

Sony Bank's Notice of the Launch of "Sony Bank GATE" Investment-Type Cloud Funding (Summary)

August 8, 2017

Sony Bank Inc., a wholly owned subsidiary of Sony Financial Holdings Inc. ("SFH"), began offering "Sony Bank GATE" on August 8, 2017, becoming the first bank in Japan^(*) to offer an investment-type cloud funding platform that connects Companies taking on new business challenges ("business operators") with empathetic and supportive individuals who wish to support them.

Investment-type cloud funding is a framework for connecting new and growing companies and other organizations over the Internet with investors, raising funds by numerous individuals each providing small amounts of funds. This type of financing is gaining attention as a new way to use the Internet to funnel household financial assets into growth and other industries.

Sony Bank GATE enables customers aged 20 or older who have Sony Bank accounts to act as "supporters" in providing necessary funds to business operators. In consideration for this funding, businesses distribute a proportion of sales as dividends. Although the initially provided investment amounts are not repaid, if the sales of the investee are in accordance with its business plans, the amount of dividends received is expected to substantially outpace the initially provided investment amount. Sony Bank conducts advance screenings of business content, solicits funds and performs other activities, but does not guarantee dividends from funds.

With a view to connecting this type of financing to new business creation and other activities, Sony Bank will provide investment-type cloud funding that supports business operators as a new asset investment option for individual customers.

(*) Investment-type cloud funding is a framework for matching the funding needs of venture companies with investors' asset investment needs over the Internet. Sony Bank GATE is a one-stop investment-type cloud funding platform in which the bank screens companies and solicits and manages funds. Sony Bank is the first bank in Japan to undertake such an activity. (Based on Sony Bank's research, as of August 8, 2017)

Product Overview of Sony Bank GATE

1. Product Name:

Sony Bank GATE investment-type cloud funding

2. Overview:

Sony Bank GATE refers to investment-type cloud funding handled by Sony Bank. Under this arrangement, business operators use anonymous association contracts to solicit from supporters the funding needed for their businesses. If the funding is successful, the business goes ahead and dividends are paid to supporters based on the amount of sales.

<Business operators>

Business operators present business content to supporters and solicit funds. If the funding is successful and funds are received from supporters, the business goes ahead and dividends are paid to supporters.

<Supporters> (Customers)

Customers confirm the business content of business operators and invest in funds. After the end of the fiscal period, customers receive dividends. (In some cases, dividends may be received during the fiscal period.)

<Sony Bank> (Handler)

As operator of Sony Bank GATE, Sony Bank screens business operators, handles the solicitation of funds and other activities, confirms the status of fund operation and reports to supporters, and handles dividend payment and other operations.

3. Handling of dividends:

By formulating anonymous association contracts, dividends are paid to supporters at a percentage of the sales generated by the business (dividend ratio). Although the initially provided investment amounts are not repaid, if the sales of the investee are in line with its business plans, the amount of dividends received is expected to substantially outpace the initially provided investment amount. Business operators do not guarantee sales of anonymous corporation businesses as sales based on their business plans, nor do they guarantee dividends. If sales targeted in the business plan are achieved early in the fiscal period, the accounting period may be accelerated, with dividends paid sooner than anticipated.

4. Commissions:

Sony Bank does not receive commissions directly from customers, from the time of Sony Bank GATE's application through to dividend disbursement. Business operators' expenses for each fund (commissions collected by Sony Bank) are indicated below. Also, commission rates differ by fund.

<Funding commissions>

Sony Bank receives a commission for raising funds, to a maximum of around 5% of funds raised (only at the time of forming contracts).

<Fund operation and management commissions>

Sony Bank charges commissions for fund investment operations, to a maximum of around 1% of sales during the fiscal period.

Note: This is an English-language summary of a Japanese announcement made by Sony Bank on August 8, 2017. The summary was prepared by Sony Financial Holdings solely for convenience of non-Japanese readers.