

# Financial Results for FY2019

May 13, 2020

## 1. Financial Results for FY19

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### 【Reference】

- Progress of the Second Medium-Term Business Plan
  - Measures regarding the spread of COVID-19
- 

|  |       |
|--|-------|
| Create Growth Business Models with Local Regions | 18-19 |
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### 【Financial Data for FY2019】

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25-30

\*Unless otherwise mentioned, figures are on non-consolidated basis

# 1. Financial Results for FY19

# Highlights

## Results for FY19

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- Consolidated net income steadily progressed toward forecast until 3Q19 due to securities' income and cost reduction exceeding plans. However, consolidated net income fell short of forecast for FY19 and results of FY18 because of loss on securities<sup>(\*1)</sup> of ¥7.8bn and credit related costs of ¥6.8 bn due to impact of COVID-19 in 4Q19.

➤ Core net business income <sup>(\*3)</sup> : ¥66.0bn( -¥4.5bn YoY +¥8.9bn toward forecast)

➤ Consolidated Income<sup>(\*2)</sup> : ¥36.3bn( -¥9.9bn YoY -¥3.6bn toward forecast)

(\*1) gains/losses on stocks + bond transactions +cancellation of private offering investment trusts

(\*2) Attributable to owners of the parent

(\*3) Bank total excluding cancellation of private offering investment trusts

## Forecast for FY20

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- Taking into account present business environment and market conditions, we expect forecast of FY20 based on predictable assumptions  
Reference P15 for detailed information
- We will immediately announce forecast revisions if COVID-19 situation changes.

➤ Forecast for FY20 : Consolidated Income<sup>(\*2)</sup> ¥33.0bn ( -¥3.3bn YoY)

## Shareholder Returns (FY19 results and FY20 forecast)

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- FY19 Results Annual Dividends: ¥11.0 per share (Interim ¥5.5, Year-end ¥5.5)  
Acquisition of own shares 13.9 mil / ¥3.9bn (in Nov. 2019)
- FY20 Forecast Annual Dividends: ¥11.0 per share (Interim ¥5.5, Year-end ¥5.5)

# Main Points of FY19 Financial Results

## Mebuki FG (Consolidated)

|                                | FY19        | YoY Chg      | Progress     |
|--------------------------------|-------------|--------------|--------------|
| Gross business profit          | 192.5       | +2.9         | -            |
| Net interest income            | 149.9       | -6.3         | -            |
| Net fees and commissions       | 38.5        | -0.2         | -            |
| Net trading income             | 3.8         | +1.4         | -            |
| Net other business income      | 0.2         | +8.2         | -            |
| Expenses                       | 119.6       | -0.0         | -            |
| Credit related cost            | 20.7        | +8.8         | -            |
| Gains/losses related to stocks | △0.7        | -9.9         | -            |
| <b>Ordinary profit</b>         | <b>53.1</b> | <b>-16.3</b> | <b>91.6%</b> |
| Extraordinary income/losses    | -1.6        | +1.5         | -            |
| <b>Net income (1)</b>          | <b>36.3</b> | <b>-9.9</b>  | <b>90.9%</b> |

【 Consolidation adjustment 】 (2)-(1) -5.1bn  
 Adjustments related to securities (-4.2bn)  
 Interest expenses of subordinated loans, expenses, etc.

### <Mebuki FG (Consolidated)>

- Gross business profit increased ¥2.9bn due to improvement of net other business income for the lack of losses on foreign bonds in FY18.
- Net income decreased by -¥9.9bn YoY due to increase of credit related costs and losses on securities <sup>(\*)</sup> affected by COVID-19

(\*) gains/losses on stocks + bond transactions +cancellation of private offering investment trusts

### <Joyo and Ashikaga "J +A"(Non-consolidated) >

Net income decreased by -¥24.1bn YoY due to increase of credit related costs and losses on securities <sup>(\*)</sup> and the lack of extraordinary income in FY19 ( Ashikaga received dividends of ¥12.0bn from affiliated companies in 1Q18). Since this is removed from consolidated FS, there is no effect on the YoY change of net income of FG consolidated.

## Two banking subsidiaries and group companies

(¥bn)

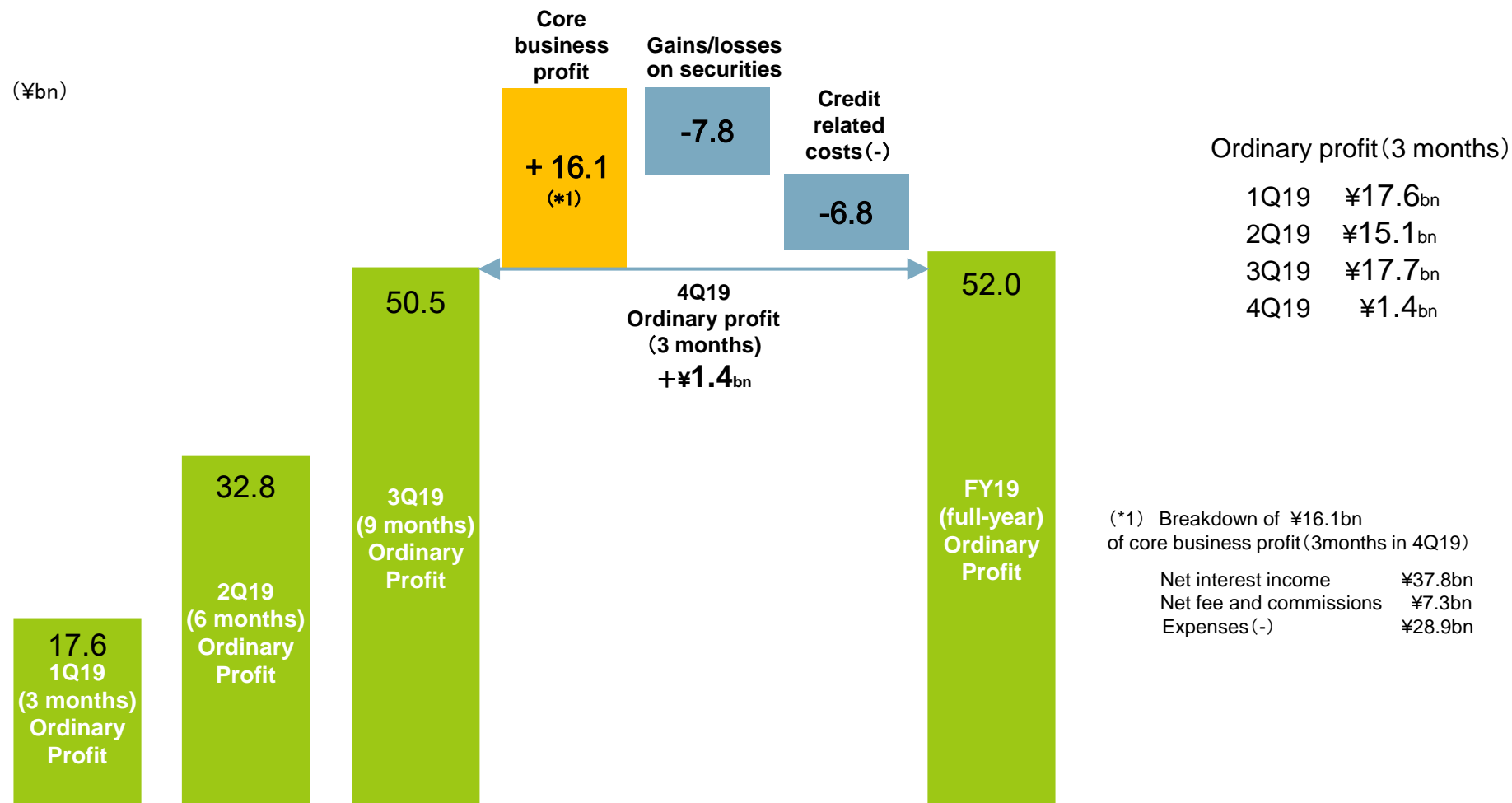
| <Joyo and Ashikaga "J +A"(Non-consolidated) >                              | FY19        | YoY Chg      | Progress     |
|--|-------------|--------------|--------------|
| Gross business profit  | 186.3       | +0.7         | -            |
| (Core gross business profit)   | 188.4       | -7.9         | -            |
| Net interest income  | 154.0       | -6.9         | 107.0%       |
| (o/w gains/losses on cancellation of private offering investment trusts)   | 7.3         | -4.3         | -            |
| Net fees and commissions   | 31.3        | -0.7         | -            |
| Net other business income  | 0.8         | +8.4         | -            |
| (o/w gains/losses on bond transactions)                                    | -2.0        | +8.6         | -            |
| Expenses   | 115.0       | +0.8         | 96.6%        |
| Net business income (before general allowance for loan losses)             | 71.2        | -0.1         | -            |
| Core net business income   | 73.3        | -8.8         | -            |
| (excl. gains/losses on cancellation of private offering investment trusts) | 66.0        | -4.5         | 115.6%       |
| Net transfer to general allowance for loan losses (a)                      | 1.1         | +6.3         | -            |
| Net business income  | 70.1        | -6.5         | -            |
| Net non-recurrent gains/losses   | -18.0       | -13.3        | -            |
| o/w Disposal of non-performing loans (b)                                   | 17.9        | +3.3         | -            |
| o/w Gains/losses related to stocks, etc.                                   | 0.4         | -10.2        | -            |
| <b>Ordinary profit</b>   | <b>52.0</b> | <b>-19.8</b> | <b>88.9%</b> |
| Extraordinary income/losses  | -1.5        | -10.2        | -            |
| <b>Net income (J + A)</b>  | <b>35.8</b> | <b>-24.1</b> | <b>88.6%</b> |
| <b>Net income (Group total)(2)</b>   | <b>41.5</b> | <b>-22.3</b> | <b>-</b>     |
| Credit related cost (J + A )   | 19.0        | +9.7         | -            |

( \* 2) The amount of the previous period includes dividends receivable of ¥12.0 bn from affiliated companies. Since this is removed from consolidated FS, there is no effect on net income attributable to owners of the parent of FG.

# Change of Ordinary profit (Bank total)

- Ordinary profit steadily progressed toward forecast until 3Q19 since securities' income and cost reduction exceeded plans (Results of 3Q ¥50.5bn, 86.4% progress toward full-year plan of ¥58.5bn).
- However, it fell short of plans for FY19 and results of FY18 because of loss on securities<sup>(\*)</sup> of -¥7.8bn and credit related costs of ¥6.8bn due to impact of COVID-19 in 4Q19.

(\*) gains/losses on stocks + bond transactions + cancellation of private offering investment trusts



# Average Yield of Loans / Net Interest Income

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

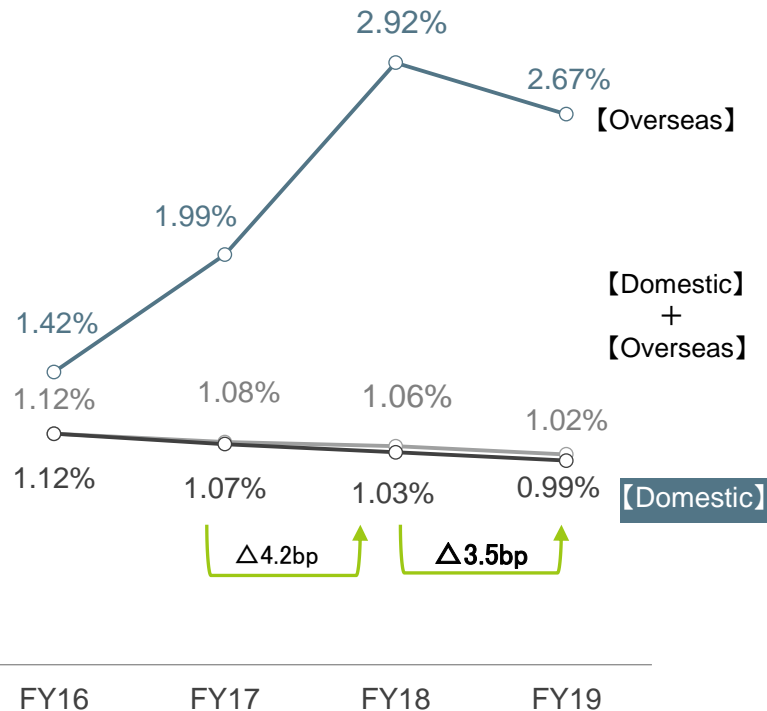
While the average yield remains in a decreasing trend, the decrease of domestic loans reduced to 3.5bp compared to 4.2bp during the previous period.

Interest and dividends on securities decreased by ¥2.6 bn YoY mainly due to decrease of interest and dividends on securities and increase of market investments and borrowings

## Average Yield on Loans(Joyo+Ashikaga) (¥bn)

### (Domestic and Overseas)

\* Not including borrowing from special account of MoF



## Change of Interest Income(Joyo+Ashikaga) (¥ bn)

\* Not including borrowing from special account of MoF

|   | Factor   | Results      | YoY Chg     | Domestic        |                 | Overseas    |           |
|---|----------|--------------|-------------|-----------------|-----------------|-------------|-----------|
|   |          |              |             | Chg. in Factors | Chg. in Factors |             |           |
| Interest on loans and bills discounted(*)   | Avg      | —            | +2.5        | +1.8            | (+180.3)        | +0.6        | (+24.0)   |
|   | Yield    | —            | -4.1        | -3.7            | (-3.5bp)        | -0.4        | (-24.7bp) |
|   | subtotal | 111.2        | -1.6        | -1.8            | —               | +0.2        | —         |
| Interest on deposits (-)  |          | 5.3          | -0.7        | -0.1            | —               | -0.6        | —         |
| Difference of interests between loans and deposits  |          | 105.8        | -0.9        | -1.7            | —               | +0.8        | —         |
| Interest and dividend on securities (including gains on cancellation of Private Offering Investment Trusts) | Avg      | —            | -1.1        | -2.2            | (-144.4)        | +1.1        | (+46.5)   |
|   | Yield    | —            | -4.0        | -3.8            | (-13.0bp)       | -0.1        | (-1.6bp)  |
|   | subtotal | 57.3         | -5.1        | -6.1            | —               | +0.9        | —         |
| (excluding gains on cancellation of Private Offering Investment Trusts)                                     |          | 50.0         | -0.8        | -1.8            | —               | +0.9        | —         |
| Market investments and borrowings (-)   |          | 9.1          | +0.9        | -0.0            | —               | +0.9        | —         |
| <b>Total</b>  |          | <b>154.0</b> | <b>-6.9</b> | <b>-7.8</b>     | <b>—</b>        | <b>+0.8</b> | <b>—</b>  |
| (excluding gains on cancellation of Private Offering Investment Trusts)                                     |          | 146.7        | -2.6        | -3.5            | —               | +0.8        | —         |

# Loans / Deposits

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

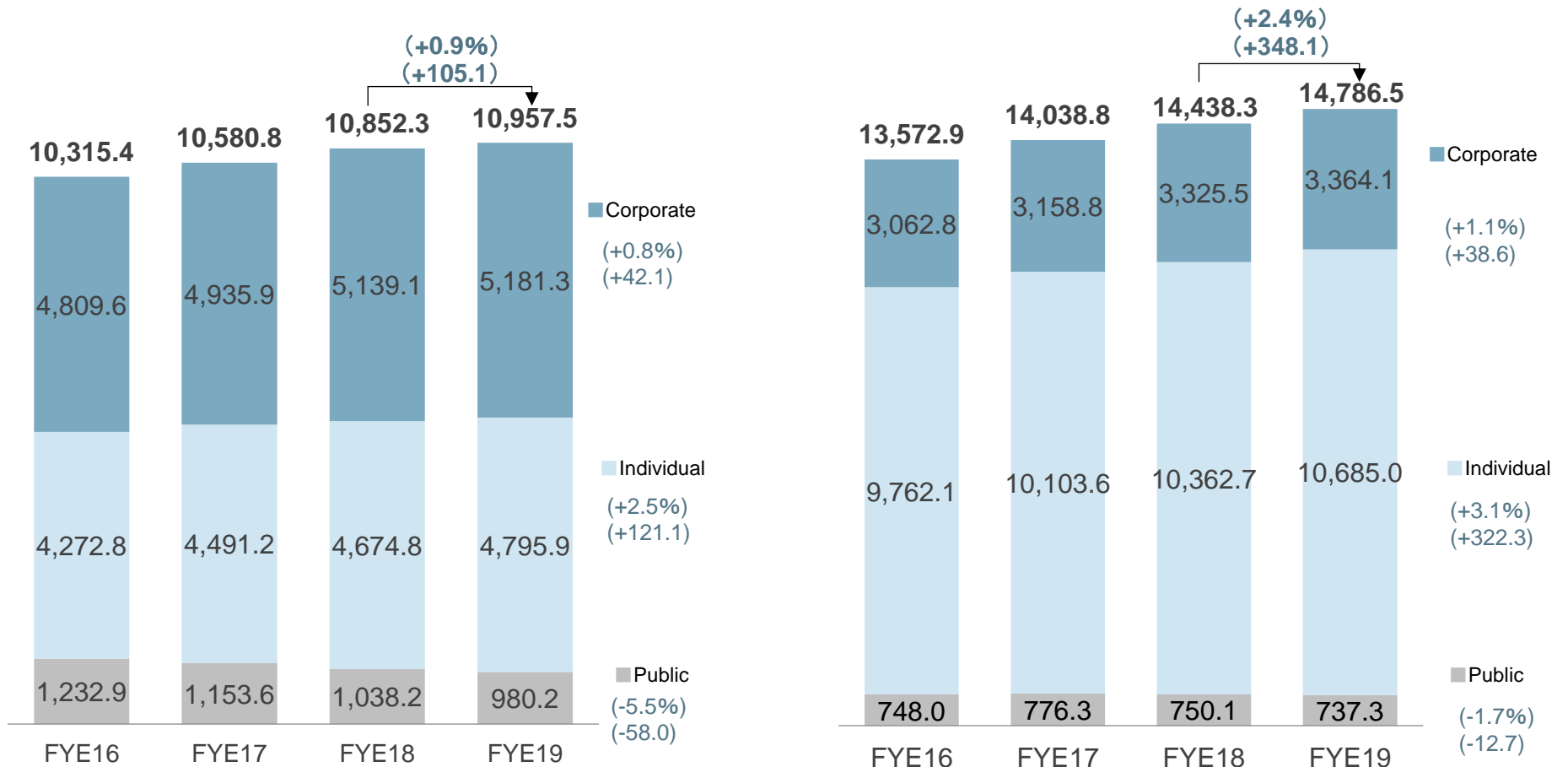
Loans and deposits of individual and corporate customers have been on the increase.  
Reference P8,27 for detailed information about loans.

## Loans Term-end balance

(\*) Not including borrowing from special account of MoF (¥519.8bn, as of Mar. 31,2020)

## Deposits Term-end balance

(¥bn)





# Individual and Corporate Loans

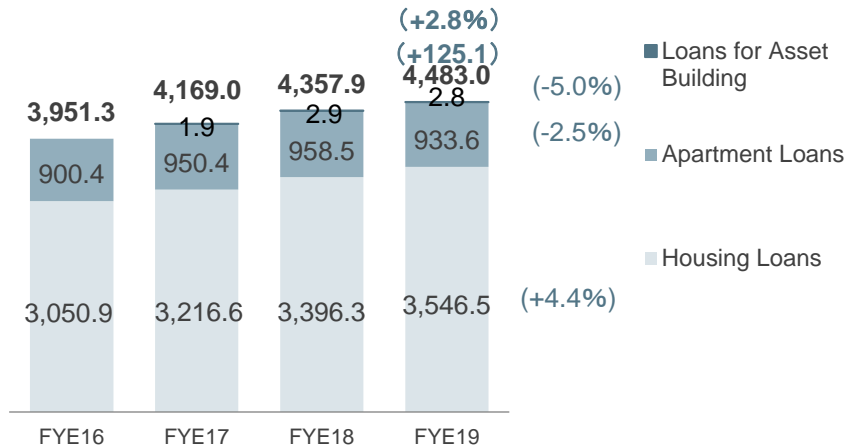
\*Figures in parentheses are changes on a year on year basis

## Individual (Joyo Bank + Ashikaga Bank)

Housing related loans and unsecured loans increased by 4.4% and 6.1%, respectively.

### Housing Related Loans

(¥ bn)

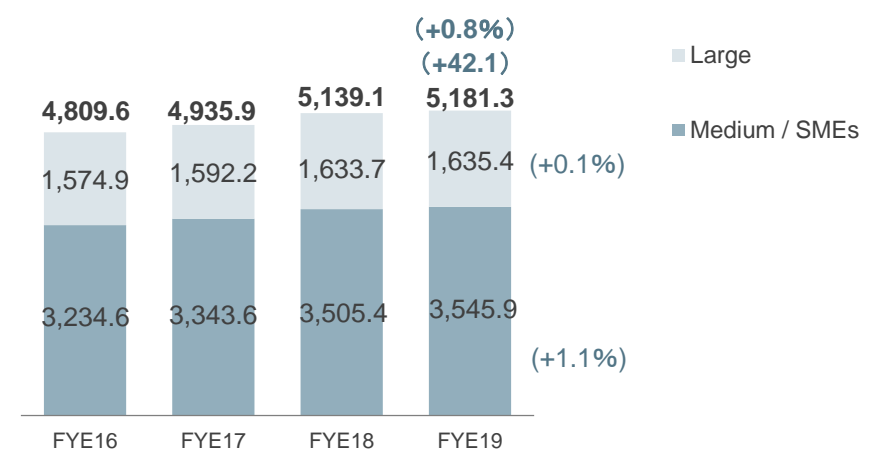


## Corporate (Joyo Bank + Ashikaga Bank)

Corporate loans increased by 1.1% particularly in mid-size corporate customers.

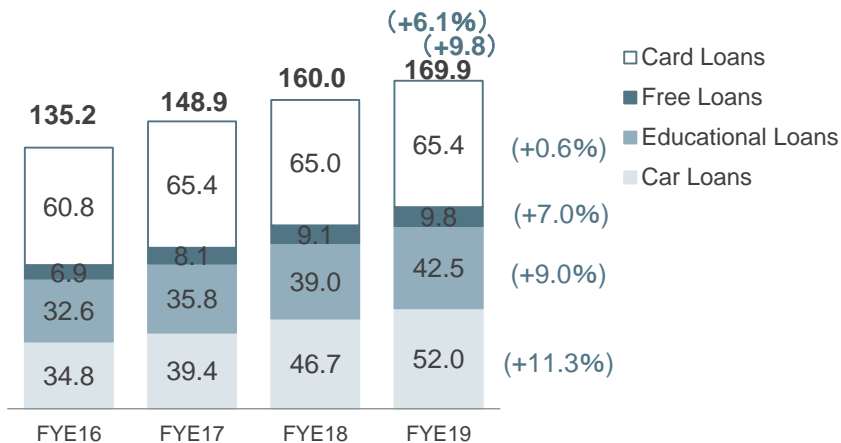
### Term-end Balance by Company Size

(¥ bn)



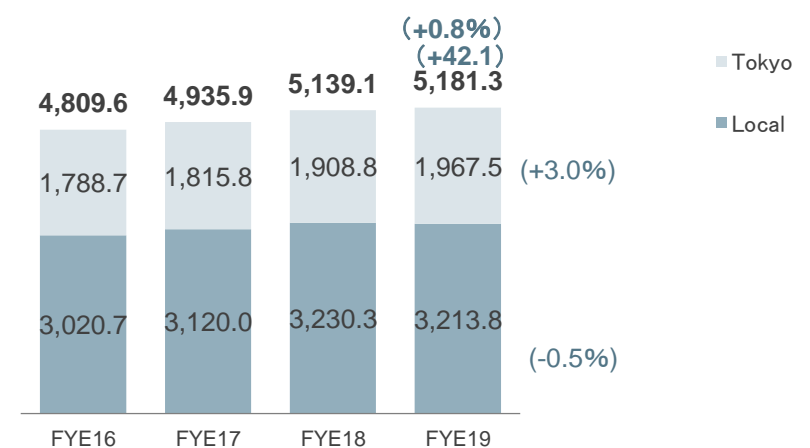
### Unsecured Loans

(¥ bn)



### Term-end Balance by Area

(¥ bn)



# Customer Assets under Custody

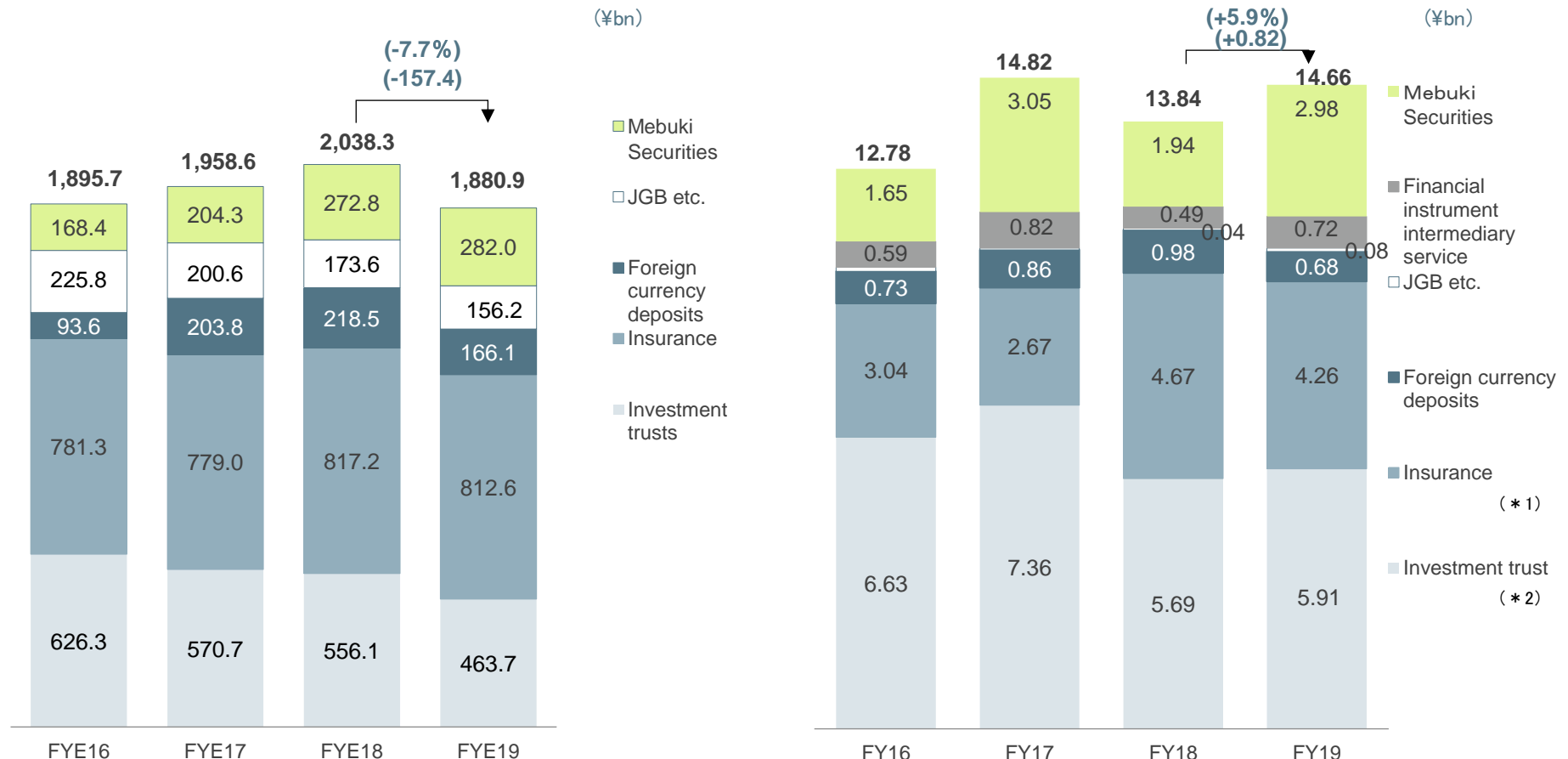
\*Figures in parentheses are changes on a year on year basis

Amount of customer assets under custody, especially investment trusts, decreased by ¥157.4bn YoY mainly due to decline in stock market.

Amounts of Mebuki Securities remains on the increase because of collaboration with subsidiary banks. Total commissions increased YoY.

## Balance (Bank Total + Mebuki Securities)

## Commissions (Bank Total + Mebuki Securities)



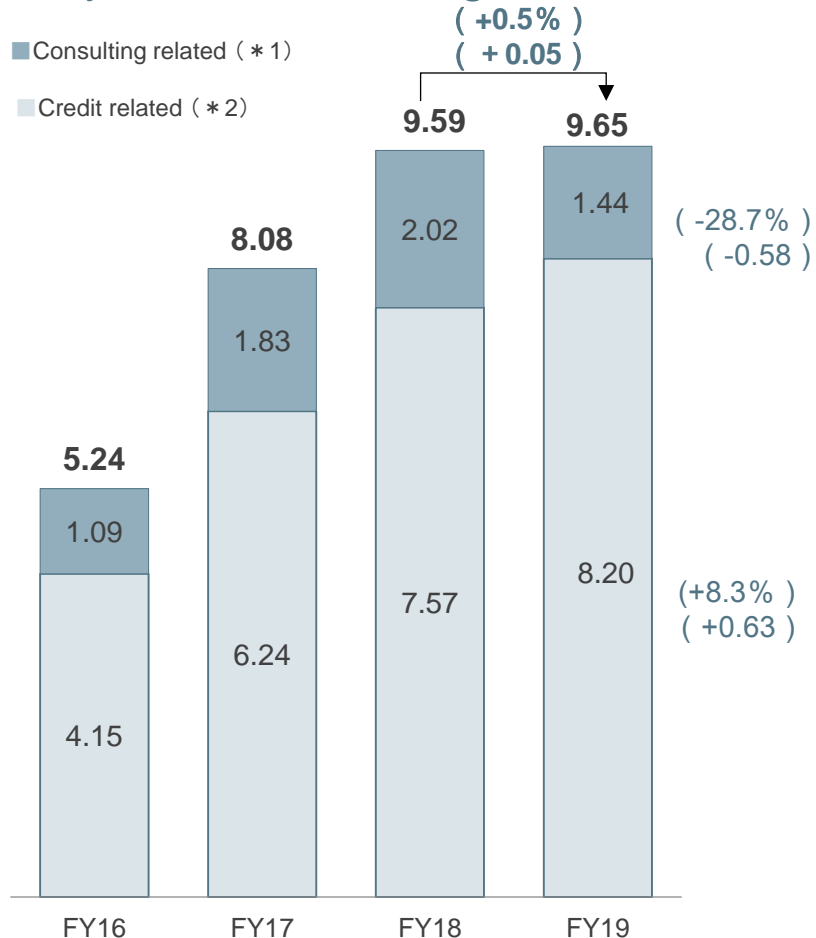
(\*1) Excl. executive life insurance (\*2) Sales commission+ Trust fee

# Fees from Corporate Customers (Consulting related and Credit related)

Fees from corporate customers increased by ¥0.05bn YoY (+0.5%) due to enhancement of consulting services. While consulting related fees decreased -¥0.58 bn YoY mainly due to decrease in executive life insurance (-¥0.65bn YoY), credit related fees increased by ¥0.63bn YoY mainly due to increase of syndicate loans.

## Joyo Bank + Ashikaga Bank

(¥bn)



## <Breakdown of Fees from Corporate customers>

|                               | FY19 Results | YoY          | Progress      |
|-------------------------------|--------------|--------------|---------------|
| <b>Credit related (1)</b>     | <b>8.20</b>  | <b>+0.63</b> | <b>117.1%</b> |
| o/w Derivatives               | 1.14         | +0.05        |               |
| Syndicate loans               | 5.70         | +0.74        | -             |
| Private placement bonds       | 1.35         | -0.16        |               |
| <b>Consulting related (2)</b> | <b>1.44</b>  | <b>-0.58</b> | <b>90.0%</b>  |
| o/w Business Matching         | 0.58         | +0.07        |               |
| M&A                           | 0.43         | -0.02        |               |
| Executive Insurance           | 0.30         | -0.65        | -             |
| Trust • 401K                  | 0.12         | +0.01        |               |
| <b>Total ((1)+(2))</b>        | <b>9.65</b>  | <b>+0.05</b> | <b>112.2%</b> |

- Fees of syndicate loans and commitment line : ¥1.65bn (-¥0.03bn YoY)
- Fees related business loans : ¥4.05bn (+¥0.78bn YoY)
  - o/w Loans with covenants : ¥1.53bn (+¥0.25bn YoY)
  - o/w Lump-sum loans with credit insurance : ¥0.65bn (+¥0.15bn YoY)

(\*1) Consulting related fees : Trust • 401K, Executive Insurance, M&A, Business Matching

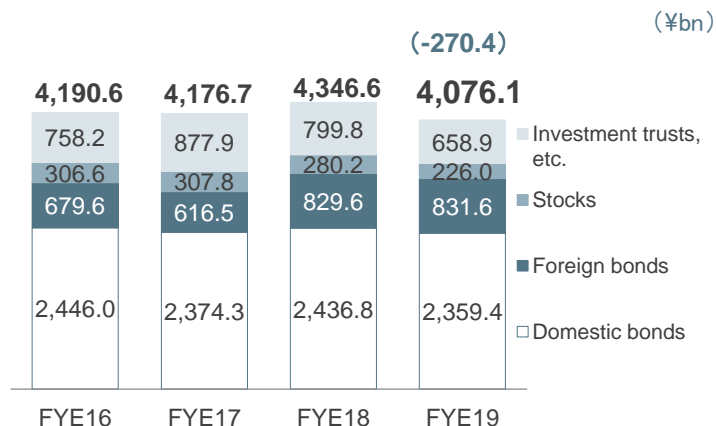
(\*2) Credit related fees : syndicate loans, private offering bonds, derivatives

# Securities / Strategic Shareholdings

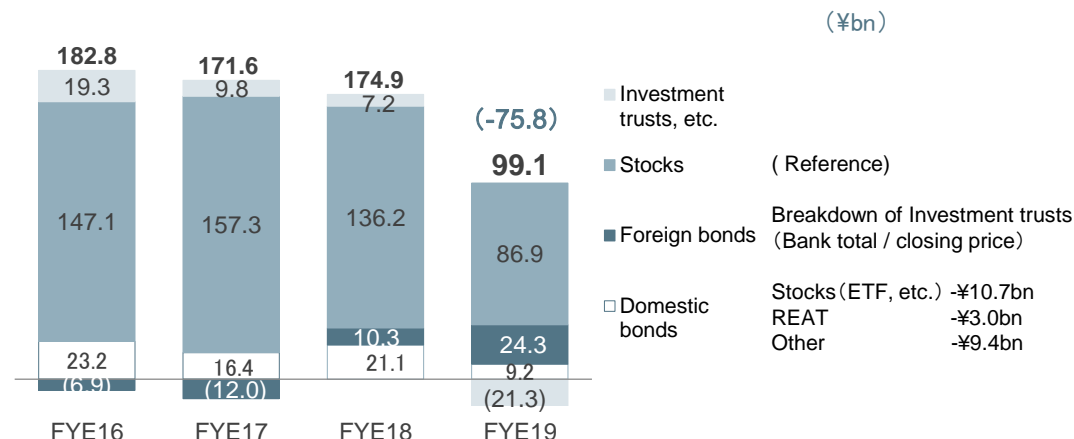
\*Figures in parentheses are changes on a year on year basis

During 4Q, we sold poor performance investment trusts (gains/ losses of 4Q: -¥7.8 bn) and changed the portfolio of securities considering deteriorating market affected by COVID-19.

## Balance(Carrying amount) (Mebuki FG)

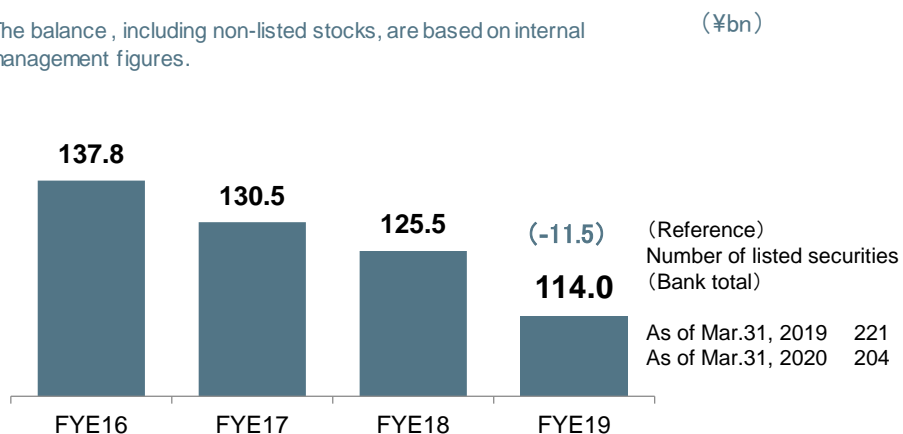


## Unrealized valuation gains/losses on available for sales securities (Mebuki FG)



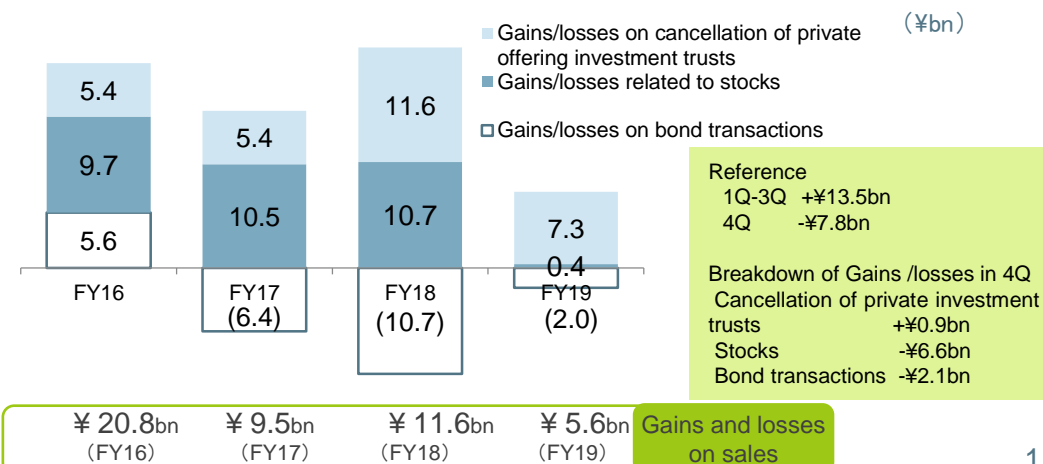
## Strategic Shareholdings (Balance/Sales)

\* The balance, including non-listed stocks, are based on internal management figures.



## Gains and losses on securities

(Including gains/losses on cancellation of private offering investment trusts)



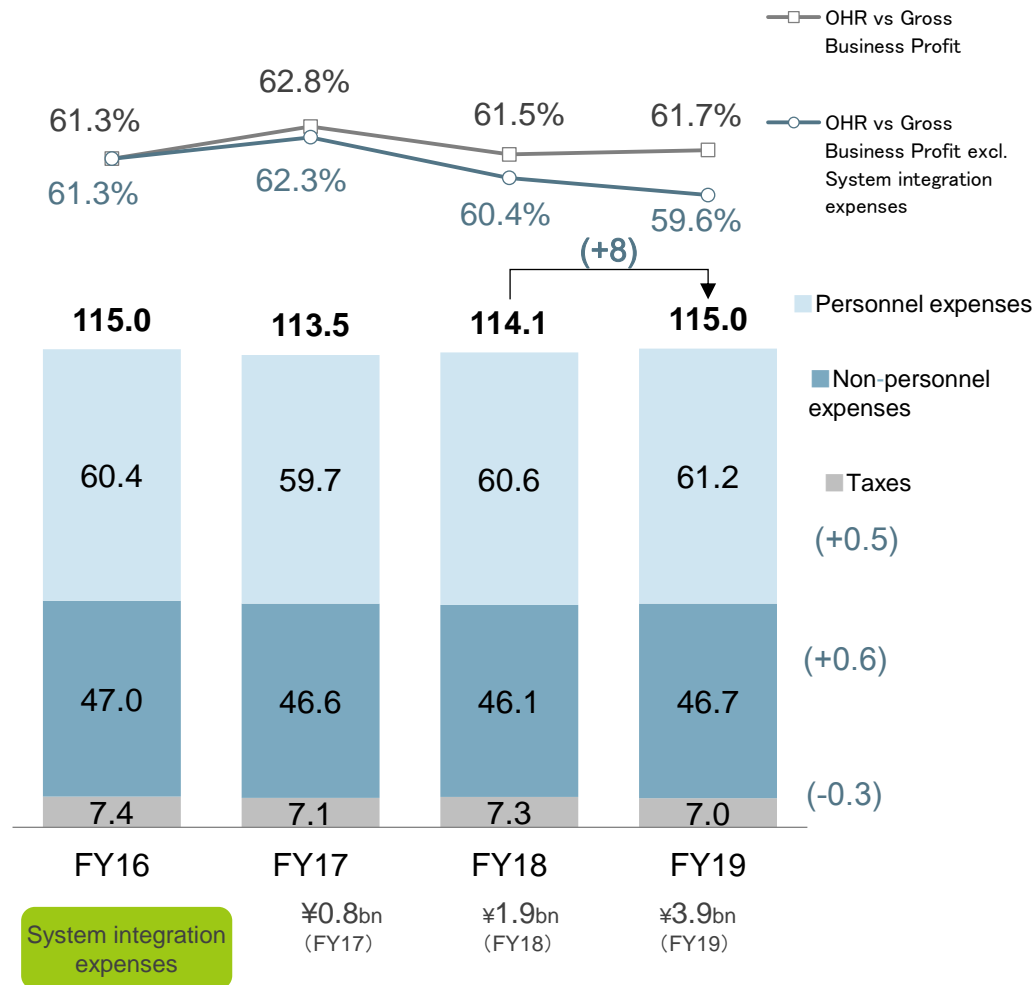
# Expenses / OHR

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

Total expenses increased by ¥0.8 bn YoY mainly due to an increase of system integration expenses (+¥1.9bn YoY).

However, expenses excluding system integration expenses decreased by ¥1.1bn YoY through the promotion of structural reform according to the second medium-term plan.

## Joyo Bank + Ashikaga Bank



## < Changes of FY19 >

(¥ bn)

|                                   | FY19         | YoY         | Factors  |
|-----------------------------------|--------------|-------------|--|
| Personnel expenses                | 61.2         | +0.5        | <ul style="list-style-type: none"> <li>Increase of overtime pay for system integration +0.3</li> <li>Retirement benefits costs +0.2</li> </ul>                   |
| Non-personnel expenses            | 46.7         | +0.6        | <ul style="list-style-type: none"> <li>Depreciation and migration costs of new system +1.6</li> <li>Decrease of depreciation of existing systems -1.0</li> </ul> |
| Taxes                             | 7.0          | -0.3        | <ul style="list-style-type: none"> <li>Business tax -0.1</li> </ul>  |
| <b>Total Expenses</b>             | <b>115.0</b> | <b>+0.8</b> |  |
| Excl. system integration expenses | 111.1        | -1.1        |  |

## < System Integration >

Completion Date January.6, 2020  
 Total investment ¥11.2bn (as initially planned)  
 Expected running cost reduction ¥2.1bn  
 (After the end of depreciation in FY2025)

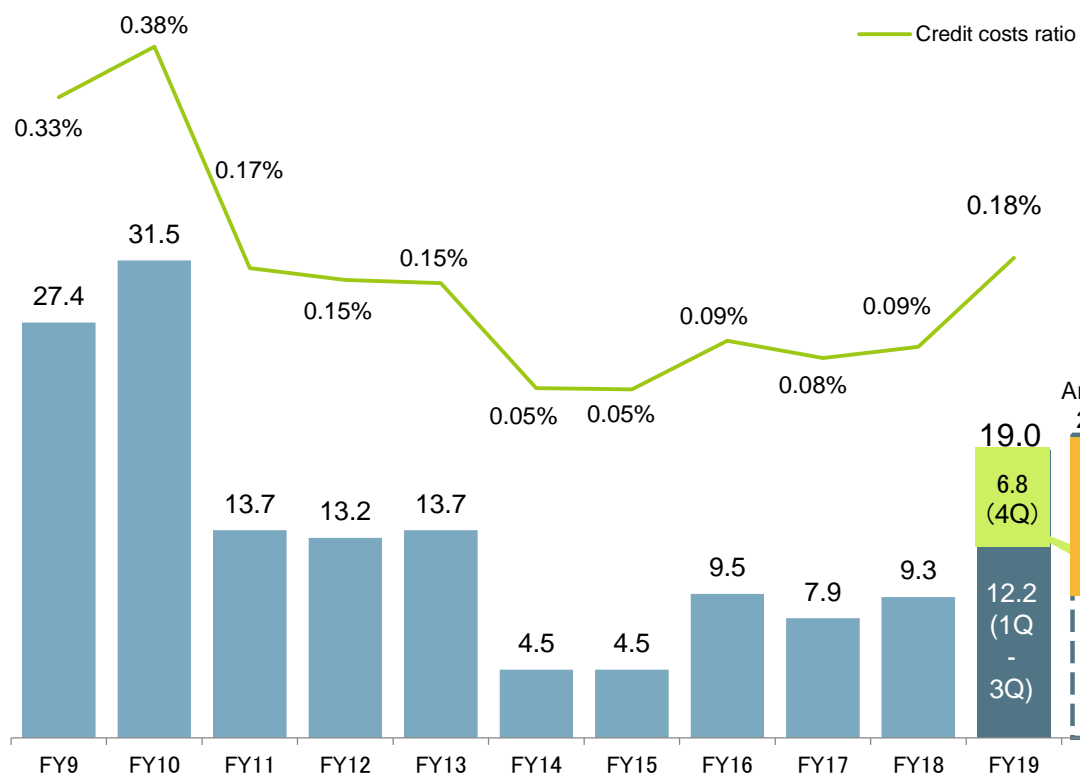
# Credit Related Costs

Credit related cost increased by ¥9.7bn YoY to ¥19.0bn due to decrease because of the lack of special factors (such as the reversal of general allowance for loan losses from large borrowers requiring monitoring) and preventive reserves for COVID-19.

Considering impact of COVID-19, we estimate ¥20.0bn in FY20.

## Change of Credit Related Costs

(1) Change of Credit Related Costs (J+A) (¥bn)



(2) Breakdown of Credit Related Costs (¥bn)

|  | FY18 | FY19 | YoY  |
|--|------|------|------|
| Credit related costs                                 | 9.3  | 19.0 | +9.7 |
| Net transfer to general allowance for loan losses    | -5.2 | 1.1  | +6.3 |
| Disposal of non-performing loans                     | 14.5 | 17.9 | +3.3 |
| (o/w) Transfer to specific allowance for loan losses | 6.8  | 8.7  | +1.8 |

**Credit related costs in FY20**  
Impact of COVID-19  
¥10.0bn

**Credit related costs in 4Q19**  
¥6.8bn  
Taking into account impact of COVID-19, recognize preventive reserves

# Status of Non-performing Loans and Delinquent Loans

Amount of non-performing loans based on financial revitalization law decreased and ratio has been on the decrease.

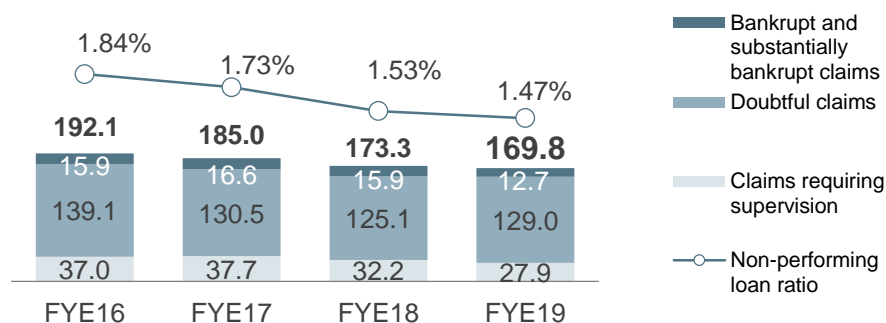
Though number of delinquent loans began to rise in Mar. 2019, they began to decrease again as of Mar 2020

Impact of COVID-19 needs to be monitored

## Non-performing Loans

(¥bn)

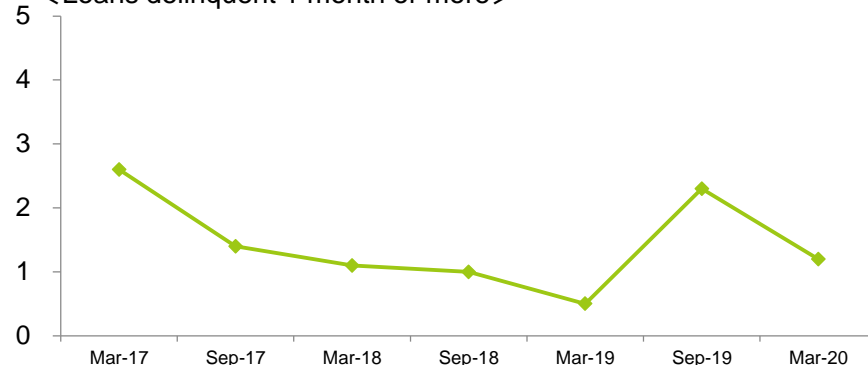
(Financial Revitalization Law)



## Status of Delinquent Loans to Businesses

(¥bn)

<Loans delinquent 1 month or more>

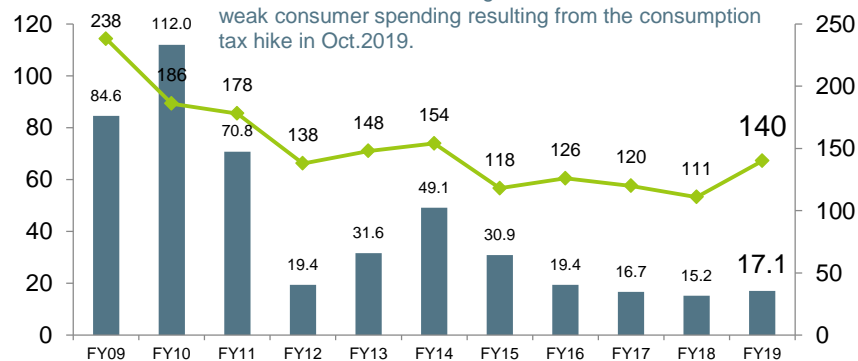


## 【Reference】Status of Bankruptcy

Number of bankruptcies (Total liabilities amounting to 10 million yen or more) ~by Tokyo Chamber of Commerce

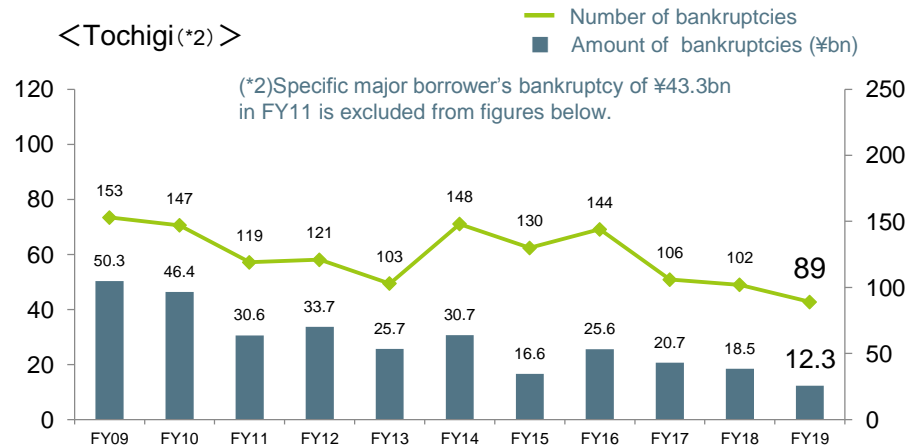
<Ibaraki(\*1)>

(\*1) Bankruptcy of medium-sized businesses such as accommodation and catering services increased due to weak consumer spending resulting from the consumption tax hike in Oct. 2019.



<Tochigi(\*2)>

(\*2) Specific major borrower's bankruptcy of ¥43.3bn in FY11 is excluded from figures below.



# Forecast for FY2020

- Taking into account present business environment and market conditions, we expect forecast of FY20 based on predictable assumptions
- We would immediately announce forecast revisions if COVID-19 situation changes.

## Mebuki FG (consolidated)

|   | Results for FY2019 | Forecast for FY2020 | YoY  |
|---|--------------------|---------------------|------|
| Ordinary Profit   | 53.1               | 48.5                | -4.6 |
| Net Income<br><small>(Attributable to owners of the parent)</small> | 36.3               | 33.0                | -3.3 |

## Total of Two banking subsidiaries

|                        | Results for FY2019 | Forecast for FY2020 | YoY         |
|------------------------|--------------------|---------------------|-------------|
| Ordinary Profit        | 52.0               | 47.0                | -5.0        |
| Net Income             | 35.8               | 33.5                | -2.3        |
| (Credit Related Costs) | 19.0               | around 20.0         | around +1.0 |

## Banking subsidiaries (non consolidated)

|                 | Results for FY2019 | Forecast for FY2020 | YoY  |
|-----------------|--------------------|---------------------|------|
| Ordinary Profit | 35.6               | 30.5                | -5.1 |
| Net Income      | 24.6               | 21.0                | -3.6 |

## Assumptions of Forecast for FY2020

- We expect COVID-19 to be resolved in 1H20. Economic activity will gradually recover.
- Since effects of lower sales in some industries still remains, we estimate credit related costs of ¥10.0bn due to COVID-19 impact.

## Changes of Ordinary profit (Bank total)

- Deferral of interests between loans and deposits around -¥2.0bn  
\* Interest on foreign currency loans will decrease due to lower market interest rates.
- Net fee and commissions around -¥1.0bn  
\* We refrain from customer visits corresponding to a declaration of national emergency
- Credit related cost (-) around +¥1.0bn  
\* ¥20.0bn of FY20 includes increase due to COVID-19 impact.
- Other (Retirement benefits costs, etc.) around -¥1.0bn

## Ashikaga

|                 | Results for FY2019 | Forecast for FY2020 | YoY  |
|-----------------|--------------------|---------------------|------|
| Ordinary Profit | 16.3               | 16.5                | +0.1 |
| Net Income      | 11.2               | 12.5                | +1.2 |

\* Ashikaga is expected to increase profit for improvement of securities' income.



# Dividends, Shareholder Returns, Capital Adequacy Ratio

Year-end dividends in FY19 was ¥5.5 per share (annual dividends ¥11.0).

Taking into account shareholder return policy, annual dividends of ¥11.0 per share in FY20 will be continued.

Capital Adequacy ratio of Mebuki FG increased 1.01%p YoY to 10.95% since Ashikaga Bank adopted FIRB

## Dividends, Shareholder Returns

### Dividends

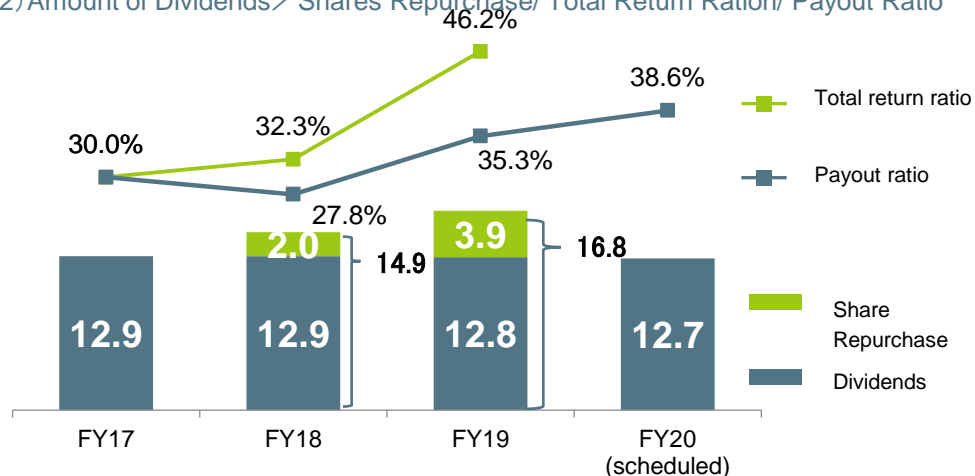
- Annual dividends of FY20 ¥11.0 (scheduled)

(1) Dividends per share

|      | Annual Dividends     | Interim             | year-end            |
|------|----------------------|---------------------|---------------------|
| FY19 | ¥11.0                | ¥5.5                | ¥5.5                |
| FY20 | ¥11.0<br>(scheduled) | ¥5.5<br>(scheduled) | ¥5.5<br>(scheduled) |

### Results of Returns

(2) Amount of Dividends / Shares Repurchase / Total Return Ratio / Payout Ratio



### Shareholder Return Policy

We will target a Total Return Ratio<sup>(\*)</sup> of 30% or more while taking into account both the maintenance of solid capital levels for future growth and the appropriate distribution of profits to our shareholders. We will continue to consider the dividend level.

(\*) Total Return Ratio = (Total amount of dividends + Total amount of acquisition of own shares) / Net income<sup>(\*)</sup>

## Capital Adequacy Ratio

- Ashikaga Bank started to calculate each risk-weighted asset according to foundation internal rating-based approach(FIRB<sup>(\*)</sup>).

(3) Capital adequacy ratio

|       | Mebuki FG<br>(Consolidated) | Joyo<br>(Consolidated) | Ashikaga<br>(Consolidated) |
|-------|-----------------------------|------------------------|----------------------------|
| FYE17 | 10.38%                      | 11.80%                 | 8.71%                      |
| FYE18 | 9.94%                       | 11.91%                 | 8.55%                      |
| FYE19 | 10.95%                      | 12.22%                 | 9.45%                      |

(\*)FIRB, calculation procedures to measure risk-weighted assets related to capital adequacy ratio, is more advanced approach than Standard Approach using prescribed weight by FSA. Although FIRB can reflect the changes of credit risk more accurately, there is a need to establish rigorous internal control system and to be approved by FSA

## 【Reference】

- Progress of the Second Medium-Term Business Plan
- Measures regarding the spread of COVID-19

# (1) Create Growth Business Models with Local Regions

## ① Enhancement of consulting services (Business support/Support for asset building)

### Organization for consulting services to corporate customers

- Doubled the number of specialists staffed in branches. Strengthened consulting services with branch staff.

**60 specialists staffed in branches  
(increased 30 people in FY19)**

**Enhancement of proposal for business consulting contributes to increase in fees for corporate customers**

※Plan to shift 100 people (total) over three years to consulting business for individual and corporate customers

### Organization for consulting services to individual customers

For customers who are building assets

- Strengthening contact with customers through seminars in workplace (proposals of long-term and diversified investment, savings products)

For wealthy customers

- Improving quality of proposals by utilizing external skills (collaboration with staff on loan to securities firms or insurance companies)

Cooperation with Mebuki Securities

- Restructuring proposal structure in cooperation between banking and securities (strengthening of sales in intermediary products such as structured bonds and foreign bonds)

**Contributed to increase of insurance balance, assets under custody, and commissions of Mebuki Securities**

### Enhancement of inheritance business / business succession

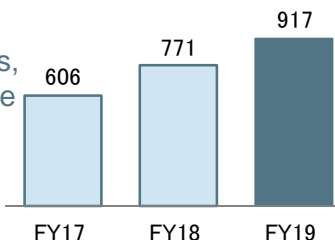
Entering into trust business by banks

- Banks started trust business, such as money/testamentary trust and inheriting service, as their own business in July 2019

Business succession・M&A

<number of M&A consultations>

- In cooperation with head offices and branches of two banks and external expert organizations, we provide various solution services to promote smooth business/asset succession for our customers.

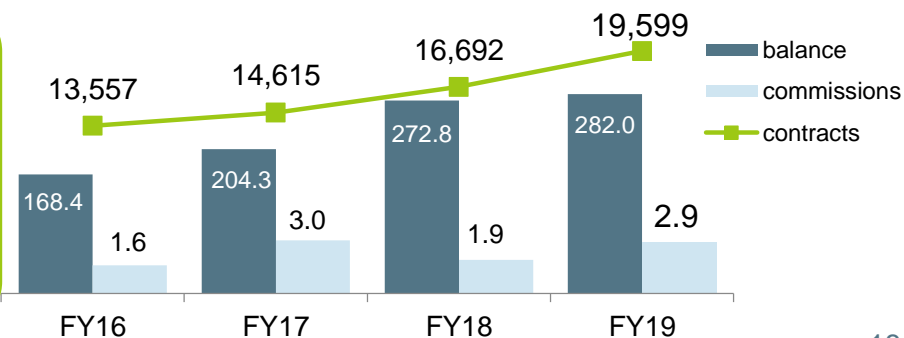


- In Sept. 2019, M&A was established between the customers of Joyo Bank and Ashikaga Bank.

### Strengthening of Cooperation Between Banking and Securities Businesses

Contracts and Balance of customer assets under custody of Mebuki Securities

(Number/¥bn)



# (1) Create Growth Business Models with Local Regions

## ② IT services / Data utilization (enhanced productivity in the group / customer's convenience)

- We will work to enhance IT services / Data utilization within the group and improve customer's convenience and services, using external knowledge.

### Utilization of specialists in IT business management

#### Collaboration with IT Coordination Association

- In February 2020, we signed comprehensive collaboration agreement with IT Coordination Association, a non-profit organization.
- For many SME's, IT utilization is essential requirement for improving productivity and strengthening competitiveness. In this environment, we will strengthen support from digital strategic advice and suggestion until system introduction, collaborating with IT coordinator(\*1) having knowledge in management and IT field, under this agreement.

(\*1) Qualification of professional, promoted by Ministry of Economy, Trade and Industry, who has knowledge and experience in corporate management and IT field, and can advise and support IT utilization as corporate strategy taking the business manager's point of view

### Joint research with Resona Holdings, Inc.

#### Introduction of joint research in digital field

- In February 2020, we started joint research in digital field with Resona Holdings, Inc..

#### Banking Application

・Sharing management know-how about “Resona Group Application” and standardizing platforms

#### Self-terminals (tablets) at the counter

・Change of business processes for placing importance on dialog with customers  
・Improving productivity of procedures at the counter

#### Digital field

・Upgrading functionality of digital marketing and data utilization

### IT services / Data utilization within the group

#### Utilization of business use smartphone applications (enhancement of efficiency and functionality)

- In November 2019, we introduced application (digital receipts/company cars) for management of sales staffs visits to customers.
- Utilized for issuing digital receipts for keeping customers' bankbooks or cash and for management of company cars utilizing GPS function.
- In April 2020, obtained a patent for the delivery management function with “the application for digital receipts”.



(Image of business use smartphone application)

### Utilization for Customer's Convenience

#### Utilization of robot advisor for investment trusts

- Customers can utilize a robot advisor for consultation about investment trusts on smartphones and other devices, without visiting the bank branch.



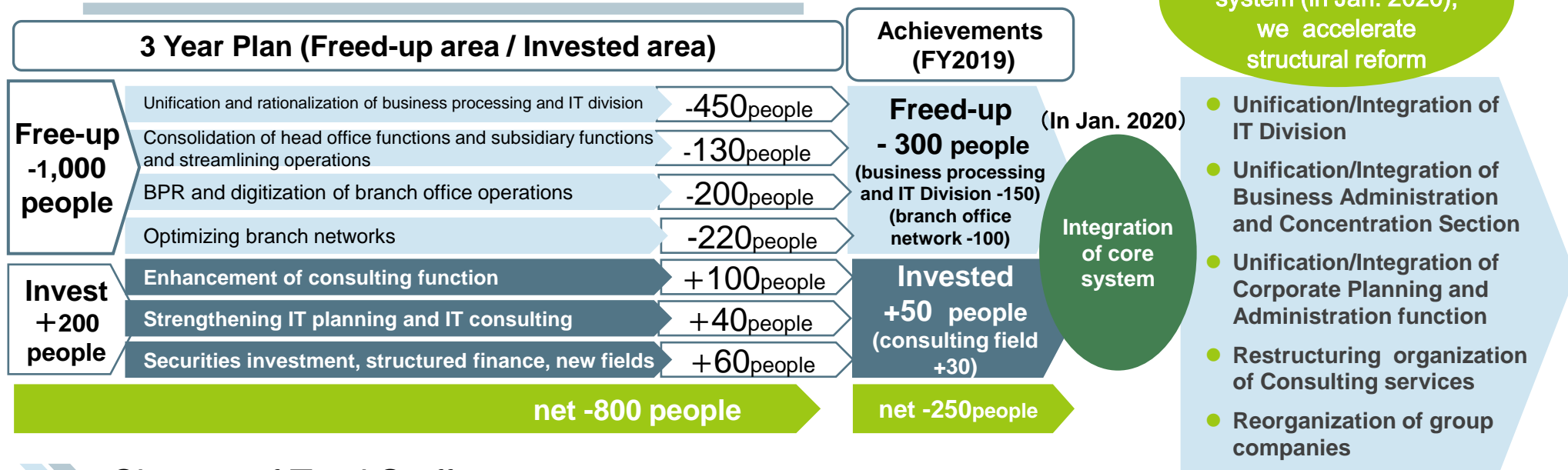
(Home page of robot advisor)

## (2) Structural Reform for Enhanced Productivity

### ① Control of Total Staff

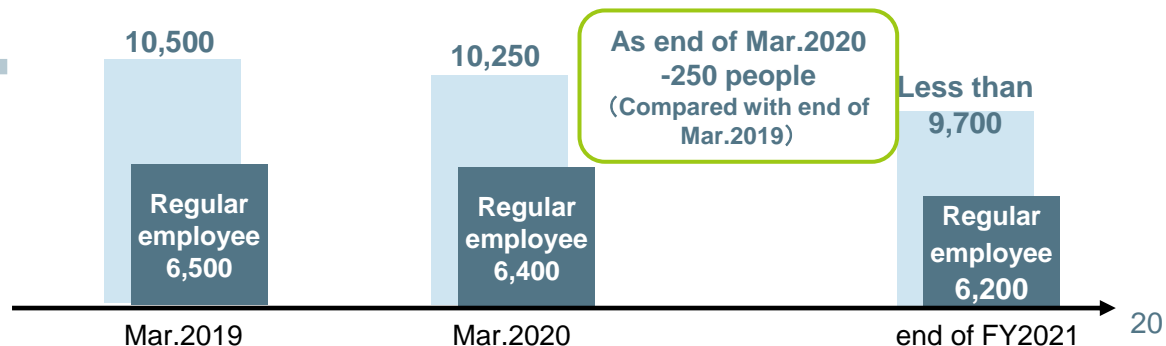
- We are planning personnel reduction of 800 people in 3 year medium-term plan.
- In FY2019, we realized human resources “Freed-up” of -300 people, by unification of business process and IT division and optimizing branch networks. On the other hand, we invested 50 people in consulting field, controlling net-based 250 people.

### Progress of Measures for Control of Staff



### Change of Total Staff

- By the end of Mar.2020, the number of personnel decreased by 250 people compared with end of Mar.2019. By taking above-mentioned measures, we displaced and controlled total staff.



## (2) Structural Reform for Enhanced Productivity

### ② Optimization of Branch Network

- We will optimize branch network by enhancing efficiency about 20% of current branches <sup>(\*1)</sup> within 3 years.
- We will promote efficiency of branch network by 83 locations (including consolidation of 48 locations) in FY2019 and FY2020, expanding size of freed-up staff and cost reduction by additional or accelerated implementation .

(\* 1) 337 domestic branches  
(two banks' total, as of end of FY2018)

### Branch Network Optimization

| 3 Year Plan  |                                 | FY2019               | FY2020       | 3 Year Plan (forecast) |  |                             |
|--|---------------------------------|----------------------|--------------|------------------------|--|-----------------------------|
| Enhance efficiency about 20% of current branches <sup>(*1)</sup> | Consolidation                   | 16 locations         | 32 locations | 48 locations           | 83 locations<br>(24% or more of domestic business locations) |                             |
|  | Function review <sup>(*2)</sup> | 19 locations         | 16 locations | 35 locations           |  |                             |
| Expected effects   | Staff freed-up                  | -220 people          |              |                        |  | Staff freed-up - 300 people |
|  | Cost reduction                  | ¥1bn <sup>(*3)</sup> |              |                        |  | Cost reduction ¥1.2bn       |

(\*2) Reviewing branch style of small number of people and others (\*3) Annual cost in FY2021, compared with FY2018

In FY2020 (by second year of mid-term plan), we will achieve the initial plan's target and accelerate staff control and cost reduction. Further more, by reviewing branch network, we increase effects of structural reform.

### Number of Branch Offices

|                            | Result in FY2018 | Forecast In FY2020 | change |
|----------------------------|------------------|--------------------|--------|
| Domestic Branch Network    | 337              | 330                | -7     |
| <b>Real branch offices</b> | 313              | 272                | -41    |
| In-store branches (* 4)    | 24               | 58                 | +34    |

(\*4) Including virtual offices such as specialized money transfer branch, etc.)

### Improvement of Digital Channel

#### Expansion of loan products that can be completed online (WEB)

- My Car (Automobile) Loan
- Educational Loan
- Card Loan
- Free Loan (small, unsecured, etc.)

#### Banking Application (Expansion of function provided)

- Balance inquiries
- Transfer details
- Opening account
- Collaboration with Internet Banking

## (2) Structural Reform for Enhanced Productivity

### ③ Cost Control

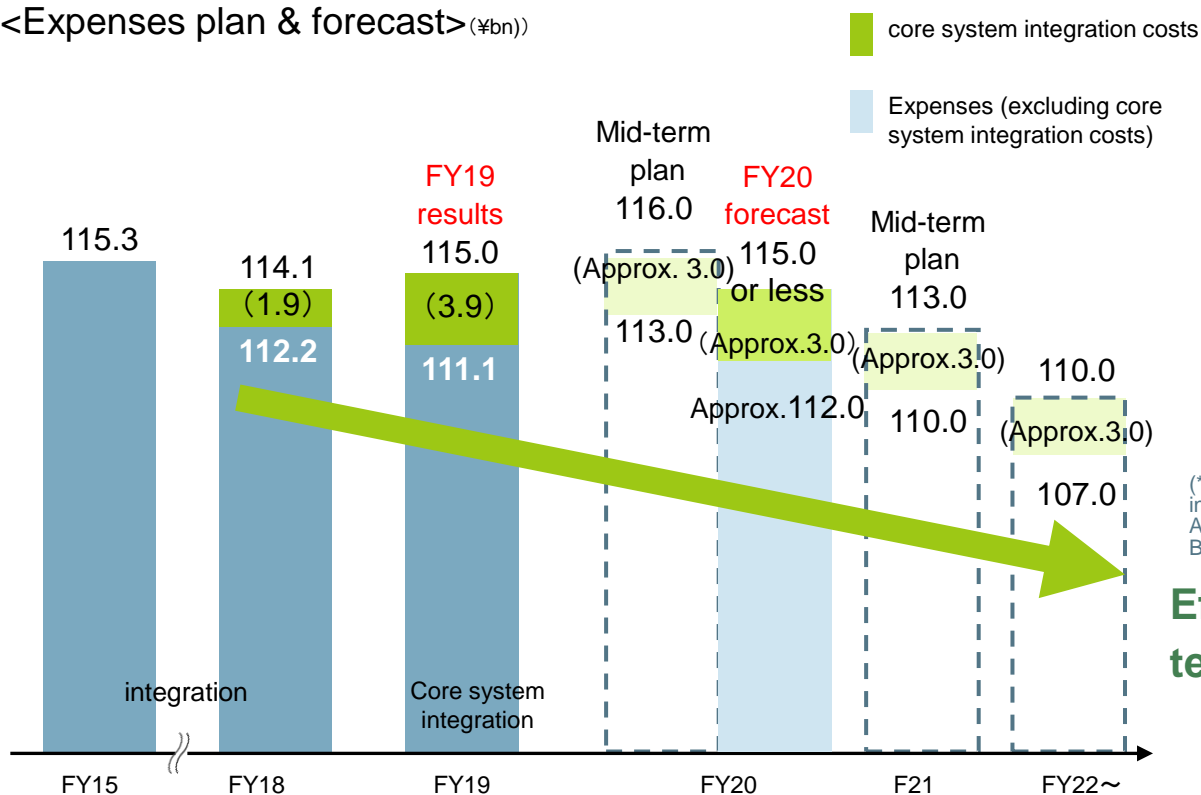
- Cost reduction of ¥5.0bn (\*1) per year expected by streamlining and reviewing branch network in 2nd medium-term plan.
- In FY2019, we achieved the decrease of ¥4.0bn in total expenses compared to the initial plan, by early achievement of structural reform

(\*1) Expenses after FY2022 – FY2018 (excluding system integration costs)

#### Expenses (Results and Forecast/two banks' total)

#### Progress of Structural Reform

<Expenses plan & forecast> (¥bn)



**Core system integration**

In Jan.2020, Ashikaga Bank completed system transition to Regional Banks' Partnership System "Chance"(\*2).  
【Two banks' core system integration realized】

**Integration of Business Concentration Department**

In Aug.2019, Joyo Bank consolidated 4 business concentration sections.  
【120 staff freed-up】

**Optimization of branch network**

From FY2019, we promote efficiency of branch network by accelerated implementation.  
【80 staff freed-up, additional cost reduction -¥0.2bn】

(\*3) The System, developed based on banking core system with accounting, information and others of MUFG Bank, Ltd., that by 8 regional banks (Joyo Bank, Ashikaga Bank, Hyakujushi Bank, Juroku Bank, Nanto Bank, Yamaguchi Bank, Momiji Bank, Kitakyushu Bank)

**Effects of Structural Reform in 2nd mid-term plan Cost reduction over -¥5.0 (\*1)**

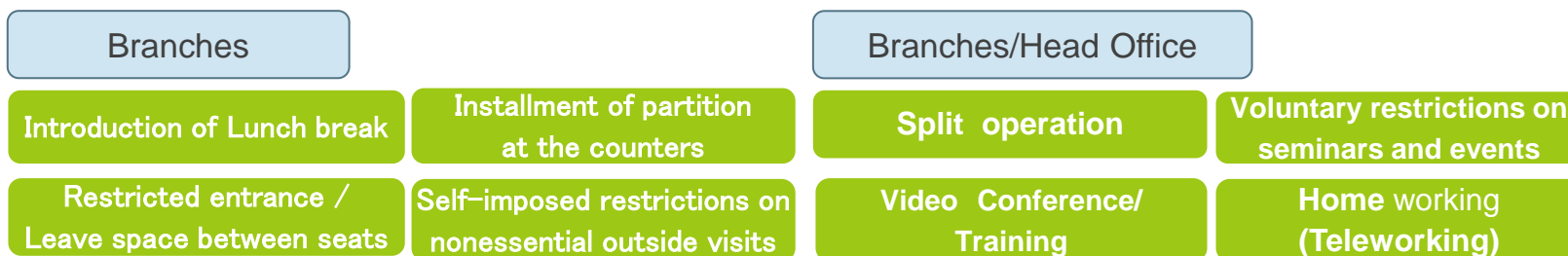
- Personnel slimming over -¥3.0
- Reviewing branch network over -¥1.0
- Integration of business administration system/BPR over -¥1.0

(\*1) Expenses after FY2022 – FY2018 (excluding system integration costs)

# Measures regarding the spread of COVID-19

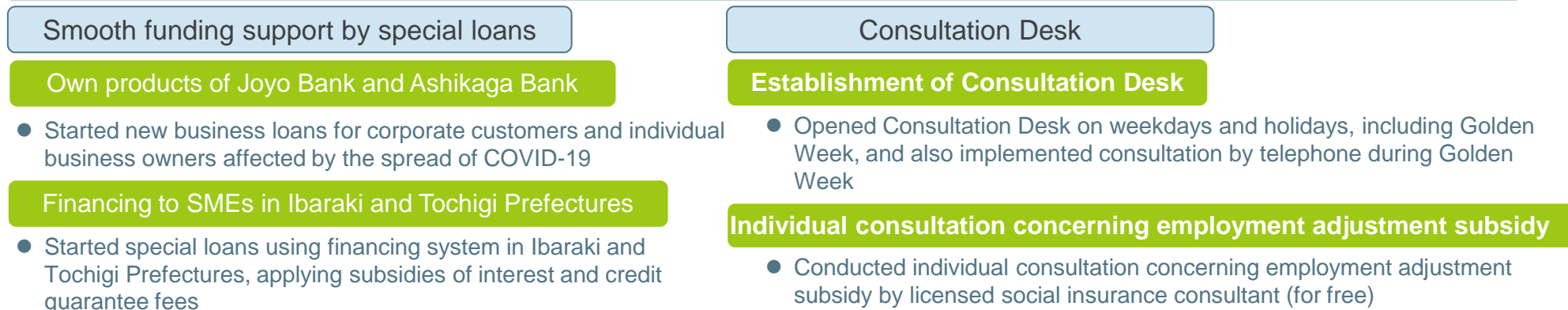
We are prioritizing the health of employees and their family members, and safety/security of our customers. On the other hand, we will continue to provide financial services as a social infrastructure.

## Business Continuity Management



(Installed splash prevention sheet at the teller counter)

## Providing financial services



Number of consultations and loans provided related to COVID-19 (2 banks' total / as of May 1, 2020)

| Number of consultations regarding loans (*1) | Number of new loans provides (*2) | Amount of new loans provided (*2) | Number of application for change of loan conditions (*3) | Amount of application for change of loan conditions (*3) |
|--|-----------------------------------|-----------------------------------|--|--|
| 6,000  | 800                               | ¥58.0bn                           | 480  | ¥12.0bn  |

(\*1) Number of consultations related to new application and conditions change regarding business loans

(\*2) New loans such as banks' own business loans and special loans with credit guarantee

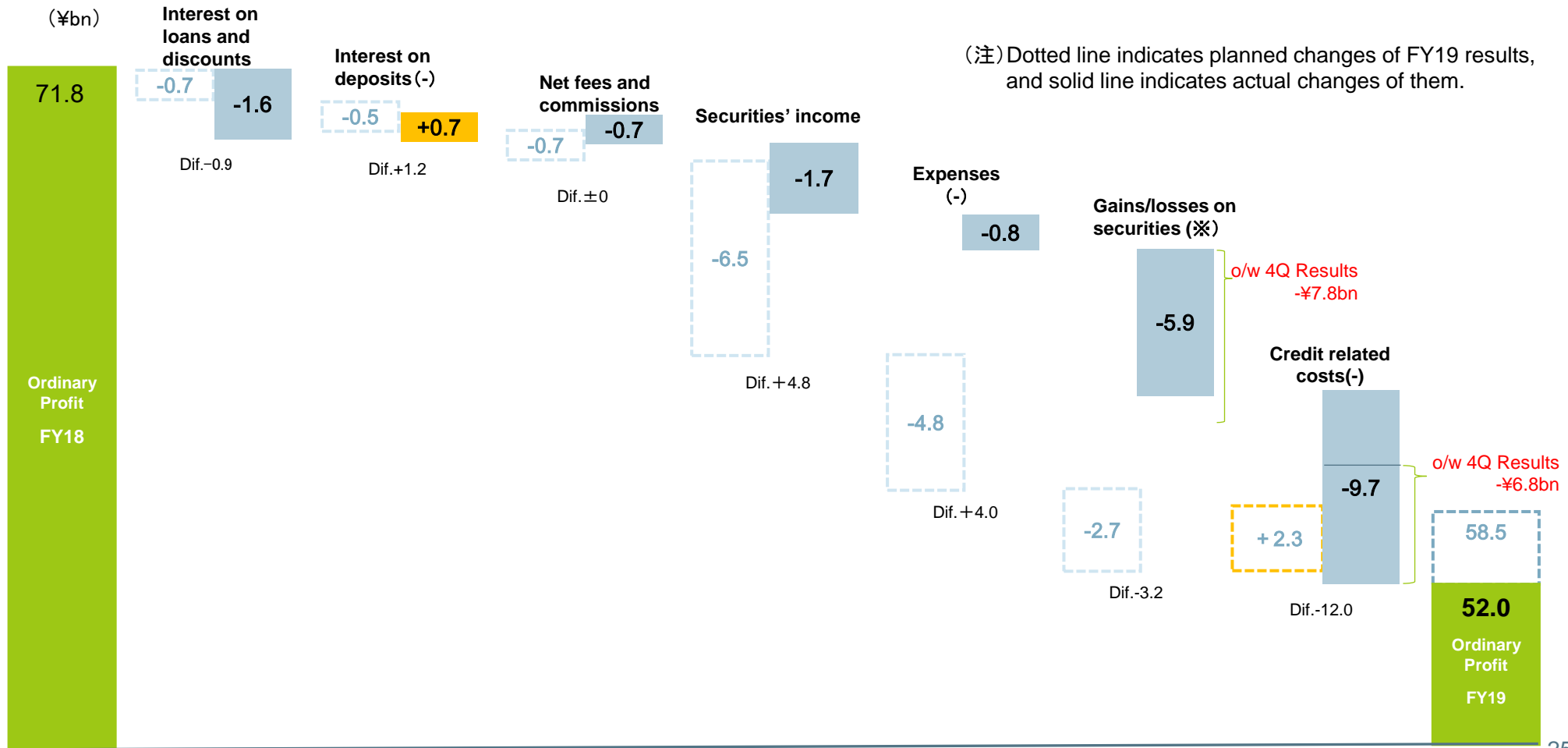
(\*3) Change of business loan conditions



# 【Financial Data for FY2019】

# Change of Ordinary profit (Bank total / FY19 Plans and Results)

- Ordinary profit is expected to decrease -¥13.3bn to ¥58.5bn considering decrease of securities' income due to massive repayments of JGB's and increase of system integration expenses.
- Consolidated net income steadily progressed toward forecast until 3Q19 since securities' income and cost reduction exceeded plans. However, results of FY19 decreased by -¥19.8bn to ¥52.0bn because of loss on securities and credit related costs due to the impact of COVID-19 in 4Q19.



【Data】 Breakdown of Banking subsidiaries

( 1 ) P/L for FY19 ( ¥bn )

|   | J+A   | YoY   | Joyo  | YoY   | Ashikaga | YoY   |
|---|-------|-------|-------|-------|----------|-------|
| Gross business profit   | 186.3 | +0.7  | 110.2 | +8.9  | 76.1     | -8.2  |
| (Net Gross business profit)   | 188.4 | -7.9  | 111.2 | +2.5  | 77.2     | -10.4 |
| Net interest income   | 154.0 | -6.9  | 91.7  | +1.8  | 62.3     | -8.7  |
| o/w Gains/losses on Cancellation of Private Offering Investment Trusts                          | 7.3   | -4.3  | 5.2   | +3.5  | 2.0      | -7.8  |
| Net fees and commissions  | 31.3  | -0.7  | 17.2  | -0.0  | 14.1     | -0.7  |
| Net other business income and Net trading income  | 0.8   | +8.4  | 1.2   | +7.1  | -0.3     | +1.3  |
| (o/w gains/losses on bond transactions)   | -2.0  | +8.6  | -0.9  | +6.3  | -1.1     | +2.2  |
| Expenses  | 115.0 | +0.8  | 64.2  | -1.0  | 50.7     | +1.9  |
| o/w Personnel expenses  | 61.2  | +0.5  | 33.5  | -0.2  | 27.6     | +0.8  |
| o/w Non-personnel expenses  | 46.7  | +0.6  | 26.8  | -0.8  | 19.9     | +1.5  |
| Net business income (before general allowance for loan losses)                                  | 71.2  | -0.1  | 45.9  | +10.0 | 25.3     | -10.1 |
| Core net business income  | 73.3  | -8.8  | 46.9  | +3.6  | 26.4     | -12.4 |
| Core net Business Income ( exclu. Gains/losses on Cancellation of Private Offering Investment ) | 66.0  | -4.5  | 41.6  | +0.0  | 24.3     | -4.5  |
| Net transfer to general allowance for loan losses (a)   | 1.1   | +6.3  | 0.8   | +1.9  | 0.2      | +4.3  |
| Net business income   | 70.1  | -6.5  | 45.0  | +8.0  | 25.0     | -14.5 |
| Net non-recurrent gains/losses  | -18.0 | -13.3 | -9.4  | -15.5 | -8.6     | +2.2  |
| o/w Disposal of non-performing loans (b)  | 17.9  | +3.3  | 9.3   | +3.9  | 8.6      | -0.5  |
| o/w Gains/losses related to stocks, etc   | 0.4   | -10.2 | 0.6   | -11.8 | -0.1     | +1.5  |
| Ordinary profit   | 52.0  | -19.8 | 35.6  | -7.5  | 16.3     | -12.3 |
| Extraordinary income/losses   | -1.5  | -10.2 | -1.3  | +1.2  | -0.2     | -11.4 |
| Net income  | 35.8  | -24.1 | 24.6  | -4.0  | 11.2     | -20.0 |
| Credit related costs (a)+(b)  | 19.0  | +9.7  | 10.1  | +5.8  | 8.8      | +3.8  |

( 2 ) Average Yield on and Loans(excluding borrowing from special account of MoF)

|          |           | F Y 16 | F Y 17 | F Y 18 | FY19  | YoY    |
|----------|-----------|--------|--------|--------|-------|--------|
| J+A      | Domestics | 1.12%  | 1.07%  | 1.03%  | 0.99% | -0.03% |
|          | Overseas  | 1.42%  | 1.99%  | 2.92%  | 2.77% | -0.05% |
|          | Total     | 1.12%  | 1.08%  | 1.06%  | 1.02% | -0.03% |
| Joyo     | Domestics | 1.06%  | 1.02%  | 1.00%  | 0.97% | -0.03% |
|          | Overseas  | 1.45%  | 2.01%  | 2.95%  | 2.80% | -0.06% |
|          | Total     | 1.06%  | 1.04%  | 1.04%  | 1.01% | -0.02% |
| Ashikaga | Domestics | 1.20%  | 1.13%  | 1.07%  | 1.03% | -0.04% |
|          | Overseas  | 1.11%  | 1.82%  | 2.67%  | 2.57% | -0.01% |
|          | Total     | 1.20%  | 1.13%  | 1.08%  | 1.03% | -0.04% |

## 【Data】 Breakdown of Banking subsidiaries

( 3 ) Loans Term-end Balance

|          |            | FYE16    | FYE17    | FYE18    | FYE19    | YoY    |
|----------|------------|----------|----------|----------|----------|--------|
| J+A      | Individual | 4,272.8  | 4,491.2  | 4,674.8  | 4,795.9  | +121.1 |
|          | Corporate  | 4,809.6  | 4,935.9  | 5,139.1  | 5,181.3  | +42.1  |
|          | Public     | 1,232.9  | 1,153.6  | 1,038.2  | 980.2    | -58.0  |
|          | Total      | 10,315.4 | 10,580.8 | 10,852.3 | 10,957.5 | +105.1 |
| Joyo     | Individual | 2,387.4  | 2,490.8  | 2,570.2  | 2,624.6  | +54.4  |
|          | Corporate  | 2,821.3  | 2,853.9  | 2,974.3  | 3,002.6  | +28.2  |
|          | Public     | 758.3    | 718.6    | 650.7    | 612.8    | -37.9  |
|          | Total      | 5,967.0  | 6,063.5  | 6,195.3  | 6,240.1  | +44.8  |
| Ashikaga | Individual | 1,885.4  | 2,000.3  | 2,104.6  | 2,171.3  | +66.6  |
|          | Corporate  | 1,988.2  | 2,081.9  | 2,164.8  | 2,178.6  | +13.8  |
|          | Public     | 474.6    | 434.9    | 387.5    | 367.4    | -20.1  |
|          | Total      | 4,348.4  | 4,517.2  | 4,657.0  | 4,717.3  | +60.3  |

\* Not including borrowing from special account of MoF

Foreign Currency Denominated Loans

|          |  | FYE16 | FYE17 | FYE18 | FYE19 | YoY   |
|----------|--|-------|-------|-------|-------|-------|
| J+A      |  | 128.3 | 129.2 | 145.8 | 164.2 | +18.3 |
| Joyo     |  | 116.0 | 114.0 | 126.8 | 146.8 | +20.0 |
| Ashikaga |  | 12.2  | 15.2  | 19.0  | 17.3  | -1.6  |

( 5 ) Unsecured Loans Term-end Balance

|          |                   | FYE16 | FYE17 | FYE18 | FYE19 | YoY  |
|----------|-------------------|-------|-------|-------|-------|------|
| J+A      | Car Loans         | 34.8  | 39.4  | 46.7  | 52.0  | +5.3 |
|          | Educational Loans | 32.6  | 35.8  | 39.0  | 42.5  | +3.5 |
|          | Free Loans        | 6.9   | 8.1   | 9.1   | 9.8   | +0.6 |
|          | Card Loans        | 60.8  | 65.4  | 65.0  | 65.4  | +0.3 |
|          | Total             | 135.2 | 148.9 | 160.0 | 169.9 | +9.8 |
| Joyo     | Car Loans         | 25.0  | 27.4  | 32.2  | 35.2  | +3.0 |
|          | Educational Loans | 28.2  | 30.0  | 31.9  | 34.0  | +2.0 |
|          | Free Loans        | 0.7   | 0.8   | 2.2   | 3.5   | +1.2 |
|          | Card Loans        | 26.4  | 27.7  | 26.5  | 26.0  | -0.5 |
|          | Total             | 80.3  | 86.0  | 93.0  | 98.8  | +5.8 |
| Ashikaga | Car Loans         | 9.8   | 12.0  | 14.5  | 16.8  | +2.2 |
|          | Educational Loans | 4.4   | 5.7   | 7.0   | 8.5   | +1.4 |
|          | Free Loans        | 6.1   | 7.3   | 6.8   | 6.2   | -0.6 |
|          | Card Loans        | 34.3  | 37.7  | 38.4  | 39.4  | +0.9 |
|          | Total             | 54.6  | 62.8  | 66.9  | 71.0  | +4.0 |

( 4 ) Loans Individual Housing Related Loans Term-end Balance

|          |                      | FYE16   | FYE17   | FYE18   | FYE19   | YoY    |
|----------|----------------------|---------|---------|---------|---------|--------|
| J+A      | Housing Loans        | 3,050.9 | 3,216.6 | 3,396.3 | 3,546.5 | +150.1 |
|          | Apartment Loans      | 900.4   | 950.4   | 958.5   | 933.6   | -24.8  |
|          | Asset building loans | -       | 1.9     | 2.9     | 2.8     | -0.1   |
|          | Total                | 3,951.3 | 4,169.0 | 4,357.9 | 4,483.0 | +125.1 |
| Joyo     | Housing Loans        | 1,489.6 | 1,560.5 | 1,640.6 | 1,719.5 | +78.9  |
|          | Apartment Loans      | 724.0   | 763.5   | 769.1   | 748.6   | -20.5  |
|          | Asset building loans | -       | 1.9     | 2.9     | 2.8     | -0.1   |
|          | Total                | 2,213.7 | 2,326.0 | 2,412.7 | 2,471.1 | +58.3  |
| Ashikaga | Housing Loans        | 1,561.3 | 1,656.0 | 1,755.7 | 1,826.9 | +71.1  |
|          | Apartment Loans      | 176.3   | 186.8   | 189.3   | 185.0   | -4.3   |
|          | Asset building loans | -       | -       | -       | -       | -      |
|          | Total                | 1,737.6 | 1,842.9 | 1,945.1 | 2,011.9 | +66.8  |

( 6 ) Loans Corporate Term-end Balance by Company Size

|          |             | FYE16   | FYE17   | FYE18   | FYE19   | YoY   |
|----------|-------------|---------|---------|---------|---------|-------|
| J+A      | Large       | 1,574.9 | 1,592.2 | 1,633.7 | 1,635.4 | +1.7  |
|          | Medium/SMEs | 3,234.6 | 3,343.6 | 3,505.4 | 3,545.9 | +40.4 |
|          | Total       | 4,809.6 | 4,935.9 | 5,139.1 | 5,181.3 | +42.1 |
| Joyo     | Large       | 1,133.9 | 1,141.9 | 1,159.1 | 1,165.1 | +6.0  |
|          | Medium/SMEs | 1,687.2 | 1,712.0 | 1,815.1 | 1,837.4 | +22.2 |
|          | Total       | 2,821.3 | 2,853.9 | 2,974.3 | 3,002.6 | +28.2 |
| Ashikaga | Large       | 440.9   | 450.3   | 474.5   | 470.2   | -4.3  |
|          | Medium/SMEs | 1,547.3 | 1,631.6 | 1,690.2 | 1,708.4 | +18.1 |
|          | Total       | 1,988.2 | 2,081.9 | 2,164.8 | 2,178.6 | +13.8 |

( 7 ) Loans Corporate Term-end Balance by Area

|          |       | FYE16   | FYE17   | FYE18   | FYE19   | YoY   |
|----------|-------|---------|---------|---------|---------|-------|
| J+A      | Tokyo | 1,788.7 | 1,815.8 | 1,908.8 | 1,967.5 | +58.6 |
|          | Local | 3,020.7 | 3,120.0 | 3,230.3 | 3,213.8 | -16.4 |
|          | Total | 4,809.6 | 4,935.9 | 5,139.1 | 5,181.3 | +42.1 |
| Joyo     | Tokyo | 1,327.8 | 1,333.8 | 1,378.3 | 1,422.6 | +44.3 |
|          | Local | 1,493.4 | 1,520.1 | 1,596.0 | 1,579.9 | -16.0 |
|          | Total | 2,821.3 | 2,853.9 | 2,974.3 | 3,002.6 | +28.2 |
| Ashikaga | Tokyo | 460.9   | 482.0   | 530.5   | 544.8   | +14.2 |
|          | Local | 1,527.3 | 1,599.9 | 1,634.2 | 1,633.8 | -0.4  |
|          | Total | 1,988.2 | 2,081.9 | 2,164.8 | 2,178.6 | +13.8 |

( ¥ b n )

## 【Data】 Breakdown of Banking subsidiaries

### ( 8 ) Loans Term-end Balance

|          |            | FYE16    | FYE17    | FYE18    | FYE19    | YoY    |
|----------|------------|----------|----------|----------|----------|--------|
| J+A      | Individual | 9,762.1  | 10,103.6 | 10,362.7 | 10,685.0 | +322.3 |
|          | Corporate  | 3,062.8  | 3,158.8  | 3,325.5  | 3,364.1  | +38.6  |
|          | Public     | 748.0    | 776.3    | 750.1    | 737.3    | -12.7  |
|          | Total      | 13,572.9 | 14,038.8 | 14,438.3 | 14,786.5 | +348.1 |
| Joyo     | Individual | 6,068.9  | 6,280.6  | 6,440.1  | 6,633.6  | +193.4 |
|          | Corporate  | 1,747.4  | 1,760.2  | 1,835.4  | 1,880.3  | +44.9  |
|          | Public     | 424.0    | 468.1    | 453.6    | 459.2    | +5.5   |
|          | Total      | 8,240.3  | 8,509.0  | 8,729.1  | 8,973.1  | +243.9 |
| Ashikaga | Individual | 3,693.1  | 3,823.0  | 3,922.5  | 4,051.4  | +128.8 |
|          | Corporate  | 1,315.4  | 1,398.5  | 1,490.1  | 1,483.8  | -6.2   |
|          | Public     | 323.9    | 308.1    | 296.5    | 278.1    | -18.3  |
|          | Total      | 5,332.5  | 5,529.8  | 5,709.2  | 5,813.4  | +104.2 |

### Foreign Currency Denominated Loans

|          |  | FYE16 | FYE17 | FYE18 | FYE19 | YoY   |
|----------|--|-------|-------|-------|-------|-------|
| J+A      |  | 165.6 | 275.2 | 306.0 | 219.7 | -86.3 |
| Joyo     |  | 140.7 | 199.1 | 222.6 | 176.4 | -46.2 |
| Ashikaga |  | 24.8  | 76.0  | 83.3  | 43.2  | -40.0 |

### ( 9 ) Customer Assets under Custody Balance

|             |                   | FYE16   | FYE17   | FYE18   | FYE19   | YoY    |
|-------------|-------------------|---------|---------|---------|---------|--------|
| Group total | Investment trusts | 626.3   | 570.7   | 556.1   | 463.7   | -92.3  |
|             | Insurance         | 781.3   | 779.0   | 817.2   | 812.6   | -4.6   |
|             | Foreign currency  | 93.6    | 203.8   | 218.5   | 166.1   | -52.3  |
|             | JGB etc.          | 225.8   | 200.6   | 173.6   | 156.2   | -17.3  |
|             | Mebuki Securities | 168.4   | 204.3   | 272.8   | 282.0   | +9.2   |
|             | Total             | 1,895.7 | 1,958.6 | 2,038.3 | 1,880.9 | -157.4 |
| Joyo        | Investment trusts | 295.2   | 257.9   | 263.3   | 214.7   | -48.5  |
|             | Insurance         | 454.1   | 450.6   | 465.6   | 471.9   | +6.2   |
|             | Foreign currency  | 68.8    | 127.7   | 135.5   | 122.9   | -12.6  |
|             | JGB etc.          | 155.3   | 138.0   | 118.5   | 104.1   | -14.4  |
|             | Total             | 973.6   | 974.4   | 983.1   | 913.8   | -69.3  |
| Ashikaga    | Investment trusts | 331.1   | 312.7   | 292.8   | 249.0   | -43.8  |
|             | Insurance         | 327.2   | 328.4   | 351.5   | 340.6   | -10.8  |
|             | Foreign currency  | 24.8    | 76.0    | 82.9    | 43.2    | -39.7  |
|             | JGB etc.          | 70.5    | 62.6    | 55.0    | 52.1    | -2.9   |
|             | Total             | 753.7   | 779.8   | 782.4   | 685.0   | -97.3  |

### ( 10 ) Customer Assets under Custody Commissions

|             |   | F Y 16 | F Y 17 | F Y 18 | FY18  | YoY  |
|-------------|---|--------|--------|--------|-------|------|
| Group Total | Investment trusts(*1)                     | 6.6    | 7.36   | 5.69   | 5.91  | +0.2 |
|             | Insurance(*2)                             | 3.04   | 2.67   | 4.67   | 4.26  | -0.4 |
|             | Foreign currency deposits                 | 0.73   | 0.86   | 0.98   | 0.68  | -0.3 |
|             | JGB etc.                                  | 0.09   | 0.0    | 0.0    | 0.08  | +0.0 |
|             | Financial instrument intermediary service | 0.6    | 0.82   | 0.49   | 0.72  | +0.2 |
|             | Mebuki Securities                         | 1.7    | 3.052  | 1.94   | 2.98  | +1.0 |
|             | Total                                     | 12.8   | 14.82  | 13.84  | 14.66 | +0.8 |
| Joyo        | Investment trusts(*1)                     | 3.23   | 3.34   | 2.63   | 2.83  | +0.2 |
|             | Insurance(*2)                             | 1.27   | 1.24   | 2.12   | 2.61  | +0.5 |
|             | Foreign currency deposits                 | 0.38   | 0.49   | 0.7    | 0.5   | -0.2 |
|             | JGB etc.                                  | 0.08   | 0.03   | 0.03   | 0.05  | +0.0 |
|             | Financial instrument intermediary service | 0.29   | 0.51   | 0.27   | 0.43  | +0.2 |
|             | Total                                     | 5.28   | 5.63   | 5.77   | 6.44  | +0.7 |
| Ashikaga    | Investment trusts(*1)                     | 3.4    | 4.01   | 3.06   | 3.08  | +0.0 |
|             | Insurance(*2)                             | 1.77   | 1.42   | 2.55   | 1.64  | -0.9 |
|             | Foreign currency deposits                 | 0.35   | 0.36   | 0.28   | 0.18  | -0.1 |
|             | JGB etc.                                  | 0.01   | 0.0    | 0.0    | 0.02  | +0.0 |
|             | Financial instrument intermediary service | 0.3    | 0.31   | 0.22   | 0.29  | +0.1 |
|             | Total                                     | 5.85   | 6.13   | 6.12   | 5.22  | -0.9 |

\* 1 : Sales commission+ Trust fee

\* 2 : Excl. executive life insurance

### ( 11 ) Fees from Corporate Customers

|          |                    | F Y 16 | F Y 17 | F Y 18 | FY18 | YoY   |
|----------|--------------------|--------|--------|--------|------|-------|
| J+A      | Credit Related     | 4.15   | 6.24   | 7.57   | 8.20 | 0.63  |
|          | Consulting Related | 1.09   | 1.83   | 2.02   | 1.44 | -0.58 |
|          | total              | 5.24   | 8.08   | 9.59   | 9.65 | 0.05  |
| Joyo     | Credit Related     | 2.03   | 3.39   | 4.14   | 4.24 | 0.10  |
|          | Consulting Related | 0.53   | 1.06   | 1.14   | 0.80 | -0.34 |
|          | total              | 2.56   | 4.45   | 5.28   | 5.05 | -0.23 |
| Ashikaga | Credit Related     | 2.11   | 2.84   | 3.42   | 3.95 | 0.52  |
|          | Consulting Related | 0.56   | 0.77   | 0.88   | 0.64 | -0.23 |
|          | total              | 2.67   | 3.61   | 4.30   | 4.60 | 0.29  |

## 【Data】 Breakdown of Banking subsidiaries

(12) Securities Balance(Balance Sheet Amount) ( ¥ b n )

|                                |                         | FYE16   | FYE17   | FYE18   | FYE19   | YoY    |
|--------------------------------|-------------------------|---------|---------|---------|---------|--------|
| Mebuki<br>FG<br>(Consolidated) | Domestic bonds          | 2,446.0 | 2,374.3 | 2,436.8 | 2,359.4 | -77.4  |
|                                | Foreign bonds           | 679.6   | 616.5   | 829.6   | 831.6   | +2.0   |
|                                | Stocks                  | 306.6   | 307.8   | 280.2   | 226.0   | -54.1  |
|                                | Investment trusts, etc. | 758.2   | 877.9   | 799.8   | 658.9   | -140.9 |
|                                | Total                   | 4,190.6 | 4,176.7 | 4,346.6 | 4,076.1 | -270.4 |
| Joyo                           | Domestic bonds          | 1,731.1 | 1,725.4 | 1,812.4 | 1,746.7 | -65.7  |
|                                | Foreign bonds           | 456.5   | 393.7   | 513.2   | 505.3   | -7.8   |
|                                | Stocks                  | 266.7   | 263.2   | 243.4   | 197.2   | -46.2  |
|                                | Investment trusts, etc. | 339.0   | 420.1   | 456.7   | 388.1   | -68.6  |
|                                | Total                   | 2,793.5 | 2,802.5 | 3,025.9 | 2,837.4 | -188.4 |
| Ashikaga                       | Domestic bonds          | 699.5   | 634.3   | 610.9   | 600.3   | -10.6  |
|                                | Foreign bonds           | 223.0   | 222.7   | 316.3   | 326.3   | +9.9   |
|                                | Stocks                  | 79.7    | 80.3    | 72.4    | 64.2    | -8.1   |
|                                | Investment trusts, etc. | 414.8   | 453.5   | 338.7   | 266.7   | -72.0  |
|                                | Total                   | 1,417.1 | 1,391.0 | 1,338.4 | 1,257.5 | -80.8  |

( 13 ) Securities Unrealized Valuation Gains/Losses on Available for Sale Securities ( ¥ b n )

|                                |                         | FYE16 | FYE17 | FYE18 | FYE19 | YoY   |
|--------------------------------|-------------------------|-------|-------|-------|-------|-------|
| Mebuki<br>FG<br>(Consolidated) | Stocks                  | 147.1 | 157.3 | 136.2 | 86.9  | -49.3 |
|                                | Domestic bonds          | 23.2  | 16.4  | 21.1  | 9.2   | -11.8 |
|                                | Investment trusts, etc. | 19.3  | 9.8   | 7.2   | -21.3 | -28.5 |
|                                | Foreign bonds           | -6.9  | -12.0 | 10.3  | 24.3  | +13.9 |
|                                | Total                   | 182.8 | 171.6 | 174.9 | 99.1  | -75.8 |
| Joyo                           | Stocks                  | 138.8 | 144.8 | 128.0 | 85.1  | -42.8 |
|                                | Domestic bonds          | 26.0  | 17.9  | 19.3  | 9     | -10.3 |
|                                | Investment trusts, etc. | 22.9  | 17.0  | 12.6  | -8.3  | -20.9 |
|                                | Foreign bonds           | -1.8  | -3.4  | 10.4  | 12.8  | +2.4  |
|                                | Total                   | 186.0 | 176.3 | 170.5 | 98.7  | -71.8 |
| Ashikaga                       | Stocks                  | 31.9  | 34.4  | 28.4  | 20.8  | -7.5  |
|                                | Domestic bonds          | 19.5  | 17.3  | 15.7  | 11.5  | -4.1  |
|                                | Investment trusts, etc. | 0.5   | -5.2  | -2.3  | -10.6 | -8.2  |
|                                | Foreign bonds           | -0.7  | -5.3  | 2.8   | 13.8  | +10.9 |
|                                | Total                   | 51.2  | 41.0  | 44.6  | 35.6  | -9.0  |

( 14 ) Strategic shareholdings (Balance) ( ¥ b n )

|          |         | FYE16 | FYE17 | FYE18 | FYE19 | YoY   |
|----------|---------|-------|-------|-------|-------|-------|
| J+A      | Balance | 137.8 | 130.5 | 125.5 | 114.0 | -11.5 |
| Joyo     | Balance | 119.2 | 113.7 | 110.7 | 99.7  | -11.0 |
| Ashikaga | Balance | 18.6  | 16.8  | 14.8  | 14.3  | -0.5  |

( 15 ) Gains and Losses on securities

|          |                         | FY16 | FY17 | FY18  | FY19 | YoY   |
|----------|-------------------------|------|------|-------|------|-------|
| J+A      | Stocks                  | 5.6  | -6.4 | -10.7 | -2.0 | +8.6  |
|          | Domestic bonds          | 9.7  | 10.5 | 10.7  | 0.4  | -10.2 |
|          | Investment trusts, etc. | 5.4  | 5.4  | 11.6  | 7.3  | -4.3  |
|          | Total                   | 20.8 | 9.5  | 11.6  | 5.6  | -5.9  |
| Joyo     | Stocks                  | 5.8  | -3.8 | -7.3  | -0.9 | +6.3  |
|          | Domestic bonds          | 7.5  | 9.4  | 12.4  | 0.6  | -11.8 |
|          | Investment trusts, etc. | 1.7  | 1.0  | 1.6   | 5.2  | +3.5  |
|          | Total                   | 15.2 | 6.6  | 6.7   | 4.8  | -1.9  |
| Ashikaga | Stocks                  | -0.2 | -2.5 | -3.3  | -1.1 | +2.2  |
|          | Domestic bonds          | 2.1  | 1.0  | -1.7  | -0.1 | +1.5  |
|          | Investment trusts, etc. | 3.6  | 4.4  | 9.9   | 2.0  | -7.8  |
|          | Total                   | 5.5  | 2.8  | 4.8   | 0.8  | -4.0  |

## 【Data】 Breakdown of Banking subsidiaries

|          |               | F Y 16 | F Y 17 | F Y 18 | FY19  | YoY  |
|----------|---------------|--------|--------|--------|-------|------|
| J+A      | Personnel     | 60.4   | 59.7   | 60.6   | 61.2  | +0.5 |
|          | Non-Personnel | 47.0   | 46.6   | 46.1   | 46.7  | +0.6 |
|          | Taxes         | 7.4    | 7.1    | 7.3    | 7.0   | -0.3 |
|          | Total         | 115.0  | 113.5  | 114.1  | 115.0 | +0.8 |
| Joyo     | Personnel     | 34.7   | 33.6   | 33.8   | 33.5  | -0.2 |
|          | Non-Personnel | 29.5   | 28.7   | 27.7   | 26.8  | -0.8 |
|          | Taxes         | 4.2    | 3.9    | 3.8    | 3.8   | +0.0 |
|          | Total         | 68.5   | 66.3   | 65.3   | 64.2  | -1.0 |
| Ashikaga | Personnel     | 25.7   | 26.1   | 26.8   | 27.6  | +0.8 |
|          | Non-Personnel | 17.5   | 17.8   | 18.4   | 19.9  | +1.5 |
|          | Taxes         | 3.2    | 3.2    | 3.5    | 3.1   | -0.4 |
|          | Total         | 46.4   | 47.2   | 48.8   | 50.7  | +1.9 |

|          |  | FYE16 | FYE17 | FYE18 | FYE19 | YoY  |
|----------|--|-------|-------|-------|-------|------|
| J+A      |  | 9.5   | 7.9   | 9.3   | 19.0  | +9.7 |
| Joyo     |  | 4.7   | 4.9   | 4.2   | 10.1  | +5.8 |
| Ashikaga |  | 4.7   | 3.0   | 5.0   | 8.8   | +3.8 |

|          |                             | FYE16 | FYE17 | FYE18 | FYE19 | YoY  |
|----------|-----------------------------|-------|-------|-------|-------|------|
| J+A      | Bankrupt claims             | 15.9  | 16.6  | 15.9  | 12.7  | -3.1 |
|          | Doubtful claims             | 139.1 | 130.5 | 125.1 | 129.0 | +3.9 |
|          | Requiring monitoring claims | 37.0  | 37.7  | 32.2  | 27.9  | -4.3 |
|          | Total                       | 192.1 | 185.0 | 173.3 | 169.8 | -3.5 |
| Joyo     | Bankrupt claims             | 7.0   | 6.7   | 6.1   | 5.7   | -0.4 |
|          | Doubtful claims             | 69.7  | 65.3  | 66.4  | 69.9  | +3.4 |
|          | Requiring monitoring claims | 21.3  | 19.8  | 17.5  | 12.5  | -5.0 |
|          | Total                       | 98.2  | 91.9  | 90.2  | 88.2  | -1.9 |
| Ashikaga | Bankrupt claims             | 7.5   | 8.8   | 8.7   | 5.8   | -2.9 |
|          | Doubtful claims             | 69.1  | 65.0  | 58.5  | 59.0  | +0.4 |
|          | Requiring monitoring claims | 15.7  | 17.9  | 14.7  | 15.4  | +0.7 |
|          | Total                       | 92.4  | 91.8  | 81.9  | 80.2  | -1.7 |

|          |  | FYE16 | FYE17 | FYE18 | FYE19 | YoY  |
|----------|--|-------|-------|-------|-------|------|
| J+A      |  | 2.6   | 1.1   | 0.5   | 1.2   | +0.7 |
| Joyo     |  | 2.4   | 1.0   | 0.3   | 0.3   | -0.0 |
| Ashikaga |  | 0.2   | 0.1   | 0.2   | 0.9   | +0.7 |

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