

Mebuki Financial Group, Inc.

**Financial Results
for the Third Quarter of FY2016
(IR Presentation Material)**



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(Joyo/ Ashikaga)

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(Mebuki FG)

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1. Financial Results for the 3Q of FY2016

<Joyo Bank / Ashikaga Bank>

* Figures are non-consolidated basis of each bank unless mentioned otherwise.



Main Points of 3Q FY2016 Financial Results

- ◇ Joyo Bank's net income increased year-on-year due to an increase in gains on sales of securities; that of Ashikaga Bank increased mainly due to a decrease in income taxes-deferred.
- ◇ Mebuki FG has been making favorable progress in its consolidated net income for this quarter compared with the full year forecast mainly due to the upswing of gain on negative goodwill.

● 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 the 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%	82.5%

● 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 the percentages of attainment of the forecast released on May 2016.

Summary of the Financial Results (Joyo / Ashikaga)

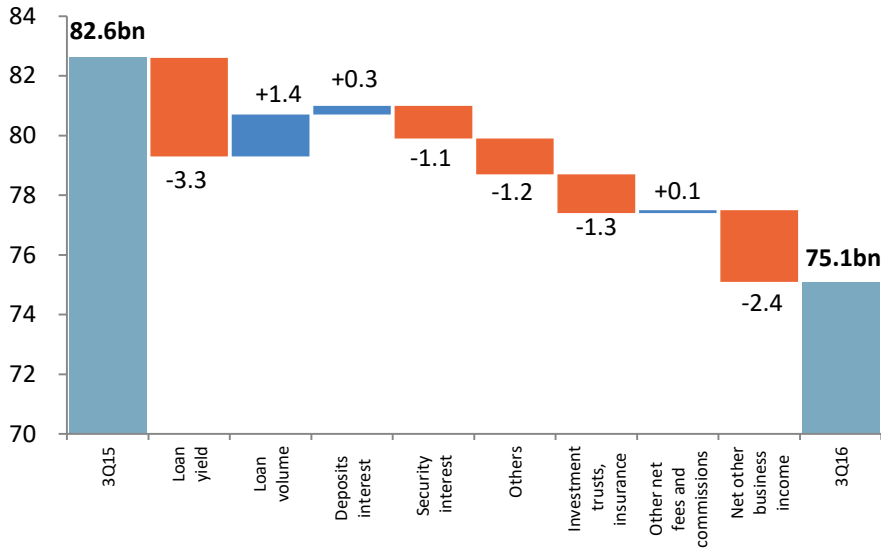
(JPY Bn) 【Progress】

	3Q15			3Q16									Compared with forecast		
	J+A	Joyo	Ashikaga	J+A		Joyo			Ashikaga			J+A	Joyo	Ashikaga	
				Results	YoY	Results	YoY	ratio	Results	YoY	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%	76.4%	
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%	65.0%	
Net trading income and Net other business 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%	
(Of which, 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%	71.4%	
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	-0.0%	12.9	-0.7	-5.5%	73.3%	76.5%	68.2%	
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%	83.9%	
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%	82.4%	
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%	88.8%	
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	-0.0	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%	89.7%	
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	-0.0	4.4	+0.6	2.5	-1.3	-34.4%	1.8	+1.9	-	58.9%	50.9%	74.9%	
【Consolidated basis of each bank】															
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%	-	-	-	

Core Gross Business Profit / Net Income (Factor Analysis)

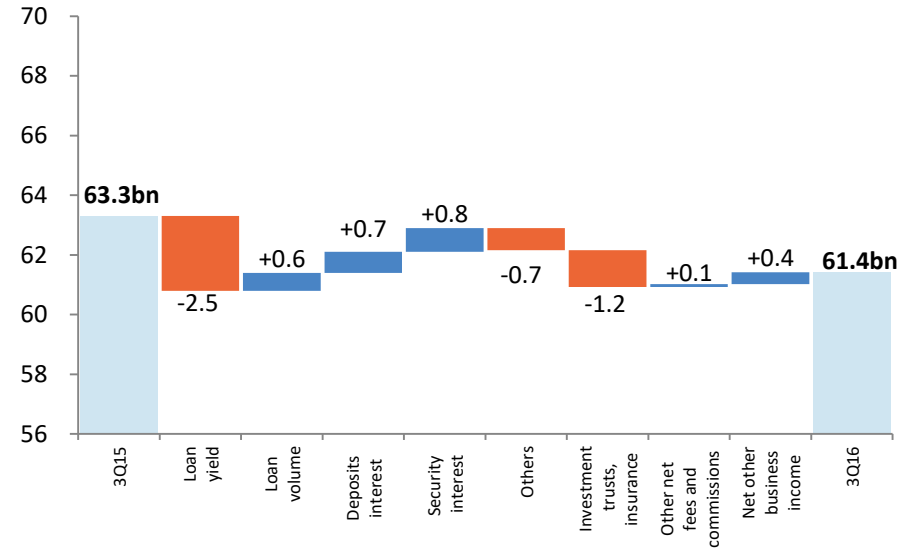
● Joyo (Core Gross Business Profit)

(JPY Bn)



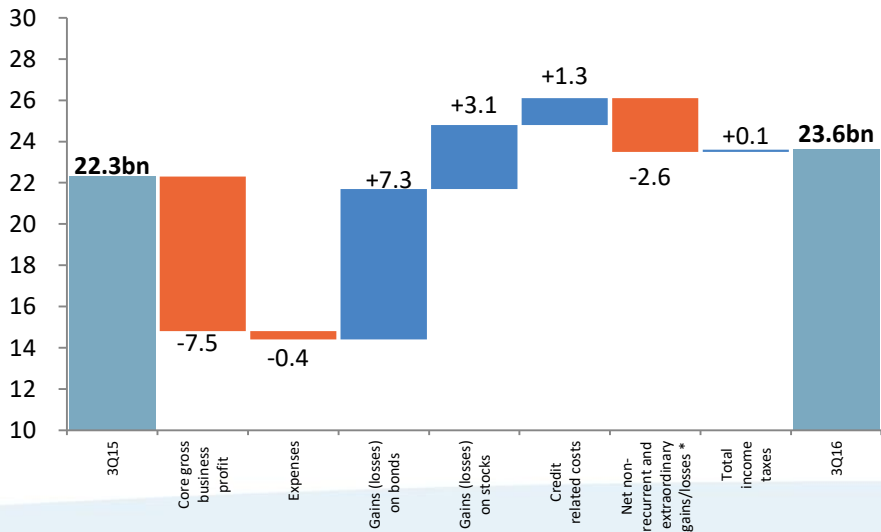
● Ashikaga (Core Gross Business Profit)

(JPY Bn)



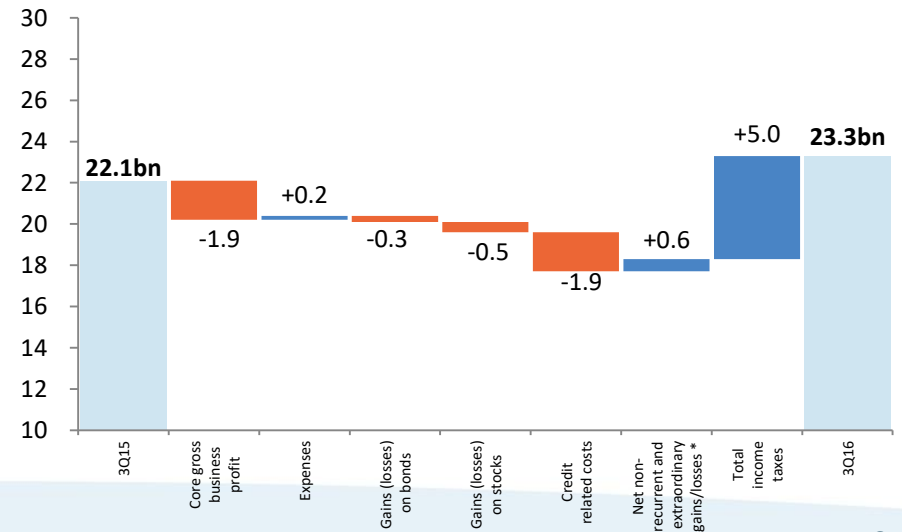
● Joyo (Net Income)

(JPY Bn)



● Ashikaga (Net Income)

(JPY Bn)



* Excluding disposal of non-performing loans and gains/losses related to stocks, etc.

Top-line (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

Factor Analysis (Changes of Interest and dividends)

Joyo	Factor	YoY	Domestic	Overseas
Interest on loans and bills discounted	Average Balance	+1.4bn	+1.4bn (+170.4bn)	+0.0bn (+8.6bn)
	Yield	-3.3bn	-3.7bn (-9bp)	+0.4bn (+53bp)
Interest on deposits (-)	-	-0.3bn	-1.0bn	+0.6bn
Interest and dividends on securities	Average Balance	-0.4bn	-0.2bn (-37.4bn)	-0.1bn (-12.4bn)
	Yield	-0.6bn	-1.3bn (-8bp)	+0.6bn (+19bp)

* Figures in parentheses are changes of average balance or yield [basis points]

Ashikaga	Factor	YoY	Domestic	Overseas
Interest on loans and bills discounted	Average Balance	+0.6bn	+0.6bn (+68.6bn)	-0.0bn (-0.6bn)
	Yield	-2.5bn	-2.5bn (-8bp)	+0.0bn (+30bp)
Interest on deposits (-)	-	-0.7bn	-0.8bn	+0.0bn
Interest and dividends on securities	Average Balance	+2.0bn	+1.7bn (+142.3bn)	+0.3bn (+24.6bn)
	Yield	-1.1bn	-1.9bn (-23bp)	+0.7bn (+51bp)

* Figures in parentheses are changes of average balance or yield [basis points]

(Reference) Gain on Cancellation of Private Offering Investment Trusts among Interest and Dividends on Securities

		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

Loans (Balance by Sector)

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

Loans to corporate customers: Curbed lending to large enterprises in Tokyo and increased loans to local SMEs.

● Joyo

(JPY Bn)

	Dec-13	Dec-14	Dec-15	Dec-16	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)

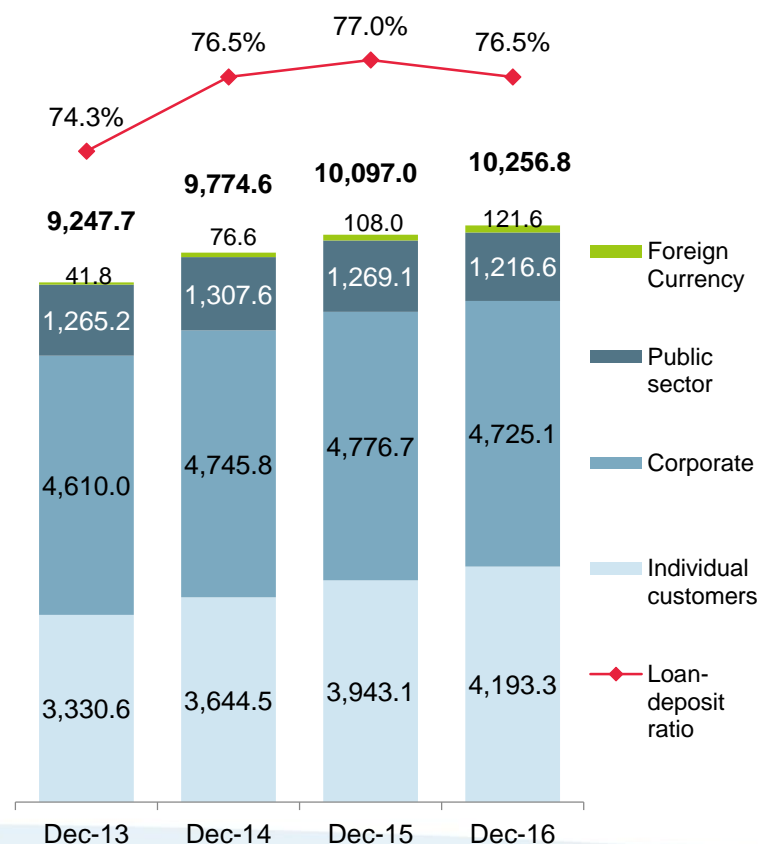
	Dec-13	Dec-14	Dec-15	Dec-16	YoY
Individual customers	1,505.2	1,635.8	1,755.6	1,855.5	+5.6%
Corporate	1,951.0	2,002.5	2,002.4	2,000.0	-0.1%
Public sector	472.0	490.8	461.9	424.9	-8.0%
Foreign currency	4.2	5.0	6.0	8.6	+42.7%
Total	3,932.5	4,134.1	4,226.2	4,289.2	+1.4%
YoY	-	+5.1%	+2.2%	+1.4%	
Loan-deposit 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)



Deposits (Balance by Sector)

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

The total balance of deposits of Joyo Bank increased 2.8% and that of Ashikaga Bank increased 2.3% year-on-year.

● Joyo

(JPY Bn)

	Dec-13	Dec-14	Dec-15	Dec-16	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%

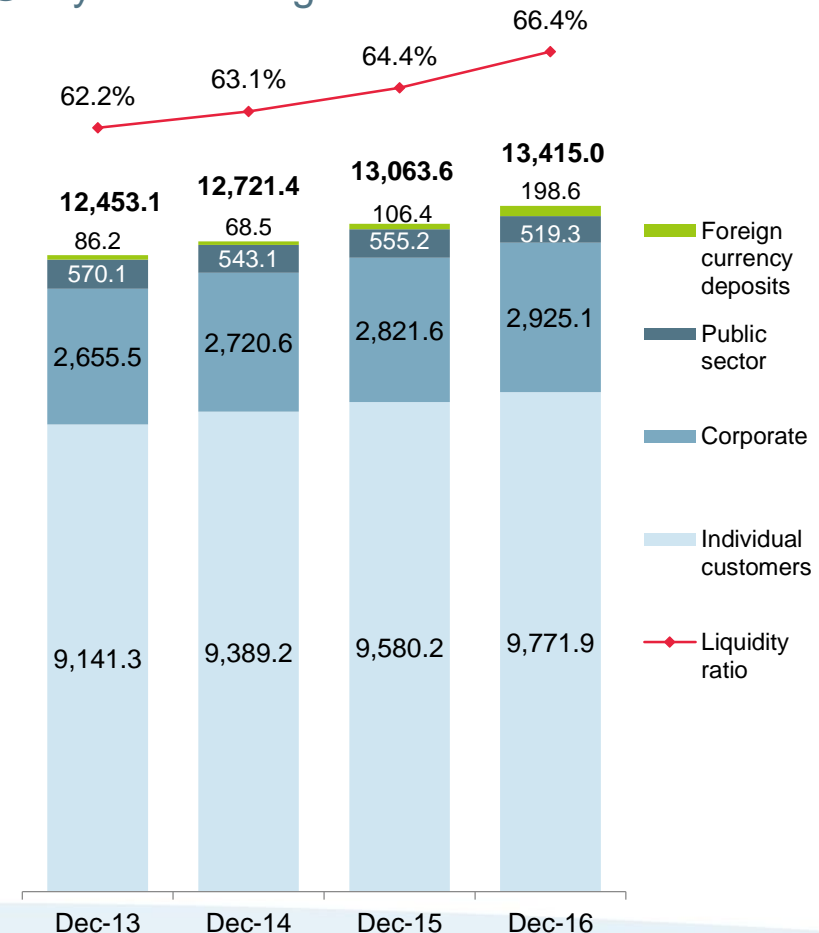
● Ashikaga

(JPY Bn)

	Dec-13	Dec-14	Dec-15	Dec-16	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

(JPY Bn)



※1 "Corporate" includes financial institutions.

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

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

Loan-deposit Interest Margins / Loan Yields

● Joyo (Loan-deposit interest margins)

(Yen- and foreign currency-denominated)

		FY2014	FY2015		3Q16	YoY	FY2016
				3Q15 ①	②	②-①	Initial Forecast
Average yield on interest earning assets	①	1.146%	1.119%	1.134%	1.073%	- 6.1bp	-
Average yield on loans and bills discounted	②	1.217%	1.143%	1.146%	1.070%	- 7.6bp	1.070%
Average yield on securities		1.050%	1.136%	1.190%	1.153%	- 3.7bp	1.030%
Average yield on interest bearing liabilities	③	0.915%	0.890%	0.888%	0.867%	- 2.1bp	-
Average yield on deposits and negotiable certificates of deposit	④	0.031%	0.033%	0.034%	0.026%	- 0.8bp	0.020%
Expense of deposit ratio		0.915%	0.861%	0.860%	0.084%	- 2.0bp	-
Loan-deposit interest margins	②-④	1.186%	1.110%	1.112%	1.044%	- 6.8bp	1.040%
Average interest rate spread	①-③	0.231%	0.229%	0.246%	0.206%	- 4.0bp	-

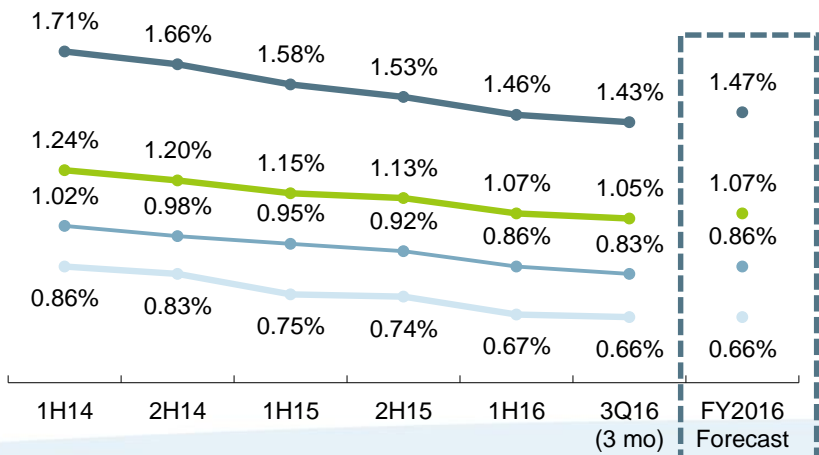
● Ashikaga (Loan-deposit interest margins)

(Yen- and foreign currency-denominated)

		FY2014	FY2015		3Q16	YoY	FY2016
				3Q15 ①	②	②-①	Initial Forecast
Average yield on interest earning assets	①	1.208%	1.224%	1.249%	1.201%	- 4.8bp	-
Average yield on loans and bills discounted	②	1.359%	1.287%	1.289%	1.209%	- 8.0bp	1.200%
Average yield on securities		1.024%	1.474%	1.625%	1.506%	- 11.9bp	1.370%
Average yield on interest bearing liabilities	③	0.931%	0.885%	0.877%	0.820%	- 5.7bp	-
Average yield on deposits and negotiable certificates of deposit	④	0.047%	0.042%	0.045%	0.023%	- 2.2bp	0.020%
Expense of deposit ratio		0.909%	0.870%	0.859%	0.836%	- 2.3bp	-
Loan-deposit interest margins	②-④	1.312%	1.245%	1.244%	1.186%	- 5.8bp	1.170%
Average interest rate spread	①-③	0.277%	0.339%	0.372%	0.381%	0.9bp	-

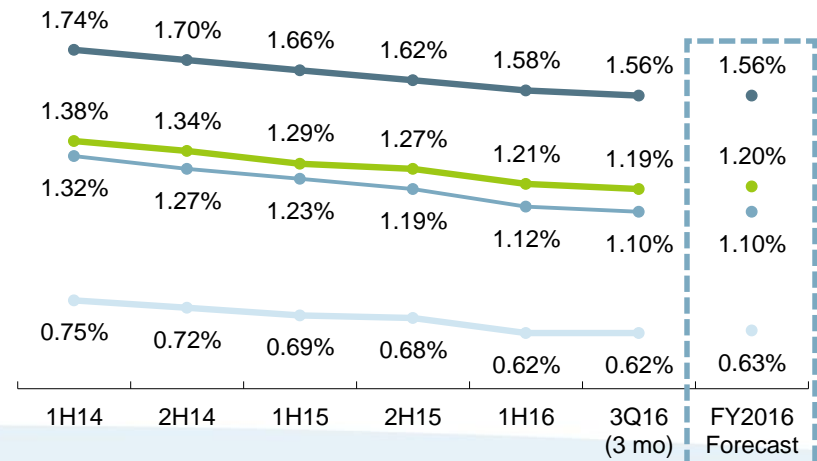
● Joyo (Loan Yields) (Yen-denominated)

● Individual customers ● Total
● Corporate ● Public sector and financial institutions



● Ashikaga (Loan Yields) (Yen-denominated)

● Individual customers ● Total
● Corporate ● Public sector and financial institutions



※ The loan yields above are reference data on management accounting basis.

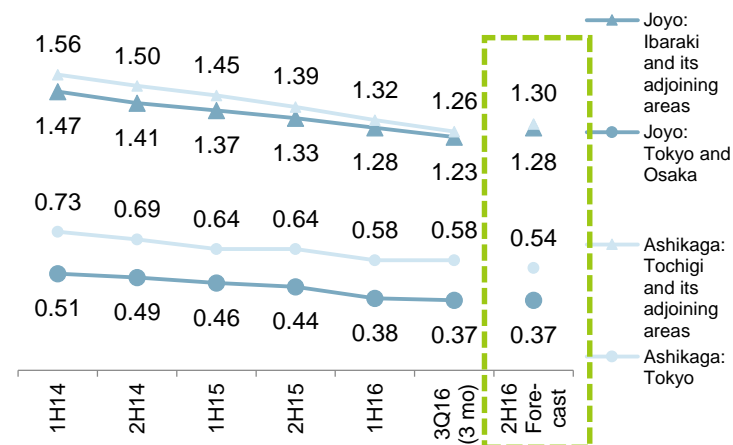
※ "Individual Customers" include sole proprietors.

Loans to Corporate Customers

- ◇ On a combined basis, loans to major companies decreased by ¥96.6bn and those to small companies increased by ¥59.3bn compared with the same period of the previous fiscal year.
- ◇ Mainly in areas excluding Tokyo and Osaka, actively responded to financial needs of customers of medical and nursing care industry, agriculture industry, logistics industry, and so forth.

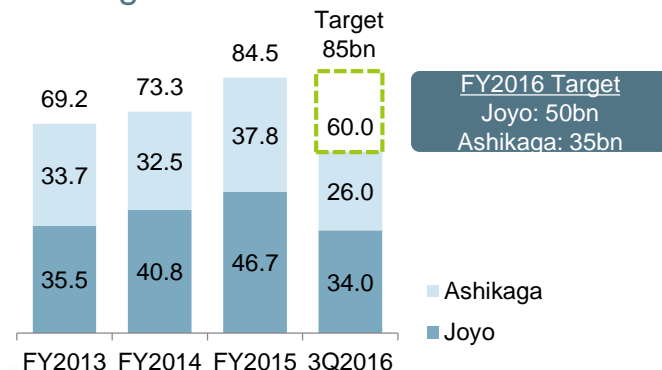
● Joyo (JPY Bn)	【Term-end balance】				【Average balance】	
	Dec-15	Dec-16	YoY	Change ratio	FY2015	FY2016 Forecast
Corporate loans	2,774.2	2,725.1	- 49.0	- 1.7%	2,758.4	2,760.0
Ibaraki and its adjoining areas	1,485.1	1,483.4	- 1.6	- 0.1%	1,475.6	1,500.0
Ibaraki	1,038.2	1,024.0	- 14.2	- 1.3%	-	-
Miyagi and Fukushima	223.4	221.3	- 2.0	- 0.9%	-	-
Tochigi	101.9	107.5	5.5	+ 5.4%	-	-
Chiba and Saitama	121.5	130.5	9.0	+ 7.4%	-	-
Tokyo and Osaka	1,289.0	1,241.6	- 47.3	- 3.6%	1,282.8	1,260.0
Major companies	1,129.7	1,068.2	- 61.5	- 5.4%	-	-
Medium sized companies	115.4	101.7	- 13.6	- 11.8%	-	-
Small companies	1,529.0	1,555.1	26.0	+ 1.7%	-	-

● Yields historical data



● Ashikaga (JPY Bn)	【Term-end balance】				【Average balance】	
	Dec-15	Dec-16	YoY	Change ratio	FY2015	FY2016 Forecast
Corporate loans	1,994.0	1,993.3	- 0.7	+ 0.0%	1,945.6	1,922.8
Tochigi and its adjoining areas	1,489.4	1,513.6	24.1	+ 1.6%	1,435.6	1,440.4
Tochigi	777.0	763.9	- 13.0	- 1.6%	-	-
Gunma	253.7	257.4	3.6	+ 1.4%	-	-
Ibaraki	111.8	119.7	7.9	+ 7.1%	-	-
Saitama	318.5	344.5	26.0	+ 8.1%	-	-
Fukushima	28.3	27.8	- 0.4	- 1.4%	-	-
Tokyo	504.6	479.7	- 24.8	- 4.9%	506.9	479.8
Major companies	474.3	439.2	- 35.1	- 7.4%	-	-
Medium sized companies	106.5	107.6	1.1	+ 1.0%	-	-
Small companies	1,413.1	1,446.4	33.3	+ 2.3%	-	-

● Loan made to medical and nursing care industries (JPY Bn)



※Includes the balance of foreign currency denominated loans and excludes that of loans to financial institutions (Foreign currency denominated loans: ¥8.6bn; Loans to financial institutions: ¥15.3bn at the end of 3Q FY2016)

< Underwriting of medical institution bonds > Joyo
The first deal ¥550mil (Feb. 2017)

Housing Related Loans

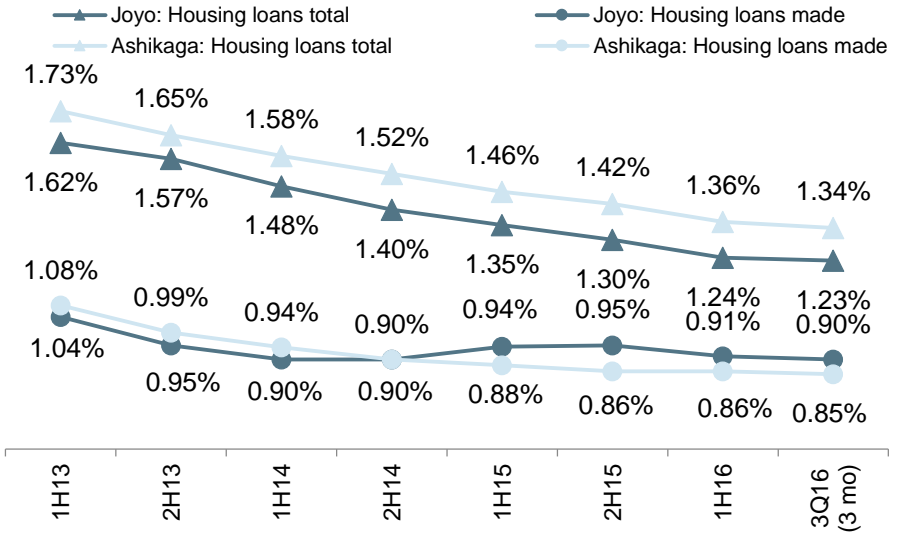
- ◇ Newly made housing related loans are on the same level as last year.
- ◇ The average interest rate of the newly made loans has been leveling off while the year-on-year decline of the average rate of the total loans narrowed.

Loans Made

(JPY Bn)

	FY2014	FY2015		3Q16 ②	YoY ③ (②-①)	Change ①/③	FY 2016 Forecast
		3Q15 ①	3Q16 ②				
Joyo	315.1	300.9	213.1	209.0	- 4.1	- 1.9%	300.0
Housing loans	200.9	195.1	143.0	134.9	- 8.0	- 5.6%	200.0
Apartment loans	114.1	105.7	70.0	74.0	+ 3.9	+ 5.6%	100.0
Ashikaga	235.7	215.4	157.4	152.1	- 5.3	- 3.3%	202.5
Housing loans	207.4	189.4	138.3	134.6	- 3.6	- 2.6%	176.5
Apartment loans	28.2	26.0	19.1	17.4	- 1.6	- 8.6%	26.0
Joyo + Ashikaga	550.8	516.4	370.5	361.1	- 9.4	- 2.5%	502.5
Housing loans	408.4	384.6	281.3	269.5	- 11.7	- 4.1%	376.5
Apartment loans	142.4	131.7	89.2	91.5	+ 2.3	+ 2.6%	126.0

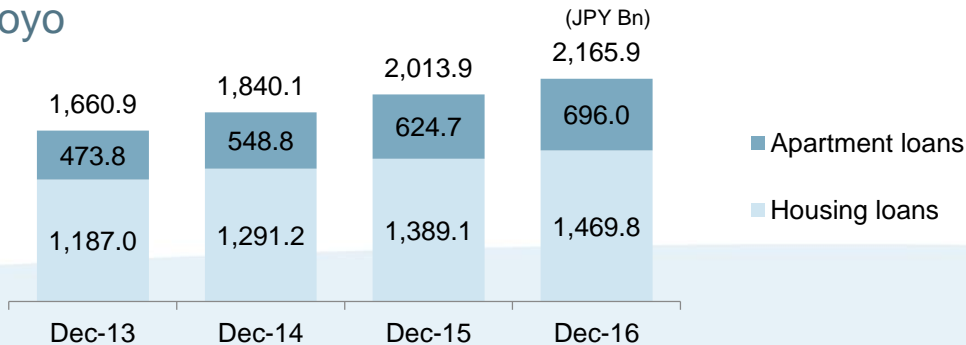
Yield (Housing Loans)



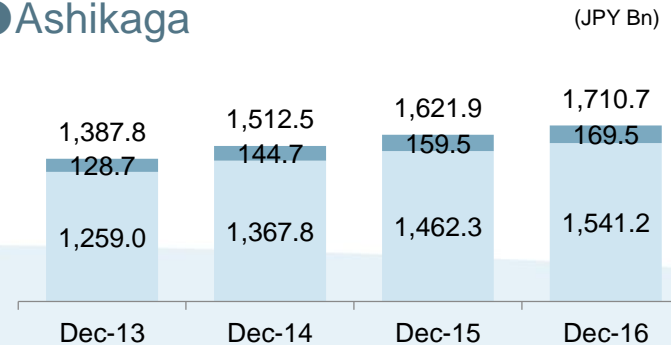
Balance

<Number of Housing Starts> YoY (Apr.-Dec.2016)
 Ibaraki Prefecture: Owner Occupied+3.4%, Subdivision+6.5%, Rental+6.0%
 Tochigi Prefecture: Owner Occupied+1.9%, Subdivision+26.5%, Rental+18.0%

Joyo



Ashikaga



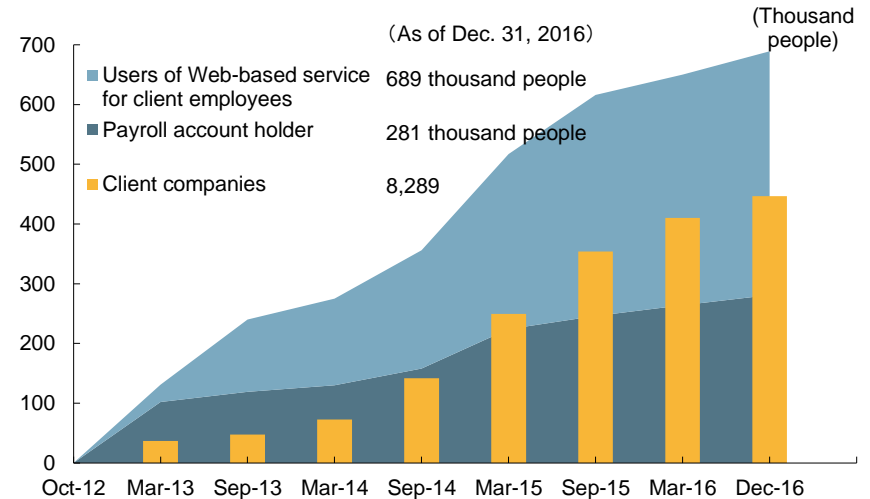
Unsecured Loans

◇ Accurately met the cash needs of our customers by utilizing non-face-to-face channels (web and so forth) .

Balance

	Dec-14	Dec-15	Dec-16	YoY	Change ratio	Average yield (Sep-16)
Joyo Total	65.1	70.8	78.1	+ 7.3	+ 10.3%	-
Car loans	18.5	20.7	23.6	+ 2.9	+ 14.0%	2.82%
Educational loans	23.0	25.3	27.3	+ 2.0	+ 8.0%	2.75%
Free loans	0.8	0.7	0.7	+ 0.0	- 6.7%	8.62%
Card loans	22.6	23.9	26.4	+ 2.4	+ 10.2%	10.30%
Ashikaga Total	33.0	42.1	51.8	+ 9.7	+ 23.0%	-
Car loans	6.3	7.4	9.0	+ 1.6	+ 21.6%	3.02%
Educational loans	2.5	3.3	4.1	+ 0.8	+ 24.2%	2.83%
Free loans	2.5	4.3	5.9	+ 1.6	+ 37.2%	6.58%
Card loans	21.7	27.1	32.8	+ 5.7	+ 21.0%	11.50%

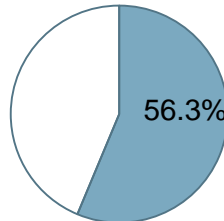
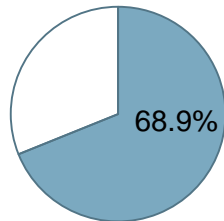
Employer-Specific Website (Joyo)



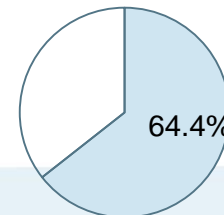
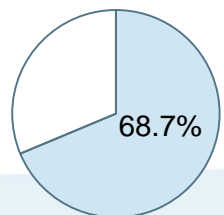
Application-via-website Ratio (Apr.-Dec. 2016)

● Car loans ● Educational loans

Joyo



Ashikaga



【Sales Promotion Measures】

- Campaign commemorating the business integration: Preferential interest rate for applications via website
- Introduce employer-specific website for sales promotion to corporate customers' employees (Ashikaga)
- Enhance advertisement strategy: display advertising, internet advertising, discount coupons, and so forth
- Car loans: Provide co-finance with dealer loans (Joyo)
- Educational loans: Increase number of business partners, Enhance partner schools' recognition (Joyo)
- Card loans: Revise loan products

Financial Assets under Custody (1) Sales Amount / Sales Commission

◇ 3Q's sales amount and commissions of stock investment trusts surpassed that of 1Q, due to the launch of the investment trust named "Two Dreams" which commemorates the business integration.

◇ Both banks have been focusing on broadening customer base.

(JPY Bn)

Joyo

	Sales Amount				
	FY2014	FY2015	1H16	3Q16 (3 mo)	3Q15 compared
Investment trusts	244.9	204.0	31.1	23.4	-21.8
o/w stock investment trusts	152.8	112.5 (5.1)	31.1 (7.8)	23.4	+4.5
Insurance	82.5	61.3	16.5	6.6	-9.1
Foreign currency deposits	95.0	168.2	154.9	82.3	+53.4
Public sector bonds	40.7	21.4	9.1	7.3	+2.0
Financial instruments intermediary services	73.0	84.7	33.2	23.4	+9.7
Total	536.3	539.9	245.1	143.2	+34.1

	Sales Commission				
	FY2014	FY2015	1H16	3Q16 (3 mo)	3 Q15 compared
Investment trusts	4.7	3.8	1.5	0.8	+0.0
o/w stock investment trusts	-	-	-	-	-
Insurance	2.2	2.6	0.8	0.2	-0.4
Foreign currency deposits	0.5	0.6	0.1	0.1	+0.0
Public sector bonds	0.1	0.0	0.0	0.0	+0.0
Financial instruments intermediary services	0.3	0.3	0.0	0.0	+0.0
Total	8.0	7.5	2.6	1.3	-0.3

Ashikaga

	FY2014	FY2015	1H16	3Q16 (3 mo)	3 Q15 compared
	Investment trusts	150.1	123.9	37.6	22.7
o/w stock investment trusts	147.1	120.6 (6.2)	37.6 (7.5)	22.7	-3.5
Insurance	42.7	45.3	16.9	3.3	-6.2
Foreign currency deposits	11.8	14.2	13.1	4.4	+1.2
Public sector bonds	16.4	11.0	2.1	3.6	-0.9
Financial instruments intermediary services	1.8	3.3	7.8	2.7	+1.4
Total	222.9	198.0	77.7	36.9	-8.3

	FY2014	FY2015	1H16	3Q16 (3 mo)	3 Q15 compared
	Investment trusts	4.9	4.4	1.6	0.8
o/w stock investment trusts	-	-	-	-	-
Insurance	2.0	2.5	1.2	0.3	-0.2
Foreign currency deposits	0.1	0.1	0.1	0.3	+0.2
Public sector bonds	0.0	0.0	0.0	0.0	+0.0
Financial instruments intermediary services	0.0	0.1	0.1	0.0	+0.0
Total	7.2	7.2	3.2	1.6	-0.2

※ Figures in parentheses: Average monthly sales amount

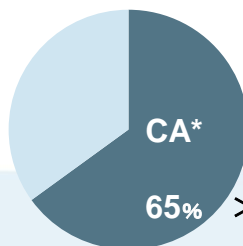
Number of Customers

(Thousand people)

	Dec-14	Dec-15	Dec-16 ②	YoY (②-①)	Change (②-①)/①
Joyo	190	190	196	+6	+3.1%
Ashikaga	148	148	155	+7	+4.8%
J + A	339	339	352	+13	+3.9%

Results of Financial Product Sales Professionals

● Sales commission by type of occupation (Ashikaga)



Sharing of Sales Expertise

- Joint trainings (Roll-playing, etc.)
- Opinion-exchange meetings

> 13% (Percentage of CAs to all employees)

● Number of sellers by sales commission (Joyo) (1H16)

Sales Commission per capita	Number of Sellers
10mil or more	45
5mil to 10mil	136
1mil to 5mil	390
Less the 1mil	929

Obtained 54% of total sale commission

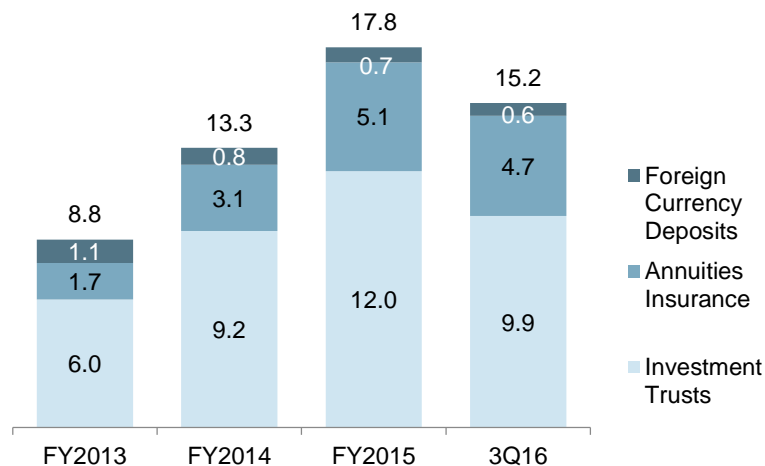
* CAs or Customer Advisors are sales promotion staff who are specializing in sales of investment trusts and insurance products.

Financial Assets under Custody (2) Accumulation Service / NISA

Accumulation Service (Accumulated Amount)

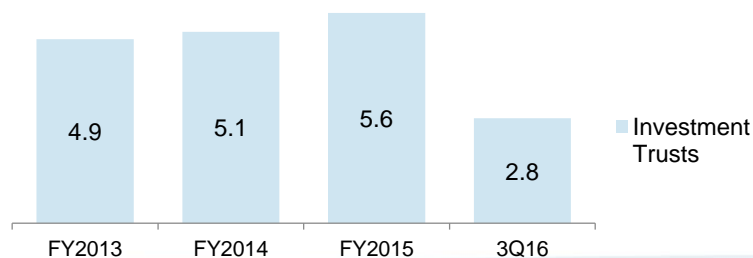
● Joyo

(JPY Bn)



● Ashikaga

(JPY Bn)



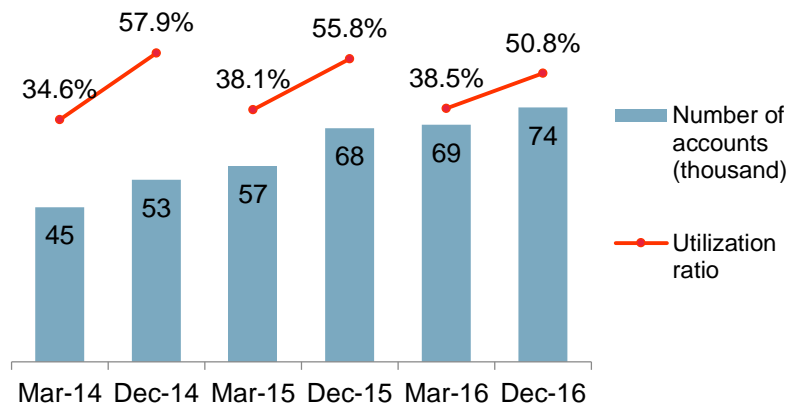
* Ashikaga: Only the figures of the accumulated amount of invest trusts are shown.

* Ashikaga: Accumulation service of foreign currency deposit is commenced from February 2016 (1H16: ¥24million).

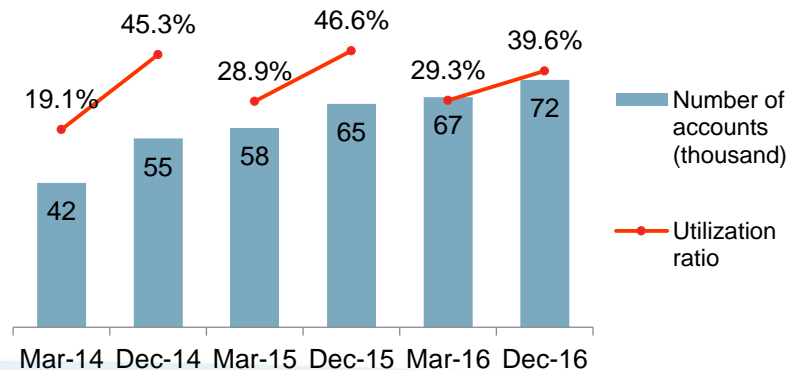
NISA (Number of Accounts / Utilization Ratio)

● Joyo

* At the beginning of every year, the utilization rate falls to zero, since NISA's maximum yearly investment amount is allotted newly every year and an investment in the allotment accumulates throughout the year.



● Ashikaga



Securities

- ◇ Despite the fact that unrealized valuation losses on foreign bonds increased, due to the interest rate hike in the U.S, net unrealized valuation gains increased compared with the end of September 2016.
- ◇ Percentage of foreign bonds and investment trusts to total securities is around 30% (sum of both banks).

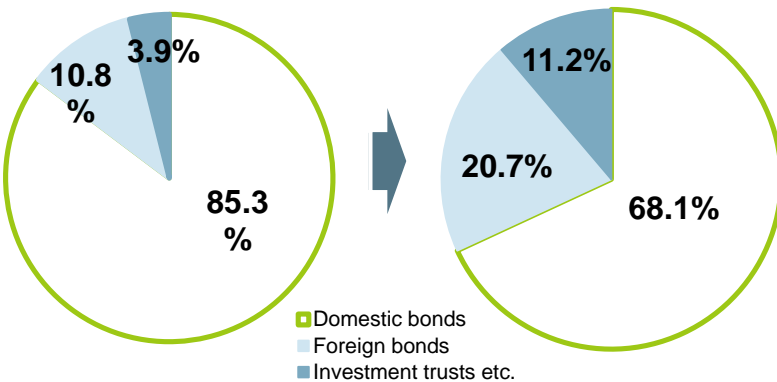
Change from 3 years ago

● Joyo

* Excluding stocks (for policy purpose)

(As of Sep. 30, 2013)

(As of Dec. 31, 2016)

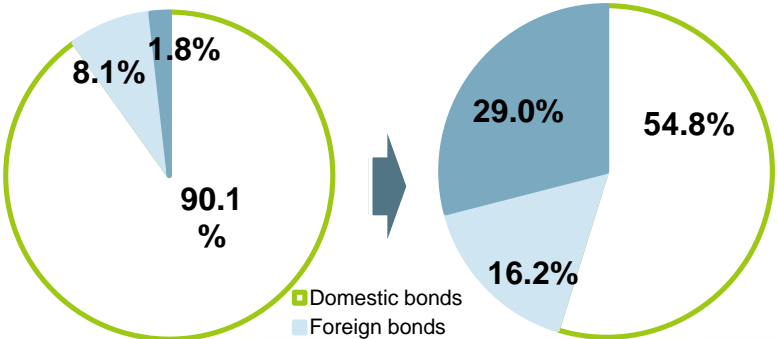


■ Domestic bonds
■ Foreign bonds
■ Investment trusts etc.

● Ashikaga

(As of Sep. 30, 2013)

(As of Dec. 31, 2016)



■ Domestic bonds
■ Foreign bonds
■ Investment trusts etc.

Balances / Unrealized Valuation Gains (Losses)

(JPY bn)

	Term-end balances		Unrealized Valuation Gains (Losses)		(Reference)
	Dec-16	Sep-16 compared	Dec-16	Sep-5 compared	Jan-17
Joyo					
Total	2,618.6	+ 89.8	183.7	+ 24.1	178.2
Domestic bonds	1,602.7	- 29.7	27.9	- 11.2	21.6
Foreign bonds	486.0	+ 80.6	-3.6	- 11.2	-4.7
Stocks	265.8	+ 36.4	137.0	+ 39.0	138.2
Investment trusts etc.	263.9	+ 2.5	22.3	+ 7.6	23.1
Ashikaga					
Total	1,457.0	+ 126.3	55.5	- 1.4	50.0
Domestic bonds	755.0	+ 18.9	20.6	- 3.8	16.7
Foreign bonds	222.9	+ 30.6	-1.2	- 5.5	-1.7
Stocks	79.8	+ 7.3	32.0	+ 7.3	32.8
Investment trusts etc.	399.2	+ 69.4	4.1	+ 0.5	2.1

Gains and Losses on Securities

【Duration (as of the end of Dec. 2016)】

Joyo: Yen 3.6 years , Others 4.0 years

Ashikaga: Yen 5.1 years, Others 5.6years

(JPY bn)

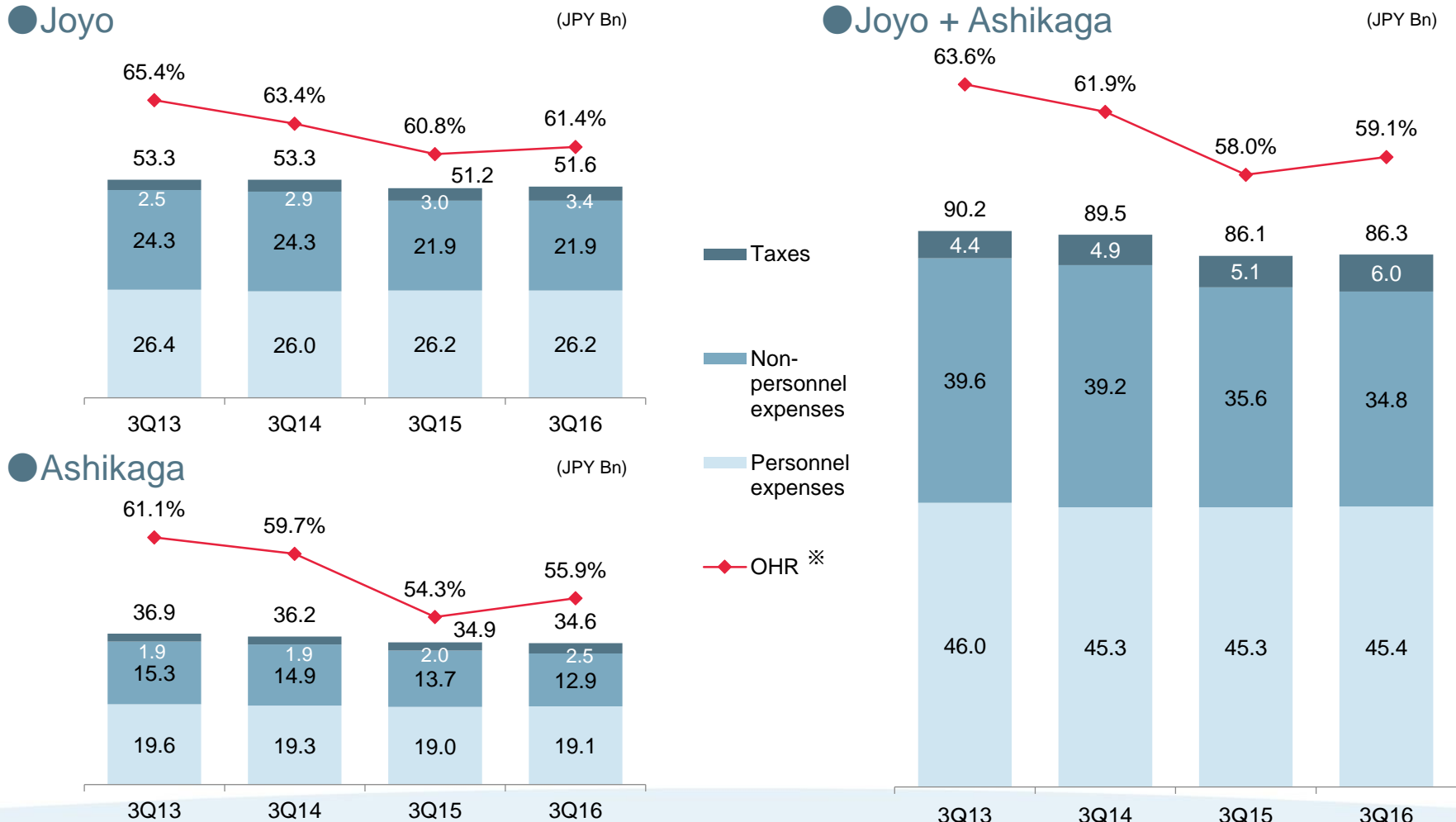
	3Q16		Breakdown
	Gains and Losses on Securities		
Joyo			
Gains and Losses on Securities	17.0	-	
Domestic bonds	6.1	JGBs	
Foreign bonds	1.7	Foreign government bonds Yen-denominated foreign bond (CMS floater)	
Stocks	2.1	Stocks for policy purpose	
Investment trusts & others	6.9	ETF, J-REIT	
Ashikaga			
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	

(Reference) Cost of interest swaps: -1.6bn

Expenses / OHR

◇ Due to an increase in size-based business tax, taxes of each bank increased from the same period of the previous fiscal year.

◇ Ashikaga: Non-personnel expenses decreased mainly due to the change of depreciation method; OHR is in the mid 50% range.



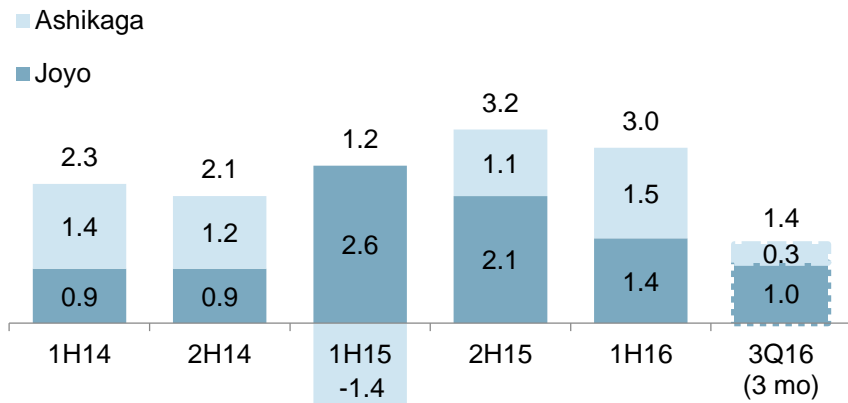
※OHR = Expenses / Core gross business profit

Credit Related Costs / Non-performing Loans

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

Credit Related Costs

(JPY Bn)



<Reference 1> BK Credit Related Cost Ratio

	FY2013	FY2014	FY2015	FY2016 Forecast
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)

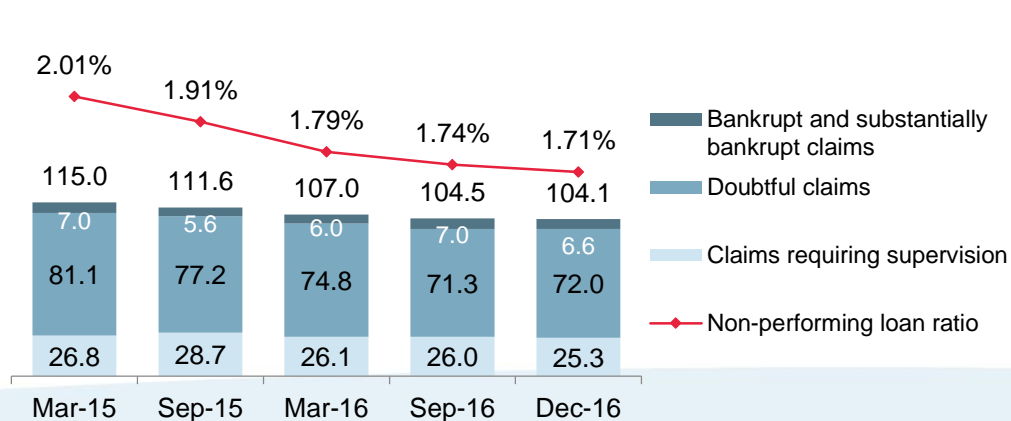
		1H14	2H14	1H15	2H15	1H16	3Q16 (3 mo)
Ibaraki Prefecture	number	71	83	53	65	62	31
	amount	17.1	32.0	18.3	12.6	10.4	4.2
Tochigi Prefecture	number	62	86	71	59	66	46
	amount	11.0	19.7	6.2	10.3	12.3	10.7

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

Non-performing Loans

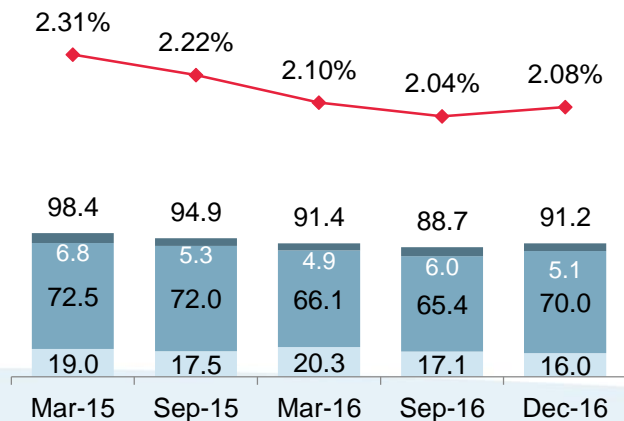
Joyo

(JPY Bn)



Ashikaga

(JPY Bn)



State of Group Companies

- ◇ Change the trade names of Joyo Lease and Joyo Securities to Mebuki Lease and Mebuki Securities.
- ◇ Combining the various functions of Mebuki FG such as leasing, securities, ITC, researching, and so forth, to provide one-stop services in response to the diversifying customer needs.

(JPY Mil)

	Company name	Main business activities	Ordinary Income		Ordinary Profit		Net Income attributable to owners of the parent		
				YoY		YoY		YoY	
JOYO	The Joyo Lease Co., Ltd.	Leasing of machinery and equipment, claim acquisition	16,361	+1,508	735	+203	454	+64	
	Sales	The Joyo Securities Co., Ltd.	Dealing of securities, mediation, commission and substitution of trading of securities	1,270	-436	317	-352	217	-260
		The Joyo Computer Service Co., Ltd.	Sale of software and contracting of calculating business	998	+60	2	+25	1	+18
		The Joyo Industrial Research Institute, Ltd.	Consulting, investigation and research	462	-6	22	-23	14	-17
		The Joyo Credit Guarantee Co., Ltd.	Credit guarantee of housing loans	2,803	+219	954	-381	621	-248
	Business operation	The Joyo Credit Co., Ltd.	Credit card services	898	+9	161	-2	161	+50
		The Joyo Business Service Co., Ltd.	Agent in charge of administrative work for the Bank	593	+5	0	-0	1	+0
		The Joyo Cash Service Co., Ltd.	Maintenance and management of the Bank's ATMs and CDs	833	+11	1	+0	0	+0
		The Joyo Equipment Management Co., Ltd.	Maintenance and management of operational properties and equipment of the Bank	726	-6	194	+39	129	+86
		Total		24,948	+1,364	2,390	-491	1,603	-306
Ashikaga	Ashikaga Credit Guarantee Co., Ltd.	Credit guarantee of housing loans	2,530	+161	999	-343	606	-239	
	Ashigin Research Institute, Ltd.	Consulting, investigation and research	374	+19	8	+21	7	+17	
	Ashigin Card Co., Ltd.	Credit card services	898	-250	2,413	+2,225	1,906	+1,776	
	Total		3,802	-70	3,420	+1,903	2,519	+1,554	

Change of trade names (Apr. 3, 2016)

**Mebuki Lease
Mebuki Securities**

- Strengthen and deepen the cooperation within the newly established group in order to provide one-stop services with greater added value

- Integrate the leasing division of Ashikaga Credit Guarantee into Mebuki Lease
- Consider converting Mebuki Lease into a directly owned subsidiary of Mebuki

2. Forecast for FY2016 (Mebuki FG / Consolidated)

- ◆ Forecast for FY 2016
- ◆ Capital Adequacy Ratio / Rating
- ◆ Shareholder Return

Forecast for FY2016

- ◇ With regard to the full-year forecasts for FY2016 of the each bank and Mebuki FG, there has been no change in the figures initially announced.

Full year forecast of Mebuki FG's net income attributable to owners of the parent is ¥155bn (including gain on negative goodwill of ¥119.2bn).

(Reference) Banking subsidiaries' forecast (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%
(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	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%
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	-

Negative Goodwill (Reference)

【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

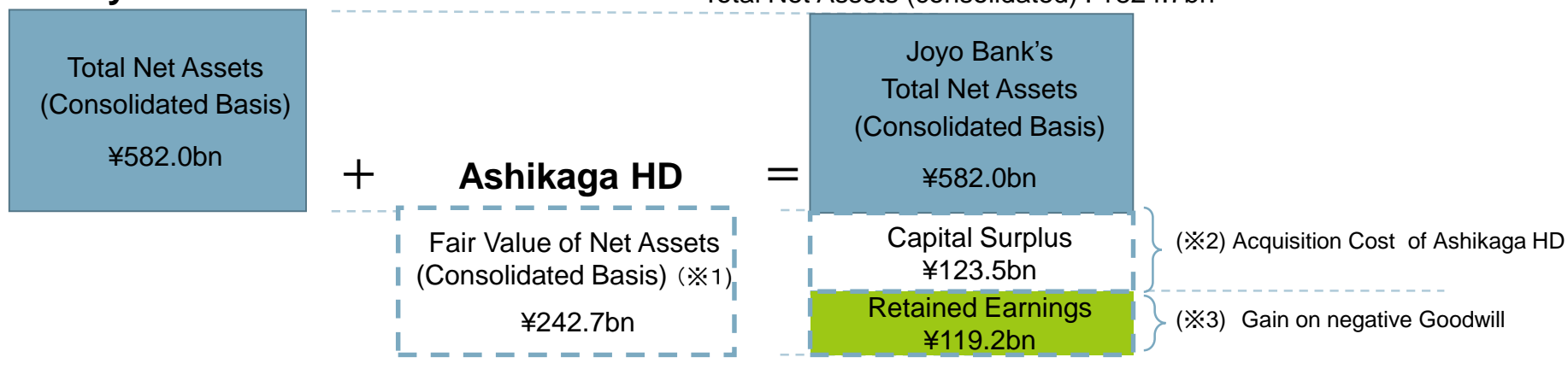
Joyo Bank : Acquiring company
Ashikaga HD : Acquired company

【Image (As of October 1, 2016)】

Joyo Bank

Mebuki FG

Total Net Assets (consolidated) : ¥824.7bn



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.

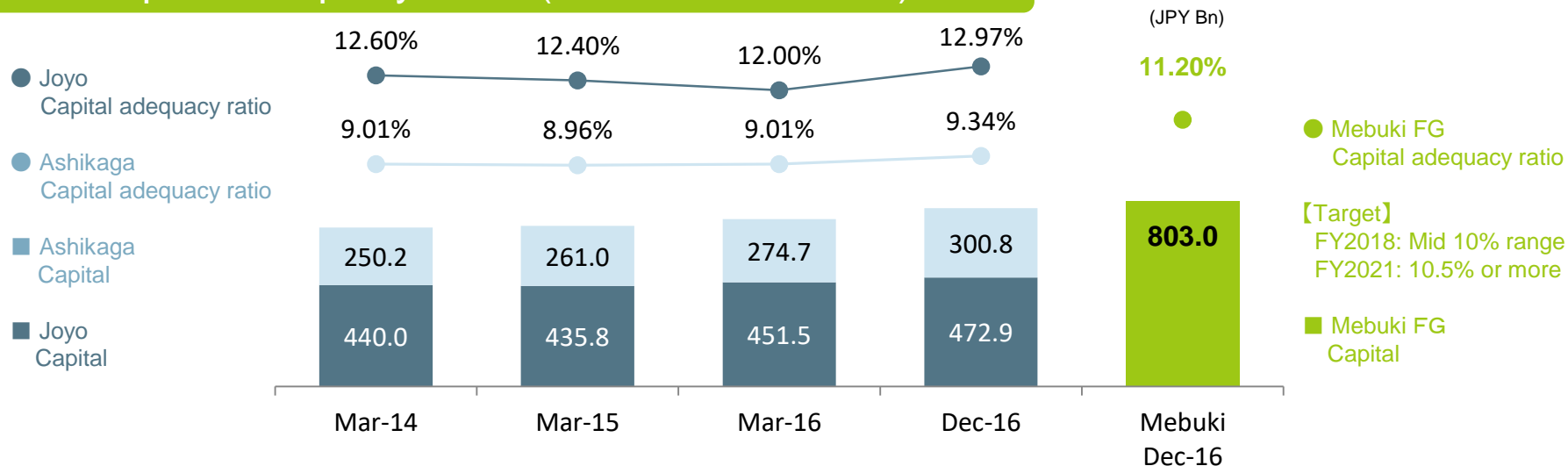
◇Ashikaga HD's number of shares after adjustment / Exchange Ratio (1.17) × Closing price of Joyo's stock at the final trading date.

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.

Capital Adequacy Ratio / Rating

Capital Adequacy Ratio (consolidated basis)



※Joyo 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> Consolidated Capital Adequacy Ratio (without Temporary Measure)

	Mar-14	Mar-15	Mar-16	Dec-16
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.)

○ Moody's

Mebuki FG	Joyo	Ashikaga	Joyo
A	A+	A+	A2

【Subordinated Bonds / Loans】

•Joyo: Subordinated Bond ¥10bn
(Early redemption on Jan.2017)

•Mebuki FG: Subordinated Loans
¥40bn (Call date: June 2018), ¥30bn (Call date: May 2021)

Shareholder Return

Dividend Policy

- Aim to continue 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 shareholders.
- The year-end dividend forecast for FY2016 is ¥6.50 per share, including a commemorative dividend (¥1.00) for the business integration of Joyo Bank and Ashikaga HD.

【Dividends 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.

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.

【Contents of the Shareholder Benefit Plan】

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

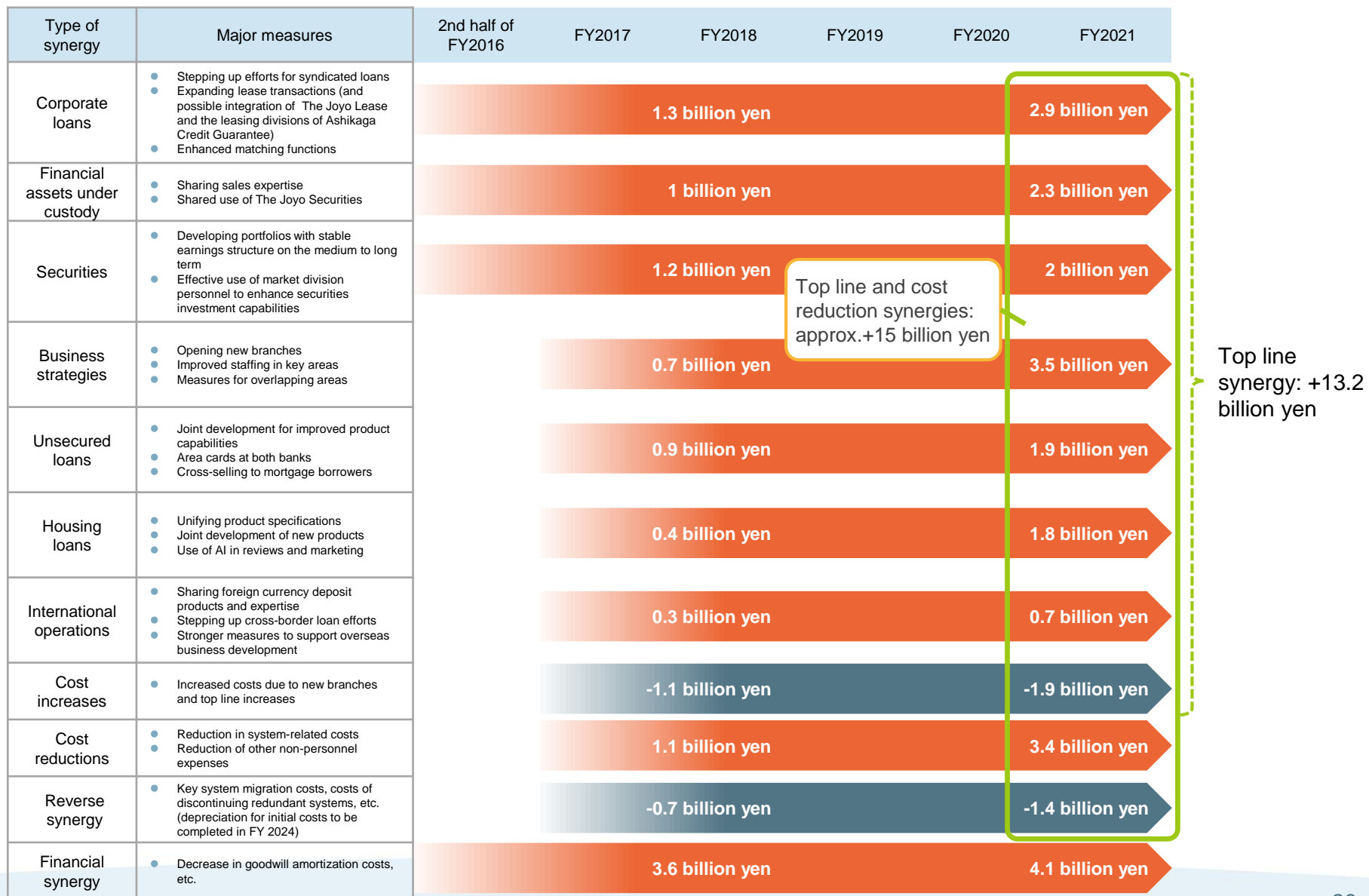
※The number of items listed on the FY2016 Joyo Bank's shareholder benefit catalog is 316.

3. Progress of the Integration Measures

- ◆ Progress of the Integration Measures
- ◆ Day 180 Plan

Progress of the Integration Measures (1)

Initial Plan Related to the Integration Synergies



Note: Figures from "Corporate loans" to "Reverse synergy" are pretax. Those of "financial synergy" are after tax.

Progress of the Integration Measures (2)

Progress of the Initial Plan Related to the Integration Synergies

(JPY Bn)

Categories		FY2018 Target	FY2016 Forecast	Jan. 2017 Result	Progress	Measures
Loans	<ul style="list-style-type: none"> • Corporate Loans • Unsecured Loans • Housing Loans 	2.6	0.25	0.19	80%	<ul style="list-style-type: none"> • Enhance mutual customer referral, syndicate loans, and co-financing • Expand lease transactions • Jointly develop new products
Financial Assets under Custody	Financial Assets under Custody	1.0	0.40	0.23	58%	<ul style="list-style-type: none"> • Carry out promotional campaigns • Comemorating the business integration, establish and sell an investment trust named "Two Dreams" • Share sales expertise • Jointly utilize Joyo Securities (Intermediate financial products carried by Joyo Securities)
Securities	Securities	1.2	0.17	0.02	15%	<ul style="list-style-type: none"> • Co-investment
Others	<ul style="list-style-type: none"> • Business Strategies • International Operations 	1.1	0.03	0.05	177%	<ul style="list-style-type: none"> • Start dual currency deposit service (Ashikaga) • Carry out foreign currency deposit promotional campaigns • Stand-by LC
Cost Increases	-	- 1.2	- 0.11	- 0.05	-	<ul style="list-style-type: none"> • Lower transfer fee between both banks to the inter-branch rate
Cost Reductions / Reverse Synergy	-	0.4	0.01	0.04	287%	<ul style="list-style-type: none"> • Reduce system-related costs • Reduce other non-personel expenses
Total		5.3	0.75	0.50	67%	

Progress of the Day 180 Plan

		Items	Details
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.
		Leasing	Ashikaga Bank begins to offer Joyo Lease's auto lease products.
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.	
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.
		Car loans and educational loans campaign	Preferential Interest Rates
	Corporate Customers	Internet banking campaign for corporate customers	Exemption of activation fee and three months of monthly fees for new subscribers.
		Business seminar	Members of either bank's research institute can take seminars of the other research institute at preferential rates.

Others	Framework	Liaison officer	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
		Regional collaboration meeting	

Results (Oct. 2016 - Feb. 2017) (Figures in parentheses are YoY changes)	
	-
	-
Intermediary amount of the whole group Sales amount	¥53.8bn (+28.1bn)
o/w Foreign bonds	¥44.7bn (+29.0bn)
Number of referrals to Joyo Lease	2,303(+817)
<u>Results of the whole group</u>	
Sales amount	¥20.2bn (Attained 101.3% of our target of ¥20bn)
Number of sales	9,117
<u>Sales amount (Campaign performance)</u>	
Investment trust	¥28.2bn(+3.6bn)
Foreign currency deposits	¥2.3bn(+1.4bn)
Accumulation service	4,206(-394)
<u>Preliminary application</u>	
Car loans	¥16.4bn / 8,864 loans
Educational loans	¥8.9bn / 3,321 loans
<u>Amount of loans made</u>	
Car loans	¥5.5bn / 3,254loans
Educational loans	¥3.2bn / 1,204loans
<u>New contracts of the whole group</u>	
New subscribers	2,532(+491)
Optional services	802
Mutual participants	41 from 27 companies

【As of the end of Jan. 2017】

Co-financing	¥1,223mil / 5borrowers
Syndicate loans	¥1,425mil / 7borrowers
Number of referrals	¥968mil / 9borrowers
* Above figures of the amount are those increased due to the synergy effects	

Day180 Plan / Other Initiatives and Measures

【Regional Revitalization】

Food Exhibition

In Mito City

- Product development
- Test marketing

<refer to p.30>

Conducted on Oct. 12, 2016

Food Business Meeting

in Utsunomiya City

- Sales channel cultivation
- Sales channel development

<refer to p.30>

Conducted on Nov. 22, 2016

Mebuki Business Award

<refer to p.31>

Regional Revitalization Fund

<refer to p.32>

Mebuki Financial Group Manufacturing Business Forum 2017

- Support business meetings by technical proposal booklet and panel exhibition

<refer to p.33>

Conducted on Feb. 22, 2017

【Regional Interaction】

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

Introduced Mebuki FG in the main cities for both banks at the time of the lectures (Presidents of both banks took 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

- Held rank-based trainings in which 1,000 employees participated.
- Shared each other's training program.

Regional Collaboration Meeting

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

【Other Initiatives and Measures】

- Integration of overlapping branches: Integrate four of Joyo and Ashikaga's branches into two in Utsunomiya city and Moka city (Scheduled on Apr. 3, 2017)
- Operational efficiency improvement: Shared card issuing process, which reduces cost by approx. ¥18 mil per year
- Business alliance with crowd funding service "Makuake"
(Ashikaga) The first deal is under process (Joyo) Developed affiliated loan

Initiatives of Day 180 Plan – Local Products Support Project –

- Held “Food Exhibition in Mito City” and “Food Business Meeting in Utsunomiya City” for food related business operators as a part of “Local Products Support Project”.
- Dividing the value chain from development to sales of local products into four stages below, provided seamless support through appropriate measures depending on the stage.

1.Product Development

2.Test Marketing

3.Sales Channel Cultivation

4.Sales Channel Development

Food Exhibition in Mito City

Date	October 12, 2016
Place	Mito Plaza Hotel (Mito, Ibaraki Pref.)
Exhibitors	100 companies
Evaluators	505

<Contents>

- Food related business operators exhibited their products and international students and house wives experienced the products and evaluated them.
- Evaluation based on taste, price, package and so on.
- Support food related operators’ future product development and test marketing.



Venue



Evaluators



Awards Ceremony

Food Business Meeting in Utsunomiya City

Date	November 22, 2016
Place	Marronnier Plaza (Utsunomiya, Tochigi Pref.)
Exhibitors	327 companies (Tochigi: 142, Ibaraki: 94)
Visitors	Approx. 3,000
Meetings Held	451

<Contents>

- Exhibition where selling enterprises promote their products
- Business meetings which require reservation
- Support food related business operators’ sales channel expansion
- Number of buyer enterprises that participated: 148



Exhibition of Prize-winning Products of the Food Exhibition



Venue



Business Meeting

Initiatives of Day 180 Plan –Mebuki Business Award–

- In commemoration of the establishment of Mebuki Financial Group, each bank's business award was integrated together and the first "Mebuki Business Award" is being held.
- Ingenious business ideas latent in both banks' vast business territory are gathered and the best entries are presented with awards.
- After the award, consistent support is provided, including financial support such as formulating business plans and launching new businesses.



Final Judging

○Grand Prix, Excellence Award, and Special Award
(Presentation / External Evaluation)

Preliminary Judging

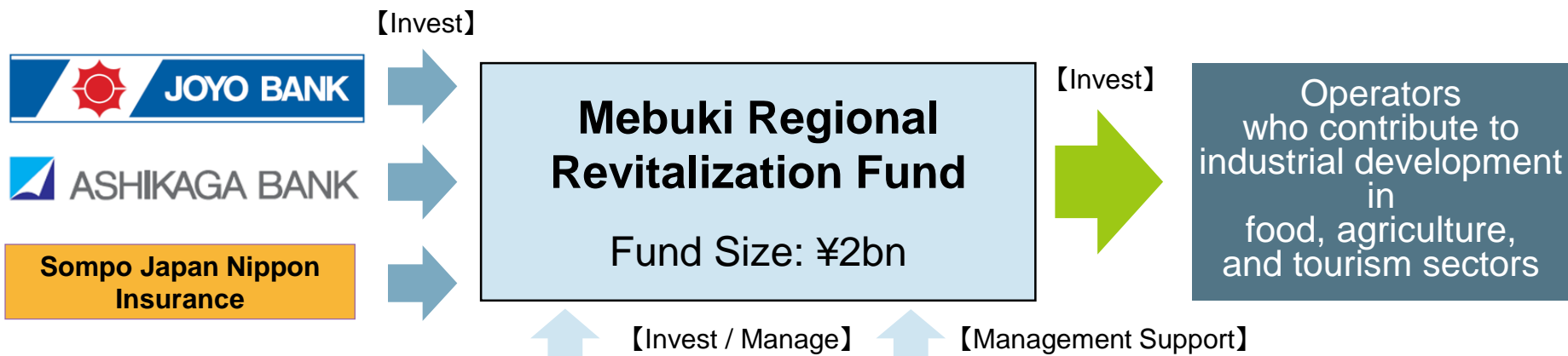
○Each bank collects and evaluates plans
(Document Screening / External Evaluation)

Target Business Categories	1.Manufacturing 2.Agriculture / 6th Industrialization 3.Environment / Energy 4.Medical / Nursing Care 5. Advanced Technologies 6.Overseas Expansion 7.Regional Revitalization, etc. 8.New Business, etc.
Application Period	From December 1, 2016 to January 31, 2017
Judging Process	Preliminary Judging: Document Screening Final Judging: Presentation
Awards	Grand Prix: 1 plan (¥3mil), Excellence Award: Several (¥1mil), Special Award: Mebuki Award, Hitachi Award, Encouragement Award: Several
Sponsors	Sponsors: Mebuki Financial Group, Joyo Bank, Ashikaga Bank Co-sponsors: Joyo Industrial Research, Ashigin Research Institute

Number of Applicants
646
Joyo 344
Ashikaga 302



Initiatives of Day 180 Plan –Mebuki Regional Revitalization Fund–



Outline of the Fund
 Establishment: November 14, 2016
 Investment Period: 10 years
 Methods: Capital Contribution, etc.
 Structure: Investment Business Limited Partnerships

(Investment Case) * The first deal
 Investee: World Farm, Ltd. (Tsukuba, Ibaraki Pref.)

- Built an integrated system from domestic cultivation of vegetables to production and sales of cut vegetables and frozen vegetables
- Utilizes abandoned farmlands, promotes 6th industrialization, and fosters new farming generation

Investment Date: January 31, 2017
 Investment Amount: ¥100mil

Joyo Industrial Research (Invest / Manage)
Ashigin Research Institute (Management Support)



<Investment Target>

• Operators who contribute to industrial development in food, agriculture, and tourism sectors (including agricultural corporations)



Prize Winners of Mebuki Business Award

Initiatives of Day 180 Plan – Manufacturing Business Forum –

- A record number of 314 companies, including Ashikaga Bank’s 72 customers, exhibited at this year’s forum (including 11 overseas companies)
- Distribute English version of the technical proposal booklet for the first time and coordinated business meetings with overseas companies.
- With the full cooperation of Fuji Heavy Industries Ltd, set up exhibition booth of seven Tier 1 manufacturers.
 - Sango Co., Ltd. and Sango Kanto Co., Ltd. exhibited labor saving machines which are used in the companies’ factories.
 - A venture company spun off from The Industrial Technology Research Institute of Taiwan demonstrated a walking support robot.
- Three prize-winners of Joyo Business Award conducted presentations.

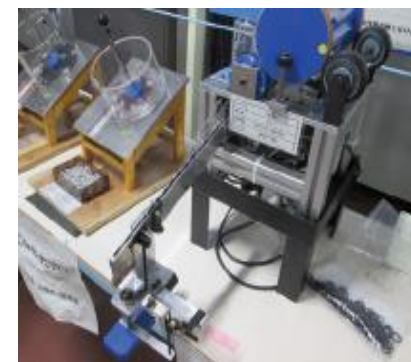
- Exhibitors: 314 companies
- Visitors: 850 companies / Approx. 2,000 people
- Business meetings based on technical proposal booklet: 390 meetings
- Business meetings between Joyo Bank and Ashikaga Bank customers: 90 meetings



<Technical proposal booklet (English Ver.)>



<Fuji Heavy Industries' booth>



<Labor Saving Machines>

【Reference】 Group Performance Targets

- ◆ Mebuki FG Performance Targets Plan
- ◆ Joyo Bank Performance Targets
- ◆ Ashikaga Bank Performance Targets

Mebuki FG Performance Targets Plan

[Mebuki FG consolidated (1) + (2)]

(billion yen)

	Actual performance (Joyo Bank consolidated + Ashikaga Holdings consolidated)	Planned		FY 2021 - FY 2015
		First medium-term group business plan (latter FY 2016 -)	Reference: next period plan	
		FY 2015	FY 2018	
Consolidated net income	53.5	46.6	64.1	10.6
Consolidated ROE		5.1%	6.2%	
Consolidated capital adequacy ratio		10.4%	10.5%	

[Total for both banks / Profit and Loss Statement and major indicators]

(JPY Bn)

	Actual performance	Planned		FY 2021 - FY 2015	
		First medium-term group business plan (latter FY 2016 -)	Reference: next period plan		
		FY 2015	FY 2018		FY 2021
PL Total for both banks (non-consolidated)	Gross business profit	195.8	193.6	214.2	18.4
	Core gross business profit	187.4	192.0	211.6	24.3
	Net interest income	158.0	152.0	166.0	8.0
	Net fees and commissions	30.4	36.5	41.8	11.4
	Other / net trading income	-1.1	3.6	3.9	4.9
	Gains (losses) on bonds	8.4	1.6	2.6	-5.9
	Expenses	115.2	119.0	118.9	3.7
	Net business income	80.6	74.6	95.3	14.7
	(Core net business income)	72.0	73.1	92.7	20.7
	Credit-related costs	4.6	7.7	8.6	4.0
	Gains (losses) on stocks and other securities	7.2	1.0	2.0	-5.2
	Other	-0.7	-1.8	-0.2	0.5
	Ordinary profit	82.5	66.2	88.5	6.0
	Non-consolidated net income	58.6	45.7	61.1	2.5
	Consolidated net income(1) *	61.2	50.1	66.8	5.6
Guideline	OHR	58.9%	61.5%	55.5%	-3.3%
	Ratio of fees and commissions, etc. to gross business profit	15.0%	20.7%	21.3%	6.3%

Consolidated adjustment with Mebuki FG (2)	-7.7	-3.6	-2.7
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[Combined non-consolidated BS of both banks at average balance]

(JPY Bn)

	Actual performance	Planned		FY 2021 - FY 2015
		First medium-term group business plan (latter FY 2016 -)	Reference: next period plan	
		FY 2015	FY 2018	
(After partial direct write-offs)				
Average balance of loans and bills discounted	9,981.3	11,113.9	12,486.7	2,505.4
(// local companies)	2,911.2	3,269.9	3,777.8	866.7
(// unsecured loans)	109.8	175.7	242.5	132.7
(// foreign currency and non-resident yen loans)	109.3	200.1	261.0	151.7
Yield	1.204%	1.061%	1.079%	-0.125%
Securities	3,712.3	3,709.1	3,703.2	-9.1
Yield	1.235%	1.271%	1.366%	0.131%
Total assets	15,011.7	15,925.4	16,986.7	1,975.0
Yield	1.126%	1.042%	1.095%	-0.031%
Deposits / NCD	13,281.3	14,058.2	15,049.6	1,768.3
Yield	0.036%	0.031%	0.042%	0.006%
Total debt / equity	15,011.7	15,925.4	16,986.7	1,975.0
Yield	0.074%	0.087%	0.118%	0.044%

* (1) Consolidated net income is noted as "Joyo Bank consolidated net income + Ashikaga Bank consolidated net income".

* (2) Major enumerated items: negative goodwill for FY 2016 (estimate as of March 31, 2016), and FG interest cost, amortization of PPA etc. for other fiscal years.

Joyo Bank Performance Targets (Reference)



Business objective indicators

- Revenue structure reform (increased ratio of fees and commissions) and lending structure reform (increased lending to local companies and unsecured loans) will be promoted in order to increase the top line.
- Efforts will also be promoted to firmly establish the achievements of the cost reduction project pursued in the previous midterm plan, and to further reform the cost structure.
- Subsidiary earnings will be expanded through mutual use of lease functions and securities functions by Joyo Bank and Ashikaga Bank.

	FY 2018	(Reference) FY 2021
Core net business profit	Approx. ¥40 bn	Approx. ¥49 bn
" comparison with FY 2015 (Net business profit)	Approx. + ¥4.5 bn (Approx. ¥41 bn)	Approx. + ¥13.4 bn (¥51 bn or more)
Net income	Approx. ¥24 bn	¥32 bn or more
OHR	Approx. 60%	Approx. 57%
Capital adequacy ratio	Approx. 11%	Approx. 11%

(Below, consolidation assumes existing consolidated subsidiaries)

Consolidated net income	Approx. ¥28 bn	¥37 bn or more
Consolidated ROE	Secure mid-5% level through FY 2021	
Consolidated capital adequacy ratio	Mid-11% level	12% or more

PL / major indicators

(JPY Bn)

	Actual performance	Planned		FY 2021 - FY 2015
		13th medium-term business plan (latter FY 2016 -)	Reference: next period plan	
		FY 2015	FY 2018	
Gross business profit	111.5	110.0	119.8	8.3
Core gross business profit	103.9	109.0	117.8	13.9
Net interest income	89.9	86.2	91.6	1.8
Loan-deposit difference (including foreign currency)	63.9	65.6	72.2	8.3
Securities, etc.	26.0	20.7	19.4	-6.5
Net fees and commissions	15.5	19.8	22.9	7.4
Other / net trading income	-1.5	2.9	3.2	4.7
Gains (losses) on bonds	7.6	1.0	2.0	-5.6
Expenses (-)	68.2	68.9	68.7	0.5
Net business income	43.3	41.1	51.0	7.8
(Core net business income)	35.6	40.1	49.0	13.4
Credit-related costs (-)	4.8	5.4	5.9	1.1
Gains (losses) on stocks and other securities	4.7	1.0	2.0	-2.7
Other	-0.5	-1.9	-0.3	0.2
Ordinary profit	42.7	34.8	46.8	4.1
Non-consolidated net income	27.8	24.0	32.2	4.4
Consolidated net income	31.0	27.8	37.1	6.0

Combined non-consolidated BS at average balance (JPY Bn)

	Actual performance	Planned		FY 2021 - FY 2015
		13th medium-term business plan (latter FY 2016 -)	Reference: next period plan	
		FY 2015	FY 2018	
Average balance of loans and bills discounted	5,808.3	6,583.9	7,295.7	1,487.4
(" local companies)	1,475.6	1,650.9	1,918.3	442.8
(" unsecured loans)	69.4	98.1	127.1	57.7
(" foreign currency and non-resident yen loans)	100.0	180.0	228.0	128.0
Yield	1.144%	1.032%	1.046%	-0.098%
Securities	2,564.2	2,347.3	2,174.5	-389.7
Yield	1.128%	1.124%	1.163%	0.035%
Total assets	8,970.7	9,540.7	10,030.8	1,060.1
Yield	1.087%	0.995%	1.019%	-0.068%
Deposits / NCD	7,877.7	8,420.0	9,065.0	1,187.3
Yield	0.032%	0.028%	0.046%	0.014%
Total debt / equity	8,970.7	9,540.7	10,030.8	1,060.1
Yield	0.085%	0.091%	0.106%	0.020%

Business objective indicators

- Assist clients' core business and improve their management based on viability assessment, strengthen efforts in growth fields, and provide advanced consulting and achieve synergies to increase the top line.
- Expand the securities investment portfolio through appropriate risk-taking in order to build stable and sustainable earning capabilities.
- Meet client needs through the use of lease functions and securities functions.

	FY 2018	(Reference) FY 2021
Core net business profit	Approx. ¥33 bn	Approx. ¥43.5 bn
" comparison with FY 2015	Approx. - ¥3.5 bn	Approx. + ¥7 bn
(Net business profit)	(Approx. ¥33.5 bn)	(Approx. ¥44 bn)
Net income	Approx. ¥22 bn	Approx. ¥29 bn
OHR	Approx. 60%	Approx. 55%
Capital adequacy ratio	8% or more	Mid-8% level

(Below, consolidation assumes existing consolidated subsidiaries)

Consolidated net income	Approx. ¥22.5 bn	¥29.5 bn or more
Consolidated ROE	Mid-6% level	Mid-7% level
Consolidated capital adequacy ratio	Mid-8% level	Approx. 9%

PL / major indicators

(JPY Bn)

	Actual performance	Planned		FY 2021 - FY 2015
		"Ashigin Way"	Reference: next period plan	
		FY 2018	FY 2021	
Gross business profit	84.3	83.6	94.4	10.1
Core gross business profit	83.5	83.0	93.9	10.4
Net interest income	68.1	65.8	74.4	6.3
Loan-deposit difference (including foreign currency)	51.4	47.9	56.1	4.7
Securities, etc.	16.7	17.8	18.3	1.6
Net fees and commissions	14.9	16.6	18.9	4.0
Other / net trading income	0.4	0.6	0.6	0.2
Gains (losses) on bonds	0.8	0.6	0.6	-0.2
Expenses (-)	47.0	50.1	50.2	3.2
Net business income	37.3	33.5	44.3	7.0
(Core net business income)	36.4	32.9	43.7	7.3
Credit-related costs (-)	-0.2	2.3	2.7	2.9
Gains (losses) on stocks and other securities	2.5	0.0	0.0	-2.5
Other	-0.2	0.1	0.1	0.3
Ordinary profit	39.8	31.4	41.7	1.9
Non-consolidated net income	30.8	21.7	28.9	-1.9
Consolidated net income	30.1	22.3	29.7	-0.4

Combined non-consolidated BS at average balance (JPY Bn)

	Actual performance	Planned		FY 2021 - FY 2015
		"Ashigin Way"	Reference: next period plan	
		FY 2018	FY 2021	
Average balance of loans and bills discounted	4,173.0	4,530.1	5,191.0	1,018.0
(" local companies)	1,435.6	1,619.1	1,859.5	423.9
(" unsecured loans)	40.4	77.6	115.5	75.1
(" foreign currency and non-resident yen loans)	9.3	20.1	33.0	23.7
Yield	1.287%	1.103%	1.124%	-0.163%
Securities	1,148.1	1,361.7	1,528.7	380.6
Yield	1.474%	1.526%	1.655%	0.181%
Total assets	6,041.0	6,384.7	6,955.9	914.9
Yield	1.185%	1.111%	1.206%	0.021%
Deposits / NCD	5,403.6	5,638.2	5,984.6	581.0
Yield	0.042%	0.036%	0.037%	-0.005%
Total debt / equity	6,041.0	6,384.7	6,955.9	914.9
Yield	0.057%	0.081%	0.136%	0.079%

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