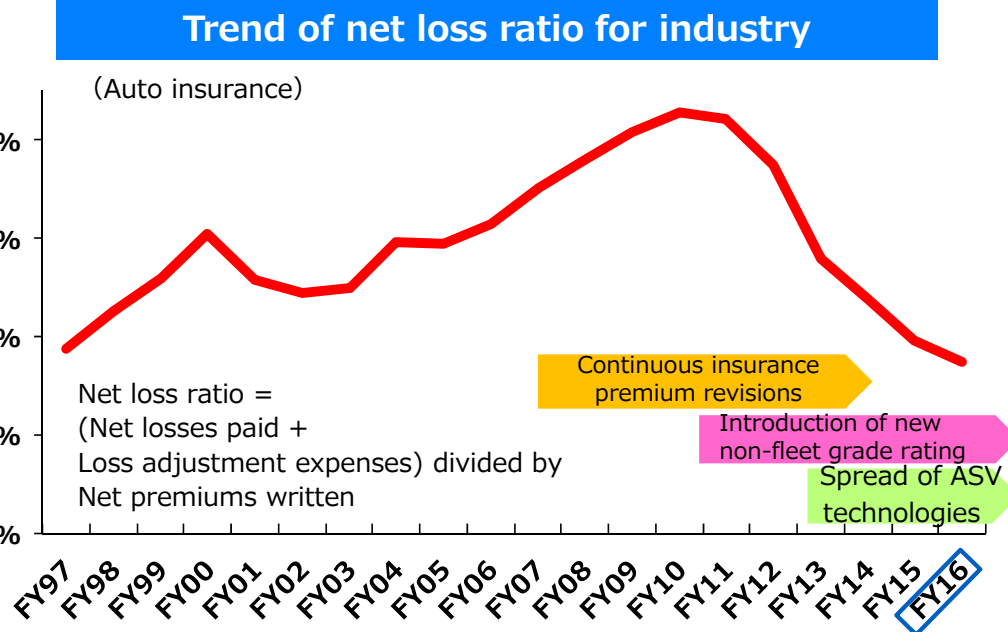
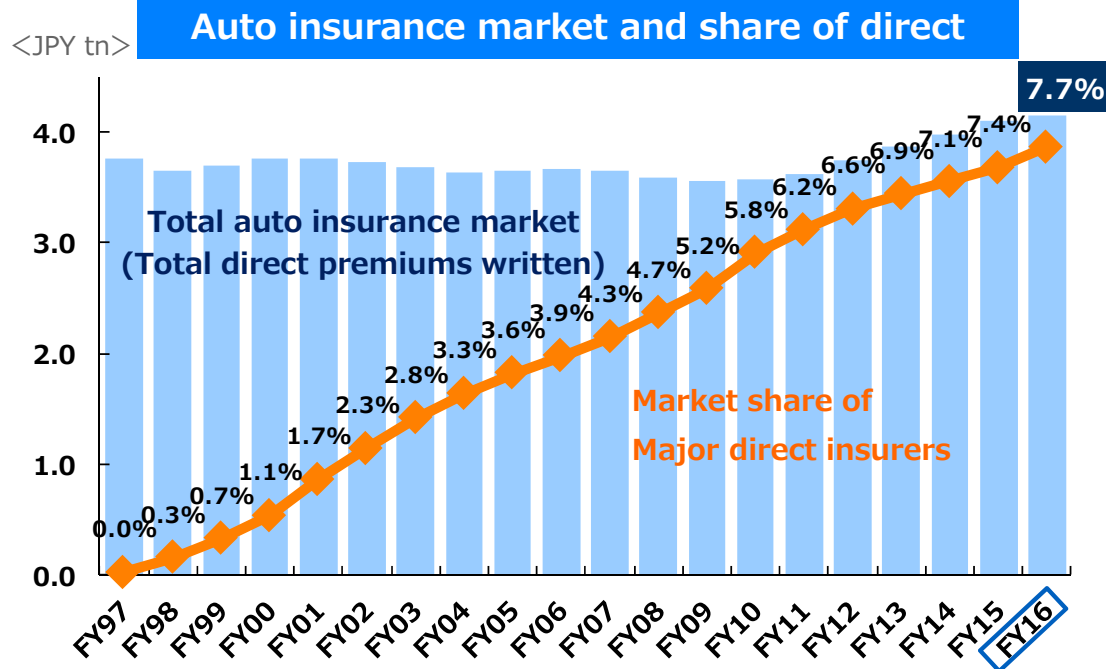
Renovate business systems and reform operations

Conduct large-scale renovation of core business systems and enact operational reforms

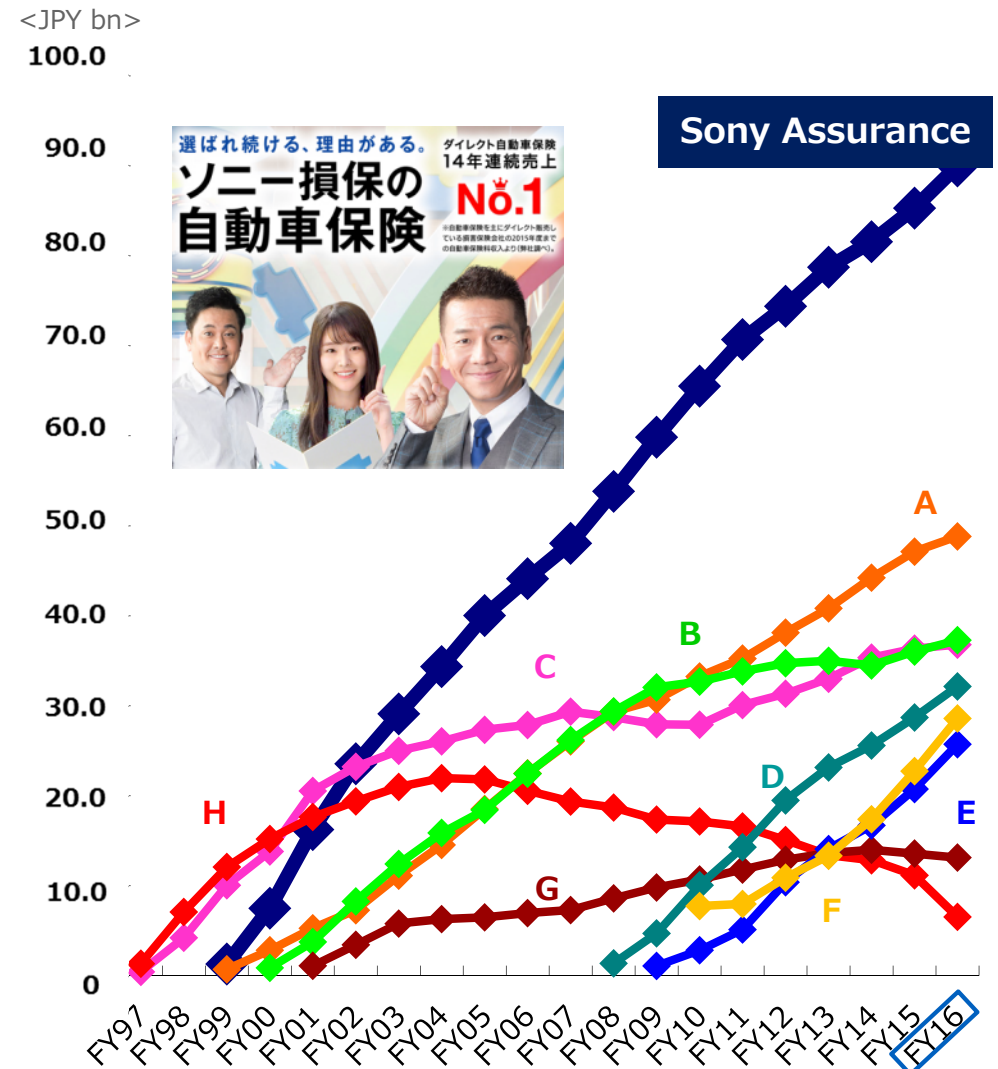
- ◆ Improve system development and maintenance efficiency by renovating system configurations.
- ◆ Along with system reconfiguration, enhance services, improve the customer experience and conduct operational reforms, aiming to improve operating efficiencies.

*NPS stands for Net Promotor Score.

Domestic Automobile Insurance Industry



Direct premiums written by Major direct insurers (Automobile insurance)

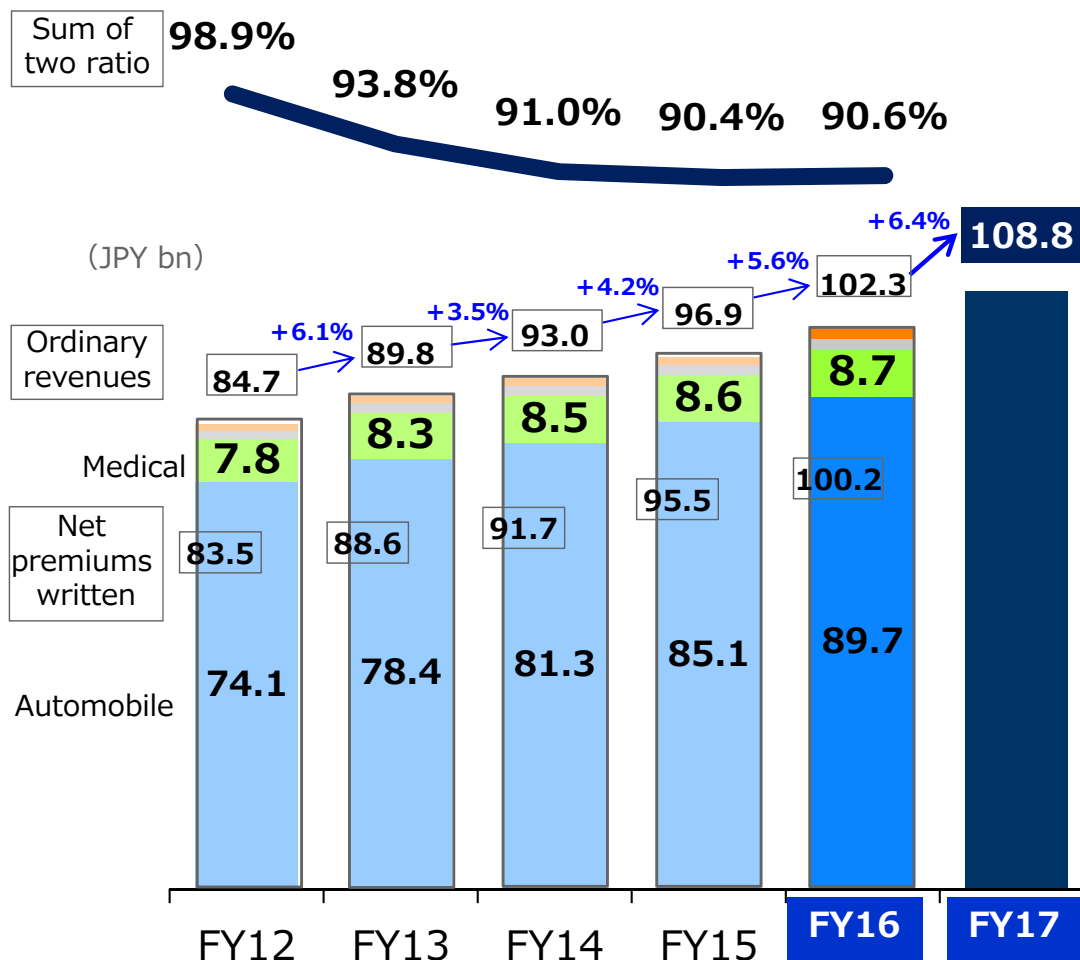


Progress of Operating Performance in FY16–FY17

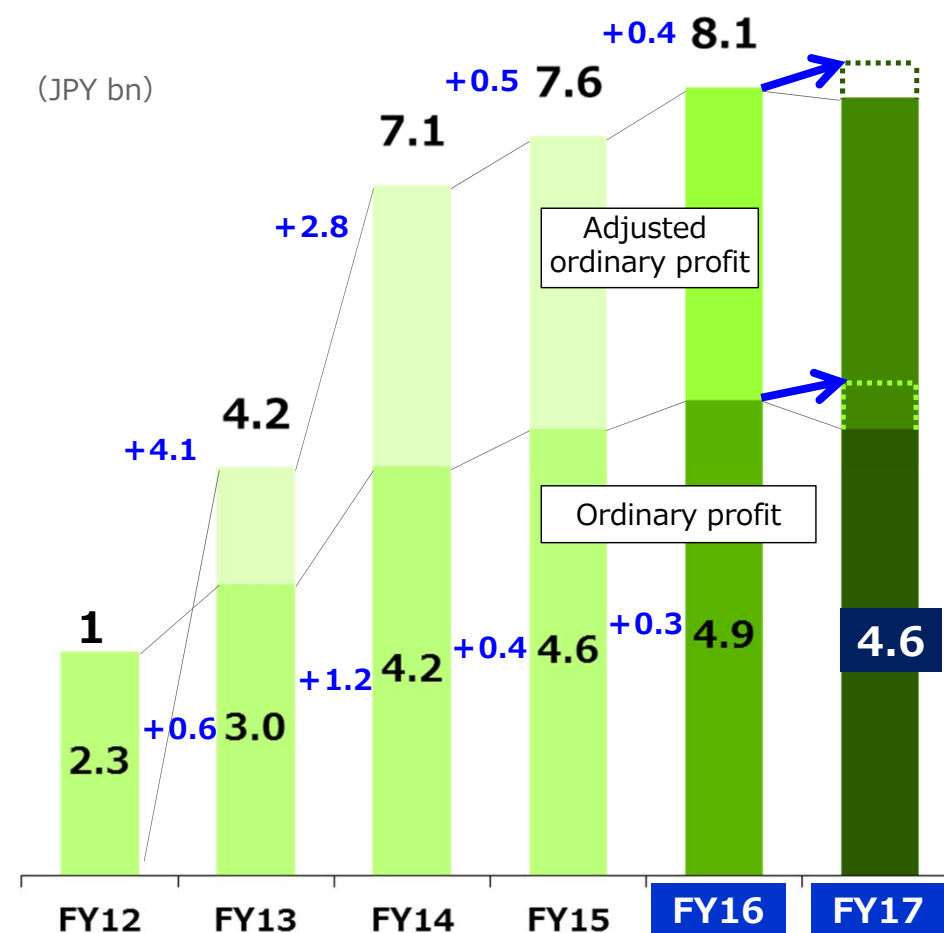
Continued Growth and Maintained Sound Profitability

- ◆ Sony Assurance became the first direct insurer to record ¥100 billion in net premiums written. We aim to maintain growth also in medical insurance and other areas in addition to automobile insurance.
(The transitioning of automobile insurance policies from American Home Assurance from 2H of FY16 progressed favorably, contributing to top-line growth.)
- ◆ Through higher sales and by maintaining an appropriate level in the sum of the net expense and E.I. loss ratios, income rose for the fourth consecutive fiscal year, reaching a record high. We aim to maintain higher earnings going forward.

Trends of ordinary revenues and sum of two ratio



Ordinary profit / Adjusted ordinary profit



- ◆ Establish reliable brand strength through products that are unique and advanced, service expansion and quality enhancements, and effective communications.
- ◆ Augment the sense of security and satisfaction from direct insurance, thereby expanding the direct insurance market and maintaining the company's leading position in direct automobile insurance.
- ◆ By ensuring cost advantages and price competitiveness, we will aim to maintain favorable profitability despite expected future reductions in insurance premium rates.

■ Alliance with Yahoo! JAPAN to develop next-generation telematics products

- We are accumulating Pay-How-You-Drive (PHYD) information through the "Gentle Driving Cash-Back Plan," measuring a substantial decline in the loss ratio compared with conventional products.
- Through alliances with Yahoo! JAPAN and the Sony Group, we have begun joint research with a view to developing advanced PHYD-type telematics products using Yahoo! Car Navigation on smartphones.
- We are considering the development of services that will support safe driving behavior and help avoid accidents, as well as higher-value-added insurance products.



■ Initiatives in the FinTech field

- By collaborating with the Sony Group and FinTech ventures, we will employ AI and other leading-edge technologies to enhance the sophistication of marketing and services.
 - Marketing: Employ marketing automation tools and deep learning technologies to approach customers effectively and efficiently.
 - Services: By using these technologies in call center operations (call center management, response support), enable automated Web-based response.

■ Ensuring price competitiveness and favorable profitability through improved operating efficiency

- Through large-scale renovation of our core business systems, we will increase operating efficiency and promote BPR, thereby ensuring cost advantages.

Maximizing Customer Value as a Driver of Growth (Enhancing the Customer Experience and Product and Service Specifications)

- ◆ Enhance the customer experience through customer contact points, thereby raising NPS and augmenting customer retention.
- ◆ Strengthen the ability to acquire new contracts by raising product and service specifications, enhancing their evident appeal and helping customers understand their attractiveness.

Enhance the customer experience

- At various customer contact points, including our website, policy procedures, accident response services and documentations, increase our NPS and work to optimize the overall customer journey, thereby bolstering customer retention.

Website

- Smartphones first
- LINE, SMS, etc.

Policy procedures

- Enhance telephone reception system
- Increase operating hours

Accident response

- Resolve in accordance with customer wishes
- Respond swiftly, inform schedules

Documentations and information services

- Easy to see and understand
- Personalization

Optimize the overall customer journey

Strengthen product and service specifications (augment perceived quality)

- Enhance evident appeal, so that customers who have no experience with Sony Assurance will gain a sense of trust and attractiveness
- In particular, sweep away concerns about direct insurance by cultivating an understanding of our accident response quality and high specifications

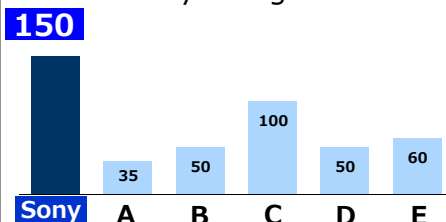
On-site rush service

SECOM personnel hurry to the scene



Roadside wrecker transport distance

Extended our free-of-charge transport distance to 150km, the industry's longest



Enhanced accident response on holidays and at night

In addition to receiving accident reports on holidays and at night, accident response includes following case progress and negotiating settlements



Customer satisfaction surveys in FY16

External rating agencies have ranked Sony Assurance at the top level in the industry in customer satisfaction for many years

J.D. Power Automobile Insurance Satisfaction Survey

- ☆ Accident response satisfaction **No. 1**
- ☆ Call center satisfaction **No. 1**

HDI-JAPAN

- ☆ Total support rating **3 stars**
- ☆ Help desk rating **3 stars**

NTTCom Research NPS Benchmark Survey

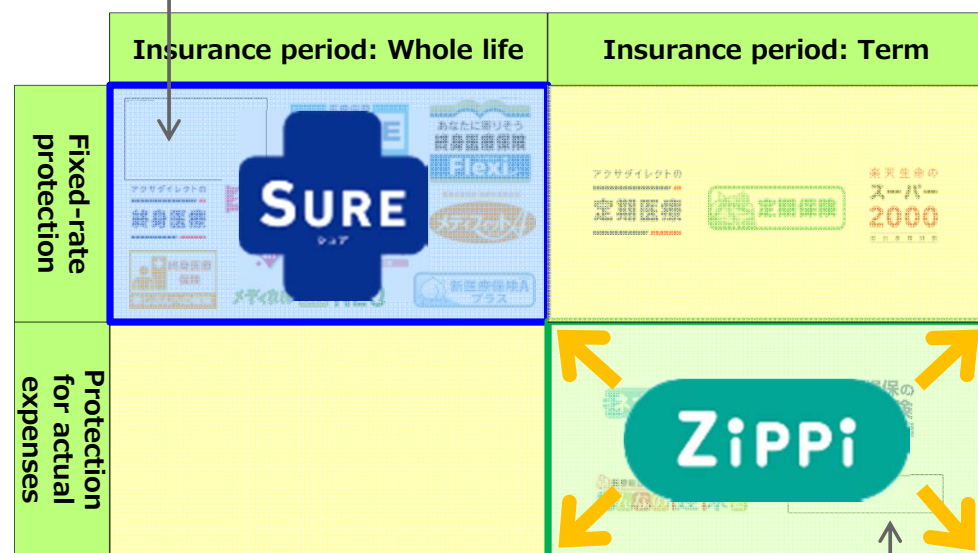
- ☆ Automobile Insurance Division **No. 1**

Expand the area of medical insurance

Sony Assurance revised “SURE” medical and cancer insurance and commenced sale of “ZiPPi” medical insurance to provide protection for actual expenses.

→ Reinforce the company’s presence by offering easy-to-understand, rational and unique products and leveraging our strength in direct insurance.

In a crowded but stable market, we are enhancing product competitiveness and convenience.



Cultivating the market by introducing a new product that provides indemnification for actual expenses, an area of anticipated growth.



入院実費型の医療保険



- ◆ Half of medical insurance policyholders feel that fixed-rate protection is insufficient due to shortened hospital stays and rising inpatient expenses.
⇒ Rational medical insurance that just covers the actual costs
- ◆ Examples of target customers
 - 20s-30s: For now, reasonable premiums to cover just the actual costs
 - 40s-50s: Easily augment current insurance with insurance that covers just the actual costs
- ◆ Internet-only provision means lower costs and higher convenience
- ◆ Option: Differences in costs to stay hospitals, advanced medical care, miscellaneous expenses while hospitalized

Expand other categories to create third and fourth pillars of business

Sony Assurance will consider expansion of new categories within fire and casualty insurance, the business domains that we can leverage the company’s strengths.

→ Consider new development categories that leverage the company’s strengths: product uniqueness and enhanced compensation; pursuit of rational pricing and customer convenience through the Internet/direct model; and expanded cross-selling among categories, including automobile and medical insurance

- ◆ **Steady progress in line with medium-term plan**
- ◆ **Maintaining firm top-line growth (CAGR: +5% to +6%)**
- ◆ **Increase profits revenue by maintaining or improving the sound earnings structure; aiming to meet targets for FY18**

	FY16 Actual	Progress toward Mid-term target (outlook)	FY18 Mid-term target
Direct premiums written	¥99.0 bn	In Line	¥110.0 bn
Net expense ratio	28.3%	In Line	Sum of two ratio Over 90%
E.I. loss ratio	62.3%		
Sum of two ratios	90.6%		
Ordinary profit	¥4.9 bn	In Line	¥5.2 bn
Adjusted ordinary profit *	¥8.1 bn	In Line	¥8.7 bn
Adjusted ROE	14.4%	In Line	13%

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



Sony Bank

Enhancing and expanding product services

- ◆ Establish Sony Bank as a bank that easily deals with foreign currency transactions
- ◆ Expand apps to increase convenience
- ◆ Diversify loan products for individual customers

Expanding customer base through tie-ups

- ◆ Strengthen tie-up channels with realtors, etc.
- ◆ Expand introduction of Sony Bank WALLET affiliated card
- ◆ Expand real channels for Lifeplanner sales employees, etc.

Improving management efficiency

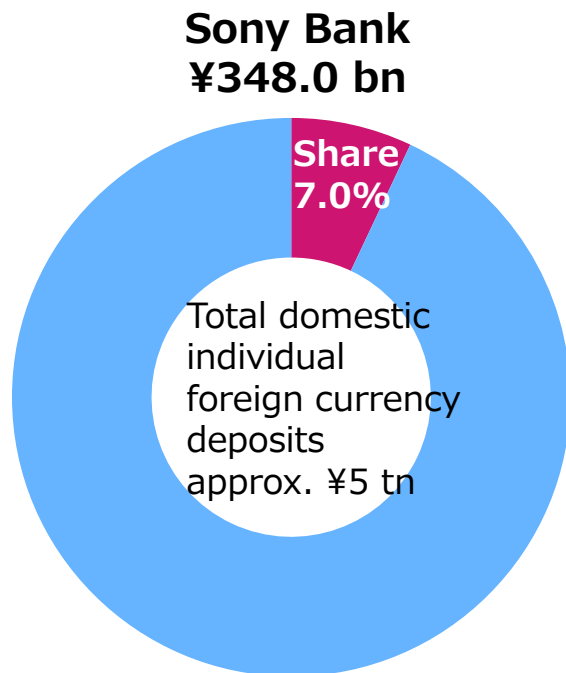
- ◆ Realize profit growth through improved profitability and efficiency
- ◆ Achieve 6% ROE

Market Overview

- ◆ Foreign currency deposit share currently 7%. Significant room for expansion.
- ◆ Debit card market will experience rapid growth from now. Profit from Sony Bank WALLET is also expected to expand.
- ◆ Mortgage loan market is contracting. Loan product diversification is necessary.

Foreign currency deposit share

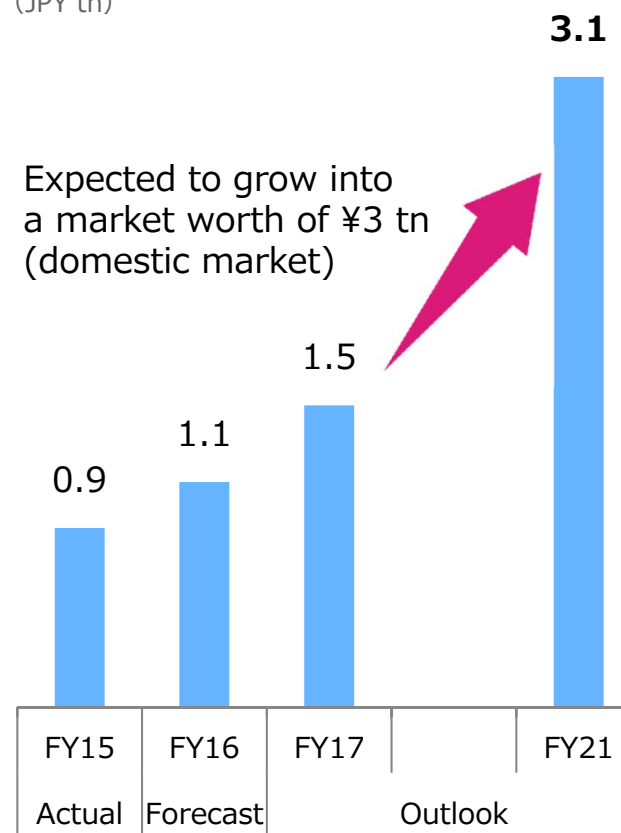
(End Mar. 2017)



Source: *Statistics of Bank of Japan* (Individual foreign currency deposit balance)

Debit card transaction volume

(JPY tn)

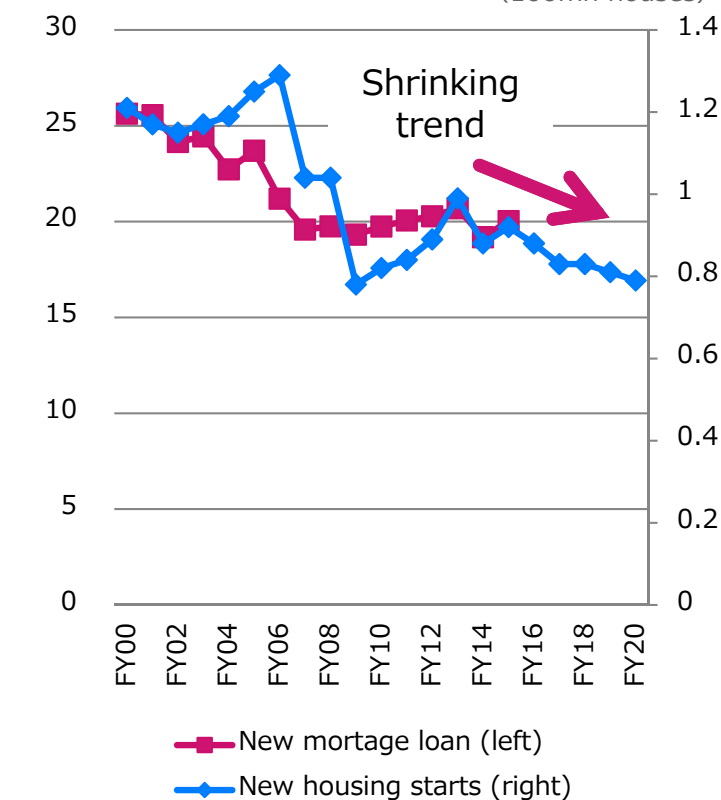


Source: *Debit Card Market 2016*; Yano Research Institute Ltd.

New housing starts

(JPY tn)

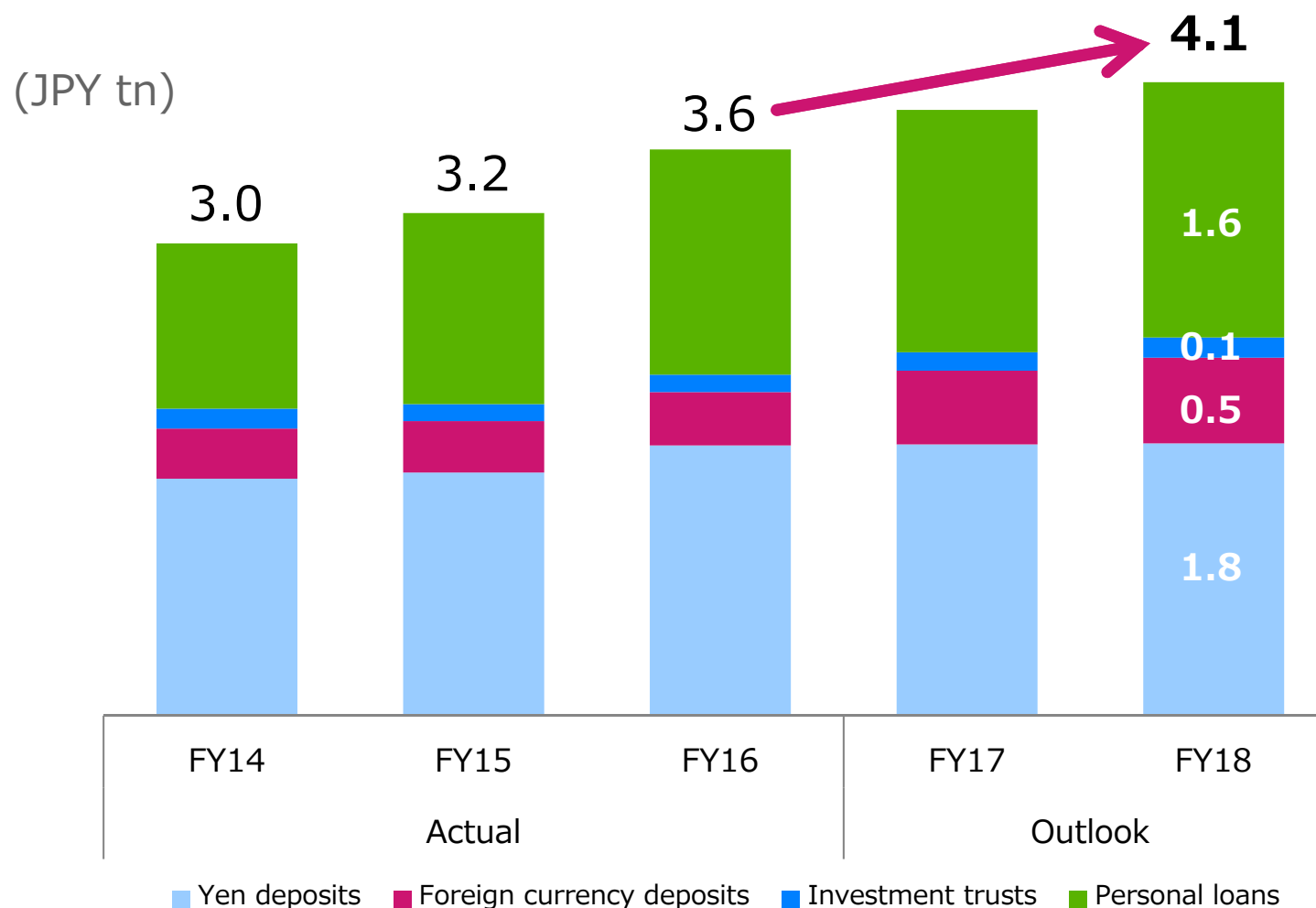
(100mn houses)



Sources: Nomura Research Institute, Ltd.: Estimated for Market Size of New Housing Starts in FY16-FY30. Japan Housing Finance Agency: New Housing Loan Amounts and Lending Balances

- ◆ Operations are expanding steadily
- ◆ Further expanding business centered on foreign currency deposits and mortgage loans

Trends of retail balance



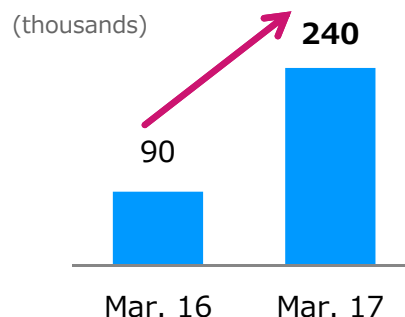
※Retail balance :

Sum of yen deposits, foreign currency deposits, investment trusts and personal loans.

Establishing Sony Bank as a Bank That Easily Deals with Foreign Currency Transactions

- ◆ Increase number of accounts and balance of foreign currency deposits by enhancing convenience of foreign currency settlement and diversification of foreign currency investment products

Sony Bank WALLET issued



Sony Bank WALLET



Foreign
currency
expansion

Online foreign currency
remittances

Increase convenience of foreign
currency settlement

App convenience

Sony Bank “Foreign Currency World®”

Preferential system
revision

Diversification of foreign currency
investment products

Foreign
currency
deposits

FX margin

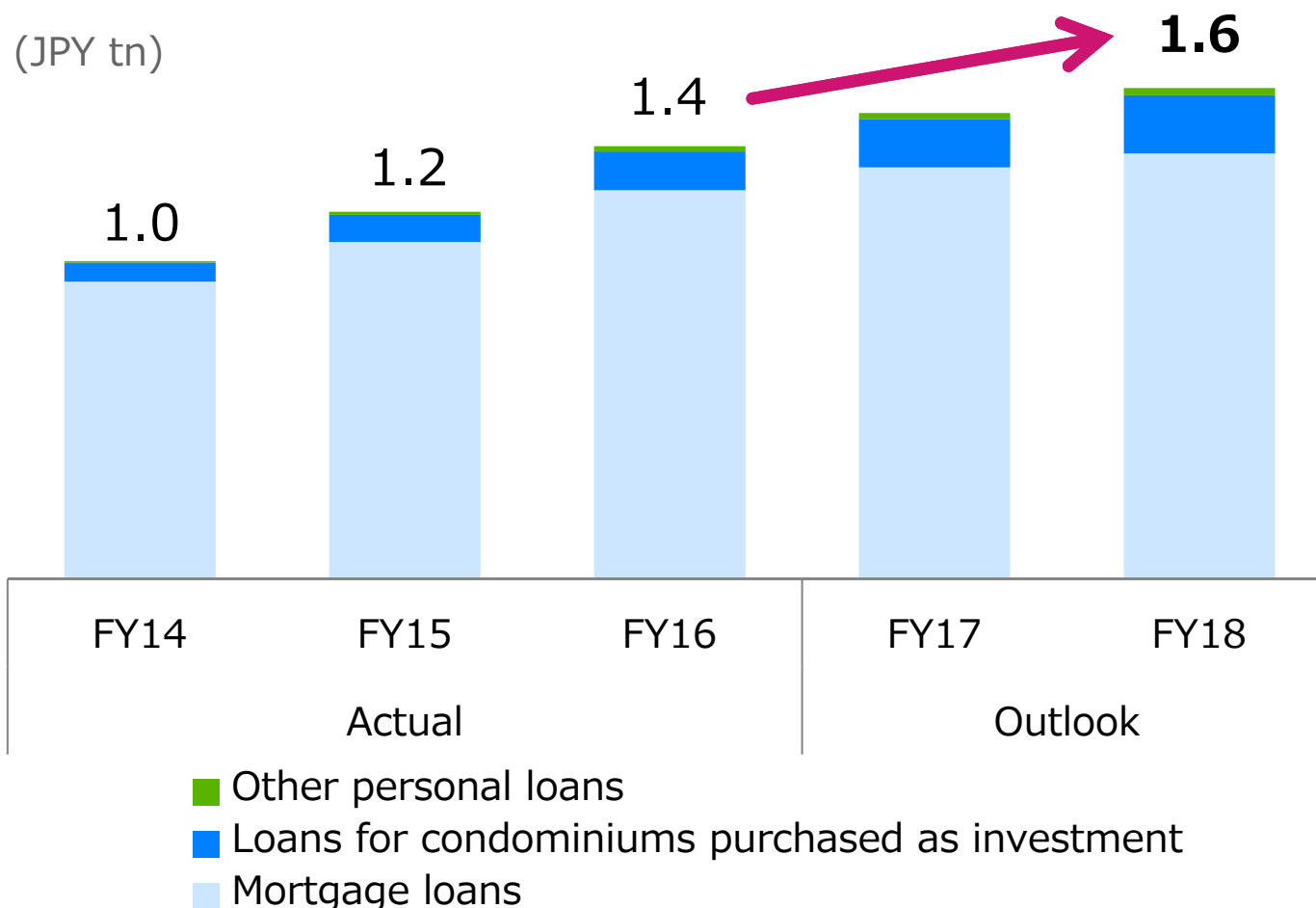
Structured
deposits

Investment
trusts/NISA

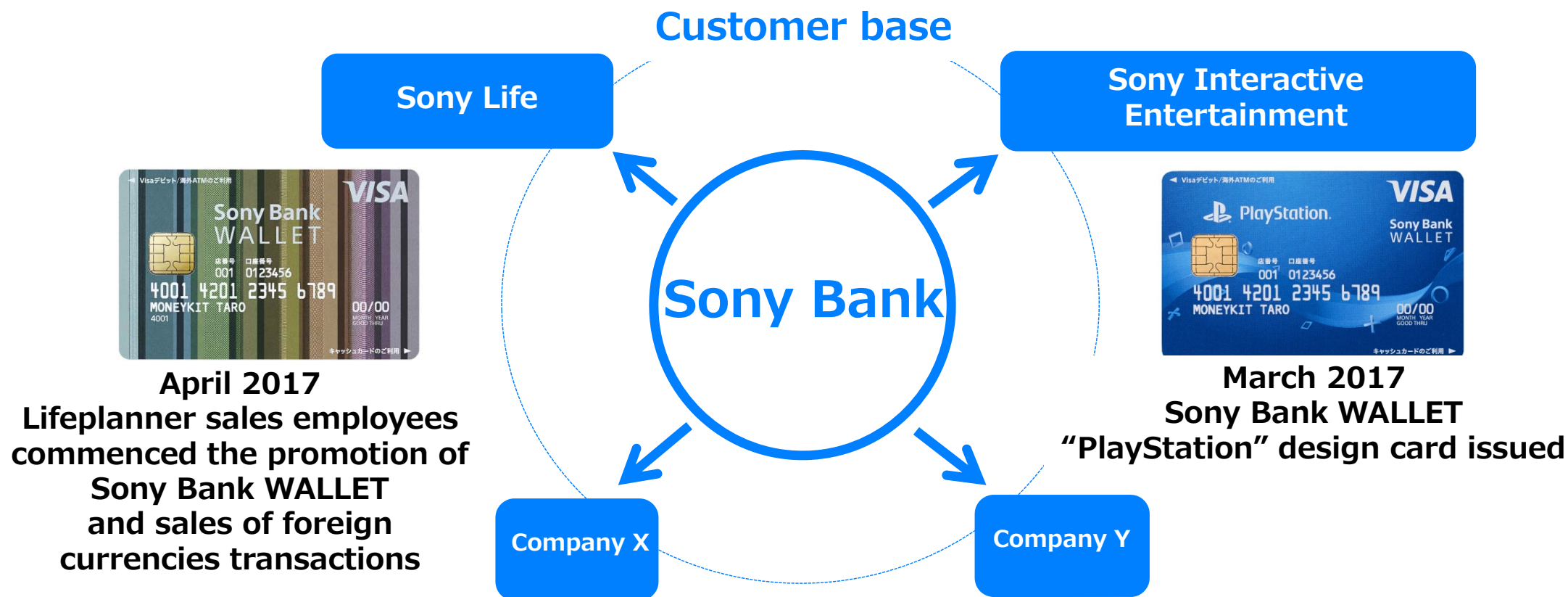
Diversifying Loan Products for Individual Customers

- ◆ Expand mortgage loans focused on the further strengthening of banking agency and realtor tie-up channels
- ◆ Expand condominium loans for investment through stronger relationships with tie-ups with partner agencies

Trend of loan outstanding for individual



- ◆ Supplement through tie-ups with customer segments that were unreachable up to now



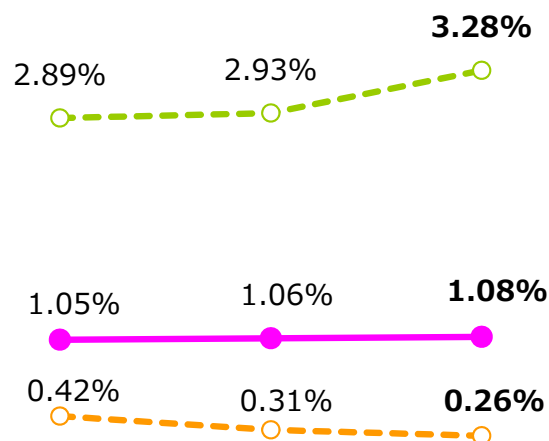
**Planning tie-ups with highly compatible companies
(Distributors, travel agencies, study abroad agencies, etc.)**

Improving Management Efficiency (1)

- ◆ Enhance high-yield foreign currency investment and maintain current margin levels
- ◆ Enhance fee business including fees associated with Sony Bank WALLET

Investment yields

- Investment yields (yen)
- Investment yields (foreign currency)
- Investment yields for loans (yen)

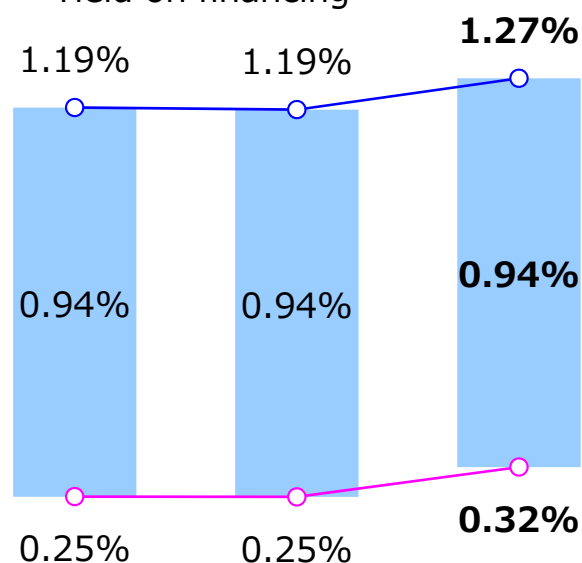


FY16	FY17	FY18
Actual	Outlook	

※Managerial accounting basis

Interest spread

- Interest spread
- Yield on investment
- Yield on financing



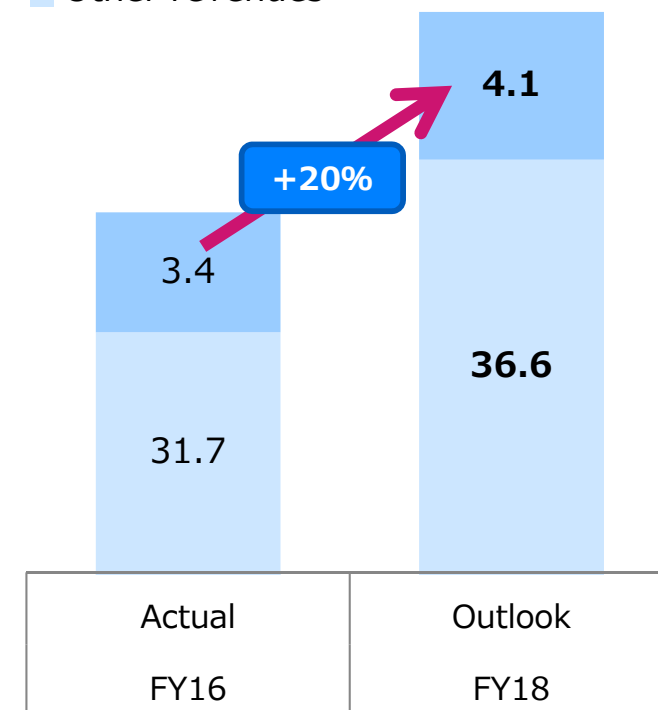
FY16	FY17	FY18
Actual	Outlook	

※Managerial accounting basis

Breakdown of ordinary revenues

(JPY bn)

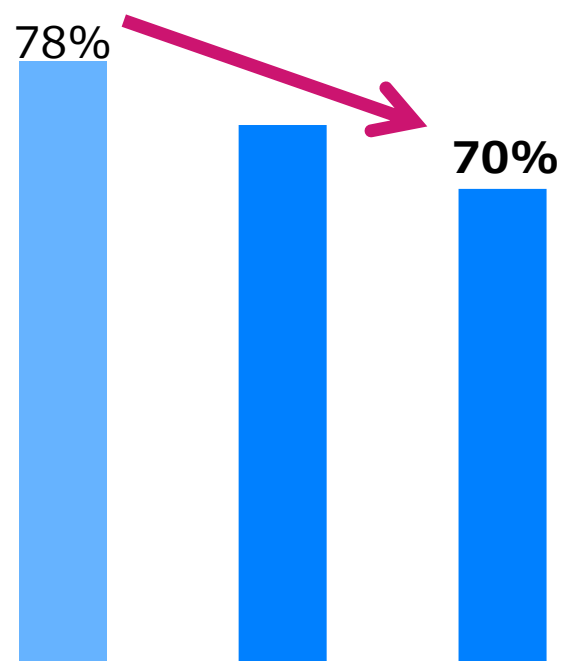
- Net fees and commissions
- Other revenues



Improving Management Efficiency (2)

- ◆ Profit growth and ROE increase through efficiency improvements

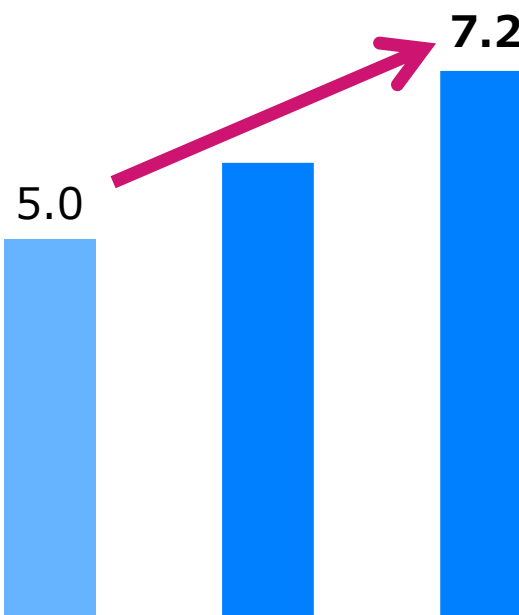
OHR



Fiscal Year	Category
FY16	Actual
FY17	Outlook
FY18	Outlook

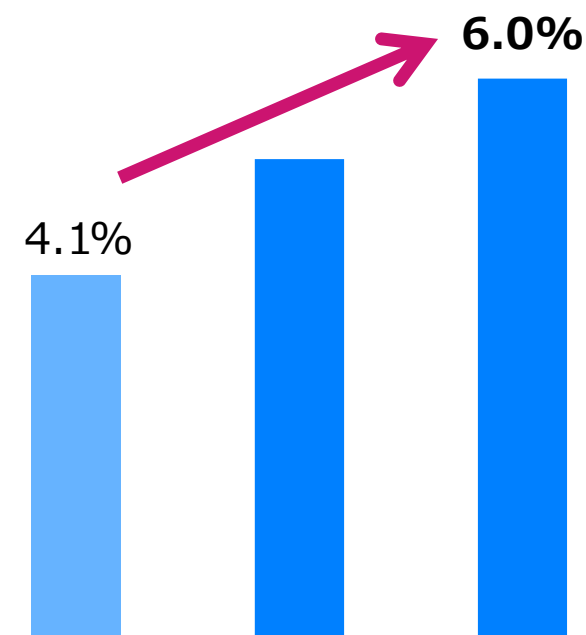
Consolidated ordinary profit

(JPY bn)



Fiscal Year	Category
FY16	Actual
FY17	Outlook
FY18	Outlook

Consolidated ROE

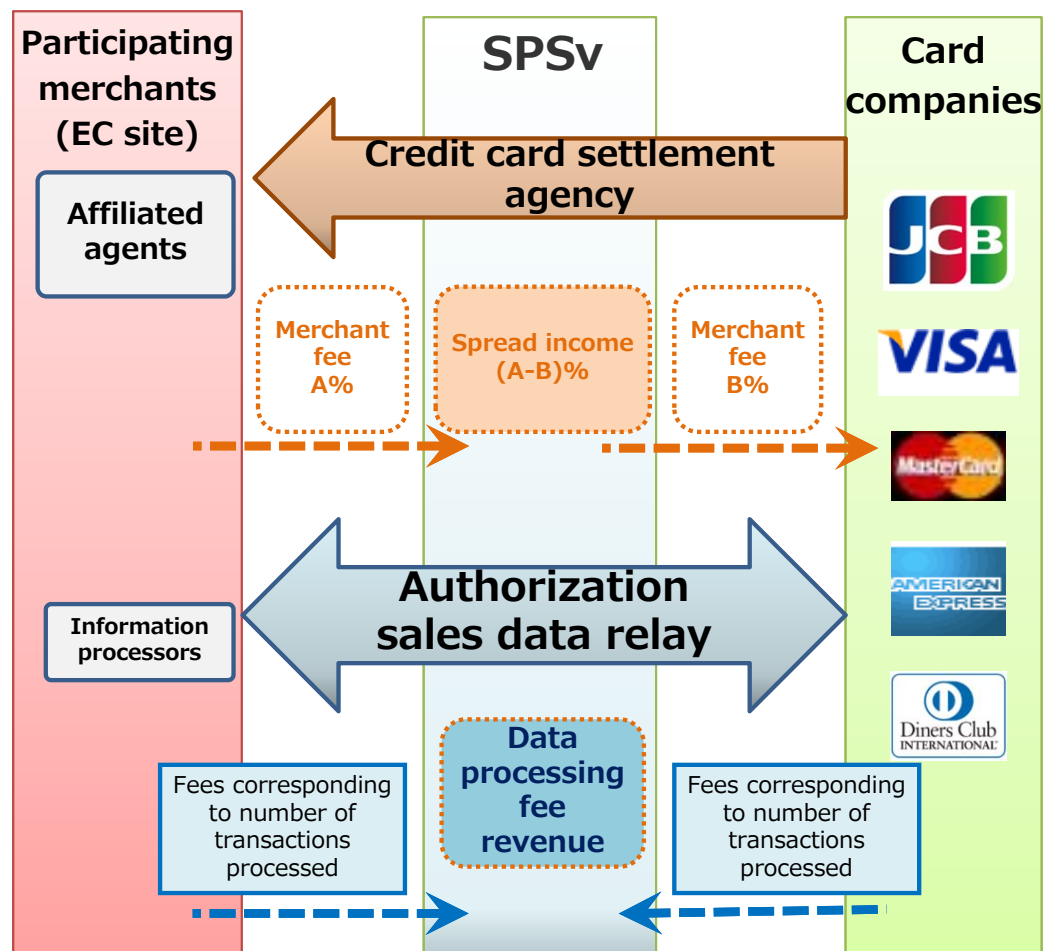


Fiscal Year	Category
FY16	Actual
FY17	Outlook
FY18	Outlook

※OHR= Operating expenses divided by gross operating profit

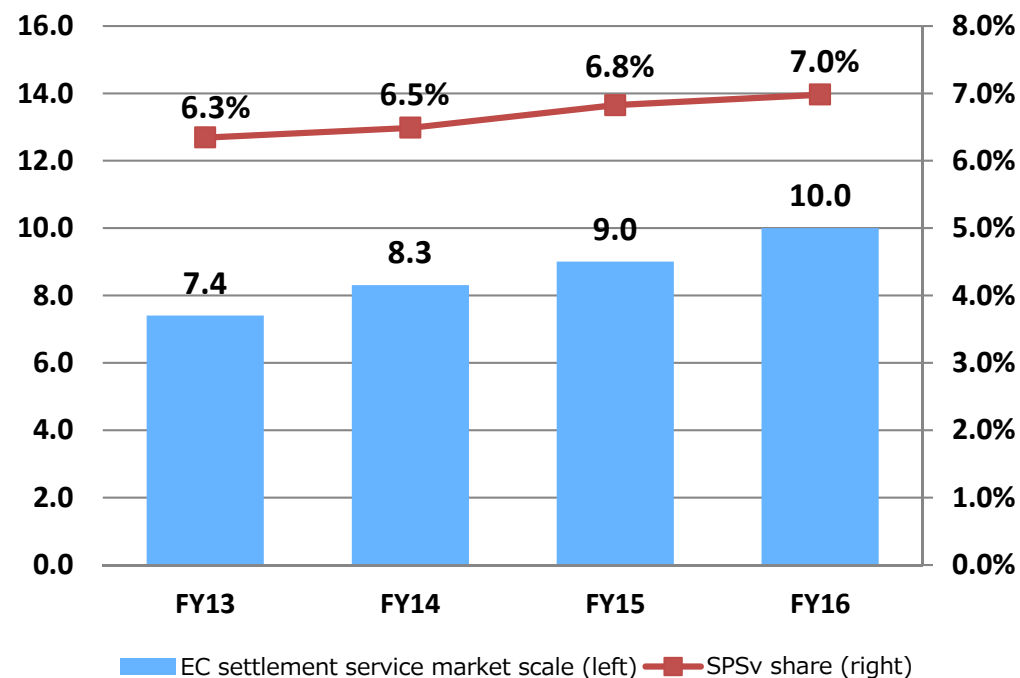
Business Overview

- ◆ Main business is credit card settlement agency supporting international five leading card brands



EC Settlement Service Market Scale and SPSv Handling Volume Share

(JPY tn)

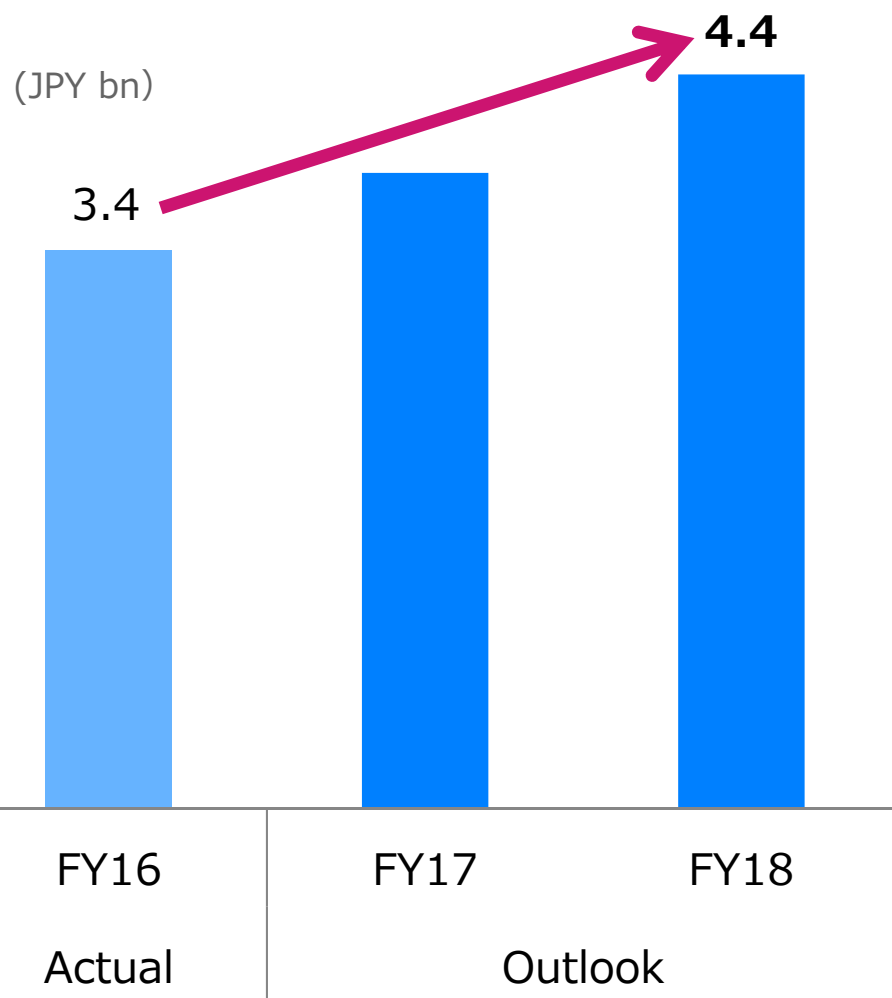


*Ecommerce settlement service market size

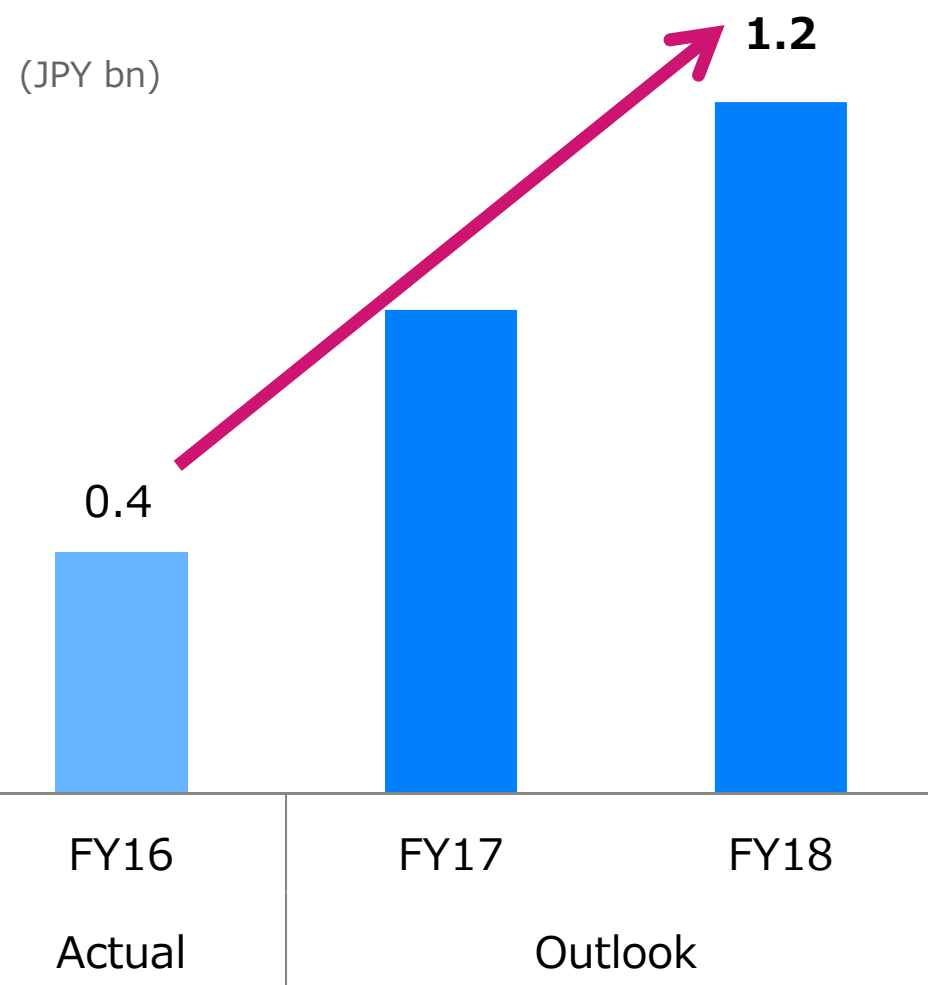
Source: Yano Research Institute Ltd.; e-commerce settlement service market size research (2016); estimates for FY15 and onwards based on Yano research Institute

- ◆ In line with e-commerce market expansion, we expect increases in sales and ordinary profit

Consolidated sales



Consolidated ordinary profit



Sony Bank Progress toward FY18 Medium-term Targets

	FY16 Actual	Progress toward Mid-term target (outlook)	FY18 Mid-term target
Retail Balance ^{*1}	¥3.6 tn	In Line	¥4.1 tn
Gross Operating Profit ^{*2}	¥24.0 bn	In Line	¥27.6 bn
Ordinary Profit ^{*2}	¥5.0 bn	In Line	¥7.2 bn
ROE ^{*2}	4%	In Line	Around 6%

^{*1} : Sum of yen deposits, foreign currency deposits, investment trusts and personal loans.

^{*2} : Consolidated base



Sony Lifecare

Establish the
SONARE brand and
open new homes

- ◆ To realize the “Life Focus” business concept, establish the SONARE brand of high-quality nursing care homes.
- ◆ Leverage the knowhow accumulated through the first and second homes to develop the third and future homes.

Acquire scale
through alliances

- ◆ By converting Yuuai Holdings to a subsidiary, acquire business management know-how and scale in the volume zone.

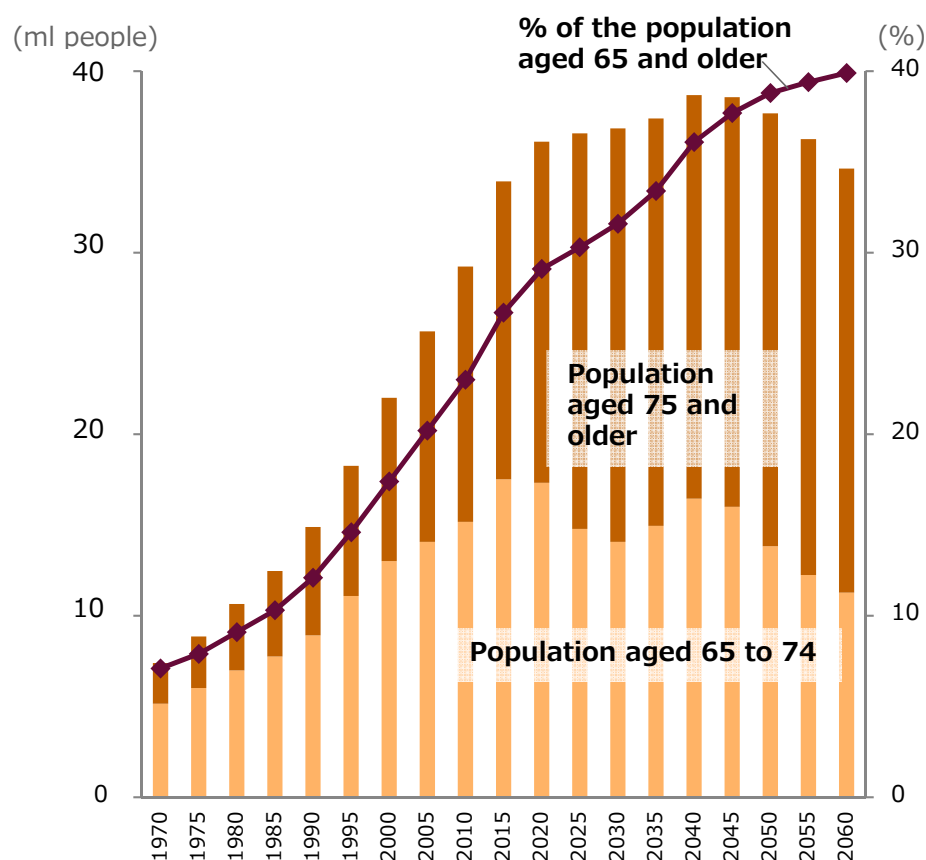
Prepare to launch
new brands

- ◆ Make effective use of management resources in the Sony Lifecare Group, and begin preparations to launch a new brand.

An Expanding Market for the Nursing Care Business

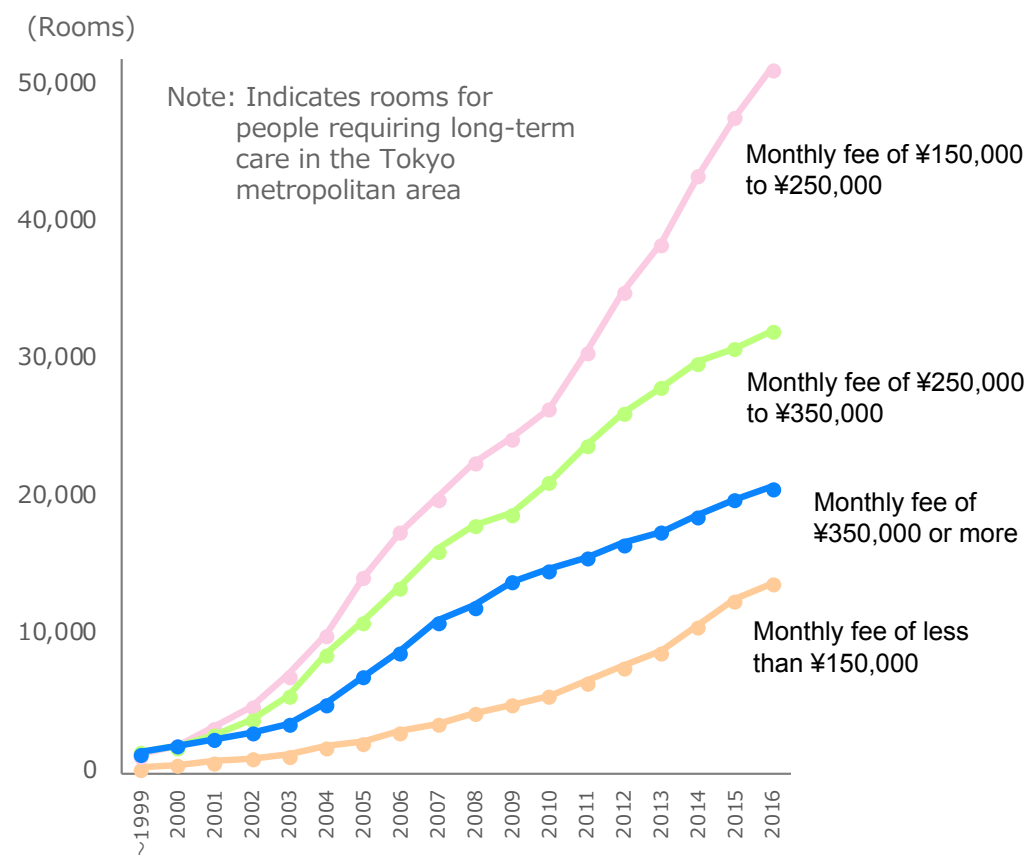
- ◆ In 2025, the baby boomer generation will be aged 75 or older, causing a sharp increase in the number of seniors requiring long-term care.
- ◆ The number of seniors is forecast to continue rising until 2040, when the number will peak out.
- ◆ As needs grow, the number of nursing care homes opening is steadily rising across all price ranges.

Senior population



Source: Annual Report on the Aging Society: Fiscal 2016

Accumulated number of rooms in nursing care homes by price range



Source: Study by Tamura Planning & Operating

Note: Amounts are average monthly fees for people residing for 60 months.

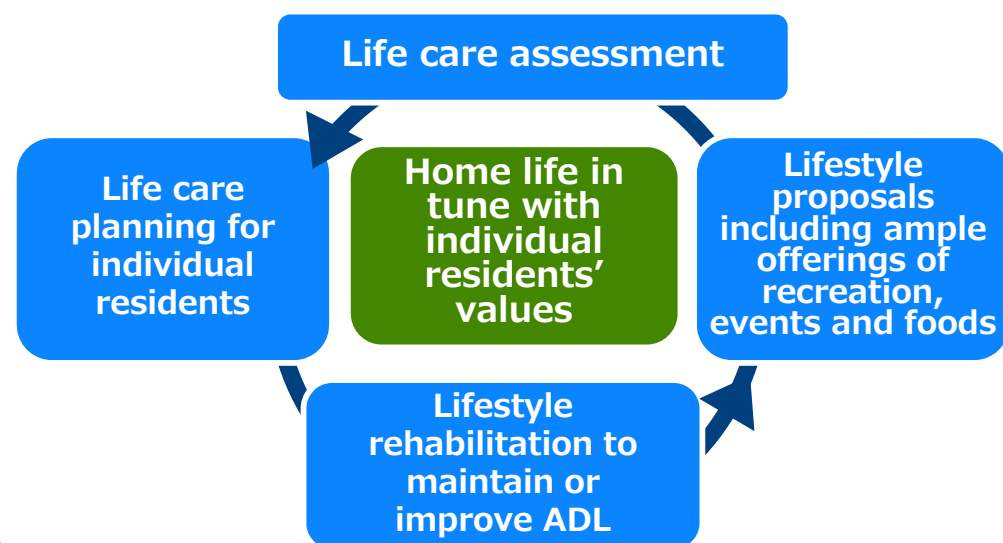
Pursuing “the real long life” in our “Life Focus” concept

<Product aspects of the SONARE series>

High-quality soft services based on a “life care plan”



“Hard” design to provide an ultimate dwelling from the perspective of residents and employees

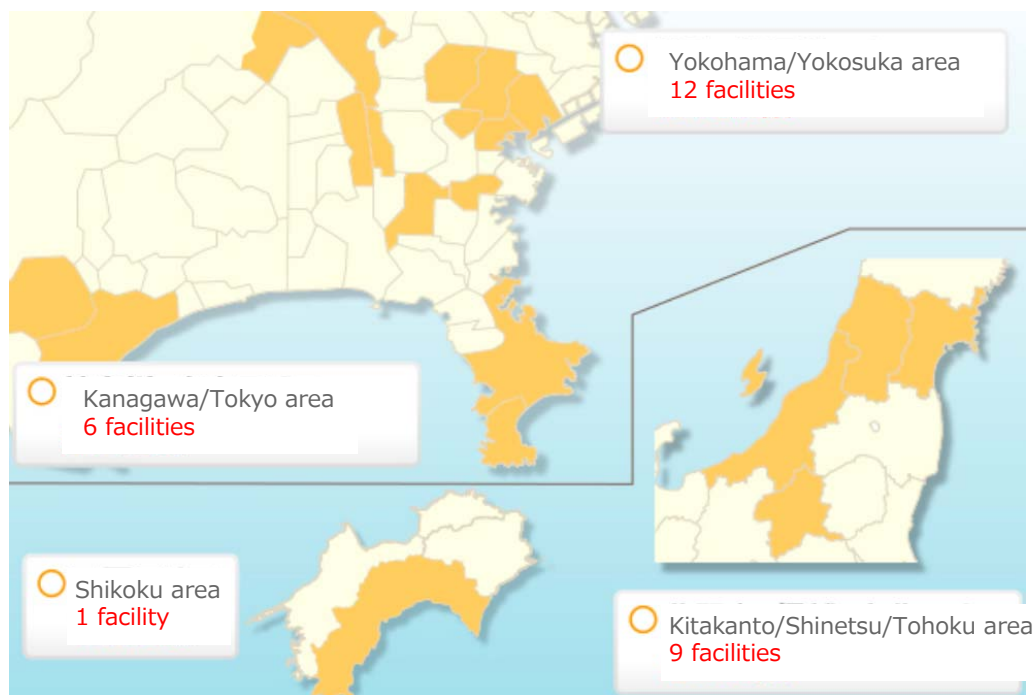


By opening the first and second homes, promote standardization of “soft” services and “hard” specifications.

While continuing to refine standard specifications, open homes at the rate of one or more per year for the foreseeable future.

Overview of Yuuai Holdings

- ◆ The company's philosophy of "aiming to be a company that customers and staff can be proud of" is in common with the business concept of the Sony Lifecare Group's "Life Focus."
- ◆ Under the Hanakotoba brand, the company is developing business in the volume zone in locations centering on the Tokyo metropolitan area.
- ◆ Provides quality services at a reasonable price.

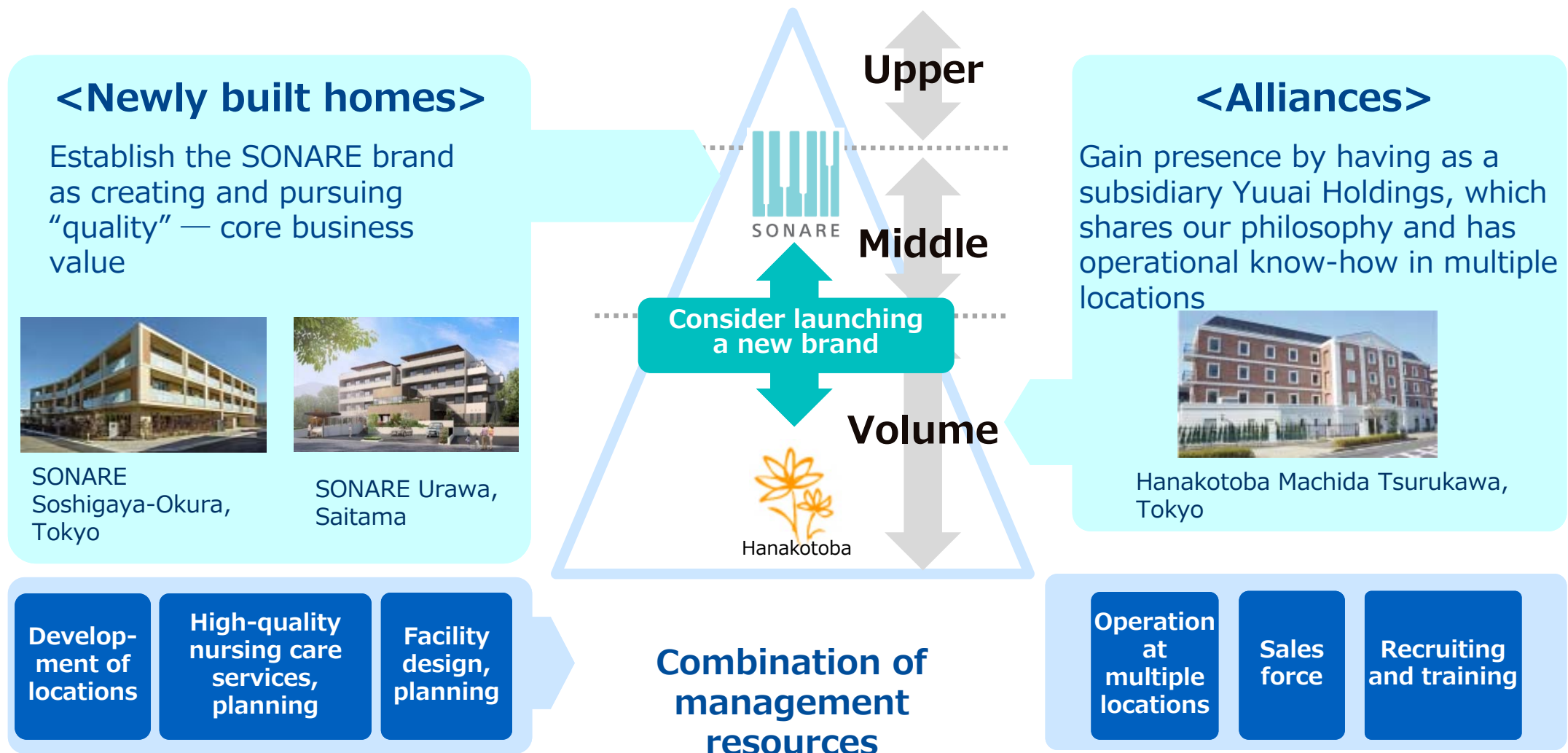


(Group totals, as of March 31, 2017)

Business locations	Approximately 1,400 rooms in 28 operating locations (of which, 18 nursing care homes and 10 residential-type and other homes)
Business area	Kanagawa (17), Tokyo (1), Niigata (5), Miyagi and Yamagata (2), Gunma (2), Kochi (1)
Representative	Hiroshi Sonoda, President and Representative Director, Yuuai Holdings Co., Ltd.
Established	April 2012
Consolidated sales	¥5.5 billion (forecast for the year ended March 31, 2017)
Employees	Approximately 900

Medium-Term Strategy for Developing the Nursing Care Home Lineup

- ◆ Upper/middle zone: Create added value through the SONARE brand
- ◆ Volume zone: Develop business through Hanakotoba (Yuuai Holdings)
- ◆ By leveraging Group resources, create business foundation and consider launching a new brand

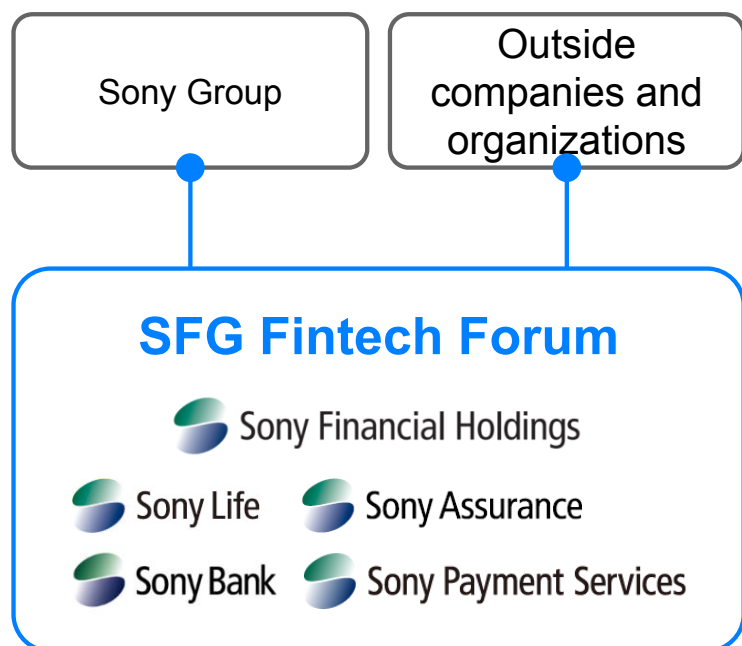




Sony Financial Group

- ◆ In addition to initiatives by individual companies, we have launched the groupwide SFG Fintech Forum.
- ◆ Through the forum, we aim to accumulate and study information related to Fintech/InsurTech, foster collaboration with outside companies, including the Sony Group, and build an ecosystem.

Groupwide initiatives



Key individual company initiatives

SFH

- Investing in Fintech ventures through Fintech funds
- Participating in the Hitotsubashi University Graduate School Fintech Research Forum

Sony Life

- Formed business alliance with Sony Group company P5 and has begun introducing P5's service of providing genomic information
- Considering the use of AI in back office operations and lifeplanning

Sony Assurance

- Considering the development of new telematics products in collaboration with Yahoo! and Sony Group companies.
- Achieving further sophistication in direct marketing through deep learning and other technologies

Sony Bank

- Utilizing AI in mortgage loan screenings
- Introducing chat bots in customer service

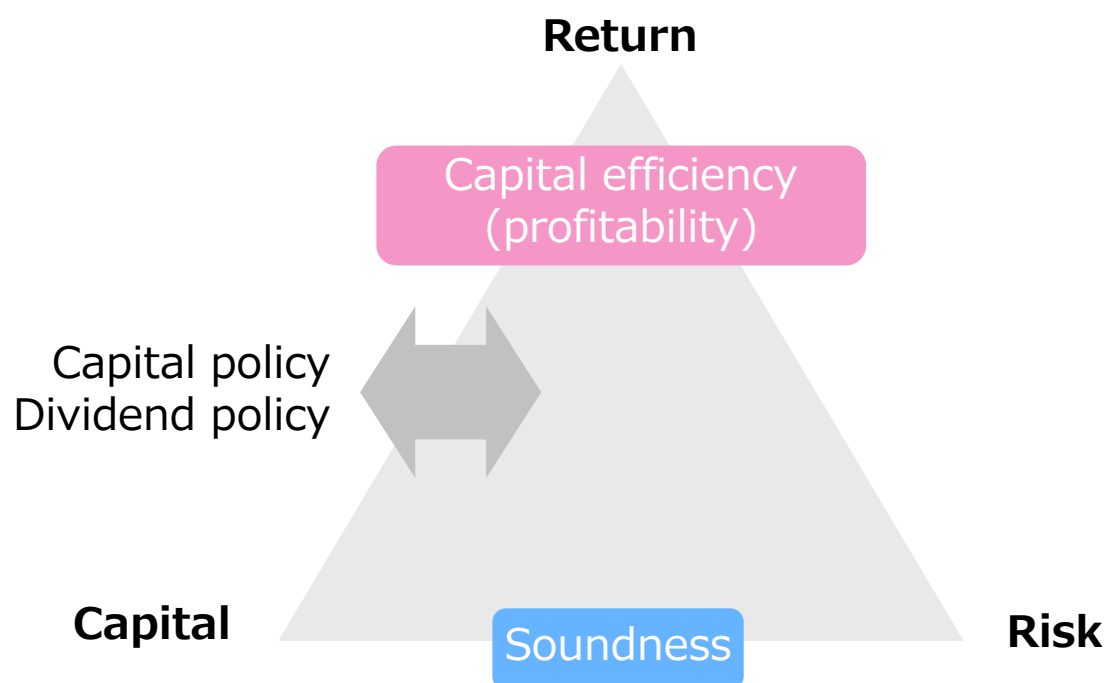
Initiatives for FY16 and FY17

- ◆ Response to the Corporate Governance Code (adoption of all principles)
- ◆ Established the Nomination Advisory Committee
- ◆ Abolished the system of providing retirement bonuses for directors and introduced stock options
- ◆ Performed third-party evaluations of Board of Directors effectiveness
- ◆ Disclosed Basic Policy on Selection of Director Candidates, including independence criteria
- ◆ Increased the number of independent directors
- ◆ Enhanced the stock incentive system
 - Introduced a stock-based compensation system (Scheduled for resolution at the General Meeting of Shareholders on June 21, 2017)
 - Expanded applicability to include Group management team

(Objective)

In the aim of maximizing the corporate value of the Group, achieve a balance and optimization among capital, risk and returns.

At the same time, instill capital-efficient management across the Group through an awareness of costs and returns on invested capital.



Capital efficiency (profitability) indicators

- Sony Life: Core ROEV
- Sony Assurance: Adjusted ROE
- Sony Bank: ROE

Soundness indicators

- Insurance business: Solvency margin ratio
- Banking business: Capital adequacy ratio
- Management on a regulatory basis and on the basis of economic value

Medium-term dividend policy

<In line with our policy to date>

- We aim for steady increases in dividends in line with earnings growth over the medium and long terms, based on stable dividend policy.

<Current revisions>

- When determining future dividends, we will place more importance on factors that more closely track growth in the life insurance business, such as MCEV and profit indicators on the basis of economic value.
- We will discontinue our medium-term target dividend payout ratio based on profit on a statutory accounting basis.

<Background for the revisions indicated above>

- Although we anticipate that the Group's business operations will grow steadily over the medium term, profit on a statutory accounting basis is not expected to grow commensurately with this expansion and is expected to be lower than the medium-term target. We, however, forecast growth in MCEV and other profit indicators on the basis of economic value, which more closely track expansion in the life insurance business.
- Based on the above situations, in order to continue enhancing shareholder returns by steadily increasing dividends, we have decided to place greater importance on profit growth on the basis of economic value going forward when determining dividends.

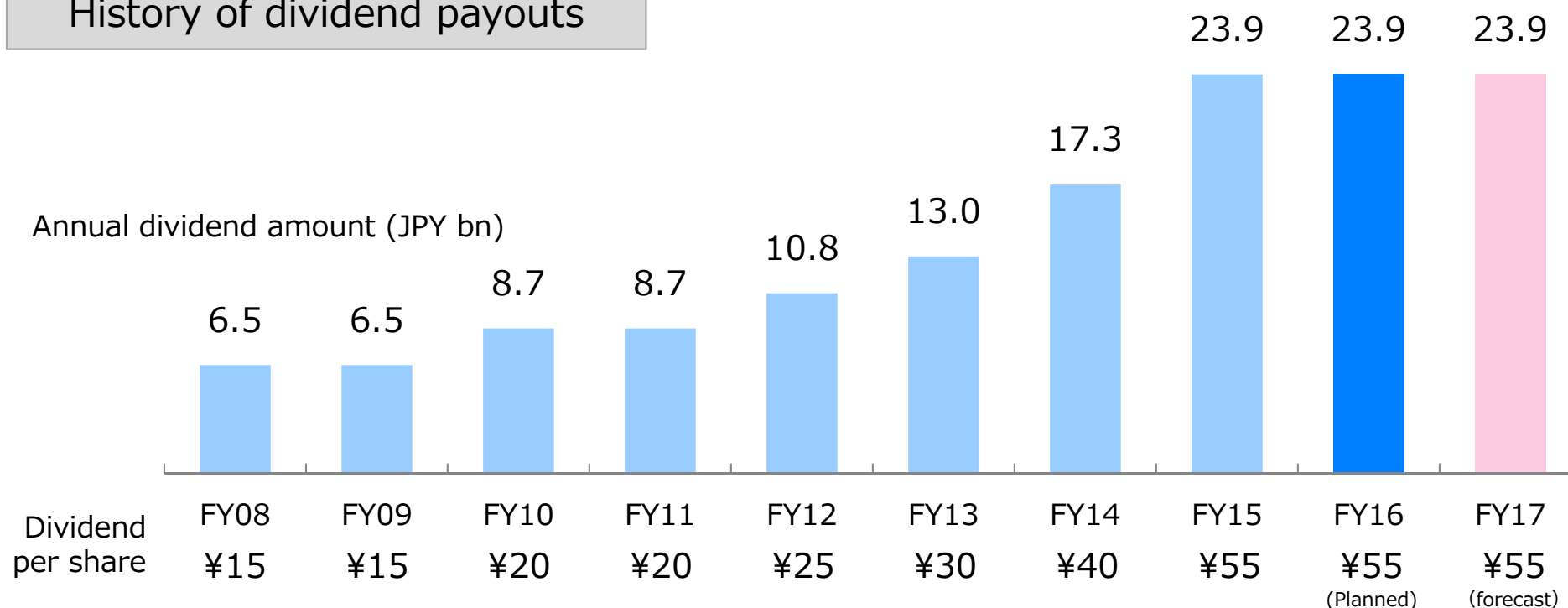
Dividend Forecast for FY17

- We expect a dividend of ¥55 per share for FY17, unchanged from FY16.

<Reasons for maintaining the dividend unchanged>

- We consider it necessary to monitor trends in the market and competitive environment.
- Meanwhile, in line with our new dividend policy, we will reconsider dividend levels going forward—including for FY17—while taking into account the stability of the external environment, business expansion, and growth in profit on the basis of economic value.

History of dividend payouts





Appendix

Forecast of Consolidated Financial Results for FY17

Consolidated ordinary revenues are expected to increase, consolidated ordinary profit and profit attributable to owners of the parent are expected to be essentially flat.

(JPY bn)	FY16 (Actual)	FY17 (Forecast)	Change
Consolidated ordinary revenues	1,381.6	1,430.0	+3.5%
Life insurance business	1,243.9	1,276.1	+2.6%
Non-life insurance business	102.3	108.9	+6.4%
Banking business	38.5	40.6	+5.4%
Consolidated ordinary profit	66.3	67.0	+1.0%
Life insurance business	56.8	56.4	(0.7%)
Non-life insurance business	5.0	4.6	(8.0%)
Banking business	5.0	6.6	+30.6%
Profit attributable to owners of the parent	41.6	42.0	+0.9%

For FY17, stable business growth is expected to continue in all the businesses.

Consolidated ordinary revenues are expected to increase, while consolidated ordinary profit and profit attributable to owners of the parent are expected to be essentially flat.

<Segment information for ordinary revenues and ordinary profit>

■ Life insurance business

Ordinary revenues are expected to increase year on year because we anticipate stable increases in insurance premium revenues.

Ordinary profit is expected to be almost flat because we expect the provision of policy reserves to rise in line with revision in standard yields used for calculating policy reserves even though we expect an improvement in net gains/losses on derivative transactions to hedge market risks related to minimum guarantee for variable life insurance as well as an increase in profit from accumulated policies in force.

■ Non-life insurance business

Ordinary revenues are expected to increase year on year, in line with growth in net premiums written, primarily for automobile insurance.

Ordinary profit is expected to decrease year on year because we expect the loss ratio to be higher due to higher provision for reserve for outstanding losses than in FY16.

■ Banking business

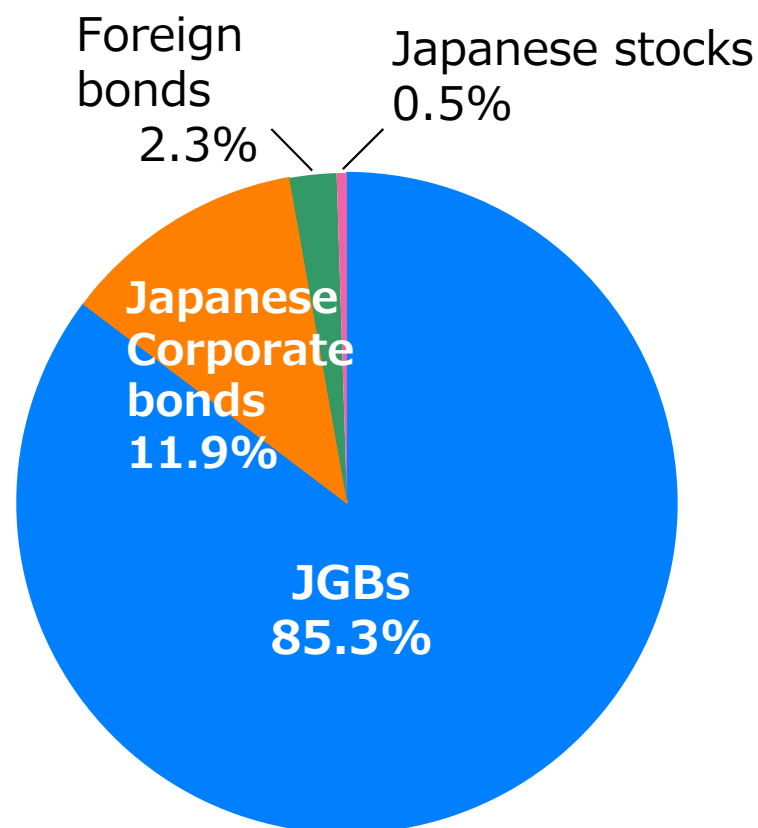
Ordinary revenues are expected to increase year on year, due to stable business growth, reflecting a growing balance of mortgage loans and strengthened foreign currency business

Ordinary profit is expected to increase year on year, due mainly to efforts to appropriately control operating expenses and the increase in ordinary revenues.

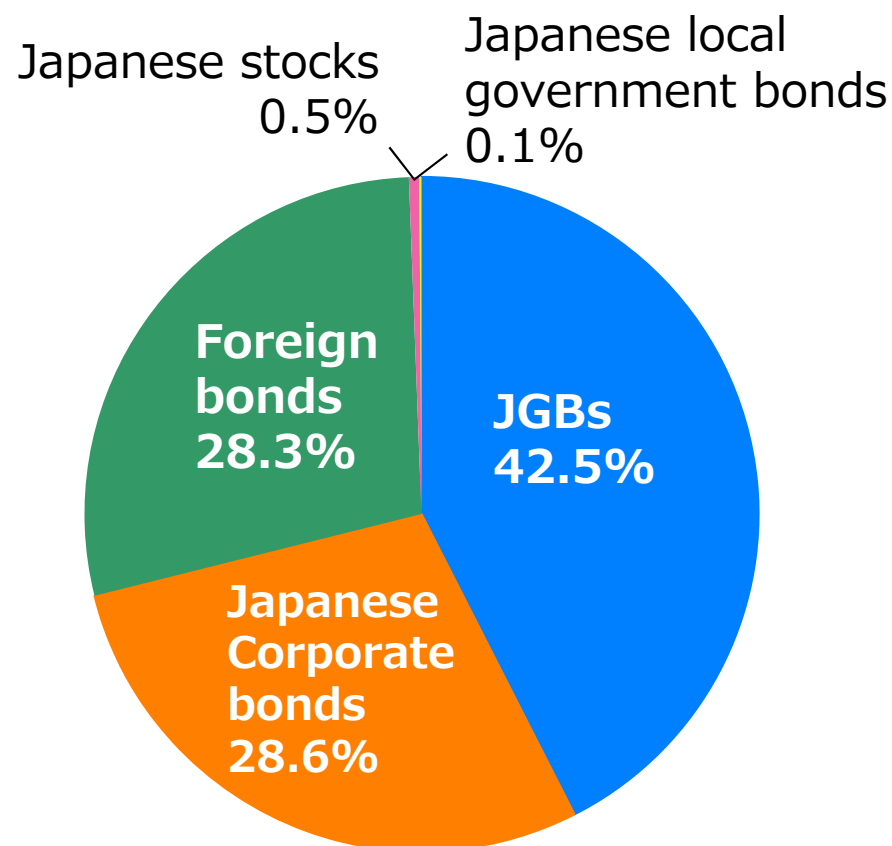
Purchase Ratio of Securities within General Account Assets

- ◆ Promoting investment asset diversification, while maintaining the principle of investing in assets matching liability characteristics, based on ALM approach
- ◆ Expanding investments in ultralong-term Japanese corporate bonds (including FILP agency bonds) and significantly increasing investments in U.S. dollar bonds, responding to higher sales of U.S. dollar denominated insurance policies

FY15 (12M)



FY16 (12M)



- ◆ We will steadily seize growth opportunities overseas to expand business over the medium- to long-term

Overview of ClearView^{*1}

- Listed on the Australian Securities Exchange
- Premium income: AUD140 million^{*2}
(Approx. ¥11.4 billion)
- Total assets: AUD2.04 billion^{*3}
(Approx. ¥168.0 billion)
- Market cap: AUD941.1 million
(Approx. ¥77.5 billion, as of close on May 29, 2017, AUD1.43)
- Industry rank: 11th out of 13 companies^{*4}
(Individual premium income basis)
- CEO: Simon Swanson

◆ Growth Expectations in the Australian Life Insurance Market

- Stable growth in the Australian life insurance market driven by solid economic growth and population expansion
- Ideal demographics, low life insurance penetration rate

◆ Highly Compatible Partner

- Similar corporate philosophy
- Synergies between life insurance and wealth/FA businesses
- Stable topline growth exceeding an annual rate of 30%

*1 : Figures in Japanese yen in () are calculated based on a conversion rate as of May 30, 2017

*2 : Premiums income for FY16

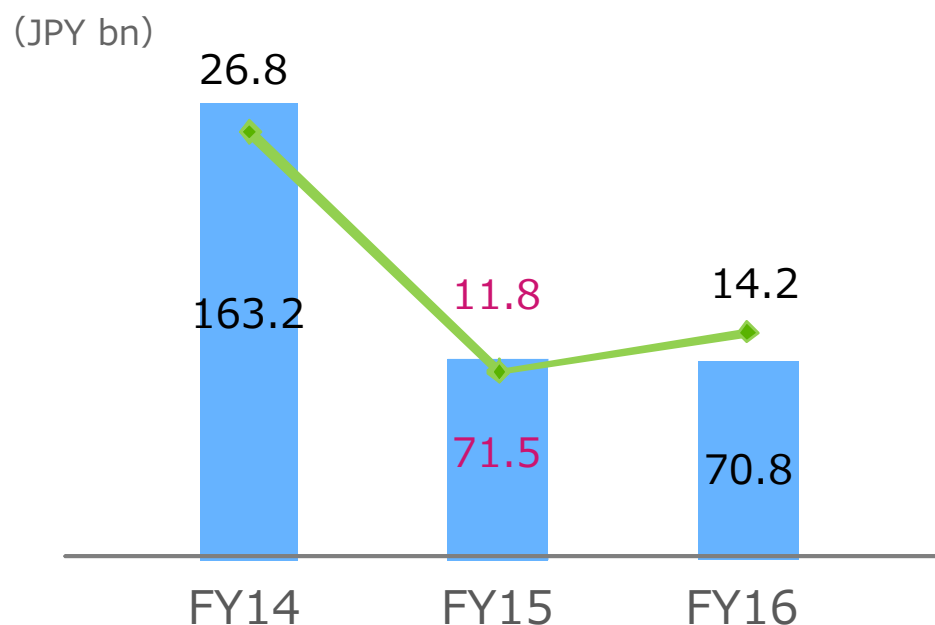
*3 : Total assets as of the end of December, 2016

*4 : Ranked as of the end of March 2016

Individual Variable Annuity Business

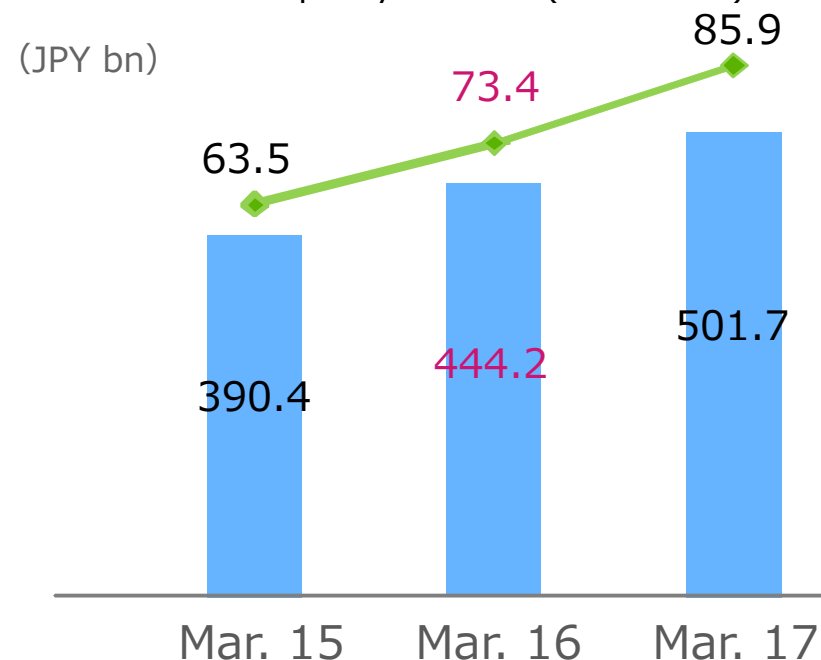
Number and Amount of New Policies

- New policy amount
- ◆ Number of new policy (thousands)



Number and Amount of Policies in Force

- Policy amount in force
- ◆ Number of policy in force (thousands)



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

(JPY bn)	FY15	FY16	Change
AEGON Sony Life Insurance	(3.2)	(4.4)	(1.2)
SA Reinsurance	1.8	(2.6)	(4.4)

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.

Calculation of Adjusted ROE

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

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

*1 Consolidated Adjusted ROE= Consolidated Adjusted Profit divided by Consolidated Adjusted Capital

Consolidated Adjusted Profit = ① + ② + ③

Consolidated Adjusted Capital = ④ + ⑤ + ⑥

*2 Sony Life change its calculation methods for adjusted ROE, a change in numerator (adjusted profit) from FY16 as follow.

Previous: The amount of increase in Embedded Value (EV) during the fiscal year plus dividends paid

Current: New business value plus expected existing business contribution (risk-free rate)

Assumptions

		FY16		FY17
		At the time of formulated Mid-term target	As of End Mar. 17 Actual	Outlook
Policy interest rate	YEN	0.10%	(0.05%)	(0.05%)
	USD	0.50%	1.00%	1.25%
	EUR	0.05%	0.00%	0.00%
	AUD	2.00%	1.50%	1.50%
	NZD	2.50%	1.75%	1.75%
JGBs	10yr	(0.05%)	0.07%	At the level of End Mar. 2017
	20yr	0.44%	0.64%	
	40yr	0.63%	0.96%	
Stocks	Nikkei Average	¥16,758	¥18,909	
	Dow Jones	\$17,685	\$20,663	
Foreign exchanges	USD/YEN	¥112.57	¥111.39	
	EUR/YEN	¥128.11	¥118.67	

U.S. GAAP-based Operating Income

As for profit of an insurer with growing policies in force, the following two reasons increase profit for U.S. GAAP-based operating income of the Sony Group's financial services segment compared with Japanese GAAP-based ordinary profit of the Sony Financial Group:

- Different accounting treatment for policy reserves (future insurance policy benefits)
- Accounting treatment of deferred insurance acquisition costs (recorded in U.S. GAAP only)

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

Sony Financial Group's scope of consolidation and that of Sony Group's Financial Services segment are described below.

< Sony Financial Group's scope of consolidation under Japanese GAAP >

*SFH's scope of consolidation includes Sony Financial Holdings Inc., Sony Life Insurance Co. Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Payment Services Inc., and SmartLink Network Hong Kong Limited, Sony Lifecare Inc. and Lifecare Design Inc. It also includes AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method. Sony Lifecare Inc. and Lifecare Design Inc. are included in the scope of consolidation from the first quarter of the year ended March 31, 2017, respectively.

< Scope of consolidation of the Sony Group's Financial Services segment under U.S. GAAP >

Sony Group's Financial Services segment includes 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. and Lifecare Design Inc. as consolidated subsidiaries. It also includes AEGON Sony Life Insurance Co., Ltd., and SA Reinsurance Ltd. as affiliated companies accounted for under the equity method. Sony Lifecare Inc. and Lifecare Design Inc. are included in the scope of consolidation from the first quarter of the year ended March 31, 2017, respectively.

SFH announced [Reference Disclosure] Key Performance Figures Based on U.S. GAAP on Apr. 28, 2017. Please refer the announcement. http://www.sonyfh.co.jp/en/financial_info/results/sfh_FY16_4q_02.pdf

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.

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