

# Financial Results for the First Half of FY2019

November 11, 2019

## 1. Financial Results for the First Half of FY 2019

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\*Unless otherwise mentioned, figures are based on banking subsidiaries (non consolidated-basis)

# 1. Financial Results for the First Half of FY 2019

# Highlights

## Results for 1H19

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- Consolidated net income decreased YoY mainly due to decrease of interest and dividends on securities under low interest rate environment and due to increase of credit related costs and system integration expenses.
- The progress toward forecast for 2019 is at a high level of 56.3%. The second medium-term plan has started favorably and we expect to achieve our full-year forecast.

➤ Consolidated Income<sup>(\*1)</sup> : ¥22.5bn( -¥4.6bn YoY)

(56.3% progress toward the full-year forecast)

(\*1) Attributable to owners of the parent

## Forecast for FY19

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- Forecast for FY19 remains unchanged from that announced on May 13, 2019

➤ Forecast for FY19 : Consolidated Income<sup>(\*1)</sup> ¥40.0bn

## Shareholder Returns for FY19

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➤ Annual Dividends(scheduled) : ¥11.0 per share (Interim dividend of ¥5.5)

➤ Repurchase own shares: We announced a repurchase of our own shares, with upper limits of 15mil shares and ¥4.0 bn.

➤ Total Return Ratio : 42.2% (Payout ratio: 32.2%)

(\*2) Total Return Ratio = (Total amount of dividends + Total amount of acquisition of own shares) / Net income<sup>(\*)</sup>

# Main Points of 1H19 Financial Results

## Mebuki FG (Consolidated)

	(¥bn)		
	1H19	YoY Chg	Vs Forecast
Gross business profit	98.7	+4.3	-
Net interest income	76.8	-5.6	-
Net fees and commissions	19.9	-0.0	-
Net trading income	1.1	+0.0	-
Net other business income	0.6	+9.9	-
Expenses	60.3	+0.2	-
Credit related cost	10.3	+4.2	-
Gains/losses related to stocks	3.3	-6.4	-
<b>Ordinary profit</b>	<b>31.9</b>	<b>-7.1</b>	<b>55.1%</b>
Extraordinary income/losses	-0.1	+0.1	-
<b>Net income (1)</b>	<b>22.5</b>	<b>-4.6</b>	<b>56.3%</b>

【 Consolidation adjustment 】 (2)-(1) -3.0bn

Adjustments related to securities (-2.5bn)

Interest expenses of subordinated loans, expenses, etc.

< Mebuki FG (Consolidated) >

While net other business income improved due to the absence of losses on foreign bonds that arose in FY18, ordinary profit and net income decreased mainly due to decrease of net interest income and gains and losses on stocks and increase of credit costs.

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

Although net business income increased, ordinary profit decreased for the same reason as Mebuki FG. Net income decreased by -¥16.9bn due to 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) >	1H19	YoY Chg	Vs Forecast
Gross business profit	96.7	+3.6	-
(Core gross business profit)	96.8	-6.6	-
Net interest income	79.4	-6.1	-
(o/w gains/losses on cancellation of private offering investment trusts)	6.1	-3.6	-
Net fees and commissions	16.3	-0.3	-
Net other business income	0.9	+10.0	-
(o/w gains/losses on bond transactions)	-0.0	+10.3	-
Expenses	58.1	+0.6	-
o/w Personnel expenses	30.6	+0.1	-
o/w Non-personnel expenses	23.4	+0.7	-
Net business income (before general allowance for loan losses)	38.5	+2.9	-
Core net business income (excl. gains/losses on cancellation of private offering investment trusts)	38.6	-7.3	-
Net transfer to general allowance for loan losses (a)	0.4	+0.4	-
<b>Net business income</b>	<b>38.1</b>	<b>+2.5</b>	<b>-</b>
Net non-recurrent gains/losses	-5.3	-10.2	-
o/w Disposal of non-performing loans (b)	8.9	+4.1	-
o/w Gains/losses related to stocks, etc	4.1	-5.9	-
<b>Ordinary profit</b>	<b>32.8</b>	<b>-7.7</b>	<b>56.0%</b>
Extraordinary income/losses	-0.1	-11.8	-
<b>Net income (J + A)</b>	<b>23.2</b>	<b>-16.9 (*1)</b>	<b>57.5%</b>
<b>Net income (Group total)</b>	<b>(2) 25.6</b>	<b>-16.4 (*1)</b>	<b>-</b>
Credit related cost (J + A)	9.3	+4.5	-

(\*1) 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.

# Loans (1) Term-end Balance

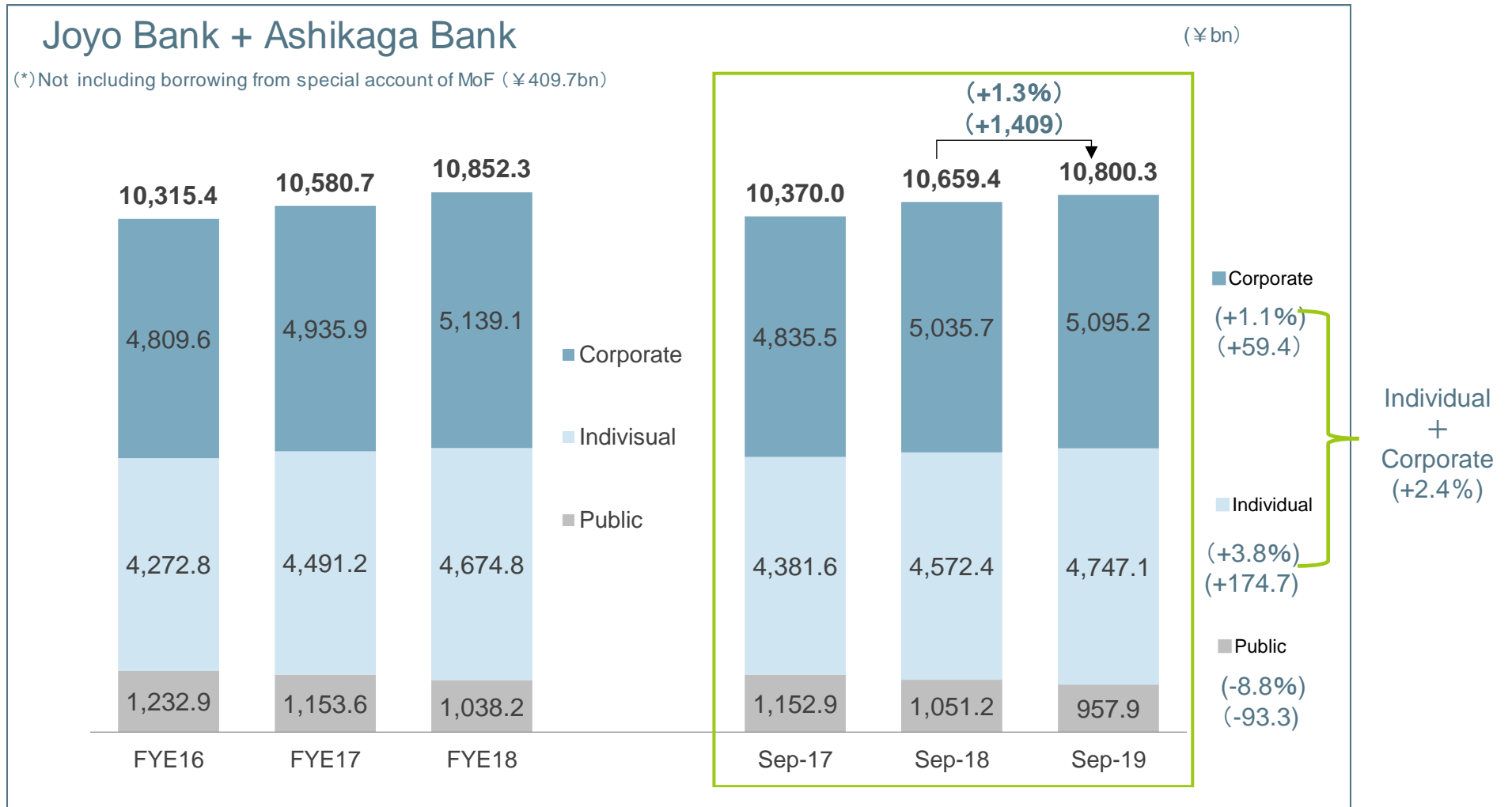
\*Figures in parentheses are changes on a year on year basis

Amount of loans increased mainly due to individual and corporate loans.

Loans to individual customers increased by ¥174.7 bn (+3.8%) YoY mainly due to increase in housing related loans and unsecured loans.

Loans to corporate customers increased by ¥59.4 bn (+1.1%) YoY due to increase in loans to midsize corporate customers.

Reference PP6,23, for detailed information about loans.



# Loans (2) Individual and Corporate

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

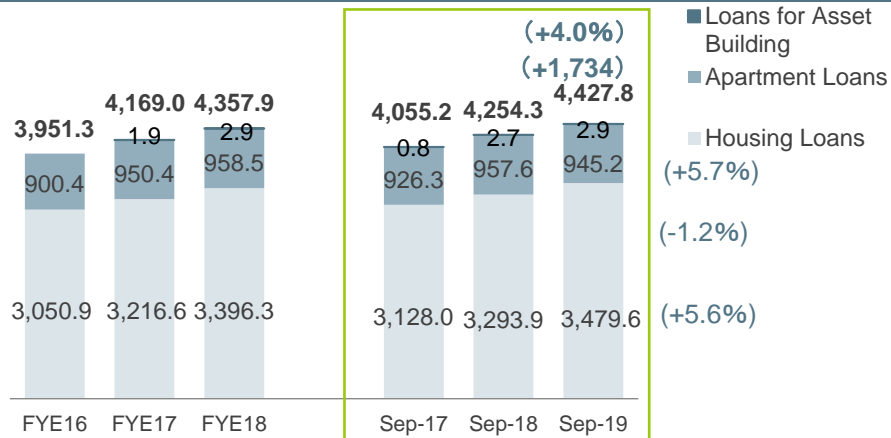
## Individual (Joyo Bank + Ashikaga Bank)

Housing related loans and unsecured loans increased, while apartment loans decreased.

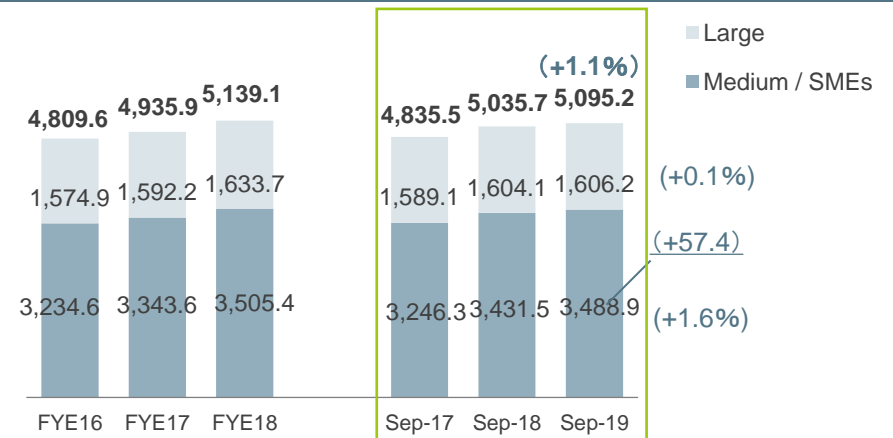
## Corporate (Joyo Bank + Ashikaga Bank)

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

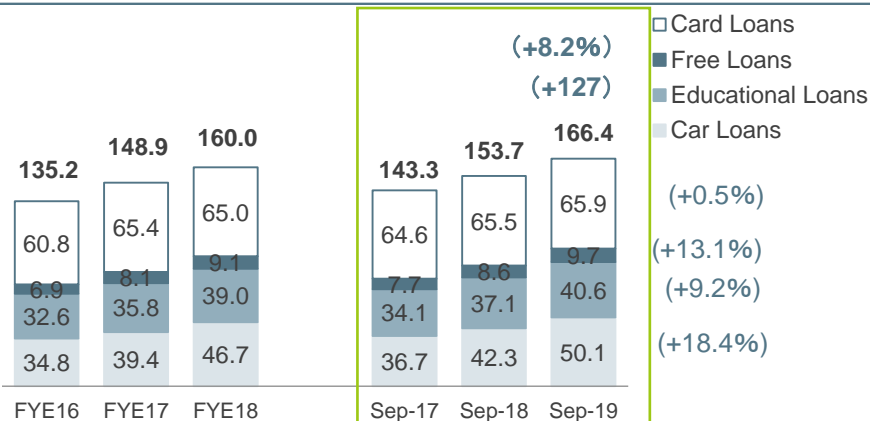
### Housing Related Loans (¥bn)



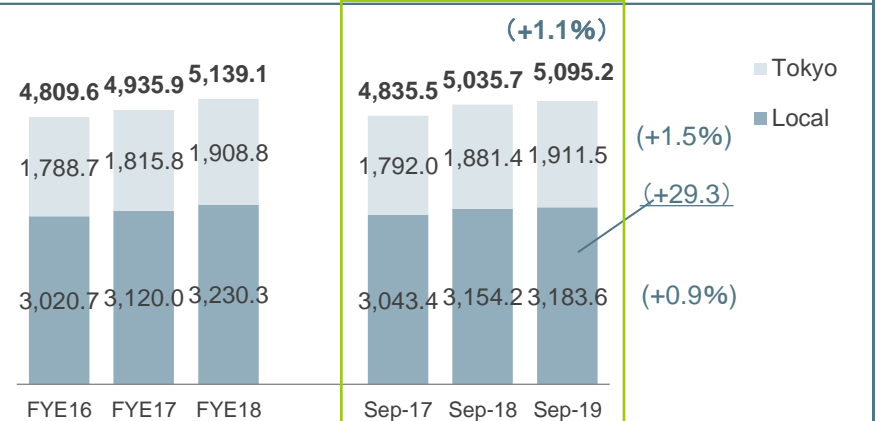
### Term-end Balance by Company Size (¥bn)



### Unsecured Loans (¥bn)



### Term-end Balance by Area (¥bn)



# Average Yield of Loans / Net Interest Income

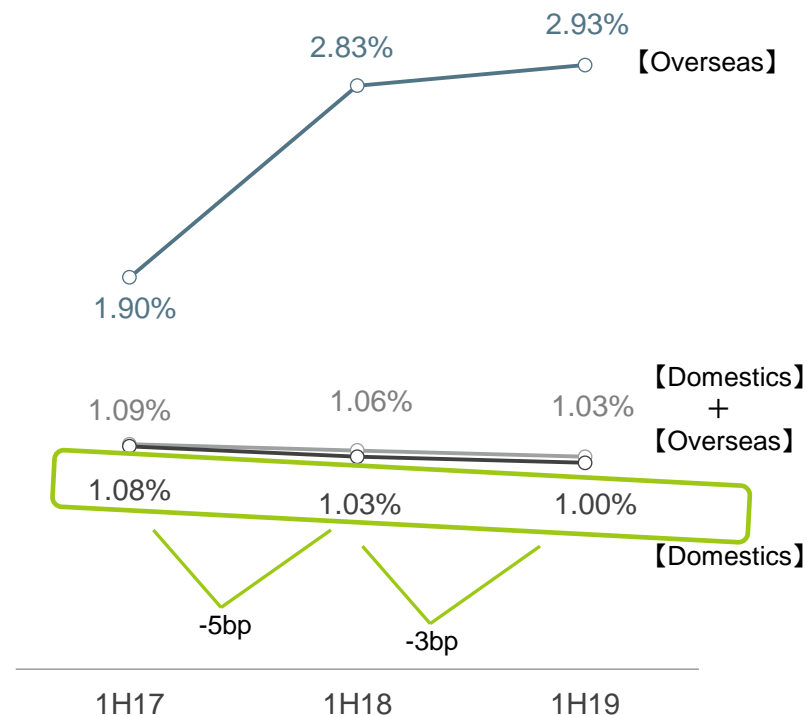
\*Figures in parentheses are changes on a year on year basis

While the average yield of domestic loans remains in a decreasing trend, the decrease reduced to 3bp compared to 5bp during the previous period.

## 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	—	+1.5	+1.1	(+¥228.9bn)	+0.3	(+¥22.0bn)
	Yield	—	-1.9	-2.0	(-3bp)	+0.0	(+9bp)
	subtotal	55.8	-0.4	-0.8	—	+0.4	—
Interest on deposits (-)		2.9	+0.1	-0.0	—	+0.2	—
Difference of interests between loans and deposits		52.9	-0.6	-0.8	—	+0.1	—
Interest and dividend on securities	Avg	—	-0.5	-1.5	(-¥132.7bn)	+0.9	(+¥72.6bn)
	Yield	—	-3.9	-4.0	(-27bp)	+0.1	(+5bp)
(including gains on cancellation of Private Offering Investment Trusts)	subtotal	31.2	-4.4	-5.5	—	+1.0	—
Market investments and borrowings (-)		4.8	+1.0	-0.1	—	+1.1	—
Total		79.4	-6.1	-6.1	—	+0.0	—
(excluding gains on cancellation of Private Offering Investment Trusts)		73.3	-2.5	-2.5	—	+0.0	—



# Deposits Term-end Balance

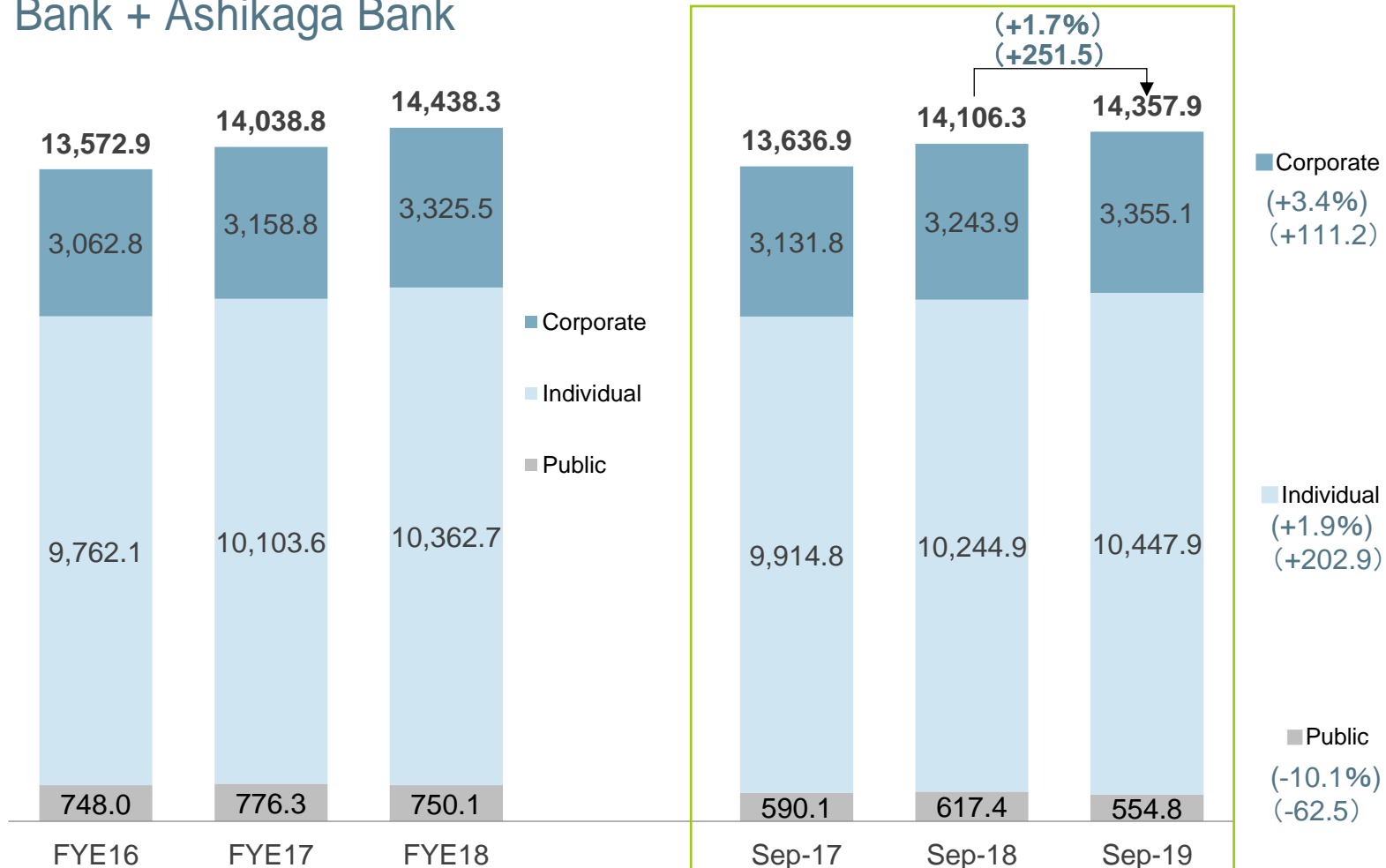
\*Figures in parentheses are changes on a year on year basis

Deposits of individual and corporate customers have been on the increase

(YoY Total : +1.7%, Individual customers : +1.9%, Corporate customers : +3.4% )

## Joyo Bank + Ashikaga Bank

(¥bn)



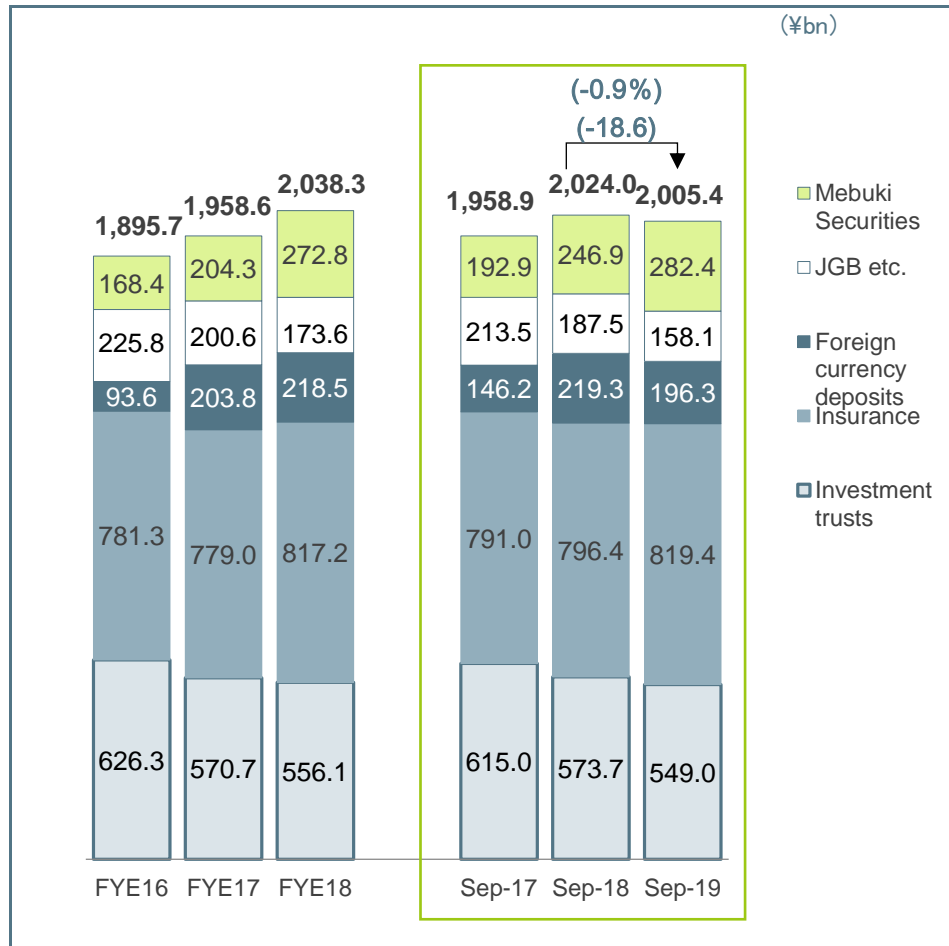
# Customer Assets under Custody

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

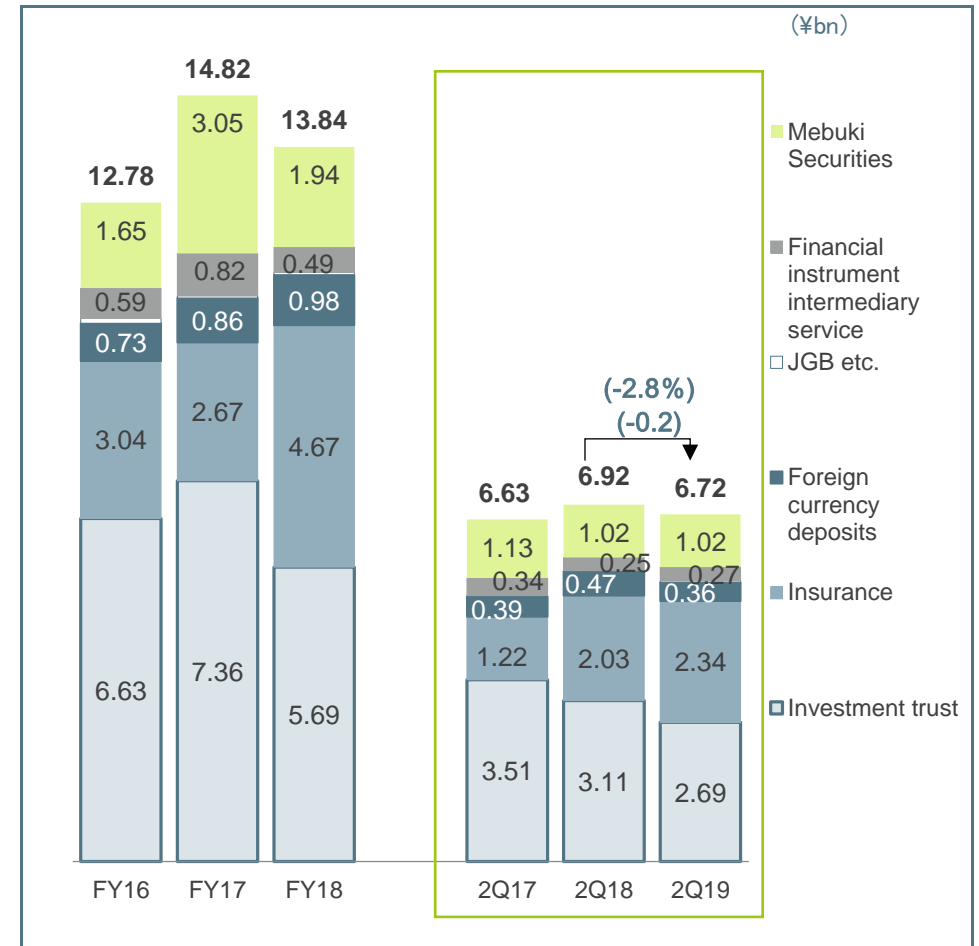
While the amount of JGB and investment trusts decreased due to decline in the yield and stock market, insurance and transactions of Mebuki Securities increased favorably because of comprehensive proposals corresponding to various life stages and the subsidiary banks' collaboration with Mebuki Securities.

Commissions of insurance and intermediary services provided by Mebuki Securities increased YoY.

## Balance (Bank Total + Mebuki Securities)

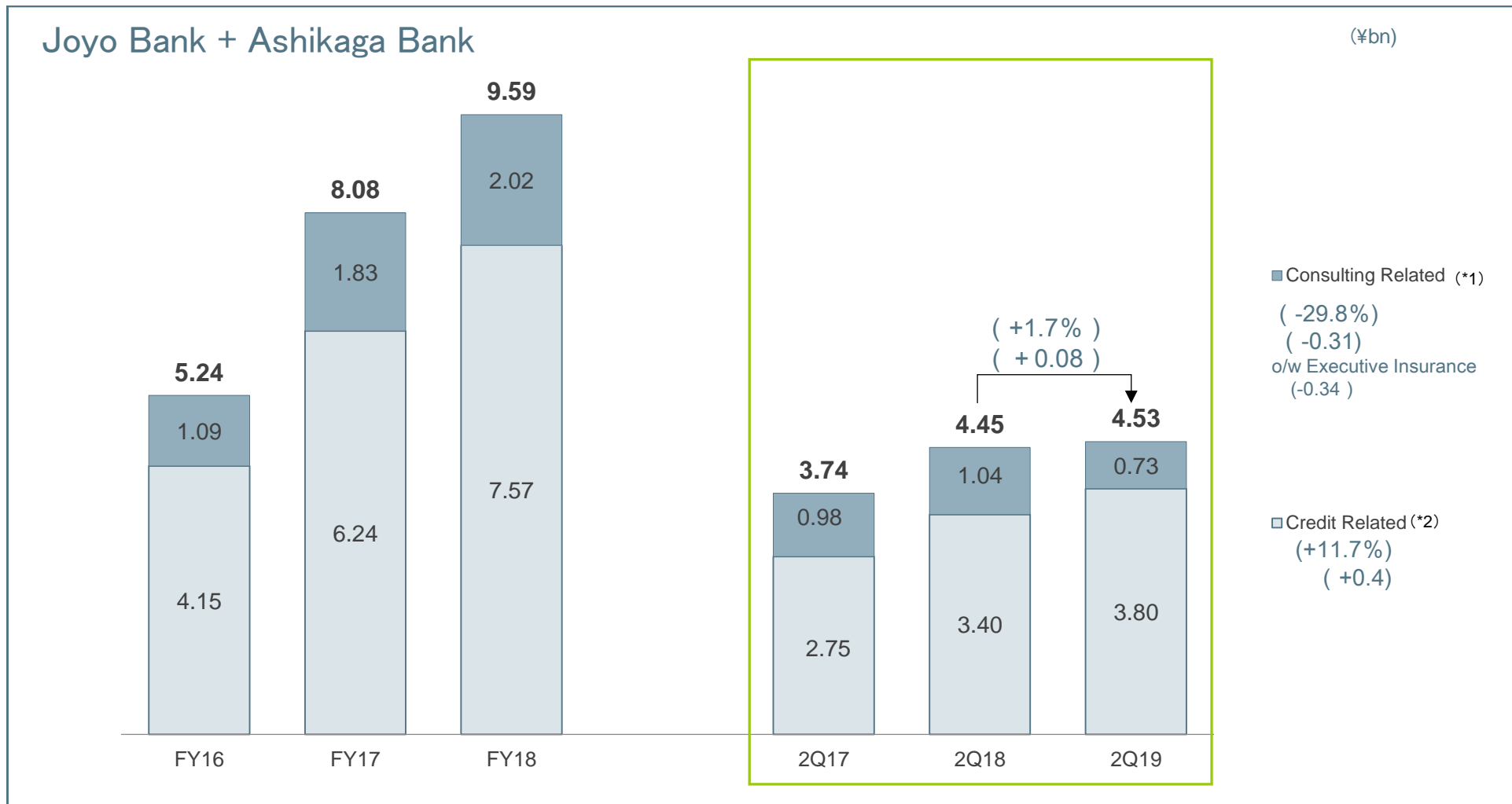


## Commissions (Bank Total + Mebuki Securities)



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

Fees from corporate customers increased by ¥0.08bn YoY (+1.7%) due to enhancement of consulting services. Although consulting related fees decreased -¥0.31bn YoY mainly due to decrease in executive life insurance(-¥0.34bn YoY), however credit related fees of syndicate loans contributed to fees(¥0.40bn YoY), resulting in an overall increase.



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

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

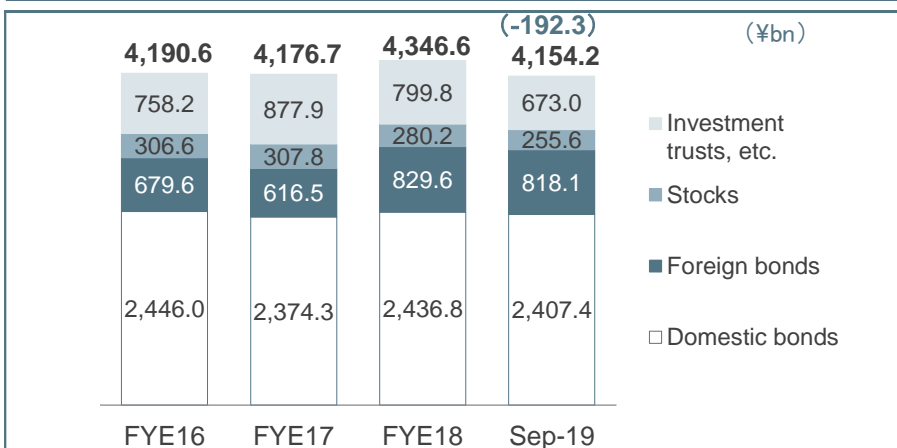
# Securities / Strategic Shareholdings

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

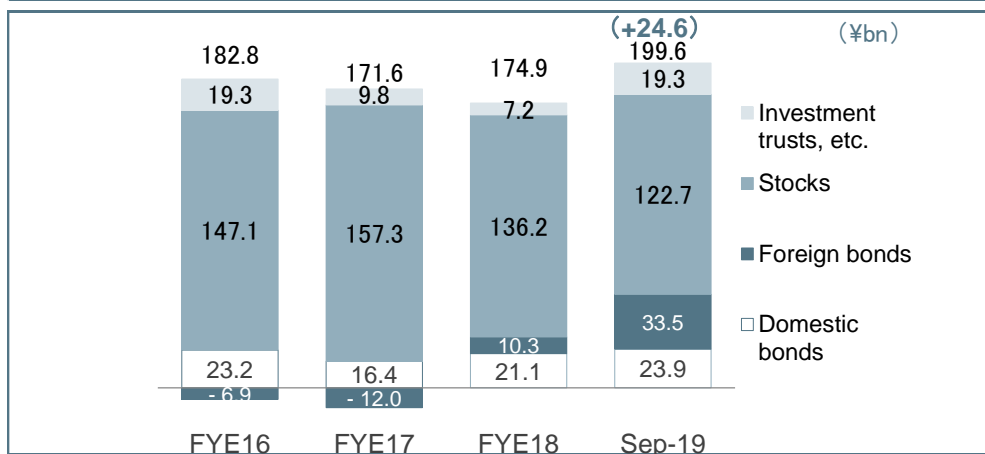
Unrealized valuation gains/losses on securities, especially domestic and foreign bonds, increased by ¥24.6bn YoY to ¥199.6bn mainly due to low interest rate environment.

We will accelerate sales of strategic shareholdings to reduce balance.

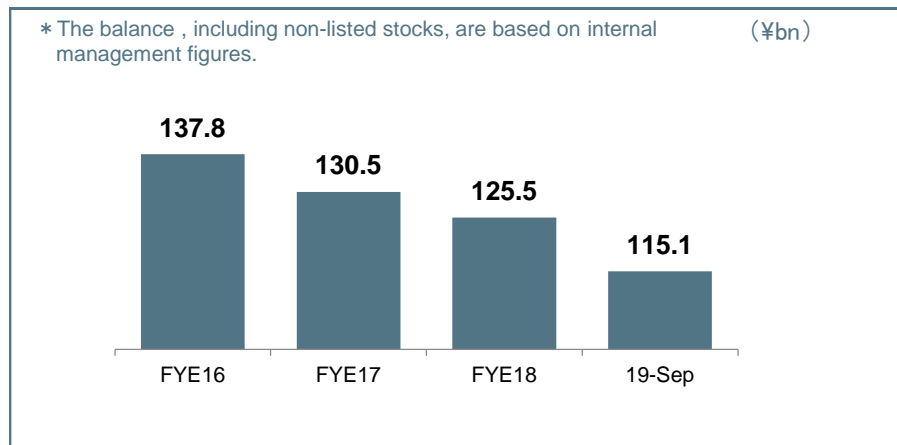
## Balance(Carrying amount) (Mebuki FG)



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

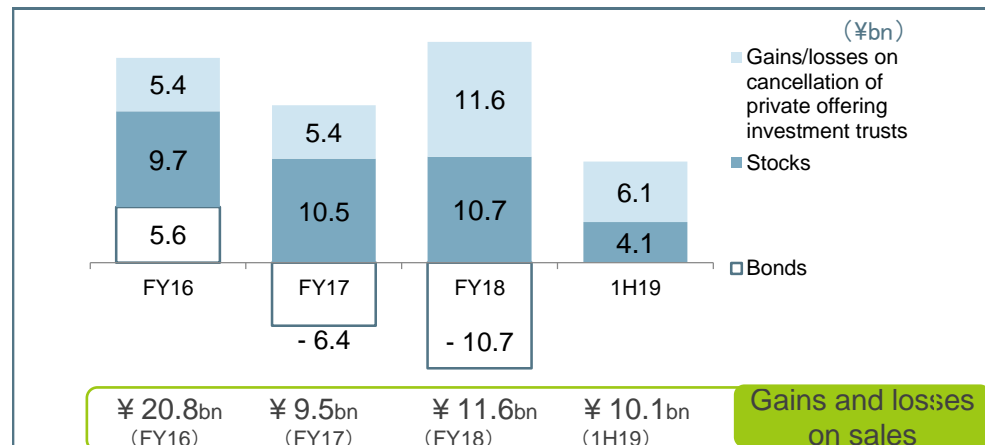


## Strategic Shareholdings (Balance/Sales)



## Gains and losses on securities

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

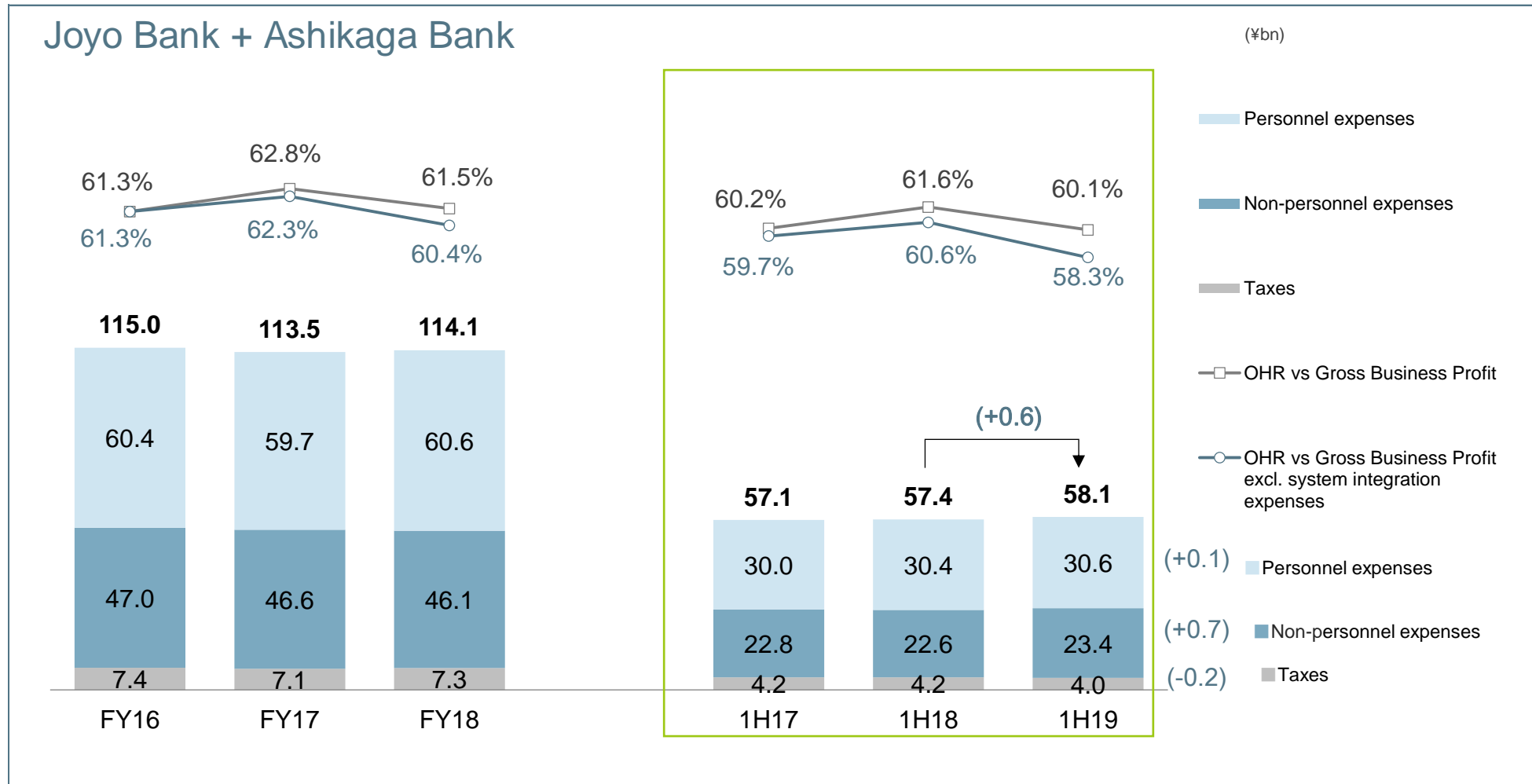


# Expenses / OHR (Bank Total)

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

Expenses increased by ¥0.6 bn YoY, mainly due to an increase of system integration expenses (+¥0.7bn YoY). Excluding system integration expenses, expenses declined by -¥0.04bn YoY.

OHR calculated on gross business profit basis excluding system integration expenses is 58.3%(-2.3%pt YoY).



System integration expenses

¥0.8bn (FY17)    ¥1.9bn (FY18)

¥0.4bn (1H17)    ¥0.9bn (1H18)    ¥1.7bn (1H19)

# Credit Related Costs

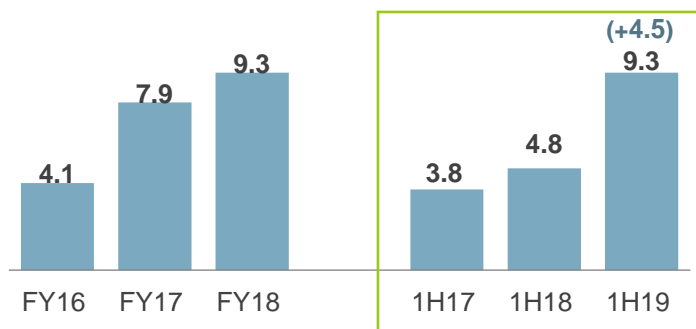
\*Figures in parentheses are changes on a year on year basis

Although there are no major movements of bankruptcy in the local market, credit related costs, especially transfer to specific allowance for loan losses, increased mainly due to rank down of credit ratings.

We reinforced preventive reserves and credit risk management to maintain smooth financial intermediary functions.

## Change of Credit Related Costs

(¥bn)



## Breakdown of Credit Related Costs

(¥bn)

### (1) Breakdown of Credit Related Costs

	1H18	1H19	YoY
Credit Related Costs	4.8	9.3	+4.5
Net transfer to general allowance for loan losses	-3.5	0.4	+3.9
Disposal of non-performing loans	8.4	8.9	+0.5
Write off of loans	4.7	4.7	-0.0
Transfer to specific allowance for loan losses	2.8	4.4	+1.6
Transfer to provision for contingent losses	0.9	0.0	-0.8
Recoveries of written-off claims	0.6	0.9	+0.3
Other	0.3	0.6	+0.2

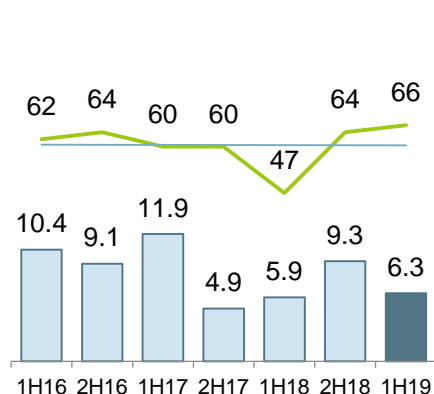
### Factors of increase in allowance for loan losses and measures

- Amount of reversal of general allowance for loan losses decreased YoY due to the lack of special factors (such as the reversal from large borrowers requiring monitoring) incurring a net transfer to general allowance.
- Transfer to specific allowance for loan losses increased due to rank down of credit ratings and increase of preventive reserves.
- Although there are no major movements of bankruptcy in the local market, we will control credit risk more carefully than usual, taking into account specific major borrowers' rank down of credit rating.

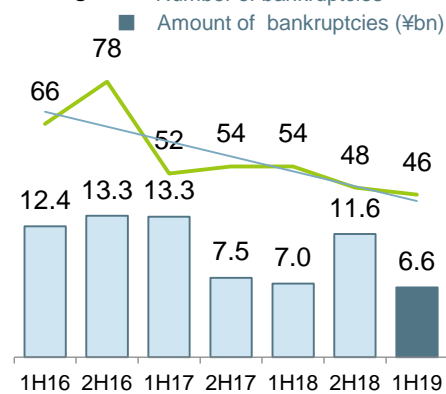
## 【Reference】 Status of bankruptcy in local market

(¥bn)

### <Ibaraki>



### <Tochigi>



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

# Dividends, Shareholder Returns, Capital Adequacy Ratio

We announced the repurchase of our own shares, with an upper limit of 15mil shares and ¥4.0bn, today (Nov,11).

## Dividends, Shareholder Returns

### Dividends

- We scheduled ¥11.0 annual dividends per share in FY19
- (1) Dividends per share

	Annual Dividends	Interim	year-end
FY17	¥11.0	¥5.5	¥5.5
FY18	¥11.0	¥5.5	¥5.5
FY19	¥11.0 (scheduled)	¥5.5	¥5.5 (scheduled)

### Repurchase own shares

【 Aim 】 Enhance appropriate distribution of profits to shareholders through improving capital efficiency.

【 Amount 】 ¥4.0bn (upper limit)

【 Number 】 15mil number (upper limit)

【 Period 】 2019/11/12 ~ 2020/3/24

### 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 repurchase of own shares) / Net income)

### Payout Ratio / Total Return Ratio

(2) Amount of total return / Dividends / Repurchase own shares

	Total Return	Dividends	Repurchase own shares
FY17	¥12.9bn	¥12.9bn	-
FY18	¥14.9bn	¥12.9bn	¥2.0bn
FY19	¥16.9bn (*1)	¥12.9bn (scheduled)	¥4.0bn (upper limit)

(\*1) Dividends of ¥12.9bn (scheduled) + Amount of repurchase of own shares (upper limit)

(3) Total Return Ratio / Payout ratio

	Total Return Ratio	Payout ratio
FY17	30.0%	30.0%
FY18	32.3%	27.8%
FY19	42.2%	32.2%

## Capital Adequacy Ratio

(4) Capital adequacy ratio

	Mebuki FG (Consolidated)	Joyo (Consolidated)	Ashikaga (Consolidated)
FYE18	10.38%	11.80%	8.71%
Sep-18	10.24%	12.18%	8.79%
FYE18	9.94%	11.91%	8.55%
19-Sep	10.26%	12.51%	8.66%

## 2. Progress of the Second Medium-Term Business Plan

【Plan period: April 2019 to March 2022】



# (1) Create Growth Business Models with Local Regions

## Enhancement of consulting services (Business support)

### Organization for Consulting Services

- Double the number of corporate service specialists from headquarters assigned to branches. Strengthen solution services by cooperation with branch staff.

**60 specialists staffed in branches  
+35 people YoY (As of Sep. 2019)**

**Increase of consulting services and proposals contributed to increase fees from corporate customers**

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

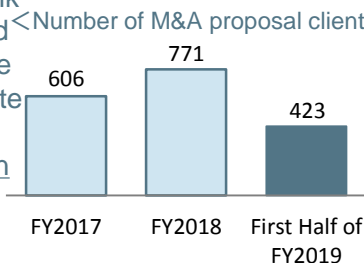
### Expansion of consulting services

#### Enter trust services

- In July 2019, started inheritance related monetary and testamentary trust services as well as other inheritance organization services.

#### Strengthen business succession / M&A

- Respective head offices and branches of Joyo Bank and Ashikaga Bank, as well as external specialized institutions, collaborate with each other and provide customers with various solutions in order to facilitate business succession and asset succession.
- In September 2019, M&A was established between customers of Joyo Bank and Ashikaga Bank.



### Support for Manufacturing Companies

#### Mebuki Manufacturing Industries Workshop

- Aiming for improvement of technology of regional manufacturing industries, we coordinated workshops supported by Hitachi Construction Machinery Japan Co., Ltd., to learn their techniques in practical exercises. (21 corporate customers (33 people) participated in the 3<sup>rd</sup> workshop in September 2019.)

#### Manufacturing Business Forum 2020

- We hold business meetings with individual business negotiations and panel exhibits, for sales channel expansion of our manufacturing customers. (Individual business negotiations by 374 clients and panel exhibits by 279 clients were held in February 2019.)

### Hands-on Support with Organization for Small and Medium Enterprises and Regional Innovation, Japan

- Utilizing hands-on support provided by SME SUPPORT JAPAN(\*), we support our customers' growth with management issues identified by our business potential assessment.

<Cases of hands-on support>

- Farm ... development of new products, review of sales strategy
- Retail company ... personnel introduction
- Dairy production ... improvement of productivity and profitability
- Food production and sales ... business succession, talent development
- Food processing ... review of production management system

\* hands-on support: Consulting services to SME's addressing their management issues by supplying expertise and providing appropriate advice continuously in order find solutions

## (2) Create Growth Business Models with Local Regions

### Enhancement of consulting services (Asset management services)

#### Organization for Consulting Services

For customers using asset management services

- Strengthen customer contact using workplace seminars(propose long-term diversified investments and accumulation services)

For wealthy customers

- Enhance solutions utilizing external knowledge (Collaboration with subsidiary bank employees on learn to insurance and securities companies)

Collaboration with Mebuki Securities

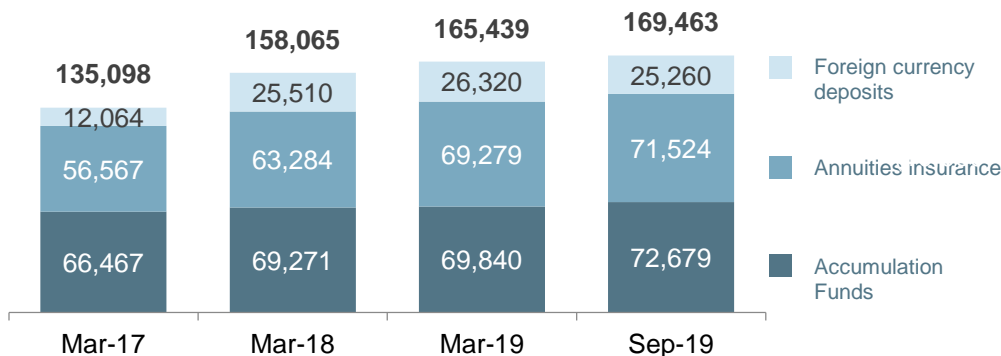
- Reform sales organization for banks and securities to cooperate together (Strengthen sales of structured and foreign bonds)

Contributed to increase of balance and fees & commission in insurance and Mebuki Securities

#### Accumulation Services (Approach to customers using asset management services)

- Contracts of accumulation services increased stably due to comprehensive solutions such as accumulation funds, annuities insurance and foreign currency deposits

<Number of contracts(Total)>



#### Expansion of Consulting Counters

##### “Hoken no Hikari”

- Establishment of new counter specializing in insurance named “Hoken no Hikari” (started on a trial base at 2 branches of Joyo Bank in Ibaraki Prefecture)

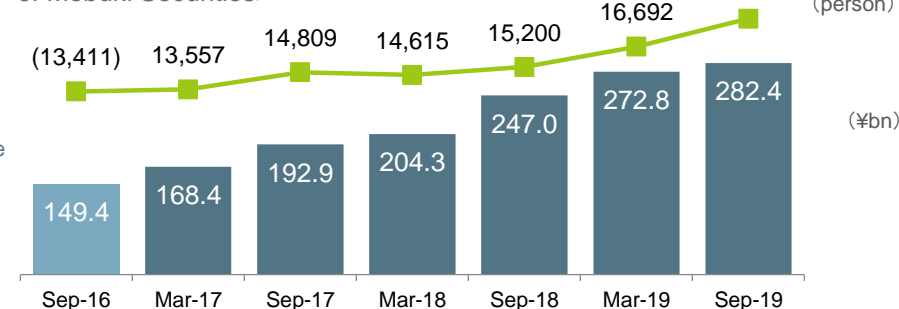
##### Holiday Wealth Salon

- Establishment of consulting services exclusively on Saturdays and Sundays (at Utsunomiya-nishi Branch of Ashikaga Bank)

#### Strengthening of Cooperation Between Banking and Securities Businesses

- As an entire group, strengthen cooperation of banking and securities businesses. Contracts and balance of assets under custody increased stably.

<Contracts and Balance of customer assets under custody of Mebuki Securities>



\* In October Business integration (establishment of Mebuki FG.), In April 2017 Change of name, Mebuki Securities



# (3) Create Growth Business Models with Local Regions

## IT services / Data utilization

### Enhancement of Support for IT and Digitization

#### Establishment of “IT and Digitization Strategy Group”

- In June 2019, we established a new organization to control IT and digitization in the group head office. In addition, we will work to strengthen IT investment efficiency.

#### Training specialists in IT field

- We, two banks jointly, are providing IT training programs in collaboration with outside vendors
- The themes are “the theory and practice of IoT”, “data utilization”, “IT services creation” and include new application planning based on utility



(IT services creation workshop)

### IT services / Data Utilization Within the Group

#### Development and introduction of business use smartphone applications [efficiency]

- In April 2019, we introduced business use smartphone applications to improve efficiency of sales staffs’ activities (application for receipt and company car)
- Utilized for issuing digital receipts for keeping customers’ bankbooks or cash and for management of company cars
- After integration of core system, Ashikaga will consider introducing both applications to improve efficiency of the entire group



(Image of business use smartphone application)

### Utilization for Improvement of Customer Services

#### Introduction of video service for explanation about important items related to housing loans

- In June 2019, introduced “Loan Concierge” video service for explanation about important items related to housing loans
- By viewing this video before making a contract, customers can reduce the time needed to visit branches (customers can view the video at any time)
- In addition, based on the answers to our questionnaire, we will provide comprehensive solution such as review of household budgets, insurance products and so on

あしぎん  
住宅ローン契約予定者  
専用サービス

住宅ローン商品説明動画  
ローンシェルジュ

住宅ローン商品説明動画「ローンシェルジュ」は、住宅ローンの商品内容や、重要事項、お借入れの手続きなど住宅ローンのお借入れにあたってご理解いただきたい事項を動画でわかりやすく説明します。  
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説明動画の内容

- ◆返済方法・金利タイプ
- ◆保証会社・担保
- ◆諸費用
- ◆団体信用生命保険
- ◆お借入れ後の手続き
- ◆火災保険・家計の見直し

契約時間短縮!  
ご負担軽減!

空いた時間に!  
中断・再開可能!

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足利銀行

#### Development/Trial of financial alert function [credit cost reduction(control)]

- In July 2019, “financial alert “ function began on a trial base, aiming for accuracy improvement in understanding actual financial situation of customers
- Its alert will be displayed in the loan business support system, when it is assumed that a customer’s financial position is worsening, based on long-term trend financial analysis and combined analysis of CF/BS/ PL

# (4) Structural Reform for Enhanced Productivity

Integration of core system / Enhancement of BPR / Optimizing the channels and networks

## Integration of Core System / Unifying Business Procedures and Streamlining of Business Concentration Sections

### Integration of core system

- Integrate core system of subsidiary banks in January 2020
- Further unify business procedures and streamline business concentration section after integration of core system of two banks

### Unifying business procedures / Streamlining of business concentration sections

#### Establishment of BPR Promotion Group

- Established “BPR Promotion Group” in group head office in June 2019, aimed at unifying business procedures and promoting BPR within the whole group

#### Joyo Bank, Streamline of business concentration sections

- In August 2019, consolidated 4 business concentration sections of Joyo Bank

<Joyo Bank Streamline of business concentration sections (in Aug. 2019) >  
Free up 100 people

## Branch Network Optimization

### Consolidation / Selection of function of current branches

October 2019	<b>Consolidation</b>	3 Branches / 8 sub-branches
	<b>Selection of Function (*1)</b>	8 Branches / 8 sub-branches
January 2020 (planned)	<b>Consolidation</b>	3 Branches / 1 sub-branches

<as of end of FY2019 >  
(projection)  
**Branch network efficiency**  
**31 branches or more**  
**Free up 70 people or more**

(\* 1) By utilizing digital technology ( installing bank counters with tablet terminals and ATMs with tax payment system we plan to introduce / expand branches that require a small number of people

### Expansion of business areas

- In November 2019 Established Shinagawa sales office

### Expected effects

(3 years total)  
in 2nd medium-term plan

#### Control of total staff

- Free up 1,000 people  
**Business processing and IT division**  
**450 people**

BPR/Digitization 200 people  
Consolidation of head office functions and subsidiary functions, streamline operations 130 people

**Branch Network Streamline**  
**220 people**

#### Branch network

- Streamline about 20% of 337 current branches (\*3)

(\*3) two banks' total, as of end of March, 2019

#### Branch maintenance costs

- Cost reduction  
¥1bn (\*4)

(\*4) annual base, excluding personnel expenses reduced by decreasing number of staff

**【Reference】**

Our Typhoon 19 disaster Recovery Efforts  
Financial Data for First Half of FY2019

# 【Our Typhoon 19 Disaster Recovery Effort】

## Smooth Financing through Disaster Recovery Financial Support

- Providing exclusive loan products for early recovery of victims of the disaster

**Individual customers** Housing / Reform Loan, Car / Free Loan

**Corporate customers** Meeting financial needs such as working capital and capital expenditure

## Establishment of Holiday Help Desk

- Established Holiday Help Desk concerning to financial consulting for the victims of typhoon 19 disaster ( On weekdays, all branches provided consulting services)

**4 Branches, 25 Loan Centers/ Plazas  
(2 banks' total)**

## Providing Financial Services using Mobile Consulting Vehicle

- Dispatched mobile consulting vehicle with ATM and provided ATM services and other consulting services.

**From Oct. 14 to Oct. 31  
Total of 10 days dispatched  
(Joyo Bank)**



(mobile consulting vehicle)

## Valuables safekeeping service

- Providing free safekeeping service for storage of valuables and securing against burglary for victims of the disaster

**9 Branches (2 banks total)**

## Employee Volunteer Dispatch / Donation

### Employee volunteer dispatch

**From Oct. 17 to Oct. 29**

**Total of 5 days and 83 employees dispatch**

### Donation

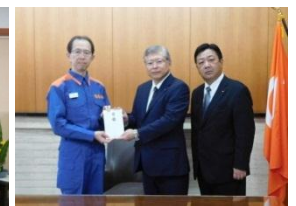
- We acted on desire to be of assistance to rescue and recovery in the disaster area in the form of donating money to our local regions (Tochigi, Ibaraki, and Fukushima Prefectures).



(Donation to Ibaraki Pf.)



(Donation to Tochigi Pf.)



(Donation to Fukushima Pf.)

## 【Data】 Breakdown of Banking subsidiaries

### ( 1 ) P/L

	( ¥ b n )					
	J+A	YoY	Joyo	YoY	Ashikaga	YoY
Gross business profit	96.7	+3.6	57.8	+9.5	38.8	-5.9
(Net Gross business profit)	96.8	-6.6	57.0	+1.3	39.7	-8.0
Net interest income	79.4	-6.1	47.1	+1.2	32.2	-7.3
o/w Gains/losses on Cancellation of Private Offering Investment Trusts	6.1	-3.6	4.0	+2.8	2.0	-6.5
Net fees and commissions	16.3	-0.3	9.2	+0.0	7.1	-0.3
Net other business income and Net trading income	0.9	+10.0	1.5	+8.3	-0.5	+1.7
(o/w gains/losses on bond transactions)	0.0	+10.3	0.8	+8.1	-0.9	+2.1
Expenses	58.1	+0.6	32.7	-0.4	25.3	+1.1
o/w Personnel expenses	30.6	+0.1	16.8	-0.1	13.7	+0.3
o/w Non-personnel expenses	23.4	+0.7	13.6	-0.2	9.8	+0.9
Net business income (before general allowance for loan losses)	38.5	+2.9	25.1	+10.0	13.4	-7.1
Core net business income	38.6	-7.3	24.2	+1.8	14.4	-9.2
Core net Business Income ( exclu. Gains/losses on Cancellation of Private Offering Investment )	32.5	-3.7	20.2	-0.9	12.3	-2.7
Net transfer to general allowance for loan losses (a)	0.4	+0.4	0.5	+0.5	-0.1	-0.1
Net business income	38.1	+2.5	24.5	+9.4	13.5	-6.9
Net non-recurrent gains/losses	-5.3	-10.2	-1.6	-12.1	-3.6	+1.9
o/w Disposal of non-performing loans (b)	8.9	+4.1	4.8	+2.7	4.1	+1.3
o/w Gains/losses related to stocks, etc	4.1	-5.9	3.7	-9.2	0.4	+3.3
Ordinary profit	32.8	-7.7	22.9	-2.6	9.8	-5.1
Extraordinary income/losses	-0.1	-11.8	-0.1	+0.0	0.0	-11.8
Net income	23.2	-16.9	16.3	-1.6	6.9	-15.2
Credit related costs (a)+(b)	9.3	+4.5	5.3	+3.2	3.9	+1.2

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

		F Y 16	F Y 17	F Y 18	1H19	YoY	1H18
J+A	Domestics	1.12%	1.07%	1.03%	1.00%	-0.03%	1.03%
	Overseas	1.42%	1.99%	2.92%	2.93%	0.10%	2.83%
	Total	1.12%	1.08%	1.06%	1.03%	-0.03%	1.06%
Joyo	Domestics	1.06%	1.02%	1.00%	0.97%	-0.03%	1.00%
	Overseas	1.45%	2.01%	2.95%	2.97%	0.10%	2.87%
	Total	1.06%	1.04%	1.04%	1.02%	-0.02%	1.04%
Ashikaga	Domestics	1.20%	1.13%	1.07%	1.03%	-0.05%	1.08%
	Overseas	1.11%	1.82%	2.67%	2.68%	0.10%	2.58%
	Total	1.20%	1.13%	1.08%	1.04%	-0.05%	1.09%

## 【Data】 Breakdown of Banking subsidiaries

( 3 ) Loans Term-end Balance ( ¥ b n )

		FYE16	FYE17	FYE18	Sep-19	YoY	Sep-18
J+A	Individual	4,272.8	4,491.2	4,674.8	4,747.1	+174.7	4,572.4
	Corporate	4,809.6	4,935.9	5,139.1	5,095.2	+59.4	5,035.7
	Public	1,232.9	1,153.6	1,038.2	957.9	-93.3	1,051.2
	Total	10,315.4	10,580.7	10,852.3	10,800.3	+140.9	10,659.4
Joyo	Individual	2,387.4	2,490.8	2,570.2	2,600.4	+76.3	2,524.0
	Corporate	2,821.3	2,853.9	2,974.3	2,950.3	+33.7	2,916.6
	Public	758.3	718.6	650.7	632.4	-57.4	689.9
	Total	5,967.0	6,063.5	6,195.3	6,183.2	+52.6	6,130.6
Ashikaga	Individual	1,885.4	2,000.3	2,104.6	2,146.7	+98.3	2,048.4
	Corporate	1,988.2	2,081.9	2,164.8	2,144.8	+25.7	2,119.0
	Public	474.6	434.9	387.5	325.4	-35.8	361.3
	Total	4,348.4	4,517.2	4,657.0	4,617.0	+88.2	4,528.7

Foreign Currency Denominated Loans ( ¥ b n )

	FYE16	FYE17	FYE18	Sep-19	YoY	Sep-18
J+A	128.3	129.2	145.8	154.0	+12.1	141.9
Joyo	116.0	114.0	126.8	136.6	+11.7	124.8
Ashikaga	12.2	15.2	19.0	17.4	+0.4	17.0

( 5 ) Unsecured Loans Term-end Balance ( ¥ b n )

		FYE16	FYE17	FYE18	Sep-19	YoY	Sep-18
J+A	Car Loans	34.8	39.4	46.7	50.1	+7.8	42.3
	Educational Loans	32.6	35.8	39.0	40.6	+3.4	37.1
	Free Loans	6.9	8.1	9.1	9.7	+1.1	8.6
	Card Loans	60.8	65.4	65.0	65.9	+0.3	65.5
	Total	135.2	148.9	160.0	166.4	+12.7	153.7
Joyo	Car Loans	25.0	27.4	32.2	34.1	+4.5	29.5
	Educational Loans	28.2	30.0	31.9	32.8	+2.0	30.8
	Free Loans	0.7	0.8	2.2	3.1	+1.7	1.4
	Card Loans	26.4	27.7	26.5	26.5	-0.7	27.2
Total	80.3	86.0	93.0	96.7	+7.5	89.1	
Ashikaga	Car Loans	9.8	12.0	14.5	15.9	+3.2	12.7
	Educational Loans	4.4	5.7	7.0	7.7	+1.4	6.3
	Free Loans	6.1	7.3	6.8	6.5	-0.6	7.2
	Card Loans	34.3	37.7	38.4	39.3	+1.0	38.2
	Total	54.6	62.8	66.9	69.6	+5.1	64.5

( 4 ) Loans Individual Housing Related Loans Term-end Balance ( ¥ b n )

		FYE16	FYE17	FYE18	Sep-19	YoY	Sep-18
J+A	Housing Loans	3,050.8	3,216.6	3,396.3	3,479.6	+185.7	3,293.9
	Apartment Loans	900.4	950.4	958.5	945.2	-12.4	957.6
	Asset building loans	-	1.9	2.9	2.9	+0.1	2.7
	Total	3,951.3	4,169.0	4,357.9	4,427.8	+173.4	4,254.3
Joyo	Housing Loans	1,489.6	1,560.5	1,640.6	1,681.3	+90.9	1,590.3
	Apartment Loans	724.0	763.5	769.1	758.3	-11.8	770.1
	Asset building loans	-	1.9	2.9	2.9	+0.1	2.7
	Total	2,213.7	2,326.0	2,412.7	2,442.5	+79.2	2,363.3
Ashikaga	Housing Loans	1,561.3	1,656.0	1,755.7	1,798.3	+94.7	1,703.5
	Apartment Loans	176.3	186.8	189.3	186.9	-0.5	187.4
	Asset building loans	-	-	-	-	-	-
	Total	1,737.6	1,842.9	1,945.1	1,985.2	+94.1	1,891.0

( 6 ) Loans Corporate Term-end Balance by Area ( ¥ b n )

		FYE16	FYE17	FYE18	Sep-19	YoY	Sep-18
J+A	Tokyo	1,788.7	1,815.8	1,908.8	1,911.5	+30.0	1,881.4
	Local	3,020.7	3,120.0	3,230.3	3,183.6	+29.3	3,154.2
	Total	4,809.6	4,935.9	5,139.1	5,095.2	+59.4	5,035.7
Joyo	Tokyo	1,327.8	1,333.8	1,378.3	1,389.4	+26.2	1,363.2
	Local	1,493.4	1,520.1	1,596.0	1,560.8	+7.4	1,553.4
	Total	2,821.3	2,853.9	2,974.3	2,950.3	+33.7	2,916.6
Ashikaga	Tokyo	460.9	482.0	530.5	522.0	+3.8	518.2
	Local	1,527.3	1,599.9	1,634.2	1,622.8	+21.9	1,600.8
	Total	1,988.2	2,081.9	2,164.8	2,144.8	+25.7	2,119.0

( 7 ) Loans Corporate Term-end Balance by Company Size ( ¥ b n )

		FYE16	FYE17	FYE18	Sep-19	YoY	Sep-18
J+A	Large	1,574.9	1,592.2	1,633.7	1,606.2	+2.0	1,604.1
	Medium/SMEs	3,234.6	3,343.6	3,505.4	3,488.9	+57.4	3,431.5
	Total	4,809.6	4,935.9	5,139.1	5,095.2	+59.4	5,035.7
Joyo	Large	1,133.9	1,141.9	1,159.1	1,145.6	+0.1	1,145.5
	Medium/SMEs	1,687.2	1,712.0	1,815.1	1,804.6	+33.5	1,771.1
	Total	2,821.3	2,853.9	2,974.3	2,950.3	+33.7	2,916.6
Ashikaga	Large	440.9	450.3	474.5	460.5	+1.9	458.6
	Medium/SMEs	1,547.3	1,631.6	1,690.2	1,684.2	+23.8	1,660.4
	Total	1,988.2	2,081.9	2,164.8	2,144.8	+25.7	2,119.0



## 【Data】 Breakdown of Banking subsidiaries

( 8 ) Deposits Term-end Balance

( ¥ b n )

		FYE16	FYE17	FYE18	19-Sep	YoY	18-Sep
J+A	Individual	9,762.1	10,103.6	10,362.7	10,447.9	+202.9	10,244.9
	Corporate	3,062.8	3,158.8	3,325.5	3,355.1	+111.2	3,243.9
	Public	748.0	776.3	750.1	554.8	-62.5	617.4
	Total	13,572.9	14,038.8	14,438.3	14,357.9	+251.5	14,106.3
Joyo	Individual	6,068.9	6,280.6	6,440.1	6,497.8	+125.1	6,372.6
	Corporate	1,747.4	1,760.2	1,835.4	1,870.2	+77.0	1,793.1
	Public	424.0	468.1	453.6	321.4	-69.9	391.4
	Total	8,240.3	8,509.0	8,729.1	8,689.5	+132.2	8,557.2
Ashikaga	Individual	3,693.1	3,823.0	3,922.5	3,950.1	+77.8	3,872.2
	Corporate	1,315.4	1,398.5	1,490.1	1,484.9	+34.1	1,450.7
	Public	323.9	308.1	296.5	233.3	+7.4	225.9
	Total	5,332.5	5,529.8	5,709.2	5,668.4	+119.3	5,549.0

Foreign Currency Deposit

( ¥ b n )

		FYE16	FYE17	FYE18	19-Sep	YoY	18-Sep
J+A		165.6	275.2	306.0	247.5	-64.4	311.9
Joyo		140.7	199.1	222.6	201.9	-23.1	225.1
Ashikaga		24.8	76.0	83.3	45.5	-41.2	86.8

( 9 ) Customer Assets under Custody Balance

( ¥ b n )

		FYE16	FYE17	FYE18	19-Sep	YoY	18-Sep
Group total	Investment trusts	626.3	570.7	556.1	549.0	-24.7	573.7
	Insurance	781.3	779.0	817.2	819.4	+23.0	796.4
	Foreign currency	93.6	203.8	218.5	196.3	-23.0	219.3
	JGB etc.	225.8	200.6	173.6	158.1	-29.3	187.5
	Mebuki Securities	168.4	204.3	272.8	282.4	+35.4	246.9
	Total	1,895.7	1,958.6	2,038.3	2,005.4	-18.6	2,024.0
	Joyo	Investment trusts	295.2	257.9	263.3	255.9	-13.3
Insurance		454.1	450.6	465.6	471.8	+14.5	457.2
Foreign currency		68.8	127.7	135.5	148.4	+15.8	132.5
JGB etc.		155.3	138.0	118.5	107.9	-20.8	128.7
Total		973.6	974.4	983.1	984.0	-3.8	987.9
Ashikaga	Investment trusts	331.1	312.7	292.8	293.1	-11.3	304.4
	Insurance	327.2	328.4	351.5	347.6	+8.5	339.1
	Foreign currency	24.8	76.0	82.9	47.8	-38.9	86.8
	JGB etc.	70.5	62.6	55.0	50.2	-8.5	58.8
	Total	753.7	779.8	782.4	738.9	-50.2	789.1

( 10 ) Customer Assets under Custody Commissions

( ¥ b n )

		F Y 16	F Y 17	F Y 18	1H19	YoY	1H18
Group Total	Investment trusts(*1)	6.6	7.36	5.69	2.69	-0.4	3.1
	Insurance(*2)	3.04	2.67	4.67	2.34	+0.3	2.0
	Foreign currency deposits	0.73	0.86	0.98	0.36	-0.1	0.5
	JGB etc.	0.09	0.0	0.0	0.03	+0.0	0.0
	Total	12.8	14.82	13.84	6.72	-0.2	6.9
Joyo	Investment trusts(*1)	3.23	3.34	2.63	1.28	-0.1	1.41
	Insurance(*2)	1.27	1.24	2.12	1.43	+0.5	0.94
	Foreign currency deposits	0.38	0.49	0.7	0.27	-0.1	0.32
	JGB etc.	0.08	0.03	0.03	0.02	+0.0	0.0
	Total	5.28	5.63	5.77	3.16	+0.3	2.84
Ashikaga	Investment trusts(*1)	3.4	4.01	3.06	1.4	-0.3	1.69
	Insurance(*2)	1.77	1.42	2.55	0.9	-0.2	1.09
	Foreign currency deposits	0.35	0.36	0.28	0.09	-0.1	0.15
	JGB etc.	0.01	0.0	0.0	0	+0.0	0.0
	Total	5.85	6.13	6.12	2.54	-0.5	3.06

\* 1 : Sales commission+ Trust fee

\* 2 : \*Excl. executive life insurance

( 11 ) Fees from Corporate Customers

( ¥ b n )

		F Y 16	F Y 17	F Y 18	1H19	YoY	1H18
J+A	Credit Related	4.15	6.24	7.57	3.80	0.40	3.40
	Consulting Related	1.09	1.83	2.02	0.73	-0.31	1.04
	total	5.24	8.08	9.59	4.53	0.08	4.45
Joyo	Credit Related	2.03	3.39	4.14	1.76	-0.03	1.79
	Consulting Related	0.53	1.06	1.14	0.40	-0.16	0.56
	total	2.56	4.45	5.28	2.16	-0.20	2.36
Ashikaga	Credit Related	2.11	2.84	3.42	2.04	0.43	1.60
	Consulting Related	0.56	0.77	0.88	0.32	-0.14	0.47
	total	2.67	3.61	4.30	2.37	0.28	2.08

## 【Data】 Breakdown of Banking subsidiaries

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

		FYE16	FYE17	FYE18	19-Sep	YoY
Mebuki FG (Consolidated)	Domestic bonds	2,446.0	2,374.3	2,436.8	2,407.4	-29.4
	Foreign bonds	679.6	616.5	829.6	818.1	-11.5
	Stocks	306.6	307.8	280.2	255.6	-24.5
	Investment trusts,etc.	758.2	877.9	799.8	673.0	-126.7
	Total	4,190.6	4,176.7	4,346.6	4,154.2	-192.3
Joyo	Domestic bonds	1,731.1	1,725.4	1,812.4	1,797.8	-14.6
	Foreign bonds	456.5	393.7	513.2	494.8	-18.3
	Stocks	266.7	263.2	243.4	217.9	-25.5
	Investment trusts,etc.	339.0	420.1	456.7	378.6	-78.0
	Total	2,793.5	2,802.5	3,025.9	2,889.2	-136.6
Ashikaga	Domestic bonds	699.5	634.3	610.9	596.6	-14.2
	Foreign bonds	223.0	222.7	316.3	323.2	+6.8
	Stocks	79.7	80.3	72.4	73.2	+0.8
	Investment trusts,etc.	414.8	453.5	338.7	290.1	-48.6
	Total	1,417.1	1,391.0	1,338.4	1,283.3	-55.1

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

		FYE16	FYE17	FYE18	19-Sep	YoY
J+A	Balance	137.8	130.5	125.5	115.1	+98.6
Joyo	Balance	119.2	113.7	110.7	100.5	+100.5
Ashikaga	Balance	18.6	16.8	14.8	14.6	-1.9

( 16 ) Expenses ( ¥ b n )

		F Y 16	F Y 17	F Y 18	1H19	YoY	1H18
J+A	Personnel	60.4	59.7	60.6	30.6	+0.1	30.4
	Non-Personnel	47.0	46.6	46.1	23.4	+0.7	22.6
	Taxes	7.4	7.1	7.3	4.0	-0.2	4.2
	Total	115.0	113.5	114.1	58.1	+0.6	57.4
Joyo	Personnel	34.7	33.6	33.8	16.8	-0.1	17.0
	Non-Personnel	29.5	28.7	27.7	13.6	-0.2	13.8
	Taxes	4.2	3.9	3.8	2.2	+0.0	2.2
	Total	68.5	66.3	65.3	32.7	-0.4	33.2
Ashikaga	Personnel	25.7	26.1	26.8	13.7	+0.3	13.4
	Non-Personnel	17.5	17.8	18.4	9.8	+0.9	8.8
	Taxes	3.2	3.2	3.5	1.7	-0.2	1.9
	Total	46.4	47.2	48.8	25.3	+1.1	24.2

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

		FYE16	FYE17	FYE18	19-Sep	YoY
Mebuki FG (Consolidated)	Stocks	147.1	157.3	136.2	122.7	-13.4
	Domestic bonds	23.2	16.4	21.1	23.9	+2.8
	Investment trusts,etc.	19.3	9.8	7.2	19.3	+12.1
	Foreign bonds	-6.9	-12.0	10.3	33.5	+23.1
	Total	182.8	171.6	174.9	199.6	+24.6
Joyo	Stocks	138.8	144.8	128.0	112.7	-15.3
	Domestic bonds	26.0	17.9	19.3	20.1	+0.7
	Investment trusts,etc.	22.9	17.0	12.6	18.6	+6.0
	Foreign bonds	-1.8	-3.4	10.4	19.7	+9.3
	Total	186.0	176.3	170.5	171.3	+0.8
Ashikaga	Stocks	31.9	34.4	28.4	29.6	+1.1
	Domestic bonds	19.5	17.3	15.7	16.4	+0.6
	Investment trusts,etc.	0.5	-5.2	-2.3	2.9	+5.2
	Foreign bonds	-0.7	-5.3	2.8	16.3	+13.4
	Total	51.2	41.0	44.6	65.2	+20.5

( 15 ) Gains and Losses on securities ( ¥ b n )

		FYE16	FYE17	FYE18	19-Sep	YoY
J+A	Domestic bonds	5.6	-6.4	-10.7	-0.0	+10.3
	Stocks	9.7	10.5	10.7	4.1	-5.9
	Gains on Cancellation of Private Offering Investment Trusts	5.4	5.4	11.6	6.1	-3.6
	Total	20.8	9.5	11.6	10.1	+0.6
Joyo	Domestic bonds	5.8	-3.8	-7.3	0.8	+8.1
	Stocks	7.5	9.4	12.4	3.7	-9.2
	Gains on Cancellation of Private Offering Investment Trusts	1.7	1.0	1.6	4.0	+2.8
	Total	15.2	6.6	6.7	8.5	+1.7
Ashikaga	Domestic bonds	-0.2	-2.5	-3.3	-0.9	+2.1
	Stocks	2.1	1.0	-1.7	0.4	+3.3
	Gains on Cancellation of Private Offering Investment Trusts	3.6	4.4	9.9	2.0	-6.5
	Total	5.5	2.8	4.8	1.5	-1.0

( 17 ) Credit related cost ( ¥ b n )

		FYE16	FYE17	FYE18	Sep-19	YoY	Sep-18
J+A		4.1	7.9	9.3	9.3	+4.5	4.8
Joyo		3.1	4.9	4.2	5.3	+3.2	2.0
Ashikaga		0.9	3.0	5.0	3.9	+1.2	2.7

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