

Summary Information on Sony Bank's Financial Results
for the Year Ended March 31, 2017

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1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets:		
Cash and due from banks	114,213	180,581
Monetary claims purchased	884	573
Monetary trusts	23,000	23,000
Securities	618,942	629,254
Loans	1,344,184	1,539,630
Foreign exchanges	1,139	7,268
Other assets	31,507	53,223
Tangible fixed assets	1,057	710
Buildings	254	106
Leased assets	28	0
Other tangible fixed assets	774	602
Intangible fixed assets	4,711	4,803
Software	4,677	4,789
Goodwill	19	-
Other intangible fixed assets	14	13
Deferred tax assets	1,681	762
Reserve for possible loan losses	(1,035)	(971)
Total Assets	2,140,286	2,438,836
Liabilities:		
Deposits	1,921,805	2,109,583
Call money and bills sold	-	70,000
Borrowed money	60,000	103,000
Foreign exchanges	87	108
Other liabilities	78,084	71,520
Reserve for employees' bonuses	714	782
Net defined benefit liability	1,103	1,117
Reserve for directors' retirement benefits	41	56
Provision for reimbursement of deposits	58	62
Total Liabilities	2,061,895	2,356,231
Net Assets:		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	24,419	25,815
Total shareholders' equity	76,419	77,815
Net unrealized gains (losses) on other securities, net of taxes	3,331	4,776
Net deferred gains (losses) on hedging instruments, net of taxes	(2,531)	(1,338)
Remeasurements of defined benefit plans, net of taxes	(157)	(109)
Total accumulated other comprehensive income	643	3,328
Non-controlling interests	1,329	1,460
Total Net Assets	78,391	82,604
Total Liabilities and Net Assets	2,140,286	2,438,836

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(1) Consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Ordinary Revenues	37,937	38,510
Interest income	25,482	26,533
(Interest income on loans)	14,739	16,065
(Interest income and dividends on securities)	10,671	10,394
(Interest income on call loans and bills bought)	7	-
(Interest income on deposits with banks)	61	63
(Other interest income)	3	9
Fees and commissions	6,886	6,870
Other operating income	5,189	4,871
Other ordinary income	379	234
(Reversal of reserve for possible loan losses)	-	22
(Others)	379	212
Ordinary Expenses	31,949	33,460
Interest expenses	9,022	8,672
(Interest expenses on deposits)	4,829	5,105
(Interest expenses on call money and bills sold)	5	(17)
(Interest expenses on borrowed money)	266	211
(Interest expenses on short-term corporate bonds)	-	0
(Other interest expenses)	3,921	3,372
Fees and commissions	4,054	5,480
Other operating expenses	181	86
General and administrative expenses	18,541	19,079
Other ordinary expenses	150	142
(Provision of reserve for possible loan losses)	36	-
(Other ordinary expenses)	113	142
Ordinary Profit	5,987	5,049
Extraordinary Losses	11	214
Losses on disposal of fixed assets	11	57
Impairment losses	-	150
Other extraordinary losses	-	7
Income Before Income Taxes	5,976	4,834
Income Taxes - Current	1,954	1,429
Income Taxes - Deferred	62	(14)
Total Income Taxes	2,017	1,414
Profit	3,959	3,420
Profit Attributable to Non-controlling Interests	54	113
Profit Attributable to Owners of the Parent	3,905	3,306

(2) Consolidated Statements of Comprehensive Income

	For the year ended March 31, 2016	For the year ended March 31, 2017
Profit	3,959	3,420
Other Comprehensive Income		
Net unrealized gains (losses) on other securities, net of taxes	(3,286)	1,444
Net deferred gains (losses) on hedging instruments, net of taxes	(261)	1,192
Foreign currency translation adjustment	(1)	-
Remeasurements of defined benefit plans, net of taxes	(82)	65
Total other comprehensive income	(3,632)	2,703
Comprehensive Income	327	6,123
(Details)		
Comprehensive income attributable to the owners of the parent	290	5,992
Comprehensive income attributable to non-controlling interests	37	131

3. Fair Value Information (Consolidated)

(1) Fair value information on securities

i) Held-to-maturity bonds (As of March 31, 2017)

	(Millions of yen)		
	Balance sheet amount	Fair value	Difference
Held-to-maturity bonds of which fair value exceeds balance sheet amount			
Japanese government bonds	5,990	6,073	83
Japanese corporate bonds	228	232	4
Subtotal	6,218	6,306	87
Held-to-maturity bonds of which fair value does not exceed balance sheet amount			
Japanese government bonds	-	-	-
Japanese corporate bonds	-	-	-
Subtotal	-	-	-
Total	6,218	6,306	87

ii) Available-for-sale securities (As of March 31, 2017)

	(Millions of yen)		
	Balance sheet amount	Acquisition cost	Difference
Available-for-sale securities of which balance sheet amount exceeds acquisition cost			
Bonds	162,942	154,516	8,425
Japanese government bonds	69,596	63,897	5,699
Japanese local government bonds	34,866	33,697	1,168
Japanese corporate bonds	58,479	56,921	1,557
Others	283,047	277,903	5,143
Foreign bonds	278,572	275,617	2,955
Others	4,474	2,286	2,188
Subtotal	445,989	432,419	13,569
Available-for-sale securities of which balance sheet amount dose not exceed acquisition cost			
Bonds	32,399	33,090	(690)
Japanese government bonds	27,496	28,175	(679)
Japanese local government bonds	-	-	-
Japanese corporate bonds	4,903	4,914	(11)
Others	145,210	145,977	(767)
Foreign bonds	144,636	145,404	(767)
Others	573	573	(0)
Subtotal	177,610	179,067	(1,457)
Total	623,599	611,487	12,112

iii) Available-for-sale securities sold during the year (For the year ended March 31, 2017)

	(Millions of yen)		
	Sales	Gains on sales	Losses on sales
Bonds	-	-	-
Japanese government bonds	-	-	-
Japanese local government bonds	-	-	-
Japanese corporate bonds	-	-	-
Others	55,324	281	(41)
Foreign bonds	55,324	281	(41)
Others	-	-	-
Total	55,324	281	(41)

(2) Fair value information on monetary trusts**Monetary trusts for other than trading or held-to-maturity (As of March 31, 2017)**

(Millions of yen)				
Balance sheet amount	Acquisition cost	Difference	Of which, balance sheet amount exceeds acquisition cost	Of which, balance sheet amount does not exceed acquisition cost
23,000	23,000	-	-	-

Note: "Difference" consists of "Of which, balance sheet amount exceeds acquisition cost" and "Of which, balance sheet amount does not exceed acquisition cost."

4. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016 (A)	As of March 31, 2017 (B)	Change (B-A)
Assets:			
Cash and due from banks	110,669	177,468	66,799
Cash	18	-	(18)
Due from banks	110,650	177,468	66,818
Monetary claims purchased	884	573	(311)
Monetary trusts	23,000	23,000	-
Securities	620,993	631,296	10,302
Japanese government bonds	81,487	103,083	21,596
Japanese local government bonds	37,811	34,866	(2,945)
Japanese corporate bonds	64,626	63,611	(1,015)
Japanese stocks	2,050	2,050	-
Other securities	435,017	427,684	(7,333)
Loans	1,344,184	1,539,630	195,446
Loans on deed	1,332,050	1,521,546	189,495
Overdrafts	12,133	18,084	5,951
Foreign exchanges	1,139	7,268	6,129
Due from foreign banks	1,139	7,268	6,129
Other assets	21,272	41,770	20,498
Domestic exchange settlement account debit	207	258	50
Prepaid expenses	130	149	18
Accrued income	3,889	3,859	(30)
Derivatives	5,235	5,153	(82)
Cash collateral paid for financial instruments	7,701	21,650	13,949
Accounts receivable	1,740	7,879	6,139
Others	2,367	2,821	453
Tangible fixed assets	667	398	(269)
Buildings	210	65	(145)
Leased assets	0	-	(0)
Other tangible fixed assets	456	332	(124)
Intangible fixed assets	3,253	3,170	(83)
Software	3,248	3,165	(82)
Other intangible fixed assets	5	4	(0)
Deferred tax assets	1,536	632	(904)
Reserve for possible loan losses	(1,035)	(971)	64
Total Assets	2,126,564	2,424,236	297,671

(Millions of yen)

	As of March 31, 2016 (A)	As of March 31, 2017 (B)	Change (B-A)
Liabilities:			
Deposits	1,923,506	2,112,985	189,479
Ordinary deposits	503,957	630,964	127,006
Time deposits	1,080,159	1,129,004	48,844
Other deposits	339,388	353,017	13,628
Call money	-	70,000	70,000
Borrowed money	60,000	103,000	43,000
Borrowed money	60,000	103,000	43,000
Foreign exchanges	87	108	21
Foreign bills sold	12	31	18
Foreign bills payable	74	77	3
Other liabilities	64,088	55,199	(8,888)
Income taxes payables	950	582	(367)
Accrued expenses	4,845	4,646	(199)
Initial margins of future markets	22,041	20,661	(1,380)
Derivatives	30,913	20,582	(10,331)
Cash collateral received for financial instruments	312	757	445
Leased obligation	0	-	(0)
Asset retirement obligations	139	144	5
Others	4,886	7,825	2,939
Reserve for employees' bonuses	645	705	59
Reserve for employees' retirement benefits	731	815	83
Reserve for directors' retirement benefits	20	27	7
Provision for reimbursement of deposits	58	62	3
Total Liabilities	2,049,136	2,342,904	293,767
Net Assets:			
Common stock	31,000	31,000	-
Capital surplus	21,000	21,000	-
Capital reserves	21,000	21,000	-
Retained earnings	24,627	25,893	1,266
Earned reserve	-	391	391
Other retained earnings	24,627	25,501	874
Unappropriated retained earnings	24,627	25,501	874
Total shareholders' equity	76,627	77,893	1,266
Net unrealized gains (losses) on other securities, net of taxes	3,331	4,776	1,444
Net deferred gains (losses) on hedging instruments, net of taxes	(2,531)	(1,338)	1,192
Total valuation and translation adjustments	800	3,438	2,637
Total Net Assets	77,428	81,332	3,903
Total Liabilities and Net Assets	2,126,564	2,424,236	297,671

5. Non-consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2016 (A)	For the year ended March 31, 2017 (B)	Change (B-A)
Ordinary Revenues	34,892	35,105	213
Interest income	25,482	26,534	1,051
(Interest income on loans)	14,739	16,066	1,326
(Interest income and dividends on securities)	10,671	10,394	(276)
(Interest income on call loans)	7	-	(7)
(Interest income on deposits with banks)	61	63	2
(Interest income on interest rate swaps)	-	8	8
(Other interest income)	3	0	(2)
Fees and commissions	3,842	3,465	(377)
(Fees and commissions on domestic and foreign exchanges)	177	207	30
(Other fees and commissions)	3,664	3,257	(407)
Other operating income	5,189	4,871	(318)
(Gains on foreign exchange transactions)	4,263	4,431	168
(Gains on sale of bonds)	799	438	(360)
(Gains on redemption of bonds)	0	0	(0)
(Gains on derivatives)	126	-	(126)
(Other operating income)	0	0	0
Other ordinary income	377	234	(143)
(Reversal of reserve for possible loan losses)	-	22	22
(Income from monetary trusts, net)	54	8	(45)
(Others)	323	203	(119)
Ordinary Expenses	29,035	30,470	1,435
Interest expenses	9,021	8,671	(349)
(Interest expenses on deposits)	4,829	5,105	275
(Interest expenses on call money)	5	(17)	(23)
(Interest expenses on borrowed money)	264	211	(53)
(Interest expenses on short-term corporate bonds)	-	0	0
(Interest expenses on interest rate swaps)	3,921	3,372	(548)
(Other interest expenses)	0	0	(0)
Fees and commissions	3,692	5,046	1,353
(Fees and commissions on domestic and foreign exchanges)	134	188	54
(Other fees and commissions)	3,558	4,857	1,299
Other operating expenses	181	86	(95)
(Losses on sale of bonds)	181	41	(139)
(Expenses from derivatives other than for trading or hedging)	-	44	44
(Others)	-	0	0
General and administrative expenses	15,991	16,524	533
Other ordinary expenses	148	141	(7)
(Provision of reserve for possible loan losses)	36	-	(36)
(Write-off of loans)	0	0	(0)
(Others)	111	141	29
Ordinary Profit	5,857	4,634	(1,222)
Extraordinary Losses	-	150	150
(Impairment loss)	-	150	150
Income Before Income Taxes	5,857	4,484	(1,372)
Income Taxes—Current	1,920	1,307	(613)
Income Taxes—Deferred	24	1	(23)
Total Income Taxes	1,944	1,308	(636)
Net Income	3,912	3,176	(736)

6. Supplementary Information

(1) Interest spread (Non-consolidated)

		For the year ended March 31, 2016	For the year ended March 31, 2017
			(%)
Yield on investment	①	1.27	1.21
Yield on loans		1.17	1.10
Yield on securities		1.62	1.72
Financing cost	②	1.31	1.20
Yield on financing	③	0.47	0.41
Yield on deposits		0.26	0.25
Yield on external liabilities *		0.47	0.20
Expense ratio		0.86	0.82
Interest spread	①-③	0.80	0.80
Overall profit margin	①-②	(0.04)	0.00

Note: External liabilities are equal to a total of call money and borrowed money.

(2) Deposits and Loans (Non-consolidated)

	For the year ended March 31, 2016			For the year ended March 31, 2017		
	Balance at the end	Average balance	Yield	Balance at the end	Average balance	Yield
Deposits	1,923,506	1,856,369	0.26	2,112,985	2,008,190	0.25
Yen deposits	1,587,943	1,534,943	0.14	1,764,956	1,669,377	0.13
Ordinary deposits	505,135	523,401	0.01	632,946	565,489	0.00
Time deposits	1,082,657	1,011,457	0.20	1,131,660	1,103,587	0.21
Foreign currency deposits	335,562	321,425	0.83	348,029	338,812	0.81
Ordinary deposits	177,296	166,405	0.14	176,615	175,745	0.17
Time deposits	158,251	155,018	1.57	171,367	163,039	1.51
Loans	1,344,184	1,258,425	1.17	1,539,630	1,448,319	1.10
Housing loans	1,237,127	1,146,085	1.19	1,452,491	1,347,172	1.06
Others	107,056	112,340	0.91	87,138	101,147	1.70

Note: The average balance of foreign currency deposits during the term is calculated as the average during the period of the yen equivalent value of each day's foreign currency deposit balance.

(3) Balance of Time Deposits by Remaining Period (Non-consolidated)

(Millions of yen)

Remaining period	As of March 31, 2016			As of March 31, 2017		
	Yen	Foreign currency	Total	Yen	Foreign currency	Total
Less than 3 months	187,427	102,819	290,247	174,552	110,023	284,575
3 months or more, less than 6 months	285,310	30,349	315,660	374,413	36,707	411,120
6 months or more, less than 1 year	440,426	19,247	459,673	384,249	19,670	403,920
1 year or more, less than 2 years	10,001	3,880	13,882	57,764	2,729	60,494
2 years or more, less than 3 years	7,146	1,954	9,101	13,154	2,226	15,381
3 years or more	84,184	-	84,184	52,265	9	52,275
Total	1,014,497	158,251	1,172,749	1,056,399	171,367	1,227,766

Note: The above table does not include thrift saving deposits.

(4) Balance of Securities by Rating (Non-consolidated)

(Millions of yen, %)

Ratings	As of March 31, 2016		As of March 31, 2017	
	Balance	Composition	Balance	Composition
AAA	126,336	20.4	160,236	25.4
AA	165,255	26.6	135,320	21.4
A	307,019	49.4	303,065	48.0
BBB	16,354	2.6	26,148	4.2
Unrated	6,026	1.0	6,525	1.0
Total	620,993	100.0	631,296	100.0

Notes: 1. Sony bank uses the Basel III standardized approach and classifies its securities, based on rating by five rating agencies:

Moody's Investors Service, Standard & Poor's, Rating and Investment Information, Japan Credit Rating Agency and Fitch Ratings.

2. The unrated items on the above table include ¥4,474 million of investments in unrated investment trusts and ¥2,050 million of investments in shares of a subsidiary.

(5) Loans by Borrower Category (Non-consolidated)

(Millions of yen)

Category	As of March 31, 2016		As of March 31, 2017	
	Amount		Amount	
Bankrupt and quasi-bankrupt loans	732		743	
Doubtful loans	890		1,021	
Sub-standard loans	1,443		1,227	
Normal loans	1,342,916		1,544,587	
Total	1,345,983		1,547,579	

(6) General and Administrative Expenses (Non-consolidated)

	(Millions of yen, %)			
	For the year ended March 31, 2016		For the year ended March 31, 2017	
	Amount	%	Amount	%
Personnel expenses	4,228	26.5	4,430	26.8
Non-personnel expenses	10,844	67.8	11,027	66.7
Depreciation and amortization	1,249	7.8	1,280	7.7
Taxes	918	5.7	1,066	6.5
Total	15,991	100.0	16,524	100.0

(7) Number of Executives and Employees (Non-consolidated)

	(Persons)	
	As of March 31, 2016	As of March 31, 2017
Executive management	9	10
Directors	6	6
Statutory auditors	3	4
Employees	456	480

Notes: 1. The number of directors include one outside director and the number of statutory auditors include three non-executive statutory auditors.

2. The number of employees exclude temporary employees and subcontracted employees seconded to Sony Bank.

(8) Non-consolidated Capital Adequacy Ratio (Domestic Standard)

(Millions of yen, %)

	As of March 31, 2016	As of March 31, 2017
Capital Adequacy Ratio	9.89	9.75
Total Capital	90,280	86,479
Total Required Capital	36,485	35,471

Notes: 1.The non-consolidated capital adequacy ratio (domestic standard) was calculated based on the standard stipulated by Article 14-2 of the Banking Act, in accordance with FSA Notification No. 19 (2006).
2.The non-consolidated capital adequacy ratio has been calculated by applying fundamental internal rating based approach (FIRB) instead of standard approach for the calculation of credit risk from March 31, 2017.

(9) Consolidated Capital Adequacy Ratio (Domestic Standard)

(Millions of yen, %)

	As of March 31, 2016	As of March 31, 2017
Capital Adequacy Ratio	9.84	9.69
Total Capital	90,655	86,680
Total Required Capital	36,823	35,747

Notes: 1.The consolidated capital adequacy ratio (domestic standard) was calculated based on the standard stipulated by Article 14-2 of the Banking Act, in accordance with FSA Notification No. 19 (2006).
2.The consolidated capital adequacy ratio has been calculated by applying fundamental internal rating based approach (FIRB) instead of standard approach for the calculation of credit risk from March 31, 2017.