ASHIKAGA HOLDINGS
ASHIKAGA BANK

2015

ASHIKAGA HOLDINGS
ASHIKAGA BANK

Annual Report

Year Ended March 31, 2015

ありがとうをチカラに変えて。
120TH anniversary

Profile

The Ashikaga Holdings Group is comprised of the five companies of Ashikaga Holdings, Ashikaga Bank and three other consolidated subsidiaries and primarily provides banking services and other financial services including credit card services. The Ashikaga Bank is a regional bank that operates mainly in the four prefectures comprising the North Kanto area, primarily Tochigi Prefecture, where its head office is located, as well as Saitama, Gunma, Ibaraki prefectures and hereafter, “our region.”

As of March 31, 2015, the Bank had a total balance of deposits and negotiable certificates of deposit of ¥5,337.7 billion, a balance of loans and bills discounted of ¥4,189.4 billion, and a capital ratio of 8.58%. Its branch network consisted of 153 branches and sub-branch-level offices.

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 our region.

Our mission

— To contribute to the creation of affluence —

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

Business approach

— In harmony with our region —

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

Contents

About the cover commemorative logo and corporate slogan

< Logo concept>
The logo signifies The Ashikaga Bank’s position of focusing on harmony and symbiosis with the region, which it has continued for 120 years.

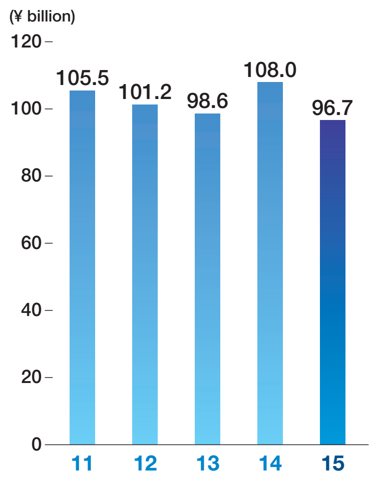
<Corporate slogan: “Gaining Strength from Gratitude”>
Along with expressing our gratitude to regional customers that have supported us through our long journey of 120 years, it also expresses our strong commitment to continue moving forward with the region in the future.

Financial Highlights (Consolidated)

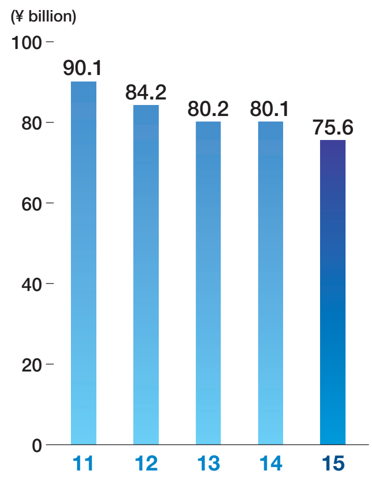
Years ended March 31	Millions of Yen* 2015	Millions of Yen* 2014	Thousands of U.S. Dollars** 2015
At year-end:			
Total assets	¥5,864,239	¥5,612,355	$48,799,530
Cash and due from banks	365,322	344,369	3,040,048
Loans and bills discounted	4,150,466	3,958,083	34,538,292
Securities	1,207,938	1,176,469	10,051,912
Deposits	5,071,110	4,943,137	42,199,475
Total equity	287,121	241,135	2,389,296
Common stock	117,495	117,495	977,744
For the year:			
Total income	¥ 96,739	¥ 108,073	$ 805,024
Total expenses	75,691	80,151	629,867
Net income	17,076	24,314	142,100

* Yen amounts have been rounded down to millions of yen.
** U.S. dollar amounts are translated, for reference only, at the rate of ¥120.17=$1 effective on March 31, 2015.

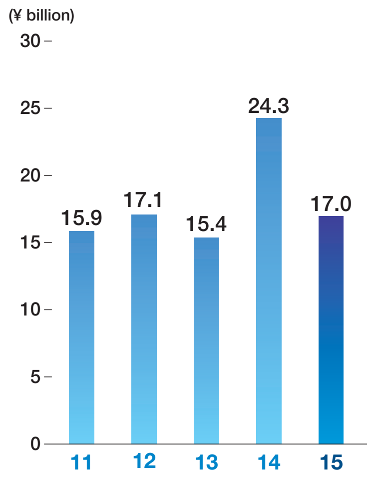
Total Income
Years ended March 31



Total Expenses
Years ended March 31



Net Income
Years ended March 31



A Message from the Management

Satoshi Fujisawa
Chairman and Chief Executive Officer
Ashikaga Holdings Co., Ltd.

Masanao Matsushita
President and Chief Executive Officer
Ashikaga Holdings Co., Ltd.
The Ashikaga Bank, Ltd.

We would like to express our greatest appreciation to our stakeholders for their continued support and patronage of Ashikaga Holdings and the Ashikaga Bank (hereinafter, “Ashikaga Bank” or “the Bank”).

During the fiscal year under review, although being partially affected by backlash against the last-minute demand prior to the consumption tax increase, the Japanese economy continued a mild recovery, driven by robust capital and public investment. In the local economy of Tochigi Prefecture, production activities picked up gradually and capital investment was firm. However, the pace of its economic recovery slowed down as seen in the sluggish consumer spending.

Under these circumstances, the Ashikaga Holdings Group (hereinafter, “the Group”) focused on fulfilling a smooth financial intermediary function in the local community and offering financial services that meet its customers’ needs mainly through Ashikaga Bank, based on its medium-term management plan “Challenges 120 – Valiant challenges toward 120-year anniversary of foundation,” which started in April 2013.

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

In corporate banking, we made greater contact with customers and actively worked to provide a smooth supply of funds by using multiple financing methods such as syndicated loan, private placement bond and asset-based lending (ABL). Furthermore, by launching "Ashigin New Business Support Loan", we supported business startups and venture companies while working to assist the expansion of sales channel of clients by holding exhibitions and business confabs relating to manufacturing (monozukuri) and food.

In individual banking, we enhanced products for investment trust and insurance and engaged in acquiring accounts for Nippon Individual Savings Account (NISA) scheme and promoting use of the scheme. We also strengthened the housing and apartment loans and expanded the lineup of unsecured loan products by introducing new free loan products and other measures.

In our branch channel, Oyama-minami Branch and Oyama Loan Center were relocated in a new building in November 2014.

As a consequence of these initiatives, the Group's consolidated net income for fiscal 2014 amounted to ¥17.0 billion in line with the initial business forecast.

During fiscal 2015, in order to contribute to the revitalization of regional economies, we will aggressively work to promote and support those economies through financial support as well as by leveraging the Group's functions and knowhow including consulting and think tank capabilities. At the same time, in light of the promulgation of the revised Companies Act and formulation of the Corporate Governance Code, we will strive to further strengthen and enhance our business management system.

On October 1, 2015, Ashikaga Bank will mark the 120th anniversary since its foundation. We would like to take this opportunity to express our sincerest gratitude to all of our shareholders and clients in the region who have provided warm support over the years. To meet the expectations of our stakeholders, all of our executives and employees will make their best efforts. We would like to ask all of you for your continued support.

July 2015

Significant Management Indicators (Fiscal 2015)

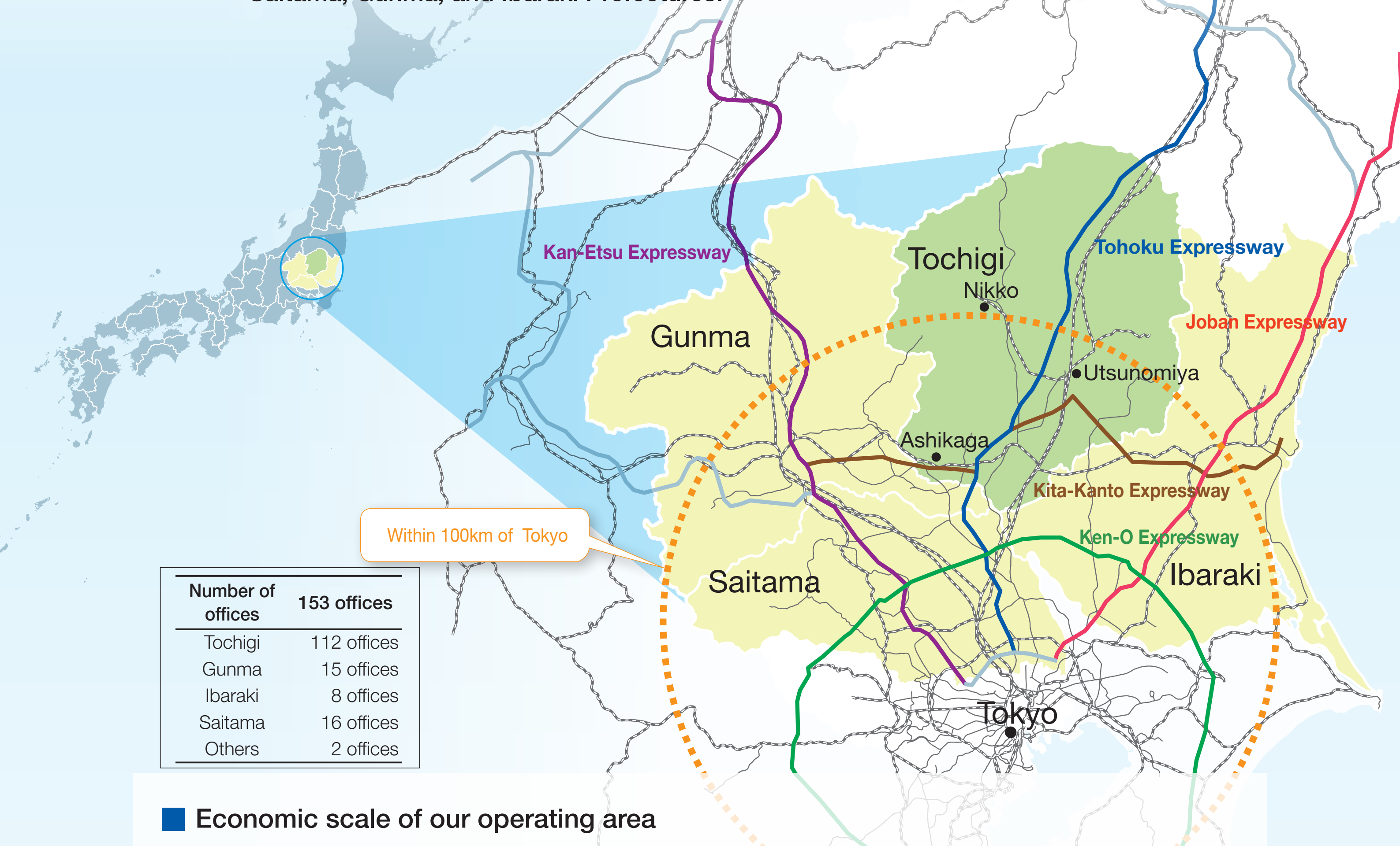
(¥ billion)

		Target indicators for Fiscal 2015	Results in Fiscal 2014
The Bank (Non-Consolidated basis)			
Profitability	Gross business profit	78.0	80.5
	Core net business income	30.0	32.0
Growth	Deposits (term-end balance)	5,200.0	5,337.7
	Loans (term-end balance)	4,100.0	4,189.4
	Individual assets under custody	950.0	704.0
Efficiency	OHR	60.0%	59.61%
Soundness	Non-performing loan ratio	at 3% or below	2.31%
Ashikaga Holdings Co., Ltd. (Consolidated basis)			
Profitability	Ordinary profit	19.0	21.0
Soundness	Capital adequacy ratio (Basel Ⅲ domestic standard)	8.2%	8.54%

Area of Operation

Our home market "the North Kanto area"

The Ashikaga Bank mainly operates in the four prefectures comprising the North Kanto area, primarily Tochigi Prefecture, Where its head office is located, as well as Saitama, Gunma, and Ibaraki Prefectures.



Number of offices	153 offices
Tochigi	112 offices
Gunma	15 offices
Ibaraki	8 offices
Saitama	16 offices
Others	2 offices

Economic scale of our operating area

	Tochigi Prefecture	National Rank	Gunma Prefecture	National Rank	Ibaraki Prefecture	National Rank	Saitama Prefecture	National Rank
Prefectural gross product (2012) (¥ trillion)	7.7	16	7.5	17	11.6	11	20.3	5
Population (2014) (thousand)	1,980	18	1,976	19	2,919	11	7,239	5
Prefectural income per capita (2012) (¥ thousand)	3,008	7	2,901	14	3,137	4	2,806	19
Number of businesses (2014)	91,521	19	95,584	18	122,716	13	261,178	5
Manufactured goods shipped (2013) (¥ trillion)	8.1	12	7.7	14	10.9	8	11.7	7
New Factory Locations (excluding power supply sector) (2014) (number / area(ha))	44 / 93ha	7 / 2	63 / 76ha	2 / 4	75 / 109ha	1 / 1	49 / 85ha	4 / 3

Note: The above ranks are the ranks among the 47 prefectures.

Source: Prefectural gross product and prefectural income per capita data is from the Cabinet Office. Population data is from the Ministry of Internal Affairs and Communications. Number of businesses, manufactured goods shipped and new factory locations data come from the Ministry of Economy, Trade and Industry.

Feature 01 || Geographical advantage, transportation infrastructure

The four prefectures of Tochigi, Gunma, Ibaraki, and Saitama (the four prefectures of North Kanto) are within 100km of Tokyo and are directly connected by the high-speed transportation infrastructure including the Tohoku/Joetsu bullet trains, the Tohoku, Joban, and Kan-Etsu Expressways, and the Kita-Kanto Expressway. In addition, with the opening of all sections of the Kan-O Expressway in the near future, this region has one of the highest concentrations of factories in the country.

The population of the four prefectures totals 14 million and exceeds the 13 million population of the Tokyo metropolitan area. In fiscal 2012, the total production of these four prefectures came to ¥47 trillion, rivaling the GDP of Norway or Sweden.

Feature 02 ‖ Enchanting "Tochigi Prefecture"

Tochigi Prefecture is a strategic point or the hub of the North Kanto area for transportation and the distribution of goods. The prefectural capital “Utsunomiya” is about one hour from Tokyo. In the distribution of goods, Tochigi Prefecture has a close relationship with Tokyo and three other North Kanto prefectures. The region has built up a good balance of various industries, among which are transportation equipment, such as automobiles and aircraft, and pharmaceutical and medical-related industries that have located factories here that serve as their nationwide core. There are also many SMEs with highly developed technological capabilities and Tochigi has the distinctive feature of being known as Monozukuri (manufacturing) Prefecture.

Furthermore, Tochigi is also an agricultural prefecture that plays a role as a base for the supply of food to the Tokyo metropolitan area and many of its agricultural products are ranked as the nation’s top.

Feature 03 ‖ Abundant tourism resources


Yomeimon Gate in “Nikko Toshogu Shrine”

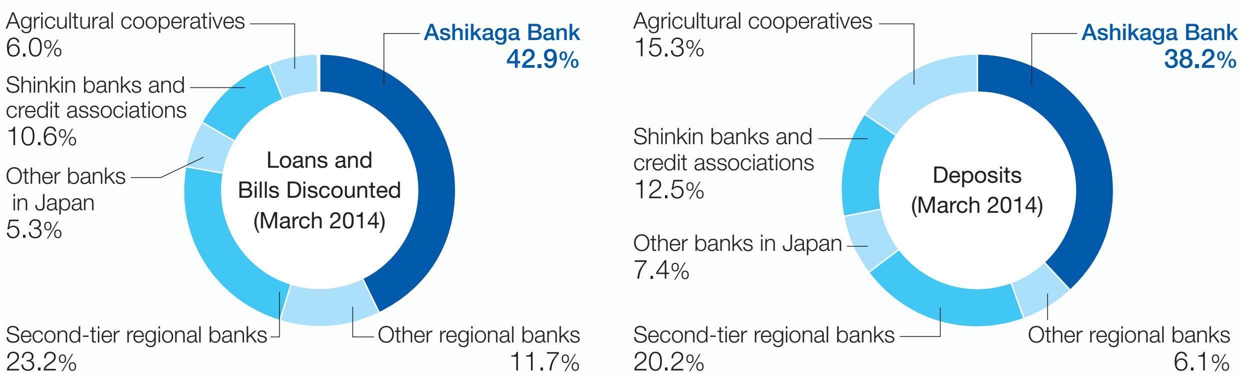
The area’s tourism resources are abundant and include UNESCO World Heritage sites of "two Shinto shrines and one Buddhist temple located in Nikko", "Tomioka Silk Mill and Related Sites"and the famous hot springs resorts of Kinugawa, Nasu and Kusatsu. The area is full of enchantment because of its ability to attract tourists not only from the Tokyo metropolitan area, but also from all over the world. It is rare to have several world heritage sites within one’s area of operation, and locations such as the “Ashikaga Gakko” and the “Kodokan” have been awarded Japan Heritage status, so there is hope that the tourism industry will bring about an economic ripple effect.


The oldest school in Japan “Ashikaga Gakko”

Feature 04 ‖ Seeking to demonstrate its financial intermediary function leveraging its growth potential as a widely operating regional bank

Meanwhile, Saitama and Gunma prefectures are near Ashikaga City, the birthplace of the Bank, where it has opened many branches from very early on. Saitama Prefecture is a large market that rivals the other three prefectures combined in economic scale, and with 16 branches already setup within Saitama Prefecture, the Bank has a befitting business base for the Prefecture’s large economic scale. As a widely operating regional bank, it conducts sales activities that leverage features and growth potential of local operating areas. As a local financial institution, it is working to contribute to the development of local communities.

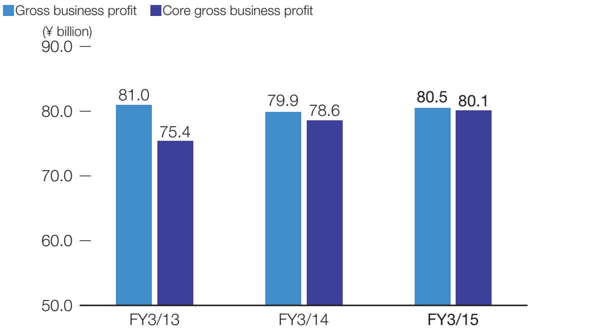
The Bank’s Position in Tochigi Prefecture



Earnings Highlights

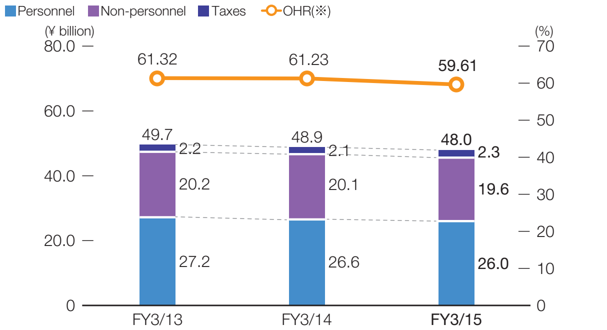
Major business indicators (Ashikaga Bank, non-consolidated)

Gross business profit



Gross business profit increased by ¥0.6 billion year on year to ¥80.5 billion due to a ¥1.2 billion increase in interest income to ¥65.0 billion, and a ¥0.2 billion increase in fees and commission to ¥14.5 billion. Core gross business profit after deducting the gains (losses) on bonds including government bonds was ¥80.1 billion, a year on year increase of ¥1.5 billion.

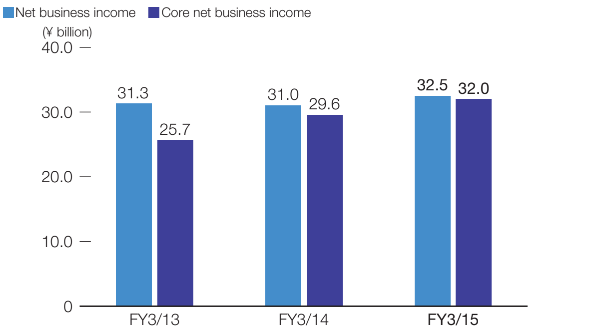
Expenses and OHR



Overhead costs declined by ¥0.9 billion year on year to ¥48.0 billion. As a result, the overhead cost ratio (OHR) was 59.61%, lower than the target of 60%.

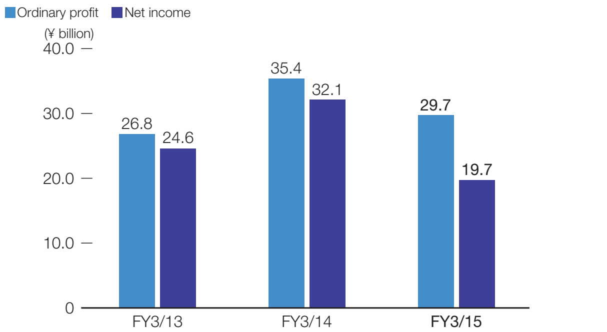
※OHR=Expenses÷Gross business profit

Net business income and Core net business income



Net business income was ¥32.5 billion, an increase of ¥1.5 billion year on year due to factors such as lower overhead costs. Core net business income also increased by ¥2.4 billion year on year to ¥32.0 billion.

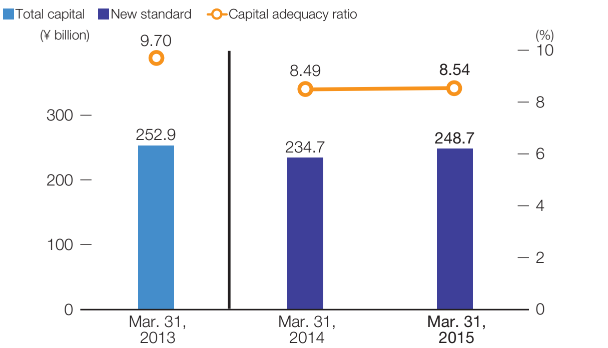
Ordinary profit and Net income



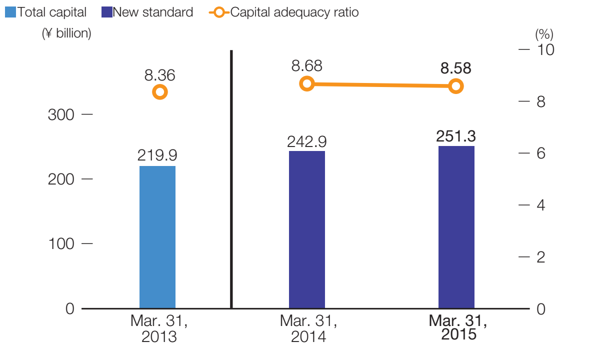
Net income decreased by ¥12.3 billion year on year due to lower gains on sale of stocks, which decreased by ¥12.7 billion, and higher tax expenses, which increased by ¥7.1 billion. Ordinary profit amounted to ¥29.7 billion and net income amounted to ¥19.7 billion, exceeding initial forecasts.

Capital adequacy ratio

Ashikaga Holdings (consolidated)

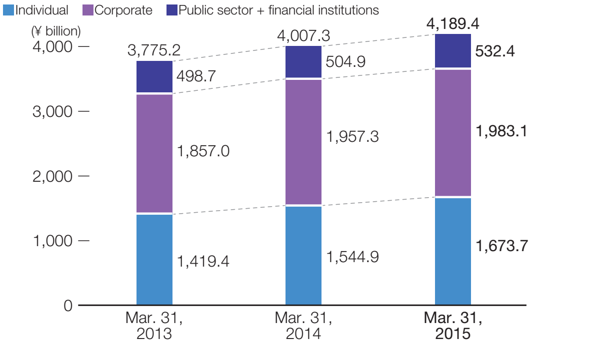


Ashikaga Bank (non-consolidated)



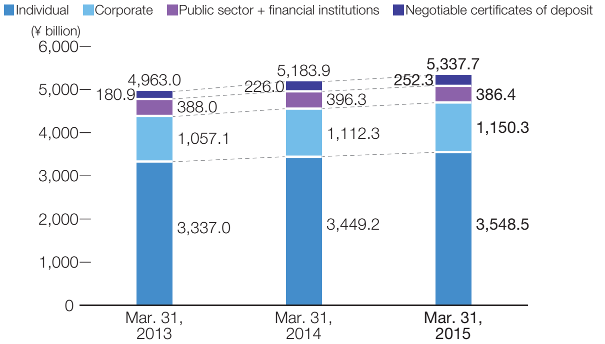
From March 31, 2014, the capital adequacy ratio is calculated using a new domestic standard based on Basel III.
Although profits accumulated steadily, there was an increase in risk assets due to an increase in loans and bills discounted, resulting in capital adequacy ratio of 8.54%, a year on year increase of 0.05%, for Ashikaga Holdings on a consolidated basis, and the ratio of 8.58%, a decrease of 0.10%, for Ashikaga Bank on a non-consolidated basis.

Balance of loans and bills discounted



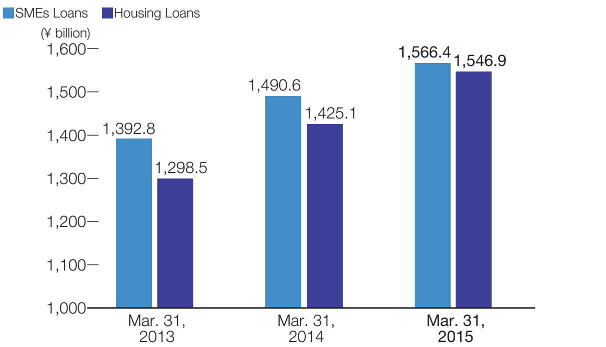
The balance of loans and bills discounted rose ¥182.1 billion compared to the end of the previous fiscal year to ¥4,189.4 billion due to a ¥128.8 billion increase to ¥1,673.7 billion in loans to individual customers, primarily for housing loans, and a ¥25.7 billion increase to ¥1,983.1 billion in corporate loans.

Balance of deposits and negotiable certificates of deposit



The balance of deposits and negotiable certificates of deposit rose ¥153.8 billion compared to the end of the previous fiscal year to ¥5,337.7 billion due to a ¥99.2 billion increase to ¥3,548.5 billion in individual deposits and a ¥38.0 billion increase to ¥1,150.3 billion in corporate deposits.

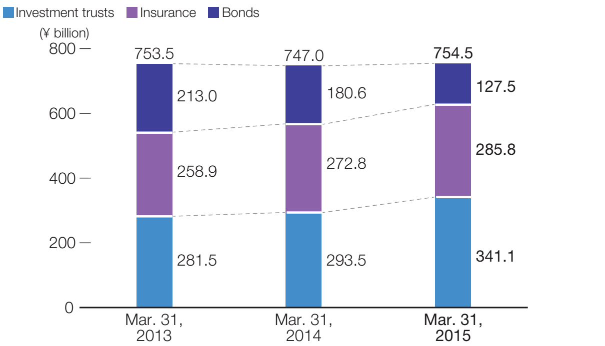
Balance of SMEs loans and housing loans



The balance of SME loans climbed ¥75.8 billion to ¥1,566.4 billion as a result of capturing the growing capital demand by strengthening relations with the core customers.

The balance of housing loans climbed ¥121.8 billion to ¥1,546.9 billion due to efforts to actively meet both the borrowing needs for new housing loans and the need for refinancing.

Assets under custody



Assets under custody increased by 7.5 billion yen from the end of the previous fiscal year, to 754.5 billion yen. Of that, investment trusts increased by 47.6 billion yen and insurances increased by 13.0 billion yen, while bonds decreased by 53.1 billion yen owing to redemption of large amount of JGB for individual investors.

Risk-monitored loans

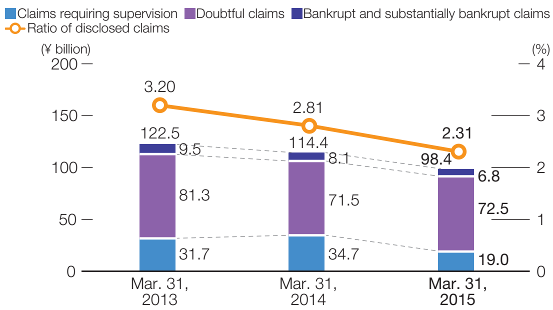
Risk-monitored loans in fiscal 2014 based on the Banking Act came to ¥98.0 billion, a decrease of ¥16.3 billion year on year. Among risk-monitored loans, loans of self-assessed bankrupt debtors are recorded as “loans to bankrupt borrowers,” loans of effectively bankrupt debtors and potentially bankrupt debtors are recorded as “non-accrual delinquent loans,” and among debtors requiring caution, those loans that are three or more months delinquent are recorded as “loans past due 3 months or more” and those that are being restructured are recorded as “restructured loans.”

(¥ billion)		Mar. 31, 2013	Mar. 31, 2014	Mar. 31, 2015	Compared with Mar. 31, 2014
Risk-monitored loans	Loans to bankrupt borrowers	3.2	3.0	1.6	(1.4)
	Non-accrual delinquent loans	87.3	76.5	77.3	0.8
	Loans past due 3 months or more	0.0	0.0	—	(0.0)
	Restructured loans	31.7	34.7	19.0	(15.7)
	Total risk-monitored loans	122.4	114.3	98.0	(16.3)
Amount of partial write-off executed		12.4	9.5	8.2	(1.3)
Balance of loans and bills discounted (term-end)		3,775.2	4,007.3	4,189.4	182.1
Ratio of risk-monitored loans (%)		3.24	2.85	2.33	(0.52)

Disclosed claims under the Financial Revitalization Law

As of March 31, 2015, disclosed claims under the Act on Emergency Measures for the Revitalization of the Financial Functions (hereinafter, “Financial Revitalization Law”) came to ¥98.4 billion, down ¥16.0 billion year on year.

Disclosed claims under the Financial Revitalization Law are “bankrupt and substantially bankrupt claims” of self-assessed bankrupt debtors and effectively bankrupt debtors, “doubtful claims” of potentially bankrupt debtors, and among debtors requiring supervision, those that fall under the category of loans past due 3 months or more or restructured loans are disclosed as “claims requiring supervision.”



Efforts to Promote Relationship Banking

Ashigin (the name by which the Bank is commonly known in Japan) seeks to raise corporate value by fulfilling its function as a regional financial institution and growing together with its customers.

Fulfilling consulting functions for corporate customers

Management challenges and financing needs vary widely among corporate customers, and the external environment changes day by day. Amid such an environment, we strive to understand the actual circumstances of corporate customers, share management challenges, and provide optimal solutions.

Business startup and development support

- In October 2014, we held the “Venture Company Support Event by Local Financial Institutions,” a venue where venture companies and companies established in Utsunomiya City make presentations on their business efforts and products to gain advice from organizations such as administrative agencies and local financial institutions in attendance in relation to sales channel expansion
- In December, we began offering “Ashigin New Business Support Loan,” a specialized financing product targeting founders of startup business that create new demands via providing new technologies, new know-how, and new services

Financed to separate package development project for large strawberry “Sky-berry”, expecting to sales expansion by export

- Made loans for 58 customers (total value: ¥322 million) for the support of their new business startups and development.

Support during growth phase

Use of financing methods based on the evaluation of business value

- Creation of syndicated loans where we serve as the arranger: 31 cases (¥78.3 billion)
- Underwriting of private placement bonds through “the Ashigin Growth Platform Support Fund” and “the Ashigin Support Fund for Environment initiatives,” etc.: 162 cases (¥15.0 billion)
- Deal with ABLs that do not depend on real estate collateral or personal guarantees: 157 cases (¥25.1 billion)

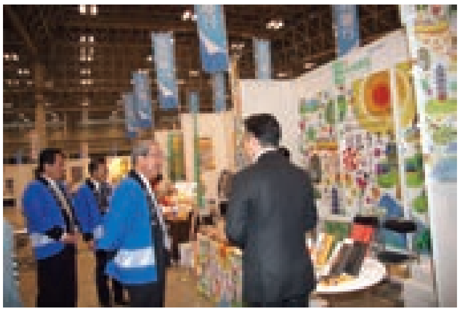
Held business matching events and business confabs

In November 2014, 38 local banks including the Ashikaga Bank jointly held “the Food Selection 2014 Business Confab,” which is a food exhibition and business confab, with 20 of our corporate customers participating in the exhibition.

In November, the Bank, six shinkin banks and two credit associations in Tochigi Prefecture jointly held “the Monozukuri Kigyo Tenji/Shodankai 2014 (manufacturers’ exhibition/business confab)” with 166 companies participating in the exhibition. The event was intended to support expanding sales channel of local manufacturers.

In January 2015, the Bank and Tochigi Prefecture jointly held “the Tochigi Shoku no Tenji/Shodankai 2015 (Tochigi Prefecture food exhibition and business confab 2015)” with 157 companies participating in the exhibition. The event was intended to support business matching in food and agricultural fields.

In March, we held the “Exchange meetings with retired persons” which matched local businesses with management challenges such as new product development and sales channel expansion with corporate alumni that have extensive knowledge, experience, and networks.



Regional Bank Food Selection 2014

Strengthening the overseas business support system

Based on the high level of interest in customer entry into overseas markets against a backdrop of expanding overseas markets, we are strengthening our overseas business support system for those customers.

In fiscal 2014, the Bank held numerous seminars and business confabs in order to provide information to customers seeking to expand their business in Asia.

- In June 2014, we participated as co-host of the “1st Monozukuri Shodankai@Bangkok 2014 (manufacturers’ business confab),” which was sponsored by Factory Network Asia (Thailand).
- In September, we held the “FBC Shanghai 2014 (Nicchu Monozukuri Shodankai),” which was co-hosted by 40 groups including the Ashikaga Bank, other regional banks, and local governments, and sponsored by Factory Network China
- In September, we held an overseas business seminar which focused on personnel and labor management of executives at local subsidiaries in the Asia region, as well as transfer pricing taxation

- In November, we participated in the "World Business Symposium and Mega Matching 2014," which targeted companies engaged in industries related to food, beverages, and daily necessities, and is sponsored by KASIKORNBANK, a partner bank in Thailand
- In March 2015, we held the "Cultivation of Overseas Markets via the Internet Seminar"

Opening ribbon cutting at the Hong Kong Representative Office

Furthermore, in April 2015, we established a representative office in Hong Kong. In the future, we will place further emphasis on collecting and providing local information such as the financial and economic conditions in the Asia region, while supporting clients with established bases in the Asia region as well as those who are considering establishment in the future as well.

Business succession support

For the continuation and further growth of companies, we provide proposals on various measures including smooth business succession and cooperation among companies.

- Number of cases in which the Bank offered consultancy services on business succession matters such as transfer of own stock to a successor: 425
- Number of cases in which M&A consultation services were offered: 103 (of these, two contracts were signed)
- In June and September 2014, we held the "Ashigin M&A Seminar" for corporate managers with the intent of providing information regarding M&A
- In November and December, we held the "Ashigin Business Succession and M&A Seminar" for corporate managers with the intent of providing information regarding business succession and M&A for small and medium-sized companies (SMEs)

Proactive initiatives for regionel revitalization

Active participation in wide scale regional revitalization

Collaboration with regional public organizations

- From July to October 2014, we promoted the "Tochigi Tour Passport Business," a tourism business of Tochigi Prefecture, via the monitors on our ATMs
- In September, we cooperated with Tochigi Prefecture, Utsunomiya City, and tourism-related organizations to hold a Hospitality Skill Improvement Seminar
- In March 2015, we concluded the "Tochigi Prefecture Small and Medium Sized Business Support Agreement" with the Tochigi Industrial Promotion Center
- In cooperation with 14 cities and towns, we began offering "Permanent Resident Support Loans," targeting regional residents who utilizes subsidies and other support related to promotion of permanent residency

Use of the Tochimaru Sixth Industrialization Growth Support Fund

In addition to investment, this fund provides comprehensive management support for producers and businesspersons engaged in creating sixth-sector* agriculture, forestry, and fishery businesses.

- In September 2014, as the first project, we invested in Tsuchinoka Co., Ltd. (headquartered in Ashikaga City, Tochigi Prefecture)

First invested project, "Farmer's café TSUCHINOCA"

- In January 2015, as the second project, we invested in Mottainebe Co., Ltd. (headquartered in Mito City, Ibaraki Prefecture)

* Sixth-sector creation: Measures in which first-sector producers (in the agricultural, forestry, and fishery industries) also engage in second-sector industry (processing, etc.) and third-sector industry (logistics, etc.) as a single business, creating additional value to realize higher profitability.

PFI* measures

- In March 2015, we were tasked as the monitoring agent for "the Akiyama River Cleansing Center Renewable Energy Generation Business," which is the third PFI Business in Tochigi Prefecture (ordered by Tochigi Prefecture and Sano City)
- In cooperation with Tochigi Prefecture, we held two PPP/PFI Seminars targeting regional public organizations and regional companies during fiscal 2014 (80 attendees in May 2014 and 40 attendees in October 2014)

* PFI : Private Finance Initiative

Measures for Town, People, Work Creation Comprehensive Strategy (Regional Revitalization)

In April 2015, with an aim of actively supporting and promoting matters related to regional revitalization, we changed the name of our Regional Development Promotion Group to the Regional Revitalization Promotion Group, while also establishing the Regional Revitalization Promotion Project Team as a cross-sectional promotional body. Moving forward, we will actively support measures for the formulation and promotion of Comprehensive Regional Strategies at the regional government level.

Corporate Social Responsibility Activities

Efforts for solving environmental issues

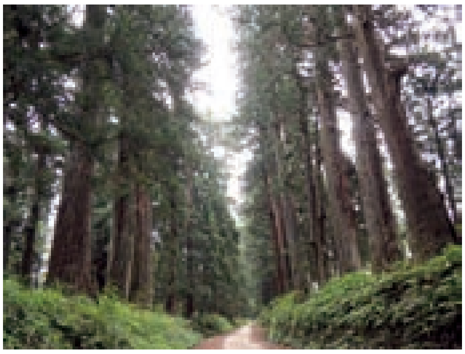
Tree Planting in the Ashio Mountain

The Bank addressed an environmental problem, mainly that of the water circulation system, through its tree planting activities in the Ashio Mountains, which had been devastated by smoke pollution. Considering the problems in the headwaters area of the Watarasegawa River, we support the activities of the NPO Grow Green in Ashio and engage in tree-planting activities there every year. The purpose of the NPO is to contribute to making healthy natural environment and prosperous local communities. In July 2015, 80 new employees of the Ashikaga Bank and 102 new employees of member companies of the Tochigi Prefecture Industrial Cooperation Council planted about 360 young trees in the Ashio Mountains.

New employees participating in tree-planting activities

Protection of Nikko Cedar Avenue

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 now own 80 cedar trees, the most cedar trees owned by one group, at a cost of ¥10 million per tree. In addition, the Bank is working on beautification activities, including participation in the cleanup at the Avenue.



Developing Ashigin's Forest

Since 2012, the Bank has developed Ashigin's Forest in the Tochigi Prefecture Prefectural Citizen's forest in Yaita City. In fiscal 2015, in order to create a more growth-friendly environment for young trees, we will remove the underbrush that obstructs growth and develop walkways.

Promoting financial education

Holding of financial education events

Every year, we hold the "Ashigin Kids School: Hands-on Lessons on Money" for local elementary school students, and in December 2014, we held the 9th All Japan High School Quiz of Finance and Economics Championship "Economics Koshien" Tochigi Tournament.

"Economics Koshien" Tochigi Tournament

Inclusion of activities such as extracurricular hands-on lessons

To provide opportunities for work experience and extracurricular learning, we accept a wide range of students, from elementary to university students.

Ashigin Kids' School

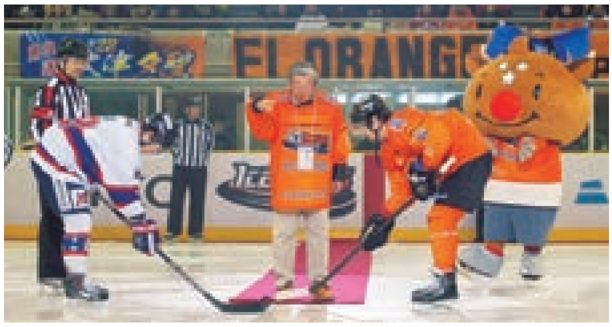
Bank tour

Culture and sports promotion

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

Ashigin Marronnier Kencho Concert by local hand bell performers

So that 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.)

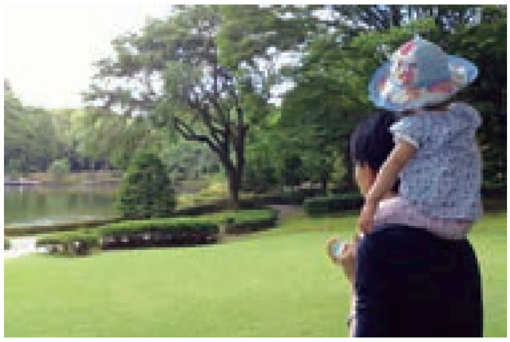


Official game of H.C. Nikko Ice Bucks

Measures for employees

Creating a workplace with safety and peace of mind

To support success in both the workplace and at home, we are proactively implementing measures to reduce working hours including promotion of the use of vacation days and leaving the office early. Furthermore, to enable employees to work with peace of mind, we work to maintain and improve various systems (parental leave, nursing leave, special medical leave, etc.), in addition to maintaining of structure that enables employees to stay with the company for many years.



Parental Support System

We held a “Reinstatement After Parental Leave Support Seminar” targeting employees that are currently away on parental leave, and by initiatives such as listening to the experiences of employees who took parental leave, we provide a venue for these persons to discuss and resolve feelings of uneasiness or anxiety regarding reinstatement.

Promotion of active participation of women

In addition to activities such as establishing the “Project Team for Active Participation of Women,” we implemented surveys targeting all employees regarding creation of a workplace that allows active participation of women, and held the “Ashigin Women School” aimed at improving team management skills. We updated our personnel policy in October 2014, newly establishing a reemployment system, position reinstatement system, and half-day holiday system.

Reinstatement After Parental Leave Support Seminar

Corporate Governance

To strengthen and enhance corporate governance, the Group seeks to establish a responsible management system and ensure management transparency.

Ashikaga Holdings and the Ashikaga Bank are working to reinforce and improve management supervisory functions and business operations under the committee-based management system.

Basic Approach to Corporate Governance

A commitment to management characterized by responsibility, and sound, appropriate business operations will earn greater trust for the Group from all stakeholders — customers, shareholders, local communities and employees — and boost corporate value. We see higher standards of corporate governance as a management priority. We are committed to ensuring transparency, reinforcing management supervisory functions, speeding up decision-making and strengthening business operations.

Asikaga Holdings and the Ashikaga Bank, have adopted the company with committees system under which it had been working to reinforce and improve management supervisory and business operation functions. Since then, we have been working for greater management transparency and objectivity.

In order to become the receiver of the Ashikaga Bank, Ashikaga Holdings adopted a stock transfer and holding company scheme to take over the entire business while maintaining the corporate status of the Ashikaga Bank. Against this backdrop, the Ashikaga Bank is Ashikaga Holdings' only direct subsidiary and most officers of Ashikaga Holdings also serve as board members of the Ashikaga Bank. With respect to overlapping management functions between Ashikaga Holdings and the Ashikaga Bank, we will ensure effective and efficient business operations and governance of the Group as a whole through close mutual collaboration between each division.

Management Structure

Board of Directors

The Board of Directors is composed of eight directors (of which four are outside directors). It has decision-making powers over basic management policies and important operational matters, and supervises the execution of duties by directors and executive officers. The outside directors comprise a lawyer rich in experience and with successful track records in corporate turnarounds, a certified public accountant, a business person well versed in finance and securities and a member of the regional business community. This system enables us to implement management decisions and carry out supervisory tasks from a wide range of perspectives, resulting in improved management and stronger corporate governance. The board of directors' meeting is held, in principle, once a month.

Nominating Committee

The Nominating Committee is composed of three directors (of which two are outside directors) and decides on proposals to be submitted to the annual meeting of shareholders concerning the election and dismissal of directors.

Compensation Committee

The Compensation Committee is composed of four directors (of which three are outside directors) and decides on policy for decision-making on compensation for individual directors and executive officers, as well as individual compensation levels.

Audit Committee

The Audit Committee is composed of three directors (of which two are outside directors and the Committee Chairman is an outside director) and audits the performance of duties by directors and executive officers. It also decides on proposals to be submitted to the annual meeting of shareholders concerning the election and dismissal of accounting auditors, or refusal to reelect them. The Audit Committee is held, in principle, once a month.

Executive Officers and Group Management Meeting, etc.

Ashikaga Holdings has five executive officers — the Chairman and the President (both are Chief Executive Officers), and three Executive Officers authorized by the Board of Directors to supervise respectively the Corporate Planning Department, Business Administration Department and Auditing Department. While maintaining close contacts with divisions of the Ashikaga Bank, they supervise operations on a Group-wide basis, carrying out their management duties promptly and in a manner befitting the management of the holding company.

We hold various Group meetings, such as the Group Management Meeting, Group ALM Meeting and Group Compliance Meeting, through which Executive Officers, to the extent approved by the Board of Directors, discuss and decide on important issues concerning business operations.

Internal Control System

As a regional financial institution, in order to contribute to the stability and development of the region and its people by ensuring the soundness and appropriateness of its business and providing a smooth and appropriate supply of funds and financial services, we observe strict compliance with laws and regulations, rigorously protect its customers, and appropriately manages risks in all of the business of Ashikaga Holdings and its subsidiaries (hereafter "the Group") based on appropriate corporate governance. At the same time, it recognizes the need to ensure business efficiency. Based on this recognition, the Company's Board of Directors has adopted a "Basic Policy for Internal Controls (Whole Group)" for effective development and implementation of internal controls as below.

1. Conformity of performance of duties by Executive Officers and employees with laws, ordinances and articles of incorporation
   (1) The Group positions compliance as a management priority. It has compiled a basic Group compliance policy to which all directors and employees are subject.
   (2) It has established a legal compliance management section to prepare and establish the legal compliance system.
   (3) The Board of Directors monitors whether or not the compliance system is functioning effectively, through supervision of Executive Officers' performance and assessment and evaluation at the Audit Committee.
   (4) The Group takes a strict line with illegal or wrongful conduct, including disciplinary penalties. When directors and employees find evidence of actual or suspected illegality or misconduct, they should report the details to the Audit Committee or the section responsible for compliance management.

2. Systems for storage and management of information concerning the performance of duties by Executive Officers
   (1) The Group requires Executive Officers to document their performance of duties and create an appropriate document management system.
   (2) The Audit Committee or personnel designated by the Committee have access at all times to documents concerning the performance of duties by Executive Officers.

3. Rules and other systems for management of risk of losses
   (1) The Group has formulated a basic Group risk management policy to develop and establish risk management systems. It also carries out appropriate risk management through establishing a section responsible for risk management.
   (2) The Board of Directors and the Audit Committee require the section responsible for risk management to periodically file reports on the status of risk controls, and work to develop and upgrade Group risk management systems.

4. System for ensuring the efficiency of performance of duties by Executive Officers
   (1) The Board of Directors decides on basic matters regarding organizational structure, division of authority, organization of staff positions and other business matters, to ensure smooth and appropriate operations.
   (2) Executive Officers carry out their duties in line with the basic policy of management and division of authority decided by the Board of Directors.
   (3) Executive Officers perform their duties assigned by the Board of Directors appropriately and effectively to the extent that they are authorized, and periodically report on the status of their performance of duties at meetings of the Board of Directors.

5. Systems for ensuring appropriate conduct of operations by the Group
   (1) The Company aims to achieve its business goals through conducting the Group management control by receiving necessary reports from its subsidiary to secure legality and appropriateness of the Group business as a whole, while securing efficiency in business and adhering to sound corporate management of the Group as a whole.
   (2) The Group drafts management policies, and works to ensure full legal compliance, customer protection and appropriate risk management.
   (3) The Auditing Department verifies the legality and appropriateness of overall operations at the Group, and reports its findings to the President and Chief Executive Officer, Executive Officers in charge of departments and the Audit Committee.

6. Support staff for the Audit Committee

   We have established an Office of Audit Committee and have deployed support staff for the Audit Committee.

7. Independence of support staff in the previous article from Executive Officers and ensuring effectiveness of the instructions by the Audit Committee to the staff

   Executive Officers shall ensure that undue restrictions are not imposed by Executive Officers on the staff that supports the duties of the Audit Committee in the execution of their duties. In addition, the Group ensures the independence of the staff and effectiveness of the instructions by the Audit Committee to the staff by requiring the approval of the Audit Committee for matters regarding personnel transfer and personnel evaluations of the staff.

8. Mechanisms for reporting to the Audit Committee, and other reporting to the Audit Committee by the Company's Directors (excluding members of the Audit Committee), Executive Officers and employees, as well as its subsidiary's Directors, Corporate Auditors, Executive Officers, employees or those who received report from any of the foregoing personnel

(1) To enable the Audit Committee to appropriately handle important matters affecting the Group, we have specified certain matters the Company's Directors (excluding members of the Audit Committee), Executive Officers and employees, as well as its subsidiary's Directors, Corporate Auditors, Executive Officers, employees or those who received report from any of the foregoing personnel must report on to the Audit Committee.

(2) Members of the Audit Committee may, at any time when it is deemed necessary for the execution of their duties, ask the Company's Directors (excluding members of the Audit Committee), Executive Officers and employees, as well as its subsidiary's Directors, Corporate Auditors, Executive Officers, employees or those who received report from any of the foregoing personnel to file reports.

9. Mechanisms for ensuring that the persons who have made reports pursuant to the previous article are not treated unfavorably because of such reports

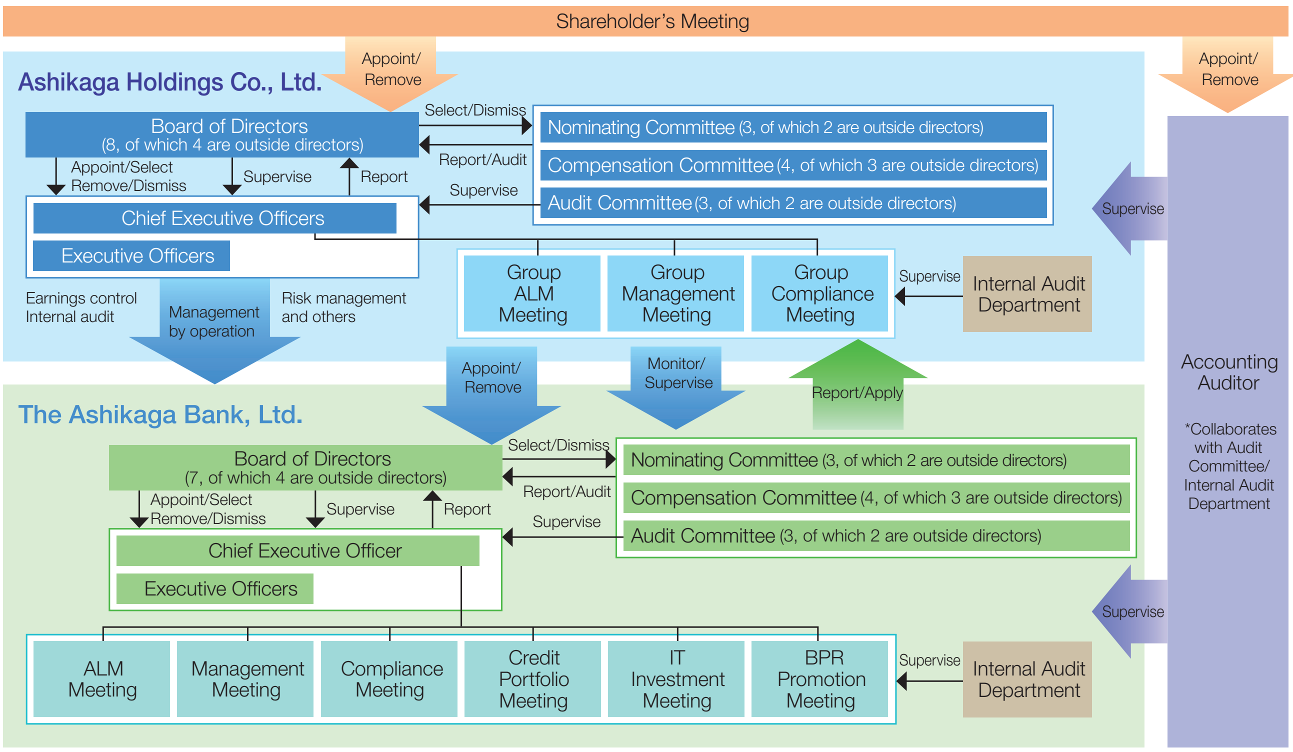
The Group shall not take disciplinary measures against, discriminate or take other reprisals against, make disadvantageous personnel evaluation on, or treat unfavorably in any other forms the persons who have made reports to the Audit Committee because of such reports.

10. Matters concerning procedures for advance payment or reimbursement of costs incurred by a member of the Audit Committee in the process of executing duties and any other policy for processing costs and obligations

Costs incurred in appointing or consigning investigation and other administrative work to lawyers, certified public accountants and other external experts as necessary in order for the Audit Committee or members of the Audit Committee to conduct audit work shall be covered by the Company, unless such cost is deemed unnecessary for the execution of duties by the Audit Committee or members of the Audit Committee.

11. Other mechanisms for ensuring effective auditing by the Audit Committee

To ensure the effectiveness of its auditing, the Audit Committee works together with the Internal Audit Department, which devises its audit plan and reports it, as well as audit results, to the Audit Committee.



(BPR = Business Process Reengineering)

Risk Management at the Ashikaga Holdings Group

In addition to managing each of the various risks that we face individually, the Group has in place and is committed to improving an overall risk management framework to control risk within acceptable limits. It does this by forming a clear idea of overall possible risk limits, and then comparing and contrasting them with the financial resources of the Group.

ALM and risk management frameworks

We manage risk based on the Comprehensive Group Risk Management Policy compiled by the Board of Directors of Ashikaga Holdings. We have established a Group ALM Meeting as a management-level committee charged with implementing specific measures laid down in the Comprehensive Group Risk Management Policy. The necessary decision-making authority has been vested in this Council.

The Group ALM Meeting ensures that management always focuses on the risk-return balance and takes measures to accelerate and streamline decision-making, by ensuring that reviews and consultation are carried out with risk and revenue management closely linked, while maintaining due controls on risk. In addition, we have set up a Risk Management Group in the Business Administration Department, to ensure oversight and integration of various kinds of risk management.

Based on Group policy, risk management at the Ashikaga Bank includes the compilation of the Comprehensive Risk Management Policy and the establishment of an ALM Meeting as a management-level committee, as with Ashikaga Holdings. In addition, we are creating a Risk Management Division to supervise risk management, and divisions in charge of management of individual risk categories.

The Group ALM Meeting and the ALM Meeting are held on a monthly basis, attended by full-time (Head Office) executives at Ashikaga Holdings and the Ashikaga Bank, and Audit Committee members, and receive reports about progress in comprehensive risk management and management of individual risk categories. In addition, they discuss possible steps to be taken to deal with changes in the internal or external business environment.

To ensure effective communication regarding risk, we have various information-relaying systems in place. We plan to strengthen our mechanisms for gathering information.

Comprehensive Risk Management

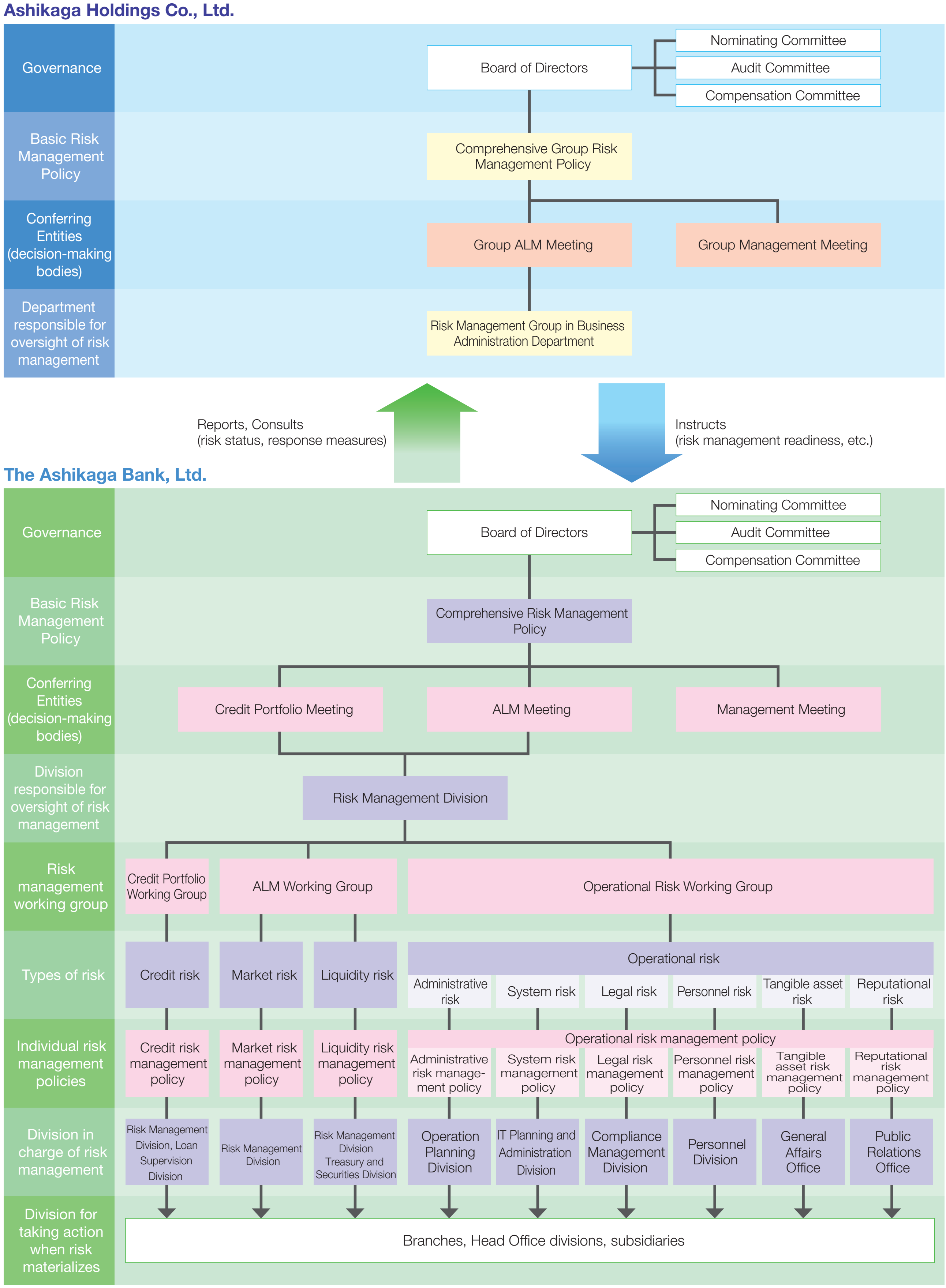
We use the Value-at-Risk (VaR) method to quantify the various types of risk that arise in our various businesses including lending and market trading, and apply the results of such analysis in our business management (comprehensive risk management). At the Ashikaga Bank, we use the Risk Capital System as a specific tool for comprehensively managing risk.

In concrete terms, we allocate capital (risk capital) for internal management purposes within the scope of credit risk, market risk, strategic stock investment risk, banking account interest rate risk and operational risk, ensuring that the total amount does not exceed core capital. Based on risk capital, we establish risk limit amounts every six months.

During the term, we ensure sound management by respecting risk limits in risk-taking and risk control. In addition, we confirm risk quantification results and the appropriateness and effectiveness of risk management methods using back-testing and stress-testing.

We have established a clear-cut Comprehensive Risk Management Policy and set of rules, governing basic approaches to the Risk Capital System, and methods of evaluation and monitoring of risk.

Risk Management Framework



Credit risk management

Credit risk is the risk of losses from reduction or loss of the value of loans and bills discounted and other assets held by the Bank due to deterioration of the financial standing of borrowers.

Based on the credit risk management policy approved at a meeting of the Board of Directors, the Ashikaga Bank clarifies the risk, etc. that needs to be appraised and managed, and, in the conviction that credit risk management is an essential prerequisite for ensuring sound financial health and profitability, adopts the following policies to further control risk.

Credit policy	• The Bank's credit policy clearly lays down basic policy for community contributions, borrower profiles, appropriate lending practices, soundness of assets, and ensuring adequate levels of profitability. • As a regional financial institution with its core business based in the North Kanto area centering on Tochigi Prefecture, our lending activities chiefly target regional small-and-medium-sized enterprises, individual business owners and individuals who have close relations with this area.
Credit risk management	• Division in charge of credit risk management, which is organizationally and functionally independent from the business promotion, credit-screening and management divisions, is responsible for planning and operational management of borrower rating systems, asset self-assessment and write-offs and provisions to the reserve for loan losses. In addition, it monitors loan assets and is the specialized organization responsible for comprehensive oversight of the credit portfolio. • In addition, the Credit Portfolio Meeting regularly deliberates and reviews the Bank's credit risk status and issues on an organization-wide basis.
Borrower rating system	• Under our borrower rating system, borrowers are divided into 14 categories based on quantitative analysis of their assets and qualitative analysis of the business environment and other issues they face. The borrower rating system is the basis of credit risk management. It enables instant appraisal of changes in credit circumstances at borrowers, helps make the credit screening decision-making process more efficient, and helps us set interest rates on loans and acts as a standard for credit portfolio management.
Credit portfolio management	• We analyze portfolio characteristics in terms of borrower credit rating, industrial sector, geographical area and other criteria, and carry out regular reviews of increases or decreases in credit in specific corporate groups or industries, and strengthen monitoring to ensure credit risk is not overly concentrated in certain sectors. In addition-, in tandem with strengthening measures for loans for SMEs and individuals, we aim to create a portfolio that is capable of credit asset small-lot diversification and generation of steady earnings.
Quantification of credit risk	• We calculate credit risk amounts on a monthly basis using credit risk measurement systems. The amount of measured credit risk and changes in such amount are mainly analyzed to identify contributing factors, and a report is made to the ALM Meeting regarding future measures.

Market risk management

Market risk is the risk of losses from changes in the value of financial assets and liabilities held by the Ashikaga Bank, due to changes in market interest rates, foreign exchange rates and stock market prices.

When we engage in market transactions, we carry out prior investigations and analyses, and make investments based on appraisal of identified risk. In addition to ensuring market liquidity and a suitable balance between returns and risk, we apply risk control parameters, in as much as they are feasible, to use and manage financial derivative products. Market risk management is carried out in an appropriate way based on a comparison of our own financial resources and amount at risk, while paying due consideration to secondary risk from the above-mentioned market transactions.

We set clear risk management parameters, measurement (monitoring) standards, control standards and reporting measures for market transactions, strategic stock investments and interest rate risk affecting banking account transactions. Every six months, we set risk management benchmarks (risk limits, loss limits, etc.) under a strict management regime.

Liquidity risk management

Liquidity risk is the risk of incurring a loss due to difficulties in raising funds needed for settlements and other purposes, or being forced to procure funds at a higher interest rate than normal.

The Ashikaga Bank has positioned itself to respond swiftly to all liquidity risk situations from normal banking operations to emergencies, and has compiled countermeasures for each possible situation. Specifically, in conventional cash flow management operations, we avoid increasing liquidity risk by managing trends in deposits and loan balances and managing indicators such as upper limits for fund procurement, in addition to using major benchmarks such as funding gaps and the balance of liquidity assets.

In a response to liquidity emergencies (establishment of a crisis headquarters, liaison and reporting mechanisms, response measures, delegation of decision-making, and chain of command), we have established a liquidity risk contingency plan. Based on it, we carry out regular drills to ensure its effectiveness during an actual emergency.

Operational risk management

Because operational risk is very diverse, comprising administrative risk, system risk, legal risk, personnel risk, tangible asset risk and reputational risk, it is jointly managed by a range of different divisions.

At the same time, operational risk is supervised on an integrated basis by the Risk Management Division, because all of our operations and divisions are subject to risk that could prevent continuation of business.

Management of administrative risk	• Administrative risk refers to the risk of losses due to errors, accidents, fraud or other irregularity on the part of executives or other employees. • Depending on the nature of business and risk profile, the Bank has in place administrative regulations that are comprehensive and compliant with laws and regulations, enabling us to ensure that all employees from executives down perform their administrative duties correctly, without accidents or fraud or other irregularity. • We comprehensively collect information on losses due to administrative risk that occur during the course of business. By analyzing the accumulated data concerning such risk, we have strengthened our administrative risk management structure by establishing appropriate procedures for identification, evaluation, monitoring, control and reduction of administrative risk.
Management of system risk	• System risk is the risk of losses arising from computer system failure or system malfunction, as well as abuse of computer systems. • The Bank has compiled a system risk management policy, to serve as a basic policy for taking measures to assure the security and reliability of computer systems. In the event that computers stop functioning normally, due to causes such as disaster impact, we have duplicated backbone systems and established a contingency plan for dealing with emergencies. We are taking measures to ensure we can respond swiftly to such failure scenarios.
Management of information security	• The adoption of appropriate security policies for information assets is a key requirement not only for continuation and stable conduct of our business, but also for upholding our public reputation. • We have compiled a Data Security Policy as a management policy for due protection of information assets in our possession. We take care to rigorously manage all information relating to our customers, having created information asset manager positions at Head Office and in branches, as well as an information security management system.
Business continuity system	• Natural disasters, computer-system failures and epidemics of infectious diseases are among the events that can trigger an unavoidable suspension of operations. In the event of an emergency situation, we have in place business continuation measures that enable us to quickly resume or maintain as many core services as possible, as a matter of public duty. • Under our basic policy on creating a business continuity system, the roles of individual employees are clarified. We are committed to ensuring as rapid a response to a crisis as possible.

System of Legal Compliance at the Ashikaga Holdings Group

The Group has positioned compliance as one of the most important priorities facing management, and has drawn up a basic compliance policy for the Group.

All employees from executives down are constantly aware of the public roles and responsibilities that we have as a banking group. We are committed to compliance with laws, regulations and social norms, establishment of trust through sound business management, and to pursuing our corporate activities in a spirit of sincerity and fairness.

Management awareness and response

Management is fully aware that ensuring rigorous legal compliance is one of the most important priorities it faces, and directors of the board and executive officers themselves take care to avoid violation of laws and regulations during the performance of duties.

Ashikaga Holdings has adopted the committee-based system of corporate governance, with establishment of Nominating, Audit and Compensation committees, and established executive officer posts. This clearly separates management oversight and execution of business.

The Board of Directors establishes internal controls including our compliance system, while the Audit Committee audits and examines whether or not these mechanisms are functioning effectively.

Executive officers are empowered to carry out tasks set by the Board of Directors, and to execute business operations. Powers of decision-making are vested in chief executive officers after approval from the Group Management Meeting, Group ALM Meeting and Group Compliance Meeting. Chief executive officers are thus subject to restraints on individual actions. Executive officers also must report at least once every three months to the Board of Directors on their own performance in fulfilling duties.

Instilling rigorous compliance throughout the Ashikaga Bank

To ensure a culture of compliance, it is necessary to ensure that compliance awareness and commitment permeates from management downward and throughout the Bank organization, using various platforms and mechanisms.

To achieve this, we set strict compliance as one of the management policies for fiscal 2015 and the management instills the concept of legal compliance through meetings of all division, office and branch managers of the Bank. At the same time, specific compliance action plans are drawn up based on a compliance manual and action guidelines, to ensure the effectiveness of compliance awareness-raising.

The Group's basic compliance policy comprises the following concepts

Ensuring trust	In awareness of its social responsibilities and public mission, the Group provides comprehensive financial services rooted in the community, engages in sound business operations and ensures public trust.
Compliance with laws and regulations	The Group regards compliance with laws and regulations as a cardinal priority for management. In addition to legal compliance, the Group will engage in its corporate activities in a spirit of sincerity and fairness, without overstepping social norms or conventions.
Measures against antisocial forces	The Group will take decisive action against forces that threaten orderly public activity and security, or that undermine the development of a sound economy and society.
Management transparency	The Group shall, in a fair, timely, and appropriate way, disclose management information to customers, employees, shareholders, and local communities and industries, as a trust-building measure.
Creating and upholding compliance frameworks	The Group will thoroughly familiarize all employees with the importance of compliance, and establish and maintain a compliance framework based on implementation and planning of internal controls including sets of regulations, creation of dedicated organizations and employee training programs.

Improving compliance effectiveness

We have compiled the following seven Compliance Principles as a behavioral guideline for Group employees, who will do their best to abide by the principles.

Seven Compliance Principles

- Comply with laws and regulations affecting our business and social norms
- Always keep promises
- Do not mix private and public business
- Keep your surroundings clean and tidy
- Be scrupulously careful about information management
- Uphold and improve workplace order
- Thoroughly internalize the importance of reporting, liaising and consulting

In addition, the Bank has set up a Compliance Working Group, which checks compliance progress and status and discusses important matters every month, thereby improving the effectiveness of our compliance measures.

We have incorporated compliance programs into all of our training courses for different seniority grades at the Bank, to thoroughly instill a sense of the importance of legal compliance in all employees from executives downwards.

In fiscal 2015 as well, we compiled a compliance program to ensure systematic compliance with laws and regulations, and it is now in operation.

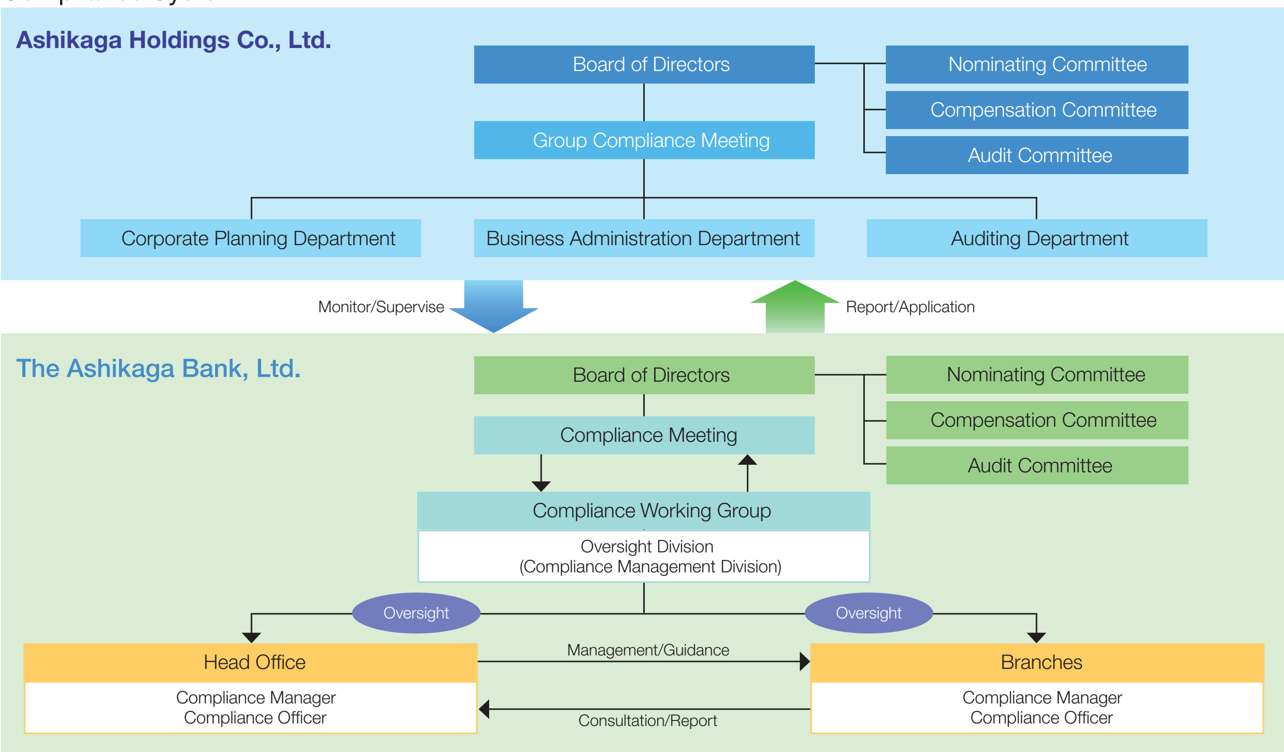
Compliance organizations and measures for the future

The Group has established a Compliance Management Group within the Business Administration Department to further strengthen our compliance framework.

In addition, in order to ensure compliance with laws and regulations at the Ashikaga Bank at the Head Office and branch level, we have also established the posts of Compliance Manager and Compliance Officer in every division, office and branch.

In the future, we will strive to further develop our compliance frameworks so as to further deepen public trust.

Compliance System



Measures to protect customer interests

The Group recognizes that establishment of a management framework for protection of the customer's interests is vital not only for the customer and the enhancement of customer convenience, but also for the soundness and propriety of Group business operations. Accordingly, it has established the following management policies for protection of customer interests.

Executives and employees recognize that continuous assessment and improvement of their own performance of duties from the customer's perspective are important to safeguarding customer interests, and are committed to improvement.

1. Ensuring customer understanding of explanations
   We have mechanisms to ensure full and due customer understanding of our explanations of their transactions with the Group, as well as with subsidiaries (credit transactions (loan contracts and related collateral and guarantee agreements), acceptance of deposits, etc., domestic and foreign exchange transactions, marketing, intermediary services and solicitation relating to financial products).

2. Customer support
   We have established within the Group a general office for responding appropriately when a customer has an inquiry, seeks consultation, or expresses a wish or complaint. We are committed to improvement in all our operations, not just to resolution of single issues. At the same time, we always treat the customer with friendly and appropriate courtesy, without letting personal feelings get in the way, and take care to ensure provision of financial products and services that complies with regulations.

3. Using the Alternative Dispute Resolution system
   We will use the Alternative Dispute Resolution (ADR) model of dispute settlement without resort to courts, which prioritizes the customer more and better suits the needs of an aging population and the diversification and increasing complexity of financial products.

   The Bank has concluded a basic agreement on procedures with the Japanese Bankers Association, a designated ADR organization (institution designated under the Banking Act as a dispute resolution organization).

4. Management of customer information
   Except where otherwise laid down under laws and regulations, information concerning customers is managed within the parameters deemed necessary for achievement of purposes relating to such information. In addition, we take measures to prevent external leakage of, loss of or damage to information about customers.

5. Sharing customer information within the Group
   To ensure greater protection and convenience for the customer, and better risk management within the Group, customer information is shared by Ashikaga Holdings with its subsidiaries (including consolidated subsidiaries).

   To protect customer information subject to shared use within the Group, we set clear limits on the category of information used, whom it is shared among, and what it is used for. We also have in place management mechanisms to ensure appropriate handling in conformity with laws protecting personal information, and with guidelines and laws and regulations relating to protection of personal information specific to the financial sector.

6. Management of conflict of interest
   In transactions between the Group and its customers, the Group protects customers we are advising from adverse effects, such as firewalls between different business sections, to avoid events that constitute conflict-of-interest or other impropriety.

   In particular, in cases where Ashikaga Holdings and its subsidiaries provide multiple services to the same customer, we have in place appropriate safeguards such as firewalls to prevent abuse of customer information and conflict-of-interest situations (including firewalls with affiliated companies), and measures to prevent unfair trading such as selling tie-in products.

7. Management of outsourcing
   When Ashikaga Holdings outsources operations to external providers, it ensures the outsourced task is performed exactly as required and that both customer information and customer interests are handled appropriately.

8. Management of other operations
   We ensure appropriate management of operations that we judge to be essential for the protection and convenience for the customer.

Consolidated Financial Statements

Consolidated Balance Sheet

March 31, 2015 Ashikaga Holdings Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
ASSETS:			
Cash and due from banks (Notes 3, 10, and 20)	¥ 365,322	¥ 344,369	$ 3,040,048
Call loans and bills bought (Note 20)	1,644	1,520	13,684
Monetary claims bought (Note 20)	7,727	8,180	64,306
Trading account securities (Notes 4 and 20)	4,164	4,266	34,654
Securities (Notes 4, 10, and 20)	1,207,938	1,176,469	10,051,912
Loans and bills discounted (Notes 6, 10, 20, and 24)	4,150,466	3,958,083	34,538,292
Foreign exchanges (Note 6)	5,837	5,969	48,577
Tangible fixed assets (Note 7)	24,291	23,378	202,141
Intangible fixed assets (Note 8)	85,754	93,141	713,610
Asset for retirement benefits (Note 13)	13,884	3,357	115,544
Deferred tax assets (Note 19)	604	2,027	5,027
Customers' liabilities for acceptances and guarantees (Note 9)	16,566	15,333	137,858
Other assets (Note 10)	23,938	20,307	199,207
Allowance for loan losses	(43,901)	(44,051)	(365,331)
Total	¥5,864,239	¥5,612,355	$48,799,530
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 10 and 20)	¥5,071,110	¥4,943,137	$42,199,475
Negotiable certificates of deposit (Note 20)	197,379	171,040	1,642,502
Call money and bills sold (Note 20)	—	6,175	—
Payables under securities lending transactions (Notes 10 and 20)	2,473	5,965	20,587
Borrowed money (Notes 10, 11, and 20)	232,546	180,644	1,935,144
Foreign exchanges	365	763	3,042
Other liabilities (Note 12)	49,169	43,022	409,167
Provision for directors' bonuses	54	48	452
Liability for retirement benefits (Note 13)	—	2,779	—
Provision for directors' retirement benefits	262	189	2,185
Provision for reimbursement of deposits	803	1,606	6,682
Provision for contingent losses	495	424	4,126
Provision for point card certificates	115	88	961
Deferred tax liabilities (Note 19)	5,774	—	48,053
Acceptances and guarantees (Note 9)	16,566	15,333	137,858
Total liabilities	¥5,577,117	¥5,371,220	$46,410,234
EQUITY (Notes 14 and 15):			
Common stock:			
Authorized, 990,000 thousand shares; Issued, 333,250 thousands shares in 2015 and 2014	¥ 117,495	¥ 117,495	$ 977,744
Capital surplus	29,025	29,025	241,535
Retained earnings	94,474	75,375	786,170
Total shareholders' equity	240,994	221,896	2,005,450
Accumulated other comprehensive income			
Unrealized gains on available-for-sale securities (Note 5)	44,704	20,230	372,008
Deferred losses on hedges	(650)	(30)	(5,410)
Defined retirement benefit plans	2,072	(960)	17,248
Total accumulated other comprehensive income	46,126	19,239	383,846
Total equity	287,121	241,135	2,389,296
TOTAL	¥5,864,239	¥5,612,355	$48,799,530

See notes to consolidated financial statements.

Consolidated Statement of Income

Year Ended March 31, 2015 Ashikaga Holdings Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥57,010	¥ 57,751	$474,417
Interest and dividends on securities	13,118	11,196	109,167
Interest on call loans and bills bought	331	204	2,755
Interest on deposits with banks	275	187	2,295
Other interest income	125	116	1,042
Fees and commissions	21,839	21,317	181,738
Other operating income	1,272	3,437	10,591
Other income (Note 17)	2,766	13,862	23,020
Total income	96,739	108,073	805,024
EXPENSES:			
Interest expenses:			
Interest on deposits	2,308	2,487	19,212
Interest on negotiable certificates of deposit	206	158	1,719
Interest on call money and bills sold	77	19	644
Interest on payables under securities lending transactions	69	62	578
Interest on borrowed money	1,924	1,871	16,014
Other interest expenses	296	24	2,465
Fees and commissions payments	6,056	5,759	50,398
Other operating expenses	144	1,461	1,202
General and administrative expenses	56,636	57,547	471,301
Provision of allowance for loan losses	4,097	6,791	34,094
Other expenses (Note 18)	3,874	3,968	32,240
Total expenses	75,691	80,151	629,867
INCOME BEFORE INCOME TAXES	21,048	27,921	175,157
INCOME TAXES (Note 19):			
Current	10,592	2,708	88,147
Deferred	(6,620)	898	(55,090)
Total income taxes	3,972	3,607	33,057
NET INCOME	¥17,076	¥ 24,314	$142,100

	Yen 2015	Yen 2014	U.S. Dollars 2015
PER SHARE OF COMMON STOCK (Note 16):			
Basic net income per share	¥51.24	¥69.85	$0.43
Cash dividends applicable to the year (Note 14)	9.00	4.00	0.07

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2015 Ashikaga Holdings Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
NET INCOME	¥17,076	¥24,314	$142,100
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22)			
Unrealized gains (losses) on available-for-sale securities	24,473	(1,724)	203,660
Deferred gains (losses) on hedges	(619)	101	(5,152)
Defined retirement benefit plans	3,032	—	25,237
Total other comprehensive income (loss)	26,887	(1,622)	223,745
COMPREHENSIVE INCOME (Note 22)	¥43,963	¥22,691	$365,845

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended March 31, 2015 Ashikaga Holdings Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen								
						Accumulated other comprehensive income			
	Common stock (Note 14)	Preferred stock (Note 14)	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Defined retirement benefit plans	Total equity
BALANCE, APRIL 1, 2013	¥ 67,510	¥ 37,500	¥95,780	¥56,730	¥ —	¥21,954	¥(132)	¥ —	¥279,343
Net income	—	—	—	24,314	—	—	—	—	24,314
Cash dividends	—	—	—	(5,670)	—	—	—	—	(5,670)
Purchases of treasury stock	—	—	—	—	(79,240)	—	—	—	(79,240)
Retirement of treasury stock	37,500	(37,500)	(79,240)	—	79,240	—	—	—	—
Issuance of new shares	12,485	—	12,485	—	—	—	—	—	24,971
Net changes except for shareholders' equity during the year	—	—	—	—	—	(1,724)	101	(960)	(2,583)
Net change in the year	49,985	(37,500)	(66,755)	18,644	—	(1,724)	101	(960)	(38,208)
BALANCE, MARCH 31, 2014	117,495	—	29,025	75,375	—	20,230	(30)	(960)	241,135
Cumulative effect of accounting change	—	—	—	4,855	—	—	—	—	4,855
BALANCE, APRIL 1, 2014 (as restated)	117,495	—	29,025	80,230	—	20,230	(30)	(960)	245,990
Net income	—	—	—	**17,076**	—	—	—	—	**17,076**
Cash dividends	—	—	—	**(2,832)**	—	—	—	—	**(2,832)**
Net changes except for shareholders' equity during the year	—	—	—	—	—	**24,473**	**(619)**	**3,032**	**26,887**
Net change in the year	—	—	—	**14,243**	—	**24,473**	**(619)**	**3,032**	**41,131**
BALANCE, MARCH 31, 2015	**¥117,495**	**¥ —**	**¥29,025**	**¥94,474**	**¥ —**	**¥44,704**	**¥(650)**	**¥2,072**	**¥287,121**

	Thousands of U.S. Dollars (Note 1)								
						Accumulated other comprehensive income			
	Common stock (Note 14)	Preferred stock (Note 14)	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Defined retirement benefit plans	Total equity
BALANCE, MARCH 31, 2014	$977,744	$—	$241,535	$627,238	$—	$168,348	$ (258)	$ (7,989)	$2,006,619
Cumulative effect of accounting change	—	—	—	40,404	—	—	—	—	40,404
BALANCE, APRIL 1, 2014 (as restated)	977,744	—	241,535	667,642	—	168,348	(258)	(7,989)	2,047,022
Net income	—	—	—	**142,100**	—	—	—	—	**142,100**
Cash dividends	—	—	—	**(23,572)**	—	—	—	—	**(23,572)**
Net changes except for shareholders' equity during the year	—	—	—	—	—	**203,660**	**(5,152)**	**25,237**	**223,746**
Net change in the year	—	—	—	**118,528**	—	**203,660**	**(5,152)**	**25,237**	**342,274**
BALANCE, MARCH 31, 2015	**$977,744**	**$—**	**$241,535**	**$786,170**	**$—**	**$372,008**	**$(5,410)**	**$17,248**	**$2,389,296**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2015 Ashikaga Holdings Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
Income before income taxes	¥ 21,048	¥ 27,921	$ 175,157
Adjustments for :			
Income taxes paid	(3,645)	(2,565)	(30,336)
Depreciation and amortization	3,446	3,702	28,677
Impairment loss	—	71	—
Amortization of goodwill	6,202	6,202	51,614
(Decrease) increase in allowance for loan losses	(149)	1,012	(1,245)
Increase (decrease) in provision for directors' bonuses	6	(8)	51
Increase in asset for retirement benefits	(1,248)	(1,076)	(10,393)
Decrease in liability for retirement benefits	—	(446)	—
Increase (decrease) in provision for directors' retirement benefits	73	(65)	611
(Decrease) increase in provision for reimbursement of deposits	(803)	88	(6,682)
Increase in provision for contingent losses	71	97	592
Increase in provision for point card certificates	26	14	222
Decrease in provision for loss on disaster	—	(70)	—
Interest income (accrual basis)	(70,861)	(69,456)	(589,675)
Interest expenses (accrual basis)	4,882	4,624	40,633
Loss (gain) related to securities	2,337	(9,758)	19,448
Foreign exchange gains	(11,116)	(1,515)	(92,503)
Losses on disposal of fixed assets	15	34	130
Net increase in loans and bills discounted	(192,383)	(182,108)	(1,600,926)
Net increase in deposit	127,973	197,325	1,064,940
Net increase in negotiable certificates of deposit	26,338	20,113	219,178
Net increase in borrowed money (excluding subordinated borrowings)	51,901	58,940	431,902
Net decrease in due from banks (excluding deposit paid to Bank of Japan)	391	40,808	3,254
Net decrease in call loans	301	127,749	2,511
Net decrease in trading account securities	125	13	1,046
Net (decrease) increase in call money	(6,175)	6,175	(51,387)
Net decrease in payables under securities lending transactions	(3,491)	(65,985)	(29,058)
Net decrease in foreign exchanges - assets	131	1,481	1,098
Net (decrease) increase in foreign exchanges - liabilities	(397)	213	(3,311)
Interest and dividends received (cash basis)	68,191	70,772	567,461
Interest paid (cash basis)	(2,020)	(5,448)	(16,813)
Other, net	(2,564)	(1,674)	(21,340)
Total adjustments	(2,439)	199,260	(20,304)
Net cash provided by (used in) operating activities	18,608	227,182	154,853
INVESTING ACTIVITIES:			
Purchases of securities	(257,319)	(385,180)	(2,141,298)
Proceeds from sales of securities	72,826	189,879	606,028
Proceeds from redemption of securities	193,323	217,544	1,608,747
Purchases of tangible fixed assets	(2,618)	(1,605)	(21,789)
Proceeds from sales of tangible fixed assets	34	48	291
Purchases of intangible fixed assets	(664)	(647)	(5,533)
Other, net	(56)	(4)	(467)
Net cash provided by investing activities	5,525	20,035	45,979
FINANCING ACTIVITIES:			
Proceeds from subordinated borrowings	—	70,000	—
Repayments of subordinated borrowings	—	(70,000)	—
Proceeds from issuance of common stock	—	24,971	—
Cash dividends paid	(2,832)	(5,670)	(23,572)
Purchases of treasury stock	—	(79,240)	—
Net cash used in financing activities	(2,832)	(59,939)	(23,572)
Effect of exchange rate changes on cash and cash equivalents	42	29	356
Net increase in cash and cash equivalents	21,344	187,307	177,617
Cash and cash equivalents, beginning of year	342,368	155,060	2,849,031
Cash and cash equivalents, end of year (Note 3)	¥363,712	¥342,368	$3,026,648

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NONCASH FINANCING ACTIVITY			
Retirement of treasury stock	¥—	¥79,240	$—

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2015 Ashikaga Holdings Co., Ltd. and Consolidated Subsidiaries

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Ashikaga Holdings Co., Ltd. (the "Company") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, in accordance with the Enforcement Regulation for the Banking Act, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. As permitted by the Japanese Financial Instruments and Exchange Act, amounts less than one million yen have been omitted. As a result, the totals do not necessarily agree with the sum of the individual amounts. Yen amounts, other than per share amounts, have been rounded down to millions of yen. Yen per share amounts have been rounded down to two decimal places.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.17 to U.S. $1, the rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements include the accounts of the Company and its significant subsidiaries. There were four consolidated subsidiaries as of March 31, 2015 and 2014.

Under the control and influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

All consolidated subsidiaries have a fiscal year ending on March 31, which is the same as the fiscal year of the Company.

The consolidated financial statements do not include the accounts of one subsidiary in 2015 and 2014, because the total assets, total income, net income, and retained earnings of the entity would not have had a material effect on the consolidated financial statements.

Investments in the unconsolidated subsidiary and associated companies were stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances, transactions, and unrealized profits included in assets have been eliminated in consolidation.

Goodwill, which was included in intangible fixed assets, represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is amortized using the straight-line method over 20 years (see Note 8).

b. Trading Account Securities— Trading account securities, which are held for the purpose of earning capital gains in the short term, are reported at fair value and the related unrealized gains and losses are included in "Other operating income (expenses)" in the consolidated statement of income.

c. Securities—Securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held-to-maturity with the positive intent and ability to hold to maturity, are stated at amortized cost using the straight-line method; (2) investments in unconsolidated subsidiary that are not accounted for by the equity method are stated at cost determined by the moving-average method; and (3) available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Securities whose fair values cannot be reliably determined are stated at cost determined by the moving-average cost method.

For other-than-temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

d. Tangible fixed assets (except for leased assets)—Tangible fixed assets (except for leased assets) are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the consolidated banking subsidiary is computed by the declining-balance method.

The range of useful lives is from 3 to 50 years for buildings and from 3 to 20 years for equipments.

Depreciation of tangible fixed assets owned by the other subsidiaries is computed by the declining-balance method in estimated useful lives.

e. Intangible fixed assets (except for leased assets)—Amortization of intangible fixed assets (except for leased assets) is mainly computed by the straight-line method. The cost of computer software obtained for internal use is amortized principally using the straight-line method over the estimated useful lives of mainly 5 years.

f. Leased assets—Depreciation of leased assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the respective lease periods. The residual value of lease assets is determined using the guaranteed residual value indicated on the lease contracts where provided or shall otherwise have a nil residual value.

g. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Allowance for Loan Losses—The consolidated banking subsidiary has provided an allowance for loan losses which is determined based on management's judgment and assessment of future losses based on their self-assessment systems. These systems reflect past experience of credit losses; possible credit losses; business and economic conditions; the character, quality, and performance of the portfolio; value of collateral or guarantees; and other pertinent indicators.

The consolidated banking subsidiary has implemented a self-assessment system to determine its asset quality. The quality of all loans is assessed by the branches and the credit supervisory division with a subsequent audit by the asset review and Internal Audit division in accordance with the consolidated banking subsidiary's policy and guidelines for the self-assessment of asset quality.

The consolidated banking subsidiary has established a credit rating system under which its customers are classified into five categories. The credit rating system is used in the self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes: "normal," "in need of caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy".

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings, or similar legal proceedings ("legal bankruptcy"), or borrowers that are not legally or formally insolvent, but are regarded as substantially in a same situation ("virtual bankruptcy"), an allowance is provided based on the amount of claims, after the write-offs as stated below, net of the expected amounts of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt, but are likely to become bankrupt in the future ("possible bankruptcy"), an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

The allowance for loan losses is calculated based on the actual historical loss ratio for "normal" and "in need of caution" categories. For claims on borrowers whose loans are classified as "restructured loans" over a certain amount, for which future cash flows from the collection of principal and interest are reasonably estimated, an allowances is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims based on the discounted cash flow method.

For collateralized or guaranteed claims of borrowers who are in "virtual bankruptcy" or "legal bankruptcy," the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible directly from those claims. As of March 31, 2015 and 2014, the deducted amounts were ¥10,333 million ($85,988 thousand) and ¥11,008 million, respectively.

Other consolidated subsidiaries determine allowances for loan losses that are provided as deemed necessary to cover expected losses based on their own experience.

i. Provision for directors' bonuses —Provision for directors' bonuses is provided in the amount of the estimated bonuses that are attributable to each fiscal year.

j. Employees' retirement benefits—The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the Consolidated balance sheet date. The projected benefit obligations are attributed to periods using the benefit formula basis. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period. Past service costs are amortized on a straight-line basis over the average remaining service period.

In May 2012, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 13).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, asset for retirement benefits as of April 1, 2014, increased by ¥4,732 million ($39,378 thousand), liability for retirement benefits as of April 1, 2014, decreased by ¥2,779 million ($23,132 thousand), and retained earnings as of April 1, 2014, increased by ¥4,855 million ($40,404 thousand), respectively, and operating income and income before income taxes for the year ended March 31, 2015, decreased by ¥361 million ($3,009 thousand). In addition, total equity per share as of April 1, 2014, increased by ¥14.56 ($0.12), and basic net income per share for the year ended March 31, 2015, decreased by ¥0.70 ($0.01), respectively.

k. Provision for directors' retirement benefits —Provision for directors' retirement benefits, which is provided for payments of retirement benefits to directors, is recorded in the amount deemed accrued at the fiscal year end date based on the estimated amount of benefits.

l. Provision for reimbursement of deposits—Provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims on the historical reimbursement experience.

m. Provision for contingent losses— Provision for contingent losses is provided for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

n. Provision for point card certificates— Provision for point card certificates, which is provided for the future use of points granted to customers under credit card points programs, is calculated by converting the outstanding points into a monetary amount, and rationally estimating and recognizing the amount that will be redeemed in the future.

o. Provision for loss on disaster— Provision for loss on disaster is provided for the estimated payments for repair of damaged fixed assets by the Great East Japan Earthquake.

p. Asset retirement obligation—In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

q. Stock Options—In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognized compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value, if they cannot reliably estimate fair value.

r. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences. A valuation allowance is provided for any portion of the deferred tax assets if it is considered more likely than not that they will not be realized.

Application of consolidated taxation system

The Company and its domestic subsidiaries have been approved by the Commissioner of the National Tax Agency regarding the application of the consolidated taxation system from the year ending March 31, 2016. Accordingly, effective the fiscal year ended March 31, 2015, related accounting procedures have been implemented based on the guidance of Practical Issues Task Force ("PITF") No. 5 of January 16, 2015, "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)" issued by the Accounting Standards Board of Japan (the "ASBJ") and the guidance of PITF No. 7 of January 16, 2015, "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)" issued by the ASBJ.

s. Translation of foreign currencies—Assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing as of the balance sheet date.

t. Derivatives and Hedging Activities—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the consolidated statement of income or (b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions (deferral hedge accounting).

The consolidated banking subsidiary applies deferral hedge accounting based on the rules of the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24 "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," for interest rate derivatives to manage interest rate risk from various financial assets and liabilities as a whole. Under these rules, the effectiveness of a fair value hedge is assessed by an identified group of hedge deposits, loans, and similar instruments, and by a corresponding group of hedging instruments, such as interest rate swaps in the same maturity category. Also, under these rules, the effectiveness of cash flow hedges is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

The consolidated banking subsidiary applies deferral hedge accounting based on the rules of the JICPA Industry Audit Committee Report No. 25 "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry" to currency swaps and funding swaps used for the purpose of currency exchange. Under the deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions such as currency swap transactions and foreign exchange swaps as hedging instruments. Effectiveness of derivative transactions such as currency swap transactions and foreign exchange swap transactions is reviewed by comparing the total foreign currency position of the hedged items and the hedging instrument by currency.

u. Cash and Cash Equivalents—For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

v. Consumption Taxes—The Company and its consolidated subsidiaries account for consumption tax and local consumption tax by the tax-exclusion method whereby receipts and payments of consumption taxes are not included in the transaction amounts and, accordingly, consumption tax amounts do not affect the measurement of profit or loss transactions.

w. Per Share Information—Basic net income per share of common stocks is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not presented as the effect of including potential common shares is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

x. New Accounting Pronouncements

Accounting Standards for Business Combinations and Consolidated Financial Statements—On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major accounting changes are as follows:

(a) Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet

In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(c) Presentation of the consolidated statement of income

In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Group expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statement of cash flows and "Cash and due from banks" in the consolidated balance sheet as of March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and due from banks	¥365,322	¥344,369	$3,040,048
Interest-bearing deposits included in due from banks (other than due from the Bank of Japan)	(1,610)	(2,001)	(13,400)
Cash and cash equivalents	¥363,712	¥342,368	$3,026,648

4. TRADING ACCOUNT SECURITIES AND SECURITIES

Securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Japanese national government bonds	¥ 351,981	¥ 439,400	$ 2,929,026
Japanese local government bonds	241,943	257,005	2,013,342
Japanese corporate bonds	238,602	269,572	1,985,544
Japanese corporate stocks	56,099	42,949	466,835
Other securities	319,311	167,542	2,657,165
Total	¥1,207,938	¥1,176,469	$10,051,912

Net unrealized (losses) gains on trading account securities were ¥29 million ($243 thousand) and ¥(8) million for the years ended March 2015 and 2014, respectively.

The cost and aggregate fair value of available-for-sale securities and held-to-maturity securities as of March 31, 2015 and 2014, were as follows:

	Millions of Yen			
March 31, 2015	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:	¥1,045,974	¥65,536	¥1,638	¥1,109,872
Equity securities	21,947	33,101	466	54,582
Debt securities:	735,651	15,478	347	750,782
Japanese national government bonds	271,703	7,528	—	279,232
Japanese local government bonds	236,552	5,395	4	241,943
Japanese corporate bonds	227,395	2,554	342	229,606
Others:	288,376	16,956	824	304,508
Foreign bonds	152,539	2,280	93	154,727
Held-to-maturity:	95,745	10,045	—	105,791
Japanese national government bonds	72,749	9,704	—	82,453
Japanese corporate bonds	8,996	180	—	9,177
Others:	14,000	160	—	14,160
Foreign bonds	14,000	160	—	14,160

	Millions of Yen			
March 31, 2014	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:	¥1,047,380	¥31,163	¥1,677	¥1,076,866
Equity securities	21,949	20,585	1,067	41,466
Debt securities:	876,724	7,015	457	883,282
Japanese national government bonds	364,407	2,428	144	366,691
Japanese local government bonds	253,723	3,362	80	257,005
Japanese corporate bonds	258,593	1,224	232	259,585
Others:	148,706	3,563	151	152,118
Foreign bonds	98,680	401	144	98,937
Held-to-maturity:	97,695	7,942	—	105,638
Japanese national government bonds	72,708	7,395	—	80,104
Japanese corporate bonds	9,987	337	—	10,324
Others:	14,999	209	—	15,209
Foreign bonds	14,999	209	—	15,209

	Thousands of U.S. Dollars			
March 31, 2015	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:	$8,704,126	$545,362	$13,631	$9,235,857
Equity securities	182,634	275,456	3,880	454,210
Debt securities:	6,121,753	128,805	2,892	6,247,667
Japanese national government bonds	2,260,990	62,651	—	2,323,642
Japanese local government bonds	1,968,484	44,899	40	2,013,342
Japanese corporate bonds	1,892,279	21,255	2,852	1,910,683
Others:	2,399,738	141,101	6,859	2,533,981
Foreign bonds	1,269,367	18,978	775	1,287,569
Held-to-maturity:	796,747	83,597	—	880,345
Japanese national government bonds	605,384	80,754	—	686,138
Japanese corporate bonds	74,862	1,506	—	76,368
Others:	116,502	1,337	—	117,839
Foreign bonds	116,502	1,337	—	117,839

The information for available-for-sale securities which were sold during the years ended March 31, 2015 and 2014, was as follows:

	Millions of Yen		
March 31, 2015	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	**¥ 505**	**¥505**	**¥ —**
Debt securities:	**55,457**	**486**	**0**
Japanese national government bonds	**50,777**	**481**	**—**
Japanese corporate bonds	**4,679**	**4**	**0**
Other securities	**6,361**	**—**	**871**
Total	**¥62,324**	**¥992**	**¥871**

	Millions of Yen		
March 31, 2014	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	¥ 20,445	¥11,325	¥ 54
Debt securities:	163,456	2,706	1,326
Japanese national government bonds	162,382	2,699	1,324
Japanese corporate bonds	1,073	6	1
Other securities	1,826	—	91
Total	¥185,728	¥14,032	¥1,472

	Thousands of U.S. Dollars		
March 31, 2015	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	**$ 4,207**	**$4,207**	**$ —**
Debt securities:	**461,491**	**4,049**	**2**
Japanese national government bonds	**422,548**	**4,010**	**—**
Japanese corporate bonds	**38,942**	**40**	**2**
Other securities	**52,939**	**—**	**7,254**
Total	**$518,637**	**$8,256**	**$7,256**

Marketable available-for-sale securities, whose fair value significantly declined in comparison with the acquisition cost and whose fair value is not considered likely to recover to their acquisition cost, are written down and recognized as impairment losses.

The criteria for determining whether the fair value is "significantly declined" are defined as follows:

(a) Securities whose fair value has declined by 50% or more of the acquisition cost are deemed to be impaired.

(b) Securities whose fair value has declined by 30% or more but less than 50% of the acquisition cost and their fair value is deemed not recoverable by individual assessment.

Impairment losses on marketable available-for-sale securities did not incur for the years ended March 31, 2015 and 2014.

As of March 31, 2015 and 2014, securities included equity investments in unconsolidated subsidiaries and associated companies of ¥9 million ($77 thousand), and capital subscriptions of ¥440 million ($3,667 thousand) and ¥421 million, respectively.

5. UNREALIZED GAINS ON AVAILABLE-FOR-SALE SECURITIES

Unrealized gains on available-for-sale securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Unrealized gains:	**¥63,898**	¥29,486	**$531,731**
Available-for-sale securities	**63,898**	29,486	**531,731**
Money held in trust except for trading and held-to-maturity purpose	**—**	—	**—**
Deferred tax liabilities:	**19,193**	9,255	**159,723**
Unrealized gains on available-for-sale securities before adjustments by ownership share	**44,704**	20,230	**372,008**
Minority interests	**—**	—	**—**
Company's ownership share in unrealized gains (losses) on available-for-sale securities held by affiliates accounted for using the equity method	**—**	—	**—**
Unrealized gains on available-for-sale securities	**¥44,704**	¥20,230	**$372,008**

6. LOANS AND BILLS DISCOUNTED

The following loans were included in loans and bills discounted as of March 31, 2015 and 2014:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Loans to borrowers in legal bankruptcy	**¥ 1,774**	¥ 3,165	**$ 14,769**
Past due loans	**78,203**	77,250	**650,778**
Loans past due for three months or more	**—**	2	**—**
Restructured loans	**19,037**	34,741	**158,425**
Total	**¥99,016**	¥115,159	**$823,972**

The amounts above are stated before the deduction of the allowance for loan losses.

"Loans to borrowers in legal bankruptcy" are nonaccrual loans, which are highly probable to become unrecoverable. Specific conditions for inclusion in this category are as follows:

(i) Borrowers have made application for procedures under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, liquidation under the Companies Act of Japan, or liquidation under other legal provisions.

(ii) Clearance of promissory notes or bills issued by the borrower is suspended.

"Past due loans" are loans on which accrued interest income is not recognized, excluding "loans to borrowers in legal bankruptcy" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

"Loans past due for three months or more" include accruing loans for which principal or interest is past due three months or more.

"Restructured loans" are loans to borrowers in financial difficulty to whom the Group has provided financial support through modification of the lending terms to be more favorable to the borrower, including reduction of interest rates, suspension of repayment of principal and interest, and debt forgiveness.

Contracts of overdraft facilities and loan commitment limits are contracts under which the consolidated banking subsidiary and certain consolidated subsidiaries lend to customers up to the prescribed limits in response to customer applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2015 and 2014, the amounts of unused commitments were ¥1,226,867 million ($10,209,434 thousand) and ¥1,183,354 million, respectively. As of March 31, 2015 and 2014, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,194,633 million ($9,941,198 thousand) and ¥1,159,022 million, respectively.

As many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby the consolidated banking subsidiary and certain consolidated subsidiaries can refuse customer applications for loans or decrease the contract limits for certain reason (e.g., changes in financial situation and deterioration in customers' creditworthiness). At the inception of the contracts, the consolidated banking subsidiary and certain consolidated subsidiaries obtain real estate, securities, or other assets as collateral if considered to be necessary. Subsequently, the consolidated banking subsidiary and certain consolidated subsidiaries perform periodic reviews of the customers' business results based on the internal rules and take necessary measures to reconsider conditions in the contracts and/or require additional collateral and guarantees.

Discounting bills are treated as secured lending transactions. As of March 31, 2015 and 2014, consolidated banking subsidiary has the right to sell or repledge bills discounted and foreign exchange bills bought and their total face value was ¥27,674 million ($230,298 thousand) and ¥27,692 million, respectively.

7. TANGIBLE FIXED ASSETS

Tangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Buildings	¥ 7,074	¥ 7,294	$ 58,874
Land	12,831	12,467	106,779
Leased assets	18	12	151
Construction in progress	1,025	238	8,533
Other	3,341	3,366	27,804
Total	¥24,291	¥23,378	$202,141

The accumulated depreciation of tangible fixed assets as of March 31, 2015 and 2014, amounted to ¥39,055million ($324,999 thousand) and ¥38,865 million, respectively.

Under certain conditions, such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. As of March 31, 2015 and 2014, such deferred profit amounted to ¥2,747 million ($22,861 thousand) and ¥2,771 million, respectively.

8. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2014
Software	¥ 3,037	¥ 4,219	$ 25,278
Goodwill	82,182	88,384	683,883
Leased assets	—	2	—
Other	534	535	4,449
Total	¥85,754	¥93,141	$713,610

The amortization expense for goodwill was included in general and administrative expenses for the years ended March 31, 2015 and 2014, amounted to ¥6,202 million ($51,614 thousand) and ¥6,202 million.

9. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the consolidated banking subsidiary's and certain consolidated subsidiaries' rights of indemnity from the applicants.

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with the Article 2-3 of the "Financial Instruments and Exchange Act") as of March 2015 and 2014, were ¥47,512 million ($395,381 thousand) and ¥41,628 million, respectively.

10. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and the related liabilities as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets pledged as collateral:			
Cash and due from banks	¥ 4	¥ 2	$ 37
Securities	266,660	266,669	2,219,029
Loans and bills discounted	26,100	41,150	217,192
Relevant liabilities to above assets:			
Deposits	¥115,438	¥118,551	$ 960,623
Payables under securities lending transactions	2,473	5,965	20,587
Borrowed money	152,500	100,570	1,269,036

Additionally, securities amounting to ¥73,080 million ($608,139 thousand) and ¥72,981 million as of March 31, 2015 and 2014, respectively, were pledged as collateral for settlements of exchange or as substitute securities for margins on futures transactions.

Moreover, other assets included security deposits amounting to ¥741 million ($6,173 thousand) and ¥686 million as of March 31, 2015 and 2014, respectively.

11. BORROWED MONEY

As of March 31, 2015 and 2014, the weighted-average annual interest rates applicable to borrowed money were 0.84 % and 1.06%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated borrowings totaling ¥80,000 million ($665,724 thousand) and ¥80,000 million as of March 31, 2015 and 2014, respectively.

12. OTHER LIABILITIES

Other liabilities included asset retirement obligations of ¥539 million ($4,491 thousand) and ¥534 million as of March 31, 2015 and 2014, respectively.

(a) Overview of asset retirement obligations

Asset retirement obligations which were recognized for restoring leased buildings, such as branch premises, to their original state, based on the real estate lease contracts.

(b) Calculation of asset retirement obligations

Asset retirement obligations are calculated based on the estimated available period of 19 to 39 years using the discount rates from 1.6% to 2.3%.

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥534	¥527	$4,450
Additional provisions associated with the acquisition of tangible fixed assets	—	7	—
Reconciliation associated with passage of time	4	4	41
Reduction associated with settlement of asset retirement obligations	—	(5)	—
Balance at end of year	¥539	¥534	$4,491

13. RETIREMENT AND PENSION PLANS

1. Outline of the adopted retirement benefit plans

The Company's consolidated subsidiaries have adopted funded and unfunded defined benefit plans as well as defined contribution plans to appropriate for the employees' retirement benefits. The entire retirement benefit plans are managed in an integrated manner through retirement benefit points which are determined based on years of service and capabilities of employees, as well as employee performance evaluation. The determined points are then allocated to each plan.

The defined benefit pension plans (funded plan), have introduced pension plans similar to cash balance plan-type pension plans. Under the plan, each participant will set up a virtual individual account where pension or lump-sum payments will be made based on the accumulated retirement benefit points allocated. A retirement benefit trust is established for this defined benefit pension plan.

Under the lump-sum retirement benefit plans (unfunded plans, but have become funded plans due to the establishment of a retirement benefit trust), lump-sum payments are made based on the accumulated retirement benefit points allocated. In some cases, premium severance payments may be made to employees in conjunction with the employees' retirement, etc.

Under the defined contribution plans, contribution amount is decided based on the accumulated retirement benefit points allocated.

Regarding the lump-sum retirement benefit plans adopted by certain consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated by the simplified method.

The Company's consolidated subsidiaries are members of the defined benefit pension funds under the multi-employer plans, and as the amount of plan assets corresponding to the contribution of each subsidiary may be reasonably calculated, such information is included in the notes to defined benefit plans.

2, Defined benefit plans

(a) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year (as previously reported)	¥47,382	¥47,041	$ 394,293
Cumulative effect of accounting change	(7,511)	—	(62,511)
Balance at beginning of year (as restated)	39,870	47,041	331,783
Current service cost	1,627	1,150	13,544
Interest cost	454	533	3,781
Actuarial (gains) losses	(671)	1,459	(5,586)
Benefits paid	(2,458)	(2,855)	(20,461)
Others	50	52	418
Balance at end of year	¥38,872	¥47,382	$(323,480)

(b) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥47,960	¥44,697	$399,104
Expected return on plan assets	1,294	893	10,776
Actuarial gains	3,001	1,947	24,974
Contributions from the employer	2,044	2,028	17,014
Benefits paid	(1,579)	(1,642)	(13,140)
Others	35	35	297
Balance at end of year	¥52,757	¥47,960	$439,024

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Defined benefit obligation	¥ 38,872	¥47,382	$ 323,480
Plan assets	(52,757)	(47,960)	(439,024)
Total	(13,884)	(578)	(115,544)
Unfunded defined benefit obligation unfunded	—	—	—
Net asset arising from defined benefit obligation	¥(13,884)	¥ (578)	$(115,544)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥ —	¥2,779	$ —
Asset for retirement benefits	(13,884)	(3,357)	(115,544)
Net asset arising from defined benefit obligation	¥(13,884)	¥ (578)	$(115,544)

(d) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥1,627	¥1,150	$13,544
Interest cost	454	533	3,781
Expected return on plan assets	(1,294)	(893)	(10,776)
Recognized actuarial losses	1,018	1,055	8,476
Amortization of prior service cost	(144)	(144)	(1,205)
Others (nonactuarial-basis cost)	14	17	122
Net periodic benefit costs	¥1,675	¥1,717	$13,943

(e) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost	¥ (144)	¥ —	$ (1,205)
Actuarial losses	4,690	—	39,036
Total	¥4,546	¥ —	$37,831

(f) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥1,158	¥ 1,303	$ 9,641
Unrecognized actuarial (gains) losses	1,894	(2,796)	15,762
Total	¥3,052	¥(1,493)	$25,403

(g) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Debt investments	66%	71%
Equity investments	22%	21%
General accounts of life insurance company	5%	—
Short-term assets	3%	3%
Others	4%	5%
Total	100%	100%

* Total plan assets include retirement benefit trust of 25% which was set up on corporate pension plans.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(h) Assumptions used for the years ended March 31, 2015 and 2014, are set forth as follows:

	2015	2014
Discount rate	1.0% — 1.2%	1.0% — 1.2%
Long-run expected rate of return on plan assets	2.7%	2.0%
Expected rate of increase in salary	9.0%	9.0%

3. Defined Contribution Plans

The amount of the required contribution to the defined contribution plans of the Company and certain consolidated subsidiaries were ¥294 million ($2,448 thousand) and ¥291 million as of March 31, 2015 and 2014, respectively.

14.EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria including (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria. The Board of Directors of companies with board committees (including nominating committee, compensation committee, and audit committee) can also do so because such companies with board committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of an Audit & Supervisory Board. The Company is organized as a company with board committees.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Capital Stock Changes during the Year

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2015, were as follows:

	Shares in thousands			
		Changes during the year		
	As of March 31, 2014	Increase	Decrease	As of March 31, 2015
Issued stock:				
Common stock	333,250	—	—	333,250
Total	333,250	—	—	333,250

The changes in the number and class of issued stock and treasury stock for the year ended March 31, 2014, were as follows:

	Shares in thousands			
		Changes during the year		
	As of March 31, 2013	Increase	Decrease	As of March 31, 2014
Issued stock:				
Common stock	2,700	330,550*1, 2	—	333,250
Preferred stock:				
Class No. 1 preferred stock	20	—	20*3	—
Class No. 2 preferred stock	10	—	10*4	—
Total	2,730	330,550	30	333,250
Treasury stock:				
Preferred stock:				
Class No. 1 preferred stock	—	20*3	20	—
Class No. 2 preferred stock	—	10*4	10	—
Total	—	30	30	—

*1. On October 19, 2013, the Company made stock spilt by way of a free share distribution at the rate of 0.01 shares for each outstanding common stock. As a result, 267,300,000 shares were issued to shareholders of record

*2. At the Board of Directors meeting held on November 14, 2013, and November 29, 2013, the Board of Directors approved the issuance of 55,000,000 shares for the public placement with the date of payment to be December 18, 2013. Also the Board of Directors approved to allocate newly issued common stocks of 8,250,000 shares to a third party, with the payment date of January 17, 2014, due to overallotment of secondary offering.

*3. On May 31, 2013, the Board of Directors authorized the treasury stock repurchase program. The Company repurchased 10,000 shares of Class No. 1 preferred stock as treasury stock on September 9, 2013, and retired that stock on the same day. Further, based on the repurchase clause stipulated in the Company's articles of incorporation, the Company repurchased 10,000 shares of Class No. 1 preferred stock as treasury stock on January 17, 2014, and retired that stock on the same day.

*4. Based on a repurchase clause stipulated in the Company's articles of incorporation, the Company repurchased 10,000 shares of Class No. 2 preferred stock as treasury stock on March 31, 2014, and retired that stock on the same day.

Cash Dividends per Share

Cash dividends per share for the years ended March 31, 2015 and 2014, were as follows:

Year ended March 31, 2015:

Dividends paid in the fiscal year ended March 31, 2015

The following cash dividend payments were approved at the Board of Directors' meeting held on May 12, 2014, and November 7, 2014:

Cash dividends approved at the Board of Directors' meeting held on May 12, 2014:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥1,333	¥4.00	Mar. 31, 2014	Jun. 5, 2014

Cash dividends approved at the Board of Directors' meeting held on Nov 7, 2014:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥1,499	¥4.50	Sep. 30, 2014	Dec. 10, 2014

Cash dividends approved at the Board of Directors' meeting held on May 12, 2014:	Total amount (Thousands of U.S. Dollars)	Per share amount (U.S. Dollars)	Dividend record date	Effective date
Common stock	$11,093	$0.03	Mar. 31, 2014	Jun. 5, 2014

Cash dividends approved at the Board of Directors' meeting held on Nov 7, 2014:	Total amount (Thousands of U.S. Dollars)	Per share amount (U.S. Dollars)	Dividend record date	Effective date
Common stock	$12,479	$0.04	Sep. 30, 2014	Dec. 10, 2014

Dividends to be paid after March 31, 2015

Cash dividends approved at the Board of Directors' meeting held on May 13, 2015:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥1,499	¥4.50	Mar. 31, 2015	Jun. 4, 2015

Cash dividends approved at the Board of Directors' meeting held on May 13, 2015:	Total amount (Thousands of U.S. Dollars)	Per share amount (U.S. Dollars)	Dividend record date	Effective date
Common stock	$12,479	$0.04	Mar. 31, 2015	Jun. 4, 2015

Year ended March 31, 2014:

Dividends paid in the fiscal year ended March 31, 2014

The following cash dividend payments were approved at the Board of Directors' meeting held on May 10, 2013 :

Cash dividends approved at the Board of Directors' meeting held on May 10, 2013:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Class No. 1 preferred stock	¥3,780	¥189,000.00	Mar. 31, 2013	Jun. 10, 2013
Class No. 2 preferred stock	1,890	189,000.00	Mar. 31, 2013	Jun. 10, 2013
Total	¥5,670			

Dividends to be paid after March 31, 2014

Cash dividends approved at the Board of Directors' meeting held on May 12, 2014:	Total Amount (Millions of Yen)	Per Share Amount (Yen)	Dividend Record Date	Effective Date
Common stock	¥1,333	¥4.00	Mar. 31, 2014	Jun. 5, 2014

15. STOCK OPTIONS

The Company's stock option plans grant options to directors and others to purchase certain shares of the Company's common stock in the respective exercise periods.

The stock options outstanding as of March 31, 2015, are as follows:

Stock option	Persons granted	Number of options granted (Shares)*1	Date of grant	Exercise price	Exercise period
2009 Stock Option	6 directors and executive officers of the Company 10 directors and executive officers of the consolidated banking subsidiary 1,848 employees of the consolidated banking subsidiary	2,684,900	March 2, 2009	¥550	From March 1, 2011, to December 31, 2018
2010 Stock Option	6 directors and executive officers of the Company 10 directors and executive officers of the consolidated banking subsidiary 1,878 employees of the consolidated banking subsidiary	2,698,700	January 4, 2010	550	From January 1, 2012, to December 31, 2018

*1. On October 19, 2013, the Company made a stock split by way of a free share distribution at the rate of 0.01 shares for each outstanding common stock. All share amounts of options granted in above table have been adjusted to reflect the stock split.

The stock option activity is as follows:

	2009 Stock option	2010 Stock option
For the year ended March 31, 2015		
Nonvested (shares):		
March 31, 2014 — outstanding	2,652,600	2,665,900
Granted	—	—
Canceled	10,000	10,000
Vested	—	—
March 31, 2015 — outstanding	2,642,600	2,655,900
Vested (shares):		
March 31, 2014 — outstanding	—	—
Vested	—	—
Exercised	—	—
Canceled	—	—
March 31, 2015 — outstanding	—	—

The Assumptions Used to Measure Fair Value of Stock Option

As the Company was an unlisted company when stock option rights were granted, they were measured at their intrinsic value because the fair value of stock option cannot be reliably estimated. The Company does not recognize relevant expenses since their fair value on the date of grant was zero. The amount of their intrinsic value as of March 31, 2015 and 2014, were nil.

16. PER SHARE OF COMMON STOCK

a. Net income per share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, was as follows:

	Millions of Yen	Thousands of shares	Yen	U.S. Dollars
	Net income	Weighted-average shares*1	EPS	
Year Ended March 31, 2015				
Basic EPS —				
Net income available to common shareholders	¥17,076	333,250	¥51.24	$0.43
Effect of dilutive warrants	—	—	—	—
Diluted EPS —				
Net income for computation*2	—	—	—	—
Year Ended March 31, 2014				
Basic EPS —				
Net income available to common shareholders	¥20,073	287,343	¥69.85	
Effect of dilutive warrants	—	—	—	
Diluted EPS —				
Net income for computation*2 *3	—	—	—	

Net income per share for the years ended March 31, 2015 and 2014, is calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Net income	¥17,076	¥24,314	$142,100
Amount not available to common shareholders:			
Redemption of preferred stock	—	(4,240)	—
Preferred dividends	—	—	—
Net income available to common shareholders	¥17,076	¥20,073	$142,100

*1. On October 19, 2013, the Company split its common stock at a ratio of 100 shares to one common share. As a result, fully diluted net income per share, basic EPS and diluted EPS has been calculated assuming that the stock split was made at the beginning of the year ended March 31, 2014.

*2. Since the average share price during the fiscal year did not exceed the exercise price and the shares did not dilute, diluted EPS is not shown because decrease in net income available to common shareholders as a result of dilution did not incur.

*3. With regard to diluted EPS in the year ended March 31, 2014, since the Company started to list its stock on Tokyo Stock Exchange on December 19, 2013, the average share price during the period from the date of listing until the year ended March 31, 2014, has been calculated as though it was the average share price for the fiscal year.

b. Total equity per share

Total equity per share as of March 31, 2015 and 2014, was as follows:

	Yen		U.S. Dollars
	2015	2014	2015
Total equity per share	¥861.58	¥723.58	$7.17

Total equity per share as of March 31, 2015 and 2014, is calculated based on the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Total equity	¥287,121	¥241,135	$2,389,296
Deductions from total equity:	—	—	—
Total equity available to common shareholders	¥287,121	¥241,135	$2,389,296

	Number of shares in thousands	
	2015	2014
Number of shares of common stock used in computing total equity per share at the year-end	333,250	333,250

Note: As noted in Note 2, the Company has applied ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," effective March 31, 2015, and followed the transitional treatment prescribed in Paragraph 37 of the Accounting Standard.
As a result, total equity per share as of April 1, 2014, increased by ¥14.56 ($0.12), and basic net income per share for the year ended March 31, 2015, decreased by ¥0.70 ($0.01), respectively.

17. OTHER INCOME

Other income for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gain on sales of stock and other securities	¥ 505	¥11,325	$ 4,207
Gain on disposal of fixed assets	16	4	138
Recoveries of write-off claims	707	1,631	5,885
Other	1,536	899	12,790
Total	¥2,766	¥13,862	$23,020

18. OTHER EXPENSES

Other expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Write-off amount of loans	¥2,304	¥1,999	$19,173
Loss on sales of stocks and other securities	871	145	7,254
Loss on devaluation of stocks and other securities	43	0	359
Loss on sales of loans	184	612	1,534
Loss on disposal of fixed assets	32	39	268
Impairment losses	—	71	—
Other	438	1,098	3,652
Total	¥3,874	¥3,968	$32,240

19. INCOME TAXES

The Group is subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of 35.4% and 37.8% for the years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences and loss carry forwards, which result in deferred tax assets and liabilities as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Tax loss carryforwards	¥ 6,956	¥ 6,542	$ 57,885
Liability for retirement benefits	2,499	7,113	20,797
Allowance for loan losses	15,644	16,080	130,184
Write-offs of securities	12,285	14,088	102,237
Other	5,056	5,342	42,079
Subtotal deferred tax assets	42,441	49,166	353,181
Less valuation allowance	(27,623)	(37,005)	(229,871)
Total deferred tax assets	14,818	12,161	123,310
Deferred tax liabilities:			
Unrealized gains on available-for- sale securities	19,193	9,255	159,723
Property revaluations in preparing consolidated financial statements	777	858	6,471
Other	16	20	141
Total deferred tax liabilities	19,988	10,133	166,335
Net deferred tax assets (liabilities)	¥(5,170)	¥ 2,027	$(43,025)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2015, with the corresponding figures for 2014, was as follows:

	2015	2014
Normal effective statutory tax rate	35.4%	37.8%
Change in valuation allowance	(25.5)	(34.0)
Dividends exempted from taxation	(26.3)	(20.8)
Effect of change in income tax rate	20.7	(1.2)
Consolidation adjustments, such as amortization of goodwill	38.0	29.7
Adjustments, such as residential tax on a per capita basis	0.4	0.3
Expenses that are not deductible for income tax purposes	0.4	0.3
Effect of consolidated tax payment	(23.8)	—
Other — net	(0.4)	0.8
Actual effective tax rate	18.9%	12.9%

On March 31, 2015, a tax reform law was enacted in Japan that changed the normal effective statutory tax rate from 35.37% for the fiscal year beginning on or after April 1, 2015, to 32.82% and the fiscal year beginning on or after April 1, 2016, to 32.06%. As the result of this rate change, deferred tax assets, deferred tax liabilities, and deferred losses on hedges in the consolidated balance sheet as of March 31, 2015, decreased by ¥11 million ($97 thousand), ¥1,011 million ($8,419 thousand), and ¥31 million ($264 thousand), respectively. In addition, unrealized gains on available-for-sale securities and defined retirement benefit plans increased by ¥2,038 million ($16,961 thousand) and ¥101 million ($842 thousand), respectively. Income taxes-deferred in the consolidated statement of income for the year ended March 31, 2015, by ¥1,107 million ($9,219 thousand).

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policies for Financial Instruments

The Group provides various financial services centering on banking business. The Company is a bank holding company and financed by subordinate debts to acquire shares of the consolidated banking subsidiary, the Ashikaga Bank Co., Ltd. As the central business operation of the Group, the consolidated banking subsidiary raises funds by deposits as its basic function as a bank; the consolidated banking subsidiary also procures funds by call money transactions from short-term markets to maintain an adequate degree of liquidity. The consolidated banking subsidiary manages those funds lending to company customers and individuals, such as mortgages and investing securities, mainly bonds, and lending to counterparties in short-term markets.

The Group utilizes Asset Liability Management ("ALM") to avoid unfavorable floating interest rate fluctuations of financial assets and liabilities it holds. As a part of ALM, the Group has entered into derivative transactions.

(2) Nature and Extent of Risks Arising from Financial Instruments

The Group's financial assets are mainly loans made by the consolidated banking subsidiary to domestic corporations and individuals in Japan. These loans are exposed to not only interest rate fluctuation risks but also customers' credit risks. Securities and investment securities, such as bonds, stocks, and investment trusts, are held to their maturity dates to generate stable interest income to promote business relationships with issuers. These securities are exposed to the issuers' credit risks, interest rate fluctuation risks, and market price fluctuation risks.

The Group's main financial liabilities are deposits received by the consolidated banking subsidiary. These deposits are exposed to interest rate fluctuation risks and liquidity risks. Subordinated debts raised by the Company and other borrowed money raised by the consolidated banking subsidiary are exposed to the risks that the Group may not be able to repay them on their maturity dates if, under certain circumstances, the Group is not able to access to a capital market.

The consolidated banking subsidiary utilizes derivative transactions to hedge the customers' interest and currency risks, to control the interest rate fluctuation risks in ALM, and to treat as the alternative way of on-balance-asset management under the appropriate risk control. Derivatives mainly include interest-rate swaps, currency swaps, and bond futures, and are exposed to the interest rate fluctuation risks, market price fluctuation risks, foreign exchange fluctuation risks, and credit risks.

Hedge accounting is applied to certain derivatives that address currency rate fluctuation risks.

The consolidated banking subsidiary applies deferral hedge accounting based on the rules of the JICPA Industry Audit Committee Report No. 25 for currency swaps and funding swaps used for the purpose of currency exchange. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and foreign exchange swaps, as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instrument by currency.

In addition, the Company conducts interest rate swaps whose purpose is to offset the market fluctuations of securities held in "Available-for sale securities" and uses deferred hedges. Regarding swaps that meet the requirements for the special treatment of interest rate swaps, the Company continues to verify whether they meet special requirements with "post testing."

Derivative transactions that do not qualify for hedge accounting are exposed to interest rate fluctuation risks, foreign exchange rate fluctuation risks, price fluctuation risks, and credit risks.

(3) Risk Management for Financial Instruments

(a) Credit risk management

The Group has implemented and operated the credit control system that includes credit review of each individual loan application, establishing credit limits, managing credit information, internal credit rating, securing adequate guarantees and collaterals, and handling troubled loans. The credit control management is performed by the Credit Supervising Division I and the Credit Supervising Division II as well as at each banking office of the consolidated banking subsidiary. In addition, those credit information and matters are regularly reported to and discussed by the Credit Portfolio Meeting and the Board of Directors. The Internal Audit Division monitors the status of credit management.

To monitor the credit risks of security issuers and counterparty risks of derivatives, the International and Treasury Administration Division of the consolidated banking subsidiary regularly obtains and reviews relevant credit and fair value information.

(b) Market risk management

(i) Interest risk management

The Group manages risks of interest rate fluctuations by ALM. Risk management policies and procedures are prescribed in relevant ALM rules and manuals and any policies decided to be implemented are closely monitored and regularly discussed in the ALM Meeting. The Company's Risk Management Group in Business Administration Department maintains comprehensive information of interest rates and durations of financials assets and liabilities, performs gap analyses and the interest rate sensitive analyses, and reports monthly results to the ALM Meeting. The Group utilizes derivative transactions, such as interest rate swaps, to hedge the interest rate fluctuation risks.

(ii) Currency risk management

The International and Treasury Administration Division of the consolidated banking subsidiary manages the subsidiary's foreign exchange positions and hedges the risks of exchange rate fluctuations by using derivative transactions, such as funding swaps.

(iii) Price fluctuation risk management

The Group manages investment instruments, including securities, in accordance with security investment and market risk management policies and procedures after certain policies are determined in the ALM Meeting. The International and Treasury Administration Division of the consolidated banking subsidiary reduces the price fluctuation risks through advance screening, establishing investment limits, and constant monitoring. The Group holds most stocks for the purpose of business promotion and regularly monitors financial conditions of issuers.

Such financial conditions of the issuers are regularly reported to the Board of Directors and the ALM Meeting by the Risk Management Division and the International and Treasury Administration Division.

The Risk Management Division and the International and Treasury Administration Division monitor its market risk quantity of derivative transactions relating to securities, currencies, and interest rates using value at risk ("VaR"), and monitor its compliance with the aforementioned policies and procedures.

(iv) Derivative transactions

The consolidated banking subsidiary has established separate divisions to manage derivative transactions in order to achieve proper internal controls. Each division is separately responsible for executing the transactions, assessing effectiveness of the hedge transactions, or managing business administration. It also engages the derivative transactions in accordance with the aforementioned market risk management policies and procedures.

(v) Market risk quantitative information

Financial instruments exposed to major risk factors, such as interest rate risk and price fluctuation risk, are mainly "Loans and bills discounted," "Securities," "Deposits," "Negotiable certificates of deposit," subordinate debts of "Borrowed money," and "Derivatives." The Group performs quantitative analysis on these financial instruments held by the consolidated banking subsidiary and utilizes its results to allocate risk capital and control market risks. The Company and subsidiaries other than the consolidated banking subsidiary do not perform quantitative analysis.

① Financial instruments held by the consolidated banking subsidiary

a. "Loans and bills discounted," yen-denominated bonds of "Securities," "Deposits," and "Negotiable certificates of deposit"

The consolidated banking subsidiary classifies its financial assets and financial liabilities into a fixed interest rate group and a floating interest rate group in its quantitative analysis. In each group, the financial assets and liabilities are disaggregated by each interest due date and analyzed effects of interest fluctuations by period. If all risk factors, other than an interest rate, are constant and the interest rate is assumed to be increased by 10 basis points (0.10%), the net fair value of financial assets after offsetting with financial liabilities decreases by ¥1,185 million ($9,867 thousand). As previously mentioned, this net fair value amount is obtained assuming that all risk factors are constant except for the interest rate, and no correlation between the interest rate and other risk factors was considered. If the interest rate fluctuates more than 10 basis points (0.10%), the impact may be greater than the net fair value amount above.

The consolidated banking subsidiary considers those liquid deposits of "Deposit" that have no activities for certain periods as "core" deposits and manages the interest rate risk by categorizing them to maturity periods of up to 10 years.

b. Financial instruments excepting a.

The Group performs quantitative analysis using VaR. For the calculation of VaR, the consolidated banking subsidiary uses the variance-covariance method (holding period: appropriate period depends on the nature of the instruments from one month to six months, confidence interval: 99.0%, and observation period: one year). The simple aggregated VaR of each instrument is ¥34,017 million ($283,074thousand) as of March 31, 2015.

The Group carries out back testing to compare the VaR calculated based on the above model with hypothetical profits and losses calculated assuming that all positions were fixed at the point of the risk amount measurement. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations; therefore, there may be cases where market risks cannot be captured in such situations when market conditions are changing dramatically beyond what was historically experienced.

② Financial instruments held by the Company and subsidiaries other than the consolidated banking subsidiary

Financial instruments held by the Company and subsidiaries other than the consolidated banking subsidiary, which are affected by interest risk, are subordinate debts of "Borrowed money." If all risk factors, other than an interest rate, are constant, the fair value of the financial liabilities decreases by ¥303 million ($2,527thousand) when the interest rate increases by 10 basis points (0.10%). As previously mentioned, this fair value amount is obtained assuming that all risk factors are constant except for the interest rate, and no correlation between the interest rate and other risk factors was considered. If the interest rate fluctuates more than 10 basis points (0.10%), the impact may be greater than the fair value amount above.

(c) Liquidity risk management

The Group carries out adequate timely cash management through the ALM Meeting, and also manages the liquidity risks by diversifying financing methods, and balancing long-term and short-term funding with the consideration of market environment.

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(4) Supplementary Explanation on Fair Values of Financial Instruments

The fair values of financial instruments are based on their market prices and, in cases, where market prices are not readily available, reasonably calculated prices. Such prices have been calculated using certain assumptions and may differ if calculated based on different assumptions.

(5) Fair Values of Financial Instruments

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2015	Carrying amount	Fair value	Unrealized gains
(1) Cash and due from banks	¥ 365,322	¥ 365,322	¥ —
(2) Call loans and bills bought	1,644	1,644	—
(3) Monetary claims bought*1	7,704	7,704	—
(4) Trading account securities — Securities held for trading purposes	4,164	4,164	—
(5) Securities:			
Held-to-maturity securities	95,745	105,791	10,045
Available-for-sale securities	1,109,872	1,109,872	—
(6) Loans and bills discounted	4,150,466		
Allowance for loan losses*1	(43,755)		
Net	4,106,711	4,145,348	38,637
Total assets	¥5,691,165	¥5,739,849	¥48,683
(1) Deposits	¥5,071,110	¥5,073,869	¥ 2,758
(2) Negotiable certificates of deposit	197,379	197,442	63
(3) Payables under securities lending transactions	2,473	2,473	—
(4) Borrowed money	232,546	233,728	1,182
Total liabilities	¥5,503,510	¥5,507,514	¥ 4,004
Derivative instruments*2 —			
Hedge accounting is not applied	¥ 318	¥ 318	¥ —
Hedge accounting is applied	(2,103)	(2,103)	—
Total derivative instruments	¥ (1,785)	¥ (1,785)	¥ —

	Millions of Yen		
March 31, 2014	Carrying amount	Fair value	Unrealized gains
(1) Cash and due from banks	¥ 344,369	¥ 344,369	¥ —
(2) Call loans and bills bought	1,520	1,520	—
(3) Monetary claims bought*1	8,167	8,167	—
(4) Trading account securities — Securities held for trading purposes	4,266	4,266	—
(5) Securities:			
Held-to-maturity securities	97,695	105,638	7,942
Available-for-sale securities	1,076,866	1,076,866	—
(6) Loans and bills discounted	3,958,083		
Allowance for loan losses*1	(43,918)		
Net	3,914,164	3,953,082	38,918
Total assets	¥5,447,051	¥5,493,912	¥46,860
(1) Deposits	¥4,943,137	¥4,947,496	¥ 4,359
(2) Negotiable certificates of deposit	171,040	171,100	59
(3) Call money and bills sold	6,175	6,175	—
(4) Payables under securities lending transactions	5,965	5,965	—
(5) Borrowed money	180,644	181,947	1,302
Total liabilities	¥5,306,963	¥5,312,685	¥ 5,721
Derivative instruments*2 —			
Hedge accounting is not applied	¥ 451	¥ 451	¥ —
Hedge accounting is applied	(129)	(129)	—
Total derivative instruments	¥ 322	¥ 322	¥ —

	Thousands of U.S. Dollars		
March 31, 2015	Carrying amount	Fair value	Unrealized gains
(1) Cash and due from banks	$ 3,040,048	$ 3,040,048	$ —
(2) Call loans and bills bought	13,684	13,684	—
(3) Monetary claims bought*1	64,115	64,115	—
(4) Trading account securities — Securities held for trading purposes	34,654	34,654	—
(5) Securities:			
Held-to-maturity securities	796,747	880,345	83,597
Available-for-sale securities	9,235,857	9,235,857	—
(6) Loans and bills discounted	34,538,292		
Allowance for loan losses*1	(364,110)		
Net	34,174,182	34,495,705	321,524
Total assets	$47,359,288	$47,764,409	$405,121
(1) Deposits	$42,199,475	$42,222,428	$ 22,953
(2) Negotiable certificates of deposit	1,642,502	1,643,030	528
(3) Payables under securities lending transactions	20,587	20,587	—
(4) Borrowed money	1,935,144	1,944,983	9,839
Total liabilities	$45,797,707	$45,831,027	$ 33,320
Derivative instruments*2 —			
Hedge accounting is not applied	$ 2,647	$ 2,647	$ —
Hedge accounting is applied	(17,506)	(17,506)	—
Total derivative instruments	$ (14,860)	$ (14,860)	$ —

*1. Allowances for loan losses relevant to loans and bills discounted have been deducted. Allowances for loan losses relevant to monetary claims bought are excluded from the consolidated balance sheet amounts directly due to its immateriality.

*2. Derivative instruments include derivative transactions both in other assets and liabilities. Derivative instruments are presented as net of assets and liabilities associated with derivative transactions.

Assets

(1) Cash and due from banks

The carrying amounts of due from banks with no maturities approximate fair values. For due from banks with maturities, the carrying amounts approximate fair values because they have short maturities of one year or less.

(2) Call loans and bills bought

The carrying amounts of call loans and bills bought and monetary claims bought approximate fair values because they have short contract terms of one year or less.

(3) Monetary claims bought

Refer to (2) Call loans and bills bought.

(4) Trading account securities

The fair values of securities held for trading purposes are measured at the market price or the quoted price obtained from financial institutions.

(5) Securities

The fair values of marketable equity securities are measured at the quoted market price of the stock exchange for equity instruments. Fair values of bonds are measured at the market price or the quoted price obtained from financial institutions. Fair values of investment trusts are measured at the quoted price.

The fair values of private placement bonds are determined by discounting future cash flows at the rate that consists of the risk-free rate and the credit risk premium that corresponds to the internal credit rating.

(6) Loans and bills discounted

The carrying amounts of loans and bills discounted with floating interest rates approximate fair value as long as customers' credit risks have not changed significantly after lending because the market rates are promptly reflected in the floating interest rates.

The fair values of loans and bills discounted with fixed interest rates are determined by discounting the principal and interest amount with the interest rate used for new loans for each category of loan, internal credit rating, and loan period. The carrying amounts of loans and bills discounted with maturity less than one year approximate fair value because of their short maturities.

For loans to obligors "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy," a reserve is provided based on the discounted cash flow method or based on amounts expected to be collected through the disposal of collateral or execution of guarantees. The carrying value net of the reserve as of the consolidated balance sheet date is a reasonable estimate of the fair values of those loans.

The carrying amounts of loans and bills discounted that do not have fixed maturities due to loan characteristics, such as limited loan amounts within the value of pledged assets, approximate fair value due to their expected repayment periods and interest rate conditions.

Liabilities

(1) Deposits

The fair values of demand deposits are recognized as the payment at the date of the consolidated balance sheet. The fair values of time deposit and negotiable certificates of deposit are determined by discounting the contractual cash flows grouped by the remaining duration at the rates that would be applied for similar new contracts.

(2) Negotiable certificates of deposit

Refer to (1) Deposits.

(3) Payables under securities lending transactions

The carrying amounts of payables under securities lending transactions approximate fair values because they have short maturities of one year or less.

(4) Borrowed Money

The fair value of borrowed money with fixed interest rates is determined by discounting the principal and interest amount grouped by the remaining duration at the rate that would be applied for similar new contracts. The carrying amount of borrowed money with maturity of less than one year approximates fair value because of its short maturity period.

Derivatives

Derivative transactions consist of interest rate derivatives (swaps), currency derivatives (currency futures, options, and swaps), and bond derivatives (bond futures). The fair values of derivative instruments are measured at the market price or determined using the discounted cash flow method or option-pricing model.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Equity securities without readily available market price*1*3	**¥1,517**	¥1,482	**$12,625**
Investments in partnerships*2	**803**	424	**6,683**
Total	**¥2,320**	¥1,907	**$19,307**

*1. Equity securities without readily available market price are out of the scope of the fair value disclosure because their fair values cannot be reliably determined.

*2. Investments in partnerships, the assets of which comprise equity securities without readily available market price, are out of the scope of the fair value disclosure.

*3. During the years ended March 31, 2015 and 2014, impairment losses on equity securities without readily available market price of ¥43 million ($359 thousand) and ¥0 million, respectively, were recognized.

(6) Maturity Analysis for Financial Assets and Liabilities with Contractual Maturities

	Millions of Yen					
March 31, 2015	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	¥ 308,555	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	1,644	—	—	—	—	—
Monetary claims bought	7,727	—	—	—	—	—
Securities:	150,160	222,223	126,767	58,293	255,040	158,756
Held-to-maturity securities	7,000	16,000	7,000	16,000	—	50,000
Japanese national government bonds	—	—	7,000	16,000	—	50,000
Japanese corporate bonds	7,000	2,000	—	—	—	—
Other	—	14,000	—	—	—	—
Available-for-sale securities with contractual maturities	143,160	206,223	119,767	42,293	255,040	108,756
Japanese national government bonds	10,000	60,000	20,000	25,000	85,000	60,000
Japanese local government bonds	33,923	50,679	23,208	15,213	112,376	—
Japanese corporate bonds	63,531	61,728	23,585	398	28,824	48,756
Other	35,705	33,815	52,973	1,682	28,840	—
Loans and bills discounted*1	960,852	754,851	523,991	367,394	414,779	969,703
Total	¥1,428,941	¥977,075	¥650,758	¥425,687	¥669,819	¥1,128,459

	Millions of Yen					
March 31, 2014	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	¥ 285,430	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	1,520	—	—	—	—	—
Monetary claims bought	8,180	—	—	—	—	—
Securities:	194,735	248,956	148,871	78,611	224,365	161,545
Held-to-maturity securities	2,000	21,000	2,000	23,000	—	50,000
Japanese national government bonds	—	—	—	23,000	—	50,000
Japanese corporate bonds	1,000	7,000	2,000	—	—	—
Other	1,000	14,000	—	—	—	—
Available-for-sale securities with contractual maturities	192,735	227,956	146,870	55,611	224,365	111,545
Japanese national government bonds	40,700	40,000	30,000	25,000	145,000	70,000
Japanese local government bonds	61,847	51,397	39,963	29,653	69,073	—
Japanese corporate bonds	84,187	95,283	35,497	957	—	41,545
Other	6,000	41,275	41,408	—	10,292	—
Loans and bills discounted*2	906,460	786,311	512,815	329,066	385,609	874,617
Total	¥1,396,327	¥1,035,267	¥661,685	¥407,677	¥609,974	¥1,036,162

	Thousands of U.S. Dollars					
March 31, 2015	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	$ 2,567,662	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	13,684	—	—	—	—	—
Monetary claims bought	64,306	—	—	—	—	—
Securities:	1,249,568	1,849,246	1,054,900	485,093	2,122,334	1,321,098
Held-to-maturity securities	58,251	133,145	58,251	133,145	—	416,077
Japanese national government bonds	—	—	58,251	133,145	—	416,077
Japanese corporate bonds	58,251	16,643	—	—	—	—
Other	—	116,502	—	—	—	—
Available-for-sale securities with contractual maturities	1,191,318	1,716,102	996,649	351,948	2,122,334	905,021
Japanese national government bonds	83,215	499,293	166,431	208,039	707,331	499,293
Japanese local government bonds	282,298	421,735	193,128	126,596	935,143	—
Japanese corporate bonds	528,682	513,678	196,267	3,314	239,860	405,728
Other	297,122	281,396	440,823	14,000	240,000	—
Loans and bills discounted*1	7,995,776	6,281,527	4,360,420	3,057,286	3,451,602	8,069,427
Total	$11,890,997	$8,130,773	$5,415,319	$3,542,378	$5,573,936	$9,390,525

*1. As of March 31, 2015, loans and bills discounted with no contractual maturities amounting to ¥99,512 million ($828,094 thousand) and loans and bills discounted whose cash flow cannot be estimated, such as "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy" loans, amounting to ¥69,716 million ($580,150 thousand) are not included.

*2. As of March 31, 2014, loans and bills discounted with no contractual maturities amounting to ¥103,313 million and loans and bills discounted whose cash flow cannot be estimated, such as "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy" loans, amounting to ¥70,899 million are not included.

March 31, 2015	Millions of Yen Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after10 Years
Deposits*1	¥4,622,520	¥365,492	¥ 80,783	¥ 1,123	¥1,192	¥—
Negotiable certificates of deposit	197,379	—	—	—	—	—
Borrowed money*2	11,346	60,900	120,300	30,000	—	—
Total	¥4,831,246	¥426,392	¥201,083	¥31,123	¥1,192	¥—

March 31, 2014	Millions of Yen Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after10 Years
Deposits*1	¥4,474,995	¥390,309	¥ 74,944	¥ 1,519	¥1,370	¥—
Negotiable certificates of deposit	171,040	—	—	—	—	—
Borrowed money*3	41,144	59,500	40,000	30,000	—	—
Total	¥4,687,180	¥449,809	¥114,944	¥31,519	¥1,370	¥—

March 31, 2015	Thousands of U.S. Dollars Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after10 Years
Deposits*1	$38,466,513	$3,041,458	$ 672,239	$ 9,345	$9,919	$—
Negotiable certificates of deposit	1,642,502	—	—	—	—	—
Borrowed money*2	94,418	506,782	1,001,082	249,646	—	—
Total	$40,203,433	$3,548,240	$1,673,321	$258,991	$9,919	$—

*1. The cash flow of demanded deposits is included in "Due in one year or less."
*2. As of March 31, 2015, perpetual subordinated borrowings with no contractual maturities amounting to ¥10,000 million ($83,215 thousand) is not included.
*3. As of March 31, 2014, perpetual subordinated borrowings with no contractual maturities amounting to ¥10,000 million is not included.

21. DERIVATIVES

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2015 and 2014

With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value and the related valuation gains (losses) at the fiscal year end date by transaction type and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiary had the following derivative contracts, which were quoted on listed exchanges, outstanding as of March 31, 2015 and 2014, as follows:

March 31, 2015	Millions of Yen Contract amount	Contract amount due after one year	Fair value	Unrealized gains/losses	Thousands of U.S. Dollars Contract amount	Contract amount due after one year	Fair value	Unrealized gains/losses
Bond contracts —								
Futures written	¥3,388	¥—	¥1	¥1	$28,193	$—	$16	$16

March 31, 2014	Millions of Yen Contract amount	Contract amount due after one year	Fair value	Unrealized gains/losses
Bond contracts —				
Futures written	¥3,908	¥—	¥3	¥3

Notes: 1. The transactions above are stated at fair value and the related valuation gains (losses) is reported in the consolidated statement of income.
2. Fair values of transactions listed on exchange are calculated using the last quoted market price at the Osaka Financial Exchange (Tokyo Exchange in 2014).

Consolidated banking subsidiary had the following derivative contracts, which were not quoted on listed exchanges, outstanding as of March 31, 2015 and 2014, as follows:

March 31, 2015	Millions of Yen				Thousands of U.S. Dollars			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gains/losses	Contract amount	Contract amount due after one year	Fair value	Unrealized gains/losses
Foreign exchange:								
Currency swaps	¥220,058	¥186,012	¥390	¥390	$1,831,227	$1,547,907	$3,250	$3,250
Forward exchange contracts-written	2,574	—	(46)	(46)	21,427	—	(385)	(385)
Forward exchange contracts-purchased	11,425	—	(28)	(28)	95,081	—	(234)	(234)
Total	—	—	¥316	¥316	—	—	$2,630	$2,630

March 31, 2014	Millions of Yen			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gains/losses
Interest rate contracts:				
Interest rate swaps:				
Receive fixed and pay floating	¥ 200	¥ 200	¥ 0	¥ 0
Foreign exchange:				
Currency swaps	248,624	168,917	448	448
Forward exchange contracts written	2,304	—	(3)	(3)
Forward exchange contracts purchased	800	—	2	2
Total	—	—	¥447	¥447

Notes: 1. The transactions above are stated at fair value and the related valuation gains (losses) is reported in the consolidated statement of income.
2. Fair values of transactions above are calculated using the discounted present value method.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2015 and 2014

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the fiscal year end date by transaction type and hedge accounting method and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives.

Consolidated banking subsidiary had the following derivative contracts, which were not quoted on listed exchanges, outstanding as of March 31, 2015 and 2014, as follows:

March 31, 2015	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract amount	Contract amount due after one year	Fair value	Contract amount	Contract amount due after one year	Fair value
Interest rate contracts:							
Interest rate swaps:							
Receive floating and pay fixed	Bonds (available-for-sale securities)	¥50,000	¥50,000	¥ (977)	$416,077	$416,077	$ (8,131)
Foreign exchange:							
Currency swaps	Loans, deposits, due from banks, etc., which are denominated in foreign currencies	2,403	—	(23)	20,000	—	(192)
Forward exchange contracts		81,670	—	(1,103)	679,627	—	(9,184)
Total				(1,126)			(9,376)

March 31, 2014	Hedged Item	Millions of Yen		
		Contract amount	Contract amount due after one year	Fair value
Interest rate contracts:				
Interest rate swaps:				
Receive floating and pay fixed	Bonds (available-for-sale securities)	¥ 50,000	¥ 50,000	¥ (56)
Foreign exchange:				
Forward exchange contracts	Loans, deposits, due from banks, etc., which are denominated in foreign currencies	10,292	—	(73)

Notes: 1. These derivatives are accounted for using the deferred hedge accounting.
2. Fair values of transactions above are calculated using the discounted present value method.

22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gains (losses) on available-for- sale securities			
Gains arising during the year	¥34,056	¥10,086	$283,405
Reclassification adjustments to profit or loss	355	(11,967)	2,956
Amount before income tax effect	34,411	(1,880)	286,361
Income tax effect	(9,938)	156	(82,701)
Total	¥24,473	¥ (1,724)	$203,660
Deferred gains (losses) on hedges			
Gains arising during the year	¥ (1,446)	¥ (79)	$ (12,033)
Reclassification adjustments to profit or loss	537	236	4,470
Amount before income tax effect	(908)	157	(7,563)
Income tax effect	289	(55)	2,412
Total	¥ (619)	¥ 101	$ (5,152)
Defined retirement benefit plans			
Gains arising during the year	¥ 3,672	¥ —	$ 30,560
Reclassification adjustments to profit or loss	873	—	7,271
Amount before income tax effect	4,546	—	37,831
Income tax effect	(1,513)	—	(12,594)
Total	¥ 3,032	¥ —	$ 25,237
Total other comprehensive income (loss)	¥26,887	¥ (1,622)	$223,746

23. SEGMENT INFORMATION

For the years ended March 31, 2015 and 2014

Under the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

The Group engages in the business of banking and other related activities, such as credit card. Segment information is not disclosed due to immateriality of businesses other than banking.

Other segment related information:

1) Information by services

	Millions of Yen			
March 31, 2015	Lending operations	Investment operations	Other	Total
Ordinary income from external customers	¥57,010	¥14,152	¥25,560	¥96,723

	Millions of Yen			
March 31, 2014	Lending operations	Investment operations	Other	Total
Ordinary income from external customers	¥57,751	¥25,228	¥25,089	¥108,069

	Thousands of U.S. Dollars			
March 31, 2015	Lending operations	Investment operations	Other	Total
Ordinary income from external customers	$474,417	$117,770	$212,700	$804,886

2) Information by geographic region

Since the ordinary income and total tangible fixed assets attributable to the "Japan" segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented.

3) Information by major customers

Since there has been no specific customer to which the Group sells more than 10% of total ordinary income on the consolidated statement of income, information on major customers has not been presented.

4) Information on loss on impairment of fixed assets by reportable segment

Information on loss on impairment of fixed assets is not disclosed due to immateriality.

5) Information on amortization and unamortized balance of goodwill by reportable segment

Information on amortization and unamortized balance of goodwill is not disclosed due to immateriality, except for the banking business.

6) Information on gain on negative goodwill by reportable segment

Not applicable.

24. RELATED PARTY TRANSACTIONS

Related party transactions for the years ended March 31, 2015 and 2014, were as follows:

(1) Transactions between the Company and its related parties

a. The parent and major share holders

There was no applicable transaction to be reported for the years ended March 31, 2015 and 2014.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the years ended March 31, 2015 and 2014.

c. Companies that are owned by the same parent company with the Company and other affiliates' subsidiaries

There was no applicable transaction to be reported for the years ended March 31, 2015 and 2014.

d. Directors or major individual shareholders

There was no applicable transaction to be reported for the years ended March 31, 2015 and 2014.

(2) Transactions between subsidiaries of the Company and its related parties

a. The parent and major shareholders

There was no applicable transaction to be reported for the years ended March 31, 2015 and 2014.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the years ended March 31, 2015 and 2014.

c. Companies that are owned by the same parent company with the Company and other affiliates' subsidiaries

There was no applicable transaction to be reported for the years ended March 31, 2015 and 2014.

d. Directors or major individual shareholders

Year ended March 31, 2015

Type	Name	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)*1	Account	Outstanding balance (Millions of Yen)
Companies in which a majority of voting rights is owned by a director or its close relatives	ITATSU CO., LTD.*2*3	Tochigi	¥30	Wholesale	None	Loans	Loan	¥548	Loans and bills discounted	¥502
	Ryomo Seikeihin Toso Co.,Ltd. *2*4	Gunma	20	Manufacturing	None	Loans	Loan	16	Loans and bills discounted	14

Terms and conditions on transactions and transaction policy:

Note: 1. Transaction amounts were reported at the average balance for the period.
2. The interest rate on loans is reasonably determined considering the market rate.
3. A majority of the voting rights is owned by a close relative of Mr. Toshio Itabashi, an outside director of the Company.
4. A majority of the voting rights is owned by ITATSU Co., LTD.
5. Transaction amounts do not include consumption taxes.

Year ended March 31, 2014

Type	Name	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)*1	Account	Outstanding balance (Millions of Yen)
Companies in which a majority of voting rights is owned by a director or its close relatives	ITATSU CO., LTD. *2*3	Tochigi	¥30	Wholesale	None	Loans	Loan	¥582	Loans and bills discounted	¥659
	Ryomo Seikeihin Toso Co.,Ltd *2*4	Gunma	20	Manufacturing	None	Loans	Loan	22	Loans and bills discounted	20

Terms and conditions on transactions and transaction policy:

Note 1. Transaction amounts were reported at the average balance for the period.
2. The interest rate on loans is reasonably determined considering the market rate.
3. A majority of the voting rights is owned by a close relative of Mr. Toshio Itabashi, an outside director of the Company.
4. A majority of the voting rights is owned by ITATSU Co., LTD.
5. Transaction amounts do not include consumption taxes.

Year ended March 31, 2015

Type	Name	Location	Capital (Thousands of U.S. Dollars)	Business	Ownerships	Relationship	Transactions	Transaction amount (Thousands of U.S. Dollars)*1	Account	Outstanding balance (Thousands of U.S. Dollars)
Companies in which a majority of voting rights is owned by a director or its close relatives	ITATSU CO., LTD.*2*3	Tochigi	$250	Wholesale	None	Loans	Loan	$4,567	Loans and bills discounted	$4,184
	Ryomo Seikeihin Toso Co.,Ltd. *2*4	Gunma	166	Manufacturing	None	Loans	Loan	140	Loans and bills discounted	117

Terms and conditions on transactions and transaction policy:

Note 1. Transaction amounts were reported at the average balance for the period.
2. The interest rate on loans is reasonably determined considering the market rate.
3. A majority of the whose voting rights is owned by a close relative of Mr. Toshio Itabashi, an outside director of the Company.
4. A majority of the whose voting rights is owned by ITATSU Co., LTD.
5. Transaction amounts do not include consumption taxes.

25. SUBSEQUENT EVENTS

Not applicable.

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan
Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ashikaga Holdings Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Ashikaga Holdings Co., Ltd. and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ashikaga Holdings Co., Ltd. and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 19, 2015

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Financial Statements
Non-Consolidated Balance Sheet

March 31, 2015 (unaudited) The Ashikaga Bank, Ltd.

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
ASSETS:			
Cash and due from banks	¥ 365,317	¥ 344,367	$ 3,040,003
Call loans and bills bought	1,644	1,520	13,684
Monetary claims bought	7,727	8,180	64,306
Trading account securities	4,164	4,266	34,654
Securities	1,236,859	1,205,418	10,292,578
Loans and bills discounted	4,189,420	4,007,311	34,862,452
Foreign exchange	5,837	5,969	48,577
Tangible fixed assets	25,397	24,536	211,349
Intangible fixed assets	3,555	4,739	29,587
Prepaid pension cost	10,899	2,955	90,705
Deferred tax assets	—	2,219	—
Customers' liabilities for acceptances and guarantees	16,566	15,333	137,858
Other assets	18,946	15,142	157,662
Allowance for loan losses	(39,009)	(40,715)	(324,617)
Total	¥5,847,327	¥5,601,246	$48,658,797
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits	¥5,085,385	¥4,957,892	$42,318,259
Negotiable certificates of deposit	252,379	226,040	2,100,187
Call money and bills sold	—	6,175	—
Payables under securities lending transactions	2,473	5,965	20,587
Borrowed money	152,546	100,644	1,269,420
Foreign exchanges	365	763	3,042
Other liabilities	33,212	26,812	276,380
Provision for directors' bonuses	24	21	201
Liability for retirement benefits	—	812	—
Provision for directors' retirement benefits	116	86	965
Provision for reimbursement of deposits	803	1,606	6,682
Provision for contingent losses	495	424	4,126
Provision for point card certificates	74	51	621
Deffered tax liabilities	10,129	—	84,289
Acceptances and guarantees	16,566	15,333	137,858
Total liabilities	¥5,554,571	¥5,342,632	$46,222,618
EQUITY:			
Common stock	¥ 135,000	¥ 135,000	$ 1,123,409
Retained earnings:			
Legal retained earnings	15,281	12,332	127,169
Other retained earnings	95,352	88,404	793,479
Total shareholders' equity	245,634	235,737	2,044,057
Valuation adjustments:			
Unrealized gains on available-for-sale securities	47,771	22,907	397,532
Deferred losses on hedges	(650)	(30)	(5,410)
Total valuation adjustments	47,121	22,876	392,122
Total equity	292,755	258,614	2,436,179
TOTAL	¥5,847,327	¥5,601,246	$48,658,797

Non-Consolidated Statement of Income

Year Ended March 31, 2015 (unaudited)   The Ashikaga Bank, Ltd.

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥55,008	¥ 55,574	$457,752
Interest and dividends on securities	12,430	10,630	103,439
Interest on call loans and bills bought	331	204	2,755
Interest on deposits with banks	275	187	2,295
Other interest income	115	105	962
Fees and commissions	20,716	20,189	172,390
Other operating income	952	3,114	7,927
Other income	2,084	14,988	23,335
Total income	92,633	104,995	770,855
EXPENSES:			
Interest expenses:			
Interest on deposits	2,312	2,493	19,244
Interest on negotiable certificates of deposit	220	169	1,833
Interest on call money and bills sold	77	19	644
Interest on payables under securities lending transactions	69	62	578
Interest on borrowed money	104	80	872
Other interest expenses	291	19	2,423
Fees and commissions payments	6,155	5,840	51,221
Other operating expenses	0	1,331	2
General and administrative expenses	48,962	49,931	407,447
Provision of allowance for loan losses	1,742	6,749	14,499
Other expenses	2,939	3,295	24,460
Total expenses	62,875	69,993	523,225
INCOME BEFORE INCOME TAXES	29,757	35,002	247,631
INCOME TAXES:			
Current	10,192	2,158	84,820
Deferred	(224)	663	(1,867)
Total income taxes	9,968	2,821	82,953
NET INCOME	¥19,789	¥ 32,180	$164,677

Non-Consolidated Statement of Changes in Equity

Year Ended March 31, 2015 (unaudited) The Ashikaga Bank, Ltd.

	Millions of Yen					
		Retained earnings				
	Common stock	Legal retained earnings	Other retained earnings	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Total equity
BALANCE, APRIL 1, 2013	¥135,000	¥ 9,383	¥73,919	¥25,522	¥(132)	¥243,693
Net income	—	—	32,180	—	—	32,180
Cash dividends	—	2,949	(17,694)	—	—	(14,745)
Net changes except for shareholders' equity during the year	—	—	—	(2,615)	101	(2,513)
Net change in the year	—	2,949	14,485	(2,615)	101	14,921
BALANCE, MARCH 31, 2014	135,000	12,332	88,404	22,907	(30)	¥258,614
Cumulative effect of accounting change	—	—	4,853	—	—	4,853
BALANCE, APRIL 1, 2014 (as restated)	135,000	12,332	93,257	22,907	(30)	263,467
Net income	—	—	19,789	—	—	19,789
Cash dividends	—	2,949	(17,694)	—	—	(14,745)
Net changes except for shareholders' equity during the year	—	—	—	24,863	(619)	(24,244)
Net change in the year	—	2,949	2,094	24,863	(619)	29,288
BALANCE, MARCH 31, 2015	¥135,000	¥15,281	¥95,352	¥47,771	¥(650)	¥292,755

	Thousands of U.S. Dollars					
		Retained earnings				
	Common stock	Legal retained earnings	Other retained earnings	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Total equity
BALANCE, MARCH 31, 2014	$1,123,409	$ 102,628	$735,663	$190,628	$(258)	$2,152,070
Cumulative effect of accounting change	—	—	40,387	—	—	40,387
BALANCE, APRIL 1, 2014 (as restated)	1,123,409	102,628	776,050	190,628	(258)	2,192,457
Net income	—	—	164,677	—	—	164,677
Cash dividends	—	24,541	(147,249)	—	—	(122,707)
Net changes except for shareholders' equity during the year	—	—	—	206,904	(5,152)	(201,752)
Net change in the year	—	24,541	17,429	206,904	(5,152)	243,723
BALANCE, MARCH 31, 2015	$1,123,409	$127,169	$793,479	$397,532	$(5,410)	$2,436,179

Corporate Data

Ashikaga Holdings Co., Ltd.

Trade name:	Ashikaga Holdings Co., Ltd.
Representative:	Masanao Matsushita, President and Chief Executive Officer
Established:	April 1, 2008
Paid in capital:	¥117,495 million
Head Office:	1-25, Sakura 4-chome, Utsunomiya, Tochigi Prefecture
Internet Address:	http: // www. ashikaga-hd. co. jp /

The Ashikaga Bank, Ltd.

Trade name:	The Ashikaga Bank, Ltd.
Representative:	Masanao Matsushita, President and Chief Executive Officer
Founded:	October 1, 1895
Paid in capital:	¥135,000 million (The Ashikaga Bank, Ltd. is a wholly owned subsidiary of Ashikaga Holdings Co., Ltd.)
Head Office:	1-25, Sakura 4-chome, Utsunomiya, Tochigi Prefecture
Overseas Office:	Hong Kong Representative Office Suite 1601, 16th Floor, Tower2, The Gateway, Harbour City, Kowloon, Hong Kong TEL 852-2251-9475
Number of employees:	2,935 (as of March 31, 2015)
Consolidated Subsidiaries:	Ashikaga Credit Guarantee Co., Ltd. Ashigin Research Institute, Ltd. Ashigin Card Co., Ltd.
Internet Address:	http: // www. ashikagabank. co. jp /

Organization (as of April 1, 2015)

Ashikaga Holdings Co., Ltd.

- Shareholder's Meeting
- Board of Directors
  - Nominating Committee
  - Audit Committee
    - Office of Audit Committee
  - Compensation Committee
- Executive Officers
  - Corporate Planning Department
    - Planning Group
    - Tokyo Liaison Office Group
    - Public and Investor Relations Group
    - Accounting Group
  - Business Administration Department
    - Personnel Group
    - General Affairs Group
    - Risk Management Group
    - Compliance Management Group
  - Auditing Department

The Ashikaga Bank, Ltd.

- Shareholder's Meeting
- Board of Directors
  - Nominating Committee
  - Audit Committee
    - Office of Audit Committee
  - Compensation Committee
- Executive Officers
  - Business Promotion Division
    - Consulting Business Office
  - Business Planning Division
    - Retail Business Office
  - Solution Business Division
  - Personal Loan Business Division
  - Regional Development Division
  - Treasury and Securities Division
  - International and Treasury Administration Division
  - Loan Supervision Division
  - Credit Supervision Division I
  - Credit Supervision Division II
  - Operation Planning Division
  - Operation Support Division
  - IT Planning and Administration Division
  - Management Planning Division
    - Tokyo Liaison Office
    - Public Relations Office
  - Personnel Division
    - In-house Training Office
  - General Affairs Office
  - Risk Management Division
  - Compliance Management Division
  - Internal Audit Division
- Area Hubs
  - Branches
- Customer

18 Divisions and 6 Offices (As of April 1, 2015)

List of Directors and Executive Officers (as of June 25, 2015)

Ashikaga Holdings Co., Ltd.

Directors

Director	Satoshi Fujisawa
Director	Masanao Matsushita *1,*2
Director	Kunihiro Ono *3
Director	Masataka Komata
Outside Director	Shinjiro Takagi *1,*2
Outside Director	Yoshio Kohra *3
Outside Director	Mitsuhiro Kitamura *2,*3
Outside Director	Shoji Fukui *1,*2

Executive Officers

Chairman and Chief Executive Officer	Satoshi Fujisawa
President and Chief Executive Officer	Masanao Matsushita
Executive Officer (General Manager of Business Administration Department)	Yutaka Horie
Executive Officer (General Manager of Corporate Planning Department)	Kazuyuki Shimizu
Executive Officer (General Manager of Auditing Department)	Hideo Saito

The Ashikaga Bank, Ltd.

Directors

Director	Masanao Matsushita *1,*2
Director	Kunihiro Ono
Director	Masataka Komata *3
Outside Director	Shinjiro Takagi *1,*2
Outside Director	Yoshio Kohra *3
Outside Director	Mitsuhiro Kitamura *2,*3
Outside Director	Shoji Fukui *1,*2

Directors shown above belong to *1: Nominating Committee,
*2: Compensation Committee, *3: Audit Committee

Executive Officers

President and Chief Executive Officer	Masanao Matsushita
Senior Executive Officer	Kiyoshi Kato
Senior Executive Officer	Yutaka Horie
Managing Executive Officer	Hiroshi Mori
Managing Executive Officer	Kazuyuki Shimizu
Executive Officer	Mitsuo Sugiyama
Executive Officer (Chief Officer of Ken'ou and Nikko Area Hub)	Zenichi Komaba
Executive Officer	Hideo Saito
Executive Officer	Takashi Satake
Executive Officer	Keizo Shinozaki

Stock Information (as of March 31, 2015)

Number of shares:	333,250 thousands (issued)
Number of shareholders:	9,286
Term-end:	End of March
Stock exchange listing:	Tokyo Stock Exchange (First section code: 7167)
Unit of Trading:	100 shares

Principal shareholders (top ten)

Shareholder	Shareholding (thou. shares)	% shareholding
Nomura Financial Partners Co., Ltd.	122,900	36.87
ORIX Corporation	40,000	12.00
Sompo Japan Nipponkoa Insurance Inc.	19,000	5.70
Mitsui Sumitomo Insurance Company, Limited	15,000	4.50
Japan Trustee Services Bank, Ltd. (Trust Account)	10,723	3.21
JAFCO Super V-3 Investment Limited Partnership	10,000	3.00
Northern Trust Co. (AVFC) Re 15PCT Treaty Account	9,844	2.95
JP Morgan Chase Bank 385632	6,861	2.05
The Master Trust Bank of Japan ,Ltd.(Trust Account)	6,713	2.01
Nippon Life Insurance Company	5,000	1.50

Note: % shareholdings are expressed to second decimal places

ASHIKAGA HOLDINGS

ASHIKAGA BANK

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