Sony Financial Holdings

Presentation Material

Consolidated Financial Results for the Three Months Ended June 30, 2011

Sony Financial Holdings Inc.
August 12, 2011

Content

Sony Financial Holdings

Content

Sony Financial Holdings

Consolidated Operating Results for the Three Months Ended June 30, 2011

Management Review

Sony Financial Holdings

- ✓For the three months ended June 30, 2011, consolidated ordinary revenues increased and consolidated ordinary profit was nearly flat year on year. The damage from the Great East Japan Earthquake on our operating results was limited.
- ✓The life insurance business continued to grow in its policy amount in force, 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. The last year's upward trend in the loss ratio for automobile insurance showed signs of slowing in this first quarter.
- ✓The banking business has improved its interest spread along with a growing balance of mortgage loans under unfavorable business conditions of low interest rates.

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During the three months ended June 30, 2011, we reviewed consolidated operating results as follows.

Consolidated ordinary revenues increased and consolidated ordinary profit was nearly flat year on year. The damage from the Great East Japan Earthquake on our operating results was limited.

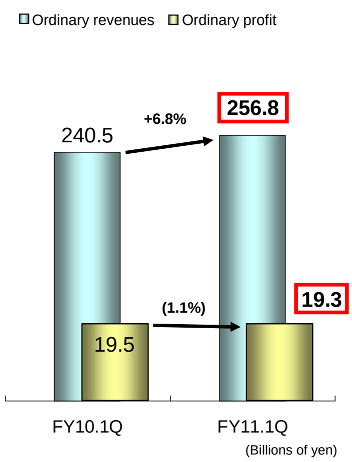
The life insurance business continued to grow in its policy amount in force, due to favorable sales of mainstay death-protection type and third-sector insurance products such as living benefit and nursing-care insurance.

The non-life insurance business enjoyed brisk sales. The last year's upward trend in the loss ratio for automobile insurance showed signs of slowing in this first quarter.

The banking business has improved its interest spread along with a growing balance of mortgage loans under unfavorable business conditions of low interest rates.

Highlights of Consolidated Operating Performance for the Three Months Ended June 30, 2011 (1)

Sony Financial Holdings



(Billions of yen)		FY10.1Q	FY11.1Q	Change	
Life insurance business	Ordinary revenues	214.1	**229.3**	+15.1	+7.1%
	Ordinary profit	18.5	**17.6**	(0.9)	(4.9%)
Non-life insurance business	Ordinary revenues	19.0	**20.4**	+1.4	+7.4%
	Ordinary profit	0.4	**0.7**	+0.3	+67.7%
Banking business	Ordinary revenues	7.7	**7.4**	(0.3)	(4.0%)
	Ordinary profit	0.5	**0.8**	+0.3	+74.8%
Intersegment adjustments*	Ordinary revenues	(0.4)	**(0.4)**	(0.0)	+7.5%
	Ordinary profit	0.0	**0.0**	+0.0	+17.2%
Consolidated	Ordinary revenues	240.5	**256.8**	+16.2	+6.8%
	Ordinary profit	19.5	**19.3**	(0.2)	(1.1%)
	Net income	10.3	**10.8**	+0.5	+4.9%

(Billions of yen)		10.6.30	11.3.31	11.6.30	Change from 11.3.31	
Consolidated	Total assets	6,085.4	6,597.1	**6,705.6**	+108.4	+1.6%
	Net assets	283.0	294.8	**309.6**	+14.7	+5.0%

*Amounts in the Ordinary profit in the "Intersegment adjustments" are mainly from SFH.
*Comprehensive income: FY10.1Q: ¥20.1 billion, FY11.1Q: ¥23.4 billion yen

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

During the three months ended June 30, 2011, consolidated ordinary revenues increased 6.8% compared with the same period of the previous fiscal year, to ¥256.8 billion, owing to increases in ordinary revenues from the life insurance and the non-life insurance businesses, although the revenues were down in the banking business.

Consolidated ordinary profit decreased 1.1% year on year, to ¥19.3 billion. By business segment, ordinary profit from the life insurance business decreased, whereas ordinary profit from the non-life insurance and the banking businesses increased year on year.

Net income was up 4.9% year on year, to ¥10.8 billion.

Highlights of Consolidated Operating Performance for the Three Months Ended June 30, 2011 (2)

- Life Insurance: Ordinary revenues increased year on year, due to higher income from insurance premiums associated with a steady increase in the policy amount in force. Ordinary profit decreased slightly due to lower gains on sale of securities, reflecting the process of shifting its bond holdings to ultralong-term bonds to reduce interest rate risk, which offset the positive impact of a partial reversal of reserve for outstanding claims, which was accumulated after the Great East Japan Earthquake of March 2011, and a decrease in provision of policy reserves for minimum guarantees for variable life insurance.

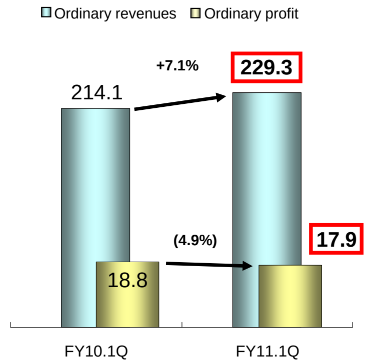
- Non-life Insurance: Ordinary revenues increased year on year, due to increased net premiums written, as the number of insurance policies in force grew primarily for automobile insurance. Ordinary profit increased owing primarily to a rise in ordinary revenues and a lower provision of reserve for outstanding losses.

- Banking: Ordinary revenues decreased, owing mainly to a decrease in gains on foreign exchange transactions. Ordinary profit increased due to an increased gross operating profit reflecting a decrease in interest expenses on yen deposits and an increase in interest income on loans led by the growing balance of mortgage loans. The increase in gross operating profit offset the negative impact of higher general and administrative expenses led primarily by personnel reinforcement of the full-scale entry into credit card business.

- Consolidated ordinary revenues increased 6.8% year on year, to ¥256.8 billion, however, consolidated ordinary profit decreased 1.1%, to ¥19.3 billion. Net income increased 4.9%, to ¥10.8 billion

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

Sony Financial Holdings



(Billions of yen)

◆Ordinary revenues increased but ordinary profit decreased year on year.
◆Income from insurance premiums increased due to a steady increase in the policy amount in force.
◆Investment income decreased mainly due to lower gains on sale of securities, reflecting the process of shifting its bond holdings to ultralong-term bonds to reduce interest rate risk, which offset the positive impact of higher interest income and dividends in the general account assets.
◆Ordinary profit decreased slightly due mainly to lower gains on sale of securities, which offset the positive impact of a partial reversal of reserve for outstanding claims, which was accumulated after the Great East Japan Earthquake of March 2011, and a decrease in provision of policy reserves for minimum guarantees for variable life insurance.

(Billions of yen)	FY10.1Q	FY11.1Q	Change	
Ordinary revenues	214.1	**229.3**	+15.2	+7.1%
Income from insurance premiums	182.6	**194.6**	+11.9	+6.6%
Investment income	30.3	**29.0**	(1.3)	(4.3%)
Interest income and dividends	20.5	**23.2**	+2.6	+13.0%
Income from monetary trusts, net	2.3	**1.3**	(1.0)	(43.6%)
Gains on sale of securities	7.4	**0.5**	(6.9)	(93.1%)
Gains on separate accounts, net	–	**3.9**	+3.9	–
Ordinary expenses	195.2	**211.3**	+16.1	+8.3%
Insurance claims and other payments	67.7	**71.3**	+3.5	+5.3%
Provision for policy reserves and others	67.2	**108.1**	+40.8	+60.8%
Investment expenses	32.9	**3.0**	(29.8)	(90.6%)
Losses on sale of securities	0.4	**0.4**	(0.0)	(9.1%)
Losses on separate accounts, net	30.0	**–**	(30.0)	(100.0%)
Operating expenses	23.8	**25.1**	+1.2	+5.2%
Ordinary profit	18.8	**17.9**	(0.9)	(4.9%)
Net income	10.1	**10.1**	+0.0	+0.1%

(Billions of yen)	10.6.30	11.3.31	11.6.30	Change from 11.3.31	
Securities	3,646.2	4,017.5	**4,119.0**	+101.4	+2.5%
Policy reserves	4,052.1	4,371.4	**4,479.6**	+108.1	+2.5%
Total net assets	205.2	215.3	**228.4**	+13.0	+6.1%
Net unrealized gains on other securities	26.2	7.0	**18.9**	+11.9	+170.4%
Total assets	4,343.1	4,723.3	**4,807.7**	+84.3	+1.8%
Separate account assets	349.4	398.1	**408.6**	+10.5	+2.6%

Highlights of Sony Life's operating performance (non-consolidated basis) are shown here.

Sony Life's ordinary revenues increased 7.1% year on year, to ¥229.3 billion. Income from insurance premiums increased owing to a steady increase in the policy amount in force.

Income from insurance premiums grew 6.6% from the same period of the previous fiscal year, to ¥194.6 billion.

Investment income decreased 4.3% year on year, to ¥29.0 billion, mainly due to lower gains on sale

of securities, which offset the positive impact of an improved investment performance on separate account assets and higher interest income and dividends in the general account assets.

Investment expenses decreased 90.6% year on year to ¥3.0 billion due mainly to the improved investment performance on separate account assets.

Ordinary profit decreased 4.9% year on year to ¥17.9 billion, owing to lower gains on sale of

securities, which offset the positive impact of a partial reversal of reserve for outstanding claims, which was accumulated after the Great East Japan Earthquake of March 2011, and a decrease in provision of policy reserves for minimum guarantees for variable life insurance.

Consequently, net income remained on the same level as a year earlier, at ¥10.1 billion.

Overview of Performance: Sony Life (Non-consolidated)

Sony Financial Holdings

(Billions of yen)	FY10.1Q	FY11.1Q	Change
New policy amount	1,065.3	1,054.4	(1.0%)
Lapse and surrender amount	527.8	530.3	+0.5%
Lapse and surrender rate	1.58%	1.53%	(0.05pt)
Policy amount in force	33,819.2	35,073.4	+3.7%
Annualized premiums from new policies	18.1	17.1	(5.1%)
Of which, third-sector products	4.1	4.2	+2.5%
Annualized premiums from insurance in force	582.4	611.5	+5.0%
Of which, third-sector products	135.0	143.1	+6.0%

(Billions of yen)	FY10.1Q	FY11.1Q	Change
Gains from investment, net (General account)	27.4	21.9	(20.0%)
Core profit	11.7	19.2	+62.9%
Negative spread	2.6	1.3	(50.0%)

	10.6.30	11.3.31	11.6.30	Change from 11.3.31
Solvency Margin Ratio	2,810.0%	2,900.1%	3,024.0%	+123.9pt

(Reasons for changes)

- Decreased, due mainly to lower sales of family income insurance, which is life insurance with disability benefit.
- Decreased due to the lowering lapse and surrender rates, mainly in family income insurance, which is life insurance with disability benefit.
- Decreased, due mainly to lower sales of educational endowment insurance and cancer hospitalization insurance.
- Increased, due mainly to higher sales of nursing-care insurance and living benefit insurance
- Decreased due to lower gains on sale of securities despite an increase in interest income and dividends.
- Increased reflecting the positive impact of a partial reversal of reserve for outstanding claims, which was accumulated after the Great East Japan Earthquake of March 2011, a decrease in provision of policy reserves for minimum guarantees for variable life insurance, and a decline in negative spread.

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.

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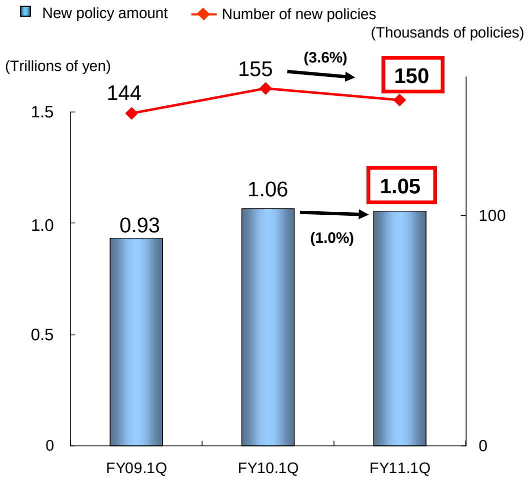
Here is an overview Sony Life's performance.

Sony Life Operating Performance (1)

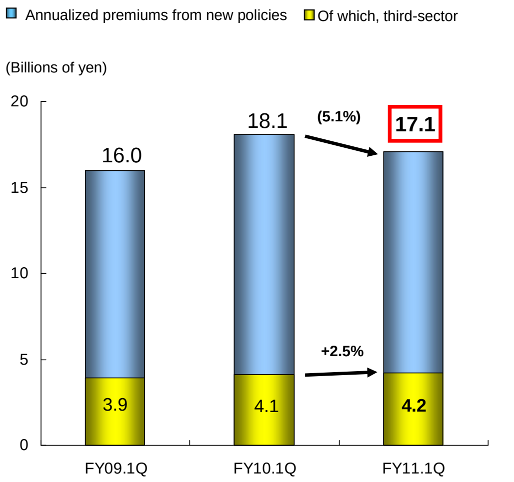
Sony Financial Holdings

Number and Amount of 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.

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



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

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(Left-hand graph)

New policy amount for the total of individual life insurance and individual annuities decreased 1.0% year on year, to ¥1,054.4 trillion, due mainly to lower sales of family income insurance, which is life insurance with disability benefit. However, sales of term life insurance, living benefit insurance and nursing-care insurance increased.

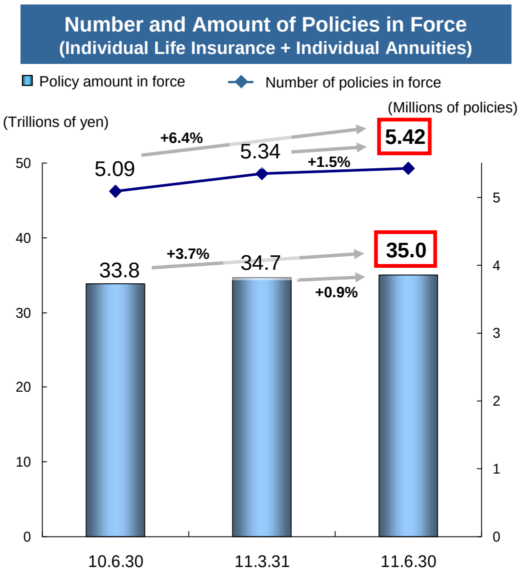
The number of new policies decreased 3.6% year on year, to 150 thousand policies.

(Right-hand graph)

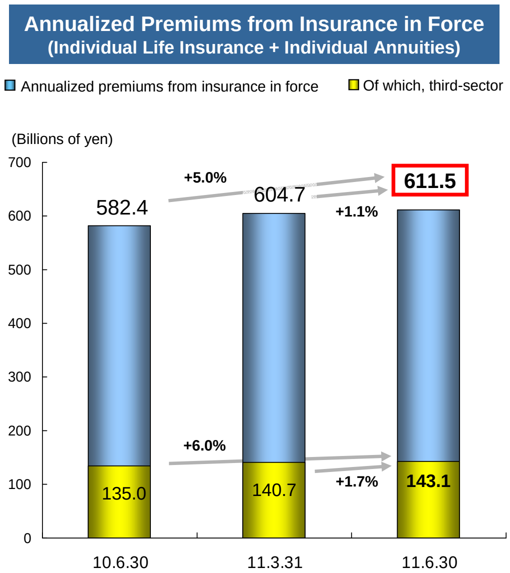
Annualized premiums from new policies decreased 5.1%, to ¥17.1 billion, due mainly to lower sales of educational endowment insurance and cancer hospitalization insurance. Of which, third-sector insurance products such as living benefit and nursing-care insurance increased 2.5% year on year, to ¥4.2 billion reflecting favorable sales of those products.

Sony Life Operating Performance (2)

Sony Financial Holdings



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



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

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(Left-hand graph)

Policy amount in force for the total of individual life insurance and individual annuities grew steadily, to ¥35 trillion as of June 30, 2011, up 3.7% from June 30, 2010. The number of policies in force increased 6.4% from June 30, 2010, to 5.42 million policies.

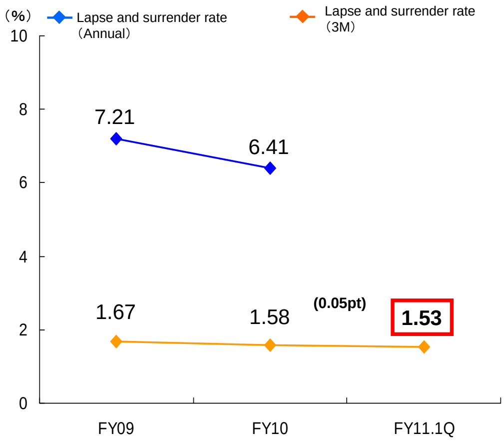
(Right-hand graph)

Annualized premiums from total policies as of June 30, 2011, were up 5.0% from June 30, 2010 totaling ¥611.5 billion. Of this amount, the figure for third-sector products was up 6.0% from June 30, 2010, to ¥143.1 billion.

Sony Life Operating Performance (3)

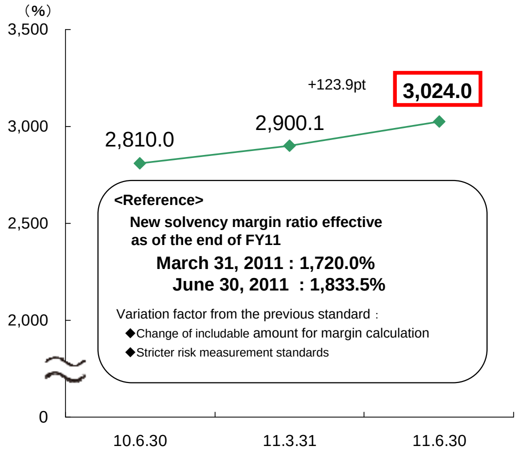
Sony Financial Holdings

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



*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.

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 March 31and June 30, 2011.
* New solvency margin ratio for Sony Life is also on P 34.

Percentage change figures are rounded

(Left-hand graph)

The lapse and surrender rate for the year three months ended June 30, 2011 decreased 0.05 percentage point year on year, to 1.53%, due mainly to the lowering lapse and surrender rates primarily for family income insurance, which is life insurance with disability benefit.

(Right-hand graph)

As of June 30, 2011 , Sony Life’s solvency margin ratio was 3,024.0%, up 123.9 percentage points from March 31, 2011.

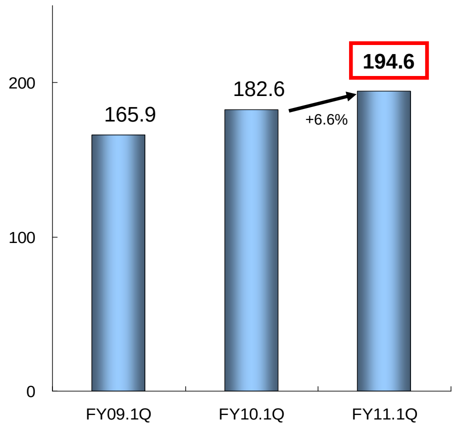
The new solvency margin ratio is indicated for reference. The reasons for the decrease from the current standard are a change of includable amount for margin calculation and stricter risk measurement standards.

Sony Life Operating Performance (4)

Sony Financial Holdings

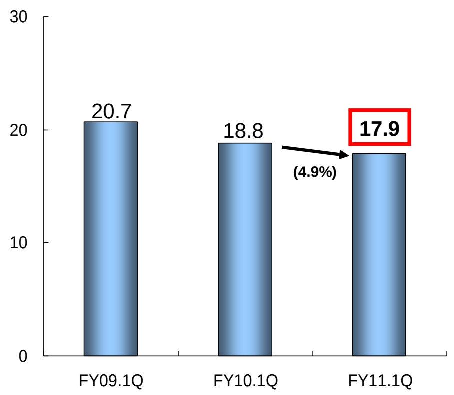
Income from Insurance Premiums

(Billions of yen)



Ordinary Profit

(Billions of yen)

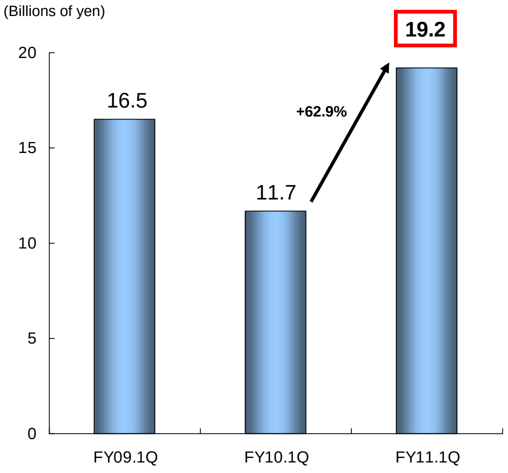


Line item amounts are truncated below ¥100 million; percentage figures are rounded.

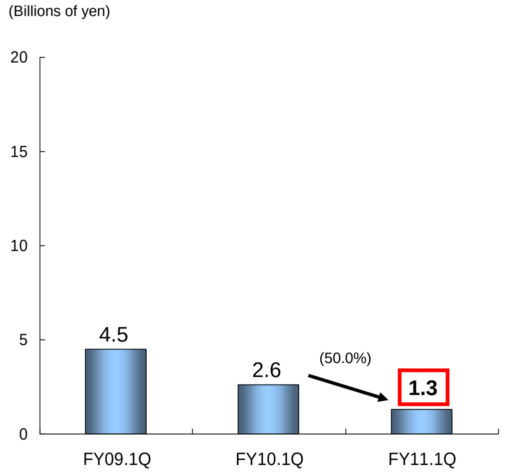
Sony Life Operating Performance (5)

Sony Financial Holdings

Core Profit



Negative Spread



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

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(Left-hand graph)

Core profit increased 62.9% to ¥19.2 billion year on year, reflecting positive impact of a partial reversal of reserve for outstanding claims, which was accumulated after the Great East Japan Earthquake of March 2011, a decrease in provision of policy reserves for minimum guarantees for variable life insurance, and a decease in negative spread.

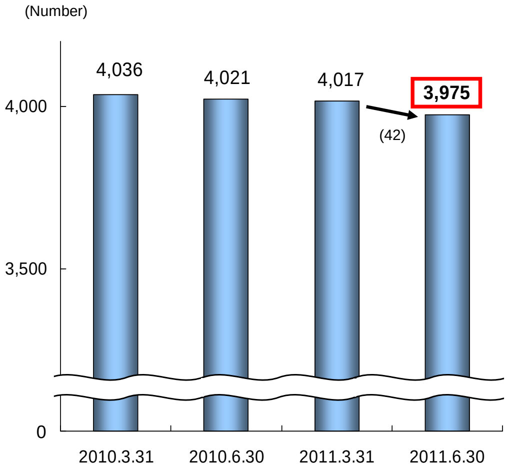
(Right-hand graph)

In line with the increase in interest income and dividends, the negative spread declined 50.0% year on year, to ¥1.3 billion.

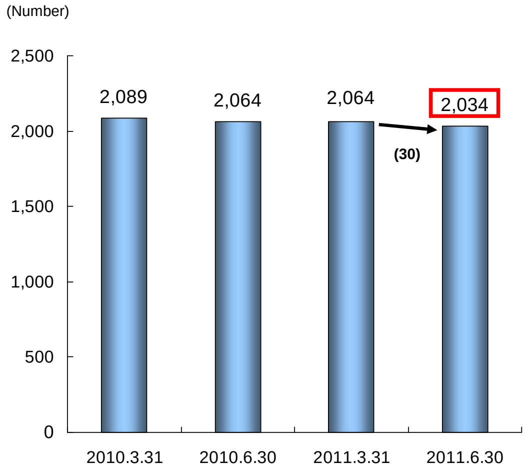
Sony Life Operating Performance (6)

Sony Financial Holdings

Number of Lifeplanner Sales Employees



Number of Independent Agents



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

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(Left-hand graph)

The number of Lifeplanner sales employees as of June 30, 2011, was 3,975, down 42 from March 31, 2011. This decrease was the result of a lower number of new recruits due to the revised recruitment standards, and a higher number of resignations.

(Right-hand graph)

The number of independent agents decreased 30 from March 31, 2010, to 2,034.

Sony Life Operating Performance (7)

Sony Financial Holdings

Breakdown of General Account Assets

(Billions of yen)	10.3.31		11.6.30	
	Amount	%	Amount	%
Japanese government and corporate bonds	3,499.9	80.9%	**3,586.6**	**81.5%**
Japanese stocks	64.0	1.5%	**62.2**	**1.4%**
Foreign securities	44.2	1.0%	**52.7**	**1.2%**
Foreign stocks	30.0	0.7%	**30.2**	**0.7%**
Monetary trusts	276.4	6.4%	**280.3**	**6.4%**
Policy loans	134.4	3.1%	**134.5**	**3.1%**
Real estate	75.1	1.7%	**74.5**	**1.7%**
Cash and call loans	80.0	1.9%	**68.1**	**1.5%**
Others	120.9	2.8%	**109.4**	**2.5%**
Total	4,325.2	100.0%	**4,399.1**	**100.0%**

<Asset management review>

■**Japanese government and corporate bonds: Continue to accumulate ultralong-term bonds in FY11.**

<Lengthened asset duration>

10.3.31 17.6 years
11.3.31 18.5 years
11.6.30 18.5 years

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

■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 June 30, 2011: 87.9%, (As of March 31, 2011: 87.3%)

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Here is a breakdown of Sony Life's general account assets as of June 30, 2011, compared with March 31, 2011.

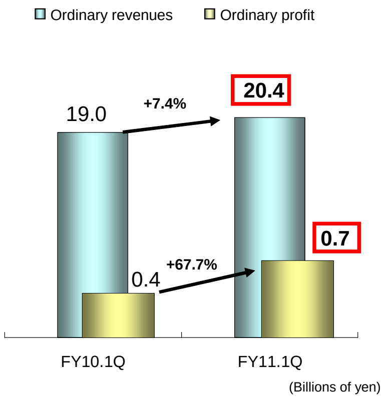
As Sony Life continued its investment in ultralong-term bonds, mainly Japanese government and corporate bonds, their ratio rose to 87.9% as of June 30, 2011.

As a result of these efforts, Sony Life's asset duration become 18.5 years as of June 30, 2011.

Going forward, Sony Life will mitigate interest rate risk by investing most new money acquired in ultralong-term bonds.

Highlights of Operating Performance: Sony Assurance

Sony Financial Holdings



(Billions of yen)	FY10.1Q	FY11.1Q	Change	
Ordinary revenues	19.0	20.4	+1.4	+7.4%
Underwriting income	18.8	20.2	+1.3	+7.1%
Investment income	0.1	0.2	+0.0	+21.2%
Ordinary expenses	18.5	19.6	+1.0	+5.9%
Underwriting expenses	14.3	15.1	+0.7	+4.9%
Investment expenses	–	0.0	+0.0	–
Operating, general and administrative expenses	4.1	4.5	+0.4	+9.6%
Ordinary profit	0.4	0.7	+0.3	+67.7%
Net income	0.2	0.4	+0.2	+73.1%

- ◆Ordinary revenues and ordinary profit increased 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 increased due to a rise in ordinary revenues and a lower provision of reserve for outstanding losses.

(Billions of yen)	10.6.30	11.3.31	11.6.30	Change from 11.3.31	
Underwriting reserves	61.3	64.0	67.1	+3.0	+4.7%
Total net assets	15.7	16.7	17.2	+0.4	+3.0%
Total assets	101.3	109.3	112.2	+2.8	+2.6%

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

Sony Assurance posted a 7.4% increase in ordinary revenues year on year, to ¥20.4 billion, due to increased net premiums written, as the number of insurance policies in force grew in its mainstay automobile insurance.

Ordinary profit increased 67.7% year on year, to ¥0.7 billion due to a rise in ordinary revenues and a lower provision of reserve for outstanding losses.

Net income increased 73.1% year on year, to ¥0.4 billion.

Overview of Performance: Sony Assurance

Sony Financial Holdings

(Billions of yen)	FY10.1Q	FY11.1Q	Change
Direct premiums written	18.7	**20.0**	+6.9%
Net premiums written	18.8	**20.2**	+7.1%
Net losses paid	9.2	**10.2**	+10.8%
Underwriting profit	0.3	**0.5**	+78.6%
Net loss ratio	55.2%	**56.9%**	+1.7pt
Net expense ratio	23.9%	**24.6%**	+0.7pt
Combined ratio	79.1%	**81.4%**	+2.3pt

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.

(Reasons for changes)

- Increased, owing to an increase in the number of policies in force for automobile insurance.
- Increased, owing mainly to an increase in the number of policies in force for automobile insurance.
- Increased, due primarily to the planned reinforcement of corporate systems and infrastructure based on the expected expansion of business operations.
- Increased, due to an increase in the number of policies in force for automobile insurance.

	10.6.30	11.3.31	11.6.30	Change from 11.3.31	
Number of policies in force	1.3 million	1.38 million	**1.41 million**	+0.02 million	+2.0%
Solvency margin ratio	1,029.7%	981.4%	**996.5%**	+15.1pt	

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.

Here is an overview of Sony Assurance's performance.

Sony Assurance's Underwriting Performance by Type of Policy

Sony Financial Holdings

Direct Premiums Written

(Millions of yen)	FY10.1Q	FY11.1Q	Change
Fire	31	32	+3.1%
Marine	–	–	–
Personal accident*	1,767	1,805	+2.2%
Voluntary automobile	16,938	18,184	+7.4%
Compulsory automobile liability	–	–	–
Total	18,737	20,022	+6.9%

Net Premiums Written

(Millions of yen)	FY10.1Q	FY11.1Q	Change
Fire	1	61	+3,516.4%
Marine	3	2	(27.3%)
Personal accident*	1,824	1,875	+2.8%
Voluntary automobile	16,871	18,117	+7.4%
Compulsory automobile liability	158	150	(5.6%)
Total	18,860	20,208	+7.1%

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

Net losses paid

(Millions of yen)	FY10.1Q	FY11.1Q	Change
Fire	0	7	+65,393.4%
Marine	3	8	+159.1%
Personal accident*	378	426	+12.8%
Voluntary automobile	8,732	9,627	+10.3%
Compulsory automobile liability	153	197	+28.8%
Total	9,266	10,267	+10.8%

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

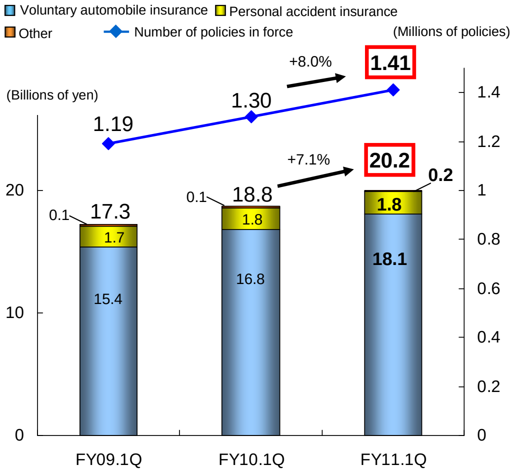
17

This slide shows direct premiums written, net premiums written and net losses paid by type.

Sony Assurance Operating Performance (1)

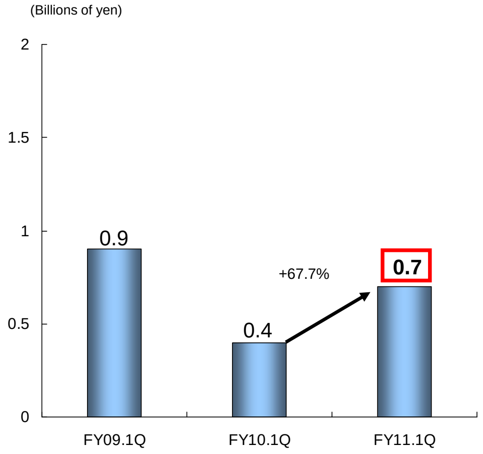
Sony Financial Holdings

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.

(Left-hand graph)

Number of policies in force for the total of automobile insurance and medical and cancer insurance increased steadily, rising 8.0% year on year, to 1.41 million policies.

Net premiums written posted a 7.1% year-on-year increase, to ¥20.2billion.

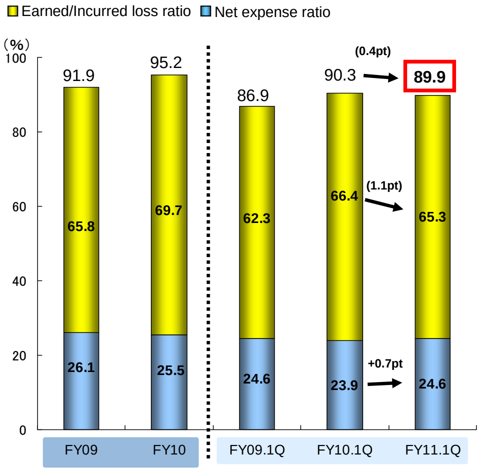
(Right-hand graph)

Ordinary profit increased year on year, as described in the previous pages.

Sony Assurance Operating Performance (2)

Sony Financial Holdings

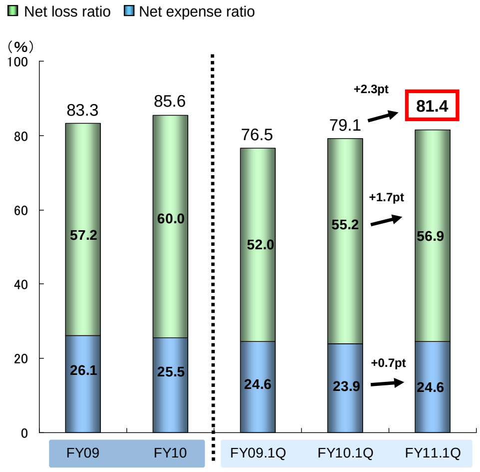
Net Expense Ratio + Earned/Incurred Loss Ratio



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.

19

(Left-hand graph)

To help you understand the actual condition of Sony Assurance, which is in a growth phase, we show the earned/incurred loss ratio, which is the accrual-basis loss ratio.

For the three months ended June 30, 2011, the E.I. loss ratio decreased 1.1 percentage point year on year, to 65.3%, due mainly to a decrease in the provision for reserve for outstanding losses.

The net expense ratio increased 0.7 percentage point, to 24.6%, due to the reinforcement of corporate systems and infrastructure based on the expansion of business operations.

(Right-hand graph)

The net loss ratio rose 1.7 percentage point compared with the same period of the previous fiscal year, to 56.9%, due to an increased amount of net loss paid in line with increasing number of policies in force.

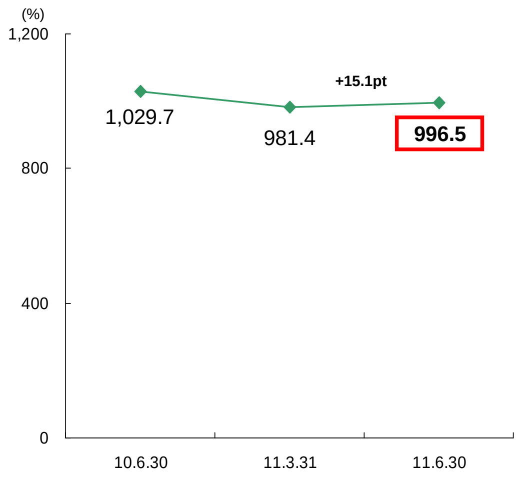
This is different from the E.I. loss ratio, which reflects an increase or a decrease in provision for reserve for outstanding losses.

As a result, the combined ratio (the sum of the net loss ratio and the net expense ratio) rose 2.3 percentage points year on year, to 81.4%.

Sony Assurance Operating Performance (3)

Sony Financial Holdings

Solvency Margin Ratio



<Reference>

New solvency margin ratio effective as of the end of FY11

March 31, 2011 : 631.0%

June 30, 2011 : 640.3%

Variation factor from the previous standard

◆Stricter risk measurement standards

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 March 31, and June 30, 2011.

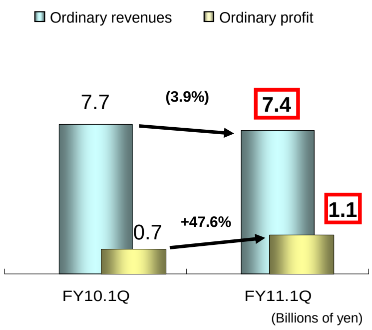
20

As of June 30, 2011, Sony Assurance's solvency margin ratio was 996.5%, up 15.1 percentage points from March 31, 2011.

The new solvency margin ratio is indicated for reference. The reason for the decrease from the current standard is the stricter risk measurement standards.

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

Sony Financial Holdings



(Billions of yen)	FY10.1Q	FY11.1Q	Change	
Ordinary revenues	7.7	**7.4**	(0.3)	(3.9%)
Gross operating profit	4.0	**4.5**	+0.4	+10.6%
Net interest income	3.1	**3.8**	+0.6	+21.5%
Net fees and commissions	0.06	**0.06**	+0.00	+0.1%
Net other operating income	0.8	**0.5**	(0.2)	(30.6%)
General and administrative expenses	3.1	**3.3**	+0.1	+6.1%
Ordinary profit	0.7	**1.1**	+0.3	+47.6%
Net income	0.3	**0.6**	+0.2	+76.0%
Net operating profit	0.8	**1.1**	+0.3	+38.9%

- ◆Ordinary revenues decreased but ordinary profit increased year on year.
- ◆Gross operating profit increased ¥0.4 billion year on year due mainly to an increase in net interest income.
  - Net interest income increased ¥0.6 billion owing primarily to a decrease in interest expenses on yen deposits and an increase in interest income on loans led by the growing balance of mortgage loans.
  - Net other operating income decreased ¥0.2 billion reflecting lower gains on bond dealing transactions.
- ◆Net operating profit increased, owing to an increase in gross operating profit, which offset the negative impact of higher general and administrative expenses.
- ◆Customer assets increased ¥16.6 billion from March 31, 2011, of which deposit balance increased ¥15.4 billion.

(Billions of yen)	10.6.30	11.3.31	11.6.30	Change from 11.3.31	
Securities	903.0	940.1	**930.3**	(9.7)	(1.0%)
Loans	600.9	722.4	**748.3**	+25.8	+3.6%
Deposits	1,517.1	1,649.1	**1,664.5**	+15.4	+0.9%
Customer assets	1,613.0	1,755.5	**1,772.2**	+16.6	+0.9%
Total net assets	58.2	59.9	**61.2**	+1.2	+2.1%
Net unrealized gains (losses) on other securities (net of taxes)	1.0	0.4	**1.4**	+1.0	+250.2%
Total assets	1,637.3	1,761.8	**1,782.5**	+20.7	+1.2%

Line item amounts are truncated below ¥100 million (excluding net fees and commissions); percentage change figures are rounded.

21

Highlights of Sony Bank's operating performance (non-consolidated basis) are shown here.

Sony Bank's ordinary revenues decreased 3.9% year on year, to ¥7.4 billion, owing primarily to a decrease in gains on foreign exchange transactions.

Gross operating profit increased 10.6% from a year earlier, to ¥4.5 billion, reflecting an increase in net interest income led primarily by a decrease in interest expenses on yen deposits and an increase in interest income on loans led by the growing balance of mortgage loans.

General and administrative expenses expanded 6.1% year on year, to ¥3.3 billion, due to the personnel reinforcement associated with the full scale entry into credit card business.

As a result, ordinary profit increased ¥47.6%, to ¥1.1 billion.

Net income amounted to ¥0.6 billion, up 76.0% from the same period of the previous fiscal year, due to higher ordinary profit .

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

Sony Financial Holdings

	10.6.30	11.3.31	11.6.30	Change	
Customer assets	1,613.0	1,755.5	**1,772.2**	+16.6	+0.9%
Deposits	1,517.1	1,649.1	**1,664.5**	+15.4	+0.9%
Yen	1,189.1	1,289.8	**1,299.4**	+9.6	+0.7%
Foreign currency	327.9	359.2	**365.0**	+5.8	+1.6%
Investment trusts	95.9	106.4	**107.6**	+1.1	+1.1%
Loans outstanding	600.9	722.4	**748.3**	+25.8	+3.6%
Mortgage loans	562.4	656.0	**676.1**	+20.0	+3.1%
Others	38.4	66.4	**72.1*1**	+5.7	+8.7%
Number of accounts (thousands)	809	859	**869**	+10	+1.2%
Capital adequacy ratio (*2) (domestic criteria)	12.20%	10.84%	**10.65%**	(0.19pt)	

*1 Loans in others include corporate loans of ¥64.4 billion.

*2 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P26.

(Reasons for changes)

- 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.

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

22

Here is an overview of Sony Bank's performance.

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

Sony Financial Holdings

<Reference> On Managerial Accounting Basis

(Billions of yen)	FY10.1Q	FY11.1Q	Change	
Gross operating profit	4.0	**4.5**	+0.4	+10.6%
Net interest income *1 ①	3.4	**4.2**	+0.8	+22.9%
Net fees and commissions *2 ②	0.4	**0.3**	(0.1)	(25.7%)
Net other operating income *3	0.1	**(0.0)**	(0.2)	—
Gross operating profit (core profit) (A) = ①+②	3.9	**4.6**	+0.6	+17.8%
Operating expenses and other expenses ③	3.2	**3.3**	+0.1	+3.2%
Net operating profit (core profit) = (A)−③	0.6	**1.2**	+0.5	+88.9%

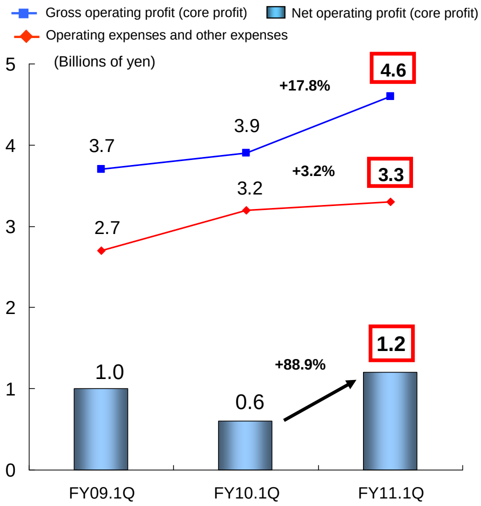
●**Managerial accounting basis**
The following adjustments are made to the figures on a financial accounting basis to account for profits and losses more appropriately.

*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.

23

We break down gross operating profit on a managerial accounting basis to facilitate an understanding of operational sources of revenue and profits.

(Left-hand table)

Net interest income on a managerial accounting basis increased ¥0.8 billion year on year, to ¥4.2 billion, due to a growing balance of assets, especially mortgage loans, and improved interest spread.

Net fees and commissions amounted to ¥0.3 billion, down ¥0.1 billion, owing primarily to a decrease in profits on customer dealings in foreign currency transactions stemming from adverse foreign exchange market conditions.

Net other operating income decreased ¥0.2 billion reflecting lower gains on bond dealing transactions.

Consequently, gross operating profit on a core profit basis increased ¥0.6 billion year on year, to ¥4.6 billion.

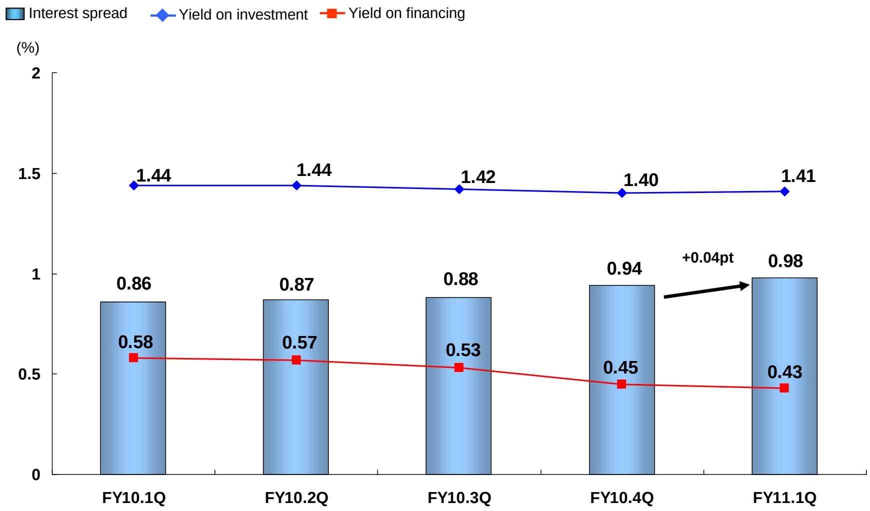
(Right-hand graph)

Net operating profit on a core profit basis increased ¥0.5 billion year on year, to ¥1.2 billion.

Sony Bank Operating Performance (1)

Sony Financial Holdings

<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.

24

This chart shows the interest spread on a managerial accounting basis.

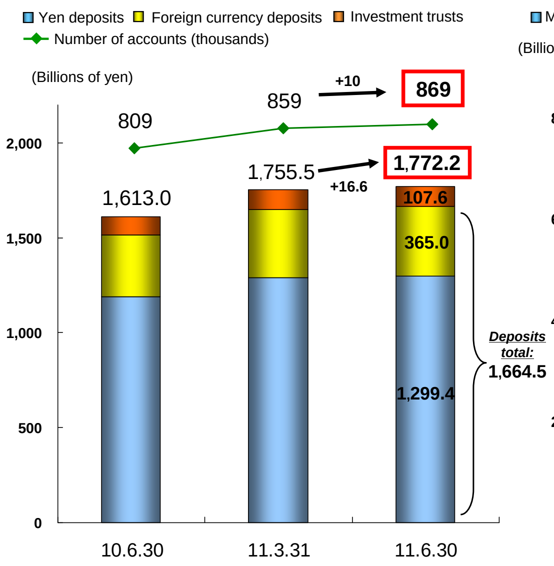
The yield on investment for FY11. 1Q, was at 1.41%. The yield on financing dropped to 0.43%.

Interest spread has increased and reached 0.98% for FY11.1Q, up 0.04 percentage point from FY10.4Q.

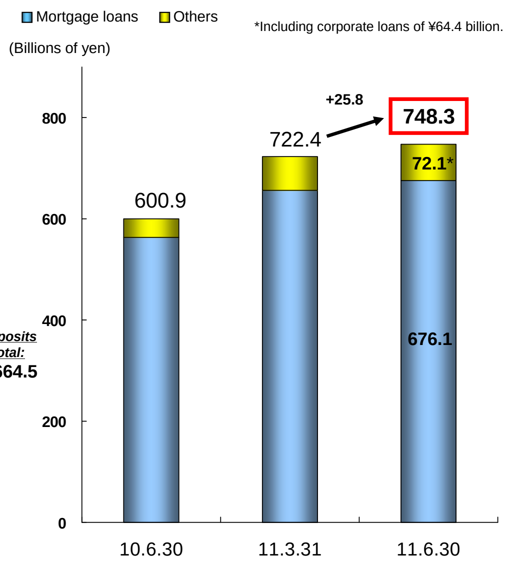
Sony Bank Operating Performance (2)

Sony Financial Holdings

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.

25

(Left-hand graph)

As of June 30, 2011, customer assets (the sum of deposits and investment trusts) were up ¥16.6 billion from March 31, 2011, to ¥1,772.2 billion.

As for the breakdown of customer assets as of June 30, 2011, deposits (the sum of Japanese yen and foreign currency deposits) amounted to ¥1,664.5 billion, up ¥15.4 billion from March 31, 2011.

Of which foreign currency deposit increased ¥5.8 billion 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.

Investment trusts were ¥107.6 billion, up ¥1.1 billion from March 31, 2011.

As of June 30, 2011, the number of accounts was 869 thousand, up 10 thousand accounts from March 31, 2011.

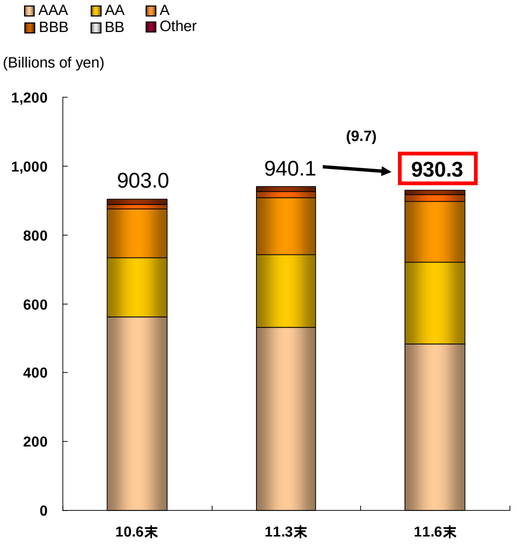
(Right-hand graph)

Loans expanded to ¥748.3 billion, up ¥25.8 billion, from March 31, 2011, owing to a growing balance of mortgage loans, as well as an increase in corporate loans.

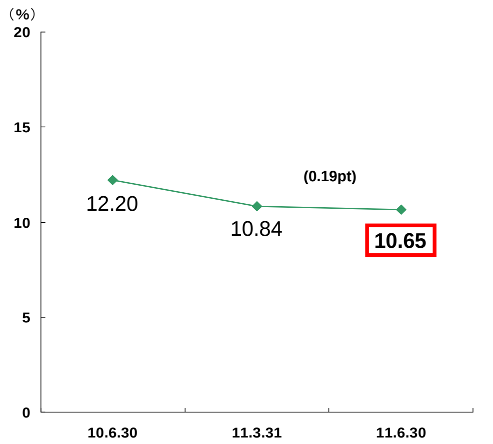
Sony Bank Operating Performance (3)

Sony Financial Holdings

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 Act of Japan, in accordance with Financial Services Agency of Japan ("FSA") public ministerial announcement No. 19 of 2006.

Amounts are truncated below ¥100 million.

26

(Left-hand graph)

As of June 30, 2011, the balance of securities decreased ¥9.7 billion, to ¥930.3 billion from March 31, 2011.

Sony Bank continuously invests in highly rated bonds.

(Right-hand graph)

As of June 30, 2011, Sony Bank's non-consolidated capital adequacy ratio (domestic criteria) was 10.65%, down 0.19 percentage point from March 31, 2011. These figures indicate that Sony Bank has maintained a sound financial basis.

Consolidated Financial Forecast for the Year Ending March 31, 2012

Consolidated Financial Forecast for the Year Ending March 31, 2012

Sony Financial Holdings

	FY10 Actual	1H FY11 Forecast	FY11 Forecast	Change FY10 actual vs. FY11 forecast
Consolidated ordinary revenues	1,002.2	497.0	1,022.0	+ 2.0%
Life insurance business	900.3	442.0	909.3	+ 1.0%
Non-life insurance business	74.1	40.1	80.4	+ 8.4%
Banking business	29.5	15.8	32.8	+ 11.0%
Consolidated ordinary profit	76.8	27.0	59.0	(23.2%)
Life insurance business	72.1	25.0	53.0	(26.6%)
Non-life insurance business	2.1	(change) 0.3 → 0.7	2.6	+ 21.2%
Banking business	2.4	1.7	4.1	+ 70.3%
Consolidated net income	41.7	13.0	29.0	(30.5%)

SFH's forecast of consolidated financial results for the six months ending September 30, 2011 and for the fiscal year ending March 31, 2012, is unchanged from the forecast announced on May 20, 2011.

■**Life insurance business**

Ordinary revenues for FY11 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 FY10, 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 FY11.

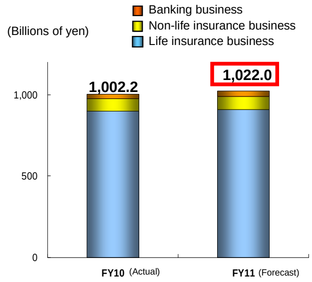
■Non-life insurance business

Ordinary revenues for FY11 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.

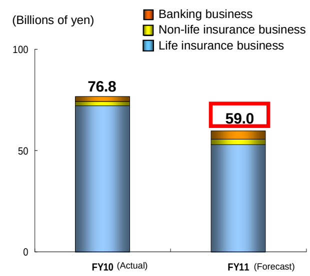
■Banking Business

Ordinary revenues for FY11, 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 development.

Consolidated Ordinary Revenues



Consolidated Ordinary Profit



(Billions of yen; amounts are truncated below ¥100 million; percentage changes are rounded.)

Here is our consolidated financial forecast for the fiscal year ending March 31, 2012.

SFH's forecast of consolidated financial results for the six months ending September 30, 2011 and for the fiscal year ending March 31, 2012, is unchanged from the forecast announced on May 20, 2011.

SFH's consolidated financial results forecast for the fiscal year ending March 31, 2012 is as follows.

We expect consolidated ordinary revenues to increase 2.0%, to ¥1,022.0 billion, compared with the period ended March 31, 2011, owing to steady business expansion in all three business segments. Despite an anticipated increase in ordinary revenues, we expect consolidated ordinary profit and net income to decrease 23.2%, to ¥59.0 billion, and 30.5%, to ¥29.0 billion, respectively. During the fiscal year ended March 31, 2011, the Group recorded net capital gains of ¥23.8 billion in the life insurance business, reflecting the process of shifting bond holdings to ultralong-term bonds to reduce interest rate risk. However, we do not anticipate gains on sale of securities for the year ending March 31, 2012.

Appendix

Appendix

Recent Topics 1

Sony Financial Holdings

AEGON SONY LIFE INSURANCE Sales Update

AEGON Sony Life

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: Individual Variable Annuities (5 types, 6 products)

Sales Channels: Lifeplanner sales employees and partner Banks (7*) As of August 12, 2011

Financial Highlights for the FY11.1Q:

Number of new policies: 219, New policy amount: ¥1.6 billion

Number of policies in force: 1,425 policies, Policy amount in force: ¥15.2 billion

Sony Bank's Mortgage Loans through Sony Life

Sony Life ⇔ Sony Bank

Sony Life accounts for 24% of the balance of mortgage loans as of June 30, 2011

Sony Life accounts for 27% of the amount of new mortgage loans for FY11.1Q

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

Sony Assurance's Auto Insurance Sold by Sony Life

Sony Life ⇔ Sony Assurance

Sony Life accounts for approx. 5% of new automobile policies for FY11.1Q

* Sony Life started handling automobile insurance in May 2001.

(Recent Topics 1)

Recent Topics 2

Sony Financial Holdings

<Highlights for FY11.1Q>

2011-4-01	Sony Assurance declared conformity with the ISO 10002 International Standard for Complaints Management Systems
2011-4-28	Sony Assurance began offering a free application, “Trouble Navigation” to smart phone users
2011-5-01	Sony Bank entered credit card business; began issuing “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
2011-7-01	Sony Bank acquired a 57% equity interest in SmartLink Network, Inc., an industry-leading provider of credit card settlement services
2011-8-01	Sony Bank added three monthly-dividend-type funds and an equity fund to its investment trust lineups
	AEGON Sony Life Insurance began offering new individual variable annuity products, Winning Road II (GLWB type 2011) and W Account II (GMAB Type 2011)
2011-8-03	Sony Assurance began offering a free application, “Drivers' Navigation” to smart phone users
2011-8-08	Sony Bank began offering new mortgage loan, named *"Variable Select Mortgage Loan"*

(Recent Topics 2)

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

Sony Financial Holdings

Fair Value Information on Securities

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

(Billions of yen)

	10.6.30			10.9.30			10.12.31			11.3.31			11.6.30		
	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	2,477.9	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)	2,963.6	3,026.9	63.2
Available-for-sale securities	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	969.1	1,011.4	42.3
Japanese government and corporate bonds	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	909.9	947.5	37.6
(CBs)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Japanese stocks	51.9	53.2	1.2	51.8	52.9	1.1	51.7	57.4	5.6	49.8	53.7	3.8	47.4	51.9	4.4
Foreign securities	2.0	2.0	(0.0)	–	–	–	–	–	–	1.9	1.8	(0.0)	10.3	10.2	(0.1)
Other securities	11.9	12.1	0.2	12.1	12.3	0.1	12.3	13.8	1.4	3.8	4.6	0.7	1.3	1.7	0.3
Total	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	3,932.7	4,038.4	105.6

●Valuation gains (losses) on trading-purpose securities

(Billions of yen)

10.6.30		10.9.30		10.12.31		11.3.31		11.6.30	
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
–	–	–	–	–	–	–	–	–	–

Notes:
1) Line item amounts are truncated below ¥100 million.
2) Amounts above include those categorized as "monetary trusts."

(Sony Life: Fair Value Information on Securities)

Sony Life's Breakdown of Net Assets

Sony Financial Holdings

Net Assets on BS, Real Net Assets and Solvency Margin

(Billions of yen)

	①Net Assets (B/S)		②Real Net Assets		③Solvency Margin		Notes
	11.3.31	**11.6.30**	11.3.31	**11.6.30**	11.3.31	**11.6.30**	
Total shareholders' equity	209.8	**210.9**	209.8	**210.9**	200.7	**210.9**	③After estimated distributed income deducted
Net unrealized gains on other securities, net of taxes	7.0	**18.9**	7.0	**18.9**	–	**–**	
Net unrealized gains (losses) on available-for-sale securities	–	**–**	–	**–**	20.8	**37.6**	③Before tax x 90%
Land revaluation, net of taxes	(1.4)	**(1.4)**	(1.4)	**(1.4)**	–	**–**	
Reserve for price fluctuations	–	**–**	16.7	**18.6**	16.7	**18.6**	
Contingency reserve	–	**–**	51.5	**52.4**	51.5	**52.4**	
Reserve for possible loan losses	–	**–**	–	**–**	0.0	**0.0**	
Net unrealized gains on real estate	–	**–**	1.9	**1.9**	1.0	**1.0**	②Before tax (after revaluation) ③Before tax (Before revaluation) X85%
Excess amount of policy reserves based on Zillmer method	–	**–**	334.2	**337.9**	334.2	**337.9**	
Unallotted portion of reserve for policyholders' dividends	–	**–**	1.1	**1.0**	1.1	**1.0**	
Future profits	–	**–**	–	**–**	0.6	**0.6**	
Deferred tax assets	–	**–**	–	**–**	63.3	**69.1**	
Unrealized gains (losses) on held-to-maturity bonds	–	**–**	(22.1)	**63.2**	–	**–**	②Before tax
Deferred tax liabilities for available-for-sale securities	–	**–**	8.0	**14.8**	–	**–**	
Total	215.3	**228.4**	606.9	**718.5**	690.3	**729.4**	

Note: Real net assets excluding net unrealized gains (losses) on held-to-maturity securities and on policy reserve matching bonds, are ¥629.1 billion as of March 31, 2011, and ¥655.3 billion as of June 30, 2011.

Amounts are truncated below ¥100 million.

(Sony Life's Breakdown of Net Assets)

Sony Life's Solvency Margin Ratio

Sony Financial Holdings

(Billions of yen)

Category	11.6.30 (Currennt)	11.6.30 (New)
Total solvency margin (A)	729,417	673,940
Common stock, etc	210,963	210,963
Reserve for price fluctuations	18,632	18,632
Contingency reserve	52,405	52,405
Reserve for possible loan losses	0	0
Net unrealized gains on other securities multiplied by 90% if gains or 100% if losses	37,621	37,621
Net unrealized gains on real estate multiplied by 85% if gains or 100% if losses	1,002	1,002
Excess amount of policy reserves based on Zillmer method	337,919	337,919
Unallotted portion of reserve for policyholders' dividends	1,069	1,069
Future profits	628	
Deferred tax assets	69,172	69,172
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		(54,848)
Deductible items	–	–
Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	48,240	73,512
Insurance risk R1	20,227	20,227
Third-sector insurance risk R8	7,348	7,348
Assumed interest rate risk R2	11,649	28,059
Asset management risk R3	17,098	29,066
Business management risk R4	1,310	1,873
Minimum guarantee risk R7	9,224	8,991
Solvency margin ratio [(A)/{(B)×1/2}]×100	3,024.0%	1,833.5%

Note: Cabinet Office Ordinance No. 23 of 2010 and FSA public ministerial announcement No. 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 the end of FY11. The above-stated figures are calculated on the assumption that these changes are applied on June 30, 2011.

Amounts are truncated below ¥100 million.

(Sony Life's Solvency Margin Ratio)

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