

November 9, 2020

Company name: Mebuki Financial Group, Inc.

Representative: Ritsuo Sasajima, President

(Code number : 7167 First Section,

Tokyo Stock Exchange)

Notice Regarding Transfer of Card Companies within Our Group

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 Joyo Credit Co., Ltd.(Joyo Credit) from The Joyo Bank, Ltd.(Joyo Bank, a wholly-owned subsidiary of Mebuki), and all shares of Ashigin Card Co., Ltd.(Ashigin Card) from The Ashikaga Bank, Ltd. (Ashikaga Bank, a wholly-owned subsidiary of Mebuki) through a dividend in kind, and that Joyo Credit and Ashigin Card will merge and change the surviving company's trade name to Mebuki Card Co., Ltd.(Mebuki Card) on April 1, 2021.

Description

1. Overview of new company

Trade Name	Mebuki Card Co., Ltd.
Location	4-12, Minami-machi 3-chome, Mito, Ibaraki (Current location of Joyo Credit's head office)
Representative	Hoshino Mitsugu, President (scheduled)
Business	Credit card handling business
Capital Stock	100 million yen
Settlement period	March 31

2. Background and reason for the transfer

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 April 1, 2021, through the dividend in kind, Mebuki will acquire all the shares of Joyo Credit, the wholly-owned subsidiary of Joyo Bank, and all the shares of Ashigin Card, the wholly-owned subsidiary of Ashikaga Bank. Joyo Credit and Ashigin Card will be wholly-owned subsidiaries of Mebuki.

After making both companies wholly owned by Mebuki, with the aim of streamlining and improving the efficiency of the group's organization and reducing costs by unifying the business processes related to issuing and managing credit cards and consolidating business operations, Joyo Credit and Ashigin Card will merge on April 1, 2021.

Through this merger, we will provide higher quality comprehensive financial services to our group's customers while optimizing group management resources.

3. Summary of dividend in kind

(1) Surplus appropriation

Other retained earnings of Joyo Bank and 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 as follows.

Trade Name	Number of Shares	Shareholding Ratio	Book Value
Joyo Credit	200,000 shares	100%	268,660,096 yen
Ashigin Card	600 shares	100%	600 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 and Ashikaga Bank as of the effective date of the dividend in kind.

③ Schedule of the dividend in kind

Approval of the merger by the Board of Directors	November 9, 2020
Effective date	April 1, 2021

(2) Overview of the companies that will pay the dividend in kind

Trade Name	The Joyo Bank, Ltd.	
Location	5-5, Minami-machi 2-chome, Mito, Ibaraki	
Representative	Sasajima Ritsuo, President	
Business	Banking business	
Capital Stock	85,113 million yen	
Establishment	July 30, 1935	
Net Assets	577,446 million yen (as of March 31, 2020)	
Total Assets	10,911,493 million yen (as of March 31, 2020)	
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.
	Personal Relationship	<ul style="list-style-type: none"> • Sasajima Ritsuo, President of Mebuki, concurrently serves as President of Joyo Bank. • Nishino Hidebumi, Director of Mebuki, concurrently serves as Managing Executive Officer of Joyo Bank. • Akino Tetsuya, Director of Mebuki, concurrently serves as Director, Managing Executive Officer of Joyo Bank. • Gorai Yuji, Executive Officer of Mebuki, concurrently serves as Director, 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.

Trade Name	The Ashikaga Bank, Ltd.	
Location	1-25, Sakura 4-chome, Utsunomiya, 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	6,948,735 million 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.
	Personal Relationship	<ul style="list-style-type: none"> • Shimizu Kazuyuki, Executive Vice President of Mebuki, concurrently serves as President of Ashikaga Bank. • Naito Yoshihiro, Director of Mebuki, concurrently serves as Director, Managing Executive Officer of Ashikaga Bank. • Arai Hiroshi, Executive Officer of Mebuki, concurrently serves as Director, Senior Managing Executive Officer of Ashikaga 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 Ashikaga Bank.

(3) Overview of Card Companies within Mebuki to be transferred

Trade Name	Joyo Credit Co., Ltd.	
Location	4-12, Minami-machi 3-chome, Mito, Ibaraki	
Representative	Shimoyamada Kazushi, President	
Business	Credit card handling business	
Capital Stock	100 million yen	
Establishment	August 30, 1982	
Shareholder and Shareholding Ratio	The Joyo Bank, Ltd. 100%	
Current relationship between Mebuki and Joyo Credit	Capital Ties	Joyo Credit is an indirectly wholly-owned subsidiary of Mebuki.
	Personal Relationship	None
	Business Relationship	None
	Related Parties	Mebuki is applicable to a related party as the indirect parent company of Joyo Credit.

Financial Results and Position of Joyo Credit for the Last Three Years			
Fiscal Year	Fiscal Year Ended March 2018	Fiscal Year Ended March 2019	Fiscal Year Ended March 2020
Net Assets	2,057 million yen	2,219 million yen	2,368 million yen
Total Assets	8,229 million yen	9,123 million yen	9,942 million yen
Net assets per Share	10,289 yen	11,097 yen	11,842 yen
Net Sales	1,213 million yen	1,257 million yen	1,294 million yen
Operating Income	222 million yen	252 million yen	227 million yen
Net Income	142 million yen	161 million yen	148 million yen
Net Income per Share	714 yen	807 yen	744 yen

Trade Name	Ashigin Card Co., Ltd.	
Location	7-5, Tsuruta 1-chome, Utsunomiya, Tochigi	
Representative	Hoshino Mitsugu, President	
Business	Credit card handling business	
Capital Stock	30 million yen	
Establishment	March 25, 1982	
Shareholder and Shareholding Ratio	The Ashikaga Bank, Ltd. 100%	
Current relationship between Mebuki and Ashigin Card	Capital Ties	Ashigin Card is an indirectly wholly-owned subsidiary of Mebuki.
	Personal Relationship	None
	Business Relationship	None
	Related Parties	Mebuki is applicable to a related party as the indirect parent company of Ashigin Card.

Financial Results and Position of Ashigin Card for the Last Three Years			
Fiscal Year	Fiscal Year Ended March 2018	Fiscal Year Ended March 2019	Fiscal Year Ended March 2020
Net Assets	3,247 million yen	3,382 million yen	3,501 million yen
Total Assets	3,975 million yen	3,985 million yen	4,146 million yen
Net assets per Share	5,413,230 yen	5,638,251 yen	5,836,458 yen
Net Sales	1,329 million yen	1,446 million yen	1,551 million yen
Operating Income	103 million yen	218 million yen	210 million yen
Net Income	166 million yen	134 million yen	119 million yen
Net Income per Share	276,956 yen	224,020 yen	199,206 yen

4. Summary of the merger

(1) Merger schedule

Approval of the merger by the Board of Directors	November 9, 2020
Execution of merger contract	November 9, 2020
Scheduled merger date (effective date)	April 1, 2021 (scheduled)

(2) Merger method

Joyo Credit and Ashigin Card will merge with Joyo Credit being the absorbing and surviving company and Ashigin Card being the absorbed company, respectively.

(3) Overview of the companies involved in the absorption merger

See 3.(3) above

5. Future outlook

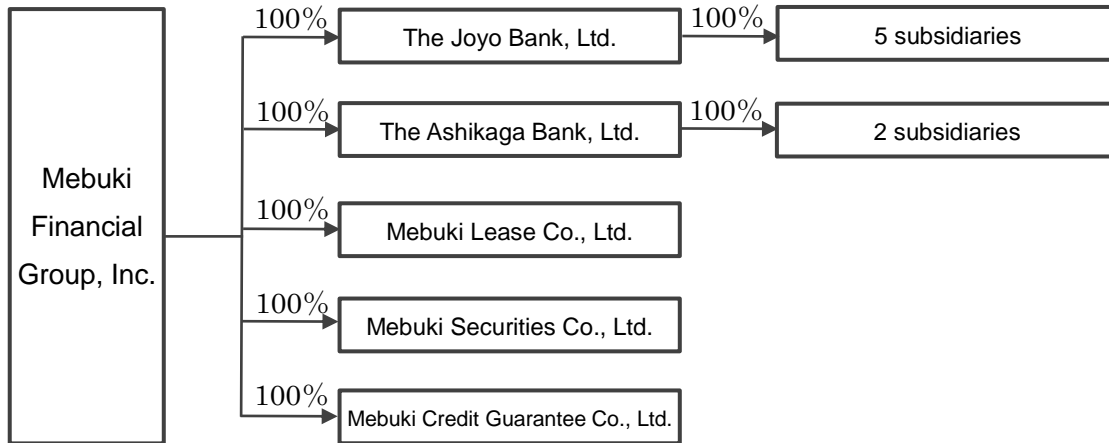
Being an internal transaction, this dividend in kind will not affect the consolidated shareholders' equity and the consolidated financial results.

(Reference) Consolidated Earnings Forecast for Fiscal Year 2020 (Announced on May 13, 2020)

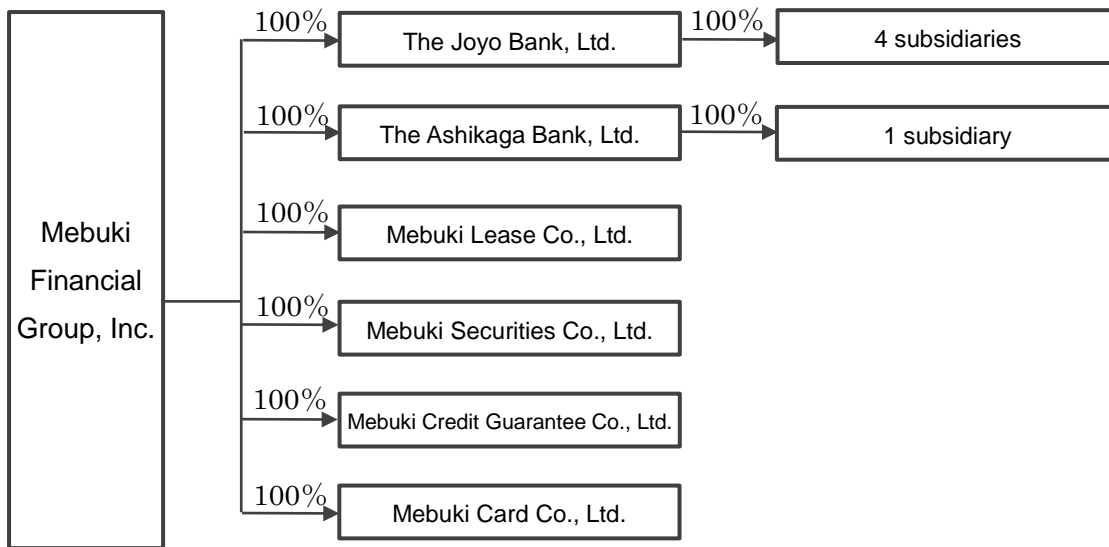
	Ordinary Profit	Net Income Attributable to Owners of the Parent	Net Income per Share
Fiscal Year Ending March 31, 2021	48,500 million yen	33,000 million yen	28.46 yen

End

【Current Group Structure】



【Group Structure after the Dividend in Kind (Scheduled on April 1, 2021)】



Through the dividend in kind, Mebuki will acquire all the shares of Joyo Credit, the wholly-owned subsidiary of Joyo Bank, and all the shares of Ashigin Card, the wholly-owned subsidiary of Ashikaga Bank.

After making both companies wholly owned by Mebuki, Joyo Credit and Ashigin Card will merge with Joyo Credit being the absorbing and surviving company and Ashigin Card being the absorbed company, respectively. In addition to this merger, Joyo Credit will change its trade name to Mebuki Card Co., Ltd.

Inquiries:

Corporate Planning Department Kouichi Komatsuzaki Tel:029-300-2605