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**Presentation Material**

**Consolidated Financial Results for the  
Year Ended March 31, 2011  
and  
Preliminary Sony Life's  
Market Consistent Embedded Value**

**Sony Financial Holdings Inc.  
May 20, 2011**



# Content

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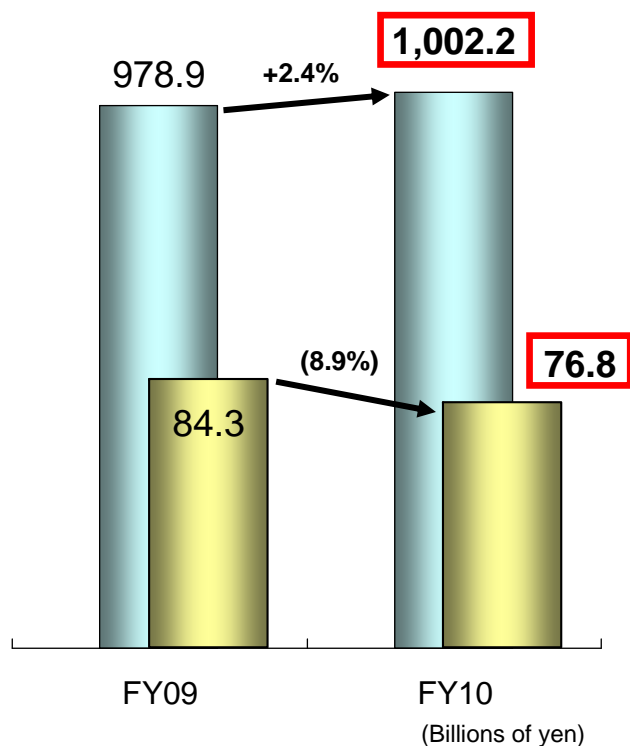
# **Consolidated Operating Results for the Year Ended March 31, 2011**

- ✓ For the year ended March 31, 2011, consolidated ordinary revenues increased but consolidated ordinary profit decreased year on year.
- ✓ The life insurance business continued its stable growth, due to favorable sales of mainstay death-protection type and third-sector insurance products such as living benefit and nursing-care insurance.
- ✓ The non-life insurance business enjoyed brisk sales. An ongoing upward trend in the number of car accidents for automobile insurance in the first half of FY10 showed signs of slowing during the second half.
- ✓ The banking business increased profit owing to a growing balance of loans, especially mortgages, which offset the negative impact of lower interest rates.
- ✓ The damage from the Great East Japan Earthquake on our FY10 operating results was limited.

# Highlights of Consolidated Operating Performance for the Year Ended March 31, 2011 (1)



□ Ordinary revenues    ■ Ordinary profit



		(Billions of yen)		Change	
		FY09	FY10		
Life insurance business	Ordinary revenues	882.0	<b>900.3</b>	+18.3	+2.1%
	Ordinary profit	79.7	<b>72.1</b>	(7.6)	(9.5%)
Non-life insurance business	Ordinary revenues	68.1	<b>74.1</b>	+5.9	+8.8%
	Ordinary profit	2.5	<b>2.1</b>	(0.4)	(16.4%)
Banking business	Ordinary revenues	30.5	<b>29.5</b>	(0.9)	(3.2%)
	Ordinary profit	1.9	<b>2.4</b>	+0.4	+24.9%
Corporate and elimination	Ordinary revenues	(1.7)	<b>(1.8)</b>	(0.1)	+7.7%
	Ordinary profit	0.0	<b>0.1</b>	+0.0	+37.8%
Consolidated	Ordinary revenues	978.9	<b>1,002.2</b>	+23.2	+2.4%
	Ordinary profit	84.3	<b>76.8</b>	(7.5)	(8.9%)
	Net income	48.1	<b>41.7</b>	(6.4)	(13.3%)

		(Billions of yen)		Change from 10.3.31	
		10.3.31	<b>11.3.31</b>		
Consolidated	Total assets	6,001.0	<b>6,597.1</b>	+596.0	+9.9%
	Net assets	269.4	<b>294.8</b>	+25.4	+9.4%

(Note) Comprehensive income: FY09: ¥71.0 billion, FY10: ¥31.9 billion yen

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Highlights of Consolidated Operating Performance for the Year Ended March 31, 2011 (2)



- **Life Insurance:** Ordinary revenues increased year on year, due to higher income from insurance premiums associated with steady increases in the new policy amount and the policy amount in force, which offset a negative impact of a decrease in investment income. Ordinary profit decreased, mainly reflecting an increase in provision for reserve for outstanding claims, affected by the Great East Japan Earthquake, and an increase in provision of policy reserve for minimum guarantee for variable life insurance, as well as an additional provision of policy reserve for some third-sector insurance products, due to a change in actuarial assumptions, which offset the positive impact of higher investment revenues in the general account assets.
- **Non-life Insurance:** Ordinary revenues increased year on year, due to increased net premiums written, as the number of insurance policies in force grew, primarily for our mainstay automobile insurance. Ordinary profit decreased, owing mainly to increases in net losses paid and the provision for reserve for outstanding losses due to an increased number of car accidents, which offset the positive impact of a lower expense ratio.
- **Banking:** Ordinary revenues decreased year on year, due mainly to a decrease in gains on foreign exchange transactions. Gross operating profit increased, led by a expanding business operations, especially mortgage loans, and improved investment performance. Ordinary profit increased, as the business offset the negative impact of higher general and administrative expenses, particularly system-related expenses.
- **Consolidated ordinary revenues** increased 2.4% compared with the previous fiscal year, to ¥1,002.2 billion, however, consolidated ordinary profit and net income decreased 8.9%, to ¥76.8 billion, and 13.3%, to ¥41.7 billion respectively.

# Consolidated Operating Performance for the Year Ended March 31, 2011 (Appendix)



## Negative impact on consolidated ordinary profit of the Great East Japan Earthquake: ¥5.5 billion

### Principal Impact on Each Business

#### Life Insurance Business

- Insurance claims and other payments (including provision for reserve for outstanding claims) of ¥5.4 billion\*, others

\* The figure above is the amount which impact to the operating profit. The total insurance claims and other payments amounted to approx. ¥5.9 billion.

#### Non-Life Insurance Business

- Mainstay automobile insurance exempt from earthquakes and tsunamis

#### Banking Business

- Increased allowance for mortgage loans in stricken region

### Reference: Principal Responses to Customers Affected by Disaster

#### Sony Life

- Paid full amount of claims on insurance for death due to disaster
- Extended period after which policyholder nonpayment results in lapse of coverage
- Simplified and expedited payment of claims, benefits and policyholder loans
- Applied special interest rate to new policyholder loans (concessionary interest rates)
- Introduced special handling for hospital treatment, others

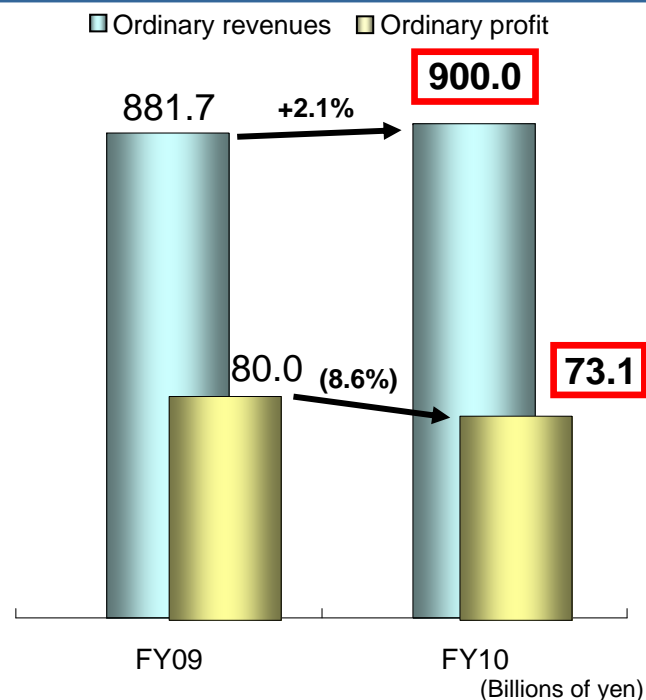
#### Sony Assurance

- Introduced special facilities for automobile insurance policy extension procedures and established period after which nonpayment results in lapse of coverage
- Introduced special facilities to handle cancellation procedures and issue certifications of suspension on automobile insurance
- Introduced special facilities for payment of hospitalization insurance claims and surgery insurance claims on medical and cancer insurance, others

#### Sony Bank

- Offered telephone consultation on extending repayment of mortgage loans
- Began handling mortgage loans with special interest rates, others
- Enabled transfers to other banks, upon telephone confirmation of identity
- Waived reissuance fee for customers who had lost cash cards

# Highlights of Operating Performance: Sony Life (Non-consolidated)



- ◆ Ordinary revenues increased but ordinary profit decreased year on year.
- ◆ Income from insurance premiums increased due to increases in the new policy amount and the policy amount in force.
- ◆ Investment income decreased mainly due to the deterioration of investment performance on separate account assets, which offset the positive impact of higher interest income and dividends and gains on sale of securities among general account assets.
- ◆ Ordinary profit decreased, mainly reflecting an increase in provision for reserve for outstanding claims, affected by the Great East Japan Earthquake, and an increase in provision of policy reserve for minimum guarantee for variable life insurance, as well as an additional provision of policy reserve for some third-sector insurance products, due to a change in actuarial assumptions, which offset the positive impact of higher investment revenues in the general account assets.

(Billions of yen)	FY09	FY10	Change	
<b>Ordinary revenues</b>	881.7	<b>900.0</b>	+18.2	+2.1%
Income from insurance premiums	700.1	<b>770.3</b>	+70.2	+10.0%
Investment income	175.3	<b>119.5</b>	(55.8)	(31.9%)
Interest income and dividends	70.6	<b>87.5</b>	+16.8	+23.9%
Income from monetary trusts, net	22.8	<b>6.9</b>	(15.9)	(69.5%)
Gains on sale of securities	15.1	<b>24.9</b>	+9.8	+65.4%
Gains on separate accounts, net	62.7	—	(62.7)	(100.0%)
<b>Ordinary expenses</b>	801.6	<b>826.9</b>	+25.2	+3.1%
Insurance claims and other payments	274.2	<b>297.9</b>	+23.6	+8.6%
Provision for policy reserve and others	395.5	<b>392.7</b>	(2.8)	(0.7%)
Investment expenses	20.5	<b>19.3</b>	(1.2)	(6.2%)
Losses on sale of securities	10.0	<b>1.8</b>	(8.2)	(81.5%)
Losses on separate accounts, net	—	<b>7.4</b>	+7.4	—
Operating expenses	96.8	<b>99.3</b>	+2.5	+2.6%
<b>Ordinary profit</b>	80.0	<b>73.1</b>	(6.9)	(8.6%)
<b>Net income</b>	46.1	<b>40.2</b>	(5.9)	(12.8%)

(Billions of yen)	10.3.31	11.3.31	Change from 10.3.31	
<b>Securities</b>	3,539.1	<b>4,017.5</b>	+478.4	+13.5%
<b>Policy reserves</b>	3,985.6	<b>4,371.4</b>	+385.8	+9.7%
<b>Total net assets</b>	191.3	<b>215.3</b>	+24.0	+12.6%
Net unrealized gains on other securities	15.4	<b>7.0</b>	(8.4)	(54.6%)
<b>Total assets</b>	4,286.5	<b>4,723.3</b>	+436.7	+10.2%
Separate account assets	373.6	<b>398.1</b>	+24.5	+6.6%



# Overview of Performance: Sony Life (Non-consolidated)



(Billions of yen)	FY09	FY10	Change
<b>New policy amount</b>	4,049.2	<b>4,199.0</b>	+3.7%
<b>Lapse and surrender amount</b>	2,342.4	<b>2,143.6</b>	(8.5%)
<b>Lapse and surrender rate</b>	7.21%	<b>6.41%</b>	(0.80pt)
<b>Policy amount in force</b>	33,470.7	<b>34,748.5</b>	+3.8%
<b>Annualized premiums from new policies</b>	68.7	<b>71.2</b>	+3.6%
Of which, third-sector products	16.2	<b>16.6</b>	+2.6%
<b>Annualized premiums from insurance in force</b>	573.3	<b>604.7</b>	+5.5%
Of which, third-sector products	133.0	<b>140.7</b>	+5.8%

## (Reasons for changes)

◆ Increased, due mainly to favorable sales of living benefit insurance, nursing-care insurance and term life insurance.

◆ Decreased due to the lowering lapse and surrender rates in most products, mainly in family income insurance, which is life insurance with disability benefit.

◆ Increased due to an increase in interest income and dividends, as well as gains on sale of securities in line with the shift from investing in bonds with short terms to maturity to those with ultralong-terms.

◆ Declined, mainly reflecting an increase in provision for reserve for outstanding claims, affected by the Great East Japan Earthquake, and an increase in provision of policy reserve for minimum guarantee for variable life insurance, despite increases in income from insurance premiums and interest income and dividends.

(Billions of yen)	FY09	FY10	Change
<b>Gains from investment, net (General account)</b>	92.0	<b>107.6</b>	+17.0%
<b>Core profit</b>	64.5	<b>56.2</b>	(12.7%)
<b>Negative spread</b>	11.5	<b>6.3</b>	(45.2%)
	10.3.31	11.3.31	<b>Change from 10.3.31</b>
<b>Solvency Margin Ratio</b>	2,637.3%	2,900.1%	+262.8pt

### Notes:

\*1 Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, policy amount in force, annualized premiums from new policies and annualized premiums from insurance in force are calculated as the total of individual life insurance and individual annuities.

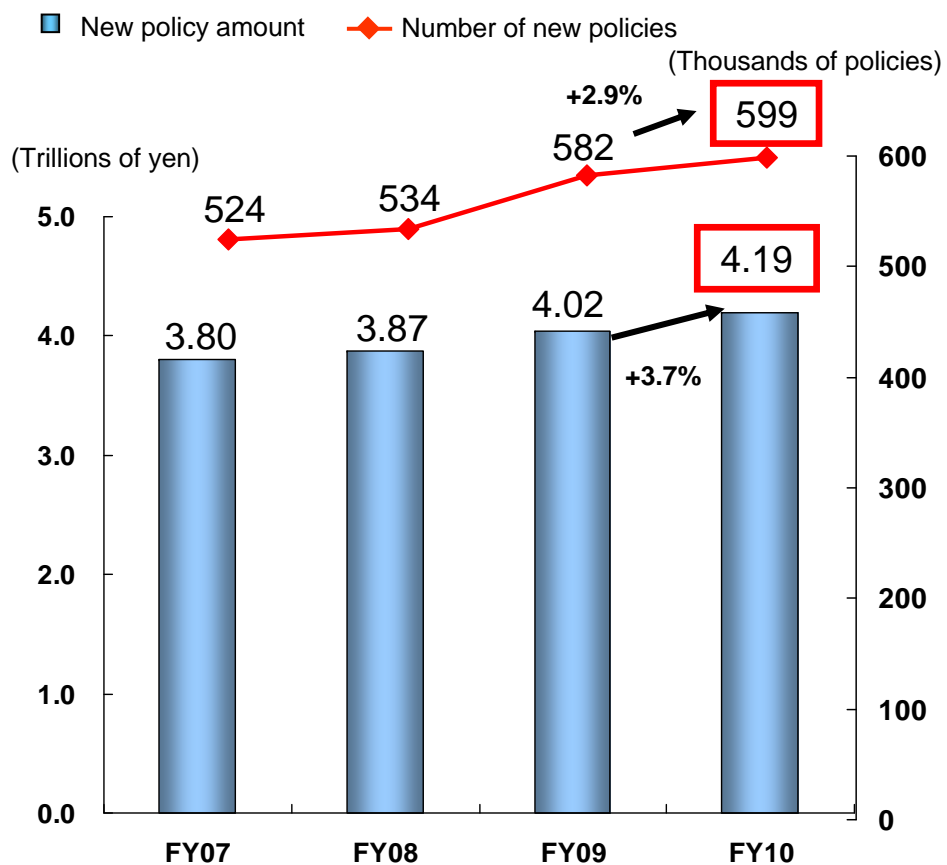
\*2 The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

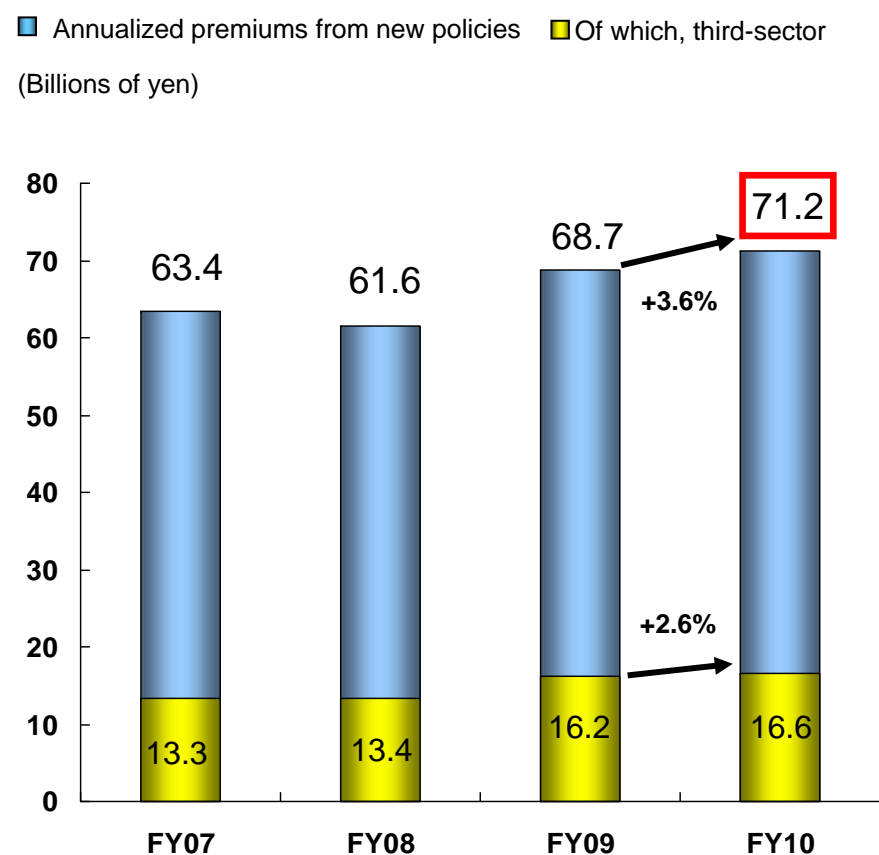
# Sony Life Operating Performance (1)



## Number of New Policy and Amount (Individual Life Insurance + Individual Annuities)



## Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)



Line item amounts are truncated below ¥10 billion; numbers of policies are truncated below 1,000 policies; percentage change figures are rounded.

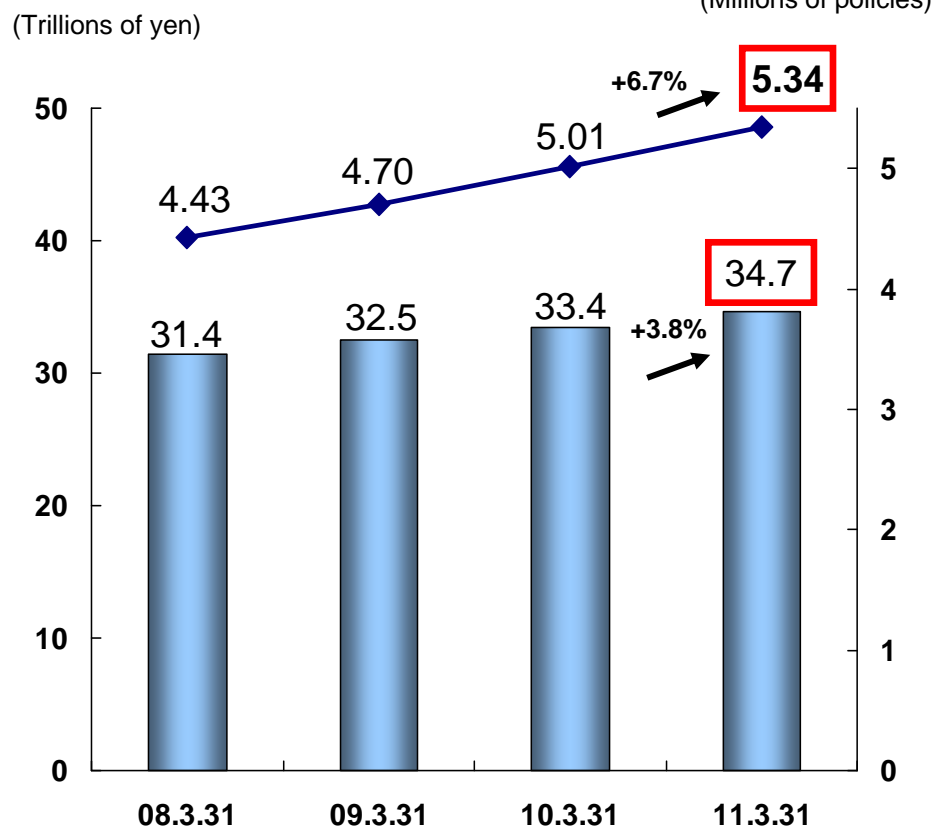
Line item amounts are truncated below ¥100 million; percentage figures are rounded.

# Sony Life Operating Performance (2)



## Number of Policy and Policy Amount in Force (Individual Life Insurance + Individual Annuities)

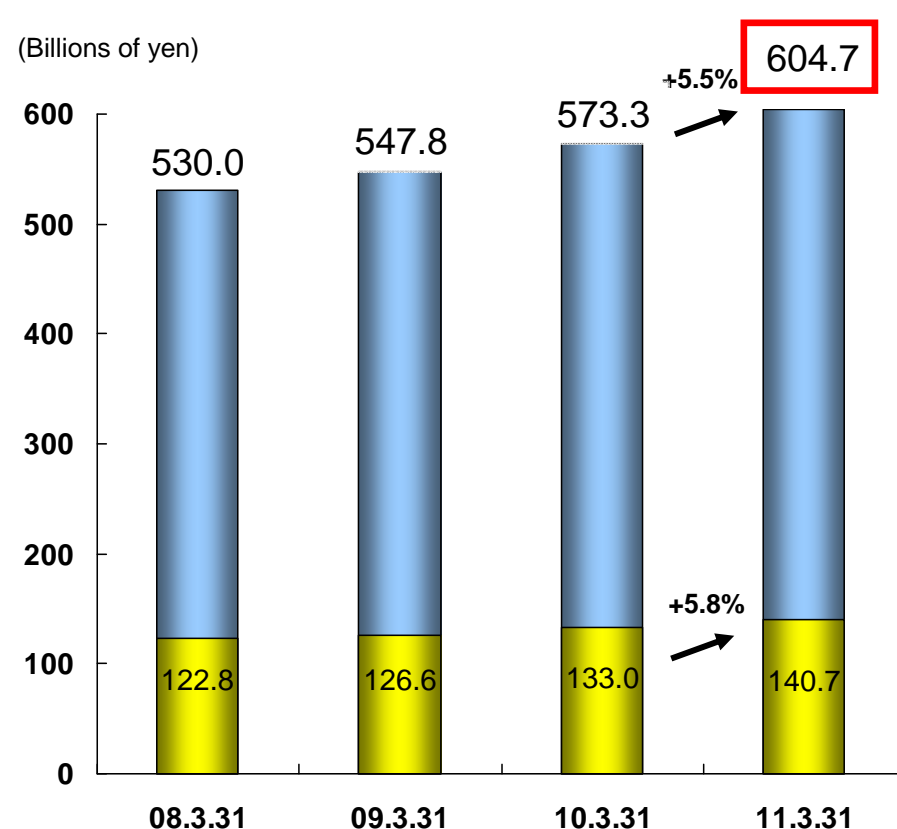
■ Policy amount in force (Trillions of yen)  
◆ Number of policies in force (Millions of policies)



Line item amounts are truncated below ¥100 billion; numbers of policies are truncated below 10,000 policies; percentage change figures are rounded.

## Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)

■ Annualized premiums from insurance in force (Billions of yen)  
■ Of which, third sector



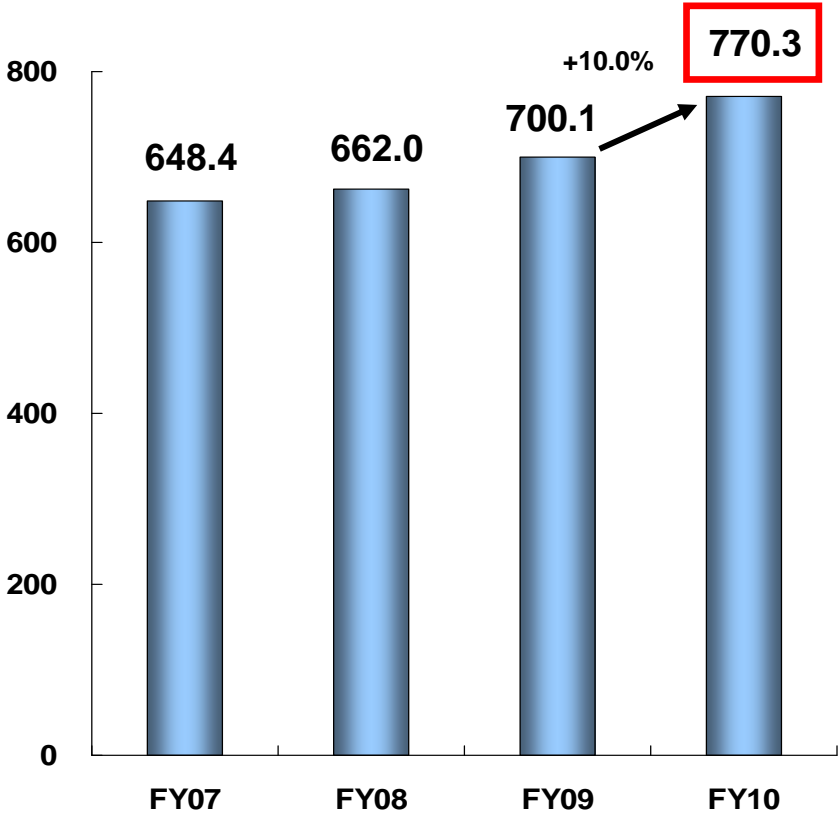
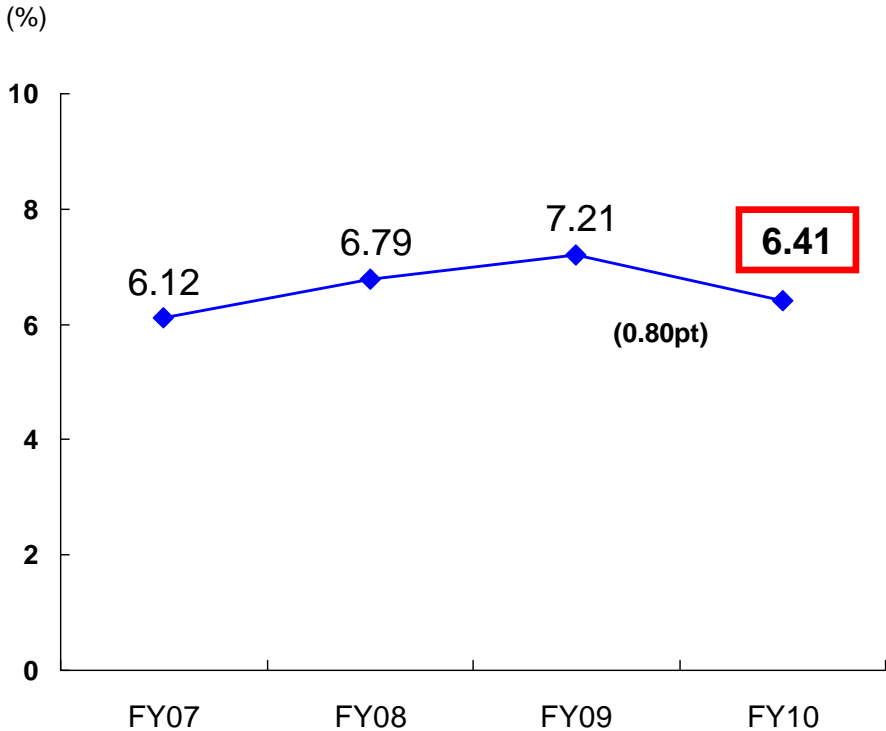
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Sony Life Operating Performance (3)



## Lapse and Surrender Rate\* (Individual Life Insurance + Individual Annuities)

## Income from Insurance Premiums



\*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

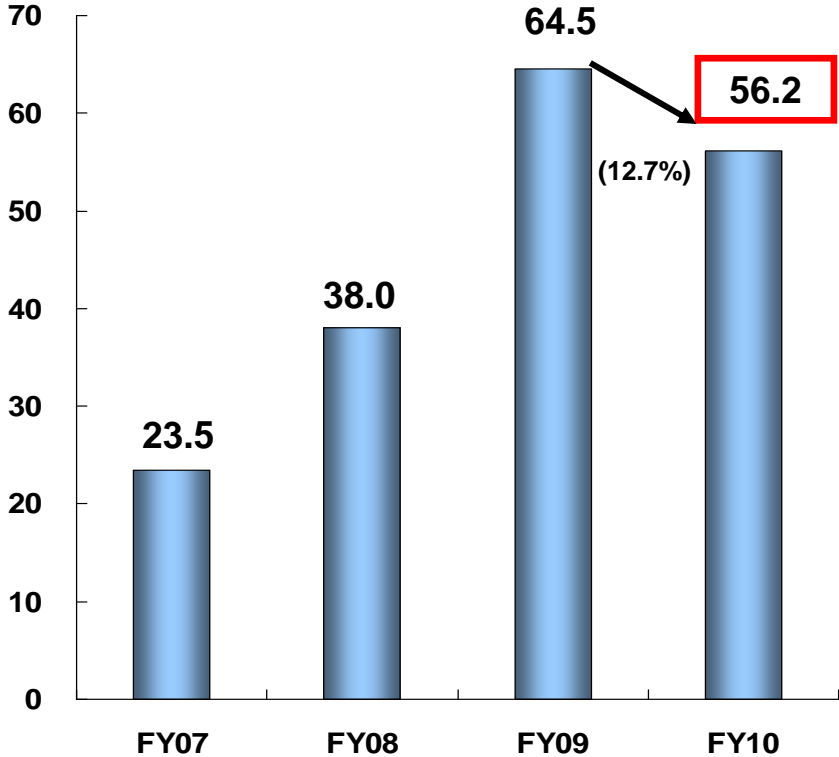
# Sony Life Operating Performance (4)



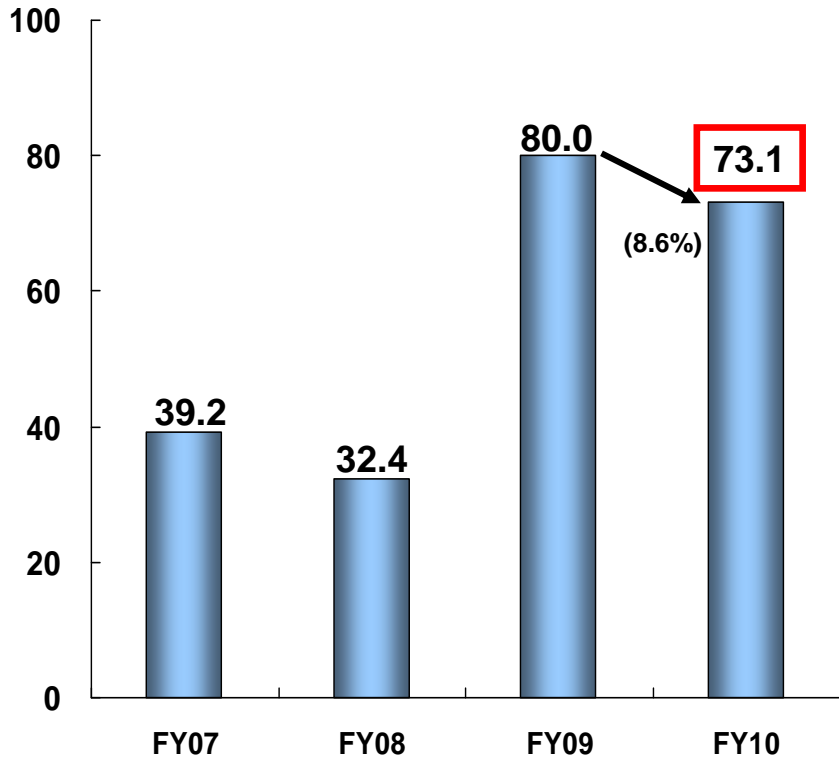
## Core Profit

## Ordinary Profit

(Billions of yen)



(Billions of yen)



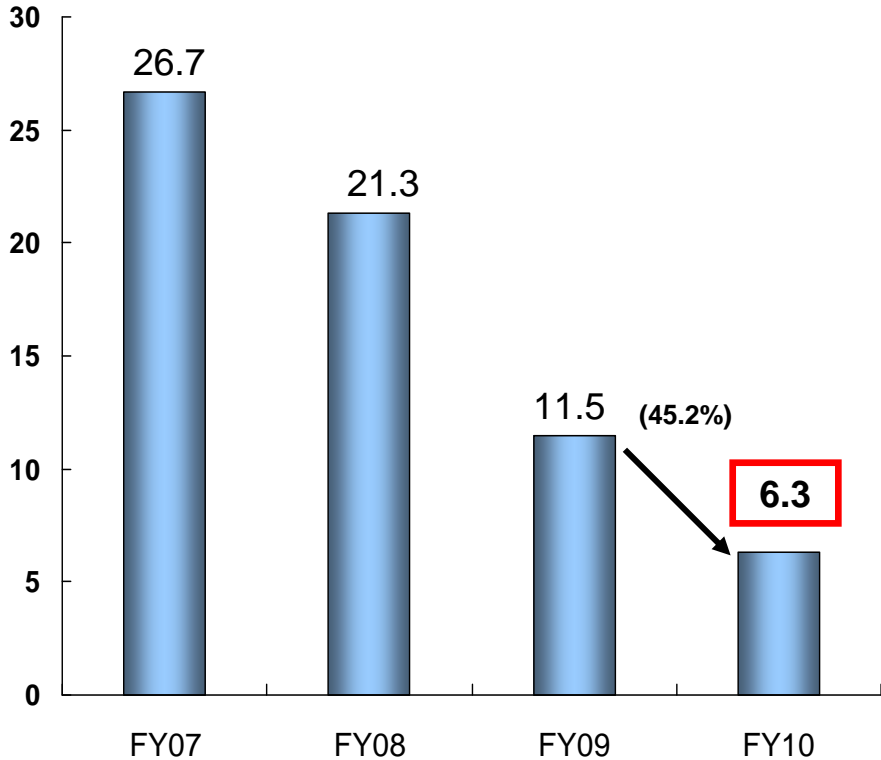
Line item amounts are truncated below ¥100 million; percentage figures are rounded.

# Sony Life Operating Performance (5)

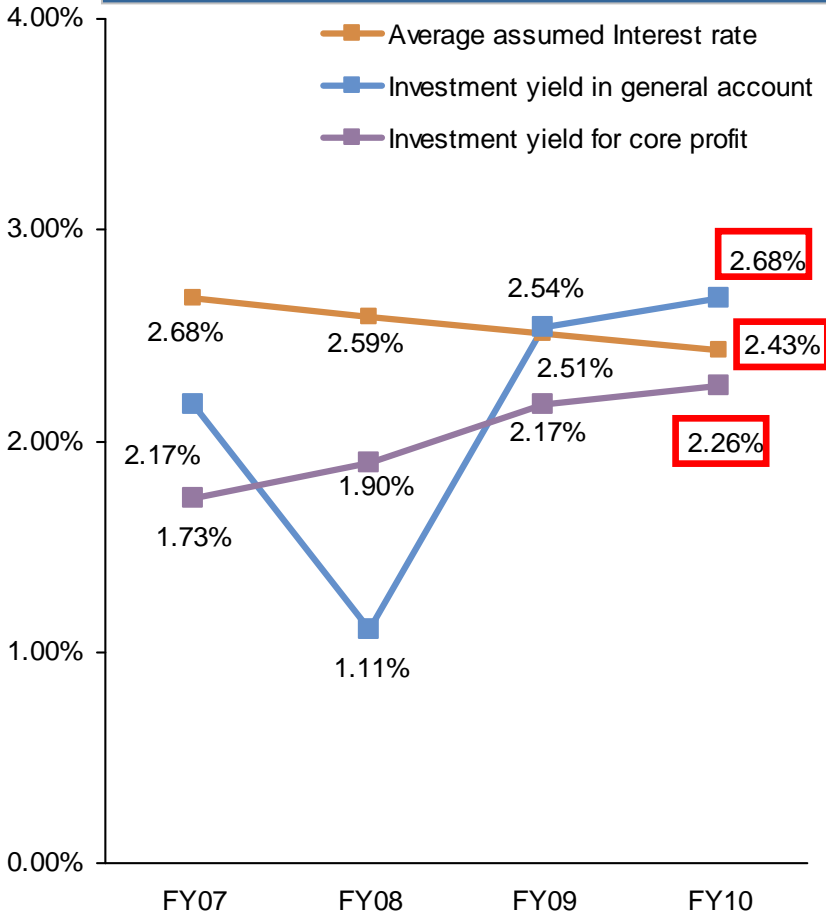


## Negative Spread

(Billions of yen)



## Average Assumed Interest Rate, Investment Yield for Core Profit and Investment yield in General Account



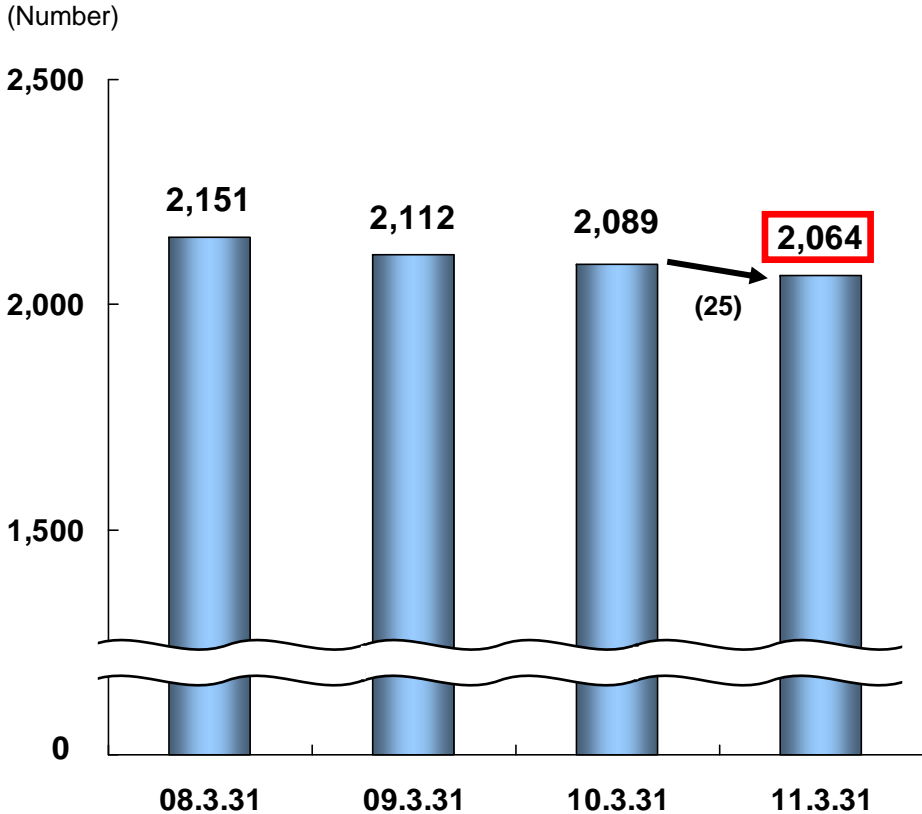
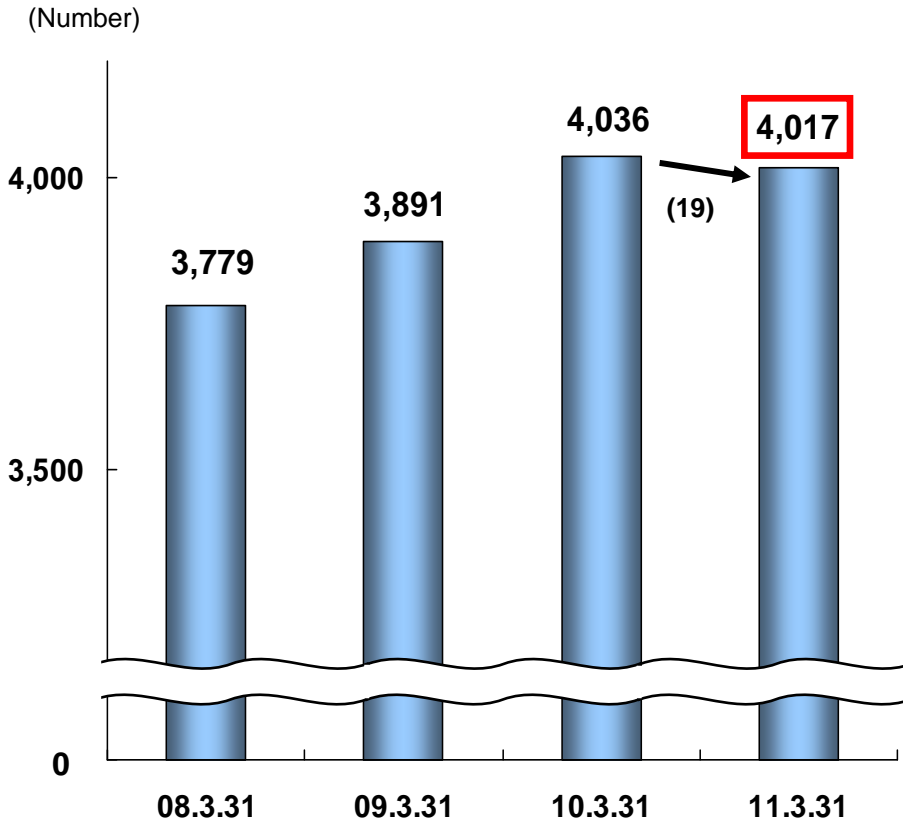
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Sony Life Operating Performance (6)



## Number of Lifeplanner Sales Employees

## Number of Independent Agents



\* "Lifeplanner" is a registered trademark of Sony Life Insurance Co., Ltd.

# Sony Life Operating Performance (7)

## Breakdown of General Account Assets

(Billions of yen)	10.3.31		11.3.31	
	Amount	%	Amount	%
Japanese government and corporate bonds	3,032.9	77.5%	<b>3,499.9</b>	<b>80.9%</b>
Japanese stocks	72.5	1.9%	<b>64.0</b>	<b>1.5%</b>
Foreign securities	49.9	1.3%	<b>44.2</b>	<b>1.0%</b>
Foreign stocks	25.3	0.6%	<b>30.0</b>	<b>0.7%</b>
Monetary trusts	288.7	7.4%	<b>276.4</b>	<b>6.4%</b>
Policyholder loans	127.5	3.3%	<b>134.4</b>	<b>3.1%</b>
Real estate	79.9	2.0%	<b>75.1</b>	<b>1.7%</b>
Cash and call loans	116.4	3.0%	<b>80.0</b>	<b>1.9%</b>
Other	119.4	3.0%	<b>120.9</b>	<b>2.8%</b>
<b>Total</b>	<b>3,912.9</b>	<b>100.0%</b>	<b>4,325.2</b>	<b>100.0%</b>

### <Asset management review>

- Japanese government and corporate bonds: Continued to accumulate ultralong-term bonds during FY10.



### <Lengthened asset duration>

09. 3.31	13.6 years
10. 3.31	17.6 years
11. 3.31	<u>18.5 years</u>

- Japanese stocks: Maintained the ratio of stock holding at the end of March 2009.

### ■ CB and Japanese stock holding

As of March 31, 2010:

The balance of CBs was ¥13.2 billion included in Japanese government and corporate bonds. The balance of Japanese stocks included in the monetary trusts was zero.

As of March 31, 2011:

The balance of CBs were zero in all categories and Japanese stocks included in the monetary trusts was zero.

- Investment in the monetary trusts are mainly into Japanese government and corporate bonds

- The holding ratio on the real status, of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets:

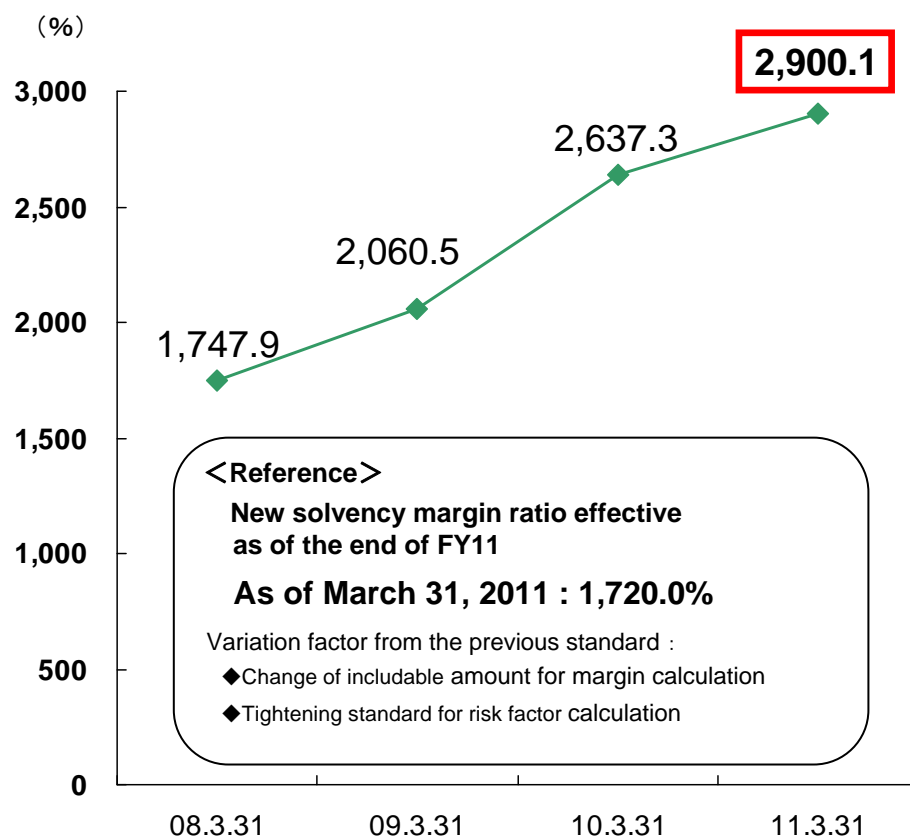
As of March 31, 2011: 87.3%, As of March 31, 2010: 84.6%



# Sony Life Operating Performance (8)



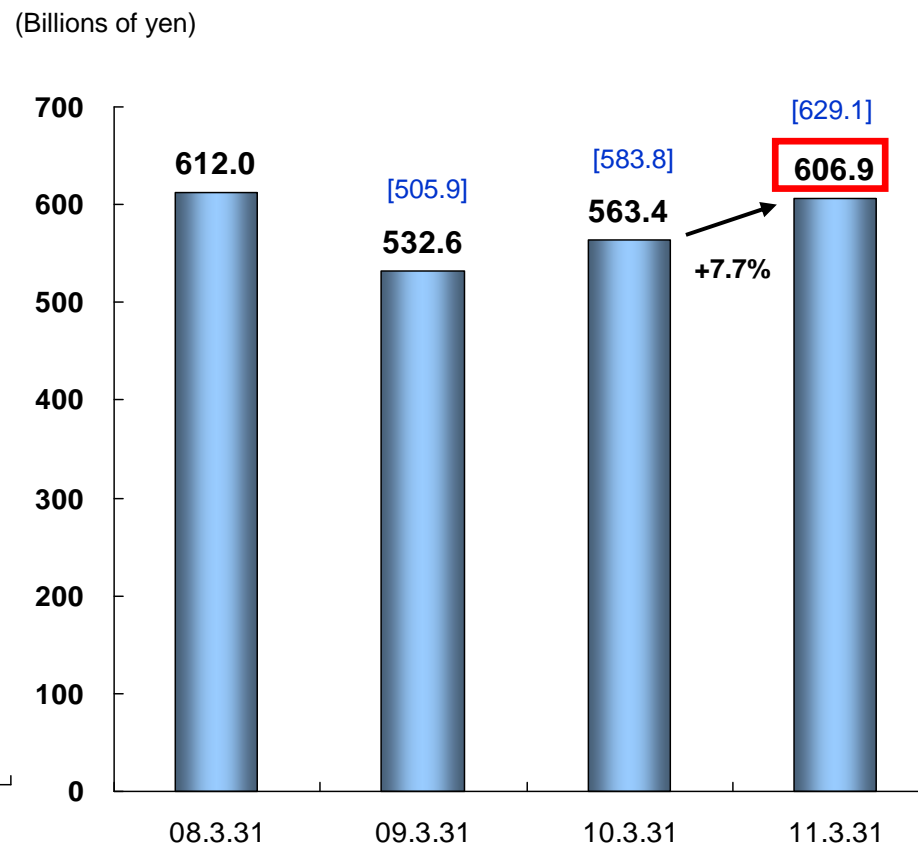
## Solvency Margin Ratio



Note:  
 Legislation concerning the calculation of the solvency margin ratio has been revised from the standpoint of raising its credibility, and these new standards are to become effective as of the end of fiscal 2011 (March 31, 2012). The above-stated figures are calculated on the assumption that these changes are applied at the end of FY10.

\* New solvency margin ratio for Sony Life is on P 40.

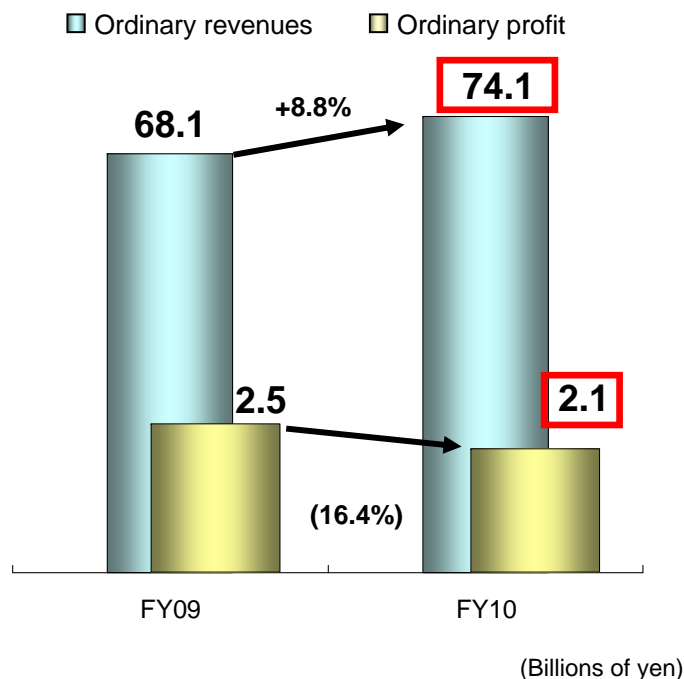
## Adjusted Net Assets



※ Amount in [ ] excludes unrealized gains (losses) on held-to-maturity securities and on policy reserve matching bonds.

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Highlights of Operating Performance: Sony Assurance



- ◆ Ordinary revenues increased but ordinary profit decreased year on year.
- ◆ Ordinary revenues increased, due to an increase in net premiums written led by a growing number of in-force policies primarily for automobile insurance.
- ◆ Ordinary profit decreased, owing mainly to increases in net losses paid and the provision for reserve for outstanding losses due to an increased number of car accidents, which offset the positive impact of a lower expense ratio.

(Billions of yen)	FY09	FY10	Change	
<b>Ordinary revenues</b>	68.1	<b>74.1</b>	+5.9	+8.8%
Underwriting income	67.4	<b>73.3</b>	+5.9	+8.8%
Investment income	0.6	<b>0.7</b>	+0.0	+12.5%
<b>Ordinary expenses</b>	65.6	<b>72.0</b>	+6.4	+9.8%
Underwriting expenses	49.1	<b>54.4</b>	+5.3	+10.8%
Investment expenses	0.0	<b>0.0</b>	(0.0)	(81.1%)
Operating, general and administrative expenses	16.3	<b>17.4</b>	+1.1	+6.7%
<b>Ordinary profit</b>	2.5	<b>2.1</b>	(0.4)	(16.4%)
<b>Net income</b>	1.6	<b>1.2</b>	(0.3)	(19.2%)

(Billions of yen)	10.3.31	11.3.31	Change from 10.3.31	
<b>Underwriting reserves</b>	58.1	<b>64.0</b>	+5.9	+10.2%
<b>Total net assets</b>	15.4	<b>16.7</b>	+1.2	+8.3%
<b>Total assets</b>	98.3	<b>109.3</b>	+11.0	+11.2%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Overview of Performance: Sony Assurance

(Billions of yen)	FY09	FY10	Change
<b>Direct premiums written</b>	67.0	<b>72.8</b>	+8.6%
<b>Net premiums written</b>	67.4	<b>73.3</b>	+8.8%
<b>Net losses paid</b>	34.5	<b>39.2</b>	+13.5%
<b>Underwriting profit</b>	1.9	<b>1.4</b>	(25.8%)
<b>Net loss ratio</b>	57.2%	<b>60.0%</b>	+2.8pt
<b>Net expense ratio</b>	26.1%	<b>25.5%</b>	(0.6pt)
<b>Combined ratio</b>	83.3%	<b>85.6%</b>	+2.3pt

## (Reasons for changes)

◆ Increased, owing to an increase in the number of policies in force for automobile insurance.

◆ Increased, owing to an increase in the number of policies in force and a rising number of loss ratio for automobile insurance.

◆ Decreased, due to increased net premiums written which offset an increase in underwriting costs.

◆ Increased, due to an increase in the number of policies in force for automobile insurance.

Net expense ratio is equal to the ratio of total underwriting costs to net premiums written.

Net loss ratio is equal to the ratio of net losses paid and loss adjustment expenses to net premiums written.

	10.3.31	<b>11.3.31</b>	Change from 10.3.31	
<b>Number of policies in force</b>	1.27 million	<b>1.38 million</b>	+0.10 million	+8.4%
<b>Solvency margin ratio</b>	1,018.5%	<b>981.4%</b>	(37.1pt)	

The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written.

Line item amounts are truncated below ¥ 100 million; numbers of policies are truncated below 10,000 policies; percentage change figures are rounded.

# Sony Assurance's Underwriting Performance by Type of Policy



## Direct Premiums Written

(Millions of yen)	FY09	FY10	Change
Fire	278	185	(33.6%)
Marine	—	—	—
Personal accident*	6,941	7,135	+2.8%
Voluntary automobile	59,849	65,516	+9.5%
Compulsory automobile liability	—	—	—
Total	67,069	72,837	+8.6%

## Net Premiums Written

(Millions of yen)	FY09	FY10	Change
Fire	12	8	(34.6%)
Marine	2	5	+148.2%
Personal accident*	7,168	7,369	+2.8%
Voluntary automobile	59,604	65,245	+9.5%
Compulsory automobile liability	651	714	+9.7%
Total	67,440	73,343	+8.8%

## Net losses paid

(Millions of yen)	FY09	FY10	Change
Fire	0	0	+292.5%
Marine	2	11	+271.1%
Personal accident*	1,479	1,620	+9.5%
Voluntary automobile	32,555	36,941	+13.5%
Compulsory automobile liability	535	683	+27.7%
Total	34,573	39,256	+13.5%

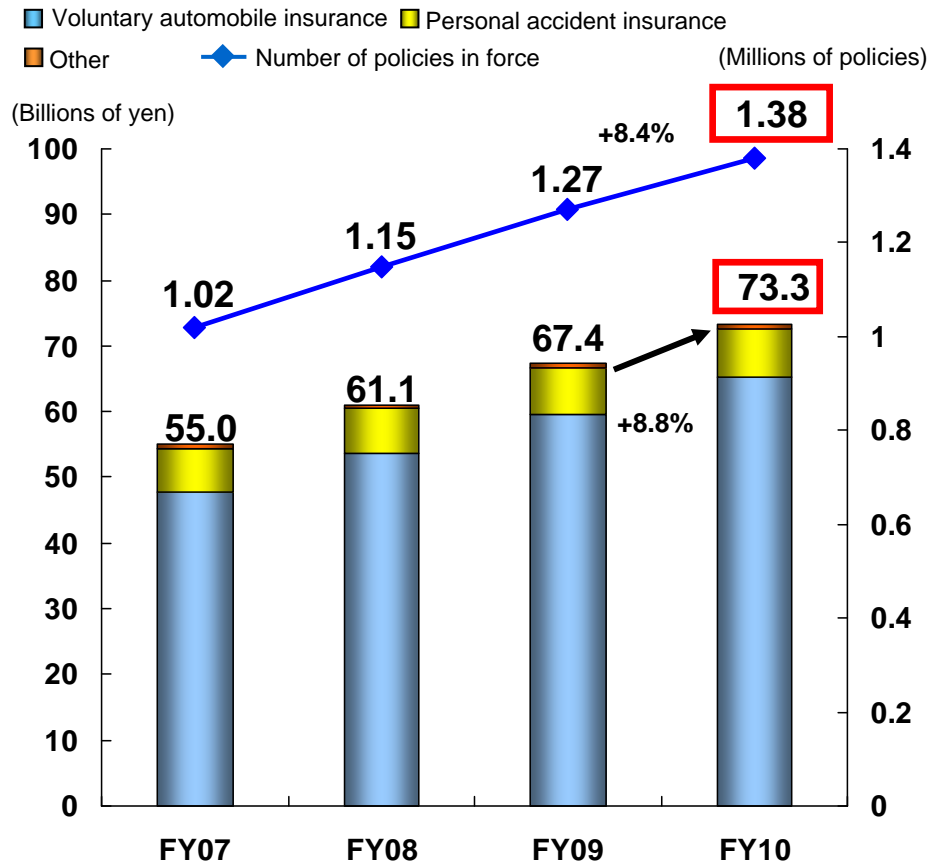
\*SURE, medical and cancer insurance is included in personal accident.

Line item amounts are truncated below ¥ 1 million;  
Percentage change figures are rounded.

# Sony Assurance Operating Performance (1)

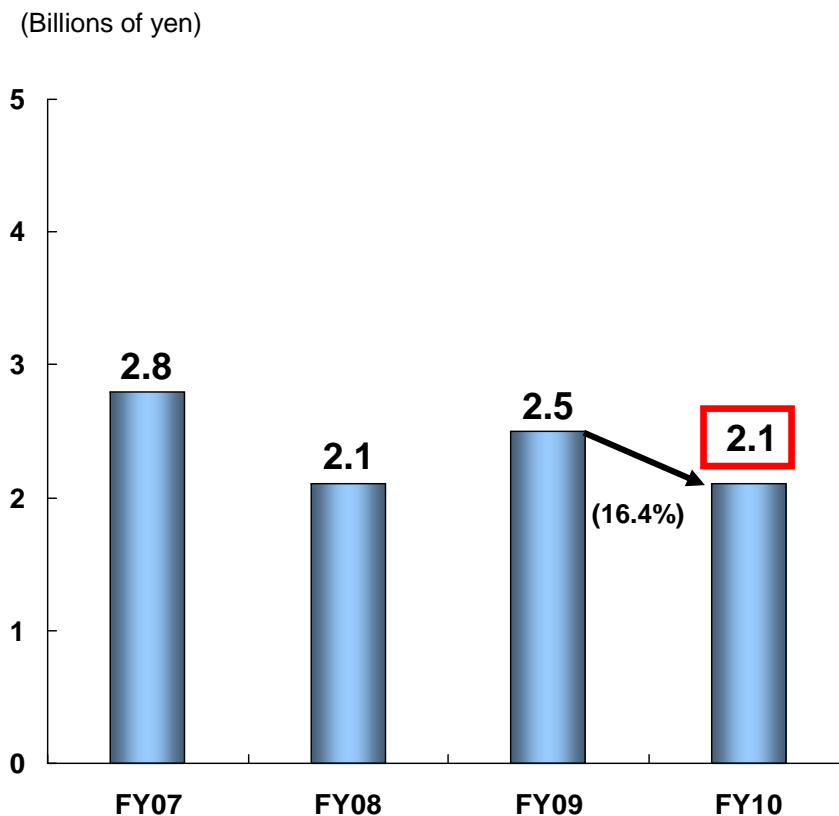


## Net Premiums Written and Number of Policies in Force



The number of policies in force is the total of automobile insurance and medical and cancer insurance policies, which account for 99% of net premiums written. More than 90% of personal accident insurance is medical and cancer insurance.

## Ordinary Profit

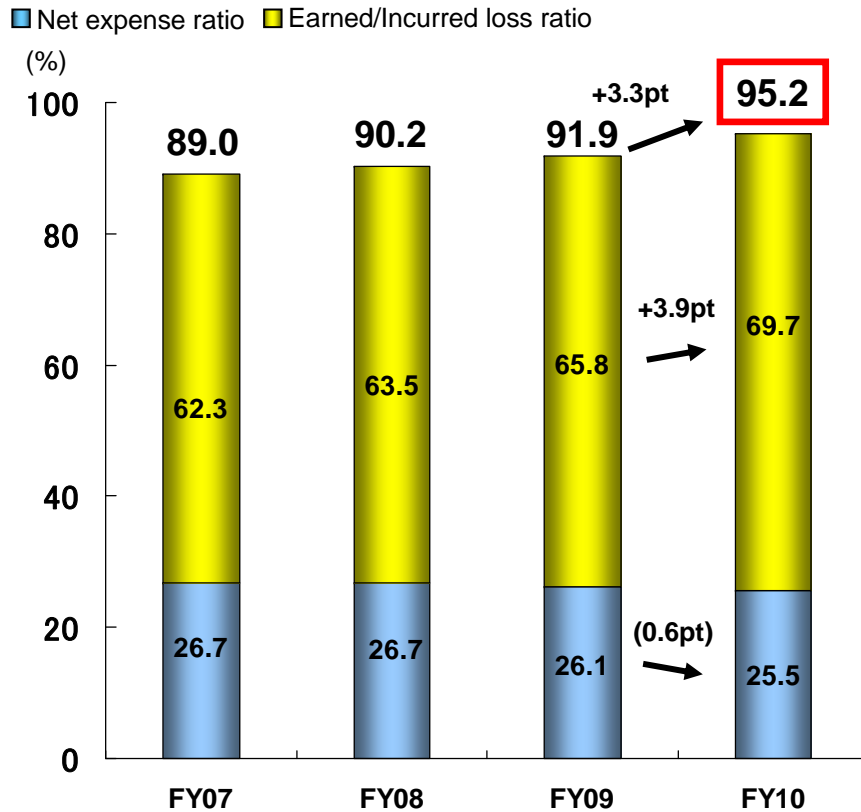


Line item amounts are truncated below ¥100 million; numbers of policies are truncated below 10,000 policies; percentage change figures are rounded.

# Sony Assurance Operating Performance (2)



## Net Expense Ratio + Earned/Incurred Loss Ratio

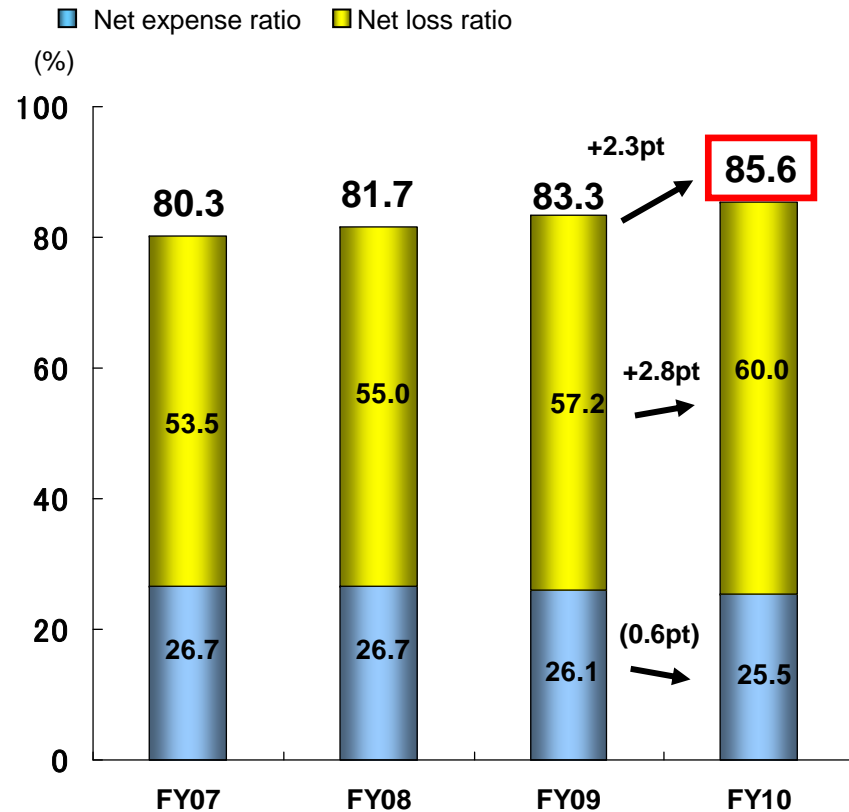


Earned/Incurred loss ratio is equal to the ratio of the sum of net losses paid, loss adjustment expenses and accumulation in provision for reserve for outstanding losses to earned premiums.

\*Note that earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.

## Reference

## Combined Ratio (Net Expense Ratio + Net Loss Ratio)

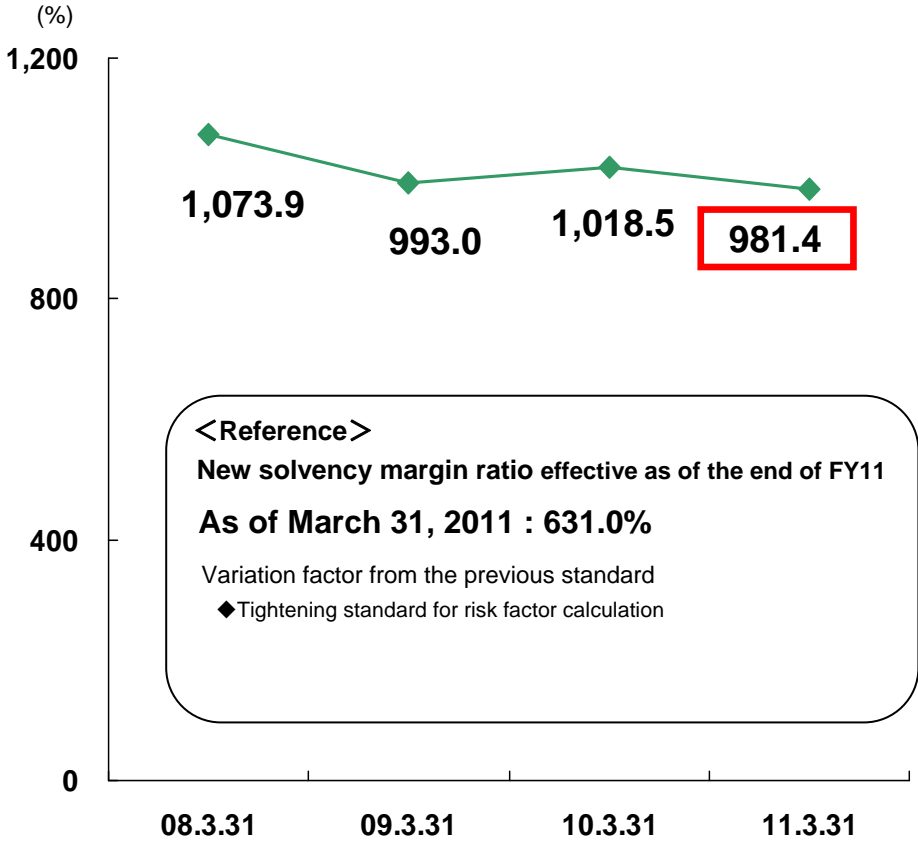


Net expense ratio is equal to the ratio of total underwriting costs to net premiums written. Net loss ratio is equal to the ratio of net losses paid and loss adjustment expenses to net premiums written.

# Sony Assurance Operating Performance (3)

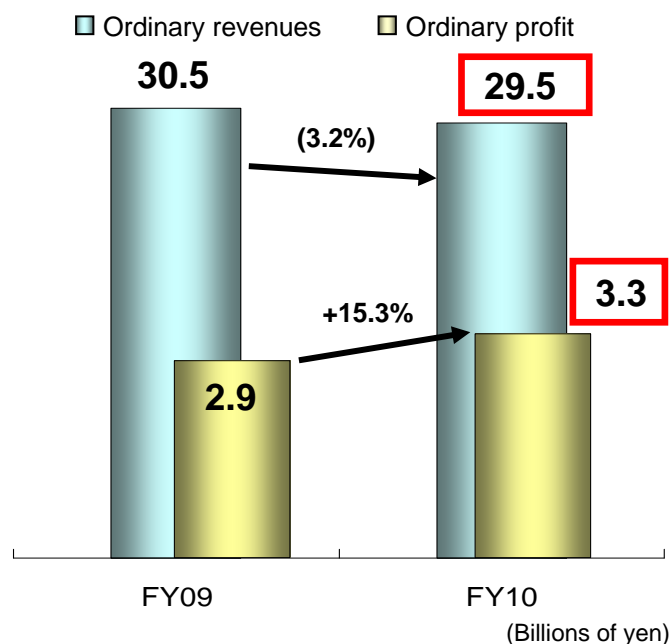


## Solvency Margin Ratio



Note:  
Legislation concerning the calculation of the solvency margin ratio has been revised from the standpoint of raising its credibility, and these new standards are to become effective as of the end of fiscal 2011 (March 31, 2012). The above-stated figures are calculated on the assumption that these changes are applied at the end of FY10.

# Highlights of Operating Performance: Sony Bank (Non-consolidated)



- ◆ Ordinary revenues decreased but ordinary profit increased year on year.
- ◆ Gross operating profit increased ¥1.5 billion due to increases in net interest income and net other operating income.
  - Net interest income increased ¥0.2 billion owing to a growing balance of investment assets, especially mortgage loans, in its business expansion.
  - Net other operating income increased ¥1.2 billion reflecting improved investment performance.
- ◆ Net operating profit increased, owing mainly to an increase in gross operating profit, which offset higher general and administrative expenses.
- ◆ Customer assets increased ¥145.5 billion from March 31, 2010, of which deposit balance increased ¥139.0 billion.

(Billions of yen)	FY09	FY10	Change	
<b>Ordinary revenues</b>	30.5	<b>29.5</b>	(0.9)	(3.2%)
<b>Gross operating profit</b>	14.9	<b>16.4</b>	+1.5	+10.1%
Net interest income	13.0	<b>13.2</b>	+0.2	+1.8%
Net fees and commissions	(0.1)	<b>(0.1)</b>	+0.0	—
Net other operating income	2.1	<b>3.3</b>	+1.2	+58.7%
<b>General and administrative expenses</b>	11.6	<b>12.6</b>	+0.9	+7.9%
<b>Ordinary profit</b>	2.9	<b>3.3</b>	+0.4	+15.3%
<b>Net income</b>	1.6	<b>2.0</b>	+0.4	+24.8%
<b>Net operating profit</b>	3.2	<b>3.6</b>	+0.4	+13.4%

(Billions of yen)	10.3.31	11.3.31	Change from 10.3.31	
<b>Securities</b>	880.1	<b>940.1</b>	+59.9	+6.8%
<b>Loans</b>	586.6	<b>722.4</b>	+135.7	+23.1%
<b>Deposits</b>	1,510.0	<b>1,649.1</b>	+139.0	+9.2%
<b>Customer assets</b>	1,610.0	<b>1,755.5</b>	+145.5	+9.0%
<b>Total net assets</b>	58.9	<b>59.9</b>	+0.9	+1.7%
Net unrealized gains (losses) on other securities (net of taxes)	0.9	<b>0.4</b>	(0.4)	(52.7%)
<b>Total assets</b>	1,612.1	<b>1,761.8</b>	+149.6	+9.3%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.



# Overview of Performance: Sony Bank (Non-consolidated) (1)

## (Reasons for changes)

	FY09	FY10	Change	
<b>Customer assets</b>	1,610.0	<b>1,755.5</b>	+145.5	+9.0%
<b>Deposits</b>	1,510.0	<b>1,649.1</b>	+139.0	+9.2%
<b>Yen</b>	1,184.9	<b>1,289.8</b>	+104.8	+8.9%
<b>Foreign currency</b>	325.0	<b>359.2</b>	+34.1	+10.5%
<b>Investment trusts</b>	100.0	<b>106.4</b>	+6.4	+6.5%
<b>Loans outstanding</b>	586.6	<b>722.4</b>	+135.7	+23.1%
Mortgage loans	555.1	<b>656.0</b>	+100.9	+18.2%
<b>Others</b>	31.5	66.4(*1)	+34.8	+110.5%
<b>Number of accounts (thousands)</b>	796	<b>859</b>	+62	+7.8%
<b>Capital adequacy ratio(*2) (domestic criteria)</b>	12.09%	<b>10.84%</b>	(1.25pt)	

◆ Foreign currency deposit increased reflecting growing demand for saving foreign currency under the market fluctuation even though the sharp hike in the yen might have the negative impact on the foreign exchange conversion.

◆ Loan balance steadily increased due to increases in mortgage loans and corporate lending centering on syndicated loans.

\*1 Loans in others include corporate loans of ¥58.4 billion.

\*2 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P28.

Line item amounts are truncated below ¥100 million; numbers of accounts are truncated below 1,000 accounts; percentage change figures are rounded.

# Overview of Performance: Sony Bank (Non-consolidated) (2)

## <Reference> On Managerial Accounting Basis

(Billions of yen)	FY09	FY10	Change	
<b>Gross operating profit</b>	14.9	<b>16.4</b>	+1.5	+10.1%
Net interest income *1 ①	13.7	<b>15.1</b>	+1.3	+10.2%
Net fees and commissions *2 ②	0.9	<b>0.8</b>	(0.1)	(14.2%)
Net other operating income *3	0.2	<b>0.4</b>	+0.1	+69.4%
<b>Gross operating profit (core profit) (A) = ①+②</b>	14.6	<b>15.9</b>	+1.2	+8.6%
<b>Operating expenses and other expenses ③</b>	11.7	<b>12.8</b>	+1.0	+9.2%
<b>Net operating profit (core profit) = (A)−③</b>	2.9	<b>3.0</b>	+0.1	+6.3%

### ● Managerial accounting basis

The following adjustments are made to the figures on a financial accounting basis to account for profits and losses more appropriately.

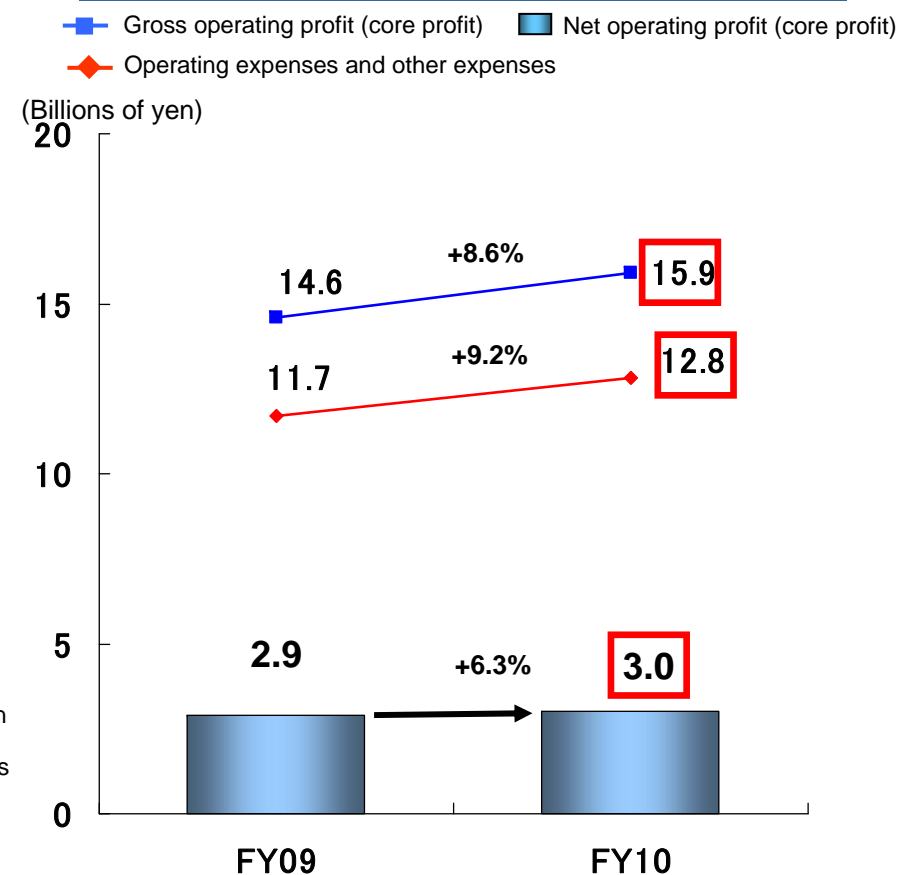
- \*1: Net interest income: Includes profits and losses associated with fund investment recorded in net other operating income, including gains or losses from currency swap transactions.
- \*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.
- \*3: Net other operating income: After the above adjustments (\*1 and \*2), consists of profits and losses for bond and derivative dealing transactions.

### ● Core profit

Profits and losses exclude net other operating income, which includes those on bond and derivative dealing transactions, and stands for Sony Bank's basic profits.

## <Reference>

### Net Operating Profit (Core Profit), Operating Expenses and Other Expenses & Gross Operating Profit (Core Profit)

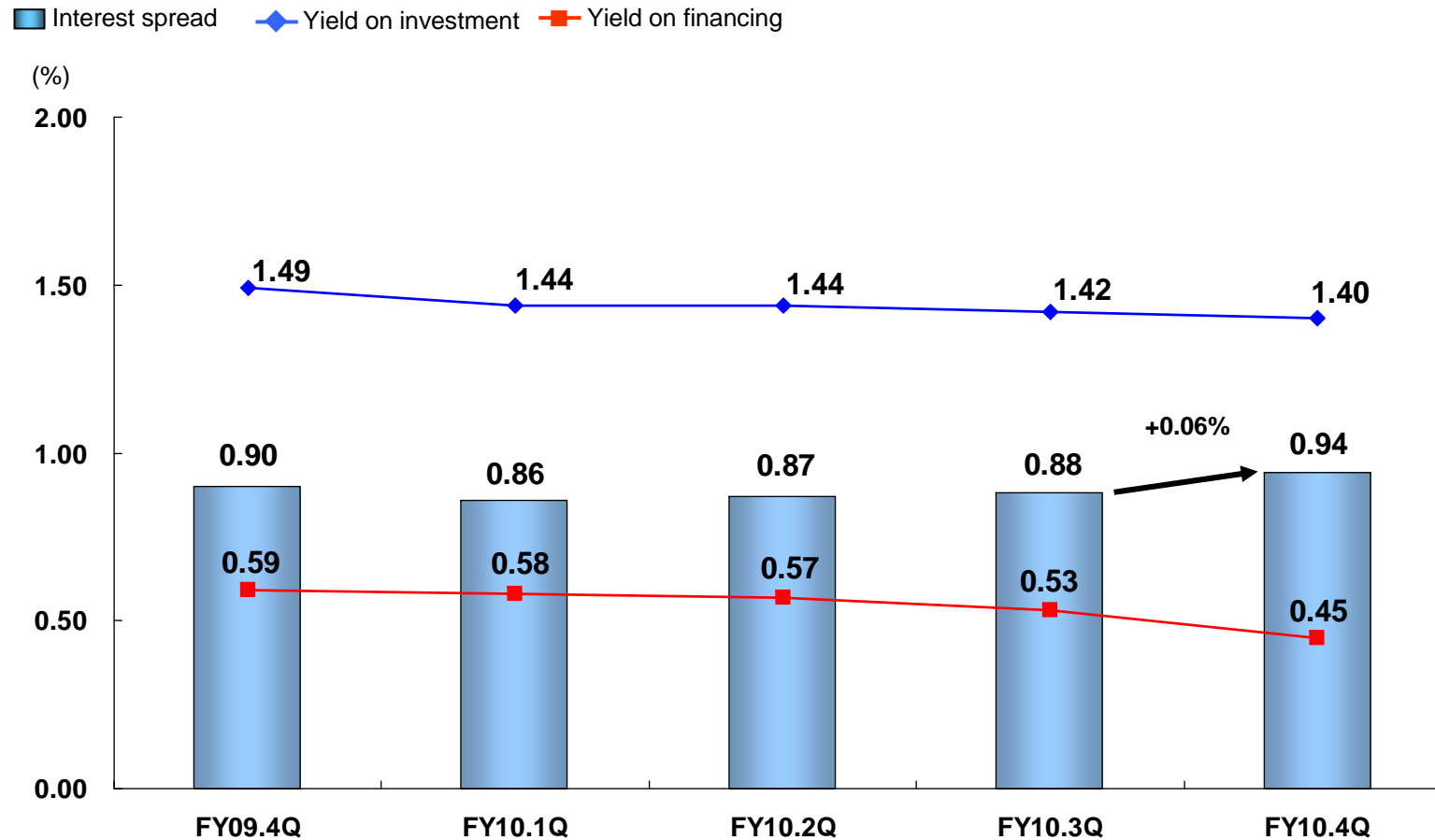


Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Sony Bank Operating Performance (1)



## <Reference> Interest Spread (Managerial Accounting Basis)

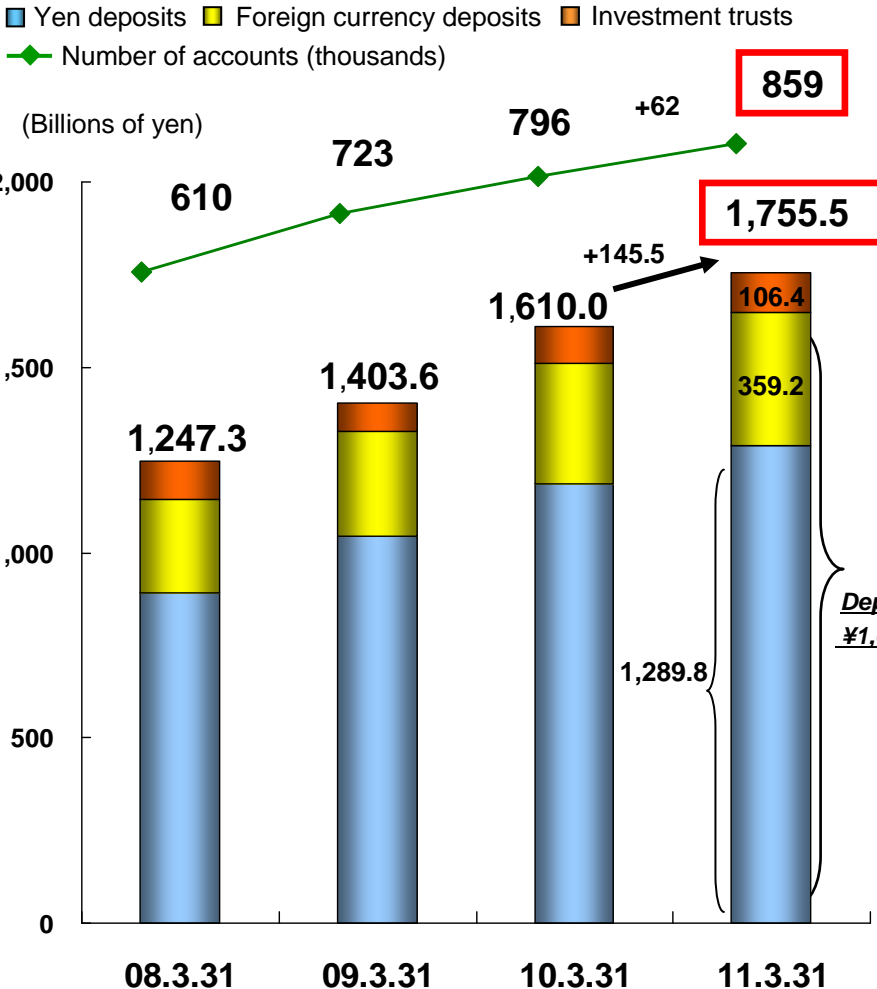


Notes: Interest spread = Yield on investment – Yield on financing  
 Yield on investment includes primarily gains or losses from currency swap transactions in net other operating income.

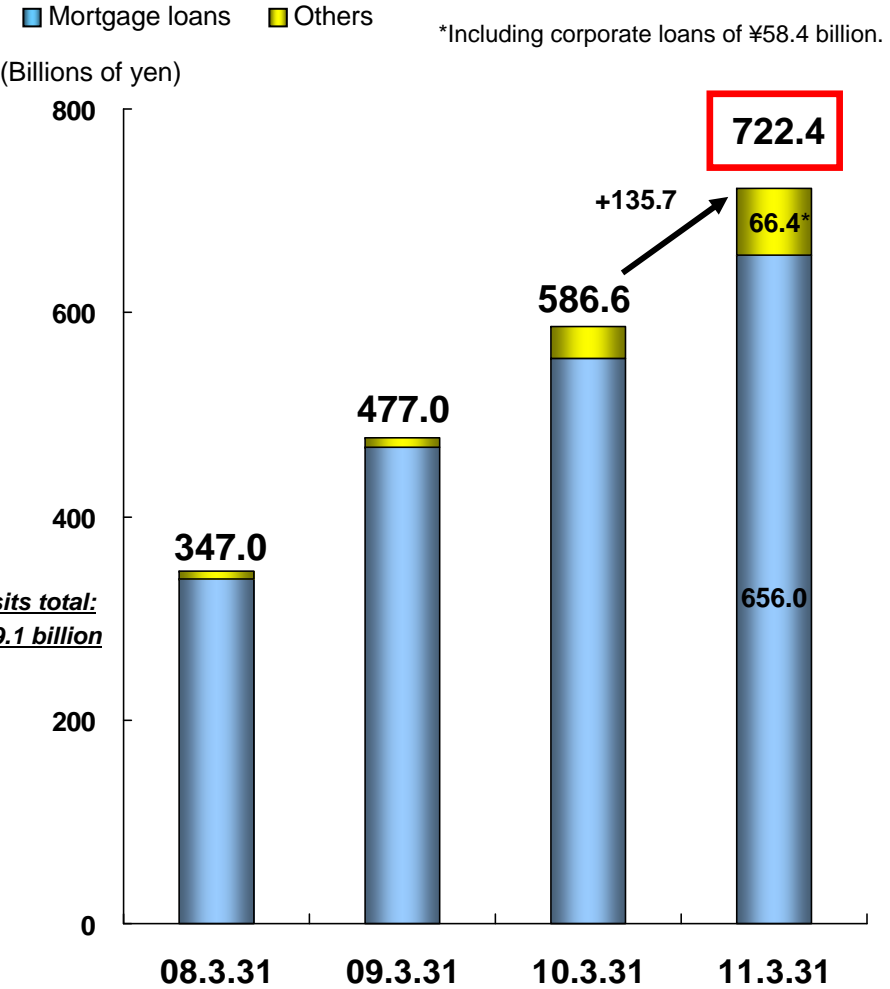
# Sony Bank Operating Performance (2)



## Customer Assets (Deposits + Investment Trusts) and Number of Accounts



## Loans

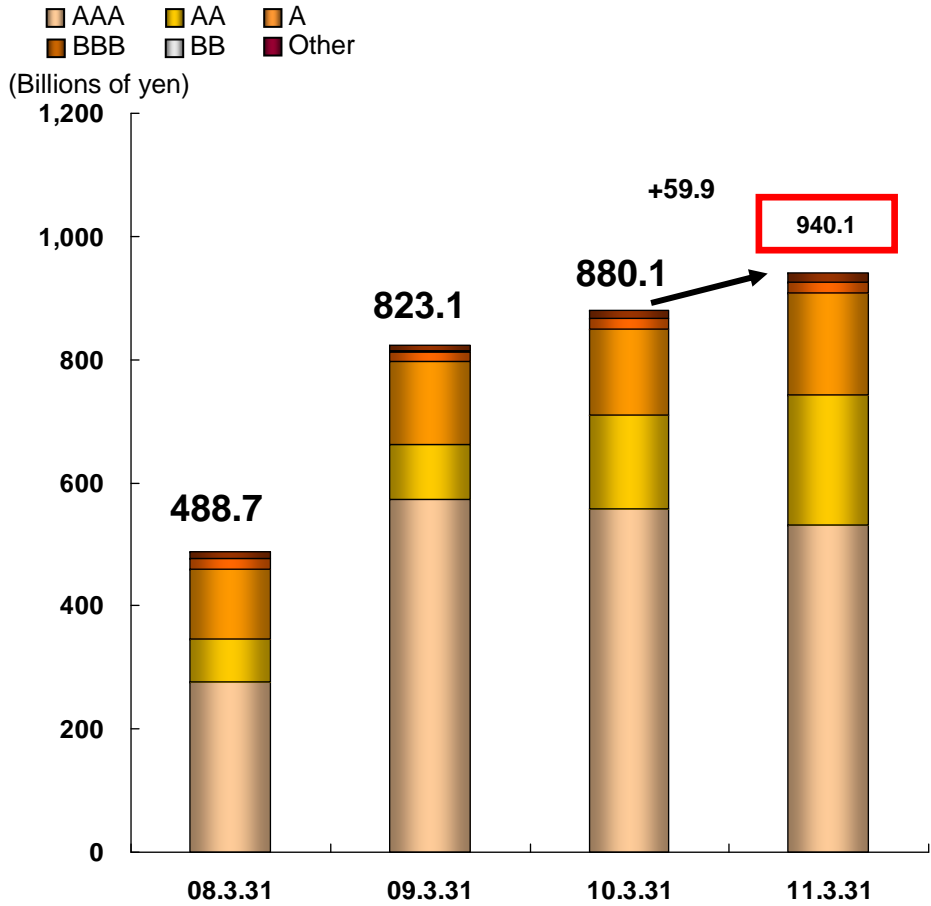


Line item amounts are truncated below ¥100 million; number of accounts are truncated below 1,000 accounts.

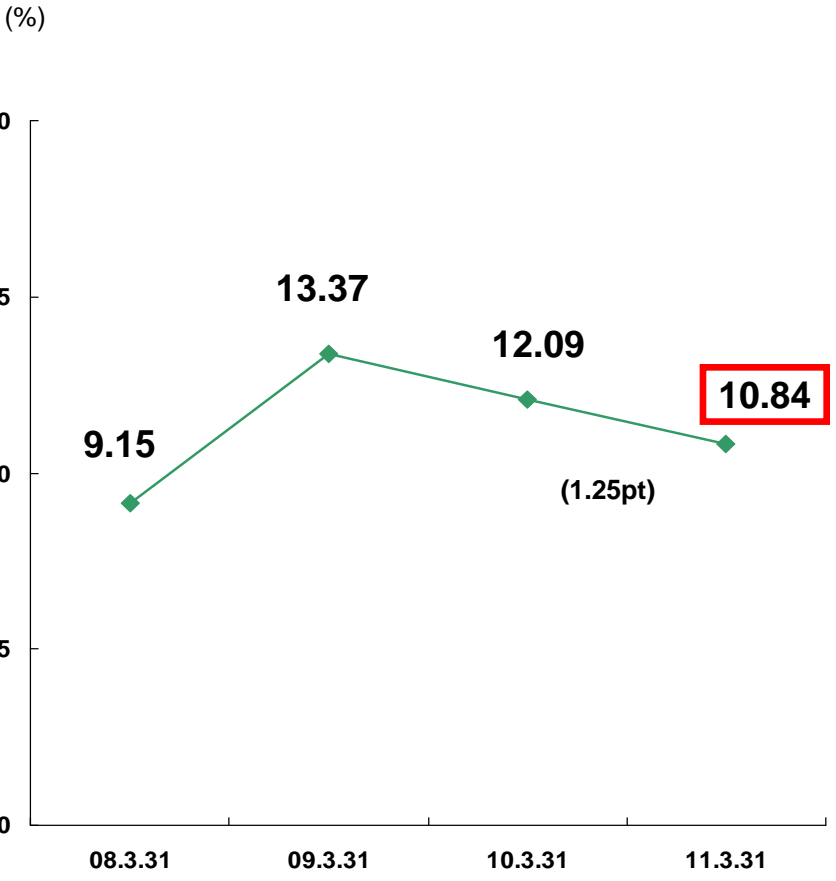
# Sony Bank Operating Performance (3)



## Balance of Securities by Credit Ratings



## Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



\* Sony Bank's non-consolidated capital adequacy ratio was calculated based on the standard stipulated by Article 14-2 of the Banking Law of Japan, in accordance with Financial Services Agency of Japan ("FSA") public ministerial announcement No. 19 of 2006.

Amounts are truncated below ¥100 million.

# **Consolidated Financial Forecast for the Year Ending March 31, 2012**

# Consolidated Financial Forecast for the Year Ending March 31, 2012



	FY10 Actual	1H FY11 Forecast	FY11 Forecast	Change FY10 actual vs. FY11 forecast
<b>Consolidated ordinary revenues</b>	<b>1,002.2</b>	<b>497.0</b>	<b>1,022.0</b>	<b>+ 2.0%</b>
<u>Life insurance business</u>	900.3	442.0	909.3	+ 1.0%
<u>Non-life insurance business</u>	74.1	40.1	80.4	+ 8.4%
<u>Banking business</u>	29.5	15.8	32.8	+ 11.0%
<b>Consolidated ordinary profit</b>	<b>76.8</b>	<b>27.0</b>	<b>59.0</b>	<b>(23.2%)</b>
<u>Life insurance business</u>	72.1	25.0	53.0	(26.6%)
<u>Non-life insurance business</u>	2.1	0.3	2.6	+ 21.2%
<u>Banking business</u>	2.4	1.7	4.1	+ 70.3%
<b>Consolidated net income</b>	<b>41.7</b>	<b>13.0</b>	<b>29.0</b>	<b>(30.5%)</b>

## ■ Life insurance business

Ordinary revenues for the year ending March 31, 2012, are expected to increase 1.0% year on year, to ¥909.3 billion. We anticipate that income from insurance premiums will increase in line with steady growth of the policy amount in force. We expect ordinary profit to decrease 26.6% year on year, to ¥53.0 billion. During the fiscal year ended March 31, 2011, the business generated net capital gains of ¥23.8 billion, reflecting the process of shifting bond holdings to ultralong-term bonds to reduce interest rate risk. However, we do not anticipate gains on the sale of securities for the year ending March 31, 2012, because the process of shifting our bond holdings was largely completed in the previous period.

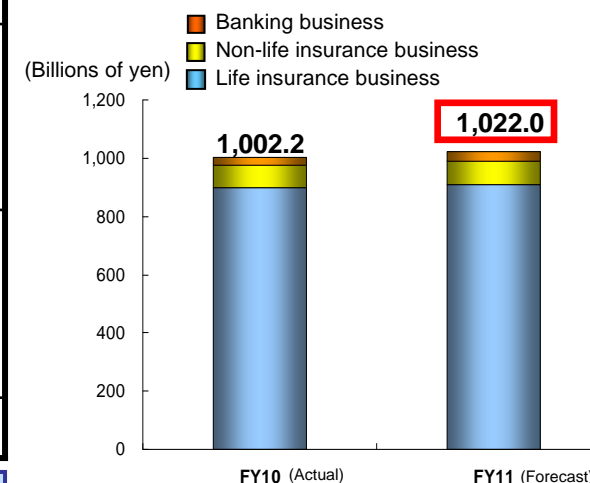
## ■ Non-life insurance business

Ordinary revenues for the year ending March 31, 2012 are expected to rise 8.4% year on year, to ¥80.4 billion, due to an increase in net premiums written, mainly for mainstay automobile insurance. Ordinary profit is expected to increase 21.2% year on year, to ¥2.6 billion, due mainly to the aforementioned increase in ordinary revenues and an expected improvement in the loss ratio in line with the February 2011 revision of automobile insurance premiums. This should offset an expected increase in the expense ratio in line with the planned reinforcement of corporate systems and infrastructure based on the expected expansion of business operations.

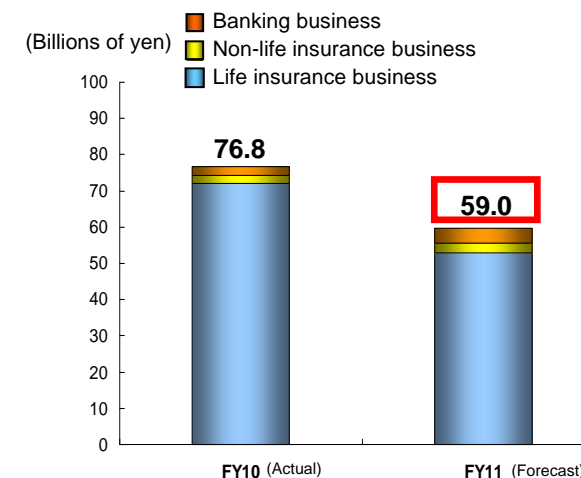
## ■ Banking Business

Ordinary revenues for the year ending March 31, 2012, are expected to increase 11.0% year on year, to ¥32.8 billion, owing mainly to an increase in net interest income, bolstered by a growing balance of loans, especially mortgages. Ordinary profit is expected to grow 70.3%, to ¥4.1 billion, from the previous fiscal year, as we anticipate a steady increase in gross operating profit, driven by business expansion that should offset an increase in general and administrative expenses related to new product and service developments.

## Consolidated Ordinary Revenues



## Consolidated Ordinary Profit



# Dividend Policies



## ■ Basic Idea of Capital and Dividend Policies

We consider an increase in returns to our shareholders, as well as return on equity, among our most important management tasks. Our basic policy on returning profits to our shareholders is to provide stable dividends to shareholders while ensuring the high level of financial soundness that is necessary to maintain the trust of existing customers and attract new ones, as well as securing sufficient retained earnings for future business development.

### Dividend Forecast

- FY10 : ¥4,000 per share (forecast) FY09 : ¥3,000 per share (actual)
- FY11 : ¥20 per share (forecast) \* FY11 dividend forecast reflect the 200-for-1 stock split .

- We propose to pay an annual cash dividend of ¥4,000 per share for the year ended March 31, 2011, up ¥1,000 from the previous period of ¥3,000.

Consolidated net income has risen steadily since October 2007, when we listed our shares on the First Section of the Tokyo Stock Exchange. In particular, Sony Life now expects to generate stable asset investment returns, primarily in the form of interest income, from its asset portfolio over the medium to long term, as a result of revising its asset portfolio. Furthermore, Sony Life currently maintains sufficient financial soundness from a regulatory perspective. Even if an indicator based on economic value were introduced in future in a way where we could anticipate, we would have sufficient surplus available for dividends.

- We plan to pay the annual cash dividend of ¥20 per share for the year ending March 31, 2012 if the total dividend amount is the same as for the year ended March 31, 2011 and reflects the 200-for-1 stock split.
- On April 1, 2011, SFH conducted a stock split at a ratio of 200 to one, to improve the environment for investing in its stock by lowering the unit investment amount and increasing the liquidity of the stock, with the aim of expanding its investor base. SFH also adopted a Share Unit system, which defines 100 shares as one unit.

**Preliminary Sony Life's  
Market Consistent Embedded Value  
as of March 31, 2011**

# Preliminary Sony Life's Market Consistent Embedded Value as of March 31, 2011



## MCEV results [Preliminary]

(Billions of yen)

	10.3.31	11.3.31	Change
<b>MCEV</b>	<b>894.0</b>	<b>853.6</b>	<b>(40.4)</b>
<b>Adjusted net worth</b>	<b>206.2</b>	<b>230.3</b>	<b>+24.1</b>
<b>Value of existing business</b>	<b>687.8</b>	<b>623.3</b>	<b>(64.5)</b>
<b>Of which, new business value</b>	<b>55.6</b>	<b>56.8</b>	<b>+1.2</b>

- ◆ Sony Life's preliminary MCEV as of the end of March 31, 2011 decreased year on year, due to decreased value of existing business which offset the positive impact of an increase in adjusted net worth under the change of financial market conditions such as lowering of ultralong-term interest rates.
- ◆ Furthermore, to the extent of ultralong-term interest rates as of March 31, 2011, interest swap rates were lower than Japanese government bond (JGB) yields. Sony Life has been comprehensively managing interest rate risk residing in its assets and liabilities by investing mainly in ultralong-term JGB in asset side to prepare for the future insurance claims and other payments in liability side. Thus, it is considered reasonable and proper to use JGB yields as risk-free-rate for calculation of liability side for the purpose of internal risk management. As for the calculation of MCEV above, we use interest swap rates. Meanwhile, if we calculated the sum of the present value of certainty-equivalent profit and the time value of options and guarantees which consists of components of value of existing business by using the JGB yields, instead of interest swap rates, as of the March 31, 2011, this calculation would have shown an increase in the value of existing business and new business value by ¥47.6 billion and ¥4.8 billion, respectively.

\* Please keep in mind that the validity of these calculations has not been verified by outside specialists. MCEV as of March 31, 2011, calculated in accordance with the MCEV principles and verified by outside specialists, is scheduled to be announced at May 27, 2011.

# Appendix

# Recent Topics 1

## AEGON SONY LIFE INSURANCE Sales Update

Launch of sales: December 1, 2009

Common stock: ¥20 billion (including capital surplus of ¥10 billion)

Equity ownership: Sony Life insurance Co., Ltd. 50%, AEGON-international B.V. 50%

Marketing products: Variable Individual Annuity (3 types, 5 products)

Sales Channels: Lifeplanner sales employees and affiliated Banks (7\*) As of May 20, 2011

Financial Highlights for FY10:

Number of new policies: 781, New policy amount: ¥7.6 billion

Number of policies in force: 1,218 policies, Policy amount in force: ¥13.8 billion



## Sony Bank's Mortgage Loans through Sony Life

Sony Life accounts for 24% of the balance of mortgage loans as of March 31, 2011

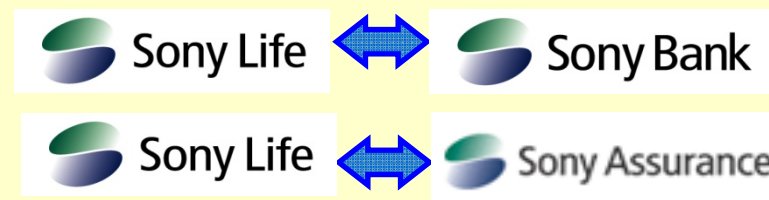
Sony Life accounts for 28% of the amount of new mortgage loans for FY10

\*Sony Life started handling banking agency business in January 2008.

## Sony Assurance's Auto Insurance Sold by Sony Life

Sony Life accounts for approx. 5% of new automobile policies for FY10

\* Sony Life started handling automobile insurance in May 2001.



"Lifeplanner" is a registered trademark of Sony Life Insurance Co., Ltd.

# Recent Topics 2

## <Highlights for FY10>

2010-4-1	AEGON Sony Life Insurance 's variable individual annuity product commenced to be offered at Minato Bank Sony Bank entered tie-up with Kintetsu Real Estate in mortgage loans
2010-4-12	Sony Assurance launched automobile insurance sales via Bank of Yokohama
2010-4-19	AEGON Sony Life Insurance 's variable individual annuity product commenced to be offered at Fukushima Bank
2010-5-1	Sony Life newly opened a branch in Yamagata prefecture to expand its service network through community-based approach Sony Assurance launched automobile insurance sales via Tama Shinkin Bank Sony Life commenced operations at LIPLA Co., Ltd., a wholly owned subsidiary of Sony Life, and opened the first one-stop shop "LIPLA"
2010-6-24	Sony Bank opened the first over-the-counter branch, called "Housing Loan Plaza
2010-7-12	AEGON Sony Life Insurance 's variable Individual annuity product to be offered at Chiba Kogyo Bank
2010-7-26	Sony Bank launched foreign currency delivery service
2010-9-13	Sony Bank began offering mortgage loans for used condominiums
2010-9-16	Sony Life opened the second one-stop insurance Shop, "LIPLA"
2010-10-4	Sony Bank entered tie-up with Ohkuraya Juutaku in mortgage loans
2010-11-2	Sony Life began offering new products: Whole life nursing-care insurance (reduced surrender value), lump- sum payment nursing-care rider, and discount rider for nonsmokers and others in excellent health for decreasing term life insurance
2010-11-08	Sony Bank began providing a service to accept dividends on investment trusts
2010-11-29	Sony Bank added six funds (monthly dividend type) to investment trusts lineup
2011-01-17	AEGON Sony Life Insurance began offering new variable individual annuity product, Catch Point, at SMBC
2010-01-24	Sony Bank added two funds (monthly dividend type) to its lineup of investment trusts. The bank began offering the COMMONS 30 FUND, which previously was only sold directly by Commons Asset Management.
2010-02-01	AEGON Sony Life Insurance began offering new variable individual annuity product, W Account, through Sony Life's Lifeplanner sales employees and at Minato Bank
2010-02-01	Sony Assurance introduced several revisions to its automobile insurance products, including to insurance premiums and subdivisions of driving distance criteria.
2011-02-07	AEGON Sony Life Insurance began offering new variable individual annuity product, W Account, at Juroku Bank
2011-3-19	Sony Life opened the third one-stop insurance shop, "LIPLA"
2011-4-01	Sony Assurance declared conformity with the ISO 10002 International Standard for Complaints Management Systems
2011-4-01	Sony Bank began offering Wide Danshin group credit life insurance to mortgage loan borrowers
2011-4-11	AEGON Sony Life Insurance began offering new variable individual annuity product, W Account, at Kansai Urban Banking
2011-4-28	Sony Assurance began offering free application, "Trouble Navigation" to smart phone users
2011-5-01	Sony Bank to enter credit card business; began issuing the Sony Card.
2011-5-02	Sony Life began sales of new income protection insurance to cover three major diseases (type II)
2011-5-16	Sony Bank began offering Brazilian real for foreign currency deposits

# Sony Life: Fair Value Information on Securities (General Account Assets)



## Fair Value Information on Securities

### ● Fair value information on securities with market value (except trading-purpose securities)

(Billions of yen)

	10.3.31			10.6.30			10.9.30			10.12.31			11.3.31		
	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)
Held-to-maturity securities	2,275.6	2,255.1	(20.4)	2,477.9	2,628.6	150.7	2,818.6	3,040.2	221.6	2,868.2	2,984.7	116.5	2,914.3	2,892.1	(22.1)
Available-for-sale securities	1,126.5	1,166.9	40.4	1,039.8	1,097.8	58.0	858.8	913.9	55.0	890.9	933.0	42.0	940.1	964.3	24.2
Domestic bonds	1,061.5	1,090.0	28.4	973.8	1,030.3	56.5	794.8	848.5	53.6	824.9	859.9	35.0	884.4	904.1	19.7
(CBs)	13.6	13.2	(0.3)	–	–	–	–	–	–	–	–	–	–	–	–
Domestic stocks	51.7	62.1	10.4	51.9	53.2	1.2	51.8	52.9	1.1	51.7	57.4	5.6	49.8	53.7	3.8
Foreign securities	8.0	8.0	–	2.0	2.0	(0.0)	–	–	–	–	–	–	1.9	1.8	(0.0)
Other securities	5.1	6.7	1.5	11.9	12.1	0.2	12.1	12.3	0.1	12.3	13.8	1.4	3.8	4.6	0.7
Total	3,402.1	3,422.1	19.9	3,517.8	3,726.5	208.7	3,677.5	3,954.1	276.6	3,759.2	3,917.8	158.6	3,854.4	3,856.5	2.0

### ● Valuation gains (losses) on trading-purpose securities

(Billions of yen)

10.3.31		10.6.30		10.9.30		10.12.31		11.3.31	
Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
–	5.7	–	–	–	–	–	–	–	–

Notes:

1) Line item amounts are truncated below ¥100 million.

2) Amounts above include those categorized as “monetary trusts.”

# Sony Life's Breakdown of Net Assets



## Net Assets on BS, Real Net Assets and Solvency Margin

(Billions of yen)

	① Net Assets (B/S)		② Real Net Assets		③ Solvency Margin		Notes
	10.3.31	11.3.31	10.3.31	11.3.31	10.3.31	11.3.31	
Total shareholders' equity	177.3	209.8	177.3	209.8	170.3	200.7	③ After estimated distributed income deducted
Net unrealized gains on other securities, net of taxes	15.4	7.0	15.4	7.0	—	—	
Net unrealized gains (losses) on available-for-sale securities	—	—	—	—	33.0	20.8	③ Before tax x 90%
Land revaluation, net of taxes	(1.4)	(1.4)	(1.4)	(1.4)	—	—	
Reserve for price fluctuations	—	—	9.6	16.7	9.6	16.7	
Contingency reserve	—	—	48.4	51.5	48.4	51.5	
Reserve for possible loan losses	—	—	—	—	0.0	0.0	
Net unrealized gains on real estate	—	—	2.6	1.9	1.6	1.0	② Before tax (after revaluation) ③ Before tax (Before revaluation) X85%
Excess amount of policy reserves based on Zillmer method	—	—	316.5	334.2	316.5	334.2	
Unallotted portion of reserve for policyholders' dividends	—	—	2.3	1.1	2.3	1.1	
Future profits	—	—	—	—	1.0	0.6	
Deferred tax assets	—	—	—	—	47.2	63.3	
Unrealized gains (losses) on held-to-maturity bonds	—	—	(20.4)	(22.1)	—	—	② Before tax
Deferred tax liabilities for available-for-sale securities	—	—	12.8	8.0	—	—	
Total	191.3	215.3	563.4	606.9	630.2	690.3	

Note: Real net assets excluding net unrealized gains (losses) on held-to-maturity securities and on policy reserve matching bonds, are ¥583.8 billion as of March 31, 2010, and ¥629.1 billion as of March 31, 2011.

Amounts are truncated below ¥100 million.



# Sony Life's Solvency Margin Ratio



(Billions of yen)

Category	11.3.31 (Current)	11.3.31 (New)
Total solvency margin (A)	690.3	625.7
Common stocks, etc	200.7	200.7
Reserve for price fluctuations	16.7	16.7
Contingency reserve	51.5	51.5
Reserve for possible loan losses	0.0	0.0
Net unrealized gains on other securities multiplied by 90% if gains or 100% if losses	20.8	20.8
Net unrealized gains on real estate multiplied by 85% if gains or 100% if losses	1.0	1.0
Excess amount of policy reserves based on Zillmer method	334.2	334.2
Unallotted portion of reserve for policyholders' dividends	1.1	1.1
Future profits	0.6	
Deferred tax assets	63.3	63.3
Subordinated debt	-	-
That portion of the excess amount of policy reserves based on Zillmer method and subordinated debt that is not included in the margin		(63.9)
Deductible items	-	-
Total risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4 + R_5 + R_6 + R_7)^2} + R_8$ (B)	47.6	72.7
Insurance risk R1	20.0	20.0
Third-sector insurance risk R8	7.2	7.2
Assumed interest rate risk R2	11.5	27.9
Asset management risk R3	16.8	28.7
Business management risk R4	1.2	1.8
Minimum guarantee risk R7	9.0	8.8
Solvency margin ratio $[(A)/((B) \times 1/2)] \times 100$	2,900.1%	1,720.0%

Note: Cabinet Office Ordinance No. 23 of 2010 and FSA public ministerial announcement 48 of 2010 prescribe a revision in the methods of calculating total solvency margin and total risk (increasing the strictness of margin inclusion, and making risk measurement stricter and more sensitive).

These changes are to be applied from FY11. The above-stated figures are calculated on the assumption that these changes are applied at the end of FY10.

Amounts are truncated below ¥100 million.



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