



Sony Financial Group Corporate Strategy Meeting for Fiscal Year 2018

Sony Financial Holdings Inc.
May 31, 2018

Sony Financial Group

Review of Financial Results

Market Overview and Medium-term Issues

Background/Theme/Points of New Medium-term Plan

Medium-term Plan of Each Group Company

Sony Life

Sony Assurance

Sony Bank

Sony Lifecare

Sony Financial Group

Growth Strategy

Group Governance

Medium-term Target for FY20

Shareholder Returns/Dividend Policy

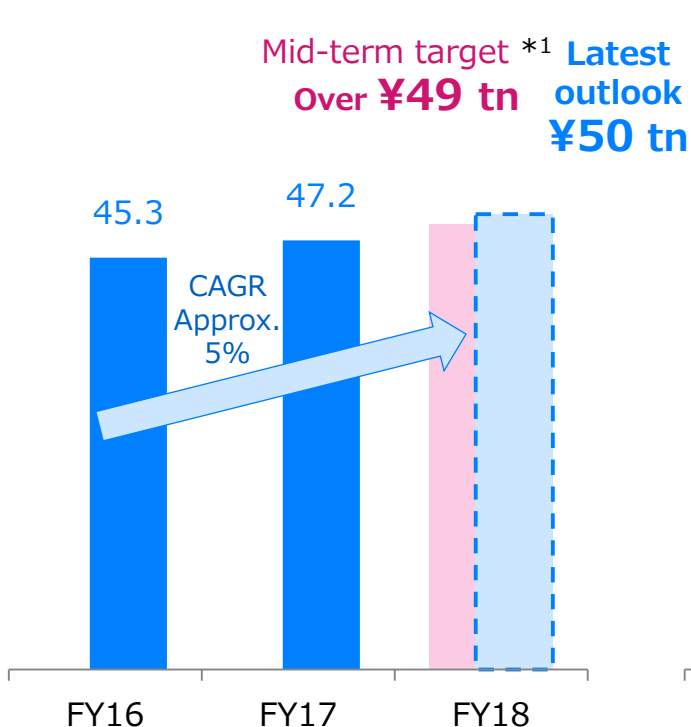
*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded

* "Lifeplanner" is a registered trademark of Sony Life

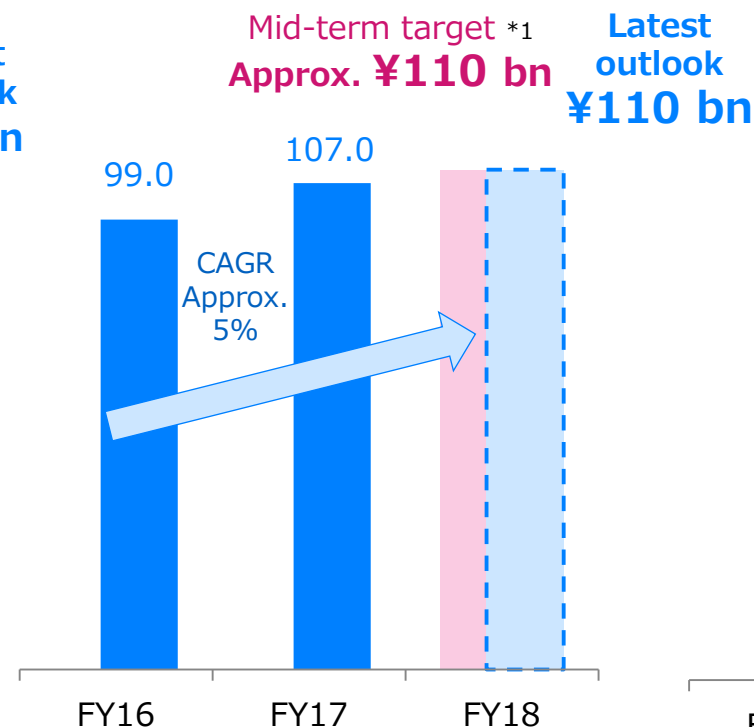
Review of Financial Results -Each of the Group's Major KPI-

- ◆ Each of the Group's three core businesses expanded their operations as we planned

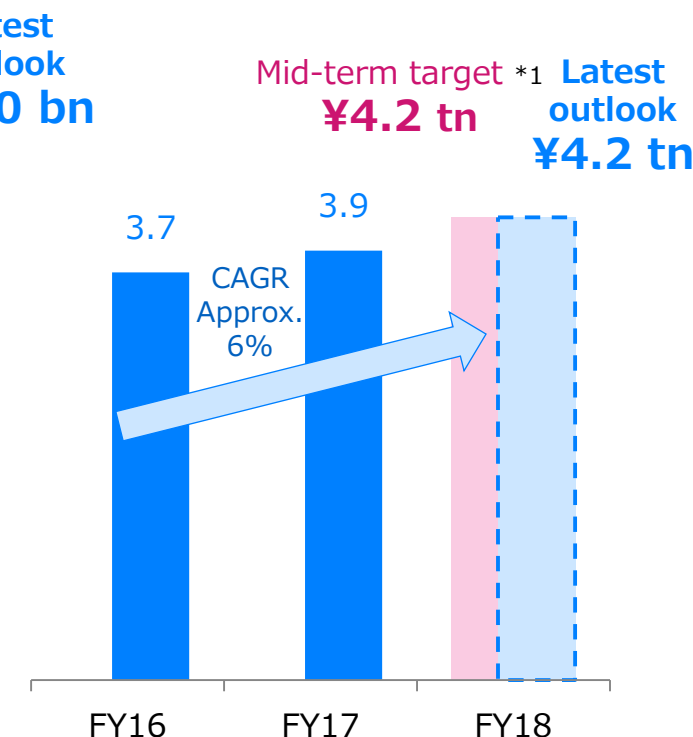
Sony Life Policy amount in force



Sony Assurance Direct premiums written








Sony Bank Retail balance^{*2}



^{*1} Mid-term target announced on June 1, 2016 (Retail balance of Sony Bank is adjusted in line with change in a part of definition)

^{*2} Sum of yen deposits, foreign currency deposits, investment trusts, securities brokerage, mediate discretionary investment contracts and personal loans

Review of Financial Results -Consolidated-

	FY18 Mid-term target* ¹	FY18 Latest Outlook	Review on outlook
Ordinary revenues	¥1.65 tn	¥1.57 tn	
Ordinary profit	¥80 bn	¥83 bn	
Profit attributable to owners of parent	¥51 bn	¥55 bn	
Operating income under US-GAAP	¥160 bn	¥170 bn	
Consolidated adjusted ROE	4~5%* ²	Approx. 6%	

*1 Mid-term target announced on June 1, 2016

*2 The figure excludes the impact of a revision in the insurance risk measurement method and others for Sony Life

- ◆ Over the medium to long term, we expect that overall market shrinkage, reduction in profit margins and intensified competition will lead to a continuously challenging environment

Social Environment

- **Overall population decrease, decrease in working-age population**
- **Aging society with fewer children, increase in longevity**
- Decrease in number of family households, increase in single-person households
- Growing focus on health
- Rising income disparity

Economic Environment

- **Continued low interest rates**
- Shift toward the sharing economy and of consumption from tangible goods to experiences/services

Technological Innovation

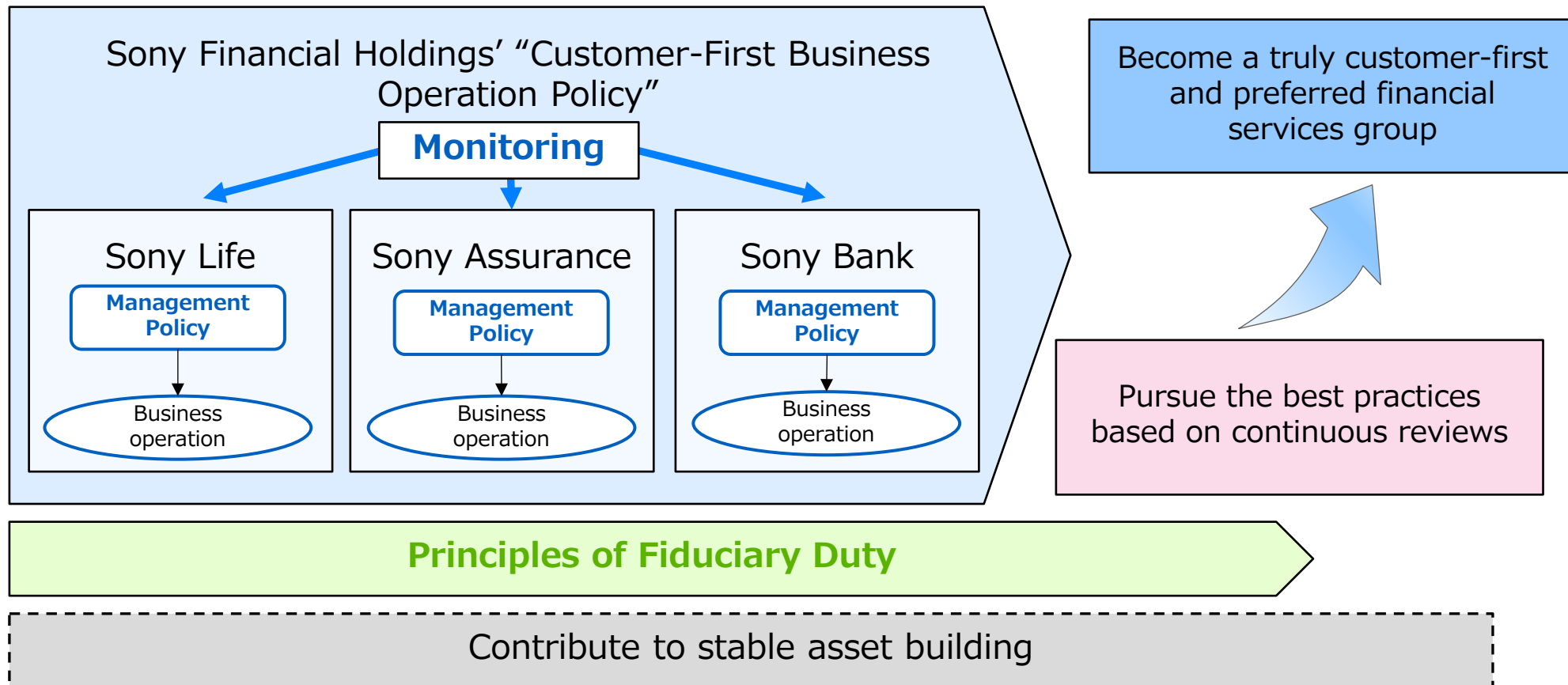
- **Rapid innovations in Fintech, AI and RPA technology spreading**
- **Unbundling and disruption in finance**
- Developments and lower costs in life science and healthcare technologies
- Progress in safety support equipment and automated driving technologies

Regulatory Environment

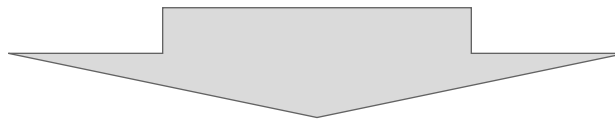
- **Stronger response to fiduciary duty**
- Revisions to the Standard Mortality Tables and standard yields
- Revision to the reference loss cut rates

Response to the Principles of Fiduciary Duty

- ◆ In March 2017, the Financial Services Agency announced its Principles of Fiduciary Duty
- ◆ In accordance with these principles, in June 2017, each company of the Sony Financial Group formulated and announced a “Customer-First Business Operation Policy” and are promoting appropriate operational procedures

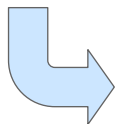


- ◆ The business of each Group company and indicators based on economic value are progressing favorably. We expect to achieve most of our FY16–18 medium-term targets.
- ◆ The financial business environment continued to change after the formulation of the FY16–18 medium-term plan
 - (1) As the population continued to decline and age, **the Principles of Fiduciary Duty**, which aimed to respond to needs for stable asset building, were announced
 - ⇒ Leading to an era that demands further **“Customer-First Business Operation Policy”**
 - (2) **Technological advancement including Fintech/digitalization** proceeded at an accelerated pace
 - ⇒ **Progress in the unbundling of finance;** increasingly intense actions of **competitors and companies from other industries (disruptors)**



The three core businesses are currently stable, and we expect the growth trend to continue for the foreseeable future.

However, fresh perspectives and preparation are needed to continue growing 10 to 20 years in the future.

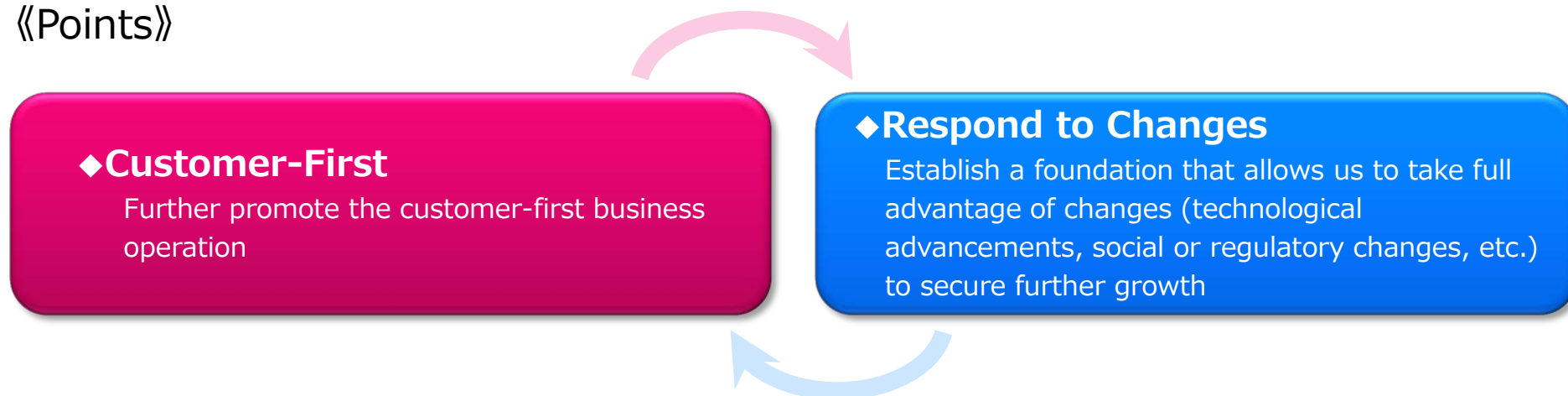


Three years to prepare for the transformations that will take place from a long-term perspective, 10 years or more from now (new medium-term plan)

《Theme》

Using **taking on the challenge of new growth** as our theme, with the FY18–20 new medium-term plan we will make strategic moves from a long-term perspective to secure further growth by **taking full advantage of changes** that will occur 10 years or more from now and of organic growth from existing business models.

《Points》



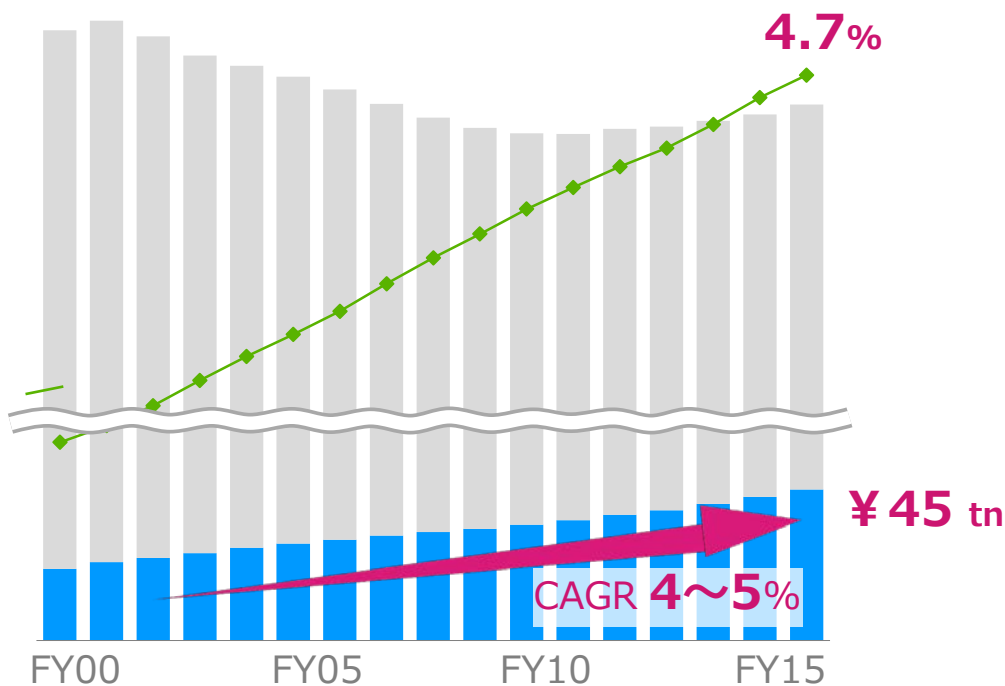


Sony Life

- ◆ Steady growth of policy amount in force despite the challenging business environment
- ◆ In FY2017, new policy amount reached record high. Further accelerate growth of new policies

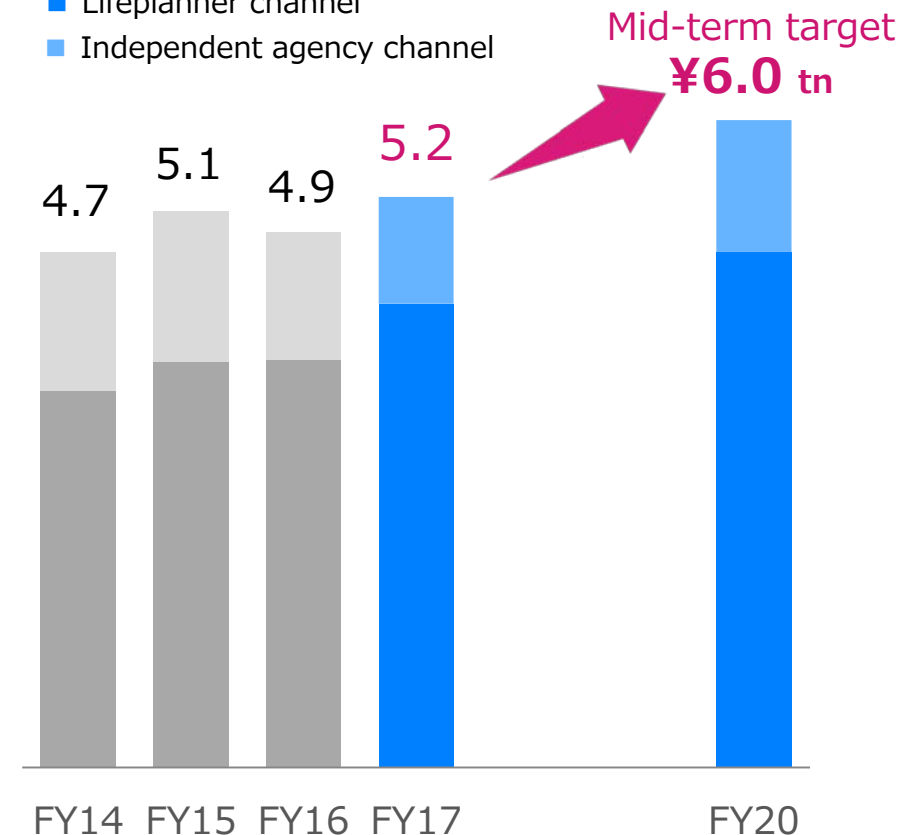
Policy amount in force^{*1}

■ Sony Life ■ Life insurance market
◆ Share



New policy amount^{*1}

■ Lifeplanner channel
■ Independent agency channel



*1: Individual insurance, Individual annuities

Customer-First

Further
strengthen our
business
foundation

- ◆ Pursue quality in the Lifeplanner channel
- ◆ Achieve steady recovery in the independent agency channel

Response to
Changes

Provide new
value

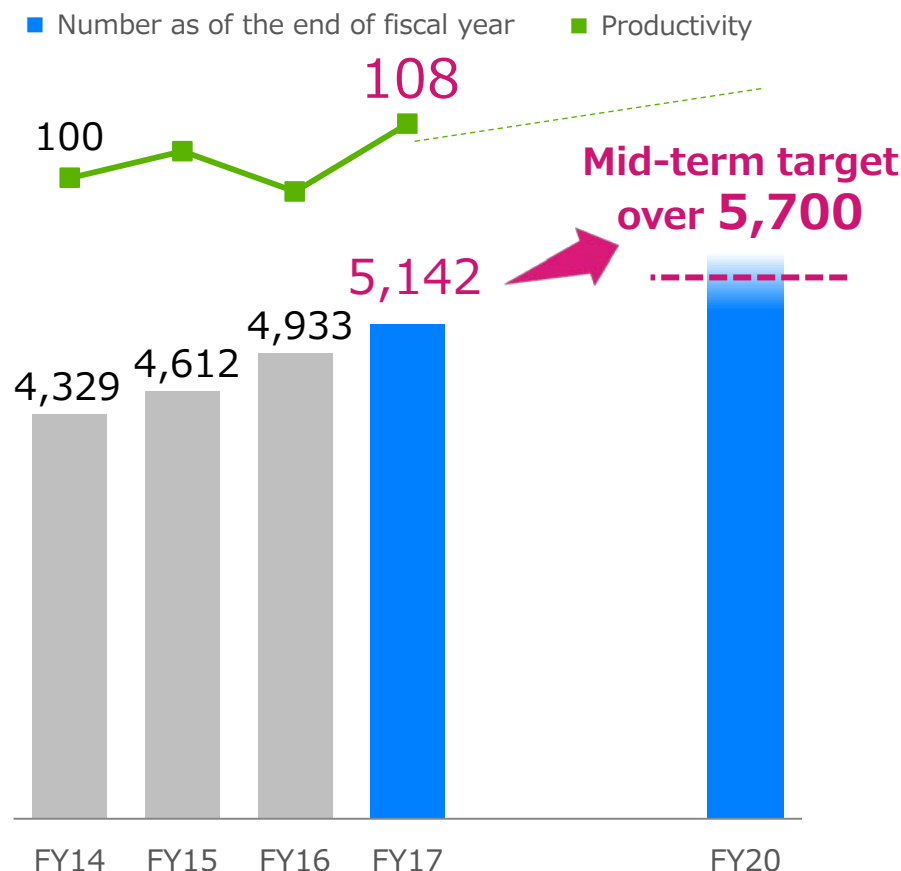
- ◆ Expand coverage (new medical insurance)
- ◆ Evolve customer-first service (Fintech)

Steadily grow
corporate value

- ◆ Realize growth in profit on the basis of economic value

- ◆ Further strengthen our hiring process to recruit high-caliber personnel
- ◆ Strengthen and expand education and training environments to improve quality

Number of Lifeplanner sales employees^{*1} and productivity^{*2}



◆ Improve quality through stringent recruiting

- Review targeting of candidates
- Further improve interview processes
- Make hiring information and progress visible through unified management

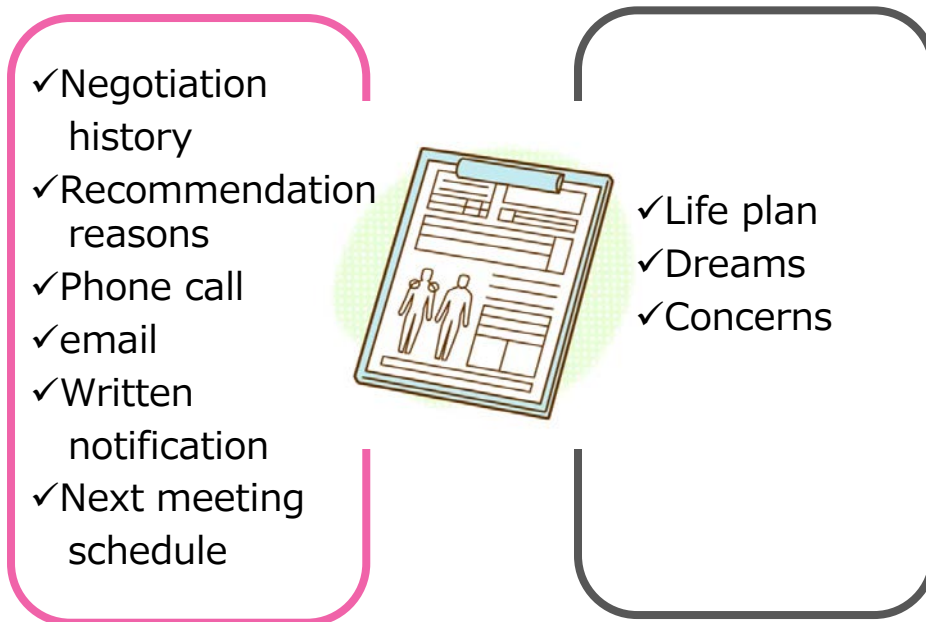
◆ Strengthen and enforce education and training

- Further enhance training and education environments at all branch offices
- Strengthen unit manager training to improve instructional capacity
- Conduct periodic monitoring and guidance through our headquarters

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

*2: Productivity is indexed to FY14 = 100, calculated on the basis of average new policy amount per person

- ◆ Expand and intensify consulting-based sales and follow-ups through practical use of the “Karte” customer database
- ◆ Provide further contact with customers through periodic meetings to review coverage



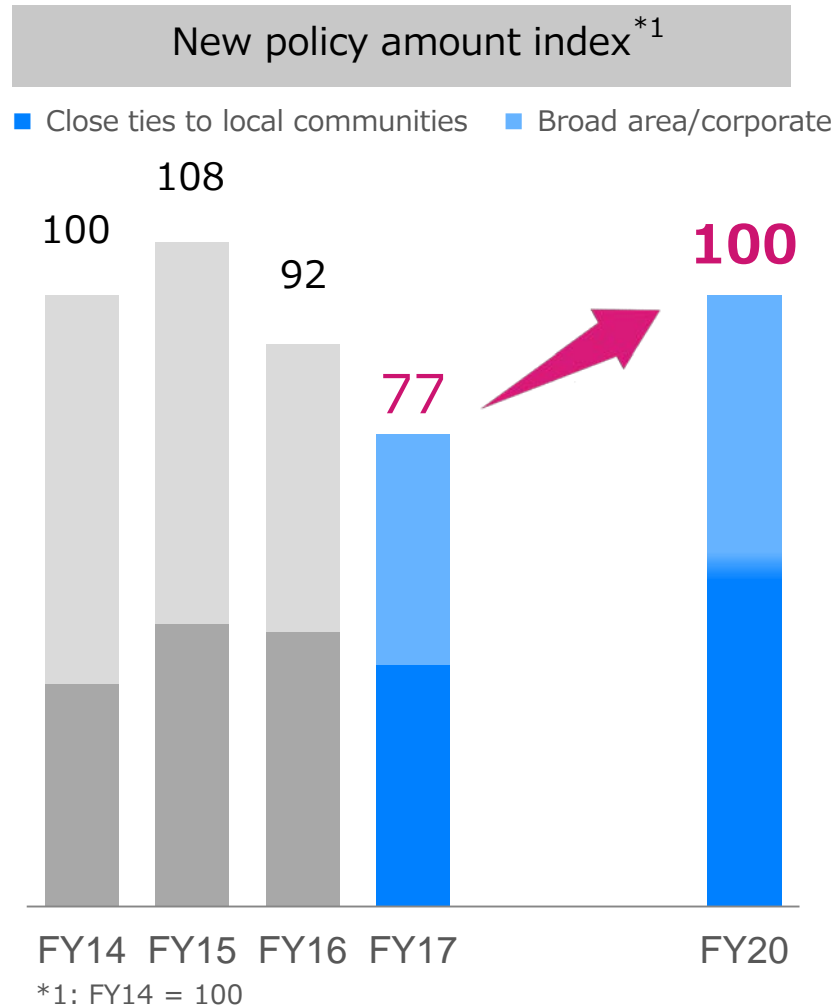
◆ Improvement of Lifeplanning

- Strengthen consultations and proposals through full use of LiPSS and the “Karte” customer database
- Strive to provide coverage in line with customer demands

◆ Sound contact with customers

- Optimize coverage through meetings and life-planning conducted once every three years
- Confirm reasons for payment or non-payment of insurance proceeds or changes in status through yearly contact with customers
- Conduct follow-ups based on customers’ desires and prior negotiations through use of the “Karte” customer database

- ◆ Further improve relationships with independent agencies by providing unique and customized support for those with close ties to local communities and those that cover broad areas and/or corporate



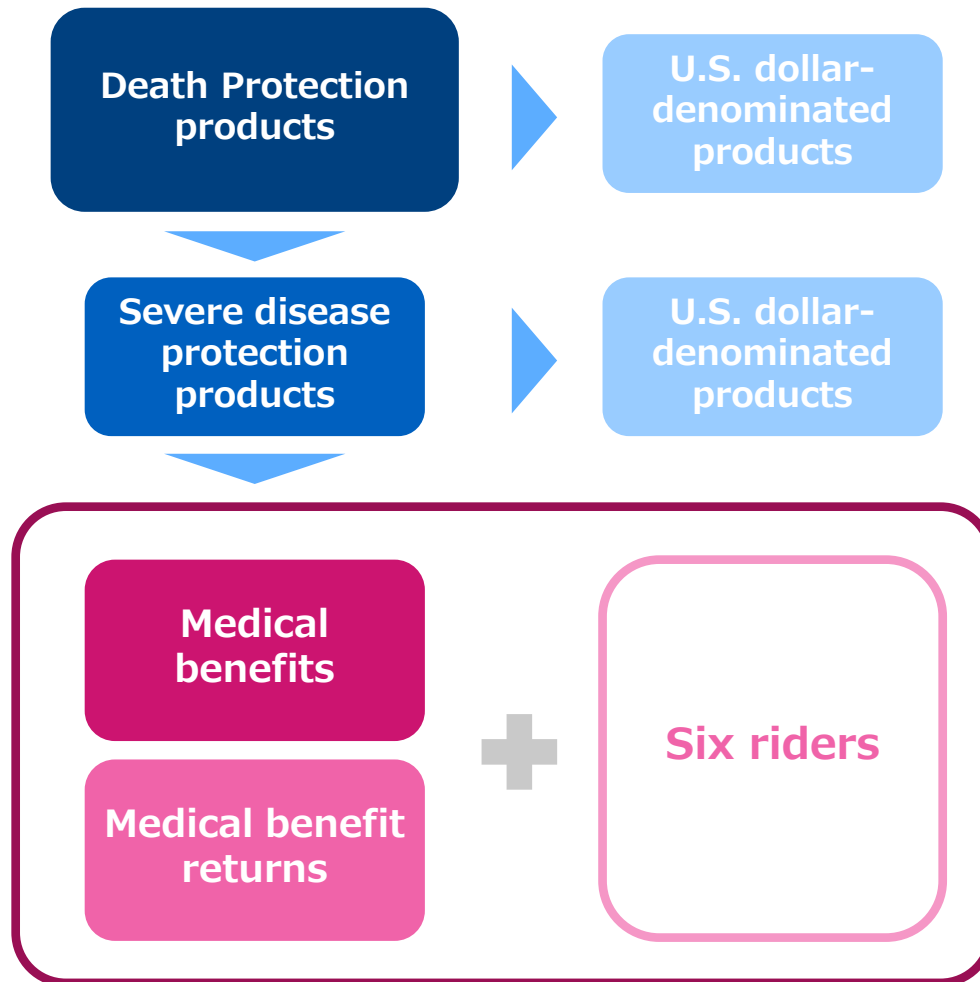
◆ Strengthen sales foundation

- Expand support for partners who share our philosophy and provide needed coverage to customers
- Further enhance selection process for prospective agencies and improve initial training

◆ Boost quality of sales staff

- Provide individual support for managers to enhance training skills
- Conduct effective instruction by making skills and knowledge more visible

- ◆ Steadily broaden coverage provided, centered on death protection products
- ◆ Offer many customers medical protection with our first new medical insurance in around 15 years



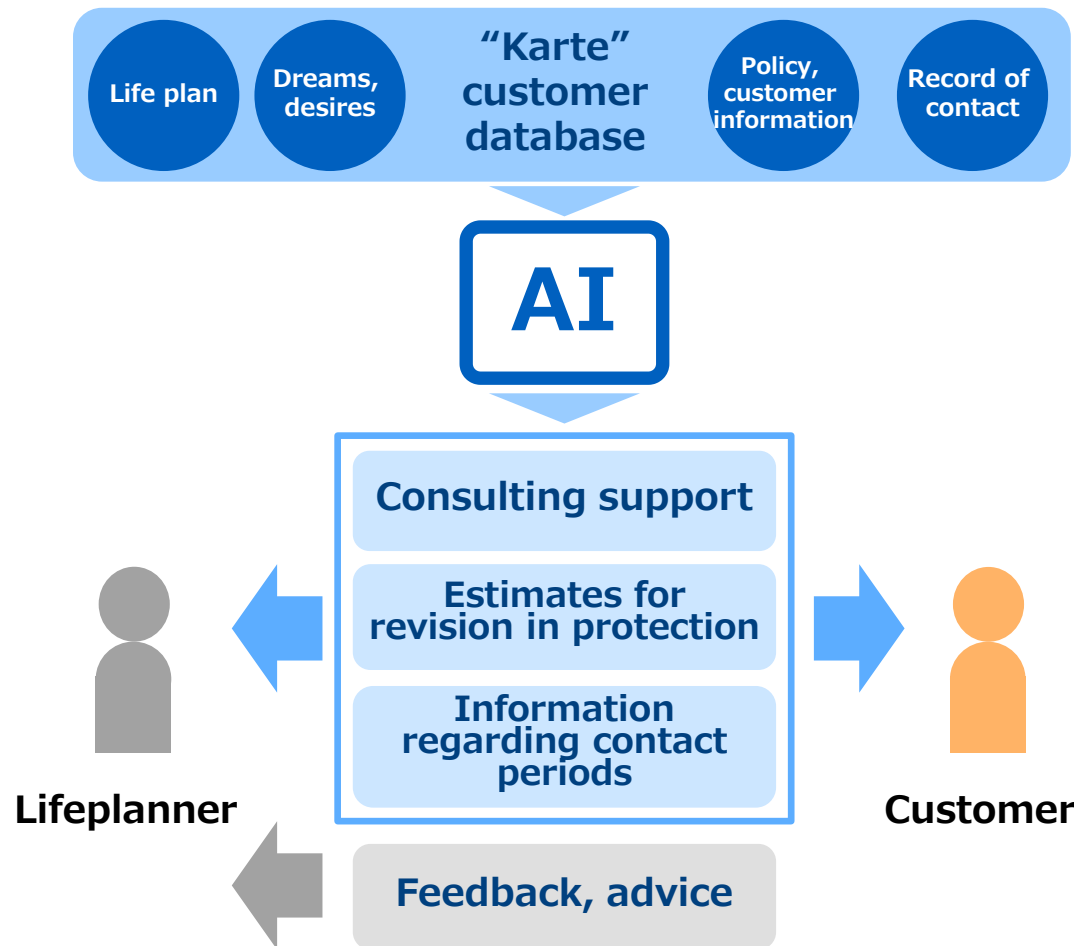
◆ Strengthen follow-ups with policyholders

- Review existing policyholders' coverage and respond to new needs with the new medical insurance

◆ Expand contact with customers

- Provide coverage suitable for both premium-focused and savings-minded customers
- Elicit new potential customer needs in connection with providing new medical insurance

- ◆ Evolve customer-first service by promoting the use of Fintech in the medium-term initiatives
- ◆ Create new value to offer customers using our proprietary Lifeplanning data and AI technology



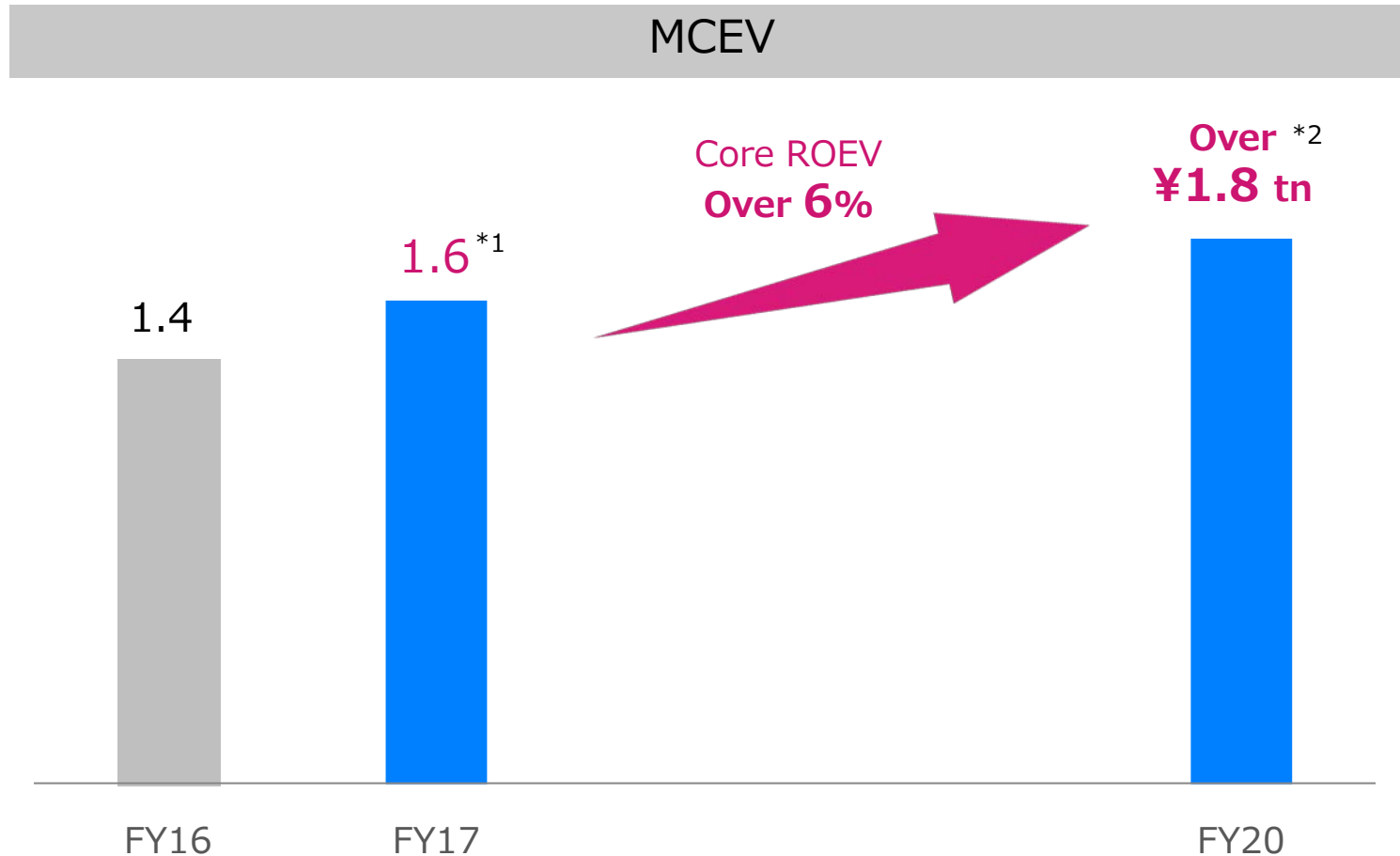
◆ AI development using our proprietary data

- Leverage our extensive and high-quality database to develop AI
- Thoroughly record negotiations and contact histories to further accumulate qualitative data

◆ Offer new value using AI

- Use AI to make objective proposals, and provide notice of opportunities to review appropriate protection
- Further improve quality using objective AI feedback given to Lifeplanners

- ◆ Realize steady profit growth on an economic value basis, while promoting customer-first policy and reinforcing compliance system



*1: Reflected a revision in the insurance risk measurement method and others from FY17 onward

*2: Based on the interest rate level at the end of March 2018

	FY17 Actual	FY20 Mid-term target
Policy amount in force	¥47.2 tn	¥55 tn
Number of Lifeplanners ^{*1}	5,142	Over 5,700
MCEV ^{*2}	¥1.6 tn	Over ¥1.8 tn
Core ROEV	5.9% ^{*3}	Over 6%
Ordinary profit (Life insurance business)	¥54.1 bn	¥62 bn

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

*2: Figures in "FY20 Mid-term target" are based on interest rate levels at the end of March 2018

*3: The figure excludes the impact of a revision in the insurance risk measurement method and others



Sony Assurance

Customer-First

Response to Changes

Continue to grow, and expand share of, automobile insurance

- ◆ Increase peace of mind regarding direct insurance by enhancing product capabilities and service quality and conducting effective marketing; establish “strength as a trusted brand”
- ◆ Enhance products, marketing and services using leading-edge technology

Expand business categories outside automobile insurance

- ◆ Aim to establish a foundation for stable long-term earnings and promote categorical expansion
- ◆ Medical insurance field: strengthen and expand products, respond to diverse needs
- ◆ New fire insurance field: use strength in direct business to expand into new domains

Maximize customer value

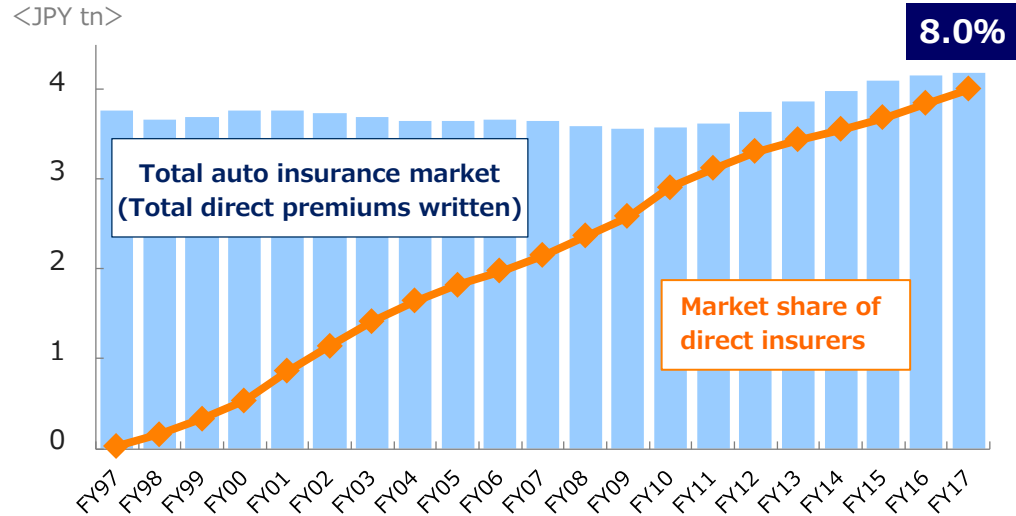
- ◆ Strengthen customer retention by improving the customer experience and offering high-quality services
- ◆ Increase ability to acquire new policies by improving product and service specs to raise perceived quality

Reform operations and improve operating efficiency

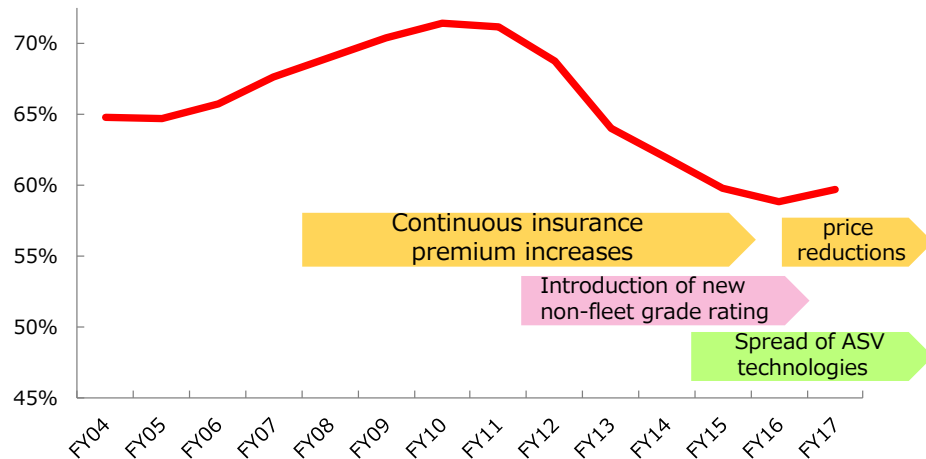
- ◆ Track medium- to long-term changes in operating environment and utilize leading-edge technology to raise operating efficiency and heighten cost competitiveness
- ◆ Reform operations and aim to improve ability to respond to customer needs through large-scale renovations to our core business systems

Domestic Automobile Insurance Industry

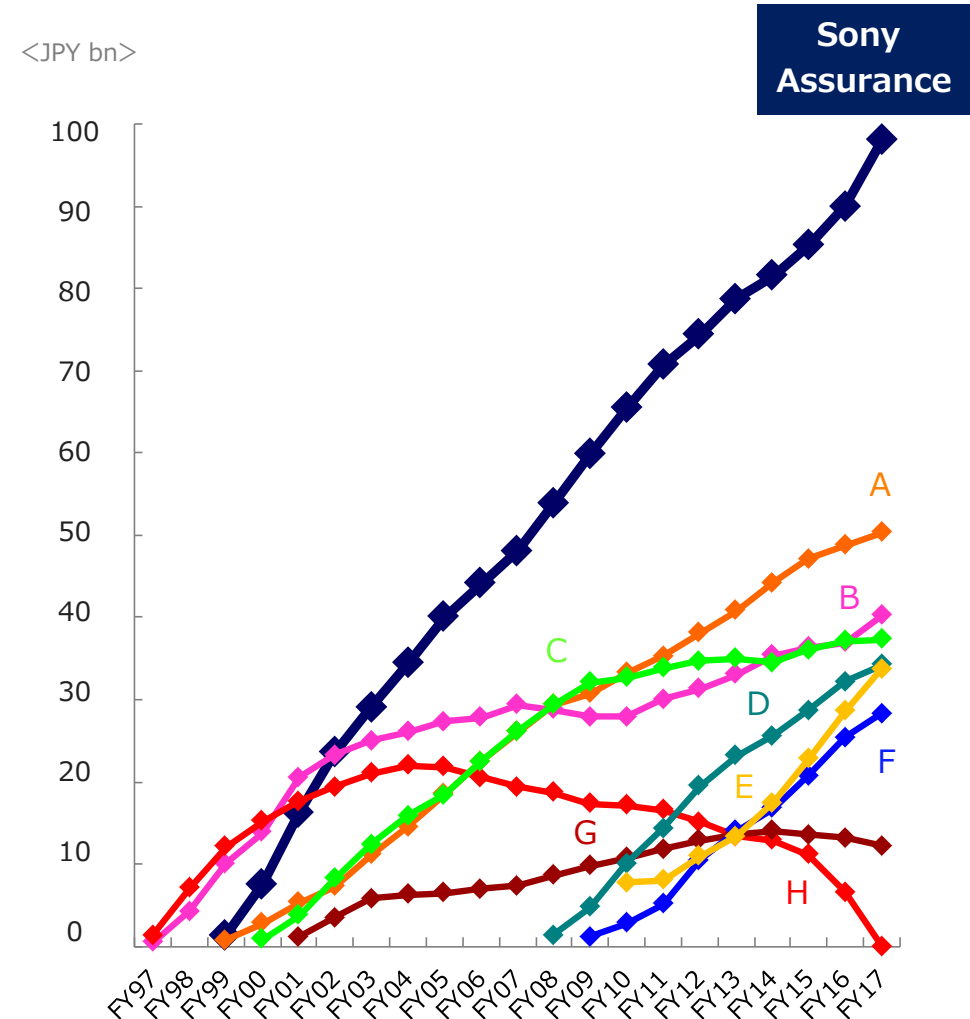
Auto insurance market and share of direct insurers



Trend of net loss ratio for industry (Automobile insurance)

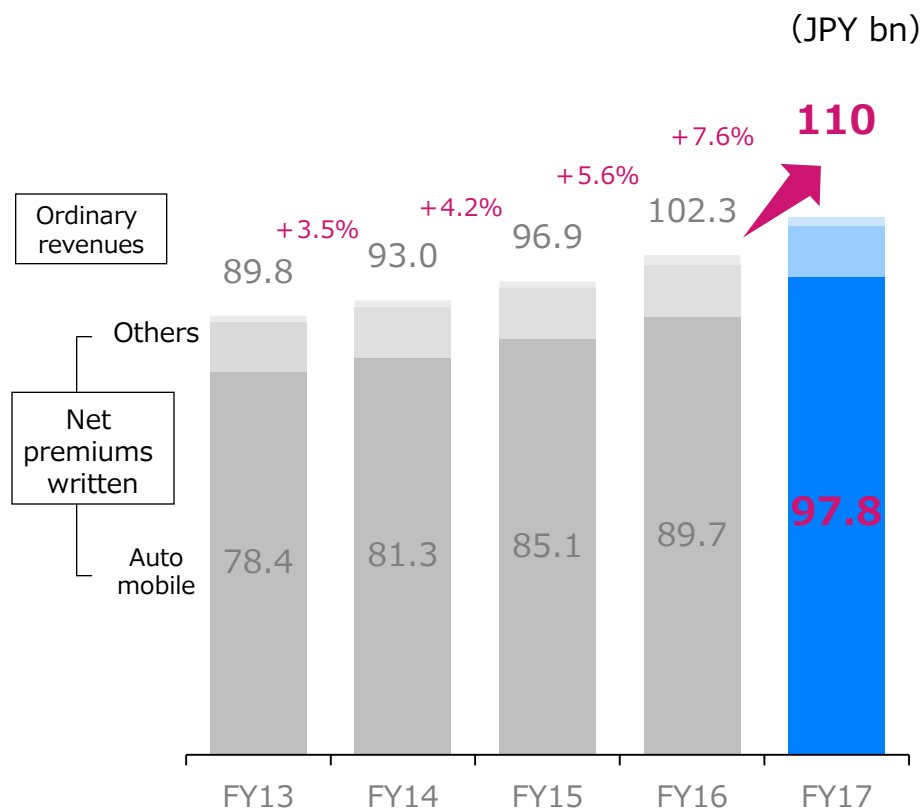


Direct premiums written by direct insurers (Automobile insurance)

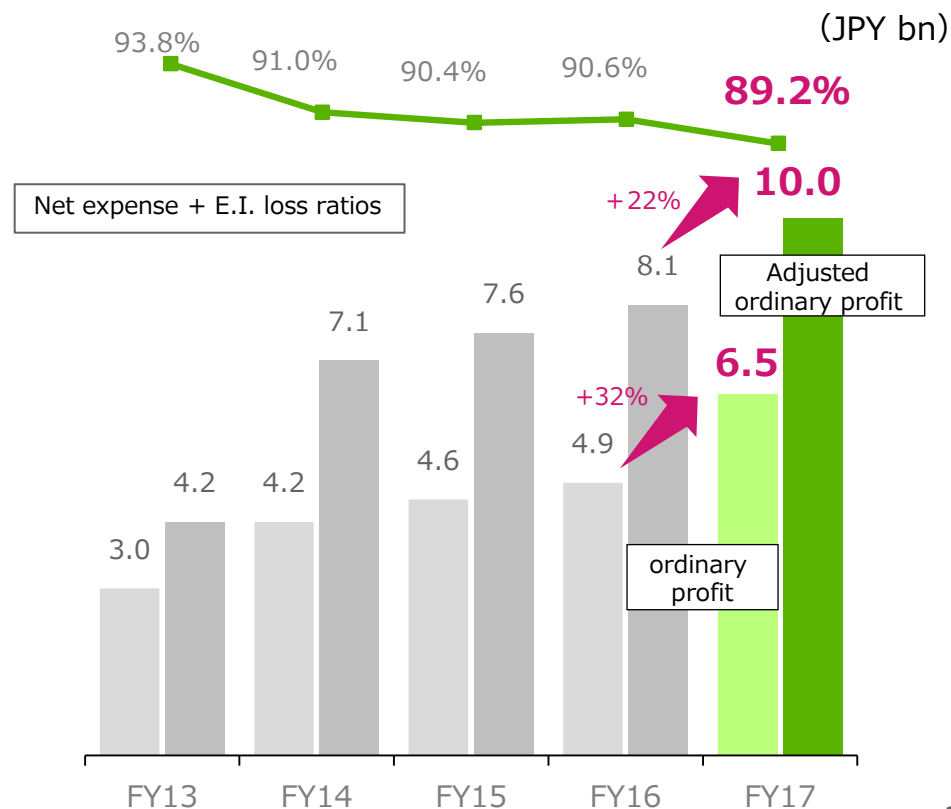


- ◆ Achieved robust top-line growth due to favorable automobile insurance sales
Profits grew substantially due to higher revenue and a decrease in the loss ratio; profits at record high for the fifth consecutive year
- ◆ Exceeded previous medium-term plan profit target for FY18 in FY17, achieved adjusted ordinary profit of ¥10.0 billion

Ordinary revenues



Sum of two ratio / Ordinary profit



Continue to Grow, and Expand Share of, Automobile Insurance

Customer-First

Sony Assurance

- ◆ Aim to increase share in the automobile insurance market by further augmenting customer peace of mind and trust toward direct insurance. Achieve these objectives by increasing product strength, raising service quality and proactively developing effective marketing communications.

Eliminate unease when accidents occur, build trust in our response

- Promote value of a personal response
- Eliminate unease at accident site and expand roadside service



Promote "Peace of mind, more inexpensively"

- Proactively develop marketing communications to create peace of mind toward direct automobile insurance and establish Sony Assurance's "strength as a trusted brand"

Aim to eliminate difficulty during policy procedures and unease

- Enhance mobile and PC website user experience
- Improve non-telephone response systems such as LINE, chat and short messaging services
- Heighten convenience through leading-edge technologies like AI, voice recognition and image analysis
- Collaborate between direct marketing and face-to-face sales channels

Reasonableness, progressiveness and uniqueness that only Sony Assurance can offer

- Develop new PHYD telematic products through collaboration between Yahoo! car navigation systems and Sony R&D



Expand Business Categories Outside Automobile Insurance

Customer-First



- ◆ Aim to establish a foundation for stable long-term earnings and promote categorical expansion
 - Medical insurance field: Respond to diverse customer needs by strengthening and expanding products and applying reasonable prices
 - New fire insurance field: Expand into new domains using advantages like uniqueness of products and strength in the direct insurance business

Expand medical insurance

- ◆ Provide service for a wide variety of needs with various options and two product types: Whole life/daily benefit, Term life/actual costs



SURE Medical and Cancer Insurance

(Whole life/daily benefit)

- Unique and devoted cancer coverage
- Offer further protection options by expanding product characteristics
- Improve ability to acquire new policies through more reasonable prices

ZiPPi

ZiPPi Medical Insurance

(Term life/actual cost for hospitalization)

- Rational medical insurance that covers actual costs with reasonable premiums
- Expand add-on coverage to cover shortfalls in daily benefit insurance

Increase offerings in the fire insurance field

- ◆ Expand in other categories, such as fire and personal accident insurance utilizing our direct business strength

Travel accident insurance

- Sales to begin in summer 2018
- Offer reasonable premiums for internet-only risk-segmented products
- Aim for synergy by cross-marketing with our existing categories



Sony Assurance's
Overseas Travel Accident
Insurance

Other new categories

- Aim to expand in new business fields such as fire insurance and other fields, through product uniqueness, fullness of compensation and the convenience and reasonable pricing of direct insurance

Improve Operating Efficiency and Customer Service through Operational Reforms

Customer-First

Response to
Changes



- ◆ Aim to reduce operating costs while tracking medium- to long-term environmental changes and evolve services aimed at maximizing customer value by renovating core business systems and utilizing leading-edge technologies, such as Fintech

	Reduce operating costs	Evolve customer service
Renovate core business systems	<ul style="list-style-type: none"> ◆ Reform non-life insurance service processes <ul style="list-style-type: none"> – Division of labor in accident response – Move toward paperless operations ◆ Customer center (contract management/call center) <ul style="list-style-type: none"> – Simplify and automate operations – Reduce calls by expanding non-voice responses ◆ Reduce system costs <ul style="list-style-type: none"> – Heighten developmental efficiency through streamlining – Share economies of scale and expertise via Group collaboration on system infrastructure 	<ul style="list-style-type: none"> ◆ Provide seamless customer service by unifying information regarding customer contact throughout the Company ◆ Conduct initiatives aiming for 24/7 year-round support for accident report processing and accident response ◆ Provide service on various communication channels (LINE, social media, etc.) ◆ Strengthen support for web procedures, strengthen functions to facilitate procedures via smartphone apps
Utilize leading-edge technology	<ul style="list-style-type: none"> ◆ Streamline office operations via RPA ◆ Utilize deep learning technology <ul style="list-style-type: none"> – Improve efficiency of call center management – Raise marketing efficiency 	<ul style="list-style-type: none"> ◆ Undertake initiatives to improve user experience at web customer contact points <ul style="list-style-type: none"> • Promote use of technologies such as AI chat bots, image analysis and biometric authentication ◆ Discuss the implementation of AI support in customer response

- ◆ Aim to maintain growth and high profitability by making a thorough effort to provide high-quality products and services from a customer-first perspective and responding to anticipated changes in the operating environment

	FY17 Actual	FY20 Mid-term target
Direct premiums written	¥107.0 bn	¥120 bn
Sum of two ratios (E.I. loss ratio) (Net expense ratio)	89.2% (60.7%) (28.5%)	89%
Ordinary profit	¥6.5 bn	¥7 bn
Adjusted ordinary profit *	¥10.0 bn	¥11 bn
Adjusted ROE	16.1%	Approx. 13%

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



Sony Bank

Customer-First

Increase product strength and improve service

- ◆ Improve convenience of Sony Bank WALLET and expand tie-ups
- ◆ Strengthen competitiveness of mortgage loans
- ◆ Offer convenience through banking apps
- ◆ Expand investment options through cloud banking

Improve proposal ability

- ◆ Strengthen digital marketing
- ◆ Implement digital consulting
- ◆ Expand consulting, both over the internet and face to face

Response to Changes

Conduct operational reform and utilize Fintech

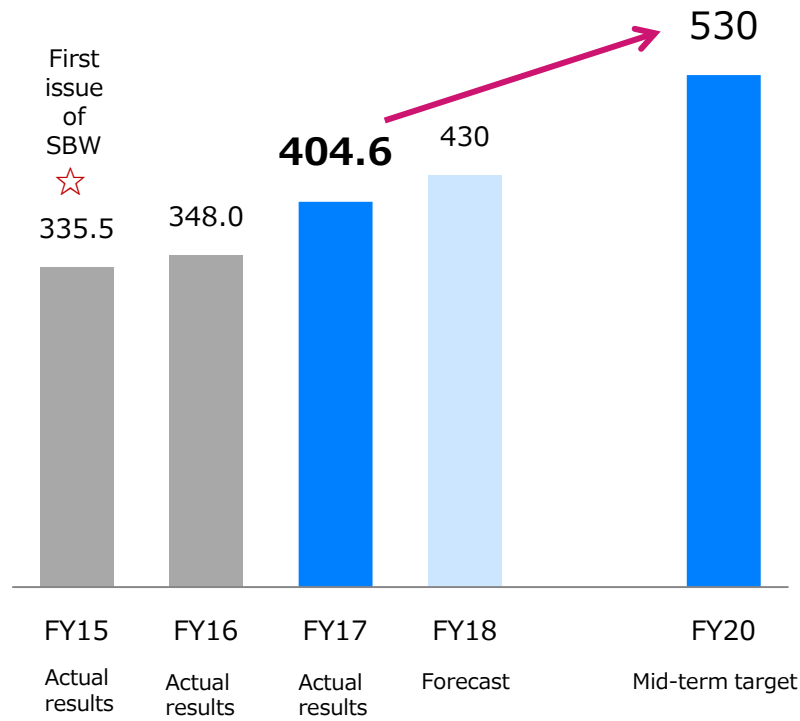
- ◆ Begin using AI in provisional screening for mortgage loans
- ◆ Promote alliances using open API
- ◆ Improve operational efficiency through implementation of RPA

- ◆ Increase in foreign currency balance due to Sony Bank WALLET (SBW) holders

Foreign currency deposits

(JPY bn)

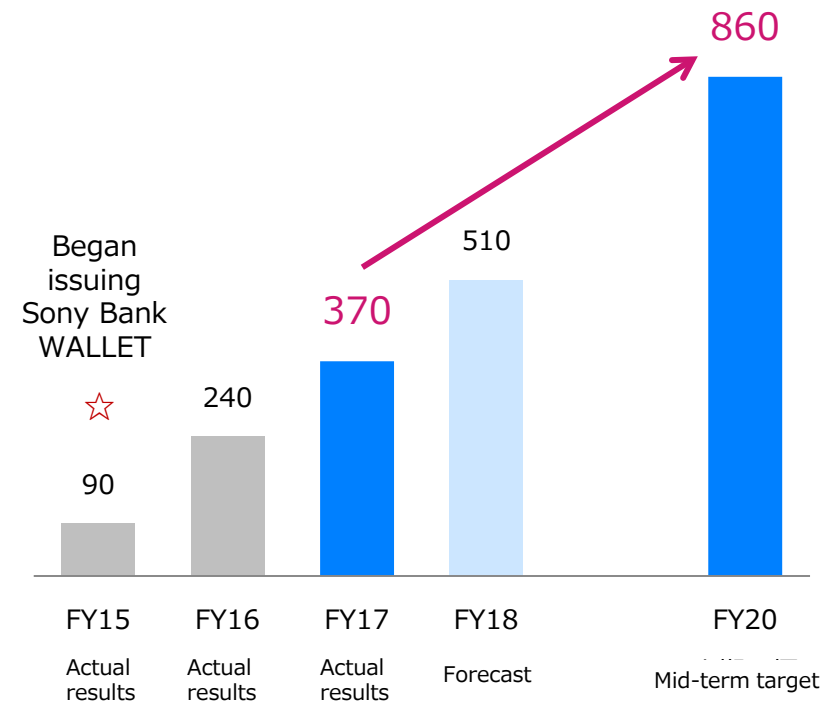
New SBW holders contributed to ¥11.4 billion* accumulation in foreign currency



*Total accumulation over one year for customers who opened accounts between January 2016 and February 2017

Trend of SBW holders

(JPY thousand)

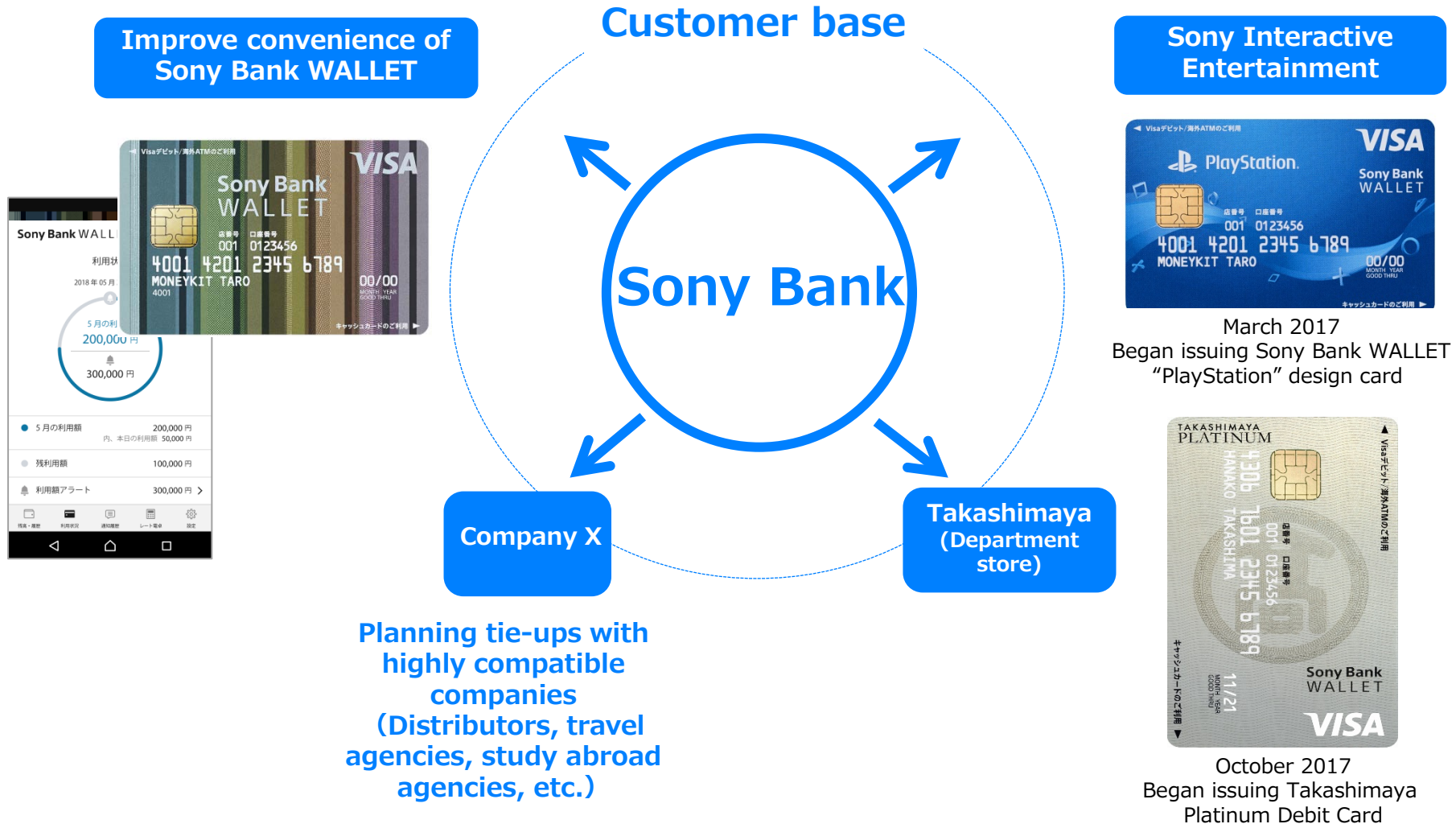


Improve convenience of Sony Bank WALLET and expand tie-ups

Customer-First

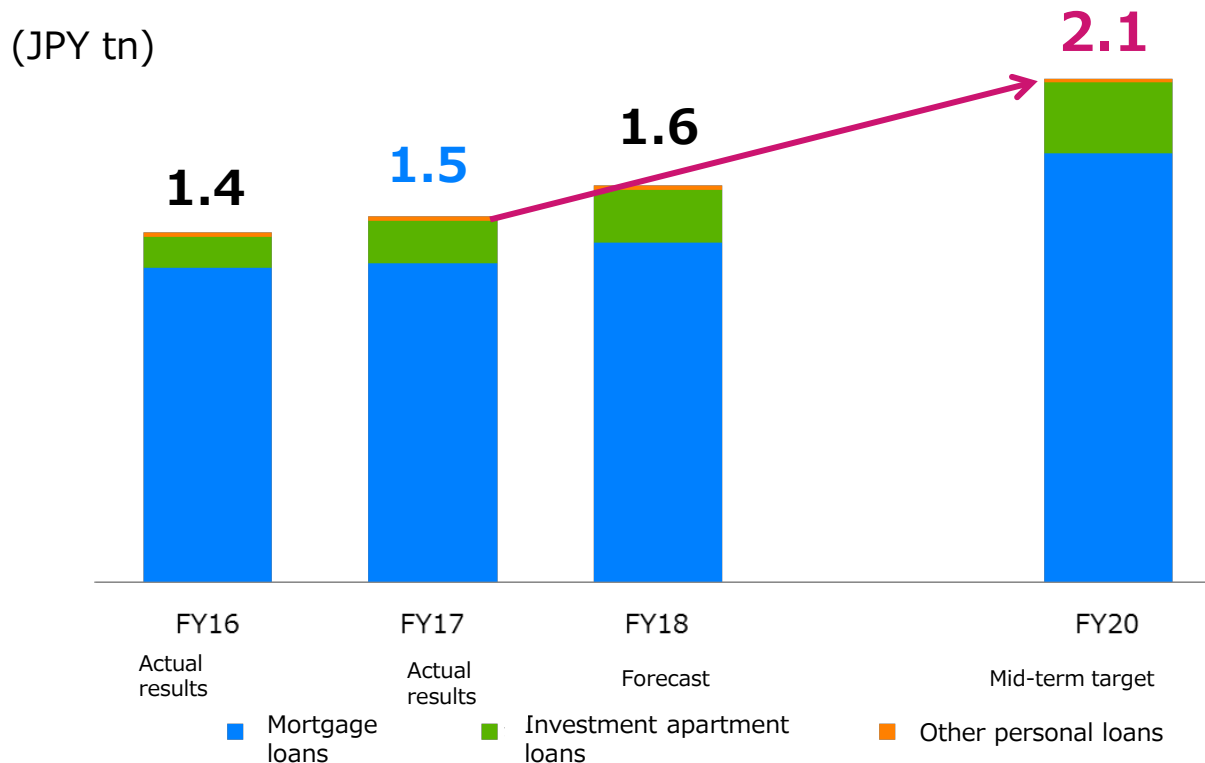


- ◆ October 2017 Began issuing Takashimaya Platinum Debit Card
- ◆ May 2018 Added new features to SBW app (usage restrictions, budget management, etc.)
- ◆ Aim to expand customer base through improved convenience and expand tie-ups



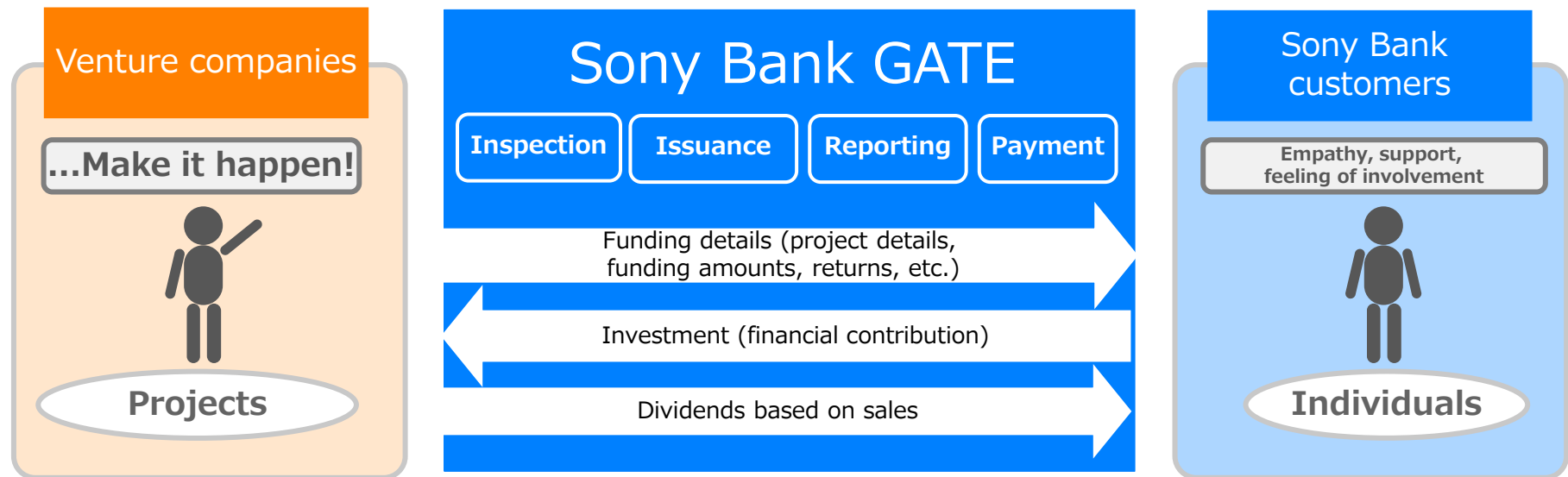
- ◆ Improve marketability (implementation of new group credit life insurance, ensure competitiveness in fixed interest rates)
- ◆ Shorten screening times and increase cost efficiency through the use of AI screening
- ◆ Expand alliances with real estate companies and banking agencies

Trend of mortgage loan balance



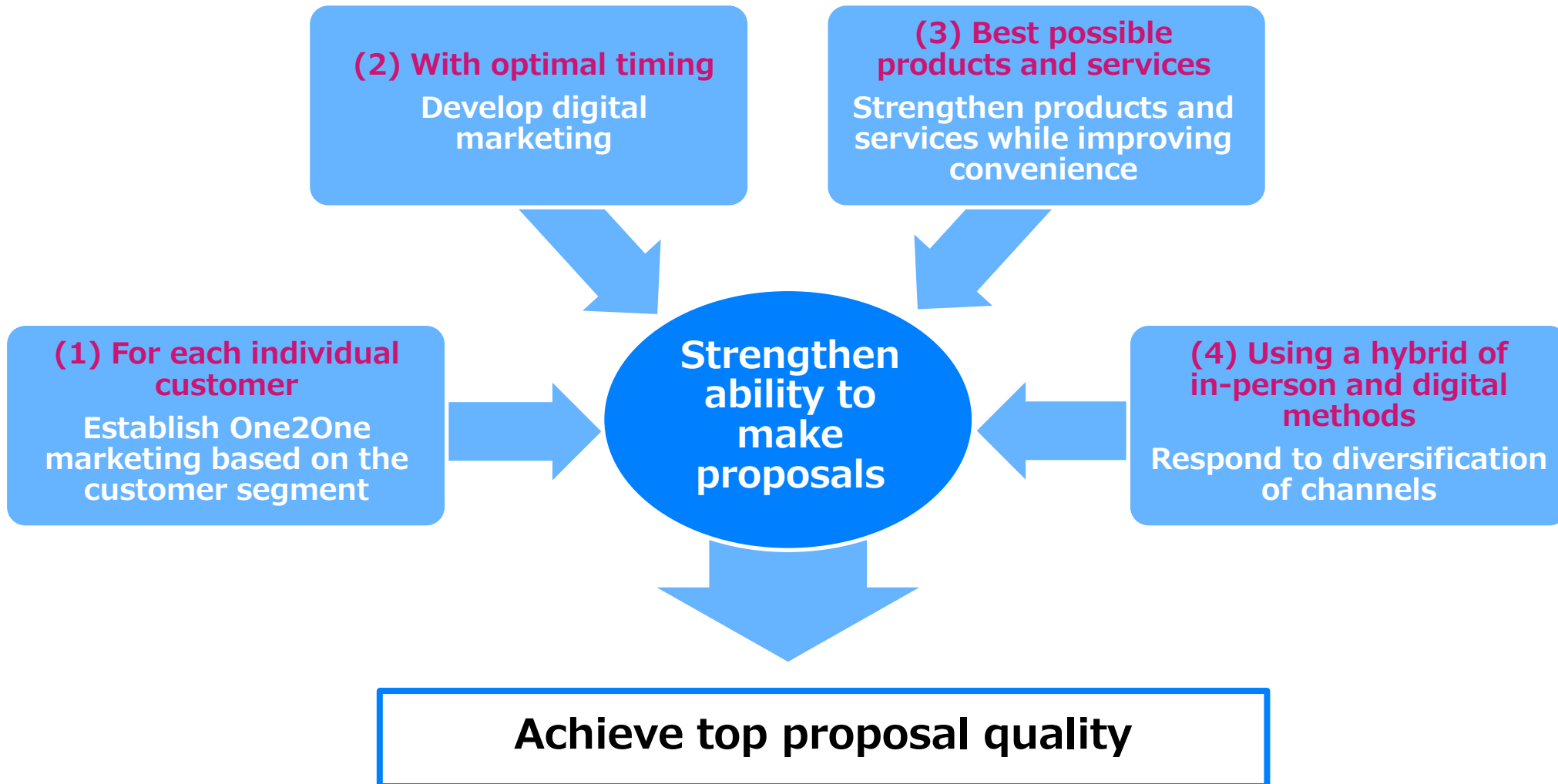
◆ Business overview

- A platform business (Sony Bank GATE) that links venture companies' fund-raising needs and investors' money management needs over the internet

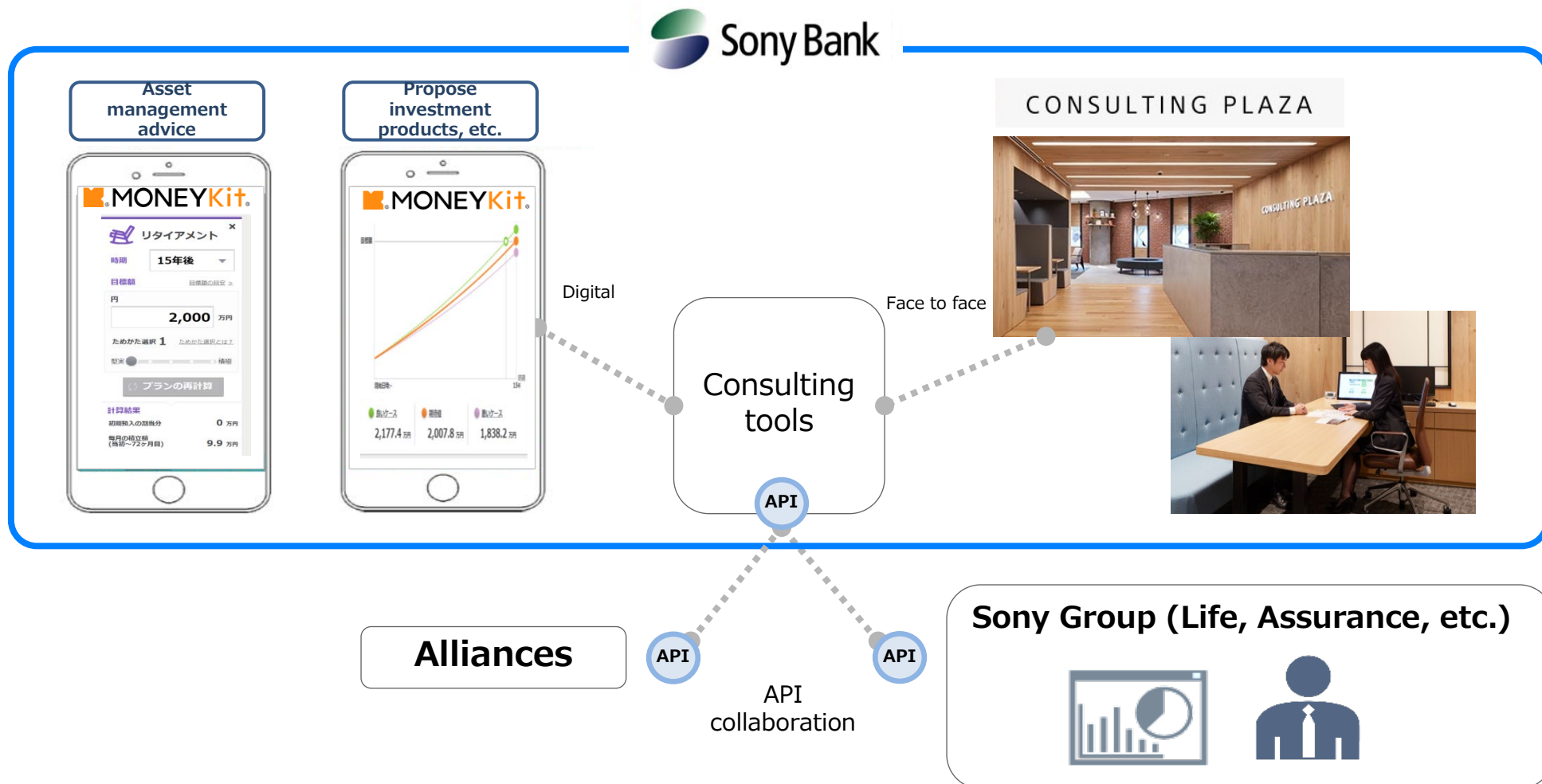


- Released in August 2017
- All funds reached their targets during the period
- Of all fund investors, 37% retained account balances of ¥5 million or more

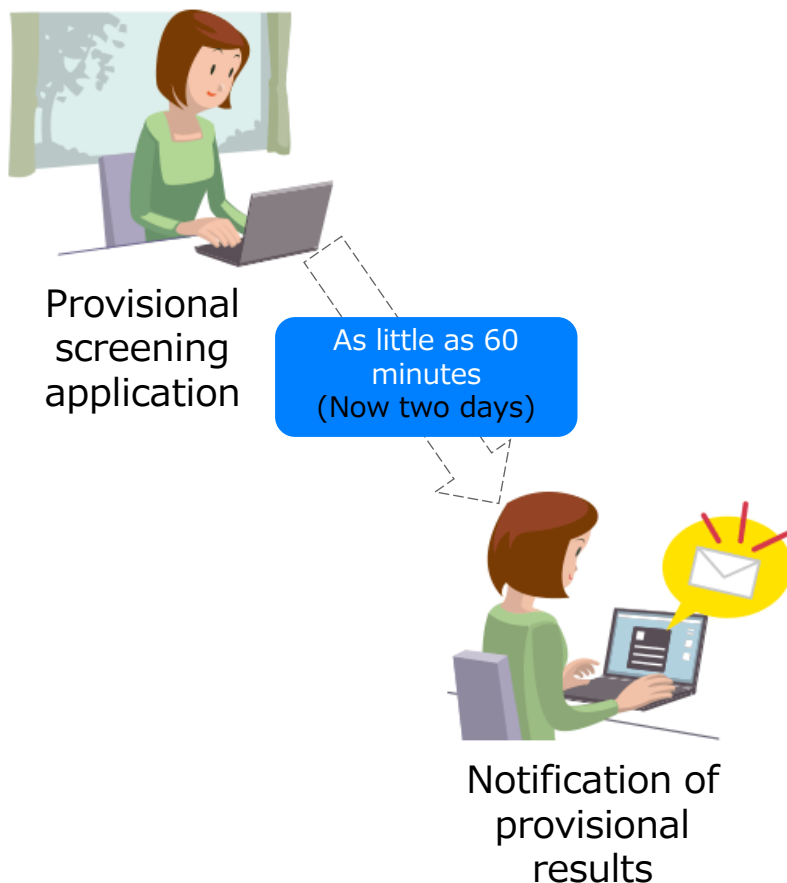
Marketing strategy's four pillars



- ◆ Enhance proposal functionality through smartphones and through the Consulting Plaza in Ginza
- ◆ In the future, use open API to increase proposal-making capabilities by linking Sony Bank's services with those provided by Group companies and alliance partners

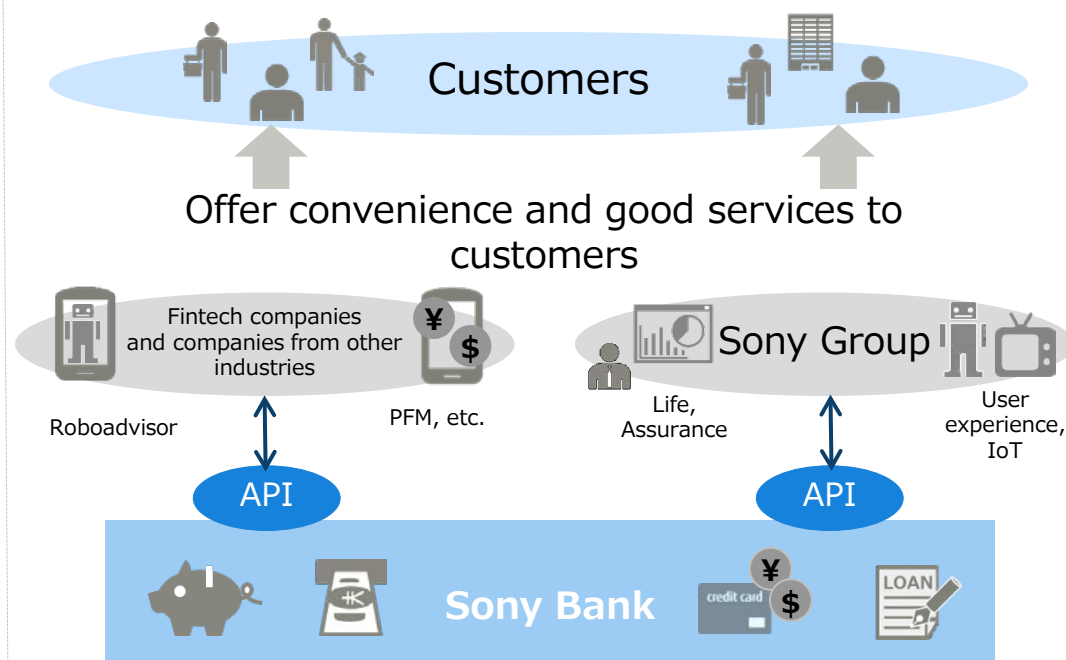


- ◆ AI in provisional screening for mortgage loans
 - Began automated mortgage loan screening on May 10, 2018
 - Aim for improved customer convenience and productivity



◆ Open API

- Will make a reference-system API public by the end of March 2019
Ordinary yen deposits, yen time deposits, installment time deposits, ordinary foreign currency deposits, foreign currency time deposits, exchange rates, interest rates, etc.
- We also plan to publicly announce an update-based API

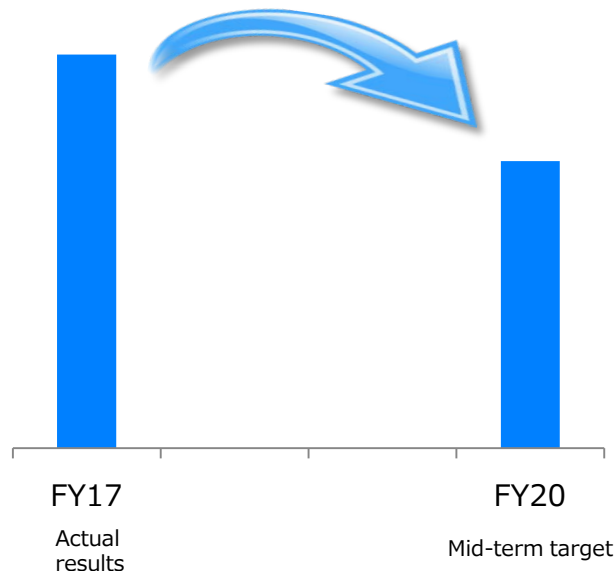


- ◆ Concentrate on resources to move toward high-value added operations
 - Examine applying outsourcing and paperless processing to operations
 - Complete trial run of RPA and spread it throughout the Company starting in FY18
 - Place personnel appropriately, carry out education and training

Target improvement in unit price of operation*

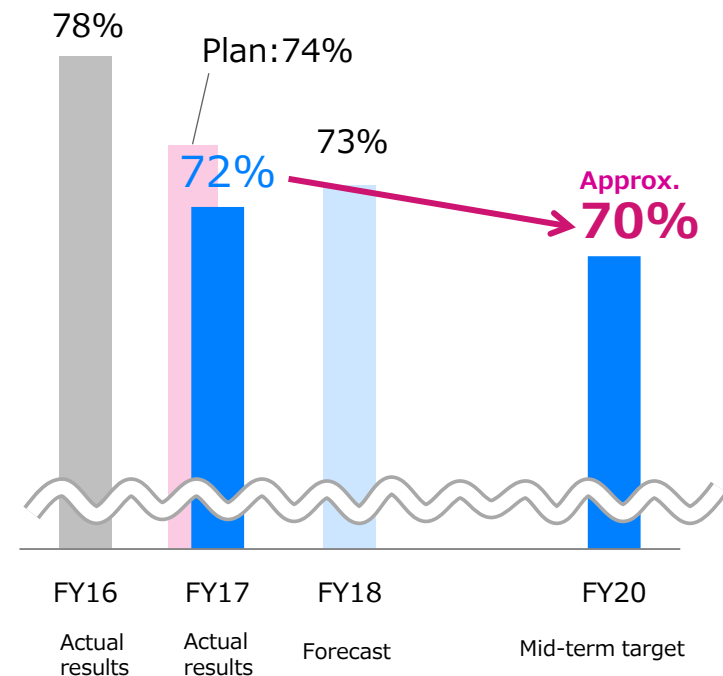
*Cost per operation

Aim to decrease by **approximately 25%** from FY17 to FY20 (40% from FY17 to FY22)



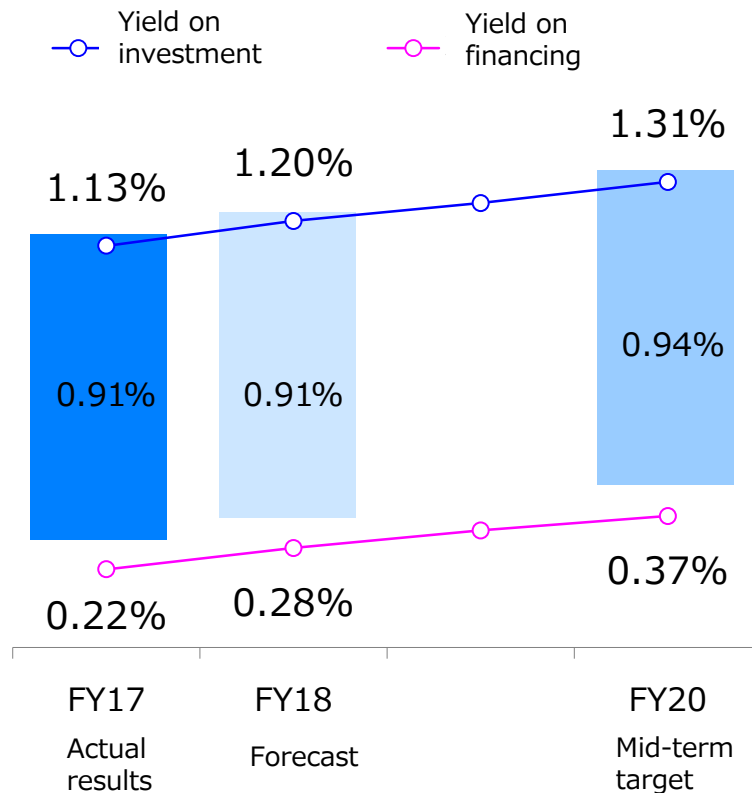
Trend of OHR

*OHR = operating expenses ÷ gross operating profit

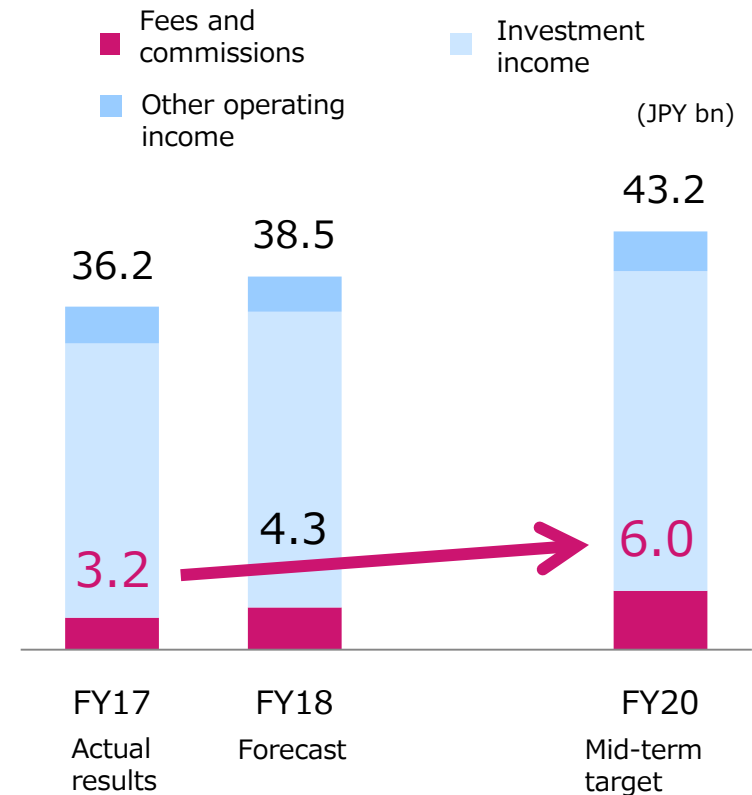


- ◆ Aim to expand profit margins by increasing the weight of foreign currency deposit balances and foreign currency working balances
- ◆ Strengthen fee business and approximately double fees and commissions

Interest spread (non-consolidated)

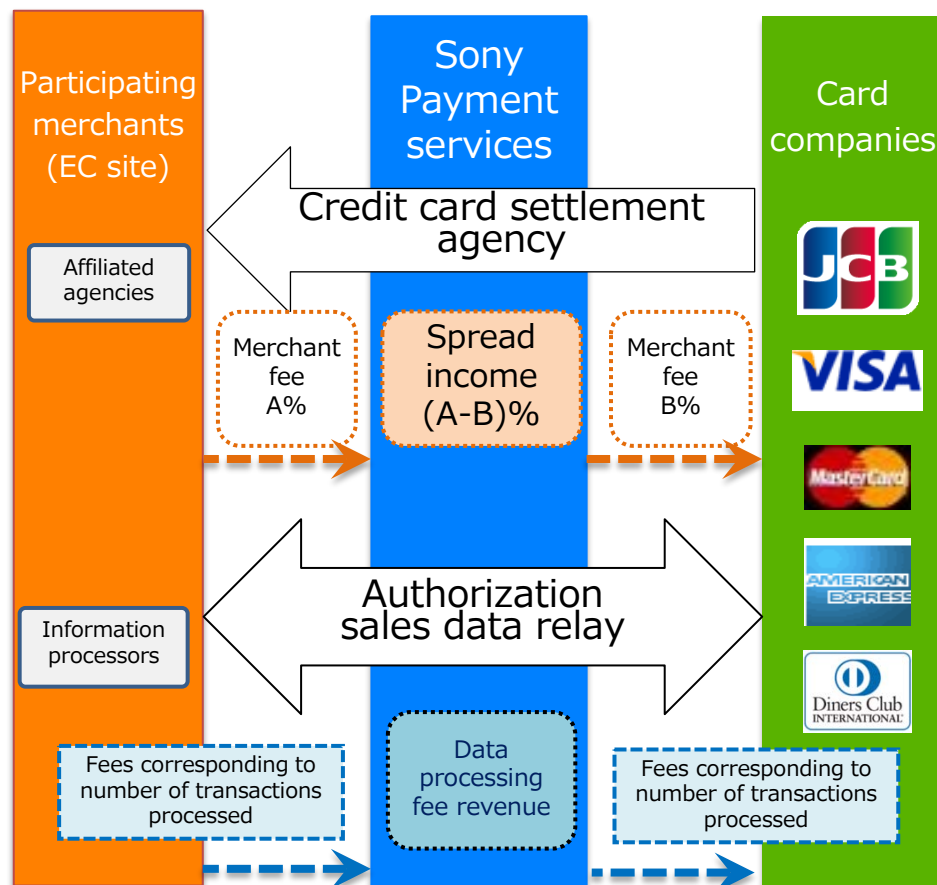


Ordinary revenue (non-consolidated)



◆ Business overview

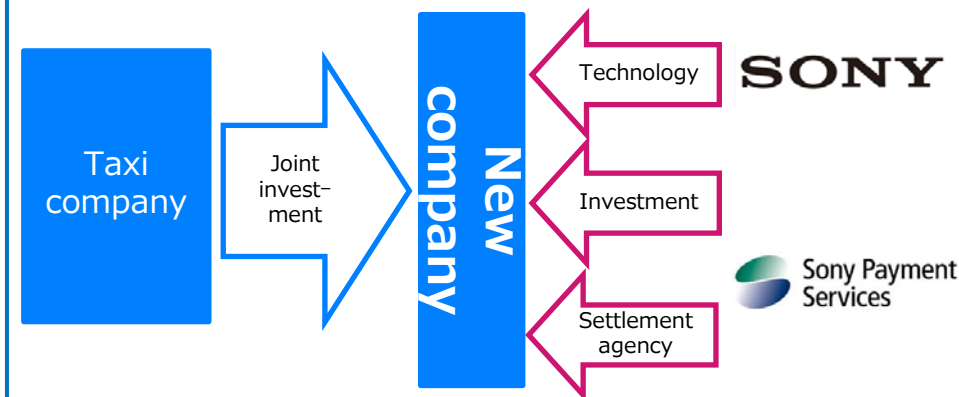
- Credit card settlement agency services supporting international five leading card brands



◆ Medium-term growth strategy

1. Strengthen transaction business
2. Expand business fields
3. Reinforce system foundation to support high growth

Vehicle dispatching service business using AI



The new company will offer vehicle dispatching service apps, settlement service, etc.

FY20 Medium-term Targets (Consolidated)

	FY17 Actual	FY20 Mid-term target
Retail Balance ^{*1} (Non-consolidated)	¥3.9 tn	¥5.0 tn
Gross Operating Profit	¥24.6 bn	¥33.5 bn
Ordinary Profit	¥7.1 bn	¥9.7 bn
ROE	5.5%	6.8%
<i>Reference : Sony Payment Services</i>		
Consolidated sales	¥3.6 bn	¥5.1 bn
Ordinary profit	¥0.6 bn	¥1.2 bn

*1 Sum of yen deposits, foreign currency deposits, investment trusts, securities brokerage, mediate discretionary investment contracts and personal loans

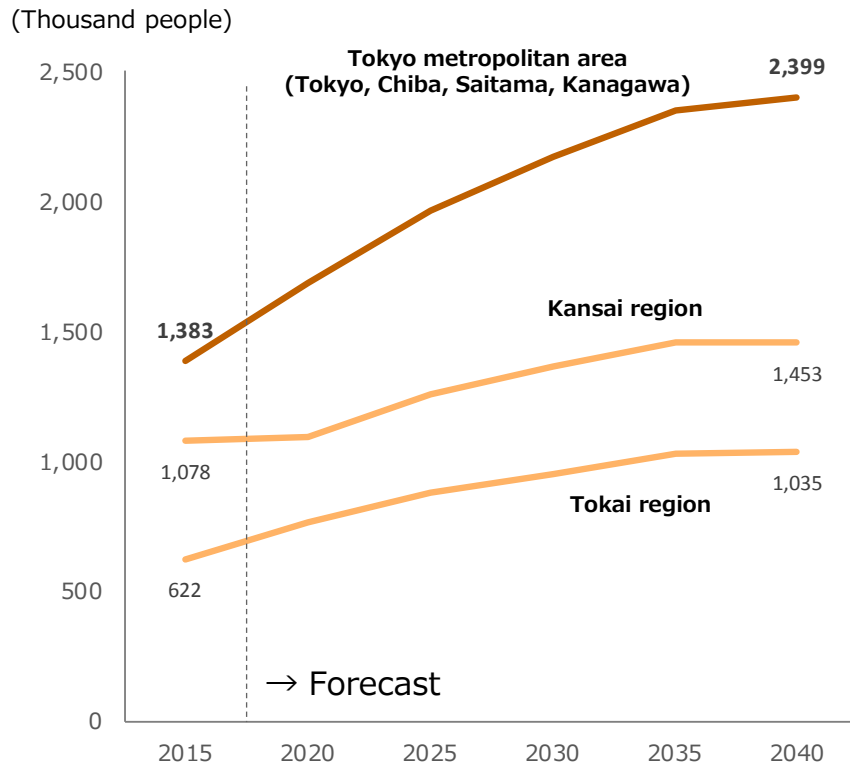


Sony Lifecare

Market Expansion of Nursing Care Business

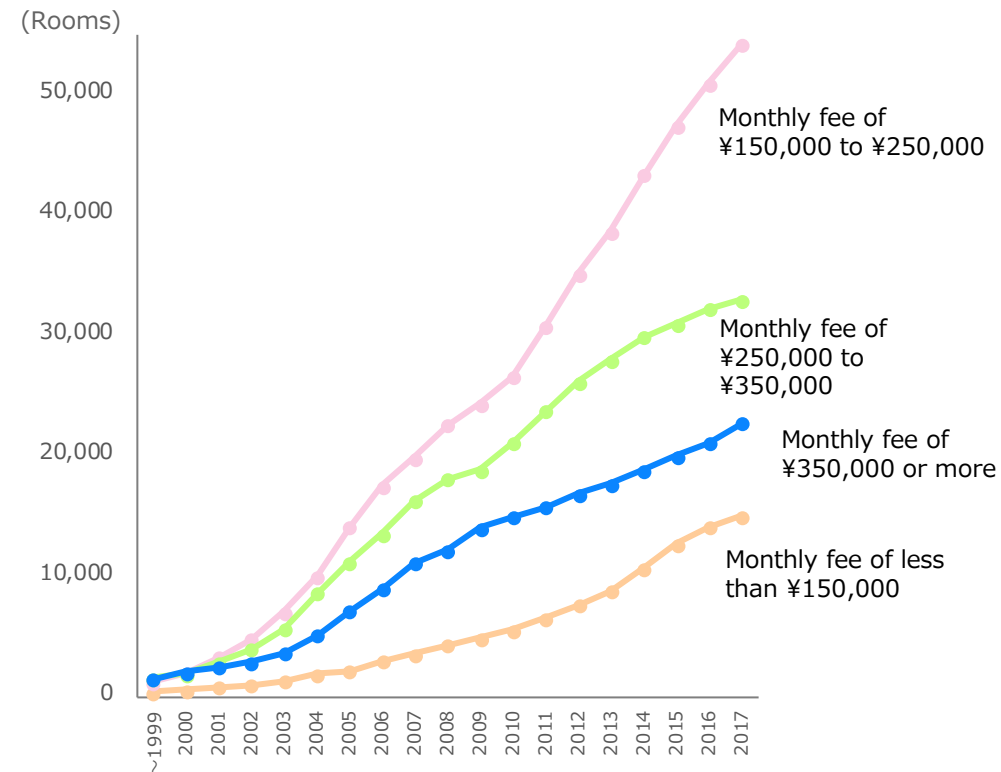
- ◆ Sony Lifecare predicts a medium- to long-term increase in the population in need of nursing care in its main area of development, the Tokyo metropolitan area
- ◆ Due to increased need, establishment of nursing homes is proceeding steadily, regardless of price range

Long-term estimates of people in major metro areas needing nursing care



Source: Study by Tamura Planning & Operating

Accumulated number of rooms in nursing care homes by price range



Note: Indicates rooms for people requiring long-term care in the Tokyo metropolitan area. Amounts are average monthly fees for people residing for 60 months

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Customer-First

Establish SONARE brand

- ◆ Establish SONARE brand via management of two existing homes and a third new home utilizing the two years of expertise
- ◆ Develop homes with high earning capacity for the upper/middle zone while focusing on quality and customer satisfaction

Undertake initiatives to establish a business foundation in the volume zone and achieve growth

- ◆ Improve new subsidiary Proud Life Inc.'s home management quality and stabilize our business foundation in the volume zone
- ◆ Expand scale of operations and improve profitability through the Hanakotoba brand's establishment of new homes

Response to Changes

Implement new customer-first service value, "Life Focus"

- ◆ Develop our service lineup with suitable service levels for each price range in accordance with our new customer-first value concept, "Life Focus," and respond to diverse needs of the market
- ◆ Create new "high-quality" value in the nursing care business through collaboration with Sony Financial Group and the Sony Group

- ◆ Propose solutions for diversifying market needs for nursing care homes by developing lineup
- ◆ Plan to establish new homes in the Tokyo metropolitan area (Tokyo, Chiba, Saitama, Kanagawa), where further market expansion is expected
- ◆ Improve management quality by effectively utilizing group management resources

Upper/middle zone

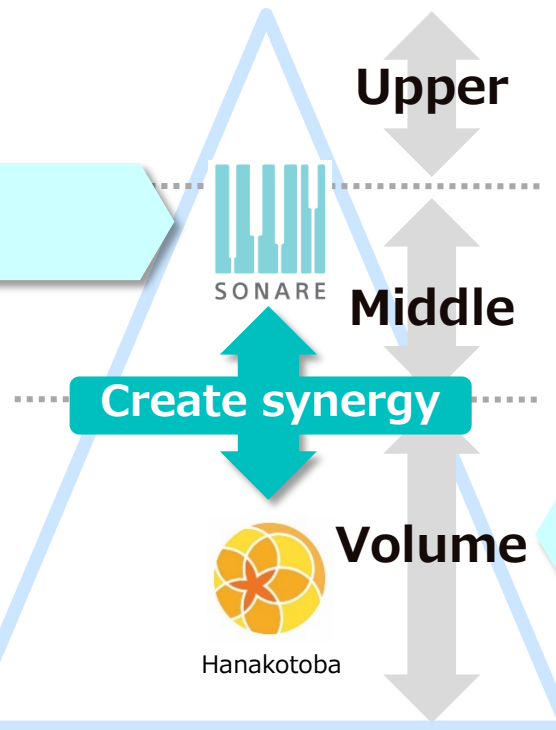
Extend the management expertise we accumulated through our prior two homes to our third and other future homes and aim to establish the SONARE brand



SONARE Shakujii

(Scheduled opening: November 2018)

(Operating 144 rooms as of March 31, 2018)



Volume Zone

Broaden our business foundation with the establishment of new homes in addition to 26 existing Hanakotoba series homes



Hanakotoba Machida Tsurukawa

(Operating 1,320 rooms as of March 31, 2018)

◆ Actively utilize Sony Group's diverse hardware and contents to stimulate residents' lives in pursuit of better quality of life

◆ Introduction of new-model "aibo"

● Examples of effect from soon after introduction

- Provided support that will let our residents feel as if they were still living in their own homes like allowing former dog owners to enjoy lively contact with "aibo"
- Provided an opportunity, via "aibo", for residents that tend to stay secluded in their rooms to communicate with other residents etc.



● Future initiatives

- Plan to verify residents' daily degrees of improvement in QOL and investment effects using indicators, such as face scale* and vitality** indices

* A type of visual analog scale (VAS) that measures subjective degrees of satisfaction

** Indicator of motivation promoted by the Japan Geriatrics Society

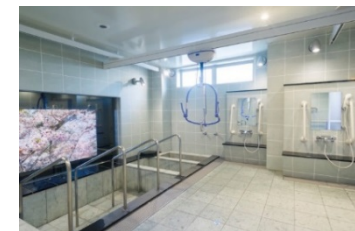
Other examples of initiatives



Xperia Hello!, a communication robot that "connects with the family"



Robot programming study kit, KOOV™, to train the fingertips and brain



Entertainment while in the bath
4K BRAVIA large bathing area



Sony Financial Group

Group internal control responsibility

Secure the soundness of Group companies as financial institutions, and sustain suitable and sound management practices

- ◆ Contribute appropriately to business management policy and Group companies' decision-making processes
- ◆ Monitor Group companies' management (including risk management)
- ◆ Create internal control structures (including internal control of financial reporting)

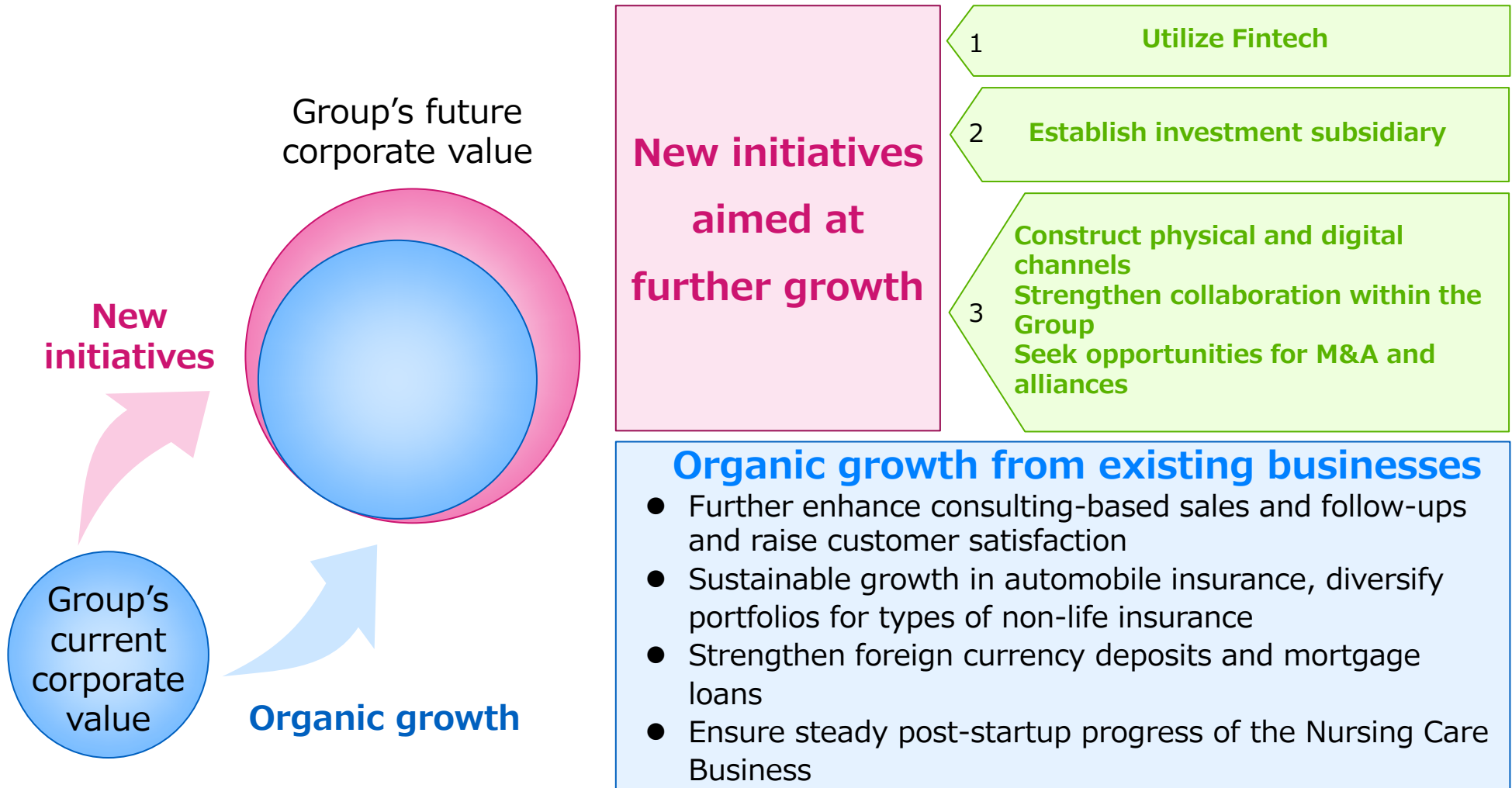
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Group responsibility for consolidated financial results

Maximize Group's corporate value
(sustainable growth + capital efficiency)

- ◆ Formulate Group vision, policy and strategy
- ◆ Formulate and conduct progress management on business plans, evaluate results and allocate operating resources
- ◆ Support and regulate Group companies' businesses and operations
- ◆ Plan for new businesses

Provide reliable services and utilize new technology effectively to support the entirety of our customers' financial activities, transcending the value chain of existing businesses



1. Status of Initiatives Involving Fintech

Customer-First

Response to
Changes

- ◆ Promote Fintech initiatives with AI technology and collaboration within and outside the Group as their core

Under review PoC Under development Already implemented →

Improve convenience

-Remote consulting [Life]

-Sophistication of incoming call prediction by utilizing machine learning technology [Assurance]

-Utilizing image analysis technology-[Assurance]

-PHYD-type telematics Next-period products [Assurance]

-Open API [Bank]

-AI mortgage loan provisional screening [Bank]

Strengthen proposals

-LiPSS analysis using AI [Life]

-Sophistication of digital marketing utilizing customer behavior prediction models [Bank]

-Sophistication of marketing through cause and effect analysis and machine learning [Assurance]

Increase efficiency of operations

← Increase efficiency of operations through introduction of RPA [Entire Group] →

← Introduction of customer service chat bots [Entire Group] →

• AI technology, machine learning, cause and effect analysis, RPA

• Collaboration within the Group

• Collaboration with outside parties etc.

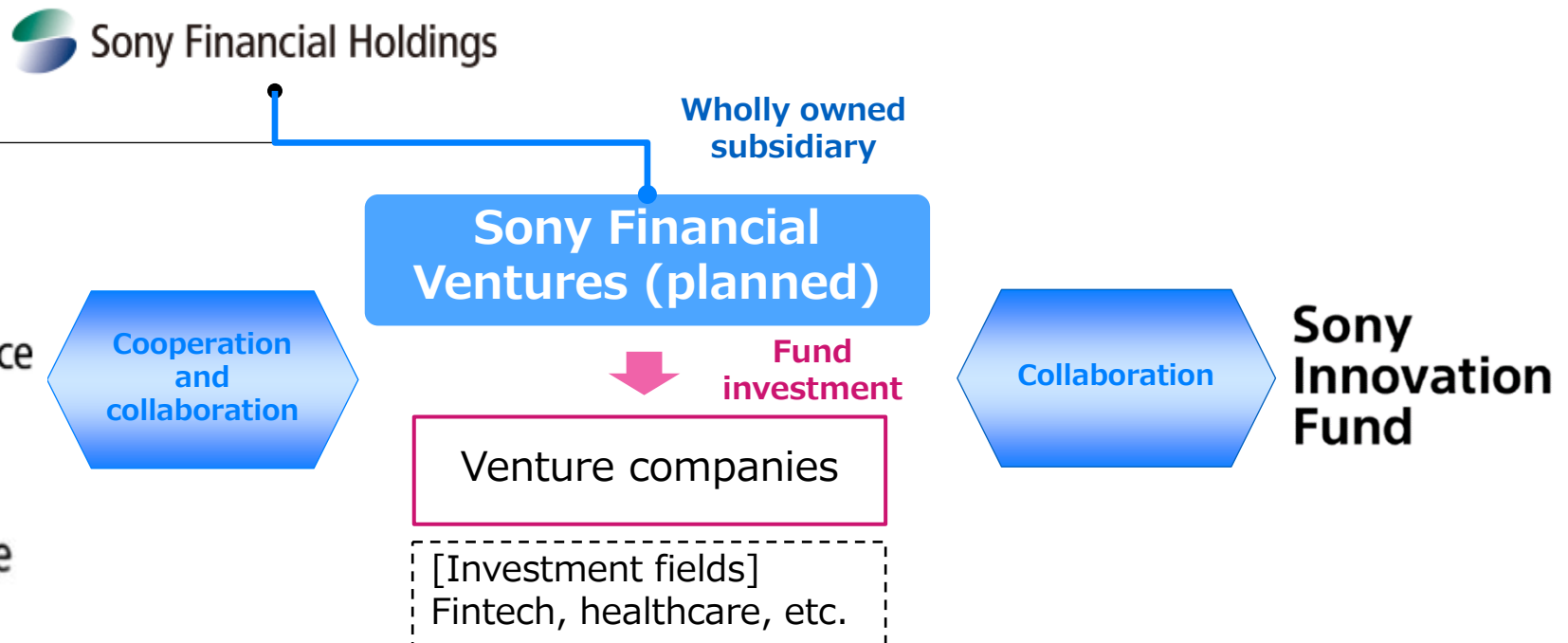
More convenient and low-cost service for customers

2. Establish an Investment Subsidiary (VC)

(Background) Necessity to monitor the activities and trends of Fintech ventures and companies from other industries (disruptors), which offer services that enhance financial functions and added value, under the recent advancements in technology

⇒ Schedule to Establish an Investment Subsidiary in July 2018

- ◆ Through investing in venture companies, we aim to **secure financial returns** and **enhance existing businesses** while **creating new ones** through **collaboration and cooperation** between our Group's businesses and venture companies
 - ⇒ Exhibit the distinctiveness of our financial products and services and improve convenience for customers

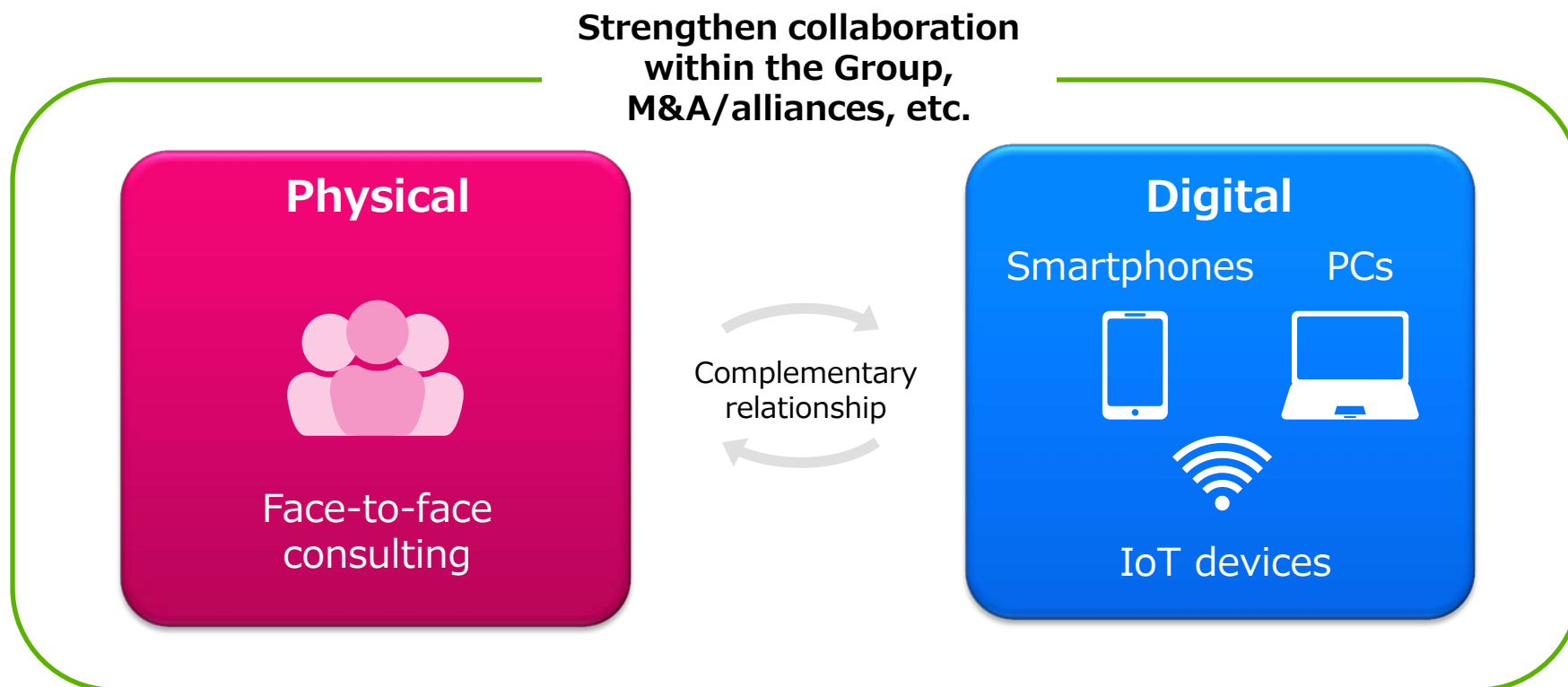


3. Construction of Physical and Digital Channels

Customer-First

Response to
Changes

- ◆ Make use of physical and digital strengths through stronger collaboration within the Group and M&A/alliances
- ◆ Provide financial services that match our customers' needs by analyzing consumption and behavioral data



◆ Continue to respond in line with Japan's Corporate Governance Code

- Expand stock compensation plan for Group's management
⇒ Introduce restricted stock compensation plan
- Evaluate the effectiveness of our directors through a third-party accreditation company
- Continuous executive training (upon assumption of office and after)

◆ Further strengthen Group governance (organization)

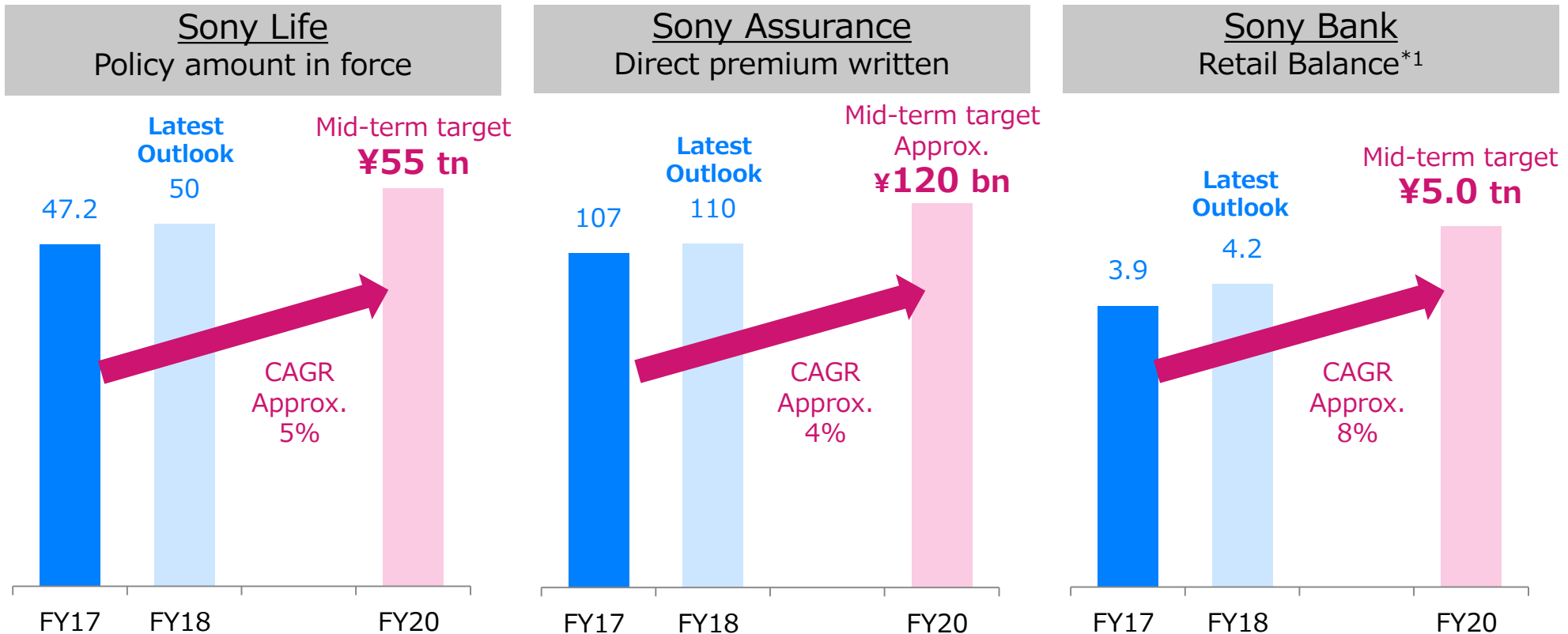
- Add one independent outside director
- Discuss establishing a committee that would act as an advisory body to our Board of Directors concerning all matters of corporate governance

◆ Promote Group ERM

- We are building a PDCA cycle through formulating and implementing a business plan based on risk appetite and through monitoring
- We will continue to keep track of legal and regulatory developments while discussing optimization

FY20 Medium-term Target -Each of the Group's Major KPI-

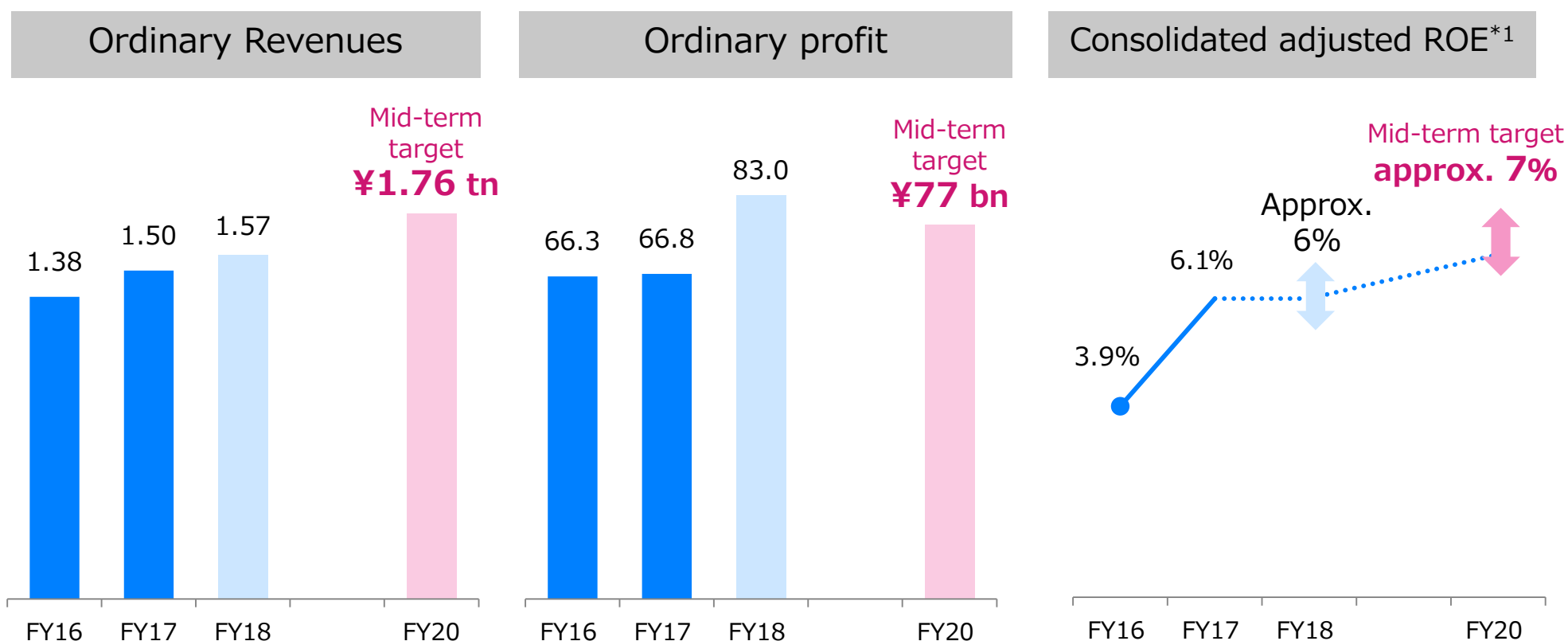
- ◆ Stable business growth is expected to continue in core three businesses



*1: Sum of yen deposits, foreign currency deposits, investment trusts, securities brokerage, mediate discretionary investment contracts and personal loans

FY20 Medium-term Target – Consolidated –

- ◆ While FY20 ordinary revenues are expected to increase due to the expansion of the operations of Group's three core businesses, FY20 ordinary profit is expected to decrease compared with FY18 due to the acceleration of new policy acquisition in Sony Life
- ◆ We aim at approx. 7% of consolidated adjusted ROE for FY20 due to an expectation for economic value-based profit growth



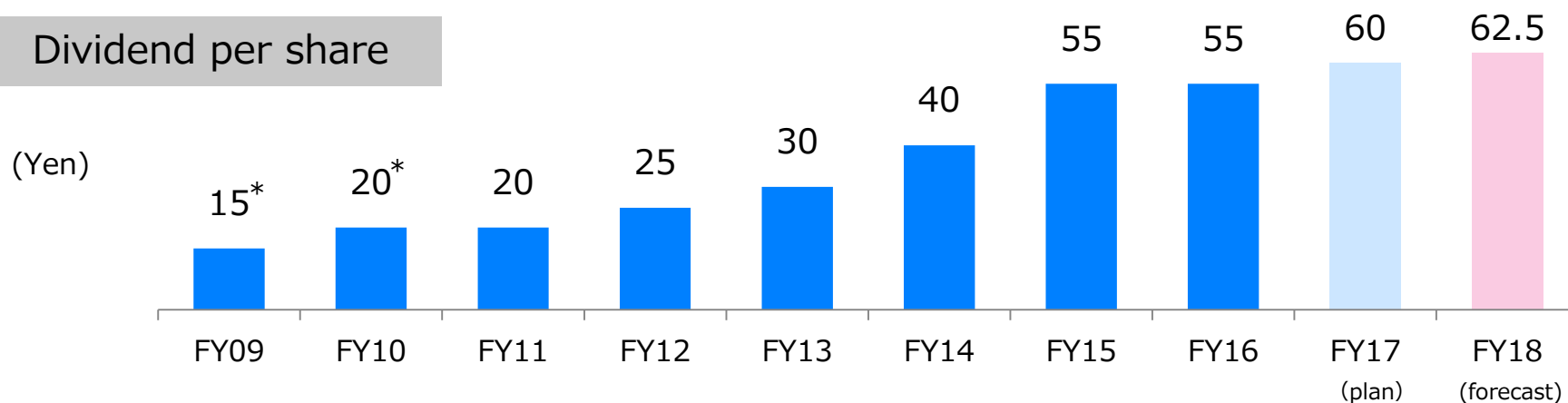
*1: The figures for FY16 and FY17 exclude the impact of a revision in the insurance risk measurement method and others for Sony Life

Shareholder Returns • Dividend Policy

◆ Medium-term dividend policy is 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 accounts a comprehensive range of factors surrounding the Sony Financial Group.

- ◆ For FY18, 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 FY17



*Although a stock split was conducted during FY11, the dividend per share figures for FY09 and FY10 are calculated assuming that the stock split was conducted at the beginning of FY09

Appendix

Sony Life

- ◆ 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*¹ improved year on year, which partially offset the negative impact of the above-mentioned decreases in ordinary profit.

Sony Assurance

- ◆ 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

Sony Bank

- ◆ 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

Sony Lifecare

- ◆ Lifecare Design Inc., a wholly owned subsidiary, opened its second “SONARE” brand nursing care home in May 2017
- ◆ In July 2017, Proud Life Inc. was converted to a wholly owned subsidiary

* 1: 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

Forecast of Consolidated Financial Results for FY18

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

(JPY bn)	FY17 (Actual)	FY18 (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 FY18, 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 FY17, 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 FY17, 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 FY17, 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.

FY20 Medium-term Target – Consolidated –

	FY17 Actual	FY20 Mid-term target
Ordinary Revenues	¥1.50 tn	¥1.76 tn
Ordinary Profit	¥66.8 bn	¥77 bn
Profit attributable to owner of the parent	¥51.8 bn	¥50 bn
US-GAAP Operating Income ^{*1}	¥178.9 bn	¥180 bn
Consolidated Adjusted ROE	6.1% ^{*2}	Approx. 7%

*1: The figure for FY17 is rounded to the nearest ¥100 millions.

The figure for FY20 includes expected changes in actuarial assumptions which is not affected by financial markets, and not included expected gains/losses on sale of securities according to the change of available-for-sale securities recognition, which are reported at fair value in the US GAAP from FY18 onward.

*2: The figure for FY17 excludes the impact of a revision in the insurance risk measurement method and others for Sony Life

Detail of Consolidated Adjusted ROE

	FY17 Actual	FY20 Mid-term target
Consolidated Adjusted ROE	6.1%	Approx. 7%
(Sony Life) Core ROEV ^{*1}	5.9%	Over 6%
(Sony Assurance) Adjusted ROE	16.1%	Approx. 13%
(Sony Bank) ROE	5.5%	6.8%

*1: The figure for FY17 excludes the impact of a revision in the insurance risk measurement method and others for Sony Life

Definition Consolidated Adjusted ROE

Calculation of consolidated adjusted ROE

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

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

* Consolidated Adjusted ROE = Consolidated Adjusted Profit divided by Consolidated Adjusted capital

Consolidated Adjusted Profit = ① + ② + ③

Consolidated Adjusted Capital = ④ + ⑤ + ⑥

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.

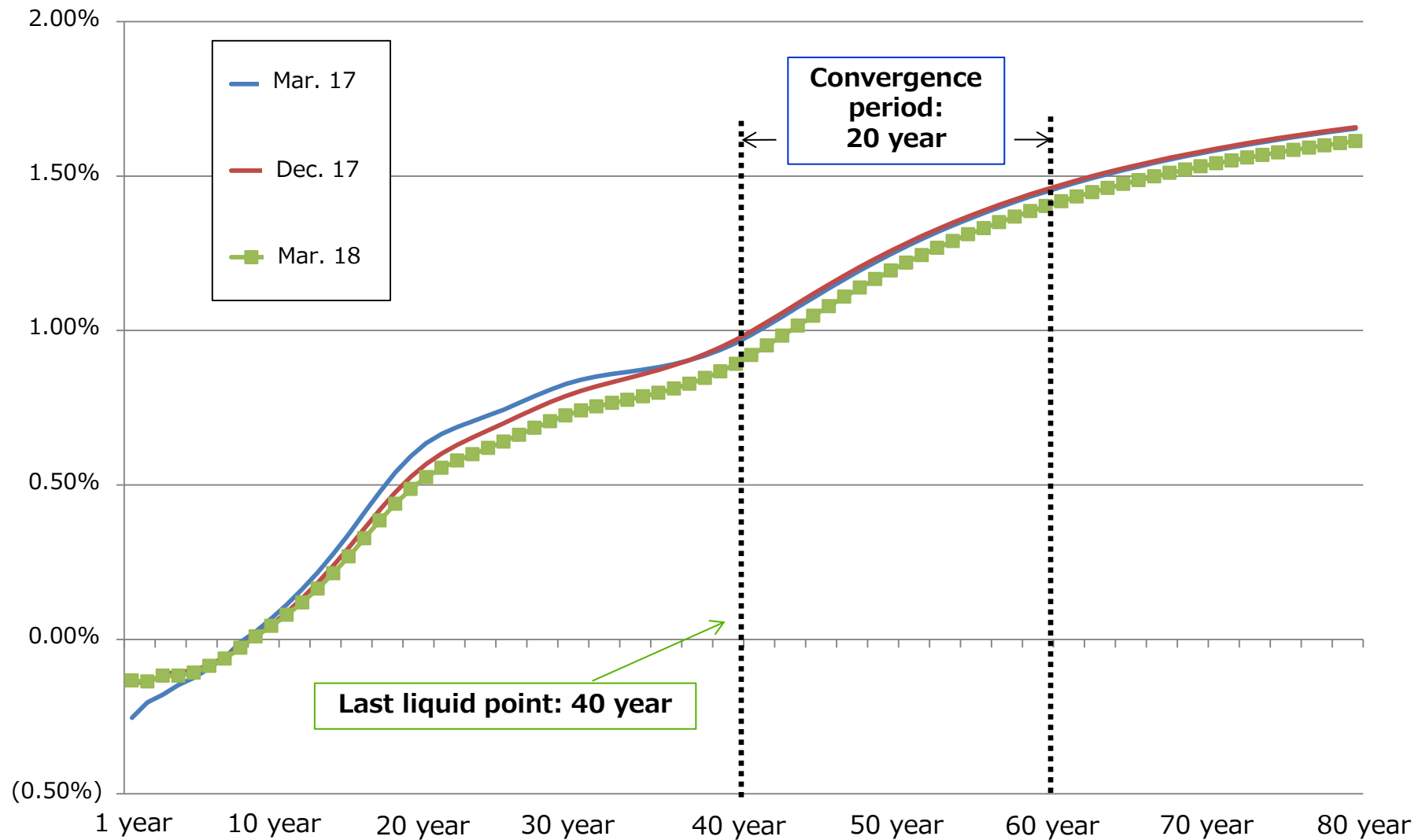
Sony Financial Group's scope of consolidation and that of Sony Group's Financial Services segment are described below. Consolidated subsidiaries: Sony Financial Holdings Inc., Sony Life Insurance Co. Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Payment Services Inc., and SmartLink Network Hong Kong Limited, Sony Lifecare Inc., Lifecare Design Inc. and Proud Life Inc.*

Affiliated companies: AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd.

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

SFH announced [Reference Disclosure] Key Performance Figures Based on U.S. GAAP on Apr. 27, 2018. Please refer the announcement. https://www.sonyfh.co.jp/en/financial_info/results/sfh_FY17_4q_02.pdf

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



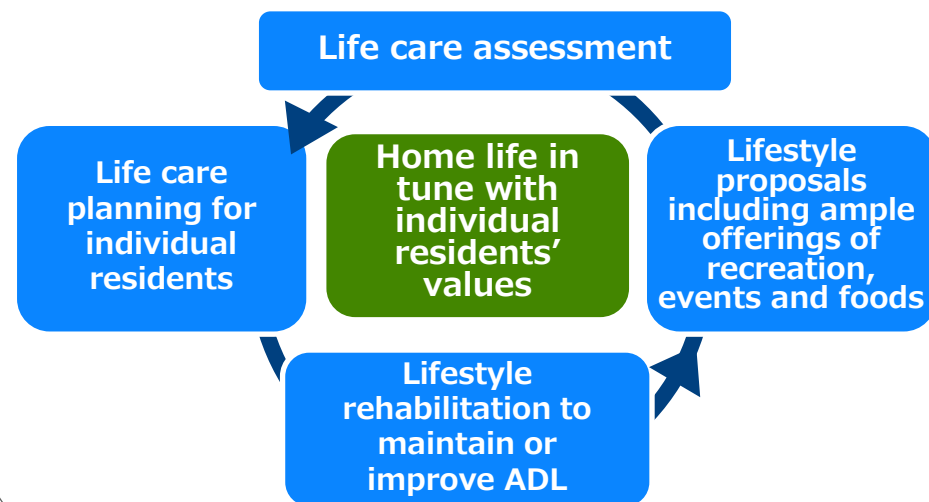
Pursuing “the real long life” in our “Life Focus” concept

<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

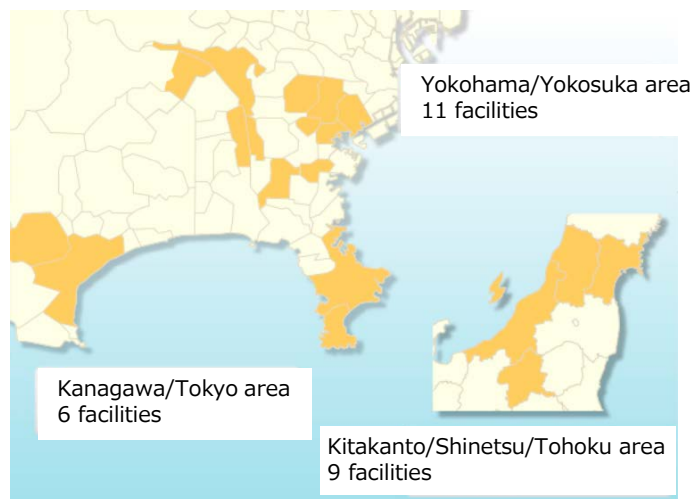


Open our third home, SONARE Shakujii, in fall of 2018 and further accumulate expertise

Establish the SONARE brand and move toward full-fledged new home establishment phase in FY19

Establishment of a Foundation and Expansion in the Volume Zone via Proud Life

- ◆ With the Hanakotoba brand, develop locations centered in the Tokyo metropolitan area with a popular price range that caters to a broad customer base
- ◆ In spring 2015, Sony Lifecare invested in the company, converting it to a subsidiary in summer 2017
- ◆ Significant progress in improving profitability, making full-fledged movement toward redevelopment by establishing new homes



(As of March 31, 2018)

Business locations	1,320 rooms in 26 operating locations (of which, 18 nursing care homes and 8 residential-type and other homes)
Business area	Kanagawa (16), Tokyo (1), Niigata (5), Miyagi and Yamagata (2), Gunma (2)
Representative	Hiroshi Sonoda, President and Representative Director, Proud Life Inc.
Established	April 2012
Consolidated sales	¥5.5 billion (forecast for the year ended March 31, 2018)
Employees	Approximately 800



Hanakotoba Sagamihara



Hanakotoba Maebashi

Disclaimers:

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