

Mebuki Financial Group, Inc.

Financial Results for FY2021 (IR Presentation Material)



1. Main Points of FY2021/ Summary of Second Medium-Term Business Plan

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1. Main Points of FY 2021 Summary of Second Medium-term Business Plan

Highlights

Results for FY21

	Results for FY21	YoY Change	compared to Forecast
Consolidated net income ^(*1)	¥42.9bn	+¥6.4bn	+¥4.9bn
Core net business income ^(*2) (Banks' total)	¥84.2bn	+¥14.8bn	-
Credit related costs (Banks' total)	¥19.6bn	-¥2.8bn	-¥0.3bn

- Consolidated net income^(*1) was ¥42.9 bn (+¥6.4 bn YoY).
- Core net business income^(*2), indicating the profitability in core business, increased by ¥14.8bn 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.
- Credit related costs were ¥19.6bn, decreasing by ¥2.8bn YoY.

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

Forecast for FY22

	Forecast for FY22	YoY Change
Consolidated net income ^(*3)	¥45.0bn	+¥2.0bn

- We expect forecast for FY22 based on currently available information.
- If the circumstances change, we will immediately revise the forecast as necessary.

(*3) Attributable to owners of the parent

Main Points of FY21 Financial Results

Mebuki FG (Consolidated)

	FY21 (¥bn)		
	FY21	YoY Chg	toward forecasts
Gross business profit	194.5	+6.5	-
Net interest income	155.0	+4.8	-
(o/w Defference of interests between loans and deposits)	(-105.6)	(-1.0)	-
Net fees and commissions	40.3	+1.6	-
Net trading income	4.5	+0.2	-
Net other business income	-5.3	-0.2	-
Expenses	114.6	-1.1	-
Credit related cost	21.5	-1.8	-
Gains/losses related to stocks	3.5	-0.0	-
Ordinary profit	64.9	+10.8	+9.9
Extraordinary income/losses	-4.2	-2.3	-
Net income(*)	42.9	+6.4	+4.9

(*) Attributable to owners of the parent

【 Consolidation adjustment 】 -¥3.0bn
Adjustments related to securities, etc.

Banks+Group companies	45.9	-2.6
Group Companies Net income	5.9	-0.5
Mebuki Lease	0.6	-0.1
Mebuki Securities	1.6	+0.1
Mebuki Credit Guarantee	1.5	+0.1
Mebuki Card	0.2	-0.1
Total of banking subsidiaries	1.7	-0.5

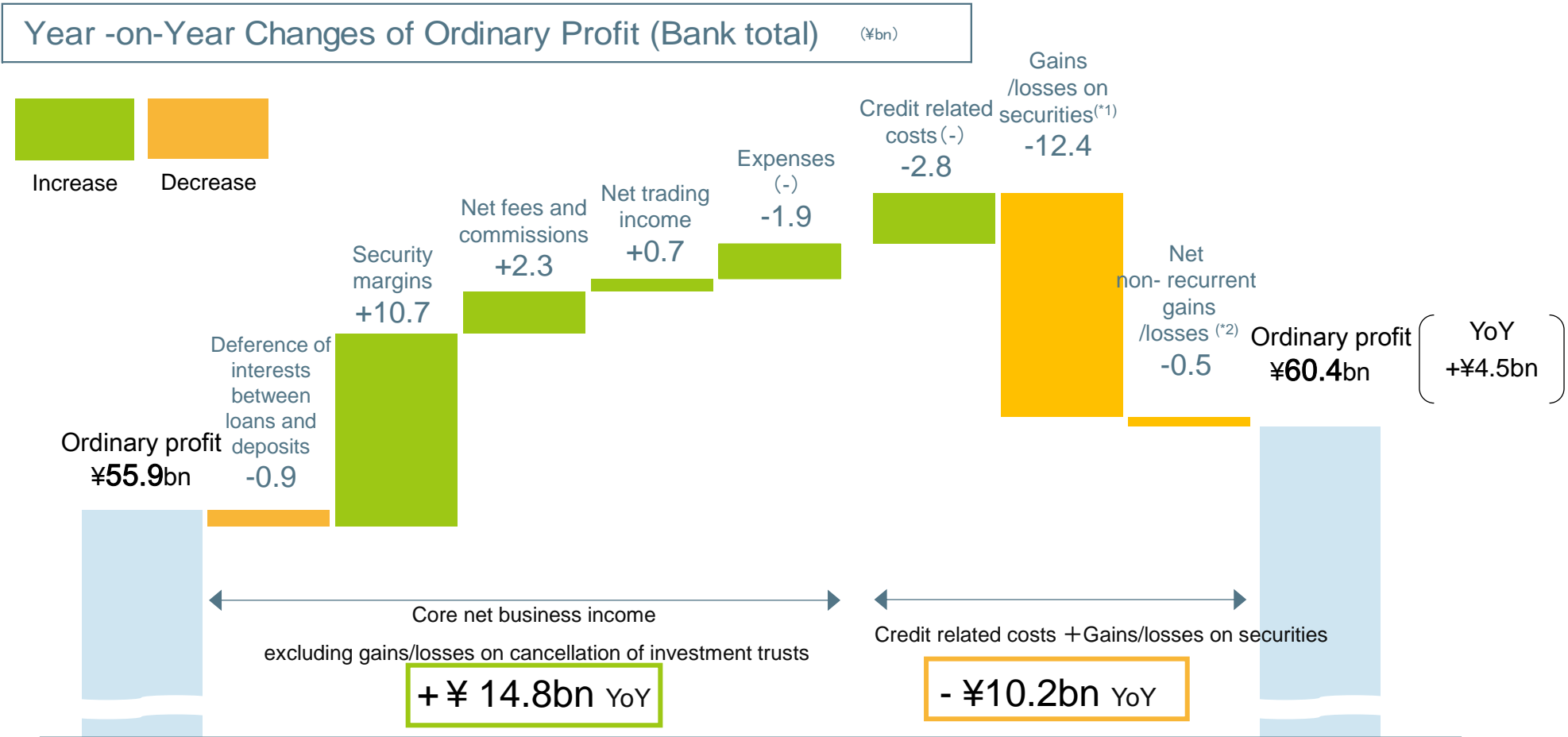
【Joyo + Ashikaga (Non-consolidated)】

	FY21 (¥bn)		
	FY21	YoY Chg	toward forecasts
Gross business profit	187.0	+6.8	-
Net interest income	157.7	+4.6	-
Net interest income	156.0	+9.7	-
(exclu. Gains/losses on cancellation of investment trusts)	(104.5)	(-0.9)	-
(o/w Defference of interests between loans and deposits)	(51.4)	(+10.7)	-
(o/w Securities Income)	(1.7)	(-5.0)	-
Net fees and commissions	33.7	+2.3	-
Net other business income	-4.5	-0.1	-
(o/w gains/losses on bond transactions)	(-7.1)	(-0.8)	-
Expenses	108.1	-1.9	-
Net business income	78.8	+8.8	-
(before general allowance for loan losses)			
Core net business income	86.0	+9.7	-
(excl. gains/losses on cancellation of investment trusts)	84.2	+14.8	-
Net transfer to general allowance for loan losses (a)	1.4	-0.7	-
Net business income	77.4	+9.6	-
Net non-recurrent gains/losses	-16.9	-5.0	-
o/w Disposal of non-performing loans (b)	18.1	-2.0	-
o/w Gains/losses related to stocks, etc.	3.5	-6.5	-
Ordinary profit	60.4	+4.5	+7.4
Extraordinary income/losses	-4.2	-6.4	-
Net income (Group total)	40.0	-2.1	+3.5
Credit related cost (J + A) (a)+(b)	19.6	-2.8	-

Change of Ordinary Profit (Bank Total)

Core net business income excluding gains/losses on cancellation of investment trusts increased +¥14.8bn YoY mainly due to increase of security margins, net fees and commissions, and cost reduction.

On the other hand, ordinary profit increased + ¥ 4.5bn YoY due to flexible securities' operations based on the market conditions and the outlook for the future (gains/losses on securities - ¥ 12.4bn)



FY20 (*1) Gains/losses on cancellation of investment trusts +Gains/losses on bond transactions +Gains/losses related to stocks

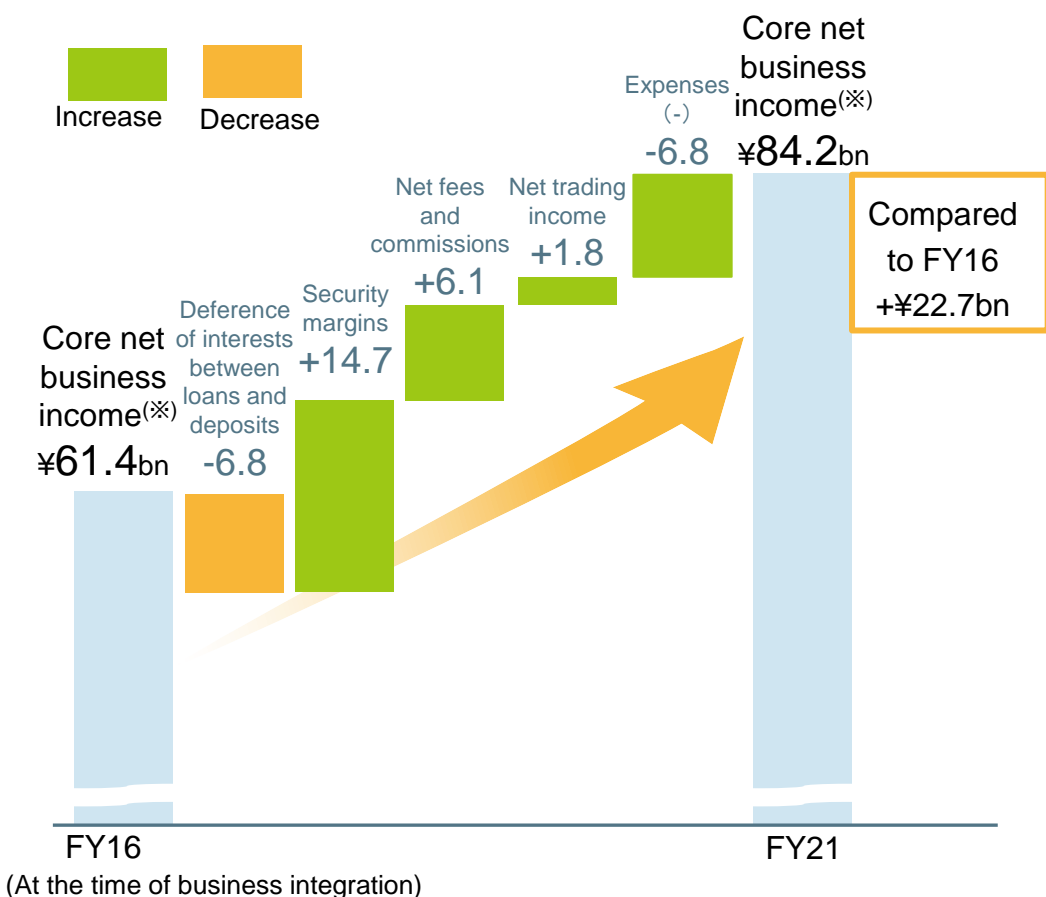
(*2) Including (-)¥ 1.5bn of costs related to liability for retirement benefits, ¥ 0.9bn of gains on equity options etc.

FY21

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

Since the founding of Mebuki FG in FY2016, core net business income increased by ¥22.7bn compared to FY2016, due to ensuring synergy effect through the integration and the progression of structural reform.

Core Net Business Income[※] (Joyo+Ashikaga) (¥ bn)



< Factors of Change >

	FY16	FY21		Factors
			Chg	
Difference of interests between loans and deposits	111.4	104.5	-6.8	Lower domestic interest rates
Securities' margin*	36.6	51.4	+14.7	Enhancing asset management, Flexible operations according to market conditions
Net fees and commissions	27.6	33.7	+6.1	Strengthening consulting functions
Net trading income	0.7	2.6	+1.8	Strengthening earnings in FX and derivatives
Expenses(-)	115.0	108.1	-6.8	Progression of structural reform, Improvement of productivity
Core net business income	61.4	84.2	+22.7	

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

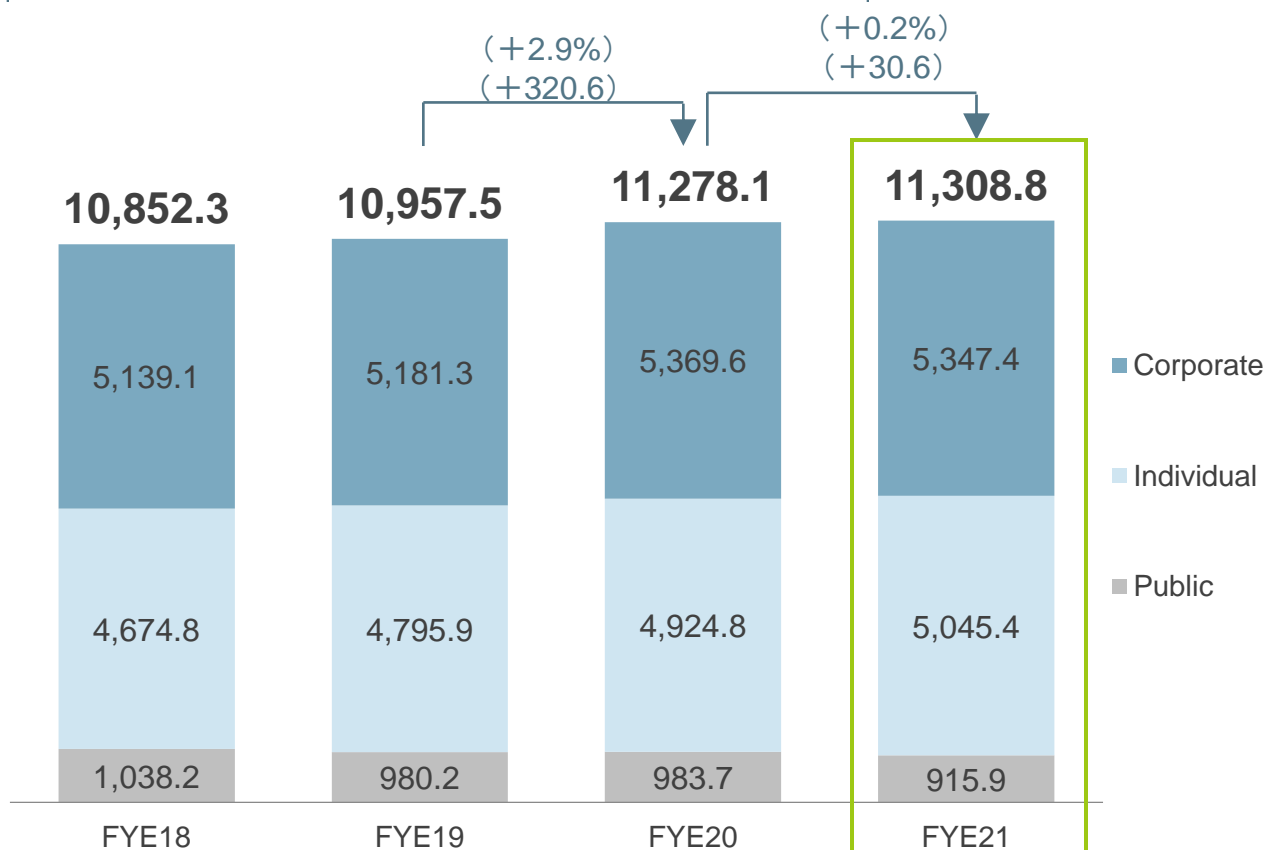
Loans (1) Term-end Balance

Amount of loans increased by ¥30.6bn YoY (+0.2% annualized).

Loans to individual customers increased due to increase mainly of housing loans and unsecured loans by ¥120.5bn YoY (+2.4% annualized). Loans to corporate customers decreased due to the peaking out of COVID-19 related financing by ¥22.2bn YoY (-0.4% annualized).

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

* Not including borrowing from special account of MoF



Loans to 'borrowing from special account of MoF'
(FYE18) ¥399.4bn
(FYE19) ¥ 519.8bn

(FYE20) ¥ 521.5bn

(FYE21) ¥ 586.7bn

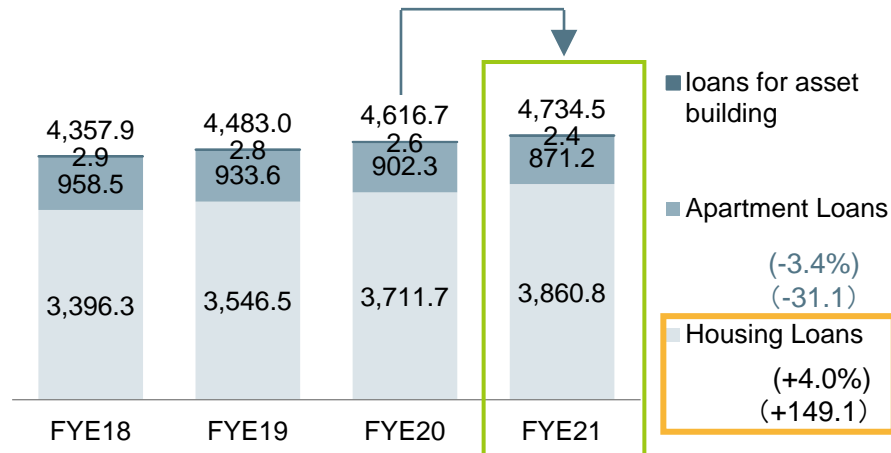
Year on Year Changes (¥bn)

	Mar-20	Mar-21	Mar-22
Total	+105.1 +0.9%	+320.6 +2.9%	+30.6 +0.2%
Corporate	+42.1 +0.8%	+188.3 +3.6%	-22.2 -0.4%
Individual	+121.1 +2.5%	+128.8 +2.6%	+120.5 +2.4%
Public	-58.0 -5.5%	+3.4 0.3%	-67.7 -6.8%

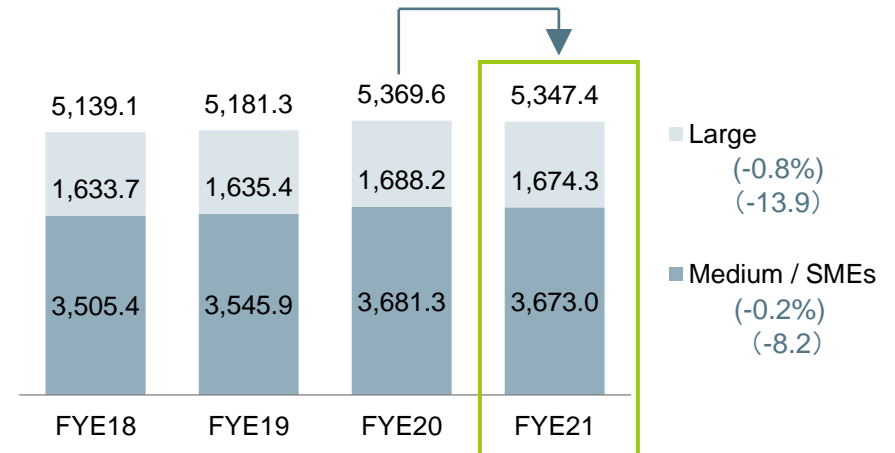
Loans (2) Individual and Corporate Loans

Loans to individual customers increased driven by housing loans (+¥149.1bn) and car loans (+¥8.1bn).
 Loans to corporate customers decreased due to the peaking out of COVID-19 related financing.

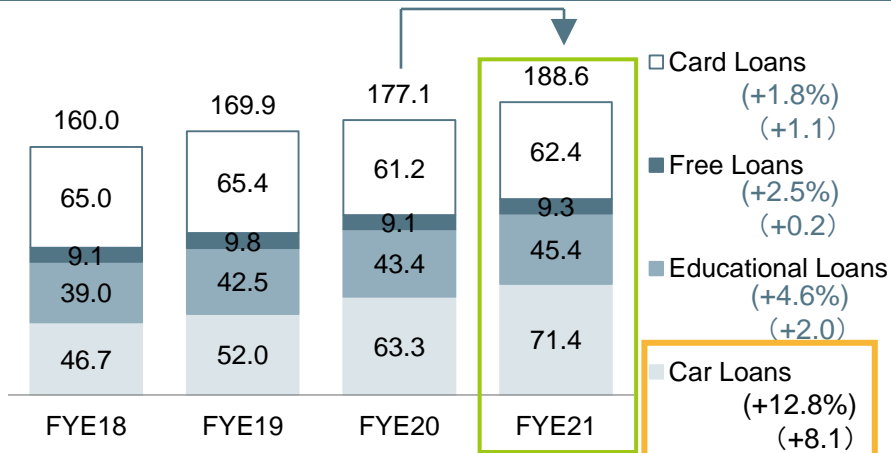
【Individual】Housing Related Loans (¥bn)



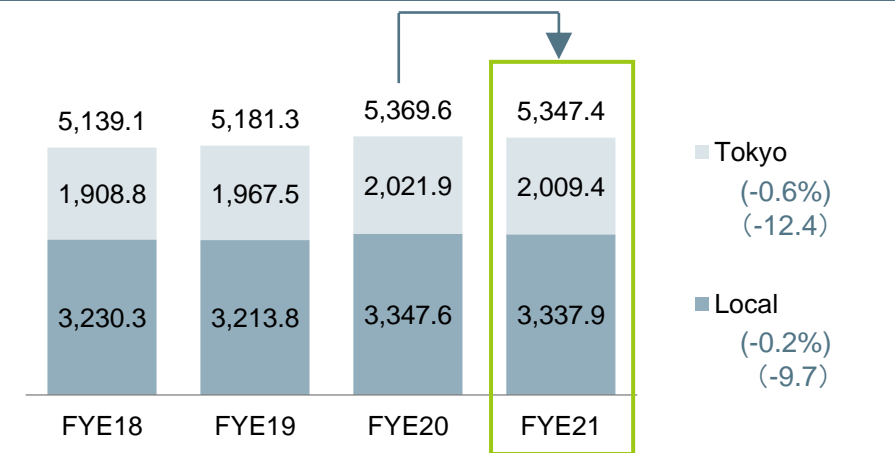
【Corporate】Term-end Balance by Company Size (¥bn)



【Individual】Unsecured Loans (¥bn)



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



Average Yield of Loans / Net Interest Income

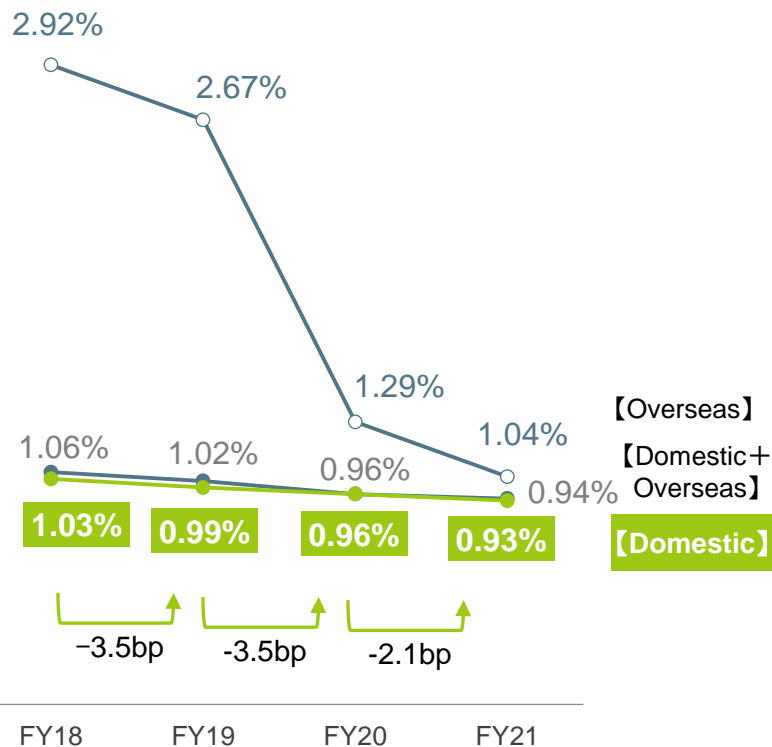
Difference of interests between loans and deposits decreased by ¥0.9bn YoY due to decrease of average yield on loans. However, the decline of domestic loans' yield improved from 3.5bp to 2.1bp.

Securities' income decreased by ¥10.7bn YoY due to increase of profit dividends to from an increase in securities balance, 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

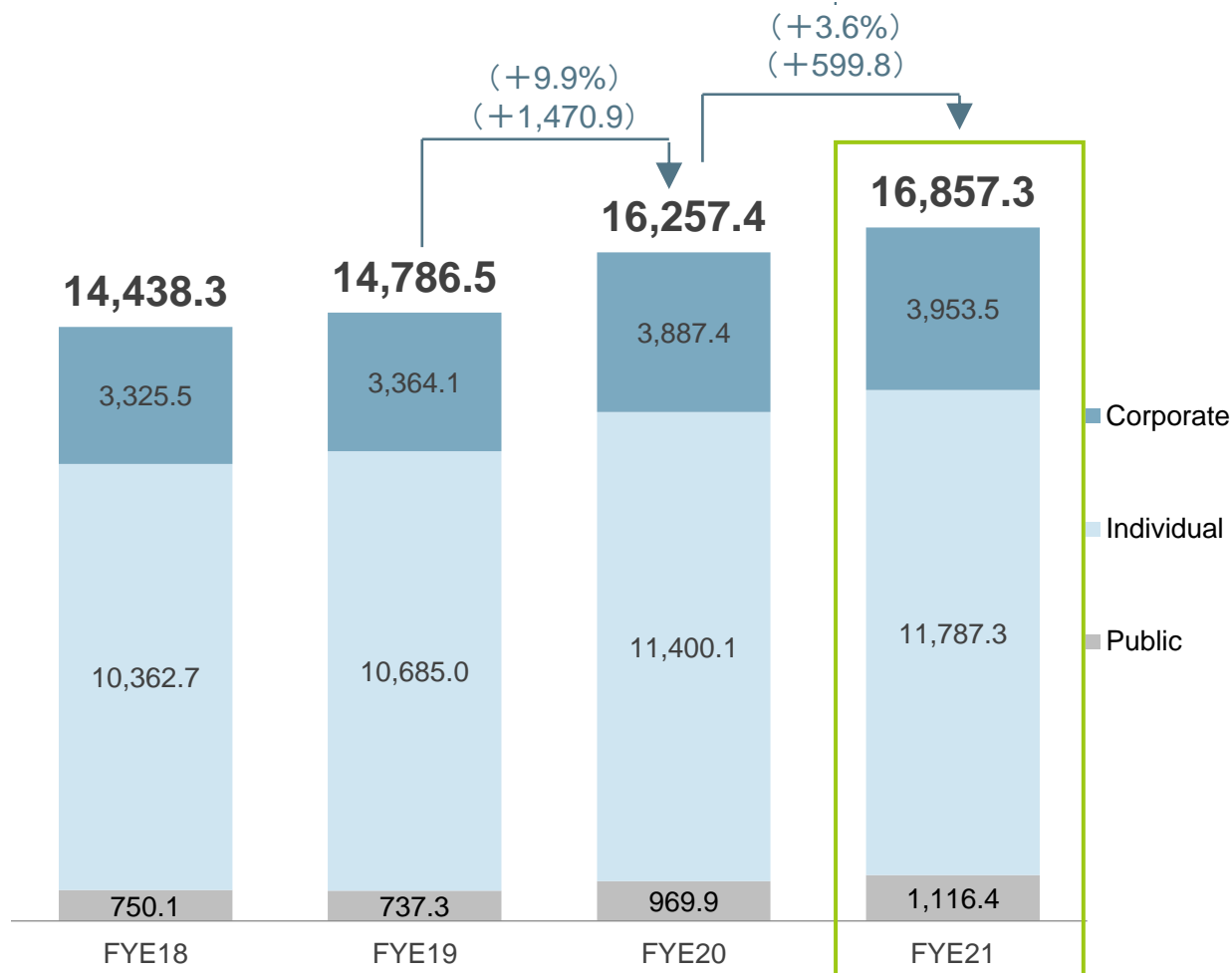
	Results	YoY Change (Factor)					
		Domestic	Chg. in Factors	Overseas	Chg. in Factors		
Interest on loans and bills discounted		Avg Balance	+1.0	+1.0	(+103.4)	+0.0	(+3.2)
		Yield	-2.8	-2.3	(-2.1bp)	-0.5	(-25.1bp)
	105.3		-1.7	-1.3	-	-0.4	-
Interest on deposits (-)	0.7		-0.8	-0.2	-	-0.5	-
Difference of interests between loans and deposits ①	104.5		-0.9	-1.0	-	+0.0	-
Interest and dividend on securities		Avg Balance	+3.4	+1.7	(+181.8)	+1.7	(+92.5)
		Yield	-4.0	-3.7	(-11.9bp)	-0.3	(-4.3bp)
	48.7		-0.6	-2.0	-	+1.4	-
(o/w gains on cancellation of Investment Trusts)	1.7		-5.0	-5.0	-	+0.0	-
(excluding gains on cancellation of Investment Trusts)	46.9		+4.4	+3.0	-	+1.4	-
Market borrowings, etc. (-)	-4.4		-6.2	-5.0	-	-1.2	-
Securities' Income (excluding gains on cancellation of Investment Trusts) ②	51.4		+10.7	+8.1	-	+2.6	-
Net Interest Income (excluding gains on cancellation of Investment Trusts) ①+②	156.0		+9.7	+7.0	-	+2.6	-

Deposits Term-end Balance

Amount of deposits increased by ¥599.8bn YoY (+3.6% annualized).

Deposits from all customers remains in an increasing trend.

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



Year on Year Changes (¥bn)

	Mar-20	Mar-21	Mar-22
Total	+348.1	+1,470.9	+599.8
	+2.4%	+9.9%	+3.6%
Corporate	+38.6	+523.2	+66.1
	+1.1%	+15.5%	+1.7%
Individual	+322.3	+715.0	+387.2
	+3.1%	+6.6%	+3.3%
Public	-12.7	232.6	+146.5
	-1.7%	31.5%	+15.1%

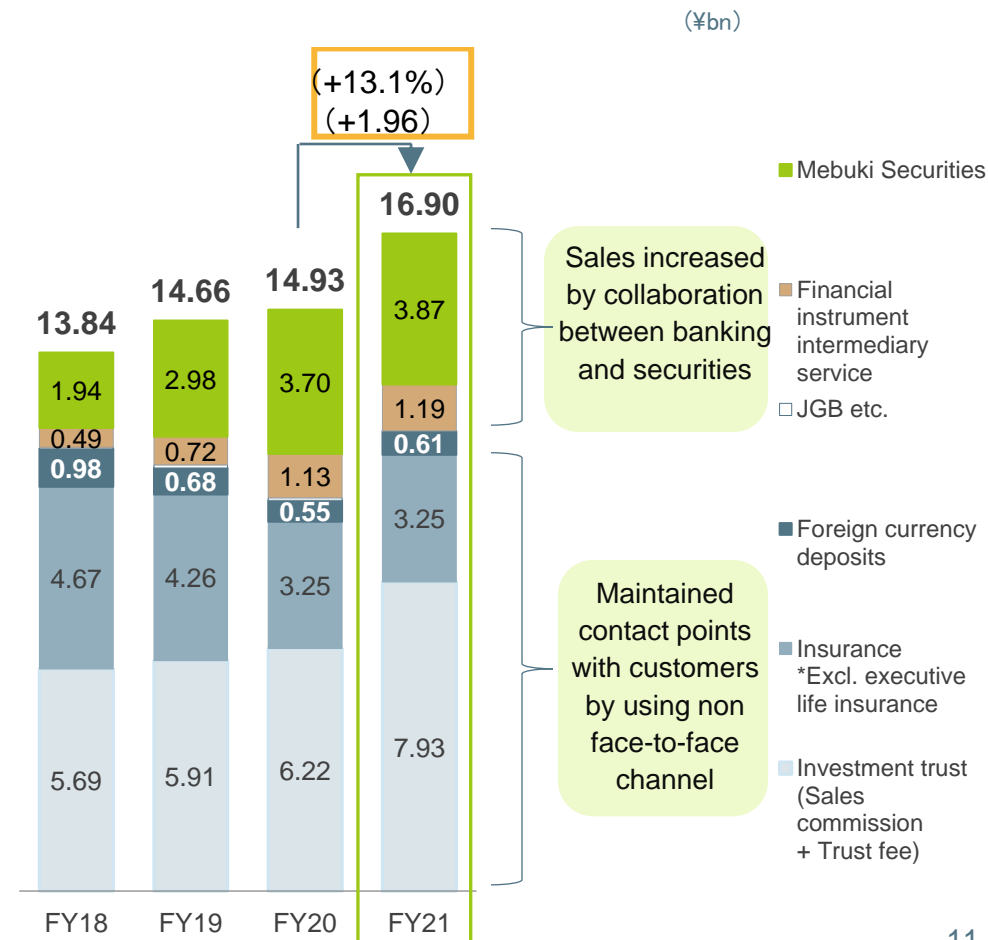
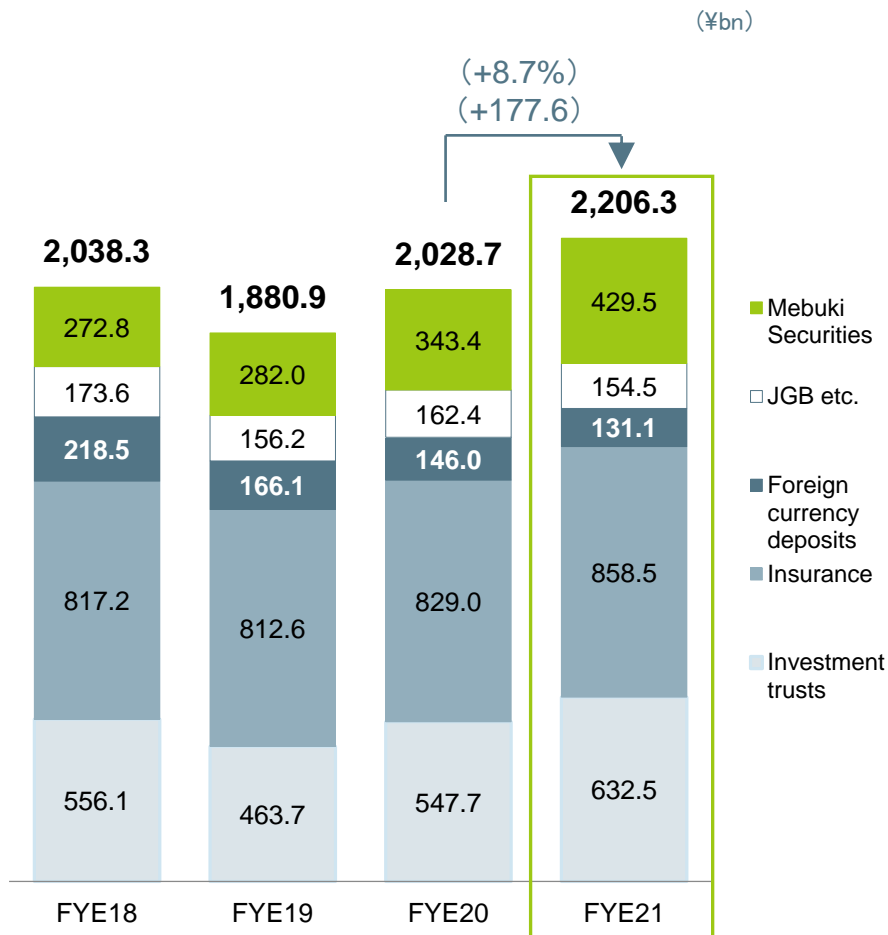
Customer Assets under Custody

Amount of customer assets under custody increased by ¥177.6bn YoY (+8.7% annualized) and related fees increased by ¥1.96bn YoY (+13.1% annualized).

We have enhanced to maintain contact points with customers by using non-face-to-face channel and strengthen the collaboration between the two banks and Mebuki Securities in our group.

Balance (Bank Total + Mebuki Securities)

Commissions (Bank Total + Mebuki Securities)



Customer Assets under Custody

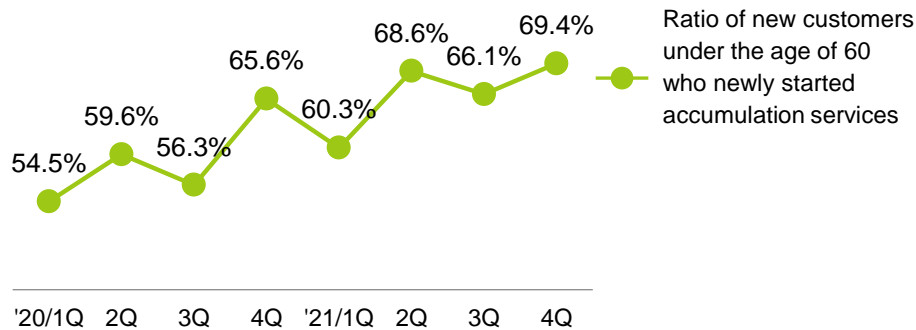
We reorganized sales systems and strengthened collaboration among group companies for enhancement of consulting services.

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

Development of Consulting Services

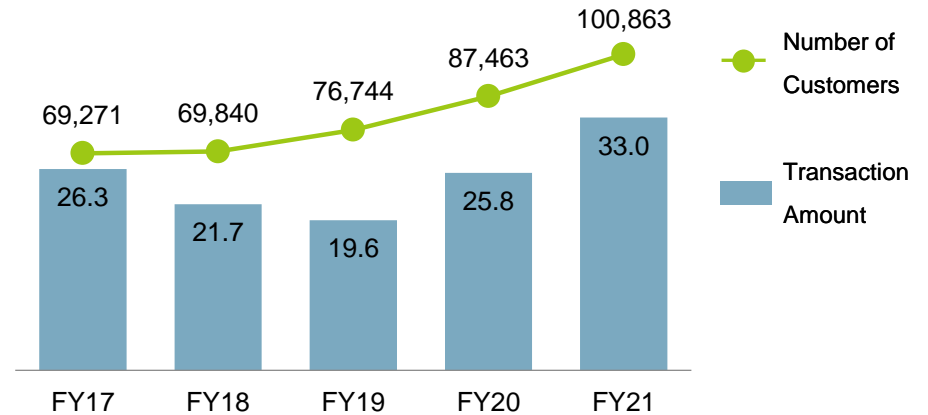
- ✓ Introduce local life plan advisor system (FY2019 ~)
- ✓ Reinforce non face-to-face sales using online seminars and video content (FY2020~)
- ✓ New establishment of specialized division to provide consulting services for individuals (FY2020 ~)
- ✓ Enhance collaboration among Banks and Mebuki Securities regarding customer information (FY 2020 ~)
- ✓ Establishment of company specialized in financial instruments intermediary services via website (FY2021 ~)

Growing Needs for Asset Management by young and asset-building demographics



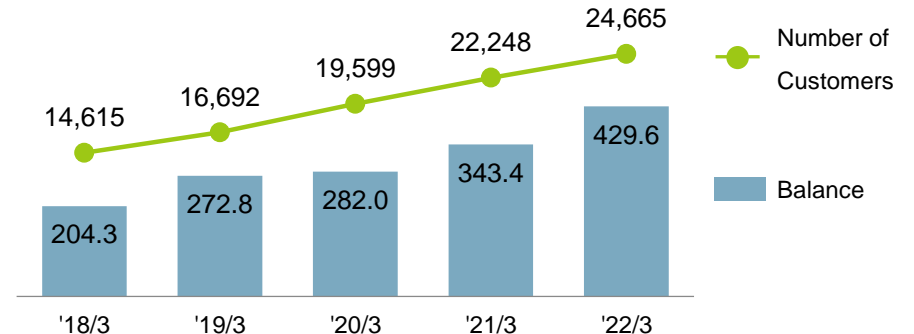
Accumulation Service (Bank total)

(Customers : number, Transaction Amount : ¥bn)



Balance of Customer Assets under Custody (Mebuki Securities)

(Customers : number, Balance : ¥bn)

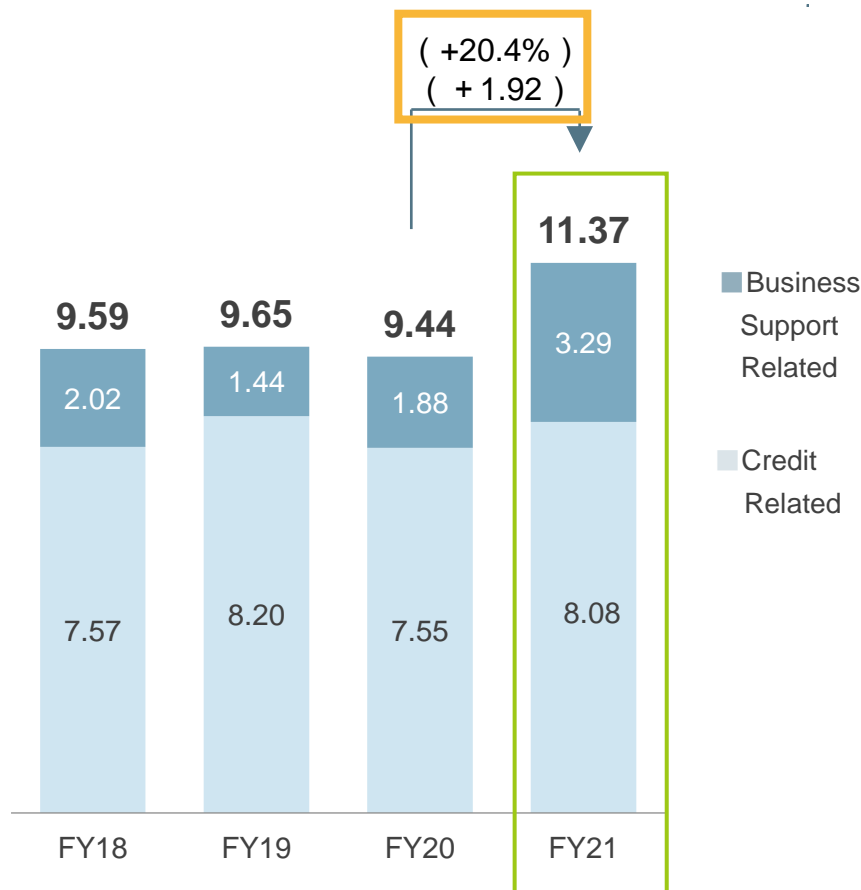


Fees from Corporate Customers

Fees from corporate customers increased by ¥1.92 bn YoY (+20.4% annualized).

Credit related fees increased by ¥0.52 bn YoY due to strengthening derivatives trading proposals that take into account market trends. Consulting related fees increased by ¥1.40bn YoY due to strengthening various business support for business matching for expanding supply chain, digitalization and human resources introduction as well as business planning and finances.

Joyo Bank + Ashikaga Bank (¥bn)



< Breakdown of Fees from Corporate customers >

	FY19	FY20	FY21	YoY
Credit related (1)	8.20	7.55	8.08	+0.52
Derivatives	1.14	0.78	1.61	+0.82
Syndicate loans	5.70	5.31	4.99	-0.31
Private placement bonds	1.35	1.45	1.48	+0.02
Consulting related (2)	1.44	1.88	3.29	+1.40
Business Matching	0.58	0.72	1.02	+0.30
Support for business Planning	-	0.10	0.84	+0.74
M&A	0.43	0.51	0.72	+0.21
Executive Insurance	0.30	0.43	0.55	+0.11
Trust · 401K	0.12	0.11	0.13	+0.02
Total ((1)+(2))	9.65	9.44	11.37	+1.92

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

- Support for expanding sales channels and suppliers
- Introduction of core systems for sales and production management as well as systems for efficiency of back office operations such as personnel and attendance management
- Support for human resources introduction to meet customers' employment needs for "senior management" or "professionals"
- Support for business planning, financial planning and applying for public loan programs, etc.

Fees from Corporate Customers

We are providing various solutions to meet customers' management issues as an overall management consultant through escorted support .

Reorganization for Consulting Services

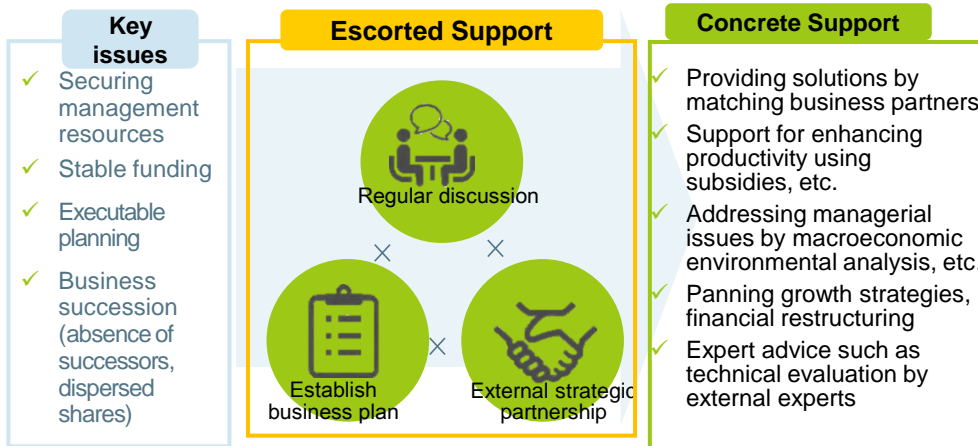
- ✓ Establishment of consulting business division for responding to corporate customers' business expansion

(HR introduction, IT, Manufacturing technology, Overseas support, Business matching, M&A, IT/digitalization support etc.) (FY2020~)

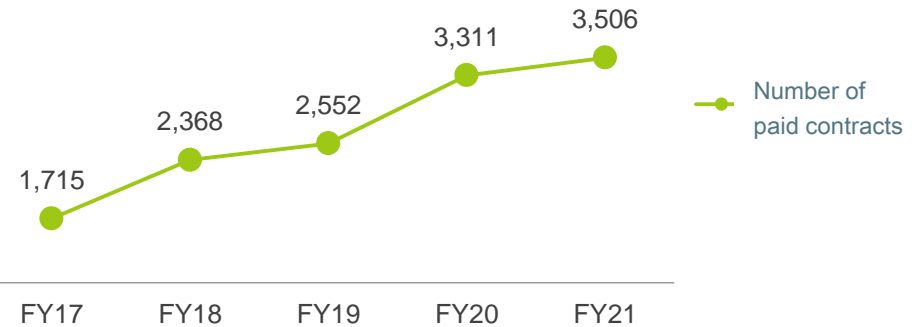
- ✓ Establishment of an industry specific consulting section (Research, analysis, and business support for industrial structure change)

(FY2021~)

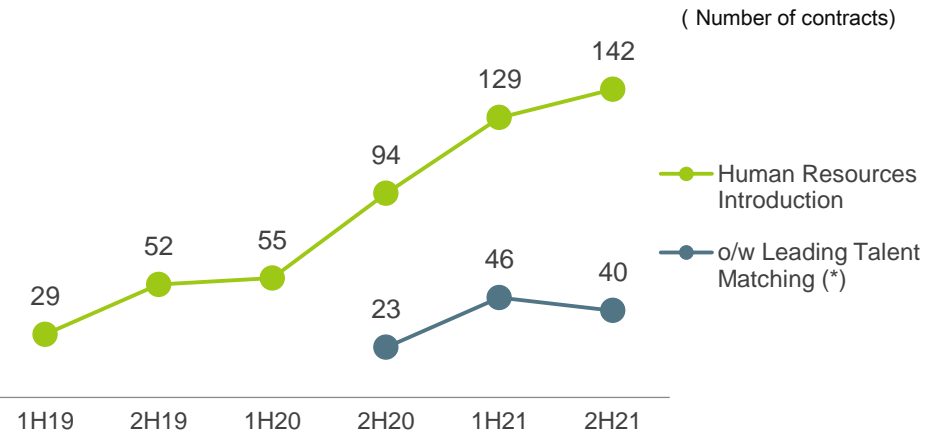
Escorted Support



Business Matching



Human Resources Introduction

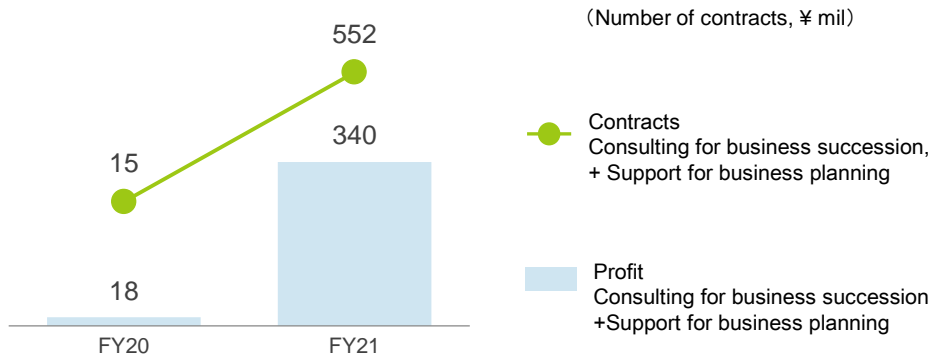


(*) The Bank, which is involved with local companies, clarifies their management issues and engages in research and analyze their human resources' needs. The leading talent matching is an effort that the Bank introduces high-level managerial human resources in collaboration with employment placement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

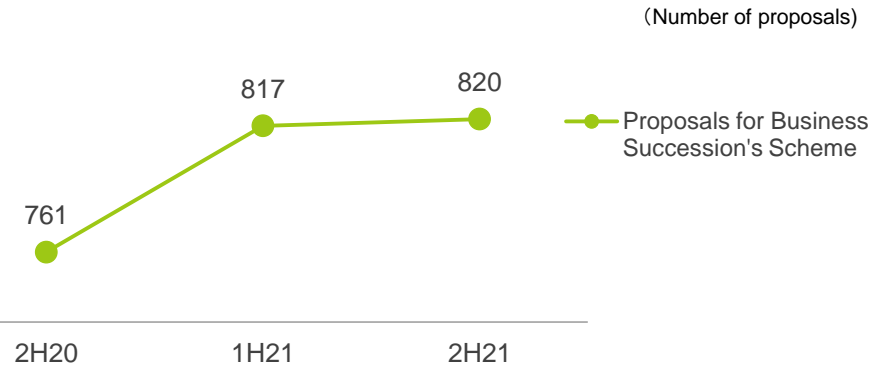
Fees from Corporate Customers

We have discussions with customers 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.

Support for Business Planning and Consulting for Business Succession

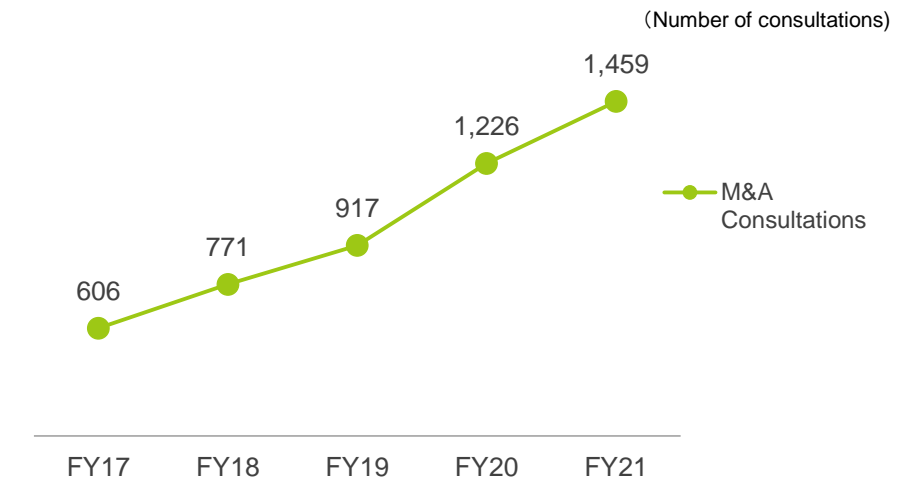
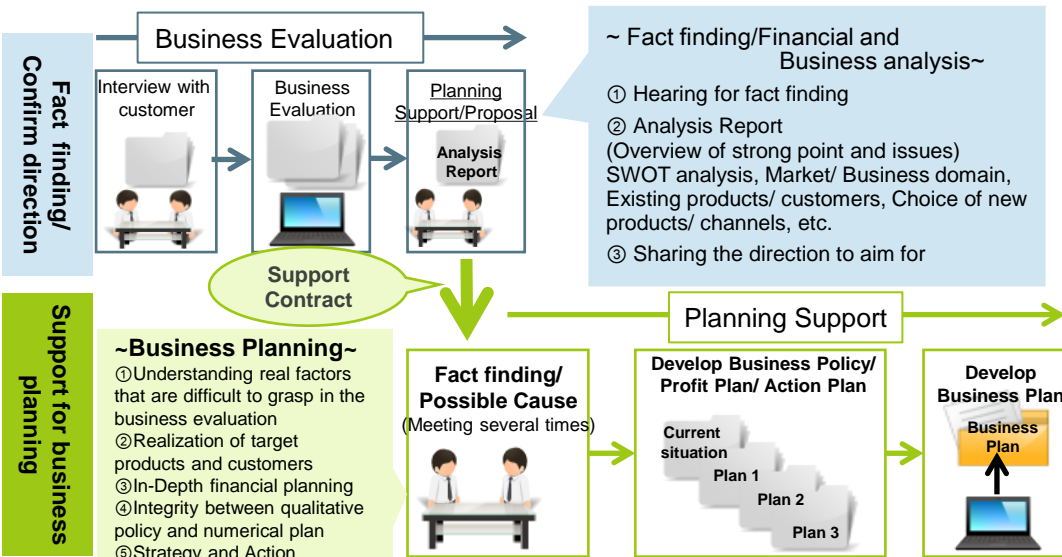


Proposals for Business Succession's Scheme



Support for Business Planning

M&A Consultations

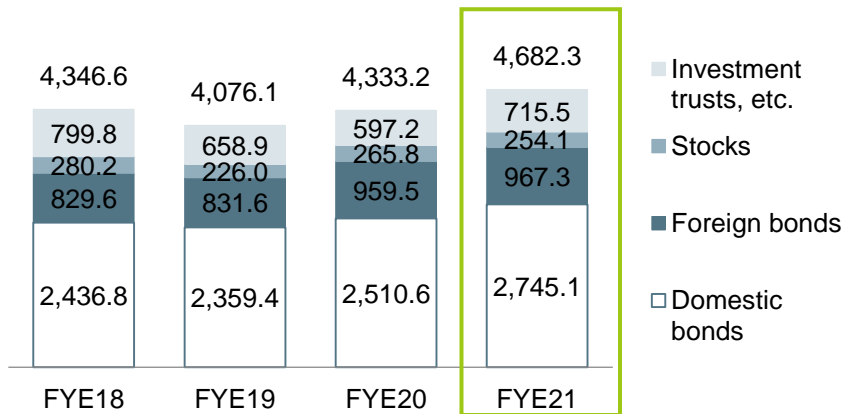


Securities / Strategic Shareholdings

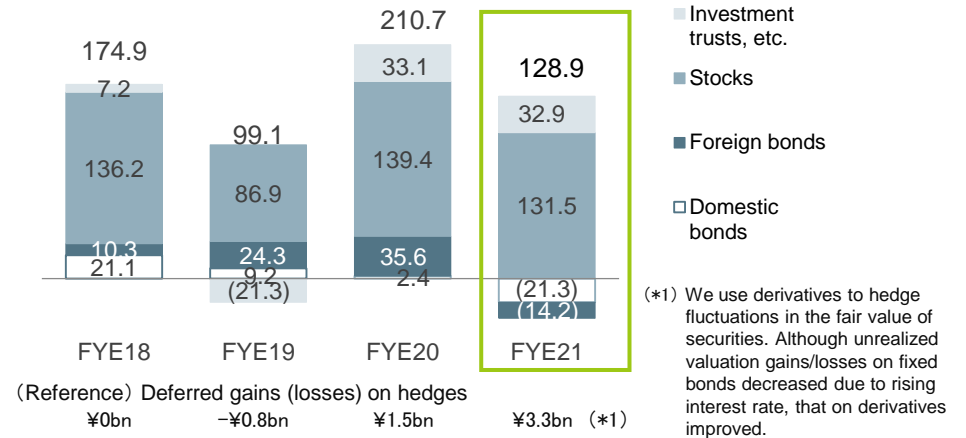
Unrealized valuation gains/losses on securities decreased YoY since domestics and overseas long-term interest rates rose.

We continue to reduce strategic shareholdings. We reduced ¥21.2bn / 24 issues in FY21.

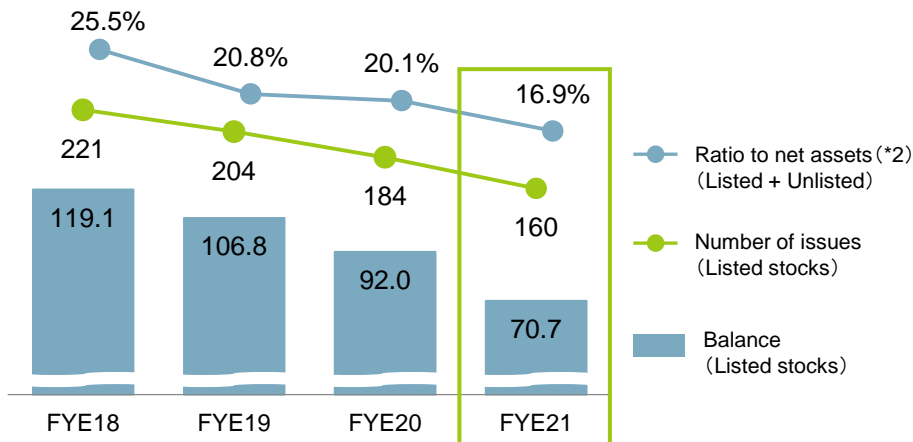
Balance(Carrying amount) (Mebuki FG) (¥bn)



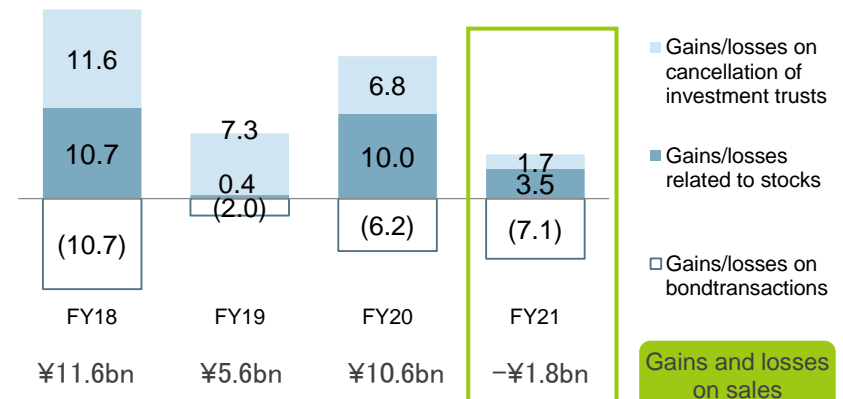
Unrealized valuation gains/losses on available for sales securities (Mebuki FG) (¥bn)



Strategic Shareholdings (¥bn)



Gains and losses on securities^(*3) (¥bn)

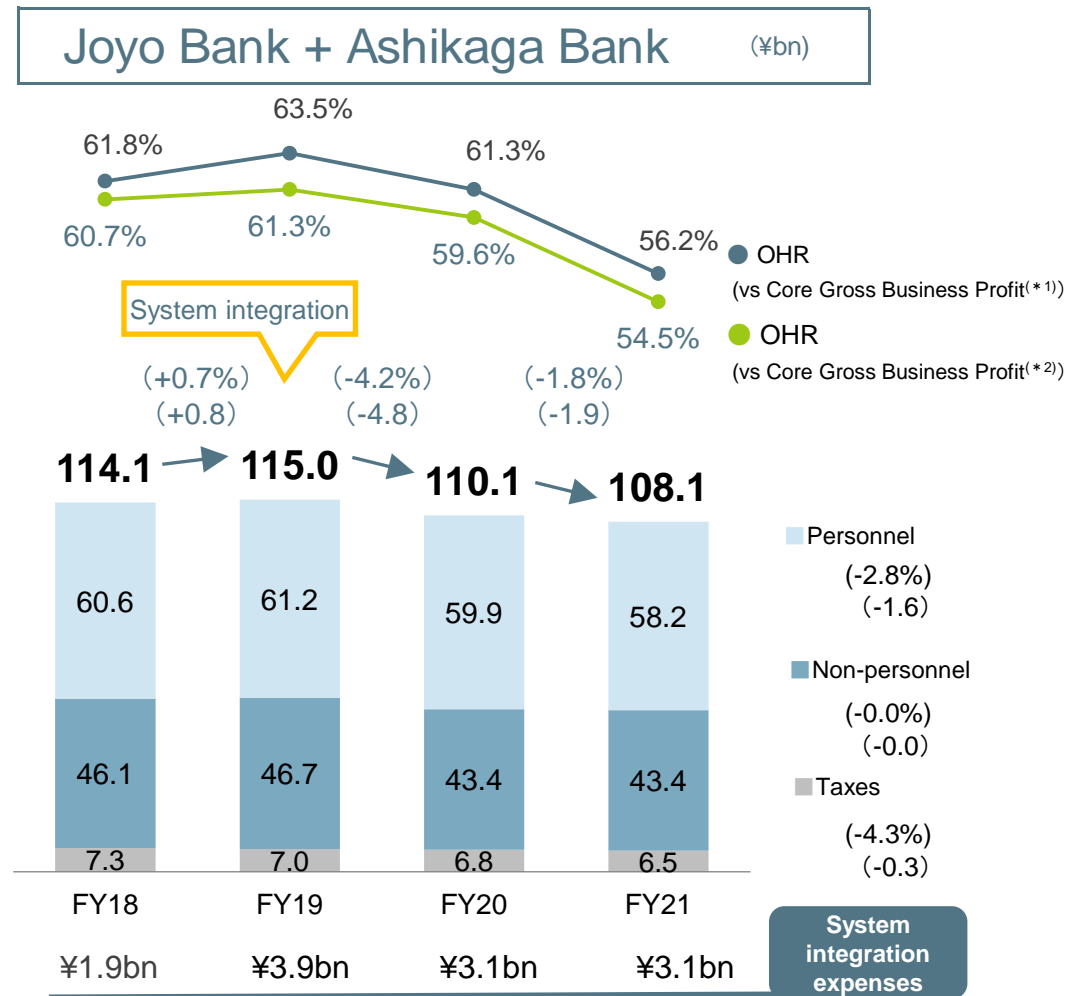


(*2) The ratio of balance sheet amounts of strategic shareholdings to consolidated net assets (based on Securities Report) (*3) gains/losses on stocks + bond transactions +cancellation of investment trusts

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 >

	FY21	YoY	Main factors
Personnel expenses	58.2	-1.6	<ul style="list-style-type: none"> Personnel reduction -1.0 (Improvement of productivity by the progression of structural reform in branch offices, head office, and group companies) Retirement benefit cost -0.6
Non-personnel expenses	43.4	-0.0	<ul style="list-style-type: none"> Reduction of rental expense by reviewing branch networks -0.2, others
Taxes	6.5	-0.3	<ul style="list-style-type: none"> Stamp tax, Fixed assets tax, etc. -0.1

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

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

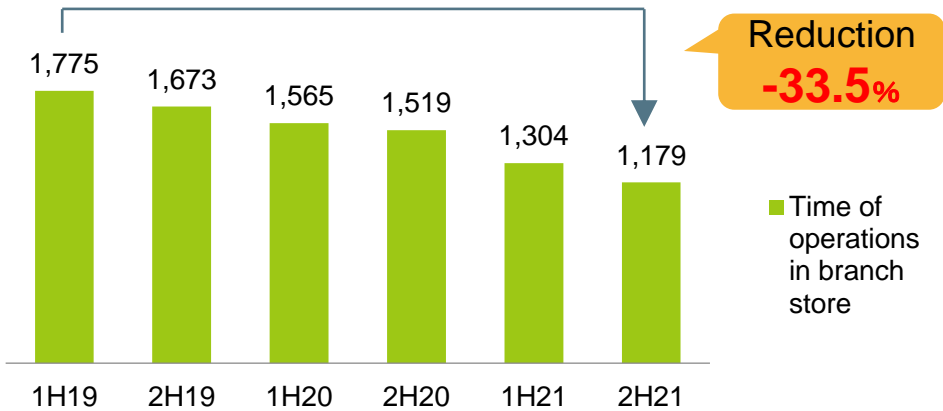
Expenses / OHR

We succeeded in reducing the amount of work through streamlining of head office and group companies, and increasing the efficiency of branch operations.

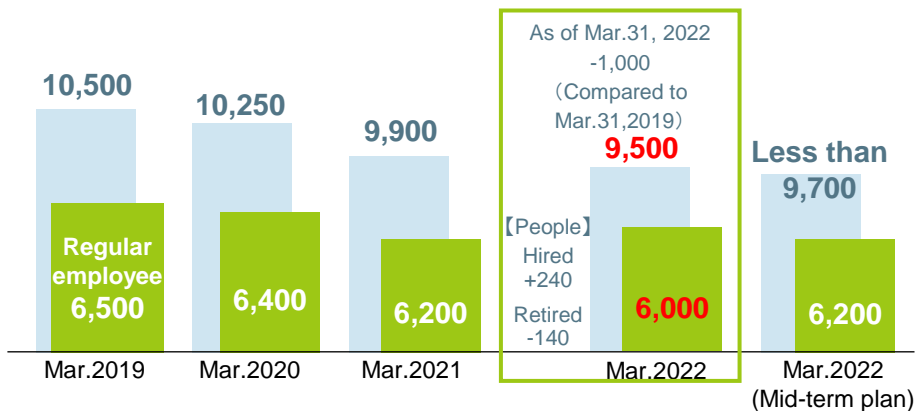
Although total staff decreased because of retirement, we improved profitability of core business by enhancing productivity.

Progress of Operational Efficiency in Branch Store

(Volume of operations : thousand hours)



Change of Total Staff



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 (3 years cumulative)

**Freed-up -
1,200people**

Invested +200people
(Consulting field
+170people)

net -1,000people

Expenses / OHR

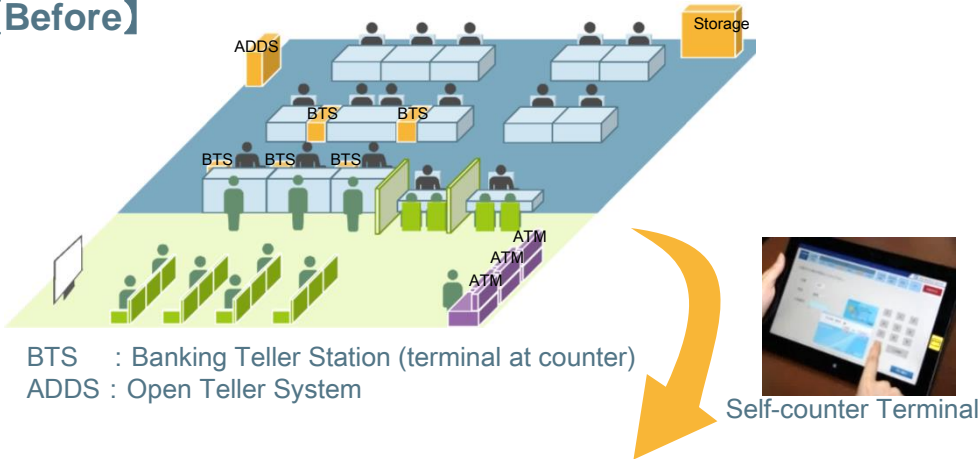
We have promoted the optimization of branch network by reviewing and streamlining on a scale and speed beyond the Medium-term Business Plan.

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

Streamlined Branch Store Layout (example)

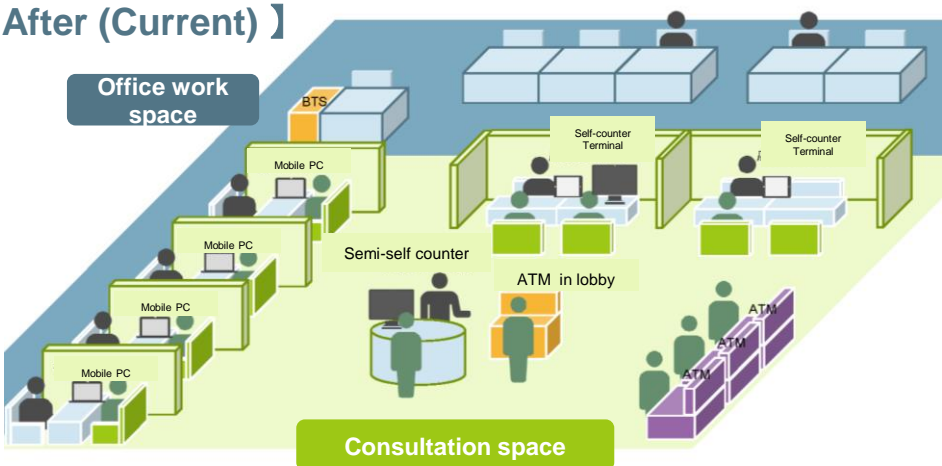
Number of Branch Offices

【Before】



	Result FYE18	Forecast FYE21	change
Domestic Branch Network	337	319	-18
Real branch offices	313	251	-62
In-store branches	24	68	+44

【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 ATMs)
 - ✓ Reducing paper-based processes (paperless, reducing burden on customer and administrative burden)
 - ✓ Expansion of space for consultation

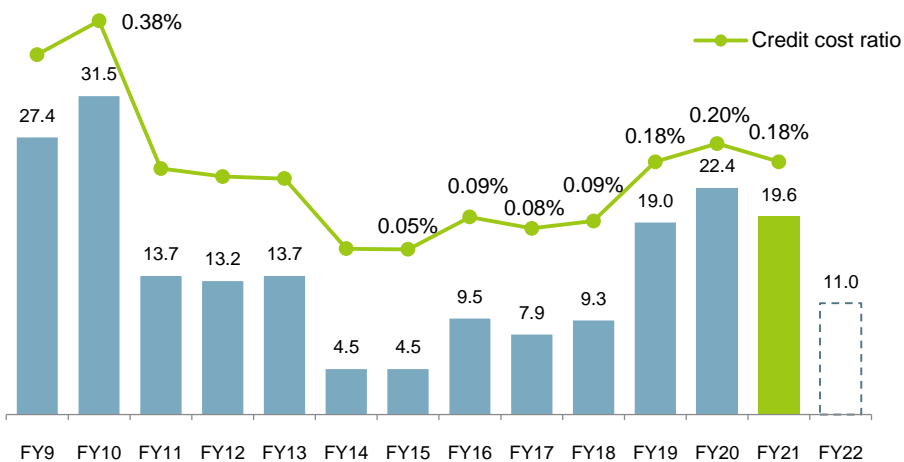
Credit Related Costs

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

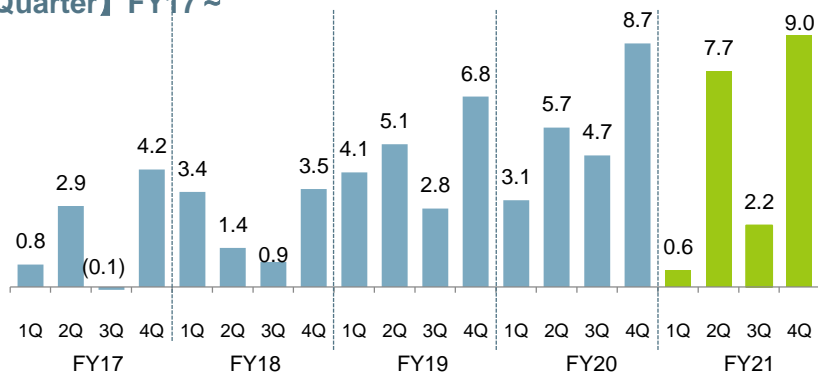
Credit related costs in FY22 are expected to be ¥11.0bn, a decrease of ¥8.6bn YoY.

Change of Credit Related Costs (¥bn)

【Annual】FY09~



【Quarter】FY17~



Breakdown on Credit Related Costs (¥bn)

	FY20	FY21	YoY
Credit Related Costs	22.4	19.6	-2.8
Net transfer to general allowance for loan losses	2.2	1.4	-0.7
Disposal of non-performing loans	20.2	18.1	-2.0
Write off of loans	4.1	4.0	-0.1
Transfer to specific allowance for loan losses	16.7	16.3	-0.4
Transfer to provision for contingent losses	0.2	0.6	+0.3
Recoveries of written-off claims(-)	1.7	3.3	+1.5
Other	0.8	0.5	-0.2

Change of terms and conditions of loans due to COVID-19 (Cumulative total until Mar.2022)

						Cumulative Total	The ratio of total customers
		~1H20	2H20	1H21	2H21		
Business loans	Customers	1,307	629	558	362	2,856	Around
	Contracts	4,099	3,288	4,151	3,355	14,893	5.1%
Housing loans	Customers	433	189	190	140	952	Around
	Contracts	477	252	256	194	1,179	0.4%

Status of Non-performing Loans and Delinquent Loans

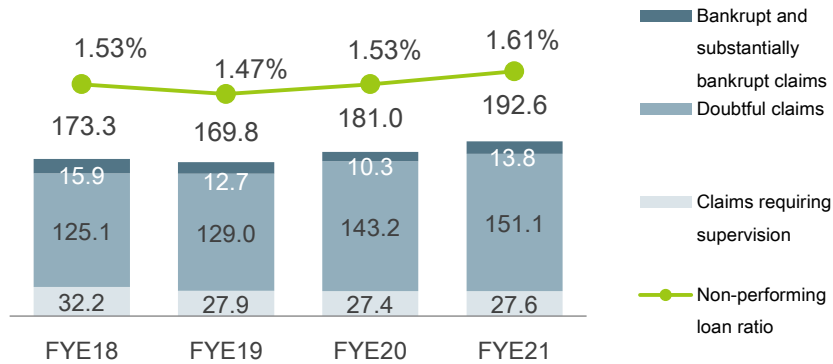
Amount of non-performing loans based on financial revitalization law and ratio rose due to the preventive reserve carefully considering the impact of COVID-19 and the situation in Ukraine.

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

Non-performing Loans

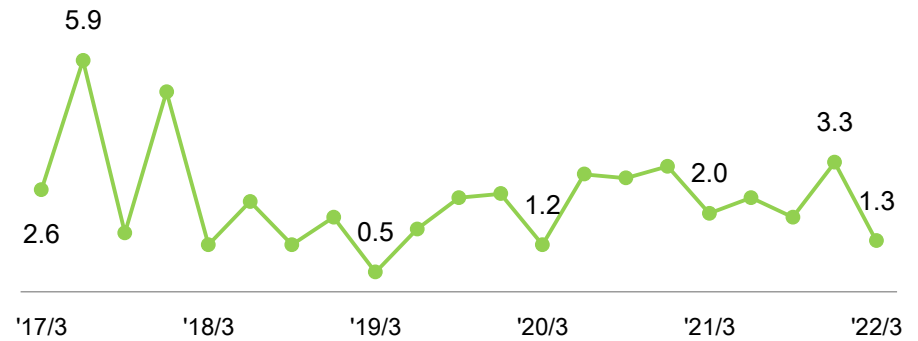
(Financial Revitalization Law -FG consolidated) (¥bn)

(¥bn)



Status of Delinquent Loans to Businesses

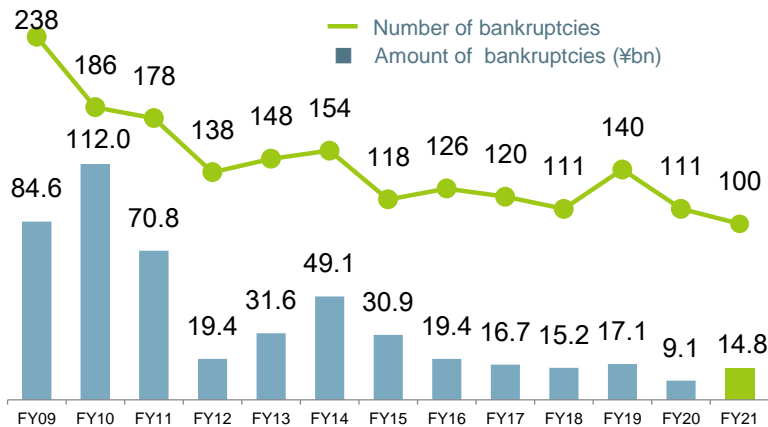
(¥bn)



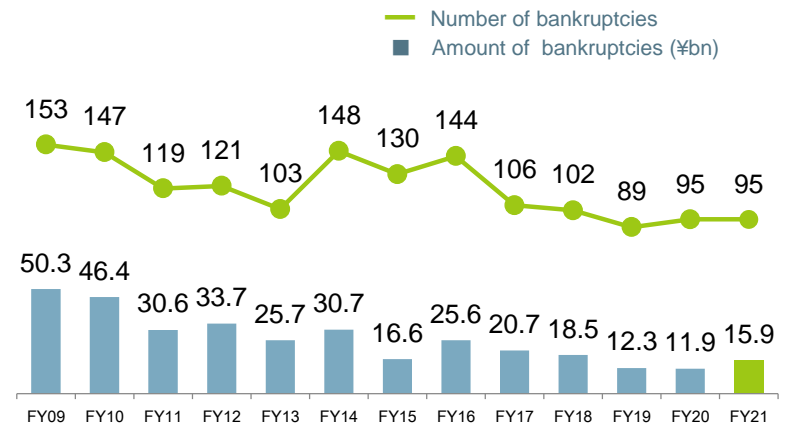
【Reference】Status of Bankruptcy

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

<Ibaraki>



<Tochigi(*1)>



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

Shareholder Returns, Capital Adequacy Ratio

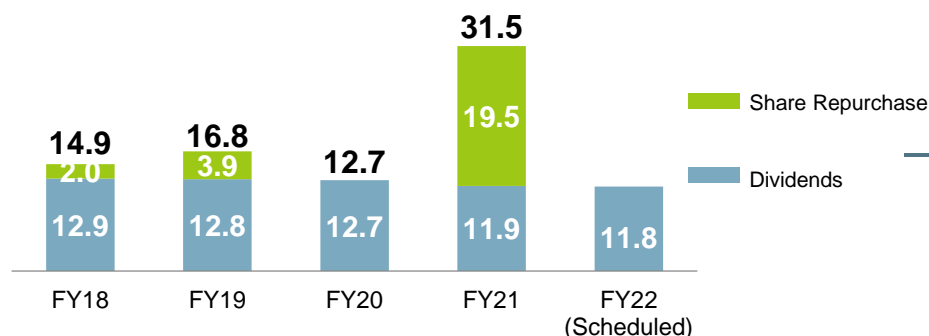
In FY21, year-end dividends of ¥5.5 (annual dividends of ¥11.0) per share have been decided. We schedule annual dividends of ¥11.0 in FY22 taking into account stable dividends.

Shareholder Returns Policy

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

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

Dividends, Shareholder Returns



Annual Dividends	¥11.0	¥11.0	¥11.0	¥11.0	¥11.0 (scheduled)
Payout Ratio	27.8%	35.3%	34.9%	28.2%	26.3%
Total Return Ratio	32.3%	46.2%	34.9%	73.3%	-

Capital Adequacy Ratio

	Mebuki FG (Consolidated)	Joyo (Consolidated)	Ashikaga (Consolidated)
FYE18	9.94%	11.91%	8.55%
FYE19 ^(*)	10.95%	12.22%	9.45%
FYE20	10.87%	12.18%	9.51%
FYE21	10.92%	12.34%	9.81%

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

Forecast for FY2022

Mebuki FG

(consolidated)

(¥bn)

	Forecast for FY22	FY21 Results	YoY
Ordinary Profit	65.0	64.9	+0.0
Net Income <small>(Attributable to owners of the parent)</small>	45.0	42.9	+2.0

Total of Two Banking Subsidiaries

(¥bn)

	Forecast for FY22	FY21 Results	YoY
Ordinary Profit	62.5	60.4	+2.0
Net Income	43.0	40.0	+2.9
(Credit Related Costs)	11.0	19.6	-8.6

Subsidiary Banks

(Joyo)

(¥bn)

	Forecast for FY22	FY21 Results	YoY
Ordinary Profit	38.5	37.9	+0.5
Net Income	26.0	24.6	+1.3

(Ashikaga)

(¥bn)

	Forecast for FY22	FY21 Results	YoY
Ordinary Profit	24.0	22.5	+1.4
Net Income	17.0	15.4	+1.5

Summary of Second Medium-term Business Plan

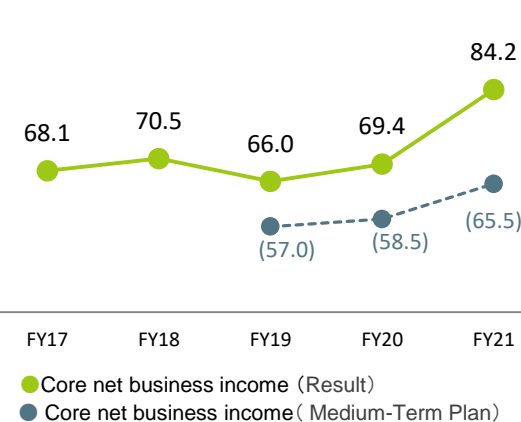
- Consolidated ROE and net income didn't meet the plans since credit related costs increased more than planned due to impact of COVID-19 from FY19, the first year of the second medium-term business plan.
- Due to strengthened consulting and acceleration of the structural reform, Core OHR was achieved as planned and core net business income excluding gain/losses on cancellation of investment trusts, which indicates core business profitability, exceeded plans.

Business Objectives

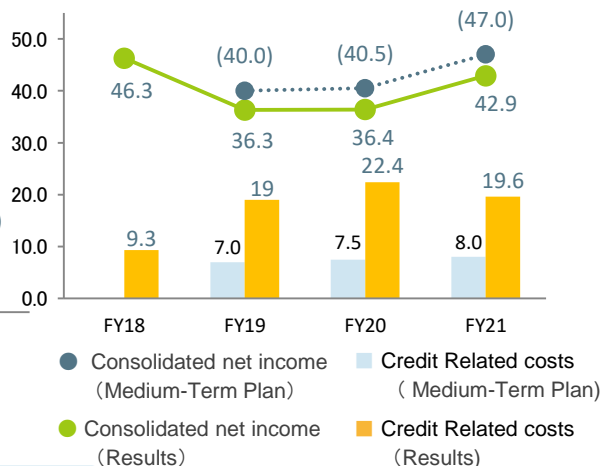
Progress of Business Objectives

	FY18 Results	FY21 Results	Compared to FY18	FY21 Plan
ROE (Consolidated)	5.1%	4.3%	-0.7pt	5.0% or more
Consolidated net income ^{(*)1}	¥46.3bn	¥42.9bn	-¥3.3bn	around ¥47.0bn
Core OHR (bank total) ^{(*)2} (Reference)	60.7%	54.5%	-6.1pt	around 60%
Core net business income (excluding gain/losses on cancellation of investment trusts)	¥70.5bn	¥84.2bn	+¥13.7bn	—

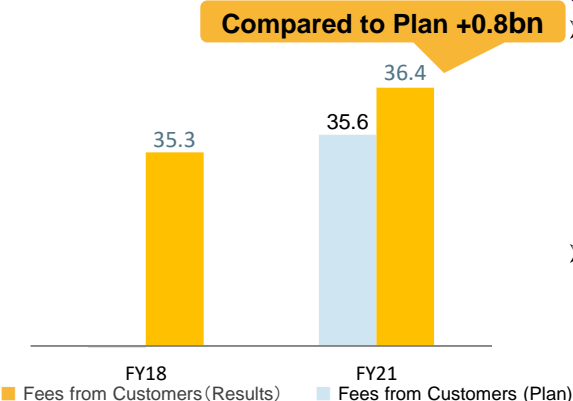
Core net business income (excluding gain/losses on cancellation of investment trusts)



Consolidated net income and Credit related costs



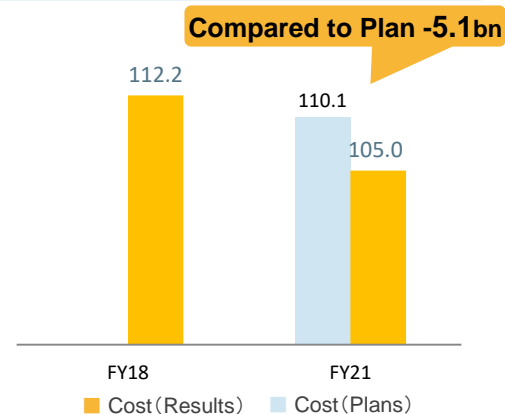
Fees from Customers (Bank total) ^{(*)3} (¥bn)



Change Factors (compared to Plan)

- Fees from corporate: +¥1.2bn
Reorganization for consulting services, and Strengthened business support such as business matching, business planning, M&A
- Assets under custody: -¥0.4bn
Refraining from visiting customers considering impact of COVID-19 and weak motivation of investment

Cost (Bank total) ^{(*)4} (¥bn)



Change Factors (Compared to Plan)

- Personnel: -¥0.8bn
Decrease of staff (Retirement)
(Efficiency improved due to progress of structural reform in branches, head office and affiliated companies.)
- Non-personnel: -¥3.1bn
Decrease of branch rent and depreciation due to optimization of branch network
- Tax: -¥1.3bn

(*)1 Attributable to owners of the parent (*2) excluding gain/losses on cancellation of investment trusts and system integration cost

(*)3 Net fees and commissions + Net trading income + Net other business income-gains/losses on bond transactions

(*)4 excluding system integration cost

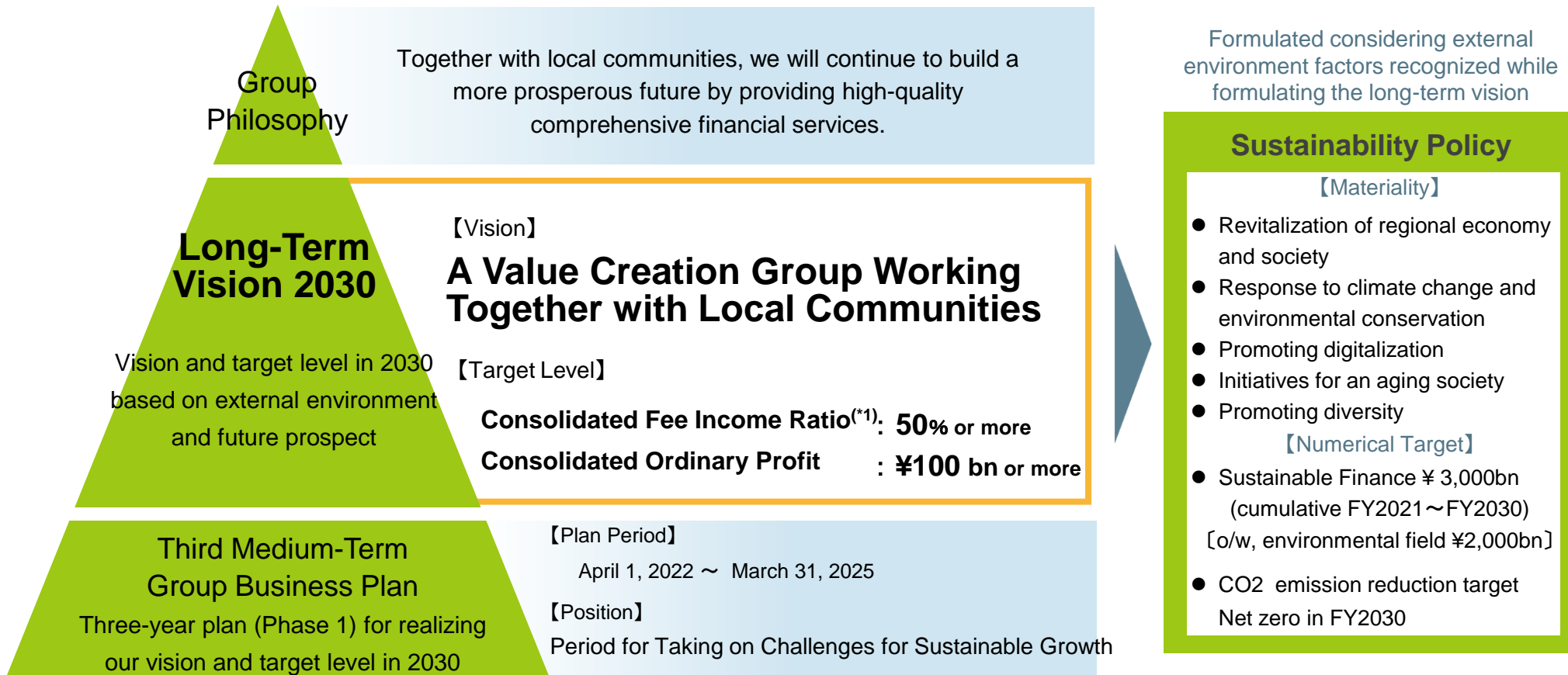
2. Long-Term Vision 2030

Third Medium-Term Group Business Plan

(Plan Period: April 1, 2022 ~ March 31, 2025)

Formulation of Long-Term Vision

- In order to achieve sustainable growth together with local communities amidst a drastically changing business environment, we have formulated a long-term vision targeting the year 2030 as a major direction for the Group to aim for.
- “Long-Term Vision 2030” is based on our desire to “continue to create new value by working together with local stakeholders to solve their various issues” and to “contribute to the realization of sustainable local communities through value creation, and remain an essential presence in local communities.”



(*1) Consolidated Fee Income Ratio = Consolidated fee income^{*2} ÷ Income from customers^{*3}

(*2) Consolidated fee income = Fee from customers of Banks + Gross profit from customers of other group companies

(*3) Income from customers = Difference of interests between loans and deposits + Consolidated fee income ※excluding securities' income

Approach to Realization of Long-Term Vision

- To realize our long-term vision, we will strengthen our core business areas such as traditional banking and comprehensive financial services and take effort to expand our business areas by leveraging our strengths.
- We will create new value by taking on challenges to solve regional issues beyond the framework of conventional financial services and returning the expertise obtained through these initiatives to our core business.

Strengthen core business / Develop new business areas by leveraging our strengths

【New Business Areas】

Take on the challenge to solve regional issues, going beyond the conventional framework

- We will contribute to realize sustainable local communities by taking on challenges to solve regional issues going beyond the conventional framework.
- We will return the expertise obtained through our initiatives in new businesses to core business, which will lead to the growth of our Group and local communities.

Cultivating
new
customers

【Comprehensive Financial Services Area】

Strengthen our consulting and group functions and contribute to solve more customers' issues

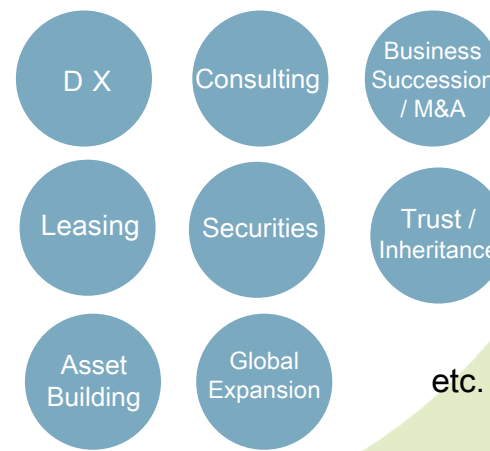
- We will expand the range of services to solve financial issues by strengthening consulting and group companies' functions.
- We will contribute to solve diverse financial issues of more customers by collaborating with our group companies and external institutions.

Deepening
relationships
with existing
customers

【Traditional Banking Services Area】

Change the way of providing services and increase their value

- We will realize thorough efficiency and services that continue to be selected by customers, through digitalization and business innovation.
- We will increase added value by providing integrated financial services together with new business areas, and maintain and expand our customer base.

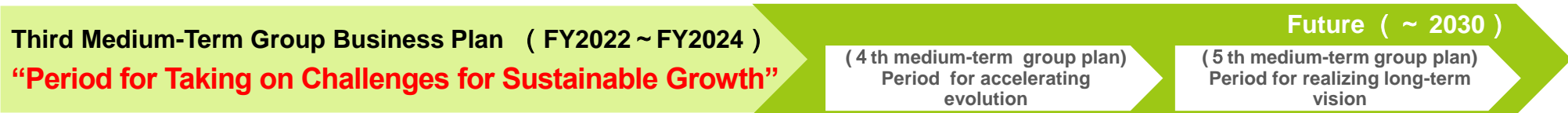


Expanding
business
areas

Return the expertise cultivated in new business areas to core business

Position of the Third Medium-Term Group Business Plan

- The Third Medium-Term Group Business Plan is positioned to be a “Period for Taking on Challenges for Sustainable Growth.”
- While strengthening our management structure by innovating traditional banking services and deepening comprehensive financial services, we will take effort to sow and nurture in “New Business Areas” and aim to contribute to local communities beyond the framework of conventional financial services.



Basic Strategies

- 1 . Pursue a business model to support local communities
- 2 . Build a sustainable management base
- 3 . Develop human resources and promote active participation

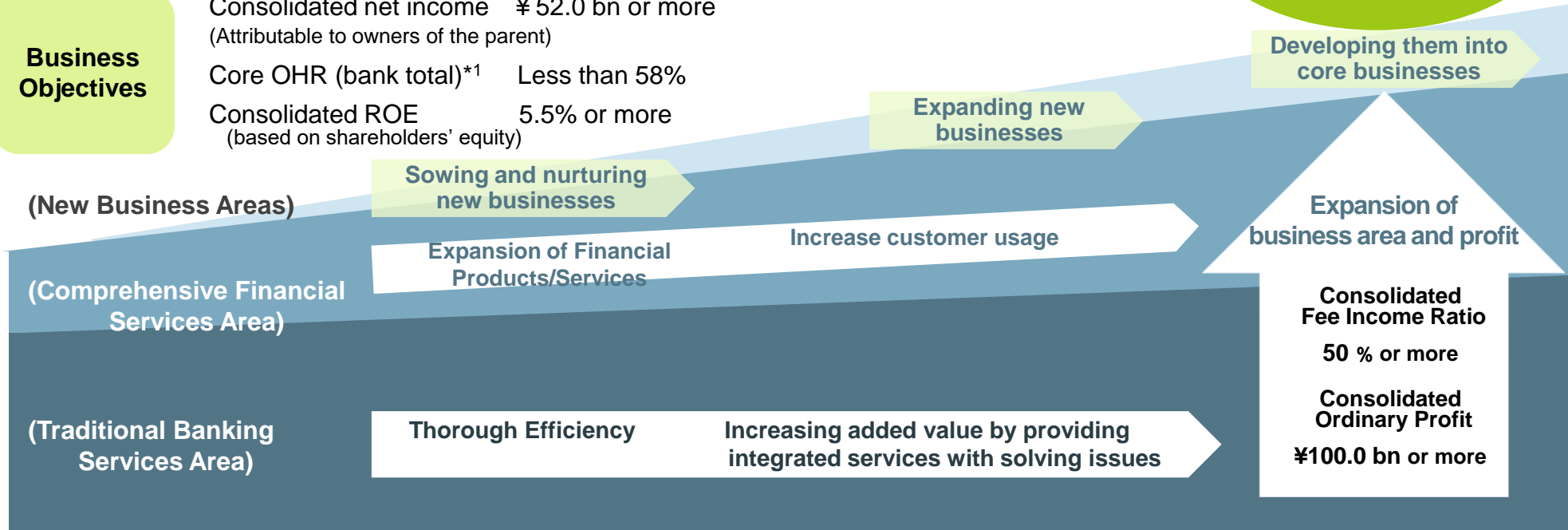
Business Objectives

Consolidated net income ¥ 52.0 bn or more
(Attributable to owners of the parent)

Core OHR (bank total)*1 Less than 58%

Consolidated ROE 5.5% or more
(based on shareholders' equity)

Long-Term Vision 2030
A Value Creation Group Working Together with Local Communities



* 1 Core OHR = Expenses + Core gross business profit (Gross business profit * 2 - gain/losses on bond transactions)
 * 2 Excluding gains/losses on cancellation of investment trusts and remuneration from “Special Deposit Facility to enhance the resilience of the regional financial system” and “Special Funds-applying Operations to facilitate financing in response to COVID-19” by Bank of Japan

Basic Strategies of the Third Medium-Term Group Business Plan

- In the Third Medium-Term Business Plan, we will pursue a business model to support local communities aimed at contributing to them through new value creation.
- Toward new value creation, we will work to build a sustainable management base by promoting Digital Transformation(DX), etc., and to develop human resources and promote their active participation.

	Basic Strategy 1 Pursue a business model to support local communities	Basic Strategy 2 Build a sustainable management base	Basic Strategy 3 Develop human resources and promote active participation
New Business Areas	<p>【Specific Strategy 1-3】 Challenges to expand business areas</p> <ul style="list-style-type: none"> ● Provide value beyond the conventional framework utilizing the strengths of our Group and investments 	<p>【Specific Strategy 2-1】 Promoting DX</p> <ul style="list-style-type: none"> ● Provide new services by utilizing digital technology and data, increase the added value of conventional services 	<p>【Specific Strategy 2-2】 Enhancing group management</p> <ul style="list-style-type: none"> ● Organizational development related to DX and sustainability ● Business management response to expansion of business areas
Comprehensive Financial Services Area	<p>【Specific Strategy 1-2】 Deepening comprehensive financial services</p> <ul style="list-style-type: none"> ● Strengthen consulting and group functions and contribute to solve more customers' issues 	<p>● Accumulate, analyze and utilize data obtained through digital channel and face-to-face channel</p>	<p>Developing and securing human resources who can create value</p> <ul style="list-style-type: none"> ● Trainee dispatch About 120 people (3 year cumulative) ● Developing employees' digital skills DX personnel 400 people (end of Mar.2025) Basis of DX personnel 3,000 people (end of Mar.2025) * Expected at the end of Mar. 2022 : 1,000 people
Traditional Banking Services Area	<p>【Specific Strategy 1-1】 Innovating traditional banking services</p> <ul style="list-style-type: none"> ● Enhance customers' convenience utilizing digital technology and non-face-to-face services ● Increase the value of services by strengthening consulting function and providing integrated services for solving issues <p>【Specific Strategy 1-4】 Diversification of securities management / investments and financing</p> <ul style="list-style-type: none"> ● Strengthen profitability with appropriate risk-taking 	<p>● Accelerate business innovation</p> <p>● Expand non-face-to-face and remote procedures</p>	<p>Implementing diversity / Initiatives for job satisfaction</p> <ul style="list-style-type: none"> ● Expanding working opportunities for female employees Female employees ratio of positions equivalent to assistant manager or higher 35% or more (end of Mar.2025) * Expected at the end of Mar. 2022 : 31%

Shifting human resources to focus area:
200 people
(3 year cumulative)
New digitalization investments
¥7.0 bn
(3 year cumulative)

↑

● Generating management resources by promoting DX etc.
Reducing and reviewing business operations
About **580 people**
(3 year cumulative)
Cost reduction
¥3.0 bn (compared to FY21, the final year of 2nd medium-term plan)

【Basic Strategy 1】 Pursue a business model to support local communities ①



Strategic Goal

■ We will contribute to the realization of sustainable local communities by enhancing the quality of services to solve issues of customers and local communities and by expanding our business areas. Additionally, by enhancing customers' convenience utilizing digital technology and providing advanced face-to-face services and a peace of mind, we will aim to become an essential presence in local communities.

Specific Strategy 1-1

Innovating traditional banking services

- Integration of digital and face-to-face channels
- Increasing the value of services by providing integrated services for solving issues

Specific Strategy 1-2

Deepening comprehensive financial services

- Strengthen consulting and group companies' functions
- Provide services for more customers

Specific Strategy 1-3

Challenges to expand business areas

- Take initiatives to new areas beyond the framework of financial services
- Utilize our Group's strengths and investments / collaboration

Specific Strategy 1-4

Diversification of securities management / investments and financing

- Expand investment fields and regions
- Respond to diverse funding needs in the local regions



【Basic Strategy 1】 Pursue a business model to support local communities ②

Specific Strategy 1-1

Innovating traditional banking services



- With the improvement of convenience by providing expanded services through the digital channel and enhancing expertise of face-to-face services, we will provide financial and non-financial services to meet various customers' needs, and also better experience value through both channels.
- In response to the advancement of digitalization/ technology and the changes in value/ lifestyle of our customers, we will make a new point of contact with them by providing optimized channels.

Digital channel



Operations utilizing digital technology (Providing convenience and simplicity)

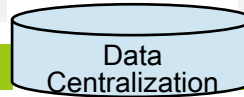
- Complete transactions anytime, anywhere in a safe, secure and speedy way
- Expand contact points with customers and understand their needs

Face-to-face channel



Operations of which only humans are capable (Providing peace of mind and added value)

- Provide information for solving wide range of issues including non-financial fields and highly specialized consultation
- Enhance the quality of consultation by also utilizing digital technology



Improve linkage between digital and face-to-face channels

Utilize transaction data obtained through enhanced digital channel



Enhancing data storage and providing new value

- Deliver advice to customers timely
- Provide information aiming at improving quality of life for customers

Enhance Smartphone / WEB

Making a new contact point with customers by using digital technologies

- Start to provide a portal for corporate customers
 - We will provide a portal with various functions such as loans and clearing services, and support business activities of corporate customers.
- Expand non-face-to-face services for individual customers
 - Continuous improvement of functions of Banking App
 - Speedy funding support by providing loans available online(WEB)



Optimize Branches / ATMs

- Maintain and expand points of contact with customers flexible operations of branch stores in response to regional characteristics / needs (service content, business days/ hours, utilizing idle properties, etc.)
- Optimize the network of ATMs taking into account the advancement of cashless society



Enhance Cashless / Clearing Services

- Provide businesses with diverse clearing functions
- Expand service lineup and improve convenience by using digital application



【Basic Strategy 1】 Pursue a business model to support local communities ③

Specific Strategy 1-2

Deepening comprehensive financial services



Traditional Banking Services Area

Shift face-to-face services to consulting services

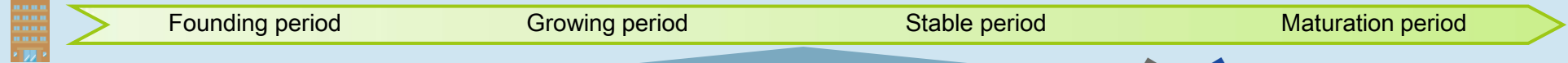


Increase value of services by providing integrated services

Comprehensive Financial Services Area

< For Corporate Customers >

Deepening consulting function for business companies



Escorted support for sustainable growth of regional companies



Group companies' functions (Leasing, Investment companies, Securities, Credit card, Think-tank, IT) + External partners

< For Individual Customers >

Deepening life plan consulting

- Provide services tailored to customers' life events
 - Support for asset building and asset management to meet their life stage
 - Livelihood support including non-financial services

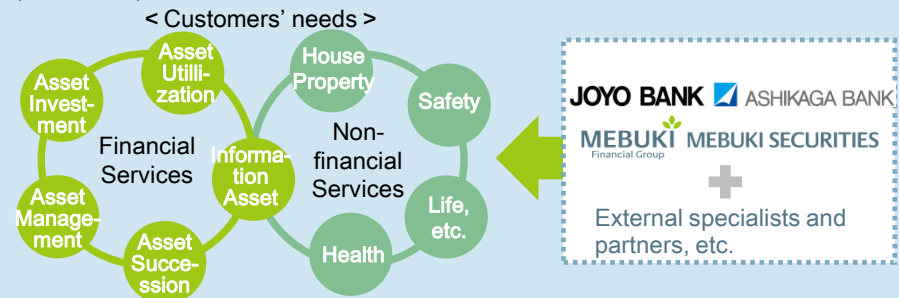


- Expand services for the digital age
 - Expand the functions of Banking App (distribution of advice / Investment trust trading, etc.)
 - Enhance robot-advisor functions
 - Utilize consultation available online (Web)



Strengthening relations with wealthy customers and business owners

- Build relations with wealthy customers / business owners and support their asset management, inheritance and asset succession
 - Initiatives for connecting to next generation, such as asset management advice and inheritance related services
 - Provide non-financial services related to livelihood support utilizing external partnerships



【Basic Strategy 1】 Pursue a business model to support local communities ④



< Regional Issues >

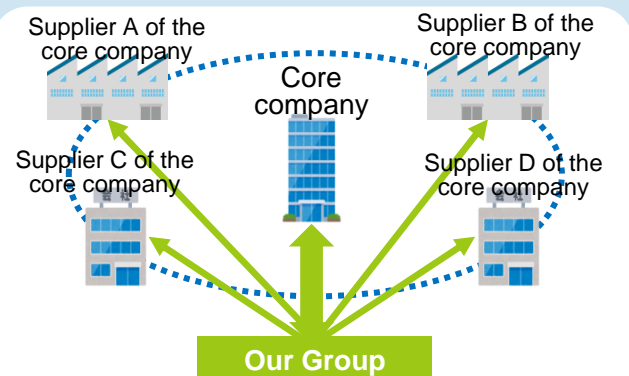
Comprehensive Financial Services Area

Initiatives for regional revitalization and SDGs

Connect businesses

- Maintain and enhance supply chain

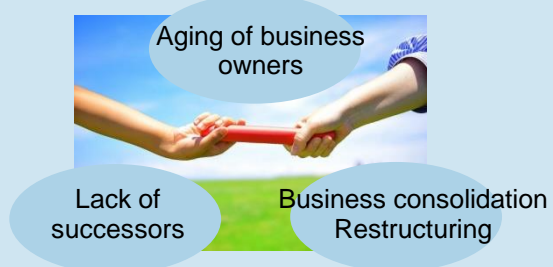
- ◆ Strengthen relations with regional core companies and establish ecosystem
- ◆ Consulting and supporting for the alliance of member companies in the ecosystem



Connect to next generation

- Enhance business succession/ M&A and strengthen our support system

- ◆ Increase our response capabilities for business succession/ M&A
 - Enhance initiatives based on characteristics of industry and region
 - Support for companies utilizing tax system applied to business succession
 - Support for business consolidation and restructuring



Connect regions

- Support initiatives for decarbonization / SDGs in local regions and for companies
- Solving regional issues by collaborating with local governments, etc.

- ◆ Support initiatives for decarbonization / SDGs in local regions and for corporate customers

Promote SDGS initiatives in local regions

- Hold SDGs related seminars, Simple evaluation



Practical support for SDGs in local regions

- Consulting for SDGs (“SDGs Declaration Support Service”, etc.)
- Sustainable finance
- Support to establish renewable energy facilities

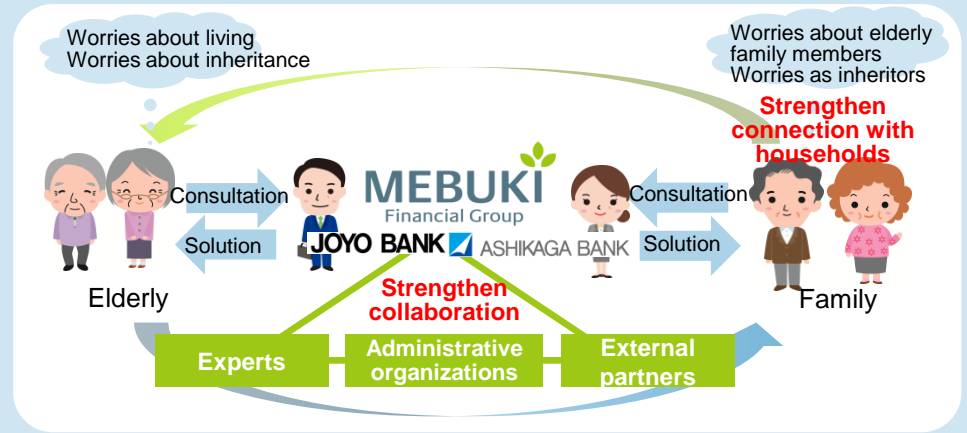


Introduce case studies of initiatives in local regions

- Media function such as dissemination of initiatives for SDGs by regional companies, etc.

Enhance our response to an aging society

- Enhance to provide various services related to gerontology
 - Strengthen connections with elderly families (households)
 - Strengthen relations with external partners, administrative organizations and experts
- One-stop services responding to problems of the elderly and their families
 - Expand services/products solving problems of the elderly and their families
 - Support to improve living environment such as reverse mortgages, relocating and renovation, etc.
 - Provide non-financial services by working with other industries

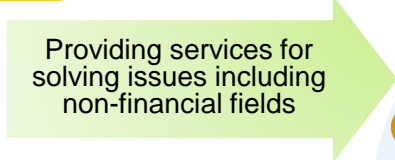
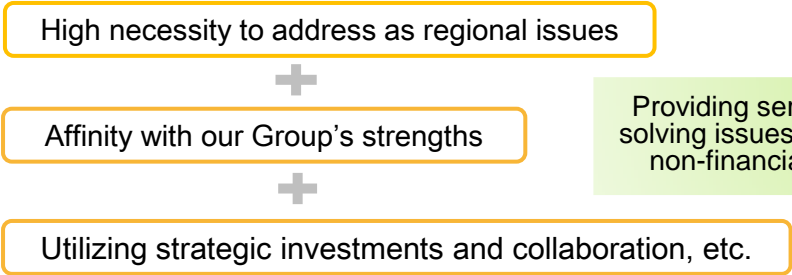


【Basic Strategy 1】 Pursue a business model to support local communities ⑤



Specific Strategy 1-3 Challenges to expand business areas

“Approach to New Businesses”



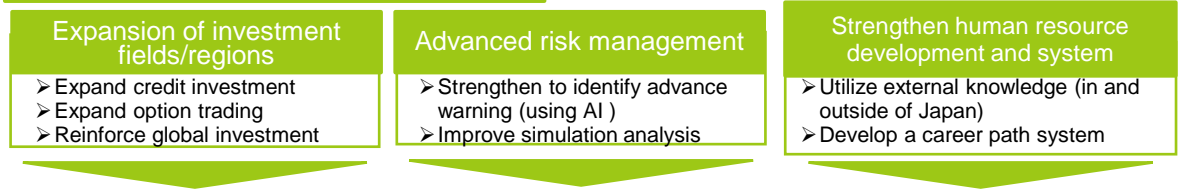
“Themes for New Business Area Expansion”



We will create new value by taking on challenges to solve various regional issues

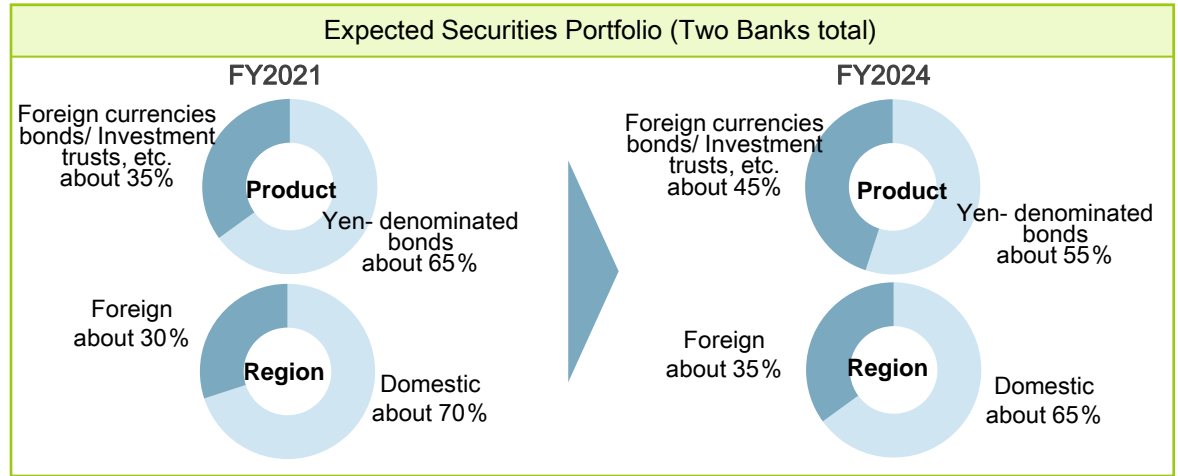
Specific Strategy 1-4 Diversification of securities management / investments and financing

Strengthen securities management



Reinforce structured finance

- Reinforce arrangement services
- Further strengthen business related to renewable energy
- Enhance equity finance



【Reference】 Pursue a business model to support local communities ⑤



A new company will be established to develop renewable energy power acquisition / generation businesses and their derived businesses.

Through these businesses, we will aim to contribute to achieve carbon neutrality in the local region.

Renewable Energy Power Acquisition and Generation Businesses

- Solar power generation
- Biomass power generation
- Wind power generation
- Small hydro power generation, etc.

Acquisition

Joyo Green Energy Co., Ltd.	
Address	2-5-5 Minami-machi, Mito, Ibaraki Prefecture (c/o Joyo capital partners)
Main businesses	Renewable energy power generation and derived businesses
Shareholders and shareholding ratio	The Joyo Capital Partners Co., Ltd (*1) 100%
Establishment	July 2022 (scheduled)

*1 Investment company, wholly-owned- subsidiary of Joyo Bank

*2)Power Purchase Agreement(PPA)
A system for installing solar panels on one's own grounds and roofs (onsite) or adjacent(offsite) and supplying renewable energy power through retail power generation companies

Sell power

Electric power companies

Supply green electricity

Corporate PPA *2

- ✓ Regional customers requiring renewable energy power
- ✓ Our group will use renewable energy power

Performance evaluation of power generation
Improving efficiency

Derived Businesses

Maintenance and reuse of power supply facilities



Initiatives for carbon offset using fallow land



- J-Credit
- Green Power Certification
- Issue of Non-Fossil Certificate



Environmental value creation using blue-carbon *3 ecosystem

*3)Carbon absorbed and fixed by living organisms in marine ecosystems



Others

【Basic Strategy 2】 Build a sustainable management base ①



Strategic Goal

■ Through the utilization of digital technology and other means, we will work to reform our business model and to innovate operations to create new value and strengthen our management structure.

Specific Strategy 2-1

Promoting DX

Expand digital transactions

- Enhance non-face-to-face services / self transactions
- Pursue CX and UI / UX

Accelerate business innovation

- Abolition, drastic revision and simplification of administrative procedures
- Digitalization of paperwork

Digital channel

Expanding APP functions and services with WEB completion scheme, linking to external services, etc.



Face-to-face channel

Enhancing digital operations, Enhancing consulting function through dialogue with customers

Back office operations

【Expanding the scope of use of digital technology】

RPA, AI-OCR, AI, Image data transmission, Low-code development tools

Data storage

Advancement of data analysis and data utilization

IT Investments

3 year cumulative **¥15.0bn**
o/w New digitalization Investments **¥ 7.0 bn**

Shifting human resources to high value business areas

- #### Value provided to customers
- ① Easy, convenient and safe services available anytime, anywhere
 - ② Sophisticated face-to-face consulting services
 - ③ Proposing products/services to meet customers' needs

- #### For employees
- ① Shifting to high value business areas and promoting active participation
 - ② Improving productivity through digital support
 - ③ Efficient sales activities used in conjunction with face-to-face and non-face-to-face channels

System development for promoting DX

- DX promotion system ... Organizational development related to DX
- Securing and developing DX personnel ... DX personnel : 400 people
Basis personnel : 3,000 people (IT passport acquirers)

Strengthening infrastructure of IT/DX

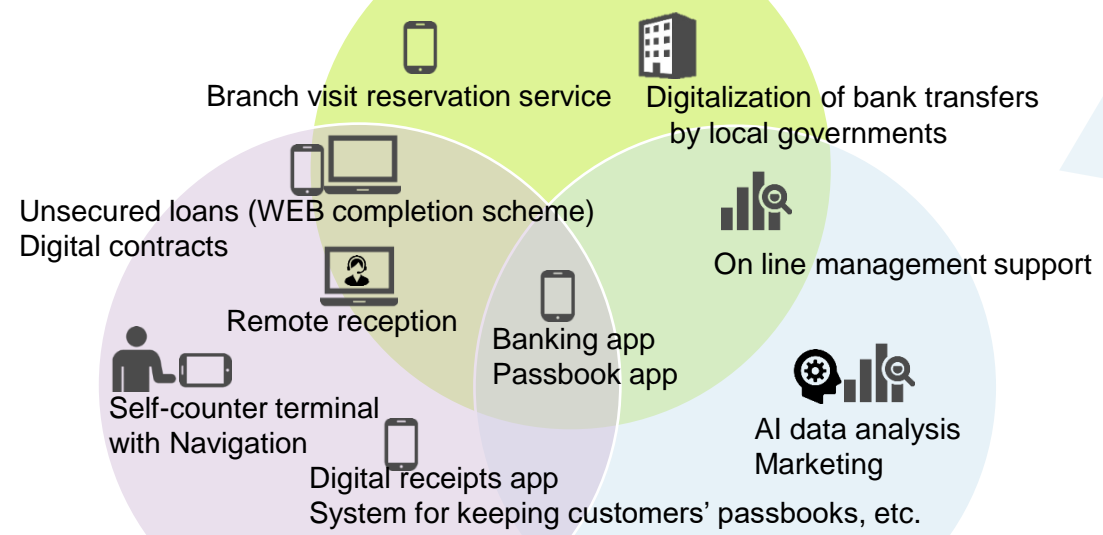
- Establish a highly simple, flexible, scalable, and serviceable system infrastructure
 - Open source / Cloud computing, Using industry standard technology
 - Improve security

【Reference】 Build a sustainable management base ①



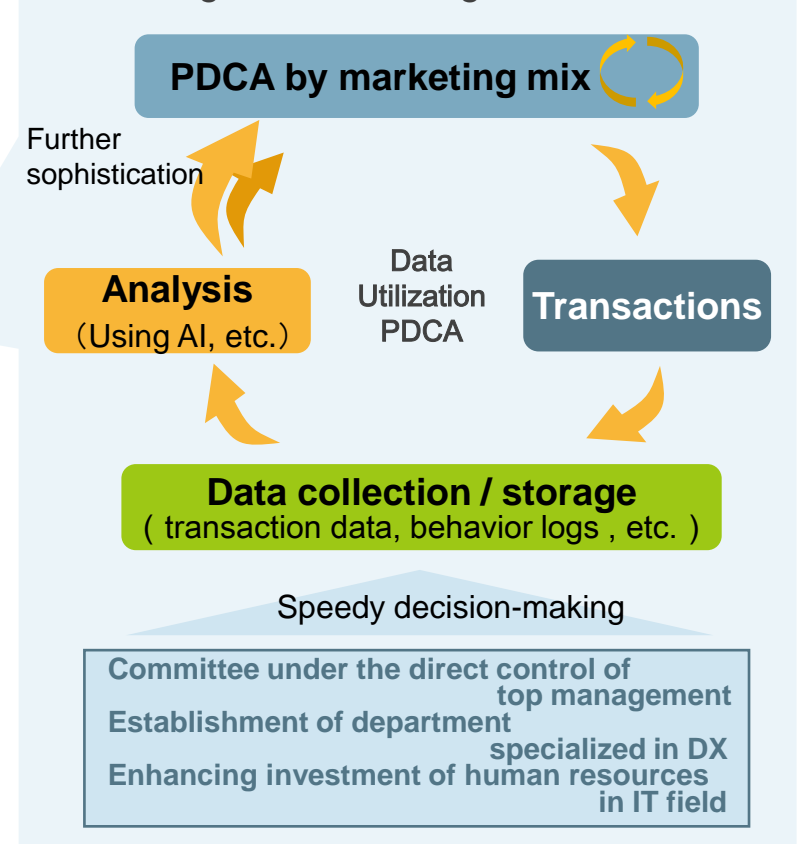
Efficiency advanced by elimination of business operations through the enhancement of CX from the provision of new services designed to support digitalization and the digitalization of business process. Further, we will increase the scope of data utilization to create new value and strengthen our management structure.

Intended Purpose ① Improving customer services

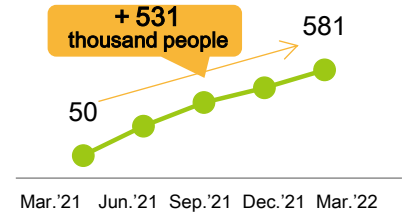


Intended Purpose ② Business efficiency

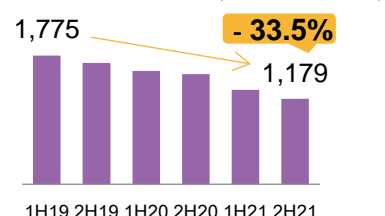
Intended Purpose ③ Utilizing data



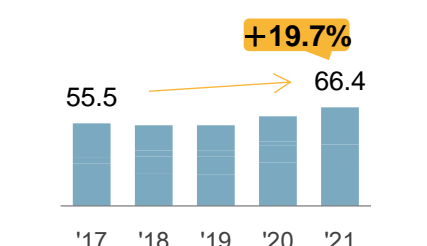
● Number of users of banking app (accumulated, thousand people)



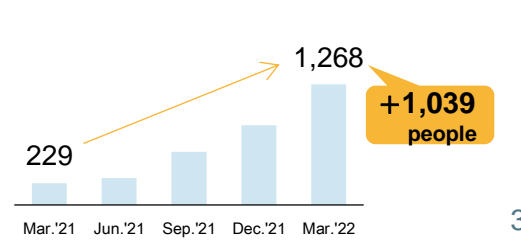
■ Volume of in-store operations (thousand hours)



■ Amount of new unsecured loans (¥ bn)



■ Number of "IT Passport" acquirers (people)



【Reference】 Build a sustainable management base ①



< Example of utilization :

Identification of potential customers for investment trusts and advertisement distribution >

Utilization

- ✓ By visualizing the contribution of explanatory variables, we have gained knowledge (finding significant variables) that we have not previously been able to obtain.
- ✓ Concerning the promotion of accumulated investment trusts, we have made AB testing based of the prospect list and achieved certain results by AI analysis.

Evaluation / Improvement

- ✓ After consistent results in AI analysis, we continue to verify the effectiveness of other promoting products by AB testing, too.

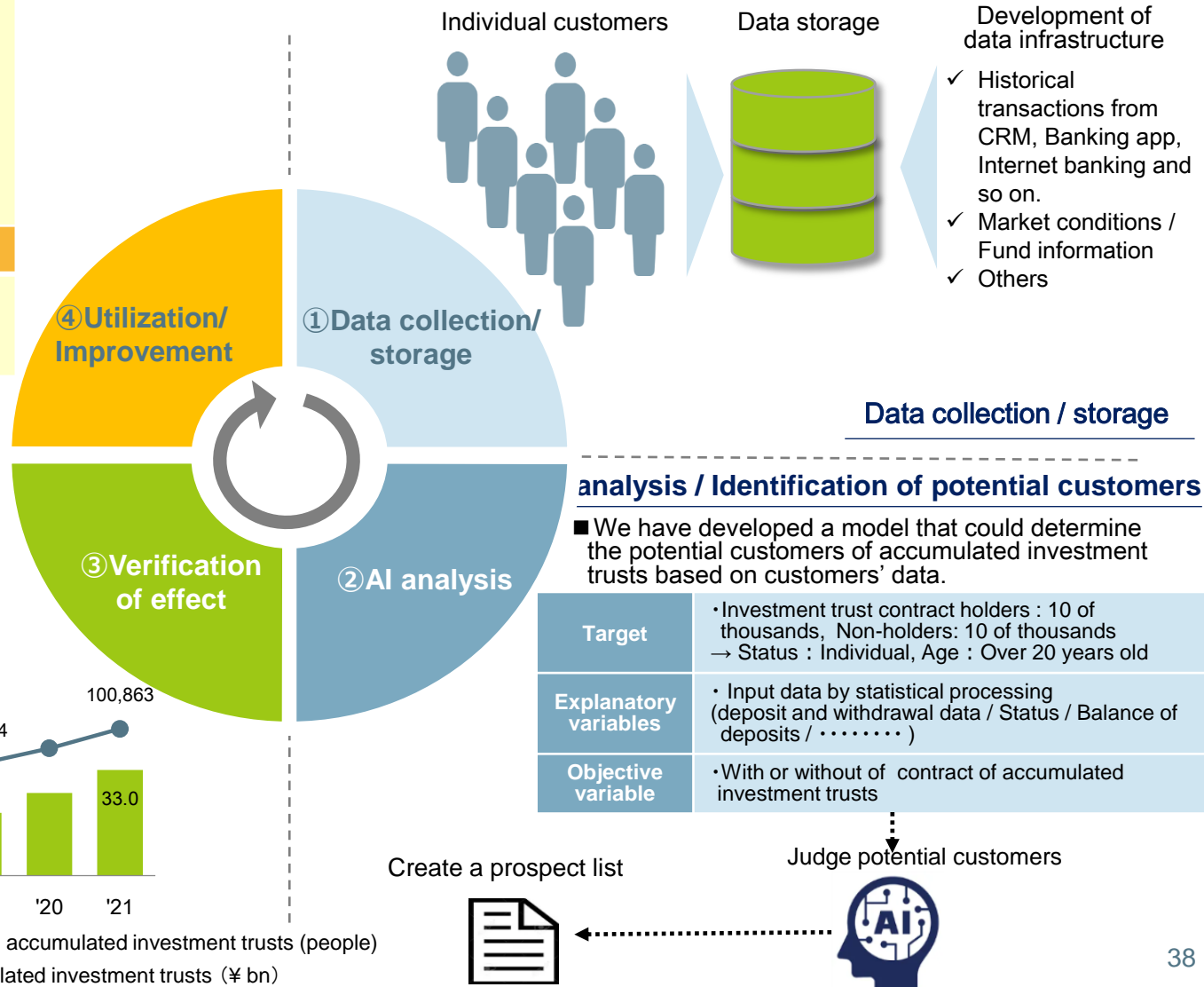
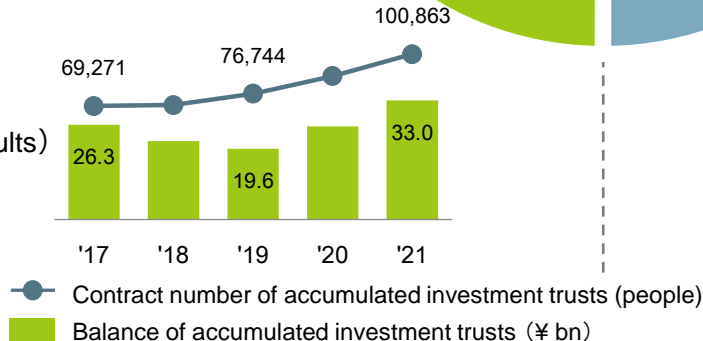
Utilization / Improvement

Distribution / Verification of effect

Guidance for accumulated NISA by push notification



Verifying effectiveness (Comparison of AB testing results)

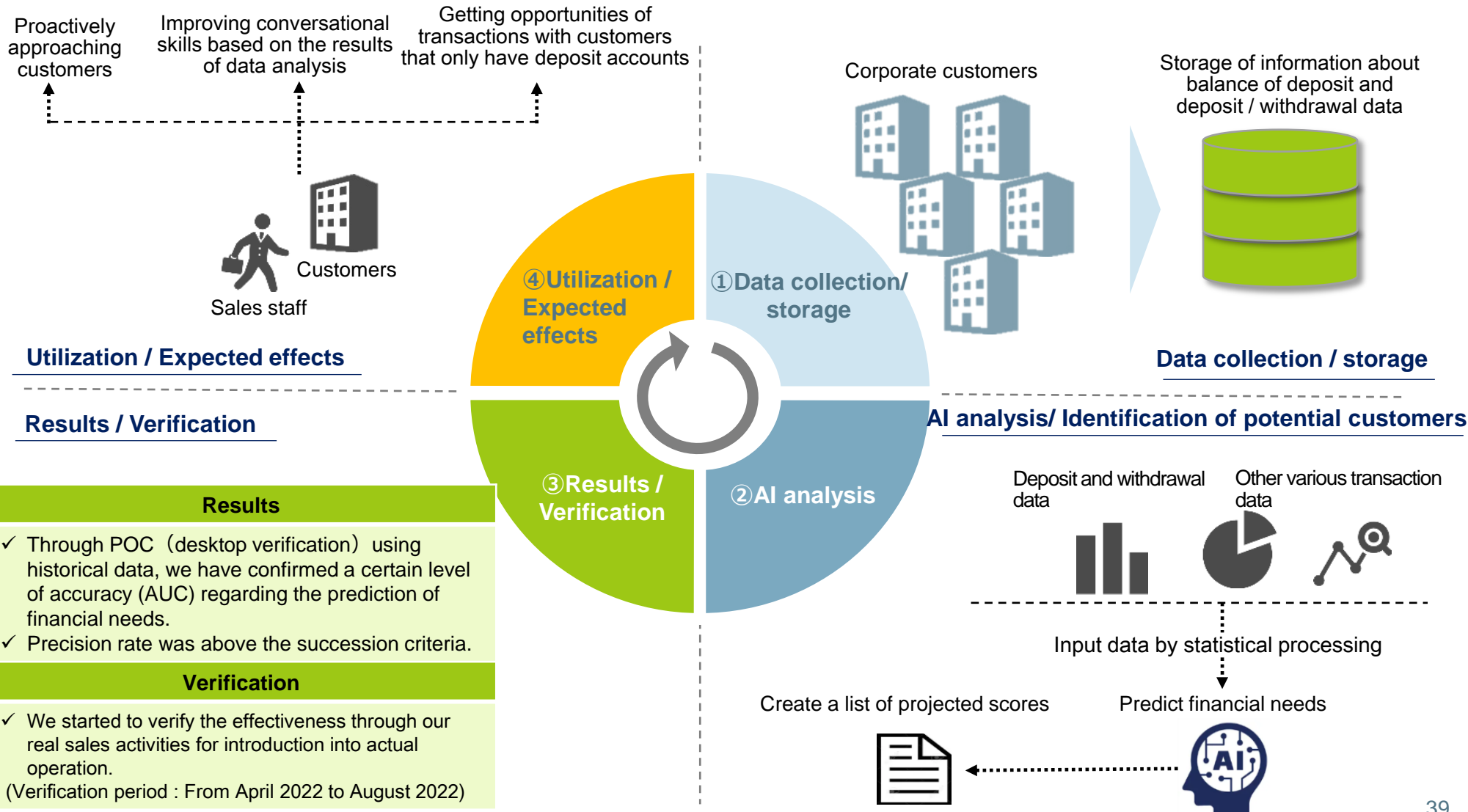


【Reference】 Build a sustainable management base ①



< Example of utilization :

Identification of potential funding needs and early securing of contact points with customers >



【Basic Strategy 2】 Build a sustainable management base ②

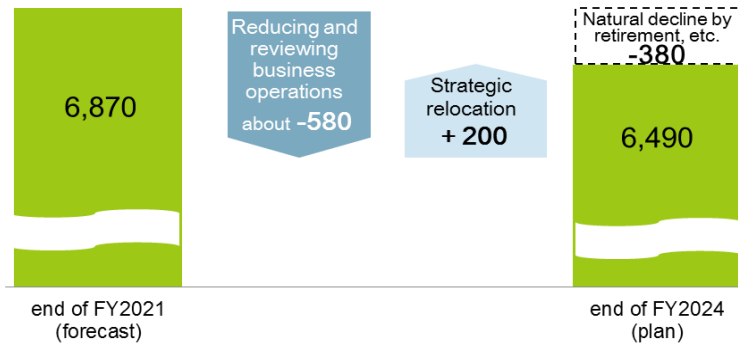


Specific Strategy 2-2 Enhancing group management

Optimized allocation of management resources

【Human resources (Personnel relocation)】

- By enhancing the efficiency of group management, we plan to establish a operation structure of 6,500 people in FY24 (total staff of 8,900 people including part-time workers, etc.).
- Through the digitalization and efficiency of administrative procedures, etc., we will reduce and review our business operations equivalent to 580 people and relocate 200 people to consulting, DX and new fields, etc. Number of total employees in the Group (excluding part-time workers) (people)



Advanced group governance / risk management / profit control



Strengthen our group organizations

- Reorganization for strengthening DX promotion
- Establish a new organization for enhancing our initiatives for sustainability
- Review our system for business operations' planning function in the Group

Brush up on our management system considering new business areas and its expansion

- Develop risk management and profit control systems

Enhance advanced market risk management

- Risk management responding to the expansion of investment fields / methods
- Appropriate response to the market risk related regulations

【Things (IT Investment)】

- For pursuing a business model supporting local communities and accelerating our business innovation, we will invest ¥ 15.0 bn in IT, of which, ¥ 7.0 bn in new digitalization, in the next three years.

Total amount of IT investments	¥ 15.0 bn (3 year cumulative)
o/w New digitalization investments	¥ 7.0 bn (same as above)

【Money (Cost reduction)】

- Through DX promotion and business innovation, we will enhance cost reduction(*) by ¥3.0 bn mainly in traditional banking area and invest to digitalization and human resources development.

(*) "Total expenses in FY2024" - "Total expenses in FY2021"

Response to climate change

- Initiatives for CO2 emission reduction
- Advanced scenario analysis and enhancement of disclosure
- Development of a framework of climate change risk management

Advanced measures for AML/CFT

- More sophisticated due diligence measures
- More sophisticated risk management system

Response to Basel III

- Response to final requirements of Basel III (credit risk, operational risk)
- Appropriate RWA management

【Basic Strategy 3】 Develop human resources and promote active participation



Strategic Goal

- Through the development and securement of human resources capable of creating value and the enhancement of job satisfaction, we will form a diverse and self-reliant group that can provide local communities and customers with new value and a peace of mind, thereby increasing the engagement of each employee.



Develop and secure human resources capable of creating value

Develop and secure human resources who can reflect both the trust and the expectations of our customers

- Develop and secure human resources with problem solving skills
 - ✓ Develop and secure human resources responsible for deepening comprehensive financial services and expanding business areas
 - ✓ Share the skill qualification system and the self-education menu in two banks
- Enhance training programs / reskilling opportunities
 - ✓ Enhance the training programs prepared for shifting human resources to front-office operations and the progress of digitalization
 - ✓ Develop joint training system in two banks, co-producing training material using video



Implementation of diversity

Expanding active working opportunities for diverse human resources

- Implementation of diversity and environmental improvement
 - ✓ Practice of initiatives based on the diversity policy
 - ✓ Increase active participation of female employees and opportunities for promotion to higher level positions
 - ✓ Initiatives for active participation of senior human resources
- Female employees ratio of positions equivalent to assistant manager or higher
<Target level> End of Mar. 2025 : 35% or more



Initiatives for enhancing job satisfaction

Cultivate organizational culture supporting sustainable growth

- Initiatives for enhancing job satisfaction
 - ✓ Support for self-motivated career building / Develop an environment that promotes challenges
 - ✓ Improve work-life balance



Business Objectives / Main Performance Targets

Business Objectives

- We set the goals of consolidated net income, core OHR (two banks total) and consolidated ROE (based on shareholder's equity) as our business objectives. We will achieve the levels shown on the right by carrying out basic strategies.

Business objective indicators	(Reference) FY2021 Results	FY2024
Consolidated net income (Attributable to owners of the parent)	¥42.9bn	¥52.0bn or more
Core OHR (Two Banks total)*1	58.1%	Under 58%
Consolidated ROE (Based on shareholder's equity)	5.1%	5.5% or more

Main Performance Targets

- Profit of banking business and consolidated income will increase due to pursuing business models to support local communities and efficiency through promotion of DX and initiatives for innovation.

Main performance targets	(Reference) FY2021 Results	FY2024
Core net business income (Two Banks total)*2	¥77.9bn	around ¥80.0bn
Consolidated ordinary profit	¥64.9bn	around ¥75.0bn
Average balance of Loans (Two Banks total)*3	¥11.1 tn	around ¥11.6 tn
Average balance of Deposits (Two Banks total)*4	¥16.5 tn	around ¥17.5 tn

Preconditions for Objectives and Targets

- We predict that both global and domestic economies will normalize and gradually recover from the COVID-19 pandemic. In addition, we will continue to closely monitor recession risks due to heightened uncertainties regarding the geopolitical risk of Russia and Ukraine and rising material prices.

- (*1) Expenses ÷ Core gross business profit (Gross business profit*2—gain/ losses on bond transactions)
 (*2) Excluding gains/losses on cancellation of investment trusts and remuneration from “Special Deposit Facility to enhance the resilience of the regional financial system” and “Special Funds-applying Operations to facilitate financing in response to COVID-19” by Bank of Japan
 (*3) Excluding loans for “Borrowing from special account of MoF”
 (*4) Including Negotiate certificates of deposit

3. Value Creation Process

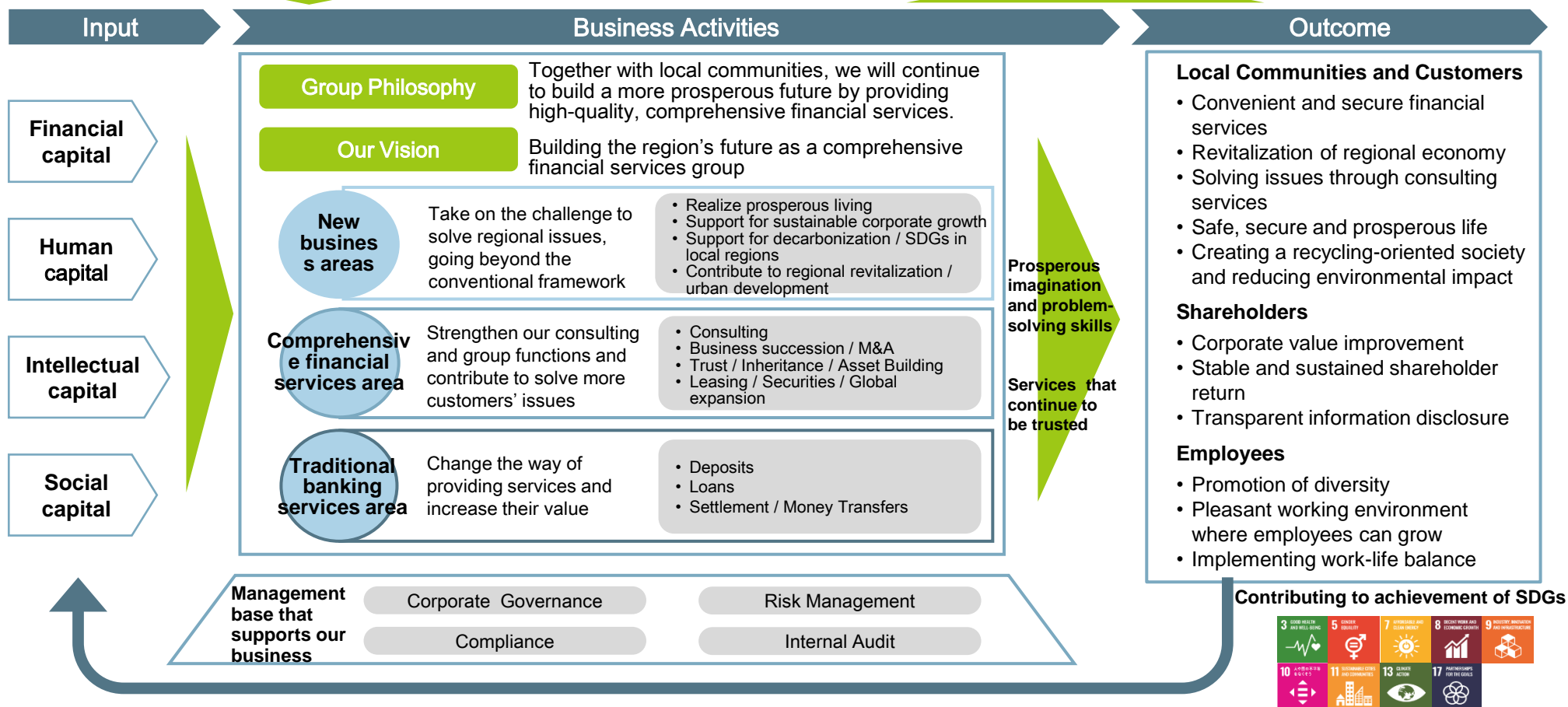
Initiatives for Sustainability

Value Creation Process

Based on the corporate philosophy of the Group, Mebuki Financial Group will provide high-quality, comprehensive financial services by taking advantage of its wide-area network, solid customer base and other strengths, while contributing to the sustainable growth of local communities through improving the Group's corporate value and creating value for stakeholders.

External environment

- Aging and Declining population
- Industrial and work structure changes
- Progress of digitalization and technology
- Changes in lifestyle and value
- Shift to decarbonized and recycling-oriented society



Explanation of each capital

Financial capital

- Sufficient capital
- Sound assets
- Stable funding

Human capital

- Diverse human resources
- Enhancing training programs and specialized human resources
- Human resources rooted in local communities

Intellectual capital

- Brand strength and history
- Comprehensive capabilities with know-how in the Group
- Advanced risk management

Social capital

- Wide-area networks based in Ibaraki and Tochigi Prefectures
- Solid customer base
- Network with domestic and international partners

Sustainability Policy

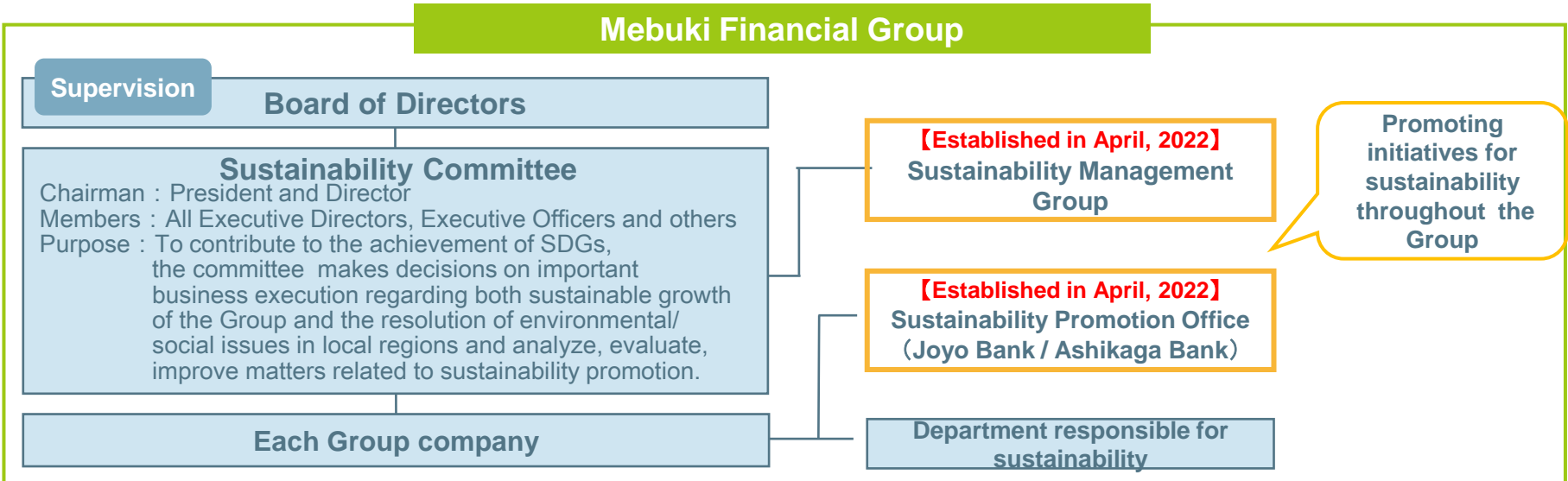
Mebuki Financial Group has formulated the Group Sustainability Policy in order to reinforce further initiatives for the achievement of our long-term vision, in conjunction with the start of the 3rd Medium-Term Group Business Plan. In addition, we have formulated independent policies to clarify policies regarding “Environment”, “Human Rights” and “Diversity”.

Long-Term Vision 2030
“A Value Creation Group Working Together with Local Communities”

Mebuki Financial Group Sustainability Policy



Based on the group philosophy “*Together with local communities, we will continue to build a more prosperous future by providing high-quality comprehensive financial services*”, Mebuki Financial Group will support solving issues in our regions, while contributing to the achievement of sustainable growth of local communities as well as the improvement of our corporate value.



Sustainability Policy

Mebuki Financial Group has established key issues (materiality) to be focused on in order to contribute to the realization of sustainable local communities.

Going forward, based on these five (5) key issues, we will promote initiatives to solve regional issues.

Key issues (Materiality)	Main initiatives in the 3rd mid-term business plan	Goal of SDGs	Long-term KPI for sustainability
Revitalization of regional economy and local communities	<p>【Specific Strategy 1-2】 Deepening comprehensive financial services</p> <ul style="list-style-type: none"> Deepening consulting function for companies Initiatives for regional revitalization / SDGs Deepening life plan consulting <p>【Specific Strategy 1-3】 Challenges to expand business areas</p> <ul style="list-style-type: none"> Developing new business areas by leveraging group's strength Utilizing strategic investments and collaboration, etc. 		<p>Sustainable finance goal</p> <p>FY2021~FY2030 (cumulative total) “ 3 trillion yen ” (o/w Environmental fields 2 trillion yen)</p>
Climate change and environment conservation	<p>【Specific Strategy 1-2】 Deepening comprehensive financial services</p> <ul style="list-style-type: none"> Initiatives for regional revitalization / SDGs 		<p>CO2 emission reduction goal</p> <p>FY2030 “CO2 emission Net-zero”</p>
Promotion of digitalization	<p>【Specific Strategy 1-1】 Innovating traditional banking services</p> <ul style="list-style-type: none"> Enhancing contact points with customers and non-face-to-face services using digitalization Optimizing channel network and enhancing consulting function <p>【Specific Strategy 2-1】 Promoting DX</p>		<p>Female employees ratio of positions equivalent to assistant manager or higher</p> <p>End of Mar. 2025 “ 35% ” or more</p>
Response to aging society	<p>【Specific Strategy 1-2】 Deepening comprehensive financial services</p> <ul style="list-style-type: none"> Enhancing response to an aging society 		<p>End of Mar. 2025 “ 35% ” or more</p>
Promotion of diversity	<p>【Basic Strategy 3】 Develop human resources and promote active participation</p> <ul style="list-style-type: none"> Implementation of diversity 		

Initiatives for ESG·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.

Main initiatives as a corporate citizen

E Response to climate change



- Contribution to decarbonized society
 - Initiatives for TCFD recommendation (enhancing internal control system including scenario analysis of climate change and related disclosures)
 - Initiatives to reduce greenhouse gas emission
- Forest conservation activities, subsidies and donations to environment conservation groups

S Promotion of diversity



- Increase active participation of female employees and opportunities for promotion to higher level positions
- Develop and secure specialized human resources, active participation of senior human resources
- Investment in people
- Work-style reform / promote work-life balance
- Respect for human rights

S Build a sustainable system / Develop and secure human resources in local regions



- Promotion of digital transformation (DX)
- Innovation of business operations
- Support for financial education
- Joint support with local governments for recruiting
- Support for training young managers and successors

G Advanced corporate management



- Strengthen and improve corporate governance
- Shut out relations with anti-social forces and prevent money-laundering and financing of terrorism for a peaceful and just society

Main initiatives contributing to SDGs through the Group's businesses

E Response to climate change



- Environmental consideration and support for the spread of renewable energy through investment to green loans / bonds and environment-friendly private placement bonds, etc.
- Support for promoting environmental businesses

S Promotion of sustainability transformation (SX)



- Collaborative creation with our customers
 - For acceleration and expansion of SDGs, we will provide various products/services to raise customers' sense of participation in SDGs from the viewpoint of "activities to support the achievement of SDGs' goals in partnership with customers"



S Contributions to regional sustainable growth



- Collaboration with local regions / regional companies and regional revitalization by making the most of the Group's wide-area network
- Solving regional issues by working with local governments
- Financial support by providing sustainability linked loans to solve customers' social issues
- Expanding various services related to financial gerontology
- Expanding non-financial services responding to problems for the elderly

Initiatives for Sustainability

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

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.)



Initiatives to revitalize the regional economy

- By making the most of the Group's wide-area network, Jojo 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.



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 48

Initiatives for Sustainability

● 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 Sustainability

As a partner to our customers, 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

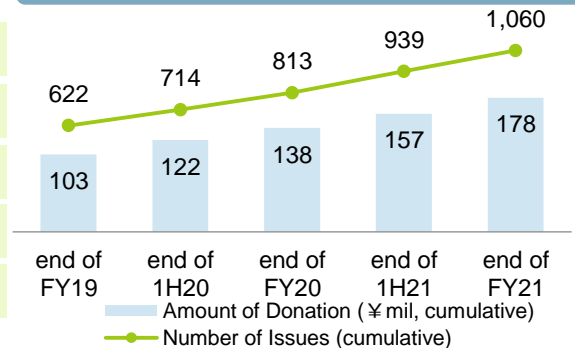
- ✓ We support to develop customer's "SDGs Declaration" and promote both inside and outside of the company.

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

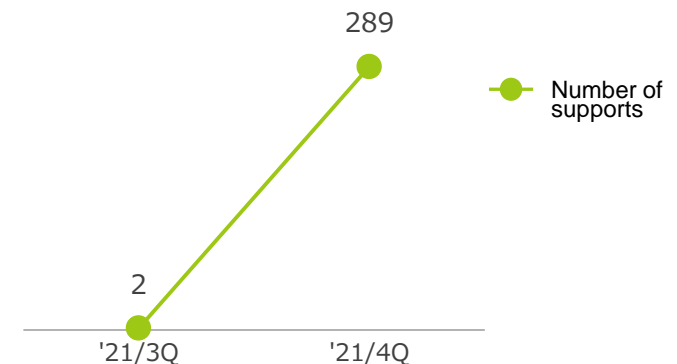
Support contributing to SDGs through Providing Financial Products

- ✓ 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)

Support for Planning SDGs Declaration (Nov. 2021 ~)



Response to Climate Change

In March 2021, we declared support for the TCFD Recommendations and strengthened our response to climate change.

Revising the target for CO2 emissions reduction upwards, we will accelerate to realize a decarbonized society and contribute to regional sustainable growth.

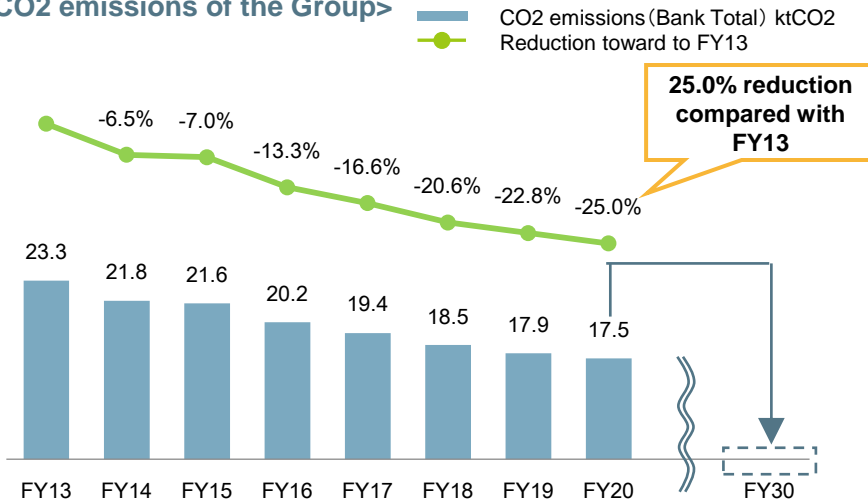
CO2 Emissions Reduction

- We have set the target for CO2 emission reduction in FY2030 to **“Net-zero”**.
- We have achieved a 25.0% reduction of CO2 emissions in FY2021 (*1), compared with FY2013.



* 1 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.

<CO2 emissions of the Group>



Sustainable Finance

Definition of “Sustainable Finance”

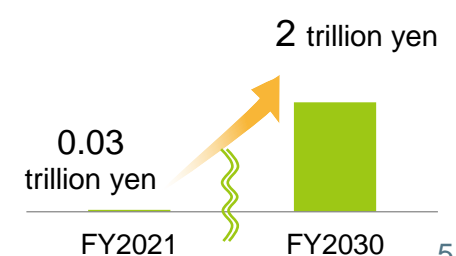
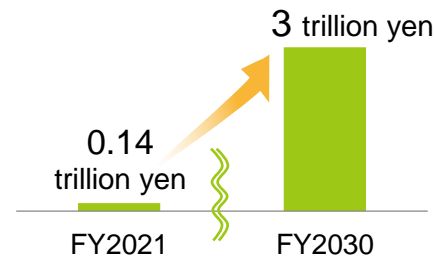
“Finance to support customers’ activities aiming to realize a sustainable society through solving environmental and social issues”, as referenced in related external standards (the Green Loan Principles, the Green Bond Principles, the Social Bond Principles, etc.)

Transactions subject to “Sustainable Finance”

Environmental fields	Projects that contribute to the adaptation and mitigation of climate change, including renewable energy projects Capital investments that contribute to re-energy, energy conservation and carbon neutral, etc.
Social fields	Projects that contribute to regional revitalization and regional creation Projects that contribute to foster start-up companies and job creation

Cumulative total (FY2021 ~ FY2030) **3 trillion yen**

o/w Environmental fields **2 trillion yen**



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>
(as of end of March, 2021)

Loans	¥195.7bn
Solar power	¥175.7bn
Others (biomass power, wind power, etc.)	¥20.0bn
Investments	¥12.3bn

<Subsidies for environment conservation groups, etc.>

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

Total investments and loans balance (Bank total) ¥208.1bn

<Subsidies through charitable trust (Cumulative total, as of end of March, 2022)>

Number	Amount of Subsidies	Number of cedar trees owned
1,571	169.44 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.

【Financial Data for FY21】

【Data】 Breakdown of Banking subsidiaries

(1) P/L for FY21		(¥ b n)					
	J+A	YoY	Joyo	YoY	Ashikaga	YoY	
Gross business profit	187.0	+6.8	106.9	+4.5	80.0	+2.3	
(Core Gross business profit)	194.1	+7.7	111.8	+5.4	82.3	+2.3	
Net interest income	157.7	+4.6	90.7	+2.9	67.0	+1.7	
o/w Gains/losses on Cancellation of Private Offering Investment Trusts	1.7	-5.0	1.7	-3.1	0.0	-1.9	
Net fees and commissions	33.7	+2.3	19.2	+1.9	14.5	+0.3	
Net other business income and Net trading income	-4.5	-0.1	-3.0	-0.3	-1.5	+0.2	
(o/w gains/losses on bond transactions)	-7.1	-0.8	-4.8	-0.9	-2.2	+0.0	
Expenses	108.1	-1.9	60.5	-1.1	47.6	-0.8	
o/w Personnel expenses	58.2	-1.6	32.7	-0.4	25.4	-1.2	
o/w Non-personnel expenses	43.4	-0.0	24.1	-0.5	19.2	+0.5	
Net business income (before general allowance for loan losses)	78.8	+8.8	46.4	+5.6	32.4	+3.1	
Core net business income	86.0	+9.7	51.2	+6.5	34.7	+3.1	
Core net Business Income (exclu. Gains/losses on Cancellation of Investment Trusts)	84.2	+14.8	49.5	+9.7	34.7	+5.0	
Net transfer to general allowance for loan losses (a)	1.4	-0.7	0.3	-1.4	1.0	+0.6	
Net business income	77.4	+9.6	46.0	+7.0	31.3	+2.5	
Net non-recurrent gains/losses	-16.9	-5.0	-8.1	-5.1	-8.7	+0.1	
o/w Disposal of non-performing loans (b)	18.1	-2.0	9.5	-0.8	8.6	-1.2	
o/w Gains/losses related to stocks, etc	3.5	-6.5	3.5	-5.5	-0.0	-0.9	
Ordinary profit	60.4	+4.5	37.9	+1.8	22.5	+2.6	
Extraordinary income/losses	-4.2	-6.4	-3.6	-2.3	-0.5	-4.1	
Net income	40.0	-2.1	24.6	+0.1	15.4	-2.2	
Credit related costs (a)+(b)	19.6	-2.8	9.8	-2.2	9.7	-0.5	

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

		FY18	FY19	FY20	FY21	YoY
J+A	Domestics	1.03%	0.99%	0.96%	0.93%	-0.02%
	Overseas	2.92%	2.67%	1.29%	1.04%	-0.25%
	Total	1.06%	1.02%	0.96%	0.94%	-0.02%
Joyo	Domestics	1.00%	0.97%	0.93%	0.91%	-0.01%
	Overseas	2.95%	2.69%	1.30%	1.05%	-0.25%
	Total	1.04%	1.01%	0.94%	0.92%	-0.02%
Ashikaga	Domestics	1.07%	1.02%	0.99%	0.96%	-0.02%
	Overseas	2.67%	2.48%	1.19%	0.98%	-0.21%
	Total	1.08%	1.03%	0.99%	0.96%	-0.02%

【Data】 Breakdown of Banking subsidiaries

(3) Loans Term-end Balance

(¥ b n)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Individual	4,674.8	4,795.9	4,924.8	5,045.4	+120.5
	Corporate	5,139.1	5,181.3	5,369.6	5,347.4	-22.2
	Public	1,038.2	980.2	983.7	915.9	-67.7
	Total	10,852.3	10,957.5	11,278.1	11,308.8	+30.6
Joyo	Individual	2,570.2	2,624.6	2,687.7	2,740.2	+52.4
	Corporate	2,974.3	3,002.6	3,103.0	3,091.3	-11.6
	Public	650.7	612.8	562.7	498.1	-64.6
	Total	6,195.3	6,240.1	6,353.6	6,329.7	-23.8
Ashikaga	Individual	2,104.6	2,171.3	2,237.0	2,305.1	+68.1
	Corporate	2,164.8	2,178.6	2,266.5	2,256.0	-10.5
	Public	387.5	367.4	420.9	417.8	-3.0
	Total	4,657.0	4,717.3	4,924.5	4,979.0	+54.4

*Excluding borrowing from special account of MoF

Foreign Currency Denominated Loans

(¥ b n)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A		145.8	164.2	162.6	150.6	-12.0
Joyo		126.8	146.8	150.0	139.5	-10.4
Ashikaga		19.0	17.3	12.6	11.0	-1.6

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

(¥ b n)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Housing Loans	3,396.3	3,546.5	3,711.7	3,860.8	+149.1
	Apartment Loans	958.5	933.6	902.3	871.2	-31.1
	Asset building loans	2.9	2.8	2.6	2.4	-0.2
	Total	4,357.9	4,483.0	4,616.7	4,734.5	+117.8
Joyo	Housing Loans	1,640.6	1,719.5	1,809.7	1,889.9	+80.2
	Apartment Loans	769.1	748.6	722.8	694.2	-28.6
	Asset building loans	2.9	2.8	2.6	2.4	-0.2
	Total	2,412.7	2,471.1	2,535.1	2,586.5	+51.4
Ashikaga	Housing Loans	1,755.7	1,826.9	1,902.0	1,970.9	+68.8
	Apartment Loans	189.3	185.0	179.5	177.0	-2.4
	Asset building loans	-	-	-	-	-
	Total	1,945.1	2,011.9	2,081.5	2,147.9	+66.4

(5) Unsecured Loans Term-end Balance

(¥ b n)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Car Loans	46.7	52.0	63.3	71.4	+8.1
	Educational Loans	39.0	42.5	43.4	45.4	+2.0
	Free Loans	9.1	9.8	9.1	9.3	+0.2
	Card Loans	65.0	65.4	61.2	62.4	+1.1
	Total	160.0	169.9	177.1	188.6	+11.5
Joyo	Car Loans	32.2	35.2	45.4	50.6	+5.1
	Educational Loans	31.9	34.0	34.3	35.5	+1.2
	Free Loans	2.2	3.5	3.6	3.8	+0.2
	Card Loans	26.5	26.0	23.7	24.8	+1.0
	Total	93.0	98.8	107.1	114.8	+7.6
Ashikaga	Car Loans	14.5	16.8	17.8	20.8	+2.9
	Educational Loans	7.0	8.5	9.1	9.9	+0.8
	Free Loans	6.8	6.2	5.4	5.5	+0.0
	Card Loans	38.4	39.4	37.5	37.5	+0.0
	Total	66.9	71.0	70.0	73.8	+3.8

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

(¥ b n)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Large	1,633.7	1,635.4	1,688.2	1,674.3	-13.9
	Medium/SMEs	3,505.4	3,545.9	3,681.3	3,673.0	-8.2
	Total	5,139.1	5,181.3	5,369.6	5,347.4	-22.2
Joyo	Large	1,159.1	1,165.1	1,220.6	1,206.9	-13.6
	Medium/SMEs	1,815.1	1,837.4	1,882.3	1,884.3	+1.9
	Total	2,974.3	3,002.6	3,103.0	3,091.3	-11.7
Ashikaga	Large	474.5	470.2	467.6	467.3	-0.2
	Medium/SMEs	1,690.2	1,708.4	1,798.9	1,788.7	-10.2
	Total	2,164.8	2,178.6	2,266.5	2,256.0	-10.5

(7) Loans Corporate Term-end Balance by Area

(¥ b n)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Tokyo	1,908.8	1,967.5	2,021.9	2,009.4	-12.4
	Local	3,230.3	3,213.8	3,347.6	3,337.9	-9.7
	Total	5,139.1	5,181.3	5,369.6	5,347.4	-22.2
Joyo	Tokyo	1,378.3	1,422.6	1,484.1	1,468.9	-15.1
	Local	1,596.0	1,579.9	1,618.9	1,622.4	+3.4
	Total	2,974.3	3,002.6	3,103.0	3,091.3	-11.7
Ashikaga	Tokyo	530.5	544.8	537.8	540.5	+2.7
	Local	1,634.2	1,633.8	1,728.7	1,715.5	-13.2
	Total	2,164.8	2,178.6	2,266.5	2,256.0	-10.5

【Data】 Breakdown of Banking subsidiaries

(8) Deposits Term-end Balance

(¥ bn)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Individual	10,362.7	10,685.0	11,400.1	11,787.3	+387.2
	Corporate	3,325.5	3,364.1	3,887.4	3,953.5	+66.1
	Public	750.1	737.3	969.9	1,116.4	+146.5
	Total	14,438.3	14,786.5	16,257.4	16,857.3	+599.8
Joyo	Individual	6,440.1	6,633.6	7,053.1	7,272.7	+219.5
	Corporate	1,835.4	1,880.3	2,136.5	2,180.4	+43.9
	Public	453.6	459.2	515.8	600.7	+84.9
	Total	8,729.1	8,973.1	9,705.5	10,053.9	+348.4
Ashikaga	Individual	3,922.5	4,051.4	4,346.9	4,514.5	+167.6
	Corporate	1,490.1	1,483.8	1,750.8	1,773.1	+22.2
	Public	296.5	278.1	454.1	515.7	+61.5
	Total	5,709.2	5,813.4	6,551.9	6,803.3	+251.4

Foreign Currency Deposit

		FYE18	FYE19	FYE20	FYE21	YoY
J+A		306.0	219.7	180.0	168.2	-11.8
Joyo		222.6	176.4	151.9	139.6	-12.3
Ashikaga		83.3	43.2	28.0	28.5	+0.4

(9) Customer Assets under Custody Balance

(¥ bn)

		FYE18	FYE19	FYE20	FYE21	YoY
Group total	Investment trusts	556.1	463.7	547.7	632.5	+84.8
	Insurance	817.2	812.6	829.0	858.5	+29.4
	Foreign currency deposits	218.5	166.1	146.0	131.1	-14.8
	JGB etc.	173.6	156.2	162.4	154.5	-7.9
	Mebuki Securities	272.8	282.0	343.4	429.5	+86.1
	Total	2,038.3	1,880.9	2,028.7	2,206.3	+177.6
Joyo	Investment trusts	263.3	214.7	249.8	302.6	+52.7
	Insurance	465.6	471.9	488.5	511.5	+22.9
	Foreign currency deposits	135.5	122.9	117.9	102.6	-15.3
	JGB etc.	118.5	104.1	108.2	102.7	-5.5
Total	983.1	913.8	964.6	1,019.4	+54.8	
Ashikaga	Investment trusts	292.8	249.0	297.8	329.8	+32.0
	Insurance	351.5	340.6	340.5	347.0	+6.5
	Foreign currency deposits	82.9	43.2	28.0	28.5	+0.4
	JGB etc.	55.0	52.1	54.2	51.7	-2.4
	Total	782.4	685.0	720.6	757.3	+36.6

(10) Customer Assets under Custody Commissions

(¥ bn)

		FY18	FY19	FY20	FY21	YoY
Group Total	Investment trusts(*1)	5.69	5.91	6.22	7.93	+1.71
	Insurance(*2)	4.67	4.26	3.25	3.25	+0.00
	Foreign currency deposits	0.98	0.68	0.55	0.61	+0.06
	JGB etc.	0.04	0.08	0.06	0.01	-0.04
	Financial instrument intermediary service	0.49	0.72	1.13	1.19	+0.05
	Mebuki Securities	1.94	2.98	3.70	3.87	+0.16
Total	13.84	14.66	14.93	16.90	+1.96	
Joyo	Investment trusts(*1)	2.63	2.83	2.93	4.10	+1.17
	Insurance(*2)	2.12	2.61	2.06	2.00	-0.06
	Foreign currency deposits	0.70	0.50	0.39	0.39	-0.00
	JGB etc.	0.03	0.05	0.05	0.01	-0.03
	Financial instrument intermediary service	0.27	0.43	0.75	0.89	+0.14
	Total	5.77	6.44	6.20	7.41	+1.20
Ashikaga	Investment trusts(*1)	3.06	3.08	3.29	3.83	+0.53
	Insurance(*2)	2.55	1.64	1.18	1.25	+0.07
	Foreign currency deposits	0.28	0.18	0.15	0.22	+0.07
	JGB etc.	0.00	0.02	0.01	0.00	-0.00
	Financial instrument intermediary service	0.22	0.29	0.38	0.29	-0.08
	Total	6.12	5.22	5.02	5.61	+0.58

* 1 : Sales commission+ Trust fee

* 2 : Excl. executive life insurance

(11) Fees from Corporate Customers

(¥ bn)

		FY18	FY19	FY20	FY21	YoY
J+A total	Credit Related	7.57	8.20	7.55	8.08	+0.52
	Consulting Related	2.02	1.44	1.88	3.29	+1.40
	total	9.59	9.65	9.44	11.37	+1.92
Joyo total	Credit Related	4.14	4.24	4.03	4.70	+0.67
	Consulting Related	1.14	0.80	1.18	2.14	+0.95
	total	5.28	5.05	5.21	6.84	+1.62
Ashikaga total	Credit Related	3.42	3.95	3.52	3.38	-0.14
	Consulting Related	0.88	0.64	0.70	1.14	+0.44
	total	4.30	4.60	4.22	4.52	+0.30

【Data】 Breakdown of Banking subsidiaries

(12) Securities Balance (Balance Sheet Amount)

(¥ bn)

		FYE18	FYE19	FYE20	FYE21	YoY
Mebuki FG (Consolidated)	Domestic bonds	2,436.8	2,359.4	2,510.6	2,745.1	+234.5
	Foreign bonds	829.6	831.6	959.5	967.3	+7.8
	Stocks	280.2	226.0	265.8	254.1	-11.6
	Investment trusts, etc.	799.8	658.9	597.2	715.5	+118.3
	Total	4,346.6	4,076.1	4,333.2	4,682.3	+349.0
Joyo	Domestic bonds	1,812.4	1,746.7	1,822.0	2,002.5	+180.5
	Foreign bonds	513.2	505.3	595.5	597.9	+2.4
	Stocks	243.4	197.2	233.1	226.8	-6.3
	Investment trusts, etc.	456.7	388.1	373.9	439.9	+65.9
	Total	3,025.9	2,837.4	3,024.6	3,267.3	+242.6
Ashikaga	Domestic bonds	610.9	600.3	679.1	734.1	+55.0
	Foreign bonds	316.3	326.3	364.0	369.3	+5.3
	Stocks	72.4	64.2	39.1	33.6	-5.5
	Investment trusts, etc.	338.7	266.7	219.1	271.5	+52.3
	Total	1,338.4	1,257.5	1,301.5	1,408.8	+107.2

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

(¥ bn)

		FYE18	FYE19	FYE20	FYE21	YoY
Mebuki FG (Consolidated)	Stocks	136.2	86.9	139.4	131.5	-7.9
	Domestic bonds	21.1	9.2	2.4	-21.3	-23.7
	Investment trusts, etc.	7.2	-21.3	33.1	32.9	-0.1
	Foreign bonds	10.3	24.3	35.6	-14.2	-49.9
	Total	174.9	99.1	210.7	128.9	-81.8
Joyo	Stocks	128.0	85.1	127.5	123.6	-3.8
	Domestic bonds	19.3	9.0	3.0	-16.3	-19.4
	Investment trusts, etc.	12.6	-8.3	26.0	27.4	+1.4
	Foreign bonds	10.4	12.8	15.0	-12.8	-27.8
	Total	170.5	98.7	171.7	122.0	-49.7
Ashikaga	Stocks	28.4	20.8	25.0	21.0	-3.9
	Domestic bonds	15.7	11.5	8.5	1.9	-6.5
	Investment trusts, etc.	-2.3	-10.6	8.5	6.7	-1.7
	Foreign bonds	2.8	13.8	22.4	-0.1	-22.5
	Total	44.6	35.6	64.5	29.7	-34.8

(14) Strategic shareholdings (Balance including *Listed and Unlisted)

(¥ bn)

		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Balance	125.5	114.0	98.5	76.9	-21.5
Joyo	Balance	110.7	99.7	84.7	64.7	-19.9
Ashikaga	Balance	14.8	14.3	13.8	12.2	-1.5

(15) Gains/Losses on Securities

(¥ bn)

		FY18	FY19	FY20	FY21	YoY
J+A	Stocks	-10.7	-2.0	-6.2	-7.1	-0.8
	Domestic bonds	10.7	0.4	10.0	3.5	-6.5
	Investment trusts, etc.	11.6	7.3	6.8	1.7	-5.0
	Total	11.6	5.6	10.6	-1.8	-12.4
Joyo	Stocks	-7.3	-0.9	-3.9	-4.8	-0.9
	Domestic bonds	12.4	0.6	9.1	3.5	-5.5
	Investment trusts, etc.	1.6	5.2	4.9	1.7	-3.1
	Total	6.7	4.8	10.1	0.4	-9.6
Ashikaga	Stocks	-3.3	-1.1	-2.3	-2.2	+0.0
	Domestic bonds	-1.7	-0.1	0.9	-0.0	-0.9
	Investment trusts, etc.	9.9	2.0	1.9	0.0	-1.9
	Total	4.8	0.8	0.4	-2.3	-2.8

【Data】 Breakdown of Banking subsidiaries

(16) Expenses		(¥ b n)				
		FY18	FY19	FY20	FY21	YoY
J+A	Personnel	60.6	61.2	59.9	58.2	-1.6
	Non-Personnel	46.1	46.7	43.4	43.4	-0.0
	Taxes	7.3	7.0	6.8	6.5	-0.3
	Total	114.1	115.0	110.1	108.1	-1.9
Joyo	Personnel	33.8	33.5	33.2	32.7	-0.4
	Non-Personnel	27.7	26.8	24.7	24.1	-0.5
	Taxes	3.8	3.8	3.7	3.6	-0.1
	Total	65.3	64.2	61.7	60.5	-1.1
Ashikaga	Personnel	26.8	27.6	26.6	25.4	-1.2
	Non-Personnel	18.4	19.9	18.6	19.2	+0.5
	Taxes	3.5	3.1	3.0	2.9	-0.1
	Total	48.8	50.7	48.4	47.6	-0.8

(17) Credit related cost		(¥ bn)				
		FY18	FY19	FY20	FY21	YoY
J+A		9.3	19.0	22.4	19.6	-2.8
Joyo		4.2	10.1	12.0	9.8	-2.2
Ashikaga		5.0	8.8	10.3	9.7	-0.5

(18) Disclosed Claims under the Financial Revitalization Law		(¥bn)				
		FYE18	FYE19	FYE20	FYE21	YoY
J+A	Bankrupt claims	15.9	12.7	10.3	13.8	+3.4
	Doubtful claims	125.1	129.0	143.2	151.1	+7.9
	Claims requiring monitoring	32.2	27.9	27.4	27.6	+0.1
	(Loans past due 3 month or more)	-	-	0.1	0.0	-0.0
	(Restructured loans)	-	-	27.3	27.5	+0.1
	Total	173.3	169.8	181.0	192.6	+11.5
Joyo	Bankrupt claims	6.1	5.7	5.5	5.4	-0.1
	Doubtful claims	66.4	69.9	78.0	86.5	+8.4
	Claims requiring monitoring	17.5	12.5	13.0	13.3	+0.2
	(Loans past due 3 month or more)	-	-	0.0	0.0	+0.0
	(Restructured loans)	-	-	13.0	13.2	+0.2
	Total	90.2	88.2	96.7	105.2	+8.5
Ashikaga	Bankrupt claims	8.7	5.8	4.0	7.7	+3.7
	Doubtful claims	58.5	59.0	65.0	64.6	-0.4
	Claims requiring monitoring	14.7	15.4	14.4	14.2	-0.1
	(Loans past due 3 month or more)	-	-	0.0	0.0	-0.0
	(Restructured loans)	-	-	14.3	14.2	-0.0
	Total	81.9	80.2	83.5	86.7	+3.1

(19) Non-accrual delinquent loans (to Business) (1 month or more)		(¥ bn)				
		FYE18	FYE19	FYE20	FYE21	YoY
J+A		0.5	1.2	2.0	1.3	-0.7
Joyo		0.3	0.3	0.0	0.8	+0.8
Ashikaga		0.2	0.9	2.0	0.5	-1.5

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