

## **Presentation Material**

# **Consolidated Financial Results for the Six Months Ended September 30, 2011**

**Sony Financial Holdings Inc.  
November 14, 2011**



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## Disclaimers:

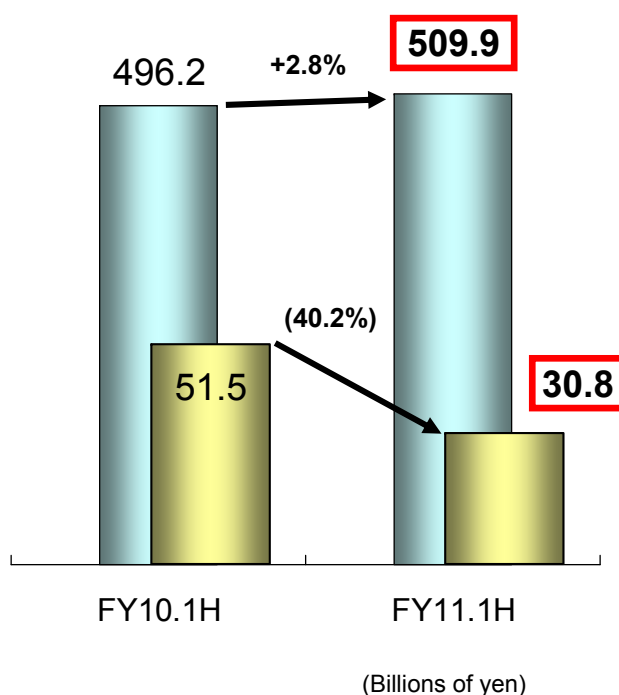
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# **Consolidated Operating Results for the Six Months Ended September 30, 2011**

# Highlights of Consolidated Operating Performance for the Six Months Ended September 30, 2011 (1)



□ Ordinary revenues □ Ordinary profit



		(Billions of yen)	FY10.1H	FY11.1H	Change	
Life insurance business	Ordinary revenues		444.5	<b>454.9</b>	+10.4	+2.4%
	Ordinary profit		49.5	<b>28.1</b>	(21.4)	(43.3%)
Non-life insurance business	Ordinary revenues		37.1	<b>39.9</b>	+2.8	+7.6%
	Ordinary profit		0.6	<b>0.7</b>	+0.0	+9.3%
Banking business	Ordinary revenues		15.4	<b>15.9</b>	+0.5	+3.3%
	Ordinary profit		1.2	<b>1.9</b>	+0.6	+56.7%
Intersegment adjustments*	Ordinary revenues		(0.9)	<b>(0.9)</b>	(0.0)	-
	Ordinary profit		0.0	<b>0.0</b>	(0.0)	(0.7%)
Consolidated	Ordinary revenues		496.2	<b>509.9</b>	+13.7	+2.8%
	Ordinary profit		51.5	<b>30.8</b>	(20.7)	(40.2%)
	Net income		29.4	<b>16.3</b>	(13.0)	(44.4%)

		(Billions of yen)	10.9.30	11.3.31	<b>11.9.30</b>	Change from 11.3.31	
Consolidated	Total assets		6,295.4	6,597.1	<b>6,816.8</b>	+219.7	+3.3%
	Net assets		299.8	294.8	<b>322.5</b>	+27.6	+9.4%

\*Amounts in the Ordinary profit in the "Intersegment adjustments" are mainly from SFH.

\*Comprehensive income: FY10.1H: ¥36.9 billion, FY11.1H: ¥35.1 billion.

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

# Highlights of Consolidated Operating Performance for the Six Months Ended September 30, 2011 (2)



- Life Insurance: Ordinary revenues increased year on year, due to higher income from insurance premiums associated with steady growth in the policy amount in force. Ordinary profit decreased, due to lower gains on sale of securities, reflecting the process of shifting bond holdings to ultralong-term bonds to reduce interest rate risk, whereas insurance claims and other payments relating to the Great East Japan Earthquake were lower than our estimates as of the end of the previous fiscal year.
- Non-life Insurance: Ordinary revenues increased year on year, due to higher net premiums written, as the number of insurance policies in force grew, primarily for automobile insurance. Ordinary profit expanded, due mainly to a rise in ordinary revenues and a reversal of catastrophe reserve, which offset the negative impact of a rise in the loss ratio, driven by higher insurance claim payments for automobile insurance.
- Banking: Ordinary revenues increased year on year, owing to the acquisition of shares in SmartLink Network, Inc. by Sony Bank; ordinary revenues of the newly acquired company are included in the scope of consolidation. Ordinary profit rose, due to a rise in gross operating profit, reflecting a decrease in interest expenses on yen deposits and higher interest income on loans, led by the growing balance of mortgage loans.
- Consolidated ordinary revenues increased 2.8% year on year, to ¥509.9 billion, however, consolidated ordinary profit decreased 40.2%, to ¥30.8 billion. Net income decreased 44.4%, to ¥16.3 billion.
- SFH Group has no GIIPS\* sovereign bonds.

\*As of September 30, 2011

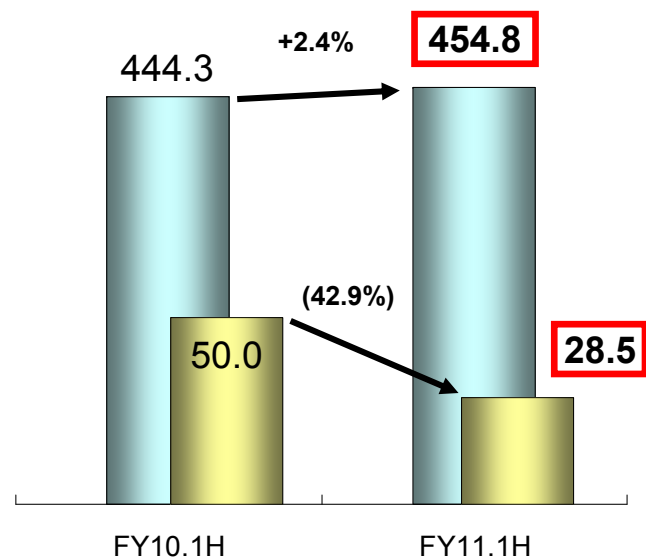
\*GIIPS stands for Greece, Ireland, Italy, Portugal and Spain.

\*Exposure of Sony Life is for general account assets.

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



□ Ordinary revenues □ Ordinary profit



(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 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, although interest income and dividends increased in the general account assets.
- ◆ Ordinary profit decreased due to lower gains on sale of securities, whereas insurance claims and other payments relating to the Great East Japan Earthquake were lower than our estimates as of the end of the previous fiscal year.

(Billions of yen)	FY10.1H	FY11.1H	Change	
<b>Ordinary revenues</b>	444.3	<b>454.8</b>	+10.4	+2.4%
Income from insurance premiums	371.0	<b>395.7</b>	+24.6	+6.7%
Investment income	71.1	<b>52.0</b>	(19.1)	(26.9%)
Interest income and dividends	42.3	<b>47.4</b>	+5.1	+12.1%
Income from monetary trusts, net	4.3	<b>2.6</b>	(1.7)	(39.1%)
Gains on sale of securities	24.4	<b>1.9</b>	(22.5)	(92.2%)
<b>Ordinary expenses</b>	394.3	<b>426.2</b>	+31.9	+8.1%
Insurance claims and other payments	132.0	<b>137.2</b>	+5.2	+4.0%
Provision for policy reserves and others	179.3	<b>200.8</b>	+21.5	+12.0%
Investment expenses	27.1	<b>29.3</b>	+2.2	+8.2%
Losses on sale of securities	0.7	<b>1.5</b>	+0.8	+117.2%
Losses on separate accounts, net	21.4	<b>21.8</b>	+0.4	+2.0%
Operating expenses	49.0	<b>51.5</b>	+2.5	+5.1%
<b>Ordinary profit</b>	50.0	<b>28.5</b>	(21.4)	(42.9%)
<b>Net income</b>	28.9	<b>15.6</b>	(13.3)	(46.0%)

(Billions of yen)	10.9.30	11.3.31	11.9.30	Change from 11.3.31	
<b>Securities</b>	3,824.7	4,017.5	<b>4,237.7</b>	+220.1	+5.5%
<b>Policy reserves</b>	4,163.5	4,371.4	<b>4,572.3</b>	+200.8	+4.6%
<b>Total net assets</b>	222.4	215.3	<b>242.4</b>	+27.0	+12.5%
Net unrealized gains on other securities	24.6	7.0	<b>27.4</b>	+20.4	+291.8%
<b>Total assets</b>	4,487.8	4,723.3	<b>4,922.5</b>	+199.2	+4.2%
Separate account assets	367.2	398.1	<b>392.6</b>	(5.5)	(1.4%)

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

(Billions of yen)	FY10.1H	FY11.1H	Change
<b>New policy amount</b>	2,068.4	<b>2,051.7</b>	(0.8%)
<b>Lapse and surrender amount</b>	1,039.2	<b>1,022.4</b>	(1.6%)
<b>Lapse and surrender rate</b>	3.11%	<b>2.95%</b>	(0.16pt)
<b>Policy amount in force</b>	34,118.5	<b>35,371.1</b>	+3.7%
<b>Annualized premiums from new policies</b>	34.9	<b>33.2</b>	(4.8%)
Of which, third-sector products	7.9	<b>8.1</b>	+2.0%
<b>Annualized premiums from insurance in force</b>	589.6	<b>618.0</b>	+4.8%
Of which, third-sector products	136.6	<b>144.7</b>	+5.9%

(Billions of yen)	FY10.1H	FY11.1H	Change
<b>Gains from investment, net (General account)</b>	65.4	<b>44.5</b>	(32.0%)
<b>Core profit</b>	26.8	<b>31.6</b>	+18.0%
<b>Negative spread</b>	4.1	<b>1.9</b>	(53.7%)

	10.9.30	11.3.31	11.9.30	Change from 11.3.31
<b>Solvency Margin Ratio</b>	2,992.8%	2,900.1%	<b>3,148.0%</b>	+247.9pt

## (Reasons for changes)

◆ Decreased slightly, due mainly to lower sales of family income insurance, which is life insurance with disability benefit, despite favorable sales of term-life insurance, living benefit insurance and nursing-care insurance.

◆ Decreased due to the lowering lapse and surrender rates mainly in family income insurance, which is life insurance with disability benefit, though those in term life insurance increased.

◆ Decreased, due mainly to lower sales of cancer hospitalization insurance and educational endowment insurance.

◆ Decreased due to lower gains on sale of securities despite an increase in interest income and dividends.

◆ Increased reflecting lower insurance payments for the Great East Japan Earthquake of March 2011 than formerly expected, and a decline in negative spread.

### Notes:

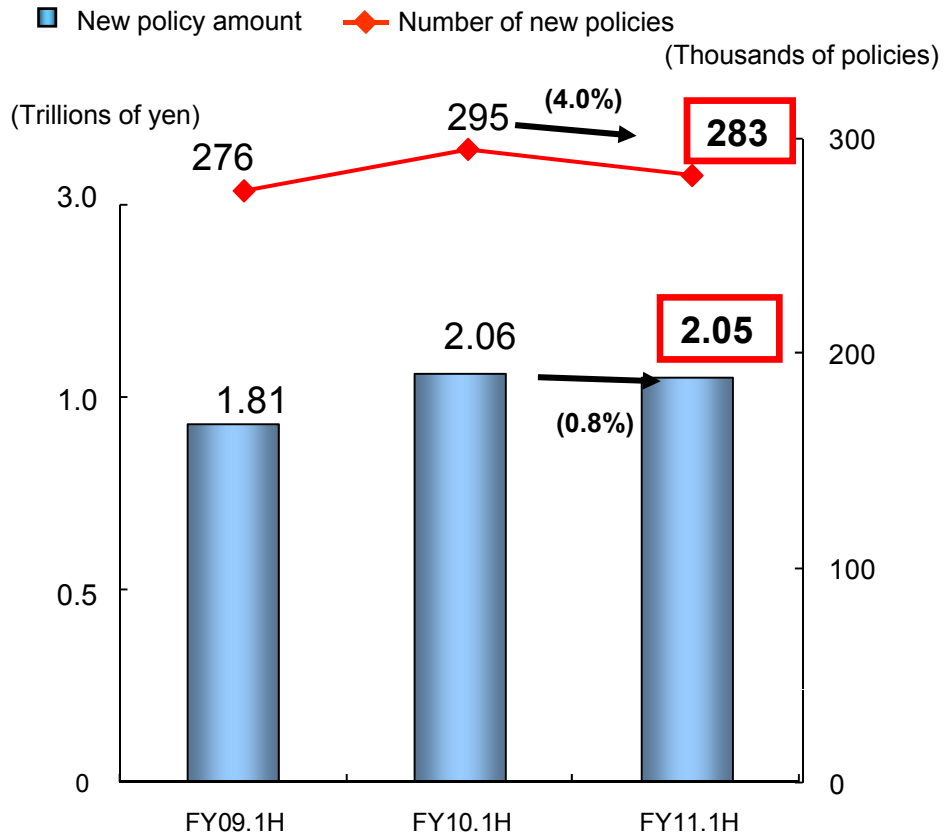
\*1 Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, policy amount in force, annualized premiums from new policies and annualized premiums from insurance in force are calculated as the total of individual life insurance and individual annuities.

\*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.

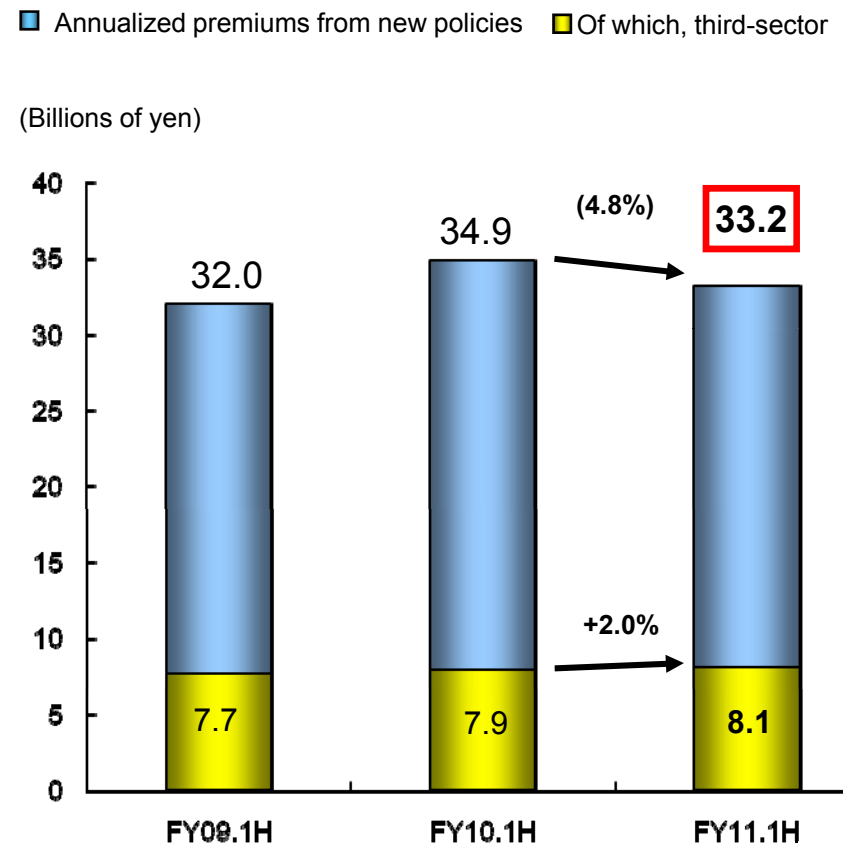
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Sony Life Operating Performance (1)

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



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



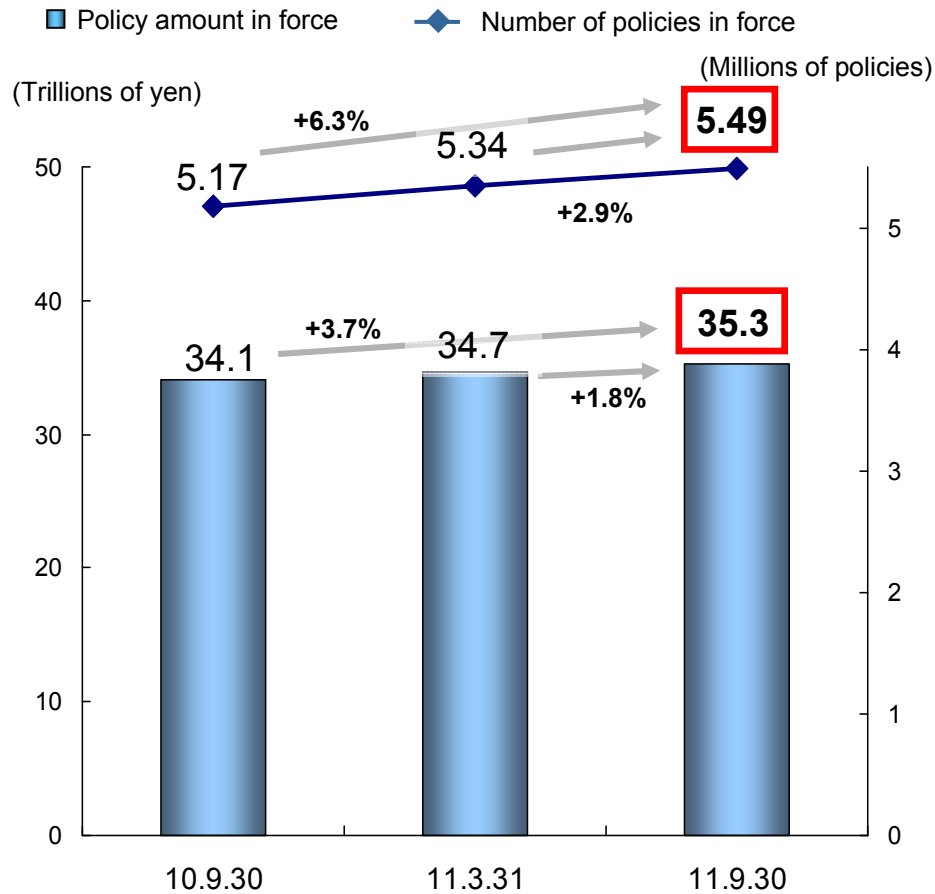
Line item amounts are truncated below ¥10 billion; numbers of policies are truncated below 1,000 policies; percentage change figures are rounded.

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



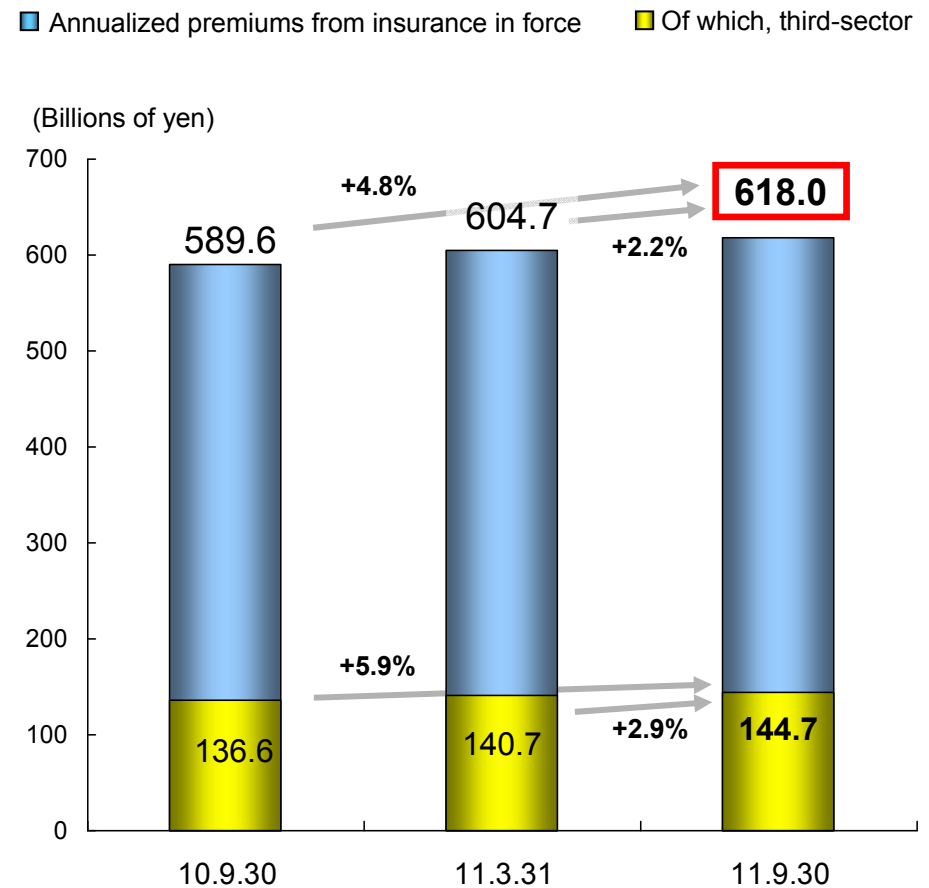
# Sony Life Operating Performance (2)

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



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

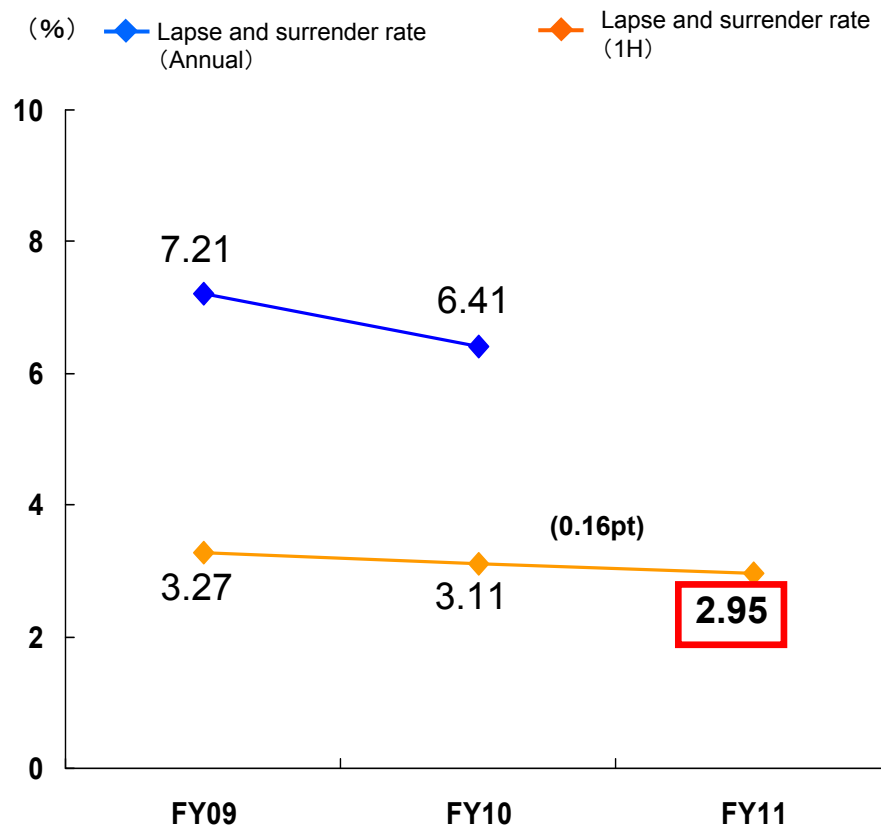
## Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)



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

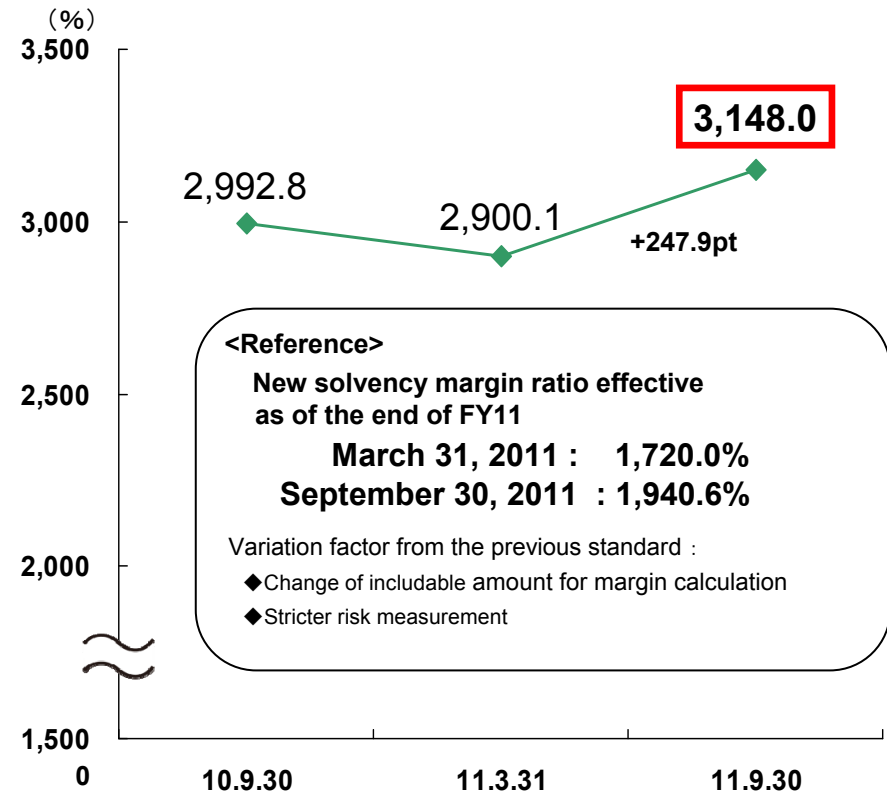
# Sony Life Operating Performance (3)

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



\*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 31 and September 30, 2011.

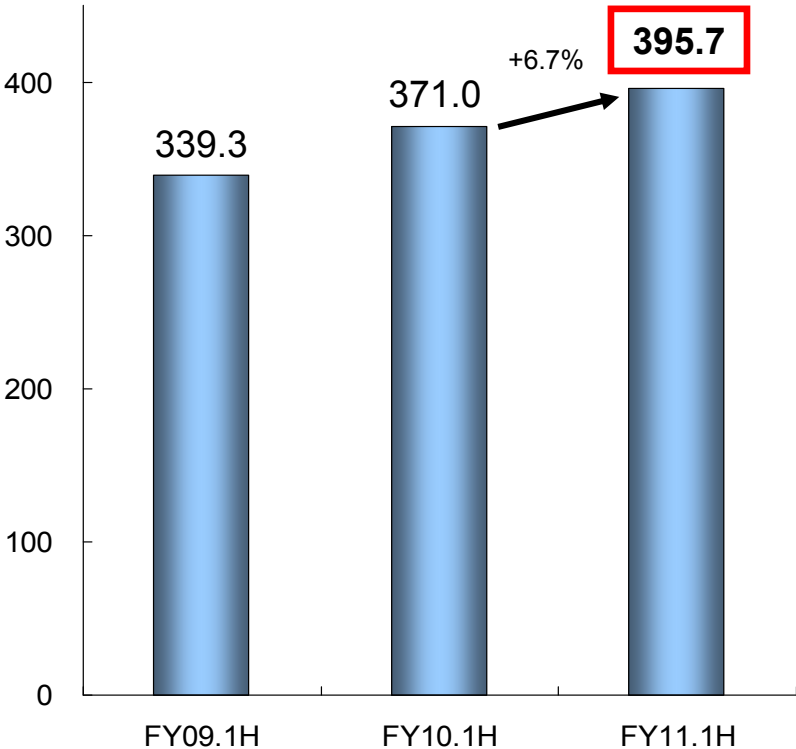
\* New solvency margin ratio for Sony Life is also on P 34.

# Sony Life Operating Performance (4)



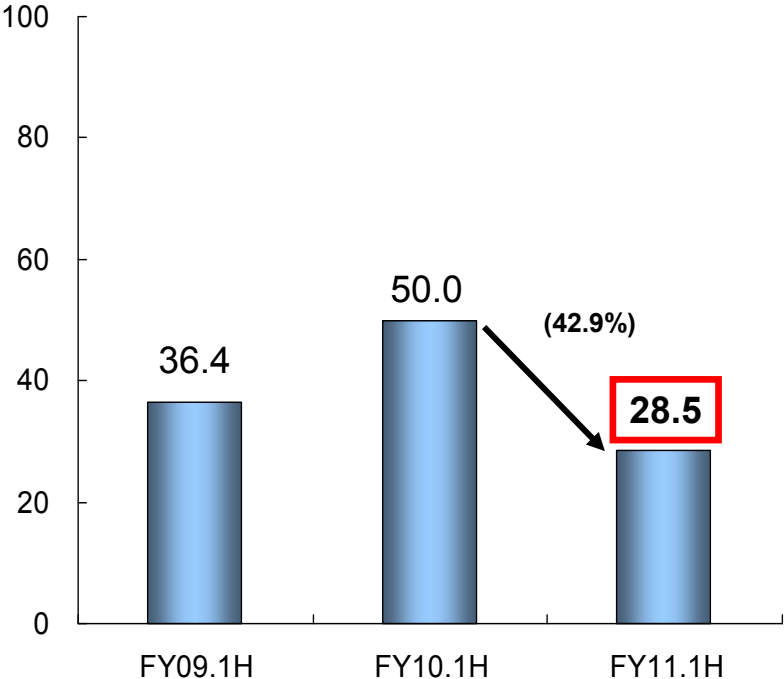
## Income from Insurance Premiums

(Billions of yen)



## Ordinary Profit

(Billions of yen)



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

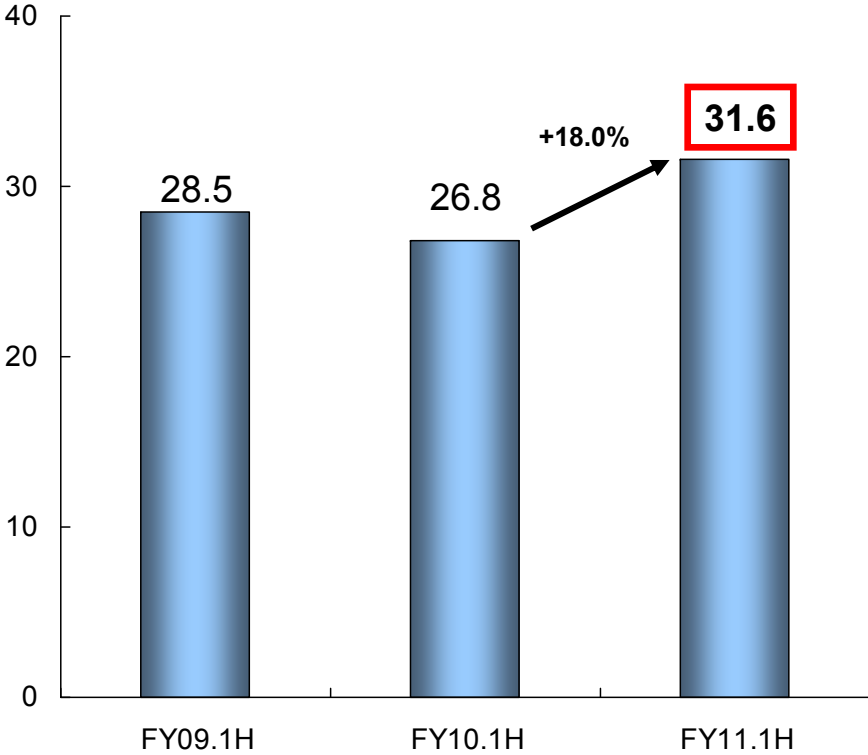
# Sony Life Operating Performance (5)



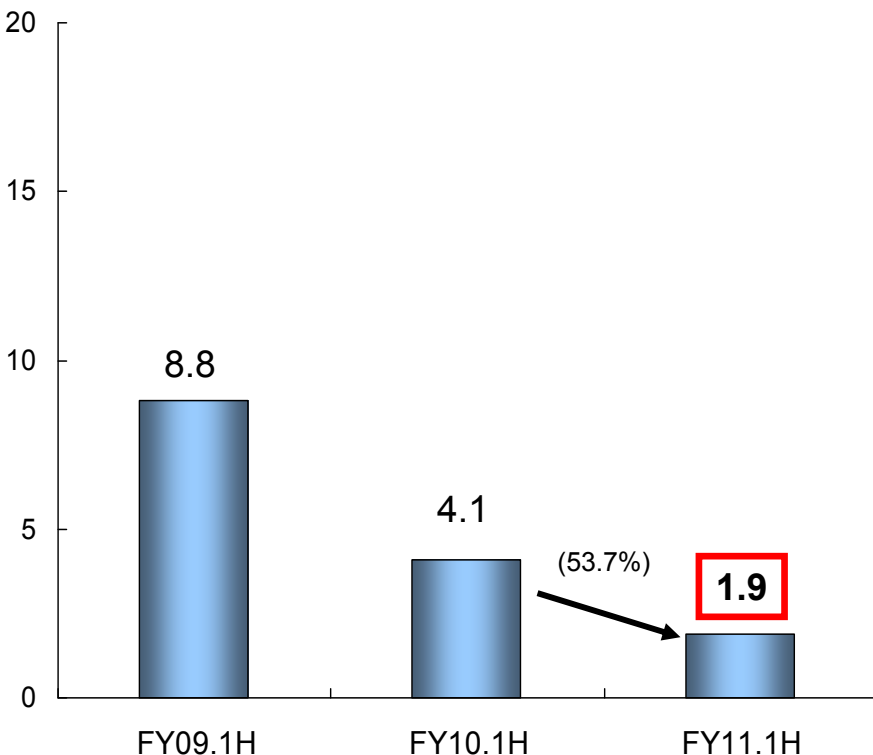
## Core Profit

## Negative Spread

(Billions of yen)



(Billions of yen)



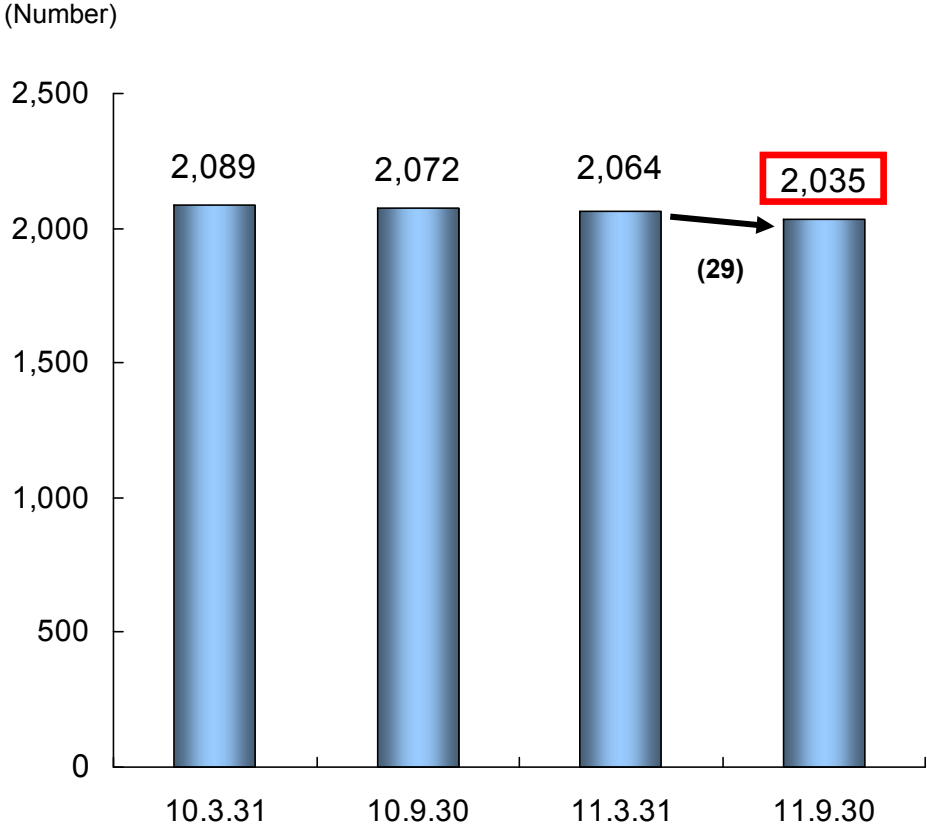
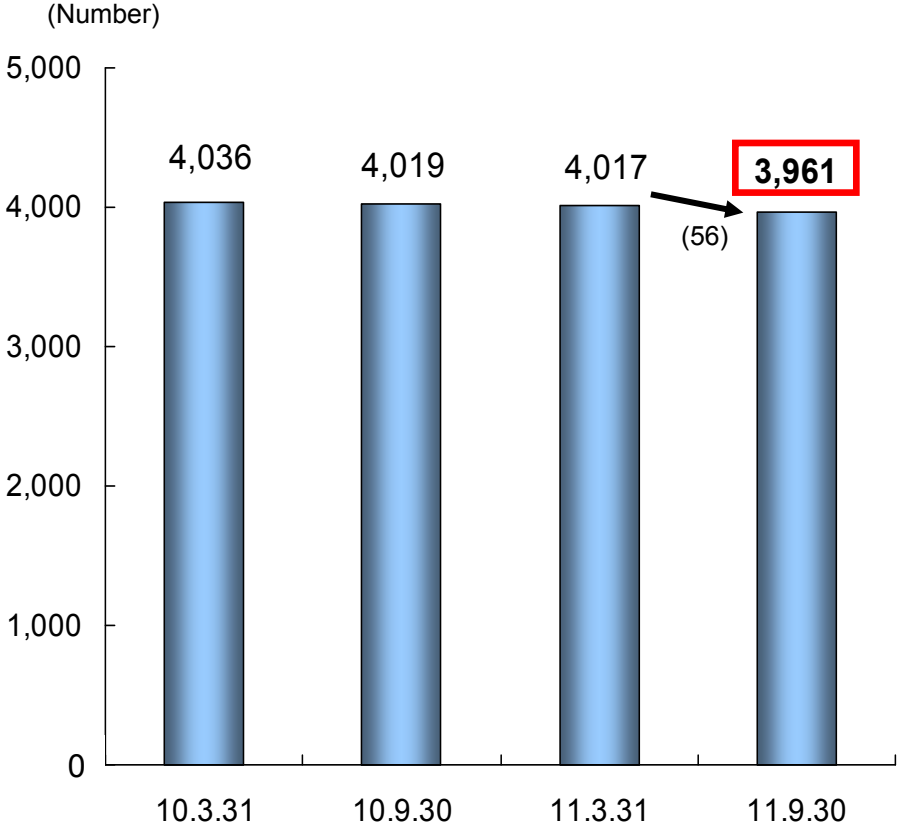
Line item amounts are truncated below ¥100 million; percentage figures are rounded.

# 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)	11.3.31		11.9.30	
	Amount	%	Amount	%
Japanese government and corporate bonds	3,499.9	80.9%	<b>3,734.7</b>	<b>82.4%</b>
Japanese stocks	64.0	1.5%	<b>48.1</b>	<b>1.1%</b>
Foreign securities	44.2	1.0%	<b>59.4</b>	<b>1.3%</b>
Foreign stocks	30.0	0.7%	<b>29.7</b>	<b>0.7%</b>
Monetary trusts	276.4	6.4%	<b>286.7</b>	<b>6.3%</b>
Policy loans	134.4	3.1%	<b>137.0</b>	<b>3.0%</b>
Real estate	75.1	1.7%	<b>74.1</b>	<b>1.6%</b>
Cash and call loans	80.0	1.9%	<b>60.9</b>	<b>1.3%</b>
Others	120.9	2.8%	<b>98.9</b>	<b>2.2%</b>
<b>Total</b>	<b>4,325.2</b>	<b>100.0%</b>	<b>4,529.9</b>	<b>100.0%</b>

### <Asset management review>

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



### <Lengthened asset duration>

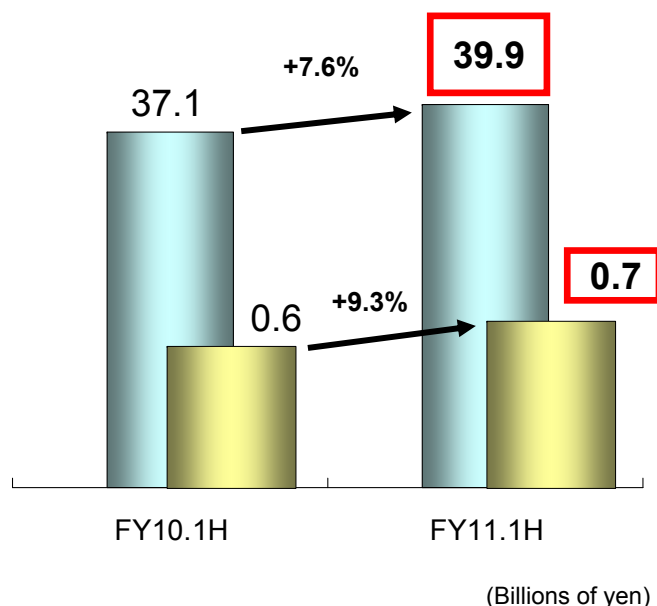
10.3.31	17.6 years
11.3.31	18.5 years
<u>11.9.30</u>	<u>18.8 years</u>

- 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 September 30, 2011: 88.8%, (As of March 31, 2011: 87.3%)

# Highlights of Operating Performance: Sony Assurance

■ Ordinary revenues   ■ Ordinary profit



- ◆ 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 an increase in ordinary profit and a reversal of catastrophe reserve which offset the negative impact of the rising loss ratio.

(Billions of yen)	FY10.1H	FY11.1H	Change	
<b>Ordinary revenues</b>	37.1	<b>39.9</b>	+2.8	+7.6%
Underwriting income	36.7	<b>39.4</b>	+2.7	+7.5%
Investment income	0.3	<b>0.4</b>	+0.0	+15.8%
<b>Ordinary expenses</b>	36.4	<b>39.1</b>	+2.7	+7.6%
Underwriting expenses	27.9	<b>29.7</b>	+1.8	+6.5%
Investment expenses	—	<b>0.0</b>	+0.0	—
Operating, general and administrative expenses	8.4	<b>9.4</b>	+0.9	+11.3%
<b>Ordinary profit</b>	0.6	<b>0.7</b>	+0.0	+9.3%
<b>Net income</b>	0.3	<b>0.4</b>	+0.0	+16.1%

(Billions of yen)	10.9.30	11.3.31	11.9.30	Change from 11.3.31	
<b>Underwriting reserves</b>	62.3	64.0	<b>67.6</b>	+3.6	+5.6%
<b>Total net assets</b>	15.8	16.7	<b>17.2</b>	+0.4	+2.8%
<b>Total assets</b>	103.9	109.3	<b>114.6</b>	+5.3	+4.8%

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

# Overview of Performance: Sony Assurance

(Billions of yen)	FY10.1H	FY11.1H	Change
<b>Direct premiums written</b>	36.4	<b>39.0</b>	+7.3%
<b>Net premiums written</b>	36.7	<b>39.4</b>	+7.5%
<b>Net losses paid</b>	19.0	<b>21.1</b>	+11.4%
<b>Underwriting profit</b>	0.3	<b>0.3</b>	(4.0%)
<b>Net loss ratio</b>	58.2%	<b>60.1%</b>	+1.9pt
<b>Net expense ratio</b>	24.7%	<b>25.5%</b>	+0.8pt
<b>Combined ratio</b>	83.0%	<b>85.7%</b>	+2.7pt

## (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, as well as rising unit cost of insurance claims and the effect of natural disaster.

◆ Increased due primarily to the reinforcement of corporate systems and infrastructure based on the expansion of business operations.

◆ 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.

	10.9.30	11.3.31	11.9.30	Change from 11.3.31	
<b>Number of policies in force</b>	1.33 million	1.38 million	<b>1.44 million</b>	+0.05 million	+4.1%
<b>Solvency margin ratio</b>	1,010.3%	981.4%	<b>960.9%</b>	(20.5pt)	

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)	FY10.1H	FY11.1H	Change
Fire	71	66	(7.7%)
Marine	—	—	—
Personal accident*	3,551	3,645	+2.6%
Voluntary automobile	32,783	35,338	+7.8%
Compulsory automobile liability	—	—	—
Total	36,406	39,049	+7.3%

## Net Premiums Written

(Millions of yen)	FY10.1H	FY11.1H	Change
Fire	3	64	—
Marine	6	18	+169.7%
Personal accident*	3,679	3,745	+1.8%
Voluntary automobile	32,648	35,206	+7.8%
Compulsory automobile liability	369	408	+10.6%
Total	36,707	39,443	+7.5%

## Net losses paid

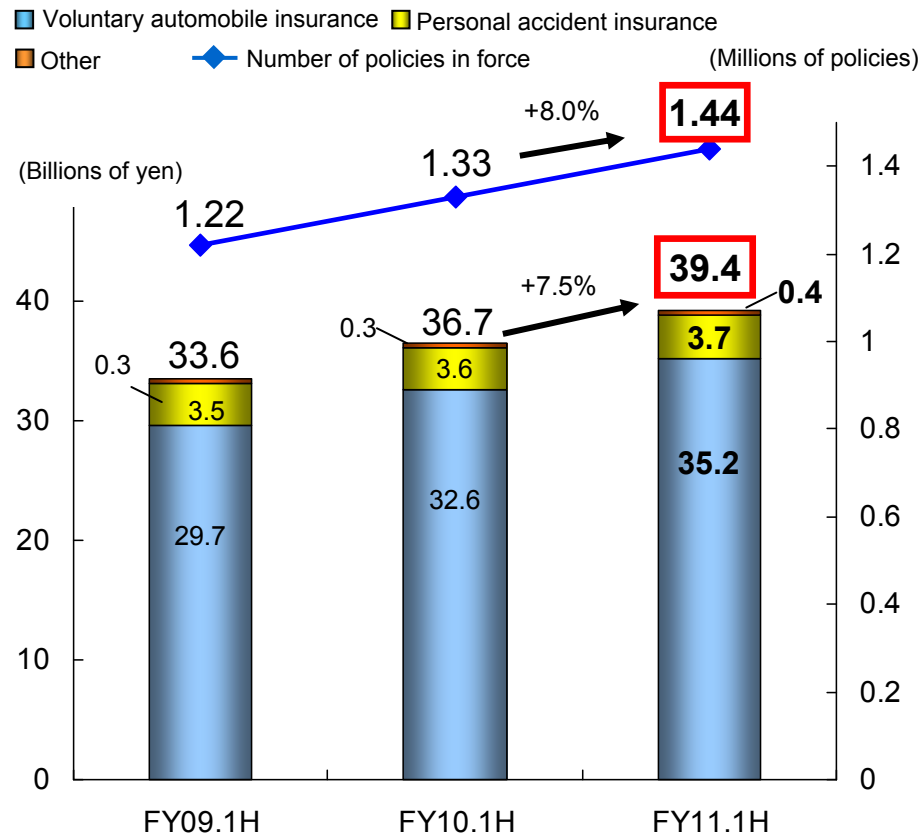
(Millions of yen)	FY10.1H	FY11.1H	Change
Fire	0	40	—
Marine	7	11	+56.1%
Personal accident*	776	867	+11.7%
Voluntary automobile	17,927	19,866	+10.8%
Compulsory automobile liability	319	410	+28.3%
Total	19,031	21,196	+11.4%

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

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

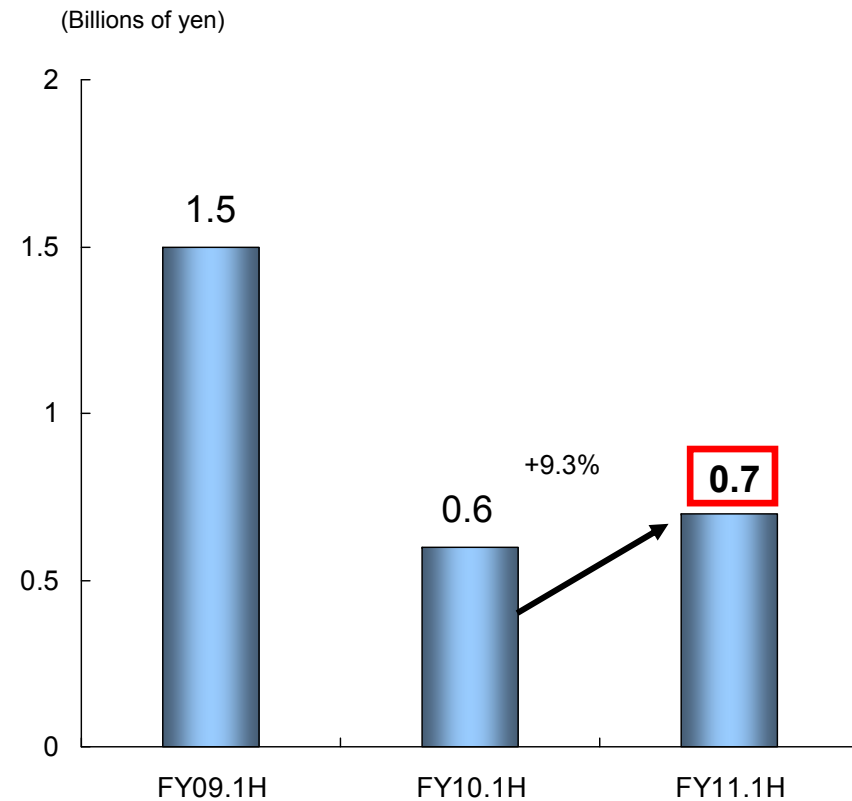
# Sony Assurance Operating Performance (1)

## 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



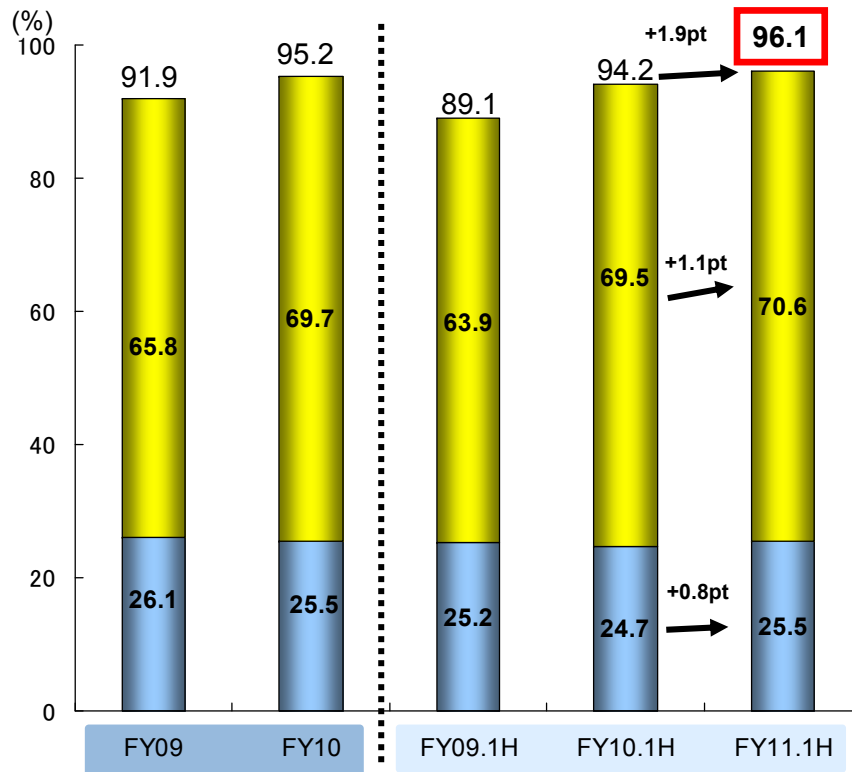
Line item amounts are truncated below ¥100 million; numbers of policies are truncated below 10,000 policies; percentage change figures are rounded.

# Sony Assurance Operating Performance (2)



## Net Expense Ratio + Earned/Incurred Loss Ratio

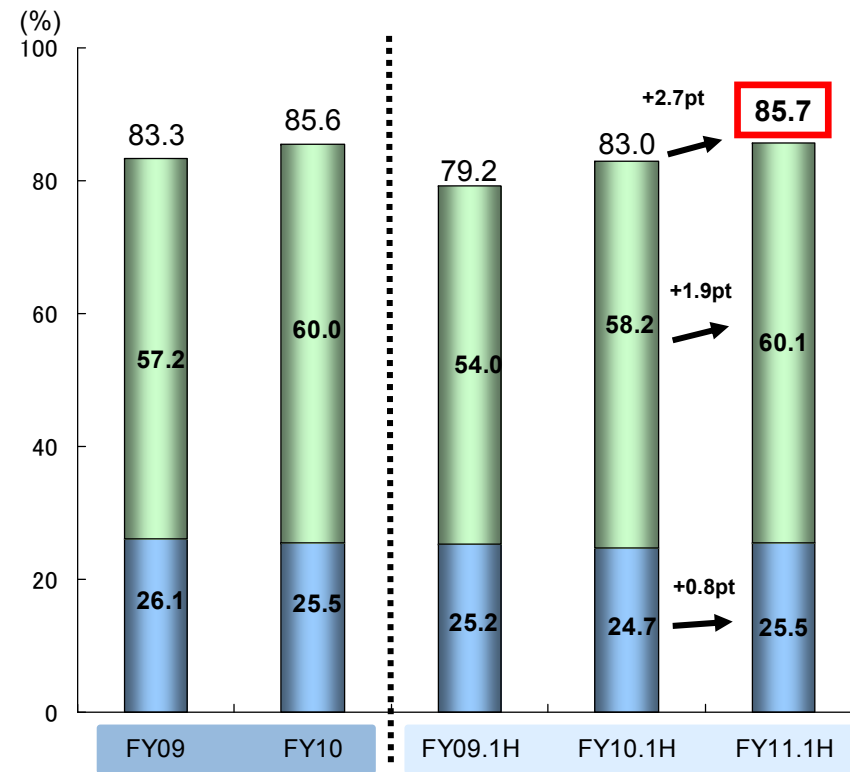
■ Earned/Incurred loss ratio ■ Net expense ratio



## Reference

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

■ Net loss ratio ■ Net expense 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.

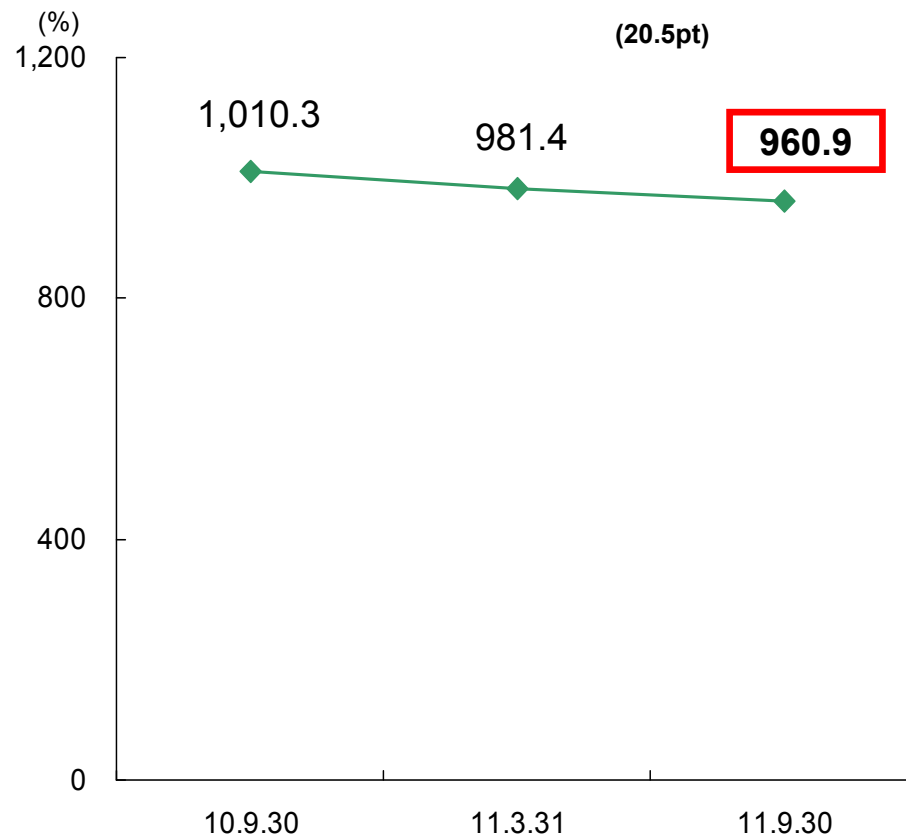
\*Note that earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.

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



### <Reference>

New solvency margin ratio effective as of the end of FY11

**March 31, 2011 : 631.0%**

**September 30, 2011 : 617.0%**

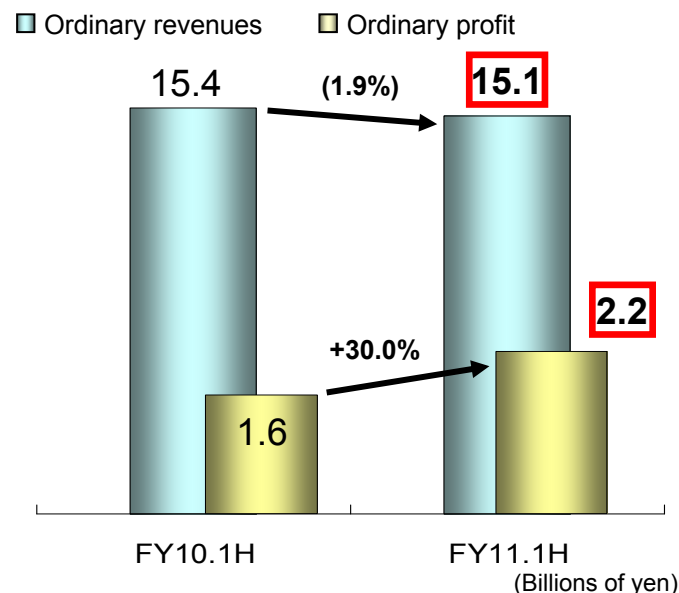
Variation factor from the previous standard

◆ Stricter risk measurement

### 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 September 30, 2011.

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



- ◆ Ordinary revenues decreased but ordinary profit increased year on year.
- ◆ Gross operating profit increased ¥1.0 billion year on year due mainly to an increase in net interest income.
  - Net interest income increased ¥1.5 billion owing primarily to an increase in interest income on loans led by the growing balance of mortgage loans and a decrease in interest expenses on yen deposits.
  - Net other operating income decreased ¥0.6 billion reflecting lower gains on bond dealing transactions.
- ◆ Net operating profit increased, owing to an increase in gross operating profit.
- ◆ Customer assets decreased ¥11.8 billion from March 31, 2011 reflecting a decreasing balance of investment trust under the bear market and the negative impact of yen appreciation on the foreign exchange conversion of foreign currency deposits.

(Billions of yen)	FY10.1H	FY11.1H	Change	
<b>Ordinary revenues</b>	15.4	<b>15.1</b>	(0.2)	(1.9%)
<b>Gross operating profit</b>	8.3	<b>9.3</b>	+1.0	+12.6%
Net interest income	6.3	<b>7.8</b>	+1.5	+24.2%
Net fees and commissions	(0.07)	<b>0.08</b>	+0.15	—
Net other operating income	2.0	<b>1.4</b>	(0.6)	(30.8%)
<b>General and administrative expenses</b>	6.3	<b>6.8</b>	+0.5	+8.0%
<b>Ordinary profit</b>	1.6	<b>2.2</b>	+0.5	+30.0%
<b>Net income</b>	0.8	<b>1.2</b>	+0.4	+45.5%
<b>Net operating profit</b>	1.8	<b>2.3</b>	+0.5	+28.7%

(Billions of yen)	10.9.30	11.3.31	<b>11.9.30</b>	Change from 11.3.31	
<b>Securities</b>	958.3	940.1	<b>894.8</b>	(45.2)	(4.8%)
<b>Loans</b>	636.4	722.4	<b>776.1</b>	+53.7	+7.4%
<b>Deposits</b>	1,584.8	1,649.1	<b>1,645.2</b>	(3.8)	(0.2%)
<b>Customer assets</b>	1,683.6	1,755.5	<b>1,743.7</b>	(11.8)	(0.7%)
<b>Total net assets</b>	58.3	59.9	<b>59.5</b>	(0.4)	(0.7%)
Net unrealized gains (losses) on other securities (net of taxes)	1.1	0.4	<b>(0.4)</b>	(0.8)	—
<b>Total assets</b>	1,700.7	1,761.8	<b>1,769.2</b>	+7.4	+0.4%

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

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

## (Reasons for changes)

(Billions of yen)	10.9.30	11.3.31	11.9.30	Change	
<b>Customer assets</b>	1,683.6	1,755.5	1,743.7	(11.8)	(0.7%)
<b>Deposits</b>	1,584.8	1,649.1	1,645.2	(3.8)	(0.2%)
<b>Yen</b>	1,241.7	1,289.8	1,284.3	(5.5)	(0.4%)
<b>Foreign currency</b>	343.0	359.2	360.8	+1.6	+0.5%
<b>Investment trusts</b>	98.8	106.4	98.5	(7.9)	(7.5%)
<b>Loans outstanding</b>	636.4	722.4	776.1	+53.7	+7.4%
<b>Mortgage loans</b>	581.3	656.0	697.8	+41.8	+6.4%
<b>Others</b>	55.0	66.4	78.2	+11.8	+17.9%
<b>Number of accounts (thousands)</b>	828	859	881	+22	+2.6%
<b>Capital adequacy ratio (*2) (domestic criteria)</b>	11.76%	10.84%	10.52%	(0.32pt)	

◆ Yen deposits decreased due to a shift to foreign currency deposit driven by yen appreciation and a difficulty in acquiring new yen deposit in the low interest rate conditions.

◆ Foreign currency deposit slightly increased reflecting growing demand for saving foreign currency under the market fluctuation while the sharp hike in the yen might have the negative impact on the foreign exchange conversion. (Approx. ¥3.4 billion)

◆ Investment trusts decreased reflecting a decline in reference price though sales volume rose steadily.

◆ 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 ¥70.4 billion.

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

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)	FY09.1H	FY10.1H	FY11.1H	Change	
<b>Gross operating profit</b>	7.7	8.2	<b>9.3</b>	+1.0	+12.8%
<b>Net interest income</b> <sup>*1</sup> ①	6.6	7.2	<b>8.7</b>	+1.5	+21.5%
<b>Net fees and commissions</b> <sup>*2</sup> ②	0.6	0.5	<b>0.6</b>	+0.0	+19.2%
<b>Net other operating income</b> <sup>*3</sup>	0.4	0.5	<b>(0.0)</b>	(0.5)	—
<b>Gross operating profit (core profit) (A)</b> = ①+②	7.2	7.7	<b>9.3</b>	+1.6	+21.3%
<b>Operating expenses and other expenses</b> ③	5.6	6.4	<b>6.9</b>	+0.5	+8.0%
<b>Net operating profit (core profit)</b> = (A)−③	1.6	1.2	<b>2.4</b>	+1.1	+88.7%

### ● 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.

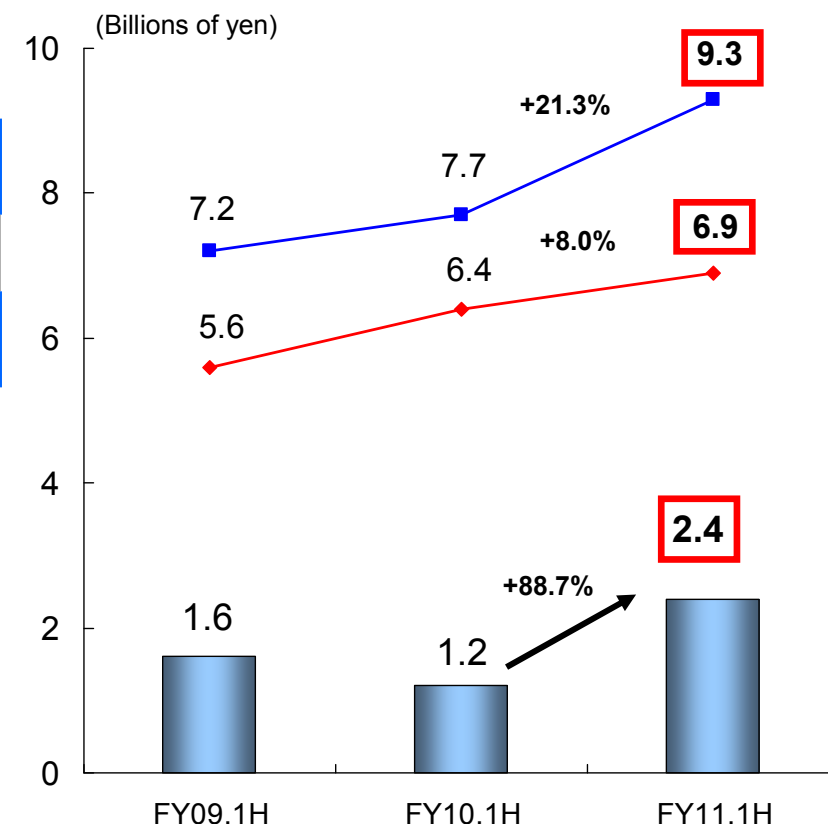
### ● Core profit

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)

- Gross operating profit (core profit)
- Net operating profit (core profit)
- ◆ Operating expenses and other expenses

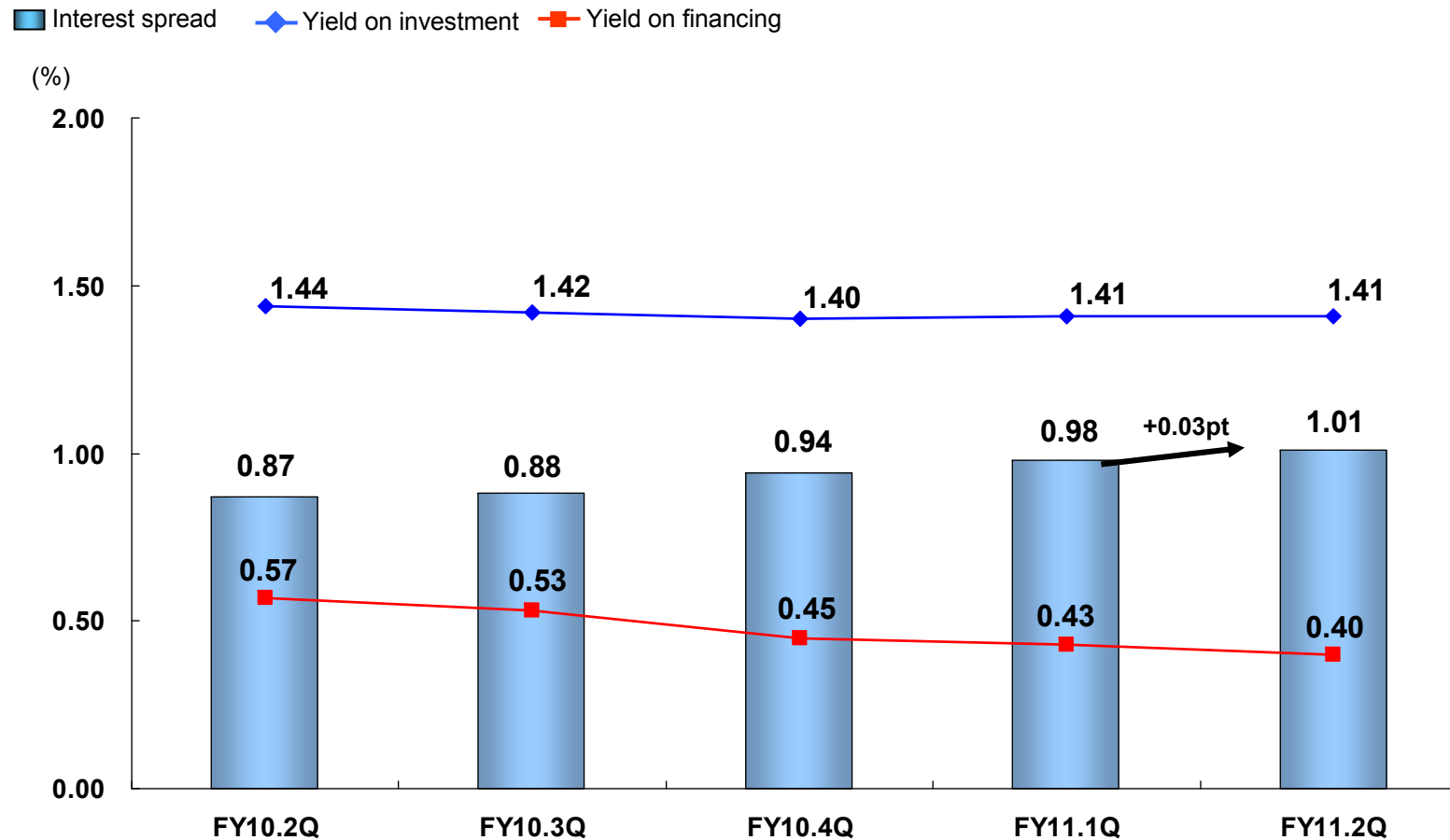


Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# 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.

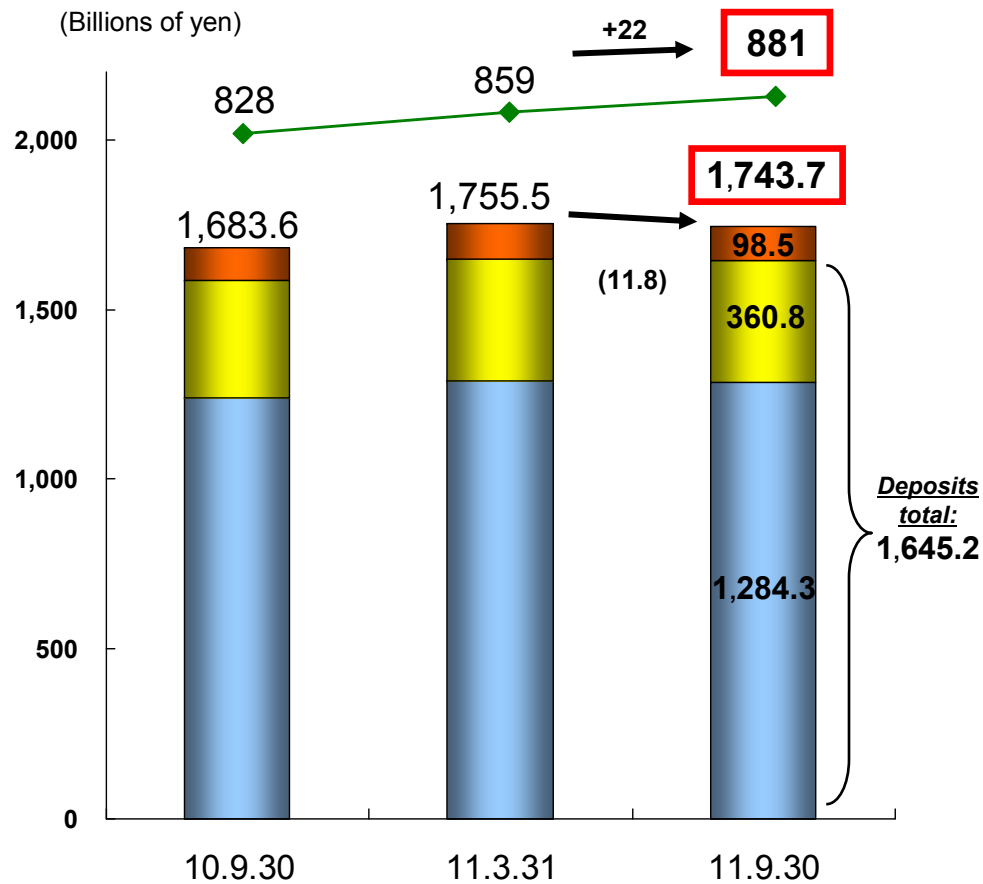


# Sony Bank Operating Performance (2)



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

- Yen deposits ■ Foreign currency deposits ■ Investment trusts
- ◆ Number of accounts (thousands)

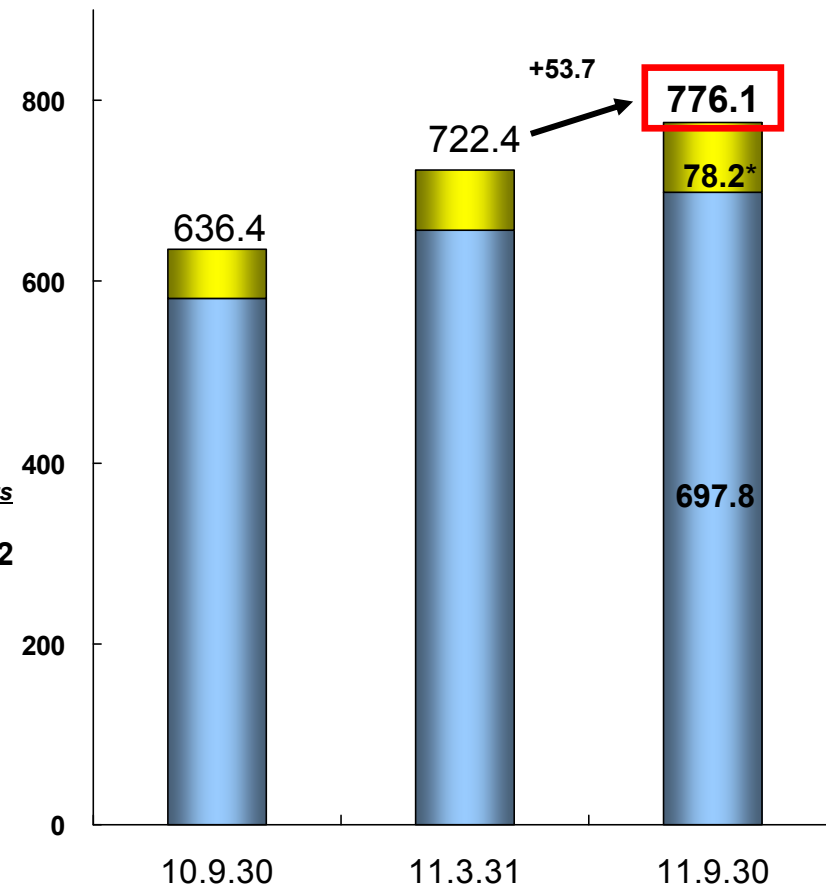


## Loans

- Mortgage loans ■ Others

\*Including corporate loans of ¥70.4 billion.

(Billions of yen)



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

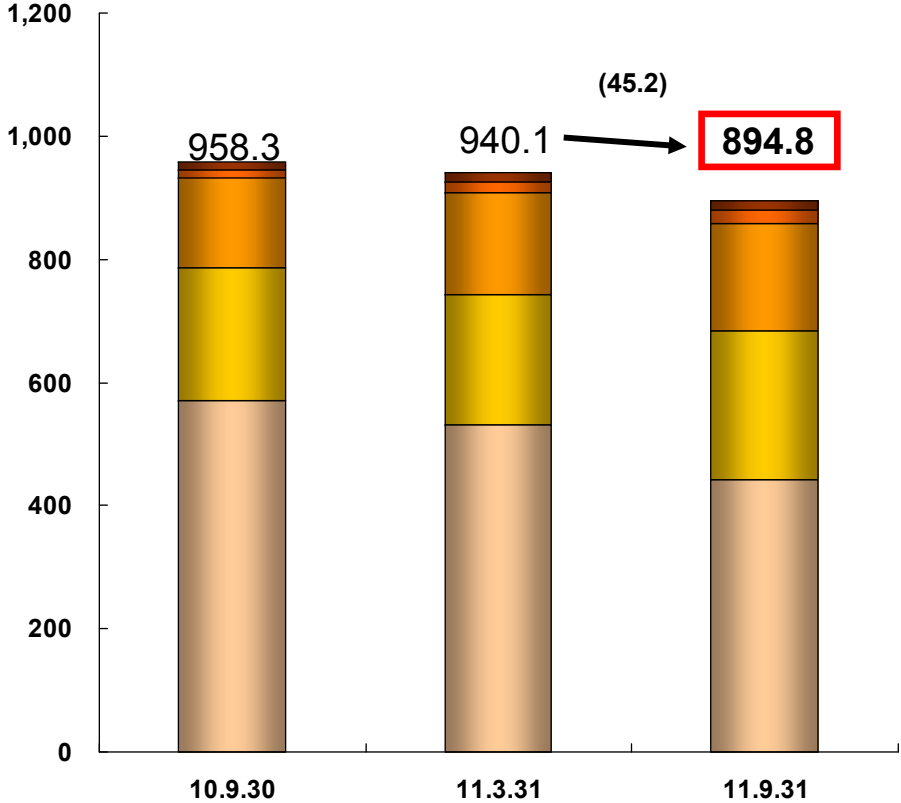
# Sony Bank Operating Performance (3)



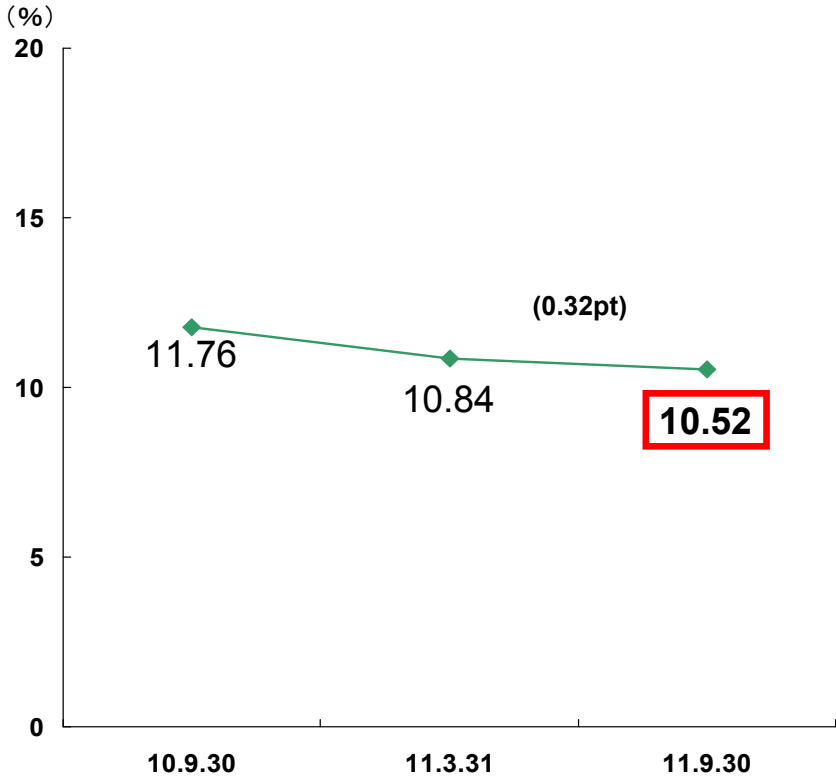
## Balance of Securities by Credit Ratings

■ AAA    ■ AA    ■ A  
■ BBB    ■ BB    ■ Other

(Billions of yen)



## 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. The capital adequacy ratio newly adopted the special exception of the standard mentioned above, in accordance with the FSA public ministerial announcement No. 79 of 2008.

Amounts are truncated below ¥100 million.

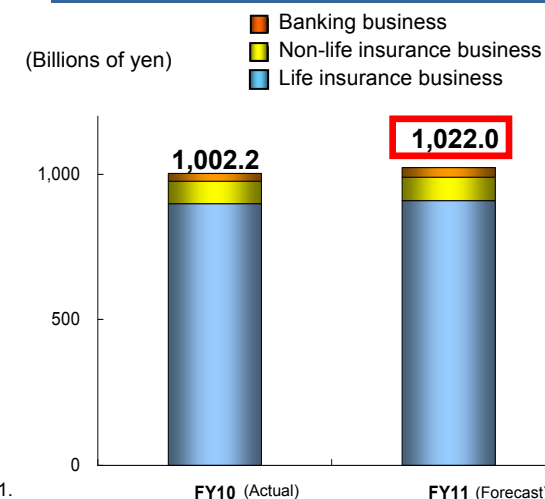
# **Consolidated Financial Forecast for the Year Ending March 31, 2012**

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

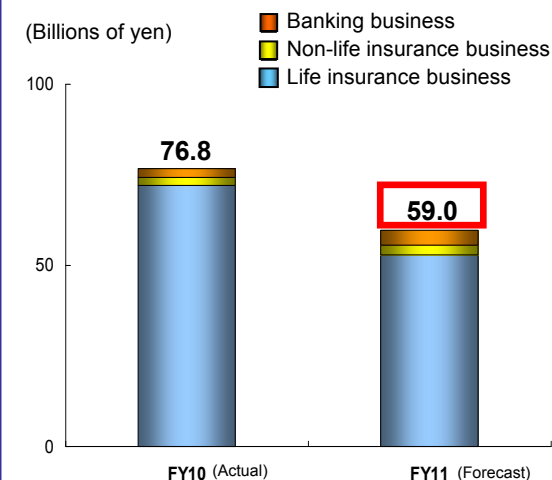


	FY10 Actual	FY11 Forecast	Change FY10 actual vs. FY11 forecast
<b>Consolidated ordinary revenues</b>	<b>1,002.2</b>	<b>1,022.0</b>	<b>+ 2.0%</b>
<u>Life insurance business</u>	900.3	909.3	+ 1.0%
<u>Non-life insurance business</u>	74.1	80.4	+ 8.4%
<u>Banking business</u>	29.5	32.8	+ 11.0%
<b>Consolidated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

## Consolidated Ordinary Revenues



## Consolidated Ordinary Profit



SFH's forecast of consolidated financial results 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 due to lower gains on sale of securities. During FY10, the business generated more net capital gains through sale of securities than this fiscal year, reflecting the process of shifting bond holdings to ultralong-term bonds to reduce interest rate risk. (Operating results for the first half of this fiscal year exceeded our forecast announced on May 20, 2011, as insurance claims and other payments relating to the Great East Japan Earthquake were lower than our estimates as of the end of the previous fiscal year. However, our financial forecast for this fiscal year remains unchanged from the previous announcement, of May 20, 2011, due mainly to uncertainty about the financial market environment for the second half of this fiscal year.)

### 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 primarily to a rise in ordinary revenues and a reversal of catastrophe reserve which offset the negative impact of the rising loss ratio, though the loss ratio for FY11 is expected to be higher than FY10.

### Banking Business

Ordinary revenues for FY11, are expected to increase 11.0% year on year, to ¥32.8 billion, owing to an increase in net interest income, bolstered mainly 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.

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

# 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: Individual Variable Annuities (4 types, 5 products)

Sales Channels: Lifepanner sales employees and partner Banks (7\*) As of November 14, 2011

Financial Highlights for FY11.1H:

Number of new policies: 494, New policy amount: ¥3.7 billion

Number of policies in force: 1,694 policies, Policy amount in force: ¥16.6 billion



## Sony Bank's Mortgage Loans through Sony Life

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

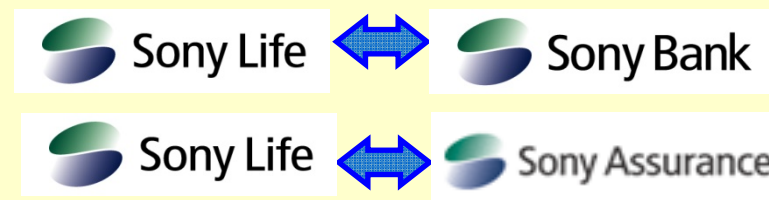
Sony Life accounts for 27% of the amount of new mortgage loans for FY11.1H

\*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 FY11.1H

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



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

## Recent Topics 2

### <Highlights from the FY11.2Q onward>

- 2011-7-01 Sony Bank acquired a 57% equity interest in SmartLink Network, Inc., an industry-leading provider of credit card settlement services
- 2011-8-03 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*”
- 2011-8-22 Sony Bank opened representative office in Sydney
- 2011-8-31 Sony Assurance declared conformity with the ISO 10002 International Standard for Complaints Management Systems
- 2011-9-05 AEGON Sony Life Insurance began offering “Catch Point II,” a new individual variable annuity product (GMAB Type 2011), through SMBC
- 2011-9-05 AEGON Sony Life Insurance began offering “Winning Road II,” an individual variable annuity product (GLWB Type 2011), through Juroku Bank
- 2011-10-03 AEGON Sony Life Insurance began offering “W Account II,” a new individual variable annuity product (GMAB Type 2011), through Kansai Urban Banking
- 2011-10-05 Sony Assurance opened its official page in “Facebook”(\*) and its PR official account in “Twitter.”
- 2011-10-25 Sony Financial Holdings issued No. 1 unsecured corporate bonds
- 2011-11-02 Sony Life began offering new product: Cancer Drug Therapy Rider

(\*) Facebook is a registered trademark of Facebook, Inc.

# 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)

	10.9.30			10.12.31			11.3.31			11.6.30			11.9.30		
	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	2,818.6	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	3,100.0	3,248.8	148.8
Available-for-sale securities	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	964.7	1,020.8	56.0
Japanese government and corporate bonds	794.8	848.5	53.6	824.9	859.9	35.0	884.4	904.1	19.7	909.9	947.5	37.6	909.8	964.6	54.7
Japanese stocks	51.8	52.9	1.1	51.7	57.4	5.6	49.8	53.7	3.8	47.4	51.9	4.4	36.5	37.8	1.2
Foreign securities	-	-	-	1.9	1.8	(0.0)	1.9	1.8	(0.0)	10.3	10.2	(0.1)	16.9	16.8	(0.1)
Other securities	12.1	12.3	0.1	12.3	13.8	1.4	3.8	4.6	0.7	1.3	1.7	0.3	1.3	1.5	0.1
Total	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	4,064.8	4,269.7	204.8

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

(Billions of yen)

10.9.30		10.12.31		11.3.31		11.6.30		11.9.30	
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'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
	11.3.31	11.9.30	11.3.31	11.9.30	11.3.31	11.9.30	
Total shareholders' equity	209.8	216.4	209.8	216.4	200.7	216.4	③ After estimated distributed income deducted
Net unrealized gains on other securities, net of taxes	7.0	27.4	7.0	27.4	—	—	
Net unrealized gains (losses) on available-for-sale securities	—	—	—	—	20.8	49.5	③ Before tax x 90%
Land revaluation, net of taxes	(1.4)	(1.4)	(1.4)	(1.4)	—	—	
Reserve for price fluctuations	—	—	16.7	20.6	16.7	20.6	
Contingency reserve	—	—	51.5	53.3	51.5	53.3	
General reserve for possible loan losses	—	—	—	—	0.0	0.0	
Net unrealized gains on real estate	—	—	1.9	1.9	1.0	1.0	② Before tax (after revaluation) ③ Before tax (Before revaluation) X85%
Excess amount of policy reserves based on Zillmer method	—	—	334.2	342.1	334.2	342.1	
Unallotted portion of reserve for policyholders' dividends	—	—	1.1	0.9	1.1	0.9	
Future profits	—	—	—	—	0.6	0.6	
Deferred tax assets	—	—	—	—	63.3	72.2	
Unrealized gains (losses) on held-to-maturity bonds	—	—	(22.1)	148.8	—	—	② Before tax
Deferred tax liabilities for available-for-sale securities	—	—	8.0	19.6	—	—	
Total	215.3	242.4	606.9	829.9	690.3	756.9	

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 ¥681.1 billion as of September 30, 2011.

Amounts are truncated below ¥100 million.

# Sony Life's Solvency Margin Ratio



(Billions of yen)

Category	11.9.30 (Current)	11.9.30 (New)
Total solvency margin (A)	756.9	705.5
Common stock, etc	216.4	216.4
Reserve for price fluctuations	20.6	20.6
Contingency reserve	53.3	53.3
General reserve for possible loan losses	0.0	0.0
Net unrealized gains on other securities multiplied by 90% if gains or 100% if losses	49.5	49.5
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	342.1	342.1
Unallotted portion of reserve for policyholders' dividends	0.9	0.9
Future profits	0.6	
Deferred tax assets	72.2	72.2
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		(50.7)
Deductible items	-	-
Total risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4 + R_5)^2} + R_6$ (B)	48.0	72.7
Insurance risk R1	20.4	20.4
Third-sector insurance risk R8	7.4	7.4
Assumed interest rate risk R2	11.7	28.2
Asset management risk R3	16.3	28.0
Business management risk R4	1.3	1.8
Minimum guarantee risk R7	9.4	8.8
Solvency margin ratio $\{(A)/(B) \times 1/2\} \times 100$	3,148.0%	1,940.6%

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 as of September 30, 2011.

Amounts are truncated below ¥100 million.

## Status of Exposure in the five European countries

- ✓ SFH Group's Exposure in the five European countries (Greece, Ireland, Italy, Portugal, Spain)

	Sovereign bond	Others
Sony Life	—	—
Sony Assurance	—	—
Sony Bank	—	¥1.6 Billion (Corporate bonds of Spanish company)

(Note) As of September 30, 2011. Exposure of Sony Life is for general account assets.



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