



Financial Results for the 3rd Quarter of FY2015

February, 2016

Ashikaga Holdings Co., Ltd.

The Ashikaga Bank, Ltd.



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*Figures are non-consolidated basis of The Ashikaga Bank, Ltd. without special mention.

“HD”: Ashikaga Holdings Co., Ltd. (Consolidated basis)

“BK”: The Ashikaga Bank, Ltd. (Non-consolidated basis)

Summary of results (1) HD

- ◆ Ordinary income of HD (consolidated) increased 5.1 billion yen YoY, to 78.2 billion yen (progress of 78.2% of our projection for FY15).
- ◆ Ordinary profit increased 3.4 billion yen YoY, to 22.8 billion yen (progress of 81.4%).
- ◆ Net income increased 2.1 billion yen YoY, to 14.5 billion yen (progress of 69.0%).

《Ashikaga Holdings Co., Ltd. (Consolidated basis)》

(JPY Bn)	3Q FY2013 (Apr.-Dec.)	3Q FY2014 (Apr.-Dec.) ①	3Q FY2015 (Apr.-Dec.) ②	YOY ②－①	Projection FY2015 ③	Progress ②/③
Ordinary income	82.6	73.0	78.2	+ 5.1	100.0	78.2%
Consolidated gross profit	62.1	62.5	65.7	+ 3.2		
General and administrative expenses	43.5	42.7	41.3	- 1.4		
Credit related costs	4.4	1.8	3.8	+ 1.9		
Gains (losses) on stocks	9.2	0.4	2.2	+ 1.8		
Ordinary profit	23.5	19.3	22.8	+ 3.4	28.0	81.4%
Extraordinary income(losses)	- 0.2	- 0.0	- 0.1	- 0.1		
Income before income taxes and minority interests	23.3	19.3	22.6	+ 3.3		
Income taxes-current	1.9	8.6	4.4	- 4.2		
Income taxes-deferred	- 1.2	- 1.6	3.7	+ 5.4		
Net Income	22.6	12.3	14.5	+ 2.1	21.0	69.0%
(Reference)						
Net income excluding amortization of goodwill	27.2	16.9	19.1			

(note) Revised Forecast
Announced on
Oct.28,2015

Summary of results (2) BK

- ◆ Core gross business profit of BK (non-consolidated) increased 3.2 billion yen YoY, to 63.3 billion yen. Core net business income increased 4.5 billion yen YoY, to 28.4 billion yen.
- ◆ Ordinary profit increased 7.0 billion yen YoY, to 31.3 billion yen, mainly due to an increase in net business income and gains on sales of stocks. Net income increased 4.1 billion yen YoY, to 22.1 billion yen.

《The Ashikaga Bank, Ltd. (Non-Consolidated basis)》

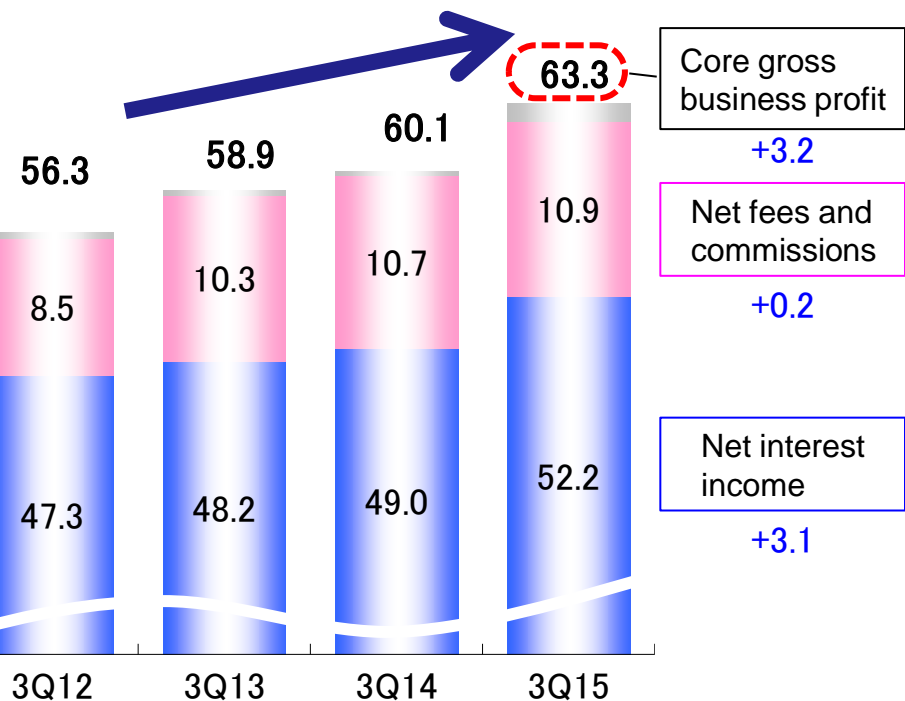
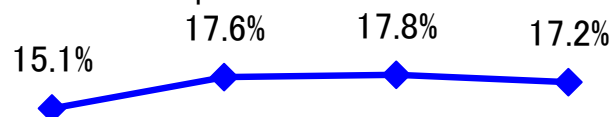
(JPY Bn)	3Q FY2013 (Apr.-Dec)	3Q FY2014 (Apr.-Dec.) ①	3Q FY2015 (Apr.-Dec.) ②	YOY ②-①	Projection FY2015 ③	Progress ②/③
Core gross business profit	58.9	60.1	63.3	+3.2	82.5	76.8%
Gross business profit	60.3	60.6	64.2	+3.6		
Net interest income	48.2	49.0	52.2	+3.1		
Net fees and commissions	10.3	10.7	10.9	+0.2		
Net other business income	1.6	0.8	1.1	+0.2		
Gains (losses) on bonds	1.3	0.4	0.8	+0.3		
Expenses	36.9	36.2	34.9	- 1.3	47.5	73.4%
Personnel expenses	19.6	19.3	19.0	- 0.2		
Non-personnel expenses	15.3	14.9	13.7	- 1.1		
Net business income (before general allowance for loan losses)	23.4	24.4	29.3	+4.9		
Core net business income	22.0	23.9	28.4	+4.5	35.0	81.3%
Credit related costs	3.8	0.7	- 0.0	- 0.8		
Gains (losses) on stocks	9.8	0.4	2.5	+2.0		
Ordinary profit	28.9	24.3	31.3	+7.0	38.0	82.5%
Income taxes-current	1.5	8.3	8.0	- 0.3		
Income taxes-deferred	- 1.4	- 1.9	1.0	+3.0		
Net Income	28.5	17.9	22.1	+4.1	30.0	73.8%

Core gross business profit / Expenses

- ◆ Core gross business profit (excluding gains (losses) on bonds) rose 3.2 billion yen YoY, to 63.3 billion yen. Of that, net interest income increased 3.1 billion yen YoY, to 52.2 billion yen.
- ◆ Expenses declined 1.3 billion yen YoY, to 34.9 billion yen, of which personnel expenses dropped 0.2 billion yen, to 19.0 billion yen, and non-personnel expenses decreased 1.1 billion yen, to 13.7 billion yen.
- ◆ After the switching of accounting system in July 2011, core OHR continued improving, resulting to 55.0%.

《 Core gross business profit 》 (JPY Bn)

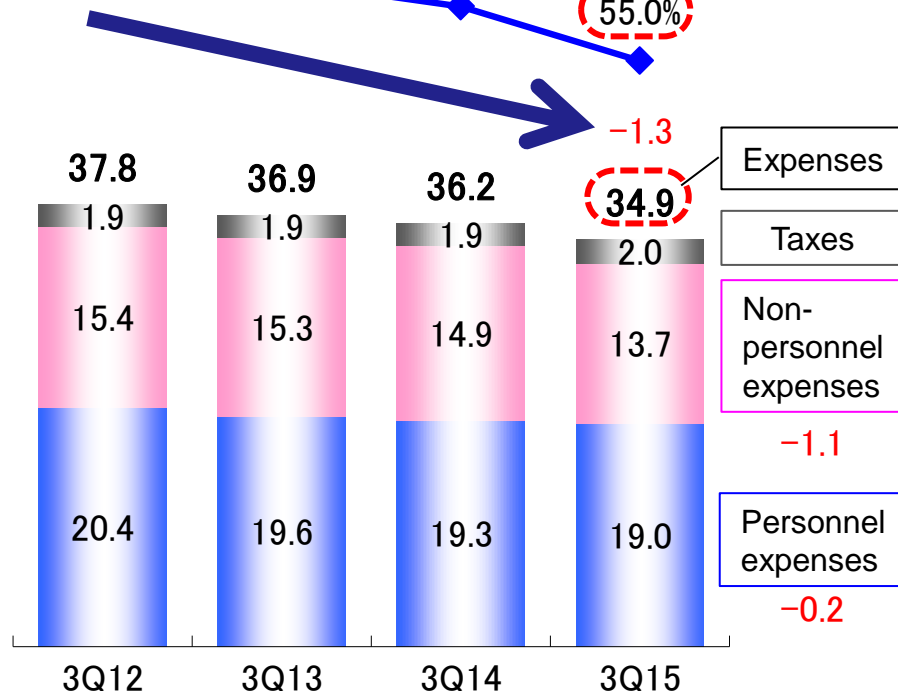
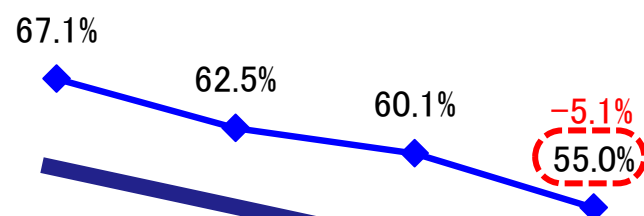
◆ Net fees and commissions / Core gross business profit



*Nine months ended December 31

《 Expenses / Core OHR 》 (JPY Bn)

◆ Core OHR (Expenses / Core gross business profit)

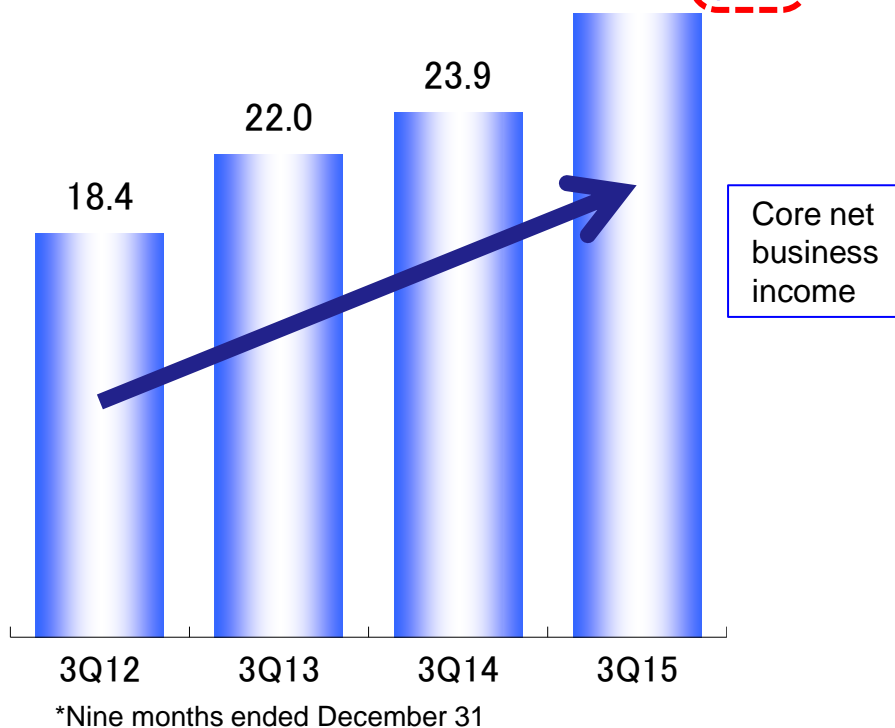


*Nine months ended December 31

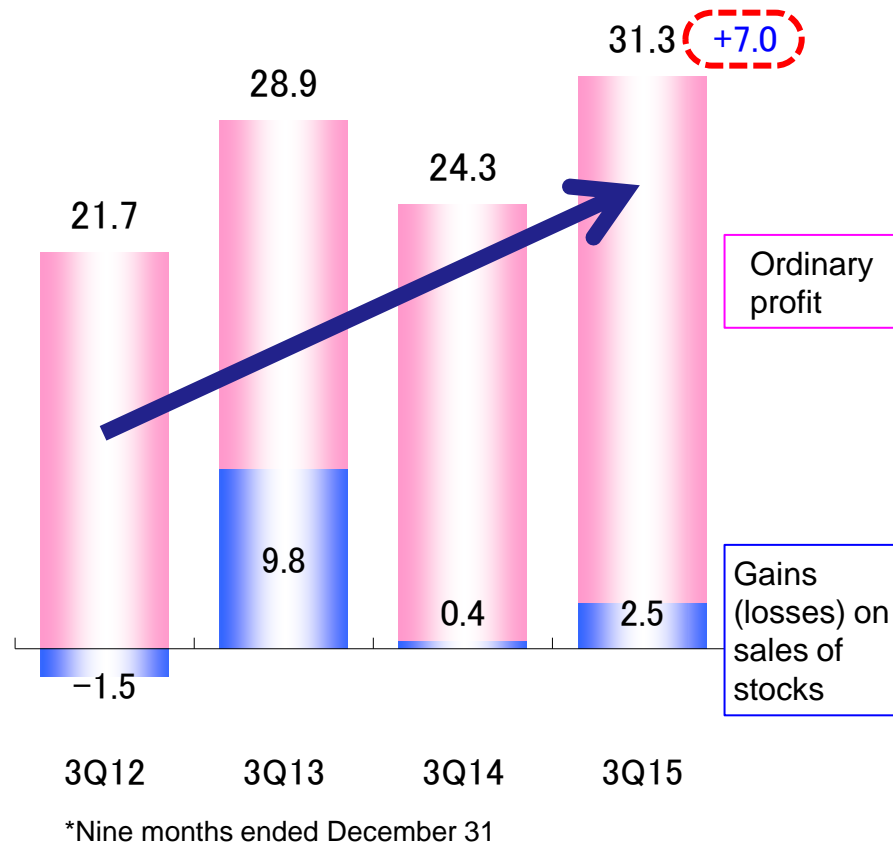
Core net business income / Ordinary profit

- ◆ Core net business income increased 4.5 billion yen YoY, to 28.4 billion yen, due to an increase of core gross business profit and a decrease of expenses.
- ◆ Ordinary profit is on an increasing trend, having increased 7.0 billion yen YoY to 31.3 billion yen.

《Core net business income》 (JPY Bn)
28.4 +4.5



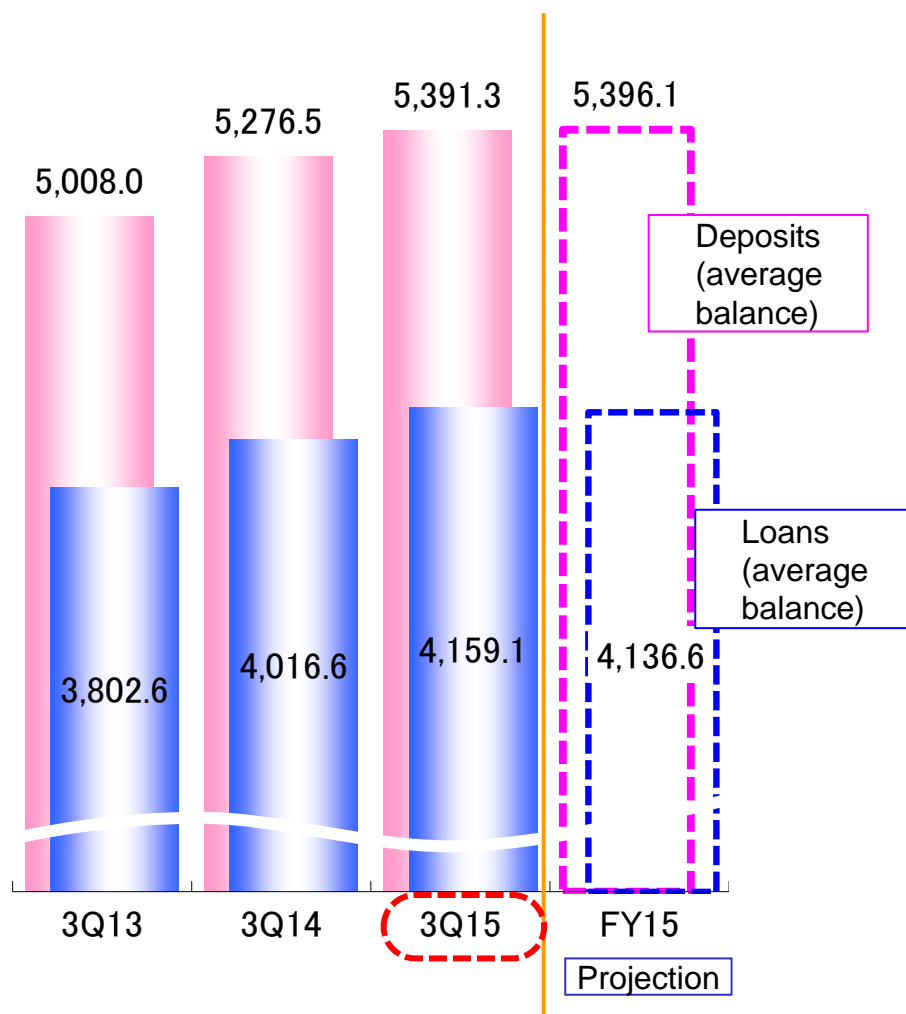
《Ordinary profit》 (JPY Bn)



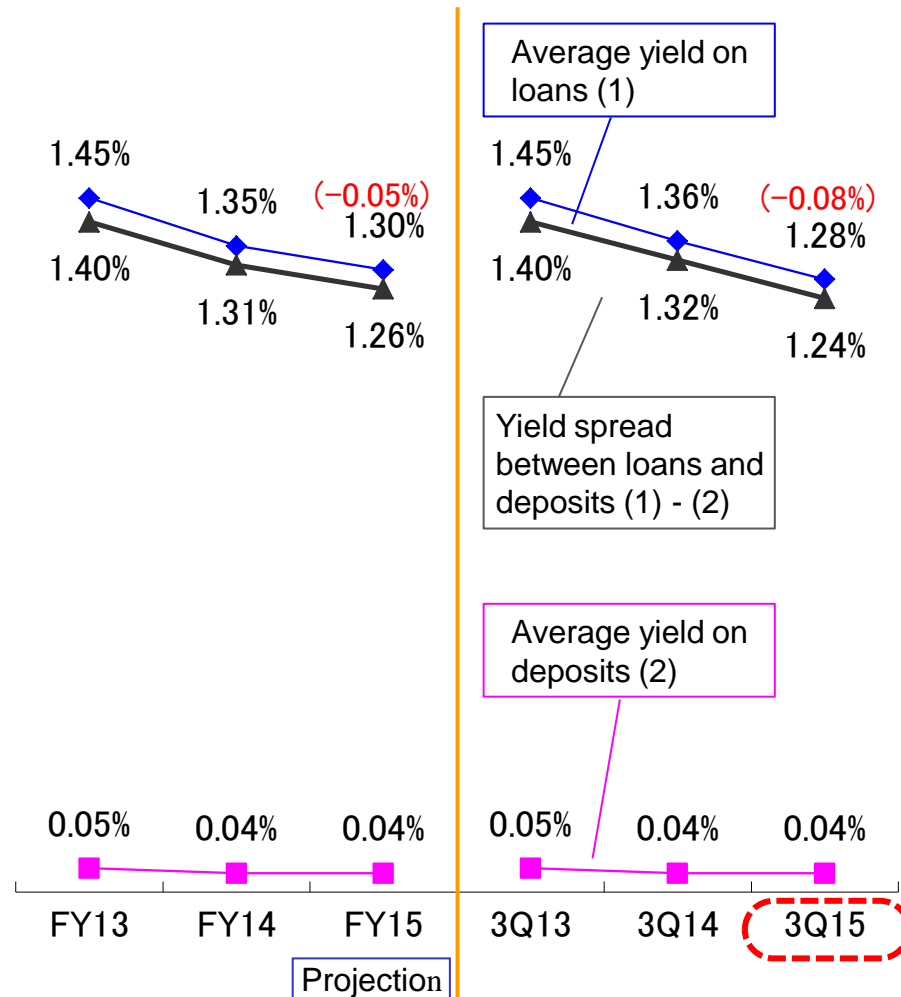
Loans and deposits (average balance / average yield)

- ◆ The average balances of loans and deposits in FY14-3Q increased steadily. That of loans exceeded an initial plan for FY2015.
- ◆ Average yield on loans continued to decline.

《Loans and deposits (average balance)》 (JPY Bn)

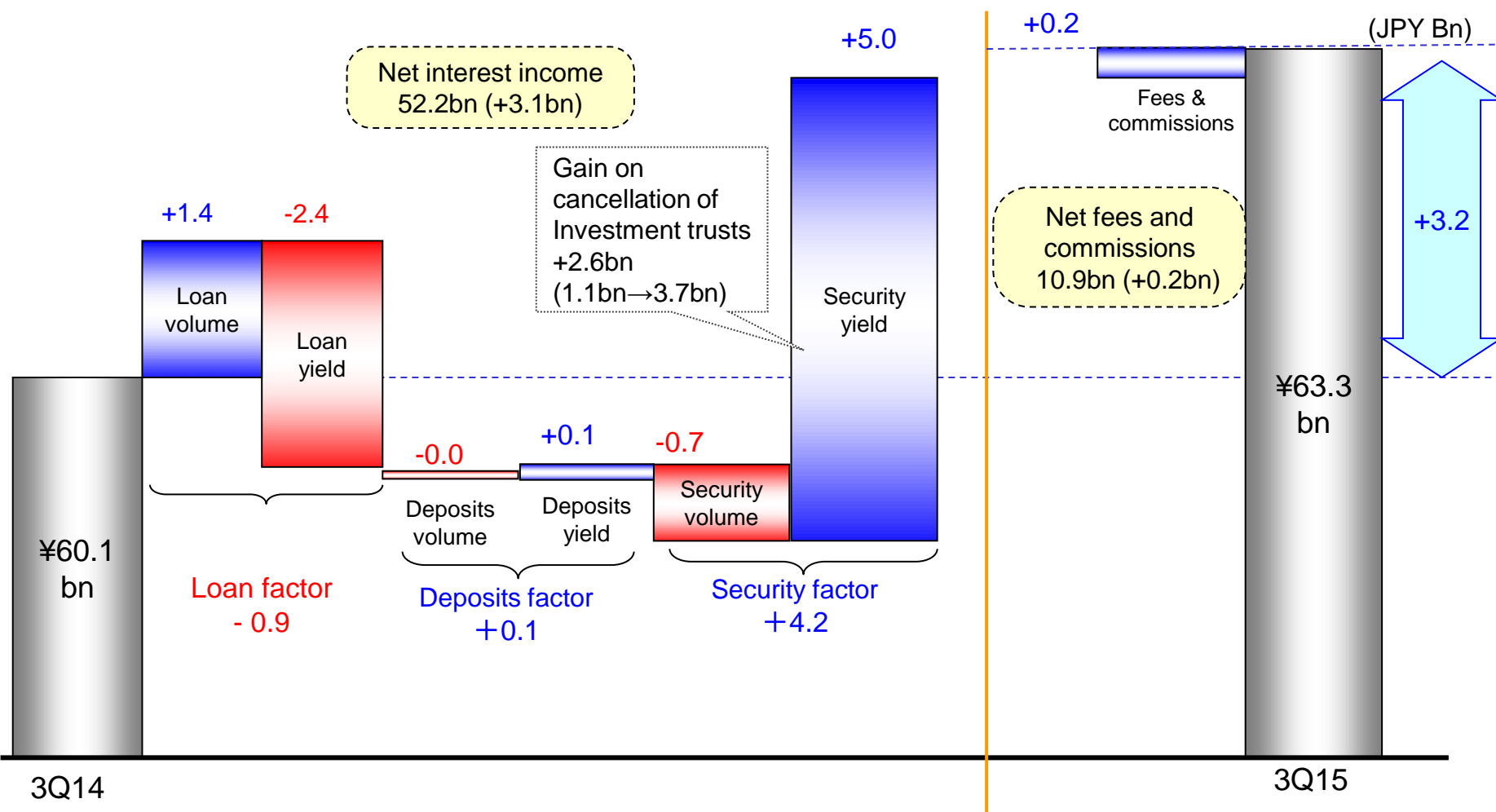


《Loan and deposit yields》



Factor analysis (Core gross business profit)

- ◆ Of the 3.1 billion yen increase in net interest income, the loan factor was down 0.9 billion yen, the deposit factor was up 0.1 billion yen, and the security factor was up 4.2 billion yen.
- ◆ Of the loan factor, negative impact due to a decline of loan yield is reduced (FY13-3Q down ¥3.5bn, FY14-3Q down ¥2.6bn, FY15-3Q down ¥2.4bn). And net interest income rose from the same period of the previous fiscal year, excluding gains on cancellation of investment trusts.
- ◆ Net fees & commissions contributed 0.2 billion yen to the increase in core gross business profit.

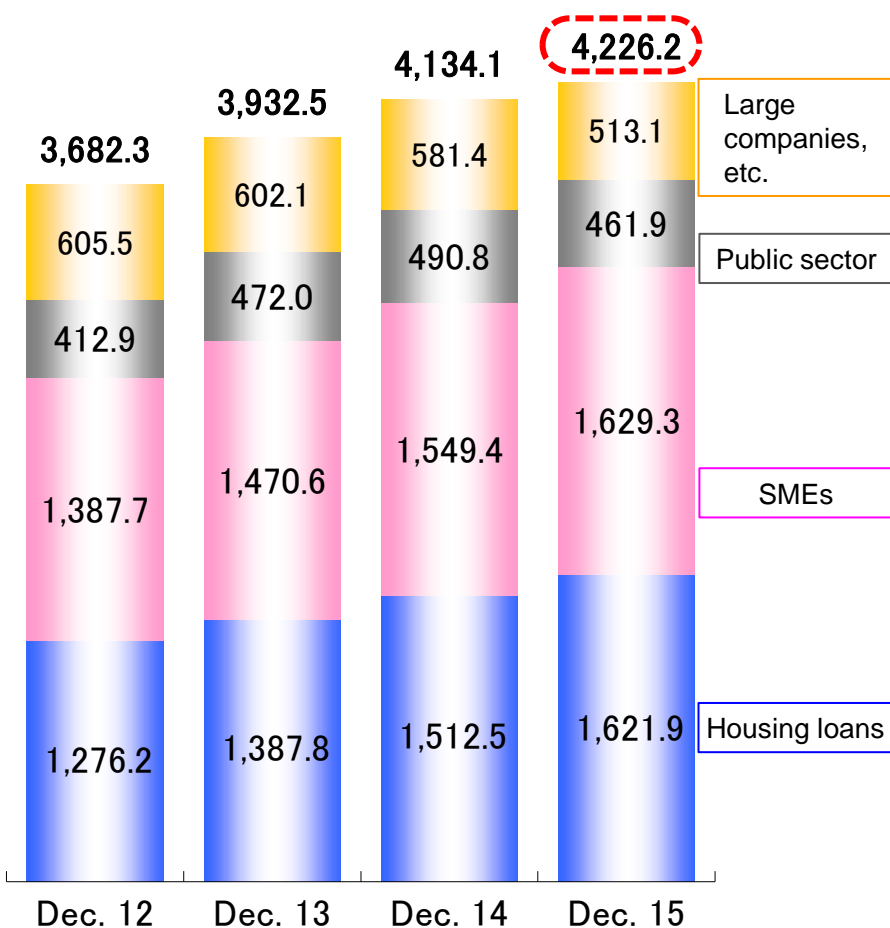




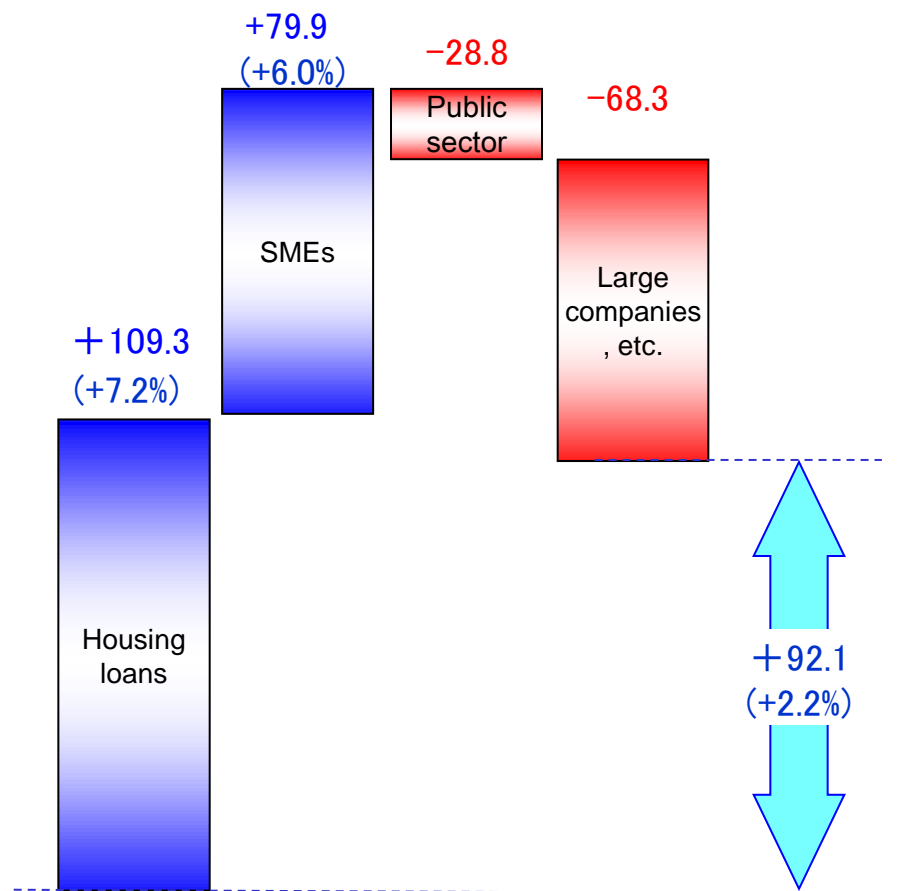
Loans (term-end balance)

- ◆ The term-end balance of loans increased 92.1 billion yen YoY, to 4,226.2 billion yen (2.2% annualized).
- ◆ Of that, housing loans increased 109.3 billion yen to 1,621.9 billion yen (7.2% annualized), and loans to SMEs increased 79.9 billion yen to 1,629.3 billion yen (6.0% annualized).

《Loans (term-end balance)》 (JPY Bn)



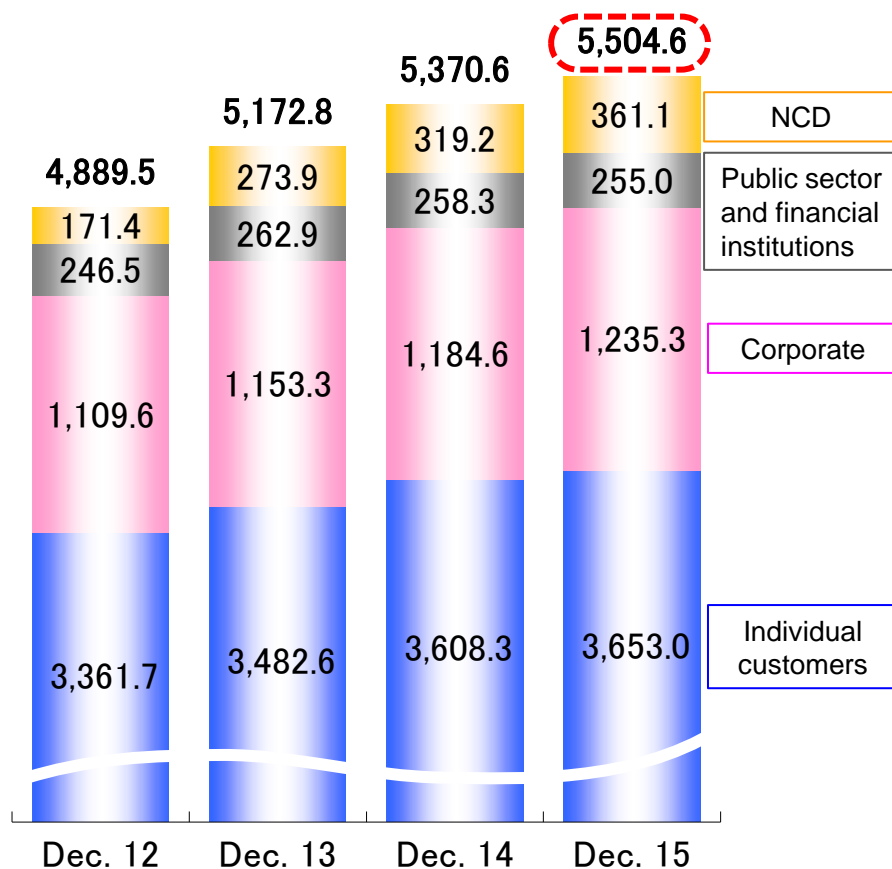
《Breakdown of changes in Loans(YOY)》 (JPY Bn)



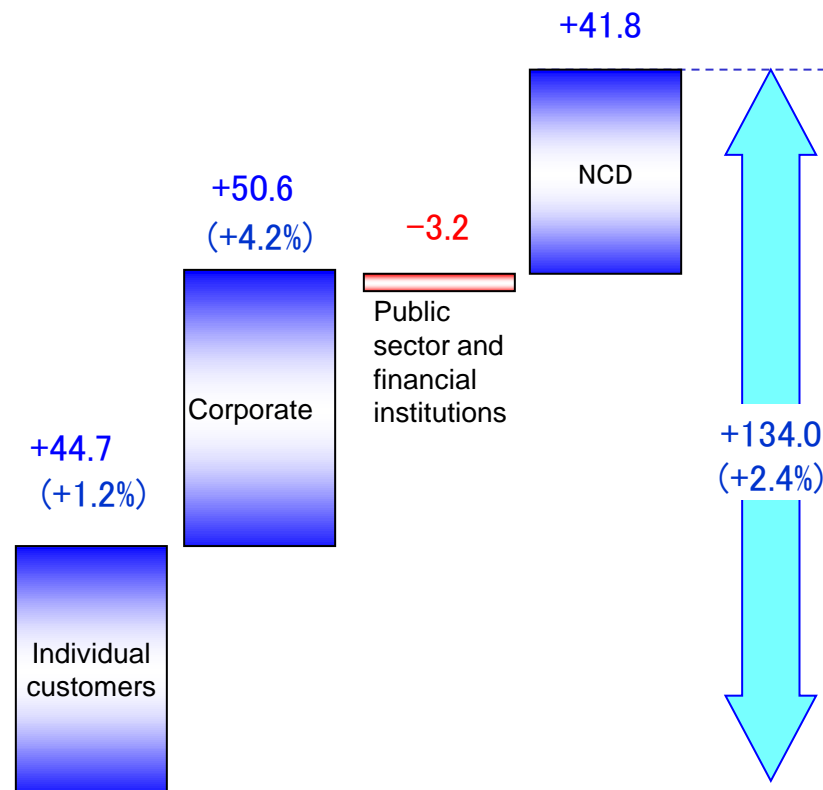
Deposits (term-end balance)

- ◆ The term-end balance of deposits including NCD increased 134.0 billion yen YoY, to 5,504.6 billion yen (2.4% annualized).
- ◆ Of that, deposits from individual customers increased 44.7 billion yen (1.2% annualized), deposits from corporate customers increased 50.6 billion yen (4.2% annualized) and NCD increased 41.8 billion yen.

《Deposits (term-end balance)》 (JPY Bn)



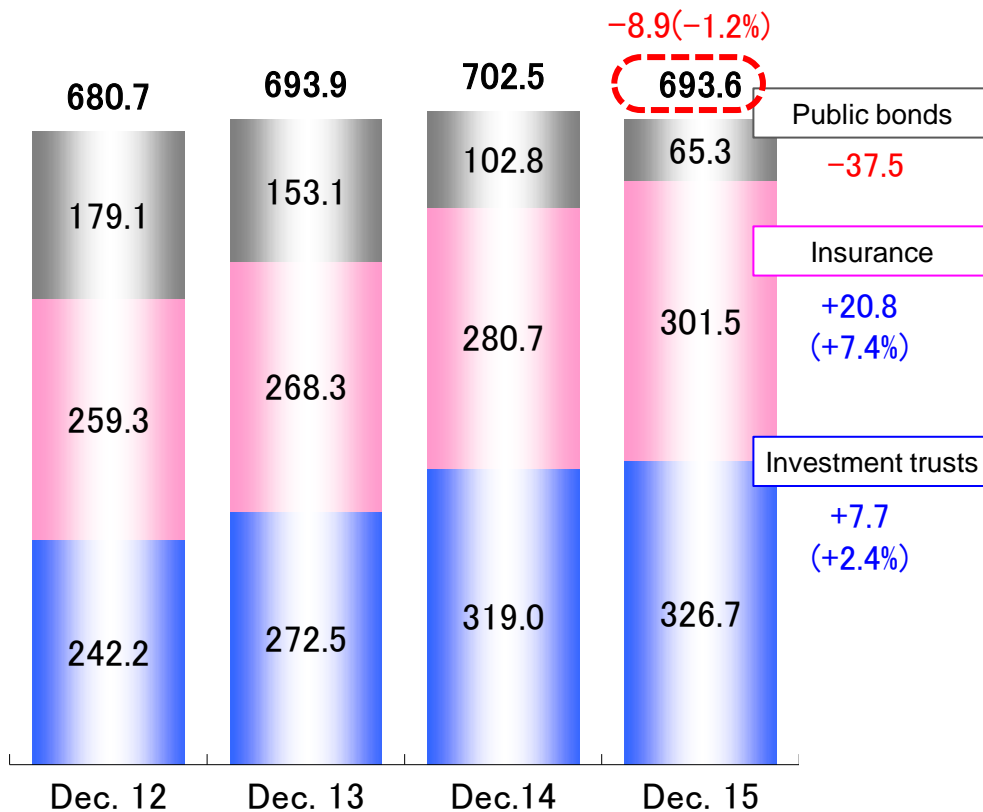
《Breakdown of changes in deposits(YOY)》 (JPY Bn)



Individual financial assets (term-end balance)

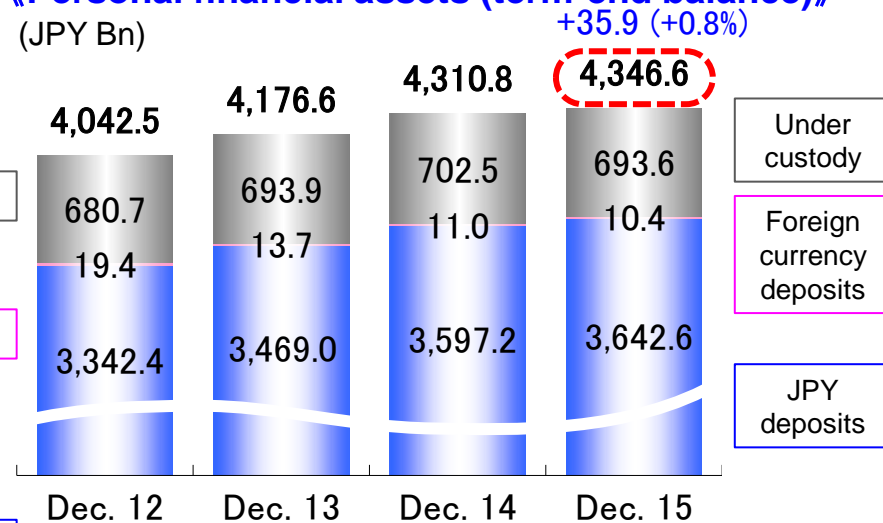
- ◆ Individual customer assets under custody decreased 8.9 billion yen YoY, to 693.6 billion yen. Of that, investment trusts increased 7.7 billion yen and insurances increased 20.8 billion yen, while bonds decreased 37.5 billion yen owing to redemption of large amount of JGB for individual investors.
- ◆ Number of “NISA” exceeded 65,000 accounts and the utilization rate rose to 57.3%.
- ◆ Total financial assets from individual customers increased 35.9 billion yen YoY, to 4,346.6 billion yen.

《Individual customer assets under custody (term-end balances)》 (JPY Bn)

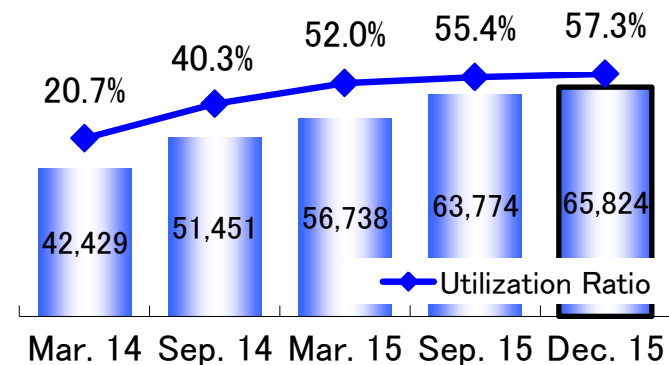


(Note) Insurance = personal annuity insurance + whole-life insurance + educational endowment insurance

《Personal financial assets (term-end balance)》 (JPY Bn)



《Acquisition of NISA accounts》

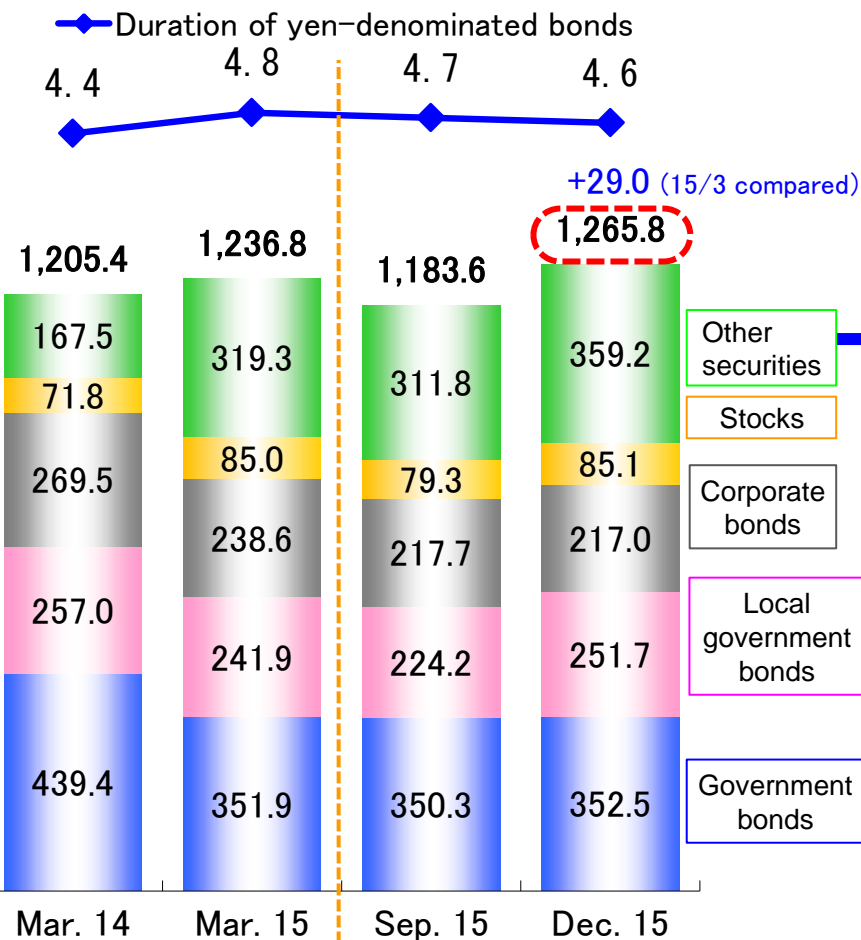


Securities

- ◆ The balance of securities increased 29.0 billion yen from the end of the previous fiscal year, to 1,265.8 billion yen. The increase in other securities was mainly due to foreign bonds and investment trusts. The duration of yen-denominated bonds was 4.6 years.
- ◆ Valuation gains on other securities (available-for-sale securities) decreased from the end of the previous fiscal year, due to decrease of valuation gains on investment trusts.

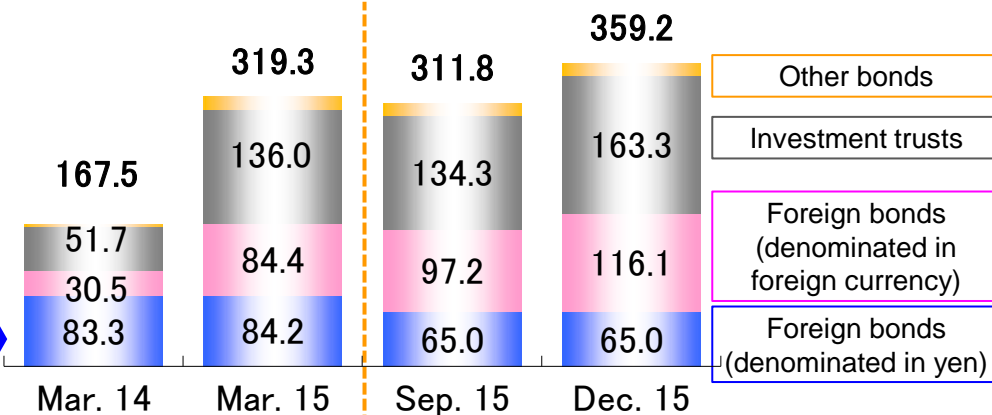
《Securities (term-end balances)》

(JPY Bn)

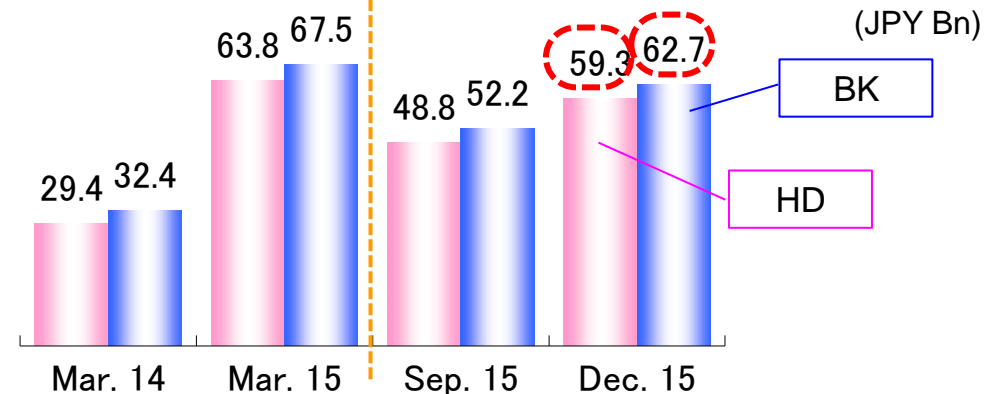


《Foreign bonds, etc. (term-end balances)》

(JPY Bn)



【HD / BK】《Unrealized Valuation Gains (Losses) on Other Securities (available-for-sale securities)》



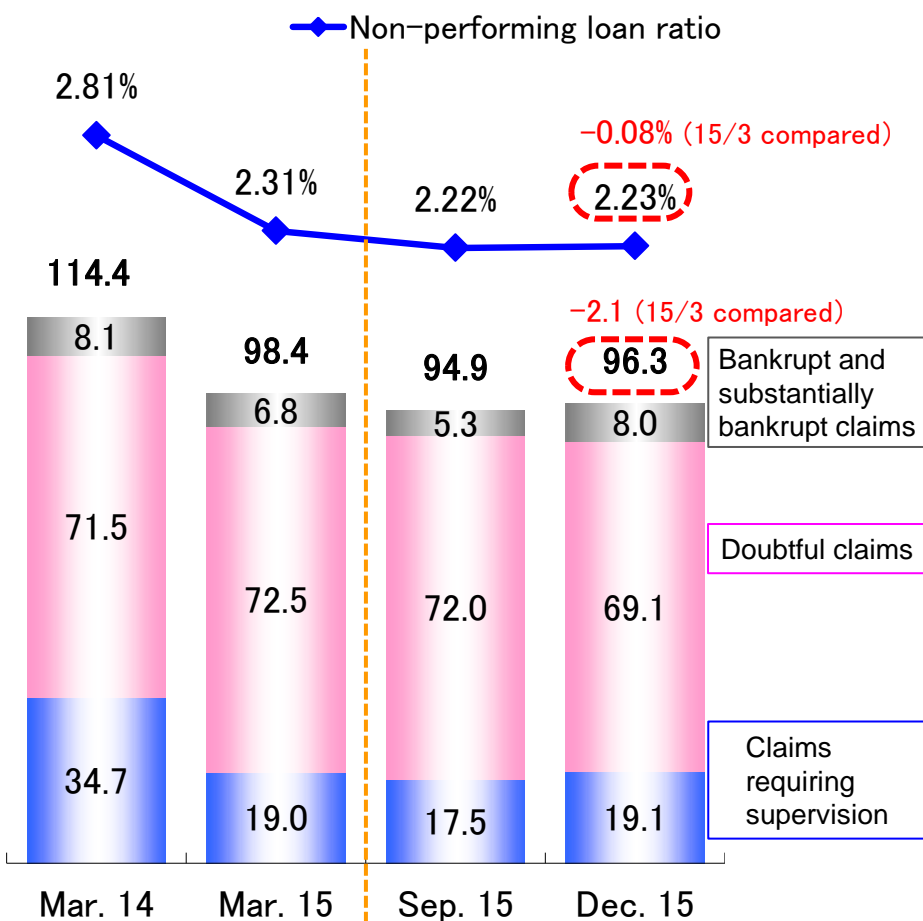
*Yen-denominated bonds = Domestic bond + Yen-denominated foreign bond

*Other securities = Available-for-sale securities

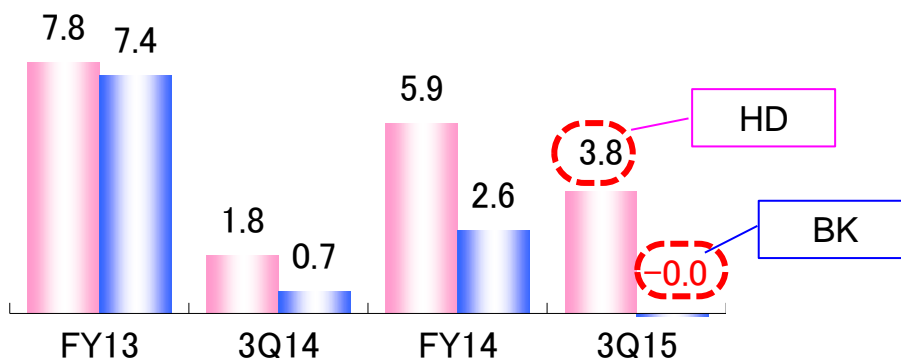
Non-performing loans / Credit related costs

- ◆ The balance of non-performing loans (loans subject to mandatory disclosure under the financial revitalization law) declined 2.1 billion yen from the end of the previous fiscal year, to 96.3 billion yen. The non-performing loan ratio fell 0.08 points from the end of the previous fiscal year, to 2.23%.
- ◆ Credit related costs were 3.8 billion yen on consolidated basis (HD) and -0.0 billion yen on non-consolidated basis (BK). The balance of general allowance for loan losses decreased due to a decline of the expected loan loss ratio of loans in need of caution and claims requiring supervision.

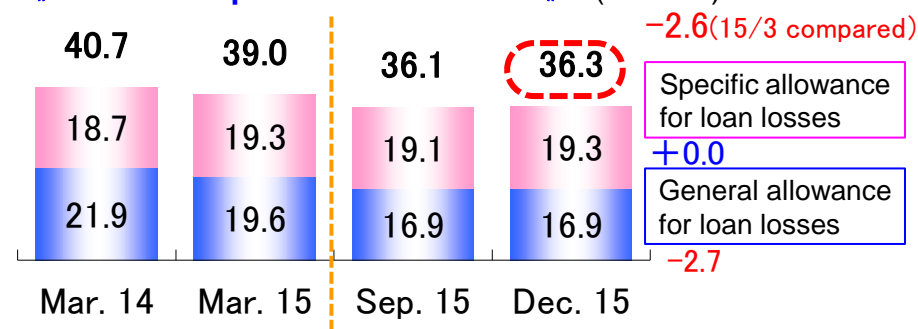
《 Loans subject to mandatory disclosure under the financial revitalization law 》 (JPY Bn)



《 Credit related costs 》 (JPY Bn)



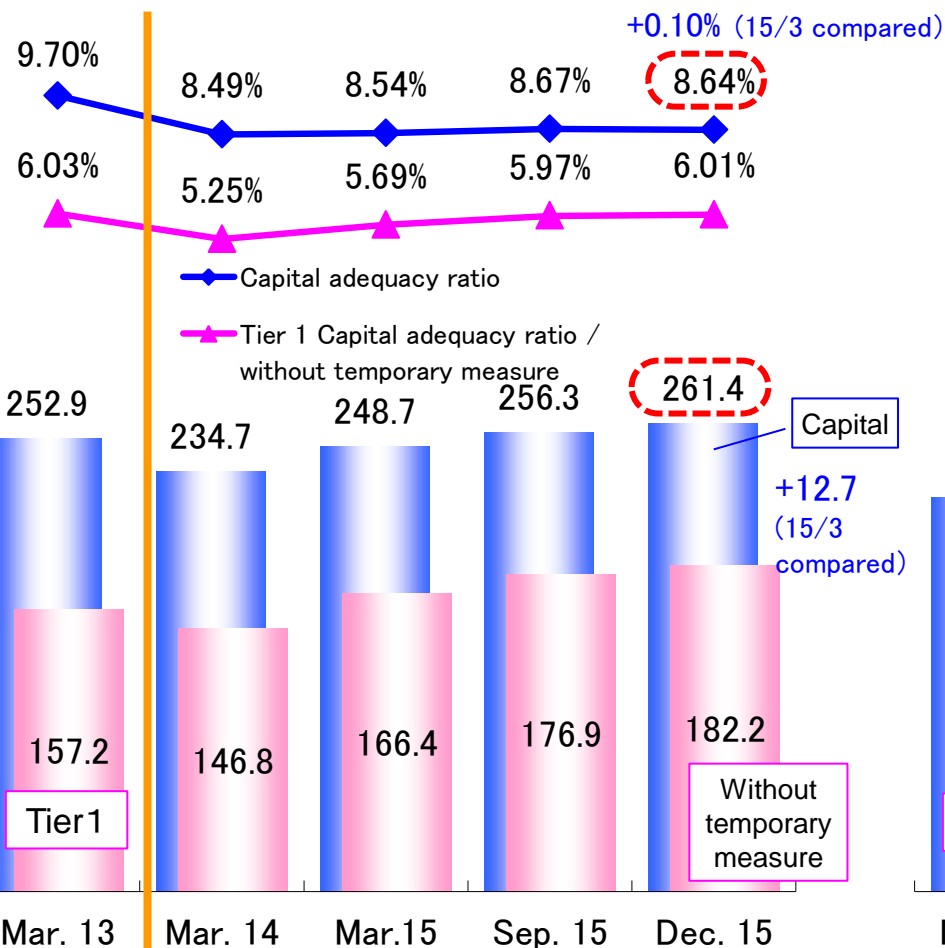
《 Reserve for possible loan losses 》 (JPY Bn)



Capital adequacy ratio

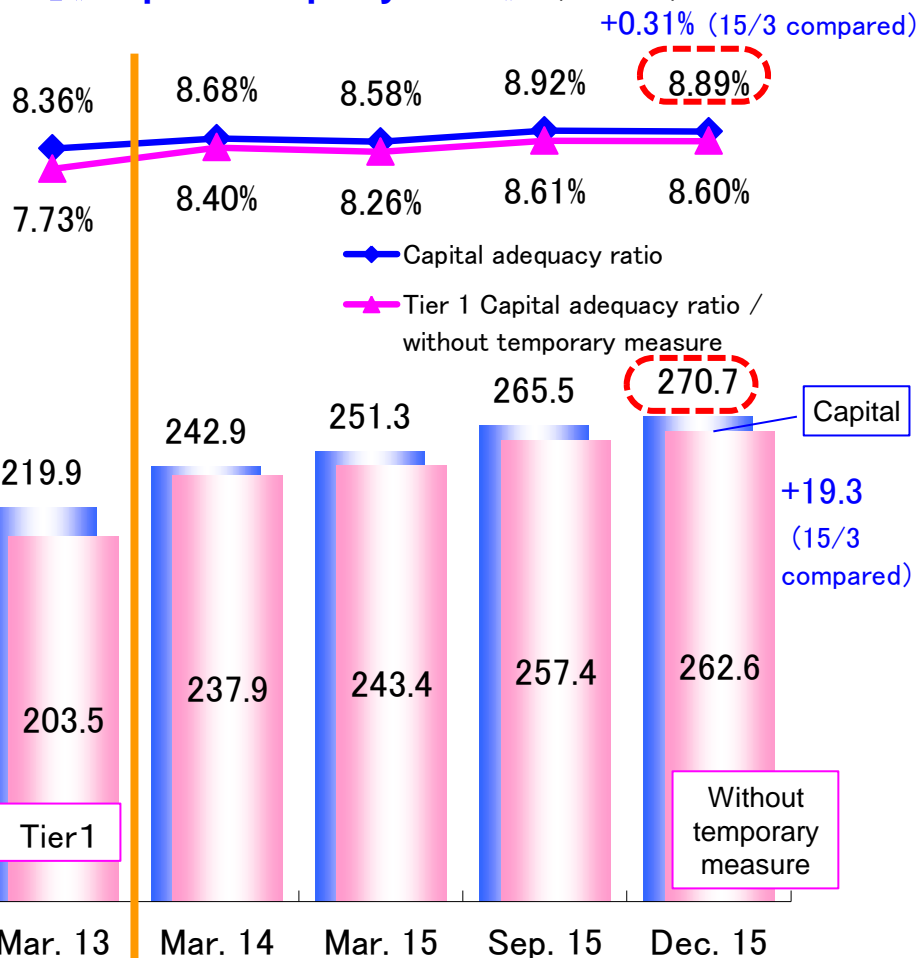
- The capital adequacy ratio of HD was 8.64%, up 0.10 point from the end of the previous fiscal year and also, the ratio of BK was 8.89%, up 0.31 point. The ratios declined slightly from Sep. 2015, due to an increase in the risk assets.

【HD】《 Capital adequacy ratio 》 (JPY Bn)



Basel III

【BK】《 Capital adequacy ratio 》 (JPY Bn)



Basel III



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