
Presentation Material

Corporate Strategy Meeting for Fiscal Year 2012

**Sony Financial Holdings Inc.
June 4, 2012**

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SFH Group Mid-term Business Developments

**Realizing a Stable Business Infrastructure,
Achieving Sustainable Growth and
Entering New Business Fields**

Expanding revenues for three main businesses

(Targeting annual growth in consolidated ordinary revenues of 5%+ toward FY2014)

Achieving sustainable and stable profit growth

(Targeting annual growth in consolidated ordinary profit of 9%+ toward FY2014)

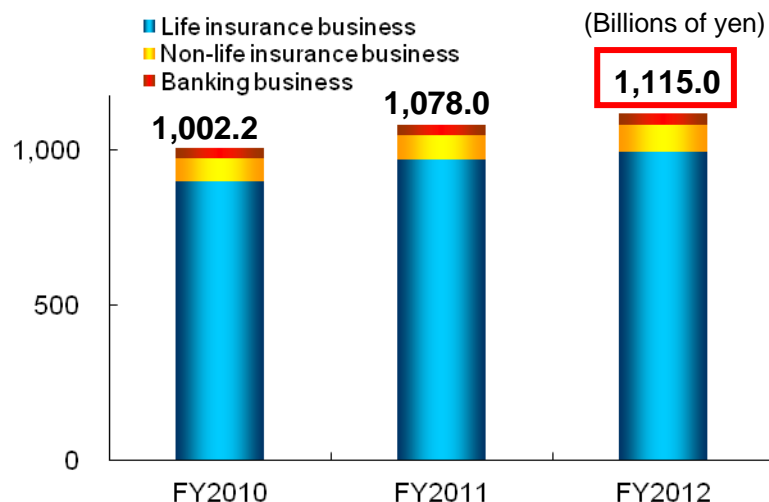
Realizing high financial soundness and capital efficiency

(Targeting consolidated adjusted ROE of 7.5–8.0% in FY2014)

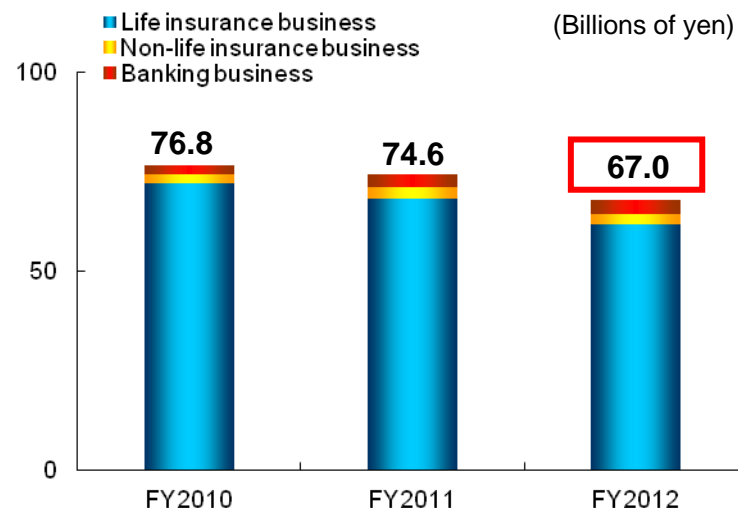
FY2011 Review & FY2012 Forecast (consolidated)

FY2011 Review / FY2012 Forecast (consolidated)

Consolidated ordinary revenues

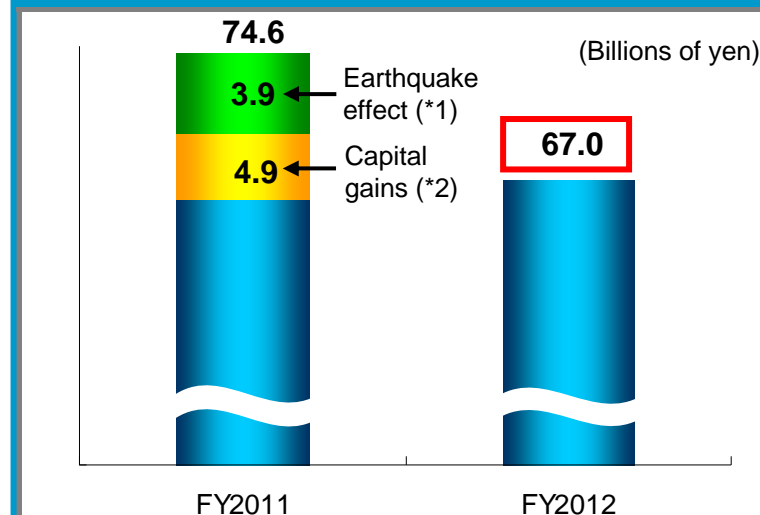


Consolidated ordinary profit



| | FY2011 Actual | FY2012 Forecast | Change |
|---------------------------------------|------------------|--------------------|---------|
| Consolidated ordinary revenues | 1,078.0 | 1,115.0 | +3.4% |
| Life insurance business | 967.5 | 994.5 | +2.8% |
| Non-life insurance business | 80.0 | 86.8 | +8.4% |
| Banking business | 32.5 | 34.5 | +6.0% |
| Consolidated ordinary profit | 74.6 | 67.0 | (10.2%) |
| Life insurance business | 68.1 | 61.5 | (9.8%) |
| Non-life insurance business | 2.8 | 2.6 | (9.1%) |
| Banking business | 3.4 | 3.6 | +3.9% |
| Consolidated net income | 32.8 | 37.0 | +12.8% |

Comparison with the previous year



*1: Insurance claims and other payments relating to the Great East Japan Earthquake were lower than we had estimated as of the end of FY2010.

*2: Capital gains, net in the life insurance business

Sony Life

Strengthen existing sales channels

- Increase the number of Lifeplanner sales employees with outstanding consulting skills
- Reinforce independent agent channel which sales have been growing in response to the diverse customer needs
- Further enhance after-sales follow-up services

Capture high-growth markets

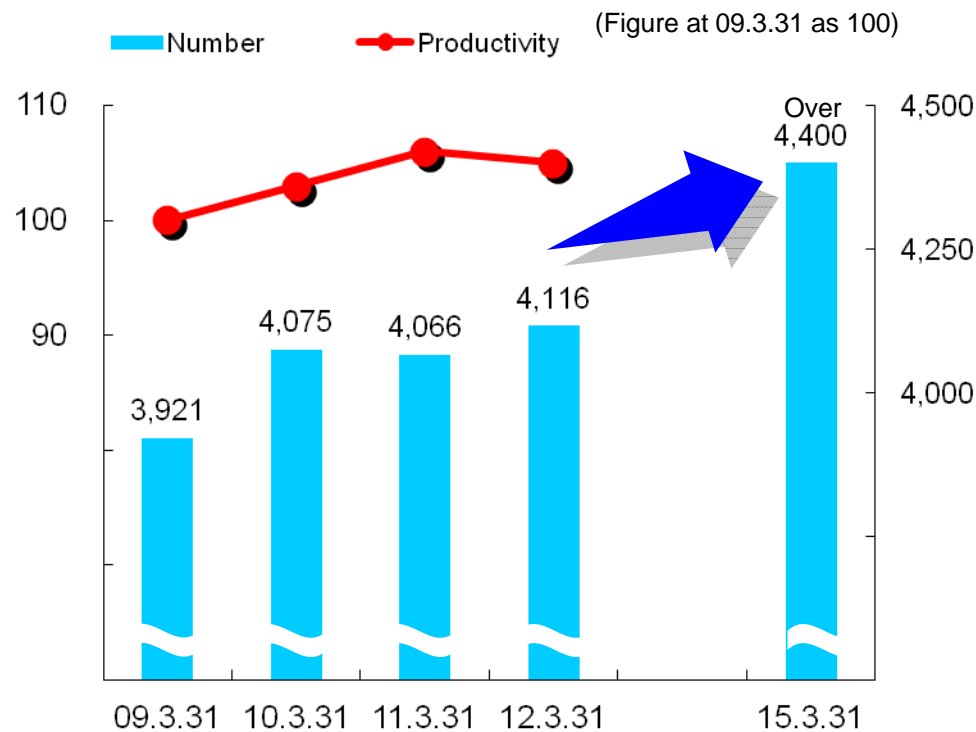
- Carry on a full-scale marketing initiatives in the senior market

Realize high financial soundness

- Achieve steady growth in MCEV and conduct risk management based on economic value

The number of Lifeplanner sales employees increased during FY2011, due to the aggressive recruiting effort. Targeting 4,400 by the end of FY2014

Number of Lifeplanner sales employees



Strengthen Lifeplanner recruiting activities

- Hire sales people with outstanding consulting skills via stringent recruiting activities
- Appoint competent Lifeplanner sales employees as office manager (responsible for recruiting activities).
- Implement personnel evaluation system focusing on recruiting and training performance

Enhance productivity

- Standardize a training program for the newly recruited
- Get more competent Lifeplanner sales employees participate in the training program

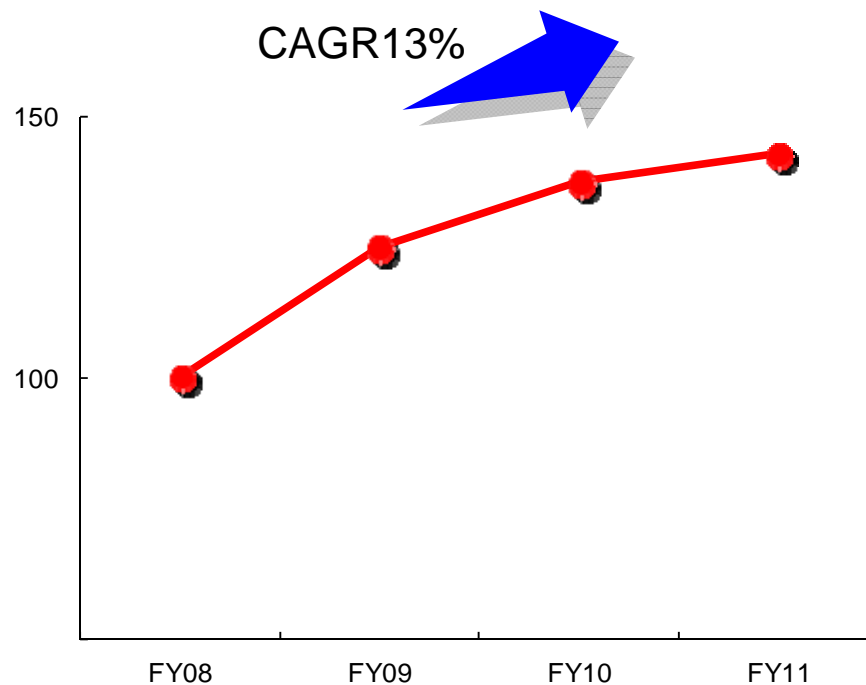
* The graph above includes the number of Lifeplanner sales employees (rehired on a fixed-term contract basis after retirement).

Sony Life: Independent Agent Channel

Pursue high growth mainly at nationwide shop-style agents and enhance tie-ups with various types of independent agents

Annualized premiums from new policies

(Figure for FY08 as 100)



Current driver of growth

- Nationwide shop-style independent agents
 - Capture their high-growth market which has expanded rapidly with the nationwide development
- Large-scaled independent agents run by ex-sales experts of life insurers
 - Provide educational/ training programs to enhance tie-ups with core agents

Potential driver of growth

- Insurance agents in corporate group
 - Build closer cooperation with them to utilize their customer base
- Community-based shop-style independent agents
 - Enhance a range of support services to promote their sales of Sony life's products

Sony Life: Enhance After-sales Follow-up Services

Strengthen after-sales follow-up services by utilizing IT
Provide customers with high-quality consultation services for their entire life

Strengthen the current advantages

**High-quality
consultation**



Build a new competitive edge

**Lifelong & high-quality follow-up
based on consultation**



At the time of contract

【The second phase (Oct.) 】

- Introduce a paperless contract system
- Introduce a new business support system

After the conclusion of
the contract

【The first phase (May) 】

Create a customer-dedicated
website to strengthen
two-way communications



Introduce a new customer management system
【Second phase (Oct.) 】

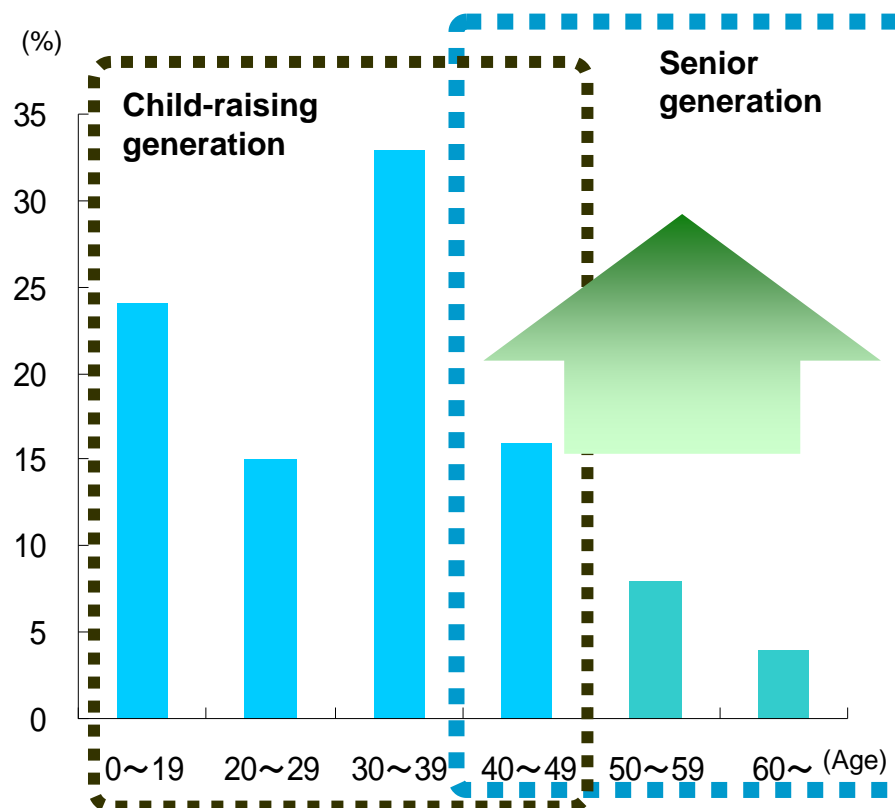
“Co-Creation IT project” released in FY12 as an IT platform for enhancing its after-sales follow-up services based on consultation with its customers.

Sony Life: Senior Market Initiatives

Promote consulting sales approach based on life planning in the senior market as Sony life's second pillar of growth following its primary target of child-raising generation

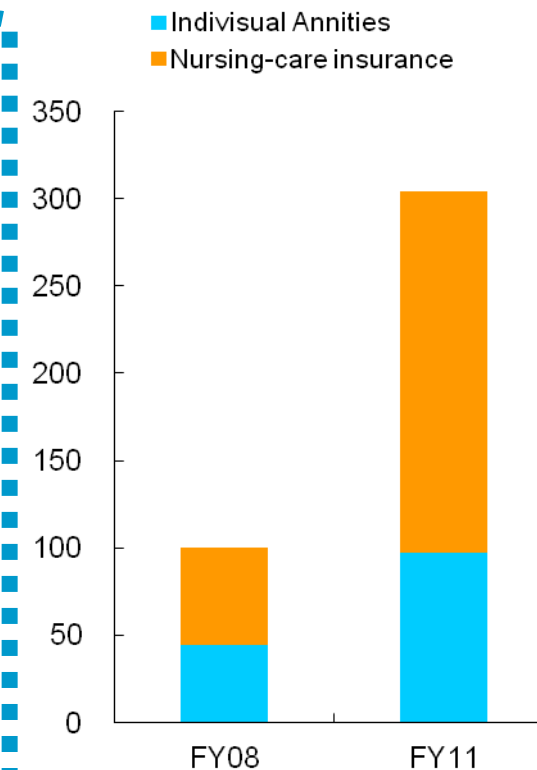
Number of new policies by age

(FY10)



Number of new policies for individual annuities and nursing-care insurance

(Figure for FY08 as 100)



Establish consulting sales approach in the senior market

+

Develop products tailored to the specific needs of senior customers

+

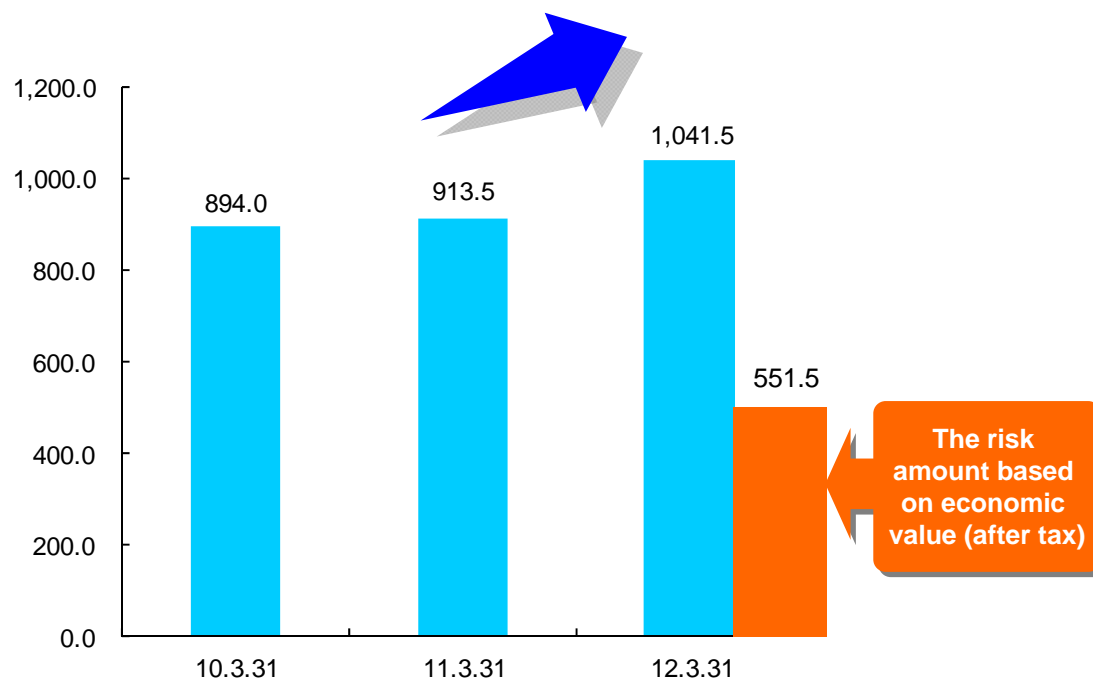
Further expand sales of annuity products via Aegon Sony Life Insurance

Sony Life: MCEV Growth and Risk Control

Achieve stable MCEV growth, ensure high financial soundness via risk management based on economic value

MCEV

(Billions of yen)



Achieve stable MCEV growth

- Sony Life's MCEV exceeded ¥1 trillion reflecting its stable growth.
- Sony Life controlled an interest rate risk, resulting in less volatile MCEV.

Risk management based on economic value

- Evaluate risk amount based on economic value via market consistent approach

Maintain high financial soundness

- Keep risk amount based on economic value at a proper level of MCEV.

* MCEV as of 10.3.31, used swap rates and others used JGB yields as risk-free rate for calculation.

Sony Life: Mid-term Target

| | FY2011 | | FY2014 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------|-----------------------|
| (As of March 31) | | | |
| Policy Amount in Force <small>(Individual Life Insurance + Individual Annuities)</small> | ¥36 trillion | CAGR Approx.4% | Over ¥40 trillion |
| MCEV <small>*The figure is for Sony Life only. JGB yields are used as risk-free rate for the MCEV calculation.</small> | ¥1,041.5 billion | CAGR 7%-8% | Over ¥1.2 trillion |
| Number of Lifeplanner sales employees <small>*Including the number of Lifeplanner sales employees rehired on a fixed-term contract basis after retirement</small> | 4,116 | Approx. 300 increase | Over 4,400 |

Sony Assurance

Non-Life Insurance: Key Messages

Maintain growth

- Establish an overwhelmingly leading position in the direct market, and reach ¥100 billion in direct premiums written by fiscal 2014

Maximize customer satisfaction levels

- Provide high-quality services through the customer response service department, and increase convenience via Web and mobile applications, thereby maximizing customer satisfaction

Improve profitability

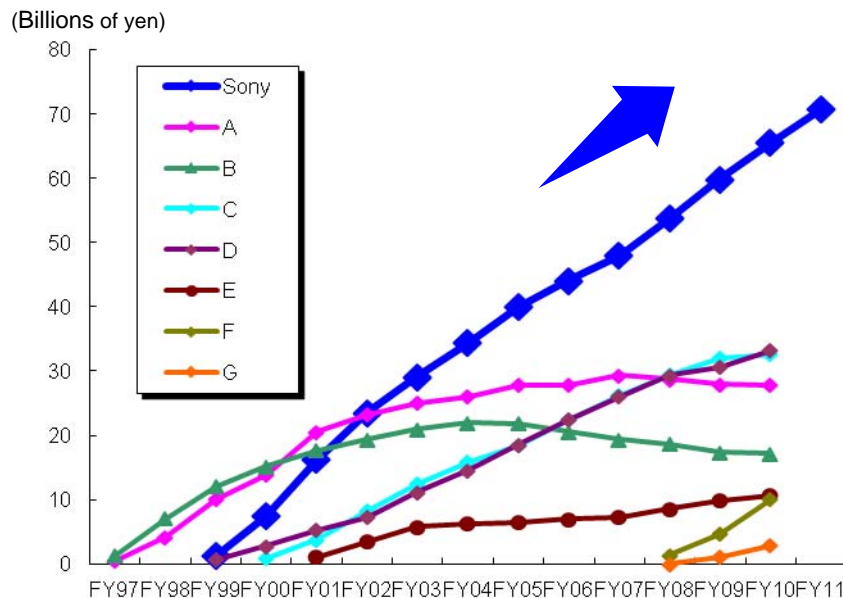
- Address the increase in the loss ratio and improve efficiency through aggressive system investment, resulting in higher profitability

Sony Assurance: Maintain Growth

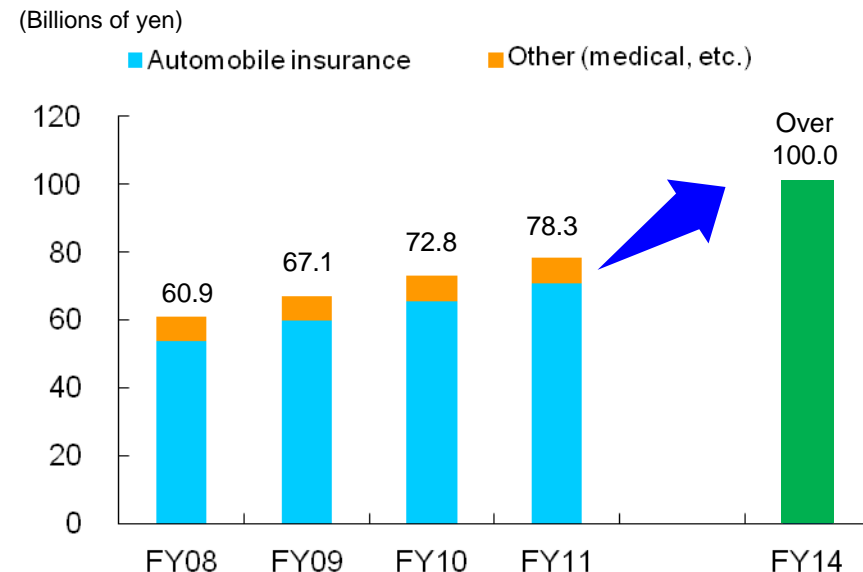
Establish an overwhelmingly leading position in the direct market, and exceed ¥100 billion in direct premiums written by fiscal 2014

- Maximize customer satisfaction by improving claim services quality and offering high-quality services by customer center and increase convenience via Web and mobile applications.
- Strengthen automobile insurance products, expand medical insurance and cultivate other types of insurance through progressive product development and in response to customer needs.
- Continue to invest proactively in marketing

Direct premiums written by major direct insurers



Direct premiums written



Sony Assurance: Improve Profitability

Address the increase in the loss ratio on automobile insurance and invest aggressively in systems, resulting in higher profitability

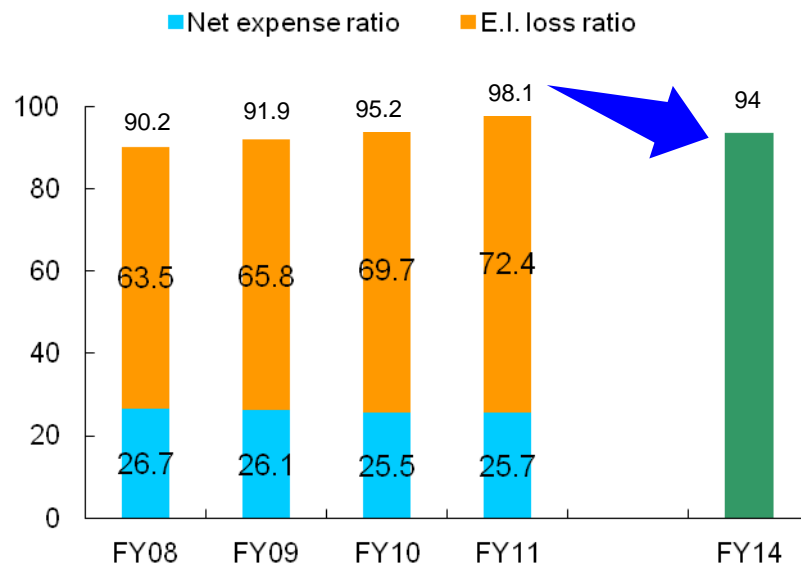
Address increase in loss ratio on automobile insurance

- Revise products and review premiums
- Reinforce service network to respond to accident claims

Promote aggressive system investment

- Increase business efficiency and service quality by reconfiguring backbone system
- Enhance functions of Web and mobile sites
- Build backup system for disaster recovery and strengthen information security system

Net Expense Ratio + Earned/Incurred Loss Ratio



<PC website (sample)>



<Smartphone website (sample)>



*Upcoming release of new PC and Smartphone websites

Sony Assurance: Mid-term Targets

| | FY2011 | | FY2014 |
|------------------------------------------------------------------------------------|----------------------|---------------------------------|------------------------------|
| Direct premiums written | ¥78.3 billion | CAGR Approx. 9% | Over ¥100 billion |
| Net expense ratio + E.I. loss ratio (Total of all type of insurance) | 98.1% | Over 4pt improvement | 94% |
| Ordinary profit | ¥2.8 billion | CAGR Over 15% | ¥4.3 billion |

Sony Bank

Increase business volume based on strong customer satisfaction

- Pursue further increases in customer satisfaction
- Expand the retail balance and raise the loan-deposit ratio

Strengthen strategic products

- Remain steadfast on growth strategies centering on mortgage loans and foreign currency deposits

Enhance profit-generating capacity

- Enhance profit-generating capacity through low-cost structure and balance sheet expansion
- Increase profit-generating capacity further by promoting overseas business

Sony Bank: Customer Satisfaction & Business Expansion

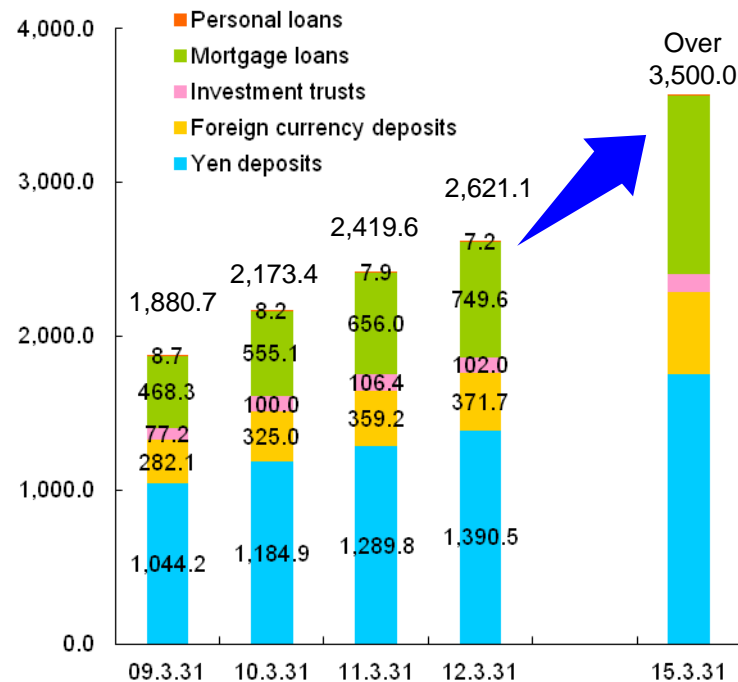


Ranked as the 1st for Nikkei's customer satisfaction survey on financial institutions for five consecutive years

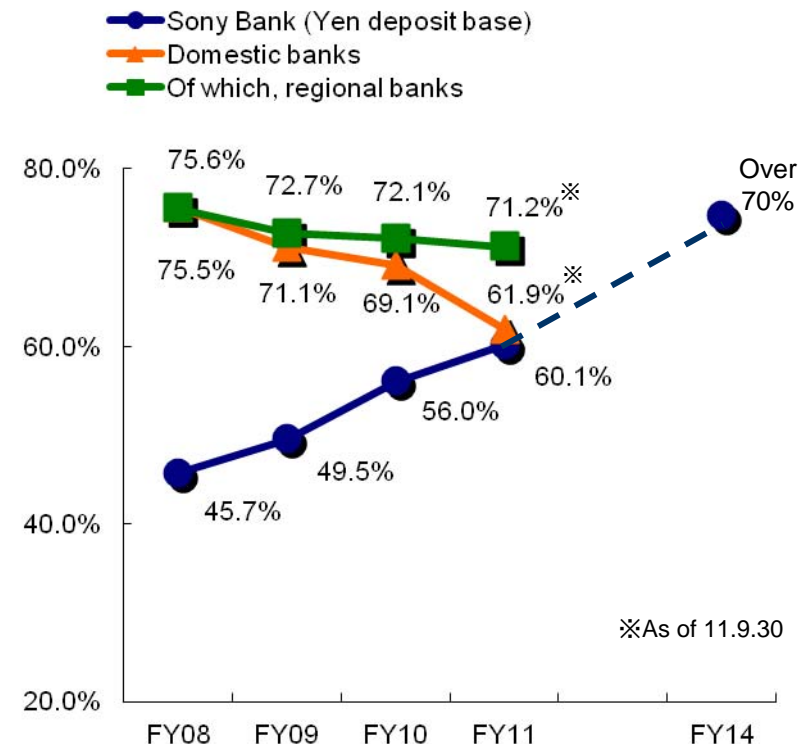
Source: Nikkei's customer satisfaction survey (for the three major metropolitan areas)

Retail balance

(Billions of yen)



Loan-deposit ratio

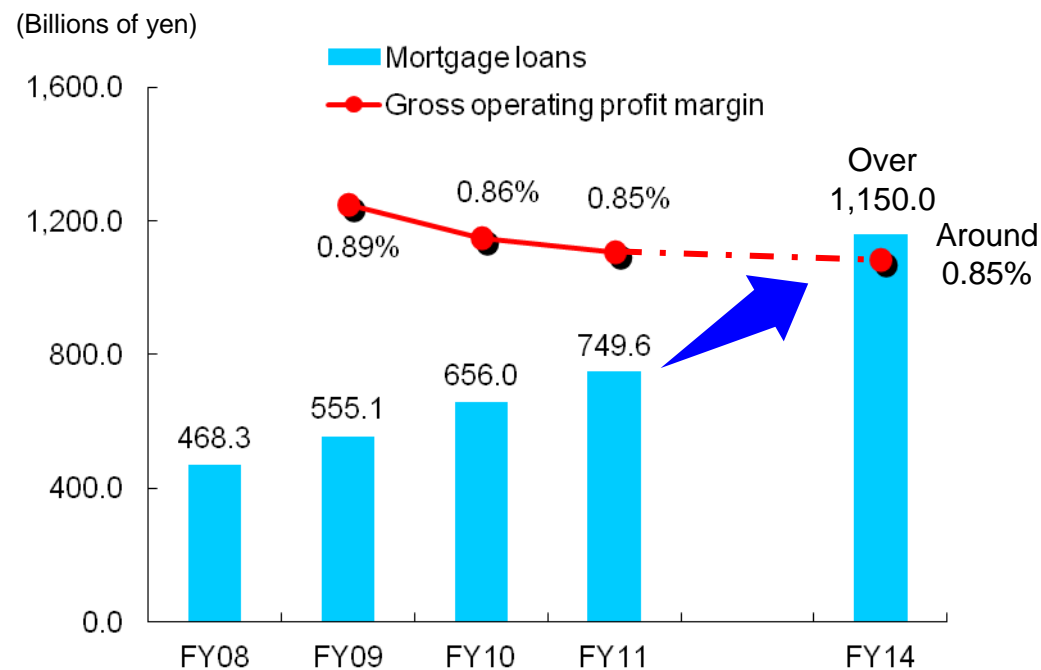


Source: Nationwide Bank Financial Statement Analysis, Japanese Bankers Association

Sony Bank: Mortgage Loans

Enhance profit-generating capacity with asset expansion by strengthening mortgage loan services

Mortgage balance & gross operating profit



Strengthen mortgage loan services

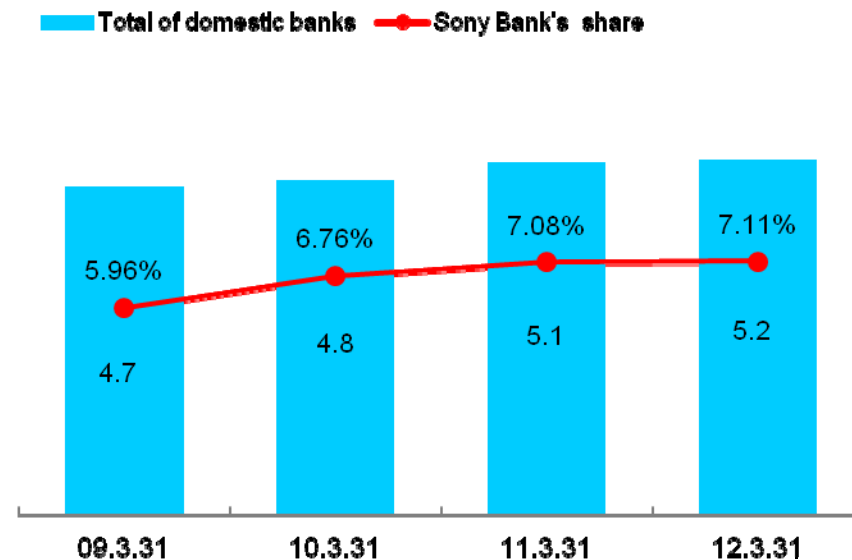
- Enhance product competitiveness
 - Increase product lineups, etc.
- Strengthen tie-ups with real estate agents
- Maintain price competitiveness

Sony Bank: Foreign Currency Deposits

Build Sony Bank's reputation as a foreign currency specialist by enhancing product and price competitiveness

Market share of foreign currency deposits

(Trillions of yen)



Source: Statistics of Bank of Japan (Individual foreign currency deposit balance)

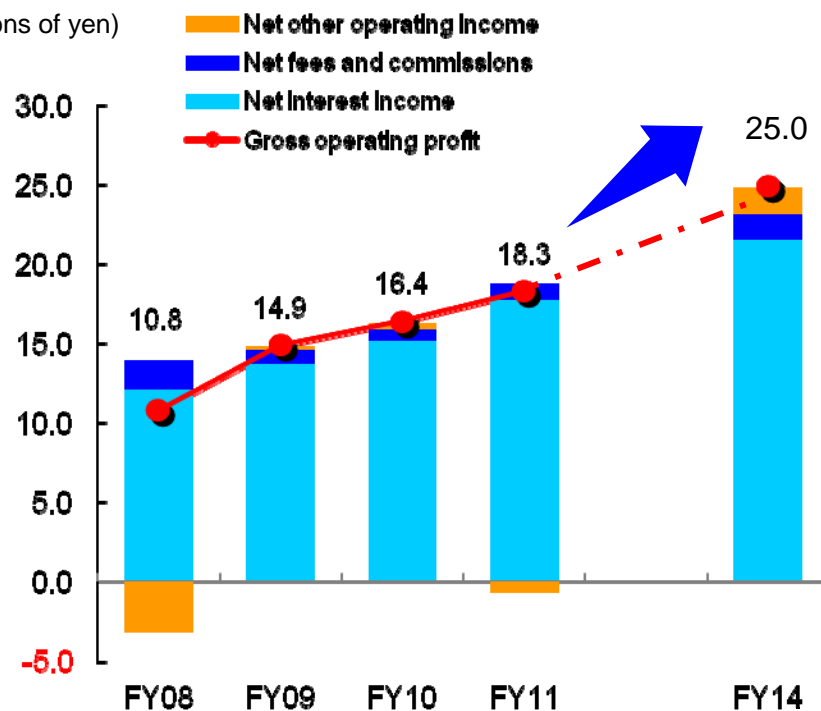
Promote foreign currency deposits

- Enhance product competitiveness
 - Increase currency lineups, etc.
 - ⇒ Began offering Brazilian real deposits (May 2011)
- Enhance price competitiveness
 - Lower handling charges, etc.
 - ⇒ Began offering FX transactions free of charge (April 2012)

Steadily increase gross operating profit by growing net interest income

Gross operating profit

(Billions of yen)



Increase gross operating profit

- Expand business volume (in terms of outstanding balance of deposits and mortgages)
- Keep a certain level of interest spread
- Maintain and improve cost efficiency (expense ratio)

Sony Bank: Mid-term Targets

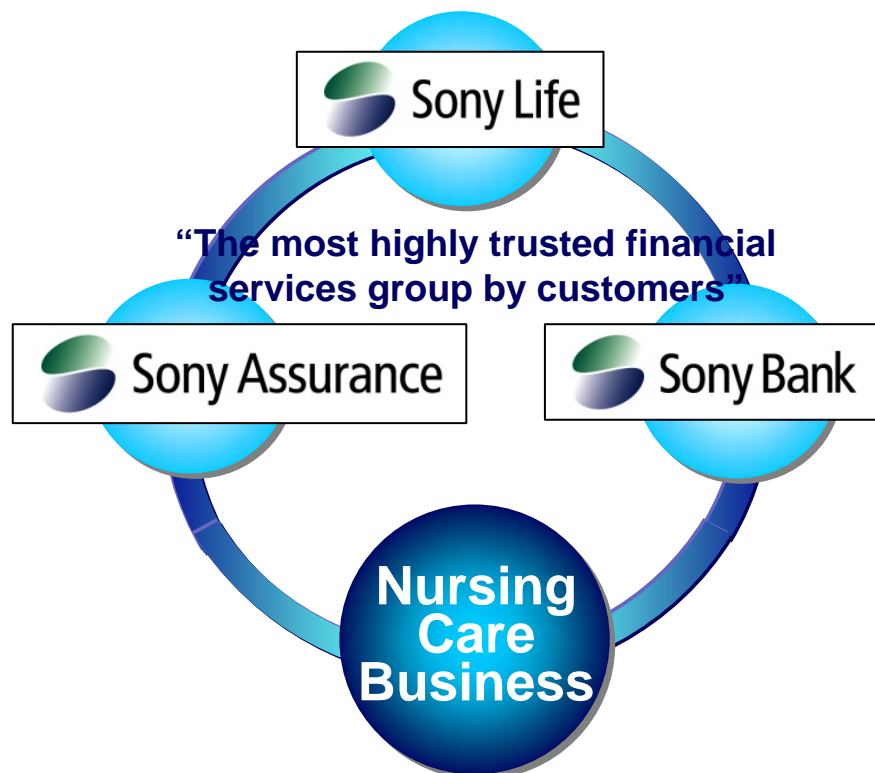
| | FY2011 | | FY2014 |
|----------------------------------------------------|----------------------|--------------------------|---------------------------|
| Retail balance (Fiscal year-end balance) | ¥2.6 trillion | CAGR Over 10% | Over ¥3.5 trillion |
| Gross operating profit | ¥18.3 billion | CAGR Over 10% | ¥25.0billion |
| Ordinary profit | ¥4.0 billion | CAGR Over 25% | Over ¥8.0billion |

Enter New Business Fields

Enter the Nursing Care Business

Create a fourth pillar of business in addition to our three current major businesses

Move toward being a “Group that provides the foundations to help customers live fulfilled and securely throughout their lives”



Target area of business

- Residence-type services (pay nursing homes) and visitation-type services (day services)

Entry schedule and method

- Aim to enter business in fiscal 2013
- Examine entering business through M&A or alliances

Mid-term Management Targets (Consolidated)

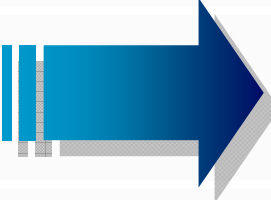
Mid-term Management Targets

Revenues and Profit (Consolidated)

| | FY2011 (Actual) | FY2012 (Forecast) <small>*Announced in May 2012</small> | | FY2014 |
|---------------------------------------|---------------------------|----------------------------------------------------------------------|-----------------|-----------------------|
| Consolidated ordinary revenues | ¥1,078.0 billion | ¥1,115.0 billion | CAGR Over 5% | ¥1,236.0 billion |
| Consolidated ordinary profit | ¥74.6 billion | ¥67.0 billion | CAGR Over 9% | Over ¥80.0 billion |
| Consolidated net income | ¥32.8 billion | ¥37.0 billion | CAGR Over 8% | Over ¥43.0 billion |

Mid-term Management Targets

Adjusted ROE (Consolidated)

| | FY2011 | | FY2014 |
|----------------------------------|--------|-------------------------------------------------------------------------------------|-----------------|
| Consolidated adjusted ROE | 13.1% |  | 7.5-8.0% |
| Of which | | | |
| Sony Life (non-consolidated) | 14.1% | | 7.5-8.0% |
| Sony Assurance | (1.2%) | | 10.0%-11.0% |
| Sony Bank (consolidated) | 2.9% | | 6.0%-7.0% |

Note: Calculation of consolidated adjusted ROE is as follows.

As for the calculation of MCEV for FY2011 (actual) and FY2014 (target), Sony Life uses JGB yields as risk-free rate.

| | Numerator | Denominator |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sony Life (non-consolidated) | Net increase in MCEV plus dividends | The average of (MCEV at previous fiscal year-end minus dividends plus MCEV at current fiscal year-end) |
| Sony Assurance | Net income+ increase in provision for catastrophe reserve (after tax)+ increase in reserve for price fluctuations (after tax) | The average of (net assets + catastrophe reserve (after-tax) and reserve for price fluctuations (after-tax)) as of the previous fiscal year-end and the current fiscal year-end |
| Sony Bank (consolidated) | Net income | The average of net assets as of the previous fiscal year-end and the current fiscal year-end |

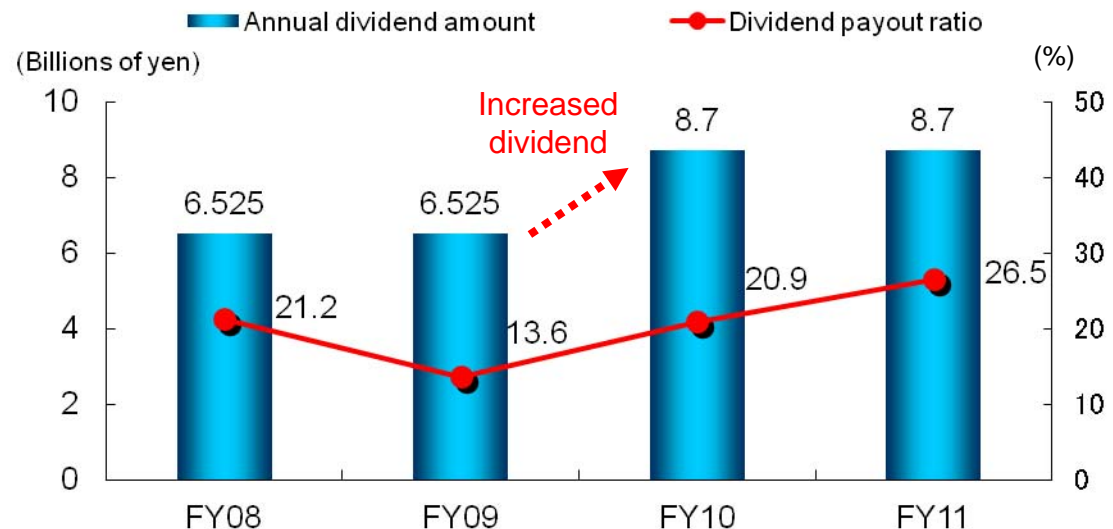
| | 2012.3.31 (Actual) | | Mid-term Policy |
|----------------------------------------|-------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sony Life (non-consolidated) | Solvency margin ratio | 1,980.4% | <ul style="list-style-type: none"> Conduct ongoing risk management which has been incorporating possible tightening of capital requirements based on economic value in future. Sony Life ensures financial soundness by keeping its risks within a proper level of MCEV, which is capital based on economic value (MCEV as of the end of FY2011: ¥1,041.5 billion). |
| | Risk amount based on economic value | ¥551.5 billion | |
| Sony Assurance | Solvency margin ratio | 557.8% | |
| Sony Bank (non-consolidated) | Capital adequacy ratio | 11.58% | <ul style="list-style-type: none"> In preparation for future growth of business volume and risk assets, ensure soundness which is consistent with levels ultimately required by Basel III. Also consider Tier 1 and Tier 2 balance from standpoint of capital efficiency. |

Capital Policies and Dividends

- ◆ We will continue to meet shareholder expectations through achieving stable growth in earnings and profits by promoting the expansion of Group companies and improving capital efficiency. At the same time, We will work on returning profit to shareholders in a more positive manner, while ensuring sufficient internal reserves to guarantee the soundness of Group companies and invest in their growth.
- ◆ Our dividend policy is to basically maintain stable dividends. The policy also aims for steady increases in dividends in line with earnings growth over the medium to long term. Our medium-term target for the dividend payout ratio is 30% to 40% of Group net income.
- ◆ We will determine specific dividend amounts for each fiscal year by taking into overall consideration such factors as the sufficiency of capital with regard to Group company risks, investment opportunities, performance forecasts, and legal and regulatory trends in Japan and overseas.

Trends in total dividends and the dividend payout ratio

Note: Although dividends for fiscal 2012 have not yet been determined, It will be set at an appropriate time in the future based on the above-stated policy.



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(Targeting consolidated adjusted ROE of 7.5–8.0% in FY2014)

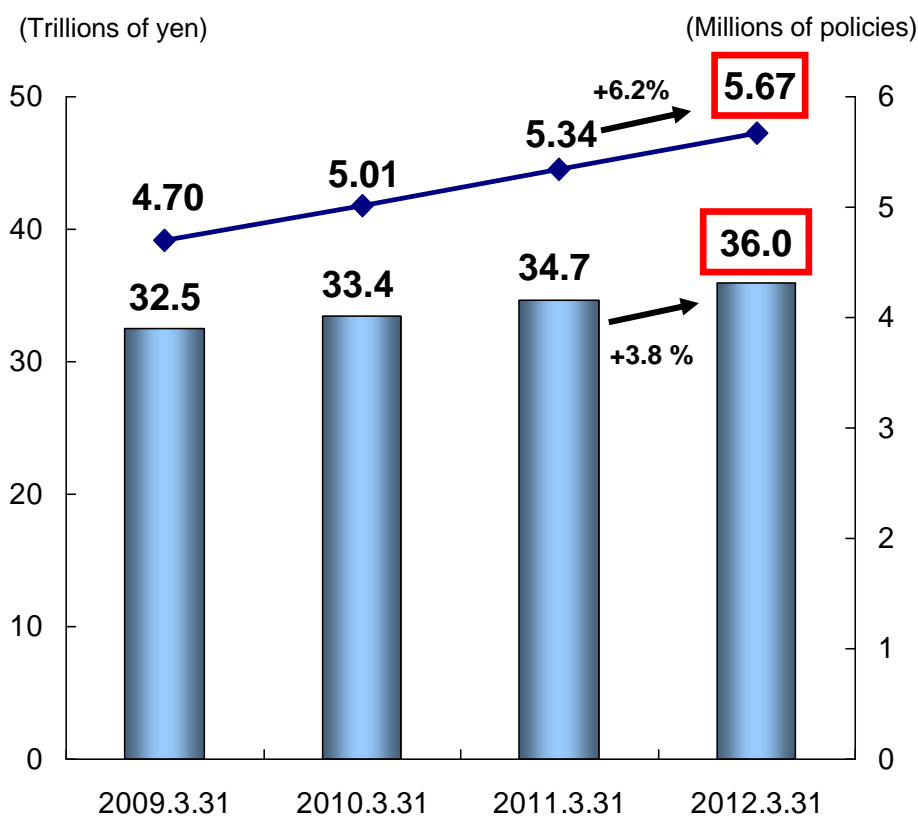
End

APPENDIX

Sony Life: Number and Amount of Policies

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

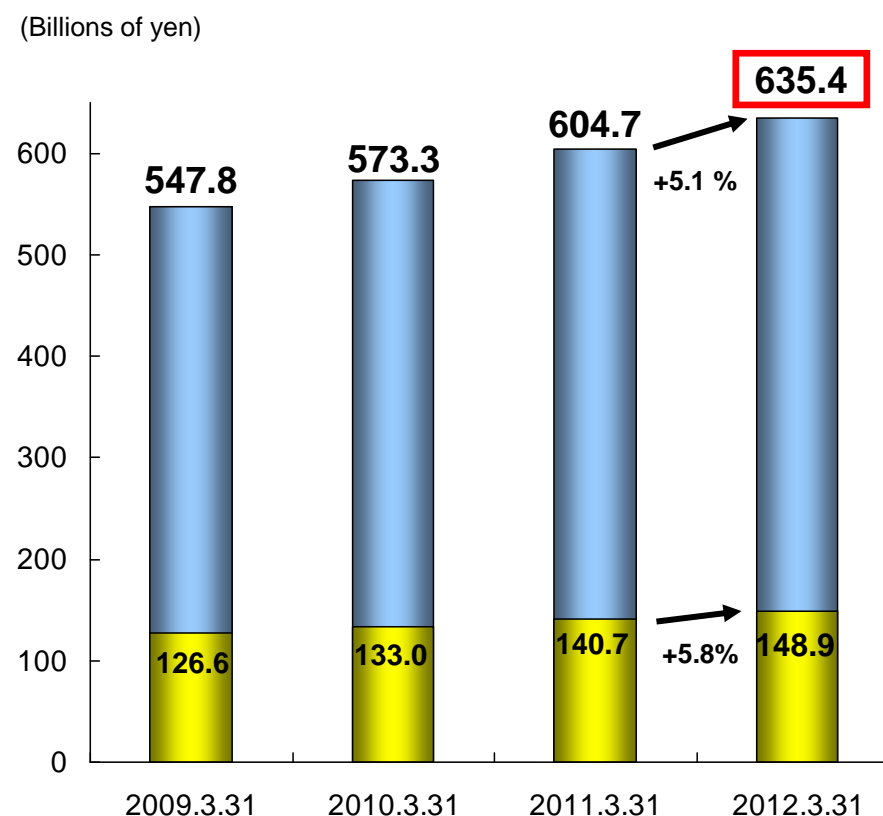
■ Policy amount in force — Number of policies in force



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

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

■ Annualized premiums from insurance in force ■ Of which, third-sector



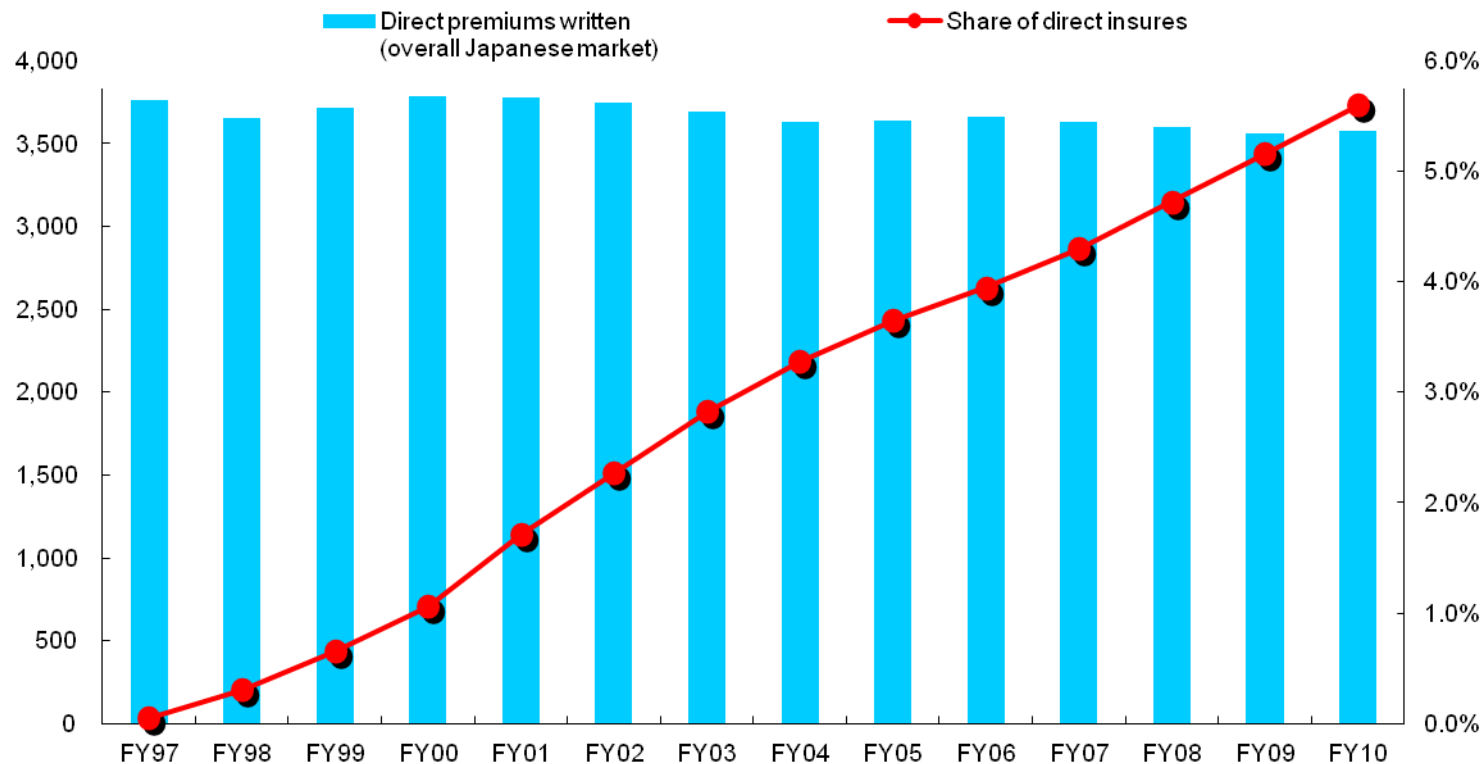
Line item amounts are truncated below ¥100 million; percentage figures are rounded.

Sony Assurance: Automobile Insurance

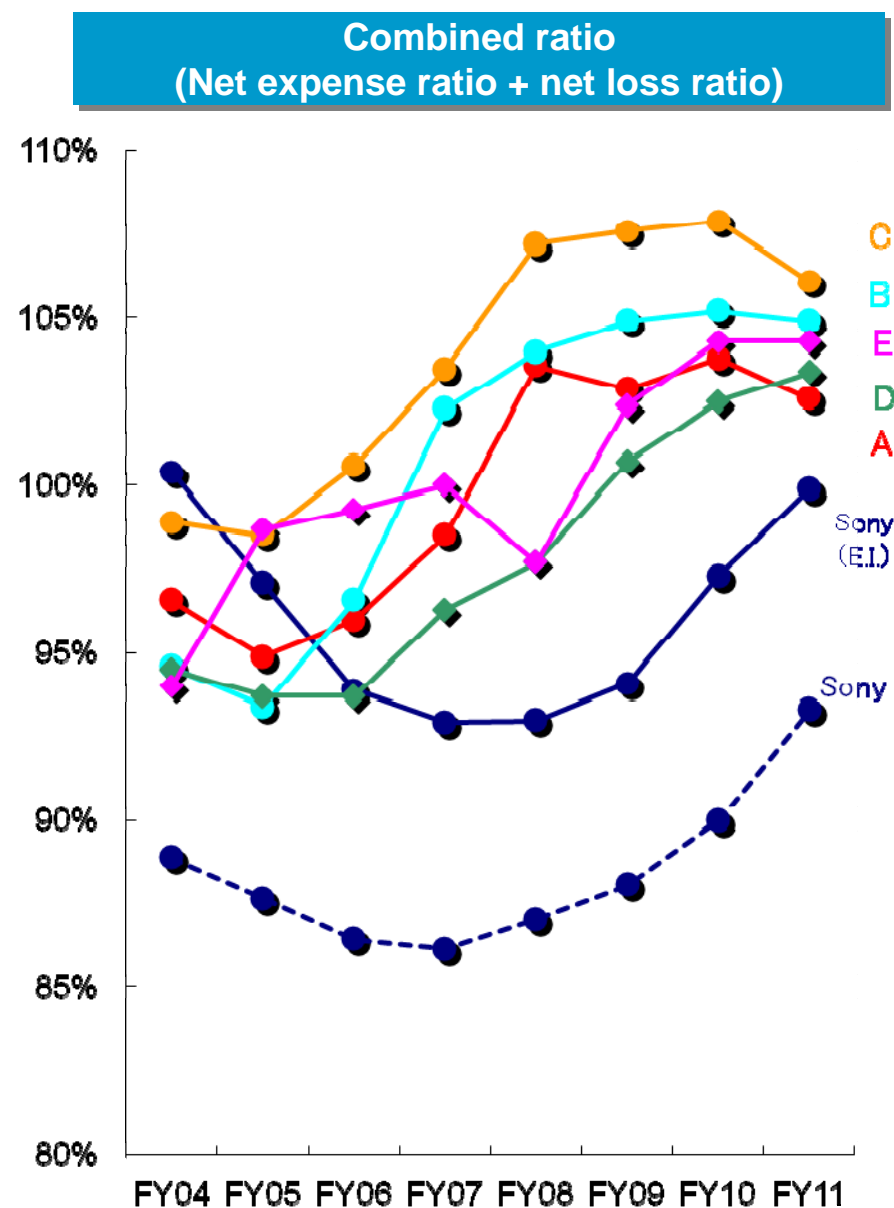
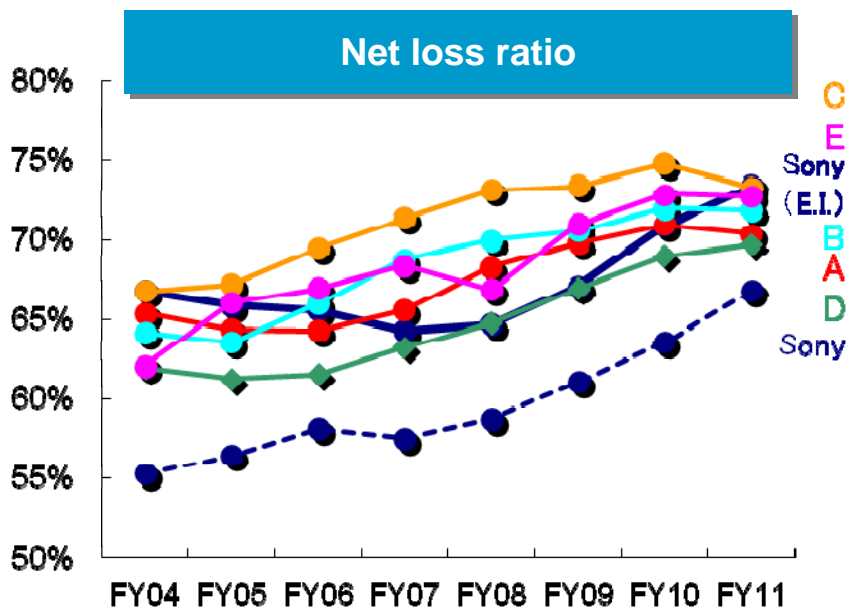
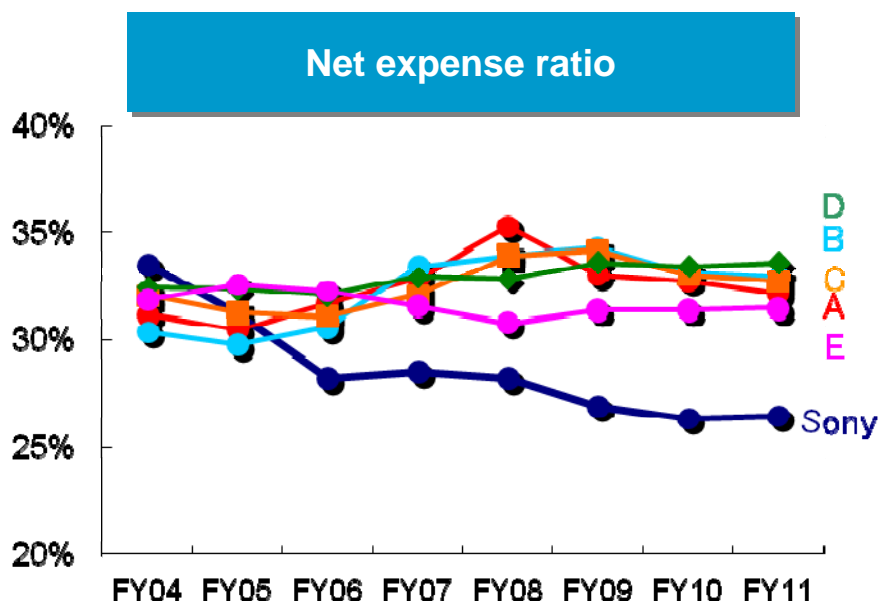
Auto insurance market & share of direct non-life insures

FY10: 5.6% (+0.4pt YoY)

(Billions of yen)



Sony Assurance: Automobile insurance



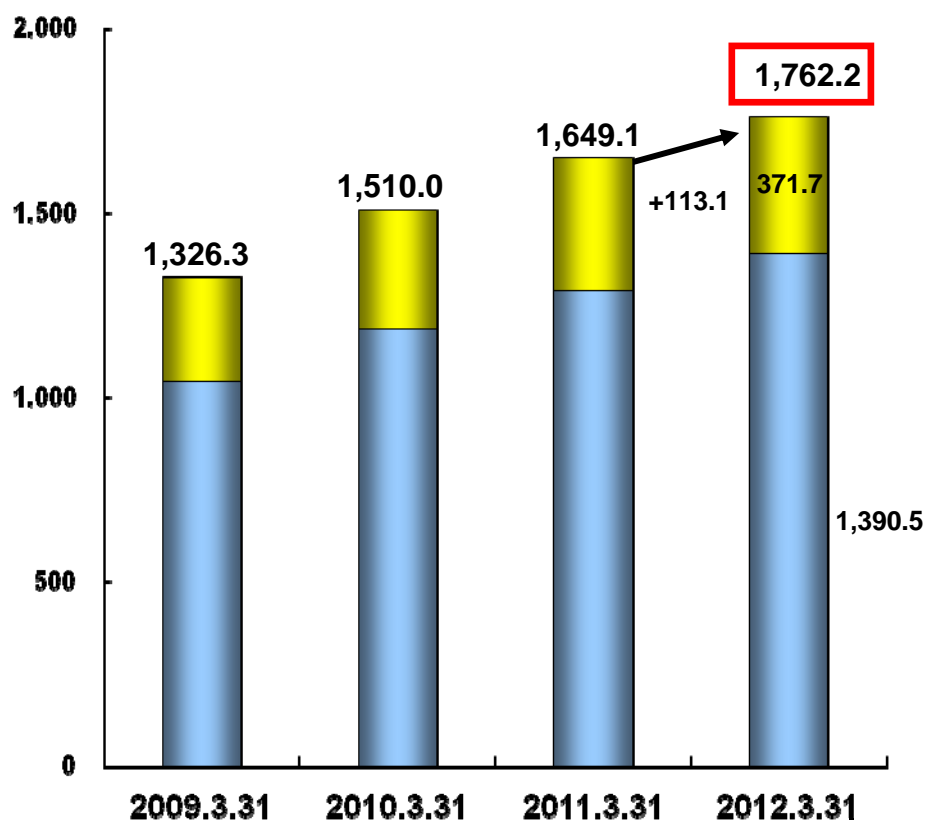
Sony Bank: Deposits and Loans Outstanding



Deposits

■ Yen deposits ■ Foreign currency deposits

(Billions of yen)

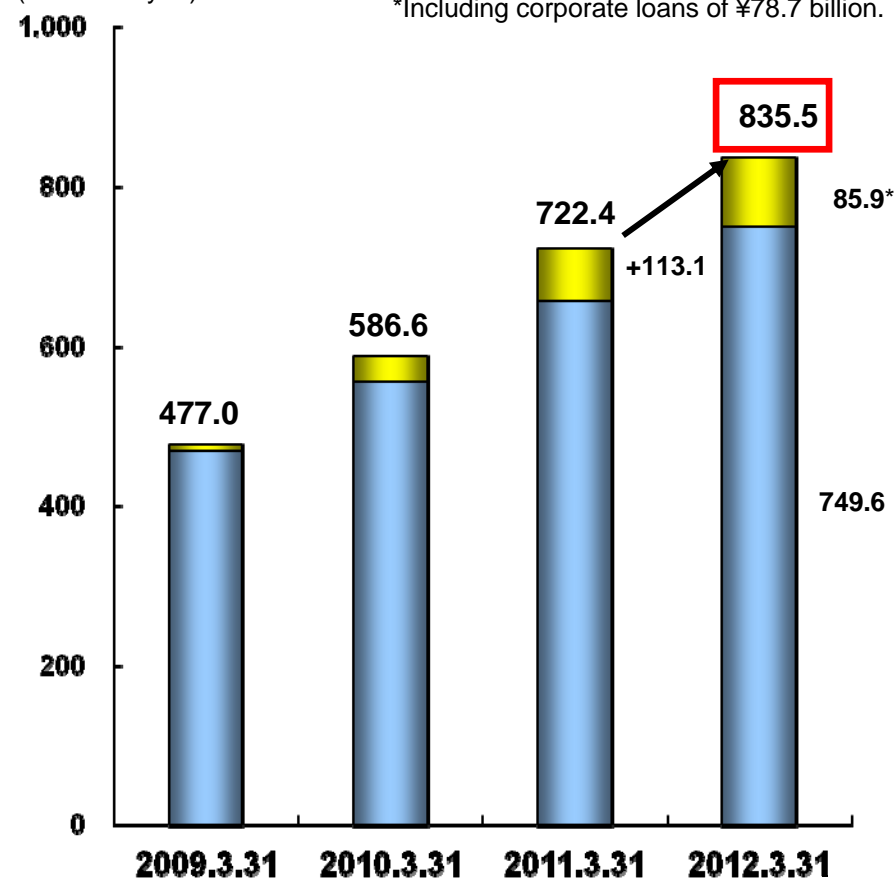


Loans

■ Mortgage loans ■ Others

(Billions of yen)

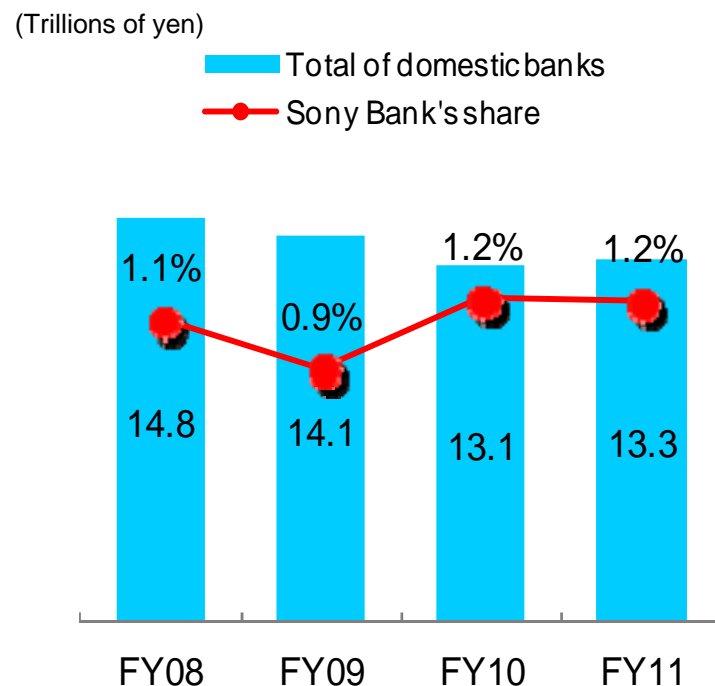
*Including corporate loans of ¥78.7 billion.



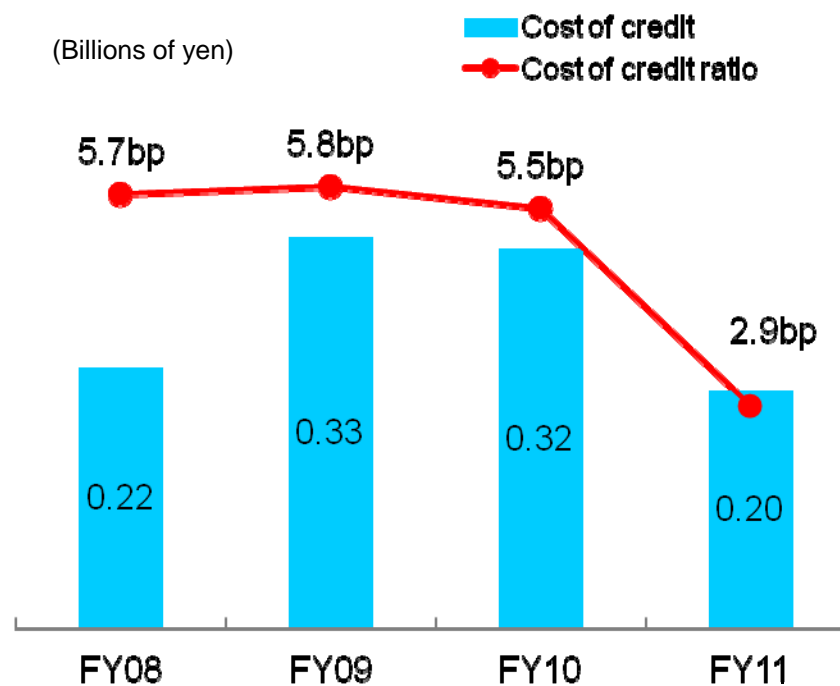
Line item amounts are truncated below ¥100 million

Sony Bank: Mortgage loans

Share of new loan amount



Cost of credit ratio



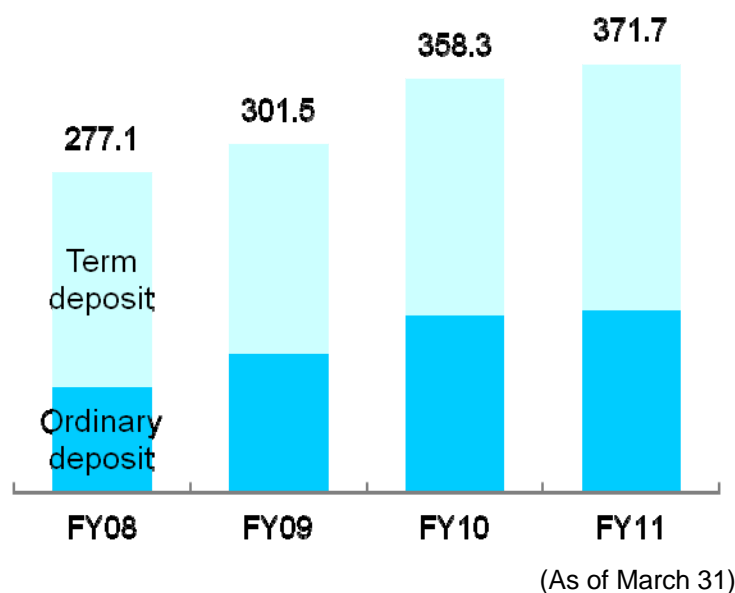
Source: Statistics of Bank of Japan
(Mortgage loans and other loans)

Sony Bank: Foreign Currency Deposits

Foreign currency deposits (excluding foreign exchange fluctuation)

(Based on exchange rate as of 12.3.31)

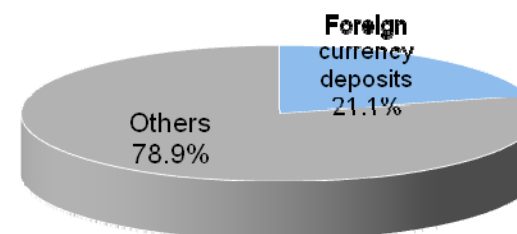
(Billions of yen)



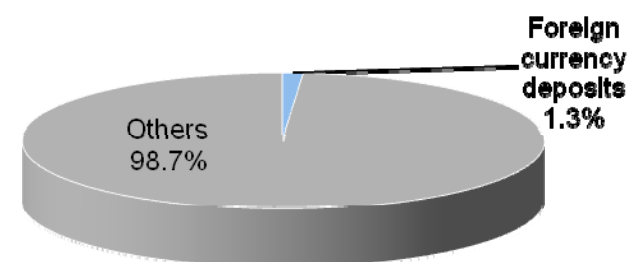
Foreign currency share in deposit balance

(As of 12.3.31)

Sony Bank



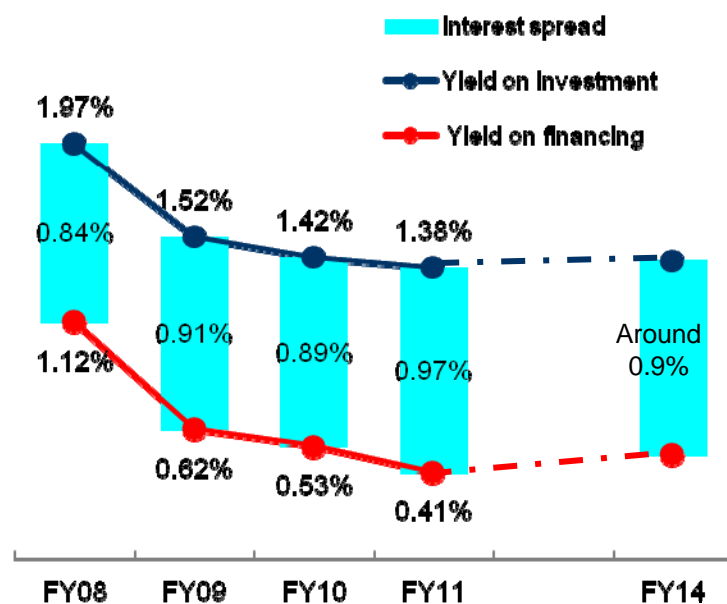
Domestic Banks (retail banking)



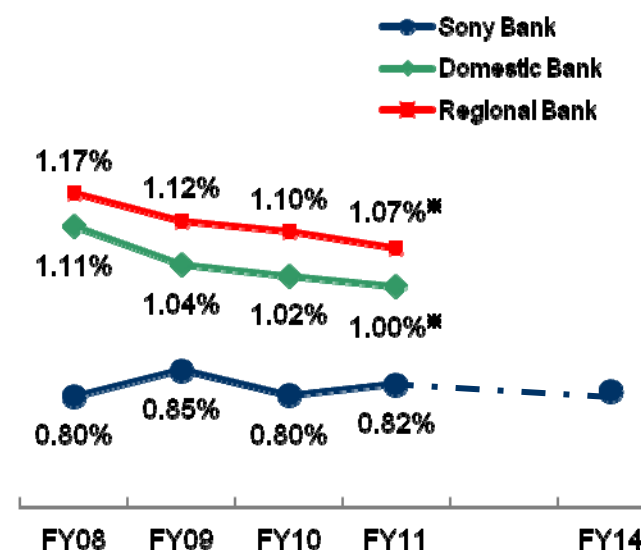
Source: Statistics of Bank of Japan
(Individual foreign currency deposit balance)

Sony Bank: Profitability and Efficiency

Trend of interest spread



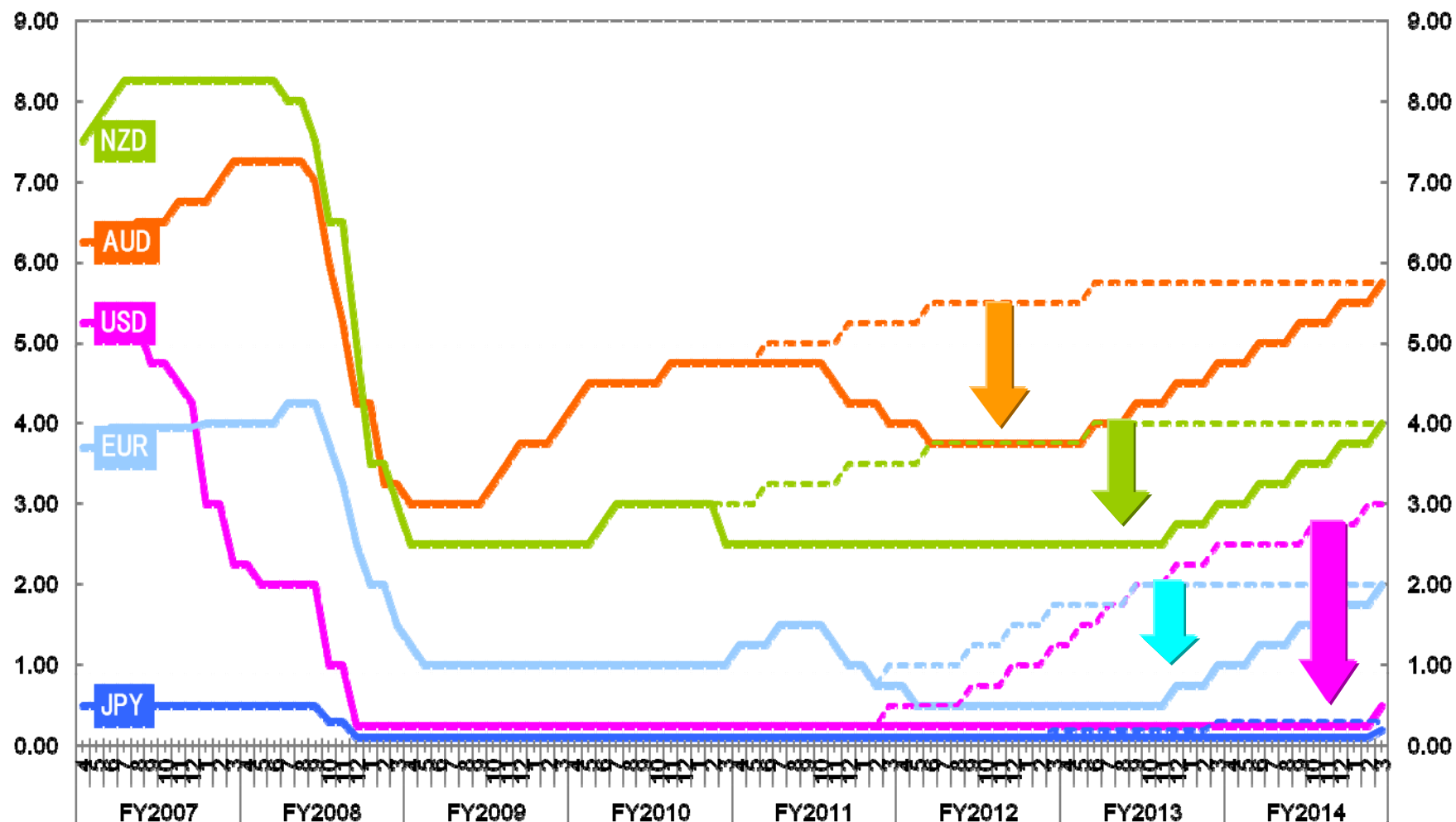
Deposit expense ratio



※1H FY11

Sony Bank: Assumption on Interest Rates of Each Currency

Sony Bank: Assumption on interest rates of each currency



* Solid lines show the assumption in Feb. 2012, while dotted lines show those set in Feb. 2011.

* Implied forward rates are used for the future assumption.



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