

Financial Results for the Third Quarter of FY2016

February 10, 2017

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Financial Results for the 3rd Quarter of FY2016

<Joyo Bank / Ashikaga Bank>

※Unless otherwise provided herein, the figures shown are those of each bank on a non-consolidated basis.

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Forecast for FY2016

<Mebuki FG>

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Highlights

【Mebuki FG (consolidated)】 Financial Results for the 3Q FY2016 Earnings Forecast and Dividend Projection for FY2016

- Net income attributable to owners of the parent for the 3Q FY2016 is ¥153.1bn, which includes gain on negative goodwill of ¥119.2bn (※). Full-year net income forecast for FY2016 has not been changed from the previous forecast of ¥155.0bn.
※For more information on gain on negative goodwill, please refer to page 24 of this document.
- The year-end dividend forecast for FY2016 is ¥6.50 per share, including commemorative dividend (¥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.

【Joyo Bank (non-consolidated)】 Financial Results for the 3Q FY2016

- Although net interest income and net fees and commissions decreased, net income increased by ¥1.3bn y-o-y, mainly due to an increase in gains on sales of securities and a decrease in credit cost.
- The term-end balance of loans increased by ¥96.8bn (+1.6%) y-o-y to ¥5,967.6bn, mainly due to increases in housing loans and apartment loans. The average yield on loans fell 7bp y-o-y.

【Ashikaga Bank (non-consolidated)】 Financial Results for the 3Q FY2016

- Although core gross business profit decreased, net income increased by ¥1.1bn y-o-y, mainly due to an increase in gains on sales of securities and decreases in expenses and income tax deferred.
- The term-end balance of loans increased by ¥62.9bn (+1.4%) y-o-y to ¥4,289.2bn mainly due to an increase in housing loans. The average yield on loans fell 8bp y-o-y.

Main Points of 3Q FY2016 Financial Results

◇The sum of both banks' net income for the third quarter of FY2016 is ¥47.0bn on a non-consolidated basis and ¥52.0bn on a consolidated basis.

◇Mebuki FG's consolidated ordinary profit is ¥42.8bn and consolidated net income attributable to owners of the parent is ¥153.1bn for the third quarter of FY2016.

●Mebuki FG

(JPY Bn)

Item	Consolidated		Forecast
		Progress	
Ordinary profit	42.8	80.7%	53.0
Net income attributable to owners of the parent	153.1	98.8%	155.0
(exc. profit on negative goodwill)	33.9	84.8%	40.0

※"Progress" represents percentages of attainment of the forecast released on October 2016.

- Mebuki FG's consolidated financial results for the third quarter of FY2016 includes those of Joyo Bank for the period from April 1, 2016 to September 30, 2016 and those of Mebuki for the period from October 1, 2016 to December 31, 2016.
- Gain on negative goodwill due to the business integration amounting to ¥119.2bn was recorded as extraordinary income.

●Joyo

(JPY Bn)

Item	Non-consolidated				Item	Consolidated			
	YoY	Change ratio	Progress	YoY		Change ratio	Progress		
Net business income	33.4	+0.7	+2.2%	72.6%	Net business income	-	-	-	-
Ordinary profit	33.9	+1.2	+3.7%	83.8%	Ordinary profit	36.8	+0.7	+2.1%	81.8%
Net income	23.6	+1.3	+6.2%	84.6%	Net Income	25.5	+1.0	+4.2%	82.4%

●Ashikaga

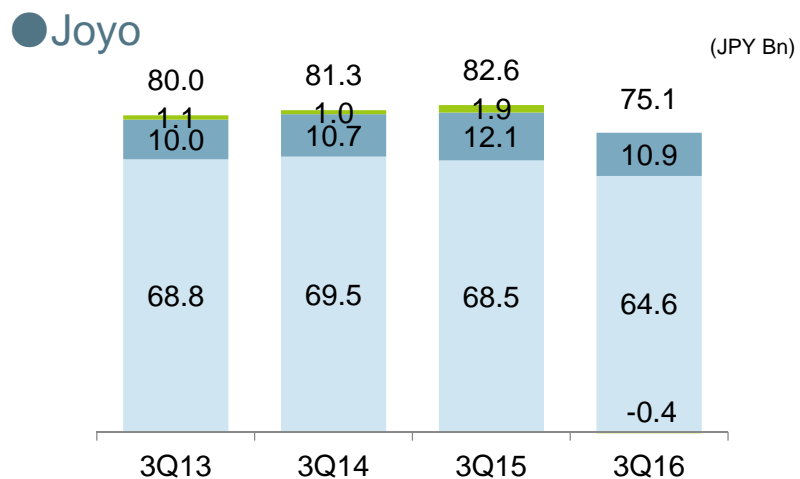
(JPY Bn)

Item	Non-consolidated				Item	Consolidated			
	YoY	Change ratio	Progress	YoY		Change ratio	Progress		
Net business income	28.8	-0.4	-1.5%	88.8%	Net business income	-	-	-	-
Ordinary profit	27.3	-3.9	-12.7%	89.7%	Ordinary profit	31.4	+1.8	+6.3%	99.7%
Net income	23.3	+1.1	+5.2%	111.0%	Net income	26.4	+5.8	+28.5%	123.0%

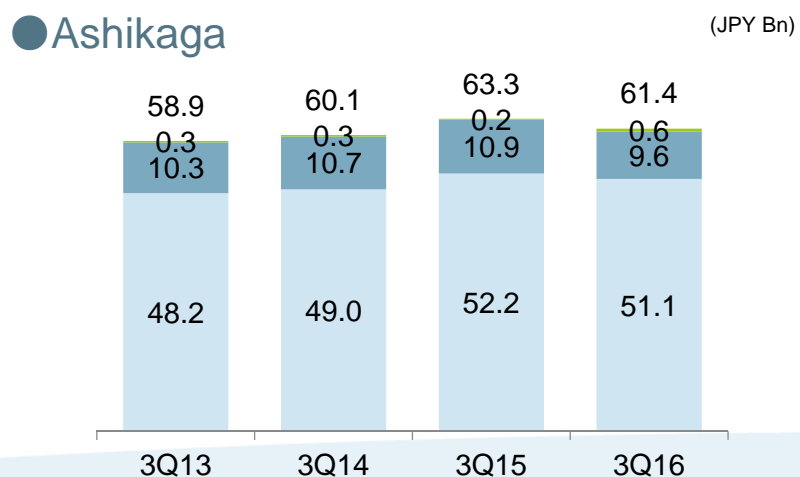
※"Progress" represents percentages of attainment of the forecast released on May 2016.

Core Gross Business Profit (Gross Business Profit excluding Gains/losses on Bond Transactions)

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



※"Other" of "3Q16" includes costs of interest rate swaps.



◆ Net fees and commissions / Core gross business profit

Net Interest Income / Net Fees and Commissions

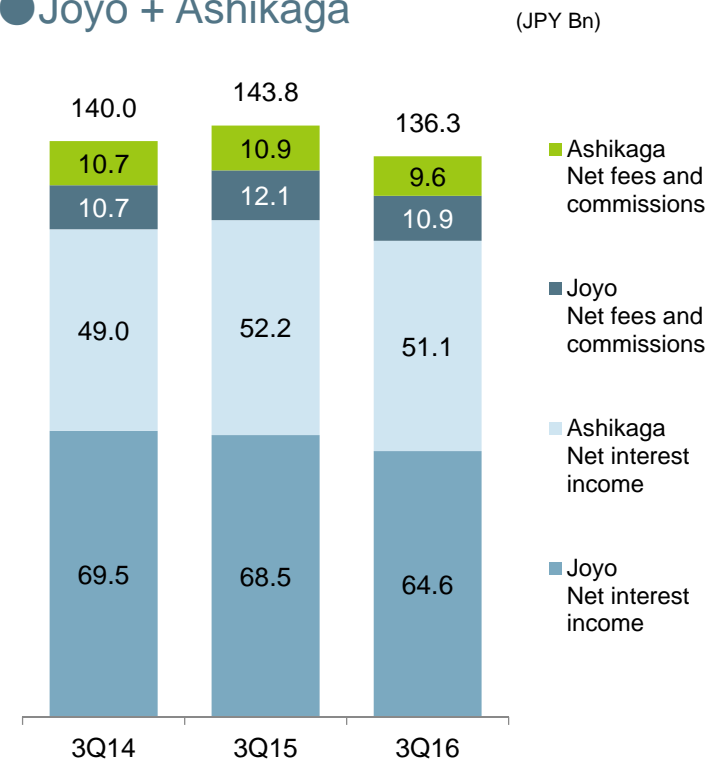
● Joyo

	(JPY Bn)			
	3Q14	3Q15	3Q16	YoY
Net interest income	69.5	68.5	64.6	-3.9
Interest on loans and bills discounted	51.1	49.8	48.0	-1.8
Interest and dividends on securities	21.6	23.0	21.8	-1.1
Interest on deposits (-)	1.8	2.0	1.6	-0.3
Other funding cost(-)	1.3	2.3	3.6	+1.2
Net fees and commissions	10.7	12.1	10.9	-1.2
Fees related to investment trusts and insurance	5.0	4.8	3.4	-1.3
Fees related to loans	1.1	1.3	1.7	+0.4
Fees on settlement-related business	8.9	9.1	9.1	+0.0
Insurance premiums	-3.7	-2.6	-2.7	-0.1
Others	-0.7	-0.5	-0.6	-0.1

● Ashikaga

	(JPY Bn)			
	3Q14	3Q15	3Q16	YoY
Net interest income	49.0	52.2	51.1	-1.0
Interest on loans and bills discounted	41.4	40.4	38.5	-1.9
Interest and dividends on securities	9.3	13.6	14.5	+0.8
Interest on deposits (-)	1.7	1.6	0.9	-0.7
Other funding cost(-)	-0.0	0.2	1.0	+0.7
Net fees and commissions	10.7	10.9	9.6	-1.2
Fees related to investment trusts and insurance	5.2	5.3	4.1	-1.2
Fees related to loans	2.6	2.7	2.9	+0.2
Fees on settlement-related business	5.2	5.3	5.2	-0.1
Insurance premiums	-2.6	-2.6	-2.9	-0.3
Others	0.1	0.1	0.3	+0.1

● Joyo + Ashikaga



● Gains on Cancellation of Privately Placed Investment Trusts among Interest and Dividends on Securities

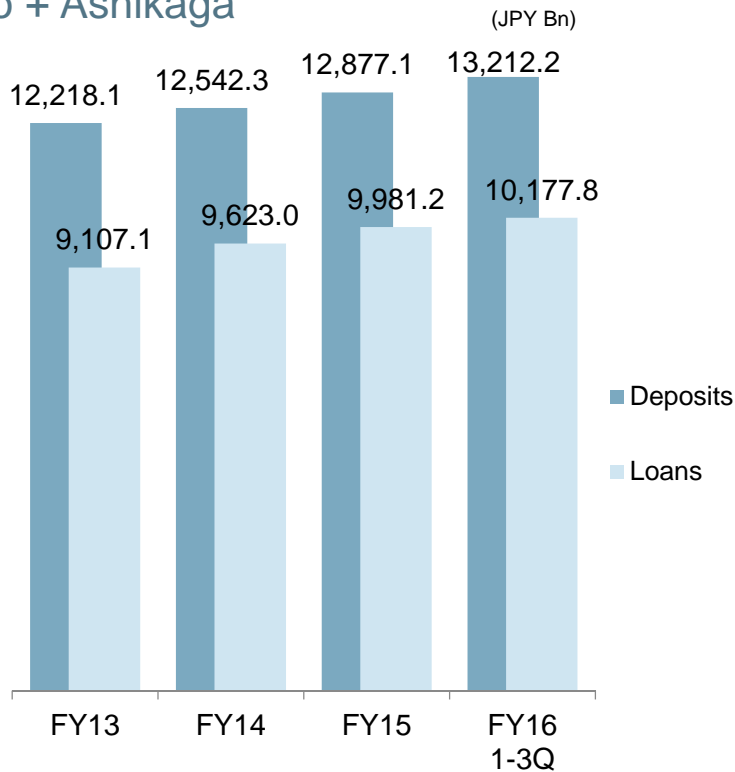
		(JPY Bn)		
		FY2014	FY2015	FY2016
Joyo	1H	0.4	0.4	0.0
	2H	-0.0	0.4	0.3
Ashikaga	1H	1.1	3.7	3.1
	2H	-	-	0.4

※The figures for FY2016 2H are those for Oct - Dec 2016.

Loans and Deposits (Average Balance / Average Yield)

Loans and Deposits (Average Balance)

● Joyo + Ashikaga

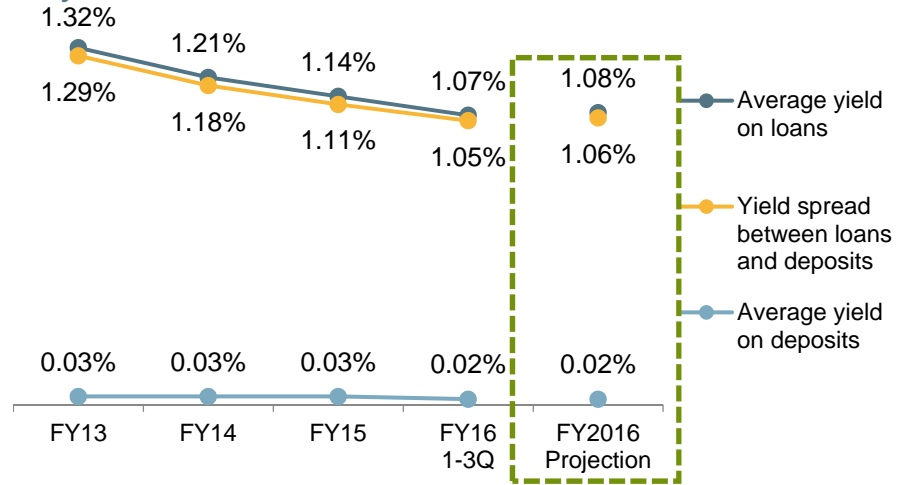


<Deposits>	FY13	FY14	FY15	FY16 1-3Q
Joyo	7,450.1	7,599.3	7,834.1	8,050.4
Ashikaga	4,768.0	4,943.0	5,043.0	5,161.8

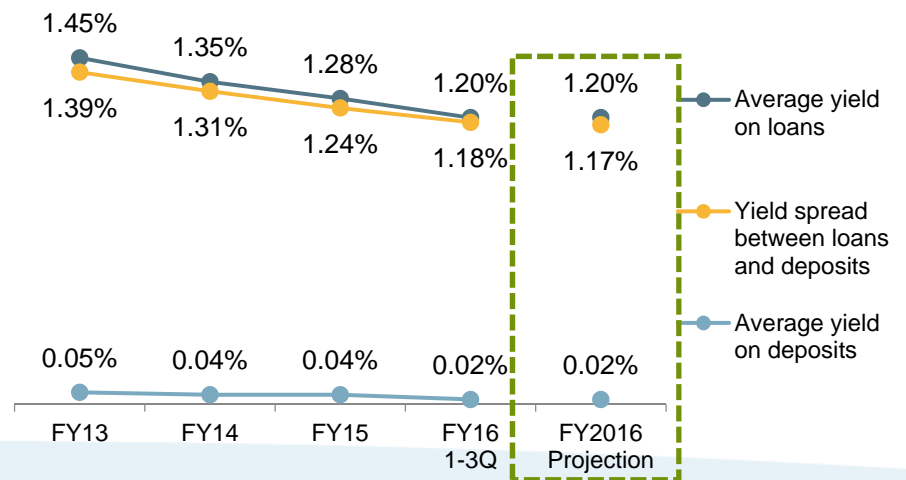
<Loans>	FY13	FY14	FY15	FY16 1-3Q
Joyo	5,274.9	5,577.5	5,808.2	5,950.7
Ashikaga	3,832.2	4,045.5	4,173.0	4,227.1

Average Yield (Total Account)

● Joyo



● Ashikaga



Loans (1) Term-end Balance

◇ Loans to individual customers of each bank, especially housing loans and apartment loans, increased.

The term-end balance of total loans of Joyo Bank increased by ¥96.8bn (+1.6%) and that of Ashikaga Bank increased by ¥ 62.9bn (+1.4%) year-on-year.

● Joyo

(JPY Bn)

	13/12	14/12	15/12	16/12	YoY
Individual customers	1,825.4	2,008.6	2,187.4	2,337.7	+6.8%
Corporate	2,659.0	2,743.3	2,774.2	2,725.1	-1.7%
Public sector	793.1	816.8	807.1	791.7	-1.9%
Foreign Currency	37.5	71.6	101.9	112.9	+10.8%
Total	5,315.1	5,640.5	5,870.7	5,967.6	+1.6%
YoY	-	+6.1%	+4.0%	+1.6%	-
Loan-deposit ratio (Yen denominated)	70.4%	73.1%	73.6%	73.4%	-0.2%

● Ashikaga

(JPY Bn)

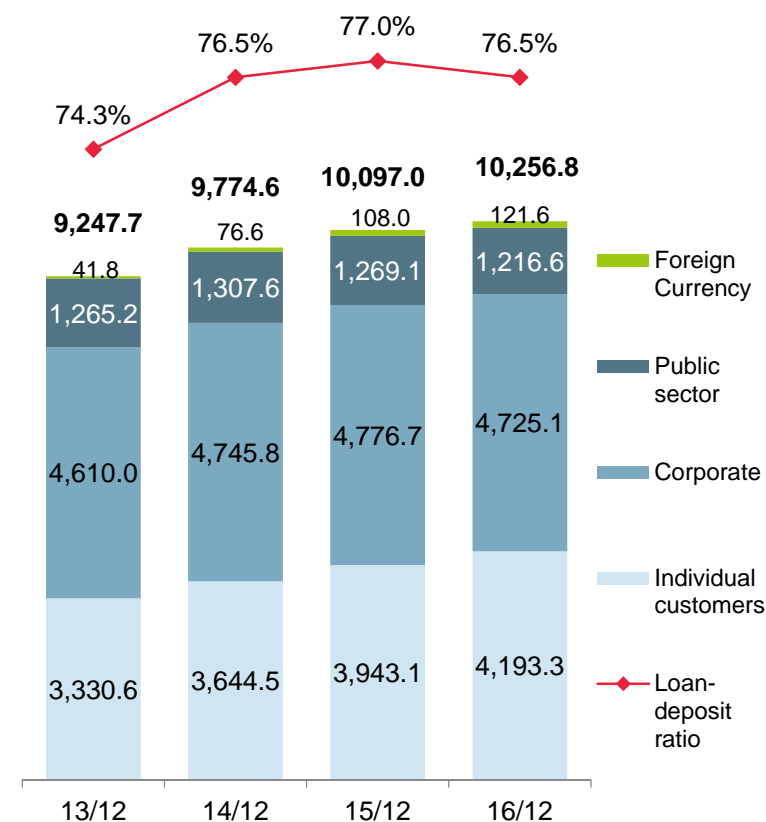
	13/12	14/12	15/12	16/12	YoY
Individual customers	1,505.2	1,635.8	1,755.6	1,855.5	+5.6%
Corporate	1,951.0	2,002.5	2,002.4	2,000.0	-0.1%
Public sector	472.0	490.8	461.9	424.9	-8.0%
Foreign Currency	4.2	5.0	6.0	8.6	+42.7%
Total	3,932.5	4,134.1	4,226.2	4,289.2	+1.4%
YoY	-	+5.1%	+2.2%	+1.4%	
Loan-deposit ratio (Yen denominated)	80.1%	81.7%	82.0%	81.2%	-0.8%

※"Individual customers" include sole proprietors.

※"Corporate" includes financial institutions.

● Joyo + Ashikaga

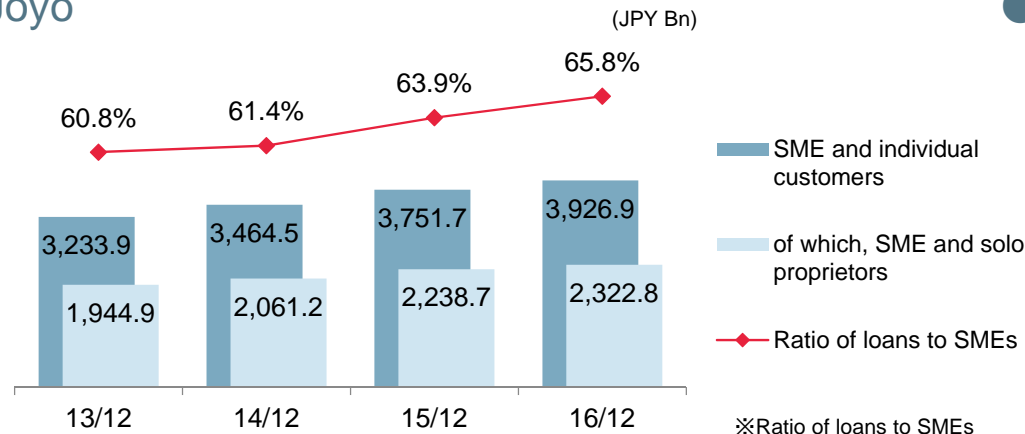
(JPY Bn)



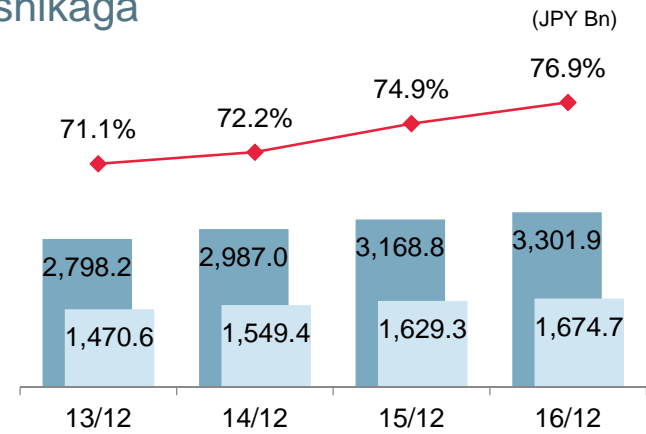
Loans (2) Loans to SMEs / Housing loans

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

● Joyo



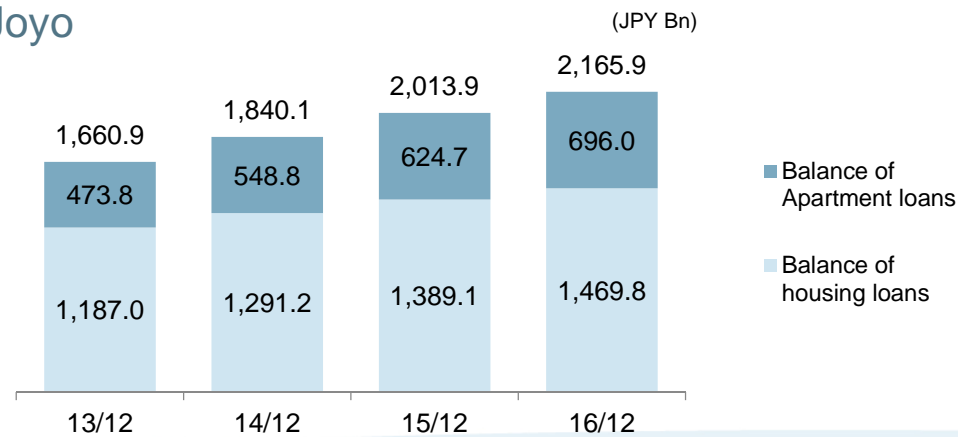
● Ashikaga



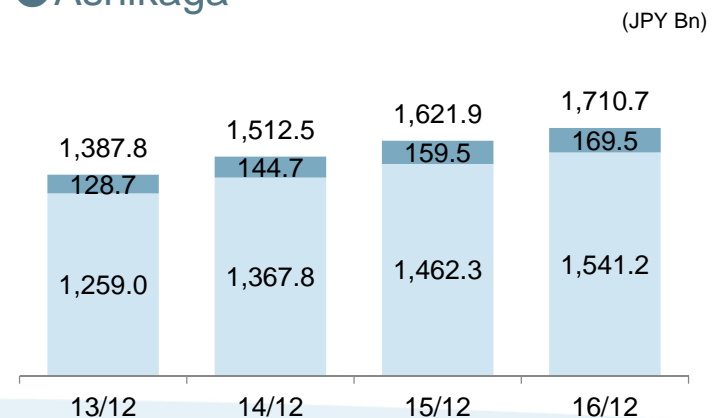
※Ratio of loans to SMEs
= Loans to SMEs / Total loans

Housing Related Loans (Term-end Balance)

● Joyo



● Ashikaga



Deposits (Term-end Balance)

- ◇ Deposits from individual customers and corporate customers (yen-denominated) and foreign currency deposits of each bank increased.

The term-end balance of total deposits of Joyo Bank increased ¥227.9bn (+2.8%) and that of Ashikaga Bank increased ¥123.4bn (+2.3%) year-on-year.

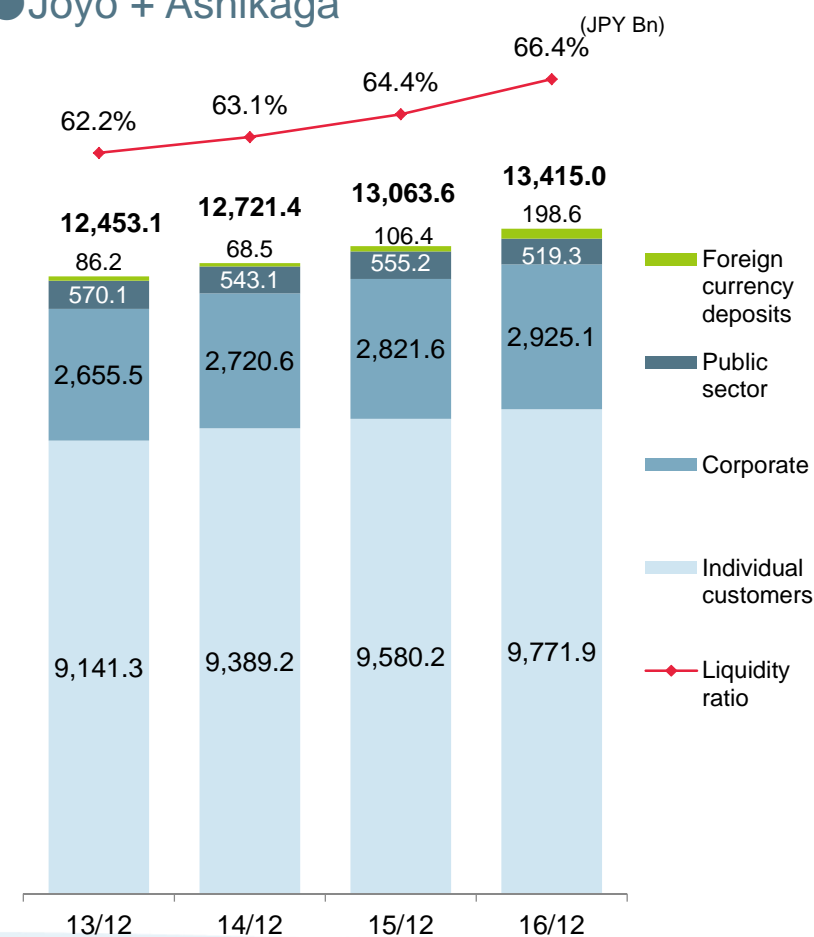
● Joyo

	(JPY Bn)				
	13/12	14/12	15/12	16/12	YoY
Individual customers	5,672.3	5,791.9	5,937.6	6,067.7	+2.1%
Corporate(※1)	1,467.0	1,505.1	1,556.6	1,614.6	+3.7%
Public sector	346.9	320.8	334.6	285.4	-14.7%
Foreign Currency(※2)	67.9	52.2	91.2	180.2	+97.5%
Total	7,554.2	7,670.1	7,920.1	8,148.1	+2.8%
YoY	-	+1.5%	+3.2%	+2.8%	
Liquidity ratio(※3)	62.1%	63.3%	64.6%	66.7%	+2.1%

● Ashikaga

	(JPY Bn)				
	13/12	14/12	15/12	16/12	YoY
Individual customers	3,468.9	3,597.2	3,642.6	3,704.2	+1.6%
Corporate(※1)	1,188.6	1,215.6	1,265.2	1,310.5	+3.5%
Public sector	223.1	222.2	220.6	233.8	+6.0%
Foreign Currency(※2)	18.1	16.1	14.9	18.2	+21.7%
Total	4,898.8	5,051.3	5,143.4	5,266.9	+2.3%
YoY	-	+3.1%	+1.8%	+2.3%	
Liquidity ratio(※3)	62.3%	62.8%	64.2%	66.0%	+1.8%

● Joyo + Ashikaga



※1 "Corporate" includes financial institutions.

※2 Foreign currency deposits include foreign currency deposits hedged by forward exchange contracts, offshore deposits, and so on.

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

Financial Assets under Custody (1) Balance / NISA

- ◇ The sales amount of investment trusts and insurance products of each bank decreased due to the concern over the unstable financial market.
- ◇ Both banks have been focusing on broadening its customer base.

Financial Assets under Custody (Balance)

● Joyo

	(JPY Bn)				Change ratio
	13/12	14/12	15/12	16/12	
Investment trusts	291.0	370.9	337.1	306.7	-9.0%
Insurance	384.1	418.4	438.7	451.7	+2.9%
Foreign currency deposits	67.9	50.4	55.6	119.7	+115.0%
Public sector bonds	313.3	259.3	198.1	160.5	-18.9%
Total	1,056.4	1,099.1	1,029.8	1,038.8	+0.8%
Number of customers	-	190,614	190,858	196,895	+3.1%

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

● Ashikaga

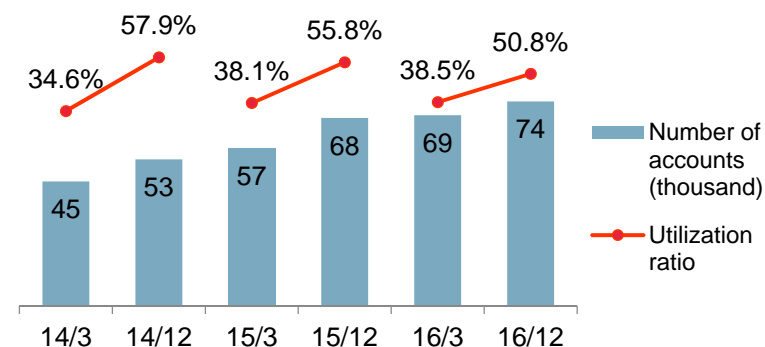
	(JPY Bn)				Change ratio
	13/12	14/12	15/12	16/12	
Investment trusts	283.7	333.6	343.9	338.6	-1.5%
Insurance	276.3	291.2	304.4	325.4	+6.9%
Foreign currency deposits	18.1	15.8	14.9	18.2	+21.7%
Public sector bonds	190.6	139.0	94.9	73.8	-22.2%
Total	768.8	779.7	758.3	756.2	-0.2%
Number of customers	-	148,501	148,650	155,875	+4.8%

● Joyo + Ashikaga

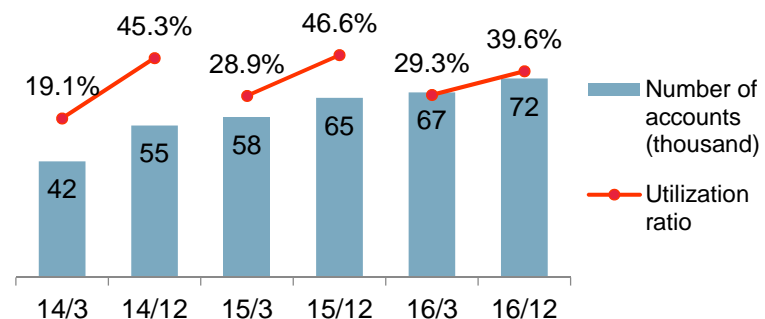
	(JPY Bn)				Change ratio
	13/12	14/12	15/12	16/12	
Investment trusts	574.8	704.5	681.0	645.3	-5.2%
Insurance	660.4	709.7	743.2	777.2	+4.5%
Foreign currency deposits	86.0	66.2	70.6	138.0	+95.2%
Public sector bonds	503.9	398.3	293.1	234.3	-20.0%
Total	1,825.3	1,878.8	1,788.1	1,795.0	+0.3%

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					Sales Commission				
	FY2014	FY2015	1H16	3Q16	3Q15 compared	FY2014	FY2015	1H16	3Q16	3Q15 compared
Investment trusts	244.9	204.0	31.1	23.4	-21.8	4.74	3.81	1.51	0.86	+0.03
stock Investment trusts	152.8	112.5	31.1	23.4	+4.5	-	-	-	-	-
Insurance	82.5	61.3	16.5	6.6	-9.1	2.24	2.66	0.83	0.26	-0.41
Foreign currency deposits	95.0	168.2	154.9	82.3	+53.4	0.52	0.62	0.14	0.15	+0.02
Public sector bonds	40.7	21.4	9.1	7.3	+2.0	0.17	0.08	0.03	0.02	+0.00
Financial instruments intermediary services	73.0	84.7	33.2	23.4	+9.7	0.32	0.34	0.08	0.07	+0.02
Total	536.3	539.9	245.1	143.2	+34.1	8.01	7.52	2.61	1.38	-0.32

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

● Ashikaga

	Sales Amount					Sales Commission				
	FY2014	FY2015	1H16	3Q16	3Q15 compared	FY2014	FY2015	1H16	3Q16	3Q15 compared
Investment trusts	150.1	123.9	37.6	22.7	-3.7	4.96	4.43	1.61	0.87	-0.17
stock Investment trusts	147.1	120.6	37.6	22.7	-3.5	-	-	-	-	-
Insurance	42.7	45.3	16.9	3.3	-6.2	2.03	2.59	1.29	0.32	-0.29
Foreign currency deposits	11.8	14.2	13.1	4.4	+1.2	0.13	0.15	0.13	0.38	+0.20
Public sector bonds	16.4	11.0	2.1	3.6	-0.9	0.04	0.01	0.00	0.00	+0.00
Financial instruments intermediary services	1.8	3.3	7.8	2.7	+1.4	0.03	0.10	0.15	0.04	+0.00
Total	222.9	198.0	77.7	36.9	-8.3	7.22	7.29	3.21	1.63	-0.24

● Joyo + Ashikaga

	Sales Amount					Sales Commission				
	FY2014	FY2015	1H16	3Q16	3Q15 compared	FY2014	FY2015	1H16	3Q16	3Q15 compared
Investment trusts	395.0	328.0	68.8	46.1	-25.6	9.71	8.25	3.12	1.73	-0.14
stock Investment trusts	299.9	233.1	68.8	46.1	+1.0	-	-	-	-	-
Insurance	125.3	106.7	33.5	10.0	-15.4	4.28	5.25	2.13	0.58	-0.70
Foreign currency deposits	106.9	182.5	168.1	86.8	+54.6	0.65	0.77	0.28	0.54	+0.23
Public sector bonds	57.1	32.4	11.3	11.0	+1.0	0.22	0.10	0.04	0.03	+0.01
Financial instruments intermediary services	74.8	88.1	41.0	26.2	+11.2	0.36	0.44	0.24	0.12	+0.03
Total	759.3	737.9	322.8	180.2	+25.8	15.23	14.82	5.82	3.02	-0.57

Securities (1) Term-end Balance / Unrealized Valuation Gains (Losses)

◇Joyo: The holding amount of domestic bonds decreased due to the suspension of reinvestment of redemption payments of Japanese government bonds.

◇Ashikaga: The holding amount of Japanese government bonds decreased and that of investment trusts increased by rebalancing the portfolio.

Term-end Balances / Unrealized Valuation Gains (Losses)

(JPY Bn)

		Term-end balances					o/w Unrealized Valuation Gains (Losses) on Available-for-sale Securities			
		15/3	16/3 (1)	16/12 (2)	Change (2)-(1)	Change ratio	15/3	16/3 (3)	16/12 (4)	Change (4)-(3)
Joyo	Domestic bonds	1,821.2	1,747.1	1,602.7	-144.3	-8.2%	36.6	44.3	27.9	-16.3
	JGBs	1,180.5	1,044.9	818.5	-226.3	-21.6%	24.1	28.4	15.3	-13.1
	Foreign bonds	382.7	441.7	486.0	+44.2	+10.0%	7.0	8.5	-3.6	-12.1
	Stocks	280.6	248.9	265.8	+16.9	+6.8%	144.7	114.4	137.0	+22.6
	Investment trusts etc.	250.7	301.5	263.9	-37.6	-12.4%	44.2	25.1	22.3	-2.8
	Total	2,735.4	2,739.5	2,618.6	-120.7	-4.4%	232.6	192.5	183.7	-8.7
Ashikaga	Domestic bonds	832.5	809.3	755.0	-54.3	-6.7%	15.1	30.9	20.6	-10.3
	JGBs	351.9	351.5	291.2	-60.3	-17.1%	7.5	18.3	9.8	-8.4
	Foreign bonds	168.7	173.0	222.9	+49.8	+28.8%	2.1	2.4	-1.2	-3.7
	Stocks	85.0	77.6	79.8	+2.2	+2.8%	36.2	29.4	32.0	+2.6
	Investment trusts etc.	150.5	265.6	399.2	+133.6	+50.3%	13.9	8.7	4.1	-4.5
	Total	1,236.8	1,325.7	1,457.0	+131.3	+9.9%	67.5	71.6	55.5	-16.0
Joyo + Ashikaga	Domestic bonds	2,653.7	2,556.5	2,357.8	-198.7	-7.7%	51.7	75.3	48.6	-26.7
	Foreign bonds	551.4	614.8	709.0	+94.1	+15.3%	9.2	11.0	-4.8	-15.8
	Stocks	365.6	326.5	345.7	+19.1	+5.8%	180.9	143.8	169.1	+25.2
	Investment trusts etc.	401.3	567.2	663.1	+95.9	+16.9%	58.1	33.9	26.4	-7.4
	Total	3,972.2	4,065.1	4,075.7	+10.5	+0.2%	300.1	264.1	239.3	-24.8

Securities (2) Duration / Gains and Losses on Securities (Reference)

Duration

		(Years)			
		14/3	15/3	16/3	16/12
Joyo	Domestic bonds	3.8	3.5	3.4	3.6
	Foreign bonds	3.8	3.4	3.5	4.0
Ashikaga	Domestic bonds	4.4	4.8	4.9	5.1
	Foreign bonds	3.4	4.1	4.6	5.6

Gains and Losses on Securities

※"Gains and Losses on Securities" consists of gains/losses on bond transactions, gains/losses related to stocks, etc., and gains/losses on cancellation of privately-placed investment trusts.

(JPY Bn)

		28/12	Breakdown	
Joyo	Gains and Losses on Securities	17.0	-	
	Domestic bonds	6.1	JGBs	
	Foreign bonds	1.7	Foreign government bonds Yen-denominated foreign bond (CMS floater)	※
	Stocks	2.1	Stocks for policy purpose	
	Investment trusts & others	6.9	ETF, J-REIT etc.	
Ashikaga	Gains and Losses on Securities	6.0	-	
	Domestic bonds	0.7	JGBs	
	Foreign bonds	-	-	
	Stocks	2.9	Stocks for policy purpose	
	Investment trusts & others	2.4	Index funds, Yen bond funds etc.	

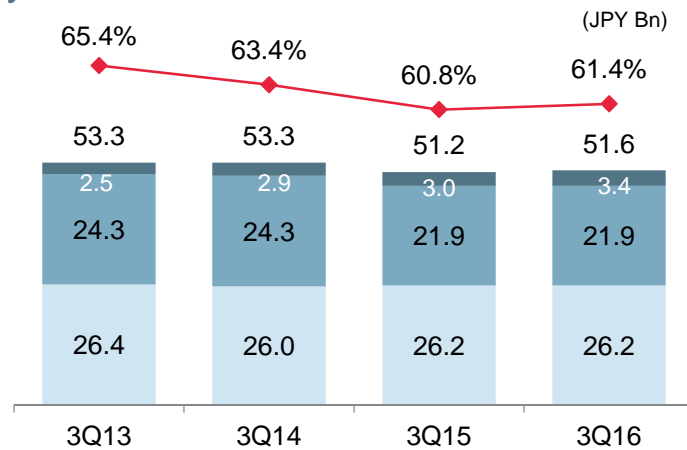
※ (Reference) Costs of interest rate swaps : ¥-1.6bn

Expenses / OHR

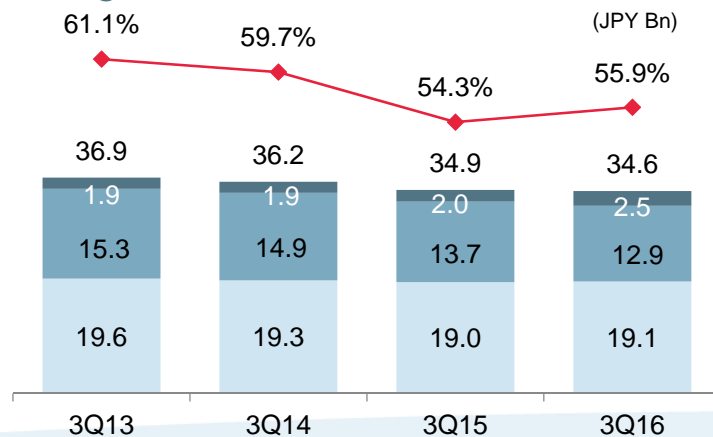
◇Joyo: The expenses increased year-on-year mainly due to an increase in taxes.

◇Ashikaga: The expenses decreased. Despite the fact that the OHR slightly rose, it remained in the mid-50%.

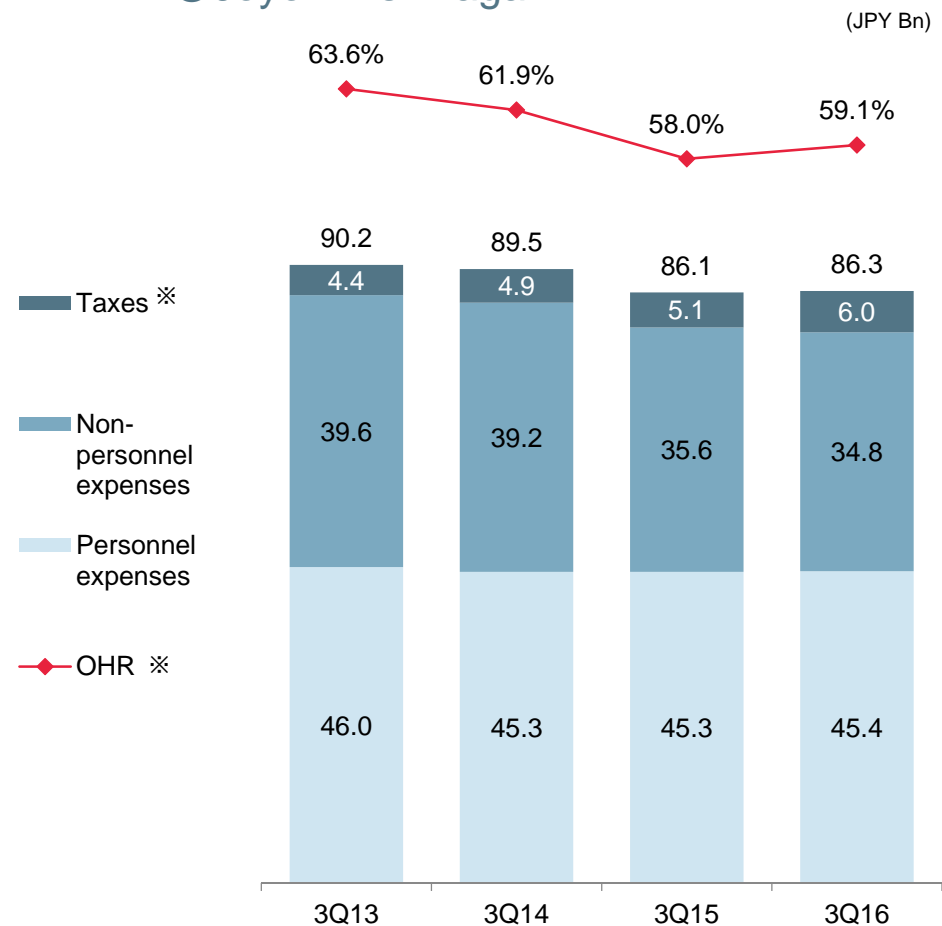
●Joyo



●Ashikaga



●Joyo + Ashikaga



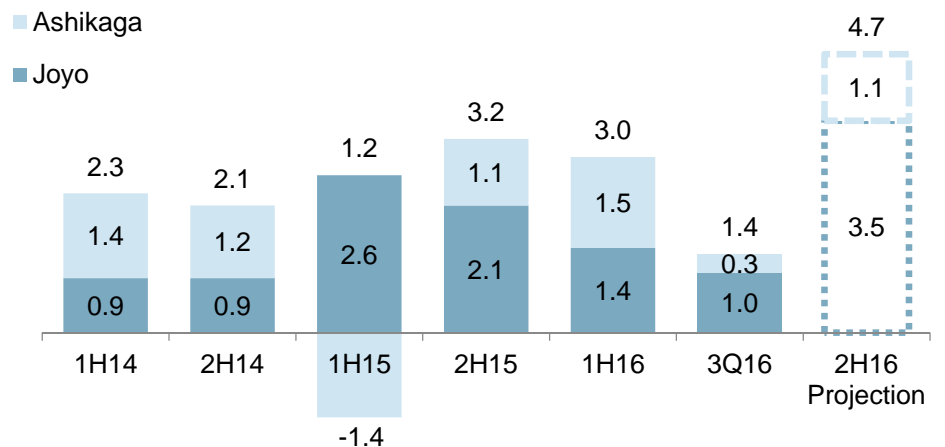
※Taxes increased mainly due to an increase in size-based business tax.

※OHR = Expenses / Core gross business profit

Credit Related Costs / Non-performing Loans

◇ The credit costs of each bank have been constantly 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%	-0.006%	0.064%

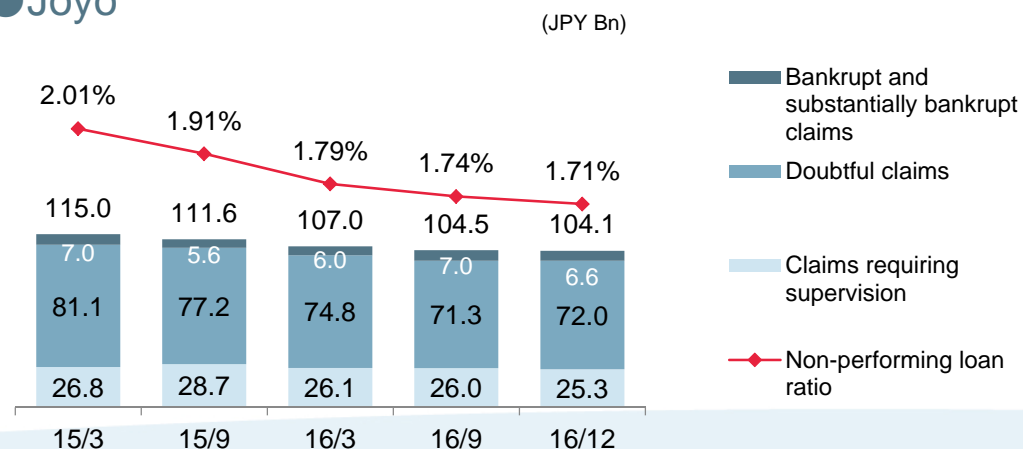
<Reference(2)> Business Failures

		(Cases/JPY Bn)					
		1H14	2H14	1H15	2H15	1H16	3Q16
Ibaraki Prefecture	number	71	83	53	65	62	31
	amount	17.1	32.0	18.3	12.6	10.4	4.2
Tochigi Prefecture	number	62	86	71	59	66	46
	amount	11.0	19.7	6.2	10.3	12.3	10.7

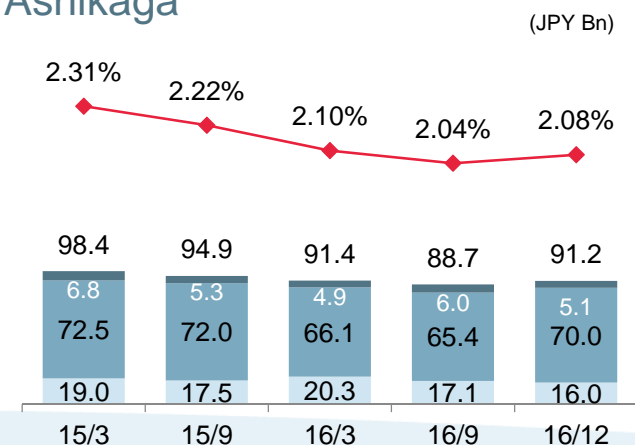
※Numbers of bankruptcies of enterprises with 100 million yen or more in net debt

Non-performing Loans

Joyo



Ashikaga



Forecast for FY2016

◇ The earning forecasts of the two banks and Mebuki have not been changed from the initial one.

Mebuki's full-year "net income attributable to owners of the parent" forecast for FY2016 is ¥155.0bn(※). ※Incl. Gain on negative goodwill of ¥119.2bn

(Reference) Forecast for FY2016 of the Banking Subsidiaries (non-consolidated) (JPY Bn)

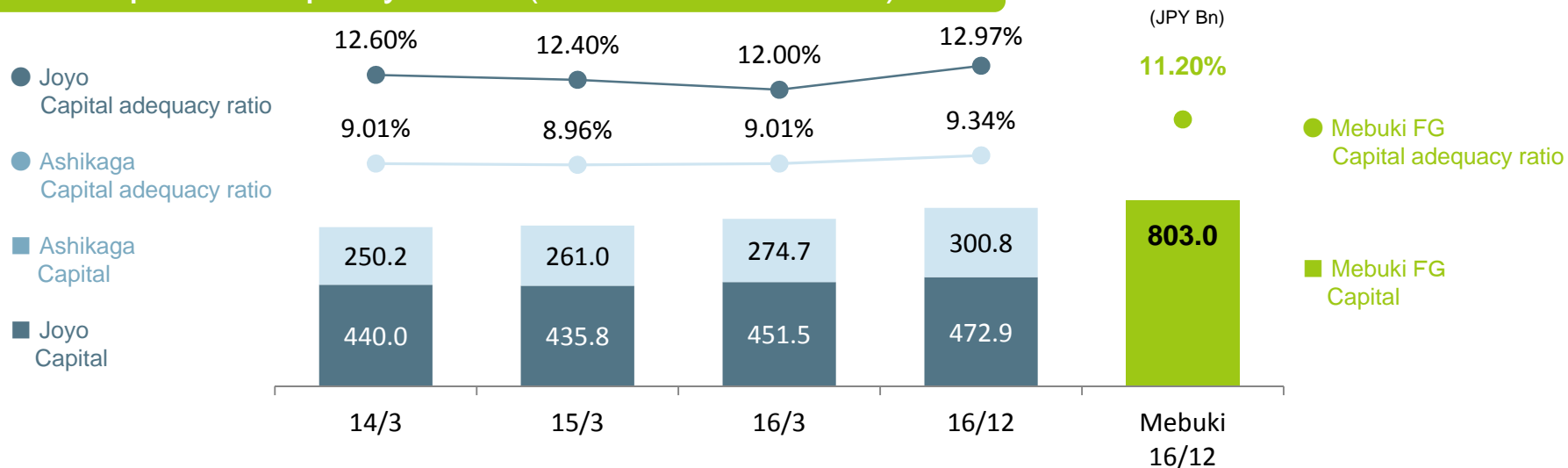
	FY2015 Results			FY2016 Forecast			Y o Y					
	J + A	Joyo	Ashikaga	J + A	Joyo	Ashikaga	J + A		Joyo		Ashikaga	
							Change	ratio	Change	ratio	Change	ratio
Gross business profit	195.8	111.5	84.3	195.0	114.0	81.0	-0.8	-0.4%	+2.4	+2.2%	-3.3	-3.9%
Net interest income	157.9	89.8	68.1	150.0	84.0	66.0	-7.9	-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%
(o/w 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	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%
o/w 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	-
o/w 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%
Credit related costs (a)+(b)	4.5	4.7	-0.2	7.5	5.0	2.5	+2.9	+65.8%	+0.2	+4.4%	+2.7	-

(Reference) First Medium-Term Group Business Plan of Mebuki FG

	FY2015	FY2016	FY2018	FY2021
Joyo (consolidated)	31.0	31.0	27.8	37.1
Ashikaga (consolidated)	30.1	13.0	22.3	29.7
Joyo + Ashikaga	61.1	44.0	50.1	66.8
Consolidated adjustment account etc.	-	111.0	-3.6	-2.7
Mebuki FG (consolidated)	-	155.0	46.6	64.1

Capital Adequacy Ratio / Rating

Capital Adequacy Ratio (consolidated basis)



※Jojo Bank calculated each risk-weighted asset according to the fundamental internal rating based approach

※Ashikaga Bank calculated each risk-weighted asset according to the standardized approach.

<Reference> Capital Adequacy Ratio (without Temporary Measure)

	14/3	15/3	16/3	16/12
Mebuki FG	-	-	-	9.81%
Joyo	11.35%	11.51%	11.16%	12.16%
Ashikaga	8.67%	8.64%	8.77%	9.10%

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 dividend (¥1.00) for the business integration of Joyo Bank and Ashikaga HD.

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.

【Contents of the Plan】

Depending on the number of shares held, shareholders can choose items from a dedicated catalog that lists local specialties.

【Dividend per Share】

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

※1 Former Joyo bank's shareholders receive ¥13.60 per share as annual dividends 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 dividend : ¥ 1.00 per share for 80-year anniversary.

※3 Commemorative dividend : ¥ 1.00 per share for 120-year anniversary of Ashikaga Bank, a wholly owned subsidiary.

【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 Initiatives and Measures of the Integration(1)

【Regional Revitalization】

Food Exhibition in Mito City	Food Business Meeting in Utsunomiya City	Mebuki Business Award	Mebuki Financial Group Manufacturing Business Forum 2017
<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"> ◆ Integrated each bank's business awards together ◆ Grant awards to ingenious business plans in our region and support their business expansion. 	<ul style="list-style-type: none"> ◆ Support local 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. 500 •Evaluation sheets handed in by evaluators 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</u></p> <ul style="list-style-type: none"> •516 plans (As of Jan.31 2017) <p><u>Target business categories</u></p> <ul style="list-style-type: none"> •8 categories ("growing field", "regional revitalization", "new business", etc.) 	<p><u>Outline (Scheduled in Feb. 2017)</u></p> <ul style="list-style-type: none"> •Technical Proposals Over 250 •Panel Exhibition accompanied by Business Meetings Approx. 300
<p>※Food related business operators exhibited their products and international students and house wives experienced the products and evaluated them on interview base.</p>	<p>※Conducted "Exhibition" where selling enterprises promoted their products and "Business Meetings" which required reservations.</p>	<p>※Financial Support: "Mebuki Regional Revitalization Fund" Volume: 2 billion yen. LP: Jyo Bank, Ashikaga Bank, Sompo Japan Nippon Insurance</p>	<p>※63 companies, including 21 large user companies taking part in this event for the first time, will participate in the forum, which is the largest scale for the two banks.</p>

【Regional Interaction】

Economic Lecture (8 times held in the 2H FY2016)

Introduce Mebuki FG in the main cities for both banks at the time of the lectures (President of the both banks take part in the lectures in the underlined cities below).

【Venue】Tochigi Pref.: Utsunomiya, Ashikaga
Ibaraki Pref.: Mito, Tsukuba, Hitachi, Shimodate
Fukushima Pref.: Koriyama

【Organizational Integration (Personnel Exchange)】

Joint-Training

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

Regional Collaboration Meeting

Establish "Regional Collaboration Meeting" at 10 areas to enhance collaboration between Jyo Bank and Ashikaga Bank on introducing customers and co-financing.

Progress of the Initiatives and Measures of the Integration(2) Day180 Plan

		Items	Details	Results (Oct - Dec 2016) (Shown in parentheses are YoY changes)
Action Plan	Channel	Lowering transfer fee between both banks to the inter-branch rate	Lower the fee for transfer between the two banks to the inter-branch rate for teller transactions, ATM transactions, and internet banking transactions.	-
		Shared use of ATMs for deposits	Make it possible to deposit money using a cash card issued by either bank at the other bank's ATMs.	-
	Group Companies	Securities	Start to intermediate financial products carried by Joyo Securities at 13 branches of Ashikaga Bank to which full time financial consultants belong.	Intermediary amount of the whole group Sales amount ¥28.6bn (+11.3bn) o/w Foreign bonds ¥22.8bn (+14.0bn)
		Leasing	Ashikaga Bank begins to offer Joyo Lease's auto lease products.	Number of referrals to Joyo Lease 1,171(+297)
Assets under Custody	Joint fund	Commemorating the business combination, establish and sell an investment trust named "Two Dreams" which invests in companies related to Ibaraki and Tochigi Prefectures.	<u>Results of the whole group</u> Sales amount ¥20.2bn (Attained 101.3% of our target of ¥20bn) Number of sales 9,117	
Campaign	Individual Customers	Investment product campaign	All customers have a chance to win local specialty items by lottery if they obtain investment products worth at least 200,000 yen or start to accumulate investment trusts.	<u>Sales amount (Campaign performance)</u> Investment trust ¥28.2bn(+3.6bn) Foreign currency deposits ¥2.3bn(+1.4bn) Accumulation service 4,206(-394)
		Car loans and educational loans campaign	Preferential Interest Rates	<u>Preliminary application</u> Car loans ¥8.4bn / 4,499 loans Educational loans ¥4.0bn / 1,501 loans
	Corporate Customers	Internet banking campaign for corporate customers	Exemption of activation fee and three-month's monthly fee for new subscribers.	<u>Amount of loans made</u> Car loans ¥2.7bn / 1,605loans Educational loans ¥1.5bn / 567loans
		Business seminar	Members of either bank's reserch institute can take seminars of the other reserch institute at preferential rates.	<u>New contrasts of the whole group</u> New subscribers 1,704(+591) Optional services 586
Others	Framework	Liaison officer Regional collaboration meeting	Deploy "liaison officers" at both banks' headquarters and establish "Regional Collaboration Meeting" at 10 areas in order to enhance the collaboration between Joyo Bank and Ashikaga Bank on introducing customers and co-financing	Mutual participants 19 from 11 companies Co-financing ¥1,759mil / 3borrowers Syndicate loans ¥2,120mil / 5borrowers Number of referrals ¥718mil / 6borrowers

【Reference】 Summary of the Financial Results (Joyo / Ashikaga)

Financial Highlights for the 3Q FY2016

(JPY Bn)

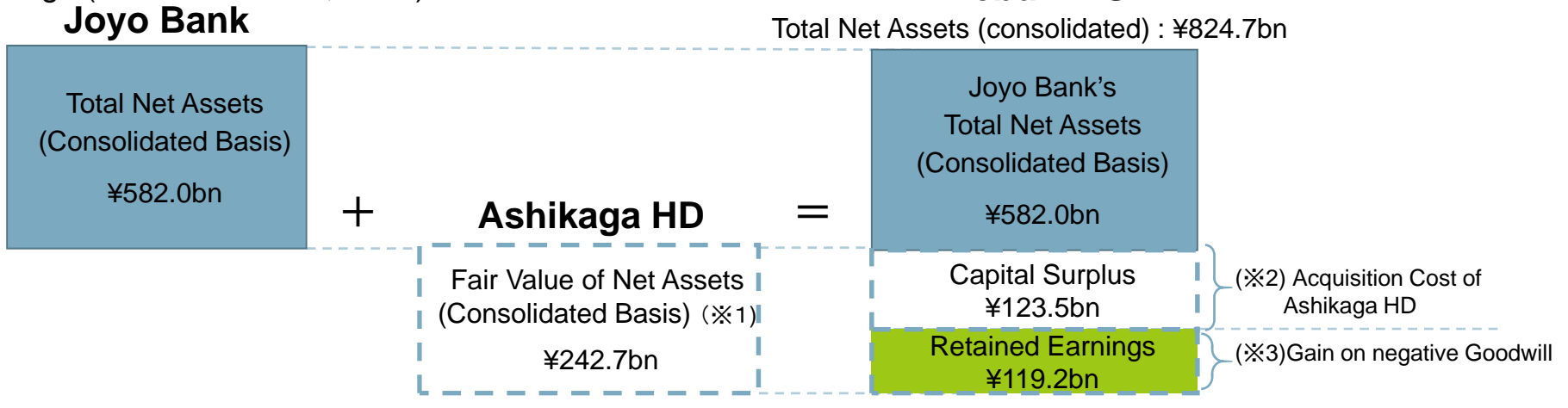
	For the 9 months ended Dec.31,2015			For the 9 months ended Dec.31,2016									Progress (compared with FY2016 Forecast)		
	J+A	Joyo	Ashikaga	J+A		Joyo			Ashikaga			J+A	Joyo	Ashikaga	
				Results	Change	Results	Change	ratio	Results	Change	ratio				
Gross business profit	148.4	84.2	64.2	146.0	-2.4	84.0	-0.1	-0.1%	61.9	-2.2	-3.5%	74.9%	73.7%	76.5%	
Net interest income	120.7	68.5	52.2	115.7	-4.9	64.6	-3.9	-5.7%	51.1	-1.0	-2.0%	77.2%	76.9%	77.5%	
Net fees and commissions	23.0	12.1	10.9	20.5	-2.5	10.9	-1.2	-10.0%	9.6	-1.2	-11.8%	62.7%	60.6%	65.1%	
Net other business income and Net trading income	4.6	3.5	1.1	9.7	+5.0	8.5	+4.9	+140.7%	1.1	+0.0	+5.3%	78.3%	71.1%	294.6%	
(o/w gains/losses on bond transactions)	2.4	1.5	0.8	9.4	+7.0	8.9	+7.3	+476.5%	0.4	-0.3	-42.6%	104.8%	99.3%	-	
Expenses	86.1	51.2	34.9	86.3	+0.1	51.6	+0.4	+0.8%	34.6	-0.2	-0.6%	74.1%	75.9%	71.5%	
Personnel expenses	45.3	26.2	19.0	45.4	+0.0	26.2	+0.0	+0.0%	19.1	+0.0	+0.3%	73.6%	74.6%	72.3%	
Non-personnel expenses	35.6	21.9	13.7	34.8	-0.7	21.9	-0.0	Δ0.0%	12.9	-0.7	-5.5%	73.3%	76.5%	68.3%	
Net business income (before general allowance for loan losses)	62.3	32.9	29.3	59.7	-2.6	32.4	-0.5	-1.7%	27.2	-2.0	-6.9%	76.1%	70.5%	84.0%	
Core net business income	59.9	31.4	28.4	50.2	-9.6	23.4	-7.9	-25.2%	26.8	-1.6	-5.9%	72.4%	63.4%	82.5%	
Net transfer to general allowance for loan losses (a)	0.3	0.3	-	-2.5	-2.8	-0.9	-1.2	-	-1.5	-1.5	-	-	-	-	
Net business income	62.0	32.6	29.3	62.2	+0.2	33.4	+0.7	+2.2%	28.8	-0.4	-1.5%	79.4%	72.6%	88.9%	
Net non-recurrent gains/losses	2.0	0.0	2.0	-0.9	-3.0	0.5	+0.5	+834.7%	-1.5	-3.5	-174.7%	-	-	-	
o/w Disposal of non-performing loans (b)	3.4	3.5	-0.1	6.9	+3.5	3.5	-0.0	-1.3%	3.4	+3.5	-	93.2%	70.3%	138.9%	
o/w Gains/losses related to stocks, etc	7.0	4.5	2.5	9.6	+2.6	7.6	+3.1	+69.7%	1.9	-0.5	-21.5%	-	192.2%	-	
Ordinary profit	64.1	32.7	31.3	61.3	-2.7	33.9	+1.2	+3.7%	27.3	-3.9	-12.7%	86.4%	83.8%	89.8%	
Extraordinary income/losses	-0.5	-0.3	-0.1	-0.4	+0.0	-0.3	+0.0	-	-0.0	+0.0	-	-	-	-	
Net Income	44.4	22.3	22.1	47.0	+2.5	23.6	+1.3	+6.2%	23.3	+1.1	+5.2%	95.9%	84.6%	111.0%	
Credit related costs (a)+(b)	3.8	3.8	-0	4.4	+0.6	2.5	-1.3	-34.4%	1.8	+1.9	-	58.9%	50.9%	75.0%	
【Consolidated】															
Ordinary profit	65.6	36.0	29.5	68.2	+2.6	36.8	+0.7	+2.1%	31.4	+1.8	+6.3%	-	-	-	
Net income attributable to owners of the parent	45.1	24.5	20.5	52.0	+6.9	25.5	+1.0	+4.2%	26.4	+5.8	+28.5%	-	-	-	

【Reference】 Negative Goodwill

【Legal Form of the 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)】
 Gain on negative goodwill of ¥119.2bn is recorded in extraordinary income
 Joyo Bank : Acquiring company
 Ashikaga HD : Acquired company

【Image (As of October 1, 2016)】



The difference between the acquisition cost and the fair value of net assets of Ashikaga HD is gain 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 the 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.

Gain on Negative Goodwill (※3)
 Gain on the negative goodwill is recorded in extraordinary income on the consolidated income statement and in retained earnings on the consolidated balance sheet.

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