

Mebuki Financial Group, Inc.

# Financial Results for the Third Quarter of FY2021 (IR Presentation Material)



# 1 Financial Results for 3Q21

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



# 1. Financial Results for the Third Quarter of FY 2021

# Highlights

## Results for 3Q21

	Results for 3Q21	YoY Change	Progress
Consolidated net income <sup>(*1)</sup>	¥38.4bn	+¥8.9bn	101.2%
Core net business income <sup>(*2)</sup> (Banks' total)	¥63.1bn	+¥11.4bn	-
Expenses (Banks' total)	¥80.9bn	-¥1.6bn	-
Credit related costs (Banks' total)	¥10.5bn	-¥3.0bn	52.9%

- Consolidated net income<sup>(\*1)</sup> was ¥38.4bn(+¥8.9bn YoY).
- Core net business income<sup>(\*2)</sup>, indicating the profitability in core business, increased by ¥11.4 bn YoY due to improvement of security margins and increase of net fees and commissions reflecting the success of strengthened consulting, as well as cost reduction.
- Expenses decreased by ¥1.6 bn YoY due to the progression of the structural reform such as acceleration of branch network optimization.
- Credit related costs were within expectation, ¥10.5bn against ¥20.0bn of full-year forecast (progress rate 52.9%).

( \*1 ) Attributable to owners of the parent ( \*2 ) Excluding gains /losses on cancellation of investment trusts

## Forecast for FY21

	Forecast for FY21
Consolidated net income <sup>(*3)</sup>	¥38.0bn

- Although consolidated net income has exceeded the full-year forecast, the forecast for FY21 remains unchanged from announced on May 12, 2021, since there are still unclear factors such as the impact of the COVID-19 pandemic.
- If the circumstances change, we will immediately revise the forecast as necessary.

( \*3 ) Attributable to owners of the parent

# Main Points of 3Q21 Financial Results

## Mebuki FG (Consolidated)

	3Q21 (¥bn)		
	3Q21	YoY Chg	Progress
Gross business profit	147.0	+2.5	-
Net interest income	115.3	+1.2	-
(o/w Defference of interests betw een loans and deposits)	(79.5)	(-0.6)	-
Net fees and commissions	30.5	+2.2	-
Net trading income	3.5	+1.0	-
Net other business income	-2.3	-1.8	-
Expenses	83.0	-3.6	-
Credit related cost	11.5	-3.2	-
Gains/losses related to stocks	3.5	+2.6	-
Ordinary profit	58.1	+13.3	105.6%
Extraordinary income/losses	-3.5	-2.8	
<b>Net income</b>	<b>38.4</b>	<b>+8.9</b>	<b>101.2%</b>

【 Consolidation adjustment 】 -¥2.3bn  
Adjustments related to securities, etc.

## 【Joyo + Ashikaga (Non-consolidated)】

	3Q21 (¥bn)		
	3Q21	YoY Chg	Progress
Gross business profit	141.2	+2.0	-
Net interest income	117.3	+1.0	-
(o/w Defference of interests betw een loans and deposits)	(78.7)	(-0.5)	-
Net fees and commissions	25.6	+2.8	-
Net other business income	-1.8	-1.8	-
(o/w gains/losses on bond transactions)	(-3.6)	(-2.4)	-
Expenses	80.9	-1.6	-
Net business income	60.3	+3.7	-
(before general allowance for loan losses)			
Core net business income	63.9	+6.1	-
(excl. gains/losses on cancellation of investment trusts)	63.1	+11.4	-
Net transfer to general allowance for loan losses (a)	0.6	-0.1	-
Net business income	59.6	+3.8	-
Net non-recurrent gains/losses	-5.5	+6.7	-
o/w Disposal of non-performing loans (b)	9.9	-2.8	-
o/w Gains/losses related to stocks, etc.	3.4	+1.5	-
<b>Ordinary profit</b>	<b>54.0</b>	<b>+10.6</b>	<b>102.0%</b>
Credit related cost (J + A) (a)+(b)	10.5	-3.0	

## 【Group Companies' Net Income】

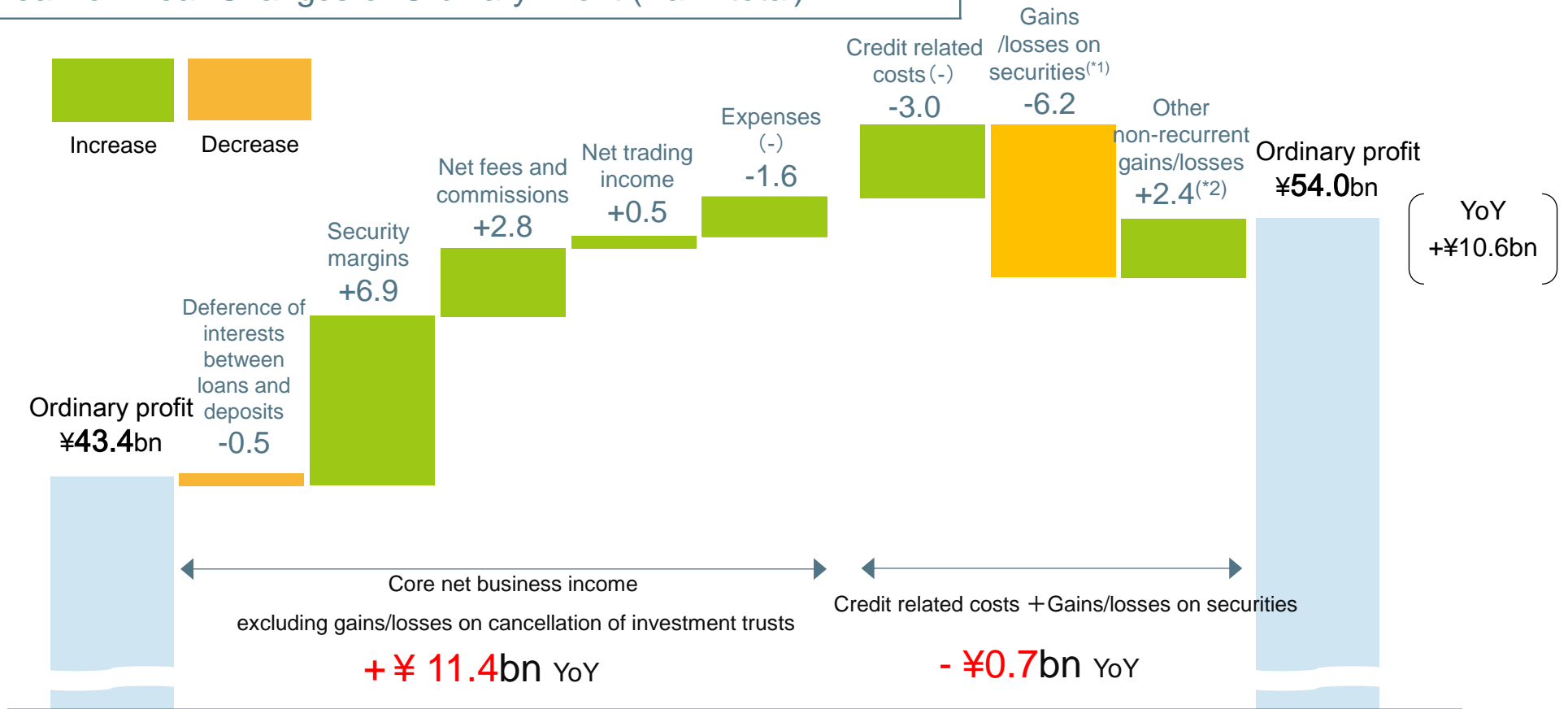
	3Q21 (¥bn)	
	3Q21	YOY Chg
Joyo Bank(incl. subsidiaries)	23.2	+4.0
Ashikaga Bank(incl. subsidiaries)	14.0	+2.9
Mebuki Lease	0.5	-0.0
Mebuki Securities	1.4	+0.6
Mebuki Credit Guarantee	1.2	+0.2
Mebuki Card	0.1	-0.0
	<b>40.7</b>	<b>+7.7</b>

# Change of Ordinary profit (Bank Total)

Core net business income excluding gains/losses on cancellation of investment trusts, indicating the profitability in core business, greatly increased +¥11.4bn YoY mainly due to increase of security margins, net fees and commissions, and cost reduction by the progression of structural reform.

Concerning market conditions and future prospects, we conservatively traded securities.

Year -on-Year Changes of Ordinary Profit (Bank total) (¥bn)



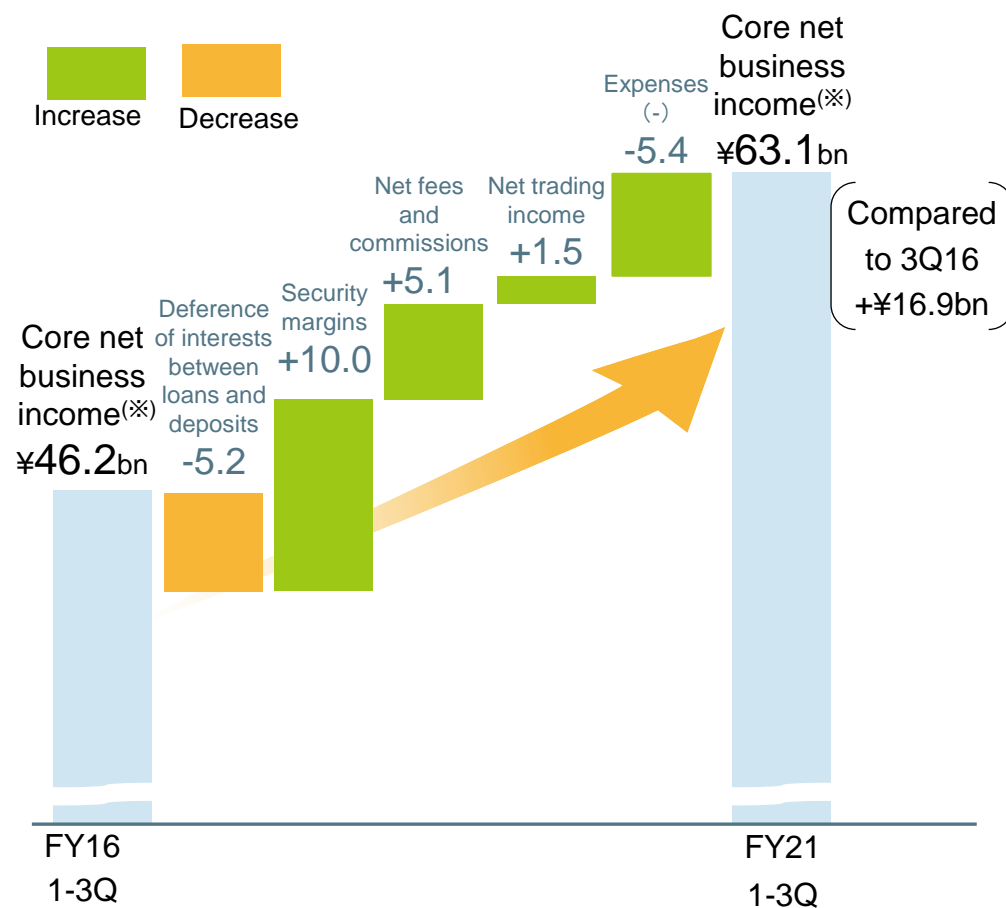
FY20 1-3Q (\*1) Gains/losses on cancellation of investment trusts +Gains/losses on bond transactions +Gains/losses related to stocks  
 (\*2) Including (-)¥ 1.5bn of costs related to liability for retirement benefits, etc.

FY21 1-3Q

# Change of Core Net Business Income (Excluding gains/losses on cancellation of investment trusts)

Since the founding of Mebuki FG, core net business income increased by ¥16.9 bn (9 month cumulative) and marked a record-high, due to ensuring synergy effect through the integration and the progression of structural reform.

## Core Net Business Income<sup>※</sup> (Joyo+Ashikaga) (¥ bn)



## < Factors of Change >

	FY16	FY21		Factors
	1-3Q	1-3Q	Chg	
Difference of interests between loans and deposits	83.9	78.7	-5.2	Lower domestic interest rates
Securities' margin <sup>※</sup>	27.7	37.8	+10.0	Enhancing asset management, Flexible operations according to market conditions
Net fees and commissions	20.5	25.6	+5.1	Strengthening consulting functions
Net trading income	0.2	1.8	+1.5	Strengthening earnings in FX and derivatives
Expenses(-)	86.3	80.9	-5.4	Progression of structural reform, Improvement of productivity
<b>Core net business income</b>	<b>46.2</b>	<b>63.1</b>	<b>+16.9</b>	

(※) Excluding gains/losses on cancellation of investment trusts

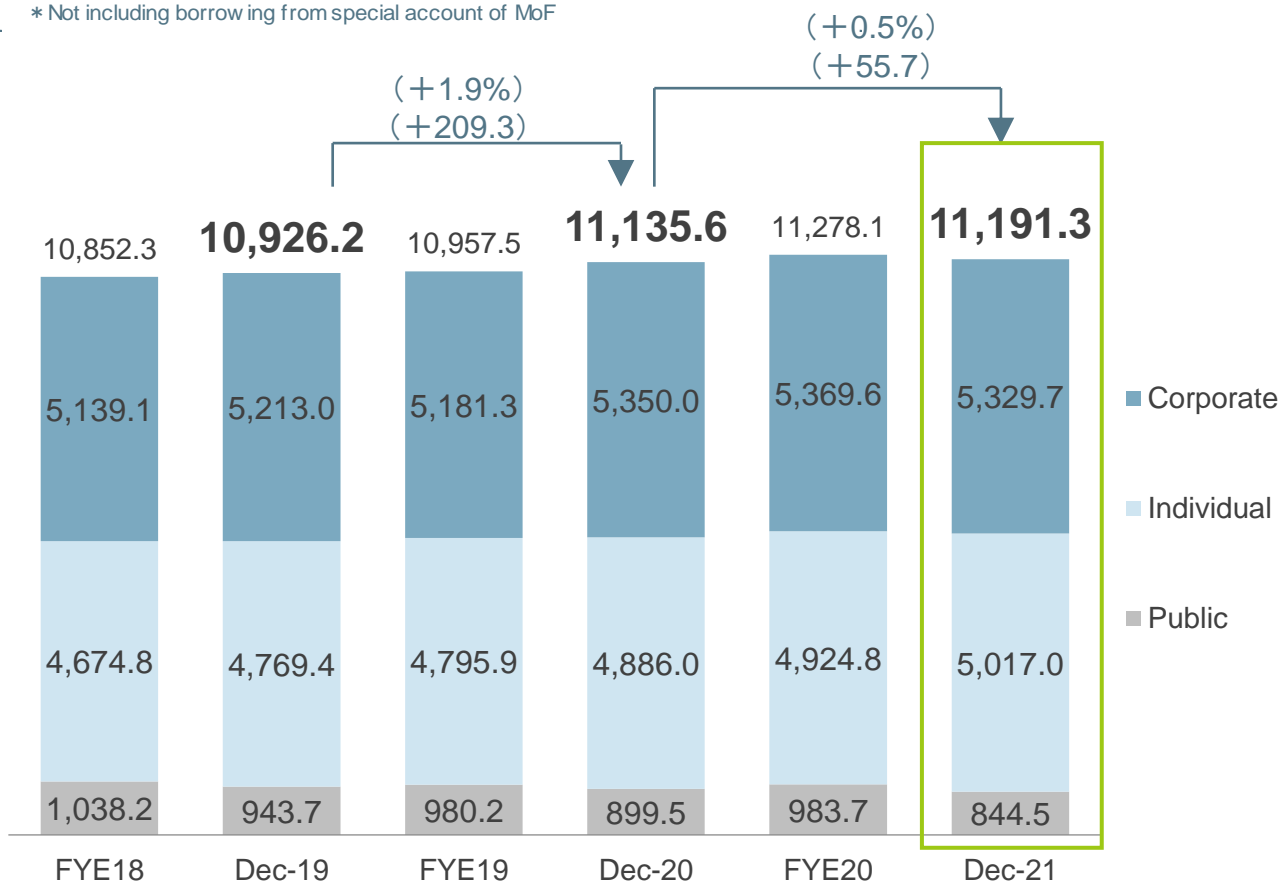
# Loans (1) Term-end Balance

Amount of loans increased by ¥55.7bn YoY (+0.5% annualized).

Loans to individual customers increased due to increase mainly of housing loans and unsecured loans by ¥130.9bn YoY (+2.6% annualized). Loans to corporate customers decreased due to the peaking out of COVID-19 related financing by ¥20.2bn YoY (-0.3% annualized).

## Term-end Balance (Joyo+Ashikaga) (¥bn)

\* Not including borrowing from special account of MoF



(Reference) Loans to 'borrowing from special' account of MoF

(FYE18) (Dec-19) (FYE19) (Dec-20) (FYE20) (Dec-21)  
 ¥399.4bn ¥ 510.7bn ¥ 519.8bn ¥ 498.2bn ¥ 521.5bn ¥ 602.9bn

## Year on Year Changes (¥bn)

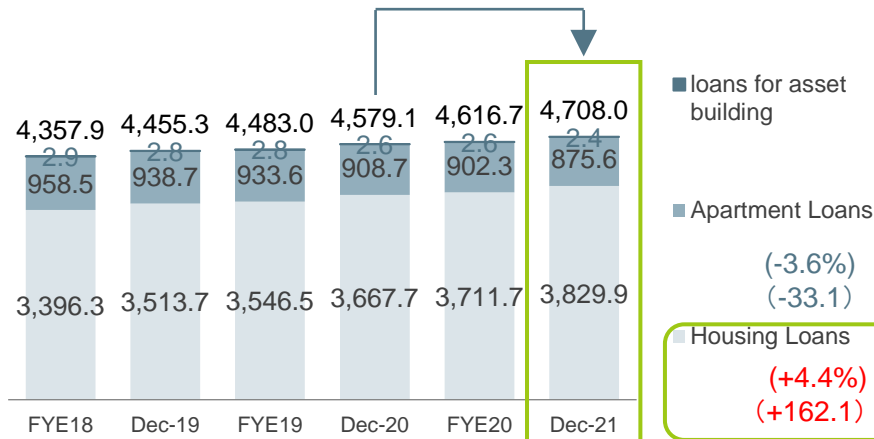
	Dec-19	Dec-20	Dec-21
<b>Total</b>	+155.8	+209.3	+55.7
	+1.4%	+1.9%	+0.5%
<b>Corporate</b>	+94.3	+136.9	-20.2
	+1.8%	+2.6%	-0.3%
<b>Individual</b>	+150.6	+116.5	+130.9
	+3.2%	+2.4%	+2.6%
<b>Public</b>	-89.1	-44.1	-54.9
	-8.6%	-4.6%	-6.1%



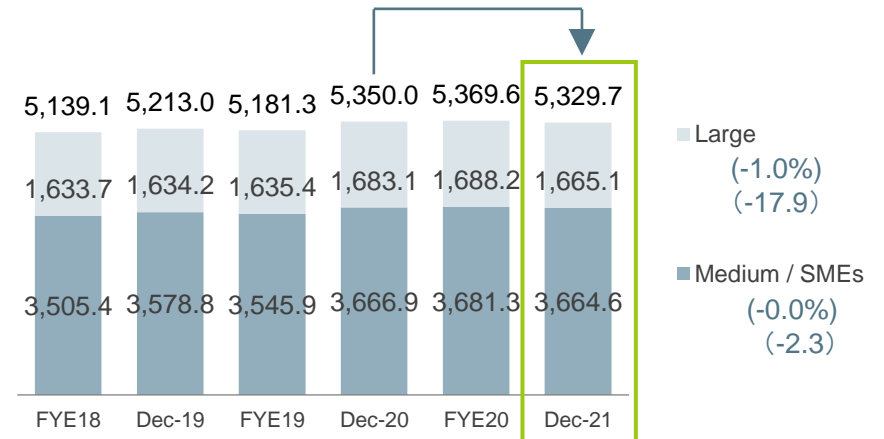
# Loans (2) Individual and Corporate Loans

Loans to individual customers increased driven by housing loans (+¥162.1bn) and car loans (+¥9.5bn).  
Loans to corporate customers decreased due to the peaking out of COVID-19 related financing.

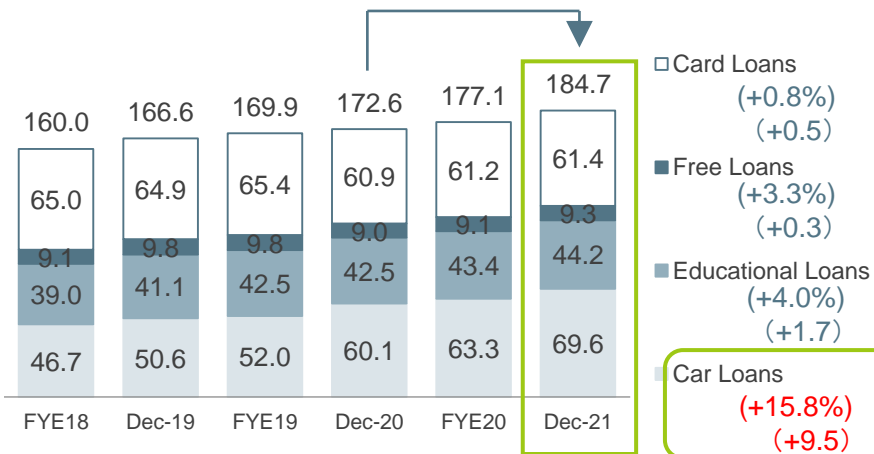
【Individual】Housing Related Loans (¥bn)



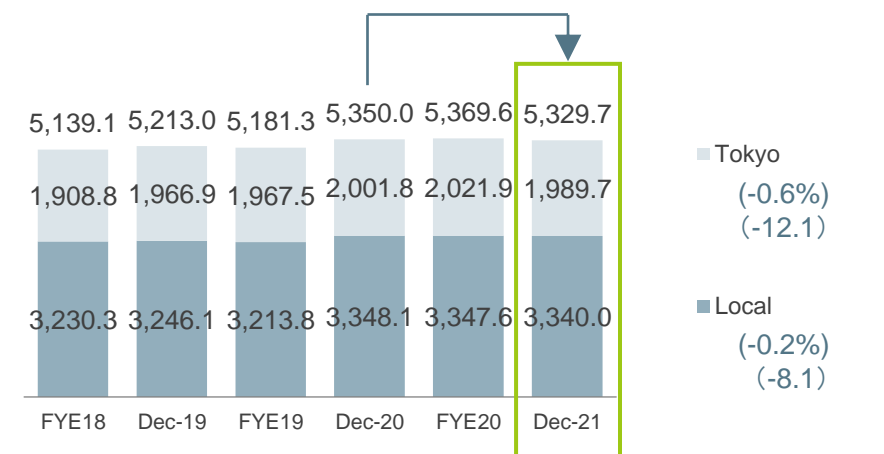
【Corporate】Term-end Balance by Company Size (¥bn)



【Individual】Unsecured Loans (¥bn)



【Corporate】Term-end Balance by Area (¥bn)



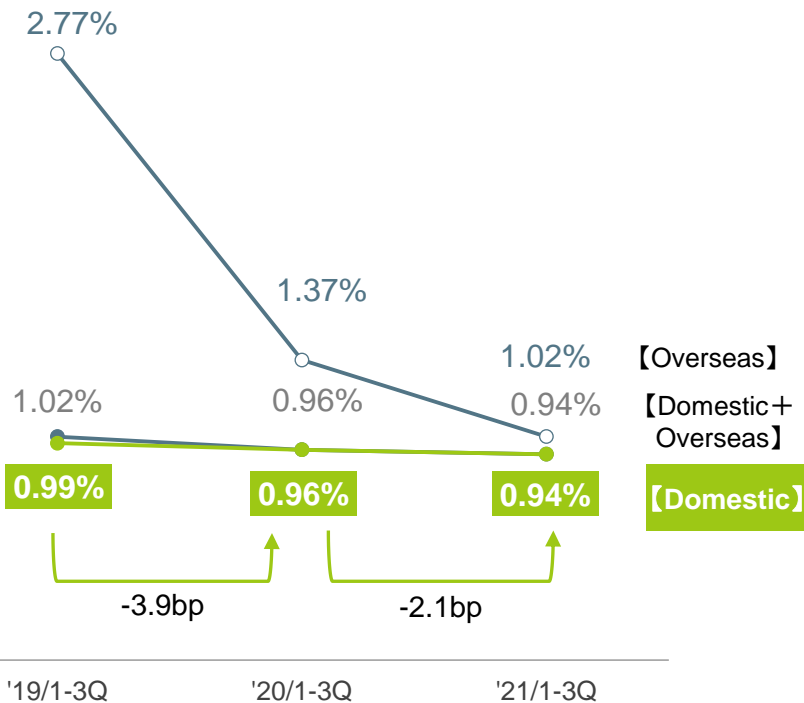
# Average Yield of Loans / Net Interest Income

While the average balance of loans increased, difference of interests between loans and deposits decreased slightly due to decrease of average yield on loans. However, the decrease of loans' yield continued to shrink. Securities' income improved due to strengthening our asset management such as increase of average balances and decrease of market 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

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

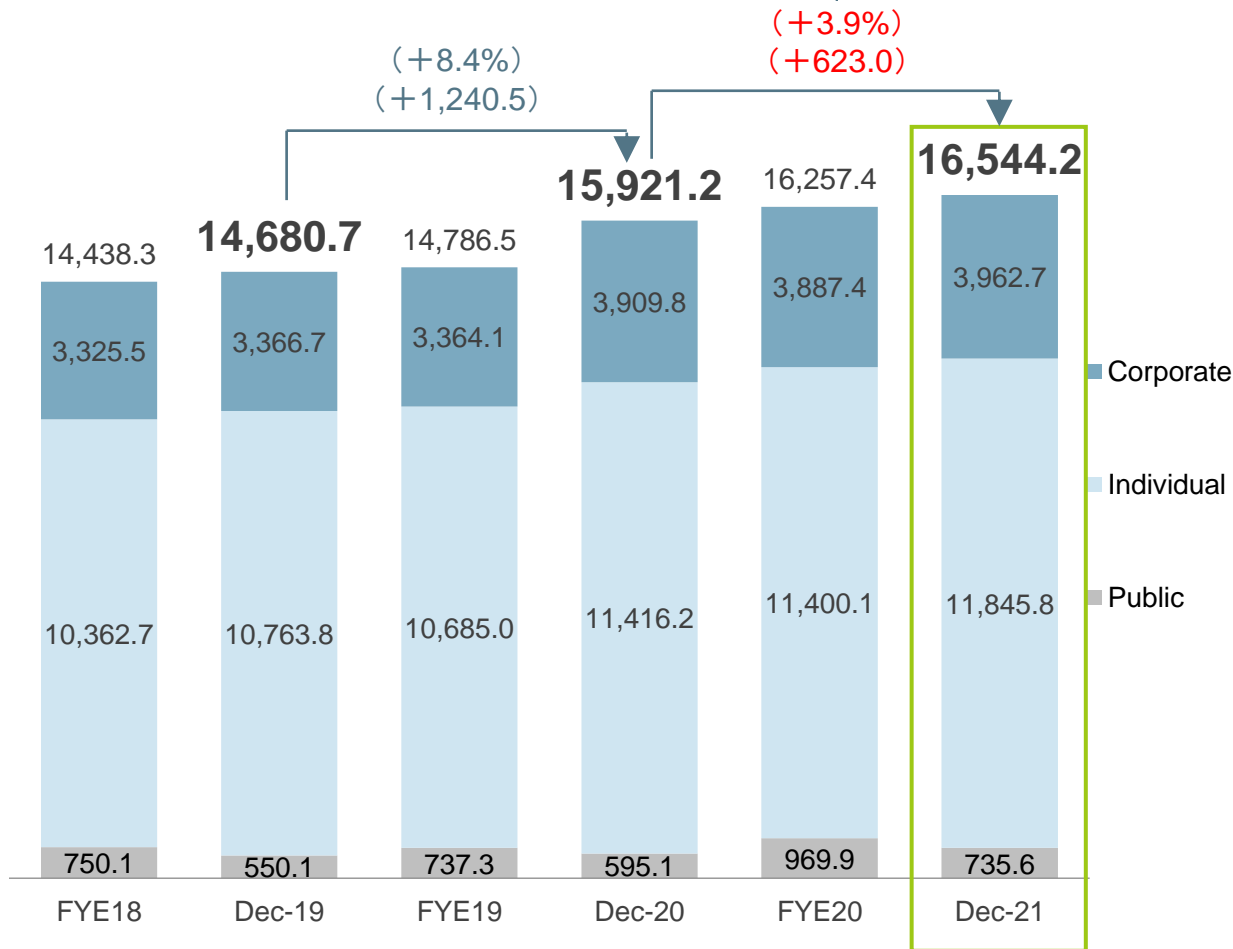
	Results	YoY Change (Factor)					
		Domestic	Chg. in Factors	Overseas	Chg. in Factors		
Interest on loans and bills discounted		Avg Balance	+0.9	+0.8	(+121.8)	+0.0	(+5.0)
		Yield	-2.3	-1.8	(-2.1bp)	-0.5	(-35.4bp)
	<b>79.3</b>		-1.4	-0.9	—	-0.4	—
Interest on deposits (—)	<b>0.5</b>		-0.8	-0.2	—	-0.5	—
<b>Difference of interests between loans and deposits</b> ①	<b>78.7</b>		<b>-0.5</b>	<b>-0.6</b>	—	<b>+0.0</b>	—
Interest and dividend on securities		Avg Balance	+2.4	+1.0	(+146.8)	+1.4	(+101.8)
		Yield	-5.3	-4.7	(-20.0bp)	-0.6	(-10.4bp)
	<b>35.8</b>		-2.8	-3.6	—	+0.7	—
(o/w gains on cancellation of Investment Trusts)	<b>0.7</b>		-5.2	-5.2	—	+0.0	—
(excluding gains on cancellation of Investment Trusts)	<b>35.1</b>		+2.4	+1.6	—	+0.7	—
Market borrowings, etc. (—)	<b>-2.7</b>		-4.5	-3.2	—	-1.2	—
<b>Securities' Income</b> (excluding gains on cancellation of Investment Trusts) ②	<b>37.8</b>		<b>+6.9</b>	<b>+4.8</b>	—	<b>+2.0</b>	—
<b>Net Interest Income</b> (excluding gains on cancellation of Investment Trusts) ①+②	<b>116.6</b>		<b>+6.3</b>	<b>+4.2</b>	—	<b>+2.1</b>	—

# Deposits Term-end Balance

Amount of deposits increased by ¥623.0bn YoY (+3.9% annualized).

Deposits from all customers remains in an increasing trend.

Term-end Balance (Joyo+Ashikaga) (¥bn)



Year on Year Changes (¥bn)

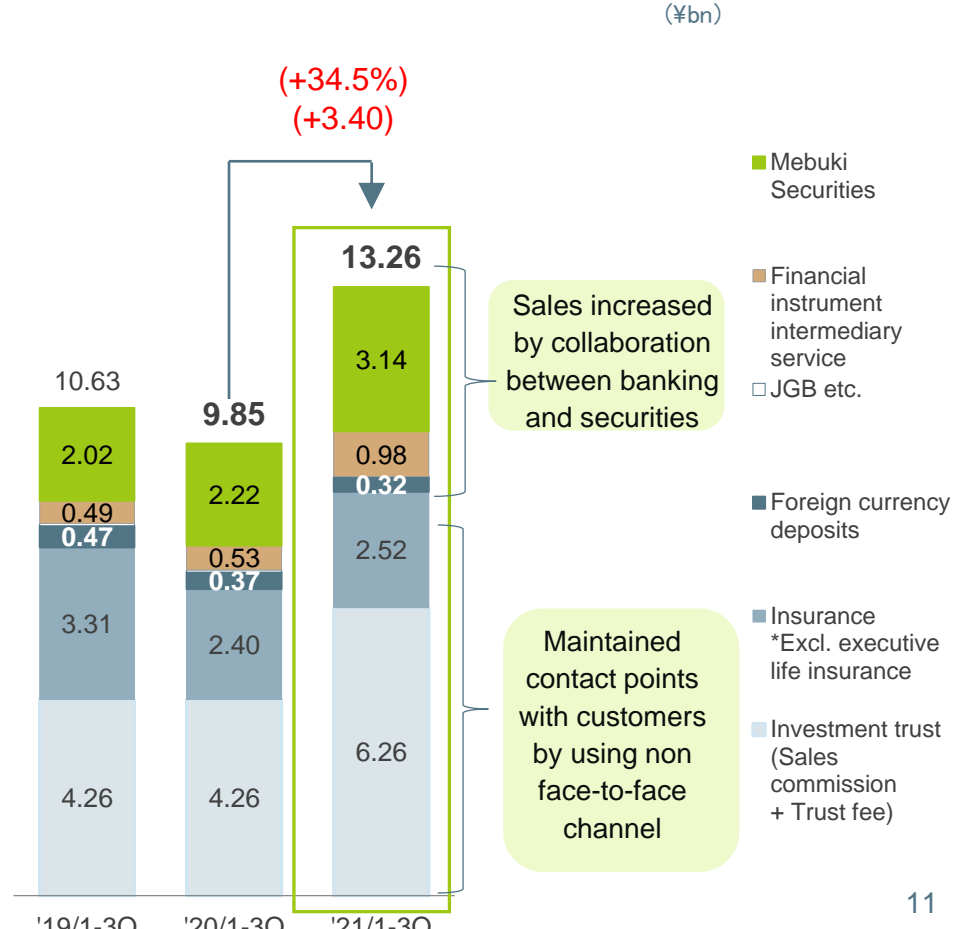
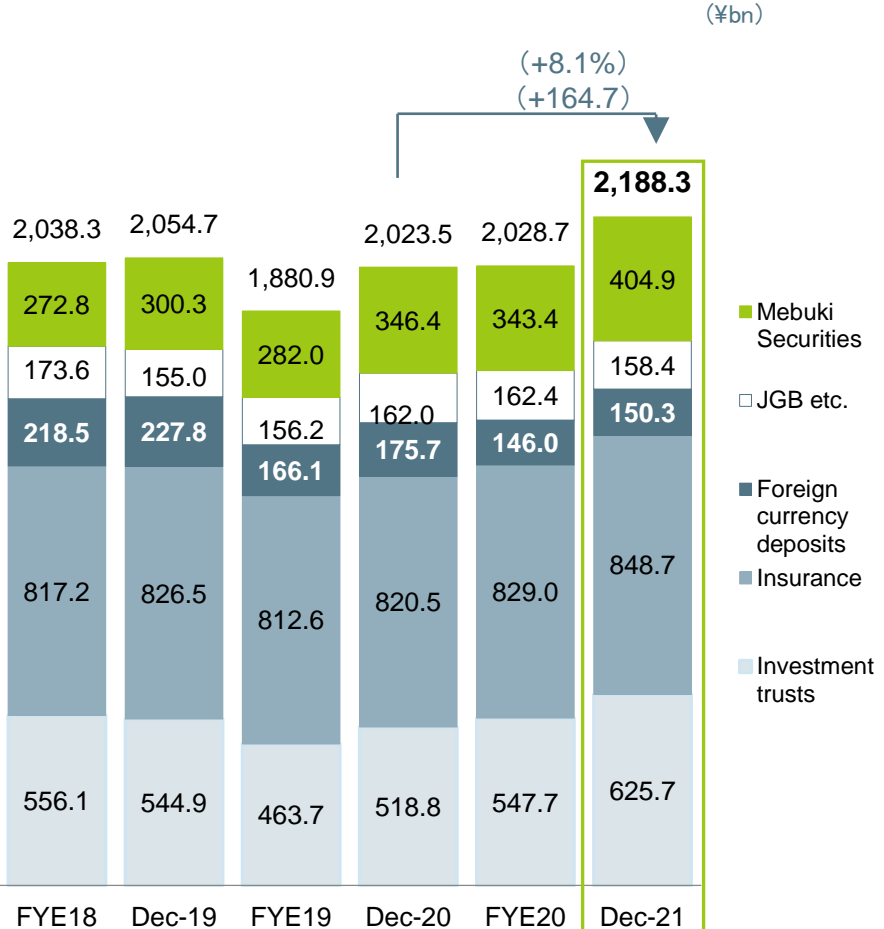
	Dec-19	Dec-20	Dec-21
<b>Total</b>	+376.3 +2.6%	+1,240.5 +8.4%	+623.0 +3.9%
<b>Corporate</b>	+96.3 +2.9%	+543.0 +16.1%	+52.9 +1.3%
<b>Individual</b>	+308.4 +2.9%	+652.4 +6.0%	+429.6 +3.7%
<b>Public</b>	-28.5 -4.9%	+45.0 +8.1%	+140.4 +23.5%

# Customer Assets under Custody

Amount of customer assets under custody increased due to strengthening our consulting activities and enhancing the collaboration between the two banks and Mebuki Securities in our group.

Balance (Bank Total + Mebuki Securities)

Commissions (Bank Total + Mebuki Securities)

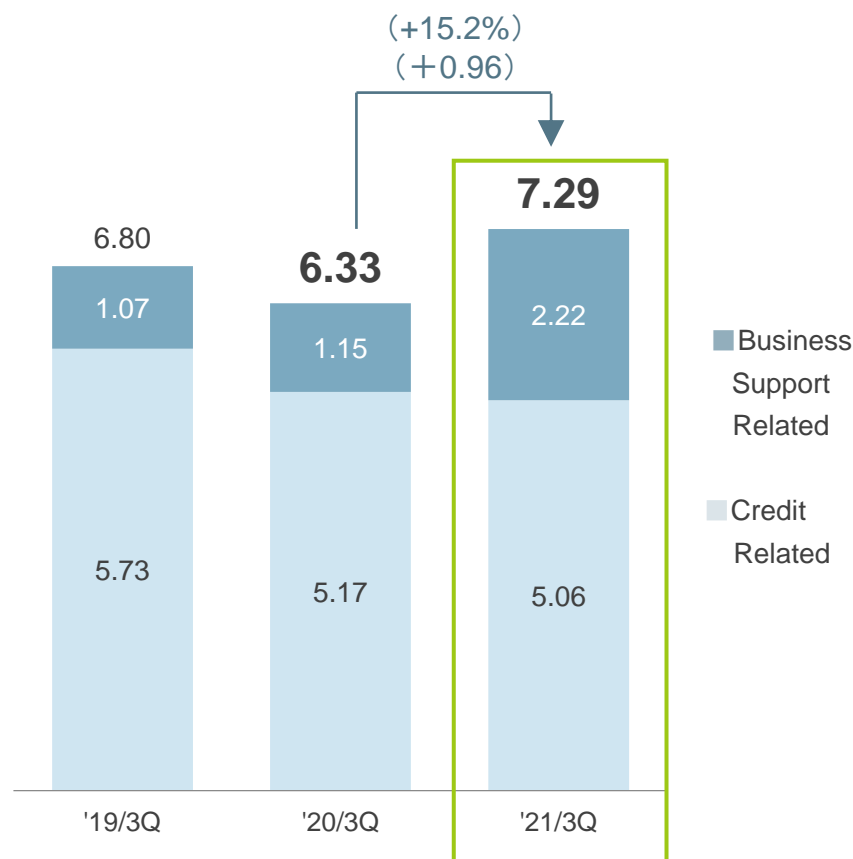


# Fees from Corporate Customers

Fees from corporate customers increased by ¥ 0.96 bn YoY (+15.2% annualized).

In addition to business matching for expanding supply chain, digitalization and human resources introduction, we strengthened various business support for business planning and finances.

Joyo Bank + Ashikaga Bank (¥bn)



## <Breakdown of Fees from Corporate customers>

	3Q19	3Q20	3Q21	YoY
<b>Credit related (1)</b>	<b>5.73</b>	<b>5.17</b>	<b>5.06</b>	<b>-0.10</b>
Derivatives	0.58	0.56	0.87	+0.31
Syndicate loans	4.12	3.59	3.20	-0.38
Private placement bonds	1.02	1.02	0.98	-0.03
<b>Consulting related (2)</b>	<b>1.07</b>	<b>1.15</b>	<b>2.22</b>	<b>+1.07</b>
Business Matching	0.40	0.49	0.68	+0.19
Support for business planning	-	-	0.52	+0.52
M&A	0.33	0.30	0.52	+0.22
Executive Insurance	0.24	0.28	0.39	+0.10
Trust · 401K	0.09	0.08	0.10	+0.02
<b>Total ((1)+(2))</b>	<b>6.80</b>	<b>6.33</b>	<b>7.29</b>	<b>+0.96</b>

【Business Matching, Support for Business Planning, etc.】

- We have been making effort to resolve customers' issues during the COVID-19 impact.

In addition to business matching for expanding sales channels and suppliers, we are providing various support for business planning, financial planning and applying for public loan programs.

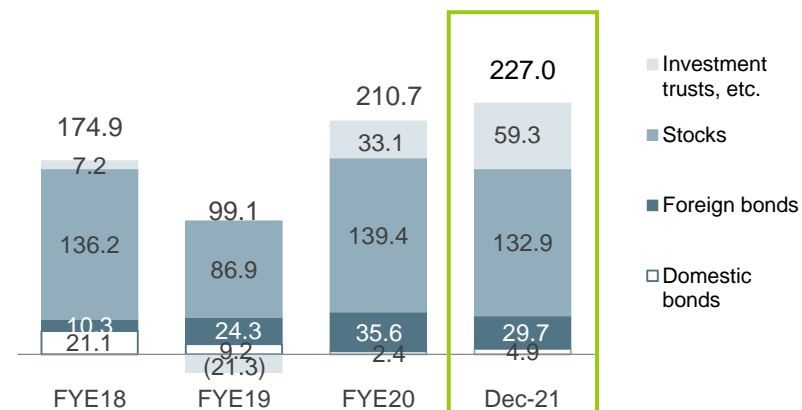
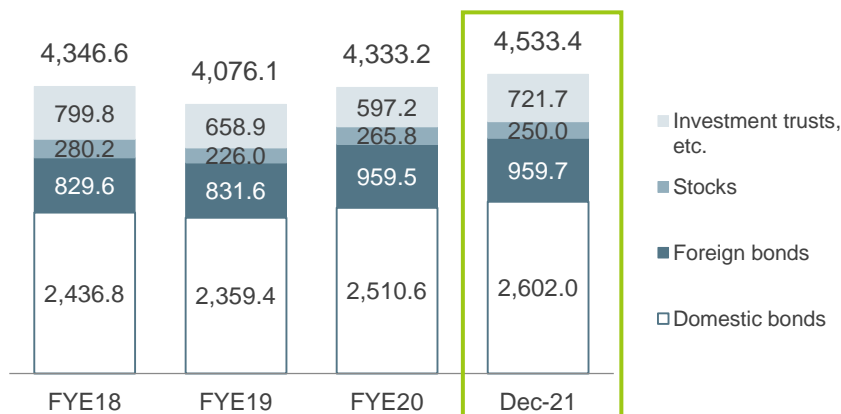
# Securities / Strategic Shareholdings

Concerning asset management, we continue to take risks considering market conditions. Unrealized valuation gains/losses on securities expanded to ¥227.0bn.

We continue to reduce strategic shareholdings. By the end of 3Q21, we reduced ¥20.2 bn/ 21 issues.

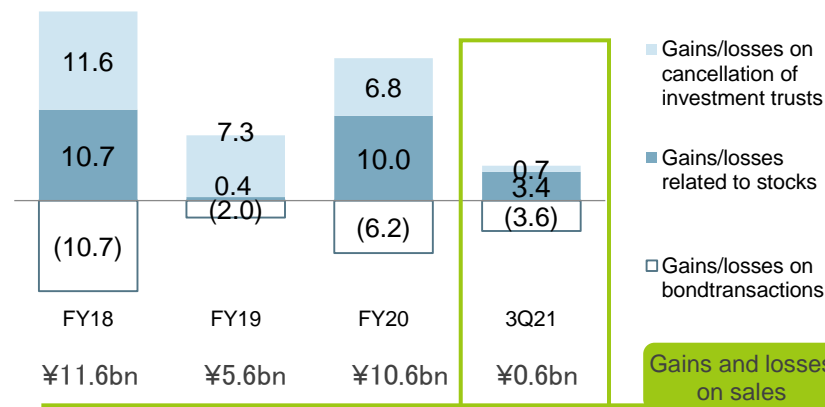
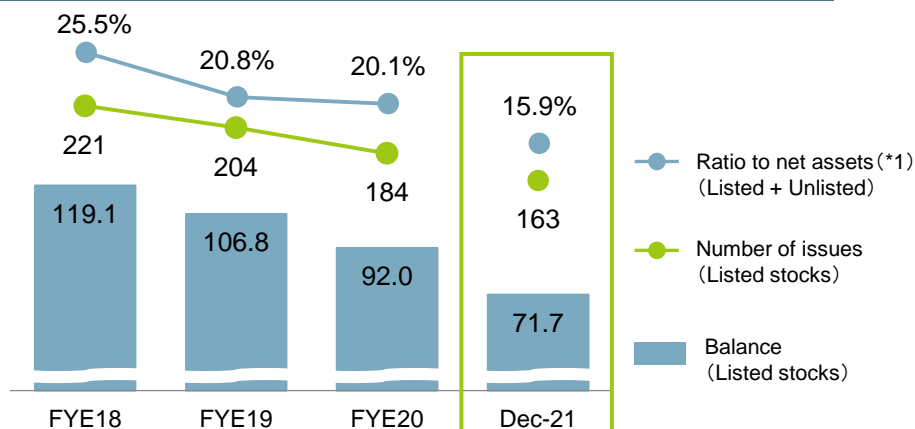
Balance(Carrying amount) (Mebuki FG) (¥bn)

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



Strategic Shareholdings (\*1) (¥bn)

Gains and losses on securities (\*2) (¥bn)



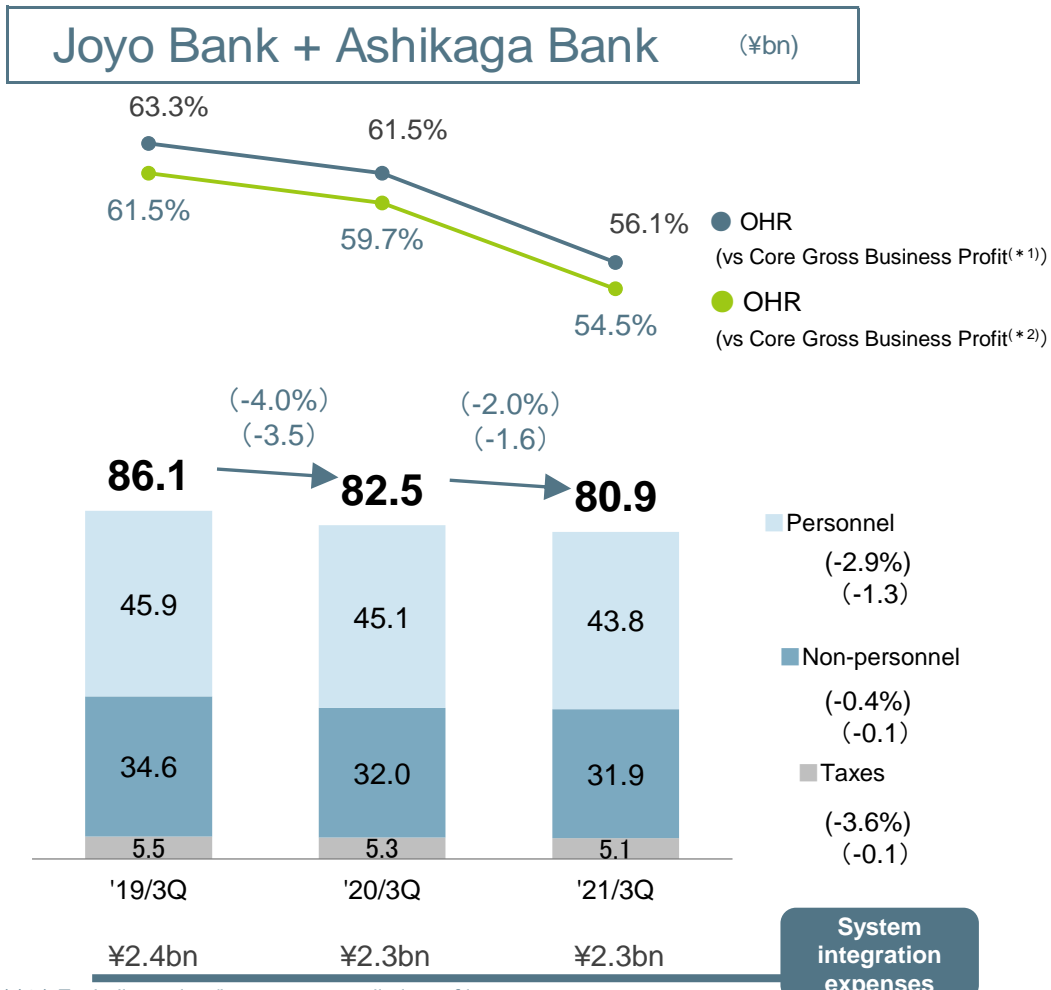
(\*1) The ratio of balance sheet amounts of strategic shareholdings to consolidated net assets

(\*2) gains/losses on stocks + bond transactions +cancellation of investment trusts

# Expenses / OHR

Total expenses decreased, mainly in personnel expenses, due to the progression of efficiency in branch offices' operations and rationalization of head office and group companies by acceleration of the structural reform.

OHR, indicator of efficiency, declined by about 5 percentage points YoY and improved significantly.



## <Factors of Change >

	3Q21	YoY	Main factors
Personnel expenses	43.8	-1.3	<ul style="list-style-type: none"> <li>Personnel reduction -0.7 (Improvement of productivity by the progression of structural reform in branch offices, head office, and group companies)</li> <li>Retirement benefit cost -0.4</li> </ul>
Non-personnel expenses	31.9	-0.1	<ul style="list-style-type: none"> <li>Reduction of rental expense by reviewing branch networks -0.1, others</li> </ul>
Taxes	5.1	-0.1	<ul style="list-style-type: none"> <li>Stamp tax, Fixed assets tax, etc. -0.1</li> </ul>

(\*1) Excluding gains /losses on cancellation of investment trusts

(\*2) Excluding gains /losses on cancellation of investment trusts and system integration expenses

# Credit Related Costs

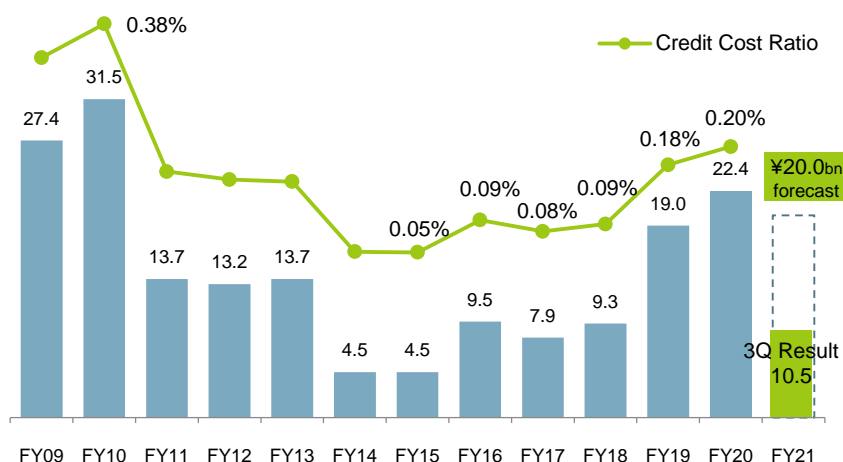
Considering the impact of the COVID-19 pandemic, credit related costs were preventively recognized by transfer to specific allowance for loan losses, etc.

Credit related costs in FY21 are expected to be within the initial forecast of ¥20.0bn.

## Change of Credit Related Costs (¥bn)

(¥bn)

### 【Annual】FY09~

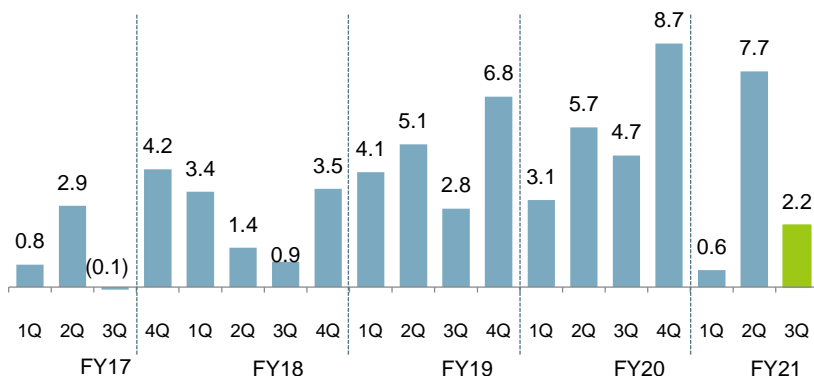


## Breakdown on Credit Related Costs (¥bn)

(¥bn)

	3Q20	3Q21	YoY
<b>Credit Related Costs</b>	<b>13.6</b>	<b>10.5</b>	<b>-3.0</b>
Net transfer to general allowance for loan losses	0.8	0.6	-0.1
Disposal of non-performing loans	12.7	9.9	-2.8
Write off of loans	1.8	3.2	+1.3
Transfer to specific allowance for loan losses	11.1	8.5	-2.5
Transfer to provision for contingent losses	0.2	0.2	-0.0
Recoveries of written-off claims(-)	1.3	2.7	+1.4
Other	0.7	0.5	-0.1

### 【Quarter】FY17~



## Change of terms and conditions of loans due to COVID-19 (Cumulative total until Dec.2021)

						Cumu-lative Total	The ratio of total customers
		1H20	2H20	1H21	2H21		
Business loans	Customers	1,307	629	558	186	2,680	Around 4.8%
	Contracts	4,099	3,288	4,151	1,708		
Housing loans	Customers	433	189	190	74	886	Around 0.4%
	Contracts	477	252	256	101		



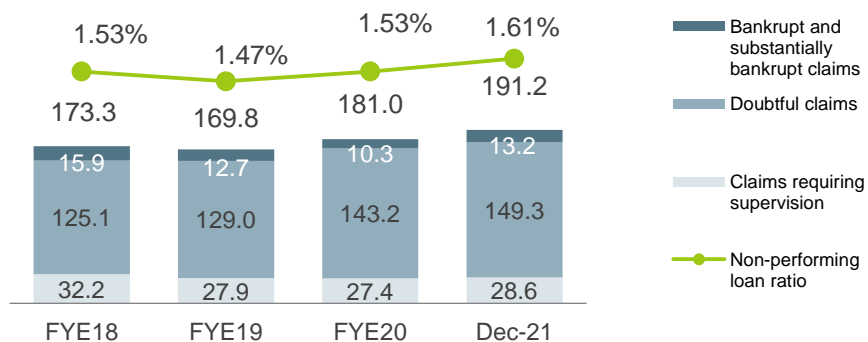
# Status of Non-performing Loans and Delinquent Loans

Amount of non-performing loans based on financial revitalization law and ratio rose due to reviewing borrowers' credit ratings.

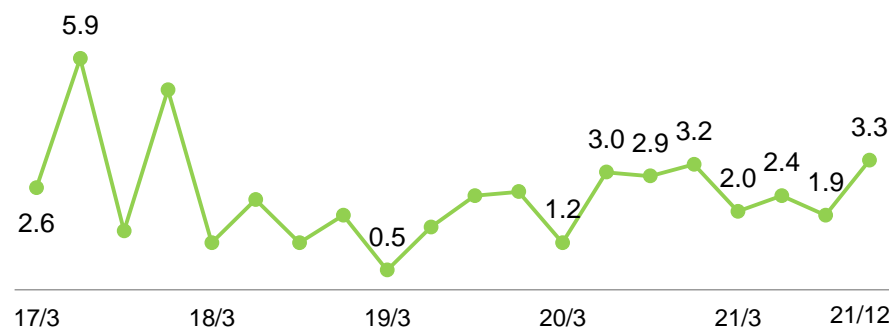
Although number of delinquent loans has remained flat and bankruptcies have remained stable, we continue to monitor the impact of COVID-19.

## Non-performing Loans (¥bn)

(Financial Revitalization Law -FG consolidated)



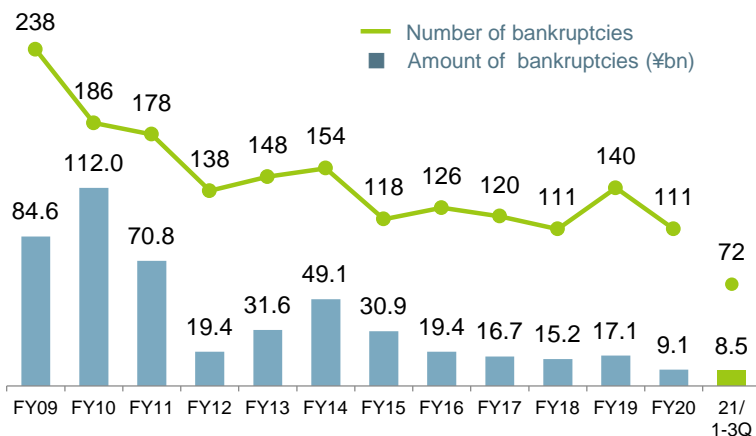
## Status of Delinquent Loans to Businesses (¥bn)



## 【Reference】Status of Bankruptcy

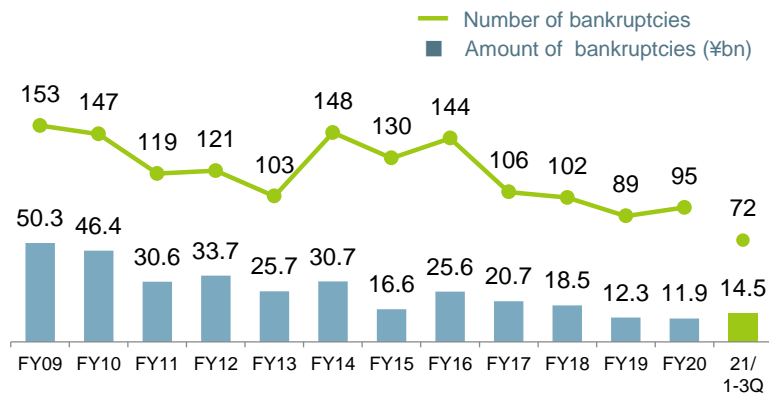
Number of bankruptcies (Total liabilities amounting to 10 million yen or more) ~by Tokyo Chamber of Commerce

### <Ibaraki>



Period	Number	Amount (¥bn)
3Q19	101	¥12.8bn
3Q20	79	¥6.8bn
3Q21	72	¥8.5bn

### <Tochigi(\*1)>



Period	Number	Amount (¥bn)
3Q19	66	¥10.4bn
3Q20	73	¥10.2bn
3Q21	72	¥14.5bn

(\*1) Specific major borrower's bankruptcy of ¥433.0 bn in FY11 is excluded from figures below.

# Shareholder Returns, Capital Adequacy Ratio

We have finished the second share acquisition of this year, cumulative total of ¥19.5bn (80,601 thousand shares).

## Share Acquisition

【 Period of Acquisition 】 From Nov. 15, 2021 to Feb. 15, 2022

【 Number of shares 】 20,601,200

【 Acquisition cost 】 ¥4,999,992,280

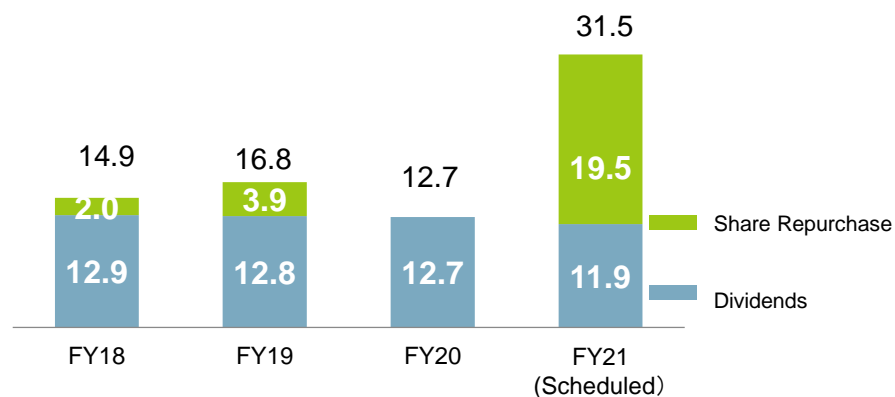
<Reference : Cumulative total in FY2021 >

【 First 】 60,000 thousand ¥14,520mil (Date: 2021.5.13)

【 Second 】 20,601 thousand ¥4,999mil (Period: 2021.11.15~2022.2.15)

【 Total 】 80,601 thousand ¥19,519mil

## Dividends, Shareholder Returns



Annual Dividends	¥11.0	¥11.0	¥11.0	¥11.0 (scheduled)
Payout Ratio	27.8%	35.3%	34.9%	31.5%
Total Return Ratio	32.3%	46.2%	34.9%	82.9%

## Policy for Dividends / Shareholder Returns

- 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.

(\*1) Total Return Ratio = (Total amount of dividends + Total amount of acquisition of own shares) / Net income

## Capital Adequacy Ratio

	Mebuki FG (Consolidated)	Joyo (Consolidated)	Ashikaga (Consolidated)
FYE18	9.94%	11.91%	8.55%
FYE19(*2)	10.95%	12.22%	9.45%
FYE20	10.87%	12.18%	9.51%
Dec-21	11.07%	12.47%	9.99%

(\*2) As of March.31,2020, Ashikaga Bank started to calculate risk-weighted asset according to foundation internal rating-based approach (FIRB)

# Forecast for FY2021

## Mebuki FG

(consolidated)

(¥bn)

	Forecast for FY2021	3Q21 Results	Progress
Ordinary Profit	55.0	58.1	105.6%
Net Income <small>(Attributable to owners of the parent)</small>	38.0	38.4	101.2%

## Total of Two Banking Subsidiaries

(¥bn)

	Forecast for FY2021	3Q21 Results	Progress
Ordinary Profit	53.0	54.0	102.0%
Net Income	36.5	35.8	98.1%
(Credit Related Costs)	20.0	10.5	52.9%

## Subsidiary Banks

(Joyo)

(¥bn)

	Forecast for FY2021	3Q21 Results	Progress
Ordinary Profit	35.5	34.1	96.1%
Net Income	24.5	21.8	89.0%

(Ashikaga)

(¥bn)

	Forecast for FY2021	3Q21 Results	Progress
Ordinary Profit	17.5	19.9	114.0%
Net Income	12.0	14.0	116.7%

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

# Second Medium-Term Group Business Plan

Through the integration of our core system in Jan. 2020, we will promote structural reform, mainly of business process and organization, and free up management resources. Utilizing our group's strength, we will invest management resources to consulting services and IT field.

## Goals

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

## Position

Achieve full-scale growth / Transitional period to next growth

## Plan period

3 years ( April 1, 2019 to March 31, 2022 )

## Basic strategy

### (1) Create growth business models with local regions

- Enhance consulting services

Business Support

Asset Building Support

- Proactively utilize and invest in IT

Improvement of Convenience/ BPR

Support for Digitalization

Cashless

### (2) Structural reform for enhanced productivity

- Establish common platform

Unification of business processing

Reorganization of branch network

- Group governance advancement

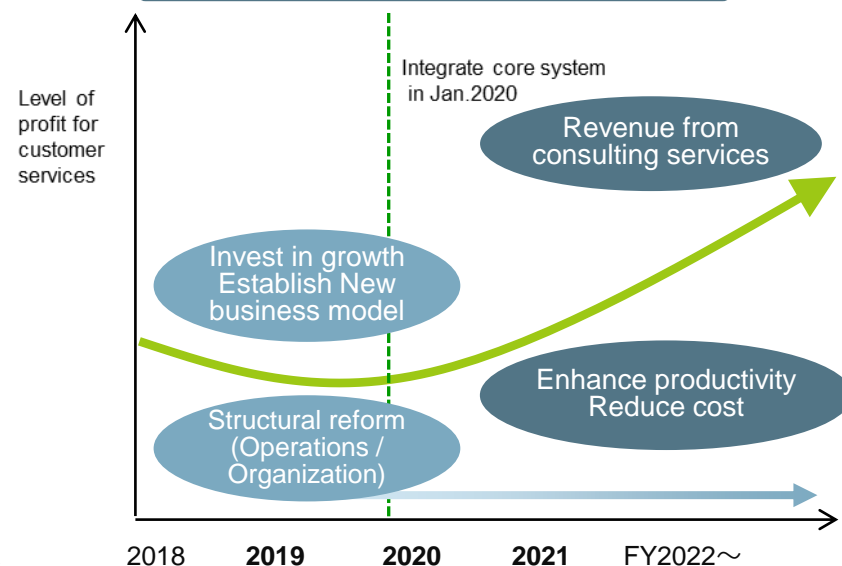
Reorganization of Group companies

Strengthen of 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

## Position of 2nd group business plan



# (1) Create Growth Business Models with Local Regions

## Enhancement of Consulting Function ~Asset Management and Building~

We reorganized sales systems and strengthened collaboration among group companies for enhancement of consulting services.

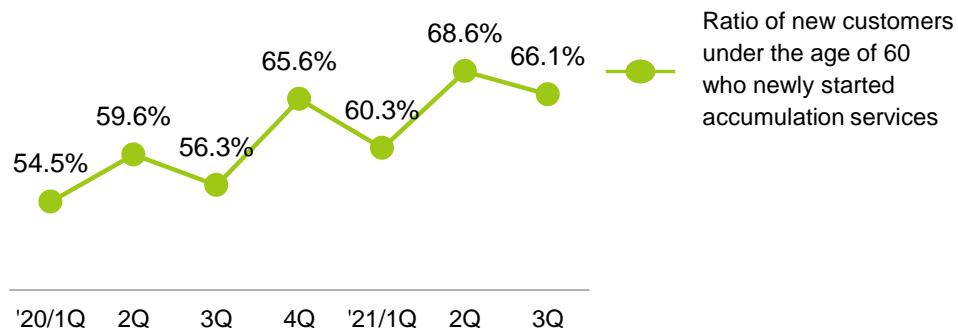
We meet asset building needs by strengthening consulting services that begin with customer's life planning counselling.

### Development of Consulting Services

- ✓ Introduce local life plan advisor system (Sep. 2019 ~\*1)
- ✓ Reinforce non face-to-face sales using online seminars and video content (FY2020~)
- ✓ New establishment of the Block Retail Business Division and the Private Banking Office (Oct. 2020 ~\*2)
- ✓ Enhance collaboration among Banks and Mebuki Securities regarding customer information (Oct. 2020 ~)
- ✓ Establishment of Ashigin Money Design for ensuring trading opportunities with young people (Jul. 2021 ~\*2)

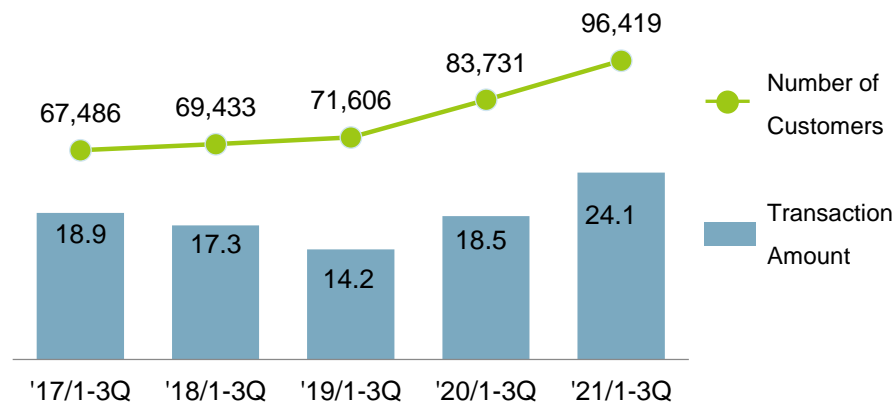
\*1 Joyo Bank \*2 Ashikaga Bank

### Growing Needs for Asset Management by young and asset-building demographic



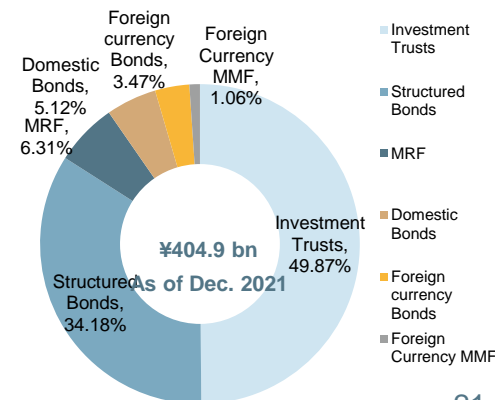
### Accumulation Service (Bank total)

(Customers : number, Transaction Amount : ¥bn)



### Customer Assets under Custody of Mebuki Securities (¥bn)

- ✓ Among assets under custody of ¥404.9, structured bonds is ¥138.4bn (34%) .
- ✓ Index trackers such as Nikkei Stock Average accounts for 75% of structured bonds. The level of knock-in is around 60%. Index trackers didn't knock-in during the previous year.



# (1) Create Growth Business Models with Local Regions

## Enhancement of Consulting Function ~Measures to Meet the Needs of an Aging Society~

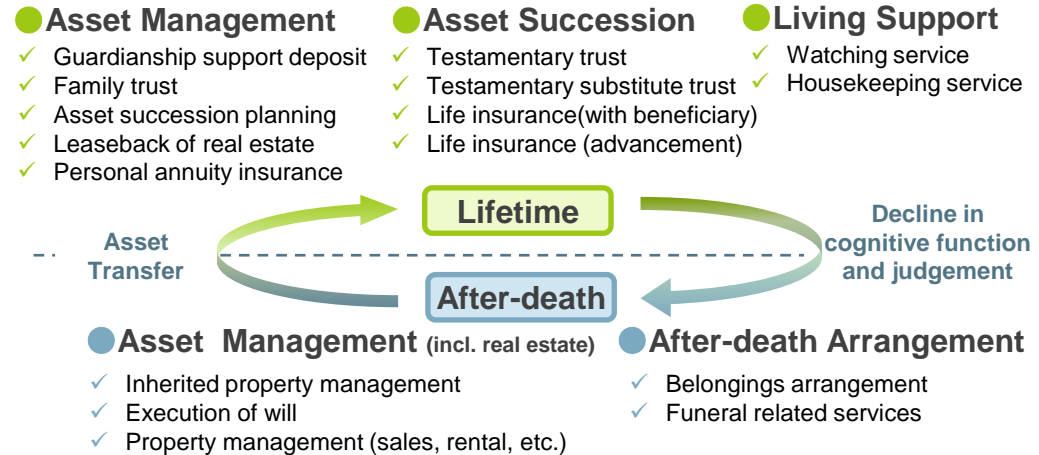
We have established a system to support customers' asset building, asset management and smooth asset succession to the next generation. We are proactively expanding our financial services to respond to financial transaction problems and other diverse needs by utilizing knowledge on gerontology.

### System Development for an Aging Society

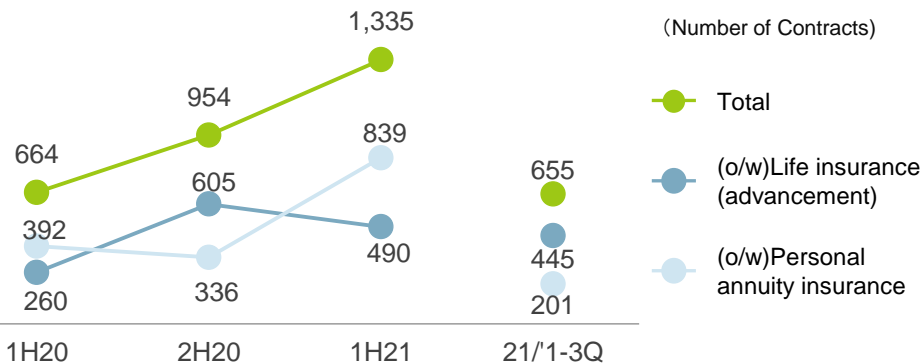
- ✓ Establishment of a holiday consulting desk "Holiday Wealth Salon" (Sep. 2019 ~ \*1)
- ✓ Placement of specialized staff for the elderly "Smileful Partner" (Apr. 2020~ \*2)
- ✓ Development and introduction of customer proposal tool "Smile Navigation" (Apr. 2021 ~ \*2)
- ✓ Packaging of 'Living Support Services for Elderly and Families' (Dec. 2021~ \*1)
- ✓ Increasing specialized staff, expanding the lineup of products and developing the training program in response to the elderly

\*1 Ashikaga Bank \*2 Joyo Bank

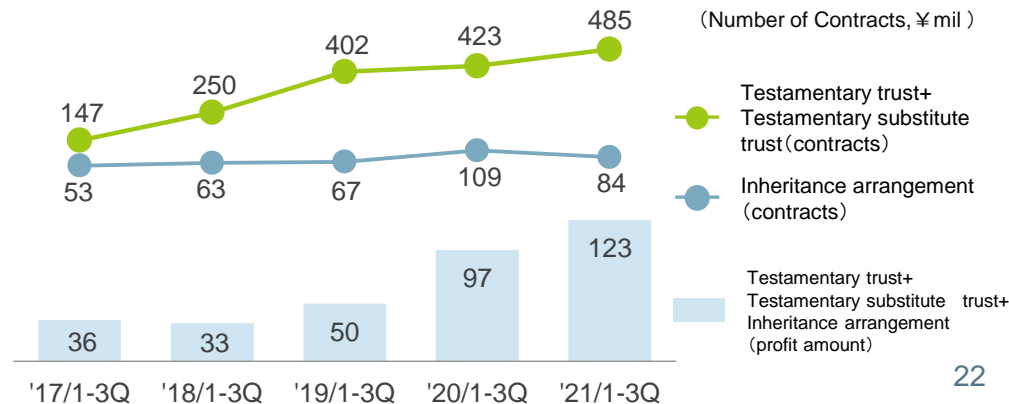
### Expansion of Services



### Contract Number of Asset Succession/Asset Management Related Products (Two Banks' Total)



### Inheritance Related Service (Contracts /Amount of Two Banks' Total)



# (1) Create Growth Business Models with Local Regions

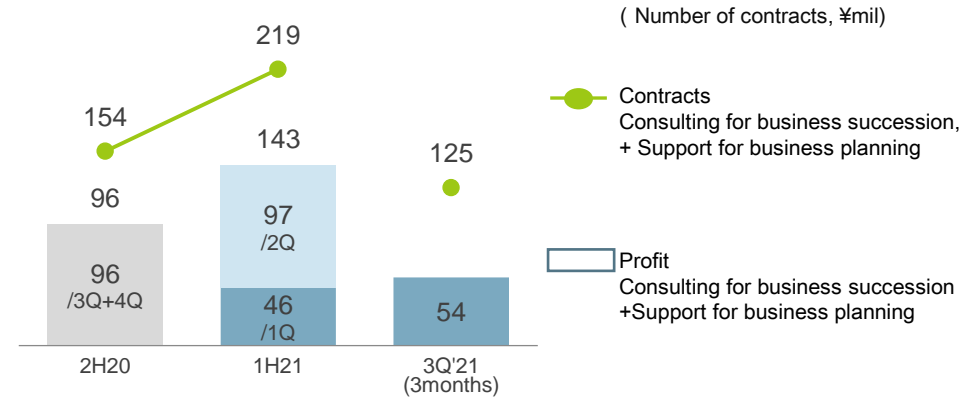
Enhancement of Consulting Function ~ Solution Business for Corporate Customers ~  
 We are providing various solutions to meet customers' management issues as an overall management consultant through escorted support .

## Reorganization for Consulting Services

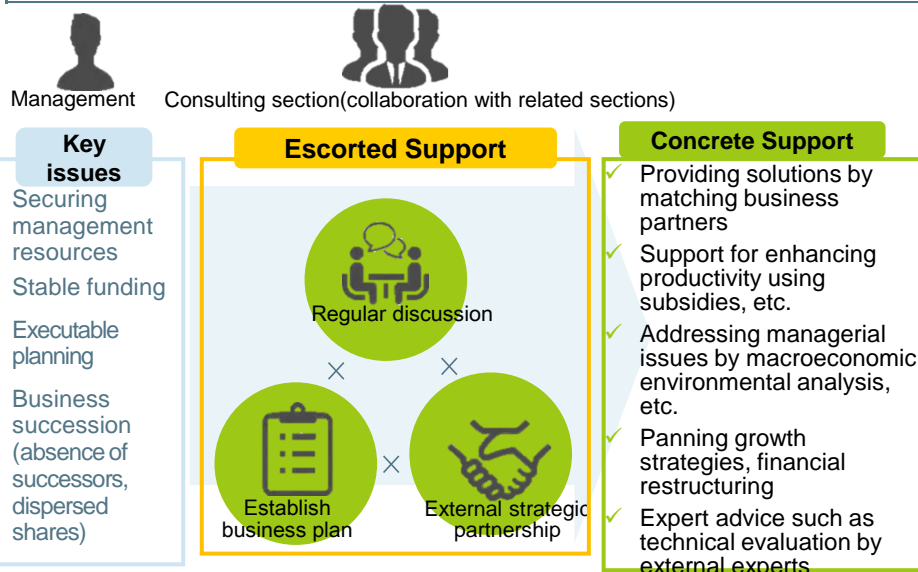
- Reinforcing the organization of sales system for consulting services
- ✓ Establishment of the Business Support Office (Apr.2020~ \*1)  
 (HR introduction, IT, Manufacturing technology, Overseas support, etc.)
- ✓ Establishment of the Consulting Business Division (Jun. 2020~ \*2)  
 (Business matching, M&A, HR introduction, IT/digitalization support, etc.)
- ✓ Establishment of Automotive Industry Team (Jul. 2021~ \*1)  
 (Research, analysis, and business support for industrial structure change)

\*1 Ashikaga Bank \*2 Jojo Bank

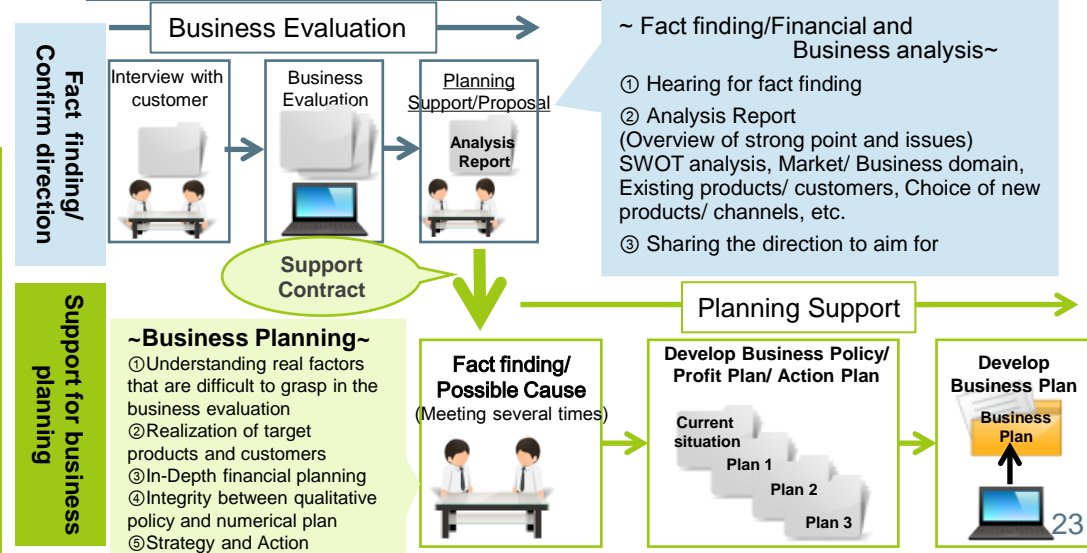
## Support for Business Planning and Consulting for Business Succession



## Escorted Support



## Support for Business Planning



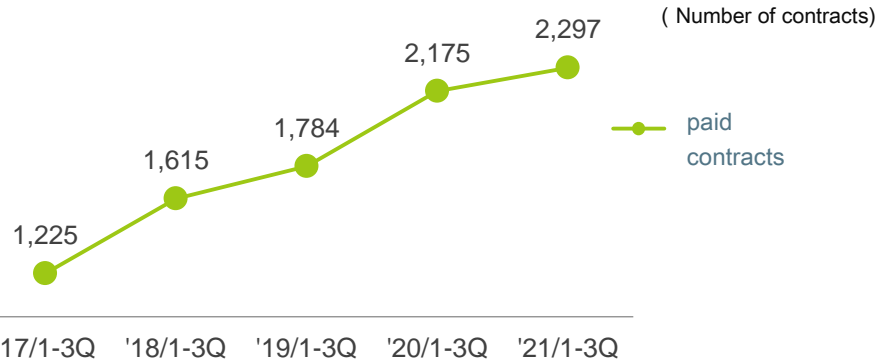


# (1) Create Growth Business Models with Local Regions

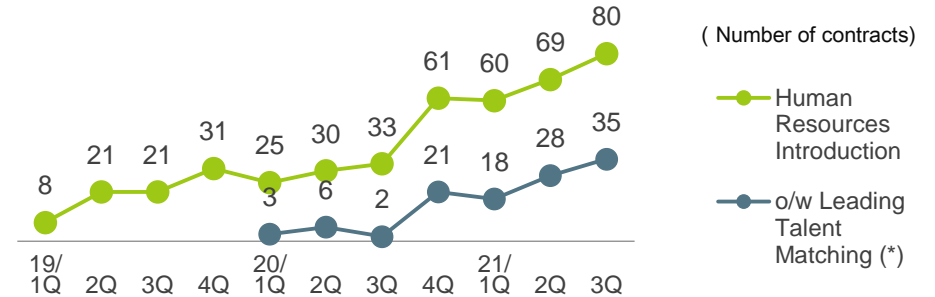
## Enhancement of Consulting Function ~ Solution Business for Corporate Customers ~

In addition to financial support, we are expanding sales channels and suppliers as a trading company's function beyond traditional banking support, and providing various solutions such as recruitment or human resources introduction. We are also collaborating with other neighboring regional financial institutions to resolve the regional economic issues.

### Business Matching



### Human Resources Introduction

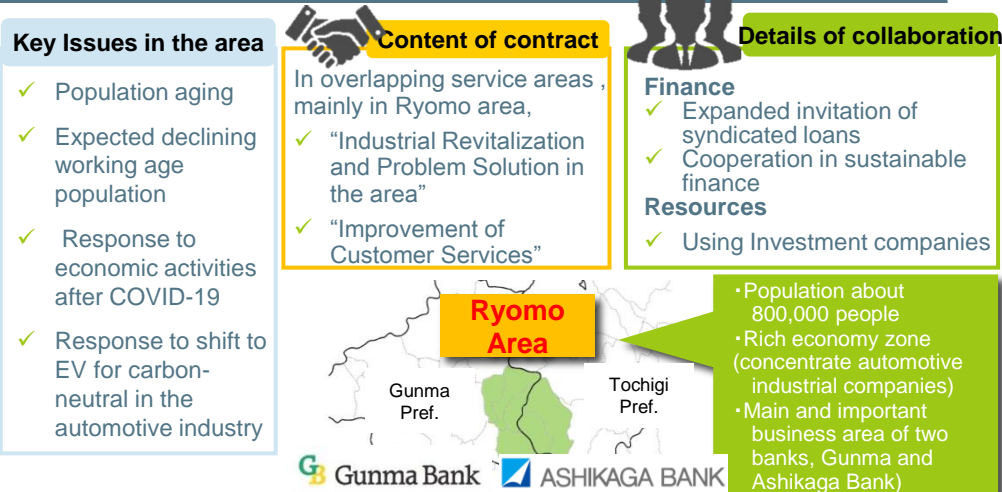


(\*) The Bank, which is involved with local companies, clarifies their management issues and engages in research and analyze their human resources' needs. The leading talent matching is an effort that the Bank introduces high-level managerial human resources in collaboration with employment placement business providers.

### Export Support



### Ryomo Area Revitalization Partnership (Ashikaga Bank)

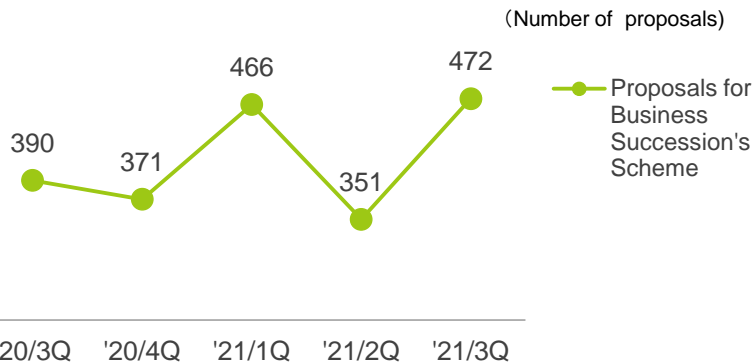


# (1) Create Growth Business Models with Local Regions

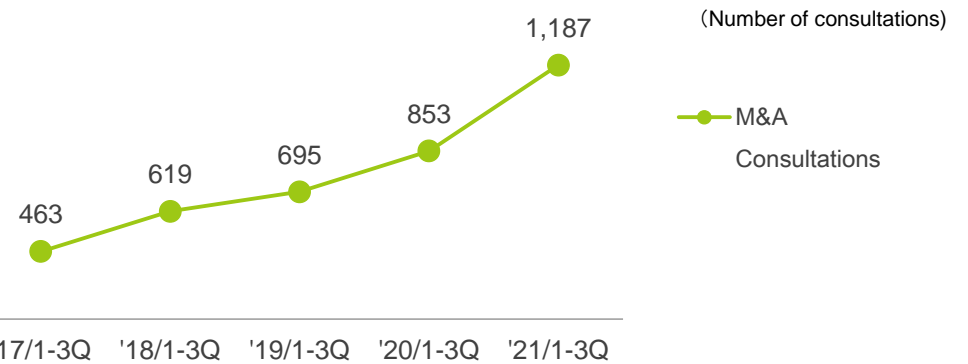
Enhancement of Consulting Function ~ Solution Business for Corporate Customers ~

We have discussions on core topics such as business prospects and strategies for the future. We are sharing various issues with our customers and providing proposals for their optimized solutions.

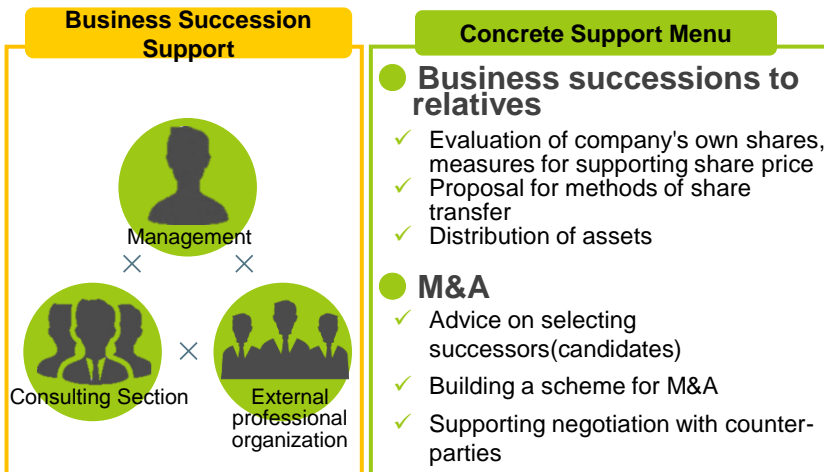
## Proposals for Business Succession's Scheme



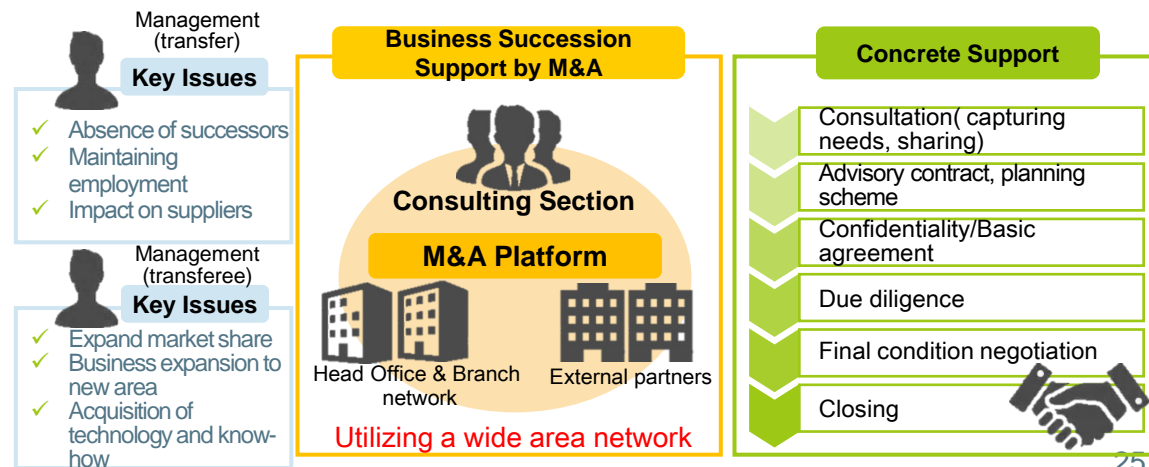
## M&A



## Business Succession Support



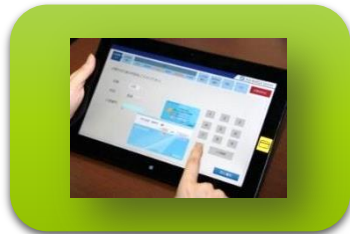
## Business Succession Support by M&A



# (1) Create Growth Business Models with Local Regions

## Enhancement of IT Services Utilization ~ Progression of Digitalization ~

Efficiency advanced by elimination of business operations through the digitalization of business process and enhancement of CX from the provision of new services designed to support digitalization. Furthermore, we have contributed to environmental conservation by promoting paperless, too.



**No need to wait or fill out application forms**

Introduced self-counter terminal with Navigation (2017~)



**Unsecured loans available online(WEB) WEB completion scheme**

From application to contract (2018~)



**Expanding services for corporate customers available online(WEB)**

Introduced business management support services "Big Advance", etc. (2020~)



**Smooth procedures and no waiting at the bank's counter**

Introduced branch visit reservation service (2021~)



**Portable Banking app**

Introduced banking app for passbook, opening account, etc. (2017~)



**Enhancing efficiency by business use smartphone/tablet**

Introduced digital receipts app and system for keeping customers' passbooks, etc. (2019~)



**Partner on the palm of your hand available anytime, anywhere**

Introduced new banking app (2021~)



**Internet financial instruments intermediary service company**

Business commencement of Ashigin Money Design Co., Ltd. (2021~)

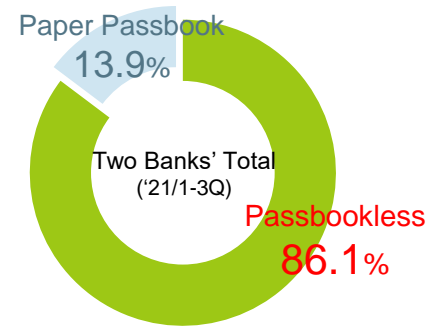
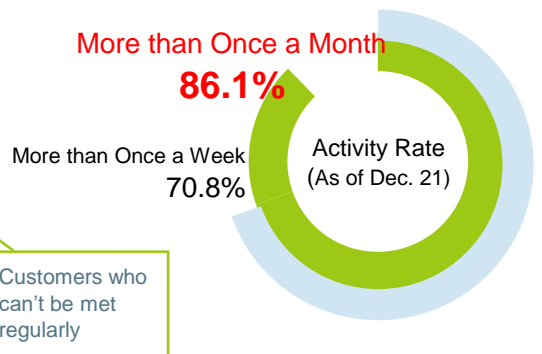
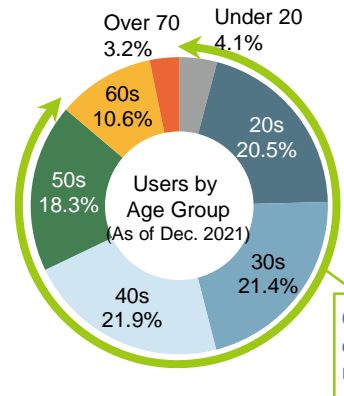
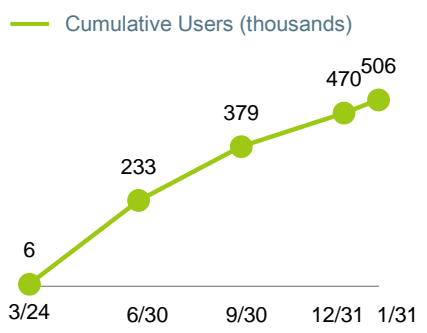
# (1) Create Growth Business Models with Local Regions

Enhancement of IT Services Utilization / Investment in IT ~Digitalization for Individual Customers (Banking apps)~

Banking app users are growing steadily. It is also permeating generations who can't be met on a regular basis. Because of easy-to-use operability, many customers use it more than once a month. It is also highly rated in app stores.

## Number of Users/ Users by Age Group/ Activity Rate

- The number of cumulative App users ("Joyo Banking App" and "Ashikaga Bank App") exceeded 500 thousand.
- The objective of the introduction, "Ensuring points of contact with customers", is being achieved steadily even for generations who can't be met regularly.
- Used by nearly 90% of customers more than once a month.
- It is permeating as a main banking channel.
- When opening a new account, more than 80% of individual customers choose Passbookless instead of a paper passbook.



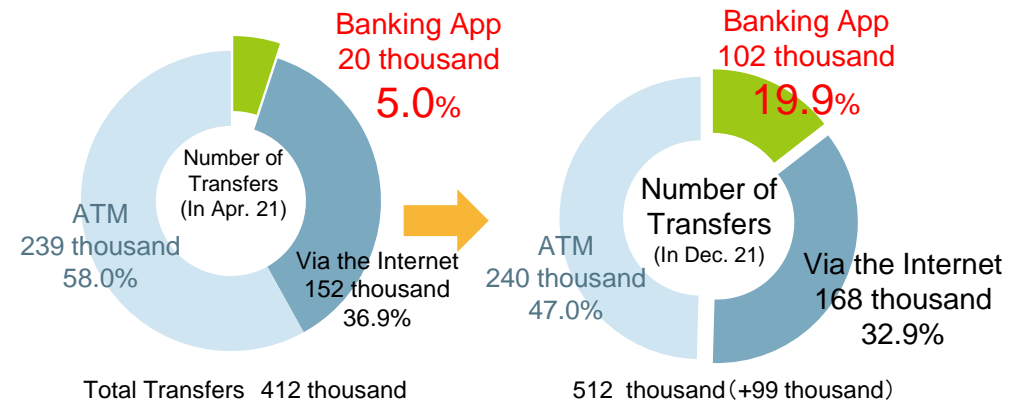
## Application Store Ratings

- Our banking apps are highly rated in application stores.

	Company A	Company B
Joyo Banking App	4.6	4.1
Ashikaga Bank App	4.3	4.2
(Ref.) Average of banking apps *1	2.8	3.4

(\*1) by our research

## Number of Transfers by Channel (Individual Customers)

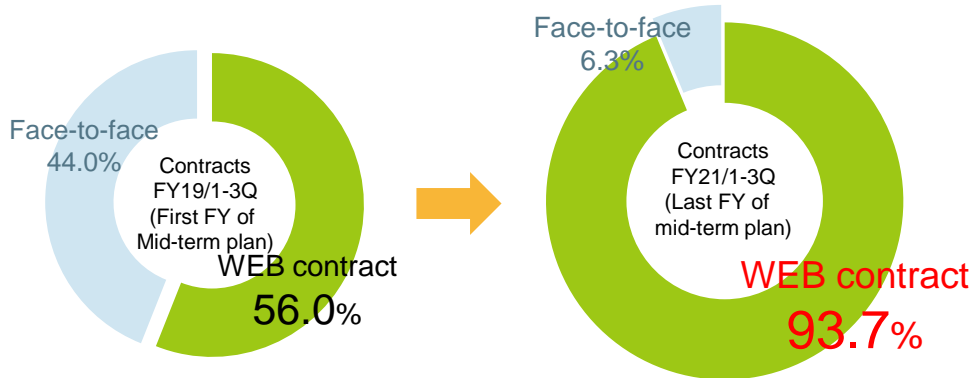


# (1) Create Growth Business Models with Local Regions

Enhancement of IT Services Utilization ~ Digitalization for Individual Customers (individual loans) ~

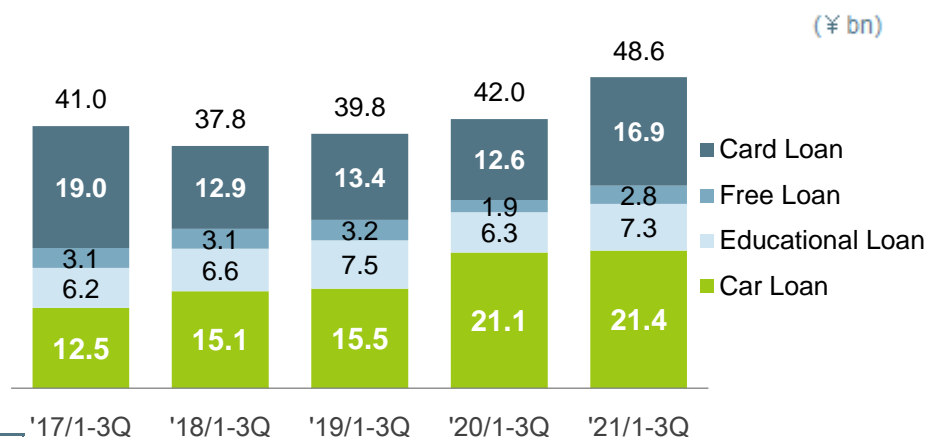
Number of applications for Car/Educational loans available online(WEB) exceeds 90% of all applications. We are scheduled to introduce digital loan contracts to reduce the burden of customers and improve our business efficiency.

Online(WEB) Contract of Car/Educational Loans (Banks total)



Number of WEB contracts 6,110 / 10,907      Number of WEB contracts 12,266件 / 13,086

Amount of Unsecured Loans Provided (Banks Total)



## Introduction of Digital Loan Contract

(Scheduled in FY2021)

### ● Effect of digital contract

#### < Customers >

- ✓ No need to sign or write
- ✓ No need to stamp
- ✓ Possible to confirm details of contract via the internet



Paper

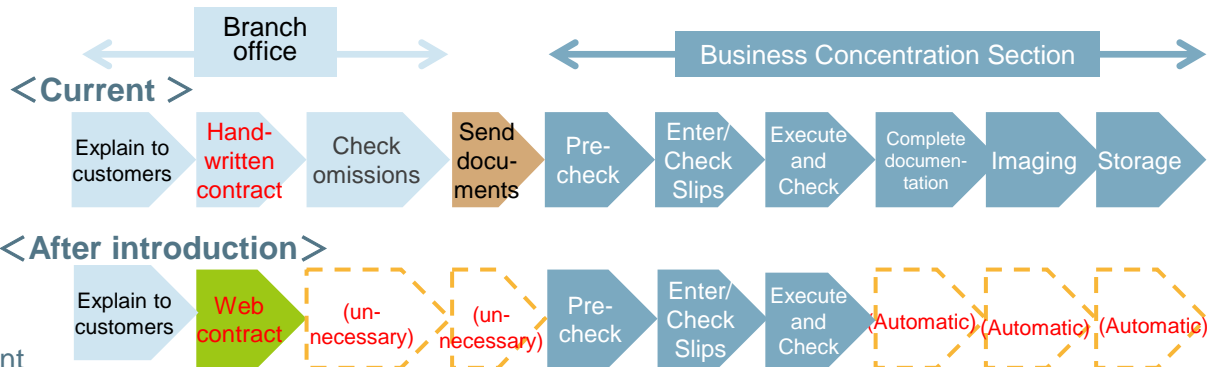


Stamp

#### < Banks >

- ✓ Reduce stamp discrepancy
- ✓ Burden reduction related to document delivery
- ✓ Improving efficiency of document checking, No document storage

### ● Workflow of housing loan contract

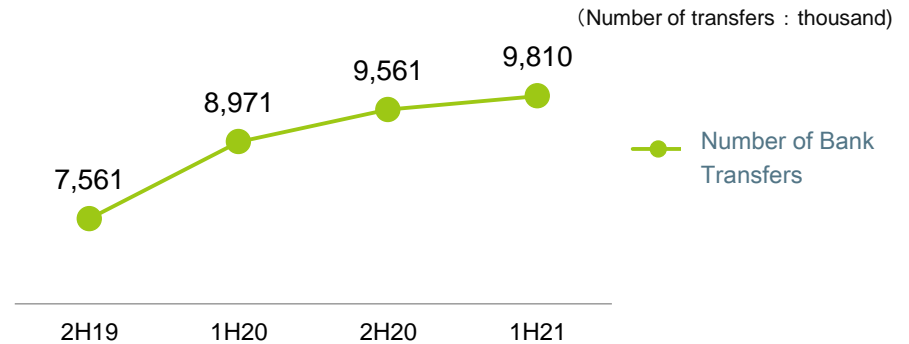
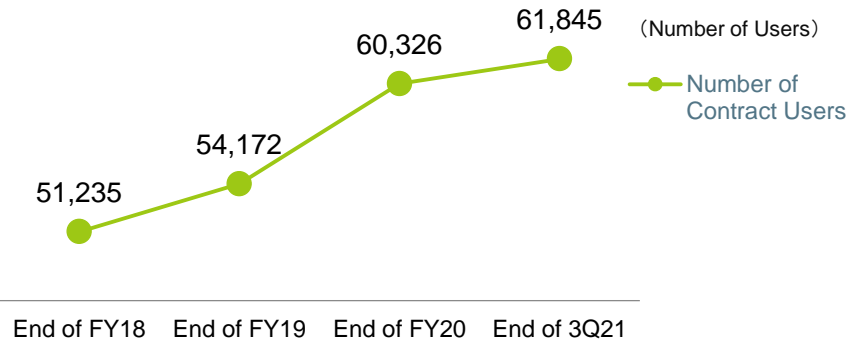


# (1) Create Growth Business Models with Local Regions

Enhancement of IT Services Utilization ~ Digitalization for Corporate Customers ~

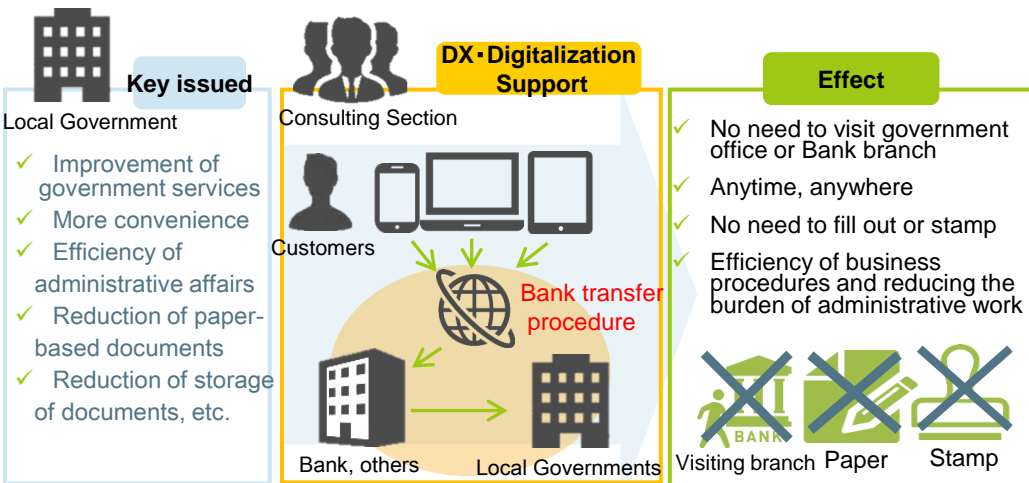
We are developing various IT and digital support services that will help our customers and regions improve operational efficiency and productivity.

## Number of Internet Banking Users and Bank Transfers by Corporate Customers



## Support for Digitalization of Local Governments

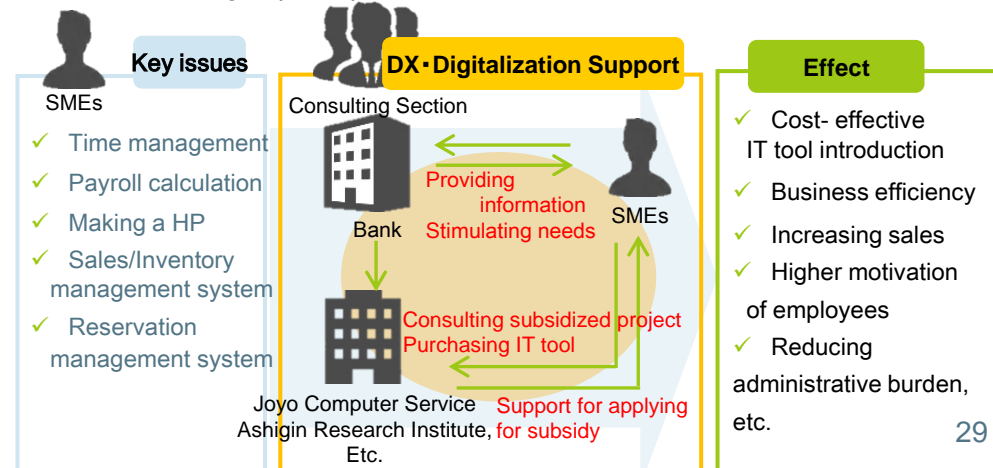
We are providing service via the internet for payment of tax and public utilities.



## Support for SMEs' Digitalization

(Utilizing IT Introduction Subsidy)

We are supporting SMEs' digitalization by utilizing "IT Introduction Subsidy" in collaboration with group companies.



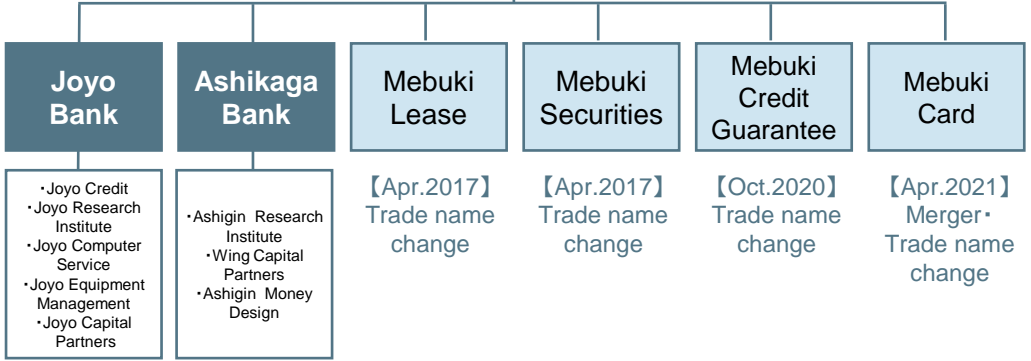
# (2) Structural Reform for Enhancement of Productivity

Group Management ~Reorganization of Group companies~

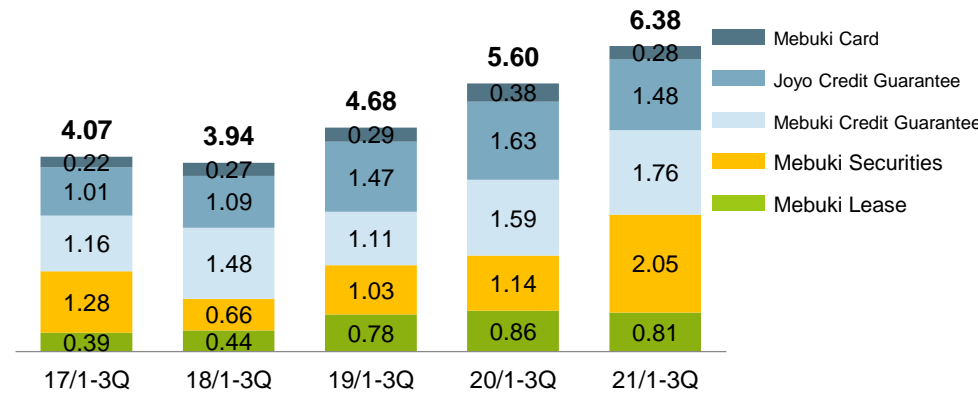
We promoted revision of overlapping functions of subsidiaries and established productive management base.  
 We strengthened collaboration with group companies as a comprehensive financial group and improved profitability.

## Group Companies

### Mebuki Financial Group

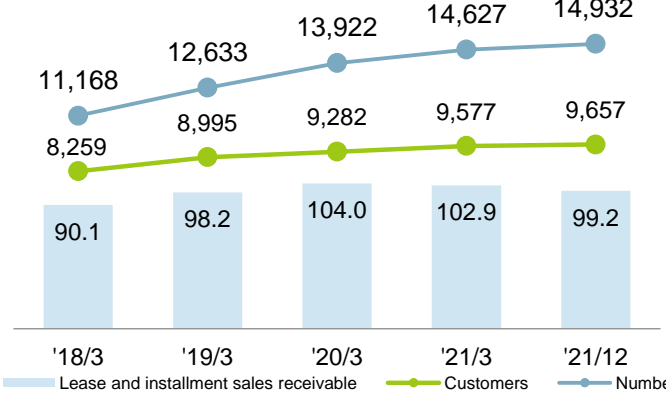


## Operating Profit by Group Companies (¥bn)



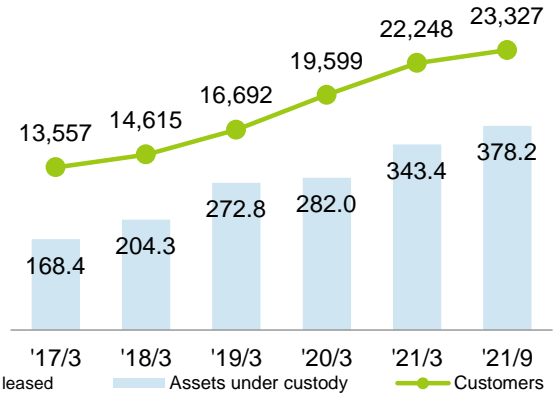
### Mebuki Lease

(Customers: Number/ Number of Car leased: Vehicles / Receivable: ¥bn)



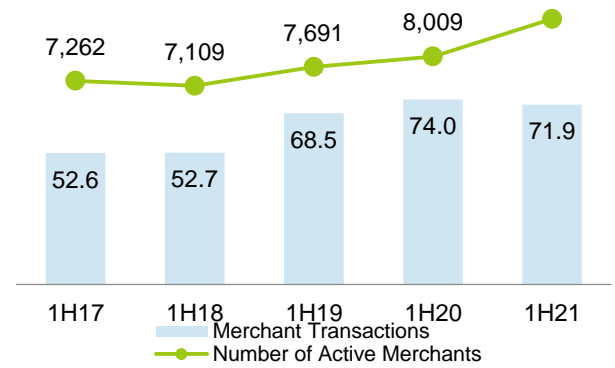
### Mebuki Securities

(Customers: Number / Assets under custody: ¥bn)



### Mebuki Card

(Number of Active Merchants at the beginning of the year / Merchant Transactions: ¥bn)



## (2) Structural Reform for Enhancement of Productivity

### Building a Highly Responsive Management Base ~ Branch Network Optimization ~

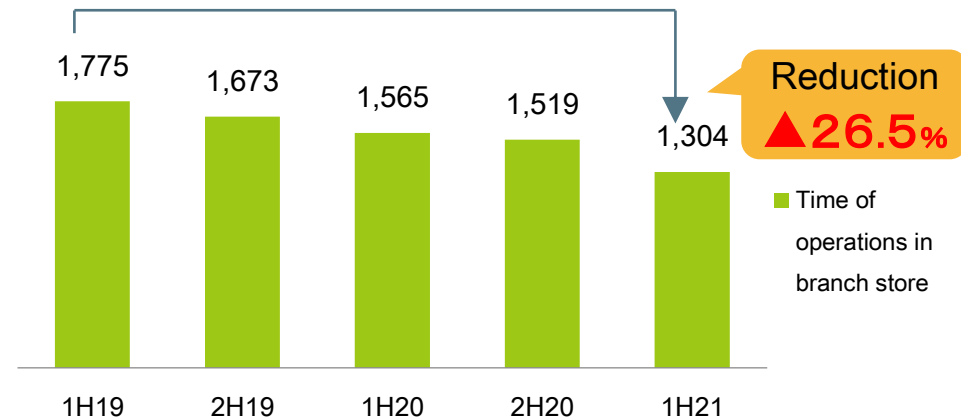
By utilizing digital technology, we have reduced administrative burden.

We are expanding the office space for consultation and providing advanced consulting services.

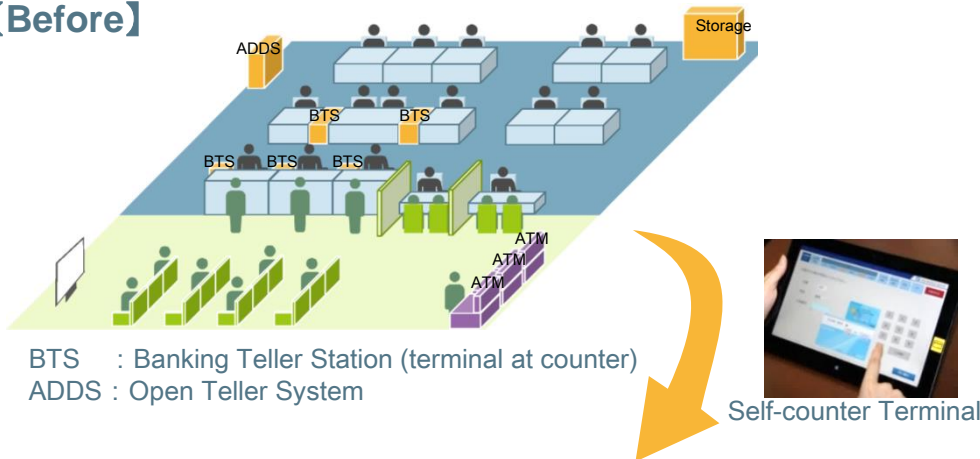
#### Streamlined Branch Store Layout (example)

#### Progress of Operational Efficiency in Branch Store

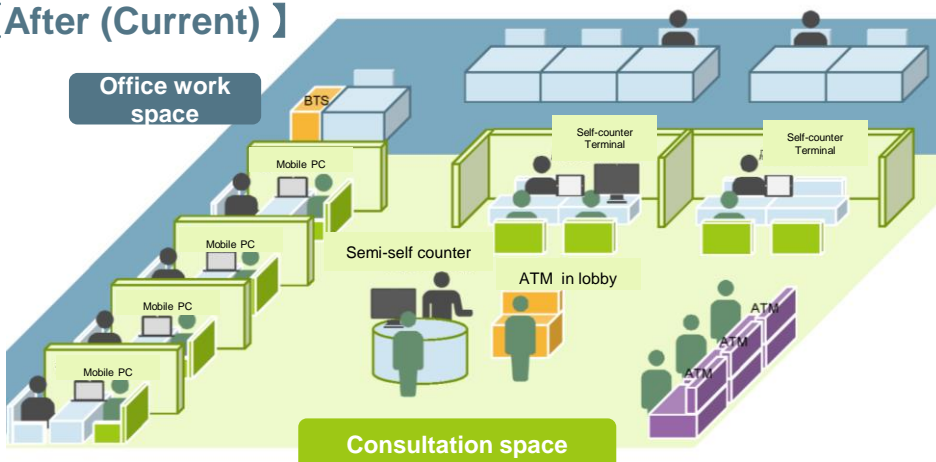
( Volume of operations : thousand hours )



#### 【Before】



#### 【After (Current)】



- Effect of Cashless, Utilization of mobile PC/Tablet
- ✓ Removal of ADDS, reduction of large number of BTSs (eliminating office work space, branch operations by small number of staff)
- ✓ No cash vault (storage) (reducing administrative burden, outsourcing cash management of ATM)
- ✓ Reducing paper-based processes (paperless, reducing the burden of customer and administrative burden)
- ✓ Expansion of space for consultation



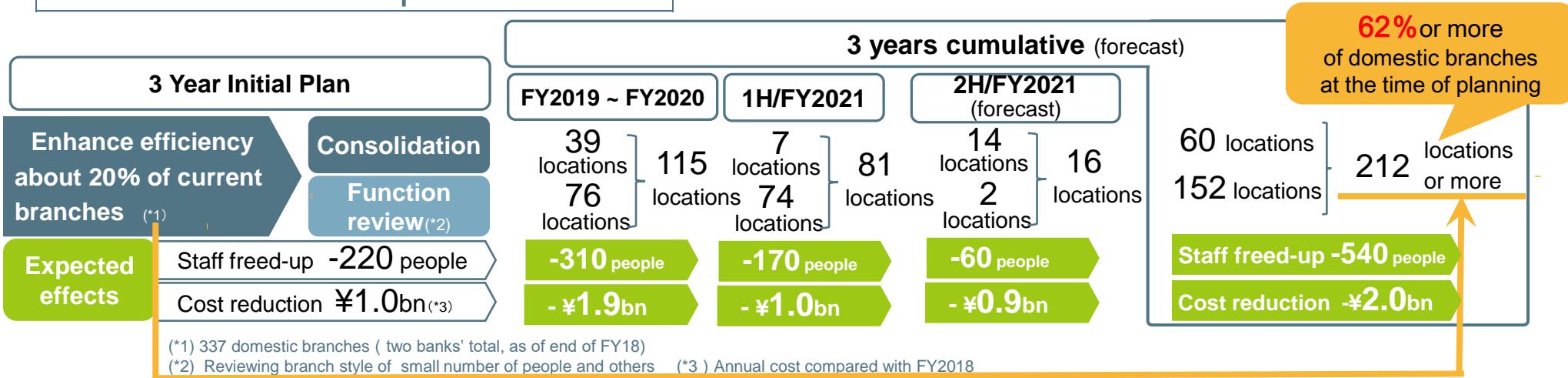
# (2) Structural Reform for Enhancement of Productivity

Establishment of productive management base ~Branch Network Optimization~

We have promoted the optimization of branch network by reviewing and streamlining on a scale and speed beyond the Medium-term Business Plan.

Therefore, we have realized freed-up staff and cost reduction ahead of schedule.

## Branch Network Optimization



## Number of Branch Offices

	Result as of FYE18	Forecast as of FYE21	change
Domestic Branch Network	337	316	-21
<b>Real branch offices</b>	313	253	-60
In-store branches (*4)	24	63	+39

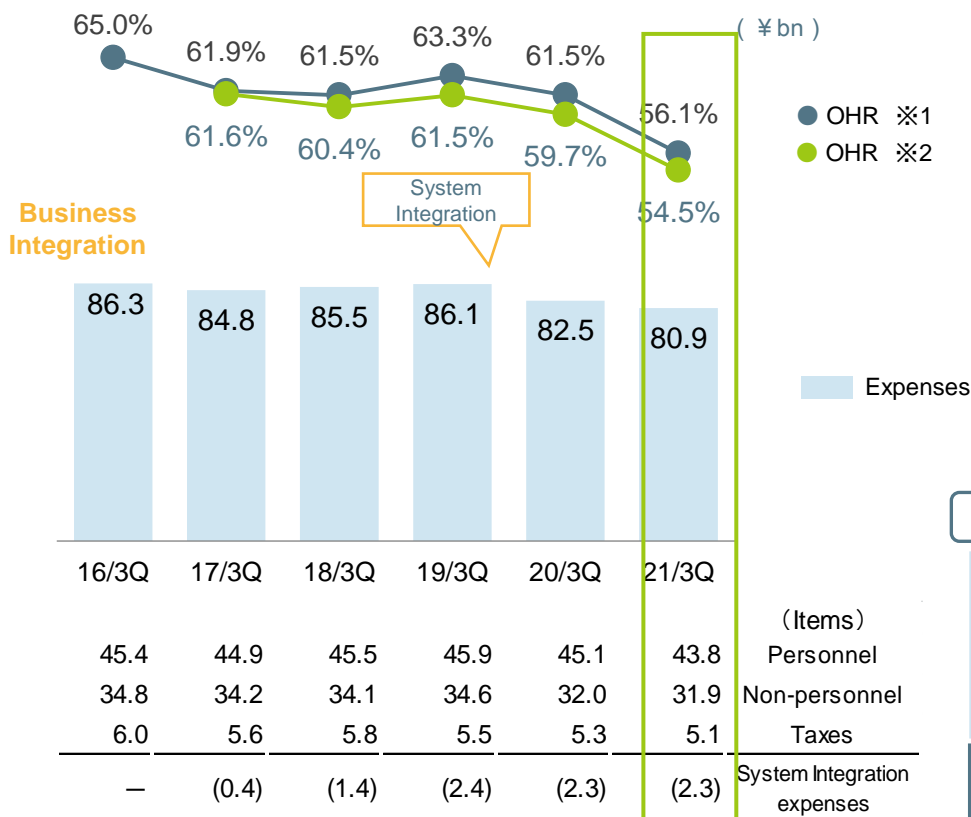
(\*4) Including virtual offices such as specialized money transfer branch, etc.)

## (2) Structural Reform for Enhancement of Productivity

Establishment of productive management base ~ Cost Reduction and Shifting Management Resources ~

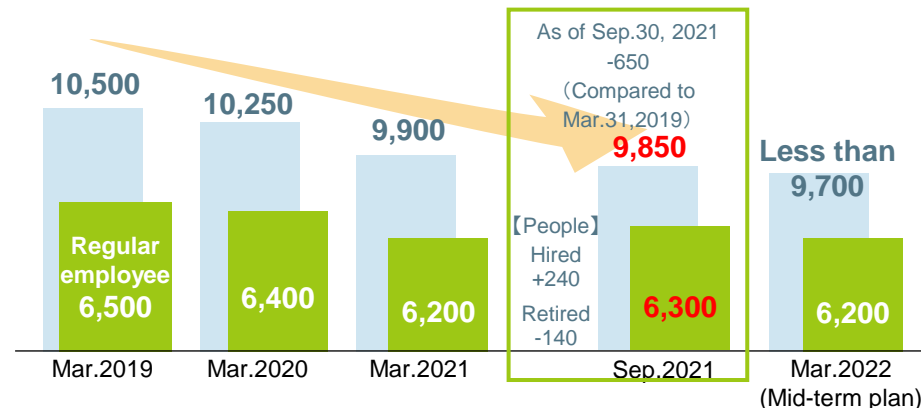
We implemented structural reform in advance and reduced total expenses more than planned. Efficiency of branch operations and streamlining of head office and group companies enhanced productivity.

### Expenses/OHR



### <Change of Total Staff>

- Efficiency of branch operations and streamlining of head office and group companies, enhanced productivity. We will reach the target of Medium-term Plan due to attrition of retirees.



### 3 Year Plan

#### Freed-up -1,000people

- Unification and rationalization of business processing and IT departments
- Consolidation of head office functions and subsidiary functions and streamlining operations
- BPR and digitization of branch office operations
- Optimizing branch networks

#### Invested +200people

- Enhancement of consulting function
- Strengthening IT planning and IT consulting
- Securities investment, structured finance, new fields

net -800people

### Achievement 1H21 (2.5 years cumulative)

#### Freed-up -850people

Invested +200people  
(Consulting field +170people)

net -650people

※1 OHR vs Core Gross Business Profit excl. gains/losses on cancellation of investment trusts  
 ※2 OHR vs Core Gross Business Profit excl. gains/losses on cancellation of investment trusts and system integration expenses

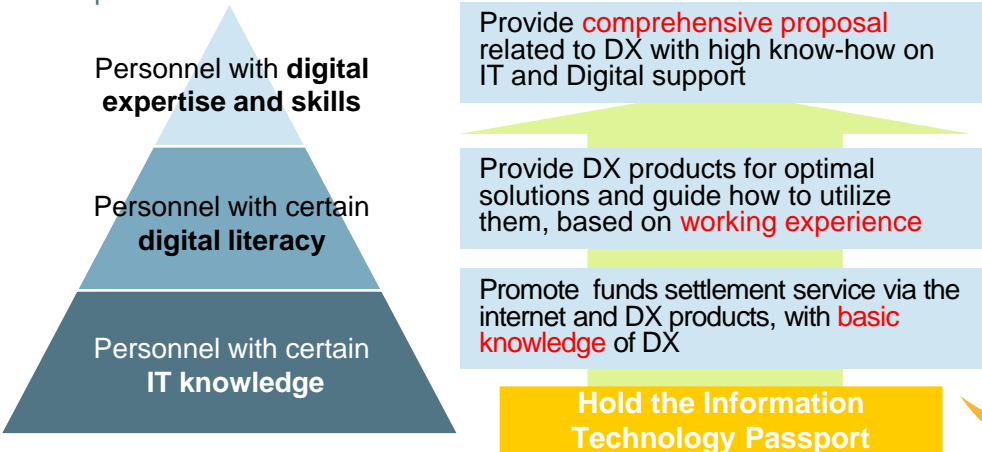
# (3) Developing Human Resources for Value Creation

## Development of Specialized Human Resources ~ Training IT/Digital Personnel ~

We are developing human resources capable of addressing our customers' potential IT/Digitalization needs and support customers' DX, including financing.

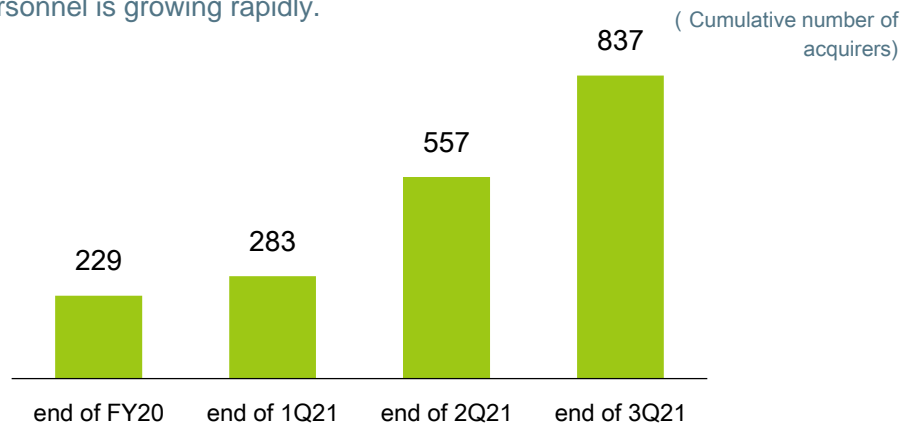
### Development of IT/Digital Personnel

- We established three (3) levels of internal qualifications according to the expected role.



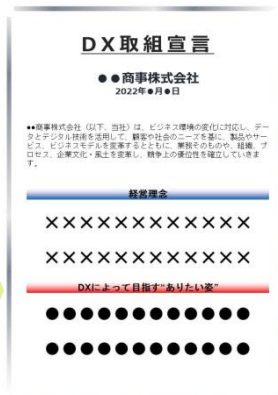
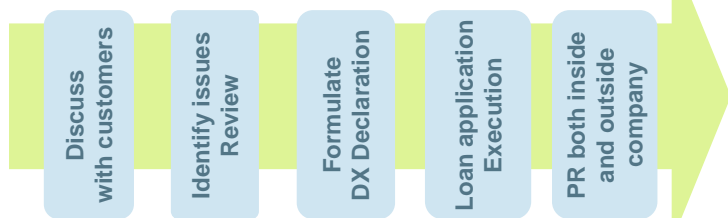
### Acquisition of "IT Passport"

- The number of "IT Passport" acquirers that are the basis for IT/digital personnel is growing rapidly.



### DX Support Loan (Joyo Bank)

- In Dec. 2021, Joyo Bank started to handle new loan product to support customers' initiatives for DX
- The Bank will upload "DX Declaration" and the customers' efforts for DX on its website and digital signage in branches.



### Certified "Smart SME Supporter"

(Ashikaga Bank)



経済産業省認定  
**Smart SME Supporter**  
第17号-21100086

- On Oct.26, 2021, Ashikaga Bank was certified as a "Smart SME Supporter".
- Through IT introduction for enhancing SME's productivity, we will support to resolve the issues and contribute to sustainable growth and development of the regional economies.

Certified first regional bank in Kanto-region

#### Content of Services Certified

- Consulting of IT implementation support
- Ashigin Internet Banking for Corporate Customers

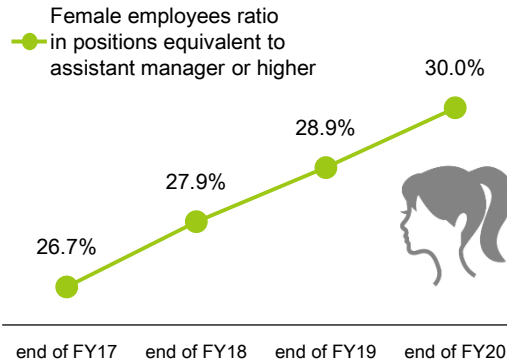
# ( 3 ) Developing Human Resources for Value Creation

## Work Style Reform / Promotion of Diversity / Expansion of Personnel Management System

We are developing an active working environment with diverse human resources to strengthen our organizational power.

### Establishment of "Diversity Promotion Office" Promoting active workplace with diverse human resources

- On Oct.1,2021, we established "Diversity Promotion Office" in each Personnel Division of Jojo and Ashikaga Bank.
- We are proactively promoting motivated and competent female employees to assistant manager or higher position.



#### Measures for Promoting Diversity

Active working environment with diverse human resources

Developing pleasant workplace

Enhancing support for career advancement / improving skills

### Support for Improving Employees' Career and Skills (Jojo Bank)

- On Oct.1,2021, Jojo Bank revised the personnel management system for the first time in about 10 years.

Vision A system to properly compensate active employees in enhancing areas regardless of age and/or gender

Vision	A system to properly compensate active employees in enhancing areas regardless of age and/or gender		
Aim	<ul style="list-style-type: none"> <li>✓ Early promotion of younger employees to higher position</li> </ul>	<ul style="list-style-type: none"> <li>✓ Treatment according to value of operations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Developing a Working environment where employees can work easily</li> </ul>
Main Revision	<ul style="list-style-type: none"> <li>✓ Abolishing general career course and integrating into career-track course</li> <li>✓ Removal of the number of years requirement for promotion to higher position</li> <li>✓ Aggregation of qualifications</li> </ul>	<ul style="list-style-type: none"> <li>✓ Development of compensation system according to difficulty and contribution</li> <li>✓ Annual salary system</li> </ul>	<ul style="list-style-type: none"> <li>✓ Introduction of work-at-home (mobile working)</li> <li>✓ Review of flexible work</li> <li>✓ Expansion of away from home and return home allowances</li> </ul>

### Providing a Pleasant Working Environment

- We are establishing systems and working environments that allow employees to work continuously in line with their life stages, such as raising children or nursing care of family.



flexible work system



Shortened work hour system (nursing care)



Conducting seminars for employees returning to the workplace from childcare leave



time-select leave



Shortened work hour system (childcare)



work-interval system

### External Evaluation



"Eruboshi" certification (3rd-level) as a company that provides superior support for women's advancement



"Platinum Kurumin" certification as a childcare support company granted by the Ministry of Health, Labor and Welfare



2021  
健康経営優良法人  
Health and productivity

Recognized as an organization under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large enterprise category)

### 3. Initiatives for achievement of SDGs/ Response to Climate Change

# Initiatives for achievement of SDGs

We will work with all of our stakeholders, including customers, shareholders, employees and business partners, to create a more prosperous regional society and aim to keep growing together with our local communities.

To achieve SDGs together with people in our local communities, we are engaged in promoting activities and providing support regarding SDGs efforts.

## Policy for SDGs Initiatives for FY2021

### 1. We will contribute to revitalize the regional economy by achieving a positive growth cycle of the regional economy through financial and consulting functions.

- We will further accelerate initiatives for revitalization of the regional economy and job creation through our support for solving the issues of our clients and communities.
- Additionally, we will implement initiatives toward the realization of a community where our customers are able to continuously live in comfort, including gerontology and enhanced financial literacy.

### 2. We will develop initiatives for climate change and environment conservation based on our support for TCFD.

- We will provide financial services contributing to environment conservation as well as consulting services including BCP measures, analyzing climate change risks, while striving to reduce environmental burden.
- Additionally, we will formulate a roadmap toward achievement of CO2 emission reduction target by fiscal 2030.

### 3. We will develop initiatives for diversity.

- By nurturing corporate culture that utilizes and develops diverse human resources and by promoting capable and motivated human resources regardless of age and gender, we will create a working environment for all employees and officers, including younger and senior generations, to work with motivation.



# Initiatives for achievement of SDGs

## ● Major initiatives through the Group's business



### Discovering and creating new business

- For the development of the regional economy, we invite people in the community to offer innovative and creative business plans, for which we provide support toward commercialization and growth.
- In FY21, we awarded 27 business plans.



Business Award ceremony

### Initiatives to revitalize the regional economy

- By making the most of the Group's wide-area network, Joyo Bank and Ashikaga Bank jointly hold various business conferences related to agriculture, food and manufacturing to help develop a market and expand economic exchange through business matching, etc. among clients.



### Identifying management issues and providing solutions for regional companies

- To support the efforts to solve management issues, we provide optimal solutions through consulting. (Business succession, SDGs consulting, etc.)



### Supporting the growth and enhanced productivity of regional companies

- We provide support for appropriate personnel placement as well as for review of personnel systems to solve issues. In addition, we offer management issue solutions utilizing personnel working side jobs.



### Initiatives based on the knowledge on gerontology

- Toward the realization of the communities where the elderly can continuously live in comfort, we are expanding our services utilizing the knowledge on gerontology. (Asset management, asset succession, etc.)



### Contributing to communities through private placement bonds with donation scheme

- A portion of the commission received when issuing private placement bonds for customers is used for donating goods to schools or organizations engaged in initiatives for SDGs of the customer's choice.



Kindergartners playing with donated toys 38

# Initiatives for achievement of SDGs

## ● Initiatives for climate change and environment conservation



### Initiatives for promoting renewable energy business

- We proactively support our clients' efforts toward the realization of a carbon-free society by providing financial support for renewable energy businesses.



### Initiatives to reduce greenhouse gas emissions

- Setting a reduction goal of CO2 emissions, the entire Group strives to reduce CO2 emissions through measures such as establishing environment-friendly branches and integrating the mail carrying system between offices and branches.



Fuel-efficient business cars

### Subsidies and donations to environment conservation groups

- To support environment conservation activities, we continue to offer subsidies and donations to organizations and groups working on environment conservation.



Kindergartners releasing juvenile fish

### Environment conservation activities

- In addition to tree-planting activities and promotion of environmental education, we make efforts to conserve the environment through reduced paper use by promoting our smartphone app and online passbook. (Tree planting, saving paper resources by promoting online passbook, etc.)



## ● Initiatives for diversity



### Promotion of diversity

- We have established "**Diversity Promotion Office**" as an organization to supervise the initiatives for promoting diversity to create a working environment where women and other diverse human resources can become more active, and to improve organizational capabilities.
- We are conducting "**Mebuki Women's Class**" in order to foster women leaders and proactively promoting capable and motivated women employees to assistant manager positions or higher.



"Mebuki Women's Class"

### Initiatives for LGBT communities

- We offer housing loans and house renovation loans, accepting same-sex partners as spouses. We include same-sex partners as loan recipients in the cases of joint liability or combining income at the time of borrowing, as we aim for a society where people can live by their own values, with their sexual orientation and gender identity being respected.



# Initiatives for achievement of SDGs

## Efforts to Support Customers' Initiatives toward Achievement of SDGs

As a customers' partner, we will expand various products and services which promote customers' proactive participation in SDGs' initiatives. Also, as a bank, we aim to make a leading and active contribution.



### Support for Corporate Customers' Initiatives

#### Recognition / Promotion

##### SDGs Initiatives Supporting Seminar

- ✓ We promote our customers' understanding and participation in SDGs

##### SDGs Simple Evaluation (\*1)

- ✓ Utilizing an original checklist, we simply evaluate the progress of SDGs by corporate customers in their business operations.

(\*1) Utilized together with loan or "SDGs Declaration Support Service".

##### SDGs Evaluation/Consulting Service

- ✓ We provide more detailed evaluation, various services for solution and consulting support.

##### SDGs Declaration Support Service

- ✓ We support to develop customer's "SDGs Declaration" and promote both inside and outside of the company.

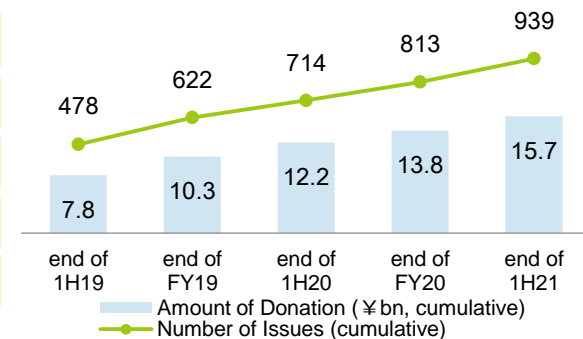


#### Practice / Transmission

##### ESG Finance

Main products	Business capital	Sustainability Linked Loan
		SDGs Support Loan
		DX Support Loan
	Green Project	Green Loan
		Green Bond

##### Private Place Bonds with Donation Scheme



### Support for Individual Customers' Initiatives

#### Support contributing to SDGs through Providing Financial Products

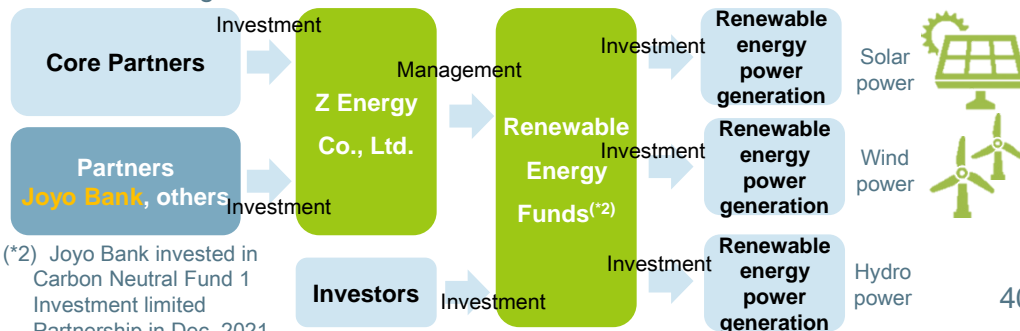
- ✓ We started handling ESG funds donated to SDGs-related businesses in Ibaraki and Tochigi Prefectures.
- ✓ We started handling carbon-free-related (decarbonization-related) equity funds.

#### Loan Products related to Environment Conservation

Joyo Bank	Eco-reform Loan ( Soden Style )
Ashikaga Bank	Reform Loan ( Related to solar power generation system with favorable interest rates )

### Establishment of Z Energy Co.,Ltd. (Joyo Bank)

- In Sept. 2021, we established a new company, Z Energy Co., Ltd.
- Through our fund management, we will promote the diffusion of renewable energy and the reduction of greenhouse gases and contribute to communities sustainable growth.



(\*2) Joyo Bank invested in Carbon Neutral Fund 1 Investment limited Partnership in Dec. 2021

# Response to Climate Change



Positioning the response to climate change as a key issue on management strategy, we will continue to implement proactive initiatives toward information disclosure in line with TCFD Recommendations and sustainable growth while centrally controlling formulation of initiative policy, planning and progress.

## Governance

- Establishment of the SDGs Committee chaired by the President and Director enabled us to put in place the system by centralizing control over formulation of initiative policy, planning and progress.
- Plans to address social issues including climate change are formulated, while their progress is reported at the SDGs Committee, which is held regularly. The deliberations of the SDGs Committee are reported at the Board of Directors meetings as well.

## Strategies

- Under the Group's philosophy, "Together with local communities, we will continue to build a more prosperous future by providing high-quality, comprehensive financial services," the Company implements initiatives for issues concerning the regional economy, communities, and environment through our business.
- Perceiving measures for climate change and environment conservation as one of the key management issues, we will work on reducing environmental burden through providing comprehensive financial services and conducting business activities.
- We, as a community-based financial institution, will also make efforts to realize sustainable communities, involving the whole community, through consulting services concerning climate change risks of our customers.
- Furthermore, to clarify our stance for initiatives concerning investments and loans for particular sectors that are considered greatly influential to the environment including climate change and to society such as coal-fired power generation, deforestation, palm oil plantation development, cluster munitions manufacturing, human rights violations, and forced labor, we have set the "Environmentally and Socially Friendly Investments and Loans Policy" and strive to control such investments and loans.
- We will further accelerate our initiatives toward the communities' sustainable growth including climate change and environment conservation, while seeking to analyze several scenarios about risks and opportunities of climate change.

## Risk Management

- With a recognition that climate change risks could cause great impact on the Group's business operations, strategies, and financial plans, we will make efforts to establish a system where those risks are manageable within an integrated risk management framework.

## Indicators and Targets

- We have set the target for CO2 emission reduction for domestic offices to "reduce by 30% or more by FY2030 compared with FY2013 (\*1).
- We have achieved a 24.9% reduction of CO2 emissions in FY2020 (\*2), compared with FY2013.

\*1 In FY2021, we start formulating a roadmap toward achievement of CO2 emission reduction target for FY 2030.

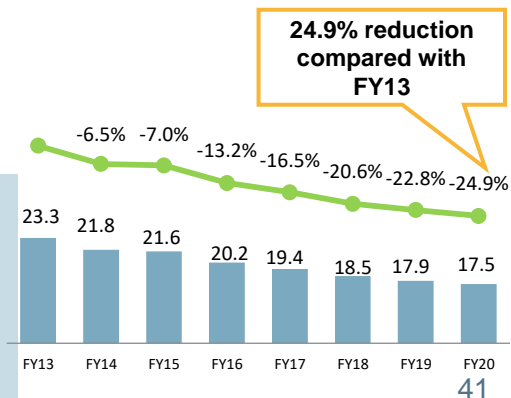
\*2 Total CO2 emissions of Scope 1 + Scope 2 of Joyo Bank + Ashikaga Bank, calculated based on the reporting standards stipulated in the Energy Efficiency Act.

### <Strengthening initiatives to reduce greenhouse gas emissions>

- We will strengthen our initiatives for reduction of CO2 emissions at the group-wide level, setting the reduction target of "30% or more of CO2 emissions at domestic offices by FY2030 compared with FY2013."

### <CO2 emissions of the Group>

■ CO2 emissions (Bank Total) ktCO<sub>2</sub>  
● Reduction toward to FY13



#### Establishment of environment-friendly branches

- Switching to energy-saving air-conditioning
- Switching to LED bulbs at branches Installing solar power generation system at new branches
- Switching to fuel-efficient business cars
- Integrating the mail carrying system between offices and branches

# Response to Climate Change



We will continue to implement proactive support for customers' efforts seeking the achievement of a sustainable environment and society, by providing renewable energy-related loans for reducing climate change risks and through our environment conservation activities. Further, we will appropriately act for reducing and avoiding negative impacts based on the "Environmentally and Socially Friendly Investments and Loans Policy".

## Major Initiatives for Environment Conservation

### <Initiatives for promoting renewable energy business >

- We proactively support our customers seeking the realization of a carbon-free society by providing financial support for renewable energy business projects such as solar power generation, biomass power generation, and wind power generation.

< Balance of investments and loans related to renewable energy (Bank total) >

Loans	¥195.7bn
Solar power	¥175.7bn
Others (biomass power, wind power, etc.)	¥20.0bn
Investments	¥12.3bn
Total investments and loans balance	¥208.1bn

### <Subsidies for environment conservation groups, etc.>

- Utilizing the mechanism of charitable trust, we grant subsidies to organizations and groups working on environment conservation.

<Subsidies through charitable trust (Cumulative total)>

Number	Amount of Subsidies	Number of cedar trees owned
1,484	159.99 million yen	80

### <Environment conservation activities>

- We have conducted tree-planting and other activities in order to pass our communities' beautiful and sound forests on to the next generation. We are also making efforts to protect limited natural resources by promoting the use of smartphone apps and online passbooks in efforts to save paper.

### <Support for the 21st Century Financial Behavior Principles>

- Supporting the 21st Century Financial Behavior Principles, which was adopted in December 2011 in order for financial institutions in the banking, securities, and insurance industries to work together on expanding environmental finance initiatives, we make efforts toward the formation of a sustainable society.



## Environmentally and Socially Friendly Investments

- Concerning investments and loans to particular sectors that could cause great impact on the environment and society, we will appropriately act based on the "Environmentally and Socially Friendly Investments and Loans Policy".

### 1. Coal-fired power plants

In principle, we will not engage in investments and loans for newly established coal-fired power plants. (However, exceptions may be considered where taking into account background or characteristics of each project such as overall power generation efficiency, impacts on environment and local communities, etc., based on international guidelines.)

### 2. Deforestation

Investment decisions for deforestation operations will be made after careful consideration of the status of acquisition of international certifications by FSC or PEFC, environmental considerations and conflicts with local communities.

### 3. Palm oil plantation development

Investment decisions for palm oil plantation development will be made after careful consideration of the status of acquisition of international certifications by RSPO, environmental considerations, and conflicts with local communities.

### 4. Cluster munitions manufacturing

In view of the inhumane nature of cluster munitions, we prohibit investments and loans for businesses that manufacture cluster munitions, regardless of the use of the funds.

### 5. Human rights violations, forced labor, etc.

We prohibit investments and loans for businesses that violate the principles of international human rights standards such as child labor and forced labor.

## 【Reference】 Financial Data for 3Q21

## 【Data】 Breakdown of Banking subsidiaries

### ( 1 ) P/L for 3H21

	( ¥ b n )						
	J+A	YoY	Joyo	YoY	Ashikaga	YoY	
Gross business profit	141.2	+2.0	80.3	-0.4	60.8	+2.4	
(Core Gross business profit)	144.8	+4.4	83.4	+2.2	61.4	+2.2	
Net interest income	117.3	+1.0	67.2	-0.2	50.1	+1.3	
o/w Gains/losses on Cancellation of Private Offering Investment Trusts	0.7	-5.2	0.7	-3.8	0.0	-1.4	
Net fees and commissions	25.6	+2.8	14.8	+1.9	10.8	+0.9	
Net other business income and Net trading income	-1.8	-1.8	-1.7	-2.1	-0.0	+0.2	
(o/w gains/losses on bond transactions)	-3.6	-2.4	-3.0	-2.6	-0.5	+0.2	
Expenses	80.9	-1.6	45.3	-1.1	35.5	-0.5	
o/w Personnel expenses	43.8	-1.3	24.6	-0.4	19.2	-0.8	
o/w Non-personnel expenses	31.9	-0.1	17.8	-0.5	14.0	+0.4	
Net business income (before general allowance for loan losses)	60.3	+3.7	34.9	+0.6	25.3	+3.0	
Core net business income	63.9	+6.1	38.0	+3.3	25.8	+2.8	
Core net Business Income ( exclu. Gains/losses on Cancellation of Investment Trusts )	63.1	+11.4	37.2	+7.1	25.8	+4.2	
Net transfer to general allowance for loan losses (a)	0.6	-0.1	-0.1	-0.6	0.8	+0.5	
Net business income	59.6	+3.8	35.0	+1.3	24.5	+2.5	
Net non-recurrent gains/losses	-5.5	+6.7	-0.9	+5.1	-4.5	+1.6	
o/w Disposal of non-performing loans (b)	9.9	-2.8	5.0	-1.6	4.8	-1.1	
o/w Gains/losses related to stocks, etc	3.4	+1.5	3.2	+0.9	0.1	+0.5	
Ordinary profit	54.0	+10.6	34.1	+6.4	19.9	+4.1	
Extraordinary income/losses	-3.6	-6.9	-3.5	-2.8	-0.0	-4.1	
Net income	35.8	+2.9	21.8	+4.1	14.0	-1.2	
Credit related costs (a)+(b)	10.5	-3.0	4.9	-2.3	5.6	-0.6	

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

	FY18	FY19	FY20	3Q21	YoY	3Q20	
J+A	Domestics	1.03%	0.99%	0.96%	0.94%	-0.02%	0.96%
	Overseas	2.92%	2.67%	1.29%	1.02%	-0.35%	1.37%
	Total	1.06%	1.02%	0.96%	0.94%	-0.02%	0.96%
Joyo	Domestics	1.00%	0.97%	0.93%	0.91%	-0.01%	0.93%
	Overseas	2.95%	2.69%	1.30%	1.02%	-0.36%	1.38%
	Total	1.04%	1.01%	0.94%	0.92%	-0.02%	0.94%
Ashikaga	Domestics	1.07%	1.02%	0.99%	0.96%	-0.02%	0.99%
	Overseas	2.67%	2.48%	1.19%	0.95%	-0.28%	1.24%
	Total	1.08%	1.03%	0.99%	0.96%	-0.02%	0.99%

## 【Data】 Breakdown of Banking subsidiaries

( 3 ) Loans Term-end Balance		( ¥ b n )					
		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A	Individual	4,674.8	4,795.9	4,924.8	5,017.0	+130.9	4,886.0
	Corporate	5,139.1	5,181.3	5,369.6	5,329.7	-20.2	5,350.0
	Public	1,038.2	980.2	983.7	844.5	-54.9	899.5
	Total	10,852.3	10,957.5	11,278.1	11,191.3	+55.7	11,135.6
Joyo	Individual	2,570.2	2,624.6	2,687.7	2,725.4	+55.6	2,669.8
	Corporate	2,974.3	3,002.6	3,103.0	3,077.0	-25.0	3,102.0
	Public	650.7	612.8	562.7	517.6	-71.8	589.4
	Total	6,195.3	6,240.1	6,353.6	6,320.1	-41.2	6,361.4
Ashikaga	Individual	2,104.6	2,171.3	2,237.0	2,291.5	+75.3	2,216.1
	Corporate	2,164.8	2,178.6	2,266.5	2,252.7	+4.7	2,247.9
	Public	387.5	367.4	420.9	326.9	+16.8	310.0
	Total	4,657.0	4,717.3	4,924.5	4,871.1	+96.9	4,774.2

\*Excluding borrowing from special account of MoF

Foreign Currency Denominated Loans		( ¥ b n )					
		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A		145.8	164.2	162.6	156.3	+1.8	154.4
Joyo		126.8	146.8	150.0	145.4	+4.4	141.0
Ashikaga		19.0	17.3	12.6	10.8	-2.6	13.4

( 4 ) Loans Individual Housing Related Loans Term-end Balance		( ¥ b n )					
		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A	Housing Loans	3,396.3	3,546.5	3,711.7	3,829.9	+162.1	3,667.7
	Apartment Loans	958.5	933.6	902.3	875.6	-33.1	908.7
	Asset building loans	2.9	2.8	2.6	2.4	-0.1	2.6
	Total	4,357.9	4,483.0	4,616.7	4,708.0	+128.8	4,579.1
Joyo	Housing Loans	1,640.6	1,719.5	1,809.7	1,871.9	+84.9	1,786.9
	Apartment Loans	769.1	748.6	722.8	698.4	-30.5	728.9
	Asset building loans	2.9	2.8	2.6	2.4	-0.1	2.6
	Total	2,412.7	2,471.1	2,535.1	2,572.8	+54.1	2,518.6
Ashikaga	Housing Loans	1,755.7	1,826.9	1,902.0	1,957.9	+77.2	1,880.7
	Apartment Loans	189.3	185.0	179.5	177.2	-2.5	179.7
	Asset building loans	-	-	-	-	-	-
	Total	1,945.1	2,011.9	2,081.5	2,135.1	+74.6	2,060.5

( 5 ) Unsecured Loans Term-end Balance		( ¥ b n )					
		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A	Car Loans	46.7	52.0	63.3	69.6	+9.5	60.1
	Educational Loans	39.0	42.5	43.4	44.2	+1.7	42.5
	Free Loans	9.1	9.8	9.1	9.3	+0.3	9.0
	Card Loans	65.0	65.4	61.2	61.4	+0.5	60.9
	Total	160.0	169.9	177.1	184.7	+12.0	172.6
Joyo	Car Loans	32.2	35.2	45.4	49.9	+7.0	42.9
	Educational Loans	31.9	34.0	34.3	34.6	+1.0	33.6
	Free Loans	2.2	3.5	3.6	3.8	+0.2	3.5
	Card Loans	26.5	26.0	23.7	24.0	+0.5	23.5
	Total	93.0	98.8	107.1	112.5	+8.8	103.7
Ashikaga	Car Loans	14.5	16.8	17.8	19.6	+2.4	17.2
	Educational Loans	7.0	8.5	9.1	9.5	+0.7	8.8
	Free Loans	6.8	6.2	5.4	5.5	+0.0	5.5
	Card Loans	38.4	39.4	37.5	37.4	-0.0	37.4
	Total	66.9	71.0	70.0	72.1	+3.1	68.9

( 6 ) Loans Corporate Term-end Balance by Company Size		( ¥ b n )					
		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A	Large	1,633.7	1,635.4	1,688.2	1,665.1	-17.9	1,683.1
	Medium/SMEs	3,505.4	3,545.9	3,681.3	3,664.6	-2.3	3,666.9
	Total	5,139.1	5,181.3	5,369.6	5,329.7	-20.2	5,350.0
Joyo	Large	1,159.1	1,165.1	1,220.6	1,209.4	-12.7	1,222.1
	Medium/SMEs	1,815.1	1,837.4	1,882.3	1,867.6	-12.2	1,879.8
	Total	2,974.3	3,002.6	3,103.0	3,077.0	-25.0	3,102.0
Ashikaga	Large	474.5	470.2	467.6	455.7	-5.1	460.9
	Medium/SMEs	1,690.2	1,708.4	1,798.9	1,796.9	+9.9	1,787.0
	Total	2,164.8	2,178.6	2,266.5	2,252.7	+4.7	2,247.9

( 7 ) Loans Corporate Term-end Balance by Area		( ¥ b n )					
		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A	Tokyo	1,908.8	1,967.5	2,021.9	1,989.7	-12.1	2,001.8
	Local	3,230.3	3,213.8	3,347.6	3,340.0	-8.1	3,348.1
	Total	5,139.1	5,181.3	5,369.6	5,329.7	-20.2	5,350.0
Joyo	Tokyo	1,378.3	1,422.6	1,484.1	1,460.6	-18.5	1,479.1
	Local	1,596.0	1,579.9	1,618.9	1,616.4	-6.4	1,622.9
	Total	2,974.3	3,002.6	3,103.0	3,077.0	-25.0	3,102.0
Ashikaga	Tokyo	530.5	544.8	537.8	529.1	+6.3	522.7
	Local	1,634.2	1,633.8	1,728.7	1,723.5	-1.6	1,725.2
	Total	2,164.8	2,178.6	2,266.5	2,252.7	+4.7	2,247.9

## 【Data】 Breakdown of Banking subsidiaries

### ( 8 ) Deposits Term-end Balance ( ¥ b n )

		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A	Individual	10,362.7	10,685.0	11,400.1	11,845.8	+429.6	11,416.2
	Corporate	3,325.5	3,364.1	3,887.4	3,962.7	+52.9	3,909.8
	Public	750.1	737.3	969.9	735.6	+140.4	595.1
	Total	14,438.3	14,786.5	16,257.4	16,544.2	+623.0	15,921.2
Joyo	Individual	6,440.1	6,633.6	7,053.1	7,311.0	+242.9	7,068.0
	Corporate	1,835.4	1,880.3	2,136.5	2,146.0	+34.5	2,111.5
	Public	453.6	459.2	515.8	472.1	+103.4	368.7
	Total	8,729.1	8,973.1	9,705.5	9,929.1	+380.9	9,548.2
Ashikaga	Individual	3,922.5	4,051.4	4,346.9	4,534.8	+186.6	4,348.2
	Corporate	1,490.1	1,483.8	1,750.8	1,816.7	+18.4	1,798.2
	Public	296.5	278.1	454.1	263.4	+37.0	226.4
	Total	5,709.2	5,813.4	6,551.9	6,615.0	+242.0	6,372.9

### Foreign Currency Deposit ( ¥ b n )

		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A		306.0	219.7	180.0	193.3	-20.6	214.0
Joyo		222.6	176.4	151.9	160.1	-25.0	185.1
Ashikaga		83.3	43.2	28.0	33.1	+4.3	28.8

### ( 9 ) Customer Assets under Custody Balance ( ¥ b n )

		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
Group total	Investment trusts	556.1	463.7	547.7	625.7	+106.9	518.8
	Insurance	817.2	812.6	829.0	848.7	+28.2	820.5
	Foreign currency deposits	218.5	166.1	146.0	150.3	-25.3	175.7
	JGB etc.	173.6	156.2	162.4	158.4	-3.5	162.0
	Mebuki Securities	272.8	282.0	343.4	404.9	+58.5	346.4
	Total	2,038.3	1,880.9	2,028.7	2,188.3	+164.7	2,023.5
	Joyo						
Joyo	Investment trusts	263.3	214.7	249.8	298.8	+64.8	233.9
	Insurance	465.6	471.9	488.5	500.8	+20.4	480.4
	Foreign currency deposits	135.5	122.9	117.9	117.1	-29.7	146.9
	JGB etc.	118.5	104.1	108.2	105.3	-2.1	107.5
Total	983.1	913.8	964.6	1,022.2	+53.4	968.8	
Ashikaga	Investment trusts	292.8	249.0	297.8	326.8	+42.0	284.8
	Insurance	351.5	340.6	340.5	347.9	+7.8	340.0
	Foreign currency deposits	82.9	43.2	28.0	33.1	+4.3	28.8
	JGB etc.	55.0	52.1	54.2	53.1	-1.3	54.5
	Total	782.4	685.0	720.6	761.1	+52.8	708.3

### ( 10 ) Customer Assets under Custody Commissions ( ¥ b n )

		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
Group Total	Investment trusts(*1)	5.69	5.91	6.22	6.26	+1.99	4.26
	Insurance(*2)	4.67	4.26	3.25	2.52	+0.12	2.40
	Foreign currency deposits	0.98	0.68	0.55	0.32	-0.04	0.37
	JGB etc.	0.04	0.08	0.06	0.01	-0.03	0.05
	Financial instrument intermediary service	0.49	0.72	1.13	0.98	+0.44	0.53
	Total	13.84	14.66	14.93	13.26	+3.40	9.85
Joyo	Investment trusts(*1)	2.63	2.83	2.93	3.21	+1.18	2.03
	Insurance(*2)	2.12	2.61	2.06	1.51	-0.09	1.61
	Foreign currency deposits	0.70	0.50	0.39	0.17	-0.09	0.26
	JGB etc.	0.03	0.05	0.05	0.01	-0.03	0.04
	Financial instrument intermediary service	0.27	0.43	0.75	0.74	+0.44	0.29
	Total	5.77	6.44	6.20	5.66	+1.40	4.25
Ashikaga	Investment trusts(*1)	3.06	3.08	3.29	3.04	+0.81	2.23
	Insurance(*2)	2.55	1.64	1.18	1.00	+0.21	0.79
	Foreign currency deposits	0.28	0.18	0.15	0.15	+0.05	0.10
	JGB etc.	0.00	0.02	0.01	0.00	-0.00	0.01
	Financial instrument intermediary service	0.22	0.29	0.38	0.24	+0.00	0.24
	Total	6.12	5.22	5.02	4.45	+1.07	3.37

\* 1 : Sales commission+ Trust fee

\* 2 : Excl. executive life insurance

### ( 11 ) Fees from Corporate Customers ( ¥ b n )

		FY18	FY19	FY20	3Q21	YoY	3Q20
J+A	Credit Related	7.57	8.20	7.55	5.06	-0.10	5.17
	Consulting Related	2.02	1.44	1.88	2.22	+1.07	1.15
	total	9.59	9.65	9.44	7.29	+0.96	6.33
Joyo	Credit Related	4.14	4.24	4.03	2.95	+0.15	2.80
	Consulting Related	1.14	0.80	1.18	1.50	+0.76	0.74
	total	5.28	5.05	5.21	4.45	+0.91	3.54
Ashikaga	Credit Related	3.42	3.95	3.52	2.11	-0.26	2.37
	Consulting Related	0.88	0.64	0.70	0.72	+0.31	0.41
	total	4.30	4.60	4.22	2.83	+0.05	2.78

## 【Data】 Breakdown of Banking subsidiaries

( 12 ) Securities Balance(Balance Sheet Amount) ( ¥ bn )

		FYE18	FYE19	FYE20	Dec-21	YoY
Mebuki FG (Consolidated)	Domestic bonds	2,436.8	2,359.4	2,510.6	2,602.0	+91.3
	Foreign bonds	829.6	831.6	959.5	959.7	+0.2
	Stocks	280.2	226.0	265.8	250.0	-15.8
	Investment trusts,etc.	799.8	658.9	597.2	721.7	+124.4
	Total	4,346.6	4,076.1	4,333.2	4,533.4	+200.2
Joyo	Domestic bonds	1,812.4	1,746.7	1,822.0	1,902.9	+80.9
	Foreign bonds	513.2	505.3	595.5	591.8	-3.6
	Stocks	243.4	197.2	233.1	220.7	-12.4
	Investment trusts,etc.	456.7	388.1	373.9	452.8	+78.9
Total	3,025.9	2,837.4	3,024.6	3,168.4	+143.8	
Ashikaga	Domestic bonds	610.9	600.3	679.1	690.3	+11.1
	Foreign bonds	316.3	326.3	364.0	367.8	+3.8
	Stocks	72.4	64.2	39.1	35.6	-3.5
	Investment trusts,etc.	338.7	266.7	219.1	264.7	+45.5
	Total	1,338.4	1,257.5	1,301.5	1,358.5	+56.9

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

		FYE18	FYE19	FYE20	Dec-21	YoY
Mebuki FG (Consolidated)	Stocks	136.2	86.9	139.4	132.9	-6.5
	Domestic bonds	21.1	9.2	2.4	4.9	+2.4
	Investment trusts,etc.	7.2	-21.3	33.1	59.3	+26.2
	Foreign bonds	10.3	24.3	35.6	29.7	-5.9
	Total	174.9	99.1	210.7	227.0	+16.2
Joyo	Stocks	128.0	85.1	127.5	123.3	-4.2
	Domestic bonds	19.3	9.0	3.0	5.0	+1.9
	Investment trusts,etc.	12.6	-8.3	26.0	44.2	+18.1
	Foreign bonds	10.4	12.8	15.0	12.4	-2.6
Total	170.5	98.7	171.7	185.0	+13.3	
Ashikaga	Stocks	28.4	20.8	25.0	22.8	-2.1
	Domestic bonds	15.7	11.5	8.5	7.3	-1.1
	Investment trusts,etc.	-2.3	-10.6	8.5	16.3	+7.8
	Foreign bonds	2.8	13.8	22.4	18.7	-3.7
Total	44.6	35.6	64.5	65.3	+0.8	

( 14 ) Strategic shareholdings (Balance) ( ¥ bn )

		FYE18	FYE19	FYE20	Dec-21	YoY
J+A	Balance	125.5	114.0	98.5	77.9	-20.5
Joyo	Balance	110.7	99.7	84.7	65.6	-19.1
Ashikaga	Balance	14.8	14.3	13.8	12.3	-1.4

( 15 ) Gains/Losses on Securities ( ¥ bn )

		FY18	FY19	FY20	3Q21	YoY	3Q20
J+A	Stocks	-10.7	-2.0	-6.2	-3.6	-2.4	-1.1
	Domestic bonds	10.7	0.4	10.0	3.4	+1.5	1.9
	Investment trusts,etc.	11.6	7.3	6.8	0.7	-5.2	6.0
	Total	11.6	5.6	10.6	0.6	-6.2	6.8
Joyo	Stocks	-7.3	-0.9	-3.9	-3.0	-2.6	-0.4
	Domestic bonds	12.4	0.6	9.1	3.2	+0.9	2.2
	Investment trusts,etc.	1.6	5.2	4.9	0.7	-3.8	4.6
	Total	6.7	4.8	10.1	0.9	-5.5	6.5
Ashikaga	Stocks	-3.3	-1.1	-2.3	-0.5	+0.2	-0.7
	Domestic bonds	-1.7	-0.1	0.9	0.1	+0.5	-0.3
	Investment trusts,etc.	9.9	2.0	1.9	0.0	-1.4	1.4
	Total	4.8	0.8	0.4	-0.3	-0.6	0.3



## 【Data】 Breakdown of Banking subsidiaries

(16) Expenses		( ¥ bn )					
		FY18	FY19	FY20	3Q21	YoY	3Q20
J+A	Personnel	60.6	61.2	59.9	43.8	-1.3	45.1
	Non-Personnel	46.1	46.7	43.4	31.9	-0.1	32.0
	Taxes	7.3	7.0	6.8	5.1	-0.1	5.3
	Total	114.1	115.0	110.1	80.9	-1.6	82.5
Joyo	Personnel	33.8	33.5	33.2	24.6	-0.4	25.0
	Non-Personnel	27.7	26.8	24.7	17.8	-0.5	18.4
	Taxes	3.8	3.8	3.7	2.8	-0.0	2.9
	Total	65.3	64.2	61.7	45.3	-1.1	46.5
Ashikaga	Personnel	26.8	27.6	26.6	19.2	-0.8	20.0
	Non-Personnel	18.4	19.9	18.6	14.0	+0.4	13.6
	Taxes	3.5	3.1	3.0	2.2	-0.1	2.3
	Total	48.8	50.7	48.4	35.5	-0.5	36.0

( 17 ) Credit related cost		( ¥ bn )					
		FY18	FY19	FY20	3Q21	YoY	3Q20
J+A		9.3	19.0	22.4	10.5	-3.0	13.6
Joyo		4.2	10.1	12.0	4.9	-2.3	7.3
Ashikaga		5.0	8.8	10.3	5.6	-0.6	6.2

( 18 ) Disclosed Claims under the Financial Revitalization Law		( ¥ b n )					
		FYE18	FYE19	FYE20	Dec-21	YoY	
Mebuki	Bankrupt claims		15.9	12.7	10.3	13.2	+2.9
FG	Doubtful claims		125.1	129.0	143.2	149.3	+6.1
(Consolidated)	Requiring monitoring claims		32.2	27.9	27.4	28.6	+1.1
	Total		173.3	169.8	181.0	191.2	+10.2
Joyo	Bankrupt claims		6.1	5.7	5.5	5.5	-0.0
	Doubtful claims		66.4	69.9	78.0	83.7	+5.6
	Requiring monitoring claims		17.5	12.5	13.0	13.1	+0.1
	Total		90.2	88.2	96.7	102.3	+5.6
Ashikaga	Bankrupt claims		8.7	5.8	4.0	7.2	+3.2
	Doubtful claims		58.5	59.0	65.0	65.6	+0.5
	Requiring monitoring claims		14.7	15.4	14.4	15.5	+1.0
	Total		81.9	80.2	83.5	88.3	+4.8

( 19 ) Non-accrual delinquent loans ( to Business ) (1 month or more)		( ¥ bn )					
		FYE18	FYE19	FYE20	Dec-21	YoY	Dec-20
J+A		0.5	1.2	2.0	3.3	+0.0	3.2
Joyo		0.3	0.3	0.0	1.8	+1.2	0.5
Ashikaga		0.2	0.9	2.0	1.4	-1.2	2.6

## Inquiries

Mebuki Financial Group, Inc. Corporate Planning Department

TEL +81-29-300-2600

E-mail [ir@mebuki-fg.co.jp](mailto:ir@mebuki-fg.co.jp)

URL <https://www.mebuki-fg.co.jp/>



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