

**Consolidated Financial Results for the 3rd Quarter of Fiscal 2019**  
**Conference Call for Institutional Investors and Analysts Q&A (Executive Summary)**

Date: February 13, 2020 3:30-4:10p.m. (JST)

Respondents:

Hiroaki Kiyomiya, Managing Director, Member of the Board, Sony Financial Holdings, Inc.

Eigo Nasu, Executive Officer, Sony Life Insurance Co., Ltd.

Toru Hasegawa, Executive Officer, Sony Assurance Inc.

Yukio Hayashi Executive Officer, Sony Bank Inc.

Note: The questions and answers have been paraphrased, edited, and sorted for ease of understanding.

**Q1: [SFH] How strict is the guidance that targets dividend amounts equivalent to approximately 30% of consolidated adjusted profit when consolidated adjusted profit does not grow due to such factors as a decline in interest rates? What is the potential upside in the event that interest rates rise?**

A: There is no change to the medium-term dividend policy, which targets a stable increase in line with medium- to long-term earnings growth. Therefore, even if consolidated adjusted profit decreases due to a decline in interest rates, SFH will continue to raise dividends if the decline is temporary and the company expects future earnings growth due to the revision of premium rates or other factors. In addition, if consolidated adjusted profit expands due to a rise in interest rates, this temporary increase will not lead to a further increase in dividends. If earnings are expected to grow steadily in the future, SFH may raise dividends further.

**Q2: [SFH] By what amount will you make stable dividend increases in the future?**

A: We will refrain from responding about the pace of dividend increases.

**Q3: [SFH] Is a system in place to provide stable dividend increases when EV rises but Sony Life's new business value does not grow?**

A: When determining dividends, SFH refers to consolidated adjusted profit, and considers the level of dividends after considering the profit contribution from non-life insurance and banking businesses. SFH may announce more details on future dividends at the FY2019 financial results briefing or the corporate strategy meeting.

**Q4: [SFH] What is the background for the change in guidance from the consolidated adjusted ROE to the consolidated adjusted profit basis?**

A: Consolidated adjusted ROE was difficult to forecast because the denominator, MCEV, also fluctuated. Consolidated adjusted profit was considered easier to predict and understand based on quarterly results.

**Q5: [SFH] Will SFH also disclose consolidated adjusted profit forecasts in line with the change in dividend guidance?**

A: We will consider disclosing this information.

**Q6: [SFH] Nearly a year has passed since the board members changed. Will new strategies be explained at the FY2019 financial results briefing or corporate strategy meeting? Might you disclose information about the capital surplus?**

A: We discuss dividends and the appropriate level of capital on an ongoing basis. We will provide an explanation once we reach a conclusion.

**Q7: [SFH] Will you decide on the details of dividends and the appropriate level of capital by the corporate strategy meeting?**

A: SFH aims to make an announcement at the FY2019 financial results briefing or the corporate strategy meeting.

**Q8: [Sony Life] What is the impact on MCEV of market fluctuations in FY19.3Q (3M)?**

A: A flatter yen interest rate reduced MCEV by about 40 billion yen. Changes in stock prices, foreign exchange rates, and interest rate volatility raised MCEV by about 20 billion yen. As a result, MCEV was down by approximately 20 billion yen.

**Q9: [Sony Life] Why was new business value as of FY19.3Q (3M) higher than in FY19.2Q (3M)?**

A: The impact of a revised premium rate on single-premium U.S. dollar-denominated whole life insurance and the resumption of sales of corporate products each contributed about the same amount.

**Q10: [Sony Life] What is your outlook for new business value? In FY2018, new business value was high as a result of revised premium rates on family income insurance and medical insurance. Do you expect new business value to remain at around 17 billion yen from FY19.3Q (3M) onward?**

A: Under the current interest rate environment, we forecast 17 billion yen or more on a quarterly basis. We expect to reach 65 to 70 billion yen in FY2019.

**Q11: [Sony Life] What are the prospects for new product launches and an increase in new business value?**

A: We are considering new products, but are unable to disclose this information at present.

**Q12: [Sony Life] U.S. dollar interest rates have been declining since the start of the year. How do these rates affect new business value?**

A: New business value is unlikely to decline significantly because some assets are purchased prior to the new contracts.

**Q13: [Sony Life] Do net gains (losses) associated with market fluctuations associated with variable life insurance under Japanese GAAP arise because hedged items are based on economic value? What is the impact?**

A: In FY2019, we raised the hedge ratio to minimize fluctuations in economic value-based capital relative to the minimum guarantees for variable life insurance. As a result, under Japanese GAAP, the hedging has a more negative impact when stock prices rise and the yen weakens. In FY19.3Q (3M), hedging had a negative impact of around 3.5 billion yen under Japanese GAAP.

**Q14: [Sony Life] What is the quantitative impact of your resumption in sales of corporate products?**

A: Products for corporate customers have returned to the same percentage as before sales were suspended (around 20% of the total).

**Q15: [Sony Life] Would it be correct to assume that the share of foreign bonds purchased is rising in proportion to liabilities within securities in the general account?**

A: This rise was due to higher sales of single-premium U.S. dollar-denominated whole life insurance, but in some cases Sony Life is making advance purchases in anticipation of future sales.

**Q16: [Sony Life] How will profits and losses be affected by the contingency reserve and other factors after the absorption-type merger of AEGON Sony Life and the liquidation of SA Reinsurance? What is the impact on new business value and MCEV?**

A: We are currently considering mergers and liquidations. At the corporate strategy meeting, we intend to explain our business plans after the merger and liquidation of the two companies. However, the impact on new business value and MCEV will be limited.

**Q17: [Sony Life] It seems unlikely that you will reach your medium-term target of 5,700 Lifeplanner sales employees by the end of FY2020. How do you expect this number to increase?**

A: At the end of FY2019, we expect the number of Lifeplanner sales employees to be down slightly from the end of FY2018, as we have been unable to secure as many candidates as expected. Going forward, Sony Life will continue to strengthen its recruitment activities while maintaining stringent quality standards.

**Q18: [Sony Bank] How will you control the risk of mortgage loans on residential investment housing?**

A: We handle mortgage loans for investment housing through partners. We communicate directly with customers to confirm that brokers have not falsified any screening documents, such as statements of annual income. In addition to partner companies' guarantees and screening, Sony Bank conducts its own screening using independent information. Through double screening, we strive to eliminate improprieties. The Risk Management Committee also checks the entire portfolio to check new projects for concentrations of low-yield properties. Overall profitability is currently positive.