

March 21, 2017

Company name: Mebuki Financial Group, Inc.
Representative: Kazuyoshi Terakado, President
(Code number : 7167 First Section,
Tokyo Stock Exchange)

Notice Regarding Transfer of Sub-subsidiary through Dividend in Kind of Subsidiary

Mebuki Financial Group, Inc. (Mebuki) announces it has resolved at the meeting of the board of directors held today that Mebuki shall acquire all shares of The Joyo Lease Co., Ltd. (Joyo Lease) from The Joyo Bank, Ltd. (Joyo Bank, a wholly-owned subsidiary of Mebuki) through a dividend in kind. As a result of this dividend in kind, Joyo Lease will become a direct subsidiary of Mebuki and changes in sub-subsidiaries will occur as follows.

Description

1. Reason for the dividend in kind (transfer from sub-subsidiary)

Mebuki was established as a financial holding company that has Joyo Bank and The Ashikaga Bank, Ltd. (Ashikaga Bank) as its subsidiaries due to the business integration of Ashikaga Holdings Co., Ltd. and Joyo Bank on October 1, 2016. In the “First Medium-Term Group Business Plan” launched with the establishment of the group, “Expansion of comprehensive financial services” is set up as one of the basic strategies of the integration. Based on the strategy, Mebuki has been seeking to provide one-stop services with greater added value in response to diversifying customer needs.

Through the dividend in kind, Mebuki will acquire all the shares of Joyo Lease, the wholly-owned subsidiary of Joyo Bank, which will make Joyo Lease a directly- and wholly-owned subsidiary of Mebuki. At the same time, the leasing division of Ashikaga Credit Guarantee Co., Ltd., a wholly-owned subsidiary of Ashikaga Bank, will be integrated into Joyo Lease. Under the business alliance agreement dated October 1, 2016, Ashikaga Bank has been mediating the auto lease products provided by Joyo Lease. Optimizing the allocation of business resources within the group through the reorganization of subsidiaries and the integration of the leasing business, Mebuki will provide higher quality and more comprehensive financial services to the customers of the group companies such as Joyo Bank, Ashikaga Bank and so forth in order to maximize the synergy effects.

As announced in the “Notice of Changes of Trade Names of Subsidiaries” dated March 6, 2017, the trade name of Joyo Lease will be changed to “Mebuki Lease Co., Ltd. (Mebuki Lease)” on April 3, 2017.

2. Surplus appropriation of Joyo Bank

Other retained earnings of Joyo Bank will be appropriated for the dividend in kind.

(1) Type and total book value of the dividend property

Dividend property allocated to Mebuki is a non-monetary asset (common shares as follows), the latest book value of which is 1,129,788,218 yen.

Trade Name	Number of Shares	Shareholding Ratio	Book Value
The Joyo Lease Co., Ltd.	200,000 shares	100%	1,129,788,218 yen

(2) Allocation of the dividend property to the shareholder

All the dividend property will be allocated to Mebuki, who owns all the issued shares of Joyo Bank as of the effective date of the dividend in kind.

(3) Effective date of the dividend in kind

April 3, 2017

3. Overview of the company that will pay the dividend in kind

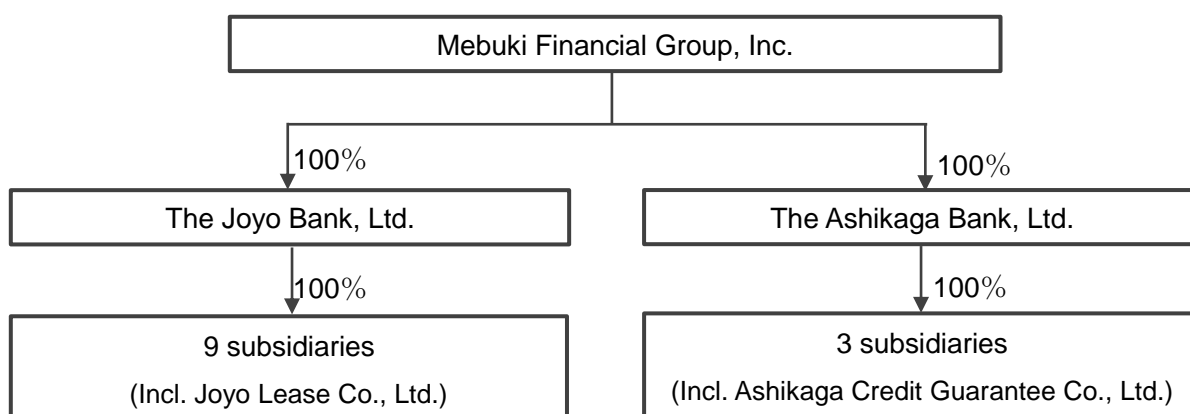
Trade Name	The Joyo Bank, Ltd.	
Location	5-5, Minami-machi 2-chome, Mito, Ibaraki	
Representative	Kazuyoshi Terakado, President	
Business	Banking business	
Capital Stock	85,113 million yen	
Establishment	July 30, 1935	
Net Assets	568,894 million yen (as of September 31, 2016)	
Total Assets	9,265,797 million yen (as of September 31, 2016)	
Shareholder and Shareholding Ratio	Mebuki Financial Group, Inc. 100%	
Current relationship between Mebuki and Joyo Bank	Capital Ties	Joyo Bank is a wholly-owned Subsidiary of Mebuki.
	Personnel Relationship	<ul style="list-style-type: none">• Kazuyoshi Terakado, President of Mebuki, concurrently serves as President of Joyo Bank.• Eiji Murashima and Ritsuo Sasajima, directors of Mebuki, concurrently serve as managing directors of Joyo Bank.• Hidebumi Nishino, director of Mebuki, concurrently serves as a managing executive officer of Joyo Bank.
	Business Relationship	Business management, deposit, guarantee, and administration outsourcing transactions
	Related Party	Mebuki is applicable to a related party as the parent company of Joyo Bank.

4. Overview of the sub-subsidiary to be transferred

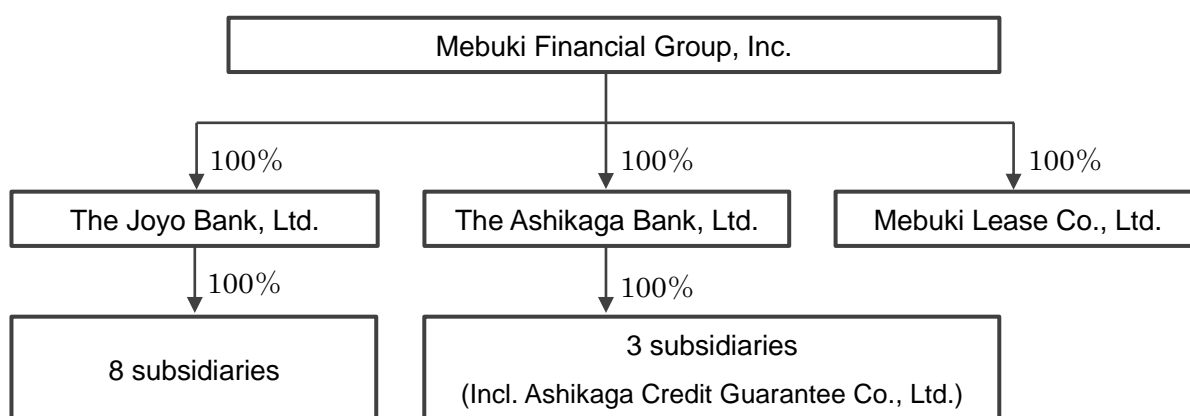
Trade Name	The Joyo Lease Co., Ltd. (Trade name of which is scheduled to be changed to “Mebuki Lease Co., Ltd.” on April 3, 2017)	
Location	4-12, Minami-machi 3-chome, Mito, Ibaraki	
Representative	Mikio Kawamata, President	
Business	Leasing business	
Capital Stock	100 million yen	
Establishment	September 25, 1974	
Shareholder and Shareholding Ratio	The Joyo Bank, Ltd. 100%	
Current relationship between the Mebuki and Joyo Lease	Capital Ties	Joyo Lease is an indirectly wholly-owned subsidiary of Mebuki.
	Personnel Relationship	None
	Business Relationship	None
	Related Parties	Mebuki is applicable to a related party as the indirect parent company of Joyo Lease.

Financial Results and Position of Joyo Lease for the Last Three Years			
Fiscal Year	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015	Fiscal Year Ended March 2016
Net Assets	7,990 million yen	8,631 million yen	9,190 million yen
Total Assets	54,781 million yen	63,404 million yen	71,062 million yen
Net assets per Share	39,954 yen	43,155 yen	45,952 yen
Net Sales	17,005 million yen	18,731 million yen	20,043 million yen
Operating Income	1,133 million yen	924 million yen	831 million yen
Net Income	792 million yen	580 million yen	632 million yen
Net Income per Share	3,962 yen	2,900 yen	3,161 yen
Dividend per Share	50 yen	50 yen	50 yen

【Current Group Structure】



【Group Structure after the Dividend in Kind (Scheduled on April 3, 2017)】



Through the dividend in kind, Mebuki will acquire all the shares of Joyo Lease, the wholly-owned subsidiary of Joyo Bank, which makes Joyo Lease a directly- and wholly-owned subsidiary of Mebuki. At the same time, the trade name of Joyo Lease will be changed to Mebuki Lease and the leasing division of Ashikaga Credit Guarantee Co., Ltd., a wholly-owned subsidiary of Ashikaga Bank, will be integrated into Mebuki Lease.

(Reference) Ashikaga Credit Guarantee Co., Ltd.

Trade Name	Ashikaga Credit Guarantee Co., Ltd.
Location	1-25, Sakura 4-chome, Utsunomiya, Tochigi
Representative	Norio Nozawa, President
Business Activities	Credit guarantee, Leasing business
Capital Stock	50 million yen
Establishment	December 21, 1978
Shareholder and Shareholding Ratio	The Ashikaga Bank, Ltd. 100%

5. Schedule

March 21, 2017 Resolution of the board of directors of Mebuki

April 3, 2017 Effective date of the dividend in kind

6. Future outlook

Being an internal transaction, this dividend in kind will not affect the consolidated shareholders' equity and the consolidated financial results.

(Reference) Consolidated Earnings Forecast for Fiscal Year 2016 (Announced on February 10, 2017)

	Ordinary Profit	Net Income Attributable to Owners of the Parent	Net Income per Share
Fiscal Year Ending March 31, 2017	53,000 million yen	155,000 million yen	163.21 yen

End

Inquiries:

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