

**Financial Statement**  
**2011**

**The Ashikaga Bank, Ltd.**

## **The current business status of the Bank (Non-consolidated)**

The Ashikaga Bank, Ltd. delivers regional financial intermediary functions and provides financial services that are tailored to the needs of its customers with the goal of contributing to regional economic development and raising corporate value.

The Ashikaga Bank, together with Ashikaga Holdings Co., Ltd., will increase its transactions volume with customers, strengthen its management system and build the Ashikaga brand based on its medium-term management plan to construct a solid business foundation as a top regional bank and get its stock listed on the Tokyo Stock Exchange.

## **Business performance of the fiscal year under review (Non-consolidated)**

Interest income declined on the back of lower yields on loans and bills discounted and securities, while gains on sales of bonds including Japanese government bonds and gains on sales of stock also declined. As a result, operating income decreased ¥12.7 billion (\$153,573,000) year on year, to ¥99.5 billion (\$1,197,666,000). Operating expenses amounted to ¥74.6 billion (\$897,750,000), a ¥2.2 billion (\$27,242,000) increase, due largely to higher general and administrative expenses and other operating expenses, despite lower interest expenses resulting from lower interest rates.

As a result, operating profit decreased ¥15.0 billion (\$180,815,000) to ¥24.9 billion (\$299,916,000). Special gains of ¥1.0 billion (\$12,810,000) were recorded mainly due to gains on bad debts recovered. In contrast, special losses of ¥1.2 billion (\$15,145,000) were recorded due to reserves for loss on disaster, as well as loss on adjustment for changes of accounting standards for asset retirement obligations. As a result, net profit dropped ¥14.6 billion (\$176,383,000), to ¥25.4 billion (\$305,965,000).

In terms of the Bank's overall financial position, total assets amounted to ¥5,141.5 billion (\$61,834,418,000), up ¥235.1 billion (\$2,828,347,000) and total liabilities came to

¥4,940.7 billion (\$59,419,163,000), up ¥228.4 billion (\$2,746,976,000). In terms of major accounting items, loans and bills discounted were ¥3,473.2 billion (\$41,771,368,000), up ¥107.3 billion (\$1,291,258,000). This was primarily due to an increase in corporate loans. Securities came to ¥1,364.3 billion (\$16,408,229,000), up ¥96.9 billion (\$1,165,409,000), due to purchases mainly of Japanese government bonds. Deposits amounted to ¥4,539.5 billion (\$54,594,671,000), up ¥121.7 billion (\$1,464,195,000) due to increases in both individual and corporate deposits. Negotiable certificates of deposit came to ¥107.1 billion (\$1,288,265,000), up ¥19.3 billion (\$233,115,000). Net assets were ¥200.8 billion (\$2,415,254,000), up ¥6.7 billion (\$81,370,000), as a result of posting net profit in the reporting year, despite a decrease in net unrealized gains on other securities.

## Consolidated Balance Sheets

The Ashikaga Bank, Ltd. and consolidated subsidiaries

As of March 31, 2011

	Millions of Yen	Thousands of US\$
<b>Assets</b>		
Cash and Due From Banks	119,674	1,439,264
Call Loans and Bills Purchased	130,385	1,568,072
Commercial Paper and Other Debts Purchased	7,848	94,388
Trading Securities	3,536	42,533
Securities	1,335,365	16,059,714
Loans and Bills Discounted	3,474,628	41,787,476
Foreign Exchange	6,223	74,844
Other Assets	24,043	289,155
Tangible Fixed Assets	26,615	320,084
Intangible Fixed Assets	5,910	71,082
Deferred Tax Assets	11,417	137,314
Customer Liabilities for Acceptances and Guarantees	20,247	243,501
Reserves for Possible Loan Losses	(55,097)	(662,627)
<b>Total Assets</b>	<b>5,110,798</b>	<b>61,464,804</b>
<b>Liabilities:</b>		
Deposits	4,490,672	54,006,884
Negotiable Certificates of Deposit	107,119	1,288,265
Collateral Deposits Received for Securities Lending	19,700	236,921
Borrowed Money	209,236	2,516,377
Foreign Exchange	463	5,570
Other Liabilities	42,203	507,563
Reserves for Directors' Bonuses	42	505
Reserves for Employee Retirement Benefits	15,610	187,733
Reserves for Directors' Retirement Benefits	114	1,376
Reserves for Reimbursement of Deposits	1,350	16,235
Reserves for Contingent Losses	286	3,447
Reserve for Credit Card Rewards Points	65	785
Reserve for loss on Disaster	518	6,230
Acceptances and Guarantees	20,247	243,501
<b>Total Liabilities</b>	<b>4,907,629</b>	<b>59,021,398</b>
<b>Net Assets:</b>		
Capital Stock	135,000	1,623,571
Retained Earnings	60,317	725,411
Total Shareholders' Equity	195,317	2,348,983
Net Unrealized Gains (Losses) on Other Securities	7,851	94,423
Total Accumulated Other Comprehensive Income	7,851	94,423
<b>Total Net Assets</b>	<b>203,169</b>	<b>2,443,406</b>
<b>Total Liabilities and Net Assets</b>	<b>5,110,798</b>	<b>61,464,804</b>

## Consolidated Statement of Income

The Ashikaga Bank, Ltd. and consolidated subsidiaries

From April 1, 2010 to March 31, 2011

	Millions of Yen	Thousands of U.S. Dollar
<b>Operating Income</b>		
Interest Income	77,738	934,915
Interest on Loans and Discounts	66,089	794,819
Interest and Dividends on Securities	11,149	134,089
Fees and Commissions	16,842	202,552
Other Business Income	7,310	87,923
Other Operating Income	2,715	32,659
<b>Total Operating Income</b>	<b>104,606</b>	<b>1,258,050</b>
<b>Operating Expenses</b>		
Interest Expenses	5,157	62,027
Interest on Deposits	4,735	56,951
Fees and Commissions	5,563	66,908
Other Business Expenses	116	1,404
General and Administrative Expenses	53,744	646,352
Other Operating Expenses	13,604	163,613
<b>Total Operating Expenses</b>	<b>78,186</b>	<b>940,306</b>
<b>Operating Profit</b>	<b>26,420</b>	<b>317,744</b>
Special Gains	1,021	12,289
Special Losses	1,259	15,146
Net Profit before Income Taxes	26,182	314,887
Corporate, Inhabitant, Business Taxes	645	7,761
Corporate Tax Adjustments, Etc.	(1,031)	(12,402)
Total Corporate Taxes, Etc.	(385)	(4,641)
<b>Net Profit</b>	<b>26,568</b>	<b>319,528</b>

- Note 1. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥4,553 million (\$54,756,000), non-accrual delinquent loans amounted to ¥89,714 million (\$1,078,941,000), loans past due for 3 months or more totaled ¥18 million (\$216,000), and restructured loans stood at ¥26,046 million (\$313,241,000). The total amount of such loans was ¥120,333 million (\$1,447,179,000). The definition for each of the said loans is subject to the provisions prescribed in Article 19-2, paragraph 1, item 5 (b) of the Enforcement Regulations of the Banking Law.
- Consolidated equity ratio prescribed in Article 17-5, paragraph 1, item 3 (b): 8.21%.
  - Accumulated depreciation on tangible fixed assets: ¥36,573 million (\$439,852).
  - Advanced depreciation on tangible fixed assets: ¥2,695 million (\$32,413,000). (Advanced depreciation for the fiscal year under review: ¥186 million (\$2,239,000))
  - Assets pledged as collateral:
 

Cash	¥2 million (\$27,000)
Securities	¥436,071 million (\$5,244,396,000)

Liabilities related to the above pledged assets:

Deposits	¥86,762 million (\$1,043,455,000)
Collateral Deposits	
Received for Securities	¥19,700 million (\$236,921,000)
Lending	
Borrowed Money	¥209,100 million (\$2,514,732,000)
- In addition, securities totaling ¥139,248 million (\$1,674,661,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

6. Net assets per share: ¥151.55 (\$1.82)
7. Net profit for this term per share: ¥19.81 (\$0.23)
8. Comprehensive income in Consolidated Statement of Comprehensive Income: ¥19,935 million (\$239,747,000)

(Remarks) The conversion rate used was US\$1 = ¥83.15 and all amounts stated were rounded down to the nearest unit.

## Non-Consolidated Balance Sheets

The Ashikaga Bank, Ltd.

As of March 31, 2011

	Millions of Yen	Thousands of US\$
<b>Assets</b>		
Cash and Due From Banks	119,673	1,439,245
Call Loans and Bills Purchased	130,385	1,568,072
Commercial Paper and Other Debts Purchased	7,848	94,388
Trading Securities	3,536	42,533
Securities	1,364,344	16,408,229
Loans and Bills Discounted	3,473,289	41,771,368
Foreign Exchange	6,223	74,844
Other Assets	21,805	262,236
Tangible Fixed Assets	27,427	329,853
Intangible Fixed Assets	5,903	70,993
Deferred Tax Assets	11,066	133,095
Customer Liabilities for Acceptances and Guarantees	20,247	243,501
Reserves for Possible Loan Losses	(50,217)	(603,943)
<b>Total Assets</b>	<b>5,141,531</b>	<b>61,834,418</b>
<b>Liabilities:</b>		
Deposits	4,539,546	54,594,671
Negotiable Certificates of Deposit	107,119	1,288,265
Collateral Deposits Received for Securities Lending	19,700	236,921
Borrowed Money	209,236	2,516,377
Foreign Exchange	463	5,570
Other Liabilities	27,169	326,750
Reserves for Directors' Bonuses	42	505
Reserves for Employee Retirement Benefits	14,885	179,021
Reserves for Directors' Retirement Benefits	114	1,376
Reserves for Reimbursement of Deposits	1,350	16,235
Reserves for Contingent Losses	286	3,447
Reserve for Credit Card Rewards Points	23	288
Reserve for loss on Disaster	518	6,230
Acceptances and Guarantees	20,247	243,501
<b>Total Liabilities</b>	<b>4,940,703</b>	<b>59,419,163</b>
<b>Net Assets:</b>		
Capital Stock	135,000	1,623,571
Retained Earnings	57,990	697,424
Earned Surplus Reserve	4,423	53,201
Other Earned Surplus	53,567	644,222
Total Shareholders' Equity	192,990	2,320,996
Net Unrealized Gains (Losses) on Other Securities	7,837	94,258
Total Valuation and Translation Adjustments, Etc.	7,837	94,258
<b>Total Net Assets</b>	<b>200,828</b>	<b>2,415,254</b>
<b>Total Liabilities and Net Assets</b>	<b>5,141,531</b>	<b>61,834,418</b>

## Non-Consolidated Statement of Income

The Ashikaga Bank, Ltd.

From April 1, 2010 to March 31, 2011

	Millions of Yen	Thousands of US\$
<b>Operating Income</b>		
Interest Income	74,394	894,707
Interest on Loans and Discounts	62,760	754,792
Interest and Dividends on Securities	11,144	134,024
Fees and Commissions	15,425	185,511
Other Business Income	7,066	84,980
Other Operating Income	2,699	32,467
<b>Total Operating Income</b>	<b>99,586</b>	<b>1,197,666</b>
<b>Operating Expenses</b>		
Interest Expenses	5,163	62,100
Interest on Deposits	4,749	57,120
Fees and Commissions	5,620	67,598
Other Business Expenses	22	273
General and Administrative Expenses	52,373	629,865
Other Operating Expenses	11,467	137,912
<b>Total Operating Expenses</b>	<b>74,647</b>	<b>897,750</b>
<b>Operating Profit</b>	<b>24,938</b>	<b>299,916</b>
Special Gains	1,065	12,810
Special Losses	1,259	15,145
Net Profit before Income Taxes	24,743	297,580
Corporate, Inhabitant, Business Taxes	84	1,012
Corporate Tax Adjustments, Etc.	(781)	(9,397)
Total Corporate Taxes, Etc.	(697)	(8,384)
<b>Net Profit</b>	<b>25,441</b>	<b>305,965</b>

- Note 1. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥4,390 million (\$52,796,000), non-accrual delinquent loans amounted to ¥88,319 million (\$1,062,164,000), loans past due for 3 months or more totaled ¥18 million (\$216,000), and restructured loans stood at ¥26,046 million (\$313,241,000). The total amount of such loans was ¥118,776 million (\$1,428,454,000). The definition for each of the said loans is subject to the provisions prescribed in Article 19-2, paragraph 1, item 5 (b) of the Enforcement Regulations of the Banking Law.
2. Non-Consolidated equity ratio prescribed in Article 19-2, paragraph 1, item 3(b) (10): 8.07%.
3. Accumulated depreciation on tangible fixed assets: ¥36,572 million (\$439,833,000).
4. Advanced depreciation on tangible fixed assets: ¥2,695 million (\$32,413,000). (Advanced depreciation for the fiscal year under review: ¥186 million (\$2,239,000))
5. Assets pledged as collateral:
- |            |                                    |
|------------|------------------------------------|
| Cash       | ¥2 million (\$27,000)              |
| Securities | ¥436,071 million (\$5,244,396,000) |
- Liabilities related to the above pledged assets:
- |                         |                                    |
|-------------------------|------------------------------------|
| Deposits                | ¥86,762 million (\$1,043,445,000)  |
| Collateral Deposits     |                                    |
| Received for Securities | ¥19,700 million (\$236,921,000)    |
| Lending                 |                                    |
| Borrowed Money          | ¥209,100 million (\$2,514,732,000) |
- In addition, securities totaling ¥139,248 million (\$1,674,661,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.
6. Net assets per share: ¥149.81 (\$1.80)



7. Net profit for this term per share: ¥18.97 (\$0.22)

(Remarks) The conversion rate used was US\$1 = ¥83.15 and all amounts stated were rounded down to the nearest unit.

# **Financial Statement**

**2011**

**Ashikaga Holdings Co., Ltd.**

## **The current business status of the Ashikaga Holdings Group**

The Ashikaga Holdings Group, comprised of Ashikaga Holdings and seven consolidated subsidiaries, primarily provides banking services and other financial services, including credit card services. Ashikaga Holdings manages its subsidiaries and provides them with services incidental to its management of them.

The Ashikaga Holdings Group will increase its transactions volume with customers, strengthen its management system and build the Ashikaga brand based on its medium-term management plan to construct a solid business foundation as a top regional bank and get its stock listed on the Tokyo Stock Exchange.

### **Business performance of the fiscal year under review**

As for the consolidated business performance of Ashikaga Holdings, interest income declined on the back of lower yields on loans and bills discounted and securities, while gains on sales of bonds including Japanese government bonds also declined. As a result, operating income decreased ¥12.4 billion (\$149,226,000), to ¥104.6 billion (\$1,258,506,000). Operating expenses amounted to ¥88.8 billion (\$1,068,909,000), a ¥3.4 billion (\$41,951,000) decrease, due largely to lower interest expenses resulting from lower interest rates as well as decreases in credit costs, the write-off of stock, and losses on sales of stock.

As a result, operating profit came to ¥15.7 billion (\$189,597,000), a ¥8.9 billion (\$107,275,000) decrease, while net profit was ¥15.9 billion (¥192,244,000), a ¥9.4 billion (\$114,061,000) decrease.

In terms of consolidated financial position, total assets amounted to ¥5,218.6 billion (\$62,762,266,000), up ¥228.8 billion (\$2,752,763,000) and total liabilities came to ¥4,979.4 billion (\$59,885,011,000), up ¥224.3 billion (\$2,698,563,000). In terms of major accounting items, loans and bills discounted were ¥3,474.6 billion (\$41,787,476,000), up ¥106.9 billion

(\$1,286,516,000). This was primarily due to an increase in corporate loans. Securities came to ¥1,335.2 billion (\$16,058,502,000), up ¥96.7 billion (\$1,163,715,000), due to purchases mainly of Japanese government bonds. Deposits amounted to ¥4,481.5 billion (\$53,896,782,000), up ¥117.5 billion (\$1,414,076,000) due to increases in both individual and corporate deposits. Negotiable certificates of deposit came to ¥107.1 billion (\$1,288,265,000), up ¥19.3 billion (\$233,115,000). Net assets were ¥239.2 billion (\$2,877,255,000), up ¥4.5 billion (\$54,200,000), as a result of posting net profit in the reporting year, despite a decrease in net unrealized gains on other securities.

## Consolidated Balance Sheets

Ashikaga Holdings Co., Ltd. and consolidated subsidiaries

As of March 31, 2011

	Millions of Yen	Thousands of US\$
<b>Assets</b>		
Cash and Due From Banks	119,674	1,439,264
Call Loans and Bills Purchased	130,385	1,568,072
Commercial Paper and Other Debts Purchased	7,848	94,388
Trading Securities	3,536	42,533
Securities	1,335,264	16,058,502
Loans and Bills Discounted	3,474,628	41,787,476
Foreign Exchange	6,223	74,844
Other Assets	26,456	318,179
Tangible Fixed Assets	26,208	315,195
Intangible Fixed Assets	112,902	1,357,816
Deferred Tax Assets	10,403	125,118
Customer Liabilities for Acceptances and Guarantees	20,247	243,501
Reserves for Possible Loan Losses	(55,097)	(662,627)
<b>Total Assets</b>	<b>5,218,682</b>	<b>62,762,266</b>
<b>Liabilities:</b>		
Deposits	4,481,517	53,896,782
Negotiable Certificates of Deposit	107,119	1,288,265
Collateral Deposits Received for Securities Lending	19,700	236,921
Borrowed Money	289,236	3,478,494
Foreign Exchange	463	5,570
Other Liabilities	43,080	518,103
Reserves for Directors' Bonuses	70	845
Reserves for Employee Retirement Benefits	15,610	187,733
Reserves for Directors' Retirement Benefits	174	2,093
Reserves for Reimbursement of Deposits	1,350	16,235
Reserves for Contingent Losses	286	3,447
Reserve for Credit Card Rewards Points	65	785
Reserve for loss on disaster	518	6,230
Acceptances and Guarantees	20,247	243,501
<b>Total Liabilities</b>	<b>4,979,438</b>	<b>59,885,011</b>
<b>Net Assets:</b>		
Capital Stock	105,010	1,262,898
Capital Surplus	95,780	1,151,901
Retained Earnings	35,494	426,878
Total Shareholders' Equity	236,285	2,841,677
Net Unrealized Gains (Losses) on Other Securities	2,958	35,577
Total Accumulated Other Comprehensive Income	2,958	35,577
<b>Total Net Assets</b>	<b>239,243</b>	<b>2,877,255</b>
<b>Total Liabilities and Net Assets</b>	<b>5,218,682</b>	<b>62,762,266</b>

## Consolidated Statement of Income

Ashikaga Holdings Co., Ltd. and consolidated subsidiaries

From April 1, 2010 to March 31, 2011

	Millions of Yen	Thousands of U.S. Dollar
<b>Operating Income</b>		
Interest Income	78,160	939,992
Interest on Loans and Discounts	66,089	794,819
Interest and Dividends on Securities	11,571	139,166
Fees and Commissions	16,812	202,191
Other Business Income	7,338	88,255
Other Operating Income	2,333	28,067
<b>Total Operating Income</b>	<b>104,644</b>	<b>1,258,506</b>
<b>Operating Expenses</b>		
Interest Expenses	8,521	102,480
Interest on Deposits	4,733	56,923
Fees and Commissions	5,563	66,908
Other Business Expenses	116	1,404
General and Administrative Expenses	59,829	719,535
Other Operating Expenses	14,848	178,580
<b>Total Operating Expenses</b>	<b>88,879</b>	<b>1,068,909</b>
<b>Operating Profit</b>	<b>15,765</b>	<b>189,597</b>
Special Gains	888	10,690
Special Losses	1,317	15,839
Net Profit before Income Taxes	15,336	184,448
Corporate, Inhabitant, Business Taxes	649	7,815
Corporate Tax Adjustments, Etc.	(1,298)	(15,611)
Total Corporate Taxes, Etc.	(648)	(7,795)
Income before Minority Interests	15,985	192,244
<b>Net Profit</b>	<b>15,985</b>	<b>192,244</b>

Note 1. Items concerning the scope of consolidation

- (1) Consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code: 7  
The Ashikaga Bank, Ltd., Ashikaga Credit Guarantee Co., Ltd., Ashigin Business Service Co., Ltd., Ashigin Business Support Co., Ltd., Ashigin System Kaihatsu Co., Ltd., Ashigin Research Institute, Ltd., and Ashigin DC Card., Ltd.
- (2) Unconsolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code: 2  
Ashikaga Company Development Fund No.1 Business Investment Limited Liability Partnership  
Ashikaga Company Development Fund No.2 Business Investment Limited Liability Partnership

The above unconsolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code are excluded from the scope of consolidation because their total amounts in terms of assets, operating income, net profit (loss) (comparable to equity portion), retained earnings (comparable to equity portion), and gains (losses) on deferred hedges (comparable to equity portion) are immaterial in that they do not hinder a rational judgment of the Group's financial position and results of operations when excluded from the scope of consolidation.

2. Items concerning application of the equity method

- (1) Unconsolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code that are accounted for by the equity method:

None

- (2) Unconsolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code that are not accounted for by the equity method: 2

Ashikaga Company Development Fund No.1 Business Investment Limited Liability Partnership

Ashikaga Company Development Fund No.2 Business Investment Limited Liability Partnership

- (3) Affiliates that are not accounted for by the equity method: None

The above unconsolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code that are not accounted for by the equity method are excluded from the scope of equity method because their total amounts in terms of net profit (loss) (comparable to equity portion), retained earnings (comparable to equity portion), and gains (losses) on deferred hedges (comparable to equity portion) are immaterial that they do not have material impact on the consolidated financial statements when excluded from the scope of equity method.

3. Items concerning account settlement dates of consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code

The account settlement date of all seven consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code is March 31.

4. Items concerning amortization of goodwill

Amortization using the straight-line method over 20 years

5. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥4,553 million (\$54,756,000), non-accrual delinquent loans amounted to ¥89,714 million (\$1,078,941,000), loans past due for 3 months or more totaled ¥18 million (\$216,000), and restructured loans stood at ¥26,046 million (\$313,241,000). The total amount of such loans was ¥120,333 million (\$1,447,179,000).

6. Consolidated equity ratio prescribed in Article 34-10, paragraph 1, item 4: 8.63%.

7. Accumulated depreciation on tangible fixed assets: ¥36,573 million (\$439,852,000).

8. Advanced depreciation on tangible fixed assets: ¥2,695 million (\$32,413,000). (Advanced depreciation for the fiscal year under review: ¥186 million (\$2,239,000))

9. Assets pledged as collateral:

Cash	¥2 million (\$27,000)
Securities	¥436,071 million (\$5,244,396,000)

Liabilities related to the above pledged assets:

Deposits	¥86,762 million (\$1,043,445,000)
Collateral Deposits Received for	¥19,700 million (\$236,921,000)
Securities Lending	
Borrowed Money	¥209,100 million (\$2,514,732,000)

In addition, securities totaling ¥139,248 million (\$1,674,661,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

10. Net assets per share: ¥58,731.02 (\$706.32)

11. Net profit for this term per share: ¥3,820.40 (\$45.94)

12. Comprehensive income in Consolidated Statement of Comprehensive Income: ¥10,176 million (\$122,390,000)

(Remarks) The conversion rate used was US\$1 = ¥83.15 and all amounts stated were rounded down to the nearest unit.