

This is the preliminary translation of the Japanese version Lawson Bank financial results provided by Lawson, Inc.

Financial Summary for the First Half of Fiscal Year 2020 Ended September 30, 2020

November 11, 2020
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 FY2019 (6 months)	1H FY2020 (6 months)
Total revenue	13,144	11,590
Net interest income	-554	-427
Net fees and commissions	13,699	12,018
Net provision of general reserve for loan losses	-1	-0
General and administrative expenses	12,104	11,117
Ordinary business profits	1,041	473
Ordinary profits	1,232	468
Net income	1,080	366

2. Balance Sheets (Non-consolidated)

(Millions of Yen)

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Cash and due from banks	327,361	311,036
Loans	37	81
Other assets	54,764	54,479
Total assets	382,163	365,597
Deposits	17,712	34,112
Call money	22,000	40,000
Borrowed money	290,000	240,000
Other liabilities	29,465	28,132
Total liabilities	359,177	342,245
Total equity	22,985	23,352

3. Financial Ratios (Non-consolidated)

	1H FY2019 (6 months)	1H FY2020 (6 months)
Expense-to-revenue ratio	92.1%	95.9%

(Millions of Yen)

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Risk-weighted assets	79,633	79,601
Core capital	9,363	10,189
Capital adequacy ratio	11.76%	12.80%

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Number of ATM units installed	13,367	13,455
Total number of banking accounts	48,860	56,850
Number of credit card customers	47,679	88,305

	1H FY2019 (6 months)	1H FY2020 (6 months)
Total number of ATM usage (1,000s)	119,774	103,566
Average daily ATM usage (no. of times per day per unit)	48.4	42.1

Note:

1. Figures of total number of ATM usage are rounded off a number less than 1,000.
2. Figures of average daily ATM usage are rounded off to one decimal places.

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Number of partner financial institutions (banks, companies, depositories)	124	126
Number of partner companies for immediate account settlement service	-	1

Note:

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

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
[Assets]		
Cash and due from banks	327,361	311,036
Cash	319,492	302,866
Due from banks	7,868	8,169
Loans	37	81
Overdraft	37	81
Suspense payments in ATMs	12,736	13,831
Other assets	10,148	10,886
Prepaid expenses	422	305
Accrued income	2	7
Other assets	9,722	10,574
Guarantee deposits for CCP	5,000	5,000
Tangible fixed assets	18,159	16,437
Buildings	135	116
Leased assets	17,903	16,199
Other tangible assets	119	121
Intangible fixed assets	13,481	13,093
Software	11,909	12,328
Software in progress	1,571	764
Other intangible assets	-	1
Differed tax assets	241	232
Reserve for loan losses	-2	-1
Total assets	382,163	365,597
[Liabilities]		
Deposits	17,712	34,112
Ordinary deposits	13,985	22,706
Time deposits	3,724	11,398
Other deposits	2	7
Call money	22,000	40,000
Borrowed money	290,000	240,000
Suspense receipts of ATM	14,437	15,177
Other liabilities	14,851	12,769
Income taxes payable	79	163
Accrued expenses	1,803	1,472
Lease obligations	11,402	9,635
Other liabilities	1,566	1,497
Accrued employees' bonuses	176	185
Total liabilities	359,177	342,245

(Millions of Yen)

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
[Equity]		
Common stock	11,600	11,600
Capital surplus	11,600	11,600
Capital reserve	11,600	11,600
Retained earnings	-214	152
Legal reserve	-	-
Other retained earnings	-214	152
Unappropriated retained earnings	-214	152
Total shareholders' equity	22,985	23,352
Total equity	22,985	23,352
Total liabilities and equity	382,163	365,597

2. Interim Statement of Income (Non-consolidated)

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

	1H FY2019 (From April 1, 2019 to September 30, 2019)	1H FY2020 (From April 1, 2020 to September 30, 2020)
Ordinary income	17,577	15,673
Interest income	-12	4
Interest on loans	0	5
Interest and dividends on securities	-	-0
Interest on call loans	-4	-
Interest income on due from banks	-10	-1
Other interest received	2	1
Fees and commissions income	17,328	15,659
Exchange fees received	4	12
ATM commissions received	17,284	15,508
Other business income	39	138
Other ordinary income	260	10
Reversal of reserve for loan losses	1	0
Other ordinary income	258	9
Ordinary Expenses	16,345	15,205
Interest expenses	542	432
Interest on deposits	0	13
Interest on call money	2	4
Interest on borrowed money	340	243
Other interest paid	199	172
Fees and commissions expenses	3,629	3,640
Exchange fees paid	1	1
ATM installation commissions expenses	1,602	1,439
ATM commissions expenses	1,945	1,986
Other business expenses	80	214
General and administrative expenses	12,104	11,117
Other ordinary expenses	68	14
Other ordinary expenses	68	14
Ordinary profits	1,232	468
Extraordinary profits	0	-
Other extraordinary profits	0	-
Extraordinary losses	5	10
Tangible fixed asset disposal expenses	0	9
Other extraordinary losses	4	1

(Millions of Yen)

	1H FY2019 (From April 1, 2019 to September 30, 2019)	1H FY2020 (From April 1, 2020 to September 30, 2020)
Net income before income taxes	1,227	458
Income taxes	147	91
Income taxes, local inhabitant taxes and the enterprise taxes	147	82
Deferred income taxes	-	8
Net income	1,080	366

3. Interim Statement of Changes in Equity

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 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	-2,048	21,151	-	-	21,151
Change during interim period							
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

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

4. Interim Cash Flow Statement (Non-consolidated)

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

	1H FY2019 (From April 1, 2019 to September 30, 2019)	1H FY2020 (From April 1, 2020 to September 30, 2020)
I Cash flows from operating activities		
Income (loss) before income taxes	1,227	458
Depreciation	3,154	3,445
Net change in provision of reserve for loan losses (-)	-1	-0
Net change in accrued employees' bonuses (-)	18	8
Net change in operating receivables (-)	-457	-663
Interest income	-12	-4
Interest expenses	542	432
Net change in stored items (-)	16	18
Net change in unsettled money for ATMs (-)	-26,744	-354
Net change in accounts payable (-)	397	161
Net change in deposits (-)	-3,005	16,360
Interest received	12	0
Interest paid	-542	-427
Losses (gains) on disposal of fixed assets	-	9
Net change in borrowed money (-)	35,000	-32,000
Repayment of lease obligations	-2,862	-2,202
Other	328	641
Sub total	7,701	-14,116
Payment of corporate taxes, etc.	-350	-81
Refund of sales tax, etc.	504	-630
Net cash generated by operating activities	7,225	-14,828
II Cash flow from investing activities		
Purchase of securities	-	-10
Proceeds from sales and redemption of securities	-	10
Purchase of tangible fixed assets	-5	-16
Purchase of intangible fixed assets	-1,009	-1,479
Net cash provided by (used in) investing activities	-1,014	-1,496

	(Millions of Yen)	
	1H FY2019 (From April 1, 2019 to September 30, 2019)	1H FY2020 (From April 1, 2020 to September 30, 2020)
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	6,211	-16,324
VI Cash and cash equivalents at beginning of interim period	319,744	327,361
VII Cash and cash equivalents at end of interim period	325,955	311,036

III. Reference Information

(Financial figures are truncated to the unit stated)

1. Capital Adequacy Ratio Information

(Millions of Yen)

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Risk-weighted assets	79,633	79,601
Core capital	9,363	10,189
Capital adequacy ratio	11.76%	12.80%

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

(Millions of Yen)

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Claims against bankrupt and quasi-bankrupt obligors	0	-
Doubtful claims	0	0
Substandard claims	0	-
Normal claims	13,018	14,198

3. Derivative Transaction

None.

4. ATM Transactions

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Number of ATM units installed	13,367	13,455

	1H FY2019 (6 months)	1H FY2020 (6 months)
Total number of ATM usage (1,000s)	119,774	103,566
Average daily ATM usage (no. of times per day per unit)	48.4	42.1

Note:

- Figures of total number of ATM usage are rounded off a number less than 1,000.
- Figures of average daily ATM usage are rounded off to one decimal places.

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Number of partner financial institutions (banks, companies, depositories)	124	126
Number of partner companies for immediate account settlement service	-	1

Note:

- The JA Bank and JF Marine Bank are considered each as an institution depending on business categories.
- auPAY and WebMoney prepaid card (including Lite) are considered each as an institution depending on business categories.

5. Other

	1H FY2019 (6 months)	1H FY2020 (6 months)
Interest margin for total fund	-6.30%	-6.52%

6. General and Administrative Expenses

(Millions of Yen)

	1H FY2019 (6 months)	1H FY2020 (6 months)
Personnel expenses	862	890
Non-personnel expenses	11,125	10,105
Depreciation	3,154	3,445
Taxes	116	121
General and administrative expenses	12,104	11,117

7. Number of Directors, Auditors, and Employees

	FY2019 (As of March 31, 2020)	1H FY2020 (As of September 30, 2020)
Directors and auditors	9	10
Directors	5	6
Auditors	4	4
Employees	145	163
Total	154	173

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.