

Summary Information on Sony Bank's Financial Results
for the Three Months Ended June 30, 2018

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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, 2018	As of June 30, 2018
Assets:		
Cash and due from banks	287,752	343,423
Monetary claims purchased	5,378	4,370
Money held in trust	21,000	21,000
Securities	672,244	718,060
Loans	1,596,376	1,620,159
Foreign exchanges	9,346	10,596
Other assets	52,372	53,421
Tangible fixed assets	1,709	1,676
Intangible fixed assets	5,652	5,490
Deferred tax assets	138	179
Reserve for possible loan losses	(806)	(877)
Total Assets	2,651,162	2,777,499
Liabilities:		
Deposits	2,219,324	2,265,094
Call money and bills sold	96,000	173,411
Borrowed money	180,000	180,000
Foreign exchanges	228	131
Other liabilities	66,071	71,093
Reserve for employees' bonuses	769	264
Net defined benefit liability	1,243	1,265
Provision for reimbursement of deposits	81	106
Total Liabilities	2,563,718	2,691,368
Net Assets:		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	28,948	28,185
Total shareholders' equity	80,948	80,185
Net unrealized gains (losses) on other securities, net of taxes	6,037	5,428
Net deferred gains (losses) on hedging instruments, net of taxes	(1,086)	(1,086)
Remeasurements of defined benefit plans, net of taxes	(103)	(99)
Total accumulated other comprehensive income	4,847	4,242
Non-controlling interests	1,648	1,702
Total Net Assets	87,444	86,130
Total Liabilities and Net Assets	2,651,162	2,777,499

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

(1) Consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Ordinary Revenues	9,725	10,778
Interest income	6,871	7,495
Interest income on loans	4,193	4,308
Interest income and dividends on securities	2,658	3,169
Fees and commissions	1,548	2,032
Other operating income	1,212	1,052
Other ordinary income	94	198
Ordinary Expenses	8,021	8,548
Interest expenses	1,966	1,916
Interest expenses on deposits	1,266	1,511
Fees and commissions	1,528	1,978
Other operating expenses	15	1
General and administrative expenses	4,474	4,504
Other ordinary expenses	37	146
Ordinary Profit	1,703	2,230
Extraordinary Losses	—	15
Losses on disposal of fixed assets	—	15
Income Before Income Taxes	1,703	2,215
Income Taxes—Current	327	460
Income Taxes—Deferred	203	225
Total Income Taxes	530	685
Profit	1,172	1,529
Profit Attributable to Non-controlling Interests	44	54
Profit Attributable to Owners of the Parent	1,128	1,475

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Profit	1,172	1,529
Other Comprehensive Income		
Net unrealized gains (losses) on other securities, net of taxes	245	(608)
Net deferred gains (losses) on hedging instruments, net of taxes	66	0
Remeasurements of defined benefit plans, net of taxes	3	3
Total other comprehensive income	315	(604)
Comprehensive Income	1,487	924
(Details)		
Comprehensive income attributable to parent company	1,443	870
Comprehensive income attributable to non-controlling interests	44	54

3. Non-consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2017 (A)	As of June 30, 2018 (B)	Change (B-A)	(Reference) As of March 31, 2018 (C)	Change (B-C)
Assets:					
Cash and due from banks	233,987	343,099	+109,111	287,332	+55,766
Monetary claims purchased	8,593	4,370	(4,222)	5,378	(1,008)
Money held in trust	23,000	21,000	(2,000)	21,000	—
Securities	677,195	720,100	+42,905	674,285	+45,815
Loans	1,552,093	1,620,158	+68,065	1,596,376	+23,782
Foreign exchanges	9,223	10,596	+1,373	9,346	+1,250
Other assets	45,557	38,496	(7,060)	37,103	+1,392
Tangible fixed assets	364	1,158	+793	1,204	(46)
Intangible fixed assets	2,985	3,711	+725	3,808	(97)
Deferred tax assets	303	45	(258)	—	+45
Reserve for possible loan losses	(934)	(877)	+56	(806)	(71)
Total Assets	2,552,370	2,761,859	+209,489	2,635,028	+126,830
Liabilities:					
Deposits	2,147,882	2,265,095	+117,213	2,219,325	+45,770
Call money	105,000	173,411	+68,411	96,000	+77,411
Borrowed money	160,000	180,000	+20,000	180,000	—
Foreign exchanges	130	131	+1	228	(96)
Other liabilities	57,098	57,656	+557	52,033	+5,623
Reserve for employees' bonuses	221	215	(6)	687	(471)
Reserve for employees' retirement benefits	849	955	+106	933	+21
Provision for reimbursement of deposits	64	106	+41	81	+24
Deferred tax liabilities	—	—	—	9	(9)
Total Liabilities	2,471,247	2,677,573	+206,325	2,549,299	+128,273
Net Assets:					
Common stock	31,000	31,000	—	31,000	—
Capital surplus	21,000	21,000	—	21,000	—
Retained earnings	25,373	27,943	+2,570	28,778	(834)
Total shareholders' equity	77,373	79,943	+2,570	80,778	(834)
Net unrealized gains (losses) on other securities, net of taxes	5,021	5,428	+407	6,037	(608)
Net deferred gains (losses) on hedging instruments, net of taxes	(1,271)	(1,086)	+185	(1,086)	+0
Total valuation and translation adjustments	3,749	4,342	+593	4,950	(608)
Total Net Assets	81,122	84,286	+3,163	85,729	(1,443)
Total Liabilities and Net Assets	2,552,370	2,761,859	+209,489	2,635,028	+126,830

4. Non-consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2017 (A)	For the three months ended June 30, 2018 (B)	Change (B-A)	(Reference) For the year ended March 31, 2018
Ordinary Revenues	8,844	9,722	+878	36,270
Interest income	6,871	7,495	+624	28,344
Interest income on loans	4,193	4,308	+115	17,064
Interest income and dividends on securities	2,658	3,169	+510	11,204
Fees and commissions	667	976	+309	3,298
Other operating income	1,212	1,052	(160)	3,823
Other ordinary income	94	198	+104	804
Ordinary Expenses	7,291	7,690	+398	29,712
Interest expenses	1,966	1,916	(49)	7,730
Interest expenses on deposits	1,266	1,511	+244	5,322
Fees and commissions	1,420	1,849	+428	6,238
Other operating expenses	15	1	(13)	109
General and administrative expenses	3,851	3,776	(75)	15,515
Other ordinary expenses	37	146	+108	118
Ordinary Profit	1,552	2,032	+479	6,557
Extraordinary Losses	—	—	—	74
Losses on disposal of fixed assets	—	—	—	74
Income Before Income Taxes	1,552	2,032	+479	6,482
Income Taxes—Current	292	415	+123	2,033
Income Taxes—Deferred	190	213	+22	(25)
Total Income Taxes	483	629	+145	2,007
Net Income	1,069	1,403	+333	4,474

5. Supplementary Information

(1) Deposits and Loans (Non-consolidated)

(Millions of yen, %)

	For the three months ended June 30, 2017			For the three months ended June 30, 2018		
	Balance at the end	Average balance	Yield	Balance at the end	Average balance	Yield
Deposits	2,147,882	2,119,132	0.23	2,265,095	2,238,463	0.27
Yen deposits	1,794,367	1,771,234	0.11	1,863,609	1,834,048	0.10
Ordinary deposits	661,118	636,502	0.00	729,997	697,028	0.00
Time deposits	1,132,871	1,134,292	0.18	1,132,739	1,136,119	0.16
Foreign currency deposits	353,515	347,897	0.85	401,486	404,414	1.04
Ordinary deposits	173,123	174,435	0.24	177,795	181,606	0.37
Time deposits	180,348	173,421	1.46	223,611	222,749	1.59
Loans	1,552,093	1,546,914	1.08	1,620,158	1,609,490	1.07
Mortgage loans	1,467,061	1,460,169	1.01	1,551,762	1,538,967	0.99
Others	85,032	86,745	2.23	68,395	70,523	2.68

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)

(Millions of yen)

Remaining period	As of June 30, 2017			As of June 30, 2018		
	Yen	Foreign currency	Total	Yen	Foreign currency	Total
Less than 3 months	388,686	119,522	508,208	397,147	144,032	541,179
3 months or more, less than 6 months	253,197	29,712	282,909	257,146	35,684	292,830
6 months or more, less than 1 year	290,042	25,257	315,299	290,698	33,892	324,591
1 year or more, less than 2 years	58,963	3,284	62,248	38,579	7,705	46,284
2 years or more, less than 3 years	15,158	2,566	17,725	18,032	2,292	20,324
3 years or more	49,780	5	49,786	48,689	4	48,693
Total	1,055,830	180,348	1,236,178	1,050,292	223,611	1,273,904

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

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

(Millions of yen, %)

Ratings	As of June 30, 2017		As of June 30, 2018	
	Balance	Composition	Balance	Composition
AAA	215,780	31.9	281,846	39.1
AA	118,717	17.5	98,423	13.7
A	307,216	45.4	317,851	44.1
BBB	28,657	4.2	14,825	2.1
Unrated	6,823	1.0	7,153	1.0
Total	677,195	100.0	720,100	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, S&P Global Ratings, Ratings and Investment Information, Japan Credit Rating Agency and Fitch Ratings.

2. The unrated items on the above table include ¥5,102 million of investments in unrated investment trusts and ¥2,050 million of investments in shares of a subsidiary.

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

(Millions of yen)

Category	As of June 30, 2017		As of June 30, 2018	
	Amount		Amount	
Bankrupt loans		138		121
Non-accrual delinquent loans		1,394		1,201
Past due loans (3 months or more)		—		—
Restructured loans		1,198		730
Total		2,731		2,053

(5) Consolidated Capital Adequacy Ratio (Domestic Standard)

		(Millions of yen, %)	
		As of June 30, 2018	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		80,185	
Of which, Capital and capital surplus		52,000	
Of which, Retained earnings		28,185	
Accumulated other comprehensive income included in core capital		(79)	
Of which, remeasurements of defined benefit plans		(79)	
Eligible capital instrument subject to transitional arrangements included in core capital: instruments and reserves		9,184	
Non-controlling interests included in Core Capital subject to transitional arrangements		1,021	
Core capital: instruments and reserves	(A)	90,311	
Core capital: regulatory adjustments			
Total amount of intangible assets (excluding those relating to mortgage servicing rights)		3,047	761
Of which, Other intangible assets other than goodwill and mortgage servicing rights		3,047	761
Shortfall of eligible reserves to expected losses		822	—
Core capital: regulatory adjustments	(B)	3,869	
Capital			
Capital	((A) - (B)) (C)	86,441	
Risk-weighted assets			
Total amount of credit risk-weighted assets		497,406	
Of which, Total amount included in risk-weighted assets subject to transitional arrangements		(9,904)	
Of which, Intangible assets other than goodwill and mortgage servicing rights		761	
Of which, Exposures to other financial institutions		(10,666)	
Total amount of operational risk equivalent / 8%		44,785	
Adjustment to credit risk-weighted assets		290,547	
Total amount of risk-weighted assets	(D)	832,739	
Capital adequacy ratio			
Capital adequacy ratio	((C) / (D))	10.38%	
		(Millions of yen)	
		As of June 30, 2018	
Consolidated total capital requirements (Domestic standard) (Total Risk-Weighted Assets by 4%)		33,309	

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

		(Millions of yen, %)	
		As of June 30, 2018	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		79,943	
Of which, Capital and capital surplus		52,000	
Of which, Retained earnings		27,943	
Eligible capital instrument subject to transitional arrangements included in core capital: instruments and reserves		9,184	
Core capital: instruments and reserves		(A) 89,127	
Core capital: regulatory adjustments			
Total amount of intangible assets (excluding those relating to mortgage servicing rights)		2,059	514
Of which, Other intangible assets other than goodwill and mortgage servicing rights		2,059	514
Shortfall of eligible reserves to expected losses		822	—
Core capital: regulatory adjustments		(B) 2,882	
Capital			
Capital		((A) - (B)) (C) 86,245	
Risk-weighted assets			
Total amount of credit risk-weighted assets		498,577	
Of which, Total amount included in risk-weighted assets subject to transitional arrangements		(10,151)	
Of which, Intangible assets other than goodwill and mortgage servicing rights		514	
Of which, Exposures to other financial institutions		(10,666)	
Total amount of operational risk equivalent / 8%		39,244	
Adjustment to credit risk-weighted assets		289,172	
Total amount of risk-weighted assets		(D) 826,995	
Capital adequacy ratio			
Capital adequacy ratio		((C) / (D)) 10.42%	
		(Millions of yen)	
		As of June 30, 2018	
Consolidated total capital requirements (Domestic standard) (Total Risk-Weighted Assets by 4%)		33,079	