

## Financial Summary

### for the First Half of Fiscal Year 2023 Ended September 30, 2023

November 14, 2023

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 FY2022 (6 months)	1H FY2023 (6 months)
Total revenue	13,280	13,787
Net interest income	-214	-78
Net fees and commissions	13,495	13,866
Net provision of general reserve for loan losses	1	0
General and administrative expenses	11,515	12,212
Ordinary business profits	1,763	1,575
Ordinary profits	1,761	1,579
Net income	1,158	1,114

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

(Millions of Yen)

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Cash and due from banks	326,701	346,036
Securities	1,004	-
Loans	775	888
Other assets	52,826	66,157
Total assets	381,306	413,082
Deposits	84,539	98,209
Call money	37,000	44,000
Borrowed money	180,000	180,000
Other liabilities	51,988	61,979
Total liabilities	353,527	384,189
Total equity	27,779	28,893

3. Financial Ratios (Non-consolidated)

	1H FY2022 (6 months)	1H FY2023 (6 months)
Expense-to-revenue ratio	86.7%	88.6%

(Millions of Yen)

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Risk-weighted assets	81,988	83,364
Core capital	16,882	16,584
Capital adequacy ratio	20.59%	19.89%

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Number of ATM units installed	13,509	13,558
Total number of banking accounts	97,937	104,803
Number of credit card customers	141,408	146,552

	1H FY2022 (6 months)	1H FY2023 (6 months)
Total number of ATM usage (1,000s)	129,100	138,266
Average daily ATM usage (no. of times per day per unit)	52.0	55.8

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

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Number of affiliated financial institutions (banks, companies, depositories) (Note1)	385	389
Immediate account settlement service	Number of affiliated services (Note2)	5
	Number of affiliated financial institutions	17

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)

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
<b>[Assets]</b>		
Cash and due from banks	326,701	346,036
Cash	311,561	332,199
Due from banks	15,139	13,836
Securities	1,004	-
Short-term corporate bonds	1,004	-
Loans	775	888
Overdraft	775	888
Suspense payments in ATMs	16,209	27,995
Other assets	15,355	17,209
Prepaid expenses	247	200
Accrued income	45	53
Other assets	15,062	16,955
Guarantee deposits for CCP	7,340	9,160
Tangible fixed assets	10,087	8,402
Buildings	40	93
Leased assets	8,639	6,899
Buildings in progress	1,351	1,342
Other tangible assets	56	66
Intangible fixed assets	10,901	12,314
Software	7,859	6,747
Software in progress	3,036	5,558
Other intangible assets	5	8
Differed tax assets	278	242
Reserve for loan losses	-6	-7
<b>Total assets</b>	<b>381,306</b>	<b>413,082</b>
<b>[Liabilities]</b>		
Deposits	84,539	98,209
Ordinary deposits	75,162	90,387
Time deposits	9,358	7,802
Other deposits	18	19
Call money	37,000	44,000
Borrowed money	180,000	180,000
Borrowed money	180,000	180,000
Suspense receipts of ATM	42,783	53,793
Other liabilities	9,013	7,954
Income taxes payable	730	499
Accrued expenses	2,016	2,033
Lease obligations	3,214	2,233

Other liabilities	3,052	3,188
Accrued employees' bonuses	191	231
<b>Total liabilities</b>	<b>353,527</b>	<b>384,189</b>
[Equity]		
Common stock	11,600	11,600
Capital surplus	11,600	11,600
Capital reserve	11,600	11,600
Retained earnings	4,578	5,693
Legal reserve	-	-
Other retained earnings	4,578	5,693
Unappropriated retained earnings	4,578	5,693
<b>Total shareholders' equity</b>	<b>27,778</b>	<b>28,893</b>
Other unrealized gain on securities	0	-
<b>Total net unrealized gain and translation adjustments</b>	<b>0</b>	<b>-</b>
<b>Total equity</b>	<b>27,779</b>	<b>28,893</b>
<b>Total liabilities and equity</b>	<b>381,306</b>	<b>413,082</b>

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

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

	1H FY2022 (From April 1, 2022 to September 30, 2022)	1H FY2023 (From April 1, 2023 to September 30, 2023)
Ordinary income	17,425	17,957
Interest income	50	74
Interest on loans	50	73
Interest and dividends on securities	-0	-0
Interest income on due from banks	-0	-
Other interest received	1	2
Fees and commissions income	17,371	17,875
Exchange fees received	43	48
ATM commissions received	17,114	17,570
Other business income	214	256
Other business income	0	-
Gains on foreign exchange	0	-
Other ordinary income	3	6
Other ordinary income	3	6
Ordinary Expenses	15,664	16,377
Interest expenses	265	153
Interest on deposits	52	1
Interest on call money	1	-1
Interest on borrowed money	124	109
Other interest paid	86	44
Fees and commissions expenses	3,876	4,008
Exchange fees paid	1	1
ATM installation commissions expenses	1,694	1,786
ATM commissions expenses	1,939	1,913
Other fees and commissions expenses	241	307
General and administrative expenses	11,515	12,212
Other ordinary expenses	7	3
Provision of Reserve for Credit Losses	2	0
Losses on Write-Off of Loans	0	1
Other ordinary expenses	3	0
Ordinary profits	1,761	1,579
Extraordinary losses	86	2
Tangible fixed asset disposal expenses	86	2
Net income before income taxes	1,675	1,577
Income taxes	516	462
Income taxes, local inhabitant taxes and the enterprise taxes	575	426
Deferred income taxes	-58	35
Net income	1,158	1,114

### 3. Interim Statement of Changes in Equity

1H FY2022 (From April 1, 2022 to September 30, 2022)

(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	2,219	25,419	0	0	25,419
Change during interim period							
Net income	-	-	1,158	1,158	-	-	1,158
Net change during interim period for items other than shareholders' equity	-	-	-	-	-0	-0	-0
Total change in interim period	-	-	1,158	1,158	-0	-0	1,158
Balance, September 30, 2022	11,600	11,600	3,378	26,578	-	-	26,578

1H FY2023 (From April 1, 2023 to September 30, 2023)

(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	4,578	27,778	0	0	27,779
Change during interim period							
Net income	-	-	1,114	1,114	-	-	1,114
Net change during interim period for items other than shareholders' equity	-	-	-	-	-0	-0	-0
Total change in interim period	-	-	1,114	1,114	-0	-0	1,114
Balance, September 30, 2023	11,600	11,600	5,693	28,893	-	-	28,893

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

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

	1H FY2022 (From April 1, 2022 to September 30, 2022)	1H FY2023 (From April 1, 2023 to September 30, 2023)
<b>I Cash flows from operating activities</b>		
Income (loss) before income taxes	1,675	1,577
Depreciation	3,563	3,226
Net change in provision of reserve for loan losses (-)	2	0
Net change in accrued employees' bonuses (-)	6	40
Net change in operating receivables (-)	-219	-142
Interest income	-50	-74
Interest expenses	265	153
Net change in stored items (-)	3	-9
Net change in guarantee deposits (-)	-	-1,820
Losses (gains) on related securities (-)	-	0
Net change in unsettled money for ATMs (-)	23,749	-775
Net change in accounts payable (-)	39	-229
Net change in deposits (-)	-44,014	13,745
Interest received	41	66
Interest paid	-307	-153
Losses (gains) on disposal of fixed assets	86	2
Net change in borrowed money (-)	-3,600	7,000
Repayment of lease obligations	-1,843	-1,004
Other	167	626
<b>Sub total</b>	<b>-20,433</b>	<b>22,227</b>
Payment of corporate taxes, etc.	-862	-747
Refund of sales tax, etc.	-670	-662
<b>Net cash generated by operating activities</b>	<b>-21,965</b>	<b>20,818</b>
<b>II Cash flow from investing activities</b>		
Purchase of securities	-999	-
Proceeds from sales and redemption of securities	7,000	1,000
Purchase of tangible fixed assets	-5	-102
Purchase of intangible fixed assets	-1,113	-2,394
Proceeds from refund of leasehold deposits	-	14
<b>Net cash provided by (used in) investing activities</b>	<b>4,880</b>	<b>-1,482</b>

	(Millions of Yen)	
	1H FY2022 (From April 1, 2022 to September 30, 2022)	1H FY2023 (From April 1, 2023 to September 30, 2023)
<b>III Cash flow from financing activities</b>		
Cash flow from financing activities	-	-
<b>IV Adjustments on cash and cash equivalents</b>	-	-
<b>V Net change in cash and cash equivalents</b>	-17,085	19,335
<b>VI Cash and cash equivalents at beginning of interim period</b>	344,706	326,701
<b>VII Cash and cash equivalents at end of interim period</b>	327,620	346,036

### III. Reference Information

(Financial figures are truncated to the unit stated)

#### 1. Capital Adequacy Ratio Information

(Millions of Yen)

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Risk-weighted assets	81,988	83,364
Core capital	16,882	16,584
Capital adequacy ratio	20.59%	19.89%

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

(Millions of Yen)

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Claims against bankrupt and quasi-bankrupt obligors	4	6
Doubtful claims	5	8
Substandard claims	6	7
Three-month delinquent claims	6	7
Claims with moderated loan conditions	-	-
Substandard claims	16	22
Normal claims	17,377	29,203
Total	17,393	29,225

#### 3. Derivative Transaction None.

#### 4. ATM Transactions

	FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Number of ATM units installed	13,509	13,558

	1H FY2022 (6 months)	1H FY2023 (6 months)
Total number of ATM usage (1,000s)	129,100	138,266
Average daily ATM usage (no. of times per day per unit)	52.0	55.8

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

		FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Number of affiliated financial institutions (banks, companies, depositories) (Note1)		385	389
Immediate account settlement service	Number of affiliated services (Note2)	5	5
	Number of affiliated financial institutions	17	17

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.

5. Other

	1H FY2022 (6 months)	1H FY2023 (6 months)
Interest margin for total fund	-6.39%	-6.34%

6. General and Administrative Expenses

(Millions of Yen)

	1H FY2022 (6 months)	1H FY2023 (6 months)
Personnel expenses	920	1,021
Non-personnel expenses	10,460	11,053
Depreciation	3,563	3,226
Taxes	134	137
General and administrative expenses	11,515	12,212

7. Number of Directors, Auditors, and Employees

		FY2022 (As of March 31, 2023)	1H FY2023 (As of September 30, 2023)
Directors and auditors		10	10
	Directors	6	6
	Auditors	4	4
Employees		163	185
Total		173	195

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.