

**Financial Statement**  
**2009**

**Ashikaga Holdings Co., Ltd.**

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

Ashikaga Holdings acquired all stocks of the Ashikaga Bank from the Deposit Insurance Corporation of Japan on July 1, 2008, by which it has become a bank holding company making the Bank its wholly-owned subsidiary. The Ashikaga Holdings group has been making a concerted effort to continuously exert its financial intermediary function in the territories centering on Tochigi Prefecture based on its business plan.

Further, Ashikaga Holdings formulated a mid-term management plan covering a period ending March 31, 2013 with the Ashikaga Bank, which includes a medium target to construct a solid business foundation as a regional top bank and get its stocks listed on the Tokyo Stock Exchange.

### **Business performance of the current term**

The consolidated business performance of Ashikaga Holdings for the current term does not reflect the Ashikaga Bank's consolidated profit of the first quarter of fiscal year 2008 (from April 1 to June 30, 2008) as it acquired the Bank's stocks on July 1, 2008. Operating income, therefore, was ¥82.2 billion (\$836,836,000). On the other hand, it stated ¥11.4 billion (\$116,725,000) in the account of transfers to reserves for possible loan losses, and ¥29.9 billion (\$305,291,000) as write-off of stocks, etc. because there is the difference between the book value of securities stated by the Bank and Ashikaga Holdings' consolidated book value of securities. Such difference arose because the Ashikaga Holdings stated securities at market value as of July 1, 2008 (the date when it acquired the Bank's stocks). As a result, operating expenses amounted to ¥109.4 billion (\$1,114,236,000), which caused Ashikaga Holdings to post an operating loss of ¥27.2 billion (\$277,399,000). Net loss for the current term was ¥6.5 billion (\$67,127,000) due to the booking of minus ¥20.5 billion (\$208,719,000) for corporate tax adjustments, etc.

In terms of consolidated financial position, total assets amounted to ¥4,920.9 billion (\$50,096,326,000) and total liabilities were ¥4,725.6 billion (\$48,107,791,000). In terms of the major accounting items, loans and bills discounted, securities, and deposits were ¥3,438.5 billion (\$35,004,951,000), ¥1,162.3 billion (\$11,832,542,000), ¥4,264.8 (\$43,417,335,000) respectively. Ashikaga Holdings, in starting businesses as a holding company, issued common stocks and preferred stocks in the amount of ¥135.0 billion (\$1,374,325,000) and ¥50.0 billion (\$509,009,000) respectively for the purpose of raising capital, and in March 2009, borrowings with a perpetual subordinated clause with for ¥25.0 billion (\$254,504,000) were converted to new preferred stocks (debt equity swap), which were allocated to third parties. Net assets, however, were ¥195.3 billion (\$1,988,534,000) as they posted a net loss for the current term and recognized net unrealized losses on other securities as well.

## Consolidated Balance Sheets

Ashikaga Holdings Co. Ltd. and consolidated subsidiaries

As of March 31, 2009

|   | Millions of Yen  | Thousands of US\$ |
|---|------------------|-------------------|
| <b>Assets</b>                                       |                  |                   |
| Cash and Due From Banks                             | 117,058          | 1,191,680         |
| Call Loans and Bills Purchased                      | 48,879           | 497,605           |
| Commercial Paper and Other Debts Purchased          | 7,366            | 74,996            |
| Trading Securities                                  | 4,819            | 49,064            |
| Money Held in Trust                                 | 242              | 2,469             |
| Securities  | 1,162,310        | 11,832,542        |
| Loans and Bills Discounted                          | 3,438,536        | 35,004,951        |
| Foreign Exchange                                    | 4,300            | 43,777            |
| Other Assets  | 23,043           | 234,588           |
| Tangible Fixed Assets                               | 25,279           | 257,348           |
| Intangible Fixed Assets                             | 121,915          | 1,241,118         |
| Deferred Tax Assets                                 | 12,132           | 123,514           |
| Customer Liabilities for Acceptances and Guarantees | 28,582           | 290,979           |
| Reserves for Possible Loan Losses                   | (73,506)         | (748,312)         |
| <b>Total Assets</b>                                 | <b>4,920,962</b> | <b>50,096,326</b> |
| <b>Liabilities:</b>                                 |                  |                   |
| Deposits  | 4,264,884        | 43,417,335        |
| Negotiable Certificates of Deposit                  | 17,109           | 174,174           |
| Call money and Bills Sold                           | 90,000           | 916,217           |
| Collateral Deposits Received for Securities Lending | 132,431          | 1,348,175         |
| Borrowed Money                                      | 133,990          | 1,364,045         |
| Foreign Exchange                                    | 481              | 4,901             |
| Other Liabilities                                   | 41,616           | 423,666           |
| Reserves for Directors' Bonuses                     | 13               | 133               |
| Reserves for Employee Retirement Benefits           | 15,141           | 154,145           |
| Reserves for Directors' Retirement Benefits         | 80               | 819               |
| Reserves for Loss on Deposit Refunds                | 1,155            | 11,758            |
| Reserves for Contingent Losses                      | 93               | 948               |
| Reserve for Credit Card Rewards Points              | 48               | 491               |
| Acceptances and Guarantees                          | 28,582           | 290,979           |
| <b>Total Liabilities</b>                            | <b>4,725,628</b> | <b>48,107,791</b> |
| <b>Net Assets:</b>                                  |                  |                   |
| Capital Stock                                       | 105,010          | 1,069,021         |
| Earned surplus                                      | 104,990          | 1,068,818         |
| Retained earnings                                   | (6,593)          | (67,127)          |
| Total Shareholders' Equity                          | 203,406          | 2,070,712         |
| Net Unrealized Gains (Losses) on Other Securities   | (8,116)          | (82,626)          |
| Gains (Losses) on Deferred Hedges                   | 44               | 448               |
| Total Valuation and Translation Adjustments, Etc.   | (8,072)          | (82,177)          |
| <b>Total Net Assets</b>                             | <b>195,333</b>   | <b>1,988,534</b>  |
| <b>Total Liabilities and Net Assets</b>             | <b>4,920,962</b> | <b>50,096,326</b> |

## Consolidated Statement of Income

Ashikaga Holdings Co, Ltd. and consolidated subsidiaries

From April 1, 2008 to March 31, 2009

|                                       | Millions of Yen | Thousands of U.S.<br>Dollar |
|---------------------------------------|-----------------|-----------------------------|
| <b>Operating Income</b>               |                 |                             |
| Interest Income                       | 66,260          | 674,544                     |
| Interest on Loans and Discounts       | 55,688          | 566,922                     |
| Interest and Dividends on Securities  | 8,847           | 90,072                      |
| Fees and Commissions                  | 12,747          | 129,767                     |
| Other Business Income                 | 1,974           | 20,099                      |
| Other Operating Income                | 1,220           | 12,425                      |
| <b>Total Operating Income</b>         | <b>82,202</b>   | <b>836,836</b>              |
| <b>Operating Expenses</b>             |                 |                             |
| Interest Expenses                     | 11,983          | 121,995                     |
| Interest on Deposits                  | 7,838           | 79,794                      |
| Fees and Commissions                  | 3,727           | 37,945                      |
| Other Business Expenses               | 152             | 1,549                       |
| General and Administrative Expenses   | 40,952          | 416,904                     |
| Other Operating Expenses              | 52,635          | 535,841                     |
| <b>Total Operating Expenses</b>       | <b>109,451</b>  | <b>1,114,236</b>            |
| <b>Operating Profit (loss)</b>        | <b>(27,248)</b> | <b>(277,399)</b>            |
| Special Gains                         | 526             | 5,363                       |
| Special Losses                        | 139             | 1,424                       |
| Net Profit (loss) before Income Taxes | (26,862)        | (273,460)                   |
| Corporate, Inhabitant, Business Taxes | 234             | 2,386                       |
| Corporate Tax Adjustments, Etc.       | (20,502)        | (208,719)                   |
| Total Corporate Taxes, Etc.           | (20,268)        | (206,332)                   |
| <b>Net Profit (loss)</b>              | <b>(6,593)</b>  | <b>(67,127)</b>             |

Note 1. Items concerning the scope of consolidation

- (1) Consolidated subsidiary companies including those stipulated by the detailed enforcement regulations of the Commercial Code: 6  
The Ashikaga Bank, Ltd., Ashikaga Credit Guarantee Co., Ltd., Ashigin System Development Co., Ltd., Ashigin Business Service Co., Ltd., Ashigin Business Support Co., Ltd., and Ashigin DC Card Company Limited.
- (2) Unconsolidated subsidiary companies 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 subsidiary companies 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 subsidiary companies including those stipulated by the detailed enforcement regulations of the Commercial Code that are accounted for by the equity method: None
  - (2) Unconsolidated subsidiary companies 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 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 consolidated the financial statements when excluded from the scope of equity method.
3. Items concerning evaluation of assets and liabilities of consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code:  
  
 Assets and liabilities of consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code are carried at fair market value based on the market value method applied to all Group companies.
4. 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 consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code is March 31.
5. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥7,300 million (\$74,315,000), non-accrual delinquent loans amounted to ¥105,704 million (\$1,076,086,000), loans past due for 3 months or more totaled ¥454 million (\$4,621,000), and restructured loans stood at ¥37,940 million (\$386,236,000). The total amount of such loans was ¥151,399 million (\$1,541,270,000). 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.
6. Consolidated equity ratio prescribed in Article 34-10, paragraph 1, item 4: 5.75%.
7. Accumulated depreciation on tangible fixed assets: ¥33,181 million (\$337,795,000).
8. Advanced depreciation on tangible fixed assets: ¥2,508 million (\$25,541,000).
9. Assets pledged as collateral:
 

|            |                                    |
|------------|------------------------------------|
| Securities | ¥401,342 million (\$4,085,744,000) |
| Cash       | ¥4 million (\$42,000)              |

 Liabilities related to the above pledged assets:
 

|                     |                                    |
|---------------------|------------------------------------|
| Deposits            | ¥69,595 million (\$708,498,000)    |
| Call Money          | ¥90,000 million (\$916,217,000)    |
| Collateral Deposits |                                    |
| Received for        | ¥132,431 million (\$1,348,175,000) |
| Securities Lending  |                                    |
| Borrowed Money      | ¥53,800 million (\$547,694,000)    |

In addition, securities totaling ¥144,100 million (\$1,466,969,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

10. Net assets per share: ¥44,568.06 (\$453.71)
11. Net loss for this term per share: ¥3,172.10 (\$32.29)
12. The consolidated business performance of Ashikaga Holdings for the current term does not reflect the Ashikaga Bank's consolidated profit of the first quarter of fiscal year 2008 (from April 1 to June 30, 2008) as it acquired the Bank's stocks on July 1, 2008.

(Remarks) The conversion rate used was US\$1 = ¥98.23 and all amounts stated were rounded down to the nearest unit.