

 ASHIKAGA HOLDINGS CO., LTD

 THE ASHIKAGA BANK, LTD

# 2013

## DISCLOSURE

ASHIKAGA HOLDINGS

ASHIKAGA BANK

CORPORATE PROFILE

## President's Message

I would like to express my greatest appreciation to our stakeholders for their continued support and patronage of Ashikaga Holdings and the Ashikaga Bank.

Reflecting on the Japanese economy during the fiscal term under review, although recovery slowly began after being triggered by reconstruction demand, etc., the upward trend remained moderate due mainly to a decline in exports and production caused by deceleration of overseas economies. In the local economy of Tochigi prefecture, while the housing investment sector, etc. indicated moderate growth, business centered on production sectors remained soft. Subsequently, the economy is now being propelled upward due to the government's economic policies and bold monetary easing by the Bank of Japan.

Under such circumstances, the Ashikaga Holdings Group aimed to establish a stable operating system as the top regional bank, contribute to the development of the local economy, and elevate corporate value. To this end, we have focused on fulfilling a smooth financial intermediary function in the local community and offering financial services that meet our customers' needs through our pivot of the Ashikaga Bank.

During fiscal 2012, we launched new products- the Ashigin support fund for environmental initiatives and the Ashigin solar power generation support loans. Both loan products were designed to support corporate customers for their initiatives concerning environmental issues. We also stepped up our financing into the growth fields by extending the operating period for the Ashigin growth platform support fund. As for lending to individual customers, we propelled lending activities centered on housing loans, established Omiya Loan Center, and launched holiday operation services in the Maebashi Loan Center. As a result of these efforts, the balance of loans (on a non-consolidated basis) of the Bank increased ¥134.2 billion from the end of the previous fiscal term to ¥3,775.2 billion. Meanwhile, the number of corporate loan customers profiled as "borrowers requiring supervision" or with higher credit rankings increased to 21,328.

Deposits (on a non-consolidated basis) rose ¥106.9 billion year-on-year to ¥4,963.0 billion on the strength of increases in individual deposits, corporate deposits and negotiable certificates of deposit. In addition, our investment trusts and insurance businesses have grown. As a result, the assets in the custody of individual customers (investment trusts, bonds, and insurances) rose ¥57.7 billion year-on-year to ¥702.9 billion.

In branch network measures, we opened Oyama Municipal Sub-branch-level Office, making the total number of staffed branches 151, while Komanyu Sub-branch-level Office (a retail center) moved to a new premise and newly started operation as Utsunomiya Nishi Branch.

As part of our regional contribution activities, we provided support for matching businesses by holding *Monozukuri Kigyou Tenji/Shoudankai* (Manufacturers' Exhibition and Business Confab) and *Tochigi Shokuno Tenji/Shoudankai 2013* (Tochigi Food Exhibition and Business Confab 2013), etc. In addition, we held seminars for providing corporations with information on overseas business to help them explore business in Asian countries.

As a consequence of these initiatives, our consolidated operating profit for fiscal 2012 increased ¥1.5 billion year-on-year to ¥18.7 billion. Net profit decreased ¥1.6 billion year-on-year to ¥15.4 billion, mainly due to income tax payments and a decline in deferred tax assets.

In the background of structural social issues including acceleration of a declining birth rate, an increasing elderly population, decline in population, hollowing of the industrial structure, and uncertainties over the outlook of overseas economies due to European debts problems, etc., the regional economy has continuously faced difficulties. Such circumstances have made us recognize that it is a significant challenge that we, as

a regional financial institution, shall contribute to the development of the regional economy through further facilitation of regional finance activities.

In recognition of such, we worked jointly with the Ashikaga Bank to develop a new medium-term management plan, “Challenges 120 - Valiant challenges toward 120-year anniversary of foundation” with an implementation period from fiscal 2013 to fiscal 2015.

While the environment surrounding the regional economy does not allow us to have an optimistic view, we look forward to fiscal 2015, when the Ashikaga Bank will achieve the 120-year anniversary of foundation. Moving ahead toward the anniversary, we will aim to realize our vision: “Reliable and trusted partner for our customers,” “Convenient and assured bank,” “Contributor to regional development and growing together,” and striving towards our efforts to fulfill our mission of living together with the region and becoming a permanent contributor to the creation of regional wealth. In addition, we will take on initiatives for improving value-added services, strengthening the banking force and developing human resources to achieve our goals of “augmenting profitability through commitment to the region” and “listing on the Tokyo Stock Exchange” set in the medium-term management plan.

As for improving value-added services, we will take on all needs and challenges faced by our customers by offering complete engagement and full support as an integral partner.

In strengthening the banking force, we will reinforce the proficiency required as a banking corporation, such as management administration and control, risk management, planning, financing and investment, and efficient operation.

We will strive to develop human resources that carry out our complete engagement, provide full support to our customers, and serve to create a powerful organization.

All of our executives and employees will make their best efforts for the mutual development of regional customers as well as the Ashikaga Holdings Group, including the Ashikaga Bank. I would like to thank our stakeholders for their continued support and encouragement of Ashikaga Holdings Group.



June 2013

Satoshi Fujisawa, President and Chief Executive Officer

*SATOSHI FUJISAWA*

Ashikaga Holdings Co., Ltd.

The Ashikaga Bank, Ltd

## Profile

Ashikaga Holdings Co., Ltd.

- Trade name: Ashikaga Holdings Co., Ltd.
- Representative: Satoshi Fujisawa, President and Chief Executive Officer
- Established: April 1, 2008
- Capital: ¥105.01 billion
- Address of head office: 1-25, Sakura 4-chome, Utsunomiya, Tochigi Prefecture

The Ashikaga Bank, Ltd.

- Trade name: The Ashikaga Bank, Ltd.
- Representative: Satoshi Fujisawa, President and Chief Executive Officer
- Founded: October 1, 1895
- Capital: ¥135 billion ( The Ashikaga Bank, Ltd. is a wholly owned subsidiary of Ashikaga Holdings Co., Ltd. )
- Address of head office: 1-25, Sakura 4-chome, Utsunomiya, Tochigi Prefecture
- Number of employees: 3,116

Founded in Ashikaga City, Tochigi Prefecture, in October 1895, Ashikaga Bank relocated its head office to Utsunomiya City, one of the major cities in northern Kanto, in February 1967 with expansion of operations.

(March 31, 2013)

## Corporate Philosophy

All of Ashikaga Holdings and Ashikaga Bank's actions are rooted in the Group corporate philosophy, comprising the three concepts of our mission, our business approach, and our code of conduct.

Based on our corporate philosophy, we are determined as a bank to justify the trust and meet the expectations of our customers in the community, in our role as a comprehensive financial institution for Tochigi Prefecture.

- **Our mission**

**To contribute to the creation of affluence**

As a comprehensive financial institution for Tochigi Prefecture, the Ashikaga Bank continues to contribute to the generation of affluence for all in the regional community.

- **Business approach**

**In harmony with the region**

With a customer-oriented focus, the Ashikaga Bank is committed to operational soundness in harmony with the region.

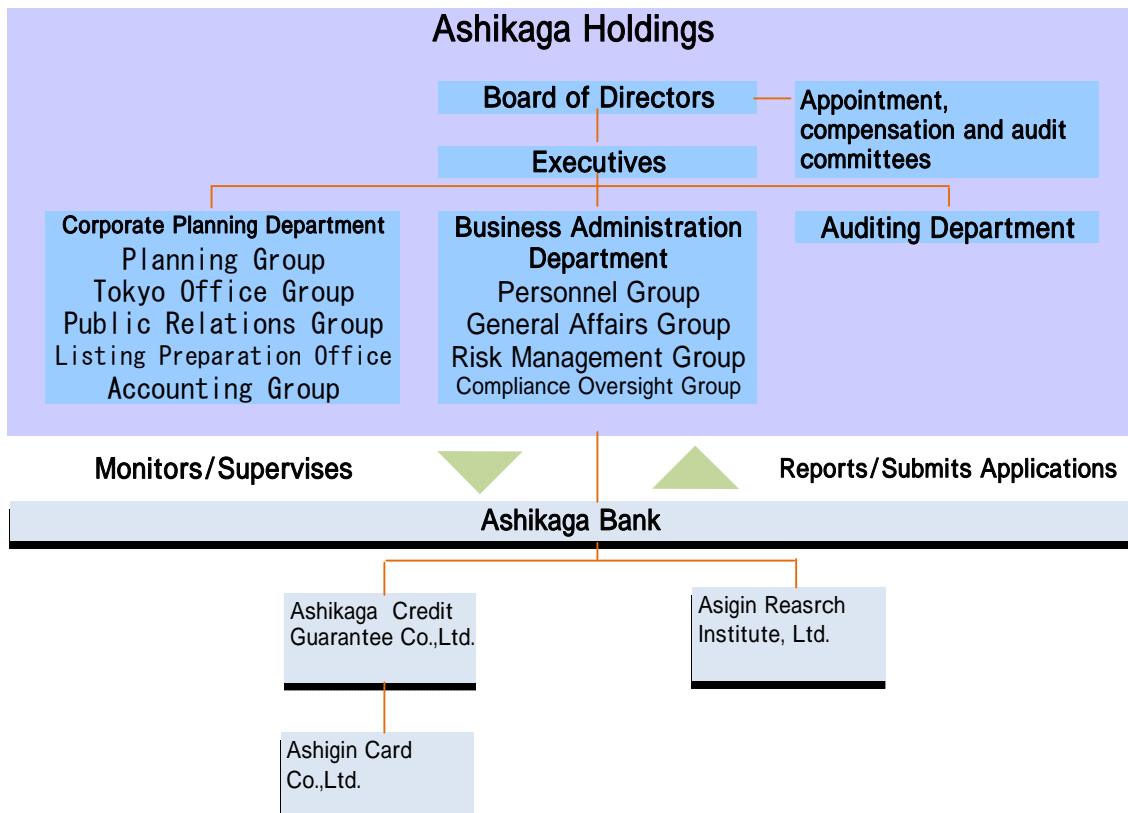
- **Code of conduct**

**With pride in our hearts and a smile on our faces**

In full awareness of our mission and role, we will tirelessly meet our customers' expectations and justify their trust, with self-improvement as our watchword, with pride in our hearts and a smile on our faces.

## Organization

The Bank comprises a Corporate Planning Department which coordinates overall planning, a Business Administration Department which oversees management roles, and an Auditing Department for internal auditing. These departments work closely with other Bank affiliated units to ensure appropriate business management and monitoring.



## New Medium-term Management Plan

### Outline of New Medium-term management Plan

Name	Challenges 120 - Valiant Challenges Toward 120-year Anniversary of Foundation
Term	From fiscal 2013 to fiscal 2015 (3 years)
Vision for the Bank	Reliable and trusted partner for our customers Convenient and assured bank Contribute to regional development and growing together
Goals of medium-term Management Plan	Augmenting profitability through commitment to the region Listing on the Tokyo Stock Exchange

## Significant Management Indicators (Fiscal 2015)

### Ashikaga Bank, non-consolidated basis

Profitability	
Gross business profit	¥ 78 billion
Net business income	¥30 billion

Growth	
Balance of deposits	¥5,200 billion
Balance of loans	¥4,100 billion
Balance of assets under custody	¥950 billion

Efficiency	
OHR	60%

Soundness	
Ratio of Non-performing loans	At 3% or below

### Ashikaga Holdings, consolidated basis

Profitability	
Operating profit	¥19 billion

Soundness	
(New) Capital ratio	8.2%

## Basic Strategy

- > > We will concentrate three forces: value-added services; the banking force; and human resources to achieve the goals of the Medium-term Management Plan.
- > > We will strengthen the banking force and human resources to realize improvement of value-added services.

### Value-added services

Achievement by “complete support” ~ Three strategies to realize “complete support”  
 Strategy for corporate banking: reinforcing initiatives for local mainstay and small and medium-sized firms; improving the consulting force; and focusing on growth in business fields.  
 Regional revitalization: elevating a hub function  
 Strategy for retail banking: pursuing familiarity, convenience, assurance, and trustfulness.  
 Focusing on significant life events

### Banking force

Strengthening financing and investment  
 Improving quality of PDCA (Developing more sophisticated structure for profit control)  
 Simple operation and strong operating efficiency

### Human resources

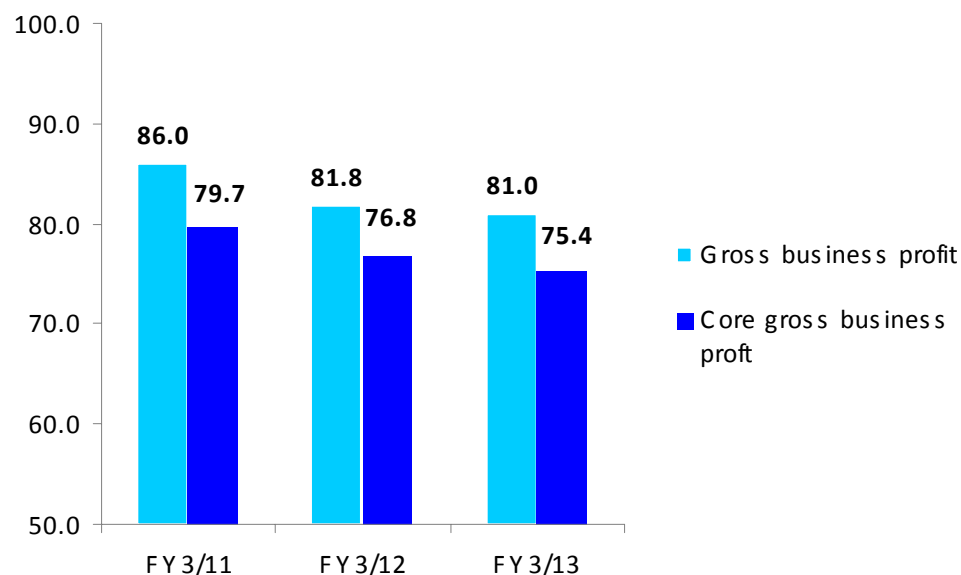
Creating powerful organization  
 Developing human resources to realize complete support

We define the term, “banking force” as demonstrating comprehensive proficiency that is required for a banking corporation to operate its business such as management administration and control; risk management; planning; financing and investment; and efficient operation.

## Major business indicators (Ashikaga Bank, non-consolidated)

### Gross business profit

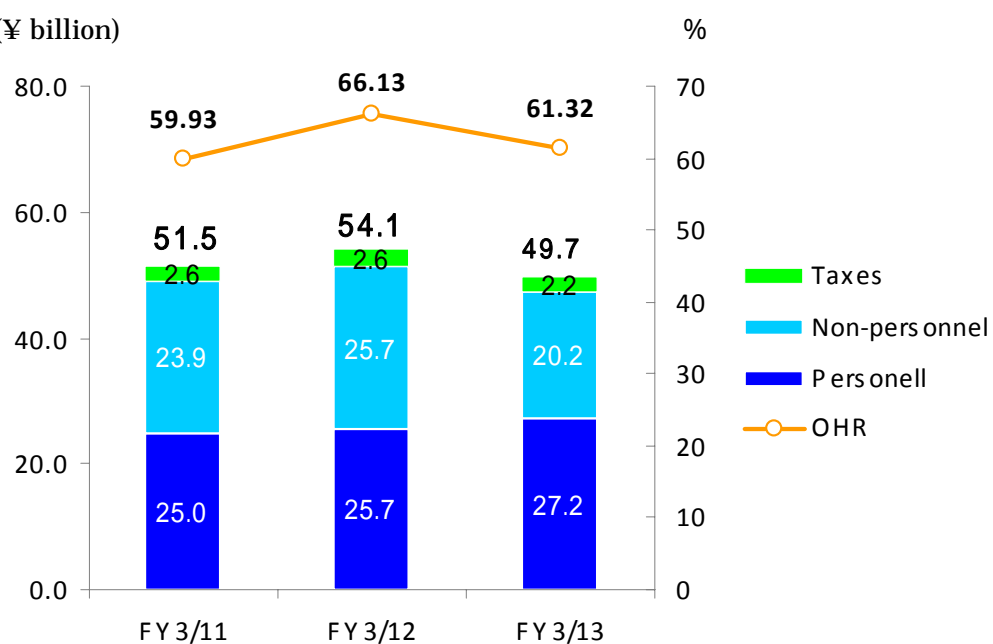
(¥billion)



Gross business profit declined ¥0.7 billion year-on-year to ¥81.0 billion and core gross business profit fell ¥1.3 billion year-on-year to ¥75.4 billion yen. These operating results were mainly due to a decline in profit from financing caused by the lowered yield of loans and increases in fees and commissions as well as profits on bonds such as government bonds.

### Overhead costs

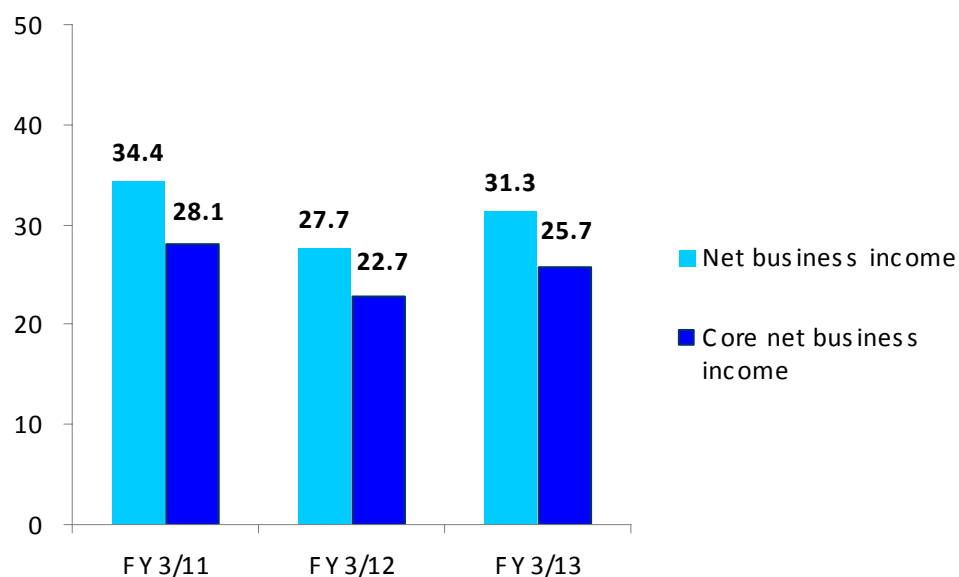
(¥ billion)



Overhead costs declined ¥4.3 billion year-on-year to ¥49.7 billion, reflecting a decline in outsourcing expenses and positive effects due to various expense reviews. As a result, overhead cost ratio (OHR) posted 61.32%.

### Net business income and Core net business income

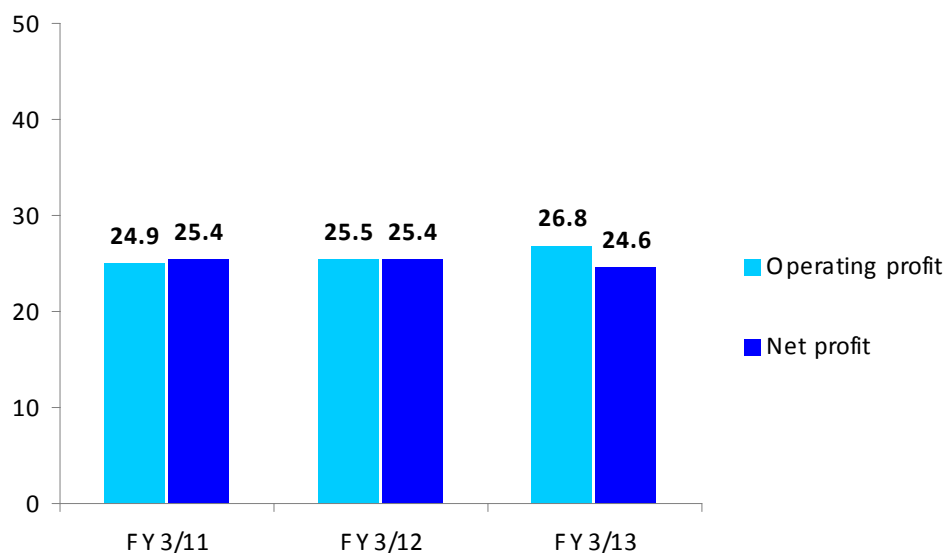
(¥ billion)



Net business income increased ¥3.6 billion year-on-year to ¥31.3 billion due to a decline in overhead costs, while core net business income after deducting the profits on bonds such as government bonds increased ¥3.0 billion year-on-year to ¥25.7 billion yen.

### Operating profit and Net profit

(¥ billion)

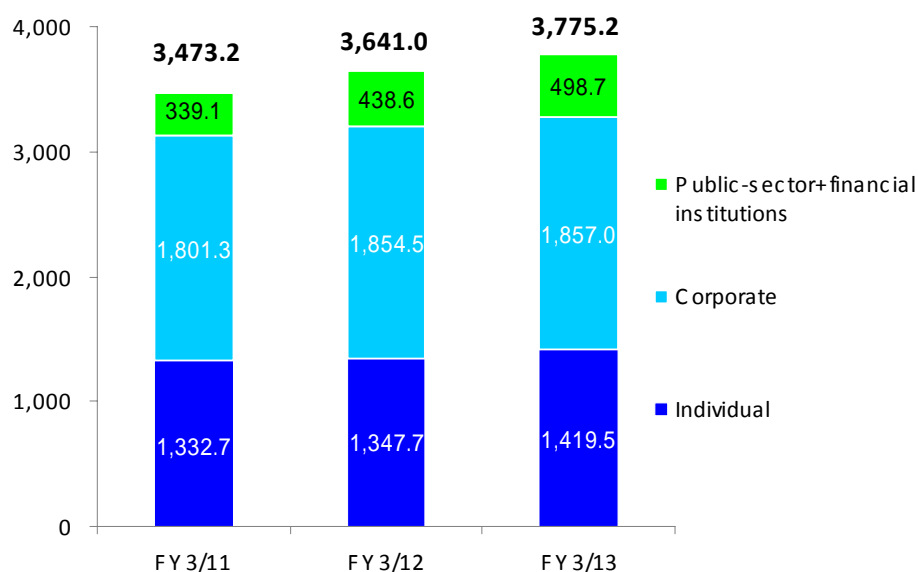


Operating profit increased ¥1.2 billion year-on-year to ¥26.8 billion mainly due to ¥4.5 billion in credit related costs and ¥0.7 billion yen in losses on stocks, while net profit declined ¥0.8 billion year-on-year to ¥24.6 billion due to payments of income taxes, etc.



## Balance of loans

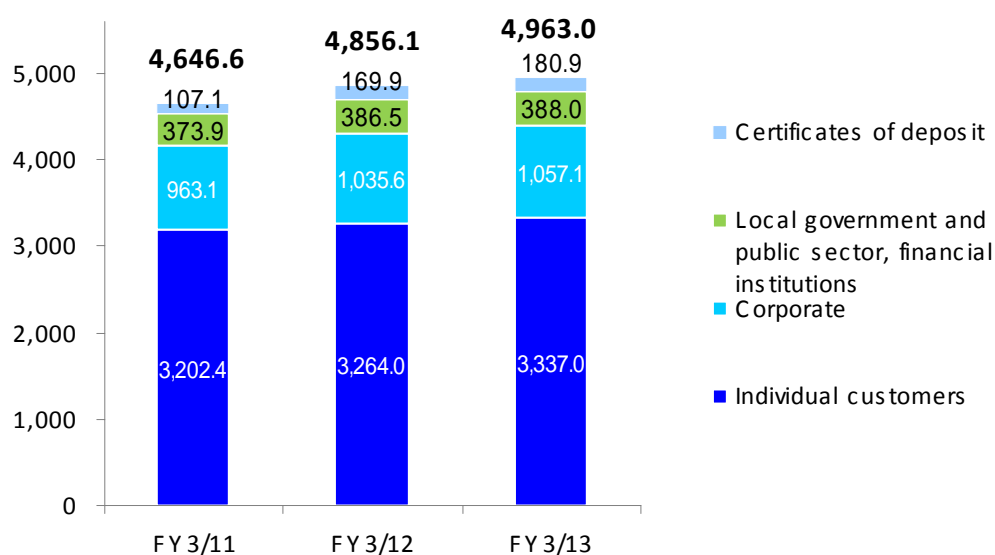
(¥ billion)



The balance of loans rose ¥134.2 billion year-on-year to ¥3,775.2 billion due to steady growth in corporate loans as well as a substantial increase in lending to individual customers and the public sector.

## Balance of deposits

(¥ billion)

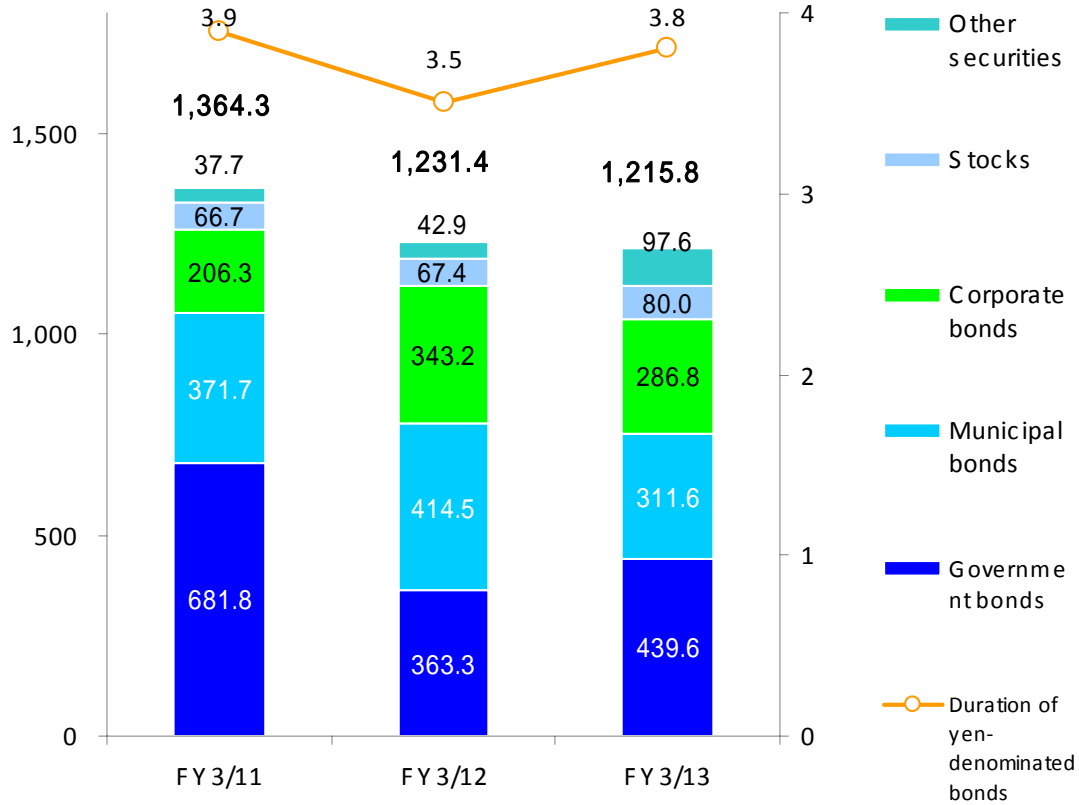


The balance of deposits rose ¥106.9 billion year-on-year to ¥4,963.0 billion on the strengths of steady growth in individual deposits, corporate deposits and negotiable certificates of deposit.

### Securities / Duration of yen-denominated bonds

(¥ billion)

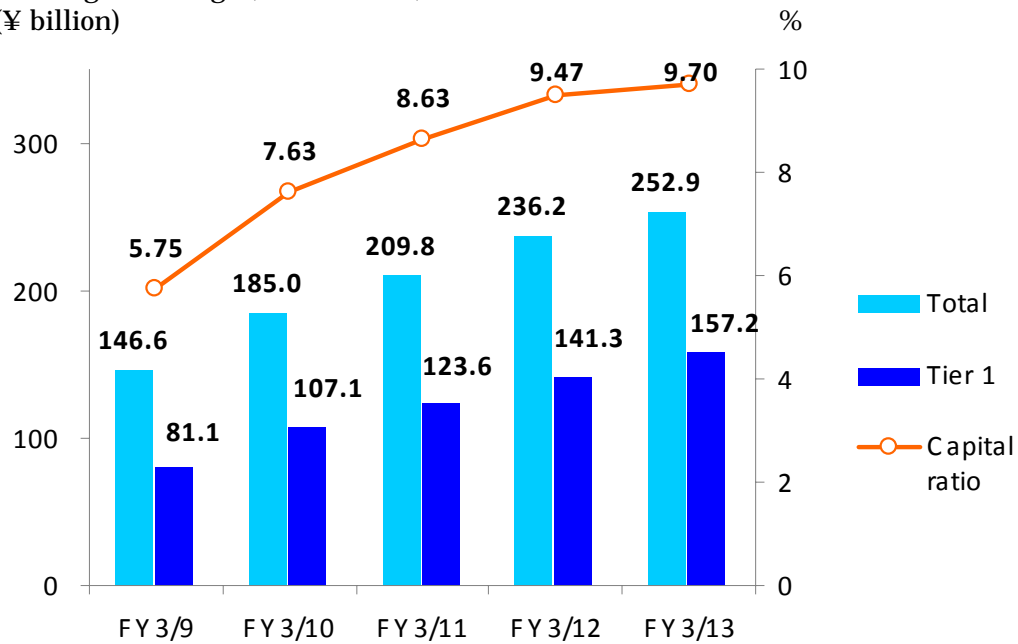
year



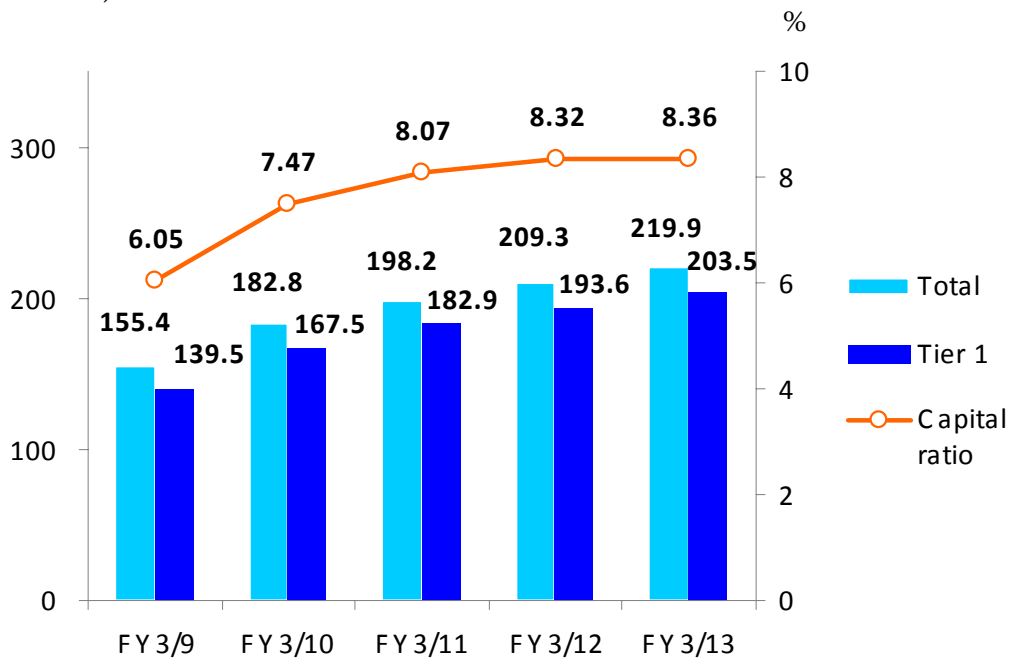
The balance of securities declined ¥15.6 billion year-on-year to ¥1,215.8 billion mainly due to maturity redemption and sales of bonds. In bonds, government bonds rose ¥76.3 billion year-on-year to 439.6 billion, while local bonds and corporate bonds declined ¥102.8 billion year-on-year to ¥311.6 billion, ¥56.4 billion year-on-year to ¥286.8 billion respectively. Duration of yen-denominated bonds was 3.8 years.

## Capital ratio

Ashikaga Holdings (consolidated)  
(¥ billion)



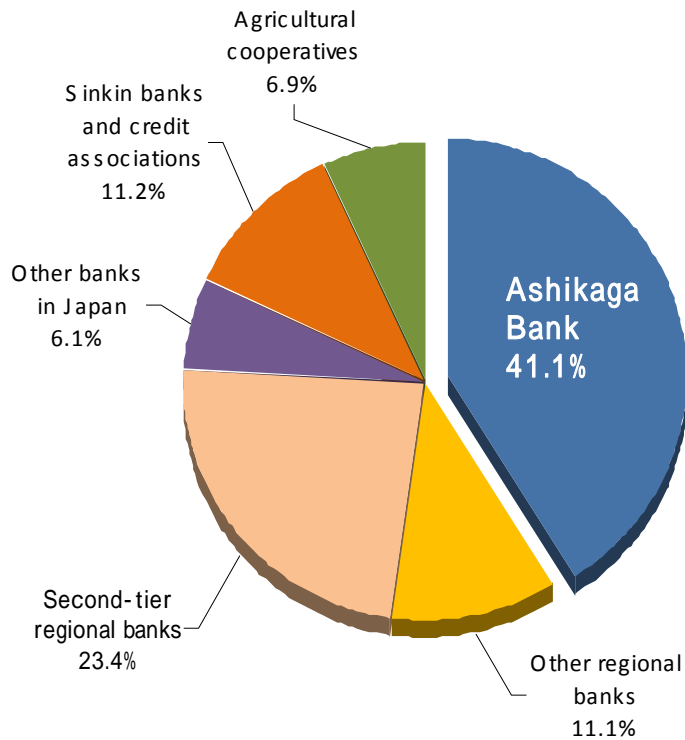
Ashikaga Bank (nonconsolidated)  
(¥ billion)



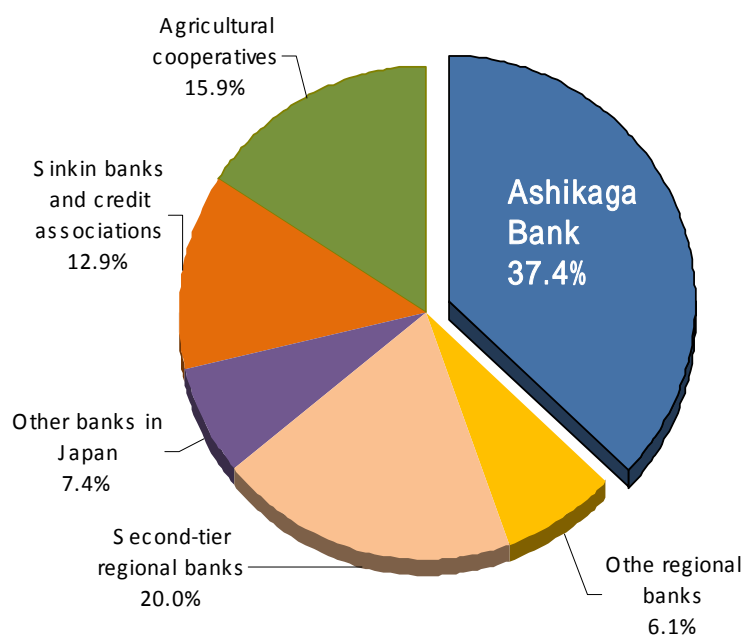
## Efforts for region-based relationship banking

### The Bank's positioning in Tochigi Prefecture

#### Loans (March 2012)



#### Deposits (March 2012)



The financial institutions covered by these statistics are banks in Japan, *Shinkin* banks and credit associations, and agricultural cooperatives (in-house research).

<b>Balance of loans, and loans made to regional borrowers</b>		<b>(¥ billion, %)</b>		
	Year ended March 2011	Year ended March 2012	Year ended March 2013	
Balance of loans	3,473.2	3,641.0	3,775.2	
Balance of loans to regional borrowers	3,019.7	3,032.3	3,133.0	
Proportion of all regional loans	86.9	83.2	83.0	

<b>Balance of loans made to SMEs, Balance of loans made to regional SMEs</b>		<b>(¥ billion, %)</b>		
SME= small-and-medium-sized enterprise	Year ended March 2011	Year ended March 2012	Year ended March 2013	
Balance of loans made to SMEs	2,571.8	2,575.9	2,646.6	
Proportion of all loans to SMEs	74.0	70.7	70.1	
Balance of loans made to regional SMEs	2,465.2	2,459.0	2,509.4	
Proportion of loans made to regional SMEs vs all loans made to regional borrowers	81.6	81.0	80.1	

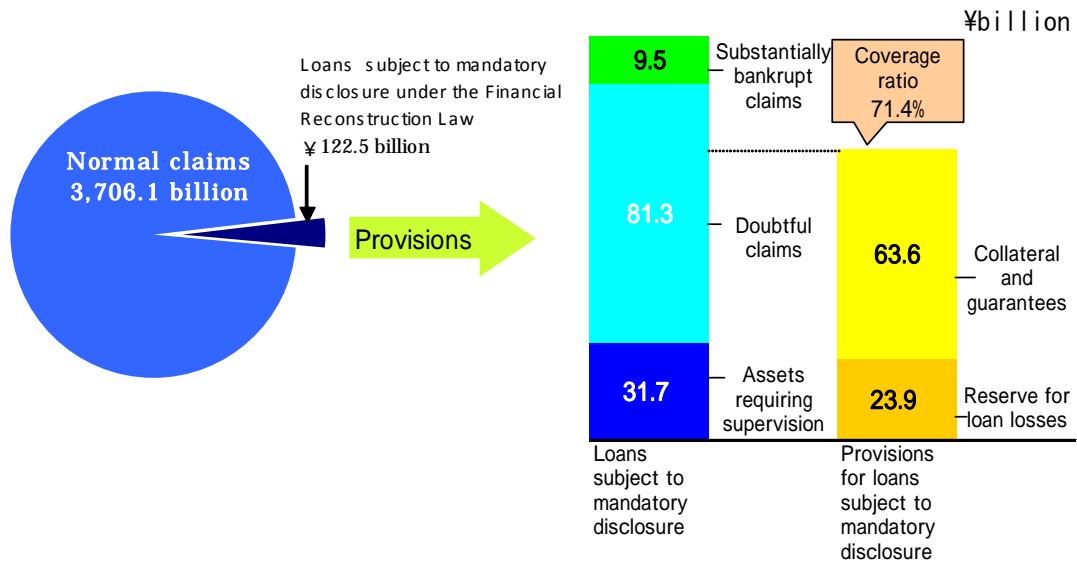
<b>Balance of deposits, and deposits held locally</b>		<b>(¥ billion, %)</b>		
	Year ended March 2011	Year ended March 2012	Year ended March 2013	
Deposits	4,539.5	4,686.2	4,782.1	
Deposits held locally	4,490.7	4,632.6	4,744.0	
Proportion of all deposits	98.9	98.8	99.2	

<b>Balance of assets under custody, and assets under custody held locally</b>		<b>(¥ billion, %)</b>		
	Year ended March 2011	Year ended March 2012	Year ended March 2013	
Assets under custody	672.5	689.9	756.8	
Assets under custody held locally	671.6	689.1	756.0	
Proportion of all assets under custody	99.8	99.8	99.8	

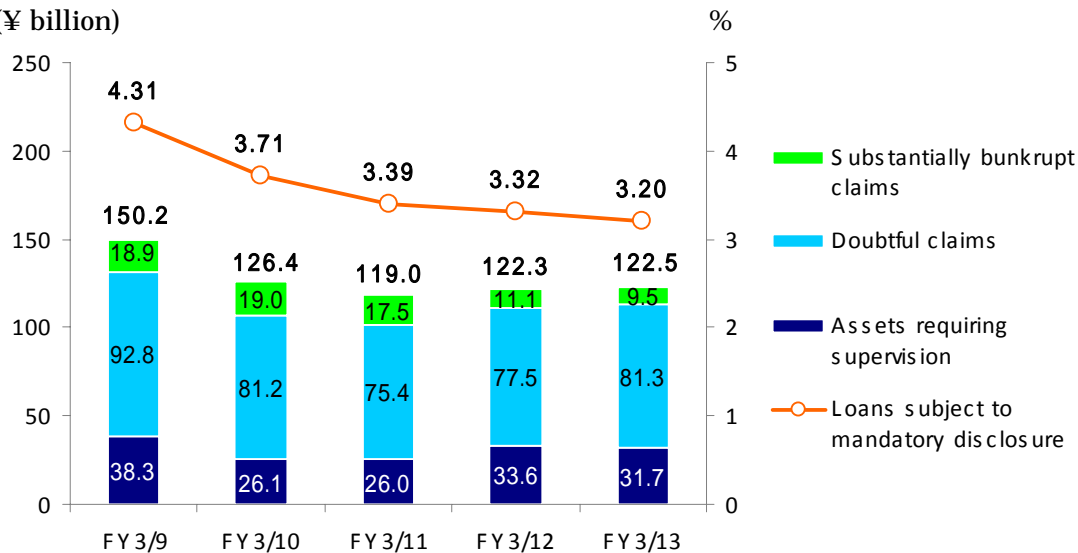
The region covered by the Bank refers to its business base in North Kanto (Tochigi, Gunma, Ibaraki and Saitama prefectures).

## Loans subject to mandatory disclosure under the Financial Reconstruction Law

Loans subject to mandatory disclosure under the Financial Reconstruction Law as of March 31, 2013



### Changes in loans subject to mandatory disclosure under the Financial Reconstruction Law (¥ billion)



The balance of non-performing loans rose ¥0.2 billion from the end of the previous term to ¥122.5 billion due to an increase in doubtful claims. However, the ratio of non-performing loans declined 0.12 percentage points year-on-year to 3.20% due to substantial growth in normal loans.

## Our efforts towards the enactment of the Act on Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises

The enactment of the Act on Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises ended on March 31, 2013. Yet, the Ashikaga Bank, in line with the Policies for Facilitating Finance for Small and Medium-sized Enterprise, etc., will continue taking on, in the same proactive manner, all kinds of consultation services including changes in lending conditions and smooth financing to customers.

In addition, we will provide support for management improvement by offering appropriate solutions to customers' management challenges.

### (The Policies for Facilitating Finance for Small and Medium-sized Enterprises, etc. (Extract))

When requests are made for a change of repayment terms, we pay careful attention to the customer in question, and take whatever steps we can to alleviate the payment burden.

#### Change of repayment terms and other matters

Complaints: Toll-free number: 0120-550-760  
Open: Weekdays 9:00-17:00 (except Bank holidays)

Requests for change of repayment terms and other matters: Please contact the branch in question

## Actual achievement in region-based relationship banking in fiscal 2012

### Demonstrating a consulting function to corporate customers

#### Providing support for business life-cycle management of corporate customers

##### Support for establishment of new companies and businesses

Financing extended under new company and business startup program	96 startups	¥436 million
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##### Support for management improvement and business rehabilitation

Number of customers for which management improvement programs were devised	154
Number of customers assisted through the Small and Medium-size Enterprise Revitalization Support Councils	96
Debt-Debt-Swap	3

##### Business succession

Number of cases in which the Bank offered consultancy services on business succession matters such as transfer of own stock to a successor	324
Number of cases in which M&A consultation services were offered	80

#### Business support information/business matching

- We held four small-scale business confabs with food-related companies in Tochigi Prefecture and Nex-area Co., Ltd., a company managing expressway service areas, etc. with a total of 35 companies participating in the exhibition.
- 39 local banks jointly held the "Food Selection 2012 Business Confab", which is a food exhibition and business confab, with 25 of our corporate customers participating in the exhibition.
- Six shinkin banks and two credit associations in Tochigi Prefecture jointly held *the Monozukuri Kigyo Tenji/Shodankai* (Manufacturers' exhibition/business confab) with 178 companies participating in the exhibition.
- We held *the Tochigi Shokuno Tenji/Shodankai 2013* (Tochigi Prefecture food exhibition and business confab 2013) jointly with Tochigi Prefecture with 176 companies participating in the exhibition.

## Using loan techniques that assess business value

Total of cases of syndicated loan arrangement in which the Bank acted as both arranger and agent	20	total value: ¥57.0 billion
Number of private placements underwritten	187	¥19.0 billion

- Initiatives to improve the individual proficiency of each employee to demonstrate a consulting function
  - Medical Management Specialist 3<sup>rd</sup> Grade: 20 employees
  - Agricultural Management Advisor: 19 employees
  - Personal Properties Advisor: 4 employees
  - M&A Senior Expert: 2 employees, and others

## Strengthening the overseas business support system

- We held four sessions of “Overseas Business Seminar”
- 39 groups including regional banks and local governments cohosted *Nicchu Monozukuri Shodankai@Shanghai 2012* (Japan-China Manufacturers’ business confab@Shanghai 2012), hosted by Factory Network China (with 11 of our corporate customers participating.)
- Tochigi Prefecture, Nomura Securities, Co., Ltd. and the Ashikaga Bank signed a Memorandum of Understanding on Cooperation and Alliance for Overseas Business Development, thereby providing for an Overseas Business Development Support Desk and the strengthening of our support function to meet the needs of corporate customers and their overseas business.



Food Selection 2012 Business Confab



Manufacturers’ Exhibition/  
Business Confab 2012



Japan-China Manufacturers’  
Business Confab@Shanghai 2012

## Proactive participation in integrated local revitalization

### Regional Economic Revitalization Study Group

- The Regional Economic Revitalization Study Group, which was established jointly by Tochigi Prefecture, the Nomura Group and the Ashikaga Bank, discussed measures with themes of Food and Agriculture, Inviting Companies, Tourism, Renewable Energy, Overseas Business Development (expanding sales distribution and businesses).
- One of the selected support companies in the Food and Agriculture support project successfully developed a new product. We provided it with our support for expanding its sales distribution.
- Tochigi Tourism Promotion Leader Training Seminar Management Council, which was established jointly by Tochigi Prefecture, the Ashikaga Bank and financial institutions in Tochigi Prefecture, held the Tochigi Tourism Promotion Leader Training Seminar that was attended by 43 people.
- We held the Ashigin Solar Power Generation Seminar. About 160 people attended it.



Information exchange meeting for major sightseeing areas in Tochigi Prefecture



Ashigin Solar Power Generation Seminar

### Signing the Collaboration Agreement for Developing the Regional Economy with Tochigi Prefecture

- We signed Collaboration Agreement for Developing the Regional Economy with Tochigi Prefecture. It aims at further deepening everyday



close ties with Tochigi Prefecture and implementing various initiatives: that reinforce corporate strength for growth; exploration/support on new /growing industries; inviting companies; and assisting establishment.

### Collaboration activities among public and private sectors and industries-academia

- As a part of the private and public sector's collaboration activities, we have been engaged in various activities to support the PFI business and held the Ashigin PFI Seminar. About 60 people attended the seminar.
- In collaboration with Cabinet Office, Development Bank of Japan Inc., and Japan Economic Research Institute Inc., we co-hosted the PFI presentation with the theme, Future of Public and Private Sectors' Collaboration, targeting local governments and private business entities. About 100 people attended the meeting.

### Proactive information transmission to local communities and users

#### Information function through think tank

- Ashigin Research Institute Ltd. provided information on trends in the regional economy as well as business outlook surveys, etc. The results of 27 surveys were released.
- We offered consultation services to small and medium-sized companies for solutions to the challenges they face, and to local governments for their regional development projects. In addition, we occasionally held training courses and seminars for the development of human resources as well as practical seminars by visiting lecturers.



Human resources development seminar

### Efforts for increasing the convenience of customers

#### Efforts for expanding our branch network

##### New branch/Relocation/Expanding branch services

- In May 2012, Kanaidai Sub-branch-level Office in Utsunomiya City newly opened with upgraded service functions as a retail center to provide consultation for investment needs.
- In August 2012, we opened Oyama Municipal Sub-branch-level Office within the premises of Oyama Municipal Office.
- In February 2013, we relocated the Komanyu Sub-branch-level Office (a retail center) to the first floor of a new four-story building, and re-opened with the renewed name: Utsunomiya Nishi Branch, while Tomatsuri Loan Center was relocated to the second floor of the same building and reopened as Utsunomiya Nishi Loan Center.



Opening of Utsunomiya Nishi Branch

#### Efforts for expanding ATM services

##### Installing in-store ATM

During fiscal 2012, we installed new in-store ATMs in 13 locations. The in-store ATM was developed to target installation in commercial facilities such as supermarkets in line with the intent to expand ATM network services.

##### Seven Bank and E-net ATMs

Through an alliance with ATM operators Seven Bank and E-net, we have made ATMs available to our customers nationwide. As of the end of March 2013, Seven Bank ATMs are placed in 16,531 locations (of which 414 are in Tochigi



"Tochimarunet" signing ceremony for business alliance

Prefecture) and E-net ATMs are in 12,640 locations (of which 198 are located in Tochigi Prefecture).

### **Launching Tochimarunet (ATM business alliance)**

In October 2012, four shinkin banks (Tochigi Shinkin Bank, Sano Shinkin Bank, Ohtawara Shinkin Bank, Karasuyama Shinkin Bank) and two credit associations (Moka Credit Association, Nasu Credit Association) reached an agreement on the ATM business alliance (Tochimarunet), thereby cash withdrawals by customers of our bank and other affiliated financial institutions at ATMs of the affiliated financial institutions became available free of charge, eliminating a fee of ¥105 that is charged when withdrawing at other banks.

## **Efforts for functional improvement of Internet banking services**

In April 2013, an additional security function to prevent phishing fraud was installed to the security software, PhishWall, which is available to our customers free of charge for security purposes.

### **Improvement of internet banking functions for individual customers**

- From April 2012, we started offering services accessible specifically from smartphones.
- From September 2012, services for partial repayment of housing loans and re-selection of fixed interest rates started.
- From February 2013, e-mailing passwords was introduced to tighten security.



A screen accessible specifically from smartphones

## **Services for individual customers**

### **Smile Desks**

In order to meet our customers' diverse asset management needs in a way that matches with their lifestyle, we have established consultation booths, called Smile Desks in our branches offering financial products.

At Smile Desks, specialist staff provide advice to customers on asset formation. The name, "Smile Desks" reflects our philosophy that we shall welcome customers with a smile, and respond to them with kindness and politeness.



Smile Desks

### **Investment products**

As investment trusts draw high attention from our customers as products that are familiar to them, we offer a broad ranged lineup with 57 products (as of March 2013) for investment in domestic and overseas bonds, stocks, real estate, etc. to meet customers' investment needs. In addition, we also have an extensive range of products such as insurance, government bonds, and foreign currency deposits.

The Ashikaga Bank reinforces compliance for front-office operation by introducing a navigation system for sales of financial instruments, and ensures full compliance with the obligation of explanations, the principle of suitability, and the prevention of abuse of a superior bargaining position. Thus, we make efforts to perform appropriate sales transactions in line with customer protection.

### **Loan Centers**

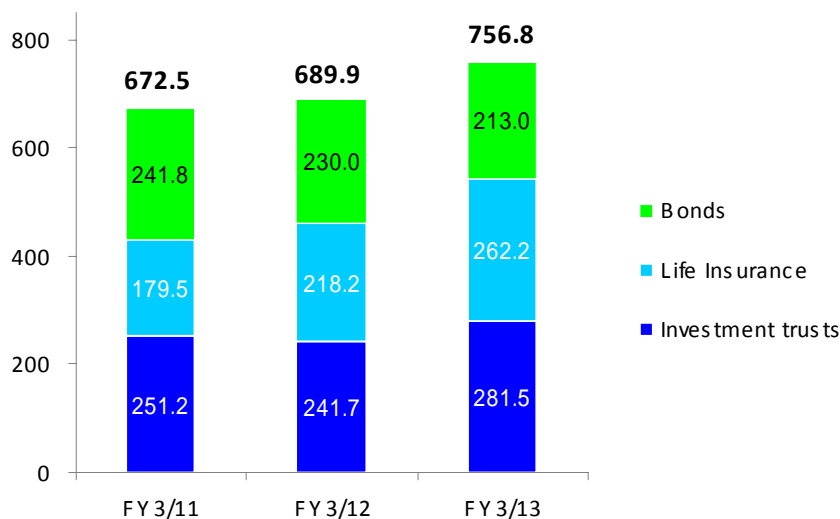
We established loan centers in 23 locations so that customers can visit us at any time easily and without anxiety and receive our consultation services without being rushed. With the exception of some locations, many loan centers operate on Saturday and Sunday, and loan specialist staff offer consultation services including providing explanations of the different kinds of loan products, financing arrangements, and repayment schedules, etc.

We developed a high value-added housing loan program, Kurashi Jouzu (Smart living), which offers customers the opportunity to select one option from: Interest Rate Type, Interest Discount Type, Guarantee Type and also provides guarantees for eight diseases: cancer; acute myocardial infarction; stroke; hypertension; diabetes; chronic renal failure; liver cirrhosis; and chronic pancreatitis.

We also offer various kinds of personal loans to meet customers' individual needs such as automobile loans available for purchasing automobiles and bicycles, education loans, free loans without specific purposes of use and card loans, etc.

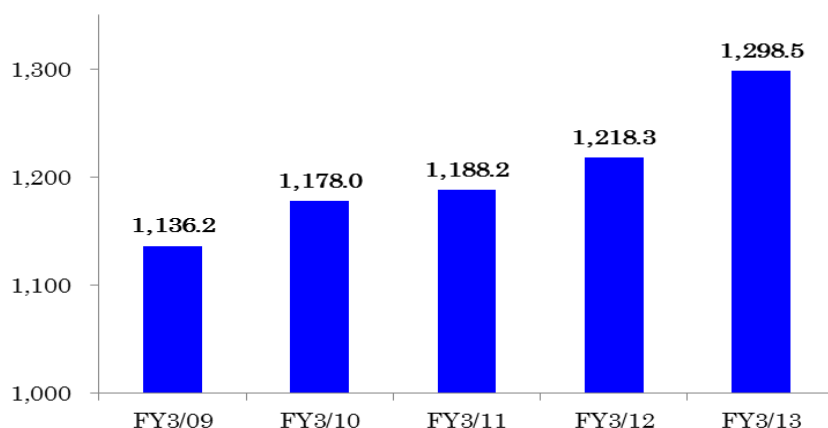
## Assets under custody

(¥ billion)



## Balance of housing loans

(¥ billion)



## Services for corporate customers

The Ashikaga Bank engages business management issues that challenge customers and offers optimal solutions.

### Supporting business strategies

For supporting continuity of corporate life and further growth, we offer various measures for solutions, such as smooth business succession and alliances among companies, etc.

- Consultations on M&A, IPO(Listing), capital policies, and liquidation of affiliated companies, etc. (business expansion, liquidation, re-organization of internal structure, step-up to next stage)
- Understanding overall management challenges, solutions, and improvements (management consulting)
- Consultations on welfare benefit programs for employees and directors (pension, retirement allowances (401K), directors' stock ownership program, etc.)



- Supporting overseas business development
  - >> Holding seminars for overseas business and business confab
  - >> Expanding business at the site of the business alliance partners
    - Kasikorn Bank in Thailand and Bank of China in China.



Business alliance with Kasikorn Bank

### Supporting financial strategy

Given diversified financing needs, we fully take into consideration customers' current conditions and future prospects and offer professional advice:

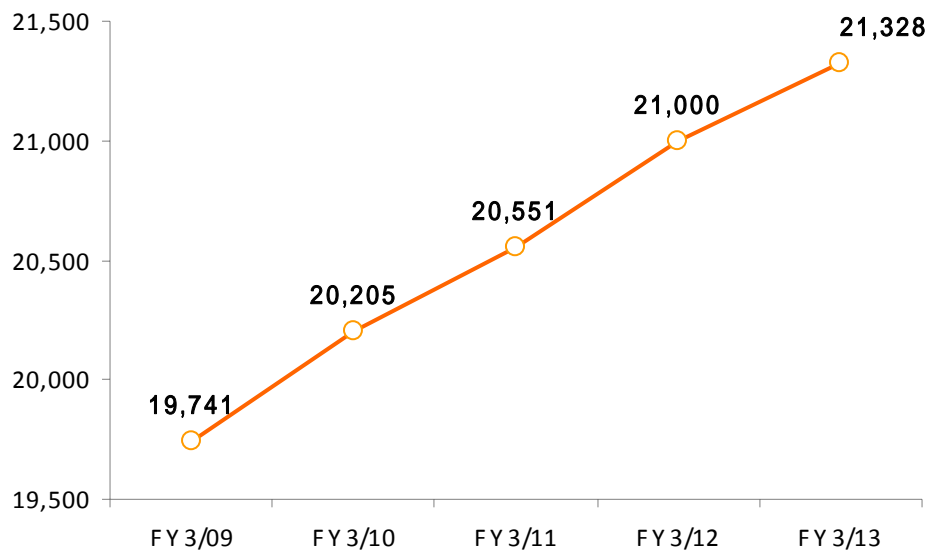
- Offering financing methods such as loans, private placements, capital increase (Ashigin fund), etc.
- Offering a lending scheme such as syndicated loans for large scale finance
- Offering various settlements services – wire transfer, transfer, etc.
- Offering advice concerning asset management (deposits, bonds, stocks, etc.)

### Supporting business succession

For smooth transition of a business to a successor, we engage in comprehensive consultation services, ranging from current status analysis with an understanding of issues to recommending solutions.

- Computation of stock price
- Gift / transfer of stocks during lifetime
- Inheritance tax to business owner's family members

### Corporate borrowers (from normal borrowers to borrowers requiring supervision)



## Corporate Social Responsibility Activities

### Efforts for solving environmental issues

#### Developing Ashigin's Forest

We signed an agreement concerning forest development by corporations with Tochigi Prefecture and Yaita City, and developed Ashigin's Forest in the Tochigi Prefecture Prefectural Citizens' Forest in Yaita City. Following the first planting activity in April 2012, we organized the second-year planting event in April 2013 and 300 people comprising our bank's executives, employees and their families planted trees together, we thereby completed planting trees in Ashigin's Forest. We continue taking care of the forest by planting broadleaf trees such as wild cherry blossoms and maples, so that visitors would enjoy beauties of nature and scenery in four seasons.



Planting trees in Ashigin's Forest

### Protection of Nikko Cedar Avenues

The Bank supports the Nikko Cedar Avenue Ownership System operated by Tochigi Prefecture to protect this world-famous arboreal asset at the Nikko cluster of temples and halls. The Bank became a tree-owner in 1996. Since then we have continuously stepped up purchases, and as a group now own the maximum of 73 cedar trees. Each tree costs ¥10 million.



Ceremony granting a certificate of Nikko Cedar Avenue Ownership.

### Tree-planting activity for the Ashio Mountains

In May 2012, 134 new employees of the Ashikaga Bank and 29 new employees of member companies of the Tochigi Prefecture Industrial Cooperation Council planted about 330 young trees in the rain in the Ashio Mountains with the cooperation of non-profit organization Mountain Nurture Greenery.



Tree-planting in Ashio

### Participating in the Eco-friendly Commuting Week

The Ashikaga Bank Group participated in the Eco-friendly Commuting Week, a concerted action taken by Tochigi Prefecture and cities and towns in the prefecture from October 15 to October 21, 2012. About 1,800 executives and regular employees of the Bank per day commuted by eco-friendly means during the period.

## Making contributions to health and welfare

### Setting compassionate parking space

We endorse the project of doubling compassionate parking space, launched by Tochigi Prefecture, and have established compassionate parking space in 20 branch offices in the prefecture since April, 2012.



Compassionate parking space

### Installing additional ATMs with audio assist handsets (receivers)

We enhanced the installation of additional ATMs with audio assist handsets (receivers) for visually impaired customers. More than one ATM in staffed branches and all ATMs in public facilities (hospitals, stations and government facilities) have been equipped with audio assist handsets. The number of this type of ATMs increased to 307 units in 196 locations by the end of March 2013.

## YOU-I campaign

We have Ashigin YOU-I Activities, which started in 1990 as volunteer works through the voluntary participation of employees. We were actively engaged in activities such as participating in regional events, cleaning activities, donating blood, various fund raising activities and collection of re-cycled resources, etc. The total number of activities participated in during fiscal 2012 reached 1,216 across all banks.

## Promoting financial education

### Holding a seminar about electronically recorded monetary claims

We hold seminars presenting major features of electronically recorded monetary claims, a new alternative settlement method replacing exchanges of bills.

The seminars focus on providing more practical and useful information to help customers consider using the method.



Seminar about electronically recorded monetary claim



### Kids' school

In August 2012, we held the Ashigin Kids' School "money workshop" targeting local elementary school students at the Head Office, and 24 family groups (totaling 55 people) participated in the program.

### Providing a course at university

We provide a course at Utsunomiya University titled Finance Learning from the History of a Local Bank.

In fiscal 2012, we adopted 35 university students with an interest in banking business as interns and offered them an opportunity to gain work experience.

## Public Interest Corporation The Ashigin International Exchange Foundation

We established the Ashigin International Exchange Foundation in 1985 aiming to promote international exchange activities and contribute to the creation of an international and prosperous regional society. The Foundation provides subsidies and other aids to international exchange groups in the region and foreign students from abroad studying in the region.



Persons/groups receiving grant support and board members of the foundation

## Tochigi Prefecture Industrial Cooperation Council

The Tochigi Prefecture Industrial Cooperation Council was established in 1981 as a business organization comprised of leading management companies in Tochigi Prefecture. Through regular study meeting, the Council helps information and cross-industrial exchanges, as well as training of successors. We have been supporting the organization proactively and also serve as the secretariat.



Tochigi Prefecture Industrial Cooperation Council

## Culture and sports promotion

In 2011, we became a naming rights partner of music concerts, *Ashigin Maronie Kencho Concert*, hosted by Tochigi Prefecture, and have been providing support for organizing presentations of cultural activities and events by residents in the prefecture.

So we can cheer for local professional sport clubs with local people, we are the official partner of Tochigi SC (Tochigi Soccer Club Co., Ltd.) as well as the official sponsors of the Utsunomiya Blitzen (Cycle Sports Management Co., Ltd.) and H.C. Nikko Ice Bucks (Tochigi United Co., Ltd.)

In January 2015, as a special sponsor to H.C. Nikko Ice Bucks, we held Ashigin GOODY Card Matched Day.



Ashigin GOODY Card Matched Day

<b>Network as of March 31, 2013</b>			
	<b>Branches</b>	<b>Outside ATMs</b>	<b>Loan Centers</b>
<b>Tochigi Prefecture</b>	112 (of which 44 are sub-branch-level offices)	<b>168</b>	<b>15</b>
<b>Gunma Prefecture</b>	14 ( 4 )	9	5
<b>Ibaraki Prefecture</b>	8 ( 2 )	2	1
<b>Saitama Prefecture</b>	16 ( 1 )	1	2
<b>Tokyo</b>	1 ( - )	-	-
<b>Fukushima Prefecture</b>	1 ( - )	1	-
<b>Total</b>	<b>152 ( 51 )</b>	<b>181</b>	<b>23</b>

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