

## Financial Summary for the First Half of Fiscal Year 2018 Ended September 30, 2018

November 13, 2018  
Lawson Bank, Inc. (<https://www.lawsonbank.jp/>)

### I. Financial Results Highlights

(Millions of Yen)

#### 1. Results of Operation (Non-consolidated)

	Post-opening <sup>1</sup> September 2018 (1 month)	1H FY2018 (6 months)
Total revenue	1,783	7,463
Net interest income	-33	-128
Net fees and commissions	1,817	7,592
Net trading income	0	0
Net other business income	0	0
Net provision of general reserve for credit losses	1	1
General and administrative expenses	1,705	6,933
Ordinary business profits	77	529
Ordinary profits	67	520
Net income	63	303

<sup>1</sup> Lawson Bank commenced its operation on September 10, 2018, but figures from results of operation for one month from September 1 to 30, 2018, are reported.

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

	September 30, 2018
Cash and due from banks	132,863
Securities	5,507
Loans	0
Total assets	170,649
Deposits	936
Borrowed money	135,000
Other liabilities	13,264
Total liabilities	149,200
Total equity	21,449

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

	Post-opening <sup>1</sup> September 2018 (1 month)	1H FY2018 (6 months)
Expense-to-revenue ratio	95.6%	92.9%

<sup>1</sup> Lawson Bank commenced its operation on September 10, 2018, but figures from results of operation for one month from September 1 to 30, 2018, are reported.

	September 30, 2018
Capital adequacy ratio (Basel III, domestic standard)	21.48%
Non-performing loan ratio based on Financial Revitalization Law	-

## II. Interim Financial Statements

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

(Millions of Yen)

	September 30, 2018
<b>[Assets]</b>	
Cash and due from banks	132,863
Securities	5,507
Other assets	4,855
Tangible fixed assets	15,757
Intangible fixed assets	11,666
Reserve for credit losses	-1
<b>Total assets</b>	<b>170,649</b>
<b>[Liabilities]</b>	
Deposits	936
Borrowed money	135,000
Other liabilities	13,111
Accrued corporate taxes	298
Accrued expenses	38
Lease obligations	10,537
Other liabilities	2,237
Accrued employees' bonuses	152
<b>Total liabilities</b>	<b>149,200</b>
<b>[Equity]</b>	
Common stock	11,600
Capital surplus	11,600
Capital reserves	11,600
Retained earnings	-1,750
Other retained earnings	-1,750
Retained earnings carried forward	-1,750
<b>Total shareholders' equity</b>	<b>21,449</b>
Unrealized gain (loss) on available-for-sale securities	0
Valuation and translation adjustments	0
<b>Total equity</b>	<b>21,449</b>
<b>Total liabilities and equity</b>	<b>170,649</b>

Note: Financial figures are truncated to the unit stated.

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

(Millions of Yen)

	1H FY2018 (6 months)
Ordinary income	9,867
Interest income	0
Interest and dividends on securities	0
Interest income on due from banks	0
Fees and commissions income	9,864
ATM commissions received	9,864
Other business income	-
Other ordinary income	3
Ordinary Expenses	9,347
Interest expenses	128
Interest on deposits	0
Fees and commissions expenses	2,272
ATM installation commissions expenses	1,059
ATM commissions expenses	1,212
Other business expenses	-
General and administrative expenses	6,933
Other ordinary expenses	13
Ordinary profit	520
Extraordinary losses	2
Tangible fixed asset disposal expenses	2
Net income before income taxes	518
Income taxes	210
Deferred income taxes	4
Net income	303

Note: Financial figures are truncated to the unit stated.

3. Interim Statement of Changes in Equity (Non-consolidated) for the 1<sup>st</sup> half of fiscal year 2018 ended September 30, 2018

(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 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

Note: Financial figures are truncated to the unit stated.

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

(Millions of Yen)

	1H FY2018 (6 months)
I Cash flows from operating activities	
Income (loss) before income taxes	518
Depreciation	1,341
Net change in provision of reserve for loan losses	1
Net change in accrued employees' bonuses (-)	52
Interest income	0
Interest expenses	128
Net change in deposits (-)	936
Interest received	0
Interest paid	-131
Losses (gains) on disposal of fixed assets	2
Net change in borrowed money (-)	138,200
Repayment of lease obligations	-1,671
Other	-514
Sub total	138,862
Payment of corporate taxes, etc.	-3
Refund of sales tax, etc.	538
Net cash generated by operating activities	139,397
II Cash flow from investing activities	
Purchase of securities	-5,507
Purchase of tangible fixed assets	-75
Purchase of intangible fixed assets	-3,795
Net cash provided by (used in) investing activities	-9,378
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	130,020
VI Cash and cash equivalents at beginning of interim period	2,120
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

Note: Financial figures are truncated to the unit stated.

### III. Reference Information

#### 1. Capital Adequacy Ratio Information

(Millions of Yen)

	September 30, 2018 (Grandfathered basis)	September 30, 2018 (Not grandfathered basis)
Risk-weighted assets	56,424	56,424
Core capital	12,117	9,784
Capital adequacy ratio	21.48%	17.34%

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

(Millions of Yen)

	September 30, 2018
Claims against bankrupt and quasi-bankrupt obligors	-
Doubtful claims	-
Substandard claims	-
Normal claims	8

#### 3. Derivative Transaction

None.

#### 4. ATM Transactions

	September 30, 2018
Number of ATM units installed	13,145

	June 1, 2018 to September 30, 2018
Total number of ATM usage (1,000s)	79,698
Average daily ATM usage (no. of times per day per unit)	49.8

Note: Figures are from operations after June 1, 2018 when the absorption-type split of Lawson ATM Networks, Inc. was implemented.

	September 30, 2018
Number of affiliated financial institutions (banks, companies, depositories)	93

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

#### 5. Other

	Post-opening <sup>1</sup> September 2018 (1 month)	1H FY2018 (6 months)
Interest margin for total fund	-85.08%	-111.64%

<sup>1</sup> Lawson Bank commenced its operation on September 10, 2018, but figures from results of operation for one month from September 1 to 30, 2018, are reported.

6. General and Administrative Expenses

(Millions of Yen)

	1H FY2018 (6 months)
Personnel expenses	677
Non-personnel expenses	6,161
Depreciation	1,341
Taxes	94
General and administrative expenses	6,933

7. Number of Directors, Auditors, and Employees

	September 30, 2018
Directors and auditors	11
Directors	7
Auditors	4
Employees	138
Total	149

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.