

Financial Statement
2012

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 also declined. As a result, operating income decreased ¥3.1 billion (\$38,148 thousand), to ¥96.4 billion (\$1,173,507 thousand). Operating expenses amounted to ¥70.8 billion (\$862,157 thousand), a ¥3.7 billion (\$46,078 thousand) decrease, due largely to lower interest expenses as well as decreases in credit-related costs, despite an increase in general and administrative expenses arising from the transition to the new system.

As a result, operating profit came to ¥25.5 billion (\$311,349 thousand), a ¥0.6 billion (\$7,930 thousand) increase, while net profit was ¥25.4 billion (\$309,859 thousand), a ¥0.0 billion (\$319 thousand) increase.

In terms of the Bank's overall financial position, total assets amounted to ¥5,281.7 billion (\$64,262,824 thousand), up ¥140.2 billion (\$1,706,164 thousand) and total liabilities came to ¥5,060.3 billion (\$61,568,370 thousand), up ¥119.6 billion (\$1,455,175 thousand). In terms of major accounting items, loans and bills discounted were ¥3,641.0 billion (\$44,299,872 thousand), up ¥167.7 billion (\$2,040,604 thousand). This was primarily due to an increase in housing loans, corporate loans, and loans to government funds. Securities came to ¥1,231.4 billion (\$14,983,086 thousand), down ¥132.8 billion (\$1,616,795 thousand), reflecting sales of bonds in light of interest rate trends. Deposits amounted to ¥4,686.2 billion (\$57,017,451 thousand), up ¥146.7 billion (\$1,785,100 thousand) due to increases in both individual and corporate deposits. Negotiable certificates of deposit came to ¥169.9 billion (\$2,067,340 thousand), up ¥62.7 billion (\$764,027 thousand). Net assets were ¥221.4 billion (\$2,694,454 thousand), up ¥20.6 billion (\$250,988 thousand), as a result of an increase in net unrealized gains on other securities and posting net profit in the reporting year.

Consolidated Balance Sheets

The Ashikaga Bank, Ltd. and consolidated subsidiaries

As of March 31, 2012

	Millions of Yen	Thousands of US\$
Assets:		
Cash and Due from Banks	167,543	2,038,488
Call Loans and Bills Purchased	185,694	2,259,334
Commercial Paper and Other Debts Purchased	8,395	102,142
Trading Securities	3,230	39,301
Securities	1,202,480	14,630,491
Loans and Bills Discounted	3,642,549	44,318,647
Foreign Exchange	5,664	68,921
Other Assets	24,307	295,743
Tangible Fixed Assets	25,196	306,569
Intangible Fixed Assets	7,417	90,247
Deferred Tax Assets	9,134	111,137
Customer Liabilities for Acceptances and Guarantees	19,167	233,204
Reserves for Possible Loan Losses	(48,519)	(590,327)
Total Assets	5,252,261	63,903,902
Liabilities:		
Deposits	4,668,041	56,795,730
Negotiable Certificates of Deposit	139,914	1,702,332
Borrowed Money	141,647	1,723,413
Foreign Exchange	435	5,302
Other Liabilities	39,320	478,408
Reserves for Directors' Bonuses	43	532
Reserves for Employee Retirement Benefits	16,057	195,367
Reserves for Directors' Retirement Benefits	135	1,645
Reserves for Reimbursement of Deposits	1,440	17,520
Reserves for Contingent Losses	263	3,208
Reserve for Credit Card Rewards Points	80	982
Reserve for loss on Disaster	170	2,071
Acceptances and Guarantees	19,167	233,204
Total Liabilities	5,026,717	61,159,719
Net Assets:		
Capital Stock	135,000	1,642,535
Retained Earnings	77,477	942,658
Total Shareholders' Equity	212,477	2,585,194
Net Unrealized Gains on Other Securities	13,067	158,988
Total Accumulated Other Comprehensive Income	13,067	158,988
Total Net Assets	225,544	2,744,182
Total Liabilities and Net Assets	5,252,261	63,903,902

Consolidated Statement of Income

The Ashikaga Bank, Ltd. and consolidated subsidiaries

From April 1, 2011 to March 31, 2012

	Millions of Yen	Thousands of U.S. Dollar
Operating Income		
Interest Income	72,667	884,134
Interest on Loans and Discounts	62,709	762,977
Interest and Dividends on Securities	9,330	113,525
Fees and Commissions	17,646	214,709
Other Business Income	6,091	74,110
Other Operating Income	4,587	55,815
Total Operating Income	100,992	1,228,770
Operating Expenses		
Interest Expenses	4,218	51,331
Interest on Deposits	3,871	47,104
Fees and Commissions	5,753	70,004
Other Business Expenses	93	1,134
General and Administrative Expenses	56,374	685,904
Other Operating Expenses	6,995	85,117
Total Operating Expenses	73,436	893,493
Operating Profit	27,556	335,276
Extraordinary Gains	7	92
Extraordinary Losses	202	2,468
Net Profit before Income Taxes	27,361	332,901
Corporate, Inhabitant, Business Taxes	212	2,584
Corporate Tax Adjustments, etc.	(64)	(782)
Total Corporate Taxes, etc.	148	1,801
Income before Minority Interests	27,213	331,099
Net Profit	27,213	331,099

Notes 1. Of total loans and bills discounted, loans to bankrupt companies amounted to ¥3,757 million(\$45,711,157), non-accrual delinquent loans amounted to ¥86,454 million(\$1,051,879,790), and restructured loans stood at ¥33,613 million(\$408,967,027). The total amount of such loans was ¥123,825 million(\$1,506,570,142). There were no loans past due for 3 months or more. 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. Consolidated equity ratio prescribed in Article 17-5, paragraph 1, item 3 (b): 8.52%.

3. Accumulated depreciation on tangible fixed assets: ¥38,327 million(\$466,330,802).

4. Advanced depreciation on tangible fixed assets: ¥2,695 million(\$32,791,796). (Advanced depreciation for the fiscal year under review: ¥ - million)

5. Assets pledged as collateral:

Cash	¥2 million(\$31,025)
Securities	¥380,501million(\$4,629,534,748)
Loans and bills discounted	¥60,200 million(\$732,449,203)

Liabilities related to the above pledged assets:

Deposits	¥110,287 million(\$1,341,856,801)
Borrowed Money	¥141,520 million(\$1,721,863,973)

In addition, securities totaling ¥141,666 million(\$1,723,646,706) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

6. Net assets per share: ¥168.25(\$2.04)
7. Net profit for this term per share: ¥20.30(\$0.24)
8. Comprehensive income in Consolidated Statement of Comprehensive Income: ¥32,429 million (\$394,562,302).

(Remarks) The conversion rate used was US\$1 = ¥82.19 and all amounts stated were rounded down to the nearest unit

Non-Consolidated Balance Sheets

The Ashikaga Bank, Ltd.

As of March 31, 2012

	Millions of Yen	Thousands of US\$
Assets:		
Cash and Due from Banks	167,541	2,038,469
Call Loans and Bills Purchased	185,694	2,259,334
Commercial Paper and Other Debts Purchased	8,395	102,142
Trading Securities	3,230	39,301
Securities	1,231,459	14,983,086
Loans and Bills Discounted	3,641,006	44,299,872
Foreign Exchange	5,664	68,921
Other Assets	22,120	269,142
Tangible Fixed Assets	25,960	315,858
Intangible Fixed Assets	7,396	89,993
Deferred Tax Assets	8,874	107,975
Customer Liabilities for Acceptances and Guarantees	19,167	233,204
Reserves for Possible Loan Losses	(44,750)	(544,478)
Total Assets	5,281,761	64,262,824
Liabilities:		
Deposits	4,686,264	57,017,451
Negotiable Certificates of Deposit	169,914	2,067,340
Borrowed Money	141,647	1,723,413
Foreign Exchange	435	5,302
Other Liabilities	25,388	308,895
Reserves for Directors' Bonuses	43	532
Reserves for Employee Retirement Benefits	15,389	187,240
Reserves for Directors' Retirement Benefits	135	1,645
Reserves for Reimbursement of Deposits	1,440	17,520
Reserves for Contingent Losses	263	3,208
Reserve for Credit Card Rewards Points	44	542
Reserve for loss on Disaster	170	2,071
Acceptances and Guarantees	19,167	233,204
Total Liabilities	5,060,304	61,568,370
Net Assets:		
Capital Stock	135,000	1,642,535
Retained Earnings	73,404	893,104
Earned Surplus Reserve	6,434	78,288
Other Earned Surplus	66,969	814,816
Total Shareholders' Equity	208,404	2,535,640
Net Unrealized Gains on Other Securities	13,052	158,813
Total Valuation and Translation Adjustments, Etc.	13,052	158,813
Total Net Assets	221,457	2,694,454
Total Liabilities and Net Assets	5,281,761	64,262,824

Non-Consolidated Statement of Income

The Ashikaga Bank, Ltd.

From April 1, 2011 to March 31, 2012

	Millions of Yen	Thousands of US\$
Operating Income		
Interest Income	69,613	846,980
Interest on Loans and Discounts	59,665	725,947
Interest and Dividends on Securities	9,327	113,490
Fees and Commissions	16,472	200,415
Other Business Income	5,803	70,613
Other Operating Income	4,561	55,498
Total Operating Income	96,450	1,173,507
Operating Expenses		
Interest Expenses	4,224	51,401
Interest on Deposits	3,883	47,248
Fees and Commissions	5,819	70,809
General and Administrative Expenses	54,993	669,096
Other Operating Expenses	5,823	70,849
Total Operating Expenses	70,860	862,157
Operating Profit	25,589	311,349
Extraordinary Gains	7	92
Extraordinary Losses	202	2,467
Net Profit before Income Taxes	25,394	308,974
Corporate, Inhabitant, Business Taxes	83	1,021
Corporate Tax Adjustments, etc.	(156)	(1,906)
Total Corporate Taxes, etc.	(72)	(884)
Net Profit	25,467	309,859

- Notes
- Of total loans and bills discounted, loans to bankrupt companies amounted to ¥3,659 million(\$44,518,797), non-accrual delinquent loans amounted to ¥84,831 million(\$1,032,132,862), and restructured loans stood at ¥33,613 million(\$408,967,027). The total amount of such loans was ¥122,104 million(\$1,485,630,855). There were no loans past due for 3 months or more. 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.
 - Non-Consolidated equity ratio prescribed in Article 19-2, paragraph 1, item 3(b) (10): 8.32%.
 - Accumulated depreciation on tangible fixed assets: ¥38,376 million(\$466,925,708).
 - Advanced depreciation on tangible fixed assets: ¥2,695 million(\$32,791,796). (Advanced depreciation for the fiscal year under review: ¥ - million)
 - Assets pledged as collateral:

Cash	¥2 million(\$31,025)
Securities	¥380,501 million(\$4,629,534,748)
Loans and bills discounted	¥60,200 million(\$732,449,203)

 Liabilities related to the above pledged assets:

Deposits	¥110,287 million(\$1,341,856,801)
Borrowed Money	¥141,520 million(\$1,721,863,973)

 In addition, securities totaling ¥141,666 million(\$1,723,646,706) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.
 - Net assets per share: ¥165.20(\$2.00)
 - Net profit for this term per share: ¥18.99(\$0.23)

(Remarks) The conversion rate used was US\$1 = ¥82.19 and all amounts stated were rounded down to the nearest unit.

Financial Statement

2012

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 ¥3.3 billion (\$41,079 thousand), to ¥101.2 billion (\$1,232,126 thousand). Operating expenses amounted to ¥84.0 billion (\$1,022,841 thousand), a ¥4.8 billion (\$58,552 thousand) decrease, due largely to lower interest expenses as well as decreases in credit-related costs, despite an increase in general and administrative expenses arising from the transition to the new system.

As a result, operating profit came to ¥17.2 billion (\$209,285 thousand), a ¥1.4 billion (\$17,473 thousand) increase, while net profit was ¥17.1 billion (\$208,909 thousand), a ¥1.1 billion (\$14,420 thousand) increase.

In terms of consolidated financial position, total assets amounted to ¥5,353.7 billion (\$65,138,971 thousand), up ¥135.0 billion (\$1,643,625 thousand) and total liabilities came to ¥5,097.0 billion (\$62,014,859 thousand), up ¥117.5 billion (\$1,430,375 thousand). In terms of major accounting items, loans and bills discounted were ¥3,642.5 billion (\$44,318,647 thousand), up ¥167.9 billion (\$2,043,082 thousand). This was primarily due to an increase in housing loans, corporate loans, and loans to government funds. Securities came to ¥1,202.4 billion (\$14,630,491 thousand), down ¥132.7 billion (\$1,615,577 thousand), reflecting sales of bonds in light of interest rate trends. Deposits amounted to ¥4,657.3 billion (\$56,665,247 thousand), up ¥175.7 billion (\$2,138,936 thousand) due to increases in both individual and corporate deposits. Negotiable certificates of deposit came to ¥139.9 billion (\$1,702,332 thousand), up ¥32.7 billion (\$399,019 thousand). Net assets were ¥256.7 billion (\$3,124,112 thousand), up ¥17.5 billion (\$213,249 thousand), as a result of an increase in net unrealized gains on other securities and posting net profit in the reporting year.

Consolidated Balance Sheets

Ashikaga Holdings Co., Ltd. and consolidated subsidiaries

As of March 31, 2012

	Millions of Yen	Thousands of US\$
Assets:		
Cash and Due from Banks	167,543	2,038,488
Call Loans and Bills Purchased	185,694	2,259,334
Commercial Paper and Other Debts Purchased	8,395	102,142
Trading Securities	3,230	39,301
Securities	1,202,480	14,630,491
Loans and Bills Discounted	3,642,549	44,318,647
Foreign Exchange	5,664	68,921
Other Assets	26,321	320,253
Tangible Fixed Assets	24,790	301,623
Intangible Fixed Assets	108,206	1,316,545
Deferred Tax Assets	8,247	100,343
Customer Liabilities for Acceptances and Guarantees	19,167	233,204
Reserves for Possible Loan Losses	(48,519)	(590,327)
Total Assets	5,353,772	65,138,971
Liabilities:		
Deposits	4,657,316	56,665,247
Negotiable Certificates of Deposit	139,914	1,702,332
Borrowed Money	221,647	2,696,767
Foreign Exchange	435	5,302
Other Liabilities	40,214	489,287
Reserves for Directors' Bonuses	73	890
Reserves for Employee Retirement Benefits	16,057	195,367
Reserves for Directors' Retirement Benefits	219	2,676
Reserves for Reimbursement of Deposits	1,440	17,520
Reserves for Contingent Losses	263	3,208
Reserve for Credit Card Rewards Points	80	982
Reserve for loss on disaster	170	2,071
Acceptances and Guarantees	19,167	233,204
Total Liabilities	5,097,001	62,014,859
Net Assets:		
Capital Stock	105,010	1,277,649
Capital Surplus	95,780	1,165,355
Retained Earnings	46,995	571,787
Total Shareholders' Equity	247,785	3,014,792
Net Unrealized Gains on Other Securities	8,984	109,319
Total Accumulated Other Comprehensive Income	8,984	109,319
Total Net Assets	256,770	3,124,112
Total Liabilities and Net Assets	5,353,772	65,138,971

Consolidated Statement of Income

Ashikaga Holdings Co., Ltd. and consolidated subsidiaries

From April 1, 2011 to March 31, 2012

	Millions of Yen	Thousands of U.S. Dollar
Operating Income		
Interest Income	72,834	886,168
Interest on Loans and Discounts	62,709	762,977
Interest and Dividends on Securities	9,497	115,559
Fees and Commissions	17,616	214,344
Other Business Income	6,114	74,399
Other Operating Income	4,702	57,214
Total Operating Income	101,268	1,232,126
Operating Expenses		
Interest Expenses	7,570	92,107
Interest on Deposits	3,869	47,078
Fees and Commissions	5,753	70,004
Other Business Expenses	93	1,134
General and Administrative Expenses	62,424	759,516
Other Operating Expenses	8,225	100,078
Total Operating Expenses	84,067	1,022,841
Operating Profit	17,201	209,285
Extraordinary Gains	7	92
Extraordinary Losses	202	2,468
Net Profit before Income Taxes	17,005	206,909
Corporate, Inhabitant, Business Taxes	216	2,638
Corporate Tax Adjustments, etc.	(381)	(4,638)
Total Corporate Taxes, etc.	(164)	(1,999)
Income before Minority Interests	17,170	208,909
Net Profit	17,170	208,909

Notes 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) Affiliates that are accounted for by the equity method: None
- (3) 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
- (4) 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 companies amounted to ¥3,757 million (\$45,711,157), non-accrual delinquent loans amounted to ¥86,454 million (\$1,051,879,790), and restructured loans stood at ¥33,613 million (\$408,967,027). The total amount of such loans was ¥123,825 million (\$1,506,570,142). There were no loans past due for 3 months or more.

- 6. Consolidated equity ratio prescribed in Article 34-10, paragraph 1, item 4: 9.47%

- 7. Accumulated depreciation on tangible fixed assets: ¥38,327 million (\$466,330,802).

- 8. Advanced depreciation on tangible fixed assets: ¥2,695 million (\$32,791,796).

(Advanced depreciation for the fiscal year under review: ¥ - million)

- 9. Assets pledged as collateral:

Cash	¥2 million (\$31,025)
Securities	¥380,501 million (\$4,629,534,748)
Loans and bills discounted	¥60,200 million (\$732,449,203)

Liabilities related to the above pledged assets:

Deposits	¥110,287 million (\$1,341,856,801)
Borrowed Money	¥141,520 million (\$1,721,863,973)

In addition, securities totaling ¥141,666 million (\$172,346,706) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

- 10. Net assets per share: ¥65,222.50 (\$793.55)
- 11. Net profit for this term per share: ¥4,259.36 (\$51.82)
- 12. Comprehensive income in Consolidated Statement of Comprehensive Income: ¥23,197 million (\$282,236,375)

(Remarks) The conversion rate used was US\$1 = ¥82.19 and all amount started were rounded down to the nearest unit.