

Financial Summary

for the First Half of Fiscal Year 2021 Ended September 30, 2021

November 12, 2021
Lawson Bank, Inc. (<https://www.lawsonbank.jp/>)

I. Financial Results Highlights

(Financial figures are truncated to the unit stated)

1. Results of Operation (Non-consolidated)

(Millions of Yen)

	1H FY2020 (6 months)	1H FY2021 (6 months)
Total revenue	11,590	12,748
Net interest income	-427	-341
Net fees and commissions	12,018	13,089
Net provision of general reserve for loan losses	-0	0
General and administrative expenses	11,117	11,458
Ordinary business profits	473	1,289
Ordinary profits	468	1,293
Net income	366	885

2. Balance Sheets (Non-consolidated)

(Millions of Yen)

	FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Cash and due from banks	313,408	339,032
Securities	4,000	5,000
Loans	119	333
Other assets	51,819	50,814
Total assets	369,348	395,180
Deposits	51,074	76,385
Call money	27,000	46,000
Borrowed money	242,700	223,600
Other liabilities	24,879	24,615
Total liabilities	345,654	370,601
Total equity	23,694	24,579

3. Financial Ratios (Non-consolidated)

	1H FY2020 (6 months)	1H FY2021 (6 months)
Expense-to-revenue ratio	95.9%	89.9%

(Millions of Yen)

	FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Risk-weighted assets	79,261	83,485
Core capital	11,260	13,045
Capital adequacy ratio	14.21%	15.63%

	FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Number of ATM units installed	13,490	13,588
Total number of banking accounts	65,424	75,745
Number of credit card customers	99,037	117,784

	1H FY2020 (6 months)	1H FY2021 (6 months)
Total number of ATM usage (1,000s)	103,566	118,643
Average daily ATM usage (no. of times per day per unit)	42.1	47.7

Note: Figures of total number of ATM usage are rounded off a number less than 1,000.

		FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Number of affiliated financial institutions (banks, companies, depositories) (Note1,2)		130	378
Immediate account settlement service	Number of affiliated services (Note2)	2	2
	Number of affiliated financial institutions	1	7

Note:

1. The JA Bank and JF Marine Bank are considered each as an institution depending on business categories.
2. au PAY and WebMoney prepaid card (including Lite) are considered each as an institution depending on service categories.

II. Interim Financial Statements

1. Interim Balance Sheets (Non-consolidated)

(Financial figures are truncated to the unit stated)
(Millions of Yen)

	FY2020 (As of March 31, 2021)	1H FY2020 (As of September 30, 2020)
[Assets]		
Cash and due from banks	313,408	339,032
Cash	304,595	327,170
Due from banks	8,812	11,862
Securities	4,000	5,000
Short-term corporate bonds	4,000	5,000
Loans	119	333
Overdraft	119	333
Suspense payments in ATMs	13,242	13,903
Other assets	11,071	11,669
Prepaid expenses	331	272
Accrued income	11	20
Other assets	10,728	11,376
Guarantee deposits for CCP	5,000	5,000
Tangible fixed assets	14,910	13,519
Buildings	97	80
Leased assets	14,706	13,340
Other tangible assets	106	98
Intangible fixed assets	12,435	11,537
Software	11,636	10,324
Software in progress	747	1,211
Other intangible assets	51	1
Differed tax assets	162	189
Reserve for loan losses	-3	-4
Total assets	369,348	395,180

(Financial figures are truncated to the unit stated)
(Millions of Yen)

	FY2020 (As of March 31, 2021)	1H FY2020 (As of September 30, 2020)
[Liabilities]		
Deposits	51,074	76,385
Ordinary deposits	39,403	37,441
Time deposits	11,663	38,932
Other deposits	7	12
Call money	27,000	46,000
Borrowed money	242,700	223,600
Borrowed money	242,700	223,600
Suspense receipts of ATM	12,492	13,471
Other liabilities	12,161	10,891
Income taxes payable	222	498
Accrued expenses	1,809	1,653
Lease obligations	8,256	7,010
Other liabilities	1,873	1,729
Accrued employees' bonuses	183	209
Other reserve	42	42
Total liabilities	345,654	370,601
[Equity]		
Common stock	11,600	11,600
Capital surplus	11,600	11,600
Capital reserve	11,600	11,600
Retained earnings	494	1,379
Legal reserve	-	-
Other retained earnings	494	1,379
Unappropriated retained earnings	494	1,379
Total shareholders' equity	23,694	24,579
Total equity	23,694	24,579
Total liabilities and equity	369,348	395,180

2. Interim Statement of Income (Non-consolidated)

(Financial figures are truncated to the unit stated)
(Millions of Yen)

	1H FY2020 (From April 1, 2020 to September 30, 2020)	1H FY2021 (From April 1, 2021 to September 30, 2021)
Ordinary income	15,673	16,920
Interest income	4	21
Interest on loans	5	20
Interest and dividends on securities	-0	-0
Interest income on due from banks	-1	-0
Other interest received	1	1
Fees and commissions income	15,659	16,892
Exchange fees received	12	22
ATM commissions received	15,508	16,548
Other business income	138	321
Other ordinary income	10	7
Reversal of reserve for loan losses	0	-
Other ordinary income	9	7
Ordinary Expenses	15,205	15,627
Interest expenses	432	362
Interest on deposits	13	39
Interest on call money	4	3
Interest on borrowed money	243	194
Other interest paid	172	125
Fees and commissions expenses	3,640	3,802
Exchange fees paid	1	1
ATM installation commissions expenses	1,439	1,591
ATM commissions expenses	1,986	1,974
Other fees and commissions expenses	214	234
Other business expenses	0	-
Losses on foreign exchange	0	-
Losses on sale of debentures including JGB	0	-
General and administrative expenses	11,117	11,458
Other ordinary expenses	14	4
Provision of Reserve for Credit Losses	-	0
Losses on Write-Off of Loans	-	0
Other ordinary expenses	14	2
Ordinary profits	468	1,293
Extraordinary losses	10	29
Tangible fixed asset disposal expenses	9	29
Other extraordinary losses	1	-

(Millions of Yen)

	1H FY2020 (From April 1, 2020 to September 30, 2020)	1H FY2021 (From April 1, 2021 to September 30, 2021)
Net income before income taxes	458	1,264
Income taxes	91	378
Income taxes, local inhabitant taxes and the enterprise taxes	82	405
Deferred income taxes	8	-26
Net income	366	885

3. Interim Statement of Changes in Equity

1H FY2020 (From April 1, 2020 to September 30, 2020)

(Financial figures are truncated to the unit stated)
(Millions of Yen)

	Shareholders' equity				Valuation and translation adjustments		Total equity
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Unrealized gain (loss) on other available-for-sale securities	Total valuation and translation adjustments	
		Capital reserves	Other retained earnings Defered retained earnings				
Balance of beginning of period	11,600	11,600	-214	22,985	-	-	22,985
Change during interim period							
Net income	-	-	366	366	-	-	366
Net change during interim period for items other than shareholders' equity	-	-	-	-	-	-	-
Total change in interim period	-	-	366	366	-	-	366
Balance, September 30, 2020	11,600	11,600	152	23,352	-	-	23,352

1H FY2021 (From April 1, 2021 to September 30, 2021)

(Financial figures are truncated to the unit stated)
(Millions of Yen)

	Shareholders' equity				Valuation and translation adjustments		Total equity
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Unrealized gain (loss) on other available-for-sale securities	Total valuation and translation adjustments	
		Capital reserves	Other retained earnings Defered retained earnings				
Balance of beginning of period	11,600	11,600	494	23,694	0	0	23,694
Change during interim period							
Net income	-	-	885	885	-	-	885
Net change during interim period for items other than shareholders' equity	-	-	-	-	0	0	0
Total change in interim period	-	-	885	885	0	0	885
Balance, September 30, 2021	11,600	11,600	1,379	24,579	0	0	24,579

4. Interim Cash Flow Statement (Non-consolidated)

(Financial figures are truncated to the unit stated)
(Millions of Yen)

	1H FY2020 (From April 1, 2020 to September 30, 2020)	1H FY2021 (From April 1, 2021 to September 30, 2021)
I Cash flows from operating activities		
Income (loss) before income taxes	458	1,264
Depreciation	3,445	3,566
Net change in provision of reserve for loan losses (-)	-0	0
Net change in accrued employees' bonuses (-)	8	26
Net change in operating receivables (-)	-663	-547
Interest income	-4	-21
Interest expenses	432	362
Net change in stored items (-)	18	-45
Net change in unsettled money for ATMs (-)	-354	318
Net change in accounts payable (-)	161	101
Net change in deposits (-)	16,360	25,281
Interest received	0	12
Interest paid	-427	-345
Losses (gains) on disposal of fixed assets	9	-
Net change in borrowed money (-)	-32,000	-100
Repayment of lease obligations	-2,202	-2,051
Other	641	421
Sub total	-14,116	28,244
Payment of corporate taxes, etc.	-81	-222
Refund of sales tax, etc.	-630	-775
Net cash generated by operating activities	-14,828	27,246
II Cash flow from investing activities		
Purchase of securities	-10	-5,000
Proceeds from sales and redemption of securities	10	4,000
Purchase of tangible fixed assets	-16	-11
Purchase of intangible fixed assets	-1,479	-610
Net cash provided by (used in) investing activities	-1,496	-1,622

(Millions of Yen)

	1H FY2020 (From April 1, 2020 to September 30, 2020)	1H FY2021 (From April 1, 2021 to September 30, 2021)
III Cash flow from financing activities		
Cash flow from financing activities	-	-
IV Adjustments on cash and cash equivalents	-	-
V Net change in cash and cash equivalents	-16,324	25,624
VI Cash and cash equivalents at beginning of interim period	327,361	313,408
VII Cash and cash equivalents at end of interim period	311,036	339,032

III. Reference Information

(Financial figures are truncated to the unit stated)

1. Capital Adequacy Ratio Information

(Millions of Yen)

	FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Risk-weighted assets	79,261	83,485
Core capital	11,260	13,045
Capital adequacy ratio	14.21%	15.63%

2. Claims Classified under the Financial Revitalization Law (Non-consolidated)

(Millions of Yen)

	FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Claims against bankrupt and quasi-bankrupt obligors	0	0
Doubtful claims	0	0
Substandard claims	0	1
Normal claims	13,596	14,504

3. Derivative Transaction

None.

4. ATM Transactions

	FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Number of ATM units installed	13,490	13,588

	1H FY2020 (6 months)	1H FY2021 (6 months)
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Immediate account settlement service	Number of affiliated services (Note2)	2	2
	Number of affiliated financial institutions	1	7

Note:

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2. au PAY and WebMoney prepaid card (including Lite) are considered each as an institution depending on service categories.

5. Other

	1H FY2020 (6 months)	1H FY2021 (6 months)
Interest margin for total fund	-6.52%	-6.52%

6. General and Administrative Expenses

(Millions of Yen)

	1H FY2020 (6 months)	1H FY2021 (6 months)
Personnel expenses	890	990
Non-personnel expenses	10,105	10,339
Depreciation	3,445	3,566
Taxes	121	127
General and administrative expenses	11,117	11,458

7. Number of Directors, Auditors, and Employees

	FY2020 (As of March 31, 2021)	1H FY2021 (As of September 30, 2021)
Directors and auditors	9	9
Directors	5	5
Auditors	4	4
Employees	166	172
Total	175	181

Notes:

1. The number of directors and auditors includes external directors and auditors.
2. The number of employees includes executive officers and transferred employees, but not temporary employees.