

July 27, 2020

Company name: Mebuki Financial Group, Inc.

Representative: Ritsuo Sasajima, President

(Code number : 7167 First Section,

Tokyo Stock Exchange)

## **Notice Regarding Transfer of Sub-subsidiary through Dividend in Kind of Subsidiary and Change of Subsidiary's Trade Name**

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 Ashikaga Credit Guarantee Co., Ltd. (Ashikaga Credit Guarantee), from The Ashikaga Bank, Ltd. (Ashikaga Bank, a wholly-owned subsidiary of Mebuki) through a dividend in kind and change the subsidiary's trade name to Mebuki Credit Guarantee Co., Ltd. (Mebuki Credit Guarantee) on October 1, 2020.

### Description

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

In the Second Medium-Term Group Business Plan, "Structural reform for enhanced productivity" is set up as one of the basic strategies. Based on the strategy, Mebuki will lead to build a highly responsive management base. At the same time, Mebuki will work to upgrade the group-wide business management system and strengthen the group governance system.

On October 1, 2020, through the dividend in kind, Mebuki will acquire all the shares of Ashikaga Credit Guarantee, the wholly-owned subsidiary of Ashikaga Bank, which will be a directly- and wholly-owned subsidiary of Mebuki. At the same time, the trade name will be changed to Mebuki Credit Guarantee Co., Ltd. (Mebuki Credit Guarantee).

After October 1, 2020, by unifying loan guarantee operations newly handled by The Joyo Bank, Ltd. (Joyo Bank, a wholly-owned subsidiary of Mebuki) and Ashikaga Bank to Mebuki Credit Guarantee, Mebuki will strive to optimize management resources and provide higher quality and more comprehensive financial services to the customers of the group companies including Joyo Bank and Ashikaga Bank.

#### 2. Surplus appropriation of Ashikaga Bank

Other retained earnings of Ashikaga 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 11,753,244,401 yen.

Trade Name	Number of Shares	Shareholding Ratio	Book Value
Ashikaga Credit Guarantee	100,000 shares	100%	11,753,244,401 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 Ashikaga Bank as of the effective date of the dividend in kind.

(3) Effective date of the dividend in kind

October 1, 2020

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

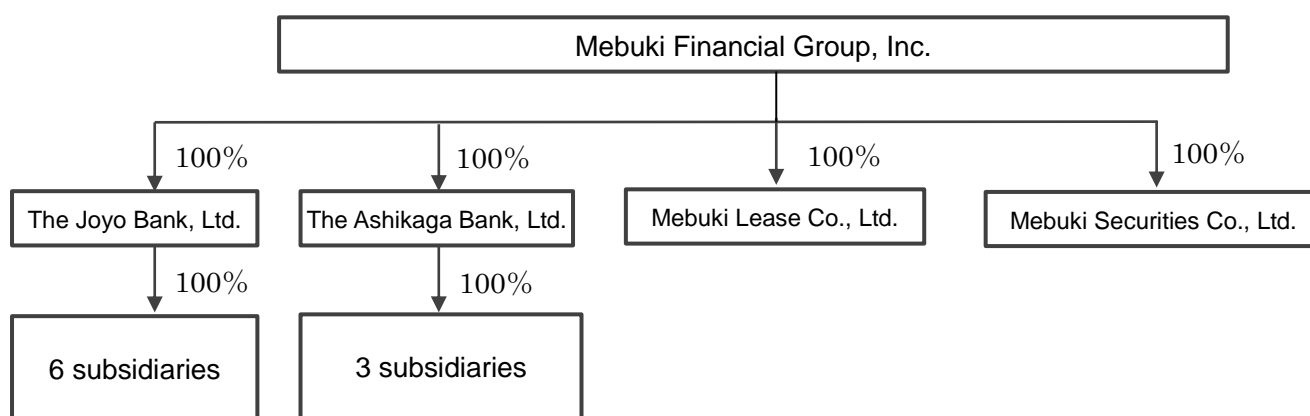
Trade Name	The Ashikaga Bank, Ltd.	
Location	1-25, Sakura 4-chome, Utunomiya, Tochigi	
Representative	Shimizu Kazuyuki, President	
Business	Banking business	
Capital Stock	135,000 million yen	
Establishment	September 25, 1895	
Net Assets	348,091 million yen (as of March 31, 2020)	
Total Assets	6,948,735million yen (as of March 31, 2020)	
Shareholder and Shareholding Ratio	Mebuki Financial Group, Inc. 100%	
Current relationship between Mebuki and Ashikaga Bank	Capital Ties	Ashikaga Bank is a wholly-owned Subsidiary of Mebuki.
	Personnel Relationship	<ul style="list-style-type: none"><li>Shimizu Kazuyuki, Vice president of Mebuki, concurrently serves as President of Ashikaga Bank.</li><li>Yoshihiro Naito , director of Mebuki, concurrently serves as a managing director of Ashikaga Bank.</li><li>Hiroshi Arai, operating officer of Mebuki, concurrently serves as a senior managing director of Ashikaga Bank.</li></ul>
	Business Relationship	Business management, deposit, guarantee, and administration outsourcing transactions
	Related Party	Mebuki is applicable to a related party as the parent company of Ashikaga Bank.

4. Overview of the sub-subsidiary to be transferred

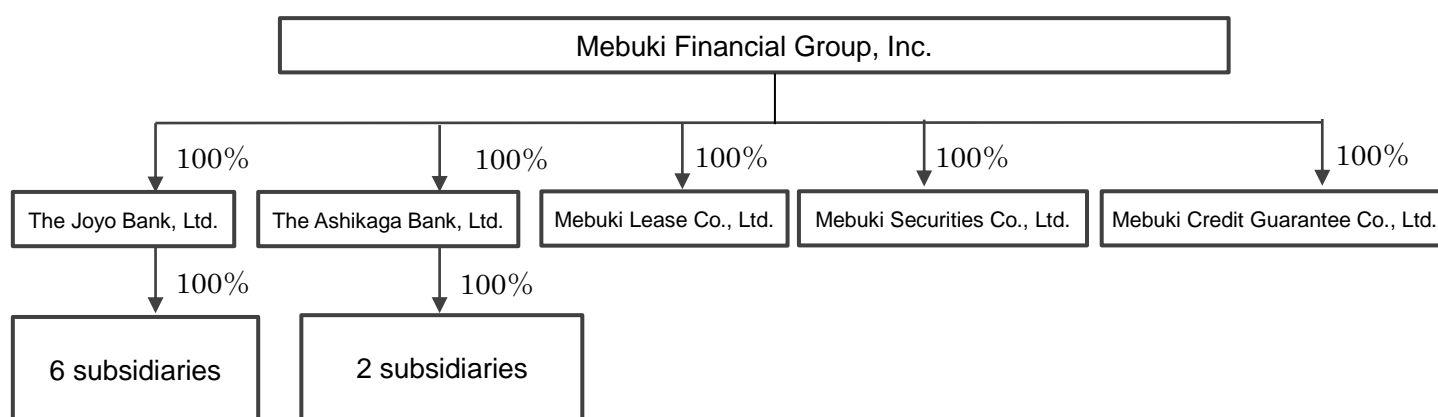
Trade Name	The Ashikaga Credit Guarantee Co., Ltd. (Trade name of which is scheduled to be changed to “Mebuki Credit Guarantee Co., Ltd.” on October 1, 2020)	
Location	1-25, Sakura 4-chome, Utunomiya, Tochigi	
Representative	Kiyoshi Kato, President	
Business	Credit guarantee business	
Capital Stock	50 million yen	
Establishment	December 21, 1978	
Shareholder and Shareholding Ratio	The Ashikaga Bank, Ltd. 100%	
Current relationship between the Mebuki and Ashikaga Credit Guarantee	Capital Ties	Ashikaga Credit Guarantee is an indirectly wholly-owned subsidiary of Mebuki.
	Personnel Relationship	Kunihiro Ono, audit and supervisory committee member of Mebuki, concurrently serves as auditor of Ashikaga Credit Guarantee.
	Business Relationship	None
	Related Parties	Mebuki is applicable to a related party as the indirect parent company of Ashikaga Credit Guarantee.

Financial Results and Position of Ashikaga Credit Guarantee for the Last Three Years			
Fiscal Year	Fiscal Year Ended March 2018	Fiscal Year Ended March 2019	Fiscal Year Ended March 2020
Net Assets	37,276 million yen	26,725 million yen	27,848 million yen
Total Assets	57,468 million yen	46,752 million yen	47,980 million yen
Net assets per Share	372,765 yen	267,257 yen	278,484 yen
Net Sales	3,511 million yen	3,436 million yen	3,518 million yen
Operating Income	1,631 million yen	1,935 million yen	1,726 million yen
Net Income	987 million yen	1,415 million yen	1,160 million yen
Net Income per Share	9,874 yen	14,151 yen	11,605 yen

【Current Group Structure】



【Group Structure after the Dividend in Kind (Scheduled on October 1, 2020)】



Through the dividend in kind, Mebuki will acquire all the shares of Ashikaga Credit Guarantee, the wholly-owned subsidiary of Ashikaga Bank, which makes Ashikaga Credit Guarantee a directly- and wholly-owned subsidiary of Mebuki. At the same time, the trade name of Ashikaga Credit Guarantee will be changed to Mebuki Credit Guarantee and loan guarantee operations newly handled by Joyo Bank and Ashikaga Bank will be unified to Mebuki Credit Guarantee.

5. Schedule

July 27, 2020 Resolution of the board of directors of Mebuki  
October 1, 2020 Effective date of the dividend in kind  
Date of change of the trade name of Ashikaga Credit Guarantee

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 2020 (Announced on May 13, 2020)

	Ordinary Profit	Net Income Attributable to Owners of the Parent	Net Income per Share
Fiscal Year Ending March 31, 2021	48,500 million yen	33,000 million yen	28.46 yen

End

**Inquiries:**

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