



NEWS RELEASE

Sep 13, 2021

R&I Affirms AA-, Stable: Sony Financial Holdings Inc. R&I Affirms AA, Stable: Sony Life Insurance Co., Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER: Sony Financial Holdings Inc.
Issuer Rating: AA-, Affirmed
Rating Outlook: Stable**

**ISSUER: Sony Life Insurance Co., Ltd.
Insurance Claims Paying Ability: AA, Affirmed
Rating Outlook: Stable**

RATIONALE:

Sony Financial Holdings Inc. (SFH) is a financial holding company that manages the financial operations of Sony Group Corp. (Sec. Code: 6758, Issuer Rating: A+, Sony Group). It has life insurance, non-life insurance, banking, nursing care businesses, etc. under its arm. Sony Life Insurance Co., Ltd. (Sony Life), a life insurance company wholly owned by SFH, forms the core operation which accounts for the bulk of the financial business's assets, earnings and risks, and supports the financial group's creditworthiness. The Issuer Rating for SFH is one notch below that for Sony Life, reflecting the structural subordination inherent in a holding company and other factors.

SFH is a wholly owned subsidiary of Sony Group. With its certain management independence remaining in place, however, R&I does not believe that the rating for the parent company acts as a ceiling on SFH's creditworthiness. Regulations imposed on financial institutions limit SFH's support to its parent company. For the financial operations that have an independent franchise and substantially different business characteristics, Sony Group also places emphasis on economic value-based soundness under the enterprise risk management specific to the finance business. While the unity between the financial operations and Sony Group is strengthening as a result of SFH becoming a wholly owned subsidiary, there is a low chance of changes being made to the financial group's risk appetite and financial policy that could undermine its creditworthiness. The relationship with Sony Group is very weak in terms of funding as well.

For Sony Life, its quality Lifeplanner (LP) sales employees are a source of competitive advantage. The amount of new policies is comparable to that of major life insurers in Japan. Despite constraints on sales activities under the COVID-19 pandemic circumstances, the company is maintaining its LP salesforce and productivity and sustaining growth of policies in force. While being supported principally by death protection insurance which yields high and stable returns relative to risks, it is also shifting to products less susceptible to interest rate fluctuations. Sony Life's earning capacity is commensurate with the AA rating category even under the global low interest rate environment. R&I will pay attention to whether the company can increase its new business value by capturing growth markets of corporate customers, the elderly, etc. based on the pillar of the LP channel. The company's risk resilience matches the AA rating category. Although the risk resilience is easily affected by a decline in interest rates due to duration mismatch between assets and liabilities, the company continues to invest in ultra-long-term bonds with a focus on asset liability management even in the low interest rate environment, while holding down stock and other risk-weighted assets. The stability of the company's risk resilience is thus high compared to major life insurers.

In May 2021, there was an unauthorized money transfer of about 17 billion yen at SA Reinsurance Ltd., Sony Life's overseas consolidated subsidiary. Although the incident seems to have limited impact on Sony Life's creditworthiness, R&I will keep an eye on future developments including the company's governance for overseas operations.

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The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Life Insurance", "Non-life Insurance", "Depository Financial Institutions", "R&I's Analytical Approach to Parent and Subsidiary Companies" and "R&I's Analytical Approach to Financial Groups". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Sony Financial Holdings Inc.
Issuer Rating
RATING: AA-, Affirmed
RATING OUTLOOK: Stable

Unsec. Str. Bonds No.3	Issue Date	Maturity Date	Issue Amount (mn)
	Dec 07, 2017	Dec 07, 2022	JPY 10,000

RATING: AA-, Affirmed

ISSUER: Sony Life Insurance Co., Ltd.
Insurance Claims Paying Ability
RATING: AA, Affirmed
RATING OUTLOOK: Stable

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