

Summary Information on Sony Bank's Financial Results
for the Nine Months Ended December 31, 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 December 31, 2018
Assets:		
Cash and due from banks	287,752	344,385
Monetary claims purchased	5,378	5,751
Money held in trust	21,000	21,000
Securities	672,244	708,532
Loans	1,596,376	1,673,579
Foreign exchanges	9,346	11,139
Other assets	52,372	59,952
Tangible fixed assets	1,709	1,672
Intangible fixed assets	5,652	6,271
Deferred tax assets	138	1,753
Reserve for possible loan losses	(806)	(895)
Total Assets	2,651,162	2,833,143
Liabilities:		
Deposits	2,219,324	2,336,614
Call money and bills sold	96,000	122,378
Payables under repurchase agreements	—	30,162
Borrowed money	180,000	190,000
Foreign exchanges	228	330
Other liabilities	66,071	65,321
Reserve for employees' bonuses	769	577
Net defined benefit liability	1,243	1,294
Provision for reimbursement of deposits	81	115
Total Liabilities	2,563,718	2,746,794
Net Assets:		
Common stock	31,000	31,000
Capital surplus	21,000	21,000
Retained earnings	28,948	31,380
Total shareholders' equity	80,948	83,380
Net unrealized gains (losses) on available-for-sale securities, net of taxes	6,037	2,369
Net deferred gains (losses) on hedging instruments, net of taxes	(1,086)	(1,147)
Remeasurements of defined benefit plans, net of taxes	(103)	(93)
Total accumulated other comprehensive income	4,847	1,128
Non-controlling interests	1,648	1,840
Total Net Assets	87,444	86,348
Total Liabilities and Net Assets	2,651,162	2,833,143

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, 2017	For the nine months ended December 31, 2018
Ordinary Revenues	29,642	33,767
Interest income	21,179	23,598
Interest income on loans	12,783	13,036
Interest income and dividends on securities	8,340	10,509
Fees and commissions	4,900	6,593
Other operating income	2,855	3,171
Other ordinary income	706	404
Ordinary Expenses	24,534	26,726
Interest expenses	5,846	6,359
Interest expenses on deposits	3,928	4,867
Fees and commissions	5,011	6,110
Other operating expenses	88	106
General and administrative expenses	13,507	13,862
Other ordinary expenses	81	287
Ordinary Profit	5,107	7,041
Extraordinary Losses	88	19
Losses on disposal of fixed assets	88	19
Income Before Income Taxes	5,018	7,021
Income Taxes—Current	1,442	2,141
Income Taxes—Deferred	113	19
Total Income Taxes	1,556	2,160
Profit	3,462	4,860
Profit Attributable to Non-controlling Interests	134	190
Profit Attributable to Owners of the Parent	3,328	4,670

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Profit	3,462	4,860
Other Comprehensive Income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	1,708	(3,668)
Net deferred gains (losses) on hedging instruments, net of taxes	166	(61)
Remeasurements of defined benefit plans, net of taxes	11	11
Total other comprehensive income	1,885	(3,717)
Comprehensive Income	5,347	1,142
(Details)		
Comprehensive income attributable to owners of the parent	5,211	950
Comprehensive income attributable to non-controlling interests	136	191

3. Non-consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2017 (A)	As of December 31, 2018 (B)	Change (B-A)	As of March 31, 2018 (C)	Change (B-C)
Assets:					
Cash and due from banks	291,070	343,534	+52,463	287,332	+56,201
Monetary claims purchased	6,468	5,751	(716)	5,378	+372
Money held in trust	21,000	21,000	—	21,000	—
Securities	675,190	710,553	+35,362	674,285	+36,268
Loans	1,573,835	1,673,578	+99,743	1,596,376	+77,202
Foreign exchanges	9,357	11,139	+1,781	9,346	+1,793
Other assets	45,741	43,905	(1,835)	37,103	+6,801
Tangible fixed assets	1,238	1,119	(119)	1,204	(85)
Intangible fixed assets	3,144	4,553	+1,409	3,808	+744
Deferred tax assets	—	1,612	+1,612	—	+1,612
Reserve for possible loan losses	(823)	(895)	(72)	(806)	(88)
Total Assets	2,626,223	2,815,853	+189,629	2,635,028	+180,824
Liabilities:					
Deposits	2,213,433	2,336,616	+123,183	2,219,325	+117,291
Call money	119,000	122,378	+3,378	96,000	+26,378
Payables under repurchase agreements	—	30,162	+30,162	—	+30,162
Borrowed money	160,000	190,000	+30,000	180,000	+10,000
Foreign exchanges	130	330	+199	228	+102
Other liabilities	47,100	50,570	+3,469	52,033	(1,462)
Reserve for employees' bonuses	513	512	(0)	687	(174)
Reserve for employees' retirement benefits	909	986	+76	933	+52
Provision for reimbursement of deposits	66	115	+49	81	+34
Deferred tax liabilities	303	—	(303)	9	(9)
Total Liabilities	2,541,457	2,731,673	+190,215	2,549,299	+182,373
Net Assets:					
Common stock	31,000	31,000	—	31,000	—
Capital surplus	21,000	21,000	—	21,000	—
Retained earnings	27,453	30,958	+3,504	28,778	+2,179
Total shareholders' equity	79,453	82,958	+3,504	80,778	+2,179
Net unrealized gains (losses) on available-for-sale securities, net of taxes	6,484	2,369	(4,115)	6,037	(3,668)
Net deferred gains (losses) on hedging instruments, net of taxes	(1,172)	(1,147)	+24	(1,086)	(61)
Total valuation and translation adjustments	5,312	1,221	(4,090)	4,950	(3,729)
Total Net Assets	84,766	84,180	(586)	85,729	(1,549)
Total Liabilities and Net Assets	2,626,223	2,815,853	+189,629	2,635,028	+180,824

4. Non-consolidated Statements of Income

(Millions of yen)

	For the nine months ended December 31, 2017 (A)	For the nine months ended December 31, 2018 (B)	Change (B-A)	(Reference) For the year ended March 31, 2018
Ordinary Revenues	26,935	30,551	+3,616	36,270
Interest income	21,179	23,598	+2,418	28,344
Interest income on loans	12,783	13,036	+252	17,064
Interest income and dividends on securities	8,340	10,509	+2,168	11,204
Fees and commissions	2,193	3,377	+1,184	3,298
Other operating income	2,855	3,171	+315	3,823
Gains on foreign exchange transactions	2,542	2,876	+333	3,456
Other ordinary income	706	404	(301)	804
Ordinary Expenses	22,299	24,173	+1,873	29,712
Interest expenses	5,846	6,358	+512	7,730
Interest expenses on deposits	3,928	4,867	+939	5,322
Fees and commissions	4,676	5,720	+1,043	6,238
Other operating expenses	88	106	+17	109
General and administrative expenses	11,607	11,701	+93	15,515
Other ordinary expenses	81	286	+205	118
Ordinary Profit	4,635	6,378	+1,743	6,557
Extraordinary Losses	73	—	(73)	74
Losses on disposal of fixed assets	73	—	(73)	74
Income Before Income Taxes	4,561	6,378	+1,816	6,482
Income Taxes—Current	1,302	1,942	+640	2,033
Income Taxes—Deferred	108	17	(91)	(25)
Total Income Taxes	1,411	1,959	+548	2,007
Net Income	3,150	4,418	+1,267	4,474

(Reference) Non-consolidated Statements of Income for the three months ended December 31, 2018

(Millions of yen)

	For the three months ended December 31, 2017 (A)	For the three months ended December 31, 2018 (B)	Change (B-A)
Ordinary Revenues	8,890	10,640	+1,749
Interest income	7,174	8,164	+989
Interest income on loans	4,325	4,409	+83
Interest income and dividends on securities	2,830	3,738	+907
Fees and commissions	829	1,335	+505
Other operating income	750	1,038	+287
Gains on foreign exchange transactions	695	1,014	+318
Other ordinary income	135	102	(32)
Ordinary Expenses	7,679	8,505	+825
Interest expenses	1,923	2,326	+403
Interest expenses on deposits	1,344	1,726	+381
Fees and commissions	1,751	2,055	+304
Other operating expenses	39	—	(39)
General and administrative expenses	3,931	4,041	+110
Other ordinary expenses	34	80	+46
Ordinary Profit	1,211	2,135	+924
Extraordinary Losses	7	—	(7)
Losses on disposal of fixed assets	7	—	(7)
Income Before Income Taxes	1,203	2,135	+931
Income Taxes —Current	384	744	+359
Income Taxes —Deferred	(11)	(89)	(78)
Total Income Taxes	373	654	+281
Net Income	830	1,480	+650

5. Supplementary Information

(1) Deposits and Loans (Non-consolidated)

(Millions of yen, %)

	For the nine months ended December 31, 2017			For the nine months ended December 31, 2018		
	Balance at the end	Average balance	Yield	Balance at the end	Average balance	Yield
Deposits	2,213,433	2,150,436	0.24	2,336,616	2,282,376	0.28
Yen deposits	1,847,013	1,793,347	0.11	1,931,584	1,882,017	0.09
Ordinary deposits	711,298	660,096	0.00	776,439	737,891	0.00
Time deposits	1,134,914	1,132,696	0.17	1,153,770	1,143,031	0.16
Foreign currency deposits	366,419	357,089	0.89	405,031	400,358	1.15
Ordinary deposits	168,097	172,355	0.26	168,490	172,527	0.41
Time deposits	198,246	184,684	1.48	236,441	227,756	1.71
Loans	1,573,835	1,555,699	1.09	1,673,578	1,629,224	1.06
Mortgage loans	1,495,271	1,471,985	1.02	1,613,004	1,562,263	0.98
Others	78,563	83,713	2.32	60,573	66,960	2.78

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 December 31, 2017			As of December 31, 2018		
	Yen	Foreign currency	Total	Yen	Foreign currency	Total
Less than 3 months	447,682	127,264	574,947	449,702	137,907	587,609
3 months or more, less than 6 months	162,660	35,262	197,922	173,953	44,091	218,045
6 months or more, less than 1 year	338,393	28,428	366,821	323,845	40,520	364,365
1 year or more, less than 2 years	38,357	4,589	42,946	52,479	10,922	63,401
2 years or more, less than 3 years	14,804	2,701	17,505	16,802	2,992	19,795
3 years or more	52,243	0	52,244	51,139	7	51,146
Total	1,054,141	198,246	1,252,387	1,067,921	236,441	1,304,363

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

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

(Millions of yen, %)

Ratings	As of December 31, 2017		As of December 31, 2018	
	Balance	Composition	Balance	Composition
AAA	233,339	34.5	298,337	42.0
AA	106,605	15.8	82,440	11.6
A	304,453	45.1	299,797	42.2
BBB	23,319	3.5	20,986	2.9
Unrated	7,472	1.1	8,990	1.3
Total	675,190	100.0	710,553	100.0

Notes: 1. Sony bank uses the Basel III standardized method and classifies its securities based on rating by five (5) 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 ¥4,441 million of investments in unrated investment trusts, ¥2,050 million of investments in shares of a subsidiary, and ¥2,499 million of investments in foreign bonds.

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

(Millions of yen)

Category	As of December 31, 2017	As of December 31, 2018
	Amount	Amount
Bankrupt loans	157	159
Non-accrual delinquent loans	1,037	1,165
Past due loans (3 months or more)	—	—
Restructured loans	933	774
Total	2,128	2,099

(5) Consolidated Capital Adequacy Ratio (Domestic Standard)

		As of December 31, 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		83,380	
Of which, capital and capital surplus		52,000	
Of which, retained earnings		31,380	
Accumulated other comprehensive income included in core capital		(74)	
Of which, remeasurements of defined benefit plans		(74)	
Eligible capital instruments included in core capital: instruments and reserves		8,176	
Non-controlling interests included in core capital subject to transitional arrangements		1,104	
Core capital: instruments and reserves	(A)	92,585	
Core capital: regulatory adjustments			
Total amount of intangible assets (excluding those relating to mortgage servicing rights)		3,480	870
Of which, other intangible assets excluding goodwill and mortgage servicing rights		3,480	870
Shortfall of eligible reserves to expected losses		812	—
Core capital: regulatory adjustments	(B)	4,293	
Capital			
Capital	((A) - (B)) (C)	88,292	
Risk-weighted assets			
Total amount of credit risk-weighted assets		508,296	
Of which, total amount included in risk-weighted assets subject to transitional arrangements		(9,659)	
Of which, intangible assets (excluding goodwill and mortgage servicing rights)		870	
Of which, exposure to other financial institutions		(10,529)	
Total amount of operational risk equivalent / 8%		45,839	
Adjustment to credit risk-weighted assets		300,712	
Total amount of risk-weighted assets	(D)	854,848	
Capital adequacy ratio			
Capital adequacy ratio	((C) / (D))	10.32%	
			(Millions of yen)
			As of December 31, 2018
Consolidated total capital requirements (Domestic standard) (Total Risk-Weighted Assets by 4%)			34,193

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

		As of December 31, 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		82,958	
Of which, capital and capital surplus		52,000	
Of which, retained earnings		30,958	
Eligible capital instruments included in core capital: instruments and reserves		8,176	
Core capital: instruments and reserves	(A)	91,134	
Core capital: regulatory adjustments			
Total amount of intangible assets (excluding those relating to mortgage servicing rights)		2,527	631
Of which, other intangible assets excluding goodwill and mortgage servicing rights		2,527	631
Shortfall of eligible reserves to expected losses		812	—
Core capital: regulatory adjustments	(B)	3,339	
Capital			
Capital	((A) - (B)) (C)	87,795	
Risk-weighted assets			
Total amount of credit risk-weighted assets		509,128	
Of which, total amount included in risk-weighted assets subject to transitional arrangements		(9,897)	
Of which, intangible assets (excluding goodwill and mortgage servicing rights)		631	
Of which, exposure to other financial institutions		(10,529)	
Total amount of operational risk equivalent / 8%		39,940	
Adjustment to credit risk-weighted assets		299,423	
Total amount of risk-weighted assets	(D)	848,493	
Capital adequacy ratio			
Capital adequacy ratio	((C) / (D))	10.34%	

(Millions of yen)

As of December 31, 2018

Non-consolidated total capital requirements (Domestic standard) (Total Risk-Weighted Assets by 4%)	33,939
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