



Financial Results for the 1st Quarter of FY2016

Aug, 2016

Ashikaga Holdings Co., Ltd. (code : 7167)

The Ashikaga Bank, Ltd.



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Note : 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)



Income Status

《BK》

(JPY Bn)

	1st Quarter FY2013	1st Quarter FY2014	1st Quarter FY2015	1st Quarter FY2016	Y oY	Projection FY2016	Progress
Core gross business profit	19.5	19.7	22.9	21.1	- 1.8	81.0	+26.0%
Gross business profit	21.3	19.7	23.6	21.6	- 2.0	81.0	+26.6%
Expenses	12.7	12.3	11.9	11.8	- 0.1	48.5	+24.3%
Net business income (before general allowance for loan losses)	8.6	7.4	11.6	9.7	- 1.9	32.5	+29.8%
Core net business income	6.7	7.4	10.9	9.2	- 1.7	32.5	+28.3%
Credit related costs	0.3	- 0.0	- 1.2	- 0.1	1.0	2.5	-4.0%
Gains (losses) on stocks	2.9	- 0.0	- 0.6	0.9	1.5	-	-
Ordinary profit	11.0	7.3	12.1	10.9	- 1.2	30.5	+35.7%
Income taxes-current	0.4	3.2	2.6	2.3	- 0.2	8.5	+27.0%
Income taxes-deferred	0.0	- 0.0	- 0.0	1.0	1.0	1.0	+100.0%
Net income	10.6	4.0	9.4	7.5	- 1.9	21.0	+35.7%

《HD》

(JPY Bn)

	1st Quarter FY2013	1st Quarter FY2014	1st Quarter FY2015	1st Quarter FY2016	Y oY	Projection FY2016 1H	Progress
Ordinary income	27.6	23.7	28.7	27.6	- 1.0	48.5	+56.9%
Consolidated gross profit	22.0	20.5	24.1	22.0	- 2.0		
General and administrative expenses	14.9	14.5	14.1	13.9	- 0.2		
Credit related costs	0.6	0.4	- 0.9	- 0.7	0.1		
Gains (losses) on stocks	2.3	- 0.0	- 0.6	0.9	1.5		
Ordinary profit	8.8	5.6	10.2	9.9	- 0.3	13.0	+76.1%
Income taxes-current	0.5	3.3	1.4	1.7	0.3		
Income taxes-deferred	0.1	0.1	1.1	1.7	0.6		
Net income	8.1	2.1	7.7	6.4	- 1.2	8.0	+80.0%

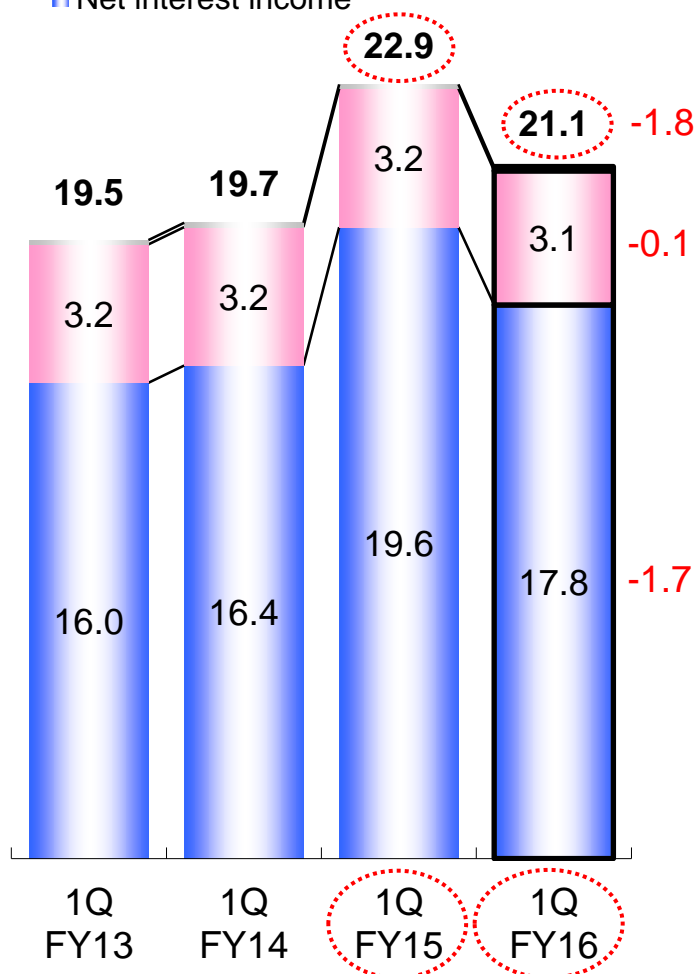


Top-line

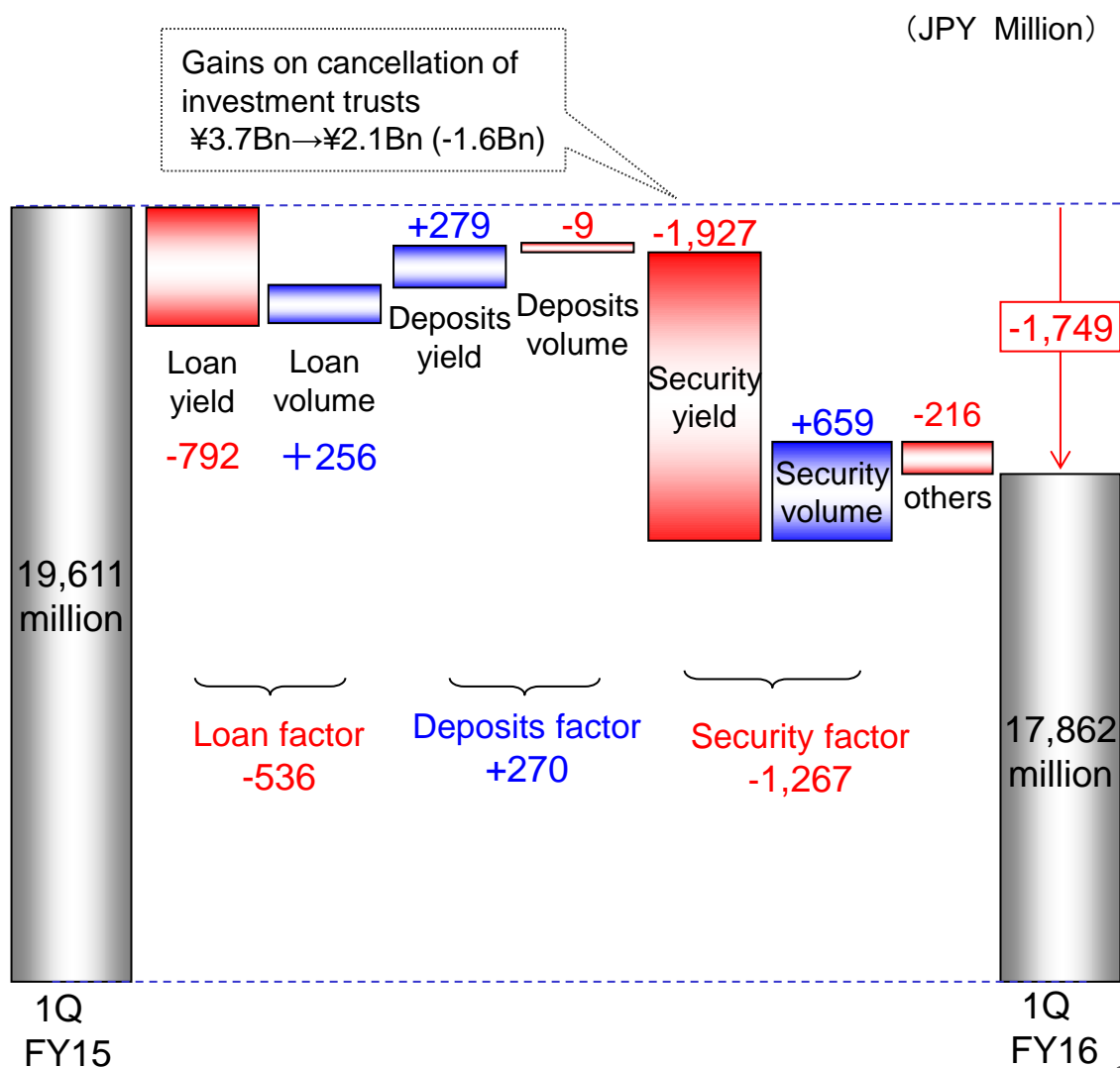
- ◆ Core gross business profit (excluding gains (losses) on bonds) decreased 1.8 billion yen YoY, to 21.1 billion yen.
- ◆ Of that, net interest income decreased 1.7 billion yen YoY, to 17.8 billion yen, due to loans and security yield factor.

《Core gross business profit》

■ Net other business income (JPY Bn)
■ Net fees and commissions
■ Net interest income



《Factor analysis for net interest income (YoY change)》





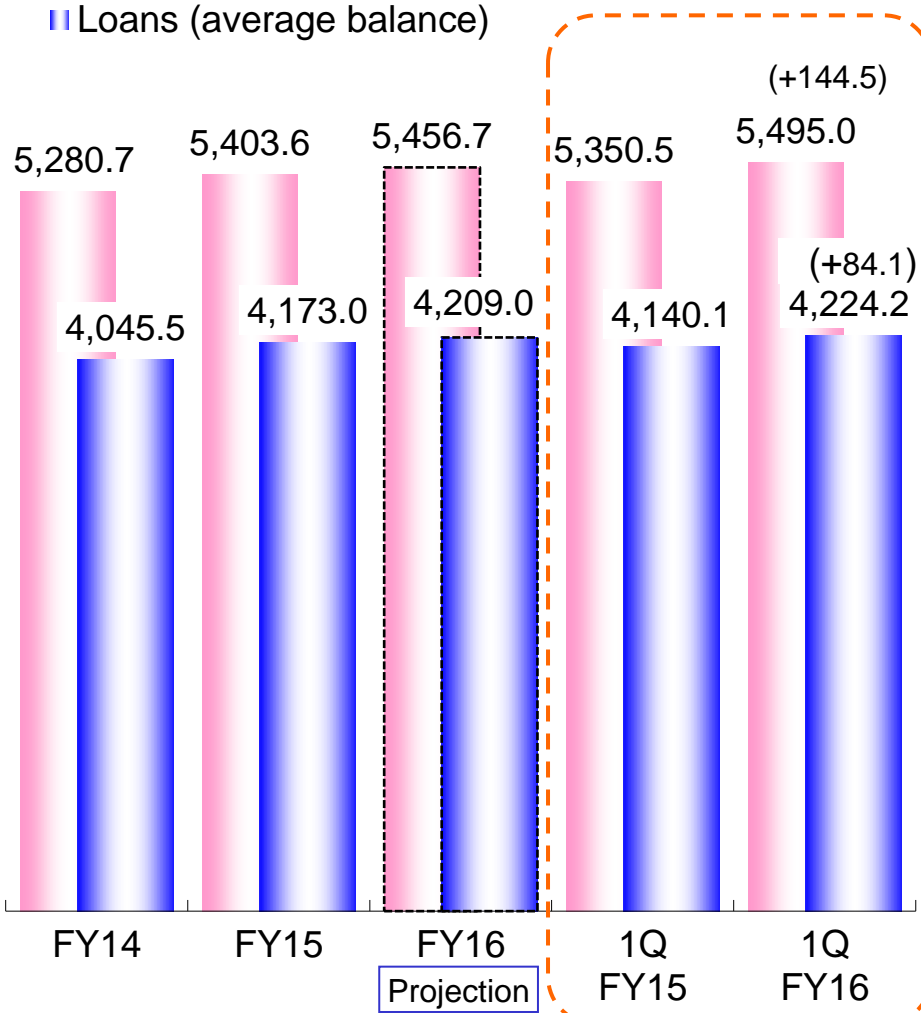
Loans and Deposits (average balance / average yield)

- ◆ The average balances of loans and deposits in FY16-1Q increased steadily.
- ◆ Average yield on loans continued to decline, due to influence from negative interest rate policy.

《Loans and Deposits average balance 》

■ Deposits (average balance) (JPY Bn)

■ Loans (average balance)

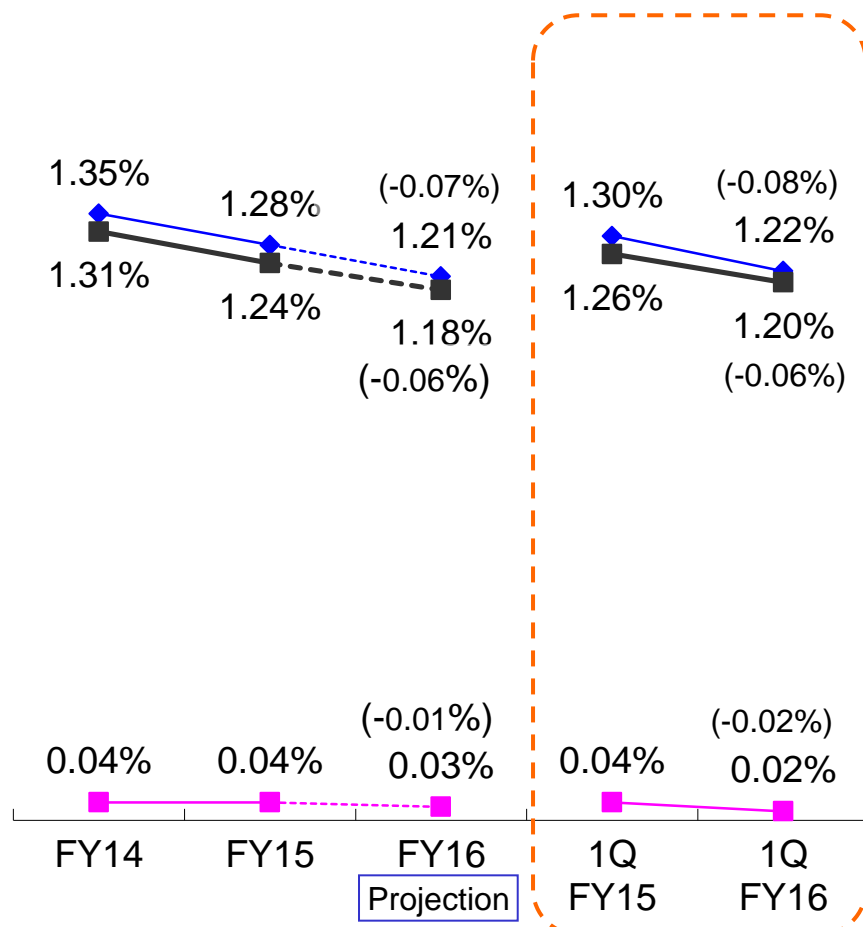


《Loans and Deposits yield 》

◆ Average yield on loans (1)

◆ Average yield on deposits (2)

■ Yield spread between loans and deposits (1)-(2)



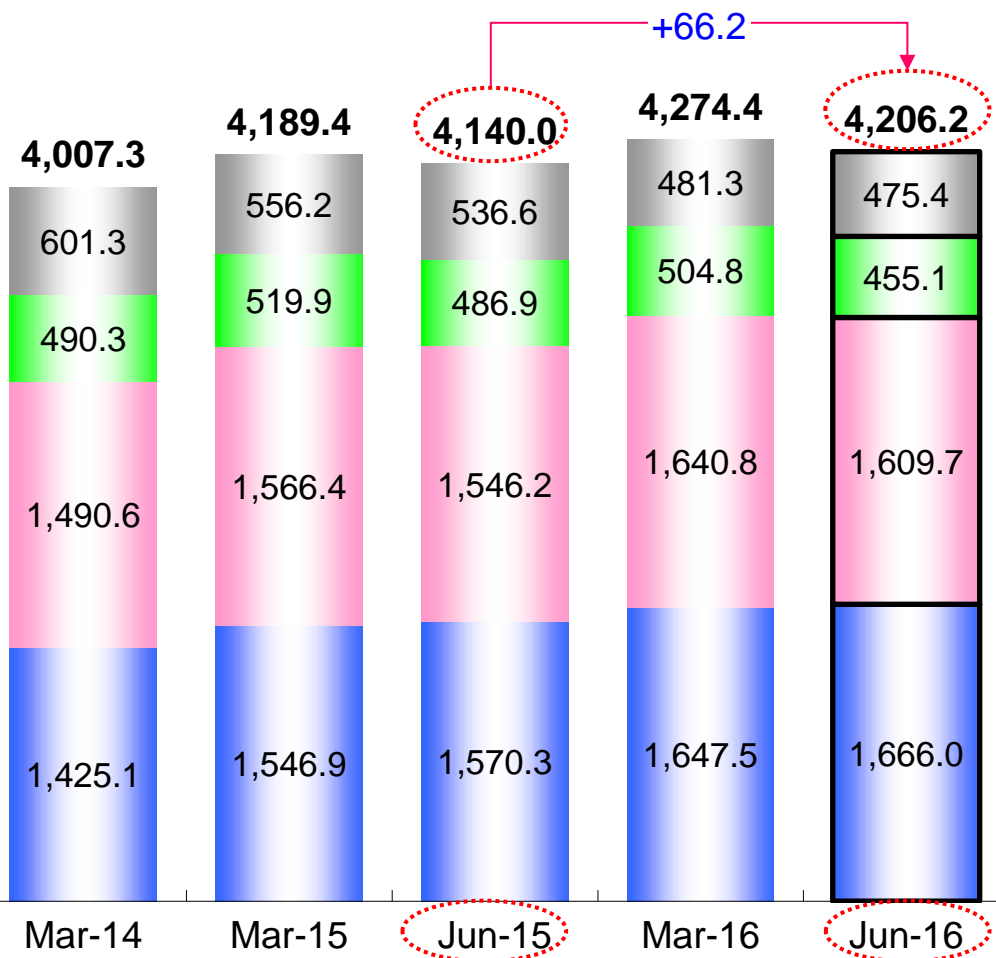


Loans (term-end balance)

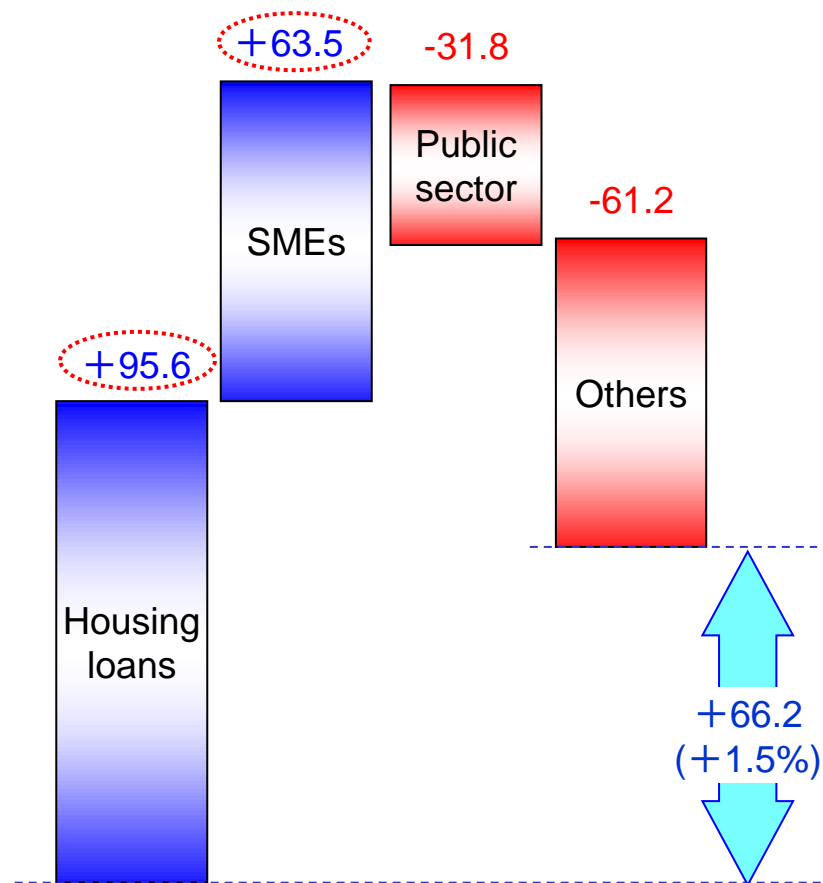
- ◆ The term-end loans balance increased 66.2 billion yen YoY, to 4,206.2 billion yen (1.5% annualized), mainly due to increases in housing loans and loans to small and medium-sized enterprises (SMEs) .

《Loans (term-end balance)》 (JPY Bn)

■ Housing loans ■ SMEs ■ Public sector ■ Others



《Breakdown of YoY change in total loan balance》 (JPY Bn)



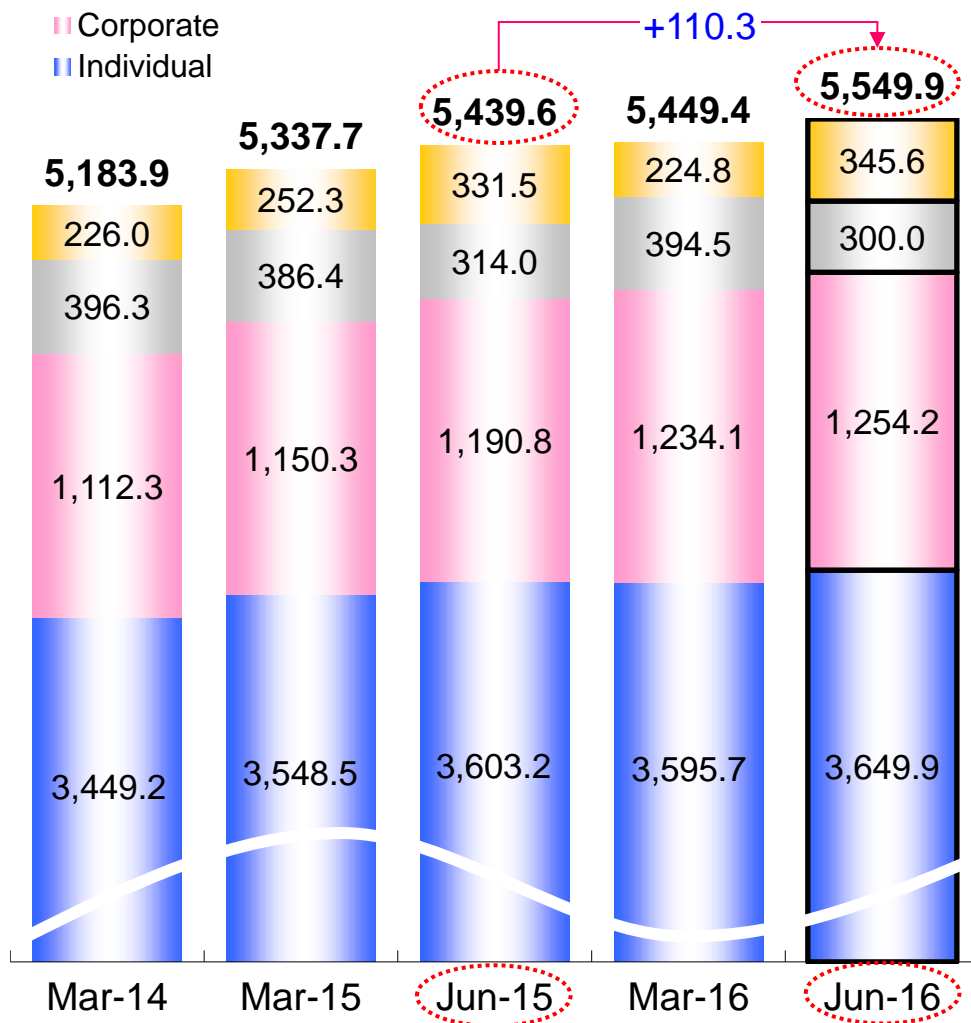


Deposits (term-end balance)

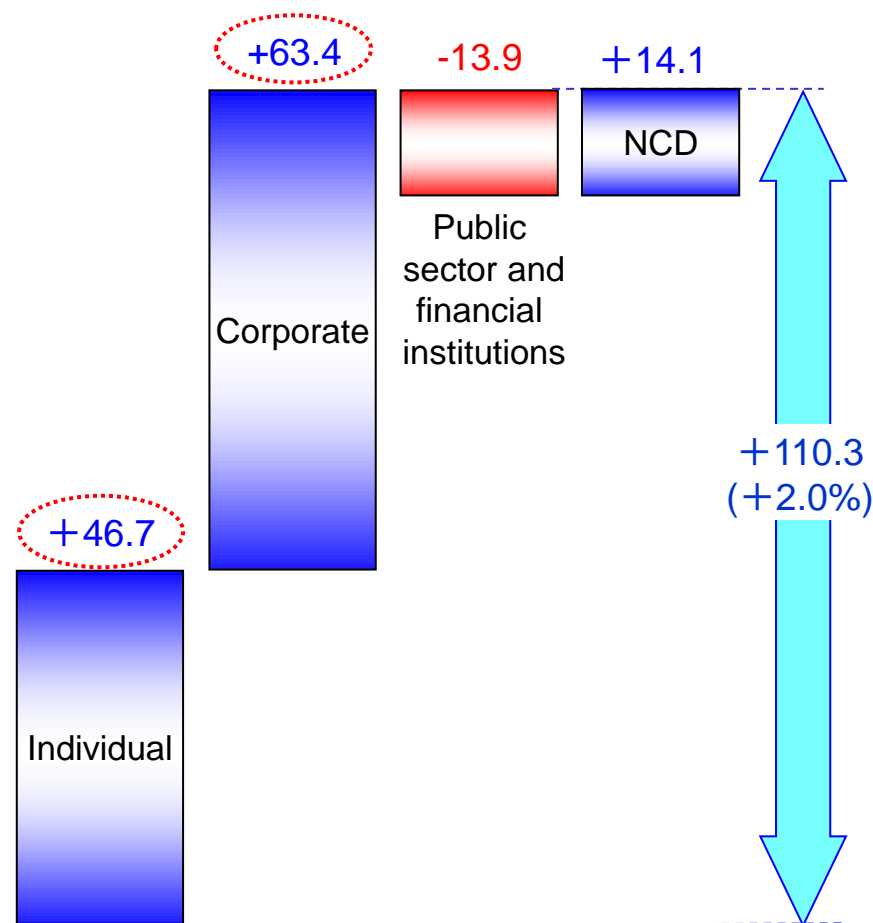
- ◆ The term-end deposits balance including NCD increased 110.3 billion yen YoY, to 5,549.9 billion yen (2.0% annualized), by growth in individual & corporate sectors.

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

- NCD
- Public sector and financial institutions
- Corporate
- Individual



《Breakdown of YoY change in deposits balance》 (JPY Bn)





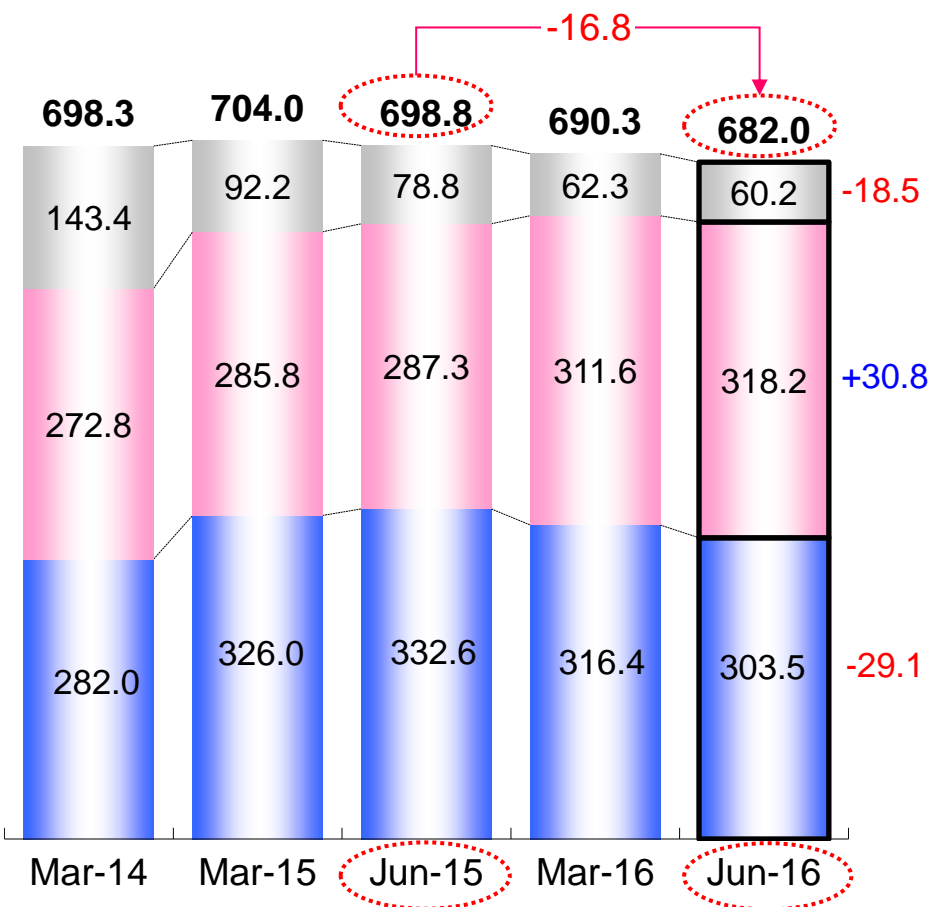
Individual financial assets (term-end balance)

- ◆ Insurance increased steadily but investment trusts decreased due to NAV decline etc.
- ◆ Total individual financial assets increased 29.8 billion yen YoY, to 4,331.9 billion yen.

《Assets under custody for individuals (term-end balance)》

(JPY Bn)

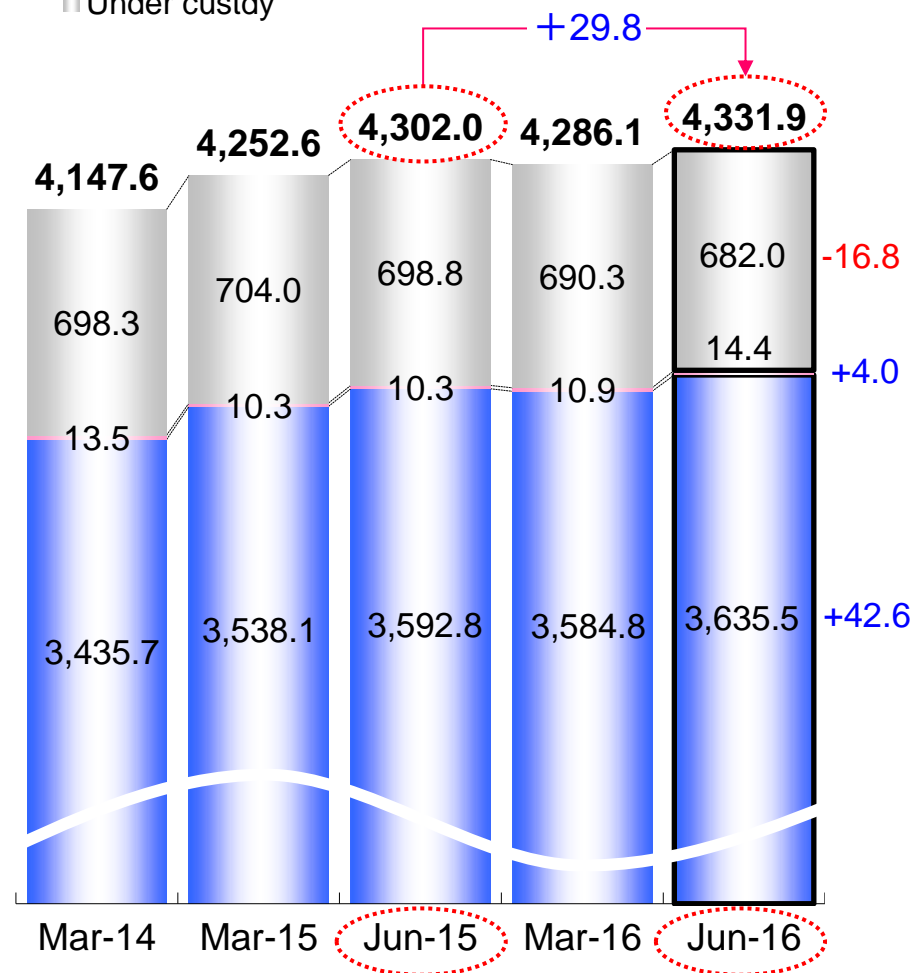
■ Investment trusts ■ Insurance ■ Public bonds



《Individual financial assets (term-end balance)》

(JPY Bn)

■ Foreign currency deposits
■ Under custody



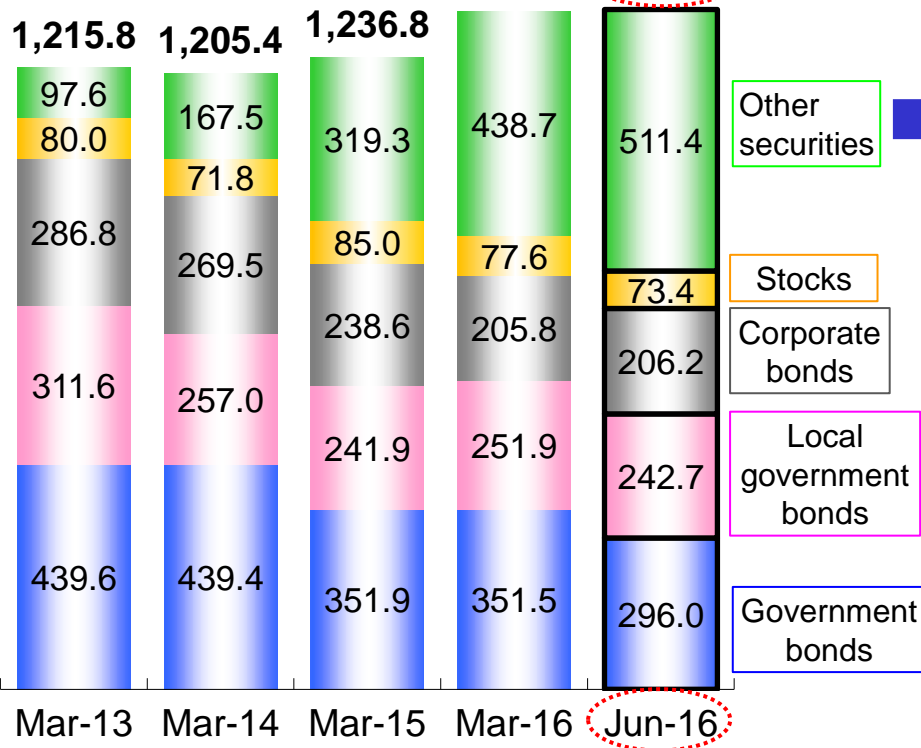
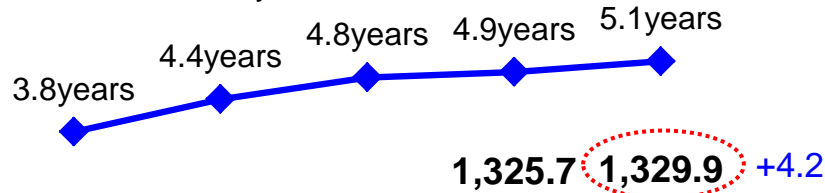
Securities

- ◆ The balance of securities increased 4.2 billion yen from the end of FY2015, to 1,329.9 billion yen, due to the increase of investment trusts and foreign bonds.
- ◆ Unrealized valuation gains on other securities (available-for-sale securities) decreased from the end of FY2015, due to the decrease of stocks and bonds.

《Securities (term-end balance)》

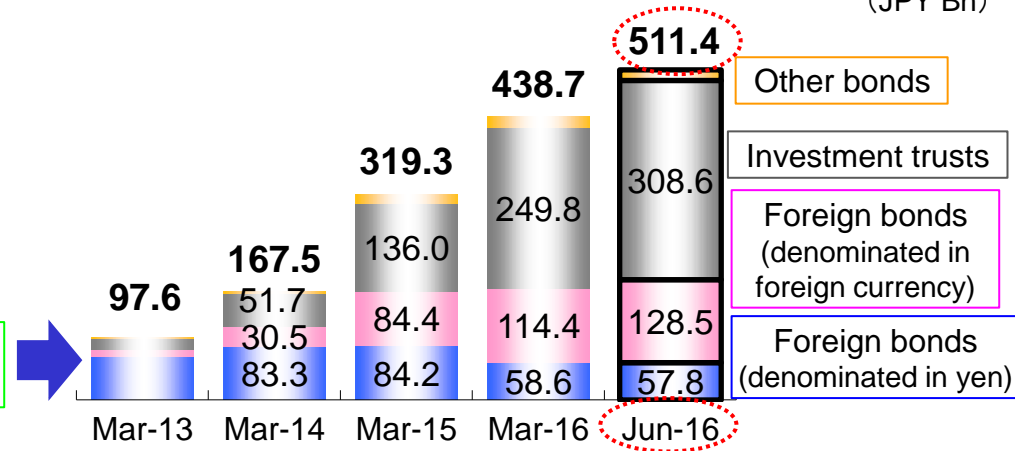
(JPY Bn)

◆ Duration of yen-denominated bonds



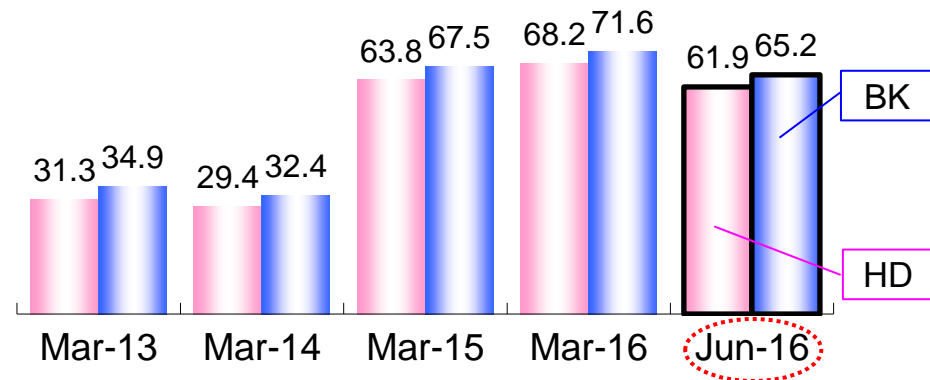
《Foreign bonds, etc. (term-end balances)》

(JPY Bn)



【HD/BK】《Unrealized valuation gains on other securities (available-for-sale securities)》

(JPY Bn)



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

*Other Securities = Available-for-sale securities



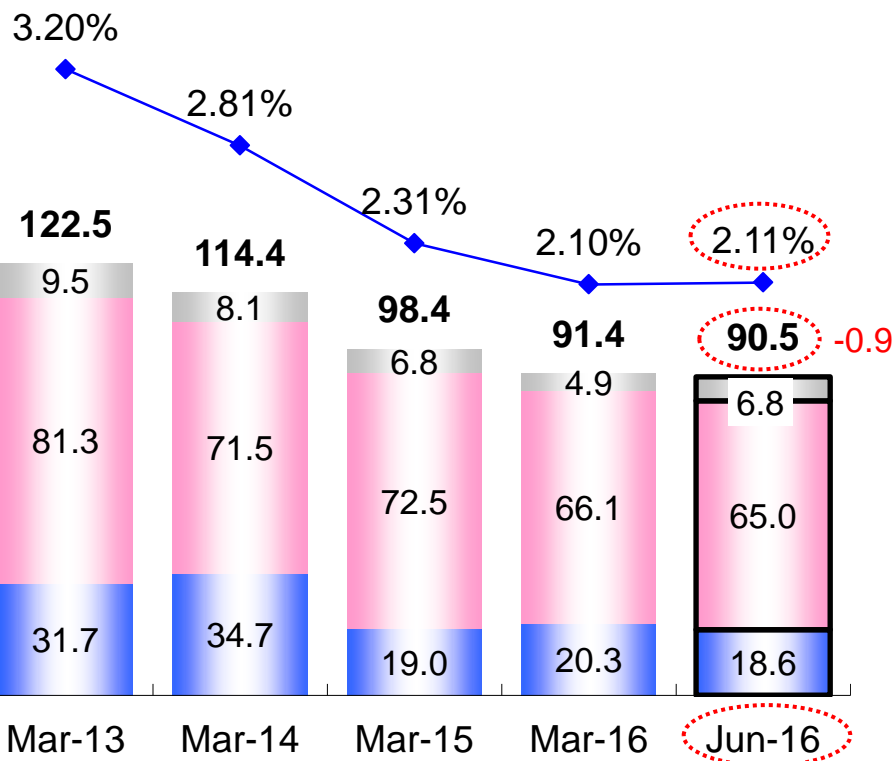
Non-performing loans / Credit related costs

- ◆ The balance of non-performing loans (loans subject to mandatory disclosure under the financial revitalization law) decreased 0.9 billion yen from the end of FY2015, to 90.5 billion yen. The NPL ratio maintained same level of Mar. 2016 at 2.11%.
- ◆ Credit related costs were -0.1 billion yen on non-consolidated basis (BK) and -0.7 billion yen on consolidated basis (HD) due to the gains on reversal of general allowance for loan losses.

《Loans subject to mandatory disclosure under the Financial Revitalization Law》

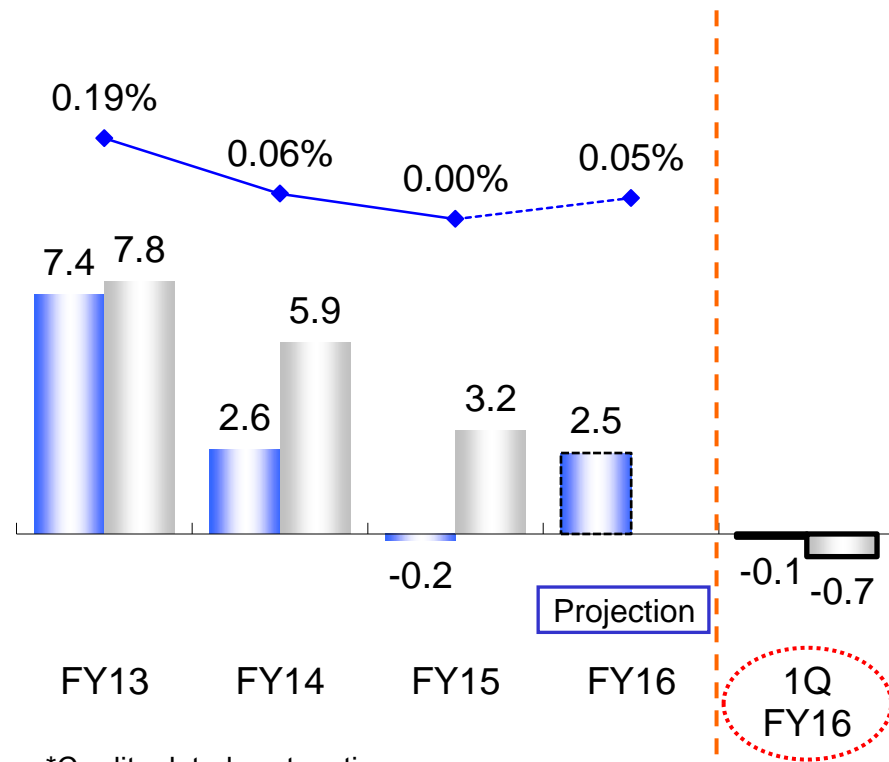
(JPY Bn)

- Bankrupt and substantially bankrupt claims
- Doubtful claims
- Claims requiring supervision
- ◆ NPL ratio



《Credit related costs》 (JPY Bn)

■ BK ■ HD ◆ Credit related costs ratio



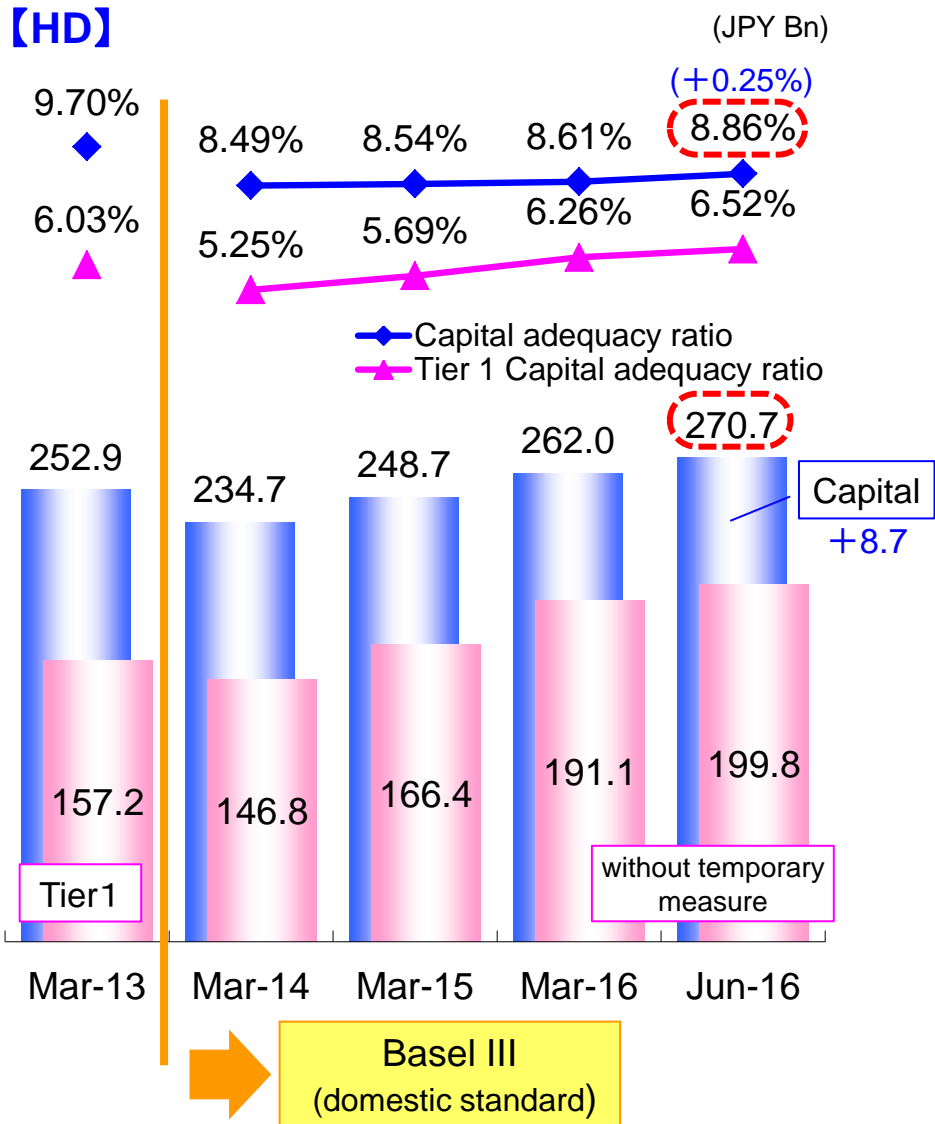
*Credit related costs ratio
= Credit related costs / Average balance of loans

*HD's credit related costs projection for FY16 is n.a. because of integration with Joyo Bank on Oct. 1, 2016.

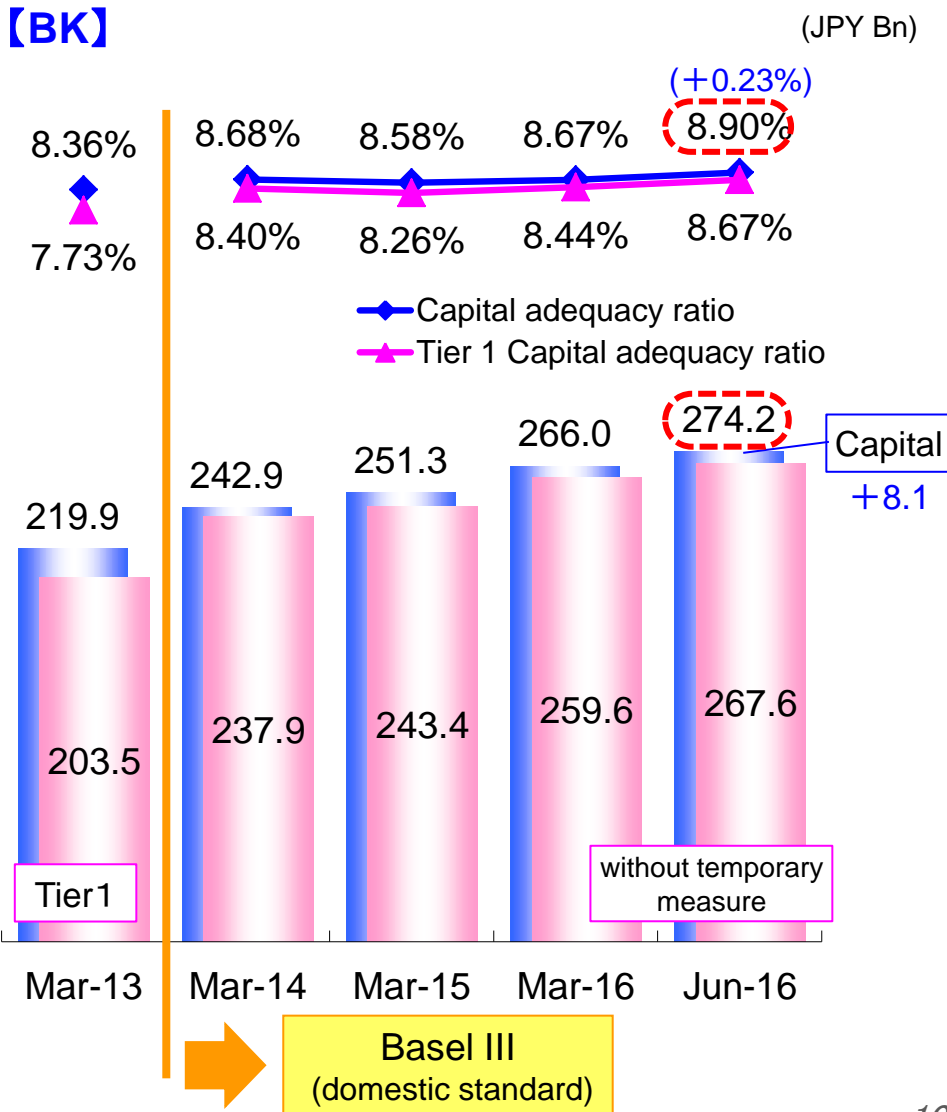
Capital adequacy ratio (Domestic standard)

- ◆ The capital adequacy ratio based on Basel III (domestic standard) was 8.86% of HD, up 0.25 point from the end of FY2015.
- ◆ The above ratio of BK was up 0.23 point, to 8.90%.

【HD】



【BK】





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