



# **Sony Financial Group Corporate Strategy Meeting for Fiscal Year 2019**

Sony Financial Holdings Inc.  
May 30, 2019

# AGENDA

## **Sony Financial Group**

Review of Financial Results

Market Overview and Medium-term Issues

Group Companies' Priority Measures for Achieving Medium-term Targets

## **Strategy of Each Group Company / Priority Measures**

Sony Life

Sony Assurance

Sony Bank

Sony Lifecare

## **Sony Financial Group**

Initiatives Aimed at Further Growth

Sustainability Initiatives

Governance

Progress Toward FY20 Medium-term Target

Shareholder Returns / Dividend Policy

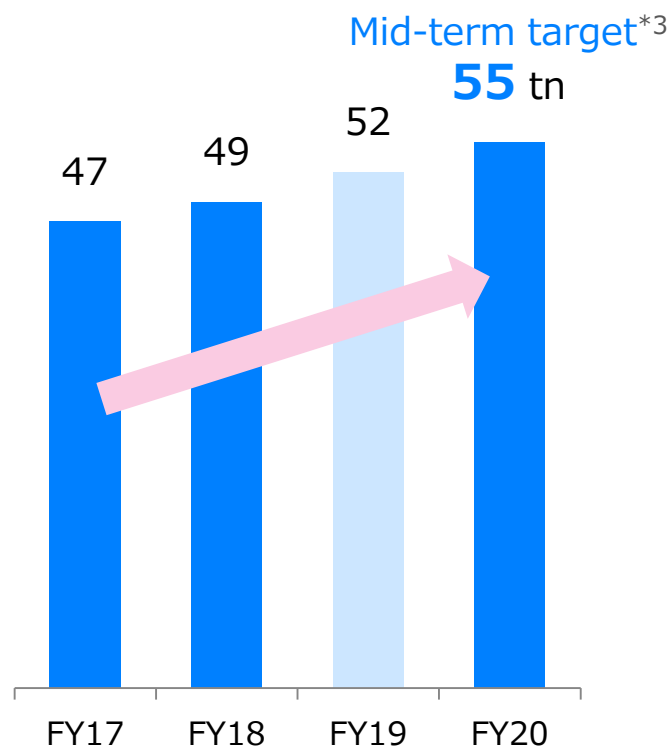
\*Unless otherwise indicated, in this material figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded

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

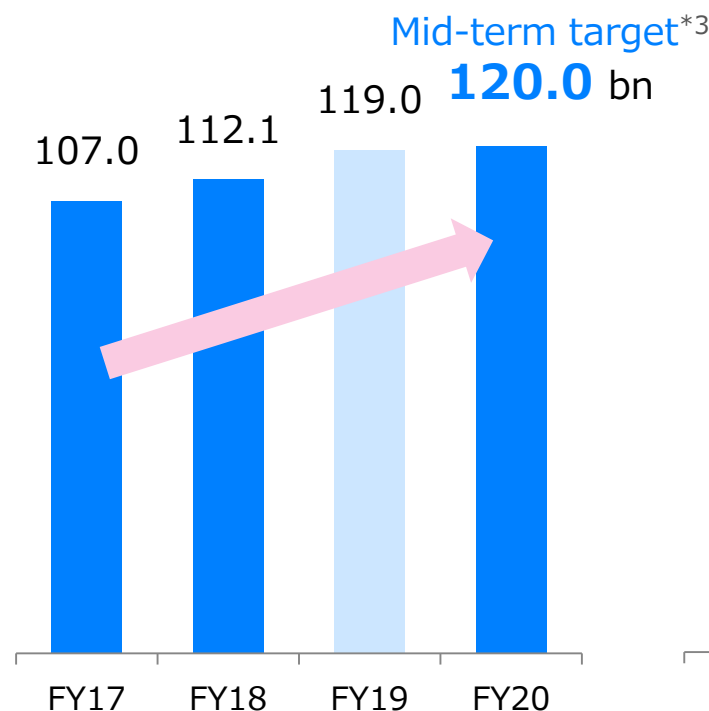
# Review of Financial Results -Each of the Group's Major KPI-

- ◆ Each of the Group's three core businesses expanded their operations steadily in line with our Mid-term target.
- ◆ Continuously expand the business value of the entire group with the aim of achieving Mid-term target

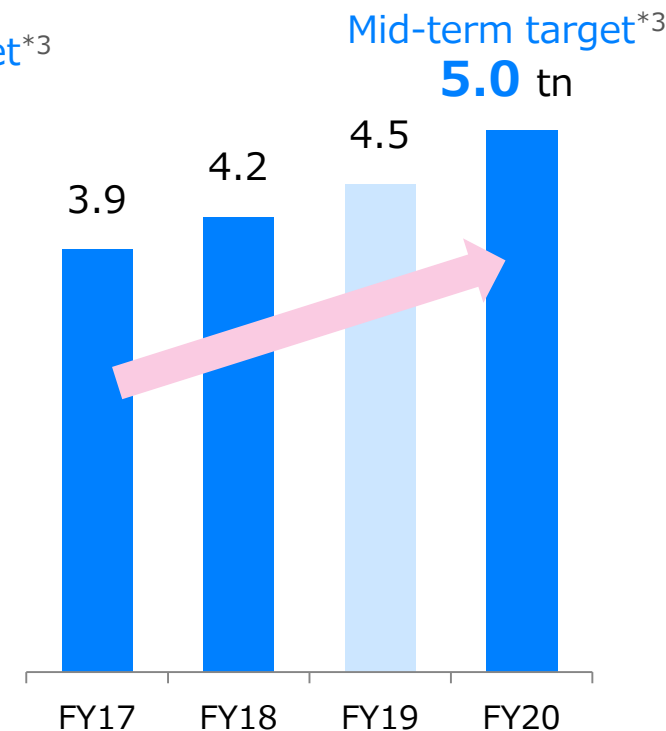
Sony Life  
Policy amount in force<sup>\*1</sup>



Sony Assurance  
Direct premiums written



Sony Bank  
Retail balance<sup>\*2</sup>



\*1: Sum of individual insurance and individual annuities

\*2: Sum of yen deposits, foreign currency deposits, investment trusts, securities brokerage, mediated discretionary investment contracts and personal loans

\*3: Mid-term target announced on May 31, 2018

## Sony Life

- ◆ Sales of family income insurance were favorable, and as in the previous year, the new policy amount reached a record high.
- ◆ We strengthened consulting-based sales and follow-ups via thorough life planning and by promoting sound contacts with customers.

## Sony Assurance

- ◆ In automobile insurance, we employed various initiatives to maximize customer satisfaction, leading to the favorable acquisition of new insurance policies and ongoing retention.
- ◆ We reinforced the product strength of medical insurance, and launched online-only products for fire insurance and overseas travel accident insurance.

## Sony Bank

- ◆ We have reached our targets for mortgage loans through marketing tie-ups with real estate developers and by introducing new products. The balance of foreign currency deposits continued to grow.
- ◆ We used AI to automate provisional screening for mortgage loans and released Sony Bank apps.

## Sony Lifecare

- ◆ The quality of homes under management under both the SONARE and Hanakotoba brands improved steadily.
- ◆ We expanded headquarters support in the aim of accelerating new home opening from FY19.

- ◆ We expect the market environment to continue growing more challenging, due to a shrinking overall domestic market, falling profit margins and intense competition becoming more stringent.

## 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
- Promotion of working style reform, growing focus on health
- Rising income disparity

## Economic Environment

- Continued low interest rates
- **Consumption tax increase (10%)**

## Technological Innovation

- Rapid innovations in Fintech, AI and RPA technology spreading
- **Increasing of entry into financial industry by different industries /disruption**
- Developments and lower costs in life science and healthcare technologies
- Progress in safety support equipment and automated driving technologies

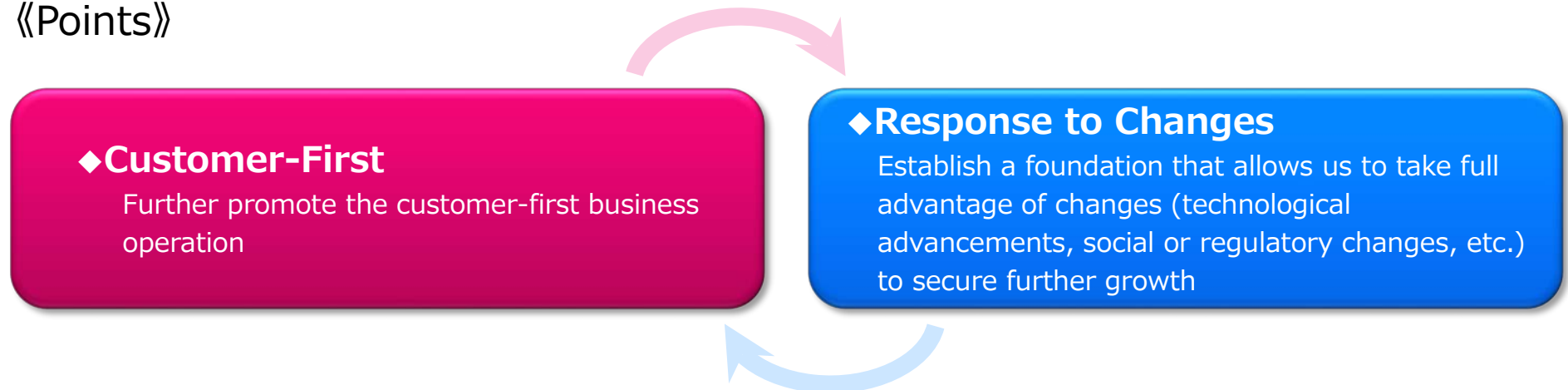
## Regulatory Environment

- Stronger response to fiduciary duty
- **Revision to the tax system in relation to insurance products for corporate customers**
- Revision to the Civil Code (review of statutory interest rates), revision of non-life insurance reference loss cost rates

《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》



# Group Companies' Priority Measures for Achieving Medium-term Targets

- ◆ We steadily implemented priority measures in the aim of achieving mid-term targets.

		Customer-First	Response to Changes
Sony Life	<ul style="list-style-type: none"> <li>◆ In the <b>Lifepanner channel</b>, we worked to further enhance quality through stringent recruiting and the introduction of behavioral (process) evaluations. Meanwhile in the <b>independent agency channel</b>, growth continued based on the channel's strength in U.S. dollar-denominated insurance and variable life insurance.</li> <li>◆ We established a new department to consider medium-term <b>product strategy</b> and otherwise worked on the development of new products targeting a changing environment.</li> </ul>	●	●
Sony Assurance	<ul style="list-style-type: none"> <li>◆ We <b>increased our market share in automobile insurance</b>, and growth accelerated as we <b>strengthened various line</b> of insurance.</li> <li>◆ By combining services that humans are uniquely able to offer with technologies, we sought to achieve enhancement of the customer experience.</li> </ul>	●	●
Sony Bank	<ul style="list-style-type: none"> <li>◆ We worked to increase our balance of <b>mortgage loans</b> and improved profitability by striving to make operations more efficient.</li> <li>◆ In <b>foreign currency deposits</b>, we sought to promote product characteristics and convenience in our marketing activities. At the same time, we expanded the customer base further by leveraging alliances.</li> <li>◆ We promoted the shift to <b>cashless payments</b>, and growth of Sony Payment Services.</li> </ul>	●	●
Sony Lifecare	<ul style="list-style-type: none"> <li>◆ In addition to continuing to <b>maintain or enhance the management quality of homes currently under management</b>, we <b>accelerated new developments</b> of two brands, bolstering our business presence.</li> </ul>	●	●



**Sony Life**



## Progress and Issues under the Mid-term Plan for FY18–FY20

Customer-First

Further  
strengthen our  
business  
foundation

- ◆ Pursue further quality in the Lifeplanner channel
  - Introduce process evaluations to enhance customer satisfaction
  - Engage in stringent recruiting, work to further increase the quality of Lifeplanner
- ◆ Promote initiatives for steady growth in the independent agency channel
  - Enhance sales support system for U.S. dollar-denominated insurance and variable life insurance

Response to  
Changes

Provide new  
value

- ◆ Centering on death protection products, work to reinforce product strength and expand the scope of protection provided (product development)
- ◆ Support the development of consulting support tools through life planning data and utilizing AI (Fintech)

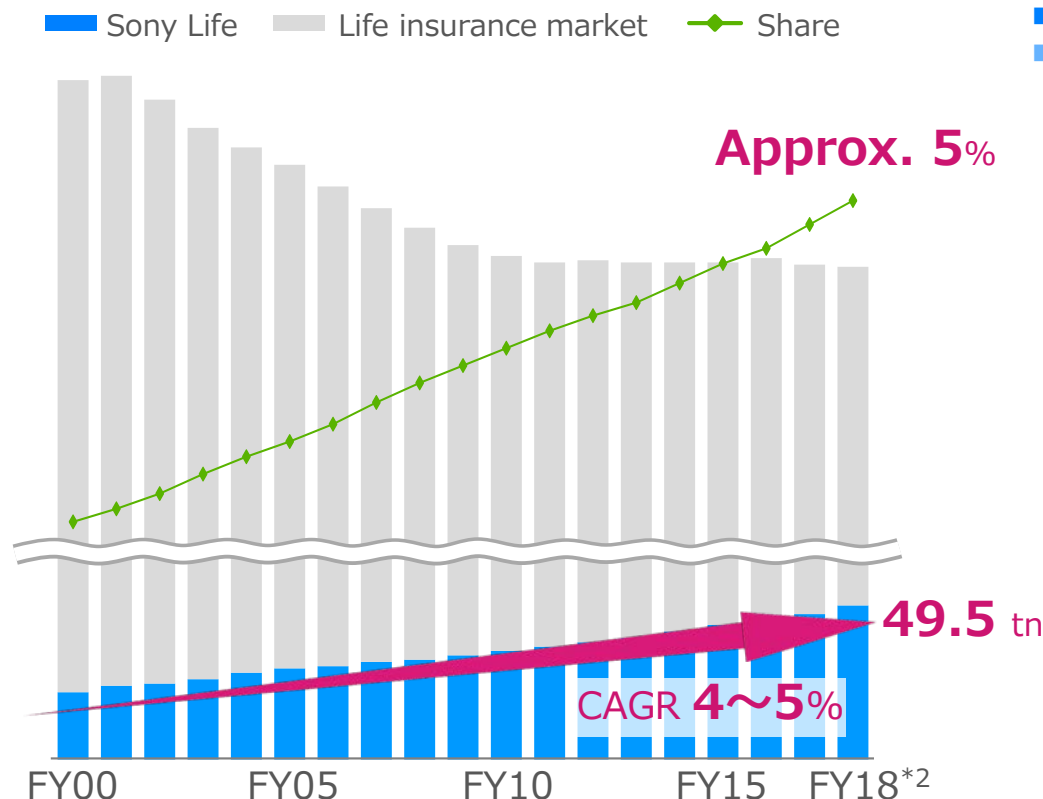
Steadily grow  
corporate value

- ◆ Although the number of Lifeplanner sales employees is expected to be below our mid-term target, aim to achieve our targets through initiatives to further enhance quality and by increasing profit based on economic value

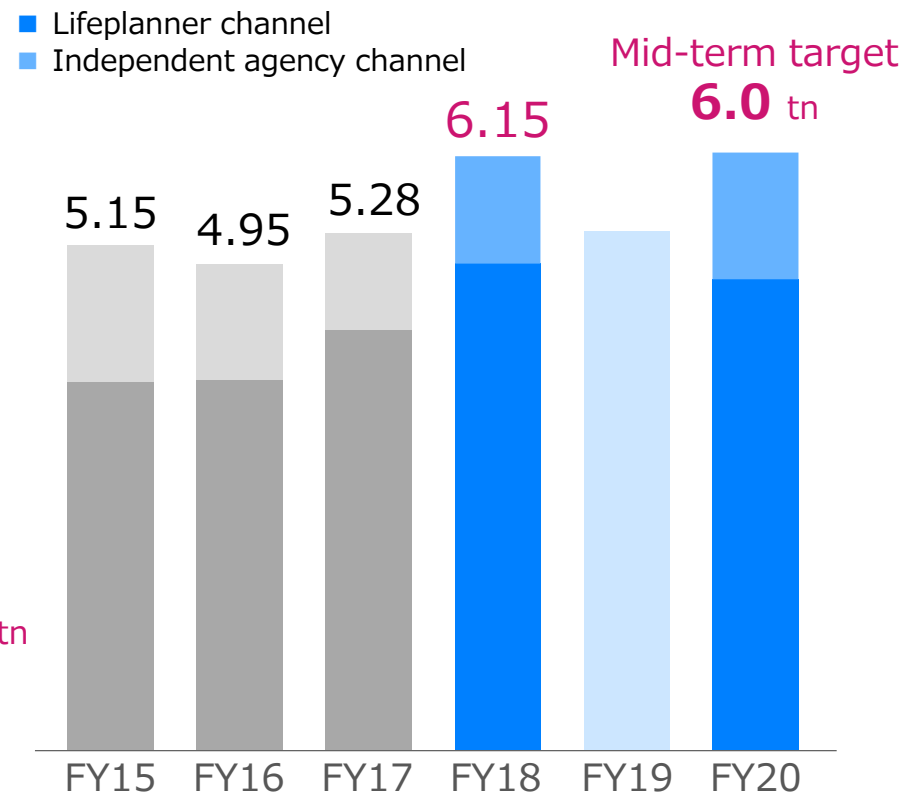
# Sony Life's Position in Japan's Life Insurance Market and Review of Financial Results

- ◆ Policy amount in force grew steadily despite the challenging business environment.
- ◆ As in the previous year, the new policy amount reached a record high. Due to the effect of revisions to the tax system, in FY19 we expect this amount to drop temporarily. However, by introducing countermeasures during the fiscal year we expect to reach our mid-term targets.

## Policy amount in force\*1



## New policy amount\*1

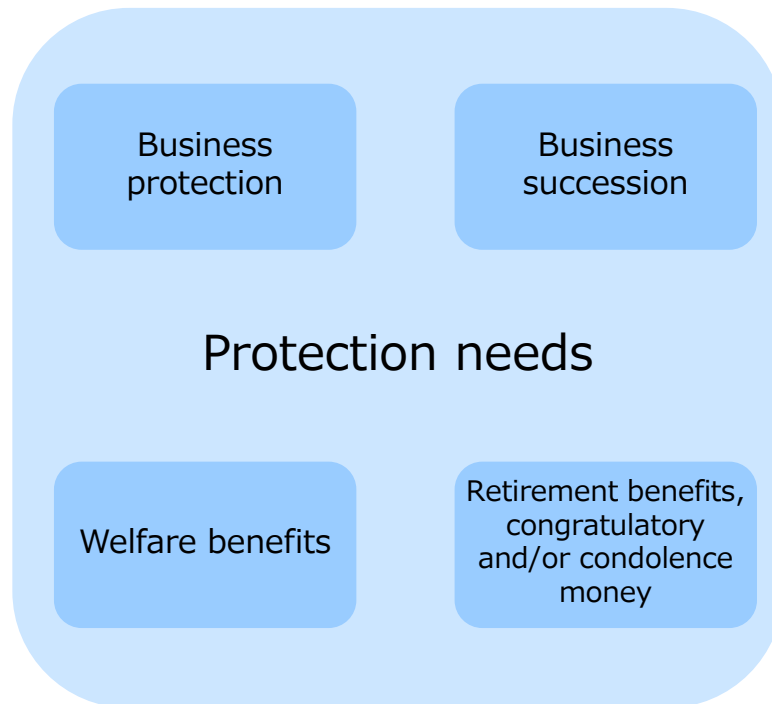


\*1 : Sum of individual insurance and individual annuities

\*2 : The policy amount in force for FY18 of Sony Life is actual figure.  
The policy amount in force for the life insurance market as a whole and the market share of Sony Life are calculated based on the FY18.3Q results.

- ◆ Although we expect a temporary downturn due to the impact of revisions to the tax system in FY19, we aim to achieve a turnaround in performance through initiatives to reinforce consulting capabilities targeting corporate customers.

## Corporate Market Needs



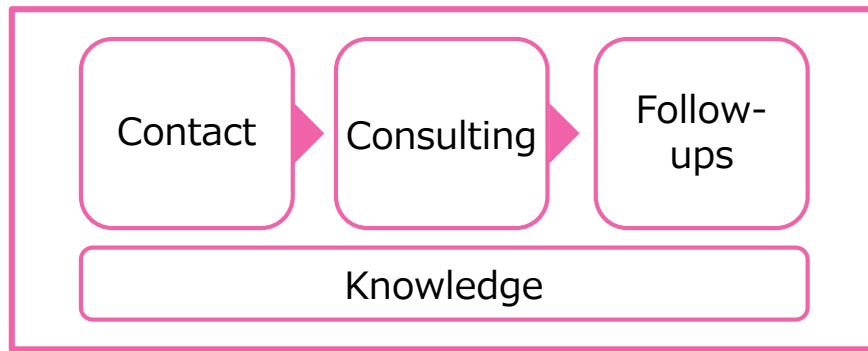
## ◆ Seek to provide protection to business owners through consulting-based sales

- Meeting needs for business protection, welfare benefits and other types of protection requires sophisticated consulting expertise. We will put in place a sales structure to achieve superiority in this area.
  - Continue to enhance training and sales support systems
  - Raise convenience of products and back-office operation procedures

## ◆ Accelerate the development of products to meet business owners' protection needs

- ◆ To further enhance the quality of the Lifeplanner channel, Sony Life will set the bar for services and value provision a notch higher than at present. At the same time, based on that level we will introduce a system of behavioral (process) evaluations linked with customer satisfaction.

## Process evaluations



**Lifeplanner**

## Support tools



## ◆ Set the bar for the customer service level a notch higher than at present

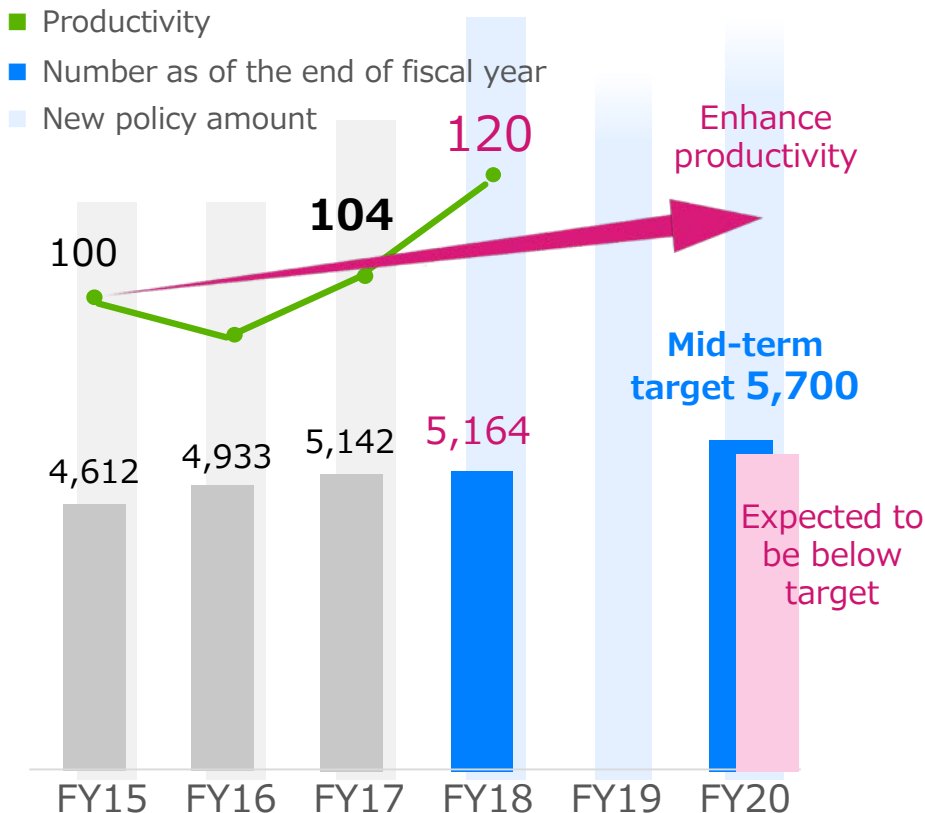
- Set the level for services provided to customers by referencing overseas examples and internal best practices
- Introduce e-learning and otherwise create an environment to facilitate ongoing learning by new employees and mid-career personnel

## ◆ Introduce process evaluations

- Based on the activity data from 5,000 Lifeplanner sales employees, analyze behaviors and knowledge that contribute to customer satisfaction
- Introduce a new system for evaluating multiple facets of the behavior (process) of Lifeplanner sales employees

- ◆ Ensure stringent recruiting to achieve further quality increases in the Lifeplanner channel.
- ◆ Review the pace for expanding the number of Lifeplanner, but by pursuing quality, seek to enhance productivity and meet financial targets.

Number of Lifeplanner sales employees<sup>\*1</sup> and productivity<sup>\*2</sup>



## ◆ Raise the quality of new Lifeplanner sales employees through stringent recruiting

- Make standards for recruiting candidates more stringent
- Strengthen headquarters involvement in the recruiting process
- Utilize AI to achieve high-quality analysis of recruiting candidates

## ◆ Enhance and ensure thorough education and cultivation

- Through headquarters, enhance training of new Lifeplanner sales employees
- Reinforce manager training to augment their ability to cultivate staff
- Monitor and evaluate the education and cultivation environment at branches

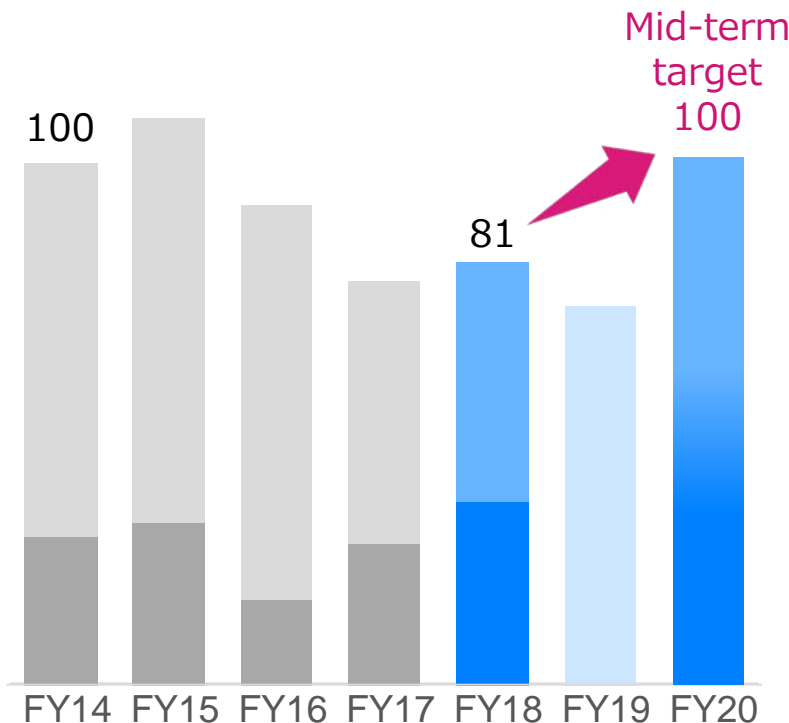
\*1: The figures include the number of contracted Lifeplanner sales employees and those rehired on a fixed-term contract basis after retirement

\*2: Productivity is indexed to FY15 = 100, calculated on the basis of average new policy amount per person

- ◆ We will promote initiatives to achieve stable growth by leveraging our strength in U.S. dollar-denominated insurance and variable life insurance and others.
- ◆ In addition, we will introduce a compensation system for evaluation of partners' service quality, strengthening relationships with good partners.

## New policy amount index<sup>\*1</sup>

- U.S. dollar-denominated insurance and variable life insurance
- Other products



\*1: FY14 = 100

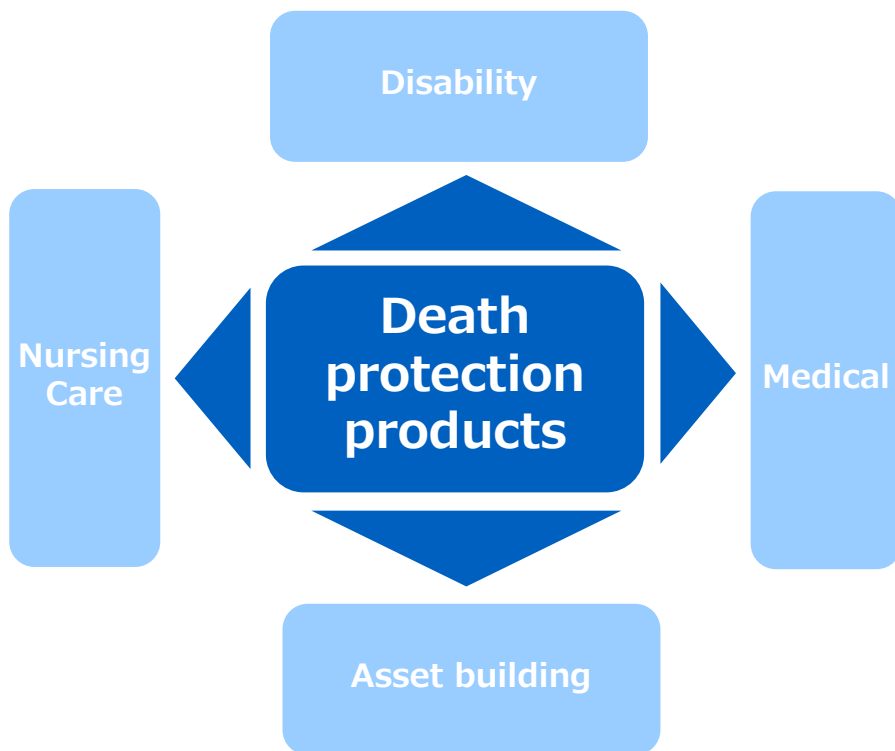
## ◆ Enhance sales support system for U.S. dollar-denominated insurance and variable life insurance

- Develop our own unique expertise, such as partner training and support tools

## ◆ Revise the compensation system for independent agencies

- Ensure transparency of the compensation system and aim to strengthen relationships with good partners by improving the mechanism for evaluating partners demonstrating high solicitation quality

- ◆ Maintaining our main focus on death protection products, we will reinforce our product strength and work to expand the scope of protection we provide.
- ◆ At the same time, customer needs are growing more diverse and complex as we near an era in which people live to be 100. We will consider a mid-term product strategy that takes these realities into consideration.



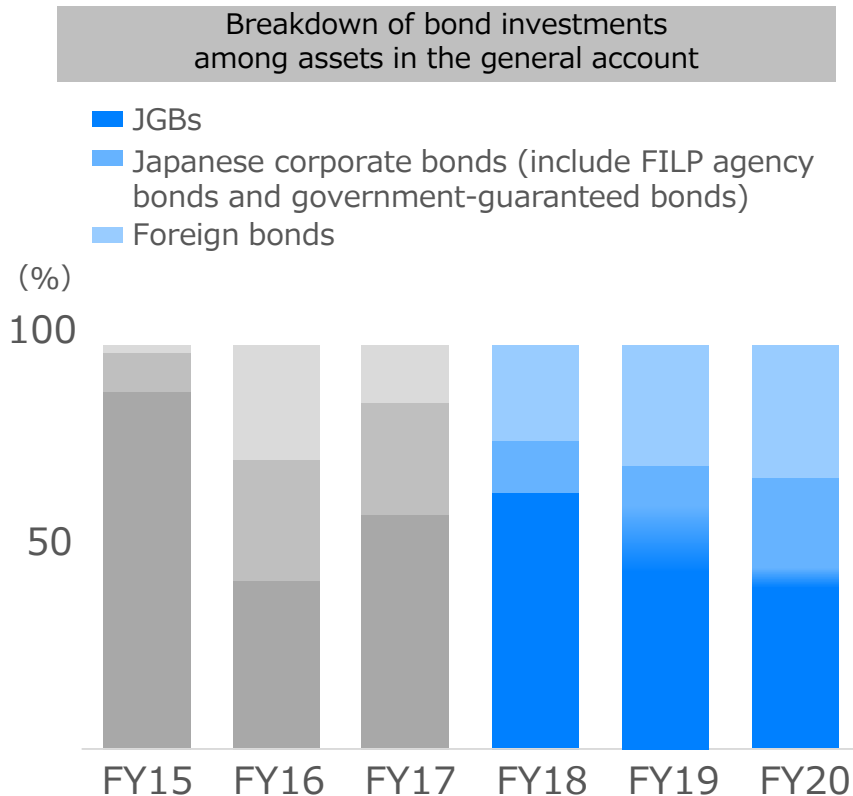
## ◆ Work to strengthen product capabilities and the scope of protection provided

- In addition to enhanced production, launched two new types of medical insurance, with lower premiums and health refund benefit (July 2018)
- Going forward, in addition to accelerating product development to meet the protection needs of corporate customers, consider expanding the scope of protection in the disability field, as well

## ◆ Consider the mid-term product strategy

- Established a new, specialized department to plan and consider medium term product strategies (April 2019)
- Promote the development of new products aimed at a changing environment in which people live to be 100

- ◆ To provide customers with life insurance products in a stable manner and be certain of our ability to pay insurance claims and benefits into the future, we will invest in superior assets that have characteristics matching our insurance liabilities, based on an ALM perspective.
- ◆ To ensure financial soundness, we will continue working to reduce yen interest rate risk while striving to bolster productivity through appropriate risk control.



## ◆ Invest proactively in superior issuers' ultralong-term yen-denominated corporate bonds

- Engage in proactive dialogue with issuers to promote the creation of investment opportunities

## ◆ In response to favorable sales of U.S. dollar-denominated insurance, expand investments in U.S. dollar-denominated assets

- Centering on the large-scale U.S. bond market, look for opportunities and invest in U.S. dollar-denominated corporate bonds







# Sony Life

## Progress Toward FY20 Medium-term Target



- ◆ Although the number of Lifeplanner sales employees is expected to be below our mid-term target, aim to achieve our targets through initiatives to further enhance quality and by increasing profit based on economic value

	FY18 Actual	FY19 Forecast	FY20 Mid-term target* <sup>1</sup>	Progress toward FY20 Mid-term target
Policy amount in force	¥49 tn	¥52 tn	¥55 tn	 Almost in line
Number of Lifeplanners* <sup>2</sup>	5,164	Around 5,300	Over 5,700	 Below initial target
MCEV* <sup>3</sup>	¥1.7 tn	¥1.7 tn	Over ¥1.8 tn	 Almost in line
Core ROEV	6.4%	5%~6%	Over 6%	
Ordinary profit (Life insurance business)	¥78.2 bn	¥84.2 bn	¥62 bn	 Above initial target

\*1: Mid-term target announced on May 31, 2018

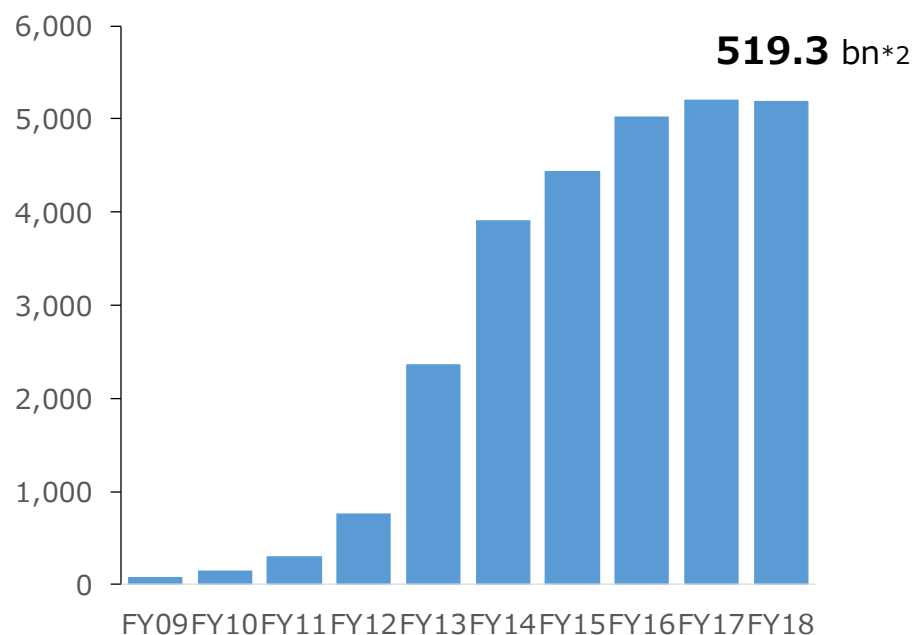
\*2: The figures include the number of contracted Lifeplanner sales employees and those rehired on a fixed-term contract basis after retirement

\*3: Figures in "FY18 Actual" and "FY19 Forecast" are based on interest rate levels at the end of March 2019, "FY20 Mid-term target" are based on interest rate levels at the end of March 2018

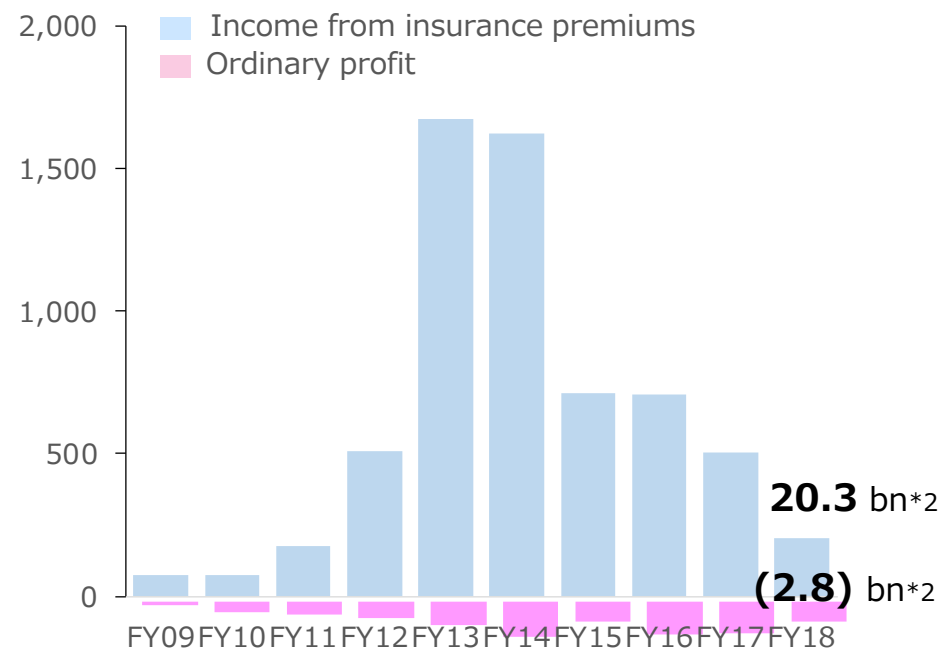
# AEGON Sony Life Insurance and SA Reinsurance are to be wholly owned subsidiaries of Sony Life

- ◆ Since starting business in 2009, AEGON Sony Life Insurance has specialized in individual annuities, securing business in a certain area as a life insurance company. However, the company has been unable to respond to the changing business environment, making it difficult to sustain operations.
- ◆ By making the company a wholly owned subsidiary of Sony Life, we aim to accelerate decision-making and increase the efficiency of business operations, facilitating an improvement in operating performance at an early stage.

Policy amount in force<sup>\*1</sup>



Income from insurance premiums / Ordinary profit



\*1 : Individual annuity

\*2 : Those figures for FY18 are as of and for the FY18.3Q results.



**Sony Assurance**

## Progress and Issues under the Mid-term Plan for FY18–FY20

Customer-First

**Continue to grow, and expand share of, automobile insurance**

- ◆ The policy amount in force increased, thanks to the steady acquisition of new customers and retention of existing customers.
- ◆ By enhancing product capabilities and service quality and through effective marketing, we strove to enhance trust in direct insurance and drive growth of the direct market.

**Accelerate growth by expanding business categories**

- ◆ We will commence full-fledged developments in multiple categories by reinforcing our product strength in medical insurance and launching new online fire insurance and overseas travel accident insurance products.
- ◆ We will focus on enhancing marketing and expanding channels, seeking to expand our scale in the interest of cultivating another pillar of business to follow automobile insurance.

Response to Changes

**Maximize customer value**

- ◆ We will concentrate on developing high-quality “customer-first” services as we seek to maintain one of the industry’s highest levels of customer satisfaction.
- ◆ We will seek to improve the user experience by combining services that humans are uniquely able to offer with leading-edge technologies.

**Utilize technology**

- ◆ We will aggressively utilize leading-edge financial technologies, including data analysis employing AI technology, image recognition and chat bots.
- ◆ We will promote collaboration within the Sony Group.

# Expansion of Automobile Insurance and Sony Assurance's Position in the Market

- ◆ By providing high-quality services and marketing proactively, the company has steadily increased its number of automobile insurance policies in force.
- ◆ The number of policies in force exceeded 2 million, ahead of this fiscal year's our 20th anniversary of business commencement. We remain the clear leader in direct automobile insurance, by sales.

## Growth in Sony Assurance's automobile insurance

### Key initiatives in which Sony Assurance has led the industry

FY99 Accepting applications over the Internet  
 FY00 Rider to cover accidents while getting off cars, insurance premium rates that differ by model, discounts for ongoing policies  
 FY04 Carry over discount program  
 FY11 Offering free smartphone app  
 FY14 PHYD-type telematics insurance with cash back type  
 FY18 Simple estimate with a photo automobile insurance service via website

Line graph:  
Premiums on automobile insurance policies written by direct insurers

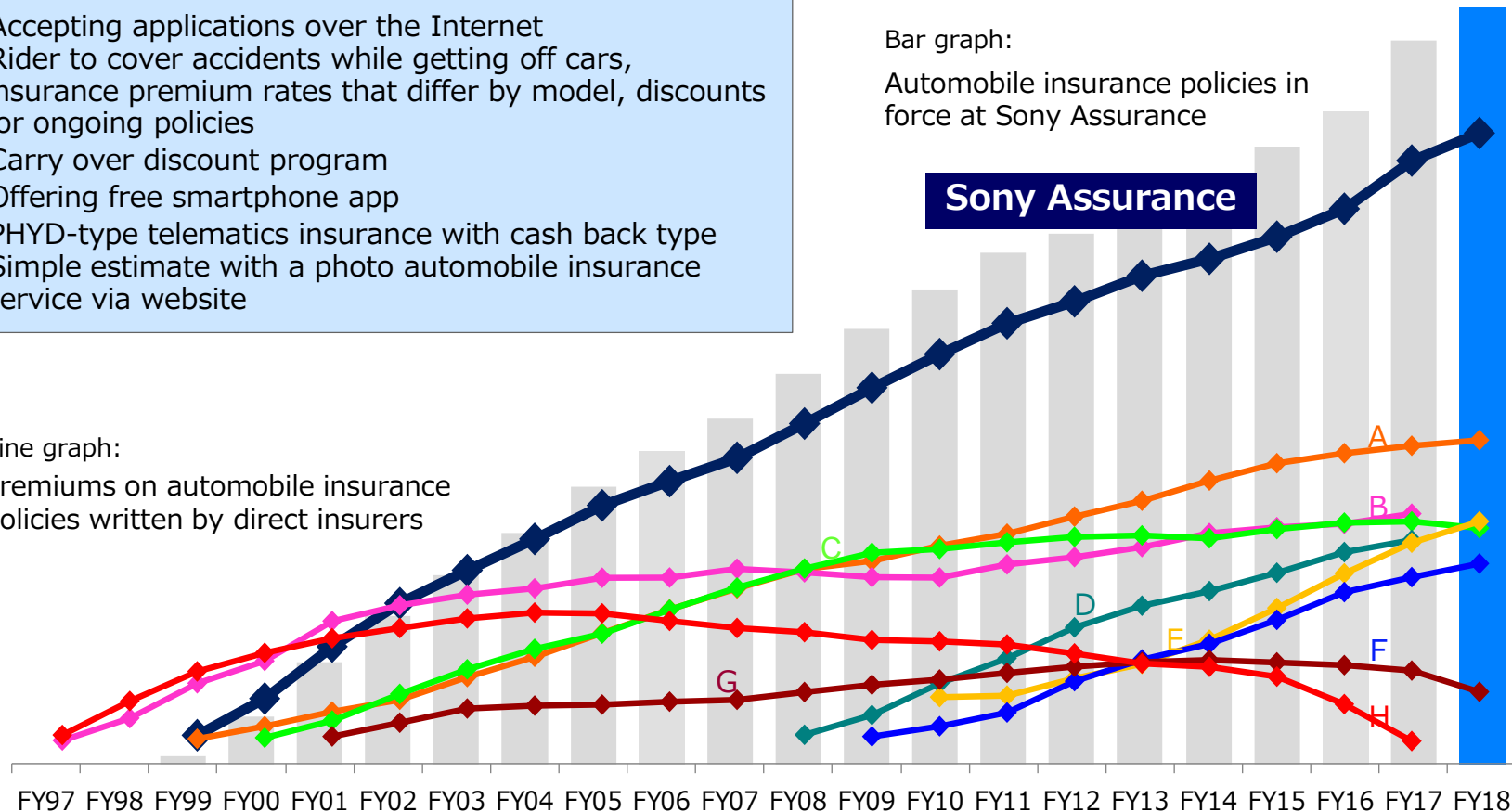
Bar graph:

Automobile insurance policies in force at Sony Assurance

**Sony Assurance**

2 million

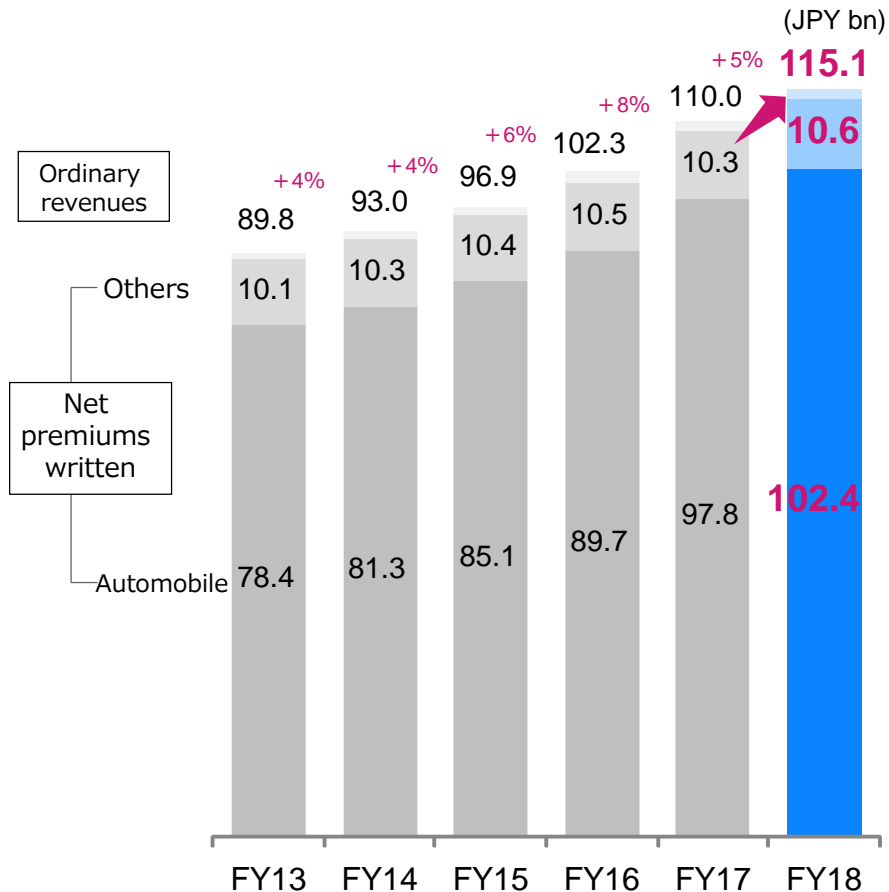
(Policies)



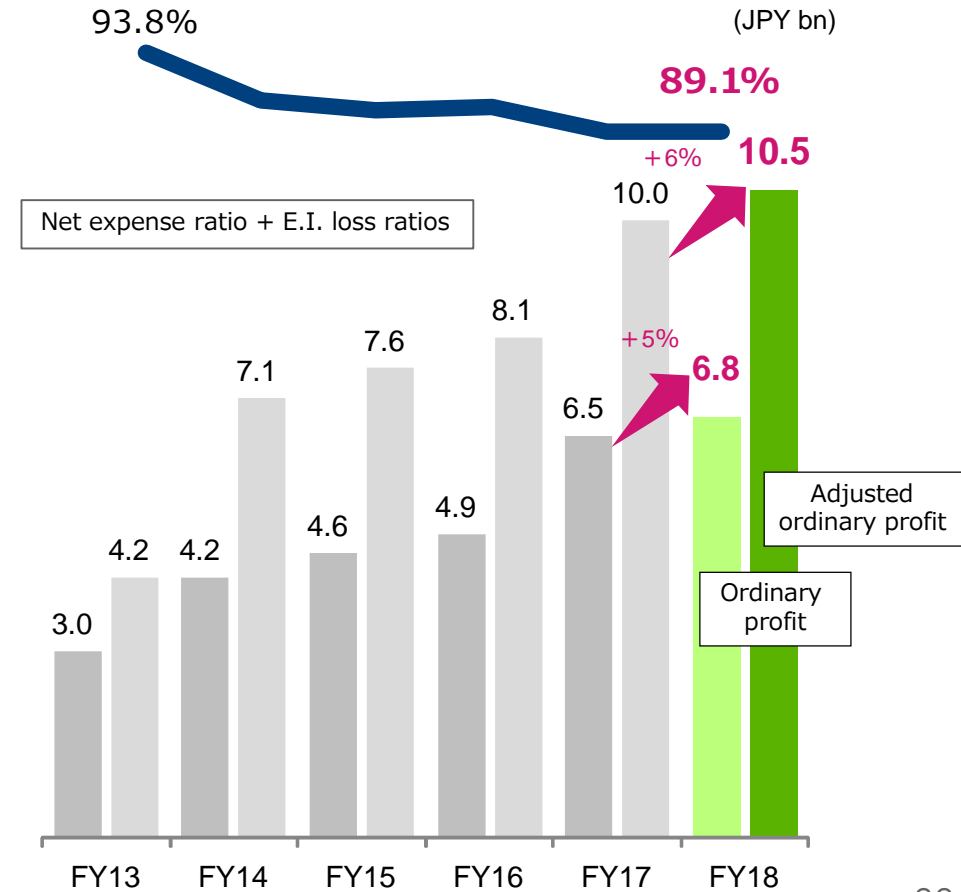
# FY18 Review of Financial Results

- ◆ We achieved robust top-line growth due to favorable increases in automobile insurance revenue.
- ◆ Although large-scale natural disasters were frequent, we succeeded in reducing the sum of two ratios year on year through thorough efforts to control earnings (including operating expenses).
- ◆ Despite intense competition, we continued to grow and increase profits, posting record profits for the sixth consecutive year.

## Ordinary revenues



## Sum of two ratios / Ordinary profit



- ◆ By further enhancing product capabilities and service quality, as well as proactively rolling our effective marketing initiatives, we strove to establish ourselves as a trusted brand and drive expansion of the direct market.

## Initiatives to enhance trust and peace of mind with direct insurance

### ◆ Marketing communication to raise trust in direct insurance

Promoting the tagline “Peace of mind, less expensively”

### ◆ Cultivate a sense of value

Encourage a sense of appreciation by customers who feel products have been tailored to them

- <Set discounts for people with no accidents>
- <Enhance price competitiveness>

- Lower premiums for shorter driving distances
- Expanding gold driver’s license discounts
- Increasing new vehicle discounts

### ◆ Augmenting peace of mind and trust with accident response

- Eliminate unease when accidents occur
- Promote the value of a personal response
- Encourage appreciation of accident response speed
  - <SECOM’s on-site rush service>
  - <Express at-home interview service>
  - <Service for speaking on behalf of the counterparty>

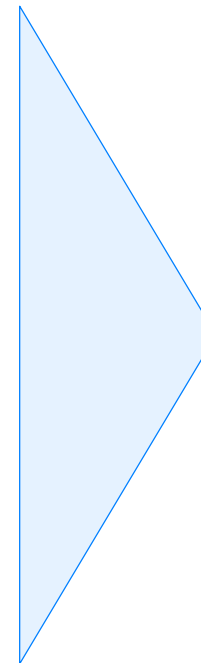
### ◆ Eliminate bottlenecks with enrollment procedures

Enhance convenience and ease uncertainty by improving the user experience and expanding customer support

- <Simple estimate with a photo automobile insurance service>
- <Customer database based on personalized content>
- <Call center support, encouragement>

- ◆ We will commence full-fledged developments in multiple categories by reinforcing our product strength in medical insurance and launching new online fire insurance and overseas travel accident insurance products.
- ◆ By leveraging our distinctive products, reasonably priced insurance premiums, the convenience of direct insurance and the marketing expertise we have accumulated with automobile insurance, we intend to expand our business by cultivating another pillar of business to follow automobile insurance.

Medical	<ul style="list-style-type: none"><li>◆ Pursue strength in cancer protection and price competitiveness</li><li>◆ Boost product recognition through TV and newspaper ads</li><li>◆ Expand channels, including comparison sites</li><li>◆ Combine sales with ZiPPi medical insurance covering actual inpatient expenses</li></ul>
Fire	<ul style="list-style-type: none"><li>◆ Focus on unique products, such as ones that can be freely set or that provide 100% earthquake coverage</li><li>◆ Offer reasonably priced insurance premiums as a unique feature of online insurance</li><li>◆ In addition to direct insurance, expand sales through face-to-face channels, such as shop-style independent agencies</li></ul>
Overseas travel	<ul style="list-style-type: none"><li>◆ Offer reasonably priced insurance premiums through online specialization and risk segmentation</li><li>◆ Enhance insurance acquisition capabilities by pursuing efficient online advertising</li><li>◆ Promote cross-marketing of different types of products</li></ul>



**Accelerate further growth by expanding business categories**

**Stable, medium- to long-term earnings base**



- ◆ We will seek to improve the customer experience by combining services that humans are uniquely able to offer with leading-edge technologies.

## Third-party evaluations of customer service in FY2018

- In J.D. Power's 2018 Automobile Insurance Satisfaction Survey, we were ranked number one in all of three divisions : satisfaction with new policies, policyholder satisfaction (direct) and overall industrywide satisfaction on accident response, and we maintain top-level evaluations from a variety of other third parties.

## Initiatives to improve the customer experience

### Accident Solution Services

**Elimination of uncertainty immediately following an accident speed and satisfaction with accident solution**

- Respond swiftly after receiving an accident report, initial response on holidays and during nighttime hours
- SECOM on-site rush service
- *Kaiketsu Houshin Navi* to gain a thorough understanding of the direction of an accident solution

### Customer Services

**Detailed, high-quality support giving a sense of being by the customer's side**

- Expand the call system and multiple types of non-voice communications
- Improve response quality with after-call surveys
- Provide specialized response support, such as a "senior desk"

### Web / Smartphone Services

- **Pursuit of enhanced convenience**
- **Services from the customer perspective**

- Earned 3 starts in HDI's "Web Support Ranking" for the ninth straight year
- Using smartphones to improve the customer experience and providing more sophisticated apps
- Utilize leading-edge technology, such as through the *simple estimate with a photo* automobile insurance service

- ◆ We will aggressively utilize leading-edge financial technologies, including data analysis employing AI technology, image recognition and chat bots.

## Product development

- ◆ **Develop new PHYD-type telematics insurance using AI analysis technology**
  - Collaborate with the Sony Group and Yahoo! JAPAN
  - Pursue simplicity of use through measurement
  - Provide sophisticated apps that support safe driving behavior
  - Offer cash back on insurance premiums for safe driving results



## Marketing

- ◆ **Use machine learning technology to enhance ability to analyze customer attributes and behaviors**
  - Use AdTech to augment marketing precision and efficiency
  - Utilize upselling and recommendations

## Underwriting process

- ◆ **Improve the underwriting process with image recognition and analysis technologies**
  - Provide immediate estimates of insurance premiums based on image analysis of insurance policies
  - Promote the use of image analysis technology in medical and fire insurance

## Customer response

- ◆ **Automate customer response using AI chat bots**
  - Respond to inquiries with AI chat bots
  - Use LINE for automated accident response




## Business improvement

- ◆ **Save labor with RPA office operations and analysis**

# Sony Assurance

## Progress Toward FY20 Medium-term Target

- ◆ By sustaining top-line growth and maintaining sound profitability, we aim to reach our FY20 mid-term targets ahead of time.

	FY18 Actual	FY19 Forecast	FY20 Mid-term targets* <sup>1</sup>	Progress to FY20 Mid-term target
Direct premiums written	¥112.1 bn	¥119 bn	¥120 bn	 Above initial target
Sum of two ratios (E.I. loss ratio) (Net expense ratio)	89.1% 61.3% 27.8%	Approx. 89%	89%	 Almost in line
Ordinary profit	¥6.8 bn	¥7 bn	¥7 bn	
Adjusted ordinary profit * <sup>2</sup>	¥10.5 bn	¥10.9 bn	¥11 bn	 Above initial target
Adjusted ROE	15.2%	Approx. 14%	Approx. 13%	

\*1: Mid-term targets announced on May 31, 2018.

\*2: Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve



**Sony Bank**

## Progress and Issues under the Mid-term Plan for FY18–FY20

Customer-First

Increase product strength and improve service

- ◆ We began handling fixed select mortgage loans and new group credit life insurance.
- ◆ We are expanding our foreign currency deposit investment options, such as by starting to handle Set Time Deposits.
- ◆ We are promoting Sony Bank GATE, an investment-type crowd funding program.

Response to Changes

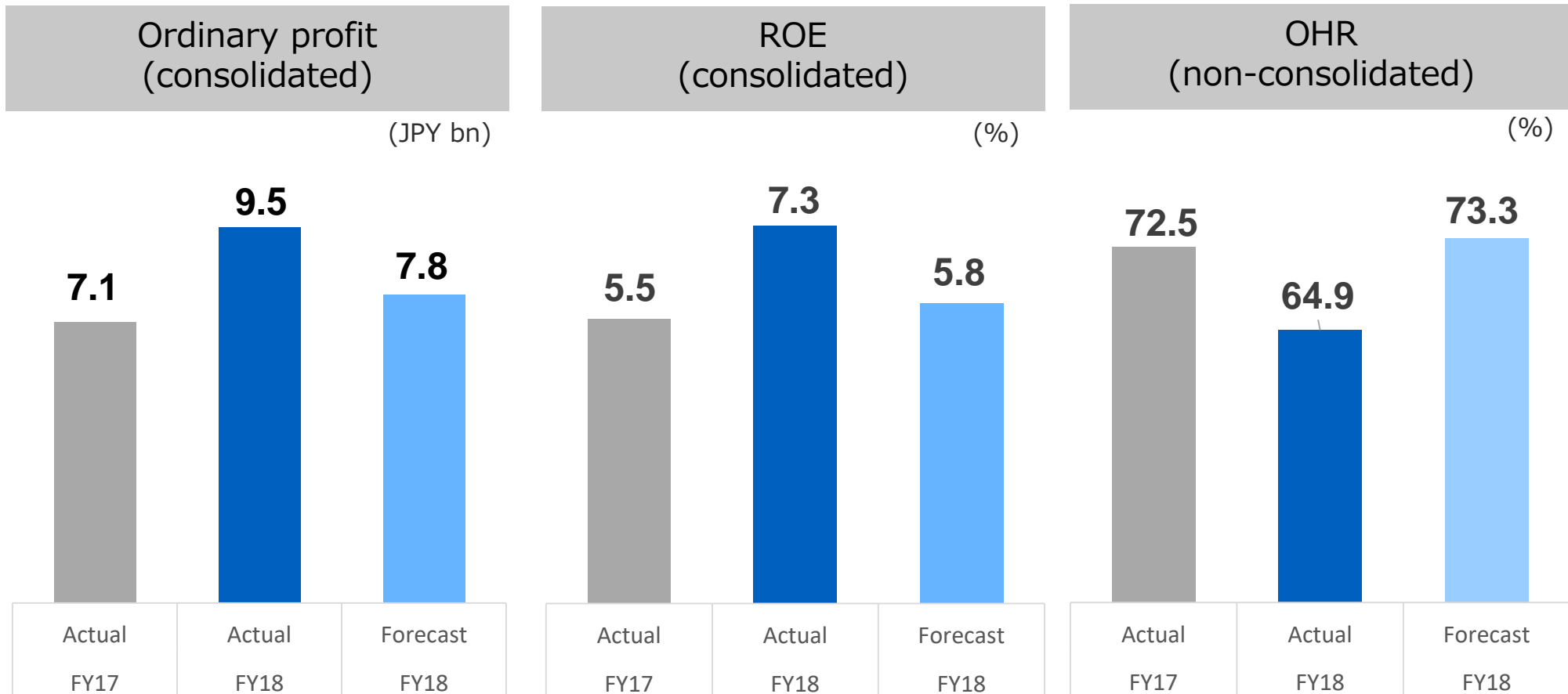
Utilize Fintech and improve business

- ◆ We have started using AI to automate provisional screening for mortgage loans.
- ◆ We began offering an information-sharing service using a reference-system API.
- ◆ We are promoting increases in business efficiency by eliminating paper and using RPA.
- ◆ We have begun providing Sony Bank apps.

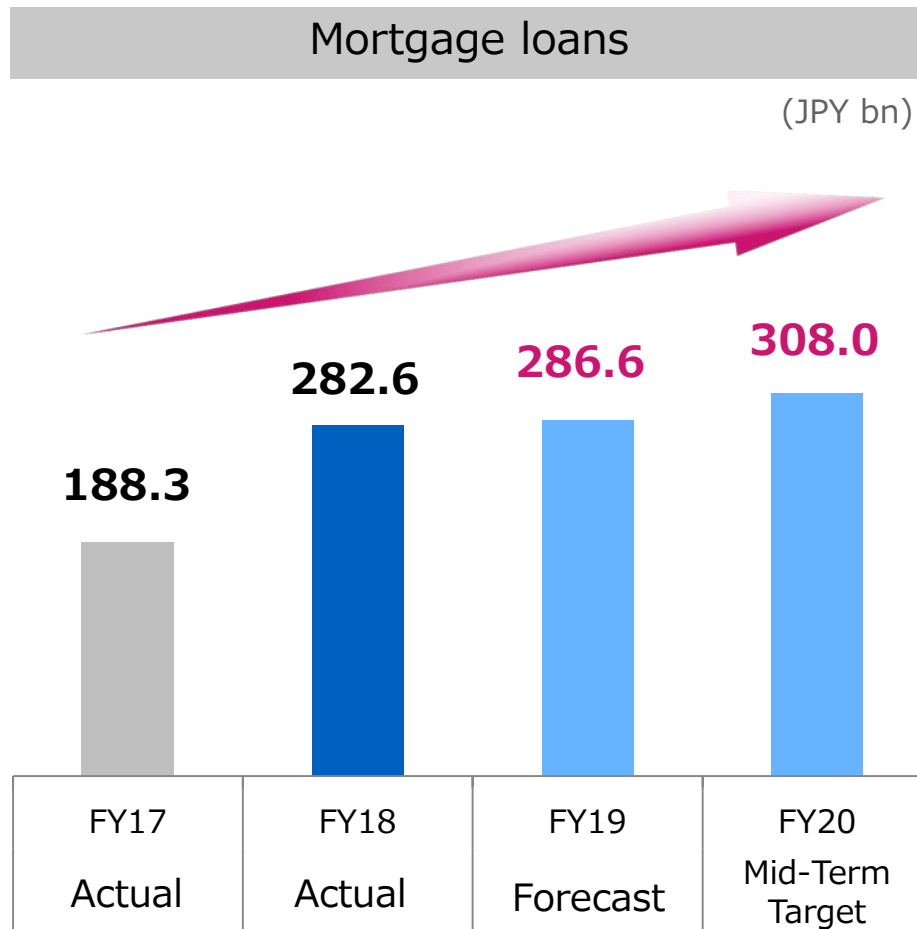
Improve proposal-making capability

- ◆ We are starting to develop digital consulting tools.
- ◆ We are setting up systems to use digital marketing.
- ◆ We are enhancing our sales structure through CONSULTING PLAZA.

- ◆ Ordinary profit: Up 33% year on year due to business growth and cost reduction
- ◆ ROE: Improved to around 7% due to an increase in profit
- ◆ OHR: Decreased around 64% due to cost reduction



- ◆ In our marketing activities, we are emphasizing product characteristics and convenience.
- ◆ We are enhancing profitability by increasing operating efficiency (such as expanding the use of AI screening and introducing electronic contracts).
- ◆ We are strengthening tie-ups with real estate developer.



Many things cost ¥0 at Sony Bank.

- Guarantees
- Group credit life insurance
- Advance repayment fees
- Fees to move from variable to fixed interest rates
- Fund transfers to repayment account
- Fees for ATM usage



Sony Bank's "Cancer group credit life insurance 100" is proving popular. If a policyholder is diagnosed with cancer, the mortgage loan balance is reduced to zero and the policyholder is provided with ¥1 million in cancer diagnosis benefits

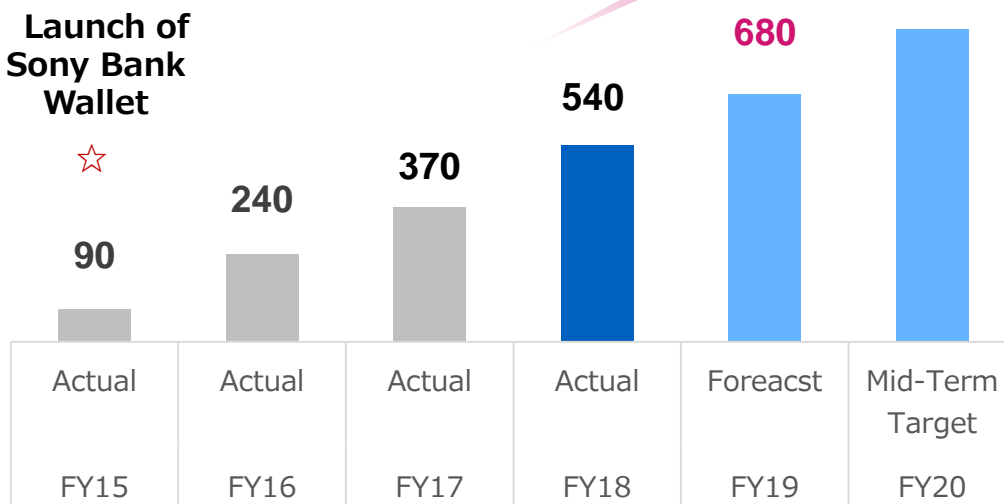
- ◆ In our marketing activities, we are emphasizing the product characteristics and convenience of Sony Bank WALLET (SBW).
- ◆ We are expanding our customer base through alliances.

## Number of SBW holders

(Person 1K)



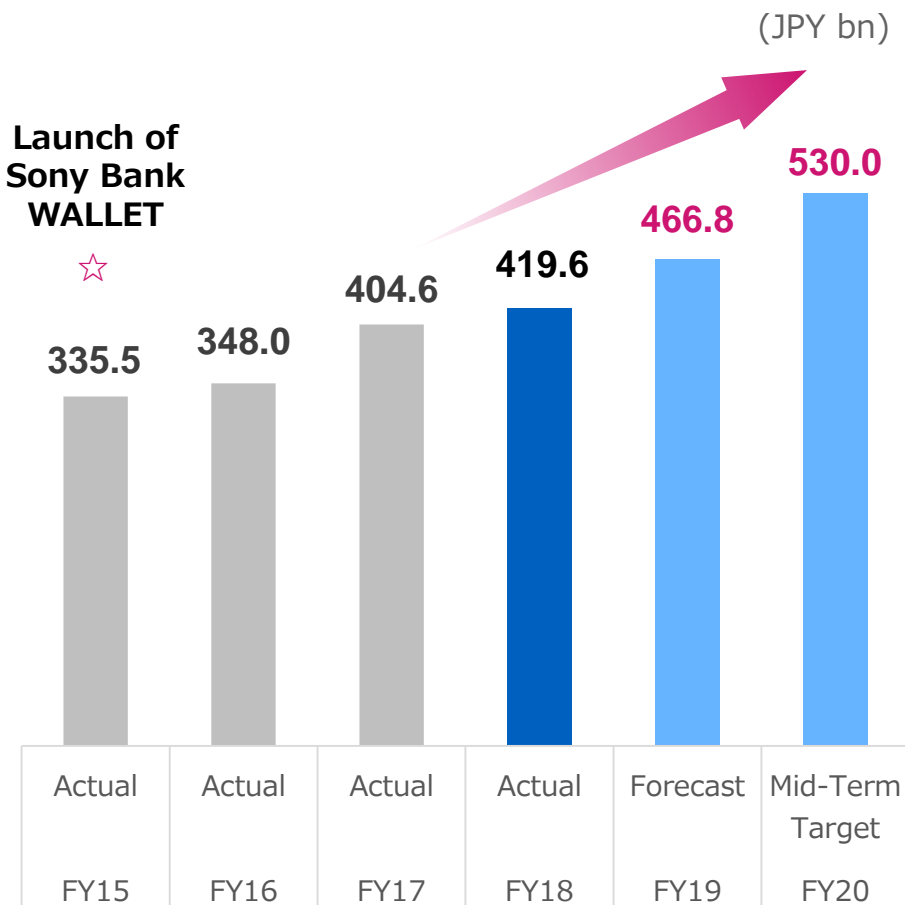
Launch of  
Sony Bank  
Wallet



## Foreign currency deposits

(JPY bn)

Launch of  
Sony Bank  
WALLET





- ◆ The platform business uses the internet to connect companies that are taking on challenges but need to raise funds with people who are looking for investment opportunities.
- ◆ Target projects are also being handled as a crowd funding support business of Japan's Reconstruction Agency, linked with reconstruction following the Great East Japan Earthquake.

## Sony Bank GATE

Fund to support the reconstruction of Ofunato Onsen, a symbolic hot springs resort and place for local relaxation



Fund to support Apple Farm, a workplace in Sendai that welcomes people with disabilities



Fund to support opening of Japan's first FATBURGER shop



Original animation "Himote house" production fund



Fund aiming to reduce apparel waste to zero



Vegetable sheet (VEGHEET) Fund



NIIGATA ALBIREX BB arena LED fund



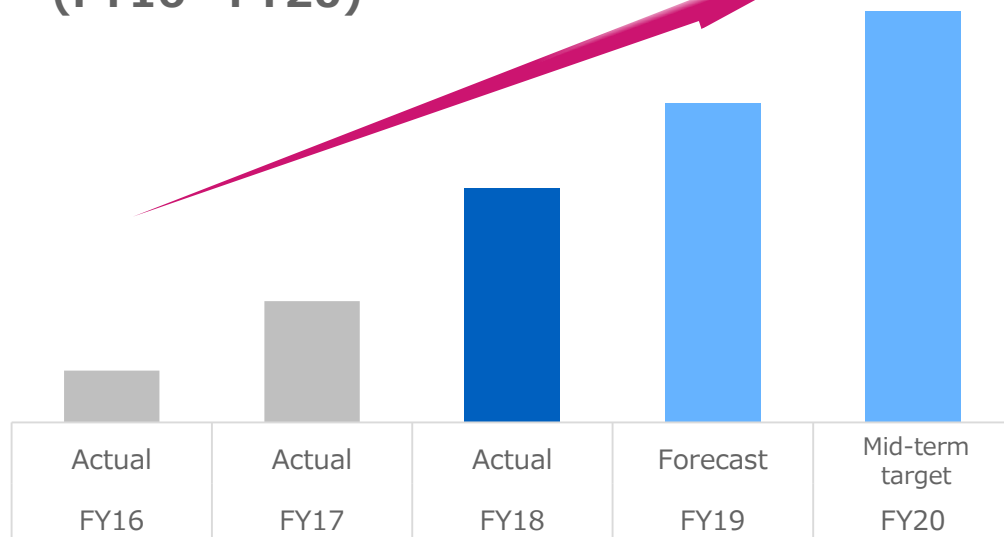
Muscle suit encouragement fund



- ◆ We have begun offering Sony Bank apps.
- ◆ We are promoting cashless transactions, using SBW as a key (touch settlement, smartphone settlement).
- ◆ We are promoting alliances with companies that provide QR code settlement services.

## SBW debit usage amounts

**CAGR 69%  
(FY16 – FY20)**



# Digital Consulting, a Combination of Online and Face-to-Face Consulting

Customer-First



- ◆ We have started developing digital consulting apps.
- ◆ We are enhancing the proposal-making function via smartphones and at CONSULTING PLAZA.

Digital

Makes financial assets visible and provides financial advice via a mobile app



Consulting tools

API

Bricks and mortar

CONSULTING PLAZA

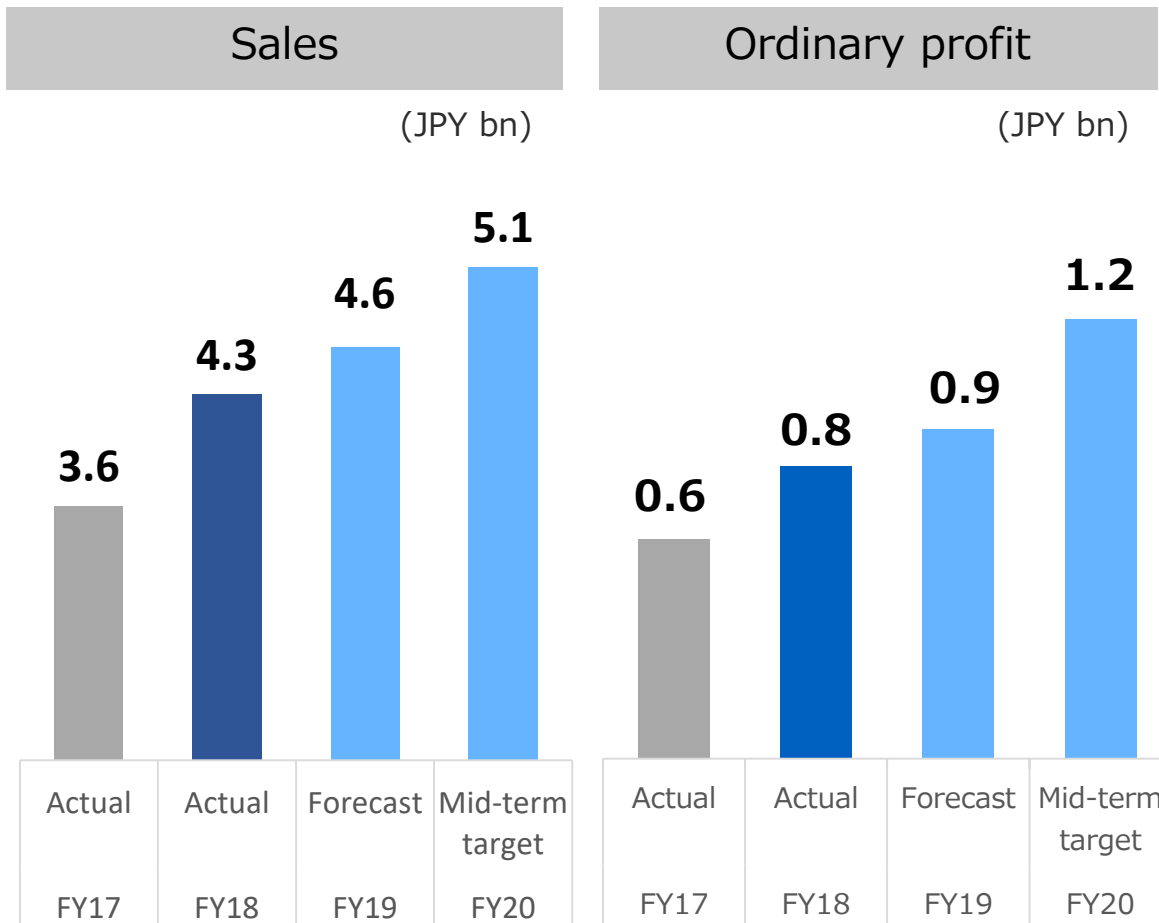


Alliances

API collaboration

Sony Group  
(Life, Assurance, etc.)

- ◆ This service responds to the increasing diversity of cashless transactions and settlement types.
- ◆ We are strengthening the transaction business by attracting new participating merchants.
- ◆ We are expanding the payment agency business:  
→ Offer payment services by collaborating with Minnano Taxi Corp.  
and Sony Music Corp.



## Expansion of business

**Minnano Taxi Corporation  
released taxi dispatch  
APP "S.RIDE"  
on April 16th, 2019**

- Simple vehicle dispatch; just one slide
- Smooth online settlement at end of trip


**S.RIDE**  
Simple.Smart.Speedy.



# Sony Bank

## Progress Toward FY20 Medium-term Targets



	FY18 Actual	FY18 Forecast	FY20 Mid-term targets*1	Progress toward FY20 Mid-term targets
Retail balance*2 (Non-consolidated)	¥4.2 tn	¥4.5 tn	¥5.0 tn	 Almost in line
Gross operating profit	¥28.3 bn	¥29.9 bn	¥33.5 bn	
Ordinary profit	¥9.5 bn	¥8.6 bn	¥9.7 bn	
ROE	7.3%	6.4%	6.8%	

*Reference : Sony Payment Services*

Consolidated sales	¥4.3 bn	¥4.6 bn	¥5.1 bn
Ordinary profit	¥0.8 bn	¥0.9 bn	¥1.2 bn

\*1: Mid-term target announced on May 31, 2018.

\*2: Sum of yen deposits, foreign currency deposits, investment trusts, securities brokerage, mediated discretionary investment contracts and personal loans



**Sony Lifecare**



## Progress and Issues under the Mid-term Plan for FY18–FY20

Customer-First

Establish the SONARE brand and make a full-fledged move into home development

- ◆ Leveraging the expertise we have cultivated over three years through the operation of three existing homes, we are establishing the high-quality and distinctive SONARE brand.
- ◆ From the current fiscal year, we will move toward the full-fledged development of profitable homes targeting customers who are in the upper/middle zone.

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

- ◆ Proud Life Inc. is making steady progress on improving its business and establishing an earnings base.
- ◆ Taking advantage of the track record and expertise cultivated through the operation of 26 homes, from the current fiscal year the company will relaunch the Hanakotoba brand for newly built homes and aim for new growth.

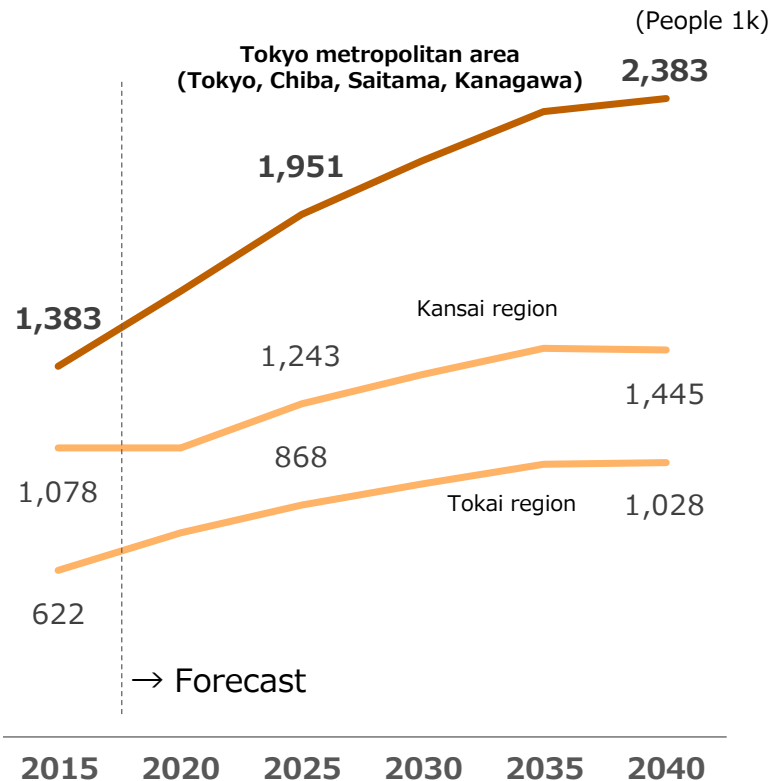
Response to Changes

Implement “Life Focus” as a customer-first service value

- ◆ We will 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 the diverse needs of the market.
- ◆ Given the increase in the number of people requiring long-term care, we will accelerate the development of newly built homes under both brands and raise the overall presence of the nursing care business.

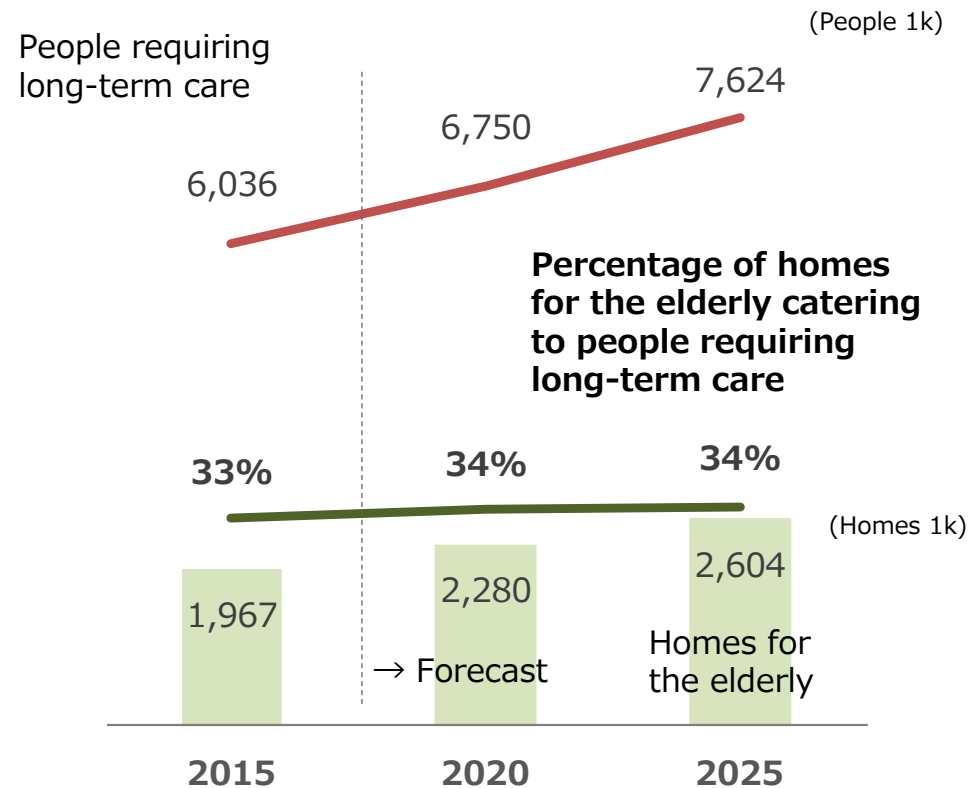
- ◆ Sony Lifecare predicts a mid- to long-term increase in the population in need of nursing care in its main area of development, the Tokyo metropolitan area.
- ◆ Due to increased needs, the establishment of nursing homes is proceeding steadily, and Sony Lifecare expects demand to grow steadily for the foreseeable future.

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



Source: Study by Tamura Planning & Operating

## People requiring long-term care and number of homes for the elderly (nationwide)



Note: Homes for the elderly include homes for those who are independent.

Copyright © Sony Financial Holdings Inc. All rights reserved.



# Medium-term Strategy: Initiatives to Develop Our Lineup in Response to Market Needs

Customer-First



- ◆ We will develop our lineup to offer solutions to diversifying market needs for nursing care homes.
- ◆ We plan to establish new homes in the Tokyo metropolitan area (Tokyo, Chiba, Saitama, Kanagawa), where further market expansion is expected.
- ◆ We will improve management quality by effectively utilizing Group management resources.

## Upper / middle zone

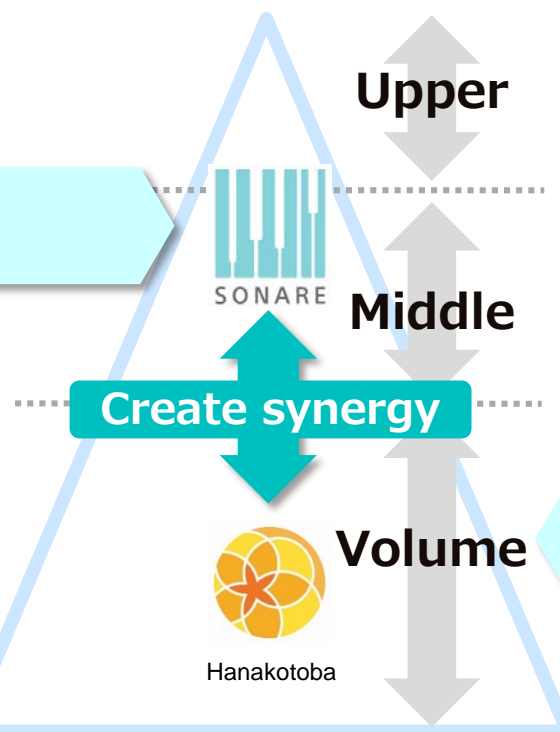
Cultivate the expertise we have accumulated over three years to establish the SONARE brand and step up the pace of building new homes

(Operating 196 rooms as of March 31, 2019)



SONARE Shakuji

(Opened: November 2018)



## Volume zone

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

(Operating 1,320 rooms as of March 31, 2019)



Hanakotoba Machida Tsurukawa

# Making a Full-Fledged Move to the Phase of Building New Homes

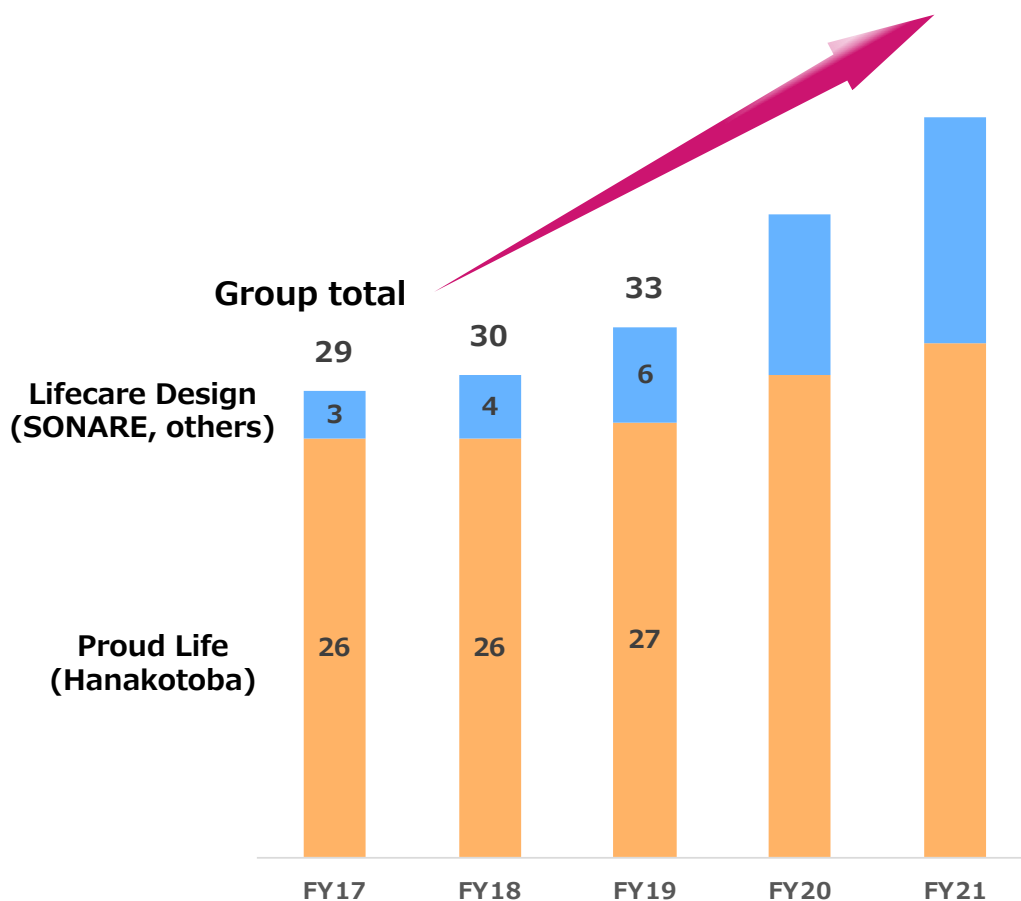
Customer-First

Response to Changes



- ◆ Given the increase in the number of people requiring long-term care, we will accelerate the development of newly built homes under both brands and raise the overall presence of the nursing care business.

## Forecast number of group-operated homes



(Number of homes  
At the end of the fiscal year)

## Homes scheduled to open in FY19

SONARE Hamadayama  
(Planning to open  
in Autumn 2019 )



SONARE  
Mejiro Otomeyama  
(Planning to open  
in Spring 2020)

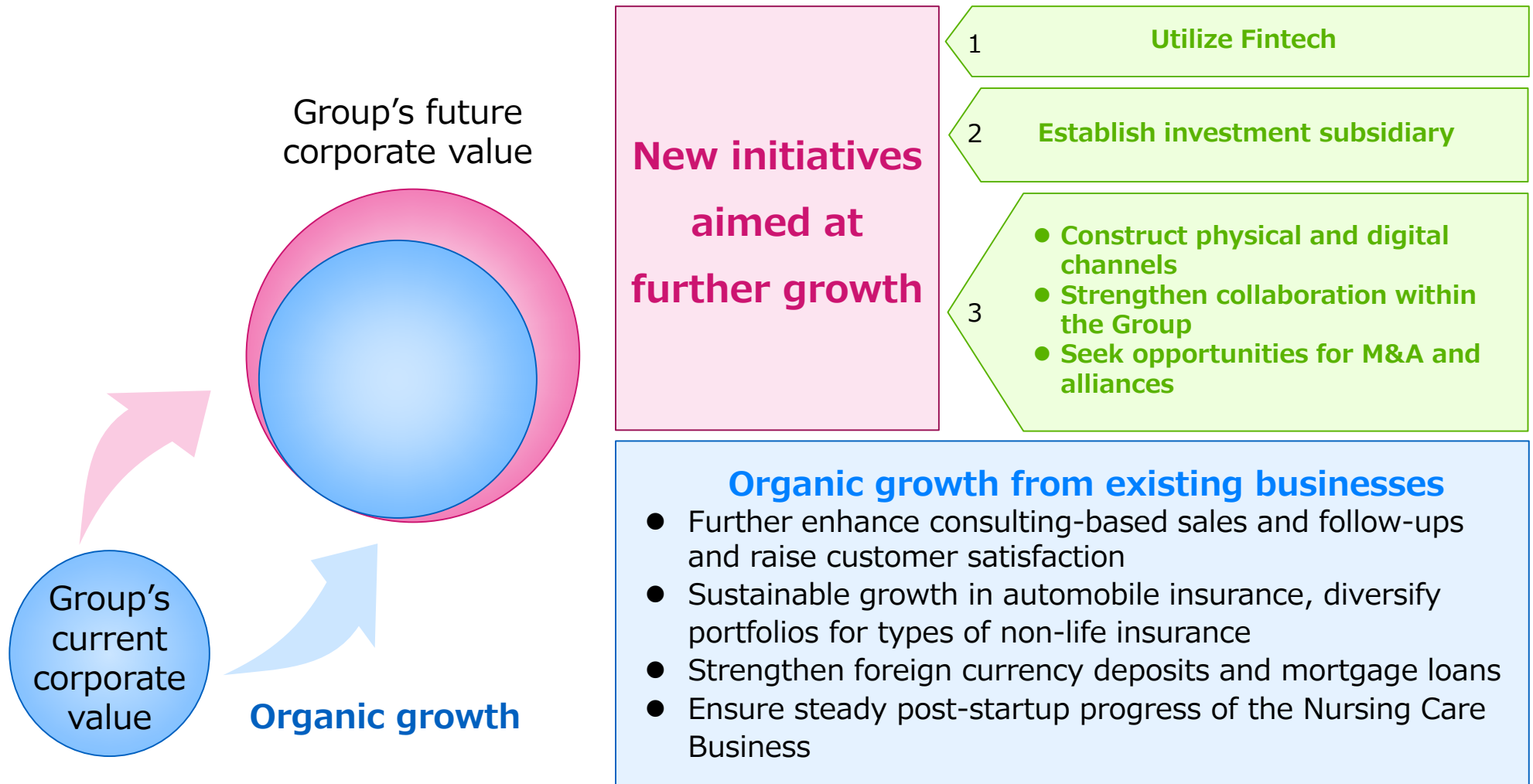
Hanakotoba  
Nerima Nakamura  
(Planning to open  
in December, 2019)





**Sony Financial Group**

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



- ◆ Group company strategies and utilization examples

## Sony Life

Develop consulting support tools that utilize life planning data and AI

Sony Life's  
own data



AI

## Sony Assurance

Develop advanced PHYD-type telematics insurance (collaboration with Sony Group and Yahoo! JAPAN)



## Sony Bank

Develop digital consulting app, improve Sony Bank app



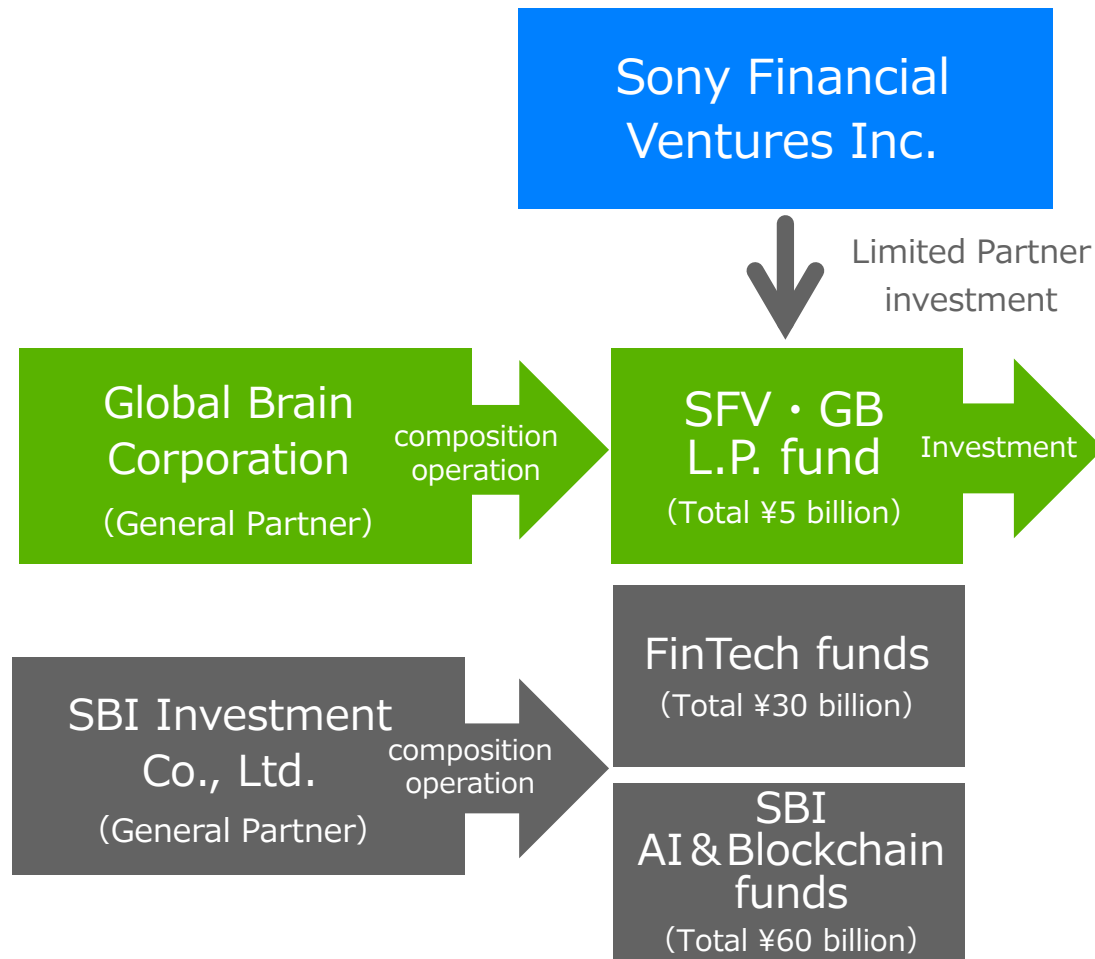
- ◆ Stronger ties with the Sony Group

- Exchange information among Sony's R&D center and Sony Financial Group companies, and hold knowledge-sharing events
- Connect these activities with the resolution of business issues Sony Financial Group companies face



# Initiatives Aimed at Further Growth – Establishment of Investment Subsidiary –

- ◆ In July 2018, an investment subsidiary “Sony Financial Ventures Inc.” was established.
- ◆ Together with Global Brain Corporation, one of the largest venture capital firms in Japan, Sony Financial Ventures launched a venture capital fund, “SFV・GB L.P.”, aiming to make strategic investments in areas such as Fintech and Healthcare.



## List of venture companies

(As of May 30, 2019. including plans)

Category	Companies
Asset management	CROWD CREDIT, Inc. -social lending for high-growth countries
Healthcare	Biotech venture company A
PFM	Moneytree K.K. -PFM service and enterprise financial data platform
Asset management	Crowd Investment Co., Ltd. -real estate social lending platform
Media	Media venture company B
HR	HRtech venture company C



- ◆ Promote management from a long-term perspective, and aim to create sustainable social value and high earnings

## Initiatives to create value through our business

- Contribute to people's lives by offering appropriate advice
- Propose products to match individual needs
- Encourage asset creation/investment, and promote health
- Contribute to a society featuring next-generation mobility
- Improve access to financial services
- Foster financial innovation

## Initiatives to strengthen our foundation for creating value

- Support challenges oriented toward new growth
- Create an employee-friendly working environment
- Promote empowerment of diverse human resources
- Strengthen governance
- Operate environmentally-considerate businesses



## Contributing toward the development of a sustainable society



### **Mission**

Create a sustainable society where people feel a sense of enrichment

### **Vision**

Become the most trusted financial services group by invoking emotion through the power of technology and high-value-added products and services that meet every customer's needs

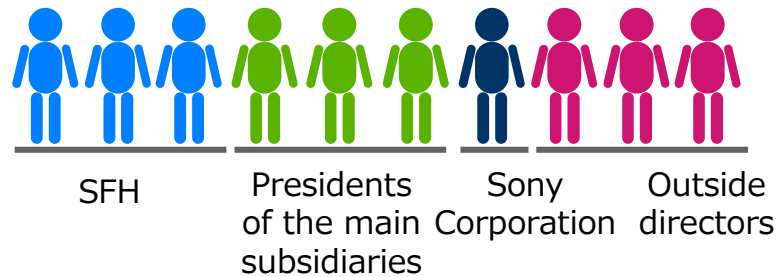
### **Values**

- Customer First : Provide products and services that satisfy customers by listening sincerely to their views
- Originality : Work actively and pursue creativity and innovation within an organization that supports a spirit of freedom and open-mindedness
- Integrity & Fairness : Act fairly with high ethical standards and a sense of purpose
- Diversity : Create new value by harnessing diversity and varying viewpoints
- Sustainability : Fulfill our stakeholder responsibilities through disciplined business practices



- ◆ Strengthen Sony Financial Group governance, centering on the Board of Directors at SFH.
- ◆ Transition to the new management structure to enhance the sustainable corporate value.

## Current SFH Board of Directors



## New Management Team



## ◆ Strengthen governance



- The SFH Board of Directors consists of outside directors, members of Sony Corporation's management team, and people from SFH's management team as directors of SFH.
- Increased the percentage of outside directors to more than one third.
- Enhanced diversity, including a female director.

## ◆ Presidents of the main subsidiaries to concentrate in their own business

- Presidents of the three main subsidiaries to resign SFH Board of Directors. Under new SFH governance structure, three Presidents will concentrate on their own business sustainable growth and enhancement of competitiveness.

Note: The new management team is subject to the approval of the Ordinary General Meeting of Shareholders to be held on June 21, 2019.

# Progress Toward FY20 Medium-term Target – Consolidated –

	FY18 Actual	FY19 Forecast	FY20 Mid-term target* <sup>1</sup>	Progress toward FY20 Mid-term target
Ordinary Revenues	¥1.62 tn	¥1.69 tn	¥1.76 tn	 Almost in line
Ordinary Profit	¥93.8 bn	¥98 bn	¥77 bn	 Above initial target
Profit attributable to owner of the parent	¥62 bn	¥65 bn	¥50 bn	 Above initial target
US-GAAP Operating Income	¥161.5 bn	¥170 bn	¥180 bn	 Almost in line
Consolidated Adjusted ROE* <sup>2</sup>	6.7%	Approx. 6%	Approx. 7%	 Almost in line

\*1 : Mid-term target announced on May 31, 2018

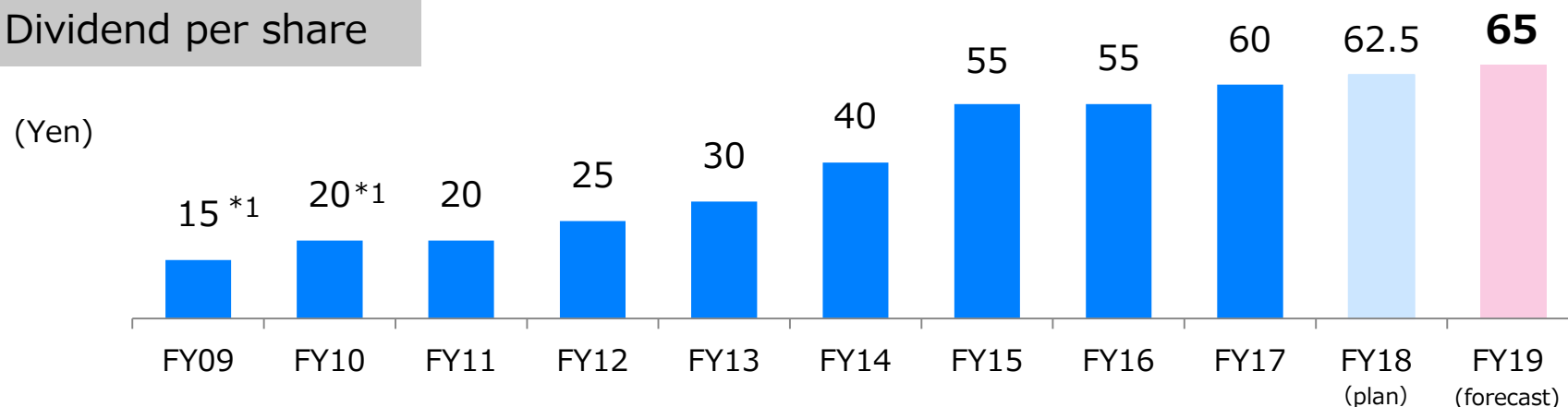
\*2 : FY18 Actual and FY19 Forecast are based on interest rate levels as of March 31, 2019.  
FY20 Mid-term target is based on interest rate levels as of March 31, 2018.

## ◆ Medium-term Dividend Policy : Unchanged

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

- ◆ For FY19, after considering the business environment, the expansion of the Group's business volume and the level of economic value-based profit growth, we forecast dividends of **¥65 per share**, **an increase of ¥2.5** from the planned dividends of ¥62.5 per share for FY18

### Dividend per share



\*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

# Forecast of Consolidated Financial Results for FY19

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

For FY19, we expect stable business growth to continue in all the businesses

## ◆Life insurance business

We expect ordinary revenues to increase from FY2018, due mainly to a steady rise in insurance premium revenues. We also expect ordinary profit to rise in line with growth in the policy amount in force, despite the increased provision of policy reserves stemming from a decrease in surrenders. Also, although we booked an impairment loss relating to available-for-sale securities in the general account in FY18, no equivalent loss is included in our forecast for FY19.

## ◆Non-life insurance business

We expect ordinary revenues to increase from FY18, in line with growth in net premiums written, primarily for automobile insurance. We expect ordinary profit will remain flat. We anticipate higher revenues from automobile insurance, and anticipate the impact of a temporary accumulation of policy reserves for a certain product in FY18 will disappear. At the same time, however, we expect the provision for underwriting reserves to rise in line with an increase in the acquisition of fire insurance policies.

## ◆Banking business

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

(JPY bn)	FY18 (Actual)	FY19 (Forecast)	Change
Ordinary revenues	1,629.1	<b>1,690.0</b>	<b>+3.7%</b>
Life insurance business	1,464.3	<b>1,520.5</b>	<b>+3.8%</b>
Non-life insurance business	115.1	<b>121.2</b>	<b>+5.3%</b>
Banking business	46.0	<b>49.3</b>	<b>+7.1%</b>
Ordinary profit	93.8	<b>98.0</b>	<b>+4.4%</b>
Life insurance business	78.2	<b>84.2</b>	<b>+7.7%</b>
Non-life insurance business	6.8	<b>7.0</b>	<b>+1.5%</b>
Banking business	9.5	<b>8.6</b>	<b>(10.4%)</b>
Profit attributable to owners of the parents	62.0	<b>65.0</b>	<b>+4.7%</b>

# Definition 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., Proud Life Inc., Sony Financial Ventures Inc.\*, and SFV · GB L.P.\*

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

\* Sony Financial Ventures Inc and SFV · GB L.P. are included in the scope of consolidation from the second quarter ended September 30, 2018 and from the fourth quarter ended March 31, 2019, respectively.

SFH announced [Reference Disclosure] Key Performance Figures Based on U.S. GAAP on Apr. 26, 2019. Please refer the announcement. [https://www.sonyfh.co.jp/en/financial\\_info/results/sfh\\_fy2018\\_4q\\_02.pdf](https://www.sonyfh.co.jp/en/financial_info/results/sfh_fy2018_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.

For inquiries:  
Investor Relations Dept.  
Sony Financial Holdings Inc.

Telephone: +81-3-5290-6500  
E-mail: [press@sonyfh.co.jp](mailto:press@sonyfh.co.jp)



