

## Financial Summary

### for the First Half of Fiscal Year 2019 Ended September 30, 2019

November 13, 2019

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 FY2018 (6 months)	1H FY2019 (6 months)
Total revenue	7,463	13,144
Net interest income	-128	-554
Net fees and commissions	7,592	13,699
Net provision of general reserve for loan losses	1	-1
General and administrative expenses	6,933	12,104
Ordinary business profits	529	1,041
Ordinary profits	520	1,232
Net income	303	1,080

##### 2. Balance Sheets (Non-consolidated)

(Millions of Yen)

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Cash and due from banks	319,744	325,955
Loans	0	16
Other assets	65,919	56,694
Total assets	385,664	382,666
Deposits	14,840	12,449
Call money	-	5,000
Borrowed money	280,000	310,000
Other liabilities	69,671	32,984
Total liabilities	364,512	360,433
Total equity	21,151	22,232

##### 3. Financial Ratios (Non-consolidated)

	1H FY2018 (6 months)	1H FY2019 (6 months)
Expense-to-revenue ratio	92.9%	92.1%

(Millions of Yen)

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Risk-weighted assets	72,684	79,266
Core capital	7,362	8,643
Capital adequacy ratio	10.13%	10.90%

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Number of ATM units installed	13,476	13,501
Total number of banking accounts	28,177	40,366

	1H FY2018 (6 months)	1H FY2019 (6 months)
Total number of ATM usage (1,000s)	79,698	119,774
Average daily ATM usage (no. of times per day per unit)	49.8	48.4

Note:

1. In FY2018, figures are from operations after June 1, 2018 when the absorption-type split of Lawson ATM Networks, Inc. was implemented.
2. Figures of total number of ATM usage are rounded off a number less than 1,000.
3. Figures of average daily ATM usage are rounded off to one decimal places.

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Number of affiliated financial institutions (banks, companies, depositories)	113	118

Note: The JA Bank and JF Marine Bank are considered each as an institution depending on business categories.

## II. Interim Financial Statements

### 1. Interim Balance Sheets (Non-consolidated)

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

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
[Assets]		
Cash and due from banks	319,744	325,955
Cash	281,405	314,779
Due from banks	38,338	11,175
Loans	0	16
Overdraft	0	16
Suspense payments in ATMs	25,519	14,852
Other assets	9,731	10,056
Prepaid expenses	900	763
Accrued income	250	0
Other assets	8,579	9,292
Guarantee deposits for CCP	5,000	5,000
Tangible fixed assets	16,879	18,196
Buildings	170	151
Leased assets	16,548	17,894
Other tangible assets	160	150
Intangible fixed assets	13,793	13,590
Software	13,626	12,765
Software in progress	166	824
Reserve for loan losses	-3	-1
<b>Total assets</b>	<b>385,664</b>	<b>382,666</b>
[Liabilities]		
Deposits	14,840	12,449
Ordinary deposits	14,600	10,419
Time deposits	238	2,024
Other deposits	2	5
Call money	-	5,000
Borrowed money	280,000	310,000
Suspense receipts of ATM	55,818	18,405
Other liabilities	13,681	14,386
Income taxes payable	328	204
Accrued expenses	1,752	1,454
Lease obligations	11,186	11,862
Other liabilities	413	865
Accrued employees' bonuses	172	191
<b>Total liabilities</b>	<b>364,512</b>	<b>360,433</b>

(Millions of Yen)

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
[Equity]		
Common stock	11,600	11,600
Capital surplus	11,600	11,600
Capital reserve	11,600	11,600
Retained earnings	-2,048	-967
Legal reserve	-	-
Other retained earnings	-2,048	-967
Unappropriated retained earnings	-2,048	-967
Total shareholders' equity	21,151	22,232
Total equity	21,151	22,232
Total liabilities and equity	385,664	382,666

## 2. Interim Statement of Income (Non-consolidated)

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

	1H FY2018 (From April 1, 2018 to September 30, 2018)	1H FY2019 (From April 1, 2019 to September 30, 2019)
Ordinary income	9,867	17,577
Interest income	0	-12
Interest on loans and discounts	-	0
Interest and dividends on securities	0	-
Interest on call loans	-	-4
Interest income on due from banks	0	-10
Other interest received	-	2
Fees and commissions income	9,864	17,328
Exchange fees received	-	4
ATM commissions received	9,864	17,284
Other business income	-	39
Other ordinary income	3	260
Reversal of reserve for loan losses	-	1
Other ordinary income	3	258
Ordinary Expenses	9,347	16,345
Interest expenses	128	542
Interest on deposits	0	0
Interest on call money	-	2
Interest on borrowed money	5	340
Other interest paid	122	199
Fees and commissions expenses	2,272	3,629
Exchange fees paid	0	1
ATM installation commissions expenses	1,059	1,602
ATM commissions expenses	1,212	1,945
Other business expenses	-	80
General and administrative expenses	6,933	12,104
Other ordinary expenses	13	68
Provision of reserve for loan losses	1	-
Other ordinary expenses	12	68
Ordinary profit	520	1,232

(Millions of Yen)

	1H FY2018 (From April 1, 2018 to September 30, 2018)	1H FY2019 (From April 1, 2019 to September 30, 2019)
Extraordinary profits	-	0
Extraordinary losses	2	5
Tangible fixed asset disposal expenses	2	0
Other extraordinary losses	-	4
Net income before income taxes	518	1,227
Income taxes	214	147
Income taxes	210	147
Deferred income taxes	4	-
Net income	303	1,080

### 3. Interim Statement of Changes in Equity

1H FY2018 (From April 1, 2018 to September 30, 2018)

(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 shareholder s' 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	500	500	-2,054	-1,054	-	-	-1,054
Change during interim period							
Increase in capital and capital reserves	11,100	11,100	-	22,200	-	-	22,200
Net income	-	-	303	303	-	-	303
Net change during interim period for items other than shareholders' equity	-	-	-	-	0	0	0
Total change in interim period	11,100	11,100	303	22,503	0	0	22,503
Balance, September 30, 2018	11,600	11,600	-1,750	21,449	0	0	21,449

1H FY2019 (From April 1, 2019 to September 30, 2019)

(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 shareholder s' 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	-2,048	21,151	-	-	21,151
Change during interim period							
Increase in capital and capital reserves	-	-	-	-	-	-	-
Net income	-	-	1,080	1,080	-	-	1,080
Net change during interim period for items other than shareholders' equity	-	-	-	-	-	-	-
Total change in interim period	-	-	1,080	1,080	-	-	1,080
Balance, September 30, 2019	11,600	11,600	-967	22,232	-	-	22,232

## 4. Interim Cash Flow Statement (Non-consolidated)

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

	1H FY2018 (From April 1, 2018 to September 30, 2018)	1H FY2019 (From April 1, 2019 to September 30, 2019)
<b>I Cash flows from operating activities</b>		
Income (loss) before income taxes	518	1,227
Depreciation	1,341	3,154
Net change in provision of reserve for loan losses (-)	1	-1
Net change in accrued employees' bonuses (-)	52	18
Net change in operating receivables (-)	-77	-457
Interest income	0	-12
Interest expenses	128	542
Net change in stored items (-)	-	16
Net change in unsettled money for ATMs (-)	-	-26,744
Net change in accounts payable (-)	238	397
Net change in deposits (-)	936	-3,005
Interest received	0	12
Interest paid	-131	-542
Losses (gains) on disposal of fixed assets	2	-
Net change in borrowed money (-)	138,200	35,000
Repayment of lease obligations	-1,671	-2,862
Other	-674	328
<b>Sub total</b>	<b>138,862</b>	<b>7,701</b>
Payment of corporate taxes, etc.	-3	-350
Refund of sales tax, etc.	538	504
<b>Net cash generated by operating activities</b>	<b>139,397</b>	<b>7,225</b>
<b>II Cash flow from investing activities</b>		
Purchase of securities	-5,507	-
Purchase of tangible fixed assets	-75	-5
Purchase of intangible fixed assets	-3,795	-1,009
<b>Net cash provided by (used in) investing activities</b>	<b>-9,378</b>	<b>-1,041</b>
<b>III Cash flow from financing activities</b>		
Cash flow from financing activities	-	-
<b>IV Adjustments on cash and cash equivalents</b>		
	-	-

	(Millions of Yen)	
	1H FY2018 (From April 1, 2018 to September 30, 2018)	1H FY2019 (From April 1, 2019 to September 30, 2019)
V Net change in cash and cash equivalents	130,020	6,211
VI Cash and cash equivalents at beginning of interim period	2,120	319,744
VII Net change in cash and cash equivalents relating to absorption-type company split	723	-
VIII Cash and cash equivalents at end of interim period	132,863	325,955

### III. Reference Information

(Financial figures are truncated to the unit stated)

#### 1. Capital Adequacy Ratio Information

(Millions of Yen)

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Risk-weighted assets	72,684	79,266
Core capital	7,362	8,643
Capital adequacy ratio	10.13%	10.90%

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

(Millions of Yen)

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Claims against bankrupt and quasi-bankrupt obligors	-	0
Doubtful claims	-	-
Substandard claims	-	-
Normal claims	25,520	15,143

#### 3. Derivative Transaction

None.

#### 4. ATM Transactions

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Number of ATM units installed	13,476	13,501

	1H FY2018 (6 months)	1H FY2019 (6 months)
Total number of ATM usage (1,000s)	79,698	119,774
Average daily ATM usage (no. of times per day per unit)	49.8	48.4

Note:

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Number of affiliated financial institutions (banks, companies, depositories)	113	118

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## 5. Other

	1H FY2018 (6 months)	1H FY2019 (6 months)
Interest margin for total fund	-111.64%	-6.30%

## 6. General and Administrative Expenses

(Millions of Yen)

	1H FY2018 (6 months)	1H FY2019 (6 months)
Personnel expenses	677	862
Non-personnel expenses	6,161	11,125
Depreciation	1,341	3,154
Taxes	94	116
General and administrative expenses	6,933	12,104

## 7. Number of Directors, Auditors, and Employees

	FY2018 (As of March 31, 2019)	1H FY2019 (As of September 30, 2019)
Directors and auditors	11	9
Directors	7	5
Auditors	4	4
Employees	139	150
Total	150	159

## 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 loaned workers, but not temporary employees.