

Financial Results for the First Half of FY2016

November 14, 2016

Contents

Highlights

3

Financial Results for the 1H of FY2016

<Joyo/Ashikaga>

◆ Financial Results for the 1H FY2016	4
◆ Core Gross Business Profit	5
◆ Net Interest Income / Net Fees and Commissions (Top-line)	6
◆ Loans and Deposits (Average Balance / Average Yield)	7
◆ Loans (1)(2)	8-9
◆ Deposits	10
◆ Assets / Liabilities	11
◆ Financial Assets under Custody(1)(2)	12-13
◆ Securities	14-15
◆ Expenses /OHR	16
◆ Credit Related Costs / Non-performing Loans	17

Forecast for FY2016

<Mebuki FG>

◆ Forecast for FY2016 (1)(2)	18-19
◆ Capital Adequacy Ratio / Rating	20
◆ Shareholder Return	21

Progress of the Synergy Effect

◆ Day180 Plan	22-23
---------------	-------

【Reference】

◆ Summary of the Financial Results	24
◆ Disclosed Claims and Status of Coverage	25
◆ Negative Goodwill	26

Highlights

【Joyo Bank (non-consolidated)】 Main Points of the Financial Results

- Although net interest income decreased, net income increased by ¥0.5bn from the same period last year, mainly due to an increase in gains on bond transactions.
- The term end balance of loans increased by ¥151bn (+2.6%) year-on-year to ¥5,927bn, mainly due to increases in apartment loans and housing loans. The average yield on loans fell 8bp year-on-year.

【Ashikaga Bank (non-consolidated)】 Main Points of the Financial Results

- Although core gross business profit decreased year-on-year because of a decline in loan yield, net income exceeded the initial forecast due to gains on sales of securities and the low level of credit related costs.
- The term-end balance of loans increased by ¥56bn (+1.3%) year-on-year to ¥4,260bn mainly due to an increase in housing loans. The average yield on loans fell 8bp year-on-year.

【Mebuki FG】 Earnings Forecast and Dividend Projection for FY2016

- Full-year net income forecast for FY2016 is ¥155bn, including the profit on negative goodwill of around ¥115bn(※). ※For more information on the profit on negative goodwill, please refer to page 26 of this document.
- The year-end dividend forecast for FY2016 is ¥6.50 per share, including commemorative dividends (¥1.00) for the business integration of the Joyo Bank, Ltd. and Ashikaga Holdings Co. Ltd.
- Aim to continue the stable dividend returns while taking into account both the maintenance of solid capital levels for the future growth and the appropriate distribution of profits to our shareholders.

Financial Results for the 1H of FY2016

- ◇ Joyo: Although net interest income decreased, net income increased compared with the same period of last year mainly due to an increase in gains on bond transactions.
- ◇ Ashikaga: Net income decreased from the same period last year mainly due to a decrease in net interest income, but exceeded the initial forecast.

● Joyo

Item	Non-consolidated	(JPY Bn)			Item	Consolidated	(JPY Bn)		
		YoY	Change ratio	Compared with forecast			YoY	Change ratio	Compared with forecast
Net business income	23.4	+2.9	+14.4%	-1.5	Net business income	-	-	-	-
Ordinary profit	22.3	+0.6	+3.1%	+0.3	Ordinary profit	24.1	-0.0	-0.1%	-0.3
Net income	15.4	+0.5	+3.9%	+0.4	Net Income	16.6	+0.0	+0.4%	+0.1

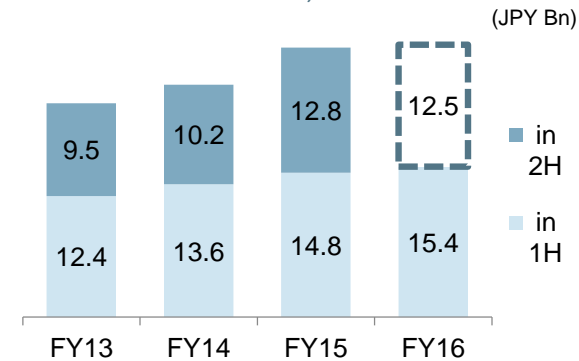
● Ashikaga

Item	Non-consolidated	(JPY Bn)			Item	Consolidated	(JPY Bn)		
		YoY	Change ratio	Compared with forecast			YoY	Change ratio	Compared with forecast
Net business income	20.4	-0.3	-1.7%	+2.9	Ordinary income	52.9	-1.9	-3.5%	+4.4
Ordinary profit	20.0	-4.3	-17.6%	+3.5	Ordinary profit	18.6	+1.2	+6.9%	+5.6
Net income	13.7	-3.2	-19.0%	+2.2	Net Income	12.0	+0.9	+8.8%	+4.0

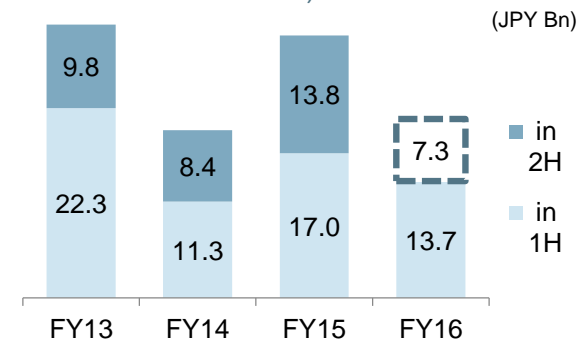
● Joyo + Ashikaga (Reference) (JPY Bn)

Item	Non-consolidated	YoY	Change ratio	Compared with forecast
Net business income	43.8	+2.5	+6.2%	+1.3
Ordinary profit	42.4	-3.6	-7.8%	+3.9
Net income	29.2	-2.6	-8.2%	+2.7

● Joyo Net Income (non-consolidated)



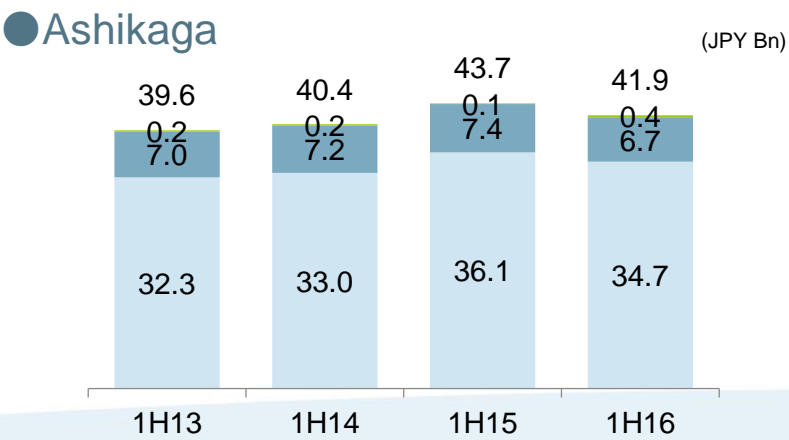
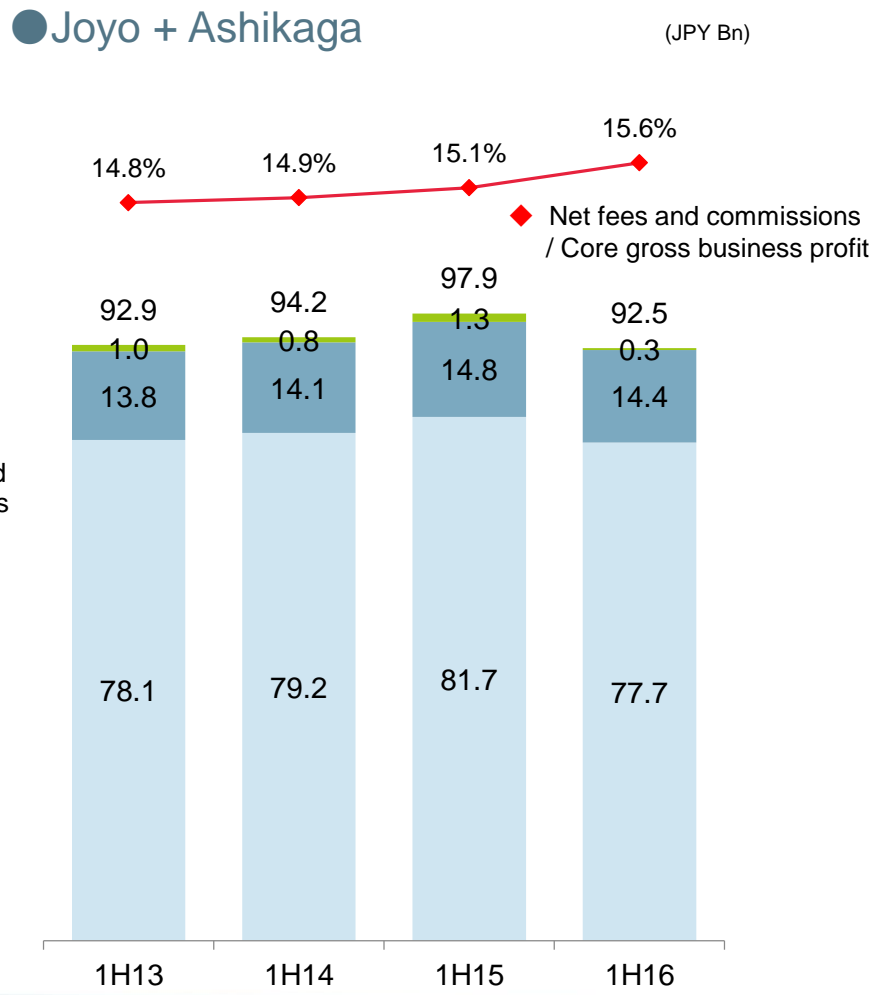
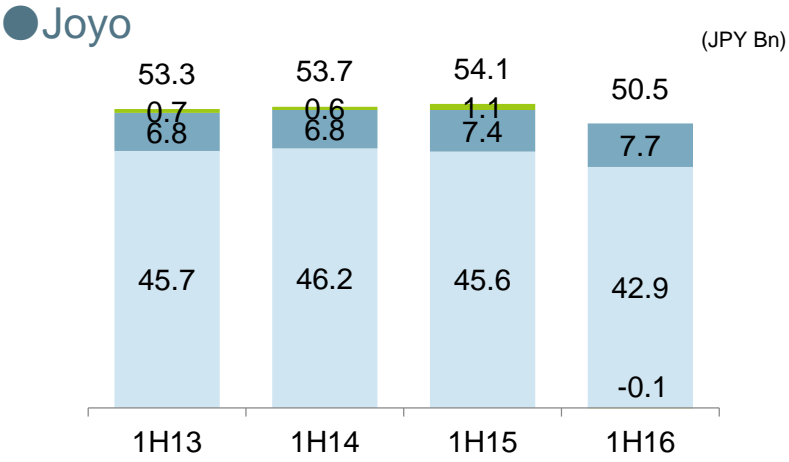
● Ashikaga Net Income (non-consolidated)



Core Gross Business Profit

- ◇ Net interest income of each bank decreased mainly due to a decline in loan yield.
- ◇ Net fees and commissions, especially fees related to financial assets under custody, decreased(※1).

(※1) Joyo: Net fees and commissions increased compared with the same period of last year mainly because dividends from group credit life insurance for housing loan borrowers has been reversed to fees and commissions payments.



Net Interest Income / Net Fees and Commissions (Top-line)

● Joyo

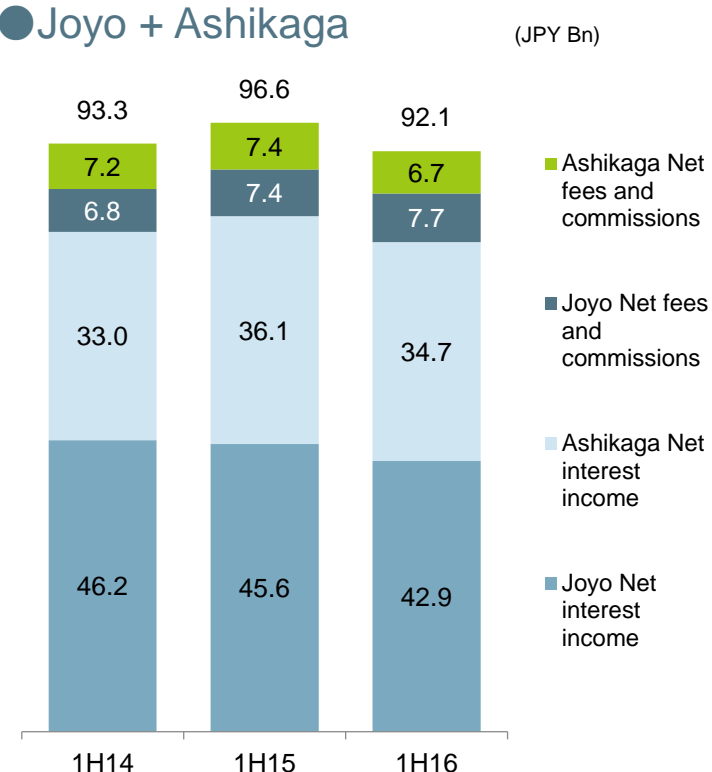
	(JPY Bn)			
	1H14	1H15	1H16	YoY
Net interest income	46.2	45.6	42.9	-2.6
Interest on loans and bills discounted	34.0	33.1	32.0	-1.1
Interest and dividends on securities	14.3	15.2	14.1	-1.1
Interest on deposits (-)	1.2	1.4	1.0	-0.3
Other funding cost (-)	0.8	1.3	2.1	+0.7
Net fees and commissions	6.8	7.4	7.7	+0.3
Fees related to investment trusts and insurance	3.1	3.3	2.3	-1.0
Fees related to loans	0.7	0.8	1.0	+0.2
Fees on settlement-related business	5.9	6.0	6.1	+0.0
Insurance premiums	-2.4	-2.6	-1.3	+1.2 ※
Others	-0.5	-0.3	-0.4	-0.1

※Dividends from group credit insurance for housing loan borrowers, which had been recorded in extraordinary gains as of the 2nd half of FY2015, has been reversed to fees and commissions payments from the 3rd quarter of FY 2015(¥1.3bn for the 1st half of FY2016).

● Ashikaga

	(JPY Bn)			
	1H14	1H15	1H16	YoY
Net interest income	33.0	36.1	34.7	-1.3
Interest on loans and bills discounted	27.5	26.9	25.7	-1.1
Interest and dividends on securities	6.5	10.4	10.2	-0.2
Interest on deposits (-)	1.2	1.1	0.6	-0.4
Other funding cost (-)	-0.0	0.0	0.5	+0.4
Net fees and commissions	7.2	7.4	6.7	-0.6
Fees related to investment trusts and insurance	3.4	3.6	2.9	-0.7
Fees related to loans	1.8	1.8	2.0	+0.1
Fees on settlement-related business	3.5	3.5	3.4	-0.0
Insurance premiums	-1.7	-1.7	-1.9	-0.1
Others	0.1	0.1	0.2	+0.1

● Joyo + Ashikaga

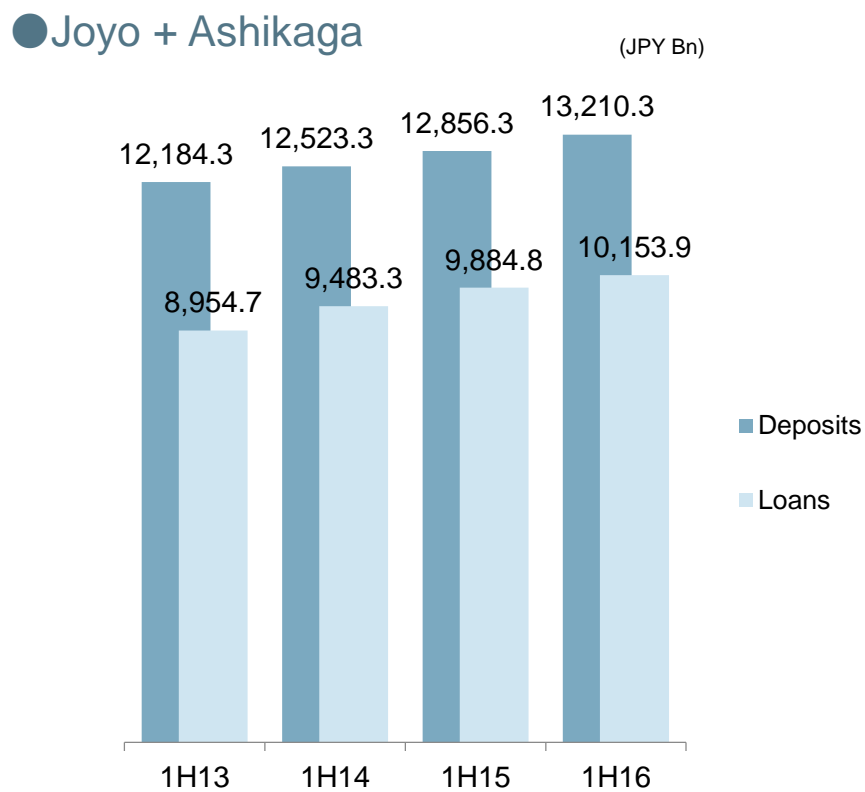


● Gain on Cancellation of Private Offering Investment Trusts among Interest and Dividends on Securities

		(JPY Bn)		
		FY2014	FY2015	FY2016
Joyo	1H	0.4	0.4	0.0
	2H	-0.0	0.4	-
Ashikaga	1H	1.1	3.7	3.1
	2H	-	-	-

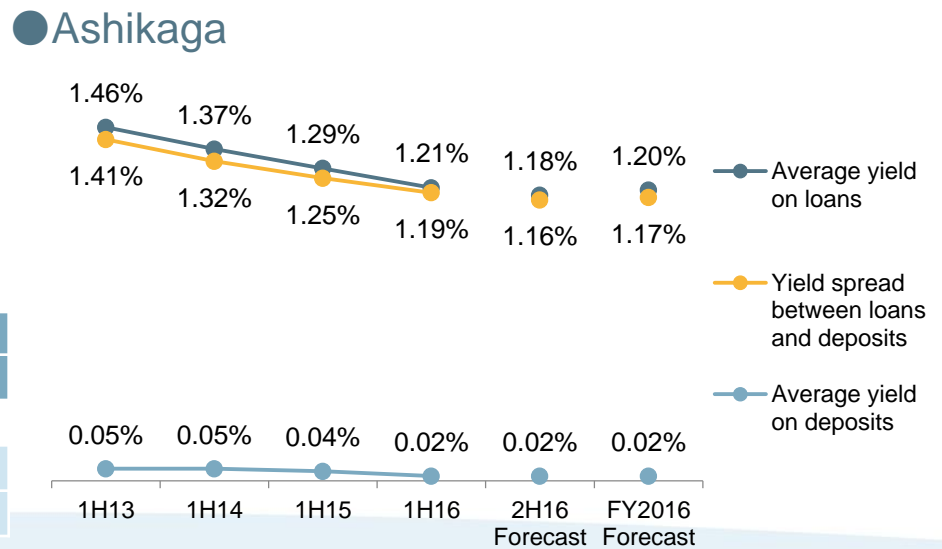
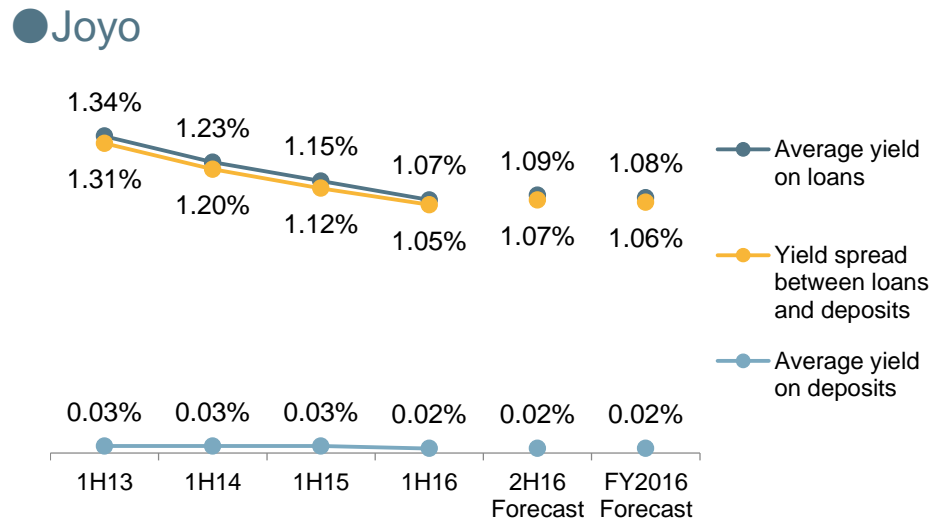
Loans and Deposits (Average Balance / Average Yield)

Loans and Deposits (Average Balance)



<Deposits>					Change	(ratio)
Joyo	7,446.1	7,599.0	7,828.5	8,059.9	231.4	+2.9%
Ashikaga	4,738.2	4,924.3	5,027.9	5,150.4	122.5	+2.4%
<Loans>						
Joyo	5,191.3	5,489.0	5,739.5	5,934.6	195.1	+3.3%
Ashikaga	3,763.4	3,994.3	4,145.3	4,219.3	74.0	+1.7%

Loans and Deposits (Average Yield)



Loans (1) Term-end Balance / Loan-deposit Ratio

- ◇ Loans to individual customers of each bank increased mainly due to increases in housing loans and apartment loans.
- ◇ The term end balance of total loans of Jojo Bank increased by ¥151bn (+2.6%) and that of Ashikaga Bank increased by ¥56bn (+1.3%) year-on-year.

● Jojo

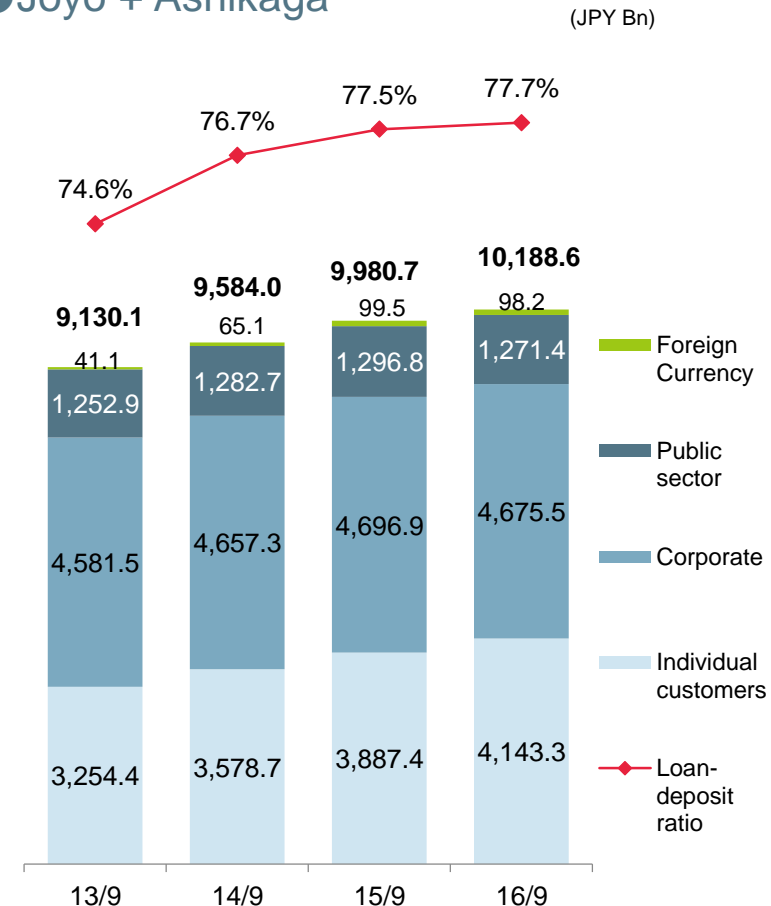
	(JPY Bn)				
	13/9	14/9	15/9	16/9	YoY
Individual customers	1,785.2	1,975.9	2,157.1	2,310.2	+7.0%
Corporate	2,643.7	2,690.8	2,711.6	2,706.8	-0.1%
Public sector	777.6	802.3	816.9	820.2	+0.4%
Foreign Currency	33.9	57.0	90.4	90.6	+0.1%
Total	5,240.5	5,526.2	5,776.2	5,927.9	+2.6%
YoY	-	+5.4%	+4.5%	+2.6%	-
Loan-deposit ratio	70.2%	72.8%	73.8%	74.6%	+0.8%

● Ashikaga

	(JPY Bn)				
	13/9	14/9	15/9	16/9	YoY
Individual customers	1,469.2	1,602.7	1,730.3	1,833.0	+5.9%
Corporate	1,937.7	1,966.4	1,985.2	1,968.7	-0.8%
Public sector	475.3	480.4	479.8	451.1	-5.9%
Foreign Currency	7.2	8.0	9.0	7.6	-15.3%
Total	3,889.5	4,057.7	4,204.5	4,260.6	+1.3%
YoY	-	+4.3%	+3.6%	+1.3%	
Loan-deposit ratio	81.4%	82.6%	83.1%	82.5%	-0.6%

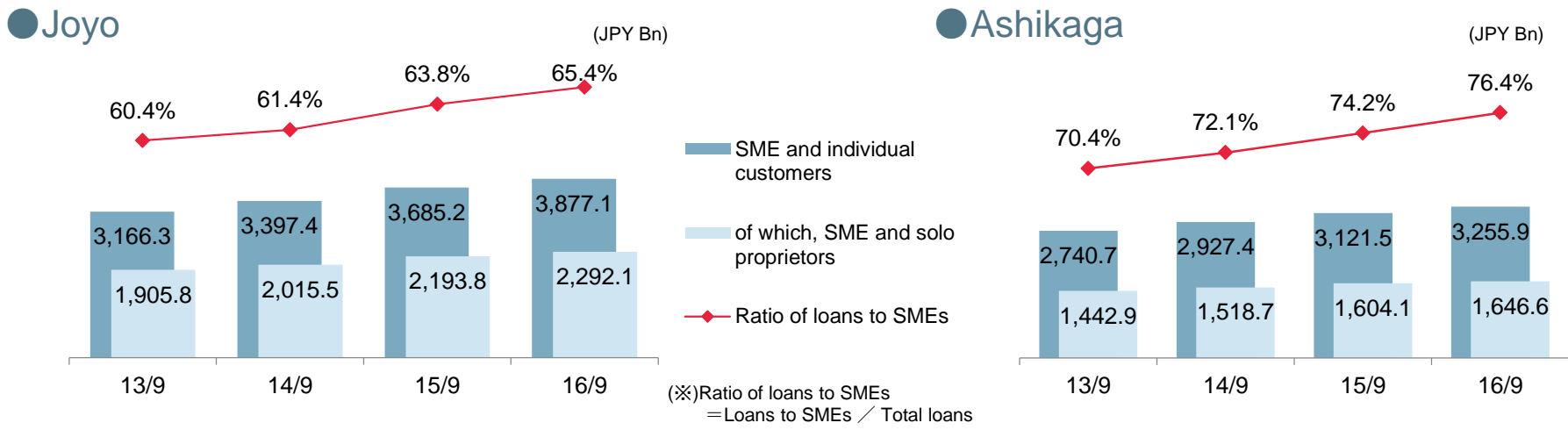
※"Individual Customers" include sole proprietors.

● Jojo + Ashikaga

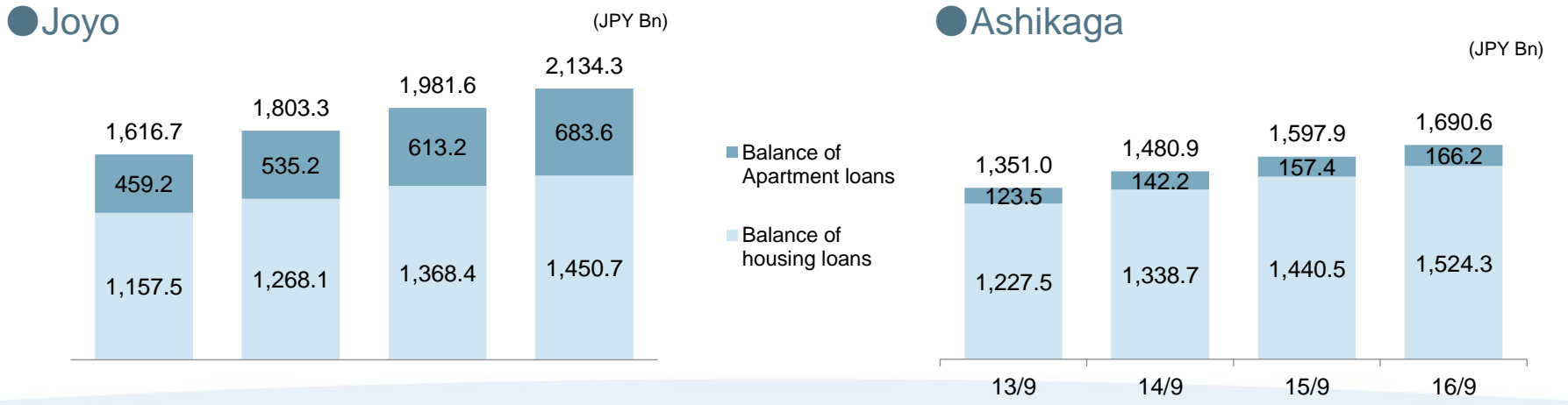


Loans (2) Loans to SMEs / Housing loans

Loans to SMEs (SME and Individual Customers) (Term-end Balance)



Housing Loans (Term-end Balance)



Deposits (Term-end Balance)

- ◇ Deposits from corporate customers and individual customers (yen-denominated), and foreign currency deposits of each bank increased.
- ◇ The term-end balance of total deposits of Jojo Bank increased by ¥189bn (+2.4%) and that of Ashikaga Bank increased by ¥112bn (+2.2%) year-on-year.

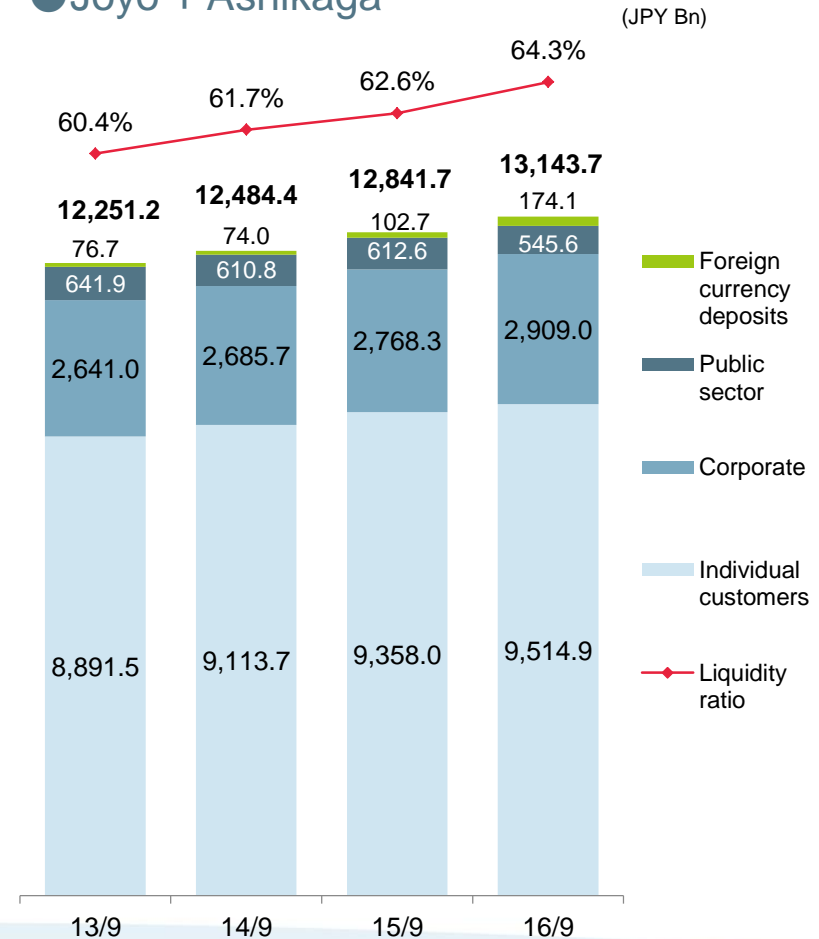
● Jojo

	(JPY Bn)				
	13/9	14/9	15/9	16/9	YoY
Individual customers	5,525.0	5,650.5	5,812.0	5,914.4	+1.7%
Corporate	1,477.0	1,477.0	1,510.1	1,586.8	+5.0%
Public sector	405.8	382.0	373.4	319.2	-14.5%
Foreign Currency(※1)	55.3	57.9	88.0	152.5	+73.3%
Total	7,463.3	7,567.5	7,783.6	7,973.1	+2.4%
YoY	-	+1.3%	+2.8%	+2.4%	
Liquidity ratio(※2)	60.7%	61.8%	62.7%	64.4%	+1.7%

● Ashikaga

	(JPY Bn)				
	13/9	14/9	15/9	16/9	YoY
Individual customers	3,366.4	3,463.2	3,545.9	3,600.4	+1.5%
Corporate	1,164.0	1,208.7	1,258.1	1,322.2	+5.0%
Public sector	236.0	228.8	239.2	226.4	-5.3%
Foreign Currency(※1)	21.3	16.0	14.7	21.5	+46.5%
Total	4,787.9	4,916.8	5,058.1	5,170.6	+2.2%
YoY	-	+2.6%	+2.8%	+2.2%	
Liquidity ratio(※2)	60.0%	61.5%	62.6%	64.1%	+1.5%

● Jojo + Ashikaga



※1 Foreign currency deposits include foreign currency deposits hedged by forward exchange contracts.

※2 Liquidity ratio = Yen-denominated liquid deposits (term-end balance) / Total yen-denominated deposits (term-end balance)

Assets / Liabilities (As of Sep. 30, 2016)

● Joyo (non-consolidated)

(JPY Bn)

Assets		Liabilities and equity	
Loans and bills discounted	5,927.9	Deposits	7,973.1
Securities	2,528.7	Others	723.8
Others	809.1	Equity	568.8
Total Assets		9,265.7	
Loan-deposit ratio		74.6%	

● Ashikaga (non-consolidated)

(JPY Bn)

Assets		Liabilities and equity	
Loans and bills discounted	4,260.6	Deposits	5,170.6
Securities	1,330.7	Others	789.0
Others	677.1	Equity	308.7
Total Assets		6,268.4	
Loan-deposit ratio		82.5%	

● Joyo + Ashikaga

(JPY Bn)

Assets		Liabilities and equity	
Loans and bills discounted	10,188.6	Deposits	13,143.7
Securities	3,859.4	Others	1,512.8
Others	1,486.2	Equity	877.5
Total Assets		15,534.1	
Loan-deposit ratio		77.7%	

● Loan-deposit Ratio

	13/9	14/9	15/9	16/9
Joyo	70.2%	72.8%	73.8%	74.6%
Ashikaga	81.4%	82.6%	83.1%	82.5%
Joyo + Ashikaga	74.6%	76.7%	77.5%	77.7%

Financial Assets under Custody (1) Term-end Balance / NISA

- ◇ Sales amount of investment trust and insurance products of each bank decreased due to the uncertainty over the unstable financial market, etc.
- ◇ Both banks focused on broadening customer base.

Financial Assets under Custody (Term-end Balance)

● Joyo

	(JPY Bn)				
	13/9	14/9	15/9	16/9	Change ratio
Investment trusts	288.8	337.1	361.2	294.6	-18.4%
Insurance	373.6	409.9	427.8	444.1	+3.8%
Foreign currency deposits	55.3	53.6	58.2	119.1	+104.4%
Public sector bonds	318.5	276.1	208.2	168.3	-19.1%
Total	1,036.3	1,076.8	1,055.6	1,026.3	-2.7%
Number of customers	-	191,206	191,770	199,223	+3.9%

● Ashikaga

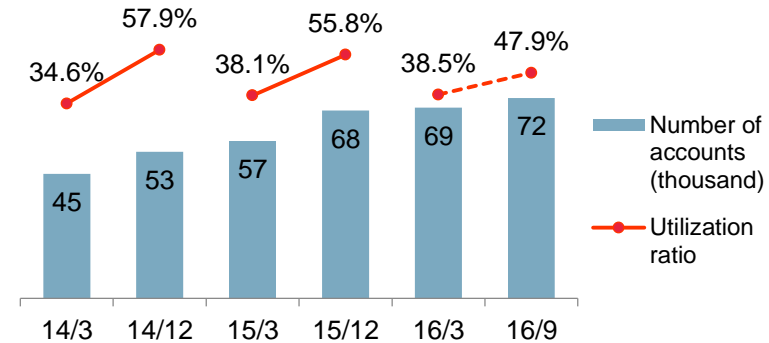
	(JPY Bn)				
	13/9	14/9	15/9	16/9	Change ratio
Investment trusts	280.4	317.2	334.8	323.2	-3.4%
Insurance	265.2	279.9	295.2	324.2	+9.7%
Foreign currency deposits	21.2	15.8	14.5	21.4	+47.4%
Public sector bonds	196.5	162.1	99.5	75.9	-23.6%
Total	763.3	775.3	744.2	744.9	+0.0%
Number of customers	151,130	152,824	150,906	156,267	+3.6%

● Joyo + Ashikaga

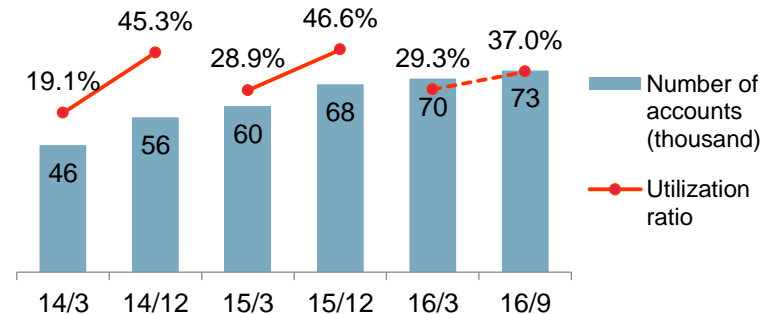
	(JPY Bn)				
	13/9	14/9	15/9	16/9	Change ratio
Investment trusts	569.2	654.4	696.0	617.8	-11.2%
Insurance	638.8	689.9	723.1	768.3	+6.2%
Foreign currency deposits	76.5	69.5	72.8	140.6	+93.0%
Public sector bonds	515.0	438.2	307.8	244.3	-20.6%
Total	1,799.7	1,852.2	1,799.8	1,771.2	-1.5%

NISA (Number of Accounts / Utilization Ratio)

● Joyo



● Ashikaga



Financial Assets under Custody (2) Sales Amount / Sales Commission

Sales Amount / Sales Commission

(JPY Bn)

● Joyo

	Sales Amount					
	1H13	1H14	1H15	2H15	1H16	2H15 compared
Investment trusts	92.8	112.0	131.1	72.9	31.1	-57.2%
stock Investment trusts	54.8	73.4	67.6	44.8	31.1	-30.5%
Insurance	42.9	44.4	30.6	30.7	16.5	-46.2%
Foreign currency deposits	53.4	36.6	90.7	77.5	154.9	+99.9%
Public sector bonds	37.6	28.9	14.5	6.9	9.1	+32.0%
Financial instruments intermediary services	31.2	28.0	52.0	32.6	33.2	+1.7%
Total	258.0	250.2	319.1	220.8	245.1	+11.0%

	Sales Commission					
	1H13	1H14	1H15	2H15	1H16	2H15 compared
Investment trusts	1.9	2.2	2.0	1.7	1.5	-14.2%
stock Investment trusts	-	-	-	-	-	-
Insurance	1.0	0.9	1.3	1.3	0.8	-38.5%
Foreign currency deposits	0.2	0.1	0.3	0.2	0.1	-39.4%
Public sector bonds	0.0	0.1	0.0	0.0	0.0	+24.1%
Financial instruments intermediary services	0.1	0.1	0.2	0.1	0.0	-25.2%
Total	3.4	3.6	4.0	3.5	2.6	-25.4%

● Ashikaga

	1H13	1H14	1H15	2H15	1H16	2H15 compared
	Investment trusts	67.1	68.2	76.7	47.2	37.6
stock Investment trusts	66.7	67.7	73.6	46.9	37.6	-19.8%
Insurance	22.8	23.1	22.3	23.0	16.9	-26.2%
Foreign currency deposits	6.2	4.6	5.8	8.4	13.1	+56.5%
Public sector bonds	9.0	7.4	2.7	1.5	2.1	+43.0%
Financial instruments intermediary services	0.3	0.8	1.0	2.2	7.8	+243.1%
Total	105.6	104.2	108.8	82.4	77.7	-5.7%

	1H13	1H14	1H15	2H15	1H16	2H15 compared
	Investment trusts	2.3	2.3	2.4	1.9	1.6
stock Investment trusts	-	-	-	-	-	-
Insurance	0.9	1.1	1.1	1.4	1.2	-9.5%
Foreign currency deposits	0.1	0.0	0.0	0.0	0.1	+64.0%
Public sector bonds	0.0	0.0	0.0	0.0	0.0	+42.3%
Financial instruments intermediary services	0.0	0.0	0.0	0.0	0.1	+94.3%
Total	3.3	3.5	3.7	3.5	3.2	-9.3%

● Joyo + Ashikaga

	1H13	1H14	1H15	2H15	1H16	2H15 compared
	Investment trusts	160.0	180.2	207.8	120.1	68.8
stock Investment trusts	121.6	141.1	141.3	91.8	68.8	-25.1%
Insurance	65.7	67.5	53.0	53.7	33.5	-37.7%
Foreign currency deposits	59.6	41.3	96.6	85.9	168.1	+95.7%
Public sector bonds	46.7	36.3	17.3	8.4	11.3	+33.9%
Financial instruments intermediary services	31.5	28.8	53.1	34.9	41.0	+17.4%
Total	363.7	354.4	427.9	303.2	322.8	+6.5%

	1H13	1H14	1H15	2H15	1H16	2H15 compared
	Investment trusts	4.2	4.6	4.5	3.6	3.1
stock Investment trusts	-	-	-	-	-	-
Insurance	1.9	2.0	2.4	2.7	2.1	-23.6%
Foreign currency deposits	0.3	0.2	0.4	0.3	0.2	-12.0%
Public sector bonds	0.1	0.1	0.0	0.0	0.0	+27.3%
Financial instruments intermediary services	0.1	0.1	0.2	0.1	0.2	+22.5%
Total	6.7	7.1	7.7	7.0	5.8	-17.3%

Securities Term-end Balance / Unrealized Valuation Gains (Losses)

- ◇ Joyo: Securities decreased due to suspension of reinvestment of redemption payments of JGB. Foreign bonds also decreased due to the impact of exchange rates resulting from yen appreciation.
- ◇ Ashikaga: The holding amount of JGB decreased, however, the amount of investment trust increased through portfolio rebalance.

Term-end Balances / Unrealized Valuation Gains (Losses)

		Term-end balances					Unrealized Valuation Gains (Losses)				(JPY Bn)
		15/3	16/3	16/9	Change		15/3	16/3	16/9	Change	Gains/Losses (realized)
			(1)	(2)	(2)-(1)	Change ratio		(3)	(4)	(4)-(3)	1H16
Joyo	Domestic bonds	1,821.2	1,747.1	1,632.4	-114.6	-6.5%	36.6	44.3	39.2	-5.1	+3.4
	JGBs	1,180.5	1,044.9	930.4	-114.4	-10.9%	24.1	28.4	23.7	-4.6	
	Foreign bonds	382.7	441.7	405.3	-36.3	-8.2%	7.0	8.5	7.6	-0.8	+2.4
	Stocks	280.6	248.9	229.4	-19.4	-7.8%	144.7	114.4	97.9	-16.4	+1.9
	Investment trusts etc.	250.7	301.5	261.4	-40.1	-13.3%	44.2	25.1	14.6	-10.4	+3.2
	Total	2,735.4	2,739.5	2,528.7	-210.6	-7.6%	232.6	192.5	159.5	-32.9	+11.1
Ashikaga	Domestic bonds	832.5	809.3	736.0	-73.3	-9.0%	15.1	30.9	24.4	-6.5	+0.7
	JGBs	351.9	351.5	293.6	-57.9	-16.4%	7.5	18.3	11.8	-6.4	
	Foreign bonds	168.7	173.0	192.3	+19.2	+11.1%	2.1	2.4	4.2	+1.7	-
	Stocks	85.0	77.6	72.4	-5.1	-6.6%	36.2	29.4	24.6	-4.7	+2.8
	Investment trusts etc.	150.5	265.6	329.8	+64.2	+24.1%	13.9	8.7	3.5	-5.1	+2.4
	Total	1,236.8	1,325.7	1,330.7	+5.0	+0.3%	67.5	71.6	56.9	-14.6	+6.0
Joyo + Ashikaga	Domestic bonds	2,653.7	2,556.5	2,368.5	-187.9	-7.3%	51.7	75.3	63.7	-11.6	+4.2
	Foreign bonds	551.4	614.8	597.7	-17.1	-2.7%	9.2	11.0	11.8	+0.8	+2.4
	Stocks	365.6	326.5	301.9	-24.6	-7.5%	180.9	143.8	122.6	-21.2	+4.7
	Investment trusts etc.	401.3	567.2	591.2	+24.0	+4.2%	58.1	33.9	18.2	-15.6	+5.7
		Total	3,972.2	4,065.1	3,859.5	-205.6	-5.0%	300.1	264.1	216.5	-47.5

Securities Duration / Gains and Losses on Securities (Reference)

Duration

		(Years)			
		14/3	15/3	16/3	16/9
Joyo	Domestic bonds	3.8	3.5	3.4	3.3
	Foreign bonds	3.8	3.5	3.5	3.5
Ashikaga	Domestic bonds	4.4	4.8	4.9	5.0
	Foreign bonds	3.4	4.1	4.6	5.1

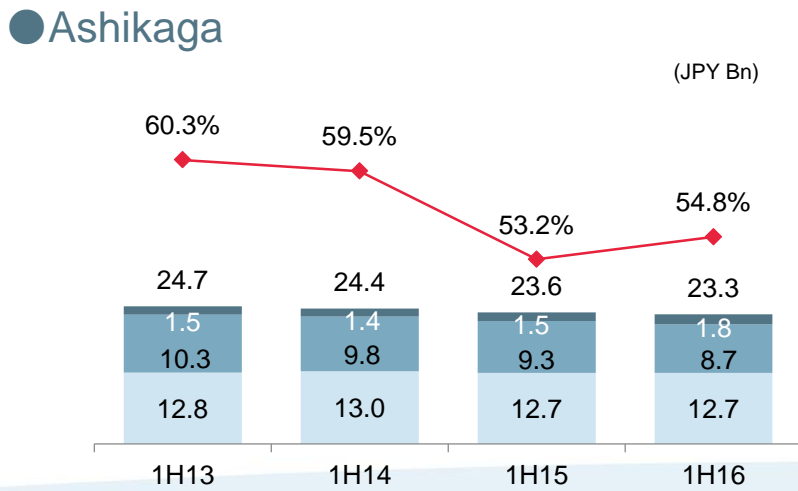
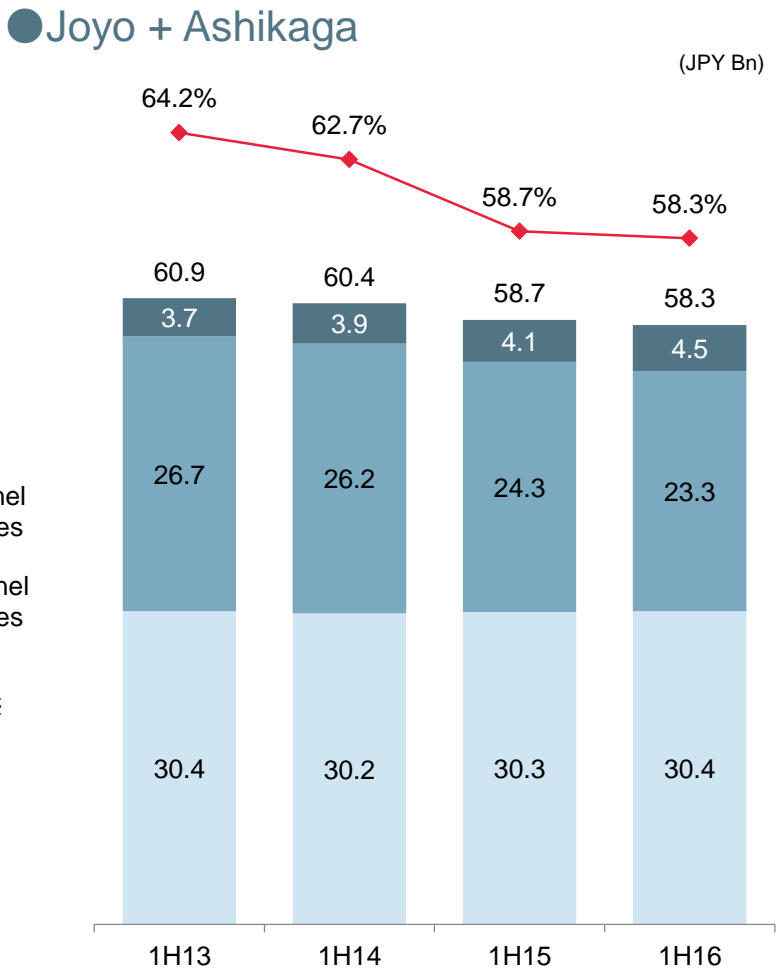
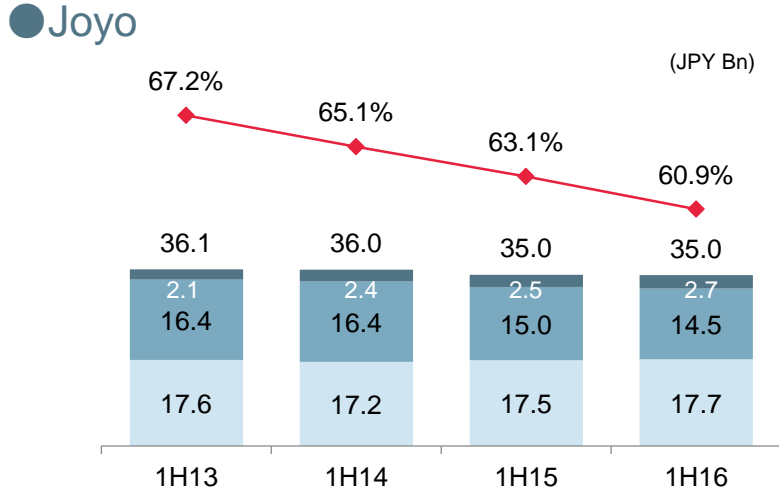
Gains and Losses on Securities

(JPY Bn)

		1H16	Breakdown
Joyo	Gains and Losses on Securities	11.1	-
	Domestic bonds	3.4	JGBs +3.0, Others +0.4
	Foreign bonds	2.4	Foreign government bonds +0.9, Yen-denominated foreign bond (CMS floater) +1.4
	Stocks	1.9	Stocks for policy purpose +1.9
	Investment trusts & others	3.2	ETF +2.2, J-REIT +1.0
Ashikaga	Gains and Losses on securities	6.0	
	Domestic bonds	0.7	JGBs +0.7
	Foreign bonds	-	
	Stocks	2.8	Stocks for policy purpose +2.8
	Investment trusts & others	2.4	Index funds +0.4, Yen bond funds +2.2, Bond investment trusts -0.2

Expenses / OHR

- ◇ The OHR of each bank is on the decline due to efforts to reduce expenses.
- ◇ Ashikaga: The OHR for the first half of FY2016 slightly rose but remained at the low level of the mid-50% range.



(※) OHR = Expenses (excluding non-recurrent expense) / Core gross business profit

Credit Related Costs / Non-performing Loans

◇ Credit costs of each bank remain stable at a low level.

Credit Related Costs



<Reference(1)> BK Credit Related Cost Ratio

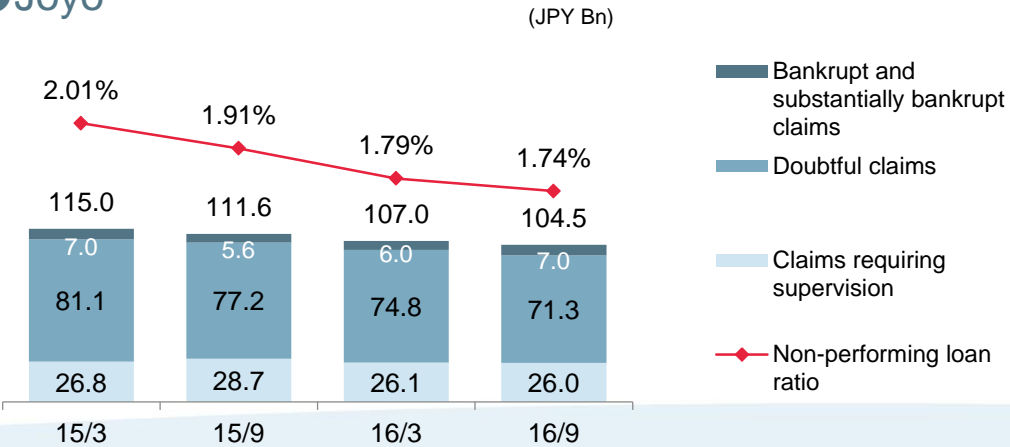
	FY2013	FY2014	FY2015	FY2016 Projection
Joyo	0.120%	0.032%	0.082%	0.082%
Ashikaga	0.193%	0.066%	Δ0.006%	0.064%

<Reference(2)> Business Failures

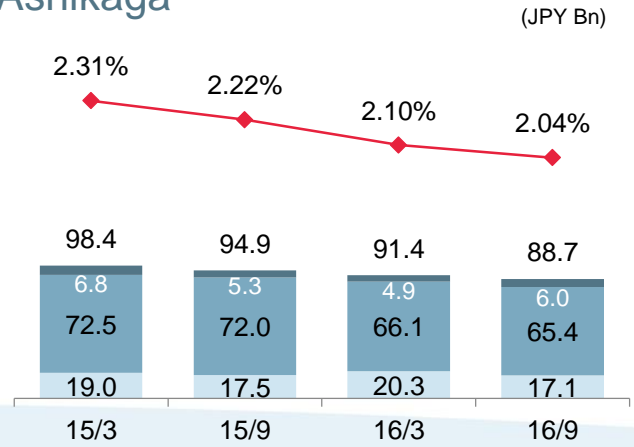
		(Cases/JPY Bn)				
		1H14	2H14	1H15	2H15	1H16
Ibaraki Prefecture	number	71	83	53	65	62
	amount	17.1	32.0	18.3	12.6	10.4
Tochigi Prefecture	number	62	86	71	59	66
	amount	11.0	19.7	6.2	10.3	12.3

Non-performing Loans

Joyo



Ashikaga

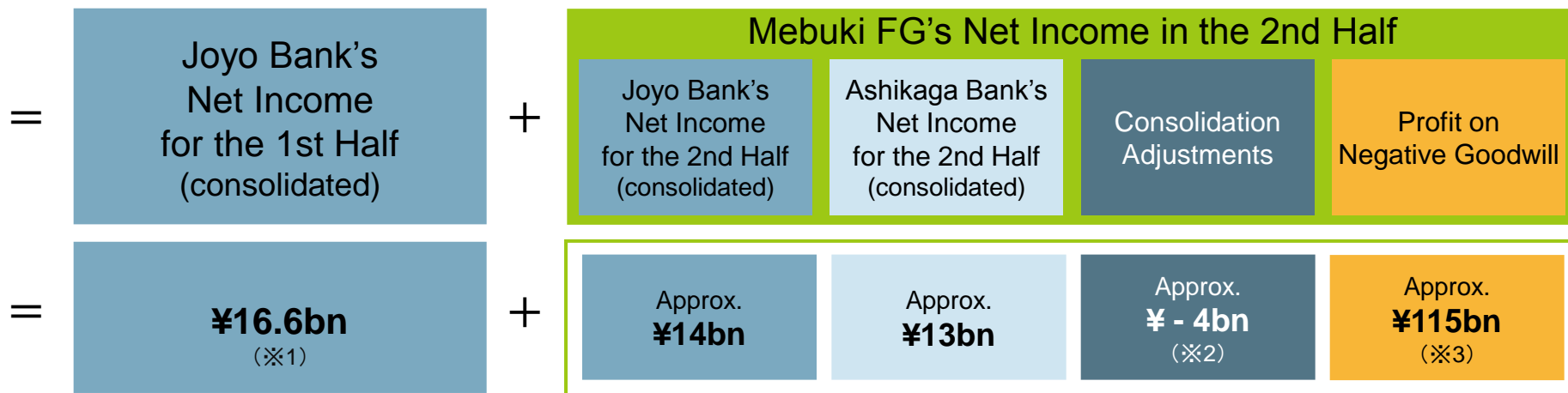


Forecast for FY2016 (1) Mebuki FG (consolidated)

◇ Full-year net income forecast for FY2016 is ¥155bn, including the profit on negative goodwill of around ¥115bn.

● Mebuki FG's Full-year Forecast for FY2016

Mebuki FG's Net Income ¥155bn



※1 In the business integration, since Joyo bank is the acquiring company in terms of accounting, Ashikaga HD's interim net income of ¥12bn (consolidated) is not included in the above forecast. Ashikaga HD's interim net income gets recorded in Mebuki FG's equity section after the business integration.

※2 Includes Mebuki FG's consolidation adjustments like interest expense, etc.

※3 The negative difference between the acquisition cost and the fair value of the net assets of Ashikaga HD is the negative goodwill. The profit on the negative goodwill will be recorded in extraordinary income. (please refer to page 26 of this document.)

● Mebuki FG's Business Plan

	FY2015	FY2016		FY2018		FY2021
Joyo (Consolidated basis)	31.0	31.0	→	27.8	→	37.1
Ashikaga (Consolidated basis)	30.1	Approx. 13.0		22.3		29.7
Joyo + Ashikaga	61.1	Approx. 44.0	→	50.1	→	66.8
Consolidated adjustment account etc.	—	Approx. 110.0		- 3.6		- 2.7
Mebuki-FG (Consolidated basis)	—	155.0		46.6		64.1

※ First Mid-Term Group Business Plan (to March 31, 2019)

※ Second Mid-Term Group Business Plan (to March 31, 2022)

Forecast for FY2016 (2) Banking Subsidiary (non-consolidated)

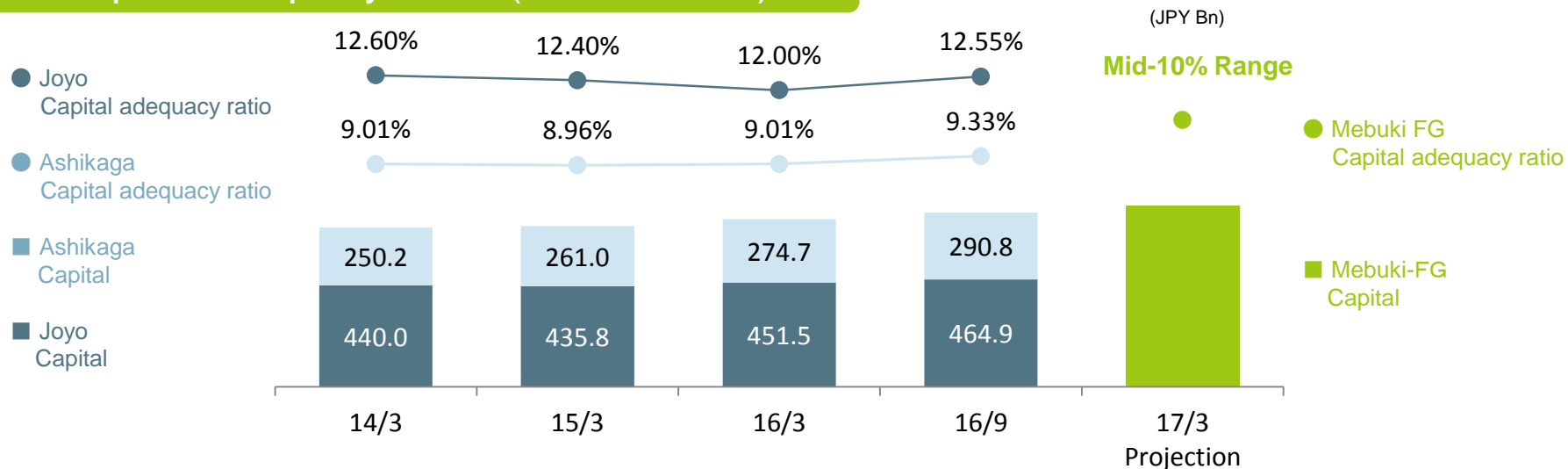
- ◇ Regarding full-year forecasts for FY2016 of the each bank, there has been no change in the figures announced in May 2016.
- ◇ The simple sum of figures of both banks' net income on non-consolidated basis is ¥49bn.

(JPY Bn)

	FY2015 Results			FY2016 Forecast			Y o Y					
	J + A	Joyo	Ashikaga	J + A	Joyo	Ashikaga	J + A		Joyo		Ashikaga	
							Change	ratio	Change	ratio	Change	ratio
Gross business profit	195.8	111.5	84.3	195.0	114.0	81.0	-0.8	-0.4%	+2.4	+2.2%	-3.3	-3.9%
Net interest income	157.9	89.8	68.1	150.0	84.0	66.0	-7.9	-5.0%	-5.8	-6.5%	-2.1	-3.1%
Net fees and commissions	30.4	15.4	14.9	32.8	18.0	14.8	+2.3	+7.7%	+2.5	+16.2%	-	-0.9%
Net trading income and Net other business income	7.4	6.1	1.3	12.4	12.0	0.4	+4.9	+65.7%	+5.8	+94.3%	-0.9	-69.4%
(Of which, gains/losses on bond transactions)	8.4	7.6	0.8	9.0	9.0	-	+0.5	+5.9%	+1.3	+17.8%	-0.8	-
Expenses (excluding non-recurrent expense)	115.3	68.2	47.0	116.5	68.0	48.5	+1.1	+1.0%	-0.2	-0.3%	+1.4	+3.0%
Net business income (before general allowance for loan losses)	80.5	43.2	37.3	78.5	46.0	32.5	-2.0	-2.5%	+2.7	+6.3%	-4.8	-12.9%
Core net business income	72.0	35.6	36.4	69.5	37.0	32.5	-2.5	-3.5%	+1.3	+3.8%	-3.9	-10.8%
Net transfer to general allowance for loan losses (a)	-0.6	-0.6	-	-	-	-	+0.6	-	+0.6	-	-	-
Net business income	81.2	43.9	37.3	78.5	46.0	32.5	-2.7	-3.3%	+2.0	+4.6%	-4.8	-12.9%
Net non-recurrent gains/losses	1.3	-1.2	2.5	-3.5	-5.5	2.0	-4.8	-368.2%	-4.2	+346.9%	-0.5	-21.1%
Disposal of non-performing loans (b)	5.2	5.4	-0.2	7.5	5.0	2.5	+2.2	+44.0%	-0.4	-8.6%	+2.7	-
Gains/losses related to stocks, etc	7.2	4.7	2.5	4.0	4.0	-	-3.2	-44.9%	-0.7	-15.6%	-2.5	-
Ordinary profit	82.5	42.7	39.8	71.0	40.5	30.5	-11.5	-14.0%	-2.2	-5.1%	-9.3	-23.4%
Extraordinary income/losses	-1.0	-0.6	-0.3	0.1	0.2	-0.1	+1.1	-	+0.6	-	+0.2	-73.9%
Net Income	58.6	27.7	30.8	49.0	28.0	21.0	-9.6	-16.4%	+0.2	+0.8%	-9.8	-31.9%

Capital Adequacy Ratio / Rating

Capital Adequacy Ratio (consolidated)



※The Joyo bank, Ltd. calculated each risk-weighted assets according to the fundamental internal rating based approach

※The Ashikaga Bank, Ltd. calculated each risk-weighted assets according to the standardized approach.

<Reference> Capital Adequacy Ratio (without Temporary Measure)

	14/3	15/3	16/3	16/9
Joyo	11.35%	11.51%	11.16%	11.75%
Ashikaga	8.67%	8.64%	8.77%	9.09%

Rating

○ R&I (Rating and Investment Information, Inc.)

Mebuki FG	Joyo	Ashikaga
A	A+	A+

○ Moody's

Joyo
A2

Shareholder Return

Dividend Policy

- Aim to continue the stable dividend returns while taking into account both the maintenance of solid capital levels for the future growth and the appropriate distribution of profits to its shareholders.
- The year-end dividend forecast for FY2016 is ¥6.50 per share, including commemorative dividends (¥1.00) for the business integration of The Joyo Bank, Ltd. and Ashikaga Holdings Co., Ltd.

Shareholder Benefit Plan

【Shareholders to be Subjected】

Shareholders recorded in the register of shareholders as of March 31 of every year and holding 1,000 shares or more at the record date.
(Starting at the end of March, 2017)

【Contents of the Plan】

Shareholders can choose items from a dedicated catalog that lists local specialties depending on the number of shares held.

【Dividend per Share】

(JPY ¥)	FY2015	FY2016	
	Annual dividends	Interim dividend	Year-end dividends
Joyo ※1	¥13.00 ※2 (including commemorative dividends of ¥1.00)	¥6.00	Mebuki FG ¥6.50 (including commemorative dividends of ¥1.00)
Ashikaga HD	¥10.00 ※3 (including commemorative dividends of ¥1.00)	¥5.50	

※1 Former Joyo bank's shareholders receive ¥13.60 per share as annual dividend for FY 2016.

Joyo bank's interim dividend (¥6.00) + Mebuki FG's year-end dividend (¥6.50) × Share exchange ratio (1.17)

※2 Commemorative cash dividends ¥ 1.00 per share for 80-year anniversary.

※3 Commemorative cash dividends ¥ 1.00 per share for 120-year anniversary of a wholly owned subsidiary, The Ashikaga Bank, Ltd.

【Contents of the Shareholder Benefit Plan】

Number of shares held	Items that can be selected	
Less than 5,000 shares and 1,000 shares or more	Equivalent to 2,500 yen	More than 400 items centered on specialty products from Ibaraki Prefecture and Tochigi Prefecture(※).
Less than 10,000 shares and 5,000 shares or more	Equivalent to 4,000 yen	
10,000 shares or more	Equivalent to 6,000 yen	

※The number of items listed on the FY2016 Joyo bank's shareholder benefit catalog is 316.

Progress of the Synergy Effect (1)

【Regional Revitalization】

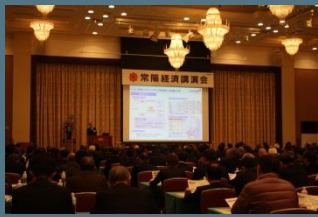
Food Exhibition in Mito City	Food Business Meeting in Utsunomiya City	Business Award	Manufacturing Forum
<ul style="list-style-type: none"> ◆ Conduct evaluations for product development and quality improvement of local specialties making use of regional resources. 	<ul style="list-style-type: none"> ◆ Support customers' sales and buying channel expansion for local specialties making use of regional resources, etc. through the meeting. 	<ul style="list-style-type: none"> ◆ Award creative and innovative business plans. ◆ Support customers' business expansion through the award and business seminars. 	<ul style="list-style-type: none"> ◆ Support regional manufacturing companies. ◆ Invite German and Taiwanese manufacturing companies to the forum.
<p><u>Outline (12 Oct.2016)</u></p> <ul style="list-style-type: none"> •Exhibitors Approx. 100 •Evaluators Approx. 400 •Evaluations handed in Over 4,600 	<p><u>Outline (22 Nov.2016)</u></p> <ul style="list-style-type: none"> •Exhibitors Over 300 •Buyers Approx.150 •Meetings held Approx.450 	<p><u>Number of Applicants (FY2015)</u></p> <ul style="list-style-type: none"> •Joyo Business Award 261 •Ashikaga Business GP 214 	<p><u>Outline (Scheduled in Feb. 2017)</u></p> <ul style="list-style-type: none"> •Technical Proposals Over 250 •Meetings Scheduled Approx. 300 •Major Company Participants 15



【Regional Interaction】

Economic Lecture

Introduce Mebuki FG in main cities for both banks at the time of lectures. (scheduled for Nov and Dec 2016)



【Regional Interaction / Organizational Integration】

Match Sponsorship

Sponsor a Kashima Antlers' official match at Kashima stadium (held on 3 Nov. 2016) to increase the brand recognition of Mebuki FG.

Personnel Exchange

Hold rank-based trainings in which 1,000 employees will participate and share each other's training program.

Progress of the Synergy Effect (2) Day180 Plan

		Items	Details
Action Plan	Channel	Transfer Fee Reduction for Each Other's Customers	Lower the transfer fee between the two banks to the same rate of an intra-bank transfer.
		Mutual Utilization of ATMs	Make it possible to deposit into an account using one bank's cash card at the other's ATM.
	Group Companies	Cooperation on Securities Business	Start to provide financial product intermediary services cooperating with Joyo Securities at 13 Ashikaga Bank branches.
		Cooperation on Leasing Business	Ashikaga Bank starts to deal Joyo Lease's auto lease products.
Assets under Custody	Establishment of a Joint Fund	Establish and sell an investment trust, which invests in companies related to Ibaraki and Tochigi Prefectures.	
Campaign	Individual Customers	Investment Product Campaign	All customers have a chance to win local specialty items if they obtain investment products worth 200,000 yen or more.
		Auto Loans and Educational Loans Campaign	Preferential Interest Rates
	Corporate Customers	Internet Banking Campaign	Exemption of activation fee and three-month's monthly fee for new subscribers.
		Business Seminar	Members of one bank's reserch institute can take seminars of the other reserch institute at preferential rates.



October 2016 Results	
Started on 1 Oct. 2016	
Started on 1 Oct. 2016	
Sales amount	¥8.4bn (+¥5.4bn)* of which, Foreign bonds ¥5.0bn (+¥2.8bn)*
Referrals to Joyo Lease	322(+8) *
Sales amount	¥10.8bn
Number of sales	4,681
<u>Sales amount</u>	
Investment trust	¥13.9bn(+3.3bn)*
Foreign currency deposits	¥0.6bn(+0.5bn)*
Accumulation service	1,746contracts
<u>Preliminary application</u>	
Auto loans	¥2.3bn / 1,523 loans
Educational loans	¥1.5bn / 574loans
<u>Amount of loans made</u>	
Auto loans	¥0.4bn / 249loans
Educational loans	¥0.2bn / 93loans
<u>New contrasts</u>	
New subscribers	550(+152)*
Optional service	230
Mutual participants	7 from 5 companies

【Reference】 Summary of the Financial Results

Financial Highlights for the 1H FY2016

(JPY Bn)

	1H FY2014			1H FY2015			1H FY2016								
	J+A	Joyo	Ashikaga	J+A	Joyo	Ashikaga	J+A		Joyo			Ashikaga			
							Results	Change	Results	Change	ratio	Results	Change	ratio	
Gross business profit	96.3	55.3	40.9	100.0	55.5	44.4	99.9	-0.0	57.5	+1.9	+3.4%	42.4	-1.9	-4.4%	
Net interest income	79.2	46.2	33.0	81.7	45.6	36.1	77.7	-4.0	42.9	-2.6	-5.8%	34.7	-1.3	-3.7%	
Net fees and commissions	14.1	6.8	7.2	14.8	7.4	7.4	14.4	-0.3	7.7	+0.3	+4.0%	6.7	-0.6	-9.3%	
Net trading income and Net other business income	2.9	2.2	0.7	3.4	2.5	0.8	7.7	+4.3	6.8	+4.2	+168.7%	0.9	+0.0	+9.4%	
(Of which, gains/losses on bond transactions)	2.0	1.6	0.4	2.0	1.3	0.7	7.4	+5.3	6.9	+5.5	+401.3%	0.4	-0.2	-30.4%	
Expenses (excluding non-recurrent expense)	60.4	36.0	24.4	58.7	35.0	23.6	58.3	-0.4	35.0	-0.0	+0.0%	23.3	-0.3	-1.6%	
Personnel expenses	30.2	17.2	13.0	30.3	17.5	12.7	30.4	+0.0	17.7	+0.1	+0.8%	12.7	-0.0	-0.5%	
Non-personnel expenses	26.2	16.4	9.8	24.3	15.0	9.3	23.3	-0.9	14.5	-0.4	-2.8%	8.7	-0.5	-5.5%	
Net business income (before general allowance for loan losses)	35.8	19.2	16.5	41.2	20.4	20.7	41.6	+0.3	22.4	+1.9	+9.5%	19.1	-1.6	-7.7%	
Core net business income	33.7	17.6	16.0	39.1	19.1	20.0	34.1	-4.9	15.4	-3.6	-18.9%	18.6	-1.3	-6.9%	
Net transfer to general allowance for loan losses (a)	-3.5	-1.4	-2.1	0.0	0.0	-	-2.2	-2.2	-0.9	-1.0	-	-1.2	-1.2	-	
Net business income	39.3	20.7	18.6	41.2	20.4	20.7	43.8	+2.5	23.4	+2.9	+14.4%	20.4	-0.3	-1.7%	
Net non-recurrent gains/losses	-2.8	0.2	-3.0	4.8	1.1	3.6	-1.4	-6.2	-1.0	-2.2	-191.6%	-0.3	-3.9	-109.0%	
Disposal of non-performing loans (b)	5.8	2.3	3.5	1.2	2.6	-1.4	5.2	+4.0	2.4	-0.2	-8.1%	2.7	+4.2	-	
Gains/losses related to stocks, etc	2.1	2.1	-0.0	5.4	2.9	2.4	6.5	+1.1	4.1	+1.1	+39.9%	2.4	-0.0	-2.2%	
Ordinary profit	36.5	20.9	15.6	46.0	21.6	24.3	42.4	-3.6	22.3	+0.6	+3.1%	20.0	-4.3	-17.6%	
Extraordinary income/losses	-0.5	-0.5	-0.0	-0.3	-0.2	-0.0	-0.3	-0.0	-0.2	-0.0	-	-0.0	+0.0	-	
Net Income	25.0	13.6	11.3	31.9	14.8	17.0	29.2	-2.6	15.4	+0.5	+3.9%	13.7	-3.2	-19.0%	
Credit related costs (a)+(b)	2.3	0.9	1.4	1.2	2.6	-1.4	3.0	+1.7	1.4	-1.2	-45.6%	1.5	+3.0	-	

【Consolidated】

Ordinary profit	39.7	23.4	16.3	46.1	24.1	22.0	47.1	+0.9	24.1	-0.0	-0.1%	23.0	+1.0	+4.6%
Net income attributable to owners of the parent	27.0	15.1	11.8	31.6	16.5	15.1	32.7	+1.0	16.6	+0.0	+0.4%	16.1	+1.0	+6.6%

【Reference】 Disclosed Claims and Status of Coverage

● Joyo

○ Disclosed Claims under the Financial Revitalization Law

(JPY Bn)

	15/3	15/9	16/3	16/9	16/3 compared
Bankrupt and substantially bankrupt claims	7.0	5.6	6.0	7.0	+1.0
Legally bankrupt	1.2	0.8	1.2	1.3	+0.1
Substantially bankrupt	5.7	4.7	4.8	5.7	+0.9
Doubtful claims	81.1	77.2	74.8	71.3	Δ3.5
Claims requiring supervision	26.8	28.7	26.1	26.0	Δ0.0
Subtotal	115.0	111.6	107.0	104.5	Δ2.5
Normal claims	5,582.7	5,708.9	5,852.4	5,874.9	+22.5
Total	5,697.8	5,820.5	5,959.4	5,979.5	+20.0
Ratio of disclosed claims towards the balance of Loans	2.01%	1.91%	1.79%	1.74%	Δ0.05%

○ Status of Coverage on Disclosed Claims (16/9)

(JPY Bn)

【After partial direct write-off】	Bankrupt and substantially bankrupt claims	Doubtful claims	Subtotal	Normal claims	Total
Total claims outstanding (A)	7.0	71.3	78.4	26.0	104.5
Collateral and guarantees (B)	6.6	43.0	49.7	6.8	56.6
Non-covered amount (C)=(A)-(B)	0.4	28.2	28.6	19.1	47.8
Allowance for loan losses (D)	0.4	20.6	21.0	3.5	24.6
Coverage amount (E)=(B)+(D)	7.0	63.7	70.8	10.4	81.3
Coverage ratio (E)÷(A)	100.0%	89.3%	90.3%	40.2%	77.8%
(Reference) Before partial direct write-off					80.4%

● Ashikaga

○ Disclosed Claims under the Financial Revitalization Law

(JPY Bn)

	15/3	15/9	16/3	16/9	16/3 compared
Bankrupt and substantially bankrupt claims	6.8	5.3	4.9	6.0	+1.1
Legally bankrupt	1.6	1.6	1.6	2.1	+0.5
Substantially bankrupt	5.1	3.7	3.3	3.9	+0.6
Doubtful claims	72.5	72.0	66.1	65.4	Δ0.6
Claims requiring supervision	19.0	17.5	20.3	17.1	Δ3.1
Subtotal	98.4	94.9	91.4	88.7	Δ2.7
Normal claims	4,157.9	4,180.1	4,262.1	4,257.4	Δ4.7
Total	4,256.4	4,275.0	4,353.6	4,346.1	Δ7.4
Ratio of disclosed claims towards the balance of Loans	2.31%	2.22%	2.10%	2.04%	Δ0.06%

○ Status of Coverage on Disclosed Claims (16/9)

(JPY Bn)

【After partial direct write-off】	Bankrupt and substantially bankrupt claims	Doubtful claims	Subtotal	Normal claims	Total
Total claims outstanding (A)	6.0	65.4	71.5	17.1	88.7
Collateral and guarantees (B)	4.1	38.2	42.4	6.4	48.8
Non-covered amount (C)=(A)-(B)	1.9	27.2	29.1	10.7	39.8
Allowance for loan losses (D)	1.9	14.1	16.1	3.2	19.3
Coverage amount (E)=(B)+(D)	6.0	52.4	58.5	9.6	68.1
Coverage ratio (E)÷(A)	100.0%	80.0%	81.7%	56.2%	76.8%
(Reference) Before partial direct write-off					78.9%

【Reference】 Negative Goodwill

【Legal Form of Business Combination】

Share Exchange on October 1, 2016

Ashikaga HD : Parent company
Joyo Bank : Wholly owned subsidiary

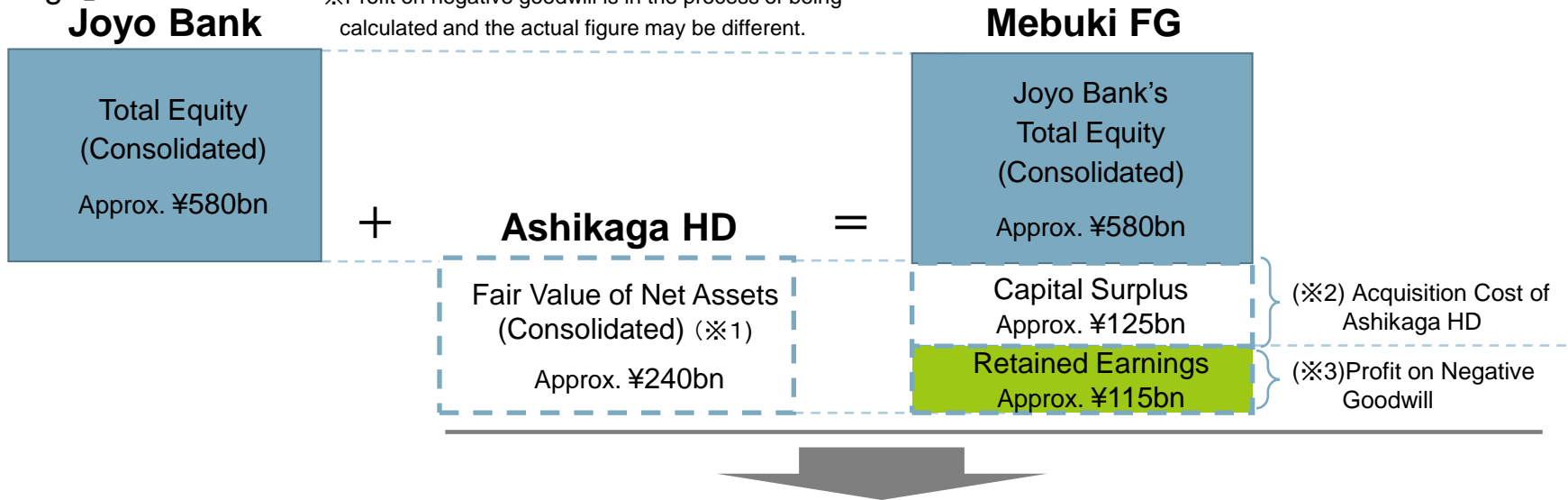
【Accounting for Business Combinations (Reverse Acquisition / Purchase Method)】

Profit on negative goodwill of around ¥115bn will be recorded in extraordinary income

Joyo Bank : Acquiring company
Ashikaga HD : Acquired company

【Image】

※Profit on negative goodwill is in the process of being calculated and the actual figure may be different.



Negative difference between the acquisition cost and the fair value of net assets of Ashikaga HD is the profit on negative goodwill.

Fair Value of Net Assets(※1) This figure is equivalent to the fair value of assets and liabilities of Ashikaga HD (after deduction of Ashikaga HD's positive goodwill on the balance sheet).	Acquisition Cost of Ashikaga HD (※2) The acquisition cost in the purchase method, which is equivalent to market capitalization of Ashikaga HD, is recorded in capital surplus. ◇Ashikaga HD's number of shares after adjustment / Exchange Ratio (1.17) × Closing price of Joyo's stock at the final trading date.	Profit on Negative Goodwill (※3) Profit on the negative goodwill is recorded in extraordinary income on the income statement and in retained earnings in the equity section on the consolidated balance sheet.
--	---	--

Inquiries regarding this matter:

Mebuki Financial Group, Inc. Corporate Planning Department

TEL 029-233-1151

E-mail ir@mebuki-fg.co.jp

URL <http://www.mebuki-fg.co.jp/>

This document has been prepared for information purposes only and does not form part of a solicitation to sell or purchase any securities. Information contained herein may be changed or revised without prior notice. This document may contain forward-looking statements as to future results of operations. No forward-looking statement can be guaranteed and actual results of operations may differ from those projected.