

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

Financial Summary for the Third Quarter of Fiscal Year 2018 Ended December 31, 2018

February 13, 2019
Lawson Bank, Inc. (<https://www.lawsonbank.jp/>)

I. Financial Results Highlights

(Millions of Yen)

1. Results of Operation (Non-consolidated)

	Post-opening ¹ (4 months from September 1, 2018 to December 31, 2018)	3Q FY2018 (9months)
Total revenue	8,106	13,786
Net interest income	-297	-392
Net fees and commissions	8,403	14,178
Net trading income	-	-
Net other business income	-	-
Net provision of general reserve for credit losses	2	2
General and administrative expenses	7,842	13,070
Ordinary business profits	261	713
Ordinary profits	231	684
Net income	177	417

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

2. Balance Sheets (Non-consolidated)

	December 31, 2018
Cash and due from banks	426,810
Loans	0
Other assets	80,692
Total assets	507,502
Deposits	11,474
Borrowed money	330,000
Other liabilities	144,464
Total liabilities	485,939
Total equity	21,563

3. Financial Ratios (Non-consolidated)

	Post-opening ¹ (4 months from September 1, 2018 to December 31, 2018)	3Q FY2018 (9 months)
Expense-to-revenue ratio	96.8%	94.8%

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

(Millions of Yen)

	December 31, 2018 (Grandfathered basis)	December 31, 2018 (Not grandfathered basis)
Risk-weighted assets	63,421	63,421
Core capital	10,316	7,504
Capital adequacy ratio	16.27%	11.83%

	December 31, 2018
Number of ATM units installed	13,405
Total number of banking accounts	21,445

	June 1, 2018 to December 31, 2018
Total number of ATM usage (1,000s)	140,676
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.

	December 31, 2018
Number of affiliated financial institutions (banks, companies, depositories)	107

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)

(Millions of Yen)

	December 31, 2018
[Assets]	
Cash and due from banks	426,810
Loans	0
Suspense payments in ATMs	40,647
Other assets	9,848
Tangible fixed assets	16,137
Intangible fixed assets	14,060
Reserve for credit losses	-2
Total assets	507,502
[Liabilities]	
Deposits	11,474
Borrowed money	330,000
Suspense receipts of ATM	131,463
Lease obligations	10,725
Other liabilities	2,145
Accrued employees' bonuses	130
Total liabilities	485,939
[Equity]	
Common stock	11,600
Capital surplus	11,600
Retained earnings	-1,636
Total shareholders' equity	21,563
Total equity	21,563
Total liabilities and equity	507,502

Note: Financial figures are truncated to the unit stated.

2. Statement of Income (Non-consolidated)

(Millions of Yen)

	3Q FY2018 (9 months)
Ordinary income	18,292
Interest income	-8
Interest and dividends on securities	-0
Interest income on due from banks	-8
Fees and commissions income	18,282
ATM commissions received	18,281
Other business income	0
Other ordinary income	18
Ordinary Expenses	17,607
Interest expenses	384
Interest on deposits	0
Fees and commissions expenses	4,103
ATM installation commissions expenses	1,868
ATM commissions expenses	2,225
Other business expenses	0
General and administrative expenses	13,070
Other ordinary expenses	49
Ordinary profit	684
Extraordinary losses	15
Tangible fixed asset disposal expenses	15
Net income before income taxes	668
Income taxes	251
Current income taxes	247
Deferred income taxes	4
Net income	417

Note: Financial figures are truncated to the unit stated.