

Financial Summary for the Fiscal Year 2018 Ended March 31, 2019

May 16, 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)

	Post-opening ¹ (7 months from September 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Total revenue	13,958	19,638
Net interest income	-566	-661
Net fees and commissions	14,525	20,300
Net trading income	-	-
Net other business income	-0	-0
Net provision of general reserve for credit losses	3	3
General and administrative expenses	14,155	19,383
Ordinary business profits	-201	250
Ordinary profits or Ordinary losses	-264	188
Net income or Net losses	-234	5

¹ Lawson Bank commenced its operation on September 10, 2018, but figures from results of operation for seven months from September 1, 2018, to March 31, 2019, are reported.

2. Balance Sheets (Non-consolidated)

(Millions of Yen)

	FY2018 (As of March 31, 2019)
Cash and due from banks	319,744
Loans	0
Other assets	65,919
Total assets	385,664
Deposits	14,840
Borrowed money	280,000
Other liabilities	69,671
Total liabilities	364,512
Total equity	21,151

3. Financial Ratios (Non-consolidated)

	Post-opening ¹ (7 months from September 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Expense-to-revenue ratio	101.4%	98.7%

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(Millions of Yen)

	FY2018 (As of March 31, 2019)
Risk-weighted assets	72,684
Core capital	7,362
Capital adequacy ratio	10.13%

	FY2018 (As of March 31, 2019)
Number of ATM units installed	13,476
Total number of banking accounts	28,177

	From June 1, 2018 to March 31, 2019
Total number of ATM usage (1,000s)	197,276
Average daily ATM usage (no. of times per day per unit)	48.9

Note:

1. 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 ATM 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)
Number of affiliated financial institutions (banks, companies, depositories)	113

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

II. Financial Statements

1. Balance Sheets (Non-consolidated)

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

	FY2018 (As of March 31, 2019)
[Assets]	
Cash and due from banks	319,744
Cash	281,405
Due from banks	38,338
Loans	0
Overdraft	0
Suspense payments in ATMs	25,519
Other assets	9,731
Prepaid expenses	900
Accrued income	250
Other assets	8,579
Guarantee deposits for CCP	5,000
Tangible fixed assets	16,879
Buildings	170
Leased assets	16,548
Other tangible assets	160
Intangible fixed assets	13,793
Software	13,626
Software in progress	166
Reserve for credit losses	-3
Total assets	385,664
[Liabilities]	
Deposits	14,840
Ordinary deposits	14,600
Time deposits	238
Other deposits	2
Borrowed money	280,000
Suspense receipts of ATM	55,818
Other liabilities	13,681
Income taxes payable	328
Accrued expenses	1,752
Lease obligations	11,186
Other liabilities	413
Accrued employees' bonuses	172
Total liabilities	364,512
[Equity]	
Common stock	11,600
Capital surplus	11,600
Capital reserve	11,600
Retained earnings	-2,048

Legal reserve	-
Other retained earnings	-2,048
Unappropriated retained earnings	-2,048
Total shareholders' equity	21,151
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Total equity	21,151
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Total liabilities and equity	385,664
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2. Statement of Income (Non-consolidated)

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

	FY2018 (From April 1, 2018 to March 31, 2019)
Ordinary income	26,173
Interest income	-20
Interest on loans	0
Interest and dividends on securities	-0
Interest on call loans	-1
Interest income on due from banks	-20
Other interest income	1
Fees and commissions income	26,175
Fees and commissions on exchanges	1
ATM commissions received	25,990
Other fees and commissions income	183
Other business income	0
Gains on sales of bonds	0
Other ordinary income	18
Other ordinary income	18
Ordinary Expenses	25,985
Interest expenses	641
Interest on deposits	0
Interest on call money	0
Interest on loans	330
Other interest expenses	310
Fees and commissions expenses	5,875
Fees and commissions on exchanges	1
ATM installation commissions expenses	2,635
ATM commissions expenses	3,196
Other fees and commissions expenses	41
Other business expenses	0
Losses on sales of bonds	0
General and administrative expenses	19,383
Other ordinary expenses	84
Provision of reserve for Credit Losses	3
Other ordinary expenses	80
Ordinary profit	188
Extraordinary profits	10
Other extraordinary profits	10
Extraordinary losses	16
Tangible fixed asset disposal expenses	16
Net income before income taxes	182
Income taxes	176

Current income taxes	172
Deferred income taxes	4
Net income	5

3. Statement of Changes in Equity (Non-consolidated) for the FY2018 ended March 31, 2019

(Financial figures are truncated to the unit stated)

(Millions of Yen)

	Shareholders' equity				Total equity	
	Common stock	Capital surplus	Retained earnings			Total shareholders' equity
		Capital reserves	Other retained earnings	Defered retained earnings		
Balance of beginning of period	500	500	-2,054	-1,054	-1,054	
Change during the year						
Increase in capital and capital reserves	11,100	11,100	-	22,200	22,200	
Net income	-	-	5	5	5	
Net change during the year for items other than shareholders' equity	-	-	-	-	-	
Total change during the year	11,100	11,100	5	22,205	22,205	
Balance, March 31, 2019	11,600	11,600	-2,048	21,151	21,151	

4. Cash Flow Statement (Non-consolidated)

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

FY2018 (As of March 31, 2019)	
I Cash flows from operating activities	
Income (loss) before income taxes	182
Depreciation	4,271
Net change in provision of reserve for loan losses (-)	3
Net change in accrued employees' bonuses (-)	72
Interest income	20
Interest expenses	641
Gains (losses) from sales of fixed assets (-)	16
Net change in storage (-)	-105
Net change in ATM unsettled money (-)	30,298
Net change in deposits (-)	15,181
Interest received	-20
Interest paid	-641
Net change in borrowed money (-)	283,200
Repayment of lease obligations	-4,031
Other	-5,510
Sub total	323,240
Payment of corporate taxes, etc.	-5
Refund of sales tax, etc.	538
Net cash generated by operating activities	323,813
II Cash flow from investing activities	
Purchase of securities	-5,504
Sale and depreciation of securities	5,504
Purchase of tangible fixed assets	-109
Purchase of intangible fixed assets	-6,763
Net cash provided by (used in) investing activities	-6,872
III Cash flow from financing activities	
Cash flow from financing activities	-
IV Foreign currency translation adjustments on cash and cash equivalents	
	-
V Net change in cash and cash equivalents	316,900
VI Cash and cash equivalents at beginning of the year	2,120
VII Net change in cash and cash equivalents relating to absorption-type company split	723
VIII Cash and cash equivalents at the end of the year	319,744

III. Reference Information

(Financial figures are truncated to the unit stated)

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

(Millions of Yen)

	FY2018 (As of March 31, 2019)
Claims against bankrupt and quasi-bankrupt obligors	-
Doubtful claims	-
Substandard claims	-
Normal claims	25,520

2. Derivative Transaction

None.

3. Other

	Post-opening ¹ (7 months from September 1, 2018 to March 31, 2019)	FY2018 (From April 1, 2018 to March 31, 2019)
Interest margin for total fund	-4.88%	-11.16%

¹ Lawson Bank commenced its operation on September 10, 2018, but figures from results of operation for seven months from September 1, 2018, to March 31, 2019, are reported.

4. General and Administrative Expenses

(Millions of Yen)

	FY2018 (From April 1, 2018 to March 31, 2019)
Personnel expenses	1,448
Non-personnel expenses	17,475
Depreciation	4,271
Taxes	459
General and administrative expenses	19,383

5. Number of Directors, Auditors, and Employees

	FY2018 (From April 1, 2018 to March 31, 2019)
Directors and auditors	11
Directors	7
Auditors	4
Employees	139
Total	150

Notes:

1. The number of directors and auditors includes external directors and auditors.

2. The number of employees includes executive officers and seconded employees from other companies, but not temporary employees.