

Mebuki Financial Group, Inc.

Financial Results for the Third Quarter of FY2018 (IR Presentation Material)



Contents

| | | | |
|--|-------|---|-------|
| <u>Highlights</u> | 2 | <u>2. Forecast for FY18 etc.</u> | |
| <u>1. Financial Results for 3Q18</u> | | Forecast for FY18 | 19 |
| Main Points of 3Q18 Financial Results | 3 | Capital Adequacy Ratio / Shareholder Return | 20 |
| Change of Core Net Business Income | 4 | Integration Synergy | 21 |
| Core Gross Business Profit | 5 | <u>3. Sales Measures etc.</u> | |
| Expenses / OHR | 6 | Measures for Corporate Customers | 22-26 |
| Average yield on Loan, Deposits and Securities | 7 | Measures for Individual Customers | 27-30 |
| Loans | 8-11 | Apartment Loans | 31-32 |
| Deposits | 12 | System Integration / Cost Reduction | 33 |
| Customer Assets under Custody | 13 | Operational Efficiency Improvement | 34 |
| Fees from Corporate Customers | 14 | Making full use of Digital Technology | 35 |
| Securities | 15-16 | Branch Operation Efficiency | 36 |
| Credit Related Costs / Non-performing Loans | 17 | Branch Network (Domestic) | 37 |
| Group Companies | 18 | ESG Initiatives | 38 |

Highlights

Results for 3Q18

*1 Attributable to owners of the parent

Consolidated net income^{*1} of Mebuki FG is ¥37.8bn, representing a 84.1% progress toward the full-year forecast.

Core net business income on a simple-sum basis of the two banking subsidiaries is ¥63.8 bn representing a 93.1% progress toward the full-year forecast.

Synergy effect arising from the business integration for 3Q18 was ¥5.9 bn, representing a 112.2% progress toward the full-year forecast for FY18 of ¥5.3 bn.

Forecast for FY18

Though the results for 3Q18 surpassed their initial forecast, due to uncertain market trends, the forecast for FY2018 remains unchanged from that announced on May 11, 2018.

| | |
|---------------------------------------|-------------------------|
| Consolidated Ordinary Profit | ¥65.0 bn (+¥1.4 bn YoY) |
| Consolidated Net Income ^{*2} | ¥45.0 bn (+¥1.9 bn YoY) |

*2 Attributable to owners of the parent

Shareholder Returns for FY18

For FY18, in line with an earnings distribution policy^{*3}, annual dividend forecast is ¥11.00 per share, made up of an interim dividend and year-end dividend of ¥5.50 each, being unchanged from the previous fiscal year.

*3 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 our shareholders.

| |
|--|
| Total payout ratio 33.3% ^{*4} (scheduled) |
|--|

*4 Total payout includes not only ¥11.0 of annual dividend but also ¥2.08 bn (5mil shares) of treasury stocks repurchased in May, 2018.

Main Points of 3Q18 Financial Results

Mebuki FG (Consolidated)

(¥bn) Joyo and Ashikaga (Non-consolidated)

(¥bn)

| | 3Q18 | YoY Chg | vs Forecast |
|---|----------|---------|-------------|
| Ordinary profit | 54.4 | -2.7 | 83.7% |
| Net income attributable to owners of the parent | (1) 37.8 | -1.0 | 84.1% |

| Consolidation adjustment | |
|--|-----------------|
| | (2)-(1) -16.5bn |
| Dividends receivable from affiliated companies (-12.0bn) | |
| Adjustments related to securities (-3.9bn) | |
| Interest expenses of subordinated loans, expenses, etc. | |

Two banking subsidiaries and group companies

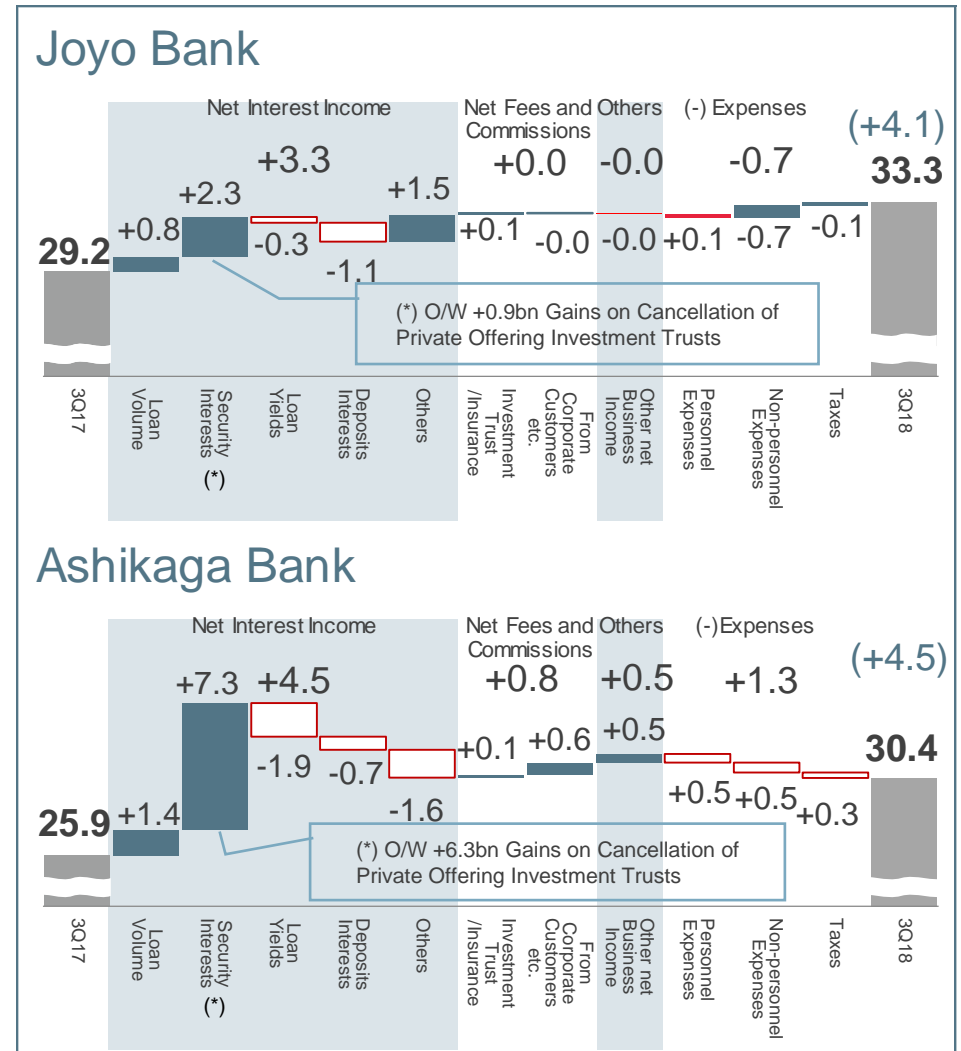
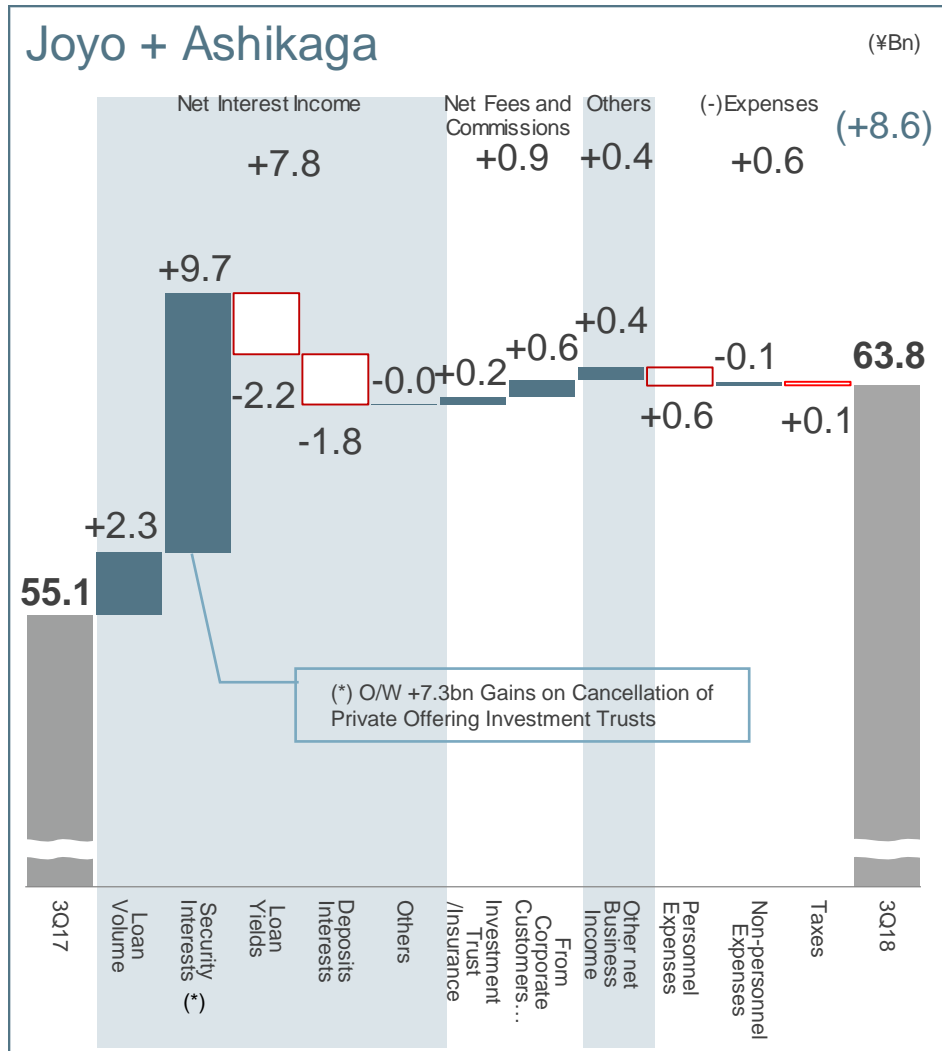
| | 3Q18 | YoY Chg | vs Forecast |
|------------|----------|---------|-------------|
| Net income | (2) 54.4 | +8.6 | 87.8% |

| | |
|---|--------|
| Net Income of group companies other than banking subsidiaries | ¥3.0bn |
|---|--------|

| | 3Q18 | | | | | | vs Forecast | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| | J+A | | Joyo | | Ashikaga | | J+A | Joyo | Ashikaga |
| | Result | YoY Chg | Result | YoY Chg | Result | YoY Chg | | | |
| Gross business profit | 138.2 | -2.5 | 74.9 | -4.8 | 63.3 | +2.3 | 76.6% | 74.5% | 79.1% |
| (Net Gross business profit) | 149.3 | +9.3 | 82.5 | +3.3 | 66.7 | +5.9 | 81.3% | 79.7% | 83.4% |
| Net interest income | 123.0 | +7.8 | 68.5 | +3.3 | 54.5 | +4.5 | 82.3% | 81.0% | 83.9% |
| Net fees and commissions | 24.1 | +0.9 | 13.1 | +0.0 | 10.9 | +0.8 | 76.5% | 75.3% | 78.0% |
| Net other business income and Net trading income | -8.8 | -11.3 | -6.7 | -8.3 | -2.1 | -3.0 | - | - | - |
| (o/w gains/losses on bond transactions) | -11.0 | -11.8 | -7.6 | -8.2 | -3.4 | -3.5 | - | - | - |
| Expenses | 85.5 | +0.6 | 49.2 | -0.7 | 36.3 | +1.3 | 74.3% | 74.5% | 74.1% |
| o/w Personnel expenses | 45.5 | +0.6 | 25.5 | +0.1 | 20.0 | +0.5 | 75.7% | 75.9% | 75.4% |
| o/w Non-personnel expenses | 34.1 | -0.1 | 20.6 | -0.7 | 13.4 | +0.5 | 71.8% | 72.9% | 70.2% |
| Net business income (before general allowance for loan losses) | 52.7 | -3.2 | 25.7 | -4.1 | 27.0 | +0.9 | 80.5% | 74.6% | 87.1% |
| Core net business income | 63.8 | +8.6 | 33.3 | +4.1 | 30.4 | +4.5 | 93.1% | 88.9% | 98.2% |
| Net transfer to general allowance for loan losses (a) | - | +1.8 | - | +0.7 | -3.2 | -2.1 | - | - | - |
| Net business income | 52.7 | -5.1 | 25.7 | -4.9 | 30.2 | +3.0 | 79.3% | 72.5% | 97.5% |
| Net non-recurrent gains/losses | 3.7 | -0.3 | 9.7 | +6.1 | -9.2 | -9.8 | - | - | - |
| o/w Disposal of non-performing loans (b) | 5.7 | +0.1 | 2.2 | -1.3 | 6.7 | +4.7 | - | - | - |
| o/w Gains/losses related to stocks, etc | 10.1 | -1.3 | 12.7 | +3.6 | -2.5 | -5.0 | - | - | - |
| Ordinary profit | 56.4 | -5.4 | 35.4 | +1.2 | 20.9 | -6.7 | 85.5% | 92.1% | 76.2% |
| Extraordinary income/losses | 11.6 | +12.7 | -0.1 | +0.6 | 11.7 | +12.1 | - | - | - |
| Income taxes | 16.7 | -1.4 | 10.3 | +0.5 | 6.3 | -1.9 | - | - | - |
| Net income | 51.3 | +8.7 | 24.9 | +1.3 | 26.3 | +7.3 | 89.3% | 94.2% | 85.1% |
| Credit related costs (a)+(b) | 5.7 | +2.0 | 2.2 | -0.6 | 3.4 | +2.6 | 114.5% | 75.4% | 173.2% |

Change of Core Net Business Income

Core net business income on a simple-sum basis of the two banking subsidiaries increased by ¥8.6bn YoY to ¥63.8bn, mainly due to increases in net interest income and net fees and commissions



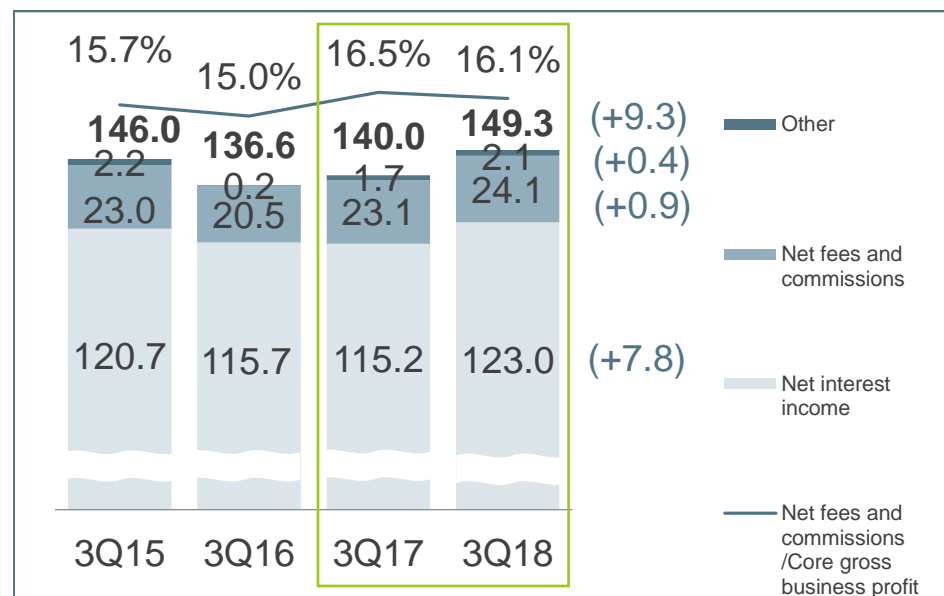
Core Gross Business Profit

(Gross Business Profit excl. Gains/Losses on Bond Transactions)

Core gross business profit increased ¥9.3 bn YoY

Interest and dividends on securities and commissions from corporate customers and customer assets under custody increased

Core Gross Business Profit (Joyo+Ashikaga) (¥bn)



Reference | Gains on Cancellation of Private Offering Investment Trusts among Interests and Dividends on Securities (¥bn)

| | FY16 | FY17 | 3Q17 | 3Q18 | YoY Chg |
|----------|------|------|------|------|---------|
| Joyo | 1.7 | 1.0 | 0.7 | 1.6 | +0.9 |
| Ashikaga | 3.6 | 4.4 | 2.2 | 8.6 | +6.3 |
| J + A | 5.4 | 5.4 | 2.8 | 10.3 | +7.3 |

*Figures in parentheses are changes on a year on year basis

Change of Interest Income (¥bn)

Joyo

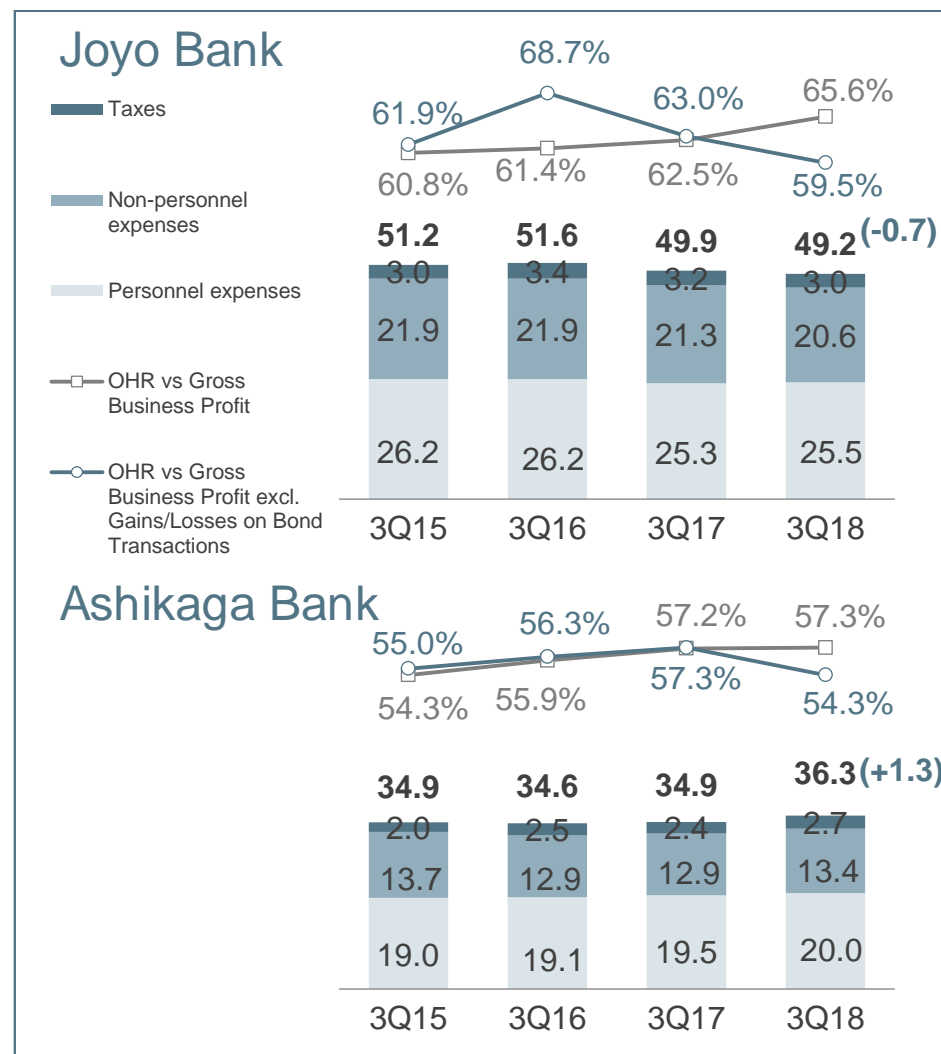
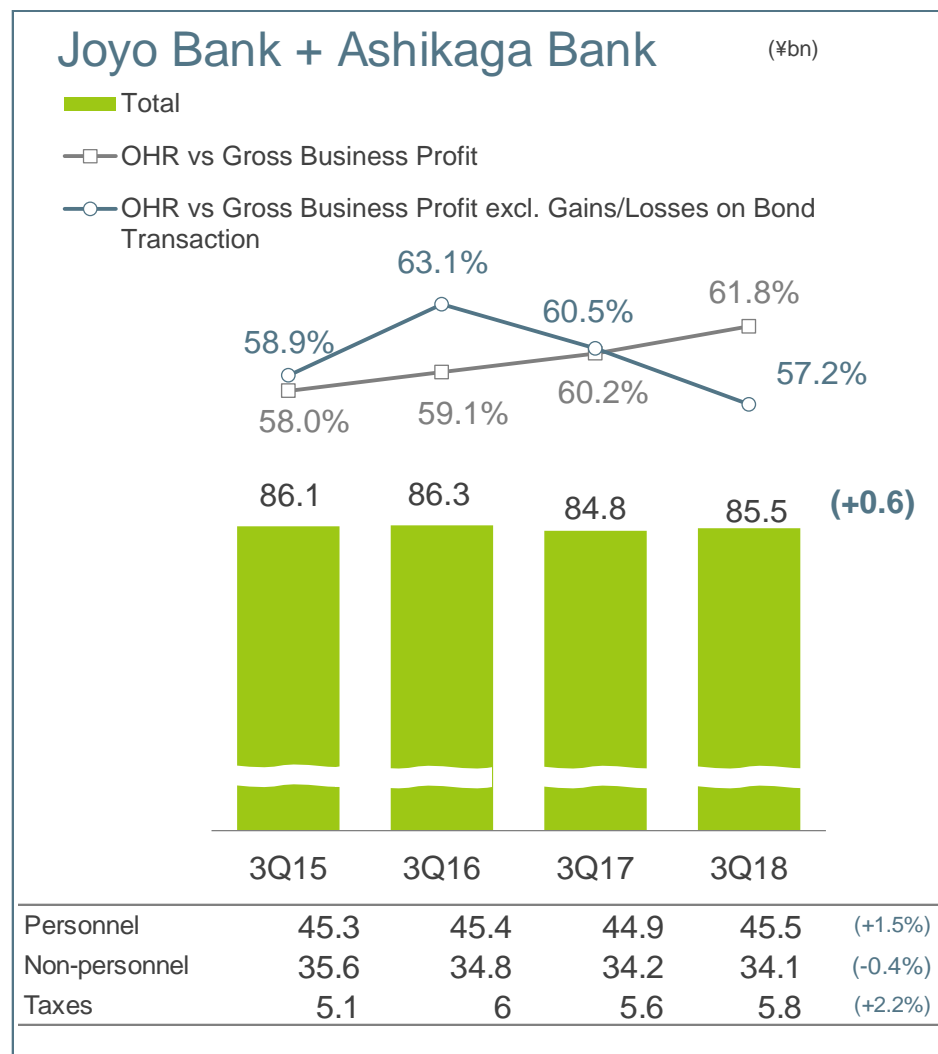
| | Factor | YoY Chg | Domestic (Chg. in Nil) | | Overseas (Chg. in Nil) | |
|--|--------|---------|------------------------|-------------|------------------------|------------|
| | | | Chg. in Factors | | Chg. in Factors | |
| Interest on loans and bills discounted | Avg | +0.8 | +0.6 | (+¥85.5bn) | +0.2 | (+¥11.5bn) |
| | Yield | -0.3 | -1.2 | (-2.8bp) | +0.9 | (+94.2bp) |
| Interest on deposits (-) | | +1.1 | -0.0 | — | +1.2 | — |
| Interest and dividend on securities | Avg | +1.5 | +1.6 | (+¥214.3bn) | -0.1 | (-¥6.5bn) |
| | Yield | +0.7 | +0.7 | (+4.6bp) | -0.0 | (-0.1bp) |
| Market investments and borrowings (-) | | -1.5 | -0.4 | — | -1.1 | — |
| Total | | +3.3 | +2.3 | | +0.9 | |

Ashikaga

| | Factor | YoY Chg. | Domestic (Chg. in Nil) | | Overseas (Chg. in Nil) | |
|--|--------|----------|------------------------|-------------|------------------------|------------|
| | | | Chg. in Factors | | Chg. in Factors | |
| Interest on loans and bills discounted | Avg | +1.4 | +1.4 | (+¥173.3bn) | +0.0 | (+¥4.5bn) |
| | Yield | -1.9 | -2.0 | (-6.3bp) | +0.1 | (+82.6bp) |
| Interest on deposits (-) | | +0.7 | -0.1 | — | +0.8 | — |
| Interest and dividend on securities | Avg | -0.4 | -1.2 | (-¥75.4bn) | +0.7 | (+¥36.1bn) |
| | Yield | +7.8 | +7.0 | (+81.6bp) | +0.7 | (+43.2bp) |
| Market investments and borrowings (-) | | +1.6 | -0.0 | — | +1.6 | — |
| Total | | +4.5 | +5.3 | | -0.7 | |

Expenses / OHR

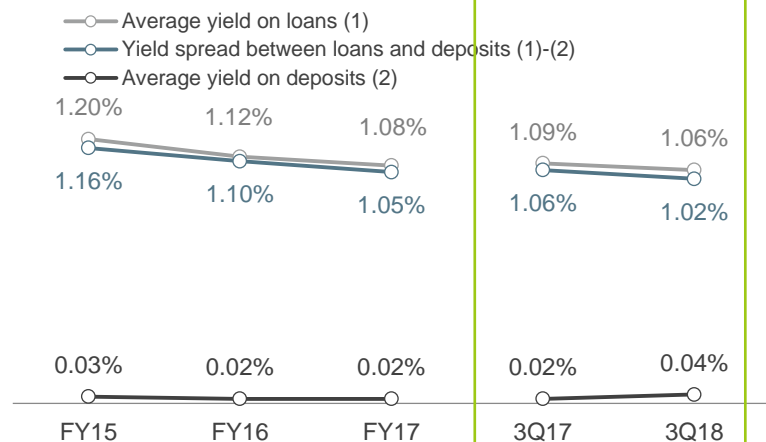
Expenses increased ¥0.6bn YoY, mainly due to an increase in personnel expenses. OHR has been improved on a Core Gross Business Profit basis. *Simple-sum basis of the two banking subsidiaries



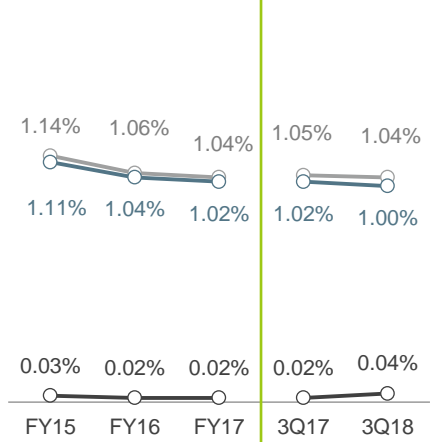
Average Yield on Loans, Deposits and Securities

Average Yield on Loans and Deposits

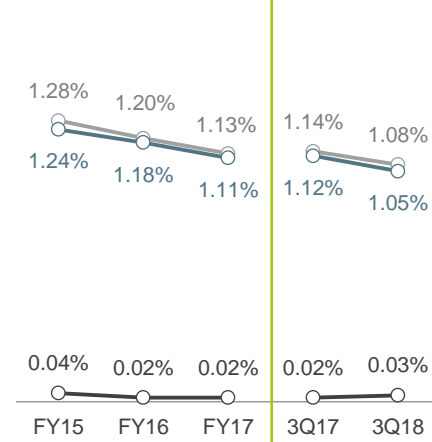
Joyo + Ashikaga



Joyo Bank

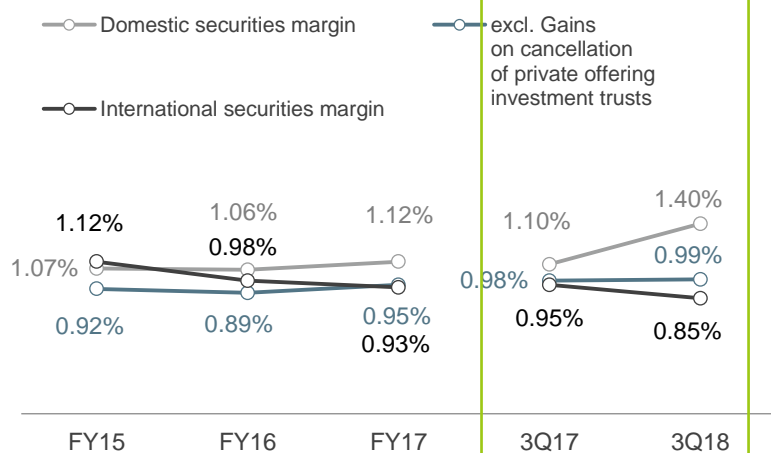


Ashikaga Bank

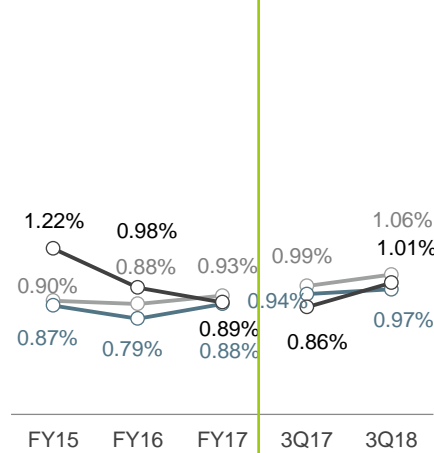


Securities Margin* (Domestic and International)

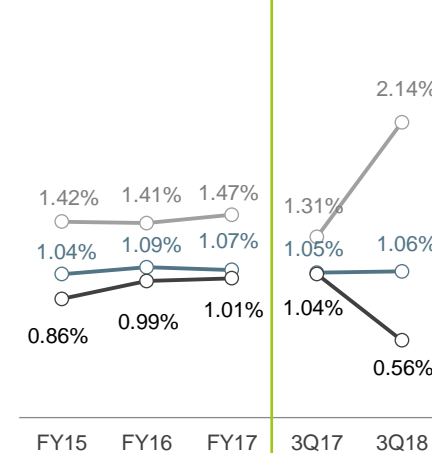
Joyo + Ashikaga



Joyo Bank



Ashikaga Bank



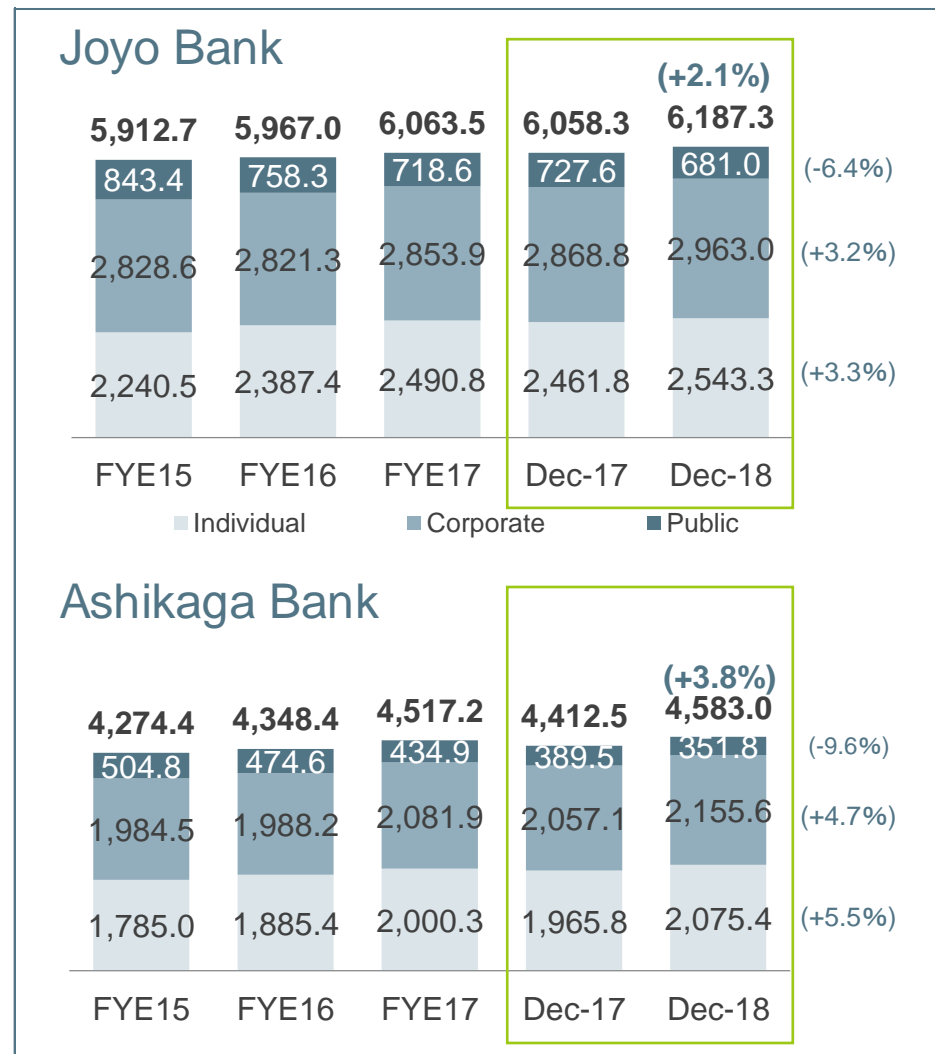
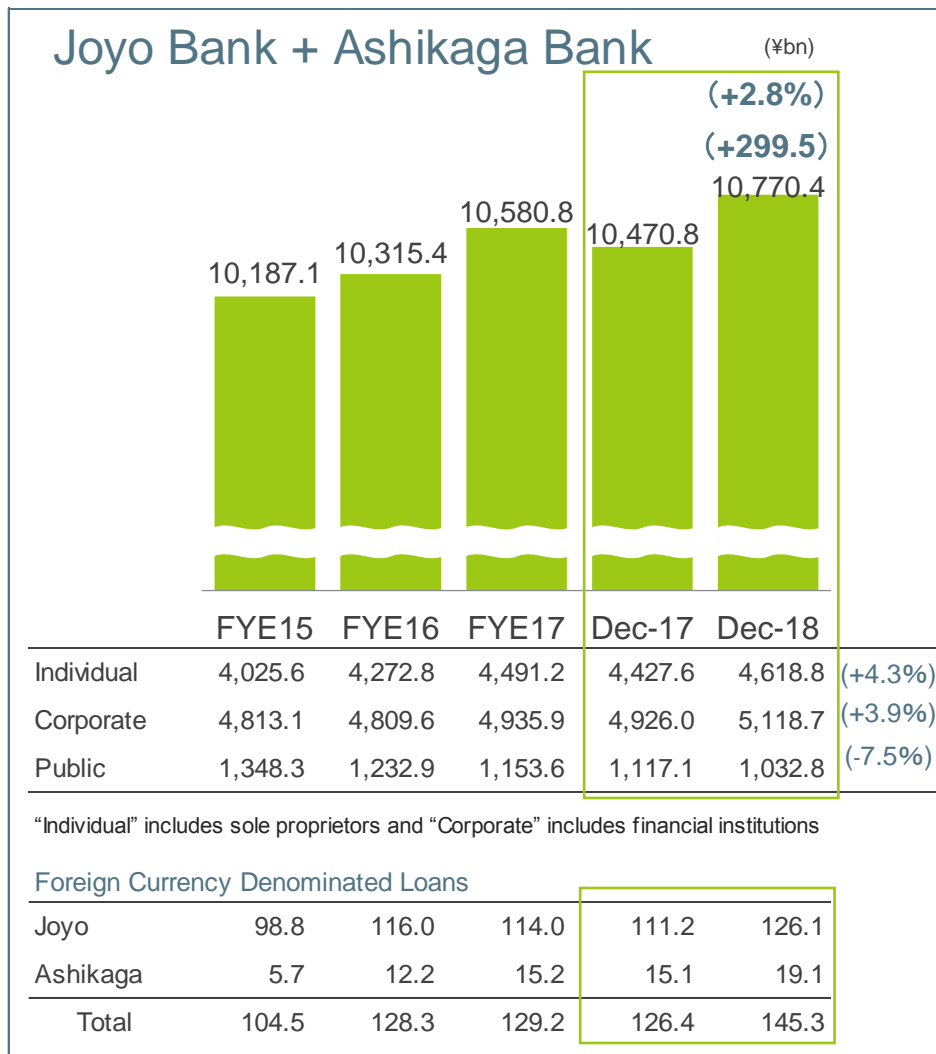
*Securities Margin=(Securities income-Securities funding costs)/Avg. securities

Loans (1) Term-end Balance

*Figures in parentheses are changes on a year on year basis

Loans to individual customers increased by ¥191.1 bn (+4.3%) and housing related loans increased by ¥200.1 bn (+4.8%) YoY

Loans to corporate customers increased by ¥192.6 bn (+3.9%) and loans to local corporate customers increased ¥84.7bn (+2.7%) YoY



Loans (2) Individual Housing Related / Unsecured

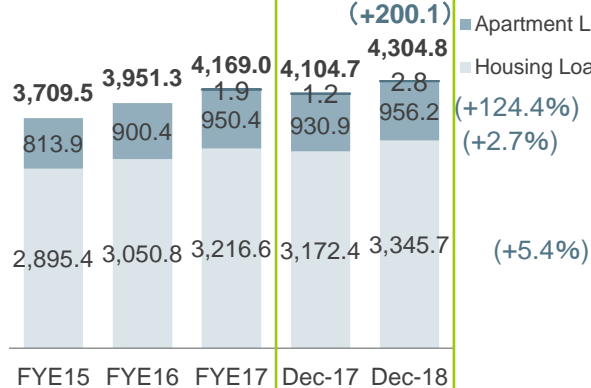
*Figures in parentheses are changes on a year on year basis

Housing Related Loans Term-end Balance

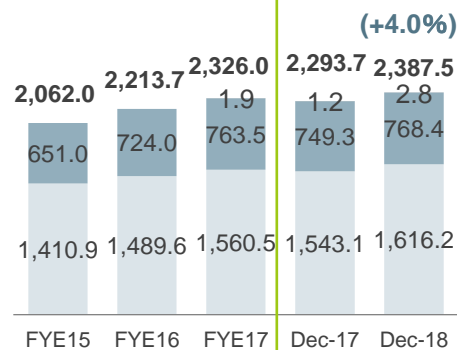
(¥bn)

Joyo + Ashikaga (+4.8%)

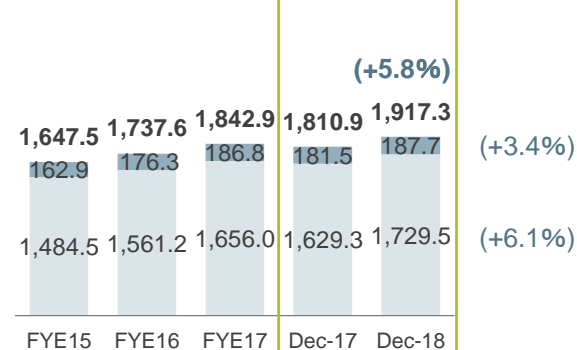
(+200.1)



Joyo



Ashikaga



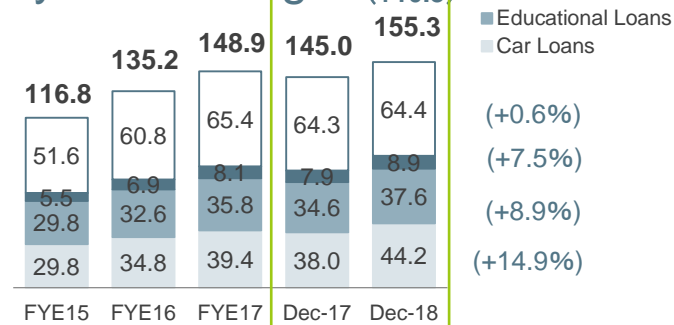
(*) Asset Building Loans : A product intended for individuals (w age earners/ self-employed) w ith a certain amount of income, and designed to meet asset building needs from rent acquired mainly for condominiums in the Tokyo metropolitan area (offered by Joyo only)

Unsecured Loans Term-end Balance

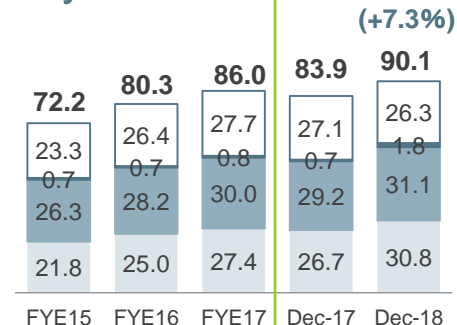
(¥bn)

Joyo + Ashikaga (+7.1%)

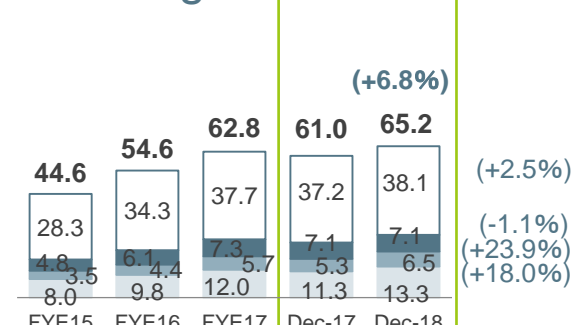
(+10.3)



Joyo



Ashikaga



* Credit cards are not included in "Card Loans"

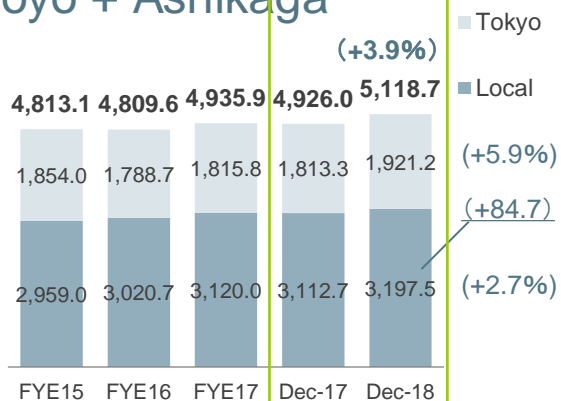
Loans (3) Corporate by Area / Company Size

*Figures in parentheses are changes on a year on year basis

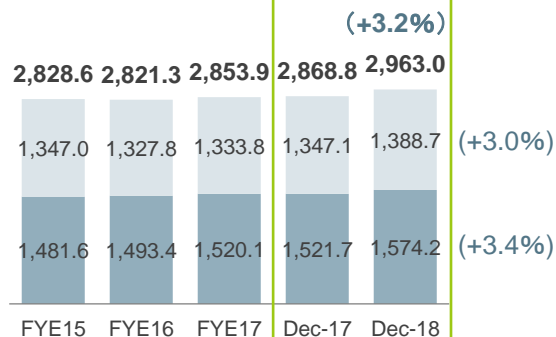
Term-end Balance by Area

(¥bn)

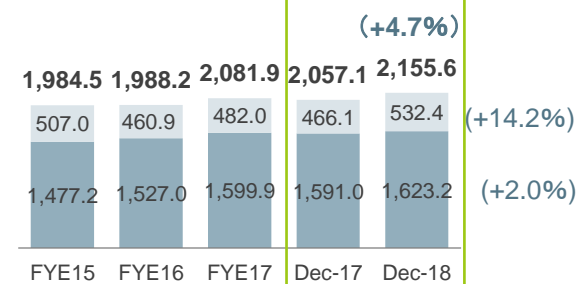
Joyo + Ashikaga



Joyo



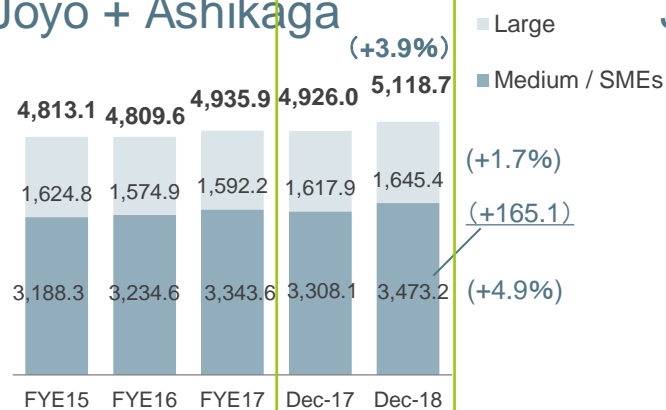
Ashikaga



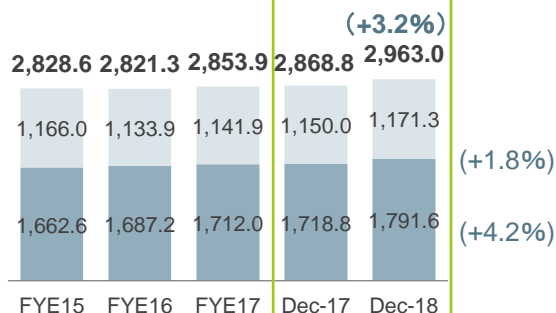
Term-end Balance by Company Size

(¥bn)

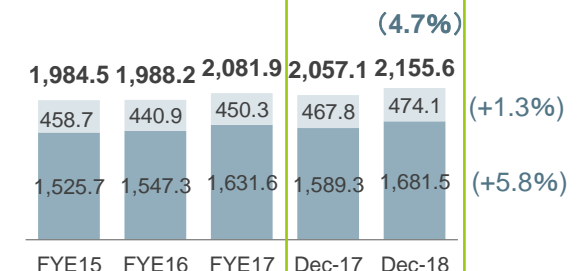
Joyo + Ashikaga



Joyo



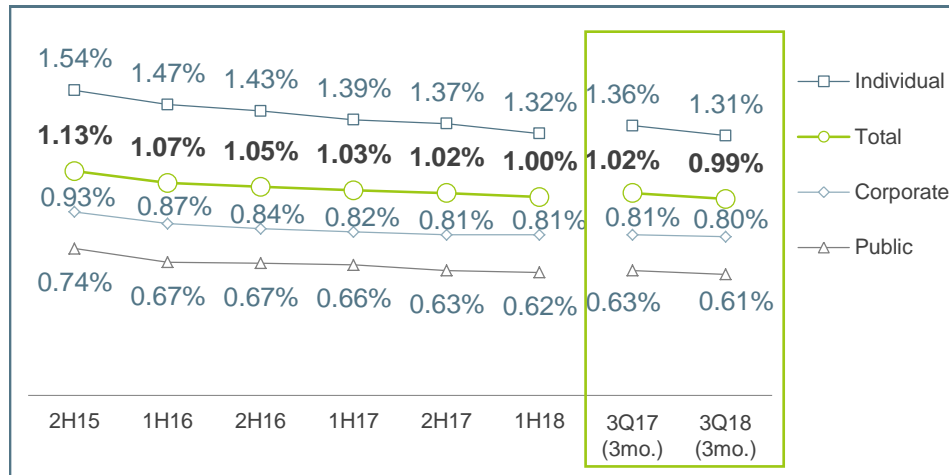
Ashikaga



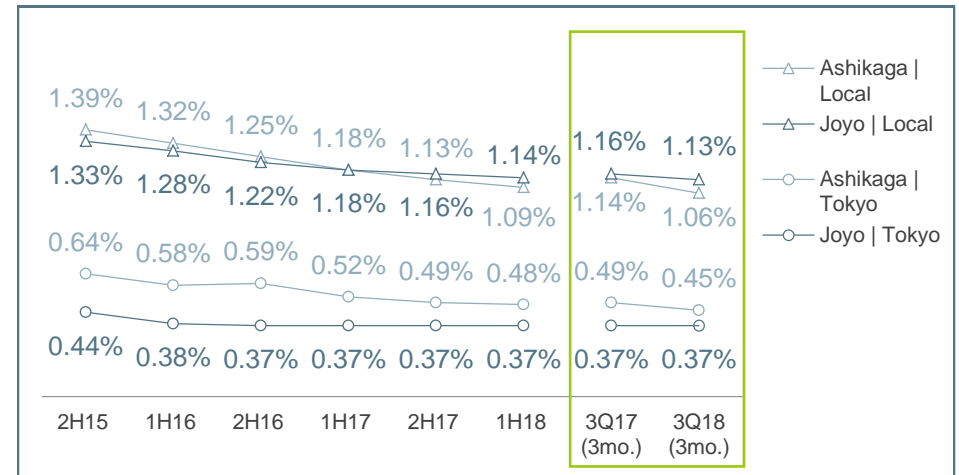
Loans (4) Average Yield

*Average yields by borrower type are calculated based on management accounting

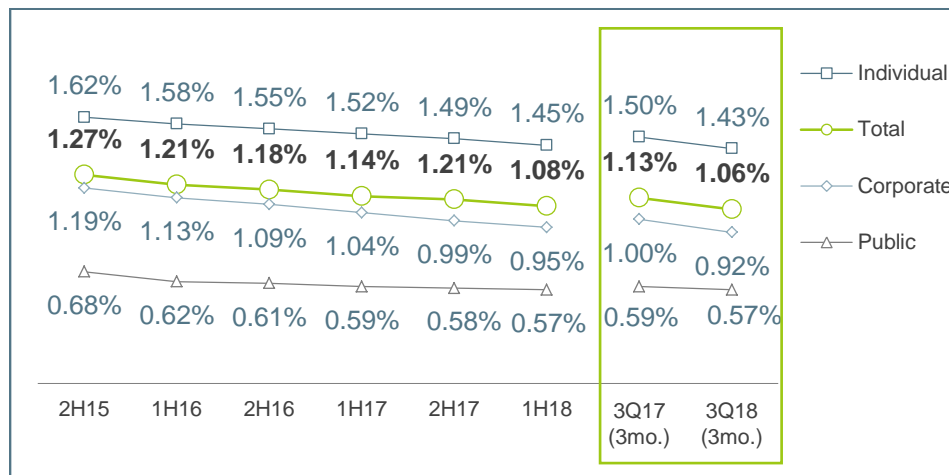
By Borrower Type (Domestic) Jojo



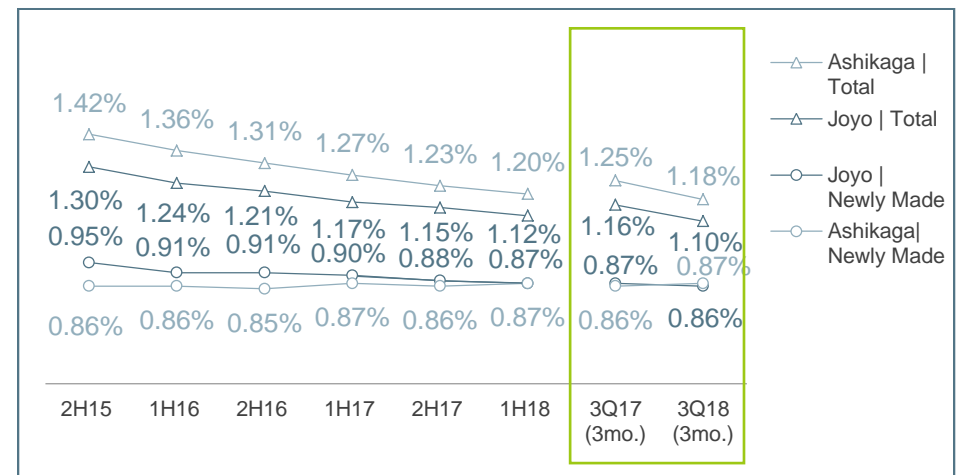
Corporate Loans (by Area)



By Borrower Type (Domestic) Ashikaga



Housing Loans



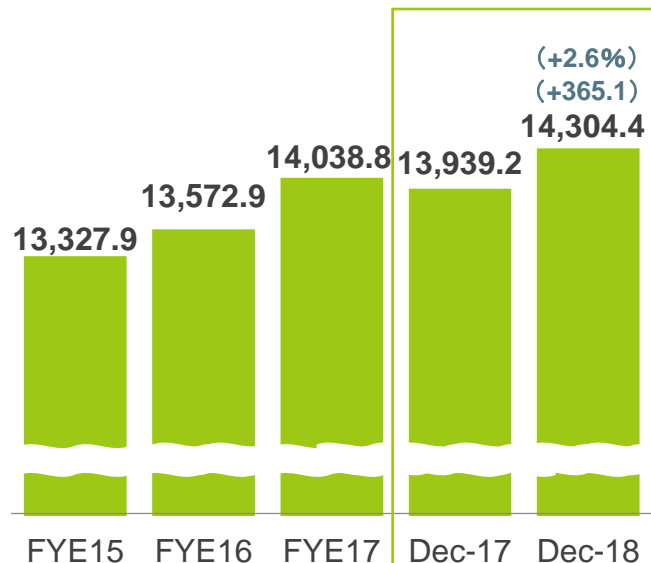
Deposits Term-end Balance

*Figures in parentheses are changes on a year on year basis

Deposits of individual and corporate customers have been on the rise
(Individual customers : +2.6%, Corporate customers : +2.9%)

Joyo Bank + Ashikaga Bank

(¥bn)



| | FYE15 | FYE16 | FYE17 | Dec-17 | Dec-18 | Change |
|------------|---------|---------|----------|----------|----------|---------|
| Individual | 9,502.6 | 9,762.1 | 10,103.6 | 10,187.4 | 10,455.3 | (+2.6%) |
| Corporate | 3,020.8 | 3,062.8 | 3,158.8 | 3,177.6 | 3,270.3 | (+2.9%) |
| Public | 804.4 | 748.0 | 776.3 | 574.2 | 578.7 | (+0.7%) |

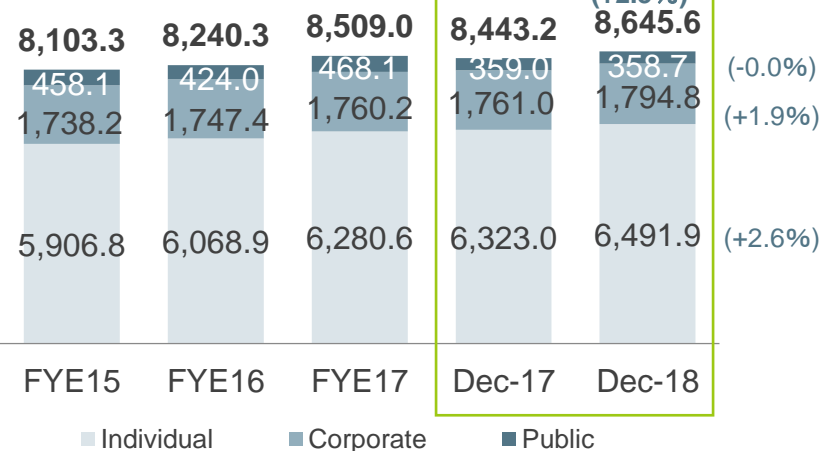
*1 "Corporate" includes financial institutions.

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

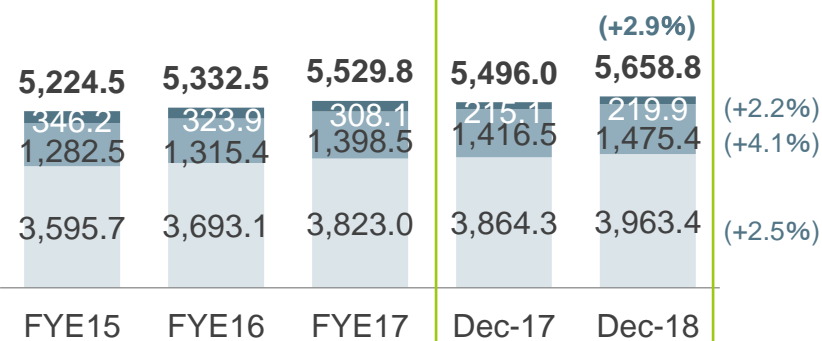
Foreign Currency Deposits

| | FYE15 | FYE16 | FYE17 | Dec-17 | Dec-18 |
|----------|-------|-------|-------|--------|--------|
| Joyo | 111.4 | 140.7 | 199.1 | 209.5 | 224.2 |
| Ashikaga | 16.3 | 24.8 | 76.0 | 62.5 | 84.2 |
| Total | 127.7 | 165.6 | 275.2 | 272.1 | 308.4 |

Joyo Bank



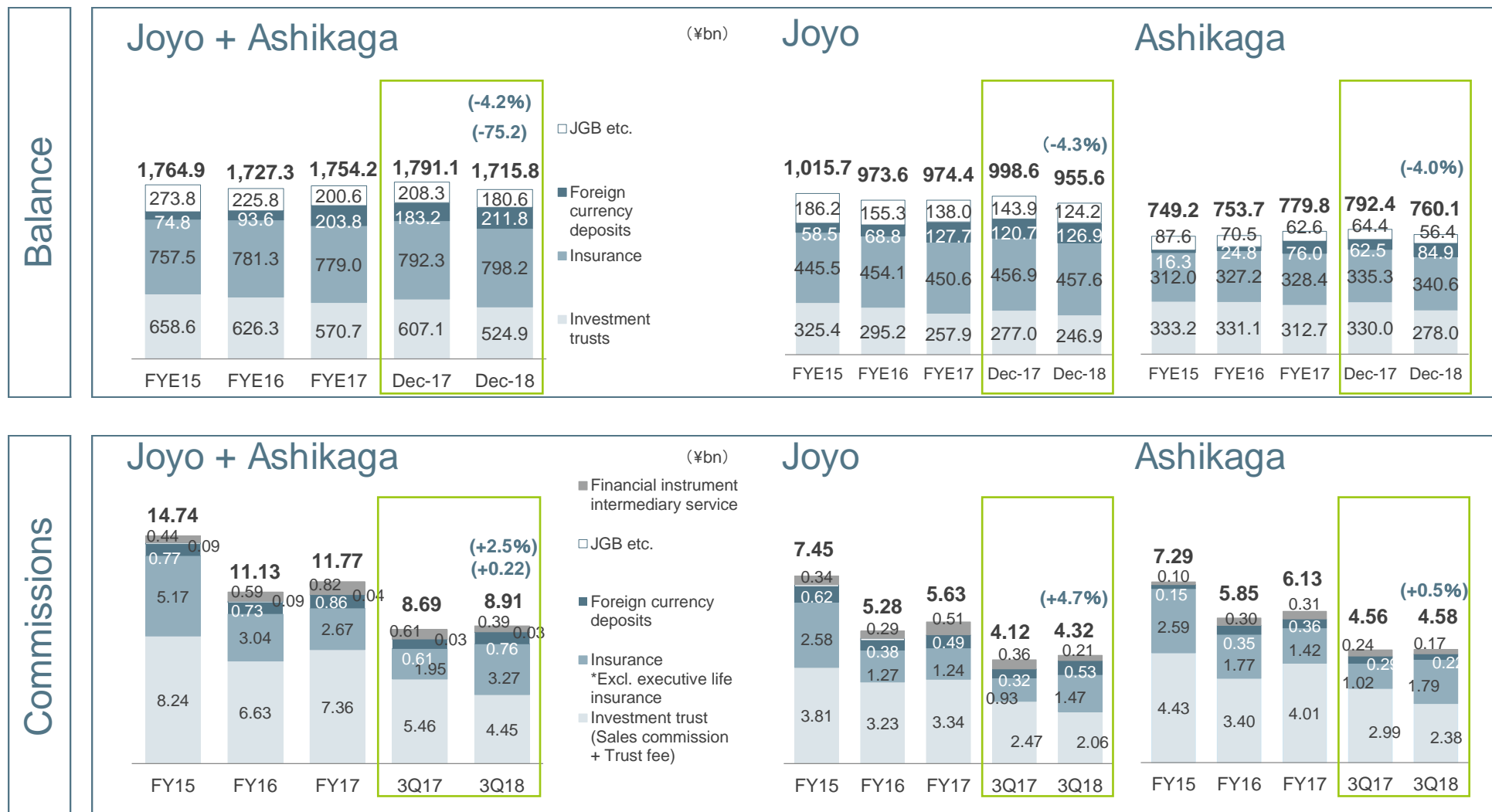
Ashikaga Bank



Customer Assets under Custody

*Figures in parentheses are changes on a year on year basis

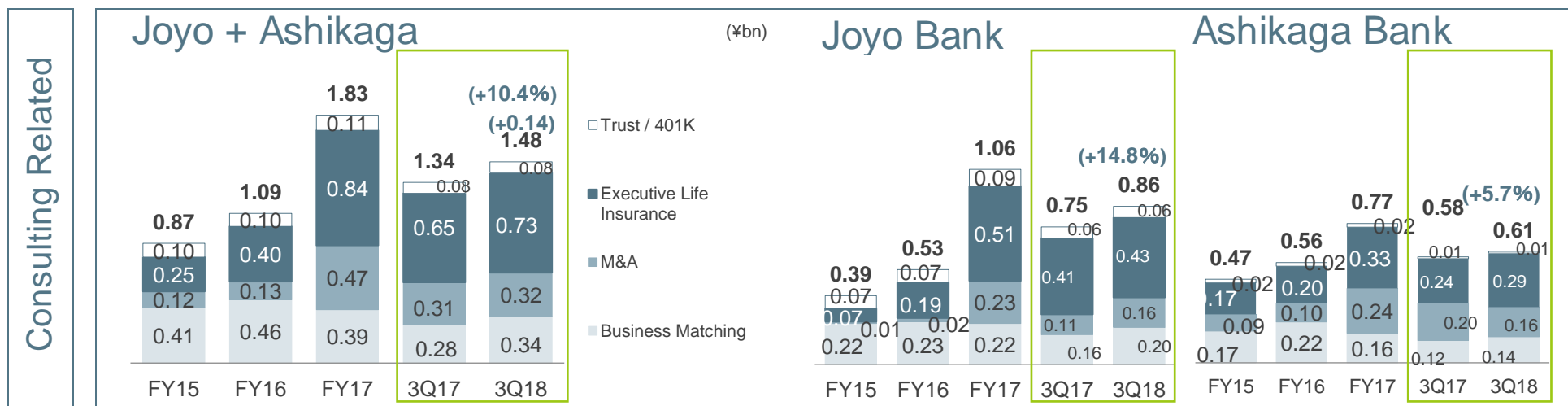
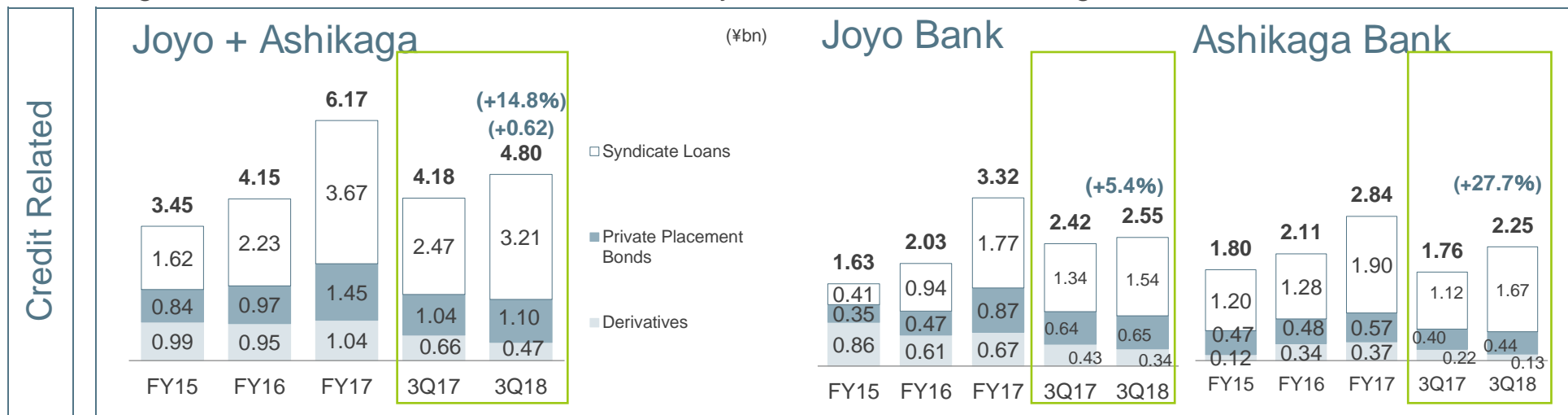
The amount decreased by 4.2% YoY mainly due to a decrease in investment trusts
 Commissions increased 2.5% YoY mainly due to sales of insurance



Fees from Corporate Customers

Credit related fees from corporate customers rose 14.8% YoY due to Private Placement Bonds and Syndicate Loans

Consulting related fees increased 10.4% YoY, mainly due to Business Matching

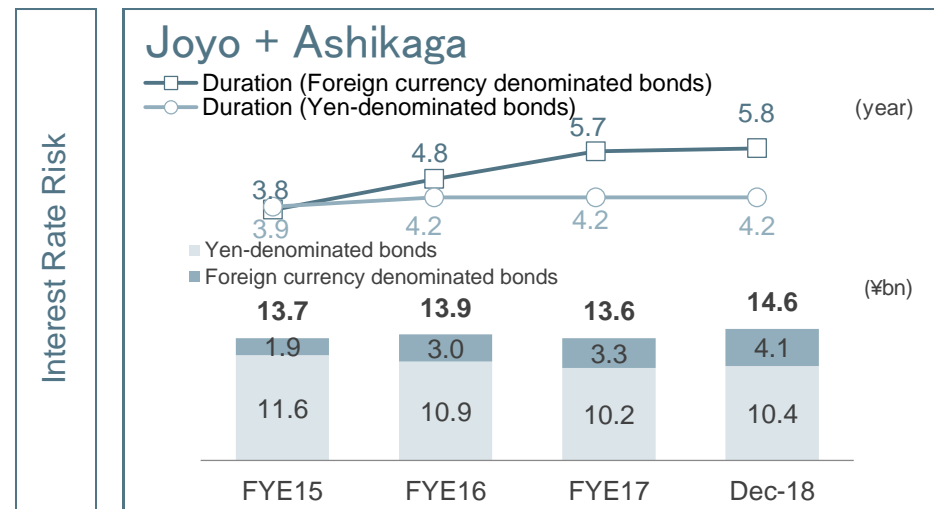
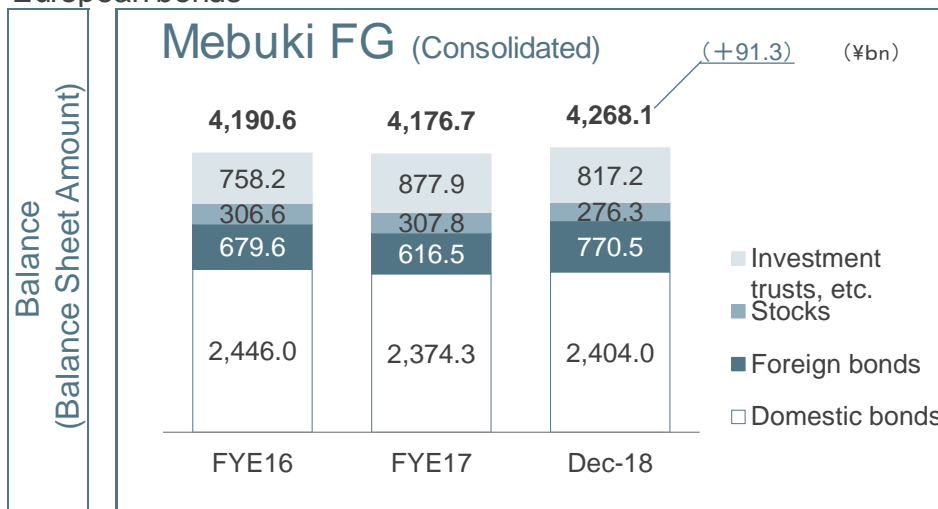


Securities (1)

*Figures in parentheses are changes on a year on year basis

While government bond balances declined due to redemption, domestic bond balances have been maintained through purchasing of municipal bonds

Regarding foreign bonds, reduced US Treasury bonds based on the outlook of US policy interest rates, and increased the balance of mainly European bonds



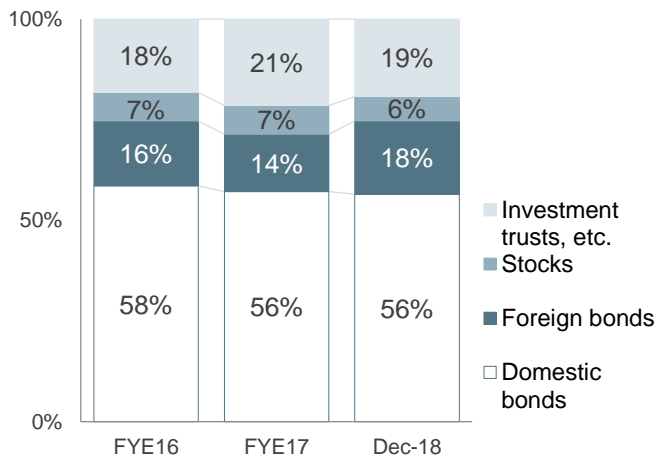
Foreign Bonds / Investment Trusts

| | | (¥bn) | | | |
|-------------------------------|--|-------|-------|-----------|---|
| Book value as of Dec. 31 2018 | | J + A | Joyo | Ashi-kaga | Details |
| Foreign Bonds | | 778.2 | 472.2 | 306.0 | - |
| | o/w Gov. Bond, Gov. Guaranteed Bonds, etc. | 347.1 | 254.3 | 92.8 | Reduced U.S treasury bonds, increased European bonds |
| | o/w Corporate Bond | 325.1 | 112.0 | 213.1 | Bonds rated A or above account for more than 90% of total |
| | o/w Ginnie Mae | 18.2 | 18.2 | - | RMBS issued by U.S governmental public corporations |
| | Others | 87.6 | 87.6 | - | Floating bonds centering on CLO (only highest tranches) |
| Investment Trusts etc. | | 811.8 | 449.1 | 362.7 | - |
| | o/w Equity-related | 238.9 | 184.5 | 54.4 | Control risks using bear funds |
| | o/w REIT | 71.1 | 52.2 | 18.8 | Invest in diversified REIT considering yield and liquidity |
| | Others | 501.8 | 212.3 | 289.4 | Improve risk-return profile of entire portfolio considering correlation with other assets |

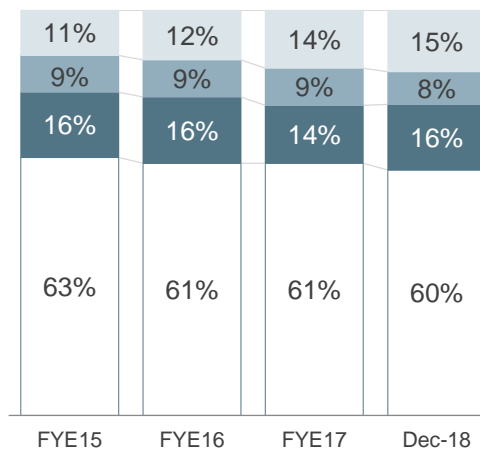
Securities (2)

Portfolio Allocation
(Balance Sheet Amount Basis)

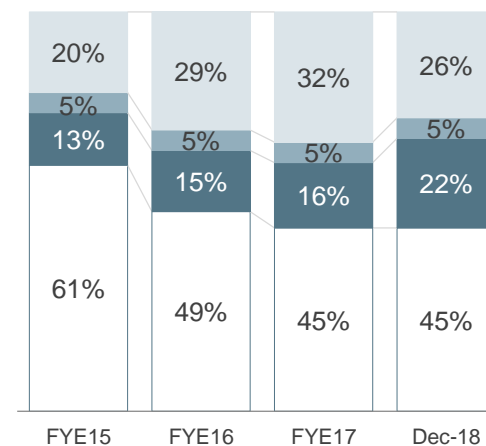
Mebuki FG (Consolidated)



Joyo Bank (Non-Consolidated)

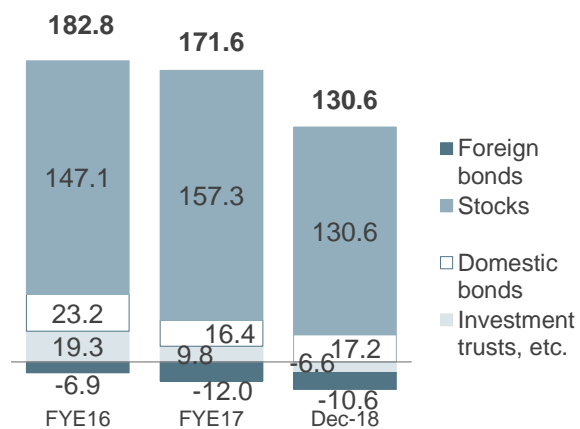


Ashikaga Bank (Non-Consolidated)

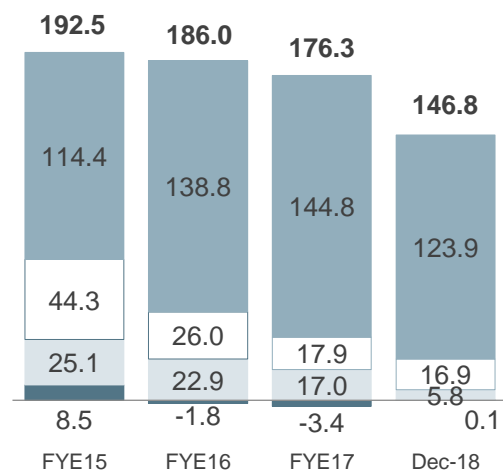


Unrealized Valuation Gains/Losses
on Available for Sale Securities

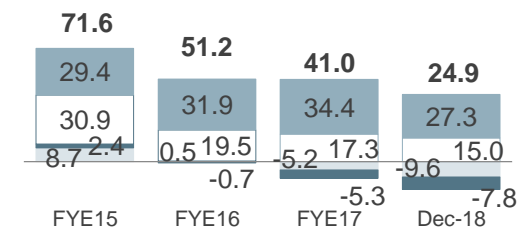
Mebuki FG (Consolidated)



Joyo Bank (Non-Consolidated)



Ashikaga Bank (Non-Consolidated) (¥bn)

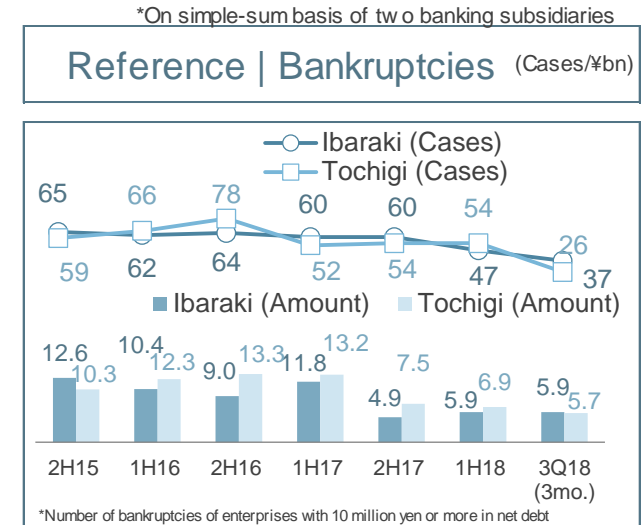
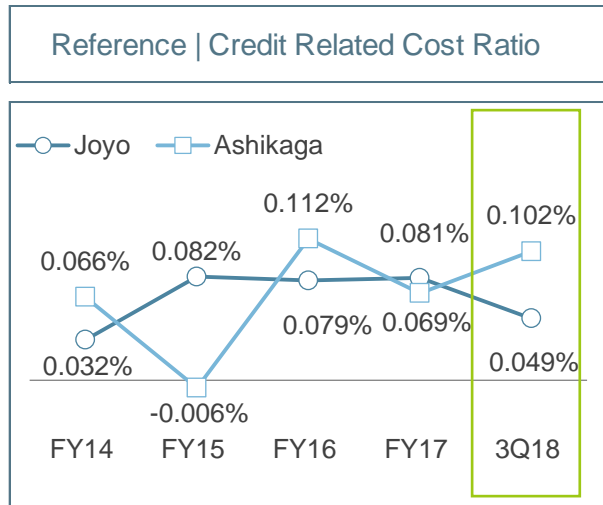
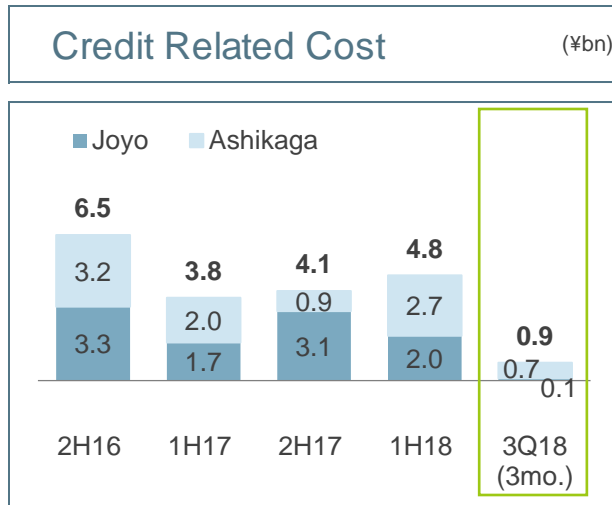


Credit Related Costs / Non-performing Loans

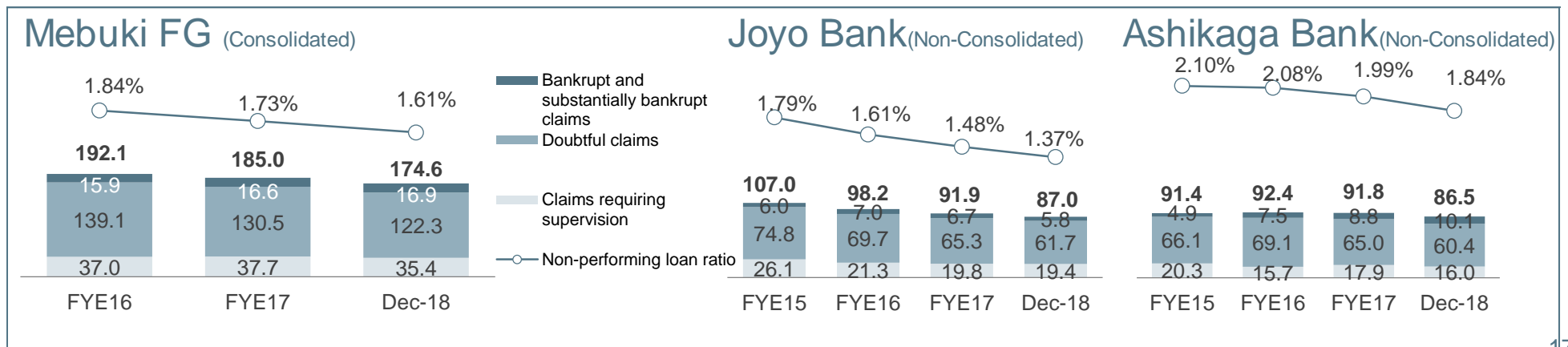
*Figures in parentheses are changes on a year on year basis

Credit related costs increased by ¥2.0 bn YoY to ¥5.7 bn, due to credit deterioration

Number of bankruptcies has stayed low in Ibaraki and Tochigi Prefectures



Non-performing Loans (Financial Revitalization Law) (¥bn)



Group Companies

(¥Mil)

| | Company Name | Main Business Activities | Ordinary Income | YoY | Ordinary Profit | YoY | Net Income | YoY |
|---------------------------------|--|--|-----------------|--------|-----------------|------|------------|------|
| FG | Mebuki Lease | Leasing of machinery and equipment, claim acquisition | 20,870 | +2,190 | 484 | +40 | 315 | -45 |
| | Mebuki Securities | Dealing of securities, mediation, commission and substitution of trading of securities | 1,991 | -802 | 666 | -617 | 458 | -427 |
| Sales | The Joyo Computer Service | Sale of software and contracting of calculating business | 973 | +11 | 18 | -3 | 12 | -1 |
| | The Joyo Industrial Research Institute | Consulting, investigation and research | 421 | +0 | 50 | +11 | 32 | +6 |
| Joyo Bank | The Joyo Credit Guarantee | Credit guarantee of housing loans | 2,935 | +5 | 1,406 | +54 | 924 | +42 |
| | The Joyo Credit | Credit card services | 950 | +33 | 173 | +16 | 119 | +11 |
| | The Joyo Business Service | Agent in charge of administrative work for Joyo Bank | 557 | -30 | 2 | -1 | 1 | +0 |
| | The Joyo Cash Service | Maintenance and management of Joyo Bank's ATMs and CDs | 673 | -114 | 3 | +0 | 1 | +0 |
| | The Joyo Equipment Management | Maintenance and management of operational properties and equipment of Joyo Bank | 745 | +18 | 232 | +32 | 153 | +32 |
| | Total | | 7,254 | -77 | 1,884 | +109 | 1,242 | +90 |
| Ashikaga Bank | Ashikaga Credit Guarantee | Credit guarantee of housing loans | 2,578 | -95 | 1,489 | +315 | 979 | +286 |
| | Ashigin Research Institute | Consulting, investigation and research | 441 | +23 | 30 | +27 | 29 | +26 |
| | Ashigin Card | Credit card services | 1,092 | -52 | 102 | -97 | 67 | -62 |
| | Total | | 4,111 | -124 | 1,621 | +245 | 1,075 | +250 |
| Non-banking Subsidiaries' Total | | | 34,229 | +1,188 | 4,660 | -222 | 3,095 | -130 |

Forecast for FY18

Forecast for FY2018 remains unchanged from that announced on May 11, 2018

Consolidated Ordinary Profit ¥65.0 bn (+¥1.4 bn YoY) Consolidated Net Income* ¥45.0 bn (+¥1.9 bn YoY)

*Attributable to owners of the parent

Mebuki FG (Consolidated)

(¥bn)

| | 3Q18 Results | FY18 Forecast | vs Forecast |
|--|---|------------------|----------------|
| Ordinary Profit | 54.4 | 65.0 | 83.7% |
| Net Income (Attributable to owners of the parent) | 37.8 | 45.0 | 84.1% |
| ROE | TSE basis *1 | 5.6% | 5.0% |
| | Based on total shareholders' equity *2 | 6.5% | 5.8% |

*1 ROE(TSE basis)

= Net Income^{*Attributable to owners of the parent} ÷ Total Net Asset

*2 ROE(Based on total shareholders' equity)

= Net Income^{*Attributable to owners of the parent} ÷ Total Shareholders' Equity

Joyo (Non-consolidated)

| | 3Q18 Results | FY18 Forecast | vs Forecast |
|--------------------------|--|------------------|----------------|
| Core Net Business Income | 33.3 | 37.5 | 88.9% |
| Ordinary Profit | 35.4 | 38.5 | 92.1% |
| Net Income | 24.9 | 26.5 | 94.2% |
| ROE | TSE basis | 5.5% | 4.3% |
| | Based on total shareholders' equity | 7.0% | 5.6% |

*3 Dividend income of ¥12.0bn from a subsidiary is recognized in extraordinary income.

*4*5*6*7 ROE calculated excluding dividends from subsidiary are 5.9%^{*4}, 6.4%^{*5}, 5.9%^{*6}, and 6.4%^{*7}, respectively.

Ashikaga (Non-consolidated)

| | 3Q18 Results | FY18 Forecast | vs Forecast |
|--------------------------|--|---------------------|---------------------|
| Core Net Business Income | 30.4 | 31.0 | 98.2% |
| Ordinary Profit | 20.9 | 27.5 | 76.2% |
| Net Income | 26.3 | 31.0 ^{*3} | 85.1% |
| ROE | TSE basis | 10.7% ^{*4} | 9.3% ^{*6} |
| | Based on total shareholders' equity | 11.6% ^{*5} | 10.2% ^{*7} |

J + A (Non-consolidated)

| | 3Q18 Results | FY18 Forecast | vs Forecast |
|-----------------|-----------------|------------------|----------------|
| Ordinary Profit | 56.4 | 66.0 | +85.5% |
| Net Income | 51.3 | 57.5 | +89.3% |

Non-banking Subsidiaries

| | 3Q18 Results | FY18 Forecast | vs Forecast |
|-----------------|-----------------|------------------|----------------|
| Ordinary Profit | 4.6 | 7.0 | +66.5% |
| Net Income | 3.0 | 4.5 | +68.7% |

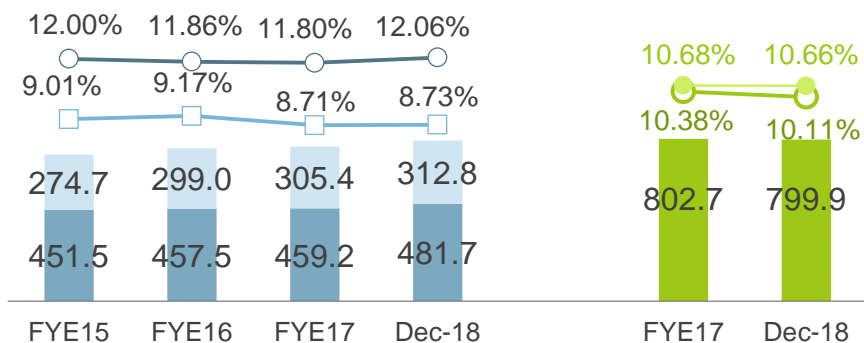
Consolidation Adjustment

| | |
|--|---------|
| -17.0bn | |
| Dividend Income from a subsidiary (Ashikaga) | -12.0bn |
| Adjustment related to securities | -3.5bn |
| Other (interest in borrowing, etc) | -1.5bn |

Capital Adequacy Ratio / Shareholder Return

Capital Adequacy Ratio

- Joyo (consolidated) Capital adequacy ratio
- Joyo (consolidated) Capital (JPY Bn)
- Mebuki FG (Consolidated) Capital adequacy ratio
- Mebuki FG (Consolidated) CET1 capital ratio
- Mebuki FG (consolidated) Capital (JPY Bn)
- Ashikaga (Consolidated) Capital adequacy ratio
- Ashikaga (consolidated) Capital (JPY Bn)



*Calculation method of risk weighted assets

Mebuki FG / Joyo The fundamental internal rating based approach
Ashikaga The standardized approach

(Reference) Capital Adequacy Ratio
w/o Transitional Measures (consolidated)

| | FYE15 | FYE16 | FYE17 | Dec-18 |
|-----------|--------|--------|--------|--------|
| Mebuki FG | - | 9.49% | 9.48% | 9.57% |
| Joyo | 11.17% | 11.52% | 11.57% | 11.84% |
| Ashikaga | 8.77% | 9.00% | 8.62% | 8.62% |

Shareholder Return

Dividend

In line with the dividend policy, the dividend forecast for FY18 is ¥11.0 per share

| | Annual | Interm | Term-end |
|------|-----------------|--------|----------------|
| FY18 | ¥11.0 Scheduled | ¥5.5 | ¥5.5 Scheduled |

Purchase of Treasury Stocks

In order to enhance shareholder returns and improve capital efficiency, Mebuki FG repurchased its own shares

<Results of Acquisition> Number of shares | 5mil Amount | ¥2.08bn
(Period of purchase | From May 14, 2018 to May 25, 2018)

Shareholder Benefit Plan

| | |
|------------------------------|--|
| Shareholders to be Subjected | Shareholders holding 1,000 shares or more as of Mar. 31 |
| Contents of the Plan | Local specialties etc. can be chosen from a dedicated catalog depending on the number of shares held |

Contents of the Shareholder Benefit Plan

| Number of shares held | Items that can be selected | |
|--|----------------------------|---|
| 1,000 shares or more and less than 5,000 shares | Equivalent to 2,500 yen | Approx. 540 items centered on specialty products from Ibaraki Prefecture and Tochigi Prefecture * |
| 5,000 shares or more and less than 10,000 shares | Equivalent to 4,000 yen | |
| 10,000 shares or more | Equivalent to 6,000 yen | |

*The number of items for FY17 is 488

Integration Synergy Results and Forecast

Synergy effect for 3Q18 is ¥5.9bn representing progress of 112% towards FY18 forecast of ¥5.3bn

(¥bn)

Synergy Effects

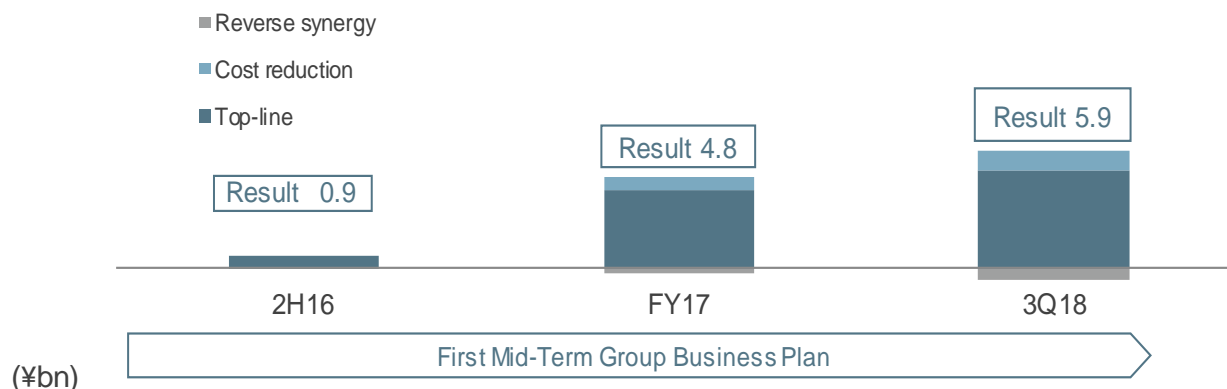
on the Statement of Income *before Tax

Amount (Progress)

FY18 Forecast +5.3bn

3Q18 Result +5.9bn(Progress112%)

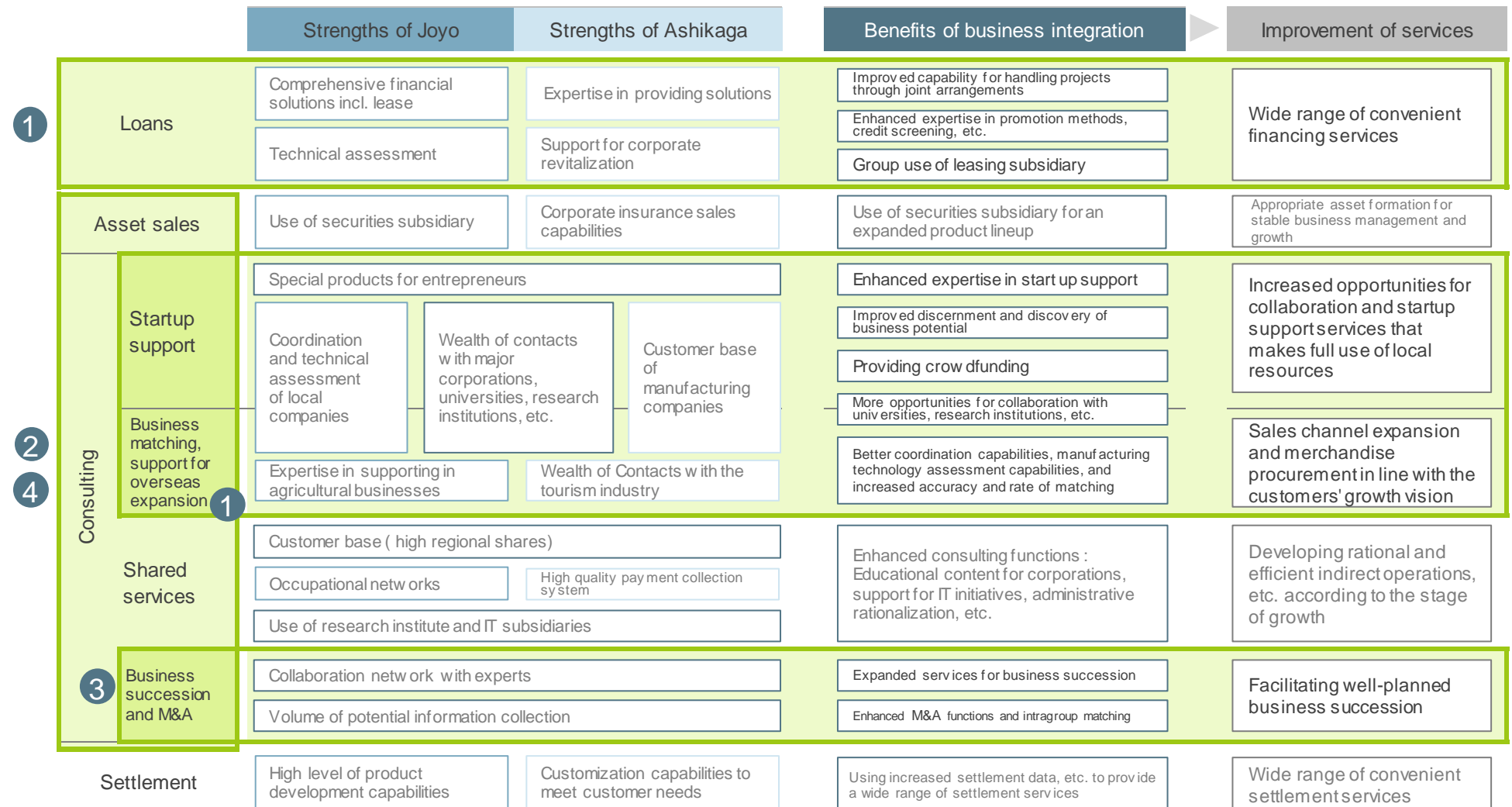
FY18 (3Q Result / Forecast)



| Items | FY18 Forecast | 3Q Result | Progress | Details |
|----------------------------------|---------------|-----------|----------|--|
| Loans | | | | • Sales promotion based on wide area network → Co-financing, Syndicate loans, Customer referral, and Lending to growth industries (Medical and nursing care) • Utilization of Mebuki Lease • Share know-how for non-face-to-face sales (Unsecured loans) |
| Corporate services | 2.02 | 1.93 | 95.6% | • Joint development of online application housing loans, Joint sales of housing loans for women |
| Financial assets under custody | 1.04 | 0.53 | 51.0% | • Share sales promotion know-how • Utilization of Mebuki Securities |
| Securities | 1.23 | 1.34 | 109.4% | • Investment in new areas and diversification of funding method based on both banking subsidiaries' investment experience • Joint investment • Enhancement of investment and controlling method through sharing of analysis method (Monitoring, etc.) |
| Others (Channel / international) | 0.74 | 1.76 | 236.7% | • New branch openings • Enhance staff in important regions • Promote cross-border loans • Utilize Joyo's know-how of dual currency deposit service (Ashikaga) • Foreign currency deposit campaigns |
| Cost reductions | 1.14 | 1.14 | 99.7% | • Joint cost reduction and cost effectiveness evaluation • Strengthen price negotiation power through information sharing • Share know-how to improve branch operation efficiency • Integrate operation center in Tokyo • Joint issuance of bills/check paper and bank cards |
| Cost Increases / Reverse synergy | -0.85 | -0.72 | — | • Lower transfer fee between both banks to the inter-branch rate • System migration expenses |
| Total | 5.33 | 5.99 | 112.2% | |

Measures for Corporate Customers

Develop and provide advanced financial services that use IT and cross-industry collaboration to meet the diverse needs of customers at every stage of their business, from startup and growth to maturity and succession



Enhancement of Loans / Wide-area Business Matching

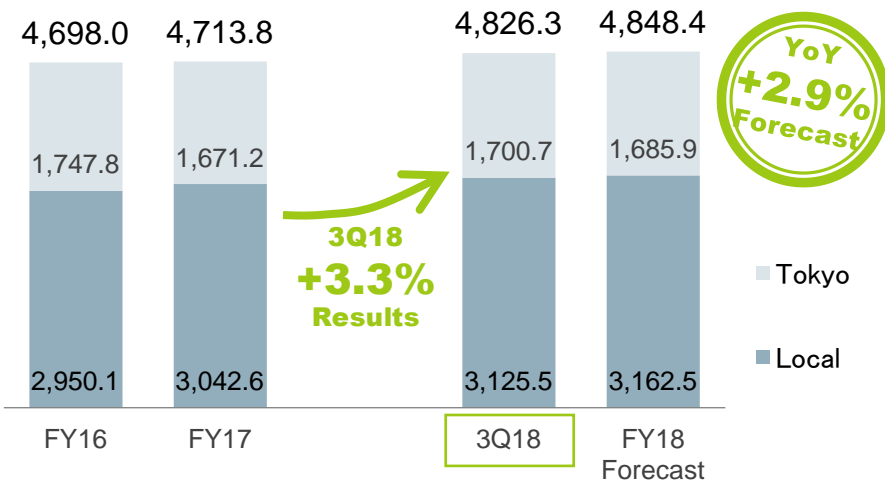
Measures for Corporate Customers

1 2 3 4

Utilizing network of main customers of 30 thousands of both banks, Wide-area Business Matching is carried out

Enhancement of loans to corporate customers

(Avg.)
(¥bn)

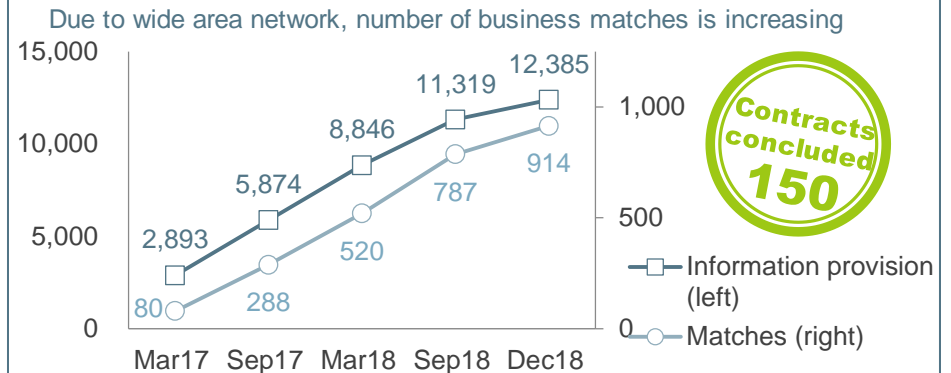


Measures for loans to corporate customers

- Wide-area business matching based on accurate and fresh information
- Enhance co-finance and cooperation between the two banks
- Enhance consulting capabilities related to business assessment, business succession, and so forth
- Sales promotion based on refined customer segment
- Broadening target, enhance structured finance, cross-border loans
- Actively meet financial needs of growth industries

Wide-area Business Matching

(accumulative number)

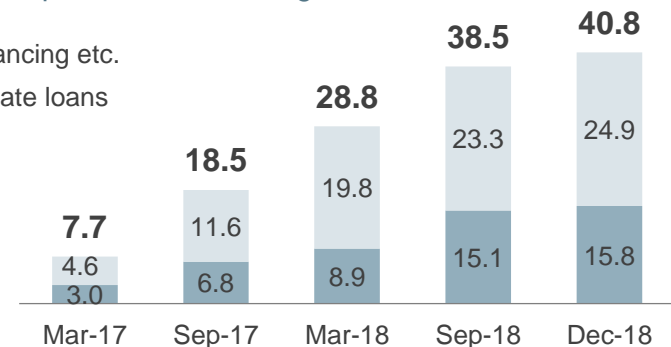


Co-financing (Accumulated amount of loans made)

(¥bn)

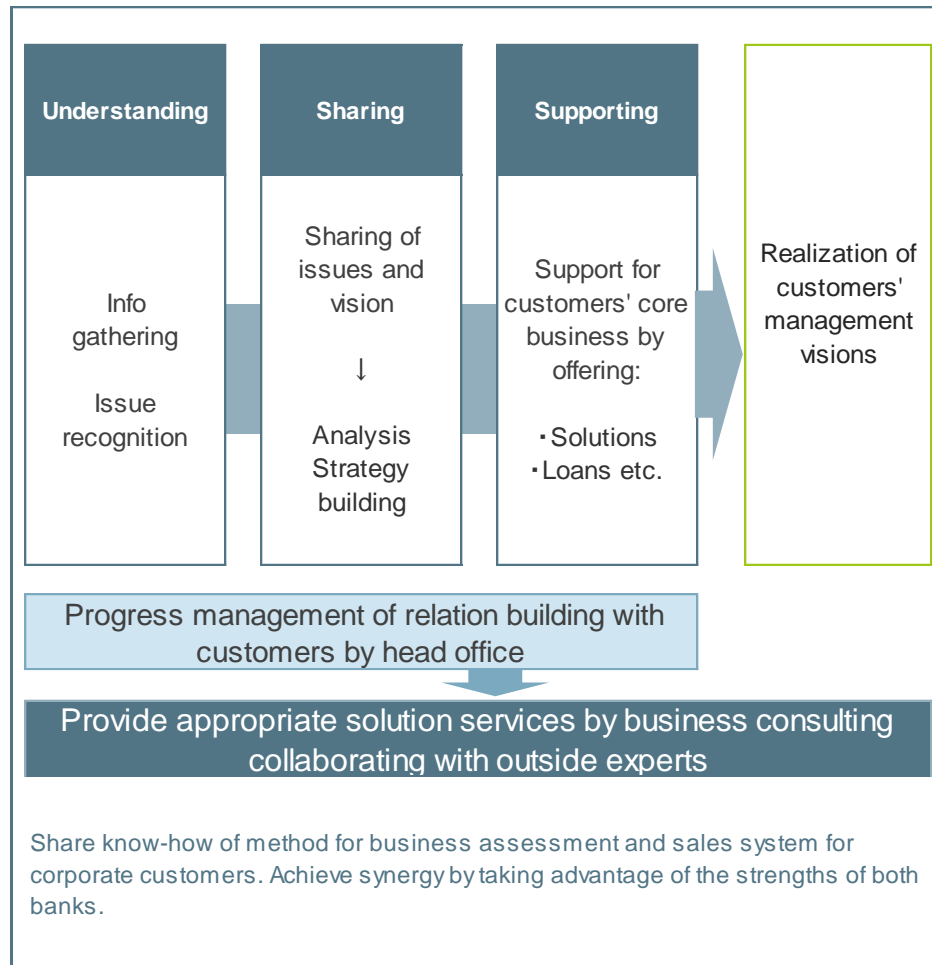
Actively implement co-financing

- Co-financing etc.
- Syndicate loans

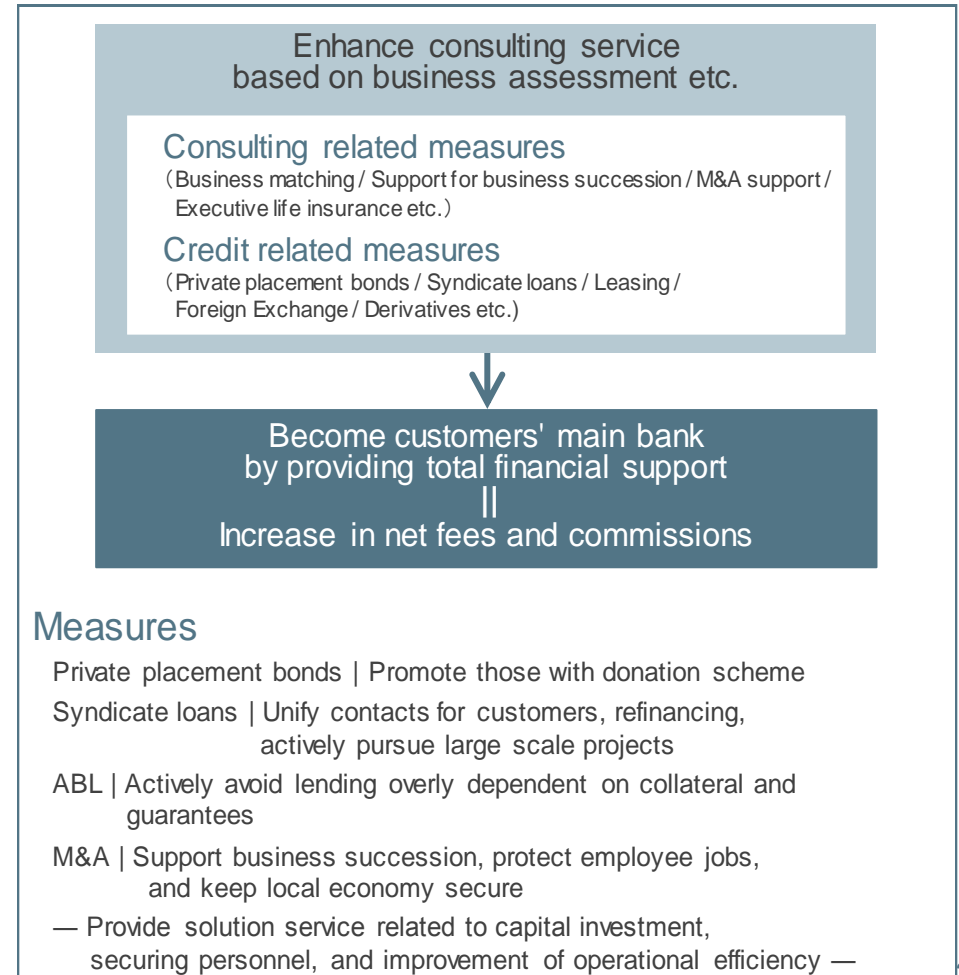


Through business assessment, understand customer's business and value potential properly
 Sharing issues and vision with customers, enhance consulting services for resolving issues

Business Assessment



Enhancement of Consulting Services



Through consulting services, provide appropriate solutions and a variety of services

Business Succession / M&A

Depending on whether or not successors exist, examine direction of customers' business successions and offer solutions

Contribute to sustainable development of local economies through supporting customers' smooth business/asset succession and sustainment of employment

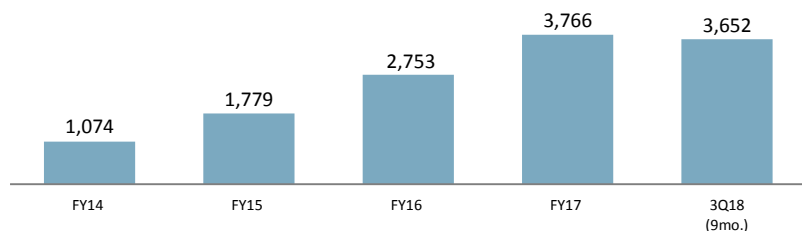


Succession by relatives

Succession by employees

M&A

Number of Proposals Regarding Business succession and M&A | Joyo + Ashikaga



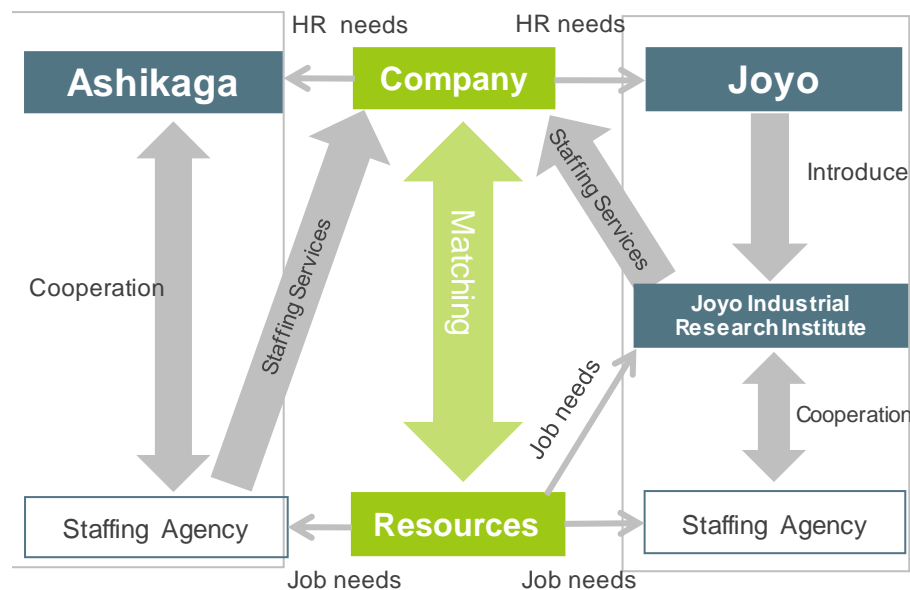
Potential companies to conduct M&A etc. in Ibaraki / Tochigi | 20,000

*Estimated by Mebuki using data from Small and Medium Enterprise Agency and Teikoku Databank

Staffing Services

For solving shortages of human resources, an important management issue for many companies, Joyo and Ashikaga will start to offer staffing services.

Contribute to the growth and development of customers filling their HR needs.



Joyo Industrial Research Institute, a subsidiary of Joyo, and Ashikaga have consulting functions for HR needs.

Ashikaga is applying for a license to conduct fee-charging employment agency work.

Proactively sponsored various events for regional revitalization

Food Exhibition



Support for companies dealing with foods and ingredients to expand sales or procurements channel, and promote interactions

Held on Jan.23, 2019

(Results)

Number of companies 242
Number of participants 3,000

Technology Exhibition of Manufacturing



One of the largest exhibitions by a regional bank held for supporting local manufacturing companies

Held on Feb.19, 2019

(Results)

Reservations by 374 companies
Panel presentations by 279 companies

Mebuki Business Award



Ingenuous business ideas latent in both banking subsidiaries' vast business territories are gathered and the best entries are presented with awards

(The third application period)
From Dec. 3, 2018 To Jan. 31, 2019

(Previous Results)

Applicants | 637 / Award winners | 30

Mebuki Regional Revitalization Fund (from Nov. 2016)



Fund size
¥4.0 bn

Raised by the two banking subsidiaries and Sompo Japan Nipponkoa Insurance to facilitate creation of new businesses

Invest in local SMEs who contribute to development of local economies

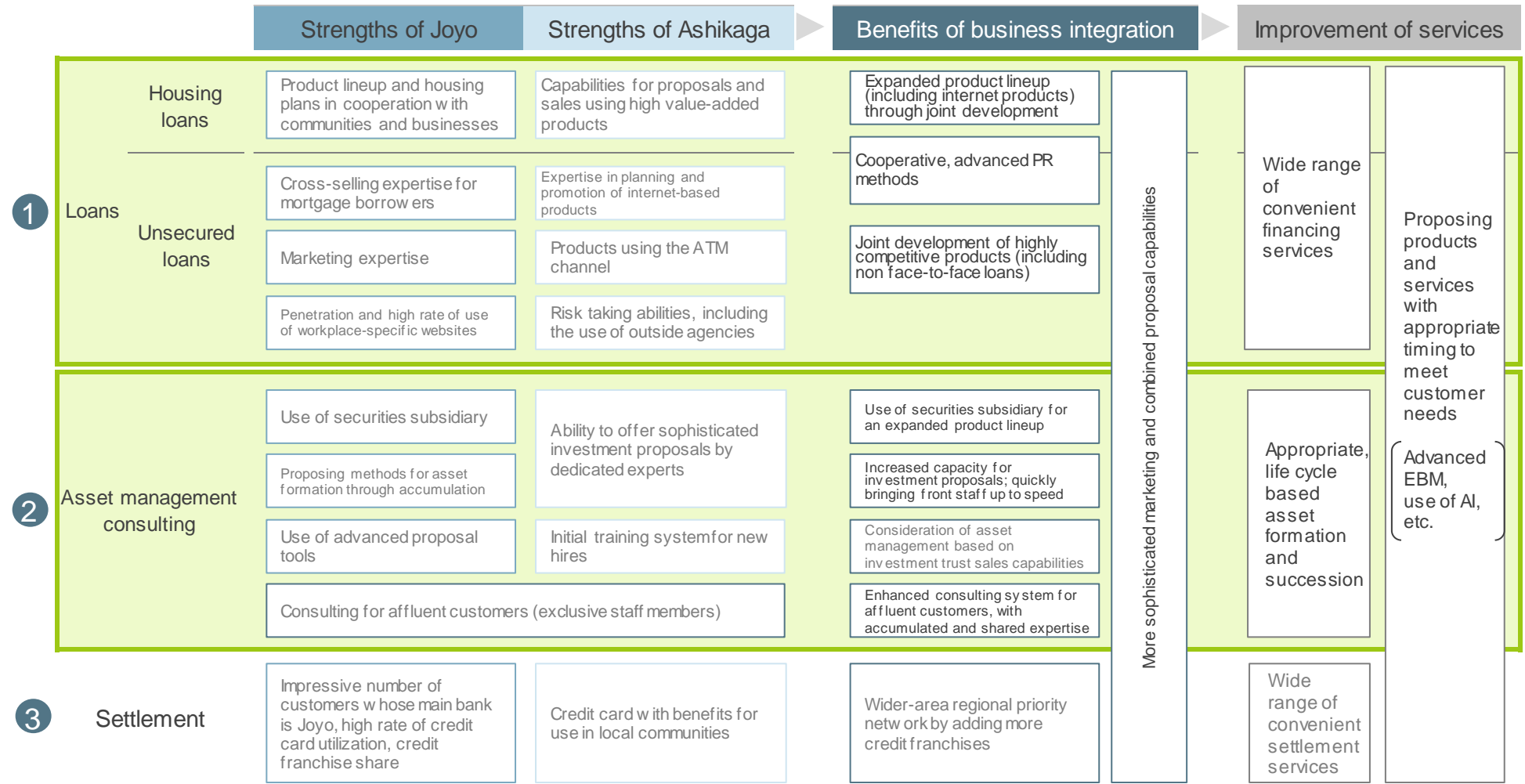
Results | As of Dec. 31 2018

Number of deals | 9 deals

Amount | ¥1.77bn

Measures for Individual Customers

Propose and provide appropriate products and services for customers through accurate and timely identification of their wide-ranging needs at each stage of life, based on improvements including more advanced event based marketing (EBM) and the use of AI



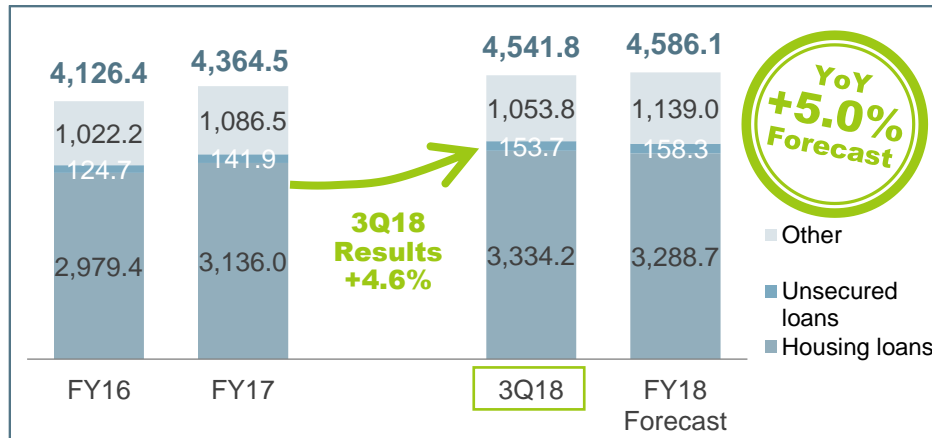
Loans | Housing / Unsecured Loans

Measures for Individual Customers

① ② ③

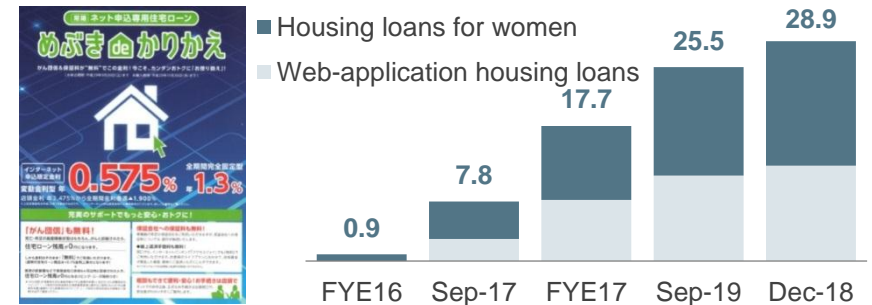
Continue focus on housing loans and enhance non-face-to-face channel (web completion scheme etc.) for purpose specific loans.

Increase Loans to Individual Customers (J + A) (Avg.) (¥bn)

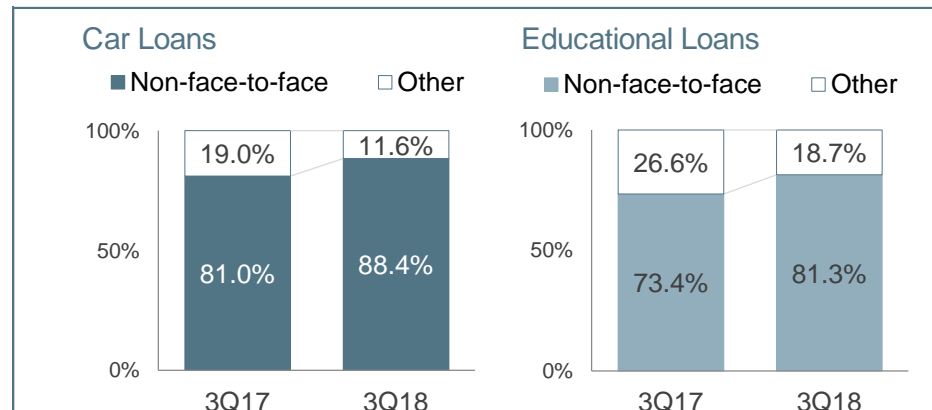


Jointly Developed Housing Loans (J + A) (balance) (¥bn)

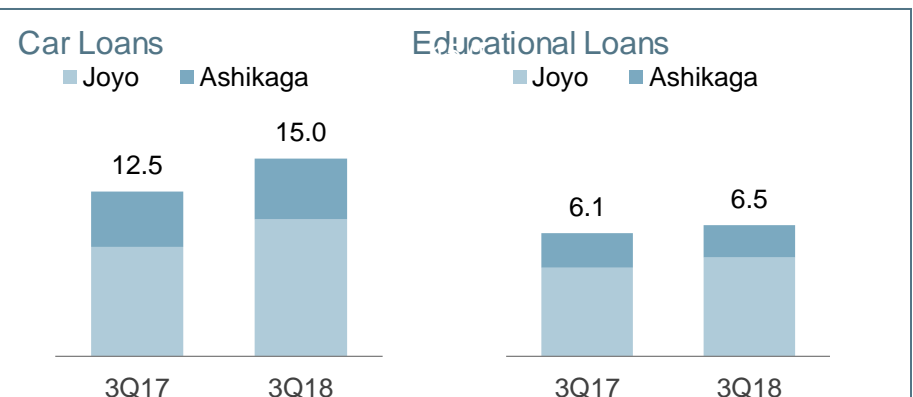
Fees from jointly developed housing loans are on the rise



Non-face-to-face* Application Ratio *Web etc.



Result of Car and Educational Loans(J + A) (balance) (¥bn)



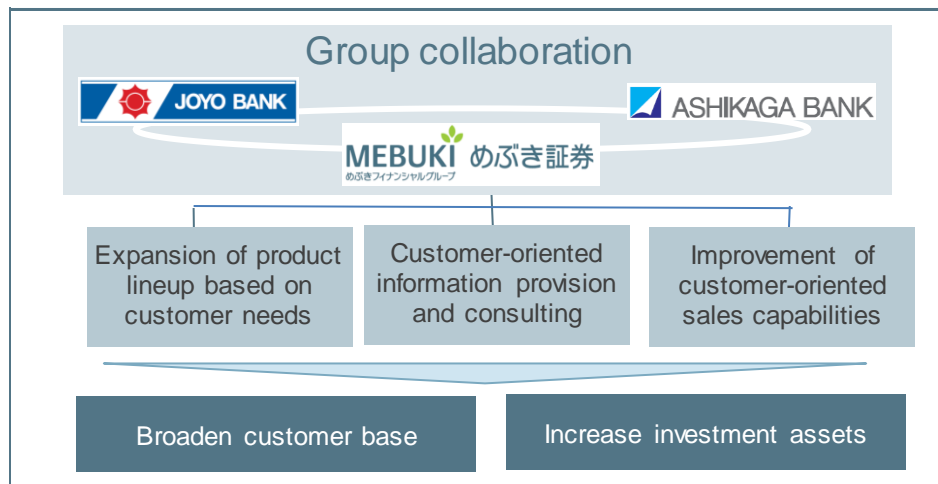
Asset Management Consultation Services

Measures for Individual Customers

① ② ③

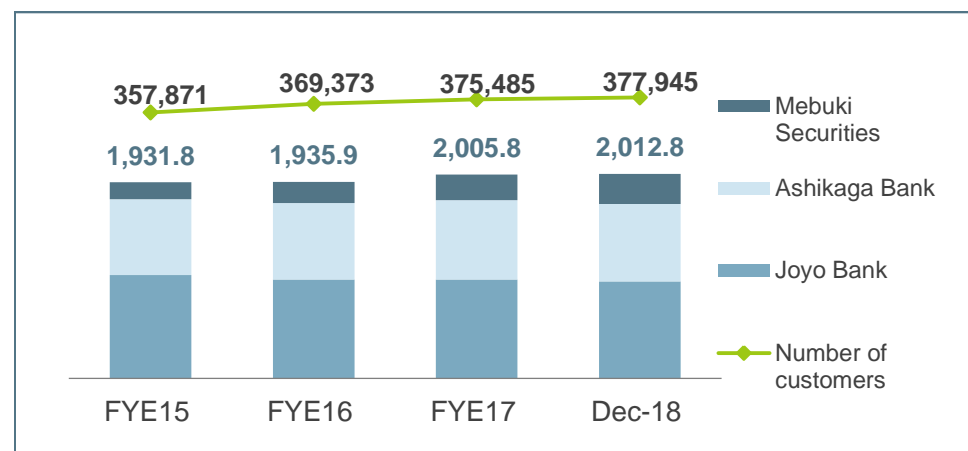
Enhancement of group cooperation for customers' stable asset building led to an increase in customers and their assets under custody

Customer-oriented Measures



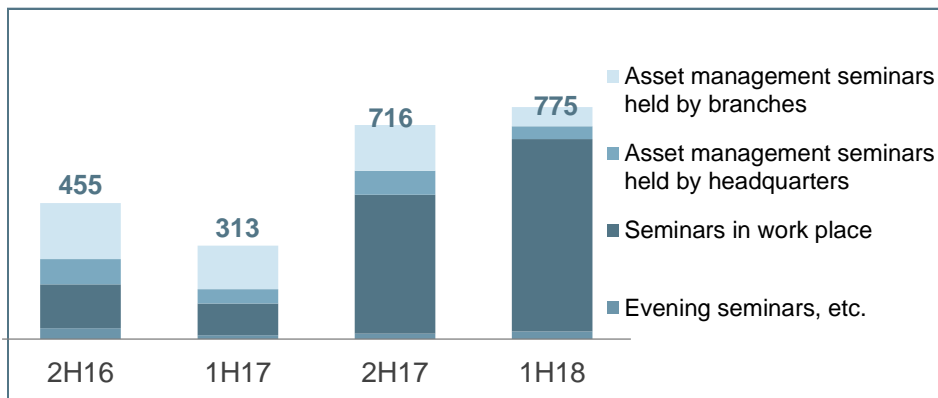
Customer Assets under Custody of Group Companies

(¥bn)
(number)



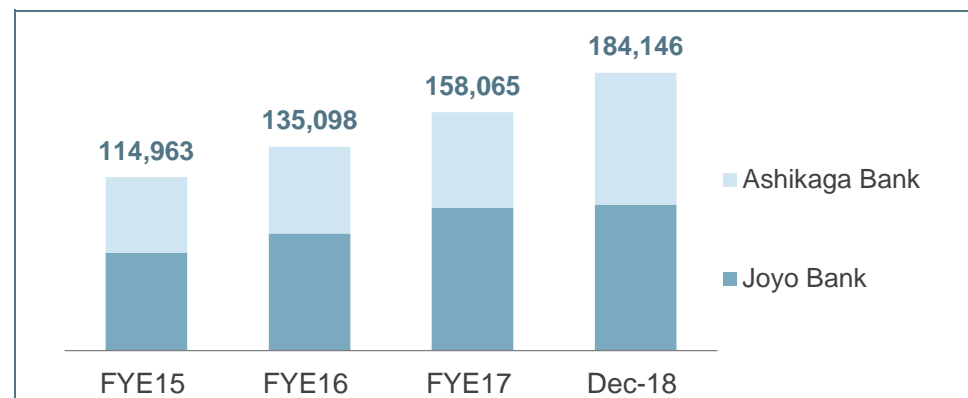
Seminar frequently held for customers

(number : J+A)



Number of customers of Accumulation Services

(number : J+A)



Settlement and Cashless Services

Measures for Individual Customers

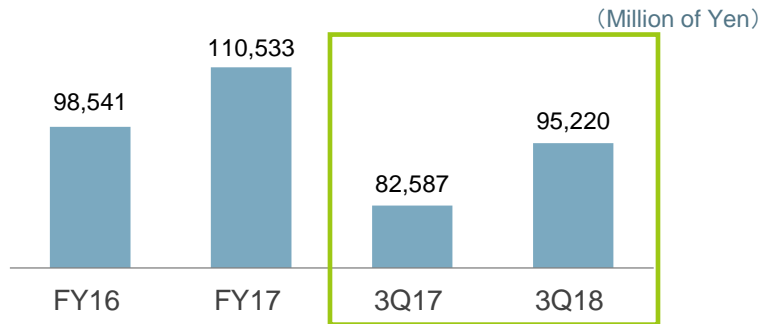
① ② ③

Enhance settlement and cashless services for customers

Promote cashless systems using credit cards

Responding to needs of cashless and settlement services in the local region, we focus on acquiring merchants and members of credit cards in cooperation with group companies

<Credit transaction volume by participating merchants >



<Number of participating merchants > (*)Joyo Credit + Ashigin Card Total(*): 19,899 (+ 97 YoY)

<Number of Holder of credit cards issued by the banks > Total of both banks : 565 thousand (+ 14 thousand YoY)

Cooperation with Settlement Service Providers

Cooperate with settlement service providers for enhancement of customer convenience.

<Main cooperators >



※List of main cooperators includes those planned to be added. We will continue to expand our services in the future.

Begin offering QR code payment service " & Pay"

Provide settlement service where customers pay directly from their own bank account via QR code

"& Pay(*)" 's proprietary platform can provide real time settlement for a reasonable fee



(*) "& Pay" payment service is provided by MTI Ltd.

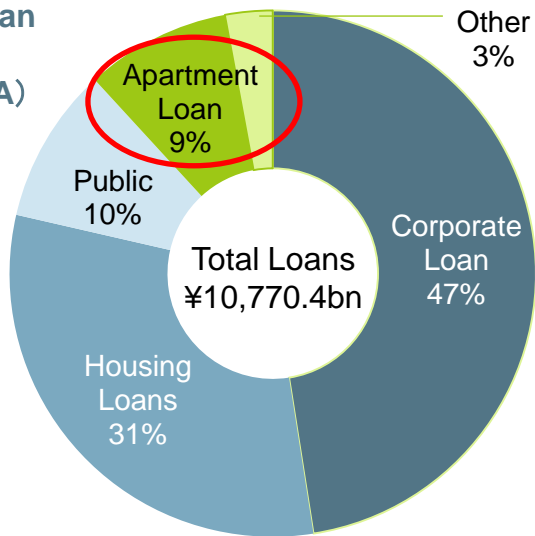
Apartment Loans (1)

Mainly provide apartment construction funds for the purpose of inheritance tax saving measures and effective land utilization of unused real estate

The Ratio of total loans

【As of Dec.31, 2018】

Apartment loan balance
¥956.2bn (J+A)



- The balance of Apartment loans (total amount of ¥956.2 bn) represents 9 % of total loans
- Number of new loans decreased due to a decline in new construction of leasehold property, caused by the growth of supply and demand imbalance in demand for post-earthquake reconstruction and construction of apartments for inheritance tax saving measures.
- Carefully deal with loans to property with land (respond to wealthy individuals on a case to case basis)

Policy/ Screening standard/ Monitoring

【Policy】

Loan to wealthy individuals for apartment construction for the purpose of inheritance tax saving and effective land utilization of unused real estate

【Screening standard】

- Review borrower's profit plans which are adjusted downward considering interest rate hike risk
- Examine whether or not the purpose meets inheritance tax saving and effective land utilization and the loan amount is appropriate for the balance of assets and liabilities
- Collateral value is calculated by multiplying the value determined by the integration method by a certain rate. The value calculated by DCF method is used as a reference.

【Monitoring】

Monitor occupancy rate and rent of properties of borrowers whose loan amount is ¥100 million or more (once a year)

Asset building loans (excluding Apartment loans)

【Asset building loans】

Loan for high-income earners to purchase rental condominiums

As of Dec.31, 2018

Amount : ¥2.8 bn /Number 118 / Delinquent loans: None

【Loans for Share houses】

No transactions

Apartment Loans (2)

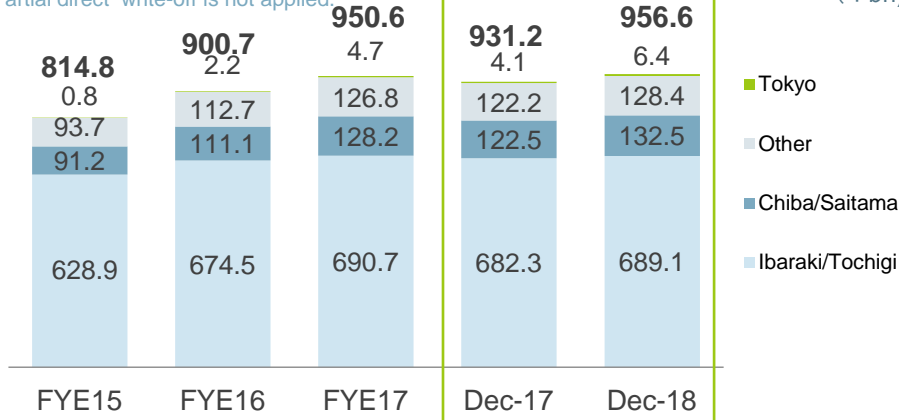
Loans to apartments mainly in Ibaraki and Tochigi. Latest loan amount declined due to decrease in demands of construction

No major change in rating and delinquency ratio of apartment loans

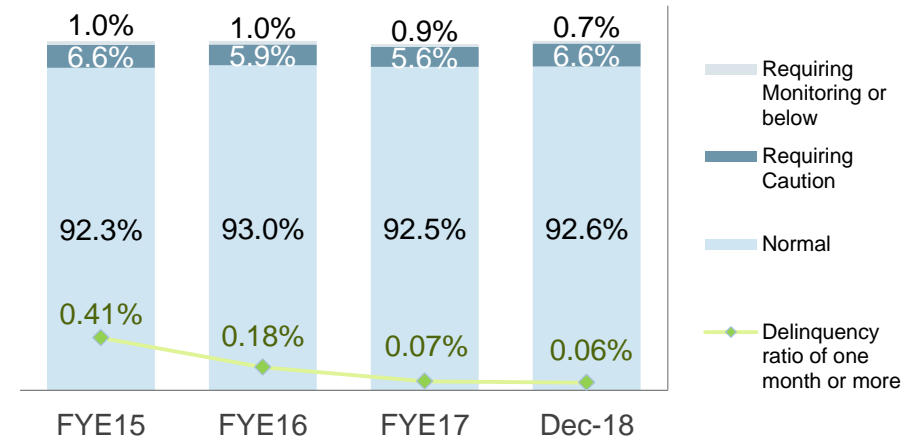
Term-end Balance by Area (J+A)

※Partial direct write-off is not applied.

(¥bn)

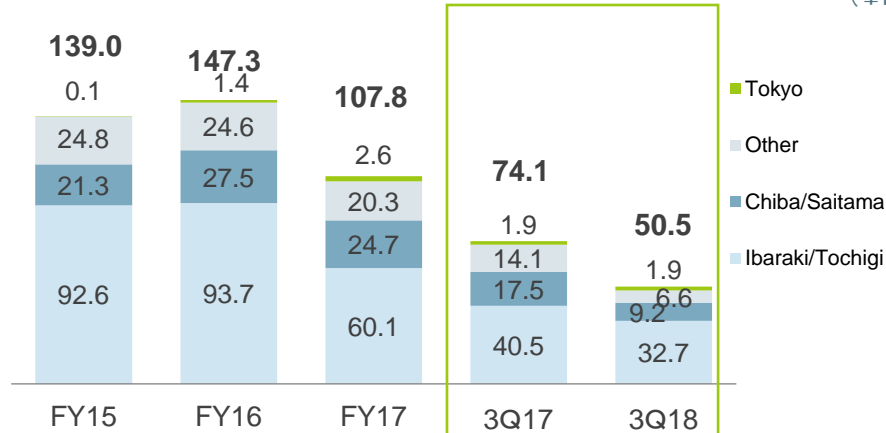


Rating / Delinquency ratio (J+A)



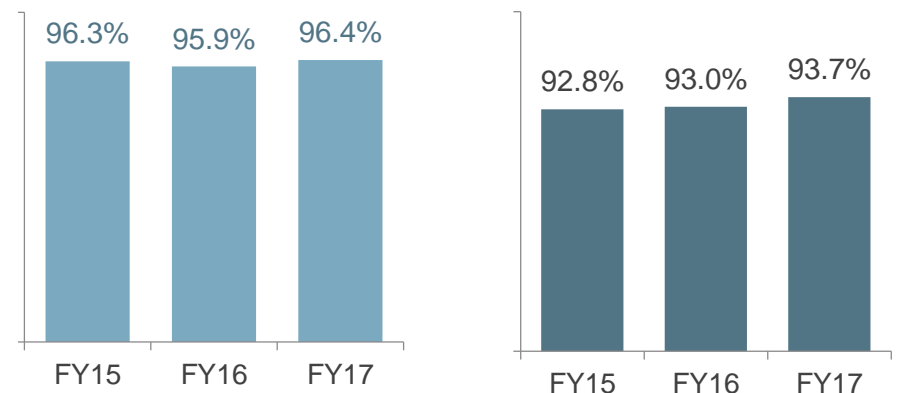
Loan Amount by Area (J+A)

(¥bn)



Occupancy Rate of Properties (Target for monitoring)

■ Occupancy rate financed by Joyo ■ Occupancy rate financed by Ashikaga



System Integration / Cost Reduction

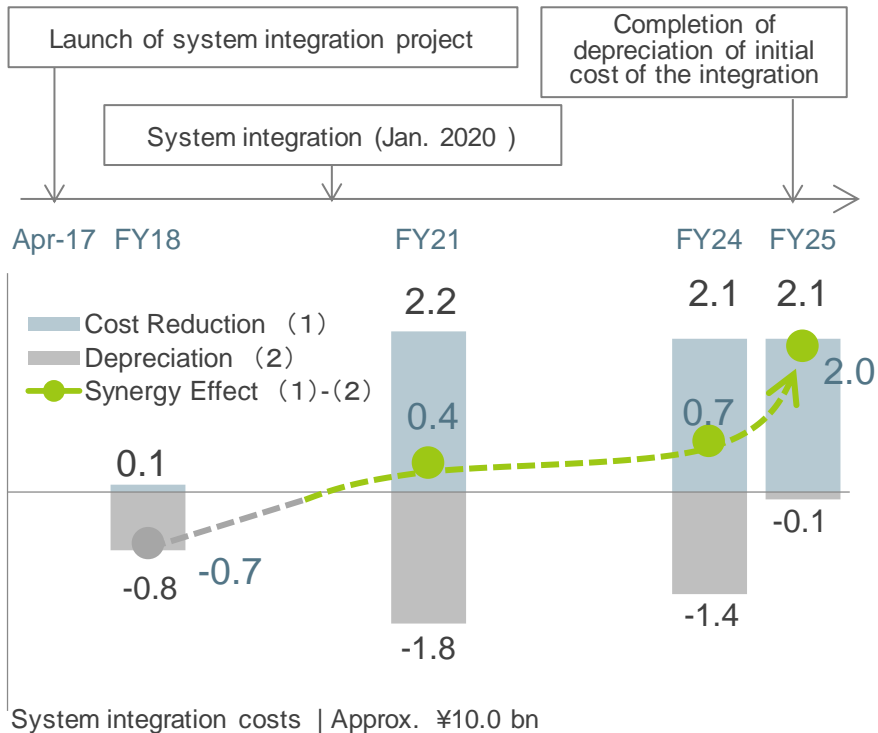
System Integration

Ashikaga will adopt a multi-bank-shared core system named "Chance" that Mebuki FG is joined in

Integrate core systems and 170+ out of around 280 distributed systems

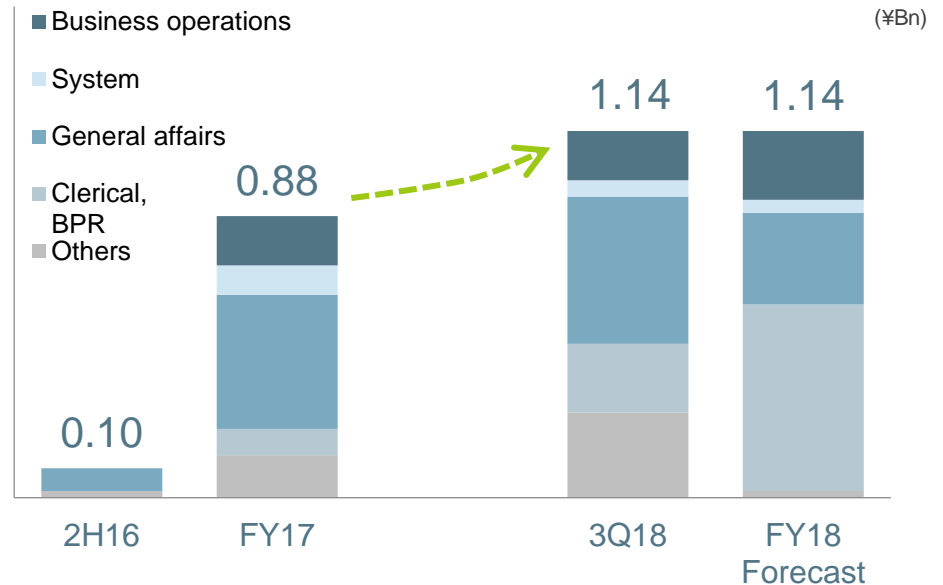
Shift resources to investment in new systems, etc.

Schedule and Synergy Effect of the Integration (¥Bn)



Cost Reduction

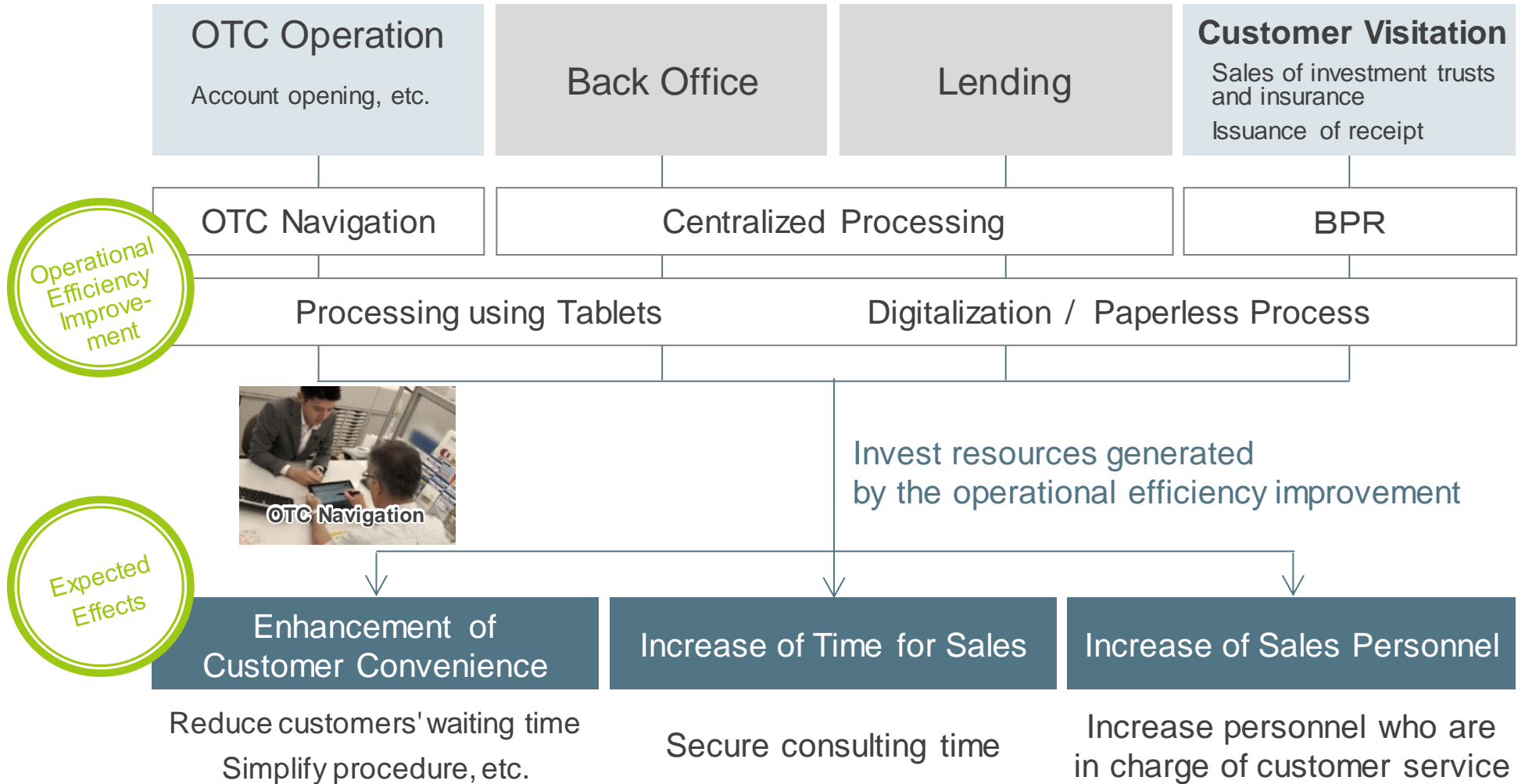
Cost Reduction through business integration synergies (¥Bn)



| Items | FY18 Forecast | 3Q18 Result | Details |
|---------------------|---------------|-------------|---|
| Business operations | 0.21 | 0.15 | Sharing efficiency improvement know-how sharing |
| System | 0.04 | 0.05 | Synergy to reduce system expenses |
| General affairs | 0.28 | 0.45 | Share expense reduction know-how |
| Clerical · BPR | 0.57 | 0.21 | Integrated Tokyo operation center, Joint issuing of bills / check paper |
| Others | 0.02 | 0.26 | Collaborative investment of securities |
| Total | 1.14 | 1.14 | |

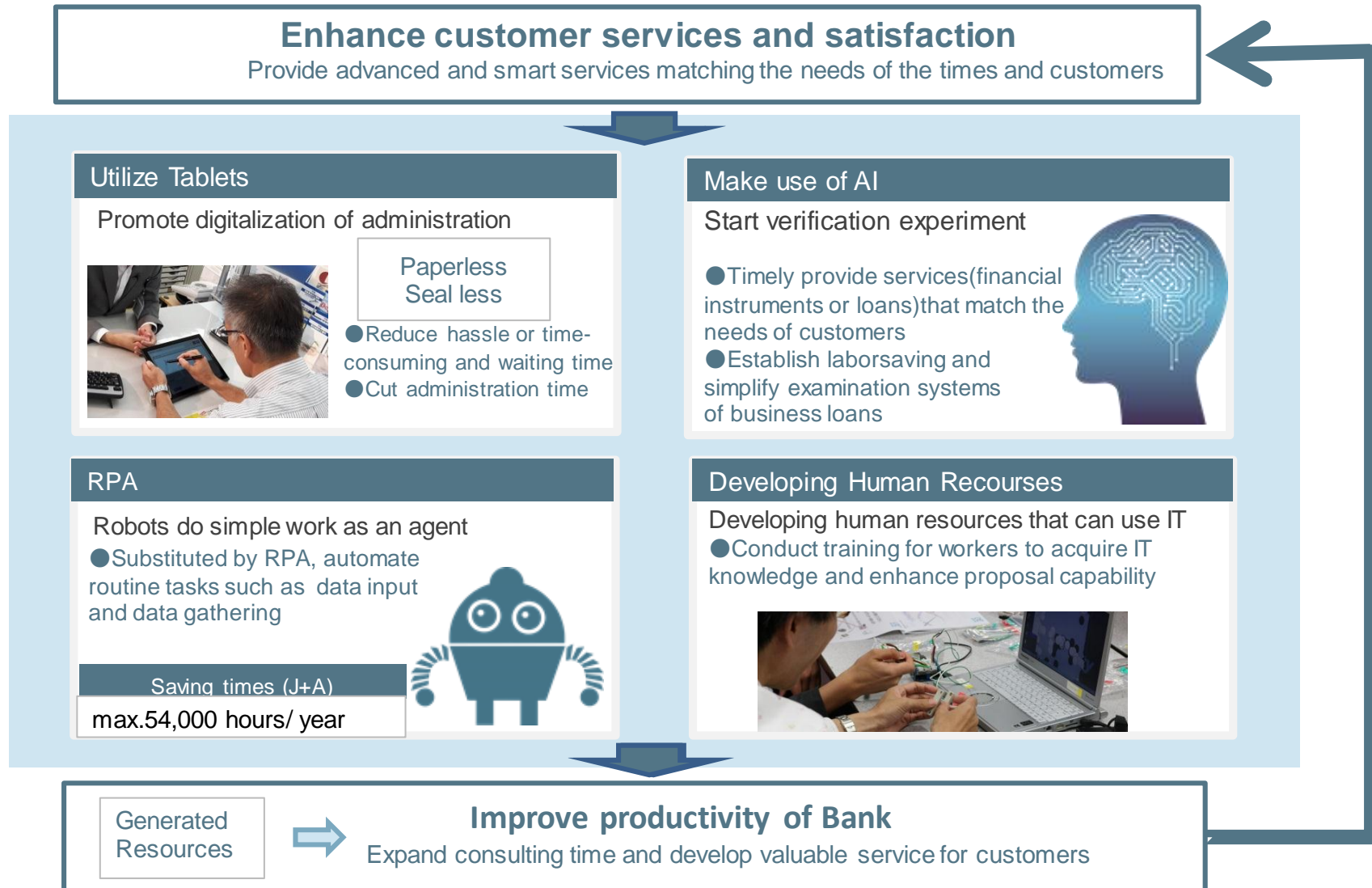
Operational Efficiency Improvement

Invest resources generated by the operational efficiency improvement into fields that are expected to lead to customer satisfaction



Making full use of Digital Technology

Making full use of digital technology such as tablets, AI, and RPA to enhance customer convenience
Improving proactivity, invest generated resources to develop and expand services



Branch Operation Efficiency

(as of Dec. 31, 2018)

Improve branch operation efficiency while maintaining customer convenience

Improvement of branch operation efficiency (Since Oct. 2016 business integration)

Branch Consolidation related to the business integration

Joyo | Integrated 1 branch and 1 sub-branch

Ashikaga | Restructuring in Koga area (Integrated 1 branch, 3 sub-branches, and 1 housing-loan center into Koga Branch)

Other Branch Consolidation

Joyo | Integrated 3 branches and 1 sub-branch

Ashikaga | 1 branch, 1 sub-branch and 1 housing-loan center combined with 1 branch
1 branch and 1 sub-branch changed into in-store branch

Mutual use of ATMs

Mutual use of ATMs between Joyo Bank and Ashikaga Bank
ATM mutual usage fees are reduced for cooperative banks

User Friendly Branches enhance customer convenience

Utilization of branches open on weekends

Use of videophones

Internet Branch, etc.

Other Measures

Improve efficiency of branch operation and personnel allocation by area management

More efficient sub-branches

Introduction of lunch-time closure

Joint ATM Allocation



Videophone

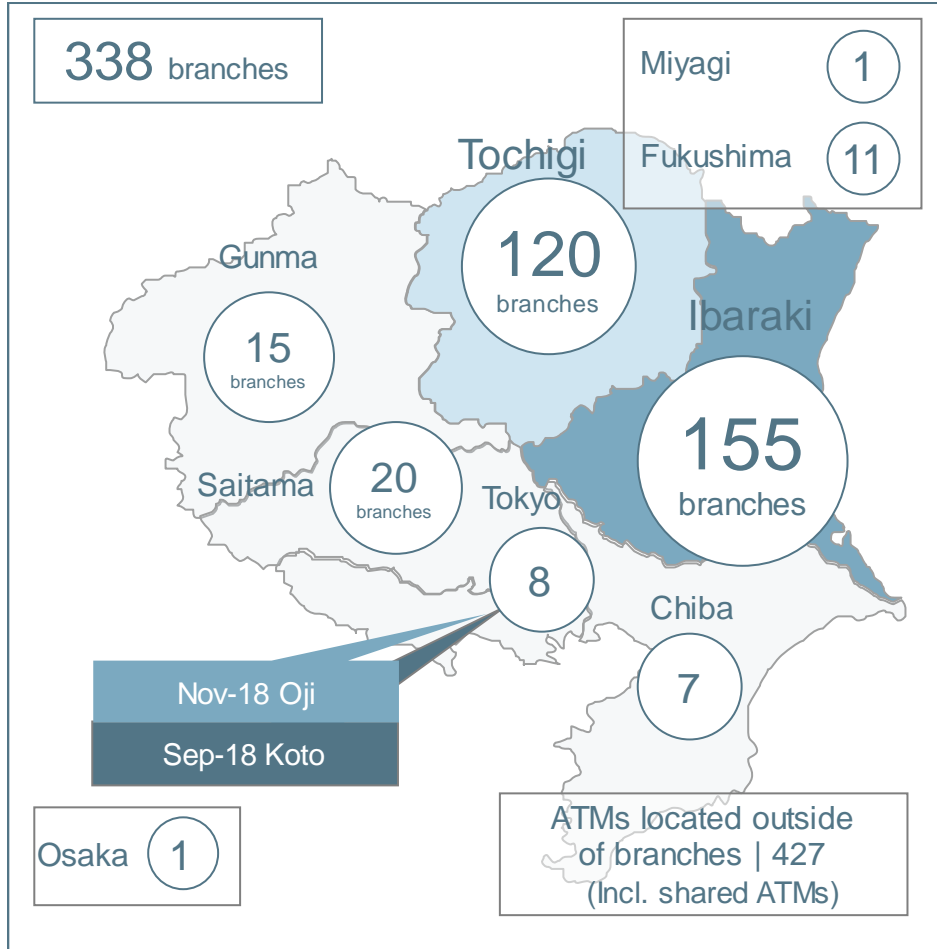


Branch open on weekends

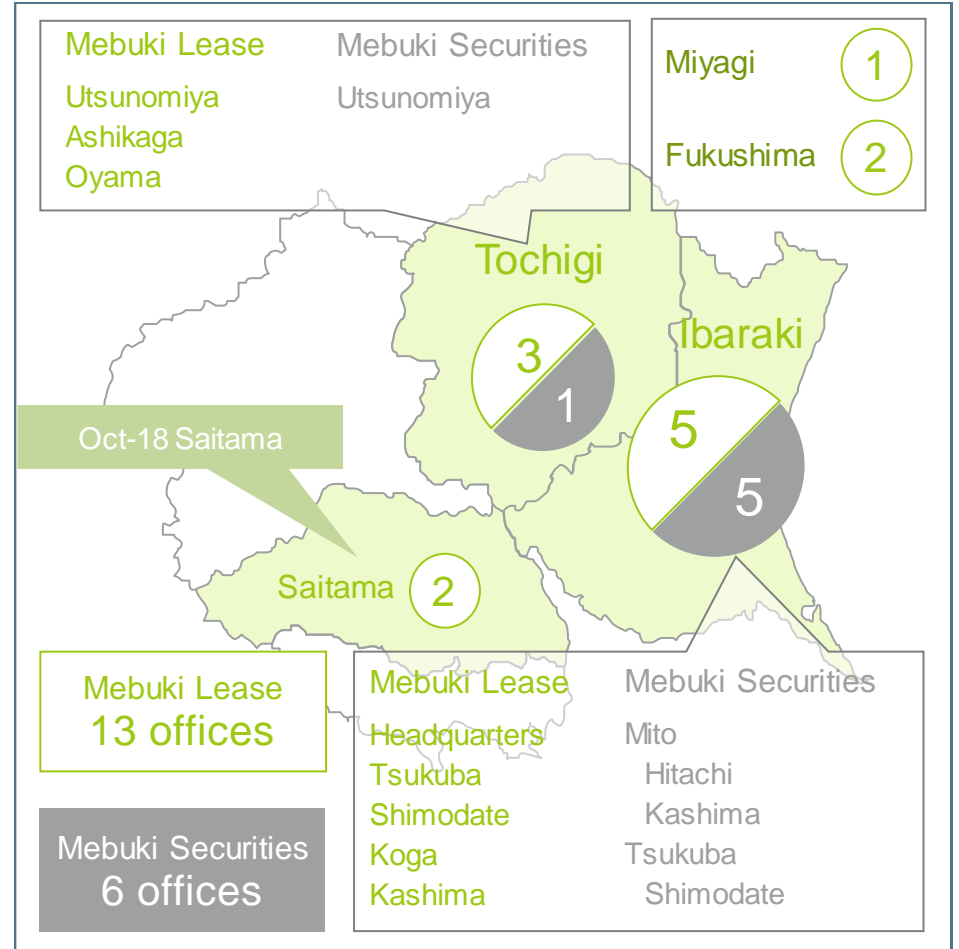
Branch Network (Domestic)

Strengthen our wide-area network further

Bank Branches (Joyo + Ashikaga)



Mebuki Lease / Mebuki Securities



ESG Initiatives

Making efforts to realize sustainable local communities, enhance ESG initiatives

Environment

- Offer subsidies to environmental conservation organizations
- Environment-friendly branches
- Environmental conservation activities (Forest development)
- Loans to business operators of solar power generation and other renewable energy



Social

- Support to discover regional industries and develop new business
- Support for business succession and matching of human resources
- Foster next-generation business leaders and children
- Initiative for regional revitalization collaborating with local government
- Promote work-life balance and participation and advancement of women in the workplace



Governance

- Establish corporate governance
- Design internal control system
- Enhance risk management system
- Strengthen Compliance



Inquiries

Mebuki Financial Group, Inc. Corporate Planning Department

TEL +81-29-300-2869 | +81-29-300-2603

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.