

Summary Information on Sony Bank's Financial Results
for the Nine Months Ended December 31, 2017

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Disclaimer:

This English translation is prepared for the readers' convenience. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets:		
Cash and due from banks	180,581	291,777
Monetary claims purchased	573	6,468
Money held in trust	23,000	21,000
Securities	629,254	673,169
Loans	1,539,630	1,573,835
Foreign exchanges	7,268	9,357
Other assets	53,223	60,332
Tangible fixed assets	710	1,674
Intangible fixed assets	4,803	4,878
Deferred tax assets	762	92
Reserve for possible loan losses	(971)	(823)
Total Assets	2,438,836	2,641,763
Liabilities:		
Deposits	2,109,583	2,209,930
Call money and bills sold	70,000	119,000
Borrowed money	103,000	160,000
Foreign exchanges	108	130
Other liabilities	71,520	64,230
Reserve for employees' bonuses	782	559
Net defined benefit liability	1,117	1,209
Reserve for directors' retirement benefits	56	—
Provision for reimbursement of deposits	62	66
Deferred tax liabilities	—	274
Total Liabilities	2,356,231	2,555,401
Net Assets:		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	25,815	27,553
Total shareholders' equity	77,815	79,553
Net unrealized gains (losses) on other securities, net of taxes	4,776	6,484
Net deferred gains (losses) on hedging instruments, net of taxes	(1,338)	(1,172)
Remeasurements of defined benefit plans, net of taxes	(109)	(100)
Total accumulated other comprehensive income	3,328	5,212
Non-controlling interests	1,460	1,596
Total Net Assets	82,604	86,362
Total Liabilities and Net Assets	2,438,836	2,641,763

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

(1) Consolidated Statements of Income

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Ordinary Revenues	28,518	29,642
Interest income	19,617	21,179
(Interest income on loans)	11,904	12,783
(Interest income and dividends on securities)	7,660	8,340
Fees and commissions	5,085	4,900
Other operating income	3,651	2,855
Other ordinary income	164	706
Ordinary Expenses	25,212	24,534
Interest expenses	6,567	5,846
(Interest expenses on deposits)	3,842	3,928
Fees and commissions	3,993	5,011
Other operating expenses	77	88
General and administrative expenses	14,410	13,507
Other ordinary expenses	162	81
Ordinary Profit	3,305	5,107
Extraordinary Losses	64	88
Losses on disposal of fixed assets	57	88
Other extraordinary losses	7	—
Income Before Income Taxes	3,241	5,018
Income Taxes —Current	908	1,442
Income Taxes —Deferred	110	113
Total Income Taxes	1,018	1,556
Profit	2,223	3,462
Profit Attributable to Non-controlling Interests	65	134
Profit Attributable to Owners of the Parent	2,158	3,328

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit	2,223	3,462
Other Comprehensive Income		
Net unrealized gains (losses) on other securities, net of taxes	1,029	1,708
Net deferred gains (losses) on hedging instruments, net of taxes	960	166
Remeasurements of defined benefit plans, net of taxes	13	11
Total other comprehensive income	2,003	1,885
Comprehensive Income	4,227	5,347
(Details)		
Comprehensive income attributable to parent company	4,159	5,211
Comprehensive income attributable to non-controlling interests	67	136

3. Non-consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2016 (A)	As of December 31, 2017 (B)	Change (B-A)	(Reference) As of March 31, 2017 (C)	Change (B-C)
Assets:					
Cash and due from banks	193,312	291,070	97,757	177,468	113,602
Monetary claims purchased	651	6,468	5,817	573	5,895
Money held in trust	23,000	21,000	(2,000)	23,000	(2,000)
Securities	631,158	675,190	44,032	631,296	43,894
Loans	1,504,400	1,573,835	69,434	1,539,630	34,204
Foreign exchanges	4,926	9,357	4,431	7,268	2,089
Other assets	32,226	45,741	13,515	41,770	3,970
Tangible fixed assets	585	1,238	652	398	840
Intangible fixed assets	2,967	3,144	176	3,170	(25)
Deferred tax assets	808	—	(808)	632	(632)
Reserve for possible loan losses	(1,079)	(823)	255	(971)	148
Total Assets	2,392,958	2,626,223	233,264	2,424,236	201,987
Liabilities:					
Deposits	2,117,341	2,213,433	96,091	2,112,985	100,447
Call money	40,000	119,000	79,000	70,000	49,000
Borrowed money	103,000	160,000	57,000	103,000	57,000
Foreign exchanges	130	130	0	108	21
Other liabilities	51,495	47,100	(4,394)	55,199	(8,098)
Reserve for employees' bonuses	515	513	(2)	705	(192)
Reserve for employees' retirement benefits	796	909	112	815	94
Reserve for directors' retirement benefits	25	—	(25)	27	(27)
Provision for reimbursement of deposits	54	66	12	62	3
Deferred tax liabilities	—	303	303	—	303
Total Liabilities	2,313,359	2,541,457	228,098	2,342,904	198,553
Net Assets:					
Common stock	31,000	31,000	—	31,000	—
Capital surplus	21,000	21,000	—	21,000	—
Retained earnings	24,809	27,453	2,644	25,893	1,559
Total shareholders' equity	76,809	79,453	2,644	77,893	1,559
Net unrealized gains (losses) on other securities, net of taxes	4,361	6,484	2,123	4,776	1,708
Net deferred gains (losses) on hedging instruments, net of taxes	(1,570)	(1,172)	398	(1,338)	166
Total valuation and translation adjustments	2,790	5,312	2,521	3,438	1,874
Total Net Assets	79,599	84,766	5,166	81,332	3,434
Total Liabilities and Net Assets	2,392,958	2,626,223	233,264	2,424,236	201,987

4. Non-consolidated Statements of Income

(Millions of yen)

	For the nine months ended December 31, 2016 (A)	For the nine months ended December 31, 2017 (B)	Change (B-A)	(Reference) For the year ended March 31, 2017
Ordinary Revenues	25,963	26,935	971	35,105
Interest income	19,618	21,179	1,561	26,534
(Interest income on loans)	11,904	12,783	878	16,066
(Interest income and dividends on securities)	7,660	8,340	680	10,394
Fees and commissions	2,530	2,193	(336)	3,465
Other operating income	3,651	2,855	(795)	4,871
(Gains on foreign exchange transactions)	3,269	2,542	(727)	4,431
Other ordinary income	164	706	541	234
Ordinary Expenses	22,927	22,299	(627)	30,470
Interest expenses	6,567	5,846	(721)	8,671
(Interest expenses on deposits)	3,842	3,928	85	5,105
Fees and commissions	3,645	4,676	1,031	5,046
Other operating expenses	77	88	10	86
General and administrative expenses	12,476	11,607	(868)	16,524
Other ordinary expenses	161	81	(80)	141
Ordinary Profit	3,035	4,635	1,599	4,634
Extraordinary Losses	—	73	73	150
Losses on disposal of fixed assets	—	73	73	—
Impairment losses	—	—	—	150
Income Before Income Taxes	3,035	4,561	1,525	4,484
Income Taxes —Current	833	1,302	468	1,307
Income Taxes —Deferred	110	108	(1)	1
Total Income Taxes	944	1,411	467	1,308
Net Income	2,091	3,150	1,058	3,176

(Reference) Non-consolidated Statements of Income for the three months ended December 31, 2017

(Millions of yen)

	For the three months ended December 31, 2016 (A)	For the three months ended December 31, 2017 (B)	Change (B-A)
Ordinary Revenues	9,040	8,890	(149)
Interest income	6,861	7,174	313
(Interest income on loans)	4,118	4,325	206
(Interest income and dividends on securities)	2,722	2,830	107
Fees and commissions	713	829	115
Other operating income	1,426	750	(675)
(Gains on foreign exchange transactions)	1,216	695	(520)
Other ordinary income	38	135	97
Ordinary Expenses	7,628	7,679	51
Interest expenses	2,221	1,923	(298)
(Interest expenses on deposits)	1,324	1,344	20
Fees and commissions	1,324	1,751	426
Other operating expenses	—	39	39
General and administrative expenses	4,063	3,931	(132)
Other ordinary expenses	18	34	16
Ordinary Profit	1,411	1,211	(200)
Extraordinary Losses	—	7	7
Losses on disposal of fixed assets	—	7	7
Income Before Income Taxes	1,411	1,203	(208)
Income Taxes —Current	465	384	(81)
Income Taxes —Deferred	(25)	(11)	13
Total Income Taxes	440	373	(67)
Net Income	971	830	(140)

5. Supplementary Information

(1) Deposits and Loans (Non-consolidated)

	For the nine months ended December 31, 2016			For the nine months ended December 31, 2017		
	Balance at the end	Average balance	Yield	Balance at the end	Average balance	Yield
Deposits	2,117,341	1,973,181	0.25	2,213,433	2,150,436	0.24
Yen deposits	1,772,154	1,636,079	0.14	1,847,013	1,793,347	0.11
Ordinary deposits	633,155	540,692	0.00	711,298	660,096	0.00
Time deposits	1,138,724	1,095,121	0.21	1,134,914	1,132,696	0.17
Foreign currency deposits	345,187	337,101	0.80	366,419	357,089	0.89
Ordinary deposits	174,545	176,524	0.16	168,097	172,355	0.26
Time deposits	170,598	160,551	1.52	198,246	184,684	1.48
Loans	1,504,400	1,425,473	1.10	1,573,835	1,555,699	1.09
Mortgage loans	1,409,005	1,322,065	1.06	1,495,271	1,471,985	1.02
Others	95,394	103,408	1.60	78,563	83,713	2.32

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.

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

Remaining period	As of December 31, 2016			As of December 31, 2017		
	Yen	Foreign currency	Total	Yen	Foreign currency	Total
Less than 3 months	459,108	118,773	577,882	447,682	127,264	574,947
3 months or more, less than 6 months	151,533	28,391	179,924	162,660	35,262	197,922
6 months or more, less than 1 year	337,658	18,745	356,403	338,393	28,428	366,821
1 year or more, less than 2 years	50,786	2,840	53,627	38,357	4,589	42,946
2 years or more, less than 3 years	9,316	1,829	11,146	14,804	2,701	17,505
3 years or more	56,257	17	56,274	52,243	0	52,244
Total	1,064,660	170,598	1,235,259	1,054,141	198,246	1,252,387

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

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

Ratings	As of December 31, 2016		As of December 31, 2017	
	Balance	Composition	Balance	Composition
AAA	147,786	23.4	233,339	34.5
AA	173,745	27.5	106,605	15.8
A	281,398	44.6	304,453	45.1
BBB	21,633	3.4	23,319	3.5
Unrated	6,594	1.1	7,472	1.1
Total	631,158	100.0	675,190	100.0

Notes:

- 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.
- The unrated items on the above table include ¥5,422 million of investments in unrated investment trusts and ¥2,050 million of investments in shares of a subsidiary.

(4) Risk-monitored Loans (Non-consolidated)

Category	As of December 31, 2016	As of December 31, 2017
	Amount	Amount
Bankrupt loans	158	157
Non-accrual delinquent loans	1,497	1,037
Past due loans (3 months or more)	—	—
Restructured loans	1,241	933
Total	2,897	2,128

(5) Consolidated Capital Adequacy Ratio (Domestic Standard)

(Millions of yen, %)

	As of December 31, 2017	Amounts excluded under transitional arrangements
Core capital: instruments and reserves		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	79,553	/
Of which, Capital and capital surplus	52,000	/
Of which, Retained earnings	27,553	/
Accumulated other comprehensive income included in core capital	(60)	/
Of which, Remeasurements of defined benefit plans	(60)	/
Eligible capital instruments subject to transitional arrangement included in Core Capital: instruments and reserves	10,000	/
Non-controlling interests included in Core Capital subject to transitional arrangements	1,117	/
Core capital: instruments and reserves (A)	90,611	/
Core capital: regulatory adjustments		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	2,023	1,349
Of which, Other intangible assets other than goodwill and mortgage servicing rights	2,023	1,349
Shortfall of eligible reserves to expected losses	1,224	—
Core capital: regulatory adjustments (B)	3,248	/
Capital		
Capital ((A) - (B)) (C)	87,362	/
Risk-weighted assets		
Total amount of credit risk-weighted assets	511,629	/
Of which, Total amount included in risk-weighted assets subject to transitional arrangements	(9,564)	/
Of which, Intangible assets other than goodwill and mortgage servicing rights	1,349	/
Of which, Exposures to other financial institutions	(10,913)	/
Total amount of operational risk equivalent / 8%	44,798	/
Adjustment to credit risk-weighted assets	369,535	/
Total amount of risk-weighted assets (D)	925,963	/
Consolidated capital adequacy ratio		
Consolidated capital adequacy ratio ((C) / (D))	9.43%	/

(Millions of yen)

	Amount
Consolidated total capital requirements (Domestic standard) (Total Risk-Weighted Assets by 4%)	37,038

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

(Millions of yen, %)

	As of December 31, 2017	Amounts excluded under transitional arrangements
Core capital: instruments and reserves		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	79,453	
Of which, Capital and capital surplus	52,000	
Of which, Retained earnings	27,453	
Eligible capital instruments subject to transitional arrangement included in Core Capital: instruments and reserves	10,000	
Core capital: instruments and reserves (A)	89,453	
Core capital: regulatory adjustments		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	1,304	869
Of which, Other intangible assets other than goodwill and mortgage servicing rights	1,304	869
Shortfall of eligible reserves to expected losses	1,224	—
Core capital: regulatory adjustments (B)	2,529	
Capital		
Capital ((A) - (B)) (C)	86,924	
Risk-weighted assets		
Total amount of credit risk-weighted assets	513,053	
Of which, Total amount included in risk-weighted assets subject to transitional arrangements	(10,043)	
Of which, Intangible assets other than goodwill and mortgage servicing rights	869	
Of which, Exposures to other financial institutions	(10,913)	
Total amount of operational risk equivalent / 8%	39,521	
Adjustment to credit risk-weighted assets	365,481	
Total amount of risk-weighted assets (D)	918,056	
Non-consolidated capital adequacy ratio		
Non-consolidated capital adequacy ratio ((C) / (D))	9.46%	

(Millions of yen)

	Amount
Non-consolidated total capital requirements (Domestic standard) (Total Risk-Weighted Assets by 4%)	36,722