

Mebuki Financial Group, Inc.

Financial Results for the First Half of FY2022 (IR Presentation Material)



1 Financial Results for 1H22 / Topics

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



1. Financial Results for the First Half of FY 2022 / Topics

Results for 1H22

	Results for 1H21	YoY Change	Progress
Core net business income ^(*1) (Banks' total)	¥44.1bn	+¥3.2bn	-
Consolidated net income ^(*2)	¥26.9bn	+¥2.2bn	59.8%
Credit related costs (Banks' total)	¥4.1bn	-¥4.1bn	38.1%

- Core net business income^(*1), indicating the profitability in core business, increased by ¥3.2 bn YoY due to the increase of net fees and commissions reflecting strengthened consulting function and cost reduction.
- Losses on securities by sales of foreign bonds were recorded in response to a surge in foreign currency interest rates, but consolidated net income^(*2) increased by ¥2.2bn YoY due to the increase of profit from core business and the decrease of credit related costs. The progress toward the forecast for FY22 was 59.8%, exceeding the plan.
- Corporate performance remained stable and credit related costs decreased by ¥ 4.1bn YoY.
- We decided to repurchase own shares of up to ¥ 5.0bn (maximum amount) and 20 million shares (maximum number).
(*1) Excluding gains /losses on cancellation of investment trusts ,forward and option*(2) Attributable to owners of the parent

Forecast for FY22 (announced on May 13, 2022)

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

(*3) Attributable to owners of the parent

Mebuki FG (Consolidated)

	(¥bn)		
	1H22 Results	YoY Chg	Progress
Gross Business profit	72.0	-24.0	-
Net interest income	77.4	+1.7	-
(o/w Deference of interests between loans and deposits)	(52.8)	(-0.2)	-
Net fees and commissions	21.1	+0.3	-
Net trading income	1.4	-0.7	-
Net other business income	-28.0	-25.4	-
Expenses	53.8	-2.1	-
Credit related cost	5.0	-3.5	-
Gains/losses related to stocks	24.3	+20.5	-
Ordinary profit	38.6	+1.9	59.4%
Extraordinary income/losses	-0.1	+1.5	-
Net income^(*1)	26.9	+2.2	59.8%

【Breakdown of Net income】

Bank Total Net income	26.3	+3.5
Group Companies Net income	2.6	-0.8
Mebuki Lease	0.4	+0.0
Mebuki Securities	0.4	-0.4
Mebuki Credit Guarantee	0.5	-0.4
Mebuki Card	0.2	+0.1
Total of banking subsidiaries	0.9	-0.1
Consolidation Adjustment(*2)	-2.0	-0.4
Net income^(*1)	26.9	+2.2

(*1) Attributable to owners of the parent

(*2) Adjustments related to securities, etc.

【Joyo + Ashikaga (Non-consolidated)】

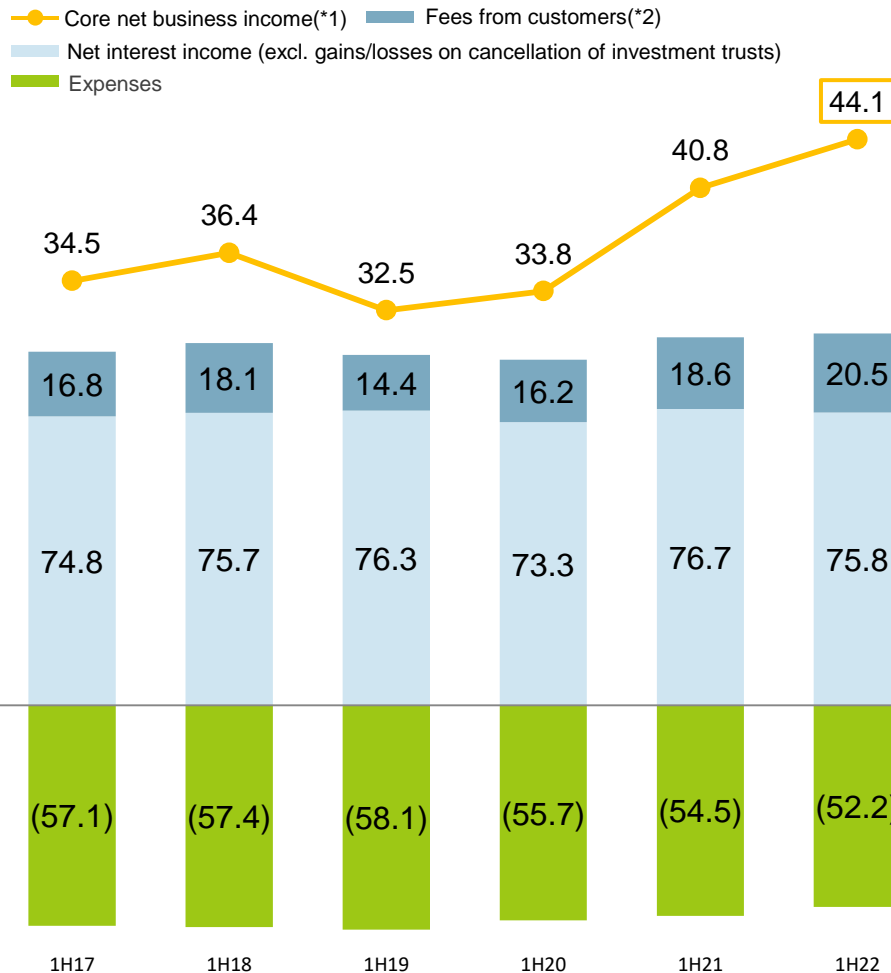
	(¥bn)		
	1H22 Results	YoY chg	Progress
Gross business profit	68.5	-23.7	-
Net interest income	78.7	+1.7	-
(o/w Gains/losses on cancellation of investment trusts)(1)	(2.9)	(+2.5)	-
Net interest income (excl. Gains/losses on cancellation of investment (o/w Deference of interests between loans and deposits)	75.8	-0.8	-
(o/w Securities Income)	(52.2)	(-0.2)	-
Net fees and commissions	17.7	+0.2	-
Net other business income	-27.9	-25.7	-
(o/w gains/losses on bond transactions) (2)	(-39.2)	(-36.1)	-
(o/w gains/losses on futures and options) (3)	(8.5)	(+8.7)	-
(o/w other income related to customers) (*3)	(2.7)	(+1.6)	-
Expenses	52.2	-2.2	-
Net business income (before general allowance for loan losses)	16.3	-21.4	-
Core net business income	55.6	+14.6	-
(excl. gains/losses on cancellation of investment trusts)	52.7	+12.0	-
(excl. *4)	44.1	+3.2	-
Net transfer to general allowance for loan losses (a)	-0.9	-1.8	-
Net business income	17.2	-19.6	-
Net non-recurrent gains/losses	20.1	+23.3	-
o/w Disposal of non-performing loans (b)	5.1	-2.3	-
o/w Gains/losses related to stocks, etc. (4)	25.0	+21.2	-
Ordinary profit	37.4	+3.7	59.9%
Extraordinary income/losses	-0.0	+1.6	-
Net income	26.3	+3.5	61.2%
Credit related cost (a)+(b)	4.1	-4.1	-
Gains/losses on securities (1)+(2)+(3)+(4)	-2.8	-3.5	-

(*3) Income related to derivatives for customers and foreign exchange

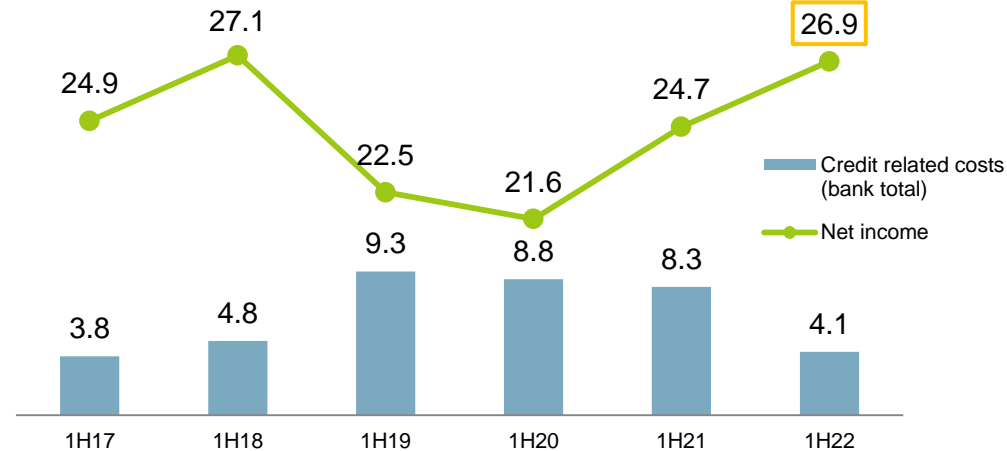
(*4) excl. gains/losses on cancellation of investment trusts, futures and options

Core net business income(*1) of ¥44.1bn recorded as the highest profit compared to past interim financial results since business integration. Consolidated business income is on the increase due to improvement of profitability of core business and decrease of credit related costs.

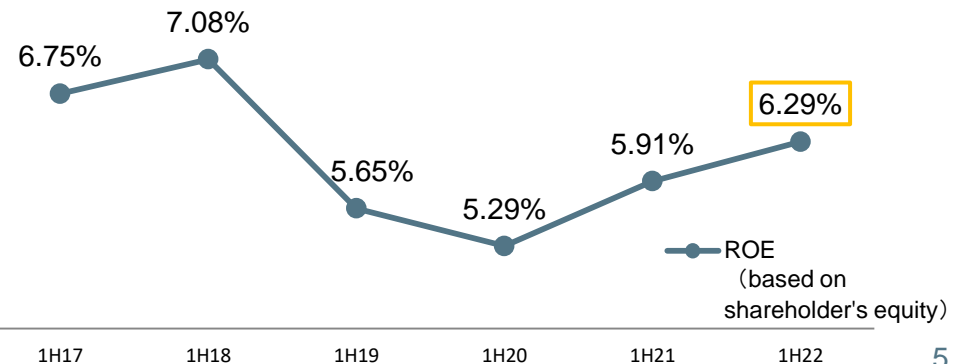
Change of Core Net Business Income (bank total) (¥bn)



Change of Consolidated Net Income (¥bn)



Change of Consolidated ROE



(*1) Excluding Gains/losses on cancellation of investment trusts, futures and options

(*2) Net fees and commissions + Net other business income (Income related to derivatives for customers and foreign exchange)

Change of Ordinary Profit

(Bank Total non-consolidated)

Financial Results

Details

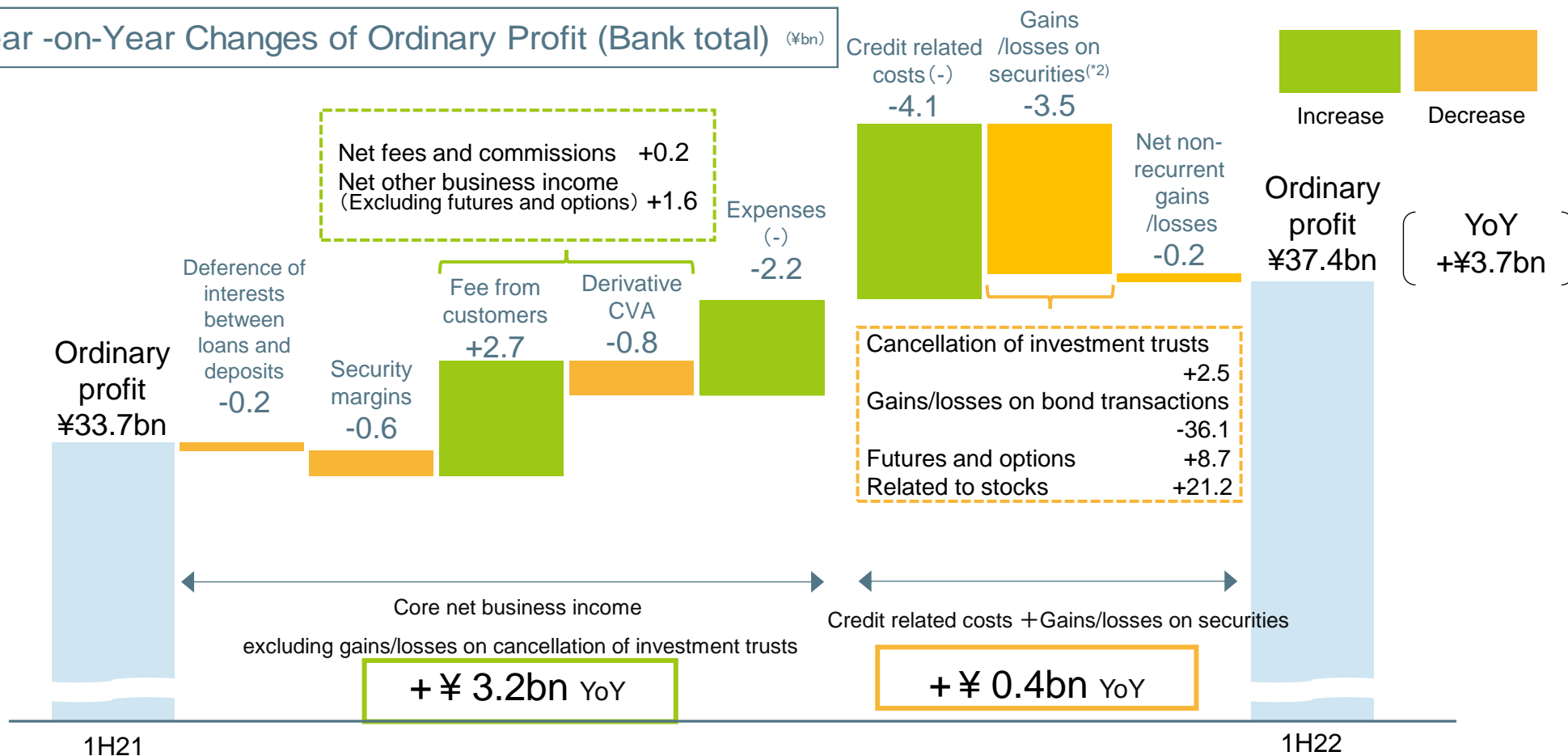
Progress of Medium-term Plan

Core net business income^(*1) increased by ¥3.2bn YoY, driven by the increase of consulting fees and commissions from customers reflecting strengthened consulting function and cost reduction. Although gains/losses on securities^(*2) recorded -¥3.5bn by sales of foreign bonds in response to a surge in foreign currency interest rates, ordinary profit increased by ¥3.7bn YoY due to the decrease of credit related costs.

(*1) Excluding Gains/losses on cancellation of investment trusts, futures and options

(*2) Gains/losses on "cancellation of investment trusts + bond transactions + related to stocks + futures and options"

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



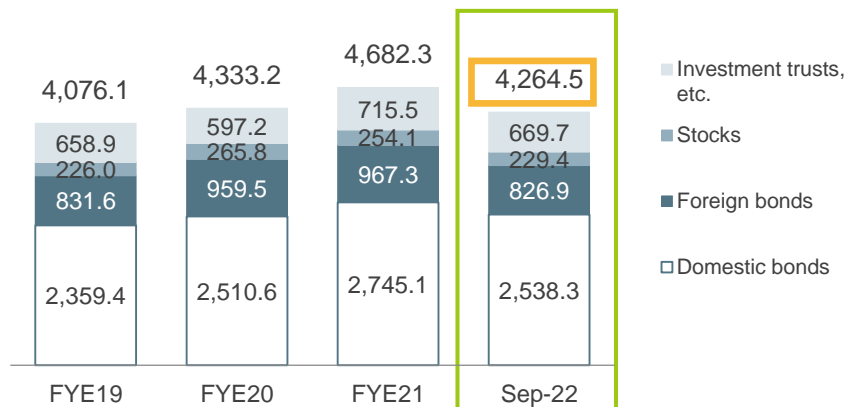
Topics(1) Securities

Taking into consideration the rising of foreign currency interest rates and the uncertainty of financial markets, we controlled the risk (reduced the balance) mainly in foreign and domestic bonds.

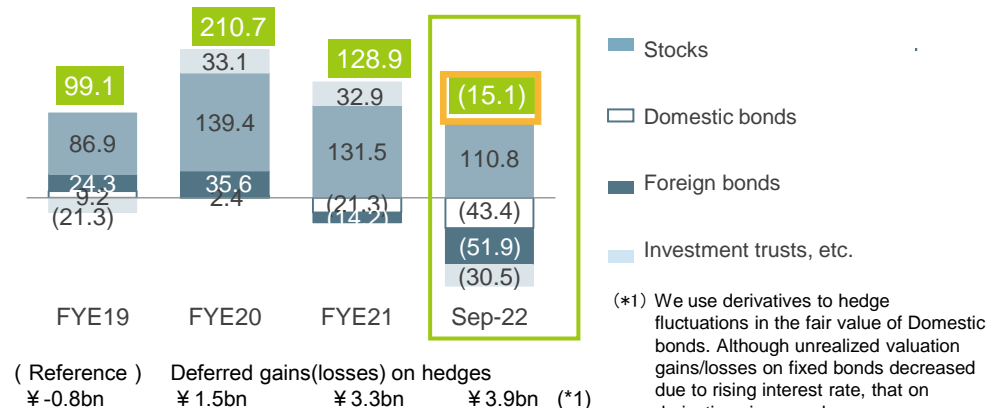
* See the next page for details of the sale of foreign bonds

We continued to reduce the balance of strategic shareholdings, and the book value decreased by ¥5.8bn from the end of March, 2022.

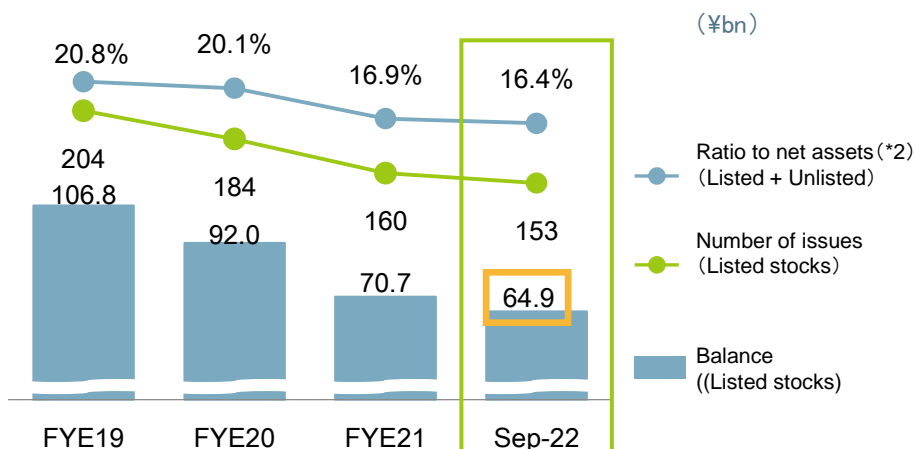
Balance(Carrying amount) (Mebuki FG) (¥bn)



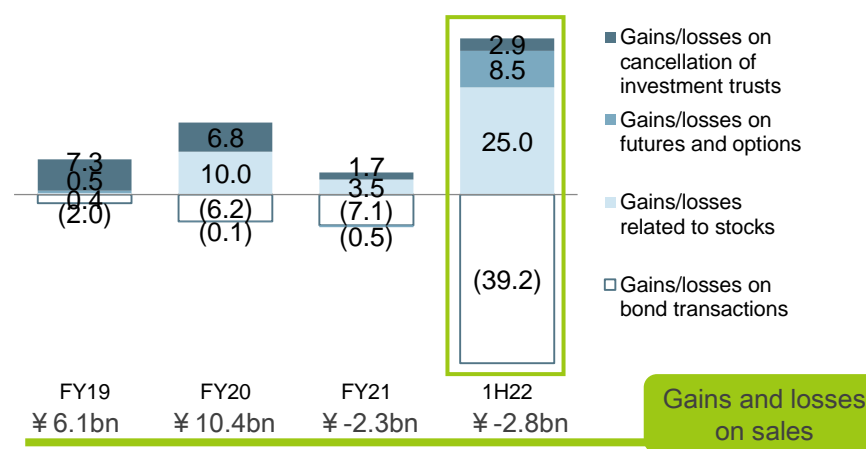
Unrealized valuation gains/losses on available for sales securities (Mebuki FG) (¥bn)



Strategic Shareholdings (¥bn)



Gains and losses on securities (*3) (Bank Total) (¥bn)



(*2) The ratio of balance sheet amounts of strategic shareholdings to consolidated net assets (based on Securities Report)

(*3) Gains/losses on "cancellation of investment trusts + bond transactions + related to stocks + futures and options"

Topics(1) Securities

Financial Results

Details

Progress of Medium-term Plan

Regarding foreign bonds, while reducing the balance taking into account the rising of foreign currency interest rate, we continued to invest in floating bonds and corporate (fixed) bonds that are expected to have substantial spreads and restructured our securities portfolio.

The yield of total floating and fixed bonds as of Sep.30, 2022 improved to 3.22% (+84bp compared to the end of March, 2022). We will continue to restructure our portfolio considering market trends.

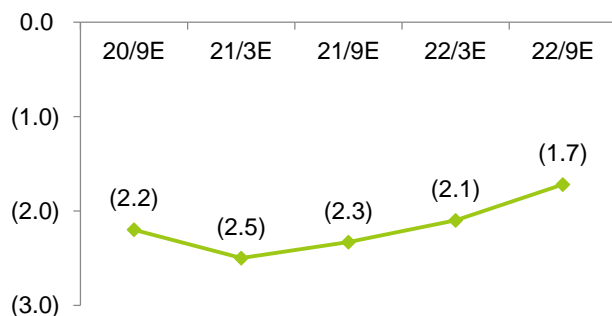
Foreign Bonds (balance/two banks total)

(\$million, €million, million of Australia dollars, ¥bn)

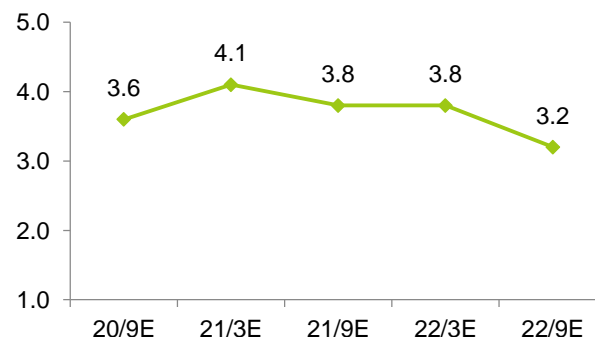
Currency	Interest rate type	Securities type	Balance (book value)						1H Gains / losses on securities
			FYE21 ①	Jun-22 ②	(②-①)	Sep-22 ③	(③-②)	(③-①)	
USD	Fixed	Government, Government-guaranteed bonds, etc.	184.4	107.3	-77.1	117.7	+10.4	-66.6	(11.0)
		Corporate bonds, etc.	269.1	270.1	+0.9	290.9	+20.8	+21.8	
	Floating	CLO(*1), Government-guaranteed bonds, etc.	109.5	116.9	+7.4	124.5	+7.5	+15.0	
Sub-total			563.1	494.4	-68.6	533.3	+38.8	-29.8	
Euro	Fixed	Government, Government-guaranteed bonds, etc.	181.5	158.0	-23.4	48.0	-110.0	-133.4	(6.8)
AUD	Fixed	Corporate bonds, etc.	16.1	12.8	-3.3	9.6	-3.2	-6.5	(1.0)
Yen ^(*1)	Fixed	Corporate bonds, etc.	28.1	28.1	±0.0	28.1	±0.0	±0.0	0.0

(*1) All Yen denominated foreign bonds are regarded as fixed bonds.

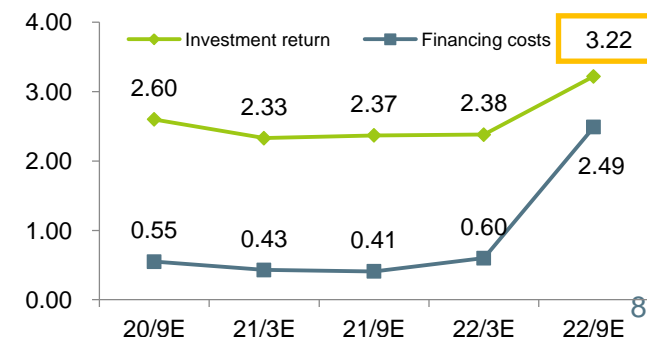
USD Bonds' 10bpv (¥bn)



USD Bonds' Duration (year)



USD Bonds' Yield (%) (fixed and floating bonds)



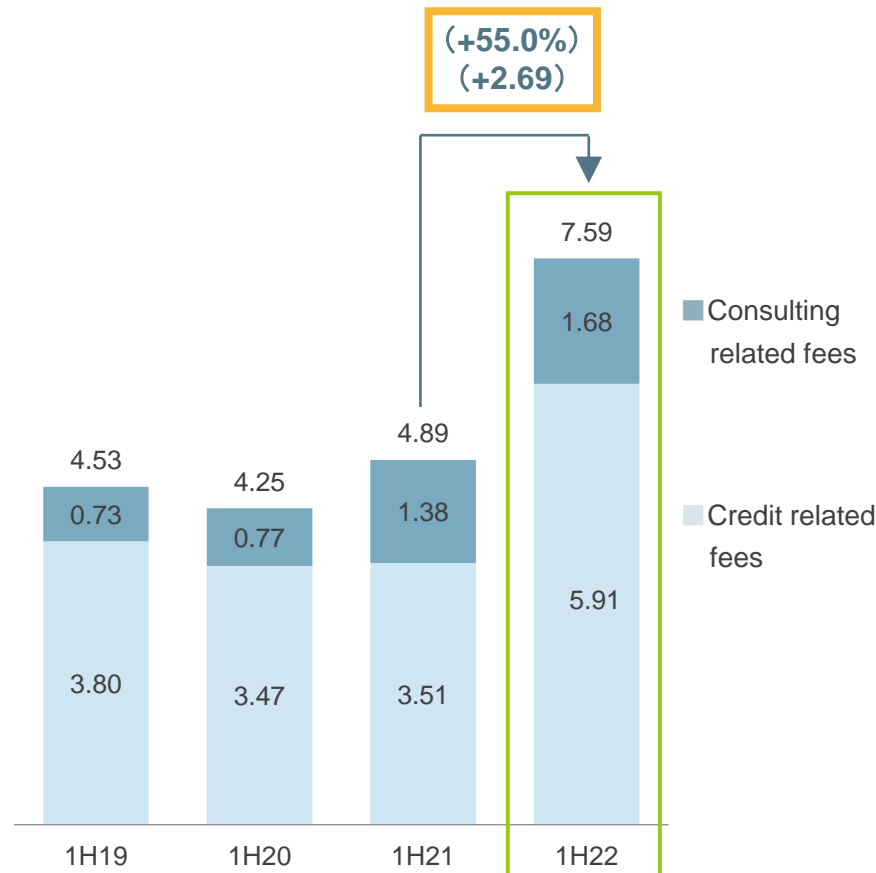
Fees from corporate customers increased by ¥2.69 bn YoY (+55.0% annualized).

We have increased derivative transactions to hedge risks in response to fluctuations in the financial markets such as foreign exchange and interest rates, and enhanced support for business matching and business planning for expanding supply chain and digitalization for customers.

We will continue to strengthen proposals toward customers' sustainable growth considering the changing environment.

Joyo Bank + Ashikaga Bank

(¥bn)



<Breakdown of Fees from Corporate customers>

	1H20	1H21	1H22	YoY
Credit related (1)	3.47	3.51	5.91	+2.40
Derivatives	0.30	0.50	2.73	+2.22
Syndicate loans	2.45	2.27	2.50	+0.23
Private placement bonds	0.71	0.73	0.67	-0.05
Consulting related (2)	0.77	1.38	1.68	+0.29
Business Matching	0.31	0.42	0.53	+0.11
Support for business Planning	—	0.36	0.54	+0.17
M&A	0.19	0.24	0.28	+0.04
Executive Insurance	0.21	0.27	0.25	-0.02
Trust · 401K	0.05	0.07	0.06	-0.01
Total (3) ((1)+(2))	4.25	4.89	7.59	+2.69
Credit risk related to derivatives trading ^(*1) (4) (-)	—	0.03	0.86	+0.83
Total ((3)+(4))	4.25	4.86	6.72	+1.86

(*1) Net amount of CVA and DVA between the end of 1Q22 and 1H22 is recognized.

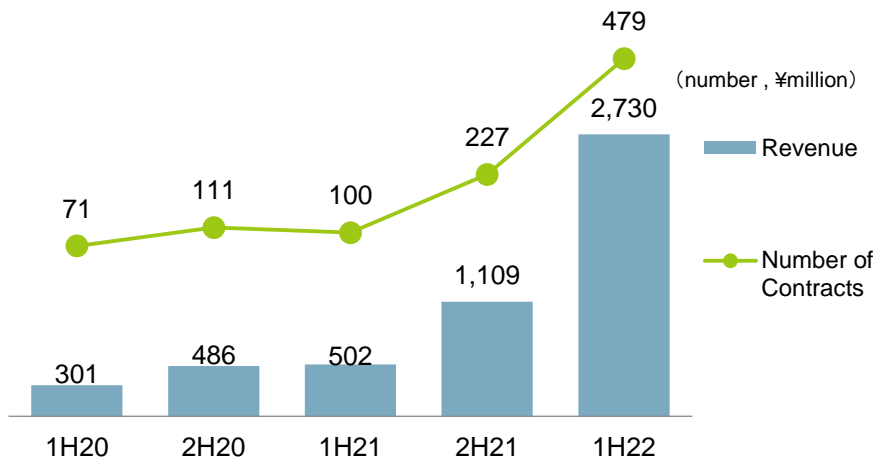
CVA: Credit valuation adjustment to reflect the credit risk of counterparty in derivative transaction

DVA: Debt valuation adjustment to reflect two subsidiary banks' credit risk

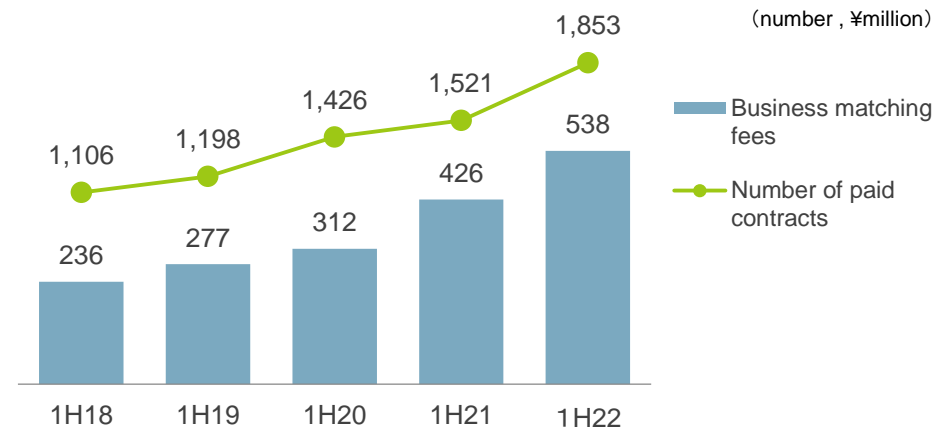
We share management issues with our customers through escorted support in corporation with head office and branches.

We support customer's sustainable growth to provide various solutions including non-financial services.

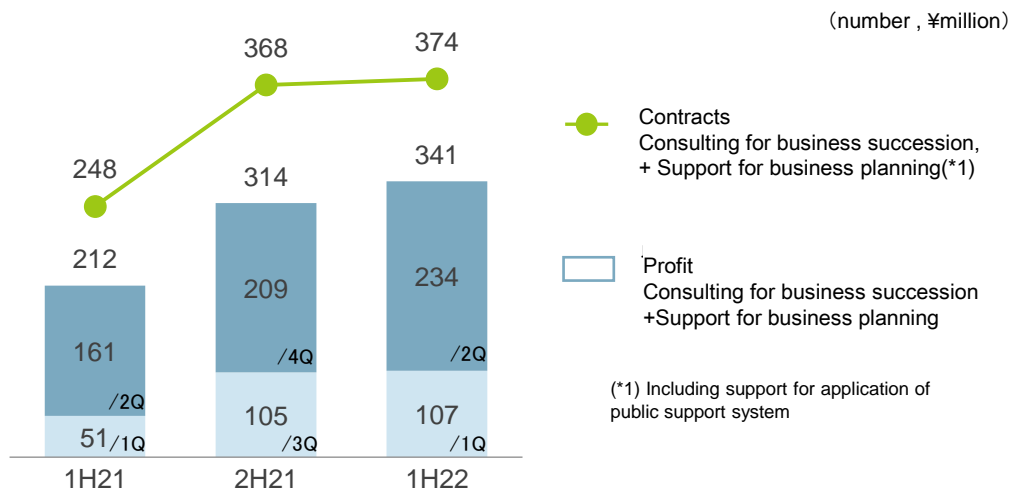
Derivatives



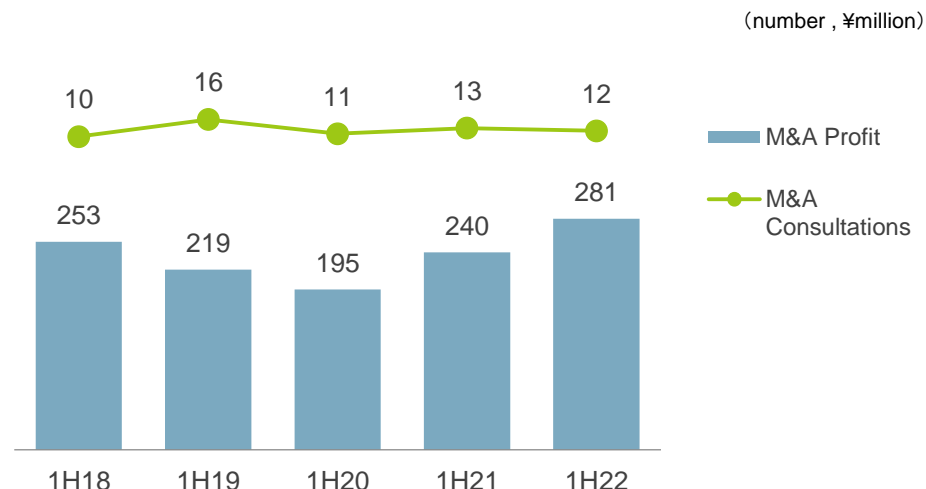
Business Matching



Support for Business Planning / Consulting for Business Succession



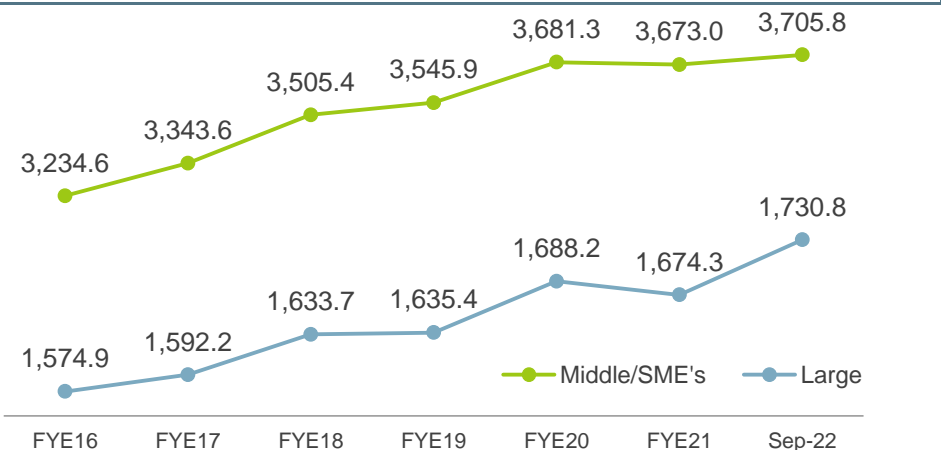
M&A Consultations



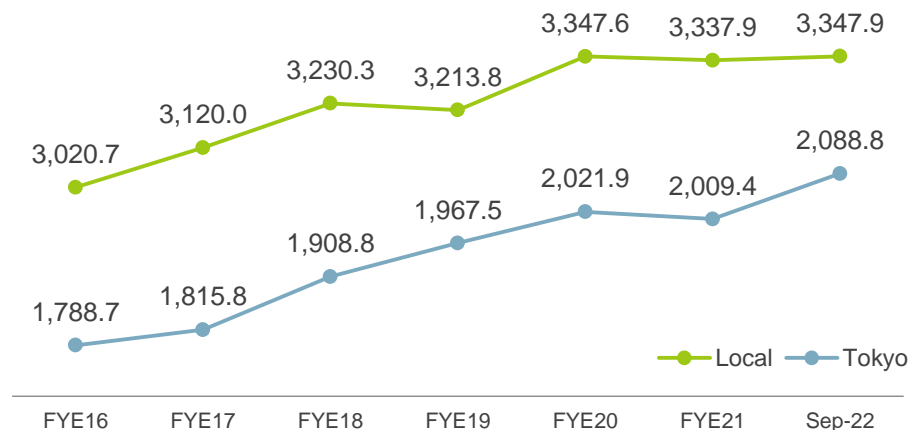
Topics(3) Corporate Loans

Since business integration in 2016, corporate loans continue to increase regardless of corporate size or area. Recently, we acquired demand for operating capital due to a recovering demand for equipment financing and high resource prices.

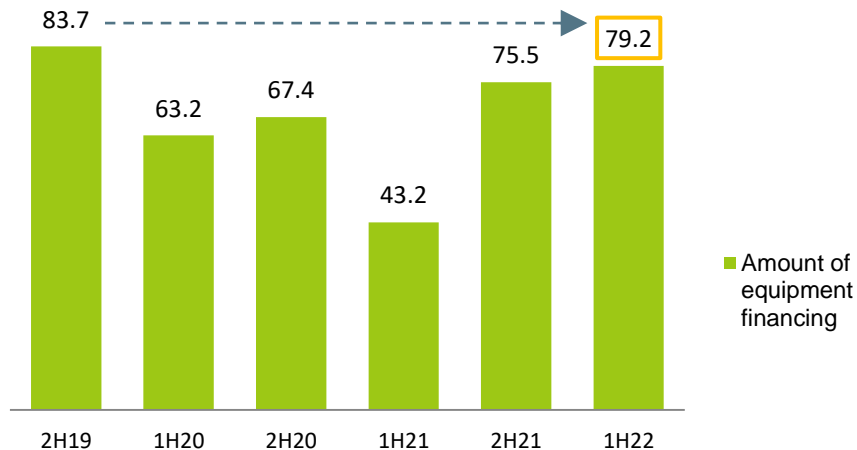
Change of Balance by Corporate Size (¥bn)



Change of Balance by Geographic Area (¥bn)



Amount of Equipment Financing (¥bn)



(*1) Excluding housing loans and apartment loans

Top 5 industries by Increase in loans (¥bn)

	Change Ratio (annual)			Balance '22/9E
	1H22	2H21	1H21	
Wholesale / Retail services	+38.1 (+7.6%)	-60.0 (-1.2%)	+2.0 (+0.4%)	1,029.2
Manufacturing	+28.7 (+4.8%)	-176.0 (-2.9%)	-30.4 (-4.9%)	1,212.7
Real estate / Goods rental and leasing	+19.8 (+2.1%)	+106.0 (+1.1%)	+10.5 (+1.1%)	1,828.1
Construction	+7.3 (+4.1%)	+100.0 (+5.8%)	-12.9 (-7.2%)	360.7
Financial and insurance services	+3.6 (+1.8%)	+31.0 (+1.6%)	-28.6 (-13.3%)	405.6

Topics(4) Credit Related Costs / Non-performing Loans and Delinquent Loans

Financial Results

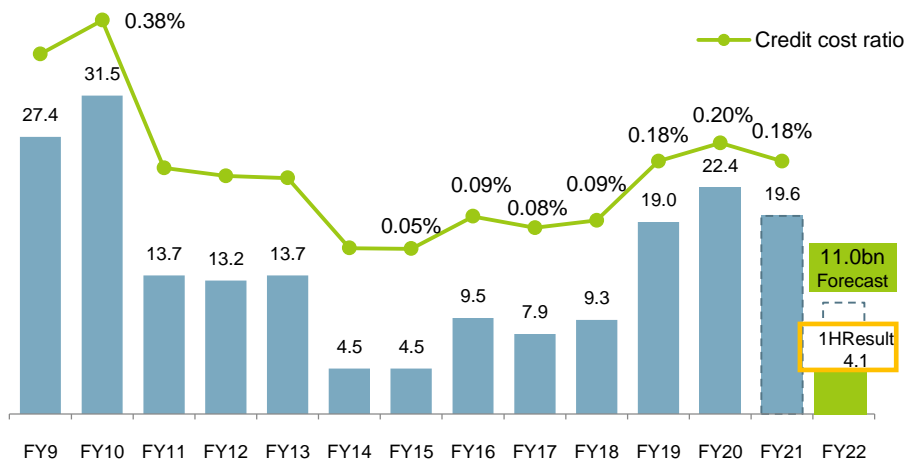
Details

Progress of Medium-term Plan

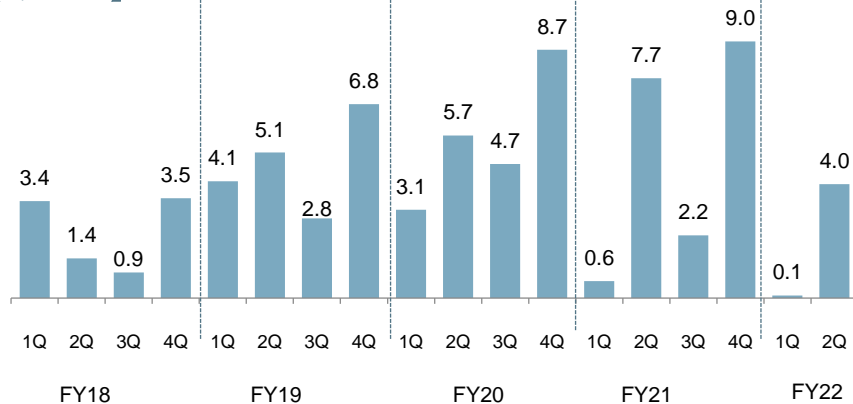
Since number of corporate bankruptcies was stable, amount of credit related costs decreased by ¥4.1bn YoY. However, we will closely follow the situation of the spread of COVID-19, high resources prices and depreciation of yen, etc., and continue to support our customers.

Change of Credit Related Costs (¥bn)

【Annual】FY09~



【Quarter】FY18~



Breakdown on Credit Related Costs (¥bn)

	1H21	1H22	YoY
Credit Related Costs	8.3	4.1	-4.1
Net transfer to general allowance for loan losses	0.8	-0.9	-1.8
Disposal of non-performing loans	7.5	5.1	-2.3
Write off of loans	2.2	1.7	-0.4
Transfer to specific allowance for loan losses	5.9	4.0	-1.8
Transfer to provision for contingent losses	0.1	-0.0	-0.2
Reversal of allowance for loan losses	-	-	-
Recoveries of written-off claims(-)	1.1	0.8	-0.3
Other	0.3	0.2	-0.0

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

							Cumulative Total	The ratio of total customers
		~1H20	2H20	1H21	2H21	1H22		
Business loans	Customers	1,307	629	558	362	293	3,149	Around
	Contracts	4,099	3,288	4,151	3,355	3,751	18,644	5.7%
Housing loans	Customers	433	189	190	140	80	1,032	Around
	Contracts	477	252	256	194	127	1,306	0.4%

Topics(4) Credit Related Costs /

Non-performing Loans and Delinquent Loans

Financial Results

Details

Progress of Medium-term Plan

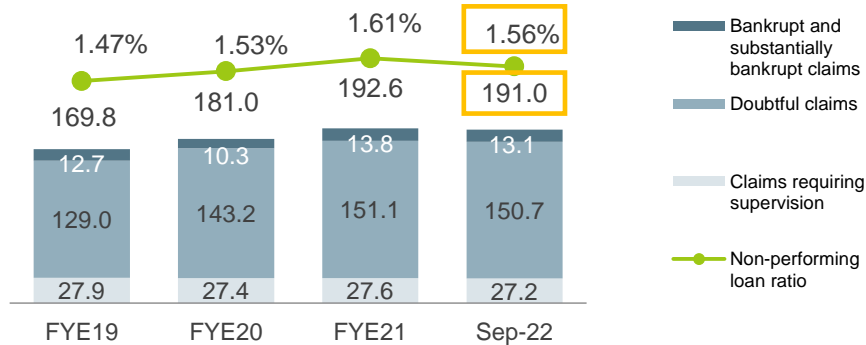
Amount of non-performing loans based on financial revitalization law decreased by ¥1.5bn YoY and non performing loan ratio fell by 0.05%pt.

As of Sep.30, 2022, amount of delinquent loans decreased by ¥0.5bn YoY to ¥1.4bn.

Non-performing Loans

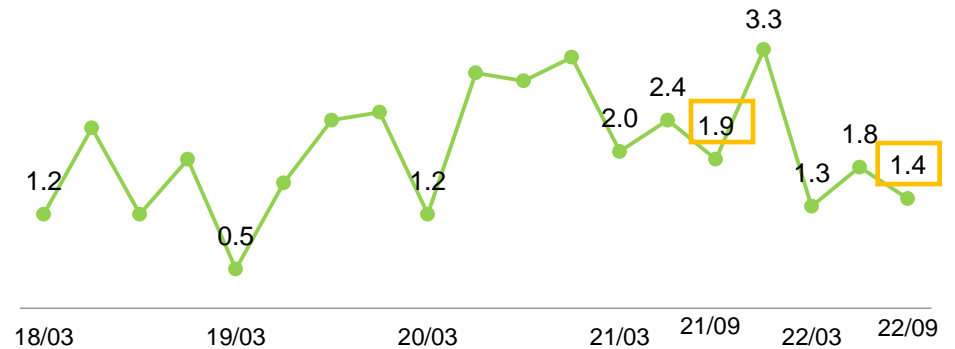
(Financial Revitalization Law -FG consolidated) (¥bn)

(¥bn)



Status of Delinquent Loans to Businesses

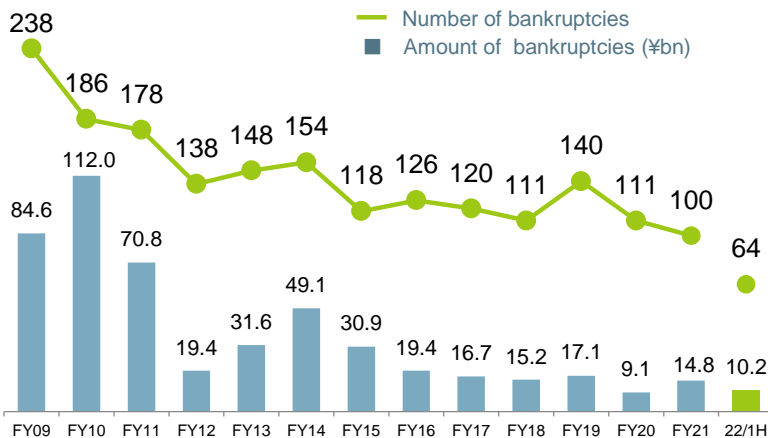
(¥bn)



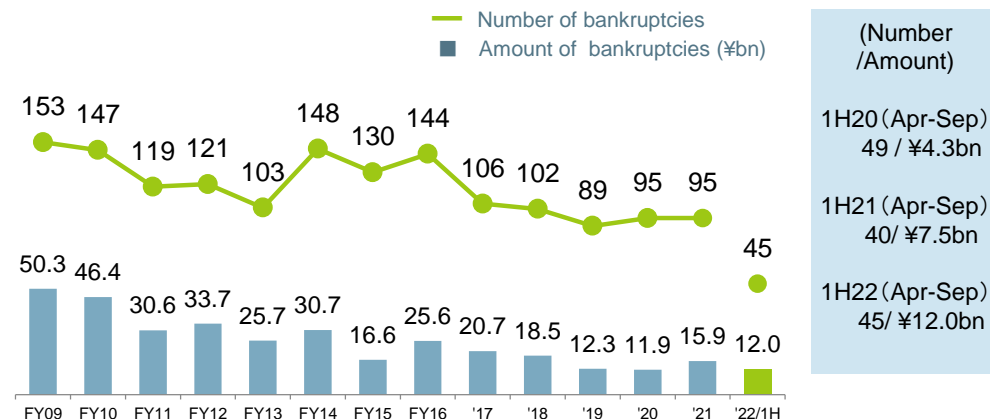
[Reference] Status of Bankruptcy

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

<Ibaraki>



<Tochigi(*1)>



(Number/
Amount)
1H20 (Apr-Sep)
54 / ¥4.9bn
1H21 (Apr-Sep)
47 / ¥5.5bn
1H22 (Apr-Sep)
64 / ¥10.2bn

(Number
/Amount)
1H20 (Apr-Sep)
49 / ¥4.3bn
1H21 (Apr-Sep)
40 / ¥7.5bn
1H22 (Apr-Sep)
45 / ¥12.0bn

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

Forecast for FY2022

Financial Results

Details

Progress of Medium-term Plan

Mebuki FG

(consolidated)

(¥bn)

	Forecast for FY2022	1H22 Results	Progress
Ordinary Profit	65.0	38.6	59.4%
Net Income (Attributable to owners of the parent)	45.0	26.9	59.8%

Total of Two Banking Subsidiaries

(¥bn)

	Forecast for FY2022	1H22 Results	Progress
Ordinary Profit	62.5	37.4	59.9%
Net Income	43.0	26.3	61.2%
(Credit Related Costs)	11.0	4.1	38.1%

Subsidiary Banks

(Joyo)

(¥bn)

	Forecast for FY2022	1H22 Results	Progress
Ordinary Profit	38.5	23.0	59.8%
Net Income	26.0	16.2	62.6%

(Ashikaga)

(¥bn)

	Forecast for FY2022	1H22 Results	Progress
Ordinary Profit	24.0	14.4	60.1%
Net Income	17.0	10.0	59.1%

The forecast of net consolidated income (attributable to owners of the parent) for FY2022 is ¥45.0bn (announced on May, 2022).

The result for 1H22 was ¥26.9bn and the progress toward the forecast for FY2022 was 59.8%, exceeding the plan.

Breakdown of Forecast for FY2022

【Joyo+Ashikaga】	FY2022	FY2022			FY2021
	1H Results	Forecast	Progress	YoY	Results
Core gross business profit	107.8	181.0	59.5%	-13.1	194.1
Net interest income	78.7	144.0	54.7%	-13.7	157.7
Difference of interests between loans and deposits	52.2	104.0	50.2%	-0.5	104.5
Securities' income	26.4	40.0	66.1%	-13.1	53.1
Net fees and commissions	17.7	34.5	51.5%	+0.7	33.7
Expenses	52.2	106.0	49.3%	-2.1	108.1
Core net business income	55.6	75.0	74.1%	-11.0	86.0
(Excluding gains/losses on cancellation of investment trusts and futures and option	44.1	74.5	59.2%	-10.2	84.7
Gains/losses on securities(*1)	(2.8)	0.0	—	+2.3	(2.3)
Ordinary profit	37.4	62.5	59.9%	+2.0	60.4
Net income	26.3	43.0	61.2%	+2.9	40.0
Credit Related Cost	4.1	11.0	38.1%	-8.6	19.6
(FG) Net income attributable to owner of the parent	26.9	45.0	59.8%	+2.0	42.9

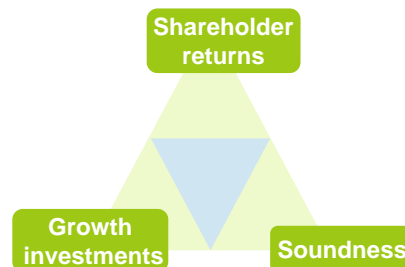
(*1) Gains/losses on "cancellation of investment trusts + bond transactions + related to stocks + futures and options"

Annual dividends of ¥11.0 (interim dividends of ¥5.5 and year-end year dividends of ¥5.5) in FY22 is scheduled as announced in May 2022.

We decided to repurchase own shares of up to ¥5.0bn (maximum amount) and 20million shares (maximum number), today on November 11, 2022.

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.

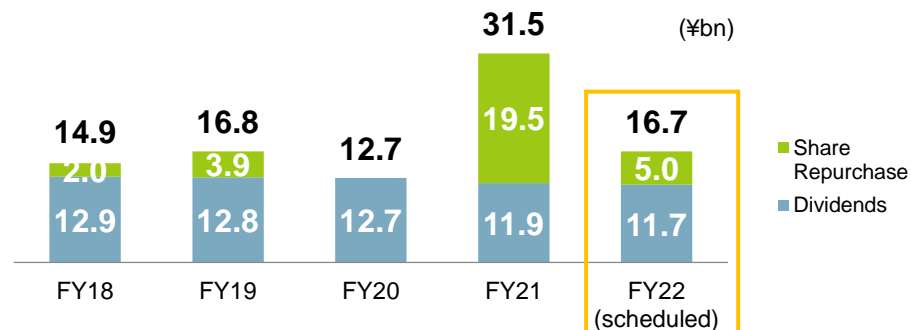


Share Acquisition

- 【Purpose】 In order to enhance shareholder returns and improve capital efficiency
- 【Number of shares】 20 million (maximum)
- 【Amount of purchase】 ¥5.0bn (maximum)
- 【Period of purchase】 From Nov. 14, 2022 to Feb. 15, 2023

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

Dividends, Shareholder Returns



	FY18	FY19	FY20	FY21	FY22 (scheduled)
Annual Dividends	¥11.0	¥11.0	¥11.0	¥11.0	¥11.0 (scheduled)
Payout Ratio	27.8%	35.3%	34.9%	28.2%	26.1%
Total Return Ratio	32.3%	46.2%	34.9%	73.3%	37.2%

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%
Sep-22	11.32%	12.53%	10.46%

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

2. Details of Financial Results for the First Half of FY2022

Loans (1) Term-end Balance

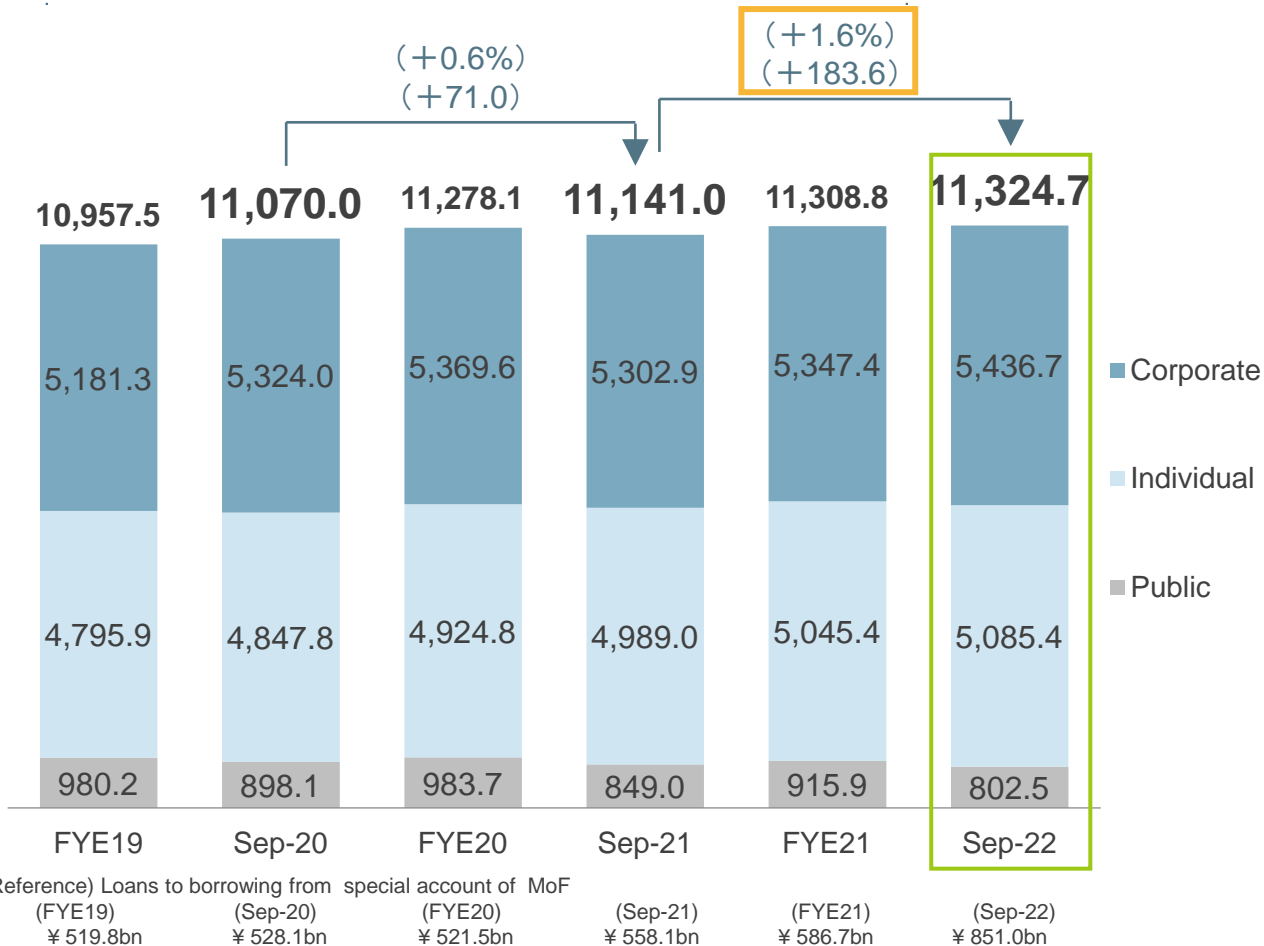
Amount of loans increased by ¥183.6bn YoY (+1.6% annualized).

Loans to corporate customers increased by ¥ 133.8bn YoY (annualized +2.5%) due to proactive support for customers affected by high resources prices and depreciation of the yen .

Loans to individual customers remained in an increasing trend (+ ¥ 96.3bn YoY, +1.9% annualized).

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

* Not including borrowing from special account of MoF



Year on Year Changes (¥bn)

	Sep-20	Sep-21	Sep-22
Total	+269.7 +2.4%	+71.0 +0.6%	+183.6 +1.6%
Corporate	+228.8 +4.4%	-21.0 -0.3%	+133.8 2.5%
Individual	+100.6 +2.1%	+141.2 +2.9%	+96.3 +1.9%
Public	-59.7 -6.2%	-49.0 -5.4%	-46.5 -5.4%

(Reference) YoY change of year-end (¥bn)

	'22/3E	'22/9E	Compared to '22/3E	Percentage change
Total	11,308.8	11,324.7	+15.9	+0.2%
Corporate	5,347.4	5,436.7	+89.3	+3.3%
Individual	5,045.4	5,085.4	+40.0	+1.5%
Public	915.9	802.5	-113.4	-24.7%

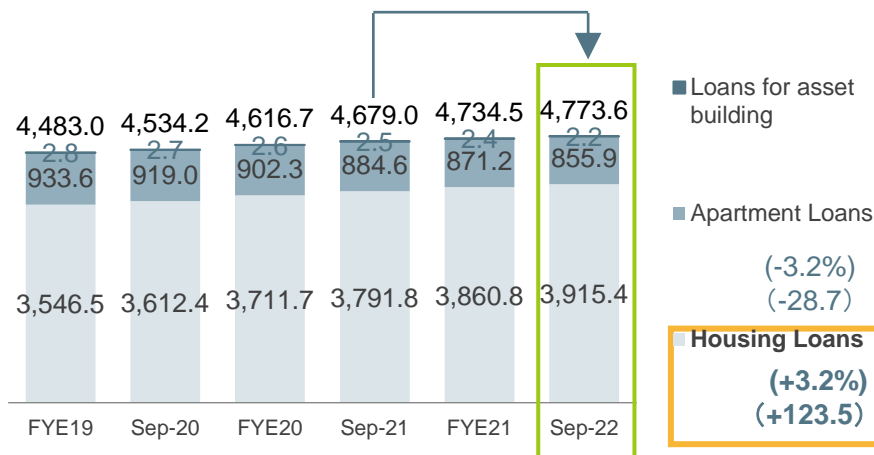
Loans (2) Individual / Corporate

Loans to individual customers increased driven by housing loans (+¥123.5bn) and car loans (+¥6.2bn).

Loans to both large companies and medium companies / SMEs increased due to the increase of demand for funds resulting from high resources prices.

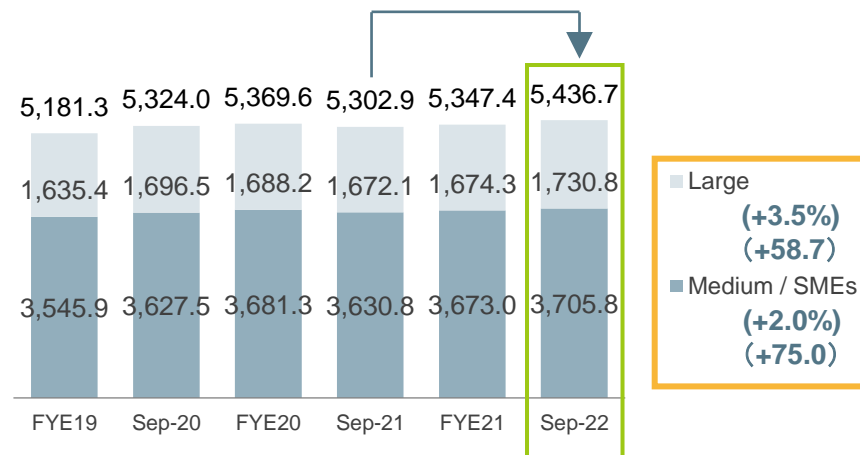
【Individual】Housing Related Loans

(¥ bn)



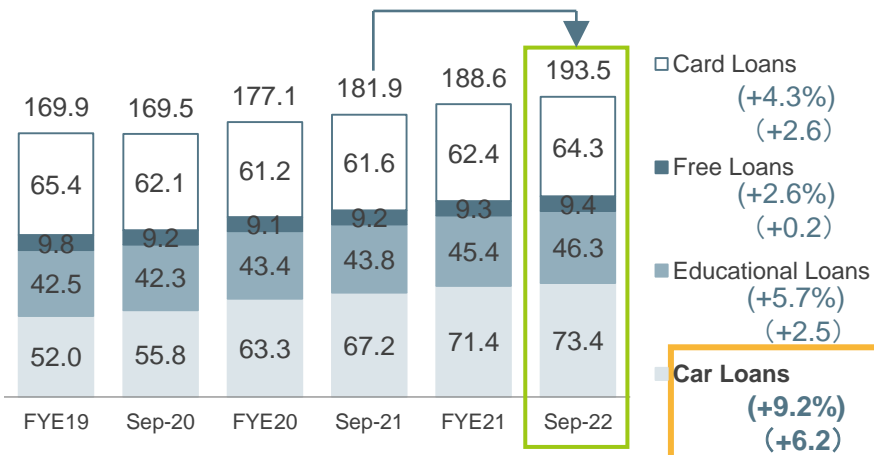
【Corporate】Term-end Balance by Company Size

(¥ bn)



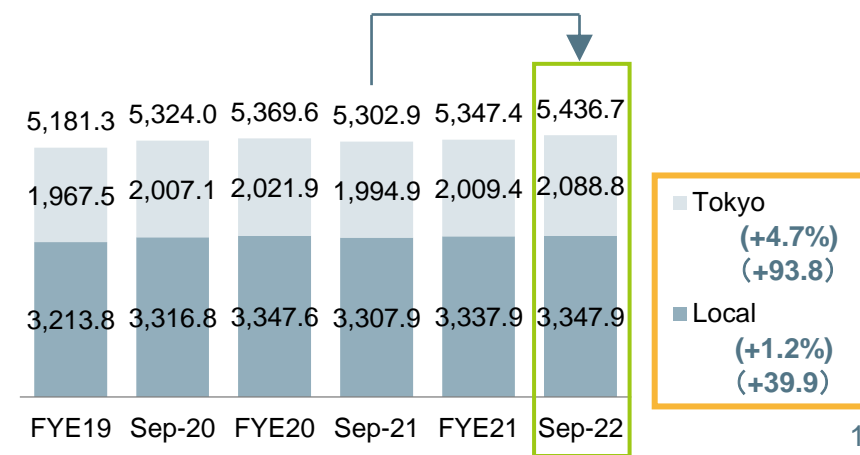
【Individual】Unsecured Loans

(¥ bn)



【Corporate】Term-end Balance by Area

(¥ bn)



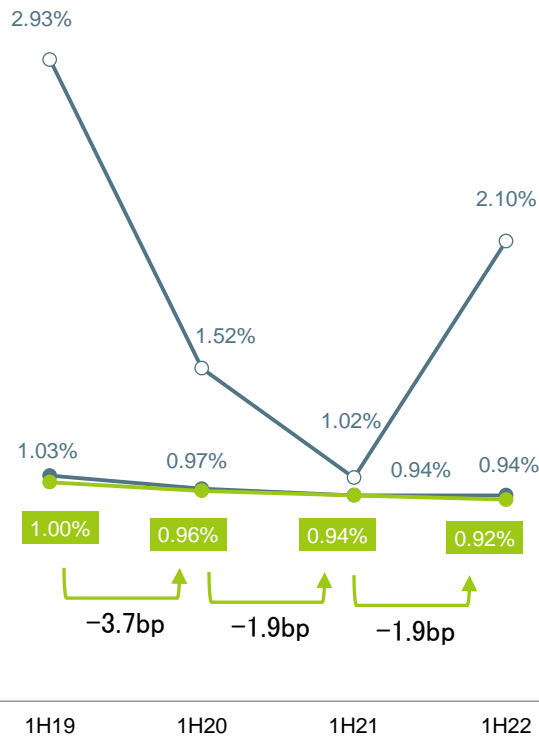
Difference of interests between loans and deposits decreased by ¥0.2bn YoY due to decrease of average yield on domestic loans.

Securities' income (excluding gain on cancellation of investment trusts) decreased by ¥0.6bn YoY due to the increase of funding cost. As a result, net interest income decreased, but we aim to reverse it by increasing amount of loans and replacing foreign bonds, etc.

Average Yield on Loans(Joyo+Ashikaga)

(Domestic and Overseas)

* Not including borrowing from special account of MoF



【Overseas】

【Domestic】

+
【Overseas】

【Domestic】

Change of Interest Income(Joyo+Ashikaga)

(¥ bn)

* Not including borrowing from special account of MoF

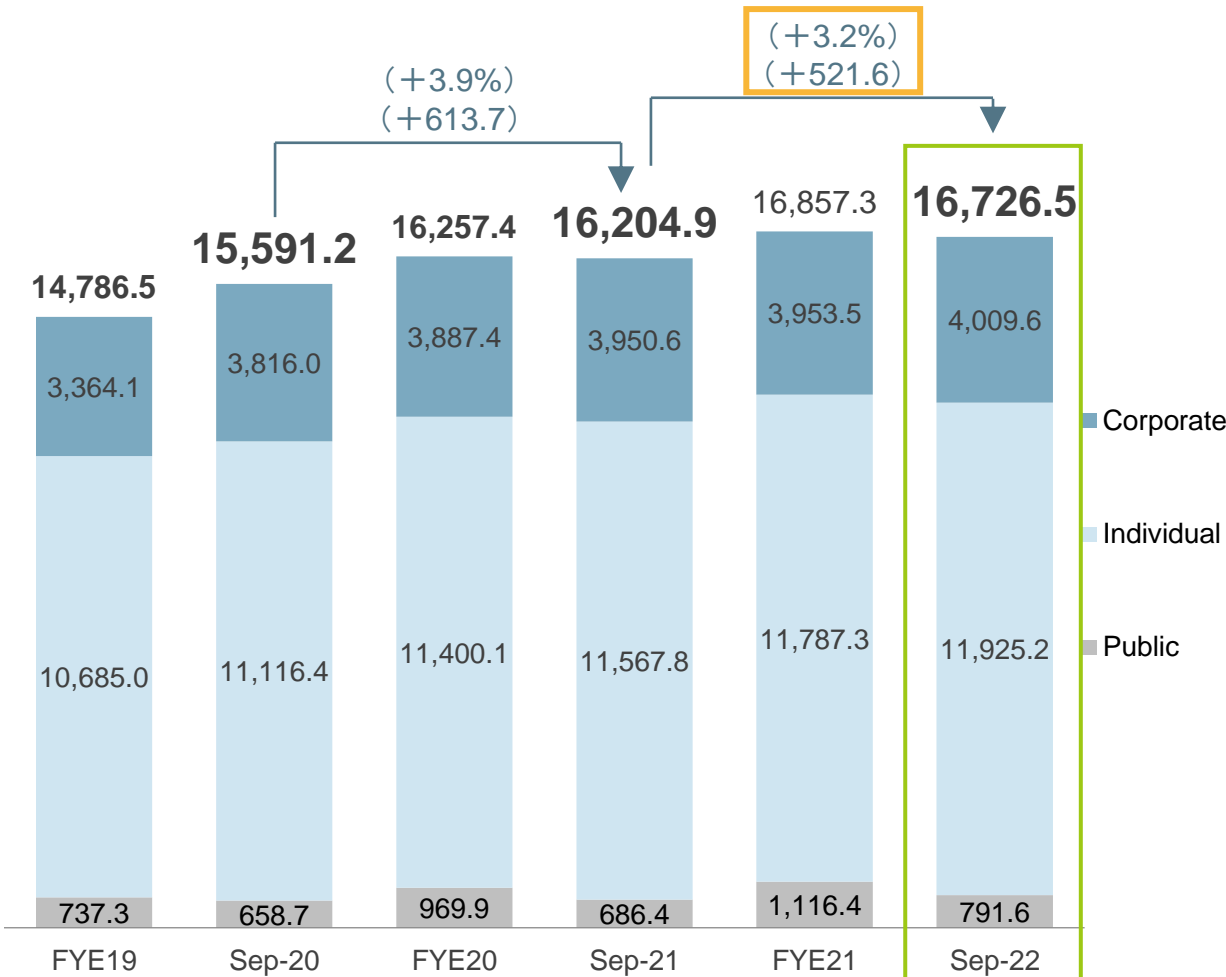
* Figures in parentheses are changes on a year on year basis

	Results	YoY Change (Factor)				Chg. in Factors
		Domestic	Chg. in Factors	Overseas	Chg. in Factors	
Interest on loans and bills discounted	Avg Balance	+0.3	+0.3	(+64.4)	+0.0	(+6.8)
	Yield	+0.0	-1.1	(-1.9bp)	+1.1	(+107.8bp)
	53.2	+0.3	-0.7	—	+1.1	—
Interest on deposits (—)	0.9	+0.6	+0.0	—	+0.5	—
Difference of interests between loans and deposits ①	52.2	-0.2	-0.8	—	+0.6	—
Interest and dividend on securities	Avg Balance	+1.8	+1.4	(+283.7)	+0.4	(+16.1)
	Yield	+3.1	+1.4	(+8.7bp)	+1.7	(+42.9bp)
	28.8	+5.0	+2.8	—	+2.1	—
(o/w gains on cancellation of Investment Trusts)	2.9	+2.5	+2.5	—	±0	—
(excluding gains on cancellation of Investment Trusts)	25.9	+2.4	+0.2	—	+2.1	—
Market borrowings, etc. (—) (*1)	2.3	+3.0	-0.8	—	+3.9	—
Securities' Income (excluding gains on cancellation of Investment Trusts) ②	23.5	-0.6	+1.1	—	-1.7	—
Net Interest Income (excluding gains on cancellation of Investment Trusts) ①+②	75.8	-0.8	+0.2	—	-1.1	—

(*1) Including remuneration from "Special Deposit Facility" by Bank of Japan

Balance of deposits increased in all personalities, by ¥521.6bn YoY (+3.2% annualized).

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



Year on Year Changes (¥bn)

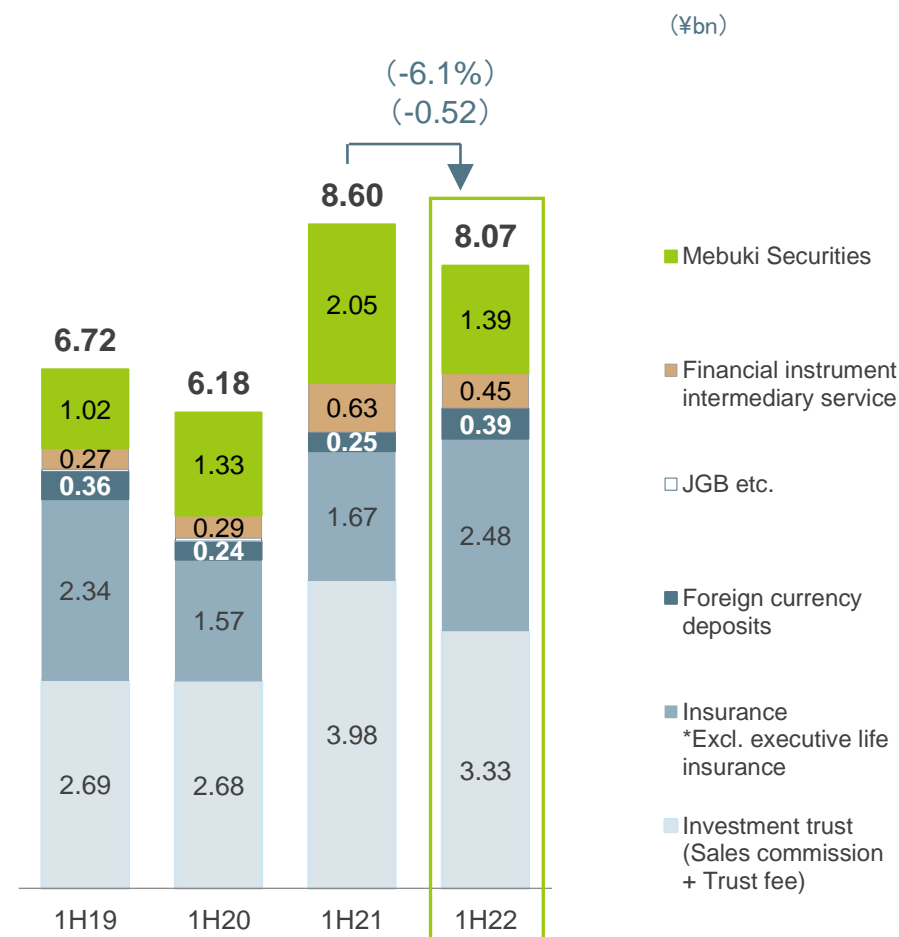
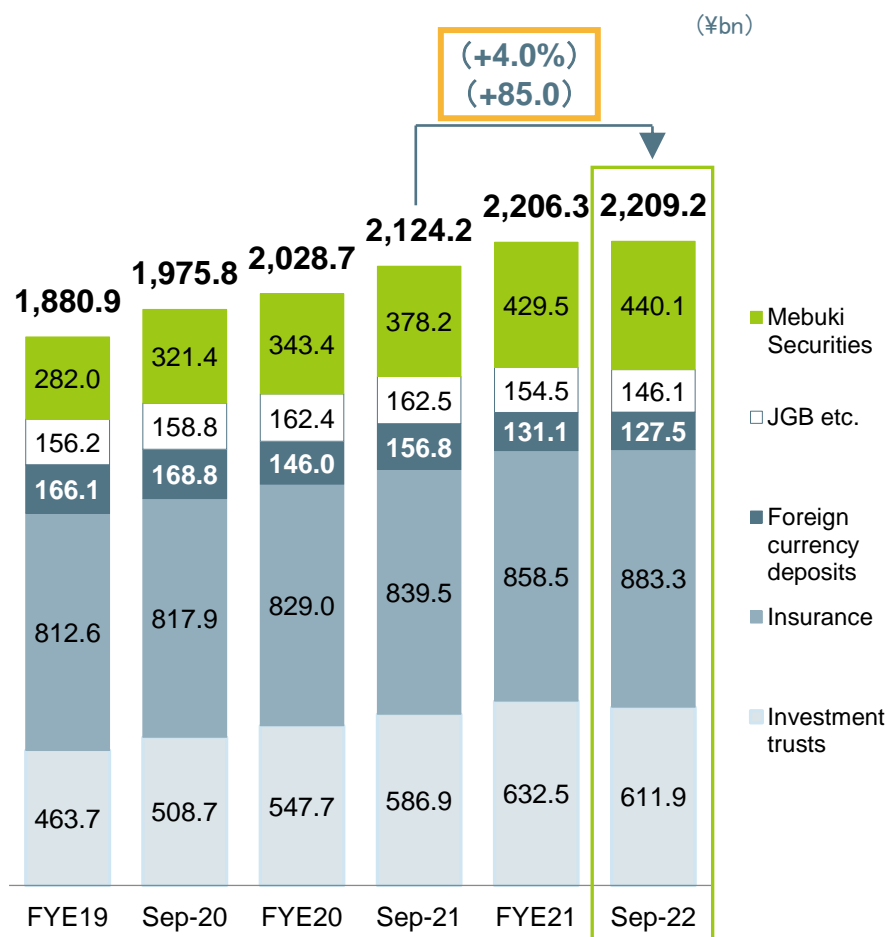
	Sep-20	Sep-21	Sep-22
Total	+1,233.2 +8.5%	+613.7 +3.9%	+521.6 +3.2%
Corporate	+460.8 +13.7%	+134.5 +3.5%	+59.0 +1.4%
Individual	+668.5 +6.3%	+451.4 +4.0%	+357.3 +3.0%
Public	+103.8 +18.7%	+27.6 +4.2%	+105.1 +15.3%

Balance of customer assets under custody increased by ¥85.0bn YoY (annualized +4.0%).

We continued to support customers' asset building through the enhancement of its consulting function, and the balance remained in an increasing trend.

Balance (Bank Total + Mebuki Securities)

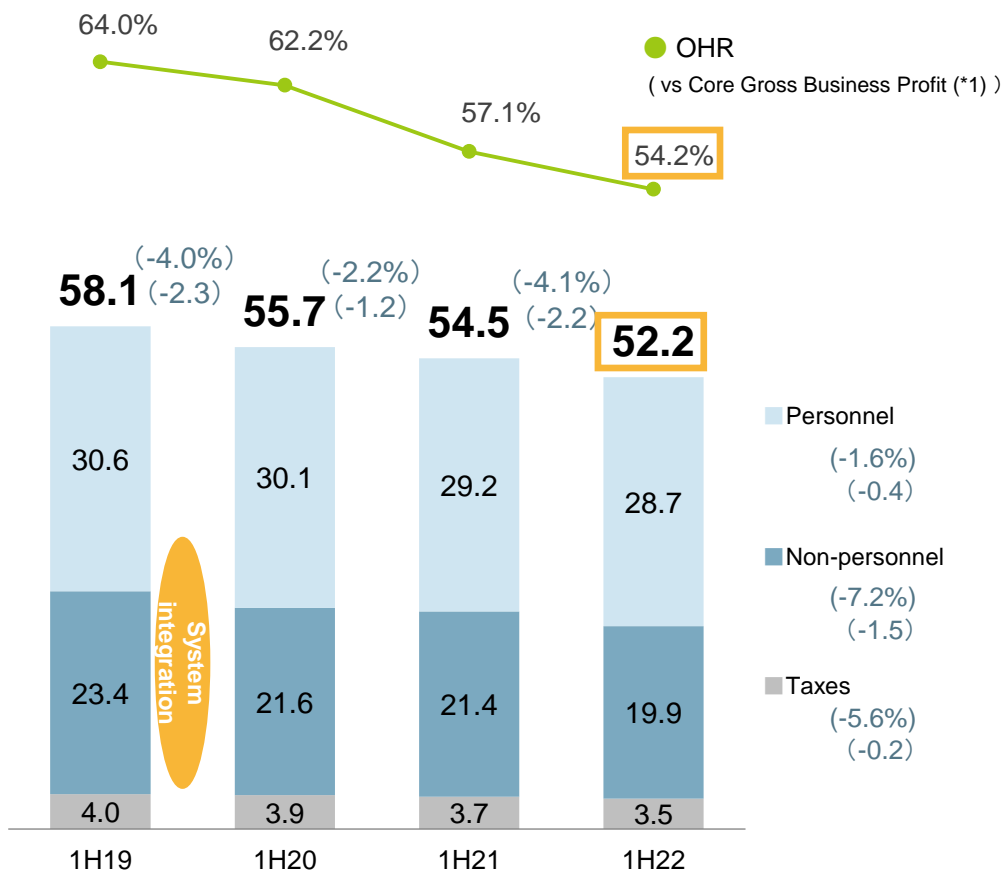
Commissions (Bank Total + Mebuki Securities)



Due to ensuring the effects of structural reform in the former medium-term group business plan, total expenses decreased by ¥2.2 bn (annualized -4.1%).

OHR (vs Core Gross Business Profit ^(*)), indicator of efficiency, improved to 54.2% (-2.9bp YoY).

Joyo Bank + Ashikaga Bank (¥ bn)



< Factors of Change >

	1H22	YoY	Main factors
Personnel expenses	28.7	-0.4	<ul style="list-style-type: none"> Personnel reduction -0.2 (Improvement of productivity by the progression of structural reform in response to natural attrition) Retirement benefit cost -0.1
Non-personnel expenses	19.9	-1.5	<ul style="list-style-type: none"> Deposit insurance premium -1.1 Reduction of depreciation and rental expense by reviewing branch networks -0.3
Taxes	3.5	-0.2	<ul style="list-style-type: none"> Consumption tax -0.1

(*1) Excluding gains / losses on cancellation of investment trusts, futures and options

3. The Third Medium-Term Business Plan Progress Topics

Developing New Business Areas / Customers Leveraging Our Group's Strength

Joyo Green Energy Co., Ltd. : Acquired about 1 MW of power in electric power acquisition business and started selling J-Credits.

Colletochi, Ltd. : Started to disseminate and monetize attractive local content and take initiatives to resolve local social issues.

Joyo Green Energy Co., Ltd.

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

Joyo Green Energy ①

Acquired 1MW of solar power generation (as of Oct., '22)



※Image of investment

Electric power company

Acquisition

Sell power

Supply green energy

Decarbonization support for customers in our business areas

Promoting various measures for decarbonization

Joyo Bank

Customer introduction

Sale of J-Credits

Joyo Green Energy ②

“Ishioka Forest Carbon Offset Council”

【Role】 Private businesses in Ishioka City and Tsukubane worked together to create J-credits(formerly J-VER) and also engage in activities to familiarize people with forests through events such as tree-planting festivals.

つくばね森林組合



Tsukubane Forest Association

【Role】 The secretariat of the “Ishioka Forest Carbon Offset Council” / It is entrusted with the management of privately owned forest that was the component of the recent J-Credits.

Colletochi, Ltd.

- On Aug. 2, 2022, Ashikaga Bank established a local trading company “Colletochi, Ltd.” through joint investment with three local companies, as a company to contribute to the advancement of banking business, to engage in dissemination and monetization of attractive local content as its core business.

Combining the management resources of four companies



Businesses aimed at regional revitalization and customer support

■ Sales of Local Products (B to B)

- Support for sales and marketing of products of suppliers by utilizing the network of 4 investing companies.

■ Managing EC Site (B to C)

- Securing sales channels for direct sales to customers inside and outside the regions by managing EC site

■ Considering Businesses

- DX related services
 - Sales channel development support for IT/DX service providers
 - Customers' IT/DX support
- Export related business
 - Overseas sales channel development support
- “Koto” consumption business
 - Regional revitalization operations utilizing tourism resources such as experience services and accommodations

Business Expansion Utilizing Strategic Investments and Collaboration

Strategic Investments : This fiscal year, four investments were made by CVC fund subject to consideration of future collaboration (as of end of Oct., '22).

Business Collaboration : We have demonstrated the effectiveness through collaboration with regional financial institutions ("Ryomo Area Revitalization Partnership", etc.)

Strategic Investments

TRINITY

(Investment execution in May 2022)

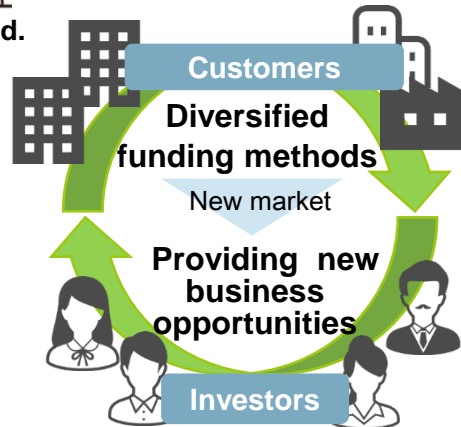
TECHNOLOGY

- Trinity Technology Co., Ltd. ("TT") is a startup company with a background as a judicial scrivener, has strength in the area of family trusts(*1).
- In Sep.2022, we agreed a business alliance with "TT" and started to provide "Smart Family Trust". Through this alliance, we promote to resolve issues of property management, etc. for the elderly in local regions.

(*1)A scheme to avoid the risk of frozen assets and evenly cover the division of inheritance by concluding a trust agreement by the family members and transferring the right to manage assets to the children's generation while the parents' generation is still healthy, and also covering the division of the estate after inheritance.

デジタル証券準備株式会社 (Investment execution in Oct. 2022) Digital Securities Preparatory Co., Ltd.

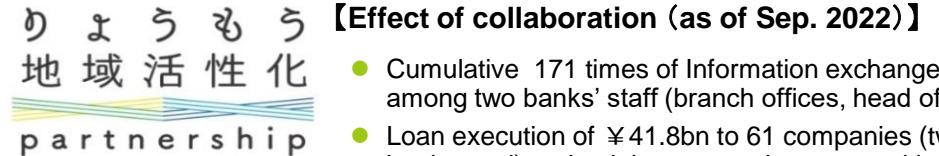
- Digital Securities Preparatory Co., Ltd. ("DS") is preparing a real estate STO business(*2) with the aim of providing next-generation financial products to promote the government's "shift from savings to investment" in a sound manner.
- Through the business collaboration with "DS", we will diversify funding menu for businesses such as asset securitization and aim to provide new small financial instruments for the digital generation.



(*2) Real estate STO are digital securities whose underlying assets are real estate and related rights, and are attracting attention as a next-generation financial product that differs from conventional real estate securitized products.

Business Collaboration

Ryomo Area Revitalization Partnership (business collaboration with The Gunma Bank, Ltd.)



- Cumulative 171 times of Information exchange among two banks' staff (branch offices, head office)
- Loan execution of ¥41.8bn to 61 companies (two banks total) maintaining appropriate competitive relationships.
- 1 Investment execution of ¥0.15bn through their investment subsidiaries (two banks total)
- Joint seminar "Kita-kanto Region PPP/PFI seminar" held twice by 3 banks (Joyo, Ashikaga and Gunma)

(*) A framework for the purpose of industrial revitalization, problem solution and improving services in overlapping service areas of Ashikaga BK and Gunma BK, mainly in Ryomo area.

By combining the resources and know-how of two banks and seamlessly offering them to customers, we will continue to contribute to the revitalization of the area by promoting initiatives to solve regional issues, such as support for decarbonization, support for EV measures in the automotive industry, and business succession.

Tochimaruru Cooperation Agreement (collaboration with credit unions and credit associations in Tochigi Pref.)

Details of Collaboration	HR introduction	Business planning support	Testamentary trusts/ Estate planning
	M&A/Business succession	Subsidy application support	

- Ashikaga Bank signed cooperation agreement with 6 credit unions and 2 credit associations in Nov.2022.
- The specialized functions of Ashikaga Bank are available to more local customers, allowing them to take advantage of the highly specialized services.
- 22 workshops for credit unions/credit associations staff and 4 seminars for customers were held, and business meetings are planned for this December.

Penetration of Initiatives within the Organization / Human Resource Development

In November 2022, we launched a new business creation training program for employees that also utilizes outside expertise. In the same month, we also introduced a side jobs system, which will lead to the creation of innovation.

New Business Creation Training Program



Sony
Startup
Acceleration
Program

Program utilizing Sony Group's expertise(*)

< Outline of the Program >

Purpose :

- Fostering human resource development and organizational climate for new business creation
- Improving skill of dialogue with customers

Participants :

- Employees of Jojo Bank and Ashikaga Bank

Details of Program :

- Improved understanding of new businesses through seminars
- New business creating through Idea-thons
- Training to turn ideas into business



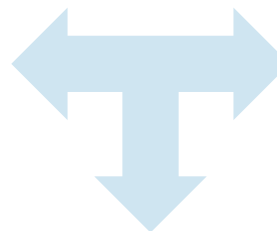
(Image)

(*) This program is implemented with the support "Sony Startup Acceleration Program"("SSAP") provided by Sony Group, which supports startup creation and business operations.

(*) "Sony Startup Acceleration Program" : <https://sony-startup-acceleration-program.com/>

Side Job System

All employees
in our group



< Aim of Side Job System >

- Bring diverse values to our group through experiences and networks that cannot be obtained only within the group, leading to the creation of new innovation.
- Promote autonomous skill development by employees and encourage personal growth
- Improve employee engagement by allowing diverse work styles, including activities that lead to the pursuit of self-fulfillment
- Enable multifaceted contributions to the local communities through side jobs

Our Vision

Strengthening DX Infrastructure

- ▶ Develop a digitally connected environment
- ▶ Utilize / transform digital skills and mindsets

Support customers' and local DX

- ▶ Return knowledge and open networks

Our Vision

The “DX” will free customers, employees and staff from hassles (business innovation / digital channel) and provide easy access to information that will inspire them to take a next action (data utilization), so that people can continue to provide new value to the local communities through activities that are unique to them.

Roadmap for DX

	Main Initiatives	What we aim for (To-Be)
Digitalization / Innovation in Traditional Banking Business	<ul style="list-style-type: none"> ○Development of paperless, seal-less, fax-less measures ○Group-wide BPR, efficiency improvement of loan operation ○Renovation of branch office system 	<p>Most operations will be digitized, freeing from complicated paperwork. Bank staff can focus on productive tasks that only humans can perform and AI and other technologies are being used to enhance and personalize business operations.</p>
Improvement of Digital Channels / Expansion of Contact Points with Customers	<ul style="list-style-type: none"> ○Promoting Banking app, portal for corporate customers and digital contracts ○Increased digitization penetration (percentage of digital channel usage) ○Digitization of identity authentication using eKYC 	<p>Customers can securely access various transactions and procedures anytime, anywhere through a high UX digital channel. These channels are in daily use by many customers and have broad penetration among various segments of customers.</p>
Strengthening Data Utilization	<ul style="list-style-type: none"> ○Rebuilding database infrastructure ○Cloud computing of main business channels ○Implementation / Utilization of MA (Market Automation) 	<p>Various data is collected, aggregated, and accumulated in the DB, and data necessary for business management, planning, sales promotion, etc. can be utilized universally. This provides users with new insights and values.</p>
Enhanced DX Infrastructure	<ul style="list-style-type: none"> ○Developing DX personnel ○Loosely coupled configuration of main system infrastructure, shift to cloud computing ○Expansion of mobile PC and smartphone users for business use 	<p>A large number of DX personnel have been trained, and their skills are regularly brushed up on. A main system infrastructure flexible enough to cope with changes in the external environment and highly secure enough to support the diversification of working environment.</p>
DX Support / Collaboration with Customers and Local Regions	<ul style="list-style-type: none"> ○Practice of DX consulting sales for customers ○Expanding collaboration / alliances with DX service providers ○Information gathering and providing financial function for regional DX 	<p>To enhance DX support, we are ready to promote DX consulting in collaboration with group companies, business matching partners and external advanced companies. We also provide appropriate financial functions for regional DX projects.</p>

DX Certified Business Operator

- In November, 2022, we were certified as “DX Certified Business Operators (*1)”.



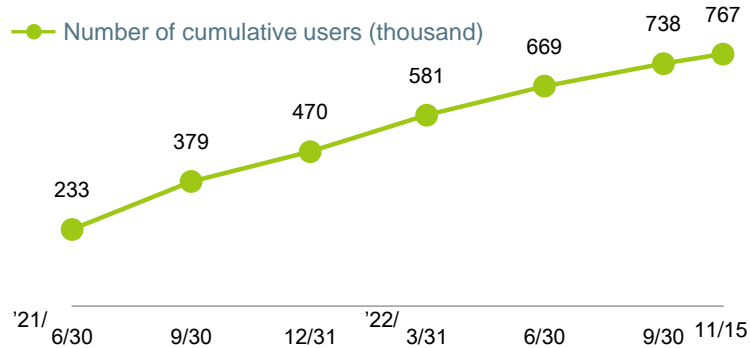
(*1) The DX Certification System is a national certification system for businesses that meet the basic requirements of the Digital Governance Code established by the Ministry of Economy, Trade and Industry.

Digital Channel for Individual Customers

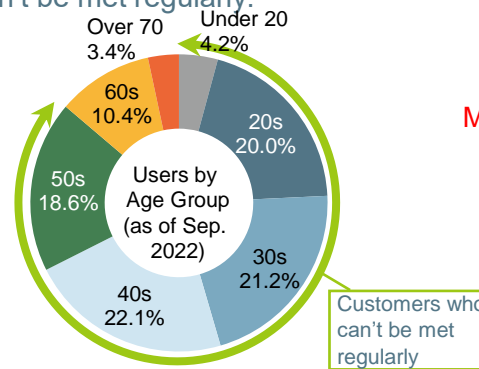
We will increase the value of the customer experience by enhancing the convenience of digital channels, including the Banking App, and the expertise of real channels.

Banking App

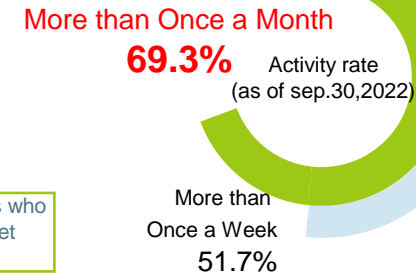
- The number of cumulative App users ("Joyo Banking App" and "Ashikaga Bank App") exceeded 760 thousand.



- The objective of the introduction, "Ensuring points of contact with customers", is being achieved steadily even for generations who can't be met regularly.



- Used by nearly 70% of customers more than once a month.
- It is permeating as a main banking channel.

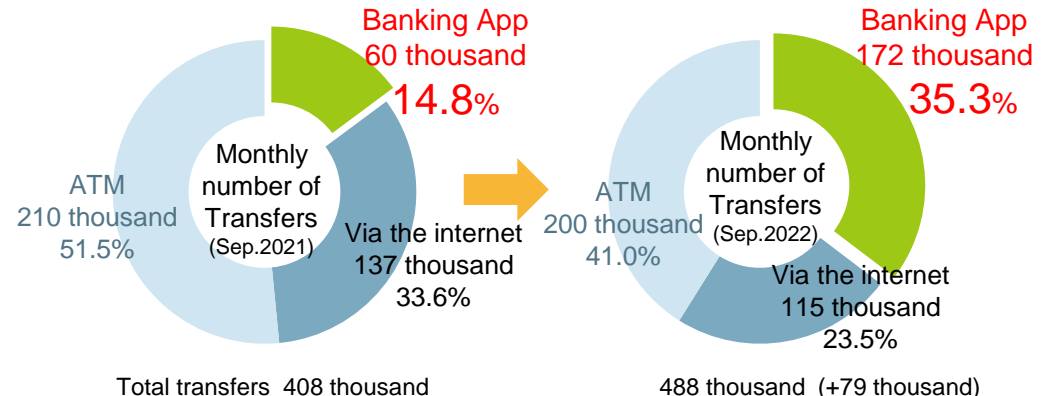


Application Store Ratings

- Our banking apps are highly rated in application stores.

	Company A	Company B
Joyo Banking App	4.6/5.0	4.3/5.0
Ashikaga Bank App	4.4/5.0	4.4/5.0

Number of Transfers by Non-face-to-face Channel (Individual Customers)

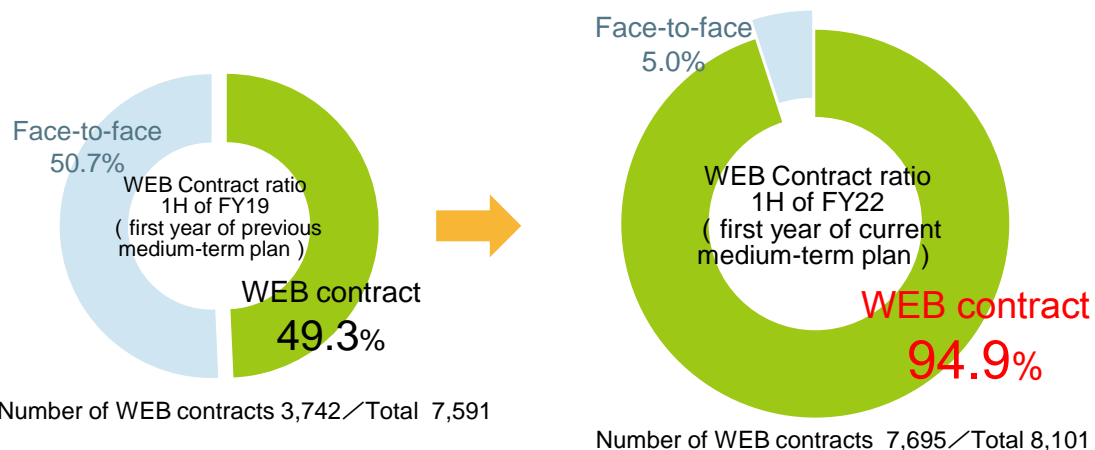


Digital Channel for Individual Customers

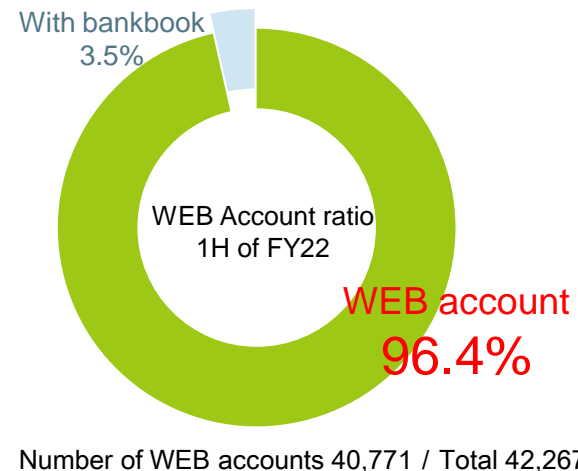
Percentage of unsecured loans completed on the web and the percentage of new accounts created without a bankbook (bankbook-less account) exceed 90%.

While utilizing digital technology, we will promote the customers' convenience and create new value.

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



Bankbook-less Account (WEB account ratio)



Expanding Digital Transactions (Apr. 2022~)

Remittance services



- Started "KOTORA" remittance service
- Started WEB foreign remittance service (Joyo BK)

Housing loan



- Started digital contracts
- Started to handle WEB-only housing loan (Ashikaga BK)

Initiatives for Gerontology



- Started digital property information management service, "Anshin (safety) Note" (Joyo BK)

Self-counter Terminal with Navigation



- Function added (time deposit withdrawal, verification at the time of transaction)

Branch Visit Reservation service



- Added procedures subject to reservation
- ※Number of reservations (banks total)
Apr.'2022 819 ⇒ Sep. (single month) 1,463

Remote Reception of Inheritance

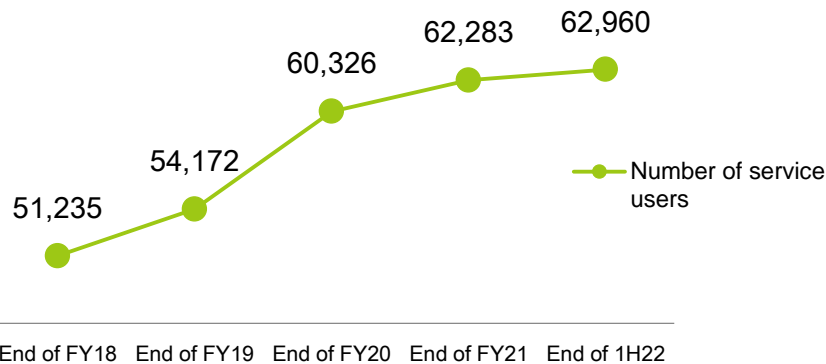


- All branches started to offer remote support (Joyo BK)

Digital Channel for Corporate Customers

We started to provide a corporate portal site as a tool to assist local businesses in improving operational efficiency. Through the provision of services that enable the digitization of internal business operations, we will lead to the DX in the entire region.

Corporate Internet Banking Services



Corporate Portal Site

- Joyo Bank started to provide DX support services for SME's "Mikatano Series".
 - "Joyo Bank Mikatano Cash Management" to manage multiple accounts.
 - "Joyo Bank Mikatano Works" to manage work time and attendance.



(Started in Oct., 2022)

- Ashikaga Bank will start to provide portal site services for businesses "Ashigin BizLink" from Dec., 2022.
 - In addition to checking account balances and deposits/withdrawals, it provides a one-stop web-based service for various applications and electronic browsing services to support businesses.

Digital Contract Services (Business, Housing, Apartment Loans)

- Effect of digital contract

<Customers>

- ✓ No need to sign or stamp the contract
- ✓ No revenue stamps required
- ✓ Possible to contract via the internet by PC, tablet and Smartphone

<Banks>

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

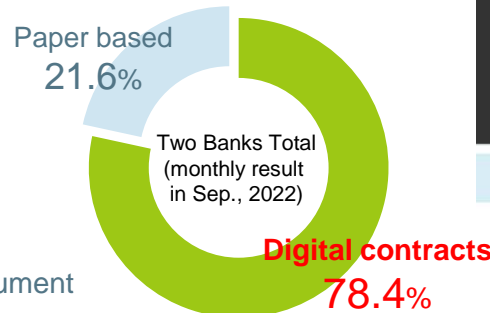


Paper



Stamp

- Digital Contracts Ratio (Housing Loans)



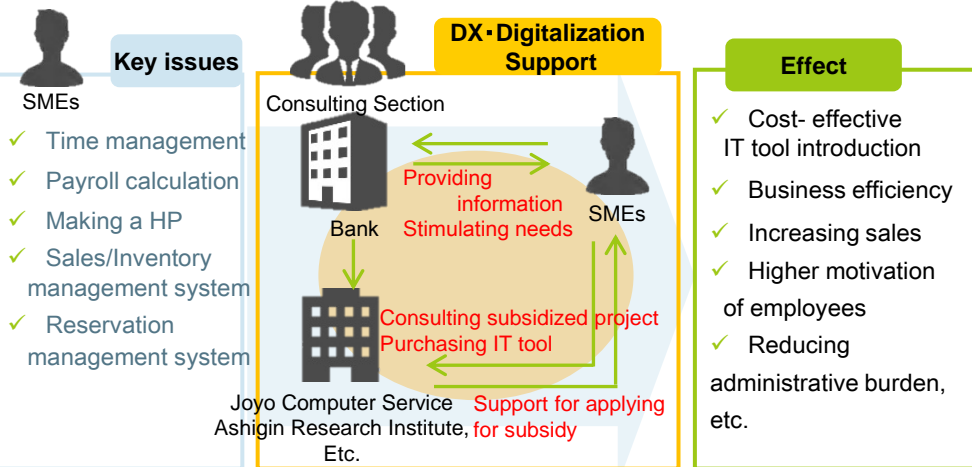
※Screen image of contract completion

Support for Customers' DX

Support for SMEs' Digitalization

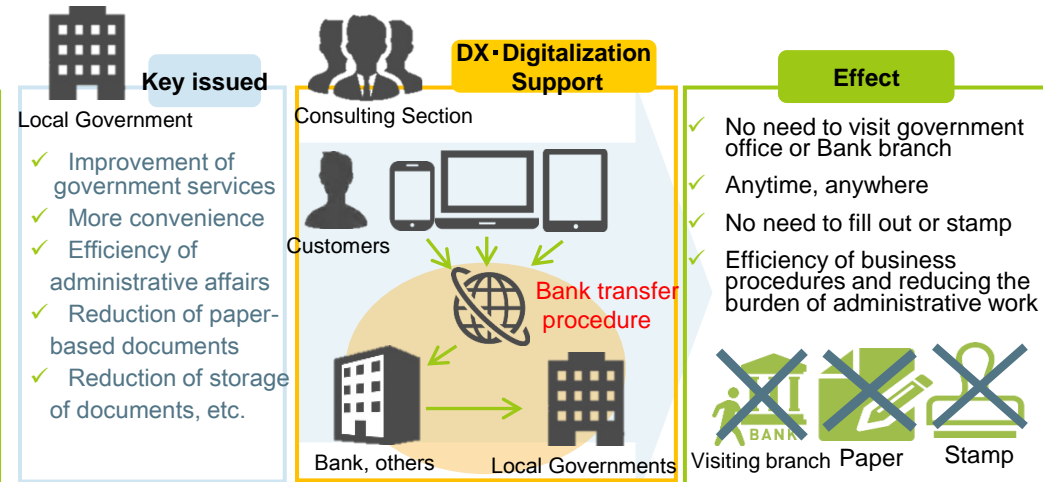
(Utilizing IT Introduction Subsidy)

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



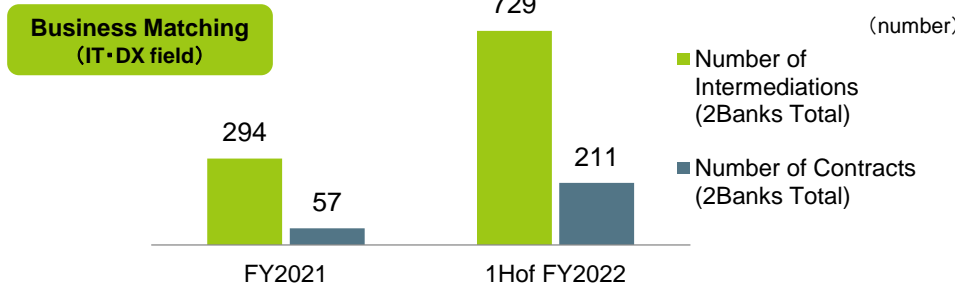
Support for Digitalization of Local Governments

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



Digitalization Support through Business Matching

- Demand for core systems such as sales management and production management, as well as back-office efficiency improvement systems, is high and has already exceeded last year's results.



Consulting support tools to elicit customers issues and needs

- Consulting support tool "Biskul" was introduced at 問題解決プラットフォーム both banks to efficiently propose IT vendors and other commercial products to meet customer needs.



DX businesses listed for business matching : 82 companies (two banks total) Problem solution platform "Bisikul"

- Both banks are currently developing web-based service "Big Advance" that allows for nationwide business matching, creation of company websites, and employee benefit services



Number of users : 3,495 companies(two banks total)

Developing DX Personnel

We will develop human resources to meet the potential IT and digital needs of our customers.

The number of IT Passport acquirers as the basis personnel is 2,858 people.

(Target :3,000 people by the end of FY2022)

DX Personnel

- “DX Personnel” is defined as head office staff who plan and drive new business creation and business innovation using digital technology, and personnel who can provide DX support to customers. We aim to train more than 400 such personnel during the medium-term plan (~FY2024).
- In order to promote DX throughout the group, we will work to improve the digital literacy of all employees and increase DX basis personnel to 3,000 by the end of FY2023.

Personnel who have DX-related practical experience and achievements and will be a driving force for DX promotion

DX Leaders

Personnel with DX-related knowledge and perspectives that can be expected to be utilized in business operations

Core Personnel

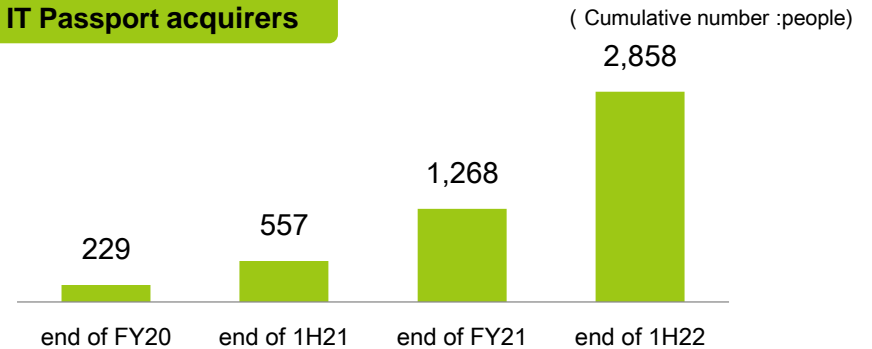
**DX Personnel
(Target :
400 people)**

**DX Basis Personnel
(Target : 3,000 people)**

Status of DX Personnel Development Initiatives

- We recommend IT Passport as an essential qualification to improve digital literacy.

IT Passport acquirers



- Outline of initiatives for personnel development
 - ✓ Dispatch of trainees to digital companies to absorb cutting-edge know-how
 - ✓ Open recruitment to digital-related departments for the purpose of finding internal talent
 - ✓ Various training programs such as IT coordinators, data science and low code development
 - ✓ Recommendation to obtain digital-related qualifications and provision of continuous learning environment.

Developing personnel	End of FY21	End of 1H22	Target	Progress
DX Personnel	114 people	255 people	400 people (~ FY2024)	63.7%
DX Basis Personnel	1,268 people	2,858 people	3,000 people (~ FY2023)	95.2%

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

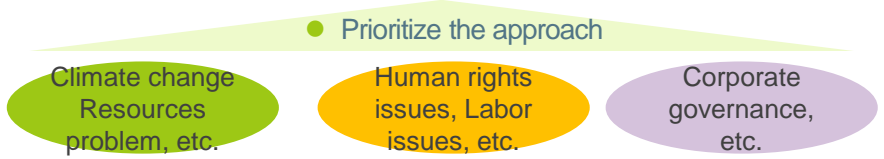


Our Solutions Menu

Carbon-Neutral	Sustainable Finance
<ul style="list-style-type: none"> ● GHG emissions reduction <ul style="list-style-type: none"> ▶ Self-consumption solar power generation ▶ Off-site PPA (Joyo Green Energy) ▶ EV switching (Mebuki Lease, etc.) ▶ Purchase of J-Credit ● GHG emissions calculation <ul style="list-style-type: none"> ▶ Our Group (with WasteBox) ▶ Introduction to BM partners 	<ul style="list-style-type: none"> ● ESG Finance <ul style="list-style-type: none"> ▶ SLL ▶ PIF ▶ GB, GL ● SDGs Initiatives Support Loan ● Loan with Simple Evaluation ● DX Support Loan ● Private Placement Bonds with Donation scheme ● ResilienceLine

SDGs Initiatives in general

- SDGs awareness tools (seminars, pamphlets)
- Support for Planning SDGs Declaration



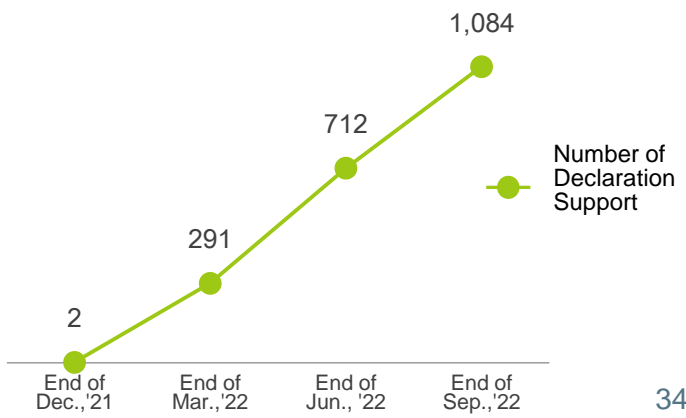
Sustainable Finance

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.)

	FY2030 Target	Results through 1HFY22	(Reference)	
			Compared to end of FY21	Progress
Sustainable Finance	¥3 trillion	¥319.2 bn	+¥174.4bn	10.6%
O/W Environmental field	¥2 trillion	¥149.0 bn	+¥113.3bn	7.4%

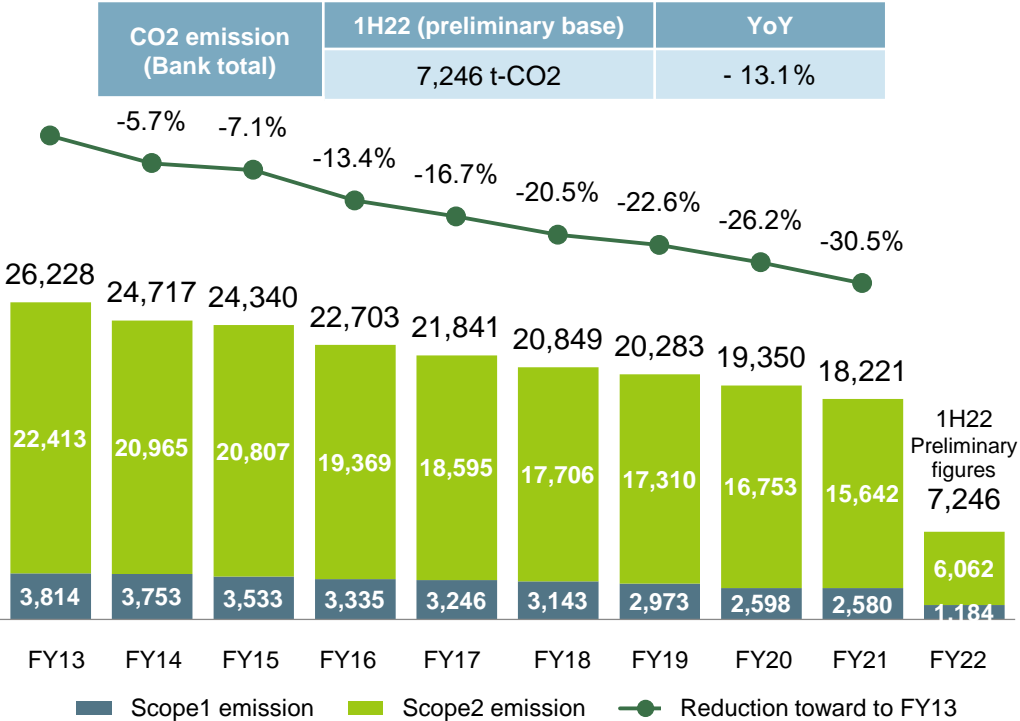
Support for Planning SDGs Declaration (Nov. 2021 ~)



Revising the target for CO2 emissions reduction in FY2030 to "Net-zero" in March 2022, we accelerate to realize a decarbonized society and contribute to regional sustainable growth. Since July 2022, two subsidiary banks have started using electricity generated from renewable energy sources at their large-scale business locations, including head offices. (CO2 emission reduction effect by the switching is about -24% compared to FY2021.)

CO2 Emissions Reduction

- Target for CO2 emission reduction in FY2030 : **"Net-zero"**.
- <CO2 emissions (Scope 1, 2)*1 of the Group (Bank Total) >
 - ✓ Introduction of renewable energy (July 2022)
 - Subject : 5 locations incl. head offices of Jojo Bank and Ashikaga Bank
 - CO2 emission reduction effect (estimated) : 4,293 t-CO2 per year
 - ※Equivalent to 24% of FY21 emissions



Scenario Analysis

- Here is the overview of the scenario analysis in FY2021 (extract from quantitative analysis).

Transition risks until 2050

NZE scenario*1 (1.5°C scenario)
 RCP2.6 scenario*2 (2°C scenario)

Expected increase in credit related costs: **Up to 9.0 billion yen**

Physical risks until 2050

RCP8.5 scenario (4°C scenario)

Expected increase in credit related costs: **Up to 6.0 billion yen**

* 1 Total CO2 emissions of Scope 1 + Scope 2 of two subsidiary banks calculated based on the reporting standards stipulated in the Energy Efficiency Act.

* 2 The Oil, Gas, and Coal sectors, which are included in carbon-related assets, have been excluded from the scope of this analysis, as the Group's exposure to these sectors is limited (accounting for only about 0.6% of the total amount of credit as of March 31, 2022).

The Group Roadmap for "Net-zero" CO2 emission

FY	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30		
Policy / Targets	<p>【March 2021】</p> <ul style="list-style-type: none"> Declared support for the TCFD Recommendations (March 2021) Setting the target for CO2 emissions reduction (reduce 30% or more compared with FY2013) <p>【April 2022】</p> <ul style="list-style-type: none"> Established Group Sustainability Policy, Group Environmental Policy, etc. Revised the target to "Net-zero" in FY2030 Setting the target for providing sustainable finance...FY21 ~ FY30 cumulative total : 3 trillion yen Declared support for the GX League Basic Concept (o/w environmental field: 2 trillion yen) 												
	<p style="text-align: right;">CO2 emission reduction to "Net-zero"</p>												
Scope1	Gasoline	Decarbonization of company cars (gasoline cars ⇒ switching to environmentally friendly cars)									Complete all cars		
	A Type Heavy Oil / Gas	Energy-saving emergency power generation											
Scope2	Electric Power	Continuing to reduce energy consumption (leaving work early, adjusting the temperature for air conditioning systems)											
		Energy-saving air conditioning systems									Complete all systems		
		Switching to LED lighting			Complete all sites								
		Introduction of renewable energy									Utilization		
		Introduction of renewable energy in large-scale			Introduction of renewable energy in each branch office of subsidiary banks								
		Considering the installation of solar power generation system / PPA / Green energy power generation business									~ Execution		
Offsets	Research and study on carbon offsets and reduction measures based on technology trends ~ Execution												
	Trial of J-Credit										Full-scale utilization of J-Credit	
	Various initiatives through supporting GX												
Others	Enhancing engagement with our customers ~ Support for customers' efforts seeking decarbonization ~												
	Continued tree-planting activities ("Joyo Furusato no Mori", "Ashigin Forest")												

Financial Data for 1H22

【Data】 Breakdown of Banking subsidiaries

(1) P/L for 1H22

(¥ b n)

	J+A	YoY	Joyo	YoY	Ashikaga	YoY
Gross business profit	68.5	-23.7	29.8	-22.6	38.7	-1.0
(Core Gross business profit)	107.8	+12.4	66.1	+11.2	41.6	+1.1
Net interest income	78.7	+1.7	45.1	+0.9	33.6	+0.7
o/w Gains/losses on Cancellation of Investment trusts	2.9	+2.5	1.4	+1.1	1.4	+1.4
Net fees and commissions	17.7	+0.2	10.5	+0.3	7.2	-0.0
Net other business income and Net trading income	-27.9	-25.7	-25.8	-24.0	-2.1	-1.6
(o/w gains/losses on bond transactions)	-39.2	-36.1	-36.3	-33.9	-2.9	-2.2
Expenses	52.2	-2.2	29.1	-1.3	23.0	-0.8
o/w Personnel expenses	28.7	-0.4	16.2	-0.1	12.5	-0.3
o/w Non-personnel expenses	19.9	-1.5	10.9	-1.0	8.9	-0.4
Net business income (before general allowance for loan losses)	16.3	-21.4	0.6	-21.3	15.6	-0.1
Core net business income	55.6	+14.6	37.0	+12.5	18.6	+2.0
Core net Business Income	52.7	+12.0	35.5	+11.4	17.1	+0.5
(exclu. Gains/losses on Cancellation of Investment trusts)						
(exclu. Gains/losses on "Cancellation of investment trusts", "Futures" and "Options")	44.1	+3.2	27.0	+2.7	17.1	+0.5
Net transfer to general allowance for loan losses (a)	-0.9	-1.8	-0.5	-0.7	-0.4	-1.0
Net business income	17.2	-19.6	1.2	-20.5	16.0	+0.9
Net non-recurrent gains/losses	20.1	+23.3	21.8	+21.9	-1.6	+1.4
o/w Disposal of non-performing loans (b)	5.1	-2.3	2.7	-1.2	2.3	-1.0
o/w Gains/losses related to stocks, etc.	25.0	+21.2	24.2	+20.7	0.7	+0.5
Ordinary profit	37.4	+3.7	23.0	+1.3	14.4	+2.3
Extraordinary income/losses	(0.0)	+1.6	(0.0)	+1.6	(0.0)	+0.0
Net income	26.3	+3.5	16.2	+1.9	10.0	+1.5
Credit related costs (a)+(b)	4.1	-4.1	2.1	-2.0	1.9	-2.1

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

	FY19	FY20	FY21	1H22	YoY	1H21	
J+A	Domestics	0.99%	0.96%	0.93%	0.92%	-0.01%	0.94%
	Overseas	2.67%	1.29%	1.04%	2.10%	+1.07%	1.02%
	Total	1.02%	0.96%	0.94%	0.94%	+0.00%	0.94%
Joyo	Domestics	0.97%	0.93%	0.91%	0.90%	-0.01%	0.91%
	Overseas	2.69%	1.30%	1.05%	2.15%	+1.12%	1.03%
	Total	1.01%	0.94%	0.92%	0.94%	+0.02%	0.92%
Ashikaga	Domestics	1.02%	0.99%	0.96%	0.94%	-0.02%	0.97%
	Overseas	2.48%	1.19%	0.98%	1.66%	+0.69%	0.97%
	Total	1.03%	0.99%	0.96%	0.94%	-0.02%	0.97%

【Data】 Breakdown of Banking subsidiaries

(3) Loans Term-end Balance

(¥ bn)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A	Individual	4,795.9	4,924.8	5,045.4	5,085.4	+96.3	4,989.0
	Corporate	5,181.3	5,369.6	5,347.4	5,436.7	+133.8	5,302.9
	Public	980.2	983.7	915.9	802.5	-46.5	849.0
	Total	10,957.5	11,278.1	11,308.8	11,324.7	+183.6	11,141.0
Joyo	Individual	2,624.6	2,687.7	2,740.2	2,759.4	+46.8	2,712.6
	Corporate	3,002.6	3,103.0	3,091.3	3,151.4	+98.2	3,053.1
	Public	612.8	562.7	498.1	467.6	-57.4	525.1
	Total	6,240.1	6,353.6	6,329.7	6,378.5	+87.6	6,290.9
Ashikaga	Individual	2,171.3	2,237.0	2,305.1	2,325.9	+49.5	2,276.4
	Corporate	2,178.6	2,266.5	2,256.0	2,285.3	+35.5	2,249.7
	Public	367.4	420.9	417.8	334.9	+10.9	323.9
	Total	4,717.3	4,924.5	4,979.0	4,946.2	+96.0	4,850.1

* Not including borrowing from special account of MoF

Foreign Currency Denominated Loans

(¥ bn)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A		164.2	162.6	150.6	171.7	+12.6	159.0
Joyo		146.8	150.0	139.5	158.3	+10.6	147.7
Ashikaga		17.3	12.6	11.0	13.3	+2.0	11.3

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

(¥ bn)

		FYE19	FYE20	FYE20	Sep-22	YoY	Sep-21
J+A	Housing Loans	3,546.5	3,711.7	3,860.8	3,915.4	+123.5	3,791.8
	Apartment Loans	933.6	902.3	871.2	855.9	-28.7	884.6
	Asset building loans	2.8	2.6	2.4	2.2	-0.2	2.5
	Total	4,483.0	4,616.7	4,734.5	4,773.6	+94.5	4,679.0
Joyo	Housing Loans	1,719.5	1,809.7	1,889.9	1,920.9	+70.6	1,850.3
	Apartment Loans	748.6	722.8	694.2	681.2	-25.3	706.6
	Asset building loans	2.8	2.6	2.4	2.2	-0.2	2.5
	Total	2,471.1	2,535.1	2,586.5	2,604.5	+45.0	2,559.4
Ashikaga	Housing Loans	1,826.9	1,902.0	1,970.9	1,994.5	+52.9	1,941.5
	Apartment Loans	185.0	179.5	177.0	174.6	-3.3	178.0
	Asset building loans	-	-	-	-	-	-
	Total	2,011.9	2,081.5	2,147.9	2,169.1	+49.5	2,119.5

(5) Unsecured Loans Term-end Balance

(¥ bn)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A	Car Loans	52.0	63.3	71.4	73.4	+6.2	67.2
	Educational Loans	42.5	43.4	45.4	46.3	+2.5	43.8
	Free Loans	9.8	9.1	9.3	9.4	+0.2	9.2
	Card Loans	65.4	61.2	62.4	64.3	+2.6	61.6
	Total	169.9	177.1	188.6	193.5	+11.6	181.9
Joyo	Car Loans	35.2	45.4	50.6	51.5	+3.1	48.4
	Educational Loans	34.0	34.3	35.5	36.1	+1.7	34.4
	Free Loans	3.5	3.6	3.8	3.9	+0.1	3.7
	Card Loans	26.0	23.7	24.8	25.8	+1.8	24.0
	Total	98.8	107.1	114.8	117.5	+6.9	110.6
Ashikaga	Car Loans	16.8	17.8	20.8	21.8	+3.0	18.8
	Educational Loans	8.5	9.1	9.9	10.1	+0.7	9.3
	Free Loans	6.2	5.4	5.5	5.5	+0.0	5.4
	Card Loans	39.4	37.5	37.5	38.4	+0.8	37.6
	Total	71.0	70.0	73.8	76.0	+4.7	71.2

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

(¥ bn)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A	Large	1,635.4	1,688.2	1,674.3	1,730.8	+58.7	1,672.1
	Medium/SMEs	3,545.9	3,681.3	3,673.0	3,705.8	+75.0	3,630.8
	Total	5,181.3	5,369.6	5,347.4	5,436.7	+133.8	5,302.9
Joyo	Large	1,165.1	1,220.6	1,206.9	1,246.3	+35.9	1,210.4
	Medium/SMEs	1,837.4	1,882.3	1,884.3	1,905.0	+62.2	1,842.7
	Total	3,002.6	3,103.0	3,091.3	3,151.4	+98.2	3,053.1
Ashikaga	Large	470.2	467.6	467.3	484.5	+22.8	461.7
	Medium/SMEs	1,708.4	1,798.9	1,788.7	1,800.8	+12.7	1,788.0
	Total	2,178.6	2,266.5	2,256.0	2,285.3	+35.5	2,249.7

(7) Loans Corporate Term-end Balance by Area

(¥ bn)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A	Tokyo	1,967.5	2,021.9	2,009.4	2,088.8	+93.8	1,994.9
	Local	3,213.8	3,347.6	3,337.9	3,347.9	+39.9	3,307.9
	Total	5,181.3	5,369.6	5,347.4	5,436.7	+133.8	5,302.9
Joyo	Tokyo	1,422.6	1,484.1	1,468.9	1,520.2	+61.3	1,458.9
	Local	1,579.9	1,618.9	1,622.4	1,631.1	+36.9	1,594.2
	Total	3,002.6	3,103.0	3,091.3	3,151.4	+98.2	3,053.1
Ashikaga	Tokyo	544.8	537.8	540.5	568.5	+32.5	536.0
	Local	1,633.8	1,728.7	1,715.5	1,716.7	+3.0	1,713.7
	Total	2,178.6	2,266.5	2,256.0	2,285.3	+35.5	2,249.7

【Data】 Breakdown of Banking subsidiaries

(8) Deposits Term-end Balance (¥ b n)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A	Individual	10,685.0	11,400.1	11,787.3	11,925.2	+357.3	11,567.8
	Corporate	3,364.1	3,887.4	3,953.5	4,009.6	+59.0	3,950.6
	Public	737.3	969.9	1,116.4	791.6	+105.1	686.4
	Total	14,786.5	16,257.4	16,857.3	16,726.5	+521.6	16,204.9
Joyo	Individual	6,633.6	7,053.1	7,272.7	7,347.0	+202.6	7,144.3
	Corporate	1,880.3	2,136.5	2,180.4	2,206.6	+66.2	2,140.3
	Public	459.2	515.8	600.7	508.8	+71.4	437.3
	Total	8,973.1	9,705.5	10,053.9	10,062.5	+340.3	9,722.1
Ashikaga	Individual	4,051.4	4,346.9	4,514.5	4,578.2	+154.7	4,423.4
	Corporate	1,483.8	1,750.8	1,773.1	1,803.0	-7.2	1,810.2
	Public	278.1	454.1	515.7	282.7	+33.7	249.0
	Total	5,813.4	6,551.9	6,803.3	6,664.0	+181.2	6,482.8

Foreign Currency Deposit (¥ b n)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A		219.7	180.0	168.2	160.4	-39.4	199.9
Joyo		176.4	151.9	139.6	139.2	-29.0	168.3
Ashikaga		43.2	28.0	28.5	21.2	-10.3	31.5

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

		FYE19	FYE20	FYE20	Sep-22	YoY	Sep-21
Group total	Investment trusts	463.7	547.7	632.5	611.9	+24.9	586.9
	Insurance	812.6	829.0	858.5	883.3	+43.7	839.5
	Foreign currency deposits	166.1	146.0	131.1	127.5	-29.3	156.8
	JGB etc.	156.2	162.4	154.5	146.1	-16.3	162.5
	Mebuki Securities	282.0	343.4	429.5	440.1	+61.9	378.2
	Total	1,880.9	2,028.7	2,206.3	2,209.2	+85.0	2,124.2
Joyo	Investment trusts	214.7	249.8	302.6	293.9	+17.7	276.1
	Insurance	471.9	488.5	511.5	519.2	+22.9	496.2
	Foreign currency deposits	122.9	117.9	102.6	106.3	-18.9	125.2
	JGB etc.	104.1	108.2	102.7	97.4	-11.3	108.7
	Total	913.8	964.6	1,019.4	1,017.0	+10.4	1,006.5
Ashikaga	Investment trusts	249.0	297.8	329.8	317.9	+7.1	310.7
	Insurance	340.6	340.5	347.0	364.1	+20.8	343.3
	Foreign currency deposits	43.2	28.0	28.5	21.2	-10.3	31.5
	JGB etc.	52.1	54.2	51.7	48.7	-5.0	53.7
	Total	685.0	720.6	757.3	752.0	+12.5	739.4

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

		FY19	FY20	FY21	1H22	YoY	1H21
Group Total	Investment trusts(*1)	5.91	6.22	7.93	3.33	-0.65	3.98
	Insurance(*2)	4.26	3.25	3.25	2.48	+0.81	1.67
	Foreign currency deposits	0.68	0.55	0.61	0.39	+0.14	0.25
	JGB etc.	0.08	0.06	0.01	0.01	+0.00	0.00
	Total	14.66	14.93	16.90	8.07	-0.52	8.60
Joyo	Investment trusts(*1)	2.83	2.93	4.10	1.62	-0.42	2.05
	Insurance(*2)	2.61	2.06	2.00	1.54	+0.54	1.00
	Foreign currency deposits	0.50	0.39	0.39	0.20	+0.04	0.16
	JGB etc.	0.05	0.05	0.01	0.01	+0.00	0.00
	Total	6.44	6.20	7.41	3.76	+0.06	3.69
Ashikaga	Investment trusts(*1)	3.08	3.29	3.83	1.70	-0.22	1.93
	Insurance(*2)	1.64	1.18	1.25	0.94	+0.27	0.66
	Foreign currency deposits	0.18	0.15	0.22	0.18	+0.09	0.08
	JGB etc.	0.02	0.01	0.00	0.00	+0.00	0.00
	Total	5.22	5.02	5.61	2.91	+0.06	2.85

* 1 : Sales commission+ Trust fee

* 2 : Excl. executive life insurance

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

		FY19	FY20	FY20	1H22	YoY	1H21
J+A	Credit Related	8.20	7.55	8.08	5.91	+2.40	3.51
	Consulting Related	1.44	1.88	3.29	1.68	+0.29	1.38
	total	9.65	9.44	11.37	7.59	+2.69	4.89
Joyo	Credit Related	4.24	4.03	4.70	3.69	+1.77	1.92
	Consulting Related	0.80	1.18	2.14	0.98	+0.07	0.90
	total	5.05	5.21	6.84	4.67	+1.84	2.82
Ashikaga	Credit Related	3.95	3.52	3.38	2.22	+0.63	1.58
	Consulting Related	0.64	0.70	1.14	0.70	+0.21	0.48
	total	4.60	4.22	4.52	2.92	+0.84	2.07

【Data】 Breakdown of Banking subsidiaries

		FYE19	FYE20	FYE21	Sep-22	YoY
Mebuki FG (Consolidated)	Domestic bonds	2,359.4	2,510.6	2,745.1	2,538.3	-206.8
	Foreign bonds	831.6	959.5	967.3	826.9	-140.3
	Stocks	226.0	265.8	254.1	229.4	-24.7
	Investment trusts, etc.	658.9	597.2	715.5	669.7	-45.8
	Total	4,076.1	4,333.2	4,682.3	4,264.5	-417.7
Joyo	Domestic bonds	1,746.7	1,822.0	2,002.5	1,732.1	-270.3
	Foreign bonds	505.3	595.5	597.9	440.2	-157.7
	Stocks	197.2	233.1	226.8	201.9	-24.9
	Investment trusts, etc.	388.1	373.9	439.9	435.1	-4.8
	Total	2,837.4	3,024.6	3,267.3	2,809.4	-457.8
Ashikaga	Domestic bonds	600.3	679.1	734.1	798.2	+64.0
	Foreign bonds	326.3	364.0	369.3	386.7	+17.3
	Stocks	64.2	39.1	33.6	33.9	+0.2
	Investment trusts, etc.	266.7	219.1	271.5	230.5	-40.9
	Total	1,257.5	1,301.5	1,408.8	1,449.5	+40.7

		FYE19	FYE20	FYE21	Sep-22	YoY
Mebuki FG (Consolidated)	Stocks	86.9	139.4	131.5	110.8	-20.7
	Domestic bonds	9.2	2.4	-21.3	-43.4	-22.1
	Investment trusts, etc.	-21.3	33.1	32.9	-30.5	-63.4
	Foreign bonds	24.3	35.6	-14.2	-51.9	-37.7
	Total	99.1	210.7	128.9	-15.1	-144.0
Joyo	Stocks	85.1	127.5	123.6	101.6	-22.0
	Domestic bonds	9.0	3.0	-16.3	-30.1	-13.8
	Investment trusts, etc.	-8.3	26.0	27.4	-12.2	-39.7
	Foreign bonds	12.8	15.0	-12.8	-23.3	-10.5
	Total	98.7	171.7	122.0	35.7	-86.2
Ashikaga	Stocks	20.8	25.0	21.0	21.7	+0.6
	Domestic bonds	11.5	8.5	1.9	-7.2	-9.2
	Investment trusts, etc.	-10.6	8.5	6.7	-16.8	-23.6
	Foreign bonds	13.8	22.4	-0.1	-27.4	-27.3
	Total	35.6	64.5	29.7	-29.8	-59.5

		FY19	FY20	FY21	1H22	YoY	1H21
J+A	Stocks	-2.0	-6.2	-7.1	-39.2	-36.1	-3.1
	Domestic bonds	0.4	10.0	3.5	25.0	+21.2	3.7
	Investment trusts, etc.	7.3	6.8	1.7	2.9	+2.5	0.3
	Total	5.6	10.6	-1.8	-11.3	-12.2	0.9
Joyo	Stocks	-0.9	-3.9	-4.8	-36.3	-33.9	-2.4
	Domestic bonds	0.6	9.1	3.5	24.2	+20.7	3.5
	Investment trusts, etc.	5.2	4.9	1.7	1.4	+1.1	0.3
Ashikaga	Total	4.8	10.1	0.4	-10.6	-12.0	1.3
	Stocks	-1.1	-2.3	-2.2	-2.9	-2.2	-0.7
	Domestic bonds	-0.1	0.9	-0.0	0.7	+0.5	0.2
Ashikaga	Investment trusts, etc.	2.0	1.9	0.0	1.4	+1.4	0.0
	Total	0.8	0.4	-2.3	-0.7	-0.2	-0.4

		Interest			FYE21	Jun-22	Sep-22	YoY	1H gains/losses
		Currency rate type	Securities type						
U.S. dollar	Fixed	Government, Government-guaranteed bonds, etc			184.4	107.3	117.7	-66.6	-11.0
			Corporate bonds, etc		269.1	270.1	290.9	+21.8	
	Floating	CLO/Government-guaranteed bonds, etc		109.5	116.9	124.5	+15.0		
		Sub Total		563.1	494.4	533.3	-29.8		
Euro	Fixed	Government, Government-guaranteed bonds, etc			181.5	158.0	48.0	-133.4	-6.8
			Corporate bonds, etc		16.1	12.8	9.6	-6.5	
	Floating	CLO/Government-guaranteed bonds, etc		28.1	28.1	28.1	±0.0		
		Sub Total		305.0	227.7	250.3	-54.6		
AUD	Fixed	Government, Government-guaranteed bonds, etc			138.9	58.9	64.5	-74.4	-10.4
			Corporate bonds, etc		56.4	51.8	61.2	+4.7	
	Floating	CLO/Government-guaranteed bonds, etc		109.5	116.9	124.5	+15.0		
		Sub Total		305.0	227.7	250.3	-54.6		
Yen(*1)	Fixed	Government, Government-guaranteed bonds, etc			142.9	137.0	45.5	-97.3	-5.2
			Corporate bonds, etc		16.1	12.8	9.6	-6.5	
	Floating	CLO/Government-guaranteed bonds, etc		27.2	27.2	27.2	±0.0		
		Sub Total		27.2	27.2	27.2	±0.0		
U.S. dollar	Fixed	Government, Government-guaranteed bonds, etc			45.4	48.3	53.2	+7.7	-0.5
			Corporate bonds, etc		212.6	218.3	229.7	+17.0	
	Floating	CLO/Government-guaranteed bonds, etc		0.0	0.0	0.0	±0.0		
		Sub Total		258.1	266.7	282.9	+24.8		
Euro	Fixed	Government, Government-guaranteed bonds, etc			38.5	21.0	2.5	-36.0	-1.6
			Corporate bonds, etc		0.0	0.0	0.0	±0.0	
	Floating	CLO/Government-guaranteed bonds, etc		0.9	0.9	0.9	±0.0		
		Sub Total		0.9	0.9	0.9	±0.0		

(*1)All Yen denominated foreign bonds are regarded as fixed bonds.

【Data】 Breakdown of Banking subsidiaries

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

		FYE19	FYE20	FYE21	Sep-22	YoY	
J+A	Balance	114.0	98.5	76.9	71.1	-5.8	
Joyo	Balance	99.7	84.7	64.7	59.3	-5.4	
Ashikaga	Balance	14.3	13.8	12.2	11.8	-0.4	

(17) Expenses (¥ b n)

		FY19	FY20	FY21	1H22	YoY	1H21
J+A	Personnel	61.2	59.9	58.2	28.7	-0.4	29.2
	Non-Personnel	46.7	43.4	43.4	19.9	-1.5	21.4
	Taxes	7.0	6.8	6.5	3.5	-0.2	3.7
	Total	115.0	110.1	108.1	52.2	-2.2	54.5
Joyo	Personnel	33.5	33.2	32.7	16.2	-0.1	16.3
	Non-Personnel	26.8	24.7	24.1	10.9	-1.0	12.0
	Taxes	3.8	3.7	3.6	2.0	-0.1	2.1
	Total	64.2	61.7	60.5	29.1	-1.3	30.5
Ashikaga	Personnel	27.6	26.6	25.4	12.5	-0.3	12.8
	Non-Personnel	19.9	18.6	19.2	8.9	-0.4	9.4
	Taxes	3.1	3.0	2.9	1.5	-0.0	1.6
	Total	50.7	48.4	47.6	23.0	-0.8	23.9

(18) Credit related cost (¥ b n)

		FY19	FY20	FY21	1H22	YoY	1H21
J+A		19.0	22.4	19.6	4.1	-4.1	8.3
Joyo		10.1	12.0	9.8	2.1	-2.0	4.2
Ashikaga		8.8	10.3	9.7	1.9	-2.1	4.1

(19) Disclosed Claims under the Financial Revitalization Law (¥ b n)

		FYE19	FYE20	FYE21	Sep-22	YoY
J+A	Bankrupt claims	12.7	10.3	13.8	13.1	-0.6
	Doubtful claims	129.0	143.2	151.1	150.7	-0.4
	Claims requiring monitoring	27.9	27.4	27.6	27.2	-0.3
	(Loans past due 3 month or more)	-	0.1	0.0	0.1	+0.0
	(Restructured loans)	-	27.3	27.5	27.0	-0.4
Total		169.8	181.0	192.6	191.0	-1.5
Joyo	Bankrupt claims	5.7	5.5	5.4	4.9	-0.5
	Doubtful claims	69.9	78.0	86.5	83.8	-2.6
	Claims requiring monitoring	12.5	13.0	13.3	11.7	-1.6
	(Loans past due 3 month or more)	-	0.0	0.0	0.0	+0.0
	(Restructured loans)	-	13.0	13.2	11.6	-1.6
Total		88.2	96.7	105.2	100.5	-4.7
Ashikaga	Bankrupt claims	5.8	4.0	7.7	7.5	-0.2
	Doubtful claims	59.0	65.0	64.6	66.8	+2.1
	Claims requiring monitoring	15.4	14.4	14.2	15.5	+1.2
	(Loans past due 3 month or more)	-	0.0	0.0	0.0	+0.0
	(Restructured loans)	-	14.3	14.2	15.4	+1.1
Total		80.2	83.5	86.7	89.9	+3.1

(20) Non-accrual delinquent loans (to Business) (1 month or more) (¥ b n)

		FYE19	FYE20	FYE21	Sep-22	YoY	Sep-21
J+A		1.2	2.0	1.3	1.4	-0.5	1.9
Joyo		0.3	0.0	0.8	1.0	+0.3	0.6
Ashikaga		0.9	2.0	0.5	0.3	-0.9	1.2

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