

Mebuki Financial Group, Inc.

Financial Results for the First Quarter of FY2019 (IR Presentation Material)



Contents

1. Main Points of 1Q19 Financial Results	3
2. Progress of the Second Medium-Term Business Plan	4
(1) Summary of Second Medium-Term Group Business Plan	5
(2) Create growth business models with local regions	6-8
(3) Structural reform for enhanced productivity	9-10
3. Recent Topics ▪ Forecast for FY2019	11
(1) Credit Related Costs	12
(2) Securities	13
(3) Forecast for FY19	14
【Reference】	
Financial Results for 1Q19	15-26
(Released on August 2, 2019)	

1. Main Points of 1Q19 Financial Results

Main Points of 1Q19 Financial Results

Though consolidated net income declined due to decrease in gains on cancellation of private offering investment trusts, core net business income(excluding gains on cancellation of private offering investment trusts) maintained at the same level YoY.

Mebuki FG (Consolidated) (¥bn)

	1Q19	YoY
Net Income of banking subsidiaries ^(*)	12.6	-13.2
Net Income of other group companies	1.0	0.2
Consolidated Adjustment ^(*)	-2.0	11.1
Net income attributable to owners of the parent	11.6	-1.8

(*) The main reason for decrease ¥13.2 bn is the absence of effect which is dividends receivable of ¥12.0 bn from affiliated companies in the previous period. Since this is removed from consolidated FS, there is no effect on net income attributable to owners of the parent of FG.

(*) ¥-2.0bn: Adjustments related to securities (-1.8bn), interest expenses of subordinated loans, expenses, etc.

Joyo and Ashikaga (Non-consolidated)

	1Q19		
	Result	YoY Chg	vs Forecast
Gross business profit	49.5	+5.8	-
(Core gross business profit)	49.1	-1.0	-
Net interest income	40.0	-1.0	-
(o/w gains on cancellation of private offering investment trusts)	2.5	-1.0	-
Net fees and commissions	8.5	+0.1	-
Other	0.9	+6.8	-
(o/w gains/losses on bond transactions)	0.4	+6.9	-
Expenses	29.2	+0.2	-
o/w Personnel expenses	15.4	+0.1	-
o/w Non-personnel expenses	11.3	+0.2	-
Net business income (before general allowance for loan losses)	20.3	+5.6	-
Core net business income	19.8	-1.3	-
Core net business income(excluding gains on cancellation of private offering investment trusts)	17.3	-0.2	-
Net transfer to general allowance for loan losses (a)	-0.6	+1.3	-
Net business income	20.9	+4.3	-
Net non-recurrent gains/losses	-3.2	-6.2	-
o/w Disposal of non-performing loans (b)	4.8	-0.5	-
o/w Gains/losses related to stocks, etc	1.6	-6.6	-
Ordinary profit	17.6	-1.9	30.1%
Extraordinary income/losses	-0.0	-11.8	-
Net income^(*)	12.6	-13.2	31.1%
Credit related costs (a)+(b)	4.1	+0.7	-

2. Progress of the Second Medium-Term Business Plan

【Plan period: April 2019 to March 2022】

Summery of Second Medium-Term Group Business Plan

- In the second medium-term plan, we will promote the structural reform mainly of business process and organization through the integration of our core system in Jan. 2020, develop the optimization of our channels and networks, and perform structural reforms such as the unification of the FG and subsidiary banks' organization.
- At the same time, we will build a business model that grows together with the region, enhance consulting services and IT utilization, and is positioned as a transition to the next growth period with the effects of structural reforms.

Second Medium-Term Group Business Plan (Apr. 2019~Mar. 2022)

Goals

Building the region's future as a comprehensive financial service group

Position

Achieve full-scale growth / Transitional period to next growth

Basic strategy

(1) Create growth business models with local regions

- Enhance consulting services

Strengthen business support

Support for asset building

- Proactively utilize and invest in IT

Enhance convenience / BPR

Support for digitalization

Cashless services

(2) Structural reform for enhanced productivity

- Establish common platform

Integrate core system

Common administration

Relocation of branches

- Group governance advancement

Consolidate head office functions

Enhance corporate governance

(3) Developing human resources for value creation

- Development of specialized personnel
- Reform of personnel and training system
- Working style reform and diversity promotion

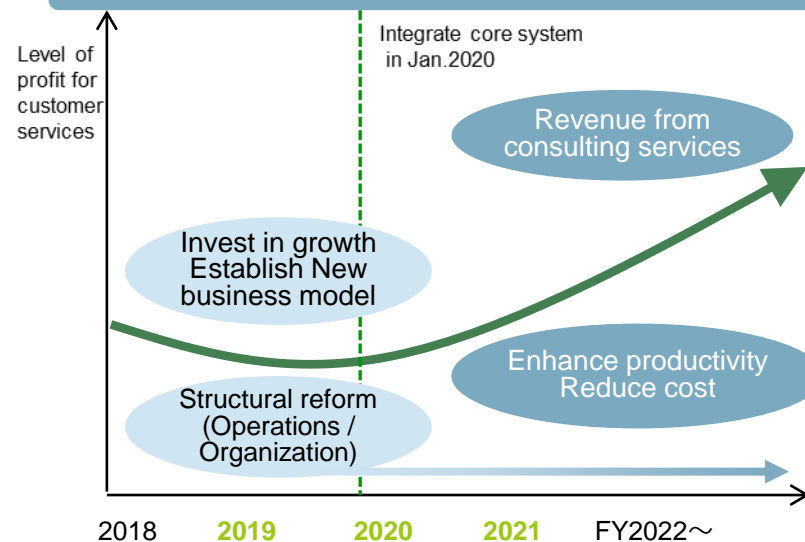
Business Objectives

	<FY2018>	<FY2021>
ROE (Consolidated)	5.1%	5.0% or more
Net Income*1 (Consolidated)	¥46.3bn	approx. ¥47 bn
Core OHR*2 (total)	57.1%	around 60%

(*1) attributable to owners of the parent

(*2) excluding system integration expenses

Position of 2nd group business plan



(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 Jul. 2019)

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

Expansion of consulting services

Mar. 2019

Start SDGs private placement bonds

- Start SDGs private placement bonds to support corporate customers to make efforts to achieve SDGs

Apr. 2019

Business matching of support for overseas expansion

- First financial institution to conclude a business matching agreement for overseas monitoring system^(*) developed by TKC Corporation

^(*)By collecting journal data from accounting systems of overseas subsidiaries, parent companies are able to monitor them at any time.

Jul. 2019

Enter trust services (strengthen business succession)

- Start inheritance related monetary and testamentary trust services as well as other inheritance organization services.

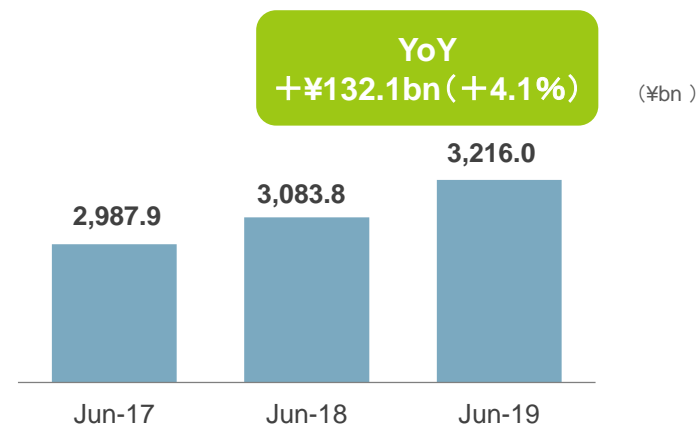
Fees from Corporate Customers



^{(*)1} Trust / 401K/ Executive life insurance / M&A / Business Matching

^{(*)2} Syndicate loans / Private placement bonds / Derivatives

Loans to local corporate customers (average balance)



(1) Create growth business models with local regions

Enhancement of consulting services (Asset management services)

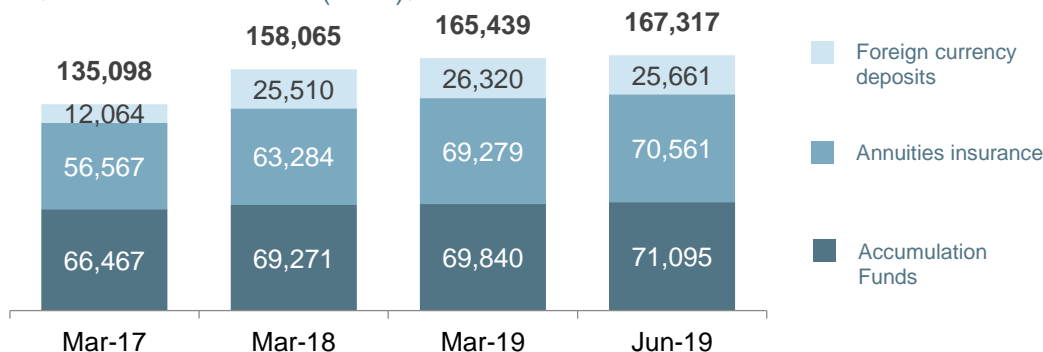
Organization for consulting services

- 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 loan to securities and insurance companies.)
- Collaboration with Mebuki Securities**
 - Reform sales organization for banks and securities to cooperate together (Strengthen sales of structured and foreign bonds)

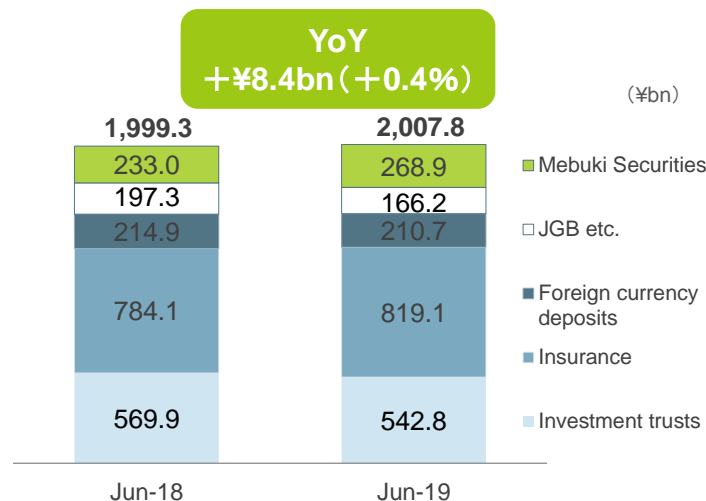
Accumulation services (Approach to customers using asset management services)

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

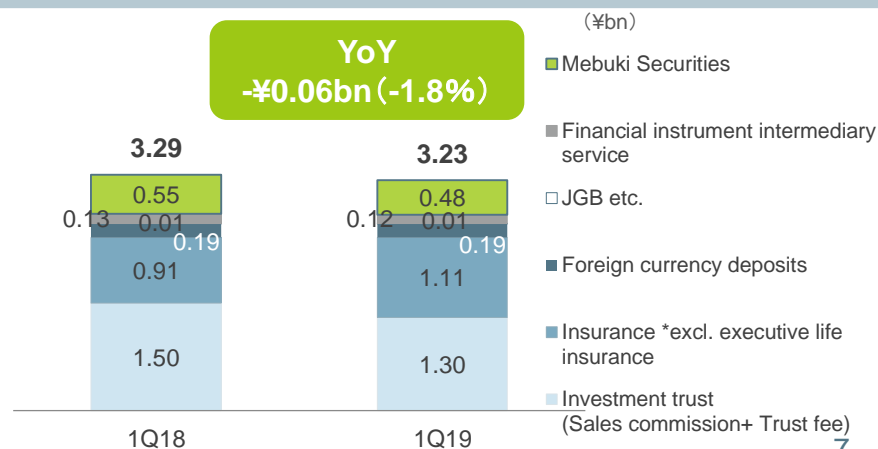
<Number of contracts(Total)>



Balance of customer assets under custody (Total of banks and securities)



Fee of customer assets under custody (Total of banks and securities)



(1) 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.

<Functions and roles of new organization>

- Promoting IT and Digitization for improving productivity of Mebuki group and customers
- Strengthening our response to a cashless and digital society
- Establishment of specialized personnel development system for IT data analysis

Training specialists in IT field

- We, two banks jointly, are providing IT training programs in collaboration with outside vendors, on the themes of “the theory and practice of IoT”, “data utilization”, “IT services creation” and so on.
- We will further strengthen training programs by enhancing contents and expanding participants.



IT services / Data utilization within the group

Development and introduction of business use smartphone applications

- In April 2019, we introduced business use smartphone applications for improving efficiency of sales staffs' activities (application for receipt and company car, utilized at all Joyo branches.)
- 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 and improve efficiency of the entire group



(Image of business use smartphone application)

<Process and workflow of business use smartphone application>

Interaction with customers

Bankbooks to be kept by bank employees is photographed and customers details are entered. The customer signs electronically.

Delivery within branches

Delivery of customers' bankbooks is done by simply swiping smartphones with NFS-chips

Utilizing GPS function

Confirmation of delivery location to customer and planning and managing effective business routes is possible.

Introduction Effects

60~70% reduction on working time for procedures compared to existing paper based delivery.

* Application for receipt is business model patent-pending.

(2) Structural reform for enhanced productivity

Optimizing the channels and networks

Branch network review (Consolidation / Streamlining)

- April 2019 ~ October 2019 27 branch offices (2 banks' total)

April	Consolidation	1 branch
	Function review	Change of branch style : 7 branches / 7 sub-branches
July	Consolidation	1 branch / 5 sub-branches
August	Consolidation	2 sub-branches
October (planned)	Consolidation	1 branch / 1 sub-branch
	Function review	Change of branch style : 1 branch Introduction of lunch break : 1 sub-branch

Selection of functions (New branch office style using digital technology)

- We will enhance diversification of branch styles, by utilizing digital technology (installing bank counters with tablet terminals and ATMs with tax payment system)

Quick Station

Providing routine financial services for individual customers, tax payment procedures through semi-self service or various applications by utilizing ATMs
【as of end of July, 2019】 9 branches at Joyo Bank

Retail Station

Providing consultation for asset management and acceptance of applications for financial instruments, in addition to routine financial services for individual customers offered at quick stations 【 Starting from October 2019】



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

Branch network

- Streamline about 20% of 337 current branches (*)
- Streamlined 27 branches by the end of October, 2019 (including planned)
(*) two banks' total, as of end of March, 2019

Branch maintenance costs

- Cost reduction
¥1bn (*)
(*) annual base, excluding personnel expenses reduced by decreasing numbers of staff

Branch staff

- Shifting to sales staff
220 people

(2) Structural reform for enhanced productivity

Integration of core system / Enhancement of BPR

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
- Expected effect for maintenance cost reduction after integration : about ¥2 bn (single- year base)
- Integration processes, such as transition test or rehearsals in all offices, are progressing as planned

Unifying business procedures / Streamlining of business concentration sections

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

- Further unify business procedures after integration of core system of two banks
- Streamline business concentration sections (Reduce volume of operations equivalent to that of 100 people by reforming existing organization (phase 1))

<Phase 1 (completed)>
Optimize personnel allocation by consolidation of business concentration sections in Ibaraki Prefecture

<Phase 2 (first half of FY2020)>
Consolidate business concentration sections by reducing work volume

<Phase 3> (up to end of FY2021)
Integrate business concentration sections as a Group

Enhancement of RPA

Introduction of important business areas

Introduced

Monitoring fraud or suspicious transactions through internet banking, Management of business results at head office, Distribution of market information related to foreign currency deposits on website, etc.

Planning

Response to tax investigations, Registration operations for applications of loan products and internet transactions, etc.

Expected effects (Saving operation hours)

Results in FY2018

3,000 hours annually (two banks' total)

FY2019 (projection)

41,000 hours annually (two banks' total)

* further effects are expected by expansion of scope of business in future

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

Business processing and IT division

- Free-up 450 people

BPR/ Digitization

- Free-up 200 people

Control of total staff

- Free-up 1,000 people

Branches	220 people
Business processing and IT division	450 people
BPR/Digitization	200 people
Consolidation of head office functions and subsidiary functions, streamline operations	130 people

⇒ Shift 200 people to consulting services, etc.

3. Recent Topics ▪ Forecast for FY2019

(1) Recent topics Credit Related Costs

Result for 1Q19

Credit Related Costs

(million yen)

	1Q18	1Q19	YoY
Credit Related Costs	3,412	4,158	+745
Net transfer to general allowance for loan losses	-1,984	-678	+1,306
Disposal of non-performing loans	5,397	4,836	-560
Write off of loans	1,401	1,135	-265
Transfer to specific allowance for loan losses	2,739	3,771	+1,032
Losses on sales of loans	12	-	-12
Transfer to provision for contingent losses	957	171	-786
Reversal of allowance for loan losses	-	-	-
Recoveries of written-off claims	226	557	+331
other	514	316	-197

Key factors of change

Net transfer to general allowance for loan losses

- Reversal position. Loan provision ratio of normal borrowers stays stable at about 5~6bp.
- Amount of reversal decreased YoY due to the lack of special factors such as the reversal from large borrowers requiring monitoring.

Transfer to specific allowance for loan losses

- Amount of transfer increased due to rank down of large borrowers and preventive review of credit ratings.

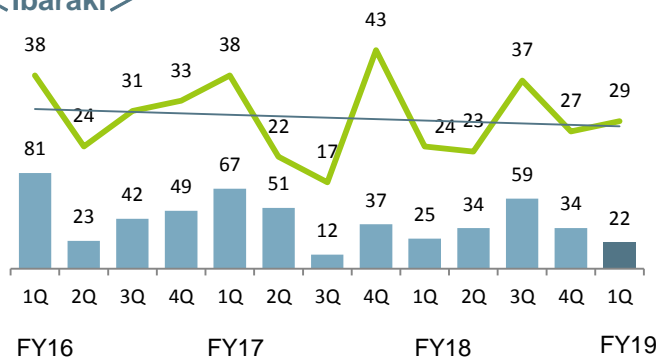
Forecast and measures

- Although there are no major movements of bankruptcy in the local market, we forecast more carefully than usual, taking into account specific major borrowers' rank down of credit rating.
- Prevent unexpected default in advance and control credit costs by analyzing factors of customer's poor business performance and implementing functions which alert credit risks such as external information and loan delinquencies.

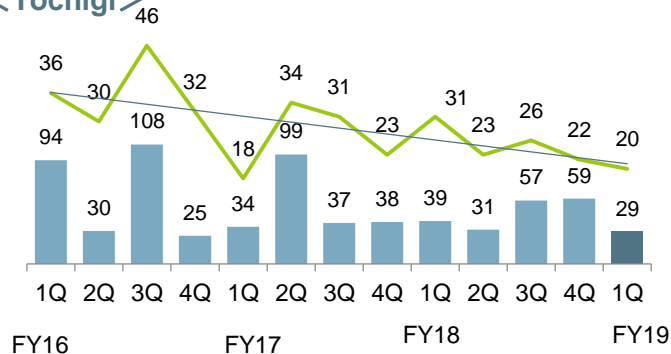
【Reference】 Status of bankruptcy in local market

* Total liabilities amounting to 10 million yen or more

<Ibaraki>



<Tochigi>

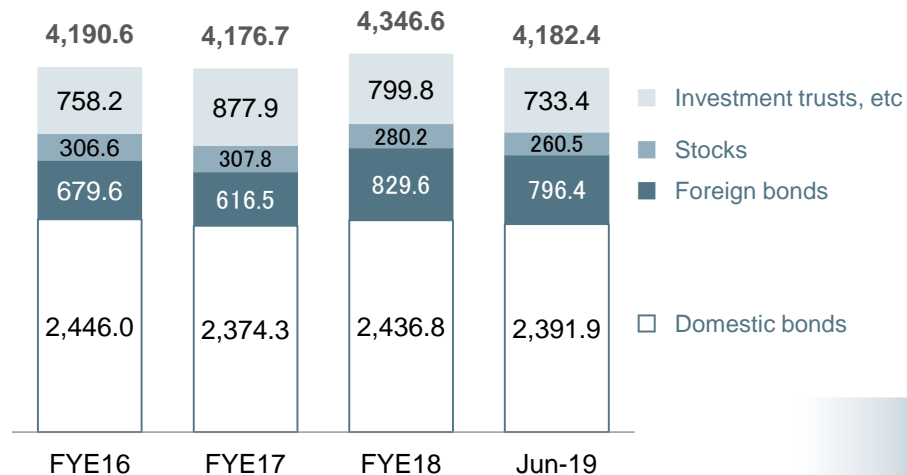


— Number of bankruptcies
 ■ Amount of bankruptcies (¥bn)

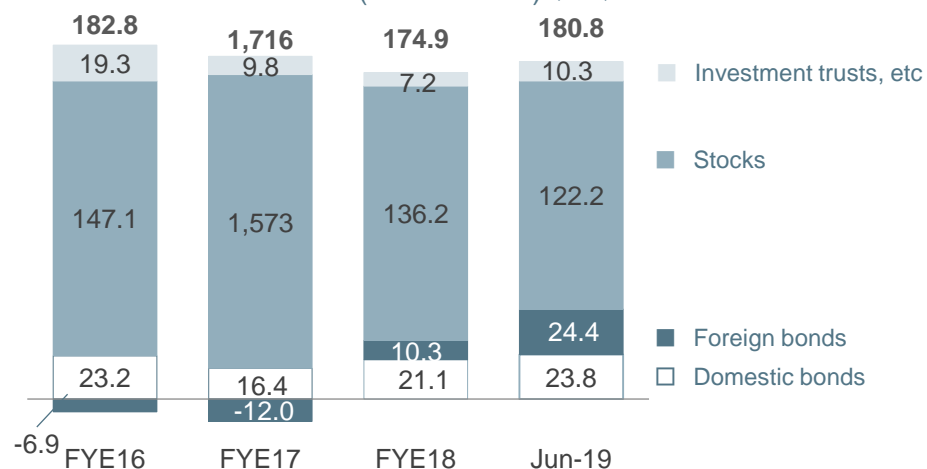
(2) Recent topics Securities

● Results for 1Q19 (As of Jun. 2019)

(1) Balance Sheet Amount (consolidated) (¥bn)



(2) Unrealized Valuation Gains/Losses on Available for Sale Securities (consolidated) (¥bn)



● Immediate measures considering recent uncertain market trends

➤ Investment trusts, etc

- Partially sold risk assets such as ETF and multi-asset funds before FOMC in Jun. 2019, taking into account uncertain market trends.
- Rebalance portfolio considering market trends

➤ Stocks

- Already decreased amounts of strategic shareholdings based on basic corporate governance policy
- <Amounts of Strategic listed shareholdings (Bank total as reference based on book value) >
As of Jun, '19 ¥113.8bn (Ratio of core capital 14.1%)
As of Mar, '19 ¥119.1bn (Ratio of core capital 15.0%)

➤ Domestic and Foreign bonds

- Under low interest rate environment, continue to take interest rate risks while keeping even lower interest rates in mind

<IRRBB (Bank total as reference)>

Ratio of substantial test (Δ EVE/Core capital)

As of Jun, '19 (reference)	Joyo	13.8%
	Ashikaga	12.2%
As of Mar, '19 (released)	Joyo	14.1%
	Ashikaga	12.4%

Forecast for FY19

■ Forecast for FY2019 remains unchanged from that announced on May 13, 2019.

	(¥bn)									
	FY18 Result			FY19 Forecast			YoY			
	J + A	Joyo	Ashi-kaga	J + A	Joyo	Ashi-kaga	J + A		Joyo	Ashi-kaga
						Chg.	%	Chg.	Chg.	
Gross business profit	185.6	101.2	84.3	177.2	102.8	74.4	-8.4	-4.5%	+1.5	-9.9
Net interest income	161.0	89.9	71.1	143.9	84.8	59.1	-17.1	-10.6%	-5.1	-11.9
Net fees and commissions	32.1	17.2	14.9	31.4	17.0	14.4	-0.7	-2.2%	-0.2	-0.5
Net other business income and Net trading income	-7.5	-5.8	-1.6	1.8	1.0	0.8	+9.4	-	+6.8	+2.5
(o/w gains/losses on bond transactions)	-10.7	-7.3	-3.3	0.0	0.0	0.0	+10.7	-	+7.3	+3.3
Expenses	114.1	65.3	48.8	119.0	66.0	53.0	+4.8	+4.2%	+0.6	+4.2
o/w Personnel expenses	60.6	33.8	26.8	62.2	34.0	28.2	+1.6	+2.6%	+0.1	+1.4
o/w Non-personnel expenses	46.1	27.7	18.4	48.9	27.6	21.3	+2.7	+5.9%	-0.1	+2.8
Net business income (before general allowance for loan losses)	71.4	35.9	35.5	58.1	36.8	21.3	-13.3	-18.6%	+0.8	-14.1
Core net business income	82.1	43.3	38.8	58.1	36.8	21.3	-24.0	-29.2%	-6.5	-17.5
Net transfer to general allowance for loan losses (a)	-5.2	-1.1	-4.1	0.2	0.2	0.0	+5.4	-	+1.3	+4.1
Net business income	76.6	37.0	39.6	57.9	36.6	21.3	-18.7	-24.4%	-0.4	-18.2
Net non-recurrent gains/losses	-4.7	6.1	-10.9	0.5	2.8	-2.2	+5.2	-	-3.3	+8.6
o/w Disposal of non-performing loans (b)	14.5	5.3	9.1	6.8	3.3	3.5	-7.7	-53.2%	-2.0	-5.6
o/w Gains/losses related to stocks, etc	10.7	12.4	-1.7	8.0	6.5	1.5	-2.7	-25.3%	-5.9	+3.2
Ordinary profit	71.8	43.2	28.6	58.5	39.5	19.0	-13.3	-18.5%	-3.7	-9.6
Extraordinary income/losses	8.6	-2.5	11.1	-0.8	-0.3	-0.5	-9.4	-	+2.2	-11.7
Net income	60.0	28.7	31.2	40.5	27.5	13.0	-19.5	-32.5%	-1.2	-18.2
Credit related costs (a)+(b)	9.3	4.2	5.0	7.0	3.5	3.5	-2.3	-24.8%	-0.7	-1.5

FG Forecast (Consolidated)	1H19	FY19
Ordinary Profit	29.0	58.0
Net Income (Attributable to owners of the parent)	20.0	40.0

FG (Consolidated)	FY19 Forecast
Net Income of banking subsidiaries	40.5
Net Income of other group companies	3.8
Consolidated Adjustment	-4.3
Net income attributable to owners of the parent	40.0

【Reference】

Financial Results for 1Q19

(Released on August 2, 2019)

Net Interest Income / Loans and Deposits (Average Yield)

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

Interest on loans slightly decreased due to decline of domestic yield and increase of average balance and yield overseas.

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

(*)Not including borrowing from special account

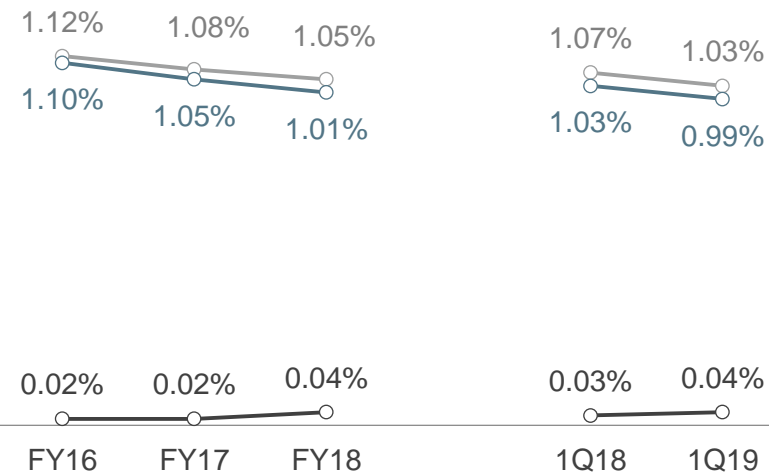
	Factor	Results	YoY Chg	Domestic (Chg. in Nil)		Overseas (Chg. in Nil)	
				Chg. in Factors		Chg. In Factors	
Interest on loans and bills discounted	Avg	—	+0.8	+0.6	(+260.7)	+0.1	(+24.0)
	Yield	—	-0.9	-1.0	(-4.1bp)	+0.1	(+36.8bp)
	subtotal	27.9	-0.0	-0.4	—	+0.3	—
Interest on deposits (-)		1.5	+0.1	-0.0	—	+0.2	—
Interest and dividend on securities	Avg	—	+0.1	-0.5	(-87.9)	+0.6	(+101.5)
	Yield	—	-0.4	-0.5	(-8.8bp)	+0.0	(+5.6bp)
	subtotal	15.9	-0.3	-1.0	—	+0.7	—
Market investments and borrowings (-)		2.3	+0.4	-0.1	—	+0.5	—
Total		40.0	-1.0	-1.2		+0.1	

Average Yield on Loan and Deposits

(Domestic and International)

(*)Not including borrowing from special account

- Average yield on loans (1)
- Yield spread between loans and deposits (1)-(2)
- Average yield on deposits (2)



Loans (1) Term-end Balance

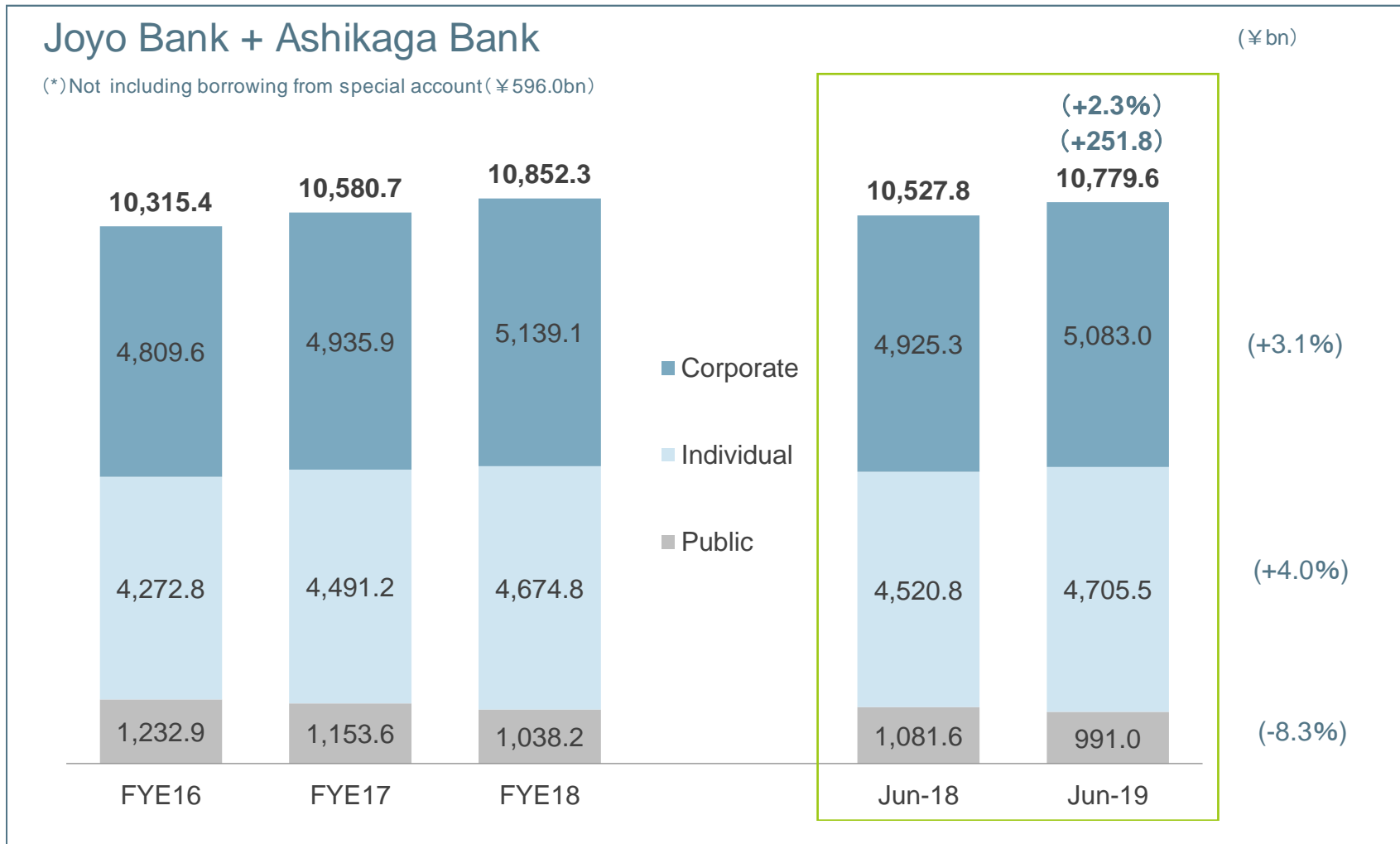
*Figures in parentheses are changes on a year on year basis

Amount increased by annual rate of 2.3%.

Loans to corporate customers increased by ¥157.7 bn (+3.1%) due to increase in loans to local midsize corporate customers.

Loans to individual customers increased by ¥184.6 bn (+4.0%) due to housing related loans increase.

*Reference to P18, 24, 25 that follow for the detail information about loans.



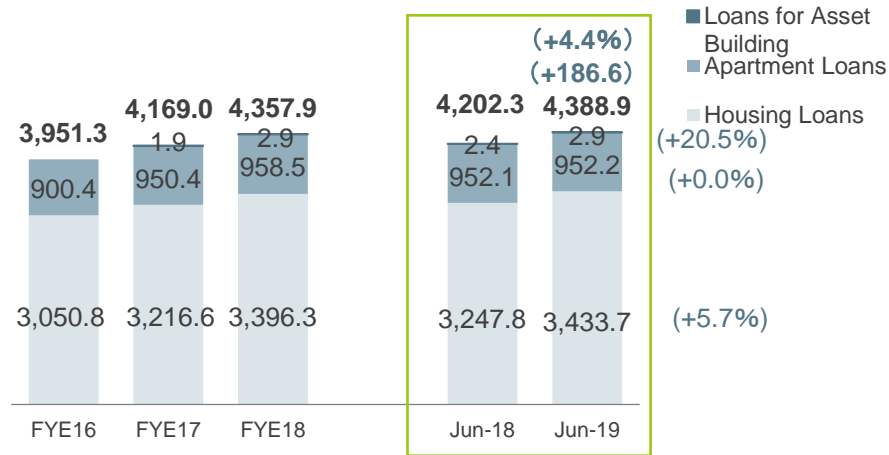
Loans (2)

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

Individual (Joyo Bank + Ashikaga Bank)

Housing Related Loans

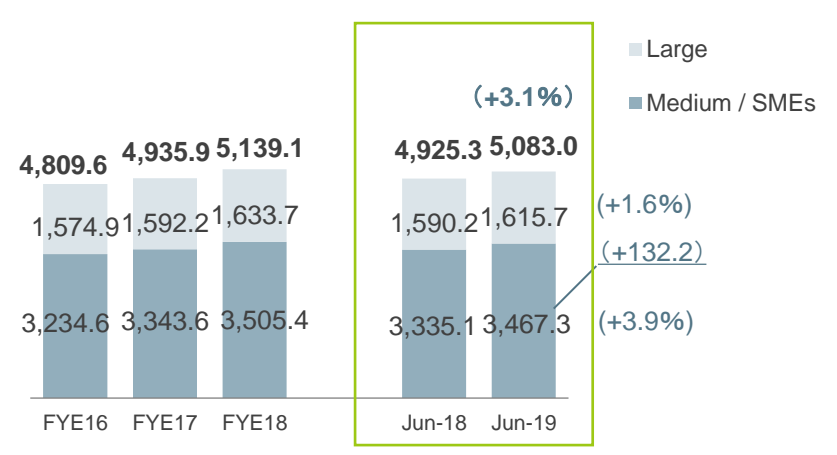
(¥bn)



Corporate (Joyo Bank + Ashikaga Bank)

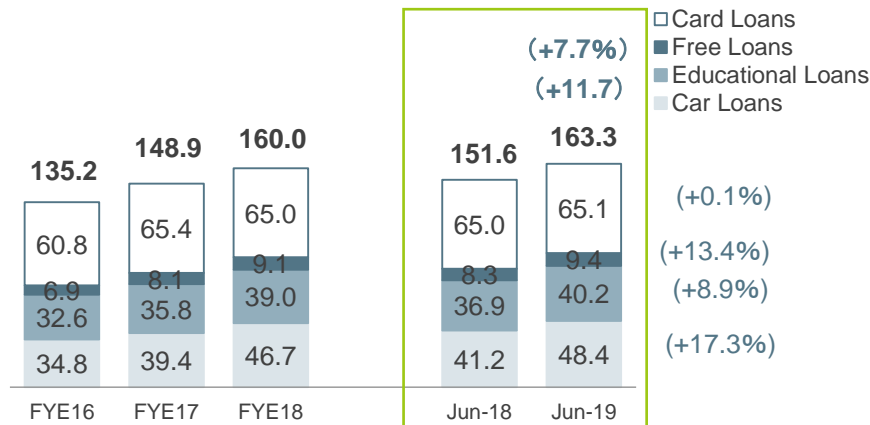
Term-end Balance by Area

(¥bn)



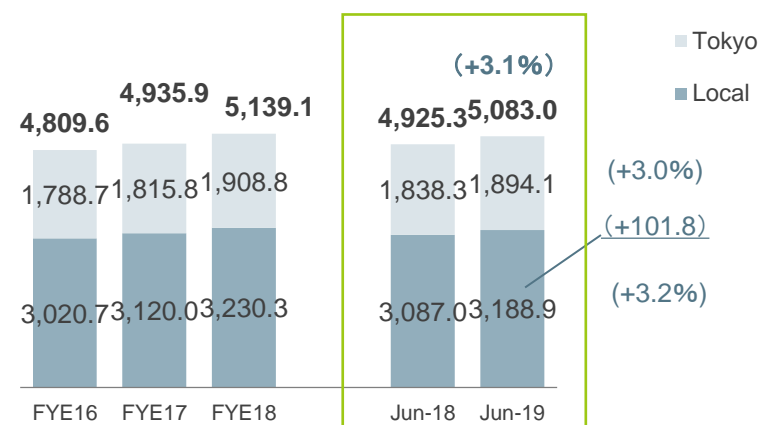
Unsecured Loans

(¥bn)



Term-end Balance by Company Size

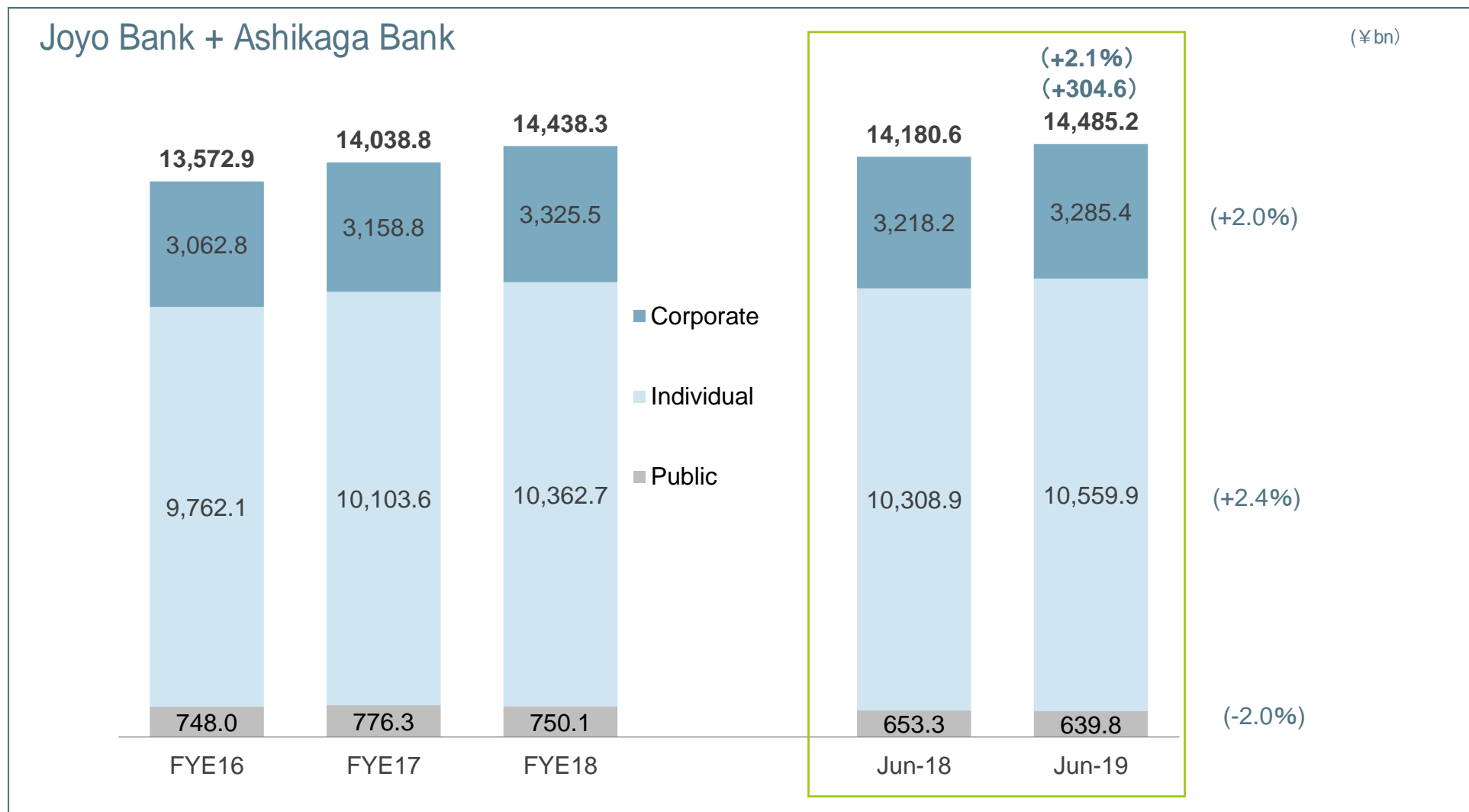
(¥bn)



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 : +2.1%, Individual customers : +2.4%, Corporate customers : +2.0%)



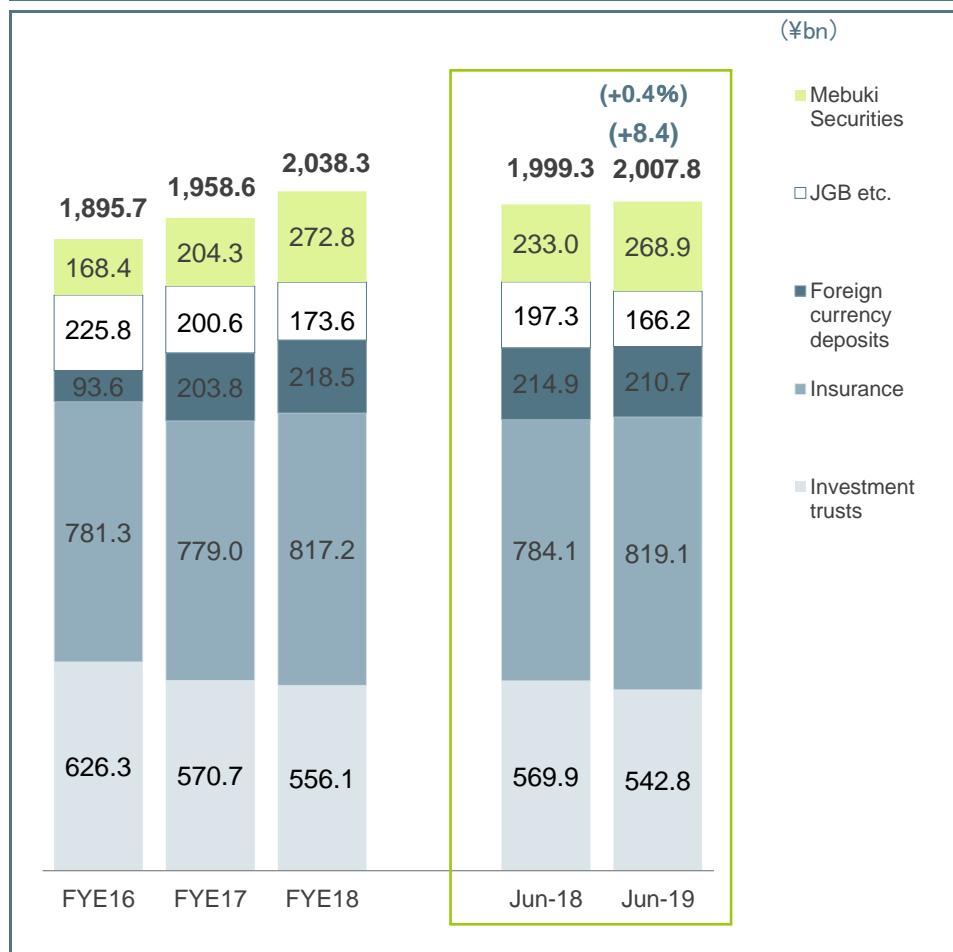
Customer Assets under Custody

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

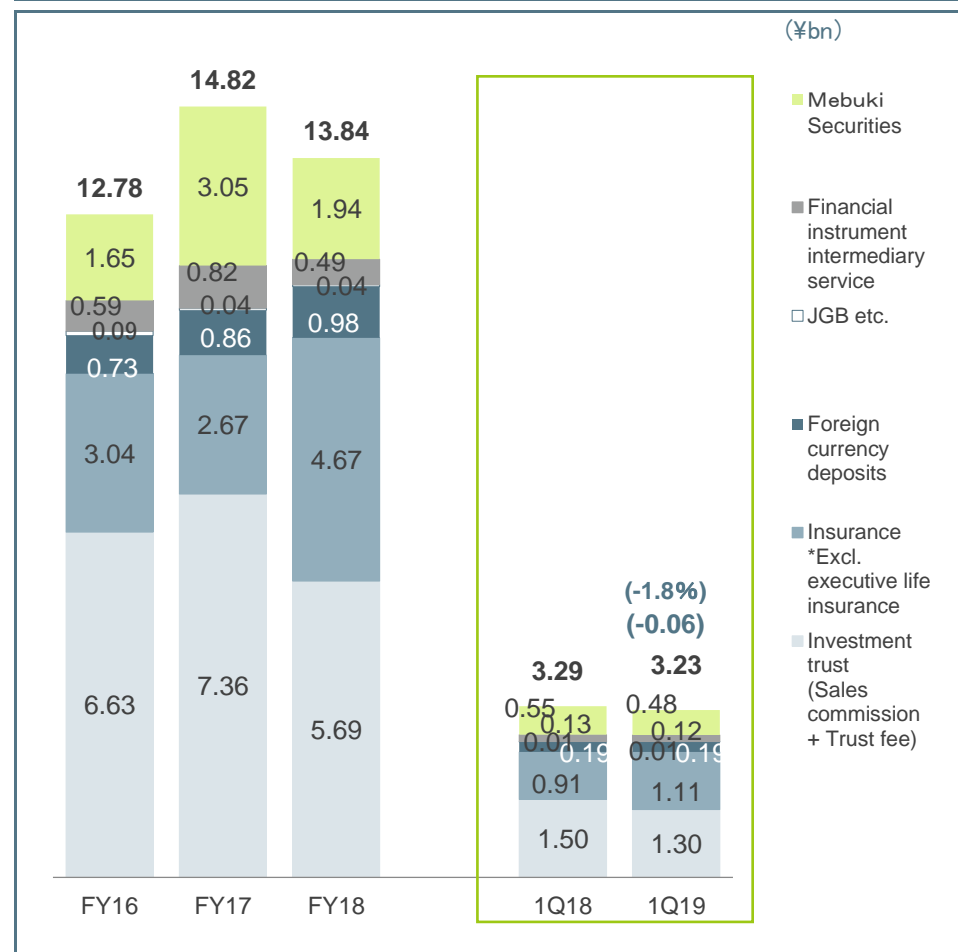
The amount increased by +¥8.4bn YoY (annual rate of +0.4%)

Total commissions is on the same level as the previous year. Although investment trust commissions decreased, commissions for insurance increased.

Balance (Bank Total + Mebuki Securities)



Commissions (Bank Total + Mebuki Securities)



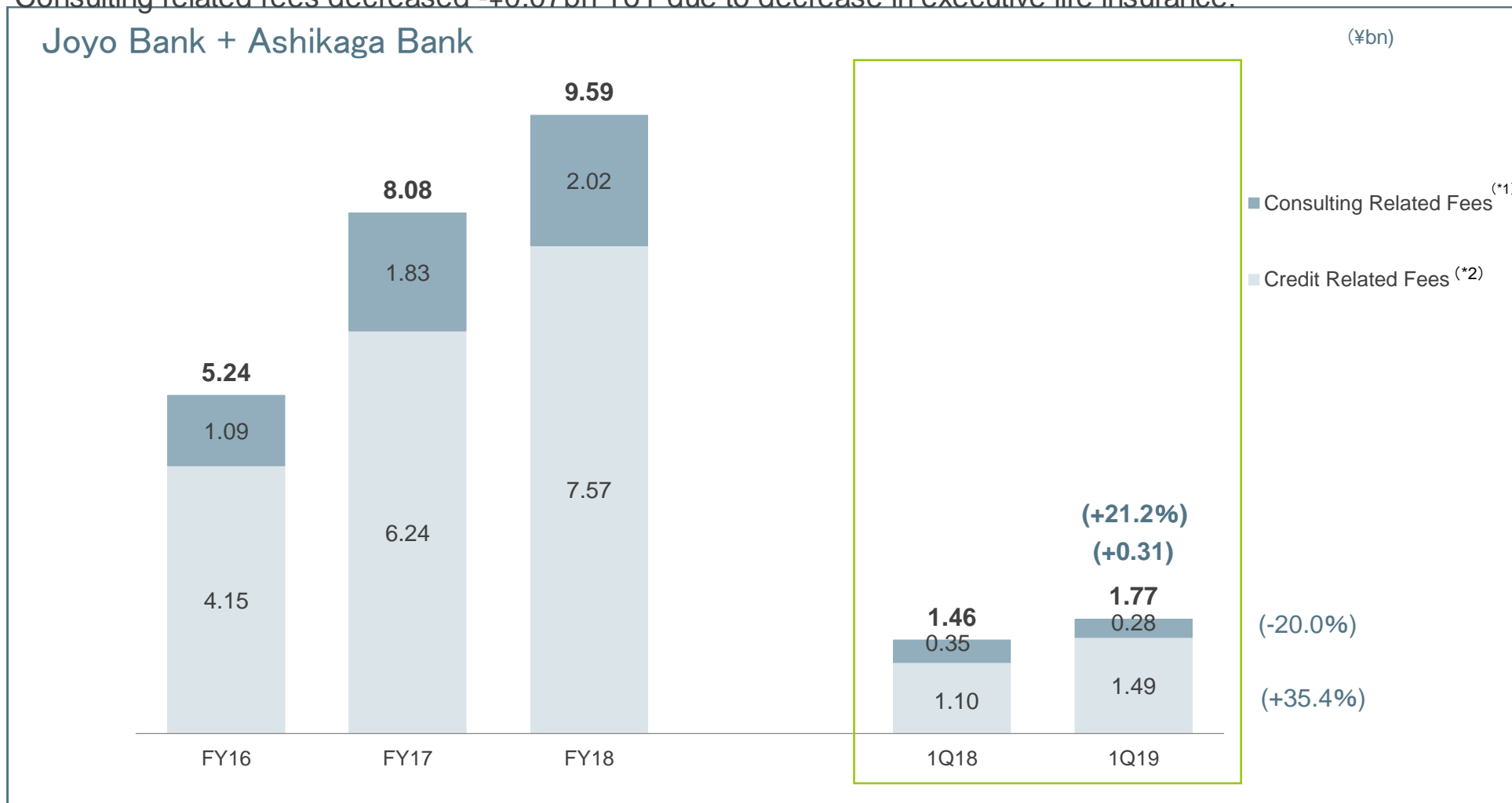
Fees from Corporate Customers

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

Fees from corporate customers (credit related fees and consulting related fees) increased by ¥0.31bn YoY (annual rate of +21.2%)

Credit related fees increased ¥0.39bnYoY (annual rate of +35.4%) due to increase of syndicate loans.

Consulting related fees decreased -¥0.07bn YoY due to decrease in executive life insurance.



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

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

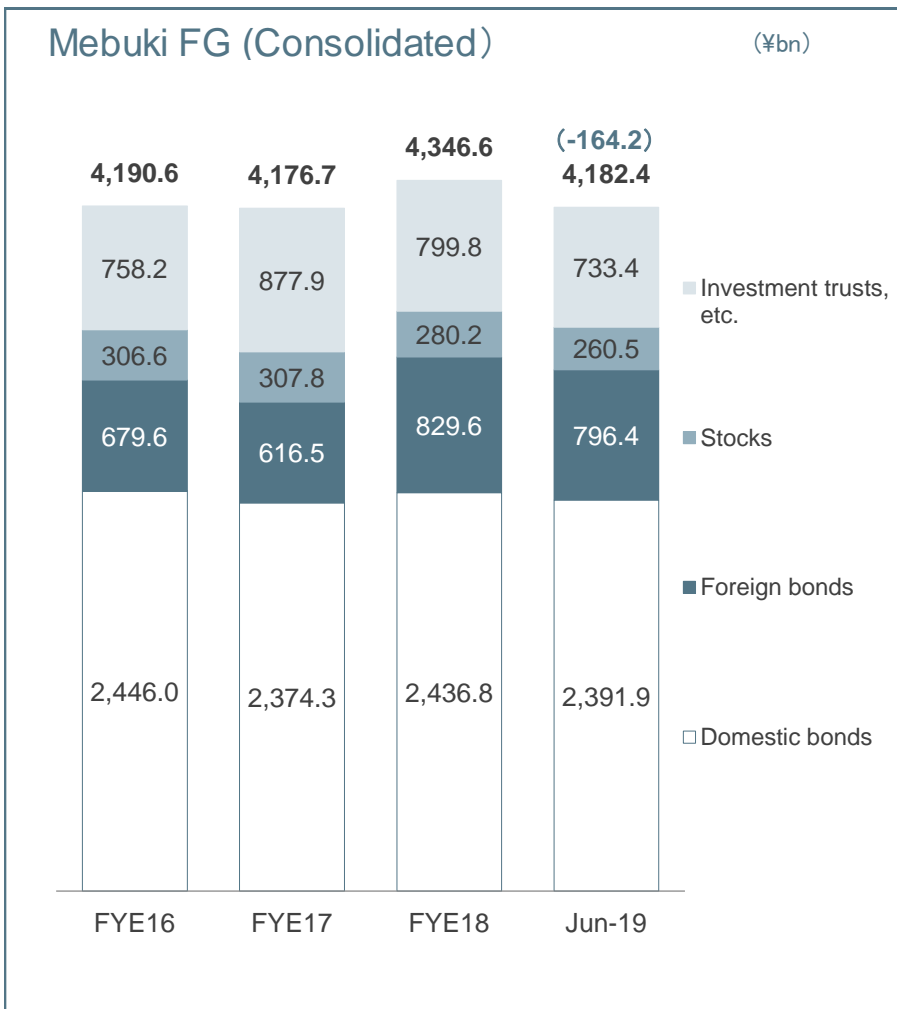
Securities

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

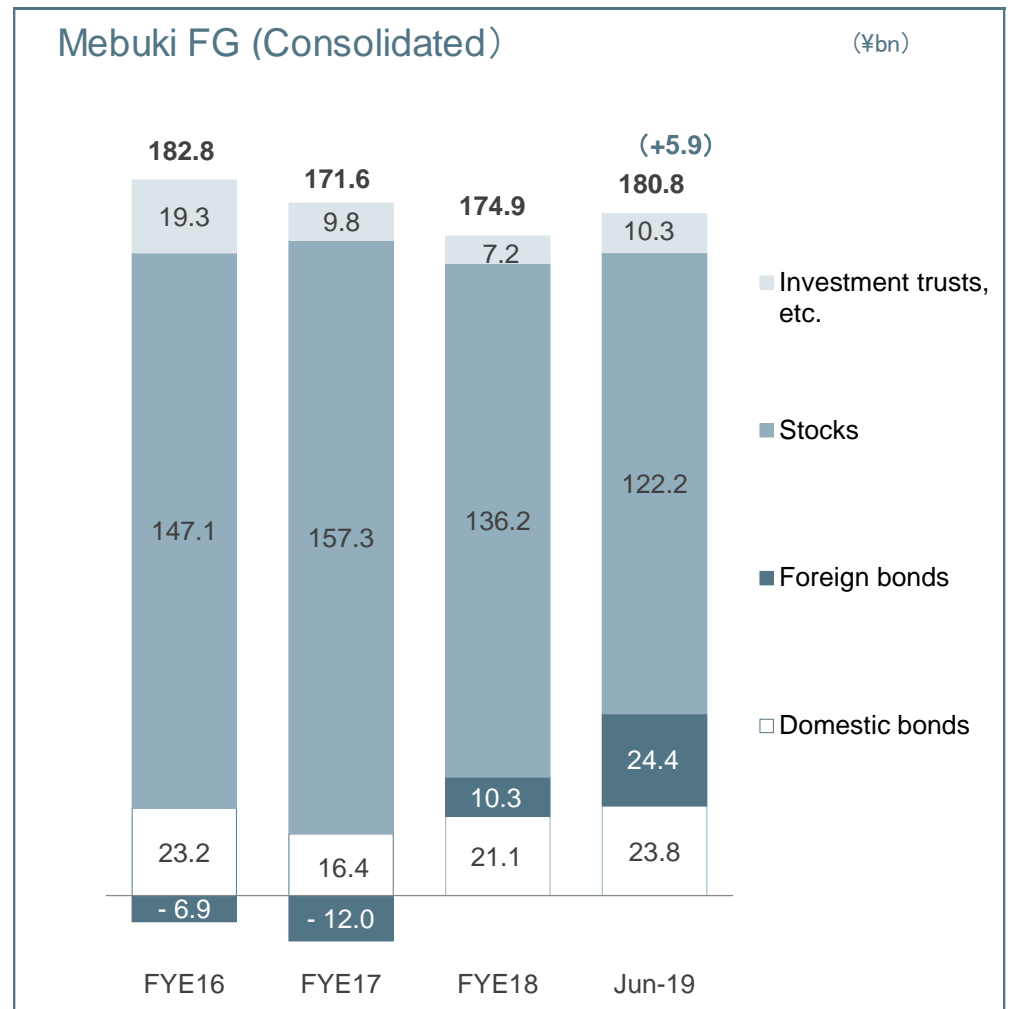
Balance of securities decreased by ¥164.2 bn YoY mainly due to sales of investment trusts and redemption payments of JGBs, considering the market trends.

Unrealized valuation gains/losses increased by ¥5.9bn YoY to ¥180.8bn, mainly due to increase in unrealized gain of foreign bonds.

Balance(Balance Sheet Amount)



Unrealized Valuation Gains/Losses on Available for Sale Securities



【Data】 Breakdown of Banking Subsidiaries

(1) P/L	(¥ b n)					
	J+A	YoY	Joyo	YoY	Ashikaga	YoY
Gross business profit	49.5	+5.8	31.0	+9.5	18.5	-3.6
(Core gross business profit)	49.1	-1.0	29.6	+1.8	19.4	-2.9
Net interest income	40.0	-1.0	23.9	+1.4	16.0	-2.5
(o/w gains on cancellation of private offering investment trusts)	2.5	-1.0	1.4	+1.2	1.1	-2.3
Net fees and commissions	8.5	+0.1	5.3	+0.3	3.2	-0.1
Other	0.9	+6.8	1.6	+7.7	-0.7	-0.9
(o/w gains/losses on bond transactions)	0.4	+6.9	1.3	+7.6	-0.9	-0.6
Expenses	29.2	+0.2	16.5	-0.2	12.7	+0.5
o/w Personnel expenses	15.4	+0.1	8.5	-0.0	6.9	+0.1
o/w Non-personnel expenses	11.3	+0.2	6.6	-0.1	4.7	+0.4
Net business income (before general allowance for loan losses)	20.3	+5.6	14.5	+9.7	5.7	-4.1
Core net business income	19.8	-1.3	13.1	+2.1	6.7	-3.4
Core net business income(excluding gains on cancellation of private offering investment trusts)	17.3	-0.2	11.6	+0.8	5.6	-1.1
Net transfer to general allowance for loan losses (a)	-0.6	+1.3	-0.3	-0.2	-0.3	+1.5
Net business income	20.9	+4.3	14.8	+10.0	6.0	-5.6
Net non-recurrent gains/losses	-3.2	-6.2	-1.0	-8.6	-2.1	+2.4
o/w Disposal of non-performing loans (b)	4.8	-0.5	2.5	+0.6	2.2	-1.2
o/w Gains/losses related to stocks, etc	1.6	-6.6	1.4	-8.1	0.1	+1.5
Ordinary profit	17.6	-1.9	13.7	+1.3	3.8	-3.2
Extraordinary income/losses	-0.0	-11.8	-0.0	+0.0	0.0	-11.8
Net income	12.6	-13.2	9.8	+0.9	2.7	-14.1
Credit related costs (a)+(b)	4.1	+0.7	2.1	+0.4	1.9	+0.3

(2) Average Yield on and Deposits(Domestic and International)

	F Y 16	F Y 17	F Y 18	1Q19	YoY	1Q18
J+A						
Average yield on loans	1.12%	1.08%	1.05%	1.03%	-0.04%	1.07%
Average yield on deposits	0.02%	0.02%	0.04%	0.04%	+0.01%	0.03%
Yield spread between loans and deposits	1.10%	1.05%	1.01%	0.99%	-0.04%	1.03%
Joyo						
Average yield on loans	1.06%	1.04%	1.03%	1.03%	-0.02%	1.05%
Average yield on deposits	0.02%	0.02%	0.04%	0.04%	+0.01%	0.03%
Yield spread between loans and deposits	1.04%	1.02%	0.99%	0.98%	-0.04%	1.02%
Ashikaga						
Average yield on loans	1.20%	1.13%	1.08%	1.04%	-0.05%	1.09%
Average yield on deposits	0.02%	0.02%	0.03%	0.03%	+0.00%	0.03%
Yield spread between loans and deposits	1.18%	1.11%	1.04%	1.00%	-0.06%	1.06%

【Data】 Breakdown of Banking Subsidiaries

(3) Loans Term-end Balance (¥ b n)

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A	Individual	4,272.8	4,491.2	4,674.8	4,705.5	+184.6	4,520.8
	Corporate	4,809.6	4,935.9	5,139.1	5,083.0	+157.7	4,925.3
	Public	1,232.9	1,153.6	1,038.2	991.0	-90.6	1,081.6
	Total	10,315.4	10,580.7	10,852.3	10,779.6	+251.8	10,527.8
Joyo	Individual	2,387.4	2,490.8	2,570.2	2,582.3	+81.6	2,500.7
	Corporate	2,821.3	2,853.9	2,974.3	2,941.5	+86.6	2,854.9
	Public	758.3	718.6	650.7	654.5	-54.9	709.4
	Total	5,967.0	6,063.5	6,195.3	6,178.4	+113.3	6,065.1
Ashikaga	Individual	1,885.4	2,000.3	2,104.6	2,123.2	+103.1	2,020.1
	Corporate	1,988.2	2,081.9	2,164.8	2,141.5	+71.1	2,070.4
	Public	474.6	434.9	387.5	336.5	-35.6	372.1
	Total	4,348.4	4,517.2	4,657.0	4,601.2	+138.5	4,462.7

Foreign Currency Denominated Loans (¥ b n)

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A		128.3	129.2	145.8	143.8	+13.6	130.2
Joyo		116.0	114.0	126.8	125.3	+14.8	110.5
Ashikaga		12.2	15.2	19.0	18.4	-1.3	19.7

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

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A	Housing Loans	3,050.8	3,216.6	3,396.3	3,433.7	+186.0	3,247.8
	Apartment Loans	900.4	950.4	958.5	952.2	+0.1	952.1
	Asset building loans	-	1.9	2.9	2.9	+0.5	2.4
	Total	3,951.3	4,169.0	4,357.9	4,388.9	+186.6	4,202.3
Joyo	Housing Loans	1,489.6	1,560.5	1,640.6	1,659.1	+87.1	1,572.0
	Apartment Loans	724.0	763.5	769.1	764.4	-0.7	765.1
	Asset building loans	-	1.9	2.9	2.9	+0.5	2.4
	Total	2,213.7	2,326.0	2,412.7	2,426.5	+86.9	2,339.6
Ashikaga	Housing Loans	1,561.2	1,656.0	1,755.7	1,774.6	+98.9	1,675.7
	Apartment Loans	176.3	186.8	189.3	187.7	+0.8	186.9
	Asset building loans	-	-	-	-	-	-
	Total	1,737.6	1,842.9	1,945.1	1,962.3	+99.6	1,862.7

(4) Deposits Term-end Balance (¥ b n)

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A	Individual	9,762.1	10,103.6	10,362.7	10,559.9	+251.0	10,308.9
	Corporate	3,062.8	3,158.8	3,325.5	3,285.4	+67.2	3,218.2
	Public	748.0	776.3	750.1	639.8	-13.5	653.3
	Total	13,572.9	14,038.8	14,438.3	14,485.2	+304.6	14,180.6
Joyo	Individual	6,068.9	6,280.6	6,440.1	6,567.0	+152.5	6,414.5
	Corporate	1,747.4	1,760.2	1,835.4	1,828.7	+59.9	1,768.8
	Public	424.0	468.1	453.6	378.2	-25.8	404.0
	Total	8,240.3	8,509.0	8,729.1	8,774.0	+186.6	8,587.4
Ashikaga	Individual	3,693.1	3,823.0	3,922.5	3,992.9	+98.6	3,894.3
	Corporate	1,315.4	1,398.5	1,490.1	1,456.7	+7.3	1,449.4
	Public	323.9	308.1	296.5	261.5	+12.2	249.3
	Total	5,332.5	5,529.8	5,709.2	5,711.2	+118.1	5,593.1

Foreign Currency Deposit (¥ b n)

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A		165.6	275.2	306.0	249.7	-45.4	295.1
Joyo		140.7	199.1	222.6	193.1	-14.5	207.6
Ashikaga		24.8	76.0	83.3	56.5	-31.0	87.5

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

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A	Car Loans	34.8	39.4	46.7	48.4	+7.2	41.2
	Educational Loans	32.6	35.8	39.0	40.2	+3.3	36.9
	Free Loans	6.9	8.1	9.1	9.4	+1.1	8.3
	Total	135.2	148.9	160.0	163.3	+11.7	151.6
Joyo	Car Loans	25.0	27.4	32.2	33.2	+4.7	28.5
	Educational Loans	28.2	30.0	31.9	32.6	+1.9	30.7
	Free Loans	0.7	0.8	2.2	2.7	+1.8	0.9
	Total	80.3	86.0	93.0	94.7	+7.4	87.3
Ashikaga	Car Loans	9.8	12.0	14.5	15.2	+2.5	12.7
	Educational Loans	4.4	5.7	7.0	7.5	+1.3	6.2
	Free Loans	6.1	7.3	6.8	6.7	-0.6	7.3
	Total	54.6	62.8	66.9	68.5	+4.3	64.2

【Data】 Breakdown of Banking Subsidiaries

(7) Loans Corporate Term-end Balance by Area

(¥ b n)

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A	Tokyo	1,788.7	1,815.8	1,908.8	1,894.1	+55.8	1,838.3
	Local	3,020.7	3,120.0	3,230.3	3,188.9	+101.8	3,087.0
	Total	4,809.6	4,935.9	5,139.1	5,083.0	+157.7	4,925.3
Joyo	Tokyo	1,327.8	1,333.8	1,378.3	1,373.0	+42.5	1,330.5
	Local	1,493.4	1,520.1	1,596.0	1,568.5	+44.1	1,524.4
	Total	2,821.3	2,853.9	2,974.3	2,941.5	+86.6	2,854.9
Ashikaga	Tokyo	460.9	482.0	530.5	521.1	+13.4	507.7
	Local	1,527.3	1,599.9	1,634.2	1,620.3	+57.7	1,562.6
	Total	1,988.2	2,081.9	2,164.8	2,141.5	+71.1	2,070.4

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

(¥ b n)

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
J+A	Large	1,574.9	1,592.2	1,633.7	1,615.7	+25.5	1,590.2
	Medium/SMEs	3,234.6	3,343.6	3,505.4	3,467.3	+132.2	3,335.1
	Total	4,809.6	4,935.9	5,139.1	5,083.0	+157.7	4,925.3
Joyo	Large	1,133.9	1,141.9	1,159.1	1,151.2	+15.7	1,135.5
	Medium/SMEs	1,687.2	1,712.0	1,815.1	1,790.3	+70.9	1,719.4
	Total	2,821.3	2,853.9	2,974.3	2,941.6	+86.7	2,854.9
Ashikaga	Large	440.9	450.3	474.5	464.4	+9.8	454.6
	Medium/SMEs	1,547.3	1,631.6	1,690.2	1,677.0	+61.3	1,615.7
	Total	1,988.2	2,081.9	2,164.8	2,141.5	+71.1	2,070.4

(9) Customer Assets under Custody Balance

(¥ b n)

		FYE16	FYE17	FYE18	Jun-19	YoY	Jun-18
Group total	Investment trusts	626.3	570.7	556.1	542.8	-27.1	569.9
	Insurance	781.3	779.0	817.2	819.1	+35.0	784.1
	Foreign currency	93.6	203.8	218.5	210.7	-4.2	214.9
	JGB etc.	225.8	200.6	173.6	166.2	-31.1	197.3
	Mebuki Securities	168.4	204.3	272.8	268.9	+35.9	233.0
	Total	1,895.7	1,958.6	2,038.3	2,007.8	+8.4	1,999.3
	Joyo	Investment trusts	295.2	257.9	263.3	252.0	-8.5
Insurance		454.1	450.6	465.6	469.3	+16.7	452.6
Foreign currency		68.8	127.7	135.5	138.7	+11.3	127.4
JGB etc.		155.3	138.0	118.5	115.1	-21.2	136.3
Total		973.6	974.4	983.1	975.2	-1.7	976.9
Ashikaga	Investment trusts	331.1	312.7	292.8	290.7	-18.7	309.4
	Insurance	327.2	328.4	351.5	349.8	+18.4	331.4
	Foreign currency	24.8	76.0	82.9	71.9	-15.6	87.5
	JGB etc.	70.5	62.6	55.0	51.0	-10.0	61.0
	Total	753.7	779.8	782.4	763.6	-25.8	789.4

(10) Customer Assets under Custody Commissions

(¥ b n)

		F Y 16	F Y 17	F Y 18	1Q19	YoY	1Q18
Group Total	Investment trusts ⁽¹⁾	6.63	7.36	5.69	1.30	-0.20	1.50
	Insurance ⁽²⁾	3.04	2.67	4.67	1.11	+0.20	0.91
	Foreign currency deposits	0.73	0.86	0.98	0.19	+0.00	0.19
	JGB etc.	0.09	0.04	0.04	0.01	+0.00	0.01
	Financial instrument intermediary service	0.59	0.82	0.49	0.12	-0.01	0.13
	Total	12.78	14.82	13.84	3.23	-0.06	3.29
Joyo	Investment trusts ⁽¹⁾	3.23	3.34	2.63	0.63	-0.02	0.65
	Insurance ⁽²⁾	1.27	1.24	2.12	0.65	+0.23	0.42
	Foreign currency deposits	0.38	0.49	0.70	0.14	+0.02	0.12
	JGB etc.	0.08	0.03	0.03	0.01	+0.01	0.00
	Financial instrument intermediary service	0.29	0.51	0.27	0.07	+0.01	0.06
	Total	5.28	5.63	5.77	1.50	+0.23	1.27
Ashikaga	Investment trusts ⁽¹⁾	3.40	4.01	3.06	0.67	-0.18	0.85
	Insurance ⁽²⁾	1.77	1.42	2.55	0.46	-0.03	0.49
	Foreign currency deposits	0.35	0.36	0.28	0.04	-0.02	0.06
	JGB etc.	0.01	0.00	0.00	0.00	+0.00	0.00
	Financial instrument intermediary service	0.30	0.31	0.22	0.05	-0.01	0.06
	Total	5.85	6.13	6.12	1.24	-0.24	1.48

(* 1) Sales commission+ Trust fee

(* 2) Excluding executive life insurance

【Data】 Breakdown of Banking Subsidiaries

(11) Fees from Corporate Customers

(¥ b n)

	F Y 16	F Y 17	F Y 18	1Q 19	YoY	1Q18	
J + A	Credit related fees	4.15	6.24	7.57	1.49	+0.39	+1.10
	Consulting related fees	1.09	1.83	2.02	0.28	-0.07	+0.35
	Total	5.24	8.08	9.59	1.77	+0.31	+1.46
Joyo	Credit related fees	2.03	3.39	4.14	0.69	+0.06	+0.63
	Consulting related fees	0.53	1.06	1.14	0.17	-0.04	+0.21
	Total	2.56	4.45	5.28	0.86	+0.02	+0.84
Ashikaga	Credit related fees	2.11	2.84	3.42	0.80	+0.33	+0.47
	Consulting related fees	0.56	0.77	0.88	0.10	-0.04	+0.14
	Total	2.67	3.61	4.30	0.90	+0.29	+0.61

(12) Securities Balance(Balance Sheet Amount)

(¥ b n)

	FYE16	FYE17	FYE18	Jun-19	VS FYE18	
Mebuki FG (Consolidated)	Domestic bonds	2,446.0	2,374.3	2,436.8	2,391.9	-44.9
	Foreign bonds	679.6	616.5	829.6	796.4	-33.2
	Stocks	306.6	307.8	280.2	260.5	-19.7
	Investment trusts, etc.	758.2	877.9	799.8	733.4	-66.4
	Total	4,190.6	4,176.7	4,346.6	4,182.4	-164.2
Joyo	Domestic bonds	1,731.1	1,725.4	1,812.4	1,786.1	-26.3
	Foreign bonds	456.5	393.7	513.2	480.1	-33.1
	Stocks	266.7	263.2	243.4	224.8	-18.6
	Investment trusts, etc.	339.0	420.1	456.7	418.9	-37.8
	Total	2,793.5	2,802.5	3,025.9	2,910.1	-115.8
Ashikaga	Domestic bonds	699.5	634.3	610.9	592.6	-18.3
	Foreign bonds	223.0	222.7	316.3	316.3	+0.0
	Stocks	79.7	80.3	72.4	71.2	-1.2
	Investment trusts, etc.	414.8	453.5	338.7	310.1	-28.6
	Total	1,417.1	1,391.0	1,338.4	1,290.3	-48.1

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

(¥ b n)

	FYE16	FYE17	FYE18	Jun-19	VS FYE18	
Mebuki FG (Consolidated)	Stocks	147.1	157.3	136.2	122.2	-14.0
	Domestic bonds	23.2	16.4	21.1	23.8	2.7
	Investment trusts, etc.	19.3	9.8	7.2	10.3	3.1
	Foreign bonds	-6.9	-12.0	10.3	24.4	14.1
	Total	182.8	171.6	174.9	180.8	5.9
Joyo	Stocks	138.8	144.8	128.0	114.4	-13.6
	Domestic bonds	26.0	17.9	19.3	20.9	1.6
	Investment trusts, etc.	22.9	17.0	12.6	13.1	0.5
	Foreign bonds	-1.8	-3.4	10.4	15.5	5.1
	Total	186.0	176.3	170.5	164.1	-6.4
Ashikaga	Stocks	31.9	34.4	28.4	27.4	-1.0
	Domestic bonds	19.5	17.3	15.7	16.1	0.4
	Investment trusts, etc.	0.5	-5.2	-2.3	-0.5	1.8
	Foreign bonds	-0.7	-5.3	2.8	11.5	8.7
	Total	51.2	41.0	44.6	54.5	9.9

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